2023

STAR Fund
ANNUAL REPORT

MassDevelopment

Short Term Asset Reserve Fund

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Report of Independent Auditors

To the Investors of the Massachusetts Development Finance Agency Short Term Asset Reserve Fund

Opinion

We have audited the financial statements of the Massachusetts Development Finance Agency Short Term Asset Reserve Fund (the Fund), which comprise the statement of net position as of December 31, 2023, and the related statement of changes in net position for the year then ended, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Fund at December 31, 2023, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund 's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of investments but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Ernst + Young LLP

Philadelphia, Pennsylvania

April 23, 2024

Management's Discussion and Analysis

We are pleased to present the Annual Report for the Massachusetts Development Finance Agency Short Term Asset Reserve Fund (the Fund) for the year ended December 31, 2023. Management's Discussion and Analysis is designed to focus the reader on significant financial items and provide an overview of the Fund's activities for the year ended December 31, 2023. The Fund's financial statements have been prepared in conformity with the reporting framework prescribed by the Governmental Accounting Standards Board (GASB) for local government investment pools.

Economic Update

Over the past year, the U.S. economy showed unexpected strength and resilience, with strong consumer spending amid a tight labor market supporting an aggressive series of rate hikes by the Federal Reserve (Fed) in its continuing efforts to fight inflation.

Powered by an extended period of low interest rates, COVID-related government stimulus, supply chain challenges, and Russia's invasion of Ukraine which pushed up energy prices, inflation as measured by the Consumer Price Index (CPI) surged to a 40-year high of 9.1% by June 2022. To fight inflation, the Fed began a historically rapid series of rate hikes that raised the target range for the federal funds rate from near zero in early 2022 to 5.25% to 5.50% by the end of 2023. Longer-term interest rates followed, rising to the highest levels in 15 years and peaking in mid-October. Although certain interest-rate sensitive segments of the economy suffered, in particular, residential housing and manufacturing, the overall economy remained surprisingly resilient as consumers continue to drive spending and growth.

CPI proceeded to fall sharply through the first half of 2023, reaching a 3.4% year-over-year (price) gain by the end of December 2023. The energy component of CPI, which had increased by more than 40% on a year-over-year basis in the summer of 2022, came down throughout 2023 and finished 2% lower on a year-over-year basis. However, services inflation—and shelter in particular—was up markedly for the year and continued to be worrisome for both households and policymakers.

The economy continued to defy worries about the risk that the U.S. would slide into a recession throughout 2023, despite higher prices and attention-grabbing headlines including the failure of three large regional banks, a prolonged debt ceiling battle, the downgrade of U.S. Treasury debt, the threat of a U.S. government shutdown, and escalating geopolitical concerns across the globe. In fact, Q3 2023 Gross Domestic Product (GDP) growth of 4.9% was the strongest reading over the past seven quarters and was followed up by a stronger-than-expected Q4 2023 GDP growth of 3.3% (advance estimate). Growth in GDP rose an average of 3.1% per quarter over calendar year 2023, an improvement from the prior four quarter average of 0.7%. This was mostly driven by strong consumer spending, which averaged 2.6% per quarter over calendar year 2023.

The tailwind to the resilient economy was a labor market that remained extremely tight, with the unemployment rate near a 50-year low, job openings near record highs, and wage growth elevated compared to historical levels. The unemployment rate averaged just 3.6% during 2023, ending the period at 3.7% in December. Job openings were plentiful as the economy added 2.9 million new jobs in 2023. Average hourly earnings, an important gauge of wages, rose a strong 4.1% in 2023, and with prices moderating, the growth in wages is now above the prevailing inflation level.

Short-term rates remained elevated as the Fed delivered four additional 25-basis point rate hikes in 2023. The yield on 3-month U.S. Treasury bills followed suit and rose from 4.34% at the end of December 2022 to 5.33% at the end of December 2023. This created opportunities for short-term investors to earn the highest yields in more than two decades. Meanwhile, the 2-year U.S. Treasury ended the year 17 bps lower. Underscoring elevated bond volatility during the year, the range of yields on the benchmark tenor was 145 bps, including a low of 3.77% in March and a high of 5.22% in October.

As the potential for a soft landing came into clearer focus towards the end of the year, the Fed signaled it had reached an end to its historic rate-hiking cycle after its December meeting. In addition to maintaining the overnight target rate at its current range of 5.25% to 5.50%, the Fed published an updated "dot plot" implying a total of three 25 basis point (bps) rate cuts by the end of 2024, more than previously projected. As a result, U.S. Treasury yields traded significantly lower over the final month of the year while a "risk-on" sentiment encouraged buying in non-government sectors, resulting in yield spreads relative to Treasuries generally narrowing.

Portfolio Strategy

The aggressive path of Fed rate hikes presented unique opportunities in managing the Fund. As always, we prioritized safety of principal and liquidity for investors, especially during periods of heightened market volatility caused by rising rates and the disruptive events noted above.

During the first half of 2023, the Fed's hawkish monetary stance pushed short-term interest rates consistently higher. This drove our decision to continue to position the Fund with a more defensive posture, maintaining a very short maturity profile to allow more frequent reinvestments that could quickly capitalize on each rate hike. We also continued to incorporate more floating-rate instruments into the Fund, securities on which the interest rate quickly adjusts to any rate increases.

As the second half of the year progressed, it appeared that the Fed may be at or near the end of the current rate hiking cycle. As a result, we began to opportunistically extend the average maturity of the Fund by purchasing some longer-term investments. While floating rate securities remain an integral component of the overall Fund strategy, the allocation to fixed rate securities may increase as the rate hiking cycle ends.

Meanwhile, spreads on money market credit sectors remained wide relative to historical spreads throughout the year, offering opportunities to safely seek incremental yield. Opportunity also arose within the government sector as the resolution to the debt ceiling issue led to a huge influx of new short-dated Treasury Bills into the market, which added momentum to rising yields. Higher overall yields resulted in a significant increase in investment income over the prior year.

Our active management style performed well this year during a very volatile market. The Fund remains well-positioned in the current environment, and flexible enough to adapt should market conditions change.

Given that short-term interest rates are highly dependent on monetary policy, and more recently the inflation and labor outlook, we continually monitor these factors and stand ready to adjust the Fund accordingly. As always, our primary objectives are to protect the value of the Fund's units and to provide liquidity for investors. We will continue to work hard to achieve these goals, while also seeking to increase investment yields in a prudent manner as conditions evolve over the coming quarters.

Financial Statement Overview

Management's Discussion and Analysis provides an overview of the financial statements of the Fund. The financial statements for the Fund include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements. In addition, an unaudited Schedule of Investments for the Fund is included as Other Information following the Notes to Financial Statements.

Condensed Financial Information and Analysis

Statement of Net Position: The Statement of Net Position presents the financial position of the Fund as of December 31, 2023 and includes all assets and liabilities of the Fund. The difference between total assets and total liabilities, which is equal to the investors' interest in the Fund's net position, is shown below for the current and prior year-end dates:

	December 31, 2023	December 31, 2022
Total Assets	$ 203,274,826	$ 194,876,579
Total Liabilities	(83,144)	(79,735)
Net Position	$ 203,191,682	$ 194,796,844

Total assets of the Fund fluctuate as investable assets rise and fall when capital units are issued and redeemed. The increase in total assets of the Fund is primarily comprised of an $8,186,965 increase in investments. Total liabilities of the Fund did not change significantly compared to the prior year.

Statement of Changes in Net Position: The Statement of Changes in Net Position presents the activity of the Fund for the year ended December 31, 2023. Yearly variances in the gross income generated by the Fund are impacted by the overall rate environment described in the preceding paragraphs. Average net assets also impact the net investment income, as well as certain of the expense line items that are based on a percent of the Fund's net assets. The change in the Fund's net position for the year primarily relate to a net capital unit redemption for the year, as well as net investment income and a net realized gain on sale of investments as outlined below for the current and prior periods:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Investment Income	$ 10,460,749	$ 3,473,744
Net Expenses	(523,898)	(479,387)
Net Investment Income	9,936,851	2,994,357
Net Realized Gain on Sale of Investments	5,059	677
Net Capital Units Issued/(Redeemed)	(1,547,072)	(56,657,405)
Change in Net Position	$ 8,394,838	$ (53,662,371)

The investment income of the Fund is driven by a combination of the amount of investable assets and the general short-term interest rate environment that impacts the yields on investments the Fund can purchase. Realized gains on sale of investments occur whenever investments are sold for more than their carrying value. Although average assets decreased approximately 2% year-over-year, reflected in the net capital units redeemed above, investment income increased due to the increase in rates which began early in the prior year and continued through the current year. There was an increase to expenses due to an entire year of reimbursements of previously waived fees whereas such reimbursements in the prior year did not begin until part way through the year in May 2022.

The return of the Fund for the year ended December 31, 2023 was 5.19%, up from 1.63% for the year ended December 31, 2022. Select financial highlights for the Fund for the current period, as compared to the prior period, as applicable, are as follows:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Ratio of Net Investment Income to Average Net Assets Before Fees Reimbursed	5.09%	1.50%
Ratio of Net Investment Income to Average Net Assets	5.07%	1.50%
Ratio of Expenses to Average Net Assets Before Fees Reimbursed	0.25%	0.24%
Ratio of Expenses to Average Net Assets	0.27%	0.24%

The significant increase in the return and the ratio of net investment income to average net assets both before and after factoring in fees reimbursed is due to the increase in investment income, driven by the increase in interest rates previously noted. The ratio of expenses to average net assets both before and after factoring in investment advisory fees reimbursed increased due to the full year of reimbursements occurring in the current year as well as a 1bp increase in administration fees year-over-year.

Statement of Net Position

December 31, 2023

Assets	
Investments	$ 202,570,442
Cash and Cash Equivalents	71,009
Interest Receivable	633,375
Total Assets	203,274,826
Liabilities	
Investment Advisory Fees Payable	25,856
Administration Fees Payable	17,320
Audit Fees Payable	31,060
Other Accrued Expenses	8,908
Total Liabilities	83,144
Net Position (applicable to 203,191,682 outstanding Units of beneficial interest; unlimited authorization; no par value; equivalent to $1.00 per unit)	$ 203,191,682

Statement of Changes in Net Position

For the Year Ended December 31, 2023

Income	
Investment Income	$ 10,460,749
Expenses	
Investment Advisory Fees	255,064
Administration Fees	195,887
Audit Fees	31,247
Other Expenses	3,440
Total Expenses	485,638
Investment Advisory Fees Reimbursed	38,260
Net Expenses	523,898
Net Investment Income	9,936,851
Other Income	
Net Realized Gain on Sale of Investments	5,059
Net Increase from Investment Operations Before Capital Transactions	9,941,910
Capital Units Issued	112,505,104
Capital Units Redeemed	(114,052,176)
Change in Net Position	8,394,838
Net Position – Beginning of Year	194,796,844
Net Position – End of Year	$ 203,191,682

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

A. Organization and Reporting Entity

The Massachusetts Development Finance Agency Short Term Asset Reserve Fund (formerly known as the Massachusetts Health and Educational Facilities Authority Short Term Asset Reserve Fund) (the STAR Fund or, the Fund) was established on July 16, 1991 under the laws of the Commonwealth of Massachusetts, Chapter 614, of the Acts of 1968, to make available comprehensive investment management of proceeds of bonds and other obligations issued by the Massachusetts Health and Educational Facilities Authority (the Authority) on behalf of its institutional borrowers. Pursuant to Chapter 240 of the Acts of 2010, Commonwealth of Massachusetts, the Authority was merged into the Massachusetts Development Finance Agency (the Agency) effective October 1, 2010. All rights, powers, duties and properties of the Authority related to the STAR Fund transferred to the Agency as of this date and the Fund's name was changed commensurate with this change. The Agency provides oversight for the STAR Fund.

The STAR Fund's investment earnings are not taxable to the Fund but may be subject to arbitrage rebate payments by investors. An objective of the STAR Fund is to maintain a net asset value of $1.00 per unit, but there can be no assurance that the net asset value (NAV) per unit will not vary from $1.00. Units are issued and redeemed at the NAV per unit next determined after receipt of a request. The STAR Fund has not provided or obtained any legally binding guarantees to support the value of units. All participation in the STAR Fund is voluntary. The STAR Fund is not required to register as an investment company with the Securities & Exchange Commission (SEC).

The Fund's financial statements presented within this Annual Report have been prepared in conformity with the reporting framework prescribed by the Governmental Accounting Standards Board (GASB) for local government investment pools.

B. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

Measurement Focus and Basis of Accounting

The Fund reports transactions and balances using the economic resources management focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Cash and Cash Equivalents

The Fund reflects cash on deposit in bank accounts which is available within one business day as cash and cash equivalents. Certificates of deposit are disclosed separately as investments in the financial statements.

Valuation of Investments

In accordance with the authoritative guidance on fair value measurements and disclosures under GASB Statement No. 72, as amended, the Fund discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Inputs other than quoted prices that are observable for the asset, including quoted prices for similar investments based on interest rates, credit risk and like factors.

Level 3 – Unobservable inputs for the assets, including the Portfolios' own assumptions for determining fair value.

The Fund's investments are assigned a level based upon the observability of the inputs which are significant to the overall valuation. In accordance with GASB Statement No. 79, the Fund's securities are valued at amortized cost, which approximates fair value. GASB Statement No. 79 requires a comparison of the Fund's investments on an amortized cost basis to fair values determined on a market value basis at least monthly. The market prices used to determine fair values in this comparison are derived from closing bid prices as of the last business day of the month as supplied by third-party pricing services. Where prices are not available from these generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Since the value is not obtained from a quoted price in an active market, all securities held by the Fund as of December 31, 2023 are categorized as Level 2.

Investment Transactions

Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Costs used in determining realized gains and losses on the sale of investment securities are those of specific securities sold. Interest income is recorded using the accrual method. Discounts and premiums are accreted and amortized, respectively, to interest income over the lives of the respective securities.

Repurchase Agreements

Repurchase agreements entered with broker-dealers are secured by U.S. government or agency obligations. The Fund's custodian takes possession of the collateral pledged for investments in repurchase agreements. The Fund also enters into tri-party repurchase agreements. Collateral pledged for tri-party repurchase agreements is held for the Fund by an independent third-party custodian bank until the maturity of the repurchase agreement. Repurchase agreements are collateralized at 102% of the obligation's principal and interest value. In the event of default on the obligation to repurchase, the Fund has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. If the seller defaults and the value of the collateral declines, realization of the value of the obligation by the Fund may be delayed. In the event of default or bankruptcy by the other party to the agreement, realization and/or retention of the collateral may be subject to delays from legal proceedings.

Unit Valuation and Participant Transactions

The NAV per unit of the STAR Fund is calculated as of the close of each business day by dividing the net position of that Portfolio by the number of its outstanding units. It is the STAR Fund's objective to maintain a NAV of $1.00 per unit, however, there is no assurance that this objective will be achieved. The exact price for unit transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of units purchased or redeemed will be determined by the NAV.

Dividends and Distributions

On a daily basis, the Fund declares dividends and distributions from its net investment income, and net realized gains or losses from securities transactions, if any. Such dividends and distributions are payable to investors of record at the time of the previous computation of the Fund's NAV and are distributed to each investor's account by purchase of additional units of the Fund on the last day of each month. For the year ended December 31, 2023, the Fund distributed dividends totaling $9,941,910.

Redemption Restrictions

Units of the Fund are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as an investor has enough units to meet their redemption request. The Agency reserves the right to suspend the right of withdrawal or to postpone the date of payment of redemption proceeds of units if the New York Stock Exchange is closed other than for customary weekend and holiday closing, if trading on that Exchange is restricted or if, in the opinion of the Agency, an emergency or other situation exists such that disposal of the Fund's securities or determination of its net asset value is not reasonably practical.

Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Income Tax Status

The Fund is not subject to Federal or state income tax upon the income realized by it. Accordingly, no provision for income taxes is required in the financial statements.

Representations and Indemnifications

In the normal course of business, the Fund may enter into contracts that contain a variety of representations which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience the Fund expects the risk of loss to be remote.

Subsequent Events Evaluation

The Fund has evaluated subsequent events through April 23, 2024, the date through which procedures were performed to prepare the financial statements for issuance. No events have taken place that meet the definition of a subsequent event requiring adjustment or disclosure in these financial statements.

C. Investment Risks

Under GASB Statement No. 40, as amended, state and local governments and other municipal entities are required to disclose credit risk, concentration of credit risk, and interest rate risk for investment portfolios. The following risk disclosures of the Fund as of December 31, 2023 have been provided for the information of the Fund's investors.

Credit Risk

The Fund's investment policies, as outlined in its Information Statement, limit the Fund's investments to those which investors in the Fund can invest under the laws of the Commonwealth of Massachusetts. As of December 31, 2023, the Fund was comprised of investments which were, in aggregate, rated by S&P Global Ratings (S&P) as follows:

S&P Rating	%
AAAm	0.49%
AA+	3.55%
AA-	1.63%
A-1+	19.55%
A-1	43.21%
A+	1.70%
Exempt [1]	29.87%

[1] *Represents investments in U.S. Treasury obligations, or repurchase agreements collateralized by U.S. Treasury obligations, which are not considered to be subject to overall credit risk per GASB.*

The ratings in the preceding chart include the ratings of collateral underlying repurchase agreements in effect as of December 31, 2023. Securities with a long-term rating of A or higher are equivalent to the highest short-term rating category based on S&P rating methodology.

Concentration of Credit Risk

As outlined in the Fund's Information Statement, the Fund's investment policy establishes certain restrictions on investments and limitations on portfolio composition. As of December 31, 2023, the Fund's portfolio included the following issuers, aggregated by affiliated issuers where applicable, which individually represented greater than 5% of the Fund's total investment portfolio:

Issuer	%
BNP Paribas [1]	7.39%
BofA Securities Inc. [1]	10.59%
TD Securities LLC	7.40%
U.S. Treasury Obligations	9.48%

[1] *This issuer is also counterparty to a repurchase agreement entered into by the Fund. These repurchase agreements are collateralized by U.S. Government and Agency obligations.*

Interest Rate Risk

The Fund's investment policy limits its exposure to market value fluctuations due to changes in interest rates by requiring that: (1) it maintain a dollar-weighted average maturity of not greater than 60 days; (2) requiring that any investment securities purchased by the STAR Fund have remaining maturities of 397 days or less at the time of purchase (except for variable rate notes issued by the United States government or its agencies or instrumentalities, which must have remaining maturities of 762 days or less); and (3) limiting the remaining maturity of any commercial paper purchased by the STAR Fund to 270 days or less. As of December 31, 2023, the weighted average maturity of the Fund, including cash and cash equivalents and certificates of deposit, was 45 days.

The range of yields to maturity, actual maturity dates, principal values, fair values and weighted average maturities of these types of investments the Fund held as of December 31, 2023 are as follows:

Type of Deposits and Investments	Yield-to-Maturity Range	Maturity Range	Principal	Fair Value	Weighted Average Maturity
Asset-Backed Commercial Paper	5.48%-6.05%	1/29/24-8/2/24	$ 21,305,000	$ 21,095,006	92 Days
Cash and Cash Equivalents	n/a	n/a	71,009	71,009	1 Day
Certificates of Deposit – Negotiable	5.67%-6.00%	1/5/24-11/12/24	38,537,000	38,538,924	42 Days
Commercial Paper	5.47%-5.95%	1/5/24-8/21/24	62,205,000	61,501,067	81 Days
Corporate Notes	5.76%-6.20%	1/15/24-6/13/24	6,778,000	6,739,807	40 Days
Government Agency and Instrumentality Obligations:					
U.S. Treasury Notes	5.31%-5.56%	1/2/24-1/16/24	19,230,340	19,195,638	11 Days
Money Market Funds	5.25%	n/a	1,000,000	1,000,000	7 Days
Repurchase Agreements	5.30%-5.46%	1/2/24-5/1/24	54,500,000	54,500,000	4 Days
			$ 203,626,349	$ 202,641,451	

The yields shown in the preceding table represent the yield-to-maturity at original cost except for adjustable-rate instruments, for which the rate shown is the coupon rate in effect as of December 31, 2023, and money market funds, for which the rate shown represents the current 7-day yield in effect as of December 31, 2023.

The weighted average maturities shown in the preceding table are calculated based on the stated maturity dates with the following exceptions: (1) floating or variable rate securities are assumed to have an effective maturity of the date upon which the securities interest rate next resets; (2) the effective maturity of callable securities is assumed to be its stated maturity unless the security had been called as of the reporting date, in which case the effective maturity would be assumed to be its called date; (3) for instruments subject to demand features, the effective maturity is assumed to be the period remaining until the principal amount of the security may be recovered through the demand feature; and (4) the effective maturity of money market instruments is assumed to be the date upon which the collection of redemption proceeds is due, typically seven days; and (5) the effective maturity of cash and cash equivalents is assumed to be one day. Refer to the Schedule of Investments included in the unaudited Other Information that follows for further information.

D. Fees and Charges

Administration Fees

The Agency, as Administrator of the Fund may charge an administration fee up to a maximum of 0.10% of the average daily net assets of the Fund so long as the aggregate expenses of the STAR Fund are not greater than 0.25% of the average daily net assets of the Fund. The Administrator pays the custodial and cash management fees of the STAR Fund. For the year ended December 31, 2023, fees paid to the Administrator represent an effective annual rate of 0.10% after factoring in $19,589 reimbursement of administration fees during the current year in light of the increasing rate environment. These fees are computed daily and payable monthly.

Investment Advisory Fees

PFM Asset Management LLC (PFMAM) provides investment management services to the STAR Fund, including investment advisory, distribution, shareholder accounting and certain administrative services pursuant to an investment advisory agreement (Management Agreement) with the Fund. Fees for such services are calculated at an annual rate which is determined as follows:

STAR Fund Average Daily Net Assets	Rate
First $100,000,000	0.14%
$100,000,001 to $300,000,000	0.12%
Over $300,000,000	0.10%

Such fees are calculated daily and payable monthly. Units of the Fund are distributed by PFM Fund Distributors, Inc., an affiliate of PFMAM. PFM Fund Distributors, Inc. is not compensated by the Fund for these services.

PFMAM is a subsidiary of U.S. Bancorp Asset Management Inc. (USBAM). USBAM is a subsidiary of U.S. Bank, National Association (U.S. Bank). U.S. Bank serves as the Fund's Custodian.

Fee Reduction Agreement

The Agency, on behalf of the Fund, has entered into a Fee Reduction Agreement with PFMAM, pursuant to which PFMAM may, but shall not be obligated to, temporarily reduce a portion of its fees to assist the Fund in an attempt to maintain a positive yield. In the event that PFMAM elects to initiate a temporary fee waiver (Fee Deferral), under the terms of the Fee Deferral Agreement such Fee Deferral shall be applicable to the computation of the NAV of the Fund on any business day on which PFMAM elects to temporarily waive its fees. PFMAM shall provide prompt notice to the Agency on the initial instances of a Fee Deferral and provide reporting at least quarterly on the aggregate amount of Fee Deferrals during the quarter, as well as any

Fee Deferrals restored to PFMAM and any amount of Fee Deferrals which are no longer able to be restored to PFMAM in accordance with the terms of the Fee Reduction Agreement.

Under the terms of the Fee Reduction Agreement, at any time after a Fee Deferral has been terminated, and if the monthly distribution yield of the Fund was in excess of 0.10% per annum for the preceding calendar month, PFMAM may elect to have the amount of its Fee Deferrals restored in whole or in part under the conditions described in the Fee Reduction Agreement with the Fund by way of a payment of fees in excess of the rate it was entitled to, prior to any Fee Deferral. In all cases, the total fees paid to PFMAM for a given month, inclusive of the amount of any Fee Deferrals restored, may not exceed 115% of the fees payable under the terms of PFMAM's related agreement with the Fund, and any Fee Deferrals restored under the Fee Reduction Agreement may only be restored during the three years from the calendar month to which they relate.

The chart that follows depicts the cumulative Fee Deferrals by and Reimbursements to PFMAM during the current and prior fiscal years which remain potentially recoverable as of December 31, 2023.

	Investment Advisory Fees
Cumulative Fee Deferrals	$ 137,222
Amounts Reimbursed	(62,158)
Amounts Unrecoverable	-
Remaining Recoverable	$ 75,064
Fee Deferrals Not Reimbursed Become Unrecoverable in Year-End:	
December 31, 2024	$ 60,053
December 31, 2025	15,011
Total	$ 75,064

Other Information (unaudited)

Schedule of Investments (unaudited)

December 31, 2023

Rate[1]	Maturity Date[2]		Principal	Fair Value[3]
Asset-Backed Commercial Paper (10.38%)				
Barclays Bank				
5.68%	2/16/24	....	$4,005,000	$3,976,368
Collaterized Commercial Paper Flex Co. LLC				
6.05%	7/12/24	....	1,000,000	1,000,000
Collaterized Commercial Paper V. Co.				
5.92%	4/15/24	....	2,000,000	2,000,000
5.79%	7/1/24	....	1,000,000	1,000,000
Liberty Street Funding LLC				
5.48%	4/1/24	....	2,000,000	1,972,700
5.85%	8/2/24	....	1,000,000	966,711
LMA-Americas LLC				
5.85%	1/29/24	....	2,000,000	1,991,164
5.79%	3/4/24	....	2,000,000	1,980,330
Manhattan Asset Funding Co.				
5.59%	4/2/24	....	2,300,000	2,267,731
Matchpoint Finance PLC				
5.72%	5/28/24	....	2,000,000	1,954,284
Ridgefield Funding Co. LLC				
5.68% [4]	5/20/24	....	1,000,000	1,000,000
Starbird Funding Corp				
5.81%	4/1/24	....	1,000,000	985,718
Total Asset-Backed Commercial Paper		....		21,095,006
Certificate of Deposits (18.97%)				
Bank of America				
5.89% [4]	2/5/24	....	1,000,000	1,000,000
5.80%	2/15/24	....	1,000,000	1,000,000
5.90%	4/17/24	....	1,500,000	1,500,000
Canadian Imperial Bank of Commerce (NY)				
5.91% [4]	2/15/24	....	1,000,000	1,000,000
Citibank				
5.74%	8/16/24	....	1,000,000	1,000,000
Cooperatieve Rabobank U.A.				
5.73%	2/15/24	....	1,400,000	1,400,000
HSBC Bank USA				
5.92% [4]	5/2/24	....	1,000,000	1,000,000
5.89% [4]	8/8/24	....	1,000,000	1,000,000
Mitsubishi UFJ Finance Group				
5.70% [4]	6/20/24	....	1,000,000	1,000,000
Mizuho Bank Ltd. (NY)				
5.84% [4]	1/11/24	....	2,000,000	2,000,000
5.82% [4]	1/26/24	....	1,000,000	1,000,000
5.81% [4]	1/31/24	....	2,000,000	2,000,000
5.85%	4/26/24	....	1,000,000	1,000,000
5.85%	5/2/24	....	2,000,000	2,000,000
Natixis (NY)				
5.94%	5/21/24	....	1,000,000	1,000,020

The notes to the financial statements are an integral part of the schedule of investments.

Schedule of Investments (unaudited)

December 31, 2023

Rate[1]	Maturity Date[2]		Principal	Fair Value[3]
Nordea Bank (NY)				
5.90% [4]	4/5/24		$1,000,000	$1,000,000
State Street Bank and Trust				
5.73% [4]	2/21/24		1,500,000	1,500,000
Sumitomo Mitsui Bank (NY)				
5.83% [4]	1/5/24		2,000,000	2,000,000
5.84% [4]	1/11/24		2,000,000	2,000,000
5.70% [4]	3/7/24		900,000	899,500
5.81% [4]	4/4/24		1,000,000	1,000,000
5.67% [4]	7/1/24		2,000,000	2,000,000
Svenska Handelsbanken (NY)				
5.91% [4]	4/2/24		1,000,000	1,000,000
5.94% [4]	4/29/24		1,000,000	1,000,159
5.90%	7/12/24		1,000,000	1,000,000
Swedbank (NY)				
5.90%	6/14/24		1,000,000	1,000,000
5.90%	6/20/24		1,237,000	1,236,918
Wells Fargo Bank				
5.89% [4]	2/12/24		1,000,000	1,000,000
5.99% [4]	8/2/24		2,000,000	2,002,327
6.00% [4]	11/12/24		1,000,000	1,000,000
Total Certificate of Deposits				38,538,924
Commercial Paper (30.27%)				
Australia and New Zealand Banking Group				
5.88%	7/16/24		1,205,000	1,167,810
Bank of Montreal				
5.74% [4]	2/5/24		2,000,000	2,000,000
5.92%	5/13/24		1,000,000	979,052
Bank of Montreal (Chicago)				
5.73%	1/5/24		1,000,000	999,381
BNP Paribas				
5.93%	4/5/24		1,000,000	985,011
BNP Paribas (NY)				
5.89%	5/20/24		1,000,000	977,872
BofA Securities Inc.				
5.61%	7/2/24		2,000,000	1,944,795
BPCE SA				
5.47%	8/21/24		2,000,000	1,931,783
Credit Agricole Corporate & Investment Bank (NY)				
5.80% [4]	3/4/24		1,000,000	990,147
Credit Indust Et Comm (NY)				
5.81%	4/5/24		1,000,000	985,183
5.86%	5/2/24		1,000,000	980,768
DNB Bank Asa				
5.84%	5/16/24		1,000,000	978,674
5.88%	6/7/24		1,000,000	975,291

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Schedule of Investments (unaudited)

December 31, 2023

Rate[1]	Maturity Date[2]		Principal	Fair Value[3]
ING (US) Funding LLC				
5.86% [4]	2/9/24	....	$1,750,000	$1,750,000
5.75% [4]	2/16/24	....	1,000,000	1,000,000
5.79%	3/1/24	....	1,000,000	990,633
JP Morgan Securities LLC				
5.78%	8/16/24	....	2,000,000	2,000,000
Macquarie Bank Ltd.				
5.84%	5/1/24	....	1,000,000	980,942
5.91% [4]	5/3/24	....	1,000,000	1,000,000
5.91% [4]	7/26/24	....	1,000,000	1,000,000
5.66%	8/9/24	....	1,000,000	966,604
Mitsubishi UFJ Trust and Banking Corporation (NY)				
5.72%	2/20/24	....	1,000,000	992,181
MUFG Bank Ltd. (NY)				
5.74%	1/5/24	....	1,000,000	999,377
5.77%	2/12/24	....	2,000,000	1,986,770
National Australia Bank Ltd.				
5.73% [4]	3/11/24	....	2,000,000	2,000,000
Natixis (NY)				
5.86% [4]	1/8/24	....	1,000,000	1,000,000
5.85% [4]	1/8/24	....	1,000,000	1,000,000
5.83%	2/13/24	....	1,000,000	993,275
5.85%	3/4/24	....	1,000,000	990,113
Nordea Bank				
5.78% [4]	2/29/24	....	2,000,000	2,000,032
5.79%	3/1/24	....	1,000,000	990,633
Royal Bank of Canada				
5.77% [4]	2/7/24	....	2,000,000	2,000,018
Skandinaviska Enskilda Banken				
5.91% [4]	4/3/24	....	1,000,000	1,000,000
5.79%	4/5/24	....	2,000,000	1,970,339
Svenska Handelsbanken				
5.67%	5/28/24	....	2,000,000	1,954,696
5.90%	6/3/24	....	1,000,000	975,831
Swedbank (NY)				
5.95%	4/4/24	....	1,000,000	985,117
5.89% [4]	4/29/24	....	1,000,000	1,000,000
5.80% [4]	5/6/24	....	2,000,000	2,000,000
Toronto Dominion Bank				
5.92% [4]	3/22/24	....	1,250,000	1,250,000
5.79% [4]	7/5/24	....	2,000,000	2,000,000
Toyota Credit Puerto Rico				
5.86%	1/22/24	....	1,000,000	996,681
5.90%	5/31/24	....	1,000,000	976,301
5.92%	7/9/24	....	1,000,000	969,917
5.94%	8/6/24	....	1,000,000	965,544

The notes to the financial statements are an integral part of the schedule of investments.

Schedule of Investments (unaudited)

December 31, 2023

Rate[1]	Maturity Date[2]		Principal	Fair Value[3]
Toyota Motor Credit Corp.				
5.94%	4/26/24		$1,000,000	$981,666
Westpac Banking Corp.				
5.87%	6/6/24		1,000,000	975,403
Westpac Securities (NZ)				
5.81%	4/15/24		1,000,000	983,521
5.79%	5/10/24		1,000,000	979,706
Total Commercial Paper				61,501,067
Corporate Notes (3.32%)				
Nestle Holdings Inc.				
5.96%	1/15/24		2,500,000	2,494,757
Svenska Handelsbanken (NY)				
5.76%	6/11/24		814,000	795,766
Toyota Motor Credit Corp.				
6.01% [4]	6/13/24		854,000	854,839
UBS AG (CT)				
6.20%	2/9/24		2,610,000	2,594,445
Total Corporate Notes				6,739,807
Government Agency & Instrumentality Obligations (9.44%)				
U.S. Treasury Notes				
5.33%	1/2/24		4,000,000	3,999,412
5.31%	1/4/24		3,000,000	2,998,680
5.56%	1/15/24		9,230,340	9,204,146
5.32%	1/16/24		3,000,000	2,993,400
Total Government Agency & Instrumentality Obligations				19,195,638
Repurchase Agreements (26.82%)				
BNP Paribas SA				
5.40%	1/8/24[5]		3,000,000	3,000,000
		(Dated 11/28/23, repurchase price $3,040,500, collateralized by: U.S. Treasury obligations, 0.00%-5.50%, maturing 4/30/25-8/15/47, fair value $3,028,070; Ginnie Mae obligations, 3.50%-5.50%, maturing 6/15/36-11/20/53, fair value $22,593; Fannie Mae obligations, 3.50%-5.50%, maturing 2/1/43-6/1/53, fair value $25,428)		
5.32%	1/8/24[5]		5,000,000	5,000,000
		(Dated 12/14/23, repurchase price $5,102,706, collateralized by: U.S. Treasury obligations, 0.00%-2.375%, maturing 5/15/25-2/15/38, fair value $4,950,648; Ginnie Mae obligations, 5.50%, maturing 4/15/33, fair value $1,238; Fannie Mae obligations, 5.22%-6.00%, maturing 12/1/33-7/1/38, fair value $1,060; and Freddie Mac obligations, 6.00%, maturing 10/1/53, fair value $161,374)		
5.34%	1/8/24[5]		5,000,000	5,000,000
		(Dated 12/13/23, repurchase price $5,021,508, collateralized by U.S. Treasury obligations, 0.00%-5.26%, maturing 4/30/24-5/15/50, fair value $5,115,131)		
BofA Securities Inc.				
5.32%	1/2/24		12,500,000	12,500,000
		(Dated 12/29/23, repurchase price $12,507,389, collateralized by U.S. Treasury obligations, 0.00%, maturing 2/15/25-11/15/39, fair value $12,757,564)		

The notes to the financial statements are an integral part of the schedule of investments.

Schedule of Investments (unaudited)

December 31, 2023

Rate[1]	Maturity Date[2]		Principal	Fair Value[3]
BofA Securities Inc. (Cont.)				
5.40%	1/2/24	(Dated 11/2/23, repurchase price $2,018,300, collateralized by: Ginnie Mae obligations, 2.50%-5.00%, maturing 11/20/40-6/20/50, fair value $597,664; Fannie Mae obligations, 3.00%-5.00%, maturing 11/1/25-11/1/49, fair value $960,077; Federal Farm Credit Banks obligations, 2.04%, maturing 12/22/45, fair value $18,960; and Freddie Mac obligations, 4.50%, maturing 5/1/52, fair value $481,965)	$2,000,000	$2,000,000
5.33%	1/3/24	(Dated 11/21/23, repurchase price $2,012,733, collateralized by: U.S. Treasury obligations, 0.375%, maturing 12/31/25, fair value $12,706; Ginne Mae obligations, 5.00%-6.00%, maturing 11/15/32-10/15/35, fair value $89,774; Fannie Mae obligations, 2.50%-4.56%, maturing 8/1/28-1/1/52, fair value $1,259,143; and Freddie Mac obligations, 3.00%-5.00%, maturing 8/1/39-6/1/53, fair value $691,062)	2,000,000	2,000,000
5.46%	1/8/24[5]	(Dated 10/17/23, repurchase price $3,041,860, collateralized by: Ginnie Mae obligations, 6.50%, maturing 11/15/28, fair value $14,596; and Freddie Mac obligations, 2.50%-6.31%, maturing 12/1/26-12/1/53, fair value $3,081,140)	3,000,000	3,000,000
Goldman Sachs & Co.				
5.30%	1/2/24	(Dated 12/26/23, repurchase price $7,007,214, collateralized by U.S. Treasury obligations, 1.625%, maturing 11/30/26, fair value $7,147,412)	7,000,000	7,000,000
TD Securities LLC				
5.35%	1/2/24	(Dated 12/29/23, repurchase price $15,008,917, collateralized by U.S. Treasury obligations, 2.75%, maturing 2/15/24-6/30/25, fair value $15,309,190)	15,000,000	15,000,000
Total Repurchase Agreements				54,500,000
Money Market Funds (0.49%)			**Shares**	**Fair Value[3]**
Goldman Sachs Financial Square Government Fund, Institutional Class				
5.25%	1/7/24		1,000,000	1,000,000
Total Money Market Funds				1,000,000
Total Investments (99.69%) (Amortized Cost $202,570,442)				202,570,442
Other Assets and Liabilities, Net (0.31%)				621,240
Net Position (100.00%)				$203,191,682

(1) Yield-to-maturity at original cost unless otherwise noted. Money market fund rates represent the annualized 7-day yield as of December 31, 2023.

(2) Actual maturity dates, unless otherwise noted.

(3) See Note B to the financial statements.

(4) Adjustable rate security. Rate shown is that which was in effect at December 31, 2023.

(5) Subject to put with 7-day notice.

The notes to the financial statements are an integral part of the schedule of investments.

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