

SECURITIES AND EXCHANGE COMMISSION

FORM 485APOS

Post-effective amendments [Rule 485(a)]

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FILER

TRUST FOR TRAK INVESTMENTS

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Business Address
*TWO WORLD TRADE CENTER
NEW YORK NY 10048
3028884104*

As filed with the Securities and Exchange Commission on January 19, 1994

Registration No. 33-40823
811-6318

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. 5 X

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940

Amendment No. 7 X

THE TRUST FOR TRAK INVESTMENTS
(Exact name of Registrant as Specified in Charter)

222 Delaware Avenue, Wilmington, Delaware 19801
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, including Area Code:
(302) 888-4104

Francis J. McNamara, III, Secretary
The Trust for TRAK Investments
Exchange Place
Boston, Massachusetts 02109
(Name and Address of Agent for Service)

Approximate Date of Proposed Public Offering:
As soon as possible after this Post-Effective Amendment becomes effective

It is proposed that this filing will become effective:

X immediately upon filing pursuant to Rule 485(b)
on January 1, 1994 pursuant to Rule 485(b)
60 days after filing pursuant to Rule 485(a)
on _____ pursuant to Rule 485(a)

The Registrant has previously filed a declaration of indefinite registration of its shares pursuant to Rule 24f-2 under the Investment Company Act of 1940. Registrant's Rule 24f-2 Notice for the fiscal year ended August 31, 1993 was filed on October 28, 1993.

THE TRUST FOR TRAK INVESTMENTS

FORM N-1A
CROSS REFERENCE SHEET

PURSUANT TO RULE 485(a)

Part A.

Item No.	Prospectus Heading
1.	Cover Page Cover Page
2.	Synopsis Summary
3.	Condensed Financial Information Financial Highlights
4.	General Description of Registrant Cover Page; Summary; Objectives and Policies of the Portfolios; Additional Information
5.	Management of the Fund Summary; TRAK Fees; Portfolio Expenses; Management of the Trust; Custodian and Transfer Agent
6.	Capital Stock and Other Securities Cover Page; Dividends, Distributions

and Taxes; Additional Information

7.	Purchase of Securities Being Offered Net Asset Value; Exchange Privilege	Summary; Purchase of Shares;
8.	Redemption or Repurchase	Redemption of Shares; Exchange Privilege
9.	Pending Legal Proceedings	Not Applicable
Part B	Heading in Statement of	
Item No.	Additional Information	
10.	Cover Page	Cover Page
11.	Table of Contents	Contents
12.	General Information and History Prospectus -- "Additional Information"	Management of the Trust; See
13.	Investment Objectives and Policies Portfolios	Objectives and Policies of the
14.	Management of the Fund Agent	Management of the Trust; Custodian and Transfer
15.	Control Persons and Principal Holders of Securities Trust	Management of the
16.	Investment Advisory and Other Services of the Trust; Custodian and Transfer Agent; See Prospectus -- "TRAK Fees; Portfolio Expenses"; "Custodian and Transfer Agent" and "Management of the Trust"	Purchase of Shares; Management
17.	Brokerage Allocation and Other Practices Portfolios	Objectives and Policies of the
18.	Capital Stock and Other Securities Distributions and Taxes" and "Additional Information"	See Prospectus -- "Dividends,
19.	Purchase, Redemption and Pricing of Securities Being Offered	Purchase of Shares; Net Asset Value; See Prospectus -- "Exchange Privilege"
20.	Tax Status Taxes"	Taxes; See Prospectus -- "Dividends, Distributions and
21.	Underwriters Shares; See Prospectus -- "Purchase of Shares"	Objectives and Policies of the Portfolios; Purchase of
22.	Calculation of Performance Data Prospectus - "Performance of the Portfolios"	Determination of Performance; See
23.	Financial Statements Assets and Liabilities	Report of Independent Accountants; Statement of

PROSPECTUS

CONSULTING GROUP CAPITAL MARKETS FUNDS

222 Delaware Avenue . Wilmington, Delaware 19801 . (212) 464-TRAK

Consulting Group Capital Market Funds, formerly known as The Trust for TRAK Investments (the "Trust"), is an open-end, management investment company providing a convenient means of investing in separate investment portfolios (the "Portfolios") professionally managed by the Consulting Group (the "Manager" or the "Consulting Group") of Smith, Barney Advisers, Inc. ("Smith Barney Advisers"). Each of the Portfolios benefits from discretionary advisory services by an investment advisor (the "Advisor") identified, retained, supervised and compensated by the Manager. The Trust is a series company that currently consists of the following Portfolios to which this Prospectus relates:

.Government Money Investments	.Large Capitalization Value Equity Investments
.Intermediate Fixed Income Investments	.Large Capitalization Growth Investments
.Total Return Fixed Income Investments	.Small Capitalization Value Equity Investments
.Municipal Bond Investments	.Small Capitalization Growth Investments
.Mortgage Backed Investments	.International Equity Investments

.Emerging Markets Equity Investments

Each of the Portfolios is a diversified Portfolio of the Trust, except International Fixed Income Investments, which is a non-diversified Portfolio. Shares of Government Money Investments are not guaranteed or insured by the U.S. government and, although Government Money Investments attempts to maintain a constant net asset value of \$1.00 per share, there can be no assurance that it will be able to do so at all times.

Shares of the Portfolios are offered exclusively to participants in TRAK (R) Personalized Investment Advisory Service ("TRAK"), an investment advisory service that directly provides to investors asset allocation recommendations with respect to the Portfolios based on an evaluation of an investor's investment objectives and risk tolerances, as well as to participants in other investment advisory services offered by qualified registered investment advisors. Participation in TRAK is subject to payment of a separate investment advisory fee at a maximum annual rate of 1.50% of assets held in a TRAK account, which may be subject to negotiation. Other investment advisory services purchasing Portfolio shares on behalf of their clients also may separately impose different investment advisory fees for different levels of services as agreed upon with their clients. The operating expenses of the Portfolios, when combined with any investment advisory fees separately paid, may involve greater fees and expenses than other investment companies whose shares are purchased without the benefit of asset allocation recommendations rendered by registered investment advisors.

This Prospectus sets forth concisely certain information about the Trust, including expenses, that prospective investors will find helpful in making an investment decision. Investors are encouraged to read this Prospectus carefully and retain it for future reference.

Additional information about the Trust is contained in a Statement of Additional Information dated March 20, 1994, which is available upon request and without charge by calling or writing the Trust at the telephone number or address listed above or by contacting any Smith Barney Shearson Inc. Financial Consultant. The Statement of Additional Information, which has been filed with the Securities and Exchange Commission, bears the same date as this Prospectus and is incorporated by reference into this Prospectus in its entirety.

SHARES OF THE PORTFOLIOS ARE NOT DEPOSITS OR OBLIGATIONS OF (OR ENDORSED OR GUARANTEED BY) ANY BANK, NOR ARE THEY FEDERALLY INSURED OR OTHERWISE PROTECTED BY THE U.S. GOVERNMENT, THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD OR ANY OTHER GOVERNMENT AGENCY. AN INVESTMENT IN ANY PORTFOLIO INVOLVES CERTAIN RISKS INCLUDING LOSS OF PRINCIPAL.

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.

March 20, 1994

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SUMMARY

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

The Trust. The Trust is a management investment company providing a convenient means of investing in separate Portfolios professionally managed by the Manager. The assets of each of the Portfolios are managed on a discretionary basis by a separate Advisor. See "Management of the Trust." The Trust is a series company currently consisting of the following 13 Portfolios:

- . Government Money Investments, whose Advisor is Standish, Ayer & Wood, Inc.
- . Intermediate Fixed Income Investments, whose Advisor is Standish, Ayer & Wood, Inc.
- . Total Return Fixed Income Investments, whose Advisor is Wolf, Webb, Burk & Campbell, Inc.
- . Municipal Bond Investments, whose Advisor is Smith Affiliated Capital Corp.
- . Mortgage Backed Investments, whose Advisor is Atlantic Portfolio Analytics & Management, Inc.
- . International Fixed Income Investments, whose Advisor is Julius Baer Investment Management Inc.
- . Balanced Investments, whose Advisor is Palley-Needelman Asset Management, Inc.
- . Large Capitalization Value Equity Investments, whose Advisors are Newbold's Asset Management, Inc. and Parametric Portfolio Associates, Inc.
- . Small Capitalization Value Equity Investments, whose Advisors are Thorsell, Parker Partners Inc. and NFJ Investment Group Inc.
- . Large Capitalization Growth Investments, whose Advisors are Provident Investment Counsel and Boston Structured Advisors.
- . Small Capitalization Growth Investments, whose Advisor is Pilgrim Baxter & Associates, Ltd.
- . International Equity Investments, whose Advisor is Oechsle International Advisors, L.P.
- . Emerging Markets Equity Investments, whose Advisor is John Govett & Co. Limited.

Management. The Consulting Group acts as the Portfolios' Manager. Each of the Portfolios benefits from discretionary advisory services made available by an Advisor identified, retained, supervised and compensated by the Manager. The Boston Company Advisors, Inc. ("Boston Advisors") serves as the Portfolios' administrator and generally manages all aspects of the Trust's administration and operation. See "Management of the Trust."

TRAK and Other Investment Advisory Services. Shares of the Portfolios are offered exclusively to participants in TRAK and other investment advisory services offered by qualified registered investment

advisors. TRAK is an investment advisory service pursuant to which the Consulting Group in its capacity as investment advisor to participants in TRAK, generally directly provides to investors asset allocation recommendations and related services with respect to the Portfolios based on an evaluation of an investor's investment objectives and risk tolerances. The Consulting Group is paid directly by the client a quarterly fee at the maximum annual rate of 1.50% of assets held in a TRAK account for its services. Investors purchasing

Portfolio shares based on the recommendations of investment advisors other than the Consulting Group, or who contract with the Consulting Group for services other than those described above, pay, in lieu of TRAK charges, different fees for different levels of services as agreed upon with their investment advisors. See "Purchase of Shares--General."

Purchase and Redemption of Shares. Shares of the Portfolios are offered for purchase and redemption at their respective net asset values next determined, without imposition of any initial sales charge. Investors purchasing shares through participation in TRAK will pay a quarterly fee at the maximum annual rate of 1.50% of assets held in a TRAK account. See "Purchase of Shares" and "Redemption of Shares."

Risk Factors and Special Considerations. No assurance can be given that the Portfolios will achieve their investment objectives. Investing in an investment company that invests in securities of companies and governments of foreign countries, particularly developing countries, involves risks that go beyond the usual risks inherent in an investment company limiting its holdings to domestic investments. In particular, because Emerging Markets Equity Investments will invest in emerging markets countries, an investment in such Portfolio should be considered more speculative than an investment in a mutual fund that invests in securities of U.S. companies and investment in this Portfolio involves certain risks and considerations not associated with an investment in a mutual fund that invests in securities of countries with better developed and more stable markets. In addition, this Portfolio is authorized to borrow for investment purposes which will have the effect of magnifying gains and losses on the Portfolio's investments. A substantial portion of assets of certain of the Portfolios may be held in securities denominated in one or more foreign currencies, which will result in the Portfolio's bearing the risk that those currencies may lose value in relation to the U.S. dollar. Certain Portfolios may also be subject to certain risks of using investment techniques and strategies such as entering into forward currency contracts and repurchase agreements and trading futures contracts and options on futures contracts. In addition, Mortgage Backed Investments may invest in high yield, high risk securities that are predominantly speculative with respect to the issuer's capacity to pay interest and repay principal, and Mortgage Backed Investments, Intermediate Fixed Income Investments and Total Return Fixed Income Investments may invest in government stripped mortgage related securities and zero coupon securities, which, due to changes in interest rates, may be more speculative and subject to greater fluctuations in value than securities that pay interest currently. See "Objectives and Policies of the Portfolios--Certain Securities, Investment Techniques and Risk Factors."

Investors should be aware that the Consulting Group serves as investment advisor to each participant in TRAK, for which it receives a fee from the participant that does not vary based on the Portfolios recommended for the participant's investments. At the same time, the Consulting Group serves as the Trust's Manager with responsibility for identifying, retaining, supervising and compensating each Portfolio's Advisor and receives a fee from each Portfolio, the portion of which that is retained by the Manager varies based on the Portfolio involved. Consequently, the Consulting Group, when making asset allocation recommendations for TRAK participants, may be presented with a conflict of interest as to the specific Portfolios recommended for investment. The Consulting Group, however, is subject to and intends to comply fully with standards of fiduciary duty that require that it act solely in the best interest of the participant when making investment recommendations. Investors also should be aware that the Manager may be subject to a conflict of interest when making decisions regarding the retention and compensation of particular Advisors. However, the Manager's decisions, including the identity of an Advisor and the specific amount of the Manager's compensation to be paid to the Advisor, are subject to review and approval by a majority of the Board of Trustees and separately by a majority of the Trustees who are not affiliated with the Manager or any of its affiliates. These decisions are also subject to approval of shareholders of the Portfolio involved. See "Management of the Trust--Investment Manager" and "Purchase of Shares--General--TRAK."

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The Portfolios are intended as vehicles for the implementation of long-term asset allocation strategies rendered through investment advisory programs, such as TRAK, that are based on an evaluation of an investor's investment objectives and risk tolerances. Because these asset allocation strategies are designed to spread investment risk across the various segments of the securities markets through investment in a number of Portfolios, each individual Portfolio generally intends to be substantially fully invested in accordance with its investment objectives and policies during most market conditions. Although the Advisor of a Portfolio may, upon the concurrence of the Manager, take a temporary defensive position during adverse market conditions, it can be expected that a defensive posture will be adopted less frequently than would be

by other mutual funds. This policy may impede an Advisor's ability to protect a Portfolio's capital during declines in the particular segment of the market to which the Portfolio's assets are committed. Consequently, no single Portfolio should be considered a complete investment program and an investment among the Portfolios should be regarded as a long-term commitment that should be held through several market cycles. In addition, although the Consulting Group intends to recommend adjustments in the allocation of assets among the Portfolios based on, among other things, anticipated market trends, there can be no assurance that these recommendations can be developed, transmitted and acted upon in a manner sufficiently timely to avoid market shifts, which can be sudden and substantial. TRAK participants should recognize that TRAK is a nondiscretionary investment advisory service and that all investment decisions rest with the participant alone. Therefore, TRAK participants are urged strongly to adhere to the Consulting Group's asset allocation recommendations and to act promptly upon any recommended reallocation of assets among the Portfolios. Investors intending to purchase Portfolio shares through different investment advisory services should evaluate carefully whether the service is ongoing and continuous, as well as their investment advisors' ability to anticipate and respond to market trends. See "Objectives and Policies of the Portfolios--Certain Securities, Investment Techniques and Risk Factors--Temporary Investments."

Dividends and Distributions. Each Portfolio intends to distribute annually to its shareholders substantially all of its net investment income and its net realized long- and short-term capital gains. Dividends from the net investment income of Government Money Investments and Municipal Bond Investments are declared daily and paid monthly. Dividends from the net investment income of Intermediate Fixed Income Investments, Total Return Fixed Income Investments, Mortgage Backed Investments, International Fixed Income Investments and Balanced Investments are declared and paid monthly. Dividends from the net investment income of the remaining Portfolios are declared and paid annually. Distributions of any net realized long-term and short-term capital gains earned by a Portfolio will be made annually. See "Dividends, Distributions and Taxes."

Taxation. Each of the Portfolios has qualified and intends to continue to qualify as a regulated investment company for U.S. federal income tax purposes. As such, the Trust anticipates that no Portfolio will be subject to U.S. federal income tax on income and gains that are distributed to shareholders. It is expected that certain capital gains and certain dividends and interest earned by International Equity Investments and Emerging Markets Equity Investments will be subject to foreign withholding taxes. These taxes may be deductible or creditable in whole or in part by shareholders of the Portfolio for U.S. federal income tax purposes. Although any foreign withholding taxes paid by International Fixed Income Investments are not expected to be creditable by its shareholders for U.S. federal income tax purposes, the Portfolio will be managed in a manner so as to minimize, to the extent practicable, the payment of any foreign withholding taxes. See "Dividends, Distributions and Taxes."

Custodian and Transfer Agent. Boston Safe Deposit and Trust Company ("Boston Safe"), a wholly owned subsidiary of The Boston Company, Inc. ("TBC"), serves as the custodian of the Trust's U.S. and non-U.S. assets and may employ sub-custodians outside the United States approved by the Trustees of the Trust in accordance with regulations of the Securities and Exchange Commission (the "SEC"). The Shareholder Services Group, Inc. ("TSSG"), a subsidiary of First Data Corporation, serves as the transfer agent for the Portfolios' shares. See "Custodian and Transfer Agent."

TRAK FEES; PORTFOLIO EXPRESS

The following table lists the costs and expenses, including fees for TRAK (but not those for different shareholder of each of the Portfolios based on the Portfolio's operating expenses for the most recent fiscal year based on the Portfolios' projected annual operating expenses.

<TABLE>
<CAPTION>

	GOVERNMENT MONEY INVESTMENTS	INTERMEDIATE FIXED INCOME INVESTMENTS	TOTAL RETURN FIXED INCOME INVESTMENTS	MUNICIPAL BOND INVESTMENTS
<S>	<C>	<C>	<C>	<C>
Shareholder Transaction Expenses.....	None	None	None	None
Maximum Annual TRAK Fee (as				

a percentage of the value of Portfolio shares held on the last calendar day of the previous quarter).....	1.50%	1.50%	1.50%	1.50%
	====	====	====	====
Annual Portfolio Operating Expenses (as a percentage of average net assets)				
Management Fees (net of fee waivers).....	0.00%	0.52%	0.33%	0.39%
Distribution (Rule 12b-1) Expenses.....	None	None	None	None
Other expenses.....	0.50%	0.28%	0.47%	0.41%
	----	----	----	----
Total Operating Expenses....	0.50%	0.80%	0.80%	0.80%
	====	====	====	====

</TABLE>

Management Fees; Expenses. Each Portfolio pays the Manager a fee for its services that is computed daily net assets of the Portfolio. The fees of each Advisor are paid by the Manager. Each Portfolio pays Boston value of the Portfolio's average daily net assets. The nature of the services provided to, and the aggregate include fees for shareholder services, custodial fees, legal and accounting fees, printing costs, registration fees, the Trust's legal existence and the costs involved in the Trust's communications with shareholders. voluntarily waive a portion or all of their respective fees otherwise payable to them and reimburse expenses. Operating Expenses" would have been 1.39%, 0.88%, 1.09%, 1.02%, 1.13%, 5.55%, 1.49% and 1.22% for Investments, Municipal Bond Investments, Mortgage Backed Investments, Balanced Investments, Small

Example.

The following example demonstrates the projected dollar amount of total cumulative expenses that amounts, which include the fees for TRAK but not those for different advisory services, are based upon specific assumptions stated below:

A shareholder would pay the following expenses on a \$1,000 investment, assuming (i) a 5% annual return

<TABLE>
<CAPTION>

GOVERNMENT MONEY INVESTMENTS		INTERMEDIATE FIXED INCOME INVESTMENTS		TOTAL RETURN FIXED INCOME INVESTMENTS		MUNICIPAL BOND INVESTMENTS		MORTGAGE BACKED INVESTMENTS		BALANCED INVESTMENTS	
1 YEAR	3 YEARS	1 YEAR	3 YEARS	1 YEAR	3 YEARS	1 YEAR	3 YEARS	1 YEAR	3 YEARS	1 YEAR	3 YEARS
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
\$ 20	\$ 63	\$ 23	\$ 72	\$ 23	\$ 72	\$ 23	\$ 72	\$ 23	\$ 72	\$ 25	\$ 78
<CAPTION>											
5 YEARS	10 YEARS	5 YEARS	10 YEARS	5 YEARS	10 YEARS	5 YEARS	10 YEARS	5 YEARS	10 YEARS	5 YEARS	10 YEARS
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
\$ 108	\$ 233	\$ 123	\$ 264	\$ 123	\$ 264	\$ 123	\$ 264	\$ 123	\$ 264	\$ 133	\$ 284

The purpose of this example is to assist an investor in understanding various costs and expenses that an representation of past or future expenses; actual expenses may be greater or less than those shown. Moreover, an actual return greater or less than 5%.

investment advisory services paid separately), that an investor will incur either directly or indirectly as a period, with the exception of Balanced Investments and Emerging Markets Equity Investments, which are

<TABLE>

<CAPTION>

		LARGE		LARGE		SMALL		SMALL	
EMERGING		MORTGAGE		CAPITALIZATION		CAPITALIZATION		CAPITALIZATION	
CAPITALIZATION		INTERNATIONAL		INTERNATIONAL		MARKETS		CAPITALIZATION	
BACKED		BALANCED		VALUE EQUITY		GROWTH		VALUE EQUITY	
GROWTH		EQUITY		FIXED INCOME		EQUITY			
INVESTMENTS		INVESTMENTS		INVESTMENTS		INVESTMENTS		INVESTMENTS	
INVESTMENTS		INVESTMENTS		INVESTMENTS		INVESTMENTS		INVESTMENTS	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
None	None	None	None	None	None	None	None	None	None
None	None	None	None	None	None	None	None	None	None
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
====	====	====	====	====	====	====	====	====	====
0.39%	0.00%	0.80%	0.80%	0.80%	0.80%	0.80%	0.58%	0.90%	
0.46%	None	None	None	None	None	None	None	None	None
None	None	None	None	None	None	None	None	None	None
None	None	None	None	None	None	None	None	None	None
0.41%	1.00%	0.15%	0.32%	0.31%	0.67%	0.42%			
0.49%									
0.80%	1.00%	0.95%	1.12%	1.11%	1.25%	1.32%			
0.95%	%								
====	====	====	====	====	====	====	====	====	====

daily and paid monthly at an annual rate ranging from 0.15% to 0.90% of the value of the average Advisors a fee for services that is computed daily and paid monthly at an annual rate of 0.20% of the management fees paid by, each Portfolio are described under "Management of the Trust. "Other expenses" the costs of regulatory compliance, a Portfolio's allocated portion of the costs associated with maintaining The Manager, Boston Advisors and Boston Safe (collectively known as the "Service Providers") may Before voluntary fee waivers and/or expenses were reimbursed by the Service Providers, the "Total Government Money Investments, Intermediate Fixed Income Investments, Total Return Fixed Income Capitalization Growth Investments and International Fixed Income Investments, respectively.

would be incurred over various periods with respect to a hypothetical investment in the Portfolios. These (i) payment by the Portfolios of operating expenses at the levels set forth in the tables above and (ii) the

and (ii) redemption at the end of each time period:

<TABLE>

<CAPTION>

LARGE		LARGE		SMALL		SMALL							
CAPITALIZATION		CAPITALIZATION		CAPITALIZATION		CAPITALIZATION							
INTERNATIONAL		INTERNATIONAL		EMERGING		CAPITALIZATION							
VALUE EQUITY		GROWTH		VALUE EQUITY		GROWTH							
EQUITY		FIXED INCOME		MARKETS		EQUITY							
INVESTMENTS		INVESTMENTS		INVESTMENTS		INVESTMENTS							
INVESTMENTS		INVESTMENTS		INVESTMENTS		INVESTMENTS							
1	3	1	3	1	3	1	3	1	3	1	3	1	3
YEAR	YEARS	YEAR	YEARS	YEAR	YEARS	YEAR	YEARS	YEAR	YEARS	YEAR	YEARS	YEAR	YEARS
YEARS	YEARS	YEARS	YEARS	YEARS	YEARS	YEARS	YEARS	YEARS	YEARS	YEARS	YEARS	YEARS	YEARS
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
\$ 25	\$ 76	\$ 27	\$ 81	\$ 26	\$ 81	\$ 28	\$ 85	\$ 29	\$ 87	\$ 25	\$ 76		
<CAPTION>													
5	10	5	10	5	10	5	10	5	10	5	10	5	
10													
YEARS	YEARS	YEARS	YEARS	YEARS	YEARS	YEARS	YEARS	YEARS	YEARS	YEARS	YEARS	YEARS	YEARS
YEARS	YEARS	YEARS	YEARS	YEARS	YEARS	YEARS	YEARS	YEARS	YEARS	YEARS	YEARS	YEARS	YEARS

 <S> <C> <C> <C> <C> <C> <C> <C> <C> <C> <C>
 <C> <C> <C> <C> <C> <C> <C> <C> <C> <C> <C>
 \$131 \$279 \$139 \$295 \$139 \$294 \$145 \$308 \$149 \$315 \$131
 \$297
 </TABLE>

investor in a Portfolio will bear directly or indirectly. This example should not be considered to be a although the table assumes a 5% annual return, a Portfolio's actual performance will vary and may result in

FINANCIAL HIGHLIGHTS

The following information has been audited by Coopers & Lybrand, independent accountants, whose report thereon appears in the Trust's Annual Report dated August 31, 1993. This information should be read in conjunction with the financial statements and related notes that appear in the Trust's Annual Report which is incorporated by reference into the Statement of Additional Information. No financial information is available for Emerging Markets Equity Investments, which had not yet commenced operations as of the date of this Prospectus.

GOVERNMENT MONEY INVESTMENTS
 FOR A PORTFOLIO SHARE OUTSTANDING
 THROUGHOUT EACH PERIOD.

<TABLE>
 <CAPTION>

	YEAR ENDED 8/31/93	PERIOD ENDED 8/31/92*
<S>	<C>	<C>
NET ASSET VALUE, beginning of period.....	\$ 1.00	\$ 1.00
Net investment income#.....	0.03	0.03
Distributions from net investment income.....	(0.03)	(0.03)
NET ASSET VALUE, end of period.....	\$ 1.00	\$ 1.00
Total return++.....	2.76%	2.72%
Ratios to average net assets/supplemental data:		
NET ASSETS, end of period (in 000's).....	\$84,034	\$30,353
Ratio of operating expenses to average net assets+....	0.50%	0.49%**
Ratio of net investment income to average net assets...	2.71%	3.37%**

</TABLE>

* The Portfolio commenced operations on November 18, 1991.
 ** Annualized
 + Annualized operating expense ratios before fees waived and/or expenses reimbursed by the Service Providers for the year ended August 31, 1993 and the period ended August 31, 1992 were 1.39% and 2.48%, respectively.
 ++ Total return represents aggregate total return for the period indicated.
 # Net investment income before fees waived and/or expenses reimbursed by the Service Providers for the year ended August 31, 1993 and the period ended August 31, 1992 was \$0.02 and \$0.01, respectively.

INTERMEDIATE FIXED INCOME INVESTMENTS
 FOR A PORTFOLIO SHARE OUTSTANDING
 THROUGHOUT EACH PERIOD.

<TABLE>
 <CAPTION>

	YEAR ENDED 8/31/93	PERIOD ENDED 8/31/92*
<S>	<C>	<C>
NET ASSET VALUE, beginning of period.....	\$ 8.25	\$ 8.00
Income from investment operations:		
Net investment income#.....	0.51	0.34
Net realized and unrealized gain on investments.....	0.33	0.25
Total from investment operations.....	0.84	0.59
Less Distributions:		
Distributions from net investment income.....	(0.48)	(0.34)

Distributions from net realized capital gains.....	(0.03)	--
	-----	-----
Total Distributions.....	(0.51)	(0.34)
	-----	-----
NET ASSET VALUE, end of period.....	\$ 8.58	\$ 8.25
	=====	=====
Total return++.....	10.59%	7.53%
	=====	=====
Ratios to average net assets/supplemental data:		
NET ASSETS, end of period (in 000's).....	\$140,580	\$58,545
Ratio of operating expenses to average net assets+....	0.80%	0.79%**
Ratio of net investment income to average net assets...	5.94%	6.00%**
Portfolio turnover rate.....	92%	169%

</TABLE>

- - - - -

* The Portfolio commenced operations on November 18, 1991.

** Annualized

+ Annualized operating expense ratios before fees waived by the Service Providers for the year ended August 31, 1993 and the period ended August 31, 1992 were 0.88% and 1.30%, respectively.

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

Net investment income before fees waived by the Service Providers for the year ended August 31, 1993 and the period ended August 31, 1992 was \$0.50 and \$0.31, respectively.

FINANCIAL HIGHLIGHTS

TOTAL RETURN FIXED INCOME INVESTMENTS
FOR A PORTFOLIO SHARE OUTSTANDING
THROUGHOUT EACH PERIOD.

<TABLE>

<CAPTION>

	YEAR ENDED 8/31/93	PERIOD ENDED 8/31/92*
	-----	-----
<S>	<C>	<C>
NET ASSET VALUE, beginning of period.....	\$ 8.26	\$ 8.00
	-----	-----
Income from investment operations:		
Net investment income#.....	0.47	0.31
Net realized and unrealized gain on investments.....	0.42	0.26
	-----	-----
Total from investment operations.....	0.89	0.57
Distributions from net investment income.....	(0.45)	(0.31)
	-----	-----
NET ASSET VALUE, end of period.....	\$ 8.70	\$ 8.26
	=====	=====
Total return++.....	11.08%	7.37%
	=====	=====

Ratios to average net assets/supplemental data:

NET ASSETS, end of period (in 000's).....	\$64,734	\$34,986
Ratio of operating expenses to average net assets+....	0.80%	0.79%**
Ratio of net investment income to average net assets...	5.40%	5.69%**
Portfolio turnover rate.....	35%	4%

</TABLE>

- - - - -

* The Portfolio commenced operations on November 18, 1991.

** Annualized

+ Annualized operating expense ratios before fees waived and/or expenses reimbursed by the Service Providers for the year ended August 31, 1993 and the period ended August 31, 1992 were 1.09% and 1.91%, respectively.

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

Net investment income before fees waived and/or expenses reimbursed by the Service Providers for the year ended August 31, 1993 and the period ended August 31, 1992 was \$0.44 and \$0.25, respectively.

MUNICIPAL BOND INVESTMENTS
FOR A PORTFOLIO SHARE OUTSTANDING
THROUGHOUT EACH PERIOD.

<TABLE>

<CAPTION>

	YEAR ENDED 8/31/93	PERIOD ENDED 8/31/92*
--	-----------------------	--------------------------

<S>	<C>	<C>
NET ASSET VALUE, beginning of period.....	\$ 8.25	\$ 8.00
Income from investment operations:		
Net investment income#.....	0.41	0.30
Net realized and unrealized gain on investments.....	0.62	0.25
Total from investment operations.....	1.03	0.55
Less Distributions:		
Distributions from net investment income.....	(0.41)	(0.30)
Distributions from net realized capital gains.....	(0.02)	--
Total Distributions.....	(0.43)	(0.30)
NET ASSET VALUE, end of period.....	\$ 8.85	\$ 8.25
Total return++.....	12.94%	7.06%
Ratios to average net assets/supplemental data:		
NET ASSETS, end of period (in 000's).....	\$47,811	\$21,795
Ratio of operating expenses to average net assets+.....	0.80%	0.79%**
Ratio of net investment income to average net assets...	4.76%	4.71%**
Portfolio turnover rate.....	15%	76%

</TABLE>

* The Portfolio commenced operations on November 18, 1991.

** Annualized

+ Annualized operating expense ratios before fees waived and/or expenses reimbursed by the Service Providers for the year ended August 31, 1993 and the period ended August 31, 1992 were 1.02% and 1.66%, respectively.

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

Net investment income before fees waived and/or expenses reimbursed by the Service Providers for the year ended August 31, 1993 and the period ended August 31, 1992 was \$0.39 and \$0.24, respectively.

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FINANCIAL HIGHLIGHTS

MORTGAGE BACKED INVESTMENTS
FOR A PORTFOLIO SHARE OUTSTANDING
THROUGHOUT EACH PERIOD.

<TABLE>

<CAPTION>

<S>	YEAR ENDED 8/31/93+++	PERIOD ENDED 8/31/92*
NET ASSET VALUE, beginning of period.....	\$ 8.19	\$ 8.00
Income from investment operations:		
Net investment income#.....	0.53	0.40
Net realized and unrealized gain on investments.....	0.00@	0.19
Total from investment operations.....	0.53	0.59
Less Distributions:		
Distributions from net investment income.....	(0.42)	(0.40)
Distributions in excess of net realized capital gains.	(0.04)	--
Distributions from capital.....	(0.05)	--
Total Distributions.....	(0.51)	(0.40)
NET ASSET VALUE, end of period.....	\$ 8.21	\$ 8.19
Total return++.....	6.68%	7.56%
Ratios to average net assets/supplemental data:		
NET ASSETS, end of period (in 000's).....	\$94,421	\$35,694
Ratio of operating expenses to average net assets+.....	0.80%	0.79%**
Ratio of net investment income to average net assets...	6.53%	6.55%**
Portfolio turnover rate.....	93%	35%

</TABLE>

* The Portfolio commenced operations on November 18, 1991.

** Annualized

- + Annualized operating expense ratios before fees waived and/or expenses reimbursed by the Service Providers for the year ended August 31, 1993 and the period ended August 31, 1992 were 1.13% and 1.66%, respectively.
- ++ Total return represents aggregate total return for the period indicated.
- +++ Per share amounts have been calculated using the monthly average share method, which more appropriately presents the per share data for the period since the use of the undistributed method does not accord with results of operations.

- # Net investment income before fees waived and/or expenses reimbursed by the Service Providers for the year ended August 31, 1993 and the period ended August 31, 1992 was \$0.51 and \$0.35, respectively.
- @ Amount represents less than \$0.01 per Portfolio share.

BALANCED INVESTMENTS

FOR A PORTFOLIO SHARE OUTSTANDING
THROUGHOUT THE PERIOD.

<TABLE>

<CAPTION>

		PERIOD ENDED 8/31/93*
<S>	<C>	-----
NET ASSET VALUE, beginning of period.....	\$ 8.00	-----
Income from investment operations:		
Net investment income#.....	0.09	
Net realized and unrealized gain on investments.....	0.42	

Total from investment operations.....	0.51	
Less Distributions:		
Distributions from net investment income.....	(0.10)	
Distributions from capital.....	(0.00)@	

Total Distributions.....	(0.10)	
NET ASSET VALUE, end of period.....	\$ 8.41	-----
	=====	
Total return++.....	6.35%	=====
Ratios to average net assets/supplemental data:		
NET ASSETS, end of period (in 000's).....	\$5,258	
Ratio of operating expenses to average net assets+.....	1.00%**	
Ratio of net investment income to average net assets.....	2.67%**	
Portfolio turnover rate.....	10%	

</TABLE>

- - - - -

* The Portfolio commenced operations on February 16, 1993.

** Annualized

- + Annualized operating expense ratio before fees waived and/or expenses reimbursed by the Service Providers for the period ended August 31, 1993 was 5.55%.
- ++ Total return represents aggregate total return for the period indicated.

- # Net investment loss before fees waived and/or expenses reimbursed by the Service Providers for the period ended August 31, 1993 was \$(0.06).
- @ Amount represents less than \$0.01 per Portfolio share.

FINANCIAL HIGHLIGHTS

LARGE CAPITALIZATION VALUE EQUITY

INVESTMENTS FOR A PORTFOLIO SHARE OUTSTANDING
THROUGHOUT EACH PERIOD.

<TABLE>

<CAPTION>

	YEAR ENDED 8/31/93++	PERIOD ENDED 8/31/92*
<S>	<C>	<C>
	-----	-----
NET ASSET VALUE, beginning of period.....	\$ 8.77	\$ 8.00
	-----	-----
Income from investment operations:		
Net investment income.....	0.25	0.09
Net realized and unrealized gain on investments.....	0.54	0.68

Total from investment operations.....	0.79	0.77

Less Distributions:		
Distributions from net investment income.....	(0.14)	--
Distributions from net realized capital gains.....	(0.07)	--
	-----	-----
Total Distributions.....	(0.21)	0.00
	-----	-----
NET ASSET VALUE, end of period.....	\$ 9.35	\$ 8.77
	=====	=====
Total return+.....	9.25%	9.63%
	=====	=====
Ratios to average net assets/supplemental data:		
NET ASSETS, end of period (in 000's).....	\$562,507	\$197,695
Ratio of operating expenses to average net assets.....	0.95%	1.24%**
Ratio of net investment income to average net assets...	2.88%	3.24%**
Portfolio turnover rate.....	47%	12%

</TABLE>

* The Portfolio commenced operations on November 18, 1991.

** Annualized

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

++ Per share amounts have been calculated using the monthly average share method, which more appropriately presents the per share data for the period since the use of the undistributed method does not accord with results of operations.

LARGE CAPITALIZATION GROWTH INVESTMENTS
FOR A PORTFOLIO SHARE OUTSTANDING
THROUGHOUT EACH PERIOD.

<TABLE>

<CAPTION>

	YEAR ENDED 8/31/93	PERIOD ENDED 8/31/92*
	-----	-----
<S>	<C>	<C>
NET ASSET VALUE, beginning of period.....	\$ 8.88	\$ 8.00
	-----	-----
Income from investment operations:		
Net investment income/(loss)#.....	0.00@	0.01
Net realized and unrealized gain on investments.....	0.89	0.87
	-----	-----
Total from investment operations.....	0.89	0.88
Less Distributions:		
Distributions from net investment income.....	(0.00)@	--
Distributions in excess of net investment income.....	(0.01)	--
Distributions from capital.....	(0.00)@	--
	-----	-----
Total Distributions.....	(0.01)	--
	-----	-----
NET ASSET VALUE, end of period.....	\$ 9.76	\$ 8.88
	=====	=====
Total return++.....	10.00%	11.00%
	=====	=====
Ratios to average net assets/supplemental data:		
NET ASSETS, end of period (in 000's).....	\$238,256	\$85,401
Ratio of operating expenses to average net assets+....	1.12%	1.24%**
Ratio of net investment income/(loss) to average net assets.....	(0.04)%	0.31%**
Portfolio turnover rate.....	47%	19%

</TABLE>

* The Portfolio commenced operations on November 18, 1991.

** Annualized

+ Annualized operating expense ratio before fees waived by the Service Providers for the period ended August 31, 1992 was 1.42%.

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

Net investment income before fees waived by the Service Providers for the period ended August 31, 1992 was \$0.00.

@ Amount represents less than \$0.01 per Portfolio share.

FINANCIAL HIGHLIGHTS

SMALL CAPITALIZATION VALUE EQUITY
INVESTMENTS FOR A PORTFOLIO SHARE OUTSTANDING
THROUGHOUT EACH PERIOD.

<TABLE>
<CAPTION>

	YEAR ENDED 8/31/93	PERIOD ENDED 8/31/92*
	-----	-----
<S>	<C>	<C>
NET ASSET VALUE, beginning of period.....	\$ 8.68	\$ 8.00
	-----	-----
Income from investment operations:		
Net investment income#.....	0.06	0.03
Net realized and unrealized gain on investments.....	1.31	0.65
	-----	-----
Total from investment operations.....	1.37	0.68
Less Distributions:		
Distributions from net investment income.....	(0.03)	--
Distributions from net realized capital gains.....	(0.08)	--
	-----	-----
Total Distributions.....	(0.11)	0.00
	-----	-----
NET ASSET VALUE, end of period.....	\$ 9.94	\$ 8.68
	=====	=====
Total return++.....	15.74%	8.50%
	=====	=====
Ratios to average net assets/supplemental data:		
NET ASSETS, end of period (in 000's).....	\$183,051	\$93,458
Ratio of operating expenses to average net assets+.....	1.11%	1.24%**
Ratio of net investment income to average net assets...	0.82%	0.99%**
Portfolio turnover rate.....	70%	20%

</TABLE>

* The Portfolio commenced operations on November 18, 1991.

** Annualized

+ Annualized operating expense ratio before fees waived by the Service Providers for the period ended August 31, 1992 was 1.40%.

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

Net investment income before fees waived by the Service Providers for the period ended August 31, 1992 was \$0.02.

SMALL CAPITALIZATION GROWTH INVESTMENTS
FOR A PORTFOLIO SHARE OUTSTANDING
THROUGHOUT EACH PERIOD.

<TABLE>
<CAPTION>

	YEAR ENDED 8/31/93+++	PERIOD ENDED 8/31/92*
	-----	-----
<S>	<C>	<C>
NET ASSET VALUE, beginning of period.....	\$ 7.99	\$ 8.00
	-----	-----
Income from investment operations:		
Net investment loss#.....	(0.07)	(0.01)
Net realized and unrealized gain on investments.....	3.29	--
	-----	-----
Total from investment operations.....	3.22	(0.01)
	-----	-----
NET ASSET VALUE, end of period.....	\$ 11.21	\$ 7.99
	=====	=====
Total return++.....	40.30%	(0.13)%
	=====	=====
Ratios to average net assets/supplemental data:		
NET ASSETS, end of period (in 000's).....	\$75,498	\$22,145
Ratio of operating expenses to average net assets+.....	1.25%	1.24%**
Ratio of net investment loss to average net assets.....	(0.72)%	(0.25)%**
Portfolio turnover rate.....	97%	35%

</TABLE>

* The Portfolio commenced operations on November 18, 1991.

** Annualized

+ Annualized operating expense ratios before fees waived and/or expenses reimbursed by the Service Providers for the year ended August 31, 1993 and the period ended August 31, 1992 were 1.49% and 2.61%, respectively.

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

+++ Per share amounts have been calculated using the monthly average share method, which more appropriate presents the per share data for the period since the use of the undistributed method does not accord with results of operations.

Net investment loss before fees waived and/or expenses reimbursed by the Service Providers for the year ended August 31, 1993 and the period ended August 31, 1992 was \$(0.09) and \$(0.05), respectively.

FINANCIAL HIGHLIGHTS

INTERNATIONAL EQUITY INVESTMENTS
FOR A PORTFOLIO SHARE OUTSTANDING
THROUGHOUT EACH PERIOD.

<TABLE>

<CAPTION>

	YEAR ENDED 8/31/93	PERIOD ENDED 8/31/92*
<S>	<C>	<C>
NET ASSET VALUE, beginning of period.....	\$ 7.76	\$ 8.00
Income from investment operations:		
Net investment income#.....	0.05	0.03
Net realized and unrealized gain/(loss) on invest- ments.....	1.79	(0.27)
Total from investment operations.....	1.84	(0.24)
Distributions from net investment income.....	(0.03)	--
NET ASSET VALUE, end of period.....	\$ 9.57	\$ 7.76
Total return++.....	23.73%	(3.00)%
Ratios to average net assets/supplemental data:		
NET ASSETS, end of period (in 000's).....	\$270,302	\$115,779
Ratio of operating expenses to average net assets+....	1.32%	1.50%**
Ratio of net investment income to average net assets..	0.61%	1.08%**
Portfolio turnover rate.....	46%	10%

</TABLE>

- - - - -

* The Portfolio commenced operations on November 18, 1991.

** Annualized

+ Annualized operating expense ratio before fees waived by the Service Providers for the period ended August 31, 1992 was 1.52%.

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

Net investment income before fees waived by the Service Providers for the period ended August 31, 1992 was \$0.03.

INTERNATIONAL FIXED INCOME INVESTMENTS
FOR A PORTFOLIO SHARE OUTSTANDING
THROUGHOUT EACH PERIOD.

<TABLE>

<CAPTION>

	YEAR ENDED 8/31/93+++	PERIOD ENDED 8/31/92*
<S>	<C>	<C>
NET ASSET VALUE, beginning of period.....	\$ 8.71	\$ 8.00
Income from investment operations:		
Net investment income#.....	0.51	0.39
Net realized and unrealized gain on investments.....	0.20	0.69
Total from investment operations.....	0.71	1.08
Less Distributions:		
Distributions from net investment income.....	(0.55)	(0.37)
Distributions from net realized capital gains.....	(0.01)	--
Total Distributions.....	(0.56)	(0.37)
NET ASSET VALUE, end of period.....	\$ 8.86	\$ 8.71
Total return++.....	8.67%	13.93%
Ratios to average net assets/supplemental data:		
NET ASSETS, end of period (in 000's).....	\$100,362	\$39,182
Ratio of operating expenses to average net assets+....	0.95%	0.95%**
Ratio of net investment income to average net assets...	6.03%	6.34%**

</TABLE>

- -----

* The Portfolio commenced operations on November 18, 1991.

** Annualized

+ Annualized operating expense ratios before fees waived and/or expenses reimbursed by the Service Providers for the year ended August 31, 1993 and the period ended August 31, 1992 were 1.22% and 1.87%, respectively.

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

+++ Per share amounts have been calculated using the monthly average share method, which more appropriately represents the per share data for the period since the use of the undistributed method does not accord with results of operations.

Net investment income before fees waived and/or expenses reimbursed by the Service Providers for the year ended August 31, 1993 and the period ended August 31, 1992 was \$0.49 and \$0.33, respectively.

OBJECTIVES AND POLICIES OF THE PORTFOLIOS

Set forth below is a description of the investment objectives and policies of each Portfolio. There can be no assurance that any Portfolio will achieve its investment objectives. Further information about the investment policies of each Portfolio, including a list of those restrictions on its investment activities that cannot be changed without shareholder approval, appears in the Statement of Additional Information.

GOVERNMENT MONEY INVESTMENTS

Government Money Investments is advised by Standish, Ayer & Wood, Inc. The Portfolio's investment objective is to provide maximum current income to the extent consistent with the maintenance of liquidity and the preservation of capital by investing exclusively in short-term securities issued or guaranteed by the U.S. government, its agencies or instrumentalities ("U.S. Government Securities") and repurchase agreements with respect to those securities. The Portfolio may purchase securities on a when-issued or delayed-delivery basis and may lend its portfolio securities. See "Certain Securities, Investment Techniques and Risk Factors." The Portfolio will invest only in securities that are purchased with and payable in U.S. dollars and that have remaining maturities of 397 days or less at the time of purchase. The Portfolio maintains a dollar-weighted average portfolio maturity of 90 days or less. All securities purchased by the Portfolio, including repurchase agreements, will present minimal credit risks in the opinion of the Advisor acting under the supervision of the Trustees. The Portfolio follows these policies in order to maintain a constant net asset value of \$1.00 per share, although there can be no assurance it can do so on a continuing basis. The Portfolio is not insured or guaranteed by the U.S. government. The yield attained by the Portfolio may not be as high as that of other funds that invest in lower quality or longer term securities.

INTERMEDIATE FIXED INCOME INVESTMENTS

Intermediate Fixed Income Investments is advised by Standish, Ayer & Wood, Inc. The Portfolio seeks, as its investment objectives, current income and reasonable stability of principal. The Portfolio seeks to achieve its objectives through investment in high quality fixed income securities. The average maturity of the securities held by the Portfolio may be shortened, but not below three years, in order to preserve capital if the Advisor anticipates a rise in interest rates. Conversely, the average maturity may be lengthened, but not beyond seven years, to maximize returns if interest rates are expected to decline.

The Portfolio invests in U.S. Government Securities, corporate bonds, debentures, non-convertible fixed income preferred stocks, mortgage related securities including collateralized mortgage obligations ("CMOs") and government stripped mortgage related securities, Eurodollar certificates of deposit, Eurodollar bonds and Yankee bonds. The securities held by the Portfolio are actively managed. The Portfolio limits its investments to investment grade securities, which are securities rated within the four highest categories established by Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Corporation ("S&P"), and unrated securities determined by the Advisor to be of comparable quality. See the Appendix to the Statement of Additional Information for a description of Moody's and S&P ratings and "Certain Securities, Investment Techniques and Risk Factors--Medium and Lower Rated and Unrated Securities" for a description of certain risks associated with securities in the fourth highest rating category. The Portfolio also may attempt to hedge against unfavorable changes in interest rates by entering into

interest rate futures contracts and purchasing and writing put and call options thereon. The Portfolio will not invest more than 25% of its assets in privately issued mortgage related securities. The Portfolio also may engage in repurchase agreements, purchase temporary investments, purchase securities on a when-issued basis and lend its portfolio securities. See "Certain Securities, Investment Techniques and Risk Factors."

TOTAL RETURN FIXED INCOME INVESTMENTS

Total Return Fixed Income Investments is advised by Wolf, Webb, Burk & Campbell, Inc. The Portfolio seeks, as its investment objective, total return consisting of current income and appreciation of capital through

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investments in fixed income securities without regard to remaining maturity. The average maturity of the Portfolio's holdings may be shortened in order to preserve capital if the Advisor anticipates a rise in interest rates, but, under normal circumstances, at least 65% of the value of the Portfolio's net assets is invested in bonds or debentures so that the average maturity of the portfolio is at least 10 years or more. Conversely, the maturity may be lengthened to maximize returns if interest rates are expected to decline.

The Portfolio invests in U.S. Government Securities, corporate bonds, debentures, non-convertible fixed income preferred stocks, mortgage related securities including CMOs and government stripped mortgage related securities and other domestic asset backed securities, Eurodollar certificates of deposit and Eurodollar bonds. The Portfolio may invest up to 15% of its assets in "Yankee Bonds" or dollar-denominated bonds sold in the United States by non-U.S. issuers. The securities held by the Portfolio are actively managed. The Portfolio limits its investments to securities rated at least Aa by Moody's or AA by S&P and unrated securities determined to be of comparable quality by the Advisor. The Portfolio will not invest more than 25% of its assets in privately issued mortgage related securities. The Portfolio may engage in repurchase agreements, purchase temporary investments, purchase securities on a when-issued basis and lend its portfolio securities. The Portfolio may attempt to hedge against unfavorable changes in interest rates by entering into interest rate futures contracts and purchasing and writing put and call options thereon. See "Certain Securities, Investment Techniques and Risk Factors."

MUNICIPAL BOND INVESTMENTS

Municipal Bond Investments is advised by Smith Affiliated Capital Corp. The Portfolio seeks, as its investment objective, a high level of interest income that is excluded from federal income taxation to the extent consistent with prudent investment management and the preservation of capital. The Portfolio seeks to achieve its objectives through investment in a diversified portfolio of general obligation, revenue and private activity bonds and notes that are issued by or on behalf of states, territories and possessions of the United States and the District of Columbia and their political subdivisions, agencies and instrumentalities, or multi-state agencies or authorities, the interest on which, in the opinion of counsel to the issuer of the instrument, is excluded from gross income for federal income tax purposes ("Municipal Obligations").

Portfolio composition generally covers a full range of maturities with broad geographic and issuer diversification. The Portfolio may invest in private activity bonds collateralized by letters of credit issued by banks having stockholders' equity in excess of \$100 million as of the date of their most recent published statement of financial condition. The Portfolio may also invest in variable rate Municipal Obligations, most of which permit the holder thereof to receive the principal amount on demand upon seven days' notice. The Portfolio limits its investments to Municipal Obligations that are rated at least A, MIG-2 or Prime 2 by Moody's or A, SP-2 or A-2 by S&P and unrated securities determined to be of comparable quality by the Advisor.

It is a fundamental policy of the Portfolio that under normal circumstances at least 80% of its assets will be invested in Municipal Obligations and at least 65% of its assets will be invested in bonds. The Portfolio will not invest more than 25% of its total assets in Municipal Obligations whose issuers are located in the same state or more than 25% of its total assets in Municipal Obligations that are secured by revenues from entities in any one of the following categories: hospitals and health facilities; ports and airports; or colleges and universities. The Portfolio will also not invest more than 25% of its assets in private activity bonds of similar projects. The Portfolio may, however, invest more than 25% of its total assets in Municipal Obligations of one or more of the following types: turnpikes and toll roads; public housing authorities, general obligations of states and localities; state and local housing finance authorities; municipal utilities systems; bonds that are secured or backed by the U.S. Treasury or other U.S. government guaranteed

securities; and pollution control bonds.

The Portfolio may invest without limit in private activity bonds, although it does not currently expect to invest more than 20% of its total assets in private activity bonds. Dividends attributable to interest income

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on certain types of private activity bonds issued after August 7, 1986 to finance nongovernmental activities are a specific tax preference item for purposes of the federal individual and corporate alternative minimum taxes. Dividends derived from interest income on all Municipal Obligations are a component of the "current earnings" adjustment item for purposes of the federal corporate alternative minimum tax.

When the Portfolio is maintaining a temporary defensive position, it may invest in short-term investments, some of which may not be tax exempt. Securities eligible for short-term investment by the Portfolio are tax exempt notes of municipal issuers having, at the time of purchase, a rating within the three highest grades of Moody's or S&P or, if not rated, having an issue of outstanding Municipal Obligations rated within the three highest grades by Moody's or S&P, and taxable short-term instruments having quality characteristics comparable to those for Municipal Obligations. The Portfolio may invest in temporary investments for defensive reasons in anticipation of a market decline. At no time will more than 20% of the Portfolio's total assets be invested in temporary investments unless the Portfolio has adopted a defensive investment policy. The Portfolio will purchase tax exempt temporary investments pending the investment of the proceeds from the sale of the securities held by the Portfolio or from the purchase of the Portfolio's shares by investors or in order to have highly liquid securities available to meet anticipated redemptions. To the extent that the Portfolio holds temporary investments, it may not achieve its investment objective. The Portfolio may purchase securities on a when-issued basis. See "Certain Securities, Investment Techniques and Risk Factors."

MORTGAGE BACKED INVESTMENTS

Mortgage Backed Investments is advised by Atlantic Portfolio Analytics & Management, Inc. The primary investment objective of the Portfolio is high current income and its secondary objective is capital appreciation, each to the extent consistent with the protection of capital. The Portfolio seeks to achieve these objectives by investing, under normal circumstances, at least 65% of its assets in mortgage related securities.

The mortgage related securities in which the Portfolio invests represent pools of mortgage loans assembled for sale to investors by various governmental agencies, such as the Government National Mortgage Association ("GNMA") and government related organizations, such as the Federal National Mortgage Association ("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC") as well as by private issuers, such as commercial banks, savings and loan institutions, mortgage bankers and private mortgage insurance companies. The Portfolio may also invest in government stripped mortgage related securities and CMOs collateralized by mortgage loans or mortgage pass-through certificates. Under current market conditions, the Portfolio's holdings of mortgage related securities may be expected to consist primarily of securities issued by GNMA, FNMA and FHLMC. However, the composition of the Portfolio's assets will vary from time to time based upon a determination by the Advisor of how best to achieve the Portfolio's investment objectives taking into account such factors as the liquidity, yield and creditworthiness of various mortgage related securities. Mortgage related securities held by the Portfolios will generally be rated no lower than A by Moody's or S&P or, if not rated, will be of equivalent investment quality as determined by the Advisor. Although up to 20% of the Portfolio's assets may be invested in securities rated as low as B by Moody's or S&P (or, if unrated, judged by the Advisor to be of comparable quality), a program of investments in securities rated below A will only be made upon the concurrence of the Manager. In order to enhance current income, the Portfolio may enter into forward roll transactions with respect to mortgage related securities issued by GNMA, FNMA and FHLMC. The Portfolio may invest in government stripped mortgage related securities issued and guaranteed by GNMA, FNMA or FHLMC. The Portfolio will not invest more than 25% of its assets in privately issued mortgage related securities. The Portfolio may engage in repurchase agreements, purchase temporary investments, purchase securities on a when-issued basis and lend its portfolio securities. The Portfolio may attempt to hedge against unfavorable changes in interest rates by entering into interest rate futures contracts and purchasing and writing put and call options thereon. See "Certain Securities, Investment Techniques and Risk Factors."

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BALANCED INVESTMENTS

Balanced Investments is advised by Palley-Needelman Asset Management, Inc. The investment objective of the Portfolio is total return through a combination of current income and capital appreciation. The Portfolio seeks to achieve its objective through investment in common stocks and in fixed income senior securities rated within the four highest categories established by Moody's or S&P and unrated securities determined to be of comparable quality by the Portfolio's Advisor. See the Appendix to the Statement of Additional Information for a description of Moody's and S&P ratings and "Certain Securities, Investment Techniques and Risk Factors--Medium and Lower Rated and Unrated Securities" in this Prospectus for a description of certain risks associated with securities in the fourth highest rating category. It is the Portfolio's policy not to purchase a security if as a result of the purchase less than 25% of the Portfolio's total assets would be invested in fixed-income senior securities, including short- and-long term debt securities, preferred stocks and convertible debt securities and convertible preferred stocks to the extent their value is attributable to their fixed income characteristics. Subject to this policy, the Portfolio's assets will be invested in each type of security in such proportions as are deemed appropriate by the Advisor under prevailing economic and market conditions.

Shares of Balanced Investments are intended for purchase by investors that participate in TRAK through employee benefit plans, the sponsors of which have elected to make available less than the full range of Portfolios offered by the Trust. Consequently, the Consulting Group does not intend to advise the purchase of these shares to other TRAK participants as part of a recommended asset allocation strategy.

Balanced Investments may purchase American Depositary Receipts ("ADRs"), which are dollar-denominated receipts issued generally by domestic banks and represent the deposit with the bank of a security of a foreign issuer. ADRs are publicly traded on exchanges or over-the-counter in the United States.

LARGE CAPITALIZATION VALUE EQUITY INVESTMENTS

Large Capitalization Value Equity Investments is advised by Newbold's Asset Management, Inc. and Parametric Portfolio Associates, Inc. Newbold's Asset Management, Inc. and Parametric Portfolio Associates, Inc. manage twenty percent (20%) and eighty percent (80%), respectively, of the Portfolio's current assets and will be allocated for management twenty percent (20%) and eighty percent (80%), respectively, of the Portfolio's future assets. The Portfolio seeks, as its investment objective, total return consisting of capital appreciation and dividend income by investing primarily in a diversified portfolio of highly liquid common stocks that, in the Advisor's opinion, have above average price appreciation potential at the time of purchase. In general, these securities are characterized as having above average dividend yields and below average price earnings ratios relative to the stock market in general, as measured by the Standard & Poor's 500 Composite Stock Price Index (the "S&P 500"). Other factors, such as earnings and dividend growth prospects as well as industry outlook and market share, also are considered. Under normal conditions, at least 80% of the Portfolio's assets will be invested in common stocks and at least 65% of the Portfolio's assets will be invested in common stocks that, at the time of investment, will be expected to pay regular dividends. No less than 65% of the Portfolio's assets will be invested in common stocks of issuers with total market capitalization of \$1 billion or greater at the time of purchase. The Portfolio may purchase temporary investments, lend its portfolio securities and purchase stock index futures contracts and purchase and write options thereon. See "Certain Securities, Investment Techniques and Risk Factors."

LARGE CAPITALIZATION GROWTH INVESTMENTS

Large Capitalization Growth Investments is advised by Provident Investment Counsel and Boston Structured Advisors. Provident Investment Counsel and Boston Structured Advisors manage twenty percent (20%) and eighty percent (80%), respectively, of the Portfolio's current assets and will be allocated for management twenty percent (20%) and eighty percent (80%), respectively, of the Portfolio's future assets.

The Portfolio seeks substantial capital appreciation by investing primarily in a diversified portfolio of common stocks that, in the Advisor's opinion, are characterized by a growth of earnings at a rate faster than that of the S&P 500. Dividend income is an incidental consideration in the selection of investments. The securities held by the Portfolio can be expected to experience greater volatility than those of Large Capitalization Value Equity Investments.

In selecting securities for the Portfolio, the Advisor evaluates factors believed to be favorable to long-term capital appreciation including specific financial characteristics of the issuer such as historical earnings growth, sales growth, profitability and return on equity. The Advisor also analyzes the issuer's position within its industry as well as the quality and experience of the issuer's management. Under normal conditions, at least 80% of the Portfolio's assets will be invested in common stocks and at least 65% of the Portfolio's assets will be invested in common stocks of issuers with total market capitalization of \$1 billion or greater at the time of purchase. The Portfolio may purchase temporary investments, lend its portfolio securities and purchase stock index futures contracts and purchase and write options thereon. See "Certain Securities, Investment Techniques and Risk Factors."

SMALL CAPITALIZATION VALUE EQUITY INVESTMENTS

Small Capitalization Value Equity Investments is advised by Thorsell, Parker Partners Inc. and NFJ Investment Group Inc. Thorsell, Parker Partners Inc. and NFJ Investment Group Inc. each manage fifty percent (50%) of the Portfolio's current assets and will be allocated for management fifty percent (50%) of the Portfolio's future assets. The Portfolio seeks above average capital appreciation by investing primarily in a diversified portfolio of common stocks that, in the Advisor's opinion, are undervalued or "neglected" in the marketplace at the time of purchase. In general, these securities are characterized as having below average price earnings ratios and a small number of shares outstanding relative to the stock market in general and enjoy below average industry analyst coverage. Other factors, such as earnings and dividend growth prospects as well as industry outlook and market share, also are considered. Current dividend income is only an incidental consideration in the selection of investments. Under normal conditions, at least 80% of the Portfolio's assets will be invested in common stocks, at least 65% of the Portfolio's assets will be invested in common stocks of issuers with total market capitalization of less than \$1 billion and at least one third of the Portfolio's assets will be invested in common stocks of companies with total market capitalization of \$550 million or less at the time of purchase. The Portfolio may purchase temporary investments, lend its portfolio securities and purchase stock index futures contracts and purchase and write options thereon. See "Certain Securities, Investment Techniques and Risk Factors."

SMALL CAPITALIZATION GROWTH INVESTMENTS

Small Capitalization Growth Investments is advised by Pilgrim Baxter & Associates Ltd. The Portfolio seeks, as its investment objective, maximum capital appreciation. The Portfolio attempts to achieve its objective through investment of at least 65% of the Portfolio's assets in the common stock of "emerging growth" companies with total market capitalization of less than \$1 billion and at least one third of the Portfolio's assets will be invested in common stocks of companies with total market capitalization of \$550 million or less. Dividend income is not a consideration in the selection of investments. In selecting investments for the Portfolio, the Advisor seeks small capitalization companies that it believes are undervalued in the marketplace, or have earnings that may be expected to grow faster than the U.S. economy in general. These companies typically possess a relatively high rate of return on invested capital so that future growth can be financed from internal sources. The Portfolio may also invest in companies that offer the possibility of accelerating earnings growth because of management changes, new products or structural changes in the economy. Companies in which the Portfolio is likely to invest may have limited product lines, markets or financial resources and may lack management depth. The securities of these companies may have limited marketability and may be subject to more abrupt or erratic market movements than securities of larger, more established companies or the market averages in general. The Portfolio may purchase temporary investments, lend its portfolio securities and purchase stock index futures contracts and purchase and write options thereon. See "Certain Securities, Investment Techniques and Risk Factors."

INTERNATIONAL EQUITY INVESTMENTS

International Equity Investments is advised by Oechsle International Advisors, L.P. The investment objective of the Portfolio is capital appreciation. The Portfolio ordinarily invests at least 80% of its assets in equity securities of companies domiciled outside the United States. For purposes of the Portfolio's investment policies, equity securities consist of common and preferred stock and securities such as bonds, rights and warrants that are convertible into common stock.

Under normal market conditions, at least 65% of the Portfolio's assets will

be invested in securities of issuers domiciled in at least three foreign countries. Investments may be made in companies in developed as well as developing countries. Investing in the equity markets of developing countries involves exposure to economies that are generally less diverse and mature, and to political systems that can be expected to have less stability, than those of developed countries. The Advisor attempts to limit exposure to investments in developing countries where both liquidity and sovereign risks are high. Although there is no established definition, a developing country is generally considered to be a country that is in the initial stages of its industrialization cycle with per capita gross national product of less than \$5,000. Historical experience indicates that the markets of developing countries have been more volatile than the markets of developed countries, although securities traded in the former markets have provided higher rates of return to investors. For a discussion of the risks associated with investing in foreign securities, see "Certain Securities, Investment Techniques and Risk Factors--Foreign Securities."

The Portfolio intends to invest in non-U.S. companies whose securities are traded on exchanges located in the countries in which the issuers are principally based. The Portfolio may invest in securities of foreign issuers in the form of ADRs. European Depositary Receipts ("EDRs"), which are sometimes referred to as Continental Depositary Receipts ("CDRs"), may also be purchased by the Portfolios. EDRs and CDRs are generally issued by foreign banks and evidence ownership of either foreign or domestic securities. The Portfolio may attempt to hedge against unfavorable changes in currency exchange rates by engaging in forward currency transactions, purchasing and writing put and call options on foreign currencies and trading currency futures contracts and options thereon. The Portfolio may purchase temporary investments, lend its portfolio securities and purchase stock index futures contracts and purchase and write options thereon. See "Certain Securities, Investment Techniques and Risk Factors."

INTERNATIONAL FIXED INCOME INVESTMENTS

International Fixed Income Investments is advised by Julius Baer Investment Management Inc. The Portfolio seeks, as its investment objective, to maximize current income consistent with protection of principal by investing primarily in a managed portfolio of non-U.S. dollar debt securities issued by foreign governments and supranational entities. Under normal market conditions, at least 65% of the Portfolio's assets will be invested in fixed income securities of issuers domiciled in at least three foreign countries. The Portfolio will not invest more than 25% of its assets in the securities of governments in any one country. The Portfolio limits its purchases of debt securities to those that are rated within the four highest categories established by S&P or Moody's or, if unrated, are deemed by the Advisor to be of comparable quality. See the Appendix to the Statement of Additional Information for a description of Moody's and S&P's ratings and "Certain Securities, Investment Techniques and Risk Factors--Medium and Lower Rated and Unrated Securities" for a description of certain risks associated with securities in the fourth highest rating category. The Portfolio may attempt to hedge against unfavorable changes in currency exchange rates by engaging in forward currency transactions and trading currency futures contracts and options thereon. The Portfolio may purchase temporary investments, purchase securities on a when-issued basis and lend its portfolio securities.

The Portfolio is classified as a "non-diversified" investment company under the Investment Company Act of 1940, as amended (the "1940 Act"), which means that it is not limited by the 1940 Act in the proportion of its assets that it may invest in the securities of a single issuer. The Portfolio, as a non-diversified investment company, may invest in a smaller number of individual issuers than a diversified investment

company. Thus, an investment in the Portfolio may, due to changes in the financial condition or in the market's assessment of those issuers, present greater risk to an investor than an investment in a diversified investment company. However, the Portfolio intends to conduct its operations so as to qualify as a "regulated investment company" for purposes of the Internal Revenue Code of 1986, as amended (the "Code"), which will relieve the Portfolio of any liability for federal income tax to the extent that its earnings are distributed to shareholders. In order to so qualify, among other things, the Portfolio must ensure that, at the close of each quarter of the taxable year, (i) not more than 25% of the market value of the Portfolio's total assets is invested in the securities (other than U.S. Government Securities) of a single issuer or of two or more issuers that the Portfolio controls and that are engaged in the same, similar or related trades or businesses and (ii) at least 50% of the market value of the Portfolio's total assets is represented by (a) cash and cash items, (b) U.S. Government Securities and (c) other securities

limited in respect of any one issuer to an amount not greater in value than 5% of the market value of the Portfolio's total assets and to not more than 10% of the outstanding voting securities of the issuer.

EMERGING MARKETS EQUITY INVESTMENTS

Emerging Markets Equity Investments is advised by John Govett & Co. Limited. The Portfolio seeks to achieve long-term capital appreciation through investment primarily in a diversified portfolio of equity securities of issuers in countries having "emerging markets." For this purpose, a country with an emerging market is generally one in which the per capita income is in the low to middle ranges, as determined by the International Bank for Reconstruction and Development (World Bank). The Portfolio currently expects to invest in the following emerging markets countries: Argentina, Austria (as a "gateway" into Czech Republic and Slovakia and Hungary), Brazil, Czech Republic and Slovakia, Chile, China, Colombia, Greece, Hong Kong (as a "gateway" into China), Hungary, India, Indonesia, Israel, South Korea, Malaysia, Mexico, Pakistan, Philippines, Portugal, Singapore, Sri Lanka, Taiwan, Thailand, Turkey and Venezuela. The Portfolio may from time to time discontinue investments in any of the above-mentioned countries and/or begin investing in other countries with emerging markets.

The Portfolio anticipates normally investing at least 65% of its total assets in securities of issuers located in at least three different countries, other than the United States. At least 65% of the Portfolio's total assets typically will be invested in equity securities and equity derivative securities such as preferred stocks and warrants. Most of the equity securities in which the Portfolio will invest will be listed on recognized foreign securities exchanges, although the Portfolio may also invest in over-the-counter securities. Under normal market conditions, not more than 5% of the Portfolio's net assets will be invested in the securities of any one issuer (excluding the United States government and its agencies and instrumentalities) and not more than 25% of the Portfolio's total assets will be invested in issuers in the same industry.

In choosing the issuers in whose securities the Portfolio will invest, the Portfolio's Advisor first analyzes the economic factors and background of each emerging markets country and estimates the rate of Gross Domestic Product growth, the rate of inflation and currency exchange rates for the following six months. Anticipated returns for each country are then determined based on prospective price earnings ratios relative to bond yields and other relevant historical interest rate measures, and asset allocation decisions are made among the different emerging markets countries. Within each market chosen for investment, the Portfolio's Advisor will then choose the issuers offering the best relative value, based on relative price earnings ratios, dividend yields, dividend and interest cover and balance sheets.

The Portfolio may enter into forward currency contracts, use options and options on Futures Contracts to hedge against movements in currency exchange rates, purchase temporary investments and enter into reverse repurchase agreements. The Portfolio, which is designed for investors who do not require regular current income and who can accept a high degree of risk in their investment, may be viewed as speculative in nature. Investing in the securities of issuers in emerging markets countries involves certain risks and special considerations not inherent in investments in securities of U.S. companies. See "Certain Securities, Investment Techniques and Risk Factors."

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CERTAIN SECURITIES, INVESTMENT TECHNIQUES AND RISK FACTORS

TEMPORARY INVESTMENTS. For temporary defensive purposes during periods when the Advisor of a Portfolio, other than Government Money Investments, believes, in consultation with the Manager, that pursuing the Portfolio's basic investment strategy may be inconsistent with the best interests of its shareholders, the Portfolio may invest its assets in the following money market instruments: U.S. Government Securities (including those purchased in the form of custodial receipts), repurchase agreements, certificates of deposit and bankers' acceptances issued by U.S. banks or savings and loan associations having assets of at least \$500 million as of the end of their most recent fiscal year and high quality commercial paper. Each of these Portfolio's U.S. dollar-denominated temporary investments are managed by Boston Advisors. See "Management of the Trust--Administrator." In addition, for the same purposes the Advisors of Emerging Markets Equity Investments, International Fixed Income Investments and International Equity Investments may invest in obligations issued or guaranteed by foreign governments or by any of their political subdivisions, authorities, agencies or instrumentalities that are rated at least AA by S&P or Aa by Moody's or, if unrated, are determined by the Advisor to be of equivalent quality. Emerging Markets Equity Investments may also

invest in obligations issued by foreign banks, but will limit its investments in such obligations to U.S. dollar-denominated obligations of foreign banks which at the time of investment (i) have assets with a value of more than \$10 billion; (ii) are among the 75 largest foreign banks in the world, based on amount of assets; (iii) have branches in the United States; and (iv) are of comparable quality to obligations issued by United States banks in which the Portfolio may invest, in the opinion of the Portfolio's Advisor. See "Foreign Securities" below. Each Portfolio also may hold a portion of its assets in money market instruments or cash in amounts designed to pay expenses, to meet anticipated redemptions or pending investments in accordance with its objectives and policies. Any temporary investments may be purchased on a when-issued basis. A Portfolio's investment in any other short-term debt instruments would be subject to the Portfolio's investment objectives and policies, and to approval by the Trust's Board of Trustees.

The Portfolios are intended as vehicles for the implementation of long-term asset allocation strategies rendered through investment advisory programs, such as TRAK, that are based on an evaluation of an investor's investment objectives and risk tolerances. Because these asset allocation strategies are designed to spread investment risk across the various segments of the securities markets through investment in a number of Portfolios, each individual Portfolio generally intends to be substantially fully invested in accordance with its investment objectives and policies during most market conditions. Although the Advisor of a Portfolio may, upon the concurrence of the Manager, take a temporary defensive position during adverse market conditions, it can be expected that a defensive posture will be adopted less frequently than would be by other mutual funds. This policy may impede an Advisor's ability to protect a Portfolio's capital during declines in the particular segment of the market to which the Portfolio's assets are committed. Consequently, no single Portfolio should be considered a complete investment program and an investment among the Portfolios should be regarded as a long-term commitment that should be held through several market cycles. In addition, although the Consulting Group intends to recommend adjustments in the allocation of assets among the Portfolios based on, among other things, anticipated market trends, there can be no assurance that these recommendations can be developed, transmitted and acted upon in a manner sufficiently timely to avoid market shifts, which can be sudden and substantial. TRAK participants should recognize that TRAK is a nondiscretionary investment advisory service and that all investment decisions rest with the participant alone. Therefore, TRAK participants are urged strongly to adhere to the Consulting Group's asset allocation recommendations and to act promptly upon any recommended reallocation of assets among the Portfolios. Investors intending to purchase Portfolio shares through different investment advisory services should evaluate carefully whether the service is ongoing and continuous, as well as their investment advisors' ability to anticipate and respond to market trends.

REPURCHASE AGREEMENTS AND REVERSE REPURCHASE AGREEMENTS. Each of the Portfolios may engage in repurchase agreement transactions. Under the terms of a typical repurchase agreement, a Portfolio would acquire an underlying debt obligation for a relatively short period (usually not more than one week) subject to an obligation of the seller to repurchase, and the Portfolio to resell, the obligation at an agreed-upon price

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and time, thereby determining the yield during the Portfolio's holding period. This arrangement results in a fixed rate of return that is not subject to market fluctuations during the Portfolio's holding period. A Portfolio may enter into repurchase agreements with respect to U.S. Government Securities with member banks of the Federal Reserve System and certain non-bank dealers approved by the Board of Trustees. Under each repurchase agreement, the selling institution is required to maintain the value of the securities subject to the repurchase agreement at not less than their repurchase price. The Portfolio's Advisor, acting under the supervision of the Board of Trustees, reviews on an ongoing basis the value of the collateral and the creditworthiness of those non-bank dealers with whom the Portfolio enters into repurchase agreements. A Portfolio will not invest in a repurchase agreement maturing in more than seven days if the investment, together with illiquid securities held by the Portfolio, exceeds 10% of the Portfolio's total assets. See "Certain Investment Policies." In entering into a repurchase agreement, a Portfolio bears a risk of loss in the event that the other party to the transaction defaults on its obligations and the Portfolio is delayed or prevented from exercising its rights to dispose of the underlying securities, including the risk of a possible decline in the value of the underlying securities during the period in which the Portfolio seeks to assert its rights to them, the risk of incurring expenses associated with asserting those rights and the risk of losing all or a part of the income from the agreement.

Emerging Markets Equity Investments may enter into reverse repurchase agreements with the financial institutions with which it may enter into repurchase agreements. Under a reverse repurchase agreement, the Portfolio would sell securities to a financial institution and agree to repurchase them at a mutually agreed upon date, price and rate of interest. During the period between the sale and repurchase, the Portfolio would not be entitled to principal and interest paid on the securities sold by the Portfolio. The Portfolio, however, would seek to achieve gains derived from the difference between the current sales price and the forward price for the future purchase as well as the interest earned on the proceeds on the initial sale. Reverse repurchase agreements will be viewed as borrowings by the Portfolio for the purpose of calculating the Portfolio's indebtedness and will have the effect of leveraging the Portfolio's assets.

BORROWING. Leverage increases investment risk as well as investment opportunity. If the income and investment gains on securities purchased with borrowed money exceed the interest paid on the borrowing, the net asset value of the Portfolio's shares will rise faster than would otherwise be the case. On the other hand, if the income and investment gains fail to cover the cost, including interest, of the borrowings, or if there are losses, the net asset value of the Portfolio's shares will decrease faster than otherwise would be the case.

U.S. GOVERNMENT SECURITIES. Each Portfolio may invest in U.S. Government Securities, which are obligations issued or guaranteed by the U.S. Government, its agencies, authorities or instrumentalities. Some U.S. Government Securities, such as U.S. Treasury bills, Treasury notes and Treasury bonds, which differ only in their interest rates, maturities and times of issuance, are supported by the full faith and credit of the United States. Others are supported by: (i) the right of the issuer to borrow from the U.S. Treasury, such as securities of the Federal Home Loan Banks; (ii) the discretionary authority of the U.S. Government to purchase the agency's obligations, such as securities of the FNMA; or (iii) only the credit of the issuer, such as securities of the Student Loan Marketing Association. No assurance can be given that the U.S. Government will provide financial support in the future to U.S. Government agencies, authorities or instrumentalities that are not supported by the full faith and credit of the United States.

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Securities guaranteed as to principal and interest by the U.S. Government, its agencies, authorities or instrumentalities include: (i) securities for which the payment of principal and interest is backed by an irrevocable letter of credit issued by the U.S. Government or any of its agencies, authorities or instrumentalities; and (ii) participations in loans made to foreign governments or other entities that are so guaranteed. The secondary market for certain of these participations is limited and, therefore, may be regarded as illiquid.

U.S. Government Securities may include zero coupon securities that may be purchased when yields are attractive and/or to enhance portfolio liquidity. Zero coupon U.S. Government Securities are debt obligations that are issued or purchased at a significant discount from face value. The discount approximates the total amount of interest the security will accrue and compound over the period until maturity or the particular interest payment date at a rate of interest reflecting the market rate of the security at the time of issuance. Zero coupon U.S. Government Securities do not require the periodic payment of interest. These investments benefit the issuer by mitigating its need for cash to meet debt service, but also require a higher rate of return to attract investors who are willing to defer receipt of cash. These investments may experience greater volatility in market value than U.S. Government Securities that make regular payments of interest. A Portfolio accrues income on these investments for tax and accounting purposes, which is distributable to shareholders and which, because no cash is received at the time of accrual, may require the liquidation of other portfolio securities to satisfy the Portfolio's distribution obligations, in which case the Portfolio will forego the purchase of additional income producing assets with these funds. Zero coupon U.S. Government Securities include STRIPS and CUBES, which are issued by the U.S. Treasury as component parts of U.S. Treasury bonds and represent scheduled interest and principal payments on the bonds.

As part of its investments in U.S. Government Securities, a Portfolio, other than Government Money Investments, may invest up to 5% of its net assets in exchange rate-related U.S. Government Securities, which are described in the Statement of Additional Information.

CUSTODIAL RECEIPTS. Each Portfolio other than Government Money Investments may acquire custodial receipts or certificates, such as CATS, TIGRs and FICO Strips, underwritten by securities dealers or banks that evidence ownership of future interest payments, principal payments or both on certain notes or bonds

issued by the U.S. Government, its agencies, authorities or instrumentalities. The underwriters of these certificates or receipts purchase a U.S. Government Security and deposit the security in an irrevocable trust or custodial account with a custodian bank, which then issues receipts or certificates that evidence ownership of the periodic unmatured coupon payments and the final principal payment on the U.S. Government Security. Custodial receipts evidencing specific coupon or principal payments have the same general attributes as zero coupon U.S. Government Securities, described above. Although typically under the terms of a custodial receipt a Portfolio is authorized to assert its rights directly against the issuer of the underlying obligation, the Portfolio may be required to assert through the custodian bank such rights as may exist against the underlying issuer. Thus, in the event the underlying issuer fails to pay principal and/or interest when due, a Portfolio may be subject to delays, expenses and risks that are greater than those that would have been involved if the Portfolio had purchased a direct obligation of the issuer. In addition, in the event that the trust or custodial account in which the underlying security has been deposited is determined to be an association taxable as a corporation, instead of a non-taxable entity, the yield on the underlying security would be reduced in respect of any taxes paid.

LENDING PORTFOLIO SECURITIES. To generate income for the purpose of helping to meet its operating expenses, each Portfolio other than Municipal Bond Investments may lend securities to brokers, dealers and other financial organizations. These loans, if and when made, may not exceed 30% of a Portfolio's assets taken at value. A Portfolio's loans of securities will be collateralized at least 100% by cash, letters of credit or U.S. Government Securities, which will be marked to market daily. The cash or instruments collateralizing a Portfolio's loans of securities will be maintained at all times in a segregated account with the Portfolio's custodian, or with a designated sub-custodian, in an amount at least equal to the current market value of the loaned securities. In lending securities to brokers, dealers and other financial organizations, a Portfolio is

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subject to risks, which, like those associated with other extensions of credit, include delays in recovery and possible loss of rights in the collateral should the borrower fail financially. Boston Advisors arranges for each Portfolio's securities loans and manages collateral received in connection with these loans. See "Management of the Trust--Administrator."

WHEN-ISSUED AND DELAYED-DELIVERY SECURITIES. To secure prices deemed advantageous at a particular time, each Portfolio may purchase securities on a when-issued or delayed-delivery basis, in which case delivery of the securities occurs beyond the normal settlement period; payment for or delivery of the securities would be made prior to the reciprocal delivery or payment by the other party to the transaction. A Portfolio will enter into when-issued or delayed-delivery transactions for the purpose of acquiring securities and not for the purpose of leverage. When-issued securities purchased by the Portfolio may include securities purchased on a "when, as and if issued" basis under which the issuance of the securities depends on the occurrence of a subsequent event, such as approval of a merger, corporate reorganization or debt restructuring. The Portfolio will establish with its custodian, or with a designated sub-custodian, a segregated account consisting of cash, U.S. Government Securities or other liquid high grade debt obligations in an amount equal to the amount of its when-issued or delayed-delivery purchase commitments.

Securities purchased on a when-issued or delayed-delivery basis may expose a Portfolio to risk because the securities may experience fluctuations in value prior to their actual delivery. The Portfolio does not accrue income with respect to a when-issued or delayed-delivery security prior to its stated delivery date. Purchasing securities on a when-issued or delayed-delivery basis can involve the additional risk that the yield available in the market when the delivery takes place may be higher than that obtained in the transaction itself.

FIXED INCOME SECURITIES. The market value of fixed income obligations of the Portfolios will be affected by general changes in interest rates which will result in increases or decreases in the value of the obligations held by the Portfolios. The market value of the obligations held by a Portfolio can be expected to vary inversely to changes in prevailing interest rates. Investors also should recognize that, in periods of declining interest rates, a Portfolio's yield will tend to be somewhat higher than prevailing market rates and, in periods of rising interest rates, a Portfolio's yield will tend to be somewhat lower. Also, when interest rates are falling, the inflow of net new money to a Portfolio from the continuous sale of its shares will tend to be invested in instruments producing lower yields than the balance of its portfolio, thereby reducing the Portfolio's current yield. In periods of rising

interest rates, the opposite can be expected to occur. In addition, securities in which a Portfolio may invest may not yield as high a level of current income as might be achieved by investing in securities with less liquidity, less creditworthiness or longer maturities.

Ratings made available by S&P and Moody's are relative and subjective and are not absolute standards of quality. Although these ratings are initial criteria for selection of portfolio investments, a Portfolio also will make its own evaluation of these securities. Among the factors that will be considered are the long-term ability of the issuers to pay principal and interest and general economic trends.

MUNICIPAL OBLIGATIONS. The term "Municipal Obligations" generally is understood to include debt obligations issued to obtain funds for various public purposes, the interest on which is, in the opinion of bond counsel to the issuer, excluded from gross income for federal income tax purposes. In addition, if the proceeds from private activity bonds are used for the construction, equipment, repair or improvement of privately operated industrial or commercial facilities, the interest paid on such bonds may be excluded from gross income for federal income tax purposes, although current federal tax laws place substantial limitations on the size of these issues.

The two principal classifications of Municipal Obligations are "general obligation" and "revenue" bonds. General obligation bonds are secured by the issuer's pledge of its faith, credit, and taxing power for the payment of principal and interest. Revenue bonds are payable from the revenues derived from a particular facility or class of facilities or, in some cases, from the proceeds of a special excise or other specific revenue source, but not from the general taxing power. Sizable investments in these obligations could involve an

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increased risk to the Portfolio should any of the related facilities experience financial difficulties. Private activity bonds are in most cases revenue bonds and do not generally carry the pledge of the credit of the issuing municipality. There are, of course, variations in the security of Municipal Obligations, both within a particular classification and between classifications.

MORTGAGE RELATED SECURITIES. Intermediate Fixed Income Investments, Total Return Fixed Income Investments and Mortgage Backed Investments may invest in mortgage related securities without limit. There are several risks associated with mortgage related securities generally. One is that the monthly cash inflow from the underlying loans may not be sufficient to meet the monthly payment requirements of the mortgage related security.

Prepayment of principal by mortgagors or mortgage foreclosures will shorten the term of the underlying mortgage pool for a mortgage related security. Early returns of principal will affect the average life of the mortgage related securities remaining in a Portfolio. The occurrence of mortgage prepayments is affected by factors including the level of interest rates, general economic conditions, the location and age of the mortgage and other social and demographic conditions. In periods of rising interest rates, the rate of prepayment tends to decrease, thereby lengthening the average life of a pool of mortgage related securities. Conversely, in periods of falling interest rates the rate of prepayment tends to increase, thereby shortening the average life of a pool. Reinvestment of prepayments may occur at higher or lower interest rates than the original investment, thus affecting the yield of a Portfolio. Because prepayments of principal generally occur when interest rates are declining, it is likely that a Portfolio will have to reinvest the proceeds of prepayments at lower interest rates than those at which the assets were previously invested. If this occurs, a Portfolio's yield will correspondingly decline. Thus, mortgage related securities may have less potential for capital appreciation in periods of falling interest rates than other fixed income securities of comparable maturity, although these securities may have a comparable risk of decline in market value in periods of rising interest rates. To the extent that a Portfolio purchases mortgage related securities at a premium, unscheduled prepayments, which are made at par, will result in a loss equal to any unamortized premium.

CMOs are obligations fully collateralized by a portfolio of mortgages or mortgage related securities. Payments of principal and interest on the mortgages are passed through to the holders of the CMOs on the same schedule as they are received, although certain classes of CMOs have priority over others with respect to the receipt of prepayments on the mortgages. Therefore, depending on the type of CMOs in which a Portfolio invests, the investment may be subject to a greater or lesser risk of prepayment than other types of mortgage related securities.

Mortgage related securities may not be readily marketable. To the extent any of these securities are not readily marketable in the judgment of the Advisor, the investment restriction limiting a Portfolio's investment in illiquid instruments to not more than 10% of the value of its net assets will apply. See "Certain Investment Policies."

GOVERNMENT STRIPPED MORTGAGE RELATED SECURITIES. Each of Intermediate Fixed Income Investments, Total Return Fixed Income Investments and Mortgage Backed Investments may invest up to 25% of its total assets in certain government stripped mortgage related securities issued and guaranteed by GNMA, FNMA or FHLMC. These securities represent beneficial ownership interests in either periodic principal distributions ("principal-only") or interest distributions ("interest-only") on mortgage related certificates issued by GNMA, FNMA or FHLMC, as the case may be. The certificates underlying the government stripped mortgage related securities represent all or part of the beneficial interest in pools of mortgage loans. A Portfolio will invest in government stripped mortgage related securities in order to enhance yield or to benefit from anticipated appreciation in value of the securities at times when its Advisor believes that interest rates will remain stable or increase. In periods of rising interest rates, the expected increase in the value of government stripped mortgage related securities may offset all or a portion of any decline in value of the securities held by a Portfolio.

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Investing in government stripped mortgage related securities involves the risks normally associated with investing in mortgage related securities issued by government or government related entities. See "Mortgage Related Securities" above. In addition, the yields on government stripped mortgage related securities are extremely sensitive to the prepayment experience on the mortgage loans underlying the certificates collateralizing the securities. If a decline in the level of prevailing interest rates results in a rate of principal prepayments higher than anticipated, distributions of principal will be accelerated, thereby reducing the yield to maturity on interest-only government stripped mortgage related securities and increasing the yield to maturity on principal-only government stripped mortgage related securities. Sufficiently high prepayment rates could result in a Portfolio not fully recovering its initial investment in an interest-only government stripped mortgage related security. Under current market conditions, the Portfolios expect that investments in government stripped mortgage related securities will consist primarily of interest-only securities. Government stripped mortgage related securities are currently traded in an over-the-counter market maintained by several large investment banking firms. There can be no assurance that the Portfolios will be able to effect a trade of a government stripped mortgage related security at a time when it wishes to do so. The Portfolios will acquire government stripped mortgage related securities only if a secondary market for the securities exists at the time of acquisition. Except for government stripped mortgage related securities based on fixed rate FNMA and FHLMC mortgage certificates that meet certain liquidity criteria established by the Board of Trustees, a Portfolio will treat government stripped mortgage related securities as illiquid and will limit its investments in these securities, together with other illiquid investments, to not more than 10% of its net assets.

FORWARD ROLL TRANSACTIONS. In order to enhance current income, Mortgage Backed Investments may enter into forward roll transactions with respect to mortgage related securities issued by GNMA, FNMA and FHLMC. In a forward roll transaction, a Portfolio sells a mortgage related security to a financial institution, such as a bank or broker-dealer, and simultaneously agrees to repurchase a similar security from the institution at a later date at an agreed-upon price. The mortgage related securities that are repurchased will bear the same interest rate as those sold, but generally will be collateralized by different pools of mortgages with different prepayment histories than those sold. During the period between the sale and repurchase, the Portfolio will not be entitled to receive interest and principal payments on the securities sold. Proceeds of the sale will be invested in short-term instruments, particularly repurchase agreements, and the income from these investments, together with any additional fee income received on the sale, is intended to generate income for the Portfolio exceeding the yield on the securities sold. Forward roll transactions involve the risk that the market value of the securities sold by the Portfolio may decline below the repurchase price of those securities. At the time the Portfolio enters into a forward roll transaction, it will place in a segregated custodial account cash, U.S. Government Securities or high quality debt obligations having a value equal to the repurchase price (including accrued interest) and will subsequently monitor the account to insure that the equivalent value is maintained. Forward roll transactions are considered to be borrowings by the Portfolio.

MEDIUM AND LOWER RATED AND UNRATED SECURITIES. Securities rated in the fourth highest category by S&P or Moody's, although considered investment grade, may possess speculative characteristics, and changes in economic or other conditions are more likely to impair the ability of issuers of these securities to make interest and principal payments than is the case with respect to issuers of higher grade bonds.

Generally, medium or lower rated securities and unrated securities of comparable quality, sometimes referred to as junk bonds, offer a higher current yield than is offered by higher rated securities, but also (i) will likely have some quality and protective characteristics that, in the judgment of the rating organizations, are outweighed by large uncertainties or major risk exposures to adverse conditions and (ii) are predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligation. The market values of certain of these securities also tend to be more sensitive to individual corporate developments and changes in economic conditions than higher quality bonds. In addition, medium and lower rated securities and comparable unrated securities generally present a higher

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degree of credit risk. The risk of loss due to default by these issuers is significantly greater because medium and lower rated securities and unrated securities of comparable quality generally are unsecured and frequently are subordinated to the prior payment of senior indebtedness. In light of these risks, the Board of Trustees has instructed the Advisors, in evaluating the creditworthiness of an issue, whether rated or unrated, to take various factors into consideration, which may include, as applicable, the issuer's financial resources, its sensitivity to economic conditions and trends, the operating history of and the community support for the facility financed by the issue, the ability of the issuer's management and regulatory matters.

In addition, the market value of securities in lower rated categories is more volatile than that of higher quality securities, and the markets in which medium and lower rated or unrated securities are traded are more limited than those in which higher rated securities are traded. The existence of limited markets may make it more difficult for the Portfolios to obtain accurate market quotations for purposes of valuing their respective portfolios and calculating their respective net asset values. Moreover, the lack of a liquid trading market may restrict the availability of securities for the Portfolios to purchase and may also have the effect of limiting the ability of a Portfolio to sell securities at their fair value either to meet redemption requests or to respond to changes in the economy or the financial markets.

Lower rated debt obligations also present risks based on payment expectations. If an issuer calls the obligation for redemption, a Portfolio may have to replace the security with a lower yielding security, resulting in a decreased return for investors. Also, as the principal value of bonds moves inversely with movements in interest rates, in the event of rising interest rates the value of the securities held by a Portfolio may decline proportionately more than a portfolio consisting of higher rated securities. If a Portfolio experiences unexpected net redemptions, it may be forced to sell its higher rated bonds, resulting in a decline in the overall credit quality of the securities held by the Portfolio and increasing the exposure of the Portfolio to the risks of lower rated securities. Investments in zero coupon bonds may be more speculative and subject to greater fluctuations in value due to changes in interest rates than bonds that pay interest currently.

Subsequent to its purchase by a Portfolio, an issue of securities may cease to be rated or its rating may be reduced below the minimum required for purchase by the Portfolio. Neither event will require sale of these securities by the Portfolio, but the Advisor will consider this event in its determination of whether the Portfolio should continue to hold the securities.

NON-PUBLICLY TRADED SECURITIES. Each Portfolio may invest in non-publicly traded securities, which may be less liquid than publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized from these sales could be less than those originally paid by the Portfolios. In addition, companies whose securities are not publicly traded are not subject to the disclosure and other investor protection requirements that may be applicable if their securities were publicly traded.

SUPRANATIONAL ENTITIES. International Fixed Income Investments, subject to applicable diversification requirements of the Code, may invest up to 25% of its total assets in debt securities issued by supranational organizations such as the International Bank for Reconstruction and Development (commonly referred to as the World Bank), which was chartered to finance development projects in

developing member countries; the European Community, which is a twelve-nation organization engaged in cooperative economic activities; the European Coal and Steel Community, which is an economic union of various European nations' steel and coal industries; and the Asian Development Bank, which is an international development bank established to lend funds, promote investment and provide technical assistance to member nations in the Asian and Pacific regions. As supranational entities do not possess taxing authority, they are dependent upon their members' continued support in order to meet interest and principal payments.

FOREIGN SECURITIES. Investing in securities issued by foreign companies and governments involves considerations and potential risks not typically associated with investing in obligations issued by the U.S. government and domestic corporations. Substantially less information may be available about foreign companies, particularly emerging market country companies, than about domestic companies and, even when

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public information about such companies is available, it may be less reliable than information concerning U.S. companies. Foreign companies generally are not subject to uniform accounting, auditing and financial reporting standards and such standards may differ, in some cases significantly, from standards in other countries, including the United States. The values of foreign investments are affected by changes in currency rates or exchange control regulations, restrictions or prohibitions on the repatriation of foreign currencies, application of foreign tax laws, including withholding taxes, changes in governmental administration or economic or monetary policy (in the United States or abroad) or changed circumstances in dealings between nations. Costs are also incurred in connection with conversions between various currencies. In addition, foreign brokerage commissions and custody fees are generally higher than those charged in the United States, and foreign securities markets may be less liquid, more volatile and less subject to governmental supervision than in the United States. Investments in foreign countries could be affected by other factors not present in the United States, including expropriation, confiscatory taxation, lack of uniform accounting and auditing standards and potential difficulties in enforcing contractual obligations and could be subject to extended clearance and settlement periods.

INVESTING IN EMERGING MARKETS COUNTRIES. Investing in securities of issuers in emerging markets countries involves exposure to economic structures that are generally less diverse and mature than, and to political systems that can be expected to have less stability than, those of developed countries. Other characteristics of emerging markets countries that may affect investment in their markets include certain national policies that may restrict investment by foreigners and the absence of developed legal structures governing private and foreign investments and private property. The typically small size of the markets for securities issued by issuers located in emerging markets countries and the possibility of a low or nonexistent volume of trading in those securities may also result in a lack of liquidity and in price volatility of those securities.

Included among the emerging markets in which Emerging Markets Equity Investments may invest are the formerly communist countries of Eastern Europe and the People's Republic of China (collectively, "Communist Countries"). Upon the accession to power of Communist regimes approximately 40 to 70 years ago, the governments of a number of Communist Countries expropriated a large amount of property. The claims of many property owners against those governments were never finally settled. There can be no assurance that the Portfolio's investments in Communist Countries, if any, would not also be expropriated, nationalized or otherwise confiscated, in which case the Portfolio could lose its entire investment in the Communist Country involved. In addition, any change in the leadership or policies of Communist Countries may halt the expansion of or reverse the liberalization of foreign investment policies now occurring.

CURRENCY EXCHANGE RATES. A Portfolio's share value may change significantly when the currencies, other than the U.S. dollar, in which the Portfolio's investments are denominated strengthen or weaken against the U.S. dollar. Currency exchange rates generally are determined by the forces of supply and demand in the foreign exchange markets and the relative merits of investments in different countries as seen from an international perspective. Currency exchange rates can also be affected unpredictably by intervention by U.S. or foreign governments or central banks or by currency controls or political developments in the United States or abroad.

FORWARD CURRENCY CONTRACTS. Each Portfolio that may invest in foreign currency-denominated securities may hold currencies to meet settlement

requirements for foreign securities and may engage in currency exchange transactions in order to protect against uncertainty in the level of future exchange rates between a particular foreign currency and the U.S. dollar or between foreign currencies in which the Portfolio's securities are or may be denominated. Forward currency 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 French francs 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 with a currency trader and fixed for the term of the contract at the time that the Portfolio enters into the

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contract. To assure that a Portfolio's forward currency contracts are not used to achieve investment leverage, the Portfolio will segregate cash or high grade securities with its custodian in an amount at all times equal to or exceeding the Portfolio's commitment with respect to these contracts.

In hedging specific portfolio positions, a Portfolio may enter into a forward contract with respect to either the currency in which the positions are denominated or another currency deemed appropriate by the Portfolio's Advisor. The amount the Portfolio may invest in forward currency contracts is limited to the amount of the Portfolio's aggregate investments in foreign currencies. Risks associated with entering into forward currency contracts include the possibility that the market for forward currency contracts may be limited with respect to certain currencies and, upon a contract's maturity, the inability of a Portfolio to negotiate with the dealer to enter into an offsetting transaction. Forward currency contracts may be closed out only by the parties entering into an offsetting contract. In addition, the correlation between movements in the prices of those contracts and movements in the price of the currency hedged or used for cover will not be perfect. There is no assurance that an active forward currency contract market will always exist. These factors will restrict a Portfolio's ability to hedge against the risk of devaluation of currencies in which a Portfolio holds a substantial quantity of securities and are unrelated to the qualitative rating that may be assigned to any particular security. See the Statement of Additional Information for further information concerning forward currency contracts.

FUTURES CONTRACTS AND RELATED OPTIONS. Each Portfolio other than Government

Money Investments, Balanced Investments and Municipal Bond Investments may enter into futures contracts and purchase and write (sell) options on these contracts, including but not limited to interest rate, securities index and foreign currency futures contracts and put and call options on these futures contracts. These contracts will be entered into only upon the concurrence of the Manager that such contracts are necessary or appropriate in the management of the Portfolio's assets. These contracts will be entered into on exchanges designated by the Commodity Futures Trading Commission ("CFTC") or, consistent with CFTC regulations, on foreign exchanges. These transactions may be entered into for bona fide hedging and other permissible risk management purposes including protecting against anticipated changes in the value of securities a Portfolio intends to purchase.

A Portfolio will not enter into futures contracts and related options for which the aggregate initial margin and premiums exceed 5% of the fair market value of the Portfolio's assets after taking into account unrealized profits and unrealized losses on any contracts it has entered into. All futures and options on futures positions will be covered by owning the underlying security or segregation of assets. With respect to long positions in a futures contract or option (e.g., futures contracts to purchase the underlying instrument and call options purchased or put options written on these futures contracts or instruments), the underlying value of the futures contract at all times will not exceed the sum of cash, short-term U.S. debt obligations or other high quality obligations set aside for this purpose.

A Portfolio may lose the expected benefit of these futures or options transactions and may incur losses if the prices of the underlying commodities move in an unanticipated manner. In addition, changes in the value of the Portfolio's futures and options positions may not prove to be perfectly or even highly correlated with changes in the value of its portfolio securities. Successful use of futures and related options is subject to an Advisor's ability to predict correctly movements in the direction of the securities markets generally, which ability may require different skills and techniques than predicting changes in the prices of individual securities. Moreover, futures and options contracts may only be closed out by entering into offsetting transactions on the exchange where the position was entered into (or a linked exchange), and as a result of daily price fluctuation limits there can be no assurance that an offsetting transaction could be entered into at an

advantageous price at any particular time. Consequently, a Portfolio may realize a loss on a futures contract or option that is not offset by an increase in the value of its portfolio securities that are being hedged or a Portfolio may not be able to close a futures or options position without incurring a loss in the event of adverse price movements.

CERTAIN INVESTMENT POLICIES

The Trust on behalf of each Portfolio has adopted certain investment restrictions that are enumerated in detail in the Statement of Additional Information. Among other restrictions, each Portfolio except International Fixed Income Investments may not, with respect to 75% of its total assets taken at market value, invest more than 5% of its total assets in the securities of any one issuer, except U.S. Government Securities, or acquire more than 10% of any class of the outstanding voting securities of any one issuer. In addition, except as described above with respect to Municipal Bond Investments, each Portfolio may not invest more than 25% of its total assets in securities of issuers in any one industry. The Trust on behalf of a Portfolio may borrow money as a temporary measure from banks in an aggregate amount not exceeding one-third of the value of the Portfolio's total assets to meet redemptions and for other temporary or emergency purposes not involving leveraging. Forward roll transactions, which may be entered into by Mortgage Backed Investments, will be aggregated with bank borrowings for purposes of this calculation. A Portfolio (other than Mortgage Backed Investments to the extent that forward roll transactions are deemed to be borrowings) may not purchase securities while borrowings exceed 5% of the value of the Portfolio's assets. A Portfolio will not invest more than 10% of the value of its net assets in securities that are illiquid, including certain government stripped mortgage related securities, repurchase agreements maturing in more than seven days that cannot be liquidated prior to maturity and securities that are illiquid by virtue of the absence of a readily available market. Securities that have legal or contractual restrictions on resale but have a readily available market are deemed not illiquid for this purpose.

The investment restrictions listed above as well as the Portfolios' investment objectives are fundamental policies and accordingly may not be changed with respect to any Portfolio without the approval of a majority of the outstanding shares of that Portfolio, as defined in the 1940 Act. Unless otherwise specifically stated, however, the investment policies and practices of each Portfolio are not fundamental and may be changed by the Board of Trustees.

PORTFOLIO TURNOVER

Generally, a Portfolio, other than Small Capitalization Growth Investments and International Equity Investments, will not trade in securities for short-term profits but, when circumstances warrant, securities may be sold without regard to the length of time held. The Portfolios specified in the previous sentence may engage in active short-term trading to benefit from yield disparities among different issues of securities, to seek short-term profits during periods of fluctuating interest rates or for other reasons. Active trading will increase a Portfolio's rate of turnover, certain transaction expenses and the incidence of short-term capital gain taxable as ordinary income. An annual turnover rate of 100% would occur when all the securities held by the Portfolio are replaced one time during a period of one year.

Increased portfolio turnover may result in greater brokerage commissions paid and in realization of net short-term capital gains which, when distributed, are taxed to shareholders (other than retirement plans) at ordinary income tax rates.

MANAGEMENT OF THE TRUST

BOARD OF TRUSTEES

Overall responsibility for management and supervision of the Trust and the Portfolios rests with the Trust's Board of Trustees. The Trustees approve all significant agreements between the Trust and the persons and companies that furnish services to the Trust and the Portfolios, including agreements with the Trust's distributor, custodian, transfer agent, the Manager, Advisors and administrator. One of the Trustees and four of the Trust's executive officers are affiliated with Smith Barney Shearson and/or its affiliates. The Statement of Additional Information contains background information regarding each Trustee and executive officer of the Trust as well as the Portfolios' investment officers.

INVESTMENT MANAGER

The Consulting Group, located at 222 Delaware Avenue, Wilmington, Delaware 19801, serves as the Trust's Manager. The Consulting Group is a division of Smith, Barney Advisers Inc. ("SBA"), a registered investment advisor whose principal executive offices are located at 1345 Avenue of the Americas, New York, New York 10105. SBA is a wholly owned subsidiary of Smith Barney Shearson Holdings Inc., which is in turn a wholly owned subsidiary of Travelers Inc., formerly known as Primerica Corporation ("Travelers").

The Trust has entered into an investment management agreement (the "Management Agreement") with the Manager which, in turn, has entered into an advisory agreement ("Advisory Agreement") with each Advisor selected for the Portfolios. It is the Manager's responsibility to select, subject to the review and approval of the Board of Trustees, the Advisors who have distinguished themselves by able performance in their respective areas of expertise in asset management and to review their continued performance. Although the Manager does not serve as investment manager for any other registered investment company, the Manager and its related office, the Consulting Services Division of Smith Barney Shearson, have over 20 years of experience in evaluating investment advisers for individuals and institutional investors. As of February 28, 1994, the Manager rendered advisory services with respect to assets with a value in excess of \$ billion.

Subject to the supervision and direction of the Trust's Board of Trustees, the Manager provides to the Trust investment management evaluation services principally by performing initial due diligence on prospective Advisors for each Portfolio and thereafter monitoring Advisor performance through quantitative and qualitative analysis as well as periodic in-person, telephonic and written consultations with Advisors. In evaluating prospective Advisors, the Manager considers, among other factors, each Advisor's level of expertise; relative performance and consistency of performance over a minimum period of five years; level of adherence to investment discipline or philosophy; personnel, facilities and financial strength; and quality of service and client communications. The Manager has responsibility for communicating performance expectations and evaluations to Advisors and ultimately recommending to the Board of Trustees of the Trust whether Advisors' contracts should be renewed, modified or terminated. The Manager provides written reports to the Board of Trustees regarding the results of its evaluation and monitoring functions. The Manager is also responsible for conducting all operations of the Trust except those operations contracted to the Advisors, custodian, transfer agent or administrator. Each Portfolio pays the Manager a fee for its services that is computed daily and paid monthly at the annual rate specified below of the value of the average net assets of the Portfolio, and the Manager in turn pays each Advisor a fee for its services provided to the Portfolio that is computed daily and paid monthly at the annual rate specified below of the value of the Portfolio's average daily net assets:

<TABLE>

<CAPTION>

PORTFOLIO	MANAGER'S FEE	ADVISOR'S FEE
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<S>	<C>	<C>
Government Money Investments.....	0.15%	0.15%
Intermediate Fixed Income Investments.....	0.40%	0.20%
Total Return Fixed Income Investments.....	0.40%	0.20%
Municipal Bond Investments.....	0.40%	0.20%
Mortgage Backed Investments.....	0.50%	0.25%
Balanced Investments....	0.60%	0.30%
Large Capitalization Value Equity Investments.....	0.60%	*
	0.60%	**
Large Capitalization Growth Investments.....	0.60%	*
	0.60%	**
Small Capitalization Value Equity Investments.....	0.60%	0.30%
Small Capitalization Growth Investments.....	0.60%	0.30%

International Equity Investments.....	0.70%	0.40%
International Fixed Income Investments.....	0.50%	0.25%
Emerging Markets Equity Investments.....	0.90%	0.60%

</TABLE>

* The annual fee payable to Newbold's Asset Management, Inc. with respect to Large Capitalization Value Equity Investments and to Provident Investment Counsel with respect to Large Capitalization Growth Investments is equal to 0.30% of the relevant Portfolio's average daily net assets multiplied by a fraction, the numerator of which is the average daily value of the allocated assets allocated to the relevant Advisor and the denominator of which is the average daily net asset value of the Portfolio.

** The annual fee payable to Parametric Portfolio Associates, Inc. with respect to Large Capitalization Value Equity Investments and to Boston Structured Advisors with respect to Large Capitalization Growth Investments is 0.20% of the value of the relevant Portfolio's average daily net assets on the first \$300 million of assets and 0.15% of the value of the relevant Portfolio's average daily net assets thereafter, multiplied by a fraction, the numerator of which is the average daily value of the allocated assets allocated to the relevant Advisor and the denominator of which is the average daily net asset value of the Portfolio.

Investors should be aware that the Manager may be subject to a conflict of interest when making decisions regarding the retention and compensation of particular Advisors. However, the Manager's decisions, including the identity of an Advisor and the specific amount of the Manager's compensation to be paid to the Advisor, are subject to review and approval by a majority of the Board of Trustees and separately by a majority of the Trustees who are not affiliated with the Manager or any of its affiliates.

The Trust has applied for an exemption (the "Exemption") from certain provisions of the 1940 Act which would otherwise require the Manager to obtain formal shareholder approval prior to engaging and entering into investment advisory agreements with Advisors. The requested relief would be based on the conditions set forth in the Exemption that, among other things: (1) the Manager will select, monitor, evaluate and allocate assets to, the Advisors and ensure that the Advisors comply with the relevant Portfolio's investment objective, policies and restrictions; (2) before a Portfolio may rely on the Exemption, the Exemption must be approved by the shareholders of the Portfolios operating under the Exemption; (3) shares of the Portfolios relying on the Exemption will not be subject to any sales loads or redemption fees or other charges for redeeming shares; (4) the Trust will provide to shareholders certain information about a new Advisor and its investment advisory contract within 90 days of the engagement of a new Advisor; (5) the Trust will disclose in this Prospectus the terms of the Exemption; and (6) the Trustees, including a majority of the "non-interested" Trustees, must approve each investment advisory contract in the manner required under the 1940 Act. Shareholder approval of any changes to the Investment Management Agreement between the Trust and Smith Barney Advisers would still require shareholder approval. As required by the Exemption, the shareholders of each Portfolio (other than Emerging Markets Equity Investments) determined, at a shareholders' meeting held on March 3, 1994, to permit the Trust to replace or add Advisors and to enter into investment advisory agreements with Advisors upon approval of the Board of Trustees but without formal shareholder approval. The sole shareholder of Emerging Markets Equity Investments made the same determination with respect to such Portfolio by written consent dated March 3, 1994.

ADVISORS

The Advisors have agreed to the foregoing fees, which are generally lower than the fees they charge to institutional accounts for which they serve as investment advisor, and perform all administrative functions associated with serving in that capacity in recognition of the reduced administrative responsibilities they have undertaken with respect to the Portfolios. By virtue of the management, supervisory and administrative functions performed by the Manager and Boston Advisors, and the fact that Advisors are not required to make decisions regarding the allocation of assets among the major sectors of the securities markets, the Advisors serve in a sub-advisory capacity to the

Portfolios. Subject to the supervision and direction of the Manager and, ultimately, the Board of Trustees, each Advisor's responsibilities are limited to managing the securities held by the Portfolio it serves in accordance with the Portfolio's stated investment objective and

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policies, making investment decisions for the Portfolio and placing orders to purchase and sell securities on behalf of the Portfolio.

The following sets forth certain information about each of the Advisors:

Standish, Ayer & Wood, Inc. ("SAW") serves as Advisor to Intermediate Fixed Income Investments and Government Money Investments. SAW is owned by 21 individuals, each of whom is an active employee of SAW. No individual owns more than 20% of the voting securities of SAW. SAW is registered as a commodity trading adviser with the National Futures Association. SAW has been registered as an investment advisor under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), since 1940. SAW provides investment advisory services to individual and institutional clients. As of December 31, 1993, SAW had assets under management of approximately \$22 billion. SAW's principal executive offices are located at One Financial Center, Boston, Massachusetts 02111. Richard Doll has been a Vice President since joining the firm in November 1984 and a Director of SAW since January 1, 1987 and has been responsible for the day-to-day management of Intermediate Fixed Income Investments since its inception. Prior to that time, he served as Vice President of Bank of New England. Jennifer Pline has been a Vice President of SAW since January 4, 1990 and has been responsible for the day-to-day management of Government Money Investments since its inception. She completed her MBA at Boston College in 1987 and then joined SAW. Prior to that time, she served as a Commercial Loan Officer of Baybank Harvard Trust.

Wolf, Webb, Burk & Campbell, Inc. ("WWBC") serves as Advisor to Total Return Fixed Income Investments. WWBC is controlled by four individuals, each owning 25% of the shares of capital stock of WWBC. WWBC has been a registered investment advisor under the Advisers Act since 1980 and provides investment advisory services to individual and institutional clients. As of December 31, 1993, WWBC had assets under management of approximately \$ billion. WWBC's principal executive offices are located at 1525 Locust Street, 11th Floor, Philadelphia, Pennsylvania 19102. Raymond Munsch, a Vice President of WWBC since 1989, and Richard Lunsford, a Vice President of WWBC since 1988, have been responsible for the day-to-day management of Total Return Fixed Income Investments since its inception.

Smith Affiliated Capital Corp. ("SACC") serves as Advisor to Municipal Bond Investments. Of the outstanding voting securities of SACC, 80% is owned by Robert G. Smith, an officer and director of SACC. SACC has been a registered investment advisor under the Advisers Act since April 1982. In addition to serving as investment advisor to individuals and institutions, SACC is a general partner of, and investment advisor to, a limited partnership primarily invested in municipal bonds. As of December 31, 1993, SACC had assets under management of approximately \$ billion. SACC's principal executive offices are located at 880 Third Avenue, New York, New York 10022. John Pandolfino has been a Portfolio Manager of SACC since 1989 and has been responsible for the day-to-day management of Municipal Bond Investments since its inception.

Atlantic Portfolio Analytics & Management, Inc. ("APAM") serves as Advisor to Mortgage Backed Investments. Registered as an investment advisor under the Advisers Act since 1984, APAM is controlled by J. Anthony Huggins and Jon M. Knight, each an officer of APAM. APAM serves as an investment advisor to institutions. As of December 31, 1993, APAM had assets under management of approximately \$ billion. APAM's principal executive offices are located at 201 East Pine Street, Suite 600, Orlando, Florida 32801. Trent S. Williams has been responsible for the day-to-day management of Mortgage Backed Investments since January 15, 1994 and has been a Portfolio Manager of APAM since January 1993. He served as a Portfolio Analyst of APAM between 1991 and 1993 and a Security Data Specialist of APAM between 1989 and 1991.

Palley-Needelman Asset Management, Inc. ("PNAM") serves as Advisor to Balanced Investments. The outstanding shares of capital stock of PNAM are owned by Roger B. Palley and Chet J. Needelman. PNAM, the predecessor of which has been registered as an investment advisor under the Advisers Act since 1974, provides investment advisory services to individuals and institutions, including retirement plans, foundations and endowments. As of December 31, 1993, PNAM had assets under management of approximately \$2.6

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billion. P NAM's principal executive offices are located at 800 Newport Center Drive, Suite 450, Newport Beach, California 92660. Roger Palley has been the President of P NAM since 1985 and has been responsible for the day-to-day management of Balanced Investments since its commencement of operations on February 16, 1993.

Newbold's Asset Management, Inc. ("NAM") serves as Advisor to Large Capitalization Value Equity Investments. Registered as an investment advisor under the Advisers Act since 1943, NAM is a wholly owned subsidiary of United Asset Management Corporation, a professional services holding company listed on the NYSE. NAM provides investment advisory services to individual and institutional clients. As of December 31, 1993, NAM had assets under management of approximately \$9.3 billion, and United Asset Management Corporation, its parent corporation, had assets under management of approximately \$103 billion. NAM's principal executive offices are located at 937 Haverford Road, Bryn Mawr, Pennsylvania 19010. Denise B. Taylor has been a Senior Vice President of NAM since January, 1991 and has been responsible for the day-to-day management of Large Capitalization Value Equity Investments since its inception. Prior to that time, she served as a Portfolio Manager of NAM with analytical responsibilities.

Parametric Portfolio Associates, Inc. ("PPA") also serves as Advisor to Large Capitalization Value Equity Investments. PPA is a wholly owned subsidiary of Pacific Financial Asset Management Company ("PFAMCO"), which is an indirect wholly owned subsidiary of Pacific Mutual Life Insurance Company. PPA was founded in 1987 and PFAMCO was founded in 1868. PPA is a registered investment adviser and as of December 31, 1993 had assets under management of \$ billion. PPA's principal executive offices are located at 7310 Columbia Center, 701 Fifth Avenue, Seattle, Washington 98104. Devin Wate is primarily responsible for the day-to-day management of those assets of the Portfolio allocated to PPA for management. Mr. Wate has been a Portfolio Manager with PPA since 1987.

Provident Investment Counsel ("PIC") serves as Advisor to Large Capitalization Growth Investments. Registered as an investment advisor under the Advisers Act since 1951, PIC is controlled by Robert M. Kommerstad, the Chairman of its Board of Directors. PIC provides investment advisory services to individual and institutional clients. As of December 31, 1993, PIC had assets under management of approximately \$13.1 billion. PIC's principal executive offices are located at 300 North Lake Avenue, Pasadena, California 91101. Paula B. Blacher, CFA, has been a Vice President of PIC, and has been responsible for the day-to-day management of Large Capitalization Growth Investments since November 1991. Prior to that time, she served as a Portfolio Manager of PIC.

Boston Structured Advisors ("BSA") also serves as an Advisor to Large Capitalization Growth Investments. BSA is a division of PanAgora Asset Management, Inc. ("PanAgora Boston"), which was formed on September 22, 1989 as a wholly owned subsidiary of The Boston Company Inc. PanAgora Boston is owned 50% by Nippon Life Insurance Company and 50% by Lehman Brothers Holdings, Inc. As of December 31, 1993, PanAgora Boston had \$13 billion in assets under management. The principal offices of both BSA and PanAgora Boston are located at 260 Franklin Street, Boston, Massachusetts 02110. Paul Samuelson is primarily responsible for the day-to-day management of those assets of the Portfolio allocated to BSA for management. Mr. Samuelson has been Director of Fixed Income and Equity at PanAgora Boston since September, 1993. Prior to that time, he was a partner at the investment management firm of Hagler, Mastrovita and Hewitt.

Thorsell, Parker Partners Inc. ("TPP") serves as Advisor to Small Capitalization Value Equity Investments. TPP was formed in 1992 and is controlled by Richard Thorsell and Lewis Parker. Both Mr. Thorsell and Mr. Parker formerly were employed by Dreman Value Management L.P. ("Dreman"), the investment adviser to the Portfolio until January 13, 1993, where they were responsible for, among other things, the management of the Portfolio's assets. TPP is registered with the SEC as an investment adviser. As of December 31, 1993, TPP has aggregate assets under management of approximately \$410 million. TPP's principal executive offices are located at 215 Main Street, Westport, Connecticut 06880. TPP co-manages the Portfolio's assets with NFJ Investment Group Inc. Mr. Thorsell has been a Managing Partner of TPP since

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1992 and has been responsible for the day-to-day management of those assets of the Portfolio allocated to TPP for management since January, 1993. Prior to that time, Mr. Thorsell was a Managing Director of Dreman.

NFJ Investment Group Inc. ("NFJ") also serves as Adviser to Small Capitalization Value Equity Investments. NFJ was founded in 1989 and is a

wholly owned subsidiary of PFAMCO. NFJ is registered with the SEC as an investment adviser and, as of December 31, 1993, it had assets under management of approximately \$963 million. NFJ's principal executive offices are located at 2121 San Jacinto Street, Suite 1440, Dallas, Texas 75201. Benno Fischer has been a Managing Director and Portfolio Manager of NFJ since January, 1989 and has been responsible for the day-to-day management of those assets of the Portfolio allocated to NFJ for management since August 1, 1993, the date on which NFJ began serving as an Advisor to the Portfolio.

Pilgrim Baxter & Associates, Ltd. ("PBA") serves as Advisor to Small Capitalization Growth Investments. PBA is controlled by Gary L. Pilgrim and Harold J. Baxter, each an officer of PBA. PBA has been a registered investment advisor under the Advisers Act since November 1982. PBA is the investment adviser of various institutional clients. As of December 31, 1993, PBA had assets under management of approximately \$2.8 billion. PBA's principal executive offices are located at 1255 Drummery Lane, Wayne, Pennsylvania 19087. John S. Force has been a Portfolio Manager of PBA, and has been responsible for the day-to-day management of Small Capitalization Growth Investments, since January, 1993. Prior to January, 1993, Mr. Force served as Vice President and Portfolio Manager for a Chicago investment advisory firm.

Oechsle International Advisors, L.P. ("OIA") serves as Advisor to International Equity Investments. Oechsle Group, L.P. holds 100% of the voting securities of OIA. Oechsle Group, L.P. is a limited partnership whose business consists exclusively of global investment management services. The general partners of Oechsle Group, L.P. are individuals who also serve as officers of OIA. OIA has been a registered investment advisor under the Advisers Act since 1986. OIA provides investment advisory services to individual and institutional clients. As of December 31, 1993, OIA had assets under management of approximately \$5.4 billion. OIA's principal executive offices are located at One International Place, Boston, Massachusetts 02110. Walter Oechsle is the General Managing Partner and a Portfolio Manager of OIA, and has been responsible for the day-to-day management of International Equity Investments, since November, 1991. Mr. Oechsle has been General Managing Partner of OIA since its inception in 1986.

Julius Baer Investment Management Inc. ("JBIM") serves as Advisor to International Fixed Income Investments. JBIM is a majority owned subsidiary of Julius Baer Securities Inc., a registered broker-dealer and investment adviser, which in turn is a wholly owned subsidiary of Baer Holding Ltd. Julius Baer Securities Inc. owns 95% of the outstanding stock of JBIM and 5% is owned by an employee of JBIM. JBIM has been registered as an investment advisor under the Advisers Act since April 1983. Directly and through Julius Baer Securities Inc., JBIM provides investment management services to a wide variety of individual and institutional clients, including registered investment companies. As of December 31, 1993, JBIM had assets under management of approximately \$1.9 billion and Julius Baer Securities Inc. had assets under management of approximately \$100 million. JBIM's principal executive offices are located at 330 Madison Avenue, New York, New York 10017. Edward Dove, a Senior Fixed-Income Portfolio Manager of JBIM, has been employed by JBIM since 1992, and has been responsible for the day-to-day management of International Fixed Income Investments since that time. Prior to that time, he was employed as a fixed-income manager by Chemical Global Investors Limited in London.

John Govett & Co. Limited ("JGC") serves as Advisor for Emerging Markets Equity Investments. JGC was organized in the 1920's and is registered with the SEC as an investment adviser. JGC is a wholly owned subsidiary of Govett & Company Limited (formerly known as Berkeley Govett & Company Limited), a financial services company whose shares are listed on the London Stock Exchange and on NASDAQ in the U.S. JGC's sole business is the provision of investment advice and services on behalf of institutions, private clients, investment trusts and open-ended funds. As of December 31, 1993, JGC had approximately \$3.3

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billion in assets under management. Rachael Maunder will be primarily responsible for the day-to-day management of the Portfolio's assets. Ms. Maunder has been a Manager of emerging markets portfolios of JGC since 1991. Prior to that time, she served as Assistant Director of Invesco Mim Management in London.

ADMINISTRATOR

Boston Advisors, located at One Boston Place, Boston, Massachusetts 02108, serves as the Trust's administrator. Boston Advisors is a wholly owned subsidiary of TBC, a financial services holding company, which is in turn an indirect wholly owned subsidiary of Mellon Bank Corporation. Boston Advisors

provides investment management, investment advisory and/or administrative services to investment companies with total assets, as of December 31, 1993, in excess of \$86.7 billion.

Pursuant to the Administration Agreement, Boston Advisors calculates the net asset value of the Portfolios' shares and generally manages all aspects of the Trust's administration and operation. In addition, Boston Advisors makes for each Portfolio, except Government Money Investments, investment advisory decisions necessary to manage the Portfolios' short term investments in U.S. dollar-denominated money market investments, including arranging for securities loans and managing collateral received in connection with those loans. Each Portfolio pays Boston Advisors a fee for these services that is computed daily and paid monthly at the annual rate of 0.20% of the value of the Portfolio's average daily net assets.

EXPENSES OF THE PORTFOLIOS

Each Portfolio bears its own expenses, which generally include all costs not specifically borne by the Manager, the Advisors and Boston Advisors. Included among a Portfolio's expenses are: costs incurred in connection with the Portfolio's organization; investment management and administration fees; fees for necessary professional and brokerage services; fees for any pricing service; the costs of regulatory compliance; and costs associated with maintaining the Trust's legal existence and shareholder relations. The Trust's agreements with the Manager and Boston Advisors provide that they will reduce their fees to a Portfolio to the extent required by applicable state laws for certain expenses that are described in the Statement of Additional Information.

PORTFOLIO TRANSACTIONS

To the extent consistent with applicable provisions of the 1940 Act and the rules and exemptions adopted by the SEC under the 1940 Act, the Board of Trustees of the Trust has determined that transactions for a Portfolio may be executed through Smith Barney Shearson and other affiliated broker-dealers if, in the judgment of the Advisor, the use of an affiliated broker-dealer is likely to result in price and execution at least as favorable as those of other qualified broker-dealers.

PURCHASE OF SHARES

GENERAL

Purchases of shares of a Portfolio by a TRAK participant must be made through a brokerage account maintained with Smith Barney Shearson. Payment for Portfolio shares must be made by check directly to Smith Barney Shearson or to a broker that clears securities transactions through Smith Barney Shearson on a fully disclosed basis (an "Introducing Broker"). No brokerage account or inactivity fee is charged in connection with a brokerage account through which an investor purchases shares of a Portfolio.

Shares of the Portfolios are available exclusively to participants in TRAK and different investment advisory services offered by qualified registered investment advisors. TRAK and different investment advisory services and the Trust are designed to relieve investors of the burden of devising an asset allocation strategy to meet their individual needs as well as selecting individual investments within each asset category among the myriad choices available.

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TRAK. The Consulting Group, in its capacity as investment advisor to participants in TRAK, provides advisory services in connection with investments among the Portfolios by identifying the investor's risk tolerances and investment objectives through evaluation of a Request, an investor questionnaire; identifying and recommending in writing an appropriate allocation of assets among the Portfolios that conform to those tolerances and objectives in a Recommendation; and providing on a periodic basis, at least quarterly, a Review, which is a monitoring report to the investor containing an analysis and evaluation of the investor's TRAK account and recommending any appropriate changes in the allocation of assets among the Portfolios. The Consulting Group will not, however, have any investment discretion over the investor's TRAK account, all investment decisions ultimately resting with the investor.

Under TRAK, Financial Consultants provide services to the investor by assisting the investor in identifying his or her financial characteristics and completing the Consulting Group's investor questionnaire. Financial Consultants are also responsible for reviewing the Consulting Group's Recommendation and Reviews with the investor, providing any interpretations of his or her own,

monitoring identified changes in the investor's financial characteristics and communicating these to the Consulting Group for reevaluation and implementing investment decisions.

The Consulting Group is paid a quarterly fee at the maximum annual rate of 1.50% of assets held in a TRAK account for the services comprising TRAK directly by each advisory client participating in TRAK, either by redemption of Portfolio shares or by separate payment. This fee is reduced or waived at various levels of assets, for participation by employees of Travelers and its subsidiaries and for participation by certain individual retirement accounts, retirement plans for self-employed individuals and employee benefit plans subject to the Employee Retirement Income Security Act of 1974, as amended (collectively "Plans"). When the client is a participant directed Plan, the Consulting Group may provide different services than those described above for different fees. Fees may be subject to negotiation and fees may differ based upon a number of factors, including, but not limited to, the type of account, the size of the account, the amount of TRAK assets and the number and range of supplemental advisory services to be provided by Financial Consultants. Financial Consultants receive a portion of any TRAK fee paid in consideration of providing services to clients participating in TRAK.

Investors should be aware that the Consulting Group serves as investment advisor to each participant in TRAK, for which it receives a fee from the participant that does not vary based on the Portfolios recommended for the participant's investments. At the same time, the Consulting Group serves as the Trust's Manager with responsibility for identifying, retaining, supervising and compensating each Portfolio's Advisor and receives a fee from each Portfolio, the portion of which that is retained by the Manager varies based on the Portfolio involved. Consequently, the Consulting Group, when making asset allocation recommendations for TRAK participants, may be presented with a conflict of interest as to the specific Portfolios recommended for investment. The Consulting Group, however, is subject to and intends to comply fully with standards of fiduciary duty that require that it act solely in the best interest of the participant when making investment recommendations.

Other Advisory Programs. Shares of the Portfolios are also available for purchase by certain registered investment advisors as a means of implementing asset allocation recommendations based on an investor's investment objectives and risk tolerances. In order to qualify to purchase shares on behalf of its clients, the investment advisor must be approved by the Consulting Group. Investors purchasing shares through investment advisory programs other than TRAK will bear different fees for different levels of services as agreed upon with the investment advisors offering the programs. Registered investment advisors interested in utilizing the Portfolios for the purposes described above should call (302) 888-4104.

Payment for shares of the Trust is due at Smith Barney Shearson or at an Introducing Broker no later than the fifth business day after the order is placed (the "Settlement Date"). No order of a participant in TRAK may be placed until the investor has completed a Request, reviewed the analysis contained in the Recommendation and executed an investment advisory agreement with the Consulting Group. Investors who

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make payment prior to the Settlement Date may permit the payment to be held in their brokerage accounts or may designate a temporary investment (such as a money market fund) for the payment until the Settlement Date. When an investor makes payment before the Settlement Date, the funds will be held as a free credit balance in the investor's brokerage account and Smith Barney Shearson will benefit from the temporary use of the funds. If the investor instructs Smith Barney Shearson to invest the funds in a Smith Barney Shearson money market fund, the amount of the investment will be included as part of the average daily net assets of both the Portfolio and the Smith Barney Shearson money market fund. Affiliates of Smith Barney Shearson that serve these funds in an investment advisory or administrative capacity will benefit by receiving fees from both of the funds, computed on the basis of their average daily net assets. The Board of Trustees has been advised of the benefits to Smith Barney Shearson resulting from five-day settlement procedures and will take these benefits into consideration when reviewing the Management Agreement, the Advisory Agreements, the Administration Agreement and the distribution agreement between the Trust and Smith Barney Shearson.

Systematic Investment Plan. The Trust offers shareholders a Systematic Investment Plan under which shareholders may authorize Smith Barney Shearson to place a purchase order each month or quarter for Portfolio shares in an amount not less than \$100 per month or quarter. The purchase price is paid automatically from cash held in the shareholder's Smith Barney Shearson brokerage account, through the automatic redemption of the shareholder's shares

of a Smith Barney Shearson money market fund, or through the liquidation of other securities held in the investor's Smith Barney Shearson brokerage account. If the TRAK assets are held in a Smith Barney Shearson FMA(R) account, the shareholder may arrange for pre-authorized automatic fund transfers, on a regular basis, from the shareholder's bank account to the shareholder's FMA account. Shareholders may utilize this service in conjunction with the Systematic Investment Plan to facilitate regular TRAK investments. For further information regarding the Systematic Investment Plan, the FMA account or the automatic funds transfer service, shareholders should contact their Financial Consultants.

Minimum Investment. The minimum initial investment in the Trust is \$25,000 (\$20,000 in the case of Plans) and the minimum investment in any individual Portfolio is \$100. There is no minimum subsequent investment, except that TRAK Programs for employees of Smith Barney Shearson, accounts of their immediate families and individual retirement accounts and certain employee pension benefit plans for those persons will be subject to a \$5,000 minimum investment. The Trust reserves the right at any time to vary the initial and subsequent investment minimums.

Purchase orders for shares of a Portfolio received by Smith Barney Shearson or by an Introducing Broker prior to the close of regular trading on the New York Stock Exchange, Inc. (the "NYSE") (currently 4:00 p.m., New York time) on any day that a Portfolio's net asset value is calculated are priced according to the net asset value determined on that day. Purchase orders received after the close of the NYSE are priced as of the time the net asset value per share is next determined. See "Net Asset Value" below for a description of the times at which a Portfolio's net asset value per share is determined.

REDEMPTION OF SHARES

REDEMPTIONS IN GENERAL

Shares of a Portfolio may be redeemed at no charge on any day that the Portfolio calculates its net asset value as described below under "Net Asset Value." Redemption requests received in proper form prior to the close of regular trading on the NYSE will be effected at the net asset value per share determined on that day. Redemption requests received after the close of regular trading on the NYSE will be effected at the net asset value next determined. A Portfolio is required to transmit redemption proceeds for credit to the shareholder's account at Smith Barney Shearson or at an Introducing Broker at no charge within seven days after receipt of a redemption request. Generally, these funds will not be invested for the shareholder's benefit without specific instruction and the Introducing Broker will benefit from the use of temporarily uninvested funds. A

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shareholder who pays for Portfolio shares by personal check will be credited with the proceeds of a redemption of those shares when the purchase check has been collected, which may take up to 15 days or more. Shareholders who anticipate the need for more immediate access to their investment should purchase shares by Federal funds or bank wire or by a certified or cashier's check. Redemption proceeds held by investors either in the form of uninvested cash balances in their Smith Barney Shearson brokerage accounts or as unnegotiated checks from TSSG, the Trust's transfer agent, will generally not earn any income for those investors, who should discuss alternative investments with their Financial Consultants or other advisors.

Redemption requests may be given to Smith Barney Shearson or to an Introducing Broker. Smith Barney Shearson or the Introducing Broker will transmit all properly received redemption requests to TSSG. In order to be effective a redemption request of a shareholder other than an individual may require the submission of documents commonly required to assure the safety of a particular account. A redemption request received by Smith Barney Shearson or an Introducing Broker will be deemed to have been received by TSSG for purposes of determining the time when the redemption becomes effective.

Each investor's investment advisory agreement with the Consulting Group relating to participation in TRAK provides that, absent separate payment by the participant, fees charged by the Consulting Group pursuant to that agreement may be paid through automatic redemptions of a portion of the participant's account. Termination of a TRAK account must be effected by a redemption order for the participant's entire Trust account.

INVOLUNTARY REDEMPTIONS

Due to the relatively high cost of maintaining small accounts, the Trust may redeem an account having a current value of \$7,500 or less as a result of

redemptions, but not as a result of a fluctuation in a Portfolio's net asset value or redemptions to pay TRAK fees, after the shareholder has been given at least 30 days in which to increase the account balance to more than that amount. Proceeds of an involuntary redemption will be deposited in the shareholder's brokerage account unless Smith Barney Shearson is instructed to the contrary. Investors should be aware that involuntary redemptions may result in the liquidation of Portfolio holdings at a time when the value of those holdings is lower than the investor's cost of the investment or may result in the realization of taxable capital gains.

NET ASSET VALUE

Each Portfolio's net asset value per share is calculated by Boston Advisors on each day, Monday through Friday, except on days on which the NYSE is closed. The NYSE is currently scheduled to be closed on New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas, and on the preceding Friday when one of those holidays falls on a Saturday or on the subsequent Monday when one of those holidays falls on a Sunday.

Net asset value per share is determined as of the close of trading on the NYSE and is computed by dividing the value of a Portfolio's net assets by the total number of its shares outstanding. Generally, a Portfolio's investments are valued at market value or, in the absence of a market value, at fair value as determined by or under the direction of the Board of Trustees.

Securities that are primarily traded on foreign exchanges are generally valued for purposes of calculating a Portfolio's net asset value at the preceding closing values of the securities on their respective exchanges, except that, when an occurrence subsequent to the time a value was so established is likely to have changed that value, the fair market value of those securities will be determined by consideration of other factors by or under the direction of the Board of Trustees. A security that is primarily traded on a domestic or foreign stock exchange is valued at the last sale price on that exchange or, if no sales occurred during the day, at the current quoted bid price. All portfolio securities held by Government Money Investments and short-term

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dollar-denominated investments of the other Portfolios that mature in 60 days or less are valued on the basis of amortized cost (which involves valuing an investment at its cost and, thereafter, assuming a constant amortization to maturity of any discount or premium, regardless of the effect of fluctuating interest rates on the market value of the investment) when the Board of Trustees has determined that amortized cost represents fair value. An option that is written by a Portfolio is generally valued at the last sale price or, in the absence of the last sale price, the last offer price. An option that is purchased by the Portfolio is generally valued at the last sale price or, in the absence of the last sale price, the last bid price. The value of a futures contract is equal to the unrealized gain or loss on the contract that is determined by marking the contract to the current settlement price for a like contract on the valuation date of the futures contract. A settlement price may not be used if the market makes a limit move with respect to a particular futures contract or if the securities underlying the futures contract experience significant price fluctuations after the determination of the settlement price. When a settlement price cannot be used, futures contracts will be valued at their fair market value as determined by or under the direction of the Board of Trustees.

All assets and liabilities initially expressed in foreign currency values will be converted into U.S. dollar values at the mean between the bid and offered quotations of the currencies against U.S. dollars as last quoted by any recognized dealer. If the bid and offered quotations are not available, the rate of exchange will be determined in good faith by the Board of Trustees. In carrying out the Board's valuation policies, Boston Advisors may consult with an independent pricing service retained by the Trust. Further information regarding the Portfolios' valuation policies is contained in the Statement of Additional Information.

EXCHANGE PRIVILEGE

Shares of a Portfolio may be exchanged without payment of any exchange fee for shares of another Portfolio at their respective net asset values. Portfolio shares are not exchangeable with shares of other funds in the Smith Barney Shearson Group of Funds.

An exchange of shares is treated for federal income tax purposes as a redemption (sale) of shares given in exchange by the shareholder, and an

exchanging shareholder may, therefore, realize a taxable gain or loss in connection with the exchange. Shareholders exchanging shares of a Portfolio for shares of another Portfolio should review the disclosure provided herein relating to the exchanged-for shares carefully prior to making an exchange. The exchange privilege is available to shareholders residing in any state in which Portfolio shares being acquired may be legally sold.

Although the exchange privilege is an important benefit, excessive exchange transactions can be detrimental to a Portfolio's performance and its shareholders. Each Portfolio's investment adviser may determine that a pattern of frequent exchanges is excessive and contrary to the best interests of the Portfolio's other shareholders. In this event, the Portfolio's investment adviser will notify Smith Barney Shearson, and Smith Barney Shearson may, at its discretion, decide to limit additional purchases and/or exchanges by the shareholder. Upon such a determination, Smith Barney Shearson will provide notice in writing or by telephone to the shareholder at least 15 days prior to suspending the exchange privilege and during the 15-day period the shareholder will be required to (a) redeem his or her shares in the Portfolio or (b) remain invested in the Portfolio or exchange into any of the other Portfolios, which position the shareholder would expect to maintain for a significant period of time. All relevant factors will be considered in determining what constitutes an abusive pattern of exchanges.

For further information regarding the exchange privilege, investors should contact their Financial Consultants. Smith Barney Shearson reserves the right to reject any exchange request and the exchange privilege may be modified or terminated after 60 days' written notice to shareholders.

DIVIDENDS, DISTRIBUTIONS AND TAXES

DIVIDENDS AND DISTRIBUTIONS

Net investment income (i.e., income other than long- and short-term capital gains) and net realized long- and short-term capital gains will be determined separately for each Portfolio. Dividends derived from net investment income and distributions of net realized long- and short-term capital gains paid by a Portfolio to a shareholder will be automatically reinvested (at current net asset value) in additional shares of that Portfolio (which will be deposited in the shareholder's account) unless the shareholder instructs the Trust, in writing, to pay all dividends and distributions in cash. Dividends attributable to the net investment income of Government Money Investments and Municipal Bond Investments will be declared daily and paid monthly. Shareholders of those Portfolios receive dividends from the day following the purchase up to and including the date of redemption. Dividends attributable to the net investment income of Intermediate Fixed Income Investments, Total Return Fixed Income Investments, Mortgage Backed Investments, Balanced Investments and International Fixed Income Investments are declared and paid monthly. Dividends attributable to the net investment income of the remaining Portfolios are declared and paid annually. Distributions of any net realized long-term and short-term capital gains earned by a Portfolio will be made annually.

TAXES

As each Portfolio is treated as a separate entity for federal income tax purposes, the amounts of net investment income and net realized capital gains subject to tax will be determined separately for each Portfolio (rather than on a Trust-wide basis).

Each Portfolio separately has qualified and intends to qualify each year as a regulated investment company for federal income tax purposes. The requirements for qualification (i) may cause a Portfolio, among other things, to restrict the extent of its short-term trading or its transactions in warrants, currencies, options, futures or forward contracts and (ii) will cause each of the Portfolios to maintain a diversified asset portfolio.

A regulated investment company will not be subject to federal income tax on its net investment income and its capital gains that it distributes to shareholders, so long as it meets certain overall distribution requirements and other conditions under the Code. Each Portfolio intends to satisfy these overall distribution requirements and any other required conditions. In addition, each Portfolio is subject to a 4% nondeductible excise tax measured with respect to certain undistributed amounts of ordinary income and capital gains. The Trust intends to have each Portfolio pay additional dividends and make additional distributions as are necessary in order to avoid application of the excise tax, if such payments and distributions are determined to be in the best interest of the Portfolio's shareholders. Dividends declared by a

Portfolio in October, November or December of any calendar year and payable to shareholders of record on a specified date in such a month shall be deemed to have been received by each shareholder on December 31 of such calendar year and to have been paid by the Portfolio not later than such December 31 provided that such dividend is actually paid by the Portfolio during January of the following year.

Dividends derived from a Portfolio's taxable net investment income and distributions of a Portfolio's net realized short-term capital gains (including short term gains from investments in tax exempt obligations) will be taxable to shareholders as ordinary income for federal income tax purposes, regardless of how long shareholders have held their Portfolio shares and whether the dividends or distributions are received in cash or reinvested in additional shares. Distributions of net realized long-term capital gains (including long-term gains from investments in tax exempt obligations) will be taxable to shareholders as long-term capital gains for federal income tax purposes, regardless of how long a shareholder has held his Portfolio shares and whether the distributions are received in cash or reinvested in additional shares. Dividends and distributions paid by Government Money Investments, Municipal Bond Investments and Mortgage Backed Investments and distributions of capital gains paid by all the Portfolios will not qualify for the dividend received deduction for corporations. As a general rule, dividends paid by a Portfolio, to the extent derived from dividends

attributable to certain types of stock issued by U.S. corporations, will qualify for the dividend received deduction for corporations. Some states, if certain asset and diversification requirements are satisfied, permit shareholders to treat their portions of a Portfolio's dividends that are attributable to interest on U.S. Treasury securities and certain U.S. Government Securities as income that is exempt from state and local income taxes. Dividends attributable to repurchase agreement earnings are, as a general rule, subject to state and local taxation.

Dividends paid by Municipal Bond Investments that are derived from interest earned on qualifying tax-exempt obligations are expected to be "exempt-interest" dividends that shareholders may exclude from their gross incomes for federal income tax purposes if the Portfolio satisfies certain asset percentage requirements. To the extent that the Portfolio invests in bonds, the interest on which is a specific tax preference item for federal income tax purposes ("AMT-Subject Bonds"), any exempt-interest dividends derived from interest on AMT-Subject Bonds will be a specific tax preference item for purposes of the federal individual and corporate alternative minimum taxes. In any event, all exempt-interest dividends will be a component of the "current earnings" adjustment item for purposes of the federal corporate alternative minimum income tax and corporate shareholders may incur a larger federal 0.12% environmental tax liability through the receipt of Portfolio dividends and distributions.

Net investment income or capital gains earned by the Portfolios investing in foreign securities may be subject to foreign income taxes withheld at the source. The United States has entered into tax treaties with many foreign countries that entitle the Portfolios to a reduced rate of tax or exemption from tax on this related income and gains. It is impossible to determine the effective rate of foreign tax in advance since the amount of these Portfolios' assets to be invested within various countries is not known. The Portfolios intend to operate so as to qualify for treaty-reduced rates of tax where applicable. Furthermore, if a Portfolio qualifies as a regulated investment company, if certain distribution requirements are satisfied, and if more than 50% of the value of the Portfolio's assets at the close of the taxable year consists of stocks or securities of foreign corporations, the Portfolio may elect, for U.S. federal income tax purposes, to treat foreign income taxes paid by the Portfolio that can be treated as income taxes under U.S. income tax principles as paid by its shareholders. The Trust anticipates that International Equity Investments and Emerging Markets Equity Investments will qualify for and make this election in most, but not necessarily all, of its taxable years. If a Portfolio were to make an election, an amount equal to the foreign income taxes paid by the Portfolio would be included in the income of its shareholders and the shareholders would be entitled to credit their portions of this amount against their U.S. tax liabilities, if any, or to deduct such portions from their U.S. taxable income, if any. Shortly after any year for which it makes an election, a Portfolio will report to its shareholders, in writing, the amount per share of foreign tax that must be included in each shareholder's gross income and the amount which will be available for deduction or credit. No deduction for foreign taxes may be claimed by a shareholder who does not itemize deductions. Certain limitations will be imposed on the extent to which the credit (but not the deduction) for foreign taxes may be claimed.

As noted above, shareholders, out of their own assets, will pay a TRAK or different investment advisory fee. For most shareholders who are individuals, this fee will be treated as a "miscellaneous itemized deduction" for federal income tax purposes. Under current federal income tax law, an individual's miscellaneous itemized deductions for any taxable year shall be allowed as a deduction only to the extent that the aggregate of these deductions exceeds 2% of adjusted gross income. Such deductions are also subject to the general limitation on itemized deductions for individuals having, in 1993, adjusted gross income in excess of \$108,450 (\$54,225 for married individuals filing separately).

Statements as to the tax status of each shareholder's dividends and distributions are mailed annually. Shareholders will also receive, if appropriate, various written notices after the close of the Portfolios' taxable year with respect to certain foreign taxes paid by the Portfolios and certain dividends and distributions that were, or were deemed to be, received by shareholders from the Portfolios during the Portfolios' prior taxable year. Shareholders should consult with their own tax advisors with specific reference to their own tax situations.

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CUSTODIAN AND TRANSFER AGENT

Boston Safe is located at One Boston Place, Boston, Massachusetts 02108, and serves as custodian of the Trust's investments.

TSSG is located at Exchange Place, Boston, Massachusetts 02109, and serves as the Trust's transfer agent.

PERFORMANCE OF THE PORTFOLIOS

YIELD

The Trust may, from time to time, include the yield and effective yield of Government Money Investments in advertisements or reports to shareholders or prospective investors. Current yield for Government Money Investments will be based on income received by a hypothetical investment over a given 7-day period (less expenses accrued during the period and the maximum fee for participation in TRAK during the period), and then "annualized" (i.e., assuming that the 7-day yield would be received for 52 weeks, stated in terms of an annual percentage return on the investment). "Effective yield" for Government Money Investments will be calculated in a manner similar to that used to calculate yield, but will reflect the compounding effect of earnings on reinvested dividends.

For Intermediate Fixed Income Investments, Total Return Fixed Income Investments, Mortgage Backed Investments and Municipal Bond Investments, from time to time, the Trust may advertise the 30-day "yield" and, with respect to Municipal Bond Investments, an "equivalent taxable yield." The yield of a Portfolio refers to the income generated by an investment in the Portfolio over the 30-day period identified in the advertisement and is computed by dividing the net investment income per share earned by the Portfolio during the period (less the maximum fee for participation in TRAK during the period) by the net asset value per share on the last day of the period. This income is "annualized" by assuming that the amount of income is generated each month over a one-year period and is compounded semi-annually. The annualized income is then shown as a percentage of the net asset value.

EQUIVALENT TAXABLE YIELD

The equivalent taxable yield of Municipal Bond Investments demonstrates the yield on a taxable investment necessary to produce an after-tax yield equal to the Portfolio's tax-exempt yield. It is calculated by increasing the yield shown for the Portfolio, calculated as described above, to the extent necessary to reflect the payment of specified tax rates. Thus, the equivalent taxable yield always will exceed the Portfolio's yield.

The table below shows individual taxpayers how to translate the tax savings from investments such as the Portfolio into an equivalent return from a taxable investment. The yields used below are for illustration only and are not intended to represent current or future yields for the Portfolio, which may be higher or lower than those shown.

<TABLE>

<CAPTION>

SAMPLE TAXABLE	FEDERAL MARGINAL	TAX-EXEMPT YIELDS
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INCOME		RATE*	4.00%	5.00%	6.00%	7.00%	8.00%	9.00%
		EQUIVALENT TAXABLE YIELD						
SINGLE	JOINT RETURN		<C>	<C>	<C>	<C>	<C>	<C>
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
\$ 22,100	\$ 36,900	15%	4.71%	5.88%	7.06%	8.24%	9.41%	10.59%
53,500	89,150	28%	5.56%	6.94%	8.33%	9.72%	11.11%	12.50%
115,000	140,000	31%	5.80%	7.25%	8.70%	10.14%	11.59%	13.04%
250,000	250,000	36%	6.25%	7.81%	9.38%	10.94%	12.50%	14.06%
over \$250,000	over \$250,000	39.60%	6.62%	8.28%	9.93%	11.59%	13.25%	14.90%

* The federal tax rates shown are those currently in effect for 1994 and are subject to change. The calculations assume that no income will be subject to the federal individual alternative minimum tax.

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TOTAL RETURN

From time to time, the Trust may advertise a Portfolio's (other than Government Money Investments') "average annual total return" over various periods of time. This total return figure shows the average percentage change in value of an investment in the Portfolio from the beginning date of the measuring period to the ending date of the measuring period and is reduced by the maximum fee for participation in TRAK during the measuring period. The figure reflects changes in the price of the Portfolio's shares and assumes that any income, dividends and/or capital gains distributions made by the Portfolio during the period are reinvested in shares of the Portfolio. Figures will be given for recent one-, five- and ten-year periods (if applicable) and may be given for other periods as well (such as from commencement of the Portfolio's operations or on a year-by-year basis). When considering average total return figures for periods longer than one year, investors should note that a Portfolio's annual total return for any one year in the period might have been greater or less than the average for the entire period. A Portfolio also may use aggregate total return figures for various periods, representing the cumulative change in value of an investment in the Portfolio for the specific period (again reflecting changes in the Portfolio's share price, the effect of the maximum fee for participation in TRAK during the period and assuming reinvestment of dividends and distributions). Aggregate total returns may be shown by means of schedules, charts or graphs, and may indicate subtotals of the various components of total return (that is, the change in value of initial investment, income dividends and capital gains distributions).

It is important to note that yield and total return figures are based on historical earnings and are not intended to indicate future performance. The Statement of Additional Information describes the method used to determine a Portfolio's yield and total return. Shareholders may make inquiries regarding a Portfolio, including current yield quotations or total return figures, to his or her Financial Consultant.

In reports or other communications to shareholders or in advertising material, a Portfolio may quote total figures that do not reflect fees for participation in TRAK (provided that these figures are accompanied by standardized total return figures calculated as described above), as well as compare its performance with that of other mutual funds as listed in the rankings prepared by Lipper Analytical Services, Inc. or similar independent services that monitor the performance of mutual funds or with other appropriate indexes of investment securities, such as the Salomon Brothers World Government Bond Index, Lehman Brothers Government Bond Index and Lehman Brothers Mortgage-Backed Securities Index. The performance information also may include evaluations of the Portfolios published by nationally recognized ranking services and by financial publications that are nationally recognized, such as Barron's, Business Week, CDA Investment Technologies, Inc., Changing Times, Forbes, Fortune, Institutional Investor, Investor's Daily, Kiplinger's Personal Finance Magazine, Money, Morningstar Mutual Fund Values, The New York Times, USA Today and The Wall Street Journal.

ADDITIONAL INFORMATION

The Trust was organized under the laws of the Commonwealth of Massachusetts pursuant to a Master Trust Agreement dated April 12, 1991, as amended, and is a business entity commonly known as a "Massachusetts business trust." Each of the Portfolios offers shares of beneficial interest of separate series with a par value of \$0.001 per share. When matters are submitted for shareholder vote, shareholders of each of the Portfolios will have one vote for each full share held and proportionate, fractional votes for fractional shares held. Generally, shares of the Trust vote by individual Portfolio on all matters except (i)

matters affecting all of the Portfolios, or (ii) when the 1940 Act requires that shares of the Portfolios be voted in the aggregate. Normally, no meetings of shareholders will be held for the purpose of electing Trustees unless and until such time as less than a majority of the Trustees holding office have been elected by shareholders, at which time the Trustees then in office will call a shareholders' meeting for the election of Trustees. Shareholders of record of no less than two-thirds of the outstanding shares of a Portfolio may remove a Trustee through a declaration in writing or by vote cast in person or by proxy at a meeting called for that

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purpose. A meeting will be called for the purpose of voting on the removal of a Trustee at the written request of holders of 10% of the Portfolio's outstanding shares. Shareholders who satisfy certain criteria will be assisted by the Trust in communicating with other shareholders in seeking the holding of the meeting.

Massachusetts law provides that shareholders of a Portfolio can, under certain circumstances, be held personally liable for the obligations of the Portfolio. The Trust has been structured, and will be operated in such a way, so as to ensure as much as possible, that shareholders will not be liable for obligations of the Trust. A more complete discussion of potential liability of shareholders of a Portfolio under Massachusetts law is contained in the Statement of Additional Information under the heading "Management of the Trust--Organization of the Trust."

Shearson Lehman Brothers, Inc., the former distributor of the Trust, has received an exemption from the Department of Labor from certain provisions of the Employee Retirement Income Security Act of 1974 relating to the purchase of Trust Shares, and participation in TRAK, by certain retirement plans. Smith Barney Shearson has filed with the Department of Labor a request for reissuance of the exemption in Smith Barney Shearson's name which, as of the date of this Prospectus, had not yet been granted.

The Trust sends to each shareholder a semi-annual report and an audited annual report, each of which includes a list of the investment securities held by the Portfolios. Shareholders may seek information regarding a Portfolio, including the current performance of the Portfolio, from their Financial Consultants.

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[APPENDIX TO FOLLOW]

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APPENDIX

The following are copies of the proposed and final exemptions from the Department of Labor from certain provisions of the Employee Retirement Income Security Act of 1974 relating to the purchase of shares and participation in TRAK by certain retirement plans.

PROPOSED EXEMPTION

PENSION AND WELFARE BENEFITS ADMINISTRATION

[APPLICATION NO. D-8723]

PROPOSED EXEMPTIONS; SHEARSON LEHMAN BROTHERS, INC.

AGENCY: Pension and Welfare Benefits Administration, Labor.

ACTION: Notice of proposed exemptions.

SUMMARY: This document contains notices of pendency before the Department of Labor (the Department) of proposed exemptions from certain of the prohibited transaction restrictions of the Employee Retirement Income Security Act of 1974 (the Act) and/or the Internal Revenue Code of 1986 (the Code).

WRITTEN COMMENTS AND HEARING REQUESTS: All interested persons are invited to submit written comments or request for a hearing on the pending exemptions, unless otherwise stated in the Notice of Proposed Exemption, within 45 days from the date of publication of this FEDERAL REGISTER Notice. Comments and request for a hearing should state: (1) The name, address, and telephone number

of the person making the comment or request, and (2) the nature of the person's interest in the exemption and the manner in which the person would be adversely affected by the exemption. A request for a hearing must also state the issues to be addressed and include a general description of the evidence to be presented at the hearing. A request for a hearing must also state the issues to be addressed and include a general description of the evidence to be presented at the hearing.

ADDRESSES: All written comments and request for a hearing (at least three copies) should be sent to the Pension and Welfare Benefits Administration, Office of Exemption Determinations, room N-5649, U.S. Department of Labor, 200 Constitution Avenue NW., Washington, DC 20210. Attention: Application No. stated in each Notice of Proposed Exemption. The applications for exemption and the comments received will be available for public inspection in the Public Documents Room of Pension and Welfare Benefits Administration, U.S. Department of Labor, room N-5507, 200 Constitution Avenue N.W., Washington, DC 20210.

NOTICE TO INTERESTED PERSONS: Notice of the proposed exemptions will be provided to all interested persons in the manner agreed upon by the applicant and the Department within 15 days of the date of publication in the FEDERAL REGISTER. Such notice shall include a copy of the notice of proposed exemption as published in the FEDERAL REGISTER and shall inform interested persons of their right to comment and to request a hearing (where appropriate).

SUPPLEMENTARY INFORMATION: The proposed exemptions were requested in applications filed pursuant to section 408(a) of the Act and/or section 4975(c)(2) of the Code, and in accordance with procedures set forth in 29 CFR part 2570, subpart B (55 FR 32836, 32847, August 10, 1990). Effective December 31, 1978, section 102 of Reorganization Plan No. 4 of 1978 (43 FR 47713, October 17, 1978) transferred the authority of the Secretary of the Treasury to issue exemptions of the type requested to the Secretary of Labor. Therefore, these notices of proposed exemption are issued solely by the Department.

The applications contain representations with regard to the proposed exemptions which are summarized below. Interested persons are referred to the applications on file with the Department for a complete statement of the facts and representations.

SHEARSON LEHMAN BROTHERS, INC. (SHEARSON LEHMAN), LOCATED IN NEW YORK, NY

[Application No. D-8723]

PROPOSED EXEMPTION

Section I. Covered Transactions

The Department is considering granting an exemption under the authority of section 408(a) of the Act and section 4975(c)(2) of the Code and in accordance with the procedures set forth in 29 CFR part 2570, subpart B (55 FR 32836, 32847, August 10, 1990). If the exemption is granted, the restrictions of section 406(a) of the Act and the sanctions resulting from the application of section 4975 of the Code, by reason of section 4975(c)(1)(A) through (D) shall not apply to the proposed purchase or redemption of shares by an employee benefit plan, an individual retirement account (the IRA) or a retirement plan for a self-employed individual (the Keogh Plan; collectively, the Plans) in the Shearson Lehman-established Trust for TRAK Investments (the Trust) in connection with such Plans' participation in the TRAK Personalized Investment Advisory Service (the TRAK Program). In addition, the restrictions of section 406(b)(1) and (b)(2) of the Act and the sanctions resulting from the application of section 4975 of the Code by reason of section 4975(c)(1)(E) shall not apply to the provision, by the Consulting Group Division of Shearson Lehman (the Consulting Group), investment advisory services to an independent fiduciary of a participating Plan (the Independent Plan Fiduciary) which may result in such fiduciary's selection of a portfolio grouping (the Portfolio-Type) in the TRAK Program for the investment of Plan assets.

This proposed exemption is subject to the following conditions that are set forth below in section II.

Section II. General Conditions

(1) The participation of Plans in the TRAK Program will be approved by a Plan fiduciary which is independent of Shearson Lehman.

(2) The total fees paid to the Consulting Group and its affiliates will constitute no more than reasonable compensation.

(3) No Plan will pay a fee or commission by reason of the acquisition or redemption of shares in the Trust.

(4) The terms of each purchase or redemption of Trust shares shall remain at least as favorable to an investing Plan as those obtainable in an arm's length transaction with an unrelated party.

(5) The Consulting Group will provide written documentation to an Independent

Plan Fiduciary of its recommendations or evaluations based upon objective criteria.

(6) Any recommendation or evaluation made by the Consulting Group to an Independent Plan Fiduciary will be implemented only at the express direction of such independent fiduciary.

(7) The Consulting Group will generally give investment advice to an Independent Plan Fiduciary with respect to Portfolio-Types. However, in the case of a Plan providing for participant-directed investments (the Section 404(c) Plan), the Consulting Group will provide investment advice that is limited to the Portfolios made available under the Plan.

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(8) Any sub-adviser (the Sub-Adviser) that is appointed by the Consulting Group to exercise investment discretion over a Portfolio will be independent of Shearson Lehman and its affiliates.

(9) Immediately following the acquisition by a Portfolio of any securities that are issued by Shearson Lehman and/or its affiliates, the percentage of that Portfolio's net assets invested in such securities will not exceed one percent.

(10) The quarterly investment advisory fee that is paid by a Plan to the Consulting Group for investment advisory services rendered to such Plan will be offset by such amount as is necessary to assure that the Consulting Group retains no more than 20 basis points from any Portfolio which contains investments attributable to the Plan investor.

(11) The Consulting Group will not retain an investment advisory or management fee from the Government Money Investments Portfolio.

(12) With respect to its participation in the TRAK Program prior to purchasing Trust shares.

(a) Each Plan will receive the following written or oral disclosures from the Consulting Group:

(1) A copy of the prospectus (the Prospectus) for the Trust discussing the investment objectives of the Portfolios comprising the Trust, the policies employed to achieve these objectives, the corporate affiliation existing between the Consulting Group, Shearson Lehman and its subsidiaries and the compensation paid to such entities.

(2) Upon written or oral request to Shearson Lehman, a Statement of Additional Information supplementing the Prospectus which describes the types of securities and other instruments in which the Portfolios may invest, the investment policies and strategies that the Portfolios may utilize and certain risks attendant to those investments, policies and strategies.

(3) A copy of the investment advisory agreement between the Consulting Group and such Plan relating to participation in the TRAK Program.

(4) A copy of the respective investment advisory agreement between the Consulting Group and the Sub-Advisers upon written request to Shearson Lehman.

(5) In the case of a Section 404(c) Plan, if required by the arrangement negotiated between the Consulting Group and the Plan, an explanation by a Shearson Lehman Financial Consultant (the Financial Consultant) to eligible participants in such Plan, of the services offered under the TRAK Program and the operation and objectives of the Portfolios.

(b) If accepted as an investor in the TRAK Program, an Independent Plan Fiduciary of an IRA or Keogh Plan, will be required to acknowledge, in writing, prior to purchasing Trust shares that such fiduciary has received copies of such documents.

(c) With respect to a Section 404(c) Plan, written acknowledgement of the receipt of such documents will be provided by the Independent Plan Fiduciary (i.e., the plan administrator, trustee or named fiduciary, as the recordholder of Trust shares). Such Independent Plan Fiduciary will be required to represent in writing to Shearson Lehman that such fiduciary is (1) independent of Shearson Lehman and its affiliates and (2) knowledgeable with respect to the Plan in administrative matters and funding matters related thereto, and able to make an informed decision concerning participation in the TRAK Program.

(d) With respect to a Plan that is covered under title I of the Act, where investment decisions are made by a trustee, investment manager or a named fiduciary, such Independent Plan Fiduciary will be required to acknowledge, in writing, receipt of such documents and represent to Shearson Lehman that such fiduciary is (1) independent of Shearson Lehman and its affiliates, (2) capable of making an independent decision regarding the investment of Plan assets and (3) knowledgeable with respect to the Plan in administrative matters and funding matters related thereto, and able to make an informed decision concerning participation in the TRAK Program.

(13) Each Plan will receive the following written or oral disclosures with respect to its ongoing participation in the TRAK Program.

(a) The Trust's semi-annual and annual report which will include financial statements for the Trust and investment management fees paid by each Portfolio.

(b) A written quarterly monitoring report containing an analysis and an evaluation of a Plan investor's account to ascertain whether the Plan's investment objectives have been met and recommending, if required, changes in Portfolio allocations.

(c) If required by the arrangement negotiated between the Consulting Group and a Section 404(c) Plan, a quarterly, detailed investment performance monitoring report, in writing, provided to an Independent Plan Fiduciary of such Plan showing Plan level asset allocations, Plan cash flow analysis and annualized risk adjusted rates of return for Plan investments. In addition, if required by such arrangement, Financial Consultants will meet periodically with Independent Plan Fiduciaries of Section 404(c) Plans to discuss the performance monitoring report as well as with eligible participants to review their accounts' performance.

(d) If required by the arrangement negotiated between the Consulting Group and a Section 404(c) Plan, a quarterly participant performance monitoring report provided to a Plan participant which accompanies the participant's benefit statement and describes the investment performance of the Portfolios, the investment performance of the participant's individual investment in the TRAK Program, and gives market commentary and toll-free numbers that will enable the participant to obtain more information about the TRAK Program or to amend his or her investment allocations.

(e) On a quarterly and annual basis, written disclosures to all Plans of the (1) percentage of each Portfolio's brokerage commissions that are paid to Shearson Lehman and its affiliates and (2) the average brokerage commission per share paid by each Portfolio to Shearson Lehman and its affiliates, as compared to the average brokerage commission per share paid by the Trust to brokers other than Shearson Lehman and its affiliates, both expressed as cents per share.

(14) Shearson Lehman shall maintain, for a period of six years, the records necessary to enable the persons described in paragraph (15) of this section to determine whether the conditions of this exemption have been met, except that (a) a prohibited transaction will not be considered to have occurred if, due to circumstances beyond the control of Shearson Lehman and/or its affiliates, the records are lost or destroyed prior to the end of the six year period, and (b) no party in interest other than Shearson Lehman shall be subject to the civil penalty that may be assessed under section 502(1) of the Act, or the taxes imposed by section 4975(a) and (b) of the Code, if the records are not maintained, or are not available for examination as required by paragraph (15) below.

(15) (a) Except as provided in section (b) of this paragraph and notwithstanding any provisions of subsections (a)(2) and (b) of section 504 of the Act, the records referred to in paragraph (14) of this section shall be unconditionally available at their customary location during normal business hours by:

(1) Any duly authorized employee or representative of the Department or the Internal Revenue Service (the Service):

(2) Any fiduciary of a participating Plan or any duly authorized representative of such fiduciary:

(3) Any contributing employer to any participating Plan or any duly authorized employee representative of such employer; and

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(4) Any participant or beneficiary of any participating Plan, or any duly authorized representative of such participant or beneficiary.

(b) None of the persons described above in subparagraphs (2)-(4) of this paragraph (15) shall be authorized to examine the trade secrets of Shearson Lehman or commercial or financial information which is privileged or confidential.

The availability of this exemption is subject to the express condition that the material facts and representations contained in the application are true and complete, and that the application accurately describes all material facts which are the subject of this exemption.

SUMMARY OF FACTS AND REPRESENTATIONS

1. Shearson Lehman, whose principal executive offices are located in New York, New York, is a wholly owned subsidiary of Shearson Lehman Brothers Holdings, Inc. (Shearson Holdings). Shearson Holdings is one of the leading full-line securities firms servicing institutions, governments and individual investors in the United States and throughout the world. Shearson Holdings conducts its principal businesses through two divisions--Shearson Lehman Brothers (referred to herein as Shearson Lehman) and Lehman Brothers. Shearson Lehman is responsible for individual investor services and asset management while Lehman Brothers is responsible for securities underwriting, financial advisory, investment and merchant banking services and securities and commodities trading as principal and agent. Shearson Holdings is a member of all principal securities and commodities exchanges in the United States and the National Association of Securities Dealers, Inc. In addition, it holds memberships or associate memberships on several principal foreign securities and commodities exchanges.

Shearson Holdings was incorporated in Delaware on December 29, 1983. The American Express Company owns 100 percent of Shearson Holdings' issued and

outstanding common stock, which represents 92 percent of its issued and outstanding voting stock. The 8 percent remaining shares of Shearson Holdings' issued and outstanding voting stock is preferred stock which is owned by Nippon Life Insurance Company. Although Shearson Holdings is not an operating company and, as such, it maintains no assets under management, as of December 31, 1991, Shearson Lehman and its subsidiaries rendered investment advisory services with respect to \$91 billion in assets.

2. On April 12, 1991, Shearson Lehman formed the Trust, a no load, open-end, diversified management investment company registered under the Investment Company Act of 1940, as amended. The Trust is organized as a Massachusetts business trust and it has an indefinite duration. As of January 17, 1992, the Trust had net assets of \$132,608,001.

The Trust consists of twelve different portfolios which range from Government Money Investments to International Fixed Income Investments and which pay monthly or annual dividends to investors. The Portfolios currently have a per share value ranging from \$0 per share for Balanced Investments to \$9.45 per share for Small Capitalization Growth Equity Investments. The composition of the Portfolios covers a spectrum of investments which include U.S. Government-related securities of equity or debt securities issued by foreign or domestic corporations. The Portfolios are further categorized under four major Portfolio-Types./1/

3. Shares in the Trust are offered by Shearson Lehman, as distributors, at no load, to participants in the TRAK Program./2/ Although investors in the Trust currently consist of institutions and individuals, it is proposed that prospective investors will include plans for which Shearson Lehman may or may not currently maintain investment accounts. A majority of these Plans will be IRAs or Keogh Plans. In addition, it is proposed that Plans for which Shearson Lehman or an affiliate serves as a prototype sponsor and/or a nondiscretionary trustee or custodian be permitted to invest in the Trust./3/

/1/ Because a Portfolio is not precluded from investing in securities that are issued by Shearson Lehman or its affiliates, Shearson Lehman represents that, as a limitation, the percentage of that Portfolio's net assets invested in these securities will never exceed one percent.

/2/ According to the Statement of Additional Information which accompanies the Prospectus for the TRAK Program, shares in the Trust are not certificated for reasons of economy and convenience. Boston Safe Deposit and Trust Company, the Trust's custodian, however, maintains a record of each investor's ownership of shares. Although Trust shares are transferable and accord voting rights to their owners, they do not confer pre-emptive rights (i.e., the privilege of a shareholder to maintain a proportionate share of ownership of a company by purchasing a proportionate share of any new stock issues). Shearson Lehman represents that in the context of an open-end investment company, that continuously issues and redeems shares, a pre-emptive right would make the normal operations of the Trust impossible. Therefore, such right is precluded in the charter documents of the Trust's Master Trust Agreement as well as those of other open-end investment companies.

As for voting rights, Shearson Lehman states that they are accorded to recordholders of Trust shares. Shearson Lehman notes that a recordholder of Trust shares may determine to seek the submission of proxies by Plan participants and vote Trust shares accordingly. In the case of individual account plans such as Section 404(c) Plans. Shearson Lehman notes that most Plans will pass-through the vote to participants on a pro-rata basis.

/3/ The Department notes that the general standards of fiduciary conduct promulgated under the Act would apply to the participation in the TRAK Program by an Independent Plan Fiduciary. Section 404 of the Act requires that a fiduciary discharge his duties respecting a plan solely in the interest of the plan's participants and beneficiaries and in a prudent fashion. Accordingly, an Independent Plan Fiduciary must act prudently with respect to the decision to enter into the TRAK Program with the Consulting Group as well as with respect to the negotiation of services that will be performed thereunder and the compensation that will be paid to Shearson Lehman and its affiliates. The Department expects that an Independent Plan Fiduciary, prior to entering in the TRAK Program, to understand fully all aspects of such arrangement following disclosure by Shearson Lehman of all relevant information.

The applicant represents that the initial purchase of shares in the Trust by a Plan may give rise to a prohibited transaction where Shearson Lehman or an affiliate has a party in interest relationship with the Plan. Shearson Lehman also acknowledges that a prohibited transaction could arise upon a subsequent purchase or redemption of shares in the Trust by a participating Plan inasmuch as the party in interest relationship between Shearson Lehman and the Plan may have been established at that point. Accordingly, Shearson Lehman has requested prospective exemptive relief from the Department with respect to the purchase and redemption of shares in the Trust by participating Plans which it does not sponsor or have discretionary investment authority over the Plan's assets which would be invested in Trust shares./4/ Such shares will be held in a brokerage account maintained by the Plan with Shearson Lehman. No commissions or fees will be paid with respect to such transactions.

According to the applicant, the minimum initial investment in the Trust is set at \$20,000, and may be reduced periodically to \$10,000. Effectively, therefore,

a Plan with less than \$20,000 in assets (\$10,000 when the minimum has been reduced) would not be able to participate in the TRAK Program. The minimum investment in a Portfolio is \$100.

4. Overall responsibility for the management and supervision of the Trust and the Portfolios rests with the Trust's Board of Trustees (The Trustees) which is comprised of twelve members. The Trustees approve all significant agreements involving the Trust and the persons and companies that provide services to the Trust and the Portfolios. Three of the Trustees and all of the Trust's executive officers are affiliated with Shearson Lehman and/or its affiliates. The nine remaining Trustees are not affiliated with Shearson Lehman.

5. Boston Advisors, located in Boston, Massachusetts, is a wholly owned subsidiary of The Boston Company, a financial services holding company which is, in turn, wholly owned by Shearson Lehman. Boston Advisors provides investment management, investment advisory and/or administrative services to investment companies with total assets in excess of \$83 billion as of July 31, 1991. Boston Advisors serves as the Trust's administrator. In

/4/ The applicant represents that employee benefit plans for are maintained by Shearson Lehman may purchase or redeem shares in the Trust under the provisions of Prohibited Transaction Exemption (PTE) 77-3 (42 FR 18734, April 8, 1977). The applicant further represents that, although the exemptive relief proposed above would not permit Shearson Lehman or an affiliate, while serving as a Plan fiduciary with discretionary authority over the management of a Plan's assets, to invest a Plan's assets in the Trust shares, a purchase or redemption of Trust shares under such circumstances will comply with the terms and conditions of class PTE 77-4 (42 FR 18732, April 8, 1977). The Department expresses no opinion herein as to whether such transactions will comply with the terms and conditions of PTEs 77-3 and 77-4.

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particular, Boston Advisors calculates the net asset value/5/ of the Portfolios' shares and manages all aspects of the Portfolios' administration and operation. In addition, Boston Advisors is responsible for managing each Portfolio's temporary investments in money market instruments, as well as making arrangements for, and managing collateral received with respect to, the lending of securities by each Portfolio.

6. Organized within Shearson Lehman, is the Consulting Group, which is located in Wilmington, Delaware. The Consulting Group serves as the investment manager of the Trust and the underlying Portfolios. Although the Consulting Group has not previously served as investment manager for a registered investment company, it and its related division, the Consulting Services Division of Shearson Lehman (Consulting Services), have over eighteen years of experience in evaluating investment advisers for individual and institutional investors. Together the Consulting Group and Consulting Services provide various financial consulting services to over 30,000 accounts, representing more than \$30 billion in client assets. Account sizes range from institutional accounts in excess of \$1 billion to individual accounts with \$100,000 minimum investments. As of July 31, 1991, the Consulting Group rendered advisory services with respect to assets with a value in excess of \$42.7 billion.

7. Under its investment management agreement, the Consulting Group is required to make recommendations to the Trustees regarding (a) the investment policies of each Portfolio and (b) the selection and retention of certain Sub-Advisers which exercise investment discretion over each Portfolio./6/ In addition, through the TRAK Program, the Consulting Group provides investors with non-binding, generalized asset allocation recommendations

/5/ Each Portfolio's net asset value per share is calculated by Boston Advisors on each weekday, except on days on which the New York Stock Exchange (the NYSE) is closed. In general, the net asset value for securities is determined as of the close of trading on the NYSE or a foreign exchange by dividing the value of a Portfolio net assets by the total number of its shares outstanding. Typically, a Portfolio's investments are valued at market value. However, in the absence of a market value, Portfolio investments are valued at fair market value as determined by, or under the direction of, the Trustees.

/6/ Subject to the supervision and direction of the Trustees, the Consulting Group was required to perform initial "due diligence" on prospective Sub-Advisers for each Portfolio and thereafter to monitor each Sub-Adviser's performance through qualitative and quantitative analysis as well as through periodic, in person, telephonic and written consultations. The Consulting Group is also required to communicate its performance expectations and evaluations to the Sub-Advisers and ultimately recommend whether a Sub-Adviser's contract should be renewed, modified or terminated. In this regard, the Consulting Group is further obligated to provide written reports to the Trustees of its evaluation and monitoring functions.

with respect to such investors' investments in the Portfolios. For example, the Consulting Group evaluates an investor's risk tolerances and financial goals, provides investment advice as to the appropriate mix of investment types designed to balance the investor's risk tolerances as part of a long-term

investment strategy and provides the investor with advice about implementing its investment decisions through the Trust. However, the applicant states that the Consulting Group does not have any discretionary authority or control with respect to the allocation of an investor's assets among the Portfolios.

In the case of an IRA, a Keogh Plan or a Title I Plan, the applicant represents that all of the Consulting Group's recommendations and evaluations will be presented to a Plan fiduciary which is independent of Shearson Lehman and will be implemented only if accepted and acted upon by such Independent Plan Fiduciary. In the case of a Section 404(c) Plan, Shearson Lehman represents that participants in such Plan will be presented with the Consulting Group's recommendations and evaluations only to the extent agreed to by Shearson Lehman and the Plan sponsor. Shearson Lehman expects that some sponsors of Section 404(c) Plans will elect to have the Consulting Group's recommendations and evaluations passed-through to participants, while others will elect to have the Independent Plan Fiduciary responsible for selecting the Portfolios made available to Plan participants receive such advice./7/

8. As stated above, the Consulting Group is responsible for selecting the Sub-Advisers which provide discretionary advisory services with respect to the investment of the assets of the individual Portfolios on the basis of their "able" performance in their respective areas of expertise in asset management. The applicant represents that there are presently eleven Sub-

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/7/ If the Independent Plan Fiduciary of a Section 404(c) Plan is the recipient of the Consulting Group's investment advice, the applicant explains that the Consulting Group will work with the Independent Plan Fiduciary by identifying and drafting investment objectives, selecting investment categories or actual Portfolios to be offered to Plan participants. In addition to these services (and as described above), the applicant explains that the Consulting Group will provide an Independent Plan Fiduciary with a detailed investment performance monitoring report on a quarterly basis. Furthermore, a Financial Consultant affiliated with Shearson Lehman will meet periodically with the Independent Plan Fiduciary to discuss the investment performance monitoring report.

However, if investment advisory services are provided directly to a participant in a Section 404(c) Plan, the applicant explains (as also described herein above) that a Financial Consultant will provide a participant with pre-enrollment meetings and ongoing communications regarding the TRAK Program. In addition, the applicant notes that the Consulting Group will recommend long term investment allocations to the participant and provide the participant with a written, quarterly performance monitoring report.

Advisers, all of which are independent of, and will remain independent of, Shearson Lehman and/or its affiliates./8/ The Sub-Advisers are registered investment advisers under the Investment Adviser's Act of 1940. They maintain their principal executive offices in the eastern and western regions of the United States. As of June 30, 1991, the Sub-Advisers had assets under management ranging from \$62 million to \$51 billion.

9. In order for a Plan to participate in the TRAK Program, Shearson Lehman or the Consulting Group will provide an Independent Plan Fiduciary with a copy of the Trust Prospectus discussing the investment objectives of the Portfolios comprising the Trust, the policies employed to achieve these objectives, the corporate affiliation existing between the Consulting Group, Shearson Lehman and its subsidiaries and the compensation paid to such entities. In addition, upon written or oral request to Shearson Lehman, the Independent Plan Fiduciary will be given a Statement of Additional Information supplementing the Prospectus which describes the types of securities and other instruments in which the Portfolios may invest, the investment policies and strategies that the Portfolios may utilize and certain risks attendant to those investments, policies and strategies./9/ Further, each Plan will be given a copy of the investment advisory agreement between the Consulting Group and such Plan relating to participation in the TRAK Program, and upon written request to Shearson Lehman, with a copy of the respective investment advisory agreement between the Consulting Group and the Sub-Advisers.

With respect to a Section 404(c) Plan, Financial Consultants affiliated with Shearson Lehman will explain the services offered under the TRAK Program to eligible Section 404(c) Plan participants as well as the operation and objectives of the Portfolios, if required by the arrangement negotiated between the Consulting Group and the Plan./10/

If accepted as a Trust investor, an Independent Plan Fiduciary will be required by

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/8/ Although there are presently twelve Portfolios comprising the Trust, there are only eleven Sub-Advisers. One Sub-Adviser, Standish, Ayer and Wood, Inc. advises both the Government Money Investments Portfolio and the Intermediate Fixed Income Investments Portfolio.

/9/ In the case of a Section 404(c) Plan, the applicant represents that the Plan administrator, trustee or named fiduciary, as the recordholder of Trust shares, will make available the Trust's Prospectus to Section 404(c) Plan participants. In addition, Shearson Lehman will make available to such Independent Plan Fiduciaries sufficient quantities of Prospectuses for this purpose, as well as provide Statements of Additional Information to any party

upon request.

/10/ The Department is expressing no opinion as to whether the information provided under the TRAK Program is sufficient to enable a participant to exercise independent control over assets in his or her account as contemplated by section 404(c) of the Act.

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Shearson Lehman to acknowledge, in writing, prior to purchasing Trust shares that such fiduciary has received copies of the aforementioned documents. With respect to a Plan that is covered by Title I of the Act (e.g., a defined contribution plan), where investment decisions will be made by a trustee, investment manager or a named fiduciary. Shearson Lehman will require (except if relying on Class PTE 77-3) that such Independent Plan Fiduciary acknowledge in writing receipt of such documents and represent to Shearson Lehman that such fiduciary is (a) independent of Shearson Lehman and its affiliates, (b) capable of making an independent decision regarding the investment of Plan assets and (c) knowledgeable with respect to the Plan in administrative matters and funding matters related thereto, and able to make an informed decision concerning participation in the TRAK Program.

With respect to Section 404(c) Plan, written acknowledgment of the receipt of such documents will be provided by the Independent Plan Fiduciary (i.e., the Plan administrator, trustee or named fiduciary, as the recordholder of Trust shares). Such Independent Plan Fiduciary will be required to represent, in writing, to Shearson Lehman that such fiduciary is (a) independent of Shearson Lehman and its affiliates and (b) knowledgeable with respect to the Plan in administrative matters and funding matters related thereto, and able to make an informed decision concerning participation in the TRAK Program.

10. The books of the Trust will be audited annually by independent public accountants selected by the Trustees and approved by the investors. All investors will receive copies of an audited financial report no later than 60 days after the close of each Trust fiscal year. The books and financial records of the Trust will be open for inspection by any investor, as well as the Department and the Service, at all times during regular business hours.

11. As noted under the TRAK Program, the Consulting Group will provide the Independent Plan Fiduciary with asset allocation advice related to the Portfolios. In this regard, the applicant states that the Consulting Group's asset allocation advice will not focus on recommendations that a Plan's assets be allocated to a specific Portfolio. Rather, the applicant represents that the Consulting Group will recommend only that Plan assets be allocated among particular types of Portfolios (e.g., Growth, Fixed Income, etc.)

After the selection of specific Portfolios by an Independent Plan Fiduciary, the Consulting Group will continue to render general Portfolio-Type selection advice to Plans or Plan fiduciaries relating to asset allocations among the selected Portfolios. However, in the case of a Section 404(c) Plan in which at least three to five Portfolios may be selected by the Plan sponsor, the Consulting Group's initial asset allocation advice will be limited to the suggested Portfolio-Types offered under the Plan. The Consulting Group may also work with the Independent Plan Fiduciary to identify and draft investment objectives, select investment categories or actual Portfolios to be offered to Plan participants, if such fiduciary is the recipient of the Consulting Group's asset allocation advice, or recommend appropriate long-term investment allocations to an individual participant, if the participant receives such advice.

12. The Consulting Group will also identify a Plan's risk tolerances and investment objectives, the performance of each Portfolio in which assets are invested, and recommend, in writing, an appropriate allocation of assets among the Portfolio-Types that conform to these tolerances and objectives. The Consulting Group will not have the authority to implement its advice or recommendations and will not participate in the deliberations regarding the decision by an investor of whether or not to act upon such advice. As noted earlier, the applicant represents that the decision of a Plan to invest in the TRAK Program will be made by an unrelated Plan fiduciary acting on the basis of his or her own investigation into the advisability of participating in the TRAK Program.

13. The Consulting Group will provide, at least quarterly, monitoring reports to a Title I, IRA or Keogh Plan containing an analysis and evaluation of the Plan's account to ascertain whether the investor's objectives are being met and recommending, when appropriate, changes in the allocation among the Portfolios.

If required by the arrangement negotiated with the Independent Plan Fiduciary, the Consulting Group will provide an Independent Plan Fiduciary of a Section 404(c) Plan with a written, detailed investment performance monitoring report, that will contain Plan level asset allocations showing the performance of the Plan's investment vehicles and the performance of relevant indices for evaluating the performance of each Portfolio, a Plan cash flow analysis and annualized risk adjusted rates of return for Plan investment vehicles. Such report will be provided on a quarterly basis.

In addition, to the extent required by the arrangement negotiated with the Consulting Group, a Section 404(c) Plan participant will receive a written,

quarterly performance monitoring report with his or her quarterly benefit statement which includes the investment performance of the Portfolios, the investment performance for the participant's account, and specifies market commentary and toll-free numbers for such participant to call Shearson Lehman in order to obtain more information about the TRAK Program or to amend the participant's investment allocations. Further, if required by such arrangement, a Financial Consultant will meet periodically with an Independent Plan Fiduciary of a Section 404(c) Plan to review and discuss the investment performance monitoring report. The Financial Consultant may also meet periodically with an eligible participant to review the performance of the participant's account. The applicant notes that this intermittent contact will not prevent the participant from contacting the Financial Consultant at any time to inquire about his or her participation in the TRAK Program.

Finally, on a quarterly and annual basis, the Consulting Group will provide written disclosures to all Plans with respect to (1) the percentage of each Trust Portfolio's brokerage commissions that are paid to Shearson Lehman and its affiliates and (2) the average brokerage commission per share paid by each Portfolio to Shearson Lehman as compared to the average brokerage commission per share paid by each Portfolio to brokers other than Shearson Lehman and its affiliates, both expressed as cents per share.

14. Shares of a Portfolio will be redeemed by Shearson Lehman, at no charge, and generally on a daily basis (weekends and holidays excepted) when the Portfolio calculates its net asset value. Redemption requests received in proper form prior to the close of trading on the NYSE will be affected at the net asset value per share determined on that day. Redemption requests received after the close of regular trading on the NYSE will be effected at the net asset value at the close of business of the next day, except on weekends or holidays when the NYSE is closed. A Portfolio is required to transmit redemption proceeds for credit to an investor's account with Shearson Lehman or to an "introducing" broker^{11/} within 7 days after receipt of the redemption request. In the case of an IRA or Keogh Plan investor, Shearson Lehman will not hold redemption proceeds as free credit balances and will, in the absence of receiving investment instructions, place all such assets in

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/11/ According to the applicant, Shearson Lehman provides clearance, settlement and other back office services to other broker-dealers. The applicant notes that Shearson Lehman may also provide confirmations and account statements to clients of brokers who have "introduced" clients to Shearson Lehman such as The Robinson Humphrey Company, Inc. a wholly-owned broker-dealer subsidiary of Shearson Lehman.

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a money market fund that is not affiliated with Shearson Lehman. In the case of Plans that are covered by title I of the Act, the redemption proceeds will be invested by Shearson Lehman in accordance with the investment directions of the Independent Plan Fiduciary responsible for the management of the Plan's assets. With respect to a Section 404(c) Plan, the treatment of such investment assets will depend upon the arrangement for participant investment instructions selected by the Plan sponsor.^{12/} In the event that the Independent Plan Fiduciary does not give other investment directions, such assets will be swept weekly into a money market fund that is not affiliated with Shearson Lehman for the benefit of the Plan.

Due to the high costs of maintaining small accounts, the Trust may also redeem an account having a current value of \$7,500 or less, after the investor has been given at least 30 days in which to increase the account balance to more than the \$7,500 amount. Proceeds of an involuntary redemption will be deposited in the investor's brokerage account unless Shearson Lehman is otherwise instructed.

15. Shares of a Portfolio may be exchanged by an investor with another investor in the TRAK Program without payment of any exchange fee for shares of another Portfolio at their respective net asset values. However, Portfolio shares are not exchangeable with shares of other funds within the Shearson Lehman Group of funds or portfolio families.

16. With respect to brokerage transactions that are entered into under the TRAK Program for a Portfolio, such transactions may be executed through Shearson-Lehman and other affiliated broker-dealers, if in the judgment of the Sub-Adviser, the use of such broker-dealer is likely to result in price and execution at least as favorable, and at a commission charge at least as comparable to those of other qualified broker-dealers. In addition, Shearson Lehman may not execute transactions for a Portfolio on the floor of any national securities exchange but it may effect transactions by transmitting orders to other brokers for execution. In this regard, Shearson Lehman is required to pay fees charged by those persons performing the floor brokerage

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/12/ Shearson Lehman explains that, under one alternative, Plan participants who give instructions to redeem shares of a Portfolio must give corresponding instructions to reinvest proceeds in another investment vehicle made available under the Plan, thus ensuring that a participant's investment assets are

continually invested. Under a second alternative which is described above, Shearson Lehman represents that participants will not be required to give corresponding instructions and all investment assets for which no investment instructions have been given will be swept into a money market fund that is not affiliated with Shearson Lehman. In this regard, the Department is expressing no opinion regarding whether any of the arrangements described above comply with the requirements of section 404(c) of the Act.

elements out of the brokerage compensation it receives from a Portfolio.

17. Each Portfolio bears its own expenses, which generally include all costs that are not specifically borne by the Consulting Group, the Sub-Advisers or Boston Advisors. Included among a Portfolio's expenses are costs incurred in connection with the Portfolio's organization, investment management and administration fees, fees for necessary professional and brokerage services, fees for any pricing service, the costs of regulatory compliance and costs associated with maintaining the Trust's legal existence and shareholder relations. No Portfolio, however, will impose sales charges on purchases, reinvested dividends, deferred sales charges, redemption fees, nor will any Portfolio incur distribution expenses.

18. The total fees that are paid to the Consulting Group and its affiliates will constitute no more than reasonable compensation. In this regard, for its asset allocation and related services, the Consulting Group charges an investor a quarterly investment advisory fee. This "outside fee" is negotiated between the Consulting Group and the investor and it varies up to an annual maximum of 1.50 percent of the net asset value of the investor's Trust shares computed each quarter based on the value determined on the last calendar day of the previous calendar quarter. The outside fee is charged directly to an investor and it is not affected by the allocation of assets among the Portfolios nor by whether an investor follows or ignores the Consulting Group's advice.^{13/} For Plan investors, the outside fee for a calendar quarter will be reduced by an amount equal to, for all Portfolios in which Plan assets are invested (a) the value of Plan assets invested in a Portfolio on the last calendar day of the previous calendar quarter (or the value of an initial investment in the Portfolio, as of the day such initial investment is made during the calendar quarter) multiplied by (b) a reduction factor (the Reduction Factor) which is described in below, multiplied by (c) a fraction, the numerator of which is the number of days in the period for which the outside fee is being assessed and the denominator of which is the actual number of days in the calendar year of which that period is a part. For subsequent investments or redemptions aggregating to more than \$5,000, the pro-rated fee for credit

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^{13/} The applicant represents that the outside fee is not imposed on accounts of employees of American Express and its subsidiaries, including Shearson Lehman, accounts of their immediate families and IRAs and certain employee pension benefit plans for these persons. The applicant states that this fee is waived to encourage employees to invest in Shearson Lehman. With respect to IRAs or Plans maintained by Shearson Lehman and its affiliates, the applicant asserts that such waiver would be required by PTE 77-3. for the balance of the quarter will be calculated on the basis of the net percentage of the outside fee paid for the quarter during which the subsequent investment or redemption is made.

In addition, for investment management and related services provided to the Trust, the Consulting Group is paid, from each Portfolio, a management fee which computed daily and paid monthly at an annual rate ranging from .15 percent to .70 percent of the value of the Portfolio's average daily net assets depending upon the Portfolio's objective. From these management fees, the Consulting Group compensates the Sub-Adviser. This "inside fee," which is the difference between the individual Portfolio's total management fee and the fee paid by the Consulting Group to the Sub-Adviser, varies from 20 to 30 basis points depending on the Portfolio (except for the Government Money Investments Portfolio which, for competitive purposes, pays a management fee equal to the Sub-Adviser's fee). Each Portfolio also pays Boston Advisors a management fee that is computed daily and paid monthly for the services it performs as administrator to the Trust at an annual fixed rate of .20 percent of the value of the Portfolio's average daily net assets. Such fee is also included in the total management fee.

The management fees that are paid at the Portfolio level to Boston Advisors, the Consulting Group and the Sub-Advisers are set forth in the table below. For purposes of the table, Boston Advisors is referred to as "BA", the Consulting Group as "CG" and the Sub-Advisers as "SA." As noted in the table, the sum of the management fees paid by a Portfolio to Boston Advisors plus the fees retained by the Consulting Group and the Sub-Advisers equals the total management fee paid by that Portfolio.

<TABLE>
 <CAPTION>

 TOTAL TOTAL FEE SA RETAINED CG RETAINED

PORTFOLIO (PERCENT)	MANAGE- MENT FEE	BA FEE (PERCENT)	SA/CG (PERCENT)	FEE (PERCENT)	FEE
<S>	<C>	<C>	<C>	<C>	<C>
Government Money Invest- ments.....	0.35	0.20	0.15	0.15	0.00
Intermediate Fixed Income Investments.....	.60	.20	.40	.20	.20
Total Return Fixed Income Investments.....	.60	.20	.40	.20	.20
Municipal Bond Invest- ments.....	.60	.20	.40	.20	.20
Mortgage Backed Invest- ments.....	.70	.20	.50	.25	.25
Balanced Investments.....	.80	.20	.60	.30	.30
Large Capitalization Value Equity Investments.....	.80	.20	.60	.30	.30
Large Capitalization Growth Investments.....	.80	.20	.60	.30	.30
Small Capitalization Value Equity Investments.....	.80	.20	.60	.30	.30
Small Capitalization Growth Investments.....	.80	.20	.60	.30	.30
International Equity In- vestments.....	.90	.20	.70	.40	.30
International Fixed Income Investments.....	.70	.20	.50	.25	.25

</TABLE>

Shearson Lehman proposes to offset, quarterly, against the outside fee such amount as is necessary to assure that the Consulting Group retains no more than 20 basis points from any Portfolio on investment of assets attributable to any Plan./14/ In this way, the aggregate of the inside fees and the outside fees retained by the Consulting Group will remain constant regardless of the distribution of a Plan's assets among the Portfolio.

Shearson Lehman has developed the following example to demonstrate how the fee offset mechanism would work:

Assume that as of March 31, 1992, the average daily value of Trust Portfolio shares held by a Plan investor was \$1,000. Investment assets attributable to the Plan were distributed among five Trust Portfolios: (1) Government Money Investments in which the Plan made a \$50 investment and from which the Consulting Group would not retain an inside fee; (2) Total Return Fixed Income investments in which the Plan made a \$200 investment and the Consulting Group would retain an inside fee of .20 percent; (3) Small Capitalization Growth Investments in which the Plan made a \$250 investment and the Consulting Group would be entitled to receive an inside fee of .30 percent; (4) Large Capitalization Growth Investments in which the Plan made a \$250 investment and the Consulting Group would retain an inside fee of .30 percent; and (5) International Equity Investments in which the Plan made a \$250 investment and the Consulting Group would be entitled to receive an inside fee of .30 percent.

Assume that the Plan investor pays the maximum annual outside fee of 1.50 percent so that the total outside fee for the calendar quarter April 1 through June 30, prior to the

/14/ Shearson Lehman asserts that it chose 20 basis points as the maximum net fee retained for management services rendered to the Portfolios because this amount represents the lowest percentage management fee charged by Shearson Lehman among the Portfolios (excluding the Government Money Investments Portfolio for which Shearson Lehman charges no management fee). fee offset would be (\$1,000) 1.50% (.25)=\$3.75.

Under the proposed fee offset, the outside fee charged to the Plan must be reduced by a Reduction Factor to ensure that the Consulting Group retains an inside fee of no more than .20% from each of the Portfolios on investment assets attributable to the Plan. The following table shows the Reduction Factor as applied to each of the Portfolios comprising the Trust:

<TABLE>
<CAPTION>

PORTFOLIO	CG RETAINED FEE (PER- CENT)	FEE OFFSET (PER- CENT)	REDUC- TION FACTOR (PER- CENT)
<S>	<C>	<C>	<C>
Government Money Investments.....	0.00	0.20	0.00
Intermediate Fixed Income Investments.....	.20	.20	.00
Total Return Fixed Income Investments.....	.20	.20	.00

Municipal Bond Investments.....	.20	.20	.00
Mortgage Backed Investments.....	.25	.20	.05
Balanced Investments.....	.30	.20	.10
Large Capitalization Value Equity Investments.....	.30	.20	.10
Large Capitalization Growth Investments.....	.30	.20	.10
Small Capitalization Value Equity Investments.....	.30	.20	.10
Small Capitalization Growth Investments.....	.30	.20	.10
International Equity Investments.....	.30	.20	.10
International Fixed Income Investments.....	.25	.20	.05

</TABLE>

Under the proposed fee offset, a Reduction Factor of .10% is applied against the quarterly outside fee with respect to the value of Plan assets that have been invested in Portfolios (3), (4) and (5) only. As noted above Portfolios (1) and (2) do not involve a Reduction Factor because the fee retained by the Consulting Group for these Portfolios does not exceed 20 basis points. Therefore, the quarterly offset for the plan investor is computed as follows: (.25) [(\$250) .10%+(\$250) .10%+(\$250) .10%]=\$0.1875.

In the foregoing example, the Plan investor, like all other investors in the TRAK Program, would receive a statement for its TRAK account on or about April 15, 1992. This statement would show the outside fee to be charged for the calendar quarter April 1, through June 30 (i.e., \$3.75-\$0.1875=\$3.5625). The Plan investor would be asked to pay the outside fee for that quarter by May 3, 1992 (i.e., the third day of the second month of the calendar quarter). If the outside fee were not paid by that date, Shearson Lehman would debit the account of the Plan investor (as with other investors) for the amount of the outside fee (pursuant to the authorization contained in the TRAK Investment Advisory Agreement, and as described in the Statement of Additional Information appended to the Prospectus)./15/

Because the Consulting Group will retain no inside fee with respect to assets invested in the

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/15/ The applicant explains that the foregoing example illustrates the fact that the outside fee and the fee offset are computed contemporaneously and that Plan investors will get the benefit of the fee offset contemporaneously upon the payment of the outside fee. Because the inside fee is paid monthly and the fee offset is computed quarterly, the applicant also explains that Shearson Lehman does not receive the benefit of a "float" as a result of such calculations because the fee offset will always be realized no later than the time that the outside fee is paid (i.e., on or about the third day of the second month of the calendar quarter). Since the inside fee is paid at the end of each calendar month, the applicant further explains that Plan investors will realize the full benefit of the offset before the time that the inside fee is paid for the second and third months of the calendar quarter.

Government Money Investment Portfolio, Shearson Lehman notes that a potential conflict may exist by reason of the variance in net inside fees among the Government Money Investments Portfolio and the other Portfolios. Shearson Lehman also recognizes that this factor could result in the Consulting Group's recommendation of a higher-fee generating Portfolio-Type to an investing Plan. To address this potential conflict, Shearson Lehman will disclose to all participants in the TRAK Program that the Consulting Group will retain no inside fee for assets invested in the Government Money Investments Portfolio.

19. In summary, it is represented that the proposed transactions will meet the statutory criteria for an exemption under section 408(a) of the Act because: (a) The investment of a Plan's assets in the TRAK Program will be made and approved by a Plan fiduciary which is independent of Shearson Lehman and its affiliates such that Independent Plan Fiduciaries will maintain complete discretion with respect to participating in the TRAK Program; (b) Independent Plan Fiduciaries will have an opportunity to redeem their shares in the Trust in such fiduciaries' individual discretion; (c) no Plan will pay a fee or commission by reason of the acquisition or redemption of shares in the Trust; (d) prior to making an investment in TRAK, each Independent Plan Fiduciary will receive offering materials and disclosures from either Shearson Lehman or the Consulting Group which disclose all material facts concerning the purpose, structure, operation and investment in the TRAK Program; (e) the Consulting Group will provide written documentation to an Independent Plan Fiduciary of its recommendations or evaluations, including the reasons and objective criteria forming the basis for such recommendations or evaluations; (f) any sub-Adviser that is appointed by the Consulting Group to exercise investment discretion over a Portfolio will always be independent of Shearson Lehman and its affiliates; (g) the annual investment advisory fee that is paid by a Plan to the Consulting Group for investment advisory services rendered to such Plan will be offset by such amount as is necessary to assure that the Consulting Group retains no more than 20 basis points from any Portfolio on investment assets attributable to the Plan investor; (h) the Consulting Group or Shearson Lehman will make periodic written disclosures to participating Plans with

respect to the financial condition of the TRAK Program, the total fees that it and its affiliates will receive from such Plan investors and the value of the Plan's interest in the TRAK Program; and (i) on a quarterly and annual basis, the Consulting Group will provide written disclosures to all Plans with respect to (1) the percentage of each Trust Portfolio's brokerage commissions that are paid to Shearson Lehman and its affiliates and (2) the average brokerage commission per share paid by each Portfolio to Shearson Lehman as compared to the average brokerage commission per share paid by each Portfolio to brokers other than Shearson Lehman and its affiliates, both expressed as cents per share.

FOR FURTHER INFORMATION CONTACT:

Ms. Jan D. Broady of the Department, telephone (202) 523-8881. (This is not a toll-free number.)

GENERAL INFORMATION

The attention of interested persons is directed to the following:

(1) The fact that a transaction is the subject of an exemption under section 408(a) of the Act and/or section 4975(c)(20) of the Code does not relieve a fiduciary or other party in interest of disqualified person from certain other provisions of the Act and/or the Code, including any prohibited transaction provisions to which the exemption does not apply and the general fiduciary responsibility provisions of section 404 of the Act, which among other things require a fiduciary to discharge his duties respecting the plan solely in the interest of the participants and beneficiaries of the plan and in a prudent fashion in accordance with section 404(a)(1)(b) of the act, nor does it affect the requirement of section 401(a) of the Code that the plan must operate for the exclusive benefit of the employees of the employer maintaining the plan and their beneficiaries;

(2) Before an exemption may be granted under section 408(a) of the Act and/or section 4975(c)(2) of the Code, the Department must find that the exemption is administratively feasible, in the interests of the plan and of its participants and beneficiaries and protective of the rights of participants and beneficiaries of the plan;

(3) The proposed exemptions, if granted, will be supplemental to, and not in derogation of, any other provisions of the Act and/or the Code, including statutory or administrative exemptions and transitional rules. Furthermore, the fact that a transaction is subject to an administrative or statutory exemption is not dispositive of whether the transaction is in fact a prohibited transaction; and

(4) The proposed exemptions, if granted, will be subject to the express condition that the material facts and representations contained in each application are true and complete, and that each application accurately describes all material terms of the transaction which is the subject to the exemption.

Signed at Washington, DC, this 31st day of March 1992.

Ivan Strasfeld,
Director of Exemption Determinations, Pension and Welfare Benefits
Administration, U.S. Department of Labor.

(FR Doc. 92-7712 Filed 4-2-92; 8:45 am)

BILLING CODE 4510-29-M

FINAL EXEMPTION

SHEARSON LEHMAN BROTHERS, INC. (SHEARSON LEHMAN), LOCATED IN NEW YORK, NY

[Prohibited Transaction Exemption 92-77; Exemption Application No. D-8723]

EXEMPTION

Section I. Converted Transactions

The restrictions of section 406(a) of the Act and the sanctions resulting from the application of section 4975 of the Code, by reason of section 4975(c)(1)(A) through (D) shall not apply to the proposed purchase or redemption of shares by an employee benefit plan, an individual retirement account (the IRA) or a retirement plan for a self-employed individual (the Keogh Plan; collectively, the Plans) in the Shearson Lehman-established Trust for TRAK Investments (the Trust) in connection with such Plans' participation in the TRAK Personalized Investment Advisory Service (the TRAK Program). In addition, the restrictions of section 406 (b) (1) and (b) (2) of the Act and the sanctions resulting from the application of section 4975 of the Code by reason of section 4975(c)(1)(E) shall not apply to the provision, by the Consulting Group Division of Shearson Lehman (the Consulting Group), of investment advisory services to an independent fiduciary of a participating Plan (the Independent Plan Fiduciary) which may result in such fiduciary's selection of a portfolio grouping (the Portfolio-Type) in the TRAK Program for the investment of Plan assets.

This exemption is subject to the following conditions that are set forth below in section II.

Section II. General Conditions

(1) The participation of Plans in the TRAK Program will be approved by an Independent Plan Fiduciary. For purposes of this requirement, an employee, officer or director of Shearson Lehman and/or its affiliates covered by an IRA not subject to title I of the Act will be considered an Independent Plan Fiduciary with respect to such IRA.

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(2) The total fees paid to the Consulting Group and its affiliates will constitute no more than reasonable compensation.

(3) No Plan will pay a fee or commission by reason of the acquisition or redemption of shares in the Trust.

(4) The terms of each purchase or redemption of Trust shares shall remain at least as favorable to an investing Plan as those obtainable in an arm's length transaction with an unrelated party.

(5) The Consulting Group will provide written documentation to an Independent Plan Fiduciary of its recommendations or evaluations based upon objective criteria.

(6) Any recommendation or evaluation made by the Consulting Group to an Independent Plan Fiduciary will be implemented only at the express direction of such independent fiduciary.

(7) The Consulting Group will generally give investment advice to an Independent Plan Fiduciary with respect to Portfolio-Types. However, in the case of a Plan providing for participant-directed investments (the Section 404(c) Plan), the Consulting Group will provide investment advice that is limited to the Portfolios made available under the Plan.

(8) Any sub-adviser (the Sub-Adviser) that acts for the Trust to exercise investment discretion over a Portfolio will be independent of Shearson Lehman and its affiliates.

(9) Immediately following the acquisition by a Portfolio of any securities that are issued by Shearson Lehman and/or its affiliates, the percentage of that Portfolio's net assets invested in such securities will not exceed one percent.

(10) The quarterly investment advisory fee that is paid by a Plan to the Consulting Group for investment advisory services rendered to such Plan will be offset by such amount as is necessary to assure that the Consulting Group retains no more than 20 basis points from any Portfolio which contains investments attributable to the Plan investor.

(11) The Consulting Group will not retain an investment advisory or management fee from the Government Money Investments Portfolio.

(12) With respect to its participation in the TRAK Program prior to purchasing Trust shares

(a) Each Plan will receive the following written or oral disclosures from the Consulting Group:

(1) A copy of the prospectus (The Prospectus) for the Trust discussing the investment objectives of the Portfolios comprising the Trust, the policies employed to achieve these objectives, the corporate affiliation existing between the Consulting Group, Shearson Lehman and its subsidiaries and the compensation paid to such entities.

(2) Upon written or oral request to Shearson Lehman, a Statement of Additional Information supplementing the Prospectus which describes the types of securities and other instruments in which the Portfolios may invest, the investment policies and strategies that the Portfolios may utilize and certain risks attendant to those investments, policies and strategies.

(3) A copy of the investment advisory agreement between the Consulting Group and such Plan relating to participation in the TRAK Program.

(4) Upon written request of Shearson Lehman, copy of the respective investment advisory agreement between the Consulting Group and the Sub-Advisers.

(5) In the case of a Section 404(c) Plan, if required by the arrangement negotiated between the Consulting Group and the Plan, an explanation by a Shearson Lehman Financial Consultant (the Financial Consultant) to eligible participants in such Plan, of the services offered under the TRAK Program and the operation and objectives of the Portfolios.

(b) If accepted as an investor in the TRAK Program, an Independent Plan Fiduciary of an IRA or Keogh Plan, will be required to acknowledge, in writing, prior to purchasing Trust shares that such fiduciary has received copies of such documents.

(c) With respect to a Section 404(c) Plan, written acknowledgement of the receipt of such documents will be provided by the Independent Plan Fiduciary (i.e., the Plan administrator, trustee or named fiduciary, as the recordholder of Trust shares). Such Independent Plan Fiduciary will be required to represent in writing to Shearson Lehman that such fiduciary is (1) independent of Shearson Lehman and its affiliates and (2) knowledgeable with respect to the Plan in administrative matters and funding matters related thereto, and able to make an informed decision concerning participation in the TRAK Program.

(d) With respect to a Plan that is covered under Title 1 of the Act, where investment decisions are made by a trustee, investment manager or named fiduciary, and Independent Plan Fiduciary will be required to acknowledge, in

writing, receipt of such documents and represent to Shearson Lehman that such fiduciary is (1) independent of Shearson Lehman and its affiliates, (2) capable of making an independent decision regarding the investment of Plan assets and (3) knowledgeable with respect to the Plan in administrative matters and funding matters related thereto, and able to make an informed decision concerning participation in the TRAK Program.

(13) Each Plan will receive the following: written or oral disclosures with respect to its ongoing participation in the TRAK Program;

(a) The Trust's semi-annual and annual report which will include financial statements for the Trust and investment management fees paid by each Portfolio.

(b) A written quarterly monitoring report containing an analysis and an evaluation of a Plan investor's account to ascertain whether the Plan's investment objectives have been met and recommending, if required, changes in Portfolio allocations.

(c) If required by the arrangement negotiated between the Consulting Group and a Section 404(c) Plan, a quarterly, detailed investment performance monitoring report, in writing, provided to an Independent Plan Fiduciary of such Plan showing Plan level asset allocations. Plan cash flow analysis and annualized risk adjusted rates of return for Plan investments. In addition, if required by such arrangement, Financial Consultants will meet periodically with Independent Plan Fiduciaries of Section 404(c) Plans to discuss the performance monitoring report as well as with eligible participants to review their accounts' performance.

(d) If required by the arrangement negotiated between the Consulting Group and a Section 404(c) Plan, a quarterly participant performance monitoring report provided to a Plan participant which accompanies the participant's benefit statement and describes the investment performance of the Portfolios, the investment performance of the participant's individual investment in the TRAK Program, and gives market commentary and toll-free numbers that will enable the participant to obtain more information about the TRAK Program or to amend his or her investment allocations.

(e) On a quarterly and annual basis, written disclosures to all Plans of the (1) percentage of each Portfolio's brokerage commissions that are paid to Shearson Lehman and its affiliates and (2) the average brokerage commission per share paid by each Portfolio to Shearson Lehman and its affiliates, as compared to the average brokerage commission per share paid by the Trust to brokers other than Shearson Lehman and its affiliates, both expressed as cents per share.

(14) Shearson Lehman shall maintain, for a period of six years, the records necessary to enable the persons described in paragraph (10) of this section to determine whether the conditions of this exemption have been met, except that (a) a prohibited transaction will not

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be considered to have occurred if, due to circumstances beyond the control of Shearson Lehman and/or its affiliates, the records are lost or destroyed prior to the end of the six year period, and (b) no party in interest other than Shearson Lehman shall be subject to the civil penalty that may be assessed under section 502(i) of the Act, or to the taxes imposed by section 4975 (a) and (b) of the Code, if the records are not maintained, or are not available for examination as required by paragraph (15) below.

(15) (a) Except as provided in section (b) of this paragraph and notwithstanding any provisions of subsections (a)(2) and (b) of section 504 of the Act, the records referred to in paragraph (14) of this section shall be unconditionally available at their customary location during normal business hours by:

(1) Any duly authorized employee or representative of the Department or the Internal Revenue Service (the Service);

(2) Any fiduciary of a participating Plan or any duly authorized representative of such fiduciary;

(3) Any contributing employer to any participating Plan or any duly authorized employee representative of such employer; and

(4) Any participant or beneficiary of any participating Plan, or any duly authorized representative of such participant or beneficiary.

(b) None of the persons described above in subparagraphs (2)-(4) of this paragraph (15) shall be authorized to examine the trade secrets of Shearson Lehman or commercial or financial information which is privileged or confidential.

Section III. Definitions

For purposes of this exemption:

(1) An "affiliate" of Shearson Lehman includes--

(a) Any person directly or indirectly through one or more intermediaries, controlling, controlled by, or under common control with Shearson Lehman. (For purposes of this subsection, the term "control" means the power to exercise a controlling influence over the management or policies of a person other than an individual.)

(b) Any officer, director or partner in such person, and

(c) Any corporation or partnership of which such person is an officer,

director or a 5 percent partner or owner.

(2) An "Independent Plan Fiduciary" is a Plan fiduciary which is independent of Shearson Lehman and its affiliates and is either

(a) A Plan administrator, trustee or named fiduciary, as the recordholder of Trust shares of a Section 404(c) Plan,

(b) A participant in a Keogh Plan,

(c) An individual covered under a self-directed IRA which invests in Trust shares, or

(d) A trustee, investment manager or named fiduciary responsible for investment decisions in the case of a title I Plan that does not permit individual direction as contemplated by Section 404(c) of the Act.

For a more complete statement of the facts and representations supporting the Department's decision to grant this exemption, refer to the notice of proposed exemption (the Notice) published on April 3, 1992 at 57 FR 11514.

EFFECTIVE DATE: This exemption is effective as of April 3, 1992.

WRITTEN COMMENTS

The Department received one comment letter with respect to the Notice and no requests for a public hearing. The letter, which was submitted by Shearson Lehman, addresses certain clarifications to the Notice, including clarifications to the General Conditions and the Summary of Facts and Representations. Discussed below are the changes suggested by Shearson Lehman and the Department's responses thereto. In addition, the Department has made several clarifying changes to the final exemption which are also discussed below.

With respect to the General Conditions that are set forth in Section II of the Notice. Shearson Lehman wishes to make several clarifications. In this regard, Shearson Lehman notes that, in general, in the case of IRAs that are maintained by employees of Shearson Lehman or its affiliates, such employees should be considered "Independent Plan Fiduciaries." In addition, Shearson Lehman requests that Condition (1) should read as follows in order that it will conform to the other General Conditions:

The participation of plans in the TRAK Program will be approved by an Independent Plan Fiduciary.

To clarify that Sub-Advisers act for the Trust after having been approved by the Trust in accordance with the terms of section 15(a) and (c) of the Investment Company Act of 1940, as amended (the 1940 Act), or any exemption granted by the Securities and Exchange Commission, Shearson Lehman recommends that Condition (8) of the General Conditions be modified to read as follows:

Any sub-adviser (the Sub-Adviser) that acts for the Trust to exercise investment discretion over a Portfolio will be independent of Shearson Lehman and its affiliates.

In the case of a Plan covering one or more employees of the Plan sponsor (such as a Section 404(c) Plan), Shearson Lehman notes that Condition (10) requires only that the investment advisory fee paid by the Plan be offset in the manner described in the condition (i.e., the offset will be determined based on the aggregate investment of the Plan accounts). Shearson Lehman represents that it does not have control over how the Plan, for internal expenses, allocates the offset among individual accounts. As long as the fee is offset at the Plan level, Shearson Lehman represents that it cannot be construed to have any economic incentive to provide investment allocation advice favoring one Portfolio over another.

Shearson Lehman observes that several of the General Conditions refer to "Shearson Lehman and its affiliates" but the Notice does not define the term "affiliate." After giving due consideration to this comment, the Department has determined to add a new Section III to the exemption titled "Definitions" in which the terms "affiliate," and "Independent Plan Fiduciary" are defined as follows:

An "affiliate" of Shearson Lehman includes (a) any person directly or indirectly through one or more intermediaries, controlling, controlled by, or under common control with Shearson Lehman (For purposes of this subsection, the term "control" means the power to exercise a controlling influence over the management of policies of a person other than an individual.) (b) any officer, director or partner in such person, and (c) any corporation or partnership of which such person is an officer, director or a 5 percent partner or owner.

An "Independent Plan Fiduciary" is a Plan fiduciary which is independent of Shearson Lehman and its affiliates and is either (a) a Plan administrator, trustee or named fiduciary, as the recordholder of Trust shares of a Section 404(c) Plan, (b) a participant in a Keogh Plan, (c) an individual covered under a self-directed IRA which invests in Trust shares, or (d) a trustee, investment manager or named fiduciary responsible for investment decisions in the case of a Title I Plan that does not permit individual direction as contemplated by section 404(c) of the Act.

With respect to modifications to the Summary of Facts and Representations, Shearson Lehman represents that the first paragraph of Item 1 of the Notice which was based on the application for exemption confuses the descriptions of Shearson Holdings, Shearson Lehman and Shearson Lehman Brothers. Accordingly, Shearson Lehman requests that the third, fourth and fifth sentences of that paragraph be amended to read as follows:

Shearson Holdings conducts its principal businesses through two divisions of Shearson Lehman--Shearson Lehman Brothers and Lehman Brothers. Shearson Lehman Brothers is responsible for individual investor services and asset management while Lehman Brothers is responsible for securities underwriting, financial advisory, investment and merchant banking services and securities and commodities trading as principal and agent. Shearson Lehman is a member of all principal securities and commodities exchanges in the United States and the National Association of Securities Dealers, Inc.

Shearson Lehman also wishes to update the second sentence of the second paragraph under Item 2 of the Notice by noting that the Balanced Investments Portfolio is expected to be offered in July 1992 at an initial per share value of \$8.00.

In order that Footnote 1 of the Notice more closely tracks the language of Condition (9). Shearson Lehman suggests the following modification:

Because a Portfolio is not precluded from investing in securities that are issued by Shearson Lehman or its affiliates. Shearson Lehman represents that, as a limitation, immediately following the acquisition by a Portfolio of any securities that are issued by Shearson Lehman and/or its affiliates, the percentage of that Portfolio's net assets invested in such securities will not exceed one percent.

Since Shearson Lehman cannot assure that Section 404(c) Plans participating in the TRAK Program will pass through voting rights to participants on a pro rata basis, it recommends that the second paragraph of Footnote 2 of the Notice be amended to read as follows:

In the case of individual account plans such as Section 404(c) Plans, Shearson Lehman believes that most Plans will pass-through the vote to participants on a pro rata basis.

Shearson Lehman also represents that it may serve as prototype sponsor for Plans participating in the TRAK Program. Therefore, the third sentence of the second paragraph under Item 3 of the Notice should be amended by adding the following language:

Accordingly, Shearson Lehman has requested prospective exemptive relief from the Department with respect to the purchase and redemption of shares in the Trust by participating Plans which it does not sponsor (other than only as prototype sponsor) of have discretionary investment authority over the Plan's assets which would be invested in Trust shares.

To clarify that Plans for which Shearson Lehman has a pre-existing relationship will be able to participate in TRAK, Shearson Lehman asks that the second sentence of Footnote 4 be amended to read as follows:

The applicant further represents that although the exemptive relief proposed above would not permit Shearson Lehman or an affiliate, while serving as a Plan fiduciary with discretionary authority over the management of a Plan's assets, to invest in Trust shares those assets over which it exercises discretionary authority, a purchase or redemption of Trust shares under such circumstances would be permissible if made in compliance with the terms and conditions of Class Prohibited Transaction Exemption (PTE) 77-4 [42 FR 16732. April 8, 1977].

Shearson Lehman represents that the Trust's Board of Directors consists of seven members, four of whom are not affiliated with Shearson Lehman and three of whom are affiliated with Shearson Lehman, all in accordance with the provisions of section 10(b) of the 1940 Act. Accordingly, Shearson Lehman recommends that Item 4 of the Notice be amended to read as follows:

Overall responsibility for the management and supervision of the Trust and the Portfolios rests with the Trust's Board of Trustees (the Trustees) which currently is comprised of seven members. The Trustees approve all significant agreements involving the Trust and the persons and companies who provide services to the Trust and the Portfolios. Three of the Trustees and all of the Trust's executive officers are affiliated with Shearson Lehman and/or its affiliates. The four remaining Trustees are not affiliated with Shearson Lehman.

Because the applicant now represents that not all services described in Footnote 7 of the Notice will be provided to every Section 404(c) Plan. Shearson Lehman believes that an updated, clarifying paragraph should be added to the footnote which would read as follows:

The applicant notes that not all of the services described in the preceding two paragraphs will be provided to every Section 404(c) Plan. The services provided to each Plan will depend on the arrangement negotiated between Shearson Lehman and the Independent Plan Fiduciary.

Shearson Lehman represents that it cannot assure that the Plan administrator, trustee or named fiduciary of a Section 404(c) Plan will make available a copy of the Trust Prospectus to each participant. Therefore, it requests that Footnote 8 of the Notice be amended to read as follows:

In the case of a Section 404(c) Plan, the applicant represents that the Plan administrator, trustee or named fiduciary, as the recordholder of Trust shares, will receive a copy of the Trust Prospectus. If requested by such Plan administrator, trustee or named fiduciary, Shearson Lehman will make available to such Independent Plan Fiduciary sufficient quantities of Prospectuses for a

distribution to Plan participants, as well as provide Statements of Additional Information to any party upon request.

Item 15 of the Notice inadvertently states that investors in the TRAK Program may exchange Portfolio shares with one another. Shearson Lehman wishes to clarify that the first sentence of Item 15 should be amended to read as follows:

Shares of a Portfolio may be exchanged by an investor, without any exchange fee, for shares of another Portfolio at their respective net asset values.

Shearson Lehman states that PTE 77-3 applies only to employee benefit plans and is, therefore, inapplicable to IRAs maintained by employees of Shearson Lehman or its affiliates. In addition, Shearson Lehman states that it does not currently charge an outside fee for such IRA accounts but it may do so in the future. Accordingly, Shearson Lehman recommends that the first and last sentences of Footnote 13 of the Notice be amended to read as follows:

The applicant represents that the outside fee is not currently imposed on accounts of American Express and its subsidiaries, including Shearson Lehman, accounts of their immediate families and IRAs and certain employee pension benefit plans for these persons * * * With respect to employee pension benefit plans maintained by Shearson Lehman or its affiliates for their employees, the applicant asserts that such waiver would be required by PTE 77-3.

With respect to the TRAK fee structure described in the Notice in Item 18 and the accompanying example, Shearson Lehman wishes to make two clarifications. First, because the TRAK fee and corresponding fee offset for a calendar quarter are based on the "net asset value" of Trust Portfolio shares at the end of the immediately preceding calendar quarter rather than the "average daily value" of Trust Portfolio shares, Shearson Lehman requests that the first sentence of the example be amended to read as follows:

Assume that as of March 31, 1992, the net asset value of Trust Portfolio shares held by a Plan Investor was \$2,000.

Second, Shearson Lehman has updated its submission by representing that the last parenthetical of the last paragraph of the example should not refer to the "Statement of Additional Information" but should instead refer to the "TRAK Program Description."

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Therefore, Shearson Lehman recommends that the parenthetical read as follows:

(pursuant to the authorization contained in the TRAK Investment Advisory Agreement, and as described in the TRAK Program Description appended to the Prospectus)

Finally, Shearson Lehman suggests that Clause (e) under Item 19 should be modified to track the language of Condition (5) as follows:

the Consulting Group will provide written documentation to an Independent Plan Fiduciary of its recommendations or evaluations based on objective criteria.

The Department has reviewed the clarifications and amendments as described above, and concurs with these changes. Accordingly, upon consideration of the entire record, including the written comment received, the Department has determined to grant the exemption subject to the aforementioned changes.

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No person has been authorized to give any information or to make any representations other than those contained in this Prospectus, the Statement of Additional Information or the Trust's official sales literature in connection with the offering of shares, and if given or made, such other information or representations must not be relied upon as having been authorized by the Trust. This Prospectus does not constitute an offer in any state in which, or to any person to whom, such offer may not lawfully be made.

Consulting Group Capital Markets Funds

Government Money Investments
Intermediate Fixed Income

Investments
 Total Return Fixed Income
 Investments
 Municipal Bond Investments
 Mortgage Backed Investments
 Balanced Investments
 Large Capitalization Value Equity
 Investments
 Large Capitalization Growth
 Investments
 Small Capitalization Value Equity
 Investments
 Small Capitalization Growth
 Investments
 International Equity Investments
 International Fixed Income
 Investments

 Emerging Markets Equity
 Investments

PROSPECTUS

March , 1994

Smith Barney Shearson Inc.

STATEMENT OF ADDITIONAL INFORMATION

MARCH 20, 1994

CONSULTING GROUP CAPITAL MARKETS
 FUNDS

222 Delaware Avenue . Wilmington, Delaware 19801 . (212) 464-TRAK

This Statement of Additional Information supplements the information contained in the current Prospectus (the "Prospectus") of Consulting Group Capital Markets Funds (formerly known as "The Trust for TRAK Investments") (the "Trust"), dated March 20, 1994, and should be read in conjunction with the Prospectus. The Prospectus may be obtained by contacting any Financial Consultant of Smith Barney Shearson Inc. ("Smith Barney Shearson"), or by writing or calling the Trust at the address or telephone number listed above. This Statement of Additional Information, although not in itself a prospectus, is incorporated by reference into the Prospectus in its entirety.

CONTENTS

For ease of reference, the section headings used in this Statement of Additional Information are identical to those used in the Prospectus except where noted. Capitalized terms used but not defined in this Statement of Additional Information have the meanings accorded to them in the Prospectus.

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OBJECTIVES AND POLICIES OF THE PORTFOLIOS

The Prospectus discusses the investment objectives of the investment portfolios (the "Portfolios") comprising the Trust and the policies to be employed to achieve those objectives. Supplemental information is set out below concerning the types of securities and other instruments in which the Portfolios may invest, the investment policies and strategies that the Portfolios may utilize and certain risks attendant to those investments, policies and strategies.

RATINGS AS INVESTMENT CRITERIA

In general, the ratings of Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Corporation ("S&P") represent the opinions of those agencies as to the quality of debt obligations that they rate. It should be emphasized, however, that these ratings are relative and subjective, are not absolute standards of quality and do not evaluate the market risk of securities. These ratings will be used by the Portfolios as initial criteria for the selection of portfolio securities, but the Portfolios also will rely upon the independent advice of their respective investment advisors (collectively, the "Advisors") to evaluate potential investments. Among the factors that will be considered are the long term ability of the issuer to pay principal and interest and general economic trends. The Appendix to this Statement of Additional Information contains further information concerning the ratings of Moody's and S&P and their significance.

Subsequent to its purchase by a Portfolio, an issue of debt obligations may cease to be rated or its rating may be reduced below the minimum required for purchase by the Portfolio. Neither event will require the sale of the debt obligation by the Portfolio, but the Portfolio's Advisor will consider the event in its determination of whether the Portfolio should continue to hold the obligation. In addition, to the extent that the ratings change as a result of changes in rating organizations or their rating systems or owing to a corporate restructuring of Moody's or S&P, the Portfolio will attempt to use comparable ratings as standards for its investments in accordance with its investment objectives and policies.

U.S. GOVERNMENT SECURITIES

Securities issued or guaranteed by the U.S. government or one of its agencies, authorities or instrumentalities ("U.S. Government Securities") in which the Portfolios may invest include debt obligations of varying maturities issued by the U.S. Treasury or issued or guaranteed by an agency or instrumentality of the U.S. government, including the Federal Housing Administration, Federal Financing Bank, Farmers Home Administration, Export- Import Bank of the U.S., Small Business Administration, Government National Mortgage Association ("GNMA"), General Services Administration, Central Bank for Cooperatives, Federal Farm Credit Banks, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation ("FHLMC"), Federal National Mortgage Association ("FNMA"), Maritime Administration, Tennessee Valley Authority, District of Columbia Armory Board, Student Loan Marketing Association, Resolution Trust Corporation and various institutions that previously were or currently are part of the Farm Credit System (which has been undergoing reorganization since 1987). Direct obligations of the U.S. Treasury include a variety of securities that differ in their interest rates, maturities and dates of issuance. Because the U.S. government is not obligated by law to provide support to an instrumentality that it sponsors, a Portfolio will invest in obligations issued by an instrumentality of the U.S. government only if the Advisor determines that the instrumentality's credit risk does not make its securities unsuitable for investment by the Portfolio.

EMERGING MARKETS COUNTRIES

John Govett & Co. Limited ("JGC") believes the bulk of performance is determined by country allocation. Empirical studies suggest that between 70 and 90 percent of emerging market fund investment performance is explained by country allocation. JGC is firmly committed to the notion that diversification is essential to coping with an array of volatile markets and it follows a rigorous country allocation scheme which prevents excessive exposure to any single country. Once this "top-down" country allocation is complete, Govett follows a fundamentally-grounded security selection process.

Emerging Markets Equity Investments may invest in the securities of companies domiciled in, and in markets of, so-called "emerging markets countries." These investments may be subject to potentially higher risks than investments in developed countries. These risks include:

(1) unfavorable and unstable political and economic conditions. The economies of countries in which the Portfolio may invest may differ favorably or unfavorably from the U.S. economy in such respects as the rate of growth of gross domestic product, the rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments position. Some of the countries in which the Portfolio may invest have experienced over the past decade, and may continue to experience, significant economic problems. The areas of concern may include budget deficits; high, and in some cases unmanageable, interest payments on foreign debt; lack of investment in plant and machinery; hyper-inflation due to rapid expansion of the local money supply; and political instability, which may result in the failure to adopt economic adjustment policies;

(2) the small size and volatility of the markets and the low volume of trading on such markets. The securities and debt markets of some of the countries in which the Portfolio may invest are substantially smaller and less liquid than the major securities and debt markets in the United States and as a result, in periods of rising market prices, the Portfolio may be unable to participate in price increases fully to the extent that it is unable to acquire desired securities positions quickly; the Portfolio's inability to dispose fully and promptly of positions in declining markets may conversely cause its net asset value to decline as the value of unsold positions is marked to lower prices. A high proportion of the shares of many companies traded in emerging market countries may be held by a small number of persons, which may restrict the number of shares available for investment by the Portfolio;

(3) the existence of national policies which may restrict the Portfolio's investment opportunities. Foreign investment in some countries in which the Portfolio may invest is restricted or controlled to varying degrees. Although the Portfolio's manager will in its asset allocation procedure seek to identify countries that exhibit certain improved credentials, these restrictions or controls may at times limit or preclude foreign investment in certain issuers and increase the costs and expenses of the Portfolio.

(4) governmental regulation of the relevant securities markets. The governments of some emerging markets countries have exercised and continue to exercise substantial influence over many aspects of the private sector, including, for example, imposing wage and price controls to control inflation. In some cases, the government owns or controls many companies, including some of the largest in the country. Governments of some countries have in the past participated, and may continue in the future to participate, directly in the securities markets of their countries, which participation may affect the availability, prices and liquidity of securities traded in those markets. Similar government actions in the future could have an effect on economic conditions in such countries, and in turn affect private sector companies, market conditions, prices and yields of securities held by the Portfolio. The extent of government supervision and regulations of securities exchanges, underwriters, brokers, dealers and issuers in emerging markets countries, however, may be less than in other countries;

(5) the lack of adequate financial and other reporting standards and the absence of information regarding issuers in emerging markets countries. Accounting, auditing, financial and other reporting standards in countries in which the Portfolio may invest may differ, in some cases significantly, from standards in other countries, including the United States. In particular, the assets and profits appearing on the financial statements of an issuer in certain emerging markets countries may not reflect its financial position or results of operations in the manner in which such information would have been reflected in financial statements prepared in accordance with U.S. generally accepted accounting principles. In addition, companies in certain emerging markets countries must restate certain assets and liabilities on their financial statements to reflect the effect of inflation on those assets. As a result, financial statements and reported earnings may differ from those of companies in other countries, such as the United States. Although a principal objective of the securities laws of the countries in which the Portfolio may invest is to promote full and fair disclosure of all material corporate information, substantially less information may be publicly available about the issuers of securities in the markets of those countries than is regularly

published by issuers in other countries, and disclosure of certain material information may not be made. Moreover, even when public information about such companies and governments is available, it may be less reliable than information concerning the U.S. government and U.S. companies. In addition, the extent of government supervision and regulation of securities exchanges, underwriters, brokers, dealers and issuers may be less in countries in which the Portfolio may invest than in other countries; and

(6) differences in the value of the U.S. dollar and the currencies of other countries. To the extent the Portfolio invests in securities denominated in the currencies of countries other than the United States, a change in the value of any of those currencies relative to the dollar will result in a corresponding change in the dollar value of the Portfolio's investments denominated in the currency. In addition, although some of the Portfolio's income may be received in the currency of a country other than the United States, the Portfolio will measure distributions, including those made in connection with the redemption of shares, from its income in U.S. dollars. Therefore, if the value of a particular currency falls relative to the U.S. dollar between accrual of the income and the making of a distribution, the amount of the currency to be converted into U.S. dollars by the Portfolio to pay the distribution will increase and the Portfolio could be required to liquidate portfolio investments to make the distribution.

EXCHANGE RATE-RELATED U.S. GOVERNMENT SECURITIES

Each Portfolio, except Government Money Investments, may invest up to 5% of its net assets in U.S. Government Securities for which the principal repayment at maturity, while paid in U.S. dollars, is determined by reference to the exchange rate between the U.S. dollar and the currency of one or more foreign countries ("Exchange Rate-Related Securities"). The interest payable on these securities is denominated in U.S. dollars and is not subject to foreign currency risk and, in most cases, is paid at rates higher than most other U.S. Government Securities in recognition of the foreign currency risk component of Exchange Rate-Related Securities.

Exchange Rate-Related Securities are issued in a variety of forms, depending on the structure of the principal repayment formula. The principal repayment formula may be structured so that the security holder will benefit if a particular foreign currency to which the security is linked is stable or appreciates against the U.S. dollar. In the alternative, the principal repayment formula may be structured so that the securityholder benefits if the U.S. dollar is stable or appreciates against the linked foreign currency. Finally, the principal repayment formula can be a function of more than one currency and, therefore, be designed as a combination of those forms.

Investments in Exchange Rate-Related Securities entail special risks. There is the possibility of significant changes in rates of exchange between the U.S. dollar and any foreign currency to which an Exchange Rate-Related Security is linked. If currency exchange rates do not move in the direction or to the extent anticipated by the Advisor at the time of purchase of the security, the amount of principal repaid at maturity might be significantly below the par value of the security, which might not be offset by the interest earned by the Portfolios over the term of the security. The rate of exchange between the U.S. dollar and other currencies is determined by the forces of supply and demand in the foreign exchange markets. These forces are affected by the international balance of payments and other economic and financial conditions, government intervention, speculation and other factors. The imposition or modification of foreign exchange controls by the U.S. or foreign governments or intervention by central banks could also affect exchange rates. Finally, there is no assurance that sufficient trading interest to create a liquid secondary market will exist for a particular Exchange Rate-Related Security due to conditions in the debt and foreign currency markets. Illiquidity in the forward foreign exchange market and the high volatility of the foreign exchange market may from time to time combine to make it difficult to sell an Exchange Rate-Related Security prior to maturity without incurring a significant price loss.

MORTGAGE BACKED SECURITIES

The average maturity of pass-through pools of mortgage backed securities varies with the maturities of the underlying mortgage instruments. In addition, a pool's stated maturity may be shortened by unscheduled

payments on the underlying mortgages. Factors affecting mortgage prepayments include the level of interest rates, general economic and social conditions, the location of the mortgaged property and age of the mortgage. Because prepayment rates of individual pools vary widely, it is not possible to accurately predict the average life of a particular pool. Common practice is to assume that

prepayments will result in an average life ranging from two to ten years for pools of fixed rate 30-year mortgages. Pools of mortgages with other maturities of different characteristics will have varying average life assumptions.

Mortgage backed securities may be classified as private, governmental or government related, depending on the issuer or guarantor. Private mortgage backed securities represent pass-through pools consisting principally of conventional residential mortgage loans created by non-governmental issuers, such as commercial banks, savings and loan associations and private mortgage insurance companies. Governmental mortgage backed securities are backed by the full faith and credit of the United States. GNMA, the principal U.S. guarantor of such securities, is a wholly owned U.S. Governmental Corporation within the Department of Housing and Urban Development. Government related mortgage backed securities are not backed by the full faith and credit of the United States. Issuers of these securities include FNMA and FHLMC. FNMA is a government sponsored corporation owned entirely by private stockholders that is subject to general regulation by the Security of Housing and Urban Development. Pass-through securities issued by FNMA are guaranteed as to timely payment of principal and interest by FNMA. FHLMC is a corporate instrumentality of the United States, the stock of which is owned by the Federal Home Loan Banks. Participation certificates representing interests in mortgages from FHLMC's national portfolio are guaranteed as to the timely payment of interest and ultimate collection of principal by FHLMC.

The Trust expects that private and governmental entities may create mortgage loan pools offering pass-through investments in addition to those described above. The mortgages underlying these securities may be alternative mortgage instruments, that is, mortgage instruments whose principal or interest payments may vary or whose terms to maturity may be shorter than previously customary. As new types of mortgage backed securities are developed and offered to investors, the Trust, consistent with the Portfolios' investment objectives and policies, will consider making investments in those new types of securities on behalf of that Portfolio.

The Portfolios also may invest in pass-through securities backed by adjustable rate mortgages that have been introduced by GNMA, FNMA and FHLMC. These securities bear interest at a rate that is adjusted monthly, quarterly or annually. The prepayment experience of the mortgages underlying these securities may vary from that for fixed rate mortgages. The Portfolio will only purchase mortgage related securities issued by persons that are governmental agencies or instrumentalities or fall outside, or are excluded from, the definition of investment company under the Investment Company Act of 1940, as amended (the "1940 Act").

FORWARD CURRENCY CONTRACTS

Forward currency contracts (i) are traded in an interbank market conducted directly between currency traders (typically commercial banks or other financial institutions) and their customers, (ii) generally have no deposit requirements and (iii) are typically consummated without payment of any commissions. Certain Portfolios, however, may enter into forward currency contracts containing either or both deposit requirements and commissions.

The cost to a Portfolio of engaging in forward currency transactions varies with factors such as the currency involved, the length of the contract period and market conditions then prevailing. Because transactions in currency exchange contracts are usually conducted on a principal basis, no fees or commissions are involved. Hedging transactions may be made from any foreign currency into U.S. dollars or into other appropriate currencies.

As noted in the Prospectus, if a Portfolio enters into a position hedging transaction, cash or liquid high grade debt securities will be placed in a segregated account with the Portfolio's custodian in an amount equal

to the value of the Portfolio's total assets committed to the consummation of the forward currency contract. If the value of the securities placed in the segregated account declines, additional cash or securities will be placed in the account so that the value of the account will equal the amount of the Portfolio's commitment with respect to the contract.

At or before the maturity of a forward currency contract, a Portfolio may either sell a portfolio security and make delivery of the currency, or retain the security and offset its contractual obligation to deliver the currency by purchasing a second contract pursuant to which the Portfolio will obtain, on the same maturity date, the same amount of the currency that it is obligated to deliver. If the Portfolio retains the portfolio security and engages in an offsetting transaction, the Portfolio, at the time of execution of the

offsetting transaction, will incur a gain or a loss to the extent that movement has occurred in forward currency contract prices. Should forward prices decline during the period between the Portfolio's entering into a forward currency contract for the sale of a currency and the date it enters into an offsetting contract for the purchase of the currency, the Portfolio will realize a gain to the extent the price of the currency it has agreed to sell exceeds the price of the currency it has agreed to purchase. Should forward prices increase, the Portfolio will suffer a loss to the extent the price of the currency it has agreed to purchase exceeds the price of the currency it has agreed to sell.

The use of forward currency contracts does not eliminate fluctuations in the underlying prices of the securities, but it does establish a rate of exchange that can be achieved in the future. In addition, although forward currency contracts limit the risk of loss owing to a decline in the value of the hedged currency, at the same time, they limit any potential gain that might result should the value of the currency increase. If a devaluation is generally anticipated, the Portfolio may not be able to contract to sell currency at a price above the devaluation level it anticipates.

The successful use of forward currency contracts as a hedging technique draws upon the special skills and experience with respect to these instruments and usually depends on the ability of the Portfolio's Advisor to forecast interest rate and currency exchange rate movements correctly. Should interest or exchange rates move in an unexpected manner, the Portfolio may not achieve the anticipated benefits of forward currency contracts or may realize losses and thus be in a worse position than if those strategies had not been used. Many forward currency contracts are subject to no daily price fluctuation limits so that adverse market movements could continue with respect to those contracts to an unlimited extent over a period of time.

FUTURES CONTRACTS AND RELATED OPTIONS

Futures contracts and options thereon may be undertaken for hedging and other risk management purposes in an effort to reduce the impact of several kinds of anticipated price fluctuation risks on the securities held by a Portfolio. For example, futures contracts for the sale of foreign currency might be entered into to protect against declines in the value of currencies in which portfolio securities are denominated; and put options on interest rate futures might be purchased to protect against declines in the market values of debt securities occasioned by higher interest rates. If these transactions are successful, the futures or options positions taken by the Portfolio will rise in value by an amount which approximately offsets the decline in value of the portion of the securities held by a Portfolio that is being hedged.

On other occasions, a Portfolio may enter into contracts to purchase the underlying instrument. For example, futures contracts for the purchase of debt securities might be entered into to protect against an anticipated increase in the price of debt securities to be purchased in the future resulting from decreased interest rates.

A Portfolio will incur brokerage costs whether or not its hedging is successful and will be required to post and maintain "margin" as a good-faith deposit against performance of its obligations under futures contracts and under options written by the Portfolio. Futures and options positions are marked to the market daily and the Portfolio may be required to make subsequent "variation" margin payments depending upon whether its positions increase or decrease in value. In this context margin payments involve no borrowing on the part of the Portfolio.

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LENDING PORTFOLIO SECURITIES

Each Portfolio other than Municipal Bond Investments 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 a Portfolio's total assets. A Portfolio will not lend securities to Smith Barney Shearson, the Trust's distributor, unless the Portfolio has applied for and received specific authority to do so from the Securities and Exchange Commission (the "SEC"). A Portfolio's loans of securities will be collateralized by cash, letters of credit or U.S. Government Securities. The cash or instruments collateralizing a Portfolio's loans of securities will be maintained at all times in a segregated account with the Portfolio's custodian or with a designated sub-custodian in an amount at least equal to the current market value of the loaned securities. From time to time, a Portfolio 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 Portfolio and is acting as a "finder." A Portfolio will comply with the following conditions whenever it loans securities: (i) the Portfolio 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 Portfolio must be able to terminate the loan at any time; (iv) the Portfolio 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 Portfolio 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 Trust's Board of Trustees must terminate the loan and regain the right to vote the securities.

WHEN-ISSUED AND DELAYED-DELIVERY SECURITIES

When a Portfolio engages in when-issued or delayed-delivery securities transactions, it relies on the other party to consummate the trade. Failure of the seller to do so may result in the Portfolio's incurring a loss or missing an opportunity to obtain a price considered to be advantageous.

RULE 144A SECURITIES

A Portfolio may purchase securities that are not registered under the Securities Act of 1933, as amended (the "1933 Act"), but that can be sold to "qualified institutional buyers" in accordance with Rule 144A under the 1933 Act ("Rule 144A Securities"). Particular Rule 144A Securities will be considered illiquid and therefore subject to the Portfolio's 10% limitation on the purchase of illiquid securities, unless the Trust's Board of Trustees determines on an ongoing basis that an adequate trading market exists for the Rule 144A Securities. This investment practice could have the effect of increasing the level of illiquidity in a Portfolio to the extent that qualified institutional buyers become uninterested for a time in purchasing Rule 144A Securities. The Board of Trustees has instructed the Portfolios' Advisors to determine and monitor on a daily basis the liquidity of Rule 144A Securities, although the Board of Trustees will retain ultimate responsibility for any determination regarding liquidity.

AMERICAN DEPOSITARY RECEIPTS

A Portfolio may purchase American Depositary Receipts ("ADRs"), which are dollar denominated receipts issued generally by domestic banks and represent the deposit with the bank of a security of a foreign issuer. ADRs are publicly traded on exchanges or over-the-counter in the United States.

INVESTMENT RESTRICTIONS

The investment restrictions numbered 1 through 12 below have been adopted by the Trust as fundamental policies of the Portfolios. Under the 1940 Act, a fundamental policy may not be changed without the vote of a majority of the outstanding voting securities of a Portfolio, which is defined in the 1940 Act as the lesser of (i) 67% or more of the shares present at a Portfolio meeting, if the holders of more than 50% of the outstanding shares of the Portfolio are present or represented by proxy, or (ii) more than 50% of the

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outstanding shares of the Portfolio. Investment restrictions 13 through 17 may be changed by a vote of a majority of the Board of Trustees at any time.

Under the investment restrictions adopted by the Portfolios:

1. A Portfolio, other than International Fixed Income Investments, will not purchase securities (other than U.S. Government Securities) of any issuer if, as a result of the purchase, more than 5% of the value of the Portfolio's total assets would be invested in the securities of the issuer, except that up to 25% of the value of the Portfolio's total assets may be invested without regard to this 5% limitation.

2. The Portfolios, other than International Fixed Income Investments, will not purchase more than 10% of the voting securities of any one issuer, or more than 10% of the securities of any class of any one issuer, except that this limitation is not applicable to the Portfolio's investments in U.S. Government Securities, and up to 25% of the Portfolio's assets may be invested without regard to these 10% limitations.

3. A Portfolio, other than Municipal Bond Investments, will invest no more than 25% of the value of its total assets in securities of issuers in any one industry, the term industry being deemed to include the government of a particular country other than the United States. This limitation is not applicable to a Portfolio's investments in U.S. Government Securities.

4. A Portfolio will not borrow money, except that a Portfolio may borrow from banks for temporary or emergency (not leveraging) purposes, including the meeting of redemption requests that might otherwise require the untimely disposition of securities, in an amount not to exceed one-third of the value of the Portfolio's total assets (including the amount borrowed) valued at market less liabilities (not including the amount borrowed) at the time the borrowing is made, except that Mortgage Backed Investments may engage in forward roll transactions and Emerging Markets Equity Investments may engage in reverse repurchase transactions. Whenever a Portfolio's borrowings exceed 5% of the value of its total assets, the Portfolio, other than Mortgage Backed Investments and Emerging Markets Equity Investments, will not make any additional investments.

5. A Portfolio will not pledge, hypothecate, mortgage or otherwise encumber its assets, except to secure permitted borrowings.

6. A Portfolio will not lend any funds or other assets, except through purchasing debt obligations, lending portfolio securities and entering into repurchase agreements consistent with the Portfolio's investment objective and policies.

7. A Portfolio will not purchase securities on margin, except that the Portfolio may obtain any short-term credits necessary for the clearance of purchases and sales of securities. For purposes of this restriction, the deposit or payment of initial or variation margin in connection with futures contracts or options on futures contracts will not be deemed to be a purchase of securities on margin.

8. A Portfolio will not make short sales of securities or maintain a short position, unless at all times when a short position is open it owns an equal amount of the securities or securities convertible into or exchangeable for, without payment of any further consideration, securities of the same issue as, and equal in amount to, the securities sold short ("short sales against the box"), and unless not more than 10% of the Portfolio's net assets (taken at market value) is held as collateral for such sales at any one time. It is the Portfolios' present intention to make short sales against the box only for the purpose of deferring realization of gain or loss for federal income tax purposes.

9. A Portfolio will not purchase or sell real estate or real estate limited partnership interests, except that it may purchase and sell mortgage related securities and securities of companies that deal in real estate or interests therein.

10. A Portfolio will not purchase or sell commodities or commodity contracts (except currencies, forward currency contracts, stock index and interest rate futures contracts and related options and other similar contracts).

11. A Portfolio will not act as an underwriter of securities, except that the Portfolio may acquire restricted securities under circumstances in which, if the securities were sold, the Portfolio might be deemed to be an underwriter for purposes of the 1933 Act.

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12. A Portfolio will not invest in oil, gas or other mineral leases or exploration or development programs.

13. A Portfolio will not make investments for the purpose of exercising control of management.

14. A Portfolio will not purchase any security if as a result (unless the security is acquired pursuant to a plan of reorganization or an offer of exchange) the Portfolio would own any securities of a registered open-end investment company or more than 3% of the total outstanding voting stock of any registered closed-end investment company or more than 5% of the value of the Portfolio's total assets would be invested in securities of any one or more registered closed-end investment companies.

15. A Portfolio will not purchase any security if as a result the Portfolio would then have more than 5% of its total assets invested in securities of companies (including predecessors) that have been in continuous operation for fewer than three years.

16. A Portfolio will not purchase or retain securities of any company if, to the knowledge of the Trust, any of the Trust's officers or Trustees or any officer or director of the Consulting Group of Smith Barney Shearson (the "Manager" or the "Consulting Group") or the Advisor individually owns more than 1/2 of 1% of the outstanding securities of the company and together they

own beneficially more than 5% of the securities.

17. A Portfolio will not invest in excess of 5% of the value of its net assets in warrants, valued at the lower of cost or market value. Included within this amount, but not to exceed 2% of the value of the Portfolio's net assets, may be warrants that are not listed on the New York or American Stock Exchanges. Warrants acquired by the Portfolio in units or attached to securities may be deemed to be without value.

The Trust may make commitments more restrictive than the restrictions listed above so as to permit the sale of shares of a Portfolio in certain states. Should the Trust determine that a commitment is no longer in the best interests of the Portfolio and its shareholders, the Trust will revoke the commitment by terminating the sale of shares of the Portfolio in the state involved. The percentage limitations contained in the restrictions listed above apply at the time of purchases of securities.

PORTFOLIO TRANSACTIONS

Decisions to buy and sell securities for a Portfolio are made by the Advisor, subject to the overall review of the Manager and the Board of Trustees. Although investment decisions for the Portfolios are made independently from those of the other accounts managed by the Advisor, investments of the type that the Portfolios may make also may be made by those other accounts. When a Portfolio and one or more other accounts managed by the Advisor are prepared to invest in, or desire to dispose of, the same security, available investments or opportunities for sales will be allocated in a manner believed by the Advisor to be equitable to each. In some cases, this procedure may adversely affect the price paid or received by a Portfolio or the size of the position obtained or disposed of by a Portfolio.

Transactions on U.S. stock exchanges and some foreign stock exchanges involve the payment of negotiated brokerage commissions. On exchanges on which commissions are negotiated, the cost of transactions may vary among different brokers. On most foreign exchanges, commissions are generally fixed. No stated commission is generally applicable to securities traded in U.S. over-the-counter markets, but the underwriters include 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. U.S. Government Securities generally are purchased from underwriters or dealers, although certain newly issued U.S. Government Securities may be purchased directly from the U.S. Treasury or from the issuing agency or instrumentality.

In selecting brokers or dealers to execute securities transactions on behalf of a Portfolio, its Advisor seeks the best overall terms available. In assessing the best overall terms available for any transaction, the Advisor will consider the factors it deems relevant, including the breadth of the market in the security, the

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price of the security, the financial condition and execution capability of the broker or dealer and the reasonableness of the commission, if any, for the specific transaction and on a continuing basis. In addition, each Advisory Agreement between the Trust and the Advisor authorizes the Advisor, in selecting brokers or dealers to execute a particular transaction, and in evaluating the best overall terms available, to consider the brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) provided to the Portfolio and/or other accounts over which the Advisor or its affiliates exercise investment discretion. The fees under the Management Agreement and the Advisory Agreements, respectively, are not reduced by reason of a Portfolio's Advisor receiving brokerage and research services. The Board of Trustees of the Trust will periodically review the commissions paid by a Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits inuring to the Portfolio. Over-the-counter purchases and sales by a Portfolio are transacted directly with principal market makers except in those cases in which better prices and executions may be obtained elsewhere.

To the extent consistent with applicable provisions of the 1940 Act and the rules and exemptions adopted by the SEC under the 1940 Act, the Board of Trustees has determined that transactions for a Portfolio may be executed through Smith Barney Shearson and other affiliated broker-dealers if, in the judgment of the Advisor, the use of an affiliated broker-dealer is likely to result in price and execution at least as favorable as those of other qualified broker-dealers, and if, in the transaction, the affiliated broker-dealer charges the Portfolio a fair and reasonable rate. Pursuant to an exemption granted by the SEC, a Portfolio may engage in transactions in certain money market instruments with Smith Barney Shearson or certain of its affiliates acting as

principal.

The Portfolios will not purchase any security, including U.S. Government Securities or Municipal Obligations, during the existence of any underwriting or selling group relating thereto of which Smith Barney Shearson is a member, except to the extent permitted by the SEC.

The Portfolios may use Smith Barney Shearson and other affiliated broker-dealers as a commodities broker in connection with entering into futures contracts and options on futures contracts if, in the judgment of the Advisor, the use of an affiliated broker-dealer is likely to result in price and execution at least as favorable as those of other qualified broker-dealers, and if, in the transaction, the affiliated broker-dealer charges the Portfolio a fair and reasonable rate. Smith Barney Shearson has agreed to charge the Portfolios commodity commissions at rates comparable to those charged by Smith Barney Shearson to its most favored clients for comparable trades in comparable accounts.

The following table sets forth certain information regarding each Portfolio's payment of brokerage commissions for the year ended August 31, 1993:

<TABLE>

<CAPTION>

		LARGE CAPITALIZATION		LARGE CAPITALIZATION		SMALL CAPITALIZATION		SMALL CAPITALIZATION
GROWTH INVESTMENTS	EQUITY INVESTMENTS	BALANCED INVESTMENTS	VALUE EQUITY INVESTMENTS	GROWTH INVESTMENTS	VALUE EQUITY INVESTMENTS	VALUE EQUITY INVESTMENTS	VALUE EQUITY INVESTMENTS	VALUE EQUITY INVESTMENTS
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Total Brokerage Commissions.....		\$6,568	\$872,806	\$255,077	\$519,311			\$76,998
\$799,713								
Commissions paid to Smith Barney Shearson*.		156	412,000	11,694	0			13,782
13,436								
% of total Brokerage Commissions paid to Smith Barney Shearson*.		2.4%	47.2%	4.6%	0%			17.9%
1.7%								
% of Total Transactions involving Commissions paid to Smith Barney Shearson*.....		0.1%	56.5%	3.9%	0%			17.8%
1.8%								

</TABLE>

* Includes commissions paid to Shearson Lehman Brothers Inc. ("Shearson Lehman Brothers") prior to the acquisition of certain assets of Shearson Lehman Brothers by Smith Barney Shearson on July 30, 1993.

Government Money Investments, Intermediate Fixed Income Investments, Total Return Fixed Income Investments, Municipal Bond Investments, Mortgage Backed Investments and International Fixed Income Investments did not pay brokerage commissions during the year ended August 31, 1993.

PORTFOLIO TURNOVER

Government Money Investments may attempt to increase yields by trading to take advantage of short-term market variations, which results in high portfolio turnover. Because purchases and sales of money market instruments are usually effected as principal transactions, this policy does not result in high brokerage commissions to the Portfolio. The other Portfolios do not intend to seek profits through short-term trading. Nevertheless, the Portfolios will not consider portfolio turnover rate a limiting factor in making investment decisions.

A Portfolio's turnover rate is calculated by dividing the lesser of purchases or sales of its portfolio securities for the year by the monthly average value of the portfolio securities. Securities or options with remaining maturities of one year or less on the date of acquisition are excluded from the calculation. Under certain market conditions, a Portfolio authorized to engage in transactions in options may experience increased portfolio turnover as a result of its investment strategies. For instance, the exercise of a substantial number

of options written by a Portfolio (due to appreciation of the underlying security in the case of call options or depreciation of the underlying security in the case of put options) could result in a turnover rate in excess of 100%. A portfolio turnover rate of 100% would occur if all of a Portfolio's securities that are included in the computation of turnover were replaced once during a period of one year.

The Portfolios' portfolio turnover rates were as follows:

<TABLE>

<CAPTION>

PORTFOLIO -----	YEAR ENDED	PERIOD ENDED
	AUGUST 31 1993*	AUGUST 31, 1992**
<S>	<C>	<C>
Government Money Investments.....	N/A	N/A
Intermediate Fixed Income Investments....	92%	169%
Total Return Fixed Income Investments....	35%	4%
Municipal Bond Investments.....	15%	76%
Mortgage Backed Investments.....	93%	35%
Balanced Investments.....	10%	N/A
Large Capitalization Value Equity Invest- ments.....	47%	12%
Large Capitalization Growth Investments...	47%	19%
Small Capitalization Value Equity Invest- ments.....	70%	20%
Small Capitalization Growth Investments...	97%	35%
International Equity Investments.....	46%	10%
International Fixed Income Investments....	251%	106%

</TABLE>

* The period from commencement of operations on February 16, 1993 through August 31, 1993 for Balanced Investments.

** All of the Portfolios, other than Balanced Investments and Emerging Markets Equity Investments, commenced operations on November 18, 1991.

International Fixed Income Investments' increase in turnover rate was due to the portfolio manager's seeking to take advantage of favorable market conditions in Europe induced by a lowering of interest rates by the German Central Bank beginning in the third quarter of 1992.

Certain other practices that may be employed by a Portfolio also could result in high portfolio turnover. For example, portfolio securities may be sold in anticipation of a rise in interest rates (market decline) or purchased in anticipation of a decline in interest rates (market rise) and later sold. In addition, a security may be sold and another of comparable quality purchased at approximately the same time to take advantage of what an Adviser believes to be a temporary disparity in the normal yield relationship between the two securities. These yield disparities may occur for reasons not directly related to the investment quality of

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particular issues or the general movement of interest rates, such as changes in the overall demand for, or supply of, various types of securities.

Portfolio turnover rates may vary greatly from year to year as well as within a particular year and may be affected by cash requirements for redemptions of a Portfolio's shares as well as by requirements that enable the Portfolio to receive favorable tax treatment.

MANAGEMENT OF THE TRUST

TRUSTEES AND OFFICERS OF THE TRUST

The Trustees and executive officers of the Trust, together with information as to their principal business occupations, are set forth below. The executive officers of the Trust are employees of organizations that provide services to the Portfolios. Each Trustee who is an "interested person" of the Trust, as defined in the 1940 Act, is indicated by an asterisk. As of the date of this Statement of Additional Information and the Prospectus, the Trustees and officers of the Trust as a group did not own any of the outstanding shares of the Portfolios.

Walter E. Auch, Trustee. Consultant to companies in the financial services industry. His address is 6001 N. 62nd Place, Paradise Valley, Arizona 85253.

Martin Brody, Trustee. Vice Chairman of the Board of Restaurant Associates

Industries, Inc.; prior to April 1990, Chairman of the Board of Restaurant Associates Industries, Inc. His address is c/o HNK Associates, Three ADP Boulevard, Roseland, New Jersey 07068.

Stephen E. Kaufman, Trustee. Attorney. His address is 277 Park Avenue, New York, New York 10017.

*Heath B. McLendon, Trustee and Chairman. Executive Vice President, Smith Barney Shearson; prior to July 1993, Senior Executive Vice President of Shearson Lehman Brothers; Vice Chairman of Shearson Asset Management, a member of the Asset Management Group of Shearson Lehman Brothers; and a Director of PanAgora Asset Management, Inc. and PanAgora Asset Management Limited. His address is Two World Trade Center, New York, New York 10048.

Madelon DeVoe Talley, Trustee. Author. Governor-at-large of the National Association of Securities Dealers, Inc. Her address is 876 Park Avenue, New York, New York 10021.

H. John Ellis, Jr., President. Prior to 1992, Executive Vice President of the Consulting Services Division of Shearson Lehman Brothers. His address is 222 Delaware Avenue, Wilmington, Delaware 19801.

Leonard A. Reinhart, Executive Vice President and Investment Officer. Executive Vice President and National Director of Independent Manager Programs of the Consulting Services Division of Smith Barney Shearson. President of the Consulting Group. His address is 222 Delaware Avenue, Wilmington, Delaware 19801.

Donald G. Robinson, Vice President and Investment Officer. Executive Vice President and Director of Investment Advisory Services of the Consulting Group. Prior to 1989, Vice President of Chase Manhattan Bank. His address is 222 Delaware Avenue, Wilmington, Delaware 19801.

Francis J. McNamara, III, Secretary. Senior Vice President and General Counsel of The Boston Company Advisors, Inc. ("Boston Advisors"); prior to June 1989, Vice President and Associate Counsel of Boston Advisors. His address is One Boston Place, Boston, Massachusetts 02108.

Vincent Nave, Treasurer. Senior Vice President of Boston Advisors and of Boston Safe Deposit and Trust Company ("Boston Safe"). His address is One Boston Place, Boston, Massachusetts 02108.

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Each of the Trust's Trustees serves as a trustee, general partner and/or director of other mutual funds for which Smith Barney Shearson serves as distributor.

REMUNERATION

No director, officer or employee of Smith Barney Shearson, the Manager or Boston Advisors or any of their affiliates will receive any compensation from the Trust for serving as an officer or Trustee of the Trust. The Trust pays each Trustee who is not a director, officer or employee of Smith Barney Shearson, any Advisor, Boston Advisors or any of their affiliates a fee of \$10,000 per annum plus \$500 per meeting attended and reimburses them for travel and out-of-pocket expenses. For the fiscal year ended August 31, 1993, such fees and expenses totaled \$58,597.

MANAGER; ADVISORS; ADMINISTRATOR

The Manager serves as investment manager to the Trust pursuant to an investment management agreement ("Management Agreement"). Each Advisor serves as investment advisor to a Portfolio pursuant to separate written agreements with each Portfolio ("Advisory Agreements"), and Boston Advisors serves as administrator to each Portfolio pursuant to a written agreement ("Administration Agreement"). The Management Agreement and Advisory Agreements were most recently approved by the Board of Trustees, including a majority of the Trustees who are not "interested persons" of the Trust, the Manager, the Advisors or Boston Advisors, on April 1, 1993 and by the shareholders of the Trust on June 1, 1993. The Trust's Board of Trustees, including a majority of the disinterested Trustees, approved new Advisory Agreements with Newbold's Asset Management Inc. and Parametric Portfolio Associates, Inc. for Large Capitalization Value Equity Investments and with Provident Investment Counsel and PanAgora Asset Management Inc. for Large Capitalization Growth Investments, on December 9, 1993, which will become effective upon shareholder approval. The Administration Agreement was most recently approved in the manner set forth in the foregoing sentence on September 2, 1993. Certain of the services provided and the fees paid by the Trust under the Management Agreement, the Advisory Agreements and the

Administration Agreement are described in the Prospectus. In addition to the services described in the Prospectus, as administrator Boston Advisors furnishes the Trust with statistical and research data, clerical help, accounting, data processing, bookkeeping, internal auditing and legal services and certain other services required by the Trust, prepares reports to the Trust's shareholders and prepares tax returns, reports to and filings with the SEC and state blue sky authorities.

For the period from commencement of operations on November 18, 1991 through August 31, 1992, the Portfolios accrued investment management and administration fees as follows:

<TABLE>
<CAPTION>

PORTFOLIO	MANAGER'S FEE ADMINISTRATION FEE	
<S>	<C>	<C>
Government Money Investments.....	\$ 14,912	\$ 19,883
Intermediate Fixed Income Investments.....	71,250	35,625
Total Return Fixed Income Investments.....	37,700	18,850
Municipal Bond Investments.....	34,332	17,166
Mortgage Backed Investments.....	63,834	25,534
Large Capitalization Value Equity Investments.....	384,464	128,155
Large Capitalization Growth Investments.....	184,856	61,619
Small Capitalization Value Equity Investments.....	183,088	61,030
Small Capitalization Growth Investment.....	52,020	17,340
International Equity Investments.....	265,424	75,836
International Fixed Income Investments.....	64,078	25,631

</TABLE>

For the period from commencement of operations on November 18, 1991 through August 31, 1992, 100% of the Manager's fees and Boston Advisors' fees were waived by the Manager and Boston Advisors in respect of Government Money Investments, Total Return Fixed Income Investments, Municipal Bond

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Investments, Mortgage Backed Investments, Small Capitalization Growth Investments and International Fixed Income Investments. Additionally, the Portfolios were reimbursed by the Manager and Boston Advisors, respectively as follows: Government Money Investments--\$51,774 and \$69,033; Total Return Fixed Income Investments--\$17,290 and \$8,645; Municipal Bond Investments--\$8,674 and \$4,337; Mortgage Backed Investments--\$3,308 and \$1,323; Small Capitalization Growth Investments--\$11,544 and \$3,848; and International Fixed Income Investments--\$5,212 and \$2,084.

Of the fees accrued by the remaining Portfolios, the Manager and Boston Advisors, respectively waived fees as follows: Intermediate Fixed Income Investments--\$52,680 and \$26,340; Large Capitalization Growth Investments--\$36,574 and \$12,191; Small Capitalization Value Equity Investments--\$31,258 and \$10,419; and International Equity Investments--\$2,198 and \$628.

For the year ended August 31, 1993 (the period from commencement of operations on February 16, 1993 through August 31, 1993 for Balanced Investments), the Portfolios accrued investment management and administration fees as follows:

<TABLE>
<CAPTION>

PORTFOLIO	MANAGER'S FEE	ADMINISTRATOR'S FEE
<S>	<C>	<C>
Government Money Investments.....	\$ 81,187	\$108,250
Intermediate Fixed Income Investments.....	382,826	191,413
Total Return Fixed Income Investments.....	200,394	100,197
Municipal Bond Investments.....	134,860	67,430

Mortgage Backed Investments.....	318,164	127,265
Balanced Investments.....	10,500	3,500
Large Capitalization Value Equity Invest- ments.....	2,127,578	709,193
Large Capitalization Growth Investments.....	916,278	305,426
Small Capitalization Value Equity Invest- ments.....	861,066	287,022
Small Capitalization Growth Investments.....	279,520	93,173
International Equity Investments.....	1,178,420	336,692
International Fixed Income Investments.....	322,744	129,098

</TABLE>

For the year ended August 31, 1993, 100% of the Manager's fees and Boston Advisors' fees were waived by the Manager and Boston Advisors for Government Money Investments. For the period from commencement of operations on February 16, 1993 through August 31, 1993, 100% of the Manager's and Boston Advisors' fees were waived by the Manager and Boston Advisors for Balanced Investments. Additionally, the Portfolio was reimbursed by the Manager and Boston Advisors in the amounts of \$106,617 and \$142,156 for Government Money Investments and \$25,580 and \$8,527 for Balanced Investments, respectively.

Of the fees incurred by the following Portfolios, the Manager and Boston Advisors waived fees as follows: Intermediate Fixed Income Investments--\$48,030 and \$24,016; Small Capitalization Growth Investments--\$77,072 and \$25,691; Total Return Fixed Income Investments--\$90,890 and \$45,445 and International Fixed Income Investments--\$108,626 and \$43,450; Municipal Bond Investments--\$46,592 and \$23,296; Mortgage Backed Investments--\$138,688 and \$55,476.

Although the Manager does not serve as an investment manager for any other registered investment company, the Manager and its related office, the Consulting Services Division of Smith Barney Shearson, have extensive experience in providing investment advisor selection services. The Consulting Services Division, through its predecessor, was established in 1973 with the primary objective of matching the investment needs of institutional and individual clients with appropriate and qualified money management organizations throughout the nation. In 1989, the Consulting Services Division was restructured and its research and investment advisory evaluation services functions were segregated and named the Consulting Group. The Manager's analysts draw on 18 years of experience performing asset manager searches for institutional and individual clients. They rely on the Manager's comprehensive database of money

management firms, through which it tracks the historic and ongoing performance of over 800 of the more than 16,000 registered investment advisors, and over 300 on-site evaluation visits annually to advisors. As of August 1, 1993, the Manager and the Consulting Services Division provided services with respect to over \$65 billion in client assets representing more than 155,000 separate accounts under a variety of programs designed for individual and institutional investors.

The Manager, the Advisors and Boston Advisors each pays the salaries of all officers and employees who are employed by it and the Trust, and Boston Advisors maintains office facilities for the Trust. The Manager, the Advisors and Boston Advisors bear all expenses in connection with the performance of their respective services under the Management Agreement, the Advisory Agreements and the Administration Agreement.

As noted in the Prospectus, subject to the supervision and direction of the Manager and, ultimately, the Board of Trustees, each Advisor manages the securities held by the Portfolio it serves in accordance with the Portfolio's stated investment objectives and policies, makes investment decisions for the Portfolio and places orders to purchase and sell securities on behalf of the Portfolio. Each Advisor has agreed that neither it nor any of its affiliated persons (as defined in the 1940 Act) shall accept retention as investment advisor, investment manager or similar service provider during the pendency of its Advisory Agreement, and for the period of one year after the termination of the Advisory Agreement, with or for the benefit of any investment company registered under the 1940 Act that seeks as a primary market for its shares asset allocation programs similar in nature or market to TRAK. This limitation does not apply to the continuation of any contractual relationship to which the Advisor is a party that is in effect on the date of its Advisory Agreement.

The Manager and Boston Advisors each have agreed that if in any fiscal year the aggregate expenses of the Portfolios (including fees payable pursuant to the Management Agreement, but excluding interest, taxes, brokerage fees and, if permitted by the relevant state securities commissions, extraordinary expenses) exceed the expense limitation of any state having jurisdiction over the Portfolios, the Manager and Boston Advisors will reduce their fees by the amount

of the excess expenses, the amount to be allocated among them in the proportion their respective fees bear to the aggregate of the fees paid to them by the Portfolios. A fee reduction, if any, will be reconciled monthly. As of the date of this Statement of Additional Information, the most restrictive state expense limitation applicable to the Portfolios is 2.5% of the first \$30 million of each Portfolio's average daily net assets, 2% of the next \$70 million of each Portfolio's average daily net assets and 1.5% of each Portfolio's remaining average daily net assets. No such fee reduction was required for the year ended August 31, 1993.

COUNSEL AND AUDITORS

Willkie Farr & Gallagher serves as counsel to the Trust. Stroock & Stroock & Lavan serves as counsel to the Trustees who are not interested persons of the Trust.

Coopers & Lybrand, independent accountants, One Post Office Square, Boston, Massachusetts 02109, serves as auditors of the Trust and renders an opinion on the Trust's financial statements annually.

ORGANIZATION OF THE TRUST

The Trust has been organized as an unincorporated business trust under the laws of The Commonwealth of Massachusetts pursuant to a Master Trust Agreement dated April 12, 1991, as amended from time to time (the "Trust Agreement").

In the interest of economy and convenience, certificates representing shares in the Trust are not physically issued. Boston Safe, the Trust's custodian, maintains a record of each shareholder's ownership of Trust shares. Shares do not have cumulative voting rights, which means that holders of more than 50% of the shares voting for the election of Trustees can elect all Trustees. Shares are transferable, but have no

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preemptive, conversion or subscription rights. Shareholders generally vote on a Trust-wide basis, except with respect to continuation of the Advisory Agreements, in which case shareholders vote by Portfolio.

Massachusetts law provides that shareholders could, under certain circumstances, be held personally liable for the obligations of the Trust. The Trust Agreement disclaims shareholder liability for acts or obligations of the Trust, however, and requires that notice of the disclaimer be given in each agreement, obligation or instrument entered into or executed by the Trust or a Trustee. The Trust Agreement provides for indemnification from the Trust's property for all losses and expenses of any shareholder held personally liable for the obligations of the Trust. Thus, the risk of a shareholder's incurring financial loss on account of shareholder liability is limited to circumstances in which the Trust would be unable to meet its obligations, a possibility that the Trust's management believes is remote. Upon payment of any liability incurred by the Trust, the shareholder paying the liability will be entitled to reimbursement from the general assets of the Trust. The Trustees intend to conduct the operations of the Trust in a manner so as to avoid, as far as possible, ultimate liability of the shareholders for liabilities of the Trust.

PURCHASE OF SHARES

TRAK PERSONALIZED INVESTMENT ADVISORY SERVICE

As described in the Prospectus, shares of the Trust are available to participants in TRAK Personalized Investment Advisory Service ("TRAK").

TRAK is an investment advisory service offered by the Consulting Group of Smith Barney Shearson designed to assist a client in devising and implementing a reasoned, systematic, long-term investment strategy tailored to the client's financial circumstances. TRAK links the Consulting Group's experience in evaluating an investor's investment objectives and risk tolerances and the abilities of investment advisers to meet those objectives and risk tolerances with the convenience and cost effectiveness of a broad array of investment portfolios. TRAK and the Trust offer to individual investors access to investment decision making services routinely utilized by institutional investors. Prior to the inception of TRAK, account sizes for the Consulting Group's services ranged from \$100,000 for individuals to more than \$1 billion for institutions. TRAK is available for a quarterly fee at the maximum annual rate specified in the Prospectus under the caption "Purchase of Shares--General." In accordance with applicable law, each client will receive, in connection with participation in TRAK, a brochure containing the information included in Part II of Smith Barney Shearson's Form ADV relating to participation in TRAK. Shearson Lehman Brothers, the former distributor of the

Trust, has received an exemption from the Department of Labor from certain provisions of the Employee Retirement Income Security Act of 1974 relating to the purchase of Trust Shares, and participation in TRAK, by certain retirement plans. As of the date of this Statement of Additional Information, Smith Barney Shearson has filed with the Department of Labor a request for reissuance of the exemption in Smith Barney Shearson's name. TRAK consists of the following elements for programs other than participant directed employee benefit plans:

The Request. The core of TRAK is the Consulting Group's evaluation of the client's financial goals and risk tolerances based on the Request, a confidential client questionnaire that the client completes with the assistance of his or her Financial Consultant. In reviewing and processing a client's Request, the Consulting Group considers the client's specific investment goals--a secure retirement, the education of children, the preservation and growth of an inheritance or savings or the accumulation of capital for the formation of a business--in terms of the client's time horizon for achievement of those goals, immediate and projected financial means and needs and overall tolerances for investment risk.

The Recommendation. Based on its evaluation of the client's financial goals and circumstances, the Consulting Group prepares and issues a Recommendation. In the Recommendation, the Consulting Group provides advice as to an appropriate mix of investment types designed to balance the client's financial goals

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against his or her means and risk tolerances as part of a long term investment strategy. The Recommendation draws on Smith Barney Shearson's experience in analyzing macroeconomic events worldwide and designing asset allocation strategies as well as the Consulting Group's experience in monitoring and evaluating the performance of various market segments over substantial periods of time and correlating that information with the client's financial characteristics. The Recommendation provides specific advice about implementing investment decisions through the Trust. The Recommendation specifies a combination of investments in the Portfolios considered suitable for the client. The Financial Consultant assists the client in evaluating the advice contained in the Recommendation, offers interpretations in light of personal knowledge of the client's circumstances and implements the client's investment decisions, but has no investment discretion over the client's account. All decisions on investing among the Portfolios remain with the client. The client has the option of accepting the Recommendation or selecting an alternative combination of investments in the Portfolios.

The Review. TRAK is an ongoing and continuous investment advisory service. Once a TRAK program is active, the client receives, at least quarterly, a Review highlighting all account activity for the preceding quarter. The Review is a monitoring report containing an analysis and evaluation of the client's TRAK assets to ascertain whether the client's objectives for the TRAK assets are being met and recommending, when appropriate, changes in the allocation of assets among the Portfolios. Information presented within the Review includes a market commentary, a record of the client's asset performance and rates of return as compared to several appropriate market indices (illustrated in a manner including any fees for participation in TRAK actually incurred during the period), the client's actual portfolio showing the breakdown of investments made in each Portfolio, year-to-date and cumulative realized gains and losses in and income received from each Portfolio, all purchase, sale and exchange activity and dividends and interest received and/or reinvested. The information in the Review is especially useful for tax preparation purposes.

Financial Consultant Support. Integral to TRAK is the personal and confidential relationship between the client and his or her Financial Consultant. With a Financial Consultant a client at all times has available a registered investment professional backed by the full resources of the Consulting Group to discuss his or her financial circumstances and strategy. The Financial Consultant serves the client by assisting the client in identifying his or her financial characteristics, completing and transmitting the Request, reviewing with the client the Recommendation and Reviews, responding to identified changes in the client's financial circumstances and implementing investment decisions. When financial circumstances change, the Financial Consultant can be consulted and a new evaluation commissioned at no additional charge. The Financial Consultant is not compensated on the basis of the Portfolios selected for investment and the decision about which Portfolios to purchase and in what proportions at all times rests with the client alone. Financial Consultants will be appropriately registered and/or qualified under any state laws applicable to investment advisors and advisory representatives.

Where the client is a participant directed plan, the Consulting Group may provide different services than those described above, for different fees.

Detailed information on how to redeem shares of a Portfolio is included in the Prospectus. The right of redemption of shares of a Portfolio may be suspended or the date of payment postponed (i) for any periods during which the New York Stock Exchange, Inc. (the "NYSE") is closed (other than for customary weekend and holiday closings), (ii) when trading in the markets the Portfolio normally utilizes is restricted, or an emergency, as defined by the rules and regulations of the SEC, exists making disposal of the Portfolio's investments or determination of its net asset value not reasonably practicable or (iii) for such other periods as the SEC by order may permit for the protection of the Portfolio's shareholders.

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REDEMPTIONS IN KIND

If the Board of Trustees determines that it would be detrimental to the best interests of a Portfolio's shareholders to make a redemption payment wholly in cash, the Portfolio may pay, in accordance with rules adopted by the SEC, any portion of a redemption in excess of the lesser of \$250,000 or 1% of the Portfolio's net assets by a distribution in kind of readily marketable portfolio securities in lieu of cash. Redemptions failing to meet this threshold must be made in cash. Shareholders receiving distributions in kind of portfolio securities may incur brokerage commissions when subsequently disposing of those securities.

NET ASSET VALUE

As noted in the Prospectus, the Trust will not calculate the net asset value of the Portfolios on certain holidays. On those days, securities held by a Portfolio may nevertheless be actively traded and the value of the Portfolio's shares could be significantly affected.

Certain of the Portfolios may invest in foreign securities. As a result, the calculation of a Portfolio's net asset value may not take place contemporaneously with the determination of the prices of certain of the portfolio securities used in the calculation. A security that is listed or traded on more than one exchange is valued for purposes of calculating the Portfolio's net asset value at the quotation on the exchange determined to be the primary market for the security.

In carrying out the Board's valuation policies, Boston Advisors, as administrator, may consult with an independent pricing service (the "Pricing Service") retained by the Trust. Debt securities of U.S. issuers (other than U.S. Government Securities and short-term investments) are valued by Boston Advisors after consultation with the Pricing Service. When in the judgment of the Pricing Service quoted bid prices for investments are readily available and are representative of the bid side of the market, these investments are valued at the mean between the quoted bid prices and asked prices. Investments for which no readily obtainable market quotations are available, in the judgment of the Pricing Service, are carried at fair value as determined by the Pricing Service. The procedures of the Pricing Service are reviewed periodically by the officers of the Trust under the general supervision and responsibility of the Board of Trustees.

The valuation of the securities held by Government Money Investments and U.S. dollar-denominated securities with less than 60 days to maturity held by the other Portfolios is based upon their amortized cost, which does not take into account unrealized capital gains or losses. Amortized cost valuation involves initially valuing an instrument 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 instrument. While this method provides certainty in valuation, it may result in periods during which value, as determined by amortized cost, is higher or lower than the price that the Portfolio would receive if it sold the instrument.

Government Money Investments' use of the amortized cost method of valuing its portfolio securities is permitted by a rule adopted by the SEC. Under this rule, the Portfolio must maintain a dollar-weighted average portfolio maturity of 90 days or less, purchase only instruments having remaining maturities of 397 days or less, and invest only in securities determined by the Advisor, under the supervision of the Board of Trustees of the Trust, to be of high quality with minimal credit risks.

Pursuant to the rule, the Board of Trustees also has established procedures designed to stabilize, to the extent reasonably possible, Government Money Investments' price per share as computed for the purpose of sales and redemptions at \$1.00. These procedures include review of the Portfolios'

holdings by the Board of Trustees, at such intervals as it may deem appropriate, to determine whether the Portfolio's net asset value calculated by using available market quotations or market equivalents deviates from \$1.00 per share based on amortized cost.

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The rule also provides that the extent of any deviation between Government Money Investments' net asset value based on available market quotations or market equivalents and the \$1.00 per share net asset value based on amortized cost must be examined by the Board of Trustees. In the event that the Board of Trustees determines that a deviation exists that may result in material dilution or other unfair results to investors or existing shareholders, pursuant to the rule the Board of Trustees must cause the Portfolio to take any corrective action the Board of Trustees regards as necessary and appropriate, including: selling portfolio instruments prior to maturity to realize capital gains or losses or to shorten average portfolio maturity; withholding dividends or paying distributions from capital or capital gains; redeeming shares in kind; or establishing a net asset value per share by using available market quotations.

DETERMINATION OF PERFORMANCE

From time to time, the Trust may quote a Portfolio's yield or total return in advertisements or in reports and other communications to shareholders.

YIELD AND EQUIVALENT TAXABLE YIELD

For a Portfolio other than Government Money Investments, the 30-day yield figure described in the Prospectus is calculated according to a formula prescribed by the SEC, expressed as follows:

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

- Where:
- a =dividends and interest earned during the period.
 - b =expenses accrued for the period (net of reimbursement), including a ratable portion of the maximum annual fee for participation in TRAK.
 - c =the average daily number of shares outstanding during the period that were entitled to receive dividends.
 - d =the maximum offering price per share on the last day of the period.

For the purpose of determining the interest earned (variable "a" in the formula) on debt obligations that were purchased by the Portfolio 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 values of the debt obligations. The yields for the 30-day period ended August 31, 1993 for Intermediate Fixed Income Investments, Mortgage Backed Investments, Municipal Bond Investments, Total Return Fixed Income Investments, and Balanced Investments were 3.62%, 3.31%, 3.01%, 3.26% and 0.86%, respectively.

A Portfolio's equivalent taxable 30-day yield is computed by dividing that portion of the Portfolio's 30-day yield that is tax exempt by one minus a stated income tax rate and adding the product to any portion of the Portfolio's yield that is not tax exempt. The taxable yield for the 30-day period ended August 31, 1993 for Municipal Bond Investments was 4.36%, assuming the payment of Federal income taxes at a rate of 31%.

The yield for Government Money Investments is computed by (a) determining the net change, exclusive of capital changes, in the value of a hypothetical pre-existing account in the Portfolio having a balance of one share at the beginning of a seven day period for which yield is to be quoted; (b) subtracting a hypothetical charge reflecting deductions from shareholder accounts; (c) dividing the difference by the value of the account at the beginning of the period to obtain the base period return; and (d) annualizing the results (i.e., multiplying the base period return by 365/7). The net change in the value of the account reflects the value of additional shares purchased with dividends declared on the original share and any such additional shares, but does not include realized gains and losses or unrealized appreciation and depreciation. In addition, the Portfolio may calculate a compound effective annualized yield by adding one to the base period return (calculated as described above), raising the sum to a power equal to 365/7 and subtracting one. For the seven-day period ended August 31, 1993, the annualized yield for Government Money Investments was 2.73%, and the compounded effective yield was 2.76%. For the same seven-day period Government Money Investments' average portfolio maturity was 89 days.

Investors should recognize that in periods of declining interest rates, a Portfolio's yield will tend to be somewhat higher than prevailing market rates, and in periods of rising interest rates will tend to be somewhat lower. In addition, when interest rates are falling, the inflow of net new money to a Portfolio from the continuous sale of its shares will likely be invested in instruments producing lower yields than the balance of its portfolio of securities, thereby reducing the current yield of the Portfolio. In periods of rising interest rates the opposite can be expected to occur.

AVERAGE ANNUAL TOTAL RETURN

A Portfolio's average annual total return figures described in the Prospectus are computed according to a formula prescribed by the SEC, expressed as follows:

$$P(1+T)^n = ERV$$

Where:

- P = a hypothetical initial payment of \$1,000
- T = average annual total return, including the effect of the maximum annual fee for participation in TRAK.
- n = number of years
- ERV = Ending Redeemable Value of a hypothetical \$1,000 investment made at the beginning of a 1-, 5- or 10-year period at the end of a 1-, 5- or 10-year period (or fractional portion thereof), assuming reinvestment of all dividends and distributions and the effect of the maximum annual fee for participation in TRAK.

The ERV assumes complete redemption of the hypothetical investment at the end of the measuring period. A Portfolio's net investment income changes in response to fluctuations in interest rates and the expenses of the Portfolio.

The Portfolios' average annual total returns without the effect of the maximum annual fee for participation in TRAK and with the effect of fee waivers were as follows:

<TABLE>

<CAPTION>

FROM SEPTEMBER 1, 1992 FROM NOVEMBER 18, 1991
THROUGH AUGUST 31, 1993 THROUGH AUGUST 31, 1993

<S>	<C>	<C>
Intermediate Fixed Income Investments.....	10.59%	10.20%
Total Return Fixed Income Investments.....	11.08%	10.38%
Municipal Bond Investments.....	12.94%	11.23%
Mortgage Backed Investments....	6.68%	8.02%
Large Capitalization Value Equity Investments.....	9.25%	10.65%
Large Capitalization Growth Investments.....	10.00%	11.85%
Small Capitalization Value Equity Investments.....	15.74%	13.62%
Small Capitalization Growth Investments.....	40.30%	20.83%
International Equity Investments.....	23.73%	10.77%
International Fixed Income Investments.....	8.67%	12.72%

The Portfolios' average annual total returns without the effect of the maximum annual fee for participation in TRAK and without the effect of fee waivers were as follows:

<TABLE>

<CAPTION>

FROM SEPTEMBER 1, 1992 FROM NOVEMBER 18, 1991
THROUGH AUGUST 31, 1993 THROUGH AUGUST 31, 1993

<S>	<C>	<C>
Intermediate Fixed Income Investments.....	10.55%	10.04%
Total Return Fixed Income Investments.....	10.90%	9.93%
Municipal Bond Investments.....	12.72%	10.85%

Mortgage Backed Investments....	6.37%	7.57%
Large Capitalization Value Equity Investments.....	9.25%	11.85%
Large Capitalization Growth Investments.....	10.00%	11.80%
Small Capitalization Value Equity Investments.....	15.74%	13.58%
Small Capitalization Growth Investments.....	40.00%	20.38%
International Equity Investments.....	23.73%	10.76%
International Fixed Income Investments.....	8.47%	12.31%

The Portfolios' average annual total returns with the effect of the maximum annual fee for participation in TRAK and with the effect of fee waivers were as follows:

<TABLE>
<CAPTION>

	FROM SEPTEMBER 1, 1992 THROUGH AUGUST 31, 1993	FROM NOVEMBER 18, 1991 THROUGH AUGUST 31, 1993
	-----	-----
<S>	<C>	<C>
Intermediate Fixed Income Investments.....	8.94%	8.55%
Total Return Fixed Income Investments.....	9.42%	8.73%
Municipal Bond Investments.....	11.25%	9.55%
Mortgage Backed Investments....	5.08%	6.40%
Large Capitalization Value Equity Investments.....	7.61%	8.97%
Large Capitalization Growth Investments.....	8.36%	10.17%
Small Capitalization Value Equity Investments.....	14.03%	11.92%
Small Capitalization Growth Investments.....	38.20%	19.00%
International Equity Investments.....	21.90%	9.12%
International Fixed Income Investments.....	7.05%	11.03%

</TABLE>

The Portfolios' average annual total returns with the effect of the maximum annual fee for participation in TRAK and without the effect of fee waivers were as follows:

<TABLE>
<CAPTION>

	FROM SEPTEMBER 1, 1992 THROUGH AUGUST 31, 1993	FROM NOVEMBER 18, 1991 THROUGH AUGUST 31, 1993
	-----	-----
<S>	<C>	<C>
Intermediate Fixed Income Investments.....	8.90%	8.40%
Total Return Fixed Income Investments.....	9.25%	8.30%
Municipal Bond Investments.....	11.03%	9.19%
Mortgage Backed Investments....	4.77%	5.96%
Large Capitalization Value Equity Investments.....	7.61%	10.17%
Large Capitalization Growth Investments.....	8.36%	10.14%
Small Capitalization Value Equity Investments.....	14.03%	11.89%
Small Capitalization Growth Investments.....	37.91%	18.58%
International Equity Investments.....	21.90%	9.12%
International Fixed Income Investments.....	6.85%	10.64%

</TABLE>

AGGREGATE TOTAL RETURN

A Portfolio's aggregate total return figures described in the Prospectus represent the cumulative change in the value of an investment in the Portfolio for the specified period and are computed by the following formula:

$$\frac{\text{ERV} - \text{P}}{\text{P}}$$

Where: P = a hypothetical initial payment of \$1,000.
 ERV = Ending Redeemable Value of a hypothetical \$1,000 investment made at the beginning of the 1-, 5- or 10-year period at the end of the 1-, 5- or 10-year period (or fractional portion thereof), assuming reinvestment of all dividends and distributions and the effect of the maximum annual fee for participation in TRAK.

The ERV assumes complete redemption of the hypothetical investment at the end of the measuring period.

The Portfolios' aggregate total returns without the effect of the maximum annual fee for participation in TRAK and with the effect of fee waivers were as follows:

<TABLE>
 <CAPTION>

PORTFOLIO	YEAR ENDED FROM NOVEMBER 18, 1991	
	AUGUST 31, 1993	THROUGH AUGUST 31, 1993
<S>	<C>	<C>
Intermediate Fixed Income Investments..	10.59%	10.20%
Total Return Fixed Income Investments..	11.08	10.38
Municipal Bond Investments.....	12.94	11.23
Mortgage Backed Investments.....	6.68	8.02
Balanced Investments*.....	6.35	N/A
Large Capitalization Value Equity Investments.....	9.25	10.65
Large Capitalization Growth Investments.....	10.00	11.85
Small Capitalization Value Equity Investments.....	15.74	13.62
Small Capitalization Growth Investments.....	40.30	20.83
International Equity Investments.....	23.73	10.77
International Fixed Income Investments.	8.67	12.72

The Portfolios' aggregate total returns without the effect of the maximum annual fee for participation in TRAK and without the effect of fee waivers were as follows:

<TABLE>
 <CAPTION>

PORTFOLIO	YEAR ENDED FROM NOVEMBER 18, 1991	
	AUGUST 31, 1993	THROUGH AUGUST 31, 1993
<S>	<C>	<C>
Intermediate Fixed Income Investments..	10.55%	10.04%
Total Return Fixed Income Investments..	10.90	9.93
Municipal Bond Investments.....	12.72	10.85
Mortgage Backed Investments.....	6.37	7.57
Balanced Investments*.....	3.95	N/A
Large Capitalization Value Equity Investments.....	9.25	10.65
Large Capitalization Growth Investments.....	10.00	11.80
Small Capitalization Value Equity Investments.....	15.74	13.58
Small Capitalization Growth Investments.....	40.00	20.38
International Equity Investments.....	23.73	10.76
International Fixed Income Investments.	8.47	12.31

* Balanced Investments commenced operations on February 16, 1993.

A Portfolio's net investment income changes in response to fluctuations in interest rates and the expenses of the Portfolio. Consequently, the given performance quotations should not be considered as representative of the Portfolio's performance for any specified period in the future.

A Portfolio's performance will vary from time to time depending upon market conditions, the composition of its portfolio and its operating expenses. Consequently, any given performance quotation should not be considered representative of a Portfolio's performance for any specified period in the future. In addition, because performance will fluctuate, it may not provide a basis for comparing an investment in the Portfolio with certain bank deposits or other investments that pay a fixed yield for a stated period of time. Investors comparing a Portfolio's performance with that of other mutual funds should give consideration to the quality and maturity of the respective investment companies' portfolio securities.

Comparative performance information may be used from time to time in advertising the Portfolios' shares, including data from Lipper Analytical Services, Inc., Standard & Poor's 500 Composite Stock Price Index, the Dow Jones Industrial Average and other industry publications.

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TAXES

Each Portfolio intends to continue to qualify in each year as a "regulated investment company" under the Internal Revenue Code of 1986, as amended (the "Code"). Provided that a Portfolio (i) is a regulated investment company and (ii) distributes to its shareholders at least 90% of its taxable net investment income (including, for this purpose, its net realized short-term capital gains) and 90% of its tax exempt interest income (reduced by certain expenses), it will not be liable for federal income taxes to the extent its taxable net investment income and its net realized long-term and short-term capital gains, if any, are distributed to its shareholders.

Interest on indebtedness incurred by a shareholder to purchase or carry shares of Municipal Bond Investments will not be deductible for federal income tax purposes. If a shareholder receives exempt-interest dividends with respect to any share of Municipal Bond Investments and if the share is held by the shareholder for six months or less, then any loss on the sale or exchange of the share may, to the extent of the exempt-interest dividends, be disallowed. In addition, the Code may require a shareholder that receives exempt-interest dividends to treat as taxable income a portion of certain otherwise non-taxable social security and railroad retirement benefit payments. Furthermore, that portion of any exempt-interest dividend paid by Municipal Bond Investments that represents income derived from certain revenue or AMT-Subject Bonds held by the Portfolio may not retain its tax exempt status in the hands of a shareholder who is a "substantial user" of a facility financed by such bonds, or a "related person" thereof. Moreover, as noted in the Prospectus, (i) some or all of Municipal Bond Investments' exempt-interest dividends may be a specific preference item, or a component of an adjustment item, for purposes of the federal individual and corporate alternative minimum taxes and (ii) the receipt of Municipal Bond Investments' dividends and distributions may affect a corporate shareholder's federal "environmental" tax liability. In addition, the receipt of Municipal Bond Investments' dividends and distributions may affect a foreign corporate shareholder's federal "branch profits" tax liability and federal "excess net passive income" tax liability of a shareholder of a Subchapter S corporation. Shareholders should consult their own tax advisors as to whether they are (i) "substantial users" with respect to a facility or "related" to such users within the meaning of the Code or (ii) subject to a federal alternative minimum tax, the federal "environmental" tax, the federal "branch profits" tax, or the federal "excess net passive income" tax.

As described above and in the Prospectus, each Portfolio other than Government Money Investments, Municipal Bond Investments and Balanced Investments may invest in certain types of warrants, foreign currencies, forward contracts, options and futures contracts. These Portfolios anticipate that these investment activities will not prevent them from qualifying as regulated investment companies.

A Portfolio's transactions in foreign currencies, forward contracts, options and futures contracts (including options and futures contracts on foreign currencies) will be subject to special provisions of the Code that, among other things, may affect the character of gains and losses realized by the Portfolio (i.e., may affect whether gains or losses are ordinary or capital), accelerate recognition of income to the Portfolio and defer Portfolio losses. These rules could therefore affect the character, amount and timing of distributions to shareholders. These provisions also (i) will require a Portfolio to mark-to-

market certain types of the positions in its portfolio (i.e., treat them as if they were closed out), and (ii) may cause a Portfolio to recognize income without receiving cash with which to pay dividends or make distributions in amounts necessary to satisfy the distribution requirements for avoiding income and excise taxes that are described above and in the Prospectus. Each of the Portfolios will monitor its transactions, will make the appropriate tax elections and will make the appropriate entries in its books and records when it acquires any foreign currency, forward contract, option, futures contract or hedged investment in order to mitigate the effect of these rules and prevent disqualification of the Portfolio as a regulated investment company.

As a general rule, a Portfolio's gain or loss on a sale or exchange of an investment will be a long-term capital gain or loss if the Portfolio has held the investment for more than one year and will be a short-term

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capital gain or loss if it has held the investment for one year or less. Furthermore, as a general rule, a shareholder's gain or loss on a sale or redemption of Portfolio shares will be a long-term capital gain or loss if the shareholder has held his or her Portfolio shares for more than one year and will be a short-term capital gain or loss if he or she has held his or her Portfolio shares for one year or less.

The Portfolios other than Government Money Investments, Intermediate Fixed Income Investments, Municipal Bond Investments and Mortgage Backed Investments expect to realize a significant amount of net long-term capital gains that will be distributed as described in the Prospectus. Distributions of net realized long-term capital gains ("capital gain dividends") will be taxable to shareholders as long-term capital gains, regardless of how long a shareholder has held Portfolio shares, and will be designated as capital gain dividends in a written notice mailed to the shareholders after the close of the Portfolio's prior taxable year. If a shareholder receives a capital gain dividend with respect to any share held for six months or less, then any loss (to the extent not disallowed pursuant to the other six-month rule described above with respect to Municipal Bond Investments) on the sale or exchange of the share, to the extent of the capital gain dividend, shall be treated as a long-term capital loss.

Each shareholder will receive after the close of the calendar year an annual statement as to the federal income tax status of his or her dividends and distributions for the prior calendar year. These statements will also designate the amount of exempt-interest dividends that is a specific preference item for purposes of the federal individual and corporate alternative minimum taxes. Each shareholder will also receive, if appropriate, various written notices after the close of a Portfolio's prior taxable year as to the federal income tax status of his or her Portfolio during the Portfolio's prior taxable year. Shareholders should consult their tax advisors as to any state and local taxes that may apply to these dividends and distributions. The dollar amount of dividends paid by Municipal Bond Investments that are excluded from federal income taxation and the dollar amount of dividends paid by Municipal Bond Investments that are subject to federal income taxation, if any, will vary for each shareholder depending upon the size and duration of each shareholder's investment in a Portfolio. To the extent that Municipal Bond Investments earns taxable net investment income, it intends to designate as taxable dividends the same percentage of each day's dividend as its taxable net investment income bears to its total net investment income earned on that day. Therefore, the percentage of each day's dividend designated as taxable, if any, may vary from day to day.

If a Portfolio is the holder of record of any stock on the record date for any dividends payable with respect to the stock, these dividends shall be included in the Portfolio's gross income as of the later of (i) the date the stock became ex-dividend with respect to the dividends (i.e., the date on which a buyer of the stock would not be entitled to receive the declared, but unpaid, dividends) or (ii) the date the Portfolio acquired the stock. Accordingly, in order to satisfy its income distribution requirements, a Portfolio may be required to pay dividends based on anticipated earnings, and shareholders may receive dividends in an earlier year than would otherwise be the case.

Investors considering buying shares of a Portfolio on or just prior to the record date for a taxable dividend or capital gain distribution should be aware that the amount of the forthcoming dividend or distribution payment will be a taxable dividend or distribution payment.

If a shareholder fails to furnish a correct taxpayer identification number, fails to report fully dividend or interest income, or fails to certify that he or she has provided a correct taxpayer identification number and that he or she is not subject to "backup withholding," then the shareholder may be subject to

a 31% "backup withholding" tax with respect to (i) taxable dividends and distributions and (ii) the proceeds of any redemptions of Portfolio shares. An individual's taxpayer identification number is his or her social security number. The 31% "backup withholding" tax is not an additional tax and may be credited against a taxpayer's regular federal income tax liability.

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The foregoing is only a summary of certain tax considerations generally affecting a Portfolio and its shareholders, and is not intended as a substitute for careful tax planning. Shareholders are urged to consult their tax advisors with specific reference to their own tax situations, including their state and local tax liabilities.

CUSTODIAN AND TRANSFER AGENT

Boston Safe serves as custodian for the Trust. The assets of the Trust are held under bank custodianship in accordance with the 1940 Act. Under its custody agreement with the Trust, Boston Safe is authorized to establish separate accounts for foreign securities owned by the Portfolios to be held with foreign branches of U.S. banks as well as certain foreign banks and securities depositories as sub-custodians of assets owned by the Portfolios. For its custody services, Boston Safe receives monthly fees charged to a Portfolio based upon the month-end, aggregate net asset value of the Portfolio plus certain charges for securities transactions. Boston Safe is also reimbursed by the Portfolios for out-of-pocket expenses including the costs of any foreign and domestic sub-custodians.

Of the custodial fees accrued by the following Portfolios, Boston Safe waived fees as follows: Intermediate Fixed Income Investments--\$5,141; Small Capitalization Growth Investments--\$9,571; Total Return Fixed Income Investments--\$8,720; International Fixed Income Investments--\$22,506; Municipal Bond Investments--\$5,868; Mortgage Backed Investments--\$16,573; Government Money Investments--\$19,322 and Balanced Investments--\$9,166. In addition, Boston Safe also reimbursed expenses of \$25,373 and \$22,331 for Government Money Investments and Balanced Investments, respectively.

The Shareholder Services Group, Inc. ("TSSG"), a subsidiary of First Data Corporation, serves as the Trust's transfer agent. For its services as transfer agent, TSSG receives fees charged to a Portfolio at an annual rate based upon the number of shareholder accounts maintained during the year. TSSG is also reimbursed by the Portfolios for out-of-pocket expenses.

FINANCIAL STATEMENTS

The Trust's Annual Report for the year ended August 31, 1993, accompanies this Statement of Additional Information and is incorporated herein by reference.

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APPENDIX

DESCRIPTION OF S&P AND MOODY'S RATINGS

DESCRIPTION OF S&P CORPORATE BOND RATINGS:

AAA--Bonds rated AAA have the highest rating assigned by S&P to a debt obligation. Capacity to pay interest and repay principal is extremely strong.

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

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

BBB--Bonds rated BBB are regarded as having an adequate capacity to pay interest and repay principal. Whereas they normally exhibit adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for bonds in this category than for bonds in higher rated categories.

BB AND B--Bonds rated BB and B are regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. BB represents a lower degree of speculation than B. While such bonds will likely have some quality and

protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions.

DESCRIPTION OF MOODY'S CORPORATE BOND RATINGS:

AAA--Bonds rated Aaa are judged to be 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 these issues.

AA--Bonds which are rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in Aaa securities.

A--Bonds which are rated A possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate but elements may be present which suggest a susceptibility to impairment sometime in the future.

BAA--Bonds which are rated Baa are considered as medium grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

BA--Bonds which are rated Ba are judged to have speculative elements; their future cannot be considered as well assured. Often the protection of interest and principal payments may be very moderate and thereby

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not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.

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

Moody's applies the numerical modifiers 1, 2 and 3 to each generic rating classification from Aa through B. The modifier 1 indicates that the security ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category.

DESCRIPTION OF S&P MUNICIPAL BOND RATINGS:

AAA--PRIME--These are the obligations of the highest quality. They have the strongest capacity for timely payment of debt service.

GENERAL OBLIGATION BONDS--In a period of economic stress, the issuers will suffer the smallest declines in income and will be least susceptible to autonomous decline. Debt burden is moderate. A strong revenue structure appears more than adequate to meet future expenditure requirements. Quality of management appears superior.

REVENUE BONDS--Debt service coverage has been, and is expected to remain, substantial. Stability of the pledged revenues is also exceptionally strong due to the competitive position of the municipal enterprise or to the nature of the revenues. Basic security provisions (including rate covenant, earnings test for issuance of additional bonds, debt service reserve requirements) are rigorous. There is evidence of superior management.

AA--HIGH GRADE--The investment characteristics of bonds in this group are only slightly less marked than those of the prime quality issues. Bonds rated AA have the second strongest capacity for payment of debt service.

A--GOOD GRADE--Principal and interest payments on bonds in this category are regarded as safe although the bonds are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than bonds in higher rated categories. This rating describes the third strongest capacity for payment of debt service. Regarding Municipal Bonds, the rating differs from the two higher ratings because:

GENERAL OBLIGATION BONDS--There is some weakness, either in the local economic base, in debt burden, in the balance between revenues and expenditures, or in quality of management. Under certain adverse circumstances, any one such weakness might impair the ability of the issuer to meet debt obligations at some future date.

REVENUE BONDS--Debt service coverage is good, but not exceptional. Stability of the pledged revenues could show some variations because of increased competition or economic influences on revenues. Basic security provisions, while satisfactory, are less stringent. Management performance appears adequate.

S&P's letter ratings may be modified by the addition of a plus or a minus sign, which is used to show relative standing within the major rating categories, except in the AAA-Prime Grade category.

DESCRIPTION OF S&P MUNICIPAL NOTE RATINGS:

Municipal notes with maturities of three years or less are usually given note ratings (designated SP-1, -2 or -3) to distinguish more clearly the credit quality of notes as compared to bonds. Notes rated SP-1 have a very strong or strong capacity to pay principal and interest. Those issues determined to possess overwhelming

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safety characteristics are given the designation of SP-1+. Notes rated SP-2 have a satisfactory capacity to pay principal and interest.

DESCRIPTION OF MOODY'S MUNICIPAL BOND RATINGS:

AAA--Bonds which are rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

AA--Bonds which are rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities, or fluctuation of protective elements may be of greater amplitude, or there may be other elements present which make the long term risks appear somewhat larger than in Aaa securities.

A--Bonds which are rated A possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment sometime in the future.

Moody's applies the numerical modifiers 1, 2 and 3 in each generic rating classification from Aa through B. The modifier 1 indicates that the security ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category.

DESCRIPTION OF MOODY'S MUNICIPAL NOTE RATINGS:

Moody's ratings for state and municipal notes and other short term loans are designated Moody's Investment Grade (MIG) and for variable demand obligations are designated Variable Moody's Investment Grade (VMIG). This distinction recognizes the differences between short-term credit risk and long-term risk. Loans bearing the designation MIG 1/VMIG 1 are of the best quality, enjoying strong protection from established cash flows of funds for their servicing or from established and broad-based access to the market for refinancing, or both. Loans bearing the designation MIG 2/VMIG 2 are of high quality, with margins of protection ample, although not as large as the preceding group. Loans bearing the designation MIG 3/VMIG 3 are of favorable quality, with all security elements accounted for but lacking the undeniable strength of the preceding grades. Market access for refinancing, in particular, is likely to be less well established.

DESCRIPTION OF S&P COMMERCIAL PAPER RATINGS:

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

DESCRIPTION OF MOODY'S COMMERCIAL PAPER RATINGS:

The rating Prime-1 is the highest commercial paper rating assigned by Moody's. Issuers rated Prime-1 (or related supporting institutions) are considered to have a superior capacity for repayment of short-term promissory obligations. Issuers rated Prime-2 (or related supporting institutions) are considered to have a strong capacity for repayment of short term promissory obligations. This will normally be evidenced by many of the characteristics of issuers rated Prime-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 alternative liquidity is maintained.

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THE TRUST FOR TRAK INVESTMENTS

PART C

Item 24. Financial Statements and Exhibits

(a) Financial Statements:

Included in Part A:

Financial Highlights

Included in Part B:

Portfolio Highlights
Statements of Assets and Liabilities
Statements of Operations
Statements of Changes in Net Assets
Financial Highlights
Portfolios of Investments
Notes to Financial Statements
Report of Independent Accountants

(All of the above financial statements are incorporated by reference to the Trust's Annual Report dated August

31, 1993)

Included in Part C:

Consent of Independent Accountants to be filed by amendment

(b) Exhibits

1(a) Master Trust Agreement is incorporated by reference to Registrant's Registration Statement on Form N-1A as filed with the Securities and Exchange Commission (the "Commission") on May 24, 1991 (the "Registration Statement").

1(b) Amendment No. 1 to Master Trust Agreement is incorporated by reference to the Registration Statement.

1(c) Amendment No. 2 to Master Trust Agreement is incorporated by reference to Pre-Effective Amendment No. 1 to the Registration Statement on Form N-1A as filed with the Commission on July 22, 1991 ("Pre-Effective Amendment No. 1").

2(a) By-Laws are incorporated by reference to the Registration Statement.

2(b) Amended and Restated By-Laws are incorporated by reference to Pre-Effective Amendment No. 1.

3 Not Applicable.

5(a) Investment Management Agreement dated July 30, 1993 between the Registrant and The Consulting Group, a division of Smith, Barney Advisers, Inc., is incorporated by reference to Post-Effective Amendment No. 3 ("Post-Effective Amendment No. 3") to the Registration Statement on Form N-1A filed with the Commission on October 29, 1993.

5(b) Investment Advisory Agreement dated July 30, 1993 between Smith, Barney Advisers, Inc. and Pilgrim Baxter & Associates, Ltd. relating to Registrant's Small Capitalization Growth Investments Portfolio is incorporated by reference to Post-Effective Amendment No. 3.

5(c) Investment Advisory Agreement dated July 30, 1993 between Smith, Barney Advisers, Inc. and Smith Affiliated Capital Corp. relating to Registrant's Municipal Bond Investments Portfolio is incorporated by reference to Post-Effective Amendment No. 3.

5(d) Investment Advisory Agreement dated July 30, 1993 between Smith, Barney Advisers, Inc. and Atlantic Portfolio Analytics & Management, Inc. relating to Registrant's Mortgage Backed Investments Portfolio is incorporated by reference to Post-Effective Amendment No. 3.

5(e) Investment Advisory Agreement dated July 30, 1993 between Smith, Barney Advisers, Inc. and Palley-Needelman Asset Management, Inc. relating to Registrant's Balanced Investments Portfolio is incorporated by reference to Post-Effective Amendment No. 3.

5(f) Investment Advisory Agreement dated July 30, 1993 between Smith, Barney Advisers, Inc. and Standish, Ayer & Wood, Inc. relating to Registrant's Intermediate Fixed Income Investments Portfolio is incorporated by reference to Post-Effective Amendment No. 3.

5(g) Investment Advisory Agreement dated July 30, 1993 between Smith, Barney Advisers, Inc. and Julius Baer Investment Management Inc. relating to Registrant's International Fixed Income Investments Portfolio is incorporated by reference to Post-Effective Amendment No. 3.

5(h) Investment Advisory Agreement dated January 13, 1993 between Shearson Lehman Brothers Inc. and Thorsell, Parker Partners Inc. relating to Registrant's Small Capitalization Value Equity Investments Portfolio is incorporated by reference to Post-Effective Amendment No. 3.

5(i) Amendment dated April 1, 1993 to Investment Advisory Agreement dated January 13, 1993 between Shearson Lehman Brothers Inc. and Thorsell, Parker Partners Inc. relating to Registrant's Small Capitalization Value Equity Investments Portfolio is incorporated by reference to Post-Effective Amendment No. 3.

5(j) Investment Advisory Agreement dated April 1, 1993 between Smith, Barney Advisers, Inc. and Thorsell, Parker Partners Inc. relating to Registrant's Small Capitalization Value Equity Investments Portfolio is incorporated by reference to Post-Effective Amendment No. 3.

5(k) Investment Advisory Agreement dated April 1, 1993 between Smith, Barney Advisers, Inc. and NFJ Investment Group Inc. relating to Registrant's Small Capitalization Value Equity Investments Portfolio is incorporated by reference to Post-Effective Amendment No. 3.

5(l) Investment Advisory Agreement dated July 30, 1993 between Smith, Barney Advisers, Inc. and Wolf, Webb, Burk & Campbell, Inc. relating to Registrant's Total Return Fixed Income Investments Portfolio is incorporated by reference to Post-Effective Amendment No. 3.

5(m) Investment Advisory Agreement dated July 30, 1993 between Smith, Barney Advisers, Inc. and Newbold's Asset Management, Inc. relating to Registrant's Large Capitalization Value Equity Investments Portfolio is incorporated by reference to Post-Effective Amendment No. 3.

5(n) Investment Advisory Agreement dated July 30, 1993 between Smith, Barney Advisers, Inc. and Provident Investment Counsel relating to Registrant's Large Capitalization Growth Investments Portfolio is incorporated by reference to Post-Effective Amendment No. 3.

5(o) Investment Advisory Agreement dated July 30, 1993 between Smith, Barney Advisers, Inc. and Standish, Ayer & Wood, Inc. relating to Registrant's Government Money Investments Portfolio is incorporated by reference to Post-Effective Amendment No. 3.

5(p) Investment Advisory Agreement dated July 30, 1993 between Smith, Barney Advisers, Inc. and Oechsle International Advisors L.P. relating to Registrant's International Equity Investments Portfolio is incorporated by reference to Post-Effective Amendment No. 3.

5(q) Administration Agreement dated May 21, 1993 between the Registrant and The Boston Company Advisors, Inc. is incorporated by reference to Post-Effective Amendment No. 3.

6 Distribution Agreement dated July 30, 1993 between the Registrant and Smith Barney Shearson Inc. is incorporated by reference to Post-Effective Amendment No. 3.

7 Not Applicable.

8 Custody Agreement between the Registrant and Boston Safe Deposit and Trust Company dated August 26, 1991 is incorporated by reference to Post-Effective Amendment No. 1 to the Registration Statement on Form N-1A, as filed with the Commission on March 31, 1992 ("Post-Effective Amendment No. 1").

9 Transfer Agency and Registrar Agreement between the Registrant and The Shareholder Services Group, Inc., dated September 1993, is incorporated by reference to Post-Effective Amendment No. 4 to the Registration Statement on Form N-1A, as filed with the Commission on December 30, 1993.

10 Opinion of Willkie Farr & Gallagher, including Consent, is incorporated by reference to Pre-Effective Amendment No. 2.

11 Consent of Independent Accountants will be filed by amendment.

12 Not Applicable.

13 Purchase Agreement between the Registrant and Shearson Lehman Brothers Inc. is incorporated by reference to Post-Effective Amendment No. 1.

14 Not Applicable.

15 Not Applicable.

16 Schedule for computation of Performance Data is incorporated by reference to Post-Effective Amendment No. 1.

17 Powers of Attorney are incorporated by reference to Post-Effective Amendment No. 3.

Item 25. Persons Controlled by or Under Common Control with Registrant

None.

Item 26. Number of Holders of Securities

(1) (2)

Number of Record Holders

Title of Class as of December 28, 1993

Shares of beneficial interest, par value
\$.001 per share

Government Money Investments	38,730	
Intermediate Fixed-Income Investments	16,379	
Total Return Fixed-Income Investments	10,121	
Municipal Bond Investments	3,541	
Mortgage Backed Investments	18,743	
Balanced Investments	46,061	
Large Capitalization Value Equity Investments	39,654	
Large Capitalization Growth Investments	46,084	
Small Capitalization Value Equity Investments	28,347	
Small Capitalization Growth Investments	41,732	
International Equity Investments	20,649	
International Fixed Income Investments	218	

Item 27. Indemnification

Incorporated by reference to Pre-Effective Amendment No. 2.

Item 28.(a) Business and Other Connections of Investment Advisors

The Consulting Group and its predecessor have been in the investment counseling business since 1973. The Consulting Group is a division of Smith, Barney Advisers, Inc. ("SBA"), which was incorporated in 1968 under the Laws of the State of Delaware. SBA is a wholly owned subsidiary of Smith Barney Shearson Holdings Inc., which is in turn a wholly owned subsidiary of Traveler's Inc. (formerly Primerica Corporation).

The list required by this Item 28 of officers and directors of SBA and the Consulting Group, together with information as to any other business, profession, vocation or employment of a substantial nature engaged in by such officers and directors during the past two fiscal years, is incorporated by reference to Schedules A and D of Form ADV filed by SBA on behalf of the Consulting Group pursuant to the Advisers Act (SEC File No. 801-8314).

Item 28.(b) Business and Other Connections of Advisors

Advisors - Standish, Ayer & Wood, Inc.

Standish, Ayer & Wood, Inc. ("SAW") serves as investment advisor to Intermediate Fixed Income Investments and Government Money Investments. SAW is registered as a commodity trading adviser with the National Futures Association. SAW has been registered as an investment advisor under the Advisers Act since 1940. SAW provides investment advisory services to individuals and institutions. SAW's principal executive offices are located at One Financial Center, Boston, Massachusetts 02111.

The list required by this Item 28 of officers and directors of SAW, together with information as to any other business, profession, vocation or employment of a substantial nature engaged in by such officers and directors during the past two years, is incorporated by reference to Schedules A and D of Form ADV filed by SAW pursuant to the Advisers Act (SEC File No. 801-584).

Advisors - Wolf, Webb, Burk & Campbell, Inc.

Wolf, Webb, Burk & Campbell, Inc. ("WWBC") serves as investment advisor to Total Return Fixed Income Investments. WWBC has been registered as an investment advisor under the Advisers Act since 1980 and provides investment advisory services to individuals and institutions. WWBC's principal executive offices are located at 1525 Locust Street, 11th Floor, Philadelphia, Pennsylvania 19102.

The list required by this Item 28 of officers and directors of WWBC, together with information as to any other business, profession, vocation or employment of a substantial nature engaged in by such officers and directors during the past two years, is incorporated by reference to Schedules A and D of Form ADV filed by WWBC pursuant to the Advisers Act (SEC File No. 801-15571).

Advisors - Smith Affiliated Capital Corp.

Smith Affiliated Capital Corp. ("SACC") serves as investment advisor to Municipal Bond Investments. SACC has been registered as an investment advisor under the Advisers Act since 1982. SACC provides investment advisory services to individuals and institutions, and is a general partner of, and investment advisor to, a limited partnership primarily investment in municipal bonds. SAW's principal executive offices are located at 880 Third Avenue, New York, New York 10022.

The list required by this Item 28 of officers and directors of SACC, together with information as to any other business, profession, vocation or employment of a substantial nature engaged in by such officers and directors during the past two years, is incorporated by reference to Schedules A and D of Form ADV filed by SACC pursuant to the Advisers Act (SEC File No. 801-17037).

Advisors - Atlantic Portfolio Analytics & Management, Inc.

Atlantic Portfolio Analytics & Management, Inc. ("APAM") serves as investment advisor to Mortgage Backed Investments. APAM has been registered as an investment advisor under the Advisers Act since 1984. APAM serves as an investment advisor to institutions. APAM's principal executive offices are located at 201 East Pine Street, Suite 600, Orlando, Florida 32801.

The list required by this Item 28 of officers and directors of APAM, together with information as to any other business, profession, vocation or employment of a substantial nature engaged in by such officers and directors during the past two years, is incorporated by reference to Schedules A and D of Form ADV filed by APAM pursuant to the Advisers Act (SEC File No. 801-24775).

Advisors - Palley-Needelman Asset Management, Inc.

Palley-Needelman Asset Management, Inc. ("PNAM") serves as investment advisor to Balanced Investments. PNAM, the predecessor of which has been registered as an investment advisor under the Advisers Act since 1974, provides investment advisory services to individuals and institutions, including retirement plans, foundations and endowments. PNAM's principal executive offices are located at 800 Newport Center Drive, Suite 450, Newport Beach, California 92660.

The list required by this Item 28 of officers and directors of PNAM, together with information as to any other business, profession, vocation or employment of a substantial nature engaged in by such officers and directors during the past two years, is incorporated by reference to Schedules A and D of Form ADV filed by PNAM pursuant to the Advisers Act (SEC File No. 801-9755).

Advisors - Newbold's Asset Management, Inc.

Newbold's Asset Management, Inc. ("NAM") serves as co-investment advisor to Large Capitalization Value Equity Investments. NAM has been registered as an investment advisor under the Advisers Act since 1943. NAM provides investment advisory services to individual and institutional clients. NAM's principal executive offices are located at 937 Haverford Road, Bryn Mawr, Pennsylvania 19010.

The list required by this Item 28 of officers and directors of NAM, together with information as to any other business, profession, vocation or employment of a substantial nature engaged in by such officers and directors during the past two years, is incorporated by reference to Schedules A and D of Form ADV filed by NAM pursuant to the Advisers Act (SEC File No. 801-33560).

Advisors - Parametric Portfolio Associates, Inc.

Parametric Portfolio Associates, Inc. ("PPA") will serve as co-investment advisor to Large Capitalization Value Equity Investments. PPA has been registered as an investment advisor under the Advisers Act since 1987. PPA provides investment advisory services to a number of individual and institutional clients. PPA's principal executive offices are located at 7310 Columbia Center, 701 Fifth Avenue, Seattle, Washington 98104-7090.

The list required by this Item 28 of officers and directors of PPA, together with information as to any other business, profession, vocation or employment of a substantial nature engaged in by such officers and directors during the past two years, is incorporated by reference to Schedules A and D of Form ADV filed by PPA pursuant to the Advisers Act (SEC File No. 801-29855).

Advisors - Provident Investment Counsel, Inc.

Provident Investment Counsel, Inc. ("PIC") serves as investment advisor to Large Capitalization Growth Investments. PIC has been registered as an investment advisor under the Advisers Act since 1951. PIC provides investment advisory services to individual and institutional clients. PIC's principal executive offices are located at 300 North Lake Avenue, Pasadena, California 91101.

The list required by this Item 28 of officers and directors of PIC, together with information as to any other business, profession, vocation or employment of a substantial nature engaged in by such officers and directors during the past two years, is incorporated by reference to Schedules A and D of Form ADV filed by PIC pursuant to the Advisers Act (SEC File No. 801-11303).

Advisors - Boston Structured Advisors

Boston Structured Advisors will serve as co-investment adviser to Large Capitalization Growth Investments. Boston Structured Advisors is a division of PanAgora Asset Management Inc. ("PanAgora Boston"), which has been registered as an investment advisor under the Advisers Act since 1989. PanAgora Boston provides investment services to a number of individual and institutional clients. PanAgora Boston's principal offices are located at 260

Franklin Street, Boston, Massachusetts 02110.

The list required by this Item 28 of officers and directors of PanAgora Boston, together with information as to any other business, profession, vocation or employment of a substantial nature engaged in by such officers and directors during the past two years, is incorporated by reference to Schedules A and D of Form ADV filed by PanAgora Boston pursuant to the Advisers Act (SEC File No. 801-35497).

Advisors - Thorsell, Parker Partners Inc.

Thorsell, Parker Partners Inc. ("TPP") serves as co-investment advisor to Small Capitalization Value Equity Investments. TPP has been registered as an investment advisor under the Advisers Act since 1992. The sole investment company for which TPP provides services is Small Capitalization Value Equity Investments. TPP's principal executive offices are located at 215 Main Street, Westport, Connecticut 06880.

The list required by this Item 28 of officers and directors of TPP, together with information as to any other business, profession, vocation or employment of a substantial nature engaged in by such officers and directors during the past two years, is incorporated by reference to Schedules A and D of Form ADV filed by TPP pursuant to the Advisers Act (SEC File No. 801-42814).

Advisors - NFJ Investment Group, Inc.

NFJ Investment Group, Inc. ("NFJ") serves as co-investment advisor to Small Capitalization Value Equity Investments. NFJ has been registered as an investment advisor under the Advisers Act since 1989. NFJ provides investment advisory services to a number of individual and institutional clients. NFJ's principal executive offices are located at 2121 San Jacinto Street, Suite 1440, Dallas, Texas 75201.

The list required by this Item 28 of officers and directors of NFJ, together with information as to any other business, profession, vocation or employment of a substantial nature engaged in by such officers and directors during the past two years, is incorporated by reference to Schedules A and D of Form ADV filed by NFJ pursuant to the Advisers Act (SEC File No. 801-42814).

Advisors - Pilgrim Baxter & Associates, Ltd.

Pilgrim Baxter & Associates, Ltd. ("PBA") serves as investment advisor to Small Capitalization Growth Investments. PBA has been registered as an investment advisor under the Advisers Act since 1982. PBA is the investment adviser of various institutional clients. PBA's principal executive offices are located at 1255 Drummers Lane, Wayne, Pennsylvania 19087.

The list required by this Item 28 of officers and directors of PBA, together with information as to any other business, profession, vocation or employment of a substantial nature engaged in by such officers and directors during the past two years, is incorporated by reference to Schedules A and D of Form ADV filed by PBA pursuant to the Advisers Act (SEC File No. 801-19165).

Advisors - Oechsle International Advisors, L.P.

Oechsle International Advisors, L.P. ("OIA") serves as investment advisor to International Equity Investments. OIA has been registered as an investment advisor under the Advisers Act since 1986. OIA provides investment advisory services to a number of individual and institutional clients. OIA's principal executive offices are located at One International Place, Boston, Massachusetts 02110.

The list required by this Item 28 of officers and directors of OIA, together with information as to any other business, profession, vocation or employment of a substantial nature engaged in by such officers and directors during the past two years, is incorporated by reference to Schedules A and D of Form ADV filed by OIA pursuant to the Advisers Act (SEC File No. 801-28111).

Advisors - Julius Baer Investment Management Inc.

Julius Baer Investment Management Inc. ("JBIM") serves as investment advisor to International Fixed Income Investments. JBIM has been registered as an investment advisor under the Advisers Act since 1984. Directly and through Julius Baer Securities Inc., JBIM provides investment advisory services to a wide variety of individual and institutional clients, including registered investment companies. JBIM's principal executive offices are

located at 330 Madison Avenue, New York, New York 10017.

The list required by this Item 28 of officers and directors of JBIM together with information as to any other business, profession, vocation or employment of a substantial nature engaged in by such officers and directors during the past two years, is incorporated by reference to Schedules A and D of Form ADV filed by JBIM pursuant to the Advisers Act (SEC File No. 801-18766).

Item 29. Principal Underwriters

Smith Barney Shearson Inc. ("Smith Barney Shearson") currently acts as distributor for Smith Barney Shearson Managed Municipals Fund Inc., Smith Barney Shearson New York Municipals Fund Inc., Smith Barney Shearson California Municipals Fund Inc., Smith Barney Shearson Massachusetts Municipals Fund, Smith Barney Shearson Global Opportunities Fund, Smith Barney Shearson Aggressive Growth Fund Inc., Smith Barney Shearson Appreciation Fund Inc., Smith Barney Shearson Worldwide Prime Assets Fund, Smith Barney Shearson Short-Term World Income Fund, Smith Barney Shearson Principal Return Fund, Smith Barney Shearson Municipal Money Market Fund Inc., Smith Barney Shearson Daily Dividend Fund Inc., Smith Barney Shearson Government and Agencies Fund Inc., Smith Barney Shearson Managed Governments Fund Inc., Smith Barney Shearson New York Municipal Money Market Fund, Smith Barney Shearson California Municipal Money Market Fund, Smith Barney Shearson Income Funds, Smith Barney Shearson Equity Funds, Smith Barney Shearson Investment Funds Inc., Smith Barney Shearson Precious Metals and Minerals Fund Inc., Smith Barney Shearson Telecommunications Trust, Smith Barney Shearson Arizona Municipals Fund Inc., Smith Barney Shearson New Jersey Municipals Fund Inc., The USA High Yield Fund N.V., Garzarelli Sector Analysis Portfolio N.V., The Advisors Fund L.P., Smith Barney Shearson Fundamental Value Fund Inc., Smith Barney Shearson Series Fund, The Trust for TRAK Investments, Smith Barney Shearson Income Trust, Smith Barney Shearson FMA R Trust, Smith Barney Shearson Adjustable Rate Government Income Fund, Smith Barney Shearson Florida Municipals Fund, Smith Barney Funds, Inc., Smith Barney Equity Funds, Inc., Smith Barney Muni Funds, Smith Barney World Funds, Inc., Smith Barney Money Funds, Inc., Smith Barney Tax Free Money Fund, Inc., Smith Barney Variable Account Funds, Smith Barney U.S. Dollar Reserve Fund (Cayman), Worldwide Special Fund, N.V., Worldwide Securities Limited, (Bermuda), and various series of unit investment trusts.

Smith Barney Shearson is a wholly owned subsidiary of Smith Barney Shearson Holdings Inc., which in turn is a wholly owned subsidiary of Travelers, Inc. (formerly Primerica Corporation). The information required by this Item 29 with respect to each director, officer and partner of Smith Barney Shearson is incorporated by reference to Schedule A of FORM BD filed by Smith Barney Shearson pursuant to the Securities Exchange Act of 1934 (SEC File No. 812-8510).

Item 30. Location of Accounts and Records

- (1) The Trust for TRAK Investments
222 Delaware Avenue
Wilmington, Delaware 19801
- (2) The Boston Company Advisors, Inc.
One Boston Place
Boston, Massachusetts 02108
- (3) Boston Safe Deposit and Trust Company
One Boston Place
Boston, Massachusetts 02108
- (4) Smith Barney Shearson Inc.
American Express Tower
World Financial Center
New York, New York 10285
- (5) The Shareholder Services Group, Inc.
Exchange Place
Boston, MA 02109

Item 31. Management Services

Not Applicable.

Item 32. Undertakings

- (a) The Registrant hereby undertakes to call a meeting of its shareholders for the purpose of voting upon the question of removal of a trustee or

trustees of Registrant when requested in writing to do so by the holders of at least 10% of Registrant's outstanding shares. Registrant undertakes further, in connection with the meeting, to comply with the provisions of Section 16(c) of the Investment Company Act of 1940, as amended, relating to communications with the shareholders of certain common-law trusts.

(b) The Registrant hereby undertakes to furnish to each person to whom the Registrant's Prospectus is delivered a copy of the Registrant's latest annual report to shareholders, upon request and without charge.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended, the Registrant, The Trust for TRAK Investments, has duly caused this Post-Effective Amendment No 5 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of New York, State of New York on the 18th day of January, 1994.

THE TRUST FOR TRAK INVESTMENTS

By: /s/ H. John Ellis
H. John Ellis, President

WITNESS our hands on the date set forth below.

Pursuant to the requirements of the Securities Act of 1933, this Amendment to the Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ 1994 Heath B. McLendon	Trustee and Chairman of the Board	January 19,
/s/ 1994 Vincent Nave	Treasurer (Chief Financial and Accounting Officer)	January 19,
/s/ Walter E. Auch, Sr. Walter E. Auch, Sr.	Trustee	January 19, 1994</R
/s/ January 19, 1994 Martin Brody	Trustee	
/s/ Stephen E. Kaufman Stephen E. Kaufman	Trustee	January 19, 1994
/s/ Madelon DeVoe Talley Madelon DeVoe Talley	Trustee	January 19, 1994

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