

SECURITIES AND EXCHANGE COMMISSION

FORM 497

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Business Address
1225 L ST P O BOX 8300
LINCOLN NE 68501
4024763000

CONLEY PARTNERS LIMITED PARTNERSHIP
444 Regency Parkway
Omaha, Nebraska 68114-3779

Dear Limited Partner:

In my capacity as President of the general partner of Conley Partners Limited Partnership (the "Partnership"), I am proposing that the Partnership exchange (the "Exchange") all or substantially all of the assets of the Partnership for shares of SMITH HAYES Trust, Inc. Capital Builder Fund (the "Fund"). After the Exchange, the Partnership will dissolve and limited partners of the Partnership will become shareholders of SMITH HAYES Trust, Inc. (the "Trust"). The Trust is an open-end management investment company issuing its shares in series, each series representing a distinct portfolio with its own investment objectives and policies. The Capital Builder Fund is one "portfolio" or "fund" of the Trust. The Fund has been designed by myself and the Trust as the successor to the Partnership, and its investment portfolio will be managed by CONLEY-SMITH, Inc. (the "Fund Adviser") in substantially the same manner as the Partnership's assets have been managed. The Fund Adviser will bear all expenses incurred in connection with the Exchange.

As a shareholder of the Fund, you will be able to redeem your shares on each business day at their net asset value. Daily redemption is not currently available to you as a limited partner of the Partnership.

I have proposed the Exchange in order to eliminate some administrative burdens associated with operating a partnership and to permit the limited partners of the Partnership to pursue substantially the same investment goals, as shareholders of a larger fund. The attached Prospectus/Information Statement and accompanying materials describe the Exchange and the reasons for it, as well as how I have sought to avoid any adverse tax and other consequences to you and the other limited partners of the Partnership in connection with the Exchange. It also describes the Trust, the Fund, and its proposed operations, including the fees payable by the Fund, in some detail.

As a limited partner of the Partnership, you are entitled to vote on the Exchange. Please take a few minutes to consider the materials enclosed and then exercise your right to vote by completing, dating, and signing the enclosed voting instruction form. A self-addressed, postage-paid envelope has been enclosed for your convenience. IT IS VERY IMPORTANT THAT YOU VOTE AND THAT I RECEIVE YOUR VOTING INSTRUCTIONS NOT LATER THAN AUGUST 24, 1995.

I RECOMMEND THAT YOU VOTE IN FAVOR OF THE EXCHANGE. If you have any questions about the Exchange or the enclosed materials, please contact me. I can be reached by telephone at (402) 391-1840 or at the above-referenced address.

I look forward to continuing to serve you as portfolio manager of the Fund.

Sincerely,

John H. Conley, President
Conley Investment Counsel, Inc.,
General Partner of
Conley Partners Limited Partnership

July 27, 1995

PROSPECTUS/INFORMATION STATEMENT DATED July 27, 1995

Acquisition of the assets of

CONLEY PARTNERS LIMITED PARTNERSHIP
c/o Conley Investment Counsel, Inc.
Attention: John H. Conley, President
444 Regency Parkway
Omaha, NE 68114-3779
(402) 391-1840

SMITH HAYES TRUST, INC.
CAPITAL BUILDER FUND
c/o Thomas C. Smith
200 Centre Terrace
1225 "L" Street
Lincoln, NE 68508
(402) 476-3000

This Prospectus/Information Statement relates to the proposed transfer of all or substantially all of the assets of Conley Partners Limited Partnership (the "Partnership"), a limited partnership formed under the laws of the State of Nebraska, to SMITH HAYES Trust, Inc. (the "Trust"), in exchange for shares of beneficial interest, par value \$.001 per share (the "Shares") in Capital Builder Fund (the "Fund") of the Trust. The Shares received in the exchange transaction (the "Exchange") will be distributed by the Partnership to its partners in liquidation of the Partnership, after which the Partnership will be dissolved. As a result of the Exchange, each partner of the Partnership will become a shareholder of the Trust, receiving Shares that are expected to have an initial value of \$10.00 per Share and in the aggregate a value equal to the value of the partner's interest in the Partnership on the business day immediately preceding the date of the Exchange. As a part of the Exchange, the partners of the Partnership are also being asked to approve a Facilitating Amendment (as defined below) to the Agreement of Limited Partnership of the Partnership (the "Partnership Agreement") to facilitate the Exchange. A vote in favor of the Exchange constitutes a vote in favor of the Facilitating Amendment. See "Amendment to the Partnership Agreement." The Fund may acquire appreciated or depreciated securities from the Partnership. For a description of potential tax consequences to investors, see "Tax Consequences."

The Trust has proposed that at or about the time of the Exchange three portfolios of the Trust (aggregating approximately \$11,500,000 in net assets) be merged into the Fund. Such transaction is contingent upon approval of the shareholders of the three portfolios but is not contingent upon consummation of the Exchange. See "Capitalization".

Limited partners of the Partnership ("Limited Partners") as of the close of business on July 24, 1995, will be entitled to vote on the Exchange. A voting instruction form accompanies this Prospectus/Information Statement for this purpose.

The Fund is an open-end management investment company with an investment objective of seeking long-term capital appreciation with a secondary objective of providing current income. This Prospectus/Information Statement sets forth concisely the information about the Fund that Limited Partners of the Partnership should know before voting on the Exchange or investing in the Fund and should be retained for future reference. The Prospectus of the Fund dated April 6, 1995 as supplemented on July 20, 1995, accompanies this Prospectus/Information Statement as EXHIBIT "B" and is incorporated by reference herein.

Additional information about the Exchange, contained in a Statement of Additional Information, has been filed with the Securities and Exchange Commission and is available without charge by calling SMITH HAYES Financial Services Corporation at either (402) 476-3000 or (800) 279-7437, or by using the request form included in this Prospectus/Information Statement. Additional information about the Fund is contained in the Fund's Statement of Additional Information, which has been filed with the Securities and Exchange Commission, is dated the date of the Fund's Prospectus referred to above and is attached as Appendix I to the Statement of Additional Information relating to this Prospectus/Information Statement. The Statement of Additional Information relating to this Prospectus/Information Statement bears the same date as this Prospectus/Information Statement and is incorporated by reference in its entirety into this Prospectus/Information Statement.

This Prospectus/Information Statement and accompanying materials are expected to be sent to Limited Partners on or about July 31, 1995.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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INTRODUCTION

This Prospectus/Information Statement is being furnished to Limited Partners in connection with the solicitation of their votes for the approval or disapproval of an Agreement and Plan of Exchange (the "Plan") between the Partnership, the Trust, and Conley Investment Counsel, Inc. ("CIC"), as the General Partner (the "General Partner") of the Partnership. The Plan provides for the consummation of the Exchange, pursuant to which all or substantially all of the assets of the Partnership will be transferred to the Fund in exchange for Shares at net asset value. The Partnership intends to distribute Shares received to its partners as a step in the complete liquidation and dissolution of the Partnership. The terms and conditions under which the Exchange will be consummated are set forth in the Plan, a form of which is attached as EXHIBIT "A" to this Prospectus/Information Statement.

Approval of the Plan requires the affirmative vote of partners holding limited partnership interests which represent fifty percent (50%) or more of the market value of the Partnership assets. If such approval of the Plan is not received prior to August 31, 1995 (or such later date as the Partnership and the Trust may agree on), CIC intends to continue to operate the Partnership until approval is received or until December 31, 1995. If approval is not received by such time, the Partnership will be dissolved.

SUMMARY

The following is a summary of certain information contained elsewhere in this Prospectus/Information Statement or in the attached Exhibits and is qualified by reference to the more complete information contained in this Prospectus/Information Statement and those Exhibits.

Comparison of the Partnership and the Fund

The Trust is an open-end management investment company organized in 1988 and is registered under the Investment Company Act of 1940 (the "1940 Act"). The

Trust's objective is to issue its shares in series, each series representing a distinct portfolio with its own investment objectives and policies. The Prospectus/Information Statement relates only to the Capital Builder Fund. The Fund was designed as the successor investment vehicle to the Partnership. The Fund has had no operations prior to the date of this Prospectus/Information Statement. Shares will be offered to the public, without the imposition of a sales charge, on a continuous basis upon the completion of the Exchange. The Fund will have substantially the same investment objective and policies as the Partnership.

The Trust has proposed that at or about the time of the Exchange three portfolios of the Trust (aggregating approximately \$11,500,000 in net assets) be merged into the Fund. Such transaction is contingent upon approval of the shareholders of the three portfolios but is not contingent upon consummation of the Exchange. See "Capitalization".

INVESTMENT OBJECTIVE AND POLICIES. The Partnership and the Fund have similar investment objectives. The investment objective of the Partnership is capital appreciation coupled with moderate investment income. The investment objective of the Fund is to seek long-term capital appreciation with a secondary objective of providing current income.

The investment adviser for the Fund is CONLEY-SMITH, Inc. (the "Fund Adviser"). The Fund will invest in a diversified portfolio of common and preferred stocks, securities convertible in common stocks, United States Government Securities, repurchase agreements, mortgaged backed securities, and money market instruments. At least 65% of the Fund's total assets will be invested in common and preferred stocks and securities convertible into common stocks. In making selections for the Fund, the Fund Adviser will utilize an investment approach based on fundamental analysis incorporating a value and growth philosophy. There can, of course, be no assurance that the investment objectives of the Fund will be met.

The Fund Adviser will maintain a portfolio of securities broadly diversified among industries and companies so as to reduce its exposure to certain investment and market risks. Stock selection criteria are value and growth-oriented with an emphasis on price in relation to either earnings, cash flow, or book value. Generally, the Fund Adviser will look for companies that are selling at a discount relative to their peer group and/or relative to the market as a whole. Dividend or interest income, although considered, is not the primary factor in the selection of securities for the Fund.

The Fund will be growth-oriented and invest its assets primarily in common stock. If the market condition, in the Fund Adviser's judgment, is unfavorable for investments in common stock, the Fund may choose temporarily to take defensive positions by investing all or part of its assets in United States Government Securities, corporate debt securities, or money market instruments. Corporate debt securities purchased by the Fund will be of investment grade rated BBB-Baa or better by Standard & Poor's ("S&P") or by Moody's Investors Service ("Moody's").

In the event that the rating of an investment grade security is lowered to below investment grade, the Fund Adviser will assess the creditworthiness of the issuer, evaluate the likelihood of the security's being upgraded to investment grade or being further down-graded, and may choose to hold or sell the security as appropriate. In no event will the fund hold 5% or more of its assets in debt securities which are rated below investment grade. The Fund may also write listed covered call options on the securities in its portfolio, purchase exchange listed put and call options, and enter into closing purchase and sale transactions with respect thereto.

The Fund is subject to certain investment restrictions which are considered fundamental and which may not be changed without shareholder approval. These restrictions include the following: (1) the Fund may not purchase any securities which would, at the time of purchase, cause 25% or more of the value of its total assets to be invested in any one industry (this restriction does not apply to securities of the United States Government or its agencies and instrumentalities and repurchase agreements relating thereto); (2) the Fund may not purchase a security of any one issuer, if at the time of purchase, such investment would result in the Fund holding more than 5% of the value of its total assets in such security or hold more than 10% of the outstanding voting securities of such issuer, except that up to 25% of the value of the Fund's total assets may be invested without regard to such limitations. For a further discussion regarding the investment policies and restrictions of the Fund, see the sections entitled "Investment Objective and Policies," "Investment Restrictions," "Borrowing," and "Temporary Defensive Positions" in the Prospectus of the Fund accompanying this Exchange Offer. Some of these restrictions are imposed on the Trust by state securities commissions in states where Shares will be offered, or are necessary in order for the Trust to qualify as a regulated investment company under the Internal Revenue Code of 1986, as amended (the "Code").

The Fund may borrow money from banks for temporary or emergency purposes in an amount of up to 10% of the value of the Fund's total assets. Interest paid by the Fund on borrowed funds would decrease the net earnings of the Fund. The Fund will not purchase portfolio securities while outstanding borrowings exceed 5% of the value of the Fund's total assets. The Fund may mortgage, pledge, or hypothecate its assets in an amount not exceeding 10% of the value of its total assets to secure temporary or emergency borrowing. The policies set forth in this paragraph are fundamental and may not be changed with respect to the Fund without the approval of a majority of the Fund's shares, as noted below.

The Fund may deviate from its fundamental and non-fundamental investment policies (except for its policies regarding borrowing and concentration of investments) during periods of adverse or abnormal market, economic, political, and other circumstances requiring immediate action to protect assets. In such cases, the Fund temporarily may invest up to 100% of its assets in United States Government Securities, investment grade corporate debt securities, rated BBB, Baa or better by S&P or by Moody's and any Money Market Instrument as described in the Fund's Prospectus.

Except for its borrowing restriction, if a percentage restriction is adhered to at the time of an investment, a later increase or decrease in percentage resulting from changes in values or assets will not constitute a violation of such restrictions. The foregoing investment restrictions, as well as all investment objectives and policies designated by the Fund as fundamental policies, may not be changed without the approval of a "majority" of the Fund's shares outstanding, defined as the lesser of (a) 67% of the votes cast at a meeting of shareholders for the Fund at which more than 50% of the shares are represented in person or by proxy, or (b) a majority of the outstanding voting shares of the Fund. The Fund Adviser may also agree to certain additional non-fundamental investment policies from time to time in order to qualify the shares of the Fund in various states.

The Partnership invests in securities which are similar to those permitted by the Fund. The Partnership is not, however, subject to the diversification tests under the Investment Company Act of 1940 or the Code for regulated investment companies. Nevertheless, the Partnership adopted certain investment restrictions which are generally consistent with, but somewhat more flexible than those of the Fund. The Partnership may not purchase securities on margin, make short sales of securities nor borrow money except for temporary emergency purposes in an amount up to 5% of the value of the Partnership's assets. The Partnership is prohibited to act as a securities underwriter or invest in real estate, commodities or commodity contracts or other tax shelter type of investments and may not participate on a joint or several basis in securities trading accounts. Finally the Partnership may not make a new purchase of a security that will result in the position in such security exceeding 25% of the value of the Partnership's assets (except United States Government or United States Government Agency securities).

Unlike the Fund, the Partnership is not subject to the restrictions on concentration, exercising control or management, and issuing senior securities. Nevertheless the Partnership has not engaged in any of these activities over the last two years and all of the securities that the Partnership currently owns can be transferred to the Fund without violating any of the Fund's investment restrictions.

Although the Partnership enjoys greater flexibility than the Fund in making investments and is not subject to some of these limits, the Partnership has followed investment guidelines in its operations that are similar to those that will be followed by the Fund. For this reason, the restrictions on the Fund's investment activities are not expected to affect the Fund's ability to operate in a substantially similar manner as the Partnership.

FEES AND EXPENSES. The Partnership is managed by CIC (the "Partnership Adviser"), which also serves as the General Partner of the Partnership. The Partnership pays the Partnership Adviser a quarterly fee for its services at the annual rate of 1.00% of the Partnership's net assets. CIC, in its capacity as General Partner of the Partnership, receives no salary or compensation from the Partnership. In addition to the advisory fee, the Partnership pays all transaction costs, including brokers' commissions, transfer and issuance taxes, interest on borrowed funds, any other taxes and Partnership fees payable to governmental agencies, and all extraordinary legal fees not relating to normal day-to-day Partnership activities. The Partnership also pays all its direct expenses, including custodial expenses, day-to-day legal fees, auditing costs, reports to partners, and the like. The Partnership bears a pro rata share of the overhead expenses of the Partnership Adviser, including office rents, utilities, telephone, furniture and equipment, supplies, electrical quotations supplies, electronic quotations equipment, and administrative and clerical costs, based upon the ratio of the annual market value of the Partnership to the annual

market value of all assets managed by the Partnership Adviser; provided, however, that any direct expenses of the Partnership plus its pro rata share of the Partnership Adviser's overhead expenses which, in the aggregate, exceed 0.5% of the average quarterly net asset value of the Partnership are borne by the General Partner. For the fiscal years ended December 31, 1993 and 1994, the Partnership's aggregate expenses totalled \$56,735 and \$51,675, respectively.

ANNUAL OPERATING EXPENSES. The table below provides information about expenses the Fund will incur, and expenses the Partnership did incur during its last fiscal year, expressed as annual percentages of net assets. There are no sales charges, loads or maintenance charges imposed on the purchase or redemption of Fund shares or Partnership interests. However, because of the payment of certain distribution expenses pursuant to Rule 12b-1 under the 1940 Act, long-term shareholders may eventually pay more in distribution expenses than if a sales load was charged. "Other Expenses" of the Fund are estimated.

	Fund ----	Partnership -----
Management Fees		
Investment Advisory Fees	.75%	1.00%
Administration	.25%	0%
	----	----
Total Management Fees	1.00%	1.00%
12b-1 Fees	.50%	0%
Other Expenses	.25%	.50%
	----	----
Total Operating Expenses	1.75%	1.50%

Example: You would pay these expenses on a \$1,000 investment assuming (1) 5% annual return and (2) redemption at the end of each time period.

	1 year -----	3 years -----
Fund	\$18	\$55
Partnership	\$16	\$49

The example should not be considered a representation of past or future expenses or yields. Actual expenses and yields may be greater or lower than those shown.

The Fund Adviser will furnish the Fund with investment advice and, in general, supervise the management and investment programs of the Trust. The Fund Adviser will furnish at its own expense all necessary administrative services, office space, equipment, and clerical personnel for servicing the investments of the Fund, and investment advisory facilities and executive and supervisory personnel for managing the investments and effecting the securities transactions of the Fund. In addition, the Fund Adviser will pay the salaries and fees of all officers and directors of the Trust who are affiliated persons of the Fund Adviser. Under the Investment Advisory Agreement, the Fund Adviser will receive a monthly fee computed separately for the Fund at an annual rate of .75% of the daily average net asset value of the Fund, which is higher than the advisory fees paid by most funds.

Lancaster Administrative Services, Inc. (the "Administrator") has been retained as the Trust's Administrator under a Transfer Agent and Administrative Services Agreement with the Trust. The Administrator provides, or contracts with others to provide, the Trust with all necessary recordkeeping services and share transfer services. The Administrator receives an administration fee, computed and paid monthly at an annual rate of 0.25% of the Fund's daily average net assets.

The expenses paid by the Fund are deducted from total income before dividends are paid. In addition to the management fees paid to the Fund Adviser and the Administrator, the Fund will pay all expenses of operations not specifically assumed by the Fund Adviser. These expenses include, but are not limited to, taxes, interest, ordinary and extraordinary legal and auditing fees, distribution expenses pursuant to the Rule 12b-1 Plan, custodial charges, registration and blue sky fees incurred in registering and qualifying the Fund under state and federal securities laws, association fees, and fees paid to directors who are not affiliated with the Fund Adviser. Any general expenses of the Trust that are not readily identifiable as belonging to a particular fund will be allocated among the Funds on a pro rata basis at the time such expenses are accrued. The Fund pays its own brokerage commissions and related transaction costs.

It is hoped that the pro rata portion of the Fund's expenses will decrease as the Fund's assets increase as a result of the proposed merger of certain Trust portfolios into the Fund (see "Capitalization") and the public offering of Shares after the Exchange, although it is not possible to predict whether the Fund will grow in asset size and, if it does, at what rate. In any event, Limited

Partners will experience an increase in operating expenses as Fund shareholders.

DISTRIBUTION AND PURCHASE PROCEDURES AND EXCHANGE RIGHTS. The profits and losses of the Partnership for any calendar quarterly period are allocated in accordance with the Partnership percentage of each Limited Partner determined in accordance with the Partnership's Limited Partnership Agreement. Quarterly, at the end of each calendar quarterly period, each Limited Partner's account is adjusted by any increases or decreases in the market value of the assets of the Partnership at that date, plus any additional capital contributions, less any withdrawals of capital or income by the partner. On a quarterly basis, existing Limited Partners may contribute additional capital to the Partnership at the discretion of the General Partner. The General Partner may also, on a quarterly basis and without the consent or approval of existing Limited Partners, add new partners in accordance with the terms and conditions of the Partnership's Limited Partnership Agreement. Any new investor admitted by the General Partner must initially contribute a minimum of \$100,000 (unless specifically waived by the General Partner). No automatic distributions of income, dividends, or recognized gains are made to the Limited Partners. A Limited Partner may assign his or her interest in the Partnership only effective at the beginning of a quarterly period and only upon the written consent of the General Partner. The General Partner may withhold consent if it is not satisfied such assignment will be in compliance with federal or state securities laws.

It is the intention of the Trust to distribute any net investment income and any net realized capital gains of the Fund to its shareholders at such times as may be required to maintain the status of the Fund as a regulated investment company under the Code. Dividends will also be automatically reinvested or distributed in cash when declared. Cash payment of dividends, if requested, will be mailed within five (5) days of the date declared. The taxable status of income dividends and/or net capital gains distributions is not affected by whether they are reinvested in additional Shares or paid in cash. Shareholders may elect to receive dividends in cash by so directing on the Trust's application form included with the Fund's Prospectus delivered herewith. The Fund intends to declare and distribute capital gains on an annual basis.

SMITH HAYES Financial Services Corporation is the Trust's distributor (the "Distributor"). The Trust has adopted a Distribution Plan pursuant to Rule 12b-1 under the 1940 Act (the "Plan"), pursuant to which the Distributor is entitled to reimbursement each month (subject to the limitation discussed below) for its actual expenses incurred in the distribution and promotion of the Trust's shares. These expenses include, but are not limited to, compensation paid to investment executives of the Distributor and to broker-dealers which have entered into sales agreements with the Distributor, expenses incurred in the printing of reports used for sales purposes, preparation and printing of sales literature, advertising, promotion, marketing and sales expenses, payments to banks for shareholder services and accounting services and other distribution-related expenses. Reimbursement to the Distributor for the Fund may not exceed 0.50% per annum of the average daily net assets of the Fund. Compensation will be paid out of such amounts to the Distributor's investment executives, to broker-dealers which have entered into sales agreements with the Distributor, and to banks which provide services to the Trust for the Fund. The Glass-Steagall Act and other applicable laws prohibit banks from engaging in the business of underwriting, selling, or distributing securities. Insofar as banks are compensated, their only function will be to perform administrative and shareholder services for their clients who wish to invest in the Fund. If a bank at a future date is prohibited from acting in this capacity, the shareholder may lose the services provided by the bank; however, it is not expected that the shareholders would incur any adverse financial consequences. It is intended that none of the services provided by such banks other than through registered brokers will involve the solicitation or sale of shares of the Fund. In the event distribution expenses for the Fund in any one year exceed the maximum reimbursable under the Plan, such expenses may not be carried forward to the following year. In its sole discretion, the Distributor can waive all or part of payments under the Plan. Any such waiver can be discontinued at any time.

REDEMPTION PROCEDURES. Limited Partners of the Partnership may withdraw amounts from their capital accounts on a quarterly basis provided that they give at least thirty (30) days' written notice to the General Partner. The General Partner will make payment to such partner, in cash or in kind, as the General Partner shall determine, within sixty (60) days after the end of the quarterly period. The General Partner has the right to charge against the amount of withdrawal of any Limited Partner the costs and expenses incurred in connection with such withdrawal and a reserve for certain Partnership liabilities. The General Partner also has the right to cause the mandatory withdrawal of any Limited Partner on the last day of any quarterly period by giving written notice to such Limited Partner prior to the end of such period. Payment of such a Limited Partner's capital account will be made within sixty (60) days of the end of such period.

Shares of the Fund, in any amount, may be redeemed at any time at their current net asset value next determined after a request in "good order" is

received by the Distributor plus any accrued but unpaid dividends thereon. To redeem shares of the Fund, an investor must make a redemption request through an investment executive or other broker-dealer of the Distributor. If the redemption request is made to a broker-dealer other than the Distributor, such broker-dealer will wire a redemption request to the Distributor immediately following the receipt of such a request. For an explanation of what constitutes a redemption request which is in "good order," see the Fund's Prospectus under the heading "Redemption of Shares."

Normally, the Fund will make payment for all shares redeemed within five business days, but in no event will payment be made more than seven days after receipt by the Distributor of a redemption request in good order. However, payment may be postponed or the right of redemption suspended for more than seven days under unusual circumstances, such as when trading is not taking place on the New York Stock Exchange. Payment of redemption proceeds may also be delayed until the check used to purchase the shares to be redeemed has cleared the banking system, which may take up to 15 days from the purchase date.

A shareholder may request that the Trust transmit redemption proceeds by bank wire to a bank account designated on the shareholder's account application form provided such bank wire redemptions are in amounts of \$5,000 or more and all requisite account information is provided to the Trust. The Fund reserves the right to redeem a shareholder's account at any time the net asset value of the account falls below \$500 as the result of a redemption or transfer request. Shareholders will be notified in writing that the value of their account is less than \$500 and will be allowed 30 days to make additional investments before the redemption is processed.

There is no charge for redemption of the shares of the Fund. The redemption price will be the Fund's net asset value per share next computed following the receipt of the redemption request.

Tax Considerations - - - - -

The Partnership and the Trust have received an opinion of counsel to the effect, among other things, that no gain or loss will be recognized by the Partnership, the Trust, or the former partners of the Partnership as a result of the Exchange. See "Tax Consequences."

RISK FACTORS

Because of the similarity in investment objectives and policies between the Partnership and the Fund, an investment in the Fund involves investment risks that are substantially the same as those of the Partnership. These investment risks, in general, are those typically associated with investing in a managed portfolio of common stocks and other securities convertible into equity securities, such as rights, warrants, convertible bonds, and preferred stock. The Fund Adviser will also, when it believes that prevailing market or economic conditions warrant a temporary defensive investment position, invest a portion or all of its assets in United States Government securities, corporate debt securities, or money market instruments. Corporate debt securities purchased by the Fund will be of investment grade rated BBB-Baa or better by Standard & Poor's ("S&P") or by Moody's Investors Service ("Moody's"). In making selections for the Fund, the Fund Adviser will utilize an investment approach based on fundamental analysis incorporating a value and growth philosophy. For further information regarding the investment objective and policies and investment restrictions of the Fund, as well as information regarding the investment practices of the Fund Adviser, see the Prospectus of the Fund accompanying this Prospectus/Information Statement.

The risks associated with an investment in the Partnership that are not associated with an investment in the Fund include the limited liquidity of shares of limited partnership interests, the lack of a market for those interests, and the limitations on transferability of those interests.

In addition the Partnership is not subject to the same rules on diversification under the Investment Company Act of 1940 or the Code and is not subject to the rules on concentration that the Fund will be subject to under the Investment Company Act of 1940. As a result, an investment in the Partnership could result in risks associated with the investment flexibility afforded the Partnership by not being subject to such restrictions. Finally, it should be noted that as the Partnership is not currently subject to the restrictions imposed by the regulatory scheme of the Investment Company Act of 1940, an investor in the Partnership does not enjoy all of the protections afforded to regulated investment companies including record and bookkeeping requirements, prohibitions against self dealing, composition of the Board of Directors and other organizational requirements.

THE PLAN

The following summary of the important terms and conditions of the Plan is qualified in its entirety by reference to the form of the Plan attached as

EXHIBIT "A". The Plan provides that, prior to the general offering of Shares to the public, the Trust will exchange Shares for all or substantially all of the portfolio securities of the Partnership. The Fund will not acquire securities from the Partnership if, in the Fund Adviser's opinion, the acquisition would result in a violation of the Fund's investment objective, policies, or restrictions. Securities will be acquired and will be valued by the Fund after the Exchange at their current market prices in accordance with valuation methods adopted by the Board of Directors of the Trust and set forth in the Fund's Prospectus. The Fund will not acquire or incur any of the actual or contingent liabilities of the Partnership. Accordingly, the Partnership will retain sufficient assets to pay its outstanding liabilities which CIC expects to be very small or nonexistent. After the Exchange, the Partnership will dissolve and distribute Shares to all its former partners, including the General Partner, along with any cash proceeds received from the sale of any portfolio securities not acquired by the Fund. Limited Partners will not be liable for any other expense or liability of the Partnership. The dissolution of the Partnership is expected to occur on the same day as the Exchange, but will occur in any event as soon as practicable after the Exchange. Immediately following the Exchange, the former partners of the Partnership will hold the only outstanding Shares of the Fund. After the Exchange has been completed, the Trust will commence a continuous offering of Shares of the Fund to the public.

The Plan provides that CIC will indemnify the Trust against losses and claims that may arise relating to the Exchange. The Plan does not provide for any indemnification of CIC by the Trust or the Fund.

Unless postponed by the Partnership and the Trust, the Exchange is expected to occur on or before August 25, 1995, on the basis of the net asset value, calculated in accordance with the Fund's Articles of Incorporation and Prospectus, of the assets of the Partnership as of 4:00 p.m., Omaha time, on the business day of the Exchange. The Exchange will not be effected until certain conditions are satisfied, including (1) that the Plan has been properly approved by the Limited Partners, and (2) that an order of the Securities and Exchange Commission (the "Commission") approving the Exchange has been received. The Trust has applied to the Commission for this order because the acquisition by the Trust of Partnership assets for Trust shares (of the Fund) could be viewed as a sale to the Trust of securities by an affiliated person of the Trust in violation of the 1940 Act. Completion of the Exchange is subject to the receipt of such an order and compliance with its terms and conditions by the parties. There can be no assurance such an order will be obtained.

The Plan may be amended at any time prior to the Exchange.

TAX CONSEQUENCES

The Trust has received an opinion of Cline, Williams, Wright, Johnson & Oldfather that the Exchange will have the following federal income tax consequences to Limited Partners: (1) the distribution of the Shares and cash (if any) from the Partnership to a Limited Partner, which will be in liquidation of an interest in the Partnership, will not cause taxable gain or loss to be recognized by the Limited Partner (Code Section 731(a)); (2) a Limited Partner's basis for Shares will be equal to the Limited Partner's adjusted basis in the former Partnership interest minus the amount of cash received pursuant to the liquidation of the Partnership interest (Code Section 732(b)); and (3) a Limited Partner's holding periods with respect to Shares will include the Partnership's holding periods with respect to such Shares (Code Sections 735(b) and 1223).

To the extent the Fund does not acquire certain of the Partnership's portfolio securities and the Partnership then sells any of these portfolio securities, such sales may result in a taxable gain or loss being realized by the Limited Partners. Any cash received pursuant to these sales and distributed to the Limited Partners will not, as a general rule, result in any additional tax liability.

The Exchange may result in adverse tax consequences under certain circumstances to persons who acquire Fund shares in the continuous offering after the Exchange. As a result of the Exchange, the Fund may acquire securities that have appreciated or depreciated in value from the date they were acquired. If appreciated securities were to be sold by the Fund after the Exchange, the amount of the gain would be taxable to new shareholders as well as to former Limited Partners. New shareholders would be taxed on a distribution that represents a return of the purchase price of their Shares rather than an increase in the value of the investment. The effect on former Limited Partners would be to reduce their potential liability for tax on capital gains by spreading it over a larger asset base. The opposite result may occur if the Fund acquires securities having an unrealized capital loss. In that case, Limited Partners will be unable to utilize the loss to offset gains, but, because the Exchange will not result in any gains, the inability of Limited Partners to utilize unrealized losses will have no immediate tax effect. For new shareholders, to the extent that unrealized losses are realized by the Fund, new shareholders may benefit by any reduction in net tax liability attributable to the losses. The Fund Adviser cannot predict whether securities acquired in the

Exchange will have unrealized gains or losses on the date of the Exchange. Consistent with its duties as investment adviser, the Fund Adviser may, however, take tax consequences to investors into account when making decisions to sell portfolio assets in connection with the Exchange, including the impact of realized capital gains on shareholders of the Fund.

REASONS FOR THE EXCHANGE; BENEFITS TO LIMITED PARTNERS

The effect of the Exchange will be to establish the Fund as a successor investment vehicle to the Partnership.

Reasons for the Exchange. The Exchange is being proposed primarily for two reasons. First, the Exchange will permit Limited Partners to pursue as shareholders of the Fund substantially the same investment objective and policies in a larger investment vehicle. The Partnership was formed as a private investment fund for a small number of investors, and it was not registered as an investment company under the 1940 Act in reliance on an exemption contained in the 1940 Act for issuers whose outstanding securities are beneficially owned by not more than 100 persons and which are not making or proposing to make a public offering of securities. As a general rule, partnerships are less expensive to form than registered investment companies and are not subject to the regulatory restrictions applicable to registered companies. However, since the number of Limited Partners cannot exceed 100 and the Partnership has neared this point, the Partnership's growth in asset size depends on whether existing Limited Partners make additional capital contributions. In contrast to the Partnership, the Fund, as a part of a registered investment company, is not subject to any limitation on the number of its shareholders. Second, the Fund will be simpler to operate than the Partnership. As a partnership, the Partnership needed to allocate profits and losses among partners taking the holding period of Partnership assets as well as the holding period of interests in the Partnership into account. These allocation calculations, which are quite complicated, would not apply to the Fund, which could utilize the simpler allocation rules under Subchapter M of the Code. Operation as a portfolio of a registered investment company would also eliminate other administrative burdens and other requirements currently faced by the Partnership as a limited partnership.

BENEFITS TO LIMITED PARTNERS. After the Exchange, Limited Partners will hold Shares representing a pro rata interest in substantially the same pool of assets as previously held by the Partnership. Of course, the Fund's assets will change over time due to decisions made by the Fund Adviser and redemptions and new purchases of Shares. Certain immediate benefits will accrue to Limited Partners as shareholders of the Fund, even prior to the general offering of Shares to the public. First, as shareholders of the Fund, Limited Partners will secure the ongoing investment advisory skills of the Fund Adviser. Second, as shareholders of the Fund, Limited Partners will enjoy greater liquidity and ability to transfer their investment than they had as Limited Partners of the Partnership. As the Fund's net assets increase, additional benefits may accrue to Limited Partners through a reduction of the percentage of the Fund's "other expenses." The conversion to a mutual fund may result in some tax savings for some Limited Partners. No assurance can be made however that any tax benefit will result or be realized by any Limited Partner as a result of the Exchange. Presently, Partnership expenses are deductible for federal income tax purposes as "other itemized deductions." However, other itemized deductions are not deductible unless they exceed an amount equal to 2% of the taxpayer's adjusted gross income. As a result, some Limited Partners may not be presently able to deduct any of the Partnership's expenses. On the other hand, mutual fund expenses are not subject to the 2% exclusion and are netted against fund income before income is distributed to fund shareholders. As a result, all Fund expenses are deductible for all shareholders. For a discussion of certain tax benefits that may accrue to Limited Partners as a result of the Exchange, see "Tax Consequences."

DIFFERENCES IN RIGHTS

THE TRUST. The Trust is authorized to issue a total of one billion shares of common stock in series with a par value of \$.001 per share. Fifty million of these shares have been authorized by the Board of Directors to be issued in the series designated Capital Builder Fund. All shares, when issued, will be fully paid and non-assessable and will be redeemable and freely transferable. All shares have equal voting rights. They can be issued as full or fractional shares. A fractional share has pro rata the same kind of rights and privileges as a full share. The shares possess no preemptive or conversion rights.

Each share of the Trust has one vote (with proportionate voting for fractional shares) irrespective of the relative net asset value of the shares. On some issues, such as the election of directors, if more than one series of shares has been designated, all shares of the Trust vote together as one series. Cumulative voting is not authorized. This means that the holders of more than 50% of the shares voting for the election of directors can elect 100% of the directors if they choose to do so, and, in such event, the holders of the remaining shares will be unable to elect any directors. On an issue affecting

only the Fund, the shares of the Fund vote as a separate series. Examples of such issues would be proposals to (i) change a fund's Investment Advisory Agreement, (ii) change a fundamental investment restriction pertaining to only a fund, or (iii) change a fund's Distribution Plan. In voting on the Investment Advisory Agreement or proposals affecting only one fund, approval of such an agreement or proposal by the shareholders of one fund would make the agreement effective as to that fund whether or not the agreement or proposal had been approved by the Trust's other funds.

As in all corporations, the Trust's Board of Directors has the primary responsibility for overseeing the business of the Trust. The Board of Directors meets periodically to review the activities of the Fund and the Fund Adviser and to consider policy matters relating to the Fund and the Trust. Pursuant to the Investment Advisory Agreement, the Fund Adviser provides the Fund with continuous investment advice and is responsible for the overall management of the Trust's business affairs, subject to supervision of the Trust's Board of Directors.

The Trust has proposed an amendment to its Articles of Incorporation, which could become effective at or about the time the Exchange is completed, which would permit the Board of directors to subdivide existing series of Trust shares into classes. Classes could be utilized to create differing expense and fee structures for investors in the same Fund. There are no specific proposals for implementing a class structure in the near future. The creation by the Board of Directors of any such classes of shares would require compliance with the applicable regulations of the Securities and Exchange Commission and would not affect the rights of existing shareholders.

The Trust does not intend to hold annual or periodically scheduled regular meetings of shareholders unless it is required to do so. Minnesota corporation law requires only that the Board of Directors convene shareholder meetings when it deems appropriate. However, Minnesota law provides that if a regular meeting of shareholders has not been held during the immediately preceding 15 months, a shareholder or shareholders holding 3% or more of the voting shares of the Trust may demand a regular meeting of shareholders by written notice given to the chief executive officer or chief financial officer of the Trust. Within 30 days after receipt of the demand, the Board of Directors shall cause a regular meeting of shareholders to be called, which meeting shall be held no later than 90 days after receipt of the demand, all at the expense of the Trust. In addition, the 1940 Act requires a shareholder vote for all amendments to fundamental investment policies and restrictions, for all investment advisory contracts and amendments thereto, and for all amendments to Rule 12b-1 distribution plans. Finally, the Trust's Articles of Incorporation provide that shareholders also have the right to remove Directors upon two-thirds vote of the outstanding shares and may call a meeting to remove a Director upon the application of 10% or more of the outstanding shares. The Trust is obligated to facilitate shareholder communications in this situation if certain conditions are met.

It is the intention of the Trust to distribute any net investment income and any net realized capital gains of the Fund to its shareholders at such times as may be required to maintain the status of the Fund as a "regulated investment company" under the Code. To maintain its status as a "regulated investment company," the Fund intends to distribute substantially all of its taxable income, including any realized capital gains and, as a result, will not incur federal income taxes. Dividends will be automatically reinvested or distributed in cash when declared. Cash payment of dividends, if requested, will be mailed within five (5) days of the date declared. The taxable status of income dividends and/or net capital gains distribution is not affected by whether they are reinvested in additional shares or paid in cash. Shareholders may elect to receive dividends in cash by so directing on the Trust's application form when initially investing or by submitting an amended application form thereafter. If a shareholder redeems all Shares owned, all dividends declared up to and including the date of redemption are paid with the proceeds of the redemption. Shareholders of the Fund may exchange their Shares, without a sales charge, for shares in any of the other Funds of the Trust.

THE PARTNERSHIP. Limited Partners of the Partnership receive, at the end of each calendar quarterly period, an allocation of profits and losses in accordance with the Limited Partnership Agreement. Limited Partners may withdraw from the Partnership by redeeming their shares of limited partnership interests, provided they give at least thirty (30) days' advance written notice to the General Partner. In the event of such a withdrawal, the General Partner makes payment to each such Limited Partner, in cash or in kind, as the General Partner shall determine, within sixty (60) days after the end of the quarterly period.

CIC, as the General Partner of the Partnership, has complete control of the business of the Partnership, and Limited Partners take no part in the operation or management of the Partnership. Limited Partners are not liable for the debts or obligations of the Partnership in excess of the value of their investment. However, when Limited Partners receive a return of their

contribution to the capital of the Partnership, they remain liable for the amount necessary for the Partnership to discharge its liability to creditors who extended credit or whose claims arose before such return of capital was made. No substantive changes in the Partnership Agreement may be made without the approval of the holders of a majority in interest of the shares of limited partnership interest. Without the consent of the partner affected, no amendment may be made to the Partnership Agreement that would reduce the number of shares of limited partnership interest held by a partner or that would affect the partner's rights of investment or redemption. Limited Partners may not assign their shares of limited partnership interest without the consent of CIC and without an opinion of counsel, if required.

CAPITALIZATION

The following table shows (1) the capitalization (adjusted net assets) of the Conley Partners Limited Partnership as of December 31, 1994 (adjusted for partners capital withdrawals and purchase on January 1, 1995) (2) the capitalization of Capital Builder Fund immediately before the exchange and (3) the pro forma initial capitalization of the Capital Builder Fund after giving effect to the proposed exchange at net asset value:

	CONLEY PARTNERS LIMITED PARTNERSHIP (1)	CAPITAL BUILDER FUND (2)	PRO FORMA INITIAL CAPITALIZATION
Total Net Assets	\$2,818,437	\$ -	\$2,818,437
Shares of Authorized Capital Stock	-	50,000,000	50,000,000
Shares of Outstanding Capital Stock	-	-	281,844
Net Asset Value Per Share	-	-	\$ 10.00

(1) Conley Partners Limited Partnership has no partner units or limited partner units

(2) Initial capitalization to come from exchange of capital stock for net assets of Conley Partner Limited Partnership. Prior to the date hereof the Fund issued ten shares to the Fund Adviser for \$10, which shares have now been redeemed.

The following table shows pro forma capitalization of (1) the pro forma initial capitalization of the Capital Builder Fund after the exchange described above (2) the capitalization, at net asset value at December 31, 1994, of the three additional funds (as adjusted for planned liquidation of securities) to be combined with Capital Builder Fund following the exchange with Conley Limited Partners Partnership and (3) the pro forma combined capitalization of the Capital Builder Fund after giving effect to all proposed exchanges at net asset value.

	PRO FORMA INITIAL CAPITALIZATION	ASSET ALLOCATION FUND	BALANCED FUND	VALUE FUND	PRO FORMA COMBINED CAPITALIZATION
Total Net Assets	\$2,818,437	\$3,567,628	\$4,691,380	\$3,253,798	\$14,331,243
Shares of Authorized Capital Stock	50,000,000	10,000,000	10,000,000	10,000,000	50,000,000
Shares of Outstanding Capital Stock	281,844	402,348	453,480	330,781	1,433,124
Net Asset Value Per Share	\$ 10.00	\$ 8.87	\$ 10.35	\$ 9.84	\$ 10.00(3)

(3) Assumes that all transactions occurred on same date.

THE TRUST AND THE FUND

Information concerning the operations and management of the Trust, including a discussion of the risks associated with investing in the Fund, is

incorporated by reference into this Prospectus/Information Statement from its current Prospectus.

The Trust is subject to the informational requirements of the Securities Exchange Act of 1934 and the 1940 Act, and in accordance with those laws files reports, proxy statements, and other information with the Commission. Reports, proxy statements, and other information filed by the Trust may be inspected and copied at the public reference facilities of the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. Copies of such materials can also be obtained by mail from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates.

THE PARTNERSHIP

The Partnership was organized by CIC on August 24, 1989, as a limited partnership under the laws of the State of Nebraska. The Partnership is an investment partnership whose investment objective is capital appreciation coupled with moderate investment income. In order to achieve this objective, investments are made principally in common and preferred stocks, bonds, debentures, and warrants. The Partnership also has the option of investing in covered call options and may invest in short-term liquid securities, including United States Government securities, commercial paper, bank certificates of deposit, other fixed-income securities, or money market funds investing in these securities. As General Partner of the Partnership, CIC has the exclusive and complete responsibility and obligation to manage the Partnership. The General Partner has entered into a Management and Investment Advisory Agreement with the Partnership Adviser to provide all investment advice, make all recommendations for portfolio transactions, and manage the assets of the Partnership. Purchases and sales of securities for the Partnership are based upon the recommendations and advice of the Partnership Adviser.

CIC is the corporate General Partner of the Partnership and also acts as the Partnership Adviser. The Trust will receive its investment advice from the Fund Adviser.

AMENDMENT TO THE PARTNERSHIP AGREEMENT

In order to facilitate the Exchange, the General Partner has proposed an amendment to the Partnership Agreement of the Partnership specifically authorizing the dissolution and liquidation of the Partnership upon approval of the Exchange (the "Facilitating Amendment"). The General Partner proposes to amend the Partnership Agreement by inserting a new Section 9.04 to the Partnership Agreement. The new proposed Section 9.04 is set forth verbatim as follows:

9.04 In addition to the dissolution and liquidation provisions of 9.01, 9.02 and 9.03, the Partnership shall terminate, liquidate and dissolve upon the General Partner's receipt of affirmative votes of Limited Partners holding limited partnership interests which represent fifty percent (50%) or more of the market value of the

Partnership assets approving a transfer of all or substantially all of the assets of the Partnership to SMITH HAYES Trust, Inc. (the "Trust") in exchange for shares of beneficial interest, par value \$.001 per share (the "Shares") in Capital Builder Fund (the "Fund") of the Trust upon the terms and conditions set forth in the Prospectus/Information Statement sent to Limited Partners in connection with the solicitation of the Limited Partners' approval of the transaction (the "Exchange"). The termination, liquidation and dissolution of the Partnership pursuant to the provisions of this section shall be made in accordance with the terms and conditions of the Exchange and, where not in conflict with the Exchange, the provisions of the Partnership Agreement.

A vote in favor of the Exchange will be deemed a vote in favor of the Facilitating Amendment. The General Partner has recommended that the partners vote in favor of the Exchange, which includes approving the Facilitating Amendment. The Facilitating Amendment will become effective only upon the receipt by the General Partner of written affirmative votes by partners holding limited partnership interests which represent fifty percent (50%) or more of the market value of the Partnership assets.

VOTING INFORMATION

Voting instructions from Limited Partners are being solicited by CIC (as General Partner of the Partnership) which will pay all costs incurred in soliciting Limited Partner votes. The solicitations will be made primarily by mail, but solicitations may also be made by telephone, telegraph, or personal interviews conducted by agents or employees of CIC. Approval of the Plan requires the affirmative vote of Limited Partners holding limited partnership interests which represent fifty percent (50%) or more of the market value of the Partnership assets. Voting instructions must be received by CIC on or before

August 24, 1995, and may be revoked by written notice received by CIC before that date. CIC and its representatives will count the ballots and provide the overall supervision of the voting process. Limited Partners returning a ballot indicating that they are abstaining from the vote will have the same practical effect as casting a vote against the Exchange Plan. Similarly, the failure to return a ballot will also have the same practical effect as casting a vote against the Exchange Plan. The Uniform Limited Partnership Act of the State of Nebraska does not provide appraisal rights for Limited Partners who do not approve the Plan.

As of the date of this Prospectus/Information Statement, no one held beneficially or of record any Shares of the Fund.

CERTAIN AFFILIATIONS

Upon completion of the Exchange and certain related transactions, John H. Conley will be the owner of approximately 5% of the outstanding voting securities of Consolidated Investment Corporation, the parent of the Fund Adviser, Administrator and Distributor of the Fund. Mr. Conley will also be President of the Fund Adviser, portfolio manager of the Fund and a director of the Trust. Thomas C. Smith is the owner of 79% of the outstanding voting

securities of Consolidated Investment Corporation, is Chairman of the Fund Adviser, Chairman, President and a director of the Trust.

EXPENSES

The Fund Adviser will pay all of the expenses incurred by the Partnership and the Trust in connection with the Exchange, including the costs of transferring portfolio securities to the Fund's custodian and costs of issuing Shares in the Exchange. The Fund Adviser will also assume all the legal fees and expenses incurred in connection with this Prospectus/Information Statement.

FINANCIAL STATEMENTS AND EXPERTS

The audited financial statements of the Partnership included in the Statement of Additional Information have been audited by KPMG Peat Marwick LLP, independent certified public accountants, Two Central Park Plaza, Suite 1501, Omaha, NE 68102, for the periods indicated in their reports. The statements examined by KPMG Peat Marwick LLP have been incorporated herein by reference in reliance upon their reports given on their authority as experts in accounting and auditing.

LEGAL MATTERS

Certain legal matters concerning the issuance of Shares in the Exchange and certain tax matters will be passed upon for the Trust and the Partnership by Cline, Williams, Wright, Johnson & Oldfather, 1900 First Tier Bank Building, 13th and "M" Streets, Lincoln, Nebraska 68508. Cline, Williams, Wright, Johnson & Oldfather acts as legal counsel to CIC, the Partnership, the Partnership Adviser, the Trust, the Fund Adviser, and the Distributor.

CONLEY PARTNERS LIMITED PARTNERSHIP

VOTING INSTRUCTION FORM

This Voting Instruction Form relates to the proposal to exchange (the "Exchange") all or substantially all of the assets of Conley Partners Limited Partnership for shares of SMITH HAYES Trust, Inc. Capital Builder Fund. A vote in favor of the Exchange includes a vote in favor of the Facilitating Amendment (as defined in the Prospectus/Information Statement accompanying this ballot).

- I vote in favor of the Exchange.
- I vote against the Exchange.
- I abstain, (a vote to abstain is counted as a vote against the Exchange).

Date: -----, 1995

Signature of Limited Partner(s)

Signature of Limited Partner(s)

PLEASE CHECK ONE BOX, SIGN, DATE AND RETURN THIS VOTING INSTRUCTION FORM AS SOON AS POSSIBLE to Conley Investment Counsel, Inc., Suite 202, 444 Regency Parkway, Omaha, NE 68114. A stamped, return envelope is enclosed for your convenience.

CONLEY PARTNERS LIMITED PARTNERSHIP

REQUEST FOR A STATEMENT OF ADDITIONAL INFORMATION

If you would like a Statement of Additional Information relating to the proposal to exchange all or substantially all of the assets of Conley Partners Limited Partnership for shares of SMITH HAYES Trust, Inc. Capital Builder Fund, kindly print your name and address below and mail this request to:

SMITH HAYES Financial Services Corporation
200 Centre Terrace
1225 "L" Street
Lincoln, NE 68508

A Statement of Additional Information can also be obtained by calling Conley Investment Counsel, Inc. at (402) 391-1840 or calling toll-free 1 (800) 279-7437.

Name

Address

City, State

Zip Code

Exhibit "A"

AGREEMENT AND PLAN OF EXCHANGE

AGREEMENT AND PLAN OF EXCHANGE (the "Agreement"), dated July 5, 1995, between Conley Partners Limited Partnership, a Nebraska limited partnership (the "Partnership"), SMITH HAYES Trust, Inc. - Capital Builders Fund, a Minnesota corporation (the "Fund"), Conley Investment Counsel, Inc. ("CIC"), a Nebraska corporation and CONLEY SMITH, Inc. a Nebraska corporation ("Adviser").

WHEREAS, CIC, as general partner of the Partnership, and the Board of Directors of the Fund have determined it is in the best interests of the Partnership and the Fund, respectively, that substantially all of the assets of the Partnership be acquired by the Fund pursuant to this Agreement and in

accordance with the applicable statutes of the State of Nebraska; and

WHEREAS, CIC, the Partnership, the Fund, and the Adviser desire to enter into a Plan of Exchange; and

WHEREAS, Adviser, as investment adviser to the Fund and the Partnership, and CIC, as the general partner of the Partnership, have agreed to certain terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, the Partnership, the Fund, CIC and Adviser agree as follows:

PLAN OF EXCHANGE

The exchange will consist of the acquisition by the Fund of substantially all of the properties and assets of the Partnership in exchange for shares of beneficial interest, par value \$.001 per share, of the Fund (the "Fund Shares"), and the subsequent distribution to the limited partners of the Partnership, including CIC as the general partner (together, the "Partners"), in the complete liquidation and dissolution of the Partnership of all of the Fund Shares received in exchange for their interests in the Partnership ("Partnership Interests"), all upon and subject to the terms hereinafter set forth. Upon such distribution of the Fund Shares, each Partner will be entitled to receive that portion of such shares that the Partnership Interest owned by such Partner prior to the exchange bears to the number of outstanding Partnership Interests of all Partners on the same date. Any assets retained by the Partnership in excess of amounts needed to pay or provide for its liabilities will be distributed to the Partners of record as of the Exchange Date (as defined in Section 6 of the Agreement set forth below).

AGREEMENT

In consideration of the covenants and agreements herein contained, the Partnership, the Fund, and CIC agree as follows:

1. Representations and Warranties of the Partnership. The Partnership represents and warrants to and agrees with the Fund that:

(a) The Partnership is a limited partnership duly formed and validly existing under the laws of the State of Nebraska and has power to own all of its properties and assets and, subject to the approval of its limited partners (the "Limited Partners"), to carry out this Agreement.

(b) Except as shown on the financial statements of the Partnership for the years ended December 31, 1994 and 1993 and as incurred in the ordinary course of the Partnership's business since December 31, 1994, the Partnership has no known liabilities of a material amount, contingent or otherwise, and there are no material legal, administrative, or other proceedings pending or, to the knowledge of CIC, threatened against the Partnership.

(c) At both the Valuation Time (as defined in Section 3(d) hereof) and the Exchange Date, the Partnership will have full right, power, and authority to sell, assign, transfer, and deliver the assets and properties to be transferred by it hereunder. Upon such transfer as contemplated by this Agreement, the Fund will acquire such assets subject to no encumbrances, liens, security interests, and without any restrictions upon the transfer thereof (other than encumbrances, liens, security interests, or restrictions created by the Fund).

(d) No registration under the Securities Act of 1933, as amended (the "1933 Act"), of any of the securities to be transferred by the Partnership hereunder would be required if they were, as of the time of such transfer, the subject of a public distribution by the Partnership.

2. Representations and Warranties of the Fund. The Fund represents and warrants to and agrees with the Partnership that:

(a) The Fund is a corporation duly established and validly existing in conformance with the laws of the State of Minnesota and has power to carry on its business as it is now being conducted and to carry out this Agreement.

(b) The Fund is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end, diversified management investment company; and such registration has not been revoked or rescinded and is in full force and effect.

(c) At the Exchange Date, the Fund Shares to be issued to the Partnership will have been duly authorized and, when issued and delivered

pursuant to this Agreement,

will be legally and validly issued and will be fully paid and nonassessable; and no shareholder of the Fund will have any preemptive right of subscription or purchase in respect thereof.

3. Transfer of Assets.

(a) Subject to the requisite approval of the Limited Partners and to the terms and conditions contained herein, the Fund agrees to acquire from the Partnership, and the Partnership agrees to acquire from the Fund, on the Exchange Date all of the securities and cash of the Partnership (subject to the retention by the Partnership of assets sufficient, in the judgment of the Partnership, to pay the Partnership's debts, obligations, and liabilities and any assets which the Fund is not permitted, or which it has reasonably determined to be unsuitable for it, to acquire) in exchange for that number of the Fund Shares provided in Section 4 hereof. The Partnership, as soon as practicable after the Exchange Date, will distribute all the Fund Shares received by it to the Partners in exchange for their Partnership Interests. Any assets retained by the Partnership, after paying or providing for the payment of all of its liabilities, shall be distributed by the Partnership or its agent to the Partners of record as of the Exchange Date.

(b) The Partnership will pay or cause to be paid to the Fund any interest or dividends received on or after the Exchange Date with respect to securities transferred to the Fund hereunder. The Partnership will transfer to the Fund any distributions, rights, stock dividends, or other securities received by the Partnership after the Exchange Date as distributions on or with respect to the securities transferred, which shall be deemed included in assets transferred to the Fund on the Exchange Date and shall not be separately valued unless the securities in respect of which such distribution is made shall have gone "ex" such distribution prior to the Valuation Time. Notwithstanding the foregoing, the Fund shall not be entitled to receive any interest or dividends or other distributions on securities not transferred to the Fund hereunder.

(c) The Fund shall not assume, and shall not be obligated to assume, any liabilities (absolute or contingent) of the Partnership.

(d) The Valuation Time shall be 4:00 p.m., Omaha, Nebraska, time, on August 18, 1995 (the "Valuation Date"), or such earlier or later date and time as may be mutually agreed upon by the Partnership and the Fund (the "Valuation Time").

4. SHARES ISSUED IN EXCHANGE FOR ASSETS AND VALUATION. Full Fund Shares and, to the extent necessary, a fractional Fund Share of an aggregate net asset value equal to the value of the assets of the Partnership acquired shall be issued by the Fund in exchange for such assets of the Partnership. Value in all cases shall be determined as of the Valuation Time. The value of the assets of the Partnership to be acquired by the Fund and the net asset value per share of the Fund Shares shall be determined in accordance with the procedures for determining the value of the Fund's assets set forth in the Fund's Articles of Incorporation and in the prospectus that forms part of the Fund's Registration Statement on Form N-1A under the caption "Valuation of Shares." The Fund shall issue the Fund Shares to the Partnership. In lieu of delivering certificates for the Fund Shares, the Fund shall credit the Fund Shares to the Partnership's account on the stock record books of the Fund and shall deliver a confirmation thereof to the Partnership. The

Partnership shall then deliver written instructions to the Fund's transfer agent to set up accounts for the Partners on the stock record books of the Fund.

5. LIMITED PARTNERS' APPROVAL. The Partnership agrees, as soon as is practicable after the effective date of the Fund's Registration Statement on Form N-14, to solicit the approval of the Limited Partners of this Agreement and the transactions contemplated hereby.

6. DELIVERY OF ASSETS; EXCHANGE DATE. Delivery of the assets of the Partnership to be transferred and the Fund Shares to be issued shall be made on the next full business day following the Valuation Time, or such other date and time agreed to by the Partnership and the Fund, the date and time upon which such delivery is to take place being referred to herein as the "Exchange Date." Assets transferred shall be delivered on the Exchange Date to Union Bank, Lincoln, Nebraska, the Fund's custodian (the "Custodian"), for the account of the Fund, with all securities not in bearer form duly endorsed, or accompanied by duly endorsed separate assignments or stock powers, in proper form for transfer, with signatures guaranteed, and with all necessary state stock

transfer stamps, sufficient to transfer good and marketable title thereto (including all accrued interest and dividends and rights pertaining thereto) to the Custodian for the account of the Fund free and clear of all liens, encumbrances, rights, restrictions, and claims. Securities held at the Depository Trust Company need not be delivered to the Custodian. All cash delivered shall be in the form of currency and immediately available funds payable to the order of the Custodian for the account of the Fund.

7. The Fund's Conditions Precedent. The obligations of the Fund hereunder shall be subject to the following conditions:

(a) That the Partnership shall have furnished to the Fund a statement of the Partnership's net assets, including a list of securities owned by the Partnership with their respective tax costs and values determined as provided in Section 4 hereof, all as of the Valuation Time.

(b) That as of the Valuation Time and as of the Exchange Date, all representations and warranties of the Partnership made in this Agreement are true and correct as if made at and as of each such date, and the Partnership has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to such dates.

8. THE PARTNERSHIP'S CONDITIONS PRECEDENT. The obligations of the Partnership hereunder shall be subject to the condition that as of the Valuation Time and as of the Exchange Date, all representations and warranties of the Fund made in this Agreement are true and correct as if made at and as of each such date, and that the Fund has complied with all of the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to such dates.

9. THE FUND'S AND THE PARTNERSHIP'S CONDITIONS PRECEDENT. The obligations of both the Fund and the Partnership hereunder shall be subject to the following conditions:

(a) That this Agreement and the transactions contemplated hereby shall have been approved by the affirmative consent of the Limited Partners, holding a majority of Partnership Interests, by August 31, 1995 or such later date as shall be mutually agreeable but in no event later than December 31, 1995.

(b) That there shall not be any material litigation pending with respect to the matters contemplated by this Agreement.

(c) That the Fund's Registration Statements on Form N-1A and Form N-14 (together, the "Registration Statements") shall have become effective under the 1933 Act, and no stop order suspending such effectiveness shall have been issued and no proceedings for that purpose shall have been instituted or, to the knowledge of the Partnership, shall be contemplated by the Commission.

10. INDEMNIFICATION BY CIC. CIC will indemnify and hold harmless the Fund against any and all expense, losses, claims, damages, and liabilities at any time imposed upon or reasonably incurred by it in connection with, arising out of, or resulting from any claim, action, suit, or proceeding in which it may be involved or threatened by reason of (i) any additional taxes owing or claimed to be owing to the Fund, the Partnership, or the Limited Partners as a result of the transactions contemplated hereby that are not disclosed in the Fund's Registration Statement on Form N-14; or (ii) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statements, or any amendment or supplement thereto, or arising out of or based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, including without limitation any amounts paid by the Fund in a reasonable compromise or settlement of any such claim, action, suit, or proceeding or threatened claim, action, suit, or proceeding made with the consent of CIC. The Fund will notify CIC in writing within ten (10) days of the receipt by the Fund of any notice of legal process of any suit brought against or claim made against the Fund as to any matters covered by this Section 10(b). CIC shall be entitled to participate at its expense in the defense of any claim, suit, action, or proceeding covered by this Section 10, or, if it so elects, to assume at its expense by counsel satisfactory to the Fund the defense of any such claim, suit, action, or proceeding, and if CIC elects to assume such defense, the Fund shall be entitled to participate in the defense of any such claim, suit, action, or proceeding at its own expense. CIC's obligation under this Section 10 to indemnify and hold harmless the Fund shall constitute a guarantee of payment so that CIC will pay in the first instance any expenses, losses, claims, damages, and liabilities required to be paid by it under this Section 10 without the necessity of the Fund's first paying the same.

11. OBLIGATIONS OF THE ADVISER. Whether or not the transactions

contemplated hereby are consummated, the Adviser agrees to pay all expenses incurred (including but not limited to printing expenses, brokerage commissions, mailing costs, and fees and disbursements of counsel and accountants) by the Partnership and the Fund in connection with the exchange.

12. BROKER OR FINDER'S FEE. The Partnership and the Fund each represent that there is no person who has dealt with it and who by reason of such dealings is entitled to any finder's or other similar fee or commission arising out of the transactions contemplated by this Agreement.

13. TERMINATION OF AGREEMENT. This Agreement may be terminated and the exchange contemplated hereby abandoned at any time (whether before or after the approval thereof by the Limited Partners) prior to the Exchange Date by mutual consent of CIC as the general partner of the Partnership and the Board of Directors of the Fund evidenced by appropriate resolutions. This Agreement shall terminate if the exchange shall not have taken place by December 31, 1995.

In the event of the termination of this Agreement and abandonment of the exchange contemplated hereby pursuant to the provisions of this Section 13, this Agreement shall become void and have no effect, without any liability on the part of any party hereto or the directors, officers, or shareholders of the Fund, the Limited Partners, or CIC as the general partner of the Partnership in respect of this Agreement, except the obligation of Adviser to pay expenses.

14. RESTRICTIONS ON TRANSFER. Pursuant to Rule 145 under the 1933 Act, the Fund will, in connection with the issuance of any of the Fund Shares to any person who at the time of the transaction contemplated hereby is deemed to be an affiliate of a party to the transaction pursuant to Rule 145(c), cause to be affixed upon the certificates issued to such person (if any) a legend as follows:

THESE SHARES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED EXCEPT TO CAPITAL BUILDER FUND OR ITS PRINCIPAL UNDERWRITER UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (2) IN THE OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE FUND SUCH REGISTRATION IS NOT REQUIRED.

and, further, that stop transfer instructions will be issued to the Fund's transfer agent with respect to such Fund Shares. The Partnership will provide the Fund on the Exchange Date with the name of any Partner who is to the knowledge of the Partnership an affiliate of it on such date.

15. WAIVER. At any time prior to the Exchange Date, CIC as the general partner of the Partnership or the Board of Directors of the Fund may (a) extend the time for the performance of any of the obligations or other acts of the other; (b) waive any inaccuracy in the representations of the other; and (c) waive compliance by the other with any of the agreements or conditions set forth herein. Any agreement on behalf of either to any such extension or waiver shall be valid only if set forth in an instrument in writing duly executed and delivered on behalf of such party.

16. NO SURVIVAL OF REPRESENTATIONS. None of the representations or warranties included or provided for herein shall survive the Exchange Date.

17. AGREEMENT ENTIRE; GOVERNING LAW. Except as provided herein, this Agreement supersedes all previous correspondence or oral communications between the parties regarding the exchange, constitutes the only understanding with respect to the exchange, may not be changed except by an agreement signed by each party, and shall be construed in accordance with and governed by the laws of the State of Nebraska; provided, however, that the due authorization, execution, and delivery of this Agreement with respect to any party shall be construed in accordance with and governed by the laws of the jurisdiction of formation, organization, or incorporation of such party.

18. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original.

IN WITNESS WHEREOF, each of the Partnership, the Fund, and CIC has caused this Agreement and Plan of Exchange to be executed and attested on its behalf by its duly authorized representatives and its seal, if any, to be affixed hereto, all as of the 5th day of July, 1995.

CONLEY INVESTMENT COUNSEL, INC.
on its behalf as and General Partner
of CONLEY PARTNERS LIMITED

PARTNERSHIP

ATTEST: ----- By:-----
Title: ----- Title: President

SMITH HAYES TRUST, INC.

ATTEST: ----- By:-----
Title: ----- Title: President

CONLEY SMITH, INC.

ATTEST: ----- By:-----
Title: ----- Title: President

Exhibit "B"

THE FUND'S PROSPECTUS

PROSPECTUS

Capital Builder Fund
200 Centre Terrace
1225 L Street
Lincoln, Nebraska 68508
(402) 476-3000
1-(800)-279-7437

The Capital Builder Fund (the "Fund") is a diversified open-end management company organized as a series of the SMITH HAYES Trust, Inc. (the "Trust") The Trust is a Minnesota Corporation offering its shares in series, each series operating as separate investment management companies with their own investment objectives and policies. This Prospectus relates only to the Fund.

The primary investment objective of the Fund is to seek long-term capital appreciation with a secondary objective of providing current income. The Fund invests in a diversified portfolio of common and preferred stocks, convertible securities, U.S. Government Securities, repurchase agreements, mortgage backed securities, corporate debt securities and money market instruments. At least 65% of the Fund's total assets will be invested in common and preferred stocks and securities convertible in to common stocks. In making selections for the Fund, the adviser will utilize an investment approach based on fundamental analysis incorporating a value and growth philosophy. See "Investment Objective and Policies."

Shares of the Fund are not deposits or obligations of, or insured, guaranteed, or endorsed by, the U.S. government, any bank, the Federal Deposit Insurance Corporation, the Federal Reserve, or any other agency, entity or person. The purchase of shares necessarily involves investment risks, including the possible loss of principal.

This Prospectus concisely describes information about the Fund that an investor ought to know before investing. Please read it carefully before investing and retain it for future reference. A Statement of Additional Information about the Fund dated as of the date of this Prospectus is available free of charge by writing to the Fund, 200 Centre Terrace, 1225 L Street, Lincoln, Nebraska 68508, or telephone (402) 476-3000 or 1-(800) 279-7437. The Statement of Additional Information has been filed with the Securities and Exchange Commission and is incorporated in its entirety by reference in this Prospectus.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED
BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY
STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND
EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION
PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS.
ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is April 6, 1995.

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INTRODUCTION

The Fund is a diversified open-end management investment company organized as a series of the Trust. The Trust is a Minnesota corporation, commonly called a series mutual fund. The Trust, which was organized in 1988, has one class of capital stock that is issued in series, each series referred to as a fund which is operated as a separate open-end management investment company. This Prospectus only relates to the series Capital Builder Fund. For information regarding the Trust's other funds, call or write to the Trust at the address and telephone number on the cover page of this Prospectus.

The Investment Advisor and Administrator

The Trust is managed by CONLEY-SMITH, Inc. ("CSI") formerly SMITH HAYES Portfolio Management, Inc., a wholly owned subsidiary of Consolidated Investment Corporation ("Consolidated"). CSI acts as the investment adviser for the Fund ("Adviser"). The Administrator of the Trust is Lancaster Administrative Services, Inc. ("LAS"). LAS acts as transfer agent and provides or contracts with others to provide all necessary recordkeeping services. The Trust pays LAS a monthly fee for such services. The Trust pays the Adviser a monthly fee for advisory services rendered.
The Distributor

SMITH HAYES Financial Services Corporation ("SMITH HAYES"), also a wholly owned subsidiary of Consolidated, acts as the distributor ("Distributor") of the Trust's shares. Pursuant to the Trust's Rule 12b-1 Plan, the Trust will reimburse the Distributor monthly for certain expenses incurred in connection with the distribution and promotion of the Trust's shares, not to exceed .50% annually of the Fund's average net assets. See "Distribution of Portfolio Shares."

Purchase of Shares

Shares of the Fund are offered to the public at the next determined net asset value after receipt of an order by the Distributor, without a sales charge. The minimum initial investment in the Fund is \$1,000, and subsequent investments can be made in any amount.

Certain Risk Factors to Consider

An investment in the Fund is subject to certain risks, as set forth in detail under "Investment Objective and Policies." As with other mutual funds, there can be no assurance that the Fund will achieve its objective.

Shareholder Inquiries

Any questions or communications regarding a shareholder account should be directed to the Fund or your investment executive or other broker-dealer. General inquiries regarding the Fund should be directed to one of the telephone numbers set forth on the cover page of this Prospectus.

Redemptions

Shares of the Fund may be redeemed at any time at their net asset value next determined after receipt of a redemption request by the Distributor. The Trust reserves the right, upon 30 days' written notice, to redeem a shareholder's investment in the Fund if the net asset value of the shares held by such shareholder falls below \$500 as a result of redemptions or transfers. See "Redemption of Shares-Involuntary Redemption."

Expenses

The payments made by the Fund under the Rule 12b-1 Plan may result in long-term shareholders paying more than the economic equivalent of the maximum front end sales charge permitted by the National Association of Securities Dealers, Inc.

The table below is provided to assist the investor in understanding the various expenses that an investor in the Fund will bear, whether directly or indirectly, through an investment in the Fund. For more complete descriptions of the various costs and expenses, see "Management-Investment Adviser and Administrator", "Management-Expenses" and "Distribution of Portfolio Shares."

Annual Operating Expenses

The table below provides information regarding expenses for the Fund expressed as annual percentages of average net assets. "Other Expenses" is estimated.

Management Fees	
Investment Advisory Fees	.75%
Administration Fees	.25%

Total Management Fees	1.00%
12b-1 Fees	.50%
Other Expenses	.25%

Total Fund Operating Expenses	1.75%
	=====

Example: You would pay these expenses on a \$1,000 investment assuming (1) 5% annual return and (2) redemption at the end of each time period.

1 year	3 years	5 years	10 years
\$18	\$55	\$95	\$207

The example should not be considered a representation of past or future expenses or yield. Actual expenses and yield may be greater or lower than those shown.

INVESTMENT OBJECTIVE AND POLICIES

Investment Objectives

The primary investment objective of the Fund is to seek long-term capital appreciation with a secondary objective of providing current income. The Fund invests in a diversified portfolio of common and preferred stocks, securities convertible in common stocks, U.S. Government Securities, repurchase agreements, mortgage backed securities, corporate debt securities and money market instruments. At least 65% of the Fund's total assets will be invested in common and preferred stocks and securities convertible into common stocks. In making selections for the Fund, the Adviser will utilize an investment approach based on fundamental analysis incorporating a value and growth philosophy.

Investment Policies and Techniques

The Adviser will maintain a portfolio of securities broadly diversified among industries and companies so as to reduce its exposure to certain investment and market risks. Stock selection criteria are value and growth-oriented with an emphasis on price in relation to either earnings, cash flow, or book value. Generally, the Advisers look for companies that are selling at a discount relative to their peer group and/or relative to the market as a whole. Dividend or interest income, although considered, is not the primary factor in the selection of securities by the Fund.

The Fund will be growth oriented and invest its assets primarily in common stock. If the market condition, in the Advisers' judgment, is unfavorable for investments in common stock the Fund may choose temporarily to take defensive positions by investing all or part of its assets in U.S. Government securities, corporate debt securities or money market instruments. Corporate debt securities purchased by the Fund will be of investment grade rated BBB-Baa or better by Standard & Poor's ("S&P") or by Moody's Investors Service ("Moody's").

In the event that the rating of an investment grade security is lowered to below investment grade, the Investment Adviser will assess the creditworthiness of the issuer, evaluate the likelihood of the security's being upgraded to investment grade or being further down-graded and may choose to hold or sell the security as appropriate.

The Fund may also write listed covered call options on the securities in its portfolio, purchase exchange listed put and call options, and enter into

closing purchase and sale transactions with respect thereto. See "Special Investment Methods - Options Transactions."

Portfolio Turnover

While it is not the policy of the Fund to trade actively for short-term (less than six months) profits, the Fund will dispose of securities without regard to the time they have been held when such action appears advisable to the Adviser, subject to, among other factors, the constraints imposed on regulated investment companies by Subchapter M of the Internal Revenue Code. See "Dividends and Taxes." In the case of the Fund, frequent changes will result in increased brokerage and other costs. In

conjunction with the objective of long-term capital appreciation, the turnover in the Fund is not expected to exceed 50% annually.

The method of calculating portfolio turnover rate is set forth in the Statement of Additional Information under "Investment Objectives, Policies and Restrictions-Portfolio Turnover."

The investment objectives of the Fund described above are fundamental and may not be changed without shareholder approval. The investment policies and techniques employed in pursuit of the Fund's objectives described above are considered non-fundamental and do not require shareholder approval to be changed. In view of the risks inherent in all investments in securities, there is no assurance that these objectives will be achieved.

SPECIAL INVESTMENT METHODS

The Fund may invest in U.S. Government Securities, mortgage-related securities, repurchase agreements, convertible securities, options, and money market instruments. Descriptions of such securities, and the inherent risks of investing in such securities are set forth below.

U.S. Government Securities

The Fund may invest in U.S. Government Securities which are obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities. Obligations issued by the U.S. Treasury include Treasury Bills, Notes and Bonds which differ from each other mainly in their interest rates and the length of their maturity at original issue. In this regard, Treasury Bills have a maturity of one year or less, Treasury Notes have maturities of one to ten years and Treasury Bonds generally have maturities greater than ten years. Such Treasury Securities are backed by the full faith and credit of the U.S. Government.

Obligations of certain agencies and instrumentalities of the U.S. Government, such as the Government National Mortgage Association, are supported by the full faith and credit of the U.S. Treasury; others, such as those of the Federal National Mortgage Association, are supported by the right of the issuer to borrow from the Treasury; others, such as those of the Student Loan Marketing Association and the Federal Home Loan Banks, are supported by the discretionary authority of the U.S. Government to purchase the agency's obligations; still others, such as those of the Federal Farm Credit Banks or the Federal Home Loan Mortgage Corporation, are supported only by the credit of the instrumentality. No assurance can be given that the U.S. Government would provide financial support to U.S. Government-sponsored agencies or instrumentalities if it is not obligated to do so by law. The Fund will invest in the obligations of such agencies or instrumentalities only when the Adviser believes that the credit risk is minimal.

As with all fixed income securities, various market forces influence the value of such securities. There is an inverse relationship between the market value of such securities and yield. As interest rates

rise, the value of the securities falls; conversely, as interest rates fall, the market value of such securities rises.

Repurchase Agreements

The Fund may also enter into repurchase agreements on U.S. Government Securities to invest cash awaiting investment and/or for temporary defensive purposes. A repurchase agreement involves the purchase by the Fund of U.S. Government Securities with the condition that after a stated period of time (usually seven days or less) the original seller will buy back the same securities ("collateral") at a predetermined price or yield. Repurchase agreements involve certain risks not associated with direct investment in securities. In the event the original seller defaults on its obligation to repurchase, as a result of its bankruptcy or otherwise, the Fund will seek to

sell the collateral, which action could involve costs or delays. In such case, the Fund's ability to dispose of the collateral to recover such investment may be restricted or delayed. While collateral will at all times be maintained in an amount equal to the repurchase price under the agreement (including accrued interest due thereunder), to the extent proceeds from the sale of collateral were less than the repurchase price, a Fund would suffer a loss.

Mortgage-Backed Securities

Mortgage loans made by banks, savings and loans institutions, and other lenders are often assembled into pools which are issued and guaranteed by an agency or instrumentality of the U.S. Government, though not necessarily backed by the full faith and credit of the U.S. Government itself. Pools are also created directly by banks, savings and loans and other mortgage lenders with mortgage loans that have been made by these institutions. Interest in such loans are described as "Mortgage-Backed Securities". These include securities issued by the Government National Mortgage Association ("GNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), and the Federal National Mortgage Association ("FNMA"). The Fund may invest in U.S. Government mortgage-related securities representing undivided ownership interests in pools of mortgage loans, including GNMA, FHLMC, FNMA Certificates and loans issued directly by banks, savings, and loans and other mortgage lenders. All mortgage backed securities purchased by the Fund will have investment grade BBB or Baa by S&P's or Moody's or be of comparable grade and none will be "interest only" or "principal only".

Options Transactions

The Fund may write covered call options, with respect to the securities in which they may invest. A put option is sometimes referred to as a "standby commitment" and a call option is sometimes referred to as a "reverse standby commitment". By writing a call option, the Fund becomes obligated during the term of the option to deliver the securities underlying the option upon payment of the exercise price if the option is exercised. By writing a put option, the Fund becomes obligated during the term of the option to purchase the securities underlying the option at the exercise price if the option is exercised.

The Fund may write only "covered" options. This means that so long as the Fund is obligated as the writer of a call option, it will own the underlying securities subject to option (or comparable securities satisfying the cover requirements of securities exchanges). The Fund will be considered "covered" with

respect to a put option it writes if, so long as it is obligated as the writer of a put option, it deposits and maintains with its custodian cash, U.S. Government Securities or other liquid high-grade debt obligations having a value equal to or greater than the exercise price of the option.

The principal reason for writing call or put options is to obtain, through the receipt of premiums, a greater current return than would be realized on the underlying securities alone. The Fund receives premiums from writing call or put options, which it retains whether or not the options are exercised. By writing a call option, the Fund might lose the potential for gain on the underlying security while the option is open, and by writing a put option the Fund might become obligated to purchase the underlying security for more than its current price upon exercise.

The Fund may purchase put options, solely for hedging purposes, in order to protect portfolio holdings in an underlying security against a substantial decline in the market value of such holdings ("protective puts"). Such protection is provided during the life of the put because the Fund may sell the underlying security at the put exercise price, regardless of a decline in the underlying security's market price. Any loss to the Fund is limited to the premium paid for, and transaction costs paid in connection with, the put plus the initial excess, if any, of the market price of the underlying security over the exercise price. However, if the market price of such security increases, the profit a portfolio realizes on the sale of the security will be reduced by the premium paid for the put option less any amount for which the put is sold.

The Fund may only purchase and sell exchange-traded put and call options. Exchange-traded options are third party contracts with standardized strike prices and expiration dates and are purchased from a clearing corporation. Exchange-traded options have a continuous liquid market while other options may not. See "Special Investment Methods - Investment Restrictions."

Convertible Securities

The Fund may invest in convertible securities which are rated investment grade BBB/Baa or better by S&P or by Moody's. In the event that the rating of an investment grade security is lowered to below investment grade, the Investment Adviser will assess the creditworthiness of the issuer, evaluate the likelihood of the security's being upgraded to investment grade or being further down-graded and may choose to hold or sell the security as appropriate.

Convertible Securities are equity type securities that may be exchanged or converted into a predetermined number of the issuer's underlying common shares at the option of the holder during a specified time period. Convertible securities may take the form of convertible preferred stock, convertible bonds or debentures, and stock purchase warrants, or a combination of the features of these securities. The investment characteristics of convertible securities vary widely, allowing convertible securities to be employed for different investment objectives.

Convertible bonds and convertible preferred stocks are fixed income securities entitling the holder to receive the fixed income of a bond or the dividend preference of a preferred stock until the holder elects to exercise the conversion privilege. Holders of convertible securities have a claim on the assets of the issuer prior to the common stockholders but may be subordinated to holders of similar non-convertible securities of the same issuer. The interest income and dividends from convertible bonds and preferred

stocks provide a stream of income with generally higher yields than common stocks, but lower than non-convertible securities of similar quality.

The value of convertible securities is influenced by both the yield of non-convertible securities of comparable issuers and by the value of the underlying common stock. The value of a convertible security viewed without regard to its conversion feature (i.e., strictly on the basis of its yield) is sometimes referred to as its "investment value." The investment value of the convertible security will typically fluctuate inversely with changes in prevailing interest rates. However, at the same time, the convertible security will be influenced by its "conversion value," which is the market value of the underlying common stock that would be obtained if the convertible security were converted. Conversion value fluctuates directly with the price of the underlying common stock.

If, because of a low price of the common stock, the conversion value is substantially below the investment value of the convertible security, the price of the convertible security is governed principally by its investment value. If the conversion value of a convertible security increases to a point that approximates or exceeds its investment value, the value of the security will be principally influenced by its conversion value. A convertible security will sell at a premium over its conversion value to the extent investors place value on the right to acquire the underlying common stock while holding a fixed income security.

Money Market Instruments

The Fund may invest in money market instruments which include:

- (i) U.S. Treasury Bills;
- (ii) U.S. Treasury Notes with maturities of 18 months or less;
- (iii) U.S. Government Securities subject to repurchase agreements;
- (iv) Obligations of domestic branches of U.S. banks (including certificates of deposit and banker's acceptances with maturities of 18 months or less) which at the date of investment have capital, surplus, and undivided profits (as of the date of their most recently published financial statements) in excess of \$10,000,000 and obligations of other banks or savings and loan associations if such obligations are insured by the Federal Deposit Insurance Corporation ("FDIC");
- (v) Commercial paper which at the date of investment is rated A-1 by S&P or P-1 by Moody's or, if not rated, is issued or guaranteed as to payment of principal and interest by companies which at the date of investment have an outstanding debt issue rated AA or better by S&P or Aa or better by Moody's;
- (vi) Short-term (maturing in one year or less) corporate obligations which at the date of investment are rated AA or better by S&P or Aa or better by Moody's;
- (vii) Shares of no-load money market mutual funds (subject to the ownership restrictions of the Investment Company Act of 1940). See "Investment Policies and Restrictions" in the Statement of Additional Information.

Investment by the Fund in shares of a money market mutual fund indirectly results in the investor paying not only the advisory fee and related fees charged by the Fund, but also the advisory fees and related fees charged by the adviser and other entities providing services to the money market mutual fund.

Borrowing

The Fund may borrow money from banks for temporary or emergency purposes in an amount of up to 10% of the value of the Fund's total assets. Interest paid by the Fund on borrowed funds would decrease the net earnings of the Fund. The Fund will not purchase portfolio securities while outstanding borrowings exceed 5% of the value of the Fund's total assets. The Fund may mortgage, pledge, or hypothecate its assets in an amount not exceeding 10% of the value of its total assets to secure temporary or emergency borrowing. The policies set forth in this paragraph are fundamental and may not be changed with respect to a Fund without the approval of a majority of the Fund's shares.

Temporary Defensive Positions

The Fund may deviate from its fundamental and non-fundamental investment policies during periods of adverse or abnormal market, economic, political and other circumstances requiring immediate action to protect assets. In such cases, the Fund may invest up to 100% of its assets in U.S. Government Securities investment grade corporate debt securities, rated BBB, Baa or better by S&P or by Moody's and any Money Market Instrument described above.

Investment Restrictions

The Fund has adopted certain investment restrictions, which are set forth in detail in the Statement of Additional Information. These restrictions, which are fundamental and may not be changed without shareholder approval, include the following: (1) the Fund may not purchase any securities which would, at the time of purchase, cause 25% or more of the value of its total assets to be invested in any one industry (this restriction does not apply to securities of the U.S. Government or its agencies and instrumentalities and repurchase agreements relating thereto); (2) the Fund may not purchase a security of any one issuer, if at the time of purchase, such investment would result in the Fund holding more than 5% of the value of its total assets in such security or hold more than 10% of the outstanding voting securities of such issuer, except that up to 25% of the value of the Fund's total assets may be invested without regard to such limitations. Additional investment restrictions are set forth in the Statement of Additional Information.

If a percentage restriction set forth under "Investment Objective and Policies" is adhered to at the time of an investment, a later increase or decrease in percentage resulting from changes in values or assets will not constitute a violation of such restrictions. The foregoing investment restrictions, as well as all investment objectives and policies designed by the Fund as fundamental policies in the Statement of Additional Information, may not be changed without the approval of a "majority" of the Fund's shares outstanding, defined as the lesser of: (a) 67% of the votes cast at a meeting of shareholders for the Fund at which more than 50% of the shares are represented in person or by proxy, or (b) a majority of the outstanding voting shares of the Fund. The Adviser may also agree to certain additional non-fundamental investment policies from time to time in order to qualify the shares of the Fund in various states.

MANAGEMENT

Board of Directors

As in all corporations, the Trust's Board of Directors has the primary responsibility for over seeing the business of the Trust. The Board of Directors meets periodically to review the activities of the Fund and the Adviser and to consider policy matters relating to the Fund and the Trust.

Investment Adviser and Administrator

CONLEY-SMITH, Inc. ("CSI") has been retained under an Investment Advisory Agreement with the Trust to act as the Fund's Adviser subject to the authority of the Board of Directors. CONLEY-SMITH, Inc. was incorporated in October, 1987, under the name SMITH HAYES Portfolio Management, Inc. and changed its name in April of 1995. CSI has advised and managed the Trust since its inception. CSI is a wholly owned subsidiary of Consolidated Investment Corporation, which is engaged through its subsidiaries in various aspects of the financial services industry. Thomas C. Smith is a controlling person of Consolidated Investment Corporation and Mr. Smith is an officer and director of the Trust. John H Conley, the Fund's Portfolio Manager, owns 5% of the voting stock of Consolidated Investment Corporation. The address of the Adviser is 200 Centre Terrace, 1225 L Street, Lincoln, Nebraska 68508.

The Adviser furnishes the Fund with investment advice and, in general, supervises the management and investment programs of the Trust. The Adviser furnishes at its own expense all necessary administrative services, office space, equipment, and clerical personnel for servicing the investments of the Fund, and investment advisory facilities and executive and supervisory personnel

for managing the investment and effecting the securities transactions of the Fund. In addition, the Adviser pays the salaries and fees of all officers and directors of the Trust who are affiliated persons of the Adviser and pays the advisory fee to Conley. Under the Investment Advisory Agreement, the Adviser receives a monthly fee computed separately for the Fund at an annual rate of .75% of the daily average net asset value of the Fund.

John H. Conley, President of the Adviser, and will have the day-to-day responsibility of managing the Fund investments. Mr. Conley is a Chartered Financial Analyst with a finance and business degree from Nebraska Wesleyan University. Mr. Conley has been an investment analyst since 1974 and Mr. Conley was the President and owner of Conley Investment Counsel, Inc. an investment advisory firm which transferred all of investment advisory business to CSI on or about April 7, 1995. At the time of the transfer of the investment advisory business to CSI, Mr. Conley managed over \$40 million in assets.

Lancaster Administrative Services, Inc. ("LAS") has been retained as the Trust's Administrator under a Transfer Agent and Administrative Services Agreement with the Trust. LAS is a wholly owned subsidiary of Consolidated Investment Corporation. The Administrator provides, or contracts with others to provide, the Trust with all necessary recordkeeping services and share transfer services. The Administrator receives an administration fee, computed and paid monthly at an annual rate of 0.25% of the Fund's daily average net assets.

Expenses

The expenses paid by the Fund are deducted from total income before dividends are paid. These expenses include, but are not limited to, the fees paid to the Adviser and the Administrator, taxes, interest, ordinary and extraordinary legal and auditing fees, distribution expenses pursuant to the Rule 12b-1 Plan, custodial charges, registration and blue sky fees incurred in registering and qualifying the Fund under state and federal securities laws, association fees paid to directors who are not affiliated with the Adviser and any other fees not expressly assumed by the Adviser or Administrator. Any general expenses of the Trust that are not readily identifiable as belonging to a particular Fund will be allocated among the Funds on a pro rata basis at the time such expenses are accrued. The Fund pays its own brokerage commissions and related transaction costs.

Portfolio Brokerage

The primary consideration in effecting transactions for the Fund is execution at the most favorable prices. The Adviser has complete freedom as to the markets in which, and the broker-dealers through or with which (acting on an agency basis or as principal), it seeks this result. The Adviser may consider a number of factors in determining which broker-dealers to use for the Fund's transactions. These factors, which are more fully discussed in the Statement of Additional Information, include, but are not limited to, research services, the reasonableness of commissions and quality of services and execution. Fund transactions may be effected through SMITH HAYES, which also acts as the Distributor of the Trust's shares (see "Distribution of Fund Shares" below) if the commissions, fees or other remuneration received by SMITH HAYES are reasonable and fair compared to the commissions, fees or other remuneration paid to other brokers in connection with comparable transactions involving similar securities being purchased or sold on an exchange during a comparable period of time. SMITH HAYES has represented that, in executing Fund transactions for the Trust, it intends to charge commissions which are substantially less than non-discounted retail commissions. In effecting portfolio transactions through SMITH HAYES, the Fund intends to comply with Section 17(e)(1) of the Investment Company Act of 1940 (the "1940 Act"), as amended.

DISTRIBUTION OF PORTFOLIO SHARES

SMITH HAYES acts as the principal distributor of the Trust's shares. The Trust has adopted a Distribution Plan pursuant to Rule 12b-1 under the 1940 Act (the "Plan"), pursuant to which SMITH HAYES is entitled to reimbursement each month (subject to the limitation discussed below) for its actual expenses incurred in the distribution and promotion of the Trust's shares. These expenses include, but are not limited to, compensation paid to investment executives of SMITH HAYES and to broker-dealers which have entered into sales agreements with SMITH HAYES, expenses incurred in the printing of reports used for sales purposes, preparation and printing of sales literature, advertising, promotion, marketing and sales expenses, payments to banks for shareholder services and accounting services and other distribution-related expenses. Reimbursement to SMITH HAYES for the Fund may not exceed 0.50% per annum of the average daily net assets of the Fund. Compensation will be paid out of such amounts to SMITH HAYES investment executives, to broker-dealers which have entered into sales agreements with SMITH HAYES and to banks which provide services to the Trust for the Fund. The Glass-Steagall Act and other applicable laws prohibit banks from engaging in the business of underwriting, selling, or distributing securities.

Insofar as banks are compensated, their only function will be to perform administrative and shareholder services for their clients who wish to invest in the Fund. If a bank at a future date is prohibited from acting in this capacity, the shareholder may lose the services provided by the bank; however, it is not expected that the shareholders would incur any adverse financial consequences. It is intended that none of the services provided by such banks other than through registered brokers will involve the solicitation or sale of shares of the Fund. In the event distribution expenses for the Fund in any one year exceed the maximum reimbursable under the Plan, such expenses may not be carried forward to the following year. In its sole discretion, SMITH HAYES can waive all or part of payments under the Plan. Any such waiver can be discontinued at any time. Further information regarding the Plan is contained in the Statement of Additional Information.

PURCHASE OF SHARES

The Fund's shares may be purchased at the net asset value per share from SMITH HAYES and from certain other broker-dealers who have sales agreements with SMITH HAYES. The address of SMITH HAYES is that of the Trust. Shareholders will receive written confirmation of their purchases. Stock Certificates will not be issued. SMITH HAYES reserves the right to reject any purchase order. Shares of the Fund are offered to the public without a sales charge at the net asset value per share next determined following receipt of an order by SMITH HAYES.

Investors may purchase shares by completing the Purchase Application included in this Prospectus and submitting it with a check payable to:

SMITH HAYES Trust, Inc.
200 Centre Terrace
1225 L Street
Lincoln, Nebraska 68508

For subsequent purchases, the name of the account and account number should be included with any purchase order to properly identify your account.

Payment for shares may also be made by bank wire. To do so the investor must direct his or her bank to wire immediately available funds directly to the Custodian as indicated below.

1. Telephone the Trust (402) 476-3000 and furnish the name, the account number and the telephone number of the investor, as well as the amount being wired and the name of the wiring bank. If a new account is being opened, additional account information will be requested and an account number will be provided.
2. Instruct the bank to wire the specific amount of immediately available funds to the Custodian. The Trust will not be responsible for the consequences of delays in the bank or Federal Reserve wire system. The investor's bank must furnish the full name of the investor's account and the account number. The wire should be addressed as follows:

UNION BANK AND TRUST COMPANY
Lincoln, Nebraska
Trust Department, ABA# 104910795
Lincoln, Nebraska 68506
Account of SMITH HAYES Trust, Inc.

FBO (Account Registration name)

3. Complete a Purchase Application and mail it to the Trust if shares being purchased by bank wire transfer represent an initial purchase. (The completed Purchase Application must be received by the Trust before subsequent instructions to redeem Trust shares will be accepted.) Banks may impose a charge for the wire transfer of funds.

Acquiring Shares in Exchange for Securities

Shares may also be purchased by transferring to the Fund marketable securities for which market quotations are readily available and which are acceptable to the Fund. The minimum value of securities or securities and cash accepted is \$5,000. Investors contemplating an exchange of securities for shares should contact the Fund before delivering a purchase application or any securities in certificate form to determine specific procedures and to determine whether the securities are acceptable to the Fund. Exchanging securities for Fund shares may result in a tax consequence to the investor and investors are encouraged to consult with their tax advisor regarding the Federal, State and or local tax consequences of such transactions.

Minimum Investment

A minimum initial aggregate investment of \$1,000 is required. Subsequent investments can be made in any amount.

All investments must be made through your SMITH HAYES investment executive or other broker-dealer.

REDEMPTION OF SHARES

Redemption Procedure

Shares of the Fund, in any amount, may be redeemed at any time at their current net asset value next determined after a request in good order is received by SMITH HAYES plus any accrued but unpaid dividends thereon. To redeem shares of the Fund, an investor must make a redemption request through a SMITH HAYES investment executive or other broker-dealer. If the redemption request is made to a broker-dealer other than SMITH HAYES, such broker-dealer will wire a redemption request to SMITH HAYES immediately following the receipt of such a request. A redemption request will be considered to be in "good order" if made in writing and accompanied by the following:

1. a letter of instruction or stock assignment specifying the number or dollar value of shares to be redeemed, signed by all owners of the shares in the exact names in which they appear on the account, or by an authorized officer of a corporate shareholder indicating the capacity in which such officer is signing;
2. a guarantee of the signature of each owner by an eligible institution which is a participant in the Securities Transfer Agent Medallion Program which includes many U.S. commercial banks and members of recognized securities exchanges; and
3. other supporting legal documents, if required by applicable law, in the case of estates, trusts, guardianships, custodianships, corporations and pension and profit-sharing plans.

Payment of Redemption Proceeds

Normally, the Fund will make payment for all shares redeemed within five business days, but in no event will payment be made more than seven days after receipt by SMITH HAYES of a redemption request in good order. However, payment may be postponed or the right of redemption suspended for more than seven days under unusual circumstances, such as when trading is not taking place on the New York Stock Exchange. Payment of redemption proceeds may also be delayed until the check used to purchase the shares to be redeemed has cleared the banking system, which may take up to 15 days from the purchase date.

A shareholder may request that the Trust transmit redemption proceeds by bank wire to a bank account designated on the shareholder's account application form provided such bank wire redemptions are in amounts of \$5,000 or more and all requisite account information is provided to the Trust.

Involuntary Redemption

The Fund reserves the right to redeem a shareholder's account at any time the net asset value of the account falls below \$500 as the result of a redemption or transfer request. Shareholders will be notified in writing that the value of their account is less than \$500 and will be allowed 30 days to make additional investments before the redemption is processed.

VALUATION OF SHARES

The Fund determines its net asset value on each day the New York Stock Exchange (the "Exchange") is open for business, provided that the net asset value need not be determined when no portfolio shares are tendered for redemption and no order for Fund shares is received. The calculation is made as of the close of the Exchange (currently 3:00 p.m. Lincoln, Nebraska time) after the Fund has declared any applicable dividends.

The net asset value per share for the Fund is determined by dividing the value of the securities owned by the Fund plus any cash and other assets (including interest accrued and dividends declared but not collected) less all liabilities by the number of Fund shares outstanding. For the purposes of determining the aggregate net assets of the Fund, cash and receivables will be valued at their face amounts. Interest will be recorded as accrued and dividends will be recorded on the ex-dividend date. Securities traded on a national securities exchange or on the NASDAQ National Market System are valued at the last reported sale price that day. Securities traded on a national securities

exchange or on the NASDAQ National Market System for which there were no sales on that day and securities traded on other over-the-counter markets for which market quotations are readily available are valued at the mean between the bid and asked prices. If the Fund should have an open short position as to a security, the valuation of the contract will be at the average of the bid and asked prices. Portfolio securities underlying actively traded options will be valued at their market price as determined above. The current market value of any exchange-traded option held or written by the Fund is its last sales price on the exchange prior to the time when assets are valued unless the bid price is higher or the asked price is lower, in which event such bid or asked price is used. Lacking any sales that day, the options will be valued at the mean between the current closing bid and asked prices. Securities and other assets for which market prices are not readily available, are valued at fair value as determined in good faith by the Board of Directors. With the approval of the Board of Directors, the Fund may utilize a pricing service, bank, or broker-dealer experienced in such matters to perform any of the above-described functions.

DIVIDENDS AND TAXES

Dividends

All net investment income dividends and net realized capital gains with respect to the shares of the Fund will be payable in additional shares of the Fund unless the shareholder notifies his or her SMITH HAYES investment executive or other broker-dealer of an election to receive cash. The taxable status of the income dividends and/or net capital gains distributions is not affected by whether they are reinvested or paid in cash.

The Fund will pay dividends from net investment income to its shareholders at least annually or as may be required to remain a regulated investment company under the Internal Revenue Code and distribute net realized capital gains, if any, to its shareholders on an annual basis.

Taxes

The Fund will be treated as a separate entity for federal income tax purposes. The Trust intends to qualify the Fund as a "regulated investment company" as defined in the Internal Revenue Code (the "Code"). Provided certain distribution requirements are met, the Fund will not be subject to federal income tax on its net investment income and net capital gains that it distributes to its shareholders.

Shareholders subject to federal income taxation will receive taxable dividend income or capital gains, as the case may be, from distributions, whether paid in cash or reinvested in the form of additional shares. Promptly after the end of each calendar year, each shareholder will receive a statement of the federal income tax status of all dividends and distributions paid during the year.

The Trust is subject to the backup withholding provisions of the Code and is required to withhold income tax from dividends and/or redemptions paid to a shareholder, if such shareholder fails to furnish the Trust with a taxpayer identification number or under certain other circumstances. Accordingly, shareholders are urged to complete and return Form W-9 when requested to do so by the Trust.

This discussion is only a summary and relates solely to federal tax matters. Dividends may also be subject to state and local taxation. Shareholders are urged to consult with their personal tax advisors. See "Dividends and Taxes" in the Statement of Additional Information.

GENERAL INFORMATION

Capital Stock

The Trust is authorized to issue a total of one billion shares of common stock, with a par value of \$.001 per share. Of these shares, the Board of Directors has authorized the issuance of 50,000,000 shares in a series designated Capital Builder Fund shares. The Board of Directors is empowered under the Trust's Articles of Incorporation to issue other series of the Trust's common stock without

shareholder approval or to designate additional authorized but unissued shares for issuance by one or more existing funds. The Trust presently has authorized the issuance of shares in nine other series.

All shares, when issued, will be fully paid and nonassessable and will be redeemable and freely transferable. All shares have equal voting rights. They can be issued as full or fractional shares. A fractional share has pro rata the same rights and privileges as a full share. The shares possess no preemptive or

conversion rights.

Voting Rights

Each share of the Fund has one vote (with proportionate voting for fractional shares) irrespective of the relative net asset value of the Trust's shares. On some issues, such as the election of directors, all shares of the Trust, irrespective of series, vote together as one series. Cumulative voting is not authorized. This means that the holders of more than 50% of the shares voting for the election of directors can elect 100% of the directors if they choose to do so, and, in such event, the holders of the remaining shares will be unable to elect any directors.

On an issue affecting only the Fund, the shares of the Fund vote as a separate series. Examples of such issues would be proposals to (i) change a Fund's Investment Advisory Agreement, (ii) change a fundamental investment restriction pertaining to only a Fund or (iii) change a Fund's Distribution Plan. In voting on the Investment Advisory Agreement or proposals affecting only one Fund, approval of such an agreement or proposal by the shareholders of one Fund would make that agreement effective as to that Fund whether or not the agreement or proposal had been approved by the Trust's other Funds.

Shareholders Meeting

The Trust does not intend to hold annual or periodically scheduled regular meetings of shareholders unless it is required to do so. Minnesota corporation law requires only that the Board of Directors convene shareholder meetings when it deems appropriate. However, Minnesota law provides that if a regular meeting of shareholders has not been held during the immediately preceding 15 months, a shareholder or shareholders holding 3% or more of the voting shares of the Trust may demand a regular meeting of shareholders by written notice given to the chief executive officer or chief financial officer of the Trust. Within 30 days after receipt of the demand, the Board of Directors shall cause a regular meeting of shareholders to be called, which meeting shall be held no later than 90 days after receipt of the demand, all at the expense of the Trust. In addition, the 1940 Act requires a shareholder vote for all amendments to fundamental investment policies and restrictions, for all investment advisory contracts and amendments thereto, and for all amendments to Rule 12b-1 distribution plans. Finally, the Trust's Articles of Incorporation provide that shareholders also have the right to remove Directors upon two-thirds vote of the outstanding shares and may call a meeting to remove a Director upon the application of 10% or more of the outstanding shares. The Trust is obligated to facilitate shareholder communications in this situation if certain conditions are met.

Allocation of Income and Expenses

The assets received by the Trust for the issue or sale of shares of the Fund, and all income, earnings, profits, and proceeds thereof, subject only to the rights of creditors, are allocated to the Fund, and constitute the underlying assets of the Fund. The underlying assets of the portfolio are required to be segregated on the books of account, and are to be charged with the expenses of the Fund and with a share of the general expenses of the Trust. Any general expenses of the Trust not readily identifiable as belonging to a particular series are allocated among all series based upon the relative net assets of each series at the time such expenses were accrued.

Transfer Agent, Dividend Disbursing Agent and Custodian

Union Bank and Trust Company, Lincoln Nebraska, serves as Custodian for the Trust's portfolio securities and cash. The Administrator acts as Transfer Agent and Dividend Disbursing Agent. In its capacity as Transfer Agent and Dividend Disbursing Agent, the Administrator performs many of the clerical and administrative functions for the Funds.

Total Return and Performance Comparisons

Advertisements and other sales literature for the Fund may refer to "total return". Total return is the percentage change between the public offering price of a Fund share at the beginning of a period and the net asset value of such share at the end of the period, with dividends and capital gains distributions treated as reinvested. In addition, comparative performance information may be used from time to time in advertising the Fund's shares, including data from Lipper Analytical Services, Inc. and the S&P 500 Index.

Report to Shareholders

The Trust will issue semi-annual reports which will include a list of securities of the Fund owned by the Trust and financial statements, which in the case of the annual report, will be examined and reported upon by the Trust's

independent auditor.

Legal Opinion

The legality of the shares offered hereby will be passed upon, and the opinion with respect to all tax matters will be rendered by, Messrs. Cline, Williams, Wright, Johnson & Oldfather, 1900 First Tier Bank Building, Lincoln, Nebraska 68508.

Auditors

The Trust's auditors are Deloitte Touche LLP, Lincoln, Nebraska, independent certified public accountants.

SMITH HAYES TRUST, Inc. Date -----
500 Centre Terrace, 1225 L Street, Lincoln, NE 68508 Count # -----

In accordance with the terms and conditions set forth in this form, the current prospectus, and my instructions below, I wish to establish or revise a Shareholder Account as follows:

ACCOUNT REGISTRATION (Please Print)

NOTE: In the case of two or more co-owners, the account will be registered "Joint Tenants with Right of Survivorship" and not as "Tenants-in-common" unless otherwise specified.

Name of Shareholder O Individual
O Jt. WROS
O Corporation
O Trust
O Other
Name of Co-Owner (if any)

Street Address City State Zip Code

Citizen of-----U.S.----- Other(specify)-----
Social Security or T.I.N. #

(Area Code) Home Telephone (Area Code) Business Telephone

DIVIDEND AND INVESTMENT OPTION (One box must be checked)

O Reinvest all dividends and capital gains distributions. O Reinvest capital gain distributions only. O Receive all dividends and capital gain distributions in cash.

SYSTEMATIC WITHDRAWAL PLAN

Mail a check for \$----- prior to the last day of each -- O Month
O Quarter O Year First check to be mailed -----(specify month)

SHAREHOLDER AUTHORIZATION AND CERTIFICATION

I authorize any instructions contained herein and certify under penalties of perjury:(Strike number 2 if not true) 1. that the social security or other taxpayer identification number is correct; 2. that I am not subject to withholding either because of a failure to report all interest or dividends or I was subject to withholding and the Internal Revenue Service has notified me that I am no longer subject to withholding.

O Exempt from backup withholding
O Non-exempt from backup withholding

X----- X-----
Signature of Shareholder/or Authorized Officer Signature of Co-Owner (if any)

FOR DEALER ONLY (We hereby authorize SMITH HAYES Trust, Inc. as our agent in connection with transactions under this authorization form. We guarantee the shareholder's signature.)

Dealer Name Signature of Registered Representative

Home Office Address Address of Office Serving Account

City State Zip Code City State Zip Code

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No dealer, sales representative or other person has been authorized to give any information or to make any representations other than those contained in this Prospectus (and/or in the Statement of Additional Information referred to on the cover page of this Prospectus), and, if given or made, such information or representations must not be relied upon as having been authorized by the Fund or SMITH HAYES Financial Services Corporation. This Prospectus does not constitute an offer or solicitation by anyone in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

SMITH HAYES TRUST, INC.

CAPITAL BUILDER
FUND

PROSPECTUS

INVESTMENT ADVISER
CONLEY-SMITH, INC.
ADMINISTRATOR,
TRANSFER AGENT AND
DIVIDEND PAYING AGENT
Lancaster Administrative
Services, Inc.

DISTRIBUTOR
SMITH HAYES Financial
Services Corporation

CUSTODIAN
Union Bank and Trust Company
Lincoln, Nebraska

April 6, 1995

SUPPLEMENT TO PROSPECTUS

SMITH HAYES TRUST, INC.
CAPITAL BUILDER FUND

As of the date hereof, the Capital Builder Fund (the "Fund") has not commenced investment operations. The Fund will commence investment operations only at such time as the assets of Conley Partners, Limited Partnership (the "Partnership") are acquired by the Fund (the "Exchange"). This is anticipated to occur, subject to the approval of the limited partners of the Partnership, no later than the end of August, 1995.

The limited partners of the Partnership will be the first public shareholders of the Fund. Pursuant to the Agreement and Plan of Exchange between the Fund and the Partnership, the Fund will acquire portfolio securities, cash and cash equivalents in exchange for shares of the Fund which will then be distributed to the limited partners in complete dissolution of the Partnership, provided that various conditions are satisfied. Assuming that the acquisition would have occurred on June 30, 1995 and all assets of the Partnership were acquired, the Fund would have acquired portfolio securities, cash and cash equivalents having a market value of approximately \$3,266,000. The Fund will be open to other investors subsequent to the consummation of the Exchange and the Reorganization described below.

In addition, shareholders of the Asset Allocation, Balanced and Value Funds of the SMITH HAYES Trust, Inc. are also being asked to approve a Plan of Reorganization (the "Reorganization") that will result in the assets of these Funds being transferred to the Fund in exchange for shares of the Fund which will be distributed to the shareholders of these Funds in liquidation. The Plan of Reorganization will consummated, subject to certain conditions, subsequent to the acquisition of the Partnership's assets.

The Exchange and Reorganization will benefit investors who acquire shares after the Exchange and Reorganization to the extent that the pro rata portion of "other expenses" borne by each investor decreases and certain economies are realized by spreading costs over a larger asset base. The Exchange and Reorganization generally will, however, have adverse tax consequences to those same investors if the Fund acquires securities that are appreciated in value from the date they were acquired by the Partnership or by the other Funds; however, the same potential for adverse tax consequences is present whenever an investor purchases shares in a regulated investment company owning appreciated assets. (If the Exchange had taken place on June 30, 1995, based on the Partnership's unaudited financial statements as of such date, the Fund would have acquired securities having a net unrealized capital gain equal to approximately \$644,460. If the Reorganization was accomplished on the same day, the Fund would also have acquired securities having a net unrealized capital gain equal to approximately \$644,460.) When the Fund sells appreciated securities acquired in the exchange, the amount of any gain would be taxable to shareholders, including new shareholders as well as former partners of the Partnership. The effect of this would be to subject new shareholders to income tax on a distribution that economically represents a return of the purchase price of their shares rather than on an increase in the value of their investment, to the extent the gain represents appreciation in the securities at the time they were acquired in the exchange.

Nonfundamental Investment Policy Revisions

In connection with the Fund's ability to hold debt securities the ratings on which have been lowered to below investment grade as described on pages 5 and 8 of the Prospectus, the Fund has adopted a nonfundamental policy that prohibits the Fund from holding 5% or more of its total assets in below investment grade securities. As a result, in the event that the total value of debt securities rated below investment grade meets or exceeds 5% of the Fund's total assets, the Fund will liquidate some or all of the positions within a reasonable time.

In connection with the Fund's ability to deviate from its fundamental and nonfundamental investment policies in taking temporary defensive positions described on page 10 of the Prospectus, the Fund may not deviate from its policies regarding borrowing, diversification and concentration and in any event may only deviate temporarily until market conditions stabilize.

Finally, the Prospectus indicates on the top of page 11 that if a percentage restriction set forth under "Investment Objective and Policies" is adhered to at the time of an investment, a later increase or decrease in percentage resulting from changes in values of assets will not constitute a violation of such restrictions. This does not apply however to restrictions involving borrowing.

May 4, 1995

John H. Conley, President
Conley Investment Counsel, Inc.
444 Regency Parkway
Suite 202
Omaha, NE 68114-3779

Dear Mr. Conley:

You have asked us for our opinion concerning certain federal income tax consequences to the limited partners ("Limited Partners") of Conley Partners Limited Partnership (the "Partnership") when the Limited Partners receive shares ("Shares") of beneficial interest, par value \$.001 per share, of SMITH HAYES Trust, Inc. - Capital Builder Fund (the "Fund") and perhaps cash in liquidation of their limited partnership interests in the Partnership pursuant to a termination of the Partnership as described in section 708(b)(1)(A) of the Internal Revenue Code of 1986. No Limited Partner will receive an amount of cash in excess of his adjusted basis in his limited partnership interest when such interest is liquidated. The only assets of the Partnership immediately prior to its termination will be Shares and cash.

We have reviewed such documents and certain representations from you as President of the General Partner of the Partnership, as we have considered necessary for the purpose of rendering this opinion. In rendering this opinion, we have assumed that such documents when executed will conform to the proposed forms of such documents that we have examined. In addition, we have assumed the genuineness of all signatures, the capacity of each party executing a document so to execute such document, the authenticity of all documents submitted to us as originals and the conformity to original documents of all documents submitted to us as certified or photostatic copies. We have made inquiry as to the underlying facts which we considered to be relevant to the conclusions set forth in this letter. The opinions expressed in this letter are based upon certain factual statements and representations of the Partnership and the Fund set forth in the Registration Statements on Form N-1A and N-14 filed by the Fund and representations to us by you. We have no reason to believe that these representations and facts are not valid, but we have not attempted to verify independently any of these representations and facts, and this opinion is based upon the assumption that each of them is accurate.

Conley Investment Counsel, Inc.
May 4, 1995
Page 2

The conclusions expressed herein are based upon the Internal Revenue Code of 1986, Treasury Regulations, published and private letter rulings and procedures of the Internal Revenue Service and judicial decisions, all as in effect on the date of this letter.

Based upon the foregoing, it is our opinion that:

(A) The transfer by the Partnership of its assets, subject to any liabilities, to the Fund in exchange for all of the Shares of the Fund will not be a taxable event for the Partnership.

(B) Upon the termination of the Partnership, the Partnership's taxable year will close; and each Limited Partner will include in income the Limited Partner's allocable share of the Partnership's gain or loss for the taxable year. The Limited Partner's federal income tax adjusted basis in the partnership interest will be increased by the amount of any allocable gain and will be reduced (but not below zero) by the amount of any allocable loss and any cash distributions made to such Limited Partner.

(C) A Limited Partner will not recognize, for federal income tax purposes, taxable gain or loss upon receipt of Shares and cash in liquidation of the partnership interest in the Partnership and if the amount of cash received is less than the adjusted basis in the partnership interest.

(D) A Limited Partner's federal income tax basis in the Shares will be equal to the federal income tax adjusted basis in the former partnership interest in the Partnership minus the amount of cash received pursuant to the liquidation of the partnership interest.

(E) A Limited Partner's holding periods with respect to the Shares, for federal income tax purposes, will include the holding periods with respect to the interest in the Partnership.

(F) Because the State of Nebraska uses Federal Adjusted Gross Income as its definition for Nebraska Adjusted Gross Income, no current income tax consequences should result from the transfer of assets by the Partnership or

distribution of Fund shares to the Partners.

Except as provided herein, we express no opinion as to the federal, state or local tax consequences to the Fund, the Partnership, any shareholder of the Fund, or any partner of the Partnership regarding the above described liquidations and termination or any other transactions.

Very truly yours,

CLINE, WILLIAMS, WRIGHT, JOHNSON & OLDFATHER

STATEMENT OF ADDITIONAL INFORMATION

July 27, 1995

Acquisition of the assets of

CONLEY PARTNERS LIMITED PARTNERSHIP
c/o Conley Investment Counsel, Inc.
Attention: John H. Conley, President
444 Regency Parkway
Omaha, NE 68114-3779
(402) 391-1840

By and in exchange for the shares of

SMITH HAYES TRUST, INC.--
CAPITAL BUILDER FUND
c/o Thomas C. Smith
200 Centre Terrace
1225 "L" Street
Lincoln, NE 68508
(402) 476-3000

This Statement of Additional Information (the "Statement") relates to the proposed transfer of all or substantially all of the assets of Conley Partners Limited Partnership (the "Partnership") to the Capital Builder Fund (the "Fund") of SMITH HAYES Trust, Inc. (the "Trust") in exchange for shares of the Fund. The Statement is not a prospectus and is meant to be read in conjunction with the Prospectus/Information Statement dated the date hereof that this Statement accompanies. A Statement of Additional Information relating to the Trust and the Fund dated July 27, 1995, is attached as Appendix I to this Statement of Additional Information.

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THE EXCHANGE

The limited partners of the Partnership ("Limited Partners") are being asked to approve an Agreement and Plan of Exchange (the "Plan"). Under the Plan, substantially all of the assets of the Partnership will be acquired by the Trust in exchange for shares of the Fund. The Trust, a open-end management investment company organized as a Minnesota corporation, was formed in 1988 but has not yet commenced offering shares of the Fund to the public.

For detailed information about the Plan and the proposed Exchange, Limited Partners should refer to the Prospectus/Information Statement. For further information about the Trust or the Fund, Limited Partners should refer to the Trust's Prospectus dated April 6, 1995, as supplemented July 20, 1995, that is attached to the Prospectus/Information Statement as Exhibit "B" and the Trust's Statement of Additional Information dated April 6, 1995, which is attached as Appendix I to this Statement.

KPMG PEAT MARWICK LLP
Two Central Park Plaza
Suite 1501
Omaha, NE 68102

233 South 13th Street, Suite 1600
Lincoln, NE 68508-2041

INDEPENDENT AUDITORS' REPORT

The Partners
Conley Partners Limited Partnership:

We have audited the accompanying statements of net assets of Conley Partners Limited Partnership, including the schedule of investments in securities, as of December 31, 1994 and at commencement of business January 1, 1995, the statements of operations for the years ended December 31, 1994 and 1993 and the statements of partnership capital for the years ended December 31, 1994 and 1993 which give effect to changes at commencement of business January 1, 1995 and 1994. These financial statements are the responsibility of the general partner. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 1994 by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of Conley Partners Limited Partnership at December 31, 1994 and as of the commencement of business January 1, 1995, the results of its operations for the years ended December 31, 1994 and 1993 and the changes in partnership capital for the years ended December 31, 1994 and 1993 which give effect to changes at commencement of business January 1, 1995 and 1994, in conformity with generally accepted accounting principles.

KPMG PEAT MARWICK LLP

January 11, 1995

CONLEY PARTNERS LIMITED PARTNERSHIP

Statements of Net Assets

December 31, 1994 and at commencement of
business January 1, 1995

Assets:	Dec. 31, 1994	Jan. 1, 1995
	-----	-----
Investments in securities, at market (identified cost - December 31, 1994, \$2,502,156)	\$2,643,821	2,643,821
Temporary cash investments	297,971	297,971
Accrued interest and dividends receivable	12,504	12,504
Organizational expenses, net	-	-
Other assets	83,440	83,440
Subscriptions receivable (note 2)	-	8,935
	-----	-----
Total assets	3,037,736	3,046,671
	-----	-----
Liabilities:		
Fees payable to investment advisor	11,454	11,454
Due partners for withdrawals (note 2)	-	221,780
	-----	-----
Total Liabilities	11,454	233,234
	-----	-----
Net assets at market value representing partnership capital	\$3,026,282	2,813,437
	=====	=====

See accompanying notes to financial statements.

CONLEY PARTNERS LIMITED PARTNERSHIP

Statements of Operations

Years ended December 31, 1994 and 1993

Investment income:	1994	1993
	----	----
Interest	\$29,628	28,414
Dividends	56,894	53,519
Net realized gains on securities as classified for Federal income tax purposes (note 3):		
Long-term	119,865	94,956
Short-term	479	26,314
Other miscellaneous income	2,876	-
	-----	-----
Total realized income	209,742	203,203
	-----	-----
Expenses:		
Advisory fee (note 5)	33,850	38,601
Direct (note 5)	16,925	16,934
Amortization	900	1,200
	-----	-----
Total expenses	51,675	56,735
	-----	-----
Net realized income	158,067	146,468
Change in unrealized appreciation in market value of securities	(243,470)	62,784
	-----	-----
Increase (decrease) in net assets at market value from operations	\$ (85,403)	209,252
	=====	=====

See accompanying notes to financial statements.

CONLEY PARTNERS LIMITED PARTNERSHIP

Statements of Partnership Capital

Years ended December 31, 1994 and 1993
which give effect to changes at commencement of
business January 1, 1995 and 1994

	1994 and Jan.1,1995 -----	1993 and Jan.1,1994 -----
Beginning partnership capital at January 1, 1994 and 1993	\$3,620,285	3,728,011
Increase (decrease) in net assets at market value from operations	(85,403)	209,252
Capital share transactions (note 2)	(508,600)	(237,965)
Partnership capital at December 31, 1994 and 1993, including net unrealized appreciation	3,026,282	3,699,298
Subscriptions effective January 1, 1995 and 1994 (note 2)	8,935	24,667
Withdrawals effective January 1, 1995 and 1994 (note 2)	(221,780)	(103,680)
Partnership capital at January 1, 1995 and 1994	\$2,813,437 =====	3,620,285 =====
Represented by the partnership's:		
Cost basis of net assets	2,671,774	3,235,152
Unrealized appreciation (note 4)	141,663 -----	385,133 -----
	\$2,813,437 =====	3,620,285 =====

See accompanying notes to financial statements.

CONLEY PARTNERS LIMITED PARTNERSHIP

Schedule of Investments in Securities

December 31, 1994

Shares or Units -----		Cost -----	Market value -----
	Common stocks - 83.2%		
3,472	Archer-Daniels Midlands	\$62,400	71,620
2	Berkshire Hathaway, Inc.*	16,800	40,800
5,000	Calgon Carbon Corp.	100,080	50,000
3,990	Chemical Banking	125,442	143,141
4,671	Coastal Corp.	139,435	120,278
1,500	ConAgra	42,528	46,875
2,000	Eastman Kodak Co.	91,645	95,500
3,000	Federal Home Loan Mortgage Corporation	159,244	151,500
7,800	Hanson PLC ADR	146,816	140,400
7,700	Integon Inc.	136,507	101,063
6,000	Kentucky Electric Steel*	73,250	52,500
2,000	MBIA Inc.	75,223	112,250
5,000	Masco Corp.	157,375	113,125
3,450	Merck & Co. Inc.	83,268	131,531
5,000	Newell Co.	89,193	105,000
3,000	Pacific Scientific	76,550	121,500
6,667	Pall Corp.	127,710	125,006
4,800	Rouse Co.	87,550	92,400

1,300	Schlumberger LTD	82,020	65,488
3,000	Sears	147,550	138,000
4,000	Thermo Electron*	110,005	179,500
3,750	Trinity Industries	68,563	118,125
4,000	Unocal Corp.	108,574	109,000
700	Wells Fargo	82,328	101,500
		-----	-----
	Total common stocks	2,390,056	2,526,102
		-----	-----
	Interest-bearing bonds - 3.9%:		
100,000	NIFA CMO Zero Coupon	17,290	17,500
100,000	Ford Motor Credit, 8.25% due July 1996	94,810	100,219
		-----	-----
	Total interest-bearing bonds	112,100	117,719
		-----	-----
	Total investments in securities - 87.1%	\$2,502,156	2,643,821
		=====	
	Temporary cash investments - 9.8		297,971
	Accrued interest and dividends receivable - .4		12,504
	Other assets - 2.7		83,440
		---	-----
	Total net assets - 100.0%		\$3,037,736
		=====	=====

*Nonincome-producing investment.

See accompanying notes to financial statements.

CONLEY PARTNERS LIMITED PARTNERSHIP

Notes to Financial Statements

December 31, 1994 and at commencement
of business January 1, 1995

(1) Organization and Summary of Significant Accounting Policies

Conley Partners Limited Partnership (the Partnership) is an investment Partnership open to qualified investors. The primary objective of the Partnership is to produce long-term growth of partners' capital in a portfolio consisting of primarily equity and debt instruments.

(a) Investments in Securities

Investments in securities are stated at market value determined using the following valuation methods:

Securities traded on a national or regional securities exchange are valued at the last sales price if the security is traded on the valuation date.

Securities not listed on an exchange or securities in which there were no reported transactions are valued at the mean between the last current closing bid and ask prices.

(b) Security Transactions

Security transactions are accounted for on the date the securities are purchased or sold. Dividend income is recognized on the ex-dividend date and interest income, including amortization of premium and discount is accrued quarterly. Gains and losses are calculated using the first-in, first-out method.

(c) Income Taxes

No provision has been made in the accompanying statements for Federal

and state income taxes as any liability accruing from operations is that of the partners and not that of the Partnership.

(d) Organizational Costs

Organizational costs of the Partnership are being amortized using a straight-line method over a 60-month period.

CONLEY PARTNERS LIMITED PARTNERSHIP

Notes to Financial Statements

(2) Partnership Capital Changes

The Partnership agreement provides partners the option of contributing or withdrawing capital on the first day of each calendar quarter. At January 1, 1995 and 1994 changes effected in the Partnership capital were as follows:

- (a) Subscriptions in the form of commitments to contribute additional capital of \$8,935 at January 1, 1995 were addressed to the general partner.
- (b) Withdrawals totaling \$221,780 at January 1, 1995 were charged against the partner's capital accounts pursuant to partners' requests in the form of commitments addressed to the general partner.

Capital contributions by partners for the year ended December 31, 1994 aggregated \$257,361 (less withdrawals of \$765,961).

Capital contributions by partners for the year ended December 31, 1993 aggregated \$301,127 (less withdrawals of \$539,092).

(3) Sales of Securities

Proceeds on sales of securities aggregated \$1,167,478 and \$860,433 in 1994 and 1993, respectively, with the cost of these securities being \$1,047,134 and \$739,163, respectively.

(4) Unrealized Appreciation

At December 31, 1994 and 1993 and January 1, 1995 and 1994, unrealized appreciation consisted of the following gross unrealized gains and gross unrealized losses:

	1994 and Jan.1,1995	1993 and Jan.1,1994
Unrealized gains	\$354,294	606,443
Unrealized losses	(212,631)	221,310
	-----	-----
Net unrealized appreciation	\$141,663	385,133
	=====	=====

(5) Related Parties

The Partnership has retained the services of an investment advisor to provide investment advice and asset management to the Partnership. Under terms of the advisory agreement, the Partnership pays a quarterly fee to its investment advisor, Conley Investment Counsel, Inc., who also acts as the general partner to the Partnership.

The fee is calculated quarterly as .25% of the average monthly ending on the market value of the Partnership, as defined.

The Partnership bears its own direct expenses up to .5% of the annualized average market value of the Partnership. Expenses in excess of this limit are paid by the advisor.

At December 31, 1994 and January 1, 1995 the market value of the general partner's capital account was \$48,619.

SMITH HAYES TRUST, INC. CAPITAL BUILDER FUND
(FORMERLY CONLEY PARTNERS LIMITED PARTNERSHIP AND SMITH HAYES TRUST, INC.
ASSET ALLOCATION, VALUE, AND BALANCED PORTFOLIOS)

PRO FORMA STATEMENT OF ASSETS AND LIABILITIES

The following pro forma statement of assets and liabilities is based upon the assumption that Conley Partners Limited Partnership and the three identified portfolios of the SMITH HAYES Trust, Inc. were all acquired through exchange of Capital Builder Fund shares on December 31, 1994, with Capital Builder Fund as the surviving fund for accounting purposes. The information includes pro forma adjustments as explained in the notes to the pro forma statement of assets and liabilities.

The pro forma financial statements should be read in conjunction with the notes thereto and other financial information included in this filing.

<TABLE>
<CAPTION>

SMITH HAYES TRUST, INC.
CAPITAL BUILDER FUND
PRO FORMA STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 1994
(UNAUDITED)

	HISTORICAL		PRO FORMA		SMITH HAYES TRUST, INC.				PRO FORMA
	CONLEY PARTNERS LIMITED PARTNERSHIP	PRO FORMA ADJUSTMENTS	CONLEY PARTNERS LIMITED PARTNERSHIP	ASSET ALLOCATION PORTFOLIO	BALANCED PORTFOLIO	VALUE PORTFOLIO	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED PORTFOLIOS	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS:									
Investments in securities, at market value	\$2,643,821	-	2,643,821	3,493,915	4,001,845	3,191,188	(10,686,948) (C)	-	2,643,821
Cash equivalents	297,971	(212,845) (A)	85,126	264,509	1,001,346	86,032	10,672,448 (C)	12,024,335	12,109,461
Accrued interest and dividends receivable	12,504	-	12,504	33,401	54,760	4,080	-	92,241	104,745
Receivable for securities sold	-	-	-	-	-	369,449	-	369,449	369,449
Receivable for portfolio shares sold	-	-	-	50	1,169	1,086	-	2,305	2,305
Other assets	83,440	-	83,440	-	-	-	-	-	83,440
Organizational expenses, net	-	5,000 (B)	5,000	-	-	-	-	-	5,000
Total asset	3,037,736	(207,845)	2,829,891	3,791,875	5,059,120	3,651,835	(14,500)	12,488,330	15,318,221
LIABILITIES:									
Accrued expenses, including investment management and service fees and distribution expense reimbursement payable to adviser/administrator and distributor	11,454	-	11,454	7,935	9,912	7,443	-	25,290	36,744
Payable for portfolios shares redeemed	-	-	-	212,712	354,728	382,794	-	950,234	950,234
Total liabilities	11,454	-	11,454	220,647	364,640	390,237	-	975,524	986,978
Net assets applicable to outstanding capital stock	\$3,026,282	(207,845)	2,818,437	3,571,228	4,694,480	3,261,598	(14,500)	11,512,806	14,331,243
Capital stock information:									
Shares of authorized capital stock, \$.001 par value (E)			50,000,000	10,000,000	10,000,000	10,000,000			50,000,000
Shares of authorized capital stock, \$.001 par value (E)			281,844	402,348	453,480	330,781			1,433,124
Net asset value per share (E)			\$ 10.00	8.88	10.35	9.86			10.00

SMITH HAYES TRUST, INC.
 CAPITAL BUILDER FUND
 PRO FORMA STATEMENT OF ASSETS AND LIABILITIES (continued)
 DECEMBER 31, 1994
 (UNAUDITED)

Net asset composition:

Capital stock, at par value of \$.001/share	\$	-	282 (D)	282	402	453	331	(35) (D)	1,151	1,433
Additional paid-in capital		-	2,676,492 (D)	2,676,492	3,623,627	4,517,847	3,052,360	35 (D)	11,193,869	13,870,361
Cost basis of net assets		2,884,619	(2,884,619) (A)	-	-	-	-	-	-	-
			(D)							
Accumulated undistributed net investment income (loss)		-	-	-	(1,039)	4,446	(46,608)	-	(43,201)	(43,201)
Accumulated undistributed net realized gain (loss)		-	-	-	(2,589)	32	35,565	327,979	360,987	360,987
Unrealized appreciation (depreciation)		141,663	-	141,663	(49,173)	171,702	219,950	(342,479)	-	141,663
		-----	-----	-----	-----	-----	-----	-----	-----	-----
Total amount representing net assets applicable to shares outstanding		3,026,282	(207,845)	2,818,437	3,571,228	4,694,480	3,261,598	(14,500)	11,512,806	14,331,243
		=====	=====	=====	=====	=====	=====	=====	=====	=====

<FN>

See accompanying notes to financial statements.

Pro Forma adjustments:

- (A) To reflect net partner withdrawals on January 1, 1995.
- (B) To reflect organization costs pertaining to creation of Capital Builder Fund.
- (C) To reflect liquidation of investments prior to exchange less cost of disposal.
- (D) To reflect exchange of Capital Builder Fund capital stock for net assets of partnership/portfolio.
- (E) Conley Partners Limited Partnership has no partner units of limited partner units.

Note 1 - Costs incurred to effect this reorganization are not reflected in the pro forma financial information as management does not expect such costs to be significant. Costs incurred by the Partnership will be paid by the investment adviser while costs incurred in combining the funds will be allocated to the funds and are estimated to approximate \$3,500 per fund.

Note 2 - The pro forma combined schedule of investments is identical to the Conley Partners Limited Partnership schedule of investments due to the liquidation of all investments in the Asset Allocation, Balanced, and Value Portfolios prior to the combination. Such schedule is incorporated by reference herein on page B-1 of the Statement of Additional Information.

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SMITH HAYES TRUST, INC. CAPITAL BUILDER FUND
 (FORMERLY CONLEY PARTNERS LIMITED PARTNERSHIP AND SMITH HAYES TRUST, INC.)
 ASSET ALLOCATION, VALUE, AND BALANCED PORTFOLIOS)

PRO FORMA STATEMENTS OF OPERATIONS

The pro forma statements of operations reflect the assumed results for the year ended June 30, 1994 (fiscal year of Capital Builder Fund - surviving fund for accounting purposes) and the six months ended December 31, 1994, as if the exchange had been consummated at the beginning of the year or period. The pro forma statements of operations are not necessarily indicative of the financial results that would have occurred had the exchange been effective as of the beginning of the year or period, and should not be viewed as indicative of operations in future periods.

The pro forma financial statements should be read in conjunction with the notes thereto and other financial information included in this filing.

<TABLE>
<CAPTION>

SMITH HAYES TRUST, INC.
CAPITAL BUILDER FUND
PRO FORMA STATEMENT OF OPERATIONS
SIX MONTHS ENDED DECEMBER 31, 1994
(UNAUDITED)

	HISTORICAL CONLEY PARTNERS LIMITED PARTNERSHIP	PRO FORMA ADJUSTMENTS	PRO FORMA CONLEY PARTNERS LIMITED PARTNERSHIP	PRO FORMA COMBINED PORTFOLIOS	PRO FORMA CAPITAL BUILDER FUND
<S>	<C>	<C>	<C>	<C>	<C>
INVESTMENT INCOME:					
Dividends	\$28,827	-	28,827	83,673	112,500
Interest	18,943	-	18,943	212,590	231,533
Total investment income	47,770	-	47,770	296,263	344,033
EXPENSES:					
Investment advisory and administration fees	15,602	-	15,602	80,814	96,416
Distribution expenses	-	7,801 (A)	7,801	40,364	48,165
Custodial fees	-	-	-	5,970	5,970
Other operating expenses	7,801	(3,901) (B)	3,900	17,049	20,949
Amortization expenses	300	200 (C)	500	-	500
Total expenses	23,703	4,100	27,803	144,197	172,000
Net investment income	24,067	(4,100)	19,967	152,066	172,033
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:					
Net realized gain	171,853	-	171,853	491,541	663,394
Net unrealized depreciation					
Beginning of period	328,106	-	328,106	784,908	1,113,014
End of period	141,663	-	141,663	342,479	484,142
Net unrealized depreciation	(186,443)	-	(186,443)	(442,429)	(628,872)
Net realized and unrealized gain (loss) on investments	(14,590)	-	(14,590)	49,112	34,522
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 9,477	(4,100)	5,377	201,178	206,555

<FN>

See accompanying notes to financial statements.

Pro Forma adjustments:

- (A) To reflect distribution expense of .50% per annum of average net assets.
- (B) To reflect change in other expenses from .50% to .25% per annum of average net assets.
- (C) To reflect \$500 of amortization on organization costs pertaining to creation of Capital Builder Fund and eliminate \$300 of amortization on organization costs pertaining to creation of Conley Partners Limited Partnership.

Note 1 - Costs incurred to effect this reorganization are not reflected in the pro forma financial information as management does not expect such costs to be significant. Costs incurred by the Partnership will be paid by the investment adviser while costs incurred in combining the funds will be allocated to the funds and are estimated to approximate \$3,500 per fund.

Note 2 - The pro forma combined schedule of investments is identical to the Conley Partners Limited Partnership schedule of investments due to the liquidation of all investments in the Asset Allocation, Balanced, and Value Portfolios prior to the combination. Such schedule is incorporated by reference herein on page B-1 of the Statement of Additional Information.

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SMITH HAYES TRUST, INC.

ASSET ALLOCATION, BALANCED, AND VALUE PORTFOLIOS
COMBINED PRO FORMA STATEMENT OF OPERATIONS
SIX MONTHS ENDED DECEMBER 31, 1994
(UNAUDITED)

<S>	HISTORICAL					PRO
	ASSET ALLOCATION PORTFOLIO <C>	BALANCED PORTFOLIO <C>	VALUE PORTFOLIO <C>	COMBINED PORTFOLIOS <C>	PRO FORMA ADJUSTMENT <C>	FORMA COMBINED PORTFOLIOS <C>
INVESTMENT INCOME:						
Dividends	\$26,996	24,395	32,282	83,673	-	83,673
Interest	90,616	119,252	2,722	212,590	-	212,590
Total investment income	117,612	143,647	35,004	296,263	-	296,263
EXPENSES:						
Investment advisory and administration fees	29,193	37,072	29,702	95,967	(15,153) (A)	80,814
Distribution expenses	12,273	15,593	12,498	40,364	-	40,364
Custodial fees	2,328	1,486	2,156	5,970	-	5,970
Other operating expenses	5,676	5,221	6,152	17,049	-	17,049
Total expenses	49,470	59,372	50,508	159,350	(15,153)	144,197
Net investment income (loss)	68,142	84,275	(15,504)	136,913	15,153	152,066
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain	148,063	199,051	144,427	491,541	-	491,541
Net unrealized depreciation						
Beginning of period	117,050	252,523	415,335	784,908	-	784,908
End of period	(49,173)	171,702	219,950	342,479	-	342,479
Net unrealized depreciation	(166,223)	(80,821)	(195,385)	(442,429)	-	(442,429)
Net realized and unrealized gain (loss) on investments	(18,160)	118,230	(50,958)	49,112	-	49,112
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$49,982	202,505	(66,462)	186,025	15,153	201,178

<FN>

See accompanying notes to financial statements.

Pro Forma adjustment:

(A) To reflect change in investment advisor fee from 1.1875% to 1.00% per annum of average net assets, which is a reduction of \$4,609 for the Asset Allocation Portfolio, a reduction of \$5,854 for the Balanced Portfolio and a reduction of \$4,690 for the Value Portfolio.

Note 1 - Costs incurred to effect this reorganization are not reflected in the pro forma financial information as management does not expect such costs to be significant. Costs incurred by the Partnership will be paid by the investment adviser while costs incurred in combining the funds will be allocated to the funds and are estimated to approximate \$3,500 per fund.

Note 2 - The pro forma combined schedule of investments is identical to the Conley Partners Limited Partnership schedule of investments due to the liquidation of all investments in the Asset Allocation, Balanced, and Value Portfolios prior to the combination. Such schedule is incorporated by reference herein on page B-1 of the Statement of Additional Information.

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SMITH HAYES TRUST, INC.

CAPITAL BUILDER FUND

PRO FORMA STATEMENT OF
OPERATIONS
YEAR ENDED JUNE 30, 1994
(UNAUDITED)

	HISTORICAL CONLEY PARTNERS LIMITED PARTNERSHIP	PRO FORMA ADJUSTMENTS	PRO FORMA CONLEY PARTNERS LIMITED PARTNERSHIP	PRO FORMA COMBINED PORTFOLIOS	PRO FORMA CAPITAL BUILDER FUND
<S>	<C>	<C>	<C>	<C>	<C>
INVESTMENT INCOME:					
Dividends	\$57,552	-	57,552	287,987	345,539
Interest	29,553	-	29,553	214,221	243,774
	-----	-----	-----	-----	-----
Total investment income	87,105	-	87,105	502,208	589,313
	-----	-----	-----	-----	-----
EXPENSES:					
Investment advisory and administration fees	38,236	-	38,236	192,884	231,120
Distribution expenses	-	19,118 (A)	19,118	96,229	115,347
Custodial fees	-	-	-	11,416	11,416
Other operating expenses	16,751	(8,376) (B)	8,375	38,332	46,707
Amortization expenses	1,200	(200) (C)	1,000	-	1,000
	-----	-----	-----	-----	-----
Total expenses	56,187	10,542	66,729	338,861	405,590
	-----	-----	-----	-----	-----
Net investment income	30,918	(10,542)	20,376	163,347	183,723
	-----	-----	-----	-----	-----
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:					
Net realized gain	32,907	-	32,907	1,896,675	1,929,582
	-----	-----	-----	-----	-----
Net unrealized depreciation					
Beginning of period	403,432	-	403,432	3,246,165	3,649,597
End of period	328,106	-	328,106	784,908	1,113,014
	-----	-----	-----	-----	-----
Net unrealized depreciation	(75,326)	-	(75,326)	(2,461,257)	(2,536,583)
	-----	-----	-----	-----	-----
Net realized and unrealized loss on investments	(42,419)	-	(42,419)	(564,582)	(607,001)
	-----	-----	-----	-----	-----
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ (11,501)	(10,542)	(22,043)	(401,235)	(423,278)
	=====	=====	=====	=====	=====

<FN>

See accompanying notes to financial statements.

Pro Forma adjustments:

- (A) To reflect distribution expense of .50% per annum of average net assets.
- (B) To reflect change in other expenses from .50% to .25% per annum of average net assets.
- (C) To reflect \$1,000 of amortization on organization costs pertaining to creation of Capital Builder Fund and eliminate \$1,200 of amortization on organization costs pertaining to creation of Conley Partners Limited Partnership.

Note 1 - Costs incurred to effect this reorganization are not reflected in the pro forma financial information as management does not expect such costs to be significant. Costs incurred by the Partnership will be paid by the investment adviser while costs incurred in combining the funds will be allocated to the funds and are estimated to approximate \$3,500 per fund.

Note 2 - The pro forma combined schedule of investments is identical to the Conley Partners Limited Partnership schedule of investments due to the liquidation of all investments in the Asset Allocation, Balanced, and Value Portfolios prior to the combination. Such schedule is incorporated by reference herein on page B-1 of the Statement of Additional Information.

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SMITH HAYES TRUST, INC.

ASSET ALLOCATION, BALANCED, AND VALUE PORTFOLIOS
COMBINED PRO FORMA STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 1994
(UNAUDITED)

<S>	HISTORICAL					
	ASSET ALLOCATION PORTFOLIO <C>	BALANCED PORTFOLIO <C>	VALUE PORTFOLIO <C>	COMBINED PORTFOLIOS <C>	PRO FORMA ADJUSTMENTS <C>	PRO FORMA COMBINED PORTFOLIOS <C>
INVESTMENT INCOME:						
Dividends	\$128,606	72,688	86,693	287,987	-	287,987
Interest	29,756	179,950	4,515	214,221	-	214,221
Total investment income	158,362	252,638	91,208	502,208	-	502,208
EXPENSES:						
Investment advisory and administration fees	72,484	84,464	72,102	229,050	(36,166) (A)	192,884
Distribution expenses	30,422	35,488	30,319	96,229	-	96,229
Custodial fees	3,667	3,312	4,437	11,416	-	11,416
Other operating expenses	12,758	12,376	13,198	38,332	-	38,332
Total expenses	119,331	135,640	120,056	375,027	(36,166)	338,861
Net investment income (loss)	39,031	116,998	(28,848)	127,181	36,166	163,347
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain	1,051,128	502,539	343,008	1,896,675	-	1,896,675
Net unrealized depreciation						
Beginning of period	1,225,866	1,013,495	1,006,804	3,246,165	-	3,246,165
End of period	117,050	252,523	415,335	784,908	-	784,908
Net unrealized depreciation	(1,108,816)	(760,972)	(591,469)	(2,461,257)	-	(2,461,257)
Net realized and unrealized loss on investments	(57,688)	(258,433)	(248,461)	(564,582)	-	(564,582)
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ (18,657)	(141,435)	(277,309)	(437,401)	36,166	(401,235)

<FN>

See accompanying notes to financial statements.

Pro Forma adjustment:

(A) To reflect change in investment advisor fee from 1.1875% to 1.00% per annum of average net assets, which is a reduction of \$11,445 for the Asset Allocation Portfolio, a reduction of \$13,336 for the Balanced Portfolio and a reduction of \$11,385 for the Value Portfolio.

Note 1 - Costs incurred to effect this reorganization are not reflected in the pro forma financial information as management does not expect such costs to be significant. Costs incurred by the Partnership will be paid by the investment adviser while costs incurred in combining the funds will be allocated to the funds and are estimated to approximate \$3,500 per fund.

Note 2 - The pro forma combined schedule of investments is identical to the Conley Partners Limited Partnership schedule of investments due to the liquidation of all investments in the Asset Allocation, Balanced, and Value Portfolios prior to the combination. Such schedule is incorporated by reference herein on page B-1 of the Statement of Additional Information.

</FN>

</TABLE>

SMITH HAYES TRUST, INC. CAPITAL BUILDER FUND
(FORMERLY CONLEY PARTNERS LIMITED PARTNERSHIP)

PRO FORMA STATEMENT OF OPERATIONS

The pro forma statement of operations which follows reflects the assumed results for the year ended December 31, 1994 (calendar year used by the Conley Partners Limited Partnership) of the Conley Partners Limited Partnership as if it had the expense structure and charges that will be used by the Capital Builder Fund.

The pro forma statements of operations are not necessarily indicative of the financial results that would have occurred had the exchange been effective as of the beginning of the year or period, and should not be viewed as indicative of operations in future periods.

The pro forma financial statements should be read in conjunction with the notes thereto and other financial information included in this filing.

SMITH HAYES TRUST, INC.

CONLEY PARTNERS LIMITED PARTNERSHIP
 PRO FORMA STATEMENT OF OPERATIONS
 YEAR ENDED DECEMBER 31, 1994
 (UNAUDITED)

	HISTORICAL FORMA CONLEY PARTNERS LIMITED PARTNERSHIP	PRO FORMA ADJUSTMENTS	PRO CONLEY PARTNERS LIMITED PARTNERSHIP
INVESTMENT INCOME:			
Dividends	\$56,894	-	56,894
Interest	32,504	-	32,504
	-----	-----	-----
Total investment income	89,398	-	89,398
	-----	-----	-----
EXPENSES:			
Investment advisory and administration fees	33,850	-	33,850
Distribution expenses	-	16,925 (A)	16,925
Other operating expenses	16,925	(8,463) (B)	8,462
Amortization expenses	900	100 (C)	1,000
	-----	-----	-----
Total expenses	51,675	8,562	60,237
	-----	-----	-----
Net investment income	37,723	(8,562)	29,161
	-----	-----	-----
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:			
Net realized gain	120,344	-	120,344
Net unrealized appreciation			
Beginning of period	385,133	-	385,133
End of period	141,663	-	141,663
	-----	-----	-----
Net unrealized depreciation	(243,470)	-	(243,470)
	-----	-----	-----
Net realized and unrealized loss on investments	(123,126)	-	(123,126)
	-----	-----	-----
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ (85,403)	(8,562)	(93,965)
	=====	=====	=====

See accompanying notes to financial statements.

Pro Forma adjustments:

- (A) To reflect distribution expense of .50% per annum of average net assets.
- (B) To reflect change in other expenses from .50% to .25% per annum of average net assets.
- (C) To reflect \$1,000 of amortization on organization costs pertaining to creation of Capital Builder Fund and eliminate \$900 of amortization on organization cost pertaining to creation of Conley Partners Limited Partnership.

Appendix "1"

to Statement of

SMITH HAYES Trust, Inc.

Capital Builder Fund

STATEMENT OF ADDITIONAL INFORMATION

July 27, 1995

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This Statement of Additional Information is not a prospectus. This Statement of Additional Information relates to the Prospectus dated April 6, 1995, as supplemented on July 20, 1995, and should be read in conjunction there with. A copy of the Prospectus may be obtained from the Trust at 200 Centre Terrace, 1225 L Street, Lincoln, Nebraska 68508.

INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS

The shares of SMITH HAYES Trust, Inc. (the "Fund") are offered in series. This Statement of Additional Information only relates to the Capital Builder Fund (referred to herein as a "Fund").

Repurchase Agreements

The Fund may invest in repurchase agreements on U.S. Government Securities. The Fund's Custodian will hold the securities underlying any repurchase agreement or such securities will be part of the Federal Reserve Book Entry System. The market value of the collateral underlying the repurchase agreement will be determined on each business day. If at any time the market value of the collateral falls below the repurchase price of the repurchase agreement (including any accrued interest), the Fund will promptly receive additional collateral so that the total collateral is an amount at least equal to the repurchase price plus accrued interest.

Portfolio Turnover

Portfolio turnover is the ratio of the lesser of annual purchases or sales of portfolio securities to the average monthly value of portfolio securities, not including short-term securities maturing in less than 12 months. A 100% portfolio turnover rate would occur, for example, if the lesser of the value of purchases or sales of portfolio securities for a particular year were equal to the average monthly value of the portfolio securities owned during such year. The turnover rate will not be a limiting factor when management deems portfolio changes appropriate.

Investment Restrictions

In addition to the investment objectives and policies set forth in the Prospectus, the Fund is subject to certain investment restrictions, as set forth below, which may not be changed without the vote of a majority of the Fund's outstanding shares. "Majority," as used in the Prospectus and in this Statement of Additional Information, means the lesser of (a) 67% of the Fund's outstanding shares voting at a meeting of shareholders at which more than 50% of the outstanding shares are represented in person or by proxy or (b) a majority of the Fund's outstanding shares.

Unless otherwise specified below, the Fund will not:

1. Invest more than 5% of its assets in the securities of any one issuer with regard to 75% of the value of its assets (other than securities of the U.S. Government or its agencies or

instrumentalities), up to 25% may be invested without such limitations.

2. Purchase more than 10% of any class of securities of any one issuer (taking all preferred stock issues of an issuer as a single class and all debt issues of an issuer as a single class) or acquire more than 10% of the outstanding voting securities of an issuer. In the aggregate, the Fund may not own more than 15% of any class of securities or more than 10% of the outstanding voting securities of an issuer.
3. Invest 25% or more of the value of its total assets in the securities of issuers conducting their principal business activities in any one industry. This restriction does not apply to securities of the U.S. Government or its agencies and instrumentalities and repurchase agreements relating thereto.
4. Invest more than 5% of the value of its total assets in the securities of any issuers which, with their predecessors, have a record of less than three years' continuous operation. (Securities of such issuers will not be deemed to fall within this limitation if they are guaranteed by an entity in continuous operation for more than three years. The value of all securities issued or guaranteed by such guarantor and owned by the Fund shall not exceed 10% of the value of the total assets of the Fund).
5. Issue any senior securities (as defined in the Investment Company Act of 1940, as amended), except to the extent that using options contracts or purchasing or selling securities on a when-issued or forward commitment basis may be deemed to constitute issuing a senior security.
6. Borrow money except from banks for temporary or emergency purposes. The amount of such borrowing may not exceed 10% of the value of the Fund's total assets. The Fund will not purchase securities while outstanding borrowing exceeds 5% of the value of the Fund's total assets. The Fund will not borrow money for leverage purposes.
7. Mortgage, pledge or hypothecate its assets except in an amount not exceeding 10% of the value of its total assets to secure temporary or emergency borrowing. For purposes of this policy, collateral arrangements for margin deposits on futures contracts or with respect to the writing of options are not deemed to be a pledge of assets.
8. Make short sales of securities or maintain a short position.
9. Purchase any securities on margin except to obtain such short-term credits as may be necessary for the clearance of transactions.
10. Purchase or retain the securities of any issuer if, to the Fund's knowledge, those officers or directors of the Fund or its affiliates or of its investment adviser who individually own beneficially more than 0.5% of the outstanding securities of such issuer, or together own more than 5% of such outstanding securities.
11. Invest for the purpose of exercising control or management.
12. Purchase or sell commodities or commodity futures contracts.
13. Purchase or sell real estate or real estate mortgage loans, except that the Fund may invest in securities secured by real estate or interests therein or issued by companies that invest in real estate or interest therein.
14. Purchase or sell oil, gas or other mineral leases, rights or royalty contracts, except that the Fund may purchase or sell securities of companies investing in the foregoing.
15. Participate on a joint or a joint and several basis in any securities trading account (as prohibited by Section 12(a)2 of the Investment Company Act of 1940) except to the extent that the staff of the Securities and Exchange Commission may in the future grant exemptive relief therefrom.

16. Act as an underwriter of securities of other issuers.
17. Invest more than 5% of the Fund's net assets in restricted securities or more than 10% of the Fund's net assets in repurchase agreements with a maturity of more than seven days, and other illiquid assets, such as securities with no readily available market quotation.
18. Purchase the securities of other investment companies except as provided by Section 12(d)(1) of the Investment Company Act of 1940.

Any investment restriction or limitation referred to above or in the Prospectus, except the borrowing policy, which involves a maximum percentage of securities or assets, shall not be considered to be violated unless an excess over the percentage occurs immediately after an acquisition of securities or utilization of assets and results therefrom.

DIRECTORS AND EXECUTIVE OFFICERS

The names, addresses and principal occupations during the past five years of the directors and executive officers of the Fund are as follows:

Name, Position with Fund and Address	Principal Occupation Last Five Years
*Thomas C. Smith, Chairman, President, Chief Executive Officer and Treasurer; 200 Centre Terrace, 1225 L Street, Lincoln, Nebraska 68508	Chairman, CONLEY-SMITH, Inc., Omaha, Nebraska; Chairman and President, SMITH HAYES Financial Services Corporation, Lincoln, Nebraska; Chairman and President, Lancaster Administrative Services, Inc., Lincoln, Nebraska; Chairman and President, Consolidated Investment Corporation, Lincoln, Nebraska; Vice President and Director, Consolidated Realty Corporation, Lincoln, Nebraska
Thomas D. Potter, Director; 1800 Memorial Drive, Lincoln, Nebraska 68502	President and Chief Executive Officer, Lincoln Mutual Life Insurance Company, Lincoln, Nebraska; December, 1987 - Current
Dale C. Tinstman, Director; Suite 200, 1201 "O" Street, Lincoln, Nebraska 68508	Financial and Investment Consultant; Chairman of University of Nebraska Foundation; Director and Consultant of IBP, Inc. (meat packing and agribusiness), Lincoln, Nebraska
Thomas R. Larsen, C.P.A., Director; 6211 "O" Street, Lincoln, Nebraska 68510	Certified Public Accountant, Chairman, and President Larsen Bryant & Porter CPA's, P.C., Lincoln, Nebraska
Jean B. Norris, Vice President and Secretary; 200 Centre Terrace, 1225 L Street, Lincoln, Nebraska 68508	Vice President and Secretary, CONLEY-SMITH, Inc., Omaha, Nebraska; Vice President and Secretary of Lancaster Administrative Services, Inc., Lincoln, Nebraska; Operations Manager of SMITH HAYES Trust, Inc., Lincoln, Nebraska

The addresses of the directors and officers of the Fund are that of the Fund unless otherwise indicated.

*Interested director of the Fund by virtue of his affiliation with CONLEY-SMITH, Inc., as defined under the Investment Company Act of 1940.

The following table represents the compensation amounts received for services as a director of the Fund:

Name and Position	Aggregate Compensation From Fund	Pension or Retirement Benefits Accrued as Part of the Fund Expenses	Total Compensation From the Fund Paid to Directors
<S>	<C>	<C>	<C>
Thomas D. Potter, Director	\$1,200	\$0	\$1,200
Dale C. Tinstman, Director	\$1,200	\$0	\$1,200
Thomas R. Larsen, Director	\$1,200	\$0	\$1,200
Thomas C. Smith, Chairman	\$0	\$0	\$0

INVESTMENT ADVISORY AND OTHER SERVICES

General

The investment adviser for the Fund is CONLEY-SMITH, Inc. ("CSI") (formerly SMITH HAYES Portfolio Management, Inc. the "Adviser"). Lancaster Administrative Services, Inc. ("LAS") acts as the administrator ("Administrator") and SMITH HAYES Financial Services Corporation acts as the Fund's distributor ("Distributor"). The adviser, administrator and distributor act as such pursuant to written agreements which are periodically reviewed and approved by the directors or the shareholders of the Fund. The Adviser's address is 444 Regency Parkway, Suite 202, Omaha, Nebraska, 68114 and the address of the LAS is 200 Centre Terrace, 1225 L Street, Lincoln, Nebraska, 68508.

Control of the Adviser, Administrator and the Distributor

The adviser, administrator and distributor are wholly owned subsidiaries of Consolidated Investment Corporation, ("Consolidated") a Nebraska corporation, which is engaged through its subsidiaries in various aspects of the financial services industry. As a result of his ownership of 77%, Thomas C. Smith has a controlling interest of the outstanding stock of Consolidated Investment Corporation. John H. Conley, President of the adviser, as a result of his ownership of 5% also has a controlling interest in Consolidated.

Investment Advisory Agreement and Administration Agreement

CSI acts as the investment adviser to the Fund under an Investment Advisory Agreement ("Advisory Agreement"). LAS successor to the transfer agent and administrative services functions of the adviser will act as the Fund's Administrator under the Transfer Agent and Administrative Services Agreement (the "Administration Agreement"). The Advisory Agreement, and Administration Agreement were approved by the Board of Directors (including a majority of the directors who are not parties to the Advisory and Administration Agreements, or interested persons of any such party, other than as directors of the Fund) on April 18, 1995.

The Advisory Agreement and Administration Agreement terminate automatically in the event of their assignment. In addition, the Advisory Agreement and the Administration Agreement are terminable at any time, without penalty, by the Board of Directors of the Fund or by vote of a majority of the Fund's outstanding voting securities on not more than 60 days' written notice to the Adviser and the Administrator, as the case may be, and by the Adviser and Administrator, as the case may be, on 60 days' written notice to the Fund. Unless sooner terminated, the Advisory Agreement and Administration Agreement shall continue in effect only so long as such continuance is specifically approved at least annually by either the Board of Directors or by vote of a majority of the outstanding voting securities of the Fund, provided that in either event such continuance is also approved by a vote of a majority of the directors who are not parties to such agreement, or interested person of such parties, cast in person at a meeting called for the purpose of voting on such approval.

Pursuant to the Advisory Agreement, the Fund pays the Adviser a monthly advisory fee equal on an annual basis to .75% of the Fund's average daily net assets. Under the Advisory Agreement, the Adviser provides the Fund with advice and assistance in the selection and disposition of the Fund's investments. All investment decisions are subject to review by the Board of Directors of the Fund. The Adviser is obligated to pay the salaries and fees of any affiliates of the Adviser serving as officers or directors of the Fund.

Pursuant to the Administration Agreement, the Administrator acts as transfer agent and provides, or contracts with others to provide, the Fund all necessary bookkeeping and shareholder recordkeeping services, share transfer services, and custodial services. Under the Administration Agreement, the Administrator receives an administration fee, computed separately for the Fund and paid monthly, at an annual rate of .25% of the daily average net assets of the Fund.

The laws of certain states require that if a mutual fund's expenses (including advisory fees but excluding interest, taxes, brokerage commissions and extraordinary expenses) exceed certain percentages of average net assets, the fund must be reimbursed for such excess expenses. The Fund should not ever exceed such limits.

Custodian

The Custodian for the Fund is Union Bank and Trust Company ("Union"), 3643 South 48th, Lincoln, Nebraska 68506. Union, as Custodian, holds all of securities and cash owned by the Fund.

DISTRIBUTION PLAN

Rule 12b-1(b) under the Investment Company Act of 1940 provides that any payments made by the Fund in connection with financing the distribution of their shares may only be made pursuant to a written plan describing all aspects of the proposed financing of distribution, and also requires that all agreements with any person relating to the implementation of the plan must be in writing. Because some of the payments described below to be made by the Fund are distribution expenses within the meaning of Rule 12b-1, the Fund has entered into an Underwriting and Distribution Agreement with the Distributor pursuant to a Distribution Plan adopted in accordance with such Rule. Under the Underwriting and Distribution Agreement, the Distributor, on a best efforts basis, continuously distributes the Fund's shares.

In addition, Rule 12b-1(b)(1) requires that such plan be approved by a majority of a Fund's outstanding shares, and Rule 12b-1(b)(2) requires that such plan, together with any related agreements, be approved by a vote of the Board of Directors who are not interested persons of the Fund and who have no direct or indirect

interest in the operation of the plan, cast in person at a meeting for the purpose of voting on such plan or agreement. Rule 12(b)-1(b)(3) requires that the plan or agreement provide, in substance:

(a) that it shall continue in effect for a period of more than one year from the date of its execution or adoption only so long as such continuance is specifically approved at least annually in the manner described in paragraph (b)(2) of Rule 12b-1;

(b) that any person authorized to direct the disposition of moneys paid or payable by the Fund pursuant to the plan or any related agreement shall provide to the Fund's Board of Directors, and the directors shall review, at least quarterly, a written report of the amounts so expended and the purposes for which such expenditures were made; and

(c) in the case of a plan, that it may be terminated at any time by a vote of a majority of the members of the Board of Directors of the Fund who are not interested persons of the Fund and who have no direct or indirect financial interest in the operation of the plan or in any agreements related to the plan or by a vote of a majority of the outstanding voting securities of the Fund.

Rule 12b-1(b)(4) requires that such a plan may not be amended to increase materially the amount to be spent for distribution without shareholder approval and that all material amendments to the plan must be approved in the manner described in paragraph (b)(2) of Rule 12b-1.

Rule 12b-1(c) provides that the Fund may rely upon Rule 12b-1(b) only if the selection and nomination of the Fund's disinterested directors are committed to the discretion of such disinterested directors. Rule 12b-1(e) provides that the Fund may implement or continue a plan pursuant to Rule 12b-1(b) only if the directors who vote to approve such implementation or continuation conclude, in the exercise of reasonable business judgment and in light of their fiduciary duties under state law, and under Sections 36(a) and (b) of the Investment Company Act of 1940, that there is a reasonable likelihood that the plan will benefit the Fund and its shareholders. The Board of Directors has concluded that there is a reasonable likelihood that the Distribution Plan will benefit the Fund and its shareholders.

Pursuant to the provisions of the Distribution Plan, as amended, the Fund pays a fee to the Distributor computed and paid monthly at an annual rate of up to .50% of the Fund's average daily net assets in order to reimburse the Distributor for its actual expenses incurred in the distribution and promotion of the Fund's shares.

Expenses for which the Distributor will be reimbursed under the Distribution Plan include, but are not limited to, compensation paid to registered representatives of the Distributor and to broker-dealers which have entered into sales agreements with the Distributor; expenses incurred in the printing of prospectuses, statements of additional information and reports used for sales purposes; expenses of preparation and printing of sales literature; advertisement, promotion, marketing and sales expenses; and other distribution-related expenses. Compensation will be paid out of such amounts to investment executives of the Distributor and to broker-dealers which have entered into sales agreements with the Distributor as follows. If shares of the Fund are sold by a representative of a broker-dealer other than the Distributor, that portion of the reimbursement which is attributable to shares sold by such representative is paid to such broker-dealer. If shares of the Fund are sold by an investment executive of the Distributor, compensation will be paid to the investment executive by the Distributor in an amount not to exceed that portion of .50% of the average daily net assets of the Fund which is attributable to shares sold by such investment executive. Thomas C. Smith, a director and officer of the Trust, controls the Distributor and as a result has a financial

interest in the Distribution Plan.

PORTFOLIO TRANSACTIONS AND BROKERAGE ALLOCATIONS

The Adviser is responsible for decisions to buy and sell securities for the Fund, the selection of broker-dealers to effect the transactions and the negotiation of brokerage commissions, if any. In placing orders for securities transactions, the primary criterion for the selection of a broker-dealer is the ability of the broker-dealer, in the opinion of the Adviser, to secure prompt execution of the transactions at the most favorable prices. In selecting broker-dealers the Adviser may consider a number of factors including but not limited to the reasonableness of the commission (if any), quality of services, research services and execution.

When consistent with these objectives, business may be placed with broker-dealers who furnish investment research and/or services to the Adviser. Such research or services include advice, both directly and in writing, as to the value of securities; the advisability of investing in, purchasing or selling securities; and the availability of securities, or purchasers or sellers of securities, as well as analyses and reports concerning issues, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts. This allows the Adviser to supplement its own investment research activities and enable the Adviser to obtain the views and information of individuals and research staffs of many different securities firms prior to making investment decisions for the Fund. To the extent Fund transactions are effected with broker-dealers who furnish research services to the Adviser, the Adviser receives a benefit, not capable of evaluation in dollar amounts, without providing any direct monetary benefit to the Fund from these transactions. The Adviser believes that most research services obtained by it generally benefit several or all of the accounts which it manages, as opposed to solely benefiting one specific managed fund or account. Normally, research services obtained through managed funds or accounts investing in common stocks would primarily benefit the managed funds or accounts which invest in common stock; similarly, services obtained from transactions in fixed-income securities would normally be of greater benefit to the managed funds or accounts which invest in debt securities.

The Adviser has not entered into any formal or informal agreements with any broker-dealers, nor does it maintain any "formula" which must be followed in connection with the placement of the Fund's transactions in exchange for research services provided the Adviser except as noted below. However, from time to time, the Adviser may elect to use certain brokers to execute transactions in order to encourage them to provide the Adviser with research services which the Adviser anticipates will be useful to it. The Adviser will authorize the Fund to pay an amount of commission for effecting a securities transaction in excess of the amount of commission another broker-dealer would have charged only if the Adviser determines in good faith that such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker-dealer, viewed in terms of either that particular transaction or the Adviser's overall responsibilities with respect to the accounts as to which it exercises investment discretion.

Securities transactions for the Fund may be effected through the Distributor, as discussed in the Prospectus under "Management-Portfolio Brokerage." In determining the commissions to be paid to the Distributor, it is the policy of the Fund that such commissions will, in the judgment of the Adviser, subject to review by the Board of Directors, be both (a) at least as favorable as those which would be charged by other qualified brokers in connection with comparable transactions involving similar securities being purchased or sold on a securities exchange during a comparable period of time, and (b) at least as favorable as commissions contemporaneously charged by the Distributor on comparable transactions for its most favored comparable unaffiliated customers. While the Fund does not deem it practicable and in its best interest to solicit competitive bids for commission rates on each transaction, consideration will regularly be given to posted commission rates as well as to other information concerning the level of commissions charged on comparable transactions by other qualified brokers.

In certain instances, there may be securities which are suitable investments for the Fund as well as for one or more of the advisory clients of the Adviser. Investment decisions for the Fund and for such advisory clients are made by the Adviser with a view to achieving their respective investment objectives. It may develop that a particular security is bought or sold for only one client of the Adviser even though it might be held by, or bought or sold for, other clients. Likewise, a particular security may be bought for one or more clients of the Adviser when one or more other clients are selling that same security. Some simultaneous transactions are inevitable when several clients

receive investment advice from the same investment adviser, particularly when the same security is suitable for the investment objectives of more than one client. When two or more clients of the Adviser are simultaneously engaged in the purchase or sale of the same security, the securities are allocated among clients in a manner believed by the Adviser to be equitable to each (and may result, in the case of purchases, in allocation of that security only to some of those clients and the purchase of another security for other clients regarded by the Adviser, as a satisfactory substitute). It is recognized that in some cases this system could have a detrimental effect on the price or volume of the security as far as the Fund is concerned. At the same time, however, it is believed that the ability of the Fund to participate in volume transactions will sometime produce better execution prices.

Option Trading Limits

The writing by the Fund of options on securities is subject to limitations established by each of the registered securities exchanges on which such options are traded. Such limitations govern the maximum number of options in each class which may be written by a single investor or group of investors acting in concert, regardless of whether the options are written on the same or different securities exchanges or are held or written in one or more accounts or through one or more brokers. Thus, the number of options which the Fund may write may be affected by options written by the other Funds and by other investment advisory clients of the Adviser. An exchange may order the liquidations of positions found to be in excess of these limits, and it may impose certain other sanctions. The Adviser believes it is unlikely that the level of option trading by the Fund will exceed applicable limitations.

CAPITAL STOCK AND CONTROL

A complete description of the rights and characteristics of the Fund's capital stock is included in the Prospectus.

NET ASSET VALUE AND PUBLIC OFFERING PRICE

The method for determining the public offering price of Fund shares is summarized in the Prospectus in the text following the heading "Purchase of Shares"--"Valuation of Shares." The net asset value of each Fund's shares is determined on each day on which the New York Stock Exchange is open, provided that the net asset value need not be determined on days when no Fund shares are tendered for redemption and no order for Fund's shares is received. The New York Stock Exchange is not open for business on the following holidays (or on the nearest Monday or Friday if the holiday falls on a weekend): New Year's Day, President's Day, Good Friday, Memorial Day, July 4th, Labor Day, Thanksgiving and Christmas.

The portfolio securities in which the Fund invests fluctuate in value, and hence the net asset value per share of the Fund also fluctuates. An example of how the net asset value per share for the Fund is calculated is as follows:

Net Assets (\$100,000	= Net Asset Value
Shares Outstanding (10,000)	per Share (\$10)

REDEMPTION

Redemption of shares, or payment, may be suspended at times (a) when the New York Stock Exchange is closed for other than customary weekend or holiday closings, (b) when trading on said exchange is restricted, (c) when an emergency exists, as a result of which disposal by the Fund of securities owned is not reasonably practicable, or it is not reasonably practicable for the Fund fairly to determine the value of its net assets, or (d) during any other period when the Securities and Exchange Commission, by order, so permits, provided that applicable rules and regulations of the Securities and Exchange Commission shall govern as to whether the conditions prescribed in (b) or (c) exist.

TAX STATUS

The Fund has qualified and intends to continue as a "regulated investment company" under Subchapter M of the Internal Revenue Code of 1986, as amended so as to be relieved of federal income tax on its capital gains and net investment income distributed to shareholders. To qualify as a regulated investment company, the Fund must, among other things, receive at least 90% of its gross income each year from dividends, interest, gains from the sale or other disposition of securities and certain other types of income including, with certain exceptions, income from options and futures contracts. However, gains from the sale or other disposition of stock or securities held for less than three months must constitute less than 30% of the Fund's gross income. This restriction may limit the extent to which the Fund may effect sales of securities held for less than three months or transactions in futures contracts

and options even when the Adviser otherwise would deem such transaction to be in the best interest of the Fund. The Code also requires a regulated investment company to diversify its holdings. The Internal Revenue Service has not made its position clear regarding the treatment of options for purposes of the diversification test, and the extent to which the Fund could buy or sell options may be limited by this requirement.

The Code requires that all regulated investment companies pay a nondeductible 4% excise tax to the extent the regulated investment company does not distribute 98% of its ordinary income, determined on a calendar year basis, and 98% of its capital gains, determined, in general, on an October 31 year end. The required distributions are based only on the taxable income of a regulated investment company.

Ordinarily, distributions and redemption proceeds earned by the Fund shareholder are not subject to withholding of federal income tax. However, if a shareholder fails to furnish a tax identification number or social security number, or certify under penalties of perjury that such number is correct, the Fund may be required to withhold federal income tax ("backup withholding") from all dividend, capital gain and/or redemption payments to such shareholder. Dividends and capital gain distributions may also be subject to backup withholding if a shareholder fails to certify under penalties of perjury that such shareholder is not subject to backup withholding due to the under reporting of certain income. These certifications are contained in the purchase application enclosed with the Prospectus.

CALCULATIONS OF PERFORMANCE DATA

From time to time the Fund may quote the yield for the Fund in advertisements or in reports and other communications to shareholders. For this purpose, yield is calculated by dividing the Fund's net investment income per share for the base period which is 30 days or one month, by the Fund's maximum offering purchase price on the last day of the period and annualizing the result. The Fund's net investment income changes in response to fluctuations in interest rates and in the expenses of the Fund. Consequently, any given quotation should not be considered as a representative of what the Fund's yield may be for any specified period in the future.

Yield information may be useful in reviewing the Fund's performance and for providing a basis for comparison with investment alternatives. However, the Fund's yield will fluctuate, unlike other investments which pay a fixed yield for a stated period of time. Current yield should be considered together with fluctuations in the Fund's net asset value over the period for which yield has been calculated, which, when combined, will indicate the Fund's total return to shareholders for that period. Other investment companies may calculate yields on a different basis. In addition, investors should give consideration to the quality and maturity of the fund securities of the respective investment companies when comparing investment alternatives.

In connection with the quotations of yields in advertisements described above, the Fund may also provide average annual total returns from the date of inception for one, five and ten-year periods if applicable. Total return is a calculation which equates an initial amount invested to the ending redeemable value at a specified time. It assumes the reinvestment of all dividends and capital gains distributions. Average total return will be the average of the total returns for each year in the period. The Fund may also provide a total return figure for the most recent calendar quarter prior to the publication of the advertisement.

AUDITORS

On April 18, 1995, the Board of Directors, including all disinterested directors, unanimously approved the appointment of Deloitte & Touche LLP, 1040 NBC Center, Lincoln, Nebraska 68508-1469 as the Fund's accountants.

APPENDIX A

RATINGS OF CORPORATE OBLIGATIONS, COMMERCIAL PAPER, AND PREFERRED STOCK

Ratings of Corporate Obligations

Moody's Investors Services, Inc.

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.

Ba: Bonds rated Ba are judged to have speculative elements; their future cannot be considered as well assured. Often the protection of interest and principal payments may be very moderate and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.

B: Bonds rated B generally lack characteristics of the desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.

Caa: Bonds rated Caa are of poor standing. Such bonds may be in default or there may be present elements of danger with respect to principal and interest.

Ca: Bonds rated Ca represent obligations which are speculative in a high degree. Such bonds are often in default or have other marked shortcomings.

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Those securities in the A and Baa groups which Moody's believes possess the strongest investment attributes are designed by the symbols A-a and Baa-1. Other A and Baa securities comprise the balance of their respective groups. These rankings (1) designate the securities which offer the maximum in security within their quality groups, (2) designate securities which can be bought for possible upgrading in quality, and (3) additionally afford the investor an opportunity to gauge more precisely the relative attractiveness of offerings in the marketplace.

Standard & Poor's Corporation

AAA: Bonds rated AAA have the highest rating assigned by Standard and Poor's to a debt obligation. Capacity to pay interest and repay principal is extremely strong.

AA: Bonds rated AA have a very strong capacity to pay interest and repay principal and differ from the highest rated issues only in a small degree.

A: Bonds rated A have a strong capacity to pay interest and repay principal, although they are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than bonds in higher rated categories.

BBB: Bonds rated BBB are regarded as having an adequate capacity to pay interest and repay principal. Although they normally exhibit 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 bonds in this category than for bonds in higher rate categories. Bonds rated BBB are regarded as having speculation characteristics.

BB--B--CCC-CC: Bonds rated BB, B, CCC, and CC are regarded, on balance, as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligation. BB indicates the lowest degree of speculation among such bonds and CC the highest degree of speculation. Although such bonds will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions.

Commercial Paper Ratings

Commercial paper ratings are graded into four categories, ranging from "A" for the highest quality obligations to "D" for the lowest. Issues assigned the A rating are regarded as having the greatest capacity for timely payments. Issues in this category are further refined with the designation 1, 2 and 3 to indicate the relative degree of safety. The "A-1" designation indicates that the degree of safety regarding timely payment is very strong. Those issues determined to possess overwhelming safety characteristics will be denoted with a plus sign designation.

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Moody's Investors Services, Inc.

Moody's commercial paper ratings are opinions of the ability of the issuers to repay punctually promissory obligations not having an original maturity in excess of nine months. Moody's makes no representation that such obligations are exempt from registration under the Securities Act of 1933, nor does it represent that any specific note is a valid obligation of a rated issuer or issued in conformity with any applicable law. Moody's employs the following three designations, all judged to be investment grade, to indicate the relative repayment capacity of rated issuers:

- Prime-1 Superior capacity for repayment
- Prime-2 Strong capacity for repayment
- Prime-3 Acceptable capacity for repayment

Ratings of Preferred Stock

Standard & Poor's Corporation

Standard & Poor's preferred stock rating is an assessment of the capacity and willingness of an issuer to pay preferred stock dividends and any applicable sinking fund obligations. A preferred stock rating differs from a bond rating inasmuch as it is assigned to an equity issue, which issue is intrinsically different from, and subordinated, a debt issue. Therefore, to reflect this difference, the preferred stock rating symbol will normally not be higher than the bond rating symbol assigned to, or that would be assigned to the senior debt of the same issuer.

The preferred stock ratings are based on the following considerations:

1. Likelihood of payment--capacity and willingness of the issuer to meet the timely payment of preferred stock dividends and any applicable sinking fund requirements in accordance with the terms of the obligation.
2. Nature of an provisions of the issue.
3. Relative position of the issue in the event of bankruptcy, reorganization, or other arrangements affecting creditors' rights.

AAA: This is the highest rating that may be assigned by Standard and Poor's to a preferred stock issue and indicates an extremely strong capacity to pay the preferred stock obligations.

AA: A preferred stock issue rated AA also qualifies as a high-quality fixed income security. The capacity to pay preferred stock obligations is very strong, although not as overwhelming as for issues rated AAA.

A: An issue rated A is backed by a sound capacity to pay the preferred stock obligations, although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions.

A-3

BBB: An issue rated BBB is regarded as backed by an adequate capacity to pay the preferred stock obligations. Whereas it normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to make payments for a preferred stock in this category than for issues in the A category.

CC: The rating CC is reserved for a preferred stock issue in

arrears on dividends or sinking fund payments but that is currently paying.

C: A preferred stock rated C is a nonpaying issue.

D: A preferred stock rated D is a nonpaying issue with the issuer in default on debt instruments.

NR indicates that no 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 (-): To provide more detailed indications of preferred stock quality, 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 Services, Inc.

aaa: An issue which is rated aaa is considered to be a top-quality preferred stock. This rating indicates good asset protection and the least risk of dividend impairment within the universe of preferred stocks.

aa: An issue which is rated aa is considered a high-grade preferred stock. This rating indicates that there is reasonable assurance that earnings and asset protection will remain relatively well maintained in the foreseeable future.

a: An issue which is rated a is considered to be an upper-medium grade preferred stock. While risks are judged to be somewhat greater than in the aaa and aa classifications, earnings and asset protection are, nevertheless, expected to be maintained at adequate levels.

baa: An issue which is rated baa is considered to be medium grade, neither highly protected nor poorly secured. Earnings and asset protection appear adequate at present but may be questionable over any great length of time.

ba: An issue which is rated ba is considered to have speculative elements and its future cannot be considered well assured. Earnings and asset protection may be very moderate and not well safeguarded during adverse periods. Uncertainty of position characterizes preferred stocks in this class.

b: An issue which is rated b generally lacks the characteristics of a desirable investment. Assurance of dividend payments and maintenance of other terms of the issue over any long period of time may be small.

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caa: An issue which is rated caa is likely to be in arrears on dividend payments. This rating designation does not purport to indicate the future status of payments.

ca: An issue which is rated ca is speculative in a high degree and is likely to be in arrears on dividends with little likelihood of eventual payment.

c: This is the lowest rated class of preferred or preference stock. Issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

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