

It's not what you earn, it's what you keep

The negative effects taxes have on investment returns have prompted many mutual fund investors to seek the shelter and advantages of two tax-smart alternatives: **equity-income** and **municipal bond funds**.

Equity-income funds: The dividend appeal

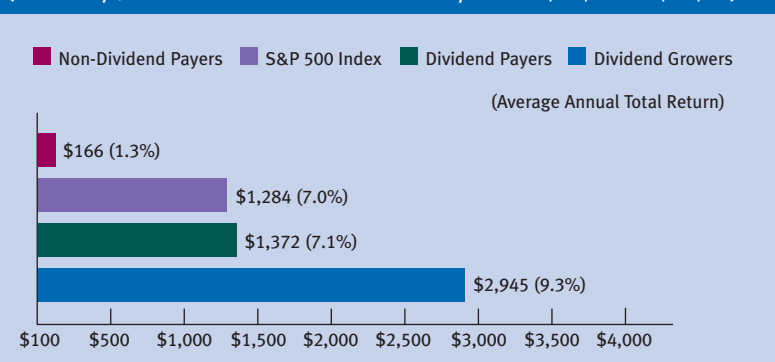
Dividend-paying stocks may help investors enhance their long-term investment strategy by offering:

- **Tax-advantaged income.** Qualified dividend income is taxed at a maximum federal rate of 15%, whereas interest income from taxable bonds and non-qualified dividends is taxed at rates up to 35%.
- **Solid fundamentals.** A growing dividend reflects a company's good financial health and is a strong indicator of successful management and consistent cash flows.
- **Greater stability.** The relative stability of dividend income can act as a cushion in adverse markets, leading to less volatility when compared to growth companies.
- **Attractive return potential.** Over the long-term, dividend income from dividend-paying stocks can have a profound impact on total return.

Investment risks: there is no guarantee that dividend-paying investments will continue to make regular dividend payments, especially in a rising interest rate environment.

Dividends add meaningfully to total returns

(Growth of \$100 invested in the S&P 500® companies: 1/31/72 - 12/31/09)



Past performance is no guarantee of future results. Source: Ned Davis Research, 2010. This chart is for illustrative purposes only and does not represent the performance of any BB&T Fund. The S&P 500 Index is an unmanaged index of 500 U.S. common stocks broken down according to their dividend policy. Investors cannot invest directly in an index. Non-dividend payers represent companies that do not have a history of paying regular dividends. Dividend payers represent companies that have a history of paying regular dividends. Dividend growers represent companies that have a history of raising or initiating new dividends.

Tax-free bonds funds: All bond funds are not created equal

As with equity-income funds, tax-free municipal bond funds offer some significant advantages, including:

- **Tax-exempt income.** Unlike taxable bonds, municipal bonds help you earn interest that is exempt from federal—and in many cases state and local—income taxes. The income from tax-free funds may be subject to certain state and local taxes and, depending on your tax status, the federal alternative minimum tax (AMT).
- **Higher quality.** Tax-free municipal bonds typically are high-quality instruments, with lower default rates than comparably rated taxable bonds.
- **Less volatility.** On average, the municipal bond markets may experience less price volatility than the taxable bond markets.
- **Increased demand.** The municipal marketplace may get a boost from growing demand—driven by the potential for higher tax brackets and aging baby boomers.

An investor should consider the Funds' investment objectives, risks, and charges and expenses carefully before investing or sending money. This and other important information about the BB&T Funds can be found in the Funds prospectus. To obtain a prospectus, please call 800-228-1872 or visit us online at www.bbtffunds.com. Please read it carefully before investing.

Tax-advantaged solutions

If your goal is tax-advantaged growth and income, investing in the **BB&T Equity Income Fund** and one of the **BB&T Intermediate Tax-Free Funds** can help you meet your objectives.

BB&T Equity Income Fund

Managed by:

- George Shipp, CFA, Chief Investment Officer for CHOICE Asset Management, Scott and Stringfellow, Inc.
- 26 years investment experience
- MBA, Darden Graduate School of Business; BA, University of Virginia

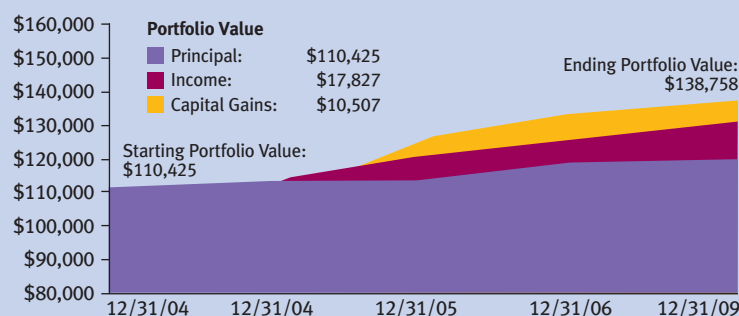
BB&T Intermediate Tax-Free Funds

Managed by:

- Bob Millikan, CFA, Director of Fixed Income for BB&T Asset Management, Inc.
- 19 years investment experience
- BA, Wake Forest University

Hypothetical portfolio: BB&T Equity Income Fund (60%) and North Carolina Int. Tax-Free Fund (40%)

Growth of \$100,000 from 12/31/04 to 12/31/09



Investment Amounts

Total Investment Amount (after sales charges):	\$110,425*
60% BB&T Equity Income Fund (3.5% sales charge):	\$70,425
40% BB&T North Carolina Int. Tax-Free Fund (2.0% sales charge):	\$40,000

Other BB&T Tax-Free Funds:

- Kentucky Intermediate Tax-Free Fund
- Maryland Intermediate Tax-Free Fund
- South Carolina Intermediate Tax-Free Fund
- Virginia Intermediate Tax-Free Fund
- West Virginia Intermediate Tax-Free Fund

Past performance is no guarantee of future results. This chart is hypothetical in nature and illustrates the growth of an initial investment (no rebalancing) of \$100,000 (\$110,425 after sales charges) and is based on the performance of Class A Shares less the applicable sales charge for the period 12/31/04 through 12/31/09. It includes the reinvestment of all dividends and capital gains. It does not reflect the effects of income and capital gains taxes. Higher sales charges would apply if the initial investment was lower. The allocation percentages are derived from the strategic allocation portfolios managed by BB&T Asset Management.

*Due to rounding, the total may not equal the sum of the two amounts invested.

Performance Returns as of 12/31/09 A Shares		Max. Sales Charge	Aggregate		Average Annual			Inception NAV/POP (%)
BB&T Fund Name	Return Type		YTD NAV/POP (%)	1 Year NAV/POP (%)	3 Years NAV/POP (%)	5 Years NAV/POP (%)	10 Years NAV/POP (%)	
Equity Income Fund (6/30/04)	Before tax	5.75%	22.92/15.81	22.92/15.81	-0.05/-2.00	6.13/4.88	NA	8.18/7.03
	After tax (pre liquidation)		22.08/15.01	22.08/15.81	-0.78/-2.71	5.23/4.00	NA	7.32/6.17
	After tax (post liquidation)		14.85/10.22	14.85/10.22	-0.20/-1.85	5.09/4.01	NA	6.91/5.89
North Carolina Tax-Free Fund (10/16/92)	Before tax	3.00%	8.92/5.69	8.92/5.69	4.98/3.92	4.06/3.42	4.82/4.50	4.32/4.14
	After tax (pre liquidation)		8.80/5.57	8.80/5.57	4.81/3.75	3.92/3.29	4.71/4.39	4.25/4.06
	After tax (post liquidation)		7.03/4.89	7.03/4.89	4.66/3.75	3.90/3.35	4.61/4.32	4.21/4.03

The gross expense ratios for the BB&T Equity Income Fund and North Carolina Intermediate Tax-Free Fund are 1.41% and 1.30%, respectively. The Fund's Adviser has contractually agreed to limit the management fee for the BB&T Equity Income Fund for the period 2/1/09 through 1/31/10. The net expense ratio for the BB&T Equity Income Fund and North Carolina Intermediate Tax-Free Fund are 1.16% and 0.90% respectively. Had this waiver not been in effect, the performance would have been lower.

Past performance is no guarantee of future results. The performance data quoted represents past performance and current returns may be lower or higher. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. To obtain performance information current to the most recent month end, please visit www.bbtffunds.com.

The performance of the **BB&T Equity Income Fund** reflects the deduction of fees for value-added services associated with a mutual fund such as investment management and fund accounting fees. Performance shown also reflects the reinvestment of all dividends and capital gains.

The performance of the **BB&T North Carolina Intermediate Tax-Free Fund** reflects the deduction of fees for value added services associated with a mutual fund, such as investment management and fund accounting fees. Performance shown also reflects the reinvestment of all dividends and capital gains. The performance inception date for the Fund is 10/16/92.

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown.

Scott & Stringfellow, LLC, Member NYSE/SIPC, a wholly-owned, non-bank subsidiary of BB&T Corporation, serves as subadvisor to the Equity Income Fund and is paid a fee for its services. The BB&T Funds are distributed by BB&T AM Distributors, Inc., which is not affiliated with Branch Banking and Trust Company or its affiliates.