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PANAGORA FUNDS

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Mailing Address
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MUTUAL FDS LEGAL DIV,
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BOSTON MA 02109*

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As filed with the Securities and Exchange Commission on January 3, 1994

1993 Act Registration No. 33-57740

1940 Act Registration No. 811-7464

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form N-1A

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 / X /

Pre-Effective Amendment No. / /

Post-Effective Amendment No. 1 / X /

and/or

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940 / X /

Amendment No. 3 / X /

(Check appropriate box or boxes)

THE PANAGORA FUNDS

(Exact name of registrant as specified in Charter)

260 Franklin Street

Boston, Massachusetts 02110

(Address of Principal Executive Offices)

Registrant's Telephone Number,

including Area Code: 617-439-6300

Copy to:

Richard A. Crowell Joseph P. Barri, Esq.
PanAgora Asset Management, Inc. Hale and Dorr
260 Franklin Street Sixty State Street
Boston, Massachusetts 02110 Boston, Massachusetts 02109
(Name and Address of Agent for Service)

The Index to Exhibits is located at page _____.

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It is proposed that this filing will become effective (check appropriate box):

- X immediately upon filing pursuant to paragraph (b), or
- on _____ pursuant to paragraph (b)
- 60 days after filing pursuant to paragraph (a), or
- on _____ pursuant to paragraph (a) of Rule 485

The Registrant has previously filed a declaration of indefinite registration of its shares of beneficial interest pursuant to Rule 24f-2 under the Investment Company Act of 1940, as amended. Registrant's Rule 24f-2 Notice for the fiscal year ending May 31, 1994 will be filed on or before July 30, 1994.

CROSS REFERENCE SHEET
(as required by Rule 495)

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THE PANAGORA FUNDS
P. O. Box 9698
Providence, Rhode Island 02940-9698

The PanAgora Funds (the "Trust") is a diversified open-end management investment company that currently consists of three investment series (the "Funds"). PanAgora Asset Management, Inc. (the "Adviser" or "PanAgora") serves as investment adviser to the Funds. Funds Distributor, Inc. serves as the Trust's distributor.

Each Fund has a different investment objective which is described in detail in this Prospectus and in the Statement of Additional Information of the Trust. The following descriptions summarize the investment objectives of the Funds:

PanAgora Asset Allocation Fund. The Fund's investment objective is to maximize total return, consisting of capital appreciation and current income. The Fund attempts to achieve its objective by actively allocating assets among U.S. equity securities, investment grade fixed-income securities and cash and cash equivalents based on the Adviser's proprietary asset allocation disciplines. When the Adviser determines that domestic capital markets are fairly priced relative to each other and relative to corresponding risks, the Fund will invest approximately 70% of its assets in equity securities, 25% in fixed-income securities and 5% in cash and cash equivalents. However, as market conditions warrant, the Adviser typically allocates the Fund's assets among asset classes without regard to the stated percentages.

PanAgora Global Fund. The Fund's investment objective is to maximize total return, consisting of capital appreciation and current income. The Fund

attempts to achieve its objective by actively allocating assets among global equity, fixed-income and currency markets based on the Adviser's proprietary asset allocation disciplines. When the Adviser determines that global capital markets are fairly priced relative to each other and relative to corresponding risks, the Fund will invest approximately 70% of its assets in equity securities and 30% in fixed-income securities. However, as market conditions warrant, the Adviser typically allocates the Fund's assets among asset classes and markets without regard to the stated percentages.

PanAgora International Equity Fund. The Fund's primary investment objective is to maximize total return, consisting primarily of capital appreciation. Current income is a secondary objective. The Fund attempts to achieve its objectives by actively allocating assets among international equity markets based on the Adviser's proprietary asset allocation disciplines. When the Adviser determines that international equity markets are fairly priced relative to each other, the Fund's investments in international equity markets will be generally weighted in accordance with the Morgan Stanley Capital International-Europe Australia Far East Index.

PROSPECTUS

JANUARY 3, 1994

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This Prospectus provides information about the Trust and each Fund that investors should know before investing in the Trust. Investors should carefully read this Prospectus and retain it for future reference. For investors seeking more detailed information, the Statement of Additional Information dated January 3, 1994, as amended or supplemented from time to time, is available upon request without charge by calling 1-800-423-6041. The Statement of Additional Information, which is incorporated by reference into this Prospectus, has been filed with the Securities and Exchange Commission. Not all of the Funds are available in certain states. Please call the phone number listed above to determine availability in a particular state.

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.

[cover page continued]

INVESTOR SUMMARY

The following summary is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus.

The PanAgora Funds

The Trust, a diversified open-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"), currently consists of three investment series, the PanAgora Asset Allocation Fund, PanAgora Global Fund and PanAgora International Equity Fund (collectively, the "Funds"). The Funds commenced investment operations on June 1, 1993.

Investor Profile

Primarily designed for institutional investors seeking to maximize total return, the Funds are particularly suitable for the investment of funds held by educational, religious and charitable organizations, banks and trust companies acting in a fiduciary, advisory, agency, custodial or other similar capacity as well as corporations, employee benefit plans, insurance companies, investment counselors, municipalities, investment bankers and brokers and other fiduciaries.

Investment Objectives and Policies

The investment objective of each of the PanAgora Asset Allocation Fund and the PanAgora Global Fund is to maximize total return, consisting of capital appreciation and current income. In order to achieve its investment objective, the PanAgora Asset Allocation Fund actively allocates its assets among U.S. equity securities, investment grade fixed-income securities and cash and cash equivalents. In order to achieve its investment objective, the PanAgora Global Fund actively allocates its assets among global equity, fixed-income and currency markets. The PanAgora International Equity Fund's investment objective is to maximize total return, consisting primarily of capital appreciation. Current income is a secondary objective. In order to achieve its investment objective, the Fund actively allocates its assets among international equity markets. When the Adviser determines that international equity markets are fairly priced relative to each other, the Fund's investments in international equity markets will be generally weighted in accordance with the Morgan Stanley Capital International-Europe Australia Far East Index.

Each Fund's assets are actively allocated among asset classes and markets in accordance with its investment objectives and policies by the Adviser, utilizing its proprietary asset allocation disciplines. Underlying

the Adviser's proprietary asset allocation disciplines is the belief that investment opportunities (i.e., return) are primarily derived from asset class and market selections. Investment opportunities arising from individual security selection, while important, are viewed as secondary to opportunities arising from asset class and market selections. For more complete information on each Fund's investment objective and policies, including the Adviser's proprietary asset allocation disciplines, see "Investment Objectives and Policies."

Management

PanAgora Asset Management, Inc. serves as investment adviser to each of the Funds and is paid an advisory fee at an annual rate of 0.60% of the PanAgora Asset Allocation Fund's average daily net assets, 0.70% of the PanAgora Global Fund's average daily net assets and 0.80% of the PanAgora International Equity Fund's average daily net assets. The advisory fee paid by the PanAgora International Equity Fund is higher than the advisory fee paid by most investment companies. Funds Distributor, Inc. serves as distributor of the shares of each of the Funds. The Boston Company Advisors, Inc. serves as the Administrator to the Funds. The Shareholder Services Group, Inc. serves as the Funds' transfer agent and Boston Safe Deposit and Trust Company serves as the Funds' custodian. See "Management of the Trust."

Purchasing Shares

The minimum initial purchase for each Fund is \$100,000 and the minimum additional investment is \$2,500. The Funds do not impose any sales charge or redemption fees, nor do they bear any fees pursuant to a plan of distribution under Rule 12b-1. The public offering price of shares of each Fund is the net asset value per share next determined after receipt and acceptance of the purchase order at the Transfer Agent in proper form. See "Purchase of Shares."

Redeeming Shares

Fund shares may be redeemed at the net asset value per share of the Fund next determined after receipt by the Transfer Agent of a redemption request in proper form. See "Redemption of Shares."

Dividends and Reinvestment

Each Fund intends to pay quarterly dividends from its net investment income and may pay short-term capital gains at the end of each quarter, if earned and as declared. Distributions of net capital gains, if any, will be paid annually. Any dividends and distribution payments will be reinvested, at net asset value, in additional full and fractional shares of a Fund unless the shareholder notifies the Transfer Agent in writing requesting payments in cash. See "Dividends, Distributions and Taxes."

Risk Factors

None of the Funds above constitutes a complete investment program. In addition, there can, of course, be no assurance that a Fund will achieve its investment objectives. All investments involve risks; however, investors should be aware of the following general observations. The market value of the fixed-income securities, in which the PanAgora Asset Allocation and Global Funds may invest may vary inversely in response to changes in prevailing interest rates. The foreign securities in which the PanAgora Global and International Equity Funds may invest, including the foreign securities of issuers located in developing countries, may be subject to certain risks in addition to those inherent in U.S. investments. The Funds may make certain investments and employ certain investment techniques that involve other risks, including entering into repurchase and reverse repurchase agreements, lending portfolio securities, purchasing and selling options, entering into futures contracts and related options and engaging in certain currency hedging techniques. Finally, in the event a Fund has a high rate of portfolio turnover, the Fund will incur correspondingly higher transaction costs. These risks are fully described under "Description of Securities and Investment Techniques and Related Risks" and "Additional Investment Information."

EXPENSE INFORMATION

PanAgora
Asset
Allocation
Fund*

PanAgora
Global
Fund*
PanAgora
Inter-
national
Equity
Fund*

Shareholder Transaction Expenses

Maximum Sales Charge Imposed on
Purchases.....

None
None
None

Maximum Sales Charge Imposed on
Reinvested Dividends....

None
None
None

Deferred Sales Charge Imposed on
Redemptions.....

None
None
None

Estimated Annual Fund Operating Expenses

(as a percentage of average net assets)

Advisory
Fees**.....
.....
0.60%
0.70%
0.80%

Administration
Fees.....
.....

0.15%
0.15%
0.15%

Other

Expenses**.....
.....
0.15%
0.15%
0.15%

Estimated Total Fund Operating
Expenses**.....
0.90%
1.00%
1.10%

[* The Trust will provide to shareholders thirty days notice prior to effecting changes to the expense table.]

** The Adviser has agreed not to impose its advisory fee and to limit the expenses of each Fund to the extent necessary to limit Estimated Total Fund Operating Expenses of each Fund, on an annualized basis, as follows: 0.90% of the average daily net assets of the PanAgora Asset Allocation Fund; 1.00% of the average daily net assets of the PanAgora Global Fund; and 1.10% of the average daily net assets of the PanAgora International Equity Fund. This voluntary agreement may be terminated or modified by the Adviser in its sole discretion at any time. The purpose of this policy is to enhance a Fund's total return during the period when, because of its smaller size, fixed expenses have a more significant impact on total return.

Hypothetical Expense Example:

Investors would pay the following expenses on a \$1,000 investment assuming a 5% annual return and redemption at the end of each time period:

	1 Year	3 Years	5 Years	10 Years		
PanAgora Asset Allocation Fund			\$ 9	\$29	\$50	\$111
PanAgora Global Fund		\$10	\$32	\$55	\$122	
PanAgora International Equity Fund			\$11	\$35	\$61	\$134

The purpose of the table and hypothetical expense example is to assist investors in understanding the various direct and indirect costs and expenses that an investment in a Fund will bear. The costs and expenses included in the table and hypothetical example are based on estimated fees and expenses for the current fiscal year ending May 31, 1994 and actual expenses may be more or less than such estimates. The hypothetical expense example above assumes reinvestment of all dividends and distributions and that the percentage amounts listed under "Estimated Annual Fund Operating Expenses" remain the same each year.

The hypothetical expense example is designed for information purposes only, and should not be considered a representation of future Fund expenses or return. Actual Fund expenses and return vary from year to year and may be higher or lower than those shown.

For further information regarding advisory and administration fees, and other expenses of the Funds, see "Management of the Trust."

FINANCIAL HIGHLIGHTS

The following financial highlights are derived from the Trust's unaudited financial statements included in the Trust's 1993 Semi-Annual Report to Shareholders. The 1993 Semi-Annual Report to Shareholders is incorporated by reference into the Statement of Additional Information. The following data should be read in conjunction with such financial statements, related notes, and other financial information incorporated by reference in the Statement of Additional Information.

PanAgora
Asset
Allocation
Fund
Six months
ended
November 30,
1993*
(Unaudited)

PanAgora
Global Fund
Six months
ended
November 30,
1993*
(Unaudited)

PanAgora
International
Equity Fund
Six months
ended
November 30,
1993*
(Unaudited)

Operating Performance:

Net asset value, beginning of
period.....
\$10.00
\$10.00
\$10.00

Income from Investment Operations:

Net investment
income+.....
....
0.04
0.02
0.04

Net realized and unrealized
gain/ (loss)
on
investments.....
.....

0.13++

0.32++

(0.03)

Total from investment
operations.....
0.17
0.34
0.01

Distributions:

Dividends from net investment
income.....
(0.01)

(0.02)

Net asset value, end of
period.....
.
\$10.16
\$10.34
\$ 9.99

Total
return+++.....
.....
1.70%
3.40%
0.08%

Ratios/supplemental data:

Net assets, end of period (in
000's).....
\$2,475
\$39,804
\$12,946

Ratio of operating expenses to
average net
assets++++.....
.....

0.90%**

1.00%**

1.10%**

Ratio of net investment income to
average
net
assets.....
.....

2.02%**

0.75%**

0.76%**

Portfolio turnover

rate.....

.....

0%

63%

73%

* The Funds commenced operations on June 1, 1993.

** Annualized.

+ Net investment loss per share before waiver of fees and reimbursement of expenses by investment adviser was (\$0.18) for the PanAgora Asset Allocation Fund, \$0.00 for the PanAgora Global Fund and (\$0.02) for the PanAgora International Equity Fund for the six months from June 1, 1993, commencement of operations, through November 30, 1993.

++ The amount shown at this caption for each share outstanding throughout the period may not accord with the change in the aggregate gains and losses in the portfolio securities for the period because of the timing of purchases and withdrawals of shares in relation to the fluctuating market values of the portfolio.

+++ Total return represents aggregate total return for the period indicated.

++++ Annualized expense ratio before waiver of fees and reimbursement of expenses by investment adviser was 11.94% for the PanAgora Asset Allocation Fund, 1.76% for the PanAgora Global Fund and 2.25% for the PanAgora International Equity Fund for the six months from June 1, 1993, commencement of operations, through November 30, 1993.

INVESTMENT OBJECTIVES AND POLICIES

The Adviser's proprietary asset allocation disciplines and the investment objectives of each of the Funds together with the policies employed to achieve these objectives are described below. None of the Funds alone constitutes a complete investment program. There can, of course, be no assurance that a Fund will achieve its investment objective.

The Adviser's Asset Allocation Disciplines

Each of the Funds relies exclusively on the Adviser's proprietary asset allocation disciplines to actively allocate assets among various asset classes (e.g., equity, fixed-income) and markets (e.g., U.S., global, international) in accordance with the Fund's stated investment objectives and policies. Underlying the Adviser's asset allocation disciplines is the belief that investment opportunities, (i.e., return) are primarily derived from asset class and market opportunities. Investment opportunities arising from individual security selection, while important, are viewed as secondary to opportunities arising from asset class and market selections. Since 1982, the Adviser and/or its investment management professionals have developed and continue to develop valuations techniques designed to evaluate worldwide asset classes and markets.

In implementing the disciplines, the Adviser establishes percentage guidelines (the "Guidelines") that indicate the optimal allocation of a Fund's portfolio securities among the asset classes and markets in which the Fund may invest. The Guidelines reflect the Adviser's analysis of the potential investment returns to be derived from each asset class or market. In evaluating potential investment returns, the Adviser considers factors such as economic conditions, monetary policy, asset class or market valuation as reflected by established market indices, and competitive returns available in

alternative asset classes or markets.

The Adviser periodically reformulates the Guidelines in order to achieve each Fund's investment objective on an ongoing basis. The asset allocation disciplines employed by the Adviser dictate that shifts among assets classes and markets should be frequent (at least monthly), but relatively modest (a few percentage points). Under normal market conditions, the correlation between the Guidelines and the allocation of a Fund's investments among asset classes and markets will be relatively close. Under certain market conditions, however, the allocation of a Fund's investments may not approximate the Guidelines. For instance, if the Guidelines are adjusted substantially, it may not be feasible for the Adviser to purchase or sell sufficient amounts of different types of securities, under terms and conditions deemed by the Adviser to be beneficial to the Fund, to conform the Fund's portfolio immediately to the adjusted Guidelines. This reallocation process may take several days.

The Adviser's investment of assets within an asset class or market utilizes more traditional analysis, focusing on such components as value and growth potential, diversification and trading liquidity. Although individual securities purchased by a Fund will generally be included in the underlying indices used to formulate the Guidelines, the Funds may purchase securities not included in such indices when deemed appropriate by the Adviser. A more detailed discussion of each Fund's individual security selection process is included in the section describing the investment objectives and policies of each Fund.

PanAgora Asset Allocation Fund

The PanAgora Asset Allocation Fund's investment objective is to maximize total return, consisting of capital appreciation and current income. The Fund attempts to achieve its objective by actively allocating assets among U.S. equity securities, investment grade fixed-income securities and cash and cash equivalents based on the Adviser's proprietary asset allocation disciplines. When the Adviser determines that domestic capital markets are fairly priced relative to each other and relative to corresponding risks, the Fund will invest approximately 70% of its assets in equity securities, 25% in investment grade fixed-income securities and 5% in cash and cash equivalents. However, as market conditions warrant, the Adviser typically allocates the Fund's assets among asset classes without regard to the stated percentages.

Equity securities in which the PanAgora Asset Allocation Fund may invest consist of common stocks of U.S. companies and preferred stocks, debt instruments convertible into common stocks and securities having common stock characteristics (such as warrants and rights to purchase common stock) of such companies. In selecting equity securities for the Fund, the Adviser gives important consideration to diversification and trading liquidity. The Adviser attempts to select equity securities which, as a portfolio, have investment characteristics, such as industry representation, dividend yield and capitalization, and investment performance similar to the stocks in the S&P 500. The Adviser expects that the Fund will hold 50 or more larger capitalization stocks, most of which are traded on the New York Stock Exchange (the "NYSE"). In selecting equity securities, the Adviser also gives consideration to the value and growth potential of such securities. The Fund may also invest in securities of closed-end investment companies.

Fixed-income securities in which the PanAgora Asset Allocation Fund may invest consist of all types of debt securities such as bonds, debentures, notes and stocks, such as preferred stocks. The Fund invests in highly liquid investment-grade securities issued by the U.S. government, its agencies and instrumentalities and by major U.S. corporations. The Fund's investments in fixed-income securities also include mortgage-backed and mortgage-related securities issued by the U.S. government, its agencies and instrumentalities and private issuers. In general, debt securities purchased by the Fund are included in the Lehman Brothers Aggregate Bond Index, a composite index of all U.S. government and agency and publicly-traded investment-grade corporate debt securities with a maturity of one year or longer (the "Lehman Aggregate Index"). Investment-grade fixed-income securities are securities rated Baa or higher by Moody's Investors Service, Inc. ("Moody's") or BBB or higher by Standard & Poor's Corporation ("S&P"), and unrated securities and securities rated by other nationally recognized statistical rating services that are of equivalent quality in the opinion of the Adviser. For a description of these

ratings, see the Appendix to the Statement of Additional Information. The Adviser selects fixed-income securities for the Fund to match the Lehman Aggregate Index in maturity, quality, sector and coupon characteristics. Typically, the average maturity of fixed-income securities selected by the Adviser is approximately 10 years, although the Fund may invest in longer- or shorter-term securities when, in the opinion of the Adviser, investment opportunities warrant.

The Fund invests in a wide range of cash and cash equivalents, consisting of short-term securities issued by the U.S. government, its agencies and instrumentalities, bank certificates of deposit and time deposits, bankers' acceptances, commercial paper, high-grade short-term corporate debt obligations and repurchase agreements with respect to these securities.

In order to achieve its investment objectives, the Fund engages significantly in options and futures for hedging and other permissible purposes.

For a further description of the types of securities in which the PanAgora Asset Allocation Fund may invest and the techniques and strategies employed by the Adviser and related risks, see "Description of Securities and Investment Techniques and Related Risks."

PanAgora Global Fund

The PanAgora Global Fund's investment objective is to maximize total return, consisting of capital appreciation and current income. The Fund attempts to achieve its objective by actively allocating assets among global equity, fixed-income and currency markets based on the Adviser's proprietary allocation disciplines. When the Adviser determines that global capital markets are fairly priced relative to each other and relative to corresponding risks, the Fund will invest approximately 70% of its assets in equity securities and 30% in fixed-income securities. However, as market conditions warrant, the Adviser typically allocates the Fund's assets among asset classes and markets without regard to the stated percentages. As a global fund, at least 65% of the Fund's assets will be invested in securities of issuers having their principal place of business, having a majority of their assets or deriving a majority of their operating income in at least three different countries, one of which may be the United States.

Equity securities in which the PanAgora Global Fund may invest include common stocks of U.S. and non-U.S. companies and preferred stocks, debt instruments convertible into common stocks and securities having common stock characteristics (such as warrants and rights to purchase common stock) of such companies. The Fund may also invest in sponsored and unsponsored American Depository Receipts ("ADRs") and European Depository Receipts ("EDRs"). The Fund's U.S. equity investments include large, intermediate and small capitalization companies, primarily included in the S&P 500 Composite Stock Index. Although the Fund may invest anywhere in the world, the Fund's non-U.S. equity investments are primarily in equity markets listed in the Morgan Stanley Capital International-Europe Australia Far East Index (the "MSCI-EAFE Index"). As of the date of this Prospectus, the MSCI-EAFE Index currently includes the equity markets of Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Italy, Japan, the Netherlands, New Zealand, Norway, Singapore, Malaysia, Spain, Sweden, Switzerland, and the United Kingdom. Because the MSCI-EAFE Index primarily includes highly capitalized companies, the Fund's non-U.S. equity investments will reflect this trend. The Fund may also invest in securities of closed-end investment companies.

Fixed-income securities in which the PanAgora Global Fund may invest include all types of U.S. and non-U.S. debt securities such as bonds, debentures, notes and stocks, such as preferred stocks. The Fund may invest in all fixed-income securities of U.S. and non-U.S. issuers, including governments, governmental entities and supranational issuers. The Fund's U.S. fixed-income investments are rated investment-grade and are generally included in the Lehman Aggregate Index. Investment-grade fixed-income securities are securities rated Baa or higher by Moody's or BBB or higher by S&P, and unrated securities and securities rated by other nationally recognized statistical

rating services that are of equivalent quality in the opinion of the Adviser. The Fund's non-U.S. fixed-income investments are also rated investment-grade and are typically issued by government and supranational issuers and are generally included in the Salomon Brothers' World Government Bond Index, which currently includes the United States, Japan, Germany, Canada and the United Kingdom. Typically, the average maturity of fixed-income securities selected by the Adviser is approximately 10 years, although the Fund may invest in longer- or shorter-term securities when, in the opinion of the Adviser, investment opportunities warrant.

For temporary defensive purposes, the Fund may invest, without limitation, in a wide range of cash and cash equivalents, including short-term securities issued by U.S. and non-U.S. governments, their agencies and instrumentalities, and U.S. and non-U.S. bank certificates of deposit and time deposits, bankers' acceptances, commercial paper, high-grade short-term corporate debt obligations and repurchase agreements with respect to these securities.

In order to manage the currency risks associated with global investing, the Fund engages in certain currency management techniques. These techniques are described in detail in "Description of Securities and Investment Techniques and Related Risk Factors" below. In addition, in order to achieve its investment objectives, the Fund engages significantly in options and futures for hedging and other permissible purposes.

For a further description of the types of securities in which the PanAgora Global Fund may invest and the techniques and strategies employed by the Adviser and related risks, see "Description of Securities and Investment Techniques and Related Risks."

PanAgora International Equity Fund

The PanAgora International Equity Fund's primary investment objective is to maximize total return, consisting primarily of capital appreciation. Current income is a secondary objective. The Fund attempts to achieve its objectives by actively allocating assets among international equity markets based on the Adviser's proprietary asset allocation disciplines. When the Adviser determines that international equity markets are fairly priced relative to each other, the Fund's investments in international equity markets will be generally weighted in accordance with the MSCI-EAFE Index.

In establishing Guidelines for the PanAgora International Equity Fund, the Adviser utilizes the MSCI-EAFE Index. The Adviser will deviate from the asset allocation weightings of the MSCI-EAFE Index based on its views of the potential investment return to be derived from such deviation.

The Fund seeks to achieve its investment objectives by investing in equity securities allocated across a broad range of global markets. Equity securities in which the Fund may invest include common stocks of non-U.S. companies and preferred stocks, debt instruments convertible into common stocks and securities having common stock characteristics (such as warrants and rights to purchase common stock) of such companies. The Fund may also invest in sponsored and unsponsored ADRs and EDRs. In allocating assets among equity markets, the Fund places particular emphasis on countries that are considered to have above average potential for long-term economic growth. In general, the Fund's investments are expected to be broadly diversified over a number of countries including, but not limited to, Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Italy, Japan, the Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland and the United Kingdom and, subject to the limitation that no more than 10% of the Fund's assets taken at cost will be invested in one or more of the following countries: Argentina, Brazil, Chile, Greece, Indonesia, Korea, Malaysia, Philippines, Portugal, Thailand and Turkey. Within countries, equity investments are expected to be broadly diversified to spread risk and to provide representation of the growth potential of the country. Selection of securities is designed to include participation in economic and industrial sectors which are important to the growth of the country. Within countries, the Fund invests primarily in major established companies which are listed and traded on principal exchanges. The Fund may also invest in securities of closed-end investment companies.

For temporary defensive purposes, the Fund may invest, without limitation, in a wide range of cash and cash equivalents, including short-term securities issued by U.S. and non-U.S. governments, their agencies and instrumentalities and U.S. and non-U.S. bank certificates of deposit and time deposits, bankers' acceptances, commercial paper, high-grade short-term corporate debt obligations and repurchase agreements with respect to these securities.

In order to manage the currency risks associated with global investing, the Fund engages in certain currency management techniques. These techniques are described in detail in "Description of Securities and Investment Techniques and Related Risk Factors" below. In addition, in order to

achieve its investment objectives, the Fund invests in options and futures for hedging and other permissible purposes.

For a further description of the types of securities in which the PanAgora International Equity Fund may invest and the techniques and strategies employed by the Adviser and related risks, see "Description of Securities and Investment Techniques and Related Risks."

DESCRIPTION OF SECURITIES AND INVESTMENT TECHNIQUES AND RELATED RISKS

Fixed-Income Securities

General. In order to achieve their respective investment objectives, the Funds (except the PanAgora International Equity Fund) may invest in a broad range of U.S. and non-U.S. fixed-income securities. In periods of declining interest rates, a Fund's yield (its income from portfolio investments over a stated period of time) may tend to be higher than prevailing market rates, and in periods of rising interest rates, the yield of the Fund may tend to be lower. Also, when interest rates are falling, the inflow of net new money to each Fund from the continuous sale of its shares will likely be invested in portfolio instruments producing lower yields than the balance of the Fund's portfolio, thereby reducing the yield of the Fund. In periods of rising interest rates, the opposite can be true. The net asset value of a Fund investing in fixed-income securities may also change as general levels of interest rates fluctuate. When interest rates increase, the value of a portfolio of fixed-income securities can be expected to decline.

Securities rated BBB by S&P or Baa by Moody's, or their equivalents, are generally regarded as having an adequate capacity to pay principal and interest; however, such securities may have speculative characteristics and therefor may involve greater risks than higher rated securities.

U.S. Government Securities. The Funds may invest in obligations issued or guaranteed as to both principal and interest by the U.S. government, its agencies or instrumentalities ("U.S. Government Securities"). Some U.S. Government Securities, such as U.S. Treasury bills, notes and bonds, are supported by the full faith and credit of the United States. Others, such as obligations issued or guaranteed by U.S. government agencies or instrumentalities are supported either by (i) the full faith and credit of the U.S. government (such as securities of the Small Business Administration), (ii) the right of the issuer to borrow from the U.S. Treasury (such as securities of the Federal Home Loan Banks), (iii) the discretionary authority of the U.S. government to purchase the agency's obligations (such as securities of the Federal National Mortgage Association ("FNMA")), or (iv) only the credit of the issuer. No assurance can be given that the U.S. government will provide financial support to U.S. government agencies or instrumentalities in the future.

To secure advantageous prices or yields, the Fund may purchase U.S. Government Securities on a when-issued basis or may purchase or sell securities for delayed delivery. In such transactions, delivery of the securities occurs beyond the normal settlement periods, but no payment or delivery is made by the Fund prior to the actual delivery or payment by the other party to the transaction and no income accrues prior to delivery of the securities. The purchase of securities on a when-issued or delayed delivery basis involves the risk that, as a result of an increase in yields available

in the marketplace, the value of the securities purchased will decline prior to the settlement date. The sale of securities for delayed delivery involves the risk that the prices available in the market on the delivery date may be greater than those obtained in the sale transaction. The Fund will establish a segregated account with its custodian consisting of cash, U.S. Government Securities or other high-grade debt obligations in an amount equal to the amounts of its when-issued and delayed delivery commitments.

Mortgage-Backed and Mortgage-Related Securities. The Funds may invest in mortgage-backed securities, including collateralized mortgage obligations ("CMOs") and Government Stripped Mortgage-Backed Securities. Mortgage-backed securities provide a monthly payment from interest and/or principal payments made with respect to an underlying pool of mortgage loans. CMOs are types of bonds secured by an underlying pool of mortgage pass-through certificates that are structured to direct portions of principal and interest payments on underlying collateral to different series or classes of the obligations.

Government Stripped Mortgage-Backed Securities are mortgage-backed securities issued or guaranteed by FNMA, the Government National Mortgage Association ("GNMA"), and the Federal Home Loan Mortgage Corporation ("FHLMC"). These securities represent beneficial ownership interests in either periodic principal distributions ("principal-only") or interest distributions ("interest-only") on mortgage-backed certificates issued by FNMA, GNMA or FHLMC, as the case may be. The certificates underlying the Government Stripped Mortgage-Backed Securities represent all or part of the beneficial interest in pools of mortgage loans. Investing in Government Stripped Mortgage-Backed Securities involves the risks normally associated with investing in mortgage-backed securities issued by government or government-related entities.

To the extent that a Fund purchases mortgage-related or mortgage-backed securities at a premium, mortgage foreclosures and prepayments of principal by mortgagors (which may be made at any time without penalty) may result in some loss of the Fund's principal investment to the extent of the premium paid. The yield of the Fund may be affected by reinvestment of prepayments at higher or lower rates than the original investment. In addition, like other debt securities, the value of mortgage-related securities will generally fluctuate in response to market interest rates. Government Stripped Mortgage-Backed Securities are currently traded in an over-the-counter market maintained by several large investment banking firms. There can be no assurance that the Fund will be able to effect a trade of a Government Stripped Mortgage-Backed Security at a time when it wishes to do so. The Fund will acquire Government Stripped Mortgage-Backed Securities only if a liquid secondary market for the securities exists at the time of acquisition.

Foreign Government Securities. The foreign government securities in which the PanAgora Global Fund may invest generally consist of obligations supported by national, state or provincial governments or similar political subdivisions. Foreign government securities also include debt obligations of supranational or quasi-governmental entities. Quasi-governmental and supranational entities include international organizations designated or supported by governmental entities to promote economic reconstruction or development and international banking institutions and related government agencies. Examples include the International Bank for Reconstruction and Development (the "World Bank"), the European Coal and Steel Community, the Asian Development Bank and the InterAmerican Development Bank. Foreign government securities also include mortgage-related securities issued or guaranteed by national, state or provincial governmental instrumentalities, including quasi-governmental agencies. For a description of the risks associated with all foreign investments, see "Foreign Securities" below.

Foreign Securities

The PanAgora Global and PanAgora International Equity Funds may invest in securities of non-U.S. issuers directly or in the form of sponsored and unsponsored ADRs, EDRs or similar securities representing interests in the common stock of foreign issuers. ADRs are receipts, typically issued by a U.S. bank or trust company, which evidence ownership of underlying securities issued by a foreign corporation. EDRs are receipts issued in Europe which evidence a similar ownership arrangement. Generally, ADRs, in registered form, are designed for use in the U.S. securities markets and EDRs are designed for use in European securities markets. The underlying securities

are not always denominated in the same currency as the ADRs or EDRs. Although investment in the form of ADRs or EDRs facilitates trading in foreign securities, it does not mitigate the risks associated with investing in foreign securities. The issuers of unsponsored ADRs and EDRs are not obligated to disclose material information in the United States and therefore such information may not be reflected in the market value of the unsponsored ADRs and EDRs.

Investment in securities of foreign issuers may involve greater risks than those associated with U.S. investments. There is generally less publicly available information regarding foreign issuers and foreign issuers are generally not subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to U.S. issuers. The securities markets in many of the foreign countries in which the Funds invest will have substantially less trading volume than the principal U.S. securities markets. As a result, the securities of some foreign issuers may be less liquid and more volatile than comparable U.S. securities. In addition, in some foreign countries, there is a possibility of expropriation or confiscatory taxation as well as political or social instability which could adversely affect U.S. investments in those countries. Investors in foreign securities incur higher transaction costs than investors in U.S. securities, including higher costs in making securities transactions as well as foreign government taxes which may reduce the investment return of the Funds. Finally, there is generally less government regulation and supervision of foreign exchanges and brokers.

Among the foreign securities in which the Funds may invest are those issued by companies located in developing countries, which are countries in the initial stages of their industrialization cycles. Investing in the equity and debt markets of developing countries involves exposure to economic structures that are generally less diverse and less mature, and to political systems that can be expected to have less stability, than those of developed countries. The markets of developing countries historically have been more volatile than the markets of the more mature economies of developed countries, but often have provided higher rates of return to investors. To the extent a Fund invests in securities of companies located in Eastern European countries, there will be both country risks relating to the relative brevity of the free-market movements in such countries and company risks relating to the brevity of the public-company experience of such companies. In addition, the countries of Eastern Europe have only recently emerged from a political and economic system dominated by the communist party. While under communist party control, these countries generally resisted private enterprise. There can be no assurance that the communist party will not regain control of the political and economic systems of Eastern Europe and reassert its political and economic philosophy.

Although the Funds (except the PanAgora Asset Allocation Fund) may invest in securities denominated in foreign currencies, each Fund values its securities and other assets in U.S. dollars. As a result, the net asset value of each Fund's shares may fluctuate with U.S. dollar exchange rates as well as with price changes of the Fund's securities in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the currencies in which the Fund makes its investments could reduce or eliminate the effect of increases and magnify the effect of decreases in the values of the Fund's investments. In addition to favorable and unfavorable currency exchange-rate developments, the Funds are subject to the possible imposition of exchange control regulations or currency blockages. See "Currency Transactions" below.

Cash and Cash Equivalents

Each of the Funds, subject to its investment objective and policies, in addition to the cash equivalents described elsewhere in this Prospectus, invests in the cash equivalents described below. Cash equivalents also include U.S. Government Securities maturing within one year (including repurchase agreements collateralized by such securities). The Funds may also invest in obligations of banks which at the date of investment have capital, surplus, and undivided profits (as of the date of their most recently published financial statements) in excess of \$100 million. Each Fund may also invest in commercial paper which at the date of investment is rated at least A-2 by S&P or P-2 by Moody's, or their equivalent ratings, or, if not rated, is issued or guaranteed as to payment of principal and interest by companies which are rated, at the time of purchase, A or better by S&P or Moody's, or

their equivalents, and other debt instruments, including unrated instruments, not specifically described if such instruments are deemed by the Adviser to be of comparable quality.

Commercial paper represents short-term unsecured promissory notes issued in bearer form by U.S. or foreign banks or bank holding companies, corporations and finance companies. The commercial paper purchased by the PanAgora Asset Allocation Fund consists of U.S. dollar-denominated obligations of domestic or foreign issuers. Bank obligations in which the Funds may invest include certificates of deposit, bankers' acceptances, and fixed time deposits. Bank obligations also include U.S. dollar-denominated obligations of foreign branches of U.S. banks or of U.S. branches of foreign banks, all of the same type as domestic bank obligations. A Fund will invest in the obligations of foreign branches of U.S. banks or of U.S. branches of foreign banks only when the Adviser believes the credit risk with respect to the instrument is minimal.

Each Fund may invest in securities of other investment companies which invest in high-quality, short-term debt securities and which determine their net asset value per share based on the amortized cost or penny rounding method. Expenses imposed by investment companies in which a Fund may invest will be borne indirectly by the shareholders of the Fund.

Currency Transactions

To effectively manage exposure to currency fluctuations, the PanAgora Global and PanAgora International Equity Funds may alter asset class or market exposure in accordance with its investment policies, enter into forward foreign currency exchange contracts, buy or sell options, futures or options on futures relating to foreign currencies, and purchase securities indexed to the performance of several currencies. A Fund may also use currency management techniques in the normal course of business to hedge against adverse movements in exchange rates in connection with the purchase and sale of securities. See "Forward Foreign Currency Transactions," "Options" and "Futures and Options on Futures" below.

Forward Foreign Currency Transactions

As described in "Currency Transactions" above, the PanAgora Global and PanAgora International Equity Funds may conduct foreign currency exchange transactions on a spot (i.e., cash) basis at the spot rate prevailing in the foreign currency exchange market or by entering into forward contracts to purchase or sell foreign currencies. A forward contract involves an obligation to purchase or sell a specific currency amount at a future date, which may be any fixed number of days from the date of the contract.

When the Adviser believes that the currency of a particular country may suffer a significant decline against the U.S. dollar or against another currency, a Fund may enter into a forward contract to sell, for a fixed amount of U.S. dollars or other appropriate currency, the amount of foreign currency approximating the value of some or all of the Fund's securities denominated in such foreign currency. At the maturity of a forward contract, the Fund may either sell a portfolio security and make delivery of the foreign currency, or it may retain the security and terminate its contractual obligation to deliver the foreign currency by purchasing an "offsetting" contract with the same currency trader obligating it to purchase, on the same maturity date, the same amount of the foreign currency. The Funds may realize a gain or loss from currency transactions.

Options

Each of the Funds may write (sell) covered put and call options on equity and debt securities and enter into related closing transactions. A Fund may realize fees (referred to as "premiums") for granting the rights evidenced by the options. However, in return for the premium, the Fund forfeits the right to any appreciation in the underlying security while the option is outstanding. A put option gives to its purchaser the right to compel the writer of the option to purchase from the option holder an underlying security at the specified price at any time during the option period. In contrast, a call option gives to its purchaser the right to compel the writer of the option to sell the option holder an underlying security at a specified price at any time during the option period. Upon the exercise of a

put option written by a Fund, the Fund may suffer a loss equal to the difference between the price at which the Fund is required to purchase the underlying security and its market value at the time of the option exercise, less the premium received for writing the option. All call options written by a Fund are covered, which means that the Fund will own the securities subject to the option as long as the option is outstanding. All put options written by a Fund are covered, which means that the Fund will deposit cash or cash equivalents or a combination of both in a segregated account with the custodian with a value at least equal to the exercise price of the put option.

The Funds may also purchase put and call options on securities. The advantage to the purchaser of a call option is that it may hedge against an increase in the price of portfolio securities it ultimately wishes to buy. The advantage to the purchaser of a put option is that it may hedge against a decrease in the price of portfolio securities it ultimately wishes to sell.

Closing transactions essentially permit the Funds to offset put options or call options prior to exercise or expiration. If a Fund cannot effect closing transactions, it may have to retain a security in its portfolio it would otherwise sell or deliver a security it would otherwise retain.

The Funds may purchase and sell options traded on U.S. exchanges and, to the extent permitted by law, options traded over-the-counter. It is the position of the Securities and Exchange Commission (the "Commission") that over-the-counter options are illiquid. Accordingly, each Fund will only invest in such options to the extent consistent with its 15% limitation on investments in illiquid securities. The PanAgora Global and PanAgora International Equity Funds may also purchase and sell options traded on recognized foreign exchanges.

The PanAgora Global and PanAgora International Equity Funds may purchase and write put and call options on foreign currencies (traded on U.S. and foreign exchanges or over-the-counter) to manage portfolio exposure to changes in dollar exchange rates. Call options on foreign currency written by the Fund will be covered, which means that the Fund will own an equal amount of the underlying foreign currency. With respect to put options on foreign currency written by the Fund, the Fund will deposit cash or cash equivalents or a combination of both in a segregated account with the custodian in an amount equal to the amount the Fund would be required to pay upon exercise of the put.

Stock Index Options

The Funds may purchase and write exchange-listed put and call options on stock indices to hedge against risks of market-wide price movements. A stock index measures the movement of a certain group of stocks by assigning relative values to the common stocks included in the index. Examples of well-known stock indices are the S&P 500 Composite Stock Index, the NYSE Composite Index, the Toronto Stock Exchange Composite 100 and the Financial Times Stock Exchange 100. Options on stock indices are similar to options on securities. However, because options on stock indices do not involve the delivery of an underlying security, the option represents the holder's right to obtain from the writer in cash a fixed multiple of the amount by which the exercise price exceeds (in the case of a put) or is less than (in the case of a call) the closing value of the underlying index on the exercise date.

The advisability of using stock index options to hedge against the risk of market-wide movements will depend on the extent of diversification of a Fund's stock investments and the sensitivity of its stock investments to factors influencing the underlying index. The effectiveness of purchasing or writing stock index options as a hedging technique will depend upon the extent to which price movements in the portion of the portfolio being hedged correlate with price movements in the stock index selected. When a Fund writes an option on a stock index, it will deposit cash or cash equivalents or a combination of both in an amount equal to the market value of the option, in a segregated account with the custodian, and will maintain the account while the option is open.

Futures and Options on Futures

When deemed advisable by the Adviser, each of the Funds may enter into futures contracts and purchase and write options on futures contracts to hedge against changes in interest rates, securities prices or currency exchange rates or for certain non-hedging purposes. The Funds may purchase and sell financial futures contracts, including stock index futures, and purchase and write related options. A Fund will engage in futures and related options transactions only for bona fide hedging and non-hedging purposes as defined in regulations of the Commodity Futures Trading Commission. A Fund will not enter into futures contracts or options thereon for non-hedging purposes, if immediately thereafter, the aggregate initial margin and premiums required to establish non-hedging positions in futures contracts and options on futures will exceed 5 percent of the net asset value of the Fund's portfolio, after taking into account unrealized profits and losses on any such positions and excluding the amount by which such options were in-the-money at the time of purchase.

The use of futures contracts and options on futures contracts involves several risks. There can be no assurance that there will be a correlation between price movements in the underlying securities, on the one hand, and price movements in the securities which are the subject of the hedge, on the other hand. Positions in futures contracts and options on futures contracts may be closed out only on an exchange or board of trade that provides an active market for them, and there can be no assurance that a liquid market will exist for the contract or the option at any particular time. Losses incurred by hedging transactions and the costs of these transactions will affect a Fund's performance. The use of futures contracts and options on futures contracts requires special skills in addition to those needed to select portfolio securities.

Interest Rate Swaps

In order to attempt to protect fixed-income investments from interest rate fluctuations, the PanAgora Asset Allocation and PanAgora Global Funds may engage in interest rate swaps. Interest rate swaps involve the exchange by a Fund with another party of their respective rights to receive interest (e.g., an exchange of fixed rate payments for floating rate payments). The Funds will enter into interest rate swaps only on a net basis (i.e., the two payment streams will be netted out, with a Fund receiving or paying, as the case may be, only the net amount of the two payments). The net amount of the excess, if any, of the Fund's obligations over its entitlements with respect to each interest rate swap will be accrued on a daily basis and an amount of cash or liquid high-grade debt securities having an aggregate net asset value at least equal to the accrued excess, will be maintained in a segregated account by the Fund's custodian.

The use of interest rate swaps involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. If the Adviser is incorrect in its forecasts of market values, interest rates and other applicable factors, the investment performance of the Funds will be less favorable than it would have been if this investment technique were never used. Interest rate swaps do not involve the delivery of securities or other underlying assets or principal. Thus, if the other party to an interest rate swap defaults, the Fund's risk of loss will consist of the net amount of interest payments that the Fund is contractually entitled to receive.

Miscellaneous Investment Techniques

Repurchase Agreements. In a repurchase agreement, a Fund buys a security subject to the right and obligation to sell it back to the issuer at the same price plus accrued interest. These transactions must be fully collateralized at all times, but they involve some credit risk to the Funds if the other party defaults on its obligations and the Fund is delayed or prevented from liquidating the collateral. The Funds will enter into repurchase agreements with member banks of the Federal Reserve System having total assets of at least \$100 million or dealers on the Federal Reserve Bank of New York's list of reporting dealers.

Restricted and Illiquid Securities. Each Fund will not invest more than 15% of its net assets in illiquid securities, which include repurchase agreements or fixed time deposits maturing in more than seven days and securities that are not readily marketable, unless the Board of Trustees

determines, based upon a continuing review of the trading markets for the specific security, that such security is liquid. In addition, each Fund will not invest more than 5% of its net assets in securities that are not registered, but are otherwise required to be registered, under the Securities Act of 1933, as amended (the "1933 Act").

Lending Securities. For the purpose of realizing additional income, each Fund may lend to broker-dealers portfolio securities amounting to not more than 30% of its total assets taken at current value. These transactions must be fully collateralized at all times but involve some credit risk to a Fund if the other party should default on its obligation and that Fund is delayed or prevented from recovering the collateral. Securities loaned by a Fund will remain subject to fluctuations of market value.

Reverse Repurchase Agreements. The Funds may enter into reverse repurchase agreements with banks and broker-dealers. Reverse repurchase agreements involve sales by a Fund of portfolio assets concurrently with an agreement by the Fund to repurchase the same assets at a later date at a fixed price. During the reverse repurchase agreement period, the Fund continues to receive principal and interest payments on these securities. The Funds will deposit cash or cash equivalents or a combination of both in a segregated account with its custodian equal in value to their obligations with respect to reverse repurchase agreements. Reverse repurchase agreements are considered borrowings by the Fund, and as such are subject to the investment limitations on borrowing.

For more information concerning the Funds' investments and the investment techniques employed by the Adviser, see "Additional Information on Fund Investments and Strategies and Related Risks" in the Statement of Additional Information.

ADDITIONAL INVESTMENT INFORMATION

Portfolio Turnover

Although no Fund purchases securities with a view to rapid turnover, there are generally no limitations on the length of time that securities must be held by any Fund and, in light of the Adviser's asset allocation disciplines, a Fund's annual portfolio turnover rate may vary significantly from year to year. It is estimated that, under normal circumstances, the annual portfolio turnover rates for each Fund will not exceed 150%. The annual portfolio turnover rate is calculated by dividing the lesser of the dollar amount of annual sales or purchases of portfolio securities by the average monthly value of a Fund's portfolio securities for the year, excluding securities having a maturity at the date of purchase of one year or less. A high rate of portfolio turnover (i.e., 100% or higher) will result in correspondingly higher transaction costs to a Fund and, in order for the Fund to qualify as a regulated investment company under the Internal Revenue Code of 1986, as amended, its gross gains from the sale of stock, securities, and certain other investments held for less than three months must constitute less than 30% of its gross income for its taxable year.

Investment Restrictions

Each Fund has adopted certain fundamental investment restrictions which are described in detail in the Statement of Additional Information. Each Fund's investment objective and those investment restrictions designated as fundamental in the Statement of Additional Information can be changed only with shareholder approval. All other investment restrictions and policies are non-fundamental and can be changed by the Board of Trustees of the Trust at any time without the approval of the shareholders.

Each Fund's fundamental investment restrictions with respect to borrowing, investment concentration and lending are as follows:

1. Each Fund may not borrow money, except from banks, or by entering into reverse repurchase agreements, on a temporary basis for extraordinary or emergency purposes in amounts not to exceed 33 1/3% of the Fund's total assets (including the amount borrowed) taken at market value; provided, that no purchases of securities will be made if such borrowings exceed 5% of the value

of the Fund's total assets. This restriction does not apply to cash collateral received as a result of portfolio securities lending.

2. Each Fund may not purchase the securities of issuers conducting their principal business activities in the same industry if, immediately after such purchase, the value of a Fund's investments in such industry would exceed 25% of its total assets taken at market value at the time of each investment. For purposes of this restriction, telephone companies are considered to be a separate industry from water, gas or electric utilities, personal credit finance companies and business credit finance companies are deemed to be in separate industries and all quasi-governmental and supranational entities are deemed to be in a single industry.

3. Each Fund may not make loans; provided, that the lending of portfolio securities, the purchase of debt securities and the entry into repurchase agreements pursuant to a Fund's investment objectives and policies shall not be limited by this restriction.

Portfolio Transactions

The Adviser is responsible for making specific decisions to buy and sell securities for the Funds. The Adviser is also responsible for selecting brokers and dealers to effect these transactions and negotiating, if possible, brokerage commissions and dealers' charges. The PanAgora Global and International Equity Funds generally trade non-U.S. securities in non-U.S. countries, since the best available market for non-U.S. securities is often on non-U.S. markets. In transactions on non-U.S. markets, brokerage commissions are generally fixed and are often higher than in the U.S. where commissions are negotiated. In the over-the-counter markets, securities (i.e., debt securities) are

generally traded on a net basis with the dealers acting as principal for their own accounts without a stated commission.

The primary consideration in selecting broker-dealers to execute portfolio security transactions is the execution of such portfolio transactions at the most favorable prices. Subject to this requirement and the provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended, securities may be bought from or sold to broker-dealers who have furnished statistical, research and other information or services to the Adviser. Higher commissions may be paid to broker-dealers that provide research services. See "Portfolio Transactions and Brokerage Commissions" in the Statement of Additional Information for a more detailed discussion of portfolio transactions. The Trustees will review periodically each Fund's portfolio transactions.

MANAGEMENT OF THE TRUST

The Board of Trustees of the Trust is responsible for the overall supervision and management of the Trust. The day-to-day operations of the Trust, including investment decisions, have been delegated to the Adviser. The Statement of Additional Information contains general background information regarding each Trustee and executive officer of the Trust.

The Adviser

PanAgora, located at 260 Franklin Street, Boston, Massachusetts, acts as investment adviser to the Funds. PanAgora is registered as an investment adviser with the Commission and provides a full range of investment advisory services to its institutional clients throughout the world. Fifty percent of PanAgora's outstanding voting stock is owned by Nippon Life Insurance Company and fifty percent of such stock is owned by Lehman Brothers Inc. ("Lehman"). As of November 30, 1993, PanAgora managed approximately \$12 billion in assets for various individual and institutional accounts, including the following registered investment companies: the Asset Allocation Fund and the International Fund, portfolios of The Boston Company Investment Series; the Asset Manager's Equity Fund, a portfolio of The Boston Company Fund; the S&P 100 Plus Portfolio, a portfolio of Principal Preservation Portfolios, Inc.; the Preferred Asset Allocation Fund, a portfolio of the Preferred Group of Mutual Funds; the Shearson Series Fund; and the Shearson Sector Analysis Fund.

Under its Advisory Agreements with the Trust, the Adviser continually manages each Fund. Its responsibilities include the purchase, retention and disposition of each Fund's portfolio securities and other assets. In addition, the Adviser administers certain of the Trust's business affairs, performs various shareholder servicing functions to the extent these services are not provided by other organizations and monitors and evaluates the performance of the Trust's service providers. For these services, the Trust, on behalf of each Fund, pays the Adviser a monthly fee at an annual rate of each Fund's average daily net assets as follows:

Fund	Annual Rate
PanAgora Asset Allocation Fund	0.60%
PanAgora Global Fund	0.70%
PanAgora International Equity Fund	0.80%

The Trust, on behalf of each Fund, is responsible for all expenses other than those expressly assumed by the Adviser under the terms of the Advisory Agreement for each Fund. The expenses borne by each Fund include the Fund's advisory fee, transfer agent fee and taxes and its proportionate share of custodian fees, expenses of issuing reports to shareholders, legal fees, auditing and tax fees, blue sky fees, fees of the commission, insurance expenses and disinterested Trustees' fees. The Adviser has temporarily agreed, under certain circumstances, to reduce or not impose its management fee and limit certain expenses of the Funds as described under "Expense Information." In the event that the expenses of a Fund (including the advisory fee, but excluding interest, taxes, brokerage commissions, litigation and indemnification expenses and other extraordinary expenses) for any fiscal year exceed the limits established by certain state securities administrators, the Adviser will reduce its fee payable on behalf of such Fund by the amount of such excess but only to the extent of the Fund's advisory fee. The Adviser has agreed to pay to Funds Distributor, Inc., the Trust's distributor, as compensation for certain distribution services rendered to the Trust, a monthly fee at the annual rate of 0.03% of the average daily net assets of each Fund.

Kristine M. Lino, Portfolio Manager of the Adviser since April, 1990, is the portfolio manager primarily responsible for the management of the PanAgora Asset Allocation Fund since commencement of operations of the Fund on June 1, 1993. From September, 1989, to April, 1990, she was an Operations Specialist at Boston Safe Deposit and Trust Company. Prior to September, 1989, she was a Portfolio Controller at State Street Bank & Trust Company.

James A. Rullo, Portfolio Manager of the Adviser since April, 1990, is the portfolio manager primarily responsible for the management of the PanAgora Global Fund and PanAgora International Equity Fund since commencement of operations of these Funds on June 1, 1993. Prior to April, 1990, Mr. Rullo was a Portfolio Manager at Boston Safe Deposit and Trust Company.

Administrator and Custodian

The Trust has entered into an Administration Agreement with The Boston Company Advisors, Inc. ("Boston Advisors" or the "Administrator"), One Boston Place, Boston, Massachusetts 02108, pursuant to which Boston Advisors receives a monthly fee at the annual rate of 0.15% of the average daily net assets of each Fund. The minimum fee (with respect to each Fund) is \$60,000 per year. Boston Advisors is a wholly-owned subsidiary of The Boston Company, Inc. ("TBC"). All of the outstanding stock of Boston Group Holdings, Inc., TBC's parent, is owned by Mellon Bank Corporation, a publicly-traded multibank holding company incorporated under the laws of the Commonwealth of Pennsylvania in 1971 and registered under the Federal Bank Holding Company Act of 1956.

The Administrator generally assists in all matters relating to the administration of the Funds, including the coordination and monitoring of any third parties furnishing services to the Funds, the preparation and maintenance of financial and accounting records, and the provision of the necessary office space, equipment and personnel to perform administrative and clerical functions.

The Trust has entered into a Custodian Agreement with Boston Safe Deposit & Trust Company, an affiliate of Boston Advisors ("Boston Safe" or the "Custodian"), pursuant to which Boston Safe serves as custodian of the Trust's assets. Boston Safe is located at One Boston Place, Boston, Massachusetts 02109.

Distributor

Funds Distributor, Inc., a wholly-owned subsidiary of Lehman ("Funds Distributor"), serves as the distributor of shares of the Trust pursuant to a Distribution Agreement with the Trust. Funds Distributor assists in the sale of shares of the Funds upon the terms described herein.

Transfer Agent

The Shareholder Services Group, Inc. ("TSSG" or the "Transfer Agent"), P.O. Box 9698, Providence, Rhode Island 02940-9698, serves as the transfer agent of the Trust. TSSG is a business unit of First Data Corporation, a publicly-traded company that provides information processing services to a wide variety of enterprises. TSSG maintains the records of each shareholder's account, processes purchases and redemptions of the Funds' shares, acts as dividend and distribution disbursing agent and performs other shareholder servicing functions. Shareholder inquiries should be addressed to The PanAgora Funds at P. O. Box 9698, Providence, Rhode Island 02940-9698.

Additional information regarding the services performed by the Administrator, Custodian, Distributor and Transfer Agent is provided in the Statement of Additional Information.

PURCHASE OF SHARES

Shares of any Fund may be purchased on any Business Day at the net asset value next determined after receipt of the order in proper form by Funds Distributor. A "Business Day" means any day on which the NYSE is open. There is no sales charge in connection with the purchase of shares. The Trust reserves the right, in its sole discretion, to reject any purchase offer and to suspend the offering of shares. The minimum initial investment is \$100,000 and subsequent investments will only be accepted in amounts of \$2,500 or greater. The Trust reserves the right to vary the initial investment minimum and minimums for additional investments at any time. In addition, the Trust may waive the minimum initial investment requirement for any investor. The Trust does not issue share certificates.

At the discretion of the Trust, investors may be permitted to purchase Fund shares by transferring securities to a Fund that meet that Fund's investment objectives and policies. Securities transferred to a Fund will be valued in accordance with the same procedures used to determine the Fund's net asset value at the time of the next determination of net asset value after such acceptance. Shares issued by a Fund in exchange for transferred securities will be issued at net asset value determined as of the same time. All dividends, interest, subscription, or other rights pertaining to such securities shall become the property of the Fund and must be delivered to the Fund by the investor upon receipt from the issuer. Investors who are permitted to transfer such securities should consult their tax advisor to determine any tax consequences, including the recognition of gains or losses, associated with such transfer. Securities will not be accepted in exchange for shares of a Fund unless: (i) such securities are, at the time of the exchange, eligible to be included in the Fund and current market quotations are readily available for such securities; and (ii) the investor represents and warrants that all securities offered to be exchanged are not subject to any restrictions on resale imposed by the 1933 Act or under the laws of the country in which the principal market for such securities exists, or otherwise. For additional information and restrictions regarding this policy, see "Purchase and Redemption Information" in the Statement of Additional Information.

Purchases by Mail

Shares may be purchased initially by completing the PanAgora Funds Account Application accompanying this Prospectus and mailing it, together with a check payable to the appropriate Fund for each account an investor wishes to open, to:

The PanAgora Funds
P. O. Box 9698
Providence, Rhode Island 02940-9698

Subsequent investments in an existing account in any Fund may be made at any time by sending to Funds Distributor at the above address a check payable to the appropriate Fund, along with either (i) a subsequent order form which may be obtained from Funds Distributor or (ii) a letter stating the amount of the investment, the name of the Fund and the account number in which the investment is to be made. Investors should indicate the name of the appropriate Fund and account number on all correspondence.

Purchases by Wire

Shares of any Fund may be purchased by wiring federal funds to Funds Distributor. Orders for shares purchased by wire must be transmitted by telephone by calling The PanAgora Funds at 1-800-423-6041.

Following notification to Funds Distributor, federal funds and registration instructions should be wired through the Federal Reserve System to:

Boston Safe Deposit & Trust Company
Boston, Massachusetts
ABA No. 011001234
For: The PanAgora Funds Account No. 161527
[Name of Fund]
[Account Registration, including account number]

All investors making initial investments by wire must promptly complete the PanAgora Funds Account Application accompanying this Prospectus and forward it to Funds Distributor. Investors should be aware that some banks may charge wire fees. Redemptions will not be processed until the PanAgora Funds Account Application has been received by Funds Distributor.

Retirement Plans

The Funds' investment objectives may make them a suitable investment for part or all of the assets held in various tax-deferred retirement plans, including Individual Retirement Accounts, simplified employee pension plans, 403(b) plans and employee-sponsored retirement plans. Investors desiring further information concerning investment in the Funds by these plans should contact Funds Distributor.

Reports to Shareholders

Shareholders of each Fund receive an annual report containing audited financial statements and a semiannual report. Upon request, a printed confirmation for each transaction will be provided by the Transfer Agent. Any dividends and distributions paid by a Fund are also reflected in the quarterly statements issued by the Transfer Agent. A year-to-date statement for any account will be provided upon request made to the Transfer Agent. Shareholders with inquiries regarding a Fund may call The PanAgora Funds at 1-800-423-6041 or write to The PanAgora Funds at P. O. Box 9698, Providence, Rhode Island 02940-9698.

REDEMPTION OF SHARES

How To Redeem

Shareholders may redeem shares of a Fund without charge upon request on any Business Day at the net asset value next determined after receipt of the redemption request. Redemption requests may be made by telephoning The

PanAgora Funds at 1-800-423-6041 or by a written request addressed to the Transfer Agent. The letter of instruction must specify the number of shares to be redeemed, the Fund from which shares are being redeemed, the account number, payment instructions and the exact registration on the account. Signatures must be guaranteed in accordance with the procedures set forth below under "Payment of Redemption Proceeds." A shareholder may request redemptions by telephone if the optional telephone redemption privilege is elected on the PanAgora Funds Account Application. In order to verify the authenticity of telephone redemption requests, TSSG's telephone representatives will request that the caller provide certain information unique to the account. If the caller is unable provide such information, telephone redemption requests will not be processed and the redemption must be completed by mail. As long as TSSG's telephone representatives comply with the procedures described above, neither the Trust nor TSSG will liable for any losses due to fraudulent or unauthorized transactions. Finally, it may be difficult to implement telephone redemptions in times of drastic economic or market changes.

Additional documentation may be required by the Transfer Agent in order to establish that a redemption request has been properly authorized. A redemption request will not be considered to have been received in proper form until such additional documentation has been submitted to the Transfer Agent. The payment of redemption proceeds for shares of a Fund recently purchased by check will be delayed for up to 15 days until the check has cleared.

Payment of Redemption Proceeds

Redemption proceeds will be wired to the bank account designated on the PanAgora Funds Account Application, unless payment by check has been requested. For redemption requests received by the Transfer Agent by 4:00 p.m., Boston time, redemption proceeds ordinarily will be wired the next Business Day. Shares subject to such requests will earn dividends on the day the request is received.

After a wire has been initiated by the Transfer Agent, neither the Transfer Agent nor the Trust assumes any further responsibility for the performance of intermediaries or the shareholder's bank in the transfer process. If a problem with such performance arises, the shareholder should deal directly with such intermediaries or bank.

A shareholder may change the bank designated to receive redemption proceeds by providing written notice to the Transfer Agent which has been signed by the shareholder or its authorized representative. This signature must be guaranteed by a bank, a securities broker or dealer, a credit union having authority to issue signature guarantees, a savings and loan association, a building and loan association, a cooperative bank, a federal savings bank or association, a national securities exchange, a registered securities association or a clearing agency, provided that such institution satisfies the standards established by The Transfer Agent. The Transfer Agent may also require additional documentation in connection with a request to change a designated bank.

NET ASSET VALUE

The net asset value per share of each Fund is normally calculated as of the close of regular trading on the NYSE, currently 4:00 p.m. Eastern time, on each Business Day. The net asset value of each Fund's shares is determined by adding the value of all securities, cash and other assets of the Fund, subtracting liabilities (including accrued expenses and dividends payable) and dividing the result by the total number of outstanding shares of the Fund.

For purposes of calculating each Fund's net asset value per share, equity securities traded on a recognized U.S. or foreign securities exchange are valued at their last sale price on the principal exchange on which they are traded on the valuation day or, if no sale occurs, at the mean between the closing bid and asked price. Unlisted equity securities for which market quotations are readily available are valued at the mean between the most recent bid and asked price. Debt securities and other fixed-income investments of the Funds will be valued at prices supplied by independent pricing agents selected by the Board of Trustees, which prices reflect broker-dealer supplied valuations and electronic data processing techniques. Short-term obligations maturing in sixty days or less are valued at amortized cost,

which method does not take into account unrealized gains or losses on the portfolio securities. Amortized cost valuation involves initially valuing a security at its cost, and thereafter, assuming a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the security. While this method provides certainty in valuation, it may result in periods in which the value of the security, as determined by the amortized cost method, may be higher or lower than the price the Fund would receive if the Fund sold the security. Other assets and assets whose market value does not, in the Adviser's opinion, reflect fair value are valued at fair value using methods determined in good faith by the Board of Trustees.

A Fund's portfolio securities from time to time may be listed on foreign exchanges which trade on days when the NYSE is closed. As a result, the net asset value of the Fund may be significantly affected by such trading on days when shareholders have no access to the Fund.

DIVIDENDS, DISTRIBUTIONS AND TAXES

Each Fund declares and pays dividends from net investment income, if any, and distributes net short-term capital gains, if any, on a quarterly basis. Each Fund also distributes at least annually substantially all of the long-term capital gains in excess of available capital losses, if any, which it realizes for each taxable year. Dividends and distributions are made in additional shares of the same Fund or, at the shareholder's election, in cash. The election to reinvest dividends and distributions or receive them in cash may be changed at any time upon written notice to the Transfer Agent. If no election is made, all dividends and capital gain distributions will be reinvested. Dividends will be reinvested on the ex-dividend date (the "ex-date") at the net asset value determined at the close of business on that date. Cash dividends will generally be paid one week after the ex-date.

Taxes

Each Fund is treated as a separate entity for federal income tax purposes and intends to elect to be treated as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"), and to qualify for such treatment for each taxable year. To qualify as a regulated investment company, each Fund must satisfy certain requirements relating to the sources of its income, diversification of its assets and distribution of its income to shareholders. As a regulated investment company, a Fund will not be subject to federal income or excise tax on any net investment income and net realized capital gains that are distributed to its shareholders in accordance with certain timing requirements of the Code.

Dividends paid by a Fund from its net investment income, certain net realized foreign exchange gain, the excess of net short-term capital gain over net long-term capital loss and original issue discount or certain market discount income will be taxable to shareholders as ordinary income. Dividends paid by a Fund from any excess of net long-term capital gain over net short-term capital loss will be taxable as long-term capital gains regardless of how long the shareholders have held their shares. These tax consequences will apply regardless of whether distributions are received in cash or reinvested in shares. A portion of a Fund's dividends attributable to the dividends it receives (if any) from U.S. domestic corporations is generally expected to qualify, in the hands of corporate shareholders, for the corporate dividends-received deduction, subject to the limitations on such deduction applicable under the Code. Certain distributions declared in October, November or December and paid in January of the following year are taxable to shareholders as if received on December 31 of the year in which they are declared. Shareholders will be informed annually about the amount and character of distributions received from a Fund for federal income tax purposes.

Individuals and certain other classes of shareholders may be subject to 31% backup withholding of federal income tax on dividends, redemptions and exchanges if they fail to furnish their correct taxpayer identification number and certain certifications or if they are otherwise subject to withholding. Individuals, corporations and other shareholders that are not U.S. persons under the Code are subject to different tax rules and may be subject to withholding at the rate of 30% (or a lower rate provided by an applicable tax treaty) on amounts treated as ordinary dividends from a Fund.

A Fund that invests in foreign securities may be subject to foreign withholding taxes on income earned on such securities. In any year in which PanAgora Global Fund or PanAgora International Equity Fund qualifies, it may make an election that would permit certain of its shareholders to take a credit or a deduction for foreign income taxes paid by such Fund. Each shareholder would then treat as an additional dividend his or her proportionate share of the amount of foreign taxes paid by such Fund. For some years, these Funds may be unable or may not elect to pass such taxes and foreign tax credits and deductions with respect to such taxes through to their shareholders.

Investors should consider the tax implications of buying shares immediately prior to a distribution. Investors who purchase shares shortly before the record date for a distribution will pay a per share price that includes the value of the anticipated distribution and will be taxed when any taxable distribution is received even though the distribution represents a return of a portion of the purchase price. Redemptions and exchanges of shares are taxable events on which a shareholder may recognize a gain or loss.

If for any taxable year, a Fund's total distributions exceed investment company taxable income and net capital gain, the excess distributions generally will be treated as a tax-free return of capital up to the amount of the shareholder's tax basis in its shares (and will reduce a shareholder's adjusted basis in the shares) and thereafter as a gain from a deemed sale of the shares. If in a year in which it has available a capital loss carryover, the fund makes distributions in excess of its net investment income, these distributions will be taxable as ordinary income to the extent of net gains realized during the year which are offset by the carryover.

In addition to federal taxes, a shareholder may be subject to state, local or foreign taxes on payments received from a Fund. A state and local tax exemption may be available in some states to the extent distributions of a Fund are derived from interest on certain direct U.S Government Securities. Shareholders should consult their tax advisors regarding specific questions about Federal, state or local taxes and special rules applicable to certain classes of investors, such as financial institutions, tax-exempt entities, insurance companies and non-U.S. persons.

ORGANIZATION AND SHARES OF THE TRUST

The Trust was formed as a business trust under the laws of The Commonwealth of Massachusetts on January 27, 1993, and commenced investment operations on June 1, 1993. The Board of Trustees of the Trust is responsible for the overall management and supervision of the affairs of the Trust. The Declaration of Trust authorizes the Board of Trustees to create separate investment series or portfolios of shares. On April 10, 1993, the Trustees authorized the establishment of the PanAgora Asset Allocation Fund, PanAgora Global Investment Fund and PanAgora International Equity Fund, each a separate investment series of the Trust. As of the date hereof, the Trustees have established only the three Funds described in this Prospectus. The Declaration of Trust further authorizes the Trustees to classify or reclassify any series or portfolio of shares into one or more classes. As of the date hereof, the Trustees have not authorized the issuance of any classes of shares of the Funds.

Each share of a Fund represents an equal proportionate interest in the assets belonging to that Fund. It is contemplated that most shares of the Funds will be held in accounts of which the record owner is a bank or other institution acting as nominee for its customers who are the beneficial owners of the shares.

When issued, shares of the Funds are fully paid and nonassessable. In the event of liquidation, shareholders are entitled to share pro rata in the net assets of the applicable Fund available for distribution to shareholders. Shares of the Funds entitle their holders to one vote per share, are freely transferable and have no preemptive, subscription or conversion rights.

Shares of a Fund will be voted separately with respect to matters pertaining to that Fund except for the election of Trustees and the ratification of independent accountants. For example, shareholders of each Fund are required to approve the adoption of any advisory agreement relating

to such Fund and any change in the investment objective or fundamental investment restrictions of such Fund. Approval by the shareholders of one Fund is effective only as to that Fund. The Trust does not intend to hold shareholder meetings, except as may be required by the 1940 Act. The Trust's Declaration of Trust provides that special meetings of shareholders shall be called for any purpose, including the removal of a Trustee, upon written request of shareholders entitled to vote at least 10% of the outstanding shares of the Trust, or Fund, as the case may be. In addition, if ten or more shareholders of record who have held shares for at least six months and who hold in the aggregate either shares having a net asset value of \$25,000 or 1% of the outstanding shares, whichever is less, seek to call a meeting for the purpose of removing a Trustee, the Trust has agreed to provide certain information to such shareholders and generally assist their efforts.

PERFORMANCE INFORMATION

From time to time, performance information, such as total return and yield for a Fund, may be quoted in advertisements or in communications to shareholders. A Fund's total return may be calculated on an annualized and aggregate basis for various periods (which periods will be stated in the advertisement). Average annual return reflects the average percentage change per year in value of an investment in a Fund. Aggregate total return reflects the total percentage change over the stated period. In calculating total return, dividends and capital gain distributions made by the Fund during the period are assumed to be reinvested in the Fund's shares. A Fund's yield reflects a Fund's overall rate of income on portfolio investments as a percentage of the share price. Yield is computed by annualizing the result of dividing the net investment income per share over a 30-day period by the net asset value per share on the last day of that period.

To help investors better evaluate how an investment in a Fund might satisfy their investment objective, advertisements regarding the Fund may discuss total return as reported by various financial publications. Advertisements may also compare total return as reported by other investments, indices and averages. The following publications, indices and averages may be used: Lipper Mutual Fund Performance Analysis; Lipper Fixed Income Analysis; Lipper Mutual Fund Indices; Morgan Stanley World Index; Shearson Lehman Hutton Treasury Index; Salomon Brothers Corporate Board Index; Dow Jones Composite Average or its component indices; Standard & Poor's 500 Composite Stock Index or its component indices; The New York Stock Exchange composite or component indices; CDA Mutual Fund Report; Weisenberger - Mutual Funds Panorama and Investment Companies; Mutual Fund Values and Mutual Fund Services Book, published by Morningstar, Inc.; and financial publications such as Business Week, Kiplinger's Personal Finance, Financial World, Forbes, Fortune, Institutional Investor, Money Magazine, The Wall Street Journal, Changing Times, Financial Times and Barron's, which analyze and rate fund performance over various time periods.

Performance quotations of a Fund represent the Fund's past performance and, consequently, should not be considered representative of the future performance of the Fund. The value of Fund shares, when redeemed, may be more or less than the original cost. Any fees charged by banks or other institutional investors directly to their customer accounts in connection with investments in shares of a Fund, will not be included in the Fund's calculations of total return.

The PanAgora Funds

A C C O U N T
A P P L I C A T I O N

SEND TO: The PanAgora Funds
P.O. Box 9698
Providence, RI 02940-9698

DATE _____

I. ACCOUNT INFORMATION

NAME OF ACCOUNT OWNER

TELEPHONE NUMBER

STREET OR P.O. BOX

TAXPAYER IDENTIFICATION NUMBER

CITY

STATE ZIP CODE

US CITIZEN, RESIDENT OR ENTITY *YES *NO

II. INVESTMENT INFORMATION

_____ PanAgora Global Fund	\$ _____
_____ PanAgora International Equity Fund	\$ _____
_____ PanAgora Asset Allocation Fund	\$ _____

III. DIVIDEND/DISTRIBUTIONS REMITTANCE PLANS
CHECK APPROPRIATE BOX (SEE "DIVIDENDS, DISTRIBUTIONS AND TAXES"
IN THE PROSPECTUS)

*Cash *Reinvested

IV. REDEMPTIONS

The Transfer Agent is hereby authorized to honor telephone, telegraphic or other instructions, without signature guarantee, from the Authorized Signers listed below for the redemption of shares, provided that the proceeds are transmitted to the following bank account only and the amount of the redemption is \$25,000 or less. Redemptions in excess of \$25,000 will require a signature guarantee. Absent its own gross negligence, neither The PanAgora Funds nor the Transfer Agent shall be liable for payments made to any unauthorized account.

BANK NAME ABA NUMBER

STREET ADDRESS

CITY STATE ZIP CODE

ACCOUNT NAME ACCOUNT NUMBER

V. AUTHORIZED SIGNERS

By the execution of this PanAgora Fund Application, the undersigned represents and warrants that it has full right, power and authority to make the investment applied for pursuant to this Application and is acting for itself or in some fiduciary capacity in making such investment, and the individual(s) signing on behalf of the undersigned represent and warrant that they are duly authorized to sign this Application and to purchase and redeem shares of the Funds described in the accompanying Prospectus on behalf of the undersigned.

THE UNDERSIGNED AFFIRMS THAT IT HAS RECEIVED A CURRENT PANAGORA FUNDS PROSPECTUS AND HAS REVIEWED THE SAME.

SIGNATURE _____	PRINT NAME AND TITLE, IF ANY _____
_____	_____
_____	_____
_____	_____

The PanAgora Funds

VI. CERTIFICATION

TAXPAYER IDENTIFICATION NUMBER:

Under penalties of perjury, the account owner named in Section I above certifies that:

(1) The number shown on this form is the account owner's correct Taxpayer Identification Number (or the account owner has applied or is applying for such number), and;

(2) The account owner is not subject to backup withholding because the account owner (a) is exempt from backup withholding, (b) has not been notified by the Internal Revenue Service (IRS) that the account owner is subject to backup withholding as a result of failure to report all interest or dividends, or (c) has received notice from the IRS that backup withholding no longer applies.

CERTIFICATION INSTRUCTIONS: Item (2) above must be crossed out if the account owner has received IRS notice that backup withholding currently applies because of underreporting of dividends on the account owner's tax return. (Also see "Guidelines for Certification of Taxpayer Identification Number" at the back of this application.)

NOTE: FAILURE TO COMPLETE THIS SECTION MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO THE ACCOUNT OWNER.

BY CHECKING ONLY THE APPROPRIATE BOX BELOW, THE ACCOUNT OWNER CERTIFIES UNDER PENALTY OF PERJURY THAT:

* The account owner does not have a taxpayer identification number, but has applied for or intends to apply for one. Owner understands that the required 31% withholding may apply before the account owner provides such number and required certifications, which should be provided within 60 days.

* The account owner is an exempt recipient.

* The account owner is neither a citizen nor a resident of the United States for the purposes of the Internal Revenue Code. Owner is a resident of _____.

ALL RECIPIENTS, INCLUDING EXEMPT RECIPIENTS, MUST REPORT THEIR TAXPAYER IDENTIFICATION NUMBERS AND PROVIDE THE CERTIFICATIONS REQUESTED TO PREVENT WITHHOLDING.

A PARTIAL LIST OF EXEMPT RECIPIENTS FOLLOWS:

- | | |
|------------------------|--|
| Retirement Plans | Colleges, Churches, Charitable Organizations |
| Corporations | Agents, Fiduciaries, Middlemen |
| Common Trust Funds | Registered Securities Dealers |
| Financial Institutions | |

VII. Signature: _____

Date _____

The PanAgora Funds

Federal law requires that taxable distributions and proceeds of redemptions be reported to the IRS and that 31% be withheld if you fail to provide your correct Taxpayer Identification Number (TIN) and the certifications in Section VI, or you are otherwise subject to backup withholding. Amounts withheld and forwarded to the IRS can be credited as a payment of tax when completing your Federal income tax return. For most individual taxpayers, the TIN is your social security number. Special rules apply for certain accounts. For example, for an account established under the Uniform Gift to Minors Act, the TIN of the minor should be furnished. If you do not have a TIN, you may apply for one using the forms available at local offices of the Social Security Administration of the IRS. Recipients exempt from backup withholding, including corporations and certain other entities, should provide their TIN and complete the appropriate items in Section VI of the application to avoid possible erroneous withholding. Non-resident aliens and foreign entities may be subject to non-resident alien withholding of up to 30% on certain distributions received from the Funds and must provide certain certifications on IRS Form W-8 to avoid backup withholding with respect to other payments. For further information, see IRC 1441, 1442 and 3406, or consult your tax advisor.

The PanAgora Funds
P. O. Box 9698
Providence, Rhode Island 02940-9698
1-800-423-6041

STATEMENT OF ADDITIONAL INFORMATION

January 3, 1994

The PanAgora Funds (the "Trust") is an open-end, management investment company currently consisting of three separate investment series (individually, a "Fund" and collectively, the "Funds"), each having separate and distinct investment objectives and policies. This Statement of Additional Information provides supplementary information pertaining to the following Funds:

- *PanAgora Asset Allocation Fund
- *PanAgora Global Fund
- *PanAgora International Equity Fund

This Statement of Additional Information is not a prospectus, and should be read only in conjunction with the Trust's Prospectus dated January 3, 1994, as amended or supplemented from time to time. A copy of the Prospectus may be obtained without charge from Funds Distributor, Inc., the Trust's Distributor, by calling 1-800-423-6041 or writing to the address above.

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No person has been authorized to give any information or to make any representations not contained in this Statement of Additional Information or in the Prospectus in connection with the offering made by the Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Trust or its Distributor. The Prospectus does not constitute an offering by the Trust or by the Distributor in any jurisdiction in which such offering may not lawfully be made. Shares of the Funds are not available in certain states. Please call 1-800-423-6041 to determine availability in your state.

INTRODUCTION

The Trust is an open-end, management investment company currently offering shares in the following three separate investment series: PanAgora Asset Allocation Fund, PanAgora Global Fund, and PanAgora International Equity Fund (each a "Fund", collectively the "Funds"). Each of the Funds is classified as "diversified" within the meaning of the Investment Company Act of 1940, as amended (the "1940 Act"). The Trust was organized as a Massachusetts business trust on January 27, 1993 and commenced investment operations on June 1, 1993.

PanAgora Asset Management, Inc. (the "Adviser") serves as the Funds' investment adviser. Funds Distributor, Inc. (the "Distributor") serves as the Funds' principal underwriter and distributor.

The information contained in this Statement of Additional Information generally supplements the information contained in the Trust's Prospectus. No investor should invest in a Fund without first reading the Prospectus. Capitalized terms used herein and not otherwise defined have the same meaning ascribed to them in the Prospectus. Appendix A attached hereto contains a description of the securities ratings provided by certain nationally recognized statistical ratings organizations.

ADDITIONAL INFORMATION ON FUND INVESTMENTS AND STRATEGIES AND RELATED RISKS

The following supplements the information contained in the Prospectus concerning the investment objectives and policies of each Fund.

Commercial Paper

Commercial paper is a short-term, unsecured negotiable promissory note of a U.S. or non-U.S. issuer. A Fund may invest in short-term debt obligations denominated in U.S. dollars or selected foreign currencies that at the time of investment are rated at least A-2 by Standard & Poor's Corporation ("S&P") or P-2 by Moody's Investors Service, Inc. ("Moody's") or, if unrated, are issued or guaranteed as to payment of principal and interest by companies having an outstanding unsecured debt issue currently rated A or better by S&P or A or better by Moody's, or if unrated, are, in the opinion of the Advisor, of comparable quality. A Fund also may invest in variable rate master demand notes which typically are issued by large corporate borrowers providing for variable amounts of principal indebtedness and periodic adjustments in the interest rate according to the terms of the instrument. Demand notes are direct lending arrangements between a Fund and an issuer, and are not normally traded in a secondary market. A Fund, however, may demand payment of principal and accrued interest at any time. In addition, while demand notes generally are not rated, their issuers must satisfy the same criteria as those set forth above for issuers of commercial paper. The Adviser will consider the earning power, cash flow and other liquidity ratios of issuers of demand

notes and continually will monitor their financial ability to meet payment on demand. See also "Variable and Floating Rate Instruments."

Bank Obligations

Certificates of Deposit ("CDs") are short-term negotiable obligations of commercial banks. Time Deposits ("TDs") are non-negotiable deposits maintained in banking institutions for specified periods of time at stated interest rates. Bankers' acceptances are time drafts drawn on commercial banks by borrowers usually in connection with international transactions.

U.S. commercial banks organized under federal law are supervised and examined by the Comptroller of the Currency and are required to be members of the Federal Reserve System and to be insured by the Federal Deposit Insurance Corporation (the "FDIC"). U.S. banks organized under state law are supervised and examined by state banking authorities but are members of the Federal Reserve System only if they elect to join. Most state banks are insured by the FDIC (although such insurance may not be of material benefit to a Fund, depending upon the principal amount of CDs of each bank held by the Fund) and are subject to federal examination and to a substantial body of federal law and regulation. As a result of governmental regulations, U.S. branches of U.S. banks, among other things, generally are required to maintain specified levels of reserves, and are subject to other supervision and regulation designed to promote financial soundness.

U.S. savings and loan associations, the CDs of which may be purchased by the Funds, are supervised and subject to examination by the Office of Thrift Supervision. U.S. savings and loan associations are insured by the Savings Association Insurance Fund which is administered by the FDIC and backed by the full faith and credit of the U.S. Government.

Non-U.S. bank obligations include Eurodollar Certificates of Deposit ("ECDs"), which are U.S. dollar-denominated certificates of deposit issued by offices of non-U.S. and U.S. banks located outside the United States; Eurodollar Time Deposits ("ETDs"), which are U.S. dollar-denominated deposits in a non-U.S. branch of a U.S. bank or a non-U.S. bank; Canadian Time Deposits ("CTDs"), which are essentially the same as ETDs except they are issued by Canadian offices of major Canadian banks; Yankee Certificates of Deposit ("Yankee CDs"), which are U.S. dollar-denominated certificates of deposit issued by a U.S. branch of a non-U.S. bank and held in the United States; and Yankee Bankers' Acceptances ("Yankee BAs"), which are U.S. dollar-denominated bankers' acceptances issued by a U.S. branch of a non-U.S. bank and held in the United States.

Repurchase Agreements

Each of the Funds may enter into repurchase agreements as described in the Prospectus.

For purposes of the 1940 Act, a repurchase agreement is considered to be a loan from the Fund to the seller of the obligation. It is not clear whether a court would consider such an obligation as being owned by the Fund or as being collateral for a loan by the Fund to the seller. In the event of the commencement of bankruptcy or insolvency proceedings with respect to the seller of the obligation before its repurchase, under the repurchase agreement, the Fund may encounter delay and incur costs before being able to sell the security. Such delays may result in a loss of interest or decline in price of the obligation. If the court characterizes the transaction as a loan and the Fund has not perfected a security interest in the obligation, the Fund may be treated as an unsecured creditor of the seller and required to return the obligation to the seller's estate. As an unsecured creditor, the Fund would be at risk of losing some or all of the principal and income involved in the transaction. As with any unsecured debt instrument purchased for the Funds, the Adviser seeks to minimize the risk of loss from repurchase agreements by analyzing the creditworthiness of the obligor, in this case, the seller of the obligation. In addition to the risk of bankruptcy or insolvency proceedings, there is the risk that the seller may fail to repurchase the security. However, if the market value of the obligation falls below the repurchase price (including accrued interest), the seller of the obligation will be required to deliver additional securities so that the market value of

all securities subject to the repurchase agreement equals or exceeds the repurchase price.

U.S. Government Securities

The term "U.S. Government Securities" refers to a variety of securities which are issued or guaranteed by the U.S. government, and by various agencies and instrumentalities which have been established or sponsored by the U.S. government.

U.S. Treasury securities are backed by the "full faith and credit" of the United States. Securities issued or guaranteed by Federal agencies and U.S. Government sponsored instrumentalities may or may not be backed by the full faith and credit of the United States.

In the case of securities not backed by the full faith and credit of the United States, the investor must look principally to the agency or instrumentality issuing or guaranteeing the obligation for ultimate repayment, and may not be able to assert a claim against the United States itself in the event the agency or instrumentality does not meet its commitment. Agencies which are backed by the full faith and credit of the United States include, among others, the Export-Import Bank, Farmers Home Administration, Federal Financing Bank and others. Certain agencies and instrumentalities, such as the Government National Mortgage Association are, in effect, backed by the full faith and credit of the United States through provisions in their charters that they may make "indefinite and unlimited" drawings on the Treasury, if needed to service their debt. Debt from certain other agencies and instrumentalities, including the Federal Home Loan Bank and Federal National Mortgage Association, is not guaranteed by the United States, but those institutions are protected by the discretionary authority of the U.S. Treasury to purchase certain amounts of their securities to assist the institutions in meeting their debt obligations. Finally, other agencies and instrumentalities, such as the Farm Credit System and the Federal Home Loan Mortgage Corporation, are federally chartered institutions under government supervision, but their debt securities are backed only by the creditworthiness of those institutions, not the U.S. government. No assurance can be given that the U.S. government will provide financial support to U.S. government agencies and instrumentalities in the future.

Each of the Funds may acquire U.S. Government Securities and their unmatured interest coupons that have been separated ("stripped") by their holder, typically a custodian bank or investment brokerage firm. Having separated the interest coupons from the underlying principal of the U.S. Government Securities, the holder will resell the stripped securities in custodial receipt programs with a number of different names, including "Treasury Income Growth Receipts" ("TIGRs") and "Certificate of Accrual on Treasury Securities" ("CATS"). The stripped coupons are sold separately from the underlying principal, which is usually sold at a deep discount because the buyer receives only the right to receive a future fixed payment on the security and does not receive any rights to periodic interest (cash) payments. The underlying U.S. Treasury bonds and notes themselves are generally held in book-entry form at a Federal Reserve Bank. Counsel to the underwriters of these certificates or other evidences of ownership of U.S. Treasury securities have stated that, in their opinion, purchasers of the stripped securities most likely will be deemed the beneficial holders of the underlying U.S. government securities for federal tax and securities purposes. In the case of CATS and TIGRS, the Internal Revenue Service ("IRS") has reached this conclusion for the purpose of applying the tax diversification requirements applicable to regulated investment companies such as the Funds, but the IRS conclusion is contained only in a general counsel memorandum, which is an internal document of no precedential value or binding effect, and a private letter ruling, which also may not be relied upon by the Funds. The Trust is not aware of any binding legislative, judicial or administrative authority on this issue.

Mortgage-Related and Mortgage-Backed Securities

The PanAgora Asset Allocation and PanAgora Global Funds may invest in mortgage-related and mortgage-backed securities.

Mortgage-Related Securities. There are a number of important differences among the agencies and instrumentalities of the U.S. government that issue mortgage-related securities and among the securities that they

issue. Mortgage-related securities guaranteed by the Government National Mortgage Association ("GNMA") include GNMA Mortgage Pass-Through Certificates (also known as "Ginnie Maes") which are guaranteed as to the timely payment of principal and interest by GNMA and such guarantee is backed by the full faith and credit of the United States. GNMA is a wholly-owned U.S. government corporation within the Department of Housing and Urban Development. GNMA certificates also are supported by the authority of GNMA to borrow funds from the U.S. Treasury to make payments under its guarantee.

Mortgage-related securities issued by the Federal National Mortgage Association ("FNMA") include FNMA guaranteed Mortgage Pass-Through Certificates (also known as "Fannie Maes") which are solely the obligations of the FNMA, are not backed by or entitled to the full faith and credit of the United States and are supported by the right of the issuer to borrow from the Treasury. FNMA is a government-sponsored organization owned entirely by private stockholders. Fannie Maes are guaranteed as to timely payment of the principal and interest by FNMA.

Mortgage-related securities issued by the Federal Home Loan Mortgage Corporation ("FHLMC") include FHLMC Mortgage Participation Certificates (also known as "Freddie Macs" or "PCs"). FHLMC is a corporate instrumentality of the United States, created pursuant to an Act of Congress, which is owned entirely by Federal Home Loan Banks. Freddie Macs are not guaranteed by the United States or by any Federal Home Loan Banks and do not constitute a debt or obligation of the United States or of any Federal Home Loan Bank. Freddie Macs entitle the holder to timely payment of interest, which is guaranteed by FHLMC. FHLMC guarantees either ultimate collection or timely payment of all principal payments on the underlying mortgage loans. When FHLMC does not guarantee timely payment of principal, FHLMC may remit the amount due on account of its guarantee of ultimate payment of principal at any time after default on an underlying mortgage, but in no event later than one year after such amount becomes payable.

Collateralized Mortgage Obligations (CMOs). A CMO is a hybrid between a mortgage-backed bond and a mortgage pass-through security. Interest and prepaid principal are paid, in most cases, monthly. CMOs may be collateralized by whole mortgage loans but are more typically collateralized by portfolios of mortgage pass-through securities guaranteed by GNMA, FHLMC or FNMA, and the income streams on such securities.

CMOs are usually structured in multiple classes, each bearing a different stated maturity. Actual maturity and average life will depend upon the prepayment experience of the collateral. CMOs provide for a modified form of call protection through a de facto breakdown of the underlying pool of mortgages according to how quickly the loans are repaid. Under a common structure, monthly payment of principal received from the pool of underlying mortgages, including prepayments, is first returned to investors holding the shortest maturity class. Investors holding the longer maturity classes receive principal only after the first class has been retired. Such investors are partially guarded against earlier than desired returns of principal.

In a typical CMO transaction, a corporation ("issuer") issues multiple series (e.g., A, B, C, Z) of CMO bonds ("Bonds"). Proceeds of the Bond offering are used to purchase mortgages or mortgage pass-through certificates ("Collateral"). The Collateral is pledged to a third party trustee as security for the Bonds. Principal and interest payments from the Collateral are used to pay principal on the Bonds in the order A, B, C, Z. The Series A, B and C Bonds all bear current interest. Interest on the Series Z Bond is accrued and added to principal and a like amount is paid as principal on the Series A, B or C Bond currently being paid off. When the Series A, B or C Bonds are paid in full, interest and principal on the Series Z Bond begins to be paid currently. With some CMOs, the issuer serves as a conduit to allow loan originators (primarily buildings or savings and loan associations) to borrow against their loan portfolios.

A Fund may also invest in parallel pay CMOs and Planned Amortization Class CMOs ("PAC Bonds"). Parallel pay CMOs are structured to provide payments of principal on each payment date to more than one class. These simultaneous payments are taken into account in calculating the stated maturity date or final distribution date of each class, which, as with other CMO structures, must be retired by its stated maturity date or final distribution date but may be retired earlier. PAC Bonds generally require

payments of a specified amount of principal on each payment date. PAC Bonds are always parallel pay CMOs with the required principal payment on such securities having the highest priority after interest has been paid to all classes.

FHLMC Collateralized Mortgage Obligations. FHLMC CMOs are debt obligations of FHLMC issued in multiple classes having different maturity dates which are secured by the pledge of a pool of conventional mortgage loans purchased by FHLMC. Unlike FHLMC PCs, payments of principal and interest on the CMOs are made semiannually, as opposed to monthly. The amount of principal payment on each semiannual payment date is determined in accordance with FHLMC's mandatory sinking fund schedule, which, in turn, is equal to approximately 100% of the FHA prepayment experience applied to the mortgage collateral pool. All sinking fund payments in the CMOs are allocated to the retirement of the individual classes of bonds in the order of their stated maturities. Payment of principal on the mortgage loans in the collateral pool in excess of the amount of FHLMC's minimum sinking fund obligation for any payment date are paid to the holders of the CMOs as additional sinking fund payments. Because of the "pass-through" nature of all principal payments received on the collateral pool in excess of FHLMC's minimum sinking fund requirement, the rate at which principal of the CMOs is actually repaid is likely to be such that each class of bonds will be repaid in advance of its scheduled maturity date.

If collection of principal (including pre-payments) on the mortgage loans during any semiannual payment period is not sufficient to meet FHLMC's minimum sinking fund obligation on the next sinking fund payment date, FHLMC agrees to make up the deficiency from its general fund.

Criteria for the mortgage loans in the pools backing FHLMC CMOs are identical to those for FHLMC PCs. FHLMC has the right to substitute collateral in the event of delinquencies and/or defaults.

Reverse Repurchase Agreements and Other Borrowings

Each Fund may borrow for temporary or emergency purposes. This borrowing may be unsecured. Among the forms of borrowing in which each Fund may engage is entering into reverse repurchase agreements. A reverse repurchase agreement involves the sale of a portfolio security by the Fund, coupled with its agreement to repurchase the security at a specified time and price. Each Fund will maintain a segregated account with the Trust's custodian consisting of cash or cash equivalents equal (on a daily mark-to-market basis) to its obligations under reverse repurchase agreements with banks and broker-dealers. Reverse repurchase agreements involve the risk that the market value of the securities subject to the reverse repurchase agreement may decline below the repurchase price at which the Fund is required to repurchase such securities.

The 1940 Act requires a Fund to maintain continuous asset coverage (that is, total assets including borrowings, less liabilities exclusive of borrowings) of 300% of the amount borrowed. If the asset coverage should decline below 300% as a result of market fluctuations or for other reasons, a Fund may be required to sell some of its portfolio securities within three days to reduce its borrowings and restore the 300% asset coverage, even though it may be disadvantageous from an investment standpoint to sell securities at that time. To avoid the potential leveraging effects of a Fund's borrowings, additional investments will not be made while borrowings are in excess of 5% of a Fund's total assets. Borrowing may exaggerate the effect on net asset value of any increase or decrease in the market value of the portfolio. Money borrowed will be subject to interest costs which may or may not be recovered by appreciation of the securities purchased. A Fund also may be required to maintain minimum average balances in connection with such borrowing or to pay a commitment or other fee to maintain a line of credit; either of these requirements would increase the cost of borrowing over the stated interest rate. See "Investment Restrictions."

Variable and Floating Rate Instruments

Debt instruments purchased by a Fund may be structured to have variable

or floating interest rates. These instruments may include variable amount master demand notes that permit the indebtedness to vary in addition to providing for periodic adjustments in the interest rates. The Adviser will consider the earning power, cash flows and other liquidity ratios of the issuers and guarantors of such instruments and, if the instrument is subject to a demand feature, will continuously monitor their financial ability to meet payment on demand. Where necessary to ensure that a variable or floating rate instrument is equivalent to the quality standards applicable to a Fund's fixed-income investments, the issuer's obligation to pay the principal of the instrument will be backed by an unconditional bank letter or line of credit, guarantee or commitment to lend. Any bank providing such a bank letter, line of credit, guarantee or loan commitment will meet the Fund's investment quality standards relating to investments in bank obligations. A Fund will invest in variable and floating rate instruments only when the Adviser deems the investment to involve minimal credit risk. The Adviser will also continuously monitor the creditworthiness of issuers of such instruments to determine whether a Fund should continue to hold the investments.

The absence of an active secondary market for certain variable and floating rate notes could make it difficult to dispose of the instruments, and a Fund could suffer a loss if the issuer defaults or during periods in which a Fund is not entitled to exercise its demand rights.

Variable and floating rate instruments held by a Fund will be subject to the Fund's 15% limitation on investments in illiquid securities when a reliable trading market for the instruments does not exist and the Fund may not demand payment of the principal amount of such instruments within seven days.

"When-Issued" Purchases and Forward Commitments (Delayed Delivery)

These transactions, which involve a commitment by a Fund to purchase or sell particular securities with payment and delivery taking place at a future date (perhaps one or two months later), permit the Fund to lock in a price or yield on a security, regardless of future changes in interest rates. A Fund will purchase securities on a "when-issued" or forward commitment basis only with the intention of completing the transaction and actually purchasing the securities. If deemed appropriate by the Adviser, however, a Fund may dispose of or renegotiate a commitment after it is entered into, and may sell securities it has committed to purchase before those securities are delivered to the Fund on the settlement date. In these cases the Fund may realize a taxable gain or loss.

When a Fund agrees to purchase securities on a "when-issued" or forward commitment basis, the Fund's custodian will set aside cash or high-grade debt securities equal to the amount of the commitment in a separate account. Normally, the custodian will set aside portfolio securities to satisfy a purchase commitment, and in such a case the Fund may be required subsequently to place additional assets in the separate account in order to ensure that the value of the account remains equal to the amount of the Fund's commitments. The market value of a Fund's net assets may fluctuate to a greater degree when it sets aside portfolio securities to cover such purchase commitments than when it sets aside cash. Because a Fund's liquidity and ability to manage its portfolio might be affected when it sets aside cash or portfolio securities to cover such purchase commitments, each Fund expects that its commitments to purchase when-issued securities and forward commitments will not exceed 25% of the value of its total assets absent unusual market conditions. When a Fund engages in "when-issued" and forward commitment transactions, it relies on the other party to the transaction to consummate the trade. Failure of such party to do so may result in the Fund incurring a loss or missing an opportunity to obtain a price considered to be advantageous.

The market value of the securities underlying a "when-issued" purchase or a forward commitment to purchase securities, and any subsequent fluctuations in their market value, are taken into account when determining the market value of a Fund starting on the day the Fund agrees to purchase the securities. The Fund does not earn interest or dividends on the securities it has committed to purchase until the settlement date.

Lending Portfolio Securities

Each Fund may lend portfolio securities to brokers, dealers and other financial organizations. These loans, if and when made, may not exceed 30% of the value of the Fund's total assets. A Fund's loans of securities will be collateralized by cash, cash equivalents or U.S. government securities. The cash or instruments collateralizing the Fund's loans of securities will be maintained at all times in a segregated account with the Trust's custodian, in an amount at least equal to the current market value of the loaned securities. From time to time, a Fund may pay a part of the interest earned from the investment of collateral received for securities loaned to the borrower and/or a third party that is unaffiliated with the Fund and is acting as a "placing broker." No fee will be paid to unaffiliated persons of the Fund. The Board of Trustees will make a determination that the fee paid to the placing broker is reasonable.

By lending portfolio securities, a Fund can increase its income by continuing to receive interest or dividends on the loaned securities as well as by either investing the cash collateral in short-term instruments or obtaining yield in the form of interest paid by the borrower when U.S. government securities are used as collateral. A Fund will comply with the following conditions whenever it loans securities: (i) the Fund must receive at least 100% cash collateral or equivalent securities from the borrower; (ii) the borrower must increase the collateral whenever the market value of the securities loaned rises above the level of the collateral; (iii) the Fund must be able to terminate the loan at any time; (iv) the Fund must receive reasonable interest on the loan, as well as any dividends, interest or other distributions on the loaned securities, and any increase in market value; (v) the Fund may pay only reasonable custodian fees in connection with the loan; and (vi) voting rights on the loaned securities may pass to the borrower except that, if a material event adversely affecting the investment in the loaned securities occurs, the Fund must terminate the loan and regain the right to vote the securities.

Preferred Stock

As stated in the Prospectus, each of the Funds may purchase preferred stock. Preferred stocks are equity securities, but possess certain attributes of debt securities and are generally considered fixed-income securities. Holders of preferred stocks normally have the right to receive dividends at a fixed rate when and as declared by the issuer's board of directors, but do not participate in other amounts available for distribution by the issuing corporation. Dividends on the preferred stock may be cumulative, and all cumulative dividends usually must be paid prior to dividend payments to common stockholders. Because of this preference, preferred stocks generally entail less risk than common stocks. Upon liquidation, preferred stocks are entitled to a specified liquidation preference, which is generally the same as the par or stated value, and are senior in right of payment to common stocks. However, preferred stocks are equity securities in that they do not represent a liability of the issuer and therefore do not offer as great a degree of protection of capital or assurance of continued income as investments in corporate debt securities. In addition, preferred stocks are subordinated in right of payment to all debt obligations and creditors of the issuer, and convertible preferred stocks may be subordinated to other preferred stock of the same issuer. See "Convertible Securities" below for a description of certain characteristics of convertible preferred stock.

Convertible Securities

As stated in the Prospectus, each of the Funds may purchase convertible securities. Convertible securities are fixed-income securities that may be converted at either a stated price or stated rate into underlying shares of common stock of the same issuer. Convertible securities have general characteristics similar to both fixed-income and equity securities. Although to a lesser extent than with fixed-income securities, the market value of convertible securities tends to decline as interest rates increase and, conversely, tends to increase as interest rates decline. In addition, because of the conversion feature, the market value of convertible securities tends to vary with fluctuations in the market value of the underlying common stocks and therefore will also react to variations in the general market for equity securities. A unique feature of convertible securities is that as the market

price of the underlying common stock declines, convertible securities tend to trade increasingly on a yield basis, and consequently may not experience market value declines to the same extent as the underlying common stock. When the market price of the underlying common stock increases, the prices of the convertible securities tend to rise as a reflection of the value of the underlying common stock. While no securities investments are without risk, investments in convertible securities generally entail less risk than investments in common stock of the same issuer. However, as with all fixed-income securities, the issuers of convertible securities may default on their obligations.

Warrants

As stated in the Prospectus, each of the Funds may purchase warrants, which are privileges issued by corporations enabling the owners to subscribe to and purchase a specified number of shares of the corporation at a specified price during a specified period of time. The purchase of warrants involves a risk that a Fund could lose the purchase value of a warrant if the right to subscribe to additional shares is not exercised prior to the warrant's expiration. Also, the purchase of warrants involves the risk that the effective price paid for the warrant added to the subscription price of the related security may exceed the value of the subscribed security's market price such as when there is no movement in the level of the underlying security. A Fund will not invest more than 5% of its total assets, taken at market value, in warrants, or more than 2% of its total assets, taken at market value, in warrants not listed on a recognized securities exchange. Warrants acquired by a Fund in units or attached to other securities shall not be included in determining compliance with these percentage limitations. See "Investment Restrictions."

American, European and Continental Depository Receipts

Each Fund (except the PanAgora Asset Allocation Fund) may invest in the securities of foreign and domestic issuers in the form of American Depository Receipts ("ADRs") and European Depository Receipts ("EDRs"). These securities may not necessarily be dominated in the same currency as the securities into which they may be converted. ADRs are receipts typically issued by a U.S. bank or trust company which evidence ownership of underlying securities issued by a foreign corporation. EDRs, which are sometimes referred to as Continental Depository Receipts ("CDRs"), are receipts issued in Europe typically by non-U.S. banking and trust companies that evidence ownership of either foreign or U.S. securities. Generally, ADRs, in registered form, are designed for use in U.S. securities markets and EDRs and CDRs, in bearer form, are designed for use in European securities markets.

Options on Securities, Securities Indices and Foreign Currencies

Each of the Funds may write covered put and call options and purchase put and call options. Such options may relate to particular U.S. or non-U.S. securities or to various U.S. or non-U.S. stock indices and may or may not be listed on a national securities exchange and issued by the Options Clearing Corporation (the "OCC"). PanAgora Global and PanAgora International Equity Funds may write and purchase put and call options on non-U.S. currencies (traded on U.S. and non-U.S. exchanges and over-the-counter) to manage exposure to changes in U.S. dollar exchange rates.

Options trading is a highly specialized activity which entails greater than ordinary investment risk. Options on particular securities may be more volatile than the underlying securities, and therefore, on a percentage basis, subject to greater fluctuation than an investment in the underlying securities themselves.

A put option for a particular security gives the purchaser the right to sell the underlying security at the stated exercise price at any time prior to the option's expiration date, regardless of the security's market price. A call option for a particular security gives the purchaser of the option the right to buy, and the writer the obligation to sell, the underlying security at a stated exercise price if the option is exercised at any time prior to the option's expiration, regardless of the underlying security's market price. In contrast to an option on a particular security, an option on a securities index provides the holder with the right to receive a cash payment upon exercise of the option if the market value of the underlying index exceeds the

option's exercise price. The amount of this payment will be equal to the difference between the closing price of the index at the time of exercise and the exercise price of the option expressed in U.S. dollars or a foreign currency, times a specified multiple. A put option on a currency gives its holder the right to sell an amount (specified in units of the underlying currency) of the underlying currency at the stated exercise price at any time prior to the option's expiration. Conversely, a call option on a currency gives its holder the right to purchase an amount (specified in units of the underlying currency) of the underlying currency at the stated exercise price at any time prior to the option's expiration.

The Funds will engage in over-the-counter ("OTC") options only with broker-dealers deemed creditworthy by the Adviser. Closing transactions in certain options are usually effected directly with the same broker-dealer that effected the original option transaction. A Fund bears the risk that the broker-dealer may fail to meet its obligations. There is no assurance that a Fund will be able to close an unlisted option position. Furthermore, unlisted options are not subject to the protections afforded purchasers of listed options by the OCC, which performs the obligations of its members who fail to do so in connection with the purchase or sale of options. OTC options will be deemed illiquid for purposes of a Fund's 15% limitation on investments in illiquid securities.

A Fund will write call options only if they are "covered." In the case of a call option on a security, the option is "covered" if a portfolio owns the security underlying the call or has an absolute and immediate right to acquire that security without additional cash consideration (or, if additional cash consideration is required, cash or high-grade debt securities in such amount as are held in a segregated account by the Trust's custodian) upon conversion or exchange of other securities held by it. For a call option on an index, the option is covered if the Fund maintains with the Fund's custodian cash or cash equivalents equal to the contract value. A call option on a security or an index is also covered if the Fund holds a call on the same security or index as the call written by the Fund where the exercise price of the call held is (i) equal to or less than the exercise price of the call written, or (ii) greater than the exercise price of the call written provided the difference is maintained by the Fund in cash or cash equivalents in a segregated account with the Fund's custodian. A call option on currency written by a Fund is covered if the Fund owns an equal amount of the underlying currency.

When a Fund purchases a put option, the premium paid by it is recorded as an asset of the Fund. When the Fund writes an option, an amount equal to the net premium (the premium less the commission paid by the Fund) received by the Fund is included in the liability section of the Fund's statement of assets and liabilities as a deferred credit. The amount of this asset or deferred credit will be marked-to-market on an ongoing basis to reflect the current value of the option purchased or written. The current value of a traded option is the last sale price or, in the absence of a sale, the average of the closing bid and asked prices. If an option purchased by the Fund expires unexercised, the Fund realizes a loss equal to the premium paid. If the Fund enters into a closing sale transaction on an option purchased by it, the Fund will realize a gain if the premium received by the Fund on the closing transaction is more than the premium paid to purchase the option, or a loss if it is less. If an option written by the Fund expires on the stipulated expiration date or if the Fund enters into a closing purchase transaction, it will realize a gain (or loss if the cost of a closing purchase transaction exceeds the net premium received when the option is sold) and the deferred credit related to such option will be eliminated. If an option written by the Fund is exercised, the proceeds to the Fund from the exercise will be increased by the net premium originally received and the Fund will realize a gain or loss.

There are several risks associated with transactions in options on securities, securities indices and currencies. For example, there are significant differences between the securities markets, currency markets and the corresponding options markets that could result in imperfect correlations, causing a given option transaction not to achieve its objectives. In addition, a liquid secondary market for particular options, whether traded OTC or on a U.S. or non-U.S. securities exchange may be absent for reasons which include the following: there may be insufficient trading interest in certain options; restrictions may be imposed by an exchange on opening transactions or

closing transactions or both; trading halts, suspensions or other restrictions may be imposed with respect to particular classes or series of options or underlying securities; unusual or unforeseen circumstances may interrupt normal operations on an exchange; the facilities of an exchange or the OCC may not at all times be adequate to handle current trading volume; or one or more exchanges could, for economic or other reasons, decide or be compelled at some future date to discontinue the trading of options (or a particular class or series of options), in which event the secondary market on that exchange (or in that class or series of options) would cease to exist, although outstanding options that had been issued by the OCC as a result of trades on that exchange would continue to be exercisable in accordance with their terms.

Futures Contracts and Related Options

To hedge against changes in interest rates or securities prices and for certain non-hedging purposes, the Funds may purchase and sell various kinds of futures contracts, and purchase and write call and put options on any of such futures contracts. The Funds may also enter into closing purchase and sale transactions with respect to any of such contracts and options. The futures contracts may be based on various securities (such as U.S. Government Securities), securities indices and other financial instruments and indices. The Funds will engage in futures and related options transactions only for bona fide hedging or other non-hedging purposes as defined in regulations promulgated by the Commodity Futures Trading Commission (the "CFTC"). All futures contracts entered into by the Funds are traded on U.S. exchanges or boards of trade that are licensed and regulated by the CFTC or on foreign exchanges approved by the CFTC.

Futures Contracts. A futures contract may generally be described as an agreement between two parties to buy and sell a particular financial instrument for an agreed price during a designated month (or to deliver the final cash settlement price, in the case of a contract relating to an index or otherwise not calling for physical delivery at the end of trading in the contract). Futures contracts obligate the long or short holder to take or make delivery of a specified quantity of a commodity or financial instrument, such as a security or the cash value of a securities index, during a specified future period at a specified price.

When interest rates are rising or securities prices are falling, a Fund can seek to offset a decline in the value of its current portfolio securities through the sale of futures contracts. When interest rates are falling or securities prices are rising, a Fund, through the purchase of futures contracts, can attempt to secure better rates or prices than might later be available in the market when it effects anticipated purchases.

Positions taken in the futures markets are not normally held to maturity but are instead liquidated through offsetting transactions which may result in a profit or a loss. While futures contracts on securities will usually be liquidated in this manner, the Funds may instead make, or take, delivery of the underlying securities whenever it appears economically advantageous to do so. A clearing corporation associated with the exchange on which futures on securities are traded guarantees that, if still open, the sale or purchase will be performed on the settlement date.

Hedging Strategies. Hedging, by use of futures contracts, seeks to establish with more certainty the effective price and rate of return on portfolio securities and securities that a Fund owns or proposes to acquire. The Funds may, for example, take a "short" position in the futures market by selling futures contracts in order to hedge against an anticipated rise in interest rates or a decline in market prices that would adversely affect the value of a Fund's portfolio securities. Such futures contracts may include contracts for the future delivery of securities held by the Fund or securities with characteristics similar to those of the Fund's portfolio securities. If, in the opinion of the Adviser, there is a sufficient degree of correlation between price trends for a Fund's portfolio securities and futures contracts based on other financial instruments, securities indices or other indices, the Fund may also enter into such futures contracts as part of its hedging strategy. Although under some circumstances prices of securities in a Fund's portfolio may be more or less volatile than prices of such futures contracts, the Adviser will attempt to estimate the extent of this volatility difference based on historical patterns and compensate for any such differential by having the Fund enter into a greater or lesser number of futures contracts or

by attempting to achieve only a partial hedge against price changes affecting a Fund's securities portfolio. When hedging of this character is successful, any depreciation in the value of portfolio securities will be substantially offset by appreciation in the value of the futures position. On the other hand, any unanticipated appreciation in the value of a Fund's portfolio securities would be substantially offset by a decline in the value of the futures position.

On other occasions, the Funds may take a "long" position by purchasing futures contracts. This would be done, for example, when a Fund anticipates the subsequent purchase of particular securities when it has the necessary cash, but expects the prices then available in the applicable market to be less favorable than prices that are currently available.

Options on Futures Contracts. The acquisition of put and call options on futures contracts will give the Funds the right (but not the obligation) for a specified price to sell or to purchase, respectively, the underlying futures contract at any time during the option period. As the purchaser of an option on a futures contract, a Fund obtains the benefit of the futures position if prices move in a favorable direction but limits its risk of loss in the event of an unfavorable price movement to the loss of the premium and transaction costs.

The writing of a call option on a futures contract generates a premium which may partially offset a decline in the value of a Fund's assets. By writing a call option, a Fund becomes obligated, in exchange for the premium, to sell a futures contract, which may have a value higher than the exercise price. Conversely, the writing of a put option on a futures contract generates a premium which may partially offset an increase in the price of securities that a Fund intends to purchase. However, a Fund becomes obligated to purchase a futures contract which may have a value lower than the exercise price. Thus, the loss incurred by a Fund in writing options on futures is potentially unlimited and may exceed the amount of the premium received. The Funds will incur transaction costs in connection with the writing of options on futures.

The holder or writer of an option on a futures contract may terminate its position by selling or purchasing an offsetting option on the same series. There is no guarantee that such closing transactions can be effected. The Funds' ability to establish and close out positions on such options will be subject to the development and maintenance of a liquid market.

The Funds may use options on futures contracts solely for bona fide hedging or other non-hedging purposes as described below.

Other Considerations. The Funds will engage in futures and related options transactions only for bona fide hedging or other non-hedging purposes as permitted by CFTC regulations. A Fund will determine that the price fluctuations in the futures contracts and options on futures used for hedging purposes are substantially related to price fluctuations in securities or instruments held by the Fund or securities or instruments which they expect to purchase. The Funds' futures transactions will be entered into for traditional hedging purposes -- i.e., futures contracts will be sold to protect against a decline in the price of securities that a Fund owns or futures contracts will be purchased to protect a Fund against an increase in the price of securities that a Fund intends to purchase. As evidence of this hedging intent, each Fund expects that, on 75% or more of the occasions on which it takes a long futures or option position (involving the purchase of futures contracts), the Fund will have purchased, or will be in the process of purchasing, equivalent amounts of related securities or assets in the cash market at the time when the futures or option position is closed out. However, in particular cases, when it is economically advantageous for a Fund to do so, a long futures position may be terminated or an option may expire without the corresponding purchase of securities or other assets.

As an alternative to compliance with the bona fide hedging definition, a CFTC regulation permits a Fund to elect to comply with a different test under which the sum of the amounts of initial margin deposits on the Fund's existing futures contracts and premiums paid for options on non-hedging futures (net of the amount the positions are "in the money") would exceed 5% of the market value of the Fund's total assets. The Funds will engage in transactions in futures contracts and related options only to the extent such transactions are

consistent with the requirements of the Internal Revenue Code of 1986, as amended, for maintaining its qualification as a regulated investment company for federal income tax purposes. See "Taxes."

A Fund will be required, in connection with transactions in futures contracts and the writing of options on futures contracts to make margin deposits, which will be held by the Trust's custodian for the benefit of the futures commission merchant through whom the Fund engages in such futures contracts and option transactions. The Funds may not purchase or sell futures contracts or purchase or sell related options except for closing purchase or sale transactions if, immediately thereafter, the sum of the amount of initial margin deposits on a Fund's outstanding futures and related options positions and the amount of premiums paid for outstanding options on futures would exceed 5% of the market value of a Fund's total assets. These transactions involve brokerage costs, require margin deposits and, in the case of futures contracts and options obligating a Fund to purchase securities, require a Fund to segregate cash or high-grade debt securities in an account maintained with the Trust's custodian to cover such contracts and options.

While transactions in futures contracts and options on futures may reduce certain risks, such transactions themselves entail certain other risks. Thus, unanticipated changes in interest rates or securities prices may result in a poorer overall performance for a Fund than if it had not entered into any futures contracts or options transactions. The other risks associated with the use of futures contracts and options thereon are (i) imperfect correlation between the change in market value of the securities held by a Fund

and the prices of the futures and options and (ii) the possible absence of a liquid secondary market for a futures contract or option and the resulting inability to close a futures position prior to its maturity date.

In the event of an imperfect correlation between a futures position and portfolio position which is intended to be protected, the desired protection may not be obtained and the Fund may be exposed to risk of loss. The risk of imperfect correlation may be minimized by investing in contracts whose price behavior is expected to resemble that of a Fund's underlying securities. The risk that the Funds will be unable to close out a futures position will be minimized by entering into such transactions on a national exchange with an active and liquid secondary market.

Currency Transactions

In addition to engaging in options and future transactions to offset the effect of fluctuating currency exchange rates as described above, the PanAgora Global Fund and PanAgora International Equity Fund will each exchange currencies in the normal course of managing its investments and may incur costs in so doing because a foreign exchange dealer will charge a fee for conversion. A Fund may exchange currencies on a "spot" basis (i.e., for prompt delivery and settlement) at the prevailing spot rate for purchasing or selling currency in the foreign currency exchange market. A Fund also may enter into forward currency exchange contracts or other contracts to purchase and sell currencies for settlement at a future date. A foreign exchange dealer, in that situation, will expect to realize a profit based on the difference between the price at which a foreign currency is sold to the Fund and the price at which the dealer will cover the purchase in the foreign currency market. Foreign exchange transactions are entered into at prices quoted by dealers, which may include a mark-up over the price that the dealer must pay for the currency.

Forward currency exchange contracts are agreements to exchange one currency for another - for example, to exchange a certain amount of U.S. Dollars for a certain amount of German Deutsche Marks - at a future date. The date (which may be any agreed upon fixed number of days in the future), the amount of currency to be exchanged and the price at which the exchange will take place will be negotiated and fixed for the term of the contract at the time that the Fund enters into the contract. Forward currency exchange contracts are (a) traded in an interbank market conducted directly between currency traders (typically, commercial banks or other financial institutions) and their customers, (b) generally have no deposit requirements and (c) are consummated without payment of any commissions. A Fund, however, may enter into forward currency exchange contracts containing either or both deposit

requirements and commissions. In order to assure that a Fund's forward currency exchange contracts are not used to achieve investment leverage, a Fund will segregate cash and high-grade debt securities with the Trust's custodian in an amount at all times equal to or exceeding the Fund's commitment with respect to these contracts.

Upon maturity of a forward currency exchange contract, a Fund may (a) pay for and receive the underlying currency, (b) negotiate with the dealer to roll over the contract into a new forward currency exchange contract with a new future settlement date or (c) negotiate with the dealer to terminate the forward contract by entering into an offset with the currency trader whereby the Fund pays or receives the difference between the exchange rate fixed in the contract and the then current exchange rate. A Fund also may be able to negotiate such an offset prior to maturity of the original forward contract. There can be no assurance that new forward contracts or offsets will always be available to a Fund.

Each Fund, in addition, may combine forward currency exchange contracts with investments in securities denominated in other currencies in an attempt to create a combined investment position, the overall performance of which will be similar to that of a security denominated in the Fund's underlying currency. A Fund could purchase a U.S. Dollar-denominated security and at the same time enter into a forward currency exchange contract to exchange U.S. Dollars for its underlying currency at a future date. By matching the amount of U.S. Dollars to be exchanged with the anticipated value of the U.S. Dollar-denominated security, a Fund may be able to "lock in" the foreign currency value of the security and adopt a synthetic investment position whereby the Fund's overall investment return from the combined position is similar to the return from purchasing a foreign currency-denominated instrument.

Synthetic investment positions will typically involve U.S. Dollar-denominated securities and, because of the range of highly liquid short-term instruments available in the U.S., may provide greater liquidity to a Fund than actual purchases of foreign currency-denominated securities in addition to providing superior returns in some cases. Depending on (a) each Fund's liquidity needs, (b) the relative yields of securities denominated in different currencies and (c) spot and forward currency exchange rates, a significant portion of a Fund's assets may be invested in synthetic investment positions, subject to tax diversification and other tax requirements.

There is a risk in adopting a synthetic investment position. It is impossible to forecast with absolute precision what the market value of a particular security will be at any given time. If the value of the U.S. Dollar-denominated security is not exactly matched with the Portfolio's obligation under a forward currency exchange contract on the date of maturity, the Fund may be exposed to some risk of loss from fluctuations in U.S. Dollars. Although the Adviser will attempt to hold such mismatching to a minimum, there can be no assurance that the Adviser will be able to do so.

Although the foreign currency market is not believed to be necessarily more volatile than the market in other commodities, there is less protection against defaults in the forward trading of currencies than there is in trading such currencies on an exchange because such forward contracts are not guaranteed by an exchange or clearing house. The CFTC has indicated that it may assert jurisdiction over forward contracts in foreign currencies and attempt to prohibit certain entities from engaging in such transactions. In the event that such prohibition included the Funds, the Adviser would review whether or not it would be appropriate for the Funds to cease trading such contracts. Cessation of trading might adversely affect the performance of the Funds.

Yields and Ratings

The yields on certain obligations, including the money market instruments in which each Fund may invest (such as commercial paper and bank obligations), are dependent on a variety of factors, including general money market conditions, conditions in the particular market for the obligation, the financial condition of the issuer, the size of the offering, the maturity of the obligation and the ratings of the issue. The ratings of S&P, Moody's and Duff & Phelps Credit Rating Co. and other nationally recognized rating service organizations represent their respective opinions as to the quality of the

obligations they undertake to rate. Ratings, however, are general and are not absolute standards of quality or value. Consequently, obligations with the same rating, maturity and interest rate may have different market prices. See Appendix A for a description of the ratings provided by nationally recognized statistical ratings organizations.

Subsequent to its purchase by a Fund, a rated security may cease to be rated or its rating may be reduced below the minimum rating required for purchase by the Fund. The Board of Trustees or the Adviser, pursuant to guidelines established by the Board of Trustees, will consider such an event in determining whether the Fund should continue to hold the security in accordance with the interests of the Fund and applicable regulations of the Securities and Exchange Commission (the "Commission").

INVESTMENT RESTRICTIONS

The following investment restrictions may not be changed with respect to any Fund without the approval of "a majority of the outstanding shares" of such Fund (as such term is defined in this Statement of Additional Information under "Miscellaneous"). Investment restrictions that involve a maximum percentage of securities or assets shall not be considered to be violated unless an excess over the percentage occurs immediately after, and is caused by, an acquisition or encumbrance of securities or assets of, or borrowings by or on behalf of, a Fund, with the exception of borrowings permitted by Investment Restriction No. 1.

Accordingly, the Trust may not, on behalf of a Fund:

1. Borrow money, except from banks, or by entering into reverse repurchase agreements, on a temporary basis for extraordinary or emergency purposes in amounts not to exceed

33 1/3% of the Fund's total assets (including the amount borrowed) taken at market value; provided, that no purchases of securities will be made if such borrowings exceed 5% of the value of the Fund's total assets. This restriction does not apply to cash collateral received as a result of portfolio securities lending.

2. With respect to 75% of its total assets taken at market value, invest more than 5% of the value of the total assets of the Fund in the securities of any one issuer, except securities issued by the U.S. government, its agencies and instrumentalities and repurchase agreements collateralized by such securities.

3. With respect to 75% of its total assets taken at market value, purchase the securities of any one issuer if, as a result of such purchase, the Fund would hold more than 10% of the outstanding voting securities of that issuer.

4. Mortgage, pledge or hypothecate its assets except to secure indebtedness permitted by Investment Restriction No. 1 above. For purposes of this restriction, collateral arrangements with respect to options on securities and indices, futures contracts and options on futures contracts and payments of initial and variation margin in connection therewith are not considered a pledge of assets.

5. Act as underwriter of securities issued by others, except to the extent that, in connection with the disposition of portfolio securities, the Fund may be deemed to be an underwriter for the purposes of the Securities Act of 1933, as amended (the "1933 Act").

6. Purchase the securities of issuers conducting their principal business activities in the same industry if, immediately after such purchase, the value of the Fund's investments in such industry would exceed 25% of its total assets taken at market value at the time of each investment. For purposes of this restriction, telephone companies are considered to be a separate industry from water, gas or electric utilities, personal credit finance companies and business credit finance companies are deemed to be in separate industries and all quasi-governmental and supranational entities are deemed to be in a single industry.

7. Make loans; provided, that the lending of portfolio securities, the purchase of debt securities and the entry into repurchase agreements pursuant to the Fund's investment objectives and policies shall not be limited by this restriction.

8. Invest in commodities or commodity contracts, except options on securities, securities indices, currency and other financial instruments, futures contracts on securities, securities indices, currency and other financial instruments and options on such futures contracts, forward commitments, securities index put or call warrants and repurchase agreements entered into in accordance with the Fund's investment objectives and policies.

9. Invest in real estate or interests therein, except that the Fund may invest in readily marketable securities, other than limited partnership interests, of companies that invest in real estate;

10. Issue senior securities, except as permitted by Investment Restriction No. 1 above; provided, that for the purposes of this restriction, the issuance of shares of beneficial interest in multiple classes or series, the purchase or sale of options, futures contracts and options on futures contracts, forward commitments and repurchase agreements entered into in accordance with the Fund's investment objectives and policies, and the pledge, mortgage or hypothecation of the Fund's assets within the meaning of Investment Restriction No. 4 above are not deemed to be senior securities.

In addition to the fundamental policies mentioned above, the Board of Trustees of the Trust has adopted the following non-fundamental policies that may be changed or amended by action of the Board of Trustees without shareholder approval.

Accordingly, the Trust may not, on behalf of a Fund:

(a) invest in repurchase agreements maturing in more than seven days and securities which are illiquid, if, as a result thereof, more than 15% of the net assets of the Fund (taken at market value) would be invested in such investments;

(b) purchase securities on margin or make short sales of securities or maintain a short position, except that (i) this investment limitation shall not apply to the Fund's transactions in futures contracts and related option transactions or the Fund's transactions in securities on a "when-issued" or forward commitment basis and (ii) the Fund may obtain short-term credit as may be necessary for the clearance of purchases and sales of portfolio securities;

(c) invest in other companies for the purpose of exercising control or management;

(d) acquire the securities of any other domestic or foreign investment company or investment fund if after any such acquisition the Fund would have invested more than 5% of its total assets in, or own more than 3% of the outstanding voting securities of, such investment company or fund or have more than 10% of its total assets invested in all such investment companies or funds (except in connection with a plan of merger or consolidation with or acquisition of substantially all the assets of such other investment company);

(e) purchase or retain the securities of any company if any officer or Trustee of the Trust or officer or director of the Adviser or the Distributor individually owns more than one-half of 1% of the securities of such company or, collectively, such individuals own more than 5% of the securities of such company;

(f) invest more than 2% of its assets in warrants, valued at the lower of cost or market, provided that the Fund may invest up to 5% of its total assets, as so valued, in warrants listed on a recognized securities exchange, and provided, further, that warrants acquired in units or attached to securities shall not be included for this purpose;

(g) write (sell) uncovered calls or puts or any combination thereof or purchase uncovered calls, puts, straddles, spreads or any combination thereof;

(h) invest in interests in oil, gas or other mineral exploration or development leases or programs; and

(i) purchase the securities of any enterprise which has a business history of less than three years, including the operation of any predecessor business to which it has succeeded, if such purchase would cause the Fund's investment in such enterprise taken at cost to exceed 5% of the Fund's total assets taken at market value.

The staff of the Commission has taken the position that fixed time deposits maturing in more than seven days that cannot be traded on a secondary market and participation interests in loans are illiquid. Until such time (if any) as this position changes, the Trust, on behalf of each Fund, will include such investments in determining compliance with the 15% limitation on investments in illiquid securities. Restricted securities (including commercial paper issued pursuant to Section 4(2) of the 1933 Act) which the Board of Trustees has determined are readily marketable will not be deemed to be illiquid for purposes of such restriction.

"Value" for the purposes of all investment restrictions shall mean the market value used in determining each Fund's net asset value.

TRUSTEES AND OFFICERS

Information pertaining to the Trustees and officers of the Trust is set forth below. An asterisk indicates those Trustees and officers deemed to be "interested persons" of the Trust for purposes of the 1940 Act.

Occupation Name and Address Years	Positions With Trust	Principal During Past Five Years
Richard A. Crowell, Ph.D.* 260 Franklin Street Boston, MA 02110	Chairman and President since January 1990;	President and Managing Director of the Adviser
	Senior Vice President, Boston Safe Deposit & Trust Company, October 1984 to February 1993; Senior Vice President, The Boston Company Advisors, Inc., December 1986 to June 1991; and Senior Vice President, The Boston Company Institutional Investors, May 1985 to June 1991.	

Susan Smick 400 Atlantic Avenue Boston, MA 02110	Trustee Vice President of Pricing and Estimating and Infor- mation Systems of Quebecor Printing (U.S.) Corporation, since August 1992; Vice	
	President of Pricing and Estimating, Quebecor Printing (U.S.) Corporation, May 1991 to July 1992; Controller of Quebecor Sales, Inc., July 1990 to April 1991; Sales Executive, Quebecor Printing, Inc., June 1989 to June 1990; Director of Financial Analysis, Quebecor Printing, Inc., July 1988 to May 1989; and Financial Analyst, Quebecor Printing, Inc., April 1988 to June 1988.	

James R. Vertin	Trustee	Principal, Alpine
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136 Pecora Way
 Menlo Park, CA 94028
 Counselors, an investment consulting firm, since 1982; and previously, 1952 to 1982, employed by Wells Fargo Bank, most recently as Chief Investment Officer and Manager, Wells Fargo Investment Advisors.

Vincent Nave* Treasurer Senior Vice President, The Boston Company Advisors, Inc. and Boston Safe Deposit & Trust Company, since September 1983; Treasurer of certain mutual funds affiliated with Smith Barney Shearson and The Boston Company Advisors, Inc.; and previously, Audit Manager and National Office Liaison for The Mutual Funds Industry Chairman, Coopers & Lybrand

Francis J. McNamara, III* Secretary Senior Vice President and General Counsel, The Boston Company Advisors, Inc., since June 1989; Secretary of certain mutual funds affiliated with Smith Barney Shearson and The Boston Company Advisors, Inc.; Vice President and Associate Counsel, The Boston Company

	Positions	Principal
Occupation	With Trust	During Past Five
Name and Address		
Years		

Advisors, Inc., June 1987 to June 1989; and previously, Associate, the law firm of Ropes & Gray.

Michael C. Kardok Assistant Vice President, The Boston Treasurer Company Advisors, Inc., since November 1990; Assistant Treasurer of certain mutual funds affiliated with Smith Barney Shearson and The Boston Company Advisors, Inc.; and previously, Senior Manager, Deloitte & Touche.

Richard W. Ingram Assistant Vice President and Tax Treasurer Director, Investor Services Group, The Boston Company Advisors, Inc.; Assistant Treasurer of certain mutual funds affiliated with Smith Barney Shearson and The Boston Company Advisors, Inc.; and previously, employed by Arthur Andersen & Co., most recently as Tax Manager in their Boston office.

Joseph P. Barri, Esq. Assistant Partner, the law firm of Hale and Dorr; Secretary and Secretary to the mutual funds in The Pioneer Family of Funds.

David M. Elwood, Esq. Assistant Vice President and Associate Secretary General Counsel, The Boston Company Advisors, Inc.,

Boston, MA

71.47%

The Minneapolis Foundation
821 Marquette Avenue
Minneapolis, MN
25.38%

INVESTMENT ADVISORY AND OTHER SERVICES

The Adviser

PanAgora Asset Management, Inc. serves as the Trust's investment adviser. A description of the Adviser, the services provided by it pursuant to the advisory agreement with respect to each Fund (the "Advisory Agreement"), as well as the fees payable by each Fund to the Adviser for such services, are described in detail in the Prospectus. As described in the Prospectus, the Adviser manages the investment portfolio of each Fund pursuant to the terms of the Advisory Agreement between the Adviser and the Trust with respect to each Fund.

Each Advisory Agreement provides that the Adviser shall not be liable for any error of judgment or mistake of law or for any loss suffered by the Trust or any Fund in connection with the performance of the Adviser's obligations under its agreement with the Trust, except a loss resulting from willful misfeasance, bad faith or gross negligence on the part of the Adviser in the performance of its duties or from reckless disregard of its duties and obligations thereunder.

Each Advisory Agreement will remain in effect until May 19, 1995 and will continue in effect thereafter only if such continuance is specifically approved annually by the Trustees, including a majority of the Trustees who are not parties to the Advisory Agreement or "interested persons" (as such term is defined in the 1940 Act) of such parties, or by a vote of a majority of the outstanding shares of a Fund. Each Advisory Agreement was approved on May 19, 1993 by a vote of the Trust's Board of Trustees, including a majority of those Trustees who were not parties to the Advisory Agreement or "interested persons" of such parties. Each Advisory Agreement was also approved by the Trust's initial shareholder, the Adviser, on May 19, 1993. Each Advisory Agreement is terminable by vote of the Board of Trustees, or by the holders of a majority of the outstanding shares of the affected Fund, at any time without penalty on 60 days' written notice to the Adviser. The Adviser may terminate each Advisory Agreement at any time without penalty on 60 days' written notice to the Trust. Each Advisory Agreement terminates automatically in the event of its assignment (as such term is defined in the 1940 Act).

The Administrator and Transfer Agent

As described in the Prospectus, The Boston Company Advisors, Inc. ("Boston Advisors") serves as the Trust's administrator pursuant to an administration and accounting services agreement (the "Administration Agreement"). Pursuant to the Administration Agreement, Boston Advisors has agreed to maintain certain office facilities for the Trust, furnish statistical and research data, clerical services, and stationery and office supplies; prepare and file various reports with the appropriate regulatory agencies including the Commission and state securities commissions; and provide accounting and bookkeeping services for the Funds, including the computation of each Fund's net asset value, net investment income and realized capital gains, if any.

The Administration Agreement provides that Boston Advisors shall not be liable under the Administration Agreement except for bad faith or gross negligence in the performance of its duties or from the reckless disregard by it of its duties and obligations thereunder.

For a description of the fees payable by each Fund under the Administration Agreement, see "Management of the Trust" in the Prospectus.

The Shareholder Services Group, Inc. ("TSSG") serves as the transfer and dividend disbursing agent for the Trust pursuant to a transfer agency agreement (the "Transfer Agency Agreement"), under which TSSG (i) maintains shareholder accounts, and (ii) makes periodic reports to the Trust's Board of Trustees concerning the operations of each Fund.

In accordance with the Transfer Agency Agreement, the Trust pays a monthly fee to TSSG on an annualized basis as follows: 0.07% of the aggregate net assets of the Trust up to \$150 million of such assets; 0.05% of the aggregate net assets of the Trust exceeding \$150 million up to \$350 million of such assets; 0.04% of the aggregate assets of the Trust exceeding \$350 million up to \$800 million of such assets; and 0.03% of such assets exceeding \$800 million. The Trust must also pay a minimum fee of \$2,500 per Fund up to December 31, 1993 and a minimum fee of \$3,000 per Fund thereafter.

The Distributor

The Trust has entered into a distribution agreement (the "Distribution Agreement") pursuant to which Funds Distributor, Inc. (the "Distributor"), as agent, serves as principal underwriter for the continuous offering of shares of each Fund. The Distributor has agreed to use best efforts to solicit orders for the purchase of shares of each Fund, although it is not obligated to sell any particular amount of shares. No compensation is payable by the Trust to the Distributor for such Distribution services; however, the Advisor has agreed to pay to the Distributor a monthly fee at an annual rate of 0.03% of the average net asset value of each Fund.

The Distribution Agreement will remain in effect until May 19, 1995 and will continue in effect thereafter only if such continuance is specifically approved annually by the Trustees, including a majority of the Trustees who are not parties to the Distribution Agreement or "interested persons" (as such term is defined in the 1940 Act) of such parties. The Distribution Agreement was approved on May 19, 1993 by a vote of the Trust's Board of Trustees, including a majority of those Trustees who were not parties to the Distribution Agreement or "interested persons" of such parties. The Distribution Agreement is terminable, as to a Fund, by vote of the Board of Trustees, or by the holders of a majority of the outstanding shares of the Fund, at any time without penalty on 60 days' written notice to the Trust and Adviser. The Distributor or Adviser may terminate the Distribution Agreement at any time without penalty on 90 days' written notice to the Trust.

Custodian

As described in the Prospectus, Boston Safe Deposit & Trust Company (the "Custodian"), whose principal business address is One Boston Place, Boston, Massachusetts 02108, maintains custody of each Fund's assets pursuant to a custodian agreement (the "Custodian Agreement"). Under the Custodian Agreement, the Custodian (i) maintains a separate account in the name of each Fund, (ii) holds and transfers portfolio securities on account of each Fund, (iii) accepts receipts and makes disbursements of money on behalf of each Fund, (iv) collects and receives all income and other payments and distributions on account of each Fund's portfolio securities and (v) makes periodic reports to the Trust's Board of Trustees concerning each Fund's operations. The Custodian is authorized to select one or more foreign or domestic banks or companies to serve as sub-custodian on behalf of the Trust, provided that, with respect to sub-custodians, the Custodian remains responsible for the performance of all its duties under the Custodian Agreement and holds the Trust harmless from the acts and omissions of any sub-custodian. The custodian is an affiliate of Boston Advisors.

PORTFOLIO TRANSACTIONS

Subject to the general supervision of the Board of Trustees, the Adviser makes decisions with respect to and places orders for all purchases and sales of portfolio securities for the Funds. In executing portfolio transactions, the Adviser seeks to obtain the best net results for the Fund, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of the order, difficulty of execution and operational facilities of the firm involved.

OTC issues, including corporate debt securities and securities issued by

the U.S. government, its agencies and instrumentalities, are normally traded on a "net" basis (i.e., without commission) through dealers, or otherwise involve transactions directly with the issuer of an instrument. The cost of foreign and domestic securities purchased from underwriters includes an underwriting commission or concession, and the prices at which securities are purchased from and sold to dealers include a dealer's mark-up or mark-down. With respect to OTC transactions, the Adviser will normally deal directly with dealers who make a market in the instruments involved except in those circumstances where more favorable prices and execution are available elsewhere.

In each Advisory Agreement, the Adviser agrees to select broker-dealers in accordance with guidelines established by the Trust's Board of Trustees from time to time and in accordance with Section 28(e) of the Securities Exchange Act of 1934, as amended. In assessing the terms available for any transaction, the Adviser shall consider all factors it deems relevant, including the breadth of the market in the security, the price of the security, the financial condition and execution capability of the broker-dealer, and the reasonableness of the commission, if any, both for the specific transaction and on a continuing basis. In addition, each Advisory Agreement authorizes the Adviser, subject to the prior approval of the Trust's Board of Trustees, to cause a Fund to pay a broker-dealer which furnishes brokerage and research services a higher commission than that which might be charged by another broker-dealer for effecting the same transaction, provided that the Adviser determines in good faith that such commission is reasonable in relation to the value of the brokerage and research services provided by such broker-dealer, viewed in terms of either the particular transaction or the overall responsibilities of the Adviser to the Fund. Such brokerage and research services might consist of reports and statistics on specific companies or industries, general summaries of groups of bonds and their comparative earnings and yields, or broad overviews of the securities markets and the economy.

Supplemental research information utilized by the Adviser is in addition to, and not in lieu of, services required to be performed by the Adviser and does not reduce the advisory fees payable to the Adviser by each Fund. The Trustees will periodically review the commissions paid by the Funds to consider whether the commissions paid over representative periods of time appear to be reasonable in relation to the benefits inuring to the Funds. It is possible that certain of the supplemental research or other services received will primarily benefit one or more other investment companies or other accounts of the Adviser for which investment discretion is exercised. Conversely, a Fund may be the primary beneficiary of the research or services received as a result of portfolio transactions effected for such other account or investment company.

Investment decisions for each Fund and for other investment accounts managed by the Adviser are made independently of each other in the light of differing conditions. However, the same investment decision may be made for two or more of such accounts. In such cases, simultaneous transactions are inevitable. Purchases or sales are then averaged as to price and allocated as to amount in a manner deemed equitable to each such account. While in some cases this practice could have a detrimental effect on the price or value of the security as far as a Fund is concerned, in other cases it is believed to be beneficial to a Fund. To the extent permitted by law, the Adviser may aggregate the securities to be sold or purchased for a Fund with those to be sold or purchased for other investment companies or accounts in executing transactions.

Portfolio securities will not be purchased from or sold to the Adviser or any affiliated person (as such term is defined in the 1940 Act) of the Adviser except to the extent permitted by an exemptive order issued by the Commission or by applicable law. In addition, a Fund will not purchase securities during the existence of any underwriting or selling group relating to such securities of which the Adviser or any affiliated person (as such term is defined in the 1940 Act) thereof is a member, except pursuant to procedures adopted by the Trust's Board of Trustees in accordance with Rule 10f-3 under the 1940 Act.

PURCHASE AND REDEMPTION INFORMATION

The Trust will not generally issue Trust shares for consideration other than cash. At the Trust's sole discretion, however, it may issue Trust shares for consideration other than cash in connection with a bona fide reorganization, statutory merger, or other acquisition of portfolio securities (other than municipal debt securities issued by state political subdivisions or their agencies or instrumentalities), provided (i) the securities meet the investment objectives and policies of the relevant Fund; (ii) the securities are acquired by the relevant Fund for investment and not for resale; (iii) the securities are not restricted as to transfer either by law or liquidity of market; and (iv) the securities have a value which is readily ascertainable (and not established only by evaluation procedures) as evidenced by a listing on a recognized exchange or through quotation on the Nasdaq Stock Market. See "Purchase of Shares" in the Prospectus.

The Trust reserves the right, if conditions exist which make cash payments undesirable, to honor any request for redemption or repurchase of a Fund's shares by making payment in whole or in part in readily marketable portfolio securities chosen by the Trust and valued in the same way as they would be valued for purposes of computing a Fund's net asset value. If payment is made in portfolio securities, a shareholder may incur transaction costs in converting the securities into cash.

Under the 1940 Act, the right to redeem can be suspended and the payment of the redemption price deferred when the New York Stock Exchange (the "NYSE") is closed (other than for customary weekend and holiday closings), during periods when trading on the NYSE is restricted as determined by the Commission, during any emergency as determined by the Commission which makes it impracticable for a Fund to dispose of its securities or value its assets, or during any other period permitted by order of the Commission for the protection of investors.

NET ASSET VALUE

Under the 1940 Act, the Board of Trustees of the Trust is responsible for determining in good faith the fair value of the securities of each Fund. In accordance with procedures adopted by the Board of Trustees, the net asset value per share of each Fund is calculated by determining the net worth of the Fund (assets, including securities at value, minus liabilities) divided by the number of shares outstanding. All securities are valued as of the close of regular trading on the NYSE. The Funds compute their net asset values once daily at the close of such regular trading, which is normally 4:00 p.m. New York time, on each Business Day (as defined in the Prospectus).

For purposes of calculating each Fund's net asset value per share, equity securities traded on a recognized U.S. or foreign securities exchange or the National Association of Securities Dealers Stock Market ("NSM") are valued at their last sale price on the principal exchange on which they are traded or NSM (if NSM is the principal market for such securities) on the valuation day or, if no sale occurs, at the mean between the closing bid and asked price. Unlisted equity securities for which market quotations are readily available are valued at the mean between the most recent bid and asked price.

Debt-securities and other fixed-income investments of the Funds are valued at prices supplied by independent pricing agents selected by the Board of Trustees, which prices reflect broker-dealer supplied valuations and electronic data processing techniques. Short-term obligations maturing in sixty days or less are valued at amortized cost, which method does not take into account unrealized gains or losses on such portfolio securities. Amortized cost valuation involves initially valuing a security at its cost, and thereafter, assuming a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the security. While this method provides certainty in

valuation, it may result in periods in which the value of the security, as determined by amortized cost, may be higher or lower than the price the Fund would receive if the Fund sold the security.

Other assets and assets whose market value does not, in the Adviser's opinion, reflect fair value are valued at fair value using methods determined

in good faith by the Board of Trustees.

PERFORMANCE INFORMATION

Yield

Each Fund's 30-day (or one month) standard yield is calculated in accordance with the method prescribed by the Commission for investment companies:

$$YIELD = 2 \left[\frac{(a - b + 1)^6 - 1}{cd} \right]$$

Where: a = dividends and interest earned by the Fund during the period;

b = net expenses accrued for the period;

c = average daily number of shares out-standing during the period, entitled to receive dividends; and

d = maximum offering price per share on the last day of the period.

For the purpose of determining interest earned on debt obligations purchased by a Fund at a discount or premium (variable "a" in the formula), each Fund computes the yield to maturity of such instrument based on the market value of the obligation (including actual accrued interest) at the close of business on the last business day of each month, or, with respect to obligations purchased during the month, the purchase price (plus actual accrued interest). Such yield is then divided by 360 and the quotient is multiplied by the market value of the obligation (including actual accrued interest) in order to determine the interest income on the obligation for each day of the subsequent month that the obligation is in the portfolio. It is assumed in the above calculation that each month contains 30 days. The maturity of a debt obligation with a call provision is deemed to be the next call date on which the obligation reasonably may be expected to be called or, if none, the maturity date.

For the purpose of computing yield on equity securities held by a Fund, dividend income is recognized by accruing 1/360 of the stated dividend rate of the security for each day that the security is held by the Fund. With respect to mortgage or other receivables-backed debt obligations purchased at a discount or premium, the formula generally calls for amortization of the discount or premium. The amortization schedule will be adjusted monthly to reflect changes in the market value of such debt obligations. Expenses accrued for the period (variable "b" in the formula) include all recurring fees charged by a Fund to all shareholder accounts in proportion to the length of the base period and the Fund's mean (or median) account size. Undeclared earned income may be subtracted from the offering price per share (variable "d" in the formula).

Total Return

Each Fund that advertises its "average annual total return" computes such return by determining the average annual compounded rate of return during specified periods that equates the initial amount invested to the ending redeemable value of such investment according to the following formula:

$$T = \left[\frac{(ERV)^{1/n} - 1}{P} \right]$$

Where: T = average annual total return,

ERV = ending redeemable value of a hypothetical \$1,000 payment made at the beginning of the 1, 5 or 10 year (or other) periods at the

end of the applicable

period (or a fractional portion thereof);

P = hypothetical initial payment of \$1,000; and

n = period covered by the computation, expressed in years.

Each Fund that advertises its "aggregate total return" computes such returns by determining the aggregate compounded rates of return during specified periods that likewise equate the initial amount invested to the ending redeemable value of such investment. The formula for calculating aggregate total return is as follows:

$$\text{Aggregate Total Return} = \frac{[(\text{ERV}) - 1]^n}{P}$$

The above calculations are made assuming that (1) all dividends and capital gain distributions are reinvested on the reinvestment dates at the price per share existing on the reinvestment date, (2) all recurring fees charged to all shareholder accounts are included, and (3) for any account fees that vary with the size of the account, a mean (or median) account size in the Fund during the periods is reflected. The ending redeemable value (variable "ERV" in the formula) is determined by assuming complete redemption of the hypothetical investment after deduction of all nonrecurring charges at the end of the measuring period.

The aggregate total return for the PanAgora Asset Allocation Fund, PanAgora Global Fund and PanAgora International Equity Fund from inception (June 1, 1993) to November 30, 1993, was 1.70%, 3.40%, and 0.08%, respectively.

TAXES

Each Fund intends to elect to be treated as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended, (the "Code") and to qualify for such treatment for each taxable year. Such qualification does not involve supervision of management or investment practices or policies by any governmental agency or bureau.

In order to qualify as a regulated investment company, each Fund must, among other things, (a) derive at least 90% of its annual gross income from dividends, interest, payments with respect to securities loans and gains from the sale or other disposition of stock or securities or foreign currencies or income from certain other investments including options, futures or forward contracts with respect to its business of investing in such stock, securities or foreign currencies (the "90% gross income test"); (b) derive less than 30% of its annual gross income from the sale or other disposition of stock or securities or other investments, including options and future contracts and certain foreign currencies or currency forward contracts, held less than three months (the "short-short test"); and (c) diversify its holdings so that, at the end of each quarter of its taxable year, (i) at least 50% of the market value of the Fund's assets is represented by cash and cash items (including receivables), U.S. Government Securities, securities of other regulated investment companies and other securities limited, in respect of any one issuer, to not greater in value than 5% of the value of the Fund's total assets and to an amount not greater than 10% of the outstanding voting securities of such issuer, and (ii) not more than 25% of the value of the Fund's total assets is invested in the securities (other than U.S. Government Securities and securities of other regulated investment companies) of any one issuer or two or more issuers controlled by the Fund and engaged in the same, similar or related trades or businesses. Gains from the sale or other disposition of foreign currencies (or options, futures or forward contracts on foreign currencies) that are not directly related to a Fund's principal business of investing in stock or securities or options and futures with respect to stock or securities will be treated as gains from the disposition of investments held for less than three months under the short-short test (even though characterized as ordinary income for some purposes) if such currencies or instruments were held for less than three months. In addition, future Treasury regulations are expected to provide that qualifying income under the 90% gross income test will not include gains from foreign currency transactions that are not directly related to a Fund's principal business of investing in stock or securities or options and futures with respect to stock

or securities. Using foreign currency positions or entering into foreign currency options, futures and forward contracts for purposes other than hedging currency risk with respect to existing or future portfolio securities may not qualify as "directly-related" under these tests. The federal income tax rules applicable to currency swaps and synthetic investment positions involving currency forward contracts are unclear in certain respects, and PanAgora Global Fund and PanAgora International Equity Fund may be required to limit their use of these transactions in order to comply with the requirements for qualification as a regulated investment company.

Each Fund, as a regulated investment company, will not be subject to federal income tax on any of its investment company taxable income (generally all of its taxable net income other than the excess of net long-term capital gain over net short-term capital loss) and net capital gain (which equals the excess, if any, of net long-term capital gain over net short-term capital loss) that are distributed to shareholders in accordance with certain timing requirements with respect to any taxable year, provided that the Fund distributes at least 90% of its investment company taxable income for such year. However, if a Fund retains any investment company taxable income or net capital gain, it will be subject to federal income tax at regular corporate rates on the amount retained. Further, in order to avoid a nondeductible 4% federal excise tax, each Fund must distribute (or be deemed to have distributed) by December 31 of each calendar year at least 98% of its ordinary income for such year, at least 98% of the excess of its capital gains over its capital losses (generally computed on the basis of the one-year period ending on October 31 of such year), and all ordinary income and the excess of capital gains over capital losses for the previous year that were not distributed in such year and on which no federal income tax was paid. In determining amounts to be distributed, each Fund will take into account capital loss carryforwards, if any, from prior years.

The Funds are not subject to Massachusetts corporate excise or franchise taxes. Provided that each Fund qualifies as a regulated investment company under the Code, such Fund will also not be liable for Massachusetts income tax.

If PanAgora Global Fund or PanAgora International Equity Fund acquires stock in certain non-U.S. corporations that receive at least 75% of their annual gross income from passive sources (such as sources that produce interest, dividend, rental, royalty or capital gain income) or hold at least 50% of their assets in such passive sources ("passive foreign investment companies") and do not distribute their income on a regular basis, such Funds could be subject to federal income tax and additional interest charges on "excess distributions" received from such companies or gain from the sale of stock in such companies, even if all income or gain actually received by a Fund is timely distributed to its shareholders. The Funds would not be able to pass through to their shareholders any credit or deduction for such a tax. Regulations published by the Treasury Department in proposed form on April 1, 1992 would, if they become effective, substantially ameliorate these adverse tax consequences by allowing regulated investment companies to mark to market their stock in certain passive foreign investment companies. The IRS announced in November, 1992, in Notice 92-53, that final regulations will provide that eligible regulated investment companies may apply the mark to market election for their taxable years ending after March 31, 1992 and before April 1, 1993. If, as anticipated, final regulations containing similar provisions become effective for taxable years ending after April 1, 1993, these Funds may not be required to take defensive actions with respect to investments in passive foreign investment companies, including limiting investments in such companies.

A Fund's transactions in options or financial futures contracts will give rise to taxable gain or loss and will be subject to special tax rules, the effect of which may be to accelerate income to the Fund, defer Fund losses, cause adjustments in the holding periods of Fund securities and/or convert long-term capital gains into short-term capital gains (or short-term capital losses into long-term capital losses). For example, certain listed non-equity options written or purchased by a Fund (including options and futures contracts on securities and securities indices) are required to be "marked to market" (i.e., treated as if closed out) on the last day of each taxable year, and any associated gain or loss to be treated as 60% long-term and 40% short-term capital gain or loss, with adjustments subsequently made to any gain or loss realized upon an actual disposition of these positions. When

the Fund enters into certain hedging positions involving options or futures contracts that substantially diminish its risk of loss with respect to other positions, certain tax "straddle" rules may operate to alter the amount, timing or character of gains or losses realized. The tax provisions described above applicable to options and futures contracts may affect the amount, timing and character of each Fund's distributions to shareholders. The short-short test described above may limit each Fund's ability to use options and futures transactions. Certain tax elections may be available to a Fund to mitigate some of the unfavorable consequences described in this paragraph.

Section 988 of the Code contains special tax rules applicable to certain foreign currency transactions and instruments that may affect the amount, timing and character of income, gain or loss recognized by PanAgora Global Fund and PanAgora International Equity Fund and hence of their distributions to shareholders. Under these rules, foreign exchange gain or loss realized with respect to foreign currencies and certain futures and options thereon, foreign currency-denominated debt instruments, foreign currency forward contracts, and foreign currency-denominated payables and receivables will generally be treated as ordinary income or loss, although in some cases elections may be available that would alter this treatment. If the net foreign exchange loss treated as ordinary loss under Section 988 of the Code were to exceed a Fund's investment company taxable income (computed without regard to such loss) for a taxable year, the resulting loss would not be deductible by the Fund or its shareholders in future years. Net loss, if any, from certain foreign currency transactions or instruments could exceed net investment income otherwise calculated for accounting purposes with the result being either the omission of one or more dividends or a portion of a Fund's dividends being treated as a return of capital for tax purposes, nontaxable to the extent of a shareholder's tax basis in his shares and, once such basis is exhausted, generally giving rise to capital gains.

A Fund's investment in zero coupon securities or other securities bearing original issue discount or, if such Fund elects to include market discount in income currently, market discount will cause it to realize income prior to the receipt of cash payments with respect to these securities. In order to distribute this income, maintain its qualification as a regulated investment company, and avoid federal income or excise taxes, the Fund may be required to liquidate portfolio securities that it might otherwise have continued to hold.

PanAgora Global Fund and PanAgora International Equity Fund anticipate that they will be subject to foreign taxes on their income from foreign securities. Tax conventions between certain countries and the U.S. may reduce or eliminate such taxes. If more than 50% of such a Fund's total assets at the close of a taxable year of such Fund consist of stock or securities of foreign corporations, such Fund will qualify to file an election with the internal Revenue Service for such year pursuant to which shareholders of the Fund would be required to (i) include in ordinary gross income (in addition to taxable dividends actually received) their pro rata shares of foreign income taxes paid by the Fund even though not actually received by such shareholders, and (ii) treat such respective pro rata portions as foreign income taxes paid by them. These Funds will consider making such an election if they are eligible to do so and, if they cannot or do not so elect, will be entitled to deduct such taxes in computing their investment company taxable income.

For federal income tax purposes, distributions by a Fund, whether reinvested in additional shares or paid in cash, generally will be taxable to shareholders. Shareholders receiving a distribution in the form of newly issued shares will be treated for federal income tax purposes as receiving a distribution in an amount equal to the amount of cash they would have received had they elected to receive cash and will have a cost basis in each share received equal to such amount divided by the number of shares received. Distributions designated as derived from a Fund's dividend income, if any, that would be eligible for the dividends received deduction if the Fund were not a regulated investment company will be eligible, subject to certain holding period and debt-financing restrictions, for the 70% dividends received deduction for corporations. Eligible dividends are those received by a Fund from U.S. domestic corporations and distributed to shareholders and properly designated as eligible by the Fund. The entire eligible dividend, including the deducted amount, is considered in determining the excess, if any, of a corporate shareholder's adjusted current earnings over its alternative minimum taxable income, which may increase its liability for the federal alternative

minimum tax, and the dividend may, if it is treated as an "extraordinary dividend" under the Code, reduce such shareholder's tax basis in its shares of the Fund.

Different tax treatment, including penalties on certain excess contributions and deferrals, certain pre-retirement and post-retirement distributions, and certain prohibited transactions is accorded to accounts maintained as qualified retirement plans. Shareholders should consult their tax advisers for more information.

When a shareholder's shares are sold, redeemed or otherwise disposed of, the shareholder will generally recognize gain or loss equal to the difference between the shareholder's adjusted tax basis in the shares and the cash, or fair market value of any property, received. Assuming the shareholder holds the shares as a capital asset at the time of such sale or other disposition, such gain or loss should be capital in nature, and long-term if the shareholder has held the shares for more than one year, otherwise short-term. If, however a shareholder receives a capital gain dividend with respect to shares and such shares have a tax holding period of six months or less at the time of the sale or redemption, then any loss the shareholder realizes on the sale or redemption will be treated as a long-term capital loss to the extent of such capital gain dividend. Additionally, any loss realized on a sale or redemption of shares of a Fund will be disallowed to the extent the shares disposed of are replaced within a period of 61 days beginning 30 days before and ending 30 days after the shares are disposed of, such as pursuant to a dividend reinvestment in shares of the same Fund.

Each Fund will be required to report for federal tax purposes all taxable distributions and proceeds from the redemption or exchange of shares, except in the case of certain shareholders exempt from such reporting requirements. Under the backup withholding provisions of the Code, all such distributions may be subject to withholding of federal income tax at the rate of 31% in the case of non-exempt shareholders who fail to furnish a Fund with their correct taxpayer identification number or with certain required certifications or if the Internal Revenue Service or a broker notifies a Fund that the number furnished by the shareholder is incorrect or that the shareholder is subject to withholding as a result of failure to report interest or dividend income. Each Fund may refuse to accept an application that does not contain any required taxpayer identification number or certification that the number provided is correct or that the investor is an exempt recipient. If the withholding provisions are applicable, any such distributions, whether taken in cash or reinvested in shares, will be reduced by the amounts required to be withheld.

The foregoing discussion relates solely to U.S. federal income tax law as it applies to U.S. persons (i.e., U.S. citizens and residents and U.S. domestic corporations, partnerships, trusts and estates) subject to U.S. federal income tax. Each shareholder who is not a U.S. person should consult his or her tax adviser regarding the U.S. and non-U.S. tax consequences of ownership of shares of and receipt of distributions from a Fund, including the possibility that such a shareholder may be subject to a U.S. nonresident alien withholding tax at a rate of 30% (or at a lower rate under an applicable U.S. income tax treaty) on certain distributions.

This discussion of the tax treatment of a Fund and its shareholders is based on the tax law in effect as of the date of this Statement of Additional Information.

GENERAL INFORMATION ABOUT THE TRUST

The Trust is a Massachusetts business trust. Under the Trust's Declaration of Trust, the beneficial interest in the Trust may be divided into an unlimited number of full and fractional transferable shares. The Declaration of Trust authorizes the Trust's Board of Trustees to classify or reclassify any unissued shares of the Trust into one or more series or classes by setting or changing, in any one or more respects, their respective designations, preferences, conversion or other rights, voting powers, restrictions, limitations, qualifications and terms and conditions of redemption.

In the event of a liquidation or dissolution of the Trust or an individual Fund, shareholders of a particular Fund would be entitled to

receive the assets available for distribution belonging to such Fund. Shareholders of a Fund are entitled to participate in the net distributable assets of the particular Fund involved on liquidation, based on the number of shares of the Fund that are held by each shareholder.

Shareholders of the Trust will vote together in the aggregate and not separately by Fund except as otherwise required by law or when the Trust's Board of Trustees determines that the matter to be voted upon affects only the interests of the shareholders of a particular Fund. Rule 18f-2 under the 1940 Act provides that any matter required to be submitted to the holders of the outstanding voting securities of an investment company such as the Trust shall not be deemed to have been effectively acted upon unless approved by the holders of a majority of the outstanding shares of each investment portfolio affected by the matter. A Fund is affected by a matter unless it is clear that the interests of each Fund in the matter are substantially identical or that the matter does not affect any interest of the Fund. Under Rule 18f-2, the approval of an investment advisory agreement or any change in a fundamental investment policy would be effectively acted upon with respect to a Fund only if approved by a majority of the outstanding shares of such Fund. However, Rule 18f-2 also provides that the ratification of the appointment of independent accountants, the approval of principal underwriting contracts and the election of Trustees may be effectively acted upon by shareholders of the Trust voting together in the aggregate without regard to a particular Fund.

Shares of the Trust have noncumulative voting rights and, accordingly, the holders of more than 50% of the Trust's outstanding shares (irrespective of series) may elect all of the Trustees. Shares have no preemptive rights and only such conversion and exchange rights as the Board may grant in its discretion. When issued for payment as described in the Prospectus, shares will be fully paid and non-assessable by the Trust.

Shareholder meetings, including meetings held to elect Trustees, will not be held unless and until such time as required by law. At that time, the Trustees then in office will call a shareholders' meeting to elect Trustees. Except as set forth above, the Trustees will continue to hold office and may appoint successor Trustees.

The Trust's Declaration of Trust authorizes the Trust's Board of Trustees, without shareholder approval (unless otherwise required by applicable law), to terminate the Trust or any series of class thereof if it determines that the continuation of the Trust or a series or class thereof is not in the best interest of the Trust or such series or class, or their respective shareholders as a result of factors or events adversely affecting the ability of the Trust or such series or class to conduct its business and operations in an economically viable manner.

Shareholder and Trustee Liability

Under Massachusetts law, shareholders of a Massachusetts business trust may, under certain circumstances, be held personally liable as partners for the obligations of the company. However, the Trust's Declaration of Trust provides that shareholders shall not be subject to any personal liability in connection with the assets of the Trust, for the acts or obligations of the Trust or any series thereof, and that every note, bond, contract, order or other undertaking made by the Trust shall contain a provision to the effect that the shareholders are not personally liable thereunder. The Declaration of Trust provides for indemnification out of a Fund's property of any shareholder of the Fund held personally liable solely by reason of his being or having been a shareholder of the Fund and not because of his acts or omissions or some other reason. Thus, the risk of a shareholder's incurring financial loss on account of shareholder liability is limited to circumstances in which a Fund would be unable to meet its obligations.

The Declaration of Trust further provides that all persons having any claim against the Trustees or the Trust shall look solely to the Trust property for payment; that no Trustee, officer, employee or agent of the Trust or any series thereof, other than to the Trust or its shareholders, in connection with the Trust or its shareholders, in connection with the Trust property or the affairs of the Trust (subject to the exception set forth below); and that no Trustee shall be personally liable to any person for any action or failure to act except by reason of his or her own bad faith, willful misfeasance, gross negligence or reckless disregard of his duties as a

Trustee. Subject to such exception, the Declaration of Trust provides that a Trustee is entitled to be indemnified against all liabilities and expenses reasonably incurred by him in connection with the defense or disposition of any proceeding in which he may be involved or with which the Trustee may be threatened by reason of being or having been a Trustee, and that the Trust will indemnify officers of the Trust to the same extent that Trustees are entitled to indemnification.

MISCELLANEOUS

Independent Accountants

Coopers & Lybrand, One Post Office Square, Boston, Massachusetts 02109, serves as the Trust's independent accountants, providing audit services, including review and consultation in connection with various filings by the Trust with the Commission and tax authorities.

Counsel

The law firm of Hale and Dorr, 60 State Street, Boston, Massachusetts 02109, serves as counsel to the Trust.

Shareholder Approvals

As used in this Statement of Additional Information and in the Prospectus, "a majority of the outstanding shares" of a Fund means the lesser of (a) 67% of the shares of the particular Fund represented at a meeting at which the holders of more than 50% of the outstanding shares of such Fund are present in person or by proxy, or (b) more than 50% of the outstanding shares of such Fund.

Registration Statement

The Trust has filed with the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, a Registration Statement under the Securities Act of 1933, as amended, with respect to the securities of the Funds to which this Statement of Additional Information relates. If further information is desired with respect to the Trust, the Funds or such securities, reference is made to the Registration Statement and the exhibits filed as a part thereof.

FINANCIAL STATEMENTS

The Trust's unaudited financial statements for the period from June 1, 1993 through November 30, 1993, and the financial highlights, appearing in the 1993 Semi-Annual Report to Shareholders are incorporated by reference in this Statement of Additional Information.

APPENDIX A

Description of Bond Ratings

The following summarizes the highest four ratings used by Standard & Poor's Corporation ("S&P") for bonds:

AAA - Debt rated AAA has the highest rating assigned by S&P. 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 AAA issues only in a small degree. The "AA" rating may be modified by the addition of a plus or minus sign to show relative standing within the AA rating category.

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 for those in higher rated categories.

To provide more detailed indications of credit quality, the AA, A and BBB ratings may be modified by the addition of a plus or minus sign to show relative standing within these major rating categories.

The following summarizes the highest four ratings used by Moody's Investors Service, Inc. ("Moody's") for bonds:

Aaa - Bonds that 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 that 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 that are rated A possess many favorable investment attributes and are to be considered 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 that are rated Baa are considered 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.

Moody's applies numerical modifiers (1, 2 and 3) with respect to corporate bonds rated Aa, A and Baa. The modifier 1 indicates that the bond being rated 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 bond ranks in the lower end of its generic rating category.

The following summarizes the highest four ratings used by Duff & Phelps Credit Rating Co. ("D&P") for bonds:

AAA - Debt rated AAA is of the highest credit quality. The risk factors are considered to be negligible, being only slightly more than for risk-free U.S. Treasury debt.

AA - Debt rated AA is of high credit quality. Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions. The AA rating may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating category.

A - Bonds that are rated A have protection factors which are average but adequate. However risk factors are more variable and greater in periods of economic stress.

BBB - Bonds that are rated BBB have below average protection factors but are still considered sufficient for prudent investment. Considerable variability in risk during economic cycles.

To provide more detailed indications of credit quality, the AA, A and BBB ratings may be modified by the addition of a plus or minus sign to show relative standing within these major categories.

The following summarizes the ratings used by IBCA Limited and IBCA Inc. ("IBCA") for bonds:

Obligations rated AAA by IBCA have the lowest expectation of investment risk. Capacity for timely repayment of principal and interest is substantial, such that adverse changes in business, economic or financial conditions are unlikely to increase investment risk significantly.

IBCA also assigns a rating to certain international and U.S. banks. An IBCA bank rating represents IBCA's current assessment of the strength of the bank and whether such bank would receive support should it experience difficulties. In its assessment of a bank, IBCA uses a dual rating system comprised of Legal Ratings and Individual Ratings. In addition, IBCA assigns banks Long- and Short-Term Ratings as used in the corporate ratings discussed above. Legal Ratings, which range in gradation from 1 through 5, address the question of whether the bank would receive support provided by central banks or shareholders if it experienced difficulties, and such ratings are considered by IBCA to be a prime factor in its assessment of credit risk. Individual Ratings, which range in gradations from A through E, represent IBCA's assessment of a bank's economic merits and address the question of how the bank would be viewed if it were entirely independent and could not rely on support from state authorities or its owners.

Description of Commercial Paper Ratings

Commercial paper rated A-1 by S&P indicates that the degree of safety regarding timely payment is strong. Those issues determined to possess extremely strong safety characteristics are denoted in A-1+. Capacity for timely payment on commercial paper rated A-2 is satisfactory but the relative degree of safety is not as high as for issues designated A-1.

The rating P-1 is the highest commercial paper rating assigned by Moody's. Issuers rated P-1 (or related supporting institutions) are considered to have a superior capacity for repayment of short-term promissory obligations. Issuers rated P-2 (or related supporting institutions) are considered to have strong capacity for repayment of short-term promissory obligations. This will normally be evidenced by many of the characteristics of issuers rated P-1 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 highest rating of D&P for commercial paper is Duff 1. D&P employs three designations, Duff 1 plus, Duff I and Duff 1 minus, within the highest rating category. Duff 1 plus indicates highest certainty of timely payment. Short-term liquidity, including internal operating factors and/or ready access to alternative sources of funds, is judged to be "outstanding, and safety is just below risk-free U.S. Treasury short-term obligations." Duff 1 indicates very high certainty of timely payment. Liquidity factors are excellent and supported by strong fundamental protection factors. Risk factors are considered to be minor. Duff 1 minus indicates high certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

FORM N-1A

PART C. OTHER INFORMATION

Item 24. Financial Statements and Exhibits

(a) Financial Statements:

The Registrant's unaudited Financial Statements for the period ended November 30, 1993 are incorporated by reference in the Statement of Additional Information from the Registrant's 1993 Semi-Annual Report to Shareholders which is included as an exhibit to this Registration Statement. The financial statements included are:

1. Statement of Net Assets as of November 30, 1993;
 2. Statement of Operations for the period ended November 30, 1993;
 3. Statement of Changes in Net Assets for the period ended November 30, 1993;
 4. Selected Per Share Data and Ratios for the period appearing in the 1993 Semi-Annual Report to Shareholders;
 5. Notes to Financial Statements.
- (b) Exhibits:

Except as noted, the following exhibits are being filed herewith:

1(a). Declaration of Trust of Registrant dated January 27, 1993 is hereby incorporated by reference from the Registrant's Registration Statement on Form N-1A (File No. 33-57740) as filed with the Securities and Exchange Commission on February 2, 1993.

1(b). Amendment No. 1 to Declaration of Trust dated April 10, 1993 is hereby incorporated by reference from Pre-Effective Amendment No. 1 to the Registrant's Registration Statement on Form N-1A (File No. 33-57740) as filed with the Securities and Exchange Commission on April 26, 1993.

1(c). Acceptance of Trust dated May 19, 1993 of each of Susan Smick and James R. Vertin is hereby incorporated by reference from Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form N-1A (File No. 33-57740) as filed with the Securities and Exchange Commission on May 26, 1993.

2. By-Laws of Registrant is hereby incorporated by reference from Pre-Effective Amendment No. 1 to the Registrant's Registration Statement on Form N-1A (File No. 33-57740) as filed with the Securities and Exchange Commission on April 26, 1993.

3. Not applicable.

4(a). Form of Specimen Share Certificate for Shares of the PanAgora Asset Allocation Fund.

4(b). Form of Specimen Share Certificate for Shares of the PanAgora Global Fund.

4(c). Form of Specimen Share Certificate for Shares of the PanAgora International Equity Fund.

5(a). Investment Advisory Agreement between PanAgora Asset Management, Inc. and Registrant on behalf of PanAgora Asset Allocation Fund.

5(b). Investment Advisory Agreement between PanAgora Asset Management, Inc. and Registrant on behalf of PanAgora Global Fund.

5(c). Investment Advisory Agreement between PanAgora Asset Management, Inc. and Registrant on behalf of PanAgora International Equity Fund.

6. Distribution Agreement between Registrant, Funds Distributor, Inc. and PanAgora Asset Management, Inc.

7. Not Applicable.

8. Custody Agreement between Registrant and Boston Safe Deposit & Trust Company.

9(a). Administration Agreement between Registrant and The Boston Company Advisors, Inc.

9(b). Form of Transfer Agent and Registrar Agreement between Registrant and The Shareholder Services Group, Inc. is hereby incorporated by reference from the Registrant's Registration Statement on Form N-1A (File No. 33-57740) as filed with the Securities and Exchange Commission on April 26, 1993.

10. Opinion and Consent of Counsel is hereby incorporated by reference from the Registrant's Registration Statement on Form N-1A (File No. 33-57740) as filed with the Securities and Exchange Commission on May 26, 1993.

11. Consent of Independent Public Accountants is hereby incorporated by reference from the Registrant's Registration Statement on Form N-1A (File No. 33-57740) as filed with the Securities and Exchange Commission on April 26, 1993.

12. 1993 Semi-Annual Report to Shareholders.

13(a). Form of Stock Purchase Agreement between PanAgora Asset Management, Inc. and Registrant on behalf of PanAgora Asset Allocation Fund.

13(b). Form of Stock Purchase Agreement between PanAgora Asset Management, Inc. and Registrant on behalf of PanAgora Global Fund.

13(c). Form of Stock Purchase Agreement between PanAgora Asset Management, Inc. and Registrant on behalf of PanAgora International Equity Fund.

14. Not Applicable.

15. Not Applicable.

16. Not Applicable.

Item 25. Persons Controlled By or Under Common Control With Registrant

The Registrant does not directly or indirectly control any person. Shareholders who own more than 5% of a portfolio's shares as of November 30, 1993 is as follows:

Name of Portfolio

Shareholder and Address
% of Shares
Owned

Asset Allocation Fund
Information Alliance Pension
Plan Trust
Box 3079
Pittsfield, MA

61%

PanAgora Asset Management, Inc.
260 Franklin Street, 22nd Floor
Boston, MA

37.81%

Global Fund
Rush-Presbyterian-St. Luke's
Medical Center Pension Fund
1700 W Vanburen St., Suite 265
Chicago, IL

43.11%

Rush-Presbyterian-St. Luke's
Medical Center Endowment Fund
1700 W Vanburen St., Suite 265
Chicago, IL

56.15%

International Equity
Fund
Bost & Co.
P.O. Box 9118
Boston, MA

71.47%

The Minneapolis Foundation
821 Marquette Avenue
Minneapolis, MN
25.38%

PanAgora Asset Management, Inc., the Registrant's investment adviser, is a Delaware corporation (the "Adviser"). Fifty percent of the Adviser's outstanding voting stock is owned by Nippon Life Insurance Company and fifty percent of such stock is owned by Lehman Brothers Inc., ("Lehman"). Funds Distributor, Inc., the Registrant's principal underwriter and distributor, is a wholly-owned subsidiary of Lehman. See Item 29 below.

Item 26. Number of Holders of Securities

The following information is as of November 30, 1993:

Fund	# of Record Holders
PanAgora Asset Allocation Fund	5
PanAgora Global Fund	7
PanAgora International Equity Fund	9

Item 27. Indemnification

Section 4.3 of the Registrant's Declaration of Trust dated January 27, 1993, as amended, provides for indemnification of the Registrant's trustees and officers under certain circumstances.

Section 4.2 of the Distribution Agreement between the Trust, Funds Distributor, Inc. and the Adviser provides for indemnification of the Registrant, the Registrant's trustees and officers and any person who controls the Trust within the meaning of Section 15 of the Securities Act of 1933, as amended (the "Act").

Insofar as indemnification for liability arising under the Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a trustee, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such trustee, officer or controlling person in connection with the securities being

registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

Item 28. Business and Other Connections of Investment Adviser

All of the information required by this item is set forth in the Form ADV, as amended, of PanAgora Asset Management, Inc. (File No. 801-35497). The following sections of such Form ADV are incorporated herein by reference:

- (a) Items 1 and 2 of Part II
- (b) Section 6, Business Background, of each Schedule D.

Item 29. Principal Underwriter

(a) Funds Distributor, Inc., the principal underwriter of the Registrant, currently acts as a principal underwriter, depositor or investment adviser for the following investment companies: The Boston Company Fund, The Boston Company Tax-Free Municipal Funds, The Boston Company Investment Series, The FSB Funds, The Glenmede Fund, Inc., The Glenmede Portfolios, The Ambassador Funds and HT Insight Funds, Inc.

(b) Directors and Officers of Funds Distributor, Inc. are as follows:

Name
Positions and Offices
with Underwriter
Positions and Offices
with Registrant

Marie E. Connolly
Director, President and
Treasurer
None

Peter Meenan
Director
None

Richard W. Healey
Senior Vice President
None

Rui M. Moura
Senior Vice President
None

Jean M. O'Leary
Clerk and Secretary
None

Robert M. Steele
Vice President
None

Mark B. Bentley
Vice President
None

Margaret M. Hession
Vice President

None

Jerome M. Meniffee
Vice President
None

Joseph A. Vignone
Vice President
None

Dennis J. Gallant
Assistant Vice President
None

Cathryn A. Gibbs
Assistant Vice President
None

Dale F. Lampe
Assistant Vice President
None

Linda C. Raftery
Assisant Vice President
None

Nancy J. Morse
Senior Operations Officer
None

Brian D. Gallary
Operations Officer
None

Cynthia L. Sokel
Operations Officer
None

(c) Not Applicable.

Item 30. Location of Accounts and Records

The Declaration of Trust, By-Laws and minute books of the Registrant are in the physical possession of PanAgora Asset Management, Inc., 260 Franklin Street, Boston, Massachusetts 02110. All other books, records, accounts and other documents required to be maintained under Section 31(a) of the Investment Company Act of 1940 and the rules promulgated thereunder are in the physical possession of Boston Safe Deposit & Trust Company, One Boston Place, Boston, Massachusetts 02109, except for (i) certain transfer agency records which are in the physical possession of The Shareholder Services Group, Inc., 53 State Street, Boston, Massachusetts 02109 and (ii) certain fund accounting records which are in the physical possession of The Boston Company Advisors, Inc., 53 State Street, Boston, Massachusetts 02109.

Item 31. Management Services

Not Applicable.

Item 32. Undertakings

The Registrant undertakes to comply in all respects with the provisions of Section 16(c) of the Investment Company Act of 1940, as amended.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant has duly caused this Post-Effective Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Boston and The Commonwealth of Massachusetts, on the 3rd day of January, 1994.

THE PANAGORA FUNDS

By: /s/Richard A. Crowell
Richard A. Crowell
President

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 1 to the Registration Statement has been signed below by the following person in the capacities and on the date indicated:

Signature Date

/s/Richard A. Crowell
January 3, 1994
Richard A. Crowell
President and Chairman
of the Board of Trustees
(Principal Executive Officer)

/s/Vincent Nave
January 3, 1994
Vincent Nave
Treasurer
(Principal Accounting Officer)

/s/Susan Smick
January 3, 1994
Susan Smick
Trustee

/s/James R. Vertin
January 3, 1994
James R. Vertin
Trustee

EXHIBIT LIST

Item No.	Description
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1(a).	Declaration of Trust of Registrant dated January 27, 1993 is hereby incorporated by reference from the Registrant's Registration Statement on Form N-1A (File No. 33-57740) as filed with the Securities and Exchange Commission on February 2, 1993.
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1(b).	Amendment No. 1 to Declaration of Trust dated April 10, 1993 is hereby incorporated by reference from Pre-Effective Amendment No. 1 to the Registrant's Registration Statement on Form N-1A (File No. 33-57740) as filed with the Securities and Exchange Commission
-------	--

on April 26, 1993.

1(c). Acceptance of Trust dated May 19, 1993 of each of Susan Smick and James R. Vertin is hereby incorporated by reference from Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form N-1A (File No. 33-57740) as filed with the Securities and Exchange Commission on May 26, 1993.

2. By-Laws of Registrant is hereby incorporated by reference from Pre-Effective Amendment No. 1 to the Registrant's Registration Statement on Form N-1A (File No. 33-57740) as filed with the Securities and Exchange Commission on April 26, 1993.

3. Not applicable.

4(a). Form of Specimen Share Certificate for Shares of the PanAgora Asset Allocation Fund.

4(b). Form of Specimen Share Certificate for Shares of the PanAgora Global Fund.

4(c). Form of Specimen Share Certificate for Shares of the PanAgora International Equity Fund.

5(a). Investment Advisory Agreement between PanAgora Asset Management, Inc. and Registrant on behalf of PanAgora Asset Allocation Fund.

5(b). Investment Advisory Agreement between PanAgora Asset Management, Inc. and Registrant on behalf of PanAgora Global Fund.

5(c). Investment Advisory Agreement between PanAgora Asset Management, Inc. and Registrant on behalf of PanAgora International Equity Fund.

6. Distribution Agreement between Registrant, Funds Distributor, Inc. and PanAgora Asset Management, Inc.

7. Not Applicable.

8. Custody Agreement between Registrant and Boston Safe Deposit & Trust Company.

9(a). Administration Agreement between Registrant and The Boston Company Advisors, Inc.

9(b). Form of Transfer Agent and Registrar Agreement between Registrant and The Shareholder Services Group, Inc. is hereby incorporated by reference from the Registrant's Registration Statement on Form N-1A (File No. 33-57740) as filed with the Securities and Exchange Commission on April 26, 1993.

10. Opinion and Consent of Counsel is hereby incorporated by reference from the Registrant's Registration Statement on Form N-1A (File No. 33-57740) as filed with the Securities and Exchange Commission on May 26, 1993.

11. Consent of Independent Public Accountants is hereby incorporated by reference from the Registrant's Registration Statement on Form N-1A (File No. 33-57740) as filed with the Securities and Exchange Commission on April 26, 1993.

12. 1993 Semi-Annual Report to Shareholders.

13(a). Form of Stock Purchase Agreement between PanAgora Asset Management, Inc. and Registrant on behalf of PanAgora Asset Allocation Fund.

13(b). Form of Stock Purchase Agreement between PanAgora Asset Management, Inc. and Registrant on behalf of PanAgora Global Fund.

13(c) . Form of Stock Purchase Agreement between
PanAgora Asset Management, Inc. and Registrant on behalf of PanAgora
International Equity Fund.

14. Not Applicable.

15. Not Applicable.

16. Not Applicable.

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The Commonwealth of Massachusetts
(Massachusetts Capitol Building in Background)

NUMBER (Picture of Eagle with Wings Spread)
SHARES

(Pillar) SPECIMEN
(Pillar)

This Certifies that XXXXXXXXXXXXXXXXXXXX of XXXXXXXXXXXXXXXXXXXX is the owner of XXXXXXXXXXXXXXXXXXXXXXXXXXXX Shares in the PanAgora Asset Allocation Fund, a series of The PanAgora Funds created by a Declaration of Trust dated January 27, 1993 and recorded with The Secretary of State of the Commonwealth of Massachusetts which shares are fully paid and non-assessable, and subject to the provisions of this Trust, are transferable by assignment endorsed thereon, and, the surrender of this certificate.

IN WITNESS WHEREOF, the Trustees hereunto set their hands and have caused their seal to be affixed hereto this

_____ day of _____ A.D. 19xx

_____ (Picture of Seal)

President Treasurer

(Reverse Side of Certificate)

(In opposite direction of paragraph below: Picture of torch with the words The PanAgora Asset Allocation Fund, a series of The PanAgora Funds, Certificate for _____, Issued to _____, Dated _____.)

For Value Received, _____ hereby sell, assign and transfer unto _____ Shares of the Capital represented by the within Certificate, and do hereby irrevocably constitute and appoint _____ Attorney to transfer the said Shares on the books of the within named Organization with full power of substitution in the premises.

Dated _____, 19__

In presence of _____

(Text in opposite direction of paragraph above that runs along the right side of paragraph: NOTICE: THE SIGNATURE OF THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT, OR ANY CHANGE WHATEVER.)

The Commonwealth of Massachusetts
(Massachusetts Capitol Building in Background)

NUMBER (Picture of Eagle with Wings Spread)
SHARES

(Pillar) SPECIMEN
(Pillar)

This Certifies that XXXXXXXXXXXXXXXXXXXX of XXXXXXXXXXXXXXXXXXXX is the owner of
XXXXXXXXXXXXXXXXXXXXXXXXXXXX Shares in the PanAgora Global Fund, a series of The
PanAgora Funds created by a Declaration of Trust dated January 27, 1993 and
recorded with The Secretary of State of the Commonwealth of Massachusetts
which shares are fully paid and non-assessable, and subject to the provisions
of this Trust, are transferable by assignment endorsed thereon, and, the
surrender of this certificate.

IN WITNESS WHEREOF, the Trustees hereunto set their hands and have caused
their seal to be affixed hereto this

_____ day of _____ A.D. 19xx

_____ (Picture of Seal)

President Treasurer

(Reverse Side of Certificate)

(In opposite direction of paragraph below: Picture of torch with the
words The PanAgora Global Fund, a series of The PanAgora Funds,
Certificate for _____, Issued to _____, Dated
_____.)

For Value Received, _____ hereby sell, assign
and transfer unto _____
Shares of the Capital represented by the within Certificate, and do
hereby irrevocably constitute and appoint
_____ Attorney to transfer the said
Shares on the books of the within named Organization with full power of
substitution in the premises.

Dated _____, 19__

In presence of _____

(Text in opposite direction of paragraph above that runs along the right
side of paragraph: NOTICE: THE SIGNATURE OF THIS ASSIGNMENT MUST
CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE, IN
EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT, OR ANY CHANGE
WHATEVER.)

The Commonwealth of Massachusetts
(Massachusetts Capitol Building in Background)

NUMBER (Picture of Eagle with Wings Spread)
SHARES

(Pillar) SPECIMEN
(Pillar)

This Certifies that XXXXXXXXXXXXXXXXXXXX of XXXXXXXXXXXXXXXXXXXX is the owner of
XXXXXXXXXXXXXXXXXXXXXXXXXXXX Shares in the PanAgora International Equity Fund, a
series of The PanAgora Funds created by a Declaration of Trust dated January
27, 1993 and recorded with The Secretary of State of the Commonwealth of
Massachusetts which shares are fully paid and non-assessable, and subject to
the provisions of this Trust, are transferable by assignment endorsed thereon,
and, the surrender of this certificate.

IN WITNESS WHEREOF, the Trustees hereunto set their hands and have caused
their seal to be affixed hereto this

_____ day of _____ A.D. 19xx

_____ (Picture of Seal)

President Treasurer

(Reverse Side of Certificate)

(In opposite direction of paragraph below: Picture of torch with the
words The PanAgora International Equity Fund, a series of The PanAgora
Funds, Certificate for _____, Issued to _____, Dated
_____.)

For Value Received, _____ hereby sell, assign
and transfer unto _____
Shares of the Capital represented by the within Certificate, and do
hereby irrevocably constitute and appoint
_____ Attorney to transfer the said
Shares on the books of the within named Organization with full power of
substitution in the premises.

Dated _____, 19__

In presence of _____

(Text in opposite direction of paragraph above that runs along the right
side of paragraph: NOTICE: THE SIGNATURE OF THIS ASSIGNMENT MUST
CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE, IN
EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT, OR ANY CHANGE
WHATEVER.)

THE PANAGORA FUNDS

260 Franklin Street
Boston, Massachusetts 02110

May 19, 1993

PanAgora Asset Management, Inc.
260 Franklin Street
Boston, Massachusetts 02110

Investment Advisory Agreement
(PanAgora Asset Allocation Fund)

Dear Sirs:

The PanAgora Funds (the "Trust") has been organized under the laws of The Commonwealth of Massachusetts to engage in the business of an investment company. The shares of beneficial interest of the Trust ("Shares") are divided into multiple series, including the PanAgora Asset Allocation Fund (the "Fund") as established pursuant to a written instrument executed by the Trustees of the Trust. Series may be terminated, and additional series established, from time to time by action of the Trustees. The Trust on behalf of the Fund has selected you to act as the investment adviser of the Fund and to provide certain other services, as more fully set forth below, and you are willing to act as such investment adviser and to perform such services under the terms and conditions hereinafter set forth. Accordingly, the Trust agrees with you as follows:

1. Delivery of Fund Documents. The Trust has furnished you with copies, properly certified or authenticated, of each of the following:
 - (a) Declaration of Trust of the Trust, filed with the Secretary of State of The Commonwealth of Massachusetts, dated January 27 1993, as amended from time to time (the "Declaration of Trust").
 - (b) Establishment and Designation of Series of Shares of Beneficial Interest, No Par Value Per Share, establishing the Fund.
 - (c) By-Laws of the Trust as in effect on the date hereof.
 - (d) Resolutions of the Trustees selecting you as investment adviser and approving the form of this Agreement.

The Trust shall furnish you from time to time with copies, properly certified or authenticated, of all amendments of or supplements to the foregoing, including future resolutions of the Trustees approving the continuance of the items listed in (d) above.

2. Name of Fund. The Trust may use the name "PanAgora Funds" or any name derived from the name "PanAgora" in connection with the Fund only for so long as this Agreement or any extension, renewal or amendment hereof remains in effect, including any similar agreement with any organization which shall

have succeeded to your business as investment adviser. At such time as such an agreement shall no longer be in effect, the Trust (to the extent that it lawfully can) will cause the Fund to cease to use such a name or any other name indicating that it is advised by or otherwise connected with you or any organization which shall have so succeeded to your business.

3. Subadvisers. You may engage one or more investment advisers which are either registered as such or specifically exempt from registration under the Investment Company Act of 1940, as amended, to act as subadvisers to provide with respect to the Fund certain services set forth in paragraphs 4 and 7 hereof, all as shall be set forth in a written contract to which the Trust, on behalf of the Fund, and you shall be parties, which contract shall be subject to approval by the vote of a majority of the Trustees who are not interested persons of you, the subadviser, or of the Trust, cast in person at a meeting called for the purpose of voting on such approval and by the vote of a majority of the outstanding voting securities of the Fund and otherwise consistent with the terms of the Investment Company Act of 1940, as amended.

4. Advisory Services. Subject to the authority of the Board of Trustees, you shall (i) regularly provide to, or cause to be provided to, the Fund office facilities, investment research, advice and supervision; (ii) furnish continuously, or cause to be so furnished, an investment program for the Fund consistent with the investment objectives and policies of the Fund; (iii) formulate, or cause to be formulated, the Fund's investment objectives and policies; (iv) analyze, or cause to be analyzed, economic trends affecting the Fund; (v) review and monitor the performance of service providers to the Fund, including the administrator, principal underwriter, transfer agent and custodian; and (vi) provide certain shareholder services to the Fund's shareholders not otherwise provided by other service providers. You may from time to time recommend to the Board of Trustees the engagement of new service providers with respect to the Fund. You shall advise and assist the officers of the Trust to take such steps as are necessary or appropriate to carry out the decisions of the Board of Trustees and the appropriate committees of the Board of Trustees regarding the conduct of the business of the Trust insofar as it relates to the Fund.

5. Allocation of Charges and Expenses. You shall pay the compensation and expenses of all officers and executive employees of the Trust and shall make available, without expense to the Trust, the services of such of your partners and employees as may duly be elected officers or Trustees of the Trust, subject to their individual consent to serve and to any limitations imposed by law. You shall pay the Trust's office rent and shall provide investment advisory, research and statistical services (except as described in paragraph 7 relating to supplemental investment and market research) and all clerical services relating to research, statistical and investment work. You shall not be required to pay any expenses of the Trust other than those specifically allocated to you in this paragraph 5. In particular, but without limiting the generality of the foregoing, you shall not be required to pay: organization expenses of the Trust; clerical salaries; fees and expenses incurred by the Trust in connection with membership in investment company organizations; brokers' commissions; payment for portfolio pricing services to a pricing agent, if any; legal, auditing or accounting expenses; taxes or governmental fees; the fees and expenses of the transfer agent of the Trust; the cost of preparing share certificates or any other expenses, including clerical expenses, of issue, redemption or repurchase of shares of beneficial interest of the Trust; the expenses of and fees for registering or qualifying securities for sale and of maintaining the registration of the Trust and registering the Trust as a broker or a dealer; the fees and expenses of Trustees of the Trust who are not affiliated with you; the cost of preparing and distributing reports and notices to shareholders; the fees or disbursements of custodians of the Trust's assets, including expenses incurred in the performance of any obligations enumerated by the Declaration of Trust or By-Laws of the Trust insofar as they govern agreements with any such

custodian; or litigation and indemnification expenses and other extraordinary expenses not incurred in the ordinary course of the Trust's business. You shall not be required to pay expenses of activities which are primarily intended to result in sales of Shares of the Trust if and to the extent that (i) such expenses are required to be borne by a principal underwriter which acts as the distributor of the Trust's Shares pursuant to an underwriting agreement which provides that the underwriter shall assume some or all of such expenses, or (ii) the Trust on behalf of the Fund shall have adopted a plan in conformity with Rule 12b-1 under the Investment Company Act of 1940, as amended, providing that the Trust (or some other party) shall assume some or all of such expenses. You shall be required to pay such of the foregoing expenses as are not required to be paid by the principal underwriter pursuant to the underwriting agreement or are not permitted to be paid by the Trust (or some other party) pursuant to such a plan.

6. Compensation of the Adviser. (a) For all services to be rendered and payments made as provided in paragraphs 4 and 5 hereof, the Trust on behalf of the Fund will pay you on the last day of each month a fee equal to such percentage of the Fund's average daily net assets, as defined below, as set forth on Schedule A hereto. The "average daily net assets" of the Fund are defined as the average of the values placed on the net assets as of 4:00 p.m. (Boston time) on each day on which the net asset value of the Fund's portfolio is determined consistent with the provisions of Rule 22c-1 under the Investment Company Act of 1940, as amended, or, if the Fund lawfully determines the value of the net assets of its portfolio as of some other time on each business day, as of such time. The value of net assets of the Fund shall be determined pursuant to the applicable provisions of the Declaration of Trust of the Trust. If, pursuant to such provisions, the determination of net asset value is suspended for any particular business day, then for the purposes of this paragraph 6, the value of the net assets of the Fund as last determined shall be deemed to be the value of the net assets as of the close of the regular trading on the New York Stock Exchange, or as of such other time as the value of the net assets of the Fund's portfolio may lawfully be determined, on that day. If the determination of the net asset value of the Shares of the Fund has been suspended pursuant to the Declaration of Trust of the Trust for a period including such month, your compensation payable at the end of such month shall be computed on the basis of the value of the net assets of the Fund as last determined (whether during or prior to such month). If the Fund determines the value of the net assets of its portfolio more than once on any day, the last such determination thereof on that day shall be deemed to be the sole determination thereof on that day for the purposes of this paragraph 6.

(b) You agree that your compensation for any month shall include, and thus be reduced by, the amount, if any, which you pay to any subadviser engaged pursuant to paragraph 3 hereof. You agree that the Trust on behalf of the Fund shall not be required to pay any fee to any such subadviser.

7. Avoidance of Inconsistent Position. In connection with purchases and sales of portfolio securities for the account of the Fund, neither you nor any of your partners, directors, officers or employees nor any subadviser engaged by you pursuant to paragraph 3 hereof will act as a principal or agent or receive any commission. You or your agent shall arrange for the placing of all orders for the purchase and sale of portfolio securities for the Fund's account with brokers or dealers selected by you. In the selection of such brokers or dealers and the placing of such orders, you are directed at all times to seek for the Fund the most favorable execution and net price available. It is also understood that it is desirable for the Fund that you have access to supplemental investment and market research and security and economic analyses provided by certain brokers who may execute brokerage transactions at a higher cost to the Fund than may result when allocating brokerage to other brokers on the basis of seeking the most favorable price and efficient execution. Therefore, you are authorized to place orders for

the purchase and sale of securities for the Fund with such certain brokers, subject to review by the Trust's Trustees from time to time with respect to the extent and continuation of this practice. It is understood that the services provided by such brokers may be useful to you in connection with your services to other clients. If any occasion should arise in which you give any advice to clients of yours concerning the Shares of the Fund, you will act solely as investment counsel for such clients and not in any way on behalf of the Fund. Your services to the Fund pursuant to this Agreement are not to be deemed to be exclusive and it is understood that you may render investment advice, management and other services to others.

8. Limitation of Liability of Adviser. You shall not be liable for any error of judgment or mistake of law or for any loss suffered by the Fund in connection with the matters to which this Agreement relates, except a loss resulting from willful misfeasance, bad faith or gross negligence on your part in the performance of your duties or from reckless disregard by you of your obligations and duties under this Agreement. Any person, even though also employed by you, who may be or become an employee of and paid by the Trust or the Fund shall be deemed, when acting within the scope of his employment by the Trust, to be acting in such employment solely for the Trust and not as your employee or agent.

9. Duration and Termination of this Agreement. This Agreement shall remain in force until May 19, 1995 and from year to year thereafter, but only so long as such continuance is specifically approved at least annually by the vote of a majority of the Trustees who are not interested persons of you or of the Trust, cast in person at a meeting called for the purpose of voting on such approval and by a vote of the Board of Trustees or of a majority of the outstanding voting securities of the Fund. The aforesaid requirement that continuance of this Agreement be "specifically approved at least annually" shall be construed in a manner consistent with the Investment Company Act of 1940, as amended, and the rules and regulations thereunder. This Agreement may, on 60 days' written notice, be terminated at any time without the payment of any penalty, by the Board of Trustees, by vote of a majority of the outstanding voting securities of the Fund, or by you. This Agreement shall automatically terminate in the event of its assignment. In interpreting the provisions of this Agreement, the definitions contained in Section 2(a) of the Investment Company Act of 1940 (particularly the definitions of "interested person," "assignment" and "majority of the outstanding voting securities"), as from time to time amended, shall be applied, subject, however, to such exemptions as may be granted by the Securities and Exchange Commission by any rule, regulation or order.

10. Amendment of this Agreement. No provision of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought, and no amendment of this Agreement shall be effective until approved by vote of the holders of a majority of the outstanding voting securities of the Fund and by the Board of Trustees, including a majority of the Trustees who are not interested persons of you or of the Trust, cast in person at a meeting called for the purpose of voting on such approval.

11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts.

12. Miscellaneous. It is understood and expressly stipulated that neither the holders of shares of the Trust or the Fund nor the Trustees shall be personally liable hereunder. The captions in this Agreement are included for convenience of reference only and in no way define or delimit any of the provisions hereof or otherwise affect their construction or effect. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute

one and the same instrument.

The names "PanAgora Funds" and "PanAgora Asset Allocation Fund" are the designations of the Trustees for the time being under the Declaration of the Trust dated January 27, 1993, as amended from time to time, and all persons dealing with the Trust or the Fund must look solely to the property of the Trust or the Fund for the enforcement of any claims against the Trust as neither the Trustees, officers, agents nor shareholders assume any personal liability for obligations of the Trust. No series of the Trust shall be liable for any claim against any other series of the Trust.

If you are in agreement with the foregoing, please sign the form of acceptance on the accompanying counterpart of this letter and return one such counterpart to the Trust, whereupon this letter shall become a binding contract.

Very truly yours,

THE PANAGORA FUNDS

By: _____
Title:

The foregoing Agreement is hereby accepted as of the date hereof.

PANAGORA ASSET MANAGEMENT, INC.

By: _____
Title:

Schedule A

INVESTMENT ADVISORY FEES

0.60% of average daily net assets

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THE PANAGORA FUNDS

260 Franklin Street
Boston, Massachusetts 02110

May 19, 1993

PanAgora Asset Management, Inc.
260 Franklin Street
Boston, Massachusetts 02110

Investment Advisory Agreement
(PanAgora Global Fund)

Dear Sirs:

The PanAgora Funds (the "Trust") has been organized under the laws of The Commonwealth of Massachusetts to engage in the business of an investment company. The shares of beneficial interest of the Trust ("Shares") are divided into multiple series, including the PanAgora Global Fund (the "Fund") as established pursuant to a written instrument executed by the Trustees of the Trust. Series may be terminated, and additional series established, from time to time by action of the Trustees. The Trust on behalf of the Fund has selected you to act as the investment adviser of the Fund and to provide certain other services, as more fully set forth below, and you are willing to act as such investment adviser and to perform such services under the terms and conditions hereinafter set forth. Accordingly, the Trust agrees with you as follows:

1. Delivery of Fund Documents. The Trust has furnished you with copies, properly certified or authenticated, of each of the following:
 - (a) Declaration of Trust of the Trust, filed with the Secretary of State of The Commonwealth of Massachusetts, dated January 27, 1993, as amended from time to time (the "Declaration of Trust").
 - (b) Establishment and Designation of Series of Shares of Beneficial Interest, No Par Value Per Share, establishing the Fund.
 - (c) By-Laws of the Trust as in effect on the date hereof.
 - (d) Resolutions of the Trustees selecting you as investment adviser and approving the form of this Agreement.

The Trust shall furnish you from time to time with copies, properly certified or authenticated, of all amendments of or supplements to the foregoing, including future resolutions of the Trustees approving the continuance of the items listed in (d) above.

2. Name of Fund. The Trust may use the name "PanAgora Funds" or any name derived from the name "PanAgora" in connection with the Fund only for so long as this Agreement or any extension, renewal or amendment hereof remains in effect, including any similar agreement with any organization which shall

have succeeded to your business as investment adviser. At such time as such an agreement shall no longer be in effect, the Trust (to the extent that it lawfully can) will cause the Fund to cease to use such a name or any other name indicating that it is advised by or otherwise connected with you or any organization which shall have so succeeded to your business.

3. Subadvisers. You may engage one or more investment advisers which are either registered as such or specifically exempt from registration under the Investment Company Act of 1940, as amended, to act as subadvisers to provide with respect to the Fund certain services set forth in paragraphs 4 and 7 hereof, all as shall be set forth in a written contract to which the Trust, on behalf of the Fund, and you shall be parties, which contract shall be subject to approval by the vote of a majority of the Trustees who are not interested persons of you, the subadviser, or of the Trust, cast in person at a meeting called for the purpose of voting on such approval and by the vote of a majority of the outstanding voting securities of the Fund and otherwise consistent with the terms of the Investment Company Act of 1940, as amended.

4. Advisory Services. Subject to the authority of the Board of Trustees, you shall (i) regularly provide to, or cause to be provided to, the Fund office facilities, investment research, advice and supervision; (ii) furnish continuously, or cause to be so furnished, an investment program for the Fund consistent with the investment objectives and policies of the Fund; (iii) formulate, or cause to be formulated, the Fund's investment objectives and policies; (iv) analyze, or cause to be analyzed, economic trends affecting the Fund; (v) review and monitor the performance of service providers to the Fund, including the administrator, principal underwriter, transfer agent and custodian; and (vi) provide certain shareholder services to the Fund's shareholders not otherwise provided by other service providers. You may from time to time recommend to the Board of Trustees the engagement of new service providers with respect to the Fund. You shall advise and assist the officers of the Trust to take such steps as are necessary or appropriate to carry out the decisions of the Board of Trustees and the appropriate committees of the Board of Trustees regarding the conduct of the business of the Trust insofar as it relates to the Fund.

5. Allocation of Charges and Expenses. You shall pay the compensation and expenses of all officers and executive employees of the Trust and shall make available, without expense to the Trust, the services of such of your partners and employees as may duly be elected officers or Trustees of the Trust, subject to their individual consent to serve and to any limitations imposed by law. You shall pay the Trust's office rent and shall provide investment advisory, research and statistical services (except as described in paragraph 7 relating to supplemental investment and market research) and all clerical services relating to research, statistical and investment work. You shall not be required to pay any expenses of the Trust other than those specifically allocated to you in this paragraph 5. In particular, but without limiting the generality of the foregoing, you shall not be required to pay: organization expenses of the Trust; clerical salaries; fees and expenses incurred by the Trust in connection with membership in investment company organizations; brokers' commissions; payment for portfolio pricing services to a pricing agent, if any; legal, auditing or accounting expenses; taxes or governmental fees; the fees and expenses of the transfer agent of the Trust; the cost of preparing share certificates or any other expenses, including clerical expenses, of issue, redemption or repurchase of shares of beneficial interest of the Trust; the expenses of and fees for registering or qualifying securities for sale and of maintaining the registration of the Trust and registering the Trust as a broker or a dealer; the fees and expenses of Trustees of the Trust who are not affiliated with you; the cost of preparing and distributing reports and notices to shareholders; the fees or disbursements of custodians of the Trust's assets, including expenses incurred in the performance of any obligations enumerated by the Declaration of Trust or By-Laws of the Trust insofar as they govern agreements with any such

custodian; or litigation and indemnification expenses and other extraordinary expenses not incurred in the ordinary course of the Trust's business. You shall not be required to pay expenses of activities which are primarily intended to result in sales of Shares of the Trust if and to the extent that (i) such expenses are required to be borne by a principal underwriter which acts as the distributor of the Trust's Shares pursuant to an underwriting agreement which provides that the underwriter shall assume some or all of such expenses, or (ii) the Trust on behalf of the Fund shall have adopted a plan in conformity with Rule 12b-1 under the Investment Company Act of 1940, as amended, providing that the Trust (or some other party) shall assume some or all of such expenses. You shall be required to pay such of the foregoing expenses as are not required to be paid by the principal underwriter pursuant to the underwriting agreement or are not permitted to be paid by the Trust (or some other party) pursuant to such a plan.

6. Compensation of the Adviser. (a) For all services to be rendered and payments made as provided in paragraphs 4 and 5 hereof, the Trust on behalf of the Fund will pay you on the last day of each month a fee equal to such percentage of the Fund's average daily net assets, as defined below, as set forth on Schedule A hereto. The "average daily net assets" of the Fund are defined as the average of the values placed on the net assets as of 4:00 p.m. (Boston time) on each day on which the net asset value of the Fund's portfolio is determined consistent with the provisions of Rule 22c-1 under the Investment Company Act of 1940, as amended, or, if the Fund lawfully determines the value of the net assets of its portfolio as of some other time on each business day, as of such time. The value of net assets of the Fund shall be determined pursuant to the applicable provisions of the Declaration of Trust of the Trust. If, pursuant to such provisions, the determination of net asset value is suspended for any particular business day, then for the purposes of this paragraph 6, the value of the net assets of the Fund as last determined shall be deemed to be the value of the net assets as of the close of the regular trading on the New York Stock Exchange, or as of such other time as the value of the net assets of the Fund's portfolio may lawfully be determined, on that day. If the determination of the net asset value of the Shares of the Fund has been suspended pursuant to the Declaration of Trust of the Trust for a period including such month, your compensation payable at the end of such month shall be computed on the basis of the value of the net assets of the Fund as last determined (whether during or prior to such month). If the Fund determines the value of the net assets of its portfolio more than once on any day, the last such determination thereof on that day shall be deemed to be the sole determination thereof on that day for the purposes of this paragraph 6.

(b) You agree that your compensation for any month shall include, and thus be reduced by, the amount, if any, which you pay to any subadviser engaged pursuant to paragraph 3 hereof. You agree that the Trust on behalf of the Fund shall not be required to pay any fee to any such subadviser.

7. Avoidance of Inconsistent Position. In connection with purchases and sales of portfolio securities for the account of the Fund, neither you nor any of your partners, directors, officers or employees nor any subadviser engaged by you pursuant to paragraph 3 hereof will act as a principal or agent or receive any commission. You or your agent shall arrange for the placing of all orders for the purchase and sale of portfolio securities for the Fund's account with brokers or dealers selected by you. In the selection of such brokers or dealers and the placing of such orders, you are directed at all times to seek for the Fund the most favorable execution and net price available. It is also understood that it is desirable for the Fund that you have access to supplemental investment and market research and security and economic analyses provided by certain brokers who may execute brokerage transactions at a higher cost to the Fund than may result when allocating brokerage to other brokers on the basis of seeking the most favorable price and efficient execution. Therefore, you are authorized to place orders for

the purchase and sale of securities for the Fund with such certain brokers, subject to review by the Trust's Trustees from time to time with respect to the extent and continuation of this practice. It is understood that the services provided by such brokers may be useful to you in connection with your services to other clients. If any occasion should arise in which you give any advice to clients of yours concerning the Shares of the Fund, you will act solely as investment counsel for such clients and not in any way on behalf of the Fund. Your services to the Fund pursuant to this Agreement are not to be deemed to be exclusive and it is understood that you may render investment advice, management and other services to others.

8. Limitation of Liability of Adviser. You shall not be liable for any error of judgment or mistake of law or for any loss suffered by the Fund in connection with the matters to which this Agreement relates, except a loss resulting from willful misfeasance, bad faith or gross negligence on your part in the performance of your duties or from reckless disregard by you of your obligations and duties under this Agreement. Any person, even though also employed by you, who may be or become an employee of and paid by the Trust or the Fund shall be deemed, when acting within the scope of his employment by the Trust, to be acting in such employment solely for the Trust and not as your employee or agent.

9. Duration and Termination of this Agreement. This Agreement shall remain in force until May 19, 1995 and from year to year thereafter, but only so long as such continuance is specifically approved at least annually by the vote of a majority of the Trustees who are not interested persons of you or of the Trust, cast in person at a meeting called for the purpose of voting on such approval and by a vote of the Board of Trustees or of a majority of the outstanding voting securities of the Fund. The aforesaid requirement that continuance of this Agreement be "specifically approved at least annually" shall be construed in a manner consistent with the Investment Company Act of 1940, as amended, and the rules and regulations thereunder. This Agreement may, on 60 days' written notice, be terminated at any time without the payment of any penalty, by the Board of Trustees, by vote of a majority of the outstanding voting securities of the Fund, or by you. This Agreement shall automatically terminate in the event of its assignment. In interpreting the provisions of this Agreement, the definitions contained in Section 2(a) of the Investment Company Act of 1940 (particularly the definitions of "interested person," "assignment" and "majority of the outstanding voting securities"), as from time to time amended, shall be applied, subject, however, to such exemptions as may be granted by the Securities and Exchange Commission by any rule, regulation or order.

10. Amendment of this Agreement. No provision of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought, and no amendment of this Agreement shall be effective until approved by vote of the holders of a majority of the outstanding voting securities of the Fund and by the Board of Trustees, including a majority of the Trustees who are not interested persons of you or of the Trust, cast in person at a meeting called for the purpose of voting on such approval.

11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts.

12. Miscellaneous. It is understood and expressly stipulated that neither the holders of shares of the Trust or the Fund nor the Trustees shall be personally liable hereunder. The captions in this Agreement are included for convenience of reference only and in no way define or delimit any of the provisions hereof or otherwise affect their construction or effect. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute

one and the same instrument.

The names "PanAgora Funds" and "PanAgora Global Fund" are the designations of the Trustees for the time being under the Declaration of the Trust dated January 26, 1993, as amended from time to time, and all persons dealing with the Trust or the Fund must look solely to the property of the Trust or the Fund for the enforcement of any claims against the Trust as neither the Trustees, officers, agents nor shareholders assume any personal liability for obligations of the Trust. No series of the Trust shall be liable for any claim against any other series of the Trust.

If you are in agreement with the foregoing, please sign the form of acceptance on the accompanying counterpart of this letter and return one such counterpart to the Trust, whereupon this letter shall become a binding contract.

Very truly yours,

THE PANAGORA FUNDS

By: _____
Title:

The foregoing Agreement is hereby accepted as of the date hereof.

PANAGORA ASSET MANAGEMENT, INC.

By: _____
Title:

Schedule A

INVESTMENT ADVISORY FEES

0.70% of average daily net assets

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THE PANAGORA FUNDS

260 Franklin Street
Boston, Massachusetts 02110

May 19, 1993

PanAgora Asset Management, Inc.
260 Franklin Street
Boston, Massachusetts 02110

Investment Advisory Agreement
(PanAgora International Equity Fund)

Dear Sirs:

The PanAgora Funds (the "Trust") has been organized under the laws of The Commonwealth of Massachusetts to engage in the business of an investment company. The shares of beneficial interest of the Trust ("Shares") are divided into multiple series, including the PanAgora International Equity Fund (the "Fund") as established pursuant to a written instrument executed by the Trustees of the Trust. Series may be terminated, and additional series established, from time to time by action of the Trustees. The Trust on behalf of the Fund has selected you to act as the investment adviser of the Fund and to provide certain other services, as more fully set forth below, and you are willing to act as such investment adviser and to perform such services under the terms and conditions hereinafter set forth. Accordingly, the Trust agrees with you as follows:

1. Delivery of Fund Documents. The Trust has furnished you with copies, properly certified or authenticated, of each of the following:
 - (a) Declaration of Trust of the Trust, filed with the Secretary of State of The Commonwealth of Massachusetts, dated January 27, 1993, as amended from time to time (the "Declaration of Trust").
 - (b) Establishment and Designation of Series of Shares of Beneficial Interest, No Par Value Per Share, establishing the Fund.
 - (c) By-Laws of the Trust as in effect on the date hereof.
 - (d) Resolutions of the Trustees selecting you as investment adviser and approving the form of this Agreement.

The Trust shall furnish you from time to time with copies, properly certified or authenticated, of all amendments of or supplements to the foregoing, including future resolutions of the Trustees approving the continuance of the items listed in (d) above.

2. Name of Fund. The Trust may use the name "PanAgora Funds" or any name derived from the name "PanAgora" in connection with the Fund only for so long as this Agreement or any extension, renewal or amendment hereof remains in effect, including any similar agreement with any organization which shall

have succeeded to your business as investment adviser. At such time as such an agreement shall no longer be in effect, the Trust (to the extent that it lawfully can) will cause the Fund to cease to use such a name or any other name indicating that it is advised by or otherwise connected with you or any organization which shall have so succeeded to your business.

3. Subadvisers. You may engage one or more investment advisers which are either registered as such or specifically exempt from registration under the Investment Company Act of 1940, as amended, to act as subadvisers to provide with respect to the Fund certain services set forth in paragraphs 4 and 7 hereof, all as shall be set forth in a written contract to which the Trust, on behalf of the Fund, and you shall be parties, which contract shall be subject to approval by the vote of a majority of the Trustees who are not interested persons of you, the subadviser, or of the Trust, cast in person at a meeting called for the purpose of voting on such approval and by the vote of a majority of the outstanding voting securities of the Fund and otherwise consistent with the terms of the Investment Company Act of 1940, as amended.

4. Advisory Services. Subject to the authority of the Board of Trustees, you shall (i) regularly provide to, or cause to be provided to, the Fund office facilities, investment research, advice and supervision; (ii) furnish continuously, or cause to be so furnished, an investment program for the Fund consistent with the investment objectives and policies of the Fund; (iii) formulate, or cause to be formulated, the Fund's investment objectives and policies; (iv) analyze, or cause to be analyzed, economic trends affecting the Fund; (v) review and monitor the performance of service providers to the Fund, including the administrator, principal underwriter, transfer agent and custodian; and (vi) provide certain shareholder services to the Fund's shareholders not otherwise provided by other service providers. You may from time to time recommend to the Board of Trustees the engagement of new service providers with respect to the Fund. You shall advise and assist the officers of the Trust to take such steps as are necessary or appropriate to carry out the decisions of the Board of Trustees and the appropriate committees of the Board of Trustees regarding the conduct of the business of the Trust insofar as it relates to the Fund.

5. Allocation of Charges and Expenses. You shall pay the compensation and expenses of all officers and executive employees of the Trust and shall make available, without expense to the Trust, the services of such of your partners and employees as may duly be elected officers or Trustees of the Trust, subject to their individual consent to serve and to any limitations imposed by law. You shall pay the Trust's office rent and shall provide investment advisory, research and statistical services (except as described in paragraph 7 relating to supplemental investment and market research) and all clerical services relating to research, statistical and investment work. You shall not be required to pay any expenses of the Trust other than those specifically allocated to you in this paragraph 5. In particular, but without limiting the generality of the foregoing, you shall not be required to pay: organization expenses of the Trust; clerical salaries; fees and expenses incurred by the Trust in connection with membership in investment company organizations; brokers' commissions; payment for portfolio pricing services to a pricing agent, if any; legal, auditing or accounting expenses; taxes or governmental fees; the fees and expenses of the transfer agent of the Trust; the cost of preparing share certificates or any other expenses, including clerical expenses, of issue, redemption or repurchase of shares of beneficial interest of the Trust; the expenses of and fees for registering or qualifying securities for sale and of maintaining the registration of the Trust and registering the Trust as a broker or a dealer; the fees and expenses of Trustees of the Trust who are not affiliated with you; the cost of preparing and distributing reports and notices to shareholders; the fees or disbursements of custodians of the Trust's assets, including expenses incurred in the performance of any obligations enumerated by the Declaration of Trust or By-Laws of the Trust insofar as they govern agreements with any such

custodian; or litigation and indemnification expenses and other extraordinary expenses not incurred in the ordinary course of the Trust's business. You shall not be required to pay expenses of activities which are primarily intended to result in sales of Shares of the Trust if and to the extent that (i) such expenses are required to be borne by a principal underwriter which acts as the distributor of the Trust's Shares pursuant to an underwriting agreement which provides that the underwriter shall assume some or all of such expenses, or (ii) the Trust on behalf of the Fund shall have adopted a plan in conformity with Rule 12b-1 under the Investment Company Act of 1940, as amended, providing that the Trust (or some other party) shall assume some or all of such expenses. You shall be required to pay such of the foregoing expenses as are not required to be paid by the principal underwriter pursuant to the underwriting agreement or are not permitted to be paid by the Trust (or some other party) pursuant to such a plan.

6. Compensation of the Adviser. (a) For all services to be rendered and payments made as provided in paragraphs 4 and 5 hereof, the Trust on behalf of the Fund will pay you on the last day of each month a fee equal to such percentage of the Fund's average daily net assets, as defined below, as set forth on Schedule A hereto. The "average daily net assets" of the Fund are defined as the average of the values placed on the net assets as of 4:00 p.m. (Boston time) on each day on which the net asset value of the Fund's portfolio is determined consistent with the provisions of Rule 22c-1 under the Investment Company Act of 1940, as amended, or, if the Fund lawfully determines the value of the net assets of its portfolio as of some other time on each business day, as of such time. The value of net assets of the Fund shall be determined pursuant to the applicable provisions of the Declaration of Trust of the Trust. If, pursuant to such provisions, the determination of net asset value is suspended for any particular business day, then for the purposes of this paragraph 6, the value of the net assets of the Fund as last determined shall be deemed to be the value of the net assets as of the close of the regular trading on the New York Stock Exchange, or as of such other time as the value of the net assets of the Fund's portfolio may lawfully be determined, on that day. If the determination of the net asset value of the Shares of the Fund has been suspended pursuant to the Declaration of Trust of the Trust for a period including such month, your compensation payable at the end of such month shall be computed on the basis of the value of the net assets of the Fund as last determined (whether during or prior to such month). If the Fund determines the value of the net assets of its portfolio more than once on any day, the last such determination thereof on that day shall be deemed to be the sole determination thereof on that day for the purposes of this paragraph 6.

(b) You agree that your compensation for any month shall include, and thus be reduced by, the amount, if any, which you pay to any subadviser engaged pursuant to paragraph 3 hereof. You agree that the Trust on behalf of the Fund shall not be required to pay any fee to any such subadviser.

7. Avoidance of Inconsistent Position. In connection with purchases and sales of portfolio securities for the account of the Fund, neither you nor any of your partners, directors, officers or employees nor any subadviser engaged by you pursuant to paragraph 3 hereof will act as a principal or agent or receive any commission. You or your agent shall arrange for the placing of all orders for the purchase and sale of portfolio securities for the Fund's account with brokers or dealers selected by you. In the selection of such brokers or dealers and the placing of such orders, you are directed at all times to seek for the Fund the most favorable execution and net price available. It is also understood that it is desirable for the Fund that you have access to supplemental investment and market research and security and economic analyses provided by certain brokers who may execute brokerage transactions at a higher cost to the Fund than may result when allocating brokerage to other brokers on the basis of seeking the most favorable price and efficient execution. Therefore, you are authorized to place orders for

the purchase and sale of securities for the Fund with such certain brokers, subject to review by the Trust's Trustees from time to time with respect to the extent and continuation of this practice. It is understood that the services provided by such brokers may be useful to you in connection with your services to other clients. If any occasion should arise in which you give any advice to clients of yours concerning the Shares of the Fund, you will act solely as investment counsel for such clients and not in any way on behalf of the Fund. Your services to the Fund pursuant to this Agreement are not to be deemed to be exclusive and it is understood that you may render investment advice, management and other services to others.

8. Limitation of Liability of Adviser. You shall not be liable for any error of judgment or mistake of law or for any loss suffered by the Fund in connection with the matters to which this Agreement relates, except a loss resulting from willful misfeasance, bad faith or gross negligence on your part in the performance of your duties or from reckless disregard by you of your obligations and duties under this Agreement. Any person, even though also employed by you, who may be or become an employee of and paid by the Trust or the Fund shall be deemed, when acting within the scope of his employment by the Trust, to be acting in such employment solely for the Trust and not as your employee or agent.

9. Duration and Termination of this Agreement. This Agreement shall remain in force until May 19, 1995 and from year to year thereafter, but only so long as such continuance is specifically approved at least annually by the vote of a majority of the Trustees who are not interested persons of you or of the Trust, cast in person at a meeting called for the purpose of voting on such approval and by a vote of the Board of Trustees or of a majority of the outstanding voting securities of the Fund. The aforesaid requirement that continuance of this Agreement be "specifically approved at least annually" shall be construed in a manner consistent with the Investment Company Act of 1940, as amended, and the rules and regulations thereunder. This Agreement may, on 60 days' written notice, be terminated at any time without the payment of any penalty, by the Board of Trustees, by vote of a majority of the outstanding voting securities of the Fund, or by you. This Agreement shall automatically terminate in the event of its assignment. In interpreting the provisions of this Agreement, the definitions contained in Section 2(a) of the Investment Company Act of 1940 (particularly the definitions of "interested person," "assignment" and "majority of the outstanding voting securities"), as from time to time amended, shall be applied, subject, however, to such exemptions as may be granted by the Securities and Exchange Commission by any rule, regulation or order.

10. Amendment of this Agreement. No provision of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought, and no amendment of this Agreement shall be effective until approved by vote of the holders of a majority of the outstanding voting securities of the Fund and by the Board of Trustees, including a majority of the Trustees who are not interested persons of you or of the Trust, cast in person at a meeting called for the purpose of voting on such approval.

11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts.

12. Miscellaneous. It is understood and expressly stipulated that neither the holders of shares of the Trust or the Fund nor the Trustees shall be personally liable hereunder. The captions in this Agreement are included for convenience of reference only and in no way define or delimit any of the provisions hereof or otherwise affect their construction or effect. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute

one and the same instrument.

The names "PanAgora Funds" and "PanAgora International Equity Fund" are the designations of the Trustees for the time being under the Declaration of the Trust dated January 27, 1993, as amended from time to time, and all persons dealing with the Trust or the Fund must look solely to the property of the Trust or the Fund for the enforcement of any claims against the Trust as neither the Trustees, officers, agents nor shareholders assume any personal liability for obligations of the Trust. No series of the Trust shall be liable for any claim against any other series of the Trust.

If you are in agreement with the foregoing, please sign the form of acceptance on the accompanying counterpart of this letter and return one such counterpart to the Trust, whereupon this letter shall become a binding contract.

Very truly yours,

THE PANAGORA FUNDS

By: _____
Title:

The foregoing Agreement is hereby accepted as of the date hereof.

PANAGORA ASSET MANAGEMENT, INC.

By: _____
Title:

Schedule A

INVESTMENT ADVISORY FEES

0.80% of average daily net assets

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THE PANAGORA FUNDS

DISTRIBUTION AGREEMENT

, 1993

Funds Distributor, Inc.
Exchange Place
Boston, Massachusetts 02109

Ladies and Gentlemen:

This is to confirm that, in consideration of the agreements hereinafter contained, the undersigned, The PanAgora Funds (the "Trust"), a business trust organized under the laws of The Commonwealth of Massachusetts, has agreed that Funds Distributor, Inc. ("Funds Distributor") will be, for the period of this Agreement, a distributor of shares of beneficial interest (the "Shares") of each portfolio currently offered by the Trust or to be offered in the future (individually, a "Fund" and collectively, the "Funds").

1. Services as Distributor.

1.1 Funds Distributor will assist in the development of sales literature and advertising and promotional material for the Trust and will monitor compliance with all applicable laws, rules and regulations relating thereto, including, without limitation, all rules and regulations made or adopted by the Securities and Exchange Commission (the "SEC") or by any securities association registered under the Securities Exchange Act of 1934 (the "1934 Act").

1.2 Funds Distributor will act as non-exclusive agent for the distribution to dealers of Shares covered by the Trust's registration statement, prospectuses and statements of additional information then in effect (the "Registration Statement") under the Securities Act of 1933, as amended (the "1933 Act"), and the Investment Company Act of 1940, as amended (the "1940 Act"). Funds Distributor shall not be obligated to sell any certain number of Shares, but shall be obligated to use its best efforts (but only in jurisdictions in which it may lawfully do so) in soliciting from investors unconditional orders for Shares.

1.3 All activities by Funds Distributor as distributor of the Shares will comply with all applicable laws, rules and regulations, including, without limitation, all rules and regulations made or adopted by the SEC or by any securities association registered under the 1934 Act.

1.4 Funds Distributor will transmit any orders received by it for purchase of Shares to The Shareholder Services Group, Inc. ("TSSG"), the Trust's transfer agent, or any successor to TSSG of which the Trust has notified Funds Distributor in writing.

1.5 Whenever in their judgment such action is warranted for any reason, including, without limitation, market, economic or political conditions, the Trust's officers may decline to accept any orders for, or make any sales of, the Shares until such time as those officers deem it advisable to accept such orders and to make such sales.

1.6 Funds Distributor will act only on its own behalf as principal in entering into selling agreements with selected dealers or others.

2. Duties of the Trust.

2.1 The Trust agrees at its own expense to execute any and all documents, to furnish any and all information and to take any other actions that may be reasonably necessary in connection with the qualification of the Shares for sale in those states that are mutually agreeable to the Trust and Funds Distributor.

2.2 The Trust shall furnish from time to time, for use in connection with the sale of the Shares, such information reports with respect to the Funds and the Shares as Funds Distributor may reasonably request, all of which shall be signed by one or more of the Trust's duly authorized officers; and the Trust warrants that the statements contained in any such reports, when so signed by the Trust's officers, will be true and correct. The Trust will also furnish Funds Distributor upon request with (a) annual audits of the books and accounts of the Funds made by independent certified public accountants regularly retained by the Trust; (b) semi-annual unaudited financial statements pertaining to each Fund; (c) quarterly earnings statements prepared by the Trust with respect to each Fund; (d) a monthly itemized list of the securities in the portfolio of each Fund; (e) monthly balance sheets with respect to each Fund as soon as practicable after the end of each month; and (f) from time to time such additional information regarding the financial condition of each Fund as Funds Distributor may reasonably request.

3. Representations and Warranties.

The Trust represents to Funds Distributor that all registration statements, prospectuses and statements of additional information filed by the Trust with the SEC under the 1933 Act and the 1940 Act with respect to the Shares have been carefully prepared in conformity with the requirements of the 1933 Act, the 1940 Act and the rules and regulations of the SEC thereunder. As used in this Agreement, the terms "registration statement," "prospectus" and "statement of additional information" mean any registration statement, prospectus and statement of additional information filed by the Trust with the SEC and any amendments and supplements to the registration statement, prospectus and statement of additional information that at any time has been filed with the SEC. The Trust represents and warrants to Funds Distributor that any registration statement, prospectus and statement of additional information, when the registration statement becomes effective, will include all statements required to be contained in it in conformity with the 1933 Act, the 1940 Act and the rules and regulations of the SEC; that all statements of fact contained in any registration statement, prospectus or statement of additional information will be true and correct when the registration statement becomes effective; and that the registration statement, the prospectus and the statement of additional information, when the registration

statement becomes effective, will include no untrue statement of a material fact and will not omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading to a purchaser of the Shares; except that the foregoing representation and warranty will not be deemed to cover any such statement or omission made in any registration statement, any prospectus or any statement of additional information in reliance upon information furnished by Funds Distributor, any of its officers or directors, or any person who controls Funds Distributor within the meaning of Section 15 of the 1933 Act to the Trust or its representatives for use in the preparation thereof. Funds Distributor may, but is not be obligated to, propose from time to time such amendment or amendments to any registration statement and such supplement or supplements to any prospectus or statement of additional information as, in the light of future developments, may, in the opinion of Funds Distributor's counsel, be necessary or advisable. If the Trust does not propose such amendment or amendments and/or supplement or supplements within fifteen days after receipt by the Trust of a written request from Funds Distributor to do so, Funds Distributor may, at its option, terminate this Agreement forthwith. The Trust will not file any amendment to any registration statement or supplement to any prospectus or statement of additional information without giving Funds Distributor reasonable advance notice except that nothing contained in this Agreement will in any way limit the Trust's right to file at any time such amendments to any registration statement and/or supplements to any prospectus or statement of additional information, of whatever character, as the Trust may deem advisable, such right being in all respects absolute and unconditional.

4. Indemnification.

4.1 The Trust authorizes Funds Distributor and any dealers with whom Funds Distributor has entered into dealer agreements to use the most recent prospectus or statement of additional information furnished by the Trust in connection with the sale of the Shares. The Trust agrees to indemnify, defend and hold Funds Distributor, its several officers and directors, and any person who controls Funds Distributor within the meaning of Section 15 of the 1933 Act, free and harmless from and against any and all claims, demands, liabilities and expenses (including the cost of investigating or defending those claims, demands or liabilities and any related counsel fees) that Funds Distributor, its officers and directors, or any such controlling person, may incur under the 1933 Act, the 1940 Act or common law or otherwise, arising out of or on the basis of any untrue statement, or alleged untrue statement, of a material fact contained in any registration statement, any prospectus or any statement of additional information or arising out of or based upon any omission, or alleged omission, to state a material fact required to be stated in any registration statement, any prospectus or any statement of additional information or necessary to make the statements in any of them not misleading, except that the Trust's agreement to indemnify Funds Distributor, its officers or directors, and any such controlling person will not be deemed to cover any such claim, demand, liability or expense to the extent that it arises out of or is based upon any such untrue statement, alleged untrue statement, omission or alleged omission made in any registration statement, any prospectus or any statement of additional information in reliance upon information furnished by Funds Distributor, its officers, directors or any such controlling person to the Trust or its representatives for use in the preparation thereof; and except that the Trust's agreement to indemnify Funds Distributor and the Trust's representations and warranties set out in paragraph 3 of this

Agreement will not be deemed to cover any liability to the Funds or their shareholders to which Funds Distributor would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties, or by reason of Funds Distributor's reckless disregard of its obligations and duties under this Agreement ("Disqualifying Conduct"). The Trust's agreement to indemnify Funds Distributor, its officers and directors, and any such controlling person, as described above, is expressly conditioned upon the Trust's being notified of any action brought against Funds Distributor, its officers or directors, or any such controlling person, the notification to be given by letter, via facsimile or by telegram addressed to the Trust at its principal office in Boston, Massachusetts and sent to the Trust by the person against whom the action is brought, within ten days after the summons or other first legal process has been served. The failure so to notify the Trust of any such action will not relieve the Trust from any liability that the Trust may have to the person against whom the action is brought by reason of any such untrue, or alleged untrue, statement or omission, or alleged omission, otherwise than on account of the Trust's indemnity agreement contained in this paragraph 4.1. The Trust will be entitled to assume the defense of any suit brought to enforce any such claim, demand or liability, but, in such case, the defense will be conducted by counsel of good standing chosen by the Trust and approved by Funds Distributor. In the event the Trust elects to assume the defense of any such suit and retains counsel of good standing approved by Funds Distributor, the defendant or defendants in the suit will bear the fees and expenses of any additional counsel retained by any of them; but if the Trust does not elect to assume the defense of any such suit, or if Funds Distributor does not approve of counsel chosen by the Trust, the Trust will reimburse Funds Distributor, its officers and directors, or the controlling person or persons named as defendant or defendants in the suit, for the fees and expenses of any counsel retained by Funds Distributor or them. The Trust's indemnification agreement contained in this paragraph 4.1 and the Trust's representations and warranties in this Agreement will remain operative and in full force and effect regardless of any investigation made by or on behalf of Funds Distributor, its officers and directors, or any controlling person, and will survive the delivery of any of the Shares. This agreement of indemnity will inure exclusively to Funds Distributor's benefit, to the benefit of its several officers and directors, and their respective estates, and to the benefit of the controlling persons and their successors. The Trust agrees to notify Funds Distributor promptly of the commencement of any litigation or proceedings against the Trust or any of its officers or trustees in connection with the issuance and sale of any of the Shares.

4.2 Funds Distributor agrees to indemnify, defend and hold the Trust, its several officers and Trustees, and any person who controls the Trust within the meaning of Section 15 of the 1933 Act, free and harmless from and against any and all claims, demands, liabilities and expenses (including the costs of investigating or defending those claims, demands or liabilities and any related counsel) that the Trust, its officers or Trustees or any such controlling person may incur under the 1933 Act, the 1940 Act or common law or otherwise, but only to the extent that the liability or expense incurred by the Trust, its officers or Trustees or such controlling person as a result of any such claim or demand (a) arises out of or is based upon any unauthorized sales literature, advertisements, information, statements or representations or any Disqualifying Conduct of Funds Distributor or any of its employees or representatives in connection with the offering and sale of any Shares, (b)

arises out of or is based upon any untrue, or alleged untrue, statement of a material fact contained in information furnished in writing by Funds Distributor to the Trust and used in the answers to any of the items of the registration statement or in the corresponding statements made in the prospectus or statement of additional information, or arises out of or is based upon any omission, or alleged omission, to state a material fact in connection with the information furnished in writing by Funds Distributor to the Trust and required to be stated in such answers or necessary to make such information not misleading, or (c) arises by reason of Funds Distributor's acting as the Trust's agent instead of purchasing and reselling Shares as principal in distributing the Shares. Funds Distributor's agreement to indemnify the Trust, its officers and Trustees, and any such controlling person, as described above, is expressly conditioned upon Funds Distributor's being notified of any action brought against the Trust, its officers or Trustees, or any such controlling person, the notification to be given by letter, via facsimile or by telegram addressed to Funds Distributor at its office in Boston, Massachusetts, and sent to Funds Distributor by the person against whom such action is brought, within ten days after the summons or other first legal process has been served. The failure so to notify Funds Distributor of any such action will not relieve Funds Distributor from any liability that Funds Distributor may have to the Trust, its officers or Trustees, or to such controlling person otherwise than on account of Funds Distributor's indemnity agreement contained in this paragraph 4.2. Funds Distributor will be entitled to assume the defense of any such action that is based solely upon an alleged misstatement or omission on Funds Distributor's part but, in such case, the defense will be conducted by counsel of good standing chosen by Funds Distributor and approved by the Trust. If Funds Distributor does not elect to assume the defense of any such action, or if the Trust does not approve of counsel chosen by Funds Distributor, or with respect to any other action for which the Trust, its officers or Trustees or a controlling person of the Trust is entitled to indemnification hereunder, Funds Distributor will reimburse the Trust, its officers and Trustees, or the controlling person or persons named as defendant or defendants in the action, for the fees and expenses of any counsel retained by the Trust or them. Funds Distributor agrees to notify the Trust promptly of the commencement of any litigation or proceedings against Funds Distributor or any of its officers or directors in connection with the issuance and sale of any of the Trust's shares.

5. Effectiveness of Registration.

None of the Shares may be offered by either Funds Distributor or the Trust under any of the provisions of this Agreement and no orders for the purchase or sale of the Shares under this Agreement may be accepted by the Trust if and so long as the effectiveness of the registration statement then in effect or any necessary amendments the registration statement is suspended under any of the provisions of the 1933 Act or if and so long as a current prospectus as required by Section 5(b)(2) of the 1933 Act is not on file with the SEC; provided that nothing contained in this paragraph 5 will in any way restrict or have an application to or bearing upon the Trust's obligation to repurchase Shares from any shareholder in accordance with the provisions of the prospectuses or statement of additional information relating to the Funds or the Trust's Declaration of Trust dated January 27, 1993, as amended from

time to time (the "Declaration").

6. Suspension of Sales.

The Trust reserves the right to suspend the authority of Funds Distributor to offer the Shares on behalf of the Trust if, in the judgment of a majority of the Trust's Board of Trustees or a majority of the Executive Committee of such Board, if such committee exists, it is in the best interests of the Trust to do so, such suspension to continue in effect for such period as may be determined by such majority.

7. Confidentiality.

Funds Distributor agrees on behalf of itself and its employees to treat confidentially and as proprietary information of the Trust all records and other information relating to the Trust and its prior, present or potential shareholders, and not to use such records or other information for any purpose other than performance of its duties and responsibilities hereunder, except after prior notification to, and written approval by, the Trust, which approval may not be withheld when Funds Distributor is requested to divulge such information by duly constituted governmental authorities and failure to divulge such information could expose Funds Distributor to civil or criminal contempt proceedings.

8. Independent Contractor.

Funds Distributor shall be an independent contractor under this Agreement and neither Funds Distributor nor any of its officers or employees is or shall be an employee of the Trust in the performance of its duties hereunder. Funds Distributor shall be responsible for its own conduct and the employment, control and conduct of its agents and employees and for injury to such agents or employees or to others through such agents or employees. Funds Distributor assumes full responsibility for its agents and employees under applicable statutes and agrees to pay all employee taxes thereunder.

9. Notice to Funds Distributor.

The Trust agrees to advise Funds Distributor immediately in writing:

(a) of any request by the SEC for amendments to the registration statement, prospectus or statement of additional information then in effect or for additional information;

(b) in the event of the issuance by the SEC of any stop order suspending the effectiveness of the registration statement, prospectus or statement of additional information then in effect or the initiation of any proceeding for that purpose;

(c) of the happening of any event that makes untrue any statement of a material fact made in the registration statement, prospectus or statement of additional information then in effect or that requires the making of a change in the registration statement, prospectus or statement of additional information in order to make the statements in those documents not misleading; and

(d) of all actions of the SEC with respect to any amendment to any registration statement, prospectus or statement of additional information that may from time to time be filed with the SEC.

10. Amendments.

This Agreement may be amended only by an instrument in writing signed by the party against which enforcement of the amendment is sought. If the Trust should at any time deem it necessary or advisable in the best interests of the Trust that any amendment of this Agreement be made in order to comply with the recommendations or requirements of the SEC (including its staff) or other governmental authority or to obtain any advantage under state or federal tax laws and should notify Funds Distributor of the form of such amendment, and the reason(s) therefor, and if Funds Distributor should decline to assent to such amendment, the Trust may terminate this Agreement forthwith. If Funds Distributor should at any time request that a change be made in the Trust's Declaration or by-laws or in its methods of doing business, in order to comply with any requirements of federal law or regulations of the SEC or of a national securities association of which Funds Distributor is a member relating to the sale of Shares, and the Trust should not make such necessary change within a reasonable time, Funds Distributor may terminate this Agreement forthwith.

11. Term of the Agreement.

11.1 This Agreement will become effective with respect to a Fund as of the date hereof and will continue for an initial two-year term and will continue thereafter so long as such continuance is specifically approved at least annually by (i) the Trust's Board of Trustees or (ii) by a vote of a "majority" (as defined in the 1940 Act) of the Fund's outstanding voting securities, provided that in either event the continuance is also approved by a majority of the Trustees of the Trust who are not "interested persons" (as defined in the 1940 Act) of any party to this Agreement by vote cast in person at a meeting called for the purpose of voting on the approval.

11.2 This Agreement is terminable with respect to a Fund, without penalty, on 60 days' written notice, by the Trustees of the Trust or by vote of holders of a majority of the Fund's outstanding voting securities, or upon 90 days' written notice, by Funds Distributor.

11.3 This Agreement will terminate automatically in the event of its "assignment" (as defined in the 1940 Act).

12. Miscellaneous.

The Trust recognizes that directors, officers and employees of Funds Distributor may from time to time serve as directors, trustees, officers and employees of corporations and business trusts (including other investment companies), and that Funds Distributor or its affiliates may enter into distribution or other agreements with such other corporations and trusts.

13. Representation by the Trust.

The Trust represents that a copy of its Declaration is on file with the Secretary of The Commonwealth of Massachusetts and with the Boston City Clerk.

14. Limitation of Liability.

The Trust, Funds Distributor and the Advisor agree that the obligations of the Trust under this Agreement will not be binding upon any of the Trustees of the Trust, shareholders of the Funds, nominees, officers, employees or agents, whether past, present or future, of the Trust, individually, but are binding only upon the assets and property of the Funds, as provided in the Declaration. The execution and delivery of this Agreement have been authorized by the Trustees of the Trust, and signed by an authorized officer of the Trust, acting as such, and neither the authorization by the Trustees nor the execution and delivery by the officer will be deemed to have been made by any of them individually or to impose any liability on any of them or any shareholder of the Trust personally, but will bind only the trust property of the Trust as provided in the Declaration. No Fund will be liable for any claims against any other Fund.

If the foregoing is in accordance with your understanding, kindly indicate your acceptance of this Agreement by signing and returning to us the enclosed copy of this Agreement.

Very truly yours,

THE PANAGORA FUNDS

By:

Name:

Title: President

Accepted:

FUNDS DISTRIBUTOR, INC.

By:

Name:

Title: President

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CUSTODY AGREEMENT

AGREEMENT dated as of June 1, 1993 between BOSTON SAFE DEPOSIT AND TRUST COMPANY ("Bank") and the PanAgora Funds ("Company").

WITNESSETH:

WHEREAS, Company is a registered open-end investment company having three investment portfolios, PanAgora Asset Allocation Fund, PanAgora Global Fund and PanAgora International Equity Fund, which together with any such other separate and distinct investment portfolios as may from time to time be created by the Company, and which the Company and the Bank shall have agreed in writing shall be subject to this Agreement, shall be referred to herein as the "Funds"; and

WHEREAS, the Company wishes to retain the Bank to provide certain custodian services to the Company on behalf of the Funds for the benefit of the Funds, and the Bank is willing to furnish such services;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, it is agreed between the parties hereto as follows:

1. Appointment of Custodian; Custody Account. The Company hereby constitutes and appoints the Bank as custodian of all the securities and monies at the time owned by or in the possession of the Company during the period of this Agreement. The Bank hereby accepts appointment as such custodian and agrees to perform the duties thereof as hereinafter set forth. The Bank agrees to establish and maintain (a) a separate custody account in the name of the Company on behalf of the Funds ("Custody Account") for any and all stocks, shares, bonds, debentures, notes, mortgages or other obligations for the payment of money and any certificates, receipts, warrants or other instruments representing rights to receive, purchase or subscribe for the same or evidencing or representing any other rights or interests therein and other similar property (hereinafter called "Securities") from time to time received by the Bank or any sub-custodian (as defined in the second paragraph of Section 3 hereof) from or at the direction of the Company for the account of the particular Funds; and (b) a separate deposit account or accounts in the name of each Fund ("Deposit Account") for any and all cash and cash equivalents in any currency received by the Bank or any sub-custodian from or at the direction of the Company for the account of the Funds, which cash shall not be subject to withdrawal by draft or check. The term "Property" as used herein shall mean all Securities, cash, cash equivalents and other assets of Funds.

2. Maintenance of Property. Securities in a Custody Account shall be held in such country or other jurisdiction as shall be specified from time to time in Instructions (as defined in Section 9 hereof), provided that such country or other jurisdiction shall be one in which the principal trading market for such Securities is located or the country or other jurisdiction in which such Securities are to be presented for payment or are acquired for the Custody Account, and cash in a Deposit Account shall be credited to an account in such amounts and in the country or other jurisdiction as shall be specified from time to time in Instructions, provided that such country or other jurisdiction shall be one in which such cash in the legal currency for the payment of public or private debts.

3. Eligible Foreign Custodians and Securities Depositories. The Company authorizes the Bank to hold the Securities in the Custody Account(s) and the cash in the Deposit Account(s) in custody and deposit accounts, respectively, which have been established by the Bank with one of its branches, a branch of a qualified U.S. bank, an eligible foreign custodian or an eligible foreign securities depository. If a Bank's branch, a branch of a qualified U.S. bank or an eligible foreign custodian is selected to act as the Bank's sub-custodian to hold any property, such entity is authorized to hold such in its account with any eligible foreign securities depository in which it participates so long as such foreign securities depository has been approved by the Company on behalf of the Funds. For purposes of this Agreement (a) "qualified U.S. bank" shall mean a qualified U.S. bank as defined in Rule 17f-5 under the Investment Company Act of 1940, as amended ("Rule 17f-5"); (b) "eligible foreign custodian" shall mean (i) a banking institution or trust company incorporated or organized under the laws of a

country other than the United States that is regulated as such by that country's government or an agency thereof and that has shareholders' equity in excess of \$200 million in U.S. currency (or a foreign currency equivalent thereto) or (ii) a majority-owned direct or indirect subsidiary of a qualified U.S. bank or bank holding company that is incorporated or organized under the laws of a country other than the United States and that has shareholders' equity in excess of \$100 million in U.S. currency (or a foreign currency equivalent thereto); (c) "eligible foreign securities depository" shall mean a securities depository or clearing agency, incorporated or organized under the laws of a country other than the United States, which operates (i) the central system for handling of securities or equivalent book-entries in that country or (ii) a transnational system for the central handling of securities or equivalent book-entries.

Hereinafter the term "sub-custodian" will refer to any Bank branch, any branch of a qualified U.S. bank, any eligible foreign custodian or any eligible foreign securities depository with which the Bank, as sub-custodian for the Company, has entered into an agreement of the type contemplated hereunder regarding Securities and/or cash held in or to be acquired for a Custody Account or a Deposit Account.

If, after the initial approval of the sub-custodians by the Company on behalf of the Funds in connection with this Agreement, the Bank wishes to appoint other sub-custodians to hold Funds' Property, it will so notify the Company will provide the Company with information reasonably necessary to determine any such new sub-custodian's eligibility under Rule 17f-5, including a copy of the proposed agreement with sub-custodian. The Company shall within 30 days after receipt of such notice give a written approval or disapproval of the proposed action.

If the bank intends to remove any sub-custodian previously approved, it shall so notify the Company and shall move the Property deposited with such sub-custodian to another sub-custodian previously approved or to a new sub-custodian, provided that the appointment of any new sub-custodian will be subject to the requirements set forth in the preceding paragraph. The Bank shall take steps as may be required to remove any sub-custodian which has ceased to meet the requirements of Rule 17f-5.

4. Use of Sub-Custodians. With respect to Property which is maintained by the Bank in the physical custody of a sub-custodian pursuant to Section 3:

(a) The Bank will identify on its books as belonging to the particular Fund any Property held by such sub-custodian.

(b) In the event that a sub-custodian permits any of the Securities placed in its care to be held in an eligible foreign securities depository, such sub-custodian will be required by its agreement with the Bank to identify on its books such Securities as being held for the account of the Bank as a custodian for its customers.

(c) Any Securities in a Custody Account held by a sub-custodian of the Bank will be subject only to the instructions of the Bank or its agents; and any Securities held in an eligible foreign securities depository for the account of a sub-custodian will be subject only to the instructions of such sub-custodian.

(d) The Bank will only deposit Property in an account with a sub-custodian which includes exclusively the assets held by the Bank for its customers, and the Bank will cause such account to be designated by such sub-custodian as a special custody account for the exclusive benefit of customers of the Bank.

(e) Any agreement the Bank shall enter into with a sub-custodian with respect to the holding of Property shall require that (i) the Property is not subject to any right, charge, security interest, lien or claim of any kind in favor of such sub-custodian or its creditors except for a claim of payment for its safe custody or administration and (ii) beneficial ownership of such Property is freely transferable without the payment of money or value other than for safe custody or administration.

(f) The Bank shall allow independent public accountants of the Company and/or the Funds such reasonable access to the records of the Bank relating to Property held in a Custody Account and a Deposit Account as required by such accountants in connection with their examination of the books and records pertaining to the affairs of the Company and/or the Funds. The Bank shall, subject to restrictions under applicable law, also obtain from any sub-custodian with which the Bank maintains the physical possession of any

Property an undertaking to permit independent public accountants of the Company and/or Funds such reasonable access to the records of such sub-custodian as may be required in connection with their examination of the books and records pertaining to the affairs of the Company and/or Funds or to supply a verifiable confirmation of the contents of such records. The Bank shall furnish the Company such reports (or portions thereof) of the Bank's external auditors as relate directly to the Bank's system of internal accounting controls applicable to the Bank's duties under this Agreement.

(g) The Bank will supply to the Company at least monthly a statement in respect to any Property in a Custody and a Deposit Account held by each sub-custodian, including an identification of the entity having possession of such Property, and the Bank will send to the Company an advice or notification of any transfers of Property to or from the Custodian Account and Deposit Account, indicating, as to Property acquired on behalf of any of the Funds, the identity of the entity having physical possession of such Property. In the absence of the filing in writing with the Bank by the Company on behalf of the Funds of exceptions or objections to any such statement within ninety (90) days of the Company's receipt of such statement, or within ninety (90) days after the date that a material defect in reasonably discoverable, the Company shall be deemed to have approved such statement; and in such case or upon written approval of the Company of any such statement the Bank shall, to the extent permitted by law and provided the Bank has met the standard of care in Section 12 hereof, be released, relieved and discharged with respect to all matters and things set forth in such statement as though such statement has been settled by the decree of a court of competent jurisdiction in an action in which the Company and all persons having any equity interest in Funds were parties.

(h) The Bank warrants to the Company that in its opinion, after due inquiry, the established procedures to be followed by each of its branches, each branch of a qualified U.S. bank, each eligible foreign custodian and each eligible foreign securities depository holding Property for the account of the Company on behalf of the Funds pursuant to this Agreement afford protection for such Property at least equal to that afforded by the Bank's established procedures with respect to similar Property held by the Bank (and its securities depositories) in Boston, MA.

(i) The Bank hereby warrants the Company that as of the date of this Agreement it is maintaining a Bankers Blanket Bond and hereby agrees to notify the Company in the event its Bankers Blanket Bond is cancelled or otherwise lapses.

5. Deposit Account Payments. Subject to the provisions of Section 7, the Bank shall make, or cause its sub-custodian to make, payments of cash credited to a Deposit Account only:

(a) in connection with the purchase of Securities for a particular Fund involved and the delivery of such Securities to, or the crediting of such Securities to the particular Custody Account of, the Bank or its sub-custodian, each such payment to be made at prices as confirmed by Instructions from Authorized Persons (as defined in Section 10 hereof);

(b) for the purchase or redemption of shares of the capital stock of a particular Fund involved and the delivery to, or crediting to the account of, the Bank or its sub-custodian of such shares to be so purchased or redeemed;

(c) for the payment for the account of a particular Fund involved of dividends, interest, taxes, management or supervisory fees, capital distributions or operating expenses;

(d) for the payments to be made in connection with the conversion, exchange or surrender of Securities held in a Custody Account;

(e) for other proper corporate purposes of a particular Fund involved; or

(f) upon the termination of this Custody Agreement as hereinafter set forth. All payments of cash for a purpose permitted by subsection (a), (b), (c) or (d) of this Section 5 will be made only upon receipt by the Bank of Instructions from Authorized Persons which shall specify the purpose for which the payment is to be made and the applicable subsection of this Section 5. In the case of any payment to be made for the purpose permitted by subsection (e) of this Section 5, the Bank must first receive a certified copy of a resolution of the Board of Trustees of the Funds adequately describing such payment, declaring such purpose to be a proper corporate purpose, and naming the person or persons to whom such payment shall

be made. Any payment pursuant to subsection (f) of this Section 5 will be made in accordance with Section 17 hereof.

In the event that any payment for a Fund made under this Section 5 exceeds the funds available in that Fund Deposit Account, the Bank's foreign subcustodian may, in its discretion, advance funds on behalf of that Fund an amount equal to such excess and such advance shall be deemed an overdraft from the Bank's foreign subcustodian to that investment portfolio payable on demand, bearing interest at the rate of interest customarily charges by the Bank's foreign subcustodian on similar overdrafts. If the Bank causes a Deposit Account to be credited on the payable date for interest, dividends or redemptions, the particular Fund involved will promptly return to the Bank any such amount or property so credited upon oral or written notification that neither the Bank nor its sub-custodian can collect such amount or property in the ordinary course of business. The Bank or its sub-custodian, as the case may be, shall have no duty or obligation to institute legal proceeding or take any other action with respect to the collection of such amount or property beyond its ordinary collection procedures.

6. Custody Account Transactions. Subject to the provisions of Section 7, Securities in a Custody Account will be transferred, exchanged or delivered by the Bank or its sub-custodian only:

(a) upon sale of such Securities for the particular Funds involved and receipt by the Bank or its sub-custodian or payment therefor, each such payment to be in the amount confirmed by Instruction from Authorized Persons;

(b) when such Securities are called, redeemed or retired, or otherwise become payable;

(c) in exchange for or upon conversion into other Securities alone or other Securities and cash pursuant to any plan of merger, consolidation, reorganization, recapitalization or readjustment;

(d) upon conversion of such Securities pursuant to their terms into other Securities;

(e) upon exercise of subscription, purchase or other similar rights represented by such Securities;

(f) for the purpose of exchanging interim receipts or temporary Securities for definitive Securities;

(g) for the purpose of redeeming in kind shares of the capital stock of the particular Funds involved against delivery to the Bank or its sub-custodian of such shares to be redeemed;

(h) for other proper corporate purposes of the particular Funds involved; or

(i) upon the termination of this Sub-Custodian Agreement as hereinafter set forth. All transfers, exchanges or deliveries of Securities in a Custody Account for a purpose permitted by either subsection (a), (b), (c), (d), (e) or (f) of this Section 6 will be made, except as provided in Section 8 hereof, only upon receipt by the Bank of Instructions from Authorized Persons which shall specify the purpose of the transfer, exchange or delivery to be made and the applicable subsection of this Section 6. In the case of any transfer or delivery to be made for the purpose permitted by subsection (g) of this Section 6, the Bank must first receive Instructions from Authorized Persons specifying the shares held by the Bank or its sub-custodian to be so transferred or delivery of such shares shall be made. In the case of any transfer, exchange or delivery to be made for the purpose permitted by subsection (h) of this Section 6, the Bank must first receive a certified copy of a resolution of the Board of Trustees of the Funds adequately describing such transfer, exchange or delivery, declaring such purpose to be proper corporate purpose, and naming the person or persons to whom delivery of such Securities shall be made. Any transfer or delivery pursuant to subsection (i) of this Section 6 will be made in accordance with Section 17 hereof.

7. Custody Account Procedures. With respect to any transaction involving Securities held in or to be acquired for a Custody Account, the Bank in its discretion may cause the Deposit Account on behalf of a particular Fund involved to be credited on the actual settlement date with the proceeds of any sale or exchange of Securities from the particular Custody Account and to be debited on the actual settlement date for the cost of Securities purchased or acquired for the particular Custody Agreement.

Settlement and payment for Securities received for, and delivery of Securities out of, a Custody Account may be effected in accordance with the

customary or established securities trading or securities processing practices and procedures in the jurisdiction or market in which the transaction occurs, including, without limitation, delivering Securities to the purchaser thereof or to a dealer therefor (or an agent for such purchaser or dealer) against a receipt with the expectation of receiving later payment for such Securities from such purchaser or dealer.

8. Actions of the Bank. Until the Bank receives Instructions from Authorized Persons to the contrary, the Bank will, or will instruct its sub-custodian, to:

(a) present for payment any Securities in a Custody Account which are called, redeemed or retired or otherwise become payable and all coupons and other income items which call for payment upon presentation to the extent that the Bank or sub-custodian is aware of such opportunities for payment, and hold cash received upon presentation of such Securities in accordance with the provisions of Section 2, 3 and 4 hereof;

(b) in respect of Securities in a Custody Account, execute in the name of the Company on behalf of the Funds involved such ownership and other certificates as may be required to obtain payments in respect thereof;

(c) exchange interim receipts or temporary Securities in a Custody Account for definitive Securities;

(d) (if applicable) convert monies received with respect to Securities or foreign issue into United States dollars or any other currency necessary to effect any transaction involving the Securities whenever it is practicable to do so through customary banking channels, using any method or agency available, including, but not limited to, the facilities of the Bank, its subsidiaries, affiliates or sub-custodians;

(e) (if applicable) appoint brokers and agents for any transaction involving the Securities in a Custody Account; and

(f) reclaim taxes withheld by foreign issuers where reclaim is possible provided that Bank has been provided with all documentation it may require.

9. Instructions. As used in this Agreement, the term "Instructions" means instructions of the Company received by the Bank, via telephone, telex, TWX, facsimile transmission, bank wire or other telephonic or electronic instruction system acceptable to the Bank which the Bank believes in good faith to have been given by Authorized Persons or which are transmitted with proper testing or authentication pursuant to terms and conditions which the Bank may specify.

Any Instructions delivered to the Bank by telephone shall promptly thereafter be confirmed in writing by an Authorized Person (which confirmation may bear the facsimile signature of such Person), but the Company will hold the Bank harmless for the Company's (i) failure to send such confirmation in writing, or (ii) the failure of such confirmation to conform to the telephone Instructions received. Unless otherwise expressly provided, all Instructions shall continue in full force and effect until cancelled or superseded. If the Bank requires test arrangements, authentication methods or other security devices to be used with respect to Instructions, any Instructions given by the Company thereafter shall be given and processed in accordance with such terms and conditions for the use of such arrangements, methods of devices as the Bank may put into effect and modify from time to time. The Company shall safeguard any testkeys, identification codes or other security devices which the Bank shall make available to them. The Bank may electronically record any Instructions given by telephone, and any other telephone discussions, with respect to a Custody Account.

10. Authorized Persons. As used in this Agreement, the term "Authorized Persons" means such officers or such agents of the Company as have been designated by a resolution of the Board of Trustees of the Company, a certified copy of which has been provided to the Bank, to act on behalf of the Funds in the performance of any acts which Authorized Persons may do under this Agreement. Such persons shall continue to be Authorized Persons until such time as the Bank receives Instructions from Authorized Persons that any such officer or agent is no longer an Authorized Person.

11. Nominees. Securities in a Custody Account which are ordinarily held in registered form may be registered in the name of the Bank's nominee or, as to any Securities in the possession of any entity other than the Bank, in the name of such entity's nominee. The Company agrees to hold any such nominee harmless from any liability as a holder of record of such Securities, but not if such liability is a result of such nominee's negligence. The Bank

may without notice to the Company cause any such Securities to cease to be registered in the name of any such nominee and to be registered in the name of the Funds. In the event that any Securities registered in the name of the Bank's nominee or held by one of its sub-custodians and registered in the name of such sub-custodian's nominee are called for partial redemption by the issuer of such Security, the Bank may allot, or cause to be allotted, the called portion to the respective beneficial holders of such class of security in any manner the Bank deems to be fair and equitable.

12. Standard of Care.

(a) The Bank shall be obligated to perform only such duties as are set forth in this Agreement or expressly contained in instructions given to Bank which are consistent with the provisions of this Agreement.

(i) The Bank will use reasonable care with respect to its obligations under this Agreement and the safekeeping of Property. The Bank shall be liable to the Funds and the Company for any loss which shall occur as the result of the failure of a sub-custodian or any eligible foreign securities depository to exercise reasonable care and without negligence with respect to the safekeeping of such Property to the same extent that the Bank would be liable to Funds and the Company if the Bank were holding such Property in Boston, MA. In the event of any loss to Funds or the Company by reason of the failure or negligent conduct of the Bank or its subcustodian or an eligible foreign securities depository to exercise reasonable care, the Bank shall be liable to Funds or the Company only to the extent of the Fund's or Company's direct damages and expenses, which damages, for purposes of Property only shall, be determined based on the market value of the Property which is the subject of the loss at the date of such loss and without reference to any special conditions or circumstances.

(ii) The Bank will not be responsible for any act, omission, default or for the solvency of any broker or agent (other than as provided herein) which it or a sub-custodian appoints and uses unless such appointment and use were made or done negligently or in bad faith.

(iii) The Bank shall be indemnified by, and without liability to the Funds involved and the Company for any action taken or omitted by the Bank whether pursuant to Instructions or otherwise within the scope of this Agreement if such act or omission was in good faith and without negligence. In performing its obligations under this Agreement, the Bank may rely on the genuineness of any document which it believes in good faith and without negligence to have been validly executed.

(iv) The Company on behalf of the Funds involved, agrees to pay for and hold the Bank harmless from any liability or loss resulting from the imposition or assessment of any taxes or other governmental charges, and any related expenses with respect to income from or Property in such Fund's Custody Account and Deposit Account, assuming that the Company has in good faith determined that the Bank has properly performed its duties hereunder.

(v) The Bank shall be entitled to rely, and may act upon the advice or counsel (who may be counsel for the Company) on all matters and shall act reasonably and in good faith pursuant to such advice. Notwithstanding the foregoing, the Bank shall remain liable for the performance of its duties hereunder and such counsel shall act reasonably and in good faith.

(vi) The Bank need not maintain any insurance for the exclusive benefit of the Company.

(vii) Without limiting the foregoing, the Bank shall not be liable for any loss which results from:

1) the general risk of investing, or

2) subject to Section 12(a) (i) hereof investing or holding Property in a particular country including, but not limited to, losses resulting from nationalization, expropriation or other governmental actions; regulation of the banking or securities industry; currency restrictions, devaluations or fluctuations; and market conditions which prevent the orderly execution of

securities transactions or affect the value of Property.

(viii) No party shall be liable to the other for any loss due to forces beyond their control including but not limited to strikes or work stoppages, acts of war or terrorism, insurrection, revolution, nuclear fusion, fission or radiation, or acts of God.

(b) Consistent with and without limiting the first paragraph of this Section 12, it is specifically acknowledged that the Bank shall have no duty or responsibility to:

(i) Question Instructions or make any suggestions to Funds, Company or Authorized Person regarding such Instructions;

(ii) Supervise or make recommendations with respect to investments or the retention of Securities;

(iii) Subject to Section 12(a)(ii) hereof, evaluate or report to Funds, Company or an Authorized Person regarding the financial condition of any broker, agent or other party to which Securities are delivered or payments are made pursuant to this Agreement; or

(iv) Review or reconcile trade confirmations received from brokers.

(c) The Bank shall provide to the Company, on an annual basis, a report confirming that the arrangements hereunder remain in compliance with the rules of the Securities and Exchange Commission governing such arrangements.

13. Corporate Action. Whenever the Bank or its sub-custodian receives information concerning the Securities which requires discretionary action by the beneficial owner of the Securities (other than a proxy), such as subscription rights, bonus, issues, stock repurchase plans and rights offerings, or legal notices or other material intended to be transmitted to securities holders ("Corporate Actions"), the Bank will give the Company notice of such Corporate Actions to the extent that the Bank's central corporate actions department has actual knowledge of a Corporate Action in time to notify its customers. The Bank shall use its best efforts to ensure that it receives all available Corporate Action information, interprets such information concerning the Securities and promptly reports such information to the Company.

When a rights entitlement or a fractional interest resulting from a rights issue, stock dividend, stock split or similar Corporate Action is received which bears an expiration date, the Bank or its sub-custodians will endeavor to obtain Instructions from the Company or its Authorized Person, but if Instructions are not received in time for the Bank to take timely action, or actual notice of such Corporate Action was received too late to seek Instructions, the Bank is authorized to sell such rights entitlement or fractional interest and to credit the applicable Deposit Account with the proceeds and to take any other action it deems, in good faith, to be appropriate in which case, provided it has met the standard of care in Section 12 hereof, it shall be held harmless by the Company for any such action.

The Bank will deliver proxies to the Company or its designated agent pursuant to special arrangements which may have been agreed to in writing between the parties hereto. Such proxies shall be executed in the appropriate nominee name relating to Securities in the Custody Account registered in the name of such nominee but without indicating the manner in which such proxies are to be voted; and where bearer Securities are involved, proxies will be delivered in accordance with instructions from Authorized Persons.

14. Fees and Expenses.

(a) The Company will compensate the Bank for its services rendered under this Agreement in accordance with the fees set forth in the Fee Schedule annexed hereto as Schedule A and incorporated herein for the existing Funds. Such Fee Schedule does not include out-of-pocket disbursements of the Bank for which the Bank shall be entitled to bill separately. Out-of-pocket disbursements may include only the items specified in the Schedule of Out-of-Pocket charges annexed hereto as Schedule B and incorporated herein, which schedule may be modified by the Bank if the Company consents in writing to the modifications.

(b) The parties hereto will agree upon the compensation for acting as

custodian for any Fund hereafter established and designated, and at the time that the Bank commences serving as such for said Fund, such agreement shall be reflected in a Fee Schedule for that Fund, dated and signed by an officer of each party hereto, which shall be attached to Schedule A of this Agreement.

(c) Any compensation agreed to hereunder may be adjusted from time to time by attaching to Schedule A of this Agreement a revised Fee Schedule, dated and signed by an Authorized Officer or authorized representative of each party hereto.

(d) The Bank will bill the Company for each Fund as soon as practicable after the end of each calendar month, and said billings will be detailed in accordance with the Fee Schedule for the Company. The Company will promptly pay to the Bank the amount of such billing.

(e) Subject to the Bank's proper performance of its duties hereunder, the Company hereby agrees to hold the Bank harmless from any liability or loss resulting from any taxes or other governmental charges, and any expenses related thereto, which may be imposed, or assessed with respect to the Custody Account with the Bank and also agrees to hold the Bank, its sub-custodians, and their respective nominees harmless from any liability as a record holder of Securities in such Custody Account. The Bank is authorized to charge the account of the Company on behalf of the Funds involved for such items and the Bank shall have a lien on Securities in such Custody Account and on cash in such Deposit Account for any amount owing to the Bank in connection with such Fund from time to time under this Agreement.

15. Effectiveness. This Agreement shall be effective on the date first noted above.

16. Termination. This Agreement may be terminated by the Company or the Bank by 60 days' written notice to the other, sent by registered mail, provided that any termination by the Company shall be authorized by a resolution of the Board of Trustees of the Company, a certified copy of which shall accompany such notice of termination, and provided further, that such resolution shall specify the names of persons to whom the Bank shall deliver the Securities in each Custody Account and to whom the cash in each Deposit Account shall be paid. If notice of termination is given by the Bank, the Company shall, within 60 days following the giving of such notice, deliver to the Bank a certified copy of a resolution of the Board of Trustees of the Company specifying the names of the persons to whom the Bank shall deliver such Securities and cash, after deducting therefrom any amounts which the Bank determines to be owed to it under Section 14 hereof. If within 60 days following the giving of a notice of termination by the Bank, the Bank does not receive from the Company a certified copy of a resolution of the Board of Trustees of the Company specifying the names of the persons to whom the cash in each Deposit Account shall be paid and to whom the Securities in each Custody Account shall be delivered, the Bank, at its election, may deliver such Securities and pay such cash to a bank or trust company doing business in the continental United States and qualified as a custodian under the Investment Company Act of 1940, as amended, to be held and disposed of pursuant to the provisions of this Agreement, or to Authorized Persons, or may continue to hold such Securities and cash until a certified copy of one or more resolutions as aforesaid is delivered to the Bank. The obligations of the parties hereto regarding the use of reasonable care, indemnities and payment of fees and expenses shall survive the termination of this Agreement.

17. Limitation of Liability.

The Company and the Bank agree that the obligations of the Company under this Agreement shall not be binding upon any of the Trustees, shareholders, nominees, officers, employees or agents, whether past, present or future, of the Company, individually, but are binding only upon the assets and property of the Trust or of the appropriate Fund(s) thereof, as provided in the Declaration of Trust of the Company. The execution and delivery of this Agreement have been authorized by the Trustees of the Company, and signed by an authorized officer of the Company, acting as such, and neither such authorization by such Trustees nor such execution and delivery by such officer shall be deemed to have been made by any of them or any shareholder of the Company individually or to impose any liability on any of them or any shareholder of the Company personally, but shall bind only the assets and property of the Company as provided in the Declaration of Trust.

18. Miscellaneous.

(a) Annexed hereto as Appendix A is a certification signed by two of the

present officers of the Company setting forth the names and the signatures of the present Authorized Persons. The Company agrees to furnish to the Bank a new certification in similar form in the event that any such present Authorized Person ceases to be such an Authorized Person or in the event that other or additional Authorized Persons are elected or appointed. Until such new certification shall be received, the Bank shall be fully protected in acting under the provisions of this Agreement upon Oral Instructions or signatures of the present Authorized Persons as set forth in the last delivered certification.

(b) Annexed hereto as Appendix B is a certification signed by two of the present officers of the Company setting forth the names and the signatures of the present officers of the Company. The Company agrees to furnish to the Bank a new certification in similar form in the event any such present officer ceases to be an officer of the Trust or in the event that other or additional officers are elected or appointed. Until such new certification shall be received, the Bank shall be fully protected in acting under the provisions of this Agreement upon the signature of the officers as set forth in the last delivered certification.

(c) Any notice or other instrument in writing, authorized or required by this Agreement to be given to the Bank, shall be sufficiently given if addressed to the Bank and mailed or delivered to it at its offices at One Boston Place, Boston, Massachusetts 02108 or at such other place as the Custodian may from time to time designate in writing.

(d) Any notice or other instrument in writing, authorized or required by this Agreement to be given to the Company, shall be sufficiently given if addressed to the Company and mailed or delivered to it at its offices at its address stated on the first page hereof or at such other place as the Company may from time to time designate in writing, with a copy to:

Hale and Dorr
60 State Street
Boston, Massachusetts 02109
Attention: Joseph P. Barri, Esq.

(e) This Agreement may not be amended or modified in any manner except by a written agreement executed by both parties with the same formality as this Agreement, (i) authorized and approved by a vote of the Board of Trustees of the Company, including a majority of the members of the Board of Trustees of the Company who are not "interested persons" of the Company (as defined in the 1940 Act), or (ii) authorized and approved by such other procedures as may be permitted or required by the 1940 Act.

(f) This Agreement shall extend to and shall be binding upon the parties hereto, and their respective successors and assigns; provided, however, that this Agreement shall not be assignable by the Company without the written consent of the Bank, or by the Bank without the written consent of the Company authorized or approved by a vote of the Board of Trustees of the Company, and any attempted assignment without such written consent shall be null and void.

(g) The Company represents that a copy of the Declaration of Trust is on file with the Secretary of The Commonwealth of Massachusetts and with the Boston City Clerk.

(h) This Agreement shall be construed in accordance with the laws of The Commonwealth of Massachusetts.

(i) The captions of the Agreement are included for convenience of reference only and in no way define or delimit any of the provisions hereof or otherwise affect their construction or effect.

(j) This agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective representatives duly authorized as of the day and year first above written.

THE PANAGORA FUNDS

By:
Name:
Title:

By:
Name:
Title:

APPENDIX A

We, Vincent Nave, Treasurer and Francis J. McNamara, Secretary, of The PanAgora Funds, a business trust organized under the laws of The Commonwealth of Massachusetts (the "Trust"), do hereby certify that:

The following individuals have been duly authorized as Authorized Persons to give Oral Instructions and Written Instructions on behalf of the Trust and the signatures set forth opposite their respective names are their true and correct signatures:

Name	Signature
Richard A. Crowell	
Kristine M. Lino	
James A. Rullo	
Gwen Connor	
Christine Donahue	
Marilyn DeSantis	
Elizabeth McSurdy	
Susan McQuillan	
Robert Dearth	

Vincent Nave

Francis J. McNamara, III

Date: _____

Date: _____

APPENDIX B

We, Richard A. Crowell, President and Francis J. McNamara, Secretary of The PanAgora Funds, a business trust organized under the laws of The Commonwealth of Massachusetts (the "Trust"), do hereby certify that:

The following individuals serve in the following positions with the Trust and each individual has been duly elected or appointed to each such position and qualified therefor in conformity with the Trust's Declaration of Trust and the signatures set forth opposite their respective names are their true and correct signatures:

Name	Position	Signature
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I. Holding Charges

U.S. Assets

First \$50 million of aggregate net assets	3.3 Basis Points
Next \$50 million of aggregate net assets	1.7 Basis Points
Next \$900 million of aggregate net assets	1.0 Basis Points
Next \$2 billion of aggregate net assets	.85 Basis Points
Excess	.7 Basis Points

Non U.S. Assets

Group I	5.0 Basis Points
Group II	
Equities	
First \$50 million	11.0 Basis Points
Next \$50 million	9.0 Basis Points
Next \$200 million	6.0 Basis Points
Excess	4.0 Basis Points
Bonds	4.0 Basis Points
Group III	11.0 Basis Points
Group IV	15.0 Basis Points
Group V	18.0 Basis Points
Group VI	15.0 Basis Points

A charge of \$5 per security holding per month will also be assessed.

Schedule A - continued

PANAGORA
FEE SCHEDULE
CUSTODY SERVICES

II. Transaction Charges

U.S. Transactions

DTC eligible	\$10
Physical	\$30
Fed Book Entry	\$10
PTC eligible	\$17.50
Options	\$25
Futures	\$8
Non U.S. Futures	\$25
GNMA Paydowns	\$5
Repo - depository	\$10
- non-deposit	\$17
Commercial Paper	\$30
Euro-CD's (London)	\$30

Non U.S. Transactions

Group I	\$25
Group II	\$30
Group III	\$30
Group IV	\$45
Group V	\$60
Group VI	\$75
Third party FX	\$20

III. Country Groupings

Group I
Group II
Group III
Group IV
Group V
Group VI

Japan
Euroclear
Austria
Australia
Denmark
Mexico

Cedel
Canada
Belgium
Finland
Spain

Germany
Netherland
s
France
Sweden

Switzerlan
d
Hong Kong
Greece

Luxemburg
Italy
Indonesia

Malaysia
Jordan

Norway
Philippine
s

Singapore
Turkey

Thailand
Venezuela

Portugal
Argentina

Ireland

United
Kingdom

SCHEDULE B

The Trust will pay to the Custodian as soon as possible after the end of each month the out-of-pocket expenses specified on this Schedule B and reasonably incurred in connection with the assets of the Trust:

telephone
wire charges
courier services
stamp duty
registration

laurbank\misc\custody.doc
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ADMINISTRATION AGREEMENT

THIS ADMINISTRATION AGREEMENT is made as of June 1, 1993 by and between THE BOSTON COMPANY ADVISORS, INC., a Massachusetts corporation ("Boston Advisors"), and The PanAgora Funds, a Massachusetts business trust (the "Trust").

WHEREAS, the Trust is registered as a diversified, open-end management investment company under the Investment Company Act of 1940, as amended (the "1940 Act"), and currently consists of three separate investment portfolios, PanAgora Global Fund, PanAgora International Fund and PanAgora Asset Allocation Fund (together with all future investment portfolios of the Trust, the "Funds"); and

WHEREAS, the Trust desires to retain Boston Advisors to render certain administrative services to the Trust, and Boston Advisors is willing to render such services;

WITNESSETH:

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, it is agreed between the parties hereto as follows:

1. Appointment. The Trust hereby appoints Boston Advisors to act as Administrator of the Funds on the terms set forth in this Agreement. Boston Advisors accepts such appointment and agrees to render the services herein set forth for the compensation herein provided.

2. Delivery of Documents. The Trust has furnished Boston Advisors with copies properly certified or authenticated of each of the following:

(a) Resolutions of the Trust's Board of Trustees authorizing the appointment of Boston Advisors to provide certain administrative services to the Funds and approving this Agreement;

(b) The Trust's Declaration of Trust filed with the Secretary of State of The Commonwealth of Massachusetts and the Boston City Clerk on January 27, 1993 and all amendments thereto (the "Declaration");

(c) The Trust's By-Laws and all amendments thereto (the "By-Laws");

(d) The Investment Advisory Agreement between PanAgora Asset Management, Inc. (the "Adviser") and the Trust on behalf of PanAgora Global Fund dated as of May 19, 1993;

(e) The Investment Advisory Agreement between the Adviser and the Trust on behalf of PanAgora International Fund dated as of May 19, 1993;

(f) The Investment Advisory Agreement between the Adviser and the Trust on behalf of PanAgora Asset Allocation Fund dated as of May 19, 1993;

(g) The Custody Agreement between Boston Safe Deposit and Trust Company (the "Custodian") and the Trust dated as of June 1, 1993 (the "Custody Agreement");

(h) The Transfer Agency and Registrar Agreement between The Shareholder Services Group, Inc. (the "Transfer Agent") and the Trust dated as

of June 1, 1993;

(i) The Registration Statement on Form N-1A (the "Registration Statement") under the Securities Act of 1933, as amended (the "1933 Act") and under the 1940 Act (File Nos. 33-57740 and 811-7464), as declared effective by the Securities and Exchange Commission ("SEC") on June 1, 1993 relating to shares of beneficial interest of the Trust, and all amendments thereto; and

(j) The Trust's most recent prospectus and statement of additional information (the "Prospectus" and the "Statement of Additional Information", respectively).

The Trust will furnish Boston Advisors from time to time with copies, properly certified or authenticated, of all amendments of or supplements to the foregoing. Furthermore, the Trust will provide Boston Advisors with any other documents that Boston Advisors may reasonably request and will notify Boston Advisors as soon as possible of any matter materially affecting the performance of Boston Advisors of its services under this Agreement.

3. Duties as Administrator. Subject to the supervision and direction of the Board of Trustees of the Trust, Boston Advisors, as Administrator, will assist in supervising various aspects of the Funds' administrative operations and undertakes to perform the following specific services:

(a) Maintaining office facilities (which may be in the offices of Boston Advisors or a corporate affiliate);

(b) Furnishing statistical and research data, data processing services, clerical services, and internal legal, executive and administrative services and stationery and office supplies in connection with the foregoing;

(c) Furnishing corporate secretarial services including preparation and distribution of materials for Board of Trustees meetings;

(d) Accounting and bookkeeping services (including the maintenance of such accounts, books and records of the Trust as may be required by Section 31(a) of the 1940 Act and the rules thereunder);

(e) Internal auditing;

(f) Valuing each Fund's assets and calculating the net asset value of the shares of each Fund at the close of regular trading on the New York Stock Exchange (the "NYSE") on each day on which the NYSE is open for regular trading and at such other times as the Board of Trustees may reasonably request;

(g) Accumulating information for and, subject to approval by the Trust's Treasurer, preparing reports to the Trust's shareholders of record and the SEC including, but not necessarily limited to, Annual Reports and Semi-Annual Reports on Form N-SAR;

(h) Preparing and filing various reports or other documents required by federal, state and other applicable laws and regulations, other than those filed or required to be filed by the Adviser or Transfer Agent;

(i) Preparing and filing each Fund's tax returns;

(j) Assisting the Adviser, at the Adviser's request, in monitoring and developing compliance procedures for each Fund which will include, among other matters, procedures to assist the Adviser in monitoring compliance with each Fund's investment objective, policies, restrictions, tax matters and applicable laws and regulations;

(k) Preparing and furnishing each Fund (at the Fund's request)

with performance information (including yield and total return information) calculated in accordance with applicable U.S. securities laws and reporting to external databases such information as may reasonably be requested; and

(1) Coordinating contractual relationships and communications between the Trust and its contractual service providers.

In performing all services under this Agreement, Boston Advisors shall act in conformity with Trust's Declaration and By-Laws; the 1940 Act, the Investment Advisers Act of 1940, as amended, the 1933 Act and the Commodity Exchange Act, as amended, and any laws, rules or regulations of governmental authorities having jurisdiction with respect to any service to be performed by Boston Advisors hereunder, and the investment objective, investment policies and other practices and policies set forth in the Trust's Registration Statement, as such Registration Statement and practices and policies may be amended from time to time.

The Trust, including any of its officers or duly authorized employee or agents, shall have access to all books and records maintained by Boston Advisors that pertain to the Trust at all times during Boston Advisors' normal business hours.

4. Allocation of Expenses. Boston Advisors shall bear all expenses in connection with the performance of its services under this Agreement.

(a) Boston Advisors will from time to time employ or associate with itself such person or persons as Boston Advisors may believe to be particularly suited to assist it in performing services under this Agreement. Such person or persons may be officers and employees who are employed by both Boston Advisors and the Trust. The compensation of such person or persons shall be paid by Boston Advisors and no obligation shall be incurred on behalf of the Trust in such respect.

(b) Boston Advisors shall not be required to pay any of the following expenses incurred by the Fund: membership dues in the Investment Company Institute or any similar organization; investment advisory expenses; costs of printing and mailing stock certificates, prospectuses, reports and notices; interest on borrowed money; brokerage commissions; taxes and fees payable to federal, state and other governmental agencies; fees of Trustees of the Trust who are not affiliated with Boston Advisors; outside auditing expenses; outside legal expenses; or other expenses not specified in this Section 4 which may be properly payable by the Trust.

(c) For the services to be rendered, the facilities to be furnished and the payments to be made by Boston Advisors, as provided for in this Agreement, the Fund will pay Boston Advisors on the first business day of each month a fee for the previous month at the annual rate of .15 of 1.00% of the value of each Fund's average daily net assets which, for purposes of calculating such fee, will be deemed to be the average daily value of the Fund's total assets minus the sum of the Fund's liabilities; provided, that the minimum fee for each Fund shall be no less than \$60,000 per year and provided further that Boston Advisors shall waive such minimum fee for the six month period commencing with the date upon which the Registration Statement is declared effective. The fee for the period from the date the Registration Statement is declared effective by the SEC to the end of the month during which the Registration Statement is declared effective shall be prorated according to the proportion that such period bears to the full monthly period. Upon any termination of this Agreement before the end of any month, the fee for such part of a month shall be prorated according to the proportion which such period bears to the full monthly period and shall be payable upon the date of termination of this Agreement. For the purpose of determining fees payable to Boston Advisors, the value of each Fund's net assets shall be computed at the times and in the manner specified in the Registration Statement.

(d) The Trust will compensate Boston Advisors for its services rendered pursuant to this Agreement in accordance with the fees set forth above. Such fees do not include out-of-pocket disbursements of Boston Advisors for which Boston Advisors shall be entitled to bill separately. Out-of-pocket disbursements may include only the items specified in Schedule A, annexed hereto and incorporated herein, which schedule may be modified by Boston Advisors if the Trust consents in writing to the modification.

(e) Boston Advisors will bill the Trust as soon as practicable after the end of each calendar month, and said billings will be detailed in accordance with the out-of-pocket schedule. The Trust will promptly pay to Boston Advisors the amount of such billing.

5. Limitation of Liability. Boston Advisors shall not be liable for any error of judgment or mistake of law or for any loss suffered by the Trust in connection with the performance of its obligations and duties under this Agreement, except a loss resulting from Boston Advisors' willful misfeasance, bad faith or gross negligence in the performance of such obligations and duties, or by reason of its reckless disregard thereof. The Trust will indemnify Boston Advisors against and hold it harmless from any and all losses, claims, damages, liabilities or expenses (including reasonable counsel fees and expenses) resulting from any claim, demand, action or suit arising under this Agreement or relating to the performance of Boston Advisors' obligations and duties hereunder and not resulting from the willful misfeasance, bad faith or gross negligence of Boston Advisors in the performance of such obligations and duties or by reason of its reckless disregard thereof ("Disqualifying Conduct"). Boston Advisors will indemnify the Trust against and hold it harmless from any and all losses, claims, damages, liabilities or expenses (including reasonable counsel fees and expenses) resulting from any claim, demand, action or suit resulting from Disqualifying Conduct on the part of Boston Advisors.

6. Termination of Agreement.

(a) This Agreement shall become effective on the date hereof and shall remain in force from year to year so long as such continuance is specifically approved at least annually by the Board of Trustees of the Trust or unless terminated pursuant to the provision of sub-section (b) of this Section 6.

(b) This Agreement may be terminated at any time without payment of any penalty, upon 60 days' written notice, by vote of the holders of a majority of the outstanding voting securities of the Trust, or by vote of a majority of the Board of Trustees of the Trust, or by Boston Advisors.

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

8. Miscellaneous.

(a) any notice or other instrument authorized or required by this Agreement to be given in writing to the Trust or Boston Advisors shall be sufficiently given if addressed to the party and received by it at its office set forth below or at such other place as it may from time to time designate in writing.

To the Trust:

The PanAgora Funds
260 Franklin Street
Boston, Massachusetts 02110

Attention: Richard A. Crowell

Copy to:

Hale and Dorr
60 State Street
Boston, Massachusetts 02109
Attention: Joseph P. Barri, Esq.

To Boston Advisors:

The Boston Company Advisors, Inc.
Exchange Place - 025-004B
Boston, Massachusetts 02109
Attention: Francis J. McNamara, III

(b) This Agreement shall extend to and shall be binding upon the parties hereto and their respective successors and assigns; provided, however, that this Agreement shall not be assignable without the written consent of the other party.

(c) This Agreement shall be construed in accordance with the laws of The Commonwealth of Massachusetts.

(d) This Agreement may be executed in any number of counterparts each of which shall be deemed to be an original and which collectively shall be deemed to constitute only one instrument.

(e) The captions of this Agreement are included for convenience of reference only and in no way define or delimit any of the provisions hereof or otherwise affect their construction or effect.

9. Confidentiality. All books, records, information and data pertaining to the business of the Trust that are exchanged or received pursuant to the performance of Boston Advisors' duties under this Agreement shall remain confidential and shall not be voluntarily disclosed to any other person, except as specifically authorized by the Trust or as may be required by law.

The Trust and Boston Advisors agree that the obligations of the Trust under this Agreement shall not be binding upon any of the Trustees, shareholders, nominees, officers, employees or agents, whether past, present or future, of the Trust, individually, but are binding only upon the assets and property of the Trust or of the appropriate Fund(s) thereof, as provided in the Declaration. The execution and delivery of this Agreement by an authorized officer of the Trust, acting as such, has been authorized by the Trustees of the Trust and neither such authorization by such Trustees nor such execution and delivery by such officer shall be deemed to have been made by any of them or any shareholder of the Trust individually or to impose any liability on any of them or any shareholder of the Trust personally, but shall bind only the assets and property of the Trust or of the appropriate Fund(s) thereof, as provided in the Declaration

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed and delivered by their duly authorized officers as of the date first written above.

THE BOSTON COMPANY ADVISORS, INC.

By:

By:

SCHEDULE A

Out-of-Pocket Expenses
Administration Agreement

I. Authorized out-of-pocket expenses are the following:

telephone
wire charges
courier services
pricing service charges

bankfund\panagora\frmadmin.doc

- - 8 -

THE PANAGORA FUNDS
Asset Allocation Fund

Portfolio of Investments

November 30, 1993 (unaudited)

<TABLE>
<CAPTION>

Shares		Market Value (Note 1)
<S>	<C>	<C>
COMMON STOCKS - 68.9%		
	Financial Services - 10.3%	
200	American International Group, Inc.	\$17,225
300	AmSouth Bancorporation	8,850
300	Bank of New York, Inc.	16,650
200	Bankers Trust NY Corporation	15,300
800	Bear Stearns Companies, Inc.	17,800
200	Beneficial Corporation	14,750
200	Federal Home Loan Mortgage Corporation	9,600
400	Federal National Mortgage Association	30,200
400	First Union Corporation	16,250
400	Merrill Lynch & Company, Inc.	18,150
300	Morgan Stanley Group, Inc.	21,525
500	Morgan (J.P.) & Company, Inc.	35,438
500	Norwest Corporation	11,437
200	Primerica Corporation	8,000
500	SouthTrust Corporation	8,625
100	UNUM Corporation	4,925
		254,725
	Utilities - 9.7%	
400	American Telephone & Telegraph Company	21,850
400	Ameritech Corporation	30,600
300	DQE, Inc.	10,125
500	Entergy Corporation	18,438
400	Illinois Power Company	8,800
1,100	MCI Communications Corporation	26,812
900	Niagara Mohawk Power Corporation	18,450
400	NYNEX Corporation	17,050
1,000	Philadelphia Electric Company (PECO Energy)	28,000
300	Potomac Electric Power Company	7,725
400	Southern Company	17,300
300	Southwestern Bell Corporation	12,750
400	Sprint Corporation	13,100
200	U S West, Inc.	9,350
		240,350
	Consumer Non-Durables - 8.8%	
600	Coca-Cola	25,350
200	Crown Cork & Seal, Inc.	7,900
300	Gillette	18,750
200	Liz Claiborne	4,725
200	Nike, Inc.	9,575
200	PepsiCo	8,050
900	Philip Morris Companies, Inc.	50,288
700	Procter & Gamble	39,725
300	Reebok International Ltd	9,150
600	Seagram Ltd	16,575
100	Unilever N.V.	11,212
400	V.F. Corporation	17,450
		218,750

</TABLE>

See Notes to Financial Statements.

THE PANAGORA FUNDS
Asset Allocation Fund

Portfolio of Investments (continued) November 30, 1993 (unaudited)

<TABLE>
<CAPTION>

Shares		Market Value (Note 1)
<S>	<C>	<C>
COMMON STOCKS (continued)		
Energy - 7.7%		
400	Ashland Oil, Inc.	\$13,250
500	Chevron Corporation	43,438
400	Dresser Industries, Inc.	7,800
400	Exxon Corporation	25,100
200	MAPCO, Inc.	12,100
100	Mobil Corporation	7,625
300	Penn Central Corporation	9,075
100	Royal Dutch Petroleum Company	10,100
500	Schlumberger Ltd	28,750
400	Texaco, Inc.	25,700
300	Unocal Corporation	8,137

		191,075

Health Care - 7.2%		
500	Abbot Laboratories	14,625
400	Baxter International Corporation	9,400
200	Becton, Dickinson	6,800
300	Forest Labs, Inc.**	13,912
300	Johnson & Johnson	13,088
800	Merck & Company	27,400
200	Pfizer, Inc.	13,300
600	Schering Plough Corporation	40,125
500	Syntex Corporation	8,562
800	Upjohn Company	25,000
100	Warner-Lambert Company	6,638

		178,850

Technology - 7.2%		
100	Apple Computer, Inc.	3,150
100	Autodesk, Inc.	4,450
100	Cabletron Systems, Inc.**	10,475
300	COMPAQ Computer Corporation**	21,712
400	Digital Equipment Corporation**	14,750
200	E-Systems, Inc.	8,375
700	Intel Corporation	43,050
200	Litton Industries, Inc.**	13,050
400	Loral Corporation	13,200
200	Microsoft Corporation**	16,000
200	Pitney Bowes, Inc.	8,400
500	Seagate Technology**	12,125
300	Sun Microsystem, Inc.**	7,988

		176,725

Capital Goods - 6.9%		
1,000	Boeing Company	38,625
300	Deere & Company	21,263
200	Fluor Corporation	8,475

800	General Electric Company	78,600
400	Raytheon Company	24,500

171,463

</TABLE>

See Notes to Financial Statements.

THE PANAGORA FUNDS
Asset Allocation Fund

Portfolio of Investments (continued) November 30, 1993 (unaudited)

<TABLE>
<CAPTION>

Shares		Market Value (Note 1)
<S>	<C>	<C>
COMMON STOCKS (continued)		
	Consumer Services - 5.4%	
400	K mart Corporation	\$9,400
500	King World Productions, Inc.**	20,375
400	Kroger Company**	7,450
200	McDonald's Corporation	11,725
300	Melville Corporation	12,300
300	Penney (J.C.), Inc.	16,013
500	Rite Aid Corporation	8,125
400	Toys R Us, Inc.**	16,300
800	Wal-Mart Stores, Inc.	22,900
400	Woolworth Corporation	9,300
		----- 133,888 -----
	Basic Industries - 3.3%	
300	Dow Chemical Company	17,437
400	FMC Corporation**	18,450
400	Lubrizol Corporation	12,800
500	Phelps Dodge Corporation	21,875
500	Union Carbide Corporation	10,375
		----- 80,937 -----
	Consumer Durables - 1.7%	
200	Chrysler Corporation	10,550
500	Ford Motor Company	30,375
		----- 40,925 -----
	Transportation - 0.7%	
200	American President Companies Ltd	11,000
100	Union Pacific Corporation	6,350
		----- 17,350 -----
	TOTAL COMMON STOCKS (Cost \$1,739,961)	1,705,038

</TABLE>

<TABLE>
<CAPTION>
Face
Value

<S> <C> <C>

U.S. TREASURY BILLS - 11.3%

	U.S. Treasury Bills:	
\$240,000	2.990% due 12/16/93	239,800
40,000	2.880% due 12/30/93***	39,906

TOTAL U.S. TREASURY BILLS (Cost \$279,706) 279,706

COMMERCIAL PAPER - 18.1% (Cost \$449,000)

449,000	General Electric Capital Corporation, 3.150% due 12/01/93	449,000
---------	--	---------

TOTAL INVESTMENTS (Cost \$2,468,667*)	98.3%	2,433,744
OTHER ASSETS AND LIABILITIES (Net)	1.7	41,421

NET ASSETS 100.0% 2,475,165

<FN>

- * Aggregate cost for Federal tax purposes.
- ** Non-income producing security.
- *** Security pledged as collateral for futures contracts.

</TABLE>

<TABLE>

<CAPTION>

OPEN FUTURES CONTRACTS TO BUY AT NOVEMBER 30, 1993:

Number of Contracts		Unrealized Depreciation
-----		-----
<S>	<C>	<C>
2	Standard & Poor's 500 Index Futures, December 1993	(800)

</TABLE>

See Notes to Financial Statements.

THE PANAGORA FUNDS

Global Fund

Portfolio of Investments November 30, 1993 (unaudited)

<TABLE>

<CAPTION>

Shares		Market Value (Note 1)
-----		-----
<S>	<C>	<C>
COMMON STOCKS - 83.8%		
	Belgium - 3.8%	
888	ACEC Union Miniere	\$55,260
1,125	A.G Finance	81,006
81	Bekaert SA	44,273
146	CBR (Cimenteries)	45,930
1,713	Delhaize	59,054
1,621	Electrabel Com	281,199
343	Electrabel (AFUL)	59,501
541	Generale de Banque Ord.	132,133
154	Gevaert Photo Productions	36,256
817	Group Brussels Lambert SA	84,024
490	Ktedietbank	106,859
846	Petrofina SA	226,892
469	Royale Beige	67,282
290	Solvay ET Cie A	113,390
435	Tractebel Cap	114,269
-----		1,507,328

Switzerland - 4.2%

79	Brown Boveri & Cie AG	53,000
37	Ciba Beigy AG	20,336
231	Ciba Beigy AG (Regd)	120,348
35	Credit Suisse Holdings	83,828
74	C.S. Holdings	34,905
75	Holderbank Financier Glarus AG	41,972
368	Nestle SA (Regd)	284,152
15	Roche Holdings AG (BR)	107,528
67	Roche Holdings AG Genuscheine	268,491
51	Sandoz AG (Regd)	122,998
13	Sandoz AG (ptg)	31,093
21	Schweiz Ruckversicherungs (Renaissance)	50,996
244	Schweizercher Bankverein (Redg)	37,714
185	Schweizerische Bankgesellschaft	161,829
221	Schweizerischer Bankverein	70,673
205	SMH AG Neuenburg (Regd)	31,412
41	SMH AG Nuenberg (BR)	28,408
188	Union Bank of Switzerland	38,827
64	Zurich Versicherungs (BR)	60,887
42	Zurich Versicherung	40,097

1,689,494

Spain - 12.1%		
26,400	Banco Bilbao Vizcaya	571,064
18,800	Banco Central Hispano Americano	408,000
10,900	Banco de Santander Ord	472,333
4,600	Banco Espanol de Credito	68,184
2,600	Gas Natural S.D.G. SA	138,667
3,300	Dragados & Constructoras SA Ord	46,809

</TABLE>

See Notes to Financial Statements.

THE PANAGORA FUNDS
Global Fund

Portfolio of Investments (continued) November 30, 1993 (unaudited)

<TABLE>
<CAPTION>

Shares		Market Value (Note 1)
<S>	<C>	<C>
COMMON STOCKS (continued)		
Spain - (Continued)		
20,100	Empresa Nacional De Electric (Endesa)	\$912,340
90,500	Iberdrola SA	586,004
23,800	Repsol SA	668,425
80,300	Telefonica Nacional de Espana Ord	956,766

		4,828,592

Hong Kong - 3.7%		
6,000	Bank of East Asia	34,175
27,000	Cathay Pacific Airways	40,544
34,000	Cheung Kong Holdings	156,246
28,800	China Light & Power	169,631
20,000	Dairy Farm International	33,916
23,000	Hang Seng Bank Ltd.	174,175
18,000	Wharf Holdings	62,679
95,000	Hong Kong Telecommunications	180,777
20,000	Hong Kong & China Gas	49,709
35,000	Hutchison Whampoa	140,453
7,000	Jardine Matheson Holdings	59,353
22,000	New World Development Company	77,747

28,600	Sun Hung Kai Properties	177,709
15,000	Swire Pacific Ltd. A	103,883

1,460,997

	Italy - 4.0%	
19,700	Assicurazioni Generale	423,563
27,700	Banca Commerciale Italiana	70,564
16,400	Banco Ambrosiano Veneto	40,662
41,300	Credito Italiano S.P.A.	54,615
11,300	Fiat S.P.A. di Risp	13,008
45,700	Fiat S.P.A. Ord	101,570
17,300	Fiat S.P.A. Priv	19,286
4,800	Italcable	21,534
15,600	Italgas	41,579
12,760	Mediobanca S.P.A.	90,182
140,700	Montedison S.P.A.	64,960
39,100	Olivetti Group S.P.A. Ord	40,080
52,400	Pirelli S.P.A. Ord	57,217
4,900	RAS	71,535
2,300	RAS Di Risp	19,804
15,100	Edison	62,472
12,500	SME (Meridionale Finanziaria)	25,224
3,200	SAI (Soc Assic)	34,652
11,300	Saipem	19,880
128,300	SIP	231,658
35,700	SIP Di Risp	54,976
7,500	Sirti S.P.A.	37,943

1,596,964

</TABLE>

See Notes to Financial Statements.

THE PANAGORA FUNDS
Global Fund

Portfolio of Investments (continued) November 30, 1993 (unaudited)

<TABLE>
<CAPTION>

Shares		Market Value (Note 1)
<S>	<C>	<C>
COMMON STOCKS (continued)		
	Japan - 12.6%	
13,000	Asahi Bank Limited	\$128,748
7,000	Asahi Glass Company	67,400
12,000	Bank of Tokyo	156,259
19,000	Dai Ichi Kangyo Bank	308,391
8,000	Daiwa Securities	83,631
19,000	Fuji Bank	304,906
4,000	Fuji Photo Film Ltd Ord	82,898
10,000	Fujitsu Ltd	66,208
19,000	Hitachi Ltd	133,810
5,000	Honda Motor Company	62,815
16,000	Industrial Bank of Japan	394,681
1,000	Ito-Yokado Company	48,327
5,000	Kansai Electric Power	125,172
7,000	Kirin Brewery	71,894
1,000	Kyocera Corporation	46,492
12,000	Matsushita Electric Industrial	149,656
8,000	Mitsubishi Corporation	74,828
8,000	Mitsubishi Estate Company	65,878
21,000	Mitsubishi Heavy Industries	115,351

8,000	Mitsubishi Trust & Banking	80,697
7,000	Mitsui Trust & Banking	53,278
10,000	NEC Corporation	70,977
5,000	Nippon Denso Company Ltd	72,444
47,000	Nippon Steel	129,730
16,000	Nissan Motor Company	103,439
12,000	Nomura Securities Company	187,070
16,000	Osaka Gas Company	68,959
21,000	Sakura Bank	250,344
1,000	Seven-Eleven Japan NPV	77,946
7,000	Sharp Corporation	87,299
1,000	Sony Corporation	42,824
21,000	Sumitomo Bank	342,779
4,000	Tohoku Electric Power	108,574
13,000	Tokai Bank	120,404
10,000	Tokio Marine & Fire Insurance Company	101,788
8,000	Tokyo Electric Power Company	214,947
17,000	Tokyo Gas Company Ltd.	73,581
22,000	Toyota Motor Company	330,857

5,005,282

Netherlands - 7.0%		
6,400	ABN Amro Holdings	231,797
2,600	Ahold Koninklijke NV	61,250
1,100	Akzo NV Ord	101,541
1,500	Elsevier NV CVA	121,653
900	Heineken NV	93,306

</TABLE>

See Notes to Financial Statements.

THE PANAGORA FUNDS

Global Fund

Portfolio of Investments (continued) November 30, 1993 (unaudited)

<TABLE>
<CAPTION>

Shares		Market Value (Note 1)
<S>	<C>	<C>
COMMON STOCKS (continued)		
Netherlands - (continued)		
6,100	International Nederlanden Groep CVA	\$266,511
7,500	Philips Electronics NV	145,548
12,400	Royal Dutch Petroleum	1,252,740
3,700	Unilever NV CVA	411,815
1,500	Wolters Kluwer CVA	82,192
		----- 2,768,353 -----

Sweden - 1.9%		
9,100	Astra AB Free Series A	179,316
1,900	Astra AB Free Series B	36,767
1,200	ASEA AB Free Series A	76,743
500	ASEA AB Free Series B	31,858
3,100	Ericsson (L.M.) Tele Free Series B	122,537
1,300	Electrolux AB Free Series B	44,484
1,800	Skanska AB Free Series B	33,770
1,100	Stora Kopparbergs Bergslags Free Series A	47,115
3,400	Svenska Cellulosa A Ktiebolaget Free Series	51,351
4,000	Svenska Handelsbanken Series A	50,030
1,300	Volvo AB Free Series B	63,504

737,475

Singapore - 1.4%		
1,200	City Developments	4,912
2,500	Development Bank of Singapore	22,964
4,000	Fraser & Neave Ord	38,243
17,000	Genting Berhad Myro (Registered)	178,467
1,000	Keppel Corporation Ord.	6,155
20,000	Malayan Banking	141,223
4,666	Overseas-Chinese Banking Corporation	37,618
40,000	Sime Darby BHD	88,983
3,000	Singapore International Airlines	20,809
700	Singapore Press Holdings	6,518
3,375	United Overseas Bank	26,151

572,043

United States - 33.1%		
7,400	Abbott Laboratories	216,450
2,700	American Home Products Corporation	169,088
2,800	American International Group, Inc.	241,150
11,900	American Telephone & Telegraph Company	650,037
2,400	Ameritech Corporation	183,600
4,400	Amoco Corporation	234,850
1,400	Atlantic Richfield	145,250
3,100	BankAmerica Corporation	137,563
3,800	Bell Atlantic Corporation	228,000
4,400	BellSouth Corporation	251,350
4,600	Bristol-Myers Squibb	275,425
2,900	Chevron Corporation	251,937

</TABLE>

See Notes to Financial Statements.

THE PANAGORA FUNDS

Global Fund

Portfolio of Investments (continued) November 30, 1993 (unaudited)

<TABLE>

<CAPTION>

Shares		Market Value (Note 1)
<S>	<C>	<C>
	United States - (continued)	
3,100	Chrysler Corporation	\$163,525
11,500	Coca Cola Company	485,875
4,700	Disney (Walt) Company	186,825
2,400	Dow Chemical Company	139,500
6,000	duPont (EI) deNemours & Company	285,750
2,900	Eastman Kodak Company	176,538
11,000	Exxon Corporation	690,250
2,400	Federal National Mortgage Association	181,200
4,400	Ford Motor Company	267,300
8,400	GTE Corporation	311,850
7,600	General Electric Company	746,700
6,300	General Motors Corporation	333,112
2,200	Hewlett Packard Company	162,250
4,000	Home Depot, Inc.	165,500
3,700	Intel Corporation	227,550
5,100	International Business Machines Corporation	274,763
5,800	Johnson & Johnson	253,025
3,100	McDonald's Corporation	181,737
10,000	Merck & Company, Inc.	342,500
1,900	Minnesota Mining & Manufacturing Company	207,100
3,500	Mobil Corporation	266,875
2,400	Motorola, Inc.	225,000

3,700	NYNEX Corporation	157,713
3,800	Pacific Gas & Electric Company	130,625
3,700	Pacific Telesis Group	209,975
7,000	PepsiCo Inc.	281,750
2,800	Pfizer, Inc.	186,200
7,800	Philip Morris Companies, Inc.	435,825
6,000	Procter & Gambel Company	340,500
4,700	Royal Dutch Petroleum Company ADR	474,700
2,100	Schlumberger, Ltd.	120,750
3,100	Sears Roebuck & Company	168,562
5,300	Southwestern Bell Corporation	225,250
2,300	Texaco, Inc.	147,775
3,300	Time Warner Inc.	145,612
1,400	Unilever N.V. ADR	156,975
3,700	US West, Inc.	172,975
20,300	Wal-Mart Stores, Inc.	581,088

13,195,700

TOTAL COMMON STOCKS (Cost \$34,370,116) 33,362,228

</TABLE>

<TABLE>

<CAPTION>

Face
Value

<S>	<C>	<C>
COMMERCIAL PAPER - 6.6% (Cost \$2,642,000)		
\$2,642,000	General Electric Capital Corporation, 3.15% due 12/01/93	2,642,000

</TABLE>

See Notes to Financial Statements.

THE PANAGORA FUNDS

Global Fund

Portfolio of Investments (continued) November 30, 1993 (unaudited)

<TABLE>

<CAPTION>

Face
Value

Market Value
(Note 1)

<S>	<C>	<C>
U.S. TREASURY BILL - 2.8% (Cost \$1,100,000)		
\$1,100,000	U.S. Treasury Bill, 2.890% due 12/16/93	\$1,100,000

Shares

RIGHTS AND WARRANTS - 0.0%

1,125	A.G. Fin, Rights, expire 12/07/93	1,115
11,600	Mediobanca, Rights, expire 12/03/93	3,911
115	CS Holdings, Warrants, expire 12/21/93	1,820
53	CS Holdings (BR), Warrants, expire 12/21/93	4,343

TOTAL RIGHTS AND WARRANTS (Cost \$4,278) 11,189

TOTAL INVESTMENTS (Cost \$38,116,394*) 93.2% 37,115,417
OTHER ASSETS AND LIABILITIES (Net) 6.8 2,688,233

NET ASSETS 100.0% \$39,803,650

<FN>

* Aggregate cost for federal tax purposes.
ADR - American Depository Receipt

</TABLE>

OPEN FUTURES CONTRACTS TO BUY AT NOVEMBER 30, 1993:

<TABLE>

<CAPTION>

Number of Contracts -----		Unrealized Appreciation/ (Depreciation) -----
<S>	<C>	<C>
90	All Ordinary Index Future December 1993	(94,944)
21	Topix Index Future December 30	(572,471)
1	Japan Treasury 10 Year Index Future	10,307
9	US Treasury Note 10 Year Index Future	(7,887)
-----		(664,995)
-----		(664,995)
OPEN FUTURES CONTRACTS TO SELL AT NOVEMBER 30, 1993:		
11	Standard & Poor's 500 Index Future	36,075
-----		36,075
-----		36,075
Net Unrealized Depreciation of Open Futures Contracts		(\$628,920)
-----		(\$628,920)
-----		(\$628,920)

</TABLE>

See Notes to Financial Statements.

THE PANAGORA FUNDS

Global Fund

Portfolio of Investments November 30, 1993 (unaudited)

<TABLE>

<CAPTION>

Sector Diversification	Percentage of Net Assets	Market Value (Note 1)
<S>	<C>	<C>
COMMON STOCKS:		
Utility	18.9%	\$7,505,035
Financial Services	18.4%	7,310,119
Oil & Gas	10.4%	4,133,173
Basic Industries	6.2%	2,475,132
Consumer Services	5.6%	2,243,442
Technology	4.4%	1,742,551
Health Care Services	4.1%	1,636,839
Transportation	3.6%	1,438,704
Non-Durable Goods	3.4%	1,339,209
Food & Kindred Products	2.5%	986,141
Durable Goods	2.2%	876,959
Holding Companies	1.6%	632,550
Manufacturing	0.9%	343,038
Forestry Products & Paper	0.8%	305,566
Real Estate	0.7%	277,357
Other	0.3%	116,413
-----		-----
Total Common Stocks	83.8%	33,362,228
Commercial Paper	6.6%	2,642,000
U.S. Treasury Bill	2.8%	1,100,000
Warrants & Rights	0.0%	11,189
-----		-----
Total Investments	93.2%	37,115,417
-----		-----
Other Assets and Liabilities (Net)	6.8%	2,688,233
-----		-----

Net Assets	100.0%	\$39,803,650

</TABLE>

See Notes to Financial Statements.

THE PANAGORA FUNDS
Global Fund

Schedule of Forward Foreign Exchange Contracts November 30, 1993 (unaudited)

<TABLE>
<CAPTION>

	Contract Value Date	Market Value (Note 1)
<S>	<C>	<C>
FORWARD FOREIGN EXCHANGE CONTRACTS TO BUY		
1,743,173 Australian Dollars	12/06/93	\$1,148,045
1,826,669 Great Britain Pound Sterling	12/07/93	2,711,749
363,000,000 Japanese Yen	12/07/93	3,329,021
(Contract Amount \$7,262,153)		\$7,188,815
FORWARD FOREIGN EXCHANGE CONTRACTS TO SELL		
16,973,000 German Duetsche Marks	12/07/93	(\$9,886,158)
535,700,000 Japanese Yen	12/07/93	(4,912,828)
TOTAL FORWARD FOREIGN EXCHANGE CONTRACTS TO SELL (Contract Amount \$15,000,000)		(\$14,798,986)

</TABLE>

See Notes to Financial Statements.

THE PANAGORA FUNDS
International Equity Fund

Portfolio of Investments November 30, 1993 (unaudited)

<TABLE>
<CAPTION>

Shares		Market Value (Note 1)
<S>	<C>	<C>
COMMON STOCKS - 81.2%		
Austria - 2.0%		
500	Creditanstalt Bank	\$31,027
100	EA Generali AG	32,560
600	Oesterreichische El Wirtsch	35,145
500	Omev AG	33,472
100	Wienerberger Baust	31,690
1,000	Z-Laenderbank Austria	88,732
		252,626
Belgium - 1.5%		
100	ACEC Union Miniere	6,223
200	A.G. Finance	14,401
200	Delhaize	6,895

100	Electrabel	17,347
100	Generale de Banque Ord	24,424
100	Group Brussels Lambert SA	10,284
100	Kredietbank	21,808
100	Pertofina Sa	26,819
100	Solvay Et Cie "A"	39,100
100	Tractebel Cap	26,269

193,570

Switzerland - 0.3%		
18	Brown Boveri & Cie AG "A"	12,076
3	Ciba Geigy AG	1,563
1	Credit Suisse Holding	2,395
4	Nestle SA	3,089
1	Roche Holdings AG Genuschein	4,007
1	Sandoz AG	2,412
3	Schweizerische Bankgesellschaft	2,624
3	Schweizerischer Bankverein	959
4	SMH AG Neuenburg	613
14	Zurich Versicherung - G	13,375
1	Zurich Versicherung	952

44,065

Germany - 10.3%		
89	Allianz	148,303
280	BASF	44,210
330	Bayer	63,449
115	Beiersdor	56,282
350	Daimler Benz	145,742
300	Deutsche Bank	148,047
25	Douglas Holdings	8,375
300	Dresdner Bank	76,033
100	Hochtief	59,720

</TABLE>

See Notes to Financial Statements.

THE PANAGORA FUNDS
International Equity Fund

Portfolio of Investments (continued) November 30, 1993 (unaudited)

<TABLE>
<CAPTION>

Shares		Market Value (Note 1)
<S>	<C>	<C>
COMMON STOCKS (continued)		
Germany - (continued)		
100	Karstadt	\$34,026
23	Linde	11,069
300	Mannesmann	64,812
50	Munchener Ruckversicherungs-G	110,991
120	M.A.N. Group	25,659
23	Pittler Maschinenfabrik	1,541
200	RWE Aktiengesellschaft	54,476
320	Siemens	134,705
100	Thyssen	13,838
290	VEBA Group	77,030
200	VIAG Group	53,660

		1,331,968

Spain - 11.5%

7,200	Autopista Cesa	70,213
8,300	Banco Bilbao Vizcaya	179,539
6,200	Banco Central Hispano Americano	134,553
3,400	Banco de Santander	147,333
3,700	Banco Espanol de Credito	54,844
5,600	Empresa Nacional de Elec (Endesa)	254,185
900	Gas Natural S.D.G. SA	48,000
21,800	Iberdrola	141,159
7,100	Repsol	199,404
21,400	Telefonica Nacional de Espana	254,979

1,484,209

France - 5.7%		
222	Alcatel Alsthom Cie Generale D'Electric	29,059
300	Axa Company	75,051
89	BSN	12,489
215	Carrefour	136,476
200	Compagnie Bancaire SA	17,689
495	Compagnie de Saint Gobain	45,864
500	Compagnie Financiere de Suez	28,555
256	Cie Generale des Eaux	112,388
200	Elf Sanofi	31,637
600	Euro Disney SCA	3,260
101	Gulibert SA New	24,331
200	Lafarge Coppee SA	13,969
100	L'Oreal	19,660
131	LVMH Moet Hennessey	81,323
100	Lyonnaise des Eaux DuMez	9,013
400	Michelin Group	12,244
551	Pechiney International	18,379
80	Pernod - Ricard	5,232
400	Rhone - Poulenc SA Ord "A"	10,007

</TABLE>

See Notes to Financial Statements.

THE PANAGORA FUNDS
International Equity Fund

Portfolio of Investments (continued) November 30, 1993 (unaudited)

<TABLE>
<CAPTION>

Shares		Market Value (Note 1)
<S>	<C>	<C>
COMMON STOCKS (continued)		
France - (continued)		
73	Societe Generale Ord	\$8,645
220	Societe National Elf Aquitaine	15,144
400	Thompson - CSF	10,478
145	Union des Assurances de Paris	15,462

736,355

Great Britain - 7.4%		
4,433	Arjo Wiggins Appleton	16,389
23,960	Chubb Security	130,563
6,566	General Electric	32,514
18,408	Glaxo Holdings	183,126
51,250	Hanson Trust P/C	216,113
3,600	Imperial Chemical Industries	39,929
60	Racal Electronics	178
5,250	RTZ Corporation	55,814
9,278	SmithKline Beecham "A"	53,451

19,449	Vodafone	153,053
6,900	Zeneca Group	77,863

		958,993

Hong Kong - 2.8%		
4,800	Cheung Kong Holdings	22,058
4,560	China Light & Power	26,858
3,300	Hang Seng Bank Ltd.	24,990
13,500	Hong Kong Telecommunications	25,690
16,700	Hong Kong & Shanghai Banking Corporation	184,835
10,800	Hutchison-Whampoa Ltd.	43,340
5,280	Sun Hung Kia Properties	32,808

		360,579

Italy - 10.7%		
254	Allanza Assicurazioni Di Risparmio	1,819
15,800	Assicurazioni Generali	339,710
32,500	Banca Commerciale Italiana	82,791
17,900	Banco Ambrosiano Veneto	44,381
53,100	Credito Italiano S.P.A.	70,219
12,400	Edison	51,302
4,000	Fiat S.P.A. Di Risparmio	4,605
48,600	Fiat S.P.A. Ordine	108,016
19,900	Fiat S.P.A. Privato	22,184
4,100	Italcable	18,393
11,500	Italgas	30,651
12,870	Mediobanca	90,960
90,800	Monedison S.P.A. International	41,922
35,600	Olivetti Group S.P.A. Ordine	36,492
29,500	Pirelli S.P.A. Ordine	32,212
1,100	RAS di Risparmio	9,472

</TABLE>

See Notes to Financial Statements.

THE PANAGORA FUNDS

International Equity Fund

Portfolio of Investments (continued) November 30, 1993 (unaudited)

<TABLE>

<CAPTION>

Shares		Market Value (Note 1)
<S>	<C>	<C>
COMMON STOCKS (continued)		
Italy - (continued)		
4,100	RAS International	\$59,856
1,800	Rinascenza Ordine	7,917
2,900	S.A.I.	31,404
5,000	Saipem International	8,796
112,100	SIP	202,408
29,800	SIP Di Risparmio	45,890
6,000	Sirti S.P.A. International	30,354
7,700	SME (Meridionale Finanziaria)	15,538

		1,387,292

Japan - 22.5%		
3,200	Ajinomoto Company, Inc.	32,866
7,100	Asahi Chemical Industry	36,851
3,200	Asahi Glass Company	30,812
4,000	Bank of Tokyo	52,086
1,600	Bridgestone Company	18,487

1,900	Canon, Inc.	23,870
1,600	Chugai Pharmaceutical	16,873
6,790	Dai Ichi Kangyo Bank	110,209
3,200	Dai Nippon Printing Company	44,897
800	Daido Steel Company	2,678
8,000	Daikyo Kanko	66,318
1,600	Daishowa Paper Manufacturing	18,634
1,600	Daiwa House Industry Company	21,128
2,400	Denki Kagaku Kogyo	5,612
5,100	Fuji Bank	81,843
3,200	Fujitsu Ltd.	21,187
7,100	Hitachi Ltd.	50,003
1,600	Honda Motor Company	20,101
800	House Food Industrial Company	18,267
4,800	Industrial Bank of Japan	118,404
6,500	Itochu Corporation	29,147
1,000	Ito-Yokado Company	48,326
2,400	Japan Airlines	12,985
1,680	Joyo Bank	11,215
800	Jufi Photo Film Ltd.	16,580
5,200	Kajima Corporation	39,387
1,600	Kamigumi Company	15,552
1,020	Kandenko Company	21,139
2,560	Kansai Electric Power	64,088
8,400	Kawasaki Steel Corporation	23,109
7,274	Kinki Nippon Railway Company	54,563
4,000	Kirin Brewery	41,082
2,400	Konatsu	15,560
800	Kyocera Corporation	37,194

</TABLE>

See Notes to Financial Statements.

THE PANAGORA FUNDS
International Equity Fund

Portfolio of Investments (continued) November 30, 1993 (unaudited)

<TABLE>
<CAPTION>

Shares		Market Value (Note 1)
<S>	<C>	<C>
COMMON STOCKS (continued)		
	Japan - (continued)	
800	Kyushu Electric Power Company, Inc.	\$20,247
800	Maeda Road Construction	14,525
800	Marudai Food Company, Ltd.	5,832
5,600	Matsushita Electric Industrial	69,839
8,790	Mitsubishi Bank	209,574
4,000	Mitsubishi Estate Company	32,939
14,300	Mitsubishi Heavy Industry	78,548
7,100	Mitsubishi Kasei Company	27,410
4,800	Mitsubishi Trust & Banking	48,418
2,400	Mitsui Marine & Fire	17,276
4,000	Mitsui Teatsu Chemicals Inc.	11,224
6,400	Mitsui Trust & Banking	48,712
1,600	Mitsui & Company	9,757
3,200	NEC Corporation	22,712
2,400	Nikko Kyodo Company, Ltd.	8,253
2,400	Nikon	15,956
300	Nintendo Company	17,442
1,600	Nippon Light Metal Company	7,439
3,200	Nippon Oil Company	19,661
19,900	Nippon Steel	54,928
3,200	Nippon Yusen Kaisha	16,198

2,400	Oji Paper	19,719
6,400	Sakura Bank	76,295
800	Sanwa Shutter Corporation	6,823
1,010	Seven-Eleven, Japan	78,725
1,600	Shizuoka Bank	18,196
1,800	Snow Brand Milk Products Company, Ltd.	11,884
1,060	Sony Corporation	45,394
5,693	Sumitomo Bank	92,926
3,200	Sumitomo Electric Industry	33,453
8,150	Sumitomo Trust & Banking	75,484
1,600	Taiyo Fisher Company	4,519
4,000	Takeda Chemical Industries	41,449
3,200	Tokai Bank	29,638
3,200	Tokio Marine & Fire Insurance	32,572
3,040	Tokyo Electric Power Company	81,680
5,180	Tokyu Corporation	29,498
4,800	Toyobo Company	13,205
5,986	Toyota Motor Company	90,023
2,400	Ube Industries, Ltd.	6,360
800	Yakult Honsha	11,004
2,000	Yamanouchi Pharmaceutical Company	37,231
4,000	Yasuda Trust & Banking	24,392
11,100	Yokogawa Electric Corporation	76,341

2,914,754

</TABLE>

See Notes to Financial Statements.

THE PANAGORA FUNDS
International Equity Fund

Portfolio of Investments (continued) November 30, 1993 (unaudited)

<TABLE>
<CAPTION>

Shares		Market Value (Note 1)

<S>	<C>	<C>
COMMON STOCKS	(continued)	
	Netherlands - 1.5%	
300	ABM Amro Holding	\$10,865
200	Ahold Koninklijke	4,712
63	Akzo NV Ord	5,816
230	Elsevier NV CVA	18,653
75	Heineken NV	7,776
487	International Nederlanden Groep CVA	21,277
500	Philips Electronics	9,703
800	Royal Dutch Petroleum	80,822
275	Unilever NV CVA	30,608

		190,232

	Norway - 0.0%	
140	Orka Borregaard "A" Free	4,949

	Sweden - 1.1%	
6,500	Astra AB "A" Free	128,083
1,000	Astra AB "A" Free	19,351

		147,434

	Singapore - 3.9%	
11,875	Development Bank of Singapore	109,081
16,683	Overseas-Chinese Banking Corporation	134,484

38,900	Sime Darby BHD	86,536
5,600	Singapore Press Holding	77,336
12,488	United Overseas Bank	96,760
		504,197
TOTAL COMMON STOCK (Cost \$10,725,529)		10,511,223

PREFERRED STOCK - 0.1% (Cost \$20,013)		
300	Credit Anstalt Bank Pref	18,517

RIGHTS - 0.1%		
200	A.G. Finance Rights, expire 12/7/93	198
256	Cie Generale des Eaux Rights, expire 12/16/93	1,076
11,700	Mediobanca Rights, expire 12/3/93	3,945
TOTAL RIGHTS (Cost \$0)		5,219

</TABLE>

<TABLE>
<CAPTION>
Face
Value

<S>	<C>	<C>
U.S. TREASURY BILL - 0.4% (Cost \$49,873)		
\$50,000	U.S. Treasury Bill, 2.940% due 12/16/93	49,850

COMMERCIAL PAPER - 12.8% (Cost \$1,657,000)		
1,657,000	General Electric Capital Corporation, 3.150% due 12/01/93	1,657,000

</TABLE>

See Notes to Financial Statements.

THE PANAGORA FUNDS
International Equity Fund

Portfolio of Investments (continued) November 30, 1993 (unaudited)

<TABLE>
<CAPTION>

		Market Value (Note 1)
<S>	<C>	<C>
TOTAL INVESTMENTS (Cost \$12,452,415*)	94.6%	\$12,241,809
OTHER ASSETS AND LIABILITIES (Net)	5.4	704,546

NET ASSETS	100.0%	\$12,946,355

<FN>

*Aggregate cost for Federal tax purposes.

</TABLE>

OPEN FUTURES CONTRACTS TO BUY AT NOVEMBER 30, 1993:

<TABLE>
<CAPTION>

NUMBER OF CONTRACTS	Unrealized Appreciation/ (Depreciation)
-----	-----

<S>	<C>	<C>
40	All Ordinary Index Future December 1993	\$32,923
8	Topix Index Future December 1993	(113,724)
1	Toronto 35 Index Future December 1993	4,024
-----		(76,777)

OPEN FUTURES CONTRACTS TO SELL AT NOVEMBER 30, 1993:		
5	Financial Times Stock Exchange 100 Index December 1993	391

Net Unrealized Depreciation of Open Futures Contracts		(\$76,386)

</TABLE>		

See Notes to Financial Statements.

THE PANAGORA FUNDS
International Equity Fund

Portfolio of Investments November 30, 1993 (unaudited)

<TABLE>
<CAPTION>

Sector Diversification	Percentage of Net Assets	Market Value (Note 1)
-----	-----	-----
<S>	<C>	<C>
Common Stocks:		
Energy & Utility	16.7%	\$2,157,800
Financial Services	16.3%	2,113,345
Banking & Finance	14.2%	1,838,263
Basic Industries	7.2%	925,685
Durable Goods	6.1%	783,305
Consumer Services	5.8%	747,109
Health Care & Personal Services	4.1%	530,412
Manufacturing	3.0%	390,076
Transportation	2.8%	358,032
Construction & Building	1.8%	229,128
Holding Companies	1.0%	132,501
Non-Durable Goods	0.8%	109,028
Technology	0.6%	80,579
Real Estate	0.5%	65,747
Forestry Products & Paper	0.4%	54,742
Other	0.1%	13,988
Total Common Stocks		10,529,740
Commercial Paper	12.8%	1,657,000
U.S. Treasury Bill	0.4%	49,850
Rights	0.1%	5,219
Total Investments		12,241,809
Other Assets and Liabilities (Net)	5.4%	704,546
Net Assets		\$12,946,355
-----		-----
</TABLE>		

See Notes to Financial Statements.

THE PANAGORA FUNDS
International Equity Fund

<TABLE>
<CAPTION>

	Contract Value Date	Market Value (Note 1)
<S>	<C>	<C>
FORWARD FOREIGN EXCHANGE CONTRACTS TO BUY		
1,522,765 Australian Dollars	12/06/93	\$1,002,886
370,079,500 Japanese Yen	12/06/93	3,393,867
TOTAL FORWARD FOREIGN EXCHANGE CONTRACTS TO BUY (Contract Amount \$4,468,426)		
		\$4,396,753
FORWARD FOREIGN EXCHANGE CONTRACTS TO SELL (Contract Amount \$402,255)		
2,383,600 French Francs	12/06/93	(\$401,457)

</TABLE>

See Notes to Financial Statements.

THE PANAGORA FUNDS
STATEMENTS OF ASSETS AND LIABILITIES
November 30, 1993 (unaudited)

<TABLE>
<CAPTION>

	PANAGORA ASSET ALLOCATION FUND	PANAGORA GLOBAL FUND	PANAGORA INTERNATIONAL EQUITY FUND
<S>	<C>	<C>	<C>
ASSETS			
Investments, at value (Cost \$2,468,667, \$38,116,394, and \$12,452,415) (Note 1) See accompanying schedules:			
Securities.....	\$ 2,433,744	\$ 37,115,417	12,241,809
Cash.....	1,250	568,154	1,435,583
Segregated cash collateral for futures contacts.....	-	2,609,764	-
Receivable for forward foreign exchange contracts to sell..	-	15,000,000	402,255
Forward foreign exchange contracts to buy, at value (Contract Cost \$7,262,153, \$4,468,426) See accompanying schedules.....	-	7,188,815	4,396,753
Receivable from investment adviser	42,637	3,638	13,857
Unamortized organization costs (Note 2).....	18,822	18,845	18,845
Dividends and interest receivable.....	4,242	65,501	39,607
Receivable for investment securities sold.....	-	-	1,397
Total Assets.....	2,500,695	62,570,134	18,550,106
LIABILITIES			
Forward foreign exchange contracts to sell, at value (Contract cost \$15,000,000, \$402,255) (Note 1) See accompanying schedule.....	-	14,798,986	401,457
Payable for forward foreign exchange contracts to buy.....	-	7,262,153	4,468,426
Service fees payable.....	7,500	7,500	7,500
Transfer agent fees payable (Note 2).....	2,550	3,300	2,800
Custodian fees payable (Note 2).....	1,655	29,648	16,725
Administration fees payable (Note 2).....	560	14,612	6,333

Payable for investment securities purchased.....	-	-	606,459
Net unrealized depreciation of futures contracts (Note 1)..	800	628,920	76,386
Accrued expenses and other payables.....	12,465	21,365	17,665
	-----	-----	-----
Total Liabilities	25,530	22,766,484	5,603,751
	-----	-----	-----
NET ASSETS.....	\$ 2,475,165	\$ 39,803,650	\$ 12,946,355
	-----	-----	-----
	-----	-----	-----
NET ASSETS CONSIST OF:			
Undistributed net investment income.....	\$ 7,408	\$ 74,011	\$ 23,569
Accumulated net realized gain on securities sold, forward foreign exchange contracts, foreign currency, futures contracts and net other assets.	13,307	334,247	295,379
Net unrealized depreciation on securities, forward foreign exchange contracts, foreign currency, futures contracts and net other assets.....	(35,723)	(1,514,560)	(349,898)
Paid-in capital.....	2,490,173	40,909,952	12,977,305
	-----	-----	-----
	\$ 2,475,165	\$ 39,803,650	\$ 12,946,355
	-----	-----	-----
	-----	-----	-----
Net Asset Value and redemption price per share of beneficial interest outstanding.....	\$ 10.16	\$ 10.34	\$ 9.99
	-----	-----	-----
	-----	-----	-----
Number of Fund shares outstanding.....	243,601	3,848,465	1,295,380
	-----	-----	-----
	-----	-----	-----

</TABLE>

See Notes to Financial Statements.

THE PANAGORA FUNDS
STATEMENTS OF OPERATIONS
For the Period Ended November 30, 1993 (unaudited) *

<TABLE>
<CAPTION>

	PANAGORA ASSET ALLOCATION FUND	PANAGORA GLOBAL FUND	PANAGORA INTERNATIONAL EQUITY FUND
	-----	-----	-----
<S>	<C>	<C>	<C>
INVESTMENT INCOME:			
Interest.....	\$ 7,728	\$ 68,030	\$ 15,961
Dividends (Net of foreign withholding taxes of \$5,853 and \$18,602 for the PanAgora Global Fund and the PanAgora International Equity Fund, respectively).....	4,347	104,734	104,071
	-----	-----	-----
Total investment income.....	12,075	172,764	120,032
	-----	-----	-----
EXPENSES:			
Transfer agent fees (Note 2).....	15,125	20,103	15,778
Trustees' fees and expenses (Note 2).....	4,719	4,719	4,719
Investment advisory fees (Note 2).....	2,483	69,126	51,682
Custodian fees (Note 2).....	1,659	29,664	21,714
Administration fees (Note 2).....	623	14,813	9,690
Amortization of organization costs (Note 5).....	2,085	2,062	2,062
Legal and audit fees.....	13,297	14,797	14,797
Service fees.....	7,500	7,500	7,500

Other.....	1,339	8,733	8,660
Fees waived and expenses reimbursed by investment adviser (Note 2).....	(45,120)	(72,764)	(65,539)
Total expenses.....	3,710	98,753	71,063
NET INVESTMENT INCOME.....	8,365	74,011	48,969
NET REALIZED AND UNREALIZED GAIN\ (LOSS) ON INVESTMENTS (Notes 1 and 3):			
Realized gain/(loss) from:			
Security transactions.....	(446)	606,362	373,356
Futures Contracts.....	13,753	217,440	-
Forward foreign exchange contracts.....	-	(356,238)	(85,071)
Foreign currency transactions.....	-	28,279	13,380
Other.....	-	(161,596)	(6,286)
Net realized gain during the period.....	13,307	334,247	295,379
Net change in unrealized appreciation/(depreciation) of:			
Securities.....	(34,923)	(1,000,977)	(210,606)
Futures Contracts.....	(800)	(628,920)	(76,386)
Forward foreign exchange contracts.....	-	127,676	(70,875)
Foreign currency and net other assets.....	-	(12,339)	7,969
Net unrealized depreciation during the period.....	(35,723)	(1,514,560)	(349,898)
Net realized and unrealized loss on investments.....	(22,416)	(1,180,313)	(54,519)
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS.....	\$ (14,051)	\$ (1,106,302)	\$ (5,550)

<FN>

* The Funds commenced operations on June 1, 1993.

</TABLE>

See Notes to Financial Statements.

THE PANAGORA FUNDS
STATEMENTS OF CHANGES IN NET ASSETS
Period Ended November 30, 1993*

<TABLE>
<CAPTION>

	PANAGORA ASSET ALLOCATION FUND	PANAGORA GLOBAL FUND	PANAGORA INTERNATIONAL EQUITY FUND
<S>	<C>	<C>	<C>
Net investment income.....	\$ 8,365	\$ 74,011	\$ 48,969
Net realized gain on securities sold, forward foreign exchange contracts, foreign currency transactions and futures contracts during the period.....	13,307	334,247	295,379
Net unrealized depreciation of securities, forward foreign exchange contracts, foreign currency, futures contracts and net other assets during the period.....	(35,723)	(1,514,560)	(349,898)
Net decrease in net assets resulting from operations.....	(14,051)	(1,106,302)	(5,550)
Distributions to shareholders from net investment income.....	(957)	-	(25,400)

Net increase in net assets from Fund share transactions (Note 4).....	2,456,173	40,876,952	12,944,305
Net increase in net assets.....	2,441,165	39,770,650	12,913,355
NET ASSETS:			
Beginning of period.....	34,000	33,000	33,000
End of period (including undistributed net investment income of \$7,408, \$74,011, and \$23,569, respectively).....	\$ 2,475,165	\$ 39,803,650	\$ 12,946,355

<FN>

* The Funds commenced operations on June 1, 1993.

</TABLE>

See Notes to Financial Statements.

THE PANAGORA FUNDS
Asset Allocation Fund

Financial Highlights

For a Fund share outstanding throughout the period.*

<TABLE>

<CAPTION>

	Six Months Ended 11/30/93 (unaudited)
Operating performance:	
Net asset value, beginning of period.....	\$10.00
Income from investment operations:	
Net investment income+.....	0.04
Net realized and unrealized gain on investments++.....	0.13
Total from investment operations.....	0.17
Distributions:	
Dividends from net investment income.....	(0.01)
Net asset value, end of period.....	\$10.16
Total return+++.....	1.70%
Ratios/supplemental data:	
Net assets, end of period (in 000's).....	\$2,475
Ratio of operating expenses to average net assets+++.....	0.90% **
Ratio of net investment income to average net assets.....	2.02% **
Portfolio turnover rate.....	0%

<FN>

* The Fund commenced operations on June 1, 1993.

** Annualized.

+ Net investment loss per share before waiver of fees and reimbursement of expenses by investment adviser was \$0.18 for the six months from June 1, 1993, commencement of operations, through November 30, 1993.

++ The amount shown at this caption for each share outstanding throughout the period may not accord with the change in the aggregate gains and losses in the portfolio securities for the period because of the timing of purchases and withdrawals of shares in relation to the fluctuating market values of the portfolio.

+++ Total return represents aggregate total return for the period indicated.

++++ Annualized expense ratio before waiver of fees and reimbursement of expenses by investment adviser was 11.94% for the six months from June 1, 1993, commencement of operations, through November 30, 1993.

</TABLE>

See Notes to Financial Statements.

THE PANAGORA FUNDS

Global Fund

Financial Highlights

For a Fund share outstanding throughout the period.*

<TABLE>

<CAPTION>

	Six Months Ended 11/30/93 (unaudited)

<S>	<C>
Operating performance:	
Net asset value, beginning of period.....	\$10.00

Income from investment operations:	
Net investment income+.....	0.02
Net realized and unrealized gain on investments++	0.32

Total from investment operations.....	0.34

Distributions:	
Dividends from net investment income.....	
Net asset value, end of period.....	\$10.34

Total return+++.....	3.40%

Ratios/supplemental data:	
Net assets, end of period (in 000's).....	\$39,804
Ratio of operating expenses to average net assets++++.....	1.00% **
Ratio of net investment income to average net assets.....	0.75% **
Portfolio turnover rate.....	63%

<FN>

* The Fund commenced operations on June 1, 1993.

** Annualized.

+ Net investment loss per share before waiver of fees and reimbursement of expenses by investment adviser was \$0.00 for the six months from June 1, 1993, commencement of operations, through November 30, 1993.

++ The amount shown at this caption for each share outstanding throughout the period may not accord with the change in the aggregate gains and losses in the portfolio securities for the period because of the timing of purchases and withdrawals of shares in relation to the fluctuating

market values of the portfolio.

+++ Total return represents aggregate total return for the period indicated.

+++ Annualized expense ratio before waiver of fees and reimbursement of expenses by investment adviser was 1.76% for the six months from June 1, 1993, commencement of operations, through November 30, 1993.

</TABLE>

See Notes to Financial Statements.

THE PANAGORA FUNDS
International Equity Fund

Financial Highlights

For a Fund share outstanding throughout the period.*

<TABLE>
<CAPTION>

	Six Months Ended 11/30/93 (unaudited)

<S>	<C>
Operating performance:	
Net asset value, beginning of period.....	\$10.00

Income from investment operations:	
Net investment income+.....	0.04
Net realized and unrealized gain on investments.....	(0.03)

Total from investment operations.....	0.01

Distributions:	
Dividends from net investment income.....	(0.02)
Net asset value, end of period.....	\$9.99

Total return++.....	0.08%

Ratios/supplemental data:	
Net assets, end of period (in 000's).....	\$12,946
Ratio of operating expenses to average net assets+++.....	1.10% **
Ratio of net investment income to average net assets.....	0.76% **
Portfolio turnover rate.....	73%

<FN>

* The Fund commenced operations on June 1, 1993.

** Annualized.

+ Net investment loss per share before waiver of fees and reimbursement of expenses by investment adviser was \$(0.02) for the six months from June 1, 1993, commencement of operations, through November 30, 1993.

++ Total return represents aggregate total return for the period indicated

+++ Annualized expense ratio before waiver of fees and reimbursement of expenses by investment adviser was 2.24% for the six months from June 1, 1993, commencement of operations, through November 30, 1993.

</TABLE>

See Notes to Financial Statements.

1. SIGNIFICANT ACCOUNTING POLICIES

The PanAgora Funds (the "Trust") was organized under the laws of the Commonwealth of Massachusetts on January 27, 1993 as a Massachusetts business trust and began operations on June 1, 1993. The Trust is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company, consisting of three investment series (the "Funds"): PanAgora Asset Allocation Fund, PanAgora Global Fund and PanAgora International Equity Fund. The following is a summary of significant accounting policies consistently followed by the Funds in the preparation of their financial statements.

PORTFOLIO VALUATION:

Securities traded on a recognized U.S. or foreign securities exchange or the National Association of Securities Dealers Automated Quotation System (NASDAQ) are valued at their last sale price on the principal exchange on which they are traded or NASDAQ (if NASDAQ is the principal market for such securities). If no sale occurs, securities are valued at the mean between the closing bid and asked price. Unlisted equity securities for which market quotations are readily available are valued at the mean between the most recent bid and asked price. Debt securities and other fixed-income investments of the Funds will be valued at prices supplied by independent pricing agents selected by the Board of Trustees. Short-term obligations maturing in sixty days or less are valued at amortized cost. Amortized cost valuation involves initially valuing a security at its cost, and thereafter, assuming a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the security. Securities whose market value does not, in the Adviser's opinion, reflect fair value are valued at fair value using methods determined in good faith by the Board of Trustees.

Repurchase Agreements: Each Fund may engage in repurchase agreement transactions. Under the terms of a typical repurchase agreement, the Fund takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. This arrangement results in a fixed rate of return that is not subject to market fluctuations during the Fund's holding period. The value of the collateral is at least equal at all times to the total amount of the repurchase obligations, including interest. In the event of counterparty default, the Fund has the right to use the collateral to offset losses incurred. There is potential loss to the Fund in the event the Fund is delayed or prevented from exercising its rights to dispose of the collateral securities, including the risk of a possible decline in the value of the underlying securities during the period while the Fund seeks to assert its rights. The Fund's investment adviser, acting under the supervision of the Board of Trustees, reviews the value of the collateral and the creditworthiness of those banks and dealers with which the Fund enters into repurchase agreements to evaluate potential risks.

Futures Contracts: Upon entering into a futures contract, the Fund is required to deposit with the broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as the "initial margin." Subsequent payments ("variation margin") are made or received by the Fund each day, depending on the daily fluctuation of the value of the contract.

Futures contracts are marked-to-market daily and the daily changes in the value of the contract are recorded as unrealized gains or losses. The Fund

recognizes a realized gain or loss when the contract is closed.

There are several risks in connection with the use of futures contracts as a hedging device. The change in value of futures contracts primarily corresponds with the value of their underlying instruments or index, which may not correlate with the change in value of the hedged investments. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market.

Foreign Currency: The books and records of the PanAgora Global Fund and the PanAgora International Equity Fund are maintained in United States (U.S.) dollars. Foreign currencies, investments and other assets and liabilities are translated into U.S. dollars at the exchange rates prevailing at the end of the period, and purchases and sales of investment securities, income and expenses are translated on the respective dates of such transactions.

Unrealized gains and losses which result from changes in foreign currency exchange rates have been included in the unrealized appreciation/(depreciation) of foreign currency and net other assets. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions and the difference between the amounts of interest and dividends recorded on the books of the Funds and the amount actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial trade date and subsequent sale trade date is included in realized gains and losses on investment securities sold.

Forward Foreign Currency Contracts: The PanAgora Global Fund and the PanAgora International Equity Fund may enter into forward foreign currency contracts. Forward foreign currency contracts are valued at the forward rate and are marked-to-market daily. The change in market value is recorded by the Fund as an unrealized gain or loss. When the contract is closed or delivery is taken, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of forward foreign currency contracts does not eliminate fluctuations in the underlying prices of the Fund's securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign currency contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts.

Securities Transactions and Investment Income: Securities transactions are recorded as of the trade date. Realized gains and losses from securities sold are recorded on the identified cost basis. Interest income is recorded on the accrual basis and consists of interest accrued and, if applicable, discount earned less premiums amortized. Dividend income is recorded on the ex-dividend date, except that certain dividends from foreign securities are recorded as soon as the Fund is informed of the ex-dividend date.

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The PanAgora Funds
NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

Dividends and Distributions to Shareholders: Each Fund declares and pays dividends from net investment income, if any, and distributes net short-term capital gains, if any, on a quarterly basis. Each Fund also distributes at least annually substantially all of the long-term capital gains in excess of available capital losses, if any, which it realizes for each taxable year.

Federal Income Taxes: It is the policy of the Funds to qualify as a regulated investment company, which distributes exempt-interest dividends, by

complying with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and by distributing substantially all of its earnings to its shareholders. Therefore, no Federal income tax provision is required.

2. INVESTMENT ADVISORY FEE, ADMINISTRATION FEE AND OTHER RELATED PARTY TRANSACTIONS

The Trust has entered into an investment advisory agreement (the "Advisory Agreement") with PanAgora Asset Management, Inc. ("PanAgora"). Fifty percent of PanAgora's outstanding voting stock is owned by Lehman Brothers Inc. ("Lehman Brothers"), a national investment banking firm and fifty percent of such stock is owned by Nippon Life Insurance Company ("Nippon Life"). Lehman Brothers is a wholly owned subsidiary of Lehman Brothers Holdings Inc. ("Holdings"). American Express Company ("American Express") owns 100% of Holdings' issued and outstanding common stock, which represents approximately 92% of Holdings' issued and outstanding voting stock. The remainder of Holdings' voting stock is owned by Nippon Life. Under the Advisory Agreement, the Trust, on behalf of each Fund, pays a monthly fee at an annual rate of the value of each Fund's average daily net assets as follows:

<TABLE>

<S>	<C>
PanAgora Asset Allocation Fund	0.60%
PanAgora Global Fund	0.70%
PanAgora International Equity Fund	0.80%

</TABLE>

The Trust has also entered into an administration agreement (the "Administration Agreement") with The Boston Company Advisors, Inc. ("Boston Advisors"), an indirect wholly owned subsidiary of Mellon Bank Corporation ("Mellon"). Under the Administration Agreement, each Fund pays a monthly fee at the annual rate of 0.15% of the value of the average daily net assets of each Fund.

No officer, director or employee of PanAgora, Boston Advisors or any parent or subsidiary of those corporations receives any compensation from the Trust for serving as a Trustee or officer of the Trust. The Trust pays each Trustee who is not an officer, director, or employee of PanAgora, Boston Advisors or any of their affiliates \$5,000 per annum plus \$1,000 per meeting attended and reimburses each such Trustee for travel and out-of-pocket expenses.

From time to time PanAgora may voluntarily waive and reimburse a portion or all of their respective fees and expenses otherwise payable to them. For the period ended November 30, 1993, PanAgora voluntarily waived fees and reimbursed expenses as follows:

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The PanAgora Funds
 NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

<TABLE>
 <CAPTION>

	Fees Waived -----	Expenses Reimbursed -----
<S>	<C>	<C>
PanAgora Asset Allocation Fund	\$ 2,483	\$42,637
PanAgora Global Fund	69,126	3,638
PanAgora International Equity Fund	51,682	13,857

</TABLE>

Boston Safe Deposit and Trust Company, an indirect wholly owned subsidiary

of Mellon, serves as the Trust's custodian. The Shareholder Services Group, Inc., a subsidiary of First Data Corporation, which is in turn a partially owned subsidiary of American Express, serves as the Trust's transfer agent.

3. PURCHASES AND SALES OF SECURITIES

Cost of purchases and proceeds from sales of investment securities, excluding short-term investments, during the period ended November 30, 1993 were as follows:

<TABLE>
<CAPTION>

	Purchases -----	Sales -----
<S>	<C>	<C>
PanAgora Asset Allocation Fund	\$ 1,739,961	-
PanAgora Global Fund	43,349,036	\$9,498,708
PanAgora International Equity Fund	17,992,881	7,580,233

</TABLE>

At November 30, 1993, aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost and aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value were as follows:

<TABLE>
<CAPTION>

	Tax Basis Unrealized Appreciation -----	Tax Basis Unrealized Depreciation -----
<S>	<C>	<C>
PanAgora Asset Allocation Fund	-	\$ 34,923
PanAgora Global Fund	-	1,000,977
PanAgora International Equity Fund	-	210,606

</TABLE>

4. SHARES OF BENEFICIAL INTEREST

At November 30, 1993, an unlimited number of shares of beneficial interest without par value were authorized. Changes in shares of beneficial interest were as follows:

-4-

<TABLE>
<CAPTION>

	Period Ended November 30, 1993*	
PanAgora Asset Allocation Fund:	Shares -----	Amount -----
<S>	<C>	<C>
Sold	240,813	\$ 2,462,403
Issued as reinvestment of dividends	94	957
Redeemed	(706)	(7,187)
Net increase	240,201	\$ 2,456,173

</TABLE>

<TABLE>

<CAPTION>

PanAgora Global Fund:	Period Ended	
	November 30, 1993*	
	Shares	Amount
<S>	<C>	<C>
Sold	3,953,159	\$42,031,143
Issued as reinvestment of dividends	-	-
Redeemed	(107,994)	(1,154,191)
Net increase	3,845,165	\$40,876,952

</TABLE>

<TABLE>
<CAPTION>

PanAgora International Equity Fund:	Period Ended	
	November 30, 1993*	
	Shares	Amount
<S>	<C>	<C>
Sold	1,292,731	\$12,950,976
Issued as reinvestment of dividends	2,337	25,400
Redeemed	(2,988)	(32,071)
Net increase	1,292,080	\$12,944,305

<FN>

*The Funds commenced operations on June 1, 1993.

</TABLE>

5. ORGANIZATION COSTS

Each Fund bears all costs in connection with its organization including the fees and expenses of registering and qualifying its shares for distribution under Federal and state securities regulations. All such costs are being amortized on the straight-line method over a period of five years from the commencement of operations for each Fund. In the event that any of the initial shares of the Funds are redeemed during such amortization period, the Funds will be reimbursed for any unamortized organization costs in the same proportion as the number of shares redeemed bears to the number of initial shares held at the time of redemption.

STOCK PURCHASE AGREEMENT

This Agreement is made this 13th day of April, 1993 between PanAgora Asset Management, Inc., a Delaware corporation ("PanAgora"), and The PanAgora Funds, a Massachusetts business trust (the "Trust"), on behalf of the PanAgora Asset Allocation Fund, an investment portfolio of the Trust (the "Portfolio").

WHEREAS, the Portfolio wishes to sell and PanAgora wishes to purchase 3,400 shares of beneficial interest of the Portfolio at a purchase price of \$10.00 per share (collectively, the "Shares"); and

WHEREAS, PanAgora is purchasing the Shares for the purpose of providing the initial capitalization of the Portfolio.

NOW, THEREFORE, the parties hereto agree as follows:

1. Simultaneously with the execution of this Agreement, PanAgora is delivering to the Portfolio funds in the amount of \$34,000 in payment for the Shares.

2. PanAgora agrees that it is purchasing the Shares for investment and has no present intention of redeeming or reselling the Shares.

EXECUTED as of the date first set forth above.

PANAGORA ASSET MANAGEMENT, INC.

By:
President

PanAgora Asset Allocation Fund, an investment portfolio of The PanAgora Funds

THE PANAGORA FUNDS, on behalf of the
The PanAgora Funds

By:
President

STOCK PURCHASE AGREEMENT

This Agreement is made this 13th day of April, 1993 between PanAgora Asset Management, Inc., a Delaware corporation ("PanAgora"), and The PanAgora Funds, a Massachusetts business trust (the "Trust"), on behalf of the PanAgora Global Fund, an investment portfolio of the Trust (the "Portfolio").

WHEREAS, the Portfolio wishes to sell and PanAgora wishes to purchase 3,300 shares of beneficial interest of the Portfolio at a purchase price of \$10.00 per share (collectively, the "Shares"); and

WHEREAS, PanAgora is purchasing the Shares for the purpose of providing the initial capitalization of the Portfolio.

NOW, THEREFORE, the parties hereto agree as follows:

1. Simultaneously with the execution of this Agreement, PanAgora is delivering to the Portfolio funds in the amount of \$33,000 in payment for the Shares.

2. PanAgora agrees that it is purchasing the Shares for investment and has no present intention of redeeming or reselling the Shares.

EXECUTED as of the date first set forth above.

PANAGORA ASSET MANAGEMENT, INC.

By:
President

PanAgora Global Fund, an investment portfolio of The PanAgora Funds THE PANAGORA FUNDS, on behalf of the

By:
President

STOCK PURCHASE AGREEMENT

This Agreement is made this 13th day of April, 1993 between PanAgora Asset Management, Inc., a Delaware corporation ("PanAgora"), and The PanAgora Funds, a Massachusetts business trust (the "Trust"), on behalf of the PanAgora International Equity Fund, an investment portfolio of the Trust (the "Portfolio").

WHEREAS, the Portfolio wishes to sell and PanAgora wishes to purchase 3,300 shares of beneficial interest of the Portfolio at a purchase price of \$10.00 per share (collectively, the "Shares"); and

WHEREAS, PanAgora is purchasing the Shares for the purpose of providing the initial capitalization of the Portfolio.

NOW, THEREFORE, the parties hereto agree as follows:

1. Simultaneously with the execution of this Agreement, PanAgora is delivering to the Portfolio funds in the amount of \$33,000 in payment for the Shares.
2. PanAgora agrees that it is purchasing the Shares for investment and has no present intention of redeeming or reselling the Shares.

EXECUTED as of the date first set forth above.

PANAGORA ASSET MANAGEMENT, INC.

By:
President

PanAgora International Equity Fund, an investment portfolio of The PanAgora Funds

THE PANAGORA FUNDS, on behalf of the

By:
President