2021

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, 2021, and the related statement of changes in net position for the year then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund at December 31, 2021, and the changes in its 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 the 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 of 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 on pages 3 through 5 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 28, 2022

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, 2021. 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, 2021. 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

The U.S. economy overcame a series of challenges in 2021, reflecting progress on COVID-19 vaccines, a more complete economic reopening, and consumers returning in full force. Challenges remain, however, as variants of COVID-19 have ebbed and flowed, affecting both daily home and work life as pre-pandemic normalcy remained elusive.

Overall economic activity was robust in 2021, supported by massive levels of monetary support by the Federal Reserve ("Fed") and numerous rounds of fiscal support from Congress to combat the effects of the pandemic. The labor market made remarkable progress, with businesses now challenged to find enough workers and wages rising at a healthy clip. Consumer spending reached record levels, especially for goods, which resulted in supply shortages and triggered a surge in inflation. High inflation became a major issue for the economy, setting the stage for a major pivot by the Federal Reserve late in the year to reverse the accommodative policies put in place in the early days of the pandemic.

Real U.S. gross domestic product ("GDP") grew 5.7% for the year, the strongest pace since 1984. Growth was driven by large increases in almost all categories, but was led by consumer spending, especially for durable goods, business investment in equipment, residential real estate, and inventories. Exports grew, but imports grew even more, resulting in a record trade deficit.

The economy benefited from a continuing series of support programs, including $900 billion in additional stimulus passed in late 2020, enhanced unemployment benefits, suspension of payments and interest on student loan debt, an eviction moratorium, expanded child tax credits, and the $1.9 billion American Rescue Plan. This helped consumer households accumulate excess savings that would drive strong spending. On the COVID front, approximately 63% of the U.S. population was considered fully vaccinated by year-end, but cases surged in the fourth quarter due to the Omicron variant.

The U.S. federal debt ceiling was once again a hot button issue during the year. Following the expiration of the prior suspension of the debt ceiling in July 2021, the U.S. Treasury began taking "extraordinary measures" to keep the government funded. Disaster was averted though as that was followed first by a short-term extension, and eventually by a larger increase sufficient to fund the government's bills until sometime in 2023.

Unemployment showed sustained improvement, falling from 6.7% at the beginning of the year to 3.9% in December. The economy added an average of 555,000 jobs per month for a total of more than 6.6 million new jobs for the year, the largest annual gain on record. There were notable gains in the leisure and hospitality, education and health services, and transportation industries. Average hourly earnings, an important gauge of wages, rose a strong 4.7%. Job openings reached record levels, providing workers with bargaining power and the flexibility to voluntarily switch jobs. While these were indeed much-welcomed achievements, as of December 2021, there were still three million fewer people employed compared to pre-pandemic levels.

Consumers, weary from months of pandemic-induced shutdowns, sprung to life and opened their pocketbooks, driving strong demand for goods, and more recently services. At the same time, global supply chains were disrupted, leading to shortages of both raw materials and finished goods. For example, semiconductor chip shortages limited automobile production.

The combination of high demand and supply shortage led to sharply higher inflation. The consumer price index rose 7.0% in 2021 to a nearly 40-year high. Gasoline and fuel oil prices were up more than 40%, the cost of both new and used cars surged, and prices for food, clothing, housing and transportation were also up strongly. Inflation had become the most worrisome issue for both household and policymakers.

Interest rates began the year at historically low levels. After a surge in intermediate and longer-term yields in the first quarter, rates drifted mostly lower for the next two quarters. On the other hand, short term rates (under two years) were anchored to the Fed's near-zero rate policy. The Fed remained committed to a very accommodative policy throughout the year with both low rates and continued bond purchases. Recognizing the building and sustained economic recovery, highlighted by falling unemployment, by mid-year, the Federal Open Market Committee ("FOMC") began contemplating the timing and communication around a potential reduction of asset purchases, and formally announced a tapering of purchases at its November meeting.

In light of the strengthening labor market and persistently elevated inflation readings, the monetary policymaking body announced just a month later, in December, that it would speed up tapering, ending all purchases by March 2022. This is expected to be quickly followed by a series of rate hikes in 2022. The Fed's significant policy pivot caused interest rates to rise sharply in the fourth quarter. The yield on two-year Treasury notes rose 0.45% in Q4, ending the year just under 1%. This compares to the all-time low yield of just 0.09% reached in February 2021.

Looking forward, economists expect above-trend growth, a tight labor market, and lingering inflation pressures in 2022. Despite substantial progress on vaccines, Omicron and other COVID variants remain a source of uncertainty to the outlook. Inflation remains the biggest challenge for the economy and the Fed, whose policy will be decidedly less accommodative. Questions are shifting from when the Fed will raise rates to the number of times the Fed will raise over the next year.

Portfolio Strategy

The ultra-low short-term interest rate environment presented unique challenges in managing the Fund. For much of the year, short-term rates were near record lows, and at the same time incremental yield spreads on non-government securities were historically tight. Supply of attractively priced investment opportunities was limited at times.

As always, we prioritized safety of principal and liquidity for investors. We then actively managed the Fund as we worked hard to sustain the portfolio yield. The strategy during much of 2021 focused on carefully positioning the Fund's weighted average maturity, identifying relative value between allowable sectors, as well as selecting securities that fit the Fund's objectives.

For the first three quarters of the year, because there were few identifiable catalysts to push rates higher, we sought investments in somewhat longer maturities to capture incremental yield and positioned the Fund with a longer weighted average maturity, within fund limits. Our sector preferences favored credit instruments, but also shifted as market conditions evolved. For example, a technical adjustment by the Federal Reserve in June 2021 made overnight repurchase agreements more attractive. Large fluctuations in Treasury bill issuance also periodically presented opportunities. As yield spreads on credit instruments varied throughout the year, we carefully targeted the sectors, maturities, and issuers we felt offered the best value for the Fund.

As it became clear in the fourth quarter that the Fed was beginning a major shift in policy, and short-term interest rates began to rise, we moved to a more defensive posture, shortening the maturity profile of the Fund. The Fund was well positioned at year-end in anticipation of an imminent series of rate hikes in 2022.

Given that short-term interest rates are highly dependent on the economic outlook and monetary policy, 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 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 at December 31, 2021 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 fiscal year-end dates, as applicable:

	December 31, 2021	December 31, 2020
Total Assets	$ 248,527,804	$ 340,463,959
Total Liabilities	(68,589)	(101,037)
Net Position	$ 248,459,215	$ 340,362,922

Total assets of the Fund fluctuate as investable assets rise and fall when capital shares are issued and redeemed. The decrease in total assets of the Fund is primarily comprised of a $92,025,617 decrease in investments. Total liabilities of the Fund decreased since those are mainly payables to service providers of the Fund which are primarily based on the Fund's average net assets in the last month of each fiscal year, which also decreased year-over-year, and the continuation of Investment Advisory Fee waivers throughout the 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, 2021. 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 and other fixed. The changes in the Fund's net position for the year primarily relate to a net capital share redemption for the year, as well as net investment income and realized gains on sale of investments as outlined below for the current and prior fiscal periods:

	Year Ended December 31, 2021	Year Ended December 31, 2020
Investment Income	$ 452,875	$ 3,543,618
Net Expenses	(399,772)	(840,251)
Net Investment Income	53,103	2,703,367
Net Realized Gain on Sale of Investments	9,597	3,994
Net Capital Shares Issued/(Redeemed)	(91,966,407)	82,790,128
Change in Net Position	$ (91,903,707)	$ 85,497,489

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. The continuation of the Fed's near-zero-rate policy that started in March 2020 caused yields to decrease year-over-year. The Fund's average net assets decreased approximately 29% year-over-year, which is reflected in the decrease in the net capital shares issued/(redeemed) above and resulted in lower investable assets on average. There was a decrease to net expenses due to lower average net assets since many expenses are calculated as a percentage of average net assets. Net expenses were also lower due to the $116,803 of investment advisory fee waivers and a matching decrease in administration fees as a result of the near-zero rate environment.

The return of the Fund for the year ended December 31, 2021 was 0.02%, down from 0.65% for the year ended December 31, 2020. Select financial highlights for the Fund for the current fiscal period, as compared to the prior fiscal period, are as follows:

	Year Ended December 31, 2021	Year Ended December 31, 2020
Ratio of Net Investment Income to Average Net Assets Before Fees Waived	(0.02%)	0.70%
Ratio of Net Investment Income to Average Net Assets	0.02%	0.70%
Ratio of Expenses to Average Net Assets Before Fees Waived	0.19%	0.22%
Ratio of Expenses to Average Net Assets	0.15%	0.22%

The decrease in the ratio of net investment income to average net assets is due to the previously noted near-zero rate policy that caused yields to decrease on investments the Fund can purchase. The ratio of expenses to average net assets decreased due to the decrease in administration fees noted above in an amount matching the investment advisory fee waivers.

Statement of Net Position

December 31, 2021

Assets	
Investments	$ 248,100,853
Cash and Cash Equivalents	71,893
Interest Receivable	350,788
Subscriptions Receivable	4,270
Total Assets	248,527,804
Liabilities	
Investment Advisory Fees Payable	17,608
Administration Fees Payable	9,023
Audit Fees Payable	29,980
Other Accrued Expenses	11,978
Total Liabilities	68,589
Net Position	
(applicable to 248,459,215 outstanding shares of beneficial interest; unlimited authorization; no par value; equivalent to $1.00 per share)	$ 248,459,215

Statement of Changes in Net Position

For the Year Ended December 31, 2021

Income	
Investment Income	$ 452,875
Expenses	
Investment Advisory Fees	351,230
Administration Fees	132,221
Audit Fees	29,425
Other Expenses	3,699
Total Expenses	516,575
Less: Investment Advisory Fee Waivers	(116,803)
Net Expenses	399,772
Net Investment Income	53,103
Other Income	
Net Realized Gain on Sale of Investments	9,597
Net Increase from Investment Operations Before Capital Transactions	62,700
Capital Shares Issued	633,632,298
Capital Shares Redeemed	(725,598,705)
Change in Net Position	(91,903,707)
Net Position – Beginning of Year	340,362,922
Net Position – End of Year	$ 248,459,215

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 share, but there can be no assurance that the NAV per share will not vary from $1.00. Shares are issued and redeemed at the NAV per share next determined after receipt of a request. The STAR Fund has not provided or obtained any legally binding guarantees to support the value of shares. 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 herein 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 at December 31, 2021 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 into 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.

Share Valuation and Participant Transactions

The net asset value ("NAV") per share of the STAR Fund is calculated as of the close of business each business day by dividing the net position of that Portfolio by the number of its outstanding shares. It is the STAR Fund's objective to maintain a NAV of $1.00 per share, however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares 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 shares of the Fund on the last day of each month. For the year ended December 31, 2021, the Fund distributed dividends totaling $62,700.

Redemption Restrictions

Shares 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 a sufficient number of 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 28, 2022, 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, 2021 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, 2021, the Fund was comprised of investments which were, in aggregate, rated by S&P Global Ratings ("S&P") as follows:

S&P Rating	%
AAAm	0.40%
AA+	6.05%
AA-	2.12%
A-1+	17.78%
A-1	36.35%
A+	5.53%
A	3.47%
Exempt (1)	28.30%

(1) *Represents investments in U.S. Treasury securities, or repurchase agreements collateralized by U.S. Treasury securities, which are not considered to be exposed to overall credit risk per GASB.*

The ratings in the preceding chart include the ratings of collateral underlying repurchase agreements in effect at December 31, 2021. 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. At December 31, 2021, 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	%
Credit Agricole Corporate & Investment Bank (NY) (1)	11.89%
Goldman Sachs & Co. (1)	8.89%
U.S. Treasury	12.38%

(1) *This issuer is also counterparty to a repurchase agreement entered into by the Fund. These repurchase agreements are collateralized by U.S. Government Agency and/or U.S. Treasury 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. At December 31, 2021, the weighted average maturity of the Fund, including cash and cash equivalents and certificates of deposit, was 41 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 at December 31, 2021 are as follows:

Type of Deposits and Investments	Yield-to-Maturity Range	Maturity Range	Principal	Fair Value	Weighted Average Maturity
Asset-Backed Commercial Paper	0.16%-0.33%	2/1/22-7/12/22	$ 29,299,000	$ 29,291,892	78 Days
Bank Notes	0.55%	8/1/22	1,250,000	1,263,356	213 Days
Cash and Cash Equivalents	n/a	n/a	71,893	71,893	1 Day
Certificates of Deposit – Negotiable	0.13%-0.31%	1/20/22-10/19/22	53,100,000	53,100,680	59 Days
Commercial Paper	0.14%-0.23%	1/3/22-6/21/22	51,921,000	51,910,318	53 Days
Corporate Notes	0.16%-1.04%	1/10/22-4/29/22	26,252,000	26,314,514	43 Days
Money Market Fund	0.03%	n/a	1,000,000	1,000,000	7 Days
Repurchase Agreements	0.05%-0.06%	1/3/22-2/1/22	54,500,000	54,500,000	5 Days
U.S. Treasury Bills	0.05%	1/13/22	5,000,000	4,999,917	13 Days
U.S. Treasury Notes	0.08%	1/15/22	25,655,910	25,720,176	15 Days
			$ 248,049,803	$ 248,172,746	

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 at December 31, 2021, and money market funds, for which the rate shown represents the current seven-day yield in effect at December 31, 2021.

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, 2021, fees paid to the Administrator represent an effective annual rate of 0.05% after factoring in a $116,803 reduction of administration fees during the current year in light of the low 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.

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.

There were Fee Deferrals from a year prior to the current year which will remain potentially recoverable by PFMAM. The chart that follows depicts the cumulative Fee Deferrals by PFMAM during the current and prior fiscal years which remain potentially recoverable as of December 31, 2021.

	Investment Advisory Fees
Fee Deferrals:	
Prior Year	$ 5,408
Current Year	116,803
Cumulative Fee Deferrals	$ 122,211
Amounts Reimbursed	-
Amounts Unrecoverable	-
Remaining Recoverable	$ 122,211
Fee Deferrals Not Reimbursed Become Unrecoverable in Fiscal Year-end	
December 31, 2023	$ 5,408
December 31, 2024	116,803
Total	$ 122,211

On July 7, 2021, U.S. Bancorp Asset Management Inc. ("USBAM"), a subsidiary of U.S. Bank, National Association ("U.S. Bank"), entered into a definitive agreement to purchase PFMAM, as well as its subsidiary PFMFD (the "Transaction"). The Agency approved the assignment to USBAM of the Management Agreement with PFMAM, effective upon the close of the Transaction. The terms of the Management Agreement were not changed by its assignment. The Transaction was completed on December 7, 2021 following regulatory approval and other customary closing conditions.

Other Information (unaudited)

Schedule of Investments (unaudited)

December 31, 2021

Rate[1]	Maturity Date[2]		Principal	Fair Value[3]
Asset-Backed Commercial Paper (11.79%)				
Albion Capital Corp. SA				
0.21%	2/16/22		$1,879,000	$1,878,496
Alpine Securitization LLC (Callable)				
0.22%	3/25/22		3,000,000	3,000,000
Atlantic Asset Securitization LLC				
0.16%	3/22/22		2,000,000	1,999,289
Bedford Row Funding Corp.				
0.18% [4]	6/10/22		3,000,000	3,000,000
Collaterized Commercial Paper Flex Co. LLC (Callable)				
0.26%	7/12/22		1,000,000	1,000,000
Crown Point Capital Co. LLC (Callable)				
0.33%	6/1/22		3,000,000	3,000,000
LMA-Americas LLC				
0.16%	2/16/22		1,000,000	999,796
0.17%	3/23/22		5,000,000	4,998,088
Ridgefield Funding Co. LLC				
0.16%	2/3/22		1,500,000	1,499,780
0.20%	4/22/22		2,000,000	1,998,767
0.28%	5/3/22		1,000,000	999,051
Sheffield Receivables Company LLC				
0.24%	3/15/22		2,000,000	1,999,027
Starbird Funding Corporation				
0.16%	2/1/22		2,920,000	2,919,598
Total Asset-Backed Commercial Paper				29,291,892
Certificate of Deposits (21.37%)				
Bank of Montreal (Chicago)				
0.21% [4]	8/19/22		1,500,000	1,500,000
Canadian Imperial Bank of Commerce (NY)				
0.18% [4]	1/24/22		900,000	900,000
0.15% [4]	2/17/22		2,000,000	2,000,000
0.31%	6/9/22		2,000,000	2,000,000
0.20% [4]	8/16/22		2,000,000	2,000,000
Commonwealth Bank of Australia (NY)				
0.13%	3/1/22		2,200,000	2,200,000
Goldman Sachs & Company				
0.23%	7/27/22		1,050,000	1,050,000
HSBC Bank USA				
0.21%	2/4/22		4,000,000	4,000,000
0.23%	2/7/22		2,000,000	2,000,000
0.25%	2/25/22		2,000,000	2,000,000
Mitsubishi UFJ Trust and Banking Corporation (NY)				
0.15%	2/10/22		1,500,000	1,500,000
MUFG Bank Ltd. (NY)				
0.18%	1/31/22		1,000,000	1,000,050

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

Schedule of Investments (unaudited)

December 31, 2021

Rate[1]	Maturity Date[2]		Principal	Fair Value[3]
Natixis (NY)				
0.15%	2/11/22		$3,000,000	$3,000,205
Nordea Bank (NY)				
0.14%	3/11/22		2,700,000	2,700,000
0.17% [4]	10/19/22		4,000,000	4,000,000
Sumitomo Mitsui Banking Corp. (NY)				
0.17% [4]	1/20/22		4,000,000	4,000,000
0.22%	5/5/22		2,000,000	2,000,000
Svenska Handelsbanken (NY)				
0.15% [4]	2/8/22		4,000,000	4,000,000
0.21% [4]	5/31/22		1,000,000	1,000,000
0.22%	6/6/22		2,000,000	2,000,042
Toronto Dominion Bank (NY)				
0.18% [4]	2/18/22		2,000,000	1,999,999
0.18%	3/17/22		2,000,000	2,000,187
UBS AG (CT)				
0.24%	3/11/22		2,250,000	2,250,127
Westpac Banking Corporation (NY)				
0.25% [5]	3/16/22		2,000,000	2,000,070
Total Certificate of Deposits				53,100,680
Commercial Paper (20.89%)				
ANZ New Zealand Int'l (London)				
0.18% [4]	5/20/22		3,000,000	2,999,933
ASB Finance Ltd. (London)				
0.16%	4/13/22		1,500,000	1,499,320
Bank of Montreal (Chicago)				
0.22%	1/24/22		1,000,000	999,859
0.20%	3/1/22		2,500,000	2,499,181
Commonwealth Bank of Australia (NY)				
0.21%	3/23/22		2,000,000	1,999,055
DNB Bank (NY)				
0.22% [4]	6/21/22		3,000,000	3,000,000
Goldman Sachs & Company				
0.15%	2/1/22		5,000,000	4,999,354
ING (US) Funding LLC				
0.18%	5/12/22		2,600,000	2,598,297
Macquarie Bank Ltd.				
0.23%	2/22/22		5,000,000	4,998,339
Mitsubishi UFJ Trust and Banking Corporation (NY)				
0.14%	2/4/22		1,000,000	999,868
Mizuho Bank Ltd. (NY)				
0.17%	1/7/22		2,000,000	1,999,942
0.20%	2/1/22		2,500,000	2,499,569
National Australia Bank (NY)				
0.16% [4]	5/6/22		3,000,000	3,000,000
0.19% [4]	5/12/22		2,000,000	2,000,150

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

Schedule of Investments (unaudited)

December 31, 2021

Rate[1]	Maturity Date[2]		Principal	Fair Value[3]
Natixis (NY)				
0.15% [4]	1/3/22		$3,000,000	$3,000,000
Royal Bank of Canada (NY)				
0.16% [4]	4/29/22		3,000,000	3,000,000
Sumitomo Mitsui Trust Ltd. (Singapore)				
0.19%	2/18/22		3,000,000	2,999,240
Swedbank (NY)				
0.15%	4/4/22		3,000,000	2,998,838
0.22%	4/11/22		2,100,000	2,098,717
Toronto Dominion Bank (NY)				
0.16%	2/15/22		1,721,000	1,720,656
Total Commercial Paper				51,910,318
Corporate Notes (10.59%) ANZ				
New Zealand International (London)				
0.26%	1/25/22		3,750,000	3,756,390
Bank of Nova Scotia (Houston)				
0.25%	3/7/22		1,015,000	1,019,485
0.83% [4]	3/7/22		1,608,000	1,609,786
Bank of New York Mellon (Callable)				
1.04%	2/7/22		1,109,000	1,109,435
Caterpillar Financial Services Corp.				
0.24%	2/26/22		2,210,000	2,219,147
Cooperatieve Rabobank (NY)				
0.36%	2/8/22		1,000,000	1,003,568
Credit Suisse (NY)				
0.42%	4/8/22		1,940,000	1,952,286
National Australia Bank (NY)				
0.16%	1/10/22		1,500,000	1,500,973
Royal Bank of Canada (NY)				
0.30%	4/29/22		2,000,000	2,016,237
Sumitomo Mitsui Banking Corp. (NY)				
0.24%	1/12/22		2,000,000	2,002,220
Toyota Motor Credit Corp.				
0.30%	1/12/22		5,500,000	5,504,939
0.31% [4]	2/14/22		2,620,000	2,620,048
Total Corporate Notes				26,314,514
Bank Notes (0.51%)				
Truist Bank (Callable)				
0.55%	8/1/22		1,250,000	1,263,356
Total Bank Notes				1,263,356
Government Agency & Instrumentality Obligations (12.36%)				
U.S. Treasury Bills				
0.05%	1/13/22		5,000,000	4,999,917
U.S. Treasury Notes				
0.08%	1/15/22		25,655,910	25,720,176
Total Government Agency & Instrumentality Obligations				30,720,093

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

Schedule of Investments (unaudited)

December 31, 2021

Rate[1]	Maturity Date[2]		Principal	Fair Value[3]
Repurchase Agreements (21.94%)				
BNP Paribas (NY)				
0.05%	1/7/22		$5,000,000	$5,000,000
(Dated 11/22/21, repurchase price $5,000,319, collateralized by U.S. Treasury certificates, 0.00% - 0.11%, maturing 7/31/23-5/15/40, fair value $5,100,358)				
0.05%	1/7/22[5]		5,000,000	5,000,000
(Dated 12/22/21, repurchase price $5,000,257, collateralized by U.S. Treasury certificates, 0.00% - 1.875%, maturing 4/30/22-5/15/49, fair value $5,100,085)				
Credit Agricole Corporate & Investment Bank (NY)				
0.05%	1/3/22		24,500,000	24,500,000
(Dated 12/31/21, repurchase price $24,500,102, collateralized by U.S. Treasury certificates, 1.375%, maturing 8/15/50, fair value $24,990,154)				
0.05%	1/7/22[5]		5,000,000	5,000,000
(Dated 12/3/21, repurchase price $5,000,292, collateralized by U.S. Treasury certificates, 3.00%, maturing 8/15/48, fair value $5,100,222)				
Goldman Sachs & Co.				
0.06%	1/3/22		10,000,000	10,000,000
(Dated 11/1/21, repurchase price $10,001,050, collateralized by Ginne Mae certificates, 3.00%-5.00%, maturing 3/15/26-12/20/51, fair value $10,201,071)				
0.06%	1/7/22[5]		5,000,000	5,000,000
(Dated 11/15/21, repurchase price $5,000,650, collateralized by; Ginne Mae certificates, 4.00%-5.00%, maturing 8/20/38-10/20/49, fair value $4,994,657 and Fannie Mae certificates, 4.00%-5.00%, maturing 3/1/27-8/1/33, fair value $105,760)				
Total Repurchase Agreements				54,500,000
Money Market Fund (0.40%)			**Shares**	**Fair Value [3]**
Goldman Sachs Financial Square Government Fund - Institutional Class				
0.03%	1/7/22		1,000,000	1,000,000
Total Money Market Fund				1,000,000
Total Investments (99.85%) (Amortized Cost $248,100,853)				248,100,853
Other Assets and Liabilities, Net (0.15%)				358,362
Net Assets (100.00%)				$248,459,215

(1) Yield-to-maturity at original cost unless otherwise noted.

(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, 2021.

(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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STAR fund

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