2025 STAR Fund

ANNUAL REPORT

MassDevelopment

Short Term Asset Reserve Fund

Table of Contents

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, 2025, 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, 2025, 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, 2026

Management's Discussion and Analysis

We are pleased to present the Annual Report for the Massachusetts Development Finance Agency Short Term Asset Reserve Fund (Fund) for the year ended December 31, 2025. 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, 2025. 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.

Macroeconomic & Policy Backdrop

2025 was marked by economic uncertainty followed by a gradual easing of monetary policy. Early in the year, the Federal Reserve (Fed) kept the target rate unchanged as it monitored the impact of the new administration's trade policies. Inflation remained above the Fed's 2% target, and the passthrough of tariffs to goods prices was uneven and less than initially feared. As labor markets began to cool, the Fed restarted its easing cycle due to a "shifting balance of risks" and delivered three 25 basis points (bps) cuts in September, October, and December.[1] This brought the federal funds target range to 3.50-3.75%.

The government shutdown from October 1 to November 12 halted the collection of key economic indicators, which required the Fed and market participants to rely on survey-based anecdotal evidence and private data reports. The available data pointed to an economy that continued to cool.

By year-end, the Fed's December dot plot showed a median forecast for an additional 25 bps rate cut in both 2026 and 2027, but the wide dispersion in underlying projections underscored growing differences of opinion among policymakers.[2] The Fed acknowledged ongoing challenges to achieving its dual mandate of maximum employment and stable prices.

Inflation

Inflation remained above the Fed's 2% target for the entirety of 2025. Headline consumer price index (CPI) began the year at 3.0% and gradually eased to 2.4% by May.[3,4] However, renewed tariff pressures and firming shelter costs pushed inflation higher mid-year, with CPI reaching 2.9% in August.[5]

By the fourth quarter, U.S. inflation decelerated modestly, though data collection issues and technical adjustments caused by the government shutdown may have biased the data lower. Headline CPI fell to 2.7% and core CPI (ex-food and energy) fell to 2.6%.[6] Fed Chair Jerome Powell noted inflation excluding tariffs is near 2%, suggesting the Fed is looking through these effects.

Labor Markets

Labor market conditions softened through 2025 as payroll gains slowed and the unemployment rate ticked higher. For the year, new job creation averaged +48k per month, down from 2024's pace of +167k and 2023's pace of +216k. The unemployment rate increased to 4.4%, up from January's level of 4.0%.[7] However, layoffs remained contained, suggesting a "low-hire, low-fire" environment.[8] This reflects cautious behavior as firms continue to retain staff but refrain from expanding payrolls.

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[1] https://www.federalreserve.gov/newsevents/speech/powell20250822a.htm
[2] https://www.bloomberg.com/news/articles/2025-12-10/fed-cuts-rates-with-three-dissents-projects-one-cut-in-2026
[3] https://www.forbes.com/sites/dereksaul/2025/02/12/inflation-was-3-in-january-as-egg-prices-soared-15/
[4] https://www.bls.gov/news.release/archives/cpi_06112025.htm
[5] https://www.cnbc.com/2025/09/11/consumer-prices-rose-at-annual-rate-of-2point9percent-in-august-as-weekly-jobless-claims-jump.html
[6] https://www.cnbc.com/2025/12/18/cpi-inflation-report-november-2025.html
[7] Source: Bureau of Labor Statistics
[8] https://www.businessinsider.com/job-market-2026-great-freeze-hiring-layoffs-2026-1

Growth

The first estimate of third quarter real gross domestic product (GDP) showed the economy grew at an annualized pace of 4.3%, the fastest in two years.[9] Growth was driven by strong consumer and business spending and steadier trade dynamics. While the data was from the third quarter, it showed the economy was on solid footing heading into the government shutdown.

Interest Rates

Yields fell during 2025 in response to Fed policy. Yields inside 5 years fell between 65 to 75 basis points, 7- and 10-year yields fell by 55 and 40 basis points, respectively. The 30-year Treasury increased by 6 basis points. Bond volatility continued to fall significantly from April highs and has now reached the lowest levels in four years.

Calendar-year returns for several longer-duration indices were higher than shorter ones in 2025 for the first time in five years. The ICE BofA 3-month, 2-year, 5-year and 10-year U.S. Treasury indexes returned +4.18%, +4.85%, +6.85% and +7.82%, respectively. The 30-year U.S. Treasury index returned +3.27%.[10]

STAR Portfolio Strategy Summary

Amid ongoing uncertainty around the timing of Fed rate cuts in 2025, we adopted a balanced approach to positioning the STAR Fund. Our strategy primarily focused on:

- **Repurchase agreements** to provide near-term liquidity.
- **Credit markets** to maintain exposure to high-quality Commercial Paper & Negotiable Certificates of Deposit, supported by strong fundamentals and attractive spreads.
- **Floating rate securities** to capture attractive yields during the Fed's data-dependent pause over the first eight months of the year.
- **Fixed rate securities** with maturities beyond six months to cushion against potential rate cuts which materialized in late 2025.

As always, we implemented these strategies with a focus on diversification across both individual issuers and investment sectors. This disciplined approach enabled us to uphold our core objectives: Safety, Liquidity, and Yield.

As we enter the new fiscal year, we will continue to closely monitor inflation, employment, and economic growth—key drivers of monetary policy and short-term rates. Fed policy adjustments toward neutral may occur over time, though the timing and magnitude of those rate changes are difficult to predict. Our primary goals remain protecting the Fund's net asset value and ensuring liquidity for investors, while prudently seeking to maximize yields.

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[9] https://www.bea.gov/news/2025/gross-domestic-product-3rd-quarter-2025-initial-estimate-and-corporate-profits

[10] Source (Interest Rate Data): Bloomberg

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, 2025 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, 2025	December 31, 2024
Total Assets	$ 349,199,893	$ 226,123,586
Total Liabilities	(109,841)	(89,854)
Net Position	$ 349,090,052	$ 226,033,732

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 $122,897,490 increase in investments. Total liabilities of the Fund increased by $19,987 compared to the prior year, primarily due to an increase in net assets since a significant portion of the Fund's expenses are determined as a percentage of net assets.

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, 2025. 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 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 issuance 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, 2025	Year Ended December 31, 2024
Investment Income	$ 12,441,246	$ 11,379,888
Net Expenses	(685,446)	(567,143)
Net Investment Income	11,755,800	10,812,745
Net Realized Gain on Sale of Investments	4,593	1,846
Net Capital Units Issued/(Redeemed)	111,295,927	12,027,459
Change in Net Position	$ 123,056,320	$ 22,842,050

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 Fund's average assets increased approximately 33% year-over-year, which is reflected in the net capital units issued above. The Fund's investment income increased due to the increase in investable assets but was partially offset by lower yields as the Fed implemented three rate cuts totaling 75 basis points by year-end. The increase in expenses is also mostly due to an increase in assets since the bulk of the Fund's expenses are determined as percentage of net assets, which increased year-over-year.

The return of the Fund for the year ended December 31, 2025 was 4.29%, down from 5.25% for the year ended December 31, 2024. 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, 2025	Year Ended December 31, 2024
Ratio of Net Investment Income to Average Net Assets Before Fees Reimbursed	4.18%	5.13%
Ratio of Net Investment Income to Average Net Assets	4.18%	5.11%
Ratio of Expenses to Average Net Assets Before Fees Reimbursed	0.24%	0.25%
Ratio of Expenses to Average Net Assets	0.24%	0.27%

The Fund's ratio of net investment income to average net assets, both before and after factoring in fees reimbursed decreased year-over-year, reflects the general interest rate environment as the Fund's assets were invested during the current year. The ratio of expenses to average net assets both before and after factoring in investment advisory fees reimbursed were lower year-over-year. The fees reimbursed, which relate to fees waived in previous years which were reimbursed in the current year allowed in the Fee Deferral Agreement either expired or were reimbursed as of March 31, 2025. The fees reimbursed had no impact on for the current year and 0.02% for the prior year.

Statement of Net Position

December 31, 2025

Assets	
Investments	$348,129,046
Cash and Cash Equivalents	33,318
Interest Receivable	1,037,529
Total Assets	349,199,893
Liabilities	
Investment Advisory Fees Payable	37,004
Administration Fees Payable	30,209
Audit Fees Payable	34,237
Other Accrued Expenses	8,391
Total Liabilities	109,841
Net Position	
(applicable to 349,090,052 outstanding Units of beneficial interest; unlimited authorization; no par value; equivalent to $1.00 per unit)	$349,090,052

Statement of Changes in Net Position

For the Year Ended December 31, 2025

Income	
Investment Income	$ 12,441,246
Expenses	
Investment Advisory Fees	354,603
Administration Fees	281,398
Audit Fees	34,430
Other Expenses	7,501
Total Expenses	677,932
Investment Advisory Fees Reimbursed	7,514
Net Expenses	685,446
Net Investment Income	11,755,800
Other Income	
Net Realized Gain on Sale of Investments	4,593
Net Increase from Investment Operations Before Capital Transactions	11,760,393
Capital Units Issued	259,002,682
Capital Units Redeemed	(147,706,755)
Change in Net Position	123,056,320
Net Position – Beginning of Year	226,033,732
Net Position – End of Year	$ 349,090,052

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) (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 (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 (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 generally derived from closing bid prices as of the last business day of the month as supplied by third-party pricing services. Third-party pricing services may also use matrix pricing or valuation models that utilize certain inputs and assumptions to derive values such as recent transaction data, market data, credit quality, perceived market movements, news or other relevant information. If independent prices are unavailable or unreliable, the Fund's Investment Manager will determine market values using pricing methodologies which consider similar factors that would be used by third-party pricing services. 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, 2025 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, 2025, the Fund distributed dividends totaling $11,760,393.

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, 2026, 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, 2025 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, 2025, the Fund was comprised of investments which were, in aggregate, rated by S&P Global Ratings (S&P) as follows:

S&P Rating	%
AAAm	1.15%
AA+	14.65%
AA-	1.01%
A-1+	18.42%
A-1	45.23%
A+	0.36%
Exempt [1]	19.18%

[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, 2025. 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, 2025, 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]	9.14%
BofA Securities Inc. [1]	7.46%
Credit Agricole Corporate & Investment Bank[1]	5.74%
Goldman Sachs & Company [1]	7.47%
Northern Trust [1]	7.33%
Sumitomo Mitsui Bank	5.01%

[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, 2025, 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, 2025 are as follows:

Type of Deposits and Investments	Yield-to-Maturity Range	Maturity Range	Principal	Fair Value	Weighted Average Maturity
Asset-Backed Commercial Paper	3.91%-4.33%	1/7/26-7/10/26	$ 64,965,000	$ 64,835,947	20 Days
Cash and Cash Equivalents	n/a	n/a	33,318	33,318	1 Day
Certificates of Deposit – Negotiable	3.83%-4.58%	1/2/26-12/23/26	85,000,000	85,001,632	84 Days
Commercial Paper	3.89%-4.43%	1/8/26-9/4/26	72,475,000	71,744,045	93 Days
Corporate Notes	4.12%-4.46%	1/26/26-12/9/26	4,763,000	4,763,602	9 Days
Government Agency and Instrumentality Obligations:					
U.S. Treasury Bills	3.82%-3.87%	1/2/26-1/27/26	10,000,000	9,983,820	16 Days
Money Market Funds	3.69%	n/a	4,000,000	4,000,000	7 Days
Repurchase Agreements	3.70%-3.85%	1/2/26-2/6/26	107,800,000	107,800,000	4 Days
			$ 349,036,318	$ 348,162,364	

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, 2025, and money market funds, for which the rate shown represents the current 7-day yield in effect as of December 31, 2025.

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 7 days; and (5) the effective maturity of cash and cash equivalents is assumed to be 1 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. The Administrator pays the custodial and cash management fees of the STAR Fund. For the year ended December 31, 2025, fees paid to the Administrator represent an effective annual rate of 0.10%. These fees are computed daily and payable monthly.

Investment Advisory Fees

PFM Asset Management (PFMAM or Investment Manager) is a division of U.S. Bancorp Asset Management, Inc. (USBAM) and serves as the investment adviser to the Fund. USBAM is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940 (Advisers Act). Pursuant to an investment advisory agreement with the Fund (Management Agreement), PFMAM provides investment management services to the fund, including investment advisory, shareholder accounting and certain administrative services.

Fees for services provided by the Investment Manager 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.

U.S. Bancorp Investments, Inc. (USBI), an affiliate of USBAM, is a member of the Financial Industry Regulatory Authority (FINRA) and Securities Investor Protection Corporation (SIPC). Units of the Fund are distributed by USBI. The Fund does not separately compensate USBI for these services.

USBAM is a subsidiary of U.S. Bank, National Association (U.S. Bank), which serves as the Fund's custodian.

Fee Reduction Agreement

The Agency, on behalf of the Fund, has entered into a Fee Reduction Agreement with the Investment Manager, pursuant to which the Investment Manager 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 the Investment Manager 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 the Investment Manager elects to temporarily waive its fees. The Investment Manager 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 the Investment Manager and any amount of Fee Deferrals which are no longer able to be restored to the Investment Manager 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, the Investment Manager 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 the Investment Manager 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 the Investment Manager'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 the Investment Manager during the current and prior fiscal years. As of March 31, 2025, all recoverable consulting fees previously waived as allowed in the Fee Deferral Agreement have either expired or were reimbursed.

	Investment Advisory Fees
Cumulative Fee Deferrals	$ 137,222
Amounts Reimbursed	(110,745)
Amounts Unrecoverable	(26,477)
Remaining Recoverable	$ -

Other Information (unaudited)

Schedule of Investments (unaudited)

December 31, 2025

Rate[1]	Maturity Date[2]		Principal	Fair Value[3]
Asset-Backed Commercial Paper (18.57%)				
Albion Capital Corp. LLC				
3.91%	6/15/26	....	$2,000,000	$1,964,892
Atlantic Asset Securitization LLC				
4.68% [4]	5/13/26	....	3,000,000	3,000,000
Cabot Trail Funding LLC				
4.33%	1/7/26	....	2,965,000	2,962,900
4.29%	2/3/26	....	3,000,000	2,988,450
Collateralized Commercial Paper V Co. (Callable)				
3.97% [4]	4/23/26	....	1,000,000	1,000,000
4.01% [4]	5/1/26	....	2,000,000	2,000,000
3.98% [4]	5/1/26	....	3,000,000	3,000,000
Fairway Finance Co. LLC				
3.92% [4]	2/11/26	....	3,000,000	3,000,000
4.02% [4]	6/30/26	....	2,000,000	2,000,000
Falcon Asset Funding LLC				
4.03% [4]	5/19/26	....	3,000,000	3,000,000
Great Bear Funding LLC				
3.94% [4]	4/21/26	....	1,000,000	1,000,000
3.94% [4]	4/21/26	....	3,000,000	3,000,000
3.96% [4]	6/15/26	....	2,000,000	2,000,000
Great Bear Funding LLC (Callable)				
3.96% [4]	5/22/26	....	3,000,000	3,000,000
Ionic Funding LLC				
3.97% [4]	3/25/26	....	3,000,000	3,000,000
4.04%	4/1/26	....	2,000,000	1,980,050
Manhattan Asset Funding Co. LLC				
3.93% [4]	4/6/26	....	2,000,000	1,999,947
Nieuw Amsterdam Receivables Corp. BV				
4.27%	1/20/26	....	5,000,000	4,988,943
Old Line Funding LLC (Callable)				
3.98% [4]	4/6/26	....	3,000,000	3,000,000
3.99% [4]	4/24/26	....	3,000,000	3,000,000
Park Ave Collateralized Notes Co. LLC (Callable)				
4.01% [4]	7/10/26	....	2,000,000	2,000,000
Ridgefield Funding Co. LLC				
3.95% [4]	5/15/26	....	2,000,000	2,000,000
3.96%	5/20/26	....	2,000,000	1,970,115
3.96%	6/30/26	....	1,000,000	980,650
Starbird Funding Corp.				
4.02% [4]	7/1/26	....	3,000,000	3,000,000

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

Schedule of Investments (unaudited)

December 31, 2025

Rate(1)	Maturity Date(2)		Principal	Fair Value(3)
Thunder Bay Funding LLC (Callable)				
4.02% (4)	5/14/26		$2,000,000	$2,000,000
4.02% (4)	5/27/26		1,000,000	1,000,000
Total Asset-Backed Commercial Paper				64,835,947
Certificate of Deposits (24.35%)				
Banco Santander (NY)				
4.14% (4)	5/22/26		2,000,000	2,001,017
Bank of America				
3.96%	6/11/26		2,000,000	2,000,000
Bank of Nova Scotia Houston				
4.08% (4)	5/7/26		1,000,000	1,000,000
Barclays Bank PLC (NY)				
4.02% (4)	5/1/26		2,000,000	2,000,000
3.89%	7/24/26		2,000,000	2,000,000
3.85%	12/23/26		2,000,000	2,000,000
BMO Bank				
4.45%	5/14/26		1,000,000	1,000,000
BNP Paribas (NY)				
4.30%	2/3/26		1,000,000	1,000,000
4.40%	5/27/26		1,000,000	1,000,000
4.19%	8/6/26		1,000,000	1,000,000
Canadian Imperial Bank of Commerce (NY)				
3.84%	7/17/26		2,000,000	2,000,000
4.31%	7/29/26		1,000,000	1,000,000
Citibank				
4.48%	1/22/26		500,000	500,000
Commonwealth Bank of Australia (NY)				
4.00% (4)	9/18/26		2,000,000	2,000,000
Cooperatieve Rabobank U.A.				
4.18%	6/1/26		1,000,000	1,000,000
3.88%	11/4/26		2,000,000	2,000,000
Credit Agricole Corporate & Investment Bank (NY)				
4.39%	3/9/26		3,000,000	3,000,000
4.16%	6/1/26		1,000,000	1,000,000
Credit Indust Et Comm (NY)				
4.45%	2/25/26		2,000,000	2,000,000
4.03% (4)	2/26/26		2,000,000	2,000,273
4.04% (4)	4/1/26		2,000,000	2,000,451
4.44%	5/12/26		1,000,000	1,000,000
4.36%	7/15/26		1,000,000	1,000,000
DZ Bank (NY)				
3.94% (4)	3/4/26		3,000,000	2,999,891

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

Schedule of Investments (unaudited)

December 31, 2025

Rate[1]	Maturity Date[2]		Principal	Fair Value[3]
Goldman Sachs Bank USA				
4.03% [4]	7/27/26		$2,000,000	$2,000,000
3.85%	10/1/26		2,000,000	2,000,000
Mitsubishi UFJ Trust & Banking Corp. (NY)				
4.09% [4]	1/7/26		1,000,000	1,000,000
4.03% [4]	3/17/26		2,000,000	2,000,000
Mizuho Bank Ltd. (NY)				
4.01% [4]	1/2/26		2,000,000	2,000,000
4.00% [4]	2/23/26		4,000,000	4,000,000
4.39%	3/25/26		1,000,000	1,000,000
4.00% [4]	4/16/26		2,000,000	2,000,000
4.03% [4]	6/1/26		1,000,000	1,000,000
Natixis (NY)				
4.58%	2/11/26		1,000,000	1,000,000
3.91%	12/1/26		2,000,000	2,000,000
Nordea Bank ABP (NY)				
3.93% [4]	2/13/26		2,000,000	2,000,000
Northern Trust Company				
4.54% [4]	1/14/26		500,000	500,000
Royal Bank of Canada (NY)				
4.40%	5/27/26		1,000,000	1,000,000
State Street Corp.				
3.96% [4]	2/27/26		2,000,000	2,000,000
Sumitomo Mitsui Bank (NY)				
3.96% [4]	1/6/26		1,000,000	1,000,000
3.94% [4]	1/30/26		2,000,000	2,000,000
3.92% [4]	3/17/26		2,000,000	2,000,000
3.95% [4]	4/30/26		2,000,000	2,000,000
3.87%	7/1/26		1,000,000	1,000,000
Svenska Handelsbanken (NY)				
3.99% [4]	2/27/26		1,000,000	1,000,000
Swedbank (NY)				
3.97% [4]	2/20/26		2,000,000	2,000,000
Toronto Dominion Bank (NY)				
4.50%	1/21/26		1,000,000	1,000,000
4.05% [4]	4/22/26		1,000,000	1,000,000
4.09% [4]	4/29/26		1,000,000	1,000,000
4.04% [4]	7/1/26		1,000,000	1,000,000
3.90%	12/9/26		1,000,000	1,000,000
UBS AG Stamford CT				
3.83%	10/16/26		2,000,000	2,000,000
Wells Fargo Bank				
4.02% [4]	6/2/26		1,000,000	1,000,000

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

Schedule of Investments (unaudited)

December 31, 2025

Rate[1]	Maturity Date[2]		Principal	Fair Value[3]
Westpac Banking Corp. (NY)				
4.01% [4]	10/6/26		$1,000,000	$1,000,000
3.87%	10/7/26		1,000,000	1,000,000
Total Certificate of Deposits				85,001,632
Commercial Paper (20.55%)				
ASB Bank Ltd.				
4.07% [4]	2/23/26		2,000,000	2,000,000
4.04% [4]	7/7/26		2,000,000	2,000,000
Australia & New Zealand Banking Group				
4.43%	2/4/26		2,000,000	1,991,878
Bank of Nova Scotia				
3.91% [4]	3/3/26		1,000,000	1,000,000
Barclays Capital Inc.				
4.42%	4/24/26		1,000,000	986,566
4.06%	6/12/26		2,000,000	1,964,540
3.96%	9/4/26		2,000,000	1,947,383
BofA Securities Inc.				
4.07% [4]	1/8/26		1,000,000	1,000,000
4.42%	3/9/26		2,000,000	1,984,032
4.03%	8/17/26		1,000,000	975,237
CDP Financial Inc.				
4.40%	1/30/26		1,000,000	996,536
Citigroup Global Markets				
4.41%	2/10/26		1,000,000	995,256
4.07% [4]	8/28/26		2,000,000	2,000,000
DNB Bank				
4.20%	5/1/26		1,440,000	1,420,464
3.92%	7/2/26		2,500,000	2,451,846
DZ Bank AG				
4.41%	3/2/26		1,000,000	992,833
ING (US) Funding LLC				
3.97% [4]	3/30/26		2,000,000	1,999,993
4.42%	4/27/26		1,000,000	986,209
Lloyds Bank PLC				
4.38%	3/23/26		1,000,000	990,437
4.00% [4]	5/5/26		2,000,000	2,000,000
Macquarie Bank Limited				
4.11% [4]	1/30/26		1,000,000	1,000,000
4.39%	4/24/26		1,000,000	986,660
Metlife Short Term Fund				
4.22%	3/11/26		2,000,000	1,984,207
3.99%	4/28/26		2,000,000	1,974,650
3.90%	5/15/26		2,035,000	2,006,140
3.93%	5/26/26		2,000,000	1,968,986

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

Schedule of Investments (unaudited)

December 31, 2025

Rate[1]	Maturity Date[2]		Principal	Fair Value[3]
Mitsubishi UFJ Trust & Banking Corp. (NY)				
4.00%	6/8/26		$2,000,000	$1,965,942
3.92%	7/13/26		2,000,000	1,959,148
Mizuho Bank Ltd. (NY)				
4.23%	5/8/26		1,000,000	985,518
National Australia Bank Ltd.				
3.96% [4]	2/23/26		1,000,000	1,000,000
3.96% [4]	6/5/26		2,000,000	2,000,000
National Bank of Canada				
4.22%	5/6/26		2,000,000	1,971,597
Natixis (NY)				
4.37%	3/20/26		1,000,000	990,835
Norfina Ltd.				
3.93%	4/29/26		3,000,000	2,962,142
4.04%	5/20/26		2,000,000	1,969,420
Sumitomo Mitsui Trust Bank Ltd. (NY)				
3.97%	3/10/26		5,000,000	4,962,883
Sumitomo Mitsui Trust Bank Ltd. (Singapore)				
4.30%	1/14/26		2,500,000	2,496,190
4.30%	2/3/26		1,000,000	996,141
3.93% [4]	2/26/26		1,000,000	1,000,000
TotalEnergies Capital				
4.40%	2/17/26		1,000,000	994,399
Toyota Motor Credit Corp.				
3.89%	7/10/26		2,000,000	1,960,100
4.07%	8/10/26		2,000,000	1,951,503
3.97%	8/28/26		1,000,000	974,374
Total Commercial Paper				71,744,045
Corporate Notes (1.35%)				
Banque Federative Du Credit Mutuel				
4.46%	1/26/26		1,450,000	1,450,446
Caterpillar Financial Services Corp.				
4.30% [4]	2/27/26		2,063,000	2,063,156
Toyota Motor Credit Corp.				
4.12% [4]	12/9/26		1,250,000	1,250,000
Total Corporate Notes				4,763,602
Government Agency & Instrumentality Obligations (2.86%)				
U.S. Treasury Bills				
3.87%	1/2/26		2,000,000	1,999,786
3.86%	1/8/26		3,000,000	2,997,756
3.82%	1/27/26		5,000,000	4,986,278
Total Government Agency & Instrumentality Obligations				9,983,820

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

Schedule of Investments (unaudited)

December 31, 2025

Rate[1]	Maturity Date[2]		Principal	Fair Value[3]
Repurchase Agreements (30.89%)				
BNP Paribas SA				
3.81%	1/2/26		$21,800,000	$21,800,000
(Dated 12/31/25, repurchase price $21,804,614, collateralized by U.S. Treasury obligations, 0.00% - 4.00%, maturing 7/31/29-5/15/55, fair value $22,241,776)				
3.70%	1/7/26[5]		4,000,000	4,000,000
(Dated 12/23/25, repurchase price $4,015,211, collateralized by Fannie Mae obligations, 1.53% - 6.50%, maturing 11/1/28-12/1/55, fair value $1,952,033 and Freddie Mac obligations, 2.00% - 6.50%, maturing 10/1/28 - 12/1/55, fair value $2,132,160)				
3.77%	1/7/26[5]		3,000,000	3,000,000
(Dated 12/3/25, repurchase price $3,019,478, collateralized by Fannie Mae obligations, 1.53% - 7.00%, maturing 11/1/28-11/1/55, fair value $2,877,999 and Freddie Mac obligations, 2.77% - 7.00%, maturing 3/1/40 - 7/1/53, fair value $191,615)				
BofA Securities Inc.				
3.85%	1/2/26		20,000,000	20,000,000
(Dated 12/31/25, repurchase price $20,004,278, collateralized by Fannie Mae obligations, 2.00% - 6.00%, maturing 2/1/34 - 9/1/53, fair value $6,901,847, Freddie Mac obligations, 2.00% - 6.00%, maturing 3/1/52 - 9/1/53, fair value $6,236,902, and Ginnie Mae obligations, 3.00% - 7.00%, maturing 12/15/34 - 12/20/65, fair value $7,265,614)				
Credit Agricole Corporate & Investment Bank (NY)				
3.70%	1/7/26[5]		6,000,000	6,000,000
(Dated 12/22/25, repurchase price $6,028,367, collateralized by Fannie Mae obligations, 4.25%, maturing 9/1/30, fair value $6,126,919)				
3.83%	1/7/26[5]		3,000,000	3,000,000
(Dated 12/8/25, repurchase price $3,009,894, collateralized by U.S. Treasury obligations, 4.25%, maturing 1/15/28, fair value $3,068,145)				
3.70%	1/7/26[5]		4,000,000	4,000,000
(Dated 12/11/25, repurchase price $4,020,144, collateralized by U.S. Treasury obligations, 4.25%, maturing 1/15/28, fair value $4,089,308)				
3.80%	1/7/26[5]		3,000,000	3,000,000
(Dated 12/9/25, repurchase price $3,016,150, collateralized by U.S. Treasury obligations, 4.25%, maturing 1/15/28, fair value $3,067,834)				
Goldman Sachs & Co.				
3.77%	1/5/26		18,000,000	18,000,000
(Dated 12/29/25, repurchase price $18,013,195, collateralized by Fannie Mae obligations, 3.50% - 4.50%, maturing 10/1/40 - 6/1/46, fair value $1,028,280, Freddie Mac obligations, 4.00% - 6.50%, maturing 6/1/40 - 7/1/55, fair value $11,363,865, and Ginnie Mae obligations, 4.50%, maturing 11/20/54, fair value $5,975,547)				
Northern Trust (FICC)				
3.80%	1/2/26		25,000,000	25,000,000
(Dated 12/31/25, repurchase price $25,005,278, collateralized by U.S. Treasury obligations, 3.88%, maturing 6/15/28, fair value $25,500,000)				
Total Repurchase Agreements				107,800,000

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

Schedule of Investments (unaudited)

December 31, 2025

Rate[1]	Maturity Date[2]		Shares	Fair Value[3]
Money Market Fund (1.15%)				
Goldman Sachs Financial Square Government Fund, Institutional Class				
3.69%	1/7/26		4,000,000	$4,000,000
Total Money Market Fund				4,000,000
Total Investments (99.72%) (Amortized Cost $348,129,046)				348,129,046
Other Assets In Excess of Other Liabilities (0.28%)				961,006
Net Position (100.00%)				$349,090,052

(1) Yield-to-maturity at original cost unless otherwise noted. Money market fund rates represent the annualized 7-day yield as of December 31, 2025.

(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, 2025.

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

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

STAR fund

Service Contractors

Administrator
Massachusetts Development Finance Agency (MassDevelopment)
99 High Street
Boston, MA 02110

Investment Adviser & Transfer Agent
PFM Asset Management
213 Market Street
Harrisburg, PA 17101

Custodian & Depository
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St. Paul, MN 55107

Independent Auditors
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