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FILER

BANKSOUTH SELECT FUNDS

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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.

January 7, 1994

BANKSOUTH SELECT FUNDS

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

<TABLE>		<C>
<S>		
SHAREHOLDER TRANSACTION EXPENSES		
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.

<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.....	\$31	\$43
</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 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 sale 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>	<C>	<C>
<S>	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
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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
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

3100503A (1/94)

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.

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 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.

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

	COMBINED FEDERAL AND STATE				
	21.000%	34.000%	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>

<S>	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.

Prospectus dated January 7, 1994.

BANKSOUTH SELECT FUNDS

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BANKSOUTH SELECT GOVERNMENT MONEY MARKET FUND SUMMARY OF FUND EXPENSES

<TABLE>		
<S>	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%
</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 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	3 years
	<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 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.

Pittsburgh, Pennsylvania
 January 5, 1994

ADDRESSES

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

Distributor	Federated Securities Corp.	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
<hr/>		

Investment Adviser	Bank South, N.A.	MC 16 P.O. Box 4387 Atlanta, Georgia 30302
<hr/>		

Custodian	The Bank of New York	48 Wall Street New York, New York 10286
<hr/>		

Transfer Agent, Dividend Disbursing Agent, and Portfolio Accounting Services	Federated Services Company	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
<hr/>		

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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</TABLE>

BANKSOUTH SELECT
 GOVERNMENT MONEY MARKET
 FUND
 PROSPECTUS
 A 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

3093003A (1/94)

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 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, 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 365/7th 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 "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>	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).....	0.33%
12b-1 Fees(2).....	0.00%
Other Expenses (after waivers) (3).....	0.17%
Total Fund Operating Expenses (4).....	0.50%

</TABLE>

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- (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 <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 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.

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>	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.
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	Trustee	Professor, Foreign Policy and Management Consultant; Trustee, Carnegie

1202 Cathedral of Learning
University of Pittsburgh
Pittsburgh, PA

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.

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

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	

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SHAREHOLDER TRANSACTION EXPENSES

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>

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(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

<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.....

	1 year	3 years
	<C>	<C>

\$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
-------------	----------------------------	------------------------------------------------------------------

Investment Adviser	Bank South, N.A.	MC 16 P.O. Box 4387 Atlanta, Georgia 30302
--------------------	------------------	--------------------------------------------------

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
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Legal Counsel	Dickstein, Shapiro & Morin	2101 L Street, N.W. Washington, D.C. 20037
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Independent Auditors

</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	 -----
<p>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.</p>	
 INVESTMENT OBJECTIVE AND POLICIES	 -----
<p>The Fund's investment objective is to achieve current income. The investment objective cannot be changed without approval of shareholders.</p>	
 TYPES OF INVESTMENTS	
<p>The Fund invests primarily in investment grade bonds and other fixed income securities which include:</p> <p>domestic issues of corporate debt obligations (rated Baa or better by Moody's</p>	

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>

NAME AND ADDRESS	POSITIONS WITH THE TRUST	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS
------------------	--------------------------	----------------------------------------------

<S>	<C>	<C>
John F. Donahue*\nFederated Investors Tower\nPittsburgh, PA	Chairman and\nTrustee	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.\nWood/IPC Commercial\nDepartment\nJohn R. Wood and\nAssociates, Inc., Realtors\n3255 Tamiami Trail North\nNaples, 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\nOne PNC Plaza-23rd Floor\nPittsburgh, 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\n571 Hayward Mill Road\nConcord, 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.\n3471 Fifth Avenue\nSuite 1111\nPittsburgh, 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.\n5916 Penn Mall\nPittsburgh, 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*\nFederated Investors Tower\nPittsburgh, PA	President,\nTreasurer\nand 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\n225 Franklin Street\nBoston, 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
Gregor F. Meyer\n5916 Penn Mall\nPittsburgh, 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\n1202 Cathedral of\nLearning\nUniversity of Pittsburgh\nPittsburgh, 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\n4905 Bayard Street\nPittsburgh, PA	Trustee	Public relations/marketing consultant; Director, Trustee, or Managing General Partner of the Funds.
Charles L. Davis, Jr.\nFederated Investors Tower\nPittsburgh, PA	Vice President\nand Assistant\nTreasurer	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\nFederated Investors Tower\nPittsburgh, 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\nFederated Investors Tower\nPittsburgh, 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\nFederated Investors Tower\nPittsburgh, PA	Vice President and\nSecretary	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.

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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>

SHAREHOLDER TRANSACTION EXPENSES

<C>

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.

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>	<C>
	BankSouth Select Equity 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
---------------------------------------------------------------------------------	----------------------------	------------------------------------------------------------------

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

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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 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 <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. (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.

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