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FORM 497

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SHAWMUT FUNDS

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Business Address
*FEDERATED INVESTORS
TOWER
PITTSBURGH PA 15222-3779
412-288-1401*

THE SHAWMUT FUNDS

MONEY MARKET FUNDS

SHAWMUT CONNECTICUT MUNICIPAL MONEY MARKET FUND

SHAWMUT MASSACHUSETTS MUNICIPAL MONEY MARKET FUND

SHAWMUT PRIME MONEY MARKET FUND

TRUST SHARES

COMBINED PROSPECTUS

The shares offered by this prospectus represent interests in Trust Shares of the money market portfolios

(collectively, the "Money Market Funds" or individually, as appropriate in context, the "Fund") of The Shawmut Funds (the "Trust"), an open-end management investment company (a mutual fund). In addition to the Money Market Funds, the Trust consists of the following separate investment portfolios, each having a distinct investment objective and policies:

INCOME FUNDS

Shawmut Connecticut Intermediate Municipal
Income Fund
Shawmut Fixed Income Fund

Shawmut Intermediate Government Income Fund

Shawmut Limited Term Income Fund
Shawmut Massachusetts Intermediate Municipal
Income Fund

EQUITY FUNDS

Shawmut Growth and Income Equity Fund
Shawmut Growth Equity Fund
Shawmut Small Capitalization Equity Fund

This combined prospectus contains the information you should read and know before you invest in the Money Market Funds. Keep this prospectus for future reference. The Money Market Funds have also filed a Combined Statement of Additional Information for Trust Shares and Investment Shares dated February 28, 1994, with the Securities and Exchange Commission. The information contained in the Combined Statement of Additional Information is incorporated by reference into this prospectus. You may request a copy of the Combined Statement of Additional Information free of charge, obtain other information, or make inquiries about the Money Market Funds by writing or calling the Trust.

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.

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

THE SHARES OFFERED BY THIS PROSPECTUS ARE NOT DEPOSITS OR OBLIGATIONS OF SHAWMUT BANK, ARE NOT ENDORSED OR GUARANTEED BY SHAWMUT BANK, ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, NOR ARE THEY INSURED OR GUARANTEED BY THE FEDERAL RESERVE BOARD OR ANY OTHER GOVERNMENT AGENCY. MUTUAL FUNDS INVOLVE INVESTMENT RISKS, INCLUDING FLUCTUATIONS IN VALUE AND EARNINGS, AND THE POSSIBLE LOSS OF PRINCIPAL.

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SYNOPSIS

INVESTMENT OBJECTIVES

The Shawmut Funds offer you a convenient, affordable way to participate in separate, professionally managed portfolios of securities. This prospectus relates only to the Money Market Funds of the Trust.

MONEY MARKET FUNDS

SHAWMUT CONNECTICUT MUNICIPAL MONEY MARKET FUND
("Connecticut Municipal Money Market Fund") seeks current income which is exempt from federal income tax and Connecticut state income tax on individuals, trusts, and estates (the "CSIT"), consistent with stability of principal and liquidity, by investing primarily in short-term Connecticut municipal securities, including securities of states, territories, and possessions of the United States which are not issued by or on behalf of Connecticut or its political subdivisions and financing authorities, but which are exempt from CSIT.

SHAWMUT MASSACHUSETTS MUNICIPAL MONEY MARKET FUND
("Massachusetts Municipal Money Market Fund") seeks current income which is exempt from federal income tax and income taxes imposed by the Commonwealth of Massachusetts, consistent with stability of principal and liquidity, by investing primarily in short-term Massachusetts municipal securities, including securities of states, territories, and possessions of the United States which are not issued by or on behalf of Massachusetts or its political subdivisions and financing authorities, but which are exempt from income taxes imposed by the Commonwealth of Massachusetts.

SHAWMUT PRIME MONEY MARKET FUND

("Prime Money Market Fund") seeks current income, consistent with stability of principal and liquidity, by investing primarily in a diversified portfolio of money market instruments maturing in thirteen months or less.

BUYING AND REDEEMING MONEY MARKET FUND SHARES

A minimum initial investment of \$2,500 may be required. Subsequent investments must be in amounts of at least \$100, as described in this prospectus in the section entitled "Minimum Investment Required." Trust Shares are currently sold at net asset value and are redeemed at net asset value without a sales charge.

MONEY MARKET FUND MANAGEMENT

The Money Market Funds' investment adviser is Shawmut Bank, N.A., which makes investment decisions for the Money Market Funds.

SHAREHOLDER SERVICES

As a shareholder, you can easily obtain information about your account by calling your Shawmut Bank trust officer.

THE SHAWMUT FUNDS

SUMMARY OF MONEY MARKET FUND EXPENSES--TRUST SHARES
SHAREHOLDER TRANSACTION EXPENSES

<TABLE>

<CAPTION>

	CONNECTICUT MUNICIPAL MONEY MARKET FUND	MASSACHUSETTS MUNICIPAL MONEY MARKET FUND*	PRIME MONEY MARKET FUND
<S>	<C>	<C>	<C>
Maximum Sales Load Imposed on Purchases (as a percentage of offering price).....	None	None	None
Maximum Sales Load Imposed--on Reinvested Dividends (as a percentage of offering price).....	None	None	None
Deferred Sales Load (as a percentage of original purchase price or redemption proceeds as applicable).....	None	None	None
Redemption Fee (as a percentage of amount redeemed, if applicable).....	None	None	None
Exchange Fee.....	None	None	None

* Massachusetts Municipal Money Market Fund currently sells its shares without class designation. Purchasers of either the Trust Shares or Investment Shares of the other Shawmut Funds may purchase shares of Massachusetts Municipal Money Market Fund.

<TABLE>

<S>

	<C>	<C>	<C>
	ANNUAL TRUST SHARES OPERATING EXPENSES (As a percentage of average net assets)		
Management Fee (after waiver) (1).....	0.45%	0.45%	0.29%
12b-1 Fees.....	None	None	None
Total Other Expenses (after waiver and reimbursement) (2).....	0.16%	0.16%	0.13%
Total Trust Shares Operating Expenses (after waiver and reimbursement) (3).....	0.61%	0.61%	0.42%

(1) The management fee has been reduced to reflect the anticipated voluntary waiver by the investment adviser. The adviser can terminate this voluntary waiver at any time at its sole discretion. The maximum management fee is .50%.

(2) Estimated other expenses have been reduced to reflect the anticipated voluntary waiver by the custodian and the anticipated voluntary reimbursement of expenses by the investment adviser for the Connecticut Municipal Money Market Fund and the Massachusetts Municipal Money Market Fund.

(3) The Annual Trust Shares Operating Expenses for the fiscal year ended October 31, 1993 were 0.11% for the Connecticut Municipal Money Market Fund and the Massachusetts Municipal Money Market Fund and 0.58% for the Prime Money Market Fund. The Annual Trust Shares Operating Expenses in the table above are based on expenses expected during the fiscal year ending October 31, 1994. Absent the anticipated voluntary waivers and reimbursement explained in the above footnotes, total Trust Shares Operating Expenses are estimated to be 1.11% for the Connecticut Municipal Money Market Fund, 1.32% for the Massachusetts Municipal Money Market Fund, and 0.63% for the Prime Money Market Fund.

THE PURPOSE OF THIS TABLE IS TO ASSIST AN INVESTOR IN UNDERSTANDING THE VARIOUS COSTS AND EXPENSES THAT A SHAREHOLDER OF TRUST SHARES WILL BEAR, EITHER DIRECTLY OR INDIRECTLY. FOR MORE COMPLETE DESCRIPTIONS OF THE VARIOUS COSTS AND EXPENSES, SEE "THE SHAWMUT FUNDS INFORMATION" AND "INVESTING IN TRUST SHARES." WIRE-TRANSFERRED REDEMPTIONS OF LESS THAN \$5,000 MAY BE SUBJECT TO ADDITIONAL FEES.

EXAMPLE

You would pay the following expenses on a \$1,000 investment assuming (1) 5% annual return and (2) redemption at the end of each time period. As noted in the table above, the Money Market Funds charge no redemption fee.

<TABLE>
<CAPTION>

	1 YEAR	3 YEARS	5 YEARS	10 YEARS
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Connecticut Municipal Money Market Fund.....	\$6	\$20	\$34	\$76
Massachusetts Municipal Money Market Fund.....	\$6	\$20	\$34	\$76
Prime Money Market Fund.....	\$4	\$13	\$24	\$53

</TABLE>

THE ABOVE EXAMPLES SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE EXPENSES. ACTUAL EXPENSES MAY BE GREATER OR LESS THAN THOSE SHOWN.

The information set forth in the foregoing table and example relates only to Trust Shares of the Money Market Funds. Connecticut Municipal Money Market Fund and Prime Money Market Fund also offer another class of shares called Investment Shares. Trust Shares and Investment Shares are subject to certain of the same expenses; however, Investment Shares are subject to a 12b-1 fee of up to .50 of 1%. See "Other Classes of Shares."

SHAWMUT CONNECTICUT MUNICIPAL MONEY MARKET FUND
FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

The following table has been audited by Price Waterhouse, the Fund's independent public accountants. Their report dated December 17, 1993, on the Fund's financial statements for the year ended October 31, 1993, and on the following table, is included in the Annual Report, which is incorporated by reference. This table should be read in conjunction with the Fund's financial statements and notes thereto, which may be obtained from the Fund.

Trust Shares were not being offered as of October 31, 1993. Accordingly, there are no Financial Highlights for such Shares. The Financial Highlights presented below are historical information for Investment Shares.

<TABLE>
<CAPTION>

YEAR ENDED

INVESTMENT SHARES

OCTOBER 31,
1993*

<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$1.00

INCOME FROM INVESTMENT OPERATIONS	

Net investment income	0.001

LESS DISTRIBUTIONS	

Dividends to shareholders from net investment income	(0.001)

NET ASSET VALUE, END OF PERIOD	\$1.00

TOTAL RETURN**	0.14%

RATIOS TO AVERAGE NET ASSETS	

Expenses	0.36% (a)

Net investment income	2.12% (a)

Expense waiver/reimbursement (b)	5.46% (a)

SUPPLEMENTAL DATA	

Net assets, end of period (000 omitted)	\$6,582

</TABLE>

* Reflects operations for the period from October 4, 1993 (date of initial public investment) to October 31, 1993.

** Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) Computed on an annualized basis.

(b) Increase/decrease in above expense/income ratios due to waivers or reimbursements of expenses (Note 5).

SHAWMUT MASSACHUSETTS MUNICIPAL MONEY MARKET FUND
FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

The following table has been audited by Price Waterhouse, the Fund's independent public accountants. Their report dated December 17, 1993, on the Fund's financial statements for the year ended October 31, 1993, and on the following table, is included in the Annual Report, which is incorporated by reference. This table should be read in conjunction with the Fund's financial statements and notes thereto, which may be obtained from the Fund.

<TABLE>
<CAPTION>

	YEAR ENDED OCTOBER 31, 1993*
<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$1.00

INCOME FROM INVESTMENT OPERATIONS	

Net investment income	0.001

LESS DISTRIBUTIONS	

Dividends to shareholders from net investment income	(0.001)

NET ASSET VALUE, END OF PERIOD	\$1.00

TOTAL RETURN**	0.12%

RATIOS TO AVERAGE NET ASSETS

Expenses	0.11% (a)
Net investment income	2.75% (a)
Expense waiver/reimbursement (b)	35.31% (a)

SUPPLEMENTAL DATA

Net assets, end of period (000 omitted)	\$1,237
---	---------

</TABLE>

* Reflects operations for the period from October 5, 1993 (date of initial public investment) to October 31, 1993.

** Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) Computed on an annualized basis.

(b) Increase/decrease in above expense/income ratios due to waivers or reimbursements of expenses (Note 5).

SHAWMUT PRIME MONEY MARKET FUND

FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

The following table has been audited by Price Waterhouse, the Fund's independent public accountants. Their report dated December 17, 1993, on the Fund's financial statements for the year ended October 31, 1993, and on the following table for each of the periods presented, is included in the Annual Report, which is incorporated by reference. This table should be read in conjunction with the Fund's financial statements and notes thereto, which may be obtained from the Fund.

<TABLE>
<CAPTION>

TRUST SHARES	YEAR ENDED OCTOBER 31, 1993*
NET ASSET VALUE, BEGINNING OF PERIOD	\$1.00
INCOME FROM INVESTMENT OPERATIONS	
Net investment income	0.02
LESS DISTRIBUTIONS	
Dividends to shareholders from net investment income	(0.02)
NET ASSET VALUE, END OF PERIOD	\$1.00
TOTAL RETURN***	2.41%
RATIOS TO AVERAGE NET ASSETS	
Expenses	0.58% (a)
Net investment income	2.71% (a)
Expense waiver/reimbursement (b)	0.12% (a)
SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	\$257,851

</TABLE>

<TABLE>

<CAPTION>

INVESTMENT SHARES

YEAR ENDED
OCTOBER 31, 1993**

	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$1.00

INCOME FROM INVESTMENT OPERATIONS	
Net investment income	0.02

LESS DISTRIBUTIONS	
Dividends to shareholders from net investment income	(0.02)

NET ASSET VALUE, END OF PERIOD	\$1.00

TOTAL RETURN***	1.73%

RATIOS TO AVERAGE NET ASSETS	

Expenses	0.85% (a)

Net investment income	2.36% (a)

Expense waiver/reimbursement (b)	0.37% (a)

SUPPLEMENTAL DATA	

Net assets, end of period (000 omitted)	\$28,758

</TABLE>

* Reflects operations for the period from December 14, 1992 (date of initial public investment) to October 31, 1993. For the period from October 21, 1992 (start of business) to December 13, 1992, net investment income aggregating \$0.004 per share (\$400) was distributed to Federated Administrative Services.

** Reflects operations for the period from February 12, 1993 (date of initial public offering) to October 31, 1993.

*** Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) Computed on an annualized basis.

(b) Increase/decrease in above expense/income ratios due to waivers or reimbursements of expenses (Note 5).

GENERAL INFORMATION

The Trust was established as a Massachusetts business trust under a Declaration of Trust dated July 16, 1992. The Declaration of Trust permits the Trust to offer separate series of shares representing interests in separate portfolios of securities. The shares in any one portfolio may be offered in separate classes. As of the date of this prospectus, the Board of Trustees (the "Trustees") has established two classes of shares of Connecticut Municipal Money Market Fund and Prime Money Market Fund, known as Trust Shares and Investment Shares. This prospectus relates only to Trust Shares of Connecticut Municipal Money Market Fund and Prime Money Market Fund and to the Shares of Massachusetts Municipal Money Market Fund.

A minimum initial investment of \$2,500 may be required. Subsequent investments must be in amounts of at least \$100, as described in this prospectus in the section entitled "Minimum Investment Required." Shares are sold at net asset value and are redeemed at net asset value without a sales charge imposed by the Money Market Funds.

THE SHAWMUT FUNDS

The shareholders of the Money Market Funds are shareholders of The Shawmut Funds, which currently consist of Shawmut Connecticut Intermediate Municipal Income Fund, Shawmut Connecticut Municipal Money Market Fund, Shawmut Fixed Income Fund, Shawmut Growth and Income Equity Fund, Shawmut Growth Equity Fund, Shawmut Intermediate Government Income Fund, Shawmut Limited Term Income Fund, Shawmut Massachusetts Intermediate Municipal Income Fund, Shawmut Massachusetts Municipal Money Market Fund, Shawmut Prime Money Market Fund, and Shawmut Small Capitalization Equity Fund. Shareholders in the Money Market Funds have easy access to the other portfolios of The Shawmut Funds through an exchange program. The Shawmut Funds are advised by Shawmut Bank, N.A., and distributed by Federated Securities Corp.

OBJECTIVE AND POLICIES OF EACH FUND

CONNECTICUT MUNICIPAL MONEY MARKET FUND

INVESTMENT OBJECTIVE

The investment objective of the Connecticut Municipal Money Market Fund is to provide current income exempt from federal regular income tax and the CSIT, consistent with stability of principal and liquidity. The investment objective cannot be changed without the approval of shareholders. While there is no assurance that the Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this prospectus.

INVESTMENT POLICIES

THE CONNECTICUT MUNICIPAL MONEY MARKET FUND PURSUES ITS INVESTMENT OBJECTIVE BY INVESTING IN A PORTFOLIO OF CONNECTICUT MUNICIPAL SECURITIES (AS DEFINED BELOW) WITH REMAINING MATURITIES OF THIRTEEN MONTHS OR LESS AT THE TIME OF PURCHASE BY THE FUND.

Unless indicated otherwise, the investment policies described in this prospectus may be changed by the Trustees without the approval of share-

holders. Shareholders will be notified before any material changes in these policies become effective. As a matter of investment policy which cannot be changed without approval of shareholders, the Connecticut Municipal Money Market Fund invests its assets so that at least 80% of its annual interest income is exempt from federal regular income tax or at least 80% of the total value of its assets are invested in obligations the interest income from which is exempt from federal regular income tax. The average maturity of the securities in the Connecticut Municipal Money Market Fund's portfolio, computed on a dollar-weighted basis, will be 90 days or less.

ACCEPTABLE INVESTMENTS

Under normal circumstances, the Connecticut Municipal Money Market Fund will invest its assets so that at least 65% of the value of its assets will be invested in debt obligations issued by or on behalf of the State of Connecticut and its political subdivisions and financing authorities, and obligations of other states, territories and possessions of the United States, including the District of Columbia, and any political subdivision or financing authority of any of these, the interest income from which is, in the opinion of qualified legal counsel, exempt from federal regular income tax and CSIT ("Connecticut Municipal Securities"). Examples of Connecticut Municipal Securities include, but are not limited to:

- - municipal commercial paper and other short-term notes;
- - variable rate demand notes;
- - municipal bonds (including bonds having remaining maturities of less than thirteen months without demand features);
- - municipal leases, including certificates of participation in leases;
- - tender option bonds; and
- - participation, trust, and partnership interests in any of the foregoing obligations.

MASSACHUSETTS MUNICIPAL MONEY MARKET FUND

INVESTMENT OBJECTIVE

The investment objective of the Massachusetts Municipal Money Market Fund is to provide current income exempt from federal regular income tax and the income taxes imposed by the Commonwealth of Massachusetts, consistent with stability of principal and liquidity. The investment objective cannot be changed without the approval of shareholders. While there is no assurance that the Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this prospectus.

INVESTMENT POLICIES

THE MASSACHUSETTS MUNICIPAL MONEY MARKET FUND PURSUES ITS INVESTMENT OBJECTIVE BY INVESTING IN A PORTFOLIO OF MASSACHUSETTS MUNICIPAL SECURITIES (AS DEFINED BELOW) WITH REMAINING MATURITIES OF THIRTEEN MONTHS OR LESS AT THE TIME OF PURCHASE BY THE FUND.

Unless indicated otherwise, the investment policies described in this prospectus may be changed by the Trustees without the approval of shareholders. Shareholders will be notified before any material changes in these policies become effective. As a matter of investment policy which cannot be changed without approval of shareholders, the Massachusetts Municipal Money Market Fund invests its assets so that at least 80% of its annual interest income is exempt from federal regular income tax or at least 80% of the total value of its assets are invested in obligations the interest income from which is exempt from federal regular income tax. The average maturity of the securities in the Massachusetts Municipal Money Market Fund's portfolio, computed on a dollar-weighted basis, will be 90 days or less.

ACCEPTABLE INVESTMENTS

Under normal circumstances, the Massachusetts Municipal Money Market Fund will invest its assets so that at least 65% of the value of its assets will be invested in debt obligations issued by or on behalf of the Commonwealth of Massachusetts and its political subdivisions and financing authorities, and obligations of other states, territories and possessions of the United States, including the District of Columbia, and any political subdivision or financing authority of any of these, the interest income from which is, in the opinion of qualified legal counsel, exempt from federal regular income tax and income taxes imposed by the Commonwealth of Massachusetts imposed upon non-corporate taxpayers ("Massachusetts Municipal Securities"). Examples of Massachusetts Municipal Securities include, but are not limited to:

- - municipal commercial paper and other short-term notes;
- - variable rate demand notes;
- - municipal bonds (including bonds having remaining maturities of less than thirteen months without demand features);
- - municipal leases, including certificates of participation in leases;
- - tender option bonds; and
- - participation, trust, and partnership interests in any of the foregoing obligations.

PRIME MONEY MARKET FUND

INVESTMENT OBJECTIVE

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

INVESTMENT POLICIES

THE PRIME MONEY MARKET FUND PURSUES ITS INVESTMENT OBJECTIVE BY INVESTING PRIMARILY IN A DIVERSIFIED PORTFOLIO OF MONEY MARKET INSTRUMENTS MATURING IN THIRTEEN MONTHS OR LESS.

Unless indicated otherwise, the investment policies set forth in this prospectus may be changed by the Board of Trustees without the approval of shareholders. Shareholders will be notified before any material change in these investment policies becomes effective. The average maturity of these securities, computed on a dollar-weighted basis, will be 90 days or less.

ACCEPTABLE INVESTMENTS

The Prime Money Market Fund invests in eligible quality money market instruments that are either rated in one of the two highest short-term rating categories by one or more nationally recognized statistical rating organizations ("NRSROs") or are of comparable quality to securities having such ratings. Examples of these instruments include, but are not limited to:

- - domestic issues of corporate debt obligations, including notes, bonds, and debentures;
- - commercial paper, including eurodollar commercial paper ("Europaper");
- - certificates of deposit, demand and time deposits, and bankers' acceptances of domestic banks and other deposit institutions ("Bank Instruments");
- - short-term credit facilities, such as demand notes;
- - obligations issued or guaranteed as to payment of principal and interest by the U.S. government or one of its agencies or instrumentalities ("Government Securities"); and
- - repurchase agreements.

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

MONEY MARKET FUNDS INVESTMENTS AND STRATEGIES

VARIABLE RATE DEMAND NOTES. Variable rate demand notes are long-term securities (Municipal Securities for the Connecticut/Massachusetts Municipal Money Market Funds and long-term corporate debt instruments for the Prime Money Market Fund) that have variable or floating interest rates and provide the Money Market Funds with the right to tender the security for repurchase at its stated principal amount plus accrued interest. Such securities typically bear interest at a rate that is intended to cause the securities to trade at par. The interest rate may float or be adjusted at regular intervals (ranging from daily to annually), and is normally based on an applicable interest index or a stated percentage of a prime rate or another published interest rate or interest rate index. Most variable rate demand notes allow the Money Market Funds to demand the repurchase of the security on not more than seven days prior notice. Other notes only permit the Money Market Funds to tender the security at the time of each interest rate adjustment or at other fixed intervals. See "Demand Features." The Money Market Funds treat variable rate demand notes as maturing on the later of the date of the next interest rate adjustment or the date on which the Money Market Funds may next tender the security for repurchase.

RATINGS. The Municipal Securities in which the Connecticut/Massachusetts Municipal Money Market Funds invest must either be rated in one of the two highest short-term rating categories by one or more NRSROs or be of comparable quality to securities having such ratings. A NRSRO's two highest rating categories are determined without regard for sub-categories and gradations. For example, securities rated SP-1+, SP-1, or SP-2 by Standard & Poor's Corporation ("S&P"), MIG-1 or MIG-2 by Moody's Investors Service, Inc. ("Moody's"), or FIN-1+, FIN-1, and FIN-2 by Fitch Investors Service, Inc. ("Fitch") are all considered rated in one of the two highest short-term rating categories. The Connecticut/Massachusetts Municipal Money Market Funds will follow applicable regulations in determining whether a security rated by more than one NRSRO can be treated as being in one of the two highest short-term rating categories. See "Regulatory Compliance."

If a Municipal Security has not been rated by a NRSRO, the Connecticut/Massachusetts Municipal Money Market Funds' investment adviser will

acquire the security only if it determines that the security is of comparable quality to securities that have received the requisite ratings. In this regard, the adviser will generally treat Municipal Securities as eligible portfolio securities if the issuer has received long-term bond ratings within the two highest rating categories by a NRSRO with respect to other bonds issued. The adviser also considers other relevant information in its evaluation of unrated short-term securities.

For the Prime Money Market Fund's securities, a NRSRO's two highest rating categories are also determined without regard for sub-categories and gradations. For example, the Prime Money Market Fund's securities rated A-1+, A-1, or A-2 by S&P, Prime-1 or Prime-2 by Moody's, or F-1 (+ or -) or F-2 (+ or -) by Fitch are all considered rated in one of the two highest short-term rating categories. The Prime Money Market Fund will limit its investments in securities rated in the second highest short-term rating category, e.g., A-2 by S&P, Prime 2 by Moody's or F-2 (+ or -) by Fitch, to not more than 5% of its total assets, with not more than 1% invested in the securities of any one issuer. The Prime Money Market Fund will follow applicable regulations in determining whether a security rated by more than one NRSRO can be treated as being in the one of the two highest short-term rating categories. See "Regulatory Compliance."

CREDIT ENHANCEMENT. Certain of the Money Market Funds' acceptable investments may have

been credit enhanced by a guaranty, letter of credit, or insurance. The Money Market Funds typically evaluate the credit quality and ratings of credit enhanced securities based upon the financial condition and ratings of the party providing the credit enhancement (the "credit enhancer"), rather than the issuer. Generally, the Prime Money Market Fund will not treat credit enhanced securities as having been issued by the credit enhancer for diversification purposes. However, the Connecticut/Massachusetts Municipal Money Market Funds will not treat credit enhanced securities as having been issued by the credit enhancer for diversification purposes, unless the Connecticut/Massachusetts Municipal Money Market Funds have invested more than 10% of their respective assets in securities issued, guaranteed, or otherwise credit enhanced by the credit enhancer, in which case the securities will be treated as having been issued both by the issuer and the credit enhancer. The bankruptcy, receivership, or default of the credit enhancer may adversely affect the quality and marketability of the underlying security.

The Connecticut/Massachusetts Municipal Money Market Funds may have more than 25% of their respective total assets invested in securities credit enhanced by banks or insurance companies.

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

RESTRICTED AND ILLIQUID SECURITIES. The Money Market Funds may invest in restricted securities. Restricted securities are any securities in which a Money Market Fund may invest pursuant to its investment objective and policies but which are subject to restrictions on resale under federal securities laws. Pursuant to criteria established by the Trustees, certain restricted securities are considered liquid. To the extent restricted securities are deemed to be illiquid, the Money Market Funds will limit their purchase, together with other securities not considered to be liquid, to 10% of their individual net assets.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS. The Money Market Funds may purchase securities on a when-issued or delayed delivery basis. These transactions are arrangements in which a Money Market Fund purchases securities with payment and delivery scheduled for a future time. In when-issued and delayed delivery transactions, a Money Market Fund relies on the seller to complete the transaction. The seller's failure to complete the transaction may cause a Money Market Fund to miss a price or yield considered to be

advantageous.

TEMPORARY INVESTMENTS. In such proportions as, in the judgment of its investment adviser, prevailing market conditions warrant, the Prime Money Market Fund may, for temporary defensive purposes, invest in repurchase agreements and other mutual funds.

From time to time on a temporary basis, when the investment adviser determines that market conditions call for a temporary defensive posture, the Connecticut/Massachusetts Municipal Money Market Funds may invest in short-term non-Connecticut/Massachusetts (respectively) municipal tax-exempt obligations or other taxable, temporary investments. All temporary in-

vestments will satisfy the same credit quality standards as the Connecticut/Massachusetts Municipal Money Market Funds' acceptable investments. See "Ratings" above. Temporary investments include: investments in other mutual funds; notes issued by or on behalf of municipal or corporate issuers; marketable obligations issued or guaranteed by the U.S. government, its agencies, or instrumentalities; other debt securities; commercial paper; certificates of deposit of banks; and repurchase agreements (arrangements in which the organization sells the Fund a temporary investment and agrees at the time of sale to repurchase it at a mutually agreed upon time and price).

Although the Connecticut/Massachusetts Municipal Money Market Funds are permitted to make taxable, temporary investments, there is no current intention of generating income subject to federal regular income tax or CSIT or income taxes imposed by the Commonwealth of Massachusetts, respectively.

INVESTING IN SECURITIES OF OTHER INVESTMENT COMPANIES. The Money Market Funds may invest in the securities of other investment companies that have similar policies and objectives, but they will not individually own more than 3% of the total outstanding voting stock of any investment company, invest more than 5% of their respective total assets in any one investment company, or invest more than 10% of their respective total assets in investment companies in general. The Money Market Funds will invest in other investment companies primarily for the purpose of investing short-term cash which has not yet been invested in other portfolio instruments. However, from time to time on a temporary basis, the Money Market Funds may invest exclusively in a single other similarly managed investment company. Shareholders should realize that when these funds invest in other investment companies, certain fund expenses, such as custodian fees and administrative fees, may be duplicated. The adviser will waive its investment advisory fee on assets invested in securities of other investment companies.

The following investments and strategies apply only to the
CONNECTICUT/MASSACHUSETTS MUNICIPAL MONEY MARKET FUNDS:

MUNICIPAL LEASES. Municipal leases are obligations issued by state and local governments or authorities to finance the acquisition of equipment and facilities and may be considered to be illiquid. They may take the form of a lease, an installment purchase contract, a conditional sales contract, or a participation certificate in any of the above.

PARTICIPATION INTERESTS. The Connecticut/Massachusetts Municipal Money Market Funds may purchase interests in Municipal Securities from financial institutions such as commercial and investment banks, savings and loan associations, and insurance companies. These interests may take the form of participations, beneficial interests in a trust, partnership interests, or any other form of indirect ownership that allows the respective Fund to treat the income from the investment as exempt from federal income tax. The Connecticut/Massachusetts Municipal Money Market Funds invest in these participation interests in order to obtain credit enhancement or demand features that would not be available through direct ownership of the underlying Municipal Securities.

TENDER OPTION BONDS. The Connecticut/Massachusetts Municipal Money Market Funds may purchase tender option bonds and similar securities. A tender option bond generally has a long maturity and bears interest at a fixed rate substantially higher than prevailing short-term tax-exempt rates, and is coupled with an agreement by a third party, such as a bank, broker-dealer, or other financial institution, pursuant to which such institution grants the security holders the option, usually upon not more than seven days notice or at periodic intervals, to tender their securities to the institution and receive the face value of the security. In providing the option, the financial institution receives a fee that reduces the fixed rate of the underlying bond and results in the Connecticut/Massachusetts Municipal Money Market Funds effectively

receiving a demand obligation that bears interest at the prevailing short-term tax exempt rate. The Connecticut/Massachusetts Municipal Money Market Funds' adviser will monitor, on an ongoing basis, the creditworthiness of the issuer of the tender option bond, the financial institution providing the option, and any custodian holding the underlying long-term bond. The bankruptcy, receivership, or default of any of the parties to the tender option bond will adversely affect the quality and marketability of the security.

NON-DIVERSIFICATION. The Connecticut/Massachusetts Municipal Money Market Funds are non-diversified investment portfolios. As such, there is no limit on the percentage of assets which can be invested in any single issuer. An investment in the Connecticut/Massachusetts Municipal Money Market Fund, therefore, will entail greater risk than would exist in a diversified investment portfolio because the higher percentage of investments among fewer issuers may result in greater fluctuation in the total market value of the Connecticut/Massachusetts Municipal Money Market Funds' portfolios. Any economic, political, or regulatory developments affecting the value of the securities in the Connecticut/Massachusetts Municipal Money Market Funds' portfolios will have a greater impact on the total value of the portfolios than would be the case if the portfolios were diversified among more issuers.

The Connecticut/Massachusetts Municipal Money Market Funds intend to comply with Subchapter M of the Internal Revenue Code. This undertaking requires that at the end of each quarter of the taxable year, with regard to at least 50% of a Fund's total assets, no more than 5% of its total assets are invested in the securities of a single issuer; beyond that, no more than 25% of its total assets are invested in the securities of a single issuer.

CONNECTICUT AND MASSACHUSETTS MUNICIPAL SECURITIES. Connecticut and Massachusetts Municipal Securities are generally issued to finance public works, such as airports, bridges, highways, housing, health-related entities, transportation-related projects, educational programs, water and pollution control, and sewer works. They are also issued to repay outstanding obligations, to raise funds for general operating expenses, and to make loans to other public institutions and facilities.

Connecticut and Massachusetts Municipal Securities include industrial development bonds issued by or on behalf of public authorities to provide financing aid to acquire sites or construct and equip facilities for privately or publicly owned corporations. The availability of this financing encourages these corporations to locate within the sponsoring communities and thereby increases local employment.

The two principal classifications of Municipal Securities are "general obligation" and "revenue" bonds. General obligation bonds are secured by the issuer's pledge of its full faith and credit and taxing power for the payment of principal and interest. Interest on and principal of revenue bonds, however, are payable only from the revenue generated by the facility financed by the bond or other specified sources of revenue. Revenue bonds do not represent a pledge of credit or create any debt or charge against the general revenues of a municipality or public authority. Industrial development bonds are typically classified as revenue bonds.

STANDBY COMMITMENTS. Some securities dealers are willing to sell Connecticut and Massachusetts Municipal Securities to the Connecticut/Massachusetts Municipal Money Market Funds accompanied by their commitments to repurchase the Municipal Securities prior to maturity, at the Connecticut/Massachusetts Municipal Money Market Funds' option, for the amortized cost of the Municipal Securities at the time of repurchase. These arrangements are not used to protect against changes in the market value of Municipal Securities. They permit the Connecticut/Massachusetts Municipal Money Market Funds, however, to remain fully invested and still provide liquidity to satisfy redemptions. The cost of Connecticut or Massachusetts Municipal Securities accompanied by these

standby commitments could be greater than the cost of Municipal Securities without such commitments. Standby commitments are not marketable or otherwise assignable and have value only to the Connecticut/Massachusetts Municipal Money Market Funds. The default or bankruptcy of a securities dealer giving such a commitment would not affect the quality of the Connecticut or Massachusetts Municipal Securities purchased. However, without a standby commitment, these securities could be more difficult to sell. The Connecticut/Massachusetts Municipal Money Market Funds enters into standby commitments only with those dealers whose credit the investment adviser believes to be of high quality.

CONNECTICUT AND MASSACHUSETTS INVESTMENT RISKS. Yields on Connecticut and Massachusetts Municipal Securities depend on a variety of factors, including: the general conditions of the short-term municipal note market and of the municipal bond market; the size and maturity of the particular offering; the maturity of the obligations; and the rating of the issue. Further, any adverse economic conditions or developments affecting the State of Connecticut and the Commonwealth of Massachusetts or their respective municipalities could impact the Connecticut/Massachusetts Municipal Money Market Funds' portfolios. The ability of the Connecticut/Massachusetts Municipal Money Market Funds to achieve their investment objectives also depends on the continuing ability of the issuers of Connecticut and Massachusetts Municipal Securities and demand features, or the credit enhancers of either, to meet their obligations for the payment of interest and principal when due.

Investing in Connecticut and Massachusetts Municipal Securities which meet the Connecticut/Massachusetts Municipal Money Market Funds' quality standards may not be possible if the State of Connecticut and the Commonwealth of Massachusetts or their respective municipalities do not maintain their current credit ratings. An expanded discussion of the current economic risks associated with the purchase of Connecticut or Massachusetts Municipal Securities is contained in the Combined Statement of Additional Information.

The following investments and strategies apply only to the PRIME MONEY MARKET FUND:

REPURCHASE AGREEMENTS. The U.S. government securities and other securities in which the Prime Money Market Fund invests may be purchased pursuant to repurchase agreements. Repurchase agreements are arrangements in which banks, broker/dealers, and other recognized financial institutions sell U.S. government securities or other securities to the Prime Money Market Fund and agree at the time of sale to repurchase them at a mutually agreed upon time and price. To the extent that the original seller does not repurchase the securities from the Prime Money Market Fund, the Prime Money Market Fund could receive less than the repurchase price on any sale of such securities.

BANK INSTRUMENTS. The Prime Money Market Fund only invests in Bank Instruments either issued by an institution having capital, surplus and undivided profits over \$100 million or insured by the Bank Insurance Fund ("BIF") or the Savings Association Insurance Fund ("SAIF"). Bank Instruments may include Eurodollar Certificates of Deposit ("ECDs"), Yankee Certificates of Deposit ("Yankee CDs") and Eurodollar Time Deposits ("ETDs"). The Prime Money Market Fund will treat securities credit enhanced with a bank's letter of credit as Bank Instruments.

SHORT-TERM CREDIT FACILITIES. Demand notes are short-term borrowing arrangements between a corporation and an institutional lender (such as the Prime Money Market Fund) payable upon demand by either party. The notice period for demand typically ranges from one to seven days, and the party may demand full or partial payment. The Prime Money Market Fund may also enter into, or acquire participations in, short-term revolving credit facilities with corporate borrowers. Demand notes and other short-term credit arrangements usually provide for floating or variable rates of interest.

INVESTMENT LIMITATIONS

THE MONEY MARKET FUNDS FOLLOW A NUMBER OF GUIDELINES IN MANAGING THEIR PORTFOLIOS IN ORDER TO LIMIT INVESTMENT RISKS.

The following investment limitations apply only to CONNECTICUT/MASSACHUSETTS MUNICIPAL MONEY MARKET FUNDS:

The Connecticut/Massachusetts Municipal Money Market Funds will not borrow money directly or pledge securities except, under certain circumstances, a Fund may borrow up to one-third of the value of its total assets and pledge up to 10% of the value of total assets to secure such borrowings.

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

The Connecticut/Massachusetts Municipal Money Market Funds will not invest more than 5% of their respective total assets in industrial development bonds or other Municipal Securities when the payment of principal and interest is the responsibility of companies (or guarantors, where applicable) with less than three years of continuous operations, including the operation of any predecessor.

The following limitation, which may be changed by the Trustees without shareholder approval, applies only to the PRIME MONEY MARKET FUND:

The Prime Money Market Fund will not invest more than 5% of the value of its total assets in securities of issuers which have records of less than three years of continuous operations, including the operation of any predecessor.

REGULATORY COMPLIANCE

The Money Market Funds may follow non-fundamental operational policies that are more restrictive than their respective fundamental investment limitations, as set forth in this prospectus and its Combined Statement of Additional Information, in order to comply with applicable laws and regulations, including the provisions of and regulations under the Investment Company Act of 1940, as amended. In particular, the Money Market Funds will comply with the various requirements of Rule 2a-7 which regulates money market mutual funds. The Money Market Funds will determine the effective maturity of their respective investments, as well as its ability to consider a security as having received the requisite short-term ratings by NRSROs, according to Rule 2a-7. The Money Market Funds may change these operational policies to reflect changes in the laws and regulations without the approval of its shareholders.

THE SHAWMUT FUNDS INFORMATION

MANAGEMENT OF THE SHAWMUT FUNDS

BOARD OF TRUSTEES

THE SHAWMUT FUNDS ARE MANAGED BY A BOARD OF TRUSTEES.

The Trustees are responsible for managing the Trust's business affairs and for exercising all the Trust's powers except those reserved for the shareholders. The Executive Committee of the Board of Trustees handles the Board's responsibilities between meetings of the Board.

INVESTMENT ADVISER

PURSUANT TO AN INVESTMENT ADVISORY CONTRACT WITH THE TRUST, INVESTMENT DECISIONS FOR THE MONEY MARKET FUNDS ARE MADE BY SHAWMUT BANK, (THE "ADVISER"), SUBJECT TO DIRECTION BY THE TRUSTEES.

The Adviser continually conducts investment research and supervision for the Money Market Funds and is responsible for the purchase and sale of portfolio instruments, for which it receives an annual fee from the respective assets of the Money Market Funds.

ADVISORY FEES

THE ADVISER MAY VOLUNTARILY WAIVE PART OF ITS ADVISORY FEES.

The Adviser receives an annual investment advisory fee equal to .50 of 1% of each of the Money Market Fund's average daily net assets. The Adviser has undertaken to waive a portion of its advisory fee, up to the amount of the advisory fee, to reimburse any of the Money Market Funds for operating expenses in excess of limitations established by certain states. The Adviser may further voluntarily waive a portion of its fee or reimburse the Money Market Funds for certain operating expenses. The Adviser can terminate such voluntary waiver or reimbursement policy with any of the Money Market Funds at any time at its sole discretion.

ADVISER'S BACKGROUND

SHAWMUT BANK, N.A., A NATIONAL BANKING ASSOCIATION, AND ITS AFFILIATES HAVE MANAGED COMMINGLED FUNDS FOR OVER FIFTY YEARS. AS OF DECEMBER 31, 1993, SHAWMUT NATIONAL CORPORATION, THROUGH ITS SUBSIDIARIES INCLUDING SHAWMUT BANK, MANAGED MORE THAN \$15 BILLION IN DISCRETIONARY TRUST ASSETS. SHAWMUT BANK HAS SERVED AS AN ADVISER TO MUTUAL FUNDS SINCE THE INCEPTION OF THE SHAWMUT FUNDS ON DECEMBER 1, 1992.

Shawmut Bank, N.A., a national banking association, along with Shawmut Bank Connecticut, National Association, are the principal subsidiaries of Shawmut National Corporation, a super-regional bank holding company formed on February 29, 1988, and based in southern New England. Shawmut National Corporation serves consumers through its network of banking offices with a full range of deposit and lending products, as well as investment services. Shawmut Bank's borrowers may be issuers of certain securities in which The Shawmut Funds may invest. The principal executive offices of the investment adviser are located at One Federal Street, Boston, Massachusetts 02211.

DISTRIBUTION OF MONEY
MARKET FUNDS' TRUST SHARES

FEDERATED SECURITIES CORP. IS THE PRINCIPAL DISTRIBUTOR FOR TRUST SHARES.

Federated Securities Corp., Federated Investors Tower, Pittsburgh, Pennsylvania 15222-3779, is a Pennsylvania corporation organized on November 14, 1969, and is the principal distributor for a number of investment companies. Federated Securities Corp. is a subsidiary of Federated Investors.

DISTRIBUTION PLAN. Under the distribution plan adopted in accordance with Investment Company Act Rule 12b-1 (the "Plan"), the Massachusetts Municipal Money Market Fund will pay to the distributor an amount computed at an annual rate of up to .50 of 1% of the average daily net asset value of the Fund to finance any activity which is principally intended to result in the sale of shares subject to the Plan.

The distributor may, from time to time and for such periods as it deems appropriate, voluntarily reduce its compensation under the Plan.

The distributor may select financial institutions such as banks, fiduciaries, custodians for public funds, investment advisers, and broker/dealers ("brokers") to provide distribution and/or administrative services as agents for their clients or customers. Administrative services may include, but are not limited to, the following functions: providing office space, equipment, telephone facilities, and various clerical, supervisory, computer, and other personnel as necessary or beneficial to establish and maintain shareholder accounts and records; processing purchase and redemption transactions and automatic investments of client account cash balances; answering routine client inquiries; assisting clients in changing dividend options, account designations, and addresses; and providing such other services as may reasonably be requested.

The distributor will pay financial institutions a fee based upon the Shares subject to the Plan and owned by their clients or customers. The schedules of such fees and the basis upon which such fees will be paid will be determined from time to time by the distributor.

The Massachusetts Municipal Money Market Fund Plan is a compensation type plan. As such, the Massachusetts Municipal Money Market Fund makes no payments to the distributor except as described above. Therefore, the Fund does not pay for unreimbursed expenses of the distributor, including amounts expended by the distributor in excess of amounts received by it from the Massachusetts Municipal Money Market Fund, including interest, carrying or other financing charges in connection with excess amounts expended, or the distributor's overhead expenses. However, the distributor may be able to recover such amounts or may earn a profit from future payments made by the Massachusetts Municipal Money Market Fund under the Plan.

As of the date of this prospectus, the Massachusetts Municipal Money Market Fund is not paying or accruing 12b-1 fees. The Massachusetts Municipal Money Market Fund does not intend to accrue or pay 12b-1 fees until either a separate class of shares has been created for certain fiduciary investors or a determination is made that such investors will be subject to 12b-1 fees. The Massachusetts Municipal Money Market Fund can pay up to .50% of average daily net assets as 12b-1 fees to the distributor.

The Glass-Steagall Act prohibits a depository institution (such as a commercial bank or a savings and loan association) from being an underwriter or distributor of most securities. In the event the Glass-Steagall Act is deemed to prohibit depository institutions from acting in the administrative capacities described above or should Congress relax current restrictions on depository institutions, the Trustees will consider appropriate changes in the services.

State securities laws governing the ability of depository institutions to act as underwriters or

distributors of securities may differ from interpretations given to the Glass-Steagall Act and, therefore, banks and financial institutions may be required to register as dealers pursuant to state law.

ADMINISTRATION OF THE MONEY MARKET FUNDS

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

<TABLE> <CAPTION>	
MAXIMUM ADMINISTRATIVE FEE	AVERAGE AGGREGATED DAILY NET ASSETS OF THE TRUST
<S>	<C>
.150 of 1%	First \$250 million
.125 of 1%	Next \$250 million
.100 of 1%	Next \$250 million
.075 of 1%	Over \$750 million

The administrative fee received by FAS during any fiscal year shall be at least \$50,000 for each of the Money Market Funds individually. FAS may voluntarily choose to waive a portion of its fee.

CUSTODIAN. Shawmut Bank, N.A., One Federal Street, Boston, Massachusetts 02211, is custodian for the securities and cash of the Money Market Funds. Under the Custodian Agreement, Shawmut Bank, N.A., holds the Money Market Funds' portfolio securities in safekeeping and keeps all necessary records and documents relating to its duties.

TRANSFER AGENT, DIVIDEND DISBURSING AGENT, AND PORTFOLIO ACCOUNTING SERVICES. Federated Services Company, Federated Investors Tower, Pittsburgh, Pennsylvania 15222-3779, is transfer agent and dividend disbursing agent for the Money Market Funds. It also provides certain accounting and recordkeeping services with respect to each of the Money Market Funds' portfolio investments.

LEGAL COUNSEL. Legal counsel is provided by Houston, Houston & Donnelly, 2510 Centre City Tower, Pittsburgh, Pennsylvania 15222, and Dickstein, Shapiro & Morin, 2101 L Street, N.W., Washington, DC 20037.

INDEPENDENT ACCOUNTANTS. The independent accountants for the Money Market Funds are Price Waterhouse, 160 Federal Street, Boston, Massachusetts 02110.

EXPENSES OF THE MONEY MARKET FUNDS AND TRUST SHARES. Holders of Trust Shares pay their allocable portion of the Money Market Funds and Trust's expenses. The Trust expenses for which holders of Trust Shares pay their allocable portion include, but are not limited to: the cost of organizing the Trust and continuing its existence; registering the Trust with federal and state securities authorities; Trustees' fees; auditors' fees; the cost of meetings of Trustees; legal fees of the Trust; association membership dues; and such non-recurring and

extraordinary items as may arise.

The respective Money Market Fund expenses for which holders of Trust Shares pay their allocable portion include, but are not limited to: registering the Money Market Funds and shares of the Money Market Funds; investment advisory services; taxes and commissions; custodian fees; insurance premiums; auditors' fees; and such non-recurring and extraordinary items as may arise.

At present, no expenses are allocated exclusively to the Trust Shares as a class. However, the Board of Trustees reserves the right to allocate certain other expenses to holders of Trust Shares as they deem appropriate ("Class Expenses"). In any case, Class Expenses would be limited to: transfer agent fees as identified by the transfer agent as attributable to holders of Trust Shares; printing and postage expenses related to preparing and distributing materials such as shareholder reports, prospectuses and proxies to current shareholders; registration fees paid to the Securities and Exchange Commission and registration fees paid to state securities commissions;

expenses related to administrative personnel and services as required to support holders of Trust Shares; legal fees relating solely to Trust Shares; and Trustees' fees incurred as a result of issues relating solely to Trust Shares.

NET ASSET VALUE

THE TERM "NET ASSET VALUE" REFERS TO THE VALUE OF ONE MONEY MARKET FUND SHARE.

The Money Market Funds attempt to stabilize the net asset value of their respective shares at \$1.00. The net asset value per share is determined by dividing the sum of the market value of all securities and other assets, less liabilities, by the number of shares outstanding. The Money Market Funds cannot guarantee that the net asset value of their respective shares will always remain at \$1.00 per share.

INVESTING IN TRUST SHARES

YOU CAN BUY MONEY MARKET FUNDS TRUST SHARES BY FEDERAL RESERVE WIRE, MAIL, OR TRANSFER, AS EXPLAINED BELOW.

Shares of the Money Market Funds are sold by the distributor on days on which the New York Stock Exchange and Federal Reserve Wire System are open for business. Shares of the Money Market Funds may also be purchased through Shawmut Bank, N.A., Shawmut Bank Connecticut, National Association, or their affiliates (collectively, "Shawmut Bank") on days on which both Shawmut Bank and the New York Stock Exchange and Federal Reserve System are open for business. Texas residents must purchase, exchange, and redeem Shares through Federated Securities Corp. at 1-800-358-2801. The Money Market Funds reserve the right to reject any purchase request.

THROUGH SHAWMUT BANK. An investor may call their Shawmut Bank trust officer to receive information and to place an order to purchase Trust Shares. Shawmut Bank will purchase Trust Shares on behalf of investors and maintain all records relating to the Trust Shares. Through its trust accounting systems, Shawmut Bank provides shareholders of Trust Shares with detailed periodic statements that integrate information regarding investments in the Money Market Funds with other Shawmut Bank investment services.

Orders placed through Shawmut Bank are considered received when payment is converted to federal funds and the applicable Money Market Fund is notified of the purchase order. The completion of the purchase transaction will generally occur within one business day after Shawmut Bank receives a purchase order. Purchase orders must be received by Shawmut Bank before 11:00 a.m. (Eastern time) and must be transmitted by Shawmut Bank to the applicable Money Market Fund before 12:00 noon (Eastern time) in order for Trust Shares to be purchased at that day's public offering price.

DIRECTLY FROM THE DISTRIBUTOR. An investor may place an order to purchase Shares directly from the distributor. To do so: complete and sign the new account form available from the Money Market Funds; complete an application for the establishment of a trust or agency account with Shawmut Bank; enclose a check made payable to the full name of your desired portfolio (see the cover of the

prospectus) --Trust Shares; and mail both to the Money Market Funds, Attention: Vice President, Securities Operations, OF0501, One Federal Street, Boston, Massachusetts 02211. The order is considered received after a trust or agency account is established and the check is converted by Shawmut Bank into federal funds. This is generally the next business day after Shawmut Bank receives the check.

To purchase Trust Shares by wire, call 1-800-SHAWMUT. All information needed will be taken over the telephone, and the order is considered received when Shawmut Bank receives payment by wire. To request additional information concerning purchases by wire, please contact Federated Securities Corp., the Money Market Funds' distributor, at 1-800-618-8573.

Shares cannot be purchased by wire on any day on which both Shawmut Bank and the New York Stock Exchange and Federal Reserve Wire System are not open for business.

MINIMUM INVESTMENT REQUIRED

THE MINIMUM INITIAL INVESTMENT IS \$2,500.

The minimum initial investment in Shares by an investor is \$2,500. Subsequent investments must be in amounts of at least \$100. The Money Market Funds may waive the initial minimum investment for employees of Shawmut Bank and its affiliates from time to time.

WHAT SHARES COST

SHARES ARE SOLD AT THEIR NET ASSET VALUE NEXT DETERMINED AFTER AN ORDER IS RECEIVED.

The net asset value is determined at 12:00 noon and 4:00 p.m. (Eastern time), Monday through Friday, except on: (i) days on which there are not sufficient changes in the value of a Money Market Fund's portfolio securities that its net asset value might be materially affected; (ii) days during which no shares are tendered for redemption and no orders to purchase shares are received; or (iii) on the following holidays: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

Money Market Fund Trust Shares are sold at their net asset value next determined after an order is received without a sales charge.

EXCHANGING SECURITIES FOR MONEY MARKET FUND SHARES

Investors may exchange certain Connecticut Municipal Securities or Massachusetts Municipal Securities, or a combination of securities and cash, for shares of Connecticut Municipal Money Market Fund and Massachusetts Municipal Money Market Fund, respectively. The securities and any cash must have a market value of at least \$2,500. Each of these Funds reserves the right to determine the acceptability of securities to be exchanged. Securities accepted by either Fund are valued in the same manner as the Fund values its assets. Investors wishing to exchange securities should first contact Federated Securities Corp.

When shares are purchased by exchange of Connecticut Municipal Securities, or Massachusetts Municipal Securities, the proceeds from the redemption of those shares are not available until the transfer agent is reasonably certain that the transfer has settled, which can take up to five business days.

SUBACCOUNTING SERVICES

Institutions are encouraged to open single master accounts. However, certain institutions may wish to use the transfer agent's subaccounting system to minimize their internal recordkeeping requirements. The transfer agent charges a fee based on the level of subaccounting services rendered. Certain institutions holding Trust Shares in a fiduciary, agency, custodial, or similar capacity may charge or pass through subaccounting fees as part of or in addition to normal trust or agency account fees. They may also charge fees for other services

provided which may be related to the ownership of Trust Shares. This prospectus should, therefore, be read together with any agreement between the customer and the institution with regard to the services provided, the fees charged for those services, and any restrictions and limitations imposed.

CERTIFICATES AND CONFIRMATIONS

As transfer agent for the Money Market Funds, Federated Services Company maintains a share account for each shareholder of record. Share certificates are not issued unless requested by contacting Shawmut Bank in writing.

Detailed confirmations of each purchase or redemption are sent to Shawmut Bank or other shareholders of record. Monthly statements are

sent by Shawmut Bank to its trust customers to report account activity during the previous month, including dividends paid during the period.

DIVIDENDS

Dividends are declared daily and paid monthly to all shareholders invested in each Money Market Fund on the record date. Trust Shares purchased by wire before 11:00 a.m. (Eastern time) begin earning dividends that day. Trust Shares purchased by check begin earning dividends on the next business day after the check is converted by Shawmut Bank into federal funds.

CAPITAL GAINS

Capital gains realized by a Money Market Fund, if any, will be distributed to that Fund's shareholders at least once every 12 months.

EXCHANGE PRIVILEGE

EXCHANGING SHARES. Shareholders may exchange Shares, with a minimum net asset value of \$1,000, for shares of the same designated class of other funds advised by Shawmut Bank.

Exchanges are subject to the minimum initial purchase requirements of such fund being acquired. Prior to any exchange, the shareholder must receive a copy of the current prospectus of the class of the fund into which an exchange is to be effected.

The exchange privilege is available to shareholders residing in any state in which the fund shares being acquired may legally be sold. Upon receipt of proper instructions and all necessary supporting documents, Trust Shares submitted for exchange will be redeemed at the next-determined net asset value. Written exchange instructions may require a signature guarantee. Exercise of this privilege is treated as a sale for federal income tax purposes and, depending on the circumstances, a short-or long-term capital gain or loss may be realized. The exchange privilege may be modified or terminated at any time. Shareholders will be notified of the modification or termination of the exchange privilege. A shareholder may obtain further information on the exchange privilege by calling their trust officer at Shawmut Bank.

EXCHANGE-BY-TELEPHONE. Instructions for exchanges between participating funds which are part of the Trust may be given by telephone to their trust officer at Shawmut Bank. To utilize the exchange-by-telephone service, an investor must complete an authorization form permitting Shawmut Bank to instruct the Money Market Funds to honor telephone instructions. The authorization is included in Shawmut Bank's trust account documentation. Shares may be exchanged by telephone only between trust accounts having identical registrations. Exchange instructions given by telephone may be electronically recorded.

Any Shares held in certificate form cannot be exchanged by telephone, but must be forwarded to the transfer agent and deposited to the shareholder's mutual fund account before being exchanged.

Telephone exchange instructions must be received before 11:00 a.m. (Eastern time) for Shares to be exchanged the same day. The telephone exchange privilege may be modified or terminated at any time. Shareholders will be notified of such modification or termination. Shareholders may have difficulty in making exchanges by telephone through Shawmut Bank during times of drastic economic or market changes. If a shareholder cannot contact Shawmut Bank by telephone, it is recommended that an exchange request be made in writing and sent by overnight mail to Shawmut Bank, Attention: Vice President, Securities Operation, OF0501, One Federal Street, Boston, Massachusetts 02211.

REDEEMING TRUST SHARES

- - - - -

YOU CAN REDEEM TRUST SHARES OF THE MONEY MARKET FUNDS BY MAIL OR TELEPHONE.
TO ENSURE YOUR SHARES ARE REDEEMED EXPEDITIOUSLY, PLEASE FOLLOW THE
PROCEDURES EXPLAINED BELOW.

The Money Market Funds redeems Trust Shares at their net asset value next determined after Federated Services Company receives the redemption request. Redemptions will be made on days on which the Money Market Funds compute their net asset value. Requests for redemptions can be made by telephone or in writing by contacting a Shawmut Bank trust officer. Redemption requests received prior to 11:00 a.m. (Eastern time) will be effected on the same business day.

THROUGH SHAWMUT BANK

Shareholders may redeem Trust Shares by calling their Shawmut Bank trust officer to request the redemption. Trust Shares will be redeemed at the net asset value next determined after Federated Services Company receives the redemption request. Shawmut Bank is responsible for promptly submitting redemption requests and for maintaining proper written records of redemption instructions received from the Money Market Funds' shareholders. In order to effect a redemption on the same business day as a request, Shawmut Bank is responsible for the timely transmission of the redemption request to the appropriate Money Market Fund.

Before Shawmut Bank may request redemption by telephone on behalf of a shareholder, an authorization form permitting the Money Market Funds to accept redemption requests by telephone must first be completed. This authorization is included in Shawmut Bank's trust account documentation. In the event of drastic economic or market changes, a shareholder may experience difficulty in redeeming by telephone. If such a case should occur, it is recommended that a redemption request be made in writing and sent by overnight mail to Shawmut Bank, Attention: Vice President, Securities Operation, OF0501, One Federal Street, Boston, Massachusetts 02211.

DIRECTLY FROM THE MONEY MARKET FUNDS

BY MAIL. A shareholder may redeem Trust Shares by sending a written request to Federated Services Company. If Trust Shares are purchased by Shawmut Bank on behalf of a trust customer, only Shawmut Bank, as the shareholder of record, can request a redemption from Federated Services Company. The written request should include the shareholder's name, the Money Market Fund's name and class of shares, name, the account number, and the share or dollar amount requested. If share certificates have been issued, they must be properly endorsed and should be sent by registered or certified mail with the written request. Shareholders should call the Money Market Funds for assistance in redeeming by mail.

SIGNATURES. Shareholders requesting a redemption of \$50,000 or more, a redemption of any amount to be sent to an address other than that on record with the Money Market Funds, or a redemption payable other than to the shareholder of record must have signatures on written redemption requests guaranteed by:

- - a trust company or commercial bank whose deposits are insured by the Bank Insurance Fund, which is administered by the Federal Deposit Insurance Corporation ("FDIC");
- - a member firm of the New York, American, Boston, Midwest, or Pacific Stock Exchange;
- - a savings bank or savings and loan association whose deposits are insured by the Savings Association Insurance Fund ("SAIF"), which is administered by the FDIC; or
- - any other "eligible guarantor institution," as defined in the Securities Exchange Act of 1934.

The Money Market Funds do not accept signatures guaranteed by a notary public.

The Money Market Funds, and their transfer agent have adopted standards for accepting signature guarantees from the above institutions. The Money Market Funds may elect in the future to limit eligible signature guarantors to institutions that are members of a signature guarantee program. The Money Market Funds and their transfer agent reserve the right to amend these standards at any time without notice.

RECEIVING PAYMENT

Redemption payments will generally be made directly to the shareholder's trust account maintained with Shawmut Bank. This deposit is normally made within one business day, but in no event more than seven days, of the redemption request, provided the transfer agent has received payment. The net asset value of Trust Shares redeemed is determined, and dividends, if any, are paid up to and including, the day prior to the day that a redemption request is processed. Pursuant to instructions from Shawmut Bank redemption proceeds may be transferred from a shareholder account by check or by wire.

BY CHECK. Normally, a check for the proceeds is mailed within one business day, but in no event more than seven days, after receipt of a proper redemption request provided the transfer agent has received payment for Trust Shares from the shareholder.

BY WIRE. Requests to wire proceeds from redemptions received before 11:00 a.m. (Eastern time) will be honored the following business day after Shawmut Bank receives proper instructions.

ACCOUNTS WITH LOW BALANCES

Due to the high cost of maintaining accounts with low balances, the Money Market Funds may redeem shares in any account and pay the proceeds to the shareholder if the account balance falls below a required minimum of \$2,500. This requirement does not apply, however, if the balance falls below \$2,500 because of changes in a Money Market Fund's net asset value.

Before shares are redeemed to close an account, the shareholder is notified in writing and allowed 30 days to purchase additional shares to meet the minimum requirement.

REDEMPTION IN KIND

The Money Market Funds are obligated to redeem Shares solely in cash up to \$250,000 or 1% of the net asset value of Shares of each individual Income Fund, whichever is less, for any one shareholder within a 90-day period.

Any redemption beyond this amount will also be in cash unless the Trustees determine that further cash payments will have a material adverse effect on remaining shareholders. In such a case, the Money Market Funds will pay all or a portion of the remainder of the redemption in portfolio instruments, valued in the same way as a Fund determines net asset value. The portfolio instruments will be selected in a manner that the Trustees deem fair and equitable.

Redemption in kind is not as liquid as a cash redemption. If redemption is made in kind, shareholders receiving their securities and selling them before their maturity could receive less than the redemption value of their securities and could incur certain transaction costs.

SHAREHOLDER INFORMATION

VOTING RIGHTS

- - - - -

EACH TRUST SHARE OF A MONEY MARKET FUND GIVES THE SHAREHOLDER ONE VOTE IN TRUSTEE ELECTIONS AND OTHER MATTERS SUBMITTED TO SHAREHOLDERS OF THE TRUST FOR VOTE.

- - - - -

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

Trustees may be removed by the Trustees or by shareholders at a special meeting.

A special meeting of the shareholders shall be called by the Trustees upon the written request of shareholders owning at least 10% of the outstanding shares of the Trust. As of February 10, 1994, Shawmut Bank or its affiliates, acting as fiduciary of various accounts, was the owner of record of the following Money Market Funds; approxi-

mately 12,239,914 (100%) of the Trust Shares of Connecticut Municipal Money Market Fund; approximately 9,601,158 (44.87%) of the shares of the Massachusetts Municipal Money Market Fund; and approximately 292,519,479 (54.02%) of the Trust Shares of Prime Money Market Fund. Additionally, as of February 10, 1994, Shawmut Bank or its affiliates, acting as a nominee or agent of accounts of its customers, was the owner of record of approximately 248,512,447 (45.89%) of the Trust Shares of Prime Money Market Fund.

MASSACHUSETTS PARTNERSHIP LAW

Under certain circumstances, shareholders may be held personally liable as partners under Massachusetts law for acts or obligations of the Trust on behalf of the Money Market Funds. To protect shareholders of the Money Market Funds, the Trust has filed legal documents with Massachusetts that expressly disclaim the liability of shareholders of a Money Market Fund for acts or obligations of the Trust. These documents require notice of this disclaimer to be given in each agreement, obligation, or instrument the Trust or its Trustees enter into or sign on behalf of a Money Market Fund.

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

EFFECT OF BANKING LAWS

Banking laws and regulations presently prohibit a bank holding company registered under the Federal Bank Holding Company Act of 1956 or any bank or non-bank affiliate thereof from sponsoring, organizing, controlling, or distributing the shares of a registered, open-end investment company continuously engaged in the issuance of its shares, and prohibit banks generally from issuing, underwriting, selling, or distributing securities. However, such banking laws and regulations do not prohibit such a holding company affiliate or banks generally from acting as investment adviser, transfer agent, or custodian to such an investment company or from purchasing shares of such a company as agent for and upon the order of such a customer. Shawmut Bank is subject to such banking laws and regulations.

THE GLASS-STEAGALL ACT IS A FEDERAL BANKING LAW THAT GENERALLY PROHIBITS BANKS FROM PUBLICLY UNDERWRITING OR DISTRIBUTING CERTAIN SECURITIES.

Shawmut Bank believes, based upon the advice of its counsel, that it may perform the services for the Money Market Funds contemplated by its advisory agreement with the Trust without violation of the Glass-Steagall Act or other applicable banking laws or regulations. Changes in either federal or state statutes and regulations relating to the permissible activities of banks and their subsidiaries or affiliates, as well as further judicial or administrative decisions or interpretations of such or future statutes and regulations, could prevent Shawmut Bank from continuing to perform all or a part of the above services for its customers and/or the Money Market Funds. If it were prohibited from engaging in these customer-related activities, the Trustees would consider alternative advisers and means of continuing available investment services. In such event, changes in the operation of the Money Market Funds may occur, including possible termination of any automatic or other Money Market Funds share investment and redemption services then being provided by Shawmut Bank. It is not expected that existing shareholders would suffer any adverse financial consequences (if another adviser with equivalent abilities to

Shawmut Bank is found) as a result of any of these occurrences.

State securities laws governing the ability of depository institutions to act as underwriters or distributors of securities may differ from interpretations given

to the Glass-Steagall Act and, therefore, banks and financial institutions may be required to register as dealers pursuant to state law.

TAX INFORMATION

FEDERAL INCOME TAX

The Money Market Funds will pay no federal income tax because each Fund expects to meet requirements of the Internal Revenue Code, as amended, applicable to regulated investment companies and to receive the special tax treatment afforded to such companies.

Money Market Fund will be treated as a single, separate entity for federal income tax purposes so that income (including capital gains) and losses realized by The Shawmut Funds' other portfolios will not be combined for tax purposes with those realized by each Money Market Fund.

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

Shareholders are urged to consult their own tax advisers regarding the status of their accounts under state and local tax laws.

CONNECTICUT TAX CONSIDERATIONS

As applied to Connecticut resident individuals, estates and trust owning shares in the Connecticut Municipal Money Market Fund, the CSIT taxes items of income derived from such shares in a variety of ways.

Distributions which are tax-exempt interest dividends under the federal income tax are not subject to the CSIT to the extent that such distributions are derived from interest on obligations issued by or on behalf of the State of Connecticut or its instrumentalities or by State municipalities ("Connecticut obligations"), or to the extent that such dividends are derived from interest on obligations, the income from which federal law forbids the states to tax. All other tax-exempt interest dividends distributed by the Connecticut Municipal Money Market Fund are subject to the CSIT.

Regarding proper treatment of distributions from the Fund which are capital gains dividends for federal income tax purposes and which are derived from the sale or exchange of Connecticut obligations, shareholders should consult their local tax advisor.

All other distributions from the Connecticut Municipal Money Market Fund are subject to the CSIT.

For purposes of the CSIT, a shareholder's Connecticut tax basis in the shares of the Connecticut Municipal Money Market Fund will be the federal adjusted tax basis of such shareholder, and any gain realized for federal income tax purposes on the disposition of shares in the Connecticut Municipal Money Market Fund will constitute taxable gain for purposes of the CSIT.

The Connecticut corporation business tax ("CCBT") is imposed on corporations and certain other entities. Distributions from the Connecticut Municipal Money Market Fund to a shareholder subject to the CCBT are not eligible for the dividends received deduction under the CCBT and therefore are included in the taxable income of a taxpayer to the extent such distributions are treated as either exempt-interest dividends or capital gains dividends for federal income tax purposes. The Connecticut Department of Revenue Services has issued a letter ruling which has the effect of treating all other distributions from the Fund as ineligible for the CCBT dividends received deduction. Any gain realized for federal income tax purposes on the disposition of shares in the Connecticut Municipal Money Market Fund is includable in the gross income of a shareholder subject to the CCBT.

MASSACHUSETTS TAX CONSIDERATIONS

Under the laws of the Commonwealth of Massachusetts, dividends paid by the Massachusetts Municipal Money Market Fund representing interest payments on municipal obligations issued by the Commonwealth of Massachusetts or a political subdivision thereof (or interest on obligations of United States territories or possessions to the extent exempt from taxation by the states pursuant to federal law) will be exempt from Massachusetts individual income tax. Accordingly, shareholders of the Massachusetts Municipal Money Market Fund who are residents of the Commonwealth of Massachusetts will not be subject to Massachusetts individual income tax on dividends paid by the Fund to the extent such dividends are derived from interest on municipal obligations which would be tax-exempt if directly received by such shareholder, whether such dividends are taken in cash or reinvested in additional shares of the Massachusetts Municipal Money Market Fund.

Massachusetts corporations must include all dividends paid by the Fund in their net income, and the value of their shares of stock in the Fund in their net worth, when computing the Massachusetts excise taxes on corporations.

OTHER STATE AND LOCAL TAXES

Income from the Connecticut/Massachusetts Municipal Money Market Funds is not necessarily free from regular state income taxes in states other than Connecticut/Massachusetts, as appropriate, or from personal property taxes. State laws differ on this issue and shareholders are urged to consult their own tax advisers regarding the status of their accounts under state and local tax laws.

OTHER CLASSES OF SHARES

Connecticut Municipal Money Market Fund and Prime Money Market Fund offer a separate classes of shares known as Investment Shares. Investment Shares are sold primarily to financial institutions that rely upon the distribution services provided by the distributor in the marketing of Investment Shares, as well as to retail customers of such institutions. Investment Shares are sold at net asset value. Investments in Investment Shares are subject to a minimum initial investment of \$2,500.

Investment Shares are distributed pursuant to 12b-1 Plans adopted by the Trust whereby the distributor is paid a fee of up to .50 of 1% of the Investment Shares' average daily net assets.

The amount of dividends payable to Trust Shares will exceed that of Investment Shares by the difference between class expenses and distribution expenses borne by shares of each respective class.

The stated advisory fee is the same for both classes of shares.

PERFORMANCE INFORMATION

FROM TIME TO TIME THE MONEY MARKET FUNDS ADVERTISE THEIR TOTAL RETURN AND YIELD FOR TRUST SHARES.

Total return represents the change, over a specified period of time, in the value of an investment in Trust Shares after reinvesting all income and capital gains distributions. It is calculated by dividing that change by the initial investment and is expressed as a percentage.

The yields of Trust Shares of the Money Market Funds are calculated each day by dividing the net investment income per share (as defined by the Securities and Exchange Commission) earned by the Money Market Funds over a thirty-day period by the net asset value per Share on the last day of the period. This number is then annualized using semi-annual compounding. The yield does not necessarily reflect income actually earned by Trust Shares and, therefore, may not correlate to the dividends or other distributions paid to shareholders.

Total return and yield will be calculated separately for Trust Shares and Investment Shares. Because Investment Shares are subject to a 12b-1 fee, the total return and yield for Trust Shares,

for the same period, will exceed that of Investment Shares.

Trust Shares are sold without any sales charge or other similar non-recurring charges.

From time to time, the Money Market Funds may advertise their performance using certain reporting services and/or compare its performance to certain indices.

Further information about the performance of the Money Market Funds is contained in the Trust's Annual Report dated October 31, 1993, which can be obtained free of charge.

FEDERATED SECURITIES CORP.

(LOGO)

Distributor

A subsidiary of FEDERATED INVESTORS

FEDERATED INVESTORS TOWER

PITTSBURGH, PA 15222-3779
3120921A-I (2/94)

THE SHAWMUT FUNDS

MONEY MARKET FUNDS

SHAWMUT CONNECTICUT MUNICIPAL MONEY MARKET FUND

SHAWMUT MASSACHUSETTS MUNICIPAL MONEY MARKET FUND

SHAWMUT PRIME MONEY MARKET FUND

INVESTMENT SHARES

COMBINED PROSPECTUS

The Investment Shares ("Shares") offered by this prospectus represent interests in Investment Shares of the money market portfolios (collectively, the "Money Market Funds" or, individually as appropriate in context, the "Fund") of The Shawmut Funds (the "Trust"), an open-end management investment company (a mutual fund). In addition to the Money Market Funds, the Trust consists of the following separate investment portfolios, each having a distinct investment objective and policies:

INCOME FUNDS

Shawmut Connecticut Intermediate Municipal
Income Fund
Shawmut Fixed Income Fund
Shawmut Intermediate Government Income Fund
Shawmut Limited Term Income Fund
Shawmut Massachusetts Intermediate Municipal
Income Fund

EQUITY FUNDS

Shawmut Growth and Income Equity Fund
Shawmut Growth Equity Fund
Shawmut Small Capitalization Equity Fund

This combined prospectus contains the information you should read and know before you invest in the Money Market Funds. Keep this prospectus for future reference. The Money Market Funds have also filed a Combined Statement of Additional Information for Trust Shares and Investment Shares dated February 28, 1994, with the Securities and Exchange Commission. The information contained in the Combined Statement of Additional Information is incorporated by reference

into this prospectus. You may request a copy of the Combined Statement of Additional Information free of charge, obtain other information, or make inquiries about the Money Market Funds by writing or calling the Trust.

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.

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

THE SHARES OFFERED BY THIS PROSPECTUS ARE NOT DEPOSITS OR OBLIGATIONS OF SHAWMUT BANK, ARE NOT ENDORSED OR GUARANTEED BY SHAWMUT BANK, ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, NOR ARE THEY INSURED OR GUARANTEED BY THE FEDERAL RESERVE BOARD OR ANY OTHER GOVERNMENT AGENCY. MUTUAL FUNDS INVOLVE INVESTMENT RISKS, INCLUDING FLUCTUATIONS IN VALUE AND EARNINGS, AND THE POSSIBLE LOSS OF PRINCIPAL.

INVESTMENT SHARES OF THE SHAWMUT FUNDS ARE AVAILABLE THROUGH LICENSED REPRESENTATIVES OF SHAWMUT BROKERAGE, INC., MEMBER NASD/SIPC, AND AN AFFILIATE OF SHAWMUT BANK.

Prospectus dated February 28, 1994

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SYNOPSIS

INVESTMENT OBJECTIVES

The Shawmut Funds offer you a convenient, affordable way to participate in separate, professionally managed portfolios of securities. This prospectus relates only to the Money Market Funds of the Trust.

MONEY MARKET FUNDS

SHAWMUT CONNECTICUT MUNICIPAL
MONEY MARKET FUND

("Connecticut Municipal Money Market Fund") seeks current income which is exempt from federal income tax and Connecticut state income tax on individuals, trusts, and estates (the "CSIT"), consistent with stability of principal and liquidity, by investing primarily in short-term Connecticut municipal securities, including securities of states, territories, and possessions of the United States which are not issued by or on behalf of Connecticut or its political subdivisions and financing authorities, but which are exempt from CSIT.

SHAWMUT MASSACHUSETTS MUNICIPAL
MONEY MARKET FUND

("Massachusetts Municipal Money Market Fund") seeks current income which is exempt from federal income tax and income taxes imposed by the Commonwealth of Massachusetts, consistent with stability of principal and liquidity, by investing primarily in short-term Massachusetts municipal securities, including

securities of states, territories, and possessions of the United States which are not issued by or on behalf of Massachusetts or its political subdivisions and financing authorities, but which are exempt from income taxes imposed by the Common-

wealth of Massachusetts.

SHAWMUT PRIME MONEY MARKET FUND

("Prime Money Market Fund") seeks current income, consistent with stability of principal and liquidity, by investing primarily in a diversified portfolio of money market instruments maturing in thirteen months or less.

BUYING AND REDEEMING MONEY MARKET FUND SHARES

A minimum initial investment of \$2,500 may be required. Subsequent investments must be in amounts of at least \$100, as described in this prospectus in the section entitled "Minimum Investment Required."

MONEY MARKET FUND MANAGEMENT

The Money Market Funds' investment adviser is Shawmut Bank, N.A., which makes investment decisions for the Money Market Funds.

SHAREHOLDER SERVICES

As a shareholder, you can easily obtain information about your account by calling 1-800-SHAWMUT.

THE SHAWMUT FUNDS
SUMMARY OF MONEY MARKET FUND EXPENSES
INVESTMENT SHARES

SHAREHOLDER TRANSACTION EXPENSES

<TABLE>
<CAPTION>

	CONNECTICUT MUNICIPAL MONEY MARKET FUND	MASSACHUSETTS MUNICIPAL MONEY MARKET FUND*	PRIME MONEY MARKET FUND
<S>	<C>	<C>	<C>
Maximum Sales Load Imposed on Purchases (as a percentage of offering price).....	None	None	None
Maximum Sales Load Imposed--on Reinvested Dividends (as a percentage of offering price).....	None	None	None
Deferred Sales Load (as a percentage of original purchase price or redemption proceeds as applicable).....	None	None	None
Redemption Fee (as a percentage of amount redeemed, if applicable).....	None	None	None
Exchange Fee.....	None	None	None

* Massachusetts Municipal Money Market Fund currently sells its shares without class designation. Purchasers of either the Trust Shares or Investment Shares of the other Shawmut Funds may purchase shares of Massachusetts Municipal Money Market Fund.

<S>	<C>	<C>	<C>
ANNUAL INVESTMENT SHARES OPERATING EXPENSES (As a percentage of average net assets)			
Management Fee (after waiver) (1).....	0.45%	0.45%	0.29%
12b-1 Fees (2).....	0.25%	0.00%	0.25%
Total Other Expenses (after waiver and reimbursement) (3).....	0.16%	0.16%	0.13%
Total Investment Shares Operating Expenses (after waivers and reimbursement) (4).....	0.86%	0.61%	0.67%

(1) The management fee has been reduced to reflect the anticipated voluntary waiver by the investment adviser. The Adviser can terminate this anticipated voluntary waiver at any time at its sole discretion. The maximum management fee is 0.50%.

(2) The 12b-1 fee has been reduced to reflect the voluntary waiver by the distributor. Both the Connecticut Municipal Money Market Fund and Prime Money Market Fund can pay up to 0.50% of the average daily net assets of Investment Shares as a 12b-1 fee to the distributor. As of date of this prospectus, the Massachusetts Municipal Money Market Fund is not paying or accruing 12b-1 fees. The Massachusetts Municipal Money Market Fund does not intend to accrue or pay 12b-1 fees until either a separate class of shares has been created for certain fiduciary investors or a determination is made that such investors will be subject to the 12b-1 fees. The Massachusetts Municipal Money Market Fund can pay up to 0.50% of the average daily net assets as a 12b-1 fee to the distributor.

(3) Estimated other expenses have been reduced to reflect the voluntary waiver by the custodian and the voluntary reimbursement of expenses by the investment adviser for the Connecticut Municipal Money Market Fund and the Massachusetts Municipal Money Market Fund.

(4) The Annual Investment Shares Operating Expenses for the fiscal year ended October 31, 1993 were 0.36% for the Connecticut Municipal Money Market Fund, 0.11% for the Massachusetts Municipal Money Market Fund, and 0.85% for the Prime Money Market Fund. The Annual Investment Shares Operating Expenses in the table above are based on expenses expected during the fiscal year ending October 31, 1994. Absent the voluntary waivers and reimbursement explained in the above footnotes, the Total Investment Shares Operating Expenses are estimated to be 1.61% for the Connecticut Municipal Money Market Fund; 1.32% for the Massachusetts Municipal Money Market Fund; and 1.13% for the Prime Money Market Fund.

THE PURPOSE OF THIS TABLE IS TO ASSIST AN INVESTOR IN UNDERSTANDING THE VARIOUS COSTS AND EXPENSES THAT A SHAREHOLDER OF INVESTMENT SHARES WILL BEAR, EITHER DIRECTLY OR INDIRECTLY. FOR MORE COMPLETE DESCRIPTIONS OF THE VARIOUS COSTS AND EXPENSES, SEE "THE SHAWMUT FUNDS INFORMATION" AND

"INVESTING IN INVESTMENT SHARES." WIRE-TRANSFERRED REDEMPTIONS OF LESS THAN \$5,000 MAY BE SUBJECT TO ADDITIONAL FEES.

EXAMPLE

You would pay the following expenses on a \$1,000 investment assuming (1) 5% annual return and (2) redemption at the end of each time period. As noted in the table above, the Money Market Funds charge no redemption fee.

<TABLE>
<CAPTION>

	1 Year	3 Years	5 Years	10 Years
<S>	<C>	<C>	<C>	<C>
Connecticut Municipal Money Market Fund.....	\$9	\$27	\$48	\$106
Massachusetts Municipal Money Market Fund.....	\$6	\$20	\$34	\$ 76
Prime Money Market Fund.....	\$7	\$21	\$37	\$ 83

</TABLE>

THE ABOVE EXAMPLES SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE EXPENSES. ACTUAL EXPENSES MAY BE GREATER OR LESS THAN THOSE SHOWN.

The information set forth in the foregoing table and example relates only to Investment Shares of the Money Market Funds. Connecticut Municipal Money Market Fund and Prime Money Market Fund also offer another class of shares called Trust Shares. Trust Shares and Investment Shares are subject to certain of the same expenses; however, Investment Shares are subject to a 12b-1 fee of up to .50 of 1%. See "Other Classes of Shares."

SHAWMUT CONNECTICUT MUNICIPAL MONEY MARKET FUND

FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

The following table has been audited by Price Waterhouse, the Fund's independent public accountants. Their report dated December 17, 1993, on the Fund's financial statements for the year ended October 31, 1993, and on the following table, is included in the Annual Report, which is incorporated by reference. This table should be read in conjunction with the Fund's financial statements and notes thereto, which may be obtained from the Fund.

<TABLE>
<CAPTION>

	YEAR ENDED OCTOBER 31, 1993*

INVESTMENT SHARES	
<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$1.00

INCOME FROM INVESTMENT OPERATIONS	

Net investment income	0.001

LESS DISTRIBUTIONS	

Dividends to shareholders from net investment income	(0.001)

NET ASSET VALUE, END OF PERIOD	\$1.00

TOTAL RETURN**	0.14%

RATIOS TO AVERAGE NET ASSETS	

Expenses	0.36% (a)

Net investment income	2.12% (a)

Expense waiver/reimbursement (b)	5.46% (a)

SUPPLEMENTAL DATA	

Net assets, end of period (000 omitted)	\$6,582

</TABLE>

* Reflects operations for the period from October 4, 1993 (date of initial public investment) to October 31, 1993.

** Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) Computed on an annualized basis.

(b) Increase/decrease in above expense/income ratios due to waivers or reimbursements of expenses (Note 5).

SHAWMUT MASSACHUSETTS MUNICIPAL MONEY MARKET FUND
FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

The following table has been audited by Price Waterhouse, the Fund's independent public accountants. Their report dated December 17, 1993, on the Fund's financial statements for the year ended October 31, 1993, and on the following table, is included in the Annual Report, which is incorporated by reference. This table should be read in conjunction with the Fund's financial statements and notes thereto, which may be obtained from the Fund.

<TABLE>
<CAPTION>

	YEAR ENDED OCTOBER 31, 1993*

<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$1.00

INCOME FROM INVESTMENT OPERATIONS	

Net investment income	0.001

LESS DISTRIBUTIONS	

Dividends to shareholders from net investment income	(0.001)

NET ASSET VALUE, END OF PERIOD	\$1.00

TOTAL RETURN**	0.12%

RATIOS TO AVERAGE NET ASSETS	

Expenses	0.11% (a)

Net investment income	2.75% (a)

Expense waiver/reimbursement (b)	35.31% (a)

SUPPLEMENTAL DATA	

Net assets, end of period (000 omitted)	\$1,237

</TABLE>

* Reflects operations for the period from October 5, 1993 (date of initial public investment) to October 31, 1993.

** Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) Computed on an annualized basis.

(b) Increase/decrease in above expense/income ratios due to waivers or reimbursements of expenses (Note 5).

FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

The following table has been audited by Price Waterhouse, the Fund's independent public accountants. Their report dated December 17, 1993, on the Fund's financial statements for the year ended October 31, 1993, and on the following table for each of the periods presented, is included in the Annual Report, which is incorporated by reference. This table should be read in conjunction with the Fund's financial statements and notes thereto, which may be obtained from the Fund.

	YEAR ENDED OCTOBER 31, 1993*
TRUST SHARES	
<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$1.00
INCOME FROM INVESTMENT OPERATIONS	
Net investment income	0.02
LESS DISTRIBUTIONS	
Dividends to shareholders from net investment income	(0.02)
NET ASSET VALUE, END OF PERIOD	\$1.00
TOTAL RETURN***	2.41%
RATIOS TO AVERAGE NET ASSETS	
Expenses	0.58% (a)
Net investment income	2.71% (a)
Expense waiver/reimbursement (b)	0.12% (a)
SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	\$257,851

</TABLE>

	YEAR ENDED OCTOBER 31, 1993**
INVESTMENT SHARES	
<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$1.00
INCOME FROM INVESTMENT OPERATIONS	
Net investment income	0.02
LESS DISTRIBUTIONS	
Dividends to shareholders from net investment income	(0.02)
NET ASSET VALUE, END OF PERIOD	\$1.00
TOTAL RETURN***	1.73%
RATIOS TO AVERAGE NET ASSETS	
Expenses	0.85% (a)
Net investment income	2.36% (a)
Expense waiver/reimbursement (b)	0.37% (a)
SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	\$28,758

</TABLE>

* Reflects operations for the period from December 14, 1992 (date of initial public investment) to October 31, 1993. For the period from October 21, 1992 (start of business) to December 13, 1992, net investment income aggregating \$0.004 per share (\$400) was distributed to Federated Administrative Services.

** Reflects operations for the period from February 12, 1993 (date of initial public offering) to October 31, 1993.

*** Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) Computed on an annualized basis.

(b) Increase/decrease in above expense/income ratios due to waivers or reimbursements of expenses (Note 5).

GENERAL INFORMATION

The Trust was established as a Massachusetts business trust under a Declaration of Trust dated July 16, 1992. The Declaration of Trust permits the Trust to offer separate series of shares representing interests in separate portfolios of securities. The shares in any one portfolio may be offered in separate classes. As of the date of this prospectus, the Board of Trustees (the "Trustees") has established two classes of shares of Connecticut Municipal Money Market Fund and Prime Money Market Fund, known as Trust Shares and Investment Shares. This prospectus relates only to Investment Shares of Connecticut Municipal Money Market Fund and Prime Money Market Fund, and to the Shares of Massachusetts Municipal Money Market Fund.

A minimum initial investment of \$2,500 may be required. Subsequent investments must be in amounts of at least \$100, as described in this prospectus in the section entitled "Minimum Investment Required." Shares are sold at net asset value and are redeemed at net asset value without a sales charge imposed by the Money Market Funds.

THE SHAWMUT FUNDS

The shareholders of the Money Market Funds are shareholders of The Shawmut Funds, which consist of Shawmut Connecticut Intermediate Municipal Income Fund, Shawmut Connecticut Municipal Money Market Fund, Shawmut Fixed Income Fund, Shawmut Growth and Income Equity Fund, Shawmut Growth Equity Fund, Shawmut Intermediate Government Income Fund, Shawmut Limited Term Income Fund, Shawmut Massachusetts Intermediate Municipal Income Fund, Shawmut Massachusetts Municipal Money Market Fund, Shawmut Prime Money Market Fund, and Shawmut Small Capitalization Equity Fund. Shareholders in the Money Market Funds have easy access to the other portfolios of The Shawmut Funds through an exchange program. The Shawmut Funds are advised by Shawmut Bank, N.A., and distributed by Federated Securities Corp.

OBJECTIVE AND POLICIES OF EACH FUND

CONNECTICUT MUNICIPAL MONEY MARKET FUND

INVESTMENT OBJECTIVE

The investment objective of the Connecticut Municipal Money Market Fund is to provide current income exempt from federal regular income tax and the CSIT, consistent with stability of principal and liquidity. The investment objective cannot be changed without the approval of shareholders. While there is no assurance that the Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this prospectus.

INVESTMENT POLICIES

THE CONNECTICUT MUNICIPAL MONEY MARKET FUND PURSUES ITS INVESTMENT
OBJECTIVE BY INVESTING IN A PORTFOLIO OF CONNECTICUT MUNICIPAL SECURITIES
(AS DEFINED BELOW) WITH REMAINING MATURITIES OF THIRTEEN MONTHS OR LESS AT
THE TIME OF PURCHASE BY THE FUND.

Unless indicated otherwise, the investment policies described in this prospectus may be changed by the Trustees without the approval of shareholders. Shareholders will be notified before any material changes in these policies become effective. As a matter of investment policy which cannot be changed without approval of shareholders, the Connecticut Municipal Money Market Fund invests its assets so that at least 80% of its annual interest income is exempt from federal regular income tax or at least 80% of the total value of its assets are invested in obligations the interest income from which is exempt from federal regular income tax. The average maturity of the securities in the Connecticut Municipal Money Market Fund's portfolio, computed on a dollar-weighted basis, will be 90 days or less.

ACCEPTABLE INVESTMENTS

Under normal circumstances, the Connecticut Municipal Money Market Fund will invest its assets so that at least 65% of the value of its assets will be invested in debt obligations issued by or on behalf of the State of Connecticut and its political subdivisions and financing authorities, and obligations of other states, territories and possessions of the United States, including the District of Columbia, and any political subdivision or financing authority of any of these, the interest income from which is, in the opinion of qualified legal counsel, exempt from federal regular income tax and CSIT ("Connecticut Municipal Securities"). Examples of Connecticut Municipal Securities include, but are not limited to:

- - municipal commercial paper and other short-term notes;
- - variable rate demand notes;
- - municipal bonds (including bonds having remaining maturities of less than thirteen months without demand features);
- - municipal leases, including certificates of participation in leases;
- - tender option bonds; and
- - participation, trust, and partnership interests in any of the foregoing obligations.

MASSACHUSETTS MUNICIPAL
MONEY MARKET FUND

INVESTMENT OBJECTIVE

The investment objective of the Massachusetts Municipal Money Market Fund is to provide current income exempt from federal regular income tax and the income taxes imposed by the Commonwealth of Massachusetts, consistent with stability of principal and liquidity. The investment objective cannot be changed without the approval of shareholders. While there is no assurance that the Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this prospectus.

INVESTMENT POLICIES

THE MASSACHUSETTS MUNICIPAL MONEY MARKET FUND PURSUES ITS INVESTMENT
OBJECTIVE BY INVESTING IN A PORTFOLIO OF MASSACHUSETTS MUNICIPAL SECURITIES
(AS DEFINED BELOW) WITH REMAINING MATURITIES OF THIRTEEN MONTHS OR LESS AT
THE TIME OF PURCHASE BY THE FUND.

Unless indicated otherwise, the investment policies described in this prospectus may be changed by the Trustees without the approval of shareholders. Shareholders will be notified before any material changes in these policies become effective. As a matter of investment policy which cannot be changed without approval of shareholders, the Massachusetts Municipal Money Market Fund invests its assets so that at least 80% of its annual interest income is exempt from federal regular income tax or at least 80% of the total value of its assets

are invested in obligations the interest income from which is exempt from federal regular income tax. The average maturity of the securities in the Massachusetts Municipal Money Market Fund's portfolio, computed on a dollar-weighted basis, will be 90 days or less.

ACCEPTABLE INVESTMENTS

Under normal circumstances, the Massachusetts Municipal Money Market Fund will invest its assets so that at least 65% of the value of its assets will be invested in debt obligations issued by or on behalf of the Commonwealth of Massachusetts and its political subdivisions and financing authorities, and obligations of other states, territories and possessions of the United States, including the District of Columbia, and any political subdivision or financing authority of any of these, the interest income from which is, in the opinion of qualified legal counsel, exempt from federal regular income tax and income taxes imposed by the Commonwealth of Massachusetts imposed upon non-corporate taxpayers ("Massachusetts Municipal Securities"). Examples of Massachusetts Municipal Securities include, but are not limited to:

- - municipal commercial paper and other short-term notes;
- - variable rate demand notes;
- - municipal bonds (including bonds having remaining maturities of less than thirteen months without demand features);
- - municipal leases, including certificates of participation in leases;
- - tender option bonds; and
- - participation, trust, and partnership interest in any of the foregoing obligations.

PRIME MONEY MARKET FUND

INVESTMENT OBJECTIVE

The investment objective of the Prime Money Market Fund is to provide current income consistent with stability of principal and liquidity. The investment objective cannot be changed without the approval of shareholders. While there is no assurance that the Fund will achieve

its investment objective, it endeavors to do so by following the investment policies described in this prospectus.

INVESTMENT POLICIES

THE PRIME MONEY MARKET FUND PURSUES ITS INVESTMENT OBJECTIVE BY INVESTING PRIMARILY IN A DIVERSIFIED PORTFOLIO OF MONEY MARKET INSTRUMENTS MATURING IN THIRTEEN MONTHS OR LESS.

Unless indicated otherwise, the investment policies set forth in this prospectus may be changed by the Trustees without the approval of shareholders. Shareholders will be notified before any material change in these investment policies becomes effective. The average maturity of these securities, computed on a dollar-weighted basis, will be 90 days or less.

ACCEPTABLE INVESTMENTS

The Prime Money Market Fund invests in eligible quality money market instruments that are either rated in one of the two highest short-term rating categories by one or more nationally recognized statistical rating organizations ("NRSROs") or are of comparable quality to securities having such ratings. Examples of these instruments include, but are not limited to:

- - domestic issues of corporate debt obligations, including notes, bonds, and debentures;
- - commercial paper, including eurodollar commercial paper ("Europaper");

- - certificates of deposit, demand and time deposits, and bankers' acceptances of domestic banks and other deposit institutions ("Bank Instruments");
- - short-term credit facilities, such as demand notes;
- - obligations issued or guaranteed as to payment of principal and interest by the U.S. government or one of its agencies or instrumentalities ("Government Securities"); and
- - repurchase agreements.

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

MONEY MARKET FUNDS INVESTMENTS AND STRATEGIES

VARIABLE RATE DEMAND NOTES. Variable rate demand notes are long-term securities (Municipal Securities for the Connecticut/Massachusetts Municipal Money Market Funds and long-term corporate debt instruments for the Prime Money Market Fund) that have variable or floating interest rates and provide the Money Market Funds with the right to tender the security for repurchase at its stated principal amount plus accrued interest. Such securities typically bear interest at a rate that is intended to cause the securities to trade at par. The interest rate may float or be adjusted at regular intervals (ranging from daily to annually), and is normally based on an applicable interest index or a stated percentage of a prime rate or another published interest rate or interest rate index. Most variable rate demand notes allow the Money Market Funds to demand the repurchase of the security on not more than seven days prior notice. Other notes only permit the Money Market Funds to tender the security at the time of each interest rate adjustment or at other fixed intervals. See "Demand Features." The Money Market Funds treat variable rate demand notes as maturing on the later of the date of the next interest rate adjustment or the date on which the Money Market Funds may next tender the security for repurchase.

RATINGS. The Municipal Securities in which the Connecticut/Massachusetts Municipal Money Market Funds invest must either be rated in one of the two highest short-term rating categories by one or more NRSROs or be of comparable quality to securities having such ratings. A NRSRO's two highest rating categories are determined without regard for sub-categories and gradations. For example, securities rated SP-1+, SP-1, or SP-2 by Standard & Poor's Corporation ("S&P"), MIG-1 or MIG-2 by Moody's Investors Service, Inc. ("Moody's"), or FIN-1+, FIN-1, and FIN-2 by Fitch Investors Service, Inc. ("Fitch") are all considered rated in one of the two highest short-term rating categories. The Connecticut/Massachusetts Municipal Money Market Funds will follow applicable regulations in determining whether a security rated by more than one NRSRO can be treated as being in one of the two highest short-term rating categories. See "Regulatory Compliance."

If a Municipal Security has not been rated by a NRSRO, the Connecticut/Massachusetts Municipal Money Market Funds' investment adviser will acquire the security only if it determines that the security is of comparable quality to securities that have received the requisite ratings. In this regard, the adviser will generally treat Municipal Securities as eligible portfolio securities if the issuer has received long-term bond ratings within the two highest rating categories by a NRSRO with respect to other bonds issued. The adviser also considers other relevant information in its evaluation of unrated short-term securities.

For the Prime Money Market Fund's securities, a NRSRO's two highest rating categories are also determined without regard for sub-categories and gradations. For example, the Prime Money Market Fund's securities rated A-1+, A-1, or A-2 by S&P, Prime-1 or Prime-2 by Moody's, or F-1 (+ or -) or F-2 (+ or -) by Fitch are all considered rated in one of the two highest short-term rating categories. The Prime Money Market Fund will limit its investments in securities rated in the second highest short-term rating category, e.g., A-2 by S&P, Prime 2 by Moody's or F-2 (+ or -) by Fitch, to not more than 5% of its total assets, with not more than 1% invested in the securities of any one issuer. The Prime Money Market Fund will follow applicable regulations in determining whether a security rated by more than one NRSRO can be treated as being in one of the two highest short-term rating categories. See "Regulatory Compliance."

CREDIT ENHANCEMENT. Certain of the Money Market Funds' acceptable investments may have

been credit enhanced by a guaranty, letter of credit, or insurance. The Money

Market Funds typically evaluate the credit quality and ratings of credit enhanced securities based upon the financial condition and ratings of the party providing the credit enhancement (the "credit enhancer"), rather than the issuer. Generally, the Prime Money Market Fund will not treat credit enhanced securities as having been issued by the credit enhancer for diversification purposes. However, the Connecticut/Massachusetts Municipal Money Market Funds will not treat credit enhanced securities as having been issued by the credit enhancer for diversification purposes, unless the Connecticut/Massachusetts Municipal Money Market Funds have invested more than 10% of their respective assets in securities issued, guaranteed, or otherwise credit enhanced by the credit enhancer, in which case the securities will be treated as having been issued both by the issuer and the credit enhancer. The bankruptcy, receivership, or default of the credit enhancer may adversely affect the quality and marketability of the underlying security.

The Connecticut/Massachusetts Municipal Money Market Funds may have more than 25% of their respective total assets invested in securities credit enhanced by banks or insurance companies.

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

RESTRICTED AND ILLIQUID SECURITIES. The Money Market Funds may invest in restricted securities. Restricted securities are any securities in which a Money Market Fund may invest pursuant to its investment objective and policies but which are subject to restrictions on resale under federal securities laws. Pursuant to criteria established by the Trustees, certain restricted securities are considered liquid. To the extent restricted securities are deemed to be illiquid, the Money Market Funds will limit their purchase, together with other securities not considered to be liquid, to 10% of their individual net assets.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS. The Money Market Funds may purchase securities on a when-issued or delayed delivery basis. These transactions are arrangements in which a Money Market Fund purchases securities with payment and delivery scheduled for a future time. In when-issued and delayed delivery transactions, a Money Market Fund relies on the seller to complete the transaction. The seller's failure to complete the transaction may cause a Money Market Fund to miss a price or yield considered to be advantageous.

TEMPORARY INVESTMENTS. In such proportions as, in the judgment of its investment adviser, prevailing market conditions warrant, the Prime Money Market Fund may, for temporary defensive purposes, invest in repurchase agreements and other mutual funds.

From time to time on a temporary basis, when the investment adviser determines that market conditions call for a temporary defensive posture, the Connecticut/Massachusetts Municipal Money Market Funds may invest in short-term non-Connecticut/Massachusetts (respectively) municipal tax-exempt obligations or other taxa-

ble, temporary investments. All temporary investments will satisfy the same credit quality standards as the Connecticut/Massachusetts Municipal Money Market Funds' acceptable investments. See "Ratings" above. Temporary investments include: investments in other mutual funds; notes issued by or on behalf of municipal or corporate issuers; marketable obligations issued or guaranteed by the U.S. government, its agencies, or instrumentalities; other debt securities; commercial paper; certificates of deposit of banks; and repurchase agreements (arrangements in which the organization sells a Money Market Fund a temporary investment and agrees at the time of sale to repurchase it at a mutually agreed upon time and price).

Although the Connecticut/Massachusetts Municipal Money Market Funds are permitted to make taxable, temporary investments, there is no current intention of generating income subject to federal regular income tax, CSIT, or income taxes imposed by the Commonwealth of Massachusetts, respectively.

INVESTING IN SECURITIES OF OTHER INVESTMENT COMPANIES. The Money Market Funds may invest in the securities of other investment companies that have similar policies and objectives, but they will not individually own more than 3% of the total outstanding voting stock of any investment company, invest more than 5% of their respective total assets in any one investment company, or invest more than 10% of their respective total assets in investment companies in general. The Money Market Funds will invest in other investment companies primarily for the purpose of investing short-term cash which has not yet been invested in other portfolio instruments. However, from time to time on a temporary basis, a Money Market Fund may invest exclusively in a single other similarly managed investment company. Shareholders should realize that when a Fund invests in other investment companies, certain fund expenses, such as custodian fees and administrative fees, may be duplicated. The adviser will waive its investment advisory fee on assets invested in securities of other investment companies.

The following investments and strategies apply only to the CONNECTICUT/MASSACHUSETTS MUNICIPAL MONEY MARKET FUNDS:

MUNICIPAL LEASES. Municipal leases are obligations issued by state and local governments or authorities to finance the acquisition of equipment and facilities and may be considered to be illiquid. They may take the form of a lease, an installment purchase contract, a conditional sales contract, or a participation certificate in any of the above.

PARTICIPATION INTERESTS. The Connecticut/ Massachusetts Municipal Money Market Funds may purchase interests in Municipal Securities from financial institutions such as commercial and investment banks, savings and loan associations, and insurance companies. These interests may take the form of participations, beneficial interests in a trust, partnership interests, or any other form of indirect ownership that allows the respective Fund to treat the income from the investment as exempt from federal income tax. The Connecticut/Massachusetts Municipal Money Market Funds invest in these participation interests in order to obtain credit enhancement or demand features that would not be available through direct ownership of the underlying Municipal Securities.

TENDER OPTION BONDS. The Connecticut/Massachusetts Municipal Money Market Funds may purchase tender option bonds and similar securities. A tender option bond generally has a long maturity and bears interest at a fixed rate substantially higher than prevailing short-term tax-exempt rates, and is coupled with an agreement by a third party, such as a bank, broker-dealer, or other financial institution, pursuant to which such institution grants the security holders the option, usually upon not more than seven days notice or at periodic intervals, to tender their securities to the institution and receive the face value of the security. In providing the option, the financial institution receives a fee

that reduces the fixed rate of the underlying bond and results in the Connecticut/Massachusetts Municipal Money Market Funds effectively receiving a demand obligation that bears interest at the prevailing short-term tax exempt rate. The Connecticut/Massachusetts Municipal Money Market Funds' adviser will monitor, on an ongoing basis, the creditworthiness of the issuer of the tender option bond, the financial institution providing the option, and any custodian holding the underlying long-term bond. The bankruptcy, receivership, or default of any of the parties to the tender option bond will adversely affect the quality and marketability of the security.

NON-DIVERSIFICATION. The Connecticut/Massachusetts Municipal Money Market Funds are non-diversified investment portfolios. As such, there is no limit on the percentage of assets which can be invested in any single issuer. An investment in the Connecticut/Massachusetts Municipal Money Market Fund, therefore, will entail greater risk than would exist in a diversified investment portfolio because the higher percentage of investments among fewer issuers may result in greater fluctuation in the total market value of the Connecticut/Massachusetts Municipal Money Market Funds' portfolios. Any economic, political, or regulatory developments affecting the value of the securities in the Connecticut/Massachusetts Municipal Money Market Funds' portfolios will have a greater impact on the total value of the portfolios than would be the case if the portfolios were diversified among more issuers.

The Connecticut/Massachusetts Municipal Money Market Funds intend to comply with Subchapter M of the Internal Revenue Code. This undertaking requires that at the end of each quarter of the taxable year, with regard to at least 50% of a Fund's total assets, no more than 5% of its total assets are invested in the securities of a single issuer; beyond that, no more than 25% of its total assets are invested in the securities of a single issuer.

CONNECTICUT AND MASSACHUSETTS MUNICIPAL SECURITIES. Connecticut and Massachusetts Municipal Securities are generally issued to finance public works, such as airports, bridges, highways, housing, health-related entities, transportation-related projects, educational programs, water and pollution control, and sewer works. They are also issued to repay outstanding obligations, to raise funds for general operating expenses, and to make loans to other public institutions and facilities.

Connecticut and Massachusetts Municipal Securities include industrial development bonds issued by or on behalf of public authorities to provide financing aid to acquire sites or construct and equip facilities for privately or publicly owned corporations. The availability of this financing encourages these corporations to locate within the sponsoring communities and thereby increases local employment.

The two principal classifications of Municipal Securities are "general obligation" and "revenue" bonds. General obligation bonds are secured by the issuer's pledge of its full faith and credit and taxing power for the payment of principal and interest. Interest on and principal of revenue bonds, however, are payable only from the revenue generated by the facility financed by the bond or other specified sources of revenue. Revenue bonds do not represent a pledge of credit or create any debt of or charge against the general revenues of a municipality or public authority. Industrial development bonds are typically classified as revenue bonds.

STANDBY COMMITMENTS. Some securities dealers are willing to sell Connecticut and Massachusetts Municipal Securities to the Connecticut/Massachusetts Municipal Money Market Funds accompanied by their commitments to repurchase the Municipal Securities prior to maturity, at the Connecticut/Massachusetts Municipal Money Market Funds' option, for the amortized cost of the Municipal Securities at the time of repurchase. These arrangements are not used to protect against changes in the market value of Municipal Securities. They permit the Connecticut/Massachusetts Municipal Money Market Funds, however, to remain fully invested

and still provide liquidity to satisfy redemptions. The cost of Connecticut or Massachusetts Municipal Securities accompanied by these 'standby' commitments could be greater than the cost of Municipal Securities without such commitments. Standby commitments are not marketable or otherwise assignable and have value only to the Connecticut/Massachusetts Municipal Money Market Funds. The default or bankruptcy of a securities dealer giving such a commitment would not affect the quality of the Connecticut or Massachusetts Municipal Securities purchased. However, without a standby commitment, these securities could be more difficult to sell. The Connecticut/Massachusetts Municipal Money Market Funds enter into standby commitments only with those dealers whose credit the investment adviser believes to be of high quality.

CONNECTICUT AND MASSACHUSETTS INVESTMENT RISKS. Yields on Connecticut and Massachusetts Municipal Securities depend on a variety of factors, including: the general conditions of the short-term municipal note market and of the municipal bond market; the size and maturity of the particular offering; the maturity of the obligations; and the rating of the issue. Further, any adverse economic conditions or developments affecting the State of Connecticut and the Commonwealth of Massachusetts or their respective municipalities could impact the Connecticut/Massachusetts Municipal Money Market Funds' portfolios. The ability of the Connecticut/Massachusetts Municipal Money Market Funds to achieve their investment objectives also depends on the continuing ability of the issuers of Connecticut and Massachusetts Municipal Securities and demand features, or the credit enhancers of either, to meet their obligations for the payment of interest and principal when due.

Investing in Connecticut and Massachusetts Municipal Securities which meet the Connecticut/Massachusetts Municipal Money Market Funds' quality standards may not be possible if the State of Connecticut and the Commonwealth of Massachusetts or their respective municipalities do not maintain their current credit ratings. An expanded discussion of the current economic risks associated with the purchase of Connecticut or Massachusetts Municipal Securities is contained in the Combined Statement of Additional Information.

The following investments and strategies apply only to the PRIME MONEY MARKET FUND:

REPURCHASE AGREEMENTS. The U.S. government securities and other securities in which the Prime Money Market Fund invests may be purchased pursuant to repurchase agreements. Repurchase agreements are arrangements in which banks, broker/dealers, and other recognized financial institutions sell U.S. government securities or other securities to the Prime Money Market Fund and agree at the time of sale to repurchase them at a mutually agreed upon time and price. To the extent that the original seller does not repurchase the securities from the Prime Money Market Fund, the Prime Money Market Fund could receive less than the repurchase price on any sale of such securities.

BANK INSTRUMENTS. The Prime Money Market Fund only invests in Bank Instruments either issued by an institution having capital, surplus and undivided profits over \$100 million, or insured by the Bank Insurance Fund ("BIF") or the Savings Association Insurance Fund ("SAIF"). Bank Instruments may include Eurodollar Certificates of Deposit ("ECDs"), Yankee Certificates of Deposit ("Yankee CDs") and Eurodollar Time Deposits ("ETDs"). The Prime Money Market Fund will treat securities credit enhanced with a bank's letter of credit as Bank Instruments.

SHORT-TERM CREDIT FACILITIES. Demand notes are short-term borrowing arrangements between a corporation and an institutional lender (such as the Prime Money Market Fund) payable upon demand by either party. The notice period for demand typically ranges from one to seven days, and the party may demand full or partial payment. The Prime Money Market Fund may also enter into, or acquire participations in, short-term revolving credit facilities with corporate borrowers. Demand notes and other short-term credit arrangements usually provide for floating or variable rates of interest.

INVESTMENT LIMITATIONS

THE MONEY MARKET FUNDS FOLLOW A NUMBER OF GUIDELINES IN MANAGING THEIR PORTFOLIOS IN ORDER TO LIMIT INVESTMENT RISKS.

The following investment limitations apply only to CONNECTICUT/MASSACHUSETTS MUNICIPAL MONEY MARKET FUNDS:

The Connecticut/Massachusetts Municipal Money Market Funds will not borrow money directly or pledge securities except, under certain circumstances, a Fund may borrow up to one-third of the value of its total assets and pledge up to 10% of the value of total assets to secure such borrowings.

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

The Connecticut/Massachusetts Municipal Money Market Funds will not invest more than 5% of their respective total assets in industrial development bonds or other Municipal Securities when the payment of principal and interest is the responsibility of companies (or guarantors, where applicable) with less than three years of continuous operations, including the operation of any predecessor.

The following limitation, which may be changed by the Trustees without shareholder approval, applies only to the PRIME MONEY MARKET FUND:

The Prime Money Market Fund will not invest more than 5% of the value of its total assets in securities of issuers which have records of less than three years of continuous operations, including the operation of any predecessor.

REGULATORY COMPLIANCE

The Money Market Funds may follow non-fundamental operational policies that are more restrictive than their respective fundamental investment limitations, as set forth in this prospectus and its Combined Statement of Additional Information, in order to comply with applicable laws and regulations, including the provisions of and regulations under the Investment Company Act of 1940, as amended. In particular, the Money Market Funds will comply with the various requirements of Rule 2a-7 which regulates money market mutual funds. Each of the

Money Market Funds will determine the effective maturity of its respective investments, as well as its ability to consider a security as having received the requisite short-term ratings by NRSROs, according to Rule 2a-7. The Money Market Funds may change these operational policies to reflect changes in the laws and regulations without the approval of its shareholders.

THE SHAWMUT FUNDS INFORMATION

MANAGEMENT OF THE
SHAWMUT FUNDS

BOARD OF TRUSTEES

THE SHAWMUT FUNDS ARE MANAGED BY A BOARD OF TRUSTEES.

The Trustees are responsible for managing the Trust's business affairs and for exercising all the Trust's powers except those reserved for the shareholders. The Executive Committee of the Board of Trustees handles the Board's responsibilities between meetings of the Board.

INVESTMENT ADVISER

PURSUANT TO AN INVESTMENT ADVISORY CONTRACT WITH THE TRUST, INVESTMENT DECISIONS FOR THE MONEY MARKET FUNDS ARE MADE BY SHAWMUT BANK, (THE "ADVISER"), SUBJECT TO DIRECTION BY THE TRUSTEES.

The Adviser continually conducts investment research and supervision for the Money Market Funds and is responsible for the purchase and sale of portfolio instruments, for which it receives an annual fee from the respective assets of the Money Market Funds.

ADVISORY FEES

THE ADVISER MAY VOLUNTARILY WAIVE PART OF ITS ADVISORY FEES.

The Adviser receives an annual investment advisory fee equal to .50 of 1% of each of the Money Market Fund's average daily net assets. The Adviser has undertaken to waive a portion of its advisory fee, up to the amount of the advisory fee, to reimburse each of the Money Market Funds for operating expenses in excess of limitations established by certain states. The Adviser may further voluntarily waive a portion of its fee or reimburse any of the Money Market Funds for certain operating expenses. The Adviser can terminate such voluntary waiver or reimbursement policy with any of the Money Market Funds at any time at its sole discretion.

ADVISER'S BACKGROUND

SHAWMUT BANK, N.A., A NATIONAL BANKING ASSOCIATION, AND ITS AFFILIATES HAVE MANAGED COMMINGLED FUNDS FOR OVER FIFTY YEARS. AS OF DECEMBER 31, 1993, SHAWMUT NATIONAL CORPORATION, THROUGH ITS SUBSIDIARIES INCLUDING SHAWMUT BANK, MANAGED MORE THAN \$15 BILLION IN DISCRETIONARY TRUST ASSETS. SHAWMUT BANK HAS SERVED AS AN ADVISER TO MUTUAL FUNDS SINCE THE INCEPTION OF THE SHAWMUT FUNDS ON DECEMBER 1, 1992.

Shawmut Bank, N.A., a national banking association, along with Shawmut Bank Connecticut, National Association, are the principal subsidiaries of Shawmut National Corporation, a super-regional bank holding company formed on February 29, 1988, and based in southern New England. Shawmut National Corporation serves consumers through its network of banking offices with a full range of deposit and lending products, as well as investment services. Shawmut Bank's borrowers may be issuers of certain securities, in which The Shawmut Funds may invest. The principal executive offices of the investment adviser are located at One Federal Street, Boston, Massachusetts 02211.

DISTRIBUTION OF MONEY MARKET

FEDERATED SECURITIES CORP. IS THE PRINCIPAL DISTRIBUTOR FOR INVESTMENT SHARES.

Federated Securities Corp., Federated Investors Tower, Pittsburgh, Pennsylvania 15222-3779, is a Pennsylvania corporation organized on November 14, 1969, and is the principal distributor for a number of investment companies. Federated Securities Corp. is a subsidiary of Federated Investors.

DISTRIBUTION PLAN. Under the distribution plan adopted in accordance with Investment Company Act Rule 12b-1 (the "Plan"), each of the Money Market Funds Investment Shares will pay to the distributor an amount computed at an annual rate of up to .50 of 1% of the average daily net asset value of each of the Money Market Funds to finance any activity which is principally intended to result in the sale of Investment Shares subject to the Plan.

The distributor may, from time to time and for such periods as it deems appropriate, voluntarily reduce its compensation under the Plan.

The distributor may select financial institutions such as banks, fiduciaries, custodians for public funds, investment advisers, and broker/dealers ("brokers") to provide distribution and/or administrative services as agents for their clients or customers who own Investment Shares of the Money Market Funds. Administrative services may include, but are not limited to, the following functions: providing office space, equipment, telephone facilities, and various clerical, supervisory, computer, and other personnel as necessary or beneficial to establish and maintain shareholder accounts and records; processing purchase and redemption transactions and automatic investments of client account cash balances; answering routine client inquiries; assisting clients in changing dividend options, account designations, and addresses; and providing such other services as may reasonably be requested.

The distributor will pay financial institutions a fee based upon the Investment Shares subject to the Plan and owned by their clients or customers. The schedules of such fees and the basis upon which such fees will be paid will be determined from time to time by the distributor.

The Money Market Funds' Plan is a compensation type plan. As such, the Money Market Funds make no payments to the distributor except as described above. Therefore, the Money Market Funds do not pay for unreimbursed expenses of the distributor, including amounts expended by the distributor in excess of amounts received by it from each of the Money Market Funds including interest, carrying or other financing charges in connection with excess amounts expended, or the distributor's overhead expenses. However, the distributor may be able to recover such amounts or may earn a profit from future payments made by the Money Market Funds under the Plan.

The Glass-Steagall Act prohibits a depository institution (such as a commercial bank or a savings and loan association) from being an underwriter or distributor of most securities. In the event the Glass-Steagall Act is deemed to prohibit depository institutions from acting in the administrative capacities described above or should Congress relax current restrictions on depository institutions, the Trustees will consider appropriate changes in the services.

State securities laws governing the ability of depository institutions to act as underwriters or distributors of securities may differ from interpretations given to the Glass-Steagall Act and, therefore, banks and financial institutions may be required to register as dealers pursuant to state law.

ADMINISTRATION OF THE MONEY MARKET FUNDS

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

<TABLE>	
<CAPTION>	
MAXIMUM	AVERAGE AGGREGATED DAILY
ADMINISTRATIVE FEE	NET ASSETS OF THE TRUST
<S>	<C>
.150 of 1%	First \$250 million

.125 of 1%	Next \$250 million
.100 of 1%	Next \$250 million
.075 of 1%	Over \$750 million

The administrative fee received by FAS during any fiscal year shall be at least \$50,000 for each of the Money Market Funds individually. FAS may voluntarily choose to waive a portion of its fee.

CUSTODIAN. Shawmut Bank, N.A., One Federal Street, Boston, Massachusetts 02211, is custodian for the securities and cash of the Money Market Funds. Under the Custodian Agreement, Shawmut Bank, N.A., holds the Money Market Funds' portfolio securities in safekeeping and keeps all necessary records and documents relating to its duties.

TRANSFER AGENT, DIVIDEND DISBURSING AGENT, AND PORTFOLIO ACCOUNTING SERVICES. Federated Services Company, Federated Investors Tower, Pittsburgh, Pennsylvania 15222-3779, is transfer agent and dividend disbursing agent for the Money Market Funds. It also provides certain accounting and recordkeeping services with respect to each of the Money Market Funds' portfolio investments.

LEGAL COUNSEL. Legal counsel is provided by Houston, Houston & Donnelly, 2510 Centre City Tower, Pittsburgh, Pennsylvania 15222, and Dickstein, Shapiro & Morin, 2101 L Street, N.W., Washington, DC 20037.

INDEPENDENT ACCOUNTANTS. The independent accountants for the Money Market Funds are Price Waterhouse, 160 Federal Street, Boston, Massachusetts 02110.

EXPENSES OF THE MONEY MARKET FUNDS AND INVESTMENT SHARES

Holders of Investment Shares pay their allocable portion of the Money Market Funds' and Trust's expenses. The Trust expenses for which holders of Investment Shares pay their allocable portion include, but are not limited to: the cost of organizing the Trust and continuing its existence; registering the Trust with federal and state securities authorities; Trustees' fees; auditors' fees; the cost of meetings of Trustees; legal fees of the Trust; association membership dues; and such non-recurring and extraordinary items as may arise.

The respective Money Market Fund expenses for which holders of Investment Shares pay their allocable portion include, but are not limited to: registering the Money Market Funds and shares of the Money Market Funds; investment advisory services; taxes and commissions; custodian fees; insurance premiums; auditors' fees; and such non-recurring and extraordinary items as may arise.

At present, no expenses, other than distribution expenses, are allocated exclusively to the Investment Shares as a class. However, the Board of Trustees reserves the right to allocate certain other expenses to holders of Investment Shares as they deem appropriate ("Class Expenses"). In any case, Class Expenses would be limited to: distribution fees; transfer agent fees as identified by the transfer agent as attributable to holders of Shares; printing and postage expenses related to preparing and distributing materials such as shareholder reports, prospectuses and proxies to current shareholders; registration fees paid to the Securities and Exchange Commission and registration fees paid to state securities commissions; expenses related to administrative personnel and services as required to support holders of Investment Shares; legal fees relating solely to Invest-

ment Shares; and Trustees' fees incurred as a result of issues relating solely to Investment Shares.

NET ASSET VALUE

 THE TERM "NET ASSET VALUE" REFERS TO THE VALUE OF ONE MONEY MARKET FUND SHARE.

The Money Market Funds attempt to stabilize the net asset value of their respective shares at \$1.00. The net asset value per share is determined by dividing the sum of the market value of all securities and other assets, less

liabilities, by the number of shares outstanding. The Money Market Funds cannot guarantee that the net asset value of their respective shares will always remain at \$1.00 per share.

INVESTING IN INVESTMENT SHARES

YOU CAN BUY INVESTMENT SHARES OF THE MONEY MARKET FUNDS BY FEDERAL RESERVE WIRE, MAIL, OR TRANSFER, AS EXPLAINED BELOW.

Shares of the Money Market Funds are sold by the distributor on days on which the New York Stock Exchange and Federal Reserve Wire System are open for business. Shares of the Money Market Funds may also be purchased through Shawmut Bank, N.A., Shawmut Bank Connecticut, National Association, or their affiliates (collectively, "Shawmut Bank") on days on which both Shawmut Bank and the New York Stock Exchange and Federal Reserve Wire System are open for business. Texas residents must purchase, exchange, and redeem Shares through Federated Securities Corp. at 1-800-618-8573. The Money Market Funds reserve the right to reject any purchase request.

THROUGH SHAWMUT BANK

An investor may call Shawmut Bank (call toll-free 1-800-SHAWMUT) to receive information and to place an order to purchase Investment Shares. Orders placed through Shawmut Bank are considered received when payment is converted to federal funds and the appropriate Money Market Fund is notified of the purchase order. The completion of the purchase transaction will generally occur within one business day after Shawmut Bank receives a purchase order. Purchase orders must be received by Shawmut Bank before 11:00 a.m. (Eastern time) and must be transmitted by Shawmut Bank to the applicable Money Market Fund before 12:00 noon (Eastern time) in order for Shares to be purchased at that day's public offering price.

Payments must be made by either check or federal funds deposited into a shareholder account established with Shawmut Bank. Payment is normally made through a debit to the shareholder account no later than the business day following the conversion of a check into federal funds.

DIRECTLY FROM THE DISTRIBUTOR. An investor may place an order to purchase Investment Shares directly from the distributor. To do so: complete and sign the new account form available from the Money Market Funds; enclose a check made payable to Shawmut Connecticut Municipal Money Market Fund, Shawmut Massachusetts Municipal Money Market Fund, and Prime Money Market Fund (as appropriate)--Investment Shares; and mail both to Shawmut Money Market Funds, 3 Copley Place, OF9919, Boston, Massachusetts 02116. The order is considered received after the check is converted by Shawmut Bank into federal funds and Shawmut Bank establishes a shareholder account for the investor. This is generally the next business day after Shawmut Bank receives the check.

To purchase Investment Shares of the Money Market Funds by wire, call 1-800-SHAWMUT. All information needed will be taken over the telephone, and the order is considered received when Shawmut Bank receives payment by wire and has established a shareholder account for the investor. To request additional information concerning purchases by wire, please contact Federated Securities Corp., the Money Market

Funds' distributor, at 1-800-618-8573. Investment Shares cannot be purchased by wire on any day on which both Shawmut Bank and the New York Stock Exchange and Federal Reserve Wire System are not open for business.

MINIMUM INVESTMENT REQUIRED

THE MINIMUM INITIAL INVESTMENT IS \$2,500, OR \$500 IN THE CASE OF RETIREMENT PLAN ACCOUNTS.

The minimum initial investment in Investment Shares by an investor is \$2,500, or \$500 in the case of retirement plan accounts. Subsequent investments by participants in the Systematic Investment Program, as described in this prospectus, or by retirement plan accounts, must be in amounts of at least \$50. Subsequent investments by all other investors must be in amounts of at least \$100. The Money Market Funds may waive the initial minimum investment for employees of Shawmut Bank and its affiliates from time to time.

WHAT SHARES COST

SHARES ARE SOLD AT THEIR NET ASSET VALUE NEXT DETERMINED AFTER AN ORDER IS RECEIVED.

The net asset value is determined at 12:00 noon and 4:00 p.m. (Eastern time), Monday through Friday, except on: (i) days on which there are not sufficient changes in the value of a Money Market Fund's portfolio securities that its net asset value might be materially affected; (ii) days during which no shares are tendered for redemption and no orders to purchase shares are received; or (iii) on the following holidays: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

Shares of the Money Market Funds are sold at their net asset value next determined after an order is received without a sales charge.

EXCHANGING SECURITIES FOR MONEY MARKET FUND SHARES

Investors may exchange certain Connecticut Municipal Securities or Massachusetts Municipal Securities, or a combination of securities and cash, for Shares of Connecticut Municipal Money Market Fund and Massachusetts Municipal Money Market Fund, respectively. The securities and any cash must have a market value of at least \$2,500. Each of these Funds reserves the right to determine the acceptability of securities to be exchanged. Securities accepted by either Fund are valued in the same manner as the Fund values its assets. Investors wishing to exchange securities should first contact Federated Securities Corp.

When shares are purchased by exchange of Connecticut Municipal Securities or Massachusetts Municipal Securities, the proceeds from the redemption of those shares are not available until the transfer agent is reasonably certain that the transfer has settled, which can take up to five business days.

SYSTEMATIC INVESTMENT PROGRAM

Once a Money Market Fund account has been opened, shareholders may add to their investment on a regular basis in a minimum amount of \$50. Under this program, funds may be automatically withdrawn periodically from the shareholder's checking account and invested in shares at the net asset value next determined after an order is received by a Money Market Fund. A shareholder may apply for participation in this program through his account officer at Shawmut Bank.

SUBACCOUNTING SERVICES

Institutions are encouraged to open single master accounts. However, certain institutions may wish to use the transfer agent's subaccounting system to minimize their internal recordkeeping requirements. The transfer agent charges a fee based on the level of subaccounting services rendered. Certain institutions holding Investment Shares in a fiduciary, agency,

custodial, or similar capacity may charge or pass through subaccounting fees as part of or in addition to normal trust or agency account fees. They may also charge fees for other services provided which may be related to the ownership of Investment Shares. This prospectus should, therefore, be read together with any agreement between the customer and the institution with regard to the services provided, the fees charged for those services, and any restrictions and limitations imposed.

CERTIFICATES AND CONFIRMATIONS

As transfer agent for the Money Market Funds, Federated Services Company maintains a Share account for each shareholder of record. Share certificates are

not issued unless requested by contacting Shawmut Bank in writing.

Detailed confirmations of each purchase or redemption are sent to Shawmut Bank or other shareholders of record. Monthly statements are sent by Shawmut Bank to report account activity during the previous month, including dividends paid during the period.

DIVIDENDS

Dividends are declared daily and paid monthly to all shareholders invested in each Money Market Fund on the record date. Investment Shares purchased by wire before 11:00 a.m. (Eastern time) begin earning dividends that day. Investment Shares purchased by check begin earning dividends on the next business day after the check is converted by Shawmut Bank into federal funds.

CAPITAL GAINS

Capital gains realized by a Money Market Fund, if any, will be distributed to that Fund's shareholders at least once every 12 months.

EXCHANGE PRIVILEGE

EXCHANGING SHARES. Shareholders may exchange Investment Shares, with a minimum net asset value of \$1,000, for shares of other funds advised by Shawmut Bank. Shares of funds with a sales charge may be exchanged at net asset value for shares of other funds with an equal sales charge or no sales charge. Shares of funds with no sales charge, or a lower sales charge, acquired by direct purchase or reinvestment of dividends on such shares may be exchanged for shares of funds with a sales charge, or a higher sales charge, at net asset value, plus the applicable sales charge or additional incremental sales charge, as the case may be, imposed by the fund shares being purchased.

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

Exchanges are subject to the minimum initial purchase requirements of such fund being acquired. Prior to any exchange, the shareholder must receive a copy of the current prospectus of the fund or class thereof into which an exchange is to be effected.

The exchange privilege is available to shareholders residing in any state in which the fund shares being acquired may legally be sold. Upon receipt of proper instructions and all necessary supporting documents, Shares submitted for exchange will be redeemed at the next-determined net asset value. Written exchange instructions may require a signature guarantee. Exercise of this privilege is treated as a sale for federal income tax purposes and, depending on the circumstances, a short-or long-term capital gain or loss may be realized. The exchange privilege may be modified or terminated at any time. Shareholders will be notified of the modification or termination of the exchange privilege. A shareholder may obtain further information on the exchange privilege by calling Shawmut Bank.

EXCHANGE-BY-TELEPHONE. Instructions for exchanges between participating funds which are part of the Trust may be given by calling

Shawmut Bank at 1-800-SHAWMUT. To utilize the exchange-by-telephone service, a shareholder must complete an authorization form permitting a Shawmut Fund to honor telephone instructions. The authorization is included in the shareholder account application. Shares may be exchanged by telephone only between fund accounts having identical shareholder registrations. Telephone exchange instructions may be electronically recorded.

Any Shares held in certificate form cannot be exchanged by telephone but must be forwarded to the transfer agent and deposited to the shareholder's mutual fund account before being exchanged.

Telephone exchange instructions must be received before 11:00 a.m. (Eastern time) for Shares to be exchanged the same day. The telephone exchange privilege may be modified or terminated at any time. Shareholders will be notified of such modification or termination. Shareholders may have difficulty in making exchanges by telephone through Shawmut Bank during times of drastic economic or

market changes. If a shareholder cannot contact Shawmut Bank by telephone, it is recommended that an exchange request be made in writing and sent by overnight mail to Shawmut Bank, 3 Copley Place, OF9919, Boston, Massachusetts 02116.

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

REDEEMING INVESTMENT SHARES

YOU CAN REDEEM INVESTMENT SHARES OF THE MONEY MARKET FUNDS BY MAIL OR TELEPHONE. TO ENSURE YOUR SHARES ARE REDEEMED EXPEDITIOUSLY, PLEASE FOLLOW THE PROCEDURES EXPLAINED BELOW.

The Money Market Funds redeem Investment Shares at their net asset value next determined after Federated Services Company receives the redemption request. Redemptions will be made on days on which the Money Market Funds compute their net asset value. Requests for redemptions can be made by telephone or in writing by contacting a Shawmut Bank account officer or directly from the Money Market Funds. Redemption requests received prior to 11:00 a.m. (Eastern time) will be effected on the same business day.

THROUGH SHAWMUT BANK

Shareholders may redeem Investment Shares by calling their Shawmut Bank account officer to request the redemption. Investment Shares will be redeemed at the net asset value next determined after Federated Services Company receives the redemption request. Shawmut Bank is responsible for promptly submitting redemption requests and for maintaining proper written records of redemption instructions received from the Money Market Funds' shareholders. In order to effect a redemption on the same business day as a request, Shawmut Bank is responsible for the timely transmission of the redemption request to the appropriate Money Market Fund.

Before Shawmut Bank may request redemption by telephone on behalf of a shareholder, an authorization form permitting the Money Market Funds to accept redemption requests by telephone must first be completed. This authorization is included in shareholder's account application. In the event of drastic economic or market changes, a shareholder may experience difficulty in redeeming by telephone. If such a case should occur, it is recommended that a redemption request be made in writing and sent by overnight mail to Shawmut Bank, 3 Copley Place, OF9919, Boston Massachusetts 02116.

DIRECTLY FROM THE MONEY MARKET FUNDS

BY MAIL. A shareholder may redeem Investment Shares by sending a written request to Federated Services Company. The written request should include the shareholder's name, the Money Market Fund's name and class of shares, name, the account number, and the share or dollar amount requested. If share certificates have been issued, they must be properly en-

dorsed and should be sent by registered or certified mail with the written request. Shareholders should call the Money Market Funds for assistance in redeeming by mail.

SIGNATURES. Shareholders requesting a redemption of \$50,000 or more, a redemption of any amount to be sent to an address other than that on record with the Money Market Funds, or a redemption payable other than to the shareholder of record must have signatures on written redemption requests guaranteed by:

- - a trust company or commercial bank whose deposits are insured by the Bank Insurance Fund, which is administered by the Federal Deposit Insurance Corporation ("FDIC");
- - a member firm of the New York, American, Boston, Midwest, or Pacific Stock Exchange;
- - a savings bank or savings and loan association whose deposits are insured by

the Savings Association Insurance Fund ("SAIF"), which is administered by the FDIC; or

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

The Money Market Funds do not accept signatures guaranteed by a notary public.

The Money Market Funds and their transfer agent have adopted standards for accepting signature guarantees from the above institutions. The Money Market Funds may elect in the future to limit eligible signature guarantors to institutions that are members of a signature guarantee program. The Money Market Funds and their transfer agent reserve the right to amend these standards at any time without notice.

RECEIVING PAYMENT

Redemption payments will generally be made directly to the shareholder's account maintained with Shawmut Bank. This deposit is normally made within one business day, but in no event more than seven days, of the redemption request, provided the transfer agent has received payment. The net asset value of Investment Shares redeemed is determined, and dividends, if any, are paid up to and including, the day prior to the day that a redemption request is processed. Pursuant to instructions from Shawmut Bank, redemption proceeds may be transferred from a shareholder account by check or by wire.

BY CHECK. Normally, a check for the proceeds is mailed within one business day, but in no event more than seven days, after receipt of a proper redemption request provided the transfer agent has received payment for Investment Shares from the Shareholder.

BY WIRE. Requests to wire proceeds from redemptions received before 11:00 a.m. (Eastern time) will be honored the following business day after Shawmut Bank receives proper instructions.

CHECKWRITING

At the shareholder's request, Shawmut Bank will establish a checking account for redeeming Investment Shares. With a Money Market Fund checking account, Shares may be redeemed simply by writing a check. The redemption will be made at the net asset value on the date that the check is presented to the appropriate Money Market Fund. A check may not be written to close an account. For further information, contact the appropriate Fund.

ACCOUNTS WITH LOW BALANCES

Due to the high cost of maintaining accounts with low balances, the Money Market Funds may redeem shares in any account and pay the proceeds to the shareholder if the account balance falls below a required minimum of \$2,500, or \$500 in the case of retirement plan accounts. This requirement does not apply, however, if the balance falls below \$2,500 or \$500, respectively, because of changes in a Money Market Fund's net asset value.

Before shares are redeemed to close an account, the shareholder is notified in writing and allowed 30 days to purchase additional shares to meet the minimum requirement.

SYSTEMATIC WITHDRAWAL PROGRAM

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

shareholder may apply for participation in this program through Shawmut Bank.

REDEMPTION IN KIND

The Money Market Funds are obligated to redeem Investment Shares solely in cash up to \$250,000 or 1% of the net asset value of each individual Money Market Fund, whichever is less, for any one shareholder within a 90-day period.

Any redemption beyond this amount will also be in cash unless the Trustees determine that further cash payments will have a material adverse effect on remaining shareholders. In such a case, the Money Market Funds will pay all or a portion of the remainder of the redemption in portfolio instruments, valued in the same way as a Fund determines net asset value. The portfolio instruments will be selected in a manner that the Trustees deem fair and equitable.

Redemption in kind is not as liquid as a cash redemption. If redemption is made in kind, shareholders receiving their securities and selling them before their maturity could receive less than the redemption value of their securities and could incur certain transaction costs.

SHAREHOLDER INFORMATION

VOTING RIGHTS

EACH INVESTMENT SHARE OF A MONEY MARKET FUND GIVES THE SHAREHOLDER ONE VOTE IN TRUSTEE ELECTIONS AND OTHER MATTERS SUBMITTED TO SHAREHOLDERS OF THE TRUST FOR VOTE.

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

Trustees may be removed by the Trustees or by shareholders at a special meeting. A special meeting of the shareholders shall be called by the Trustees upon the written request of shareholders owning at least 10% of the outstanding shares of the Trust. As of February 10, 1994, Shawmut Bank or its affiliates, acting as fiduciary of various accounts, owned approximately 9,601,158 (44.87%) of the shares of the Massachusetts Municipal Money Market Fund.

MASSACHUSETTS PARTNERSHIP LAW

Under certain circumstances, shareholders may be held personally liable as partners under Massachusetts law for acts or obligations of the Trust on behalf of a Money Market Fund. To protect shareholders of the Money Market Funds, the Trust has filed legal documents with Massachusetts that expressly disclaim the liability of shareholders of the Money Market Funds for acts or obligations of the Trust. These documents require notice of this disclaimer to be given in each agreement, obligation, or instrument the Trust or its Trustees enter into or sign on behalf of a Money Market Fund.

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

EFFECT OF BANKING LAWS

Banking laws and regulations presently prohibit a bank holding company registered under the Federal Bank Holding Company Act of 1956 or any bank or non-bank affiliate thereof from sponsoring, organizing, controlling, or distributing the shares of a registered, open-end investment company

continuously engaged in the issuance of its shares, and prohibit banks generally from issuing, underwriting, selling, or distributing securities. However, such banking laws and regulations do not prohibit such a holding company affiliate or banks generally from acting as investment adviser, transfer agent, or custodian to such an investment company or from purchasing shares of such a company as agent for and upon the order of such a customer. Shawmut Bank is subject to such banking laws and regulations.

THE GLASS-STEAGALL ACT IS A FEDERAL BANKING LAW THAT GENERALLY PROHIBITS
BANKS FROM PUBLICLY UNDERWRITING OR DISTRIBUTING CERTAIN SECURITIES.

Shawmut Bank believes, based upon the advice of its counsel, that it may perform the services for the Money Market Funds contemplated by its advisory agreement with the Trust without violation of the Glass-Steagall Act or other applicable banking laws or regulations. Changes in either federal or state statutes and regulations relating to the permissible activities of banks and their subsidiaries or affiliates, as well as further judicial or administrative decisions or interpretations of such or future statutes and regulations, could prevent Shawmut Bank from continuing to perform all or a part of the above services for its customers and/or the Money Market Funds.

If it were prohibited from engaging in these customer-related activities, the Trustees would consider alternative advisers and means of continuing available investment services. In such event, changes in the operation of the Money Market Funds may occur, including possible termination of any automatic or other Money Market Funds share investment and redemption services then being provided by Shawmut Bank. It is not expected that existing shareholders would suffer any adverse financial consequences (if another adviser with equivalent abilities to Shawmut Bank is found) as a result of any of these occurrences.

State securities laws governing the ability of depository institutions to act as underwriters or distributors of securities may differ from interpretations given to the Glass-Steagall Act and, therefore, banks and financial institutions may be required to register as dealers pursuant to state law.

TAX INFORMATION

FEDERAL INCOME TAX

The Money Market Funds will pay no federal income tax because each Fund expects to meet requirements of the Internal Revenue Code, as amended, applicable to regulated investment companies and to receive the special tax treatment afforded to such companies.

The Money Market Funds will be treated as a single, separate entity for federal income tax purposes so that income (including capital gains) and losses realized by The Shawmut Funds' other portfolios will not be combined for tax purposes with those realized by each Money Market Fund.

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

Shareholders are urged to consult their own tax advisers regarding the status of their accounts under state and local tax laws.

CONNECTICUT TAX CONSIDERATIONS

As applied to Connecticut resident individuals, estates and trusts owning shares in the Connecticut Municipal Money Market Fund, the CSIT taxes items of income derived from such shares in a variety of ways.

Distributions which are tax-exempt interest dividends under the federal income tax are not subject to the CSIT to the extent that such distributions are derived from interest on obligations issued by or on behalf of the State of Connecticut or its instrumentalities or by State municipalities ("Connecticut obligations"), or to the extent that such dividends are derived from interest on obligations, the income from which federal law forbids the states to tax. All other tax-exempt interest dividends distributed by the Connecticut Municipal Money Market Fund are subject to the CSIT.

Regarding proper treatment of distributions from the Fund which are capital gains dividends for federal income tax purposes and which are derived from the sale or exchange of Connecticut obligations, shareholders should consult their

local tax advisor.

All other distributions from the Connecticut Municipal Money Market Fund are subject to the CSIT.

For purposes of the CSIT, a shareholder's Connecticut tax basis in the shares of the Connecticut Municipal Money Market Fund will be the federal adjusted tax basis of such shareholder, and any gain realized for federal income tax purposes on the disposition of shares in the Connecticut Municipal Money Market Fund will constitute taxable gain for purposes of the CSIT.

The Connecticut corporation business tax ("CCBT") is imposed on corporations and certain other entities. Distributions from the Connecticut Municipal Money Market Fund to a shareholder subject to the CCBT are not eligible for the dividends received deduction under the CCBT and therefore are included in the taxable income of a taxpayer to the extent such distributions are treated as either exempt-interest dividends or capital gains dividends for federal income tax purposes. The Connecticut Department of Revenue Services has issued a letter ruling which has the effect of treating all other distributions from the Fund as ineligible for the CCBT dividends received deduction. Any gain realized for federal income tax purposes on the disposition of shares in the Connecticut Municipal Money Market Fund is includable in the gross income of a shareholder subject to the CCBT.

MASSACHUSETTS TAX CONSIDERATIONS

Under the laws of the Commonwealth of Massachusetts, dividends paid by the Massachusetts Municipal Money Market Fund representing interest payments on municipal obligations issued by the Commonwealth of Massachusetts or a political subdivision thereof (or interest on obligations of United States territories or possessions

to the extent exempt from taxation by the states pursuant to federal law) will be exempt from Massachusetts individual income tax. Accordingly, shareholders of the Massachusetts Municipal Money Market Fund who are residents of the Commonwealth of Massachusetts will not be subject to Massachusetts individual income tax on dividends paid by the Fund to the extent such dividends are derived from interest on municipal obligations which would be tax-exempt if directly received by such shareholder, whether such dividends are taken in cash or reinvested in additional shares of the Massachusetts Municipal Money Market Fund.

Massachusetts corporations must include all dividends paid by the Fund in their net income, and the value of their shares of stock in the Fund in their net worth, when computing the Massachusetts excise taxes on corporations.

OTHER STATE AND LOCAL TAXES

Income from the Connecticut/Massachusetts Municipal Money Market Fund is not necessarily free from regular state income taxes in states other than Connecticut/Massachusetts, as appropriate, or from personal property taxes. State laws differ on this issue and shareholders are urged to consult their own tax advisers regarding the status of their accounts under state and local tax laws.

OTHER CLASSES OF SHARES

Connecticut Municipal Money Market Fund and Prime Money Market Fund offer a separate classes of shares known as Trust Shares. Trust Shares are sold primarily to accounts for which Shawmut Bank, N.A., or its affiliates, act in a fiduciary or agency capacity. Trust Shares are sold at net asset value, without a sales charge, and without a Rule 12b-1 Plan. Investments in Trust Shares are subject to a minimum initial investment of \$2,500.

The amount of dividends payable to Trust Shares will exceed that of Investment

Shares by the difference between class expenses and distribution expenses borne by shares of each respective class.

The stated advisory fee is the same for both classes of shares.

PERFORMANCE INFORMATION

FROM TIME TO TIME THE MONEY MARKET FUNDS ADVERTISE THEIR TOTAL RETURN AND YIELD FOR INVESTMENT SHARES.

Total return represents the change, over a specified period of time, in the value of an investment in Investment Shares after reinvesting all income and capital gains distributions. It is calculated by dividing that change by the initial investment and is expressed as a percentage.

The yields of Investment Shares of the Money Market Funds are calculated by dividing the net investment income per share (as defined by the Securities and Exchange Commission) earned by the Money Market Funds over a thirty-day period by the net asset value per Share on the last day of the period. This number is then annualized using semi-annual compounding. The yield does not necessarily reflect income actually earned by Investment Shares and, therefore, may not correlate to the dividends or other distributions paid to shareholders.

Total return and yield will be calculated separately for Investment Shares and Trust Shares. Because Investment Shares are subject to a 12b-1 fee, the total return and yield for Trust Shares, for the same period, will exceed that of Investment Shares for funds with separate classes of shares.

Investment Shares are sold without any sales charge or other similar non-recurring charges.

From time to time, the Money Market Funds may advertise their performance using certain reporting services and/or compare its performance to certain indices.

Further information about the performance of the Money Market Funds is contained in the Trust's Annual Report dated October 31, 1993, which can be obtained free of charge.

FEDERATED SECURITIES CORP.

(LOGO)

Distributor

A subsidiary of FEDERATED INVESTORS

FEDERATED INVESTORS TOWER

PITTSBURGH, PA 15222-3779

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THE SHAWMUT MONEY MARKET FUNDS

(PORTFOLIOS OF THE SHAWMUT FUNDS)

SHAWMUT CONNECTICUT MUNICIPAL MONEY MARKET FUND

TRUST SHARES

INVESTMENT SHARES

SHAWMUT MASSACHUSETTS MUNICIPAL MONEY MARKET FUND

SHAWMUT PRIME MONEY MARKET FUND

TRUST SHARES

INVESTMENT SHARES

COMBINED STATEMENT OF ADDITIONAL INFORMATION

Shawmut Connecticut Municipal Money Market Fund ("Connecticut Municipal Money Market Fund"), Shawmut Massachusetts Municipal Money Market Fund ("Massachusetts Municipal Money Market Fund"), and Shawmut Prime Money Market Fund ("Prime Money Market Fund") (collectively, referred to as the "Money Market Funds") represent interests in investment portfolios of The Shawmut Funds (the "Trust"). This combined Statement of Additional Information should be read with the respective prospectuses for the Money Market Funds, Trust Shares and Investment Shares,

dated February 28, 1994. This Statement is not a prospectus itself. To receive a copy of either prospectus, write or call the Money Market Funds.

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 THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SHARES OFFERED BY THE PROSPECTUS ARE NOT DEPOSITS OR OBLIGATIONS OF SHAWMUT BANK, ARE NOT ENDORSED OR GUARANTEED BY SHAWMUT BANK, ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, NOR ARE THEY INSURED OR GUARANTEED BY THE FEDERAL RESERVE BOARD OR ANY OTHER GOVERNMENT AGENCY. MUTUAL FUNDS INVOLVE INVESTMENT RISKS, INCLUDING FLUCTUATIONS IN VALUE AND EARNINGS, AND THE POSSIBLE LOSS OF PRINCIPAL.

INVESTMENT SHARES OF THE SHAWMUT FUNDS ARE AVAILABLE THROUGH LICENSED REPRESENTATIVES OF SHAWMUT BROKERAGE, INC., MEMBER NASD/SIPC, AND AN AFFILIATE OF SHAWMUT BANK.

FEDERATED INVESTORS TOWER
PITTSBURGH, PENNSYLVANIA 15222-3779

Statement dated February 28, 1994

FEDERATED SECURITIES CORP.

(LOGO)

Distributor

A subsidiary of FEDERATED INVESTORS

FEDERATED INVESTORS TOWER

PITTSBURGH, PA 15222-3779

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GENERAL INFORMATION ABOUT THE MONEY MARKET FUNDS

The Money Market Funds are portfolios of The Shawmut Funds, which was established as a Massachusetts business trust under a Declaration of Trust dated July 16, 1992.

Shares of the Connecticut Municipal Money Market Fund and the Prime Money Market Fund are offered in two classes, known as Trust Shares and Investment Shares. This combined statement of additional information relates to Trust Shares and Investment Shares of the Connecticut Municipal Money Market Fund and the Prime Money Market Fund, as well as Massachusetts Municipal Money Market Fund (individually and collectively referred to as "Shares").

INVESTMENT OBJECTIVE AND POLICIES OF THE MONEY MARKET FUNDS

Connecticut Municipal Money Market Fund's investment objective is to provide current income which is exempt from federal regular income tax and Connecticut state income tax, consistent with stability of principal and liquidity. The investment objective cannot be changed without the approval of shareholders. The policies described below may be changed by the Board of Trustees (the "Trustees") without shareholder approval. Shareholders will be notified before any material change in these policies becomes effective.

Massachusetts Municipal Money Market Fund's investment objective is to provide current income which is exempt from federal regular income tax and income taxes imposed by the Commonwealth of Massachusetts, consistent with stability of principal and liquidity. The investment objective cannot be changed without the approval of shareholders. The policies described below may be changed by the Trustees without shareholder approval. Shareholders will be notified before any material change in these policies becomes effective.

Prime Money Market Fund's investment objective is to provide current income consistent with stability of principal and liquidity. The investment objective cannot be changed without the approval of shareholders. The policies described below may be changed by the Trustees without shareholder approval. Shareholders will be notified before any material change in these policies becomes effective.

ACCEPTABLE INVESTMENTS

Connecticut Municipal Money Market Fund invests primarily in debt obligations issued by or on behalf of Connecticut and of other states, territories and possessions of the United States, including the District of Columbia, and any political subdivision or financing authority of any of these, the income from which is, in the opinion of qualified legal counsel, exempt from both federal regular income tax and Connecticut state income tax imposed upon non-corporate taxpayers ("Connecticut Municipal Securities").

Massachusetts Municipal Money Market Fund invests primarily in debt obligations issued by or on behalf of the Commonwealth of Massachusetts and of other states, territories and possessions of the United States, including the District of Columbia, and any political subdivision or financing authority of any of these, the income from which is, in the opinion of qualified legal counsel, exempt from both federal regular income tax and income taxes imposed by the Commonwealth of Massachusetts imposed upon non-corporate taxpayers ("Massachusetts Municipal Securities").

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

The instruments of banks and savings and loans that are insured by the Bank Insurance Fund ("BIF") or the Savings Association Insurance Fund ("SAIF") such as certificates of deposit, demand and time deposits, savings shares, and

bankers' acceptances, are not necessarily guaranteed by those organizations.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS

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

These transactions are arrangements in which the Money Market Funds purchases securities with payment and delivery scheduled for a future time. The Money Market Funds engage in when-issued and delayed delivery transactions only for the purpose of acquiring portfolio securities consistent with their respective investment objectives and policies and not for investment leverage.

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

The following acceptable investments and strategies apply only to the CONNECTICUT MUNICIPAL MONEY MARKET FUND and MASSACHUSETTS MUNICIPAL MONEY MARKET FUND (collectively referred to as "Connecticut/Massachusetts Municipal Money Market Funds"):

CHARACTERISTICS

The Municipal Securities in which the Connecticut/Massachusetts Municipal Money Market Funds invest have the characteristics set forth in the prospectus.

TYPES OF ACCEPTABLE INVESTMENTS

Examples of Municipal Securities are:

- municipal notes and commercial paper;
- general obligation serial bonds sold with differing maturity dates;
- refunded municipal bonds; and
- all revenue bonds, including industrial development bonds.

MUNICIPAL SECURITIES

The Connecticut/Massachusetts Municipal Money Market Funds may purchase interests in Municipal Securities that are offered in the form of a security representing a diversified portfolio of investment grade bonds. These securities provide investors, such as the Connecticut/Massachusetts Municipal Money Market Funds, with liquidity and income exempt from federal income tax and some state income taxes.

PARTICIPATION INTERESTS

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

VARIABLE RATE DEMAND NOTES

Variable interest rates generally reduce changes in the market value of Municipal Securities from their original purchase prices. Accordingly, as interest rates decrease or increase, the potential for capital appreciation or depreciation is less for variable rate Municipal

Securities than for fixed income obligations.

The terms of these variable rate demand instruments require payment of principal and accrued interest from the issuer of the municipal obligations, the issuer of the participation interests, or a guarantor of either issuer.

MUNICIPAL LEASES

The Connecticut/Massachusetts Municipal Money Market Funds may purchase Municipal Securities in the form of participation interests which represent undivided proportional interests in lease payments by a governmental or nonprofit entity. The lease payments and other rights under the lease provide for and secure the payments on the certificates. Lease obligations may be limited by municipal charter or the nature of the appropriation for the lease. In particular, lease obligations may be subject to periodic appropriation. If the entity does not appropriate funds for future lease payments, the entity cannot be compelled to make such payments. Furthermore, a lease may provide that the participants cannot accelerate lease obligations upon default. The participants would only be able to enforce lease payments as they become due. In the event of a default or failure of appropriation, unless the participation interests are credit enhanced, it is unlikely that the participants would be able to obtain an acceptable substitute source of payment.

When determining whether municipal leases purchased by the Connecticut/Massachusetts Municipal Money Market Funds will be classified as a liquid or illiquid security, the Board of Trustees has directed the adviser to consider certain factors such as: the frequency of trades and quotes for the security; the volatility of quotations and trade prices for the security; the number of dealers willing to purchase or sell the security and the number of potential purchasers; dealer undertaking to make a market in the security; the nature of the security and the nature of the marketplace trades (e.g., the time needed to dispose of the security, the method of soliciting offers, and the mechanics of transfer); the rating of the security and the financial condition and prospects of the issuer of the security; whether the lease can be terminated by the lessee; the potential recovery, if any, from a sale of the leased property upon termination of the lease; the lessee's general credit strength (e.g., its debt, administrative, economic and financial characteristics and prospects); the likelihood that the lessee will discontinue appropriating funding for the lease property because the property is no longer deemed essential to its operations (e.g., the potential for an 'event of nonappropriation'); any credit enhancement or legal recourse

provided upon an event of nonappropriation or other termination of the lease; and such other factors as may be relevant to the Connecticut/Massachusetts Municipal Money Market Funds' ability to dispose of the security.

TEMPORARY INVESTMENTS

The Connecticut/Massachusetts Municipal Money Market Funds may also invest in high quality temporary investments during times of unusual market conditions for defensive purposes.

REPURCHASE AGREEMENTS

Repurchase agreements are arrangements in which banks, broker/dealers, and other recognized financial institutions sell U.S. government securities or other securities to the Connecticut/Massachusetts Municipal Money Market Funds and agree at the time of sale to repurchase them at a mutually agreed upon time and price within one year from the date of acquisition. The Connecticut/Massachusetts Municipal Money Market Funds or their custodian will take possession of the securities subject to repurchase agreements and these securities will be marked to market daily. To the extent that the original seller does not repurchase the securities from the Connecticut/Massachusetts Municipal Money Market Funds, the Connecticut/Massachusetts Municipal Money Market Funds could receive less than the repurchase price on any sale of such securities. In the event that such a defaulting seller filed for bankruptcy or became insolvent, disposition of such securities by a Fund might be delayed pending court action. The Connecticut/Massachusetts Municipal Money Market Funds believes that under the regular procedures normally in effect for custody of the Connecticut/Massachusetts Municipal Money Market Funds' portfolio securities subject to repurchase agreements, a court of competent

jurisdiction would rule in favor of the Connecticut/Massachusetts Municipal Money Market Funds and allow retention or disposition of such securities. The Connecticut/Massachusetts Municipal Money Market Funds will only enter into repurchase agreements with banks and other recognized financial institutions, such as broker/dealers, which are deemed by the Connecticut/Massachusetts Municipal Money Market Funds' investment adviser to be creditworthy, pursuant to guidelines established by the Trustees.

From time to time, such as when suitable Municipal Securities are not available, the Connecticut/ Massachusetts Municipal Money Market Funds may maintain a portion of their respective assets in cash. Any portion of the Connecticut/Massachusetts Municipal Money Market Funds' assets maintained in cash will reduce the amount of assets in Municipal Securities and thereby reduce the Connecticut/ Massachusetts Municipal Money Market Funds' yield.

The following acceptable investments and strategies apply only to the PRIME MONEY MARKET FUND:

BANK INSTRUMENTS

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

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

U.S. GOVERNMENT OBLIGATIONS

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

- the full faith and credit of the U.S. Treasury;
- the issuer's right to borrow from the U.S. Treasury;
- the discretionary authority of the U.S. government to purchase certain obligations of agencies or instrumentalities; or
- the credit of the agency or instrumentality issuing the obligations.

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

- Federal Farm Credit Banks;
- Federal Home Loan Banks;
- Federal National Mortgage Association;

-
- Student Loan Marketing Association; and
 - Federal Home Loan Mortgage Corporation.

REPURCHASE AGREEMENTS

The Prime Money Market Fund requires a custodian to take possession of the securities subject to repurchase agreements, and these securities are marked to market daily. To the extent that the original seller does not repurchase the securities from the Prime Money Market Fund, the Prime Money Market Fund could receive less than the repurchase price on any sale of such securities. In the event that such a defaulting seller filed for bankruptcy or became insolvent, disposition of such securities by the Prime Money Market Fund might be delayed pending court action. The Prime Money Market Fund believes that under the regular procedures normally in effect for custody of the Prime Money Market Fund's portfolio securities subject to repurchase agreements, a court of competent jurisdiction would

rule in favor of the Prime Money Market Fund and allow retention or disposition of such securities. The Prime Money Market Fund will only enter into repurchase agreements with banks and other recognized financial institutions, such as broker/dealers, which are deemed by the Prime Money Market Fund's adviser to be creditworthy pursuant to guidelines established by the Trustees.

REVERSE REPURCHASE AGREEMENTS

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

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

RESTRICTED AND ILLIQUID SECURITIES

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

INVESTMENT LIMITATIONS

SELLING SHORT AND BUYING ON MARGIN

The Money Market Funds will not sell any securities short or purchase any securities on margin but may obtain such short-term credits as are necessary for the clearance of transactions.

ISSUING SENIOR SECURITIES AND BORROWING MONEY

The Money Market Funds will not issue senior securities except that the Money Market Funds may borrow money in amounts up to one-third of the value of their respective total assets, including the amounts borrowed.

The Money Market Funds will not borrow money for investment leverage, but rather as a temporary, extraordinary, or emergency measure or to facilitate management portfolio by enabling the Money Market Funds to meet redemption requests when the liquidation of portfolio securities is deemed to be inconvenient or disadvantageous. The Money Market Funds will not purchase any securities while borrowings in excess of 5% of

their respective total assets are outstanding. In the past year ending October 31, 1993, borrowings were not at any time in excess of 5% of the

Money Market Funds' respective total assets.

The Money Market Funds do not consider the issuance of separate classes of shares to involve the issuance of "senior securities" within the meaning of the investment limitation set forth above.

PLEDGING ASSETS

The Connecticut/Massachusetts Municipal Money Market Funds will not mortgage, pledge, or hypothecate any assets except to secure permitted borrowings. In those cases, it may pledge assets having a market value not exceeding the lesser of the dollar amounts borrowed or 10% of the value of total assets at the time of the pledge.

INVESTING IN REAL ESTATE

The Money Market Funds will not purchase or sell real estate or real estate limited partnerships, although they may invest in securities of issuers whose business involves the purchase or sale of real estate or in securities which are secured by real estate or interests in real estate.

INVESTING IN COMMODITIES

The Money Market Funds will not purchase or sell commodities, commodity contracts, or commodity futures contracts.

UNDERWRITING

The Money Market Funds will not underwrite any issue of securities, except as each may be deemed to be an underwriter under the Securities Act of 1933 in connection with the sale of securities in accordance with its respective investment objective, policies, and limitations.

LENDING CASH OR SECURITIES

The Money Market Funds will not lend any of their respective assets except that each may acquire certain money market instruments or publicly or nonpublicly issued Municipal Securities as appropriate or temporary investments or enter into repurchase agreements, in accordance with their respective investment objective, policies, and limitations.

DIVERSIFICATION OF INVESTMENTS

Connecticut/Massachusetts Municipal Money Market Funds: With regard to at least 50% of their respective total assets, no more than 5% of their respective total assets are to be invested in the securities of a single issuer, and no more than 25% of their respective total assets are to be invested in the securities of a single issuer at the close of each quarter of each fiscal year.

Under this limitation, each governmental subdivision, including states, territories, possessions of the United States, or their political subdivisions, agencies, authorities, instrumentalities, or similar entities, will be considered a separate issuer if its assets and revenues are separate from those of the governmental body creating it and the security is backed only by its own assets and revenues.

Industrial development bonds backed only by the assets and revenues of a nongovernmental user are considered to be issued solely by that user. If, in the case of an industrial development bond or government-issued security, a governmental or other entity guarantees the security, such guarantee would be considered a separate security issued by the guarantor, as well as the other issuer, subject to limited exclusions allowed by the Investment Company Act of 1940.

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

CONCENTRATION OF INVESTMENTS

CONNECTICUT/MASSACHUSETTS MUNICIPAL MONEY MARKET FUNDS: The Funds will not purchase securities if, as a result of such purchase, 25% or more of the value of their respective total assets would be invested in any one industry or in industrial development bonds or other securities, the interest upon which is paid from revenues of similar types of projects. However, the Funds may invest as temporary investments more than 25% of the value of their respective assets in cash or cash items, securities issued or guaranteed by the U.S. government, its agencies, or instrumentalities, or instruments secured by these money market instruments, and repurchase agreements.

PRIME MONEY MARKET FUND: The Fund will not invest 25% or more of the value of its total assets in any one industry, including Eurodollar commercial paper. However, investing in domestic bank instruments (e.g., time and demand deposits and certificates of deposit, but not bank commercial paper), U.S. government obligations or repurchase agreements secured by U.S. government obligations, shall not be considered investments in any one industry.

RESTRICTED SECURITIES

The Connecticut/Massachusetts Municipal Money Market Funds will not invest more than 10% of their respective net assets in securities subject to restrictions on resale under the Securities Act of 1933.

The above limitations may not be changed without shareholder approval of the appropriate Money Market Fund's shareholders. The following limitations, however, may be changed by the Trustees without shareholder approval. Shareholders will be notified before any material change in these limitations becomes effective.

PLEDGING ASSETS

The Prime Money Market Fund will not mortgage, pledge, or hypothecate any assets except to secure permitted borrowings. In those cases, it may pledge assets having a market value not exceeding the lesser of the dollar amounts borrowed or 10% of the value of total assets at the time of the pledge.

INVESTING IN SECURITIES OF OTHER INVESTMENT COMPANIES

The Money Market Funds will limit their respective investments in other investment companies to not more than 3% of the total outstanding voting stock of any investment company, will invest no more than 5% of their respective total assets in any one investment company, and will invest no more than 10% of their respective total assets in investment companies in general. However, these limitations are not applicable if the securities are acquired in a merger, consolidation, reorganization, or acquisition of assets. The Adviser will waive its investment advisory fee on assets invested in open-end investment companies.

The Money Market Funds will limit their respective investments in the securities of other investment companies to those of money market funds which are of comparable or better portfolio quality and have investment objectives and policies similar to their own.

Rule 2a-7 under the Investment Company Act of 1940 (the 'Rule') requires that the Money Market Funds limit their investments to instruments that, in the opinion of the Trustees, present minimal credit risk and that, if rated, meet minimum rating standards set forth in the Rule. If the instruments are not rated, the Trustees must determine that they are of comparable quality. Shares of investment companies purchased by the Money Market Funds will meet these same criteria and will have investment policies consistent with Rule 2a-7.

INVESTING IN NEW ISSUERS

The Connecticut/Massachusetts Municipal Money Market Funds will not invest more than 5% of the value of their respective total assets in industrial development bonds where the principal and interest are the

responsibility of companies (or guarantors, where applicable) with less than three years of continuous operations, including the operation of any predecessor. The Prime Money Market Fund will not invest more than 5% of the value of its total assets in securities of issuers which have records of less than three years of continuous operations, including the operation of any predecessor.

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

The Money Market Funds will not purchase or retain the securities of any issuer if the officers and Trustees of the Trust or its investment adviser, owning individually more than 1/2 of 1% of the issuer's securities, together own more than 5% of the issuer's securities.

DEALING IN PUTS AND CALLS

The Connecticut/Massachusetts Municipal Money Market Funds will not purchase or sell puts, calls, straddles, spreads, or any combination of them, except that the Connecticut/Massachusetts Municipal Money Market Funds may purchase Municipal Securities accompanied by agreements of sellers to repurchase them at the appropriate Fund's option.

INVESTING IN MINERALS

The Money Market Funds will not purchase or sell oil, gas, or other mineral exploration or development programs, or leases.

INVESTING IN RESTRICTED SECURITIES

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

INVESTING IN ILLIQUID SECURITIES

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

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

The Money Market Funds did not borrow money or pledge securities in excess of 5% of net assets during the past fiscal year, and did not intend to borrow money or pledge securities in excess of 5% of the value of their respective net assets during the coming fiscal year.

For purposes of its policies and limitations, the Money Market Funds consider certificates of deposit and demand and time deposits issued by a U.S. branch of a domestic bank or savings and loan having capital, surplus, and undivided profits in excess of \$100,000,000 at the time of investment to be "cash items."

MASSACHUSETTS INVESTMENT RISKS (MASSACHUSETTS MUNICIPAL MONEY MARKET FUND)

The Commonwealth of Massachusetts stabilized its fiscal position in 1992. Through conservative revenue estimates and significant expenditure reductions the Commonwealth was able to generate a surplus (\$283 million) for the 1992 fiscal year end. Tax revenues exceeded the administration's estimates by approximately \$1.2 billion or 7%. The Commonwealth greatly reduced its reliance upon short-term debt in fiscal 1992. Approximately \$635 million of commercial paper was issued in 1992 to fund current operations compared with \$1.2 billion issued in both 1991 and 1990. The Commonwealth projects commercial paper borrowing to be only \$400 million in fiscal 1993. Expenditure reductions also contributed to a large degree to the stabilization of the Commonwealth's financial position in 1992. Local aid payments were reduced from \$2.7 billion in

1991 to \$2.47 billion. Higher education spending was reduced by \$70 million (11.5%) and the Commonwealth's work force was reduced by 8,250 employees. Medicaid expenditures were only 1.9% higher compared with increases which were averaging 19.25% during the period 1988 to 1991.

The fiscal 1993 budget has allowed for increased spending while instituting additional expenditure controls. The budget forecasts total revenue of \$14,485 million (a 4.9% increase) and tax revenue is estimated at \$9,685 million (a 2.2% increase). Fund balances are expected to be drawn down by \$364 million. Nonrecurring revenues included in the budget total \$229 million, compared with \$830 million included in the 1992 budget. Projected spending of \$14,849.5 million is an 8.7% increase over fiscal 1992. The largest spending increase (13.8% or \$349 million) is for direct local aid. This represents the first increase in three years. Medicaid expenditures are budgeted to increase 7.9% even after program reforms which are to save \$100 million in 1993. This reflects the difficulty for state governments to control Medicaid costs.

Debt levels for the Commonwealth are among the highest of the states. The debt situation has been exacerbated by the issuance of \$250 million of fiscal recovery bonds at the end of fiscal 1992. In fiscal 1991, dedicated income tax bonds were issued to finance the combined deficits in the general and local aid funds. The issuance was part of the Fiscal Recovery Loan Act of 1990. \$1.4 billion of bonds were issued and are secured by the pledge of dedicated tax revenues. These bonds amortize through 1997. Debt service requirements for general obligation and special obligation debt alone are 8.2% of estimated fiscal 1993 spending requirements. The increased debt levels which are the result of capital borrowing and deficit bonds have doubled scheduled debt service requirements between 1987 and 1992. As a result, debt service will remain high through 1997.

The regional economy may have reached the trough of the current economic cycle. The largest cause for concern in the Massachusetts economy is the significant job loss which has occurred between 1989 and present. From calendar year 1989 to 1991, 309,200 non-farm jobs were lost. This represents a 10.1% decline with the largest decline of 5.4% occurring in 1991. Much of the loss has occurred in the construction and high tech industries. The defense related industries, which provide 3% of private sector employment, have suffered some employment losses. However, more significant declines are expected in this industry in the future, especially with the election of the new administration. There is some sign of moderation on the employment front. The unemployment rate has declined to 8.3% as of July 1992 from an average of 9% in 1991. The service sector in Massachusetts has fared rather well and has been expanding. The presence of a large number of higher education and health care institutions, a well educated work force, and a large investment

community has helped to provide a solid economic base. The presence of several large public works programs (MWRA, Bay Tunnel), improvements in the banking community and lower real estate values should put the Commonwealth in a stronger position as the national economy recovers.

During the past few years, the current administration in cooperation with the legislature have made steady progress in resolving the fiscal ills facing the Commonwealth which included budget tightening, reducing local state aid, and employing new methods of financing projects. Because of the significant progress, the major rating agencies upgraded the Commonwealth to A rated status this past fall.

CONNECTICUT INVESTMENT RISKS (CONNECTICUT MUNICIPAL MONEY MARKET FUND)

The Connecticut Municipal Money Market Fund invests in obligations of Connecticut issuers which results in the Connecticut Municipal Money Market Fund's performance being subject to risks associated with the overall conditions present within the state. The following information is a brief summary of the recent prevailing economic conditions and a general summary of the state's financial status. This information is based on official statements relating to securities that have been offered by Connecticut issuers and from other sources believed to be reliable but should not be relied upon as a complete description of all relevant information.

The State of Connecticut has experienced fiscal problems in three of the last four years. Following a contentious budget enactment for fiscal year 1992, the State enacted an individual income tax while slightly reducing the sales tax. The State has also suffered from the recent national recession that impacted the State especially hard and continues to force changing economic conditions in the State.

The Connecticut economy is largely composed of manufacturing (especially defense related) and service industries (such as insurance) that were robust and growing for much of the past two decades. Beginning in the late 1980's, the regional economy slowed down and entered a recession that has affected several areas of the State's economy. Specifically, the cutbacks in the defense and insurance industries and general corporate restructurings due to declining profits have

caused large numbers of job losses and increased the fiscal strain on the State and local governments.

The two major revenue sources available to cities and towns in Connecticut are local property taxes and aid from the state. State aid is mostly related to educational grants and human service funds for lower income individuals. Property values and the resulting taxes which grew significantly during the 1980's have stabilized and even fallen slightly in some areas. Especially hard hit are those local governments with large job losses due to cutbacks or shutdowns due to the impact to the tax base.

The Connecticut Municipal Money Market Fund concentration in securities issued by the State and its political subdivisions provides a greater level of risk than a fund which is diversified across numerous states and municipal entities. The ability of the State or its municipalities to meet their obligations will depend on the availability of tax and other revenues; economic, political, and demographic conditions within the State; and the underlying fiscal condition of the State, and its municipalities.

THE SHAWMUT FUNDS MANAGEMENT

OFFICERS AND TRUSTEES

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

<TABLE>
<CAPTION>

<S> <C>	NAME AND ADDRESS	POSITION WITH THE TRUST	PRINCIPAL OCCUPATION DURING PAST FIVE YEARS
	John F. Donahue+* Federated Investors Tower Pittsburgh, PA	Chairman and Trustee	Chairman and Trustee, Federated Investors; Chairman and Trustee, Federated Advisers, Federated Management, and Federated Research; Director, AETna Life and Casualty Company; Chief Executive Officer and Director, Trustee, or Managing General Partner of the Funds; formerly, Director, The Standard Fire Insurance Company. Mr. Donahue is the father of J. Christopher Donahue, Vice President of the Trust.
	John T. Conroy, Jr. Wood/IPC Commercial Department John R. Wood and Associates, Inc., Realtors 3255 Tamiami Trail North Naples, FL	Trustee	President, Investment Properties Corporation; Senior Vice-President, John R. Wood and Associates, Inc., Realtors; and Northgate Village Development Corporation; General Partner or Trustee in private real estate ventures in Southwest Florida; Director, Trustee, or Managing General Partner of the Funds; formerly, President, Naples Property Management, Inc.
	William J. Copeland One PNC Plaza-23rd floor Pittsburgh, PA	Trustee	Director and Member of the Executive Committee, Michael Baker, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Vice Chairman and Director, PNC Bank, N.A., and PNC Bank Corp and Director, Ryan Homes, Inc.
	James E. Dowd 571 Hayward Mill Road Concord, MA	Trustee	Attorney-at-law; Director, The Emerging Germany Fund, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Director, Blue Cross of Massachusetts, Inc.
	Lawrence D. Ellis, M.D. 3471 Fifth Avenue Suite 1111 Pittsburgh, PA	Trustee	Hematologist, Oncologist, and Internist, Presbyterian and Montefiore Hospitals; Clinical Professor of Medicine and Trustee, University of Pittsburgh; Director, Trustee, or Managing General Partner of the Funds.
	Edward L. Flaherty, Jr.+ 5916 Penn Mall Pittsburgh, PA	Trustee	Attorney-at-law; Partner, Meyer and Flaherty; Director, Eat'N Park Restaurants, Inc., and Statewide Settlement Agency, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Counsel, Horizon Financial, F.A., Western Region.
	Peter E. Madden 225 Franklin Street Boston, MA	Trustee	Consultant; State Representative, Commonwealth of Massachusetts; Director, Trustee, or Managing General Partner of the Funds; formerly President, State Street Bank & Trust Company and State Street Boston Corporation; and Trustee, Lahey Clinic Foundation, Inc.
	Gregor F. Meyer 5916 Penn Mall Pittsburgh, PA	Trustee	Attorney-at-law; Partner, Meyer and Flaherty; Chairman, Meritcare, Inc.; Director, Eat'N Park Restaurant, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Vice Chairman, Horizon Financial, F.A.
	Wesley W. Posvar 1202 Cathedral of Learning	Trustee	Professor Foreign Policy and Management Consultant; Trustee, Carnegie Endowment for International Peace and RAND Corporation; Online Computer Library Center, Inc. and U.S. Space Foundation; Chairman, Czecho Slovak

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NAME AND ADDRESS	POSITION WITH THE TRUST	PRINCIPAL OCCUPATION DURING PAST FIVE YEARS
Marjorie P. Smuts 4905 Bayard Street Pittsburgh, PA	Trustee	Public relations/marketing consultant; Director, Trustee, or Managing General Partner of the Funds.
J. Christopher Donahue* Federated Investors Tower Pittsburgh, PA	Vice President	President and Trustee, Federated Investors; Trustee, Federated Advisers, Federated Management, and Federated Research; President and Director, Federated Administrative Services; Trustee, Federated Services Company; President or Vice President of the Funds; Director, Trustee or Managing General Partner of some of the Funds. Mr. Donahue is the son of John F. Donahue, Chairman and Trustee of the Trust.
Richard B. Fisher Federated Investors Tower Pittsburgh, PA	Vice President	Executive Vice President and Trustee, Federated Investors; Chairman and Director, Federated Securities Corp.; President or Vice President of the Funds; Director or Trustee of some of the Funds.
Edward C. Gonzales Federated Investors Tower Pittsburgh, PA	President, Treasurer, and Trustee	Vice President, Treasurer and Trustee, Federated Investors; Vice President and Treasurer, Federated Advisers, Federated Management, and Federated Research; Executive Vice President, Treasurer, and Director, Federated Securities Corp.; Trustee, Federated Services Company; Chairman, Treasurer, and Director, Federated Administrative Services; Trustee or Director of some of the Funds; Vice President and Treasurer of the Funds.
John W. McGonigle Federated Investors Tower Pittsburgh, PA	Vice President and Secretary	Vice President, Secretary, General Counsel, and Trustee, Federated Investors; Vice President, Secretary and Trustee, Federated Advisers, Federated Management, and Federated Research; Trustee, Federated Services Company; Executive Vice President, Secretary, and Trustee, Federated Administrative Services; Director and Executive Vice President, Federated Securities Corp.; Vice President and Secretary of the Funds.
John A. Staley, IV Federated Investors Tower Pittsburgh, PA	Vice President	Vice President and Trustee, Federated Investors; Executive Vice President, Federated Securities Corp.; President and Trustee, Federated Advisers, Federated Management, and Federated Research; Vice President of the Funds; Director, Trustee, or Managing General Partner of some of the Funds; formerly, Vice President, The Standard Fire Insurance Company and President of its Federated Research Division.
Jeffrey W. Sterling Federated Investors Tower Pittsburgh, PA	Vice President and Assistant Treasurer	Vice President, Federated Administrative Services; Director of Private Label Management, Federated Investors; Vice President and Assistant Treasurer of some of the Funds.

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* This Trustee is deemed to be an 'interested person' of the Trust as defined in the Investment Company Act of 1940.

+ Members of the Trust's Executive Committee. The Executive Committee of the Board of Trustees handles the responsibilities of the Board of Trustees between meetings of the Board.

FUNDS

'The Funds' and 'Funds' mean the following investment companies: A.T. Ohio Tax-Free Money Fund; American Leaders Fund, Inc.; Annuity Management Series; Automated Cash Management Trust; Automated Government Money Trust; The Boulevard Funds; California Municipal Cash Trust; Cash Trust Series, Inc.; Cash Trust Series II; 111 Corcoran Funds; DG Investor Series; Edward D. Jones & Co. Daily Passport Cash Trust; FT Series, Inc.; Federated ARMs Fund; Federated Exchange Fund, Ltd.; Federated GNMA Trust; Federated Government Trust; Federated Growth Trust; Federated High Yield Trust; Federated Income Securities Trust; Federated Income Trust; Federated Index Trust; Federated Intermediate Government Trust; Federated Master Trust; Federated Municipal Trust; Federated Short-Intermediate Government

Trust; Federated Short-Term U.S. Government Trust; Federated Stock Trust; Federated Tax-Free Trust; Federated U.S. Government Bond Fund; First Priority Funds; Fixed Income Securities, Inc.; Fortress Adjustable Rate U.S. Government Fund, Inc.; Fortress Municipal Income Fund, Inc.; Fortress Utility Fund, Inc.; Fund for U.S. Government Securities, Inc.; Government Income Securities, Inc.; High Yield Cash Trust; Insurance Management Series; Intermediate Municipal Trust; Investment Series Funds, Inc.; Investment Series Trust; Liberty Equity Income Fund, Inc.; Liberty High Income Bond Fund, Inc.; Liberty Municipal Securities Fund, Inc.; Liberty Term Trust, Inc.-1999; Liberty U.S. Government Money Market Trust; Liberty Utility Fund, Inc.; Liquid Cash Trust; Mark Twain Funds; Money Market Management, Inc.; Money Market Obligations Trust; Money Market Trust; Municipal Securities Income Trust; New York Municipal Cash Trust; The Planters Funds; Portage Funds; RIMCO Monument Funds; Short-Term Municipal Trust; Signet Select Series; The Shawmut Funds; Star Funds; The Starburst Funds; The Starburst Funds II; Stock and Bond Fund, Inc.; Sunburst Funds; Targeted Duration Trust; Tax-Free Instruments Trust; Trademark Funds; Trust for Financial Institutions; Trust for Government Cash Reserves; Trust for Short-Term U.S. Government Securities; and Trust for U.S. Treasury Obligations.

MONEY MARKET FUNDS OWNERSHIP

Officers and Trustees own less than 1% of the Money Market Funds' outstanding shares.

As of February 10, 1994, the following shareholders of record owned 5% or more of the outstanding shares of the Money Market Funds: Henry L. Snow and Sandra L. Snow, New Haven, Connecticut, owned approximately 1,117,312 (6.91%) Investment Shares of the Connecticut Municipal Money Market Fund; Clement McIver, Jr., c/o Methods Machine Tool, Sudbury, Massachusetts, owned approximately 2,000,091 (9.35%) shares of the Massachusetts Municipal Money Market Fund; Vectron Laboratories, Inc., Profit Sharing Plan Trust, Norwalk, Connecticut, owned approximately 2,557,466 (5.31%) Investment Shares of the Prime Money Market Fund; and Wornat Leasing, Hartford, Connecticut, owned approximately 3,803,675 (7.89%) Investment Shares of the Prime Money Market Fund.

TRUSTEE LIABILITY

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

INVESTMENT ADVISORY SERVICES

ADVISER TO THE MONEY MARKET FUNDS

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

ADVISORY FEES

For its advisory services, the Adviser receives an annual investment advisory fee as described in the combined prospectus. During the fiscal year ended October 31, 1993, the Funds' adviser earned the following advisory fees: Connecticut Municipal Money Market Fund, \$1,104, all of which was voluntarily waived; Massachusetts Municipal Money Market Fund, \$134, all of which was voluntarily waived; and Prime Money Market Fund, \$1,128,024, of which \$270,978 was voluntarily waived. In addition, the Fund's adviser reimbursed other operating expenses for the following Funds: Connecticut Municipal Money Market Fund, \$10,084 and Massachusetts Municipal Money Market Fund, \$9,261.

STATE EXPENSE LIMITATIONS

The Adviser has undertaken to comply with the expense limitations established by certain states for investment companies whose shares are registered for sale in those states. If a Money Market Fund's normal operating expenses (including the investment advisory fee, but not including brokerage commissions, interest, taxes, and extraordinary

expenses) exceed 2 1/2% per year of the first \$30 million of average net assets, 2% per year of the next \$70 million of average net assets, and 1 1/2% per year of the remaining average net assets, the Adviser will reimburse that Money Market Fund for its expenses over the limitation. If Money Market Fund's monthly projected operating expenses exceed this limitation, the investment advisory fee paid will be reduced by the amount of the excess, subject to an annual adjustment. If the expense limitation is exceeded, the amount to be reimbursed by the Adviser will be limited, in any single fiscal year, by the amount of the investment advisory fee.

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

ADMINISTRATIVE SERVICES

Federated Administrative Services, a subsidiary of Federated Investors, provides administrative personnel and services to the Money Market Funds for the fee set forth in the combined prospectus. For the fiscal year ended October 31, 1993, Federated Administrative Services earned the following administrative fees from the Funds: Connecticut Municipal Money Market Fund, \$265, all of which was voluntarily waived; Massachusetts Municipal Money Market Fund, \$32, all of which was voluntarily waived; and Prime Money Market Fund, \$283,923.

Shawmut Bank, N.A., serves as custodian to the Money Market Funds. As compensation for its services, the custodian receives a fee based upon a sliding scale ranging from a minimum of .011% to a maximum of .02% as a percentage of net Fund assets, plus certain costs. For the fiscal year ended October 31, 1993, the Funds' custodian earned the following fees: Connecticut Municipal Money Market Fund, \$44, all of which was voluntarily waived; Massachusetts Municipal Money Market Fund, \$5, all of which was voluntarily waived; and Prime Money Market Fund, \$15,717.

BROKERAGE TRANSACTIONS

It is the Money Market Funds' policy with respect to the selection of brokers and dealers in the purchase and sale of securities to obtain the "best net realized price" on each transaction. The Money Market Funds conduct business only with financially sound brokers or dealers on that basis. Brokerage commission is, however, only one element in determining "best net realized price." The Adviser may also select brokers and dealers who offer research and other services. These services may be furnished directly to the Money Market Funds or to the Adviser and may include:

- - advice as to the advisability of investing in securities;
- - security analysis and reports;
- - economic studies;
- - industry studies;
- - receipt of quotations for portfolio evaluations; and
- - similar services.

The Adviser and its affiliates exercise reasonable business judgment in selecting brokers who offer brokerage and research services to execute securities transactions. They determine in good faith that commissions charged by such persons are reasonable in relationship to the value of the brokerage and research services provided.

Research services provided by brokers may be used by the Adviser for other accounts. To the extent that receipt of these services may supplant services for which the Adviser or its affiliates might otherwise have paid, it would tend to reduce their expenses.

PURCHASING SHARES

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

DISTRIBUTION PLAN (INVESTMENT SHARES)

With respect to the Investment Shares classes of the Connecticut Municipal Money Market Fund and Prime Money Market Fund, the Trust has adopted a Plan pursuant to Rule 12b-1 which was promulgated by the Securities and Exchange Commission pursuant to the Investment Company Act of 1940. The Plan permits the payment of fees to administrators (including broker/dealers and depository institutions such as commercial banks and savings and loan associations) for distribution and administrative services. The Plan is designed to stimulate administrators to provide distribution and administrative support services to the Connecticut Municipal Money Market Fund and Prime Money Market Fund and their shareholders. The administrative services are provided by a representative who has knowledge of the shareholder's particular circumstances and goals, and include, but are not limited to: communicating account openings; communicating account closings; entering purchase transactions; entering redemption transactions; providing or arranging to provide accounting support for all transactions, wiring funds and receiving funds for Share purchases and redemptions, confirming and reconciling all transactions, reviewing the activity in Connecticut Municipal Money Market Fund and Prime Money Market Fund accounts, and providing training and supervision of broker personnel; posting and reinvesting dividends to Connecticut Municipal Money Market Fund and Prime Money Market Fund accounts or arranging for this service to be performed by the Connecticut Municipal Money Market Fund and Prime Money Market Fund transfer agent; and maintaining and distributing current copies of prospectuses and shareholder reports to the beneficial owners of Shares and prospective shareholders.

By adopting the Plan, the Board of Trustees expects that the Connecticut Municipal Money Market Fund and Prime Money Market Fund will be able to achieve a more predictable flow of cash for investment purposes and to meet redemptions. This will facilitate more efficient portfolio management and assist the Fund in seeking to achieve its

investment objectives. By identifying potential investors whose needs are served by the Connecticut Municipal Money Market Fund and Prime Money Market Fund' objectives, and properly servicing these accounts, the Connecticut Municipal Money Market Fund and Prime Money Market Fund may be able to curb sharp fluctuations in rates of redemptions and sales.

Other benefits which the Connecticut Municipal Money Market Fund and Prime Money Market Fund hope to achieve through the Plan include, but are not limited to, the following: (1) an efficient and effective administrative system; (2) a more efficient use of shareholder assets by having them rapidly invested in the Connecticut Municipal Money Market Fund and Prime Money Market Fund, through an automatic transfer of funds from a demand deposit account to an investment account, with a minimum of delay and administrative detail; and (3) an efficient and reliable shareholder records system and prompt responses to shareholder requests and inquiries concerning their accounts.

For the fiscal year ended October 31, 1993, brokers earned the following fees from the Funds pursuant to the Plan: Connecticut Municipal Money Market Fund, \$1,104, of which \$552 was voluntarily waived; Massachusetts Municipal Money Market Fund, --0--; Prime Money Market Fund, \$20,984, of which \$10,492 was voluntarily waived.

CONVERSION TO FEDERAL FUNDS

It is the Money Market Funds' policy to be as fully invested as possible so that maximum interest may be earned. To this end, all payments from shareholders must be in federal funds or be converted into federal funds. Shawmut Bank, N.A. acts as the shareholder's agent in depositing checks and converting them to federal funds.

DETERMINING NET ASSET VALUE

The Money Market Funds attempt to stabilize the value of a share at \$1.00. The days on which the net asset value is calculated by the Money Market Funds are described in the combined prospectus.

USE OF THE AMORTIZED COST METHOD

The Trustees have determined that the best method for determining the value of portfolio instruments is amortized cost. Under this method, portfolio instruments are valued at the acquisition cost as adjusted for amortization of premium or accumulation of discount rather than at current market value. The Money Market Funds' use of the amortized cost method of valuing portfolio instruments depends on their compliance with the provisions of Rule 2a-7 promulgated by the Securities and Exchange Commission under the Investment Company Act of 1940. Under the Rule, the Money Market Funds must establish

procedures reasonably designed to stabilize the net asset value per share, as computed for purposes of distribution and redemption, at \$1.00 per share, taking into account current market conditions and the Money Market Funds' respective investment objectives.

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

Although demand features and standby commitments are defined as "puts" under the Rule, the Money Market Funds do not consider them to be "puts" as that term is used in the Money Market Funds' respective investment limitations. Demand features and standby commitments are features which enhance an instrument's liquidity, and the investment limitations which proscribe puts are designed to prohibit the purchase and sale of put and call options and are not designed to prohibit the Money Market Funds from using techniques which enhance the liquidity of portfolio instruments.

MONITORING PROCEDURES

The Trustees' procedures include monitoring the relationship between the amortized cost value per share and the net asset value per share of each Money Market Fund based upon available indications of market value. The Trustees will decide what, if any, steps should be taken if there is a difference of more than 0.5 of 1% between the two values for any Money Market Fund. The Trustees will take any steps they consider appropriate (such as redemption in kind or shortening the average portfolio maturity) to minimize any material dilution or other unfair results arising from differences between the two methods of determining net asset value.

INVESTMENT RESTRICTIONS

The Rule requires that the Money Market Funds limit their investments to instruments that, in the opinion of the Trustees, present minimal credit risks and have received the requisite rating from one or more nationally recognized statistical rating organizations. If the instruments are not rated, the Trustees must determine that

they are of comparable quality. The Rule also requires the Money Market Funds to maintain a dollar-weighted average portfolio maturity (not more than 90 days) appropriate to the objective of maintaining a stable net asset value of \$1.00 per share. In addition, no instrument with a remaining maturity of more than 397 days can be purchased by a Money Market Fund.

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

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

In periods of declining interest rates, the indicated daily yield on shares of a Money Market Fund, computed based upon amortized cost valuation, may tend to be higher than a similar computation made by using a method of valuation based upon market prices and estimates.

In periods of rising interest rates, the indicated daily yield on shares of a

Money Market Fund computed the same way may tend to be lower than a similar computation made by using a method of calculation based upon market prices and estimates.

EXCHANGING SECURITIES FOR MONEY MARKET FUND SHARES

Investors may exchange Connecticut/Massachusetts Municipal Securities they already own for shares of the Connecticut/Massachusetts Municipal Money Market Funds (respectively), or they may exchange a combination of securities and cash for shares. An investor should forward the securities in negotiable form with an authorized letter of transmittal to Federated Securities Corp. The Connecticut/Massachusetts Municipal Money Market Fund, as appropriate will notify the investor of its acceptance and valuation of the securities within five business days of their receipt by State Street Bank.

The Connecticut/Massachusetts Municipal Money Market Funds value securities in the same manner as they value their assets. The basis of the exchange will depend upon the net asset value of shares of the Connecticut/Massachusetts Municipal Money Market Funds, as appropriate on the day the securities are valued. One Share will be issued for each equivalent amount of securities accepted.

Any interest earned on the securities prior to the exchange will be considered in valuing the securities. All interest, dividends, subscription, or other rights attached to the securities become the property of the Connecticut/Massachusetts Municipal Money Market Funds, as appropriate along with the securities.

TAX CONSEQUENCES

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

REDEEMING SHARES

The Money Market Funds redeem their respective Shares at the next computed net asset value after redemption requests are received. Redemption procedures are explained in the combined prospectus under "Redeeming Shares."

REDEMPTION IN KIND

Although the Trust intends to redeem shares in cash, it reserves the right under certain circumstances to pay the redemption price in whole or in part by a distribution of securities from the Money Market Funds' respective portfolios. Redemption in kind will be made in conformity with applicable Securities and Exchange Commission rules, taking such securities at the same value employed in determining net asset value and selecting the securities in a manner the Trustees determine to be fair and equitable.

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

EXCHANGE PRIVILEGE

REQUIREMENTS FOR EXCHANGE

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

Further information on the exchange privilege and prospectuses may be obtained by calling Shawmut Bank.

MAKING AN EXCHANGE

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

TAX STATUS

THE MONEY MARKET FUNDS' TAX STATUS

The Money Market Funds will pay no federal income tax because they expect to meet the requirements of Subchapter M of the Internal Revenue Code, as amended, applicable to regulated investment companies and to receive the special tax treatment afforded to such companies. To qualify for this treatment, the Money Market Funds must, among other requirements: derive at least 90% of their respective gross income from dividends, interest, and gains from the sale of securities; derive less than 30% of their respective gross income from the sale of securities held less than three months; invest in securities within certain statutory limits; and distribute to their respective shareholders at least 90% of their respective net income earned during the year.

FEDERAL INCOME TAX

The Money Market Funds will pay no federal income tax because they expects to meet requirements of the Internal Revenue Code applicable to regulated investment companies and to receive the special tax treatment afforded to such companies.

Each of the Money Market Funds will be treated as a single, separate entity for federal income tax purposes so that income (including capital gains) and losses realized by the Trust's other portfolios will not be combined for tax purposes with those realized by a Money Market Fund.

Shareholders are not required to pay the federal regular income tax on any dividends received from a Money Market Fund that represent net interest on tax-exempt municipal bonds.

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

Dividends of any of the Money Market Funds representing net interest income earned on some temporary investments and any realized net short-term gains are taxed as ordinary income. Long-term capital gains distributions are taxed as long-term capital gains, regardless of the length of time the Money Market Fund shares have been held by the shareholder. These tax consequences apply whether dividends are received in cash or as additional shares. Information on the tax status of dividends and distributions is provided annually.

MASSACHUSETTS STATE INCOME TAX

Individual shareholders of the Massachusetts Municipal Money Market Fund who are subject to Massachusetts income taxation will not be required to pay Massachusetts income tax on that portion of their dividends which is attributable to interest earned on Massachusetts tax-free municipal obligations, gain from the sale of certain of such obligations, interest earned on obligations of the United States, and interest earned on obligations of United States territories or possessions to the extent interest on such obligations is exempt from taxation by the state pursuant to federal law. All remaining dividends will be subject to Massachusetts income tax.

If a shareholder of the Massachusetts Municipal Money Market Fund is a Massachusetts business corporation or any foreign business corporation which exercises its charter, qualifies to do business, actually does business or owns or uses any part of its capital, plant or other property in Massachusetts, then it will be subject to Massachusetts excise taxation either as a tangible

property corporation or as an intangible property corporation. If the corporate shareholder is a tangible property corporation, it will be taxed upon its net income allocated to Massachusetts and the value of certain tangible property. If it is an intangible property corporation, it will be taxed upon its net income and net worth allocated to Massachusetts. Net income is gross income less allowable deductions for federal income tax purposes, subject to specified modifications. Dividends received from the Massachusetts Municipal Money Market Fund are includable in gross income and generally may not be deducted by a corporate shareholder in computing its net income. The

corporation's shares in the Massachusetts Municipal Money Market Fund are not includable in the computation of the tangible property base of a tangible property corporation, but are includable in the computation of the net worth base of an intangible property corporation.

Shares of Massachusetts Municipal Money Market Fund will be exempt from local property taxes in Massachusetts.

OTHER STATE AND LOCAL TAXES

Income from the Massachusetts Municipal Money Market Fund is not necessarily free from state income taxes or from local property taxes in states other than Massachusetts. State laws differ on this issue, and shareholders are urged to consult their own tax advisers regarding the status of their accounts under state and local tax laws.

SHAREHOLDERS' TAX STATUS

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

CAPITAL GAINS

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

YIELD

The Money Market Funds calculate the yield for their shares daily, based upon the seven days ending on the day of the calculation, called the "base period." This yield is computed by:

- - determining the net change in the value of a hypothetical account with a balance of one share at the beginning of the base period, with the net change excluding capital changes but including the value of any additional shares purchased
- - with dividends earned from the original one share and all dividends declared on the original and any purchased shares;
- - dividing the net change in the account's value by the value of the account at the beginning of the base period to determine the base period return; and
- - multiplying the base period return by 365/7.

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

EFFECTIVE YIELD

The Money Market Funds' effective yield is computed by compounding the unannualized base period return by:

- - adding 1 to the base period return;
- - raising the sum to the 365/7th power; and

- - subtracting 1 from the result.

TAX-EQUIVALENT YIELD

The tax-equivalent yield is calculated similarly to the yield, but reflects the taxable yield that Shares would have had to earn to equal its actual yield, assuming a 15%, 28%, 31%, 36% or 39.60% federal tax rate and the regular personal income tax rates imposed by Connecticut and Massachusetts for individual taxpayers and assuming that income earned by the Fund is 100% tax-exempt on a regular federal, state, and local basis.

TAX-EQUIVALENCY TABLE--CONNECTICUT MUNICIPAL MONEY MARKET FUND

The Connecticut Municipal Money Market Fund may use a tax-equivalency table in advertising and sales literature. The interest earned by the municipal bonds in the Fund's portfolio generally remains free from federal regular income tax, and from the regular personal income tax imposed by Connecticut.* As the table below indicates, a "tax-free" investment is an attractive choice for investors, particularly in times of narrow spreads between "tax-free" and taxable yields.

TAXABLE YIELD EQUIVALENT FOR 1993 STATE OF CONNECTICUT					
FEDERAL TAX BRACKET:					
	15.00%	28.00%	31.00%	36.00%	39.60%
COMBINED FEDERAL AND STATE:					
	19.50%	32.50%	35.50%	40.50%	44.10%
JOINT RETURN:	\$1-36,900	\$36,901-89,150	\$89,151-140,000	\$140,001-250,000	OVER \$250,000
SINGLE RETURN:	\$1-22,100	\$22,101-53,500	\$53,501-115,000	\$115,001-250,000	OVER \$250,000
TAX-EXEMPT YIELD		TAXABLE YIELD EQUIVALENT			
1.50%	1.86%	2.22%	2.33%	2.52%	2.68%
2.00%	2.48%	2.96%	3.10%	3.36%	3.58%
2.50%	3.11%	3.70%	3.88%	4.20%	4.47%
3.00%	3.73%	4.44%	4.65%	5.04%	5.37%
3.50%	4.35%	5.19%	5.43%	5.88%	6.26%
4.00%	4.97%	5.93%	6.20%	6.72%	7.16%
4.50%	5.59%	6.67%	6.98%	7.56%	8.05%
5.00%	6.21%	7.41%	7.75%	8.40%	8.94%
5.50%	6.83%	8.15%	8.53%	9.24%	9.84%
6.00%	7.45%	8.89%	9.30%	10.08%	10.73%

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

The above chart is for illustrative purposes only and uses tax brackets that went into effect beginning January 1, 1993. It is not an indicator of past or future performance of the Fund.

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

TAX-EQUIVALENCY TABLE--MASSACHUSETTS MUNICIPAL MONEY MARKET FUND

The Massachusetts Municipal Money Market Fund may use a tax-equivalency table in advertising and sales literature. The interest earned by the municipal bonds in the Fund's portfolio generally remains free from federal regular income tax, and from the regular personal income tax imposed by Massachusetts.* As the table below indicates, a "tax-free" investment is an attractive choice for investors, particularly in times of narrow spreads between "tax-free" and taxable yields.

TAXABLE YIELD EQUIVALENT FOR 1993 COMMONWEALTH OF MASSACHUSETTS					
FEDERAL TAX BRACKET:					
	15.00%	28.00%	31.00%	36.00%	39.60%

COMBINED FEDERAL AND STATE:

	27.00%	40.00%	43.00%	48.00%	51.60%
JOINT RETURN:	\$1-36,900	\$36,901-89,150	\$89,151-140,000	\$140,001-250,000	OVER \$250,000
SINGLE RETURN:	\$1-22,100	\$22,101-53,500	\$53,501-115,000	\$115,001-250,000	OVER \$250,000

TAX-EXEMPT

YIELD

TAXABLE YIELD EQUIVALENT

1.50%	2.05%	2.50%	2.63%	2.88%	3.10%
2.00%	2.74%	3.33%	3.51%	3.85%	4.13%
2.50%	3.42%	4.17%	4.39%	4.81%	5.17%
3.00%	4.11%	5.00%	5.26%	5.77%	6.20%
3.50%	4.79%	5.83%	6.14%	6.73%	7.23%
4.00%	5.48%	6.67%	7.02%	7.69%	8.26%
4.50%	6.16%	7.50%	7.89%	8.65%	9.30%
5.00%	6.85%	8.33%	8.77%	9.62%	10.33%
5.50%	7.53%	9.17%	9.65%	10.58%	11.36%
6.00%	8.22%	10.00%	10.53%	11.54%	12.40%

</TABLE>

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

The above chart is for illustrative purposes only and uses tax brackets that went into effect beginning January 1, 1993. It is not an indicator of past or future performance of the Fund.

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

PERFORMANCE COMPARISONS

The performance of a Money Market Fund depends upon such variables as:

- - portfolio quality;
- - average portfolio maturity;
- - type of instruments in which the portfolio is invested;
- - changes in interest rates on money market instruments;
- - changes in a Money Market Fund's expenses; and
- - the relative amount of a Money Market Fund's cash flow.

From time to time a Money Market Fund's may advertise its performance compared to similar funds or portfolios using certain indices, reporting services, and financial publications. These may include the following:

For the Connecticut/Massachusetts Municipal Money Market Funds:

- - LIPPER ANALYTICAL SERVICES, INC., ranks funds in various fund categories by making comparative calculations using total return. Total return assumes the reinvestment of all income dividends and capital gains distributions, if any. From time to time, the Fund will quote their Lipper rankings in the 'money market instrument funds' category in advertising and sales literature.
- - MORNINGSTAR, INC., an independent rating service, is the publisher of the bi-weekly Mutual Fund Values. Mutual Fund Values rates more than 1,000 NASDAQ-listed mutual funds of all types according to their risk-adjusted returns. The maximum rating is five stars, and ratings are effective for two weeks.

For the Prime Money Market Fund:

- - DONOGHUE'S MONEY FUND REPORT publishes annualized yields of hundreds of money market funds on a weekly basis and through its Money Market Insight publication reports monthly and 12-months-to-date investment results for the same money funds.

- - LIPPER ANALYTICAL SERVICES, INC., ranks funds in various fund categories by making comparative calculations using total return. Total return assumes the reinvestment of all income dividends and capital gains distributions, if any. From time to time, the Fund will quote its Lipper ranking in the 'money market instrument funds' category in advertising and sales literature.
- - BANK RATE MONITOR NATIONAL INDEX, Miami Beach, Florida, is a financial reporting service which publishes weekly average rates of 50 leading bank and thrift institution money market deposit accounts. The rates published in the index are an average of the personal account rates offered on the Wednesday prior to the date of publication by ten of the largest banks and thrifts in each of the five largest Standard Metropolitan Statistical Areas. Account minimums range upward from \$2,500 in each institution and compounding methods vary. If more than one rate is offered, the lowest rate is used. Rates are subject to change at any time specified by the institution.

A Money Market Fund may also advertise the performance of such indices and the types of securities in which it invests as compared to the rate of inflation. Investors may use such indices or reporting services in addition to the Money Market Funds' combined prospectus to obtain a more complete view of a Money Market Fund's performance before investing. Of course, when comparing any Money Market Fund's performance to any index, factors such as composition of the index and prevailing market conditions should be considered in assessing the significance of such comparisons.

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

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

FINANCIAL STATEMENTS

The financial statements for the fiscal year ended October 31, 1993 are incorporated herein by reference to the Annual Report of the Trust dated October 31, 1993. A copy of the Annual Report may be obtained without charge by contacting the Trust at the address located on the back cover of the prospectus.

APPENDIX

STANDARD AND POOR'S CORPORATION SHORT-TERM MUNICIPAL OBLIGATION RATING DEFINITIONS

SP1--Very strong or strong capacity to pay principal and interest. Those issues determined to possess overwhelming safety characteristics will be given a plus (+) designation.

SP2--Satisfactory capacity to pay principal and interest.

MOODY'S INVESTORS SERVICE, INC. SHORT-TERM MUNICIPAL OBLIGATION RATING DEFINITIONS

MIG1/VMIG1--Notes which are rated MIG1/VMIG1 are of the best quality. There is present strong protection by established cash flows, superior liquidity support, or demonstrated broad-based access to the market for refinancing.

MIG2/VMIG2--Notes which are rated MIG2/VMIG2 are of high quality. Margins of protection are ample although not so large as in MIG1/VMIG1 ratings.

FITCH INVESTORS SERVICE, INC. TAX-EXEMPT INVESTMENT NOTE RATING DEFINITIONS

FIN-1--Notes regarded as having the strongest degree of assurance for timely payment.

FIN-2--Notes reflecting a degree of assurance for timely payment only slightly less in degree than the highest category.

STANDARD & POOR'S CORPORATION COMMERCIAL PAPER RATING DEFINITIONS

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

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

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

P-1--Issuers (or supporting institutions) rated Prime-1 (P-1) have a superior ability for repayment of senior short-term debt obligations. P-1 repayment ability will often be evidenced by many of the following characteristics:

Conservative capitalization structure with moderate reliance debt and ample asset protection.

Broad margins in earnings coverage of fixed financial charges and high internal cash generation.

Well-established access to a range of financial markets and assured sources of alternate liquidity.

P-2--Issuers (or supporting institutions) rated Prime-2 (P-2) have a strong ability for repayment of senior short-term obligations. This will normally be evidenced by many of the characteristics cited above, but to a lesser degree. Capitalization characteristics, while still appropriate, may be more affected by external conditions. Ample alternate liquidity is maintained.

FITCH INVESTORS SERVICE, INC. SHORT-TERM RATING DEFINITIONS

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

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

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

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THE SHAWMUT FUNDS
INCOME FUNDS

SHAWMUT CONNECTICUT INTERMEDIATE MUNICIPAL INCOME FUND

SHAWMUT FIXED INCOME FUND

SHAWMUT INTERMEDIATE GOVERNMENT INCOME FUND

SHAWMUT LIMITED TERM INCOME FUND

SHAWMUT MASSACHUSETTS INTERMEDIATE MUNICIPAL INCOME FUND

TRUST SHARES

COMBINED PROSPECTUS

The shares offered by this prospectus represent interests in Trust Shares of the income portfolios (collectively, the "Income Funds" or individually, as appropriate in context, the "Fund") of The Shawmut Funds (the "Trust"), an open-end management investment company (a mutual fund). In addition to the Income Funds, the Trust consists of the following separate investment portfolios, each having distinct investment objectives and policies:

EQUITY FUNDS

Shawmut Growth and Income Equity Fund
Shawmut Growth Equity Fund
Shawmut Small Capitalization Equity Fund

MONEY MARKET FUNDS

Shawmut Connecticut Municipal Money
Market Fund
Shawmut Massachusetts Municipal Money
Market Fund
Shawmut Prime Money Market Fund

This combined prospectus contains the information you should read and know before you invest in the Income Funds. Keep this prospectus for future reference. The Income Funds have also filed a Combined Statement of Additional Information for Trust Shares and Investment Shares dated February 28, 1994, with the Securities and Exchange Commission. The information contained in the Combined Statement of Additional Information is incorporated by reference into this prospectus. You may request a copy of the Combined Statement of Additional Information free of charge, obtain other information, or make inquiries about the Income Funds by writing or calling the Trust.

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.

ALTHOUGH INCOME FUNDS MAY PAY HIGHER RATES THAN BANK DEPOSITS, THEIR NET ASSET VALUES ARE SENSITIVE TO INTEREST RATE MOVEMENT AND A RISE IN INTEREST RATES CAN RESULT IN A DECLINE IN THE VALUE OF YOUR INVESTMENT.

THE SHARES OFFERED BY THIS PROSPECTUS ARE NOT DEPOSITS OR OBLIGATIONS OF SHAWMUT BANK, ARE NOT ENDORSED OR GUARANTEED BY SHAWMUT BANK, ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, NOR ARE THEY INSURED OR GUARANTEED BY THE FEDERAL RESERVE BOARD OR ANY OTHER GOVERNMENT AGENCY. MUTUAL FUNDS INVOLVE INVESTMENT RISKS, INCLUDING FLUCTUATIONS IN VALUE AND EARNINGS, AND THE POSSIBLE LOSS OF PRINCIPAL.

Prospectus dated February 28, 1994

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SYNOPSIS

INVESTMENT OBJECTIVES

The Shawmut Funds offer you a convenient, affordable way to participate in separate, professionally managed portfolios of securities. This prospectus relates only to the Income Funds of the Trust.

INCOME FUNDS

SHAWMUT CONNECTICUT INTERMEDIATE MUNICIPAL INCOME FUND
("Connecticut Intermediate Municipal Income Fund") seeks current income which is exempt from federal income tax and Connecticut state income tax by investing primarily in Connecticut municipal securities, including securities of states, territories, and possessions of the United States which are not issued by or on behalf of Connecticut or its political subdivisions and financing authorities, but which are exempt from Connecticut state income tax.

SHAWMUT FIXED INCOME FUND
("Fixed Income Fund") seeks current income consistent with total return by investing in income producing securities consisting primarily of investment grade notes and bonds and U.S. government securities.

SHAWMUT INTERMEDIATE GOVERNMENT INCOME FUND
("Intermediate Government Income Fund") seeks current income consistent with total return by investing in a portfolio consisting primarily of U.S. government securities with a dollar-weighted average maturity of between three and ten years.

SHAWMUT LIMITED TERM INCOME FUND
("Limited Term Income Fund") seeks current income consistent with low principal volatility and total return by investing in a portfolio of income producing securities with a term limited to a dollar-weighted average maturity of three years or less.

SHAWMUT MASSACHUSETTS INTERMEDIATE MUNICIPAL INCOME FUND ("Massachusetts Intermediate Municipal Income Fund") seeks current income which is exempt from federal income tax and income taxes imposed by the Commonwealth of Massachusetts by investing primarily in Massachusetts municipal securities, including securities of states, territories, and possessions of the United States which are not issued by or on behalf of Massachusetts or its political subdivisions and financing authorities, but which are exempt from Massachusetts state income tax.

 BUYING AND REDEEMING INCOME
 FUND SHARES

A minimum initial investment of \$1,000 may be required. Subsequent investments must be in amounts of at least \$100, as described in this prospectus in the section entitled "Minimum Investment Required." Trust Shares are currently sold at net asset value and are redeemed at net asset value without a sales charge.

INCOME FUND MANAGEMENT

The Income Funds' investment adviser is Shawmut Bank, N.A., which makes investment decisions for the Income Funds.

SHAREHOLDER SERVICES

When you become a shareholder, you can easily obtain information about your account by calling your Shawmut Bank trust officer.

THE SHAWMUT INCOME FUNDS

SUMMARY OF INCOME FUND EXPENSES--TRUST SHARES

SHAREHOLDER TRANSACTION EXPENSES

<TABLE>
 <CAPTION>

	CONNECTICUT INTERMEDIATE MUNICIPAL INCOME FUND**	FIXED INCOME FUND	INTERMEDIATE GOVERNMENT INCOME FUND	LIMITED TERM INCOME FUND	MASSACHUSETTS INTERMEDIATE MUNICIPAL INCOME FUND**
<S>	<C>	<C>	<C>	<C>	<C>
Maximum Sales Load Imposed on Purchases (as a percentage of offering price).....	None*	None	None	None	None*
Maximum Sales Load Imposed--on Reinvested Dividends (as a percentage of offering price).....	None	None	None	None	None
Deferred Sales Load (as a percentage of original purchase price or redemption proceeds as applicable).....	None	None	None	None	None
Redemption Fee (as a percentage of amount redeemed, if applicable).....	None	None	None	None	None
Exchange Fee.....	None	None	None	None	None

* Shares of these funds purchased by or for accounts in which the trust department of Shawmut Bank, N.A., or its affiliates, serve in a fiduciary or agency capacity are sold without a sales load. Other purchasers pay a sales load of up to 2.00% of the public offering price, as described in the Income Funds--Investment Shares prospectus.

** Connecticut Intermediate Municipal Income Fund and Massachusetts Intermediate Municipal Income Fund sell their shares without class designation. Purchasers of either the Trust Shares or Investment Shares of the other Shawmut Funds may purchase shares of Connecticut Intermediate Municipal Income Fund and Massachusetts Intermediate Municipal Income Fund.

<TABLE>
 <S>

	<C>	<C>	<C>	<C>	<C>
ANNUAL TRUST SHARES OPERATING EXPENSES (As a percentage of average net assets)					
Management Fee (after waiver) (1).....	0.00%	0.60%	0.60%	0.60%	0.00%

12b-1 Fees.....	None	None	None	None	None
Total Other Expenses (after waivers and reimbursement) (2).....	0.50%	0.31%	0.34%	0.38%	0.50%
Total Trust Shares Operating Expenses (after waivers and reimbursement) (3).....	0.50%	0.91%	0.94%	0.98%	0.50%

(1) The management fee has been reduced to reflect the voluntary waiver by the investment adviser. The adviser can terminate this voluntary waiver at any time at its sole discretion. The maximum management fee is 0.70% for the Connecticut Intermediate Municipal Income Fund and Massachusetts Intermediate Municipal Income Fund; 0.80% for Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund.

(2) Estimated other expenses have been reduced to reflect the voluntary waiver by the custodian and the voluntary reimbursement of expenses by the investment adviser for the Connecticut Intermediate Municipal Income Fund and the Massachusetts Intermediate Municipal Income Fund.

(3) The Annual Trust Shares Operating Expenses for the fiscal year ended October 31, 1993 were 0.50% for the Connecticut Intermediate Municipal Income Fund and Massachusetts Intermediate Municipal Income Fund; 0.85% for the Fixed Income Fund; 0.88% for the Intermediate Government Income Fund; and 0.88% for the Limited Term Income Fund. The Annual Trust Operating Expenses in the above table are based on expenses expected during fiscal year ending October 31, 1994. Absent the anticipated voluntary waivers and reimbursement explained in the above footnotes, the Trust Shares Operating Expenses are estimated to be 1.83% for the Connecticut Intermediate Municipal Income Fund; 2.81% for the Massachusetts Intermediate Municipal Income Fund; 1.11% for the Fixed Income Fund; 1.14% for the Intermediate Government Income Fund; and 1.18% for the Limited Term Income Fund.

THE PURPOSE OF THIS TABLE IS TO ASSIST AN INVESTOR IN UNDERSTANDING THE VARIOUS COSTS AND EXPENSES THAT A SHAREHOLDER OF TRUST SHARES WILL BEAR, EITHER DIRECTLY OR INDIRECTLY. FOR MORE COMPLETE DESCRIPTIONS OF THE VARIOUS COSTS AND EXPENSES, SEE "THE SHAWMUT FUNDS INFORMATION" AND "INVESTING IN TRUST SHARES." WIRE-TRANSFERRED REDEMPTIONS OF LESS THAN \$5,000 MAY BE SUBJECT TO ADDITIONAL FEES.

EXAMPLE

You would pay the following expenses on a \$1,000 investment assuming (1) 5% annual return and (2) redemption at the end of each time period. As noted in the table above, the Income Funds charges no redemption fee.

<TABLE>
<CAPTION>

	1 Year	3 Years	5 Years	10 Years
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Connecticut Intermediate Municipal Income Fund.....	\$ 5	\$16	\$28	\$ 63
Fixed Income Fund.....	\$ 9	\$29	\$50	\$112
Intermediate Government Income Fund.....	\$10	\$30	\$52	\$115
Limited Term Income Fund.....	\$10	\$31	\$54	\$120
Massachusetts Intermediate Municipal Income Fund.....	\$ 5	\$16	\$28	\$ 63

</TABLE>

THE ABOVE EXAMPLES SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE EXPENSES. ACTUAL EXPENSES MAY BE GREATER OR LESS THAN THOSE SHOWN.

The information set forth in the foregoing table and example relates only to Trust Shares of the Income Funds. Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund also offer another class of shares called Investment Shares. Trust Shares and Investment Shares are subject to certain of the same expenses; however, Investment Shares are subject to a 12b-1 fee of up to .50 of 1%. See "Other Classes of Shares."

SHAWMUT CONNECTICUT

INTERMEDIATE MUNICIPAL INCOME FUND
FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

The following table has been audited by Price Waterhouse, the Fund's independent public accountants. Their report dated December 17, 1993, on the Fund's

financial statements for the year ended October 31, 1993, and on the following table, is included in the Annual Report, which is incorporated by reference. This table should be read in conjunction with the Fund's financial statements and notes thereto, which may be obtained from the Fund.

<TABLE>
<CAPTION>

	YEAR ENDED OCTOBER 31, 1993*
<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 10.00

INCOME FROM INVESTMENT OPERATIONS	

Net investment income	0.13

Net realized and unrealized gain (loss) on investments	0.24

Total from investment operations	0.37

LESS DISTRIBUTIONS	

Dividends to shareholders from net investment income	(0.13)

NET ASSET VALUE, END OF PERIOD	\$ 10.24

TOTAL RETURN**	3.75%

RATIOS TO AVERAGE NET ASSETS	

Expenses	0.50% (a)

Net investment income	3.80% (a)

Expense waiver/reimbursement (b)	2.33% (a)

SUPPLEMENTAL DATA	

Net assets, end of period (000 omitted)	\$7,288

Portfolio turnover rate	8%

</TABLE>

* Reflects operations for the period from June 17, 1993 (date of initial public investment) to October 31, 1993.

** Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) Computed on an annualized basis.

(b) Increase/decrease in above expense/income ratios due to waivers or reimbursements of expenses (Note 5).

SHAWMUT FIXED INCOME FUND--FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

The following table has been audited by Price Waterhouse, the Fund's independent public accountants. Their report dated December 17, 1993, on the Fund's financial statements for the year ended October 31, 1993, and on the following table for each of the periods presented, is included in the Annual Report, which is incorporated by reference. This table should be read in conjunction with the Fund's financial statements and notes thereto, which may be obtained from the Fund.

<TABLE>
<CAPTION>

	YEAR ENDED OCTOBER 31, 1993*
TRUST SHARES	
<S>	<C>

NET ASSET VALUE, BEGINNING OF PERIOD	\$10.00

INCOME FROM INVESTMENT OPERATIONS	

Net investment income	0.55

Net realized and unrealized gain (loss) on investments	0.55

Total from investment operations	1.10

LESS DISTRIBUTIONS	

Dividends to shareholders from net investment income	(0.55)

NET ASSET VALUE, END OF PERIOD	\$10.55

TOTAL RETURN***	11.26%

RATIOS TO AVERAGE NET ASSETS	

Expenses	0.85% (a)

Net investment income	6.06% (a)

Expense waiver/reimbursement (b)	0.22% (a)

SUPPLEMENTAL DATA	

Net assets, end of period (000 omitted)	\$92,485

Portfolio turnover rate(c)	33%

</TABLE>

<TABLE>
<CAPTION>

	YEAR ENDED OCTOBER 31, 1993**

INVESTMENT SHARES	

<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$10.23

INCOME FROM INVESTMENT OPERATIONS	

Net investment income	0.40

Net realized and unrealized gain (loss) on investments	0.31

Total from investment operations	0.71

LESS DISTRIBUTIONS	

Dividends to shareholders from net investment income	(0.39)

NET ASSET VALUE, END OF PERIOD	\$10.55

TOTAL RETURN***	7.02%

RATIOS TO AVERAGE NET ASSETS	

Expenses	1.12% (a)

Net investment income	5.61% (a)

Expense waiver/reimbursement (b)	0.48% (a)

SUPPLEMENTAL DATA	

Net assets, end of period (000 omitted)	\$9,550

Portfolio turnover rate(c)	33%

</TABLE>

* Reflects operations for the period from December 14, 1992 (date of initial public investment) to October 31, 1993.

** Reflects operations for the period from February 12, 1993 (date of initial public offering) to October 31, 1993.

*** Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) Computed on an annualized basis.

(b) Increase/decrease in above expense/income ratios due to waivers or reimbursements of expenses (Note 5).

(c) Represents portfolio turnover rate for the entire Fund.

SHAWMUT INTERMEDIATE GOVERNMENT INCOME FUND

FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

The following table has been audited by Price Waterhouse, the Fund's independent public accountants. Their report dated December 17, 1993, on the Fund's financial statements for the year ended October 31, 1993, and on the following table for each of the periods presented, is included in the Annual Report, which is incorporated by reference. This table should be read in conjunction with the Fund's financial statements and notes thereto, which may be obtained from the Fund.

	TRUST SHARES	YEAR ENDED OCTOBER 31, 1993*
<S>		<C>
NET ASSET VALUE, BEGINNING OF PERIOD		\$10.00
INCOME FROM INVESTMENT OPERATIONS		
Net investment income		0.52
Net realized and unrealized gain (loss) on investments		0.26
Total from investment operations		0.78
LESS DISTRIBUTIONS		
Dividends to shareholders from net investment income		(0.52)
NET ASSET VALUE, END OF PERIOD		\$10.26
TOTAL RETURN***		7.97%
RATIOS TO AVERAGE NET ASSETS		
Expenses		0.88% (a)
Net investment income		5.83% (a)
Expense waiver/reimbursement (b)		0.26% (a)
SUPPLEMENTAL DATA		
Net assets, end of period (000 omitted)		\$62,399
Portfolio turnover rate (c)		30%

	INVESTMENT SHARES	YEAR ENDED OCTOBER 31, 1993**
<S>		<C>
NET ASSET VALUE, BEGINNING OF PERIOD		\$10.18
INCOME FROM INVESTMENT OPERATIONS		

Net investment income	0.37
Net realized and unrealized gain (loss) on investments	0.08
Total from investment operations	0.45
LESS DISTRIBUTIONS	
Dividends to shareholders from net investment income	(0.37)
NET ASSET VALUE, END OF PERIOD	\$10.26
TOTAL RETURN***	4.45%
RATIOS TO AVERAGE NET ASSETS	
Expenses	1.15% (a)
Net investment income	5.41% (a)
Expense waiver/reimbursement (b)	0.50% (a)
SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	\$13,812
Portfolio turnover rate (c)	30%

</TABLE>

* Reflects operations for the period from December 14, 1992 (date of initial public investment) to October 31, 1993.

** Reflects operations for the period from February 12, 1993 (date of initial public offering) to October 31, 1993.

*** Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) Computed on an annualized basis.

(b) Increase/decrease in above expense/income ratios due to waivers or reimbursements of expenses (Note 5).

(c) Represents portfolio turnover rate for the entire Fund.

SHAWMUT LIMITED TERM INCOME FUND

FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

The following table has been audited by Price Waterhouse, the Fund's independent public accountants. Their report dated December 17, 1993, on the Fund's financial statements for the year ended October 31, 1993, and on the following table for each of the periods presented, is included in the Annual Report, which is incorporated by reference. This table should be read in conjunction with the Fund's financial statements and notes thereto, which may be obtained from the Fund.

<TABLE>
<CAPTION>

	TRUST SHARES	YEAR ENDED OCTOBER 31, 1993*
<S>		<C>
NET ASSET VALUE, BEGINNING OF PERIOD		\$10.00
INCOME FROM INVESTMENT OPERATIONS		
Net investment income		0.49

Net realized and unrealized gain (loss) on investments	0.00
Total from investment operations	0.49
LESS DISTRIBUTIONS	
Dividends to shareholders from net investment income	(0.49)
NET ASSET VALUE, END OF PERIOD	\$10.00
TOTAL RETURN***	5.02%
RATIOS TO AVERAGE NET ASSETS	
Expenses	0.88% (a)
Net investment income	5.54% (a)
Expense waiver/reimbursement(b)	0.23% (a)
SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	\$66,998
Portfolio turnover rate(c)	53%

</TABLE>

<TABLE>
<CAPTION>

	INVESTMENT SHARES	YEAR ENDED OCTOBER 31, 1993**
<S>		<C>
NET ASSET VALUE, BEGINNING OF PERIOD		\$10.09
INCOME FROM INVESTMENT OPERATIONS		
Net investment income		0.34
Net realized and unrealized gain (loss) on investments		(0.09)
Total from investment operations		0.25
LESS DISTRIBUTIONS		
Dividends to shareholders from net investment income		(0.34)
NET ASSET VALUE, END OF PERIOD		\$10.00
TOTAL RETURN***		2.57%
RATIOS TO AVERAGE NET ASSETS		
Expenses		1.13% (a)
Net investment income		5.07% (a)
Expense waiver/reimbursement(b)		0.48% (a)
SUPPLEMENTAL DATA		
Net assets, end of period (000 omitted)		\$3,859
Portfolio turnover rate(c)		53%

</TABLE>

* Reflects operations for the period from December 14, 1992 (date of initial public investment) to October 31, 1993.

** Reflects operations for the period from February 12, 1993 (date of initial public offering) to October 31, 1993.

*** Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) Computed on an annualized basis.

(b) Increase/decrease in above expense/income ratios due to waivers or reimbursements of expenses (Note 5).

(c) Represents portfolio turnover rate for the entire Fund.

SHAWMUT MASSACHUSETTS

INTERMEDIATE MUNICIPAL INCOME FUND
FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

The following table has been audited by Price Waterhouse, the Fund's independent public accountants. Their report dated December 17, 1993, on the Fund's financial statements for the year ended October 31, 1993, and on the following table, is included in the Annual Report, which is incorporated by reference. This table should be read in conjunction with the Fund's financial statements and notes thereto, which may be obtained from the Fund.

<TABLE>
<CAPTION>

	YEAR ENDED OCTOBER 31, 1993*

<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$10.00
-----	-----
INCOME FROM INVESTMENT OPERATIONS	

Net investment income	0.14

Net unrealized gain (loss) on investments	0.29
-----	-----
Total from investment operations	0.43
-----	-----
LESS DISTRIBUTIONS	

Dividends to shareholders from net investment income	(0.13)
-----	-----
NET ASSET VALUE, END OF PERIOD	\$10.30
-----	-----
TOTAL RETURN**	4.35%
-----	-----
RATIOS TO AVERAGE NET ASSETS	

Expenses	0.50% (a)

Net investment income	4.07% (a)

Expense waiver/reimbursement (b)	3.57% (a)
-----	-----
SUPPLEMENTAL DATA	

Net assets, end of period (000 omitted)	\$4,009
-----	-----
Portfolio turnover rate	0%
-----	-----

</TABLE>

* Reflects operations for the period from June 17, 1993 (date of initial public investment) to October 31, 1993.

** Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) Computed on an annualized basis.

(b) Increase/decrease in above expense/income ratios due to waivers or reimbursements of expenses (Note 5).

GENERAL INFORMATION

The Trust was established as a Massachusetts business trust under a Declaration of Trust dated July 16, 1992. The Declaration of Trust permits the Trust to offer separate series of shares representing interests in separate portfolios of securities. The shares in any one portfolio may be offered in separate classes. As of the date of this prospectus, the Board of Trustees (the "Trustees") has established two classes of shares of several of the Income Funds, known as Trust Shares and Investment Shares. This prospectus relates only to Trust Shares of the Income Funds that offer separate classes of shares.

A minimum initial investment of \$1,000 may be required. Subsequent investments must be in amounts of at least \$100, as described in this prospectus in the section entitled "Minimum Investment Required." Shares are currently sold at net asset value and are redeemed at net asset value without a sales charge imposed by the Income Funds.

THE SHAWMUT FUNDS

The shareholders of the Income Funds are shareholders of The Shawmut Funds, which currently consists of Shawmut Connecticut Intermediate Municipal Income Fund, Shawmut Connecticut Municipal Money Market Fund, Shawmut Fixed Income Fund, Shawmut Growth and Income Equity Fund, Shawmut Growth Equity Fund, Shawmut Intermediate Government Income Fund, Shawmut Limited Term Income Fund, Shawmut Massachusetts Intermediate Municipal Income Fund, Shawmut Massachusetts Municipal Money Market Fund, Shawmut Prime Money Market Fund, and Shawmut Small Capitalization Equity Fund. Shareholders in the Income Funds have easy access to the other portfolios of The Shawmut Funds through an exchange program. The Shawmut Funds are advised by Shawmut Bank, N.A., and distributed by Federated Securities Corp.

OBJECTIVE AND POLICIES OF EACH FUND

CONNECTICUT INTERMEDIATE
MUNICIPAL INCOME FUND

INVESTMENT OBJECTIVE

The investment objective of the Connecticut Intermediate Municipal Income Fund is current income which is exempt from federal income tax and Connecticut state income tax. The investment objective cannot be changed without approval of shareholders. While there is no assurance that the Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this prospectus.

INVESTMENT POLICIES

THE CONNECTICUT INTERMEDIATE MUNICIPAL INCOME FUND PURSUES ITS INVESTMENT OBJECTIVE BY INVESTING PRIMARILY IN A PORTFOLIO OF CONNECTICUT MUNICIPAL SECURITIES.

The investment policies may be changed by the Trustees without the approval of shareholders. Shareholders will be notified before any material change in these investment policies becomes effective. As a matter of investment policy, which may not be changed without shareholder approval, the Connecticut Intermediate Municipal Income Fund will invest its assets so that,

under normal circumstances, at least 80% of its annual interest income is exempt from federal income tax or that at least 80% of the total value of its assets are invested in obligations the interest income from which is exempt from federal income tax.

ACCEPTABLE INVESTMENTS

Under normal circumstances, the Connecticut Intermediate Municipal Income Fund will invest its assets so that at least 65% of the value of its total assets will be invested in debt obligations issued by or on behalf of the State of Connecticut and its political subdivisions and financing authorities, and obligations of other states, territories and possessions of the United States, including the District of Columbia, and any political subdivision or financing authority of any of these, the income from which is, in the opinion of qualified legal counsel, exempt from federal income tax and Connecticut state income tax imposed upon non-corporate taxpayers ("Connecticut Municipal Securities"). The

Connecticut Intermediate Municipal Income Fund will maintain a dollar-weighted average maturity of between three to ten years. The Connecticut Municipal Securities in which the Connecticut Intermediate Municipal Income Fund invests are subject to the following quality standards:

- - rated Baa or above by Moody's Investor Service, Inc. ("Moody's") or BBB or above by Standard & Poor's Corporation ("Standard & Poor's") or Fitch Investors Service, Inc. ("Fitch"). A description of the rating categories is contained in the Appendix to the Statement of Additional Information; or
- - insured by a municipal bond insurance company which is rated Aaa by Moody's or AAA by Standard & Poor's or Fitch; or
- - guaranteed at the time of purchase by the U.S. government as to the payment of principal and interest; or
- - fully collateralized by an escrow of U.S. government securities; or
- - unrated if determined to be of comparable quality to one of the foregoing rating categories by the Fund's investment adviser; or.
- - are appropriately rated derivative securities.

The description of the rating categories applicable to the Fund's acceptable investments are fully described in the Appendix to the statement of additional information.

FIXED INCOME FUND

INVESTMENT OBJECTIVE

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

INVESTMENT POLICIES

THE FIXED INCOME FUND PURSUES ITS INVESTMENT OBJECTIVE BY INVESTING PRIMARILY IN A PORTFOLIO OF INVESTMENT GRADE NOTES AND BONDS AND U.S. GOVERNMENT SECURITIES.

The investment policies described above may be changed by the Trustees without shareholder approval. Shareholders will be notified before any material change in these policies becomes effective.

ACCEPTABLE INVESTMENTS

Under normal circumstances, the Fixed Income Fund will invest at least 65% of the total value of its assets in fixed income securities. The securities in which the Fixed Income Fund invests include, but are not limited to:

- - direct obligations of the U.S. Treasury, such as U.S. Treasury bills, notes, and bonds;
- - obligations of U.S. government agencies or instrumentalities such as Federal Home Loan Banks, Federal National Mortgage Association, Government National Mortgage Association, Federal Farm Credit Land Banks, Student Loan Marketing Association, or Federal Home Loan Mortgage Corporation;
- - domestic issues of corporate debt obligations having floating or fixed rates of interest and rated in one of the five highest categories by a nationally recognized statistical rating organization [rated Aaa, Aa, A, Baa, or Ba by Moody's or AAA, AA, A, BBB, or BB by Standard & Poor's or Fitch], or which are of comparable quality in the judgment of the adviser;
- - commercial paper rated Prime-1 or Prime-2 by Moody's, A-1 or A-2 by Standard & Poor's, or F-1 or F-2 by Fitch;
- - asset-backed securities rated BBB or higher by a nationally recognized statistical rating organization, which may include, but are not limited to, interests in pools of receivables such as motor vehicle installment purchase

obligations and credit card receivables, and mortgage-related asset-backed securities;

- - repurchase agreements collateralized by eligible investments; and

- - certain derivative securities.

INTERMEDIATE GOVERNMENT
INCOME FUND

INVESTMENT OBJECTIVE

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

INVESTMENT POLICIES

THE INTERMEDIATE GOVERNMENT INCOME FUND PURSUES ITS INVESTMENT OBJECTIVE BY INVESTING IN A PORTFOLIO OF INVESTMENT GRADE BONDS AND NOTES AND U.S. GOVERNMENT SECURITIES.

The Intermediate Government Income Fund will maintain a dollar-weighted average maturity of between three to ten years. For purposes of computing average maturity, the Intermediate Government Income Fund considers the market accepted average life of the assets of the Fund. Market accepted average life considers the anticipated prepayment or call of underlying securities that might influence stated maturity. The investment policies described above may be changed by the Trustees without the approval of shareholders. Shareholders will be notified before any material change in these investment policies becomes effective.

ACCEPTABLE INVESTMENTS

Under normal circumstances, the Intermediate Government Income Fund will invest at least 65% of the total value of its assets in U.S. government securities. The securities in which the Intermediate Government Income Fund invests include, but are not limited to:

- - direct obligations of the U.S. Treasury, such as U.S. Treasury bills, notes, and bonds;

- - obligations of U.S. government agencies or instrumentalities such as Federal Home Loan Banks, Federal National Mortgage Association, Government National Mortgage Association, Federal Farm Credit Banks, Student Loan Marketing Association, or Federal Home Loan Mortgage Corporation;

- - domestic issues of corporate debt obligations having floating or fixed rates of interest and rated in one of the five highest categories by a nationally recognized statistical rating organization [rated Aaa, Aa, A, Baa, or Ba by Moody's or AAA, AA, A, BBB, or BB by Standard & Poor's or Fitch], or which are of

comparable quality in the judgment of the adviser;

- - asset-backed securities rated BBB or higher by a nationally recognized statistical rating organization, which may include, but are not limited to, interests in pools of receivables such as motor vehicle installment purchase obligations and credit card receivables, and mortgage-related asset-backed securities;

- - repurchase agreements collateralized by eligible investments; and

- - certain derivative securities.

LIMITED TERM INCOME FUND

INVESTMENT OBJECTIVE

The investment objective of the Limited Term Income Fund is current income consistent with low principal volatility and total return. The investment objective cannot be changed without approval of shareholders. While there is no assurance that the Limited Term Income Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this prospectus.

INVESTMENT POLICIES

THE LIMITED TERM INCOME FUND PURSUES ITS INVESTMENT OBJECTIVE BY INVESTING PRIMARILY IN A PORTFOLIO OF INVESTMENT GRADE BONDS AND NOTES AND U.S. GOVERNMENT SECURITIES.

The Limited Term Income Fund will maintain a dollar-weighted average maturity of three years or less. For purposes of computing average maturity, the Limited Term Income Fund considers the market accepted average life of the assets of the Fund. Market accepted average life considers the anticipated prepayment or call of underlying securities that might influence stated maturity. The investment policies described above may be changed by the Trustees without shareholder approval. Shareholders will be notified before any material change in these investment policies becomes effective.

ACCEPTABLE INVESTMENTS

Under normal circumstances, the Limited Term Income Fund will invest at least 65% of the total value of its assets in income producing securities. The securities in which the Limited Term Income Fund invests include, but are not limited to:

- - direct obligations of the U.S. Treasury, such as U.S. Treasury bills, notes, and bonds;
- - obligations of U.S. government agencies or instrumentalities such as Federal Home Loan Banks, Federal National Mortgage Association, Government National Mortgage Association, Federal Farm Credit Banks, Student Loan Marketing Association, or Federal Home Loan Mortgage Corporation;
- - domestic issues of corporate debt obligations having floating or fixed rates of interest and rated in one of the five highest categories by a nationally recognized statistical rating organization [rated Aaa, Aa, A, Baa, or Ba by Moody's or AAA, AA, A, BBB, or BB by Standard & Poor's or Fitch], or which are of comparable quality in the judgment of the adviser;
- - commercial paper rated Prime-1 or Prime-2 by Moody's, A-1 or A-2 by Standard & Poor's, or F-1 or F-2 by Fitch;
- - asset-backed securities rated BBB or higher by a nationally recognized statistical rating organization, which may include, but are not limited to, interests in pools of receivables such as motor vehicle installment purchase obligations and credit card receivables, and mortgage-related asset-backed securities;
- - repurchase agreements collateralized by eligible investments; and
- - certain derivative securities.

MASSACHUSETTS INTERMEDIATE MUNICIPAL INCOME FUND

INVESTMENT OBJECTIVE

The investment objective of the Massachusetts Intermediate Municipal Income Fund is current income which is exempt from federal income tax and income taxes imposed by the Commonwealth of Massachusetts. The investment objective cannot be changed without approval of shareholders. While there is no assurance that the Massachusetts Intermediate Municipal Income Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this prospectus.

INVESTMENT POLICIES

THE MASSACHUSETTS INTERMEDIATE MUNICIPAL INCOME FUND PURSUES ITS INVESTMENT

The investment policies described above may be changed by the Trustees without the approval of shareholders. Shareholders will be notified before any material change in these investment policies becomes effective. As a matter of investment policy, which may not be changed without shareholder approval, the Massachusetts Intermediate Municipal Income Fund will invest its assets so that, under normal circumstances, at least 80% of its annual interest income is exempt from federal income tax or that at least 80% of the total value of its assets are invested in obligations the interest income from which is exempt from federal income tax.

ACCEPTABLE INVESTMENTS

Under normal circumstances, the Massachusetts Intermediate Municipal Income Fund will invest its assets so that at least 65% of the value of its total assets will be invested in debt obligations issued by or on behalf of the Commonwealth of Massachusetts and its political subdivisions and financing authorities, and obligations of other states, territories and possessions of the United States, including the District of Columbia, and any political subdivision or financing authority of any of these, the income from which is, in the opinion of qualified legal counsel, exempt from federal income tax and Massachusetts state income tax imposed upon non-corporate taxpayers ("Massachusetts Municipal Securities"). The Massachusetts Intermediate Municipal Income Fund will maintain a dollar-weighted average maturity of between three to ten years. The Massachusetts Municipal Securities in which the Fund invests are subject to the following quality standards:

- - rated Baa or above by Moody's or BBB or above by Standard & Poor's or Fitch. A description of the rating categories is contained in the Appendix to the Statement of Additional Information; or
- - insured by a municipal bond insurance company which is rated Aaa by Moody's or AAA by Standard & Poor's or Fitch; or
- - guaranteed at the time of purchase by the U.S. government as to the payment of principal and interest; or
- - fully collateralized by an escrow of U.S. government securities; or
- - unrated if determined to be of comparable quality to one of the foregoing rating categories by the Fund's investment adviser; or
- - are appropriately rated derivative securities.

INCOME FUNDS INVESTMENTS AND STRATEGIES

U.S. GOVERNMENT SECURITIES. Some obligations issued or guaranteed by agencies or instrumentalities of the U.S. government, such as Government National Mortgage Association participation certificates, are backed by the full faith and credit of the U.S. Treasury. No assurances can be given that the U.S. government will provide financial support to other agencies or instrumentalities, since it is not obligated to do so. These instrumentalities are supported by:

- - the issuer's right to borrow an amount limited to a specific line of credit from the U.S. Treasury;
- - discretionary authority of the U.S. government to purchase certain obligations of an agency or instrumentality; or
- - the credit of the agency or instrumentality.

CORPORATE DEBT OBLIGATIONS. The Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund may invest in corporate debt obligations, including corporate bonds, notes, and debentures, which may have floating or fixed rates of interest. Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund will not invest in corporate debt obligations that are rated lower than Baa by Moody's or BBB by Standard & Poor's or Fitch, except that each of these Funds may invest up to 10% of the value of their respective total assets in corporate debt obligations rated "Ba" or "BB" so long as not more than 1% of each respective Fund's total assets is invested in the Ba-rated or BB-rated obligations of a single issuer. Bonds rated Baa by Moody's or BBB by Standard & Poor's or Fitch are considered medium grade obligations and are regarded as having an adequate capacity to pay interest and repay principal. They are neither highly protected nor poorly secured, but lack outstanding investment characteristics and in fact have speculative

characteristics as well. Debt rated Ba by Moody's or BB by Standard & Poor's or Fitch are judged to have speculative elements, their future cannot be considered as well assured. They face major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to inadequate capacity to meet timely interest and principal payments. The rating may also be used for debt subordinated to senior debt that is assigned an actual or implied "Baa" or "BBB"-rating, and may include obligations convertible into equity investment. If a security loses its rating or has its rating reduced after the Fund has purchased it, the Fund is not required to sell or otherwise dispose of the security, but may consider doing so. If ratings made by Moody's or Standard & Poor's change because of changes in those organizations or in their ratings systems, the Fund will attempt to obtain comparable ratings as substitute standards in accordance with the investment policies of the Fund.

FLOATING RATE CORPORATE DEBT OBLIGATIONS. Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund expect to invest in floating rate corporate debt obligations. Floating rate securities are generally offered at an initial interest rate which is at or above prevailing market rates. The interest rate paid on these securities is then reset periodically (commonly every 90 days) to an increment over some predetermined interest rate index. Commonly utilized indices include the three-month Treasury bill rate, the 180-day Treasury bill rate, the one-month or three-month London Interbank Offered Rate (LIBOR), the prime rate of a bank, the commercial paper rates, or the longer-term rates on U.S. Treasury securities.

FIXED RATE CORPORATE DEBT OBLIGATIONS. Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund may also invest in fixed rate securities, including fixed rate securities with short-term characteristics. Fixed rate securities with short-term characteristics are long-term debt obligations, but are treated in the market as

having short maturities because call features of the securities may make them callable within a short period of time. A fixed rate security with short-term characteristics would include a fixed income security priced close to call or redemption price or a fixed income security approaching maturity, where the expectation of call or redemption is high.

ASSET-BACKED SECURITIES. Asset-backed securities are created by the grouping of certain governmental, government-related, and private loans, receivables and other lender assets, including vehicle installment purchase obligations and credit card receivables, into pools. Interests in these pools are sold as individual securities and are not backed or guaranteed by the U.S. government. These securities differ from other forms of debt securities, which normally provide for periodic payment of interest in fixed amounts with principal paid at maturity or specified call dates. Asset-backed securities, however, provide periodic payments which generally consist of both interest and principal payments. The estimated average life of an asset-backed security and the average maturity of a portfolio including such assets varies with the prepayment experience with respect to the underlying debt instruments. The credit characteristics of asset-backed securities also differ in a number of respects from those of traditional debt securities.

The credit quality of most asset-backed securities depends primarily upon the credit quality of the assets underlying such securities, how well the entity issuing the securities is insulated from the credit risk of the originator or any other affiliated entities, and the amount and quality of any credit support provided to such securities. Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund will not invest in asset-backed securities that are rated lower than Baa by Moody's or BBB by Standard & Poor's or Fitch.

Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund may also invest in mortgage-related asset-backed securities which are issued by private entities such as investment banking firms and companies related to the construction industry. The mortgage-related securities in which Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund may invest may be: (i) privately issued securities which are collateralized by pools of mortgages in which each mortgage is guaranteed as to payment of principal and interest by an agency or instrumentality of the U.S. government; (ii) privately issued securities which are collateralized by pools of mortgages in which payment of principal and interest are guaranteed by the issuer and such guarantee is collateralized by U.S. government securities; (iii) privately issued securities in which the proceeds of the issuance are invested in mortgage-backed securities and payment of the principal and interest is supported by the credit of any agency or instrumentality of the U.S. government; or (iv) other privately issued securities in which the proceeds of the issuance are invested in mortgage-backed securities and payment of the principal and interest is guaranteed or supported by the credit of a non-governmental entity, including corporations. The mortgage-related securities provide for a periodic payment consisting of both interest and principal. The interest portion of these payments will be distributed by Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund as income, and the capital portion will be reinvested.

While mortgage-related securities generally entail less risk of a decline during periods of rapidly rising interest rates, mortgage-related securities may also have less potential for capital appreciation than other similar investments (e.g., investments with comparable maturities) because as interest rates decline, the likelihood increases that mortgages will be prepaid. Furthermore, if mortgage-related securities are purchased at a premium, mortgage foreclosures and unscheduled principal payments may result in some loss of a holder's principal investment to the extent of the premium paid. Conversely, if mortgage-related securities are purchased at a discount, both a scheduled payment of principal

and an unscheduled prepayment of principal would increase current and total returns and would accelerate the recognition of income, which would be taxed as ordinary income when distributed to shareholders.

TEMPORARY INVESTMENTS. In such proportions as, in the judgment of its investment adviser, prevailing market conditions warrant, Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund may, for temporary defensive purposes, invest in:

- - short-term money market instruments rated in one of the top two rating categories by or nationally recognized statistical rating organization;
- - securities issued and/or guaranteed as to payment of principal and interest by the U.S. government, its agencies, or instrumentalities; and
- - repurchase agreements.

LENDING OF PORTFOLIO SECURITIES. In order to generate additional income, the Income Funds may lend portfolio securities, on a short-term or long-term basis or both, up to one-third of the value of its total assets to broker/dealers, banks, or other institutional borrowers of securities. The Income Funds will only enter into loan arrangements with broker/dealers, banks, or other institutions which the investment adviser has determined are creditworthy under guidelines established by the Trustees and will receive collateral in the form of cash or U.S. government securities equal to at least 100% of the value of the securities loaned.

DERIVATIVE SECURITIES. Each of the Income Funds may invest up to 20% of the market value of the Fund's total assets in the derivative securities described below.

OPTIONS AND FUTURES CONTRACTS. The Income Funds may buy and sell options and futures contracts to manage their respective individual exposure to changing interest rates, security prices, and currency exchange rates. Some options and futures strategies, including selling futures, buying puts, and writing calls, tend to hedge the Income Funds' respective investments against price fluctuations. Other strategies, including buying futures, writing puts, and buying calls, tend to increase market exposure. Options and futures may be combined with each other or with forward contracts in order to adjust the risk and return characteristics of the overall strategy. The Income Funds may invest in options and futures based on any type of security, index, or currency, including options and futures traded on foreign exchanges and options not traded on exchanges.

Options and futures can be volatile investments, and involve certain risks. If the investment adviser applies a hedge at an inappropriate time or judges market conditions incorrectly, options and futures may lower an Income Fund's individual return. An Income Fund could also experience losses if the prices of its options and futures positions were poorly correlated with its other investments, or if it could not close out its positions because of an illiquid secondary market.

Each of the Income Funds will not hedge more than 20% of their respective total assets by selling futures, buying puts, and writing calls under normal conditions. In addition, each of the Income Funds will not buy futures or write puts whose underlying value exceeds 20% of their respective total assets, and the Income Funds will not buy calls with a value exceeding 5% of their respective total assets.

INDEXED SECURITIES. The Income Funds may invest in indexed securities, sold by brokers or dealers or other financial institutions (such as commercial banks) deemed creditworthy by the Income Fund's adviser, whose value is linked to foreign currencies, interest rates, commodities, indices, or other financial indicators. Most indexed securities are short to intermediate term fixed-income securities whose values at maturity or interest rates rise or fall according to the change in one or more specified underlying instruments. Indexed se-

curities may be positively or negatively indexed (i.e., their value may increase or decrease if the underlying instrument appreciates), and may have return characteristics similar to direct investments in the underlying instrument or to one or more options on the underlying instrument. Indexed securities may be more volatile than the underlying instrument itself. Each of the Income Funds intends to invest not more than 5% of the market value of the Fund's total assets in indexed securities.

SWAP AGREEMENTS. As one way of managing its exposure to different types of investments. Each of the Income Funds may enter into interest rate swaps, currency swaps, and other types of swap agreements such as caps, collars, and floors. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Income Fund's investments and its share price and yield.

Swap agreements are sophisticated hedging instruments that typically involve a small investment of cash relative to the magnitude of risks assumed. As a result, swaps can be highly volatile and may have a considerable impact on an Income Fund's performance. Swap agreements are subject to risks related to the counterparty's ability to perform, and may decline in value if the counterparty's creditworthiness deteriorates. An Income Fund may also suffer losses if it is unable to terminate outstanding swap agreements to reduce its exposure through offsetting transactions. When an Income Fund enters into a swap agreement, assets of the Fund equal to the value of the swap agreement will be segregated by the Fund. Each of the Income Funds intends to invest not more than 5% of the market value of the Fund's total assets in swap agreements.

REPURCHASE AGREEMENTS. The U.S. government securities and other securities in which the Income Funds invest may be purchased pursuant to repurchase agreements. Repurchase agreements are arrangements in which banks, broker/dealers, and other recognized financial institutions sell U.S. government securities or other securities to the Income Funds and agree at the time of sale to repurchase them at a mutually agreed upon time and price. To the extent that the original seller does not repurchase the securities from the Income Funds, the Income Funds could receive less than the repurchase price on any sale of such securities.

RESTRICTED AND ILLIQUID SECURITIES. The Income Funds intend to invest in restricted securities. Restricted securities are any securities in which the Income Funds may otherwise invest pursuant to its investment objective and policies but which are subject to restriction on resale under federal securities law. However, the Income Funds will limit investments in illiquid securities, including certain restricted securities not determined by the Trustees to be liquid, non-negotiable time deposits, and repurchase agreements providing for settlement in more than seven days after notice, to 15% of its net assets.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS. The Income Funds may purchase securities on a when-issued or delayed delivery basis. These transactions are arrangements in which the Income Funds purchase securities with payment and delivery scheduled for a future time. In when-issued and delayed delivery transactions, the Income Funds rely on the seller to complete the transaction. The seller's failure to complete the transaction may cause the Income Funds to miss a price or yield considered to be advantageous.

INVESTING IN SECURITIES OF OTHER INVESTMENT COMPANIES. The Income Funds may invest in the securities of other investment companies, but it will not own more than 3% of the total outstanding voting stock of any investment company, invest more than 5% of its total assets in any one investment company, or invest more than 10% of its total assets in investment companies in general. The Income Funds will invest in other investment companies primarily for the

purpose of investing its short-term cash which has not yet been invested in other portfolio instruments. However, from time to time, on a temporary basis, the Income Funds may invest exclusively in a single other similarly managed investment company. Shareholders should realize that, when these funds invest in other investment companies, certain fund expenses, such as custodian fees and administrative fees, may be duplicated. The adviser will waive its investment advisory fee on assets invested in securities of other investment companies.

The following acceptable investments apply only to the CONNECTICUT INTERMEDIATE MUNICIPAL INCOME FUND and MASSACHUSETTS INTERMEDIATE MUNICIPAL INCOME FUND (referred to jointly as the "Connecticut/Massachusetts Intermediate Municipal Income Funds"):

PARTICIPATION INTERESTS. The Connecticut/Massachusetts Intermediate Municipal Income Funds may purchase interests in Connecticut and Massachusetts Municipal Securities, respectively, from financial institutions such as commercial and investment banks, savings and loan associations and insurance companies. These interests may take the form of participations, beneficial interests in a trust, partnership interests or any other form of indirect ownership that allows the Connecticut/Massachusetts Intermediate Municipal Income Funds to treat the income from the investment as exempt from federal income tax. The Connecticut/Massachusetts Intermediate Municipal Income Funds invest in these participation interests in order to obtain credit enhancement or demand features that would not be available through direct ownership of the underlying Municipal Securities.

MUNICIPAL LEASES. The Connecticut/Massachusetts Intermediate Municipal Income Funds may invest in municipal leases. Municipal leases are obligations issued by state and local governments or authorities to finance the acquisition of equipment and facilities and may be considered to be illiquid. They may take the form of a lease, an installment purchase contract, a conditional sales contract, or a participation certificate in any of the above.

VARIABLE RATE DEMAND NOTES. Variable rate demand notes are long-term Municipal Securities that have variable or floating interest rates and provide the Connecticut/Massachusetts Intermediate Municipal Income Funds with the right to tender the security for repurchase at its stated principal amount plus accrued interest. The interest rate may float or be adjusted at regular intervals (ranging from daily to annually) and is normally based on a municipal interest index or a stated percentage of a prime rate or another published interest rate or interest rate index. Most variable rate demand notes allow the Connecticut/Massachusetts Intermediate Municipal Income Funds to demand the repurchase of the security on not more than seven days prior notice. Other notes only permit the Connecticut/Massachusetts Intermediate Municipal Income Funds to tender the security at the time of each interest rate adjustment or at other fixed intervals. The Connecticut/Massachusetts Intermediate Municipal Income Funds treat variable rate demand notes as maturing on the later of the date of the next interest adjustment or the date on which the Connecticut/Massachusetts Intermediate Municipal Income Funds may next tender the security for repurchase.

TENDER OPTION BONDS AND ZERO COUPON SECURITIES. The Connecticut/Massachusetts Intermediate Municipal Income Funds may purchase tender option bonds and similar securities. A tender option bond generally has a long maturity and bears interest at a fixed rate substantially higher than prevailing short-term tax-exempt rates, and is coupled with an agreement by a third party, such as a bank, broker-dealer, or other financial institution, pursuant to which such institution grants the security holders the option, usually upon not more than seven days notice or at periodic intervals, to tender their securities to the institution and receive the face value of the security. In providing the option, the financial institution receives a fee that reduces the fixed rate of the underlying bond and results

in the Connecticut/Massachusetts Intermediate Municipal Income Funds effectively receiving a demand obligation that bears interest at the prevailing short-term tax exempt rate. The Connecticut/Massachusetts Intermediate Municipal Income Funds' adviser will monitor, on an ongoing basis, the creditworthiness of the issuer of the tender option bond, the financial institution providing the option, and any custodian holding the underlying long-term bond. The bankruptcy, receivership, or default of any of the parties to the tender option bond will adversely affect the quality and marketability of the security.

The Connecticut/Massachusetts Intermediate Municipal Income Funds may also invest in zero coupon securities, which are debt securities issued or sold at a discount from their face value. These securities do not entitle the holder to

any periodic payments of interest prior to maturity. The discount from face value of these securities depends upon various factors, including: the time remaining until maturity or cash payment date, prevailing interest rates, the liquidity of the security, and the perceived credit quality of the issuer. Zero coupon securities may also take the form of debt securities that have been stripped of their unmatured interest coupons. The market value of zero coupon securities is generally more volatile, and is more likely to react to changes in interest rates, than the market value of interest-bearing securities with similar maturities and credit qualities.

SYNTHETIC BOND DERIVATIVES. The Connecticut/Massachusetts Intermediate Municipal Income Funds may invest its assets in derivative securities that provide the Connecticut/Massachusetts Intermediate Municipal Income Funds with tax-exempt income. These securities are formed when an investment bank acquires all or part of a fixed rate municipal bond and divides it into two classes of variable rate securities. One of these classes of securities provides investors with a source of short-term, variable rate, tax-exempt income that is determined through an auction mechanism. The other class of security is sold as a residual rate security, which has a long duration and also offers a source of tax-exempt income. There is an inverse relationship between the rate of interest income paid between the two classes of securities. This means that the holder of the short-term security may receive interest income that is greater than, or less than, the coupon rate of the underlying fixed rate bond, and that the holder of the residual security would, for the same period, receive a rate of return that is less than, or greater than, as the case may be, the bond's coupon rate.

TEMPORARY INVESTMENTS. The Connecticut/ Massachusetts Intermediate Municipal Income Funds normally invest their assets so that at least 80% of their annual interest income is exempt from federal income tax or that at least 80% of the total value of their assets are invested in obligations the interest income from which is exempt from federal income tax. At least 65% of the value of the Connecticut Intermediate Municipal Income Fund's total assets will be invested in Connecticut Municipal Securities. At least 65% of the value of Massachusetts Intermediate Municipal Income Fund's total assets will be invested in Massachusetts Municipal Securities.

However, from time to time on a temporary basis, when the investment adviser determines that market conditions call for a temporary defensive posture, the Connecticut/Massachusetts Intermediate Municipal Income Funds may invest in short-term tax-exempt or taxable temporary investments. These temporary investments include: shares of similarly managed mutual funds; notes issued by or on behalf of municipal or corporate issuers; obligations issued or guaranteed by the U.S. government, its agencies, or instrumentalities; other debt securities; commercial paper; certificates of deposit of banks; and repurchase agreements (arrangements in which the organization selling the Connecticut/Massachusetts Intermediate Municipal Income Funds a bond or temporary investment agrees at the time of sale to repurchase it at a mutually agreed upon time and price).

There are no rating requirements applicable to temporary investments. However, the investment adviser will limit temporary investments to those it considers to be of good quality.

Although the Connecticut/Massachusetts Intermediate Municipal Income Funds are permitted to make taxable, temporary investments, there is no current intention of generating income that is not predominantly exempt from federal income tax or state income tax.

CONNECTICUT AND MASSACHUSETTS MUNICIPAL SECURITIES. Connecticut and Massachusetts Municipal Securities are generally issued to finance public works, such as airports, bridges, highways, housing, health-related entities, transportation-related projects, educational programs, water and pollution control, and sewer works. They are also issued to repay outstanding obligations, to raise funds for general operating expenses, and to make loans to other public institutions and facilities.

Connecticut and Massachusetts Municipal Securities include industrial development bonds issued by or on behalf of public authorities to provide financing aid to acquire sites or construct and equip facilities for privately or publicly owned corporations. The availability of this financing encourages these corporations to locate within the sponsoring communities and thereby increases local employment.

The two principal classifications of Municipal Securities are "general obligation" and "revenue" bonds. General obligation bonds are secured by the issuer's pledge of its full faith and credit and taxing power for the payment of principal and interest. Interest on and principal of revenue bonds, however, are payable only from the revenue generated by the facility financed by the bond or other specified sources of revenue. Revenue bonds do not represent a pledge of credit or create any debt of or charge against the general revenues of a municipality or public authority. Industrial development bonds are typically

classified as revenue bonds.

MUNICIPAL BOND INSURANCE. The Connecticut/Massachusetts Intermediate Municipal Income Funds may purchase Connecticut and Massachusetts Municipal Securities covered by insurance which guarantees the timely payment of principal at maturity and interest on such securities. These insured Connecticut and Massachusetts Municipal Securities are either (1) covered by an insurance policy applicable to a particular security, whether obtained by the issuer of the security or by a third party ("Issuer-Obtained Insurance") or (2) insured under master insurance policies issued by municipal bond insurers, which may be purchased by the Connecticut/Massachusetts Intermediate Municipal Income Funds.

The Connecticut/Massachusetts Intermediate Municipal Income Funds may require or obtain municipal bond insurance when purchasing or holding specific Connecticut and Massachusetts Municipal Securities when, in the opinion of the Connecticut/Massachusetts Intermediate Municipal Income Funds' investment adviser, such

insurance would benefit the Connecticut/Massachusetts Intermediate Municipal Income Funds, for example, through improvement of portfolio quality or increased liquidity of certain securities.

Issuer-Obtained Insurance policies are noncancellable and continue in force as long as the Connecticut and Massachusetts Municipal Securities are outstanding and their respective insurers remain in business. If a Connecticut or Massachusetts Municipal Security is covered by Issuer-Obtained Insurance, then such security need not be insured by the policies purchased by the Connecticut/Massachusetts Intermediate Municipal Income Funds.

The Connecticut/Massachusetts Intermediate Municipal Income Funds may purchase two types of policies issued by municipal bond insurers. One type of policy covers certain Connecticut and Massachusetts Municipal Securities only during the period in which they are in the Connecticut/Massachusetts Intermediate Municipal Income Funds' portfolios. In the event that a

Connecticut or Massachusetts Municipal Security covered by such a policy is sold from the Connecticut/Massachusetts Intermediate Municipal Income Funds, the insurer of the relevant policy will be liable only for those payments of interest and principal which are due and owing at the time of sale.

The other type of policy covers Connecticut and Massachusetts Municipal Securities not only while they remain in the Connecticut/Massachusetts Intermediate Municipal Income Funds' portfolios, but also until their final maturity even if they are sold out of the Connecticut/Massachusetts Intermediate Municipal Income Funds' portfolios, so that the coverage may benefit all subsequent holders of those Connecticut and Massachusetts Municipal Securities. The Connecticut/Massachusetts Intermediate Municipal Income Funds will obtain insurance which covers Connecticut and Massachusetts Municipal Securities until final maturity even after they are sold out of the Connecticut/Massachusetts Intermediate Municipal Income Funds' portfolios only if, in the judgment of the investment adviser, the Connecticut/Massachusetts Intermediate Municipal Income Funds would receive net proceeds from the sale of those securities, after deducting the cost of such permanent insurance and related fees, significantly in excess of the proceeds it would receive if such Connecticut and Massachusetts Municipal Securities were sold without insurance. Payments received from municipal bond insurers may not be tax-exempt income to shareholders of the Connecticut/Massachusetts Intermediate Municipal Income Funds.

The premiums for the policies are paid by the Connecticut/Massachusetts Intermediate Municipal Income Funds and the yield on the Connecticut/Massachusetts Intermediate Municipal Income Funds' portfolios are reduced thereby. Premiums for the policies are paid by the Connecticut/Massachusetts Intermediate Municipal Income Funds monthly, and are adjusted for purchases and sales of Connecticut and Massachusetts Municipal Securities during the month.

CONNECTICUT AND MASSACHUSETTS INVESTMENT RISKS. Yields on Connecticut and Massachusetts Municipal Securities depend on a variety of factors, including: the general conditions of the short-term municipal note market and of the municipal bond market; the size and maturity of the particular offering; the maturity of the obligations; and the rating of the issue. Further, any adverse economic conditions or developments affecting the State of Connecticut and the Commonwealth of Massachusetts or their municipalities could impact the Connecticut/Massachusetts Intermediate Municipal Income Funds' portfolios. The ability of the Connecticut/Massachusetts Intermediate Municipal Income Funds to achieve their investment objectives also depends on the continuing ability of the issuers of Connecticut and Massachusetts Municipal Securities and demand features, or the credit enhancers of either, to meet their obligations for the payment of interest and principal when due.

Investing in Connecticut and Massachusetts Municipal Securities which meet the Connecticut/ Massachusetts Intermediate Municipal Income Funds' quality standards may not be possible if the State of Connecticut and the Commonwealth

of Massachusetts or their municipalities do not maintain their current credit ratings. An expanded discussion of the current economic risks associated with the purchase of Connecticut or Massachusetts Municipal Securities is contained in the statement of additional information.

NON-DIVERSIFICATION. The Connecticut/Massachusetts Intermediate Municipal Income Funds are non-diversified investment portfolios. As such, there is no limit on the percentage of assets which can be invested in any single issuer. An investment in the Connecticut/Massachusetts Intermediate Municipal Income Funds, therefore, will entail greater risk than would exist in a diversified investment portfolio because the higher percentage of investments among fewer issuers may result in greater fluctuation in the total market value of the Connecticut/Massachusetts Intermediate Municipal Income Funds' portfolios. Any economic, political, or regulatory

developments affecting the value of the securities in the Connecticut/Massachusetts Intermediate Municipal Income Funds' portfolios will have a greater impact on the total value of the portfolios than would be the case if the portfolios were diversified among more issuers.

The Connecticut/Massachusetts Intermediate Municipal Income Funds intend to comply with Subchapter M of the Internal Revenue Code. This undertaking requires that at the end of each quarter of the taxable year, with regard to at least 50% of its total assets, no more than 5% of its total assets are invested in the securities of a single issuer; beyond that, no more than 25% of its total assets are invested in the securities of a single issuer.

INVESTMENT LIMITATIONS

THE INCOME FUNDS FOLLOW A NUMBER OF GUIDELINES IN MANAGING THEIR PORTFOLIOS
IN ORDER TO LIMIT INVESTMENT RISKS.

FIXED INCOME FUND, INTERMEDIATE GOVERNMENT INCOME FUND, AND LIMITED TERM INCOME FUND WILL NOT:

- - borrow money directly or through reverse repurchase agreements (arrangements in which the Income Funds sell a portfolio instrument for a percentage of its cash value with an arrangement to buy it back on a set date) or pledge securities except, under certain circumstances, Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund may borrow up to one-third of the value of their total individual fund assets and pledge up to 10% of the value of their total individual fund assets to secure such borrowings;
- - with respect to 75% of the value of their total assets, invest more than 5% in securities of one issuer other than cash, cash items or securities issued or guaranteed by the government of the United States, its agencies, or instrumentalities and repurchase agreements collateralized by such securities, or acquire more than 10% of the outstanding voting securities of any one issuer; or
- - invest more than 10% of their total assets in securities subject to restrictions on resale under the Securities Act of 1933 (except for commercial paper issued under Section 4(2) of the Securities Act of 1933 and certain other securities which meet the criteria for liquidity as established by the Trustees).

THE CONNECTICUT/MASSACHUSETTS INTERMEDIATE MUNICIPAL INCOME FUNDS WILL NOT:

- - borrow money directly or through reverse repurchase agreements (arrangements in which the Fund sells a portfolio instrument for a percentage of its cash value with an arrangement to buy it back on a set date) or pledge securities except, under certain circumstances, the Connecticut/Massachusetts Intermediate Municipal Income Funds may borrow up to one-third of the value of its total assets and pledge up to 10% of the value of those assets to secure such borrowings; or
- - invest more than 5% of its total assets in industrial development bonds when the payment of principal and interest is the responsibility of companies (or guarantors, where applicable) with less than three years of continuous operations, including the operation of any predecessor.

THE SHAWMUT FUNDS INFORMATION

MANAGEMENT OF THE
SHAWMUT FUNDS

BOARD OF TRUSTEES

THE SHAWMUT FUNDS ARE MANAGED BY A BOARD OF TRUSTEES.

The Trustees are responsible for managing the Trust's business affairs and for exercising all the Trust's powers except those reserved for the shareholders. The Executive Committee of the Board of Trustees handles the Board's responsibilities between meetings of the Board.

INVESTMENT ADVISER

PURSUANT TO AN INVESTMENT ADVISORY CONTRACT WITH THE TRUST, INVESTMENT DECISIONS FOR THE INCOME FUNDS ARE MADE BY SHAWMUT BANK (THE "ADVISER"), SUBJECT TO DIRECTION BY THE TRUSTEES.

The Adviser continually conducts investment research and supervision for the Income Funds and is responsible for the purchase and sale of portfolio instruments, for which it receives an annual fee from the respective assets of the Income Funds.

ADVISORY FEES

THE ADVISER MAY VOLUNTARILY WAIVE PART OF ITS ADVISORY FEES.

The Adviser receives an annual investment advisory fee equal to .80 of 1% of Shawmut Fixed Income Fund, Shawmut Intermediate Government Income Fund, and Shawmut Limited Term Income Fund average daily net assets and .70 of 1% of Shawmut Connecticut Intermediate Municipal Income Fund and Shawmut Massachusetts Intermediate Municipal Income Fund average daily net assets. The fee paid by the Income Funds, while higher than the advisory fee paid by other mutual funds in general, is comparable to fees paid by mutual funds with similar objectives and policies. The Adviser has undertaken to waive a portion of its advisory fee, up to the amount of the advisory fee, to reimburse the Income Funds for operating expenses in excess of limitations established by certain states. The Adviser may further voluntarily waive a portion of its fee or reimburse any of the Income Funds for certain operating expenses. The Adviser can terminate such voluntary waiver or reimbursement policy at any time with any of the Income Funds at its sole discretion.

ADVISER'S BACKGROUND

SHAWMUT BANK N.A., A NATIONAL BANKING ASSOCIATION, AND ITS AFFILIATES HAVE MANAGED COMMINGLED FUNDS FOR OVER FIFTY YEARS. AS OF DECEMBER 31, 1993, SHAWMUT NATIONAL CORPORATION, THROUGH ITS SUBSIDIARIES INCLUDING SHAWMUT BANK MANAGED MORE THAN \$15 BILLION IN DISCRETIONARY TRUST ASSETS. SHAWMUT BANK HAS SERVED AS AN ADVISER TO MUTUAL FUNDS SINCE THE INCEPTION DATE OF THE SHAWMUT FUNDS ON DECEMBER 1, 1992.

Shawmut Bank, N.A., a national banking association, along with Shawmut Bank Connecticut, National Association, are the principal subsidiaries of Shawmut National Corporation, a super-regional bank holding company formed on February 29, 1988, and based in southern New England. Shawmut National Corporation serves consumers through its network of banking offices with a full range of deposit and lending products, as well as investment services. Shawmut Bank's borrowers may be issuers of certain securities in which The Shawmut Funds may invest. The principal executive offices of the investment adviser are located at One Federal Street, Boston, Massachusetts 02211.

Robert W. Gleason Jr. has been the portfolio manager of Connecticut Intermediate Municipal Income Fund and Massachusetts Intermediate Municipal Income Fund since their inception in June 1993. Mr. Gleason joined a predecessor to Shawmut Bank,

in July 1976 and has been a Vice President and portfolio manager since 1985. Mr. Gleason received his B.A. degree in Business Administration from Colby College, followed by studies at New York University and Columbia University Graduate Schools of Business Administration. Mr. Gleason has been participating in investment portfolio management for over 38 years.

Maximiliaan J. Brenninkmeyer has been the portfolio manager of Fixed Income Fund since its inception in December 1992. Mr. Brenninkmeyer is a Vice President of Shawmut Bank, the Fund's Adviser. He is a Chartered Financial Analyst and holds a M.S. from Bentley College and a B.A. from the College of the Holy Cross.

Michael M. Spencer has been the portfolio manager of Intermediate Government Income Fund since April 1993. Mr. Spencer joined Shawmut Bank in 1985 as an investment officer and has been a Vice President of the Fund's Adviser since 1989. Mr. Spencer is a Chartered Financial Analyst and received his B.A. from the University of Notre Dame.

John P. Weaver has been the portfolio manager of Limited Term Income Fund since April 1993. Mr. Weaver has been a portfolio manager with the Fund's Adviser since 1988, and has been a Vice President of the Fund's Adviser since 1991. He is a Chartered Financial Analyst and received his B.A. in History from Kenyon College.

DISTRIBUTION OF INCOME FUNDS' SHARES

FEDERATED SECURITIES CORP. IS THE PRINCIPAL DISTRIBUTOR FOR TRUST SHARES.

Federated Securities Corp., Federated Investors Tower, Pittsburgh, Pennsylvania 15222-3779, is a Pennsylvania corporation organized on November 14, 1969, and is the principal distributor for a number of investment companies. Federated Securities Corp. is a subsidiary of Federated Investors.

DISTRIBUTION PLAN. Under the distribution plans adopted in accordance with Investment Company Act Rule 12b-1 (the "Plan"), each of the Connecticut/Massachusetts Intermediate Municipal Income Funds will pay to the distributor an amount computed at an annual rate of up to .50 of 1% of the average daily net asset value of each of the Income Funds to finance any activity which is principally intended to result in the sale of shares subject to the Plan.

The distributor may from time to time and for such periods as it deems appropriate, voluntarily reduce its compensation under the Plan.

The distributor may select financial institutions such as banks, fiduciaries, custodians for public funds, investment advisers, and broker/dealers ("brokers") to provide distribution and/or administrative services as agents for their clients or customers. Administrative services may include, but are not limited to, the following functions: providing office space, equipment, telephone facilities, and various clerical, supervisory, computer, and other personnel as necessary or beneficial to establish and maintain shareholder accounts and records; processing purchase and redemption transactions and automatic investments of client account cash balances; answering routine client inquiries; assisting clients in changing dividend options, account designations, and addresses; and providing such other services as may reasonably be requested.

The distributor will pay financial institutions a fee based upon shares subject to the Plans and owned by their clients or customers. The schedules of such fees and the basis upon which such fees will be paid will be determined from time to time by the distributor.

The Connecticut/Massachusetts Intermediate Municipal Income Funds' Plan is a compensation-type plans. As such, the Connecticut/Massachusetts Intermediate Municipal Income Funds

make no payments to the distributor except as described above. Therefore, the Connecticut/ Massachusetts Intermediate Municipal Income Funds do not pay for unreimbursed expenses of the distributor, including amounts expended by the

distributor in excess of amounts received by it from each of the Connecticut/Massachusetts Intermediate Municipal Income Funds, including interest, carrying or other financing charges in connection with excess amounts expended, or the distributor's overhead expenses. However, the distributor may be able to recover such amounts or may earn a profit from future payments made by the Connecticut/Massachusetts Intermediate Municipal Income Funds under the Plan.

The Glass-Steagall Act prohibits a depository institution (such as a commercial bank or a savings and loan association) from being an underwriter or distributor of most securities. In the event the Glass-Steagall Act is deemed to prohibit depository institutions from acting in the administrative capacities described above or should Congress relax current restrictions on depository institutions, the Trustees will consider appropriate changes in the services.

State securities laws governing the ability of depository institutions to act as underwriters or distributors of securities may differ from interpretations given to the Glass-Steagall Act and, therefore, banks and financial institutions may be required to register as dealers pursuant to state law.

ADMINISTRATION OF THE INCOME FUNDS

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

<TABLE>
<CAPTION>

MAXIMUM ADMINISTRATIVE FEE	AVERAGE AGGREGATED DAILY NET ASSETS OF THE TRUST
<S>	<C>
.150 of 1%	First \$250 million
.125 of 1%	Next \$250 million
.100 of 1%	Next \$250 million
.075 of 1%	Over \$750 million

</TABLE>

The administrative fee received by FAS during any fiscal year shall be at least \$50,000 for each of the Income Funds individually. FAS may voluntarily choose to waive a portion of its fee.

CUSTODIAN. Shawmut Bank, N.A., One Federal Street, Boston, Massachusetts 02211, is custodian for the securities and cash of the Income Funds. Under the Custodian Agreement, Shawmut Bank, N.A., holds the Income Funds' portfolio securities in safekeeping and keeps all necessary records and documents relating to its duties.

TRANSFER AGENT, DIVIDEND DISBURSING AGENT, AND PORTFOLIO ACCOUNTING SERVICES. Federated Services Company, Federated Investors Tower, Pittsburgh, Pennsylvania 15222-3779, is transfer agent and dividend disbursing agent for the Income Funds. It also provides certain accounting and recordkeeping services with respect to each of the Income Funds' portfolios investments.

LEGAL COUNSEL. Legal counsel is provided by Houston, Houston & Donnelly, 2510 Centre City Tower, Pittsburgh, Pennsylvania, 15222 and Dickstein, Shapiro & Morin, 2101 L Street, N.W., Washington, DC 20037.

INDEPENDENT ACCOUNTANTS. The independent accountants for the Income Funds are Price Waterhouse, 160 Federal Street, Boston, Massachusetts 02110.

EXPENSES OF THE INCOME FUNDS AND TRUST SHARES

Holders of Trust Shares pay their allocable portion of the Income Funds' and Trust's expenses. The Trust expenses for which holders of Trust Shares pay their allocable portion include, but

are not limited to: the cost of organizing the Trust and continuing its existence; registering the Trust with federal and state securities authorities; Trustees' fees; auditors' fees; the cost of meetings of Trustees; legal fees of the Trust; association membership dues; and such non-recurring and extraordinary items as may arise.

The respective Income Fund expenses for which holders of Trust Shares pay their allocable portion include, but are not limited to: registering the Income Funds and shares of the Income Funds; investment advisory services; taxes and commissions; custodian fees; insurance premiums; auditors' fees; and such non-recurring and extraordinary items as may arise.

At present, no expenses are allocated exclusively to the Trust Shares as a class. However, the Board of Trustees reserves the right to allocate certain other expenses to holders of Trust Shares as they deem appropriate ("Class Expenses"). In any case, Class Expenses would be limited to: transfer agent fees as identified by the transfer agent as attributable to holders of Trust Shares; printing and postage expenses related to preparing and distributing materials such as shareholder reports, prospectuses and proxies to current shareholders; registration fees paid to the Securities and Exchange Commission and registration fees paid to state securities commissions; expenses related to administrative personnel and services as required to support holders of Trust Shares; legal fees relating solely to Trust Shares; and Trustees' fees incurred as a result of issues relating solely to Shares.

NET ASSET VALUE

THE TERM "NET ASSET VALUE" REFERS TO THE VALUE OF ONE INCOME FUND SHARE.

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

INVESTING IN TRUST SHARES

YOU CAN BUY INCOME FUNDS TRUST SHARES BY FEDERAL RESERVE WIRE, MAIL, OR TRANSFER, AS EXPLAINED BELOW.

Shares of the Income Funds are sold by the distributor on days on which the New York Stock Exchange and Federal Reserve Wire System are open for business. Shares of the Income Funds may also be purchased through Shawmut Bank, N.A., Shawmut Bank Connecticut, National Association, or their affiliates (collectively, "Shawmut Bank") on days on which both Shawmut Bank and the New York Stock Exchange and Federal Wire Reserve System are open for business. Texas residents must purchase, exchange, and redeem Shares through Federated Securities Corp. at 1-800-618-8573. The Income Funds reserve the right to reject any purchase request.

THROUGH SHAWMUT BANK. An investor may call their Shawmut Bank trust officer to receive information and to place an order to purchase Shares. Shawmut Bank will purchase Trust Shares on behalf of investors and maintain all records relating to the Trust Shares. Through its trust accounting systems, Shawmut Bank provides shareholders of Trust Shares with detailed periodic statements that integrate information regarding investments in the Income Funds with other Shawmut Bank investment services.

Orders placed through Shawmut Bank are considered received when payment is converted to federal funds and the applicable Income Fund is notified of the purchase order. The completion of the purchase transaction will generally occur within one business day after Shawmut Bank receives a purchase order. Purchase orders must be received by Shawmut Bank before 4:00 p.m. (Eastern time) and must be transmitted by Shawmut Bank to the applicable Income Fund before 5:00 p.m. (Eastern time) in order for Trust Shares to be purchased at that day's public offering price.

DIRECTLY FROM THE DISTRIBUTOR. An investor may place an order to purchase Shares directly from the distributor. To do so: complete and sign the new account form available from the Income Funds; complete an application for the establishment of a trust account with Shawmut Bank; enclose a check made payable to the full name of your desired portfolio (see the cover of the prospectus)--Trust Shares; and mail both to the Income Funds, Attention: Vice President, Securities Operations, OF0501, One Federal Street, Boston, Massachusetts 02211. The order is considered received after a trust account is established and the check is converted by Shawmut Bank into federal funds. This is generally the next

business day after Shawmut Bank receives the check.

To purchase Trust Shares by wire, call 1-800-SHAWMUT. All information needed will be taken over the telephone, and the order is considered received when Shawmut Bank receives payment by wire. To request additional information concerning purchases by wire, please contact Federated Securities Corp., the Income Funds' distributor, at 1-800-618-8573. Shares cannot be purchased by wire on any day which both Shawmut Bank and the New York Stock Exchange and Federal Reserve Wire System are not open for business.

MINIMUM INVESTMENT REQUIRED

THE MINIMUM INITIAL INVESTMENT IS \$1,000.

The minimum initial investment in Trust Shares by an investor is \$1,000. Subsequent investments must be in amounts of at least \$100. The Income Funds may waive the initial minimum investment for employees of Shawmut Bank and its affiliates from time to time.

WHAT SHARES COST

SHARES ARE SOLD AT THEIR NET ASSET VALUE NEXT DETERMINED AFTER AN ORDER IS RECEIVED.

The net asset value is determined at the close of the New York Stock Exchange, normally 4:00 p.m. (Eastern time), Monday through Friday, except on: (i) days on which there are not sufficient changes in the value of an Income Fund's portfolio securities that its net asset value might be materially affected; (ii) days during which no shares are tendered for redemption and no orders to purchase shares are received; or (iii) on the following holidays: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

Shares of the Connecticut/Massachusetts Intermediate Municipal Income Funds are sold at their net asset value next determined after an order is received without a sales charge, to or for accounts in which the trust department of Shawmut Bank serves in a fiduciary or agency capacity. Other purchasers may pay a sales load of up to 2.00% of the public offering price, as described in the Income Funds--Investment Shares prospectus.

SUBACCOUNTING SERVICES

Institutions are encouraged to open single master accounts. However, certain institutions may wish to use the transfer agent's subaccounting system to minimize their internal recordkeeping requirements. The transfer agent charges a fee based on the level of subaccounting services rendered. Certain institutions holding Trust Shares in a fiduciary, agency, custodial, or similar capacity may charge or pass through subaccounting fees as part of or in addition to normal trust or agency account fees. They may also charge fees for other services provided which may be related to the ownership of Trust Shares. This prospectus should, therefore, be read together with any agreement between the

customer and the institution with regard to the services provided, the fees charged for those services, and any restrictions and limitations imposed.

CERTIFICATES AND CONFIRMATIONS

As transfer agent for the Income Funds, Federated Services Company maintains a share account for each shareholder of record. Share certificates are not issued unless requested by contacting Shawmut Bank in writing.

Detailed confirmations of each purchase or redemption are sent to Shawmut Bank or other shareholders of record. Monthly statements are sent by Shawmut Bank to its trust customers to report account activity during the previous month, including dividends paid during the period.

DIVIDENDS

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

CAPITAL GAINS

Capital gains realized by the Income Funds, if any, will be distributed to that Fund's shareholder at least once every 12 months.

EXCHANGE PRIVILEGE

EXCHANGING SHARES. Shareholders may exchange Shares, with a minimum net asset value of \$1,000, for shares of the same designated class of other funds advised by Shawmut Bank.

Exchanges are subject to the minimum initial purchase requirements of such fund being acquired. Prior to any exchange, the shareholder must receive a copy of the current prospectus of the class of the fund into which an exchange is to be effected.

The exchange privilege is available to shareholders residing in any state in which the fund shares being acquired may legally be sold. Upon receipt of proper instructions and all necessary supporting documents, Trust Shares submitted for exchange will be redeemed at the next-determined net asset value. Written exchange instructions may require a signature guarantee. Exercise of this privilege is treated as a sale for federal income tax purposes and, depending on the circumstances, a short-or long-term capital gain or loss may be realized. The exchange privilege may be modified or terminated at any time. Shareholders will be notified of the modification or termination of the exchange privilege. A shareholder may obtain further information on the exchange privilege by calling their trust officer at Shawmut Bank.

EXCHANGE-BY-TELEPHONE. Instructions for exchanges between participating funds which are part of the Trust may be given by telephone to their trust officer at Shawmut Bank. To utilize the exchange-by-telephone service, an investor must complete an authorization form permitting Shawmut Bank to instruct the Income Funds to honor telephone instructions. The authorization is included in Shawmut Bank's trust account documentation. Shares may be exchanged by telephone only between trust accounts having identical registrations. Exchange instructions given by telephone may be electronically recorded.

Any Shares held in certificate form cannot be exchanged by telephone, but must be forwarded to the transfer agent and deposited to the shareholder's mutual fund account before being exchanged.

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

President, Securities Operation, OF0501, One Federal Street, Boston, Massachusetts 02211.

REDEEMING TRUST SHARES

YOU CAN REDEEM INCOME FUND TRUST SHARES BY MAIL OR TELEPHONE. TO ENSURE YOUR SHARES ARE REDEEMED EXPEDITIOUSLY, PLEASE FOLLOW THE PROCEDURES EXPLAINED BELOW.

The Income Funds redeems Trust Shares at their net asset value next determined after Federated Services Company receives the redemption request. Redemptions will be made on days on which the Income Funds compute their net asset value. Requests for redemptions can be made by telephone or in writing by contacting a Shawmut Bank trust officer. Redemption requests received prior to 4:00 p.m. (Eastern time) will be effected on the same business day.

THROUGH SHAWMUT BANK

Shareholders may redeem Trust Shares by calling their Shawmut Bank trust officer to request the redemption. Trust Shares will be redeemed at the net asset value next determined after Federated Services Company receives the redemption request. Shawmut Bank is responsible for promptly submitting redemption requests and for maintaining proper written records of redemption instructions received from the Income Funds' shareholders. In order to effect a redemption on the same business day as a request, Shawmut Bank is responsible for the timely transmission of the redemption request to the appropriate Income Fund.

Before Shawmut Bank may request redemption by telephone on behalf of a shareholder, an authorization form permitting the Income Funds to accept redemption requests by telephone must first be completed. This authorization is included in Shawmut Bank's trust account documentation. In the event of drastic economic or market changes, a shareholder may experience difficulty in redeeming

by telephone. If such a case should occur, it is recommended that a redemption request be made in writing and sent by overnight mail to Shawmut Bank, Attention: Vice President, Securities Operation, OF0501, One Federal Street, Boston, Massachusetts 02211.

DIRECTLY FROM THE INCOME FUNDS

BY MAIL. A shareholder may redeem Trust Shares by sending a written request to Federated Services Company. If Shares are purchased by Shawmut Bank on behalf of a trust customer, only Shawmut Bank, as the shareholder of record, can request a redemption from Federated Services Company. The written request should include the shareholder's name, the portfolios of the Income Fund's name and class of shares name, the account number, and the share or dollar amount requested. If share certificates have been issued, they must be properly endorsed and should be sent by registered or certified mail with the written request. Shareholders should call the Income Funds for assistance in redeeming by mail.

SIGNATURES. Shareholders requesting a redemption of \$50,000 or more, a redemption of any amount to be sent to an address other than that on record with the Income Funds, or a redemption payable other than to the shareholder of record must have signatures on written redemption requests guaranteed by:

- - a trust company or commercial bank whose deposits are insured by the Bank Insurance Fund ("BIF"), which is administered by the Federal Deposit Insurance Corporation ("FDIC");
- - a member firm of the New York, American, Boston, Midwest, or Pacific Stock Exchange;
- - a savings bank or savings and loan association whose deposits are insured by the Savings Association Insurance Fund ("SAIF"), which is administered by the FDIC; or
- - any other "eligible guarantor institution," as defined in the Securities Exchange Act of 1934.

The Income Funds do not accept signatures guaranteed by a notary public.

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

RECEIVING PAYMENT

Redemption payments will generally be made directly to the trust account maintained by an investor with Shawmut Bank. This deposit is normally made within one business day, but in no event more than seven days, of the redemption request, provided the transfer agent has received payment from the shareholder. The net asset value of Trust Shares redeemed is determined, and dividends, if any, are paid up to and including, the day prior to the day that a redemption request is processed. Pursuant to instructions from Shawmut Bank redemption proceeds may be transferred from a shareholder account by check or by wire.

BY CHECK. Normally, a check for the proceeds is mailed within one business day, but in no event more than seven days, after receipt of a proper redemption request provided the transfer agent has received payment for Trust Shares from the shareholder.

BY WIRE. Requests to wire proceeds from redemptions received before 4:00 p.m. (Eastern time) will be honored the following business day after Shawmut Bank receives proper instructions.

ACCOUNTS WITH LOW BALANCES

Due to the high cost of maintaining accounts with low balances, the Income Funds may redeem shares in any account and pay the proceeds to the shareholder if the account balance falls below a required minimum of \$1,000. This requirement does not apply, however, if the balance falls below \$1,000 because of changes in an Income Fund's net asset value.

Before shares are redeemed to close an account, the shareholder is notified in writing and allowed 30 days to purchase additional shares to meet the minimum requirement.

REDEMPTION IN KIND

The Income Funds are obligated to redeem Shares solely in cash up to \$250,000 or 1% of the net asset value of Shares of each Income Fund, whichever is less, for any one shareholder within a 90-day period.

Any redemption beyond this amount will also be in cash unless the Trustees determine that further cash payments will have a material adverse effect on remaining shareholders. In such a case, the Fund will pay all or a portion of the remainder of the redemption in portfolio instruments, valued in the same way as the Fund determines net asset value. The portfolio instruments will be selected in a manner that the Trustees deem fair and equitable.

Redemption in kind is not as liquid as a cash redemption. If redemption is made in kind, shareholders receiving their securities and selling them before their maturity could receive less than the redemption value of their securities and could incur certain transaction costs.

SHAREHOLDER INFORMATION

VOTING RIGHTS

EACH TRUST SHARE OF AN INCOME FUND GIVES THE SHAREHOLDER ONE VOTE IN TRUSTEE ELECTIONS AND OTHER MATTERS SUBMITTED TO SHAREHOLDERS OF THE TRUST FOR VOTE.

All shares of each portfolio in the Trust have equal voting rights except that, in matters affecting only a particular fund or class, only shareholders of that fund or class are entitled to vote. As a Massachusetts business trust, the Trust is not required to hold annual shareholder meetings. Shareholder approval will be sought only for certain changes in the Trust or an Income

Fund's operation and for the election of Trustees under certain circumstances.

Trustees may be removed by the Trustees or by shareholders at a special meeting. A special meeting of the shareholders shall be called by the Trustees upon the written request of shareholders owning at least 10% of the outstanding shares of the Trust. As of February 10, 1994, Shawmut Bank or its affiliates, acting as fiduciary of various accounts, was the owner of record of the following Income Funds: approximately 258,419 (28.72%) Shares of the Connecticut Intermediate Municipal Income Fund; approximately 8,832,797 (99.04%) Trust Shares of the Fixed Income Fund; approximately 6,593,776 (97.24%) Trust Shares of the Intermediate Government Income Fund; approximately 6,725,661 (95.86%) Trust Shares of the Limited Term Income Fund; and approximately 195,753 (35.39%) Shares of the Massachusetts Intermediate Municipal Income Fund. Additionally, as of February 10, 1994, Shawmut Bank or its affiliates, acting as a nominee or agent of accounts of its customers owned approximately 171,502 (2.53%) Trust Shares of the Intermediate Government Income Fund and approximately 243,484 (3.47%) Trust Shares of the Limited Term Income Fund.

MASSACHUSETTS PARTNERSHIP LAW

Under certain circumstances, shareholders may be held personally liable as partners under Massachusetts law for acts or obligations of the Trust on behalf of the Income Funds. To protect shareholders of the Income Funds, the Trust has filed legal documents with Massachusetts that expressly disclaim the liability of shareholders of an Income Fund for acts or obligations of the Trust. These documents require notice of this disclaimer to be given in each agreement, obligation, or instrument the Trust or its Trustees enter into or sign on behalf of the Income Funds.

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

Banking laws and regulations presently prohibit a bank holding company registered under the Federal Bank Holding Company Act of 1956 or any bank or non-bank affiliate thereof from sponsoring, organizing, controlling, or distributing the shares of a registered, open-end investment company continuously engaged in the issuance of its shares, and prohibit banks generally from issuing, underwriting, selling, or distributing securities. However, such banking laws and regulations do not prohibit such a holding company affiliate or banks generally from acting as investment adviser, transfer agent, or custodian to such an investment company or from purchasing shares of such a company as agent for and upon the order of such a customer. Shawmut Bank is subject to such banking laws and regulations.

THE GLASS-STEAGALL ACT IS A FEDERAL BANKING LAW THAT GENERALLY PROHIBITS BANKS FROM PUBLICLY UNDERWRITING OR DISTRIBUTING CERTAIN SECURITIES.

Shawmut Bank believes, based upon the advice of its counsel, that it may perform the services for the Income Funds contemplated by its advisory agreement with the Trust without violation of the Glass-Steagall Act or other applicable banking laws or regulations. Changes in either federal or state statutes and regulations relating to the permissible activities of banks and their subsidiaries or affiliates, as well as further judicial or administrative decisions or interpretations

of such or future statutes and regulations, could prevent Shawmut Bank from continuing to perform all or a part of the above services for its customers and/or the Income Funds. If it were prohibited from engaging in these customer-related activities, the Trustees would consider alternative advisers and means of continuing available investment services. In such event, changes in the operation of the Income Funds may occur, including possible termination of any automatic or other Income Fund share investment and redemption services then being provided by Shawmut Bank. It is not expected that existing shareholders would suffer any adverse financial consequences (if another adviser with equivalent abilities to Shawmut Bank is found) as a result of any of these occurrences.

State securities laws governing the ability of depository institutions to act as underwriters or distributors of securities may differ from interpretations given to the Glass-Steagall Act and, therefore, banks and financial institutions may be required to register as dealers pursuant to state law.

TAX INFORMATION

FEDERAL INCOME TAX

The Income Funds will pay no federal income tax because each Fund expects to meet requirements of the Internal Revenue Code, as amended, applicable to regulated investment companies and to receive the special tax treatment afforded to such companies.

Each Income Fund will be treated as a single, separate entity for federal income tax purposes so that income (including capital gains) and losses realized by The Shawmut Funds' other portfolios will not be combined for tax purposes with those realized by each Income Fund.

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

Shareholders are urged to consult their own tax advisers regarding the status of their accounts under state and local tax laws.

OTHER CLASSES OF SHARES

Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund all offer a separate class of shares known as Investment Shares. Investment Shares are sold primarily to financial institutions that rely upon the distribution services provided by the distributor in the marketing of Investment Shares, as well as to retail customers of such institutions. Investment Shares are sold at net asset value plus a sales charge. Investments in Investment Shares are subject to a minimum initial investment of \$1,000.

Investment Shares are distributed pursuant to 12b-1 Plans adopted by the Trust whereby the distributor is paid a fee of up to .50 of 1% of the Investment Shares' average daily net assets.

The amount of dividends payable to Trust Shares will exceed that of Investment Shares by the difference between class expenses and distribution expenses borne by shares of each respective class.

The stated advisory fee is the same for both classes of shares.

PERFORMANCE INFORMATION

FROM TIME TO TIME THE INCOME FUNDS ADVERTISE THEIR TOTAL RETURN AND YIELD FOR TRUST SHARES.

Total return represents the change, over a specified period of time, in the value of an investment in Trust Shares after reinvesting all income and capital gains distributions. It is calculated by dividing that change by the initial investment and is expressed as a percentage.

The yields of Shares of the Income Funds are calculated each day by dividing the net investment income per share (as defined by the Securities and Exchange Commission) earned by the

Income Funds over a thirty-day period by the net asset value per Share on the last day of the period. This number is then annualized using semi-annual compounding. The yield does not necessarily reflect income actually earned by Shares and, therefore, may not correlate to the dividends or other distributions paid to shareholders.

Total return and yield will be calculated separately for Trust Shares and Investment Shares. Because Investment Shares are subject to a sales charge and a 12b-1 fee, the total return and yield for Trust Shares, for the same period, will exceed that of Investment Shares.

Trust Shares are sold without any sales charge or other similar non-recurring charges.

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

Further information about the performance of the Income Funds is contained in the Trust's Annual Report dated October 31, 1993, which can be obtained Free of charge.

FEDERATED SECURITIES CORP.
(LOGO)

Distributor

A subsidiary of FEDERATED INVESTORS

FEDERATED INVESTORS TOWER

PITTSBURGH, PA 15222-3779

3120920A-I (2/94)

THE SHAWMUT FUNDS

INCOME FUNDS

SHAWMUT CONNECTICUT INTERMEDIATE MUNICIPAL INCOME FUND
SHAWMUT FIXED INCOME FUND
SHAWMUT INTERMEDIATE GOVERNMENT INCOME FUND
SHAWMUT LIMITED TERM INCOME FUND
SHAWMUT MASSACHUSETTS INTERMEDIATE MUNICIPAL INCOME FUND

INVESTMENT SHARES

COMBINED PROSPECTUS

The shares offered by this prospectus represent interests in Investment Shares of the income portfolios (collectively, the "Income Funds" or individually, as appropriate in context, the "Fund") of The Shawmut Funds (the "Trust"), an open-end management investment company (a mutual fund). In addition to the Income Funds, the Trust consists of the following separate investment portfolios, each having distinct investment objectives and policies:

EQUITY FUNDS

Shawmut Growth and Income Equity Fund
Shawmut Growth Equity Fund
Shawmut Small Capitalization Equity Fund

MONEY MARKET FUNDS

Shawmut Connecticut Municipal Money
Market Fund
Shawmut Massachusetts Municipal Money
Market Fund
Shawmut Prime Money Market Fund

This combined prospectus contains the information you should read and know before you invest in the Income Funds. Keep this prospectus for future reference. The Income Funds have also filed a Combined Statement of Additional Information for Trust Shares and Investment Shares dated February 28, 1994, with the Securities and Exchange Commission. The information contained in the Combined Statement of Additional Information is incorporated by reference into this prospectus. You may request a copy of the Combined Statement of Additional Information free of charge, obtain other information, or make inquiries about the Income Funds by writing or calling the Trust.

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.

ALTHOUGH INCOME FUNDS MAY PAY HIGHER RATES THAN BANK DEPOSITS, THEIR NET ASSET VALUES ARE SENSITIVE TO INTEREST RATE MOVEMENT AND A RISE IN INTEREST RATES CAN RESULT IN A DECLINE IN THE VALUE OF YOUR INVESTMENT.

THE SHARES OFFERED BY THIS PROSPECTUS ARE NOT DEPOSITS OR OBLIGATIONS OF SHAWMUT BANK, ARE NOT ENDORSED OR GUARANTEED BY SHAWMUT BANK, ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, NOR ARE THEY INSURED OR GUARANTEED BY THE FEDERAL RESERVE BOARD OR ANY OTHER GOVERNMENT AGENCY. MUTUAL FUNDS INVOLVE INVESTMENT RISKS, INCLUDING FLUCTUATIONS IN VALUE AND EARNINGS, AND THE POSSIBLE LOSS OF PRINCIPAL.

INVESTMENT SHARES OF THE SHAWMUT FUNDS ARE AVAILABLE THROUGH LICENSED REPRESENTATIVES OF SHAWMUT BROKERAGE, INC., MEMBER NASD/SIPC, AND AN AFFILIATE OF SHAWMUT BANK.

Prospectus dated February 28, 1994

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SYNOPSIS

INVESTMENT OBJECTIVES

The Shawmut Funds offer you a convenient, affordable way to participate in separate, professionally managed portfolios of securities. This prospectus relates only to the Income Funds of the Trust.

INCOME FUNDS

SHAWMUT CONNECTICUT INTERMEDIATE
MUNICIPAL INCOME FUND
("Connecticut Intermediate Municipal Income Fund") seeks current income which is exempt from federal income tax and Connecticut state income tax by investing primarily in Connecticut municipal securities, including securities of states, territories, and possessions of the United States which are not issued by or on behalf of Connecticut or its political subdivisions and financing authorities, but which are exempt from Connecticut state income tax.

SHAWMUT FIXED INCOME FUND
("Fixed Income Fund") seeks current income consistent with total return by investing in income producing securities consisting primarily of investment grade notes and bonds and U.S. government securities.

 SHAWMUT INTERMEDIATE GOVERNMENT
 INCOME FUND

("Intermediate Government Income Fund") seeks current income consistent with total return by investing in a portfolio consisting primarily of U.S. government securities with a dollar-weighted average maturity of between three and ten years.

SHAWMUT LIMITED TERM INCOME FUND

("Limited Term Income Fund") seeks current income consistent with low principal volatility and total return by investing in a portfolio of income producing securities with a term limited to a dollar-weighted average maturity of three years or less.

SHAWMUT MASSACHUSETTS INTERMEDIATE
 MUNICIPAL INCOME FUND

("Massachusetts Intermediate Municipal Income Fund") seeks current income which is exempt from federal income tax and income taxes imposed by the Commonwealth of Massachusetts by investing primarily in Massachusetts municipal securities, including securities of states, territories, and possessions of the United States which are not issued by or on behalf of Massachusetts or its political subdivisions and financing authorities, but which are exempt from Massachusetts state income tax.

BUYING AND REDEEMING INCOME
 FUND SHARES

A minimum initial investment of \$1,000 may be required. Subsequent investments must be in amounts of at least \$100, as described in this prospectus in the section entitled "Minimum Investment Required."

INCOME FUND MANAGEMENT

The Income Funds' investment adviser is Shawmut Bank, N.A., which makes investment decisions for the Income Funds.

SHAREHOLDER SERVICES

When you become a shareholder, you can easily obtain information about your account by calling 1-800-SHAWMUT.

THE SHAWMUT INCOME FUNDS

SUMMARY OF INCOME FUND EXPENSES

INVESTMENT SHARES

SHAREHOLDER TRANSACTION EXPENSES

<TABLE>
 <CAPTION>

	CONNECTICUT INTERMEDIATE MUNICIPAL INCOME FUND*	FIXED INCOME FUND	INTERMEDIATE GOVERNMENT INCOME FUND	LIMITED TERM INCOME FUND	MASSACHUSETTS INTERMEDIATE MUNICIPAL INCOME FUND*
	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
Maximum Sales Load Imposed on Purchases (as a percentage of offering price).....	2.00%	2.00%	2.00%	2.00%	2.00%
Maximum Sales Load Imposed-- on Reinvested Dividends (as a percentage of offering price).....	None	None	None	None	None
Deferred Sales Load (as a percentage of					

original purchase price or redemption proceeds as applicable).....	None	None	None	None	None
Redemption Fee (as a percentage of amount redeemed, if applicable).....	None	None	None	None	None
Exchange Fee.....	None	None	None	None	None

* Connecticut Intermediate Municipal Income Fund and Massachusetts Intermediate Municipal Income Fund currently sell their shares without class designation. Purchasers of either the Trust Shares or Investment Shares of the other Shawmut Funds may purchase shares of Connecticut Intermediate Municipal Income Fund and Massachusetts Intermediate Municipal Income Fund.

	<C>	<C>	<C>	<C>	<C>
ANNUAL INVESTMENT SHARES OPERATING EXPENSES (As a percentage of average net assets)					
Management Fee (after waiver) (1).....	0.00%	0.60%	0.60%	0.60%	0.00%
12b-1 Fees (2).....	0.00%	0.25%	0.25%	0.25%	0.00%
Total Other Expenses (after waiver and reimbursement) (3).....	0.50%	0.31%	0.34%	0.38%	0.50%
Total Investment Shares Operating Expenses (after waivers and reimbursement) (4).....	0.50%	1.16%	1.19%	1.23%	0.50%

(1) The management fee has been reduced to reflect the voluntary waiver by the investment adviser. The adviser can terminate this voluntary waiver at any time at its sole discretion. The maximum management fee is .70% for Connecticut Intermediate Municipal Income Fund and Massachusetts Intermediate Municipal Income Fund; and 0.80% for Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund.

(2) The 12b-1 fee has been reduced to reflect the voluntary waiver by the distributor. As of the date of this prospectus, neither the Connecticut Intermediate Municipal Income Fund nor the Massachusetts Intermediate Municipal Income Fund intend to accrue or pay 12b-1 fees until either a separate class of shares has been created for certain fiduciary investors for these portfolios or a determination is made that such investors will be subject to the 12b-1 fees. The Income Funds can pay up to 0.50% as a 12b-1 fee to the distributor.

(3) Estimated other expenses have been reduced to reflect the voluntary waiver by the custodian and the voluntary reimbursement of expenses by the investment adviser for the Connecticut Intermediate Municipal Income Fund and the Massachusetts Intermediate Municipal Income Fund.

(4) The Annual Investment Shares Operating Expenses for the fiscal year ended October 31, 1993 were 0.50% for the Connecticut Intermediate Municipal Income Fund and the Massachusetts Intermediate Municipal Income Fund; 1.12% for the Fixed Income Fund; 1.15% for the Intermediate Government Income Fund; and 1.13% for the Limited Term Income Fund. The Annual Investment Share Operating Expenses in the above table are based on expenses expected during fiscal year ending October 31, 1994. Absent the anticipated voluntary waivers and reimbursement explained in the above footnotes, the Investment Shares Operating Expenses are estimated to be 1.83% for the Connecticut Intermediate Municipal Income Fund, 2.81% for the Massachusetts Intermediate Municipal Income Fund; 1.61% for the Fixed Income Fund; 1.64% for the Intermediate Government Income Fund; and 1.68% for the Limited Term Income Fund.

THE PURPOSE OF THIS TABLE IS TO ASSIST AN INVESTOR IN UNDERSTANDING THE VARIOUS COSTS AND EXPENSES THAT A SHAREHOLDER OF INVESTMENT SHARES WILL BEAR, EITHER DIRECTLY OR INDIRECTLY. FOR MORE COMPLETE DESCRIPTIONS OF THE VARIOUS COSTS AND EXPENSES, SEE "THE SHAWMUT FUNDS INFORMATION" AND "INVESTING IN INVESTMENT SHARES." WIRE-TRANSFERRED REDEMPTIONS OF LESS THAN \$5,000 MAY BE SUBJECT TO ADDITIONAL FEES.

EXAMPLE

You would pay the following expenses on a \$1,000 investment assuming (1) 5%

annual return and (2) redemption at the end of each time period. As noted in the table above, the Income Funds charges no redemption fee.

<TABLE>

<CAPTION>

	1 YEAR	3 YEARS	5 YEARS	10 YEARS
<S>	<C>	<C>	<C>	<C>
Connecticut Intermediate Municipal Income Fund.....	\$25	\$36	\$47	\$ 82
Fixed Income Fund.....	\$32	\$56	\$83	\$158
Intermediate Government Income Fund.....	\$32	\$57	\$84	\$161
Limited Term Income Fund.....	\$32	\$58	\$86	\$166
Massachusetts Intermediate Municipal Income Fund.....	\$25	\$36	\$47	\$ 82

</TABLE>

THE ABOVE EXAMPLES SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE EXPENSES. ACTUAL EXPENSES MAY BE GREATER OR LESS THAN THOSE SHOWN.

The information set forth in the foregoing table and example relates only to Investment Shares of the Income Funds. Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund also offer another class of shares called Trust Shares. Trust Shares and Investment Shares are subject to certain of the same expenses; however, Investment Shares are subject to a 12b-1 fee of up to .50 of 1%. See "Other Classes of Shares."

SHAWMUT CONNECTICUT

INTERMEDIATE MUNICIPAL INCOME FUND
FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

The following table has been audited by Price Waterhouse, the Fund's independent public accountants. Their report dated December 17, 1993, on the Fund's financial statements for the year ended October 31, 1993, and on the following table, is included in the Annual Report, which is incorporated by reference. This table should be read in conjunction with the Fund's financial statements and notes thereto, which may be obtained from the Fund.

<TABLE>

<CAPTION>

	YEAR ENDED OCTOBER 31, 1993*
<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 10.00

INCOME FROM INVESTMENT OPERATIONS	
Net investment income	0.13
Net realized and unrealized gain (loss) on investments	0.24
Total from investment operations	0.37

LESS DISTRIBUTIONS	
Dividends to shareholders from net investment income	(0.13)
NET ASSET VALUE, END OF PERIOD	\$ 10.24

TOTAL RETURN**	3.75%

RATIOS TO AVERAGE NET ASSETS	
Expenses	0.50% (a)
Net investment income	3.80% (a)
Expense waiver/reimbursement (b)	2.33% (a)

SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	\$7,288

Portfolio turnover rate	8%

</TABLE>

* Reflects operations for the period from June 17, 1993 (date of initial public investment) to October 31, 1993.

** Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) Computed on an annualized basis.

(b) Increase/decrease in above expense/income ratios due to waivers or reimbursements of expenses (Note 5).

SHAWMUT FIXED INCOME FUND

FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

The following table has been audited by Price Waterhouse, the Fund's independent public accountants. Their report dated December 17, 1993, on the Fund's financial statements for the year ended October 31, 1993, and on the following table for each of the periods presented, is included in the Annual Report, which is incorporated by reference. This table should be read in conjunction with the Fund's financial statements and notes thereto, which may be obtained from the Fund.

<TABLE>
<CAPTION>

	TRUST SHARES	YEAR ENDED OCTOBER 31, 1993*
<S>		<C>
NET ASSET VALUE, BEGINNING OF PERIOD		\$10.00
INCOME FROM INVESTMENT OPERATIONS		
Net investment income		0.55
Net realized and unrealized gain (loss) on investments		0.55
Total from investment operations		1.10
LESS DISTRIBUTIONS		
Dividends to shareholders from net investment income		(0.55)
NET ASSET VALUE, END OF PERIOD		\$10.55
TOTAL RETURN***		11.26%
RATIOS TO AVERAGE NET ASSETS		
Expenses		0.85% (a)
Net investment income		6.06% (a)
Expense waiver/reimbursement (b)		0.22% (a)
SUPPLEMENTAL DATA		
Net assets, end of period (000 omitted)		\$92,485
Portfolio turnover rate(c)		33%

</TABLE>

<TABLE>
<CAPTION>

	INVESTMENT SHARES	YEAR ENDED OCTOBER 31, 1993**
<S>		<C>
NET ASSET VALUE, BEGINNING OF PERIOD		\$10.23
INCOME FROM INVESTMENT OPERATIONS		

Net investment income	0.40
Net realized and unrealized gain (loss) on investments	0.31
Total from investment operations	0.71
LESS DISTRIBUTIONS	
Dividends to shareholders from net investment income	(0.39)
NET ASSET VALUE, END OF PERIOD	\$10.55
TOTAL RETURN***	7.02%
RATIOS TO AVERAGE NET ASSETS	
Expenses	1.12% (a)
Net investment income	5.61% (a)
Expense waiver/reimbursement (b)	0.48% (a)
SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	\$9,550
Portfolio turnover rate (c)	33%

</TABLE>

* Reflects operations for the period from December 14, 1992 (date of initial public investment) to October 31, 1993.

** Reflects operations for the period from February 12, 1993 (date of initial public offering) to October 31, 1993.

*** Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) Computed on an annualized basis.

(b) Increase/decrease in above expense/income ratios due to waivers or reimbursements of expenses (Note 5).

(c) Represents portfolio turnover rate for the entire Fund.

SHAWMUT INTERMEDIATE GOVERNMENT INCOME FUND

FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

The following table has been audited by Price Waterhouse, the Fund's independent public accountants. Their report dated December 17, 1993, on the Fund's financial statements for the year ended October 31, 1993, and on the following table for each of the periods presented, is included in the Annual Report, which is incorporated by reference. This table should be read in conjunction with the Fund's financial statements and notes thereto, which may be obtained from the Fund.

<TABLE>
<CAPTION>

	TRUST SHARES	YEAR ENDED OCTOBER 31, 1993*
NET ASSET VALUE, BEGINNING OF PERIOD		\$10.00
INCOME FROM INVESTMENT OPERATIONS		
Net investment income		0.52
Net realized and unrealized gain (loss) on investments		0.26
Total from investment operations		0.78
LESS DISTRIBUTIONS		

Dividends to shareholders from net investment income	(0.52)
NET ASSET VALUE, END OF PERIOD	\$10.26
TOTAL RETURN***	7.97%
RATIOS TO AVERAGE NET ASSETS	
Expenses	0.88% (a)
Net investment income	5.83% (a)
Expense waiver/reimbursement (b)	0.26% (a)
SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	\$62,399
Portfolio turnover rate(c)	30%

</TABLE>

<TABLE>
<CAPTION>

	YEAR ENDED OCTOBER 31, 1993**
INVESTMENT SHARES	

<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$10.18
INCOME FROM INVESTMENT OPERATIONS	
Net investment income	0.37
Net realized and unrealized gain (loss) on investments	0.08
Total from investment operations	0.45
LESS DISTRIBUTIONS	
Dividends to shareholders from net investment income	(0.37)
NET ASSET VALUE, END OF PERIOD	\$10.26
TOTAL RETURN***	4.45%
RATIOS TO AVERAGE NET ASSETS	
Expenses	1.15% (a)
Net investment income	5.41% (a)
Expense waiver/reimbursement (b)	0.50% (a)
SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	\$13,812
Portfolio turnover rate(c)	30%

</TABLE>

* Reflects operations for the period from December 14, 1992 (date of initial public investment) to October 31, 1993.

** Reflects operations for the period from February 12, 1993 (date of initial public offering) to October 31, 1993.

*** Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) Computed on an annualized basis.

(b) Increase/decrease in above expense/income ratios due to waivers or reimbursements of expenses (Note 5).

(c) Represents portfolio turnover rate for the entire Fund.

SHAWMUT LIMITED TERM INCOME FUND

FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

The following table has been audited by Price Waterhouse, the Fund's independent public accountants. Their report dated December 17, 1993, on the Fund's financial statements for the year ended October 31, 1993, and on the following table for each of the periods presented, is included in the Annual Report, which is incorporated by reference. This table should be read in conjunction with the Fund's financial statements and notes thereto, which may be obtained from the Fund.

TRUST SHARES	YEAR ENDED OCTOBER 31, 1993*
<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$10.00
INCOME FROM INVESTMENT OPERATIONS	
Net investment income	0.49
Net realized and unrealized gain (loss) on investments	0.00
Total from investment operations	0.49
LESS DISTRIBUTIONS	
Dividends to shareholders from net investment income	(0.49)
NET ASSET VALUE, END OF PERIOD	\$10.00
TOTAL RETURN***	5.02%
RATIOS TO AVERAGE NET ASSETS	
Expenses	0.88% (a)
Net investment income	5.54% (a)
Expense waiver/reimbursement (b)	0.23% (a)
SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	\$66,998
Portfolio turnover rate (c)	53%

INVESTMENT SHARES	YEAR ENDED OCTOBER 31, 1993**
<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$10.00
INCOME FROM INVESTMENT OPERATIONS	
Net investment income	0.34
Net realized and unrealized gain (loss) on investments	(0.09)
Total from investment operations	0.25
LESS DISTRIBUTIONS	
Dividends to shareholders from net investment income	(0.34)
NET ASSET VALUE, END OF PERIOD	\$10.00
TOTAL RETURN***	2.57%
RATIOS TO AVERAGE NET ASSETS	
Expenses	1.13% (a)

Net investment income	5.07% (a)
Expense waiver/reimbursement (b)	0.48% (a)
SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	\$3,859
Portfolio turnover rate(c)	53%

</TABLE>

* Reflects operations for the period from December 14, 1992 (date of initial public investment) to October 31, 1993.

** Reflects operations for the period from February 12, 1993 (date of initial public offering) to October 31, 1993.

*** Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) Computed on an annualized basis.

(b) Increase/decrease in above expense/income ratios due to waivers or reimbursements of expenses (Note 5).

(c) Represents portfolio turnover rate for the entire Fund.

SHAWMUT MASSACHUSETTS

INTERMEDIATE MUNICIPAL INCOME FUND
FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

The following table has been audited by Price Waterhouse, the Fund's independent public accountants. Their report dated December 17, 1993, on the Fund's financial statements for the year ended October 31, 1993, and on the following table, is included in the Annual Report, which is incorporated by reference. This table should be read in conjunction with the Fund's financial statements and notes thereto, which may be obtained from the Fund.

<TABLE>
<CAPTION>

	YEAR ENDED OCTOBER 31, 1993*
<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$10.00
INCOME FROM INVESTMENT OPERATIONS	
Net investment income	0.14
Net unrealized gain (loss) on investments	0.29
Total from investment operations	0.43
LESS DISTRIBUTIONS	
Dividends to shareholders from net investment income	(0.13)
NET ASSET VALUE, END OF PERIOD	\$10.30
TOTAL RETURN**	4.35%
RATIOS TO AVERAGE NET ASSETS	
Expenses	0.50% (a)
Net investment income	4.07% (a)
Expense waiver/reimbursement (b)	3.57% (a)

SUPPLEMENTAL DATA

Net assets, end of period (000 omitted)	\$4,009
Portfolio turnover rate	0%

</TABLE>

* Reflects operations for the period from June 17, 1993 (date of initial public investment) to October 31, 1993.

** Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) Computed on an annualized basis.

(b) Increase/decrease in above expense/income ratios due to waivers or reimbursements of expenses (Note 5).

GENERAL INFORMATION

The Trust was established as a Massachusetts business trust under a Declaration of Trust dated July 16, 1992. The Declaration of Trust permits the Trust to offer separate series of shares representing interests in separate portfolios of securities. The shares in any one portfolio may be offered in separate classes. As of the date of this prospectus, the Board of Trustees (the "Trustees") has established two classes of shares of several of the Income Funds, known as Trust Shares and Investment Shares. This prospectus relates only to Investment Shares of the Income Funds that offer separate classes of shares.

A minimum initial investment of \$1,000 may be required. Subsequent investments must be in amounts of at least \$100, as described in this prospectus in the section entitled "Minimum Investment Required," or \$50 for participants in the Systematic Investment Program. Shares are currently sold at net asset value with a sales charge imposed by the Income Funds, as described in this prospectus.

THE SHAWMUT FUNDS

The shareholders of the Income Funds are shareholders of The Shawmut Funds, which currently consist of Shawmut Connecticut Intermediate Municipal Income Fund, Shawmut Connecticut Municipal Money Market Fund, Shawmut Fixed Income Fund, Shawmut Growth and Income Equity Fund, Shawmut Growth Equity Fund, Shawmut Intermediate Government Income Fund, Shawmut Limited Term Income Fund, Shawmut Massachusetts Intermediate Municipal Income Fund, Shawmut Massachusetts Municipal Money Market Fund, Shawmut Prime Money Market Fund, and Shawmut Small Capitalization Equity Fund. Shareholders in the Income Funds have easy access to the other portfolios of The Shawmut Funds through an exchange program. The Shawmut Funds are advised by Shawmut Bank, N.A., and distributed by Federated Securities Corp.

OBJECTIVE AND POLICIES OF EACH FUND

CONNECTICUT INTERMEDIATE MUNICIPAL INCOME FUND

INVESTMENT OBJECTIVE

The investment objective of the Connecticut Intermediate Municipal Income Fund is current income which is exempt from federal income tax and Connecticut state income tax. The investment objective cannot be changed without approval of shareholders. While there is no assurance that the Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this prospectus.

INVESTMENT POLICIES

 THE CONNECTICUT INTERMEDIATE MUNICIPAL INCOME FUND PURSUES ITS INVESTMENT OBJECTIVE BY INVESTING PRIMARILY IN A PORTFOLIO OF CONNECTICUT MUNICIPAL SECURITIES.

The investment policies may be changed by the Trustees without the approval of shareholders. Shareholders will be notified before any material change in these investment policies becomes effective. As a matter of investment policy, which may not be changed without shareholder

approval, the Connecticut Intermediate Municipal Income Fund will invest its assets so that, under normal circumstances, at least 80% of its annual interest income is exempt from federal income tax or that at least 80% of the total value of its assets are invested in obligations the interest income from which is exempt from federal income tax.

ACCEPTABLE INVESTMENTS

Under normal circumstances, the Connecticut Intermediate Municipal Income Fund will invest its assets so that at least 65% of the value of its total assets will be invested in debt obligations issued by or on behalf of the State of Connecticut and its political subdivisions and financing authorities, and obligations of other states, territories and possessions of the United States, including the District of Columbia, and any political subdivision or financing authority of any of these, the income from which is, in the opinion of qualified legal counsel, exempt from federal income tax and Connecticut state income tax imposed upon non-corporate taxpayers ("Connecticut Municipal Securities"). The Connecticut Intermediate Municipal Income Fund will maintain a dollar-weighted average maturity of between three to ten years. The Connecticut Municipal Securities in which the Connecticut Intermediate Municipal Income Fund invests are subject to the following quality standards:

- - rated Baa or above by Moody's Investor Service, Inc. ("Moody's") or BBB or above by Standard & Poor's Corporation ("Standard & Poor's") or Fitch Investors Service, Inc. ("Fitch"). A description of the rating categories is contained in the Appendix to the Statement of Additional Information; or
- - insured by a municipal bond insurance company which is rated Aaa by Moody's or AAA by Standard & Poor's or Fitch; or
- - guaranteed at the time of purchase by the U.S. government as to the payment of principal and interest; or
- - fully collateralized by an escrow of U.S. government securities; or
- - unrated if determined to be of comparable quality to one of the foregoing rating categories by the Fund's investment adviser; or
- - are appropriately rated derivative securities.

The description of the rating categories applicable to the Fund's acceptable investments are fully described in the Appendix to the statement of additional information.

FIXED INCOME FUND

INVESTMENT OBJECTIVE

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

INVESTMENT POLICIES

THE FIXED INCOME FUND PURSUES ITS INVESTMENT OBJECTIVE BY INVESTING PRIMARILY IN A PORTFOLIO OF INVESTMENT GRADE NOTES AND BONDS AND U.S. GOVERNMENT SECURITIES.

The investment policies may be changed by the Trustees without shareholder approval. Shareholders will be notified before any material change in these policies becomes effective.

ACCEPTABLE INVESTMENTS

Under normal circumstances, the Fixed Income Fund will invest at least 65% of the total value of its assets in fixed income securities. The securities in which the Fixed Income Fund invests include, but are not limited to:

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

- - domestic issues of corporate debt obligations having floating or fixed rates of interest and rated in one of the five highest categories by a nationally recognized statistical rating organization [rated Aaa, Aa, A, Baa, or Ba by Moody's or AAA, AA, A, BBB, or BB by Standard & Poor's or Fitch], or which are of comparable quality in the judgment of the adviser;
- - commercial paper rated Prime-1 or Prime-2 by Moody's, A-1 or A-2 by Standard & Poor's, or F-1 or F-2 by Fitch;
- - asset-backed securities rated BBB or higher by a nationally recognized statistical rating organization, which may include, but are not limited to, interests in pools of receivables such as motor vehicle installment purchase obligations and credit card receivables, and mortgage-related asset-backed securities;
- - repurchase agreements collateralized by eligible investments; and
- - certain derivative securities.

INTERMEDIATE GOVERNMENT
INCOME FUND

INVESTMENT OBJECTIVE

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

INVESTMENT POLICIES

THE INTERMEDIATE GOVERNMENT INCOME FUND PURSUES ITS INVESTMENT OBJECTIVE BY INVESTING IN A PORTFOLIO OF INVESTMENT GRADE BONDS AND NOTES AND U.S. GOVERNMENT SECURITIES.

The Intermediate Government Income Fund will maintain a dollar-weighted average maturity of between three to ten years. For purposes of computing average maturity, the Intermediate Government Income Fund considers the market accepted average life of the assets of the Fund. Market accepted average life considers the anticipated prepayment or call of underlying securities that might influence stated maturity. The investment policies may be changed by the Trustees without the approval of shareholders. Shareholders will be notified before any material change in these investment policies becomes effective.

ACCEPTABLE INVESTMENTS

Under normal circumstances, the Intermediate Government Income Fund will invest at least 65% of the total value of its assets in U.S. government securities. The securities in which the Intermediate Government Income Fund invests include, but are not limited to:

- - direct obligations of the U.S. Treasury, such as U.S. Treasury bills, notes, and bonds;
- - obligations of U.S. government agencies or instrumentalities such as Federal Home Loan Banks, Federal National Mortgage Association, Government National Mortgage Association, Federal Farm Credit Banks, Student Loan Marketing Association, or Federal Home Loan Mortgage Corporation;
- - domestic issues of corporate debt obligations having floating or fixed rates of interest and rated in one of the five highest categories by a nationally recognized statistical rating organization [rated Aaa, Aa, A, Baa, or Ba by Moody's or AAA, AA, A, BBB, or BB by Stan-

dard & Poor's or Fitch], or which are of comparable quality in the judgment of the adviser;

- - asset-backed securities rated BBB or higher by a nationally recognized statistical rating organization, which may include, but are not limited to, interests in pools of receivables such as motor vehicle installment purchase obligations and credit card receivables, and mortgage-related asset-backed securities;
- - repurchase agreements collateralized by eligible investments; and

- - certain derivative securities.

LIMITED TERM INCOME FUND

INVESTMENT OBJECTIVE

The investment objective of the Limited Term Income Fund is current income consistent with low principal volatility and total return. The investment objective cannot be changed without approval of shareholders. While there is no assurance that the Limited Term Income Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this prospectus.

INVESTMENT POLICIES

THE LIMITED TERM INCOME FUND PURSUES ITS INVESTMENT OBJECTIVE BY INVESTING PRIMARILY IN A PORTFOLIO OF INVESTMENT GRADE BONDS AND NOTES AND U.S. GOVERNMENT SECURITIES.

The Limited Term Income Fund will maintain a dollar-weighted average maturity of three years or less. For purposes of computing average maturity, the Limited Term Income Fund considers the market accepted average life of the assets of the Fund. Market accepted average life considers the anticipated prepayment or call of underlying securities that might influence stated maturity. The investment policies described above may be changed by the Trustees without shareholder approval. Shareholders will be notified before any material change in these investment policies becomes effective.

ACCEPTABLE INVESTMENTS

Under normal circumstances, the Limited Term Income Fund will invest at least 65% of the total value of its assets in income producing securities. The securities in which the Limited Term Income Fund invests include, but are not limited to:

- - direct obligations of the U.S. Treasury, such as U.S. Treasury bills, notes, and bonds;
- - obligations of U.S. government agencies or instrumentalities such as Federal Home Loan Banks, Federal National Mortgage Association, Government National Mortgage Association, Federal Farm Credit Banks, Student Loan Marketing Association, or Federal Home Loan Mortgage Corporation;
- - domestic issues of corporate debt obligations having floating or fixed rates of interest and rated in one of the five highest categories by a nationally recognized statistical rating organization [rated Aaa, Aa, A, Baa, or Ba by Moody's or AAA, AA, A, BBB, or BB by Standard & Poor's or Fitch], or which are of comparable quality in the judgment of the adviser;
- - commercial paper rated Prime-1 or Prime-2 by Moody's, A-1 or A-2 by Standard & Poor's, or F-1 or F-2 by Fitch;
- - asset-backed securities rated BBB or higher by a nationally recognized statistical rating organization, which may include, but are not limited to, interests in pools of receivables such as motor vehicle installment purchase obligations and credit card receivables, and mortgage-related asset-backed securities;
- - repurchase agreements collateralized by eligible investments; and
- - certain derivative securities.

MASSACHUSETTS INTERMEDIATE
MUNICIPAL INCOME FUND

INVESTMENT OBJECTIVE

The investment objective of the Massachusetts Intermediate Municipal Income Fund is current

income which is exempt from federal income tax and income taxes imposed by the Commonwealth of Massachusetts. The investment objective cannot be changed without approval of shareholders. While there is no assurance that the Massachusetts Intermediate Municipal Income Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this prospectus.

INVESTMENT POLICIES

THE MASSACHUSETTS INTERMEDIATE MUNICIPAL INCOME FUND PURSUES ITS INVESTMENT OBJECTIVE BY INVESTING PRIMARILY IN A PORTFOLIO OF MASSACHUSETTS MUNICIPAL SECURITIES.

The investment policies may be changed by the Trustees without the approval of shareholders. Shareholders will be notified before any material change in these investment policies becomes effective. As a matter of investment policy, which may not be changed without shareholder approval, the Massachusetts Intermediate Municipal Income Fund will invest its assets so that, under normal circumstances, at least 80% of its annual interest income is exempt from federal income tax or that at least 80% of the total value of its assets are invested in obligations the interest income from which is exempt from federal income tax.

ACCEPTABLE INVESTMENTS. Under normal circumstances, the Massachusetts Intermediate Municipal Income Fund will invest its assets so that at least 65% of the value of its total assets will be invested in debt obligations issued by or on behalf of the Commonwealth of Massachusetts and its political subdivisions and financing authorities, and obligations of other states, territories and possessions of the United States, including the District of Columbia, and any political subdivision or financing authority of any of these, the income from which is, in the opinion of qualified legal counsel, exempt from federal income tax and Massachusetts state income tax imposed upon non-corporate taxpayers ("Massachusetts Municipal Securities"). The Massachusetts Intermediate Municipal Income Fund will maintain a dollar-weighted average maturity of between three to ten years. The Massachusetts Municipal Securities in which the Fund invests are subject to the following quality standards:

- - rated Baa or above by Moody's or BBB or above by Standard & Poor's or Fitch. A description of the rating categories is contained in the Appendix to the Statement of Additional Information; or
- - insured by a municipal bond insurance company which is rated Aaa by Moody's or AAA by Standard & Poor's or Fitch; or
- - guaranteed at the time of purchase by the U.S. government as to the payment of principal and interest; or
- - fully collateralized by an escrow of U.S. government securities; or
- - unrated if determined to be of comparable quality to one of the foregoing rating categories by the Fund's investment adviser; or
- - are appropriately rated derivative securities.

INCOME FUNDS INVESTMENTS AND STRATEGIES

U.S. GOVERNMENT SECURITIES. Some obligations issued or guaranteed by agencies or instrumentalities of the U.S. government, such as Government National Mortgage Association participation certificates, are backed by the full faith and credit of the U.S. Treasury. No assurances can be given that the U.S. government will provide financial support to other agencies or instrumentalities, since it is not obligated to do so. These instrumentalities are supported by:

- - the issuer's right to borrow an amount limited to a specific line of credit from the U.S. Treasury;
- - discretionary authority of the U.S. government to purchase certain obligations of an agency or instrumentality; or
- - the credit of the agency or instrumentality.

CORPORATE DEBT OBLIGATIONS. The Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund may invest in corporate debt obligations, including corporate bonds, notes, and debentures, which may have floating or fixed rates of interest. Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund will not invest in corporate debt obligations that are rated lower than Baa by Moody's or BBB by Standard & Poor's or Fitch, except that each of these Funds may invest up to 10% of the value of their respective total assets in corporate debt obligations rated "Ba" or "BB" so long as not more than 1% of each respective Fund's total assets is invested in the Ba-rated or BB-rated obligations of a single issuer. Bonds rated Baa by Moody's or BBB by Standard & Poor's or Fitch are considered medium grade obligations and are regarded as having an adequate capacity to pay interest and repay principal. They are neither highly protected nor poorly secured, but lack outstanding investment characteristics and in fact have speculative characteristics as well. Debt rated Ba by Moody's or BB by Standard & Poor's or Fitch are judged to have speculative elements; their future can not be considered as well assured. They face major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to inadequate capacity to meet timely interest and principal payments. The rating

may also be used for debt subordinated to senior debt that is assigned an actual or implied "Baa" or "BBB" rating, and may include obligations convertible into equity investments. If a security loses its rating or has its rating reduced after the Fund has purchased it, the Fund is not required to sell or otherwise dispose of the security, but may consider doing so. If ratings made by Moody's or Standard & Poor's change because of changes in those organizations or in their ratings systems, the Fund will attempt to obtain comparable ratings as substitute standards in accordance with the investment policies of the Fund.

FLOATING RATE CORPORATE DEBT OBLIGATIONS. Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund expect to invest in floating rate corporate debt obligations. Floating rate securities are generally offered at an initial interest rate which is at or above prevailing market rates. The interest rate paid on these securities is then reset periodically (commonly every 90 days) to an increment over some predetermined interest rate index. Commonly utilized indices include the three-month Treasury bill rate, the 180-day Treasury bill rate, the one-month or three-month London Interbank Offered Rate (LIBOR), the prime rate of a bank, the commercial paper rates, or the longer-term rates on U.S. Treasury securities.

FIXED RATE CORPORATE DEBT OBLIGATIONS. Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund may also invest in fixed rate securities, including fixed rate securities with short-term characteristics. Fixed rate securities with short-term characteristics are long-term debt obligations, but are treated in the market as having short maturities because call features of the securities may make them callable within a short period of time. A fixed rate security with short-term characteristics would include a fixed income security priced close to call or redemption price or a fixed income security approaching maturity, where the expectation of call or redemption is high.

ASSET-BACKED SECURITIES. Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund. Asset-backed securities which are created by the grouping of certain governmental, government-related, and private loans, receivables and other lender assets, including vehicle installment purchase obligations and credit card receivables, into pools. Interests in these pools are sold as individual securities and are not backed or guaranteed by the U.S. government. These securities differ from

other forms of debt securities, which normally provide for periodic payment of interest in fixed amounts with principal paid at maturity or specified call dates. Asset-backed securities, however, provide periodic payments which generally consist of both interest and principal payments. The estimated average life of an asset-backed security and the average maturity of a portfolio including such assets varies with the prepayment experience with respect to the underlying debt instruments. The credit characteristics of asset-backed securities also differ in a number of respects from those of traditional debt securities.

The credit quality of most asset-backed securities depends primarily upon the credit quality of the assets underlying such securities, how well the entity issuing the securities is insulated from the credit risk of the originator or any other affiliated entities, and the amount and quality of any credit support provided to such securities. Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund will not invest in asset-backed securities that are rated lower than Baa by Moody's or BBB by Standard & Poor's or Fitch.

Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund may also invest in mortgage-related asset-backed securities which are issued by private entities such as investment banking firms and companies related to the construction industry. The mortgage-related securities in which Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund may invest may be: (i) privately issued securities which are collateralized by pools of mortgages in which each mortgage is guaranteed as to payment of principal and interest by an agency or instrumentality of the U.S. government; (ii) privately issued securities which are collateralized by pools of mortgages in which payment of principal and interest are guaranteed by the issuer and such guarantee is collateralized by U.S. government securities; (iii) privately issued securities in which the proceeds of the issuance are invested in mortgage-backed securities and payment of the principal and interest is supported by the credit of any agency or instrumentality of the U.S. government; or (iv) other privately issued securities in which the proceeds of the issuance are invested in mortgage-backed securities and payment of the principal and interest is guaranteed or supported by the credit of a non-governmental entity, including corporations. The mortgage-related securities provide for a periodic payment consisting of both interest and principal. The interest portion of these payments will be distributed by Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund as income, and the capital portion will be reinvested.

While mortgage-related securities generally entail less risk of a decline during periods of rapidly rising interest rates, mortgage-related securities may also

have less potential for capital appreciation than other similar investments (e.g., investments with comparable maturities) because as interest rates decline, the likelihood increases that mortgages will be prepaid. Furthermore, if mortgage-related securities are purchased at a premium, mortgage foreclosures and unscheduled principal payments may result in some loss of a holder's principal investment to the extent of the premium paid. Conversely, if mortgage-related securities are purchased at a discount, both a scheduled payment of principal and an unscheduled prepayment of principal would increase current and total returns and would accelerate the recognition of income, which would be taxed as ordinary income when distributed to shareholders.

TEMPORARY INVESTMENTS. In such proportions as, in the judgment of its investment adviser, prevailing market conditions warrant, Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund may, for temporary defensive purposes, invest in:

- - short-term money market instruments rated in one of the top two rating categories by a nationally recognized statistical rating organization;
- - securities issued and/or guaranteed as to payment of principal and interest by the U.S. government, its agencies, or instrumentalities; and
- - repurchase agreements.

LENDING OF PORTFOLIO SECURITIES. In order to generate additional income, the Income Funds may lend portfolio securities, on a short-term or long-term basis or both, up to one-third of the value of its total assets to broker/dealers, banks, or other institutional borrowers of securities. The Income Funds will only enter into loan arrangements with broker/dealers, banks, or other institutions which the investment adviser has determined are creditworthy under guidelines established by the Trustees and will receive collateral in the form of cash or U.S. government securities equal to at least 100% of the value of the securities loaned.

DERIVATIVE SECURITIES. Each of the Income Funds may invest up to 20% of the market value of the Fund's total assets in the derivative securities described below.

OPTIONS AND FUTURES CONTRACTS. The Income Funds may buy and sell options and futures contracts to manage their respective individual exposure to changing interest rates, security prices, and currency exchange rates. Some options and futures strategies, including selling futures, buying puts, and writing calls, tend to hedge the Income Funds' respective investments against price fluctuations. Other strategies, including buying futures, writing puts, and buying calls, tend to increase market exposure. Options and futures may be combined with each other or with forward contracts in order to adjust the risk and return characteristics of the overall strategy. The Income Funds may invest in options and futures based on any type of security, index, or currency, including options and futures traded on foreign exchanges and options not traded on exchanges.

Options and futures can be volatile investments, and involve certain risks. If the investment adviser applies a hedge at an inappropriate time or judges market conditions incorrectly, options and futures may lower an Income Fund's individual return. An Income Fund could also experience losses if the prices of its options and futures positions were poorly correlated with its other investments, or if it could not close out its positions because of an illiquid secondary market.

Each of the Income Funds will not hedge more than 20% of their respective total assets by selling futures, buying puts, and writing calls under normal conditions. In addition, each of the Income Funds will not buy futures or write puts whose underlying value exceeds 20% of their respective total assets, and the Income Funds will not buy calls with a value exceeding 5% of their respective total assets.

INDEXED SECURITIES. The Income Funds may invest in indexed securities, sold by brokers or dealers or other financial institutions (such as commercial banks) deemed creditworthy by the Income Fund's adviser, whose value is linked to foreign currencies, interest rates, commodities, indices, or other financial indicators. Most indexed securities are short to intermediate term

fixed-income securities whose values at maturity or interest rates rise or fall according to the change in one or more specified underlying instruments. Indexed securities may be positively or negatively indexed (i.e., their value may increase or decrease if the underlying instrument appreciates), and may have return characteristics similar to direct investments in the underlying instrument or to one or more options on the underlying instrument. Indexed securities may be more volatile than the underlying instrument itself. Each of the Income Funds intends to invest not more than 5% of the market value of the Fund's total assets in indexed securities.

SWAP AGREEMENTS. As one way of managing its exposure to different types of investments,

each of the Income Funds may enter into interest rate swaps, currency swaps, and other types of swap agreements such as caps, collars, and floors. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Fund's investments and its share price and yield.

Swap agreements are sophisticated hedging instruments that typically involve a small investment of cash relative to the magnitude of risks assumed. As a result, swaps can be highly volatile and may have a considerable impact on an Income Fund's performance. Swap agreements are subject to risks related to the counterparty's ability to perform, and may decline in value if the counterparty's creditworthiness deteriorates. An Income Fund may also suffer losses if it is unable to terminate outstanding swap agreements or reduce its exposure through offsetting transactions. When an Income Fund enters into a swap agreement, assets of the Fund equal to the value of the swap agreement will be segregated by the Fund. Each of the Income Funds intends to invest not more than 5% of the market value of the Fund's total assets in swap agreements.

REPURCHASE AGREEMENTS. The U.S. government securities and other securities in which each Income Fund invests may be purchased pursuant to repurchase agreements. Repurchase agreements are arrangements in which banks, broker/dealers, and other recognized financial institutions sell U.S. government securities or other securities to an Income fund and agrees at the time of sale to repurchase them at a mutually agreed upon time and price. To the extent that the original seller does not repurchase the securities from an Income Fund, the Fund could receive less than the repurchase price on any sale of such securities.

RESTRICTED AND ILLIQUID SECURITIES. The Income Funds intend to invest in restricted securities. Restricted securities are any securities in which the Income Funds may otherwise invest pursuant to its investment objective and policies but which are subject to restriction on resale under federal securities law. However, the Income Funds will limit investments in illiquid securities, including certain restricted securities not determined by the Trustees to be liquid, non-negotiable time deposits, and repurchase agreements providing for settlement in more than seven days after notice, to 15% of its net assets.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS. The Income Funds may purchase securities on a when-issued or delayed delivery basis. These transactions are arrangements in which each Income Fund purchase securities with payment and delivery scheduled for a future time. In when-issued and delayed delivery transactions, the Income Funds rely on the seller to complete the transaction. The seller's failure to complete the transaction may cause the Income Funds to miss a price or yield considered to be advantageous.

INVESTING IN SECURITIES OF OTHER INVESTMENT COMPANIES. The Income Funds may invest in the securities of other investment companies, but they will not own more than 3% of the total outstanding voting stock of any investment company, invest more than 5% of its total assets in any one investment company, or invest more than 10% of its total assets in investment companies in general. The Income Funds will invest in other investment companies primarily for the purpose of investing its short-term cash which has not yet been invested in other portfolio instruments. However, from time to time, on a temporary basis, the Income Funds may invest exclusively in a single other similarly managed investment company. Shareholders should realize that, when these funds invest in other investment companies, certain fund expenses, such as custodian fees and administrative fees, may be duplicated. The adviser will waive its investment advisory fee on assets invested in securities of other investment companies.

The following acceptable investments apply only to the CONNECTICUT INTERMEDIATE MUNICIPAL INCOME FUND and MASSACHUSETTS INTERMEDIATE MUNICIPAL INCOME FUND (referred to

jointly as the "Connecticut/Massachusetts Intermediate Municipal Income Funds"):

PARTICIPATION INTERESTS. The Connecticut/Massachusetts Intermediate Municipal Income Funds may purchase interests in Connecticut and Massachusetts Municipal Securities, respectively, from financial institutions such as commercial and investment banks, savings and loan associations and insurance companies. These interests may take the form of participations, beneficial interests in a trust, partnership interests or any other form of indirect ownership that allows the Connecticut/Massachusetts Intermediate Municipal Income Funds to treat the income from the investment as exempt from federal income tax. The Connecticut/Massachusetts Intermediate Municipal Income Funds invest in these participation interests in order to obtain credit enhancement or demand features that would not be available through direct ownership of the underlying Municipal Securities.

MUNICIPAL LEASES. The Connecticut/Massachusetts Intermediate Municipal Income Funds may invest in municipal leases. Municipal leases are obligations issued by state and local governments or authorities to finance the acquisition of equipment and facilities and may be considered to be illiquid. They may take the form of a lease, an installment purchase contract, a conditional sales contract, or a participation certificate in any of the above.

VARIABLE RATE DEMAND NOTES. Variable rate demand notes are long-term Municipal Securities that have variable or floating interest rates and provide the Connecticut/Massachusetts Intermediate Municipal Income Funds with the right to tender the security for repurchase at its stated principal amount plus accrued interest. The interest rate may float or be adjusted at regular intervals (ranging from daily to annually) and is normally based on a municipal interest index or a stated percentage of a prime rate or another published interest rate or interest rate index. Most variable rate demand notes allow the Connecticut/Massachusetts Intermediate Municipal Income Funds to demand the repurchase of the security on not more than seven days prior notice. Other notes only permit the Connecticut/Massachusetts Intermediate Municipal Income Funds to tender the security at the time of each interest rate adjustment or at other fixed intervals. The Connecticut/Massachusetts Intermediate Municipal Income Funds treat variable rate demand notes as maturing on the later of the date of the next interest adjustment or the date on which the Connecticut/Massachusetts Intermediate Municipal Income Funds may next tender the security for repurchase.

TENDER OPTION BONDS AND ZERO COUPON SECURITIES. The Connecticut/Massachusetts Intermediate Municipal Income Funds may purchase tender option bonds and similar securities. A tender option bond generally has a long maturity and bears interest at a fixed rate substantially higher than prevailing short-term tax-exempt rates, and is coupled with an agreement by a third party, such as a bank, broker-dealer, or other financial institution, pursuant to which such institution grants the security holders the option, usually upon not more than seven days notice or at periodic intervals, to tender their securities to the institution and receive the face value of the security. In providing the option, the financial institution receives a fee that reduces the fixed rate of the underlying bond and results in the Connecticut/Massachusetts Intermediate Municipal Income Funds effectively receiving a demand obligation that bears interest at the prevailing short-term tax exempt rate. The Connecticut/Massachusetts Intermediate Municipal Income Funds' adviser will monitor, on an ongoing basis, the creditworthiness of the issuer of the tender option bond, the financial institution providing the option, and any custodian holding the underlying long-term bond. The bankruptcy, receivership, or default of any of the parties to the tender option bond will adversely affect the quality and marketability of the security.

The Connecticut/Massachusetts Intermediate Municipal Income Funds may also invest in zero coupon securities, which are debt securities is-

sued or sold at a discount from their face value. These securities do not entitle the holder to any periodic payments of interest prior to maturity. The discount from face value of these securities depends upon various factors, including: the time remaining until maturity or cash payment date, prevailing interest rates, the liquidity of the security, and the perceived credit quality of the issuer. Zero coupon securities may also take the form of debt securities that have been stripped of their unmatured interest coupons. The market value of zero coupon securities is generally more volatile, and is more likely to react to changes in interest rates, than the market value of interest-bearing securities with similar maturities and credit qualities.

SYNTHETIC BOND DERIVATIVES. The Connecticut/Massachusetts Intermediate Municipal

Income Funds may invest its assets in derivative securities that provide the Connecticut/Massachusetts Intermediate Municipal Income Funds with tax-exempt income. These securities are formed when an investment bank acquires all or part of a fixed rate municipal bond and divides it into two classes of variable rate securities. One of these classes of securities provides investors with a source of short-term, variable rate, tax-exempt income that is determined through an auction mechanism. The other class of security is sold as a residual rate security, which has a long duration and also offers a source of tax-exempt income. There is an inverse relationship between the rate of interest income paid between the two classes of securities. This means that the holder of the short-term security may receive interest income that is greater than, or less than, the coupon rate of the underlying fixed rate bond, and that the holder of the residual security would, for the same period, receive a rate of return that is less than, or greater than, as the case may be, the bond's coupon rate.

TEMPORARY INVESTMENTS. The Connecticut/ Massachusetts Intermediate Municipal Income Funds normally invest their assets so that at least 80% of their annual interest income is exempt from federal income tax or that at least 80% of the total value of their assets are invested in obligations the interest income from which is exempt from federal income tax. At least 65% of the value of the Connecticut Intermediate Municipal Income Fund's total assets will be invested in Connecticut Municipal Securities. At least 65% of the value of Massachusetts Intermediate Municipal Income Fund's total assets will be invested in Massachusetts Municipal Securities.

However, from time to time on a temporary basis, when the investment adviser determines that market conditions call for a temporary defensive posture, the Connecticut/Massachusetts Intermediate Municipal Income Funds may invest in short-term tax-exempt or taxable temporary investments. These temporary investments include: shares of similarly managed mutual funds; notes issued by or on behalf of municipal or corporate issuers; obligations issued or guaranteed by the U.S. government, its agencies, or instrumentalities; other debt securities; commercial paper; certificates of deposit of banks; and repurchase agreements (arrangements in which the organization selling the Connecticut/Massachusetts Intermediate Municipal Income Funds a bond or temporary investment agrees at the time of sale to repurchase it at a mutually agreed upon time and price).

There are no rating requirements applicable to temporary investments. However, the investment adviser will limit temporary investments to those it considers to be of good quality.

Although the Connecticut/Massachusetts Intermediate Municipal Income Funds are permitted to make taxable, temporary investments, there is no current intention of generating income that is not predominantly exempt from federal income tax or state income tax.

CONNECTICUT AND MASSACHUSETTS MUNICIPAL SECURITIES. Connecticut and Massachusetts Municipal Securities are generally issued to finance public works, such as airports, bridges, highways, housing, health-related entities, transportation-related projects, educational programs, water and pollution control, and sewer works.

They are also issued to repay outstanding obligations, to raise funds for general operating expenses, and to make loans to other public institutions and facilities.

Connecticut and Massachusetts Municipal Securities include industrial development bonds issued by or on behalf of public authorities to provide financing aid to acquire sites or construct and equip facilities for privately or publicly owned corporations. The availability of this financing encourages these corporations to locate within the sponsoring communities and thereby increases local employment.

The two principal classifications of Municipal Securities are "general obligation" and "revenue" bonds. General obligation bonds are secured by the issuer's pledge of its full faith and credit and taxing power for the payment of principal and interest. Interest on and principal of revenue bonds, however, are payable only from the revenue generated by the facility financed by the bond or other specified sources of revenue. Revenue bonds do not represent a pledge of credit or create any debt of or charge against the general revenues of a municipality or public authority. Industrial development bonds are typically classified as revenue bonds.

MUNICIPAL BOND INSURANCE. The Connecticut/ Massachusetts Intermediate Municipal Income Funds may purchase Connecticut and Massachusetts Municipal Securities covered by insurance which guarantees the timely payment of principal at maturity and interest on such securities. These insured Connecticut and Massachusetts Municipal Securities are either (1) covered by an insurance policy applicable to a particular security, whether obtained by the issuer of the security or by a third party ("Issuer-Obtained Insurance") or (2) insured under master insurance policies issued by municipal bond insurers, which may be

purchased by the Connecticut/Massachusetts Intermediate Municipal Income Funds.

The Connecticut/Massachusetts Intermediate Municipal Income Funds may require or obtain municipal bond insurance when purchasing or holding specific Connecticut and Massachusetts Municipal Securities when, in the opinion of the Connecticut/Massachusetts Intermediate Municipal Income Funds' investment adviser, such insurance would benefit the Connecticut/ Massachusetts Intermediate Municipal Income Funds, for example, through improvement of portfolio quality or increased liquidity of certain securities.

Issuer-Obtained Insurance policies are noncancellable and continue in force as long as the Connecticut and Massachusetts Municipal Securities are outstanding and their respective insurers remain in business. If a Connecticut or Massachusetts Municipal Security is covered by Issuer-Obtained Insurance, then such security need not be insured by the policies purchased by the Connecticut/Massachusetts Intermediate Municipal Income Funds.

The Connecticut/Massachusetts Intermediate Municipal Income Funds may purchase two types of policies issued by municipal bond insurers. One type of policy covers certain Connecticut and Massachusetts Municipal Securities only during the period in which they are in the Connecticut/Massachusetts Intermediate Municipal Income Funds' portfolios. In the event that a Connecticut or Massachusetts Municipal Security covered by such a policy is sold from the Connecticut/Massachusetts Intermediate Municipal Income Funds, the insurer of the relevant policy will be liable only for those payments of interest and principal which are due and owing at the time of sale.

The other type of policy covers Connecticut and Massachusetts Municipal Securities not only while they remain in the Connecticut/Massachusetts Intermediate Municipal Income Funds' portfolios, but also until their final maturity even if they are sold out of the Connecticut/Massachusetts Intermediate Municipal Income Funds' portfolios, so that the coverage may benefit all subsequent holders of those Connecticut and Massachusetts Municipal Securities. The Connecticut/Massachusetts Intermediate Municipal Income Funds will obtain insurance

which covers Connecticut and Massachusetts Municipal Securities until final maturity even after they are sold out of the Connecticut/Massachusetts Intermediate Municipal Income Funds' portfolios only if, in the judgment of the investment adviser, the Connecticut/Massachusetts Intermediate Municipal Income Funds would receive net proceeds from the sale of those securities, after deducting the cost of such permanent insurance and related fees, significantly in excess of the proceeds it would receive if such Connecticut and Massachusetts Municipal Securities were sold without insurance. Payments received from municipal bond insurers may not be tax-exempt income to shareholders of the Connecticut/Massachusetts Intermediate Municipal Income Funds.

The premiums for the policies are paid by the Connecticut/Massachusetts Intermediate Municipal Income Funds and the yield on the Connecticut/Massachusetts Intermediate Municipal Income Funds' portfolios are reduced thereby. Premiums for the policies are paid by the Connecticut/Massachusetts Intermediate Municipal Income Funds monthly, and are adjusted for purchases and sales of Connecticut and Massachusetts Municipal Securities during the month.

CONNECTICUT AND MASSACHUSETTS INVESTMENT RISKS. Yields on Connecticut and Massachusetts Municipal Securities depend on a variety of factors, including: the general conditions of the short-term municipal note market and of the municipal bond market; the size and maturity of the particular offering; the maturity of the obligations; and the rating of the issue. Further, any adverse economic conditions or developments affecting the State of Connecticut and the Commonwealth of Massachusetts or their municipalities could impact the Connecticut/Massachusetts Intermediate Municipal Income Funds' portfolios. The ability of the Connecticut/Massachusetts Intermediate Municipal Income Funds to achieve their investment objectives also depends on the continuing ability of the issuers of Connecticut and Massachusetts Municipal Securities and demand features, or the credit enhancers of either, to meet their obligations for the payment of interest and principal when due.

Investing in Connecticut and Massachusetts Municipal Securities which meet the Connecticut/Massachusetts Intermediate Municipal Income Funds' quality standards may not be possible if the State of Connecticut and the Commonwealth of Massachusetts or their municipalities do not maintain their current credit ratings. An expanded discussion of the current economic risks associated with the purchase of Connecticut or Massachusetts Municipal Securities is contained in the statement of additional information.

NON-DIVERSIFICATION. The Connecticut/Massachusetts Intermediate Municipal Income Funds are non-diversified investment portfolios. As such, there is no limit on the percentage of assets which can be invested in any single issuer. An investment in the Connecticut/Massachusetts Intermediate Municipal Income Funds,

therefore, will entail greater risk than would exist in a diversified investment portfolio because the higher percentage of investments among fewer issuers may result in greater fluctuation in the total market value of the Connecticut/Massachusetts Intermediate Municipal Income Funds' portfolios. Any economic, political, or regulatory developments affecting the value of the securities in the Connecticut/Massachusetts Intermediate Municipal Income Funds' portfolios will have a greater impact on the total value of the portfolios than would be the case if the portfolios were diversified among more issuers.

The Connecticut/Massachusetts Intermediate Municipal Income Funds intend to comply with Subchapter M of the Internal Revenue Code. This undertaking requires that at the end of each quarter of the taxable year, with regard to at least 50% of its total assets, no more than 5% of its total assets are invested in the securities of a single issuer; beyond that, no more than 25% of its total assets are invested in the securities of a single issuer.

INVESTMENT LIMITATIONS

THE INCOME FUNDS FOLLOW A NUMBER OF GUIDELINES IN MANAGING THEIR PORTFOLIOS
IN ORDER TO LIMIT INVESTMENT RISKS.

FIXED INCOME FUND, INTERMEDIATE GOVERNMENT INCOME FUND, AND LIMITED TERM INCOME FUND WILL NOT:

- - borrow money directly or through reverse repurchase agreements (arrangements in which the Income Funds sell a portfolio instrument for a percentage of its cash value with an arrangement to buy it back on a set date) or pledge securities except, under certain circumstances, Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund may borrow up to one-third of the value of their total individual fund assets and pledge up to 10% of the value of their total individual fund assets to secure such borrowings;
- - with respect to 75% of the value of their total assets, invest more than 5% in securities of one issuer other than cash, cash items or securities issued or guaranteed by the government of the United States, its agencies, or instrumentalities and repurchase agreements collateralized by such securities, or acquire more than 10% of the outstanding voting securities of any one issuer; or
- - invest more than 10% of their total assets in securities subject to restrictions on resale under the Securities Act of 1933 (except for commercial paper issued under Section 4(2) of the Securities Act of 1933 and certain other securities which meet the criteria for liquidity as established by the Trustees).

THE CONNECTICUT/MASSACHUSETTS INTERMEDIATE MUNICIPAL INCOME FUNDS WILL NOT:

- - borrow money directly or through reverse repurchase agreements (arrangements in which the Fund sells a portfolio instrument for a percentage of its cash value with an arrangement to buy it back on a set date) or pledge securities except, under certain circumstances, the Connecticut/Massachusetts Intermediate Municipal Income Funds may borrow up to one-third of the value of its total assets and pledge up to 10% of the value of those assets to secure such borrowings; or
- - invest more than 5% of its total assets in industrial development bonds when the payment of principal and interest is the responsibility of companies (or guarantors, where applicable) with less than three years of continuous operations, including the operation of any predecessor.

THE SHAWMUT FUNDS INFORMATION

MANAGEMENT OF
THE SHAWMUT FUNDS

BOARD OF TRUSTEES

THE SHAWMUT FUNDS ARE MANAGED BY A BOARD OF TRUSTEES.

The Trustees are responsible for managing the Trust's business affairs and for exercising all the Trust's powers except those reserved for the shareholders. The Executive Committee of the Board of Trustees handles the Board's responsibilities between meetings of the Board.

INVESTMENT ADVISER

PURSUANT TO AN INVESTMENT ADVISORY CONTRACT WITH THE TRUST, INVESTMENT DECISIONS FOR THE INCOME FUNDS ARE MADE BY SHAWMUT BANK (THE "ADVISER"), SUBJECT TO DIRECTION BY THE TRUSTEES.

The Adviser continually conducts investment research and supervision for the Income Funds and is responsible for the purchase and sale of portfolio instruments, for which it receives an annual fee from the respective assets of the Income Funds.

ADVISORY FEES

THE ADVISER MAY VOLUNTARILY WAIVE PART OF ITS ADVISORY FEES.

The Adviser receives an annual investment advisory fee equal to .80 of 1% of Shawmut Fixed Income Fund, Shawmut Intermediate Government Income Fund, and Shawmut Limited Term Income Fund average daily net assets and .70 of 1% of Shawmut Connecticut Intermediate Municipal Income Fund and Shawmut Massachusetts Intermediate Municipal Income Fund average daily net assets. The fee paid by the Income Funds, while higher than the advisory fee paid by other mutual funds in general, is comparable to fees paid by mutual funds with similar objectives and policies. The Adviser has undertaken to waive a portion of its advisory fee, up to the amount of the advisory fee, to reimburse the Income Funds for operating expenses in excess of limitations established by certain states. The Adviser may further voluntarily waive a portion of its fee or reimburse any of the Income Funds for certain operating expenses. The Adviser can terminate such voluntary waiver or reimbursement policy at any time with any of the Income Funds at its sole discretion.

ADVISER'S BACKGROUND

SHAWMUT BANK, N.A., A NATIONAL BANKING ASSOCIATION, AND ITS AFFILIATES HAVE MANAGED COMMINGLED FUNDS FOR OVER FIFTY YEARS. AS OF DECEMBER 31, 1993, SHAWMUT NATIONAL CORPORATION, THROUGH ITS SUBSIDIARIES INCLUDING SHAWMUT BANK, MANAGED MORE THAN \$15 BILLION IN DISCRETIONARY TRUST ASSETS. SHAWMUT BANK HAS SERVED AS AN ADVISER TO MUTUAL FUNDS SINCE THE INCEPTION OF THE SHAWMUT FUNDS ON DECEMBER 1, 1992.

Shawmut Bank, N.A., a national banking association, along with Shawmut Bank Connecticut, National Association, are the principal subsidiaries of Shawmut National Corporation, a super-regional bank holding company formed on February 29, 1988, and based in southern New England. Shawmut National Corporation serves

consumers through its network of banking offices with a full range of deposit and lending products, as well as investment services. Shawmut Bank's borrowers may be issuers of certain securities in which The Shawmut Funds may invest. The principal executive offices of the investment adviser are located at One Federal Street, Boston, Massachusetts 02211.

Robert W. Gleason Jr. has been the portfolio manager of Connecticut Intermediate Municipal Income Fund and Massachusetts Intermediate Municipal Income Fund since their inception in June 1993. Mr. Gleason joined a predecessor to Shawmut Bank, in July 1976 and has been a Vice President and portfolio manager since 1985. Mr. Gleason received his B.A. degree in Business Administration from Colby College, followed by studies at New York University and Columbia University Graduate Schools of Business Administration. Mr. Gleason has been participating in investment portfolio management for over 38 years.

Maximiliaan J. Brenninkmeyer has been the portfolio manager of Fixed Income Fund since its inception in December 1992. Mr. Brenninkmeyer is a Vice President of Shawmut Bank, the Fund's Adviser. He is a Chartered Financial Analyst and holds a M.S. from Bentley College and a B.A. from the College of the Holy Cross.

Michael M. Spencer has been the portfolio manager of Intermediate Government Income Fund since April 1993. Mr. Spencer joined Shawmut Bank in 1985 as an investment officer and has been a Vice President of the Fund's Adviser since 1989. Mr. Spencer is a Chartered Financial Analyst and received his B.A. from the University of Notre Dame.

John P. Weaver has been the portfolio manager of Limited Term Income Fund since April 1993. Mr. Weaver has been a portfolio manager with the Fund's Adviser since 1988, and has been a Vice President of the Fund's Adviser since 1991. He is a Chartered Financial Analyst and received his B.A. in History from Kenyon College.

DISTRIBUTION OF INCOME FUNDS' SHARES

FEDERATED SECURITIES CORP. IS THE PRINCIPAL DISTRIBUTOR FOR INVESTMENT SHARES.

Federated Securities Corp., Federated Investors Tower, Pittsburgh, Pennsylvania 15222-3779, is a Pennsylvania corporation organized on November 14, 1969, and is the principal distributor for a number of investment companies. Federated Securities Corp. is a subsidiary of Federated Investors.

DISTRIBUTION PLAN. Under the distribution plan adopted in accordance with Investment Company Act Rule 12b-1 (the "Plan"), each of the Income Funds Investment Shares will pay to the distributor an amount computed at an annual rate of up to .50 of 1% of the average daily net asset value of the Investment Shares of each of the Income Funds, to finance any activity which is principally intended to result in the sale of shares subject to the Plan.

The distributor may from time to time and for such periods as it deems appropriate, voluntarily reduce its compensation under the Plan.

The distributor may select financial institutions such as banks, fiduciaries, custodians for public funds, investment advisers, and broker/dealers ("brokers") to provide distribution and/or administrative services as agents for their clients or customers who own Investment Shares of the Income Funds. Administrative services may include, but are not limited to, the following functions: providing office space, equipment, telephone facilities, and various clerical, supervisory, computer, and other personnel as necessary or beneficial to establish and maintain shareholder accounts and records; processing purchase and redemption transactions and automatic investments of client account cash balances; answering routine client inquiries; assisting clients in changing dividend options, account designations, and addresses; and providing such other services as may reasonably be requested.

The distributor will pay financial institutions a fee based upon the Investment Shares subject to the Plan and owned by their clients or customers. The schedules of such fees and the basis upon which such fees will be paid will be determined from time to time by the distributor.

The Income Funds Investment Shares' Plan are compensation type plans. As such, Income Funds make no payments to the distributor except as described above. Therefore, the Income Funds do not pay for unreimbursed expenses of the distributor, including amounts expended by the distributor in excess of amounts received by it from the Income Funds, including interest, carrying or other financing charges in connection with excess amounts expended, or the distributor's overhead expenses. However, the distributor may be able to recover such amounts or may earn a profit from future payments made by the Income Funds under the Plan.

The Glass-Steagall Act prohibits a depository institution (such as a commercial bank or a savings and loan association) from being an underwriter or distributor

of most securities. In the event the Glass-Steagall Act is deemed to prohibit depository institutions from acting in the administrative capacities described above or should Congress relax current restrictions on depository institutions, the Trustees will consider appropriate changes in the services.

State securities laws governing the ability of depository institutions to act as underwriters or distributors of securities may differ from interpretations given to the Glass-Steagall Act and, therefore, banks and financial institutions may be required to register as dealers pursuant to state law.

ADMINISTRATION OF THE INCOME FUNDS

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

<TABLE>
<CAPTION>

MAXIMUM ADMINISTRATIVE FEE	AVERAGE AGGREGATED DAILY NET ASSETS OF THE TRUST
<S>	<C>
.150 of 1%	First \$250 million
.125 of 1%	Next \$250 million
.100 of 1%	Next \$250 million
.075 of 1%	Over \$750 million

</TABLE>

The administrative fee received by FAS during any fiscal year shall be at least \$50,000 for each of the Income Funds. FAS may voluntarily choose to waive a portion of its fee.

CUSTODIAN. Shawmut Bank, N.A., One Federal Street, Boston, Massachusetts, 02211 is custodian for the securities and cash of the Income Funds. Under the Custodian Agreement, Shawmut Bank, N.A., holds the Income Funds' portfolio securities in safekeeping and keeps all necessary records and documents relating to its duties.

TRANSFER AGENT, DIVIDEND DISBURSING AGENT, AND PORTFOLIO ACCOUNTING SERVICES. Federated Services Company, Federated Investors Tower, Pittsburgh, Pennsylvania, 15222-3779 is transfer agent and dividend disbursing agent for the Income Funds. It also provides certain accounting and recordkeeping services with respect to each of the Income Funds' portfolio investments.

LEGAL COUNSEL. Legal counsel is provided by Houston, Houston & Donnelly, 2510 Centre City Tower, Pittsburgh, Pennsylvania, 15222, and Dickstein, Shapiro & Morin, 2101 L Street, N.W., Washington, DC 20037.

INDEPENDENT ACCOUNTANTS. The independent accountants for the Income Funds are Price Waterhouse, 160 Federal Street, Boston, Massachusetts 02110.

EXPENSES OF THE INCOME FUNDS AND INVESTMENT SHARES

Holders of Investment Shares pay their allocable portion of the Income Funds' and the Trust's expenses. The Trust expenses for which holders of Investment Shares pay their allocable portion include, but are not limited to: the cost of organizing the Trust and continuing its existence; registering the Trust with federal and state securities authorities; Trustees' fees; auditors' fees; the cost of meetings of Trustees; legal fees of the Trust; association membership dues; and such non-recurring and extraordinary items as may arise.

The respective Income Fund expenses for which holders of Investment Shares pay their allocable portion include, but are not limited to: registering the Income Funds and shares of the Income Funds; investment advisory services; taxes and commissions; custodian fees; insurance premiums; auditors' fees; and such non-recurring and extraordinary items as may arise.

At present, no expenses, other than distribution expenses, are allocated exclusively to the Investment Shares as a class. However, the Board of Trustees reserves the right to allocate certain other expenses to holders of Investment

Shares as they deem appropriate ("Class Expenses"). In any case, Class Expenses would be limited to: transfer agent fees as identified by the transfer agent as attributable to holders of Investment Shares; printing and postage expenses related to preparing and distributing materials such as shareholder reports, prospectuses and proxies to current shareholders; registration fees paid to the Securities and Exchange Commission and registration fees paid to state securities commissions; expenses related to administrative personnel and services as required to support holders of Investment Shares; legal fees relating solely to Investment Shares; and Trustees' fees incurred as a result of issues relating solely to Investment Shares.

NET ASSET VALUE

THE TERM "NET ASSET VALUE" REFERS TO THE VALUE OF ONE INCOME FUND SHARE.

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

INVESTING IN INVESTMENT SHARES

YOU CAN BUY INCOME FUNDS INVESTMENT SHARES BY FEDERAL RESERVE WIRE, MAIL, OR TRANSFER, AS EXPLAINED BELOW.

Shares of the Income Funds are sold by the distributor on days on which the New York Stock Exchange and Federal Reserve Wire System are open for business. Shares of the Income Funds may also be purchased through Shawmut Bank, N.A., Shawmut Bank Connecticut, National Association, or their affiliates (collectively, "Shawmut Bank") on days on which both Shawmut Bank and the New York Stock Exchange and Federal Wire Reserve System are open for business. Texas residents must purchase, exchange, and redeem Shares through Federated Securities Corp. at 1-800-618-8573. The Income Funds reserve the right to reject any purchase request.

THROUGH SHAWMUT BANK

An investor may call Shawmut Bank (call toll-free 1-800-SHAWMUT) to receive information and to place an order to purchase Investment Shares. Orders placed through Shawmut Bank are considered received when payment is converted to federal funds and the applicable Income Fund is notified of the purchase order. The completion of the purchase transaction will generally occur within one business day after Shawmut Bank receives a purchase order. Purchase orders must be received by Shawmut Bank before 4:00 p.m. (Eastern time) and must

be transmitted by Shawmut Bank to the Income Funds before 5:00 p.m. (Eastern time) in order for Investment Shares to be purchased at that day's public offering price.

Payment may be made by either check or federal funds deposited into a shareholder account established by Shawmut Bank. Payment is normally made through debit to the shareholder account no later than the business day following the conversion of a check into federal funds.

DIRECTLY FROM THE DISTRIBUTOR. An investor may place an order to purchase Shares directly from the distributor. To do so: complete and sign the new account form available from the Fund; enclose a check made payable to Shawmut Connecticut Intermediate Municipal Income Fund, Shawmut Fixed Income Fund, Shawmut Intermediate Government Income Fund, Shawmut Limited Term Income Fund, or Shawmut Massachusetts Intermediate Municipal Income Fund Investment Shares (as appropriate) Investment Shares; and mail both to Shawmut Income Funds, 3 Copley Place, OF9919, Boston, Massachusetts 02116. The order is considered received after the check is converted by Shawmut Bank into federal funds and Shawmut Bank establishes a shareholder account for the investor. This is generally the next business day after Shawmut Bank receives the check.

To purchase Investment Shares of the Income Funds by wire, call 1-800-SHAWMUT. All information needed will be taken over the telephone, and the order is

considered received when Shawmut Bank receives payment by wire and has established a shareholder account for the investor. To request additional information concerning purchases by wire, please contact Federated Securities Corp., the Income Funds' distributor, at 1-800-618-8573. Investment Shares cannot be purchased by wire on any day on which both Shawmut Bank and the New York Stock Exchange and Federal Reserve Wire System are not open for business.

MINIMUM INVESTMENT REQUIRED

 THE MINIMUM INITIAL INVESTMENT IS \$1,000, OR \$500 IN THE CASE OF RETIREMENT PLAN ACCOUNTS.

The minimum initial investment in Investment Shares by an investor is \$1,000, or \$500 in the case of retirement plan accounts. Subsequent investments by participants in the Systematic Investment Program, as described this prospectus, or by retirement plan accounts, must be in amounts of at least \$50. Subsequent investments by all other investors must be in amounts of at least \$100. The Income Funds may waive the initial minimum investment for employees of Shawmut Bank and its affiliates from time to time.

WHAT SHARES COST

 INVESTMENT SHARES ARE SOLD AT THEIR NET ASSET VALUE NEXT DETERMINED AFTER AN ORDER IS RECEIVED, PLUS A SALES CHARGE.

The net asset value is determined at the close of the New York Stock Exchange, normally 4:00 p.m. (Eastern time), Monday through Friday, except on: (i) days on which there are not sufficient changes in the value of an Income Fund's portfolio securities that its net asset value might be materially affected; (ii) days during which no shares are tendered for redemption and no orders to purchase shares are received; or (iii) on the following holidays: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

Trust Shares of the Income Funds are sold at their net asset value next determined after an order is received without a sales charge, to or for accounts in which the trust department of Shawmut Bank serves in a fiduciary or agency capacity.

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

<TABLE>
 <CAPTION>

	SALES CHARGE AS A PERCENTAGE OF PUBLIC OFFERING PRICE	SALES CHARGE AS A PERCENTAGE OF NET AMOUNT OF TRANSACTION AMOUNT INVESTED
<S>	<C>	<C>
Less than \$50,000....	2.00%	2.04%
50,000 but less than \$100,000.....	1.75%	1.78%
\$100,000 but less than \$250,000.....	1.50%	1.52%
\$250,000 but less than \$500,000.....	1.25%	1.27%
\$500,000 but less than \$1 million....	1.00%	1.01%
\$1 million but less than \$3 million....	0.75%	0.76%
\$3 million or more...	0.50%	0.50%

</TABLE>

PURCHASES AT NET ASSET VALUE. Investment Shares of the Income Funds may be purchased at net asset value, without a sales charge, by Trustees, Directors, and employees (and their spouses and children under age 21) of The Shawmut Funds, Shawmut Bank, N.A., Shawmut Bank Connecticut, National Association, or

Federated Securities Corp., or their affiliates, or any bank or investment dealer who has a sales agreement with Federated Securities Corp. with regard to the Income Funds.

SALES CHARGE REALLOWANCE. For sales of Investment Shares of the Income Funds, Shawmut Bank will normally receive up to 85% of the applicable sales charge. Any portion of the sales charge which is not paid to Shawmut Bank will be retained by the distributor.

The sales charge for Investment Shares sold other than through Shawmut Bank will be retained by the distributor. The distributor may pay fees to banks out of the sales charge in exchange for sales and/or administrative services performed on behalf of the bank's customers in connection with the initiation of customer accounts and purchases of the Income Funds' Investment Shares.

REDUCING THE SALES CHARGE

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

- - quantity discounts and accumulated purchases;
- - signing a 13-month letter of intent;
- - using the reinvestment privilege; or
- - concurrent purchases.

QUANTITY DISCOUNTS AND ACCUMULATED PURCHASES. As shown in the table above, larger purchases reduce the sales charge paid. The Income Funds will combine purchases made on the same day by the investor, his spouse, and his children under age 21 when it calculates the sales charge paid by an individual investor.

If an additional purchase of shares is made, the Income Fund will consider the previous purchases still invested in any of The Shawmut Funds the purchase price of which includes a sales charge. For example, if a shareholder already owns shares having a current value at the public offering price of \$30,000, and he purchases \$20,000 or more of an Income Fund at the current public offering price, the sales charge on the additional purchase of an Income Fund according to the schedule now in effect, would be 1.75% instead of 2.00%.

To receive this sales charge reduction, Shawmut Bank or the distributor must be notified by the shareholder in writing at the time the purchase is made that shares are already owned or that purchases are being combined. Each Income Fund will reduce the sales charge after it confirms the purchases.

LETTER OF INTENT. If a shareholder intends to purchase at least \$50,000 of shares in the Income Funds over the next 13 months, the sales charge may be reduced by signing a letter of intent to that effect. This letter of intent includes a provision for a sales charge adjustment depending on the amount actually purchased within the 13-month period and a provision for the custodian

to hold up to 2.00% of the total amount intended to be purchased in escrow (in Investment Shares) until such purchase is completed.

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

This letter of intent will not obligate the shareholder to purchase shares, but if the shareholder does, each purchase during the period will be at the sales charge applicable to the total amount intended to be purchased. This letter may be dated as of a prior date to include any purchases made within the past 90 days.

REINVESTMENT PRIVILEGE. If shares in any of the Income Funds have been redeemed, the shareholder has a one-time right, within 30 days, to reinvest the redemption proceeds at the next-determined net asset value without any sales charge. Shawmut Bank or the distributor must be notified by the shareholder in writing of the reinvestment in order to eliminate a sales charge. If the shareholder redeems shares, there may be tax consequences, and exercise of the reinvestment privilege may result in additional tax considerations. Shareholders contemplating such transactions should consult their own tax advisers.

CONCURRENT PURCHASES. For purposes of qualifying for a sales charge reduction, a shareholder has the privilege of combining concurrent purchases of two or more funds in the Trust, the purchase price of which includes a sales charge. For example, if a shareholder concurrently invests \$30,000 in one of the funds in the Trust with a sales charge and \$20,000 in any of the Income Funds, the sales charge would be reduced as described in the respective prospectuses in the

section entitled "What Shares Cost."

To receive this sales charge reduction, the distributor must be notified by the shareholder in writing or by Shawmut Bank at the time the concurrent purchases are made. The sales charge will be reduced after the purchases are confirmed.

SYSTEMATIC INVESTMENT PROGRAM

Once an account in an Income Fund has been opened, shareholders may add to their investment on a regular basis in a minimum amount of \$50. Under this program, funds may be automatically withdrawn periodically from the shareholder's checking account and invested in shares at the net asset value next determined after an order is received by the Income Fund, plus the applicable sales charge. A shareholder may apply for participation in this program through his account officer at Shawmut Bank.

SUBACCOUNTING SERVICES

Institutions are encouraged to open single master accounts. However, certain institutions may wish to use the transfer agent's subaccounting system to minimize their internal recordkeeping requirements. The transfer agent charges a fee based on the level of subaccounting services rendered. Certain institutions holding Investment Shares in a fiduciary, agency, custodial, or similar capacity may charge or pass through subaccounting fees as part of or in addition to normal trust or agency account fees. They may also charge fees for other services provided which may be related to the ownership of Investment Shares. This prospectus should, therefore, be read together with any agreement between the customer and the institution with regard to the services provided, the fees charged for those services, and any restrictions and limitations imposed.

CERTIFICATES AND CONFIRMATIONS

As transfer agent for the Income Funds, Federated Services Company maintains a share account for each shareholder of record. Share certificates are not issued unless requested by contacting Shawmut Bank in writing.

Detailed confirmations of each purchase or redemption are sent to Shawmut Bank or other shareholders of record. Monthly statements are

sent by Shawmut Bank to report account activity during the previous month, including dividends paid during the period.

DIVIDENDS

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

CAPITAL GAINS

Capital gains realized by an Income Fund, if any, will be distributed to that Fund's shareholders at least once every 12 months.

EXCHANGE PRIVILEGE

EXCHANGING SHARES. Shareholders may exchange Investment Shares, with a minimum net asset value of \$1,000, except retirement plan accounts, which must have a minimum net asset value of \$500, for shares of the same designated class of other funds advised by Shawmut Bank. Shares of funds with a sales charge may be exchanged at net asset value for shares of other funds with an equal sales charge, a lower sales charge, or no sales charge. Shares of funds with no sales charge, or a lower sales charge, acquired by direct purchase or reinvestment of dividends on such shares may be exchanged for shares of funds with a sales charge, or a higher sales charge, at net asset value, plus the applicable sales charge or additional incremental sales charge, as the case may be, imposed by the fund shares being purchased.

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

Exchanges are subject to the minimum initial purchase requirements of such fund being acquired. Prior to any exchange, the shareholder must receive a copy of the current prospectus of the class of the fund into which an exchange is to be effected.

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

the circumstances, a short-or long-term capital gain or loss may be realized. The exchange privilege may be modified or terminated at any time. Shareholders will be notified of the modification or termination of the exchange privilege. A shareholder may obtain further information on the exchange privilege by calling Shawmut Bank.

EXCHANGE-BY-TELEPHONE. Instructions for exchanges between participating funds which are part of the Trust may be given by calling Shawmut Bank at 1-800-SHAWMUT. To utilize the exchange-by-telephone service, a shareholder must complete an authorization form permitting a Shawmut Fund to honor telephone instructions. The authorization is included in the shareholder account application. Shares may be exchanged by telephone only between fund accounts having identical shareholder registrations. Exchange instructions given by telephone may be electronically recorded.

Any Shares held in certificate form cannot be exchanged by telephone, but must be forwarded to the transfer agent and deposited to the shareholder's mutual fund account before being exchanged.

Telephone exchange instructions must be received before 4:00 p.m. (Eastern time) for Shares to be exchanged the same day. The telephone exchange privilege may be modified or terminated at any time. Shareholders will be notified of such modification or termination. Shareholders may have difficulty in making exchanges by telephone through Shawmut Bank during times

of drastic economic or market changes. If a shareholder cannot contact Shawmut Bank by telephone, it is recommended that an exchange request be made in writing and sent by overnight mail to Shawmut Bank, 3 Copley Place, 0F9919, Boston, Massachusetts 02116.

REDEEMING INVESTMENT SHARES

YOU CAN REDEEM INCOME FUND INVESTMENT SHARES BY MAIL OR TELEPHONE. TO ENSURE YOUR SHARES ARE REDEEMED EXPEDITIOUSLY, PLEASE FOLLOW THE PROCEDURES EXPLAINED BELOW.

The Income Funds redeem Investment Shares at their net asset value next determined after Federated Services Company receives the redemption request. Redemptions will be made on days on which the Income Funds compute their net asset value. Requests for redemptions can be made by telephone or in writing by contacting a Shawmut Bank account officer or directly from the Income Funds. Redemption requests received prior to 4:00 p.m. (Eastern time) will be effected on the same business day.

THROUGH SHAWMUT BANK

Shareholders may redeem Investment Shares by calling their Shawmut Bank account officer to request the redemption. Investment Shares will be redeemed at the net asset value next determined after Federated Services Company receives the redemption request. Shawmut Bank is responsible for promptly submitting redemption requests and for maintaining proper written records of redemption instructions received from the Income Funds' shareholders. In order to effect a redemption on the same business day as a request, Shawmut Bank is responsible for the timely transmission of the redemption request to the appropriate Income Fund.

Before Shawmut Bank may request redemption by telephone on behalf of a shareholder, an authorization form permitting the Income Funds to accept redemption requests by telephone must first be completed. This authorization is included in shareholder account application. In the event of drastic economic or market changes, a shareholder may experience difficulty in redeeming by telephone. If such a case should occur, it is recommended that a redemption request be made in writing and sent by overnight mail to Shawmut Bank, 3 Copley Place, 0F9919, Boston, Massachusetts 02116.

DIRECTLY FROM THE INCOME FUNDS

BY MAIL. A shareholder may redeem Investment Shares by sending a written request to Federated Services Company. The written request should include the shareholder's name, the portfolios of the Income Fund's name and class of share name, the account number, and the share or dollar amount requested. If share

certificates have been issued, they must be properly endorsed and should be sent by registered or certified mail with the written request. Shareholders should call the Income Funds for assistance in redeeming by mail.

SIGNATURES. Shareholders requesting a redemption of \$50,000 or more, a redemption of any amount to be sent to an address other than that on record with the Income Funds, or a redemption payable other than to the shareholder of record must have signatures on written redemption requests guaranteed by:

- - a trust company or commercial bank whose deposits are insured by the Bank Insurance Fund ("BIF"), which is administered by the Federal Deposit Insurance Corporation ("FDIC");
- - a member firm of the New York, American, Boston, Midwest, or Pacific Stock Exchange;
- - a savings bank or savings and loan association whose deposits are insured by the Savings Association Insurance Fund ("SAIF"), which is administered by the FDIC; or
- - any other "eligible guarantor institution," as defined in the Securities Exchange Act of 1934.

The Income Funds do not accept signatures guaranteed by a notary public.

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

RECEIVING PAYMENT

Redemption payments will generally be made directly to the account maintained by an investor with Shawmut Bank. This deposit is normally made within one business day, but in no event more than seven days, of the redemption request, provided the transfer agent has received payment from the shareholder. The net asset value of Investment Shares redeemed is determined, and dividends, if any, are paid up to and including, the day prior to the day that a redemption request is processed. Pursuant to instructions from Shawmut Bank, redemption proceeds may be transferred from a shareholder account by check or by wire.

BY CHECK. Normally, a check for the proceeds is mailed within one business day, but in no event more than seven days, after receipt of a proper redemption request, provided the transfer agent has received payment for Investment Shares from the shareholder.

BY WIRE. Requests to wire proceeds from redemptions received before 4:00 p.m. (Eastern time) will be honored the following business day after Shawmut Bank receives proper instructions.

ACCOUNTS WITH LOW BALANCES

Due to the high cost of maintaining accounts with low balances, the Income Funds may redeem shares in any account and pay the proceeds to the shareholder if the account balance falls below a required minimum of \$1,000, or \$500 in the case of retirement plan accounts. This requirement does not apply, however, if the balance falls below \$1,000 or \$500, respectively, because of changes in an Income Fund's net asset value.

Before shares are redeemed to close an account, the shareholder is notified in writing and allowed 30 days to purchase additional shares to meet the minimum requirement.

SYSTEMATIC WITHDRAWAL PROGRAM

Shareholders who desire to receive payments of a predetermined amount may take advantage of the Systematic Withdrawal Program. Under this program, shares are redeemed to provide for periodic withdrawal payments in an amount directed by the shareholder. Depending on the amount of the withdrawal payments, the amount of dividends paid and capital gains distributions with respect to shares, and the fluctuation of the net asset value of shares redeemed under this program, redemptions may reduce, and eventually deplete, the shareholder's investment in the Income Funds. For this reason, payments under this program should not be considered as yield or income on the shareholder's investment in the Income

Funds Investment Shares. To be eligible to participate in this program, a shareholder must have an account value of at least \$10,000. A shareholder may apply for participation in this program through Shawmut Bank. Because Shares are sold with a sales charge, it is not advisable for shareholders to be purchasing Investment Shares of the Income Funds while participating in this program.

REDEMPTION IN KIND

The Income Funds are obligated to redeem Investment Shares solely in cash up to \$250,000 or 1% of the net asset value of Shares of each individual Income Fund, whichever is less, for any one shareholder within a 90-day period.

Any redemption beyond this amount will also be in cash unless the Trustees determine that further cash payments will have a material adverse effect on remaining shareholders. In such a case, the Income Funds will pay all or a portion of the remainder of the redemption in portfolio instruments, valued in the same way as an

Income Fund determines net asset value. The portfolio instruments will be selected in a manner that the Trustees deem fair and equitable.

Redemption in kind is not as liquid as a cash redemption. If redemption is made in kind, shareholders receiving their securities and selling them before their maturity could receive less than the redemption value of their securities and could incur certain transaction costs.

SHAREHOLDER INFORMATION

VOTING RIGHTS

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EACH INVESTMENT SHARE OF AN INCOME FUND GIVES THE SHAREHOLDER ONE VOTE IN TRUSTEE ELECTIONS AND OTHER MATTERS SUBMITTED TO SHAREHOLDERS OF THE TRUST FOR VOTE.

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

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

As of February 10, 1994, National Financial Services, New York, New York, owned for the exclusive benefit of their customers, the following: approximately 574,206 (54.93%) of the Fixed Income Fund's Investment Shares; approximately 780,554 (50.16%) of the Intermediate Government Income Fund's Investment Shares; and approximately 185,324 (36.12%) of the Limited Term Income Fund's Investment Shares.

MASSACHUSETTS PARTNERSHIP LAW

Under certain circumstances, shareholders may be held personally liable as partners under Massachusetts law for acts or obligations of the Trust on behalf of the Income Funds. To protect shareholders of the Income Funds, the Trust has filed legal documents with Massachusetts that expressly disclaim the liability of shareholders of an Income Fund for acts or obligations of the Trust. These documents require notice of this disclaimer to be given in each agreement, obligation, or instrument the Trust or its Trustees enter into or sign on behalf of the Income Funds.

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

assets of the Income Funds.

EFFECT OF BANKING LAWS

Banking laws and regulations presently prohibit a bank holding company registered under the Federal Bank Holding Company Act of 1956 or any bank or non-bank affiliate thereof from sponsoring, organizing, controlling, or distributing the shares of a registered, open-end investment company continuously engaged in the issuance of its shares, and prohibit banks generally from issuing, underwriting, selling, or distributing securities. However, such banking laws and regulations do not prohibit such a holding company affiliate or banks generally from acting as investment adviser, transfer agent, or custodian to such an investment company or from purchasing shares of such a company as agent for and upon the order of such a customer. Shawmut Bank is subject to such banking laws and regulations.

THE GLASS-STEAGALL ACT IS A FEDERAL BANKING LAW THAT GENERALLY PROHIBITS
BANKS FROM PUBLICLY UNDERWRITING OR DISTRIBUTING CERTAIN SECURITIES.

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

State securities laws governing the ability of depository institutions to act as underwriters or distributors of securities may differ from interpretations given to the Glass-Steagall Act and, therefore, banks and financial institutions may be required to register as dealers pursuant to state law.

TAX INFORMATION

FEDERAL INCOME TAX

The Income Funds will pay no federal income tax because each Fund expects to meet requirements of the Internal Revenue Code, as amended, applicable to regulated investment companies and to receive the special tax treatment afforded to such companies.

Each Income Fund will be treated as a single, separate entity for federal income tax purposes so that income (including capital gains) and losses realized by The Shawmut Funds' other portfolios will not be combined for tax purposes with those realized by each Income Fund.

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

Shareholders are urged to consult their own tax advisers regarding the status of their accounts under state and local tax laws.

OTHER CLASSES OF SHARES

Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Fund all offer a separate class of shares known as Trust Shares. Trust Shares are sold primarily to accounts for which Shawmut Bank, N.A., or its affiliates, act in a fiduciary or agency capacity. Trust Shares are sold at net asset value, without a sales charge, and without a Rule 12b-1 Plan. Investments in Trust Shares are subject to a minimum initial investment of \$1,000.

The amount of dividends payable to Trust Shares will exceed that of Investment Shares by the difference between class expenses and distribution expenses borne by shares of each respective class.

The stated advisory fee is the same for both classes of shares.

PERFORMANCE INFORMATION

FROM TIME TO TIME THE INCOME FUNDS ADVERTISE THEIR TOTAL RETURN AND YIELD FOR INVESTMENT SHARES.

Total return represents the change, over a specified period of time, in the value of an investment in Investment Shares after reinvesting all income and capital gains distributions. It is calculated by dividing that change by the initial investment and is expressed as a percentage.

The yields of Investment Shares of the Income Funds are calculated each day by dividing the net investment income per share (as defined by the Securities and Exchange Commission) earned by the Income Funds over a thirty-day period by the net asset value per Share on the last day of the period. This number is then annualized using semi-annual compounding. The yield does not necessarily reflect income actually earned by Investment Shares and, therefore, may not correlate to the dividends or other distributions paid to shareholders.

Total return and yield will be calculated separately for Trust Shares and Investment Shares. Because Investment Shares are subject to a sales charge and a 12b-1 fee, the total return and yield for Trust Shares, for the same period, will exceed that of Investment Shares.

The performance information for Investment Shares reflects the effect of the maximum sales load which, if excluded would increase the total return and yield.

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

Further information about the performance of the Income Funds is contained in the Trust's Annual Report dated October 31, 1993, which can be obtained free of charge.

FEDERATED SECURITIES CORP.
(LOGO)

Distributor

A subsidiary of FEDERATED INVESTORS

FEDERATED INVESTORS TOWER

PITTSBURGH, PA 15222-3779

3120920A-R (2/94)

THE SHAWMUT INCOME FUNDS
(PORTFOLIOS OF THE SHAWMUT FUNDS)

SHAWMUT CONNECTICUT INTERMEDIATE MUNICIPAL INCOME FUND
SHAWMUT FIXED INCOME FUND
TRUST SHARES
INVESTMENT SHARES
SHAWMUT INTERMEDIATE GOVERNMENT INCOME FUND
TRUST SHARES
INVESTMENT SHARES
SHAWMUT LIMITED TERM INCOME FUND
TRUST SHARES
INVESTMENT SHARES
SHAWMUT MASSACHUSETTS INTERMEDIATE MUNICIPAL INCOME FUND

COMBINED STATEMENT OF ADDITIONAL INFORMATION

Shawmut Connecticut Intermediate Municipal Income Fund ("Connecticut Intermediate Municipal Income Fund"), Shawmut Fixed Income Fund ("Fixed Income Fund"), Shawmut Intermediate Government Income Fund ("Intermediate Government Income Fund"), Shawmut Limited Term Income Fund ("Limited Term Income Fund"), and Shawmut Massachusetts Intermediate Municipal Income Fund ("Massachusetts Intermediate Municipal Income Fund") (collectively, referred to as the "Income Funds") represent interests in investment portfolios of The Shawmut Funds (the "Trust"). This Combined Statement of Additional Information should be read with the respective prospectus for the Income Funds, Trust Shares and Investment Shares, dated February 28, 1994. This Statement is not a prospectus itself. To receive a copy of either prospectus write or call the Fund.

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 THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SHARES OFFERED BY THE PROSPECTUS ARE NOT DEPOSITS OR OBLIGATIONS OF SHAWMUT BANK, ARE NOT ENDORSED OR GUARANTEED BY SHAWMUT BANK, ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, NOR ARE THEY INSURED OR GUARANTEED BY THE FEDERAL RESERVE BOARD OR ANY OTHER GOVERNMENT AGENCY. MUTUAL FUNDS INVOLVE INVESTMENT RISKS, INCLUDING FLUCTUATIONS IN VALUE AND EARNINGS, AND THE POSSIBLE LOSS OF PRINCIPAL.

INVESTMENT SHARES OF THE SHAWMUT FUNDS ARE AVAILABLE THROUGH LICENSED REPRESENTATIVES OF SHAWMUT BROKERAGE, INC., MEMBER NASD/SIPC, AND AN AFFILIATE OF SHAWMUT BANK.

FEDERATED INVESTORS TOWER
PITTSBURGH, PENNSYLVANIA 15222-3779

Statement dated February 28, 1994

FEDERATED SECURITIES CORP.
(LOGO)

Distributor

A subsidiary of FEDERATED INVESTORS

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The Income Funds are portfolios of The Shawmut Funds, which was established as a Massachusetts business trust under a Declaration of Trust dated July 16, 1992.

Shares of the Fixed Income Fund, the Intermediate Government Income Fund, and the Limited Term Income Fund are offered in two classes, known as Trust Shares and Investment Shares (individually and collectively referred to as "Shares"). This combined statement of additional information relates to the all classes of Shares of the Income Funds.

INVESTMENT OBJECTIVE AND POLICIES OF THE INCOME FUNDS

Connecticut Intermediate Municipal Income Fund seeks current income which is exempt from federal income tax and Connecticut state income tax by investing primarily in Connecticut municipal securities, including securities of states, territories, and possessions of the United States which are not issued by or on behalf of Connecticut or its political subdivisions and financing authorities, but which are exempt from Connecticut state income tax.

Fixed Income Fund seeks current income consistent with total return by investing in income producing securities consisting primarily of investment grade notes and bonds and U.S. government securities.

Intermediate Government Income Fund seeks to provide current income consistent with total return by investing in a portfolio consisting primarily of U.S. government securities with a dollar-weighted average maturity of between three to ten years.

Limited Term Income Fund seeks to provide current income consistent with low principal volatility and total return by investing in a portfolio of income producing securities of a limited term with a dollar-weighted average maturity of three years or less.

Massachusetts Intermediate Municipal Income Fund seeks current income which is exempt from federal income tax and income taxes imposed by the Commonwealth of Massachusetts by investing primarily in Massachusetts municipal securities, including securities of states, territories, and possessions of the United States which are not issued by or on behalf of Massachusetts or its political subdivisions and financing authorities, but which are exempt from Massachusetts state income tax.

ACCEPTABLE INVESTMENTS

Connecticut Intermediate Municipal Income Fund and Massachusetts Intermediate Municipal Income Fund (referred to jointly as the "Connecticut/Massachusetts Intermediate Municipal Income Funds") invest primarily in Connecticut and Massachusetts (respectively) municipal securities. Fixed Income Fund invests primarily in a portfolio of investment grade bonds. The Intermediate Government Income Fund invests primarily in a portfolio of securities which are issued or guaranteed as to payment of principle and interest by the U.S. government, its agencies or instrumentalities, and maintains an average maturity between three to ten years. Limited Term Fund invests primarily in a portfolio of investment grade bonds and notes and government securities. The Income Funds may pursue its objectives by investing in certain securities and engaging in certain investment transactions as described below and in the prospectus. The Connecticut/Massachusetts Intermediate Municipal Income Funds do not intend to invest more than 5% of their respective total assets in "Synthetic Bond Derivatives," as described in the prospectus.

TYPES OF INVESTMENTS

Connecticut/Massachusetts Intermediate Municipal Income Funds invest in various municipal securities. Examples of Connecticut and Massachusetts municipal securities are:

- - municipal notes and commercial paper;
- - general obligation serial bonds sold with differing maturity dates;
- - refunded municipal bonds; and
- - all revenue bonds, including industrial development bonds.

The Below are securities in which the Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds may invest:

- - direct obligations of the U.S. Treasury, such as U.S. Treasury bills, notes,

and bonds;

- - obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities;
- - domestic issues of corporate debt obligations (rated Aaa, Aa, A, Baa, or Ba by Moody's Investors Service, Inc.; AAA, AA, A, BBB, or BB by Standard & Poor's Corporation or Fitch Investors Service, Inc.); and
- - commercial paper whose ratings include: Prime-1 or Prime-2 by Moody's Investor Service, Inc., A-1 or A-2 by Standard & Poor's Corporation, or F-1 or F-2 by Fitch Investors Service, Inc.

CHARACTERISTICS OF MUNICIPAL SECURITIES

The Connecticut and Massachusetts municipal securities in which the Connecticut/Massachusetts Intermediate Municipal Income Funds invests (respectively) have the characteristics set forth in the prospectus.

If a rated bond loses its rating or has its rating reduced after the Fund has purchased it, the Connecticut/Massachusetts Intermediate Municipal Income Funds is not required to drop the bond from the portfolio, but will consider doing so. If ratings made by Moody's, Standard & Poor's, or Fitch's change because of changes in those organizations or in their rating systems, the Connecticut/Massachusetts Intermediate Municipal Income Funds will try to use comparable ratings as standards in accordance with the investment policies described in the Connecticut/Massachusetts Intermediate Municipal Income Funds' prospectus.

MUNIPREFERRED SECURITIES

The Connecticut/Massachusetts Intermediate Municipal Income Funds may purchase interests in municipal securities that are offered in the form of a security representing a diversified portfolio of investment grade bonds. These securities provide investors, such as the Fund, with liquidity and income exempt from federal income tax and some state income taxes.

PARTICIPATION INTERESTS

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

VARIABLE RATE MUNICIPAL SECURITIES

Variable interest rates generally reduce changes in the market value of municipal securities from their original purchase prices. Accordingly, as interest rates decrease or increase, the potential for capital appreciation or depreciation is less for variable rate municipal securities than for fixed income obligations.

The terms of these variable rate demand instruments require payment of principal and accrued interest from the issuer of the municipal obligations, the issuer of the participation interests, or a guarantor of either issuer.

MUNICIPAL LEASES

Connecticut/Massachusetts Intermediate Municipal Income Funds may purchase municipal securities in the form of participation interests which represent undivided proportional interests in lease payments by a governmental or non-profit entity. The lease payments and other rights under the lease provide for and secure the payments on the certificates. Lease obligations may be limited by municipal charter or the nature of the appropriation for the lease. In particular, lease obligations may be subject to periodic appropriation. If the entity does not appropriate funds for future lease payments, the entity cannot be compelled to make such payments. Furthermore, a lease may provide that the certificate trustee cannot accelerate lease obligations upon default. The trustee would only be able to enforce lease payments as they became due. In the event of default or failure of appropriation, it is unlikely that the trustee would be able to obtain an acceptable substitute source of payment.

When determining whether municipal leases purchased by the Connecticut/Massachusetts Intermediate Municipal Income Funds will be classified as a liquid or illiquid security, the Board of Trustees has directed the adviser to consider certain factors such as: the frequency of trades and quotes for the security; the volatility of quotations and trade prices for the security; the number of dealers willing to purchase or sell the security and the number of potential purchasers; dealer undertaking to make a market in the security; the nature of the security and the nature of the marketplace trades (e.g., the time needed to dispose of the security, the method of soliciting offers, and the mechanics of transfer); the rating of the security and the financial condition and prospects of the issuer of the security; whether the lease can be terminated by the lessee; the potential recovery, if any, from a sale of the leased property upon termination of the lease; the lessee's general credit strength (e.g., its debt, administrative, economic and financial characteristics and prospects); the likelihood that the lessee will discontinue appropriating funding for the lease property because the property is no longer deemed essential to its operations (e.g., the potential for an "event of nonappropriation"); any credit enhancement or legal recourse provided upon an event of nonappropriation or other termination of the lease; and such other factors as may be relevant to the Connecticut/Massachusetts Intermediate Municipal Income Funds' ability to dispose of the security.

U.S. GOVERNMENT OBLIGATIONS

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

- - the full faith and credit of the U.S. Treasury;
- - the issuer's right to borrow from the U.S. Treasury;
- - the discretionary authority of the U.S. government to purchase certain obligations of agencies or instrumentalities; or
- - the credit of the agency or instrumentality issuing the obligations.

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

- - Federal Farm Credit Banks;
- - Federal Home Loan Banks;
- - Federal National Mortgage Association;
- - Student Loan Marketing Association; and
- - Federal Home Loan Mortgage Corporation.

ASSET-BACKED SECURITIES

Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds may invest in non-mortgage related asset-backed securities and mortgage-related asset-backed securities.

NON-MORTGAGE RELATED ASSET-BACKED SECURITIES

Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds may invest in non-mortgage related asset-backed securities including, but not limited to, interests in pools of receivables, such as motor vehicle installment purchase obligations and credit card receivables. These securities may be in the form of pass-through instruments or asset-backed bonds. The securities, all of which are issued by nongovernmental entities and carry no direct or indirect government guarantee, are structurally similar to collateralized mortgage obligations and mortgage pass-through securities, which are described below.

Non-mortgage related asset-backed securities present certain risks that are not presented by mortgage-backed securities. Primarily, these securities do not have the benefit of the same security interest in the related collateral. Credit card receivables are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer credit laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Most issuers of asset-backed securities backed by motor

vehicle installment purchase obligations permit the servicer of such receivables to retain possession of the underlying obligations. If the servicer sells these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related asset-backed securities. Further, if a vehicle is registered in one state and is then reregistered because the owner and obligor moves to another state, such reregistration could defeat the original security interest in the vehicle in certain cases. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of asset-backed securities backed by automobile receivables may not have a proper security interest in all of the obligations backing such receivables. Therefore, there is the possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities.

MORTGAGE-RELATED ASSET-BACKED SECURITIES

Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds may also invest in various mortgage-related asset-backed securities. These types of investments may include adjustable rate mortgage securities, collateralized mortgage obligations, real estate mortgage investment conduits, or other securities collateralized by or representing an interest in real estate mortgages.

ADJUSTABLE RATE MORTGAGE SECURITIES ("ARMS")

ARMS are pass-through mortgage securities with adjustable rather than fixed interest rates. The ARMS in which the Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds invests are issued by the Government National Mortgage Association ("GNMA"), the Federal National Mortgage Association ("FNMA"), and the Federal Home Loan Mortgage Corporation ("FHLMC") and are actively traded. The underlying mortgages which collateralize ARMS issued by GNMA are fully guaranteed by the Federal Housing Administration ("FHA") or Veterans Administration ("VA"), while those collateralizing ARMS issued

by FHLMC or FNMA are typically conventional residential mortgages conforming to strict underwriting size and maturity constraints.

Unlike conventional bonds, ARMS pay back principal over the life of the ARMS rather than at maturity. Thus, a holder of the ARMS, such as the Fund, would receive monthly scheduled payments of principal and interest, and may receive unscheduled principal payments representing prepayments on the underlying mortgages. At the time that a holder of the ARMS reinvests the payments and any unscheduled prepayments of principal that it receives, the holder may receive a rate of interest which is actually lower than the rate of interest paid on the existing ARMS. As a consequence, ARMS may be a less effective means of "locking in" long-term interest rates than other types of U.S. government securities.

While ARMS generally entail less risk of a decline during periods of rapidly rising rates, ARMS may also have less potential for capital appreciation than other similar investments (e.g. investments with comparable maturities) because as interest rates decline, the likelihood increases that mortgages will be prepaid. Furthermore, if ARMS are purchased at a premium, mortgage foreclosures and unscheduled principal payments may result in some loss of a holder's principal investment to the extent of the premium paid. Conversely, if ARMS are purchased at a discount, both a scheduled payment of principal and an unscheduled prepayment of principal would increase current and total returns and would accelerate the recognition of income, which would be taxed as ordinary income when distributed to shareholders.

COLLATERALIZED MORTGAGE OBLIGATIONS ("CMOS")

CMOs are bonds issued by single-purpose, stand-alone finance subsidiaries or trusts of financial institutions, government agencies, investment bankers, or companies related to the construction industry. CMOs purchased by the Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds may be:

- collateralized by pools of mortgages in which each mortgage is guaranteed as to payment of principal and interest by an agency or instrumentality of the U.S. government;
- collateralized by pools of mortgages in which payment of principal and interest is guaranteed by the issuer and such guarantee is collateralized by U.S. government securities;
- securities in which the proceeds of the issuance are invested in mortgage securities and payment of the principal and interest is

supported by the credit of an agency or instrumentality of the U.S. government; or

- securities in which the proceeds of the issuance are invested in mortgage securities and payment of the principal and interest is guaranteed or supported by the credit of a non-governmental entity, including corporations.

All CMOs purchased by the Fund are investment grade, as rated by a nationally recognized statistical rating organization.

PRIVATELY ISSUED MORTGAGE-RELATED SECURITIES

Privately issued mortgage-related securities generally represent an ownership interest in federal agency mortgage pass through securities such as those issued by Government National Mortgage Association. The terms and characteristics of the mortgage instruments may vary among pass through mortgage loan pools.

The market for such mortgage-related securities has expanded considerably since its inception. The size of the primary issuance market and the active participation in the secondary market by securities dealers and other investors makes government-related pools highly liquid.

PUT AND CALL OPTIONS

The Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds may purchase put options on their portfolio securities. These options will be used as a hedge to attempt to protect securities which the Fund holds against decreases in value. The Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds may also write covered call options on all or any portion of its portfolio to generate income for the Fund. The Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds will write call options on securities either held in its portfolio, or which it has the right to obtain without payment of further consideration, or for which it has segregated cash or U.S. government securities in the amount of any additional consideration.

The Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds may purchase and write over-the-counter options on portfolio securities in negotiated transactions with the buyers or writers of the options when options on the portfolio securities held by the Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds are not traded on an exchange. The Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds purchases and writes options

only with investment dealers and other financial institutions (such as commercial banks or savings and loan associations) deemed creditworthy by the Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds' investment adviser.

Over-the-counter options are two-party contracts with price and terms negotiated between buyer and seller. In contrast, 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 over-the-counter options may not. The Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds will not buy call options or write put options, other than to close out open option positions, without further notification to shareholders.

CORPORATE DEBT OBLIGATIONS

The Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds may invest in corporate debt obligations, including corporate bonds, notes, and debentures, which may have floating or fixed rates of interest.

FLOATING RATE CORPORATE DEBT OBLIGATIONS

The Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds expects to invest in floating rate corporate debt obligations. Floating rate securities are generally offered at an initial interest rate which is at or above prevailing market rates. The interest rate paid on these securities is then reset periodically (commonly every 90 days) to an increment over some predetermined interest rate index. Commonly utilized indices include the three-month Treasury bill rate, the 180-day Treasury bill rate, the one-month or three-month London Interbank Offered Rate (LIBOR), the prime rate of a bank, the commercial paper rates, or the longer-term rates on U.S. Treasury securities.

Some of the floating rate corporate debt obligations in which the Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds may invest include floating rate corporate debt securities issued by savings and loan associations and collateralized by adjustable rate mortgage loans, also known as collateralized thrift notes. Many of these collateralized thrift notes have received AAA ratings from recognized rating agencies. Collateralized thrift notes differ from traditional "pass through" certificates in which payments made are linked to monthly payments made by individual borrowers net of any fees paid to the issuer or guarantor of such securities. Collateralized thrift notes pay a floating interest rate which is tied to a pre-determined index, such as the 180-day Treasury bill rate. Floating rate corporate debt obligations may also include securities issued to fund commercial real estate construction.

FIXED RATE CORPORATE DEBT OBLIGATIONS

Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds may also invest in fixed rate securities, including fixed rate securities with short-term characteristics. Fixed rate securities with short-term characteristics are long-term debt obligations, but are treated in the market as having short maturities because call features of the securities may make them callable within a short period of time. A fixed rate security with short-term characteristics would include a fixed income security priced close to call or redemption price or a fixed income security approaching maturity, where the expectation of call or redemption is high.

Fixed rate securities tend to exhibit more price volatility during times of rising or falling interest rates than securities with floating rates of interest. This is because floating rate securities, as described above, behave like short-term instruments in that the rate of interest they pay is subject to periodic adjustments based on a designated interest rate index. Fixed rate securities pay a fixed rate of interest and are more sensitive to fluctuating interest rates. In periods of rising interest rates the value of a fixed rate security is likely to fall. Fixed rate securities with short-term characteristics are not subject to the same price volatility as fixed rate securities without such characteristics. Therefore, they behave more like floating rate securities with respect to price volatility.

VARIABLE RATE DEMAND NOTES

Variable rate demand notes are longterm corporate debt instruments that have variable or floating interest rates and provide the Fund with the right to tender the security for repurchase at its stated principal amount plus accrued interest. Such securities typically bear interest at a rate that is intended to cause the securities to trade at par. The interest rate may float or be adjusted at regular intervals (ranging from daily to annually), and is normally based on an interest index or a stated percentage of a prime rate or another published rate. Many variable rate demand notes allow the Fund to demand the repurchase of the security on not more than seven days prior notice. Other notes only permit the Fund to tender the security at the time of each interest rate adjustment or at other fixed intervals.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS

These transactions are arrangements in which the Income Funds purchase securities with payment and delivery scheduled for a future time. Income Funds engage in when-issued and delayed delivery transactions only for the purpose of acquiring portfolio securities consistent with the Income Funds' investment objective and policies, not for investment leverage. These transactions are made to secure what is considered to be an advantageous price and yield for the Income Funds.

No fees or expenses, other than normal transaction costs, are incurred. However, liquid assets of the Income Funds sufficient to make payment for the securities to be purchased are segregated at the trade date. These securities are marked to market daily and maintained until the transaction is settled.

TEMPORARY INVESTMENTS

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

RESTRICTED AND ILLIQUID SECURITIES

The Income Funds may invest in commercial paper issued in reliance on the exemption from registration afforded by Section 4(2) of the

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

REPURCHASE AGREEMENTS

Repurchase agreements are arrangements in which banks, broker/dealers, and other recognized financial institutions sell U.S. government securities or certificates of deposit to the Income Funds and agree at the time of sale to repurchase them at a mutually agreed upon time and price within one year from the date of acquisition. The Income Funds or their custodian will take possession of the securities subject to repurchase agreements. To the extent that the original seller does not repurchase the securities from the Income Funds, the Income Funds could receive less than the repurchase price on any sale of such securities. In the event that such a defaulting seller filed for bankruptcy or became insolvent, disposition of such securities by the Income Funds might be delayed pending court action. The Income Funds believe that under the regular procedures normally in effect for custody of the Income Funds' portfolio securities subject to repurchase agreements, a court of competent jurisdiction would rule in favor of the Income Funds and allow retention or disposition of such securities. The Income Funds may only enter into repurchase agreements with banks and other recognized financial institutions, such as broker/dealers, which are found by the Income Funds' adviser to be creditworthy pursuant to guidelines established by the Trustees.

From time to time, such as when suitable Connecticut/Massachusetts municipal bonds are not available, the Connecticut/Massachusetts Intermediate Municipal Income Funds may invest a portion of its assets in cash.

Any portion of the Connecticut/Massachusetts Intermediate Municipal Income Funds' assets maintained in cash will reduce the amount of assets in Connecticut or Massachusetts municipal bonds (respectively) and thereby reduce the yield.

REVERSE REPURCHASE AGREEMENTS

The Income Funds may also enter into reverse repurchase agreements. This transaction is similar to borrowing cash. In a reverse repurchase agreement the Income Funds transfer possession of a portfolio instrument to another person, such as a financial institution, broker, or dealer, in return for a percentage of the instrument's market value in cash, and agrees that on a stipulated date in the future the Income Funds will repurchase the portfolio instrument by remitting the original consideration plus interest at an

agreed upon rate. The use of reverse repurchase agreements may enable the Income Funds to avoid selling portfolio instruments at a time when a sale may be deemed to be disadvantageous, but the ability to enter into reverse repurchase agreements does not ensure that the Income Funds will be able to avoid selling portfolio instruments at a disadvantageous time.

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

LENDING OF PORTFOLIO SECURITIES

The Fixed Income Fund, Intermediate Government Income Fund, and Limited

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

PORTFOLIO TURNOVER

The Income Funds may trade or dispose of portfolio securities as considered necessary to meet its investment objective.

INVESTMENT LIMITATIONS

SELLING SHORT AND BUYING ON MARGIN

The Income Funds will not sell any securities short or purchase any securities on margin but may obtain such short-term credits as may be necessary for clearance of purchases and sales of securities.

ISSUING SENIOR SECURITIES AND BORROWING MONEY

The Income Funds will not issue senior securities except that the Income Funds may borrow money and engage in reverse repurchase agreements in amounts up to one-third of the value of its total assets, including the amounts borrowed.

The Income Funds will not borrow money or engage in reverse repurchase agreements for investment leverage, but rather as a temporary, extraordinary, or emergency measure or to facilitate management of the portfolio by enabling the Income Funds to meet redemption requests when the liquidation of portfolio securities is deemed to be inconvenient or disadvantageous. The Income Funds will not purchase any securities while borrowings in excess of 5% of its total assets are outstanding. In the past year ending October 31, 1993, borrowings were not at any time in excess of 5% of the Income Funds' respective total assets.

PLEDGING ASSETS

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

UNDERWRITING

The Income Funds will not underwrite any issue of securities except as it may be deemed to be an underwriter under the Securities Act of 1933 in connection with the sale of securities in accordance with its investment objective, policies, and limitations.

INVESTING IN REAL ESTATE

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

INVESTING IN COMMODITIES

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

INVESTING IN RESTRICTED SECURITIES

The Income Funds will not invest more than 10% of the value of its assets in securities subject to restrictions on resale under the Securities Act of 1933.

LENDING CASH OR SECURITIES

The Income Funds will not lend any of its assets, except portfolio securities. This shall not prevent the Income Funds from purchasing or holding money market instruments, repurchase agreements, obligations of the U.S. government, its agencies or instrumentalities, and certain debt instruments as permitted by its investment objective, policies and limitations, and Declaration of Trust.

DEALING IN PUTS AND CALLS

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

CONCENTRATION OF INVESTMENTS

The Connecticut/Massachusetts Intermediate Municipal Income Funds will not purchase securities if, as a result of such purchase, 25% or more of the value of its total assets would be invested in any one industry or in industrial development bonds or other securities, the interest upon which is paid from revenues of similar types of projects. However, the Connecticut/Massachusetts Intermediate Municipal Income Funds may invest as temporary investments more than 25% of the value of its assets in cash or cash items (the Connecticut/Massachusetts Intermediate Municipal Income Funds consider cash items to be instruments issued by a U.S. branch of a domestic bank or savings and loan having capital, surplus, and undivided profits in excess of \$100,000,000 at the time of investment), securities issued or guaranteed by the U.S. government, its agencies, or instrumentalities, or instruments secured by these money market instruments, i.e., repurchase agreements.

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

INVESTING IN SECURITIES OF OTHER INVESTMENT COMPANIES

The Connecticut/Massachusetts Intermediate Municipal Income Funds will limit its investment in other investment companies to no more than 3% of the total outstanding voting stock of any investment company, will invest no more than 5% of total assets in any one investment company, and will invest no more than 10% of its total assets in investment companies in general. The Funds will purchase securities of closed-end investment companies only in open market transactions involving only customary broker's commissions. However, these limitations are not applicable if the securities are acquired in a merger, consolidation, reorganization, or acquisition of assets. It should be noted that investment companies incur certain expenses such as management fees, and therefore any investment by the Connecticut/Massachusetts Intermediate Municipal Income Funds in shares of another investment company would be subject to such duplicate expenses.

INVESTING IN SYNTHETIC BOND DERIVATIVES

The Connecticut/Massachusetts Intermediate Municipal Income Funds will limit the individual investments in synthetic bond derivatives to 10% of total assets.

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

The Income Funds will not purchase or retain the securities of any issuer if the officers and Trustees of the Income Funds or its investment adviser owning individually more than 1/2 of 1% of the issuer's securities together own more than 5% of the issuer's securities.

INVESTING IN ILLIQUID SECURITIES

The Income Funds will not invest more than 15% of its net assets in illiquid obligations, including repurchase agreements providing for settlement in more than seven days after notice, and certain restricted securities.

INVESTING IN NEW ISSUERS

The Connecticut/Massachusetts Intermediate Municipal Income Funds will not invest more than 5% of the value of its total assets in industrial development bonds where the principal and interest are the responsibility

of companies (or guarantors, where applicable) with less than three years of continuous operations, including the operation of any predecessor.

INVESTING IN MINERALS

The Income Funds will not purchase or sell, oil, gas, or other mineral exploration or development programs, or leases.

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

The Income Funds did not borrow money or pledge securities in excess of 5% of net assets during the past fiscal year, and do not intend to borrow money or pledge securities or invest in repurchase agreements in excess of 5% of the value of its net assets during the coming fiscal year.

CONNECTICUT INVESTMENT RISKS

The Fund invests in obligations of Connecticut issuers which results in the Fund's performance being subject to risks associated with the overall conditions present within the state. The following information is a brief summary of the recent prevailing economic conditions and a general summary of the state's financial status. This information is based on official statements relating to securities that have been offered by Connecticut issuers and from other sources believed to be reliable but should not be relied upon as a complete description of all relevant information.

The State of Connecticut has experienced fiscal problems in three of the last four years. Following a contentious budget enactment for fiscal year 1992, the State enacted an individual income tax while slightly reducing the sales tax. The State has also suffered from the recent national recession that impacted the State especially hard and continues to force changing economic conditions in the State.

The Connecticut economy is largely composed of manufacturing (especially defense related) and service industries (such as insurance) that were robust and growing for much of the past two decades. Beginning in the late 1980's, the regional economy slowed down and entered a recession that has affected several areas of the State's economy. Specifically, the cutbacks in the defense and insurance industries and general corporate restructurings due to declining profits have caused large numbers of job losses and increased the fiscal strain on the State and local governments.

The two major revenue sources available to cities and towns in Connecticut are local property taxes and aid from the state. State aid is mostly related to educational grants and human service funds for lower income individuals. Property values and the resulting taxes which grew significantly during the 1980's have stabilized and even fallen slightly in some areas. Especially hard hit are those local governments with large job losses due to cutbacks or shutdowns due to the impact to the tax base.

The Fund's concentration in securities issued by the State and its political subdivisions provides a greater level of risk than a fund which is diversified across numerous states and municipal entities. The ability of the State or its municipalities to meet their obligations will depend on the availability of tax and other revenues; economic, political, and demographic conditions within the State; and the underlying fiscal condition of the State and its municipalities.

In light of the enactment of a personal income tax in the state of Connecticut replacing the high interest and dividends tax as well as a reduction in the sales tax, the long term fiscal outlook for the state has improved. And as a consequence, Moody's, Standard & Poor's, and Fitch have maintained their double AA ratings.

MASSACHUSETTS INVESTMENT RISKS

The Commonwealth of Massachusetts stabilized its fiscal position in 1992. Through conservative revenue estimates and significant expenditure reductions the Commonwealth was able to generate a surplus (\$283 million) for the 1992 fiscal year end. Tax revenues exceeded the administration's estimates by approximately \$1.2 billion or 7%. The Commonwealth greatly reduced its reliance upon short-term debt in fiscal 1992. Approximately \$635 million of commercial paper was issued in 1992 to fund current operations compared with \$1.2 billion issued in both 1991 and 1990. The Commonwealth projects commercial paper borrowing to be only \$400 million in fiscal 1993. Expenditure reductions also contributed to a large degree to the stabilization of the Commonwealth's financial position in 1992. Local aid payments were reduced from \$2.7 billion in 1991 to \$2.47 billion. Higher education spending was reduced by \$70 million

(11.5%) and the state's work force was reduced by 8,250 employees. Medicaid expenditures were only 1.9% higher compared with increases which were averaging 19.25% during the period 1988 to 1991.

The fiscal 1993 budget has allowed for increased spending while instituting additional expenditure controls. The budget forecasts total revenue of \$14,485 million (a 4.9% increase) and tax revenue is estimated at \$9,685 million (a 2.2% increase). Fund balances are expected to be drawn down by \$364 million. Nonrecurring revenues included in the budget total \$229 million, compared with \$830 million included in the 1992 budget. Projected spending of \$14,849.5 million is an 8.7% increase over fiscal 1992. The largest spending increase (13.8% or \$349 million) is for direct local aid. This represents the first increase in three years. Medicaid expenditures are budgeted to increase 7.9% even after program reforms which are to save \$100 million in 1993. This reflects the difficulty for state governments to control Medicaid costs.

Debt levels for the Commonwealth are among the highest of the states. The debt situation has been exacerbated by the issuance of \$250 million of fiscal recovery bonds at the end of fiscal 1992. In fiscal 1991, dedicated income tax bonds were issued to finance the combined deficits in the general and local aid funds. The issuance was part of the

Fiscal Recovery Loan Act of 1990. \$1.4 billion of bonds were issued and are secured by the pledge of dedicated tax revenues. These bonds amortize through 1997. Debt service requirements for general obligation and special obligation debt alone are 8.2% of estimated fiscal 1993 spending requirements. The increased debt levels which are the result of capital borrowing and deficit bonds have doubled scheduled debt service requirements between 1987 and 1992. As a result, debt service will remain high through 1997.

The regional economy may have reached the trough of the current economic cycle. The largest cause for concern in the Massachusetts economy is the significant job loss which has occurred between 1989 and present. From calendar year 1989 to 1991, 309,200 non-farm jobs were lost. This represents a 10.1% decline with the largest decline of 5.4% occurring in 1991. Much of the loss has occurred in the construction and high tech industries. The defense related industries, which provide 3% of private sector employment, have suffered some employment losses. However, more significant declines are expected in this industry in the future, especially with the election of the new administration. There is some sign of moderation on the employment front. The unemployment rate has declined to 8.3% as of July 1992 from an average of 9% in 1991. The service sector in Massachusetts has fared rather well and has been expanding. The presence of a large number of higher education and health care institutions, a well educated work force, and a large investment community has helped to provide a solid economic base. The presence of several large public works programs (MWRA, Bay Tunnel), improvements in the banking community and lower real estate values should put the Commonwealth in a stronger position as the national economy recovers.

During the past few years, the current administration in cooperation with the legislature have made steady progress in resolving the fiscal ills facing the Commonwealth which included budget tightening, reducing local state aid, and employing new methods of financing projects. Because of the significant progress, the major rating agencies upgraded the Commonwealth to A rated status this past fall.

THE SHAWMUT FUNDS MANAGEMENT

OFFICERS AND TRUSTEES

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

<TABLE>
<CAPTION>

NAME AND ADDRESS	POSITION WITH THE TRUST	PRINCIPAL OCCUPATION DURING PAST FIVE YEARS
John F. Donahue+* Federated Investors Tower Pittsburgh, PA	Chairman and Trustee	Chairman and Trustee, Federated Investors; Chairman and Trustee, Federated Advisers, Federated Management, and Federated Research; Director, AETna Life and Casualty Company; Chief Executive Officer and Director, Trustee, or Managing General Partner of the Funds; formerly, Director, The Standard Fire Insurance Company. Mr. Donahue is the father of J. Christopher Donahue, Vice President of the Trust.
John T. Conroy, Jr. Wood/IPC Commercial Department	Trustee	Senior Vice-President, John R. Wood and Associates, Inc., Realtors; President, Investment Properties Corporation, Naples Property Management, Inc., and Northgate Village Development Corporation; General Partner or

John R. Wood
& Associates
3255 Tamiami Trail North
Naples, FL

Trustee in private real estate ventures in Southwest Florida; Director,
Trustee, or Managing General Partner of the Funds.

William J. Copeland
Suite 2310
PNB Building
Pittsburgh, PA

Trustee

Director and Member of the Executive Committee, Michael Baker, Inc.;
Director, Trustee, or Managing General Partner of the Funds; formerly, Vice
Chairman and Director, PNC Financial Corp and Director, Ryan Homes, Inc.

James E. Dowd
571 Hayward Mill Road
Concord, MA

Trustee

Attorney-at-law; Director, The Emerging Germany Fund, Inc.; Director,
Trustee, or Managing General Partner of the Funds; formerly, Director, Blue
Cross of Massachusetts, Inc.

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<CAPTION>

NAME AND ADDRESS <S>	POSITION WITH THE TRUST <C>	PRINCIPAL OCCUPATION DURING PAST FIVE YEARS <C>
Lawrence D. Ellis, M.D. 3471 Fifth Avenue Suite 1111 Pittsburgh, PA	Trustee	Hematologist, Oncologist, and Internist, Presbyterian and Montefiore Hospitals; Clinical Professor of Medicine and Trustee, University of Pittsburgh; Director, Trustee, or Managing General Partner of the Funds.
Edward L. Flaherty, Jr.+ 5916 Penn Mall Pittsburgh, PA	Trustee	Attorney-at-law; Partner, Meyer and Flaherty; Director, Eat 'N Park Restaurants, Inc., and Statewide Settlement Agency, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Counsel, Horizon Financial, F.A., Western Region.
Peter E. Madden 225 Franklin Street Boston, MA	Trustee	Consultant; State Representative, Commonwealth of Massachusetts; Trustee, Lahey Clinic Foundation, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly President, State Street Bank & Trust Company and State Street Boston Corporation.
Gregor F. Meyer 5916 Penn Mall Pittsburgh, PA	Trustee	Attorney-at-law; Partner, Meyer and Flaherty; Chairman, Meritcare, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Vice Chairman, Horizon Financial, F.A.
Wesley W. Posvar 1202 Cathedral of Learning University of Pittsburgh Pittsburgh, PA	Trustee	Management Consultant; Trustee, Carnegie Endowment for International Peace and RAND Corporation; Chairman, National Advisory Council for Environmental Policy & Technology; Czecho Slovak Management Center; Director, Trustee, or Managing General Partner of the Funds; formerly, President, University of Pittsburgh.
Marjorie P. Smuts 4905 Bayard Street Pittsburgh, PA	Trustee	Public relations/marketing consultant; Director, Trustee, or Managing General Partner of the Funds.
J. Christopher Donahue* Federated Investors Tower Pittsburgh, PA	Vice President	President and Trustee, Federated Investors; Trustee, Federated Advisers, Federated Management, and Federated Research; President and Director, Federated Administrative Services; Trustee, Federated Services Company; President or Vice President of the Funds; Director, Trustee or Managing General Partner of some of the Funds. Mr. Donahue is the son of John F. Donahue, Chairman and Trustee of the Trust.
Richard B. Fisher Federated Investors Tower Pittsburgh, PA	Vice President	Executive Vice President and Trustee, Federated Investors; Chairman and Director, Federated Securities Corp.; President or Vice President of the Funds; Director or Trustee of some of the Funds.
Edward C. Gonzales Federated Investors Tower Pittsburgh, PA	President, Treasurer, and Trustee	Vice President, Treasurer and Trustee, Federated Investors; Vice President and Treasurer, Federated Advisers, Federated Management, and Federated Research; Executive Vice President, Treasurer, and Director, Federated Securities Corp.; Trustee, Federated Services Company; Chairman, Treasurer, and Director, Federated Administrative Services; Trustee or Director of some of the Funds; Vice President and Treasurer of the Funds.
John W. McGonigle Federated Investors Tower Pittsburgh, PA	Vice President and Secretary	Vice President, Secretary, General Counsel, and Trustee, Federated Investors; Vice President, Secretary and Trustee, Federated Advisers, Federated Management, and Federated Research; Trustee, Federated Services Company; Executive Vice President, Secretary, and Trustee, Federated Administrative Services; Director and Executive Vice President, Federated Securities Corp.; Vice President and Secretary of the Funds.

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NAME AND ADDRESS	POSITION WITH THE TRUST	PRINCIPAL OCCUPATION DURING PAST FIVE YEARS
John A. Staley, IV Federated Investors Tower Pittsburgh, PA	Vice President	Vice President and Trustee, Federated Investors; Executive Vice President, Federated Securities Corp.; President and Trustee, Federated Advisers, Federated Management, and Federated Research; Trustee, Federated Services Company; Vice President of the Funds; Director, Trustee, or Managing General Partner of the Funds; formerly, Vice President, The Standard Fire Insurance Company and President of its Federated Research Division.
Jeffrey W. Sterling Federated Investors Tower Pittsburgh, PA	Vice President and Assistant Treasurer	Vice President, Federated Administrative Services; Director of Private Label Management, Federated Investors; Vice President and Assistant Treasurer of some of the Funds.

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* This Trustee is deemed to be an "interested person" of the Trust as defined in the Investment Company Act of 1940.

+ Members of the Trust's Executive Committee. The Executive Committee of the Board of Trustees handles the responsibilities of the Board of Trustees between meetings of the Board.

FUNDS

"The Funds," and "Funds" mean the following investment companies: A.T. Ohio Tax-Free Money Fund; American Leaders Fund, Inc.; Annuity Management Series; Automated Cash Management Trust; Automated Government Money Trust; BayFunds; Berry Street Funds; The Boulevard Funds; California Municipal Cash Trust; Cash Trust Series; Cash Trust Series II; Convertible Securities and Income, Inc.; 111 Corcoran Fund; DG Investor Series; Edward D. Jones & Co. Daily Passport Cash Trust; FT Series, Inc.; Federated ARMs Fund; Federated Bond Fund; Federated Exchange Fund, Ltd.; Federated GNMA Trust; Federated Government Trust; Federated Growth Trust; Federated High Yield Trust; Federated Income Securities Trust, Inc.; Federated Income Trust; Federated Index Trust; Federated Intermediate Government Trust; Federated Intermediate Municipal Trust; Federated Master Trust; Federated Municipal Income Trust; Federated Municipal Trust; Federated Short-Intermediate Government Trust; Federated Short-Intermediate Municipal Trust; Federated Short-Term U.S. Government Trust; Federated Stock Trust; Federated Tax-Free Trust; Federated U.S. Government Bond Fund; First Priority Funds; Fixed Income Securities, Inc.; Fortress Adjustable Rate U.S. Government Fund, Inc.; Fortress Municipal Income Fund, Inc.; Fortress Utility Fund, Inc.; Fund for U.S. Government Securities, Inc.; Government Income Securities, Inc.; High Yield Cash Trust; Insurance Management Series; Investment Series Funds, Inc.; Investment Series Trust; Liberty High Income Bond Fund, Inc.; Liberty Term Trust, Inc.-1999; Liberty U.S. Government Money Market Trust; Liberty Utility Fund, Inc.; Liquid Cash Trust; Losantiville Funds; Mark Twain Funds; Money Market Management; Money Market Obligations Trust; Money Market Trust; Municipal Securities Income Trust; New York Municipal Cash Trust; The Planters Funds; The Passageway Funds; Portage Funds; RIMCO Monument Funds; The Shawmut Funds; Signet Select Funds; The Starburst Funds; The Starburst Funds II; Stock and Bond Fund, Inc.; Targeted Duration Trust; Tax-Free Instruments Trust; Trademark Funds; Trust for Financial Institutions; Trust for Government Cash Reserves; Trust for Short-Term U.S. Government Securities; and Trust for U.S. Treasury Obligations.

INCOME FUNDS OWNERSHIP

Officers and Trustees own less than 1% of the Income Funds' outstanding shares.

As of February 10, 1994, the following shareholders of record owned 5% or more of the outstanding shares of the Income Funds: Eleanor D. Cecarelli, Shelton, Connecticut, owned approximately 51,363 (5.71%) shares of Connecticut Intermediate Municipal Income Fund; and John Fanelli and Gina Fanelli, Fitchburg, Massachusetts, owned approximately 78,647 (14.21%) shares of Massachusetts Intermediate Municipal Income Fund.

TRUSTEE LIABILITY

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

INVESTMENT ADVISORY SERVICES

ADVISER TO THE INCOME FUNDS

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

ADVISORY FEES

For its advisory services, the Adviser receives an annual investment advisory fee as described in the prospectus. During the fiscal year ended October 31, 1993, the Fund's adviser earned the following advisory fees: Connecticut Intermediate Municipal Income Fund, \$11,033, all of which was voluntarily waived; Fixed Income Fund, \$605,022, of which \$169,100 was voluntarily waived; Intermediate Government Income Fund, \$443,271, of which \$122,880 was voluntarily waived; Limited Term Income Fund, \$411,275, of which \$116,939 was voluntarily waived; and Massachusetts Intermediate Municipal Income Fund, \$6,559, all of which was voluntarily waived. In addition, the Fund's adviser reimbursed other operating expenses for the following Funds: Connecticut Intermediate Municipal Income Fund, \$23,435 and Massachusetts Intermediate Municipal Income Fund, \$25,582.

STATE EXPENSE LIMITATIONS

The Adviser has undertaken to comply with the expense limitations established by certain states for investment companies whose shares are registered for sale in those states. If the Income Funds' normal operating expenses (including the investment advisory fee, but not including brokerage commissions, interest, taxes, and extraordinary expenses) exceed 2 1/2% per year of the first \$30 million of average net assets, 2% per year of the next \$70 million of average net assets, and 1 1/2% per year of the remaining average net assets, the Adviser will reimburse the Income Funds for its expenses over the limitation. If the Income Funds' monthly projected operating expenses exceed this limitation, the investment advisory fee paid will be reduced by the amount of the excess, subject to an annual adjustment. If the expense limitation is exceeded, the amount to be reimbursed by the Adviser will be limited, in any single fiscal year, by the amount of the investment advisory fee.

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

ADMINISTRATIVE SERVICES

Federated Administrative Services, a subsidiary of Federated Investors, provides administrative personnel and services to the Income Funds for the fee set forth in the prospectus. For the fiscal year ended October 31, 1993 Federated Administrative Services earned the following administrative fees from the Funds: Connecticut Intermediate Municipal Income Fund, \$1,931, all of which was voluntarily waived; Fixed Income Fund, \$94,878; Intermediate Government Income Fund, \$69,486; Limited Term Income Fund, \$64,554; and Massachusetts Intermediate Municipal Income Fund, \$1,149, all of which was voluntarily waived.

Shawmut Bank, N.A., serves as custodian to the Income Funds. As compensation for its services, the custodian receives a fee based upon a sliding scale ranging from a minimum of .011% to a maximum of .02%, plus certain transaction costs. For the fiscal year ended October 31, 1993, the Funds' custodian earned the following fees: Connecticut Intermediate Municipal Income Fund, \$315, all of which was voluntarily waived; Fixed Income Fund, \$8,011; Intermediate Government Income Fund, \$6,534; Limited Term Income Fund, \$5,350; Massachusetts Intermediate Municipal Income Fund, \$187, all of which was voluntarily waived.

BROKERAGE TRANSACTIONS

It is the Income Funds' policy with respect to the selection of brokers and dealers in the purchase and sale of securities to obtain the "best net realized price" on each transaction. The Income Funds conduct business only with financially sound brokers or dealers on that basis. Brokerage commission is, however, only one element in determining "best net realized price." The Adviser may also select brokers and dealers who offer research and other services. These services may be furnished directly to the Income Funds or to the Adviser and may include:

- - advice as to the advisability of investing in securities;
- - security analysis and reports;
- - economic studies;
- - industry studies;
- - receipt of quotations for portfolio evaluations; and
- - similar services.

The Adviser and its affiliates exercise reasonable business judgment in selecting brokers who offer brokerage and research services to execute securities transactions. They determine in good faith that commissions charged by such persons are reasonable in relationship to the value of the brokerage and research services provided.

Research services provided by brokers may be used by the Adviser for other accounts. To the extent that receipt of these services may supplant services for which the Adviser or its affiliates might otherwise have paid, it would tend to reduce their expenses.

PURCHASING SHARES

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

DISTRIBUTION PLAN (INVESTMENT SHARES)

With respect to the Investment Shares class of the Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds, the Trust has adopted a Plan pursuant to Rule 12b-1 which was promulgated by the Securities and Exchange Commission pursuant to the Investment Company Act of 1940. The Plan permits the payment of fees to administrators (including broker/dealers and depository institutions such as commercial banks and savings and loan associations) for distribution and administrative services. The Plan is designed to stimulate administrators to provide distribution and administrative support services to these funds and their shareholders. The administrative services are provided by a representative who has knowledge of the shareholder's particular circumstances and goals, and include, but are not limited to: communicating account openings; communicating account closings; entering purchase transactions; entering redemption transactions; providing or arranging to provide accounting support for all transactions, wiring funds and receiving funds for Share purchases and redemptions, confirming and reconciling all transactions, reviewing the activity in Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds accounts, and providing training and supervision of broker personnel; posting and reinvesting dividends to these accounts or arranging for this service to be performed by the transfer agent; and maintaining and distributing current copies of prospectuses and shareholder reports to the beneficial owners of shares of the Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds and prospective shareholders.

By adopting the Plan, the Board of Trustees expects that the Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds will be able to achieve a more predictable flow of cash for investment purposes and to meet redemptions. This will facilitate more efficient portfolio management and assist the Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds in seeking to achieve its investment objectives. By identifying potential investors whose needs are served by the Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds' objectives, and properly servicing these accounts, these funds may be able to curb sharp fluctuations in rates of redemptions and sales.

Other benefits which the Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds hope to achieve through the Plan include, but are not limited to, the following: (1) an efficient and effective administrative system; (2) a more efficient use of shareholder assets by having them rapidly invested in these funds, through an automatic transfer of funds from a demand deposit account to an investment account, with a minimum of delay and administrative detail; and (3) an efficient and reliable shareholder records system and prompt responses to shareholder requests and inquiries concerning their accounts.

For the fiscal year ended October 31, 1993, brokers earned the following fees from the Funds pursuant to the Plan: Connecticut Intermediate Municipal Income Fund, --0--; Fixed Income Fund, \$17,497, of which \$8,749 was voluntarily waived; Intermediate Government Income Fund, \$24,926, of which \$12,463 was voluntarily waived; Limited Term Income Fund, \$5,779, of which \$2,889 was voluntarily waived; and Massachusetts Intermediate Municipal Income Fund, --0--.

CONVERSION TO FEDERAL FUNDS

It is the Income Funds' policy to be as fully invested as possible so that maximum interest may be earned. To this end, all payments from shareholders must be in federal funds or be converted into federal funds. Shawmut Bank, N.A. acts as the shareholder's agent in depositing checks and converting them to federal funds.

DETERMINING NET ASSET VALUE

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

VALUING MUNICIPAL BONDS

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

USE OF AMORTIZED COST

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

DETERMINING MARKET VALUE OF SECURITIES

Market values of the Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds' portfolio securities are determined as follows:

- - according to the last sale price on a national securities exchange, if available;
- - in the absence of recorded sales for bonds, notes, and other fixed income securities, as determined by an independent pricing service;
- - for short-term obligations, according to the mean between bid and asked prices, as furnished by an independent pricing service, or for short-term obligations with maturities of less than 60 days, at amortized cost unless the Board determines this is not fair value; or
- - for all other securities, at fair value as determined in good faith by the Fund's Board of Trustees.

Prices provided by independent pricing services may be determined without relying exclusively on quoted prices and may reflect: institutional trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data.

REDEEMING SHARES

The Income Funds redeems shares at the next computed net asset value after the redemption requests are received. Redemption procedures are explained in the prospectus under "Redeeming Shares."

REDEMPTION IN KIND

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

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

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

EXCHANGE PRIVILEGE

REQUIREMENTS FOR EXCHANGE

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

Further information on the exchange privilege and prospectuses may be obtained by calling Shawmut Bank.

MAKING AN EXCHANGE

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

TAX STATUS

THE INCOME FUNDS' TAX STATUS

The Income Funds will pay no federal income tax because the Income Funds expect to meet the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to receive the special tax treatment afforded to such companies. To qualify for this treatment, each of the Income Funds must, among other requirements:

- - derive at least 90% of its gross income from dividends, interest, and gains from the sale of securities;
- - derive less than 30% of its gross income from the sale of securities held less than three months;
- - invest in securities within certain statutory limits; and
- - distribute to its shareholders at least 90% of its net income earned during the year.

FEDERAL INCOME TAX

Each of the Income Funds will be treated as a single, separate entity for federal income tax purposes so that income (including capital gains) and losses realized by the Trust's other portfolios will not be combined for tax purposes with those realized by each of the Income Funds.

Shareholders are not required to pay the federal regular income tax on any dividends received from the Connecticut/ Massachusetts Intermediate Municipal Income Funds that represent net interest on tax-exempt municipal bonds.

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

Dividends of the Income Funds representing net interest income earned on some temporary investments and any realized net short-term gains are taxed as ordinary income. Long-term capital gains distributions are taxed as long-term capital gains, regardless of the length of time the Income Funds shares have been held by the shareholder.

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

MASSACHUSETTS STATE INCOME TAX

Individual shareholders of the Massachusetts Intermediate Municipal Income Fund

who are subject to Massachusetts income taxation will not be required to pay Massachusetts income tax on that portion of their dividends which is attributable to interest earned on Massachusetts tax-free municipal obligations, gain from the sale of certain of such obligations, interest earned on obligations of the United States, and interest earned on obligations of United States territories or possessions to the extent interest on such obligations is exempt from taxation by the state pursuant to federal law. All remaining dividends will be subject to Massachusetts income tax.

If a shareholder of the Massachusetts Intermediate Municipal Income Fund is a Massachusetts business corporation or any foreign business corporation which exercises its charter, qualifies to do business, actually does business or owns or uses any part of its capital, plant or other property in Massachusetts, then it will be subject to Massachusetts excise taxation either as a tangible property corporation or as an intangible property corporation. If the corporate shareholder is a tangible property corporation, it will be taxed upon its net income allocated to Massachusetts and the value of certain tangible property. If it is an intangible property corporation, it will be taxed upon its net income and net worth allocated to Massachusetts. Net income is gross income less allowable deductions for federal income tax purposes, subject to specified modifications. Dividends received from the Fund are includable in gross income and generally may not be deducted by a corporate shareholder in computing its net income. The corporation's shares in the Massachusetts Intermediate Municipal Income Fund are not includable in the computation of the tangible property base of a tangible property corporation, but are includable in the computation of the net worth base of an intangible property corporation.

Shares of Massachusetts Intermediate Municipal Income Fund will be exempt from local property taxes in Massachusetts.

OTHER STATE AND LOCAL TAXES

Income from the Connecticut/Massachusetts Intermediate Municipal Income Funds are not necessarily free from state income taxes or from local property taxes in states other than Connecticut and Massachusetts (respectively). State laws differ on this issue, and shareholders are urged to consult their own tax advisers regarding the status of their accounts under state and local tax laws.

SHAREHOLDER'S TAX STATUS

CAPITAL GAINS

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

- the availability of higher relative yields;
- differentials in market values;
- new investment opportunities;
- changes in creditworthiness of an issuer; or
- an attempt to preserve gains or limit losses.

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

Fixed Income Fund, Intermediate Government Income Fund, and Limited Term Income Funds' Shareholders are subject to federal income tax on dividends received as cash or additional Shares. No portion of any income dividend paid by the Fund is eligible for the dividends received deduction available to corporations. These dividends, and any short-term capital gains, are taxable as ordinary income.

TOTAL RETURN

Cumulative total return reflects the Income Funds' total performance over a specific period of time. This total return assumes and is reduced by the payment of the maximum sales load.

YIELD

The yield for the Income Funds is determined each day by dividing the net investment income per share (as defined by the Securities and Exchange Commission) earned by the Income Funds over a thirty-day period by the maximum offering price per share of the Income Funds on the last day of the period. This

value is then annualized using semi-annual compounding. This means that the amount of income generated during the thirty-day period is assumed to be generated each month over a twelve-month period and is reinvested every six months. The yield does not necessarily reflect income actually earned by the Income Funds because of certain adjustments required by the Securities and Exchange Commission and, therefore, may not correlate to the dividends or other distributions paid to shareholders. To the extent that financial institutions and broker/dealers charge fees in connection with services provided in conjunction with an investment in the Income Funds, performance will be reduced for those shareholders paying those fees.

TAX-EQUIVALENT YIELD

The tax-equivalent yield for the Connecticut/Massachusetts Intermediate Municipal Income Funds is calculated similarly to the yield, but is adjusted to reflect the taxable yield that the Connecticut/Massachusetts Intermediate Municipal Income Funds would have had to earn to equal its actual yield, assuming a 28% tax rate and assuming that income is 100% tax-exempt.

TAX-EQUIVALENCY TABLE

The Connecticut/Massachusetts Intermediate Municipal Income Funds may also use a tax-equivalency table in advertising and sales literature. The interest earned by the municipal obligations in the Connecticut/Massachusetts Intermediate Municipal Income Funds' portfolio generally remains free from federal income tax and is free from the income taxes imposed by the State of Massachusetts. As the table below indicates, a "tax-free" investment is an attractive choice for investors, particularly in times of narrow spreads between "tax-free" and taxable yields.

<S>	<C>	<C>	<C>	<C>	<C>
TAXABLE YIELD EQUIVALENT FOR 1993 COMMONWEALTH OF MASSACHUSETTS					
FEDERAL TAX BRACKET:					
	15.00%	28.00%	31.00%	36.00%	39.60%
COMBINED FEDERAL AND STATE:					
	27.00%	40.00%	43.00%	48.00%	51.60%
JOINT RETURN: \$1-36,900 \$36,901-89,150 \$89,151-140,000 \$140,001-250,000 OVER \$250,000					
SINGLE RETURN: \$1-22,100 \$22,101-53,500 \$53,501-115,000 \$115,001-250,000 OVER \$250,000					
TAX-EXEMPT YIELD					
	TAXABLE YIELD EQUIVALENT				
1.50%	2.05%	2.50%	2.63%	2.88%	3.10%
2.00%	2.74%	3.33%	3.51%	3.85%	4.13%
2.50%	3.42%	4.17%	4.39%	4.81%	5.17%
3.00%	4.11%	5.00%	5.26%	5.77%	6.20%
3.50%	4.79%	5.83%	6.14%	6.73%	7.23%
4.00%	5.48%	6.67%	7.02%	7.69%	8.26%
4.50%	6.16%	7.50%	7.89%	8.65%	9.30%
5.00%	6.85%	8.33%	8.77%	9.62%	10.33%
5.50%	7.53%	9.17%	9.65%	10.58%	11.36%
6.00%	8.22%	10.00%	10.53%	11.54%	12.40%

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

The above chart is for illustrative purposes only and uses tax brackets that went into effect beginning January 1, 1993. It is not an indicator of past or future performance of the Fund.

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

<S>	<C>	<C>	<C>	<C>	<C>
TAXABLE YIELD EQUIVALENT FOR 1993					

STATE OF CONNECTICUT

FEDERAL TAX BRACKET:

	15.00%	28.00%	31.00%	36.00%	39.60%
COMBINED FEDERAL AND STATE:	19.50%	32.50%	35.50%	40.50%	44.10%

JOINT RETURN:	\$1-36,900	\$36,901-89,150	\$89,151-140,000	\$140,001-250,000	OVER \$250,000
SINGLE RETURN:	\$1-22,100	\$22,101-53,500	\$53,501-115,000	\$115,001-250,000	OVER \$250,000

TAX-EXEMPT
YIELD

TAXABLE YIELD EQUIVALENT

1.50%	1.86%	2.22%	2.33%	2.52%	2.68%
2.00%	2.48%	2.96%	3.10%	3.36%	3.58%
2.50%	3.11%	3.70%	3.88%	4.20%	4.47%
3.00%	3.73%	4.44%	4.65%	5.04%	5.37%
3.50%	4.35%	5.19%	5.43%	5.88%	6.26%
4.00%	4.97%	5.93%	6.20%	6.72%	7.16%
4.50%	5.59%	6.67%	6.98%	7.56%	8.05%
5.00%	6.21%	7.41%	7.75%	8.40%	8.94%
5.50%	6.83%	8.15%	8.53%	9.24%	9.84%
6.00%	7.45%	8.89%	9.30%	10.08%	10.73%

</TABLE>

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

The above chart is for illustrative purposes only and uses tax brackets that went into effect beginning January 1, 1993. It is not an indicator of past or future performance of the Fund.

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

PERFORMANCE COMPARISONS

The Income Funds' performance depends upon such variables as:

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

The Income Funds' performance fluctuates on a daily basis largely because net earnings and offering price per share fluctuate daily. Both net earnings and offering price per share are factors in the computation of yield and total return.

From time to time, the Income Funds may advertise the performance of the Income Funds compared to similar funds using various indices, including the following:

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

"general municipal bond funds" category in advertising and sales literature.

- - SHEARSON LEHMAN MUNICIPAL BOND INDICES are indices comprised of state general obligation and/or revenue debt issues with varying maturities and rating limitations.

Investors may use such indices in addition to the Income Funds' prospectus to obtain a more complete view of the Income Funds' performance before investing. Of course, when comparing performance of the Income Funds to any index, factors such as composition of the index and prevailing market conditions should be considered in assessing the significance of such comparisons. When comparing funds using reporting services, or total return and yield, investors should take into consideration any relevant differences in funds such as permitted portfolio compositions and methods used to value portfolio securities and compute offering price.

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

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

DURATION

Duration is a commonly used measure of the potential volatility in the price of a bond, or other fixed income security, or in a portfolio of fixed income securities, prior to maturity. Volatility is the magnitude of the change in the price of a bond relative to a given change in the market rate of interest. A bond's price volatility depends on three primary variables: the bond's coupon rate; maturity date; and the level of market yields of similar fixed income securities. Generally, bonds with lower coupons or longer maturities will be more volatile than bonds with higher coupons or shorter maturities. Duration combines these variables into a single measure.

Duration is calculated by dividing the sum of the time-weighted values of the cash flows of a bond or bonds, including interest and principal payments, by the sum of the present values of the cash flows. When the Fund invests in mortgage pass-through securities, its duration will be calculated in a manner which requires assumptions to be made regarding future principal prepayments. A more complete description of this calculation is available upon request from the Fund.

FINANCIAL STATEMENTS

The financial statements for the fiscal year ended October 31, 1993 are incorporated herein by reference to the Annual Report of the Trust dated October 31, 1993. A copy of the Annual Report may be obtained without charge by contacting the Trust at the address located on the back cover of the prospectus.

APPENDIX

STANDARD AND POOR'S CORPORATE BOND RATINGS DEFINITIONS

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

AA--Debt rated AA has a very strong capacity to pay interest and repay principal and differs from the higher rated issues only in small degree.

A--Debt rated A has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt in higher rated categories.

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

BB,B--Debt rated BB or B, is regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. BB indicates a low degree of speculation.

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

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

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

AAA--Bonds which are rated AAA are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

AA--Bonds which are rated AA are judged to be of high quality by all standards. Together with the AAA group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in AAA securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in AAA securities.

A--Bonds which are rated A possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate but elements may be present which suggest a susceptibility to impairment sometime in the future.

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 which are 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 which are 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.

NR--Not rated by Moody's.

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

FITCH INVESTORS SERVICE, INC. LONG-TERM DEBT RATINGS

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

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

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

BBB--Bonds considered to be investment grade and of satisfactory credit quality. The obligor's ability to pay interest and repay principal is considered to be

adequate. Adverse changes in economic conditions and circumstances, however, are more likely to have adverse impact on these bonds, and therefore impair timely payment. The likelihood that the ratings of these bonds will fall below investment grade is higher than for bonds with higher ratings.

BB--Bonds are considered speculative. The obligor's ability to pay interest and repay principal may be affected over time by adverse economic changes. However, business and financial alternatives can be identified which could assist the obligor in satisfying its debt service requirements.

B--Bonds are considered highly speculative. While bonds in this class are currently meeting debt service requirements, the probability of continued timely payment of principal and interest reflects the obligor's limited margin of safety and the need for reasonable business and economic activity throughout the life of the issue.

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

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

STANDARD AND POOR'S MUNICIPAL NOTE RATINGS

SP-1--Very strong or strong capacity to pay principal and interest. Those issues determined to possess overwhelming safety characteristics will be given a plus (+) designation.

SP-2--Satisfactory capacity to pay principal and interest.

MOODY'S INVESTORS SERVICE SHORT-TERM LOAN RATINGS

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

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

FITCH INVESTORS SERVICE, INC. SHORT-TERM DEBT RATINGS

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

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

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

STANDARD AND POOR'S COMMERCIAL PAPER RATINGS

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

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

MOODY'S INVESTORS SERVICE COMMERCIAL PAPER RATINGS

P-1--Issuers rated PRIME-1 (or related supporting institutions) have a superior capacity for repayment of short-term promissory obligations. PRIME-1 repayment capacity will normally be evidenced by the following characteristics: conservative capitalization structures with moderate reliance on debt and ample asset protection; broad margins in earning coverage of fixed financial charges and high internal cash generation; well established access to a range of financial markets and assured sources of alternate liquidity.

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

THE SHAWMUT FUNDS

EQUITY FUNDS

SHAWMUT GROWTH EQUITY FUND

SHAWMUT GROWTH AND INCOME EQUITY FUND

SHAWMUT SMALL CAPITALIZATION EQUITY FUND

TRUST SHARES

COMBINED PROSPECTUS

The shares offered by this prospectus represent interests in Trust Shares of the equity portfolios (collectively, the "Equity Funds" or individually, as appropriate in context, the "Fund") of The Shawmut Funds (the "Trust"), an open-end management investment company (a mutual fund). In addition to the Equity Funds, the Trust consists of the following separate investment portfolios, each having distinct investment objectives and policies:

INCOME FUNDS

Shawmut Connecticut Intermediate Municipal
Income Fund
Shawmut Fixed Income Fund
Shawmut Intermediate Government Income Fund
Shawmut Limited Term Income Fund
Shawmut Massachusetts Intermediate Municipal
Income Fund

MONEY MARKET FUNDS

Shawmut Connecticut Municipal Money
Market Fund
Shawmut Massachusetts Municipal Money
Market Fund
Shawmut Prime Money Market Fund

This combined prospectus contains the information you should read and know before you invest in the Equity Funds. Keep this prospectus for future reference. The Equity Funds have also filed a Combined Statement of Additional Information for Trust Shares and Investment Shares dated February 28, 1994, with the Securities and Exchange Commission. The information contained in the Combined Statement of Additional Information is incorporated by reference into this prospectus. You may request a copy of the Combined Statement of Additional Information free of charge, obtain other information, or make inquiries about the Equity Funds by writing or calling the Trust.

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 SHARES OFFERED BY THIS PROSPECTUS ARE NOT DEPOSITS OR OBLIGATIONS OF SHAWMUT BANK, ARE NOT ENDORSED OR GUARANTEED BY SHAWMUT BANK, ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, NOR ARE THEY INSURED OR GUARANTEED BY THE FEDERAL RESERVE BOARD OR ANY OTHER GOVERNMENT AGENCY. MUTUAL FUNDS INVOLVE INVESTMENT RISKS, INCLUDING FLUCTUATIONS IN VALUE AND EARNINGS, AND THE POSSIBLE LOSS OF PRINCIPAL.

Prospectus dated February 28, 1994

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SYNOPSIS

INVESTMENT OBJECTIVE

The Shawmut Funds offer you a convenient, affordable way to participate in separate, professionally managed portfolios of securities. This prospectus relates only to the Equity Funds of the Trust.

EQUITY FUNDS

SHAWMUT GROWTH EQUITY FUND

("Growth Equity Fund") seeks long term capital appreciation by investing in a diversified portfolio of growth-oriented equity securities. The Fund defines growth-oriented equity securities as securities of companies that are projected by the investment adviser, based upon traditional research techniques, to show earnings growth superior to the Standard & Poor's 500 Composite Stock Index.

SHAWMUT GROWTH AND INCOME EQUITY FUND

("Growth and Income Equity Fund") seeks a relatively high total return through long-term capital appreciation and current income looking to achieve a current dividend yield that exceeds the composite yield of securities included in the Standard & Poor's 500 Composite Stock Index. While there is no assurance that the Growth and Income Equity Fund will achieve its objectives, it attempts to do so by investing in a professionally managed, diversified portfolio consisting primarily of common stocks that are selected by the investment adviser based upon traditional research techniques.

SHAWMUT SMALL CAPITALIZATION EQUITY FUND

("Small Capitalization Equity Fund") seeks long-term capital appreciation by investing primarily in a portfolio of equity securities comprising the small capitalization sector of the United States equity market (companies which have a market value capitalization up to \$1 billion).

BUYING AND REDEEMING EQUITY FUND SHARES

A minimum initial investment of \$1,000 is required. Subsequent investments must be in amounts of at least \$100, as described in this prospectus in the section entitled "Minimum Investment Required." Trust Shares are currently sold at net asset value and are redeemed at net asset value without a sales charge.

EQUITY FUND MANAGEMENT

The Equity Funds' investment adviser is Shawmut Bank, N.A., which makes investment decisions for the Equity Funds.

SHAREHOLDER SERVICES

When you become a shareholder, you can easily obtain information about your account by calling your Shawmut Bank trust officer.

THE SHAWMUT EQUITY FUNDS

SUMMARY OF EQUITY FUND EXPENSES--TRUST SHARES

SHAREHOLDER TRANSACTION EXPENSES

<TABLE>
<CAPTION>

GROWTH EQUITY FUND	GROWTH AND INCOME EQUITY FUND	SMALL CAPITALIZATION EQUITY FUND
--------------------------	--	---

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

<S>	<C>	<C>	<C>
ANNUAL TRUST SHARES OPERATING EXPENSES (As a percentage of average net assets)			
Management Fee (after waiver) (1).....	0.50%	0.80%	0.75%
12b-1 Fees.....	None	None	None
Total Other Expenses (2).....	0.68%	0.22%	0.27%
Total Trust Shares Operating Expenses (after waiver) (3).....	1.18%	1.02%	1.02%

(1) The management fee has been reduced to reflect the voluntary waiver by the investment adviser. The adviser can terminate this voluntary waiver at any time at its sole discretion. The maximum management fee is 1.00%.

(2) Estimated other expenses have been reduced to reflect the voluntary waiver by the administrator for the Growth Equity Fund.

(3) The Annual Trust Shares Operating Expenses for the fiscal year ended October 31, 1993 were 1.06% for the Growth Equity Fund; 0.98% for the Growth and Income Equity Fund; 1.01% for the Small Capitalization Equity Fund. The Annual Trust Shares Operating Expenses in the table above are based on expenses expected during the fiscal year ending October 31, 1994. Absent the anticipated voluntary waivers explained in the above footnotes, the Trust Shares Operating Expenses are estimated to be 1.87% for Growth Equity Fund; 1.22% for Growth and Income Equity Fund; and 1.27% for Small Capitalization Equity Fund.

THE PURPOSE OF THIS TABLE IS TO ASSIST AN INVESTOR IN UNDERSTANDING THE VARIOUS COSTS AND EXPENSES THAT A SHAREHOLDER OF TRUST SHARES WILL BEAR, EITHER DIRECTLY OR INDIRECTLY. FOR MORE COMPLETE DESCRIPTIONS OF THE VARIOUS COSTS AND EXPENSES, SEE "THE SHAWMUT FUNDS INFORMATION" AND "INVESTING IN TRUST SHARES." WIRE-TRANSFERRED REDEMPTIONS OF LESS THAN \$5,000 MAY BE SUBJECT TO ADDITIONAL FEES.

EXAMPLE

You would pay the following expenses on a \$1,000 investment assuming (1) 5% annual return and (2) redemption at the end of each time period. As noted in the table above, the Income Funds charges no redemption fee.

<S>	1 YEAR	3 YEARS	5 YEARS	10 YEARS
Growth Equity Fund.....	\$12	\$37	\$65	\$143
Growth and Income Equity Fund.....	\$10	\$32	\$56	\$125
Small Capitalization Equity Fund.....	\$10	\$32	\$56	\$125

THE ABOVE EXAMPLES SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE EXPENSES. ACTUAL EXPENSES MAY BE GREATER OR LESS THAN THOSE SHOWN.

The information set forth in the foregoing table and example relates only to Trust Shares of the Equity Funds. The Equity Funds also offer another class of shares called Investment Shares. Trust Shares and Investment Shares are subject to certain of the same expenses; however, Investment Shares are subject to a 12b-1 fee of up to .50 of 1%. See "Other Classes of Shares."

SHAWMUT GROWTH EQUITY FUND

FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

The following table has been audited by Price Waterhouse, the Fund's independent public accountants. Their report dated December 17, 1993, on the Fund's financial statements for the year ended October 31, 1993, and on the following table for each of the periods presented, is included in the Annual Report, which is incorporated by reference. This table should be read in conjunction with the Fund's financial statements and notes thereto, which may be obtained from the Fund.

	YEAR ENDED OCTOBER 31, 1993*
TRUST SHARES	
<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$10.00
INCOME FROM INVESTMENT OPERATIONS	
Net investment income	0.023
Net realized and unrealized gain (loss) on investments	0.487
Total from investment operations	0.510
LESS DISTRIBUTIONS	
Dividends to shareholders from net investment income	(0.019)
NET ASSET VALUE, END OF PERIOD	\$10.49
TOTAL RETURN***	5.09%
RATIOS TO AVERAGE NET ASSETS	
Expenses	1.06% (a)
Net investment income	0.26% (a)
Expense waiver/reimbursement (b)	0.47% (a)
SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	\$20,787
Portfolio turnover rate (c)	71%

	YEAR ENDED OCTOBER 31, 1993**
INVESTMENT SHARES	
<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$10.01
INCOME FROM INVESTMENT OPERATIONS	
Net investment income	0.004
Net realized and unrealized gain (loss) on investments	0.480
Total from investment operations	0.484
LESS DISTRIBUTIONS	
Dividends to shareholders from net investment income	(0.004)
NET ASSET VALUE, END OF PERIOD	\$10.49
TOTAL RETURN***	4.84%
RATIOS TO AVERAGE NET ASSETS	
Expenses	1.37% (a)

Net investment income	(0.10)%(a)
Expense waiver/reimbursement (b)	0.72%(a)
SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	\$4,631
Portfolio turnover rate(c)	71%

</TABLE>

* Reflects operations for the period from December 14, 1992 (date of initial public investment) to October 31, 1993.

** Reflects operations for the period from February 12, 1993 (date of initial public offering) to October 31, 1993.

*** Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) Computed on an annualized basis.

(b) Increase/decrease in above expense/income ratios due to waivers or reimbursements of expenses (Note 5).

(c) Represents portfolio turnover rate for the entire Fund.

SHAWMUT GROWTH AND INCOME EQUITY FUND
FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

The following table has been audited by Price Waterhouse, the Fund's independent public accountants. Their report dated December 17, 1993, on the Fund's financial statements for the year ended October 31, 1993, and on the following table for each of the periods presented, is included in the Annual Report, which is incorporated by reference. This table should be read in conjunction with the Fund's financial statements and notes thereto, which may be obtained from the Fund.

<TABLE>
<CAPTION>

TRUST SHARES	YEAR ENDED OCTOBER 31, 1993*
NET ASSET VALUE, BEGINNING OF PERIOD	\$10.00
INCOME FROM INVESTMENT OPERATIONS	
Net investment income	0.18
Net realized and unrealized gain (loss) on investments	0.69
Total from investment operations	0.87
LESS DISTRIBUTIONS	
Dividends to shareholders from net investment income	(0.18)
NET ASSET VALUE, END OF PERIOD	\$10.69
TOTAL RETURN***	8.80%
RATIOS TO AVERAGE NET ASSETS	

Expenses	0.98% (a)
Net investment income	2.11% (a)
Expense waiver/reimbursement (b)	0.27% (a)
SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	\$147,090
Portfolio turnover rate(c)	38%

</TABLE>

<TABLE>
<CAPTION>

	YEAR ENDED OCTOBER 31, 1993**
INVESTMENT SHARES	
<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$10.23
INCOME FROM INVESTMENT OPERATIONS	
Net investment income	0.15
Net realized and unrealized gain (loss) on investments	0.48
Total from investment operations	0.63
LESS DISTRIBUTIONS	
Dividends to shareholders from net investment income	(0.17)
NET ASSET VALUE, END OF PERIOD	\$10.69
TOTAL RETURN***	6.20%
RATIOS TO AVERAGE NET ASSETS	
Expenses	1.25% (a)
Net investment income	1.77% (a)
Expense waiver/reimbursement (b)	0.53% (a)
SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	\$16,280
Portfolio turnover rate(c)	38%

</TABLE>

* Reflects operations for the period from December 14, 1992 (date of initial public investment) to October 31, 1993.

** Reflects operations for the period from February 12, 1993 (date of initial public offering) to October 31, 1993.

*** Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) Computed on an annualized basis.

(b) Increase/decrease in above expenses/income ratios due to waivers or reimbursements of expenses (Note 5).

(c) Represents portfolio turnover rate for the entire Fund.

SHAWMUT SMALL CAPITALIZATION EQUITY FUND
FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

The following table has been audited by Price Waterhouse, the Fund's independent public accountants. Their report dated December 17, 1993, on the Fund's financial statements for the year ended October 31, 1993, and on the following table for each of the periods presented, is included in the Annual Report, which is incorporated by reference. This table should be read in conjunction with the Fund's financial statements and notes thereto, which may be obtained from the Fund.

	YEAR ENDED OCTOBER 31, 1993*
TRUST SHARES	
<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$10.00
INCOME FROM INVESTMENT OPERATIONS	
Net investment income	0.002
Net realized and unrealized gain (loss) on investments	1.210
Total from investment operations	1.212
LESS DISTRIBUTIONS	
Dividends to shareholders from net investment income	(0.002)
NET ASSET VALUE, END OF PERIOD	\$11.21
TOTAL RETURN***	12.12%
RATIOS TO AVERAGE NET ASSETS	
Expenses	1.01% (a)
Net investment income	0.02% (a)
Expense waiver/reimbursement (b)	0.28% (a)
SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	\$100,382
Portfolio turnover rate(c)	29%

</TABLE>

	YEAR ENDED OCTOBER 31, 1993**
INVESTMENT SHARES	
<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$10.52
INCOME FROM INVESTMENT OPERATIONS	
Net investment loss	(0.008)
Net realized and unrealized gain (loss) on investments	0.698
Total from investment operations	0.690
LESS DISTRIBUTIONS	
Dividends to shareholders from net investment income	(0.000)
NET ASSET VALUE, END OF PERIOD	\$11.21

NET ASSET VALUE, END OF PERIOD

\$11.21

TOTAL RETURN***	6.56%

RATIOS TO AVERAGE NET ASSETS	

Expenses	1.33% (a)
Net investment loss	(0.19) % (a)
Expense waiver/reimbursement (b)	0.54% (a)

SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	\$15,014
Portfolio turnover rate(c)	29%

</TABLE>

* Reflects operations for the period from December 14, 1992 (date of initial public investment) to October 31, 1993.

** Reflects operations for the period from February 12, 1993 (date of initial public offering) to October 31, 1993.

*** Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) Computed on an annualized basis.

(b) Increase/decrease in above expense/income ratios due to waivers or reimbursements of expenses (Note 5).

(c) Represents portfolio turnover rate for the entire Fund.

GENERAL INFORMATION

The Trust was established as a Massachusetts business trust under a Declaration of Trust dated July 16, 1992. The Declaration of Trust permits the Trust to offer separate series of shares representing interests in separate portfolios of securities. The shares in any one portfolio may be offered in separate classes. As of the date of this prospectus, the Board of Trustees (the "Trustees") has established two classes of shares of several of the Equity Funds, known as Trust Shares and Investment Shares. This prospectus relates only to Trust Shares of the Equity Funds.

A minimum initial investment of \$1,000 is required. Subsequent investments must be in amounts of at least \$100, as described in this prospectus in the section entitled "Minimum Investment Required. Shares are currently sold at net asset value and are redeemed at net asset value without a sales charge imposed by the Equity Funds.

THE SHAWMUT FUNDS

The shareholders of the Equity Funds are shareholders of The Shawmut Funds, which currently consist of Shawmut Connecticut Intermediate Municipal Income Fund, Shawmut Connecticut Municipal Money Market Fund, Shawmut Fixed Income Fund, Shawmut Growth and Income Equity Fund, Shawmut Growth Equity Fund, Shawmut Intermediate Government Income Fund, Shawmut Limited Term Income Fund, Shawmut Massachusetts Intermediate Municipal Income Fund, Shawmut Massachusetts Municipal Money Market Fund, Shawmut Prime Money Market Fund, and Shawmut Small Capitalization Equity Fund. Shareholders in the Equity Funds have easy access to the other portfolios of The Shawmut Funds through an exchange program. The Shawmut Funds are advised by Shawmut Bank, N.A., and distributed by Federated

OBJECTIVE AND POLICIES OF EACH FUND

GROWTH EQUITY FUND

INVESTMENT OBJECTIVE

The investment objective of the Growth Equity Fund is to provide long-term capital appreciation. The investment objective cannot be changed without approval of shareholders. While there is no assurance that the Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this prospectus.

INVESTMENT POLICIES

The investment policies may be changed by the Trustees without shareholder approval. Shareholders will be notified before any material change in these policies becomes effective.

ACCEPTABLE INVESTMENTS

UNDER NORMAL MARKET CIRCUMSTANCES, THE GROWTH EQUITY FUND WILL INVEST AT LEAST 65% OF ITS ASSETS IN GROWTH-ORIENTED EQUITY SECURITIES.

The Growth Equity Fund defines growth-oriented equity securities as securities that are projected by the Growth Equity Fund's investment

adviser, to show earnings growth superior to the Standard & Poor's 500 Composite Stock Index.

The Growth Equity Fund invests primarily in equity securities of companies selected by the Growth Equity investment adviser on the basis of traditional research techniques, including assessment of earnings and dividend growth prospects and of the risk and volatility of each company's business. The fundamental changes which the investment adviser will seek to identify in companies include, for example, restructuring of basic businesses or reallocations of assets which present opportunities for significant share price appreciation. At times, the Growth Equity Fund will invest in securities of companies which are deemed by the investment adviser to be candidates for acquisition by other entities as indicated by changes in ownership, changes in standard price to value ratios, and an examination of other standard analytical indices.

GROWTH AND INCOME

EQUITY FUND

INVESTMENT OBJECTIVE

The investment objective of the Growth and Income Equity Fund is to provide a relatively high total return through long-term capital appreciation and current income. The investment objective cannot be changed without approval of shareholders. The Growth and Income Equity Fund generally looks to achieve a yield that exceeds the composite dividend yield of securities included in the Standard & Poor's 500 Composite Stock Index. While there is no assurance that the Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this prospectus.

INVESTMENT POLICIES

The investment policies may be changed by the Trustees without shareholder approval. Shareholders will be notified before any material change in these policies becomes effective.

ACCEPTABLE INVESTMENTS

UNDER NORMAL MARKET CIRCUMSTANCES, THE GROWTH AND INCOME EQUITY FUND WILL INVEST AT LEAST 65% OF ITS ASSETS IN GROWTH AND INCOME EQUITY SECURITIES.

In addition, the Growth and Income Equity Fund may invest as described in this prospectus.

SMALL CAPITALIZATION
EQUITY FUND

INVESTMENT OBJECTIVE

The investment objective of the Small Capitalization Equity Fund is to provide long-term capital appreciation. The investment objective of the Small Capitalization Equity Fund cannot be changed without the approval of shareholders. While there is no assurance that the Small Capitalization Equity Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this prospectus.

INVESTMENT POLICIES

The investment policies described below may be changed by the Trustees without shareholder approval. Shareholders will be notified before any material change in these policies becomes effective.

ACCEPTABLE INVESTMENTS

THE SMALL CAPITALIZATION EQUITY FUND WILL INVEST AT LEAST 65% OF ITS ASSETS IN EQUITY SECURITIES OF COMPANIES THAT HAVE A MARKET VALUE CAPITALIZATION OF UP TO \$1 BILLION.

In addition, the Small Capitalization Equity Fund may invest as described in this prospectus.

EQUITY FUNDS INVESTMENTS AND STRATEGIES

COMMON STOCK. As described above, the Equity Funds invest primarily in equity securities. As with other mutual funds that invest primarily in equity securities, the Equity Funds are subject to market risks. That is, the possibility exists that common stocks will decline over short or even extended periods of time, and the United States equity market tends to be cyclical, experiencing both periods when stock prices generally increase and periods when stock prices generally decrease. However, because the Equity Funds invests primarily in growth-oriented equity securities (Growth Equity Fund, Growth and Income Equity Fund) or in small capitalization stocks (Small Capitalization Fund), there are some additional risk factors associated with investment in the Equity Funds. Growth-oriented stocks may include issuers with smaller capitalization. Small capitalization stocks have historically been more volatile in price than larger capitalization stocks, such as those included in the Standard & Poor's 500 Index. This is because, among other things, smaller companies have a lower degree of liquidity in the equity market and tend to have a greater sensitivity to changing economic conditions. Further, in addition to exhibiting greater volatility, growth-oriented stocks may, to some degree, fluctuate independently of the stocks of large companies. That is, the stock of small capitalization companies may decline in price as the price of large company stocks rises or vice versa. Therefore, investors should expect that the Equity Funds will be more volatile than, and may fluctuate independently of, broad stock market indices such as the Standard & Poor's 500 Index.

CONVERTIBLE SECURITIES. Convertible securities are fixed income securities which may be exchanged or converted into a predetermined number of the issuer's underlying common stock at the option of the holder during a specified time period. Convertible securities may take the form of convertible preferred stock, convertible bonds or debentures, units consisting of "usable" bonds and warrants or a combination of the features of several of these securities. The Equity Funds invest in convertible bonds rated "BB" or higher by Standard & Poor's Corporation, or "Ba" or higher by Moody's Investors Service, Inc. at the time of investment. If a convertible bond is rated below "BB" or "Ba" according to the characteristics set forth here after a Fund has purchased it, the Fund is not required to drop the convertible bond from the portfolio, but will consider appropriate action. The investment characteristics of each convertible security vary widely, which allows convertible securities to be employed for different investment objectives.

Convertible bonds and convertible preferred stocks are fixed income securities that generally retain the investment characteristics of fixed income securities until they have been converted but also react to movements in the underlying equity securities. The holder is entitled 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. Usable bonds are corporate bonds that can be used in whole or in part, customarily at full face value, in lieu of cash to purchase the issuer's common stock. When owned as part of a unit along with warrants, which are options to buy the common stock, they function as convertible bonds, except that the warrants generally will expire before the bond's maturity. Convertible securities are senior to equity securities, and therefore, have a claim to assets of the corporation prior to the holders of common stock in the case of liquidation. However, convertible securities are generally subordinated to similar nonconvertible securities of the same company. The interest income and dividends from convertible bonds and preferred stocks provide a stable stream of income with generally higher yields than common stocks, but lower than non-convertible securities of similar quality. The Equity Funds will exchange or convert the convertible securities held in their respective portfolios into shares of the underlying common stock in instances in which, in the investment adviser's opinion, the

investment characteristics of the underlying common shares will assist the particular Fund in achieving its investment objectives. Otherwise, the Fund will hold or trade the convertible securities. In selecting convertible securities for a Fund, the Fund's adviser evaluates the investment characteristics of the convertible security as a fixed income instrument, and the investment potential of the underlying equity security for capital appreciation. In evaluating these matters with respect to a particular convertible security, the Fund's adviser considers numerous factors, including the economic and political outlook, the value of the security relative to other investment alternatives, trends in the determinants of the issuer's profits, and the issuer's management capability and practices.

SECURITIES OF FOREIGN ISSUERS. The Equity Funds may invest in the securities of foreign issuers which are freely traded on United States securities exchanges or in the over-the-counter market in the form of depository receipts. Securities of a foreign issuer may present greater risks in the form of nationalization, confiscation, domestic marketability, or other national or international restrictions. As a matter of practice, the Equity Funds will not invest in the securities of a foreign issuer if any such risk appears to the investment adviser to be substantial.

OPTIONS AND FUTURES CONTRACTS. The Equity Funds may buy and sell options and futures contracts to manage their respective individual exposure to changing interest rates, security prices, and currency exchange rates. Some options and futures strategies, including selling futures, buying puts, and writing calls, tend to hedge the Equity Funds' respective investments against price fluctuations. Other strategies, including buying futures, writing puts, and buying calls, tend to increase market exposure. Options and futures may be combined with each other or with forward contracts in order to adjust the risk and return characteristics of the overall strategy. The Equity Funds may invest in options and futures based on any type of security, index, or currency, including options and futures traded on foreign exchanges and options not traded on exchanges.

Options and futures can be volatile investments, and involve certain risks. If the investment adviser applies a hedge at an inappropriate time or judges market conditions incorrectly, options and futures may lower an Equity Fund's individual return. An Equity Fund could also experience losses if the prices of its options and futures positions were poorly correlated with its other investments, or if it could not close out its positions because of an illiquid secondary market.

Each of the Equity Funds will not hedge more than 20% of their respective total assets by selling futures, buying puts, and writing calls under normal conditions. In addition, each of the Equity Funds will not buy futures or write puts whose underlying value exceeds 20% of their respective total assets, and the Equity Funds will not buy calls with a value exceeding 5% of their respective total assets.

STOCK INDEX FUTURES, SWAP AGREEMENTS, INDEXED SECURITIES, AND OPTIONS. The Equity Funds may utilize stock index futures contracts, options, swap agreements, indexed securities, and options on futures contracts, subject to the limitation that the value of these futures contracts, swap agreements, indexed

securities, and options will not exceed 20% of each of the Equity Funds' total assets. Also, each Fund will not purchase options to the extent that more than 5% of the value of the Equity Funds' total assets would be invested in premiums on open put option positions. In addition, each Fund does not intend to invest more than 5% of the market value of its total assets in each of the following: futures contracts, swap agreements, and indexed securities. When an Equity Fund enters into a swap agreement, assets of the Fund equal to the value of the swap agreement will be segregated by the Fund.

There are several risks accompanying the utilization of futures contracts. First, positions in futures contracts may be closed only on an exchange or board of trade that furnishes a

secondary market for such contracts. While the Fund plans to utilize futures contracts only if there exists an active market for such contracts, there is no guarantee that a liquid market will exist for the contracts at a specified time. Furthermore, because, by definition, futures contracts look to projected price levels in the future and not to current levels of valuation, market circumstances may result in there being a discrepancy between the price of the stock index future and the movement in the corresponding stock index. The absence of a perfect price correlation between the futures contract and its underlying stock index could stem from investors choosing to close futures contracts by offsetting transactions, rather than satisfying additional margin requirements. This could result in a distortion of the relationship between the index and the futures market. In addition, because the futures market imposes less burdensome margin requirements than the securities market, an increased amount of participation by speculators in the futures market could result in price fluctuations.

RESTRICTED AND ILLIQUID SECURITIES. The Equity Funds intends to invest in restricted securities. Restricted securities are any securities in which each Equity Fund may otherwise invest pursuant to its investment objective and policies, but which are subject to restriction on resale under federal securities law. However, each Equity Fund will limit investments in illiquid securities, including certain restricted securities not determined by the Trustees to be liquid, non-negotiable time deposits, and repurchase agreements providing for settlement in more than seven days after notice, to 15% of its net assets.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS. The Equity Funds may purchase securities on a when-issued or delayed delivery basis. These transactions are arrangements in which each Equity Fund purchases securities with payment and delivery scheduled for a future time. In when-issued and delayed delivery transactions, the Fund relies on the seller to complete the transaction. The seller's failure to complete the transaction may cause the Fund to miss a price or yield considered to be advantageous.

LENDING OF PORTFOLIO SECURITIES. In order to generate additional income, each Equity Fund may lend portfolio securities on a short-term or long-term basis, or both, up to one-third of the value of its total assets to broker/dealers, banks, or other institutional borrowers of securities. The Equity Funds will only enter into loan arrangements with broker/dealers, banks, or other institutions which the investment adviser has determined are creditworthy under guidelines established by the Trustees and will receive collateral in the form of cash or U.S. government securities equal to at least 100% of the value of the securities loaned.

TEMPORARY INVESTMENTS. In such proportions as, in the judgment of its investment adviser, prevailing market conditions warrant, each Equity Fund may, for temporary defensive purposes, invest in:

- - short-term money market instruments rated in one of the top two rating categories by a nationally recognized statistical rating organization;
- - securities issued and/or guaranteed as to payment of principal and interest by the U.S. government, its agencies, or instrumentalities; and
- - repurchase agreements.

REPURCHASE AGREEMENTS. The U.S. government securities and other securities in which each Equity Fund invest may be purchased pursuant to repurchase agreements. Repurchase agreements are arrangements in which banks, broker/dealers, and other recognized financial institutions sell U.S. government securities or other securities to an Equity Fund and agree at the time of sale to repurchase them at a mutually agreed upon time and price. To the extent that the original seller does not repurchase the securities from an Equity Fund, the Fund could receive less than the repurchase price on any sale of such securities.

INVESTING IN SECURITIES OF OTHER INVESTMENT COMPANIES. The Equity Funds may

invest in the securities of other investment companies, but they will not own more than 3% of the total outstanding voting stock of any investment company, invest more than 5% of its total assets in any one investment company, or invest more than 10% of its total assets in investment companies in general. The Equity Funds will invest in other investment companies primarily for the purpose of investing its short-term cash which has not yet been invested in other portfolio instruments. However, from time to time, on a temporary basis, each of the Equity Funds may invest exclusively in a single other similarly managed investment company. Shareholders should realize that, when one of the Equity Funds invests in other investment companies, certain fund expenses, such as custodian fees and administrative fees, may be duplicated. The adviser will waive its investment advisory fee on assets invested in securities of other investment companies.

INVESTMENT LIMITATIONS

THE EQUITY FUNDS FOLLOW A NUMBER OF GUIDELINES IN MANAGING THEIR PORTFOLIOS IN ORDER TO LIMIT INVESTMENT RISKS.

Each Equity Fund will not:

- - borrow money directly or through reverse repurchase agreements (arrangements in which the Equity Funds sell a portfolio instrument for a percentage of its cash value with an arrangement to buy it back on a set date) or pledge securities except, under certain circumstances, the Fund may borrow up to one-third of the value of its total assets and pledge up to 10% of the value of its total assets to secure such borrowings; or
- - with respect to 75% of the value of its total assets, invest more than 5% in securities of one issuer other than cash, cash items, or securities issued or guaranteed by the government of the U.S. or its agencies of instrumentalities and repurchase agreements collateralized by such securities, or acquire more than 10% of the outstanding voting securities of any one issuer.

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

Each Equity Funds will not:

- - invest more than 10% of its total assets in securities subject to restrictions on resale under the Securities Act of 1933 (except for commercial paper issued under Section 4(2) of the Securities Act of 1933 and certain other securities which meet the criteria for liquidity as established by the Trustees).

THE SHAWMUT FUNDS INFORMATION

MANAGEMENT OF THE
SHAWMUT FUNDS

BOARD OF TRUSTEES

THE SHAWMUT FUNDS ARE MANAGED BY A BOARD OF TRUSTEES

The Trustees are responsible for managing the Trust's business affairs and for exercising all the Trust's powers except those reserved for the shareholders. The Executive Committee of the Board of Trustees handles the Board's responsibilities between meetings of the Board.

INVESTMENT ADVISER

PURSUANT TO AN INVESTMENT ADVISORY CONTRACT WITH THE TRUST, INVESTMENT DECISIONS FOR THE EQUITY FUNDS ARE MADE BY SHAWMUT BANK (THE "ADVISER"), SUBJECT TO DIRECTION BY THE TRUSTEES.

The Adviser continually conducts investment research and supervision for the Equity Funds and is responsible for the purchase and sale of portfolio instruments, for which it receives an annual fee from the respective assets of the Equity Funds.

ADVISORY FEES

THE ADVISER MAY VOLUNTARILY WAIVE PART OF ITS ADVISORY FEES.

The adviser receives an annual investment advisory fee equal to 1.00% of each of the Equity Funds' average daily net assets. The fee paid by the Equity Funds, while higher than the advisory fee paid by other mutual funds in general, is comparable to fees paid by mutual funds with similar objectives and policies. The Adviser has undertaken to waive a portion of its advisory fee, up to the amount of the advisory fee, to reimburse the Equity Funds for operating expenses in excess of limitations established by certain states. The Adviser may further voluntarily waive a portion of its fee or reimburse any of the Equity Funds for certain operating expenses. The Adviser can terminate such voluntary waiver or reimbursement policy at any time with any of the Equity Funds at its sole discretion.

ADVISER'S BACKGROUND

SHAWMUT BANK, N.A., A NATIONAL BANKING ASSOCIATION, AND ITS AFFILIATES HAVE MANAGED COMMINGLED FUNDS FOR OVER FIFTY YEARS. AS OF DECEMBER 31, 1993, SHAWMUT NATIONAL CORPORATION, THROUGH ITS SUBSIDIARIES INCLUDING SHAWMUT BANK, MANAGED MORE THAN \$15 BILLION IN DISCRETIONARY TRUST ASSETS. SHAWMUT BANK HAS SERVED AS AN ADVISER TO MUTUAL FUNDS SINCE THE INCEPTION DATE OF THE SHAWMUT FUNDS ON DECEMBER 1, 1992.

Shawmut Bank, N.A., a national banking association, along with Shawmut Bank Connecticut, National Association, are the principal subsidiaries of Shawmut National Corporation, a super-regional bank holding company formed on February 29, 1988, and based in southern New England. Shawmut National Corporation serves consumers through its network of banking offices with a full range of deposit and lending products, as well as investment services. Shawmut Bank's borrowers may be issuers of certain securities in which The Shawmut Funds may invest. The principal executive offices of the investment adviser are located at One Federal Street, Boston, Massachusetts 02211.

E. Bradley Bruce II has been responsible for managing the Growth Equity Fund since October 1993. Mr. Bruce joined Shawmut Bank as a portfolio manager in February 1992. Prior to this, he had been employed as a portfolio manager

with a private investment management firm since 1988. Mr. Bruce received his B.A. degree at Middlebury College and his M.B.A. degree at Columbia University Graduate School of Business.

Brendan J. Henebry has been the portfolio manager of the Growth & Income Equity Fund since its inception in December 1992. Mr. Henebry has been with Shawmut Bank, the Fund's Adviser, and its predecessor since 1965, and has been a Vice President of the Adviser since 1978. During the past five years, Mr. Henebry has served as Manager of the Growth & Income Equity Management Group. He is an honors graduate of St. Anselm's College, where he concentrated in economics.

Peter C. Larson has been the portfolio manager of the Small Capitalization Equity Fund since its inception in December 1992. Mr. Larson joined Shawmut Bank in 1963 as an investment officer and has been a Vice President in charge of Shawmut's Small Cap Equity Management product since inception in 1980. He holds a B.S. degree in finance from the University of Connecticut.

DISTRIBUTION OF EQUITY FUNDS' SHARES

FEDERATED SECURITIES CORP. IS THE PRINCIPAL DISTRIBUTOR FOR TRUST SHARES.

Federated Securities Corp., Federated Investors Tower, Pittsburgh, Pennsylvania 15222-3779, is a Pennsylvania corporation organized on November 14, 1969, and is the principal distributor for a number of investment companies. Federated Securities Corp. is a subsidiary of Federated Investors.

ADMINISTRATION OF THE EQUITY FUNDS

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

<TABLE>
<CAPTION>

MAXIMUM ADMINISTRATIVE FEE	AVERAGE AGGREGATED DAILY NET ASSETS OF THE TRUST
<S>	<C>
.150 of 1%	First \$250 million
.125 of 1%	Next \$250 million
.100 of 1%	Next \$250 million
.075 of 1%	Over \$750 million

</TABLE>

The administrative fee received by FAS during any fiscal year shall be at least \$50,000 for each of the Equity Funds individually. FAS may voluntarily choose to waive a portion of its fee.

CUSTODIAN. Shawmut Bank, N.A., One Federal Street, Boston, Massachusetts 02211, is custodian for the securities and cash of the Equity Funds. Under the Custodian Agreement, Shawmut Bank, N.A., holds the Equity Funds' portfolio securities in safekeeping and keeps all necessary records and documents relating to its duties.

TRANSFER AGENT, DIVIDEND DISBURSING AGENT, AND PORTFOLIO ACCOUNTING SERVICES. Federated Services Company, Federated Investors Tower, Pittsburgh, Pennsylvania, 15222-3779, is transfer agent and dividend disbursing agent for the Equity Funds. It also provides certain accounting and recordkeeping services with respect to each of the Equity Funds' portfolio investments.

LEGAL COUNSEL. Legal counsel is provided by Houston, Houston & Donnelly, 2510 Centre City Tower, Pittsburgh, Pennsylvania 15222, and Dickstein, Shapiro & Morin, 2101 L Street, N.W., Washington, DC 20037.

INDEPENDENT ACCOUNTANTS. The independent accountants for the Equity Funds are Price Waterhouse, 160 Federal Street, Boston, Massachusetts 02110.

EXPENSES OF THE EQUITY FUNDS AND TRUST SHARES

Holders of Trust Shares pay their allocable portion of the Equity Funds' and Trust's expenses. The Trust expenses for which holders of Trust Shares pay their allocable portion include, but

are not limited to: the cost of organizing the Trust and continuing its existence; registering the Trust with federal and state securities authorities; Trustees' fees; auditors' fees; the cost of meetings of Trustees; legal fees of the Trust; association membership dues; and such non-recurring and extraordinary items as may arise.

The respective Equity Fund expenses for which holders of Trust Shares pay their allocable portion include, but are not limited to: registering the Equity Funds and shares of the Equity Funds; investment advisory services; taxes and commissions; custodian fees; insurance premiums; auditors' fees; and such non-recurring and extraordinary items as may arise.

At present, no expenses are allocated exclusively to the Trust Shares as a class. However, the Board of Trustees reserves the right to allocate certain other expenses to holders of Trust Shares as they deem appropriate ("Class Expenses"). In any case, Class Expenses would be limited to: transfer agent fees as identified by the transfer agent as attributable to holders of Trust Shares; printing and postage expenses related to preparing and distributing materials such as shareholder reports, prospectuses and proxies to current shareholders; registration fees paid to the Securities and Exchange Commission and registration fees paid to state securities commissions; expenses related to administrative personnel and services as required to support holders of Trust Shares; legal fees relating solely to Trust Shares; and Trustees' fees incurred

as a result of issues relating solely to Trust Shares.

NET ASSET VALUE

THE TERM "NET ASSET VALUE" REFERS TO THE VALUE OF ONE EQUITY FUND SHARE.

The net asset value per share of each of the Equity Funds fluctuates and is determined by dividing the sum of the market value of all securities and other assets, less liabilities, by the number of shares outstanding.

INVESTING IN TRUST SHARES

YOU CAN BUY EQUITY FUND TRUST SHARES BY FEDERAL RESERVE WIRE, MAIL, OR TRANSFER, AS EXPLAINED BELOW.

Shares of the Equity Funds are sold by the distributor on days on which the New York Stock Exchange and Federal Reserve Wire System are open for business. Shares of the Equity Funds may also be purchased through Shawmut Bank, N.A., Shawmut Bank Connecticut, National Association, or their affiliates (collectively, "Shawmut Bank") on days on which both Shawmut Bank and the New York Stock Exchange and Federal Wire Reserve System are open for business. Texas residents must purchase, exchange, and redeem Shares through Federated Securities Corp. at 1-800-618-8573. The Equity Funds reserve the right to reject any purchase request.

THROUGH SHAWMUT BANK. An investor may call their Shawmut Bank trust officer to receive information and to place an order to purchase Shares. Shawmut Bank will purchase Trust Shares on behalf of investors and maintain all records relating to the Trust Shares. Through its trust accounting systems, Shawmut Bank provides shareholders of Trust Shares with detailed periodic statements that integrate information regarding investments in the Equity Funds with other Shawmut Bank investment services.

Orders placed through Shawmut Bank are considered received when payment is converted to federal funds and the applicable Equity Fund is notified of the purchase order. The completion of the purchase transaction will generally occur within one business day after Shawmut Bank receives a purchase order. Purchase orders must be received by Shawmut Bank before 4:00 p.m. (Eastern time) and must be transmitted by Shawmut Bank to the applicable Equity Fund before 5:00 p.m. (Eastern time) in order for Trust Shares to be purchased at that day's public offering price.

DIRECTLY FROM THE DISTRIBUTOR. An investor may place an order to purchase Shares directly from the distributor. To do so: complete and sign the new account form available from the Equity Funds; complete an application for the establishment of a trust account with Shawmut Bank; enclose a check made payable to the full name of your desired portfolio (see the cover of the prospectus)--Trust Shares; and mail both to the Equity Funds, Attention: Vice President, Securities Operations, OF0501, One Federal Street, Boston, Massachusetts 02211. The order is considered received after a trust account is established and the check is converted by Shawmut Bank into federal funds. This is generally the next business day after Shawmut Bank receives the check.

To purchase Trust Shares by wire, call 1-800-SHAWMUT. All information needed will be taken over the telephone, and the order is considered received when Shawmut Bank receives payment by wire. To request additional information concerning purchases by wire, please contact Federated Securities Corp., the Equity Funds' distributor, at 1-800-618-8573. Shares cannot be purchased by wire on any day which both Shawmut Bank and the New York Stock Exchange and Federal Reserve Wire System are not open for business.

MINIMUM INVESTMENT REQUIRED

THE MINIMUM INITIAL INVESTMENT IS \$1,000.

The minimum initial investment in Trust Shares by an investor is \$1,000. Subsequent investments must be in amounts of at least \$100. The Equity Funds may waive the initial minimum investment for employees of Shawmut Bank and its affiliates from time to time.

WHAT SHARES COST

SHARES ARE SOLD AT THEIR NET ASSET VALUE NEXT DETERMINED AFTER AN ORDER IS RECEIVED. THERE IS NO SALES CHARGE IMPOSED BY THE EQUITY FUNDS UPON THE PURCHASE OF TRUST SHARES.

The net asset value is determined at the close of the New York Stock Exchange, normally 4:00 p.m. (Eastern time), Monday through Friday, except on: (i) days on which there are not sufficient changes in the value of an Equity Fund's portfolio securities that its net asset value might be materially affected; (ii) days during which no shares are tendered for redemption and no orders to purchase shares are received; or (iii) on the following holidays: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

SUBACCOUNTING SERVICES

Institutions are encouraged to open single master accounts. However, certain institutions may wish to use the transfer agent's subaccounting system to minimize their internal recordkeeping requirements. The transfer agent charges a fee based on the level of subaccounting services rendered. Certain institutions holding Trust Shares in a fiduciary, agency, custodial, or similar capacity may charge or pass through subaccounting fees as part of or in addition to normal trust or agency account fees. They may also charge fees for other services provided which may be related to the ownership of Trust Shares. This prospectus should, therefore, be read together with any agreement between the customer and the institution with regard to the services provided, the fees charged for those services, and any restrictions and limitations imposed.

CERTIFICATES AND CONFIRMATIONS

As transfer agent for the Equity Funds, Federated Services Company maintains a share account for each shareholder of record. Share certificates are not issued unless requested by contacting Shawmut Bank in writing.

Detailed confirmations of each purchase or redemption are sent to Shawmut Bank or other shareholders of record. Monthly statements are sent by Shawmut Bank to its trust customers to report account activity during the previous month, including dividends paid during the period.

DIVIDENDS

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

CAPITAL GAINS

Capital gains realized by an Equity Fund, if any, will be distributed to that Fund's shareholders at least once every 12 months.

EXCHANGE PRIVILEGE

EXCHANGING SHARES. Shareholders may exchange Shares, with a minimum net asset value of \$1,000, for shares of the same designated class of other funds advised by Shawmut Bank.

Exchanges are subject to the minimum initial purchase requirements of such fund being acquired. Prior to any exchange, the shareholder must receive a copy of the current prospectus of the class of the fund into which an exchange is to be effected.

The exchange privilege is available to shareholders residing in any state in which the fund shares being acquired may legally be sold. Upon receipt of proper instructions and all necessary supporting documents, Trust Shares submitted for exchange will be redeemed at the next-determined net asset value. Written exchange instructions may require a signature guarantee. Exercise of this privilege is treated as a sale for federal income tax purposes and, depending on the circumstances, a short-or long-term capital gain or loss may be realized. The exchange privilege may be modified or terminated at any time. Shareholders will be notified of the modification or termination of the exchange privilege. A shareholder may obtain further information on the exchange privilege by calling their trust officer at Shawmut Bank.

EXCHANGE-BY-TELEPHONE. Instructions for exchanges between participating funds which are part of the Trust may be given by telephone to their trust officer at Shawmut Bank. To utilize the exchange-by-telephone service, an investor must complete an authorization form permitting Shawmut Bank to instruct the Equity Funds to honor telephone instructions. The authorization is included in Shawmut Bank's trust account documentation. Shares may be exchanged by telephone only

between trust accounts having identical registrations. Exchange instructions given by telephone may be electronically recorded.

Any Shares held in certificate form cannot be exchanged by telephone, but must be forwarded to the transfer agent and deposited to the shareholder's mutual fund account before being exchanged.

Telephone exchange instructions must be received before 4:00 p.m. (Eastern time) for Shares to be exchanged the same day. The telephone exchange privilege may be modified or terminated at any time. Shareholders will be notified of such modification or termination. Shareholders may have difficulty in making exchanges by telephone through Shawmut Bank during times of drastic economic or market changes. If a shareholder cannot contact Shawmut Bank by telephone, it is recommended that an exchange request be made in writing and sent by overnight mail to Shawmut Bank, Attention: Vice President, Securities Operation, OF0501, One Federal Street, Boston, Massachusetts 02211.

REDEEMING TRUST SHARES

YOU CAN REDEEM EQUITY FUND TRUST SHARES BY MAIL OR TELEPHONE. TO ENSURE YOUR SHARES ARE REDEEMED EXPEDITIOUSLY, PLEASE FOLLOW THE PROCEDURES EXPLAINED BELOW.

The Equity Funds redeem Trust Shares at their net asset value next determined after Federated Services Company receives the redemption request. Redemptions will be made on days on which the Equity Funds compute their net asset value. Requests for redemptions can be made by telephone or in writing by contacting a Shawmut Bank trust officer. Redemption requests received prior to 4:00 p.m. (Eastern time) will be effected on the same business day.

THROUGH SHAWMUT BANK

Shareholders may redeem Trust Shares by calling their Shawmut Bank trust officer to request the redemption. Trust Shares will be redeemed at the net asset value next determined after Federated Services Company receives the redemption request. Shawmut Bank is responsible for promptly submitting redemption requests and for maintaining proper written records of redemption instructions received from the Equity Funds' shareholders. In order to effect a redemption on the same business day as a request, Shawmut Bank is responsible for the timely transmission of the redemption request to the appropriate Equity Fund.

Before Shawmut Bank may request redemption by telephone on behalf of a shareholder, an authorization form permitting the Equity Funds to accept redemption requests by telephone must first be completed. This authorization is included in Shawmut Bank's trust account documentation. In the event of drastic economic or market changes, a shareholder may experience difficulty in redeeming by telephone. If such a case should occur, it is recommended that a redemption request be made in writing and sent by overnight mail to Shawmut Bank, Attention: Vice President, Securities Operation, OF0501, One Federal Street, Boston, Massachusetts 02211.

DIRECTLY FROM THE EQUITY FUNDS

BY MAIL. A shareholder may redeem Trust Shares by sending a written request to Federated Services Company. If Shares are purchased by Shawmut Bank on behalf of a trust customer, only Shawmut Bank, as the shareholder of record, can request a redemption from Federated Services Company. The written request should include the shareholder's name, the Equity Fund's name and class of shares name, the account number, and the share or dollar amount requested. If share certificates have been issued, they must be properly endorsed and should be sent by registered or certified mail with the written request. Shareholders should call the Equity Funds for assistance in redeeming by mail.

SIGNATURES. Shareholders requesting a redemption of \$50,000 or more, a redemption of any amount to be sent to an address other than that on record with the Equity Funds, or a redemption payable other than to the shareholder of record must have signatures on written redemption requests guaranteed by:

- a trust company or commercial bank whose deposits are insured by the Bank Insurance Fund, which is administered by the Federal Deposit Insurance Corporation ("FDIC");

- - a member firm of the New York, American, Boston, Midwest, or Pacific Stock Exchange;
- - a savings bank or savings and loan association whose deposits are insured by the Savings Association Insurance Fund ("SAIF"), which is administered by the FDIC; or
- - any other "eligible guarantor institution," as defined in the Securities Exchange Act of 1934.

The Equity Funds do not accept signatures guaranteed by a notary public.

The Equity Funds and their transfer agent have adopted standards for accepting signature guarantees from the above institutions. The Equity Funds may elect in the future to limit eligible

signature guarantors to institutions that are members of a signature guarantee program. The Equity Funds and their transfer agent reserve the right to amend these standards at any time without notice.

RECEIVING PAYMENT

Redemption payments will generally be made directly to the trust account maintained by an investor with Shawmut Bank. This deposit is normally made within one business day, but in no event more than seven days, of the redemption request, provided the transfer agent has received payment from the shareholder. The net asset value of Trust Shares redeemed is determined, and dividends, if any, are paid up to and including, the day prior to the day that a redemption request is processed. Pursuant to instructions from Shawmut Bank, redemption proceeds may be transferred from a shareholder account by check or by wire.

BY CHECK. Normally, a check for the proceeds is mailed within one business day after receipt of a proper redemption request.

BY WIRE. Requests to wire proceeds from redemptions received before 4:00 p.m. (Eastern time) will be honored the following business day after Shawmut Bank receives proper instructions.

ACCOUNTS WITH LOW BALANCES

Due to the high cost of maintaining accounts with low balances, the Equity Funds may redeem shares in any account and pay the proceeds to the shareholder if the account balance falls below a required minimum of \$1,000. This requirement does not apply, however, if the balance falls below \$1,000 because of changes in an Equity Fund's net asset value.

Before shares are redeemed to close an account, the shareholder is notified in writing and allowed 30 days to purchase additional shares to meet the minimum requirement.

REDEMPTION IN KIND

The Equity Funds are obligated to redeem Shares solely in cash up to \$250,000 or 1% of the net asset value of Shares of each individual Income Fund, whichever is less, for any one shareholder within a 90-day period.

Any redemption beyond this amount will also be in cash unless the Trustees determine that further cash payments will have a material adverse effect on remaining shareholders. In such a case, the Equity Funds will pay all or a portion of the remainder of the redemption in portfolio instruments, valued in the same way as a Fund determines net asset value. The portfolio instruments will be selected in a manner that the Trustees deem fair and equitable.

Redemption in kind is not as liquid as a cash redemption. If redemption is made in kind, shareholders receiving their securities and selling them before their maturity could receive less than the redemption value of their securities and could incur certain transaction costs.

SHAREHOLDER INFORMATION

VOTING RIGHTS

EACH TRUST SHARE OF AN EQUITY FUND GIVES THE SHAREHOLDER ONE VOTE IN TRUSTEE ELECTIONS AND OTHER MATTERS SUBMITTED TO SHAREHOLDERS OF THE TRUST FOR VOTE.

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

Trustees may be removed by the Trustees or by shareholders at a special meeting. A special meeting of the shareholders shall be called by

the Trustees upon the written request of shareholders owning at least 10% of the outstanding shares of the Trust. As of February 10, 1994, Shawmut Bank or its affiliates, acting as fiduciary of various accounts, was the owner of record of approximately 1,816,738 (97.92%) Trust Shares of the Growth Equity Fund, approximately 14,315,989 (99.01%) Trust Shares of the Growth and Income Equity Fund, and approximately 8,983,544 (97.27%) Trust Shares of the Small Capitalization Equity Fund. Additionally, as of February 10, 1994, Shawmut Bank or its affiliates, acting as a nominee or agent of accounts of its customers, was the owner of record of approximately 21,718 (1.17%) Trust Shares of the Growth Equity Fund and approximately 244,565 (2.65%) Trust Shares of the Small Capitalization Equity Fund.

MASSACHUSETTS PARTNERSHIP LAW

Under certain circumstances, shareholders may be held personally liable as partners under Massachusetts law for acts or obligations of the Trust on behalf of the Equity Funds. To protect shareholders of an Equity Fund, the Trust has filed legal documents with Massachusetts that expressly disclaim the liability of shareholders of the Equity Funds for acts or obligations of the Trust. These documents require notice of this disclaimer to be given in each agreement, obligation, or instrument the Trust or its Trustees enter into or sign on behalf of an Equity Fund.

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

EFFECT OF BANKING LAWS

Banking laws and regulations presently prohibit a bank holding company registered under the Federal Bank Holding Company Act of 1956 or any bank or non-bank affiliate thereof from sponsoring, organizing, controlling, or distributing the shares of a registered, open-end investment company continuously engaged in the issuance of its shares, and prohibit banks generally from issuing, underwriting, selling, or distributing securities. However, such banking laws and regulations do not prohibit such a holding company affiliate or banks generally from acting as investment adviser, transfer agent, or custodian to such an investment company or from purchasing shares of such a company as agent for and upon the order of such a customer. Shawmut Bank is subject to such banking laws and regulations.

THE GLASS-STEAGALL ACT IS A FEDERAL BANKING LAW THAT GENERALLY PROHIBITS BANKS FROM PUBLICLY UNDERWRITING OR DISTRIBUTING CERTAIN SECURITIES.

Shawmut Bank believes, based upon the advice of its counsel, that it may perform the services for the Equity Funds contemplated by its advisory agreement with the Trust without violation of the Glass-Steagall Act or other applicable

banking laws or regulations. Changes in either federal or state statutes and regulations relating to the permissible activities of banks and their subsidiaries or affiliates, as well as further judicial or administrative decisions or interpretations of such or future statutes and regulations, could prevent Shawmut Bank from continuing to perform all or a part of the above services for its customers and/or the Equity Funds. If it were prohibited from engaging in these customer-related activities, the Trustees would consider alternative advisers and means of continuing available investment services. In such event, changes in the operation of the Equity Funds may occur, including possible termination of any automatic or other Equity Fund share investment

and redemption services then being provided by Shawmut Bank. It is not expected that existing shareholders would suffer any adverse financial consequences (if another adviser with equivalent abilities to Shawmut Bank is found) as a result of any of these occurrences.

State securities laws governing the ability of depository institutions to act as underwriters or distributors of securities may differ from interpretations given to the Glass-Steagall Act and, therefore, banks and financial institutions may be required to register as dealers pursuant to state law.

TAX INFORMATION

FEDERAL INCOME TAX

The Equity Funds will pay no federal income tax because each Fund expects to meet requirements of the Internal Revenue Code, as amended, applicable to regulated investment companies and to receive the special tax treatment afforded to such companies.

Each Equity Fund will be treated as a single, separate entity for federal income tax purposes so that income (including capital gains) and losses realized by The Shawmut Funds' other portfolios will not be combined for tax purposes with those realized by each Equity Fund.

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

Shareholders are urged to consult their own tax advisers regarding the status of their accounts under state and local tax laws.

OTHER CLASSES OF SHARES

The Equity Funds offer a separate class of shares known as Investment Shares. Investment Shares are sold primarily to financial institutions that rely upon the distribution services provided by the distributor in the marketing of Investment Shares, as well as to retail customers of such institutions. Investment Shares are sold at net asset value plus a sales charge. Investments in Investment Shares are subject to a minimum initial investment of \$1,000.

Investment Shares are distributed pursuant to 12b-1 Plans adopted by the Trust whereby the distributor is paid a fee of up to .50 of 1% of the Investment Shares' average daily net assets.

The amount of dividends payable to Trust Shares will exceed that of Investment Shares by the difference between class expenses and distribution expenses borne by shares of each respective class.

The stated advisory fee is the same for both classes of shares.

PERFORMANCE INFORMATION

FROM TIME TO TIME THE EQUITY FUNDS ADVERTISE THEIR TOTAL RETURN AND YIELD FOR TRUST SHARES.

Total return represents the change, over a specified period of time, in the value of an investment in Trust Shares after reinvesting all income and capital gains distributions. It is calculated by dividing that change by the initial investment and is expressed as a percentage.

The yields of Trust Shares of the Equity Funds are calculated each day by dividing the net investment income per share (as defined by the Securities and Exchange Commission) earned by the Equity Funds over a thirty-day period by the net asset value per Share on the last day of the period. This number is then annualized using semi-annual compounding. The yield does not necessarily reflect income actually earned by Trust Shares and, therefore, may not correlate to the dividends or other distributions paid to shareholders.

Total return and yield will be calculated separately for Trust Shares and

Investment Shares. Because Investment Shares are subject to a sales charge and a 12b-1 fee, the total return and yield

for Trust Shares, for the same period, will exceed that of Investment Shares.

Trust Shares are sold without any sales charge or other similar non-recurring charges.

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

Further information about the performance of the Equity Funds is contained in the Trust's Annual Report dated October 31, 1993, which can be obtained free of charge.

FEDERATED SECURITIES CORP.
(LOGO)

Distributor

A subsidiary of FEDERATED INVESTORS

FEDERATED INVESTORS TOWER

PITTSBURGH, PA 15222-3779

3120919A-I (2/94)

THE SHAWMUT FUNDS

EQUITY FUNDS

SHAWMUT GROWTH EQUITY FUND

SHAWMUT GROWTH AND INCOME EQUITY FUND

SHAWMUT SMALL CAPITALIZATION EQUITY FUND

INVESTMENT SHARES

COMBINED PROSPECTUS

The shares offered by this prospectus represent interests in Investment Shares of the equity portfolios (collectively, the "Equity Funds" or individually, as appropriate in context, the "Fund") of The Shawmut Funds (the "Trust"), an open-end management investment company (a mutual fund). In addition to the Equity Funds, the Trust consists of the following separate investment portfolios, each having distinct investment objectives and policies:

INCOME FUNDS

Shawmut Connecticut Intermediate Municipal
Income Fund
Shawmut Fixed Income Fund
Shawmut Intermediate Government Income Fund
Shawmut Limited Term Income Fund
Shawmut Massachusetts Intermediate Municipal
Income Fund

MONEY MARKET FUNDS

Shawmut Connecticut Municipal Money
Market Fund
Shawmut Massachusetts Municipal Money
Market Fund
Shawmut Prime Money Market Fund

This combined prospectus contains the information you should read and know before you invest in the Equity Funds. Keep this prospectus for future reference. The Equity Funds have also filed a Combined Statement of Additional

Information for Trust Shares and Investment Shares dated February 28, 1994, with the Securities and Exchange Commission. The information contained in the Combined Statement of Additional Information is incorporated by reference into this prospectus. You may request a copy of the Combined Statement of Additional Information free of charge, obtain other information, or make inquiries about the Equity Funds by writing or calling the Trust.

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 SHARES OFFERED BY THIS PROSPECTUS ARE NOT DEPOSITS OR OBLIGATIONS OF SHAWMUT BANK, ARE NOT ENDORSED OR GUARANTEED BY SHAWMUT BANK, ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, NOR ARE THEY INSURED OR GUARANTEED BY THE FEDERAL RESERVE BOARD OR ANY OTHER GOVERNMENT AGENCY. MUTUAL FUNDS INVOLVE INVESTMENT RISKS, INCLUDING FLUCTUATIONS IN VALUE AND EARNINGS, AND THE POSSIBLE LOSS OF PRINCIPAL.

INVESTMENT SHARES OF THE SHAWMUT FUNDS ARE AVAILABLE THROUGH LICENSED REPRESENTATIVES OF SHAWMUT BROKERAGE, INC., MEMBER NASD/SIPC, AND AN AFFILIATE OF SHAWMUT BANK.

Prospectus dated February 28, 1994

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SYNOPSIS

INVESTMENT OBJECTIVES

The Shawmut Funds offer you a convenient, affordable way to participate in separate, professionally managed portfolios of securities. This prospectus relates only to the Equity Funds of the Trust.

EQUITY FUNDS

SHAWMUT GROWTH EQUITY FUND

("Growth Equity Fund") seeks long term capital appreciation by investing in a diversified portfolio of growth-oriented equity securities. The Fund defines growth-oriented equity securities as securities of companies that are projected by the investment adviser, based upon traditional research techniques, to show earnings growth superior to the Standard & Poor's 500 Composite Stock Index.

SHAWMUT GROWTH AND INCOME EQUITY FUND

("Growth and Income Equity Fund") seeks a relatively high total return through long-term capital appreciation and current income looking to achieve a current dividend yield that exceeds the composite yield of securities included in the Standard & Poor's 500 Composite Stock Index. While there is no assurance that the Growth and Income Equity Fund will achieve its objectives, it attempts to do so by investing in a professionally managed, diversified portfolio consisting primarily of common stocks that are selected by the investment adviser based upon traditional research techniques.

SHAWMUT SMALL CAPITALIZATION EQUITY FUND

("Small Capitalization Equity Fund") seeks long-term capital appreciation by investing primarily in a portfolio of equity securities comprising the small capitalization sector of the United States equity market (companies which have a market value capitalization up to \$1 billion).

BUYING AND REDEEMING EQUITY FUND SHARES

A minimum initial investment of \$1,000 may be required. Subsequent investments must be in amounts of at least \$100, as described in this prospectus in the section entitled "Minimum Investment Required."

EQUITY FUND MANAGEMENT

The Equity Funds' investment adviser is Shawmut Bank, N.A., which makes investment decisions for the Equity Funds.

SHAREHOLDER SERVICES

When you become a shareholder, you can easily obtain information about your account by calling 1-800-SHAWMUT.

THE SHAWMUT EQUITY FUNDS

SUMMARY OF EQUITY FUND EXPENSES

INVESTMENT SHARES

SHAREHOLDER TRANSACTION EXPENSES

<TABLE>
<CAPTION>

	GROWTH EQUITY FUND	GROWTH AND INCOME EQUITY FUND	SMALL CAPITALIZATION EQUITY FUND
<S>	<C>	<C>	<C>
Maximum Sales Load Imposed on Purchases (as a percentage of offering price).....	4.00%	4.00%	4.00%
Maximum Sales Load Imposed--on Reinvested Dividends (as a percentage of offering price).....	None	None	None
Deferred Sales Load (as a percentage of original purchase price or redemption proceeds as applicable).....	None	None	None
Redemption Fee (as a percentage of amount redeemed, if applicable)....	None	None	None
Exchange Fee.....	None	None	None
ANNUAL INVESTMENT SHARES OPERATING EXPENSES (As a percentage of average net assets)			
Management Fee (after waiver) (1).....	0.50%	0.80%	0.75%
12b-1 Fees (2).....	0.25%	0.25%	0.25%
Total Other Expenses (3).....	0.68%	0.22%	0.27%
Total Investment Shares Operating Expenses (after waiver) (4).....	1.43%	1.27%	1.27%

</TABLE>

(1) The management fee has been reduced to reflect the voluntary waiver by the investment adviser. The adviser can terminate this voluntary waiver at any time at its sole discretion. The maximum management fee is 1.00%.

(2) The 12b-1 fee has been reduced to reflect the voluntary waiver by the distributor. The Equity Funds can pay up to 0.50% of the average daily net assets of Investment Shares as a 12b-1 fee to the distributor.

(3) Estimated other expenses have been reduced to reflect the voluntary waiver by the administrator for the Growth Equity Fund.

(4) Annual Investment Shares Operating expenses for the fiscal year ended October 31, 1993 were 1.37% for the Growth Equity Fund; 1.25% for the Growth and Income Equity Fund; and 1.33% for the Small Capitalization Equity Fund. The Annual Investment Shares Operating Expenses in the table above are based on expenses expected during the fiscal year ending October 31, 1994. Absent the anticipated voluntary waivers explained in the above footnotes, the Investment Shares Operating Expenses are estimated to be 2.37% for Growth Equity Fund; 1.72% for Growth and Income Equity Fund; and 1.77% for Small Capitalization Equity Fund.

THE PURPOSE OF THIS TABLE IS TO ASSIST AN INVESTOR IN UNDERSTANDING THE VARIOUS COSTS AND EXPENSES THAT A SHAREHOLDER OF INVESTMENT SHARES WILL BEAR, EITHER DIRECTLY OR INDIRECTLY. FOR MORE COMPLETE DESCRIPTIONS OF THE VARIOUS COSTS AND EXPENSES, SEE "THE SHAWMUT FUNDS INFORMATION" AND "INVESTING IN INVESTMENT SHARES." WIRE-TRANSFERRED REDEMPTIONS OF LESS THAN \$5,000 MAY BE SUBJECT TO ADDITIONAL FEES.

EXAMPLE

You would pay the following expenses on a \$1,000 investment assuming (1) 5% annual return and (2) redemption at the end of each time period. As noted in the table above, the Equity Funds charges no redemption fee.

<TABLE>

<CAPTION>

	1 Year	3 Years	5 Years	10 Years
<S>	<C>	<C>	<C>	<C>
Growth Equity Fund.....	\$54	\$83	\$115	\$204
Growth and Income Equity Fund.....	\$52	\$79	\$107	\$187
Small Capitalization Equity Fund.....	\$52	\$79	\$107	\$187

</TABLE>

THE ABOVE EXAMPLES SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE EXPENSES. ACTUAL EXPENSES MAY BE GREATER OR LESS THAN THOSE SHOWN.

The information set forth in the foregoing table and example relates only to Investment Shares of the Equity Funds. The Equity Funds also offer another class of shares called Trust Shares. Trust Shares and Investment Shares are subject to certain of the same expenses; however, Investment Shares are subject to a 12b-1 fee of up to .50 of 1%. See "Other Classes of Shares."

SHAWMUT GROWTH EQUITY FUND--FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

The following table has been audited by Price Waterhouse, the Fund's independent public accountants. Their report dated December 17, 1993, on the Fund's financial statements for the year ended October 31, 1993, and on the following table for each of the periods presented, is included in the Annual Report, which is incorporated by reference. This table should be read in conjunction with the Fund's financial statements and notes thereto, which may be obtained from the Fund.

<TABLE>

<CAPTION>

	YEAR ENDED OCTOBER 31, 1993*
----- TRUST SHARES -----	
<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$10.00
----- INCOME FROM INVESTMENT OPERATIONS	

Net investment income	0.023
Net realized and unrealized gain (loss) on investments	0.487
Total from investment operations	0.510
LESS DISTRIBUTIONS	
Dividends to shareholders from net investment income	(0.019)
NET ASSET VALUE, END OF PERIOD	\$10.49
TOTAL RETURN***	5.09%
RATIOS TO AVERAGE NET ASSETS	
Expenses	1.06% (a)
Net investment income	0.26% (a)
Expense waiver/reimbursement (b)	0.47% (a)
SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	\$20,787
Portfolio turnover rate(c)	71%

</TABLE>

<TABLE>
<CAPTION>

	YEAR ENDED OCTOBER 31, 1993**
INVESTMENT SHARES	
<S>	
NET ASSET VALUE, BEGINNING OF PERIOD	\$10.01
INCOME FROM INVESTMENT OPERATIONS	
Net investment income	0.004
Net realized and unrealized gain (loss) on investments	0.480
Total from investment operations	0.484
LESS DISTRIBUTIONS	
Dividends to shareholders from net investment income	(0.004)
NET ASSET VALUE, END OF PERIOD	\$10.49
TOTAL RETURN***	4.84%
RATIOS TO AVERAGE NET ASSETS	
Expenses	1.37% (a)
Net investment income	(0.10)% (a)
Expense waiver/reimbursement (b)	0.72% (a)
SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	\$4,631
Portfolio turnover rate(c)	71%

</TABLE>

* Reflects operations for the period from December 14, 1992 (date of initial public investment) to October 31, 1993.

** Reflects operations for the period from February 12, 1993 (date of initial public offering) to October 31, 1993.

*** Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) Computed on an annualized basis.

(b) Increase/decrease in above expense/income ratios due to waivers or reimbursements of expenses (Note 5).

(c) Represents portfolio turnover rate for the entire Fund.

SHAWMUT GROWTH AND INCOME EQUITY FUND

FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

The following table has been audited by Price Waterhouse, the Fund's independent public accountants. Their report dated December 17, 1993, on the Fund's financial statements for the year ended October 31, 1993, and on the following table for each of the periods presented, is included in the Annual Report, which is incorporated by reference. This table should be read in conjunction with the Fund's financial statements and notes thereto, which may be obtained from the Fund.

	TRUST SHARES	YEAR ENDED OCTOBER 31, 1993*
<S>		<C>
NET ASSET VALUE, BEGINNING OF PERIOD		\$10.00

INCOME FROM INVESTMENT OPERATIONS		

Net investment income		0.18

Net realized and unrealized gain (loss) on investments		0.69

Total from investment operations		0.87

LESS DISTRIBUTIONS		

Dividends to shareholders from net investment income		(0.18)

NET ASSET VALUE, END OF PERIOD		\$10.69

TOTAL RETURN***		8.80%

RATIOS TO AVERAGE NET ASSETS		

Expenses		0.98% (a)

Net investment income		2.11% (a)

Expense waiver/reimbursement (b)		0.27% (a)

SUPPLEMENTAL DATA		

Net assets, end of period (000 omitted)		\$147,090

Portfolio turnover rate(c)		38%

</TABLE>

<TABLE>
<CAPTION>

	INVESTMENT SHARES	YEAR ENDED OCTOBER 31, 1993**

<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$10.23

INCOME FROM INVESTMENT OPERATIONS	

Net investment income	0.15
Net realized and unrealized gain (loss) on investments	0.48
Total from investment operations	0.63

LESS DISTRIBUTIONS	

Dividends to shareholders from net investment income	(0.17)
NET ASSET VALUE, END OF PERIOD	\$10.69

TOTAL RETURN***	6.20%

RATIOS TO AVERAGE NET ASSETS	

Expenses	1.25% (a)
Net investment income	1.77% (a)
Expense waiver/reimbursement (b)	0.53% (a)

SUPPLEMENTAL DATA	

Net assets, end of period (000 omitted)	\$16,280
Portfolio turnover rate(c)	38%

</TABLE>

* Reflects operations for the period from December 14, 1992 (date of initial public investment) to October 31, 1993.

** Reflects operations for the period from February 12, 1993 (date of initial public offering) to October 31, 1993.

*** Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) Computed on an annualized basis.

(b) Increase/decrease in above expenses/income ratios due to waivers or reimbursements of expenses (Note 5).

(c) Represents portfolio turnover rate for the entire Fund.

SHAWMUT SMALL CAPITALIZATION EQUITY FUND

FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

The following table has been audited by Price Waterhouse, the Fund's independent public accountants. Their report dated December 17, 1993, on the Fund's financial statements for the year ended October 31, 1993, and on the following table for each of the periods presented, is included in the Annual Report, which is incorporated by reference. This table should be read in conjunction with the Fund's financial statements and notes thereto, which may be obtained from the Fund.

<TABLE>

<CAPTION>

	TRUST SHARES	YEAR ENDED OCTOBER 31, 1993*
<S>		<C>
NET ASSET VALUE, BEGINNING OF PERIOD		\$10.00
INCOME FROM INVESTMENT OPERATIONS		
Net investment income		0.002
Net realized and unrealized gain (loss) on investments		1.210
Total from investment operations		1.212
LESS DISTRIBUTIONS		
Dividends to shareholders from net investment income		(0.002)
NET ASSET VALUE, END OF PERIOD		\$11.21
TOTAL RETURN***		12.12%
RATIOS TO AVERAGE NET ASSETS		
Expenses		1.01% (a)
Net investment income		0.02% (a)
Expense waiver/reimbursement (b)		0.28% (a)
SUPPLEMENTAL DATA		
Net assets, end of period (000 omitted)		\$100,382
Portfolio turnover rate(c)		29%

</TABLE>

<TABLE>
<CAPTION>

	INVESTMENT SHARES	YEAR ENDED OCTOBER 31, 1993**
<S>		<C>
NET ASSET VALUE, BEGINNING OF PERIOD		\$10.52
INCOME FROM INVESTMENT OPERATIONS		
Net investment loss		(0.008)
Net realized and unrealized gain (loss) on investments		0.698
Total from investment operations		0.690
LESS DISTRIBUTIONS		
Dividends to shareholders from net investment income		(0.000)
NET ASSET VALUE, END OF PERIOD		\$11.21
TOTAL RETURN***		6.56%
RATIOS TO AVERAGE NET ASSETS		
Expenses		1.33% (a)
Net investment loss		(0.19)% (a)
Expense waiver/reimbursement (b)		0.54% (a)
SUPPLEMENTAL DATA		
Net assets, end of period (000 omitted)		\$15,014
Portfolio turnover rate(c)		29%

</TABLE>

* Reflects operations for the period from December 14, 1992 (date of initial public investment) to October 31, 1993.

** Reflects operations for the period from February 12, 1993 (date of initial public offering) to October 31, 1993.

*** Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) Computed on an annualized basis.

(b) Increase/decrease in above expense/income ratios due to waivers or reimbursements of expenses (Note 5).

(c) Represents portfolio turnover rate for the entire Fund.

GENERAL INFORMATION

The Trust was established as a Massachusetts business trust under a Declaration of Trust dated July 16, 1992. The Declaration of Trust permits the Trust to offer separate series of shares representing interests in separate portfolios of securities. The shares in any one portfolio may be offered in separate classes. As of the date of this prospectus, the Board of Trustees (the "Trustees") has established two classes of shares of several of the Equity Funds, known as Trust Shares and Investment Shares. This prospectus relates only to Investment Shares of the Equity Funds.

A minimum initial investment of \$1,000 may be required. Subsequent investments must be in amounts of at least \$100, as described in this prospectus in the section entitled "Minimum Investment Required," or \$50 for participants in the Systematic Investment Program. Shares are currently sold at net asset value with a sales charge imposed by the Equity Funds, as described in this prospectus.

THE SHAWMUT FUNDS

The shareholders of the Equity Funds are shareholders of The Shawmut Funds, which currently consist of Shawmut Connecticut Intermediate Municipal Income Fund, Shawmut Connecticut Municipal Money Market Fund, Shawmut Fixed Income Fund, Shawmut Growth and Income Equity Fund, Shawmut Growth Equity Fund, Shawmut Intermediate Government Income Fund, Shawmut Limited Term Income Fund, Shawmut Massachusetts Intermediate Municipal Income Fund, Shawmut Massachusetts Municipal Money Market Fund, Shawmut Prime Money Market Fund, and Shawmut Small Capitalization Equity Fund. Shareholders in the Equity Funds have easy access to the other portfolios of The Shawmut Funds through an exchange program. The Shawmut Funds are advised by Shawmut Bank, N.A., and distributed by Federated Securities Corp.

OBJECTIVE AND POLICIES OF EACH FUND

GROWTH EQUITY FUND

INVESTMENT OBJECTIVE

The investment objective of the Growth Equity Fund is to provide long-term capital appreciation. The investment objective cannot be changed without approval of shareholders. While there is no assurance that the Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this prospectus.

INVESTMENT POLICIES

The investment policies may be changed by the Trustees without shareholder approval. Shareholders will be notified before any material change in these policies becomes effective.

ACCEPTABLE INVESTMENTS

UNDER NORMAL MARKET CIRCUMSTANCES, THE GROWTH EQUITY FUND WILL INVEST AT LEAST 65% OF ITS ASSETS IN GROWTH-ORIENTED EQUITY SECURITIES.

The Fund defines growth-oriented equity securities as securities that are projected by the Fund's investment adviser to show earnings growth superior to the Standard & Poor's 500 Composite Stock Index.

The Growth Equity Fund invests primarily in equity securities of companies selected by the investment adviser on the basis of traditional research techniques, including assessment of earnings and dividend growth prospects and of the risk and volatility of each company's business. The fundamental changes which the investment adviser will seek to identify in companies include, for example, restructuring of basic businesses or reallocations of assets which present opportunities for significant share price appreciation. At times, the Growth Equity Fund will invest in securities of companies which are deemed by the investment adviser to be candidates for acquisition by other entities as indicated by changes in ownership, changes in standard price to value ratios, and an examination of other standard analytical indices.

GROWTH AND INCOME
EQUITY FUND

INVESTMENT OBJECTIVE

The investment objective of the Growth and Income Equity Fund is to provide a relatively high total return through long-term capital appreciation and current income. The investment objective cannot be changed without approval of shareholders. The Growth and Income Equity Fund generally looks to achieve a yield that exceeds the composite dividend yield of securities included in the Standard & Poor's 500 Composite Stock Index. While there is no assurance that the Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this prospectus.

INVESTMENT POLICIES

The investment policies may be changed by the Trustees without shareholder approval. Shareholders will be notified before any material change in these policies becomes effective.

ACCEPTABLE INVESTMENTS

UNDER NORMAL MARKET CIRCUMSTANCES, THE GROWTH AND INCOME EQUITY FUND WILL INVEST AT LEAST 65% OF ITS ASSETS IN GROWTH AND INCOME EQUITY SECURITIES.

In addition, the Growth and Income Equity Fund may invest as described in this prospectus.

SMALL CAPITALIZATION
EQUITY FUND

INVESTMENT OBJECTIVE

The investment objective of the Small Capitalization Equity Fund is to provide long-term capital appreciation. The investment objective of the Small Capitalization Equity Fund cannot be changed without the approval of shareholders. While there is no assurance that the Small Capitalization Equity Fund will achieve its investment objective, it endeavors to do so by following the investment policies described below.

INVESTMENT POLICIES

The investment policies may be changed by the Trustees without shareholder approval. Shareholders will be notified before any material change in these policies becomes effective.

ACCEPTABLE INVESTMENTS

UNDER NORMAL CIRCUMSTANCES, THE SMALL CAPITALIZATION EQUITY FUND WILL INVEST AT LEAST 65% OF ITS TOTAL ASSETS IN EQUITY SECURITIES OF COMPANIES THAT

In addition, the Small Capitalization Equity Fund may invest as described in this prospectus.

EQUITY FUNDS INVESTMENTS AND STRATEGIES

COMMON STOCK. As described above, the Equity Funds invest primarily in equity securities. As with other mutual funds that invest primarily in equity securities, the Equity Funds are subject to market risks. That is, the possibility exists that common stocks will decline over short or even extended periods of time, and the United States equity market tends to be cyclical, experiencing both periods when stock prices generally increase and periods when stock prices generally decrease. However, because the Equity Funds invest primarily in growth-oriented equity securities (Growth Equity Fund and, Growth and Income Equity Fund) or in small capitalization stocks (Small Capitalization Equity Fund), there are some additional risk factors associated with investments in the Equity Funds. Growth-oriented stocks may include issuers with smaller capitalization. Small capitalization stocks have historically been more volatile in price than larger capitalization stocks, such as those included in the Standard & Poor's 500 Index. This is because, among other things, smaller companies have a lower degree of liquidity in the equity market and tend to have a greater sensitivity to changing economic conditions. Further, in addition to exhibiting greater volatility, these stocks may, to some degree, fluctuate independently of the stocks of large companies. That is, the stock of small capitalization companies may decline in price as the price of large company stocks rises or vice versa. Therefore, investors should expect that the Equity Funds will be more volatile than, and may fluctuate independently of, broad stock market indices such as the Standard & Poor's 500 Index.

CONVERTIBLE SECURITIES. Convertible securities are fixed income securities which may be exchanged or converted into a predetermined number of the issuer's underlying common stock at the option of the holder during a specified time period. Convertible securities may take the form of convertible preferred stock, convertible bonds or debentures, units consisting of "usable" bonds and warrants or a combination of the features of several of these securities. The Equity Funds invest in convertible bonds rated "BB" or higher by Standard & Poor's Corporation, or "Ba" or higher by Moody's Investors Service, Inc. at the time of investment. If a convertible bond is rated below "BB" or "Ba" according to the characteristics set forth here after a Fund has purchased it, the Fund is not required to drop the convertible bond from the portfolio, but will consider appropriate action. The investment characteristics of each convertible security vary widely, which allows convertible securities to be employed for different investment objectives.

Convertible bonds and convertible preferred stocks are fixed income securities that generally retain the investment characteristics of fixed income securities until they have been converted but also react to movements in the underlying equity securities. The holder is entitled 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. Usable bonds are corporate bonds that can be used in whole or in part, customarily at full face value, in lieu of cash to purchase the issuer's common stock. When owned as part of a unit along with warrants, which are options to buy the common stock, they function as convertible bonds, except that the warrants generally will expire before the bond's maturity. Convertible securities are senior to equity securities, and therefore, have a claim to assets of the corporation prior to the holders of common stock in the case of liquidation. However, convertible securities are generally subordinated to similar nonconvertible securities of the same company. The interest income and dividends from convertible bonds and preferred stocks provide a stable stream of income with generally higher yields than common stocks, but lower than non-convertible securities of similar quality. The Equity Funds will

exchange or convert the convertible securities held in their respective portfolios into shares of the underlying common stock in instances in which, in the investment adviser's opinion, the investment characteristics of the underlying common shares will assist the particular Fund in achieving its investment objectives. Otherwise, the Fund will hold or trade the convertible securities. In selecting convertible securities for a Fund, the Fund's adviser evaluates the investment characteristics of the convertible security as a fixed income instrument, and the investment potential of the underlying equity security for capital appreciation. In evaluating these matters with respect to a particular convertible security, the Fund's adviser considers numerous factors,

including the economic and political outlook, the value of the security relative to other investment alternatives, trends in the determinants of the issuer's profits, and the issuer's management capability and practices.

SECURITIES OF FOREIGN ISSUERS. The Equity Funds may invest in the securities of foreign issuers which are freely traded on United States securities exchanges or in the over-the-counter market in the form of depository receipts. Securities of a foreign issuer may present greater risks in the form of nationalization, confiscation, domestic marketability, or other national or international restrictions. As a matter of practice, the Equity Funds will not invest in the securities of a foreign issuer if any such risk appears to the investment adviser to be substantial.

OPTIONS AND FUTURES CONTRACTS. The Equity Funds may buy and sell options and futures contracts to manage their respective individual exposure to changing interest rates, security prices, and currency exchange rates. Some options and futures strategies, including selling futures, buying puts, and writing calls, tend to hedge the Equity Funds' respective investments against price fluctuations. Other strategies, including buying futures, writing puts, and buying calls, tend to increase market exposure. Options and futures may be combined with each other or with forward contracts in order to adjust the risk and return characteristics of the overall strategy. The Equity Funds may invest in options and futures based on any type of security, index, or currency, including options and futures traded on foreign exchanges and options not traded on exchanges.

Options and futures can be volatile investments, and involve certain risks. If the investment adviser applies a hedge at an inappropriate time or judges market conditions incorrectly, options and futures may lower an Equity Fund's individual return. An Equity Fund could also experience losses if the prices of its options and futures positions were poorly correlated with its other investments, or if it could not close out its positions because of an illiquid secondary market.

Each of the Equity Funds will not hedge more than 20% of their respective total assets by selling futures, buying puts, and writing calls under normal conditions. In addition, each of the Equity Funds will not buy futures or write puts whose underlying value exceeds 20% of their respective total assets, and the Equity Funds will not buy calls with a value exceeding 5% of their respective total assets.

STOCK INDEX FUTURES, SWAP AGREEMENTS, INDEXED SECURITIES, AND OPTIONS. The Equity Funds may utilize stock index futures contracts, options, swap agreements, indexed securities, and options on futures contracts, subject to the limitation that the value of these futures contracts, swap agreements, indexed securities, and options will not exceed 20% of each of the Equity Funds' total assets. Also, each Equity Fund will not purchase options to the extent that more than 5% of the value of the Equity Fund's total assets would be invested in premiums on open put option positions. In addition, each Fund does not intend to invest more than 5% of the market value of its total assets in each of the following: futures contracts, swap agreements, and indexed securities. When an Equity Fund enters into a swap agreement, assets of the Fund equal to the value of the swap agreement will be segregated by the Fund.

There are several risks accompanying the utilization of futures contracts. First, positions in futures contracts may be closed only on an exchange or board of trade that furnishes a secondary market for such contracts. While the Equity Funds plan to utilize futures contracts only if there exists an active market for such contracts, there is no guarantee that a liquid market will exist for the contracts at a specified time. Furthermore, because, by definition, futures contracts look to projected price levels in the future and not to current levels of valuation, market circumstances may result in there being a discrepancy between the price of the stock index future and the movement in the corresponding stock index. The absence of a perfect price correlation between the futures contract and its underlying stock index could stem from investors choosing to close futures contracts by offsetting transactions, rather than satisfying additional margin requirements. This could result in a distortion of the relationship between the index and the futures market. In addition, because the futures market imposes less burdensome margin requirements than the securities market, an increased amount of participation by speculators in the futures market could result in price fluctuations.

RESTRICTED AND ILLIQUID SECURITIES. The Equity Funds intend to invest in restricted securities. Restricted securities are any securities in which each Equity Fund may otherwise invest pursuant to its investment objective and

policies, but which are subject to restriction on resale under federal securities law. However, each Equity Fund will limit investments in illiquid securities, including certain restricted securities not determined by the Trustees to be liquid, non-negotiable time deposits, and repurchase agreements providing for settlement in more than seven days after notice, to 15% of its net assets.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS. The Equity Funds may purchase securities on a when-issued or delayed delivery basis. These transactions are arrangements in which each Equity Fund purchases securities with payment and delivery scheduled for a future time. In when-issued and delayed delivery transactions, the Equity Funds rely on the seller to complete the transaction. The seller's failure to complete the transaction may cause the Equity Funds to miss a price or yield considered to be advantageous.

LENDING OF PORTFOLIO SECURITIES. In order to generate additional income, each Equity Fund may lend portfolio securities on a short-term or long-term basis, or both, up to one-third of the value of its total assets to broker/dealers, banks, or other institutional borrowers of securities. The Equity Funds will only enter into loan arrangements with broker/dealers, banks, or other institutions which the investment adviser has determined are creditworthy under guidelines established by the Trustees and will receive collateral in the form of cash or U.S. government securities equal to at least 100% of the value of the securities loaned.

TEMPORARY INVESTMENTS. In such proportions as, in the judgment of its investment adviser, prevailing market conditions warrant, each Equity Fund may, for temporary defensive purposes, invest in:

- - short-term money market instruments rated in one of the top two rating categories by a nationally recognized statistical rating organization;
- - securities issued and/or guaranteed as to payment of principal and interest by the U.S. government, its agencies, or instrumentalities; and
- - repurchase agreements.

REPURCHASE AGREEMENTS. The U.S. government securities and other securities in which each Equity Fund invests may be purchased pursuant to repurchase agreements. Repurchase agreements are arrangements in which banks, broker/dealers, and other recognized financial institutions sell U.S. government securities or other securities to an Equity Fund and agrees at the time of sale to repurchase them at a mutually agreed upon time and price. To the extent that

the original seller does not repurchase the securities from an Equity Fund, the Fund could receive less than the repurchase price on any sale of such securities.

INVESTING IN SECURITIES OF OTHER INVESTMENT COMPANIES. The Equity Funds may invest in the securities of other investment companies, but they will not own more than 3% of the total outstanding voting stock of any investment company, invest more than 5% of its total assets in any one investment company, or invest more than 10% of its total assets in investment companies in general. The Equity Funds will invest in other investment companies primarily for the purpose of investing its short-term cash which has not yet been invested in other portfolio instruments. However, from time to time, on a temporary basis, each of the Equity Funds may invest exclusively in a single other similarly managed investment company. Shareholders should realize that, when one of the Equity Funds invests in other investment companies, certain fund expenses, such as custodian fees and administrative fees, may be duplicated. The adviser will waive its investment advisory fee on assets invested in securities of other investment companies.

INVESTMENT LIMITATIONS

THE EQUITY FUNDS FOLLOW A NUMBER OF GUIDELINES IN MANAGING THEIR PORTFOLIOS
IN ORDER TO LIMIT INVESTMENT RISKS.

Each Equity Fund will not:

- - borrow money directly or through reverse repurchase agreements (arrangements in which the Equity Funds sell a portfolio instrument for a percentage of its cash value with an arrangement to buy it back on a set date) or pledge securities except, under certain circumstances, the Fund may borrow up to one-third of the value of its total assets and pledge up to 10% of the value of its total assets to secure such borrowings; or
- - with respect to 75% of the value of its total assets, invest more than 5% in

securities of one issuer other than cash, cash items, or securities issued or guaranteed by the government of the U.S. or its agencies of instrumentalities and repurchase agreements collateralized by such securities, or acquire more than 10% of the outstanding voting securities of any one issuer.

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

Each Equity Funds will not:

- - invest more than 10% of its total assets in securities subject to restrictions on resale under the Securities Act of 1933 (except for commercial paper issued under Section 4(2) of the Securities Act of 1933 and certain other securities which meet the criteria for liquidity as established by the Trustees).

THE SHAWMUT FUNDS INFORMATION

MANAGEMENT OF THE SHAWMUT FUNDS

BOARD OF TRUSTEES

THE SHAWMUT FUNDS ARE MANAGED BY A BOARD OF TRUSTEES.

The Trustees are responsible for managing the Trust's business affairs and for exercising all the Trust's powers except those reserved for the shareholders. The Executive Committee of the Board of Trustees handles the Board's responsibilities between meetings of the Board.

INVESTMENT ADVISER

PURSUANT TO AN INVESTMENT ADVISORY CONTRACT WITH THE TRUST, INVESTMENT DECISIONS FOR THE EQUITY FUNDS ARE MADE BY SHAWMUT BANK (THE "ADVISER"), SUBJECT TO DIRECTION BY THE TRUSTEES.

The Adviser continually conducts investment research and supervision for the Equity Funds and is responsible for the purchase and sale of portfolio instruments, for which it receives an annual fee from the respective assets of the Equity Funds.

ADVISORY FEES

THE ADVISER MAY VOLUNTARILY WAIVE PART OF ITS ADVISORY FEES.

The Adviser receives an annual investment advisory fee equal to 1.00% of each of the Equity Funds' average daily net assets. The fees paid by the Equity Funds, while higher than the advisory fees paid by other mutual funds in general, are comparable to fees paid by mutual funds with similar objectives and policies. The Adviser has undertaken to waive a portion of its advisory fee, up to the amount of the advisory fee, to reimburse each of the Equity Funds for operating expenses in excess of limitations established by certain states. The Adviser may further voluntarily waive a portion of its fee or reimburse any of the Equity Funds for certain operating expenses. The Adviser can terminate such voluntary waiver or reimbursement policy at any time with any of The Equity Funds at its sole discretion.

ADVISER'S BACKGROUND

SHAWMUT BANK, N.A., A NATIONAL BANKING ASSOCIATION, AND ITS AFFILIATES HAVE MANAGED COMMINGLED FUNDS FOR OVER FIFTY YEARS. AS OF DECEMBER 31, 1993, SHAWMUT NATIONAL CORPORATION, THROUGH ITS SUBSIDIARIES INCLUDING SHAWMUT BANK MANAGED MORE THAN \$15 BILLION IN DISCRETIONARY TRUST ASSETS. SHAWMUT BANK HAS SERVED AS AN ADVISER TO MUTUAL FUNDS SINCE THE INCEPTION OF THE SHAWMUT FUNDS ON DECEMBER 1, 1992.

Shawmut Bank, N.A., a national banking association, along with Shawmut Bank Connecticut, National Association, are the principal subsidiaries of Shawmut National Corporation, a super-regional bank holding company formed on February 29, 1988, and based in southern New England. Shawmut National Corporation serves consumers through its network of banking offices with a full range of deposit and lending products, as well as investment services. Shawmut Bank's borrowers may be issuers of certain securities in which The Shawmut Funds may invest. The principal executive offices of the investment adviser are located at One Federal Street, Boston, Massachusetts 02211.

E. Bradley Bruce II has been responsible for managing the Growth Equity Fund since October 1993. Mr. Bruce joined Shawmut Bank as a portfolio manager in February 1992. Prior to this, he had been employed as a portfolio manager

with a private investment management firm since 1988. Mr. Bruce received his B.A. degree at Middlebury College and his M.B.A. degree at Columbia University Graduate School of Business.

Brendan J. Henebry has been the portfolio manager of the Growth & Income Equity Fund since its inception in December 1992. Mr. Henebry has been with Shawmut Bank, the Fund's Adviser, and its predecessor since 1965, and has been a Vice President of the Adviser since 1978. During the past five years, Mr. Henebry has served as Manager of the Growth & Income Equity Management Group. He is an honors graduate of St. Anselm's College, where he concentrated in economics.

Peter C. Larson has been the portfolio manager of the Small Capitalization Equity Fund since its inception in December 1992. Mr. Larson joined Shawmut Bank in 1963 as an investment officer and has been a Vice President in charge of Shawmut's Small Cap Equity Management product since inception in 1980. He holds a B.S. degree in finance from the University of Connecticut.

DISTRIBUTION OF EQUITY FUNDS' SHARES

FEDERATED SECURITIES CORP. IS THE PRINCIPAL DISTRIBUTOR FOR INVESTMENT SHARES.

Federated Securities Corp., Federated Investors Tower, Pittsburgh, Pennsylvania 15222-3779, is a Pennsylvania corporation organized on November 14, 1969, and is the principal distributor for a number of investment companies. Federated Securities Corp. is a subsidiary of Federated Investors.

DISTRIBUTION PLAN. Under the distribution plan adopted in accordance with Investment Company Act Rule 12b-1 (the "Plan"), each of the Equity Funds will pay to the distributor an amount computed at an annual rate of up to .50 of 1% of the average daily net asset value of the Investment Shares of each of the Equity Funds, to finance any activity which is principally intended to result in the sale of Investment Shares subject to the Plan.

The distributor may, from time to time and for such periods as it deems appropriate, voluntarily reduce its compensation under the Plan.

The distributor may select financial institutions such as banks, fiduciaries, custodians for public funds, investment advisers, and broker/dealers ("brokers") to provide distribution and/or administrative services as agents for their clients or customers who own Investment Shares of the Equity Funds. Administrative services may include, but are not limited to, the following functions: providing office space, equipment, telephone facilities, and various clerical, supervisory, computer, and other personnel as necessary or beneficial to establish and maintain shareholder accounts and records; processing purchase and redemption transactions and automatic investments of client account cash balances; answering routine client inquiries; assisting clients in changing dividend options, account designations, and addresses; and providing such other services as may reasonably be requested.

The distributor will pay financial institutions a fee based upon the Investment Shares subject to the Plan and owned by their clients or customers. The schedules of such fees and the basis upon which such fees will be paid will be determined from time to time by the distributor.

The Equity Funds make no payments in connection with the sale of Investment Shares other than the fees paid to the distributor under the Plan. Therefore, the Equity Funds do not pay for unreimbursed expenses of the distributor, including amounts expended by the distributor in excess of amounts received by it from the Equity Funds, interest, carrying, or other financing charges in connection with excess amounts expended, or the distributor's overhead expenses. Since the Plan is a "compensation" type plan, future payments under the Plan may permit recovery of such amounts or may result in a profit to the distributor.

The Glass-Steagall Act prohibits a depository institution (such as a commercial bank or a savings and loan association) from being an underwriter or distributor of most securities. In the event the Glass-Steagall Act is deemed to prohibit depository institutions from acting in the administrative capacities described above or should Congress relax current restrictions on depository institutions, the Trustees will consider appropriate changes in the services.

State securities laws governing the ability of depository institutions to act as underwriters or distributors of securities may differ from interpretations given to the Glass-Steagall Act and, therefore, banks and financial institutions may be required to register as dealers pursuant to state law.

ADMINISTRATION OF THE EQUITY FUNDS

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

<TABLE> <CAPTION>	
MAXIMUM ADMINISTRATIVE FEE	AVERAGE AGGREGATED DAILY NET ASSETS OF THE TRUST
<S>	<C>
.150 of 1%	First \$250 million
.125 of 1%	Next \$250 million
.100 of 1%	Next \$250 million
.075 of 1%	Over \$750 million

The administrative fee received by FAS during any fiscal year shall be at least \$50,000 for each of the Equity Funds. FAS may voluntarily choose to waive a portion of its fee.

CUSTODIAN. Shawmut Bank, N.A., One Federal Street, Boston, Massachusetts, 02211, is custodian for the securities and cash of the Equity Funds. Under the Custodian Agreement, Shawmut Bank, N.A., holds the Equity Funds' portfolio securities in safekeeping and keeps all necessary records and documents relating to its duties.

TRANSFER AGENT, DIVIDEND DISBURSING AGENT, AND PORTFOLIO ACCOUNTING SERVICES. Federated Services Company, Federated Investors Tower, Pittsburgh, Pennsylvania, 15222-3779 is transfer agent and dividend disbursing agent for the Equity Funds. It also provides certain accounting and recordkeeping services with respect to each of the Equity Funds' portfolio investments.

LEGAL COUNSEL. Legal counsel is provided by Houston, Houston & Donnelly, 2510 Centre City Tower, Pittsburgh, Pennsylvania, 15222, and Dickstein, Shapiro & Morin, 2101 L Street, N.W., Washington, DC 02110.

INDEPENDENT ACCOUNTANTS. The independent accountants for the Equity Funds are Price Waterhouse, 160 Federal Street, Boston, Massachusetts 02110.

EXPENSES OF THE EQUITY FUNDS AND INVESTMENT SHARES

Holders of Investment Shares pay their allocable portion of the Equity Funds' and the Trust's expenses. The Trust expenses for which holders of Investment Shares pay their allocable portion include, but are not limited to: the cost of organizing the Trust and continuing its existence; registering the Trust with

federal and state securities authorities; Trustees' fees; auditors' fees; the cost of meetings of Trustees; legal fees of the Trust; association membership dues; and such non-recurring and extraordinary items as may arise.

The respective Equity Fund expenses for which holders of Investment Shares pay their allocable portion include, but are not limited to: registering the Equity Funds and shares of the Equity Funds; investment advisory services; taxes and commissions; custodian fees; insurance premiums; auditors' fees; and such non-recurring and extraordinary items as may arise.

At present, no expenses, other than distribution expenses, are allocated exclusively to the Investment Shares as a class. However, the Board of Trustees reserves the right to allocate certain

other expenses to holders of Investment Shares as they deem appropriate ("Class Expenses"). In any case, Class Expenses would be limited to: distribution fees; transfer agent fees as identified by the transfer agent as attributable to holders of Investment Shares; printing and postage expenses related to preparing and distributing materials such as shareholder reports, prospectuses and proxies to current shareholders; registration fees paid to the Securities and Exchange Commission and registration fees paid to state securities commissions; expenses related to administrative personnel and services as required to support holders of Investment Shares; legal fees relating solely to Investment Shares; and Trustees' fees incurred as a result of issues relating solely to Investment Shares.

NET ASSET VALUE

THE TERM "NET ASSET VALUE" REFERS TO THE VALUE OF ONE EQUITY FUND SHARE.

The net asset value per share of each of the Equity Funds fluctuates and is determined by dividing the sum of the market value of all securities and other assets, less liabilities, by the number of shares outstanding.

INVESTING IN INVESTMENT SHARES

YOU CAN BUY INVESTMENT SHARES BY
FEDERAL RESERVE WIRE, MAIL, OR TRANSFER,
AS EXPLAINED BELOW.

Shares of the Equity Funds are sold by the distributor on days on which the New York Stock Exchange and Federal Reserve Wire System are open for business. Shares of the Equity Funds may also be purchased through Shawmut Bank, N.A., Shawmut Bank Connecticut, National Association, or their affiliates (collectively, "Shawmut Bank") on days on which both Shawmut Bank and the New York Stock Exchange and Federal Reserve Wire System are open for business. Texas residents must purchase, exchange, and redeem Shares through Federated Securities Corp. at 1-800-618-8573. The Equity Funds reserve the right to reject any purchase request.

THROUGH SHAWMUT BANK. An investor may call Shawmut Bank (call toll-free 1-800-SHAWMUT) to receive information and to place an order to purchase Investment Shares. Orders placed through Shawmut Bank are considered received when payment is converted to federal funds and the applicable Equity Fund is notified of the purchase order. The completion of the purchase transaction will generally occur within one business day after Shawmut Bank receives a purchase order. Purchase orders must be received by Shawmut Bank before 4:00 p.m. (Eastern time) and must be transmitted by Shawmut Bank to the applicable Equity Fund before 5:00 p.m. (Eastern time) in order for Investment Shares to be purchased at that day's public offering price.

Payment must be made by either check or federal funds deposited into a shareholder account established by Shawmut Bank. Payment is normally made through a debit to the shareholder account no later than the business day following the conversion of a check into federal funds.

DIRECTLY FROM THE DISTRIBUTOR. An investor may place an order to purchase Investment Shares directly from the distributor. To do so: complete and sign the new account form available from the Equity Funds; enclose a check made payable to Shawmut Growth Equity Funds, Shawmut Growth and Income Equity Fund, or Shawmut Small Capitalization Equity Fund (as appropriate)--Investment Shares; and mail both to Shawmut Equity Funds, 3 Copley Place, OF9919, Boston, Massachusetts 02116. The order is considered received after the check is converted by Shawmut Bank into federal funds and Shawmut Bank establishes a shareholder account for the investor. This is generally the next

business day after Shawmut Bank receives the check.

To purchase Investment Shares of the Equity Funds by wire, call 1-800-SHAWMUT. All information needed will be taken over the telephone, and the order is considered received when Shawmut Bank receives payment by wire and has established a shareholder account for the investor. To request additional information concerning purchases by wire, please contact Federated Securities Corp., the Equity Funds' distributor, at 1-800-618-8573. Investment Shares cannot be purchased by wire on any day on which both Shawmut Bank and the New York Stock Exchange and Federal Reserve Wire System are not open for business.

MINIMUM INVESTMENT REQUIRED

 THE MINIMUM INITIAL INVESTMENT IS \$1,000, OR \$500 IN THE CASE OF RETIREMENT PLAN ACCOUNTS.

The minimum initial investment in Investment Shares by an investor is \$1,000, or \$500 in the case of retirement plan accounts. Subsequent investments by participants in the Systematic Investment Program, as described in this prospectus, or by retirement plan accounts, must be in amounts of at least \$50. Subsequent investments by all other investors must be in amounts of at least \$100. The Equity Funds may waive the initial minimum investment for employees of Shawmut Bank and its affiliates from time to time.

WHAT SHARES COST

 INVESTMENT SHARES ARE SOLD AT THEIR NET ASSET VALUE NEXT DETERMINED AFTER AN ORDER IS RECEIVED, PLUS A SALES CHARGE.

The net asset value is determined at the close of the New York Stock Exchange, normally 4:00 p.m. (Eastern time), Monday through Friday, except on: (i) days on which there are not sufficient changes in the value of an Equity Fund's portfolio securities that its net asset value might be materially affected; (ii) days during which no shares are tendered for redemption and no orders to purchase shares are received; or (iii) on the following holidays: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

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

<TABLE>
 <CAPTION>

	SALES CHARGE AS A PERCENTAGE OF PUBLIC OFFERING PRICE	SALES CHARGE AS A PERCENTAGE OF NET AMOUNT OF TRANSACTION AMOUNT INVESTED
<S>	<C>	<C>
Less than \$50,000....	4.00%	4.17%
\$50,000 but less than \$100,000.....	3.75%	3.90%
\$100,000 but less than \$250,000.....	3.50%	3.63%
\$250,000 but less than \$500,000.....	2.50%	2.56%
\$500,000 but less than \$1 million....	2.00%	2.04%
\$1 million but less than \$3 million....	1.00%	1.01%

PURCHASES AT NET ASSET VALUE. Investment Shares of the Equity Funds may be purchased at net asset value, without a sales charge, by Trustees, Directors, and employees (and their spouses and children under age 21) of the The Shawmut Funds, Shawmut Bank, N.A., Shawmut Bank Connecticut, National Association, or Federated Securities Corp., or their affiliates, or any bank or investment dealer who has a sales agreement with Federated Securities Corp. with regard to the Equity Funds.

SALES CHARGE REALLOWANCE. For sales of Investment Shares of the Equity Funds, Shawmut Bank will normally receive up to 85% of the applicable sales charge. Any portion of the sales

charge which is not paid to Shawmut Bank will be retained by the distributor.

The sales charge for Investment Shares sold other than through Shawmut Bank will be retained by the distributor. The distributor may pay fees to banks out of the sales charge in exchange for sales and/or administrative services performed on behalf of the bank's customers in connection with the initiation of customer accounts and purchases of the Equity Funds' Investment Shares.

REDUCING THE SALES CHARGE

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

- - quantity discounts and accumulated purchases;
- - signing a 13-month letter of intent;
- - using the reinvestment privilege; or
- - concurrent purchases.

QUANTITY DISCOUNTS AND ACCUMULATED PURCHASES. As shown in the table above, larger purchases reduce the sales charge paid. The Equity Funds will combine purchases made on the same day by the investor, his spouse, and his children under age 21 when it calculates the sales charge paid by an individual investor.

If an additional purchase of shares is made, each Equity Fund will consider the previous purchases still invested in any of the Shawmut Funds, the purchase price of which includes a sales charge. For example, if a shareholder already owns shares having a current value at the public offering price of \$30,000, and he purchases \$20,000 or more of an Equity Fund at the current public offering price, the sales charge on the additional purchase of an Equity Fund, according to the schedule now in effect, would be 3.50% instead of 4.00%.

To receive this sales charge reduction, Shawmut Bank or the distributor must be notified by the shareholder in writing at the time the purchase is made that shares are already owned or that purchases are being combined. Each Equity Fund will reduce the sales charge after it confirms the purchases.

LETTER OF INTENT. If a shareholder intends to purchase at least \$50,000 of shares in the Equity Funds over the next 13 months, the sales charge may be reduced by signing a letter of intent to that effect. This letter of intent includes a provision for a sales charge adjustment depending on the amount actually purchased within the 13-month period and a provision for the custodian to hold up to 4.00% of the total amount intended to be purchased in escrow (in Investment Shares) until such purchase is completed.

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

This letter of intent will not obligate the shareholder to purchase shares, but if the shareholder does, each purchase during the period will be at the sales charge applicable to the total amount intended to be purchased. This letter may be dated as of a prior date to include any purchases made within the past 90 days.

REINVESTMENT PRIVILEGE. If shares in any of the Equity Funds have been redeemed, the shareholder has a one-time right, within 30 days, to reinvest the redemption proceeds at the next-determined net asset value without any sales charge. Shawmut Bank or the distributor must be notified by the shareholder in writing of the reinvestment in order to eliminate a sales charge. If the shareholder redeems shares, there may be tax consequences, and exercise of the reinvestment privilege may result in additional tax considerations. Shareholders contemplating such transactions should consult their own tax advisers.

CONCURRENT PURCHASES. For purposes of qualifying for a sales charge reduction, a

shareholder has the privilege of combining concurrent purchases of two or more funds in the Trust, the

purchase price of which includes a sales charge. For example, if a shareholder concurrently invests \$30,000 in one of the funds in the Trust with a sales charge and \$20,000 in any of the Equity Funds, the sales charge would be reduced as described in the section entitled "What Shares Cost."

To receive this sales charge reduction, the distributor must be notified by the shareholder in writing or by Shawmut Bank at the time the concurrent purchases are made. The sales charge will be reduced after the purchases are confirmed.

SYSTEMATIC INVESTMENT PROGRAM

Once an account in an Equity Fund has been opened, shareholders may add to their investment on a regular basis in a minimum amount of \$50. Under this program, funds may be automatically withdrawn periodically from the shareholder's checking account and invested in shares at the net asset value next determined after an order is received by the Equity Fund, plus the applicable sales charge. A shareholder may apply for participation in this program through his account officer at Shawmut Bank.

SUBACCOUNTING SERVICES

Institutions are encouraged to open single master accounts. However, certain institutions may wish to use the transfer agent's subaccounting system to minimize their internal recordkeeping requirements. The transfer agent charges a fee based on the level of subaccounting services rendered. Certain institutions holding Investment Shares in a fiduciary, agency, custodial, or similar capacity may charge or pass through subaccounting fees as part of or in addition to normal trust or agency account fees. They may also charge fees for other services provided which may be related to the ownership of Investment Shares. This prospectus should, therefore, be read together with any agreement between the customer and the institution with regard to the services provided, the fees charged for those services, and any restrictions and limitations imposed.

CERTIFICATES AND CONFIRMATIONS

As transfer agent for the Equity Funds, Federated Services Company maintains a share account for each shareholder of record. Share certificates are not issued unless requested by contacting Shawmut Bank in writing.

Detailed confirmations of each purchase or redemption are sent to Shawmut Bank or other shareholders of record. Monthly statements are sent by Shawmut Bank to report account activity during the previous month, including dividends paid during the period.

DIVIDENDS

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

CAPITAL GAINS

Capital gains realized by an Equity Fund, if any, will be distributed to that Fund's shareholders at least once every 12 months.

EXCHANGE PRIVILEGE

EXCHANGING SHARES. Shareholders may exchange Investment Shares, with a minimum net asset value of \$1,000, except retirement plan accounts, which must have a minimum net asset value of \$500, for shares of the same designated class of other funds advised by Shawmut Bank. Shares of funds with a sales charge may be exchanged at net asset value for shares of other funds with an equal sales charge, a lower sales charge or no sales charge. Shares of funds with no sales charge, or a lower sales charge, acquired by direct purchase or reinvestment of dividends on such shares may be exchanged for shares of funds with a sales charge, or a higher sales charge, at net asset value, plus the applicable sales charge or additional incremental sales charge, as the case may be, imposed by the fund shares being purchased.

When an exchange is made from a fund with a sales charge to a fund with no sales charge, the shares exchanged and additional shares which have been purchased by reinvesting dividends

on such shares retain the character of the exchanged shares for purposes of exercising further exchange privileges; thus, an exchange of such shares for shares of a fund with a sales charge would be a net asset value.

Exchanges are subject to the minimum initial purchase requirements of such fund being acquired. Prior to any exchange, the shareholder must receive a copy of

the current prospectus of the class of the fund into which an exchange is to be effected.

The exchange privilege is available to shareholders residing in any state in which the fund shares being acquired may legally be sold. Upon receipt of proper instructions and all necessary supporting documents, Shares submitted for exchange will be redeemed at the next-determined net asset value. Written exchange instructions may require a signature guarantee. Exercise of this privilege is treated as a sale for federal income tax purposes and, depending on the circumstances, a short-or long-term capital gain or loss may be realized. The exchange privilege may be modified or terminated at any time. Shareholders will be notified of the modification or termination of the exchange privilege. A shareholder may obtain further information on the exchange privilege by calling Shawmut Bank.

EXCHANGE-BY-TELEPHONE. Instructions for exchanges between participating funds which are part of the Trust may be given by calling Shawmut Bank at 1-800-SHAWMUT. To utilize the exchange-by-telephone service, a shareholder must complete an authorization form permitting a Shawmut Fund to honor telephone instructions. The authorization is included in the shareholder account application. Shares may be exchanged by telephone only between fund accounts having identical shareholder registrations. Exchange instructions given by telephone may be electronically recorded.

Any Shares held in certificate form cannot be exchanged by telephone, but must be forwarded to the transfer agent and deposited to the shareholder's mutual fund account before being exchanged.

Telephone exchange instructions must be received before 4:00 p.m. (Eastern time) for Shares to be exchanged the same day. The telephone exchange privilege may be modified or terminated at any time. Shareholders will be notified of such modification or termination. Shareholders may have difficulty in making exchanges by telephone through Shawmut Bank during times of drastic economic or market changes. If a shareholder cannot contact Shawmut Bank by telephone, it is recommended that an exchange request be made in writing and sent by overnight mail to Shawmut Bank, 3 Copley Place, 0F9919, Boston, Massachusetts 02116.

REDEEMING INVESTMENT SHARES

YOU CAN REDEEM INVESTMENT SHARES BY MAIL OR TELEPHONE. TO ENSURE YOUR SHARES ARE REDEEMED EXPEDITIOUSLY, PLEASE FOLLOW THE PROCEDURES EXPLAINED BELOW.

The Equity Funds redeem Investment Shares at their net asset value next determined after Federated Services Company receives the redemption request. Redemptions will be made on days on which the Equity Funds compute their net asset value. Requests for redemptions can be made by telephone or in writing by contacting a Shawmut Bank account officer or directly from the Equity Funds. Redemption requests received prior to 4:00 p.m. (Eastern time) will be effected on the same business day.

THROUGH SHAWMUT BANK

Shareholders may redeem Investment Shares by calling their Shawmut Bank account officer to request the redemption. Investment Shares will be redeemed at the net asset value next determined after Federated Services Company receives the redemption request. Shawmut Bank is responsible for promptly submitting redemption requests and for maintaining proper written records of redemption instructions received from

the Equity Funds' shareholders. In order to effect a redemption on the same business day as a request, Shawmut Bank is responsible for the timely transmission of the redemption request to the appropriate Equity Fund.

Before Shawmut Bank may request redemption by telephone on behalf of a shareholder, an authorization form permitting the Equity Funds to accept redemption requests by telephone must first be completed. This authorization is included in shareholder account application. In the event of drastic economic or market changes, a shareholder may experience difficulty in redeeming by telephone. If such a case should occur, it is recommended that a redemption request be made in writing and sent by overnight mail to Shawmut Bank, 3 Copley Place, 0F9919, Boston, Massachusetts 02116.

DIRECTLY FROM THE EQUITY FUNDS

BY MAIL. A shareholder may redeem Investment Shares by sending a written request to Federated Services Company. The written request should include the shareholder's name, the Equity Fund's name and class of shares name, the account number, and the share or dollar amount requested. If share certificates have been issued, they must be properly endorsed and should be sent by registered or certified mail with the written request. Shareholders should call the Equity Funds for assistance in redeeming by mail.

SIGNATURES. Shareholders requesting a redemption of \$50,000 or more, a redemption of any amount to be sent to an address other than that on record with the Equity Funds, or a redemption payable other than to the shareholder of record must have signatures on written redemption requests guaranteed by:

- - a trust company or commercial bank whose deposits are insured by the Bank Insurance Fund, which is administered by the Federal Deposit Insurance Corporation ("FDIC");
- - a member firm of the New York, American, Boston, Midwest, or Pacific Stock Exchange;
- - a savings bank or savings and loan association whose deposits are insured by the Savings Association Insurance Fund ("SAIF"), which is administered by the FDIC; or
- - any other "eligible guarantor institution," as defined in the Securities Exchange Act of 1934.

The Equity Funds do not accept signatures guaranteed by a notary public.

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

RECEIVING PAYMENT

Redemption payments will generally be made directly to the shareholder's account maintained by an investor with Shawmut Bank. This deposit is normally made within one business day, but in no event more than seven days, of the redemption request, provided the transfer agent has received payment from the shareholder. The net asset value of Investment Shares redeemed is determined, and dividends, if any, are paid up to and including, the day prior to the day that a redemption request is processed. Pursuant to instructions from Shawmut Bank, redemption proceeds may be transferred from a shareholder account by check or by wire.

BY CHECK. Normally, a check for the proceeds is mailed within one business day, but in no event more than seven days, after receipt of a proper redemption request provided the transfer agent has received payment for Investment Shares from the shareholder.

BY WIRE. Requests to wire proceeds from redemptions received before 4:00 p.m. (Eastern time) will be honored the following business day after Shawmut Bank receives proper instructions.

ACCOUNTS WITH LOW BALANCES

Due to the high cost of maintaining accounts with low balances, the Equity Funds may redeem shares in any account and pay the proceeds to the shareholder if the account balance falls below a required minimum of \$1,000, or \$500 in the case of retirement plan accounts. This requirement does not apply, however, if the balance falls below \$1,000 or \$500, respectively, because of changes in an Equity Fund's net asset value.

Before shares are redeemed to close an account, the shareholder is notified in writing and allowed 30 days to purchase additional shares to meet the minimum requirement.

SYSTEMATIC WITHDRAWAL PROGRAM

Shareholders who desire to receive payments of a predetermined amount may take advantage of the Systematic Withdrawal Program. Under this program, shares are redeemed to provide for periodic withdrawal payments in an amount directed by the shareholder. Depending on the amount of the withdrawal payments, the amount of dividends paid and capital gains distributions with respect to shares, and the fluctuation of the net asset value of shares redeemed under this program, redemptions may reduce, and eventually deplete, the shareholder's investment in the Equity Funds. For this reason, payments under this program should not be considered as yield or income on the, shareholder's investment in the Equity Funds Investment Shares. To be eligible to participate in this program, a shareholder must have an account value of at least \$10,000. A shareholder may apply for participation in this program through Shawmut Bank. Because Investment Shares are sold with a sales charge, it is not advisable for shareholders to be purchasing, Investment Shares of the Equity Funds while participating in this program.

REDEMPTION IN KIND

The Equity Funds are obligated to redeem Investment Shares solely in cash up to \$250,000 or 1% of the net asset value of each individual Equity Fund, whichever is less, for any one shareholder within a 90-day period.

Any redemption beyond this amount will also be in cash unless the Trustees determine that further cash payments will have a material adverse effect on remaining shareholders. In such a case, the Equity Funds will pay all or a portion of the remainder of the redemption in portfolio instruments, valued in the same way as a Fund determines net asset value. The portfolio instruments will be selected in a manner that the Trustees deem fair and equitable.

Redemption in kind is not as liquid as a cash redemption. If redemption is made in kind, shareholders receiving their securities and selling them before their maturity could receive less than the redemption value of their securities and could incur certain transaction costs.

SHAREHOLDER INFORMATION

VOTING RIGHTS

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EACH INVESTMENT SHARE OF AN EQUITY FUND GIVES THE SHAREHOLDER ONE VOTE IN TRUSTEE ELECTIONS AND OTHER MATTERS SUBMITTED TO SHAREHOLDERS OF THE TRUST FOR VOTE.

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

Trustees may be removed by the Trustees or by shareholders at a special meeting. A special meeting of the shareholders shall be called by the Trustees upon the written request of shareholders owning at least 10% of the outstanding shares of the Trust. As of February 10, 1994,

National Financial Services, New York, New York, owned for the exclusive benefit of their customers, the following: approximately 358,819 (70.18%) of the Growth Equity Fund's Investment Shares; approximately 1,211,371 (68.93%) of the Growth and Income Equity Fund's Investment Shares; and approximately 1,167,919 (72.47%) of the Small Capitalization Equity Fund's Investment Shares.

MASSACHUSETTS PARTNERSHIP LAW

Under certain circumstances, shareholders may be held personally liable as partners under Massachusetts law for acts or obligations of the Trust on behalf of an Equity Fund. To protect shareholders of the Equity Funds, the Trust has filed legal documents with Massachusetts that expressly disclaim the liability of shareholders of the Equity Funds for acts or obligations of the Trust. These documents require notice of this disclaimer to be given in each agreement, obligation, or instrument the Trust or its Trustees enter into or sign on behalf of an Equity Fund.

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

EFFECT OF BANKING LAWS

Banking laws and regulations presently prohibit a bank holding company registered under the Federal Bank Holding Company Act of 1956 or any bank or non-bank affiliate thereof from sponsoring, organizing, controlling, or distributing the shares of a registered, open-end investment company continuously engaged in the issuance of its shares, and prohibit banks generally from issuing, underwriting, selling, or distributing securities. However, such banking laws and regulations do not prohibit such a holding company affiliate or banks generally from acting as investment adviser, transfer agent, or custodian to such an investment company or from purchasing shares of such a company as agent for and upon the order of such a customer. Shawmut Bank is subject to such banking laws and regulations.

THE GLASS-STEAGALL ACT IS A FEDERAL BANKING LAW THAT GENERALLY PROHIBITS BANKS FROM PUBLICLY UNDERWRITING OR DISTRIBUTING CERTAIN SECURITIES.

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

State securities laws governing the ability of depository institutions to act as underwriters or distributors of securities may differ from inter-

pretations given to the Glass-Steagall Act and, therefore, banks and financial institutions may be required to register as dealers pursuant to state law.

TAX INFORMATION

FEDERAL INCOME TAX

The Equity Funds will pay no federal income tax because each Fund expects to meet requirements of the Internal Revenue Code, as amended, applicable to regulated investment companies and to receive the special tax treatment afforded to such companies.

Each Equity Fund will be treated as a single, separate entity for federal income tax purposes so that income (including capital gains) and losses realized by The Shawmut Funds' other portfolios will not be combined for tax purposes with those realized by each Equity Fund.

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

Shareholders are urged to consult their own tax advisers regarding the status of their accounts under state and local tax laws.

OTHER CLASSES OF SHARES

Trust Shares of each of the Equity Funds are sold primarily to accounts for

which Shawmut Bank, N.A., or its affiliates, act in a fiduciary or agency capacity. Trust Shares are sold at net asset value, without a sales charge, and without a Rule 12b-1 Plan. Investments in Trust Shares are subject to a minimum initial investment of \$1,000.

The amount of dividends payable to Trust Shares will exceed that of Investment Shares by the difference between class expenses and distribution expenses borne by shares of each respective class.

The stated advisory fee is the same for both classes of shares.

PERFORMANCE INFORMATION

FROM TIME TO TIME THE EQUITY FUNDS ADVERTISE THEIR TOTAL RETURN AND YIELD FOR INVESTMENT SHARES.

Total return represents the change, over a specified period of time, in the value of an investment in Investment Shares after reinvesting all income and capital gains distributions. It is calculated by dividing that change by the initial investment and is expressed as a percentage.

The yields of Investment Shares of the Equity Funds are calculated each day by dividing the net investment income per share (as defined by the Securities and Exchange Commission) earned by the Equity Funds over a thirty-day period by the net asset value per Share on the last day of the period. This number is then annualized using semi-annual compounding. The yield does not necessarily reflect income actually earned by Investment Shares and, therefore, may not correlate to the dividends or other distributions paid to shareholders.

Total return and yield will be calculated separately for Trust Shares and Investment Shares. Because Investment Shares are subject to a sales charge and a 12b-1 fee, the total return and yield for Trust Shares, for the same period, will exceed that of Investment Shares.

The performance information for Investment Shares reflects the effect of the maximum sales load which, if excluded, would increase the total return and yield.

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

Further information about the performance of the Equity Funds is contained in the Trust's Annual Report dated October 31, 1993, which can be obtained free of charge.

FEDERATED SECURITIES CORP.

(LOGO)

Distributor

A subsidiary of FEDERATED INVESTORS

FEDERATED INVESTORS TOWER

PITTSBURGH, PA 15222-3779

3120919A-R (2/94)

THE SHAWMUT EQUITY FUNDS

(PORTFOLIOS OF THE SHAWMUT FUNDS)

SHAWMUT GROWTH EQUITY FUND
TRUST SHARES
INVESTMENT SHARES

SHAWMUT GROWTH AND INCOME EQUITY FUND
TRUST SHARES
INVESTMENT SHARES

SHAWMUT SMALL CAPITALIZATION EQUITY FUND
TRUST SHARES
INVESTMENT SHARES
COMBINED STATEMENT OF ADDITIONAL INFORMATION

Shawmut Growth Equity Fund ("Growth Equity Fund"), Shawmut Growth and Income Equity Fund ("Growth and Income Equity Fund"), and Shawmut Small Capitalization Equity Fund ("Small Capitalization Equity Fund") (collectively referred to as the

"Equity Funds") represent interests in diversified investment portfolios of The Shawmut Funds (the "Trust"). This Combined Statement of Additional Information should be read with the respective prospectuses for the Equity Funds, Trust Shares and Investment Shares, dated February 28, 1994. This Statement is not a prospectus itself. To receive a copy of either prospectus, write or call the Fund.

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 THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SHARES OFFERED BY THE PROSPECTUS ARE NOT DEPOSITS OR OBLIGATIONS OF SHAWMUT BANK, ARE NOT ENDORSED OR GUARANTEED BY SHAWMUT BANK, ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, NOR ARE THEY INSURED OR GUARANTEED BY THE FEDERAL RESERVE BOARD OR ANY OTHER GOVERNMENT AGENCY. MUTUAL FUNDS INVOLVE INVESTMENT RISKS, INCLUDING FLUCTUATIONS IN VALUE AND EARNINGS, AND THE POSSIBLE LOSS OF PRINCIPAL.

INVESTMENT SHARES OF THE SHAWMUT FUNDS ARE AVAILABLE THROUGH LICENSED REPRESENTATIVES OF SHAWMUT BROKERAGE, INC., MEMBER NASD/SIPC, AND AN AFFILIATE OF SHAWMUT BANK.

FEDERATED INVESTORS TOWER
PITTSBURGH, PENNSYLVANIA 15222-3779

Statement dated February 28, 1994

FEDERATED SECURITIES CORP.
(LOGO)

Distributor

A subsidiary of FEDERATED INVESTORS

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GENERAL INFORMATION ABOUT THE FUND

The Equity Funds are portfolios of The Shawmut Funds, which was established as a Massachusetts business trust under a Declaration of Trust dated on July 16, 1992.

Shares of the Equity Funds are offered in two classes, known as Trust Shares and Investment Shares (individually and collectively referred to as "Shares"). This combined statement of additional information relates to the above-mentioned Shares of the Equity Fund.

INVESTMENT OBJECTIVE AND POLICIES

The Growth Equity Fund's and the Small Capitalization Equity Fund's investment objectives are to provide long-term capital appreciation. The Growth and Income Equity Fund's investment objective is to provide relatively high total return through long-term capital appreciation and current income. The investment objectives cannot be changed without approval of shareholders.

The policies described below may be changed by the Board of Trustees without shareholder approval. Shareholders will be notified before any material change in these policies becomes effective.

TYPES OF INVESTMENTS

The Growth and Income Equity Fund and the Growth Equity Fund invest principally in a professionally-managed and diversified portfolios of common stocks of companies with prospects for above-average growth and dividends or of companies

where significant fundamental changes are taking place. The Growth and Income Equity Fund and the Growth Equity Fund will seek to invest in equity securities of companies that are projected to show earnings growth superior to the Standard & Poor's 500 Composite Stock Index. Although the Growth and Income Equity Fund and the Growth Equity Fund may invest in other securities and in money market instruments, it is the Growth and Income Equity Fund's and the Growth Equity Fund's policies under normal market conditions to invest at least 65% of its assets in equity securities. The securities in which the Growth and Income Equity Fund and the Growth Equity Fund may invest include foreign securities, as described in the prospectus.

The Small Capitalization Equity Fund invests primarily in a diversified portfolio of equity securities of companies that have a market value capitalization of up to \$1 billion to achieve long-term capital appreciation and current income. Under normal circumstances, the Small Capitalization Equity Fund will invest at least 65% of its total assets in growth and income equity securities. In addition, the Small Capitalization Equity Fund may invest as described below, as described in the prospectus.

The Equity Funds intend to limit its investment in foreign securities which are not freely traded on United States securities exchanges or the over-the-counter market in the form of depository receipts, to no more than 5% of its total assets.

MONEY MARKET INSTRUMENTS

The Equity Funds may invest in the following money market instruments:

- instruments of domestic banks and savings and loans if they have capital, surplus, and undivided profits of over \$100,000,000, or if the principal amount of the instrument is insured in full by the Federal Deposit Insurance Corporation; and
- prime commercial paper (rated A-1 by Standard and Poor's Corporation, Prime-1 by Moody's Investors Service, Inc., or F-1 by Fitch Investors Service).

U.S. GOVERNMENT OBLIGATIONS

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

- the full faith and credit of the U.S. Treasury;
- the issuer's right to borrow an amount limited to a specific line of credit from the U.S. Treasury;
- the discretionary authority of the U.S. government to purchase certain obligations of agencies or instrumentalities; or
- the credit of the agency or instrumentality issuing the obligations.

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

- Federal Farm Credit Banks;
- Federal Home Loan Banks;
- Federal National Mortgage Association;
- Student Loan Marketing Association; and
- Federal Home Loan mortgage Corporation.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS

The Equity Funds engage in when-issued and delayed delivery transactions only for the purpose of acquiring portfolio securities consistent with the Equity Fund's investment objective and policies, not for investment leverage.

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

No fees or other expenses, other than normal transaction costs, are incurred. However, liquid assets of the Equity Funds sufficient to make payment for the securities to be purchased are segregated on the Fund's records at the trade date. These securities are marked to market daily and maintained until the transaction is settled. As a matter of policy, the Equity Funds do not intend to engage in when-issued and delayed delivery transactions to an extent that would cause the segregation of more than 20% of the total value of its assets.

RESTRICTED AND ILLIQUID SECURITIES

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

REPURCHASE AGREEMENTS

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

LENDING OF PORTFOLIO SECURITIES

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

PORTFOLIO TURNOVER

Although the Equity Funds do not intend to invest for the purpose of seeking short-term profits, securities in the portfolio will be sold whenever the investment adviser believes it is appropriate to do so in light of the Equity Funds' investment objectives without regard to the length of time a particular security may have been held.

DERIVATIVE SECURITIES

PUT AND CALL OPTIONS

The Equity Funds may purchase and sell put options on its portfolio securities as described in the prospectus.

STOCK INDEX FUTURES AND OPTIONS

The Equity Funds may utilize stock index futures contracts and options on stocks, stock indices and stock index futures contracts for the purposes of managing cash flows into and out of the Fund's portfolio and potentially reducing transactional costs. The Equity Funds may not use stock index futures contracts and options for speculative purposes.

As a means of reducing fluctuations in the net asset value of shares of the Equity Funds, the Equity Funds may attempt to hedge all or a portion of its portfolio through the purchase of listed put options on stocks, stock indices, and stock index futures contracts. These options will be used as a form of forward pricing to protect portfolio securities against decreases in value resulting from market factors such as an anticipated increase in interest rates. A put option gives the Equity Funds, in return for a premium, the right to sell the underlying security to the writer (seller) at a specified price during the term of the option. Put options on stock indices are similar to put options on stocks except for the delivery requirements. Instead of giving the Equity Funds the right to make delivery of stock at a specified price, a put option on a stock index gives the Equity Funds, as holders, the right to receive an amount of cash upon exercise of the option.

The Equity Funds may also write covered call options. As the writer of a call option, the Equity Funds have the obligation upon exercise of the option during the option period to deliver the underlying security upon payment of the exercise price.

The Equity Funds may only: (1) buy listed put options on stock indices and stock index futures contracts; (2) buy listed put options on securities held in its portfolio; and (3) sell listed call options either on securities held in its portfolio or on securities which it has the right to obtain without payment of further consideration (or has segregated cash in the amount of any such additional consideration). The Equity Funds will maintain its positions in securities, option rights, and segregated cash subject to puts and calls until the options are exercised, closed, or expired. The Equity Funds may also enter into stock index futures contracts. A stock index futures contract is a bilateral agreement which obligates the seller to deliver (and the purchaser to take delivery of) an amount of cash equal to a specific dollar amount times the difference between the value of a specific stock index at the close of trading of the contract and the price at which the agreement is originally made. There is no physical delivery of the stocks constituting the index, and no price is paid upon entering into a futures contract.

In general, contracts are closed out prior to their expiration. The Equity Funds, when purchasing or selling a futures contract, will initially be required to deposit in a segregated account in the broker's name with the Equity Funds' custodian an amount of cash or U.S. government securities approximately equal to 5%-10% of the contract value. This amount is known as 'initial margin,' and it is subject to change by the exchange or board of trade on which the contract is traded. Subsequent payments to and from the broker are made on a daily basis as the price of the index or the securities underlying the futures contract fluctuates. These payments are known as "variation margins," and the fluctuation in value of the long and short positions in the futures contract is a process referred to as "marking to market." The Equity Funds may decide to close its position on a contract at any time prior to the contract's expiration. This is accomplished by the Equity Funds taking an opposite position at the then prevailing price, thereby terminating their existing position in the contract. Because the initial margin resembles a performance bond or good faith deposit on the contract, it is returned to the Equity Funds upon the termination of the contract, assuming that all contractual obligations have been satisfied. Therefore, the margin utilized in futures contracts is readily distinguishable from the margin employed in security transactions, since the margin employed in futures contracts does not involve the borrowing of funds to finance the transaction.

RESTRICTIONS ON THE USE OF FUTURES CONTRACTS AND OPTIONS

The Equity Fund will not enter into futures contracts to the extent that, immediately thereafter, the sum of its initial margin deposits on open contracts exceeds 5% of the market value of the Equity Funds' total assets. Further, the Equity Funds will enter into stock index futures contracts only for bona fide hedging purposes or such

other purposes permitted under Part 4 of the regulations promulgated by the Commodity Futures Trading Commission. Also, the Equity Funds may not enter into stock index futures contracts and options to the extent that the value of such contracts would exceed 20% of the Equity Funds' total net assets and may not purchase put options to the extent that more than 5% of the value of the Equity Funds' total assets would be invested in premiums on open put option positions.

INDEXED SECURITIES

The Equity Funds may invest in indexed securities whose value is linked to foreign currencies, interest rates, commodities, indices, or other financial indicators. Most indexed securities are short to intermediate term fixed-income securities whose values at maturity or interest rates rise or fall according to the change in one or more specified underlying instruments. Indexed securities may be positively or negatively indexed (i.e., their value may increase or decrease if the underlying instrument appreciates), and may have return characteristics similar to direct investments in the underlying instrument or to one or more options on the underlying instrument. Indexed securities may be more volatile than the underlying instrument itself.

SWAP AGREEMENTS

As one way of managing its exposure to different types of investments, the Equity Funds may enter into interest rate swaps, currency swaps, and other types of swap agreements such as caps, collars, and floors. In a typical interest rate swap, one party agrees to make regular payments equal to a floating interest rate times a "notional principal amount," in return for payments equal to a fixed rate times the same amount, for a specified period of time. If a swap agreement provides for payments in different currencies, the parties might agree to exchange notional principal amount as well. Swaps may also depend on other prices or rates, such as the value of an index or mortgage prepayment rates.

In a typical cap or floor agreement, one party agrees to make payments only under specified circumstances, usually in return for payment of a fee by the other party. For example, the buyer or an interest rate cap obtains the right to receive payments to the extent that a specified interest rate exceeds an agreed-upon level, while the seller of an interest rate floor is obligated to make payments to the extent that a specified interest rate falls below an agreed-upon level. An interest rate collar combines elements of buying a cap and selling a floor.

Swap agreements will tend to shift the Equity Funds' investment exposure from one type of investment to another. For example, if the Equity Funds agreed to exchange payments in dollars for payments in foreign currency, the swap agreement would tend to decrease the Equity Funds' exposure to U.S. interest rates and increase its exposure to foreign currency and interest rates. Caps and floors have an effect similar to buying or writing options. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Equity Funds' investments and its share price and yield.

Swap agreements are sophisticated hedging instruments that typically involve a small investment of cash relative to the magnitude of risks assumed. As a result, swaps can be highly volatile and may have a considerable impact on the Equity Funds' performance. Swap agreements are subject to risks related to the counterparty's ability to perform, and may decline in value if the counterparty's creditworthiness deteriorates. The Equity Funds may also suffer losses if it is unable to terminate outstanding swap agreements or reduce its exposure through offsetting transactions.

INVESTMENT LIMITATIONS

SELLING SHORT AND BUYING ON MARGIN

The Equity Funds will not sell any securities short or purchase any securities on margin, but may obtain such short-term credits as may be necessary for clearance of purchases and sales of portfolio securities. A deposit or payment by the Equity Funds of initial or variation margin in connection with financial futures contracts or related options transactions is not considered the purchase of a security on margin.

ISSUING SENIOR SECURITIES AND BORROWING MONEY

The Equity Funds will not issue senior securities except that the Equity Funds may borrow money in amounts up to one-third of the value of its total assets including the amounts borrowed; and except to the

extent that the Equity Funds will enter into futures contracts. The Equity Funds will not borrow money except as a temporary, extraordinary, or emergency measure to facilitate management of the portfolio by enabling the Equity Funds to meet redemption requests when the liquidation of portfolio securities is deemed to be inconvenient or disadvantageous. The Equity Funds will not purchase any securities while borrowings in excess of 5% of its total assets are outstanding. In the past year ending October 31, 1993, borrowings were not at any time in excess of 5% of the Equity Funds' respective total assets.

INVESTING IN REAL ESTATE

The Equity Funds will not purchase or sell real estate, including limited partnership interests, although it may invest in the securities of companies whose business involves the purchase or sale of real estate or in securities which are secured by real estate or which represent interests in real estate.

INVESTING IN COMMODITIES

The Equity Funds will not purchase or sell commodities, commodity contracts, or commodity futures contracts except that the Equity Funds may purchase and sell financial futures contracts and related options.

DIVERSIFICATION OF INVESTMENTS

With respect to securities comprising 75% of the value of its total assets, the Equity Funds will not purchase securities issued by any one issuer (other than cash, cash items or securities issued or guaranteed by the government of the United States or its agencies or instrumentalities and repurchase agreements collateralized by such securities) if as a result more than 5% of the value of its total assets would be invested in the securities of that issuer or if it would own more than 10% of the outstanding voting securities of such issuer. (For purposes of this limitation the Equity Funds consider instruments issued by a U.S. branch of a domestic bank having capital, surplus, and undivided profits in excess of \$100,000,000 at the time of investment to be "cash items").

CONCENTRATION OF INVESTMENTS

The Equity Funds will not purchase securities if, as a result of such purchase, 25% or more of the value of their respective total assets would be invested in any one industry or in industrial development bonds or other securities, the interest upon which is paid from revenues of similar types of projects. However, the Equity Funds may invest as temporary investments more than 25% of the value of their respective assets in cash or cash items (the Equity Funds consider cash items to be instruments issued by a U.S. branch of a domestic bank or savings and loan having capital, surplus, and undivided profits in excess of \$100,000,000 at the time of investment), securities issued or guaranteed by the U.S. government, its agencies, or instrumentalities, or instruments secured by these money market instruments, such as repurchase agreements.

UNDERWRITING

The Equity Funds will not underwrite any issue of securities, except as it may be deemed to be an underwriter under the Securities Act of 1933 in connection with the sale of restricted securities which the Equity Funds may purchase pursuant to its investment objective, policies and limitations.

LENDING CASH OR SECURITIES

The Equity Funds will not lend any of its assets, except portfolio securities. This shall not prevent the Equity Funds from purchasing or holding money market instruments, repurchase agreements, obligations of the U.S. government, its agencies or instrumentalities, and certain debt instruments as permitted by its investment objective, policies and limitations, and Declaration of Trust.

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

INVESTING IN RESTRICTED SECURITIES

The Equity Funds will not invest more than 10% of its total assets in securities subject to restrictions on resale under the Securities Act of 1933, except for commercial paper issued under Section 4(2) of the Securities Act of 1933 and certain other restricted securities which meet the criteria for liquidity as established by the Board of Trustees. In order to comply with registration requirements of a certain state, the Equity Funds have agreed to limit its investment in restricted securities to 5% of its total assets. If state requirements change, this policy may be changed without notice to shareholders.

INVESTING IN ILLIQUID SECURITIES

The Equity Funds will not invest more than 15% of the value of its net assets in illiquid securities, including repurchase agreements providing for settlement in more than seven days after notice, over-the-counter options, and certain securities not determined by the Trustees to be liquid.

PLEDGING ASSETS

The Equity Funds will not mortgage, pledge, or hypothecate any assets except to secure permitted borrowings. In those cases, it may pledge assets having a market value not exceeding the lesser of the dollar amounts borrowed or 10% of the value of total assets at the time of the pledge. For purposes of this limitation, the following are not deemed to be pledges: margin deposits for the purchase and sale of financial futures contracts and related options; and segregation of collateral arrangements made in connection with options activities or the purchase of securities on a when-issued basis.

INVESTING IN MINERALS

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

INVESTING IN NEW ISSUERS

The Equity Funds will not invest more than 5% of the value of its total assets in securities of issuers which have records of less than three years of continuous operations, including the operation of any predecessor.

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

The Equity Funds will not purchase or retain the securities of any issuer if the officers and Trustees of the Trust or its investment adviser, owning individually more than 1/2 of 1% of the issuer's securities, together own more than 5% of the issuer's securities.

PURCHASING SECURITIES TO EXERCISE CONTROL

The Equity Funds will not purchase securities of a company for purpose of exercising control or management.

INVESTING IN WARRANTS

The Equity Funds will not invest more than 5% of its net assets in warrants, including those acquired in units or attached to other securities. To comply with certain state restrictions, the Equity Funds will limit its investment in such warrants not listed on the New York or American Stock Exchanges to 2% of its net assets. (If state restrictions change, this latter restriction may be revised without notice to shareholders.) For purposes of this investment restriction, warrants will be valued at the lower of cost or market, except that warrants acquired by the Equity Funds in units with or attached to securities may be deemed to be without value.

PURCHASING SECURITIES FROM OR SELLING TO OFFICERS AND TRUSTEES

The Equity Funds may not purchase securities directly from or sell securities directly to the Equity Funds' officers and Trustees.

INVESTING IN PUT OPTIONS

The Equity Funds will not purchase put options on securities, unless the securities are held in the Equity Funds' portfolio and not more than 5% of the value of the Equity Funds' total assets would be invested in

premiums on open put option positions.

WRITING COVERED CALL OPTIONS

The Equity Funds will not write call options on securities unless the securities are held in the Equity Funds' portfolio or unless the Equity Funds is entitled to them in deliverable form without further payment or after segregating cash in the amount of any further payment. The Equity Funds will not write call options in excess of 5% of the value of its total assets.

INVESTING IN SECURITIES OF OTHER INVESTMENT COMPANIES

The Equity Funds will limit their investment in other investment companies to no more than 3% of the total outstanding voting stock of any investment company, will invest no more than 5% of total assets in any one investment company, and will invest no more than 10% of its total assets in investment companies in general. The Equity Funds will purchase securities of closed-end investment companies only in open market transactions involving only customary broker's commissions. However, these limitations are not applicable if the securities are acquired in a merger, consolidation, reorganization, or acquisition of assets. It should be noted that

investment companies incur certain expenses such as management fees, and therefore any investment by the Equity Funds in shares of another investment company would be subject to such duplicate expenses.

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

The Equity Funds did not borrow money or pledge securities in excess of 5% of net assets during the past fiscal year, and do not intend to borrow money in excess of 5% of the value of its net assets during the coming fiscal year.

THE SHAWMUT FUNDS MANAGEMENT

OFFICERS AND TRUSTEES

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

<TABLE>
<CAPTION>

NAME AND ADDRESS <S>	POSITION WITH THE TRUST <C>	PRINCIPAL OCCUPATION DURING PAST FIVE YEARS <C>
John F. Donahue+* Federated Investors Tower Pittsburgh, PA	Chairman and Trustee	Chairman and Trustee, Federated Investors; Chairman and Trustee, Federated Advisers, Federated Management, and Federated Research; Director, Aetna Life and Casualty Company; Chief Executive Officer and Director, Trustee, or Managing General Partner of the Funds; formerly, Director, The Standard Fire Insurance Company. Mr. Donahue is the father of J. Christopher Donahue, Vice President of the Trust.
John T. Conroy, Jr. Wood/IPC Commercial Department John R. Wood & Associates 3255 Tamiami Trail North Naples, FL	Trustee	Senior Vice-President, John R. Wood and Associates, Inc., Realtors; President, Investment Properties Corporation, Naples Property Management, Inc., and Northgate Village Development Corporation; General Partner or Trustee in private real estate ventures in Southwest Florida; Director, Trustee, or Managing General Partner of the Funds.
William J. Copeland Suite 2310 PNB Building Pittsburgh, PA	Trustee	Director and Member of the Executive Committee, Michael Baker, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Vice Chairman and Director, PNC Financial Corp and Director, Ryan Homes, Inc.
James E. Dowd 571 Hayward Mill Road Concord, MA	Trustee	Attorney-at-law; Director, The Emerging Germany Fund, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Director, Blue Cross of Massachusetts, Inc.
Lawrence D. Ellis, M.D. 3471 Fifth Avenue Suite 1111 Pittsburgh, PA	Trustee	Hematologist, Oncologist, and Internist, Presbyterian and Montefiore Hospitals; Clinical Professor of Medicine and Trustee, University of Pittsburgh; Director, Trustee, or Managing General Partner of the Funds.

Edward L. Flaherty, Jr.+ 5916 Penn Mall Pittsburgh, PA	Trustee	Attorney-at-law; Partner, Meyer and Flaherty; Director, Eat'N Park Restaurants, Inc., and Statewide Settlement Agency, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Counsel, Horizon Financial, F.A., Western Region.
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<CAPTION>

NAME AND ADDRESS <S>	POSITION WITH THE TRUST <C>	PRINCIPAL OCCUPATION DURING PAST FIVE YEARS <C>
Peter E. Madden 225 Franklin Street Boston, MA	Trustee	Consultant; State Representative, Commonwealth of Massachusetts; Trustee, Lahey Clinic Foundation, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly President, State Street Bank & Trust Company and State Street Boston Corporation.
Gregor F. Meyer 5916 Penn Mall Pittsburgh, PA	Trustee	Attorney-at-law; Partner, Meyer and Flaherty; Chairman, Meritcare, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Vice Chairman, Horizon Financial, F.A.
Wesley W. Posvar 1202 Cathedral of Learning University of Pittsburgh Pittsburgh, PA	Trustee	Management Consultant; Trustee, Carnegie Endowment for International Peace and RAND Corporation; Chairman, National Advisory Council for Environmental Policy & Technology; Czecho Slovak Management Center; Director, Trustee, or Managing General Partner of the Funds; formerly, President, University of Pittsburgh.
Marjorie P. Smuts 4905 Bayard Street Pittsburgh, PA	Trustee	Public relations/marketing consultant; Director, Trustee, or Managing General Partner of the Funds.
J. Christopher Donahue* Federated Investors Tower Pittsburgh, PA	Vice President	President and Trustee, Federated Investors; Trustee, Federated Advisers, Federated Management, and Federated Research; President and Director, Federated Administrative Services; Trustee, Federated Services Company; President or Vice President of the Funds; Director, Trustee or Managing General Partner of some of the Funds. Mr. Donahue is the son of John F. Donahue, Chairman and Trustee of the Trust.
Richard B. Fisher Federated Investors Tower Pittsburgh, PA	Vice President	Executive Vice President and Trustee, Federated Investors; Chairman and Director, Federated Securities Corp.; President or Vice President of the Funds; Director or Trustee of some of the Funds.
Edward C. Gonzales Federated Investors Tower Pittsburgh, PA	President, Treasurer, and Trustee	Vice President, Treasurer and Trustee, Federated Investors; Vice President and Treasurer, Federated Advisers, Federated Management, and Federated Research; Executive Vice President, Treasurer, and Director, Federated Securities Corp.; Trustee, Federated Services Company; Chairman, Treasurer, and Director, Federated Administrative Services; Trustee or Director of some of the Funds; Vice President and Treasurer of the Funds.
John W. McGonigle Federated Investors Tower Pittsburgh, PA	Vice President and Secretary	Vice President, Secretary, General Counsel, and Trustee, Federated Investors; Vice President, Secretary and Trustee, Federated Advisers, Federated Management, and Federated Research; Trustee, Federated Services Company; Executive Vice President, Secretary, and Trustee, Federated Administrative Services; Director and Executive Vice President, Federated Securities Corp.; Vice President and Secretary of the Funds.
John A. Staley, IV Federated Investors Tower Pittsburgh, PA	Vice President	Vice President and Trustee, Federated Investors; Executive Vice President, Federated Securities Corp.; President and Trustee, Federated Advisers, Federated Management, and Federated Research; Trustee, Federated Services Company; Vice President of the Funds; Director, Trustee, or Managing General Partner of the Funds; formerly, Vice President, The Standard Fire Insurance Company and President of its Federated Research Division.

</TABLE>

<TABLE>
<CAPTION>

NAME AND ADDRESS <S>	POSITION WITH THE TRUST <C>	PRINCIPAL OCCUPATION DURING PAST FIVE YEARS <C>
Jeffrey W. Sterling Federated Investors Tower	Vice President and Assistant Treasurer	Vice President, Federated Administrative Services; Director of Private Label Management, Federated Investors; Vice President and Assistant Treasurer of some of the Funds.

</TABLE>

* This Trustee is deemed to be an "interested person" of the Trust as defined in the Investment Company Act of 1940.

+ Members of the Trust's Executive Committee. The Executive Committee of the Board of Trustees handles the responsibilities of the Board of Trustees between meetings of the Board.

FUNDS

"The Funds," and "Funds" mean the following investment companies: A.T. Ohio Tax-Free Money Fund; American Leaders Fund, Inc.; Annuity Management Series; Automated Cash Management Trust; Automated Government Money Trust; BayFunds; Berry Street Funds; The Boulevard Funds; California Municipal Cash Trust; Cash Trust Series; Cash Trust Series II; Convertible Securities and Income, Inc.; 111 Corcoran Funds; DG Investor Series; Edward D. Jones & Co. Daily Passport Cash Trust; FT Series, Inc.; Federated ARMs Fund; Federated Bond Fund; Federated Exchange Fund, Ltd.; Federated GNMA Trust; Federated Government Trust; Federated Growth Trust; Federated High Yield Trust; Federated Income Securities Trust; Federated Income Trust; Federated Index Trust; Federated Intermediate Government Trust; Federated Intermediate Municipal Trust; Federated Master Trust; Federated Municipal Income Trust; Federated Municipal Trust; Federated Short-Intermediate Government Trust; Federated Short-Intermediate Municipal Trust; Federated Short-Term U.S. Government Trust; Federated Stock Trust; Federated Tax-Free Trust; Federated U.S. Government Bond Fund; First Priority Funds; Fixed Income Securities, Inc.; Fortress Adjustable Rate U.S. Government Fund, Inc.; Fortress Municipal Income Fund, Inc.; Fortress Utility Fund, Inc.; Fund for U.S. Government Securities, Inc.; Government Income Securities, Inc.; High Yield Cash Trust; Insurance Management Series; Investment Series Funds, Inc.; Investment Series Trust; Liberty High Income Bond Fund, Inc.; Liberty Term Trust, Inc.-1999; Liberty U.S. Government Money Market Trust; Liberty Utility Fund, Inc.; Liquid Cash Trust; Losantiville Funds; Mark Twain Funds; Money Market Management; Money Market Obligations Trust; Money Market Trust; Municipal Securities Income Trust; New York Municipal Cash Trust; The Planters Funds; The Passageway Funds; Portage Funds; RIMCO Monument Funds; Signet Select Funds; The Shawmut Funds; The Starburst Funds; The Starburst Funds II; Stock and Bond Fund, Inc. Targeted Duration Trust; Tax-Free Instruments Trust; Trademark Funds; Trust for Financial Institutions; Trust for Government Cash Reserves; Trust for Short-Term U.S. Government Securities; and Trust for U.S. Treasury Obligations.

EQUITY FUNDS OWNERSHIP

Officers and Trustees own less than 1% of the Equity Funds' outstanding shares.

TRUSTEE LIABILITY

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

INVESTMENT ADVISORY SERVICES

ADVISER TO THE EQUITY FUNDS

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

ADVISORY FEES

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

During the fiscal year ended October 31, 1993, the Fund's adviser earned the following advisory fees: Growth Equity Fund, \$222,953, of which \$75,986 was voluntarily waived; Growth and Income Equity Fund, \$1,191,845, of which \$319,550 was voluntarily waived; and Small Capitalization Equity Fund, \$817,430, of which \$230,774 was voluntarily waived.

STATE EXPENSE LIMITATIONS

The Adviser has undertaken to comply with the expense limitations established by certain states for investment companies whose shares are registered for sale in those states. If the Equity Funds' normal operating expenses (including the investment advisory fee, but not including brokerage commissions, interest, taxes, and extraordinary expenses) exceed 2 1/2% per year of the first \$30 million of average net assets, 2% per year of the next \$70 million of average net assets, and 1 1/2% per year of the remaining average net assets, the Adviser will reimburse the Equity Funds for its expenses over the limitation.

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

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

ADMINISTRATIVE SERVICES

Federated Administrative Services, a subsidiary of Federated Investors, provides administrative personnel and services to the Fund for the fee set forth in the prospectus. For the fiscal year ended October 31, 1993 Federated Administrative Services earned the following administrative fees from the Funds: Growth Equity Fund, \$28,063, all of which was voluntarily waived; Growth and Income Equity Fund, \$149,519; and Small Capitalization Equity Fund, \$102,587.

Shawmut Bank, N.A., serves as custodian to the Equity Funds. As compensation for its services, the custodian receives a fee based upon a sliding scale ranging from a minimum of .011% to a maximum of .02%, plus certain transaction costs. For the fiscal year ended October 31, 1993, the Funds' custodian earned the following fees: Growth Equity Fund, \$4,900; Growth and Income Equity Fund, \$10,719; and Small Capitalization Equity Fund, \$7,827.

BROKERAGE TRANSACTIONS

It is the Equity Funds' policy with respect to the selection of brokers and dealers in the purchase and sale of securities to obtain the "best net realized price" on each transaction. The Equity Funds conducts business only with financially sound brokers or dealers on that basis. Brokerage commission is, however, only one element in determining "best net realized price." The Adviser may also select brokers and dealers who offer research and other services. These services may be furnished directly to the Equity Funds or to the Adviser and may include:

- - advice as to the advisability of investing in securities;
- - security analysis and reports;
- - economic studies;
- - industry studies;
- - receipt of quotations for portfolio evaluations; and
- - similar services.

The Adviser and its affiliates exercise reasonable business judgment in selecting brokers who offer brokerage and research services to execute securities transactions. They determine in good faith that commissions charged by such persons are reasonable in relationship to the value of the brokerage and research services provided.

Research services provided by brokers may be used by the Adviser for other accounts. To the extent that receipt of these services may supplant services for which the Adviser or its affiliates might otherwise have paid, it would tend to reduce their expenses.

PURCHASING SHARES

Shares are sold at their net asset value plus a sales charge (Investment Shares only) on days on which the New York Stock Exchange and the Federal Reserve Wire System are open for business. The procedure for purchasing Shares is explained in the respective prospectuses under "Investing in Trust Shares," or "Investing in Investment Shares."

DISTRIBUTION PLAN (INVESTMENT SHARES)

With respect to the Investment Shares class of the Equity Funds, the Trust has adopted a Plan pursuant to Rule 12b-1 which was promulgated by the Securities and Exchange Commission pursuant to the Investment Company Act of 1940. The Plan permits the payment of fees to administrators (including broker/dealers and depository institutions such as commercial banks and savings and loan associations) for distribution and administrative services. The Plan is designed to stimulate administrators to provide distribution and administrative support services to the Equity Funds and their

shareholders. The administrative services are provided by a representative who has knowledge of the shareholder's particular circumstances and goals, and include, but are not limited to: communicating account openings; communicating account closings; entering purchase transactions; entering redemption transactions; providing or arranging to provide accounting support for all transactions, wiring funds and receiving funds for Share purchases and redemptions, confirming and reconciling all transactions, reviewing the activity in Equity Funds accounts, and providing training and supervision of broker personnel; posting and reinvesting dividends to Equity Funds accounts or arranging for this service to be performed by the Equity Funds' transfer agent; and maintaining and distributing current copies of prospectuses and shareholder reports to the beneficial owners of shares of the Equity Funds and prospective shareholders.

By adopting the Plan, the Board of Trustees expects that the Equity Funds will be able to achieve a more predictable flow of cash for investment purposes and to meet redemptions. This will facilitate more efficient portfolio management and assist the Equity Funds in seeking to achieve its investment objectives. By identifying potential investors whose needs are served by the Equity Funds' objective, and properly servicing these accounts, the Equity Funds may be able to curb sharp fluctuations in rates of redemptions and sales.

Other benefits which the Equity Funds hopes to achieve through the Plan include, but are not limited to, the following: (1) an efficient and effective administrative system; (2) a more efficient use of shareholder assets by having them rapidly invested in the Equity Funds, through an automatic transfer of funds from a demand deposit account to an investment account, with a minimum of delay and administrative detail; and (3) an efficient and reliable shareholder records system and prompt responses to shareholder requests and inquiries concerning their accounts.

For the fiscal year ended October 31, 1993, brokers earned the following fees from the Funds pursuant to the Plan: Growth Equity Fund, \$8,860, of which \$4,431 was voluntarily waived; Growth and Income Equity Fund, \$33,658, of which \$16,829 was voluntarily waived; and Small Capitalization Equity Fund, \$29,532, of which \$14,766 was voluntarily waived.

CONVERSION TO FEDERAL FUNDS

It is the Equity Funds' policy to be as fully invested as possible so that maximum interest may be earned. To this end, all payments from shareholders must be in federal funds or be converted into federal funds. Shawmut Bank, N.A. acts as the shareholder's agent in depositing checks and converting them to federal funds.

DETERMINING NET ASSET VALUE

The net asset value generally changes each day. The days on which net asset value is calculated by the Equity Funds are described in the respective prospectuses for Trust Shares and Investment Shares.

DETERMINING MARKET VALUE OF SECURITIES

Market values of the Equity Funds' portfolio securities are determined as follows:

- - for equity securities, according to the last sale price on a national securities exchange, if available;
- - in the absence of recorded sales for equity securities, according to the mean between the last closing bid and asked prices;

- - for bonds and other fixed income securities, at the last sale price on a national securities exchange if available, otherwise as determined by an independent pricing service;
- - for short-term obligations, according to the mean between bid and asked prices as furnished by an independent pricing service or for short-term obligations with maturities of less than 60 days, at amortized cost; or
- - for all other securities, at fair value as determined in good faith by the Board of Trustees.

Prices provided by independent pricing services may be determined without relying exclusively on quoted prices and may reflect: institutional trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data.

The Equity Funds will value stock index futures contracts, options on stock and stock indices, and put options on stock index futures and financial futures at their market values established by the exchanges at the close of option trading on such exchanges unless the Board of Trustees determines in good faith that another method of valuing option positions is necessary.

REDEEMING SHARES

The Equity Funds redeems Shares at the next computed net asset value after the redemption requests are received. Redemption procedures are explained in the respective prospectuses under "Redeeming Trust Shares" or "Redeeming Investment Shares."

REDEMPTION IN KIND

Although the Trust intends to redeem shares in cash, it reserves the right under certain circumstances to pay the redemption price in whole or in part by a distribution of securities from the Equity Funds' portfolio. Redemption in kind will be made in conformity with applicable Securities and Exchange Commission rules, taking such securities at the same value employed in determining net asset value and selecting the securities in a manner the Trustees determine to be fair and equitable.

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

EXCHANGE PRIVILEGE

REQUIREMENTS FOR EXCHANGE

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

Further information on the exchange privilege and prospectuses may be obtained by calling Shawmut Bank.

MAKING AN EXCHANGE

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

TAX STATUS

THE EQUITY FUNDS' TAX STATUS

The Equity Funds will pay no federal income tax because the Equity Funds expect to meet the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to receive the special tax treatment afforded to such companies. To qualify for this treatment, the Equity Funds must, among other requirements:

- - derive at least 90% of its gross income from dividends, interest, and gains from the sale of securities;
- - derive less than 30% of its gross income from the sale of securities held less than three months;
- - invest in securities within certain statutory limits; and

- - distribute to its shareholders at least 90% of its net income earned during the year.

SHAREHOLDERS' TAX STATUS

Shareholders are subject to federal income tax on dividends received as cash or additional Shares.

CAPITAL GAINS

Capital gains experienced by the Equity Funds could result in an increase in dividends. Capital losses could result in a decrease in dividends. The Equity Funds will distribute net long-term capital gains at least once every 12 months.

TOTAL RETURN

The average annual total return for the Equity Funds is the average compounded rate of return for a given period that would equate a \$1,000 initial investment to the ending redeemable value of that investment. The ending redeemable value is computed by multiplying the number of Shares owned at the end of the period by the net asset value per Share at the end of the period. The number of Shares owned at the end of the period is based on the number of Shares purchased at the beginning of the period with \$1,000, less any applicable sales charge (Investment Shares only), adjusted over the period by any additional Shares, assuming the quarterly reinvestment of all dividends and distributions.

YIELD

The yield for both classes of Shares of the Equity Funds is determined each day by dividing the net investment income per share (as defined by the Securities and Exchange Commission) earned by the Equity Funds over a thirty-day period by the maximum offering price per Share on the last day of the period. This value is annualized using semi-annual compounding. This means that the amount of income generated during the thirty-day period is assumed to be generated each month over a twelve-month period and is reinvested every six months. The yield does not necessarily

reflect income actually earned by the Equity Funds because of certain adjustments required by the Securities and Exchange Commission and, therefore, may not correlate to the dividends or other distributions paid to shareholders.

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

PERFORMANCE COMPARISONS

The Equity Funds' performance depends upon such variables as:

- - portfolio quality;
- - average portfolio maturity;
- - type of instruments in which the portfolio is invested;
- - changes in interest rates and market value of portfolio securities;
- - changes in the Equity Funds' or either class of shares' expenses;
- - the relative amount of cash flow; and
- - various other factors.

The Equity Funds' performance fluctuates on a daily basis largely because net earnings and offering price per Share fluctuate daily. Both net earnings and offering price per Share are factors in the computation of yield and total return.

From time to time the Equity Funds may advertise its performance compared to similar funds or portfolios using various indices, including the following:

- - LIPPER ANALYTICAL SERVICES, INC. ranks funds in various fund categories by making comparative calculations using total return. Total return assumes the reinvestment of all capital gains distributions and income dividends and takes into account any change in net asset value over a specified period of time. From time to time, the Equity Funds will quote its Lipper ranking in the

"growth funds" category in advertising and sales literature.

- - DOW JONES INDUSTRIAL AVERAGE ("DJIA") represents share prices of selected blue chip industrial corporations as well as public utility and transportation companies. The DJIA indicates daily changes in the average price of stocks in any of its categories. It also reports total sales for each group of industries. Because it represents the top corporations of America, the DJIA's index movement are leading economic indicators for the stock market as a whole.
- - STANDARD & POOR'S DAILY STOCK PRICE INDEX OF 500 COMMON STOCKS, a composite index of common stocks in industry, transportation, and financial and public utility companies, compares total returns of funds whose portfolios are invested primarily in common stocks. In addition, the Standard & Poor's index assumes reinvestment of all dividends paid by stocks listed on its index. Taxes due on any of these distributions are not included, nor are brokerage or other fees calculated in the Standard & Poor's figures.

The Equity Funds may also advertise the performance of such indices and the types of securities in which it invests as compared to the rate of inflation. Investors may use such indices or reporting services in addition to the Equity Funds' prospectuses for Trust Shares and Investment Shares to obtain a more complete view of the Equity Funds' performance before investing. Of course, when comparing Equity Funds performance to any index, factors such as composition of the index and prevailing market conditions should be considered in assessing the significance of such comparisons.

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

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

FINANCIAL STATEMENTS

The financial statements for the fiscal year ended October 31, 1993 are incorporated herein by reference to the Annual Report of the Trust dated October 31, 1993. A copy of the Annual Report may be obtained without charge by contacting the Trust at the address located on the back cover of the prospectus.

APPENDIX

STANDARD AND POOR'S CORPORATION CORPORATE BOND RATINGS

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

AA--Debt rated AA has a very strong capacity to pay interest and repay principal and differs from the higher rated issues only in small degree.

A--Debt rated A has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt in higher rated categories.

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

BB, B--Debt rated BB or B, is regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. BB indicates a low degree of speculation.

MOODY'S INVESTORS SERVICE, INC., CORPORATE BOND RATINGS

AAA--Bonds which are rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable

margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

AA--Bonds which are rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long term risks appear somewhat larger than in Aaa securities.

A--Bonds which are rated A possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate but elements may be present which suggest a susceptibility to impairment some time in the future.

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

BA--Bonds which are 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 which are 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.

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

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

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

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

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

BB--Bonds are considered speculative. The obligor's ability to pay interest and repay principal may be affected over time by adverse economic changes. However, business and financial alternatives can be identified which could assist the obligor in satisfying its debt service requirements.

B--Bonds are considered highly speculative. While bonds in this class are currently meeting debt service requirements, the probability of continued timely payment of principal and interest reflects the obligor's limited margin of safety and the need for reasonable business and economic activity throughout the life of the issue.

STANDARD AND POOR'S CORPORATION COMMERCIAL PAPER RATINGS

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

designation.

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

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

P-1--Issuers rated PRIME-1 (or related supporting institutions) have a superior capacity for repayment of short-term promissory obligations. Prime-1 repayment capacity will normally be evidenced by the following characteristics: conservative capitalization structures with moderate reliance on debt and ample asset protection; broad margins in earning coverage of fixed financial charges and high internal cash generation; well established access to a range of financial markets and assured sources of alternate liquidity.

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

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

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

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

F-2--Good Credit Quality. Issues carrying this rating have a satisfactory degree of assurance for timely payment.

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