

SECURITIES AND EXCHANGE COMMISSION

FORM N-1A EL/A

Registration statements of open end management investment companies [amend]

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BANKSOUTH SELECT 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. 2 .

X

and/or

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940 X

Amendment No. 2

X

BANKSOUTH SELECT 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, Esq., Federated Investors Tower,
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(Name and Address of Agent for Service)

Approximate Date of Proposed Public Offering January 7, 1994.

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Pursuant to the provisions of Rule 24f-2 of the Investment Company Act of 1940, Registrant hereby elects to register an indefinite number of shares.

Exhibit gistration Statement of BANKSOUTH SELECT FUNDS, which consists of five portfolios, (1) BankSouth Select Georgia Tax-Free Income Fund; (2) BankSouth Select Government Money Market Fund; (3) BankSouth Select Prime Money Market Fund; (4) BankSouth Select Bond Fund; and (5) BankSouth Select Equity Fund, is comprised of the following:

PART A. INFORMATION REQUIRED IN A PROSPECTUS.

	Prospectus Heading (Rule 404(c) Cross Reference)
Item 1. Cover Page	(1-5) Cover Page
Item 2. Synopsis	(1-5) Summary of Fund Expenses.
Item 3. Condensed Financial Information	(1-5) Performance Information.
Item 4. General Description of Registrant	(1-5) General Information; (1-5) Investment Information; (1-5) Investment Objective; (1-5) Investment Policies; (1,3) Investment Risks; (4-5) Foreign Securities; (1-5) Investment Limitations.
Item 5. Management of the Fund	(1-5) BankSouth Select Funds Information; (1-5) Management of the Trust; (1-5) Administration of the

Trust; (1-5) Administrative Services;
(2-5) Brokerage Transactions; (1-5) Expenses of the Fund.

- Item 6. Capital Stock and Other Securities
(1,4,5) Dividends and Distributions; (2-3) Dividends; (1-5) Shareholder Information; (1-5) Voting Rights; (1-5) Massachusetts Partnership Law; (1-5) Effect of Banking Laws; (1-5) Tax Information; (1-5) Federal Income Tax; (2-5) State and Local Taxes; (1) State of Georgia Income and Intangible Taxes; (1) Other State and Local Taxes.
- Item 7. Purchase of Securities Being Offered
(1-5) Net Asset Value; (1-5) Investing in the Fund; (1-5) Share Purchases; (1-5) Minimum Investment Required; (1-5) What Shares Cost (1,4,5) Reducing the Sales Charge; (1-5) Systematic Investment Program; (1-5) Distribution of Fund Shares; (1-5) Exchanging Securities for Fund Shares; (1-5) Certificates and Confirmations; (1-5) Exchange Privilege. (1-5) Redeeming Shares; (1-5) Redemption Before Purchase Instruments Clear; (1-5) Systematic Withdrawal Program; (1-5) Accounts with Low Balances.
- Item 8. Redemption or Repurchase
None.
- Item 9. Pending Legal Proceedings
None.

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

- Item 10. Cover Page (1-5) Cover Page.
- Item 11. Table of Contents (1-5) Table of Contents.
- Item 12. General Information and History (1-5) General Information About the Fund.
- Item 13. Investment Objectives and Policies (1-5) Investment Objective and Policies.
- Item 14. Management of the Fund (1-5) BankSouth Select Funds Management.
- Item 15. Control Persons and Principal Holders of Securities (1-5) Fund Ownership.
- Item 16. Investment Advisory and Other Services (1-5) Investment Advisory Services; (1-5) Administrative Services.
- Item 17. Brokerage Allocation (2-5) Brokerage Transactions.
- Item 18. Capital Stock and Other Securities Not applicable.
- Item 19. Purchase, Redemption and Pricing of Securities Being Offered (1-5) Purchasing Shares; (1-5) Determining Net Asset Value; (1-5) Exchange Privilege; (1-5) Redeeming Shares.
- Item 20. Tax Status (1-5) Tax Status.
- Item 21. Underwriters (1-5) Distribution Plan.
- Item 22. Calculation of Performance Data (1-5) Yield; (1,4,5) Total Return; (2,3) Effective Yield; (1) Tax-Equivalent Yield; (1-5) Performance Comparisons.
- Item 23. Financial Statements (To be filed by amendment.)

BANKSOUTH SELECT GEORGIA TAX-FREE
INCOME FUND
(A PORTFOLIO OF BANKSOUTH SELECT FUNDS)
PROSPECTUS

The shares of BankSouth Select Georgia Tax-Free Income Fund (the "Fund") offered by this Prospectus represent interests in a non-diversified portfolio of BankSouth Select 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 the personal income taxes imposed by the state of Georgia. The Fund invests primarily in securities issued by and on behalf of the State of Georgia and its political subdivisions, authorities and agencies, and securities issued by other states, territories, and possessions of the United States which are exempt from federal income tax and the personal income taxes imposed by the State of Georgia ("Georgia Municipal Securities").

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 January 7, 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 writing to the Bank South, N.A. (the "Bank") Mutual Funds Center or calling 1-800-282-6680 extension 4550.

SHARES OF THE FUND ARE NOT DEPOSITS OR OTHER OBLIGATIONS OF, AND ARE NOT ISSUED, ENDORSED OR GUARANTEED BY, THE BANK OR ANY OF ITS AFFILIATES. SUCH SHARES ARE NOT ISSUED, INSURED OR GUARANTEED BY THE U.S. GOVERNMENT, THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD OR ANY OTHER GOVERNMENT AGENCY. AN INVESTMENT IN THE FUND INVOLVES CERTAIN RISKS, INCLUDING POSSIBLE LOSS OF PRINCIPAL.

THE BANK IS INVESTMENT ADVISER TO THE FUND. THE FUND IS DISTRIBUTED BY FEDERATED SECURITIES CORP., WHICH IS NOT AFFILIATED WITH THE BANK.

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 January 7, 1994

BANKSOUTH SELECT FUNDS

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BANKSOUTH SELECT GEORGIA TAX-FREE INCOME FUND
SUMMARY OF FUND EXPENSES

SHAREHOLDER TRANSACTION EXPENSES		<C>
Maximum Sales Load Imposed on Purchases (as a percentage of offering price).....		2.50%
Maximum Sales Load Imposed on Reinvested Dividends (as a percentage of offering price).....		None
Deferred Sales Load (as a percentage of original purchase price or redemption proceeds, as applicable).....		None
Redemption Fees (as a percentage of amount redeemed, if applicable).....		None
Exchange Fee.....		None
ANNUAL FUND OPERATING EXPENSES*		
(As a percentage of projected average net assets)		
Management Fee (after waiver) (1).....		0.00%
12b-1 Fees (2).....		0.00%
Other Expenses (after waivers) (3).....		0.57%
Total Fund Operating Expenses (4).....		0.57%

</TABLE>

(1) The estimated management fee has been reduced to reflect the anticipated voluntary waiver of a portion of the management fee by the investment adviser. The investment adviser can terminate this voluntary waiver at any time in its sole discretion. The maximum management fee is 0.75%.

(2) As of the date of this prospectus, the Fund is not paying or accruing 12b-1 fees. The Fund can pay up to 0.75% as a 12b-1 fee to the distributor. Certain trust clients of the Bank or its affiliates, including ERISA plans, will not be affected by the distribution plan because the distribution plan will not be activated unless and until a second, "Trust," class of shares of the Fund (which would not have a Rule 12b-1 plan) is created and such trust clients' investments in the Fund are converted to such Trust class.

(3) Total Other Expenses are estimated to be 1.16% absent the anticipated voluntary waiver by the administrator and transfer agent.

(4) The Total Fund Operating Expenses are estimated to be 1.91% absent the anticipated voluntary waivers by the adviser, administrator, and transfer agent.

* Expenses are estimated based on average expenses expected to be incurred during the fiscal year ending September 30, 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 "BANKSOUTH SELECT FUNDS INFORMATION" AND "INVESTING IN THE FUND." WIRE TRANSFER REDEMPTIONS MAY BE SUBJECT TO AN ADDITIONAL FEE.

EXAMPLE	1 year <C>	3 years <C>
You would pay the following expenses on a \$1,000 investment assuming (1) 5% annual return and (2) redemption at the end of each time period. As noted in the table above, the Fund charges no redemption fees.....	\$31	\$43

THE ABOVE EXAMPLE SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE EXPENSES. ACTUAL EXPENSES MAY BE GREATER OR LESS THAN THOSE SHOWN. THIS EXAMPLE IS BASED ON ESTIMATED DATA FOR THE FUND'S FISCAL YEAR ENDING SEPTEMBER 30, 1994.

GENERAL INFORMATION

The Trust was established as a Massachusetts business trust under a Declaration of Trust dated September 22, 1993, as amended and restated dated December 20,

1993. The Declaration of Trust permits the Trust to offer separate series of shares of beneficial interest representing interests in separate portfolios of securities. This Prospectus relates only to the Trust's BankSouth Select Georgia Tax-Free Income Fund. The Fund is designed as a convenient means of accumulating an interest in a professionally managed, non-diversified portfolio investing primarily in Georgia Municipal Securities. A minimum initial investment of \$1,000 is required and subsequent investments must be in amounts of at least \$100.

The Fund is not likely to be a suitable investment for non-Georgia taxpayers or retirement plans since Georgia municipal securities are not likely to produce competitive after-tax yields for such persons and entities when compared to other investments. A minimum initial investment of \$1,000 is required, and subsequent investments must be in amounts of at least \$100.

Fund shares are sold at net asset value plus a maximum sales charge of 2.50%, and are redeemed at net asset value.

INVESTMENT INFORMATION

INVESTMENT OBJECTIVE

The Fund's investment objective is to provide current income exempt from federal income tax and the personal income taxes imposed by the State of Georgia. The investment objective cannot be changed without the approval of the Fund's shareholders. While there is no assurance that the Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this Prospectus.

Interest income of the Fund that is exempt from the income taxes 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 jurisdictions other than Georgia.

INVESTMENT POLICIES

The Fund pursues its investment objective by investing primarily in Georgia Municipal Securities. As a matter of investment policy, which may not be changed without shareholder approval, the Fund will invest its assets so that, under normal circumstances, at least 80% of its annual interest income is exempt from federal income tax (including alternative minimum tax). Unless indicated otherwise, the other investment policies of the Fund may be changed by the Board of Trustees without approval of shareholders. Shareholders will be notified before any material change in these policies becomes effective.

ACCEPTABLE INVESTMENTS. Under normal circumstances, the Fund will invest at least 65% of its total assets in Georgia Municipal Securities, which are obligations issued by and on behalf of the State of Georgia, its political subdivisions, authorities and 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 tax imposed by the State of Georgia. While the Fund intends to invest primarily in securities issued by or on behalf of the State of Georgia, its political subdivisions, authorities and agencies, it will invest in other securities issued by states, territories, and possessions of the United States which are exempt from federal income tax and the personal income taxes imposed by the State of Georgia. The Fund will invest in such securities in instances where, in the judgment of the Fund's investment adviser, the supply and yield of such securities would be beneficial to the Fund's investment performance.

CHARACTERISTICS. The Georgia Municipal Securities which the Fund buys are investment-grade bonds rated, at the time of purchase, Aaa, Aa, A, or Baa by Moody's Investors Service, Inc. ("Moody's"), or AAA, AA, A, or BBB by Standard and Poor's Corporation ("S&P"), Fitch Investors Service, Inc. ("Fitch"), or Duff & Phelps Credit Rating Co. ("Duff & Phelps"). In certain cases, the Fund's investment adviser may choose bonds which are unrated if it determines that such bonds are of comparable quality or have similar characteristics to investment-grade bonds. Bonds rated "BBB" by S&P, Fitch, or Duff & Phelps 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. Downgrades will be evaluated on a case-by-case basis by the investment adviser. The adviser will determine whether or not the security continues to be an acceptable investment. If not, the security will be sold when deemed appropriate by its adviser given the costs of such

a sale, including potential losses. A description of the rating categories is contained in the Appendix to the Statement of Additional Information. A credit rating is not a recommendation to buy, sell or hold securities and is subject to change and/or withdrawal by the rating agency.

PARTICIPATION INTERESTS. The Fund may purchase participation interests from financial institutions such as commercial banks, savings and loan associations, and insurance companies. These participation interests give the Fund a fractional undivided interest in Georgia Municipal Securities. 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. The Trustees will determine that participation interests meet the prescribed quality standards for the Fund.

VARIABLE RATE MUNICIPAL SECURITIES. Some of the Georgia Municipal Securities which the Fund purchases may have variable interest rates. Variable interest rates are ordinarily stated as a percentage of the prime rate of a bank or a similar standard, such as the 91-day U.S. Treasury bill rate or established by a remarketing agent as the minimum rate that it judges would be necessary on the securities prior to the next remarketing date, having due regard for the prevailing financial markets in order to sell such securities in a secondary market transaction. 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 be selected consistent with the Fund's quality standards. 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 some may be considered to be illiquid. They may take the form of a lease, an installment purchase contract, a conditional sales contract, or a certificate of participation in any of the above.

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 law. However, the Fund will limit investments in illiquid securities, including certain restricted securities not determined by the Trustees to be liquid, non-negotiable time deposits, and repurchase agreements providing for settlement in more than seven days after notice, to 15% of its net assets.

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. The seller's failure to complete the transaction may cause the Fund to miss a price or yield considered to be advantageous.

INVESTING IN SECURITIES OF OTHER INVESTMENT COMPANIES

The Fund may invest in the securities of other investment companies, but will not own more than 3% of the total outstanding voting stock of any investment company, invest more than 5% of total assets in any one investment company, or invest more than 10% of total assets in investment companies in the aggregate. 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. It should be noted that investment companies incur certain expenses, and therefore, any investment by the Fund in shares of another investment company would be subject to certain duplicate expenses, particularly transfer agent and custodian fees. The adviser will waive its investment advisory fee on assets invested in securities of open-end investment companies.

TEMPORARY INVESTMENTS. From time to time, during periods of abnormal 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; securities of other investment companies; and repurchase agreements (generally short-term arrangements in which the Fund may buy securities subject to the seller's agreement to repurchase such securities at a mutually agreed upon time and price such that the Fund earns interest during the term of the agreement).

There are no rating requirements applicable to temporary investments. However, the investment adviser will limit temporary investments to those within the investment-grade categories described under "Acceptable Investments--Characteristics" (if rated) or those which the investment adviser judges to have similar characteristics as such investment-grade securities (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 Georgia.

PORTFOLIO TURNOVER

Although the Fund does not intend to invest for the purpose of seeking short-term profits, securities in the portfolio will be sold whenever the Adviser believes it is appropriate to do so in light of the Fund's investment objective, without regard to the length of time a particular security may have been held. The Adviser does not anticipate that the Fund's annual portfolio turnover rate will exceed 200% under normal market conditions. A high portfolio turnover rate may lead to increased costs and may also result in higher taxes paid by the Fund's shareholders.

GEORGIA MUNICIPAL SECURITIES

Georgia 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. These are also issued to repay outstanding obligations, to raise funds for general operating expenses, and, under certain circumstances, to make loans for profit and non-profit public and private entities.

The two principal classifications of municipal securities are "general obligations" and "revenue" bonds. General obligation bonds are secured by the issuer's pledge of its full faith and credit and/or 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.

A significant portion of revenue bonds issued by governmental units constitute "private activity" bonds. Private activity bonds are issued by or on behalf of a governmental unit, generally to finance the acquisition, construction and equipping of facilities to be used, directly or indirectly, by private for-profit and non-profit companies. These private activity bonds are generally secured by a pledge of the revenues to be paid by such private companies under a financing agreement (which usually takes the form of a lease, installment sale or loan agreement) between a private company and a governmental unit, as well as a security interest in the real and personal property acquired or constructed with the proceeds of such bonds. Often the credit securing these types of private activity bonds is enhanced through the issuance of a letter of credit or guarantee by a credit-worthy financial institution. The credit ratings of these so-called "credit enhanced" bond issues are based on the credit worthiness of the financial institution issuing the credit enhancement and not the private user of the facilities financed with the proceeds of such bonds or the governmental unit issuing the bonds, which are not liable for the payment thereof, other than through the assignment of revenues to be received by the private user under the financing agreement.

INVESTMENT RISKS

Yields on Georgia Municipal Securities depend on a variety of factors, including, but not limited to: the general conditions of the municipal bond market; the size of the particular offering; the maturity of the obligations; and the rating of the issue. Further, any adverse economic conditions or developments affecting the State of Georgia or its municipalities, or companies and financial institutions obligated under private activity bonds, could affect the Fund's portfolio. The Fund's ability to achieve its investment objective also depends on the continuing ability of the obligors of securities held by the Fund to meet their obligations for the payment of interest and principal when due. Investing in Georgia Municipal Securities which meet the Fund's quality standards may not be possible if the State of Georgia and its municipalities do not maintain their current credit ratings. In addition, certain Georgia constitutional amendments, legislative measures, executive orders, administrative regulations and voter initiatives could result in adverse consequences affecting various Georgia Municipal Securities. A discussion of the current economic risks associated with the purchase of Georgia Municipal Securities is contained in the Statement of Additional Information.

NON-DIVERSIFICATION

The Fund is a non-diversified investment portfolio. As such, there is no limit on the percentage of assets which can be invested in any single issuer. An investment in the Fund, therefore, will entail greater risks and fluctuation in market value of the Fund's portfolio than investments in a diversified portfolio of securities. Any economic, political, or regulatory developments affecting the

value of the securities in the Fund's portfolio will have a greater effect on the total value of the portfolio than would be the case if the portfolio were diversified among more issuers. However, 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.

CERTAIN BORROWING AND 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 33 1/3% of the value of its total assets and secure such borrowings with up to 15% of the value of those assets at the time of borrowing.

The above limitation cannot be changed without shareholder approval. The following limitation however, can be changed by the Trustees without shareholder approval. Shareholders will be notified before any material change in this limitation becomes effective.

invest more than 5% of its total assets in industrial development bonds where the payment of principal and interest is the responsibility of companies (including guarantors where applicable) with less than three years of continuous operations, including the operation of any predecessor.

BANKSOUTH SELECT FUNDS INFORMATION

MANAGEMENT OF THE TRUST

BOARD OF TRUSTEES. The Trust is managed by a Board of Trustees (the "Board" or "Trustees"). The Board is 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 handles various of the Board's delegable responsibilities between meetings of the Board.

INVESTMENT ADVISER. Investment decisions for the Fund are made by the Bank as the Fund's investment adviser (the "Adviser"), subject to direction by the Board. The Adviser conducts investment research and supervision for the Fund and is responsible for the purchase or sale of portfolio instruments, for which it receives an annual fee from the Fund's assets. From time to time, to the extent consistent with the investment objective, policies and restrictions of the Fund, the Fund may invest in securities of issuers with which the Adviser has a lending relationship. However, at this time, the Adviser has no intention to invest in securities of issuers that have a lending relationship with the investment Adviser or its affiliates.

ADVISORY FEES. The Adviser receives an annual investment advisory fee equal to 0.75% of the Fund's average daily net assets. The fee paid by the Fund, while higher than the advisory fee paid by certain other mutual funds, is comparable to fees paid by many 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 other expenses of the Fund, but reserves the right to terminate such waiver or reimbursement at any time at its sole discretion.

ADVISER'S BACKGROUND. The Adviser, a national bank headquartered in Atlanta, Georgia, is a wholly owned subsidiary of Bank South Corporation, a Georgia corporation which is a registered bank holding company. The Adviser serves consumers through its network of banking offices with a full range of deposit and lending products, as well as investment services. The principal executive offices of the Adviser are located at 55 Marietta Street N.W., Atlanta, GA 30303.

The Adviser has managed discretionary assets for its consumers since 1931. As of September 30, 1993, the Adviser managed in excess of \$1 billion of discretionary assets. Prior to the date hereof, the Adviser has not served as an investment adviser to mutual funds.

PORTFOLIO MANAGER. Mr. J.M. Johnston, Jr. is primarily responsible for the day-to-day management of the Fund's portfolio. Mr. Johnston began at the Adviser in September of 1992. Mr. Johnston directs the investment

management of the employee benefit plans, fixed income fund, and personal trusts. He is also responsible for securities analysis for various industries.

Mr. Johnston began his investment career in 1981. Prior to his affiliation with the Bank, he spent six years with The Citizens & Southern National Bank, Atlanta, Georgia as a portfolio manager.

Mr. Johnston holds a Bachelor of Science degree from the University of Alabama and a Master of Business Administration in Finance from Georgia State University. He is a member of the Atlanta Society of Financial Analysts.

DISTRIBUTION OF FUND SHARES

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

DISTRIBUTION PLAN. Under a distribution plan (the "Plan") adopted in accordance with Securities and Exchange Commission ("SEC") Rule 12b-1 under the Investment Company Act of 1940, as amended, the Fund will pay an amount computed at an annual rate of up to 0.75% of the average daily net asset value of the shares to finance any activity which is principally intended to result in the sale of shares subject to the Plan. Certain trust clients of the Bank, including ERISA plans, will not be affected by the Plan because the Plan will not be activated unless and until a second, "Trust" class of shares of the Fund (which would not have a Rule 12b-1 plan) is created and such trust clients' investments in the Fund are converted to such Trust class.

The Distributor may select other financial institutions (such as broker-dealers or banks) to provide sales support services as agents for their clients or customers who beneficially own shares. These financial institutions (including the Bank) will receive fees from the Distributor based upon shares owned by their clients or customers. The schedules of such fees and the basis upon which such fees will be paid will be determined from time to time by the Distributor.

The Fund's Plan is a compensation type plan. As such, the Fund pays the Distributor the fee described above as opposed to reimbursing the Distributor for actual expenses incurred. Therefore, the Fund does not pay for amounts expended by the Distributor in excess of amounts received by it from the Fund, which may include interest, carrying or other financing charges in connection with excess amounts expended, or the Distributor's overhead expenses. However, the Distributor may be able to recover such amounts or may earn a profit from future payments made by the Fund under the Plan.

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 capacities described above or should Congress relax current restrictions on depository institutions, the Trustees will consider appropriate changes in the services.

State securities laws on this issue may differ from the interpretations of federal law expressed herein and banks and financial institutions may be required to register as dealers pursuant to certain states' securities laws.

ADMINISTRATIVE ARRANGEMENTS. The Distributor may also pay administrators a fee based upon the average net asset value of shares of their customers invested in the Trust for providing administrative services. This fee, if paid, will be reimbursed by the Adviser and not the Trust.

ADMINISTRATION OF THE TRUST

ADMINISTRATIVE SERVICES. Federated Administrative Services, Pittsburgh, Pennsylvania, a subsidiary of Federated Investors, provides certain administrative personnel and services necessary to operate the Fund. Such services include certain legal and accounting services. Federated Administrative Services provides these at the annual rates specified below:

<TABLE>

<CAPTION>

MAXIMUM ADMINISTRATIVE FEE	AVERAGE AGGREGATE DAILY NET ASSETS OF THE TRUST
<C>	<S>
.150 of 1%	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 \$100,000 per Fund. Federated Administrative Services may voluntarily choose to waive a portion of its fee.

SHAREHOLDER SERVICES PLAN. The Fund has adopted a Shareholder Services Plan (the "Services Plan") with respect to the shares. Under the Services Plan, financial institutions will enter into shareholder service agreements with the Fund to provide administrative support services to their customers who from time to time may be owners of record or beneficial owners of the shares. In return for providing these support services, a financial institution may receive payments from the Fund at a rate not exceeding 0.25% of the average daily net assets of the shares beneficially owned by the financial institution's customers for whom it is holder of record or with whom it has a servicing relationship. These 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 Fund; assisting clients in changing dividend options, account designations, and addresses; and providing such other services as the Fund reasonably requests. Certain trust clients of the Bank, including ERISA plans, will not be affected by the Services Plan because the Services Plan will not be activated unless and until a second, "Trust" class of shares of the Fund (which would not have a Services Plan) is created and such trust clients' investments in the Fund are converted to such Trust class.

CUSTODIAN. The Bank of New York, New York, New York 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 (the "Transfer Agent") for the shares of 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 Ernst & Young, Pittsburgh, Pennsylvania.

EXPENSES OF THE FUND

The Fund pays all of its own expenses and its allocable share of the Trust's expenses. The expenses borne by the Fund include, but are not limited to, the cost 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 with federal and state securities authorities; taxes and commissions; issuing, purchasing, repurchasing, and redeeming shares; fees for custodians, transfer agents, dividend disbursing agents, shareholder servicing agents, and registrars; printing, mailing, auditing, accounting, and legal expenses; reports to shareholders and governmental 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

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

INVESTING IN THE FUND

SHARE PURCHASES

Fund shares are sold on days on which the New York Stock Exchange and the Federal Reserve Wire System are open for business. Shares of the Fund may be purchased through the Bank. In connection with the sale of Fund 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.

BY TELEPHONE. To place an order to purchase Fund shares, call the Bank South Mutual Funds Center toll free at 1-800-282-6680 extension 4550. Texas residents must purchase shares of the Fund through Bank South Securities Corporation at 404-521-7063. Your purchase order will be taken directly over the telephone. The

order must be placed by 4:00 p.m. (Eastern time) for shares to be purchased at that day's price.

BY MAIL. Provide a letter of instruction to the Fund indicating your purchase order, including the dollar amount of your order, your account title and/or name, and your account number, and include a check made payable to the Fund.

PAYMENT BY CHECK. Mail to BankSouth Select Georgia Tax-Free Income Fund, c/o Bank South Mutual Funds Center, MC 16, P.O. Box 4387, Atlanta, Georgia 30302.

PAYMENT BY WIRE. To purchase shares by Federal Wire, contact your account officer for wiring instructions. Wire orders will only be accepted on days on which the Fund, the Bank and the Federal Reserve Banks are open for business.

MINIMUM INVESTMENT REQUIRED

The minimum initial investment in the Fund by an investor is \$1,000. Subsequent investments must be in amounts of at least \$100. The Fund may choose to waive its minimum investment requirements from time to time and for accounts which select the Systematic Investment Program.

SYSTEMATIC INVESTMENT PROGRAM

Once an account has been opened, shareholders may add to their investment on a regular basis in minimum amounts of \$100, unless waived. Under this program, funds may be automatically withdrawn periodically from the shareholder's checking or other transaction deposit account and invested in Fund shares at the net asset value next determined after an order is received by the Bank, plus an applicable sales charge. A shareholder may apply for participation in this program through the Bank.

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 \$100,000	2.50%	2.56%
\$100,000 but less than \$250,000	2.00%	2.04%
\$250,000 but less than \$500,000	1.50%	1.52%
\$500,000 but less than \$750,000	1.00%	1.01%
\$750,000 but less than \$1,000,000	0.50%	0.50%
\$1,000,000 and more	0.00%	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 changes (if any) in the value of the Fund's portfolio securities do not materially affect its net asset value; (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, Martin Luther King Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans' Day, Thanksgiving Day and Christmas Day.

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

SALES CHARGE REALLOWANCE. The Bank and any authorized dealer or bank will normally receive up to 85% of the applicable sales charge as a transaction fee from its customers, and for sales and/or administrative services performed on behalf of its customers in connection with the initiation of customer accounts and purchases of Fund shares. Any portion of the sales charge which is not paid to the Bank or a dealer or other bank will be retained by the Distributor. However, the Distributor, in its sole discretion, may uniformly offer to permit all dealers and other institutions selling shares of the Fund, to receive all or a portion of the amount the Distributor normally retains as a sales charge. If accepted by the dealer, such additional payments may be in the form of cash or other promotional incentives, and will be predicated upon the amount of shares of the Fund or other BankSouth Select Funds sold by the dealer or other institutions.

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;

using the reinvestment privilege; or

concurrent purchases.

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 \$90,000 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 2.00%, not 2.50%.

To receive the sales charge reduction, the Bank 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 2.50% 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 the shareholder 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.

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. The Bank 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 his shares in the Fund, there may be tax consequences.

CONCURRENT PURCHASES. For purposes of qualifying for a sales charge reduction, a shareholder has the privilege of combining concurrent purchases of two or more funds in the Trust, the purchase price of which includes a sales charge. For example, if a shareholder concurrently invested \$30,000 in one of the other funds in the Trust with a sales charge and \$70,000 in this Fund, the sales charge would be reduced.

To receive this sales charge reduction, the Distributor must be notified by the shareholder in writing or by the Bank at the time the concurrent purchases are made. The Fund will reduce the sales charge after it confirms the purchases. See "What Shares Cost" and "Addresses".

CERTIFICATES AND CONFIRMATIONS

The Transfer Agent maintains a share account for each shareholder of record. Share certificates are not issued, unless requested in writing from the Fund or the Transfer Agent.

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 daily and paid monthly to all shareholders invested in the Fund on the record date.

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 a shareholder makes a written request for cash payments to

the Fund or the Bank.

PURCHASING FUND SHARES WITH SECURITIES

The Fund in its sole discretion, may sell Fund shares to investors that desire to purchase Fund shares with certain securities or a combination of certain securities and cash. The Fund reserves the right to determine the acceptability of securities used to effect such purchases. On the day securities are accepted by the Fund, they are valued based upon independent bid and in the same manner as the Fund values its assets. Investors wishing to use securities to purchase Fund shares should first contact the Bank. Any such transfer of securities is treated as a sale of the securities and will result in the recognition of any gain or loss for federal income tax purposes by the seller of such securities, except to the extent the seller is an ERISA plan or similar entity not subject to tax.

EXCHANGE PRIVILEGE

BANKSOUTH SELECT FUNDS

All shareholders of the Fund are Shareholders of BankSouth Select Funds. BankSouth Select Funds currently include the Fund, BankSouth Select Bond Fund, BankSouth Select Equity Fund, BankSouth Select Prime Money Market Fund, and BankSouth Select Government Money Market Fund. Shareholders have easy access to each of the portfolios of BankSouth Select Funds through a telephone exchange program. All BankSouth Select Funds are advised by the Bank and distributed by the Distributor.

Shareholders may exchange shares of the Fund for shares of the other BankSouth Select Funds. In addition, shares of the Fund may also be exchanged for certain other funds designated by the Bank which are distributed by the Distributor, but that are not advised by the Bank ("Federated Funds"). For further information on the availability of Federated Funds for exchanges, please call the Bank South Mutual Funds Center at 1-800-282-6680 extension 4550. Shares of funds with a sales charge may be exchanged at net asset value for shares of other funds with an equal sales charge or no sales charge. Shares of funds with a sales charge may be exchanged for shares of funds with a higher sales charge at net asset value, plus the additional sales charge. Shares of funds with no sales charge, whether acquired by direct purchase, reinvestment of dividends on such shares, or otherwise, may be exchanged for shares of funds with a sales charge at net asset value, plus the applicable sales charge.

When an exchange is made from a fund with a sales charge to a fund with no sales charge, the shares exchanged and additional shares which have been purchased by reinvesting dividends or capital gains on such shares retain the character of the exchanged shares for purposes of exercising further exchange privileges; thus, an exchange of such shares for shares of a fund with a sales charge would be at net asset value.

Shareholders who exercise this exchange privilege must exchange shares having a net asset value of at least \$1,000. Prior to any exchange, the shareholder must receive a copy of the current prospectus of the fund into which an exchange is to be effected.

The exchange privilege is available to shareholders residing in any state in which the fund shares being acquired may legally be sold. Upon receipt of proper instructions and all necessary supporting documents, shares submitted for exchange will be redeemed at the next-determined net asset value for the applicable fund. Written exchange instructions may require a signature guarantee. Exercise of this privilege is treated as a sale for federal income tax purposes and, depending on the circumstances, a short or long-term capital gain or loss may be realized.

The Fund reserves the right to terminate the exchange privilege at any time on 60 days notice. Shareholders will be notified if this privilege is terminated. A shareholder may obtain further information on the exchange privilege by calling the Bank at 1-800-282-6680 extension 4550.

BY TELEPHONE. Instructions for exchanges between funds which are part of the Trust may be given by telephone to the Bank South Mutual Funds Center at 1-800-282-6680 extension 4550, or to the Distributor. Shares may be exchanged by telephone only between fund accounts having identical shareholder registrations.

Any shares held in certificate form cannot be exchanged by telephone but must be forwarded to the Fund's Transfer Agent by the Bank and deposited to the shareholder's mutual fund account before being exchanged. See "Addresses".

An authorization form permitting the Fund to accept telephone exchanges must first be completed. It is recommended that investors request this privilege at the time of their initial application. If not completed at the time of initial application, authorization forms and information regarding this service are available from the Bank. Telephone exchange 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.

Telephone exchange instructions must be received before 4:00 p.m. (Eastern time) for shares to be exchanged the same day. The telephone exchange privilege may be modified or terminated at any time.

Shareholders will be notified of such modification or termination. Shareholders may have difficulty in making exchanges by telephone through the Bank during times of drastic economic or market changes. If a shareholder cannot contact the Bank by telephone, it is recommended that an exchange request be made in writing and sent by overnight mail to BankSouth Select Funds, 55 Marietta Street, N.W., Atlanta, Georgia 30303.

REDEEMING SHARES

The Fund redeems shares at their net asset value next determined after the Bank 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 and can be made through the Bank or directly to the Fund.

BY TELEPHONE. A shareholder may redeem shares of the Fund by contacting his account officer or by calling the Bank South Mutual Funds Center to request the redemption. Call 1-800-282-6680 extension 4550. Shares will be redeemed at the net asset value next determined after the Fund receives the redemption request from the Bank. Redemption requests must be received by the Bank before 4:00 p.m. (Eastern time) in order for shares to be redeemed at that day's net asset value and the Bank will promptly submit such redemption requests and provide written redemption instructions to the Fund. If, at any time, the Fund should determine it necessary to terminate or modify this method of redemption, shareholders would be promptly notified.

An authorization form permitting the Fund to accept telephonic redemption requests must first be completed. It is recommended that investors request this privilege at the time of their initial application. If not completed at the time of initial application, authorization forms and information on this service are available from the Bank. 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.

A shareholder may have the redemption proceeds directly deposited by electronic funds transfer or wired directly to a domestic commercial bank previously designated by the shareholder. Wire redemption orders will only be accepted on days on which the Fund, the Bank and the Federal Reserve Wire System are open for business. Wire-transferred redemptions may be subject to an additional fee.

In the event of extraordinary 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 your account officer at the Bank.

BY MAIL. Shareholders may redeem shares by sending a written request to the Bank. 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 to the Bank. Shareholders should call the Bank for assistance in redeeming shares by mail.

SIGNATURES. Shareholders requesting a redemption of \$50,000 or more, a redemption requesting payment to an address other than that on record with the Fund, or other than to the shareholder of record must make written redemption requests with signatures guaranteed by:

a trust company or commercial bank whose deposits are insured by the FDIC's BIF;

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 FDIC's SAIF; or

any other "eligible guarantor institution," as defined in the Securities Exchange Act of 1934, as amended.

The Fund does not accept signatures guaranteed by a notary public.

The Fund and its Transfer Agent have adopted standards for accepting signature guarantees from the above institutions. The Fund may elect in the future to limit eligible signature guarantors to institutions that are members of a signature guarantee program. The Fund and its Transfer Agent reserve the right

to amend these standards at any time without notice.

RECEIVING PAYMENT. Normally, a check for the proceeds is mailed to the shareholder within one business day, but in no event more than seven calendar days, after receipt of a proper written redemption request, provided that the Transfer Agent has received payment for shares from the shareholder.

REDEMPTION BEFORE PURCHASE INSTRUMENTS CLEAR

When shares are purchased by check or through an Automated Clearing House ("ACH"), the proceeds from the redemption of those shares are not available, and the shares may not be exchanged, until the Bank is reasonably certain that the check or clearing house funds have cleared, which could take up to 10 calendar days.

SYSTEMATIC WITHDRAWAL PROGRAM

Shareholders who desire to receive payments of a predetermined amount may take advantage of the Systematic Withdrawal Program. Under this program, Fund shares are redeemed to provide for periodic withdrawal payments in an amount directed by the shareholder. Depending upon the amount of the withdrawal payments and the amount of dividends paid with respect to Fund shares, redemptions may reduce, and eventually deplete, the shareholder's investment in the Fund. For this reason, payments under this program should not be considered as yield or income on the shareholder's investment in the Fund. To be eligible to participate in this program, a shareholder must have an account value of at least \$10,000. A shareholder may apply for participation in this program through the Bank.

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, due to shareholder redemptions, the account balance falls below the required minimum of \$1,000.

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

VOTING RIGHTS

Each share of the Fund entitles shareholders to one vote in Trustee elections and other matters submitted to shareholders of the Trust for vote. All shares of each portfolio in the Trust have equal voting rights except that, in matters affecting only a particular Fund, only shareholders of that Fund are entitled to vote. As a Massachusetts business trust, the Trust is not required to hold annual shareholder meetings. Shareholder approval will be sought only for certain changes in the Trust's or the Fund's operation and for the election of Trustees under certain circumstances.

Any Trustee may be removed by the Board of Trustees or by the shareholders at a special meeting. A special meeting of the shareholders shall be called by the Trustees upon the written request of shareholders owning at least 10% of the Trust's outstanding shares.

MASSACHUSETTS PARTNERSHIP LAW

Under certain circumstances, shareholders may be held personally liable as partners under Massachusetts law for acts or obligations of the Trust. To protect shareholders, the Trust has filed legal documents with Massachusetts that expressly disclaim the liability of shareholders 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 the Trust or its Trustees enter into or sign on behalf of the Fund.

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

EFFECT OF BANKING LAWS

Banking laws and regulations presently prohibit a bank holding company registered under the federal Bank Holding Company Act of 1956, as amended or any affiliate thereof from sponsoring, organizing, controlling, or distributing the shares of a registered, open-end investment company continuously engaged in the issuance of its shares, and prohibit banks generally from underwriting or distributing securities. However, such banking laws and regulations do not prohibit such a holding company affiliate or banks generally from acting as investment adviser, transfer agent, or custodian to such an investment company or from acting as agent for their customers in purchasing securities. The Fund's Adviser is subject to such banking laws and regulations.

The Bank believes, based on the advice of its counsel, that it may perform the 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 affiliates, as well as further judicial or administrative decisions or interpretations of present or future statutes and regulations, could prevent the Bank from continuing to perform all or a part of the above services for its customers and/or the Fund. If it were prohibited from engaging in these customer-related activities, the Trustees would consider alternative advisers and means of continuing available investment services. In such event, changes in the operation of the Fund may occur, including possible termination of any automatic or other Fund share investment and redemption services then being provided by the Bank. It is not expected that existing shareholders would suffer any adverse financial consequences as a result of any of these occurrences.

TAX INFORMATION

FEDERAL INCOME TAX

The Fund expects to pay no federal income tax because it intends to meet requirements of the Internal Revenue Code applicable to regulated investment companies and to receive the special tax treatment afforded to such companies. The Fund will be treated as a single, separate entity for federal income tax purposes so that income (including capital gains) and losses realized by the Trust's other portfolios will not be combined for tax purposes with those realized by the Fund.

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

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

The Tax Reform Act of 1986 treats interest on certain "private activity" bonds issued after August 7, 1986, as a tax-preference item for both individuals and corporations. Unlike traditional government purpose municipal bonds, which finance roads, schools, libraries, prisons, and other public facilities, private activity bonds provide benefits to private parties. The Fund may purchase all types of municipal bonds, including private activity bonds. Thus, while the Fund has no present intention of purchasing any private activity bonds that would be treated as tax preference items, should it purchase any such bonds, a portion of the Fund's dividends may be treated as a tax-preference item.

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

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

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

is provided annually.

STATE OF GEORGIA INCOME AND INTANGIBLES TAXES

Under existing Georgia law, shareholders of the Fund will not be subject to Georgia income taxes on distributions from the Fund to the extent that such distributions represent either (1) "exempt-interest dividends" for federal income tax purposes that are attributable to interest-bearing obligations issued by or on behalf of the State of Georgia or its political subdivisions or (2) dividends derived from interest on obligations of the United States or of any other issuer whose obligations are exempt from state income taxes under federal law. Distributions, if any, derived from capital gains or other sources generally will be taxable for Georgia income tax purposes to shareholders of the Fund who are subject to the Georgia income tax. The Fund, as a Massachusetts business trust, is not expected to be required to pay the annual Georgia intangible property tax on the securities it holds. It is, however, the current practice of the Georgia Department of Revenue to subject trust interests similar to the shares to the intangibles tax at a rate equal to 10 cents per \$1,000 of value if the owners of such interests reside or have their principal business location in Georgia. The Department of Revenue is currently considering whether the taxable value of trust interests representing beneficial interests in tax-exempt securities may be reduced to take into account the exempt nature of such securities. Georgia law exempts the following securities from the intangibles tax: (1) obligations of the United States (including United States government agencies and corporations established by Acts of Congress), (2) obligations of the State of Georgia (including its political subdivisions or public institutions), and (3) industrial development revenue bonds issued pursuant to the laws of Georgia.

OTHER STATE AND LOCAL TAXES

Dividends payable with respect to the shares of the Fund may or may not be subject to state or local state income taxation in jurisdictions other than Georgia under applicable state or local laws. Similarly, shares in the Fund may or may not be subject to an intangible personal property tax in states other than Georgia. Each purchaser of the shares of the Fund is urged to consult his or her own tax adviser regarding the tax-exempt status of the Fund shares and dividends in state or local jurisdictions other than the State of Georgia.

PERFORMANCE INFORMATION

From time to time the Fund may advertise its 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 the Fund 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 each day 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 number is then annualized using semi-annual compounding. 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 the actual after tax yield, assuming a specific tax rate. The yield and the tax-equivalent yield do not necessarily reflect income actually earned by the Fund and, therefore, may not correlate to the dividends or other distributions paid to shareholders.

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

ADDRESSES

<TABLE>		
<S>	<C>	<C>
	BankSouth Select Georgia Tax-Free Income Fund	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779

Distributor	Federated Securities Corp.	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
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Investment Adviser	Bank South, N.A.	MC 16 P.O. Box 4387 Atlanta, Georgia 30302
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Custodian	The Bank of New York	48 Wall Street New York, New York 10286
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	Ernst & Young	One Oxford Centre Pittsburgh, Pennsylvania 15219

</TABLE>

BANKSOUTH SELECT GEORGIA
TAX-FREE INCOME FUND
PROSPECTUS

A Non-Diversified Portfolio of
BankSouth Select Funds, an Open-End
Management Investment Company
(a Mutual Fund)

Prospectus dated January 7, 1994

Logo Bank South, N.A.
Investment Adviser
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ATLANTA, GA 30303

Logo FEDERATED SECURITIES CORP.

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

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BANKSOUTH SELECT GEORGIA TAX-FREE INCOME FUND
(A PORTFOLIO OF BANKSOUTH SELECT FUNDS)
STATEMENT OF ADDITIONAL INFORMATION

This Statement of Additional Information should be read with the prospectus of BankSouth Select Georgia Tax-Free Income Fund (the "Fund") dated January 7, 1994. This Statement is not a prospectus itself. To receive a copy of the prospectus, call the Bank South N.A. (the "Bank") Mutual Funds Center at 1-800-282-6680 extension 4550.

SHARES OF THE FUND ARE NOT DEPOSITS OR OTHER OBLIGATIONS OF, AND ARE NOT ISSUED, ENDORSED OR GUARANTEED BY THE BANK OR ANY OF ITS AFFILIATES. SUCH SHARES ARE NOT ISSUED, INSURED, OR GUARANTEED BY THE U.S. GOVERNMENT, THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD OR ANY OTHER GOVERNMENT AGENCY. AN INVESTMENT IN THE FUND INVOLVES CERTAIN RISKS, INCLUDING POSSIBLE LOSS OF PRINCIPAL.

THE BANK IS INVESTMENT ADVISER TO THE FUND. THE FUND IS DISTRIBUTED BY FEDERATED SECURITIES CORP., WHICH IS NOT AFFILIATED WITH THE BANK.

FEDERATED SECURITIES CORP.

 Distributor
 FEDERATED INVESTORS TOWER
 PITTSBURGH, PENNSYLVANIA 15222-3779

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GENERAL INFORMATION ABOUT THE FUND

BankSouth Select Georgia Tax-Free Fund (the "Fund") is a portfolio in BankSouth Select Funds (the "Trust"), which was established as a Massachusetts business trust under a Declaration of Trust dated September 22, 1993, as amended and restated dated December 20, 1993.

INVESTMENT OBJECTIVE AND POLICIES

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

TYPES OF INVESTMENTS

The Fund invests primarily in a portfolio of municipal securities which are exempt from federal income tax and the personal income taxes imposed by the State of Georgia. The municipal securities in which the Fund invests include those issued by or on behalf of the State of Georgia and its political subdivisions, authorities and agencies and securities issued by other states, territories, and possessions of the United States which are exempt from the federal income tax and the personal income taxes imposed by the State of Georgia ("Georgia Municipal Securities").

CHARACTERISTICS

The Georgia 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 and Poor's Corporation ("S&P"), Duff & Phelps Credit Rating Co. ("Duff & Phelps") or Fitch Investors Service, Inc. ("Fitch"), 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 Georgia Municipal Securities include:

- general obligation bonds;
- governmental lease certificates of participation issued by governmental units where payment is secured by installment payments for equipment, buildings, or other facilities being leased by the state or municipality (Government lease certificates purchased by the Fund will not contain nonappropriation clauses.);
- 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
- private activity and industrial development bonds issued to finance facilities for use, directly and indirectly, by private for-profit and non-profit companies.

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 of the securities with variable interest rates purchased by the Fund will be 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

The Fund may purchase securities in the form of participation interests which represent undivided fractional interests in lease payments by a governmental or non-profit entity. 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 became 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.

In determining the liquidity of municipal lease obligations, the Fund's investment adviser, under the authority delegated by the Trustees, will base its determination on the following factors:

whether the lease can be terminated by the lessee;

the potential recovery, if any, from a sale of the leased property upon termination of the lease;

the lessee's general credit strength (e.g., its debt, administrative, economic, and financial characteristics and prospects);

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 non-appropriation"); and

any credit enhancement or legal recourse provided upon an event of non-appropriation 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 other expenses, other than normal transaction costs, are incurred. However, liquid assets of the Fund sufficient to make payment for the securities to be purchased are segregated at the trade date. These securities are marked to market daily and are maintained until the transaction is settled.

The Fund will limit its obligations to purchase securities on a when-issued or delayed delivery basis to no more than 20% of the value of its total assets at any time.

TEMPORARY INVESTMENTS

The Fund may also invest in temporary investments during times of unusual market conditions for defensive purposes.

REPURCHASE AGREEMENTS

Repurchase agreements are arrangements in which banks, securities broker-dealers, and other financial institutions sell U.S. government and agency securities to the Fund and agree at the time of sale to repurchase them at a mutually agreed upon time and price including interest within one year from the date of acquisition. As collateral for the obligation of the seller to repurchase the securities from the Fund, the Fund or its custodian will 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 will only enter into repurchase agreements with banks and other financial institutions, such as securities broker-dealers, which are found by the Fund's investment adviser to be creditworthy pursuant to guidelines established by the Trustees.

REVERSE REPURCHASE AGREEMENTS

The Fund may also enter into reverse repurchase agreements. These transactions are similar to borrowing cash and pledging securities as collateral. In a reverse repurchase agreement, the Fund transfers possession of a portfolio instrument to another person, such as a financial institution or broker-dealer, in return for a percentage of the instrument's market value in cash, and agrees that on a stipulated date in the future the Fund will repurchase the portfolio instrument by remitting the original consideration plus interest at an agreed upon rate. The use of reverse repurchase agreements may enable the Fund to avoid selling portfolio instruments at a time when a sale may be deemed to be disadvantageous, but the ability to enter into reverse repurchase agreements does not ensure that the Fund will be able to avoid selling portfolio instruments at a disadvantageous time.

When effecting reverse repurchase agreements, liquid assets of the Fund, in a dollar amount sufficient to make payment for the obligations to be purchased, are segregated at the trade date. These securities are marked to market daily and are maintained until the transaction is settled.

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 the clearance of purchases and sales of portfolio securities.

ISSUING SENIOR SECURITIES AND BORROWING MONEY

The Fund will not issue senior securities except that the Fund may borrow money and engage in reverse repurchase agreements in amounts up to 33 1/3% of the value of its total assets, including the amounts borrowed. The Fund will not borrow money or engage in reverse repurchase agreements for investment leverage, but rather as a temporary, extraordinary, or emergency measure to facilitate management of the portfolio by enabling the Fund to, for example, 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 any assets, except to secure permitted borrowings. In those cases, it may mortgage, pledge, or hypothecate assets having a market value not exceeding 15% of the value of the Fund's total assets at the time of the borrowing.

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 REAL ESTATE

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

estate or interests in real estate.

INVESTING IN COMMODITIES

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

LENDING CASH OR SECURITIES

The Fund will not lend any of its assets, except that it may 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 or the Trust's Declaration of Trust.

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 private activity bonds or other securities, the interest upon which is paid from revenues of similar types of projects. However, the Fund may invest as temporary investments 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, such as repurchase agreements. (For purposes of this limitation, the Fund considers certificates of deposits and demand and time deposits issued by a U.S. branch of a domestic bank, savings and loan association or savings bank having capital, surplus, and undivided profits in excess of \$100,000,000 at the time of investment to be "cash items.")

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, the following limitations becomes effective.

INVESTING IN RESTRICTED SECURITIES

The Fund will not invest more than 10% of the value of its total assets in securities subject to restrictions on resale under the Securities Act of 1933, except for certain restricted securities which meet the criteria for liquidity as established by the Trustees.

INVESTING IN ILLIQUID SECURITIES

The Fund will not invest more than 15% of the value of its net assets in securities, including repurchase agreements providing for settlement in more than seven calendar days after notice, non-negotiable fixed time deposits with maturities over seven days, and certain municipal leases and restricted securities not determined by the Trustees to be liquid.

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

The Fund will not purchase or retain the securities of any issuer if the officers and Trustees of the Trust or the Fund's investment adviser owning individually more than 0.50% of the issuer's securities together own more than 5% of the issuer's securities.

INVESTING IN NEW ISSUERS

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

INVESTING IN SECURITIES OF OTHER INVESTMENT COMPANIES

The Fund will limit its investment in other investment companies to no more than 3% of the total outstanding voting stock of any investment company, will not 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 the aggregate. However, these limitations are not applicable if the securities are acquired in a merger, consolidation, or acquisition of assets.

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 in the coming fiscal year.

GEORGIA INVESTMENT RISKS

Georgia's economy is based on manufacturing (textiles, food products, paper products, electronic equipment and aircraft), trade and a growing service sector. Atlanta, with a service-oriented economy, is a trade, service and transportation center for the Southeast region and is the focus of economic growth in the State. In most other cities in Georgia, manufacturing predominates. The State economy was only mildly affected by the early 1980's recession and grew rapidly for most of the decade, with employment and personal income growth in excess of comparable national rates. Despite continued population growth, personal income per capita has steadily gained relative to the nation. The economy began to slow in 1989, with less vigorous job growth evident and relative per capita income position slipping.

Throughout the 1980's the State's expanding economy fostered strong income and sales tax growth. This enabled the State to record fairly strong fiscal operations from fiscal years 1984-1989. Financial operations have suffered since fiscal year 1990, recording operating deficits in each of the fiscal years 1990-1992. Revenue projections were overly optimistic in fiscal year 1992 and although the State reduced general fund expenditures, a minor operating deficit was experienced.

The 1993 budget assumes a 6.9% increase in revenue from existing levels; however, no surpluses or reserves from 1992 remain to carry over into fiscal year 1993. If economic recovery is delayed or weakened, revenue shortfalls could persist.

Except for the major building projects necessary for the 1996 Summer Olympics, it appears unlikely that areas in and around metropolitan Atlanta will experience the building construction rates of the mid to late 1980's.

BANKSOUTH SELECT FUNDS MANAGEMENT

OFFICERS AND TRUSTEES

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

<TABLE> <CAPTION> NAME AND ADDRESS <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 of the Trust.
John T. Conroy, Jr. Wood/IPC Commercial Department John R. Wood and Associates, Inc., Realtors 3255 Tamiami Trail North Naples, FL	Trustee	President, Investment Properties Corporation; Senior Vice-President, John R. Wood and Associates, Inc., Realtors; President, Northgate Village Development Corporation; General Partner or Trustee in private real estate ventures in Southwest Florida; Director, Trustee or Managing General Partner of the Funds; formerly, President, Naples Property Management, Inc.
William J. Copeland One PNC Plaza-23rd Floor Pittsburgh, PA	Trustee	Director and Member of the Executive Committee, Michael Baker, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Vice Chairman and Director, PNC Bank, N.A., and PNC Bank Corp. and Director, Ryan Homes, Inc.
James E. Dowd 571 Hayward Mill Road Concord, MA	Trustee	Attorney-at-law; Director, The Emerging Germany Fund, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Director, Blue Cross of Massachusetts, Inc.
Lawrence D. Ellis, M.D.	Trustee	Hematologist, Oncologist, and Internist, Presbyterian and Montefiore

3471 Fifth Avenue Suite 1111 Pittsburgh, PA		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 or Director of some of the Funds; Vice President and Treasurer of the Funds.
Peter E. Madden 225 Franklin Street Boston, MA	Trustee	Consultant; State Representative, Commonwealth of Massachusetts; Director, Trustee, or Managing General Partner of the Funds; formerly, President, State Street Bank and Trust Company and State Street Boston Corporation, and Trustee, Lahey Clinic Foundation, Inc.
Gregor F. Meyer 5916 Penn Mall Pittsburgh, PA	Trustee	Attorney-at-law; Partner, Meyer and Flaherty; Chairman, Meritcare, Inc.; Director Eat'N Park Restaurants, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Vice Chairman, Horizon Financial, F.A.
Wesley W. Posvar 1202 Cathedral of Learning University of Pittsburgh Pittsburgh, PA	Trustee	Professor, Foreign Policy and Management Consultant; Trustee, Carnegie Endowment for International Peace and 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.
Charles L. Davis, Jr. Federated Investors Tower Pittsburgh, PA	Vice President and Assistant Treasurer	Vice President, Federated Administrative Services; Vice President and Assistant Treasurer of some of the Funds; formerly, Vice President and Director of Investor Relations, MNC Financial, Inc. and Vice President, Product Management, MNC Financial, Inc.
J. Christopher Donahue Federated Investors Tower Pittsburgh, PA	Vice President	President and Trustee, Federated Investors; Trustee, Federated Advisers, Federated Management, and Federated Research; Trustee, Federated Services Company; President and Director, Federated Administrative Services; 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 Secretary	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; Executive Vice President and Director, 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.

</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 Board of Trustees' Executive Committee. The Executive Committee handles the delegable responsibilities of the Board of Trustees between meetings of the Board.

THE FUNDS

"The Funds" and "Funds" mean the following investment companies: A.T. Ohio Tax-Free Money Fund; American Leaders Fund, Inc.; Annuity Management Series; Automated Cash Management Trust; Automated Government Money Trust; The Boulevard Funds; California Municipal Cash Trust; Cash Trust Series, Inc.; Cash Trust Series II; DG Investor Series; Edward D. Jones & Co. Daily Passport Cash Trust; FT Series, Inc.; Federated ARMs Fund; Federated Exchange Fund, Ltd.; Federated GNMA Trust; Federated Government Trust; Federated Growth Trust; Federated High Yield Trust; Federated Income 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-Intermediate Municipal 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; 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; Money Market Obligations; Money Market Trust; Municipal Securities Income Trust; New York Municipal Cash Trust; 111 Corcoran Funds; The Planters Funds; Portage Funds; RIMCO Monument Funds; The Shawmut Funds; Short-Term Municipal Trust; Signet Select Funds; Star Funds; The Starburst Funds; The Starburst Funds II; Stock and Bond Fund, Inc.; Sunburst Funds; Targeted Duration Trust; Tax-Free Instruments Trust; Trademark Funds; Trust for Financial Institutions; Trust for Government Cash Reserves; Trust for Short-Term U.S. Government Securities; and Trust for U.S. Treasury Obligations.

FUND OWNERSHIP

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

TRUSTEE LIABILITY

BankSouth Select Funds' Declaration of Trust provides that the Trustees are not liable for errors of judgment or mistakes of fact or law. However, they are not protected against any liability to which they would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of their office.

INVESTMENT ADVISORY SERVICES

ADVISER TO THE FUND

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

ADVISORY FEES

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

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 2.50% per year of the first \$30 million of average net assets, 2.00% per year of the next \$70 million of average net assets, and 1.50% per year of the remaining average net assets, the Adviser will reimburse the Fund for its expenses over the limitation.

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

This arrangement is not part of the advisory contract and may be amended or rescinded in the future.

ADMINISTRATIVE SERVICES

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.

BROKERAGE TRANSACTIONS

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 utilize those who are recognized dealers in specific portfolio instruments, except when a better price and execution of the order can be obtained elsewhere. The Adviser makes decisions on portfolio transactions and selects brokers and dealers subject to review by the 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.

PURCHASING SHARES

Shares are sold at their offering price on days on which the New York Stock Exchange and Federal Reserve Wire System are open for business. The procedure for purchasing shares of the Fund is explained in the prospectus under "Investing in the Fund."

ADMINISTRATIVE ARRANGEMENTS

The administrative services include, but are not limited to, providing office space, equipment, telephone facilities, and various personnel, including clerical, supervisory, and computer, as is necessary or beneficial to establish and maintain shareholders' accounts and records, process purchase and redemption transactions, process automatic investments of client account cash balances, answer routine client inquiries regarding the Fund, assist clients in changing dividend options, account designations, and addresses, and providing such other services as the Fund may reasonably request.

DISTRIBUTION PLAN

With respect to the Fund, the Trust has adopted a Plan pursuant to Rule 12b-1 which was promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Investment Company Act of 1940, as amended (the "Act"). The Plan provides for payment of fees to the Distributor to finance any activity which is principally intended to result in the sale of the Fund's shares subject to the Plan. Such activities may include the advertising and marketing of shares of the Fund; preparing, printing, and distributing prospectuses and sales literature to prospective shareholders, brokers, or administrators; and implementing and operating the Plan. Pursuant to the Plan, the Distributor may pay fees to brokers and others for such services.

The Trustees expect that the adoption of the Plan will assist the Fund in selling a sufficient number of shares so as to allow the Fund to achieve

economic viability. It is also anticipated that an increase in the size of the Fund will facilitate more efficient portfolio management and thereby assist the Fund in seeking to achieve its investment objective.

PURCHASING FUND SHARES WITH SECURITIES

The Fund in its sole discretion, may sell Fund shares to investors that desire to purchase Fund shares with certain securities or a combination of certain securities and cash. The Fund reserves the right to determine the acceptability of securities used to effect such purchases. On the day securities are accepted by the Fund, they are valued based upon independent bid and in the same manner as the Fund values its assets. Investors wishing to use securities to purchase Fund Shares should first contact the Bank. Any such transfer of securities is treated as a sale of the securities and will result in the recognition of any gain or loss for federal income tax purposes by the seller of such securities, except to the extent the seller is an ERISA plan or similar entity not subject to tax.

DETERMINING NET ASSET VALUE

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

VALUING MUNICIPAL BONDS

The Board of Trustees uses 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.

EXCHANGE PRIVILEGE

Shareholders of the Fund may exchange shares of the Fund for shares of other funds advised by the Bank and certain other funds designated by the Bank and distributed by the Distributor, subject to certain conditions. Exchange procedures are explained in the Prospectus under "Exchange Privilege."

REDEEMING SHARES

The Fund redeems shares at the next computed net asset value after the Fund receives the redemption request. Redemption procedures are explained in the Prospectus under "Redeeming Shares."

REDEMPTION IN KIND

Although the Fund intends to redeem shares in cash, it reserves the right under certain circumstances to pay the redemption price in whole or in part by a distribution of securities from the Fund's portfolio.

Redemption in kind will be made in conformity with applicable SEC rules, taking such securities at the same value employed in determining net asset value and selecting the securities in a manner the Trustees determine to be fair and equitable.

The Trust has elected to be governed by SEC Rule 18f-1 under the Investment Company Act of 1940 under which each 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.

TAX STATUS

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.

SHAREHOLDERS' 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.

Distribution of long-term capital gains are taxed as such, whether they are taken in cash or reinvested, and regardless of the length of time the shareholder has owned the shares.

TOTAL RETURN

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 maximum offering price 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

The yield for the Fund is calculated by dividing the net investment income per share (as defined by the SEC) earned by the Fund over a 30 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 30 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

The tax-equivalent yield is calculated similarly to the yield, but is adjusted to reflect the taxable yield necessary to equal on an after tax basis, the actual yield of the Fund, assuming that income from the Fund 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 bonds in the portfolio generally remains free from federal regular income tax,* and is often free from state and local taxes as well. 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.

TAXABLE YIELD EQUIVALENT FOR 1994
STATE OF GEORGIA

<TABLE>
<S>

	<C>	<C>	<C>	<C>	<C>
	15.00%	28.00%	TAX BRACKET: FEDERAL 31.00%	36.00%	39.60%

	21.000%	34.000%	COMBINED FEDERAL AND STATE 37.000%	42.000%	45.600%

JOINT RETURN:	\$1-38,000	\$38,001-91,850	\$91,851-140,000	\$140,001-250,000	OVER \$250,000

SINGLE RETURN:	\$1-22,750	\$22,751-55,100	\$55,101-115,000	\$115,001-250,000	OVER \$250,000

<CAPTION>

	TAX-EXEMPT YIELD		TAXABLE YIELD EQUIVALENT			
<S>	<C>	<C>	<C>	<C>	<C>	<C>

	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
	6.50	8.23	9.85	10.32	11.21	11.95
	7.00	8.86	10.61	11.11	12.07	12.87

</TABLE>

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

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

* Some portion of each class's income may be subject to the federal alternative minimum tax and state and local 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 offering price per share fluctuate daily. Both net earnings and offering price per share are factors in the computation of yield and total return. From time to time the Fund may advertise its performance using certain reporting services and/or compare its performance to certain indices. These may include the following:

LIPPER ANALYTICAL SERVICES, INC., ranks funds in various 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 offering price over a specific period of time. From time to time, the Fund will quote its Lipper ranking in a specific category in advertising and sales literature.

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.

Investors may use such indices or reporting services in addition to the prospectus of the Fund to obtain a more complete view of the Fund's performance before investing. Of course, when comparing the Fund's performance to any index,

factors such as composition of the index and prevailing market conditions should be considered in assessing the significance of such comparisons. When comparing funds using reporting services, or total return and yield, investors should take into consideration any relevant difference in funds such as permitted portfolio compositions and methods used to value portfolio securities and compute the offering price.

Advertisements and other sales literature for the Fund may quote total returns which are calculated on non-standardized base periods. These total returns represent the historic change in the value of an investment in the Fund based on the monthly reinvestment of dividends over a specific period of time. In addition, advertisements and sales literature for the Fund may include charts and other illustrations which depict the hypothetical growth of an investment in a systematic investment plan.

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

APPENDIX

STANDARD AND POOR'S CORPORATION MUNICIPAL BOND RATING DEFINITIONS

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

AA--Debt rated AA has a very strong capacity to pay interest and repay principal and differs from the 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.

MOODY'S INVESTORS SERVICE, INC., MUNICIPAL BOND RATING DEFINITIONS

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 edge." 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 some time 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.

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 credit 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 or D categories.

DUFF & PHELPS CREDIT RATING CO. MUNICIPAL BOND RATINGS DEFINITIONS

AAA--Highest credit quality. The risk factors are negligible, being only slightly more than for risk-free U.S. Treasury debt.

AA+, AA, AA- --High credit quality. Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions.

A+, A, A- --Protection factors are average but adequate. However, risk factors are more variable and greater in periods of economic stress.

BBB+, BBB, BBB- --Below average protection factors but still considered sufficient for prudent investment. Considerable variability in risk during economic cycles.

A CREDIT RATING IS NOT A RECOMMENDATION TO BUY, SELL OR HOLD SECURITIES, AND IS SUBJECT TO CHANGE AND/OR WITHDRAWAL BY THE RATING AGENCY.

3100503B (1/94)

BANKSOUTH SELECT GOVERNMENT
MONEY MARKET FUND
(A PORTFOLIO OF BANKSOUTH SELECT FUNDS)
PROSPECTUS

The shares of BankSouth Select Government Money Market Fund (the "Fund") offered by this Prospectus represent interests in a portfolio of BankSouth Select Funds (the "Trust"), an open-end management investment company (a mutual fund). The investment objective of the Fund is to achieve current income consistent with stability of principal and liquidity. The Fund pursues this objective by investing in a portfolio of short-term securities of the U.S. government and its agencies and instrumentalities.

THE FUND ATTEMPTS TO MAINTAIN A STABLE NET ASSET VALUE OF \$1.00 PER SHARE; THERE CAN BE NO ASSURANCE THAT THE FUND WILL BE ABLE TO DO SO.

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 January 7, 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 writing to the Bank South, N.A. (the "Bank") Mutual Funds Center or calling 1-800-282-6680 extension 4550.

SHARES OF THE FUND ARE NOT DEPOSITS OR OTHER OBLIGATIONS OF, AND ARE NOT ISSUED, ENDORSED OR GUARANTEED BY, THE BANK OR ANY OF ITS AFFILIATES. SUCH SHARES ARE NOT ISSUED, INSURED OR GUARANTEED BY THE U.S. GOVERNMENT, THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD OR ANY OTHER GOVERNMENT AGENCY. AN INVESTMENT IN THE FUND INVOLVES CERTAIN RISKS, INCLUDING POSSIBLE LOSS OF PRINCIPAL.

THE BANK IS THE INVESTMENT ADVISER TO THE FUND. THE FUND IS DISTRIBUTED BY FEDERATED SECURITIES CORP., WHICH IS NOT AFFILIATED WITH THE BANK.

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.

BANKSOUTH SELECT FUNDS

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BANKSOUTH SELECT GOVERNMENT MONEY MARKET FUND SUMMARY OF FUND EXPENSES

SHAREHOLDER TRANSACTION EXPENSES		<C>
Maximum Sales Load Imposed on Purchases (as a percentage of offering price).....		None
Maximum Sales Load Imposed on Reinvested Dividends (as a percentage of offering price).....		None
Deferred Sales Load (as a percentage of original purchase price or redemption proceeds, as applicable).....		None
Redemption Fees (as a percentage of amount redeemed, if applicable).....		None
Exchange Fee.....		None
ANNUAL FUND OPERATING EXPENSES*		
(As a percentage of projected average net assets)		
Management Fee (after waiver) (1).....		0.35%
12b-1 Fees (2).....		0.00%
Other Expenses (after waiver) (3).....		0.15%
Total Fund Operating Expenses (4).....		0.50%

- (1) The estimated management fee has been reduced to reflect the anticipated voluntary waiver of a portion of the management fee by the investment adviser. The investment adviser can terminate this voluntary waiver at any time in its sole discretion. The maximum management fee is 0.50%.
- (2) As of the date of this prospectus, the Fund is not paying or accruing 12b-1 fees. The Fund can pay up to 0.25% as a 12b-1 fee to the distributor. Certain trust clients of the Bank or its affiliates, including ERISA plans, will not be affected by the distribution plan because the distribution plan will not be activated unless and until a second, "Trust," class of shares of the Fund (which would not have a Rule 12b-1 plan) is created and such trust clients' investments in the Fund are converted to such Trust class.
- (3) Total Other Expenses are estimated to be 0.21% absent the anticipated voluntary waiver by the transfer agent.
- (4) The Total Fund Operating Expenses are estimated to be 0.71% absent the anticipated voluntary waivers by the adviser and transfer agent.

* Expenses are estimated based on average expenses expected to be incurred during the fiscal year ending September 30, 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 "BANKSOUTH SELECT FUNDS INFORMATION" AND "INVESTING IN THE FUND." WIRE TRANSFER REDEMPTIONS MAY BE SUBJECT TO AN ADDITIONAL FEE.

<TABLE> <CAPTION> EXAMPLE <S>	1 year <C>	3 years <C>
You would pay the following expenses on a \$1,000 investment assuming (1) 5% annual return and (2) redemption at the end of each time period. As noted in the table above, the Fund charges no redemption fees.....	\$5	\$16

THE ABOVE EXAMPLE SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE EXPENSES. ACTUAL EXPENSES MAY BE GREATER OR LESS THAN THOSE SHOWN. THIS EXAMPLE IS BASED ON ESTIMATED DATA FOR THE FUND'S FISCAL YEAR ENDING SEPTEMBER 30, 1994.

GENERAL INFORMATION

The Trust was established as a Massachusetts business trust under a Declaration of Trust dated September 22, 1993, as amended and restated dated December 20, 1993. The Declaration of Trust permits the Trust to offer separate series of shares of beneficial interest representing interests in separate portfolios of securities. This prospectus relates only to the Trust's BankSouth Select Government Money Market Fund. The Fund is designed as a convenient means of accumulating an interest in a professionally managed, diversified portfolio of short-term U.S. government securities. A minimum initial investment of \$1,000 is required (\$500 for Individual Retirement Accounts ("IRAs")), and subsequent investments must be in amounts of at least \$100. See "Investing in the Fund".

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

INVESTMENT INFORMATION

INVESTMENT OBJECTIVE

The Fund's investment objective is to achieve current income consistent with stability of principal and liquidity. The investment objective cannot be changed without the approval of the Fund's shareholders. While there is no assurance that the Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this Prospectus.

INVESTMENT POLICIES

The Fund pursues its investment objective by investing in a portfolio of short-term U.S. government securities maturing in 13 months or less from the date of acquisition unless they are purchased under a repurchase agreement that provides for repurchase by the seller within one year from the date of acquisition. The Fund invests only in instruments denominated and payable in U.S. dollars. The average maturity of U.S. government securities in the Fund's portfolio, computed on a dollar-weighted basis, will be 90 days or less. Unless indicated otherwise, the investment policies may be changed by the Board of Trustees without the approval of shareholders. Shareholders will be notified before any material changes in these policies become effective.

ACCEPTABLE INVESTMENTS. The U.S. government securities in which the Fund invests are either issued or guaranteed by the U.S. government, its agencies, or instrumentalities. These securities include, but are not limited to:

- direct obligations of the U.S. Treasury, such as U.S. Treasury bills, notes, and bonds; and
- notes, bonds, and discount notes of U.S. government agencies or instrumentalities, such as Federal Farm Credit Banks, Federal Home Loan Mortgage Corporation, Student Loan Marketing Association, Federal Home Loan Banks, Government National Mortgage Association and Federal National Mortgage Association.

Some obligations issued or guaranteed by agencies or instrumentalities of the U.S. government, such as Government National Mortgage Association securities, are backed by the full faith and credit of the U.S. Treasury. Other obligations are not backed by the full faith and credit of the United States. The U.S. government may provide financial support to such other agencies or

instrumentalities, but it is not obligated to do so. Such instrumentalities generally are supported by:

the issuer's right to borrow an amount limited to a specific line of credit from the U.S. Treasury;

the discretionary authority of the U.S. government to purchase certain obligations of an agency or instrumentality; or

the credit of the agency or instrumentality.

REPURCHASE AGREEMENTS. The U.S. government and agency securities in which the Fund invests may be purchased pursuant to repurchase agreements. Repurchase agreements are arrangements in which banks, broker-dealers, and other financial institutions sell U.S. government and agency securities to the Fund and agree at the time of sale to repurchase them at a mutually agreed upon time and price including interest. 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.

LENDING OF PORTFOLIO SECURITIES. In order to generate additional income, the Fund may lend its portfolio securities on a short-term basis to securities broker-dealers, banks, or other institutional borrowers of securities. The Fund will limit the amount of portfolio securities it may lend to not more than 50% of its total assets. The Fund will only enter into loan arrangements with broker-dealers, banks, or other institutions which the investment adviser has determined are creditworthy under guidelines established by the Trust's Board of Trustees, where loaned securities are marked to market daily and where the Fund receives collateral at least equal to the value of the securities loaned at all times.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS. The Fund may purchase short-term U.S. government 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. The seller's failure to complete these transactions may cause the Fund to miss a price or yield considered to be advantageous.

INVESTING IN SECURITIES OF OTHER INVESTMENT COMPANIES

The Fund may invest in the securities of other investment companies, but will not own more than 3% of the total outstanding voting stock of any investment company, invest more than 5% of total assets in any one investment company, or invest more than 10% of total assets in investment companies in the aggregate. The Fund will invest in other investment companies that are money market funds having investment objectives and policies similar to its own and primarily for the purpose of investing short-term cash which has not yet been invested in other portfolio instruments. It should be noted that investment companies incur certain expenses, and therefore, any investment by the Fund in shares of another investment company would be subject to certain duplicate expenses, particularly transfer agent and custodian fees. The adviser will waive its investment advisory fee on assets invested in securities of open-end investment companies.

CERTAIN BORROWING AND 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 33 1/3% of the value of its total assets and secure such borrowings with up to 15% of the value of its total assets at the time of borrowing.

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

The Fund will not:

invest more than 10% of the value of its net assets in illiquid securities, including repurchase agreements providing for settlement more than seven days after notice.

REGULATORY COMPLIANCE

The Fund may follow non-fundamental operational policies that are more restrictive than its fundamental investment limitations, as set forth in this Prospectus and its Statement of Additional Information, in order to comply with applicable laws and regulations, including the provisions of and regulations under the Investment Company Act of 1940, as amended (the "Act"). The Fund may

change these operational policies to reflect changes in the laws and regulations without the approval of its shareholders.

BANKSOUTH SELECT FUNDS INFORMATION

MANAGEMENT OF THE TRUST

BOARD OF TRUSTEES. The Trust is managed by a Board of Trustees (the "Board" or "Trustees"). The Board is 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 handles various of the Board's delegable responsibilities between meetings of the Board.

INVESTMENT ADVISER. Investment decisions for the Fund are made by the Bank, as the Fund's investment adviser (the "Adviser"), subject to direction by the Board. The Adviser conducts investment research and supervision for the Fund and is responsible for the purchase or sale of portfolio instruments, for which it receives an annual fee from the Fund's assets. From time to time, to the extent consistent with the investment objective, policies and restrictions of the Fund, the Fund may invest in securities of issuers with which the Adviser has a lending relationship. However, at this time, the Adviser has no intention to invest in securities of issuers that have a lending relationship with the investment Adviser or its affiliates.

ADVISORY FEES. The Adviser receives an annual investment advisory fee equal to 0.50% of the Fund's average daily net assets. 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 also may voluntarily choose to waive a portion of its fee or reimburse other expenses of the Fund, but reserves the right to terminate such waiver or reimbursement at any time at its sole discretion.

ADVISER'S BACKGROUND. The Adviser, a national bank headquartered in Atlanta, Georgia, is a wholly owned subsidiary of Bank South Corporation, a Georgia corporation which is a registered bank holding company. The Adviser serves consumers through its network of banking offices with a full range of deposit and lending products, as well as investment services. The principal executive offices of the Adviser are located at 55 Marietta Street, N.W., Street, Atlanta, GA 30303.

The Adviser has managed discretionary assets for its customers since 1931. As of September 30, 1993 the Adviser managed in excess of \$1 billion of discretionary assets. Prior to the date hereof, the Adviser has not served as an investment adviser to mutual funds.

DISTRIBUTION OF SHARES

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

DISTRIBUTION PLAN. Under a distribution plan (the "Plan") adopted in accordance with Securities and Exchange Commission ("SEC") Rule 12b-1 under the Investment Company Act of 1940, as amended, the Fund will pay an amount computed at an annual rate of up to 0.25% of the average daily net asset value of the shares to finance any activity which is principally intended to result in the sale of shares subject to the Plan. Certain trust clients of the Bank, including ERISA plans, will not be affected by the Plan because the Plan will not be activated unless and until a second, "Trust" class of shares of the Fund (which would not have a Rule 12b-1 plan) is created and such trust clients' investments in the Fund are converted to such Trust class.

The Distributor may select other financial institutions (such as broker-dealers or banks) to provide sales support services as agents for their clients or customers who beneficially own shares. These financial institutions (including the Bank) will receive fees from the Distributor based upon shares subject to the Plan and owned by their clients or customers. The schedules of such fees and the basis upon which such fees will be paid will be determined from time to time by the Distributor.

The Fund's Plan is a compensation type plan. As such, the Fund pays the Distributor the fee described above as opposed to reimbursing the Distributor for actual expenses incurred. Therefore, the Fund does not pay for amounts expended by the distributor in excess of amounts received by it from the Fund, which may include interest, carrying or other financing charges in connection with excess amounts expended, or the Distributor's overhead expenses. However, the Distributor may be able to recover such amounts or may earn a profit from future payments made by the Fund under the Plan.

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 capacities described above or should Congress relax current restrictions on depository institutions, the Trustees will consider appropriate changes in the services.

State securities laws on this issue may differ from the interpretations of federal law expressed herein and banks and financial institutions may be required to register as dealers pursuant to certain states' securities laws.

ADMINISTRATIVE ARRANGEMENTS. The Distributor may also pay administrators a fee based upon the average net asset value of shares of their customers invested in the Trust for providing administrative services. This fee, if paid, will be reimbursed by the Adviser and not the Trust.

ADMINISTRATION OF THE TRUST

ADMINISTRATIVE SERVICES. Federated Administrative Services, Pittsburgh, Pennsylvania, a subsidiary of Federated Investors, provides certain administrative personnel and services necessary to operate the Fund. Such services include certain legal and accounting services. Federated Administrative Services provides these at the annual rates specified below:

<TABLE> <CAPTION>	
MAXIMUM ADMINISTRATIVE FEE	AVERAGE AGGREGATE DAILY NET ASSETS OF THE TRUST
<C>	<S>
.150 of 1%	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

The administrative fee received during any fiscal year shall be at least \$100,000 per portfolio. Federated Administrative Services may voluntarily choose to waive a portion of its fee.

SHAREHOLDER SERVICES PLAN. The Fund has adopted a Shareholder Services Plan (the "Services Plan") with respect to the shares. Under the Services Plan, financial institutions will enter into shareholder service agreements with the Fund to provide administrative support services to their customers who from time to time may be owners of record or beneficial owners of the shares. In return for providing these support services, a financial institution may receive payments from the Fund at a rate not exceeding 0.25% of the average daily net assets of the shares beneficially owned by the financial institution's customers for whom it is holder of record or with whom it has a servicing relationship. These 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 Fund; assisting clients in changing dividend options, account designations, and addresses; and providing such other services as the Fund reasonably requests. Certain trust clients of the Bank, including ERISA plans, will not be affected by the Services Plan because the Services Plan will not be activated unless and until a second, "Trust" class of shares of the Fund (which would not have a Services Plan) is created and such trust clients' investments in the Fund are converted to such Trust class.

CUSTODIAN. The Bank of New York, New York, New York 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 (the "Transfer Agent") for the shares of, 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, DC.

INDEPENDENT AUDITORS. The independent auditors for the Fund are Ernst & Young, Pittsburgh, Pennsylvania.

EXPENSES OF THE FUND

The Fund pays all of its own expenses and its allocable share of the Trust's expenses. The expenses borne by the Fund include, but are not limited to, the cost 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 with federal and state securities authorities; taxes and commissions; issuing, purchasing, repurchasing, and redeeming shares; fees for custodians, transfer agents, dividend disbursing agents, shareholder servicing agents, and registrars; printing, mailing, auditing, accounting, and legal expenses; reports to shareholders and governmental 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

The Fund attempts to stabilize the net asset value of its shares at \$1.00 by valuing the portfolio securities using the amortized cost method. The net asset value per share is determined by subtracting total liabilities from total assets and dividing the remainder by the number of shares outstanding. The Fund, of course, cannot guarantee that its net asset value will always remain at \$1.00 per share.

INVESTING IN THE FUND

SHARE PURCHASES

Fund shares are sold on days on which the New York Stock Exchange and the Federal Reserve Wire System are open for business. Shares of the Fund may be purchased through the Bank. In connection with the sale of Fund 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.

BY TELEPHONE. To place an order to purchase Fund shares, call Bank South Mutual Funds Center toll free at 1-800-282-6680 extension 4550. Texas residents must purchase shares of the Fund through Bank South Securities Corporation at 404-521-7063. Your purchase order will be taken directly over the telephone. The order must be placed by 4:00 p.m. (Eastern time) for shares to be purchased at that day's price.

BY MAIL. Provide a letter of instruction to the Fund indicating your purchase order, including the dollar amount of your order, your account title and/or name, and your account number, and include a check made payable to the Fund.

PAYMENT BY CHECK. Mail to BankSouth Select Government Money Market Fund, c/o Bank South Mutual Funds Center, MC 16, P.O. Box 4387, Atlanta, Georgia 30302.

PAYMENT BY WIRE. To purchase shares by Federal Wire, contact your account officer for wiring instructions. Wire orders will only be accepted on days on which the Fund, the Bank and the Federal Reserve Banks are open for business.

Payment by federal funds must be received before 12:00 noon (Eastern time) on the same day as the order to earn dividends for that day.

MINIMUM INVESTMENT REQUIRED

The minimum initial investment in the Fund by an investor is \$1,000 (\$500 for IRAs). Subsequent investments must be in amounts of at least \$100. The Fund may choose to waive its minimum investment requirement from time to time and for accounts which select the Systematic Investment Program.

SYSTEMATIC INVESTMENT PROGRAM

Once a Fund account has been opened, shareholders may add to their investment on a regular basis in minimum amounts of \$100, unless waived. Under this program, funds may be withdrawn periodically from the shareholder's checking or other transaction deposit account and invested in Fund shares at the net asset value next determined after an order is received by the Bank. A shareholder may apply for participation in this program through the Bank.

WHAT SHARES COST

Fund shares are sold at their net asset value next determined after an order is received. There is no sales charge imposed by the Fund.

The net asset value is determined at 12:00 noon (Eastern time) and 4:00 p.m. (Eastern time), Monday through Friday, except on: (i) days on which changes (if any) in the value of the Fund's portfolio securities do not materially affect its net asset value; (ii) days during which no shares are tendered for redemption and no orders to purchase shares are received; or (iii) on the following holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans'

Day, Thanksgiving Day, and Christmas Day.

CERTIFICATES AND CONFIRMATIONS

The Transfer Agent for the Fund maintains a share account for each shareholder of record. Share certificates are not issued, unless requested in writing from the Fund or the Transfer Agent.

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

DIVIDENDS

Dividends are declared daily and paid monthly. Dividends are automatically reinvested on payment dates in additional shares of the Fund, unless a shareholder makes a written request for cash payments to the Bank or the Fund. Shares purchased by wire before 12:00 (Eastern time) begin earning dividends that day. Shares purchased by check begin earning dividends the day after the check is converted into available federal funds.

The Fund does not expect to realize any capital gains or losses. If capital gains or losses were to occur, they could result in an increase or decrease in dividends. The Fund will distribute in cash or additional shares any realized net long-term capital gains at least once every 12 months.

PURCHASING FUND SHARES WITH SECURITIES

The Fund in its sole discretion, may sell Fund shares to investors that desire to purchase Fund shares with certain securities or a combination of certain securities and cash. The Fund reserves the right to determine the acceptability of securities used to effect such purchases. On the day securities are accepted by the Fund, they are valued based upon independent bid and in the same manner as the Fund values its assets. Investors wishing to use securities to purchase Fund shares should first contact the Bank. Any such transfer of securities is treated as a sale of the securities and will result in the recognition of any gain or loss for federal income tax purposes by the seller of such securities, except to the extent the seller is an ERISA plan or similar entity not subject to tax.

EXCHANGE PRIVILEGE

BANKSOUTH SELECT FUNDS

All shareholders of the Fund are shareholders of BankSouth Select Funds. BankSouth Select Funds currently includes the Fund, BankSouth Select Bond Fund, BankSouth Select Prime Money Market Fund, BankSouth Select Equity Fund, and BankSouth Select Georgia Tax-Free Income Fund. Shareholders have easy access to each of the portfolios of BankSouth Select Funds through a telephone exchange program. All BankSouth Select Funds are advised by the Bank and distributed by the Distributor.

Shareholders may exchange shares of the Fund for shares of the other BankSouth Select Funds. In addition, shares of the Fund may also be exchanged for certain other funds designated by the Bank which are distributed by the Distributor, but that are not advised by the Bank ("Federated Funds"). For further information on the availability of Federated Funds for exchanges, please call the Bank South Mutual Funds Center at 1-800-282-6680 extension 4550. Shares of funds with a sales charge may be exchanged at net asset value for shares of other funds with an equal sales charge or no sales charge. Shares of funds with a sales charge may be exchanged for shares of funds with a higher sales charge at net asset value, plus the additional sales charge. Shares of funds with no sales charge, whether acquired by direct purchase, reinvestment of dividends on such shares, or otherwise, may be exchanged for shares of funds with a sales charge at net asset value, plus the applicable sales charge.

When an exchange is made from a fund with a sales charge to a fund with no sales charge, the shares exchanged and additional shares which have been purchased by reinvesting dividends or capital gains on such shares retain the character of the exchanged shares for purposes of exercising further exchange privileges; thus, an exchange of such shares for shares of a fund with a sales charge would be at net asset value.

Shareholders who exercise this exchange privilege must exchange shares having a net asset value of at least \$1,000. Prior to any exchange, the shareholder must receive a copy of the current prospectus of the fund into which an exchange is to be effected.

The exchange privilege is available to shareholders residing in any state in which the fund shares being acquired may legally be sold. Upon receipt of proper instructions and all necessary supporting documents, shares submitted for exchange will be redeemed at the next-determined net asset value for the applicable fund. Written exchange instructions may require a signature

guarantee. Exercise of this privilege is treated as a sale for federal income tax purposes and, depending on the circumstances, a short or long-term capital gain or loss may be realized.

The Fund reserves the right to terminate the exchange privilege at any time on 60 days notice. Shareholders will be notified if this privilege is terminated. A shareholder may obtain further information on the exchange privilege by calling the Bank at 1-800-282-6680 extension 4550.

BY TELEPHONE. Instructions for exchanges between funds which are part of the Trust may be given by telephone to the Bank South Mutual Funds Center at 1-800-282-6680 extension 4550; or to the Distributor. Shares may be exchanged by telephone only between fund accounts having identical shareholder registrations.

Any shares held in certificate form cannot be exchanged by telephone but must be forwarded to the Transfer Agent by the Bank and deposited to the shareholder's mutual fund account before being exchanged. (See "Addresses").

An authorization form permitting the Fund to accept telephone exchanges must first be completed. It is recommended that investors request this privilege at the time of their initial application. If not completed at the time of initial application, authorization forms and information regarding this service are available from the Bank. Telephone exchange 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.

Telephone exchange instructions must be received before 4:00 p.m. (Eastern time) for shares to be exchanged the same day. The telephone exchange privilege may be modified or terminated at any time. Shareholders will be notified of such modification or termination. Shareholders may have difficulty in making exchanges by telephone through the Bank during times of drastic economic or market changes. If a shareholder cannot contact the Bank by telephone, it is recommended that an exchange request be made in writing and sent by overnight mail to BankSouth Select Funds, 55 Marietta Street, N.W., Atlanta, Georgia 30303.

REDEEMING SHARES

The Fund redeems shares at their net asset value next determined after the Bank 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 and can be made through the Bank or directly to the Fund.

BY TELEPHONE. A shareholder may redeem shares of the Fund by contacting his account officer or by calling the Bank South Mutual Funds Center to request the redemption. (Call 1-800-282-6680 extension 4550.) Shares will be redeemed at the net asset value next determined after the Fund receives the redemption request from the Bank. Redemption requests to the Bank must be received before 4:00 p.m. (Eastern time) in order for shares to be redeemed at that day's net asset value, and the Bank will promptly submit such redemption requests and provide proper written redemption instructions to the Fund. If, at any time, the Fund should determine it necessary to terminate or modify this method of redemption, shareholders would be promptly notified.

An authorization form permitting the Fund to accept telephonic redemption requests must first be completed. It is recommended that investors request this privilege at the time of their initial application. If not completed at the time of initial application, authorization forms and information on this service are available from the Bank. 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.

A shareholder may have the redemption proceeds directly deposited by electronic funds transfer or wired directly to a domestic commercial bank previously designated by the shareholder. Wire redemption orders will only be accepted on days on which the Fund, the Bank and the Federal Reserve Wire System are open for business. Wire-transferred redemptions may be subject to an additional fee.

In the event of extraordinary 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 your account officer at the Bank.

BY MAIL. Shareholders may redeem shares by sending a written request to the Bank. 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 to the Bank. Shareholders should call the Bank for assistance in redeeming shares by mail.

SIGNATURES. Shareholders requesting a redemption of \$50,000 or more, a

redemption requesting payment to an address other than that on record with the Fund, or other than to the shareholder of record must make written redemption requests with signatures guaranteed by:

a trust company or commercial bank whose deposits are insured by the FDIC's BIF;

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 FDIC's SAIF; or

any other "eligible guarantor institution," as defined in the Securities Exchange Act of 1934, as amended.

The Fund does not accept signatures guaranteed by a notary public.

The Fund and its Transfer Agent have adopted standards for accepting signature guarantees from the above institutions. The Fund may elect in the future to limit eligible signature guarantors to institutions that are members of a signature guarantee program. The Fund and its Transfer Agent reserve the right to amend these standards at any time without notice.

RECEIVING PAYMENT. Normally, a check for the proceeds is mailed to the shareholder within one business day, but in no event more than seven calendar days, after receipt of a proper written redemption request, provided that the Transfer Agent has received payment for shares from the shareholder.

REDEMPTION BEFORE PURCHASE INSTRUMENTS CLEAR

When shares are purchased by check or through an Automated Clearing House ("ACH"), the proceeds from the redemption of those shares are not available, and the shares may not be exchanged, until the Bank is reasonably certain that the check or clearing house funds have cleared, which could take up to 10 calendar days.

SYSTEMATIC WITHDRAWAL PROGRAM

Shareholders who desire to receive payments of a predetermined amount may take advantage of the Systematic Withdrawal Program. Under this program, Fund shares are redeemed to provide for periodic withdrawal payments in an amount directed by the shareholder. Depending upon the amount of the withdrawal payments and the amount of dividends paid with respect to Fund shares, redemptions may reduce, and eventually deplete, the shareholder's investment in the Fund. For this reason, payments under this program should not be considered as yield or income on the shareholder's investment in the Fund. To be eligible to participate in this program, a shareholder must have an account value of at least \$10,000. A shareholder may apply for participation in this program through the Bank.

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, due to shareholder redemptions, the account balance falls below the required minimum of \$1,000.

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

VOTING RIGHTS

Each share of the Fund entitles shareholders to one vote in Trustee elections and other matters submitted to shareholders of the Trust for vote. All shares of each portfolio in the Trust have equal voting rights except that, in matters affecting only a particular Fund, only shareholders of that Fund are entitled to vote. As a Massachusetts business trust, the Trust is not required to hold annual shareholder meetings. Shareholder approval will be sought only for certain changes in the Trust's or the Fund's operation and for the election of Trustees under certain circumstances.

Any Trustee may be removed by the Board of Trustees or by the shareholders at a special meeting. A special meeting of the shareholders shall be called by the Trustees upon the written request of shareholders owning at least 10% of the Trust's outstanding shares.

MASSACHUSETTS PARTNERSHIP LAW

Under certain circumstances, shareholders may be held personally liable as partners under Massachusetts law for obligations of the Trust. To protect its shareholders, 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 the Trust or its Trustees enter into or sign on behalf of the Fund.

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

EFFECT OF BANKING LAWS

Banking laws and regulations presently prohibit a bank holding company registered under the federal Bank Holding Company Act of 1956, as amended or any affiliate thereof from sponsoring, organizing, controlling or distributing the shares of a registered, open-end investment company continuously engaged in the issuance of its shares, and prohibit banks generally from underwriting or distributing securities in general. However, such banking laws and regulations do not prohibit such a holding company affiliate or banks generally from acting as investment adviser, transfer agent, or custodian to such an investment company or from acting as agent for their customers in purchasing securities. The Fund's Adviser, is subject to such banking laws and regulations.

The Bank believes, based on the advice of its counsel, that it may perform the services for the Fund contemplated by its advisory agreement with the Fund 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 affiliates, as well as further judicial or administrative decisions or interpretations of present or future statutes and regulations, could prevent the Bank from continuing to perform all or a part of the above services for its customers and/or the Fund. If it were prohibited from engaging in these customer-related activities, the Trustees would consider alternative investment advisers and means of continuing available investment services. In such event, changes in the operation of the Fund may occur, including possible termination of any automatic or other Fund share investment and redemption services then being provided by the Bank. It is not expected that shareholders would suffer any adverse financial consequences as a result of any of these occurrences.

TAX INFORMATION

FEDERAL INCOME TAX

The Fund expects to pay no federal income tax because it intends to meet requirements of the Internal Revenue Code applicable to regulated investment companies and to receive the special tax treatment afforded to such companies. The Fund will be treated as a single, separate entity for federal income tax purposes so that income (including capital gains) and losses realized by the Trust's other portfolios will not be combined for tax purposes with those realized by the Fund.

Unless otherwise exempt, shareholders are required to pay federal income tax on any dividends and other distributions received. This applies whether dividends and distributions are received in cash or as additional shares.

STATE AND LOCAL TAXES

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 its yield and effective yield.

Yield represents the annualized rate of income earned on an investment over a seven-day period. It is the annualized dividends earned during the period on an investment shown as a percentage of the investment. The effective yield is calculated similarly to the yield, but when annualized, the income earned by an investment is assumed to be reinvested daily. The effective yield will be slightly higher than the yield because of the compounding effect of this assumed

reinvestment.

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

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

BANKSOUTH SELECT GOVERNMENT MONEY MARKET FUND
(A PORTFOLIO OF BANKSOUTH SELECT FUNDS)
STATEMENT OF ASSETS AND LIABILITIES
JANUARY 3, 1994

<TABLE>	
<S>	<C>
ASSETS:	

Cash	\$100,000

LIABILITIES:	--

Net Assets for 100,000 shares of beneficial interest outstanding	\$100,000

NET ASSET VALUE, Offering Price, and Redemption Price Per Share (\$100,000 / 100,000 SHARES OF BENEFICIAL INTEREST OUTSTANDING)	\$1.00

</TABLE>	

NOTES:

- (1) BankSouth Select Funds (the "Trust"), which includes BankSouth Select Government Money Market Fund (the "Fund"), was established as a Massachusetts business trust under a Declaration of Trust dated September 22, 1993, as amended and restated dated December 20, 1993. The Fund has had no operations since that date other than those relating to organizational matters, including the issuance on January 3, 1994, of 100,000 shares at \$1.00 per share to Federated Administrative Services, the Administrator to the Fund. Expenses of organization incurred by the Fund, \$41,500, were borne initially by the Administrator. The Fund has agreed to reimburse the Administrator for the organization expenses initially borne by the Administrator during the five-year period following the date the Fund's registration statement first became effective.

REPORT OF ERNST & YOUNG, INDEPENDENT AUDITORS

To the Board of Trustees and Shareholders of
BankSouth Select Funds:

We have audited the accompanying statement of assets and liabilities of BankSouth Select Government Money Market Fund, as of January 3, 1994. This statement of assets and liabilities is the responsibility of the Trust's management. Our responsibility is to express an opinion on this statement of assets and liabilities based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of assets and liabilities is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of assets and liabilities. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of assets and liabilities presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of assets and liabilities presents fairly, in all material respects, the net assets of the BankSouth Select Government Money Market Fund as of January 3, 1994 in conformity with generally accepted accounting principles.

ERNST & YOUNG

Pittsburgh, Pennsylvania
January 5, 1994

BANKSOUTH SELECT GOVERNMENT MONEY MARKET FUND
 (A PORTFOLIO OF BANKSOUTH SELECT FUNDS)
 STATEMENT OF ADDITIONAL INFORMATION

This Statement of Additional Information should be read with the prospectus of BankSouth Select Government Money Market Fund (the "Fund") dated January 7, 1994. This Statement is not a prospectus itself. To receive a copy of the prospectus, write or call the Bank South, N.A. (the "Bank") Mutual Funds Center at 1-800-282-6680 extension 4550.

SHARES OF THE FUND ARE NOT DEPOSITS OR OTHER OBLIGATIONS OF, AND ARE NOT ISSUED, ENDORSED OR GUARANTEED BY THE BANK OR ANY OF ITS AFFILIATES. SUCH SHARES ARE NOT ISSUED, INSURED OR GUARANTEED BY THE U.S. GOVERNMENT, THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD OR ANY OTHER GOVERNMENT AGENCY. AN INVESTMENT IN THE FUND INVOLVES CERTAIN RISKS, INCLUDING POSSIBLE LOSS OF PRINCIPAL.

THE BANK IS INVESTMENT ADVISER TO THE FUND. THE FUND IS DISTRIBUTED BY FEDERATED SECURITIES CORP., WHICH IS NOT AFFILIATED WITH THE BANK.

Statement dated January 7, 1994

FEDERATED SECURITIES CORP.

 Distributor
 FEDERATED INVESTORS TOWER
 PITTSBURGH, PENNSYLVANIA 15222-3779

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GENERAL INFORMATION ABOUT THE FUND	

BankSouth Select Government Money Market Fund (the "Fund") is a portfolio of BankSouth Select Funds (the "Trust") which was established as a Massachusetts business trust under a Declaration of Trust dated as of September 22, 1993, as amended and restated dated December 20, 1993.

INVESTMENT OBJECTIVE AND POLICIES

The Fund's investment objective is to achieve current income consistent with stability of principal and liquidity. The investment objective cannot be changed without approval of shareholders.

TYPES OF INVESTMENTS

The Fund invests in short-term U.S. government securities.

VARIABLE RATE U.S. GOVERNMENT SECURITIES

Some of the short-term U.S. government securities the Fund may purchase carry variable interest rates. These securities have a rate of interest subject to adjustment at least annually. This adjusted interest rate is ordinarily tied to some objective standard, such as the 91-day U.S. Treasury bill rate.

Variable interest rates will reduce the changes in the market value of such securities from their original purchase prices. Accordingly, the potential for capital appreciation or capital depreciation should not be greater than the potential for capital appreciation or capital depreciation of fixed interest rate U.S. government securities having maturities equal to the interest rate adjustment dates of the variable rate U.S. government securities.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS

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

No fees or other expenses, other than normal transaction costs, are incurred. However, liquid assets of the Fund sufficient to make payment for the securities to be purchased are segregated at the trade date. These securities are marked to market daily and are maintained until the transaction is settled. The Fund may engage in these transactions to an extent that would cause the segregation of an amount up to 20% of the total value of its assets at any time.

REPURCHASE AGREEMENTS

As collateral for the obligation of the seller to repurchase the securities from the Fund, the Fund or its custodian will take possession of the securities subject to repurchase agreements, and these securities will be marked to market

daily. In the event that such a defaulting seller filed for bankruptcy or became insolvent, disposition of such securities by the Fund might be delayed pending court action. The Fund believes that under the regular procedures normally in effect for custody of the Fund's portfolio securities subject to repurchase agreements, a court of competent jurisdiction would rule in favor of the Fund and allow retention or disposition of such securities. The Fund will only enter into repurchase agreements with banks and other financial institutions, such as broker-dealers, which are deemed by the Fund's Adviser to be creditworthy pursuant to guidelines established by the Trustees.

REVERSE REPURCHASE AGREEMENTS

The Fund may enter into reverse repurchase agreements. These transactions are similar to borrowing cash and pledging securities as collateral. In a reverse repurchase agreement, the Fund transfers possession of a portfolio instrument to another person, such as a financial institution or broker-dealer, in return for a percentage of the instrument's market value in cash, and agrees that on a stipulated date in the future the Fund will repurchase the portfolio instrument by remitting the original consideration plus interest at an agreed upon rate. The use of reverse repurchase agreements may enable the Fund to avoid selling portfolio instruments at a time when a sale may be deemed to be disadvantageous, but the ability to enter into reverse repurchase agreements does not ensure that the Fund will be able to avoid selling portfolio instruments at a disadvantaged time.

When effecting reverse repurchase agreements, liquid assets of the Fund, in a dollar amount sufficient to make payment for the obligations to be purchased, are segregated at the trade date. These assets are marked to market daily and maintained until the transaction is settled.

LENDING OF PORTFOLIO SECURITIES

The collateral received when the Fund lends portfolio securities must be valued daily and, should the market value of the loaned securities increase, the borrower must furnish additional collateral to the Fund. During the time portfolio securities are on loan, the borrower pays the Fund any dividends or interest paid on such securities. Loans are subject to termination at the option of the Fund or the borrower. The Fund may pay reasonable administrative and custodial fees in connection with a loan and may pay a negotiated portion of the interest earned on the cash or equivalent collateral to the borrower or placing broker.

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 transactions.

ISSUING SENIOR SECURITIES AND BORROWING MONEY

The Fund will not issue senior securities except that the Fund may borrow money directly or through reverse repurchase agreements in amounts up to 33 1/3% of the value of its total assets, including the amounts borrowed. The Fund will not borrow money or engage in reverse repurchase agreements for investment leverage, but rather as a temporary, extraordinary, or emergency measure or 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 the value of its total assets are outstanding.

PLEDGING ASSETS

The Fund will not mortgage, pledge, or hypothecate any assets except to secure permitted borrowings. In those cases, it may pledge assets having a value not exceeding the lesser of the dollar amounts borrowed or 15% of the value of total assets at the time of the pledge.

LENDING CASH OR SECURITIES

The Fund will not lend any of its assets, except portfolio securities up to 50% of the value of its total assets. This shall not prevent the Fund from purchasing or holding bonds, debentures, notes, certificates of indebtedness, or other debt securities, entering into repurchase agreements, or engaging in other transactions where permitted by the Fund's investment objective, policies, limitations, or its Declaration of Trust.

The above investment limitations cannot be changed without shareholder approval. The following limitations, however, may be changed by the Board of Trustees without shareholder approval. Shareholders will be notified before any material

change in the following limitations becomes effective.

INVESTING IN SECURITIES OF OTHER INVESTMENT COMPANIES

The Fund will limit its investment in other investment companies to no more than 3% of the total outstanding voting stock of any investment company, will not 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 the aggregate. However, these limitations are not applicable if the securities are acquired in a merger, consolidation, or acquisition of assets.

INVESTING IN ILLIQUID SECURITIES

The Fund will not invest more than 10% of the value of its net assets in illiquid securities, including repurchase agreements providing for settlement in more than seven days after notice, non-negotiable fixed time deposits with maturities over seven calendar days, and certain restricted securities not determined by the Trustees to be liquid.

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 its first fiscal year.

BANKSOUTH SELECT FUNDS MANAGEMENT

OFFICERS AND TRUSTEES

Officers and Trustees of the Trust are listed with their addresses, principal occupations, and present positions. Except as listed below, none of the Trustees or officers are affiliated with Bank South, N.A., Federated Investors, Federated Securities Corp., Federated Services Company, Federated Administrative Services, or the Funds (as defined below).

<TABLE>

<CAPTION>

NAME AND ADDRESS <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.
John T. Conroy, Jr. Wood/IPC Commercial Department John R. Wood and Associates, Inc., Realtors 3255 Tamiami Trail North Naples, FL	Trustee	President, Investment Properties Corporation; Senior Vice-President, John R. Wood and Associates, Inc., Realtors; President, Northgate Village Development Corporation; General Partner or Trustee in private real estate ventures in Southwest Florida; Director, Trustee, or Managing General Partner of the Funds; formerly, President, Naples Property Management, Inc.
William J. Copeland One PNC Plaza-23rd Floor Pittsburgh, PA	Trustee	Director and Member of the Executive Committee, Michael Baker, Inc. (an engineering firm); 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	President, Treasurer	Vice President, Treasurer, and Trustee, Federated Investors; Vice President and Treasurer, Federated Advisers, Federated Management, and

Pittsburgh, PA	and Trustee	Federated Research; Executive Vice President, Treasurer, and Director, Federated Securities Corp.; Trustee, Federated Services Company; Chairman, Treasurer, and Director, Federated Administrative Services; Trustee or Director of some of the Funds; Vice President and Treasurer of the Funds.
Peter E. Madden 225 Franklin Street Boston, MA	Trustee	Consultant; State Representative, Commonwealth of Massachusetts; Director, Trustee, or Managing General Partner of the Funds; formerly, President, State Street Bank and Trust Company and State Street Boston Corporation and Trustee, Lahey Clinic Foundation, Inc.
Gregor F. Meyer 5916 Penn Mall Pittsburgh, PA	Trustee	Attorney-at-law; Partner, Meyer and Flaherty; Chairman, Meritcare, Inc.; Director, Eat'N Park Restaurants, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Vice Chairman, Horizon Financial, F.A.
Wesley W. Posvar 1202 Cathedral of Learning University of Pittsburgh Pittsburgh, PA	Trustee	Professor, Foreign Policy and Management Consultant; Trustee, Carnegie Endowment for International Peace and 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.
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.
Charles L. Davis, Jr. Federated Investors Tower Pittsburgh, PA	Vice President and Assistant Treasurer	Vice President, Federated Administrative Services; Vice President and Assistant Treasurer of some of the Funds; formerly, Vice President and Director of Investor Relations, MNC Financial, Inc. and Vice President, Product Management, MNC Financial, Inc.
John W. McGonigle Federated Investors Tower Pittsburgh, PA	Vice President and Secretary	Vice President, Secretary, General Counsel, and Trustee, Federated Investors; Vice President, Secretary, and Trustee, Federated Advisers, Federated Management, and Federated Research; Trustee, Federated Services Company; Executive Vice President, Secretary, and Director, Federated Administrative Services; Executive Vice President and Director, 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.

</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 Board's Executive Committee. The Executive Committee of the Board of Trustees handles various of the delegable responsibilities of the Board of Trustees between meetings of the Board.

THE FUNDS

"The Funds" and "Funds" mean the following investment companies: A.T. Ohio Tax-Free Money Fund; American Leaders Fund, Inc.; Annuity Management Series; Automated Cash Management Trust; Automated Government Money Trust; The Boulevard Funds; California Municipal Cash Trust; Cash Trust Series, Inc.; Cash Trust Series II; DG Investor Series; Edward D. Jones & Co. Daily Passport Cash Trust; FT Series, Inc.; Federated ARMs Fund; Federated Exchange Fund, Ltd.; Federated GNMA Trust; Federated Government Trust; Federated Growth Trust; Federated High Yield Trust; Federated Income 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-Intermediate Municipal 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; 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; Money Market Obligations; Money Market Trust; Municipal Securities Income Trust; New York Municipal Cash Trust; 111 Corcoran Funds; The Planters Funds; Portage Funds; RIMCO Monument Funds; The Shawmut Funds; Short-Term Municipal Trust; Signet Select Funds; Star Funds; The Starburst Funds; The Starburst Funds II; Stock and Bond Fund, Inc.; Sunburst Funds; Targeted Duration Trust; Tax-Free Instruments Trust; Trademark Funds; Trust for Financial Institutions; Trust for Government Cash Reserves; Trust for Short-Term U.S. Government Securities; and Trust for U.S. Treasury Obligations.

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 are not liable for errors of judgment or mistakes of fact or law. However, they are not protected against any liability to which they would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of their office.

INVESTMENT ADVISORY SERVICES

ADVISER TO THE FUND

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

ADVISORY FEES

For its advisory services, the Adviser receives an annual investment advisory fee as described in the Prospectus.

STATE EXPENSE LIMITATIONS

The Fund 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 2.50% per year of the first \$30 million of average net assets, 2.00% per year of the next \$70 million of average net assets, and 1.50% per year of the remaining average net assets, the Adviser has agreed to reimburse the Fund for its expenses over the limitation.

If the Fund's monthly projected operating expenses exceed this 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

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 Trust, 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.

BROKERAGE TRANSACTIONS

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 utilize those who are recognized dealers in specific portfolio instruments, except when a better price and execution of the order can be obtained elsewhere. The Adviser makes

decisions on portfolio transactions and selects brokers and dealers subject to review by the 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 exercises reasonable business judgment in selecting brokers who offer brokerage and research services to execute securities transactions. The Adviser determines 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 and dealers may be used by the Adviser in advising the Fund and other accounts. To the extent that receipt of these services may supplant services for which the Adviser might otherwise have paid, it would tend to reduce its expenses.

PURCHASING SHARES

Shares are sold at their net asset value without a sales charge on days the New York Stock Exchange and the Federal Reserve Wire System are open for business. The procedure for purchasing shares of the Fund is explained in the prospectus under "Investing in the Funds."

ADMINISTRATIVE ARRANGEMENTS

The administrative services include, but are not limited to, providing office space, equipment, telephone facilities, and various personnel, including clerical, supervisory, and computer, as is necessary or beneficial to establish and maintain shareholders' accounts and records, process purchase and redemption transactions, process automatic investments of client account cash balances, answer routine client inquiries regarding the Fund, assist clients in changing dividend options, account designations, and addresses, and providing such other services as the Fund may reasonably request.

DISTRIBUTION PLAN

With respect to the Fund, the Trust has adopted a Plan pursuant to Rule 12b-1 which was promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Investment Company Act of 1940, as amended (the "Act"). The Plan provides for payment of fees to the Distributor to finance any activity which is principally intended to result in the sale of the Fund's shares subject to the Plan. Such activities may include the advertising and marketing of shares; preparing, printing, and distributing prospectuses and sales literature to prospective shareholders, brokers, or administrators; and implementing and operating the Plan. Pursuant to the Plan, the Distributor may pay fees to brokers and others for such services.

The Trustees expect that the adoption of the Plan will result in the sale of sufficient number of shares so as to allow the Fund to achieve economic viability. It is also anticipated that an increase in the size of the Fund will facilitate more efficient portfolio management and assist the Fund in seeking to achieve its investment objective.

PURCHASING FUND SHARES WITH SECURITIES

The Fund in its sole discretion, may sell Fund shares to investors that desire to purchase Fund shares with certain securities or a combination of certain securities and cash. The Fund reserves the right to determine the acceptability of securities used to effect such purchases. On the day securities are accepted by the Fund, they are valued based upon independent bid and in the same manner as the Fund values its assets. Investors wishing to use securities to purchase Fund shares should first contact the Bank. Any such transfer of securities is treated as a sale of the securities and will result in the recognition of any gain or loss for federal income tax purposes by the seller of such securities, except to the extent the seller is an ERISA plan or similar entity not subject to tax.

TAX CONSEQUENCES

Exercise of this exchange privilege is currently treated as a sale for federal income tax purposes. Depending upon the cost basis of the securities exchanged for Fund shares, a gain or loss may be realized by the investor.

DETERMINING NET ASSET VALUE

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

USE OF THE AMORTIZED COST METHOD

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

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

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

MONITORING PROCEDURES

The Trustees' procedures include monitoring the relationship between the amortized cost value per share and the net asset value per share based upon available indications of market value. The Trustees will decide what, if any, steps should be taken if there is a difference of more than 0.50% between the two values. The Trustees will take any steps they consider appropriate (such as redemption in kind or shortening the average portfolio maturity) to minimize any material dilution or other unfair results arising from differences between the two methods of determining net asset value.

INVESTMENT RESTRICTIONS

Rule 2a-7 requires that the Fund limit its investments to instruments that, in the opinion of the Trustees, present minimal credit risks and have received the requisite rating from one or more nationally recognized statistical rating organizations. If the instruments are not rated, the Trustees must determine that they are of comparable quality. The Rule also requires the Fund to maintain a dollar-weighted average portfolio maturity (not more than 90 days) appropriate to the objective of maintaining a stable net asset value of \$1.00 per share. In addition, no instruments with a remaining maturity of more than 13 months days can be purchased by the Fund.

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

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

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

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

EXCHANGE PRIVILEGE

Shareholders of the Fund may exchange shares of the Fund for shares of other Funds advised by the Bank and certain other funds designated by the Bank and distributed by the Distributor, subject to certain conditions. Exchange procedures are explained in the Prospectus under "Exchange Privilege".

REQUIREMENTS FOR EXCHANGE

Shareholders using the exchange privilege must exchange shares having a net asset value of at least \$1,000. Before the exchange, the shareholder must receive a prospectus of the fund for which the exchange is being made.

This privilege is available to shareholders resident in any state in which shares being acquired may be sold. Upon receipt of proper instructions and required supporting documents, shares submitted for exchange are redeemed and the proceeds invested in shares of the other fund. Further information on the exchange privilege and prospectuses may be obtained by calling the Bank at the number on the cover of this Statement of Additional Information.

MAKING AN EXCHANGE

Instructions for exchanges may be given in writing. Written instructions may require a signature guarantee.

REDEEMING SHARES

The Fund redeems shares at the next computed net asset value after the Bank receives the redemption request. Redemption will be made on days on which the Fund computes its net asset value. Redemption requests cannot be executed on days on which the New York Stock Exchange is closed or on federal holidays restricting wire transfers. Redemption procedures are explained in the prospectus under "Redeeming Shares."

REDEMPTION IN KIND

Although the Fund intends to redeem shares in cash, it reserves the right under certain circumstances to pay the redemption price, in whole or in part, by a distribution of securities from the Fund's portfolio. To satisfy registration requirements in a particular state, redemption in kind will be made in readily marketable securities to the extent that such securities are available. If such a state's policy changes, the Fund reserves the right to redeem in kind by delivering those securities it deems appropriate.

Redemption in kind will be made in conformity with applicable SEC rules, taking such securities at the same value employed in determining net asset value and selecting the securities in a manner the Trustees determine to be fair and equitable.

The Trust has elected to be governed by SEC Rule 18f-1 under the Act 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.

TAX STATUS

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.

SHAREHOLDERS' TAX STATUS

Shareholders are subject to federal income tax on dividends received as cash or additional shares. No portion of any income dividend paid by the Fund is eligible for the dividends received deduction available to corporations. These dividends and any short-term capital gains are taxable as ordinary income.

CAPITAL GAINS

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

YIELD

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

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

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

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

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

EFFECTIVE YIELD

The Fund's effective yield is computed by compounding the unannualized base period return by:

adding 1 to the base period return;

raising the sum of the $365/7$ th power; and

subtracting 1 from the result.

PERFORMANCE COMPARISONS

The Fund's performance depends upon such variables as:

portfolio quality;

average portfolio maturity;

type of instruments in which the portfolio is invested;

changes in interest rates on money market instruments;

changes in Fund expenses; and

the relative amount of Fund cash flow.

From time to time the Fund may advertise its performance using certain reporting services and/or compare its performance to certain indices. These may include the following:

LIPPER ANALYTICAL SERVICES, INC., ranks funds in various fund categories by making comparative calculations using total return. Total return assumes the reinvestment of all income dividends and capital gains distributions, if any. From time to time, the Fund will quote its Lipper ranking in the "short-term U.S. government funds" category in advertising and sales literature.

MONEY, a monthly magazine, regularly ranks money market funds in various categories based on the latest available seven-day compound (effective) yield. From time to time, the Fund will quote its Money ranking in advertising and sales literature.

SALOMON 30-DAY TREASURY BILL INDEX is a weekly quote of the most representative yields for selected securities, issued by the U.S. Treasury, maturing in 30 days.

Investors may use such indices or reporting services in addition to the Fund's prospectus to obtain a more complete view of the Fund's performance before investing. Of course, when comparing Fund performance to any indices and reporting service factors, such as composition of indices and prevailing market conditions should be considered in assessing the significance of such comparisons.

When comparing funds using reporting services or total return and yield, investors should take into consideration any relevant differences in funds, such as permitted portfolio compositions and methods used to value portfolio securities and compute offering price.

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

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BANKSOUTH SELECT PRIME MONEY MARKET FUND
(A PORTFOLIO OF BANKSOUTH SELECT FUNDS)
PROSPECTUS

The shares of BankSouth Select Prime Money Market Fund (the "Fund") offered by this Prospectus represent interests in a diversified portfolio of BankSouth Select Funds (the "Trust"), an open-end management investment company (a mutual fund). The investment objective of the Fund is to achieve current income consistent with stability of principal and liquidity. The Fund pursues this objective by investing in a portfolio of high-quality money market instruments.

THE FUND ATTEMPTS TO MAINTAIN A STABLE NET ASSET VALUE OF \$1.00 PER SHARE; THERE CAN BE NO ASSURANCE THAT THE FUND WILL BE ABLE TO DO SO.

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 January 7, 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 writing to the Bank South, N.A. (the "Bank") Mutual Funds Center or calling 1-800-282-6680 extension 4550.

SHARES OF THE FUND ARE NOT DEPOSITS OR OTHER OBLIGATIONS OF, AND ARE NOT ISSUED, ENDORSED OR GUARANTEED BY, THE BANK OR ANY OF ITS AFFILIATES. SUCH SHARES ARE NOT ISSUED, INSURED OR GUARANTEED BY THE U.S. GOVERNMENT, THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD OR ANY OTHER GOVERNMENT AGENCY. AN INVESTMENT IN THE FUND INVOLVES CERTAIN RISKS, INCLUDING POSSIBLE LOSS OF PRINCIPAL.

THE BANK IS THE INVESTMENT ADVISER TO THE FUND. THE FUND IS DISTRIBUTED BY FEDERATED SECURITIES CORP., WHICH IS NOT AFFILIATED WITH THE BANK.

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 January 7, 1994

BANKSOUTH SELECT FUNDS

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BANKSOUTH SELECT PRIME MONEY MARKET FUND
SUMMARY OF FUND EXPENSES

<TABLE>		
<S>		<C>
	SHAREHOLDER TRANSACTION EXPENSES	
Maximum Sales Load Imposed on Purchases (as a percentage of offering price).....		None
Maximum Sales Load Imposed on Reinvested Dividends (as a percentage of offering price).....		None
Deferred Sales Load (as a percentage of original purchase price or redemption proceeds, as applicable).....		None
Redemption Fees (as a percentage of amount redeemed, if applicable).....		None
Exchange Fee.....		None
	ANNUAL FUND OPERATING EXPENSES*	
	(As a percentage of projected average net assets)	
Management Fee (after waiver) (1).....		0.33%
12b-1 Fees(2).....		0.00%
Other Expenses (after waivers) (3).....		0.17%
Total Fund Operating Expenses (4).....		0.50%
</TABLE>		

- (1) The estimated management fee has been reduced to reflect the anticipated voluntary waiver of a portion of the management fee by the investment adviser. The investment adviser can terminate this voluntary waiver at any time in its sole discretion. The maximum management fee is 0.50%.
- (2) As of the date of this prospectus, the Fund is not paying or accruing 12b-1 fees. The Fund can pay up to 0.25% as a 12b-1 fee to the distributor. Certain trust clients of the Bank or its affiliates, including ERISA plans, will not be affected by the distribution plan because the distribution plan will not be activated unless and until a second, "Trust," class of shares of the Fund (which would not have a Rule 12b-1 plan) is created and such clients' investments in the Fund are converted to such Trust class.
- (3) Total Other Expenses are estimated to be 0.23% absent the anticipated voluntary waiver by the administrator and transfer agent.
- (4) The Total Fund Operating Expenses are estimated to be 0.73% absent the anticipated voluntary waivers by the adviser, administrator, and transfer agent.

* Expenses are estimated based on average expenses expected to be incurred during the fiscal year ending September 30, 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 "BANKSOUTH SELECT FUNDS INFORMATION" AND "INVESTING IN THE FUND." WIRE TRANSFER REDEMPTIONS MAY BE SUBJECT TO AN ADDITIONAL FEE.

<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 and (2) redemption at the end of each time period. As noted in the table above, the Fund charges no redemption fees.....		\$5	\$16
</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. THIS

GENERAL INFORMATION

The Trust was established as a Massachusetts business trust under a Declaration of Trust dated September 22, 1993, as amended and restated dated December 20, 1993. The Declaration of Trust permits the Trust to offer separate series of shares of beneficial interest representing interests in separate portfolios of securities. This prospectus relates only to the Trust's BankSouth Select Prime Money Market Fund. The Fund is designed as a convenient means of accumulating an interest in a professionally managed, diversified portfolio of high quality money market instruments maturing in 13 months or less. A minimum initial investment of \$1,000 is required (\$500 for Individual Retirement Accounts ("IRAs")), and subsequent investments must be in amounts of at least \$100. See "Investing in the Fund."

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

INVESTMENT INFORMATION

INVESTMENT OBJECTIVE

The Fund's investment objective is to achieve current income consistent with stability of principal and liquidity. The investment objective cannot be changed without the approval of the Fund's shareholders. While there is no assurance that the Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this Prospectus.

INVESTMENT POLICIES

The Fund pursues its investment objective by investing in a portfolio of high quality money market instruments maturing in 13 months or less. The average maturity of money market instruments in the Fund's portfolio, computed on a dollar-weighted basis, will be 90 days or less. Unless indicated otherwise, the investment policies may be changed by the Board of Trustees without the approval of Fund shareholders. Shareholders will be notified before any material changes in these policies become effective.

ACCEPTABLE INVESTMENTS. The Fund invests in high quality money market instruments that are either rated in the highest short-term rating category by one or more nationally recognized statistical rating organizations ("Rating Agencies") or are deemed by the Adviser to be of comparable quality to securities having such ratings. Examples of these instruments include, but are not limited to:

domestic issues of corporate debt obligations, including variable rate demand notes;

commercial paper (including Canadian Commercial Paper ("CCP") and Europaper);

certificates of deposit, demand and time deposits, bankers' acceptances and other instruments of domestic and foreign banks and other depository institutions ("Bank Instruments");

short-term credit facilities;

asset-backed securities, including commercial paper;

obligations issued or guaranteed as to payment of principal and interest by the U.S. Government or one of its agencies or instrumentalities ("Government Securities"); and

other money market instruments.

The Fund invests only in instruments denominated and payable in U.S. dollars.

VARIABLE RATE DEMAND NOTES. Variable rate demand notes are generally long-term debt instruments that have variable or floating interest rates and provide the Fund with the right to tender the security for repurchase at its stated principal amount plus accrued interest. Such securities typically bear interest at a rate that is intended to cause the securities to trade at par. The interest rate may float or be adjusted at regular intervals (ranging from daily to annually), and is normally based on an index or rate such as the prime rate,

LIBOR or another published rate or index. Most variable rate demand notes allow the Fund to demand the repurchase of the security on not more than seven days prior notice. Other notes only permit the Fund to tender the security at the time of each interest rate adjustment or at other fixed intervals. The Fund treats variable rate demand notes as maturing on the later of the next interest adjustment date or the date on which the Fund may next tender the security for repurchase. See "Demand Features."

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

BANK INSTRUMENTS. The Fund only invests in Bank Instruments either (i) issued by an institution having capital, surplus and undivided profits over \$100 million (an "Eligible Bank") or (ii) that are insured by the FDIC's Bank Insurance Fund ("BIF") or Savings Association Insurance Fund ("SAIF"). Bank Instruments may include Eurodollar Certificates of Deposit ("ECDs"), Yankee Certificates of Deposit ("Yankee CDs") and Eurodollar Time Deposits ("ETDs") issued by Eligible Banks. The Fund will treat securities that are credit enhanced by an Eligible Bank's irrevocable letter of credit or unconditional guaranty as Bank Instruments.

ASSET-BACKED SECURITIES. Asset-backed securities are securities issued generally by special purpose entities, such as trusts, limited partnerships and corporations whose primary assets consist of a pool of loans, leases or accounts receivable (collectively, "Receivables"). The securities may take the form of debt and other interests in the special purpose entities. Each special purpose entity will be treated as a separate issuer for diversification purposes. Although the securities often have some form of credit or liquidity enhancement, payments on the securities depend predominantly upon collections of the underlying Receivables and not upon the creditworthiness of the originator or seller of the Receivables.

SHORT-TERM CREDIT FACILITIES. The Fund may enter into, or acquire participations in, short-term borrowing arrangements with corporations, often consisting of either a short-term revolving credit facility or a master note payable upon demand. Under these arrangements, the borrower may reborrow funds during the term of the facility. The Fund treats any commitments to provide such advances as a standby commitment to purchase the borrower's notes.

RATINGS. For purposes of the Fund, a Rating Agency's highest rating category is determined without regard for sub-categories and gradations. For example, securities rated A-1 or A-1+ by Standard & Poor's Corporation ("S&P"), Prime-1 by Moody's Investors Service, Inc. ("Moody's"), F-1 (+ or -) by Fitch Investors Service, Inc. ("Fitch"), Duff-1 (+ or -) by Duff & Phelps Credit Rating Co. ("Duff & Phelps") are all considered rated in the highest short-term rating category. The Fund will follow applicable Securities and Exchange Commission ("SEC") regulations in determining whether a security rated by more than one Rating Agency can be treated as being in the highest short-term rating category; currently, such securities must be rated by two Rating Agencies in their highest rating categories. See "Regulatory Compliance." A credit rating is not a recommendation to buy, sell or hold securities, and is subject to change and/or withdrawal by the rating agency.

REPURCHASE AGREEMENTS. Certain securities in which the Fund invests may be purchased pursuant to repurchase agreements. Repurchase agreements are arrangements in which banks, securities broker-dealers, and other financial institutions sell securities to the Fund and agree at the time of sale to repurchase them at a mutually agreed upon time and price with interest. To the extent that the seller does not repurchase the securities from the Fund, the Fund could receive less than the repurchase price on any sale of such securities.

LENDING OF PORTFOLIO SECURITIES. In order to generate additional income, the Fund may lend its portfolio securities on a short-term basis to securities broker-dealers, banks, or other institutional borrowers of securities. The Fund will limit the amount of portfolio securities it may lend to not more than 50% of its total assets. The Fund will only enter into loan arrangements with broker-dealers, banks, or other institutions which the investment adviser has determined are creditworthy under guidelines established by the Trust's Board of Trustees, where loaned securities are marked to market daily and where the Fund receives collateral equal to at least 100% of the value of the securities loaned

at all times.

RESTRICTED AND ILLIQUID SECURITIES. The Fund intends to 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 restrictions on resale under federal securities law. However, the Fund will limit investments in illiquid securities, including certain restricted securities not determined by the Board of Trustees to be liquid, non-negotiable time deposits, and repurchase agreements providing for settlement in more than seven days after notice, to 10% of the Fund's net assets.

The Fund may invest in commercial paper (including asset-backed commercial paper) issued in reliance on the exemption from registration afforded by Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"). Section 4(2) commercial paper is restricted as to disposition under the Securities Act, and is generally sold to institutional investors, such as the Fund, who agree that they are purchasing the paper for investment purposes and not with a view to public distribution. Any resale by the purchaser must be in a transaction exempt from Securities Act registration. Section 4(2) commercial paper is normally resold to other institutional investors like the Fund through or with the assistance of the issuer or investment dealers who make a market in Section 4(2) commercial paper, thus providing liquidity. The Fund believes that Section 4(2) commercial paper and possibly certain other restricted securities which meet the criteria for liquidity established by the Trustees of the Fund are quite liquid. The Fund intends, therefore, to treat the restricted securities which meet the criteria for liquidity established by the Trustees, including Section 4(2) commercial paper, as determined by the Fund's investment adviser, as liquid and not subject to the investment limitations applicable to illiquid securities. In addition, because Section 4(2) commercial paper is liquid, the Fund intends to not subject such paper to the limitation applicable to restricted securities.

CREDIT ENHANCEMENT. Certain of the Fund's acceptable investments may be credit enhanced by a guaranty, letter of credit, cash collateral accounts, or insurance. The Fund typically evaluates the credit quality and ratings of credit enhanced securities based upon the financial condition and ratings of the party providing the credit enhancement (the "Credit Enhancer"), rather than the issuer. Generally, the Fund will not treat credit enhanced securities as having been issued by the Credit Enhancer for diversification purposes. However, under certain circumstances, applicable regulations may require the Fund to treat the securities as having been issued by both the issuer and the Credit Enhancer. Any decline in the Rating Agency ratings of the Credit Enhancer, or any bankruptcy, receivership, or default of the Credit Enhancer will adversely affect the quality, value and marketability of the underlying security.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS. The Fund may purchase portfolio 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. The seller's failure to complete these transactions may cause the Fund to miss a price or yield considered to be advantageous.

INVESTING IN SECURITIES OF OTHER INVESTMENT COMPANIES. The Fund may invest in the securities of other investment companies, but 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 the aggregate. The Fund will only invest in other investment companies that are money market funds having investment objectives and policies similar to its own and primarily for the purpose of investing short-term cash which has not yet been invested in other portfolio instruments. It should be noted that investment companies incur certain expenses and therefore, any investment by the Fund in shares of another investment company would be subject to certain duplicate expenses, particularly transfer agent and custodian fees. The Adviser will waive its advisory fee on assets invested in securities of open-end investment companies.

INVESTMENT RISKS

ECDs, ETDs, Yankee CDs, CCPs and Europaper are subject to different risks than domestic obligations of domestic banks or corporations. Examples of these risks include international economic and political developments, foreign governmental restrictions that may adversely affect the payment of principal or interest, foreign withholding and taxes on interest income, difficulties in obtaining or enforcing a judgment against the issuing entity, and the possible impact of interruptions in the flow of international currency transactions. Risks may also exist for ECDs, ETDs, and Yankee CDs because the banks issuing these instruments, or their branches, are not necessarily subject to the same regulatory requirements that apply to domestic banks, such as reserve requirements, loan limitations, examinations, accounting, auditing, recordkeeping, deposit insurance and the public availability of information. These factors will be carefully considered by the Fund's adviser in selecting investments for the Fund.

CERTAIN BORROWING AND INVESTMENT LIMITATIONS

The Fund will not:

with respect to 75% of the value of its total assets, invest more than 5% of the value of its total assets in securities of any one issuer (other than cash, cash items or securities issued or guaranteed by the U.S. government, or its agencies or instrumentalities, and repurchase agreements collateralized by such securities), or acquire more than 10% of the outstanding voting securities of any one issuer; or

borrow money directly or through reverse repurchase agreements (arrangements in which the Fund sells a money market 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 33 1/3% of the value of its total assets and secure such borrowings with up to 15% of the value of its total assets at the time of borrowing.

The above limitations cannot be changed without shareholder approval. The Fund intends also to limit its investment in restricted and illiquid securities to 10% of the Fund's net assets. See "Restricted and Illiquid Securities."

REGULATORY COMPLIANCE

The Fund may follow non-fundamental operational policies that are more restrictive than its fundamental investment limitations, as set forth in this Prospectus and its Statement of Additional Information, in order to comply with applicable laws and regulations, including the provisions of and regulations under the Investment Company Act of 1940, as amended (the "ICA"). In particular, the Fund will comply with the various requirements of SEC Rule 2a-7 under the ICA which regulates money market mutual funds. For example, with limited exceptions, Rule 2a-7 prohibits the investment of more than 5% of the Fund's total assets in the securities of any one issuer, although the Fund's investment limitation only requires such 5% diversification with respect to 75% of its assets. The Fund will invest more than 5% of its assets in any one issuer only under the circumstances permitted by Rule 2a-7. The Fund will also determine the effective maturity of its investments, as well as its ability to consider a security as having received the requisite short-term ratings by the Rating Agencies, according to Rule 2a-7. The Fund may change these operational policies to reflect changes in the laws and regulations without the approval of its shareholders.

BANKSOUTH SELECT FUNDS INFORMATION

MANAGEMENT OF THE TRUST

BOARD OF TRUSTEES. The Trust is managed by a Board of Trustees (the "Board" or "Trustees"). The Board is 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 handles various of the Board's delegable responsibilities between meetings of the Board.

INVESTMENT ADVISER. Investment decisions for the Fund are made by the Bank, as the Fund's investment adviser (the "Adviser"), subject to direction by the Board. The Adviser conducts investment research and supervision for the Fund and is responsible for the purchase or sale of portfolio instruments, for which it receives an annual fee from the Fund's assets. From time to time, to the extent consistent with the investment objective, policies and restrictions of the Fund, the Fund may invest in securities of issuers with which the Adviser has a lending relationship. However, at this time, the Adviser has no intention to invest in securities of issuers that have a lending relationship with the investment Adviser or its affiliates.

ADVISORY FEES. The Adviser receives an annual investment advisory fee equal to 0.50% of the Fund's average daily net assets. 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 also may voluntarily choose to waive a portion of its fee or reimburse other expenses of the Fund, but reserves the right to terminate such waiver or reimbursement at any time at its sole discretion.

ADVISER'S BACKGROUND. The Adviser, a national bank headquartered in Atlanta, Georgia, is a wholly owned subsidiary of Bank South Corporation, a Georgia corporation which is a registered bank holding company. The Adviser serves consumers through its network of banking offices with a full range of deposit and lending products, as well as investment services. The principal executive offices of the Adviser are located at 55 Marietta Street, N.W., Atlanta, GA 30303.

The Adviser has managed discretionary assets for its customers since 1931. As of September 30, 1993, the Adviser managed in excess of \$1 billion of discretionary assets. Prior to the date hereof, the Bank has not served as

an investment adviser to mutual funds.

DISTRIBUTION OF SHARES

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

DISTRIBUTION PLAN. Under a distribution plan (the "Plan") adopted in accordance with SEC Rule 12b-1 under the Investment Company Act of 1940, as amended, the Fund will pay an amount computed at an annual rate of up to 0.25% of the average daily net asset value of the shares to finance any activity which is principally intended to result in the sale of shares subject to the Plan. Certain trust clients of the Bank, including ERISA plans, will not be affected by the Plan because the Plan will not be activated unless and until a second, "Trust" class of shares of the Fund (which would not have a Rule 12b-1 plan) is created and such trust clients' investments in the Fund are converted to such Trust class.

The Distributor may select other financial institutions (such as broker-dealers or banks) to provide sales support services as agents for their clients or customers who beneficially own shares. These financial institutions (including the Bank) will receive fees from the Distributor based upon shares owned by their clients or customers. The schedules of such fees and the basis upon which such fees will be paid will be determined from time to time by the Distributor.

The Fund's Plan is a compensation type plan. As such, the Fund pays the Distributor the fee described above as opposed to reimbursing the Distributor for actual expenses incurred. Therefore, the Fund does not pay for amounts expended by the Distributor in excess of amounts received by it from the Fund, which may include interest, carrying or other financing charges in connection with excess amounts expended, or the Distributor's overhead expenses. However, the Distributor may be able to recover such amounts or may earn a profit from future payments made by the Fund under the Plan.

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 capacities described above or should Congress relax current restrictions on depository institutions, the Trustees will consider appropriate changes in the services.

State securities laws on this issue may differ from the interpretations of federal law expressed herein and banks and financial institutions may be required to register as dealers pursuant to certain states' securities laws.

ADMINISTRATIVE ARRANGEMENTS. The distributor may also pay administrators a fee based upon the average net asset value of shares of their customers invested in the Trust for providing administrative services. This fee, if paid, will be reimbursed by the Adviser and not the Trust.

ADMINISTRATION OF THE TRUST

ADMINISTRATIVE SERVICES. Federated Administrative Services, Pittsburgh, Pennsylvania, a subsidiary of Federated Investors, provides certain administrative personnel and services necessary to operate the Fund. Such services include certain legal and accounting services. Federated Administrative Services provides these at the annual rates specified below:

<TABLE> <CAPTION>	
MAXIMUM ADMINISTRATIVE FEE	AVERAGE AGGREGATE DAILY NET ASSETS OF THE TRUST
<S>	<C>
.150 of 1%	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

The administrative fee received during any fiscal year shall be at least \$100,000 per portfolio. Federated Administrative Services may choose voluntarily to waive a portion of its fee.

SHAREHOLDER SERVICES PLAN. The Fund has adopted a Shareholder Services Plan (the "Services Plan") with respect to the shares. Under the Services Plan, financial institutions will enter into shareholder service agreements with the Fund to provide administrative support services to their customers who from time to time may be owners of record or beneficial owners of the shares. In return for providing these support services, a financial institution may receive payments from the Fund at a rate not exceeding 0.25% of the average daily net

assets of the shares beneficially owned by the financial institution's customers for whom it is holder of record or with whom it has a servicing relationship. These 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 Fund; assisting clients in changing dividend options, account designations, and addresses; and providing such other services as the Fund reasonably requests. Certain trust clients of Bank South, including ERISA plans, will not be affected by the Services Plan because the Services Plan will not be activated unless and until a second, "Trust" class of shares of the Fund (which would not have a Services Plan) is created and such trust clients' investments in the Fund are converted to such Trust class.

CUSTODIAN. The Bank of New York, New York, New York 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 (the "Transfer Agent") for the shares of, 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, DC.

INDEPENDENT AUDITORS. The independent auditors for the Fund are Ernst & Young, Pittsburgh, Pennsylvania.

EXPENSES OF THE FUND

The Fund pays all of its own expenses and its allocable share of the Trust's expenses. The expenses borne by the Fund include, but are not limited to, the cost 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 with federal and state securities authorities; taxes and commissions; issuing, purchasing, repurchasing, and redeeming shares; fees for custodians, transfer agents, dividend disbursing agents, shareholder servicing agents, and registrars; printing, mailing, auditing, accounting, and legal expenses; reports to shareholders and governmental 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

The Fund attempts to stabilize the net asset value of its shares at \$1.00 by valuing the portfolio securities using the amortized cost method. The net asset value per share is determined by subtracting total liabilities from total assets and dividing the remainder by the number of shares outstanding. The Fund, of course, cannot guarantee that its net asset value will always remain at \$1.00 per share.

INVESTING IN THE FUND

SHARE PURCHASES

Fund shares are sold on days on which the New York Stock Exchange and the Federal Reserve Wire System are open for business. Shares of the Fund may be purchased through the Bank. In connection with the sale of Fund 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.

BY TELEPHONE. To place an order to purchase Fund shares, call Bank South Mutual Funds Center toll free at 1-800-282-6680 extension 4550. Texas residents must purchase shares of the Fund through Bank South Securities Corporation at 404-521-7063. Your purchase order will be taken directly over the telephone. The order must be placed by 4:00 p.m. (Eastern time) for shares to be purchased at that day's price.

BY MAIL. Provide a letter of instruction to the Fund indicating your purchase order, including the dollar amount of your order, your account title and/or name, and your account number, and include a check made payable to the Fund.

PAYMENT BY CHECK. Mail to BankSouth Select Prime Money Market Fund, c/o Bank South Mutual Funds Center, MC 16, P.O. Box 4387, Atlanta, Georgia 30302.

PAYMENT BY WIRE. To purchase shares by Federal Wire, contact your account officer for wiring instructions. Wire orders will only be accepted on days on which the Fund, the Bank and the Federal Reserve Banks are open for business.

Payment by federal funds must be received before 12:00 noon (Eastern time) on the same day as the order to earn dividends for that day.

MINIMUM INVESTMENT REQUIRED

The minimum initial investment in the Fund by an investor is \$1,000 (\$500 for IRA accounts). Subsequent investments must be in amounts of at least \$100. The Fund may choose to waive its minimum investment requirement from time to time and for accounts which select the Systematic Investment Program.

SYSTEMATIC INVESTMENT PROGRAM

Once a Fund account has been opened, shareholders may add to their investment on a regular basis in minimum amounts of \$100, unless waived. Under this program, funds may be automatically withdrawn periodically from the shareholder's checking or other transaction deposit account and invested in Fund shares at the net asset value next determined after an order is received by the Bank. A shareholder may apply for participation in this program through the Bank.

WHAT SHARES COST

Fund shares are sold at their net asset value next determined after an order is received. There is no sales charge imposed by the Fund.

The net asset value is determined at 12:00 noon (Eastern time) and 4:00 p.m. (Eastern time), Monday through Friday, except on: (i) days on which changes (if any) in the value of the Fund's portfolio securities do not materially affect its net asset value; (ii) days during which no shares are tendered for redemption and no orders to purchase shares are received; or (iii) on the following holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans' Day, Thanksgiving Day, and Christmas Day.

CERTIFICATES AND CONFIRMATIONS

The Transfer Agent for the Fund maintains a share account for each shareholder. Share certificates are not issued unless requested in writing from the Fund or the Transfer Agent.

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

DIVIDENDS

Dividends are declared daily and paid monthly. Dividends are automatically reinvested on payment dates in additional shares of the Fund, unless a shareholder makes a written request for cash payments to the Bank, or the Fund. Shares purchased by wire before 12:00 (Eastern time) begin earning dividends that day. Shares purchased by check begin earning dividends the day after the check is converted into available federal funds.

The Fund does not expect to realize any capital gains or losses. If capital gains or losses were to occur, they could result in an increase or decrease in dividends. The Fund will distribute in cash or additional shares any realized net long-term capital gains at least once every 12 months.

PURCHASING FUND SHARES WITH SECURITIES

The Fund in its sole discretion, may sell Fund shares to investors that desire to purchase Fund shares with certain securities or a combination of certain securities and cash. The Fund reserves the right to determine the acceptability of securities used to effect such purchases. On the day securities are accepted by the Fund, they are valued based upon independent bid and in the same manner as the Fund values its assets. Investors wishing to use securities to purchase Fund shares should first contact the Bank. Any such transfer of securities is treated as a sale of the securities and will result in the recognition of any gain or loss for federal income tax purposes by the seller of such securities, except to the extent the seller is an ERISA plan or similar entity not subject to tax.

EXCHANGE PRIVILEGE

BANKSOUTH SELECT FUNDS

All shareholders of the Fund are shareholders of BankSouth Select Funds. BankSouth Select Funds currently include the Fund, BankSouth Select Bond Fund, BankSouth Select Equity Fund, BankSouth Select Georgia Tax-Free Income Fund, and

BankSouth Select Government Money Market Fund. Shareholders have easy access to each of the portfolios of BankSouth Select Funds through a telephone exchange program. All BankSouth Select Funds are advised by the Bank and distributed by the Distributor.

Shareholders may exchange shares of the Fund for shares of the other BankSouth Select Funds. In addition, shares of the Fund may also be exchanged for certain other funds designated by the Bank which are distributed by the Distributor, but that are not advised by the Bank ("Federated Funds"). For further information on the availability of Federated Funds for exchanges, please call the Bank South Mutual Funds Center at 1-800-282-6680 extension 4550. Shares of funds with a sales charge may be exchanged at net asset value for shares of other funds with an equal sales charge or no sales charge. Shares of funds with a sales charge may be exchanged for shares of funds with a higher sales charge at net asset value, plus the additional sales charge. Shares of funds with no sales charge, whether acquired by direct purchase, reinvestment of dividends on such shares, or otherwise, may be exchanged for shares of funds with a sales charge at net asset value, plus the applicable sales charge.

When an exchange is made from a fund with a sales charge to a fund with no sales charge, the shares exchanged and additional shares which have been purchased by reinvesting dividends or capital gains on such shares retain the character of the exchanged shares for purposes of exercising further exchange privileges; thus, an exchange of such shares for shares of a fund with a sales charge would be at net asset value.

Shareholders who exercise this exchange privilege must exchange shares having a net asset value of at least \$1,000. Prior to any exchange, the shareholder must receive a copy of the current prospectus of the fund into which an exchange is to be effected.

The exchange privilege is available to shareholders residing in any state in which the fund shares being acquired may legally be sold. Upon receipt of proper instructions and all necessary supporting documents, shares submitted for exchange will be redeemed at the next-determined net asset value for the applicable fund. Written exchange instructions may require a signature guarantee. Exercise of this privilege is treated as a sale for federal income tax purposes and, depending on the circumstances, a short or long-term capital gain or loss may be realized.

The Fund reserves the right to terminate the exchange privilege at any time on 60 days notice. Shareholders will be notified if this privilege is terminated. A shareholder may obtain further information on the exchange privilege by calling the Bank at 1-800-282-6680 extension 4550.

BY TELEPHONE. Instructions for exchanges between funds which are part of the Trust may be given by telephone to the Bank South Mutual Funds Center at 1-800-282-6680 extension 4550; or to the Distributor. Shares may be exchanged by telephone only between fund accounts having identical shareholder registrations.

Any shares held in certificate form cannot be exchanged by telephone but must be forwarded to the Fund's Transfer Agent by the Bank and deposited to the shareholder's mutual fund account before being exchanged. See "Addresses".

An authorization form permitting the Fund to accept telephone exchanges must first be completed. It is recommended that investors request this privilege at the time of their initial application. If not completed at the time of initial application, authorization forms and information regarding this service are available from the Bank. Telephone exchange 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.

Telephone exchange instructions must be received before 4:00 p.m. (Eastern time) for shares to be exchanged the same day. The telephone exchange privilege may be modified or terminated at any time. Shareholders will be notified of such modification or termination. Shareholders may have difficulty in making exchanges by telephone through the Bank during times of drastic economic or market changes. If a shareholder cannot contact the Bank by telephone, it is recommended that an exchange request be made in writing and sent by overnight mail to BankSouth Select Funds, 55 Marietta Street, N.W., Atlanta, Georgia 30303.

REDEEMING SHARES

The Fund redeems shares at their net asset value next determined after the Bank 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 and can be made through the Bank or directly to the Fund.

BY TELEPHONE. A shareholder may redeem shares of the Fund by contacting his account officer or by calling the Bank South Mutual Funds Center to request the

redemption. (Call 1-800-282-6680 extension 4550.) Shares will be redeemed at the net asset value next determined after the Fund receives the redemption request from the Bank. Redemption requests to the Bank must be received before 4:00 p.m. (Eastern time) in order for shares to be redeemed at that day's net asset value, and the Bank will promptly submit such redemption requests and provide proper written redemption instructions to the Fund. If, at any time, the Fund should determine it necessary to terminate or modify this method of redemption, shareholders would be promptly notified.

An authorization form permitting the Fund to accept telephonic redemption requests must first be completed. It is recommended that investors request this privilege at the time of their initial application. If not completed at the time of initial application, authorization forms and information on this service are available from the Bank. 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.

A shareholder may have the redemption proceeds directly deposited by electronic funds transfer or wired directly to a domestic commercial bank previously designated by the shareholder. Wire redemption orders will only be accepted on days on which the Fund, the Bank and the Federal Reserve Wire System are open for business. Wire-transferred redemptions may be subject to an additional fee.

In the event of extraordinary 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 your account officer at the Bank.

BY MAIL. Shareholders may redeem shares by sending a written request to the Bank. 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 to the Bank. Shareholders should call the Bank at 1-800-282-6680 extension 7066 for assistance in redeeming shares by mail.

SIGNATURES. Shareholders requesting a redemption of \$50,000 or more, a redemption requesting payment to an address other than that on record with the Fund, or other than to the shareholder of record must make written redemption requests with signatures guaranteed by:

a trust company or commercial bank whose deposits are insured by the FDIC's BIF;

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 FDIC's SAIF; or

any other "eligible guarantor institution," as defined in the Securities Exchange Act of 1934, as amended.

The Fund does not accept signatures guaranteed by a notary public.

The Fund and its Transfer Agent have adopted standards for accepting signature guarantees from the above institutions. The Fund may elect in the future to limit eligible signature guarantors to institutions that are members of a signature guarantee program. The Fund and its Transfer Agent reserve the right to amend these standards at any time without notice.

RECEIVING PAYMENT. Normally, a check for the proceeds is mailed to the shareholder within one business day, but in no event more than seven calendar days, after receipt of a proper written redemption request, provided that the Transfer Agent has received payment for shares from the shareholder.

REDEMPTION BEFORE PURCHASE INSTRUMENTS CLEAR

When shares are purchased by check or through an Automated Clearing House ("ACH"), the proceeds from the redemption of those shares are not available, and the shares may not be exchanged, until the Bank is reasonably certain that the check or clearing house funds have cleared, which could take up to 10 calendar days.

SYSTEMATIC WITHDRAWAL PROGRAM

Shareholders who desire to receive payments of a predetermined amount may take advantage of the Systematic Withdrawal Program. Under this program, Fund shares are redeemed to provide for periodic withdrawal payments in an amount directed

by the shareholder. Depending upon the amount of the withdrawal payments and the amount of dividends paid with respect to Fund shares, redemptions may reduce, and eventually deplete, the shareholder's investment in the Fund. For this reason, payments under this program should not be considered as yield or income on the shareholder's investment in the Fund. To be eligible to participate in this program, a shareholder must have an account value of at least \$10,000. A shareholder may apply for participation in this program through the Bank.

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, due to shareholder redemptions, the account balance falls below the required minimum of \$1,000.

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

VOTING RIGHTS

Each share of the Fund entitles the shareholders to one vote in Trustee elections and other matters submitted to shareholders of the Trust for vote. All shares of each portfolio in the Trust have equal voting rights except that, in matters affecting only a particular Fund, only shareholders of that Fund are entitled to vote. As a Massachusetts business trust, the Trust is not required to hold annual shareholder meetings. Shareholder approval will be sought only for certain changes in the Trust's or the Fund's operation and for the election of Trustees under certain circumstances.

Any Trustee may be removed by the Board of Trustees or by the shareholders at a special meeting. A special meeting of the shareholders shall be called by the Trustees upon the written request of shareholders owning at least 10% of the Trust's outstanding shares.

MASSACHUSETTS PARTNERSHIP LAW

Under certain circumstances, shareholders may be held personally liable as partners under Massachusetts law for obligations of the Trust. To protect its shareholders, 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 the Trust or its Trustees enter into or sign on behalf of the Fund.

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

EFFECT OF BANKING LAWS

Banking laws and regulations presently prohibit a bank holding company registered under the federal Bank Holding Company Act of 1956, as amended or any affiliate thereof from sponsoring, organizing, controlling or distributing a registered, open-end investment company continuously engaged in the issuance of its shares, and prevent banks generally from underwriting or distributing securities in general. However, such laws and regulations do not prohibit such a holding company affiliate from acting as investment adviser, transfer agent, or custodian to such an investment company or from acting as agent for their customers in purchasing securities. The Fund's Adviser is subject to such banking laws and regulations.

The Bank believes, based on the advice of its counsel, that it may perform the services for the Fund contemplated by its advisory agreement with the Fund 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 affiliates, as well as further judicial or administrative decisions or interpretations of present or future statutes and regulations, could prevent the Bank from continuing to perform all or a part of the above services for its customers and/or the Fund. If it were prohibited from engaging in these customer-related activities, the Trustees would consider alternative investment advisers and means of continuing available investment services. In such event, changes in the operation of the Fund may occur, including possible termination of any automatic or other Fund

share investment and redemption services then being provided by the Bank. It is not expected that shareholders would suffer any adverse financial consequences (if another adviser with equivalent abilities to the Bank 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 intends to meet requirements of the Internal Revenue Code applicable to regulated investment companies and to receive the special tax treatment afforded to such companies. The Fund will be treated as a single, separate entity for federal income tax purposes so that income (including capital gains) and losses realized by the Trust's other portfolios will not be combined for tax purposes with those realized by the Fund.

Unless otherwise exempt, shareholders are required to pay federal income tax on any dividends and other distributions received. This applies whether dividends and distributions are received in cash or as additional shares.

STATE AND LOCAL TAXES

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 its yield and effective yield.

Yield represents the annualized rate of income earned on an investment over a seven-day period. It is the annualized amount of dividends earned during the period on an investment shown as a percentage of the investment. The effective yield is calculated similarly to the yield, but when annualized, the income earned by an investment is assumed to be reinvested daily. The effective yield will be slightly higher than the yield because of the compounding effect of this assumed reinvestment.

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

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

ADDRESSES

<TABLE>		
<S>	<C>	<C>
	BankSouth Select Prime Money Market Fund	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779

Distributor	Federated Securities Corp.	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
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Investment Adviser	Bank South, N.A.	MC 16 P.O. Box 4387 Atlanta, Georgia 30302
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Custodian	The Bank of New York	48 Wall Street New York, New York 10286
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Transfer Agent, Dividend Disbursing Agent, and Portfolio Accounting Services	Federated Services Company	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
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Legal Counsel	Houston, Houston & Donnelly	2510 Centre City Tower
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Legal Counsel

Dickstein, Shapiro & Morin

2101 L Street, N.W.
Washington, D.C. 20037

Independent Auditors

Ernst & Young

One Oxford Centre
Pittsburgh, Pennsylvania 15219

</TABLE>

BANKSOUTH SELECT PRIME
MONEY MARKET FUND
PROSPECTUS
A Diversified Portfolio of BankSouth
Select Funds, an Open-End
Management Investment Company
(a Mutual Fund)

January 7, 1994

(Logo)
Bank South, N.A.
Investment Adviser
55 Marietta Street, N.W.
Atlanta, GA 30303

(Logo) Federated Securities Corp.
Distributor
A subsidiary of Federated Investors
Federated Investors Tower
Pittsburgh, PA 15222-3779

3092207A (1/94)

BANKSOUTH SELECT PRIME MONEY MARKET FUND
(A PORTFOLIO OF BANKSOUTH SELECT FUNDS)
STATEMENT OF ADDITIONAL INFORMATION

This Statement of Additional Information should be read with the prospectus of BankSouth Select Prime Money Market Fund (the "Fund") dated January 7, 1994. This Statement is not a prospectus itself. To receive a copy of the prospectus, write or call the Bank South, N.A. (the "Bank") Mutual Funds Center at 1-800-282-6680 extension 4550.

SHARES OF THE FUND ARE NOT DEPOSITS OR OTHER OBLIGATIONS OF, AND ARE NOT ISSUED, ENDORSED OR GUARANTEED BY THE BANK OR ANY OF ITS AFFILIATES. SUCH SHARES ARE NOT ISSUED, INSURED OR GUARANTEED BY THE U.S. GOVERNMENT, THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD OR ANY OTHER GOVERNMENT AGENCY. AN INVESTMENT IN THE FUND INVOLVES CERTAIN RISKS, INCLUDING POSSIBLE LOSS OF PRINCIPAL.

THE BANK IS INVESTMENT ADVISER TO THE FUND. THE FUND IS DISTRIBUTED BY FEDERATED SECURITIES CORP., WHICH IS NOT AFFILIATED WITH THE BANK.

Statement dated January 7, 1994

FEDERATED SECURITIES CORP.

Distributor
FEDERATED INVESTORS TOWER
PITTSBURGH, PENNSYLVANIA 15222-3779

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 GENERAL INFORMATION ABOUT THE FUND	 -----

BankSouth Select Prime Money Market Fund (the "Fund") is a portfolio of BankSouth Select Funds (the "Trust"), which was established as a Massachusetts business trust under a Declaration of Trust dated as of September 22, 1993, as amended and restated dated December 20, 1993.

INVESTMENT OBJECTIVE AND POLICIES

The Fund's investment objective is to achieve current income consistent with

stability of principal and liquidity. The investment objective cannot be changed without approval of shareholders.

TYPES OF INVESTMENTS

The Fund invests in money market instruments which mature in 13 months or less, and which include, but are not limited to, commercial paper and variable amount master demand notes, bank instruments, U.S. government obligations, and repurchase agreements.

The instruments of banks that are members of the Federal Deposit Insurance Corporation ("FDIC"), such as certificates of deposit, demand and time deposits, and bankers' acceptances, are not necessarily guaranteed or insured by FDIC's BIF or SAIF or any other governmental agency.

U.S. GOVERNMENT OBLIGATIONS

The types of U.S. government obligations in which the Fund may invest generally include direct obligations of the U.S. Treasury (such as U.S. Treasury bills, notes, and bonds) and obligations issued or guaranteed by U.S. government agencies or instrumentalities. These securities are backed by:

the full faith and credit of the U.S. Treasury;

the issuer's right to borrow from the U.S. Treasury;

the discretionary authority of the U.S. government to purchase certain obligations of agencies or instrumentalities; or

the credit of the agency or instrumentality issuing the obligations.

Examples of agencies and instrumentalities which may not always receive financial support from the U.S. government are:

Federal Farm Credit Banks;

Federal Home Loan Banks;

Federal National Mortgage Association;

Student Loan Marketing Association; and

Federal Home Loan Mortgage Corporation.

BANK INSTRUMENTS

In addition to domestic bank obligations, such as certificates of deposit, demand and time deposits, and bankers' acceptances, the Fund may invest in:

Eurodollar Certificates of Deposit issued by foreign branches of U.S. or foreign banks;

Eurodollar Time Deposits, which are U.S. dollar-denominated deposits in foreign branches of U.S. or foreign banks;

Canadian Time Deposits, which are U.S. dollar-denominated deposits issued by branches of major Canadian banks located in the United States; and

Yankee Certificates of Deposit, which are U.S. dollar-denominated certificates of deposit issued by U.S. branches of foreign banks and held in the United States.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS

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

No fees or other expenses, other than normal transaction costs, are incurred. However, liquid assets of the Fund sufficient to make payment for the securities to be purchased are segregated at the trade date. These securities are marked to market daily and are maintained until the transaction is settled. The Fund may engage in these transactions to an extent that would cause the segregation of an amount up to 20% of the total value of its assets at any time.

REVERSE REPURCHASE AGREEMENTS

The Fund may also enter into reverse repurchase agreements. These transactions are similar to borrowing cash and pledging securities as collateral. In a reverse repurchase agreement, the Fund transfers possession of a portfolio instrument to another person, such as a financial institution or broker-dealer,

in return for a percentage of the instrument's market value in cash, and agrees that on a stipulated date in the future the Fund will repurchase the portfolio instrument by remitting the original consideration plus interest at an agreed upon rate. The use of reverse repurchase agreements may enable the Fund to avoid selling portfolio instruments at a time when a sale may be deemed to be disadvantageous, but the ability to enter into reverse repurchase agreements does not ensure that the Fund will be able to avoid selling portfolio instruments at a disadvantageous time.

When effecting reverse repurchase agreements, liquid assets of the Fund, in a dollar amount sufficient to make payment for the obligations to be purchased, are segregated at the trade date. These assets are marked to market daily and are maintained until the transaction has been settled.

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 transactions.

ISSUING SENIOR SECURITIES AND BORROWING MONEY

The Fund will not issue senior securities except that the Fund may borrow money and engage in reverse repurchase agreements in amounts up to 33 1/3% of the value of its total assets, including the amounts borrowed.

The Fund will not borrow money or engage in reverse repurchase agreements for investment leverage, but rather as a temporary, extraordinary, or emergency measure or 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.

PLEDGING ASSETS

The Fund will not mortgage, pledge, or hypothecate any assets except to secure permitted borrowings. In these cases, it may pledge assets having a market value not exceeding the lesser of the dollar amounts borrowed or 15% of the value of total assets at the time of the pledge.

CONCENTRATION OF INVESTMENTS

The Fund will not invest 25% or more of the value of its total assets in any one industry. However, the Fund may invest more than 25% of the value of its total assets in cash or cash items, (for purposes of this limitation, the Fund considers certificates of deposit and demand and time deposits issued by a U.S. branch of a domestic bank, savings and loan association or savings bank having capital, surplus, and undivided profits in excess of \$100,000,000 at the time of investment), securities issued or guaranteed by the U.S. government, its agencies or instrumentalities, or instruments secured by money market instruments, such as repurchase agreements to be "cash items."

INVESTING IN COMMODITIES, COMMODITY CONTRACTS, OR COMMODITY FUTURES CONTRACTS

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

INVESTING IN REAL ESTATE

The Fund will not purchase or sell real estate, although it may invest in the securities of issuers whose business involves the purchase or sale of real estate or in securities which are secured by real estate or interest in real estate.

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 (the "Securities Act") in connection with the sale of securities in accordance with its investment objective, policies, and limitations.

LENDING CASH OR SECURITIES

The Fund will not lend any of its assets, except portfolio securities up to 50% of the value of its total assets, and except that it may purchase or hold money market instruments, including repurchase agreements and variable amount demand master notes, in accordance with its investment objective, policies, and limitations.

DIVERSIFICATION OF INVESTMENTS

With respect to 75% of the value of its assets, the Fund will not purchase securities of any one issuer (other than cash, cash items or securities issued or guaranteed by the government of the United States or its agencies or instrumentalities and repurchase agreements collateralized by U.S. government securities) if as a result more than 5% of the value of its total assets would be invested in the securities of that issuer and will not acquire more than 10% of the outstanding voting securities of any one issuer.

The above investment limitations cannot be changed without shareholder approval. The following investment limitations, however, may be changed by the Trust's Board of Trustees ("Trustees") without shareholder approval. Shareholders will be notified before any material change in the following limitations become effective.

INVESTING IN ILLIQUID SECURITIES

The Fund will not invest more than 10% of the value of its net assets in illiquid securities, including repurchase agreements providing for settlement in more than seven days after notice, non-negotiable fixed time deposits with maturities over seven days, and certain restricted securities not determined by the Trustees to be liquid.

INVESTING IN NEW ISSUERS

The Fund will not invest more than 5% of the value of its total assets in securities of issuers which have records of 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 purchase the securities of issuers which invest in or sponsor such programs.

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

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

INVESTING IN SECURITIES OF OTHER INVESTMENT COMPANIES

The Fund will limit its investment in other investment companies to no more than 3% of the total outstanding voting stock of any investment company, will not 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 the aggregate. However, these limitations are not applicable if the securities are acquired in a merger, consolidation, or acquisition of assets.

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 has no present intent to borrow money or pledge securities, except as a temporary, extraordinary, or emergency measure, in excess of 5% of the value of its net assets in its first fiscal year.

BANKSOUTH SELECT FUNDS MANAGEMENT

OFFICERS AND TRUSTEES

Officers and Trustees of the Trust are listed with their addresses, principal occupations, and present positions. Except as listed below, none of the Trustees or officers are affiliated with the Bank, Federated Investors, Federated Securities Corp., Federated Services Company, Federated Administrative Services, or the Funds (as defined below).

<TABLE> <CAPTION> NAME AND ADDRESS <S>	POSITIONS WITH THE TRUST <C>	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS <C>
John F. Donahue*\	Chairman and	Chairman and Trustee, Federated Investors; Chairman and Trustee,

Federated Investors Tower Pittsburgh, PA	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.
John T. Conroy, Jr. Wood/IPC Commercial Department John R. Wood and Associates, Inc., Realtors 3255 Tamiami Trail North Naples, FL	Trustee	President, Investment Properties Corporation; Senior Vice-President, John R. Wood and Associates, Inc., Realtors; President, Northgate Village Development Corporation; General Partner or Trustee in private real estate ventures in Southwest Florida; Director, Trustee, or Managing General Partner of the Funds; formerly, President, Naples Property Management, Inc.
William J. Copeland One PNC Plaza-23rd Floor Pittsburgh, PA	Trustee	Director and Member of the Executive Committee, Michael Baker, Inc. (an engineering firm); 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; Executive Vice President, Treasurer, and Director, Federated Securities Corp.; Trustee, Federated Services Company; Chairman, Treasurer, and Director, Federated Administrative Services; Trustee or Director of some of the Funds; Vice President and Treasurer of the Funds.
Peter E. Madden 225 Franklin Street Boston, MA	Trustee	Consultant; State Representative, Commonwealth of Massachusetts; Director, Trustee, or Managing General Partner of the Funds; formerly, President, State Street Bank and 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 and 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.
Richard B. Fisher Federated Investors Tower Pittsburgh, PA	Vice President	Executive Vice President and Trustee, Federated Investors; President and Director, Federated Securities Corp.; President or Vice President of the Funds; Director or Trustee of some of the Funds.
Charles L. Davis, Jr. Federated Investors Tower Pittsburgh, PA	Vice President and Assistant Treasurer	Vice President, Federated Administrative Services; Vice President and Assistant Treasurer of some of the Funds; formerly Vice President and Director of Investor Relations, MNC Financial, Inc. and Vice President, Product Management, MNC Financial, Inc.
John W. McGonigle Federated Investors Tower Pittsburgh, PA	Vice President and Secretary	Vice President, Secretary, General Counsel, and Trustee, Federated Investors; Vice President, Secretary, and Trustee, Federated Advisers, Federated Management, and Federated Research; Trustee, Federated Services Company; Executive Vice President, Secretary, and Director, Federated Administrative Services; Executive Vice President and Director, 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.

</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 Board's Executive Committee. The Executive Committee of the Board of Trustees handles various of the delegable responsibilities of the Board of Trustees between meetings of the Board.

THE FUNDS

"The Funds" and "Funds" mean the following investment companies: A.T. Ohio Tax-Free Money Fund; American Leaders Fund, Inc.; Annuity Management Series; Automated Cash Management Trust; Automated Government Money Trust; The Boulevard Funds; California Municipal Cash Trust; Cash Trust Series, Inc.; Cash Trust Series II; DG Investor Series; Edward D. Jones & Co. Daily Passport Cash Trust; FT Series, Inc.; Federated ARMS Fund; Federated Exchange Fund, Ltd.; Federated GNMA Trust; Federated Government Trust; Federated Growth Trust; Federated High Yield Trust; Federated Income 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-Intermediate Municipal 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; 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; Money Market Obligations; Money Market Trust; Municipal Securities Income Trust; New York Municipal Cash Trust; 111 Corcoran Funds; The Planters Funds; Portage Funds; RIMCO Monument Funds; The Shawmut Funds; Short-Term Municipal Trust; Signet Select Funds; Star Funds; The Starburst Funds; The Starburst Funds II; Stock and Bond Fund, Inc.; Sunburst Funds; Targeted Duration Trust; Tax-Free Instruments Trust; Trademark Funds; Trust for Financial Institutions; Trust for Government Cash Reserves; Trust for Short-Term U.S. Government Securities; and Trust for U.S. Treasury Obligations.

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 are not liable for errors of judgment or mistakes of fact or law. However, they are not protected against any liability to which they would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of their office.

INVESTMENT ADVISORY SERVICES

ADVISER TO THE FUND

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

ADVISORY FEES

For its advisory services, the Adviser receives an annual investment advisory fee as described in the Prospectus.

STATE EXPENSE LIMITATIONS

The Fund 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 2.50% per year of the first \$30 million of average net assets, 2.00% per year of the next \$70 million of average net assets, and 1.50% per year of the remaining average net assets, the Adviser has agreed to reimburse the Fund for its expenses over the limitation.

If the Fund's monthly projected operating expenses exceed this 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

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 Trust, 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.

BROKERAGE TRANSACTIONS

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 utilize those who are recognized dealers in specific portfolio instruments, except when a better price and execution of the order can be obtained elsewhere. The Adviser makes decisions on portfolio transactions and selects brokers and dealers subject to review by the 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 exercises reasonable business judgment in selecting brokers who offer brokerage and research services to execute securities transactions. The Adviser determines 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 and dealers may be used by the Adviser in advising the Fund and other accounts. To the extent that receipt of these services may supplant services for which the Adviser might otherwise have paid, it would tend to reduce its expenses.

PURCHASING SHARES

Shares are sold at their net asset value without a sales charge on days the New York Stock Exchange and the Federal Reserve Wire System are open for business. The procedure for purchasing shares of the Fund is explained in the prospectus under "Investing in the Funds."

ADMINISTRATIVE ARRANGEMENTS

The administrative services include, but are not limited to, providing office space, equipment, telephone facilities, and various personnel, including clerical, supervisory, and computer, as is necessary or beneficial to establish and maintain shareholders' accounts and records, process purchase and redemption transactions, process automatic investments of client account cash balances, answer routine client inquiries regarding the Fund, assist clients in changing dividend options, account designations, and addresses, and providing such other

services as the Fund may reasonably request.

DISTRIBUTION PLAN

With respect to the Fund, the Trust has adopted a Plan pursuant to Rule 12b-1 which was promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Investment Company Act of 1940, as amended (the "ICA"). The Plan provides for payment of fees to Federated Securities Corp. (the "Distributor") to finance any activity which is principally intended to result in the sale of the Fund's shares subject to the Plan. Such activities may include the advertising and marketing of shares; preparing, printing, and distributing prospectuses and sales literature to prospective shareholders, brokers, or administrators; and implementing and operating the Plan. Pursuant to the Plan, the Distributor may pay fees to brokers and others for such services.

The Trustees expect that the adoption of the Plan will result in the sale of sufficient number of shares so as to allow the Fund to achieve economic viability. It is also anticipated that an increase in the size of the Fund will facilitate more efficient portfolio management and assist the Fund in seeking to achieve its investment objective.

PURCHASING FUND SHARES WITH SECURITIES

The Fund in its sole discretion, may sell Fund shares to investors that desire to purchase Fund shares with certain securities or a combination of certain securities and cash. The Fund reserves the right to determine the acceptability of securities used to effect such purchases. On the day securities are accepted by the Fund, they are valued based upon independent bid and in the same manner as the Fund values its assets. Investors wishing to use securities to purchase Fund shares should first contact the Bank. Any such transfer of securities is treated as a sale of the securities and will result in the recognition of any gain or loss for federal income tax purposes by the seller of such securities, except to the extent the seller is an ERISA plan or similar entity not subject to tax.

DETERMINING NET ASSET VALUE

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

USE OF THE AMORTIZED COST METHOD

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

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

Under such Rule, the Fund is permitted to purchase instruments which are subject to demand features or standby commitments. As defined by Rule 2a-7, a demand feature entitles the Fund to receive the principal amount of the instrument from the issuer or a third party (1) on no more than 30 days' notice or (2) at specified intervals not exceeding one year on no more than 30 days' notice. A standby commitment entitles the Fund to achieve same day settlement and to receive an exercise price equal to the amortized cost of the underlying instrument plus accrued interest at the time of exercise.

MONITORING PROCEDURES

The Trustees' procedures include monitoring the relationship between the amortized cost value per share and the net asset value per share based upon available indications of market value. The Trustees will decide what, if any, steps should be taken if there is a difference of more than 0.50% between the two values. The Trustees will take any steps they consider appropriate (such as redemption in kind or shortening the average portfolio maturity) to minimize any material dilution or other unfair results arising from differences between the two methods of determining net asset value.

INVESTMENT RESTRICTIONS

Rule 2a-7 requires that the Fund limit its investments to instruments that, in the opinion of the Trustees, present minimal credit risks and have received the requisite rating from one or more nationally recognized statistical rating organizations. If the instruments are not rated, the Trustees must determine that they are of comparable quality. The Rule

also requires the Fund to maintain a dollar-weighted average portfolio maturity (not more than 90 days) appropriate to the objective of maintaining a stable net asset value of \$1.00 per share. In addition, no instruments with a remaining maturity of more than 13 months can be purchased by the Fund.

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

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

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

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

EXCHANGE PRIVILEGE

Shareholders of the Fund may exchange shares of the Fund for shares of other Funds advised by the Bank and certain other funds designated by the Bank and distributed by the Distributor, subject to certain conditions. Exchange procedures are explained in the Prospectus under "Exchange Privilege".

REQUIREMENTS FOR EXCHANGE

Shareholders using the exchange privilege must exchange shares having a net asset value of at least \$1,000. Before the exchange, the shareholder must receive a prospectus of the fund for which the exchange is being made.

This privilege is available to shareholders resident in any state in which the fund shares being acquired may be sold. Upon receipt of proper instructions and required supporting documents, shares submitted for exchange are redeemed and the proceeds invested in shares of the other fund. Further information on the exchange privilege and prospectuses may be obtained by calling the Bank at the number on the cover of this Statement of Additional Information.

MAKING AN EXCHANGE

Instructions for exchanges may be given in writing. Written instructions may require a signature guarantee.

REDEEMING SHARES

The Fund redeems shares at the next computed net asset value after the Bank receives the redemption request. Redemptions will be made on days on which the Fund computes its net asset value. Redemption requests cannot be executed on days on which the New York Stock Exchange is closed or on federal holidays restricting wire transfers. Redemption procedures are explained in the prospectus under "Redeeming Shares."

REDEMPTION IN KIND

Although the Fund intends to redeem shares in cash, it reserves the right under certain circumstances to pay the redemption price, in whole or in part, by a distribution of securities from the Fund's portfolio. To satisfy registration requirements in a particular state, redemption in kind will be made in readily marketable securities to the extent that such securities are available. If such a state's policy changes, the Fund reserves the right to redeem in kind by delivering those securities it deems appropriate.

Redemption in kind will be made in conformity with applicable SEC rules, taking such securities at the same value employed in determining net asset value and selecting the securities in a manner the Trustees determine to be fair and equitable.

The Trust has elected to be governed by SEC Rule 18f-1 under the ICA where 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.

TAX STATUS

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.

SHAREHOLDERS' TAX STATUS

Shareholders are subject to federal income tax on dividends received as cash or additional shares. No portion of any income dividend paid by the Fund is eligible for the dividends received deduction available to corporations. These dividends and any short-term capital gains are taxable as ordinary income.

CAPITAL GAINS

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

YIELD

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

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

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

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

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

EFFECTIVE YIELD

The Fund's effective yield is computed by compounding the unannualized base period return by:

adding 1 to the base period return;

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

subtracting 1 from the result.

PERFORMANCE COMPARISONS

The Fund's performance depends upon such variables as:

portfolio quality;

average portfolio maturity;

type of instruments in which the portfolio is invested;

changes in interest rates on money market instruments;

changes in Fund expenses; and

the relative amount of Fund cash flow.

From time to time the Fund may advertise its performance using certain reporting services and/or compare its performance to certain indices. These may include the following:

LIPPER ANALYTICAL SERVICES, INC., ranks funds in various fund categories by making comparative calculations using total return. Total return assumes the reinvestment of all income dividends and capital gains distributions, if any. From time to time, the Fund will quote its Lipper ranking in the "money market instrument funds" category in advertising and sales literature.

MONEY, a monthly magazine, regularly ranks money market funds in various categories based on the latest available seven-day compound (effective) yield. From time to time, the Fund will quote its Money ranking in advertising and sales literature.

Investors may use such a reporting service in addition to the Fund's prospectus to obtain a more complete view of the Fund's performance before investing. Of course, when comparing Fund performance to any index and reporting service, factors such as portfolio composition and prevailing market conditions should be considered in assessing the significance of such comparisons.

When comparing funds using reporting services or total return and yield, investors should take into consideration any relevant differences in funds, such as permitted portfolio compositions and methods used to value portfolio securities and compute offering price.

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

APPENDIX

STANDARD & POOR'S CORPORATION CORPORATE BOND RATING DEFINITIONS

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 effect of changes in circumstances and economic conditions than debt in higher rated categories.

MOODY'S INVESTORS SERVICE, INC., CORPORATE BOND RATING DEFINITIONS

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 edge." 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.

STANDARD & POOR'S CORPORATION COMMERCIAL PAPER RATING DEFINITIONS

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

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

P-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: conservative capitalization structures 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.

P-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.

FITCH INVESTORS SERVICE, INC., SHORT-TERM DEBT RATING DEFINITIONS

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

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

F-2--Good Credit Quality. Issues carrying this rating have a satisfactory degree of assurance for timely payment, but the margin of safety is not as great as the F-1+ and F-1 categories.

DUFF & PHELPS' CREDIT RATING CO. SHORT-TERM DEBT RATING DEFINITIONS

DUFF 1+--Highest certainty of timely payment. Short-term liquidity, including internal operating factors and/or access to alternative sources of funds, is outstanding, and safety is just below risk-free U.S. Treasury short-term obligations.

DUFF 1--Very high certainty of timely payment. Liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor.

DUFF 1---High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

DUFF 2--Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.

A CREDIT RATING IS NOT A RECOMMENDATION TO BUY, SELL OR HOLD SECURITIES, AND IS SUBJECT TO CHANGE AND/OR WITHDRAWAL BY THE RATING AGENCY.

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BANKSOUTH SELECT BOND FUND
(A PORTFOLIO OF BANKSOUTH SELECT FUNDS)
PROSPECTUS

The shares of BankSouth Select Bond Fund (the "Fund") offered by this Prospectus represent interests in a diversified portfolio of BankSouth Select Funds (the "Trust"), an open-end management investment company (a mutual fund). The investment objective of the Fund is to achieve current income. The Fund pursues this objective by investing primarily in a portfolio of long-term bonds and other fixed income securities.

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 January 7, 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 writing to the Bank South, N.A. (the "Bank") Mutual Funds Center or calling 1-800-282-6680 extension 4550.

SHARES OF THE FUND ARE NOT DEPOSITS OR OTHER OBLIGATIONS OF, AND ARE NOT

ISSUED, ENDORSED OR GUARANTEED BY, THE BANK OR ANY OF ITS AFFILIATES. SUCH SHARES ARE NOT ISSUED, INSURED OR GUARANTEED BY THE U.S. GOVERNMENT, THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD OR ANY OTHER GOVERNMENT AGENCY. AN INVESTMENT IN THE FUND INVOLVES CERTAIN RISKS, INCLUDING POSSIBLE LOSS OF PRINCIPAL.

THE BANK IS THE INVESTMENT ADVISER TO THE FUND. THE FUND IS DISTRIBUTED BY FEDERATED SECURITIES CORP., WHICH IS NOT AFFILIATED WITH THE BANK.

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 January 7, 1994

BANKSOUTH SELECT FUNDS

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BANKSOUTH SELECT BOND FUND

SUMMARY OF FUND EXPENSES

<TABLE>

<S>

SHAREHOLDER TRANSACTION EXPENSES

<C>

Maximum Sales Load Imposed on Purchases (as a percentage of offering price).....	2.50%
Maximum Sales Load Imposed on Reinvested Dividends (as a percentage of offering price).....	None
Deferred Sales Load (as a percentage of original purchase price or redemption proceeds, as applicable).....	None
Redemption Fees (as a percentage of amount redeemed, if applicable).....	None
Exchange Fee.....	None

ANNUAL FUND OPERATING EXPENSES*

(As a percentage of projected average net assets)

Management Fee.....	0.75%
---------------------	-------

12b-1 Fees(1).....	0.00%
Other Expenses (after waiver) (2).....	10.27%
Total Fund Operating Expenses(3).....	1.02%

</TABLE>

- (1) As of the date of this prospectus, the Fund is not paying or accruing 12b-1 fees. The Fund can pay up to 0.75% as a 12b-1 fee to the distributor. Certain trust clients of the Bank or its affiliates, including ERISA plans, will not be affected by the distribution plan because the distribution plan will not be activated unless and until a second, "Trust," class of shares of the Fund (which would not have a Rule 12b-1 plan) is created and such clients' investments in the Fund are converted to such Trust class.
- (2) Total Other Expenses are estimated to be 0.28% absent the anticipated voluntary waiver by the transfer agent.
- (3) The Total Fund Operating Expenses are estimated to be 1.03% absent the anticipated voluntary waiver by the transfer agent.

* Expenses are estimated based on average expenses expected to be incurred during the fiscal year ending September 30, 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 "BANKSOUTH SELECT FUNDS INFORMATION" AND "INVESTING IN THE FUND." WIRE TRANSFER REDEMPTIONS MAY BE SUBJECT TO AN ADDITIONAL FEE.

<TABLE>
<CAPTION>
EXAMPLE

	1 year <C>	3 years <C>
<S> You would pay the following expenses on a \$1,000 investment assuming (1) 5% annual return and (2) redemption at the end of each time period. As noted in the table above, the Fund charges no redemption fees.....	\$35	\$57

</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. THIS EXAMPLE IS BASED ON ESTIMATED DATA FOR THE FUND'S FISCAL YEAR ENDING SEPTEMBER 30, 1994.

GENERAL INFORMATION

The Trust was established as a Massachusetts business trust under a Declaration of Trust dated September 22, 1993, as amended and restated dated December 20, 1993. The Declaration of Trust permits the Trust to offer separate series of shares of beneficial interest representing interests in separate portfolios of securities. This Prospectus relates only to the Trust's BankSouth Select Bond Fund. The Fund is designed as a convenient means of accumulating an interest in a professionally managed, diversified portfolio consisting primarily of government, mortgage-backed, asset-backed and corporate securities, as well as collateralized mortgage obligations ("CMOs") and adjustable rate mortgage securities ("ARMS"). A minimum initial investment of \$1,000 is required (\$500 for Individual Retirement Accounts ("IRAs")) and subsequent investments must be in amounts of at least \$100. See "Investing in the Fund."

Fund shares are sold at net asset value plus a maximum sales charge of 2.50% and redeemed at net asset value.

INVESTMENT INFORMATION

INVESTMENT OBJECTIVE

The Fund's investment objective is to achieve current income. The investment objective cannot be changed without the approval of the Fund's shareholders. While there is no assurance that the Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this prospectus.

INVESTMENT POLICIES

The Fund pursues its investment objective by investing primarily in a portfolio of U.S. government, mortgage-backed, asset-backed and corporate bonds and other securities as well as CMOs and ARMS. Under normal market conditions, the Fund will invest at least 65% of its assets in bonds. The Fund intends to maintain a

dollar-weighted average portfolio maturity of 15 years or less. Unless indicated otherwise, the investment policies may be changed by the Trustees without the approval of Fund shareholders. Shareholders will be notified before any material change in these policies becomes effective.

ACCEPTABLE INVESTMENTS. The securities in which the Fund may invest include, but are not limited to:

domestic issues of corporate debt obligations, so long as such debt obligations are rated by one or more nationally recognized statistical rating organizations ("Rating Agencies") in one of the four highest rating categories at the time of purchase (e.g., AAA, AA, A or BBB by Standard & Poor's Corporation ("S&P"), Fitch Investors Service, Inc. ("Fitch"), or Duff & Phelps Credit Rating Co. ("Duff & Phelps") or Aaa, Aa, A or Baa by Moody's Investors Service, Inc. ("Moody's")) or, if unrated, determined by Bank South, N.A. (the "Adviser") to be of comparable quality to securities having such ratings;

commercial paper (including asset-backed commercial paper) which matures in 270 days or less so long as at least two ratings are high quality ratings by Rating Agencies. Such ratings would include: A-1 or A-2 by S&P, Prime-1 or Prime-2 by Moody's, F-1 or F-2 by Fitch, or Duff-1 or Duff-2 by Duff & Phelps;

obligations issued or guaranteed as to payment of principal and interest by the U.S. government, or its agencies or instrumentalities ("Government Securities");

asset-backed securities in one of the two highest ratings categories by a Rating Agency, or if unrated, of comparable quality in the judgment of the Adviser;

U.S. dollar denominated debt obligations of foreign issuers;

repurchase agreements;

time and savings deposits (including certificates of deposit) in commercial or savings banks whose accounts are insured by the Bank Insurance Fund ("BIF") or the Savings Association Insurance Fund ("SAIF"), which are administered by the Federal Deposit Insurance Corporation ("FDIC"), and certificates of deposit and other time deposits issued by foreign branches of BIF-insured banks;

bankers' acceptances; and

securities of other investment companies.

Securities rated Baa or BBB, while of investment grade, have speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. If an investment grade security loses its rating or has its rating reduced after the Fund has purchased it, the Fund is not required to sell the security from its portfolio; however, the Adviser will endeavor to dispose of the security as soon as practicable thereafter, taking into account existing market conditions and the cost of such sale, including potential losses. A credit rating is not a recommendation to buy, sell or hold securities, and is subject to change and/or withdrawal by the rating agency.

The Adviser attempts to manage the Fund's total performance, which includes both changes in principal value of the Fund's portfolio and income earned, by anticipating opportunities in the capital markets and risks of changes in market interest rates. When the Adviser expects that market interest rates may decline, which would cause prices of outstanding bonds to rise, it generally extends the average maturity of the Fund's portfolio. When the Adviser expects that market interest rates may rise, which would cause prices of outstanding bonds to decline, it generally shortens the average maturity of the Fund's portfolio. Further, the Adviser attempts to improve the Fund's total return by weighing the relative value of alternative bond issues having similar maturities in selecting portfolio securities. By actively managing the Fund's portfolio in this manner, the Adviser seeks to provide capital appreciation during periods of falling interest rates and protection against capital depreciation during periods of rising rates.

GOVERNMENT SECURITIES. The types of Government Securities in which the Fund may invest generally include direct obligations of the U.S. Treasury (such as U.S. Treasury bills, notes, and bonds) and obligations issued or guaranteed by U.S. government agencies or instrumentalities. These securities are backed by:

the full faith and credit of the U.S. Treasury;

the issuer's right to borrow from the U.S. Treasury;

the discretionary authority of the U.S. government to purchase certain obligations of agencies or instrumentalities; or

the credit of the agency or instrumentality issuing the obligations.

Examples of agencies and instrumentalities which may not always receive financial support from the U.S. government are:

Federal Home Loan Banks;

Federal Home Loan Mortgage Corporation;

Federal Farm Credit Banks;

Student Loan Marketing Association; and

Federal National Mortgage Association.

MORTGAGE-BACKED SECURITIES. Some of the U.S. Government Securities in which the Fund will invest can represent an undivided interest in a pool of residential mortgages or may be collateralized by a pool of residential mortgages ("Mortgage-backed securities"). Mortgage-backed securities have yield and maturity characteristics corresponding to the underlying mortgages. Distributions to holders of mortgage-backed securities include both interest and principal payments. Principal payments represent the amortization of the principal of the underlying mortgages and any prepayments of principal due to prepayment, refinancing, or foreclosure of the underlying mortgages. Although maturities of the underlying mortgage loans may range up to 30 years, amortization and prepayments substantially shorten the effective maturities of mortgage-backed securities. Due to these features, mortgage-backed securities are less effective as a means of "locking-in" attractive long-term interest rates than fixed-income securities which pay only a stated amount of interest until maturity, when the entire principal amount is returned. Prepayments, which become more likely as mortgage interest rates decline, create a need to reinvest distribution of principal at then-current lower rates. Since comparatively high interest rates cannot be effectively "locked in", mortgage-backed securities may have less potential for capital appreciation during periods of declining interest rates than other non-callable fixed-income government securities of comparable stated maturities. However, mortgage-backed securities may experience less pronounced declines in value during periods of rising interest rates. Mortgage-backed securities utilizing ARMS may fluctuate less in value and suffer fewer prepayments than mortgage-backed securities utilizing fixed rate mortgages.

ARMS. ARMS are mortgage-backed securities representing interests in adjustable rather than fixed interest rate mortgages. The Fund invests in ARMS issued by the Government National Mortgage Association ("GNMA"), the Federal National Mortgage Association ("FNMA"), the Federal Home Loan Mortgage Corporation ("FHLMC"), and by non-government and private entities and are actively traded. The underlying mortgages which collateralize ARMS issued by GNMA are fully guaranteed by the Federal Housing Administration ("FHA") or Veterans Administration ("VA"), while those collateralizing ARMS issued by FHLMC or FNMA are typically conventional residential mortgages conforming to strict underwriting size and maturity constraints.

CMOS. CMOS are debt obligations collateralized by mortgage loans or mortgage-backed securities. Typically, CMOS are collateralized by GNMA, FNMA or FHLMC certificates, but may be collateralized by whole loans or private mortgage-backed securities.

The Fund will only invest in CMOS which are rated AAA by a Rating Agency, and which may be: (a) collateralized by pools of mortgages in which each mortgage is guaranteed as to payment of principal and interest by an agency or instrumentality of the U.S. government; (b) collateralized by pools of mortgages in which payment of principal and interest is guaranteed by the issuer and such guarantee is collateralized by U.S. Government Securities; (c) securities in which the proceeds of the issuance are invested in mortgage securities and the payment of the principal and interest is supported by the credit of an agency or instrumentality of the U.S. government; or (d) collateralized by pools of mortgages or mortgage-backed securities not guaranteed by the U.S. government or any government agency.

ASSET-BACKED SECURITIES. Asset-backed securities are obligations of trusts or special purpose corporations that directly or indirectly represent a participation in, or are secured by and payable from various types of assets. At the present time, automobile and credit card receivables are among the most common collateral supporting asset-backed securities. In general, the collateral supporting asset-backed securities is of shorter maturity than mortgage loans and is less likely to experience substantial prepayments. As with mortgage-backed securities, asset-backed securities are often backed by a pool of assets representing the obligations of a number of different parties and use similar credit enhancement techniques.

Asset-backed securities present certain risks that are not presented by mortgage-backed securities. Credit card receivables are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer credit laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Most issuers of asset-backed securities backed by automobile receivables permit the servicers of such receivables to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related asset-backed securities. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of asset-backed securities backed by automobile receivables may not have a recorded security interest in all of the obligations backing such receivables. Therefore, there is a possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities.

In general, issues of asset-backed securities are structured to include additional collateral and/or additional credit support to protect against the risk that a portion of the collateral supporting the asset-backed securities may default and/or may suffer from these defects. In evaluating the strength of particular issues of asset-backed securities, the Adviser considers any rating given to such securities, the financial strength of the provider of credit support, the type and extent of credit enhancement provided, as well as the documentation and structure of the issue itself and the credit support.

OPTIONS AND FUTURES. The Fund may purchase and sell financial futures contracts and purchase and sell options on financial futures contracts and on its portfolio securities.

OBLIGATIONS OF FOREIGN ISSUERS. The Fund may invest in debt obligations of foreign issuers including foreign governments, foreign governmental agencies, or supranational institutions. In addition, the Fund may invest in high quality debt securities issued by corporations subject to the credit limitations listed above.

FOREIGN GOVERNMENT SECURITIES. The foreign government securities in which the Fund may invest generally consist of obligations supported by national, state or provincial governments or similar political subdivisions. Foreign government securities also include debt obligations of supranational entities, which include international organizations designed or supported by governmental entities to promote economic reconstruction or development, international banking institutions and related government agencies. Examples include the International Bank for Reconstruction and Development (the World Bank), the European Coal and Steel Community, the Asian Development Bank and the InterAmerican Development Bank.

Foreign government securities also include debt securities of "quasi-governmental agencies". Debt securities of quasi-governmental agencies are either debt securities issued by entities which are owned by a national, state or equivalent government or are obligations of a political unit that are not backed by the national government's full faith and credit and general taxing powers. Further, foreign government securities include mortgage-related securities issued or guaranteed by national, state or provincial government instrumentalities, including quasi-governmental agencies.

REPURCHASE AGREEMENTS. Repurchase agreements are arrangements in which banks, broker-dealers, and other financial institutions sell securities to the Fund and agree at the time of sale to repurchase them at a mutually agreed upon time and price including interest. To the extent that the seller does not repurchase the securities from the Fund, the Fund could receive less than the repurchase price on any sale of such securities. Repurchase agreements will be collateralized by securities having a value equal at all times to at least 100% of the amount of the securities subject to the repurchase agreement.

RESTRICTED AND ILLIQUID SECURITIES. The Fund intends to 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 law. However, the Fund will limit investments in illiquid securities, including certain restricted securities not determined by the Trustees to be liquid, non-negotiable time deposits, and repurchase agreements providing for settlement in more than seven days after notice, to 15% of its net assets.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS. The Fund may purchase portfolio 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. The seller's failure to complete these transactions may cause the Fund to miss a price or yield considered to be advantageous.

INVESTING IN SECURITIES OF OTHER INVESTMENT COMPANIES

The Fund may invest in the securities of other investment companies, but will not own more than 3% of the total outstanding voting stock of any investment company, invest more than 5% of total assets in any one investment company, or invest more than 10% of total assets in investment companies in the aggregate. 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. It should be noted that investment companies incur certain expenses, and therefore, any investment by the Fund in shares of another investment Company would be subject to certain duplicate expenses, particularly transfer agent and custodian fees. The adviser will waive its investment advisory fee on assets invested in securities of open-end investment companies.

LENDING OF PORTFOLIO SECURITIES. In order to generate additional income, the Fund may lend its portfolio securities on a short-term or long-term basis, to broker-dealers, banks, or other institutional borrowers of securities. The Fund will limit the amount of portfolio securities it may lend to not more than 50% of the value of its total assets at any time. The Fund will only enter into loan arrangements with broker-dealers, banks, or other institutions which the Adviser has determined are creditworthy under guidelines established by the Trustees, and will receive collateral equal to at least 100% of the value of the securities loaned at all times.

AVERAGE PORTFOLIO MATURITY. Although the Fund will not maintain a stable net asset value, the Adviser will seek to limit, to the extent consistent with the Fund's investment objective of current income, the magnitude of fluctuations in the Fund's net asset value by limiting the dollar-weighted average maturity of the Fund's portfolio to 15 years or less. Securities with shorter maturities generally have less price movement than securities of comparable quality with longer maturities. In periods of anticipated rising interest rates, a greater portion of the Fund's assets may be invested in shorter term and variable rate securities, the value of which are believed to be less sensitive to interest rate changes.

TEMPORARY INVESTMENTS. From time to time for defensive purposes, the Fund may invest temporarily in the securities described under "Acceptable Investments" having short-term maturities.

FOREIGN SECURITIES RISKS. Investments in foreign securities, particularly those of non-governmental issuers, may involve additional risks not ordinarily associated with investments in domestic issuers. Specifically, such securities may be affected by the strength of foreign currencies relative to the U.S. Dollar, possible expropriation or nationalization, or by political, social, diplomatic or economic developments and the difficulties of assessing economic trends in foreign countries. Accounting procedures and government supervision may be less stringent than those applicable to U.S. companies. Financial information may be unavailable or less detailed, and interpretation of financial information prepared under foreign accounting standards more difficult than is the case of domestic issuers. Foreign securities and securities markets may be less liquid or more volatile than U.S. securities markets and may offer less protection to investors. It may also be more difficult to enforce contractual obligations abroad than would be the case in the United States because of differences in the legal systems. Foreign securities may be subject to foreign taxes or tax withholding, which may reduce yield, and may be less marketable than comparable U.S. securities. Transaction costs in foreign securities may be higher. The Adviser will consider these and other factors before investing in foreign securities and will not make such investments unless, in its opinion, such investments will meet the Fund's standards and objectives.

PORTFOLIO TURNOVER. Although the Fund does not intend to invest for the purpose of seeking short-term profits, securities in its portfolio will be sold whenever the Adviser believes it is appropriate to do so in light of the Fund's investment objective, without regard to the length of time a particular security may have been held. The Adviser does not anticipate that the Fund's annual portfolio turnover rate will exceed 200% under normal market conditions. A high portfolio turnover rate may lead to increased costs and may also result in higher taxes paid by the Fund's shareholders.

CERTAIN BORROWING AND 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 33 1/3% of the value of its total assets and secure such borrowings with up to 15% of the value of those assets at the time of borrowing; or

with respect to 75% of its total assets, invest more than 5% of the value of its total assets in securities of any one issuer (other than cash, cash items, or securities issued or guaranteed by the U.S. government and its agencies or instrumentalities, and repurchase agreements collateralized by such securities or acquire more than 10% of the outstanding voting securities of any one issuer).

The above investment limitations cannot be changed without shareholder approval.

BANKSOUTH SELECT FUNDS INFORMATION

MANAGEMENT OF THE TRUST

BOARD OF TRUSTEES. The Trust is managed by a Board of Trustees (the "Board" or "Trustees"). The Board is 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 handles various of the Board's delegable responsibilities between meetings of the Board.

INVESTMENT ADVISER. Investment decisions for the Fund are made by the Bank as the Fund's investment adviser (the "Adviser"), subject to direction by the Board. The Adviser conducts investment research and supervision for the Fund and is responsible for the purchase or sale of portfolio instruments, for which it receives an annual fee from the Fund's assets. From time to time, to the extent consistent with the investment objective, policies and restrictions of the Fund, the Fund may invest in securities of issuers with which the Adviser has a lending relationship. However, at this time, the Adviser has no intention to invest in securities of issuers that have a lending relationship with the investment Adviser or its affiliates.

ADVISORY FEES. The Adviser receives an annual investment advisory fee equal to 0.75% of the Fund's average daily net assets. The fee paid by the Fund, while higher than the advisory fee paid by certain other mutual funds, is comparable to fees paid by many 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 other expenses of the Fund, but reserves the right to terminate such waiver or reimbursement at any time at its sole discretion.

ADVISER'S BACKGROUND. The Adviser, a national bank headquartered in Atlanta, Georgia, is a wholly owned subsidiary of Bank South Corporation, a Georgia corporation which is a registered bank holding company. The Adviser serves consumers through its network of banking offices with a full range of deposit and lending products, as well as investment services. The principal executive offices of the Adviser are located at 55 Marietta Street, N.W., Atlanta, GA 30303.

The Adviser has managed discretionary assets for its customers since 1931. As of September 30, 1993 the Adviser managed in excess of \$1 billion of discretionary assets. Prior to the date hereof, the Adviser has not served as an investment adviser to mutual funds.

PORTFOLIO MANAGER. Mr. J.M. Johnston, Jr. is primarily responsible for the day-to-day management of the Fund's portfolio. Mr. Johnston began at the Adviser in September of 1992. Mr. Johnston directs the investment management of the employee benefit plans, fixed income fund, and personal trusts. He is also responsible for securities analysis for various industries.

Mr. Johnston began his investment career in 1981. Prior to his affiliation with the Bank, he spent six years with The Citizens & Southern National Bank, Atlanta, Georgia as a portfolio manager.

Mr. Johnston holds a Bachelor of Science degree from the University of Alabama and a Master of Business Administration in Finance from Georgia State University. He is a member of the Atlanta Society of Financial Analysts.

DISTRIBUTION OF FUND SHARES

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

DISTRIBUTION PLAN. Under a distribution plan (the "Plan") adopted in accordance with Securities and Exchange Commission ("SEC") Rule 12b-1 under the Investment Company Act of 1940, as amended, the Fund will pay an amount computed at an

annual rate of up to 0.75% of the average daily net asset value of the shares to finance any activity which is principally intended to result in the sale of shares subject to the Plan. Certain trust clients of the Bank, including ERISA plans, will not be affected by the Plan because the Plan will not be activated unless and until a second, "Trust" class of shares of the Fund (which would not have a Rule 12b-1 plan) is created and such trust clients' investments in the Fund are converted to such Trust class.

The Distributor may select other financial institutions (such as broker-dealers or banks) to provide sales support services as agents for their clients or customers who beneficially own shares. These financial institutions (including the Bank) will receive fees from the Distributor based upon shares subject to the Plan and owned by their clients or customers. The schedules of such fees and the basis upon which such fees will be paid will be determined from time to time by the Distributor.

The Fund's Plan is a compensation type plan. As such, the Fund pays the Distributor the fee described above as opposed to reimbursing the Distributor for actual expenses incurred. Therefore, the Fund does not pay for amounts expended by the Distributor in excess of amounts received by it from the Fund, which may include interest, carrying or other financing charges in connection with excess amounts expended, or the Distributor's overhead expenses. However, the Distributor may be able to recover such amounts or may earn a profit from future payments made by the Fund under the Plan.

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 capacities described above or should Congress relax current restrictions on depository institutions, the Trustees will consider appropriate changes in the services.

State securities laws on this issue may differ from the interpretations of federal law expressed herein and banks and financial institutions may be required to register as dealers pursuant to certain states' laws.

ADMINISTRATIVE ARRANGEMENTS. The Distributor may also pay administrators a fee based upon the average net asset value of shares of their customers invested in the Trust for providing administrative services. This fee, if paid, will be reimbursed by the Adviser and not the Trust.

ADMINISTRATION OF THE TRUST

ADMINISTRATIVE SERVICES. Federated Administrative Services, Pittsburgh, Pennsylvania, a subsidiary of Federated Investors, provides certain administrative personnel and services necessary to operate the Fund. Such services include certain legal and accounting services. Federated Administrative Services provides these at the annual rates specified below:

<TABLE>
<CAPTION>

MAXIMUM ADMINISTRATIVE FEE	AVERAGE AGGREGATE DAILY NET ASSETS OF THE TRUST
<C>	<S>
.150 of 1%	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 \$100,000 per Fund. Federated Administrative Services may voluntarily choose to waive a portion of its fee.

SHAREHOLDER SERVICES PLAN. The Fund has adopted a Shareholder Services Plan (the "Services Plan") with respect to the shares. Under the Services Plan, financial institutions will enter into shareholder service agreements with the Fund to provide administrative support services to their customers who from time to time may be owners of record or beneficial owners of the shares. In return for providing these support services, a financial institution may receive payments from the Fund at a rate not exceeding 0.25% of the average daily net assets of the shares beneficially owned by the financial institution's customers for whom it is holder of record or with whom it has a servicing relationship. These 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 Fund; assisting clients in changing dividend options, account designations, and addresses; and providing such other services as the Fund reasonably requests.

Certain trust clients of the Bank, including ERISA plans, will not be affected by the Services Plan because the Services Plan will not be activated unless and until a second, "Trust" class of shares of the Fund (which would not have a Services Plan) is created and such trust clients' investments in the Fund are converted to such Trust class.

CUSTODIAN. The Bank of New York, New York, New York 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 (the "Transfer Agent") for the shares of, 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 Ernst & Young, Pittsburgh, Pennsylvania.

EXPENSES OF THE FUND

The Fund pays all of its own expenses and its allocable share of the Trust's expenses. The expenses borne by the Fund include, but are not limited to, the cost 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 with federal and state securities authorities; taxes and commissions; issuing, purchasing, repurchasing, and redeeming shares; fees for custodians, transfer agents, dividend disbursing agents, shareholder servicing agents, and registrars; printing, mailing, auditing, accounting, and legal expenses; reports to shareholders and governmental 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

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

INVESTING IN THE FUND

SHARE PURCHASES

Fund shares are sold on days on which the New York Stock Exchange and the Federal Reserve Wire System are open for business. Fund shares may be purchased through the Bank. In connection with the sale of shares of the Fund, 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.

BY TELEPHONE. To place an order to purchase Fund shares, call the Bank South Mutual Funds Center toll free at 1-800-282-6680 extension 4550. Texas residents must purchase shares of the Fund through Bank South Securities Corporation at 404-521-7063. Your purchase order will be taken directly over the telephone. The order must be placed by 4:00 p.m. (Eastern time) for shares to be purchased at that day's price.

BY MAIL. Provide a letter of instruction to the Fund indicating your purchase order, including the dollar amount of your order, your account title and/or name, and your account number, and include a check made payable to the Fund.

PAYMENT BY CHECK. Mail to BankSouth Select Bond Fund, c/o Bank South Mutual Funds Center, MC 16, P.O. Box 4387, Atlanta, Georgia 30302.

PAYMENT BY WIRE. To purchase shares by Federal Wire, contact your account officer for wiring instructions. Wire orders will only be accepted on days on which the Fund, the Bank, and the Federal Reserve Banks are open for business.

MINIMUM INVESTMENT REQUIRED

The minimum initial investment in the Fund by an investor is \$1,000 (\$500 for IRAs). Subsequent investments must be in amounts of at least \$100. The Fund may choose to waive its minimum investment requirements from time to time and for accounts which select the Systematic Investment Program.

SYSTEMATIC INVESTMENT PROGRAM

Once an account has been opened, shareholders may add to their investment on a regular basis in a minimum amount of \$100, unless waived. Under this program, funds may be automatically withdrawn periodically from the shareholder's checking or other transaction deposit account and invested in Fund shares at the net asset value next determined after an order is received by the Bank, plus an applicable sales charge. A shareholder may apply for participation in this program through the Bank.

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 \$100,000	2.50%	2.56%
\$100,000 but less than \$250,000	2.00%	2.04%
\$250,000 but less than \$500,000	1.50%	1.52%
\$500,000 but less than \$750,000	1.00%	1.01%
\$750,000 but less than \$1,000,000	0.50%	0.50%
\$1,000,000 and more	0.00%	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 changes (if any) in the value of the Fund's portfolio securities do not materially affect its net asset value; (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, Martin Luther King Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans' Day, Thanksgiving Day and Christmas Day.

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

SALES CHARGE REALLOWANCE. The Bank and any authorized dealer or bank will normally receive up to 85% of the applicable sales charge as a transaction fee from its customers, and for sales and/or administrative services performed on behalf of its customers in connection with the initiation of customer accounts and purchases of Fund shares. Any portion of the sales charge which is not paid to the Bank or a dealer will be retained by the Distributor. However, the Distributor, in its sole discretion, may uniformly offer to permit all dealers and other institutions selling shares of the Fund, to receive all or a portion of the amount the Distributor normally retains as a sales charge. If accepted by the dealer, such additional payments may be in the form of cash or other promotional incentives, and will be predicated upon the amount of shares of the Fund or other BankSouth Select Funds sold by the dealer or other institution.

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;
- using the reinvestment privilege; or
- concurrent purchases.

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 \$90,000 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 2.00%, not 2.50%.

To receive the sales charge reduction, the Bank 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 2.50% 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 the shareholder 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.

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. The Bank 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 his shares in the Fund, there may be tax consequences.

CONCURRENT PURCHASES. For purposes of qualifying for a sales charge reduction, a shareholder has the privilege of combining concurrent purchases of two or more funds in the Trust, the purchase price of which includes a sales charge. For example, if a shareholder concurrently invested \$30,000 in one of the other funds in the Trust with a sales charge and \$70,000 in this Fund, the sales charge would be reduced.

To receive this sales charge reduction, the Distributor must be notified by the shareholder in writing or by the Bank at the time the concurrent purchases are made. The Fund will reduce the sales charge after it confirms the purchases. See "What Shares Cost" and "Addresses".

CERTIFICATES AND CONFIRMATIONS

The Transfer Agent for the Fund maintains a share account for each shareholder of record. Share certificates are not issued unless requested in writing from the Fund or the Transfer Agent.

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 daily and paid monthly to all shareholders invested in the Fund on the record date.

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 a shareholder makes written request for cash payments to the Fund or the Bank.

PURCHASING FUND SHARES WITH SECURITIES

The Fund in its sole discretion, may sell Fund shares to investors that desire to purchase Fund shares with certain securities or a combination of certain securities and cash. The Fund reserves the right to determine the acceptability of securities used to effect such purchases. On the day securities are accepted by the Fund, they are valued based upon independent bid and in the same manner as the Fund values its assets. Investors wishing to use securities to purchase Fund shares should first contact the Bank. Any such transfer of securities is treated as a sale of the securities and will result in the recognition of any gain or loss for federal income tax purposes by the seller of such securities, except to the extent the seller is an ERISA plan or similar entity not subject to tax.

EXCHANGE PRIVILEGE

BANKSOUTH SELECT FUNDS

All shareholders of the Fund are shareholders of BankSouth Select Funds. BankSouth Select Funds currently include the Fund, BankSouth Select Equity Fund, BankSouth Select Georgia Tax-Free Income Fund, BankSouth Select Prime Money Market Fund, and BankSouth Select Government Money Market Fund. Shareholders

have easy access to each of the portfolios of BankSouth Select Funds through a telephone exchange program. All BankSouth Select Funds are advised by the Bank and distributed by the Distributor.

Shareholders may exchange shares of the Fund for shares of the other BankSouth Select Funds in the Trust. In addition, shares of the Fund may also be exchanged for certain other funds designated by the Bank which are distributed by the Distributor, but are not advised by the Bank ("Federated Funds"). For further information on the availability of Federated Funds for exchanges, please call the Bank South Mutual Funds Center at 1-800-282-6680 extension 4550. Shares of funds with a sales charge may be exchanged at net asset value for shares of other funds with an equal sales charge or no sales charge. Shares of funds with a sales charge may be exchanged for shares of funds with a higher sales charge at net asset value, plus the additional sales charge. Shares of funds with no sales charge, whether acquired by direct purchase, reinvestment of dividends on such shares, or otherwise, may be exchanged for shares of funds with a sales charge at net asset value, plus the applicable sales charge.

When an exchange is made from a fund with a sales charge to a fund with no sales charge, the shares exchanged and additional shares which have been purchased by reinvesting dividends or capital gains on such shares retain the character of the exchanged shares for purposes of exercising further exchange privileges; thus, an exchange of such shares for shares of a fund with a sales charge would be at net asset value.

Shareholders who exercise this exchange privilege must exchange shares having a net asset value of at least \$1,000. Prior to any exchange, the shareholder must receive a copy of the current prospectus of the fund into which an exchange is to be effected.

The exchange privilege is available to shareholders residing in any state in which the fund shares being acquired may legally be sold. Upon receipt of proper instructions and all necessary supporting documents, shares submitted for exchange will be redeemed at the next-determined net asset value for the applicable fund. Written exchange instructions may require a signature guarantee. Exercise of this privilege is treated as a sale for federal income tax purposes and, depending on the circumstances, a short or long-term capital gain or loss may be realized.

The Fund reserves the right to terminate the exchange privilege at any time on 60 days notice. Shareholders will be notified if this privilege is terminated. A shareholder may obtain further information on the exchange privilege by calling the Bank at 1-800-282-6680 extension 4550.

BY TELEPHONE. Instructions for exchanges between funds which are part of the Trust may be given by telephone to the Bank South Mutual Funds Center at 1-800-282-6680 extension 4550; or to the Distributor. Shares may be exchanged by telephone only between fund accounts having identical shareholder registrations.

Any shares held in certificate form cannot be exchanged by telephone but must be forwarded to the Fund's Transfer Agent by the Bank and deposited to the shareholder's mutual fund account before being exchanged. See "Addresses".

An authorization form permitting the Fund to accept telephone exchanges must first be completed. It is recommended that investors request this privilege at the time of their initial application. If not completed at the time of initial application, authorization forms and information regarding this service are available from the Bank. Telephone exchange 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.

Telephone exchange instructions must be received before 4:00 p.m. (Eastern time) for shares to be exchanged the same day. The telephone exchange privilege may be modified or terminated at any time. Shareholders will be notified of such modification or termination. Shareholders may have difficulty in making exchanges by telephone through the Bank during times of drastic economic or market changes. If a shareholder cannot contact the Bank by telephone, it is recommended that an exchange request be made in writing and sent by overnight mail to BankSouth Select Funds, 55 Marietta Street N.W., Atlanta, Georgia 30303.

REDEEMING SHARES

The Fund redeems shares at their net asset value next determined after the Bank 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 and can be made through the Bank or directly to the Fund.

BY TELEPHONE. A shareholder may redeem shares of the Fund by contacting his account officer or by calling the Bank South Mutual Funds Center to request the redemption. (Call 1-800-282-6680 extension 4550.) Shares will be redeemed at the net asset value next determined after the Fund receives the redemption request

from the Bank. Redemption requests to the Bank must be received before 4:00 p.m. (Eastern time) in order for shares to be redeemed at that day's net asset value, and the Bank will promptly submit such redemption requests and provide written redemption instructions to the Fund. If, at any time, the Fund should determine it necessary to terminate or modify this method of redemption, shareholders would be promptly notified.

An authorization form permitting the Fund to accept telephonic redemption requests must first be completed. It is recommended that investors request this privilege at the time of their initial application.

If not completed at the time of initial application, authorization forms and information on this service are available from the Bank. 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.

A shareholder may have the redemption proceeds directly deposited by electronic funds transfer or wired directly to a domestic commercial bank previously designated by the shareholder. Wire redemption orders will only be accepted on days on which the Fund, the Bank and the Federal Reserve Wire System are open for business. Wire-transferred redemptions may be subject to an additional fee.

In the event of extraordinary 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 your account officer at the Bank.

BY MAIL. Shareholders may redeem shares by sending a written request to the Bank. 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 to the Bank. Shareholders should call the Bank for assistance in redeeming shares by mail.

SIGNATURES. Shareholders requesting a redemption of \$50,000 or more, a redemption requesting payment to an address other than that on record with the Fund, or other than to the shareholder of record must make written redemption requests with signatures guaranteed by:

a trust company or commercial bank whose deposits are insured by the FDIC's BIF;

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 FDIC's SAIF; or

any other "eligible guarantor institution," as defined in the Securities Exchange Act of 1934, as amended.

The Fund does not accept signatures guaranteed by a notary public.

The Fund and its Transfer Agent have adopted standards for accepting signature guarantees from the above institutions. The Fund may elect in the future to limit eligible signature guarantors to institutions that are members of a signature guarantee program. The Fund and its Transfer Agent reserve the right to amend these standards at any time without notice.

RECEIVING PAYMENT. Normally, a check for the proceeds is mailed to the shareholder within one business day, but in no event more than seven calendar days, after receipt of a proper written redemption request, provided that the Transfer Agent has received payment for shares from the shareholder.

REDEMPTION BEFORE PURCHASE INSTRUMENTS CLEAR

When shares are purchased by check or through an Automated Clearing House ("ACH"), the proceeds from the redemption of those shares are not available, and the shares may not be exchanged, until the Bank is reasonably certain that the check or clearing house funds have cleared, which could take up to 10 calendar days.

SYSTEMATIC WITHDRAWAL PROGRAM

Shareholders who desire to receive payments of a predetermined amount may take advantage of the Systematic Withdrawal Program. Under this program, Fund shares are redeemed to provide for periodic withdrawal payments in an amount directed by the shareholder. Depending upon the amount of the withdrawal payments and the

amount of dividends paid with respect to Fund shares, redemptions may reduce, and eventually deplete, the shareholder's investment in the Fund. For this reason, payments under this program should not be considered as yield or income on the shareholder's investment in the Fund. To be eligible to participate in this program, a shareholder must have an account value of at least \$10,000. A shareholder may apply for participation in this program through the Bank.

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, due to shareholder redemptions, the account balance falls below the required minimum of \$1,000.

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

VOTING RIGHTS

Each share of the Fund entitles shareholders to one vote in Trustee elections and other matters submitted to shareholders of the Trust for vote. All shares of each portfolio in the Trust have equal voting rights except that, in matters affecting only a particular Fund, only shareholders of that Fund are entitled to vote. As a Massachusetts business trust, the Trust is not required to hold annual shareholder meetings. Shareholder approval will be sought only for certain changes in the Trust's or the Fund's operation and for the election of Trustees under certain circumstances.

Any Trustee may be removed by the Board or by the shareholders at a special meeting. A special meeting of the shareholders shall be called by the Trustees upon the written request of shareholders owning at least 10% of the Trust's outstanding shares.

MASSACHUSETTS PARTNERSHIP LAW

Under certain circumstances, shareholders may be held personally liable as partners under Massachusetts law for acts or obligations of the Trust. To protect shareholders, the Trust has filed legal documents with Massachusetts that expressly disclaim the liability of shareholders 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 the Trust or its Trustees enter into or sign on behalf of the Fund.

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

EFFECT OF BANKING LAWS

Banking laws and regulations presently prohibit a bank holding company registered under the federal Bank Holding Company Act of 1956, as amended or any affiliate thereof from sponsoring, organizing, controlling, or distributing the shares of a registered, open-end investment company continuously engaged in the issuance of its shares, and prohibit banks generally from underwriting or distributing securities. However, such banking laws and regulations do not prohibit such a holding company affiliate or bank generally from acting as investment adviser, transfer agent, or custodian to such an investment company or from acting as agent for their customers in purchasing securities. The Fund's Adviser, the Bank, is subject to such banking laws and regulations.

The Bank believes, based on the advice of its counsel, that it may perform the 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 affiliates, as well as further judicial or administrative decisions or interpretations of present or future statutes and regulations, could prevent the Bank from continuing to perform all or a part of the above services for its customers and/or the Fund. If it were prohibited from engaging in these customer-related activities, the Trustees would consider alternative advisers and means of continuing available investment services. In such event, changes in the operation of the Fund may occur, including possible termination of any automatic or other Fund share investment and redemption services then being provided by the Bank. It is not

expected that existing shareholders would suffer any adverse financial consequences (if another adviser with equivalent abilities to the Bank 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 intends to meet requirements of the Internal Revenue Code applicable to regulated investment companies and to receive the special tax treatment afforded to such companies. The Fund will be treated as a single, separate entity for federal income tax purposes so that income (including capital gains) and losses realized by the Trust's other portfolios will not be combined for tax purposes with those realized by the Fund.

Unless otherwise exempt, shareholders are required to pay federal income tax on any dividends and other distributions received. This applies whether dividends and distributions are received in cash or as additional shares.

STATE AND LOCAL TAXES

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 may advertise its total return and yield.

Total return represents the change, over a specified period of time, in the value of an investment in the Fund 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 each day by dividing the net investment income per share (as defined by the SEC) earned by the Fund over a 30-day period by the maximum offering price per share of the Fund on the last day of the period. This number is then annualized using semi-annual compounding. The yield does not necessarily reflect income actually earned by the Fund and, therefore, may not correlate to the dividends or other distributions paid to shareholders.

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

ADDRESSES

<TABLE>		
<S>	<C> BankSouth Select Bond Fund	<C> Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779

Distributor	Federated Securities Corp.	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
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Investment Adviser	Bank South, N.A.	MC 16 P.O. Box 4387 Atlanta, Georgia 30302
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Custodian	The Bank of New York	48 Wall Street New York, New York 10286
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Transfer Agent, Dividend Disbursing Agent, and Portfolio Accounting Services	Federated Services Company	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
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Legal Counsel	Houston, Houston & Donnelly	2510 Centre City Tower Pittsburgh, Pennsylvania 15222
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Legal Counsel

Dickstein, Shapiro & Morin

2101 L Street, N.W.
Washington, D.C. 20037

Independent Auditors

Ernst & Young

One Oxford Centre
Pittsburgh, Pennsylvania 15219

</TABLE>

BANKSOUTH SELECT BOND FUND
PROSPECTUS

A Diversified Portfolio of
BankSouth Select Funds, an Open-End
Management Investment Company
(a Mutual Fund)

January 7, 1994
[LOGO]
Bank South, N.A.
Investment Adviser
55 Marietta Street, N.W.

(Logo)
Federated Securities Corp.
Distributor
A subsidiary of Federated Investors
Federated Investors Tower
Pittsburgh, PA 15222-3779

3092205A (1/94)

BANKSOUTH SELECT BOND FUND
(A PORTFOLIO OF BANKSOUTH SELECT FUNDS)
STATEMENT OF ADDITIONAL INFORMATION

This Statement of Additional Information should be read with the prospectus of BankSouth Select Bond Fund (the "Fund") dated January 7, 1994. This Statement is not a prospectus itself. To receive a copy of the prospectus, call the Bank South, N.A. (the "Bank") Mutual Funds Center at 1-800-282-6680 extension 4550.

SHARES OF THE FUND ARE NOT DEPOSITS OR OTHER OBLIGATIONS OF, AND ARE NOT ISSUED, ENDORSED OR GUARANTEED BY THE BANK OR ANY OF ITS AFFILIATES. SUCH SHARES ARE NOT ISSUED, INSURED OR GUARANTEED BY THE U.S. GOVERNMENT, THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD OR ANY OTHER GOVERNMENT AGENCY. AN INVESTMENT IN THE FUND INVOLVES CERTAIN RISKS, INCLUDING POSSIBLE LOSS OF PRINCIPAL.

THE BANK IS INVESTMENT ADVISER TO THE FUND. THE FUND IS DISTRIBUTED BY FEDERATED SECURITIES CORP., WHICH IS NOT AFFILIATED WITH THE BANK.

Statement dated January 7, 1994

FEDERATED SECURITIES CORP.

Distributor
FEDERATED INVESTORS TOWER
PITTSBURGH, PENNSYLVANIA 15222-3779

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 GENERAL INFORMATION ABOUT THE FUND	 -----

BankSouth Select Bond Fund (the "Fund") is a portfolio in BankSouth Select Funds

(the "Trust"), which was established as a Massachusetts business trust under a Declaration of Trust dated as of September 22, 1993, as amended and restated dated December 20, 1993.

INVESTMENT OBJECTIVE AND POLICIES

The Fund's investment objective is to achieve current income. The investment objective cannot be changed without approval of shareholders.

TYPES OF INVESTMENTS

The Fund invests primarily in investment grade bonds and other fixed income securities which include:

domestic issues of corporate debt obligations (rated Baa or better by Moody's Investors Service, Inc., or BBB or better by Standard & Poor's Corporation, Fitch Investors Service, Inc. or Duff & Phelps Credit Rating Co.);

obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities;

mortgage-backed securities, which represent an undivided interest in a pool of residential or other mortgages or may be collateralized by a pool of residential mortgages;

asset-backed securities, which are obligations of trusts or special purpose corporations that directly or indirectly represent a participation in, or are secured by and payable from various types of assets, principally loans, leases and other receivables and may include asset-backed commercial paper; and

CMOs, which are issued by single-purpose stand-alone finance subsidiaries or trusts, government agencies, investment banks, or companies related to the construction industry.

REPURCHASE AGREEMENTS

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

REVERSE REPURCHASE AGREEMENTS

The Fund may also enter into reverse repurchase agreements. These transactions are similar to borrowing cash and pledging securities as collateral. In a reverse repurchase agreement, the Fund transfers possession of a portfolio instrument to another person, such as a financial institution or broker-dealer, in return for a percentage of the instrument's market value in cash, and agrees that on a stipulated date in the future the Fund will repurchase the portfolio instrument by remitting the original consideration, plus interest at an agreed upon rate. The use of reverse repurchase agreements may enable the Fund to avoid selling portfolio instruments at a time when a sale may be deemed to be disadvantageous, but the ability to enter into reverse repurchase agreements does not ensure that the Fund will be able to avoid selling portfolio instruments at a disadvantageous time.

When effecting reverse repurchase agreements, liquid assets of the Fund, in a dollar amount sufficient to make payment for the obligations to be purchased, are segregated at the trade date. These securities are marked to market daily and are maintained until the transaction is settled.

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 its investment objective and policies, not for investment leverage. 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.

These transactions are made to secure what is considered to be an advantageous price or yield for the Fund. Settlement dates may be a month or more after entering into these transactions, and the market values of the securities purchased may vary from the purchase prices. No fees or other expense, other than normal transaction costs, are incurred. However, liquid assets of the Fund sufficient to make payment for the securities to be purchased are segregated on the Fund's records at the trade date. These securities are marked to market daily and are maintained until the transaction is settled.

As a matter of policy, the Fund does not intend to engage in when-issued and delayed delivery transactions to an extent that would cause the segregation of more than 20% of the total value of its assets at any time.

FUTURES AND OPTIONS TRANSACTIONS

As a means of reducing fluctuations in the net asset value of shares of the Fund, the Fund may attempt to hedge all or a portion of its portfolio by buying and selling financial futures contracts, buying put options on portfolio securities and listed put options on futures contracts, and writing call options on futures contracts. The Fund may also write covered call options on portfolio securities to attempt to increase its current income. The Fund will maintain its positions in securities, option rights, and segregated cash subject to puts and calls until the options are exercised, closed, or have expired. An option position on financial futures contracts may be closed out only on an exchange which provides a secondary market for options of the same series.

FINANCIAL FUTURES CONTRACTS

A futures contract is a firm commitment by two parties: the seller who agrees to make delivery of the specific type of security called for in the contract ("going short") and the buyer who agrees to take delivery of the security ("going long") at a certain time in the future.

In the fixed income securities market, price moves inversely to interest rates. A rise in rates means a drop in price. Conversely, a drop in rates means a rise in price. In order to hedge its holdings of fixed income securities against a rise in market interest rates, the Fund could enter into contracts to deliver securities at a predetermined price (i.e., "go short") to protect itself against the possibility that the prices of its fixed income securities may decline during the Fund's anticipated holding period. The Fund could "go long" (agree to purchase securities in the future at a predetermined price) to hedge against a decline in market interest rates.

PUT OPTIONS ON FINANCIAL FUTURES CONTRACTS

The Fund may purchase exchange listed put options on financial futures contracts. Unlike entering directly into a futures contract, which requires the purchaser to buy a financial instrument on a set date at a specified price, the purchase of a put option on a futures contract entitles (but does not obligate) its purchaser to decide on or before a future date whether to assume a short position at the specified price.

Generally, if the hedged portfolio securities decrease in value during the term of an option, the related futures contracts will also decrease in value and the option will increase in value. In such an event, the Fund will normally close out its option by selling an identical option. If the hedge is successful, the proceeds received by the Fund upon the sale of the second option will be large enough to offset both the premium paid by the Fund for the original option plus the decrease in value of the hedged securities.

Alternatively, the Fund may exercise its put option to close out the position. To do so, it would simultaneously enter into a futures contract of the type underlying the option (for a price less than the strike price of the option) and exercise the option. The Fund would then deliver the futures contract in return for payment of the strike price. If the Fund neither closes out nor exercises an option, the option will expire on the date provided in the option contract, and only the premium paid for the contract will be lost.

CALL OPTIONS ON FINANCIAL FUTURES CONTRACTS

In addition to purchasing put options on futures, the Fund may write exchange listed call options on futures contracts to hedge its portfolio. When the Fund writes a call option on a futures contract, it is undertaking the obligation of assuming a short futures position (selling a futures contract) at the fixed strike price at any time during the life of the option if the option is exercised. As market interest rates rise, causing the prices of futures to go down, the Fund's obligation under a call option on a future (to sell a futures contract) costs less to fulfill, causing the value of the Fund's call option position to increase.

In other words, as the underlying futures price goes down below the strike

price, the buyer of the option has no reason to exercise the call, so that the Fund keeps the premium received for the option. This premium can substantially offset the drop in value of the Fund's fixed income or indexed portfolio which is occurring as interest rates rise.

Prior to the expiration of a call written by the Fund, or exercise of it by the buyer, the Fund may close out the option by buying an identical option. If the hedge is successful, the cost of the second option will be less than the premium received by the Fund for the initial option. The net premium income of the Fund will then substantially offset the decrease in value of the hedged securities.

The Fund will not maintain open positions in futures contracts it has sold or call options it has written on futures contracts if, in the aggregate, the value of the open positions (marked to market) exceeds the current market value of its securities portfolio plus or minus the unrealized gain or loss on those open positions, adjusted for the correlation of volatility between the hedged securities and the futures contracts. If this limitation is exceeded at any time, the Fund will take prompt action to close out a sufficient number of open contracts to bring its open futures and options positions within this limitation.

"MARGIN" IN FUTURES TRANSACTIONS

Unlike the purchase or sale of a security, the Fund does not pay or receive money upon the purchase or sale of a futures contract. Rather, the Fund is required to deposit an amount of "initial margin" in cash or U.S. Treasury bills with its custodian (or the broker, if legally permitted). The nature of initial margin in futures transactions is different from that of margin in securities transactions in that initial margin in futures transactions does not involve the borrowing of funds by the Fund to finance the transactions. Initial margin is in the nature of a performance bond or good faith deposit on the contract which is returned to the Fund upon termination of the futures contract, assuming all contractual obligations have been satisfied.

A futures contract held by the Fund is valued daily at the official settlement price of the exchange on which it is traded. Each day the Fund pays or receives cash, called "variation margin," equal to the daily change in value of the futures contract. This process is known as "marking to market." Variation margin does not represent a borrowing or loan by the Fund but is instead settlement between the Fund and the broker of the amount one would owe the other if the futures contract expired. In computing its daily net asset value, the Fund will mark to market its open futures positions.

The Fund is also required to deposit and maintain margin when it writes call options on futures contracts.

PURCHASING PUT OPTIONS ON PORTFOLIO SECURITIES

The Fund may purchase put options on portfolio securities to protect against price movements in particular securities in its portfolio. A put option gives the Fund, in return for a premium, the right to sell the underlying security to the writer (seller) at a specified price during the term of the option.

WRITING COVERED CALL OPTIONS ON PORTFOLIO SECURITIES

The Fund may also write covered call options to generate income. As writer of a call option, the Fund has the obligation upon exercise of the option during the option period to deliver the underlying security upon payment of the exercise price. The Fund may only sell call options either on securities held in its portfolio or on securities which it has the right to obtain without payment of further consideration (or has segregated cash in the amount of any additional consideration).

RISKS

When the Fund uses financial futures and options on financial futures as hedging devices, there is a risk that the prices of the securities subject to the futures contracts may not correlate perfectly with the prices of the securities in the Fund's portfolio. This may cause the futures contract and any related options to react differently than the portfolio securities to market changes. In addition, the Fund's investment adviser could be incorrect in its expectations about the direction or extent of market factors, such as interest rate movements. In these events, the Fund may lose money on the futures contract or option.

It is not certain that a secondary market for positions in futures contracts or for options will exist at all times. Although the investment adviser will consider liquidity before entering into options transactions, there is no assurance that a liquid secondary market on an exchange or otherwise will exist for any particular futures contract or option at any particular time. The Fund's ability to establish and close out futures and options positions depends on this secondary market.

RESTRICTED AND ILLIQUID SECURITIES

The ability of the Trustees to determine the liquidity of certain restricted securities is permitted under a Securities and Exchange Commission ("SEC") Staff position set forth in the adopting release for SEC Rule 144A ("Rule 144A") under the Securities Act of 1933, as amended (the "1933 Act"). Rule 144A is a nonexclusive safe-harbor for certain secondary market transactions that provides an exemption from registration for resales of otherwise restricted securities to qualified institutional buyers. Rule 144A was expected to further enhance the liquidity of the secondary market for securities eligible for resale under Rule 144A. The Fund believes that the Staff of the SEC has left the question of determining the liquidity of all restricted securities to the Trustees. The Trustees consider the following criteria in determining the liquidity of certain restricted securities:

the frequency of trades and quotes for the security;

the number of dealers willing to purchase or sell the security and the number of other potential buyers;

dealer undertakings to make a market in the security; and

the nature of the security and the nature of the marketplace trades.

LENDING OF PORTFOLIO SECURITIES

The collateral received when the Fund lends portfolio securities must be valued daily and, should the market value of the loaned securities increase, the borrower must furnish additional collateral to the Fund. During the time portfolio securities are on loan, the borrower pays the Fund any dividends or interest paid on such securities. Loans are subject to termination at the option of the Fund or the borrower. The Fund may pay reasonable administrative and custodial fees in connection with a loan and may pay a negotiated portion of the interest earned on the cash or equivalent collateral to the borrower or placing broker.

The Fund would not have the right to vote securities on loan, but would terminate the loan and regain the right to vote if that were considered important with respect to the investment.

WEIGHTED AVERAGE PORTFOLIO MATURITY

The Fund will determine its dollar-weighted average portfolio maturity by assigning a "weight" to each portfolio security based upon the pro rata market value of such portfolio security in comparison to the market value of the entire portfolio. The remaining maturity of each portfolio security is then multiplied by its weight, and the results are added together to determine the weighted average maturity of the portfolio. For purposes of calculating its dollar-weighted average portfolio maturity, the Fund will treat variable and floating rate instruments as having a remaining maturity commensurate with the period remaining until the next scheduled adjustment to the instrument's interest rate. The Fund limits its dollar-weighted average maturity to 15 years or less.

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, under normal market conditions, will result in its annual rate of portfolio turnover exceeding 200%.

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 are necessary for the clearance of purchases and sales of securities. The deposit or payment by the Fund of initial or variation margin in connection with financial futures contracts or related options transactions is not considered the purchase of a security on margin.

ISSUING SENIOR SECURITIES AND BORROWING MONEY

The Fund will not issue senior securities except that the Fund may borrow money directly or through reverse repurchase agreements in amounts up to one-third of the value of its total assets, including the amounts borrowed, and except to the extent that the Fund may enter into futures contracts. The Fund will not borrow money or engage in reverse repurchase agreements 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 any assets except to secure permissible borrowings. In those cases, it may pledge assets having a market value not exceeding the lesser of the dollar amounts borrowed or 15% of the value of total assets at the time of the pledge. For purposes of this limitation, the following are not deemed to be pledges: margin deposits for the purchase and sale of financial futures contracts and related options, and segregation or collateral arrangements made in connection with options activities or the purchase of securities on a when-issued basis.

DIVERSIFICATION OF INVESTMENTS

With respect to securities comprising 75% of the value of its total assets, the Fund will not purchase securities of any one issuer (other than cash, cash items or securities issued or guaranteed by the government of the United States or its agencies or instrumentalities and repurchase agreements collateralized by such securities) if, as a result, more than 5% of the value of its total assets would be invested in the securities of that issuer. (For purposes of this limitation, the Fund considers certificates of deposit and demand and time deposits issued by a U.S. branch of a domestic bank having capital, surplus, and undivided profits in excess of \$100,000,000 at the time of investment to be "cash items.") Also, the Fund will not acquire more than 10% of the outstanding voting securities of any one issuer.

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. However, the Fund may at times invest 25% or more of the value of its total assets in securities issued or guaranteed by the U.S. government and its agencies or instrumentalities.

INVESTING IN COMMODITIES

The Fund will not purchase or sell commodities, commodity contracts, or commodity futures contracts except that the Fund may purchase put options on portfolio securities and on financial futures contracts and related options as a hedging strategy and not for speculative purposes. In addition, the Fund reserves the right to hedge the portfolio by entering into financial futures contracts and to sell calls on financial futures contracts. The Fund will notify shareholders before such a change in its operating policies is implemented.

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 which the Fund may purchase pursuant to its investment objective, policies, and limitations.

INVESTING IN REAL ESTATE

The Fund will not purchase or sell real estate, including limited partnership interests, although it may invest in the securities of companies whose business involves the purchase or sale of real estate or in securities which are secured by real estate or which represent interests in real estate.

LENDING CASH OR SECURITIES

The Fund will not lend any of its assets except portfolio securities up to 50% of the value of its total assets. This shall not prevent the Fund from purchasing or holding U.S. government obligations, money market instruments, variable rate demand notes, bonds, debentures, notes, certificates of indebtedness, or other debt securities, entering into repurchase agreements, or engaging in other transactions where permitted by the Fund's investment objective, policies, and limitations or the Trust's Declaration of Trust.

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

INVESTING IN NEW ISSUERS

The Fund will not invest more than 5% of the value of its total assets in securities of issuers which have records of less than three years of continuous operations, including the operations of any predecessor.

INVESTING IN SECURITIES OF OTHER INVESTMENT COMPANIES

The Fund will limit its investment in other investment companies to no more than 3% of the total outstanding voting stock of any investment company, will not 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 the aggregate. However, these limitations are not applicable if the securities are acquired in a merger, consolidation, or acquisition of assets.

INVESTING IN RESTRICTED SECURITIES

The Fund will not purchase restricted securities if immediately thereafter more than 10% of the total assets of the Fund, taken at market value, would be invested in such securities (except for commercial paper issued under Section 4(2) of the 1933 Act). See "Restricted and Illiquid Securities".

INVESTING IN ILLIQUID SECURITIES

The Fund will not invest more than 15% of the value of its net assets in illiquid securities, including repurchase agreements providing for settlement more than seven days after notice, over-the-counter options, and certain restricted securities not determined by the Trustees to be liquid. See "Restricted and Illiquid Securities".

INVESTING IN MINERALS

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

PURCHASING SECURITIES TO EXERCISE CONTROL

The Fund will not purchase securities of a company for the purpose of exercising control or management.

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

The Fund will not purchase or retain the securities of any issuer if the officers and Trustees of the Trust or its investment adviser owning individually more than 0.50% of the issuer's securities together own more than 5% of the issuer's securities.

WRITING COVERED CALL OPTIONS

The Fund will not write call options on securities unless the securities are held in the Fund's portfolio or unless the Fund is entitled to them in deliverable form without further payment or after segregating cash in the amount of any further payment.

INVESTING IN PUT OPTIONS

The Fund will not purchase put options on securities unless the securities are held in the Fund's portfolio and not more than 5% of the value of the Fund's net assets would be invested in premiums on open put option positions.

The Fund has no present intention to borrow money in excess of 5% of the total value of its net assets during its first fiscal year. The Fund has no present intention of investing more than 5% of its net assets in foreign securities or options and fixtures.

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.

Each fund of the Trust has the ability to issue more than one class of shares. The Fund does not consider the issuance of separate classes of shares to constitute an issue of "senior securities" within the meaning of the investment limitations set forth below.

To comply with registration requirements in certain states, the Fund (1) will

limit the aggregate value of the assets underlying covered call options or put options written by the Fund to not more than 25% of its net assets, (2) will limit the premiums paid for options purchased by the Fund to 20% of its net assets, and (3) will limit the margin deposits on futures contracts entered into by the Fund to 5% of its net assets. (If state requirements change, these restrictions may be revised without shareholder notification.)

BANKSOUTH SELECT FUNDS MANAGEMENT

OFFICERS AND TRUSTEES

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

<TABLE> <CAPTION>	POSITIONS WITH THE TRUST <C>	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS <C>
NAME AND ADDRESS <S> 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 of the Trust.
John T. Conroy, Jr. Wood/IPC Commercial Department John R. Wood and Associates, Inc., Realtors 3255 Tamiami Trail North Naples, FL	Trustee	President, Investment Properties Corporation; Senior Vice-President, John R. Wood and Associates, Inc., Realtors; President, Northgate Village Development Corporation; General Partner or Trustee in private real estate ventures in Southwest Florida; Director, Trustee or Managing General Partner of the Funds; formerly President, Naples Property Management, Inc.
William J. Copeland One PNC Plaza-23rd Floor Pittsburgh, PA	Trustee	Director and Member of the Executive Committee, Michael Baker, Inc. (an engineering firm); 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 or Director of some of the Funds; Vice President and Treasurer of the Funds.
Peter E. Madden 225 Franklin Street Boston, MA	Trustee	Consultant; State Representative, Commonwealth of Massachusetts; Director, Trustee, or Managing General Partner of the Funds; formerly, President, State Street Bank and Trust Company and State Street Boston Corporation and Trustee, Lahey Clinic Foundation, Inc.
Gregor F. Meyer 5916 Penn Mall Pittsburgh, PA	Trustee	Attorney-at-law; Partner, Meyer and Flaherty; Chairman, Meritcare, Inc.; Director, Eat'N Park Restaurants, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Vice Chairman, Horizon Financial, F.A.
Wesley W. Posvar 1202 Cathedral of Learning University of Pittsburgh	Trustee	Professor, Foreign Policy and Management Consultant; Trustee, Carnegie Endowment for International Peace and 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

Pittsburgh, PA

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.

Charles L. Davis, Jr.
Federated Investors Tower
Pittsburgh, PA

Vice President
and Assistant
Treasurer

Vice President, Federated Administrative Services; Vice President and Assistant Treasurer of some of the Funds; formerly Vice President and Director of Investor Relations, MNC Financial, Inc. and Vice President, Product Management, MNC Financial, Inc.

J. Christopher Donahue
Federated Investors Tower
Pittsburgh, PA

Vice President

President and Trustee, Federated Investors; Trustee, Federated Advisers, Federated Management, and Federated Research; Trustee, Federated Services Company; President and Director, Federated Administrative Services; 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
Secretary

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; Executive Vice President and Director, 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.

</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 Board's Executive Committee. The Executive Committee of the Board of Trustees handles various of the delegable responsibilities of the Board of Trustees between meetings of the Board.

THE FUNDS

"The Funds" and "Funds" mean the following investment companies: A.T. Ohio Tax-Free Money Fund; American Leaders Fund, Inc.; Annuity Management Series; Automated Cash Management Trust; Automated Government Money Trust; The Boulevard Funds; California Municipal Cash Trust; Cash Trust Series, Inc.; Cash Trust Series II; DG Investor Series; Edward D. Jones & Co. Daily Passport Cash Trust; FT Series, Inc.; Federated ARMS Fund; Federated Exchange Fund, Ltd.; Federated GNMA Trust; Federated Government Trust; Federated Growth Trust; Federated High Yield Trust; Federated Income 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-Intermediate Municipal 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; 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; Money Market Obligations; Money Market Trust; Municipal Securities Income Trust; New York Municipal Cash Trust; 111 Corcoran Funds; The Planters Funds; Portage Funds; RIMCO Monument Funds; The Shawmut Funds; Short-Term Municipal Trust; Signet Select Funds; Star Funds; The Starburst Funds; The Starburst Funds II; Stock and Bond Fund, Inc.; Sunburst Funds; Targeted Duration Trust; Tax-Free Instruments Trust; Trademark Funds; Trust for Financial Institutions; Trust for Government Cash Reserves; Trust for Short-Term U.S. Government Securities; and Trust for U.S. Treasury Obligations.

FUND OWNERSHIP

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

TRUSTEE LIABILITY

BankSouth Select Funds' Declaration of Trust provides that the Trustees are not liable for errors of judgment or mistakes of fact or law. However, they are not protected against any liability to which they would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of their office.

INVESTMENT ADVISORY SERVICES

ADVISER TO THE FUND

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

ADVISORY FEES

For its advisory services, the Adviser receives an annual investment advisory fee as described in the Prospectus.

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 2.50% per year of the first \$30 million of average net assets, 2.00% per year of the next \$70 million of average net assets, and 1.50% per year of the remaining average net assets, the Adviser will reimburse the Fund for its expenses over the limitation.

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

This arrangement is not part of the advisory contract and may be amended or rescinded in the future.

ADMINISTRATIVE SERVICES

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 Trust, 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.

BROKERAGE TRANSACTIONS

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 utilize those who are recognized dealers in specific portfolio instruments, except when a better price and execution of the order can be obtained elsewhere. The Adviser makes decisions on portfolio transactions and selects brokers and dealers subject to review by the 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.

PURCHASING SHARES

Shares are sold at their offering price on days on which the New York Stock Exchange and Federal Reserve Wire System are open for business. The procedure for purchasing shares of the Fund is explained in the prospectus under "Investing in the Fund."

ADMINISTRATIVE ARRANGEMENTS

The administrative services include, but are not limited to, providing office space, equipment, telephone facilities, and various personnel, including clerical, supervisory, and computer, as is necessary or beneficial to establish and maintain shareholders' accounts and records, process purchase and redemption transactions, process automatic investments of client account cash balances, answer routine client inquiries regarding the Fund, assist clients in changing dividend options, account designations, and addresses, and providing such other services as the Fund may reasonably request.

DISTRIBUTION PLAN

With respect to the Fund, the Trust has adopted a Plan pursuant to Rule 12b-1 which was promulgated by the SEC pursuant to the Investment Company Act of 1940, as amended (the "Act"). The Plan provides for payment of fees to the Distributor to finance any activity which is principally intended to result in the sale of the Fund's shares subject to the Plan. Such activities may include the advertising and marketing of shares of the Fund; preparing, printing, and distributing prospectuses and sales literature to prospective shareholders, brokers, or administrators; and implementing and operating the Plan. Pursuant to the Plan, the Distributor may pay fees to brokers and others for such services.

The Trustees expect that the adoption of the Plan will assist the Fund in selling a sufficient number of shares so as to allow the Fund to achieve economic viability. It is also anticipated that an increase in the size of the Fund will facilitate more efficient portfolio management and thereby assist the Fund in seeking to achieve its investment objective.

PURCHASING FUND SHARES WITH SECURITIES

The Fund in its sole discretion, may sell Fund shares to investors that desire to purchase Fund shares with certain securities or a combination of certain securities and cash. The Fund reserves the right to determine the acceptability of securities used to effect such purchases. On the day securities are accepted by the Fund, they are valued based upon independent bid and in the same manner as the Fund values its assets. Investors wishing to use securities to purchase Fund shares should first contact the Bank. Any such transfer of securities is treated as a sale of the securities and will result in the recognition of any gain or loss for federal income tax purposes by the seller of such securities, except to the extent the seller is an ERISA plan or similar entity not subject to tax.

DETERMINING NET ASSET VALUE

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

DETERMINING MARKET VALUE OF SECURITIES

Market values of the Fund's portfolio securities, other than options, are determined as follows:

as provided by an independent pricing service;

for short-term obligations, according to the mean between the bid and asked prices, as furnished by an independent pricing service; or

at fair value as determined in good faith by the Trustees.

Prices provided by independent pricing services may be determined without relying exclusively on quoted prices.

Pricing services may consider:

- yield;
- quality;
- coupon rate;
- maturity;
- type of issue;
- trading characteristics; and
- other market data.

The Fund will value futures contracts, options, put options on futures and financial futures at their market values established by the exchanges at the close of option trading on such exchanges unless the Trustees determine in good faith that another method of valuing option positions is necessary to appraise their fair value.

EXCHANGE PRIVILEGE

Shareholders of the Fund may exchange shares of the Fund for shares of other funds advised by the Bank and certain other funds designated by the Bank and distributed by the Distributor, subject to certain conditions. Exchange procedures are explained in the Prospectus under "Exchange Privilege."

REDEEMING SHARES

The Fund redeems shares at the next computed net asset value after the Fund receives the redemption request. Redemption procedures are explained in the Prospectus under "Redeeming Shares."

REDEMPTION IN KIND

Although the Fund intends to redeem shares in cash, it reserves the right under certain circumstances to pay the redemption price in whole or in part by a distribution of securities from the Fund's portfolio.

Redemption in kind will be made in conformity with applicable SEC rules, taking such securities at the same value employed in determining net asset value and selecting the securities in a manner the Trustees determine to be fair and equitable.

The Trust has elected to be governed by SEC Rule 18f-1 under the Act under which each 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.

TAX STATUS

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.

SHAREHOLDERS' TAX STATUS

Shareholders are subject to federal income tax on dividends and capital gains

received as cash or additional shares. No portion of any income dividend paid by the Fund is eligible for the dividends received deduction available to corporations. These dividends, and any short-term capital gains, are taxable as ordinary income.

CAPITAL GAINS

Long-term capital gains distributed to shareholders will be treated as long-term capital gains regardless of how long shareholders have held Fund shares.

TOTAL RETURN

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 maximum offering price 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

The yield for the Fund is calculated by dividing the net investment income per share (as defined by the Securities and Exchange Commission) earned by the Fund over a 30-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 SEC 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.

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 offering price per share fluctuate daily. Both net earnings and offering price per share are factors in the computation of yield and total return. From time to time the Fund may advertise its performance using certain reporting services and/or compare its performance to certain indices. These may include the following:

LIPPER ANALYTICAL SERVICES, INC., ranks funds in various 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 offering price over a specific period of time. From time to time, the Fund will quote its Lipper ranking in the "U.S. government funds" category in advertising and sales literature.

SHEARSON LEHMAN GOVERNMENT/CORPORATE (Total) index is comprised of approximately 5,000 issues which include: non-convertible bonds publicly issued by the U.S. government or its agencies; corporate bonds guaranteed by the U.S. government and quasi-federal corporations; and publicly issued, fixed-rate, non-convertible domestic bonds of companies in industry, public utilities, and finance. The average maturity of these bonds approximates nine years. Tracked by Shearson Lehman Hutton, Inc., the index calculates total returns for one-month, three-month, twelve-month, and ten-year periods, and year-to-date.

SALOMON BROTHERS AAA-AA CORPORATE INDEX calculates total returns of

approximately 775 issues which include long-term high grade domestic corporate taxable bonds, rated AAA-AA with maturities of twelve years or more and companies in industry, public utilities, and finance.

MERRILL LYNCH CORPORATE & GOVERNMENT MASTER INDEX is an unmanaged index comprised of approximately 4,821 issues which include corporate debt obligations rated BBB or better and publicly issued, non-convertible domestic debt of the U.S. government or any agency thereof. These quality parameters are based on composites of ratings assigned by Standard and Poor's Corp. and Moody's Investors Service. Only bonds with a minimum maturity of one year are included.

MERRILL LYNCH CORPORATE MASTER INDEX is an unmanaged index comprised of approximately 4,356 corporate debt obligations rated BBB or better. These quality parameters are based on composites of ratings assigned by Standard and Poor's Corp. and Moody's Investors Service. Only bonds with a minimum maturity of one year are included.

SALOMON BROTHERS BROAD INVESTMENT-GRADE ("BIG") BOND INDEX is designed to provide the investment-grade bond manager with an all-inclusive universe of institutionally traded U.S. Treasury, agency, mortgage and corporate securities which can be used as a benchmark. The BIG Index is market capitalization-weighted and includes all fixed rate bonds with a maturity of one year or longer and a minimum of \$50-million amount outstanding at entry (\$200 million for mortgage coupons) and remain in the index until their amount falls below \$25 million.

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.

Investors may use such indices or reporting services in addition to the Fund's prospectus to obtain a more complete view of the Fund's performance before investing. Of course, when comparing performance of the Fund to any index, conditions such as composition of the index and prevailing market conditions should be considered in assessing the significance of such comparisons.

When comparing funds using reporting services or total return and yield, investors should take into consideration any relevant differences in funds such as permitted portfolio compositions and methods used to value portfolio securities and compute offering price.

Advertisements and other sales literature for the Fund may quote total returns which are calculated on non-standardized base periods. These total returns also 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.

APPENDIX

STANDARD AND POOR'S CORPORATION CORPORATE 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--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., CORPORATE 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 edge." 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 corporate bond rating system. 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 credit 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.

DUFF & PHELPS CREDIT RATING CO. LONG-TERM DEBT RATINGS

AAA--Highest credit quality. The risk factors are negligible, being only slightly more than for risk-free U.S. Treasury debt.

AA--High credit quality. Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions.

A--Protection factors are average but adequate. However, risk factors are more variable and greater in periods of economic stress.

BBB--Below average protection factors but still considered sufficient for prudent investment. Considerable variability in risk during economic cycles.

COMMERCIAL PAPER RATINGS STANDARD AND POOR'S CORPORATION

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

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

MOODY'S INVESTORS SERVICE, INC.

P-1--Issuers rated PRIME-1 (for 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: conservative capitalization structures with moderate reliance on debt and ample asset protection; broad margins in earning coverage of fixed financial charges and high internal cash generation; and well-established access to a range of financial markets and assured sources of alternative liquidity.

P-2--Issuers rated PRIME-2 (for 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.

FITCH INVESTORS SERVICE, INC.

FITCH-1--(Highest Grade) Commercial paper assigned this rating is regarded as having the strongest degree of assurance for timely payment.

FITCH-2--(Very Good Grade) Issues assigned this rating reflect an assurance of timely payment only slightly less in degree than the strongest issues.

DUFF & PHELPS CREDIT RATING CO.

DUFF 1+--Highest certainty of timely payment. Short-term liquidity, including internal operating factors and/or access to alternative sources of funds, is outstanding, and safety is just below risk-free U.S. Treasury short-term obligations.

DUFF 1--Very high certainty of timely payment. Liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor.

DUFF 1---High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

GOOD GRADE

DUFF 2--Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.

A CREDIT RATING IS NOT A RECOMMENDATION TO BUY, SELL OR HOLD SECURITIES, AND IS SUBJECT TO CHANGE AND/OR WITHDRAWAL BY THE RATING AGENCY.

3092205B (1/94)

BANKSOUTH SELECT EQUITY FUND
(A PORTFOLIO OF BANKSOUTH SELECT FUNDS)
PROSPECTUS

The shares of BankSouth Select Equity Fund (the "Fund") offered by this Prospectus represent interests in a diversified portfolio of BankSouth Select Funds (the "Trust"), an open-end management investment company (a mutual fund). The investment objective of the Fund is to achieve long-term growth of capital and income. The Fund pursues this objective by investing primarily in a portfolio of common stocks of United States issuers.

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 January 7, 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 writing to the Bank South, N.A. (the "Bank") Mutual Funds Center or calling 1-800-282-6680 extension 4550.

SHARES OF THE FUND ARE NOT DEPOSITS OR OTHER OBLIGATIONS OF, AND ARE NOT ISSUED, ENDORSED OR GUARANTEED BY, BANK SOUTH, N.A. OR ANY OF ITS AFFILIATES. SUCH SHARES ARE NOT ISSUED, INSURED OR GUARANTEED BY THE U.S. GOVERNMENT, THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD OR ANY OTHER GOVERNMENT AGENCY. AN INVESTMENT IN THE FUND INVOLVES CERTAIN RISKS, INCLUDING POSSIBLE LOSS OF PRINCIPAL.

THE BANK IS THE INVESTMENT ADVISER TO THE FUND. THE FUND IS DISTRIBUTED BY FEDERATED SECURITIES CORP., WHICH IS NOT AFFILIATED WITH THE BANK.

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 January 7, 1994

BANKSOUTH SELECT FUNDS

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BANKSOUTH SELECT EQUITY FUND
SUMMARY OF FUND EXPENSES

<TABLE>		
<S>		<C>
	SHAREHOLDER TRANSACTION EXPENSES	
Maximum Sales Load Imposed on Purchases (as a percentage of offering price)		3.75%
Maximum Sales Load Imposed on Reinvested Dividends (as a percentage of offering price)		None
Deferred Sales Load (as a percentage of original purchase price or redemption proceeds as applicable)		None
Redemption Fees (as a percentage of amount redeemed, if applicable)		None
Exchange Fee		None
	ANNUAL FUND OPERATING EXPENSES*	
	(As a percentage of projected average net assets)	
Management Fee		0.75%
12b-1 Fees(1)		0.00%
Other Expenses (after waiver) (2)		0.25%
Total Fund Operating Expenses(3)		1.00%
</TABLE>		

- (1) As of the date of this Prospectus, the Fund is not paying or accruing 12b-1 fees. The Fund can pay up to 0.75% as a 12b-1 fee to the distributor. Certain trust clients of the Bank or its affiliates, including ERISA plans, will not be affected by the distribution plan because the distribution plan will not be activated unless and until a second, "Trust," class of shares of the Fund (which would not have a Rule 12b-1 plan) is created and such trust clients' investments in the Fund are converted to such Trust class.
 - (2) Total Other Expenses are estimated to be 0.27% absent the anticipated voluntary waiver by the transfer agent.
 - (3) The Total Fund Operating Expenses are estimated to be 1.02% absent the anticipated voluntary waiver by the transfer agent.
- * Expenses are estimated based on average expenses expected to be incurred during the fiscal year ending September 30, 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 "BANKSOUTH SELECT FUNDS INFORMATION" AND "INVESTING IN THE FUND." WIRE TRANSFER REDEMPTIONS MAY BE SUBJECT TO AN ADDITIONAL FEE.

<TABLE> <CAPTION> EXAMPLE <S>	1 year <C>	3 years <C>
You would pay the following expenses on a \$1,000 investment assuming (1) 5% annual return and (2) redemption at the end of each time period. As noted in the table above, the Fund charges no redemption fees.....	\$47	\$68

</TABLE>

THE ABOVE EXAMPLE SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE EXPENSES. ACTUAL EXPENSES MAY BE GREATER OR LESS THAN THOSE SHOWN. THIS EXAMPLE IS BASED ON ESTIMATED DATA FOR THE FUND'S FISCAL YEAR ENDING SEPTEMBER 30, 1994.

GENERAL INFORMATION

The Trust was established as a Massachusetts business trust under a Declaration of Trust dated September 22, 1993, as amended and restated dated December 20, 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. This Prospectus relates only to the Trust's BankSouth Select Equity Fund. The Fund is designed as a convenient means of accumulating an interest in a professionally managed, diversified portfolio consisting primarily of common stocks of United States issuers. A minimum initial investment of \$1,000 is required (\$500 for Individual Retirement Accounts ("IRAs")), and subsequent investments must be in amounts of at least \$100. See "Investing in the Fund".

Fund shares are sold at net asset value plus a maximum sales charge of 3.75% and redeemed at net asset value.

INVESTMENT INFORMATION

INVESTMENT OBJECTIVE

The Fund's investment objective is to achieve long-term growth of capital and income. The investment objective cannot be changed without the approval of the Fund's shareholders. While there is no assurance that the Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this prospectus.

INVESTMENT POLICIES

The Fund pursues its investment objective by investing in the securities of high quality companies. Emphasis is placed on stocks where the market price of the stock appears low when compared to present earnings. The Fund's investment approach is based on the conviction that, over the long term, the economy will continue to expand and develop and that this economic growth will be reflected in the growth of the revenues and earnings of publicly-held corporations. Unless indicated otherwise, the investment policies of the Fund may be changed by the Trustees without the approval of shareholders. Shareholders will be notified before any material change in these policies becomes effective.

ACCEPTABLE INVESTMENTS. The securities in which the Fund invests include, but

are not limited to:

COMMON STOCKS. The Fund invests primarily in common stocks of companies selected by the Fund's investment adviser on the basis of traditional research techniques, including assessment of earnings and dividend growth prospects of the companies. Ordinarily, these companies will be in the top 30% of their industries with regard to revenues. However, other factors such as product position, market share, potential earnings growth, or asset values will be considered by the investment adviser and may outweigh revenues. At least 65% of the Fund's portfolio will be invested in common stocks, unless it is in a defensive position.

OTHER CORPORATE SECURITIES. The Fund may invest in preferred stocks, convertible securities, notes rated A or better by Moody's Investors Service, Inc., Standard & Poor's Corporation, Duff & Phelps Credit Rating Co. or Fitch Investors Service, Inc., or securities deemed by the investment adviser to be of comparable quality to securities having such ratings, and warrants of these companies. Corporate fixed income securities are subject to market and credit risks. If any note invested in by the Fund loses its rating or has its rating reduced after the Fund has purchased it, the Fund is not required to sell or otherwise dispose of the security, but may consider doing so.

U.S. GOVERNMENT SECURITIES. The Fund may invest in U.S. government securities and obligations of U.S. government agencies and instrumentalities.

OPTIONS AND FUTURES. The Fund may purchase and sell financial futures contracts and purchase and sell options on financial futures contracts and on its portfolio securities.

FOREIGN SECURITIES. The Fund may invest in foreign securities which are traded publicly in the United States. Investments in foreign securities, particularly those of non-governmental issuers, involve considerations which are not ordinarily associated with investments in domestic issuers. These considerations include the possibility of expropriation or nationalization, exchange rate fluctuations, foreign taxation and withholding, the unavailability of financial information or the difficulty of interpreting financial information prepared under foreign accounting standards, less liquidity and more volatility in foreign securities markets, the impact of political, social, or diplomatic developments, and the difficulty of assessing economic trends in foreign countries. It may also be more difficult to enforce contractual obligations abroad than would be the case in the United States because of differences in the legal systems. Transaction costs in foreign securities may be higher. The Fund's investment adviser will consider these and other factors before investing in foreign securities and will not make such investments unless, in its opinion, such investments will meet the Fund's standards and objectives.

REPURCHASE AGREEMENTS. Repurchase agreements are arrangements in which banks, broker-dealers and other financial institutions sell securities to the Fund and agree at the time of sale to repurchase them at a mutually agreed upon time and price including interest. To the extent that the seller does not repurchase the securities from the Fund, the Fund could receive less than the repurchase price on any sale of such securities. Repurchase agreements will be collateralized by securities having a value equal at all times to at least 100% of the amount of the securities subject to the repurchase agreement.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS. The Fund may purchase portfolio 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. The seller's failure to complete these transactions may cause the Fund to miss a price or yield considered to be advantageous.

INVESTING IN SECURITIES OF OTHER INVESTMENT COMPANIES

The Fund may invest in the securities of other investment companies, but will not own more than 3% of the total outstanding voting stock of any investment company, invest more than 5% of total assets in any one investment company, or invest more than 10% of total assets in investment companies in the aggregate. 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. It should be noted that investment companies incur certain expenses, and therefore, any investment by the Fund in Shares of another investment company would be subject to certain duplicate expenses, particularly transfer agent and custodian fees. The adviser will waive its investment advisory fee on assets invested in securities of open-end investment companies.

LENDING OF PORTFOLIO SECURITIES. In order to generate additional income, the Fund may lend its portfolio securities on a short-term or long-term basis, to broker-dealers, banks, or other institutional borrowers of securities. The Fund will limit the amount of portfolio securities it may lend to not more than 50% of its total assets at any time. The Fund will only enter into loan arrangements with broker-dealers, banks, or other institutions which the adviser has

determined are creditworthy under guidelines established by the Board of Trustees, and will receive collateral equal to at least 100% of the value of the securities loaned at all times.

TEMPORARY INVESTMENTS. For defensive purposes only, the Fund may also invest temporarily in cash and money market instruments during times of unusual market conditions. These investments include the following:

- prime commercial paper, including master demand notes;
- instruments of domestic and U.S. dollar denominated foreign banks and savings and loans (such as certificates of deposit, demand and time deposits, savings shares, and bankers' acceptances);
- securities issued and/or guaranteed as to payment of principal and interest by the U.S. government, its agencies, or instrumentalities;
- repurchase agreements;
- securities of other investment companies; and
- other short-term money market instruments.

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 law. However, the Fund will limit investments in illiquid securities, including certain restricted securities not determined by the Trustees to be liquid, non-negotiable time deposits, and repurchase agreements providing for settlement in more than seven days after notice to 15% of its net assets.

CERTAIN BORROWING AND 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 33 1/3% of the value of its total assets and secure such borrowings with up to 15% of the value of those assets at the time of borrowing;
- engage in short sales; or
- with respect to 75% of its total assets, invest more than 5% in securities of any one issuer other than cash, cash items, or securities issued and/or guaranteed by the U.S. government, its agencies or instrumentalities, and repurchase agreements collateralized by such securities, or acquire more than 10% of the outstanding voting securities of any one issuer.

The above investment limitations cannot be changed without Fund shareholder approval.

BANKSOUTH SELECT FUNDS INFORMATION

MANAGEMENT OF THE TRUST

BOARD OF TRUSTEES. The Trust is managed by a Board of Trustees (the "Board" or "Trustees"). The Board is 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 handles various of the Board's delegable responsibilities between meetings of the Board.

INVESTMENT ADVISER. Investment decisions for the Fund are made by the Bank as the Fund's investment adviser (the "Adviser"), subject to direction by the Board. The Adviser conducts investment research and supervision for the Fund and is responsible for the purchase or sale of portfolio instruments, for which it receives an annual fee from the Fund's assets. From time to time, to the extent consistent with the investment objective, policies and restrictions of the Fund, the Fund may invest in securities of issuers with which the Adviser has a lending relationship. However, at this time, the Adviser has no intention to invest in securities of issuers that have a lending relationship with the investment Adviser or its affiliates.

ADVISORY FEES. The Adviser receives an annual investment advisory fee equal to 0.75% of the Fund's average daily net assets. The fee paid by the Fund, while higher than the advisory fee paid by certain other mutual funds, is comparable to fees paid by many 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 other expenses of the Fund, but reserves the right to terminate such waiver or reimbursement at any time at its sole discretion.

ADVISER'S BACKGROUND. The Adviser, a national bank headquartered in Atlanta, Georgia, is a wholly owned subsidiary of Bank South Corporation, a Georgia corporation which is a registered bank holding company. The Adviser serves consumers through its network of banking offices with a full range of deposit and lending products, as well as investment services. The principal executive offices of the Adviser are located at 55 Marietta Street, N.W., Atlanta, GA 30303.

The Adviser has managed discretionary assets for its customers since 1931. As of September 30, 1993 the Adviser managed in excess of \$1 billion of discretionary assets. Prior to the date hereof, the Bank has not served as an investment adviser to mutual funds.

PORTFOLIO MANAGER. Mr. W. Shelton Prince is primarily responsible for the day-to-day management of the Fund's portfolio. Mr. Prince joined the Adviser in March of 1968, and was promoted to Vice President in November 1979, and Senior Investment Manager in February 1993. He is responsible for the management of large personal trusts, foundations, and employee benefit accounts as well as the Adviser's equity and common trust funds for both institutional and personal trusts. He serves on the Adviser's Portfolio Strategy and Trust Fiduciary Committees.

Mr. Prince's educational background includes a Bachelor of Science degree from North Georgia College and a Master of Business Administration in both Finance and Management from Georgia State University. He is a member of the Atlanta Society of Financial Analysts.

DISTRIBUTION OF FUND SHARES

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

DISTRIBUTION PLAN. Under a distribution plan (the "Plan") adopted in accordance with Securities and Exchange Commission ("SEC") Rule 12b-1 under the Investment Company Act of 1940, as amended, the Fund will pay an amount computed at an annual rate of up to 0.75% of the average daily net asset value of the shares to finance any activity which is principally intended to result in the sale of shares subject to the Plan. Certain trust clients of the Bank, including ERISA plans, will not be affected by the Plan because the Plan will not be activated unless and until a second, "Trust" class of shares of the Fund (which would not have a Rule 12b-1 plan) is created and such trust clients' investments in the Fund are converted to such Trust class.

The Distributor may select other financial institutions (such as broker-dealers or banks) to provide sales support services as agents for their clients or customers who beneficially own shares. These financial institutions (including the Bank) will receive fees from the Distributor based upon shares subject to the Plan and owned by their clients or customers. The schedules of such fees and the basis upon which such fees will be paid will be determined from time to time by the Distributor.

The Fund's Plan is a compensation type plan. As such, the Fund pays the Distributor the fee described above as opposed to reimbursing the Distributor for actual expenses incurred. Therefore, the Fund does not pay for amounts expended by the Distributor in excess of amounts received by it from the Fund, which may include interest, carrying or other financing charges in connection with excess amounts expended, or the Distributor's overhead expenses. However, the Distributor may be able to recover such amounts or may earn a profit from future payments made by the Fund under the Plan.

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 capacities described above or should Congress relax current restrictions on depository institutions, the Trustees will consider appropriate changes in the services.

State securities laws on this issue may differ from the interpretations of federal law expressed herein and banks and financial institutions may be required to register as dealers pursuant to certain states' securities laws.

ADMINISTRATIVE ARRANGEMENTS. The Distributor may also pay administrators a fee based upon the average net asset value of shares of their customers invested in

the Trust for providing administrative services. This fee, if paid, will be reimbursed by the Adviser and not the Trust.

ADMINISTRATION OF THE TRUST

ADMINISTRATIVE SERVICES. Federated Administrative Services, Pittsburgh, Pennsylvania, a subsidiary of Federated Investors, provides certain administrative personnel and services necessary to operate the Fund. Such services include certain legal and accounting services. Federated Administrative Services provides these at the annual rates specified below:

<TABLE>	
<CAPTION>	
MAXIMUM ADMINISTRATIVE FEE	AVERAGE AGGREGATE DAILY NET ASSETS OF THE TRUST
<C>	<S>
.150 of 1%	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

The administrative fee received during any fiscal year shall be at least \$100,000 per Fund. Federated Administrative Services may voluntarily choose to waive a portion of its fee.

SHAREHOLDER SERVICES PLAN. The Fund has adopted a Shareholder Services Plan (the "Services Plan") with respect to the shares. Under the Services Plan, financial institutions will enter into shareholder service agreements with the Fund to provide administrative support services to their customers who from time to time may be owners of record or beneficial owners of the shares. In return for providing these support services, a financial institution may receive payments from the Fund at a rate not exceeding 0.25% of the average daily net assets of the shares beneficially owned by the financial institution's customers for whom it is holder of record or with whom it has a servicing relationship. These 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 Fund; assisting clients in changing dividend options, account designations, and addresses; and providing such other services as the Fund reasonably requests. Certain trust clients of the Bank, including ERISA plans, will not be affected by the Services Plan because the Services Plan will not be activated unless and until a second, "Trust" class of shares of the Fund (which would not have a Services Plan) is created and such trust clients' investments in the Fund are converted to such Trust class.

CUSTODIAN. The Bank of New York, New York, New York 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 for the shares of, 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 Ernst & Young, Pittsburgh, Pennsylvania.

EXPENSES OF THE FUND

The Fund pays all of its own expenses and its allocable share of the Trust's expenses. The expenses borne by the Fund include, but are not limited to, the cost 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 with federal and state securities authorities; taxes and commissions; issuing, purchasing, repurchasing, and redeeming shares; fees for custodians, transfer agents, dividend disbursing agents, shareholder servicing agents, and registrars; printing, mailing, auditing, accounting, and legal expenses; reports to shareholders and governmental agencies; meetings of Trustees and shareholders and proxy solicitations therefor; insurance premiums; association membership dues; and such nonrecurring and extraordinary items as may arise.

BROKERAGE TRANSACTIONS

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 utilize those who are recognized dealers in specific portfolio instruments, except when a better price and execution of the order can be obtained elsewhere. In selecting among firms believed to meet these criteria, the Adviser may give consideration to those firms which have sold or are selling shares of the Fund. The Adviser makes decisions on portfolio transactions and selects brokers and dealers subject to review by the Fund's Board.

NET ASSET VALUE

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

INVESTING IN THE FUND

SHARE PURCHASES

Fund shares are sold on days on which the New York Stock Exchange and the Federal Reserve Wire System are open for business. Fund shares may be purchased through the Bank. In connection with the sale of shares of the Fund, 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.

BY TELEPHONE. To place an order to purchase Fund shares, call Bank South Mutual Funds Center toll free at 1-800-282-6680 extension 4550. Texas residents must purchase shares of the Fund through Bank South Securities Corporation at 404-521-7063. Your purchase order will be taken directly over the telephone. The order must be placed by 4:00 p.m. (Eastern time) for shares to be purchased at that day's price.

BY MAIL. Provide a letter of instruction to the Fund indicating your purchase order, including the dollar amount of your order, your account title and/or name, and your account number, and include a check made payable to the Fund.

PAYMENT BY CHECK. Mail to BankSouth Select Equity Fund, c/o Bank South Mutual Fund Center, MC 16, P.O. Box 4387, Atlanta, Georgia 30302.

PAYMENT BY WIRE. To purchase shares by Federal Wire, contact your account officer for wiring instructions. Wire orders will only be accepted on days on which the Fund, the Bank and the Federal Reserve Banks are open for business.

MINIMUM INVESTMENT REQUIRED

The minimum initial investment in the Fund by an investor is \$1,000 (\$500 for IRAs). Subsequent investments must be in amounts of at least \$100. The Fund may choose to waive its minimum investment from time to time and for accounts which select the Systematic Investment Program.

SYSTEMATIC INVESTMENT PROGRAM

Once an account has been opened, shareholders may add to their investment on a regular basis in minimum amounts of \$100, unless waived. Under this program, funds may be automatically withdrawn periodically from the shareholder's checking or other transaction deposit account and invested in Fund shares at the net asset value next determined after an order is received by the Bank, plus an applicable sales charge. A shareholder may apply for participation in this program through the Bank.

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 \$100,000	3.75%	3.90%
\$100,000 but less than \$250,000	3.25%	3.38%
\$250,000 but less than \$500,000	2.75%	2.83%
\$500,000 but less than \$750,000	2.25%	2.30%
\$750,000 but less than \$1,000,000	1.00%	1.01%
\$1,000,000 but less than \$2,000,000	0.50%	0.50%
\$2,000,000 or more	0.00%	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 changes (if any) in the value of the Fund's portfolio securities do not materially affect its net asset value; (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, Martin Luther King Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans' Day, Thanksgiving Day and Christmas Day.

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

SALES CHARGE REALLOWANCE. The Bank and any authorized dealer or bank will normally receive up to 85% of the applicable sales charge as a transaction fee from its customers and for sales and/or administrative services performed on behalf of its customers in connection with the initiation of customer accounts and purchases of Fund shares. Any portion of the sales charge which is not paid to the Bank or a dealer will be retained by the Distributor. However, the Distributor, in its sole discretion, may uniformly offer to permit all dealers and other institutions selling shares of the Fund, to receive all or a portion of the amount the Distributor normally retains as a sales charge. If accepted by the dealer, such additional payments may be in the form of cash or other promotional incentives, and will be predicated upon the amount of shares of the Fund or other BankSouth Select Funds sold by the dealer or other institution.

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;
- using the reinvestment privilege; or
- concurrent purchases.

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 \$90,000 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 3.25%, not 3.75%.

To receive the sales charge reduction, the Bank 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 3.75% 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 the shareholder 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.

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. The Bank 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 his shares in the Fund, there may be tax consequences.

CONCURRENT PURCHASES. For purposes of qualifying for a sales charge reduction, a shareholder has the privilege of combining concurrent purchases of two or more funds in the Trust, the purchase price of which includes a sales charge. For example, if a shareholder concurrently invested \$30,000 in one of the other funds in the Trust with a sales charge and \$70,000 in this Fund, the sales charge would be reduced.

To receive this sales charge reduction, the Distributor must be notified by the shareholder in writing or by the Bank at the time the concurrent purchases are made. The Fund will reduce the sales charge after it confirms the purchases. See "What Shares Cost" and "Addresses".

CERTIFICATES AND CONFIRMATIONS

The Transfer Agent for the Fund maintains a share account for each shareholder of record. Share certificates are not issued unless requested in writing from the Fund or the Transfer Agent.

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 quarterly to all shareholders invested in the Fund on the record date.

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 a shareholder makes written request for cash payments to the Fund or the Bank.

PURCHASING FUND SHARES FOR SECURITIES

The Fund in its sole discretion, may sell Fund shares to investors that desire to purchase Fund shares with certain securities or a combination of certain securities and cash. The Fund reserves the right to determine the acceptability of securities used to effect such purchases. On the day securities are accepted by the Fund, they are valued based upon independent bid and in the same manner as the Fund values its assets. Investors wishing to use securities to purchase Fund shares should first contact the Bank. Any such transfer of securities is treated as a sale of the securities and will result in the recognition of any gain or loss for federal income tax purposes by the seller of such securities, except to the extent the seller is an ERISA plan or similar entity not subject to tax.

EXCHANGE PRIVILEGE

BANKSOUTH SELECT FUNDS

All shareholders of the Fund are shareholders of BankSouth Select Funds. BankSouth Select Funds currently include the Fund, BankSouth Select Bond Fund, BankSouth Select Georgia Tax-Free Income Fund, BankSouth Select Prime Money Market Fund, and BankSouth Select Government Money Market Fund. Shareholders have easy access to each of the portfolios of BankSouth Select Funds through a telephone exchange program. All BankSouth Select Funds are advised by the Bank and distributed by the Distributor.

Shareholders may exchange shares of the Fund for shares of the other BankSouth Select Funds. In addition, shares of the Fund may also be exchanged for certain other funds designated by the Bank which are distributed by the Distributor but are not advised by the Bank ("Federated Funds"). For further information on the availability of Federated Funds for exchanges, please call the Bank South Mutual Funds Center at 1-800-282-6680 extension 4550. Shares of funds with a sales charge may be exchanged at net asset value for shares of other funds with an equal sales charge or no sales charge. Shares of funds with a sales charge may be exchanged for shares of funds with a higher sales charge at net asset value, plus the additional sales charge. Shares of funds with no sales charge, whether acquired by direct purchase, reinvestment of dividends on such shares, or otherwise, may be exchanged for shares of funds with a sales charge at net asset value, plus the applicable sales charge.

When an exchange is made from a fund with a sales charge to a fund with no sales charge, the shares exchanged and additional shares which have been purchased by reinvesting dividends or capital gains on such shares retain the character of the exchanged shares for purposes of exercising further exchange privileges; thus, an exchange of such shares for shares of a fund with a sales charge would be at net asset value.

Shareholders who exercise this exchange privilege must exchange shares having a net asset value of at least \$1,000. Prior to any exchange, the shareholder must

receive a copy of the current prospectus of the fund into which an exchange is to be effected.

The exchange privilege is available to shareholders residing in any state in which the fund shares being acquired may legally be sold. Upon receipt of proper instructions and all necessary supporting documents, shares submitted for exchange will be redeemed at the next-determined net asset value for the applicable fund. Written exchange instructions may require a signature guarantee. Exercise of this privilege is treated as a sale for federal income tax purposes and, depending on the circumstances, a short or long-term capital gain or loss may be realized.

The Fund reserves the right to terminate the exchange privilege at any time on 60 days notice. Shareholders will be notified if this privilege is terminated. A shareholder may obtain further information on the exchange privilege by calling the Bank.

BY TELEPHONE. Instructions for exchanges between funds which are part of the Trust may be given by telephone to the Bank South Mutual Funds Center at 1-800-282-6680 extension 4550 or to the Distributor. Shares may be exchanged by telephone only between fund accounts having identical shareholder registrations.

Any shares held in certificate form cannot be exchanged by telephone but must be forwarded to the Fund's Transfer Agent by the Bank and deposited to the shareholder's mutual fund account before being exchanged. See "Addresses".

An authorization form permitting the Fund to accept telephone exchanges must first be completed. It is recommended that investors request this privilege at the time of their initial application. If not completed at the time of initial application, authorization forms and information regarding this service are available from the Bank. Telephone exchange 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.

Telephone exchange instructions must be received before 4:00 p.m. (Eastern time) for shares to be exchanged the same day. The telephone exchange privilege may be modified or terminated at any time. Shareholders will be notified of such modification or termination. Shareholders may have difficulty in making exchanges by telephone through the Bank, during times of drastic economic or market changes. If a shareholder cannot contact the Bank, by telephone, it is recommended that an exchange request be made in writing and sent by overnight mail to BankSouth Select Funds, 55 Marietta Street, N.W., Atlanta, Georgia 30303.

REDEEMING SHARES

The Fund redeems shares at their net asset value next determined after the Bank 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 and can be made through the Bank, or directly to the Fund.

BY TELEPHONE. A shareholder may redeem shares of the Fund by contacting his account officer or by calling the Bank South Mutual Funds Center to request the redemption. Call 1-800-282-6680 extension 4550). Shares will be redeemed at the net asset value next determined after the Fund receives the redemption request from the Bank. Redemption requests to the Bank must be received before 4:00 p.m. (Eastern time) in order for shares to be redeemed at that day's net asset value, and the Bank will promptly submit such redemption requests and provide written redemption instructions to the Fund. If, at any time, the Fund should determine it necessary to terminate or modify this method of redemption, shareholders would be promptly notified.

An authorization form permitting the Fund to accept telephonic redemption requests must first be completed. It is recommended that investors request this privilege at the time of their initial application. If not completed at the time of initial application, authorization forms and information on this service are available from the Bank. 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.

A shareholder may have the redemption proceeds directly deposited by electronic funds transfer or wired directly to a domestic commercial bank previously designated by the shareholder. Wire redemption orders will only be accepted on days on which the Fund, the Bank and the Federal Reserve Wire System are open for business. Wire-transferred redemptions may be subject to an additional fee.

In the event of extraordinary 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 your account officer at the Bank.

BY MAIL. Shareholders may redeem shares by sending a written request to the Bank. 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 to the Bank. Shareholders should call the Bank for assistance in redeeming shares by mail.

SIGNATURES. Shareholders requesting a redemption of \$50,000 or more, a redemption requesting payment to an address other than that on record with the Fund, or other than to the shareholder of record must make written redemption requests with signatures guaranteed by:

a trust company or commercial bank whose deposits are insured by the FDIC's BIF;

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 FDIC's SAIF; or

any other "eligible guarantor institution," as defined in the Securities Exchange Act of 1934, as amended.

The Fund does not accept signatures guaranteed by a notary public.

The Fund and its Transfer Agent have adopted standards for accepting signature guarantees from the above institutions. The Fund may elect in the future to limit eligible signature guarantors to institutions that are members of a signature guarantee program. The Fund and its Transfer Agent reserve the right to amend these standards at any time without notice.

RECEIVING PAYMENT. Normally, a check for the proceeds is mailed to the shareholder within one business day, but in no event more than seven calendar days, after receipt of a proper written redemption request, provided that the Transfer Agent has received payment for shares from the shareholder.

REDEMPTION BEFORE PURCHASE INSTRUMENTS CLEAR

When shares are purchased by check or through an Automated Clearing House ("ACH"), the proceeds from the redemption of those shares are not available, and the shares may not be exchanged, until the Bank is reasonably certain that the check or clearing house funds have cleared, which could take up to 10 calendar days.

SYSTEMATIC WITHDRAWAL PROGRAM

Shareholders who desire to receive payments of a predetermined amount may take advantage of the Systematic Withdrawal Program. Under this program, Fund shares are redeemed to provide for periodic withdrawal payments in an amount directed by the shareholder. Depending upon the amount of the withdrawal payments and the amount of dividends paid with respect to Fund shares, redemptions may reduce, and eventually deplete, the shareholder's investment in the Fund. For this reason, payments under this program should not be considered as yield or income on the shareholder's investment in the Fund. To be eligible to participate in this program, a shareholder must have an account value of at least \$10,000. A shareholder may apply for participation in this program through the Bank.

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, due to shareholder redemptions, the account balance falls below the required minimum of \$1,000.

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

VOTING RIGHTS

Each share of the Fund entitles shareholders to one vote in Trustee elections and other matters submitted to shareholders of the Trust for vote. All shares of each portfolio in the Trust have equal voting rights except that, in matters affecting only a particular Fund, only shareholders of that Fund are entitled to

vote. As a Massachusetts business trust, the Trust is not required to hold annual shareholder meetings. Shareholder approval will be sought only for certain changes in the Trust's or the Fund's operation and for the election of Trustees under certain circumstances.

Any Trustee may be removed by the Board of Trustees or by the shareholders at a special meeting. A special meeting of the shareholders shall be called by the Trustees upon the written request of shareholders owning at least 10% of the Trust's outstanding shares.

MASSACHUSETTS PARTNERSHIP LAW

Under certain circumstances, shareholders may be held personally liable as partners under Massachusetts law for acts or obligations of the Trust. To protect shareholders, the Trust has filed legal documents with Massachusetts that expressly disclaim the liability of shareholders 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 the Trust or its Trustees enter into or sign on behalf of the Fund.

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

EFFECT OF BANKING LAWS

Banking laws and regulations presently prohibit a bank holding company registered under the federal Bank Holding Company Act of 1956, as amended or any affiliate thereof from sponsoring, organizing, controlling, or distributing the shares of a registered, open-end investment company continuously engaged in the issuance of its shares, and prohibit banks generally from underwriting or distributing securities. However, such banking laws and regulations do not prohibit such a holding company affiliate or banks generally from acting as investment adviser, transfer agent, or custodian to such an investment company or from acting as agent for their customers in purchasing securities. The Fund's Adviser, the Bank, is subject to such banking laws and regulations.

The Bank believes, based on the advice of its counsel, that it may perform the services for the Fund contemplated by its advisory agreement with the Trust without violating of 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 affiliates, as well as further judicial or administrative decisions or interpretations of present or future statutes and regulations, could prevent the Bank from continuing to perform all or a part of the above services for its customers and/or the Fund. If it were prohibited from engaging in these customer-related activities, the Trustees would consider alternative advisers and means of continuing available investment services. In such event, changes in the operation of the Fund may occur, including possible termination of any automatic or other Fund share investment and redemption services then being provided by the Bank. It is not expected that existing shareholders would suffer any adverse financial consequences (if another adviser with equivalent abilities to the Bank 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 intends to meet requirements of the Internal Revenue Code applicable to regulated investment companies and to receive the special tax treatment afforded to such companies. The Fund will be treated as a single, separate entity for federal income tax purposes so that income (including capital gains) and losses realized by the Trust's other portfolios will not be combined for tax purposes with those realized by the Fund.

Unless otherwise exempt, shareholders are required to pay federal income tax on any dividends and other distributions received. This applies whether dividends and distributions are received in cash or as additional shares.

STATE AND LOCAL TAXES

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 may advertise its total return and yield.

Total return represents the change, over a specified period of time, in the value of an investment in the Fund 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 each day by dividing the net investment income per share (as defined by the SEC) earned by the Fund over a 30-day period by the maximum offering price per share of the Fund on the last day of the period. This number is then annualized using semi-annual compounding. The yield does not necessarily reflect income actually earned by the Fund and, therefore, may not correlate to the dividends or other distributions paid to shareholders.

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

ADDRESSES

<TABLE>		
<S>	<C> BankSouth Select Equity Fund	<C> Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779

Distributor	Federated Securities Corp.	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
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Investment Adviser	Bank South, N.A.	MC 16 P.O. Box 4387 Atlanta, Georgia 30302
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Custodian	The Bank of New York	48 Wall Street New York, New York 10286
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Transfer Agent, Dividend Disbursing Agent, and Portfolio Accounting Services	Federated Services Company	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
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Legal Counsel	Houston, Houston & Donnelly	2510 Centre City Tower Pittsburgh, Pennsylvania 15222
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Legal Counsel	Dickstein, Shapiro & Morin	2101 L Street, N.W. Washington, D.C. 20037
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Independent Auditors	Ernst & Young	One Oxford Centre Pittsburgh, Pennsylvania 15219
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BANKSOUTH SELECT
EQUITY FUND
PROSPECTUS
A Diversified Portfolio of
BankSouth Select Funds, an Open-End
Management Investment Company
(a Mutual Fund)

Prospectus dated January 7, 1994

BANK SOUTH, N.A.
(Logo)
Investment Adviser
55 Marietta Street, N.W.
Atlanta, GA 30303

FEDERATED SECURITIES CORP.
(LOGO)
Distributor
A subsidiary of FEDERATED INVESTORS
FEDERATED INVESTORS TOWER
PITTSBURGH, PA 15222-3779

3092102A (1/94)

BANKSOUTH SELECT EQUITY FUND
(A PORTFOLIO OF BANKSOUTH SELECT FUNDS)
STATEMENT OF ADDITIONAL INFORMATION

This Statement of Additional Information should be read with the prospectus of BankSouth Select Equity Fund (the "Fund") dated January 7, 1994. This Statement is not a prospectus itself. To receive a copy of the prospectus, call the Bank South, N.A. (the "Bank") Mutual Funds Center at 1-800-282-6680 extension 4550.

SHARES OF THE FUND ARE NOT DEPOSITS OR OTHER OBLIGATIONS OF, AND ARE NOT ISSUED, ENDORSED OR GUARANTEED BY THE BANK OR ANY OF ITS AFFILIATES. SUCH SHARES ARE NOT ISSUED, INSURED OR GUARANTEED BY THE U.S. GOVERNMENT, THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD OR ANY OTHER GOVERNMENT AGENCY. AN INVESTMENT IN THE FUND INVOLVES CERTAIN RISKS, INCLUDING POSSIBLE LOSS OF PRINCIPAL.

THE BANK IS INVESTMENT ADVISER TO THE FUND. THE FUND IS DISTRIBUTED BY FEDERATED SECURITIES CORP., WHICH IS NOT AFFILIATED WITH THE BANK.

Statement dated January 7, 1994

FEDERATED SECURITIES CORP.

Distributor
FEDERATED INVESTORS TOWER
PITTSBURGH, PENNSYLVANIA 15222-3779

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GENERAL INFORMATION ABOUT THE FUND

BankSouth Select Equity Fund (the "Fund") is a portfolio in Bank South Select Funds (the "Trust"), which was established as a Massachusetts business trust under a Declaration of Trust dated as of September 22, 1993, as amended and restated dated December 20, 1993.

INVESTMENT OBJECTIVE AND POLICIES

The Fund's investment objective is to achieve long-term growth of capital and income. The investment objective cannot be changed without shareholder approval.

TYPES OF INVESTMENTS

The Fund invests principally in common stocks of United States issuers. Although the Fund may invest in other securities and in money market instruments, it is the Fund's policy under normal market conditions to invest at least 65% of its portfolio in equity securities.

OTHER PERMITTED INVESTMENTS

CONVERTIBLE SECURITIES

Convertible securities are fixed income securities which may be exchanged or converted into a predetermined number of shares of the issuer's underlying common stock at the option of the holder during a specified time period. Convertible securities may take the form of convertible preferred stock or units consisting of "usable" bonds and warrants or a combination of the features of several of these securities. The investment characteristics of each convertible security vary widely, which allows convertible securities to be employed for different investment objectives.

The Fund will exchange or convert the convertible securities held in its portfolio into shares of the underlying common stock in instances in which, in the investment adviser's opinion, the investment characteristics of the underlying common shares will assist the Fund in achieving its investment objectives. Otherwise, the Fund may hold or trade convertible securities. In selecting convertible securities for the

Fund, the Fund's adviser evaluates the investment characteristics of the convertible security as a fixed income instrument, and the investment potential of the underlying equity security for capital appreciation. In evaluating these matters with respect to a particular convertible security, the Fund's adviser considers numerous factors, including the economic and political outlook, the value of the security relative to other investment alternatives, trends in the determinants of the issuer's profits, and the issuer's management capability and practices.

WARRANTS

Warrants are basically options to purchase common stock at a specific price (usually at a premium above the market value of the underlying common stock at the time of the issuance of the warrant) valid for a specific period of time. Warrants may have a life ranging from less than a year to twenty years or may be perpetual. However, most warrants have expiration dates after which they are worthless. In addition, if the market price of the common stock does not exceed the warrant's exercise price during the life of the warrant, the warrant will expire as worthless. Warrants have no voting rights, pay no dividends, and have no rights with respect to the assets of the corporation issuing them. The percentage increase or decrease in the market price of the warrant may tend to be greater than the percentage increase or decrease in the market price of the underlying common stock.

FUTURES AND OPTIONS TRANSACTIONS

As a means of reducing fluctuations in the net asset value of shares of the Fund, the Fund may attempt to hedge all or a portion of its portfolio by buying and selling financial futures contracts, buying put options on portfolio securities and listed put options on futures contracts, and writing call options on futures contracts. The Fund may also write covered call options on portfolio securities to attempt to increase its current income. The Fund will maintain its positions in securities, option rights, and segregated cash subject to puts and calls until the options are exercised, closed, or have expired. An option position on financial futures contracts may be closed out only on an exchange which provides a secondary market for options of the same series.

FINANCIAL FUTURES CONTRACTS

A futures contract is a firm commitment by two parties: the seller who agrees to make delivery of the specific type of security called for in the contract ("going short") and the buyer who agrees to take delivery of the security ("going long") at a certain time in the future.

Financial futures contracts may call for the delivery of shares of common stocks represented in a particular index.

In addition, the Fund reserves the right to hedge the portfolio by entering into financial futures contracts. The Fund will notify shareholders before such a change in its operating policies is implemented.

PUT OPTIONS ON FINANCIAL FUTURES CONTRACTS

The Fund may purchase exchange listed put options on financial futures contracts. Unlike entering directly into a futures contract, which requires the purchaser to buy a financial instrument on a set date at a specified price, the purchase of a put option on a futures contract entitles (but does not obligate) its purchaser to decide on or before a future date whether to assume a short position at the specified price.

Generally, if the hedged portfolio securities decrease in value during the term of an option, the related futures contracts will also decrease in value and the option will increase in value. In such an event, the Fund will normally close out its option by selling an identical option. If the hedge is successful, the proceeds received by the Fund upon the sale of the second option will be large enough to offset both the premium paid by the Fund for the original option plus the decrease in value of the hedged securities.

Alternatively, the Fund may exercise its put option to close out the position. To do so, it would simultaneously enter into a futures contract of the type underlying the option (for a price less than the strike price of the option) and exercise the option. The Fund would then deliver the futures contract in return for payment of the strike price. If the Fund neither closes out nor exercises an option, the option will expire on the date provided in the option contract, and only the premium paid for the contract will be lost.

CALL OPTIONS ON FINANCIAL FUTURES CONTRACTS

In addition to purchasing put options on futures, the Fund may write

exchange listed call options on futures contracts to hedge its portfolio. When the Fund writes a call option on a futures contract, it is undertaking the obligation of assuming a short futures position (selling a futures contract) at the fixed strike price at any time during the life of the option if the option is exercised. As stock prices fall, causing the prices of futures to go down, the Funds' obligation under a call option on a future (to sell a futures contract) costs less to fulfill, causing the value of the Fund's call option position to increase.

In other words, as the underlying futures price goes down below the strike price, the buyer of the option has no reason to exercise the call, so that the Fund keeps the premium received for the option. This premium can substantially offset the drop in value of the Fund's fixed income or indexed portfolio which is occurring as interest rates rise.

Prior to the expiration of a call written by the Fund, or exercise of it by the buyer, the Fund may close out the option by buying an identical option. If the hedge is successful, the cost of the second option will be less than the premium received by the Fund for the initial option. The net premium income of the Fund will then substantially offset the decrease in value of the hedged securities.

The Fund will not maintain open positions in futures contracts it has sold or call options it has written on futures contracts if, in the aggregate, the value of the open positions (marked to market) exceeds the current market value of its securities portfolio plus or minus the unrealized gain or loss on those open positions, adjusted for the correlation of volatility between the hedged securities and the futures contracts. If this limitation is exceeded at any time, the Fund will take prompt action to close out a sufficient number of open contracts to bring its open futures and options positions within this limitation.

"MARGIN" IN FUTURES TRANSACTIONS

Unlike the purchase or sale of a security, the Fund does not pay or receive money upon the purchase or sale of a futures contract. Rather, the Fund is required to deposit an amount of "initial margin" in cash or U.S. Treasury bills with its custodian (or the broker, if legally permitted). The nature of initial margin in futures transactions is different from that of margin in securities transactions in that initial margin in futures transactions does not involve the borrowing of funds by the Fund to finance the transactions. Initial margin is in the nature of a performance bond or good faith deposit on the contract which is returned to the Fund upon termination of the futures contract, assuming all contractual obligations have been satisfied.

A futures contract held by the Fund is valued daily at the official settlement price of the exchange on which it is traded. Each day the Fund pays or receives cash, called "variation margin," equal to the daily change in value of the futures contract. This process is known as "marking to market." Variation margin does not represent a borrowing or loan by the Fund but is instead settlement between the Fund and the broker of the amount one would owe the other if the futures contract expired. In computing its daily net asset value, the Fund will mark to market its open futures positions.

The Fund is also required to deposit and maintain margin when it writes call options on futures contracts.

PURCHASING PUT OPTIONS ON PORTFOLIO SECURITIES

The Fund may purchase put options on portfolio securities to protect against price movements in particular securities in its portfolio. A put option gives the Fund, in return for a premium, the right to sell the underlying security to the writer (seller) at a specified price during the term of the option.

WRITING COVERED CALL OPTIONS ON PORTFOLIO SECURITIES

The Fund may also write covered call options to generate income. As writer of a call option, the Fund has the obligation upon exercise of the option during the option period to deliver the underlying security upon payment of the exercise price. The Fund may only sell call options either on securities held in its portfolio or on securities which it has the right to obtain without payment of further consideration (or has segregated cash in the amount of any additional consideration).

RISKS

When the Fund uses financial futures and options on financial futures as hedging devices, there is a risk that the prices of the securities subject to the futures contracts may not correlate perfectly with the

prices of the securities in the Fund's portfolio. This may cause the futures contract and any related options to react differently than the portfolio securities to market changes. In addition, the Fund's investment adviser could be incorrect in its expectations about the direction or extent of market factors such as stock price movements. In these events, the Fund may lose money on the futures contract or option.

It is not certain that a secondary market for positions in futures contracts or for options will exist at all times. Although the investment adviser will consider liquidity before entering into options transactions, there is no assurance that a liquid secondary market on an exchange or otherwise will exist for any particular futures contract or option at any particular time. The Fund's ability to establish and close out futures and options positions depends on this secondary market.

TEMPORARY INVESTMENTS

MONEY MARKET INSTRUMENTS

For defensive purposes only, the Fund may invest temporarily in cash and money market instruments during times of unusual market conditions:

prime commercial paper (rated A-1 by Standard & Poor's Corporation, P-1 by Moody's Investors Service, Inc., F-1 by Fitch Investors Service, or Duff-1 by Duff & Phelps Credit Rating Co.) and Europaper (rated A-1, P-1, F-1 or Duff-1 or above). In the case where commercial paper or Europaper has received different ratings from different rating services, such commercial paper or Europaper is an acceptable temporary investment so long as at least one rating is one of the preceding high quality ratings and provided the Fund's investment adviser has determined that such investment presents minimal credit risks;

instruments of domestic and foreign banks and savings and loans if they have capital, surplus, and undivided profits of over \$100,000,000 ("Eligible Institutions"), or if the principal amount of the instrument is insured by the Bank Insurance Fund ("BIF") administered by the Federal Deposit Insurance Corporation ("FDIC") or the Savings Association Insurance Fund ("SAIF") administered by the FDIC. Such Fund investments may include Eurodollar Certificates of Deposit ("ECDs"), Eurodollar Time Deposits ("ETDs"), and Canadian Time Deposits issued by Eligible Institutions;

obligations of the U.S. government or its agencies or instrumentalities;

repurchase agreements; and

other short-term instruments which are not rated but are determined by the investment adviser to be of comparable quality to the other temporary obligations in which the Fund may invest.

U.S. GOVERNMENT OBLIGATIONS

The types of U.S. government obligations in which the Fund may invest generally include direct obligations of the U.S. Treasury (such as U.S. Treasury bills, notes, and bonds) and obligations issued or guaranteed by U.S. government agencies or instrumentalities. These securities are backed by:

the full faith and credit of the U.S. Treasury;

the issuer's right to borrow an amount limited to a specific line of credit from the U.S. Treasury;

the discretionary authority of the U.S. government to purchase certain obligations of agencies or instrumentalities; or

the credit of the agency or instrumentality issuing the obligations.

Examples of agencies and instrumentalities which are permissible investments which may not always receive financial support from the U.S. government are:

Federal Farm Credit Banks;

Federal Home Loan Banks;

Federal National Mortgage Association;

Student Loan Marketing Association; and

Federal Home Loan Mortgage Corporation.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS

These transactions are arrangements in which the Fund purchases and sells 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 its investment objective and policies, not for investment leverage. 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.

These transactions are made to secure what is considered to be an advantageous price or yield for the Fund. Settlement dates may be a month or more after entering into these transactions, and the market values of the securities purchased may vary from the purchase prices. No fees or other expenses, other than normal transaction costs, are incurred. However, liquid assets of the Fund sufficient to make payment for the securities to be purchased are segregated on the Fund's records at the trade date. These securities are marked to market daily and maintained until the transaction is settled.

As a matter of policy, the Fund does not intend to engage in when-issued and delayed delivery transactions to an extent that would cause the segregation of more than 20% of the total value of its assets at any time.

RESTRICTED SECURITIES

The ability of the Trustees to determine the liquidity of certain restricted securities is permitted under a Securities and Exchange Commission ("SEC") Staff position set forth in the adopting release for Rule 144A under the Securities Act of 1933. Rule 144A is a nonexclusive safe-harbor for certain secondary market transactions involving securities subject to restrictions on resale under federal securities laws. Rule 144A provides an exemption from registration for resales of otherwise restricted securities to qualified institutional buyers. Rule 144A was expected to further enhance the liquidity of the secondary market for securities eligible for resale under Rule 144A. The Fund believes that the Staff of the SEC has left the question of determining the liquidity of all restricted securities to the Trustees. The Trustees consider the following criteria in determining the liquidity of certain restricted securities:

the frequency of trades and quotes for the security;

the number of dealers willing to purchase or sell the security and the number of other potential buyers;

dealer undertakings to make a market in the security; and

the nature of the security and the nature of the marketplace trades.

REPURCHASE AGREEMENTS

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

REVERSE REPURCHASE AGREEMENTS

The Fund may also enter into reverse repurchase agreements. These transactions are similar to borrowing cash and pledging securities as collateral. In a reverse repurchase agreement, the Fund transfers possession of a portfolio instrument to another person, such as a financial institution or broker-dealer, in return for a percentage of the instrument's market value in cash, and agrees that on a stipulated date in the future the Fund will repurchase the portfolio instrument by remitting the original consideration, plus interest at an agreed upon rate. The use of reverse repurchase agreements may enable the Fund to avoid selling portfolio instruments at a time when a sale may be deemed to be disadvantageous, but the ability to enter into reverse repurchase agreements does not ensure that the Fund will be able to avoid selling portfolio instruments at a disadvantageous time.

When effecting reverse repurchase agreements, liquid assets of the Fund, in a dollar amount sufficient to make payment for the obligations to be purchased, are segregated at the trade date. These securities are marked to market daily

and are maintained until the transaction is settled.

LENDING OF PORTFOLIO SECURITIES

The collateral received when the Fund lends portfolio securities must be valued daily and, should the market value of the loaned securities increase, the borrower must furnish additional collateral to the Fund. During the time portfolio securities are on loan, the borrower pays the Fund any dividends or interest paid on such securities. Loans are subject to termination at the option of the Fund or the borrower. The Fund may pay reasonable administrative and custodial fees in connection with a loan and may pay a negotiated portion of the interest earned on the cash or equivalent collateral to the borrower or placing broker.

The Fund would not have the right to vote securities on loan, but would terminate the loan and regain the right to vote if that were considered important with respect to the investment.

PORTFOLIO TURNOVER

The Fund may trade or dispose of portfolio securities as considered necessary to meet its investment objective. It is anticipated that, under stable market conditions, the portfolio trading engaged in by the Fund will not 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 are necessary for clearance of purchase and sale of securities. The deposit or payment by the Fund of initial or variation margin in connection with financial futures contracts or related options transactions is not considered the purchase of a security on margin.

ISSUING SENIOR SECURITIES AND BORROWING MONEY

The Fund will not issue senior securities except that the Fund may borrow money and engage in reverse repurchase agreements in amounts up to 33 1/3% of the value of its total assets, including the amounts borrowed except to the extent that the Fund may enter into futures contracts. The Fund will not borrow money or engage in reverse repurchase agreements 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 any assets, except to secure permissible borrowings. In those cases, it may pledge assets having a market value not exceeding the lesser of the dollar amounts borrowed or 15% of the value of the Fund's total assets at the time of the pledge. For purposes of this limitation, the following are not deemed to be pledges: margin deposits for the purchase and sale of financial futures contracts and related options; and segregation or collateral arrangements made in connection with options activities or the purchase of securities on a when-issued basis.

DIVERSIFICATION OF INVESTMENTS

With respect to securities comprising 75% of the value of its total assets, the Fund will not purchase securities of any one issuer (other than cash, cash items or securities issued or guaranteed by the government of the United States or its agencies or instrumentalities and repurchase agreements collateralized by such securities) if as a result more than 5% of the value of its total assets would be invested in the securities of that issuer and will not acquire more than 10% of the outstanding voting securities of any one issuer. (For purposes of this limitation, the Fund considers certificates of deposit and demand and time deposits issued by a U.S. branch of a domestic bank having capital, surplus, and undivided profits in excess of \$100,000,000 at the time of investment to be "cash items".)

CONCENTRATION OF INVESTMENTS

The Fund will not invest 25% or more of its total assets in securities of issuers having their principal business activities in the same industry.

INVESTING IN COMMODITIES

The Fund will not purchase or sell commodities, commodity contracts, or commodity futures contracts except that the Fund may purchase and sell financial futures contracts and related options.

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 restricted or other securities which the Fund may purchase pursuant to its investment objective, policies and limitations.

INVESTING IN REAL ESTATE

The Fund will not purchase or sell real estate, including limited partnership interests, although it may invest in the securities of companies whose business involves the purchase or sale of real estate or in securities which are secured by real estate or which represent interests in real estate.

LENDING CASH OR SECURITIES

The Fund will not lend any of its assets except portfolio securities up to 50% of the value of its total assets. This shall not prevent the Fund from purchasing or holding U.S. government obligations, money market instruments, variable rate demand notes, bonds, debentures, notes, certificates of indebtedness, or other debt securities, entering into repurchase agreements, or engaging in other transactions where permitted by the Fund's investment objective, policies, and limitations or Declaration of Trust.

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

INVESTING IN NEW ISSUERS

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

INVESTING IN FOREIGN SECURITIES

The Fund will not invest more than 5% of its total assets in securities of foreign issuers.

INVESTING IN RESTRICTED SECURITIES

The Fund will not purchase restricted securities if immediately thereafter more than 10% of the total assets of the Fund, taken at market value, would be invested in such securities, except for securities which meet the criteria for liquidity as established by the Trustees. To comply with certain state restrictions, the Fund will limit these transactions to 5% of its total assets. (If state restrictions change, this latter restriction may be revised without shareholder approval or notification.)

INVESTING IN MINERALS

The Fund will not invest in interests in oil, gas, or other mineral exploration or development programs or leases, other than debentures or equity stock interests.

PURCHASING SECURITIES TO EXERCISE CONTROL

The Fund will not purchase securities of a company for the purpose of exercising control or management.

INVESTING IN WARRANTS

The Fund will not invest more than 5% of its assets in warrants, including those acquired in units or attached to other securities. To comply with certain state restrictions, the Fund will limit its investment in such warrants not listed on New York or American stock exchanges to 2% of its total assets. (If state restrictions change, this latter restriction may be revised without notice to shareholders.) For purposes of this investment restriction, warrants will be valued at the lower of cost or market, except that warrants acquired by the Fund in units with or attached to securities may be deemed to be without value.

INVESTING IN SECURITIES OF OTHER INVESTMENT COMPANIES

The Fund will limit its investment in other investment companies to no more than 3% of the total outstanding voting stock of any investment company, invest no more than 5% of the total assets in any investment company, or invest no more than 10% of its total assets in investment companies in the aggregate. However, these limitations are not applicable if the securities are acquired in a merger, consolidation, or acquisition of assets.

INVESTING IN ILLIQUID SECURITIES

The Fund will not invest more than 15% of the value of its net assets in illiquid securities, including repurchase agreements providing for settlement more than seven calendar days after notice, over-the-counter options, and restricted securities not determined by the Trustees to be liquid.

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

The Fund will not purchase or retain the securities of any issuer if the officers and Trustees of the Fund or the Adviser own individually more than 0.5% of the issuer's securities or in the aggregate own more than 5% of such issuer's securities.

ARBITRAGE TRANSACTIONS

To comply with certain state restrictions, the Fund will not enter into transactions for the purpose of engaging in arbitrage. If state requirements change, this restriction may be revised without shareholder notification.

WRITING COVERED CALL OPTIONS

The Fund will not write call options on securities unless the securities are held in the Fund's portfolio or unless the Fund is entitled to them in deliverable form without further payment or after segregating cash in the amount of any further payment.

INVESTING IN PUT OPTIONS

The Fund will not purchase put options on securities, other than put options on stock indices, unless the securities are held in the Fund's portfolio and not more than 5% of the value of the Fund's net assets would be invested in premiums on open put option positions.

The Fund has no present intention to borrow money in excess of 5% of the total value of its net assets during the first fiscal year.

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.

Each fund of the Trust has the ability to issue more than one class of shares. The Fund does not consider the issuance of separate classes of shares to constitute an issue of "senior securities" within the meaning of the investment limitations set forth above.

To comply with registration requirements in certain states, the Fund (1) will limit the aggregate value of the assets underlying covered call options or put options written by the Fund to not more than 25% of its net assets, (2) will limit the premiums paid for options purchased by the Fund to 20% of its net assets, and (3) will limit the margin deposits on futures contracts entered into by the Fund to 5% of its net assets. (If state requirements change, these restrictions may be revised without shareholder notification.)

BANKSOUTH SELECT FUNDS MANAGEMENT

OFFICERS AND TRUSTEES

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

<TABLE>

<CAPTION>

NAME AND ADDRESS	POSITIONS WITH THE TRUST	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS
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<S>	<C>	<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 of the Trust.
John T. Conroy, Jr. Wood/IPC Commercial Department John R. Wood and Associates, Inc., Realtors 3255 Tamiami Trail North Naples, FL	Trustee	President, Investment Properties Corporation; Senior Vice-President, John R. Wood and Associates, Inc., Realtors; President, Northgate Village Development Corporation; General Partner or Trustee in private real estate ventures in Southwest Florida; Director, Trustee or Managing General Partner of the Funds; formerly, President, Naples Property Management, Inc.
William J. Copeland One PNC Plaza-23rd Floor Pittsburgh, PA	Trustee	Director and Member of the Executive Committee, Michael Baker, Inc. (an engineering firm); 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 Trustee 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; State Representative, Commonwealth of Massachusetts; Director, Trustee, or Managing General Partner of the Funds; formerly, President, State Street Bank & Trust Company and State Street Boston Corporation and Trustee, Lahey Clinic Foundation, Inc.
Gregor F. Meyer 5916 Penn Mall Pittsburgh, PA	Trustee	Attorney-at-law; Partner, Meyer and Flaherty; Chairman, Meritcare, Inc.; Director, 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 and 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 & 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 Federated Investors Tower Pittsburgh, PA	Vice President	President and Trustee, Federated Investors; Trustee, Federated Advisers, Federated Management, and Federated Research; Trustee, Federated Services Company; President and Director, Federated Administrative Services; 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.
Charles L. Davis, Jr. Federated Investors Tower Pittsburgh, PA	Vice President and Assistant Treasurer	Vice President, Federated Administrative Services; Vice President and Assistant Treasurer of some of the Funds; formerly Vice President and Director of Investor Relations, MNC Financial, Inc. and Vice President, Product Management, MNC Financial, Inc.

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	Vice President, Secretary, General Counsel, and Trustee, and Secretary 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; Executive Vice President and Director, 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.

</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 Board's Executive Committee. The Executive Committee of the Board of Trustees handles various of the delegable responsibilities of the Board of Trustees between meetings of the Board.

THE FUNDS

"The Funds" and "Funds" mean the following investment companies: A.T. Ohio Tax-Free Money Fund; American Leaders Fund, Inc.; Annuity Management Series; Automated Cash Management Trust; Automated Government Money Trust; The Boulevard Funds; California Municipal Cash Trust; Cash Trust Series, Inc.; Cash Trust Series II; DG Investor Series; Edward D. Jones & Co. Daily Passport Cash Trust; FT Series, Inc.; Federated ARMS Fund; Federated Exchange Fund, Ltd.; Federated GNMA Trust; Federated Government Trust; Federated Growth Trust; Federated High Yield Trust; Federated Income 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-Intermediate Municipal 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; 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; Money Market Obligations; Money Market Trust; Municipal Securities Income Trust; New York Municipal Cash Trust; 111 Corcoran Funds; The Planters Funds; Portage Funds; RIMCO Monument Funds; The Shawmut Funds; Short-Term Municipal Trust; Signet Select Funds; Star Funds; The Starburst Funds; The Starburst Funds II; Stock and Bond Fund, Inc.; Sunburst Funds; Targeted Duration Trust; Tax-Free Instruments Trust; Trademark Funds; Trust for Financial Institutions; Trust for Government Cash Reserves; Trust for Short-Term U.S. Government Securities; and Trust for U.S. Treasury Obligations.

FUND OWNERSHIP

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

TRUSTEE LIABILITY

BankSouth Select Funds' Declaration of Trust provides that the Trustees are not liable for errors of judgment or mistakes of fact or law. However, they are not protected against any liability to which they would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of their office.

INVESTMENT ADVISORY SERVICES

ADVISER TO THE FUND

The Fund's investment adviser is Bank South, N.A., (the "Adviser"). The Adviser shall not be liable to the Trust, the Fund, or any shareholder of the Fund for any losses that may be sustained in the purchase, holding, or sale of any security or for anything done or omitted by it, except acts or omissions

involving willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties imposed upon it by its contract with the Trust.

ADVISORY FEES

For its advisory services, the Adviser receives an annual investment advisory fee as described in the Prospectus.

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 2.50% per year of the first \$30 million of average net assets, 2.00% per year of the next \$70 million of average net assets, and 1.50% per year of the remaining average net assets, the Adviser will reimburse the Fund for its expenses over the limitation.

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

This arrangement is not part of the advisory contract and may be amended or rescinded in the future.

ADMINISTRATIVE SERVICES

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.

BROKERAGE TRANSACTIONS

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 utilize those who are recognized dealers in specific portfolio instruments, except when a better price and execution of the order can be obtained elsewhere. The Adviser makes decisions on portfolio transactions and selects brokers and dealers subject to review by the 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.

PURCHASING SHARES

Shares are sold at their net asset value without a sales charge on days the New York Stock Exchange and Federal Reserve Wire System are open for business. The

procedure for purchasing shares of the Fund is explained in the prospectus under "Investing in the Fund."

ADMINISTRATIVE ARRANGEMENTS

The administrative services include, but are not limited to, providing office space, equipment, telephone facilities, and various personnel, including clerical, supervisory, and computer, as is necessary or beneficial to establish and maintain shareholders' accounts and records, process purchase and redemption transactions, process automatic investments of client account cash balances, answer routine client inquiries regarding the Fund, assist clients in changing dividend options, account designations, and addresses, and providing such other services as the Fund may reasonably request.

DISTRIBUTION PLAN

With respect to the Fund, the Trust has adopted a Plan pursuant to Rule 12b-1 which was promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Investment Company Act of 1940, as amended (the "Act"). The Plan provides for payment of fees to the Distributor to finance any activity which is principally intended to result in the sale of the Fund's shares subject to the Plan. Such activities may include the advertising and marketing of shares of the Fund; preparing, printing, and distributing prospectuses and sales literature to prospective shareholders, brokers, or administrators; and implementing and operating the Plan. Pursuant to the Plan, the Distributor may pay fees to brokers and others for such services.

The Trustees expect that the adoption of the Plan will assist the Fund in selling a sufficient number of shares so as to allow the Fund to achieve economic viability. It is also anticipated that an increase in the size of the Fund will facilitate more efficient portfolio management and thereby assist the Fund in seeking to achieve its investment objectives.

PURCHASING FUND SHARES WITH SECURITIES

The Fund in its sole discretion, may sell Fund shares to investors that desire to purchase Fund shares with certain securities or a combination of certain securities and cash. The Fund reserves the right to determine the acceptability of securities used to effect such purchases. On the day securities are accepted by the Fund, they are valued based upon independent bid and in the same manner as the Fund values its assets. Investors wishing to use securities to purchase Fund Shares should first contact the Bank. Any such transfer of securities is treated as a sale of the securities and will result in the recognition of any gain or loss for federal income tax purposes by the seller of such securities, except to the extent the seller is an ERISA plan or similar entity not subject to tax.

DETERMINING NET ASSET VALUE

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

DETERMINING MARKET VALUE OF SECURITIES

The market values of the Fund's portfolio securities, other than options, are determined as follows:

for equity securities, according to the last sale price on a national securities exchange, if available;

in the absence of recorded sales for listed equity securities, according to the mean between the last closing bid and asked prices;

for unlisted equity securities, the latest bid prices;

for bonds and other fixed income securities, as determined by an independent pricing service;

for short-term obligations, according to the mean between the bid and asked prices, as furnished by an independent pricing service; or

for all other securities, at fair value as determined in good faith by the Trustees.

The Fund will value futures contracts, options, put options on futures and financial futures at their market values established by the exchanges at the close of option trading on such exchanges unless the Trustees determines in good faith that another method of valuing option positions is necessary to appraise their fair value.

EXCHANGE PRIVILEGE

Shareholders of the Fund may exchange shares of the Fund for shares of other funds advised by the Bank and certain other Funds designated by the Bank and distributed by the Distributor, subject to certain conditions. Exchange procedures are explained in the prospectus under "Exchange Privilege."

REDEEMING SHARES

The Fund redeems shares at the next determined net asset value after the Fund receives the redemption request. Redemption procedures are explained in the Prospectus under "Redeeming Shares."

REDEMPTION IN KIND

Although the Fund intends to redeem shares in cash, it reserves the right under certain circumstances to pay the redemption price in whole or in part by a distribution of securities from the Fund's portfolio.

Redemption in kind will be made in conformity with applicable SEC rules, taking such securities at the same value employed in determining net asset value and selecting the securities in a manner the Trustees determine to be fair and equitable.

The Trust has elected to be governed by SEC Rule 18f-1 under the Investment Company Act of 1940 under which each 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.

TAX STATUS

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.

SHAREHOLDERS' TAX STATUS

Shareholders are subject to federal income tax on dividends and capital gains received as cash or additional shares. No portion of any income dividend paid by the Fund is eligible for the dividends received deduction available to corporations. These dividends, and any short-term capital gains, are taxable as ordinary income.

CAPITAL GAINS

Long-term capital gains distributed to shareholders will be treated as long-term capital gains regardless of how long shareholders have held Fund shares.

TOTAL RETURN

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 maximum offering price 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 quarterly reinvestment of all dividends and distributions.

YIELD

The yield for the Fund is calculated 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.

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 offering price per share fluctuate daily. Both net earnings and offering price per share are factors in the computation of yield and total return. From time to time the Fund may advertise its performance using certain reporting services and/or compare its performance to certain indices. These may include the following:

STANDARD & POOR'S DAILY STOCK PRICE INDEX OF 500 COMMON STOCKS, a composite index of common stocks in industry, transportation, financial and public utility companies. In addition, the Standard & Poor's index assumes reinvestment of all dividends paid by stocks listed on the index. Taxes due on any of these distributions are not included, nor are brokerage or other fees calculated in the Standard & Poor's figures.

DOW JONES INDUSTRIAL AVERAGE ("DJIA") represents share prices of selected large capitalization, well-established blue-chip industrial corporations as well as public utility and transportation companies. The DJIA indicates daily changes in the average price of stocks in any of its categories. It also reports total sales for each group of industries.

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. From time to time, the Fund will quote its Lipper ranking in the "growth and income funds" category in advertising and sales literature.

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.

Investors may use such indices or reporting services in addition to the Fund's prospectus to obtain a more complete view of the Fund's performance before investing. Of course, when comparing performance of the Fund to any index, conditions such as composition of the index and prevailing market conditions should be considered in assessing the significance of such comparisons. When comparing funds using reporting services, or total return and yield, investors should take into consideration any relevant differences in funds such as permitted portfolio compositions and methods used to value portfolio securities and compute offering price.

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

PART C. OTHER INFORMATION.

Item 24. Financial Statements and Exhibits:

- (a) Financial Statements (to be filed by amendment)
- (b) Exhibits:
 - (1) (i) Conformed Copy of Declaration of Trust of the Registrant (1.);
 - (ii) Conformed Copy of Amended and Restated Declaration of Trust of the Registrant;+
 - (2) Copy of By-Laws of the Registrant;+
 - (3) Not applicable;
 - (4) Copy of Specimen Certificates for Shares of Beneficial Interest of the Registrant;+
 - (i) BankSouth Select Georgia Tax-Free Income Fund;+
 - (ii) BankSouth Select Government Money Market Fund;+
 - (iii) BankSouth Select Prime Money Market Fund;+
 - (iv) BankSouth Select Bond Fund;+
 - (v) BankSouth Select Equity Fund;+
 - (5) Conformed Copy of Investment Advisory Contract of the Registrant;+
 - (6) (i) Conformed Copy of 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) (i) Conformed Copy of Agreement for Fund Accounting, Shareholder Recordkeeping and Custody Services Procurement Agreement of the Registrant;+
 - (ii) Conformed Copy of Shareholder Services Plan of the Registrant;+
 - (10) Conformed Copy of Opinion and Consent of Counsel as to legality of shares being registered;+
 - (11) (i) Conformed Copy of Consent of Independent Public Accountants;+
 - (ii) Conformed Copy of Opinion and Consent of Special Counsel (to be filed by amendment;+
 - (12) Not applicable;
 - (13) Conformed Copy of Initial Capital Understanding;+
 - (14) Not applicable;
 - (15) (i) Conformed Copy of Distribution Plan;+
 - (ii) Copy of Form of 12b-1 Agreement;+
 - (16) Schedule for Computation of Fund Performance Data; (to be filed by amendment)
 - (17) Power of Attorney (1.);

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

None

- 1. Response is incorporated by reference to Registrant's Initial Registration Statement on Form N-1A filed October 15, 1993. (File Nos. 33-50635).

Item 26. Number of Holders of Securities:

Title of Class	Number of Record Holders as of January 7, 1994
Shares of beneficial interest (no par value)	
BankSouth Select Georgia Tax-Free Income Fund	0
BankSouth Select Government Money Market Fund	0
BankSouth Select Prime Money Market Fund	0
BankSouth Select Bond Fund	0
BankSouth Select Equity Fund	0

Item 27. Indemnification:

Indemnification is provided to Officers and Trustees of the Registrant pursuant to (Section 4 of Article XI of Registrant's Declaration of Trust. The Investment Advisory Contract between the Registrant and

Bank South National Association ("Adviser") provides that, in the absence of willful misfeasance, bad faith, gross negligence, or reckless disregard of the obligations or duties under the Investment Advisory Contract on the part of Adviser, Adviser shall not be liable to the Registrant 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. Registrant's Trustees and Officers are covered by an Investment Trust Errors and Omissions Policy.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to Trustees, Officers, and controlling persons of the Registrant by the Registrant pursuant to the Declaration of Trust or otherwise, the Registrant is aware that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Act and, therefore, is unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by Trustees, Officers, or controlling persons of the Registrant in connection with the successful defense of any act, suit, or proceeding) is asserted by such Trustees, Officers, or controlling persons in connection with the shares being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issues.

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

will be
entitled to indemnification.

Item 28. Business and Other Connections of Investment Adviser:

(a) Bank South National Association (the "Bank") is headquartered in Atlanta Georgia and is a wholly owned subsidiary of Bank South Corporation, a Georgia corporation which is a registered bank holding company. The Bank serves consumers through its network of banking offices with a full range of deposit and lending products, as well as investment services. The principal executive offices of the Adviser are located at 55 Marietta Street N.W., Atlanta, GA 30303. The Bank has managed discretionary assets for its consumers since 1931. As of December 17, 1993, the Bank managed in excess of \$1 billion of discretionary assets. Prior to the date hereof, the Bank has not served as an investment adviser to mutual funds.

The principal executive offices and directors of the Trust's Investment Adviser are set forth in the following tables.

Unless otherwise noted, the position listed under Other Substantial Business, Profession, Vocation or Employment is with the Bank.

(1) Name	(2) Position with the Adviser	(3) Other Substantial Business Profession, Vocation or Employment
Bernard W. Abrams	Director	Chairman of the Board and Chief Executive Officer of Abrams Industries, Inc., a holding company for subsidiaries doing business in general contracting, real estate development and manufacturing of store fixtures.
Ray C. Anderson	Director	Chairman and Chief Executive Officer of Interface, Inc., a manufacturer of carpet, textiles and chemicals.
Kenneth W. Cannestra	Director	President of Lockheed Aeronautical Systems Co.
John S. Carr	Director	President of John S. Carr and Associates, Inc., a real estate development company.
Patrick L. Flinn	Director and Chief Executive Officer	
Ralph E. Hutchens, Jr.	Senior Executive Vice President and Chief Financial Officer	
Sidney E. Jennette, Jr.	Director	Management consultant.
Lynn H. Johnston	Director	Chairman of Life Insurance Company of Georgia.
William M. McClatchey, M.D.	Director	President of Piedmont Internal Medicine Associates, P.A. and is a doctor of internal medicine and rheumatology
John E. McKinley, III	Director and Senior Executive Vice President, Credit Policy and Corporate	

Banking

Julia W. Morgan	Director	President and Chief Executive Officer of Ed Morgan & Associates, an insurance company.
Barry Phillips	Director	Partner of Kilpatrick & Cody, attorneys.
Ben. G. Porter	Director	Chairman of Piedmont Communications Corporation.
John W. Robinson, Jr.	Director	President of Southern Waistbands, Inc.

(1) Name	(2) Position with the Adviser	(3) Other Substantial Business Profession, Vocation or Employment
Lee M. Sessions, Jr.	Senior Executive Vice President, Consumer Investment and Trust Banking	
Felker W. Ward, Jr.	Director	President of Ward & Associates, investment bankers.
Virgil R. Williams	Director	President of Equipment Technology, Inc., President of International Banking Technologies, Inc. and the President and Publisher of Georgia Trend.

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; American Leaders Fund, Inc.; Annuity Management Series; Automated Cash Management Trust; Automated Government Money Trust; 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; 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) Name and Principal Business Address	(2) Positions and Offices With Underwriter	(3) 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.	Trustee, 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	Executive Vice President and Assistant Secretary, Federated Securities Corp.	Vice President
John B. Fisher Federated Investors Tower Pittsburgh, PA 15222-3779	President-Broker/Dealer, Federated Securities Corp.	--
James F. Getz Federated Investors Tower Pittsburgh, PA 15222-3779	President-Institutional Sales, Federated Securities Corp.	--
Mark R. Gensheimer Federated Investors Tower Pittsburgh, PA 15222-3779	Executive Vice President of Bank/Trust Federated Securities Corp.	--
James S. Hamilton 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.	--
Mark W. Bloss Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--

(1) Name and Principal Business Address	(2) Positions and Offices With Underwriter	(3) Positions and Offices With Registrant
Richard W. Boyd 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.	--
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.	--
Theodore Fadool, Jr. Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Bryant R. Fisher Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--
Christopher T. Fives Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--

Federated Investors Tower Pittsburgh, PA 15222-3779	Federated Securities Corp.		
Joseph D. Gibbons Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--	
James M. Heaton 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.	--	
J. Michael Miller Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--	
R. Jeffery Niss Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--	
Keith Nixon 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.	--	
Name and Principal Business Address	Positions and Offices With Underwriter	Positions and Offices With Registrant	
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.	--	
Timothy C. Pillion 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.	--	
Brian L. Sullivan 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.	--	
Richard B. Watts Federated Investors Tower Pittsburgh, PA 15222-3779	Vice President, Federated Securities Corp.	--	
R. Edmond Connell, Jr. Federated Investors Tower Pittsburgh, PA 15222-3779	Assistant Vice President, Federated Securities Corp.	--	
Philip C. Hetzel Federated Investors Tower	Assistant Vice President, Federated Securities Corp.	--	

Pittsburgh, PA 15222-3779

H. Joseph Kennedy Assistant Vice President, --
Federated Investors Tower Federated Securities Corp.
Pittsburgh, PA 15222-3779

Sharon M. Morgan Assistant Vice President, --
Federated Investors Tower Federated Securities Corp.
Pittsburgh, PA 15222-3779

S. Elliott Cohan Secretary, Federated --
Federated Investors Tower Securities Corp.
Pittsburgh, PA 15222-3779

(c) Not applicable.

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 Federated Administrative Services	Federated Investors Tower Pittsburgh, PA 15222-3779
---	---

Bank of New York ("Custodian")	New York, New York
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Bank South National Association ("Adviser")	MC 82 P.O. Box 5092 Atlanta, Georgia 30302
--	--

Item 31. Management Services: Not applicable.

Item 32. Undertakings:

Registrant hereby undertakes to file a post-effective amendment, using financial statements which need not be certified, within four to six months from the effective date of Registrant's 1933 Act Registration Statement.

Registrant undertakes to hold a meeting of shareholders of BankSouth Select Funds within sixteen months from its effective date to provide, where appropriate, for election of Trustees, approval of the investment advisory contract, ratification of the selection of independent public accountants, and approval of the 12b-1 plan.

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, BANKSOUTH SELECT FUNDS, has duly caused this Pre-Effective Amendment No. 2 to the 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 7th day of January, 1994.

BANKSOUTH SELECT FUNDS

BY: /s/C. Grant Anderson

C. Grant Anderson, Assistant Secretary

Attorney in Fact for John F. Donahue

January 7, 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/C. Grant Anderson C. Grant Anderson ASSISTANT SECRETARY	Attorney In Fact For the Persons Listed Below	January 7, 1994

NAME	TITLE
John F. Donahue*	Chairman and Trustee (Chief Executive Officer)
Glen R. Johnson*	President
Edward C. Gonzales*	Vice President, Treasurer (Principal Financial and Accounting Officer) and Trustee
John T. Conroy, Jr.*	Trustee
William J. Copeland*	Trustee
James E. Dowd*	Trustee
Lawrence D. Ellis, M.D.*	Trustee
Edward L. Flaherty, Jr.*	Trustee
Peter E. Madden*	Trustee
Gregor F. Meyer*	Trustee
Wesley W. Posvar*	Trustee
Marjorie P. Smuts*	Trustee

* By Power of Attorney

BANKSOUTH SELECT FUNDS

Amended and Restated
Declaration of Trust

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AMENDED AND RESTATED
DECLARATION OF TRUST
BankSouth Select Funds

Dated December 20, 1993

THIS AMENDED AND RESTATED DECLARATION OF TRUST made December 20, 1993, by John F. Donahue, William J. Copeland, James E. Dowd, Lawrence D. Ellis, M.D., Edward L. Flaherty, Jr., Edward C. Gonzales, Marjorie P. Smuts, Gregor F. Meyer, Wesley W. Posvar, Peter E. Madden, John T. Conroy, Jr.

WHEREAS, the Trustees desire to establish a trust fund for the investment and reinvestment of funds contributed thereto;

NOW, THEREFORE, the Trustees declare that all money and property contributed to the trust fund hereunder shall be held and managed under this Declaration of Trust IN TRUST as herein set forth below.

ARTICLE I

NAMES AND DEFINITIONS

Section 1. Name.

This Trust shall be known as BankSouth Select Funds.

Section 2. Definitions.

Wherever used herein, unless otherwise required by the context or specifically provided:

(a) The terms "Affiliated Person," "Assignment," "Commission," "Interested Person," "Majority Shareholder Vote" (the 67% or 50% requirement of Section 2(a)(42) of the 1940 Act, whichever may be applicable) and "Principal Underwriter" shall have the meanings given them in the 1940 Act, as

amended from time to time;

(b) The "Trust" refers to BankSouth Select Funds.

(c) "Class" refers to a class of Shares established and designated under or in accordance with the provisions of Article III;

(d) "Series" refers to a series of Shares established and designated under or in accordance with the provisions of Article III;

(e) "Series Company" refers to the form of a registered open-end investment company described in Section 18(f)(2) of the 1940 Act or in any successor statutory provision;

(f) "Shareholder" means a record owner of Shares of any Series or Class;

(g) The "Trustees" refer to the individual Trustees in their capacity as Trustees hereunder of the Trust and their successor or successors for the time being in office as such Trustees;

(h) "Shares" means the equal proportionate units of interest into which the beneficial interest in the Trust shall be divided from time to time, or if more than one Series or Class of Shares is authorized by the Trustees, the equal proportionate units into which each Series or Class of Shares shall be divided from time to time and includes fractions of Shares as well as whole Shares; and

(i) The "1940 Act" refers to the Investment Company Act of 1940, and the Rules and Regulations thereunder, (including any exemptions granted thereunder) as amended from time to time.

ARTICLE II PURPOSE OF TRUST

The purpose of this Trust is to provide investors a continuous source of managed investments by investing primarily in securities including, without limit, equities, debt instruments, futures, commodities, commodity contracts and derivatives (including, without limit, options, interest rate swaps, and other interest rate protective instruments and any combination thereof).

ARTICLE III BENEFICIAL INTEREST

Section 1. Shares of Beneficial Interest.

The beneficial interest in the Trust shall at all times be divided into transferable Shares, without par value. Subject to the provisions of Section 5 of this Article III, each Share shall have voting rights as provided in Article VIII hereof, and holders of the Shares of any Series shall be entitled to receive dividends, when and as declared with respect thereto in the manner provided in Article X, Section 1 hereof. The Shares of any Series

may be issued in two or more Classes, as the Trustees may authorize pursuant to Article XII, Section 8 hereof. Unless the Trustees have authorized the issuance of Shares of a Series in two or more Classes, each Share of a Series shall represent an equal proportionate interest in the assets and liabilities of the Series with each other Share of the same Series, none having priority or preference over another. If the Trustees have authorized the issuance of Shares of a Series in two or more Classes, then the Classes may have such variations as to dividend, redemption, and voting rights, net asset values, expenses borne by the Classes, and other matters as the Trustees have authorized provided that each Share of a Class shall represent an equal proportionate interest in the assets and liabilities of the Class with each other Share of the same Class, none having priority or preference over another. The number of Shares authorized shall be unlimited. The Trustees may from time to time divide or combine the Shares of any Series or Class into a greater or lesser number without thereby changing the proportionate beneficial interests in the Series or Class.

Section 2. Ownership of Shares.

The ownership of Shares shall be evidenced by book-entry or physical certificates and recorded in the books of the Trust or a transfer agent which books shall be maintained separately for the Shares of each Series or Class. The Trustees may make such rules as they consider appropriate for the transfer of Shares and similar matters. The record books of the Trust or any transfer agent, as the case may be, shall be conclusive as to who are the Shareholders of each Series or Class and as to the number of Shares of each Series or Class held from time to time by each.

Section 3. Investment in the Trust.

The Trustees shall accept investments in the Trust from such persons and on such terms as they may from time to time authorize. After the date of the initial contribution of capital (which shall occur prior to the initial public offering of Shares), the number of Shares to represent the initial contribution shall be considered as outstanding and the amount received by the Trustees on account of the contribution shall be treated as an asset of the Trust to be allocated among any Series or Classes in the manner described in Section 5(a) of this Article. Subsequent to such initial contribution of capital, Shares (including Shares which may have been redeemed or repurchased by the Trust) may be issued or sold at a price which will net the relevant Series or Class, as the case may be, before paying any taxes in connection with such issue or sale, not less than the net asset value (as defined in Article X, Section 3) thereof; provided, however, that the Trustees may in their discretion impose a sales charge upon investments in the Trust.

Section 4. No Pre-emptive Rights.

Shareholders shall have no pre-emptive or other right to subscribe to any additional Shares or other securities issued by the Trust.

Section 5. Establishment and Designation of Series or Class.

Without limiting the authority of the Trustees set forth in Article XII, Section 8, inter alia, to establish and designate any additional series or class or to modify the rights and preferences of any existing Series or Class, the initial series shall be, and are established and designated as, BankSouth Select Equity Fund, BankSouth Select Bond Fund, BankSouth Select Government Money Market Fund, BankSouth Select Georgia Tax-Free Income Fund, and BankSouth Select Prime Money Market Fund.

Shares of any Series or Class established in this Section 5 shall have the following relative rights and preferences:

(a) Assets belonging to Series or Class. All consideration received by the Trust for the issue or sale of Shares of a particular Series or Class, together with all assets in which such consideration is invested or reinvested, all income, earnings, profits, and proceeds thereof from whatever source derived, including, without limitation, any proceeds derived from the sale, exchange or liquidation of such assets, and any funds or payments derived from any reinvestment of such proceeds in whatever form the same may be, shall irrevocably belong to that Series or Class for all purposes, subject only to the rights of creditors, and shall be so recorded upon the books of account of the Trust. Such consideration, assets, income, earnings, profits and proceeds thereof, from whatever source derived, including, without limitation, any proceeds derived from the sale, exchange or liquidation of such assets, and any funds or payments derived from any reinvestment of such proceeds, in whatever form the same may be, are herein referred to as "assets belonging to" that Series or Class. In the event that there are any assets, income, earnings, profits and proceeds thereof, funds or payments which are not readily identifiable as belonging to any particular Series or Class (collectively "General Assets"), the Trustees shall allocate such General Assets to, between or among any one or more of the Series or Classes established and designated from time to time in such manner and on such basis as they, in their sole discretion, deem fair and equitable, and any General Assets so allocated to a particular Series or Class shall belong to that Series or Class. Each such allocation by the Trustees shall be conclusive and binding upon the Shareholders of all Series or Classes for all purposes.

(b) Liabilities Belonging to Series or Class. The assets belonging to each particular Series or Class shall be charged with the liabilities of the Trust in respect to that Series or Class and all expenses, costs, charges and reserves attributable to that Series or Class, and any general liabilities of the Trust which are not readily identifiable as belonging to any particular Series or Class shall be allocated and charged by the Trustees to and among any one or more of the Series or Classes established and designated from time to time in such manner and on such basis as the Trustees in their sole discretion deem fair and equitable. The liabilities, expenses, costs, charges and reserves so charged to a Series or Class are herein referred to as "liabilities belonging to" that Series or Class. Each allocation of liabilities belonging to a Series or class by the Trustees shall be conclusive and

binding upon the Shareholders of all Series or Classes for all purposes.

(c) Dividends, Distributions, Redemptions, Repurchases and Indemnification. Notwithstanding any other provisions of this Declaration, including, without limitation, Article X, no dividend or distribution (including, without limitation, any distribution paid upon termination of the Trust or of any Series or Class) with respect to, nor any redemption or repurchase of the Shares of any Series or Class shall be effected by the Trust other than from the assets belonging to such Series or Class, nor except as specifically provided in Section 1 of Article XI hereof, shall any Shareholder of any particular Series or Class otherwise have any right or claim against the assets belonging to any other Series or Class except to the extent that such Shareholder has such a right or claim hereunder as a Shareholder of such other Series or Class.

(d) Voting. Notwithstanding any of the other provisions of this Declaration, including, without limitation, Section 1 of Article VIII, only Shareholders of a particular Series or Class shall be entitled to vote on any matters affecting such Series or Class. Except with respect to matters as to which any particular Series or Class is affected, all of the Shares of each Series or Class shall, on matters as to which such Series or Class is entitled to vote, vote with other Series or Classes so entitled as a single class. Notwithstanding the foregoing, with respect to matters which would otherwise be voted on by two or more Series or Classes as a single class, the Trustees may, in their sole discretion, submit such matters to the Shareholders of any or all such Series or Classes, separately.

(e) Fraction. Any fractional Share of a Series or Class shall carry proportionately all the rights and obligations of a whole Share of that Series or Class, including rights with respect to voting, receipt of dividends and distributions, redemption of Shares and termination of the Trust or of any Series or Class.

(f) Exchange Privilege. The Trustees shall have the authority to provide that the holders of Shares of any Series or Class shall have the right to exchange said Shares for Shares of one or more other Series or Classes in accordance with such requirements and procedures as may be established by the Trustees.

(g) Combination of Series or Classes. The Trustees shall have the authority, without the approval of the Shareholders of any Series or Class, unless otherwise required by applicable law, to combine the assets and liabilities belonging to a single Series or Class with the assets and liabilities of one or more other Series or Classes.

(h) Elimination of Series or Classes. At any time that there are no Shares outstanding of any particular Series or Class previously established and designated, the Trustees may amend this Declaration of Trust to abolish that Series or Class and to rescind the establishment and designation thereof.

ARTICLE IV
THE TRUSTEES

Section 1. Management of the Trust.

The business and affairs of the Trust shall be managed by the Trustees, and they shall have all powers necessary and desirable to carry out that responsibility. The Trustees who shall serve until the election of Trustees at the Meeting of Shareholders subsequent to the initial public offering of Shares shall be John F. Donahue, William J. Copeland, James E. Dowd, Lawrence D. Ellis, M.D., Edward L. Flaherty, Jr., Edward C. Gonzales, Marjorie P. Smuts, Gregor F. Meyer, Wesley W. Posvar, Peter E. Madden, John T. Conroy, Jr.

Section 2. Term of Office of Trustees.

The Trustees shall hold office during the lifetime of this Trust, and until its termination as hereinafter provided; except (a) that any Trustee may resign his office at any time by written instrument signed by him and delivered to the other Trustees, which shall take effect upon such delivery or upon such later date as is specified therein; (b) that any Trustee may be removed at any time by written instrument signed by at least two-thirds of the number of Trustees prior to such removal, specifying the date when such removal shall become effective; (c) that any Trustee who requests in writing to be retired or who has become mentally or physically incapacitated may be retired by written instrument signed by a majority of the other Trustees, specifying the date of his retirement; and (d) a Trustee may be removed at any special meeting of Shareholders of the Trust by a vote of two-thirds of the outstanding Shares.

Section 3. Termination of Service and Appointment of Trustees.

In case of the death, resignation, retirement, removal or mental or physical incapacity of any of the Trustees, or in case a vacancy shall, by reason of an increase in number, or for any other reason, exist, the remaining Trustees shall fill such vacancy by appointing such other person as they in their discretion shall see fit. Such appointment shall be effected by the signing of a written instrument by a majority of the Trustees in office. An appointment of a Trustee may be made by the Trustees then in office in anticipation of a vacancy to occur by reason of retirement, resignation or increase in number of Trustees effective at a later date, provided that said appointment shall become effective only at or after the effective date of said retirement, resignation or increase in number of Trustees. As soon as any Trustee so appointed shall have accepted this Trust, the trust estate shall vest in the new Trustee or Trustees, together with the continuing Trustees, without any further act or conveyance, and he shall be deemed a Trustee hereunder. Any appointment authorized by this Section 4 is subject to the provisions of Section 16(a) of the 1940 Act.

Section 4. Number of Trustees.

The number of Trustees, not less than three (3) nor more than twenty (20) serving hereunder at any time, shall be determined by the Trustees themselves.

Whenever a vacancy in the Board of Trustees shall occur, until such vacancy is filled or while any Trustee is physically or mentally incapacitated, the other Trustees shall have all the powers hereunder and the certificate signed by a majority of the other Trustees of such vacancy, absence or incapacity, shall be conclusive, provided, however, that no vacancy which reduces the number of Trustees below three (3) shall remain unfilled for a period longer than six calendar months.

Section 5. Effect of Death, Resignation, etc. of a Trustee.

The death, resignation, retirement, removal, or mental or physical incapacity of the Trustees, or any one of them, shall not operate to annul the Trust or to revoke any existing agency created pursuant to the terms of this Declaration of Trust.

Section 6. Ownership of Assets.

The assets belonging to each Series or Class shall be held separate and apart from any assets now or hereafter held in any capacity other than as Trustee hereunder by the Trustees or any successor Trustee. All of the assets belonging to each Series or Class or owned by the Trust shall at all times be considered as vested in the Trustees. No Shareholder shall be deemed to have a severable ownership interest in any individual asset belonging to any Series or Class or owned by the Trust or any right of partition or possession thereof, but each Shareholder shall have a proportionate undivided beneficial interest in a Series or Class.

ARTICLE V POWERS OF THE TRUSTEES

Section 1. Powers.

The Trustees in all instances shall act as principals, and are and shall be free from the control of the Shareholders. The Trustees shall have full power and authority to do any and all acts and to make and execute any and all contracts and instruments that they may consider necessary or appropriate in connection with the management of the Trust or a Series or Class. The Trustees shall not be bound or limited by present or future laws or customs in regard to trust investments, but shall have full authority and power to make any and all investments which they, in their uncontrolled discretion, shall deem proper to accomplish the purpose of this Trust. Without limiting the foregoing, the Trustees shall have the following specific powers and authority, subject to any applicable limitation in this Declaration of Trust or in the By-Laws of the Trust:

- (a) To buy, and invest funds in their hands in securities

including, but not limited to, common stocks, preferred stocks, bonds, debentures, warrants and rights to purchase securities, options, certificates of beneficial interest, money market instruments, notes or other evidences of indebtedness issued by any corporation, trust or association, domestic or foreign, or issued or guaranteed by the United States of America or any agency or instrumentality thereof or any entity sponsored by the United States, by the government of any foreign country, by any State of the United States, or by any political subdivision or agency or instrumentality of any State or foreign country, or in "when-issued" or "delayed-delivery" contracts for any such securities, or in any repurchase agreement or reverse repurchase agreement, or in debt instruments, futures, commodities, commodity contracts and derivatives, including without limit options, interest rate swaps and other interest rate protective instruments, or any combination thereof, or to retain assets belonging to each and every Series or Class in cash, and from time to time to change the investments of the assets belonging to each Series or Class;

(b) To adopt By-Laws of the Trust not inconsistent with the Declaration of Trust providing for the conduct of the business of the Trust and to amend and repeal them to the extent that they do not reserve that right to the Shareholders;

(c) To elect and remove such officers of the Trust and appoint and terminate such agents of the Trust as they consider appropriate;

(d) To appoint or otherwise engage a bank or trust company as custodian of any assets belonging to any Series or Class subject to any conditions set forth in this Declaration of Trust or in the By-Laws;

(e) To appoint or otherwise engage transfer agents, dividend disbursing agents, Shareholder servicing agents, investment advisers, sub-investment advisers, principal underwriters, administrative service agents, and such other agents as the Trustees may from time to time appoint or otherwise engage;

(f) To provide for the distribution of any Shares of any Series or Class either through a principal underwriter in the manner hereinafter provided for or by the Trust itself, or both;

(g) To set record dates in the manner hereinafter provided for;

(h) To delegate such authority as they consider desirable to a committee or committees composed of Trustees, including without limitation, an Executive Committee, or to any officers of the Trust and to any agent, custodian or underwriter;

(i) To sell or exchange any or all of the assets belonging to one or more Series or Classes, subject to the provisions of Article XII, Section 4(b) hereof;

(j) To vote or give assent, or exercise any rights of ownership, with respect to stock or other securities or property; and to execute and deliver powers of attorney to such person or persons as the Trustees shall deem proper, granting to such person or persons such power and discretion with relation to securities or property as the Trustees shall deem proper;

(k) To exercise powers and rights of subscription or otherwise which in any manner arise out of ownership of securities;

(l) To hold any security or property in a form not indicating any trust, whether in bearer, unregistered or other negotiable form; or either in its own name or in the name of a custodian or a nominee or nominees, subject in either case to proper safeguards according to the usual practice of Massachusetts trust companies or investment companies;

(m) To consent to or participate in any plan for the reorganization, consolidation or merger of any corporation or concern, any security of which belongs to any Series or Class; to consent to any contract, lease, mortgage, purchase, or sale of property by such corporation or concern, and to pay calls or subscriptions with respect to any security which belongs to any Series or Class;

(n) To engage in and to prosecute, compromise, abandon, or adjust, by arbitration, or otherwise, any actions, suits, proceedings, disputes, claims, demands, and things relating to the Trust, and out of the assets belonging to any Series or Class to pay, or to satisfy, any debts, claims or expenses incurred in connection therewith, including those of litigation, upon any evidence that the Trustees may deem sufficient (such powers shall include without limitation any actions, suits, proceedings, disputes, claims, demands and things relating to the Trust wherein any of the Trustees may be named individually and the subject matter of which arises by reason of business for or on behalf of the Trust);

(o) To make distributions of income and of capital gains to Shareholders;

(p) To borrow money;

(q) From time to time to issue and sell the Shares of any Series or Class either for cash or for property whenever and in such amounts as the Trustees may deem desirable, but subject to the limitation set forth in Section 3 of Article III.

(r) To purchase insurance of any kind, including, without limitation, insurance on behalf of any person who is or was a Trustee, Officer, employee or agent of the Trust, or is or was serving at the request of the Trust as a Trustee, Director, Officer, agent or employee of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such.

(s) To sell, exchange, lend, pledge, mortgage, hypothecate, lease, or write options with respect to or otherwise deal in any property rights relating to any or all of the assets belonging to any Series or Class.

The Trustees shall have all of the powers set forth in this Section 1 with respect to all assets and liabilities of each Series and Class.

Section 2. Principal Transactions.

The Trustees shall not cause the Trust on behalf of any Series or Class to buy any securities (other than Shares) from or sell any securities (other than Shares) to, or lend any assets belonging to any Series or Class to any Trustee or officer or employee of the Trust or any firm of which any such Trustee or officer is a member acting as principal unless permitted by the 1940 Act, but the Trust may employ any such other party or any such person or firm or company in which any such person is an interested person in any capacity not prohibited by the 1940 Act.

Section 3. Trustees and Officers as Shareholders.

Any Trustee, officer or other agent of the Trust or any Series or Class may acquire, own and dispose of Shares of any Series or Class to the same extent as if he were not a Trustee, officer or agent; and the Trustees may issue and sell or cause to be issued or sold Shares of any Series or Class to and buy such Shares from any such person or any firm or company in which he is an interested person subject only to the general limitations herein contained as to the sale and purchase of such Shares; and all subject to any restrictions which may be contained in the By-Laws.

Section 4. Parties to Contract.

The Trustees may enter into any contract of the character described in Article VII or in Article IX hereof or any other capacity not prohibited by the 1940 Act with any corporation, firm, trust or association, although one or more of the shareholders, Trustees, officers, employees or agents of the Trust or any Series or Class or their affiliates may be an officer, director, trustee, shareholder or interested person of such other party to the contract, and no such contract shall be invalidated or rendered voidable by reason of the existence of any such relationship, nor shall any person holding such relationship be liable merely by reason of such relationship for any loss or expense to the Trust or any Series or Class under or by reason of said contract or accountable for any profit realized directly or indirectly therefrom, in the absence of actual fraud. The same person (including a firm, corporation, trust or association) may be the other party to contracts entered into pursuant to Article VII or Article IX or any other

capacity not prohibited by the 1940 Act, and any individual may be financially interested or otherwise an interested person of persons who are parties to any or all of the contracts mentioned in this Section 4.

ARTICLE VI
TRUSTEES' EXPENSES AND COMPENSATION

Section 1. Trustee Reimbursement.

The Trustees shall be reimbursed from the assets belonging to each particular Series or Class for all of such Trustees' expenses as such expenses are allocated to and among any one or more of the Series or Classes pursuant to Article III, Section 5(b), including, without limitation, expenses of organizing the Trust or any Series or Class and continuing its or their existence; fees and expenses of Trustees and Officers of the Trust; fees for investment advisory services, administrative services and principal underwriting services provided for in Article VII, Sections 1, 2 and 3; fees and expenses of preparing and printing Registration Statements under the Securities Act of 1933 and the 1940 Act and any amendments thereto; expenses of registering and qualifying the Trust and any Series or Class and the Shares of any Series or Class under federal and state laws and regulations; expenses of preparing, printing and distributing prospectuses, statements of additional information, and any amendments thereto sent to shareholders, underwriters, broker-dealers and to investors who may be considering the purchase of Shares; interest expenses, taxes, fees and commissions of every kind; expenses of issue (including cost of share certificates), purchases, repurchases and redemptions 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 Shareholders and proxy solicitations therefor; insurance expenses; association membership dues and nonrecurring items as may arise, including all losses and liabilities by them incurred in administering the Trust and any Series or Class, including expenses incurred in connection with litigation, proceedings and claims and the obligations of the Trust under Article XI hereof and the By-Laws to indemnify its Trustees, Officers, employees, Shareholders and agents, and any contract obligation to indemnify principal underwriters under Section 3 of Article VII and/or any person selling Shares pursuant to a dealer or similar arrangement; and for the payment of such expenses, disbursements, losses and liabilities, the Trustees shall have a lien on the assets belonging to each Series or Class prior to any rights or interests of the Shareholders of any Series or Class. This section shall not preclude the Trust from directly paying any of the aforementioned fees and expenses.

Section 2. Trustee Compensation.

The Trustees shall be entitled to compensation from the Trust from the assets belonging to any Series or Class for their respective services as Trustees, to be determined from time to time by vote of the Trustees, and the Trustees shall also determine the compensation of all Officers, consultants and agents whom they may elect or appoint. The Trust may pay out of the assets belonging to any Series or Class any Trustee or any corporation, firm, trust or other entity of which a Trustee is an interested person for services

rendered in any capacity not prohibited by the 1940 Act, and such payments shall not be deemed compensation for services as a Trustee under the first sentence of this Section 2 of Article VI.

ARTICLE VII
INVESTMENT ADVISER, ADMINISTRATIVE SERVICES,
PRINCIPAL UNDERWRITER AND TRANSFER AGENT

Section 1. Investment Adviser.

Subject to a Majority Shareholder Vote by the relevant Series or Class, the Trustees may in their discretion from time to time enter into an investment advisory contract whereby the other party to such contract shall undertake to furnish the Trustees investment advisory services for such Series or Class upon such terms and conditions and for such compensation as the Trustees may in their discretion determine. Subject to a Majority Shareholder Vote by the relevant Series or Class, the investment adviser may enter into a sub-investment advisory contract to receive investment advice and/or statistical and factual information from the sub-investment adviser for such Series or Class upon such terms and conditions and for such compensation as the Trustees, in their discretion, may agree. Notwithstanding any provisions of this Declaration of Trust, the Trustees may authorize the investment adviser or sub-investment adviser or any person furnishing administrative personnel and services as set forth in Article VII, Section 2 (subject to such general or specific instructions as the Trustees may from time to time adopt) to effect purchases, sales or exchanges of portfolio securities belonging to a Series or Class on behalf of the Trustees or may authorize any officer or Trustee to effect such purchases, sales, or exchanges pursuant to recommendations of the investment adviser (and all without further action by the Trustees). Any such purchases, sales and exchanges shall be deemed to have been authorized by the Trustees. The Trustees may also authorize the investment adviser to determine what firms shall be employed to effect transactions in securities for the account of a Series or Class and to determine what firms shall participate in any such transactions or shall share in commissions or fees charged in connection with such transactions.

Section 2. Administrative Services.

The Trustees may in their discretion from time to time contract for administrative personnel and services whereby the other party shall agree to provide the Trustees administrative personnel and services to operate the Trust or a Series or Class on a daily basis, on such terms and conditions as the Trustees may in their discretion determine. Such services may be provided by one or more entities.

Section 3. Principal Underwriter.

The Trustees may in their discretion from time to time enter into an exclusive or nonexclusive contract or contracts providing for the sale of the Shares of a Series or Class to net such Series or Class not less than the amount provided in Article III, Section 3 hereof, whereby a Series or Class

may either agree to sell the Shares to the other party to the contract or appoint such other party its sales agent for such Shares. In either case, the contract shall be on such terms and conditions (including indemnification of principal underwriters or sales agents or persons that may sell Shares pursuant to dealer or similar arrangements allowable under applicable law and regulation) as the Trustees may in their discretion determine not inconsistent with the provisions of this Article VII; and such contract may also provide for the repurchase or sale of Shares of a Series or Class by such other party as principal or as agent of the Trust and may provide that the other party may maintain a market for shares of a Series or Class.

Section 4. Transfer Agent.

The Trustees may in their discretion from time to time enter into transfer agency and shareholder services contracts whereby the other party shall undertake to furnish a transfer agency and shareholder services. The contracts shall be on such terms and conditions as the Trustees may in their discretion determine not inconsistent with the provisions of this Declaration of Trust or of the By-Laws. Such services may be provided by one or more entities.

ARTICLE VIII SHAREHOLDERS' VOTING POWERS AND MEETINGS

Section 1. Voting Powers.

Subject to the provisions set forth in Article III, Section 5(d), the Shareholders shall have the power to vote, (i) for the election of Trustees; (ii) for the removal of Trustees as provided in Article IV, Section 2(d); (iii) with respect to any investment adviser or sub-investment adviser as provided in Article VII, Section 1; (iv) with respect to the amendment of this Declaration of Trust as provided in Article XII, Section 7; (v) to the same extent as the shareholders of a Massachusetts business corporation as to whether or not a court action, proceeding or claim should be brought or maintained derivatively or as a class action on behalf of the Trust or the Shareholders; and (vi) with respect to such additional matters relating to the Trust as may be required by law, by this Declaration of Trust, or the By-Laws of the Trust or any regulation of the Trust or the Securities and Exchange Commission or any State, or as the Trustees may consider desirable. Each whole Share shall be entitled to one vote as to any matter on which it is entitled to vote, and each fractional Share shall be entitled to a proportionate fractional vote. There shall be no cumulative voting in the election of Trustees. Shares may be voted in person or by proxy. Until Shares of a Series or Class are issued, the Trustees may exercise all rights of Shareholders of such Series or Class with respect to matters affecting such Series or Class, and may take any action with respect to the Trust or such Series or Class required or permitted by law, this Declaration of Trust or any By-Laws of the Trust to be taken by Shareholders.

Section 2. Meetings.

A Shareholders meeting shall be held as specified in Section 2 of Article IV at the principal office of the Trust or such other place as the Trustees may designate. Special meetings of the Shareholders may be called by the Trustees or the Chief Executive Officer of the Trust and shall be called by the Trustees upon the written request of Shareholders owning at least one-tenth of the outstanding Shares of all Series and Classes entitled to vote upon matters submitted to Shareholders generally. Shareholders shall be entitled to at least fifteen days' notice of any meeting.

Section 3. Quorum and Required Vote.

Except as otherwise provided by law, to constitute a quorum for the transaction of any business at any meeting of Shareholders there must be present, in person or by proxy, holders of more than fifty percent of the total number of outstanding Shares of all Series and Classes entitled to vote at such meeting. When any one or more Series or Classes is entitled to vote as a single Series or Class, more than fifty percent of the shares of each such Series or Class entitled to vote shall constitute a quorum at a Shareholder's meeting of that Series or Class. If a quorum shall not be present for the purpose of any vote that may properly come before the meeting, the Shares present in person or by proxy and entitled to vote at such meeting on such matter may, by plurality vote, adjourn the meeting from time to time to such place and time without further notice than by announcement to be given at the meeting until a quorum entitled to vote on such matter shall be present, whereupon any such matter may be voted upon at the meeting as though held when originally convened. Subject to any applicable requirement of law or of this Declaration of Trust or the By-Laws, a plurality of the votes cast shall elect a Trustee, and all other matters shall be decided by a majority of the votes cast and entitled to vote thereon.

Section 4. Additional Provisions.

The By-Laws may include further provisions for Shareholders' votes and meetings and related matters.

ARTICLE IX CUSTODIAN

The Trustees may, in their discretion, from time to time enter into contracts providing for custodial and accounting services to the Trust or any Series or Class. The contracts shall be on the terms and conditions as the Trustees may in their discretion determine not inconsistent with the provisions of this Declaration of Trust or of the By-Laws. Such services may be provided by one or more entities, including one or more sub-custodians.

ARTICLE X DISTRIBUTIONS AND REDEMPTIONS

Section 1. Distributions.

(a) The Trustees may from time to time declare and pay

dividends to the Shareholders of any Series or Class, and the amount of such dividends and the payment of them shall be wholly in the discretion of the Trustees. Such dividends may be accrued and automatically reinvested in additional Shares (or fractions thereof) of the relevant Series or Class or paid in cash or additional Shares of such Series or Class, all upon such terms and conditions as the Trustees may prescribe.

(b) The Trustees may distribute in respect of any fiscal year as dividends and as capital gains distributions, respectively, amounts sufficient to enable any Series or Class to qualify as a regulated investment company to avoid any liability for federal income taxes in respect of that year.

(c) The decision of the Trustees as to what constitutes income and what constitutes principal shall be final, and except as specifically provided herein the decision of the Trustees as to what expenses and charges of any Series or Class shall be charged against principal and what against the income shall be final. Any income not distributed in any year may be permitted to accumulate and as long as not distributed may be invested from time to time in the same manner as the principal funds of any Series or Class.

(d) All dividends and distributions on Shares of a particular Series or Class shall be distributed pro rata to the holders of that Series or Class in proportion to the number of Shares of that Series or Class held by such holders and recorded on the books of the Trust or its transfer agent at the date and time of record established for that payment.

Section 2. Redemptions and Repurchases.

(a) In case any Shareholder of record of any Series or Class at any time desires to dispose of Shares of such Series or Class recorded in his name, he may deposit a written request (or such other form of request as the Trustees may from time to time authorize) requesting that the Trust purchase his Shares, together with such other instruments or authorizations to effect the transfer as the Trustees may from time to time require, at the office of the Transfer Agent, and the Trust shall purchase his Shares out of assets belonging to such Series or Class. The purchase price shall be the net asset value of his shares reduced by any redemption charge as the Trustees from time to time may determine.

Payment for such Shares shall be made by the Trust to the Shareholder of record within that time period required under the 1940 Act after the request (and, if required, such other instruments or authorizations of transfer) is deposited, subject to the right of the Trustees to postpone the date of payment pursuant to Section 4 of this Article X. If the redemption is postponed beyond the date on which it would normally occur by reason of a declaration by the Trustees suspending the right of redemption pursuant to Section 4 of this Article X, the right of the Shareholder to have his Shares purchased by the Trust shall be similarly suspended, and he may withdraw his request (or such other instruments or authorizations of

transfer) from deposit if he so elects; or, if he does not so elect, the purchase price shall be the net asset value of his Shares determined next after termination of such suspension (reduced by any redemption charge), and payment therefor shall be made within the time period required under the 1940 Act.

(b) The Trust may purchase Shares of a Series or Class by agreement with the owner thereof at a purchase price not exceeding the net asset value per Share (reduced by any redemption charge) determined (1) next after the purchase or contract of purchase is made or (2) at some later time.

(c) The Trust may pay the purchase price (reduced by any redemption charge) in whole or in part by a distribution in kind of securities from the portfolio of the relevant Series or Class, taking such securities at the same value employed in determining net asset value, and selecting the securities in such manner as the Trustees may deem fair and equitable.

Section 3. Net Asset Value of Shares.

The net asset value of each Share of a Series or Class outstanding shall be determined at such time or times as may be determined by or on behalf of the Trustees. The power and duty to determine net asset value may be delegated by the Trustees from time to time to one or more of the Trustees or Officers of the Trust, to the other party to any contract entered into pursuant to Section 1 or 2 of Article VII or to the custodian or to a transfer agent or other person designated by the Trustees.

The net asset value of each Share of a Series or Class as of any particular time shall be the quotient (adjusted to the nearer cent) obtained by dividing the value, as of such time, of the net assets belonging to such Series or Class (i.e., the value of the assets belonging to such Series or Class less the liabilities belonging to such Series or Class exclusive of capital and surplus) by the total number of Shares outstanding of the Series or Class at such time in accordance with the requirements of the 1940 Act and applicable provisions of the By-Laws of the Trust in conformity with generally accepted accounting practices and principles.

The Trustees may declare a suspension of the determination of net asset value for the whole or any part of any period in accordance with the 1940 Act.

Section 4. Suspension of the Right of Redemption.

The Trustees may declare a suspension of the right of redemption or postpone the date of payment for the whole or any part of any period in accordance with the 1940 Act.

Section 5. Trust's Right to Redeem Shares.

The Trust shall have the right to cause the redemption of Shares of any Series or Class in any Shareholder's account for their then current net asset value and promptly make payment to the shareholder (which payment may be reduced by any applicable redemption charge), if at any time the total investment in the account does not have a minimum dollar value determined from time to time by the Trustees in their sole discretion.

ARTICLE XI
LIMITATION OF LIABILITY AND INDEMNIFICATION

Section 1. Limitation of Personal Liability and Indemnification of Shareholders.

The Trustees, officers, employees or agents of the Trust shall have no power to bind any Shareholder of any Series or Class personally or to call upon such Shareholder for the payment of any sum of money or assessment whatsoever, other than such as the Shareholder may at any time agree to pay by way of subscription to any Shares or otherwise.

No Shareholder or former Shareholder of any Series or Class shall be liable solely by reason of his being or having been a Shareholder for any debt, claim, action, demand, suit, proceeding, judgment, decree, liability or obligation of any kind, against, or with respect to the Trust or any Series or Class arising out of any action taken or omitted for or on behalf of the Trust or such Series or Class, and the Trust or such Series or Class shall be solely liable therefor and resort shall be had solely to the property of the relevant Series or Class of the Trust for the payment or performance thereof.

Each Shareholder or former Shareholder of any Series or Class (or their heirs, executors, administrators or other legal representatives or, in case of a corporate entity, its corporate or general successor) shall be entitled to be indemnified and reimbursed by the Trust to the full extent of such liability and the costs of any litigation or other proceedings in which such liability shall have been determined, including, without limitation, the fees and disbursements of counsel if, contrary to the provisions hereof, such Shareholder or former Shareholder of such Series or Class shall be held to be personally liable. Such indemnification and reimbursement shall come exclusively from the assets of the relevant Series or Class.

The Trust shall, upon request by a Shareholder or former Shareholder, assume the defense of any claim made against any Shareholder for any act or obligation of the Trust or any Series or Class and satisfy any judgment thereon.

Section 2. Limitation of Personal Liability of Trustees, Officers, Employees or Agents of the Trust.

No Trustee, officer, employee or agent of the Trust shall have the power to bind any other Trustee, officer, employee or agent of the Trust personally. The Trustees, officers, employees or agents of the Trust incurring any debts, liabilities or obligations, or in taking or omitting any

other actions for or in connection with the Trust are, and each shall be deemed to be, acting as Trustee, officer, employee or agent of the Trust and not in his own individual capacity.

Trustees and officers of the Trust shall be liable for their willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of the office of Trustee or officer, as the case may be, and for nothing else.

Section 3. Express Exculpatory Clauses and Instruments.

The Trustees shall use every reasonable means to assure that all persons having dealings with the Trust or any Series or Class shall be informed that the property of the Shareholders and the Trustees, officers, employees and agents of the Trust or any Series or Class shall not be subject to claims against or obligations of the Trust or any other Series or Class to any extent whatsoever. The Trustees shall cause to be inserted in any written agreement, undertaking or obligation made or issued on behalf of the Trust or any Series or Class (including certificates for Shares of any Series or Class) an appropriate reference to the provisions of this Declaration, providing that neither the Shareholders, the Trustees, the officers, the employees nor any agent of the Trust or any Series or Class shall be liable thereunder, and that the other parties to such instrument shall look solely to the assets belonging to the relevant Series or Class for the payment of any claim thereunder or for the performance thereof; but the omission of such provisions from any such instrument shall not render any Shareholder, Trustee, officer, employee or agent liable, nor shall the Trustee, or any officer, agent or employee of the Trust or any Series or Class be liable to anyone for such omission. If, notwithstanding this provision, any Shareholder, Trustee, officer, employee or agent shall be held liable to any other person by reason of the omission of such provision from any such agreement, undertaking or obligation, the Shareholder, Trustee, officer, employee or agent shall be indemnified and reimbursed by the Trust.

ARTICLE XII MISCELLANEOUS

Section 1. Trust is not a Partnership.

It is hereby expressly declared that a trust and not a partnership is created hereby.

Section 2. Trustee Action Binding, Expert Advice, No Bond or Surety.

The exercise by the Trustees of their powers and discretions hereunder shall be binding upon everyone interested. Subject to the provisions of Article XI, the Trustees shall not be liable for errors of judgment or mistakes of fact or law. The Trustees may take advice of counsel or other experts with respect to the meaning and operation of this Declaration of Trust, and subject to the provisions of Article XI, shall be under no liability for any act or omission in accordance with such advice or for

failing to follow such advice. The Trustees shall not be required to give any bond as such, nor any surety if a bond is required.

Section 3. Establishment of Record Dates.

The Trustees may close the Share transfer books of the Trust maintained with respect to any Series or Class for a period not exceeding sixty (60) days preceding the date of any meeting of Shareholders of the Trust or any Series or Class, or the date for the payment of any dividend or the making of any distribution to Shareholders, or the date for the allotment of rights, or the date when any change or conversion or exchange of Shares of any Series or Class shall go into effect; or in lieu of closing the Share transfer books as aforesaid, the Trustees may fix in advance a date, not exceeding sixty (60) days preceding the date of any meeting of Shareholders of the Trust or any Series or Class, or the date for the payment of any dividend or the making of any distribution to Shareholders of any Series or Class, or the date for the allotment of rights, or the date when any change or conversion or exchange of Shares of any Series or Class shall go into effect, or the last day on which the consent or dissent of Shareholders of any Series or Class may be effectively expressed for any purpose, as a record date for the determination of the Shareholders entitled to notice of, and, to vote at, any such meeting and any adjournment thereof, or entitled to receive payment of any such dividend or distribution, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of shares, or to exercise the right to give such consent or dissent, and in such case such Shareholders and only such Shareholders as shall be Shareholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting, or to receive payment of such dividend or distribution, or to receive such allotment or rights, or to exercise such rights, as the case may be, notwithstanding, after such date fixed aforesaid, any transfer of any Shares on the books of the Trust maintained with respect to any Series or Class. Nothing in the foregoing sentence shall be construed as precluding the Trustees from setting different record dates for different Series or Classes.

Section 4. Termination of Trust.

(a) This Trust shall continue without limitation of time but subject to the provisions of paragraphs (b), (c) and (d) of this Section 4.

(b) The Trustees may, by majority action, with the approval of the holders of more than fifty percent of the outstanding Shares of each Series or Class entitled to vote and voting separately by Series or Class, sell and convey the assets of the Trust or any Series or Class to another trust or corporation. Upon making provision for the payment of all liabilities, by assumption or otherwise, the Trustees shall distribute the remaining proceeds belonging to each Series or Class ratably among the holders of the Shares of that Series or Class then outstanding.

(c) Subject to a Majority Shareholder Vote by such Series or Class, the Trustees may at any time sell and convert into money all the assets of the Trust or any Series or Class. Upon making provision for the

payment of all outstanding obligations, taxes and other liabilities, accrued or contingent, belonging to each Series or Class, the Trustees shall distribute the remaining assets belonging to each Series or Class ratably among the holders of the outstanding Shares of that Series or Class.

(d) Upon completion of the distribution of the remaining proceeds of the remaining assets as provided in paragraphs (b) and (c), the Trust or the applicable Series or Class shall terminate and the Trustees shall be discharged of any and all further liabilities and duties hereunder or with respect thereto and the right, title and interest of all parties shall be canceled and discharged.

Section 5. Offices of the Trust, Filing of Copies, Headings, Counterparts.

The Trust shall maintain a usual place of business in Massachusetts, which, initially, shall be c/o Donnelly, Conroy & Gelhaar, 176 Federal Street, Boston, Massachusetts 02110, and shall continue to maintain an office at such address unless changed by the Trustees to another location in Massachusetts. The Trust may maintain other offices as the Trustees may from time to time determine. The original or a copy of this instrument and of each declaration of trust supplemental hereto shall be kept at the office of the Trust where it may be inspected by any Shareholder. A copy of this instrument and of each supplemental declaration of trust shall be filed by the Trustees with the Massachusetts Secretary of State and the Boston City Clerk, as well as any other governmental office where such filing may from time to time be required. Headings are placed herein for convenience of reference only and in case of any conflict, the text of this instrument, rather than the headings shall control. This instrument may be executed in any number of counterparts each of which shall be deemed an original.

Section 6. Applicable Law.

The Trust set forth in this instrument is created under and is to be governed by and construed and administered according to the laws of The Commonwealth of Massachusetts. The Trust shall be of the type commonly called a Massachusetts business trust, and without limiting the provisions hereof, the Trust may exercise all powers which are ordinarily exercised by such a trust.

Section 7. Amendments -- General.

Prior to the initial issuance of Shares pursuant to Section 3 of Article III, a majority of the Trustees then in office may amend or otherwise supplement this instrument by making a Declaration of Trust supplemental hereto, which thereafter shall form a part hereof. Subsequent to such initial issuance of Shares, amendments or supplements to this instrument may be authorized by a majority of the Trustees then in office and by the holders of a majority of the Shares of all Series and classes then outstanding and entitled to vote thereon (except that any amendments or supplements changing

the name of the Trust or pursuant to Section 8 hereunder may be made without shareholder approval), or by any larger vote which may be required by applicable law or this Declaration of Trust in any particular case, which amendment or supplement thereafter shall form a part hereof. Any such amendment or supplement (which may be in the form of a complete restatement) may be evidenced by either (i) a supplemental Declaration of Trust signed by at least a majority of the Trustees then in office or (ii) by a certificate of the President and Secretary of the Trust setting forth such amendment or supplement and certifying that such amendment or supplement has been duly authorized by the Trustees, and if required, by the shareholders. Copies of the supplemental Declaration of Trust or the certificate of the President and Secretary, as the case may be, shall be filed as specified in Section 5 of this Article XII.

Section 8. Amendments -- Series.

The establishment and designation of any series or class of Shares in addition to those established and designated in Section 5 of Article III hereof shall be effective upon the execution by a majority of the then serving Trustees of an amendment to this Declaration of Trust, taking the form of a complete restatement or otherwise, setting forth such establishment and designation and the relative rights and preferences of any such Series or Class, or as otherwise provided in such instrument.

Without limiting the generality of the foregoing, the Declaration of the Trust may be amended to:

(a) create one or more Series or Classes of Shares (in addition to any Series or Classes already existing or otherwise) with such rights and preferences and such eligibility requirements for investment therein as the Trustees shall determine and reclassify any or all outstanding Shares as Shares of particular Series or Classes in accordance with such eligibility requirements;

(b) combine two or more Series or Classes of Shares into a single Series or Class on such terms and conditions as the Trustees shall determine;

(c) change or eliminate any eligibility requirements for investment in Shares of any Series or Class, including without limitation the power to provide for the issue of Shares of any Series or Class in connection with any merger or consolidation of the Trust with another trust or company or any acquisition by the Trust of part or all of the assets of another trust or company;

(d) change the designation of any Series or Class of Shares;

(e) change the method of allocating dividends among the various Series and Classes of Shares;

(f) allocate any specific assets or liabilities of the Trust or any specific items of income or expense of the Trust to one or more Series and Classes of Shares;

(g) specifically allocate assets to any or all Series or Classes of Shares or create one or more additional Series or Classes of Shares which are preferred over all other Series or Classes of Shares in respect of assets specifically allocated thereto or any dividends paid by the Trust with respect to any net income, however determined, earned from the investment and reinvestment of any assets so allocated or otherwise and provide for any special voting or other rights with respect to such Series or Classes.

Section 9. Use of Name.

The Trust acknowledges that Bank South, N.A. has reserved the right to grant the non-exclusive use of the name "BankSouth Select Funds" or any derivative thereof and all other marks developed for and/or used in connection with the Trust and/or any Series or Class to any other investment company, investment company portfolio, investment adviser, distributor, or other business enterprise, and to withdraw from the Trust or one or more Series or Classes any right to the use of the name "BankSouth Select Funds". The name "BankSouth Select Funds" and all such other marks shall belong solely to Bank South, N.A., and any other such marks. The use of the name "BankSouth Select Funds" and such marks shall be governed by a separate licensing agreement.

IN WITNESS WHEREOF, the undersigned have executed this instrument the day and year first above written.

/S/ John F. Donahue
C. Gonzales
John F. Donahue
Gonzales

/s/ Edward
Edward C.

/s/ William J. Copeland
P. Smuts
William J. Copeland

/s/ Marjorie
Marjorie P. Smuts

/s/ James E. Dowd
F. Meyer
James E. Dowd

/s/ Gregor

Gregor F. Meyer

/s/ Lawrence D. Ellis, M.D.
W. Posvar
Lawrence D. Ellis, M.D.

/s/ Wesley

Wesley W. Posvar

/s/ Edward L. Flaherty, Jr.
Madden
Edward L. Flaherty, Jr.

/s/ Peter E.

Peter E. Madden

/s/ John T. Conroy, Jr.
John T. Conroy, Jr.

COMMONWEALTH OF PENNSYLVANIA)

: ss:

COUNTY OF ALLEGHENY)

I hereby certify that on December 20, 1993 before me, the subscriber, a Notary Public of the Commonwealth of Pennsylvania, in for the County of Allegheny, personally appeared JOHN F. DONAHUE, WILLIAM J. COPELAND, JAMES E. DOWD, LAWRENCE D. ELLIS, M.D., EDWARD L. FLAHERTY, JR., EDWARD C. GONZALES, MARJORIE P. SMUTS, GREGOR F. MEYER, J. WESLEY W. POSVAR, PETER E. MADDEN, JOHN T. CONROY, JR. who acknowledged the foregoing Declaration of Trust to be their act.

Witness my hand and notarial seal the day and year above written.

/s/ Erin J. Ratesic

Notary Public

BANKSOUTH SELECT FUNDS

BY-LAWS

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BankSouth Select Funds

BY-LAWS

ARTICLE I

OFFICERS AND THEIR ELECTION

Section 1. Officers. The officers of the Trust shall be a Chairman of the Board of Trustees, a President, one or more Vice Presidents, a Treasurer, a Secretary and such other officers as the Trustees may from time to time elect. It shall not be necessary for any Trustee or other officer to be a holder of shares in any Series or Class of the Trust.

Section 2. Election of Officers. The President, Vice President(s), Treasurer and Secretary shall be chosen annually by the Trustees. The Chairman of the Trustees shall be chosen annually by and from the Trustees.

Two or more offices may be held by a single person except the offices of President and Secretary. The officers shall hold office until their successors are chosen and qualified.

Section 3. Resignations and Removals and Vacancies. Any officer of the Trust may resign by filing a written resignation with the Chairman of the Trustees or with the Trustees or with the Secretary, which shall take effect on being so filed or at such time as may be therein specified. The Trustees may remove any officer, with or without cause, by a majority vote of all of the Trustees.

The Trustees may fill any vacancy created in any office whether by resignation, removal or otherwise.

ARTICLE II

POWERS AND DUTIES OF TRUSTEES AND OFFICERS

Section 1. Trustees. The business and affairs of the Trust shall be managed by the Board of Trustees (the "Trustees"), and they shall have all powers necessary and desirable to carry out that responsibility.

Section 2. Chairman of the Trustees ("Chairman"). The Chairman shall be the chief executive officer of the Trust. He shall have general supervision over the

business of the Trust and policies of the Trust. He shall employ and define the duties of all employees of the Trust, shall have power to discharge any such employees, shall exercise general supervision over the affairs of the Trust and shall perform such other duties as may be assigned to him from time to time by the Trustees. He shall preside at the meetings of shareholders and of the Trustees. The Chairman shall appoint a Trustee or officer to preside at such meetings in his absence.

Section 3. President. The President, in the absence of the Chairman, shall perform all duties and may exercise any of the powers of the Chairman subject to the control of the other Trustees. He shall counsel and advise the Chairman on matters of major importance and shall perform such other duties as may be assigned to him from time to time by the Trustees, the Chairman or the Executive Committee.

Section 4. Vice President. The Vice President (or if more than one, the senior Vice President) in the absence of the President shall perform all duties and may exercise any of the powers of the President Trustees. Each Vice President shall perform such other duties as may be assigned to him from time to time by the Trustees, the Chairman or the Executive Committee. Each Vice President shall be authorized to sign documents on behalf of the Trust.

Section 5. Secretary. The Secretary shall be the chief legal officer of the Trust responsible for providing legal guidance to the Trust. The Secretary shall keep or cause to be kept in books provided for that purpose the Minutes of the Meetings of Shareholders and of the Trustees; shall see that all Notices are duly given in accordance with the provisions of these By-Laws and as required by law; shall be custodian of the records and of the Seal of the Trust and see that the Seal is affixed to all documents, the execution of which on behalf of the Trust under its Seal is duly authorized; shall keep directly or through a transfer agent a register of the post office address of each shareholder of each Series or Class of the Trust, and make all proper changes in such register, retaining and filing his authority for such entries; shall see that the books, reports, statements, certificates and all other documents and records required by law are properly kept and filed; and in general shall perform all duties incident to the Office of Secretary and such other duties as may from time to time be assigned to him by the Trustees, Chairman or the Executive Committee.

Section 6. Treasurer. The Treasurer shall be the principal financial and accounting officer of the Trust responsible for the preparation and maintenance of the financial books and records of the Trust. He shall deliver all funds and securities belonging to any Series or Class to such custodian or sub-custodian as may be employed by the Trust for any Series or Class. The Treasurer shall perform such duties additional to the foregoing as the Trustees, Chairman or the Executive Committee may from time to time designate.

Section 7. Assistant Vice President. The Assistant Vice President or Vice Presidents of the Trust shall have such authority and perform such duties as may be assigned to them by the Trustees, the Executive Committee or the Chairman.

Section 8. Assistant Secretaries and Assistant Treasurers. The Assistant Secretary or Secretaries and the Assistant Treasurer or Treasurers shall perform the duties of the Secretary and of the Treasurer, respectively, in the absence of those Officers and shall have such further powers and perform such other duties as may be assigned to them respectively by the Trustees or the Executive Committee or the Chairman.

Section 9. Salaries. The salaries of the Officers shall be fixed from time to time by the Trustees. No officer shall be prevented from receiving such salary by reason of the fact that he is also a Trustee.

ARTICLE III

POWERS AND DUTIES OF THE EXECUTIVE AND OTHER COMMITTEES

Section 1. Executive and Other Committees. The Trustees may elect from their own number an Executive Committee to consist of not less than two members. The Executive Committee shall be elected by a resolution passed by a vote of at least a majority of the Trustees then in office. The Trustees may also elect from their own number other committees from time to time, the number composing such committees and the powers conferred upon the same to be determined by vote of the Trustees.

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Section 2. Vacancies in Executive Committee. Vacancies occurring in the

Executive Committee from any cause shall be filled by the Trustees by a resolution passed by the vote of at least a majority of the Trustees then in office.

Section 3. Executive Committee to Report to Trustees. All action by the Executive Committee shall be reported to the Trustees at their meeting next succeeding such action.

Section 4. Procedure of Executive Committee. The Executive Committee shall fix its own rules of procedure not inconsistent with these By-Laws or with any directions of the Trustees. It shall meet at such times and places and upon such notice as shall be provided by such rules or by resolution of the Trustees. The presence of a majority shall constitute a quorum for the transaction of business, and in every case an affirmative vote of a majority of all the members of the Committee present shall be necessary for the taking of any action.

Section 5. Powers of Executive Committee. During the intervals between the Meetings of the Trustees, the Executive Committee, except as limited by these By-Laws or by specific directions of the Trustees, shall possess and may exercise all the powers of the Trustees in the management and direction of the business and conduct of the affairs of the Trust in such manner as the Executive Committee shall deem to be in the best interests of the Trust, and shall have power to authorize the Seal of the Trust to be affixed to all instruments and documents requiring same. Notwithstanding the foregoing, the Executive Committee shall not have the power to elect Trustees, increase or decrease the number of Trustees, elect or remove any Officer, declare dividends, issue shares or recommend to shareholders any action requiring shareholder approval.

Section 6. Compensation. The members of any duly appointed committee shall receive such compensation and/or fees as from time to time may be fixed by the Trustees.

Section 7. Certain Actions by Executive Committee or Other Committee. Any action required or permitted to be taken at any meeting of the Executive Committee or any other duly appointed Committee may be taken without a meeting if a consent in writing setting forth such action is signed by all members of such committee and such consent is filed with the records of the Trust. Any meeting of the Executive and other Committees may be held by conference telephone call or other communication device where all members of such Committee may hear and communicate with each other.

ARTICLE IV

SHAREHOLDERS' MEETINGS

Section 1. Special Meetings. A special meeting of the shareholders of the Trust or of a particular Series or Class shall be called by the Secretary whenever ordered by the Trustees, the Chairman or requested in writing by the holder or holders of at least one-tenth of the outstanding shares of the Trust or of the relevant Series or Class, entitled to vote on matters submitted to shareholders generally. If the Secretary, when so ordered or requested, refuses or neglects for more than two days to call such special meeting, the Trustees, Chairman or the shareholders so requesting may, in the name of the Secretary, call the meeting by giving notice thereof in the manner required when notice is given by the Secretary.

Section 2. Notices. Except as above provided, notices of any special meeting

of the shareholders of the Trust or a particular Series or Class, shall be given by the Secretary by delivering or mailing, postage prepaid, to each shareholder entitled to vote at said meeting, a written or printed notification of such meeting, at least fifteen days before the meeting, to such address as may be registered with the Trust by the shareholder.

Section 3. Place of Meeting. Meetings of the shareholders of the Trust or a particular Series or Class, shall be held at the principal place of business of the Trust in Pittsburgh, Pennsylvania, or at such place within or without The Commonwealth of Massachusetts as fixed from time to time by resolution of the Trustees.

Section 4. Action by Consent. Any action required or permitted to be taken at any meeting of shareholders may be taken without a meeting, if a consent in writing, setting forth such action, is signed by all the shareholders entitled to vote on the subject matter thereof, and such consent is filed with the records of the Trust.

Section 5. Proxies. Any shareholder entitled to vote at any meeting of shareholders may vote either in person or by proxy. Every proxy shall be in writing subscribed by the shareholder or his duly authorized attorney and dated, but need not be sealed, witnessed or acknowledged. All proxies shall be filed with and verified by the Secretary or an Assistant Secretary of the Trust or, the person acting as Secretary of the Meeting.

ARTICLE V

TRUSTEES' MEETINGS

Section 1. Number and Qualifications of Trustees. The number of Trustees shall be as fixed from time to time by a majority of the Trustees but shall be no less than three nor more than twenty. The Trustees may from time to time increase or decrease the number of Trustees to such number as they deem expedient, not to be less than three nor more than twenty, however, and fill the vacancies so created. The term of office of a Trustee shall not be affected by any decrease in the number of Trustees made by the Trustees pursuant to the foregoing authorization.

Section 2. Special Meetings. Special meetings of the Trustees shall be called by the Secretary at the written request of the Chairman or any Trustee, and if the Secretary when so requested refuses or fails for more than twenty-four hours to call such meeting, the Chairman or such Trustee may in the name of the Secretary call such meeting by giving due notice in the manner required when notice is given by the Secretary.

Section 3. Regular Meetings. Regular meetings of the Trustees may be held without call or notice at such places and at such times as the Trustees may from time to time determine, provided that any Trustee who is absent when such determination is made shall be given notice of the determination.

Section 4. Quorum and Vote. A majority of the Trustees shall constitute a quorum for the transaction of business. The act of a majority of the Trustees present at any meeting at which a quorum is present shall be the act of the Trustees unless a greater proportion is required by the Declaration of Trust or these By-Laws or applicable law. In the absence of a quorum, a majority of the Trustees present may adjourn the meeting from time to time until a quorum shall be present. Notice

of any adjourned meeting need not be given.

Section 5. Notices. It shall be sufficient notice of a special meeting to send notice by mail to a Trustee at least forty-eight hours or by telegram, telex or telecopy or other electronic facsimile transmission method at least twenty-four hours before the meeting addressed to the Trustee at his usual or last known business or residence address or to give notice to such Trustee in person or by telephone at least twenty-four hours before the meeting. Notice of a meeting need not be given to any Trustee if a written waiver of notice, executed by such Trustee before the meeting, is filed with the records of the meeting, or to any Trustee who attends the meeting without protesting the lack of notice to such Trustee prior thereto or at its commencement. Subject to compliance with Section 15(c) of the 1940 Act, notice or waiver of notice need not specify the purpose of any special meeting.

Section 6. Place of Meeting. Meetings of the Trustees shall be held at the principal place of business of the Trust in Pittsburgh, Pennsylvania, or at such place within or without The Commonwealth of Massachusetts as fixed from time to time by resolution of the Trustees, or as the person or persons requesting said meeting to be called may designate, but any meeting may adjourn to any other place.

Section 7. Telephonic Meeting. Subject to compliance with Sections 15(c) and 32(a) of the 1940 Act, if it is impractical for the Trustees to meet in person, the Trustees may meet by means of a telephone conference circuit to which all Trustees are connected or of which all Trustees shall have waived notice, which meeting shall be deemed to have been held at a place designated by the Trustees at the meeting.

Section 8. Special Action. When all the Trustees shall be present at any meeting, however called, or whenever held, or shall assent to the holding of the meeting without notice, or after the meeting shall sign a written assent thereto on the record of such meeting, the acts of such meeting shall be valid as if such meeting had been regularly held.

Section 9. Action by Consent. Any action by the Trustees may be taken without a meeting if a written consent thereto is signed by all the Trustees and filed with the records of the Trustees' meetings. Such consent shall be treated as a vote of the Trustees for all purposes.

Section 10. Compensation of Trustees. The Trustees may receive a stated salary for their services as Trustees, and by resolution of Trustees a fixed fee and expenses of attendance may be allowed for attendance at each Meeting. Nothing herein contained shall be construed to preclude any Trustee from serving the Trust in any other capacity, as an officer, agent or otherwise, and receiving compensation therefor.

ARTICLE VI

SHARES

Section 1. Certificates. All certificates for shares shall be signed by the Chairman, President or any Vice President and by the Treasurer or Secretary or any Assistant Treasurer or Assistant Secretary and sealed with the seal of the Trust. The signatures may be either manual or facsimile signatures and the seal may be either facsimile or any other form of seal. Certificates for shares for which the Trust has appointed an independent Transfer Agent and Registrar shall not be valid

unless countersigned by such Transfer Agent and registered by such Registrar. In case any officer who has signed any certificate ceases to be an officer of the Trust before the certificate is issued, the certificate may nevertheless be issued by the Trust with the same effect as if the officer had not ceased to be such officer as of the date of its issuance. Share certificates of each Series or Class shall be in such form not inconsistent with law or the Declaration of Trust or these By-Laws as may be determined by the Trustees.

Section 2. Transfer of Shares. The shares of each Series and Class of the Trust shall be transferable, so as to affect the rights of the Trust or any Series or Class, only by transfer recorded on the books of the Trust or its transfer agent, in person or by attorney.

Section 3. Equitable Interest Not Recognized. The Trust shall be entitled to treat the holder of record of any share or shares of a Series or Class as the absolute owner thereof and shall not be bound to recognize any equitable or other claim or interest in such share or shares of a Series or Class on the part of any other person (except as may be otherwise expressly provided by law.)

Section 4. Lost, Destroyed or Mutilated Certificates. In case any certificate for shares is lost, mutilated or destroyed, the Trustees may issue a new certificate in place thereof upon indemnity to the relevant Series or Class against loss and upon such other terms and conditions as the Trustees may deem advisable.

Section 5. Transfer Agent and Registrar: Regulations. The Trustees shall have power and authority to make all such rules and regulations as they may deem expedient concerning the issuance, transfer and registration of Shares and may appoint a Transfer Agent and/or Registrar of Shares of each Series or Class, and may require all such share certificates to bear the signature of such Transfer Agent and/or of such Registrar.

ARTICLE VII

INSPECTION OF BOOKS

The Trustees shall from time to time determine whether and to what extent, and at what times and places, and under what conditions and regulations the accounts and books of the Trust maintained on behalf of each Series and Class or any of them shall be open to the inspection of the shareholders of any Series or Class; and no shareholder shall have any right of inspecting any account or book or document of the Trust except that, to the extent such account or book or document relates to the Series or Class in which he is a Shareholder or the Trust generally, such Shareholder shall have such right of inspection as conferred by laws or authorized by the Trustees or by resolution of the Shareholders of the relevant Series or Class.

ARTICLE VIII

AGREEMENTS, CHECKS, DRAFTS, ENDORSEMENTS, ETC.

Section 1. Agreements, Etc. The Trustees or the Executive Committee may

authorize any Officer or Agent of the Trust to enter into any Agreement or execute and deliver any instrument in the name of the Trust on behalf of any Series or Class, and such authority may be general or confined to specific instances; and, unless so authorized by the Trustees or by the Executive Committee or by these By-Laws, no Officer, Agent or Employee shall have any power or authority to bind the Trust by any Agreement or engagement or to pledge its credit or to render it liable pecuniarily for any purpose or for any amount.

Section 2. Checks, Drafts, Etc. All checks, drafts, or orders for the payment of money, notes and other evidences of indebtedness shall be signed by such Officers, Employees, or Agents, as shall from time to time be designated by the Trustees or the Executive Committee, or as may be specified in or pursuant to the agreement between the Trust on behalf of any Series or Class and the custodian appointed, pursuant to the provisions of the Declaration of Trust.

Section 3. Endorsements, Assignments and Transfer of Securities. All endorsements, assignments, stock powers, other instruments of transfer or directions for the transfer of portfolio securities, whether or not registered in nominee form, or belonging to any Series or Class shall be made by such Officers, Employees, or Agents as may be authorized by the Trustees or the Executive Committee.

Section 4. Evidence of Authority. Anyone dealing with the Trust shall be fully justified in relying on a copy of a resolution of the Trustees or of any committee thereof empowered to act in the premises which is certified as true by the Secretary or an Assistant Secretary under the seal of the Trust.

ARTICLE IX

INDEMNIFICATION OF TRUSTEES AND OFFICERS

Section 1. General. Every person who is or has been a Trustee or officer of the Trust and persons who serve at the Trust's request as director, officer, trustee, partner or fiduciary of another corporation, partnership, joint venture, trust or other enterprise shall be indemnified by the Trust (or the appropriate Series or Class, where such Trustee or officer is acting on behalf of or with respect to a single Series or Class) to the fullest extent permitted by law against liability and all expenses, including amounts incurred in satisfaction of judgments, settlements, compromises, fines, penalties, and counsel fees reasonably incurred or paid by him in connection with any debt, claim, action, demand, suit or proceeding of any kind, whether civil or criminal, in which he becomes involved as a party or otherwise by virtue of his being or having been a Trustee or officer of the Trust or his serving or having served as a director, officer, trustee, partner or fiduciary of another corporation, partnership, joint venture, trust or other enterprise at the request of the Trust; provided that the Trust shall indemnify any such person seeking indemnification in connection with a proceeding initiated by such person only if such proceeding was authorized by the Board of Trustees.

Section 2. No Indemnification. No indemnification shall be provided hereunder to a Trustee or officer against any liability to the Trust or any Series or Class or the Shareholders of any Series or Class by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of his office.

Section 3. Conditions for Indemnification. Except as provided in Section 4

hereof, in the absence of a final decision on the merits by a court or other body before which such proceeding was brought, an indemnification payment will not be made, unless a reasonable determination based upon a factual review has been made by a majority vote of a quorum of non-party Trustees who are not interested persons of the Trust, or 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.

Section 4. Advancement of Expenses. The Trust shall pay the expenses incurred in the defense of a proceeding in advance of its final disposition (upon undertaking for repayment unless it is ultimately determined that indemnification is appropriate) if at least one of the following conditions is fulfilled: (i) the indemnitee provides security for his undertaking, (ii) the Trust or any relevant Series or Class is insured against any loss arising by reason of any lawful advance or (iii) a majority of a quorum of disinterested non-party trustees or independent legal counsel in a written opinion makes a factual determination that there is reason to believe the indemnitee will be entitled to indemnification.

Section 5. Non-Exclusivity. Nothing contained in this Article shall affect any rights to indemnification to which Trustees, officers or any other persons may be entitled by contract or otherwise under law, nor the power of the Trust to purchase and maintain insurance on their behalf.

ARTICLE X

SEAL

The seal of the Trust shall consist of a flat-faced die with the word "Massachusetts", together with the name of the Trust and the year of its organization cut or engraved thereon but, unless otherwise required by the Trustees, the seal shall not be necessary to be placed on, and its absence shall not impair the validity of, any document, instrument or other paper executed and delivered by or on behalf of the Trust.

ARTICLE XI

FISCAL YEAR

The fiscal year of the Trust and each Series or Class shall be as designated from time to time by the Trustees.

ARTICLE XII

AMENDMENTS

These By-Laws may be amended by a majority vote of all of the Trustees.

ARTICLE XIII

WAIVERS OF NOTICE

Whenever any notice whatever is required to be given under the provisions of any statute of The Commonwealth of Massachusetts, or under the provisions of the Declaration of Trust or these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated

therein, shall be deemed equivalent thereto. A notice shall be deemed to have been given if telegraphed, cabled, faxed or sent by wireless when it has been delivered to a representative of any telegraph, cable, facsimile or wireless company with instructions that it be telegraphed, cabled, facsimile, or sent by wireless. Any notice shall be deemed to be given if mailed at the time when the same shall be deposited in the mail.

ARTICLE XIV

REPORT TO SHAREHOLDERS

The Trustees shall at least semi-annually submit to the shareholders of each Series or Class a written financial report of the transactions of that Series or Class including financial statements which shall at least annually be certified by independent public accountants.

ARTICLE XV

BOOKS AND RECORDS

The books and records of the Trust and any Series or Class, including the stock ledger or ledgers, may be kept in or outside The Commonwealth of Massachusetts at such office or agency of the Trust as may from time to time be determined by the Trustees.

ARTICLE XVI

TERMS

Terms defined in the Declaration of Trust and not otherwise defined herein are used herein with the meanings set forth or referred to in the Declaration of Trust.

</TABLE>

Exhibit 4(i) Under Form N1-A

Exhibit 4 Under Item 601/Reg. SK

BANKSOUTH SELECT FUNDS
BANKSOUTH SELECT GEORGIA TAX-FREE INCOME FUND

Number

Shares

PORTFOLIO

Organized under the laws of the Commonwealth of Massachusetts

Account No.

Alpha Code

See Reverse Side For
Certain Definitions

THIS IS TO CERTIFY THAT
the owner of

is

CUSIP 066518 50 7

Fully Paid and Non-Assessable Shares of Beneficial Interest of the BANKSOUTH SELECT GEORGIA TAX-FREE INCOME FUND PORTFOLIO OF BANKSOUTH SELECT FUNDS hereafter called the "Trust," transferable on the books of the Trust by the owner in person or by duly authorized attorney upon surrender of this certificate properly endorsed.

The shares represented hereby are issued and shall be held subject to the provisions of the Declaration of Trust and By-Laws of the Trust and all amendments thereto, all of which the holder by acceptance hereof assents.

This Certificate is not valid unless countersigned by the Transfer Agent.

IN WITNESS WHEREOF, the Trust has caused this Certificate to be signed in its name by its proper officers and to be sealed with its seal.

Dated:

BankSouth Select Funds
Corporate Seal
1993
Massachusetts

/s/ Edward C. Gonzales
Treasurer

/s/ John F. Donahue
Chairman

Company (Pittsburgh)

Countersigned: Federated Services

Transfer Agent

By:

Authorized Signature

The following abbreviations, when used in the inscription on the face of this Certificate, shall be construed as though they were written out in full according to applicable laws or regulations;

TEN COM - as tenants in common	UNIF GIFT MIN ACT-...Custodian...
TEN ENT - as tenants by the entirety	(Cust) (Minors)
JT TEN - as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act..... (State)

Additional abbreviations may also be used though not in the above list.

For value received _____ hereby sell, assign, and transfer unto

Please insert social security or other identifying number of assignee

(Please print or typewrite name and address, including zip code, of assignee)

shares

of beneficial interest represented by the within Certificate, and do hereby irrevocably constitute and appoint

to transfer the said shares on the books of the within named Trust with full power of substitution in the premises.

Dated _____

NOTICE: _____

The signature to this assignment must correspond with the name as written upon the face of the certificate in every particular, without alteration or enlargement or any change whatever.

All persons dealing with BankSouth Select Funds, a Massachusetts business trust, must look solely to the Trust property for the enforcement of any claim against the Trust, as the Trustees, officers, agents or shareholders of the Trust assume no personal liability whatsoever for obligations entered into on behalf of the Trust.

THIS SPACE MUST NOT BE COVERED IN ANY WAY

DOCUMENT DESCRIPTION - SPECIMEN STOCK CERTIFICATE

Page One

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Page Two

The social security or other identifying number of the assignee appears in a box in the top-third upper-left area of the page.

Exhibit 4(ii) Under Form N1-A

Exhibit 4 Under Item 601/Reg. SK

BANKSOUTH SELECT FUNDS
BANKSOUTH SELECT GOVERNMENT MONEY MARKET FUND

Number

Shares

PORTFOLIO

Organized under the laws of the Commonwealth of Massachusetts

Account No.

Alpha Code

See Reverse Side For
Certain Definitions

THIS IS TO CERTIFY THAT
the owner of

is

CUSIP 066518 30 9

Fully Paid and Non-Assessable Shares of Beneficial Interest of the BANKSOUTH SELECT GOVERNMENT MONEY MARKET FUND PORTFOLIO OF BANKSOUTH SELECT FUNDS hereafter called the "Trust," transferable on the books of the Trust by the owner in person or by duly authorized attorney upon surrender of this certificate properly endorsed.

The shares represented hereby are issued and shall be held subject to the provisions of the Declaration of Trust and By-Laws of the Trust and all amendments thereto, all of which the holder by acceptance hereof assents.

This Certificate is not valid unless countersigned by the Transfer Agent.

IN WITNESS WHEREOF, the Trust has caused this Certificate to be signed in its name by its proper officers and to be sealed with its seal.

Dated:

BankSouth Select Funds
Corporate Seal
1993
Massachusetts

/s/ Edward C. Gonzales
Treasurer

/s/ John F. Donahue
Chairman

Company (Pittsburgh)

Countersigned: Federated Services

Transfer Agent

By:

Authorized Signature

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TEN ENT - as tenants by the entirety	(Cust) (Minors)
JT TEN - as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act..... (State)

Additional abbreviations may also be used though not in the above list.

For value received _____ hereby sell, assign, and transfer unto

Please insert social security or other identifying number of assignee

(Please print or typewrite name and address, including zip code, of assignee)

shares

of beneficial interest represented by the within Certificate, and do hereby irrevocably constitute and appoint

to transfer the said shares on the books of the within named Trust with full power of substitution in the premises.

Dated _____

NOTICE: _____

The signature to this assignment must correspond with the name as written upon the face of the certificate in every particular, without alteration or enlargement or any change whatever.

All persons dealing with BankSouth Select Funds, a Massachusetts business trust, must look solely to the Trust property for the enforcement of any claim against the Trust, as the Trustees, officers, agents or shareholders of the Trust assume no personal liability whatsoever for obligations entered into on behalf of the Trust.

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Exhibit 4 (iii) Under Form N1-A

Exhibit 4 Under Item 601/Reg. SK

BANKSOUTH SELECT FUNDS
BANKSOUTH SELECT PRIME MONEY MARKET FUND

Number

Shares

PORTFOLIO

Organized under the laws of the Commonwealth of Massachusetts

Account No.

Alpha Code

See Reverse Side For
Certain Definitions

THIS IS TO CERTIFY THAT
the owner of

is

CUSIP 066518 40 8

Fully Paid and Non-Assessable Shares of Beneficial Interest of the BANKSOUTH SELECT PRIME MONEY MARKET FUND PORTFOLIO OF BANKSOUTH SELECT FUNDS hereafter called the "Trust," transferable on the books of the Trust by the owner in person or by duly authorized attorney upon surrender of this certificate properly endorsed.

The shares represented hereby are issued and shall be held subject to the provisions of the Declaration of Trust and By-Laws of the Trust and all amendments thereto, all of which the holder by acceptance hereof assents.

This Certificate is not valid unless countersigned by the Transfer Agent.

IN WITNESS WHEREOF, the Trust has caused this Certificate to be signed in its name by its proper officers and to be sealed with its seal.

Dated:

BankSouth Select Funds
Corporate Seal
1993
Massachusetts

/s/ Edward C. Gonzales
Treasurer

/s/ John F. Donahue
Chairman

Company (Pittsburgh)

Countersigned: Federated Services

Transfer Agent

By:

Authorized Signature

The following abbreviations, when used in the inscription on the face of this Certificate, shall be construed as though they were written out in full according to applicable laws or regulations;

TEN COM - as tenants in common	UNIF GIFT MIN ACT-...Custodian...
TEN ENT - as tenants by the entirety	(Cust) (Minors)
JT TEN - as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act..... (State)

Additional abbreviations may also be used though not in the above list.

For value received _____ hereby sell, assign, and transfer unto

Please insert social security or other identifying number of assignee

(Please print or typewrite name and address, including zip code, of assignee)

_____ shares

of beneficial interest represented by the within Certificate, and do hereby irrevocably constitute and appoint

to transfer the said shares on the books of the within named Trust with full power of substitution in the premises.

Dated _____

NOTICE: _____

The signature to this assignment must correspond with the name as written upon the face of the certificate in every particular, without alteration or enlargement or any change whatever.

All persons dealing with BankSouth Select Funds, a Massachusetts business trust, must look solely to the Trust property for the enforcement of any claim against the Trust, as the Trustees, officers, agents or shareholders of the Trust assume no personal liability whatsoever for obligations entered into on behalf of the Trust.

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Exhibit 4 (iv) Under Form N1-A

Exhibit 4 Under Item 601/Reg. SK

BANKSOUTH SELECT FUNDS
BANKSOUTH SELECT BOND FUND

Number

Shares

PORTFOLIO

Organized under the laws of the Commonwealth of Massachusetts

Account No.

Alpha Code

See Reverse Side For
Certain Definitions

THIS IS TO CERTIFY THAT
the owner of

is

CUSIP 066518 20 0

Fully Paid and Non-Assessable Shares of Beneficial Interest of the BANKSOUTH SELECT BOND FUND PORTFOLIO OF BANKSOUTH SELECT FUNDS hereafter called the "Trust," transferable on the books of the Trust by the owner in person or by duly authorized attorney upon surrender of this certificate properly endorsed.

The shares represented hereby are issued and shall be held subject to the provisions of the Declaration of Trust and By-Laws of the Trust and all amendments thereto, all of which the holder by acceptance hereof assents.

This Certificate is not valid unless countersigned by the Transfer Agent.

IN WITNESS WHEREOF, the Trust has caused this Certificate to be signed in its name by its proper officers and to be sealed with its seal.

Dated:

BANKSOUTH SELECT FUNDS
Trust Seal
1993
Massachusetts

/s/ Edward C. Gonzales
Treasurer

/s/ John F. Donahue
Chairman

Company (Pittsburgh)

Countersigned: Federated Services

Transfer Agent

By:

Authorized Signature

The following abbreviations, when used in the inscription on the face of this Certificate, shall be construed as though they were written out in full according to applicable laws or regulations;

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Please insert social security or other identifying number of assignee

(Please print or typewrite name and address, including zip code, of assignee)

shares

of beneficial interest represented by the within Certificate, and do hereby irrevocably constitute and appoint

to transfer the said shares on the books of the within named Trust with full power of substitution in the premises.

Dated _____

NOTICE: _____

The signature to this assignment must correspond with the name as written upon the face of the certificate in every particular, without alteration or enlargement or any change whatever.

All persons dealing with BankSouth Select Funds, a Massachusetts business trust, must look solely to the Trust property for the enforcement of any claim against the Trust, as the Trustees, officers, agents or shareholders of the Trust assume no personal liability whatsoever for obligations entered into on behalf of the Trust.

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Exhibit 4 (v) Under Form N1-A

Exhibit 4 Under Item 601/Reg. SK

BANKSOUTH SELECT FUNDS
BANKSOUTH SELECT EQUITY FUND

Number

Shares

PORTFOLIO

Organized under the laws of the Commonwealth of Massachusetts

Account No.

Alpha Code

See Reverse Side For
Certain Definitions

THIS IS TO CERTIFY THAT
the owner of

is

CUSIP 066518 10 1

Fully Paid and Non-Assessable Shares of Beneficial Interest of the BANKSOUTH SELECT EQUITY FUND PORTFOLIO OF BANKSOUTH SELECT FUNDS hereafter called the "Trust," transferable on the books of the Trust by the owner in person or by duly authorized attorney upon surrender of this certificate properly endorsed.

The shares represented hereby are issued and shall be held subject to the provisions of the Declaration of Trust and By-Laws of the Trust and all amendments thereto, all of which the holder by acceptance hereof assents.

This Certificate is not valid unless countersigned by the Transfer Agent.

IN WITNESS WHEREOF, the Trust has caused this Certificate to be signed in its name by its proper officers and to be sealed with its seal.

Dated:

BANKSOUTH SELECT FUNDS
Trust Seal
1993
Massachusetts

/s/ Edward C. Gonzales
Treasurer

/s/ John F. Donahue
Chairman

Company (Pittsburgh)

Countersigned: Federated Services

Transfer Agent

By:

Authorized Signature

The following abbreviations, when used in the inscription on the face of this Certificate, shall be construed as though they were written out in full according to applicable laws or regulations;

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Please insert social security or other identifying number of assignee

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to transfer the said shares on the books of the within named Trust with full power of substitution in the premises.

Dated _____

NOTICE: _____

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All persons dealing with BankSouth Select Funds, a Massachusetts business trust, must look solely to the Trust property for the enforcement of any claim against the Trust, as the Trustees, officers, agents or shareholders of the Trust assume no personal liability whatsoever for obligations entered into on behalf of the Trust.

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BankSouth Select Funds

INVESTMENT ADVISORY CONTRACT

This Contract is made this 1st day of December 1993, between Bank South, N.A., a national banking association having its principal place of business in Atlanta, Georgia (the "Adviser"), and BankSouth Select 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. Adviser will place or cause to be placed orders for the purchase and sale of such investments and instruments on behalf of each Fund and give corresponding instructions to the Fund's custodian.

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 Bank South, N.A. has reserved the right to grant the non-exclusive use of the name "BankSouth Select 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 "BankSouth Select Funds." The name "BankSouth Select Funds" will continue to be used by the Trust and each Fund so long as such use is mutually agreeable to Bank South, N.A. and the Trust.

EXHIBIT A
to the
Investment Advisory Contract

BankSouth Select Government Money Market Fund
BankSouth Select Prime Money Market Fund

For all services rendered by Adviser hereunder, the above-named Funds 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 .50 of 1% of the average daily net assets of the Funds.

The portion of the fee based upon the average daily net assets of the Funds shall be accrued daily at the rate of 1/365th of .50 of 1% applied to the daily net assets of the Funds.

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

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

Attest: Bank South, N.A.

/s/ Gregory N. Studdard

By: /s/ Betty Cowell

Secretary

Vice President

Attest: BankSouth Select Funds

/s/ C. Grant Anderson

By:/s/ Charles L. Davis, Jr.

Assistant Secretary

Vice President

EXHIBIT B

to the

Investment Advisory Contract

BankSouth Select Equity Fund

BankSouth Select Bond Fund

BankSouth Select Georgia Tax-Free Income Fund

For all services rendered by Adviser hereunder, the above-named Funds 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 Funds.

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

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

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

Attest:

Bank South, N.A.

/s/ Gregory N. Studdard

By /s/ Betty Cowell Secretary

Vice President

Attest:

BankSouth Select Funds

/s/ C. Grant Anderson

Assistant Secretary

By:/s/ Charles L. Davis, Jr.

Vice President

BankSouth Select Funds

DISTRIBUTOR'S CONTRACT

AGREEMENT made this 1st day of December, 1993, by and between BANKSOUTH SELECT 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. (a) 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 public 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.

(b) FSC agrees to use appropriate efforts to solicit or to facilitate the solicitation of orders for the sale of Shares. As part of such efforts, FSC will undertake, or facilitate others in their undertaking, such advertising and promotion as it believes reasonable in connection with such solicitation.

(c) FSC will transmit promptly any orders received by it for the purchase or redemption of shares to the Trust's transfer agent.

(d) FSC shall give appropriate and prompt notice to the custodian of the Trust of any Shares of the Fund and the prices thereof which are ordered through FSC.

2. The sale of any Shares may be suspended without prior notice whenever in the judgment of the Trust such action is permitted by the 1940 Act and warranted by unusual market, economic or political conditions, or by abnormal circumstances of any kind.

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 or by the vote of a majority of the outstanding voting securities of each Fund as to which this Agreement is to continue. 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, as amended (the "1940 Act") 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 but, in such case, FSC shall remain responsible to the Trust for its duties and obligations hereunder.

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 and obligations 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, defend and hold harmless FSC, its officers and directors and each person, if any, who controls FSC within the meaning of Section 15 of the Securities Act of 1933, as amended (the "1933 Act") and Section 20 of the Securities Act of 1934, as amended, (the "1934 Act"), (for purposes of this subsection 10(a), all such persons are referred to as "FSC Covered Persons") against any and all claims, demands, losses, liabilities, damages and expenses whatsoever (including but not limited to any and all legal and other expenses whatsoever reasonably incurred in investigating, preparing or defending against any litigation or proceeding, commenced or threatened, or any claim or demand 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 claim, demand, action or proceeding is brought against FSC or any FSC Covered Person 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 claim, demand, action or proceeding and the Trust shall assume the defense of such claim, demand, action, or proceeding including the employment of counsel selected by the Trust and reasonably acceptable to FSC, and the payment of expenses, including, without limitation, reasonable fees and charges of counsel. FSC, and/or any related FSC Covered Person 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 FSC Covered 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 compromise or settlement of any such claim, demand, action or proceeding effected without its prior written consent. The Trust agrees promptly to notify FSC of the commencement of any claim, demand, action or proceeding 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, its Trustees and officers and each other person, if any, who controls the Trust within the meaning of Section 15 of the 1933 Act (for purposes of this subsection 10(b), all such persons are collectively referred to as the "Trust Covered Persons"), against any and all claims, demands, losses, liabilities, damages, and expenses (including, but not limited to any and all legal and other expenses whatsoever reasonably incurred in investigating, preparing or defending against any litigation or proceeding, commenced or the referred, or any claim or demand whatsoever), 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.

(c) If any claim, demand, action or proceeding is brought against the Trust or Trust Covered Person with respect to which indemnity may be sought against FSC pursuant to the foregoing paragraph, the Trust or such Trust Covered Person shall promptly notify FSC in writing of the institution of such claim, demand, action or proceeding and FSC shall assume the defense of such claim, demand action or proceeding, including the employment of counsel selected by FSC and reasonably acceptable to the Trust Covered Person, and the payment of expenses, including, without limitation, reasonable fees and charges of counsel. The Trust or Trust Covered Person shall have the right to employ separate counsel in such any case but the fees and expenses of such counsel shall be at the expense of the Trust or such Trust Covered Person unless the employment of such counsel shall have been authorized in writing by FSC in connection with the defense of such action or FSC 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 FSC. Anything in this paragraph to the contrary notwithstanding, FSC shall not be liable for any compromise or settlement of any such claim, demand, action or proceeding effected without its prior written consent. FSC agrees promptly to notify the Trust of the commencement of any claim, demand, action or proceeding against FSC or any of its officers, directors, employees, agents or controlling persons in connection with the issuance and sale of shares or in connection with the Registration Statement, Prospectuses, or SAI's.

(d) 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 (collectively, "Disabling Conduct").

(e) Insofar as indemnification for liabilities may be permitted pursuant to Section 17 of the Investment Company Act of 1940 for FSC and FSC Controlling Persons by the Trust pursuant to this Agreement, the parties are

aware of the position of the Securities and Exchange Commission as set forth in the Investment Company Act Release No. IC-11330. Therefore, 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, an indemnification payment will not be made in the absence of such a decision, unless 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 had not engaged in any Disabling Conduct. 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 FSC or FSC Controlling Person 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 ultimately 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. FSC agrees on behalf of itself and its affiliates and employees to treat confidentially and as proprietary information of the Trust all records and other information relative to prior, present, or potential Shareholders of the Trust, and not to use such records and information for any purpose other than performance of its responsibilities and duties hereunder, except after prior notification to and approval in writing by the Trust which approval shall not be unreasonably withheld any may not be withheld where FSC may be exposed to civil or criminal contempt proceedings for failure to comply, when requested to divulge such information by duly constituted authorities, or when so requested by the Trust. Provided, however, that FSC shall not be bound by this provision with regard to information (i) which it receives from another source not subject to confidential treatment; or (ii) which otherwise becomes part of the public domain through no action of FSC or the Fund or any affiliate of either of them.

13. The Fund and FSC each represents, warrants, and covenants to the other that it has all requisite authority to enter into, execute, deliver and perform its obligations under this Agreement and that this Agreement is a legal, valid and binding obligation enforceable in accordance with its terms.

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

15. This Agreement will be executed by and become binding on the parties hereto upon the execution of the attached exhibits to the Agreement.

16. The terms "vote of a majority of the outstanding voting securities", "interested person," "assignment" and "specifically approved at least annually" shall have the respective meanings specified in, and shall be construed in a manner consistent with the 1940 Act, subject to such exemptions that may be granted by the Securities and Exchange Commission thereunder, provided, however, that the "assignment" shall include (without limitation) any sale, transfer or conversion of a controlling interest of any class of voting stock of FSC or of any entity which holds a controlling interest of any stock of FSC and other such entity.

17. FSC is responsible for its own conduct and the employment and conduct with respect to its duties and obligations hereunder of its employees, officers, and agents.

Exhibit A
to the
Distributor's Contract

BankSouth Select Funds

BankSouth Select Bond Fund
BankSouth Select Equity Fund
BankSouth Select Georgia Tax-Free Income Fund
BankSouth Select Government Money Market Fund
BankSouth Select Prime Money Market Fund

The following provisions are hereby incorporated and made part of the Distributor's Contract dated the 1st day of December, 1993, between BankSouth Select Funds and Federated Securities Corp. with respect to Classes of the Funds set forth above.

1. The Trust hereby appoints FSC to engage in activities principally intended to result in the sale of the above-listed Classes ("Shares"). Pursuant to this appointment, FSC is authorized to select a group of Broker/Dealers or Financial Institutions ("Institutions") to sell Shares at the current offering price thereof as described and set forth in the respective prospectuses of the Trust, and to render sales-related services to the Trust and its shareholders.

2. During the term of this Agreement, the Trust will pay FSC for services pursuant to this Agreement, a monthly fee computed at the annual rate of .25% of the average aggregate net asset value of the Shares of BankSouth Select Government Money Market Fund and BankSouth Select Prime Money Market Fund held during the month and a monthly fee computed at the annual rate of .75% of the average aggregate net asset value of the Shares of BankSouth Select Bond Fund, BankSouth Select Equity Fund, and BankSouth Select Georgia Tax-Free Income Fund held during the month; provided,

however, that no fee will accrue with respect to a Fund until that Fund's prospectus is amended to indicate that the Fund's Rule 12b-1 Plan has been activated. For the month in which this Agreement becomes effective or terminates, there shall be an appropriate proration of any fee payable on the basis of the number of days that the Agreement is in effect during the month.

3. FSC may from time-to-time and for such periods as it deems appropriate reduce its compensation to the extent any Class's expenses exceed such lower expense limitation as FSC may, by notice to the Trust, voluntarily declare to be effective.

4. FSC will enter into separate written agreements consistent herewith with various firms to provide certain of the services set forth in Paragraph 1 herein. FSC, in its sole discretion, may pay Institutions a periodic fee in respect of Shares owned from time to time by their clients or customers. The schedules of such fees and the basis upon which such fees will be paid shall be determined from time to time by FSC in its sole discretion.

5. FSC will prepare reports to the Board of Trustees of the Trust on a quarterly basis showing amounts expended hereunder including amounts paid to Institutions and the purpose for such payments.

In consideration of the mutual covenants set forth in the Distributor's Contract dated December 1, 1993, between BankSouth Select Funds and Federated Securities Corp., BankSouth Select 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 on behalf of the undersigned by their respective officers thereunto duly authorized whereupon this exhibit and the Contract to which it is attached will become binding agreements.

ATTEST:

BANKSOUTH SELECT FUNDS

/s/ C. Grant Anderson
Assistant Secretary

By: /s/ Charles L. Davis, Jr.
Vice-President

(SEAL)

ATTEST:

FEDERATED SECURITIES CORP.

/s/ S. Elliott Cohan
Secretary
(SEAL)

By: /s/ Edward C. Gonzales
Executive Vice-President

BankSouth Select Funds

ADMINISTRATIVE SERVICES AGREEMENT

This Administrative Services Agreement is made as of this 1st day of December, 1993, between BankSouth Select 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, as amended (the "1940 Act"); and

WHEREAS, the Fund desires to retain FAS as its Administrator to provide it with Administrative Services (as herein defined), 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 or Directors and the terms and conditions hereof, 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 and any amendments thereto, 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 and blue sky authorities the registration statements for the Fund and the Fund's shares and all amendments thereto, reports to regulatory authorities and shareholders, prospectuses, statements of additional information, 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, all in conformance with the Fund's prospectuses and applicable law.
- (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.
- (m) cause the Trust to maintain sufficient shares of the Fund registered and available for sale;
- (n) monitor the Trust's status as a regulated investment company under Internal Revenue Code of 1940;
- (o) cause the Fund to comply with the laws of the Fund's jurisdiction of organization.
- (p) provide one or more persons, during normal business hours, to respond to telephone inquiries with respect to the Fund; and
- (q) perform administrative and managerial oversight of the custodian and transfer agent.

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 respective 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 and for the benefit 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. FAS will not cause the Fund to incur any expense that would require the Fund or any class to adopt a plan under Rule 12b-1 under the 1940 Act.

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 Fund
.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 Agreement be less than, or be paid at a rate less than would aggregate, \$100,000, per portfolio having a single class of shares, plus \$25,000 per each additional class of shares related to such portfolio.

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, trustee, 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, trustee, 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 any 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 question, 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 or settlement in any case in which the Fund will be asked to indemnify FAS except with the Fund's prior written consent.

- (c) The Fund shall be kept indemnified by FAS and shall be without liability for any action taken or thing done by FAS in performing the administrative services in contravention of the above standards. The Fund will use all reasonable care to notify FAS promptly concerning any situation which presents or appears likely to present the possibility of a claim for indemnification against FAS. FAS may defend the Fund against any claim which may be the subject of this indemnification. In the event that FAS so elects, it will notify the Fund and thereupon FAS will take over complete defense of the claim and the Fund shall in such situation initiate no further legal or other expenses for which it shall seek indemnification under this Section. The Fund shall in no case confess any claim or make any compromise or settlement in any case in which the FAS will be asked to indemnify the Fund except with FAS' prior written consent.

6. Duration and Termination.

- (a) The initial term of this Agreement shall commence on the date hereof, and shall extend for a period of five years (the "Initial Term") from the later of (i) the date hereof or (ii) the first day of the year as of which the minimum administrative fee of \$100,000 per portfolio having a single class of

shares, plus, if applicable, \$25,000 per each additional class of shares for each portfolio having more than one class of shares, is paid.

- (b) In the event one or more new portfolios or classes of shares is added to the Fund subsequent to the second anniversary following the later of the two dates specified in clauses (i) and (ii) of paragraph (a) immediately above, in each case this Agreement shall be extended such that it shall expire on the third anniversary of the effective date of the registration statement or post-effective amendment to a registration statement adding the new portfolio or class of shares.
- (c) Upon the expiration of the Initial Term or any subsequent term, this Agreement shall be automatically renewed for an additional term of one year, unless notice of termination has been delivered by either party to the other not less than 120 days before the expiration of such 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 or Officers, Employees, Agents and Shareholders of the Fund. FAS is expressly put on notice of the limitation of liability as set forth in the Fund's 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

FAS as provided in the Declaration of Trust of FAS.

10.

Notices. Notices of any kind to be given hereunder shall be in writing (including facsimile communication) and shall be duly given if delivered to the Fund and to its investment adviser at the following address: Bank South, N.A., 55 Marietta Street, Atlanta, Georgia 30303. Attention: Director of Mutual Funds and if delivered to FAS at Federated Investors Tower, Pittsburgh, PA 15222-3779, Attention: President.

11. Confidentiality. FAS agrees on behalf of itself and its affiliates and employees to treat confidentially and as proprietary information of the Trust all records and other information relative to prior, present, or potential Shareholders of the Trust, and not to use such records and information for any purpose other than performance of its responsibilities and duties hereunder, except after prior notification to and approval in writing by the Trust and may not be withheld where FAS may be exposed to civil or criminal contempt proceedings for failure to comply, when requested to divulge such information by duly constituted authorities, or when so requested by the Trust. Provided, however, that FAS shall not be bound by this provision with regard to information (i) which it receives from another source not subject to confidential treatment; or (ii) which otherwise becomes part of the public domain through no action of FAS or the Fund or any affiliate of either of them.

12. 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.

13. 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 respective officers thereunto duly authorized as of the day and year first above written.

BANKSOUTH SELECT FUNDS

By:/s/ Charles L. Davis, Jr.
Name:Charles L. Davis, Jr.
Title:Vice-President

Attest:/s/ C. Grant Anderson
Assistant Secretary

FEDERATED ADMINISTRATIVE SERVICES

By: /s/ Edward C. Gonzales
Name:Edward C. Gonzales
Title:Chairman

Attest: /s/ S. Elliott Cohan
Assistant Secretary

Exhibit 8 under Form N-1A
Exhibit 10 under Item 601/Reg. SK

FORM OF
CUSTODY AGREEMENT
BETWEEN
BANKSOUTH SELECT FUNDS
AND
THE BANK OF NEW YORK

Agreement made as of this sixth day of January, 1994, between BANKSOUTH SELECT FUNDS, a Massachusetts business trust organized and existing under the laws of the Commonwealth of Massachusetts, having its principal office and place of business at Federated Investors Tower, Pittsburgh Pennsylvania 1522-3779 (hereinafter called the "Fund"), and THE BANK OF NEW YORK, a New York corporation authorized to do a banking business, having its principal office and place of business at 48 Wall Street, New York, New York 10286 (hereinafter called the "Custodian").

W I T N E S S E T H :

That for and in consideration of the mutual promises hereinafter set forth, the Fund and the Custodian agree as follows:

ARTICLE I.

DEFINITIONS

Whenever used in this Agreement, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

1. "Book-Entry System" shall mean the Federal Reserve/Treasury book-entry system for United States and federal agency securities, its successor or successors and its nominee or nominees.
2. "Call Option" shall mean an over the counter or exchange traded option with respect to Securities other than Stock Index Options, Futures Contracts, and Futures Contract Options entitling the holder, upon timely exercise and payment of the exercise price, as specified therein, to purchase from the writer thereof the specified underlying

Securities.

3. "Clearing Member" shall mean a registered broker-dealer which is a clearing member under the rules of O.C.C. and a member of a national securities exchange qualified to act as a custodian for an investment company, or any broker-dealer reasonably believed by the Custodian to be such a clearing member.

4. "Collateral Account" shall mean an account maintained and specifically allocated to a Series under the terms of this Agreement as a segregated account, by recordation or otherwise, within the custody account in which certain Securities and/or other assets of the Fund specifically allocated to such Series shall be deposited and withdrawn from time to time in accordance with Proper Instructions received by the Custodian in connection with such transactions as the Fund may from time to time determine.

5. "Covered Call Option" shall mean an exchange traded option entitling the holder, upon timely exercise and payment of the exercise price, as specified therein, to purchase from the writer thereof the specified underlying Securities (excluding Futures Contracts) which are owned by the writer thereof and subject to appropriate restrictions.

6. "Depository" shall mean The Depository Trust Company ("DTC"), a clearing agency registered with the Securities and Exchange Commission, its successor or successors and its nominee or nominees. The term "Depository" shall further mean and include any other person authorized to act as a depository under the Investment Company Act of 1940, its successor or successors and its nominee or nominees, specifically identified in a certified copy of a resolution of the Fund's Board of Directors specifically approving deposits therein by the Custodian and those book-entry systems approved pursuant to Rule 17f-4 under the Investment Company Act of 1940, by the Fund's Board of Directors.

7. "Derivative" shall mean puts, calls, straddles, futures, forwards, interest rate swaps, caps, collars, ceilings and floors and other interest rate protection instruments and any related options, and currency swaps.

8. "Financial Futures Contract" shall mean the firm commitment to buy or sell fixed income securities including, without limitation, U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Bonds, domestic bank certificates of deposit, and Eurodollar certificates of deposit, during a specified month at an agreed upon price.

9. "Futures Contract" shall mean a Financial Futures Contract and/or Stock Index Futures Contracts.

10. "Futures Contract Option" shall mean an option with respect to a Futures Contract.

11. "Margin Account" shall mean a segregated account in the name of a broker, dealer, futures commission merchant, or a Clearing Member, or in the name of the Fund for the benefit of a broker, dealer, futures commission merchant, or Clearing Member, or otherwise, in accordance with an agreement between the Fund, the Custodian and a broker, dealer, futures commission merchant or a Clearing Member (a "Margin Account Agreement"), separate and distinct from the custody account, in which certain Securities and/or money of the Fund shall be deposited and withdrawn from time to time in connection with such transactions as the Fund may from time to time determine. Securities held in the Book-Entry System or the Depository shall be deemed to have been deposited in, or withdrawn from, a Margin Account upon the Custodian's effecting an appropriate entry in its books and records.

12. "Money Market Security" shall be deemed to include, without limitation, certain Reverse Repurchase Agreements, debt obligations issued or guaranteed as to interest and principal by the government of the United States or agencies or instrumentalities thereof, any tax, bond or revenue anticipation note issued by any state or municipal government or public authority, commercial paper, certificates of deposit and bankers' acceptances, repurchase agreements with respect to the same and bank time deposits, and such other instruments and agreements where the purchase and sale of such securities and instruments normally requires settlement in federal funds on the same day as such purchase or sale.

13. "O.C.C." shall mean the Options Clearing Corporation, a clearing agency registered under Section 17A of the Securities Exchange Act of 1934, its successor or successors, and its nominee or nominees.

14. "Officers" shall be deemed to include the President, any Vice President, the Secretary, the Treasurer, the Controller, any Assistant Secretary, any Assistant Treasurer, and any other person or persons, whether or not any such other person is an officer of the Fund, duly authorized by the Board of Directors of the Fund to execute any Proper Instruction, instruction, notice or other instrument on behalf of the Fund and listed in the Authorized and Proper Instructions annexed hereto as

Appendix A or such other Proper Instruction as may be received by the Custodian from time to time.

15. "Option" shall mean a Call Option, Covered Call Option, Stock Index Option and/or a Put Option.

16. "Proper Instruction" shall mean any oral or written notice, instruction, or other instrument, authorized or required by this Agreement to be given to the Custodian which is actually received by the Custodian and, authorized on behalf of the Fund by the kind and number of Officers designated in the Fund's Authorized and Proper Instructions, and the term Proper Instruction shall also include instructions by the Fund to the Custodian communicated by a Terminal Link.

17. "Put Option" shall mean an exchange traded option with respect to Securities other than Stock Index Options, Futures Contracts, and Futures Contract Options entitling the holder, upon timely exercise and tender of the specified underlying Securities, to sell such Securities to the writer thereof for the exercise price.

18. "Reverse Repurchase Agreement" shall mean an agreement pursuant to which the Fund sells Securities and agrees to repurchase such Securities at a described or specified date and price.

19. "Security" shall be deemed to include, without limitation, Money Market Securities, Derivatives, Call Options, Put Options, Stock Index Options, Stock Index Futures Contracts, Stock Index Futures Contract Options, Financial Futures Contracts, Financial Futures Contract Options, Reverse Repurchase Agreements, common stocks and other securities having characteristics similar to common stocks, preferred stocks, debt obligations issued by state or municipal governments and by public authorities, (including, without limitation, general obligation bonds, revenue bonds, industrial bonds and industrial development bonds), asset-backed securities and obligations, bonds, debentures, notes, mortgages or other obligations, and any combination of any of the foregoing to create "synthetic" securities or otherwise and any certificates, receipts, warrants or other instruments representing rights to receive, purchase, sell or subscribe for the same, or evidencing or representing any other rights or interest therein, or any property or assets.

20. "Series" shall mean the various portfolios, if any, of the Fund as described from time to time in the current and effective prospectus for the Fund.

21. "Shares" shall mean the shares of capital stock of the Fund, each of which is, in the case of a Fund having Series, allocated to a particular Series.

22. "Stock Index Futures Contract" shall mean a bilateral agreement pursuant to which the parties agree to take or make delivery of an amount of cash equal to a specified dollar amount times the difference between the value of a particular stock index at the close of the last business day of the contract and the price at which the futures contract is originally struck.

23. "Stock Index Option" shall mean an exchange traded option entitling the holder, upon timely exercise, to receive an amount of cash determined by reference to the difference between the exercise price and the value of the index on the date of exercise.

24. "Terminal Link" shall mean an electronic data transmission link between the Fund and the Custodian requiring in connection with each use of the Terminal Link by or on behalf of the Fund use of an authorization code provided by the Custodian and at least two access codes established by the Fund.

ARTICLE II.

APPOINTMENT OF CUSTODIAN

1. The Fund hereby constitutes and appoints the Custodian as custodian of the Securities and moneys at any time owned by the Fund during the period of this Agreement.

2. The Custodian hereby accepts appointment as such custodian and agrees to perform the duties thereof as hereinafter set forth.

ARTICLE III.

CUSTODY OF CASH AND SECURITIES

1. Except as otherwise provided in paragraph 7 of this Article and in Article VIII, the Fund will deliver or cause to be delivered to the Custodian all Securities and all moneys owned by it, at any time during the period of this Agreement, and shall specify with respect to such Securities and money the Series to which the same are specifically allocated. The Custodian shall segregate, keep and maintain

the assets of each Series separate and apart from the other Series and from the Custodian's own assets and assets it holds for others, regardless of capacity, and shall maintain books and records adequate to reflect the ownership of Securities and moneys held hereunder. The Custodian will not be responsible for any Securities and moneys not actually received by it. The Custodian will be entitled to reverse any credits made to the Fund's cash balance on the Fund's behalf where such credits have been previously made and moneys are not finally collected. The Fund shall deliver to the Custodian a certified resolution of the Board of Directors of the Fund, substantially in the form of Exhibit A hereto, approving, authorizing and instructing the Custodian on a continuous and on-going basis to deposit in the Book-Entry System all Securities eligible for deposit therein, regardless of the Series to which the same are specifically allocated and to utilize the Book-Entry System to the extent possible in connection with its performance hereunder, including, without limitation, in connection with settlements of purchases and sales of Securities, loans of Securities and deliveries and returns of Securities collateral. Prior to a deposit of Securities specifically allocated to a Series in the Depository, the Fund shall deliver to the Custodian a certified resolution of the Board of Directors of the Fund, substantially in the form of Exhibit B hereto, approving, authorizing and instructing the Custodian on a continuous and ongoing basis until instructed to the contrary by a Proper Instruction actually received by the Custodian to deposit in the Depository all Securities specifically allocated to such Series eligible for deposit therein, and to utilize the Depository to the extent possible with respect to such Securities in connection with its performance hereunder, including, without limitation, in connection with settlements of purchases and sales of Securities, loans of Securities, and deliveries and returns of Securities collateral. Securities and moneys deposited in either the Book-Entry System or the Depository will be represented in accounts which include only assets held by the Custodian for customers, including, but not limited to, accounts in which the Custodian acts in a fiduciary or representative capacity and will be specifically allocated on the Custodian's books to the separate account for the applicable Series. Recognizing that only a confirmation and not an actual security is received when dealing with Options and Derivatives, prior to the Custodian's accepting, utilizing and acting with respect to Clearing Member confirmations for Options and Derivatives and transactions in Options and Derivatives for a Series as provided in this Agreement, the Custodian shall have received a Proper Instruction, substantially in the form of Exhibit C hereto, approving, authorizing and instructing the Custodian on a

continuous and on-going basis, until instructed to the contrary by a Proper Instruction actually received by the Custodian, to accept, utilize and act in accordance with such confirmations as provided in this Agreement with respect to such Series.

2. The Custodian shall establish and maintain separate accounts, in the name of each Series, and shall credit to the separate account for each Series all moneys received by it for the account of the Fund with respect to such Series. Money credited to a separate account for a Series shall be disbursed by the Custodian only:

(a) As hereinafter provided;

(b) Pursuant to Proper Instructions setting forth the name and address of the person to whom the payment is to be made, the Series account from which payment is to be made and the purpose for which payment is to be made; or

(c) In payment of the fees and in reimbursement of the expenses and liabilities of the Custodian attributable to such Series upon invoice and instruction to pay.

3. Promptly after the close of business on each day, the Custodian shall furnish the Fund with confirmations and a summary, on a per Series basis, of all transfers to or from the account of the Fund for a Series during said day, either hereunder or with any co-custodian or sub-custodian appointed in accordance with this Agreement. Where Securities are transferred to the account of the Fund for a Series, the Custodian shall also by book-entry or otherwise identify as belonging to such Series a quantity of Securities in a fungible bulk of Securities registered in the name of the Custodian (or its nominee) as Custodian for the Fund or shown on the Custodian's account on the books of the Book-Entry System or the Depository. At least monthly and from time to time, the Custodian shall furnish the Fund with a detailed statement, on a per Series basis, of the Securities and moneys held by the Custodian for the Fund.

4. Except as otherwise provided in paragraph 7 of this Article and in Article VIII, all Securities held by the Custodian hereunder, which are issued or issuable only in bearer form, except such Securities as are held in the Book-Entry System, shall be held by the Custodian in that form; all other Securities held hereunder may be registered in the name of the Fund or its nominee, in the name of any duly appointed registered nominee of the Custodian, as Custodian for the Fund, as the Custodian may from time to time determine, or in the name of the Book-Entry System or

the Depository or their successor or successors, or their nominee or nominees. The Fund agrees to furnish to the Custodian appropriate instruments to enable the Custodian to hold or deliver in proper form for transfer, or to register in the name of its registered nominee or in the name of the Book-Entry System or the Depository any Securities which it may hold hereunder and which may from time to time be registered in the name of the Fund or its nominee. The Custodian shall hold all such Securities specifically allocated to a Series which are not held in the Book-Entry System or in the Depository in a separate account in the name of such Series physically segregated at all times from those of any other person or persons.

5. Except as otherwise provided in this Agreement and unless otherwise instructed to the contrary by a Proper Instruction, the Custodian by itself, or through the use of the Book-Entry System or the Depository with respect to Securities held hereunder and therein deposited, shall with respect to all Securities held for the Fund hereunder in accordance with preceding paragraph 4:

(a) Collect all income due or payable;

(b) Present for payment and collect the amount payable upon such Securities which are called, but only if either (i) the Custodian receives a written notice of such call, or (ii) notice of such call appears in one or more of the publications listed in Appendix B annexed hereto, which may be amended at any time by the Custodian without the prior notification or consent of the Fund, although the Custodian will give the Fund notice as soon as practical;

(c) Present for payment and collect the amount payable upon all Securities which mature;

(d) Surrender Securities in temporary form for definitive Securities;

(e) Execute, as custodian, any necessary declarations or certificates of ownership under the Federal Income Tax Laws or the laws or regulations of any other taxing authority now or hereafter in effect; and

(f) Hold directly, or through the Book-Entry System or the Depository with respect to Securities therein deposited, for the account of a Series, all rights and similar securities issued with respect to any Securities held by the Custodian for such Series hereunder.

6. Upon receipt of a Proper Instruction and not otherwise,

the Custodian, directly or through the use of the Book-Entry System or the Depository, shall:

(a) Execute and deliver to such persons as may be designated in such Proper Instruction proxies, consents, authorizations, and any other instruments whereby the authority of the Fund as owner of any Securities held by the Custodian hereunder for the Series specified in such Proper Instruction may be exercised;

(b) Deliver any Securities held by the Custodian hereunder for the Series specified in such Proper Instruction in exchange for other Securities or cash issued or paid in connection with the liquidation, reorganization, refinancing, merger, consolidation or recapitalization of any corporation, or the exercise of any conversion privilege and receive and hold hereunder specifically allocated to such Series any cash or other Securities received in exchange;

(c) Deliver any Securities held by the Custodian hereunder for the Series specified in such Proper Instruction to any protective committee, reorganization committee or other person in connection with the reorganization, refinancing, merger, consolidation, recapitalization or sale of assets of any corporation, and receive and hold hereunder specifically allocated to such Series such certificates of deposit, interim receipts or other instruments or documents as may be issued to it to evidence such delivery;

(d) Make such transfers or exchanges of the assets of the Series specified in such Proper Instruction, and take such other steps as shall be stated in such Proper Instruction to be for the purpose of effectuating any duly authorized plan of liquidation, reorganization, merger, consolidation or recapitalization of the Fund; and

(e) Present for payment and collect the amount payable upon Securities not described in preceding paragraph 5(b) of this Article which may be called as specified in the Proper Instruction.

7. Notwithstanding any provision elsewhere contained herein, the Custodian shall not be required to obtain possession of any instrument or certificate representing any Derivative, Futures Contract, any Option, or any Futures Contract Option until after it shall have determined, or shall have received a Proper Instruction from the Fund stating, that any such instruments or certificates are available. The Fund shall deliver to the Custodian such a Proper Instruction no later than the business day preceding the availability of any such

instrument or certificate. Prior to such availability, the Custodian shall comply with Section 17(f) of the Investment Company Act of 1940, as amended, in connection with the purchase, sale, settlement, closing out or writing of Derivatives, Futures Contracts, Options, or Futures Contract Options by making payments or deliveries specified in Proper Instructions received by the Custodian in connection with any such purchase, sale, writing, settlement or closing out upon its receipt from a broker, dealer, or futures commission merchant of a statement or confirmation reasonably believed by the Custodian to be in the form customarily used by brokers, dealers, or future commission merchants with respect to such Derivatives, Futures Contracts, Options, or Futures Contract Options, as the case may be, confirming that such Security is held by such broker, dealer or futures commission merchant, in book-entry form or otherwise, in the name of the Custodian (or any nominee of the Custodian) as custodian for the Fund, provided, however, that notwithstanding the foregoing, payments to or deliveries from the Margin Account, and payments with respect to Securities to which a Margin Account relates, shall be made in accordance with the terms and conditions of the Margin Account Agreement. Whenever any such instruments or certificates are available, the Custodian shall, notwithstanding any provision in this Agreement to the contrary, make payment for any Derivative, Futures Contract, Option, or Futures Contract Option for which such instruments or such certificates are available only against the delivery to the Custodian of such instrument or such certificate, and deliver any Derivative, Futures Contract, Option or Futures Contract Option for which such instruments or such certificates are available only against receipt by the Custodian of payment therefor. Any such instrument or certificate delivered to the Custodian shall be held by the Custodian hereunder in accordance with, and subject to, the provisions of this Agreement.

ARTICLE IV.

PURCHASE AND SALE OF INVESTMENTS OF THE FUND OTHER THAN OPTIONS, FUTURES CONTRACTS AND FUTURES CONTRACT OPTIONS

1. Promptly after each purchase of Securities by the Fund, other than a purchase of an Option, a Futures Contract, or a Futures Contract Option, the Fund shall deliver to the Custodian (a) the Series to which such Securities are to be specifically allocated; (b) the name of the issuer and the

title of the Securities; (c) the number of shares or the principal amount purchased and accrued interest, if any; (d) the date of purchase and settlement; (e) the purchase price per unit; (f) the total amount payable upon such purchase; (g) the name of the person from whom or the broker through whom the purchase was made, and the name of the clearing broker, if any; and (h) the name of the broker to whom payment is to be made. The Custodian shall, upon receipt of Securities purchased by or for the Fund, pay to the broker specified in the Proper Instruction out of the moneys held for the account of such Series the total amount payable upon such purchase, provided that the same conforms to the total amount payable as set forth in such Proper Instruction.

2. Promptly after each sale of Securities by the Fund, other than a sale of any Option, Futures Contract, Futures Contract Option, or any Reverse Repurchase Agreement, the Fund shall deliver to the Custodian (a) the Series to which such Securities were specifically allocated; (b) the name of the issuer and the title of the Security; (c) the number of shares or principal amount sold, and accrued interest, if any; (d) the date of sale; (e) the sale price per unit; (f) the total amount payable to the Fund upon such sale; (g) the name of the broker through whom or the person to whom the sale was made, and the name of the clearing broker, if any; and (h) the name of the broker to whom the Securities are to be delivered. The Custodian shall deliver the Securities specifically allocated to such Series to the broker specified in the Proper Instruction against payment of the total amount payable to the Fund upon such sale, provided that the same conforms to the total amount payable as set forth in such Proper Instruction.

ARTICLE V.

OPTIONS

1. Promptly after the purchase of any Option by the Fund, the Fund shall deliver to the Custodian a Proper Instruction specifying with respect to each Option purchased: (a) the Series to which such Option is specifically allocated; (b) the type of Option (put or call); (c) the name of the issuer and the title and number of shares subject to such Option or, in the case of a Stock Index Option, the stock index to which such Option relates and the number of Stock Index Options purchased; (d) the expiration date; (e) the exercise price; (f) the dates of purchase and settlement; (g) the total amount payable by the Fund in connection with such purchase; (h) the name of the Clearing Member through whom such Option was purchased; and (i) the name of the broker to

whom payment is to be made. The Custodian shall pay, upon receipt of a Clearing Member's statement confirming the purchase of such Option held by such Clearing Member for the account of the Custodian (or any duly appointed and registered nominee of the Custodian) as custodian for the Fund, out of moneys held for the account of the Series to which such Option is to be specifically allocated, the total amount payable upon such purchase to the Clearing Member through whom the purchase was made, provided that the same conforms to the total amount payable as set forth in such Proper Instruction.

2. Promptly after the sale of any Option purchased by the Fund pursuant to paragraph 1 hereof, the Fund shall deliver to the Custodian a Proper Instruction specifying with respect to each such sale: (a) the Series to which such Option was specifically allocated; (b) the type of Option (put or call); (c) the name of the issuer and the title and number of shares subject to such Option or, in the case of a Stock Index Option, the stock index to which such Option relates and the number of Stock Index Options sold; (d) the date of sale; (e) the sale price; (f) the date of settlement; (g) the total amount payable to the Fund upon such sale; and (h) the name of the Clearing Member through whom the sale was made. The Custodian shall consent to the delivery of the Option sold by the Clearing Member which previously supplied the confirmation described in preceding paragraph 1 of this Article with respect to such Option against payment to the Custodian of the total amount payable to the Fund, provided that the same conforms to the total amount payable as set forth in such Proper Instruction.

3. Promptly after the exercise by the Fund of any Call Option purchased by the Fund pursuant to paragraph 1 hereof, the Fund shall deliver to the Custodian a Proper Instruction specifying with respect to such Call Option: (a) the Series to which such Call Option was specifically allocated; (b) the name of the issuer and the title and number of shares subject to the Call Option; (c) the expiration date; (d) the date of exercise and settlement; (e) the exercise price per share; (f) the total amount to be paid by the Fund upon such exercise; and (g) the name of the Clearing Member through whom such Call Option was exercised. The Custodian shall, upon receipt of the Securities underlying the Call Option which was exercised, pay out of the moneys held for the account of the Series to which such Call Option was specifically allocated the total amount payable to the Clearing Member through whom the Call Option was exercised, provided that the same conforms to the total amount payable as set forth in such Proper Instruction.

4. Promptly after the exercise by the Fund of any Put Option purchased by the Fund pursuant to paragraph 1 hereof, the Fund shall deliver to the Custodian a Proper Instruction specifying with respect to such Put Option: (a) the Series to which such Put Option was specifically allocated; (b) the name of the issuer and the title and number of shares subject to the Put Option; (c) the expiration date; (d) the date of exercise and settlement; (e) the exercise price per share; (f) the total amount to be paid to the Fund upon such exercise; and (g) the name of the Clearing Member through whom such Put Option was exercised. The Custodian shall, upon receipt of the amount payable upon the exercise of the Put Option, deliver or direct the Depository to deliver the Securities specifically allocated to such Series, provided the same conforms to the amount payable to the Fund as set forth in such Proper Instruction.

5. Promptly after the exercise by the Fund of any Stock Index Option purchased by the Fund pursuant to paragraph 1 hereof, the Fund shall deliver to the Custodian a Proper Instruction specifying with respect to such Stock Index Option: (a) the Series to which such Stock Index Option was specifically allocated; (b) the type of Stock Index Option (put or call); (c) the number of Options being exercised; (d) the stock index to which such Option relates; (e) the expiration date; (f) the exercise price; (g) the total amount to be received by the Fund in connection with such exercise; and (h) the Clearing Member from whom such payment is to be received. The Custodian shall remove such Stock Index Option from the Fund's listing of assets and credit the Fund's cash account timely upon receipt of such amount by the Custodian.

6. Whenever the Fund writes a Covered Call Option, the Fund shall promptly deliver to the Custodian a Proper Instruction specifying with respect to such Covered Call Option: (a) the Series for which such Covered Call Option was written; (b) the name of the issuer and the title and number of shares for which the Covered Call Option was written and which underlie the same; (c) the expiration date; (d) the exercise price; (e) the premium to be received by the Fund; (f) the date such Covered Call Option was written; and (g) the name of the Clearing Member through whom the premium is to be received. The Custodian shall deliver or cause to be delivered, in exchange for receipt of the premium specified in the Proper Instruction with respect to such Covered Call Option, such receipts as are required in accordance with the customs prevailing among Clearing Members dealing in Covered Call Options and shall impose, or direct the Depository to impose, upon the underlying Securities specified in the Proper Instruction specifically allocated to such Series

such restrictions as may be required by such receipts. Notwithstanding the foregoing, the Custodian has the right, upon prior written notification to the Fund and in order to maintain compliance with OCC Rules limiting the amount of receipts a bank can issue in relation to its capital, at any time to refuse to issue any receipts for Securities in the possession of the Custodian and not deposited with the Depository underlying a Covered Call Option.

7. Whenever a Covered Call Option written by the Fund and described in the preceding paragraph of this Article is exercised, the Fund shall promptly deliver to the Custodian a Proper Instruction instructing the Custodian to deliver, or to direct the Depository to deliver, the Securities subject to such Covered Call Option and specifying: (a) the Series for which such Covered Call Option was written; (b) the name of the issuer and the title and number of shares subject to the Covered Call Option; (c) the Clearing Member to whom the underlying Securities are to be delivered; and (d) the total amount payable to the Fund upon such delivery. Upon the return and/or cancellation of any receipts delivered pursuant to paragraph 6 of this Article, the Custodian shall deliver, or direct the Depository to deliver, the underlying Securities as specified in the Proper Instruction against payment of the amount to be received as set forth in such Proper Instruction.

8. Whenever the Fund writes a Put Option, the Fund shall promptly deliver to the Custodian a Proper Instruction specifying with respect to such Put Option: (a) the Series for which such Put Option was written; (b) the name of the issuer and the title and number of shares for which the Put Option is written and which underlie the same; (c) the expiration date; (d) the exercise price; (e) the premium to be received by the Fund; (f) the date such Put Option is written; (g) the name of the Clearing Member through whom the premium is to be received and to whom a Put Option guarantee letter is to be delivered; (h) the amount of cash, and/or the amount and kind of Securities, if any, specifically allocated to such Series to be deposited in the Senior Security Account for such Series; and (I) the amount of cash and/or the amount and kind of Securities specifically allocated to such Series to be deposited into the Collateral Account for such Series. The Custodian shall, after making the deposits into the Collateral Account specified in the Proper Instruction, issue a Put Option guarantee letter substantially in the form utilized by the Custodian on the date hereof, and deliver the same to the Clearing Member specified in the Proper Instruction against receipt of the premium specified in said Proper Instruction. Notwithstanding the foregoing, the Custodian shall be under

no obligation to issue any Put Option guarantee letter or similar document if it is unable to make any of the representations contained therein.

9. Whenever a Put Option written by the Fund and described in the preceding paragraph is exercised, the Fund shall promptly deliver to the Custodian a Proper Instruction specifying: (a) the Series to which such Put Option was written; (b) the name of the issuer and title and number of shares subject to the Put Option; (c) the Clearing Member from whom the underlying Securities are to be received; (d) the total amount payable by the Fund upon such delivery; (e) the amount of cash and/or the amount and kind of Securities specifically allocated to such Series to be withdrawn from the Collateral Account for such Series and (f) the amount of cash and/or the amount and kind of Securities, specifically allocated to such Series, if any, to be withdrawn from the Senior Security Account. Upon the return and/or cancellation of any Put Option guarantee letter or similar document issued by the Custodian in connection with such Put Option, the Custodian shall pay out of the moneys held for the account of the Series to which such Put Option was specifically allocated the total amount payable to the Clearing Member specified in the Proper Instruction as set forth in such Proper Instruction against delivery of such Securities, and shall make the withdrawals specified in such Proper Instruction.

10. Whenever the Fund writes a Stock Index Option, the Fund shall promptly deliver to the Custodian a Proper Instruction specifying with respect to such Stock Index Option: (a) the Series for which such Stock Index Option was written; (b) whether such Stock Index Option is a put or a call; (c) the number of options written; (d) the stock index to which such Option relates; (e) the expiration date; (f) the exercise price; (g) the Clearing Member through whom such Option was written; (h) the premium to be received by the Fund; (i) the amount of cash and/or the amount and kind of Securities, if any, specifically allocated to such Series to be deposited in the Collateral Account for such Series; and (j) the amount of cash and/or the amount and kind of Securities, if any, specifically allocated to such Series to be deposited in a Margin Account, and the name in which such account is to be or has been established. The Custodian shall, upon receipt of the premium specified in the Proper Instruction, make the deposits, if any, into the Collateral Account specified in the Proper Instruction, and either (1) deliver such receipts, if any, which the Custodian has specifically agreed to issue, which are in accordance with the customs prevailing among Clearing Members in Stock Index Options and make the deposits into the Collateral Account specified in

the Proper Instruction, or (2) make the deposits into the Margin Account specified in the Proper Instruction.

11. Whenever a Stock Index Option written by the Fund and described in the preceding paragraph of this Article is exercised, the Fund shall promptly deliver to the Custodian a Proper Instruction specifying with respect to such Stock Index Option: (a) the Series for which such Stock Index Option was written; (b) such information as may be necessary to identify the Stock Index Option being exercised; (c) the Clearing Member through whom such Stock Index Option is being exercised; (d) the total amount payable upon such exercise, and whether such amount is to be paid by or to the Fund; (e) the amount of cash and/or amount and kind of Securities, if any, to be withdrawn from the Margin Account; and (f) the amount of cash and/or amount and kind of Securities, if any, to be withdrawn from the Collateral Account for such Series. Upon the return and/or cancellation of the receipt, if any, delivered pursuant to the preceding paragraph of this Article, the Custodian shall pay out of the moneys held for the account of the Series to which such Stock Index Option was specifically allocated to the Clearing Member specified in the Proper Instruction the total amount payable, if any, as specified therein.

12. Whenever the Fund purchases any Option identical to a previously written Option described in paragraphs, 6, 8 or 10 of this Article in a transaction expressly designated by the Fund's adviser as a "Closing Purchase Transaction" in order to liquidate its position as a writer of an Option, the Fund shall promptly deliver to the Custodian a Proper Instruction specifying with respect to the Option being purchased: (a) that the transaction is a Closing Purchase Transaction; (b) the Series for which the Option was written; (c) the name of the issuer and the title and number of shares subject to the Option, or, in the case of a Stock Index Option, the stock index to which such Option relates and the number of Options held; (d) the exercise price; (e) the premium to be paid by the Fund; (f) the expiration date; (g) the type of Option (put or call); (h) the date of such purchase; (i) the name of the Clearing Member to whom the premium is to be paid; and (j) the amount of cash and/or the amount and kind of Securities, if any, to be withdrawn from the Collateral Account, or a specified Margin Account, for such Series. Upon the Custodian's payment of the premium and the return and/or cancellation of any receipt issued pursuant to paragraphs 6, 8 or 10 of this Article with respect to the Option being liquidated through the Closing Purchase Transaction, the Custodian shall remove, or direct the Depository to remove, the previously imposed restrictions on the Securities underlying the Call Option.

13. Upon the expiration, exercise or consummation of a Closing Purchase Transaction with respect to any Option purchased or written by the Fund and described in this Article, the Custodian shall delete such Option from the statements delivered to the Fund pursuant to paragraph 3 Article III herein, and upon the return and/or cancellation of any receipts issued by the Custodian, shall make such withdrawals from the Collateral Account, and the Margin Account as may be specified in a Proper Instruction received in connection with such expiration, exercise, or consummation.

ARTICLE VI.

FUTURES CONTRACTS

1. Whenever the Fund shall enter into a Futures Contract, the Fund shall deliver to the Custodian a Proper Instruction specifying with respect to such Futures Contract, (or with respect to any number of identical Futures Contract(s)): (a) the Series for which the Futures Contract is being entered; (b) the category of Futures Contract (the name of the underlying stock index or financial instrument); (c) the number of identical Futures Contracts entered into; (d) the delivery or settlement date of the Futures Contract(s); (e) the date the Futures Contract(s) was (were) entered into and the maturity date; (f) whether the Fund is buying (going long) or selling (going short) on such Futures Contract(s); (g) the amount of cash and/or the amount and kind of Securities, if any, to be deposited in the Collateral Account for such Series; (h) the name of the broker, dealer, or futures commission merchant through whom the Futures Contract was entered into; and (i) the amount of fee or commission, if any, to be paid and the name of the broker, dealer, or futures commission merchant to whom such amount is to be paid. The Custodian shall make the deposits, if any, to the Margin Account in accordance with the terms and conditions of the Margin Account Agreement. The Custodian shall make payment out of the moneys specifically allocated to such Series of the fee or commission, if any, specified in the Proper Instruction and deposit in the Collateral Account for such Series the amount of cash and/or the amount and kind of Securities specified in said Proper Instruction.

2. (a) Any variation margin payment or similar payment required to be made by the Fund to a broker, dealer, or futures commission merchant with respect to an outstanding Futures Contract, shall be made by the Custodian in accordance with the terms and conditions of the Margin

Account Agreement.

(b) Any variation margin payment or similar payment from a broker, dealer, or futures commission merchant to the Fund with respect to an outstanding Futures Contract, shall be received and dealt with by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

3. Whenever a Futures Contract held by the Custodian hereunder is retained by the Fund until delivery or settlement is made on such Futures Contract, the Fund shall deliver to the Custodian a Proper Instruction specifying: (a) the Futures Contract and the Series to which the same relates; (b) with respect to a Stock Index Futures Contract, the total cash settlement amount to be paid or received, and with respect to a Financial Futures Contract, the Securities and/or amount of cash to be delivered or received; (c) the broker, dealer, or futures commission merchant to or from whom payment or delivery is to be made or received; and (d) the amount of cash and/or Securities to be withdrawn from the Collateral Account for such Series. The Custodian shall make the payment or delivery specified in the Proper Instruction, and delete such Futures Contract from the statements delivered to the Fund pursuant to paragraph 3 of Article III herein.

4. Whenever the Fund shall enter into a Futures Contract to offset a Futures Contract held by the Custodian hereunder, the Fund shall deliver to the Custodian a Proper Instruction specifying: (a) the items of information required in a Proper Instruction described in paragraph 1 of this Article, and (b) the Futures Contract being offset. The Custodian shall make payment out of the money specifically allocated to such Series of the fee or commission, if any, specified in the Proper Instruction and delete the Futures Contract being offset from the statements delivered to the Fund pursuant to paragraph 3 of Article III herein, and make such withdrawals from the Senior Security Account for such Series as may be specified in such Proper Instruction. The withdrawals, if any, to be made from the Margin Account shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

ARTICLE VII.

FUTURES CONTRACT OPTIONS

1. Promptly after the purchase of any Futures Contract Option by the Fund, the Fund shall promptly deliver to the Custodian a Proper Instruction specifying with respect to

such Futures Contract Option: (a) the Series to which such Option is specifically allocated; (b) the type of Futures Contract Option (put or call); (c) the type of Futures Contract and such other information as may be necessary to identify the Futures Contract underlying the Futures Contract Option purchased; (d) the expiration date; (e) the exercise price; (f) the dates of purchase and settlement; (g) the amount of premium to be paid by the Fund upon such purchase; (h) the name of the broker or futures commission merchant through whom such option was purchased; and (i) the name of the broker, or futures commission merchant, to whom payment is to be made. The Custodian shall pay out of the moneys specifically allocated to such Series, the total amount to be paid upon such purchase to the broker or futures commissions merchant through whom the purchase was made, provided that the same conforms to the amount set forth in such Proper Instruction.

2. Promptly after the sale of any Futures Contract Option purchased by the Fund pursuant to paragraph 1 hereof, the Fund shall promptly deliver to the Custodian a Proper Instruction specifying with respect to each such sale: (a) Series to which such Futures Contract Option was specifically allocated; (b) the type of Future Contract Option (put or call); (c) the type of Futures Contract and such other information as may be necessary to identify the Futures Contract underlying the Futures Contract Option; (d) the date of sale; (e) the sale price; (f) the date of settlement; (g) the total amount payable to the Fund upon such sale; and (h) the name of the broker of futures commission merchant through whom the sale was made. The Custodian shall consent to the cancellation of the Futures Contract Option being closed against payment to the Custodian of the total amount payable to the Fund, provided the same conforms to the total amount payable as set forth in such Proper Instruction.

3. Whenever a Futures Contract Option purchased by the Fund pursuant to paragraph 1 is exercised by the Fund, the Fund shall promptly deliver to the Custodian a Proper Instruction specifying: (a) the Series to which such Futures Contract Option was specifically allocated; (b) the particular Futures Contract Option (put or call) being exercised; (c) the type of Futures Contract underlying the Futures Contract Option; (d) the date of exercise; (e) the name of the broker or futures commission merchant through whom the Futures Contract Option is exercised; (f) the net total amount, if any, payable by the Fund; (g) the amount, if any, to be received by the Fund; and (h) the amount of cash and/or the amount and kind of Securities to be deposited in the Collateral Account for such Series. The Custodian shall

make, out of the moneys and Securities specifically allocated to such Series, the payments, if any, and the deposits, if any, into the Collateral Accounts specified in the Proper Instruction. The deposits, if any, to be made to the Margin Account shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

4. Whenever the Fund writes a Futures Contract Option, the Fund shall promptly deliver to the Custodian a Proper Instruction specifying with respect to such Futures Contract Option: (a) the Series for which such Futures Contract Option was written; (b) the type of Futures Contract Option (put or call); (c) the type of Futures Contract and such other information as may be necessary to identify the Futures Contract underlying the Futures Contract Option; (d) the expiration date; (e) the exercise price; (f) the premium to be received by the Fund; (g) the name of the broker or futures commission merchant through whom the premium is to be received; and (h) the amount of cash and/or the amount and kind of Securities, if any, to be deposited in the Collateral Account for such Series. The Custodian shall, upon receipt of the premium specified in the Proper Instruction, make out of the moneys and Securities specifically allocated to such Series the deposits into the Collateral Account, if any, as specified in the Proper Instruction. The deposits, if any, to be made to the Margin Account shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

5. Whenever a Futures Contract Option written by the Fund which is a call is exercised, the Fund shall promptly deliver to the Custodian a Proper Instruction specifying: (a) the Series to which such Futures Contract Option was specifically allocated; (b) the particular Futures Contract Option exercised; (c) the type of Futures Contract underlying the Futures Contract Option; (d) the name of the broker or futures commission merchant through whom such Futures Contract Option was exercised; (e) the net total amount, if any, payable to the Fund upon such exercise; (f) the net total amount, if any, payable by the Fund upon such exercise; and (g) the amount of cash and/or the amount and kind of Securities to be deposited in the Collateral Account for such Series. The Custodian shall, upon its receipt of the net total amount payable to the Fund, if any, specified in such Proper Instruction make the payments, if any, and the deposits, if any, into the Senior Security Account as specified in the Proper Instruction. The deposits, if any, to be made to the Margin Account shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

6. Whenever a Futures Contract Option which is written by the Fund and which is a put is exercised, the Fund shall promptly deliver to the Custodian a Proper Instruction specifying: (a) the Series to which such Option was specifically allocated; (b) the particular Futures Contract Option exercised; (c) the type of Futures Contract underlying such Futures Contract Option; (d) the name of the broker or futures commission merchant through whom such Futures Contract Option is exercised; (e) the net total amount, if any, payable to the Fund upon such exercise; (f) the net total amount, if any, payable by the Fund upon such exercise; and (g) the amount and kind of Securities and/or cash to be withdrawn from or deposited in, the Collateral Account for such Series, if any. The Custodian shall, upon its receipt of the net total amount payable to the Fund, if any, specified in the Proper Instruction, make out of the moneys and Securities specifically allocated to such Series, the payments, if any, and the deposits, if any, into the Senior Security Account as specified in the Proper Instruction. The deposits to and/or withdrawals from the Margin Account, if any, shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

7. Whenever the Fund purchases any Futures Contract Option identical to a previously written Futures Contract Option described in this Article in order to liquidate its position as a writer of such Futures Contract Option, the Fund shall promptly deliver to the Custodian a Proper Instruction specifying with respect to the Futures Contract Option being purchased: (a) the Series to which such Option is specifically allocated; (b) that the transaction is a closing transaction; (c) the type of Future Contract and such other information as may be necessary to identify the Futures Contract underlying the Futures Option Contract; (d) the exercise price; (e) the premium to be paid by the Fund; (f) the expiration date; (g) the name of the broker or futures commission merchant to whom the premium is to be paid; and (h) the amount of cash and/or the amount and kind of Securities, if any, to be withdrawn from the Collateral Account for such Series. The Custodian shall effect the withdrawals from the Collateral Account specified in the Proper Instruction. The withdrawals, if any, to be made from the Margin Account shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

8. Upon the expiration, exercise, or consummation of a closing transaction with respect to, any Futures Contract Option written or purchased by the Fund and described in

this Article, the Custodian shall (a) delete such Futures Contract Option from the statements delivered to the Fund pursuant to paragraph 3 of Article III herein and, (b) make such withdrawals from and/or in the case of an exercise such deposits into the Collateral Account as may be specified in a Proper Instruction. The deposits to and/or withdrawals from the Margin Account, if any, shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

9. Futures Contracts acquired by the Fund through the exercise of a Futures Contract Option described in this Article shall be subject to Article VI hereof.

ARTICLE VIII.

SHORT SALES

1. Promptly after any short sales by any Series of the Fund, the Fund shall promptly deliver to the Custodian a Proper Instruction specifying: (a) the Series for which such short sale was made; (b) the name of the issuer and the title of the Security; (c) the number of shares or principal amount sold, and accrued interest or dividends, if any; (d) the dates of the sale and settlement; (e) the sale price per unit; (f) the total amount credited to the Fund upon such sale, if any, (g) the amount of cash and/or the amount and kind of Securities, if any, which are to be deposited in a Margin Account and the name in which such Margin Account has been or is to be established; (h) the amount of cash and/or the amount and kind of Securities, if any, to be deposited in a Collateral Account, and (i) the name of the broker through whom such short sale was made. The Custodian shall upon its receipt of a statement from such broker confirming such sale and that the total amount credited to the Fund upon such sale, if any, as specified in the Proper Instruction is held by such broker for the account of the Custodian (or any nominee of the Custodian) as custodian of the Fund, issue a receipt or make the deposits into the Margin Account and the Collateral Account specified in the Proper Instruction.

2. In connection with the closing-out of any short sale, the Fund shall promptly deliver to the Custodian a Proper Instruction specifying with respect to each such closing out: (a) the Series for which such transaction is being made; (b) the name of the issuer and the title of the Security; (c) the number of shares or the principal amount, and accrued interest or dividends, if any, required to effect such closing-out to be delivered to the broker; (d)

the dates of closing-out and settlement; (e) the purchase price per unit; (f) the net total amount payable to the Fund upon such closing-out; (g) the net total amount payable to the broker upon such closing-out; (h) the amount of cash and the amount and kind of Securities to be withdrawn, if any, from the Margin Account; (i) the amount of cash and/or the amount and kind of Securities, if any, to be withdrawn from the Collateral Account; and (j) the name of the broker through whom the Fund is effecting such closing-out. The Custodian shall, upon receipt of the net total amount payable to the Fund upon such closing-out, and the return and/ or cancellation of the receipts, if any, issued by the Custodian with respect to the short sale being closed-out, pay out of the moneys held for the account of the Fund to the broker the net total amount payable to the broker, and make the withdrawals from the Margin Account and the Collateral Account, as the same are specified in the Proper Instruction.

ARTICLE IX.

REVERSE REPURCHASE AGREEMENTS

1. Promptly after the Fund enters a Reverse Repurchase Agreement with respect to Securities held by the Custodian hereunder, the Fund shall deliver to the Custodian a Proper Instruction, or in the event such Reverse Repurchase Agreement is a Money Market Security, a Proper Instruction specifying: (a) the Series for which the Reverse Repurchase Agreement is entered; (b) the total amount payable to the Fund in connection with such Reverse Repurchase Agreement and specifically allocated to such Series; (c) the names of the counterparty and of the broker or dealer through or with whom the Reverse Repurchase Agreement is entered; (d) the amount and kind of Securities to be delivered by the Fund to such broker or dealer; (e) the date of such Reverse Repurchase Agreement; and (f) the amount of cash and/or the amount and kind of Securities, if any, specifically allocated to such Series to be deposited in a Senior Security Account for such Series in connection with such Reverse Repurchase Agreement. The Custodian shall, upon receipt of the total amount payable to the Fund specified in the Proper Instruction, make the delivery to the broker or dealer, and the deposits, if any, to the Collateral Account, specified in such Proper Instruction.

2. Upon the termination of a Reverse Repurchase Agreement described in preceding paragraph 1 of this Article, the Fund shall promptly deliver a Proper Instruction or, in the event

such Reverse Repurchase Agreement is a Money Market Security, a Proper Instruction to the Custodian specifying: (a) the Reverse Repurchase Agreement being terminated and the Series for which same was entered; (b) the total amount payable by the Fund in connection with such termination; (c) the amount and kind of Securities to be received by the Fund and specifically allocated to such Series in connection with such termination; (d) the date of termination; (e) the names of the counterparty and of the broker or dealer with or through whom the Reverse Repurchase Agreement is to be terminated; and (f) the amount of cash and/or the amount and kind of Securities to be withdrawn from the Collateral Account for such Series. The Custodian shall, upon receipt of the amount and kind of Securities to be received by the Fund specified in the Proper Instruction, make the payment to the broker or dealer, and the withdrawals, if any, from the Collateral Account, specified in such Proper Instruction.

ARTICLE X.

LOAN OF PORTFOLIO SECURITIES OF THE FUND

1. Promptly after each loan of portfolio Securities specifically allocated to a Series held by the Custodian hereunder, the Fund shall deliver or cause to be delivered to the Custodian a Proper Instruction specifying with respect to each such loan: (a) the Series to which the loaned Securities are specifically allocated; (b) the name of the issuer and the title of the Securities, (c) the number of shares or the principal amount loaned, (d) the date of loan and delivery, (e) the total amount to be delivered to the Custodian against the loan of the Securities, including the amount of cash collateral and the premium, if any, separately identified, and (f) the name of the broker, dealer, or financial institution to which the loan was made. The Custodian shall deliver the Securities thus designated to the broker, dealer or financial institution to which the loan was made upon receipt of the total amount designated as to be delivered against the loan of Securities. The Custodian may accept payment in connection with a delivery otherwise than through the Book-Entry System or Depository only in the form of a certified or bank cashier's check payable to the order of the Fund or the Custodian drawn on New York Clearing House funds and may deliver Securities in accordance with the customs prevailing among dealers in securities.

2. Promptly after each termination of the loan of Securities by the Fund, the Fund shall deliver or cause to be delivered

to the Custodian a Proper Instruction specifying with respect to each such loan termination and return of Securities: (a) the Series to which the loaned Securities are specifically allocated; (b) the name of the issuer and the title of the Securities to be returned, (c) the number of shares or the principal amount to be returned, (d) the date of termination, (e) the total amount to be delivered by the Custodian (including the cash collateral for such Securities minus any offsetting credits as described in said Proper Instruction), and (f) the name of the broker, dealer, or financial institution from which the Securities will be returned. The Custodian shall receive all Securities returned from the broker, dealer, or financial institution to which such Securities were loaned and upon receipt thereof shall pay, out of the moneys held for the account of the Fund, the total amount payable upon such return of Securities as set forth in the Proper Instruction.

ARTICLE XI.

CONCERNING MARGIN ACCOUNTS, AND COLLATERAL ACCOUNTS

1. The Custodian shall make deliveries or payments from a Margin Account to the broker, dealer, futures commission merchant or Clearing Member in whose name, or for whose benefit, the account was established as specified in the Margin Account Agreement.

2. Amounts received by the Custodian as payments or distributions with respect to Securities deposited in any Margin Account shall be dealt with in accordance with the terms and conditions of the related Margin Account Agreement.

3. The Custodian shall have a continuing lien and security interest in and to any property at any time held by the Custodian in any Collateral Account described herein. In accordance with applicable law, including limitations under the 1940 Act and the Fund's Prospectus, the Custodian may enforce its lien and realize on any such property whenever the Custodian has made payment or delivery pursuant to any Put Option guarantee letter or similar document or any receipt issued hereunder by the Custodian. In the event the Custodian should realize on any such property net proceeds which are less than the Custodian's obligations under any Put Option guarantee letter or similar document or any receipt, such deficiency shall be a debt owed the Custodian by the Fund within the scope of Article XIV herein.

4 On each business day the Custodian shall furnish the Fund

with a statement with respect to each Margin Account in which money or Securities are held specifying as of the close of business on the previous business day: (a) the name of the Margin Account; (b) the amount and kind of Securities held therein; and (c) the amount of money held therein. The Custodian shall make available upon request to any broker, dealer, or futures commission merchant specified in the name of a Margin Account a copy of the statement furnished the Fund with respect to such Margin Account.

5. Promptly after the close of business on each business day in which cash and/or Securities are maintained in a Collateral Account for any Series, the Custodian shall furnish the Fund with a statement with respect to such Collateral Account specifying the amount of cash and/or the amount and kind of Securities held therein. No later than the close of business next succeeding the delivery to the Fund of such statement, the Fund shall furnish to the Custodian a Proper Instruction or Written Instructions specifying the then market value of the Securities described in such statement. In the event such then market value is indicated to be less than the Custodian's obligation with respect to any outstanding Put Option guarantee letter or similar document, the Fund shall promptly specify in a Proper Instruction the additional cash and/or Securities to be deposited in such Collateral Account to eliminate such deficiency.

ARTICLE XII.

PAYMENT OF DIVIDENDS OR DISTRIBUTIONS

1. The Fund shall furnish to the Custodian a copy of the resolution of the Board of Directors of the Fund, certified by the Secretary or any Assistant Secretary, either (i) setting forth with respect to the Series specified therein the date of the declaration of a dividend or distribution, the date of payment thereof, the record date as of which shareholders entitled to payment shall be determined, the amount payable per Share of such Series to the shareholders of record as of that date and the total amount payable to the Dividend Agent and any sub-dividend agent or co-dividend agent of the Fund on the payment date, or (ii) authorizing with respect to the Series specified therein the declaration of dividends and distributions on a daily basis and authorizing the Custodian to rely on a Proper Instruction setting forth the date of the declaration of such dividend or distribution, the date of payment thereof, the record date as of which shareholders entitled to payment shall be determined, the amount payable per Share of such Series to

the shareholders of record as of that date and the total amount payable to the Dividend Agent on the payment date.

2. Upon the payment date specified in such resolution, Proper Instruction, as the case may be, the Custodian shall pay out of the moneys held for the account of each Series the total amount payable to the Dividend Agent and any sub-dividend agent or co-dividend agent of the Fund with respect to such Series.

ARTICLE XIII.

SALE AND REDEMPTION OF SHARES

1. Whenever the Fund shall sell any Shares, it shall deliver to the Custodian a Proper Instruction duly specifying the amount of money to be received by the Custodian for the sale of such Shares and specifically allocated to the separate account in the name of such Series.

2. Upon receipt of such money from the Transfer Agent, the Custodian shall credit such money to the separate account in the name of the Series for which such money was received.

3. Upon issuance of any Shares of any Series described in the foregoing provisions of this Article, the Custodian shall pay, out of the money held for the account of such Series, all original issue or other taxes required to be paid by the Fund in connection with such issuance upon the receipt of a Proper Instruction specifying the amount to be paid.

4. Except as provided hereinafter, whenever the Fund desires the Custodian to make payment out of the money held by the Custodian hereunder in connection with a redemption of any Shares, it shall furnish to the Custodian a Proper Instruction specifying:

- (a) The number and Series of Shares redeemed; and
- (b) The amount to be paid for such Shares.

5. Upon receipt from the Transfer Agent of an advice setting forth the Series and number of Shares received by the Transfer Agent for redemption and that such Shares are in good form for redemption, the Custodian shall make payment to the Transfer Agent or to another account of the Fund at the Custodian out of the moneys held in the separate account in the name of the Series the total amount specified in the Proper Instruction issued pursuant to the foregoing

paragraph 4 of this Article.

6. Notwithstanding the above provisions regarding the redemption of any Shares, whenever any Shares are redeemed pursuant to any check redemption privilege which may from time to time be offered by the Fund, the Custodian, unless otherwise instructed by a Proper Instruction, shall, upon receipt of an advice from the Fund or its agent setting forth that the redemption is in good form for redemption in accordance with the check redemption procedure, honor the check presented as part of such check redemption privilege out of the moneys held in the separate account of the Series of the Shares being redeemed.

ARTICLE XIV.

OVERDRAFTS OR INDEBTEDNESS

1. If the Custodian, should in its sole discretion advance funds on behalf of any Series which results in an overdraft because the moneys held by the Custodian in the separate account for such Series shall be insufficient to pay the total amount payable upon a purchase of Securities specifically allocated to such Series, as set forth in a Proper Instruction, or which results in an overdraft in the separate account of such Series for some other reason, or if the Fund is for any other reason indebted to the Custodian with respect to a Series (except a borrowing for investment or for temporary or emergency purposes using Securities as collateral pursuant to a separate agreement and subject to the provisions of paragraph 2 of this Article), such overdraft or indebtedness shall be deemed to be a loan made by the Custodian to the Fund for such Series payable on demand and shall bear interest from the date incurred at a rate per annum (based on a 360-day year for the actual number of days involved) equal to one-half percent over Custodian's prime commercial lending rate, or alternatively, such other rate, if any, as the Custodian and the Fund may agree to from time to time. In addition, the Fund hereby agrees that the Custodian shall have a continuing lien and security interest in and to up to 5% of the net assets specifically allocated to such Series, at any time held by it for the benefit of such Series or in which the Fund may have an interest which is then in the Custodian's possession or control or in possession or control of any third party acting in the Custodian's behalf. The Fund authorizes the Custodian, in its sole discretion, at any time to charge any such overdraft or indebtedness together with interest due thereon against any balance of account standing to such Series' credit on the Custodian's books. In addition, the

Fund hereby agrees that on each Business Day on which either it intends to enter a Reverse Repurchase Agreement and/or otherwise borrow from a third party, or which next succeeds a Business Day on which at the close of business the Fund had outstanding a Reverse Repurchase Agreement or such a borrowing, it shall attempt prior to 9 a.m., New York City time, or as soon as practicable, advise the Custodian, in writing, of each such borrowing, shall specify the Series to which the same relates, and shall not incur any indebtedness not so specified other than from the Custodian.

2. The Fund will cause to be delivered to the Custodian by any bank (including, if the borrowing is pursuant to a separate agreement, the Custodian) from which it borrows money for investment or for temporary or emergency purposes using Securities held by the Custodian hereunder as collateral for such borrowings, a notice or undertaking in the form currently employed by any such bank setting forth the amount which such bank will loan to the Fund against delivery of a stated amount of collateral. The Fund shall promptly deliver to the Custodian a Proper Instruction specifying with respect to each such borrowing: (a) the Series to which such borrowing relates; (b) the name of the bank, (c) the amount and terms of the borrowing, which may be set forth by incorporating by reference an attached promissory note, duly endorsed by the Fund, or other loan agreement, (d) the time and date, if known, on which the loan is to be entered into, (e) the date on which the loan becomes due and payable, (f) the total amount payable to the Fund on the borrowing date, (g) the market value of Securities to be delivered as collateral for such loan, including the name of the issuer, the title and the number of shares or the principal amount of any particular Securities, and (h) a statement specifying whether such loan is for investment purposes or for temporary or emergency purposes and that such loan is in conformance with the Investment Company Act of 1940 and the Fund's prospectus. The Custodian shall deliver on the borrowing date specified in a Proper Instruction the specified collateral and the executed promissory note, if any, against delivery by the lending bank of the total amount of the loan payable, provided that the same conforms to the total amount payable as set forth in the Proper Instruction. The Custodian may, at the option of the lending bank, keep such collateral in its possession, but such collateral shall be subject to all rights therein given the lending bank by virtue of any promissory note or loan agreement. The Custodian shall deliver such Securities as additional collateral as may be specified in a Proper Instruction to collateralize further any transaction described in this paragraph. The Fund shall

cause all Securities released from collateral status to be returned directly to the Custodian, and the Custodian shall receive from time to time such return of collateral as may be tendered to it. In the event that the Fund fails to specify in a Proper Instruction the Series, the name of the issuer, the title and number of shares or the principal amount of any particular Securities to be delivered as collateral by the Custodian, the Custodian shall not be under any obligation to deliver any Securities.

ARTICLE XV.

TERMINAL LINK

1. At no time and under no circumstances shall the Fund be obligated to have or utilize the Terminal Link, and the provisions of this Article shall apply if, but only if, the Fund in its sole and absolute discretion elects to utilize the Terminal Link to transmit Proper Instructions to the Custodian.
2. The Terminal Link shall be utilized by the Fund only for the purpose of the Fund providing Proper Instructions to the Custodian with respect to transactions involving Securities or for the transfer of money to be applied to the payment of dividends, distributions or redemptions of Fund Shares, and shall be utilized by the Custodian only for the purpose of providing notices to the Fund. Such use shall commence only after the Fund shall have delivered to the Custodian a Proper Instruction substantially in the form of Exhibit D and shall have established access codes. Each use of the Terminal Link by the Fund shall constitute a representation and warranty that the Terminal Link is being used only for the purposes permitted hereby, that at least two Officers have each utilized an access code, that such safekeeping procedures have been established by the Fund, and that such use does not contravene the Investment Company Act of 1940, as amended, or the rules or regulations thereunder.
3. The Fund shall obtain and maintain at its own cost and expense all equipment and services, including, but not limited to communications services, necessary for it to utilize the Terminal Link, and the Custodian shall not be responsible for the reliability or availability of any such equipment or services.
4. The Fund acknowledges that any data bases made available as part of, or through the Terminal Link and any proprietary data, software, processes, information and documentation (other than any such which are or become part of the public

domain or are legally required to be made available to the public) (collectively, the "Information"), are the exclusive and confidential property of the Custodian. The Fund shall, and shall cause others to which it discloses the Information, to keep the Information confidential by using the same care and discretion it uses with respect to its own confidential property and trade secrets, and shall neither make nor permit any disclosure without the express prior written consent of the Custodian.

5. Upon termination of this Agreement for any reason, the Fund shall return to the Custodian any and all copies of the Information which are in the Fund's possession or under its control, or which the Fund distributed to third parties. The provisions of this Article shall not affect the copyright status of any of the Information which may be copyrighted and shall apply to all Information whether or not copyrighted.

6. The Custodian reserves the right to modify the Terminal Link from time to time without notice to the Fund except that the Custodian shall give the Fund notice not less than 75 days in advance of any modification which would materially adversely affect the Fund's operation, and the Fund agrees that the Fund shall not modify or attempt to modify the Terminal Link without the Custodian's prior written consent. The Fund acknowledges that any software or procedures provided the Fund as part of the Terminal Link are the property of the Custodian and, accordingly, the Fund agrees that any modifications to the Terminal Link, whether by the Fund, or by the Custodian and whether with or without the Custodian's consent, shall become the property of the Custodian.

7. Neither the Custodian nor any manufacturers and suppliers it utilizes or the Fund utilizes in connection with the Terminal Link makes any warranties or representations, express or implied, in fact or in law, including but not limited to warranties of merchantability and fitness for a particular purpose.

8. The Fund will cause its Officers and employees to treat the authorization codes and the access codes applicable to Terminal Link with extreme care, and irrevocably authorizes the Custodian to act in accordance with and rely on Proper Instructions received by it through the Terminal Link. The Fund acknowledges that it is its responsibility to assure that only its Officers use the Terminal Link on its behalf, and that a Custodian shall not be responsible nor liable for use of the Terminal Link on the Fund's behalf by persons other than such persons or Officers, or by only a single

Officer, nor for any alteration, omission, or failure to promptly forward.

9(a). Except as otherwise specifically provided in Section 9(b) of this Article, the Custodian shall have no liability for any losses, damages, injuries, claims, costs or expenses arising out of or in connection with any failure, malfunction or other problem relating to the Terminal Link except for money damages suffered as the direct result of the negligence of the Custodian in an amount not exceeding for any incident \$100,000 provided, however, that the Custodian shall have no liability under this Section 9 if the Fund fails to comply with the provisions of Section 11.

9(b). The Custodian shall be liable for any loss or damage arising out of its own negligence or willful misconduct in executing or failing to execute in accordance with a duly acknowledged Proper Instruction received through Terminal Link.

10. Without limiting the generality of the foregoing, in no event shall the Custodian or any manufacturer or supplier of its computer equipment, software or services relating to the Terminal Link be responsible for any special, indirect, incidental or consequential damages which the Fund may incur or experience by reason of its use of the Terminal Link even if the Custodian or any manufacturer or supplier has been advised of the possibility of such damages, nor with respect to the use of the Terminal Link shall the Custodian or any such manufacturer or supplier be liable for acts of God, or with respect to the following to the extent beyond such person's reasonable control: machine or computer breakdown or malfunction, interruption or malfunction of communication facilities, labor difficulties or any other similar or dissimilar cause.

11. The Fund shall notify the Custodian of any errors, omissions or interruptions in, or delay or unavailability of, the Terminal Link as promptly as practicable, and in any event within 24 hours after the earliest of (i) discovery thereof, (ii) the Business Day on which discovery should have occurred as a result of the need to use such Terminal Link, and where, through the exercise of reasonable care such omission, interruption, delay or unavailability, such problem would have been discovered, and (iii) in the case of any error, the date of actual receipt of the earliest notice which reflects such error, it being agreed that discovery and receipt of notice may only occur on a business day. The Custodian shall promptly advise the Fund whenever the Custodian learns of any errors, omissions or interruption in, or delay or unavailability of, the Terminal Link.

12. The Custodian shall verify to the Fund, by use of the Terminal Link, receipt of each Proper Instruction the Custodian receives through the Terminal Link. If the Custodian cannot, for some reason, verify through Terminal Link, then it will verify by facsimile. In the absence of such verification the Custodian shall not be liable for any failure to act in accordance with such Certificate and the Fund may not claim that such Certificate was received by the Custodian. Such verification, which may occur after the Custodian has acted upon such Proper Instruction, shall be accomplished on the same day on which such Proper Instruction is received.

ARTICLE XVI.

RESERVED

ARTICLE XVII.

CONCERNING THE CUSTODIAN

1. The Custodian shall be held to a standard of reasonable care in carrying out the provisions of this Agreement. Except as hereinafter provided, or as provided in Article XVI, neither the Custodian nor its nominee shall be liable for any loss or damage, including counsel fees, resulting from its action or omission to act or otherwise, either hereunder or under any Margin Account Agreement, except for any such loss or damage arising out of its own negligence or willful misconduct. In no event shall the Custodian be liable to the Fund or any third party for special, indirect or consequential damages or lost profits or loss of business, arising under or in connection with this Agreement, even if previously informed of the possibility of such damages and regardless of the form of action, unless such loss resulted from the Custodian's willful misconduct. Negligence includes the failure of the Custodian to comply with any law or regulation applicable to the Custodian. The Custodian may, with respect to questions of law arising hereunder or under any Margin Account Agreement, apply for and obtain the advice and opinion of counsel to the Fund or of its own counsel, and the Fund shall pay the reasonable expenses thereof, and the Custodian shall be fully protected with respect to anything done or omitted by it in good faith in conformity with such advice or opinion. The Custodian shall be liable to the Fund for any loss or damage resulting from the use of the Book-Entry System or any Depository arising by reason of any negligence or willful misconduct on

the part of the Custodian or any of its employees or agents.

2. Without limiting the generality of the foregoing, the Custodian shall be under no obligation to inquire into, and shall not be liable for:

(a) The validity of the issue of any Securities purchased, sold, or written by or for the Fund, the legality of the purchase, sale or writing thereof, or the propriety of the amount paid or received therefor;

(b) The legality of the sale or redemption of any Shares, or the propriety of the amount to be received or paid therefor;

(c) The legality of the declaration or payment of any dividend by the Fund;

(d) The legality of any borrowing by the Fund using Securities as collateral;

(e) The legality of any loan of portfolio Securities, nor shall the Custodian be under any duty or obligation to determine that any cash collateral delivered to it by a broker, dealer, or financial institution or held by it at any time as a result of such loan of portfolio Securities of the Fund is adequate collateral for the Fund against any loss it might sustain as a result of such loan. The Custodian specifically, but not by way of limitation, shall not be under any duty or obligation periodically to check or notify the Fund that the amount of such cash collateral held by it for the Fund is sufficient collateral for the Fund, but such duty or obligation shall be the sole responsibility of the Fund. In addition, the Custodian shall be under no duty or obligation to see that any broker, dealer or financial institution to which portfolio Securities of the Fund are lent pursuant to Article XIV of this Agreement makes payment to it of any dividends or interest which are payable to or for the account of the Fund during the period of such loan or at the termination of such loan, provided, however, that the Custodian shall promptly notify the Fund in the event that such dividends or interest are not paid and received when due and to fully cooperate (at the Fund's expense) with the Fund in obtaining any such dividends and/or interest; or

(f) The sufficiency or value of any amounts of money and/or Securities held in any Margin Account, Senior Security Account or Collateral Account in connection with transactions by the Fund. In addition, the Custodian shall be under no duty or obligation to see that any broker, dealer, futures commission merchant or Clearing Member makes

payment to the Fund of any variation margin payment or similar payment which the Fund may be entitled to receive from such broker, dealer, futures commission merchant or Clearing Member, to see that any payment received by the Custodian from any broker, dealer, futures commission merchant or Clearing Member is the amount the Fund is entitled to receive, or to notify the Fund of the Custodian's receipt or non-receipt of any such payment.

3. The Custodian shall not be liable for, or considered to be the Custodian of, any money, whether or not represented by any check, draft, or other instrument for the payment of money, received by it on behalf of the Fund until the Custodian actually receives and collects such money directly or by the final crediting of the account representing the Fund's interest at the Book-Entry System or the Depository.

4. The Custodian shall have no responsibility and shall not be liable for ascertaining or acting upon any calls, conversions, exchange offers, tenders, interest rate changes or similar matters relating to Securities held in the Depository, unless the Custodian shall have actually received timely notice thereof from. In no event shall the Custodian have any responsibility or liability for the failure of the Depository to collect, or for the late collection or late crediting by the Depository or any other payor or issuer of any amount payable upon Securities deposited in the Depository which may mature or be redeemed, retired, called or otherwise become payable. However, upon receipt of a Proper Instruction from the Fund of an overdue amount on Securities held in the Depository the Custodian shall make a claim against the Depository on behalf of the Fund, except that the Custodian shall not be under any obligation to appear in, prosecute or defend any action suit or proceeding in respect to any Securities held by the Depository which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense and liability be furnished as often as may be required.

5. The Custodian shall not be under any duty or obligation to take action to effect collection of any amount due to the Fund from the Transfer Agent of the Fund nor to take any action to effect payment or distribution by the Transfer Agent of the Fund of any amount paid by the Custodian to the Transfer Agent of the Fund in accordance with this Agreement.

6. The Custodian shall not be under any duty or obligation to take action to effect collection of any amount, if the Securities upon which such amount is payable are in default,

or if payment is refused after due demand or presentation, unless and until (i) it shall be directed to take such action by a Proper Instruction and (ii) it shall be assured to its satisfaction of reimbursement of its costs and expenses in connection with any such action.

7. The Custodian may appoint one or more banking institutions as Depository or Depositories, as Sub-Custodian or Sub-Custodians, or as Co-Custodian or Co-Custodians, of Securities and moneys at any time owned by the Fund, upon such terms and conditions as may be approved in a Proper Instruction or contained in an agreement executed by the Custodian, the Fund and the appointed institution.

8. The Custodian shall not be under any duty or obligation (a) to ascertain whether any Securities at any time delivered to, or held by it or by any Foreign Sub-Custodian, for the account of the Fund and specifically allocated to a Series are such as properly may be held by the Fund or such Series under the provisions of its then current prospectus, or (b) to ascertain whether any transactions by the Fund, whether or not involving the Custodian, are such transactions as may properly be engaged in by the Fund.

9. The Custodian shall be entitled to receive and the Fund agrees to pay to the Custodian all reasonable out-of-pocket expenses and such compensation as may be agreed upon from time to time between the Custodian and the Fund. The Custodian may charge such compensation and any such reasonable expenses with respect to a Series incurred by the Custodian in the performance of its duties pursuant to such agreement against any money specifically allocated to such Series. Unless and until the Fund instructs the Custodian by a Proper Instruction to apportion any loss, damage, liability or expense among the Series in a specified manner, the Custodian shall also be entitled to invoice a Series such Series' pro rata share (based on such Series net asset value at the time of the charge to the aggregate net asset value of all Series at that time) of the amount of any loss, damage, liability or expense, including reasonable fees of counsel not of salaried employees of the Custodian, for which it shall be entitled to reimbursement under the provisions of this Agreement.

10. The Custodian shall be entitled to rely upon any Proper Instruction, notice or other instrument in writing received by the Custodian and reasonably believed by the Custodian to be a Proper Instruction. The Custodian shall be entitled to rely upon any Proper Instruction orally given and actually received by the Custodian hereinabove provided for, provided such instructions reasonably appear to have been received

from an Officer. The Fund agrees to confirm to the Custodian such a Proper Instruction by facsimile or otherwise, by the close of business of the same day that such Instructions are given to the Custodian. The Fund agrees that the fact that such confirming instructions are not received by the Custodian shall in no way affect the validity of the transactions or enforceability of the transactions hereby authorized by the Fund. The Fund agrees that the Custodian shall incur no liability to the Fund in acting upon Proper Instructions orally given to the Custodian hereunder concerning such transactions provided such instructions reasonably appear to have been received from an Officer.

11. The Custodian shall be entitled to rely upon any instrument, instruction or notice received by the Custodian and reasonably believed by the Custodian to be given in accordance with the terms and conditions of any Margin Account Agreement. Without limiting the generality of the foregoing, the Custodian shall be under no duty to inquire into, and shall not be liable for, the accuracy of any statements or representations contained in any such instrument or other notice including, without limitation, any specification of any amount to be paid to a broker, dealer, futures commission merchant or Clearing Member.

12. The books and records pertaining to the Fund which are in the possession of the Custodian shall be the property of the Fund. Such books and records shall be prepared and maintained as required by the 1940 Act, as amended, and other applicable securities laws and rules and regulations. The Fund, or the Fund's authorized representatives, shall have access to such books and records during the Custodian's normal business hours. Upon the reasonable request of the Fund, copies of any such books and records shall be provided by the Custodian to the Fund or the Fund's authorized representative, and the Fund shall reimburse the Custodian its reasonable expenses of providing such copies. Upon reasonable request of the Fund, the Custodian shall provide in hard copy or on micro-film computer disc or other electronic means, whichever the Custodian elects, any records included in any such delivery which are maintained by the Custodian on a computer disc, or are similarly maintained, and the Fund shall reimburse the Custodian for its reasonable expenses of providing such hard copy or micro-film.

13. The Custodian shall provide the Fund with any report obtained by the Custodian on the system of internal accounting control of the Book-Entry System, the Depository or O.C.C., including any report of such entities the Custodian receives from any banking regulator, and with such

reports on its own systems of internal accounting control as the Fund may reasonably request from time to time.

14. The Fund agrees to indemnify the Custodian against and save the Custodian harmless from all liability, claims, losses and demands whatsoever, including reasonable attorneys' fees, howsoever arising or incurred because of or in connection with this Agreement, including the Custodian's payment or non-payment of checks pursuant to paragraph 6 of Article XIII as part of any check redemption privilege program of the Fund, except for any such liability, claim, loss and demand arising out of the Custodian's own or its agents negligence or willful misconduct or breach of the terms of this Agreement.

15. Subject to the foregoing provisions of this Agreement, including, without limitation, those contained in Article XVI, the Custodian may deliver and receive Securities, and receipts with respect to such Securities, and arrange for payments to be made and received by the Custodian in accordance with the rules of any Depository or Book-Entry System or OCC and with respect to physicals not delivered to one of the foregoing, in accordance with the customs and practices prevailing among brokers and dealers in such securities on the date of execution of this Agreement, or in accordance with such lesser customs, if any, as may be approved by the Fund in Proper Instructions. The Custodian will immediately inform the Fund and await a specific Proper Instruction and/or a resolution of the Executive Committee of the Board of Directors before permitting the release of securities or cash which is not against delivery of the counteritem. The Fund assumes all responsibility and liability for all credit risks involved in connection with the Custodian's delivery of Securities pursuant to such Proper Instructions or Executive Committee Resolution of the Fund, which responsibility and liability shall continue until final payment in full has been received by the Custodian.

16. The Custodian shall have no duties or responsibilities whatsoever except such duties and responsibilities as are specifically set forth in this Agreement, and no covenant or obligation shall be implied in this Agreement against the Custodian.

ARTICLE XVIII.

TERMINATION

1. Either of the parties hereto may terminate this Agreement

by giving to the other party a notice in writing specifying the date of such termination, which shall be not less than ninety (90) days after the date of giving of such notice. In the event such notice is given by the Fund, it shall be accompanied by a copy of a resolution of the Board of Directors of the Fund, certified by the Secretary or any Assistant Secretary, electing to terminate this Agreement and designating a successor custodian or custodians, each of which shall be a bank or trust company having not less than \$2,000,000 aggregate capital, surplus and undivided profits. In the event such notice is given by the Custodian, the Fund shall, on or before the termination date, deliver to the Custodian a copy of a resolution of the Board of Directors of the Fund, certified by the Secretary or any Assistant Secretary, designating a successor custodian or custodians. In the absence of such designation by the Fund, the Custodian may designate a successor custodian which shall be a bank or trust company having not less than \$2,000,000 aggregate capital, surplus and undivided profits. Upon the date set forth in such notice this Agreement shall terminate, and the Custodian shall upon receipt of a notice of acceptance by the successor custodian on that date deliver directly to the successor custodian all Securities and moneys then owned by the Fund and held by it as Custodian, after deducting all fees, reasonable expenses and other amounts for the payment or reimbursement of which it shall then be entitled.

2. If a successor custodian is not designated by the Fund or the Custodian in accordance with the preceding paragraph, the Fund shall upon the date specified in the notice of termination of this Agreement and upon the delivery by the Custodian of all Securities (other than Securities held in the Book-Entry System which cannot be delivered to the Fund) and moneys then owned by the Fund be deemed to be its own custodian and the Custodian shall thereby be relieved of all duties and responsibilities pursuant to this Agreement, other than the duty with respect to Securities held in the Book Entry System which cannot be delivered to the Fund to hold such Securities hereunder in accordance with this Agreement.

ARTICLE XIX.

MISCELLANEOUS

1. Annexed hereto as Appendix A are the Authorized and Proper Instructions signed by present Officers of the Fund under its corporate seal, setting forth the names and the signatures of the present Officers of the Fund. The Fund

agrees to furnish to the Custodian a new Authorized and Proper Instructions in similar form in the event any such present Officer ceases to be an Officer of the Fund, or in the event that other or additional Officers are elected or appointed. Until such new Authorized and Proper Instructions shall be received, the Custodian shall be fully protected in acting under the provisions of this Agreement upon the signatures of the Officers as set forth in the last delivered Authorized and Proper Instructions.

2. Any notice or other instrument in writing, authorized or required by this Agreement to be given to the Custodian, shall be sufficiently given if addressed to the Custodian and mailed, sent by reliable overnight delivery service or delivered to it at its offices at 90 Washington Street, New York, New York 10286, or sent by facsimile to (212) _____ or at such other place as the Custodian may from time to time designate in writing.

3. Any notice or other instrument in writing, authorized or required by this Agreement to be given to the Fund shall be sufficiently given if addressed to the Fund and mailed, sent by reliable overnight delivery service or delivered to it at its office at the address for the Fund first above written, or at such other place or facsimile number as the Fund may from time to time designate in writing.

4. This Agreement may not be amended except by a written agreement executed by both parties with the same formality as this Agreement and approved by a resolution of the Board of Directors of the Fund. However, in connection with the operation of the Agreement, the Custodian and the Fund may from time to time agree in writing 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, which provisions will not be deemed to be amendments.

5. This Agreement shall extend to and shall be binding upon the parties hereto, and their respective successors and assigns; provided, however, that this Agreement shall not be assignable by the Fund without the written consent of the Custodian, or by the Custodian without the written consent of the Fund, authorized or approved by a resolution of the Fund's Board of Directors.

6. This Agreement shall be construed in accordance with the laws of the State of New York without giving effect to conflict of laws principles thereof. Each party hereby consents to the jurisdiction of a state or federal court situated in New York City, New York in connection with any

dispute arising hereunder and hereby waives its right to trial by jury.

7. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one and the same instrument.

8. A copy of the Declaration of Trust of the Fund is on file with the Secretary of the Commonwealth of Massachusetts, and notice is hereby given that this instrument is executed on behalf of the Board of Trustees of the Fund as Trustee and not individually and that the obligations of this instrument are not binding upon any of the Trustees or shareholders individually but are binding only upon the assets and property of the Fund; provided, however, that the Declaration of the Fund provides that the assets of a particular Series of the Fund shall under no circumstances be charged with liabilities attributable to any other Series of the Fund and that all persons extending credit to, or contracting with or having any claim against a particular Series of the Fund shall look only to the assets of that particular Series for payment of such credit, contract or claim. The Custodian acknowledges that it has read and understands the exculpation and limitation of liability provisions of the Trust, Article XI, Section 3.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective corporate Officers, thereunto duly authorized and their respective corporate seals to be hereunto affixed, as of the day and year first above written.

Attest:

BANKSOUTH SELECT FUNDS

By: _____
Typed Name:
Title: _____

Attest

THE BANK OF NEW YORK

By: _____
Typed Name:
Title: _____

APPENDIX A

Custodian Contract Authorization and Proper Instructions

I. Pursuant to Sections III, 3; XI, 5, 6; XVII, 12; XIV, 1; XVII, 1, 2, 3, 4, 5, 6, 14; and XVIII, 1, 6 of the Custodian Contract (the "Contract") between BankSouth Select Funds (the "Fund") and The Bank of New York (the "Custodian"), this shall constitute the authorization of the persons named herein to issue Proper Instructions on behalf of the Fund, in the form and on the basis set forth in the Authorizations and Proper Instructions. The meaning of all terms used herein shall be the same as the meaning of those respective terms in the Custodian Contract.

II. Oral instructions shall be authorized only as specified herein and shall be subject to any security measures as shall hereafter be directed by each Fund in writing.

III. The following Fund officers, J. Christopher Donahue, Edward C. Gonzales or John W. McGonigle, shall be authorized to sign Proper Instructions issued under Sections II, 1; III, 1 and Section III, 5(e) of the Contract, and to perform all functions set forth hereafter.

IV. Standing instructions, which shall be in writing, shall be authorized only as specified herein and shall continue until such instructions are revoked directly or by the transmittal of new instructions by the Fund.

-- Standing instructions may be issued with respect to the following sections of the Contract by persons as designated in the subsequent sections of this API:

- A. Sections V, 7; III, 5(b)(c), 6(e); III, 6(b)(c)(d); V, 9, 11; VI, 3, 4; VIII, 2; XI, 1, 2; III, 5(d); X, 1; VIII, 1; VI, 1; VII, 3, 4, 5, 6, 8; and XI, 1, 2 of Section 2.2 of the contract
- B. Sections III, 2(b); XIII, 5; III, 2(c); VI, 1; XII, 2; VIII, 2; V, 8, 10, 11; VII, 4, 5, 8; VIII, 1, 2; XI, 1, 2; and XIV, 2 of Section 2.8 of the contract.

V. Proper instructions issued:

- A. With regard to Section 2.2 of the Contract:
Delivery of Securities, Sections IV, 2; V, 2, 4;
IX, 1; IV, 2; V, 2.4; V, 7; III, 5(b)(c), 6(e);
V, 7; XVII, 15; III, 6(b)(c)(d); V, 9, 11; VI,
3, 4; VIII, 2; XI, 1, 2; III, 5(d); V, 8, 10;
XI, 1, 2; VI, 1; VII, 3, 4, 5, 6, 8; XI, 1, 2.
- B. With regard to Section 2.8 of the Contract:
Payment of Fund Moneys, Sections IV, 1; V, 1, 3,
9; VI, 1, 2, 4; VII, 1, 3, 6, 8; IX, 1; XI, 1,
2; V, 9; and VI, 3.
- C. With regard to Section
of the Contract: Joint Repurchase Agreements.
- D. With regard to Sections XIV, 1 and XVII, 1, 2,
3, 4, 5, 6, 14 of the Contract: Responsibility
of Custodian
 - A. Designations of Fund securities subject to a
security interest of the Custodian made
pursuant to this Section of the Contract;
 - B. These designations shall be standing.

Proper Instructions issued under the above Sections of the Contract as described in this Article V shall be given orally, electronically, by telefacsimile or in writing by any one of the persons designated in Attachment A under Section (4. Trading, Trading Support Staff or Research).

Confirmation of the above Oral or Fax Proper Instructions shall be given in writing by any two of the persons designated in Attachment A under Sections (2. Corporate Records) or (4. Trading, Trading Support Staff or Research).

VI. Sections XI and VIII, 1 of Section 2.2 of the Contract: Proper Instructions issued under the above subsections of the Contract as described in this Article VI shall be signed by J. Kenneth Alderman, Vice President.

VII. Section III, 2, 4 of the Contract (Segregated Account):

Proper Instructions issued under the above subsections of the Contract as described in this Article VII shall be signed by any one of the persons designated in Attachment A under Section (4. Trading, Trading Support Staff or Research).

VIII. Sections XII, 2; VIII, 2; V, 8, 10, 11; VII, 4, 5, 8; VIII, 1, 2; XI, 1, 2; and XIV, 2 of Section 2.8 of the Contract:

Proper Instructions issued under the above subsections of the Contract as described in this Article VIII shall be signed by any one of the persons designated in Attachment A under Section (3. Finance).

IX. Sections III, 2(c); and IV, 1 of Section 2.8 of the Contract:

Proper Instructions issued under the above Subsection of the Contract as described in this Article IX shall be signed by any one of the persons designated in Attachment A under Sections (1. Product Administration Names) or (3. Finance Names).

ATTACHMENT A to the
Authorization & Proper Instructions
to the Custodian Contract
for BANKSOUTH SELECT FUNDS

Section 1
Product Administration
(authorized to sign for operating expenses)

James J. Dolan
R. Jeffrey Niss
Robert J. Wagner

Section 2
Corporate Records
(authorized to co-sign confirmations)

Larry Kreger
Christine A. Nettrour

Section 3
Finance
(authorized to perform accounting entries, etc.)

Barbara A. Moritz
Theresa Dewar
Lisa J. Ling
Kathleen M. Friday
Anna Germ
Sharon W. Huckestein

Darci Langan
Deborah M. Molini
David M. Taylor
Richard J. Thomas
C. Christine Thomson

Section 4

Trading, Trading Support, and Research Personnel
(authorized to give oral and telefacsimile instructions and
to co-sign written instructions)

Vice President
Equity Trader
Fixed Income Trader
Trust Investment Group Administration
Trust Investment Group Manager
Mutual Fund Administration
Mutual Fund Sales Manager

APPENDIX B

I, , a Vice President with THE BANK OF NEW YORK do hereby
designate the following publications:

The Bond Buyer Depository Trust Company Notices Financial
Daily Card Service JJ Kenney Municipal Bond Service London
Financial Times New York Times Standard & Poor's Called Bond
Record Wall Street Journal

EXHIBIT A

CERTIFICATION

The undersigned, , hereby certifies that he or she is the
duly elected and acting of ***, a

corporation (the "Fund"), and further certifies that the following resolution was adopted by the Board of Directors of the Fund at a meeting duly held on , 1993, at which a quorum was at all times present and that such resolution has not been modified or rescinded and is in full force and effect as of the date hereof.

RESOLVED, that The Bank of New York, as Custodian pursuant to a Custody Agreement between The Bank of New York and the Fund dated as of , 1993, (the "Custody Agreement") is authorized and instructed on a continuous and ongoing basis to deposit in the Book-Entry System, as defined in the Custody Agreement, all securities eligible for deposit therein, regardless of the Series to which the same are specifically allocated, and to utilize the Book-Entry System to the extent possible in connection with its performance thereunder, including, without limitation, in connection with settlements of purchases and sales of securities, loans of securities, and deliveries and returns of securities collateral.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of *** as of the day of , 1993.

[SEAL]

EXHIBIT B

CERTIFICATION

The undersigned, , hereby certifies that he or she is the duly elected and acting of ***, a corporation (the "Fund"), and further certifies that the following resolution was adopted by the Board of Directors of the Fund at a meeting duly held on _____, 1993, at which a quorum was at all times present and that such resolution has not been modified or rescinded and is in full force and effect as of the date hereof.

RESOLVED, that The Bank of New York, as Custodian pursuant to a Custody Agreement between The Bank of New York and the Fund dated as of , 1993, (the "Custody Agreement") is authorized and instructed on a continuous and ongoing basis until such time as it receives a Proper Instruction, as defined in the Custody Agreement, to the contrary to deposit

in the Depository, as defined in the Custody Agreement, all securities eligible for deposit therein, regardless of the Series to which the same are specifically allocated, and to utilize the Depository to the extent possible in connection with its performance thereunder, including, without limitation, in connection with settlements of purchases and sales of securities, loans of securities, and deliveries and returns of securities collateral.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of *** as of the day of _____, 1993.

[SEAL]

EXHIBIT B-1

CERTIFICATION

The undersigned, , hereby certifies that he or she is the duly elected and acting of ***, a corporation (the "Fund"), and further certifies that the following resolution was adopted by the Board of Trustees of the Fund at a meeting duly held on , 1993, at which a quorum was at all times present and that such resolution has not been modified or rescinded and is in full force and effect as of the date hereof.

RESOLVED, that The Bank of New York, as Custodian pursuant to a Custody Agreement between The Bank of New York and the Fund dated as of , 1993, (the "Custody Agreement") is authorized and instructed on a continuous and ongoing basis until such time as it receives a Proper Instruction, as defined in the Custody Agreement, to the contrary to deposit in the Participants Trust Company as Depository, as defined in the Custody Agreement, all securities eligible for deposit therein, regardless of the Series to which the same are specifically allocated, and to utilize the Participants Trust Company to the extent possible in connection with its performance thereunder, including, without limitation, in connection with settlements of purchases and sales of

securities, loans of securities, and deliveries and returns of securities collateral.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of ***, as of the day of , 1993.

[SEAL]

EXHIBIT C

PROPER INSTRUCTION

The Bank of New York, as Custodian pursuant to a Custody Agreement between The Bank of New York and the Fund dated as of , 1993, (the "Custody Agreement") is authorized and instructed on a continuous and ongoing basis until such time as it receives a Proper Instruction, as defined in the Custody Agreement, to the contrary, to accept, utilize and act with respect to Clearing Member confirmations for Derivatives and Options and transactions in Derivatives and Options, regardless of the Series to which the same are specifically allocated, as such terms are defined in the Custody Agreement, as provided in the Custody Agreement.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of *** as of the day of , 1993.

(SIGNED by Officer as defined in the Custody Agreement and the Authorization and Proper Instructions)

EXHIBIT D

The undersigned, , hereby certifies that he or she is the duly elected and acting of ***, a corporation (the "Fund"), further certifies that the following resolutions were adopted by the Board of Directors of the Fund at a meeting duly held on , 1993, at which a quorum was at all times present and that such resolutions have not been modified or rescinded and are in full force and effect as of the date hereof.

RESOLVED, that The Bank of New York, as Custodian pursuant to the Custody Agreement between The Bank of New York and the Fund dated as of , 1993 (the "Custody Agreement") is authorized and instructed on a continuous and ongoing basis to act in accordance with, and to rely on Proper Instructions (as defined in the Custody Agreement) given by the Fund to the Custodian by a Terminal Link (as defined in the Custody Agreement).

RESOLVED, that the Fund shall establish access codes and grant use of such access codes only to Officers of the Fund as defined in the Custody Agreement, shall establish internal safekeeping procedures to safeguard and protect the confidentiality and availability of such access codes, shall limit its use of the Terminal Link to those purposes permitted by the Custody Agreement, shall require at least two such Officers to utilize their respective access codes in connection with each such Proper Instruction, and shall use the Terminal Link only in a manner that does not contravene the Investment Company Act of 1940, as amended, or the rules and regulations thereunder.

RESOLVED, that Officers of the Fund shall, following the establishment of such access codes and such internal safekeeping procedures, advise the Custodian that the same have been established by delivering a Proper Instruction, as defined in the Custody Agreement, and the Custodian shall be entitled to rely upon such advice.

IN WITNESS WHEREOF, I hereunto set my hand and the seal of ***, as of the day of , 1993.

[SEAL]

AGREEMENT
for
FUND ACCOUNTING,
SHAREHOLDER RECORDKEEPING,
and
CUSTODY SERVICES PROCUREMENT

AGREEMENT made as of the 1st day of December, 1993, by and between those investment companies listed on Exhibit 1 as may be amended from time to time, having their 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 capital stock or 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, the Trust desires to appoint the Company as its agent to select, negotiate and subcontract for custodian services from an approved list of qualified banks 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 certain of its duties and responsibilities hereunder to State Street Bank and Trust Company or another agent (the "Agent"); and

WHEREAS, the words Trust and Fund may be used interchangeably for those investment companies consisting of only one portfolio;

NOW THEREFORE, in consideration of the premises and mutual covenants herein contained, and intending to be legally bound hereby, 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, and/or the Classes, 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 or Directors ("Board"), the Company will assist the Trust with regard to fund accounting for the Trust, and/or the Funds, and/or the Classes, and in connection therewith undertakes to perform the following specific services;

A. Value the assets of the Funds and determine the net asset value per share of each Fund and/or Class, at the time and in the manner from time to time determined by the Board and as set forth in the Prospectus and Statement of Additional Information ("Prospectus") of each Fund;

B. Calculate the net income of each of the Funds, if any;

C. Calculate capital gains or losses of each of the Funds resulting from sale or disposition of assets, if any;

D. Maintain the general ledger and other accounts, books and financial records of the Trust, including for each Fund, and/or 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. Preserve for the periods prescribed by Rule 31a-2 under the 1940 Act the records to be maintained by Rule 31a-1 under the 1940 Act in connection with the services provided by the Company. The Company further agrees that all such records 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, prepare 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 Schedules A ("A1, A2, A3 etc..."), annexed hereto and incorporated herein, as may be added or amended from time to time. Such fees do not include out-of-pocket disbursements of the Company for which the Funds shall reimburse the Company upon receipt of a separate invoice. Out-of-pocket disbursements shall include, but shall not be limited to, the items specified in Schedules B ("B1, B2, B3, etc..."), annexed hereto and incorporated herein, as may be added or amended from time to time. Schedules B may be modified by the Company upon not less than thirty days' prior written notice to the Trust.

B. The Fund and/or the Class, and not the Company, shall bear the cost of: 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 or Directors of the Trust; independent auditors expenses; Federated Administrative Services and/or Federated Administrative Services, Inc. legal and audit department expenses billed to Federated Services Company for work performed related to the Trust, the Funds, or the Classes; law firm expenses; or other expenses not specified in this Article 3 which may be properly payable by the Funds and/or classes.

C. The Company will send an invoice to each of the Funds as soon as practicable after the end of each month. Each invoice will provide detailed information about the compensation and out-of-pocket expenses in accordance with Schedules A and Schedules B. The Funds and or the Classes will pay to the Company the amount of such invoice within 30 days of receipt of the invoices.

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

E. The fee for the period from the effective date 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 subcontract to, 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 Section One. Such person or persons may be third-party service providers, or they may be officers and employees who are employed by both the Company and the Funds. 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 appoints the Company to act as, and the Company agrees to act as, transfer agent and dividend disbursing agent for each Fund's Shares, and agent in connection with any accumulation, open-account or similar plans provided to the shareholders of any Fund ("Shareholder(s)"), including without limitation any periodic investment plan or periodic withdrawal program.

As used throughout this Agreement, a "Proper Instruction" 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 deemed to be Proper Instructions if (a) 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, and (b) the Trust, or the Fund, and the Company promptly cause such oral instructions to be confirmed in writing. Proper Instructions may include communications effected directly between electro-mechanical or electronic devices provided that the Trust, or the Fund, and the Company are satisfied that such procedures afford adequate safeguards for the Fund's assets. Proper Instructions may only be amended in

writing.

Article 5. Duties of the Company.

The Company shall 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 custodian of the relevant Fund, (the "Custodian"). The Company shall notify the Fund 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 of each Fund and/or Class and hold such Shares in the appropriate Shareholder accounts.
- (3) For certificated Funds and/or Classes, 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 its address as set forth on the transfer books of the Funds, and/or Classes, 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 and/or Class 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 its account upon receipt of the check or other order, promptly mail a debit advice to the Shareholder, and notify the Fund and/or Class 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 Fund and/the Class or its distributor will reimburse the Company on the amount of such excess.

B. Distribution

- (1) Upon notification by the Funds of the declaration of

any distribution to Shareholders, the Company shall act as Dividend Disbursing Agent for the Funds in accordance with the provisions of its governing document and the then-current Prospectus of the Fund. The Company 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, for certificated Funds and/or Classes, delivered where requested; and

- (2) The Company shall maintain records of account for each Fund and Class and advise the Trust, each Fund and Class 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 therefor to the Custodian. The Company shall notify the Funds 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 upon receiving redemption proceeds from the Custodian with respect to any redemption, the Company shall pay or cause to be paid the redemption proceeds in the manner instructed by the redeeming Shareholders, pursuant to procedures described in the then-current Prospectus of the Fund.
- (3) If any certificate returned for redemption or other request for redemption does not comply with the procedures for redemption approved by the Fund, 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 Fund.

D. Recordkeeping

- (1) The Company shall record the issuance of Shares of each Fund, and/or Class, and maintain pursuant to applicable rules of the Securities and Exchange Commission ("SEC") a record of the total number of Shares of the Fund and/or Class which are authorized, based upon data provided to it by the Fund, and issued and outstanding. The Company shall also provide the Fund 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 Funds.
- (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 or the Fund to include a record for each Shareholder's account of the following:
 - (a) Name, address and tax identification 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 withholding 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 Company, and such records may be inspected by the Fund at reasonable times. The Company may, at its option at any time, and shall forthwith upon the Fund's demand, turn over to the Fund 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 Fund, 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 Fund or destroyed in accordance with Proper Instructions.

E. Confirmations/Reports

- (1) The Company shall furnish to the Fund 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 Fund to the Company;
 - (d) Shareholder lists and statistical information;

- (e) Payments to third parties relating to distribution agreements, 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 Fund to monitor the total number of Shares of each Fund and/or Class sold in each state ("blue sky reporting"). The Fund 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 and/or Class'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 Fund 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 Fund 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 or Fund assume full responsibility for the preparation, contents and distribution of their own and/or their classes' Prospectus 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 Fund shall promptly inform the Company of the declaration of any dividend or distribution on account of any Fund's shares.

Article 7. Compensation and Expenses.

A. Annual Fee

For performance by the Company pursuant to Section Two of this Agreement, the Trust and/or the Fund agree to pay the Company an annual maintenance fee for each Shareholder account as set out in Schedules C ("C1, C2, C3 etc..."), attached hereto, as may be added or amended from time to time. Such fees may be changed from time to time subject to written agreement between the Trust and the Company. Pursuant to information in the Fund Prospectus or other information or instructions from the Fund, 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 and/or Fund agree to reimburse the Company for out-of-pocket expenses or advances incurred by the Company for the items set out in Schedules D ("D1, D2, D3 etc..."), attached hereto, as may be added or amended from time to time. In addition, any other expenses incurred by the Company at the request or with the consent of the Trust and/or the Fund, will be reimbursed by the appropriate Fund.

C. Payment

The Company shall send an invoice with respect to fees and reimbursable expenses to the Trust or each of the Funds as soon as practicable at the end of each month. Each invoice will provide detailed information about the Compensation and out-of-pocket expenses in accordance

with Schedules C and Schedules D. The Trust or the Funds will pay to the Company the amount of such invoice within 30 days following the receipt of the invoices.

Article 8. Assignment of Shareholder Recordkeeping.

Except as provided below, no right or obligation under this Section Two 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) State Street Bank and its subsidiary, 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, or (D) such other provider of services duly registered as a transfer agent under Section 17A(c)(1) as Company shall select; 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 selected by the Trust, other than BFDS or a provider of services selected by Company, as described in (2) above; provided, however, that the Company shall in no way be responsible to the Trust for the acts and omissions of the Agent.

SECTION THREE: Custody Services Procurement

Article 9. Appointment.

The Trust hereby appoints Company as its agent to evaluate and obtain custody services from a financial institution that (i) meets the criteria established in Section 17(f) of the 1940 Act and (ii) has been approved by the Board as eligible for selection by the Company as a custodian (the "Eligible Custodian"). The Company accepts such appointment.

Article 10. The Company and Its Duties.

Subject to the review, supervision and control of the Board, the Company shall:

- (1) evaluate the nature and the quality of the custodial services provided by the Eligible Custodian;
- (2) employ the Eligible Custodian to serve on behalf of the Trust as Custodian of the Trust's assets substantially on the terms set forth as the form of agreement in Exhibit 2;
- (3) negotiate and enter into agreements with the Custodians for the benefit of the Trust, with the Trust as a party to each such agreement. The Company shall not be a party to any agreement with any such Custodian;
- (4) establish procedures to monitor the nature and the quality of the services provided by the Custodians;
- (5) continuously monitor the nature and the quality of services provided by the Custodians; and
- (6) periodically provide to the Trust (i) written reports on the activities and services of the Custodians; (ii) the nature and amount of disbursement made on account of the Trust with respect to each custodial agreement; and (iii) such other information as the Board shall reasonably request to enable it to fulfill its duties and obligations under Sections 17(f) and 36(b) of the 1940 Act and other duties and obligations thereof.

Article 11. Fees and Expenses.

A. Annual Fee

For the performance by the Company pursuant to Section Three of this Agreement, the Trust and/or the Fund agree to pay the Company an annual fee as set forth in Schedule E, attached hereto.

B. Payment

The Company shall send an invoice with respect to fees and reimbursable expenses to each of the Trust/or Fund as soon as practicable at the end of each month. Each invoice will provide detailed information about the Compensation and out-of-pocket expenses in occurrence with Schedule E. The Trust and/or Fund will pay to the Company the amount of such invoice within 30 days following the receipt of the invoice.

Article 12. Representations.

The Company represents and warrants that it has obtained all required approvals from all government or regulatory authorities necessary to enter into this arrangement and to provide the services contemplated in Section Three of this Agreement.

SECTION FOUR: General Provisions.

Article 13. 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 Charter 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 Trust or 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 Fund 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, and/or Class'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, and/or Class;
- (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 Custodian and agents for fund accountant, custody services procurement, and shareholder recordkeeping

or transfer agency services;

- (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 each Fund.

Article 14. 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 its obligations under 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 an investment company duly organized and existing and in good standing under the laws of its state of organization;

- (2) It is empowered under applicable laws and by its Charter and By-Laws to enter into and perform its obligations under this Agreement;
- (3) All corporate proceedings required by said Charter and By-Laws have been taken to authorize it to enter into and perform its obligations under this Agreement;
- (4) The Trust is an open-end investment company registered under the 1940 Act; and
- (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 15. Indemnification.

A. Indemnification by Trust

The Company shall not be responsible for and the Trust or Fund shall indemnify and hold the Company, including its officers, directors, shareholders and their agents employees and affiliates, harmless against any and all losses, damages, costs, charges, counsel fees, payments, expenses and liabilities arising out of or attributable to:

- (1) The acts or omissions of any Custodian,
- (2) The Trust's or Fund's refusal or failure to comply with the terms of this Agreement, or which arise out of the Trust's or The Fund's lack of good faith, negligence or willful misconduct or which arise out of the breach of any representation or warranty of the Trust or Fund hereunder or otherwise.
- (3) 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 Fund, 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 Fund or its affiliates or any other person or firm on

behalf of the Trust.

- (4) The reliance on, or the carrying out by the Company or its agents or subcontractors of Proper Instructions of the Trust or the Fund.
- (5) 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 15.A. from liability for any act or omission resulting from the Company's willful misfeasance, bad faith, gross negligence or reckless disregard of its duties.

B. Indemnification by the Company

The Company shall indemnify and hold the Trust or 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 willful misfeasance, bad faith, gross negligence or reckless disregard of its duties.

C. Reliance

At any time the Company may apply to any officer of the Trust or Fund 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 Trust or 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 or the Fund, and the proper countersignature of any former transfer agent or registrar, or of a co-transfer agent or co-registrar.

D. Notification

In order that the indemnification provisions contained in this Article 15 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 16. 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 Trust or the appropriate Fund. Additionally, the Company reserves the right to charge for any other reasonable expenses associated with such termination. The provisions of Article 15 shall survive the termination of this Agreement.

Article 17. Amendment.

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

Article 18. 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 Charter. No interpretive or additional provisions made as provided in the preceding sentence shall be deemed to be an amendment of this Agreement.

Article 19. Governing Law.

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

Article 20. 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 21. Counterparts.

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

Article 22. 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 the Fund, or Class, as provided in the Declaration of Trust.

Article 23. 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 property of the Company as provided in the Declaration of Trust.

Article 24. Assignment.

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

Article 25. 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 26. 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 1940 Act, 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 27. Force Majeure.

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

Article 28. 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. Nothing in this Article 28 shall prevent the Company from delegating its responsibilities to another entity to the extent provided herein.

Article 29. 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:

INVESTMENT COMPANIES (listed on
Exhibit 1)

/s/ John W. McGonigle
John W. McGonigle
Secretary

By: /s/ John F. Donahue
John F. Donahue
Chairman

ATTEST:

FEDERATED SERVICES COMPANY

/s/ Jeannette Fisher-Garber
Jeannette Fisher-Garber
Secretary

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

Schedule A

Fund Accounting
Fee Schedule

I. Portfolio Record Keeping/Fund Accounting Services

Maintain investment ledgers, provide selected portfolio transactions, position and income reports. Maintain general ledger and capital stock accounts. Prepare daily trial balance. Provide selected general ledger reports. Calculate net asset value daily. Securities yield or market value quotations will be provided to State Street by the fund or via State Street Bank automated pricing services.

ANNUAL FEES

ASSET

First \$250 Million	2.0 Basis Points
Next \$250 Million	1.5 Basis Points
Next \$250 Million	1.0 Basis Point
Excess	.5 Basis Point
Minimum fee per year	\$39,000
Additional class of shares per year	\$12,000

II. Special Services

Fees for activities of a non-recurring nature such as fund consolidation or reorganization, extraordinary security shipments and the preparation of special reports will be subject to negotiation.

III. Term of the Contract

The parties agree that this fee schedule shall become effective June 1, 1993 and will remain in effect until it is revised as a result of negotiations initiated by either party.

Schedule A1

Fund Accounting Fee Schedule

Annual

First \$100 Million	3.0 Basis Points
\$100 Million - \$300 Million	2.0 Basis Points
\$300 Million - \$500 Million	1.0 Basis Points
Over \$500 Million	0.5 Basis Points

Fund Minimum \$39,000

Additional Class of Shares \$12,000

(Plus pricing charges and other out-of-pocket expenses)

Schedule B

Out-of-Pocket Expenses

Fund Accounting

Out-of-pocket expenses 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

Fees and Expenses Shareholder Recordkeeping

I. Transfer Agency Services

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
Contingent Deferred Sales Charge (Additionally)	\$5.00
(monthly and quarterly funds only)	
Closed Accounts*	\$1.20
(annual)	
Termination Fee (One time charge)	\$20,000

II. Shareholder Services

Other Account Fees* (Services or features not covered above)	
Account Activity Processing	\$3.50
(includes account establishment, transaction and	

maintenance processing)

Account Servicing	\$4.50
(includes shareholder servicing and correspondence)	

* 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 C1
 Federated Investors
 _ Federated Funds _

I. Annual Maintenance Charge

The annual maintenance charge includes the processing of all transactions and correspondence. The fee is billable on a monthly basis at the rate of 1/12 of the annual fee. A charge is made for an account in the month that an account opens or closes.

Basic Annual per Account Fee

The individual per account charges will be billed as follows:

Money Market Fund/Daily Accrual	\$16.65
Money Market Fund/Sweep Account	\$10.00
Fluctuating NAV/Daily Accrual	
_ Non FundServe	\$16.65
_ Non Networked FundServe	\$14.65
CDSC/Declared Dividend	
_ Non FundServe	\$13.75
_ Non Networked FundServe	\$11.75
_ Networking Levels 1, 2, and 4	\$11.75
_ Networking Level 3	\$9.00
Declared Dividend	
_ Non FundServe	\$8.75
_ Non Networked FundServe	\$6.75
_ Networked FundServe Levels 1, 2, 3, and 4	\$6.75

Taxpayer Identification Processing (TIN)

The charge for TIN solicitation includes maintenance and certification and complies

to all known government regulations regarding TIN processing.

Maintenance	\$.25 per item
Certification	\$.10 per item

I. Annual Maintenance Charge (con't.)

Closed Account Fee
per month

\$.10 per account

(No fee assessed for \$0 balance open accounts)

Minimum Charges

The monthly maintenance charge for each fund will be the actual account fees or \$1000, whichever is greater.

All funds will be subject to the minimum monthly fee of \$1,000 except that the

minimum will be waived for the initial six months or until the fund's net assets

exceed \$50,000,000, whichever occurs first.

The "clone" funds will be subject to a monthly minimum fee of \$600.

II. Out-of-Pocket Expenses

Out-of-pocket expenses include but are not limited to: postage, forms, telephone, microfilm, microfiche, and expenses incurred at the specific direction of the fund. Postage for mass mailings is due seven days in advance of the mailing date.

III. Payment

Payment is due thirty days after the date of the invoice.

Schedule C2
Federated Investors
_ Bank Proprietary Funds _

I. Annual Maintenance Charge

The annual maintenance charge includes the processing of all transactions and correspondence. The fee is billable on a monthly basis at the rate of 1/12 of the annual fee. A charge is made for an account in the month that an account opens or closes.

Basic Annual per Account Fee

The individual per account charges will be billed as follows:

Money Market Fund/Daily Accrual	\$16.65
Money Market Fund/Sweep Account	\$10.00
Fluctuating NAV/Daily Accrual	
_ Non FundServe	\$16.65
_ Non Networked FundServe	\$14.65
CDSC/Declared Dividend	
_ Non FundServe	\$13.75
_ Non Networked FundServe	\$11.75
_ Networking Levels 1, 2, and 4	\$11.75
_ Networking Level 3	\$9.00

Declared Dividend	
_ Non FundServe	\$8.75
_ Non Networked FundServe	\$6.75
_ Networked FundServe Levels 1, 2, 3, and 4	\$6.75

Taxpayer Identification Processing (TIN)

The charge for TIN solicitation includes maintenance and certification and complies

to all known government regulations regarding TIN processing.

Maintenance	\$.25 per item
Certification	\$.10 per item

I. Annual Maintenance Charge (con't.)

Closed Account Fee \$.10 per account
per month

(No fee assessed for \$0 balance open accounts)

Minimum Charges

The monthly maintenance charge for each fund will be the actual account fees or

\$2000, whichever is greater.

II. Out-of-Pocket Expenses

Out-of-pocket expenses include but are not limited to: postage, forms, telephone, microfilm, microfiche, and expenses incurred at the specific direction of the fund. Postage for mass mailings is due seven days in advance of the mailing date.

III. Payment

Payment is due thirty days after the date of the invoice.

SCHEDULE D

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

SCHEDULE E

Fee Schedule

I. Custody Services

Maintain Custody of fund assets. Settle portfolio purchases and sales. Report buy and sell fails. Determine and collect portfolio income. Make cash disbursements and report cash transactions. Monitor corporate actions.

ANNUAL FEES

ASSET

First \$500 Million	1.0 Basis Point
Excess	.5 Basis Point
Minimum fee per year	\$15,000
Wire Fees	\$2.70 per wire
Settlements:	
Each DTC Commercial Paper	\$9.00
Each DTC Transaction	\$9.00
Each Federal Reserve Book Entry Transaction (Repo)	\$4.50
Each Repo with Banks Other than State Street Bank	\$7.50
Each Physical Transaction (NY/Boston, Private Placement)	\$21.75
Each Option Written/Exercised/Expired	\$18.75
Each Stock Load Transaction	\$12.00
Each Book Entry Muni (Sub-custody) Transaction	\$15.00
Index Fund/ETD	Cost + 15%

II. Out-Of-Pocket Expenses

Telephone
 Postage & Insurance
 Armored carrier costs
 Legal fees
 Supplies related to fund records
 Processing validation certificates
 Forms, envelopes, Xerox copies, supplies, etc.

III. Special Services

Fees for activities of a non-recurring nature such as fund

consolidation or reorganization, extraordinary security shipments and the preparation of special reports will be subject to negotiation.

IV. Coupon Clipping

Monitoring for calls and processing for each monthly issue held

Monthly Charge \$5.00

V. Balance Credit

A balance credit equal to 75% of the average balance in the custodian account for the monthly billed times the 30-day T-Bill Rate on the last Monday of the month billed will be applied against Section I through IV above.

VI. Term of the Contract

The parties agree that this fee schedule shall become effective June 1, 1993 and will remain in effect until it is revised as a result of negotiations initiated by either party.

Exhibit 2

CUSTODIAN CONTRACT
Between
(Investment Company),
and
STATE STREET BANK AND TRUST COMPANY/
OTHER CUSTODIAN BANK
and
Federated Services Company

Exhibit 2

CUSTODIAN CONTRACT
Between
(Investment Company),
and
STATE STREET BANK AND TRUST COMPANY/
OTHER CUSTODIAN BANK

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CUSTODIAN CONTRACT

This Contract between
, (the "Trust"), a Massachusetts business
trust/Maryland corporation, 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 State of Maryland/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/capital stock 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/Directors ("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.

WHEN SSBT IS TA OR CUSTODIAN, USE:

- (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.

WHEN FSCO IS FA&SR OR TA AND SSBT IS NOT CUSTODIAN, USE:

- (2) The Trust shall promptly notify the Custodian whenever income due on securities is not collected in due course and will provide the Custodian with monthly reports of the status of past due income. The Trust will furnish the Custodian with a weekly report of accrued/past due income for the Fund. Once an item is identified as past due and the Trust has furnished the necessary claim documentation to the Custodian, the Custodian will then initiate a claim on behalf of the Trust. The Custodian will furnish the Trust with a status report monthly 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/Articles of Incorporation 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 (if FSCO is the TA or FA&SR and SSBT is not the Custodian add: and the investment adviser of 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 (if FSCO is the TA or FA&SR and SSBT is not the Custodian add: and the investment adviser of 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 (if FSCO is the TA or FA&SR and SSBT is not the Custodian add: or the investment adviser of 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. (when FSCO is TA or FA&SR and SSBT is not Custodian) add: For securities which are not held in nominee name, the Custodian will act as a secondary source of information and will not be responsible for providing corporate action notification to the Trust.

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 deemed to be Proper Instructions if (a) 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, and (b) the Trust promptly causes such 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/Articles of Incorporation 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.

WHEN FSCO IS THE FA&SR OR TA AND SSBT IS NOT THE CUSTODIAN,
USE:

2.21 Notice to Trust by Custodian Regarding Cash Movement.
The Custodian will provide timely notification to the Trust of any receipt of cash, income or payments to the Trust and the release of cash or payment by the Trust.

WHEN SSBT IS THE CUSTODIAN, FA&SR OR TA, USE:

2.21 Reserved.

FOR SAFEKEEPING ONLY (WHEN FSCO IS FA&SR AND SSBT IS NOT
CUSTODIAN, USE:

3. Duties of Custodian With Respect to the Books of Account
and Regulatory Reporting.

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 appointed to report on behalf of each Fund to the Board, the SEC and other regulatory bodies.

FOR FUND ACCOUNTING AND SAFEKEEPING (WHEN A TA), USE:

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. (when FSCO is TA or FA&SR and SSBT is not the Custodian, add the next sentence:) In addition, the Custodian shall electronically transmit daily to the Trust information pertaining to security trading and other investment activity and all other cash activity of a Fund.

5. Opinion of Funds' Independent Public Accountants/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 public accountants/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 Public Accountants/Auditors.

The Custodian shall provide the Trust, at such times as the Trust may reasonably require, with reports by independent public accountants/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.

(Delete "Subject to the ... in Section 15 hereof" for Maryland Corporations) 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.

(Delete "Subject to the ... in Section 15 hereof" for Maryland Corporations) 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/Articles of Incorporation, 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 appropriate banking regulatory agency 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, (delete "doing business ... Massachusetts" unless SSBT is the Custodian) 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/Articles of Incorporation. No

interpretive or additional provisions made as provided in the preceding sentence shall be deemed to be an amendment of this Contract.

12. Massachusetts/Maryland Law to Apply.

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

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 address for SSBT only: 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 and its seal to be hereunder affixed as of the day of , 19

ATTEST:

INVESTMENT COMPANIES

Typed Name;
Secretary

By _____
Typed Name:
Title:

ATTEST:

STATE STREET BANK AND TRUST
COMPANY OR OTHER CUSTODIAN

(Assistant) Secretary
Typed Name:

By _____
Typed Name:
Title:

BANKSOUTH SELECT FUNDS

Shareholder Services Plan

This Shareholder Services Plan ("Plan") is adopted as of this 1st day of December 1993, by the Board of Trustees of BankSouth Select Funds (the "Trust"), a Massachusetts business trust, with respect to certain classes ("Classes") of shares ("Shares") of the portfolios of the Trust set forth in exhibits hereto.

1. This Plan is adopted to allow the Trust to make payments as contemplated herein to obtain certain personal services ("Services") for Trust shareholders ("Shareholders") and/or the maintenance of Shareholder accounts.

2. This Plan is designed to compensate broker-dealers and other participating financial institutions and other persons ("Providers") for providing services to the Trust and its Shareholders. The Plan will be administered by Federated Administrative Services ("FAS"). In compensation for the services provided pursuant to this Plan, Providers will be paid a monthly fee in respect of the Classes set forth on the applicable exhibit, computed at the annual rate not to exceed 0.25% of the average aggregate net asset value of the shares of such Classes of the Trust held during the month.

3. All services to be rendered and any payments to be made by the Trust to any Provider hereunder will be made pursuant to the "Shareholder Services Agreement" entered into by FAS on behalf of the Trust and the Provider.

4. The Trust has the right (i) to select, in its sole discretion, the Providers to participate in the Plan and (ii) to terminate without cause and in its sole discretion any Shareholder Services Agreement.

5. Quarterly in each year that this Plan remains in effect, FAS shall prepare and furnish to the Board of Trustees of the Trust, and the Board of Trustees shall review, a written report of the amounts expended under the Plan.

6. This Plan shall become effective with respect to each Class (i) after approval by majority votes of: (a) the Trust's Board of Trustees; and (b) the Disinterested Trustees of the Trust, cast in person at a meeting called for the purpose of voting on the Plan; and (ii) upon execution of an exhibit adopting this Plan.

7. This Plan shall remain in effect with respect to each Class presently set forth on an exhibit hereto and any subsequent Classes added

pursuant to an exhibit hereto during the initial year of the Plan for the period of one year from the date set forth above and may be continued thereafter if this Plan is approved with respect to each Class at least annually by a majority of the Trust's Board of Trustees and a majority of the Disinterested Trustees, cast in person at a meeting called for the purpose of voting on such Plan. If this Plan is adopted with respect to a Class after the first annual approval by the Trustees as described above, this Plan will be effective as to that Class upon execution of the applicable exhibit pursuant to the provisions of paragraph 6(ii) above and will continue in effect until the next annual approval of this Plan by the Trustees and thereafter for successive periods of one year subject to approval as described above.

8. All material amendments to this Plan must be approved by a vote of the Board of Trustees of the Trust and of the Disinterested Trustees, cast in person at a meeting called for the purpose of voting on it.

9. This Plan may be terminated with respect to a particular Class at any time by: (a) a majority vote of the Disinterested Trustees; or (b) a vote of a majority of the outstanding voting securities of the Trust as defined in Section 2(a)(42) of the Investment Company Act of 1940, as amended.

10. While this Plan shall be in effect, the selection and nomination of Disinterested Trustees of the Trust shall be committed to the discretion of the Disinterested Trustees then in office.

11. All agreements with any person relating to the implementation of this Plan shall be in writing and any agreement related to this Plan shall be subject to termination, without penalty, pursuant to the provisions of Paragraph 9 herein.

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

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

BankSouth Select Funds

By:/s/ Charles L. Davis, Jr.

Vice-President

EXHIBIT A
to Shareholder Services Plan of
BankSouth Select Funds (the "Trust")

Classes covered by this Plan :

As of January 7, 1994

BankSouth Select Equity Fund
BankSouth Select Bond Fund
BankSouth Select Georgia Tax-Free Income Fund
BankSouth Select Government Money Market Fund
BankSouth Select Prime Money Market Fund

Exhibit 10 under Form N-1A
Exhibit 5 under Item 601/Reg. SK

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

January 6, 1994

The Trustees of
BankSouth Select Funds
Federated Investors Tower
Pittsburgh, PA 15222-3779

Gentlemen:

BankSouth Select Funds ("Trust") proposes to offer and sell five separate series of Shares of Beneficial Interest representing interests in separate portfolios of securities known as BankSouth Select Georgia Tax-Free Income Fund, BankSouth Select Government Money Market Fund, BankSouth Select Prime Money Market Fund, BankSouth Select Bond Fund and BankSouth Select Equity Fund (all such shares of beneficial interest being herein referred to as "Shares") in the manner and on the terms set forth in its Registration Statement filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended. (File No. 33-50635.)

As counsel we have participated in the organization of the Trust, its registration under the Investment Company Act of 1940 and the preparation and filing of its Registration Statement under the Securities Act of 1933. We have examined and are familiar with the provisions of the written Declaration of Trust dated September 22, 1993 ("Declaration of Trust"), the Bylaws of the Trust and such other documents and records deemed relevant. We have also reviewed questions of law and consulted with counsel thereon as deemed necessary or appropriate by us for the purposes of this opinion.

Based upon the foregoing, it is our opinion that:

1. The Trust is duly organized and validly existing pursuant to the Declaration of Trust.

2. The Shares which are currently being registered by the Registration Statement referred to above may be legally and validly issued from time to time in accordance with the Declaration of Trust upon receipt of consideration sufficient to comply with the provisions of Article III, Section 3, of the Declaration of Trust and subject to compliance with the Securities Act of 1933, as amended, the Investment Company Act of 1940, as amended, and applicable state laws regulating the sale of securities. Such Shares, when so issued, will be fully paid and non-assessable.

We consent to your filing this opinion as an exhibit to the Registration Statement referred to above and to any application or registration statement filed under the securities laws of any of the States of the United States. We further consent to the reference to our firm under the caption Legal Counsel in the prospectus filed as a part of such Registration Statement, applications and registration statements.

Very truly yours,

Houston, Houston & Donnelly

By: /s/Thomas J. Donnelly
Thomas J. Donnelly

TJD:heh

Exhibit 11(ii) under Form N-1A
Exhibit 8 under Item 601/Reg. SK

ALSTON & BIRD

One Atlantic Center
1201 West Peachtree Street
Atlanta, Georgia 30309-3424

404-881-7000
Facx 404-881-7777 Telex 54-2996

Michael T. Petrik Direct Dial (404) 881-7479

December 17, 1993

Board of Trustees
BankSouth Select Georgia Tax-Free
Income Fund
c/o Federated Investors
Federated Investors Tower
Pittsburgh, Pennsylvania 15222-3779

Ladies and Gentlemen:

We have acted as special Georgia tax counsel to BankSouth Select Georgia Tax-Free Income Fund (the "Fund") in connection with the preparation of the Preliminary Prospectus dated December 17, 1993, to be filed with the Securities and Exchange Commission as a part of Pre-effective Amendment No. 1 to the Registration Statement for the Fund. You have requested that we, acting in such capacity, render an opinion to you on certain State of Georgia ("Georgia") tax matters relating to the shares of the Fund to be offered to the public.

In rendering the opinions expressed herein, we have examined such documents as we have deemed appropriate, including the Preliminary Prospectus and the Statement of Additional Information. In our examination of documents, we have assumed, with your consent, that all documents submitted to us as photocopies faithfully reproduce the originals thereof, that such originals are authentic, that all such documents have been or will be duly executed to the extent required, and that all statements set forth in such documents are true, accurate and complete.

Under Georgia law, the amount of a taxpayer's income that is subject to Georgia income tax generally is determined with reference to federal income tax law. Accordingly, in expressing our views on the Georgia income tax treatment of shareholders of the Fund, we have relied upon the statements provided by you and contained in the Preliminary Prospectus and the Statement of Additional Information with respect to the federal tax treatment of the Fund and its shareholders.

700 Thirteenth Street, N.W., Suite 350 3575 Koger Boulevard, Suite 200
Washington, D.C. 2005-3960 Duluth, Georgia 30136-4958

Based upon the foregoing, it is our opinion that:

Under existing Georgia law, shareholders of the Fund will not be subject to Georgia income taxes on distributions from the Fund to the extent that such distributions represent either (1) "exempt--interest dividends" for federal income tax purposes that are attributable to interest-bearing obligations issued by or on behalf of the State of Georgia or its political subdivisions or (2) dividends derived from interest on obligations of the United States or of any other issuer whose obligations are exempt from state income taxes under federal law. Distributions, if any, derived from capital gains or other sources generally will be taxable for Georgia income tax purposes to shareholders of the Fund who are subject to the Georgia income tax. It is the current practice of the Georgia Department of Revenue to subject trust interests similar to the Shares to the Georgia intangibles property tax at a rate equal to \$.10 per \$1,000 of value if the owners of such interests reside or have their principal business location in Georgia. We understand that the Department of Revenue is currently considering whether the taxable value of trust interests representing beneficial interests in tax-exempt securities may be reduced to take into account the exempt nature of such securities. Lastly, we have reviewed the statements regarding Georgia law under the heading "State of Georgia Income and Intangibles Taxes" in the Preliminary Prospectus, and are of the opinion that these are correct in all material respects as of the date hereof.

The opinions expressed herein are based upon existing statutory, regulatory, and judicial authority, any of which may change at any time with retroactive effect. In addition, our opinions are based solely on the documents we have examined, the additional information that we have obtained, and the representations that have been made to us (including, in particular, the statements contained in the Preliminary Prospectus and Statement of Additional Information with respect to the federal income tax treatment of the Fund and its shareholders). Our opinions cannot be relied upon if any of the facts contained in such documents or in such additional information is, or later becomes, inaccurate or if any of the representations made to us is, or later becomes, inaccurate, and we make no undertaking and have no obligation to update such opinions. Our opinions are limited to the tax matters specifically covered thereby, and we have not been asked to address, nor have we addressed, any other tax consequences relating to the Fund or its shareholders, and no opinion is implied or may be inferred beyond those

expressly stated above.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement of which the Preliminary Prospectus is a part.

Very truly yours,

ALSTON & BIRD

By:/s/ Michael T. Petrik
A Partner

MTP:pw

[AD933470.113]

Exhibit 13 under Form N-1A
Exhibit 99 under Item 601/Reg. SK

FEDERATED ADMINISTRATIVE SERVICES
FEDERATED INVESTORS TOWER
PITTSBURGH, PENNSYLVANIA 15222-3779
(412) 288-1900

January 7, 1994

BankSouth Select Funds
Federated Investors Tower
Pittsburgh, PA 15222-3779

Gentlemen:

Federated Administrative Services agrees to purchase \$100,000 shares of BankSouth Select Government Money Market Fund (a portfolio of BankSouth Select Funds) at the cost of \$1.00 each. These shares are purchased for investment purposes and Federated Administrative Services has no present intention of redeeming these shares.

Very truly yours,

/s/Byron F. Bowman
Vice President

BankSouth Select Funds
PLAN

THIS PLAN ("Plan") is adopted as of this 1st day of December, 1993, by the Board of Trustees of BankSouth Select Funds (the "Trust"), a Massachusetts business trust with respect to certain classes of shares ("Classes") of the portfolios of the Trust (the "Funds") set forth in exhibits hereto.

1. This Plan is adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940, as amended ("Act"), so as to allow the Trust to make payments as contemplated herein, in conjunction with the distribution of Classes of the Funds ("Shares").

2. This Plan is designed to finance activities of Federated Securities Corporation ("FSC") principally intended to result in the sale of Shares to include: (a) compensating broker/dealers and other financial institutions ("Institutions") that sell Shares; (b) paying for the costs incurred in conjunction with advertising and marketing of Shares, including expenses of preparing, printing and distributing prospectuses, statements of additional information, and sales literature to prospective shareholders and Institutions; and (c) other costs incurred in the implementation and operation of the Plan. In compensation for services provided pursuant to this Plan, FSC will be paid a fee in respect of the respective Classes set forth on each exhibit.

3. Any payment to FSC in accordance with this Plan will be made pursuant to the "Distributor's Contract" entered into by the Trust and FSC. Any payments made by FSC to Institutions with funds received as compensation under this Plan will be made pursuant to the "Rule 12b-1 Agreement" entered into by FSC and the Institutions.

4. FSC has the right (i) to select, in its sole discretion, the Institutions to participate in the Plan and (ii) to terminate without cause and in its sole discretion any Rule 12b-1 Agreement.

5. Quarterly in each year that this Plan remains in effect, FSC shall prepare and furnish to the Board of Trustees of the Trust, and the Board of Trustees shall review, a written report of the amounts expended under the Plan and the purpose for which such expenditures were made.

6. This Plan shall become effective with respect to each Class (i) after approval by majority votes of: (a) the Trust's Board of Trustees; (b) the Disinterested Trustees of the Trust, cast in person at a meeting called for the purpose of voting on the Plan; and (c) the outstanding voting securities of the particular Class, as defined in Section 2(a)(42) of the Act

and (ii) upon execution of an exhibit adopting this Plan with respect to such Class.

7. This Plan shall remain 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 year of this Plan for the period of one year from the date set forth above and may be continued thereafter if this Plan is approved with respect to each Class at least annually by a majority of the Trust's Board of Trustees and a majority of the Disinterested Trustees, cast in person at a meeting called for the purpose of voting on such Plan. If this Plan is adopted with respect to a Class after the first annual approval by the Trustees as described above, this Plan will be effective as to that Class upon execution of the applicable exhibit pursuant to the provisions of paragraph 6(ii) above and will continue in effect until the next annual approval of this Plan by the Trustees and thereafter for successive periods of one year subject to approval as described above.

8. All material amendments to this Plan must be approved by a vote of the Board of Trustees of the Trust and of the Disinterested Trustees, cast in person at a meeting called for the purpose of voting on it.

9. This Plan may not be amended in order to increase materially the costs which the Classes may bear for distribution pursuant to the Plan without being approved by a majority vote of the outstanding voting securities of the Classes as defined in Section 2(a)(42) of the Act.

10. This Plan may be terminated at any time without penalty with respect to a particular Class at any time by: (a) a majority vote of the Disinterested Trustees; or (b) a vote of a majority of the outstanding voting securities of the particular Class as defined in Section 2(a)(42) of the Act; or (c) by FSC on 60 days written notice to the Trust.

11. While this Plan shall be in effect, the selection and nomination of Disinterested Trustees of the Trust shall be committed to the discretion of the Disinterested Trustees then in office.

12. All agreements with any person relating to the implementation of this Plan shall be in writing and any agreement related to this Plan shall be subject to termination, without penalty, pursuant to the provisions of Paragraph 10 herein.

13. The term "Disinterested Trustee" shall mean any Trustee of the Fund who is not an "interested person" of the Fund (as defined in the Act) and who has no direct or indirect financial interest in the Plan or in any agreement related to the Plan.

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

EXHIBIT A
to the
Plan

BankSouth Select Funds

BankSouth Select Bond Fund
BankSouth Select Equity Fund
BankSouth Select Georgia Tax-Free Income Fund
BankSouth Select Government Money Market Fund
BankSouth Select Prime Money Market Fund

This Plan is adopted by BankSouth Select Funds with respect to the Class of Shares of the portfolios of the Trust set forth above.

In compensation for the services provided pursuant to this Plan, FSC will be paid a monthly fee computed at the annual rate of 0.25% of the average aggregate net asset value of the Shares of BankSouth Select Government Money Market Fund and BankSouth Select Prime Money Market Fund held during the month and 0.75 of 1% of the average aggregate net asset value of the Shares of BankSouth Select Bond Fund, BankSouth Select Equity Fund, and BankSouth Select Georgia Tax-Free Income held during the month.

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

BankSouth Select Funds

By:/s/ Charles L. Davis, Jr.

Name:Charles L. Davis, Jr.

Title:Vice President

FORM OF
RULE 12b-1 AGREEMENT

This Agreement is made between the Broker/Dealer or Financial Institution executing this Agreement ("Institution") and Federated Securities Corp. ("FSC") for the mutual funds (referred to individually as the "Fund" and collectively as the "Funds") for which FSC serves as Distributor of shares of beneficial interest or capital stock ("Shares") and which have adopted a Rule 12b-1 Plan ("Plan") and approved this form of agreement pursuant to Rule 12b-1 under the Investment Company Act of 1940, as amended (the "1940 Act"). In consideration of the mutual covenants hereinafter contained, it is hereby agreed by and between the parties hereto as follows:

1. FSC hereby appoints Institution to render or cause to be rendered sales-related services to the Funds and their shareholders.
2. The services to be provided under Paragraph 1 may include, but are not limited to, the following:
 - (a) maintaining and distributing current copies of prospectuses and shareholder reports;
 - (b) advertising the availability of its services and products;
 - (c) providing assistance and review in designing materials to send to customers and potential customers and developing methods of making such materials accessible to customers and potential customers;
 - (d) responding to customers' and potential customers' questions about the Funds; and
 - (e) providing training and supervision of its personnel.

The services listed above are illustrative. The Institution is not required to perform each service and may at any time perform either more or fewer services than described above.

3. During the term of this Agreement, FSC will pay the Institution fees for each Fund as set forth in a written schedule delivered to the Institution pursuant to this Agreement. FSC's fee schedule for the Institution may be changed by FSC sending a new fee schedule to Institution pursuant to Paragraph 12 of this Agreement. For the payment period in which this Agreement becomes effective or terminates, there shall be an appropriate proration of the fee on the basis of the number of days that the Rule 12b-1 Agreement is in effect during the quarter.

4. The Institution will not perform or provide any duties which would cause it to be a fiduciary under Section 4975 of the Internal Revenue Code, as amended. For purposes of that Section, the Institution understands that any person who exercises any discretionary authority or discretionary control with respect to any individual retirement account or its assets, or who renders investment advice for a fee, or has any authority or responsibility to do so, or has any discretionary authority or discretionary responsibility in the administration of such an account, is a fiduciary.

5. The Institution understands that the Department of Labor views ERISA's fiduciary and self-dealing and conflict of interest rules as prohibiting fiduciaries of discretionary ERISA assets from receiving administrative service fees or other compensation from funds in which the fiduciary's discretionary ERISA assets are invested. To date, the Department of Labor has not issued any exemptive order or advisory opinion that would exempt fiduciaries from this interpretation. Without specific authorization from the Department of Labor, fiduciaries should carefully avoid investing discretionary assets in any fund pursuant to an arrangement where the fiduciary is to be compensated by the fund for such investment.

6. With respect to each Fund, this Agreement shall continue in effect for one year from the date of its execution, and thereafter for successive periods of one year if the form of this Agreement is approved at least annually by the Directors or Trustees of the Fund, including a majority of the members of the Board of Directors or Trustees of the Fund who are not interested persons of the Fund and have no direct or indirect financial interest in the operation of the Fund's Plan or in any related documents to the Plan ("Disinterested Directors or Trustees") cast in person at a meeting called for that purpose.

7. Notwithstanding paragraph 6, this Agreement may be terminated as follows:

(a) at any time, without the payment of any penalty, by the vote of a majority of the Disinterested Directors or Trustees of the Fund or by a vote of a majority of the outstanding voting securities of the Fund as defined in the 1940 Act on not more than sixty (60) days' written notice to the parties to this Agreement;

(b) automatically in the event of the Agreement's assignment as defined in the 1940 Act or upon the termination of the or "Distributor's Contract" between the Fund and FSC; and

(c) by either party to the Agreement without cause by giving the other party at least sixty (60) days' written notice of its intention to terminate.

8. The termination of this Agreement with respect to any one Fund will not cause the Agreement's termination with respect to any other Fund. Upon termination, the Fund shall continue to pay the Institution for any services rendered prior to such termination.

9. The Institution agrees to use its reasonable efforts to obtain any taxpayer identification number certification from its customers required under Section 3406 of the Internal Revenue Code of 1986, as amended. And any applicable Treasury regulations, and to provide FSC or its designee with timely written notice of any failure to obtain such taxpayer identification number certification in order to enable the implementation of any required backup withholding.

10. This Agreement supersedes any prior service agreements with respect to the subject matter hereof between the parties for the Funds.

12. This Agreement including the schedules and exhibits hereto, may be amended by FSC from time to time by the following procedure. FSC will mail a copy of the amendment to the Institution's address, as shown below. If the Institution does not object to the amendment within thirty (30) days after its receipt, the amendment will become part of the Agreement. The Institution's objection must be in writing and be received by FSC within such thirty days.

13. This Agreement shall be construed in accordance with the Laws of the Commonwealth of Pennsylvania.

[Institution]

Address

City State Zip Code

Dated: _____

By: _____
Name:

Title:

By: _____
Richard B. Fisher, President

BankSouth Select Funds

EXHIBIT A to 12b-1 Agreement with
Federated Securities Corp. ("FSC")

Portfolios

FSC will pay Institution fees for the following Funds (the "Funds") effective as of the dates set forth below:

Name	Date
	[effective dates]
BankSouth Select Bond Fund	
BankSouth Select Equity Fund	
BankSouth Select Georgia Tax-Free Income Fund	
BankSouth Select Government Money Market Fund	
BankSouth Select Prime Money Market Fund	

Fees

1. During the term of this Agreement, FSC will pay the Institution within ___ days after the end of each calendar quarter a fee in respect of each Fund. This fee will be computed at the annual rate of 0.25% of the average net asset value of shares of BankSouth Select Government Money Market Fund and BankSouth Select Prime Money Market Fund and at the annual rate of 0.75% of the average net asset value of shares of BankSouth Select Bond Fund, BankSouth Select Equity Fund, and BankSouth Select Georgia Tax-Free Income Fund held during the quarter in accounts for which the Institution provides services under this Agreement.

2. For the quarterly period in which the Agreement becomes effective or terminates, there shall be an appropriate proration of any fee payable on the basis of the number of days that the Agreement is in effect during the quarter.

Exhibit 11(i) under N-1A

Exhibit 23 under Item 601/Reg SK

CONSENT OF ERNST & YOUNG, INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Independent Auditors" and to the use of our report dated January 5, 1994 on the statement of assets and liabilities in Pre-Effective Amendment Number 2 to the Registration Statement (Form N-1A Number 33-50635) and the related Prospectus of BankSouth Select Government Money Market Fund (a Portfolio of Banksouth Select Funds).

By: ERNST & YOUNG

January 6, 1994