



STAR Fund ANNUAL REPORT



Massachusetts Development Finance Agency

Short Term Asset Reserve Fund

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*This information is for institutional investor use only, not for further distribution to retail investors, and does not represent an offer to sell or a solicitation of an offer to buy or sell any fund or other security. Investors should consider the investment objectives, risks, charges and expenses before investing in the Fund. This and other information about the Fund is available in the Fund's current Information Statement, which should be read carefully before investing. A copy of the Fund's Information Statement may be obtained by calling the Investment Advisor at 1-800-937-2736. While the Fund seeks to maintain a stable net asset value of \$1.00 per unit, it is possible to lose money investing in the Fund. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Units of the Fund are distributed by **PFM Fund Distributors, Inc.**, member Financial Industry Regulatory Authority ("FINRA") (www.finra.org) and Securities Investor Protection Corporation ("SIPC") (www.sipc.org). PFM Fund Distributors, Inc. is a wholly owned subsidiary of PFM Asset Management LLC.*

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying 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, 2020, the related statement of changes in net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Massachusetts Development Finance Agency Short Term Asset Reserve Fund as of December 31, 2020, and the changes in its net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 2 through 3 be presented to supplement the basic financial statements. Such information, 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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying Schedule of Investments of the Fund as of December 31, 2020, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

RSM US LLP

Philadelphia, Pennsylvania
April 26, 2021

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, 2020. 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, 2020. 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

After a tumultuous first half of 2020, the U.S. remained in the throes of the coronavirus despite progress toward economic recovery. Moving forward, the distribution and efficacy of the approved vaccines will be crucial as the nation works to mitigate the damage caused to the physical health and financial well-being of the population at large.

Americans started to find themselves returning to work in some capacity in the latter half of the year, and this was reflected in the unemployment data, which showed a marked decline from the April high. With this metric improving and businesses and consumers starting to settle into "the new normal," third quarter Gross Domestic Product (GDP) experienced a sizeable recovery from its second quarter decline. Obviously, double-digit jumps in GDP are unlikely to become the norm. But whether or not positive trends continue throughout 2021, and particularly into the second half of the year, is likely a function of whether we as a nation achieve some level of herd immunity through immunization. We are hopeful that by late summer, life as we know it will return to some level of normalcy.

On August 27, Federal Reserve Chairman, Jerome Powell, announced a major shift in the Federal Reserve's (Fed) stance on inflation. Over the coming years, the monetary policymaking body will allow the inflation rate to temporarily run above the traditional 2% target. This move creates opportunities for extended periods of low interest rates as the Fed will no longer feel pressured to hike rates following a period of higher inflation. In this same meeting, Chairman Powell announced a new approach to the second half of the dual mandate. Employment numbers that breach the estimated maximum sustainable level will no longer be a sole cause for policy concerns or decisions. In 2021, we have no reason to believe that the Fed will deviate from these policies. This suggests that short term interest rates will remain at or near their lows until at least 2023.

Optimism began to rise in the fourth quarter as key economic indicators continued to register economic recovery. Throughout the quarter, the yield curve steepened with long-term rates rising due to increased long-term inflation expectations. The steepening was also caused by the prospect for further stimulus as the incoming Biden administration and Democratic-controlled Congress have been advocates of such fiscal policy. In 2021, we are expecting further fiscal stimulus, in the form of direct payments to Americans, as well as aid for states and localities that have struggled financially as a result of the pandemic. President Biden has made this a cornerstone of his agenda and signed a \$1.9 trillion COVID relief bill into law in March 2021.

November and December marked what many believe to be the beginning of the end of the pandemic. Both the Pfizer-BioNTech and Moderna vaccines were shown to be effective, with both receiving FDA emergency authorization for use and distribution in December. How effectively the federal and individual state governments can distribute these vaccines and achieve the hoped for herd immunity is the key question, as only then will our economy truly begin to recover in earnest. Though lockdown restrictions were gradually eased throughout the U.S. in the fall, they were followed by regional hot spots of infection, serving as a reminder for how long the virus may linger. We anticipate that certain cities and states may see increased restrictions in 2021, should flare-ups of the virus arise. Lockdowns on some level may ebb and flow until the virus is contained through vaccine distribution.

Despite significant progress toward a comprehensive economic recovery, headwinds persist, the virus continues to spread and mixed signals remain. These challenges are likely to linger well into 2021. Meanwhile, consumer confidence remains anchored amidst improving labor, housing, and equity markets, though there are marked and growing societal concerns over racial and wealth inequality. Further fiscal and monetary stimulus should help to mitigate conditions caused by the ongoing public health crisis. However, economists have modest long-term growth projections as uncertainty remains a key characteristic of our current environment. Perhaps the term "cautious optimism" best describes the current mood as we near what we hope to be the final stages of the pandemic.

Portfolio Strategy

We actively managed the Fund with priority on defending against the volatile markets that we have witnessed over the period. The strategy during much of 2020 focused on positioning the Fund to take advantage of continued Fed intervention and identifying relative value between allowable sectors, as well as selecting securities that fit the objectives of the Fund. Over the period, our sector preferences shifted as market conditions evolved. For example, beginning in March, federal agencies offered relative value over comparable U.S. Treasury securities with consistent supply of new issuances that lasted until the end of the year, at which point we began to favor the use of repurchase agreements.

The combination of the Fed's new rate policy, and its stance on inflation and full employment as well as its willingness to provide liquidity and support to the markets has reduced volatility and restored market liquidity. Recently, a yield premium has surfaced in longer-maturity securities while short-term rates remain near zero. This sort of environment requires a keen focus on active management and relative value strategies. Given that short-term interest rates are highly dependent on the economic outlook and monetary policy, we monitor these factors and stand ready to manage 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 focusing on maintaining and/or increasing investment yields in a prudent manner during these trying and volatile times.

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, 2020 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, 2020	December 31, 2019
Total Assets	\$ 340,463,959	\$ 254,955,109
Total Liabilities	(101,037)	(89,676)
Net Position	\$ 340,362,922	\$ 254,865,433

Total assets of the Fund fluctuate as investable assets rise and fall when capital shares are issued and redeemed. The increase in total assets of the Fund is primarily comprised of a \$85,790,669 increase in investments. Total liabilities of the Fund increased 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 increased year-over-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, 2020. 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 costs that are allocated based on average net assets. The changes in the Fund's net position for the year primarily relate to a net capital share issuance 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, 2020	Year Ended December 31, 2019
Investment Income	\$ 3,543,618	\$ 8,105,802
Net Expenses	(840,251)	(727,240)
Net Investment Income	2,703,367	7,378,562
Net Realized Gain on Sale of Investments	3,994	33,171
Net Capital Shares Issued/(Redeemed)	82,790,128	(132,233,746)
Change in Net Position	\$ 85,497,489	\$ (124,822,013)

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 Fed's three 25 basis point (0.25%) rate decreases in the latter half of 2019 and 50 basis point (0.50%) and 75 basis point (0.75%) decreases in March 2020 to a zero-rate environment caused yields to decrease year-over-year. The Fund's average net assets increased approximately 20% year-over-year, which is reflected in the increase in the net capital shares issued/(redeemed) above and resulted in higher investable assets on average. There was an increase to net expenses due to higher average net assets since many expenses are calculated as a percentage of average net assets, however this increase was offset by \$5,408 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, 2020 was 0.65%, down from 2.27% for the year ended December 31, 2019. 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, 2020	Year Ended December 31, 2019
Ratio of Net Investment Income to Average Net Assets	0.70%	2.28%
Ratio of Expenses to Average Net Assets	0.22%	0.22%

The decrease in the ratio of net investment income to average net assets is due to the previously noted zero-rate environment that caused yields to decrease on investments the Fund can purchase. The ratio of expenses to average net assets did not change significantly year-over-year for the Fund. The impact of fee waivers during the year ended December 31, 2020 did not change the ratios noted above.

Statement of Net Position

December 31, 2020

Assets	
Investments.....	\$ 340,126,470
Cash and Cash Equivalents.....	31,932
Interest Receivable.....	303,828
Subscriptions Receivable.....	1,729
Total Assets	340,463,959
Liabilities	
Management Fees Payable.....	34,251
Administration Fees Payable.....	24,538
Audit Fees Payable.....	29,005
Other Accrued Expenses.....	13,243
Total Liabilities	101,037
Net Position	
(applicable to 340,362,922 outstanding shares of beneficial interest; unlimited authorization; no par value; equivalent to \$1.00 per share)	\$ 340,362,922

Statement of Changes in Net Position

For the Year Ended December 31, 2020

Income	
Investment Income.....	\$ 3,543,618
Expenses	
Investment Management Fees.....	468,094
Administration Fees.....	344,064
Audit Fees.....	28,087
Other Expenses.....	5,414
Total Expenses	845,659
Less: Investment Advisory Fee Waivers.....	(5,408)
Net Expenses	840,251
Net Investment Income	2,703,367
Other Income	
Net Realized Gain on Sale of Investments.....	3,994
Net Increase from Investment Operations Before Capital Transactions	2,707,361
Capital Shares Issued.....	1,309,711,346
Capital Shares Redeemed.....	(1,226,921,218)
Change in Net Position	85,497,489
Net Position – Beginning of Year	254,865,433
Net Position – End of Year	\$ 340,362,922

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, 2020 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, 2020, the Fund distributed dividends totaling \$2,707,361.

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 26, 2021, 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, 2020 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, 2020, the Fund was comprised of investments which were, in aggregate, rated by Standard & Poor's ("S&P") as follows:

<u>S&P Rating</u>	<u>%</u>
AA	1.49%
AA-	0.98%
A-1+	21.28%
A-1	54.27%
A+	1.12%
Exempt ⁽¹⁾	20.86%

⁽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, 2020. 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, 2020, 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:

<u>Issuer</u>	<u>%</u>
BNP Paribas (NY) ⁽¹⁾	5.88%
Credit Agricole Corporate & Investment Bank (NY) ⁽¹⁾	5.94%
Goldman Sachs & Co. ⁽¹⁾	5.88%
U.S. Treasury	11.90%

⁽¹⁾ This issuer is also counterparty to a repurchase agreement entered into by the Fund. The 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, 2020, the weighted average maturity of the Fund, including cash and cash equivalents and certificates of deposit, was 49 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, 2020 are as follows:

Type of Deposits and Investments	Yield-to-Maturity Range	Maturity Range	Principal	Fair Value	Weighted Average Maturity
Asset-Backed Commercial Paper	0.21%-0.37%	1/7/21-9/24/21	\$ 70,932,000	\$ 70,908,345	52 Days
Cash and Cash Equivalents	n/a	n/a	31,932	31,932	1 Day
Certificates of Deposit – Negotiable	0.24%-0.60%	1/8/21-9/24/21	92,900,000	92,906,708	57 Days
Commercial Paper	0.20%-1.22%	1/6/21-8/10/21	63,465,000	63,421,676	99 Days
Corporate Notes	0.20%-0.71%	1/4/21-4/26/21	12,198,000	12,214,518	27 Days
Repurchase Agreements	0.08%-0.11%	1/4/21-4/1/21	60,200,000	60,200,000	6 Days
U.S. Treasury Bills	0.08%	1/5/21-5/4/21	25,000,000	24,999,250	15 Days
U.S. Treasury Notes	0.10%	1/15/21	15,474,160	15,475,973	15 Days
			<u>\$ 340,201,092</u>	<u>\$ 340,158,402</u>	

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, 2020. 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 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, 2020, fees paid to the Administrator represent an effective annual rate of 0.09%. These fees are computed daily and payable monthly.

Investment Advisory Fees

PFM Asset Management LLC (“PFM”) provides investment management services to the STAR Fund, including investment advisory, distribution, shareholder accounting and certain administrative services. 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., a wholly owned subsidiary of PFM. 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 PFM, pursuant to which PFM 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 PFM 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 PFM elects to temporarily waive its fees. PFM 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 PFM and any amount of Fee Deferrals which are no longer able to be restored to PFM 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, PFM 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 PFM 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 PFM’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 no Fee Deferrals from years prior to the current year which remain potentially recoverable by PFM. The chart that follows depicts the cumulative Fee Deferrals by PFM during the year ended December 31, 2020.

	Investment Advisory Fees
Current Year Fee Deferrals	\$ 5,408
Amounts Reimbursed	-
Amount Unrecoverable	-
Remaining Recoverable	<u>\$ 5,408</u>
Fee Deferrals Not Reimbursed Become Unrecoverable in Fiscal Year-end December 31, 2023	<u>\$ 5,408</u>

**Other
Information
(unaudited)**

Schedule of Investments (unaudited)

December 31, 2020

Rate ⁽¹⁾	Maturity Date ⁽²⁾	Principal	Fair Value ⁽³⁾
Asset-Backed Commercial Paper (20.83%)			
Albion Capital Corp. SA			
0.24%	2/22/21	\$4,000,000	\$3,998,613
0.27%	3/22/21	4,000,000	3,997,600
Alpine Securitization LLC			
0.37%	1/13/21	2,800,000	2,799,655
Atlantic Asset Securitization LLC			
0.22%	3/23/21	2,000,000	1,999,010
Bedford Row Funding Corp.			
0.25% ⁽⁴⁾	6/8/21	4,000,000	4,000,000
0.25% ⁽⁴⁾	6/11/21	3,000,000	3,000,000
Cancara Asset Securitisation LLC			
0.23%	3/18/21	3,000,000	2,998,543
0.28%	5/4/21	2,000,000	1,998,087
0.27%	5/17/21	2,000,000	1,997,960
Collateralized Commercial Paper Flex Co. LLC			
0.35% ⁽⁴⁾	1/8/21	5,000,000	5,000,097
0.24%	3/8/21	1,525,000	1,524,329
0.25%	3/16/21	3,000,000	2,998,458
0.32%	9/24/21	1,000,000	997,636
Crown Point Capital Co. LLC			
0.24%	3/4/21	1,000,000	999,587
0.24% ⁽⁴⁾	4/1/21	1,000,000	1,000,000
0.25% ⁽⁴⁾	4/21/21	4,000,000	4,000,000
0.26% ⁽⁴⁾	6/4/21	2,000,000	2,000,000
LMA-Americas LLC			
0.21%	1/7/21	4,000,000	3,999,860
0.23%	2/10/21	5,000,000	4,998,722
Longship Funding LLC			
0.24%	2/19/21	3,000,000	2,999,020
Mont Blanc Capital Corp.			
0.25%	4/20/21	2,607,000	2,605,027
Ridgefield Funding Co. LLC			
0.25% ⁽⁴⁾	4/15/21	5,000,000	5,000,000
0.26% ⁽⁴⁾	5/27/21	3,000,000	3,000,000
0.29%	6/7/21	1,000,000	998,735
0.29%	6/11/21	2,000,000	1,997,406
Total Asset-Backed Commercial Paper			70,908,345

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

Schedule of Investments (unaudited)

December 31, 2020

Rate ⁽¹⁾	Maturity Date ⁽²⁾	Principal	Fair Value ⁽³⁾
Certificates of Deposit (27.30%)			
Bank of Montreal (Chicago)			
0.27%	5/14/21	\$1,000,000	\$1,000,000
0.24% ⁽⁴⁾	6/9/21	4,000,000	4,000,000
0.26% ⁽⁴⁾	9/2/21	3,000,000	3,000,000
Bank of Nova Scotia (Houston)			
0.28% ⁽⁴⁾	9/1/21	3,000,000	3,000,000
0.29% ⁽⁴⁾	9/21/21	4,000,000	4,000,000
Canadian Imperial Bank of Commerce (NY)			
0.25% ⁽⁴⁾	7/1/21	2,000,000	2,000,000
0.24% ⁽⁴⁾	7/14/21	5,000,000	5,000,000
0.26% ⁽⁴⁾	8/10/21	3,000,000	3,000,000
Commonwealth Bank of Australia (NY)			
0.27% ⁽⁴⁾	7/13/21	2,000,000	2,000,000
Cooperatieve Rabobank (NY)			
0.28% ⁽⁴⁾	5/17/21	5,000,000	5,000,000
0.29% ⁽⁴⁾	9/24/21	2,000,000	2,000,000
HSBC Bank USA			
0.30% ⁽⁴⁾	1/8/21	7,000,000	7,000,000
0.26% ⁽⁴⁾	5/5/21	3,000,000	3,000,000
National Australia Bank (NY)			
0.36% ⁽⁴⁾	6/18/21	2,000,000	2,000,000
Nordea Bank (NY)			
0.31% ⁽⁴⁾	5/21/21	3,000,000	3,001,086
0.25% ⁽⁴⁾	8/9/21	4,000,000	3,999,936
Royal Bank of Canada (NY)			
0.24% ⁽⁴⁾	2/23/21	2,400,000	2,399,190
0.27% ⁽⁴⁾	7/6/21	1,000,000	1,000,000
Svenska Handelsbanken (NY)			
0.36% ⁽⁴⁾	6/18/21	4,000,000	4,000,000
0.27% ⁽⁴⁾	8/31/21	2,000,000	2,000,000
Swedbank (NY)			
0.24%	6/21/21	5,000,000	5,000,000
Toronto Dominion Bank (NY)			
0.46%	2/8/21	3,000,000	3,000,000
0.28%	2/25/21	1,000,000	999,908
0.24%	3/10/21	4,000,000	4,000,000
0.60%	5/4/21	3,000,000	3,000,000
UBS AG (CT)			
0.25%	4/16/21	2,000,000	2,006,574
0.37% ⁽⁴⁾	6/1/21	2,000,000	2,000,000
Westpac Banking Corp. (NY)			
0.24% ⁽⁴⁾	2/12/21	3,000,000	3,000,000
0.26% ⁽⁴⁾	2/19/21	2,500,000	2,500,014
0.28% ⁽⁴⁾	7/29/21	5,000,000	5,000,000
Total Certificates of Deposit			92,906,708

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

Schedule of Investments (unaudited)

December 31, 2020

Rate ⁽¹⁾	Maturity Date ⁽²⁾	Principal	Fair Value ⁽³⁾
Commercial Paper (18.63%)			
ABN AMRO Funding USA LLC			
0.26%	1/29/21	\$3,000,000	\$2,999,393
0.32%	4/23/21	3,000,000	2,997,013
0.27%	5/26/21	2,965,000	2,961,776
Bank of Montreal (Chicago)			
0.20%	2/3/21	3,000,000	2,999,450
Citigroup Global Markets Inc.			
0.22%	3/1/21	4,000,000	3,998,558
0.21%	5/4/21	5,000,000	4,996,413
MetLife Short Term Funding LLC			
0.21%	1/6/21	3,000,000	2,999,912
Mitsubishi UFJ Trust & Banking Corp. (NY)			
0.25%	4/16/21	3,000,000	2,997,812
Mizuho Bank Ltd. (NY)			
0.27%	2/16/21	3,000,000	2,998,984
Natixis (NY)			
0.22%	3/4/21	5,000,000	4,998,106
0.25%	3/18/21	2,000,000	1,998,944
0.29%	8/10/21	4,000,000	3,992,879
Pricoa Short Term Funding LLC			
0.26%	6/21/21	4,000,000	3,995,060
0.28%	7/1/21	3,500,000	3,495,073
Sumitomo Mitsui Trust Bank Ltd. (NY)			
0.27%	5/5/21	5,000,000	4,995,436
Toyota Motor Credit Corp.			
1.22% ⁽⁴⁾	2/12/21	3,000,000	3,000,000
0.24%	4/5/21	5,000,000	4,996,867
0.30% ⁽⁴⁾	8/10/21	2,000,000	2,000,000
Total Commercial Paper			63,421,676
Corporate Notes (3.59%)			
Berkshire Hathaway Inc.			
0.20%	1/15/21	5,060,000	5,067,806
Commonwealth Bank of Australia (NY)			
0.71%	3/15/21	1,289,000	1,293,729
Cooperatieve Rabobank (NY)			
0.23%	1/19/21	2,249,000	2,251,502
0.64% ⁽⁴⁾	4/26/21	1,550,000	1,551,585
US Bank			
0.53% ⁽⁴⁾	1/4/21	2,050,000	2,049,896
Total Corporate Notes			12,214,518
Government Agency & Instrumentality Obligations (11.89%)			
U.S. Treasury Bills			
0.08%	1/5/21	10,000,000	9,999,917
0.08%	1/14/21	10,000,000	9,999,711
0.08%	2/4/21	5,000,000	4,999,622
U.S. Treasury Notes			
0.10%	1/15/21	15,474,160	15,475,973
Total Government Agency & Instrumentality Obligations			40,475,223

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

Schedule of Investments (unaudited)

December 31, 2020

Rate ⁽¹⁾	Maturity Date ⁽²⁾	Principal	Fair Value ⁽³⁾
Repurchase Agreements (17.69%)			
Credit Agricole Corporate & Investment Bank (NY)			
0.08%	1/4/21	\$10,200,000	\$10,200,000
(Dated 12/31/20, repurchase price \$10,200,091, collateralized by Freddie Mac securities, 3.50%, maturing 7/1/49, fair value \$10,404,093)			
0.08%	1/7/21 ⁽⁵⁾	10,000,000	10,000,000
(Dated 12/11/20, repurchase price \$10,000,622, collateralized by U.S. Treasury securities, 1.125%, maturing 8/15/40, fair value \$10,200,602)			
BNP Paribas (NY)			
0.11%	1/4/21	10,000,000	10,000,000
(Dated 10/5/20, repurchase price \$10,002,781, collateralized by: Ginnie Mae securities, 2.25%-4.00%, maturing 3/20/34-12/20/50, fair value \$3,216,086; Fannie Mae securities, 0.00%-3.61%, maturing 5/15/22-12/1/20, fair value \$605,821; Federal Farm Credit securities, 1.95%, maturing 8/13/40, fair value \$20,940; Freddie Mac securities, 2.00%-4.00%, maturing 10/1/43-6/1/50, fair value \$1,109,132; and U.S. Treasury securities, 0.00%-3.125%, maturing 3/31/22-5/15/48, fair value 5,250,857)			
0.09%	1/7/21 ⁽⁵⁾	5,000,000	5,000,000
(Dated 12/11/20, repurchase price \$5,001,125, collateralized by U.S. Treasury securities, 0.00%-7.625%, maturing 4/1/21-11/15/50, fair value \$5,100,383)			
0.10%	1/7/21 ⁽⁵⁾	5,000,000	5,000,000
(Dated 11/30/20, repurchase price \$5,001,694, collateralized by: Ginnie Mae securities, 3.50%, maturing 6/20/48, fair value \$461; Fannie Mae securities, 2.691%-6.250%, maturing 5/15/29-4/1/48, fair value \$4,102,727; Freddie Mac securities, 3.50%, maturing 9/1/47, fair value \$674,790; and U.S Treasury securities, 0.00%-2.875%, maturing 5/25/21-11/15/29, fair value \$322,519)			
Goldman Sachs & Co.			
0.11%	1/7/21 ⁽⁵⁾	10,000,000	10,000,000
(Dated 10/16/20, repurchase price \$10,002,750, collateralized by Ginnie Mae securities, 2.50%-5.50%, maturing 12/15/24-11/20/50, fair value \$10,202,493)			
0.10%	1/7/21 ⁽⁵⁾	10,000,000	10,000,000
(Dated 11/18/20, repurchase price \$10,003,250, collateralized by a U.S. Treasury securities, 3.00%, maturing 2/15/48, fair value \$10,201,332)			
Total Repurchase Agreements			60,200,000
Total Investments (99.93%) (Amortized Cost \$340,126,470)			340,126,470
Other Assets and Liabilities, Net (0.07%)			236,452
Net Position (100.00%)			\$340,362,922

(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, 2020.

(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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