

# SECURITIES AND EXCHANGE COMMISSION

## FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

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### FILER

#### WARBURG PINCUS CASH RESERVE FUND

CIK: **759433** | Fiscal Year End: **0228**  
Type: **N-30D** | Act: **40** | File No.: **811-04171** | Film No.: **96620651**

Mailing Address  
400 BELLEVUE PKWY  
400 BELLEVUE PKWY  
WILMINGTON DE 19809

Business Address  
400 BELLEVUE PKWY  
WILMINGTON DE 19809  
3027912919

#### WARBURG PINCUS NEW YORK TAX EXEMPT FUND

CIK: **759434** | Fiscal Year End: **0228**  
Type: **N-30D** | Act: **40** | File No.: **811-04170** | Film No.: **96620652**

Mailing Address  
103 BELLEVUE PKWY  
WILMINTONHIA DE 19809

Business Address  
103 BELLEVUE PKWY  
WILMINTONHIA DE 19809  
3027912919

[Logo]

ANNUAL REPORT

FEBRUARY 29, 1996

[ ] WARBURG PINCUS CASH RESERVE FUND

[ ] WARBURG PINCUS NEW YORK TAX EXEMPT FUND

A prospectus containing more complete information, including management fees and expenses, may be obtained by calling 1-800-927-2874 or by writing to Warburg Pincus Funds, P.O. Box 9030, Boston, MA 02205-9030. Investors should read the prospectus carefully before investing.

The views of the Fund's management are as of the date of the letters and portfolio holdings described in this annual report are as of February 29, 1996; these views and positions may have changed subsequent to these dates.

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WARBURG PINCUS CASH RESERVE FUND  
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April 18, 1996

Dear Shareholder:

Short-term interest rates declined during the year ended February 29, 1996, helped by three 25-basis-point easings of the federal-funds rate by the Federal Reserve. The first easing was in July, followed by an easing in December and a final easing in January. The easings were in response to a slowing economy and very little inflationary pressure. As a result of the Fed's easing, annualized yields on 3-month Treasury bills decreased from 5.93% at the end of February 1995 to 4.99% at the end of February 1996. The nation's gross domestic product grew by 0.5% in the final quarter of 1995, with the first quarter of 1996 also under the Fed's long-term target of 2.5% annualized growth. As 1996 continues, a resumption of moderate growth should develop with low inflation, placing the Federal Reserve on hold.

For the seven-day period ended February 29, 1996, the annualized yield was 4.89%, down from 5.65% on February 28, 1995.\* Net assets of Warburg Pincus Cash Reserve Fund (the 'Fund') were \$383.5 million, down from \$403.2 million on February 28, 1995. The Fund's average weighted maturity on February 29, 1996, was 50 days, three days longer than at the end of 1995.

With employment beginning to increase and the inventory correction ending, resumption of real gross domestic product growth is apt to keep Federal Reserve policy on hold until the end of 1996. At that time, the Federal Reserve could make a small increase in the federal-funds rate if inflation begins to increase. In response, the Fund will continue to purchase only the highest-quality securities in order to provide competitive returns without compromising stability of principal. We appreciate your continued support and investment in the Fund.

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\* From time to time, the Fund's investment adviser and co-administrators may waive some fees and/or reimburse some expenses, without which performance would be lower. Waivers and/or reimbursements are subject to change. All figures listed here represent past performance and do not guarantee future results. Although the Fund seeks to maintain a constant value of \$1.00 per share, investments in Warburg Pincus Funds are neither insured or guaranteed by the U.S. government and there can be no assurance that the Fund will be able to maintain a constant value of \$1.00 per share.

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WARBURG PINCUS NEW YORK TAX EXEMPT FUND  
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April 18, 1996

Dear Shareholder:

Tax-exempt money fund yields continued to rise over the last six months, peaking in January at 3.39%. The Donoghue's All Tax-Free 12-month total return on February 29, 1996, was 3.36%, 11 basis points higher than in August. Because of the high demand for New York-issued securities, New York state-specific tax-exempt money fund yields tend to be 10 to 15 basis points lower than those of national funds. According to Donoghue's, New York state-specific funds averaged 3.21% for the year ended February 29, 1996. The current yield of Warburg Pincus New York Tax Exempt Fund (the 'Fund') for the seven-day period ended February 29, 1996, was 2.75%.\*

Tax-exempt money funds experienced large cash inflows over the period due to uncertainty in the stock and bond markets, the Washington budget impasse, and the possibility of changes in the tax code. Total tax-exempt money fund assets hit new all-time highs in virtually every month during the last year. At the end of February, municipal money market assets reached a record level at \$135.2 billion.

The economy of the state of New York remained sluggish over the past six months, and as the state rolls into budget season, it faces another shortfall. Governor Pataki continues to press hard for spending cuts, tax cuts, and job cuts, aimed at revenue growth through a more favorable business climate and leaner state government. Demand for short-term paper increased, causing short-term tax-free rates to drop and the yield curve to remain flat.

The Fund had net assets of \$96.6 million, up from \$87.7 million on February 28, 1995. Its average weighted maturity was 24 days.

The Fund seeks to invest in high-quality issues, the income from which is exempt from federal, New York state and New York City personal income taxes. The Fund will continue to seek current income that is exempt from federal, New York state and New York City personal income taxes, consistent with preservation of capital and liquidity. We appreciate your continued support and investment in the Fund.

-----  
\* From time to time, the Fund's investment adviser and co-administrators may waive some fees and/or reimburse some expenses, without which performance would be lower. Waivers and/or reimbursements are subject to change. All figures listed here represent past performance and do not guarantee future results. Although the Fund seeks to maintain a constant value of \$1.00 per share, investments in Warburg Pincus Funds are neither insured or guaranteed by the U.S. government and there can be no assurance that the Fund will be able to maintain a constant value of \$1.00 per share.

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WARBURG PINCUS CASH RESERVE FUND  
STATEMENT OF NET ASSETS  
February 29, 1996  
-----

<TABLE>  
<CAPTION>

PAR	SECURITY DESCRIPTION	RATINGS= (MOODY'S/S&P)	MATURITY	RATE%	VALUE
<C>	<S>	<C>	<C>	<C>	<C>
AGENCY OBLIGATIONS (5.6%)					
Federal Farm Credit Bank (5.6%)					
\$ 5,000,000	Federal Farm Credit Bank	N/R	05/01/96	5.2500	\$ 5,000,000
3,500,000	Federal Farm Credit Bank	N/R	05/01/96	5.5800	3,500,000
5,000,000	Federal Farm Credit Bank	N/R	06/03/96	5.1250	5,000,000
3,000,000	Federal Farm Credit Bank	N/R	06/03/96	5.5200	3,000,000
3,000,000	Federal Farm Credit Bank	N/R	08/01/96	5.1000	3,000,000
2,000,000	Federal Farm Credit Bank	N/R	09/03/96	4.9800	2,000,000
TOTAL AGENCY OBLIGATIONS (Cost \$21,500,000)					21,500,000
BANKERS' ACCEPTANCES (22.9%)					
Domestic Bankers' Acceptances (21.3%)					
2,000,000	Bank of America National Trust & Savings Association	(P-1, A-1)	03/04/96	5.6000	1,999,067
4,000,000	Bank of America National Trust & Savings Association	(P-1, A-1)	04/08/96	5.3500	3,977,411
1,000,000	Bank of America National Trust & Savings Association	(P-1, A-1)	04/11/96	5.4700	993,770
4,000,000	Bank of America National Trust & Savings Association	(P-1, A-1)	05/29/96	5.2400	3,948,182

2,000,000	Bank of America National Trust & Savings Association	(P-1, A-1)	07/10/96	5.1200	1,962,738
800,000	Chase Manhattan Bank	(P-1, A-1)	03/11/96	5.6000	798,756
300,000	Chase Manhattan Bank	(P-1, A-1)	03/13/96	5.6000	299,440
800,000	Chase Manhattan Bank	(P-1, A-1)	03/15/96	5.6000	798,258
1,700,000	Chase Manhattan Bank	(P-1, A-1)	03/19/96	5.6000	1,695,240
2,300,000	Chase Manhattan Bank	(P-1, A-1)	03/20/96	5.6000	2,293,202
2,300,000	Chase Manhattan Bank	(P-1, A-1)	03/25/96	5.5800	2,291,444
1,000,000	Chase Manhattan Bank	(P-1, A-1)	03/27/96	5.2500	996,208
500,000	Chase Manhattan Bank	(P-1, A-1)	03/27/96	5.6000	497,978
500,000	Chase Manhattan Bank	(P-1, A-1)	03/29/96	5.5800	497,830
2,000,000	Chase Manhattan Bank	(P-1, A-1)	04/03/96	5.3000	1,990,283
700,000	Chase Manhattan Bank	(P-1, A-1)	04/30/96	5.0800	694,073
1,500,000	Chase Manhattan Bank	(P-1, A-1)	05/15/96	5.0800	1,484,125
1,000,000	Citibank, N.A.	(P-1, A-1)	03/06/96	5.1700	999,282
1,000,000	Citibank, N.A.	(P-1, A-1)	04/19/96	5.1000	993,058
268,431	Citibank, N.A.	(P-1, A-1)	04/26/96	5.4800	266,141
552,135	Citibank, N.A.	(P-1, A-1)	04/29/96	5.4500	547,203

</TABLE>

See Accompanying Notes to Financial Statements.

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WARBURG PINCUS CASH RESERVE FUND  
STATEMENT OF NET ASSETS (CONT'D)  
February 29, 1996

<TABLE>  
<CAPTION>

PAR	SECURITY DESCRIPTION	RATINGS= (MOODY'S/S&P)	MATURITY	RATE%	VALUE
<C>	<S>	<C>	<C>	<C>	<C>
BANKERS' ACCEPTANCES (CONT'D)					
\$ 1,023,175	CoreStates Bank N.A.	(P-1, A-1)	03/15/96	5.6100	\$ 1,020,943
5,000,000	CoreStates Bank N.A.	(P-1, A-1)	04/04/96	5.6000	4,973,556
1,000,000	CoreStates Bank N.A.	(P-1, A-1)	04/09/96	5.1300	994,443
1,000,000	First National Bank of Chicago	(P-1, A-1)	03/05/96	5.5500	999,383
1,000,000	First National Bank of Chicago	(P-1, A-1)	05/17/96	5.4300	988,386
1,000,000	First National Bank of Chicago	(P-1, A-1)	06/25/96	5.2100	983,212
500,000	First National Bank of Chicago	(P-1, A-1)	08/02/96	4.8600	489,605
500,000	First National Bank of Chicago	(P-1, A-1)	08/06/96	4.8600	489,335
500,000	First National Bank of Chicago	(P-1, A-1)	08/13/96	4.8600	488,863
1,075,000	First Union National Bank of NC	(P-1, A-1)	04/16/96	5.5100	1,067,431
1,000,000	First Union National Bank of NC	(P-1, A-1)	04/19/96	5.2700	992,827
5,000,000	First Union National Bank of NC	(P-1, A-1)	04/24/96	5.5200	4,958,600
1,539,364	First Union National Bank of NC	(P-1, A-1)	05/28/96	5.4500	1,518,856
2,000,000	First Union National Bank of NC	(P-1, A-1)	06/17/96	5.2100	1,968,740
1,000,000	First Union National Bank of NC	(P-1, A-1)	06/18/96	5.2100	984,225
1,000,000	Mellon Bank N.A.	(P-1, A-1)	05/03/96	5.5000	990,375
1,000,000	Mellon Bank N.A.	(P-1, A-1)	05/31/96	5.4500	986,224
5,220,000	Mellon Bank N.A.	(P-1, A-1)	06/07/96	5.4000	5,143,266
2,000,000	Mellon Bank N.A.	(P-1, A-1)	07/26/96	4.9600	1,959,493
1,000,000	Mellon Bank N.A.	(P-1, A-1)	08/02/96	4.8700	979,167
5,000,000	NationsBank of North Carolina	(P-1, A-1)	08/05/96	4.8700	4,893,807
1,458,484	State Street Bank & Trust Co.	(P-1, A-1+)	03/11/96	5.4500	1,456,276
2,246,608	State Street Bank & Trust Co.	(P-1, A-1+)	03/25/96	5.5700	2,238,266
1,973,585	State Street Bank & Trust Co.	(P-1, A-1+)	03/27/96	5.5700	1,965,646
2,455,450	State Street Bank & Trust Co.	(P-1, A-1+)	04/16/96	5.5400	2,438,068
1,719,993	State Street Bank & Trust Co.	(P-1, A-1+)	04/17/96	5.2000	1,708,316
3,191,865	State Street Bank & Trust Co.	(P-1, A-1+)	05/17/96	5.2700	3,155,887
1,000,000	Suntrust Bank	(P-1, A-1)	06/03/96	5.1900	986,448
Total Domestic Bankers' Acceptances					81,843,333

</TABLE>

See Accompanying Notes to Financial Statements.

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WARBURG PINCUS CASH RESERVE FUND  
STATEMENT OF NET ASSETS (CONT'D)  
February 29, 1996

<TABLE>  
<CAPTION>

PAR	SECURITY DESCRIPTION	RATINGS= (MOODY'S/S&P)	MATURITY	RATE%	VALUE
<C>	<S>	<C>	<C>	<C>	<C>
BANKERS' ACCEPTANCES (CONT'D)					
Foreign Bankers' Acceptances (1.6%)					
\$ 3,000,000	Bank of Montreal	(P-1, A-1+)	04/15/96	5.5000	\$ 2,979,375
1,000,000	Societe Generale	(P-1, A-1+)	03/01/96	5.6000	1,000,000
1,000,000	Societe Generale	(P-1, A-1+)	03/04/96	5.6000	999,533
1,000,000	Societe Generale	(P-1, A-1+)	03/11/96	5.6000	998,444
Total Foreign Bankers' Acceptances					5,977,352
TOTAL BANKERS' ACCEPTANCES (Cost \$87,820,685)					87,820,685
BANK NOTES (1.3%)					
5,000,000	Mellon Bank	(P-1, A-1)	05/01/96	5.7000	5,000,000
TOTAL BANK NOTES (Cost \$5,000,000)					5,000,000
CERTIFICATES OF DEPOSIT (2.6%)					
Domestic Certificates Of Deposit (1.3%)					
5,000,000	Wilmington Trust Company	(P-1, A-1)	05/15/96	5.1600	5,000,000
Yankee Dollar Certificates Of Deposit (1.3%)					
5,000,000	Societe Generale	(P-1, A-1+)	05/01/96	5.2500	5,000,412
TOTAL CERTIFICATES OF DEPOSIT (Cost \$10,000,412)					10,000,412
COMMERCIAL PAPER (47.9%)					
Asset Backed Securities (0.6%)					
2,500,000	Beta Finance Inc.	(P-1, A-1+)	03/25/96	5.6300	2,490,617
Banks (3.6%)					
5,000,000	Morgan (J.P.) & Co.	(P-1, A-1+)	08/20/96	4.8800	4,883,422
4,000,000	National City Corp.	(P-1, A-1+)	04/01/96	5.4500	3,981,228
5,000,000	NationsBank Corp.	(P-1, A-1)	04/11/96	5.3700	4,969,421
					13,834,071
Books: Publishing & Printing (0.5%)					
2,000,000	McGraw-Hill, Inc.	(P-1, A-1)	04/22/96	5.5000	1,984,111
Chemicals & Allied Products (5.4%)					
14,000,000	Dow Chemical Co.	(P-1, A-1)	03/01/96	5.5500	14,000,000
4,580,000	Monsanto Co.	(P-1, A-1)	03/01/96	5.6500	4,580,000
2,000,000	Monsanto Co.	(P-1, A-1)	06/11/96	5.2200	1,970,420
					20,550,420

</TABLE>

See Accompanying Notes to Financial Statements.

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WARBURG PINCUS CASH RESERVE FUND  
STATEMENT OF NET ASSETS (CONT'D)  
February 29, 1996

PAR	SECURITY DESCRIPTION	RATINGS= (MOODY'S/S&P)	MATURITY	RATE%	VALUE
<C>	<S>	<C>	<C>	<C>	<C>
COMMERCIAL PAPER (CONT'D)					
Cigarettes (2.7%)					
\$10,400,000	Philip Morris Capital Corp.	(P-1, A-1)	03/01/96	5.6500	\$ 10,400,000
Electric Services (1.1%)					
4,450,000	Allegheny Power System	(P-1, A-1)	03/27/96	5.3800	4,432,709
Finance Lessors (3.6%)					
2,000,000	General Electric Capital Corp.	(P-1, A-1+)	03/28/96	5.6000	1,991,600
2,000,000	General Electric Capital Corp.	(P-1, A-1+)	05/08/96	5.3000	1,979,978
2,000,000	General Electric Capital Corp.	(P-1, A-1+)	05/09/96	5.3200	1,979,607
2,000,000	General Electric Capital Corp.	(P-1, A-1+)	05/15/96	5.2700	1,978,042
5,000,000	General Electric Capital Corp.	(P-1, A-1+)	07/09/96	5.1900	4,906,292
1,000,000	General Electric Capital Corp.	(P-1, A-1+)	08/26/96	5.0300	975,129



&lt;/TABLE&gt;

See Accompanying Notes to Financial Statements.

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WARBURG PINCUS CASH RESERVE FUND  
STATEMENT OF NET ASSETS (CONT'D)  
February 29, 1996

<TABLE>  
<CAPTION>

PAR	SECURITY DESCRIPTION	RATINGS= (MOODY'S/S&P)	MATURITY	RATE%	VALUE
<C>	<S>	<C>	<C>	<C>	<C>
COMMERCIAL PAPER (CONT'D)					
Short-Term Business Credit Institutions (7.3%)					
\$ 3,000,000	American Express Credit Corp.	(P-1, A-1)	03/04/96	5.6000	\$ 2,998,600
1,000,000	American Express Credit Corp.	(P-1, A-1)	03/13/96	5.6400	998,120
1,000,000	American Express Credit Corp.	(P-1, A-1)	03/22/96	5.6300	996,716
2,000,000	American Express Credit Corp.	(P-1, A-1)	03/29/96	5.5500	1,991,367
1,200,000	American Express Credit Corp.	(P-1, A-1)	03/29/96	5.6400	1,194,736
2,000,000	American Express Credit Corp.	(P-1, A-1)	05/15/96	5.2500	1,978,125
1,000,000	American Express Credit Corp.	(P-1, A-1)	06/07/96	5.2200	985,790
1,000,000	American Express Credit Corp.	(P-1, A-1)	08/12/96	4.8800	977,769
2,000,000	American Express Credit Corp.	(P-1, A-1)	08/26/96	5.0200	1,950,358
5,000,000	Corporate Receivables Corp.	(P-1, A-1)	03/13/96	5.5800	4,990,700
5,000,000	CXC, Inc.	(P-1, A-1+)	04/08/96	5.3750	4,971,632
1,120,000	McKena Triangle National Corp.	(P-1, A-1+)	03/12/96	5.2300	1,118,210
2,000,000	Xerox Credit Corp.	(P-1, A-1)	04/04/96	5.2000	1,990,178
814,000	Xerox Credit Corp.	(P-1, A-1)	05/10/96	5.1500	805,849
					27,948,150
Telephone Communications (0.5%)					
2,000,000	American Telephone & Telegraph Co.	(P-1, A-1+)	05/30/96	5.4400	1,972,800
	TOTAL COMMERCIAL PAPER (Cost \$183,730,254)				183,730,254
TIME DEPOSITS (2.5%)					
Time Deposits (2.5%)					
4,715,000	Bank of Hawaii	(P-1, A-1)	03/01/96	5.9375	4,715,000
5,000,000	Banque Paribas	(P-1, A-1)	03/11/96	5.2500	5,000,000
	TOTAL TIME DEPOSITS (Cost \$9,715,000)				9,715,000
VARIABLE RATE OBLIGATIONS (19.3%)					
Banks (5.2%)					
5,000,000	Boatmen's National Bank +	(P-1, A-1+)	03/12/96	5.2925	5,000,000
10,000,000	Morgan Guaranty Trust Co. +	(P-1, A-1+)	03/01/96	6.2000	9,997,673
5,000,000	Northwest Corp. +	(P-1, A-1+)	03/28/96	5.3125	5,000,000
					19,997,673
Security Brokers & Dealers (1.3%)					
5,000,000	Bear Stearns & Co. Inc.+	(P-1, A-1)	05/16/96	5.3000	5,000,000

&lt;/TABLE&gt;

See Accompanying Notes to Financial Statements.

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WARBURG PINCUS CASH RESERVE FUND  
STATEMENT OF NET ASSETS (CONT'D)  
February 29, 1996

<TABLE>  
<CAPTION>

PAR	SECURITY DESCRIPTION	RATINGS= (MOODY'S/S&P)	MATURITY	RATE%	VALUE
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<C>	<S>	<C>	<C>	<C>	<C>
VARIABLE RATE OBLIGATIONS (CONT'D)					
Student Loan Marketing Association (12.8%)					
\$15,000,000	Student Loan Marketing Association +		03/05/96	5.1700	\$ 15,000,000
5,000,000	Student Loan Marketing Association +		03/05/96	5.3100	5,001,176
29,000,000	Student Loan Marketing Association +		03/05/96	5.3400	29,012,201
					-----
					49,013,377
					-----
TOTAL VARIABLE RATE OBLIGATIONS (Cost \$74,011,050)					74,011,050
					-----
TOTAL INVESTMENTS AT VALUE (102.1%) (Cost \$391,777,401*)					391,777,401
LIABILITIES IN EXCESS OF OTHER ASSETS (2.1%)					(8,169,691)
					-----
NET ASSETS (100.0%) (applicable to 383,608,358 shares)					\$383,607,710
					-----
NET ASSETS VALUE, offering and redemption price per share (\$383,607,710[div]383,608,358)					\$1.00
					-----
					-----

</TABLE>

N/R Not rated.

= Credit ratings given by Moody's Investors Service, Inc. and Standard & Poor's Ratings Group are unaudited.

+ The interest rate shown is the rate as of February 29, 1996 and the maturity date shown is the next interest readjustment date.

\* Also cost for Federal income tax purposes.

See Accompanying Notes to Financial Statements.

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 WARBURG PINCUS CASH RESERVE FUND  
 MATURITY SCHEDULE OF PORTFOLIO  
 February 29, 1996  
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<TABLE>

<CAPTION>

MATURITY SCHEDULE (DAYS)	PAR AMOUNT	PERCENTAGE OF PORTFOLIO	
-----	-----	-----	
			(CUMULATIVE)
<S>	<C>	<C>	<C>
1-7	\$120,030,000	30.5%	30.5%
8-14	20,678,484	5.2	35.7
15-30	41,493,368	10.5	46.2
31-60	72,846,008	18.5	64.7
61-90	54,245,230	13.8	78.5
91-120	39,220,000	10.0	88.5
121-150	19,000,000	4.8	93.3
Over 150	26,500,000	6.7	100.0
			-----
			\$394,013,090
			-----
			-----

</TABLE>

Average Weighted Maturity -- 50 days

See Accompanying Notes to Financial Statements.

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 WARBURG PINCUS NEW YORK TAX EXEMPT FUND  
 STATEMENT OF NET ASSETS  
 February 29, 1996  
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<TABLE>

<CAPTION>

RATINGS=



PAR	SECURITY DESCRIPTION	(MOODY'S/S&P)	MATURITY	RATE%	VALUE
<C>	<S>	<C>	<C>	<C>	<C>
NEW YORK (100.4%)					
\$ 1,425,000	Chautauqua County Industrial Development Agency Industrial Development Revenue Bonds, Series 1995 (Belknap Business Forms, Inc. Project) VRDN+	(NR, NR)	03/07/96	3.300	\$ 1,425,000
700,000	Erie County New York Water Authority Series B (AMBAC Insurance) VRDN+	(VMIG1, A-1+)	03/07/96	3.100	700,000
3,000,000	Massapequa New York Union Free School District TANS	(MIG1, NR)	06/28/96	4.250	3,004,696
200,000	Metropolitan Transportation Authority Commuter Facility Series 1991 (Morgan Guaranty LOC) VRDN+	(VMIG1, A-1)	03/07/96	3.150	200,000
1,000,000	Monroe County Industrial Development Agency Electronic Navigational Industries Facility Series 1984 MB	(Aa1, AA)	07/01/96	3.800	1,000,000
1,900,000	New York City General Obligation (Union Bank of Switzerland LOC) VRDN+	(VMIG1, A-1+)	03/01/96	3.350	1,900,000
500,000	New York City General Obligation Series B10 (Union Bank of Switzerland LOC) VRDN+	(VMIG1, A-1+)	03/07/96	3.150	500,000
4,400,000	New York City General Obligation (Mitsubishi Bank LOC) VRDN+	(VMIG1, A-1+)	03/07/96	3.500	4,400,000
3,400,000	New York City General Obligation (FGIC Insurance) VRDN+	(MIG1, A-1+)	03/01/96	3.350	3,400,000
1,800,000	New York City General Obligation Bonds (Mitsubishi Bank LOC) VRDN+	(VMIG1, A-1+)	03/07/96	3.450	1,800,000
2,000,000	New York City General Obligation Series H-6 (MBIA Insurance) TECP	(VMIG1, A-1+)	05/21/96	3.250	2,000,000
1,500,000	New York City General Obligation Series B-9 (Chemical Bank LOC) TECP	(NR, NR)	08/19/96	3.250	1,500,000

</TABLE>

See Accompanying Notes to Financial Statements.

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WARBURG PINCUS NEW YORK TAX EXEMPT FUND  
STATEMENT OF NET ASSETS (CONT'D)  
February 29, 1996

<TABLE>

<CAPTION>

PAR	SECURITY DESCRIPTION	RATINGS= (MOODY'S/S&P)	MATURITY	RATE%	VALUE
<C>	<S>	<C>	<C>	<C>	<C>
NEW YORK (CONT'D)					
\$ 400,000	New York City General Obligation 1994B (Dai-Ichi Kangyo LOC) VRDN+	(MIG1, A-1)	03/01/96	3.400	\$ 400,000
2,100,000	New York City Housing Development Authority (York Ave.) (Chemical Bank LOC) VRDN+	(NR, A-1)	03/07/96	3.250	2,100,000
2,675,000	New York City Housing Development Corporation (Parkgate Tower) (Citibank LOC) VRDN+	(VMIG1, A-1)	03/07/96	3.100	2,675,000
1,000,000	New York City Housing Development Corporation (Upper Fifth Avenue Project) Series 1989A (Bankers Trust LOC) VRDN+	(VMIG1, A-1)	03/07/96	3.000	1,000,000
500,000	New York City Industrial Development Agency (La Guardia Project) Series 1985 (Banque Indosuez LOC) VRDN+	(NR, A-1)	03/07/96	3.150	500,000
1,000,000	New York City Industrial Development Agency Columbia Grammar and Preparatory School Civic Facility Revenue Bonds 1994 (Chemical Bank LOC) VRDN+	(NR, A-1)	03/07/96	3.150	1,000,000
600,000	New York City Industrial Development Agency Japan Airlines (Morgan Guaranty LOC) VRDN+	(NR, A-1)	03/01/96	3.450	600,000
400,000	New York City Industrial Development Revenue Bonds Nippon Cargo Airlines Company (Industrial Bank of Japan LOC) VRDN+	(NR, A-1+)	03/07/96	4.100	400,000
1,000,000	New York City Municipal Water Finance Authority Series 3 (Toronto Dominion				

3,300,000	LOC) TECP New York City Series E (Morgan Guaranty LOC) RANS	(P-1, A-1+)	05/21/96	3.250	1,000,000
3,000,000	New York City Series 1996-A RANS	(MIG1, SP-1)	06/28/96	4.750	3,314,183
		(NR, NR)	04/11/96	4.500	3,002,455

See Accompanying Notes to Financial Statements.

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WARBURG PINCUS NEW YORK TAX EXEMPT FUND  
STATEMENT OF NET ASSETS (CONT'D)  
February 29, 1996

<TABLE>  
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PAR	SECURITY DESCRIPTION	RATINGS= (MOODY'S/S&P)	MATURITY	RATE%	VALUE
<C>	<S>	<C>	<C>	<C>	<C>
\$ 1,447,000	New York City Trust For Cultural Resources (Carnegie Hall) (Dai-Ichi Kangyo LOC) VRDN+	(VMIG1, A-1)	03/07/96	3.200	\$ 1,447,000
1,000,000	New York City Trust For Cultural Resources Adjustable Tender Revenue Bonds (American Museum of Natural History) Series 1991B (MBIA Insurance) (Swiss Bank LOC) VRDN+	(VMIG1, A-1+)	03/07/96	2.900	1,000,000
1,900,000	New York City Trust For Cultural Resources Museum of Broadcasting Series 1989 (Sumitomo Bank LOC) VRDN+	(VMIG1, A-1)	03/07/96	3.400	1,900,000
2,400,000	New York Local Government Assistance Corp. (Multiple Credit Enhancements LOC) VRDN+	(NR, A-1+)	03/07/96	3.100	2,400,000
700,000	New York Local Government Assistance Corp. (Canadian Imperial Bank LOC) VRDN+	(VMIG1, A-1+)	03/07/96	3.150	700,000
1,700,000	New York Local Government Assistance Corp. (Society Generale LOC) VRDN+	(VMIG1, A-1+)	03/07/96	3.150	1,700,000
2,500,000	New York State Dormitory Authority Revenue Bonds (Chemical Bank LOC) TECP	(VMIG1, A-1)	03/21/96	3.300	2,500,000
600,000	New York State Dormitory Authority Revenues Bonds (Beverwyck Inc.) (Banque Paribas LOC) VRDN+	(VMIG1, A-1)	03/07/96	3.050	600,000
4,600,000	New York State Energy Research & Development Authority Pollution Control Refunding Revenue Bonds (New York State Electric & Gas Corp.) (Union Bank of Switzerland LOC) VRDN+	(VMIG1, A-1+)	03/01/96	3.500	4,600,000

See Accompanying Notes to Financial Statements.

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WARBURG PINCUS NEW YORK TAX EXEMPT FUND  
STATEMENT OF NET ASSETS (CONT'D)  
February 29, 1996

<TABLE>  
<CAPTION>

PAR	SECURITY DESCRIPTION	RATINGS= (MOODY'S/S&P)	MATURITY	RATE%	VALUE
<C>	<S>	<C>	<C>	<C>	<C>
\$ 1,400,000	New York State Energy Research & Development Authority Pollution				

2,000,000	Control Revenue Refunding Bonds (Rochester Gas & Electric) Series 1984 (Bank of New York LOC) VRDN+	(P-1, NR)	03/01/96	3.250	\$ 1,400,000
2,000,000	New York State Energy Research and Development Authority (New York State Electric & Gas) Series 1985A (Morgan Guaranty LOC) MB	(P-1, A-1+)	03/15/96	4.650	2,000,000
2,500,000	New York State Energy Research and Development Authority Pollution Control Revenue Bonds (Long Island Lighting Company) (Deutsche Bank LOC) MB	(VMIG1, NR)	03/07/96	3.250	2,000,000
2,000,000	New York State Housing Finance Agency East 84th Street Housing Revenue Bonds 1995 Series A (Fleet Bank LOC) VRDN+	(VMIG1, A-1+)	03/01/96	4.700	2,500,000
100,000	New York State Housing Finance Agency Housing Revenue Bonds (Mt. Sinai School of Medicine) Series 1984A (Golden State Sanwa Bank LOC) VRDN+	(VMIG1, NR)	03/07/96	3.200	2,000,000
100,000	New York State Housing Finance Agency Housing Revenue Bonds (Normandie Court) Series 1991A (Society Generale LOC) VRDN+	(VMIG1, NR)	03/07/96	3.100	100,000
1,100,000	New York State Housing Finance Agency Housing Revenue Bonds (Sloan Memorial Kettering Cancer Center) Series 1985A VRDN+	(VMIG1, NR)	03/07/96	3.100	100,000
		(MIG1, A1+)	03/07/96	3.000	1,100,000

</TABLE>

See Accompanying Notes to Financial Statements.

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WARBURG PINCUS NEW YORK TAX EXEMPT FUND  
STATEMENT OF NET ASSETS (CONT'D)  
February 29, 1996

<TABLE>  
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PAR	SECURITY DESCRIPTION	RATINGS= (MOODY'S/S&P)	MATURITY	RATE%	VALUE
<C>	<S>	<C>	<C>	<C>	<C>
NEW YORK (CONT'D)					
\$ 1,200,000	New York State Housing Finance Agency Multi-Family Housing (Pleasant Creek Assoc.) 1988 Series A (AMBAC Insurance) VRDN+	(VMIG1, NR)	03/07/96	3.300	\$ 1,200,000
230,000	New York State Job Development Authority State Guaranteed Variable Rate Special Purpose Bonds Series 1984C (Sumitomo Bank LOC) VRDN+	(VMIG1, A-1+)	03/01/96	3.650	230,000
110,000	New York State Job Development Authority State Guaranteed Variable Rate Special Purpose Bonds Series 1984F (Sumitomo Bank LOC) VRDN+	(VMIG1, A-1+)	03/01/96	3.650	110,000
640,000	New York State Job Development Authority State Guaranteed Variable Rate Special Purpose Bonds Series 1984G (Sumitomo Bank LOC) VRDN+	(VMIG1, A-1+)	03/01/96	3.650	640,000
810,000	New York State Job Development Authority State Guaranteed Variable Rate Special Purpose Bonds Series 1984H (Sumitomo Bank LOC) VRDN+	(VMIG1, A-1+)	03/01/96	3.650	810,000
1,200,000	New York State Local Government Assistance Corporation Variable Rate Revenue Bonds Series 1995F (Toronto Dominion LOC) VRDN+	(VMIG1, A-1+)	03/07/96	3.150	1,200,000
500,000	New York State Medical Care Facilities Finance Agency (Lenox Hill Hospital Project) 1990 Series A (Chemical Bank LOC) VRDN+	(VMIG1, NR)	03/07/96	3.100	500,000
2,000,000	New York State Power Authority TECP	(P-2, A-2)	03/26/96	3.350	2,000,000
2,120,000	New York State Power Authority TECP	(P-1, A-1)	05/01/96	3.300	2,120,000

See Accompanying Notes to Financial Statements.

WARBURG PINCUS NEW YORK TAX EXEMPT FUND  
STATEMENT OF NET ASSETS (CONT'D)  
February 29, 1996

<TABLE>  
<CAPTION>

PAR	SECURITY DESCRIPTION	RATINGS= (MOODY'S/S&P)	MATURITY	RATE%	VALUE
<C>	<S>	<C>	<C>	<C>	<C>
NEW YORK (CONT'D)					
\$ 1,000,000	North Hempstead New York Solid Waste Management Authority Series A 1993 VRDN+	(VMIG1, A-1+)	03/07/96	3.250	\$ 1,000,000
2,000,000	New York City General Obligation	(MIG1, NR)	06/28/96	4.750	2,004,742
2,100,000	State of New York General Obligation BANS	(P-1, A-1)	03/13/96	3.250	2,100,000
2,600,000	State of New York Power MB	(MIG1, NR)	03/01/96	3.850	2,600,000
4,000,000	State of New York Series R TECP	(P-1, A-1)	03/07/96	3.100	4,000,000
3,700,000	Suffolk County Industrial Development Authority (Nissequogue Cogen) Series 1993 (Toronto Dominion LOC) VRDN+	(VMIG1, A-1+)	03/07/96	3.200	3,700,000
3,000,000	Suffolk County Water Authority BAN 1994 VRDN+	(VMIG1, NR)	03/07/96	3.100	3,000,000
1,000,000	Town of Babylon Industrial Development Agency (J. D'addario & Company, Inc Project) Series 1994 (National Westminster LOC) VRDN+	(VMIG1, NR)	03/07/96	3.300	1,000,000
100,000	Town of Montgomery Industrial Development Agency Authority (Service Merchandise Co., Inc.) (Industrial Bank of Japan LOC) VRDN+	(NR, A-1)	03/15/96	3.350	100,000
700,000	Triborough Bridge and Tunnel Authority (FGIC Insurance) VRDN+	(VMIG1, A-1+)	03/07/96	3.250	700,000
2,100,000	Trust For Cultural Resources City of New York (Solomon R. Guggenheim Foundation) (Swiss Bank LOC) VRDN+	(MIG1, A1+)	03/01/96	3.400	2,100,000
	TOTAL NEW YORK (Cost \$96,983,076)				96,983,076

&lt;/TABLE&gt;

See Accompanying Notes to Financial Statements.

WARBURG PINCUS NEW YORK TAX EXEMPT FUND  
STATEMENT OF NET ASSETS (CONT'D)  
February 29, 1996

<TABLE>  
<CAPTION>

PAR	SECURITY DESCRIPTION	RATINGS= (MOODY'S/S&P)	MATURITY	RATE%	VALUE
<C>	<S>	<C>	<C>	<C>	<C>
PUERTO RICO (4.5%)					
\$ 2,400,000	Government Development Bank For Puerto Rico Adjustable Refunding Bonds Series 1985 (Credit Suisse LOC)				

VRDN+	(VMIG1, NR)	03/07/96	2.800	\$ 2,400,000
2,000,000 Government Development Bank For				
Puerto Rico TECP	(NR, A-1+)	03/05/96	3.000	2,000,000
				-----
TOTAL PUERTO RICO (Cost \$4,400,000)				4,400,000
				-----
TOTAL INVESTMENTS AT VALUE (104.9%) (Cost \$101,383,076*)				101,383,076
				-----
LIABILITIES IN EXCESS OF OTHER ASSETS (4.9%)				(4,799,327)
				-----
NET ASSETS (100.0%) (applicable to 96,596,868 common shares)				\$ 96,583,749
				-----
				-----
NET ASSET VALUE, offering and redemption price per common share (\$96,583,749[div]96,596,868)				\$1.00
				-----
				-----

</TABLE>

INVESTMENT ABBREVIATIONS

<TABLE>

<S>	<C>
BANS	= Bond Anticipation Notes
FGIC	= Financial Guaranty Insurance Company
LOC	= Letter of Credit
MB	= Municipal Bonds
MBIA	= Municipal Bond Insurance Association
RANS	= Revenue Anticipation Notes
TANS	= Tax Anticipation Notes
TECP	= Tax Exempt Commercial Paper
VRDN	= Variable Rate Demand Notes

</TABLE>

= Credit ratings given by Moody's Investors Service, Inc. and Standard & Poor's Ratings Group are unaudited.

+ The interest rate shown is the rate as of February 29, 1996 and the maturity date shown is the longer of the next interest readjustment date or the date the principal amount owed can be recovered through demand.

\* Also represents cost for Federal income tax purposes.

See Accompanying Notes to Financial Statements.

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WARBURG PINCUS NEW YORK TAX EXEMPT FUND  
MATURITY SCHEDULE OF PORTFOLIO  
February 29, 1996

<TABLE>  
<CAPTION>

MATURITY SCHEDULE (DAYS)	PAR AMOUNT	PERCENTAGE OF PORTFOLIO	
			(CUMULATIVE)
<S>	<C>	<C>	<C>
1-7	\$ 73,737,000	72.7%	72.7%
8-14	2,100,000	2.1	74.8
15-30	6,600,000	6.5	81.3
31-60	3,000,000	3.0	84.3
61-90	5,120,000	5.0	89.3
91-120	8,300,000	8.2	97.5
121-150	1,000,000	1.0	98.5
Over 150	1,500,000	1.5	100.0
	-----		
	\$101,357,000		
	-----		
	-----		

</TABLE>

Average Weighted Maturity -- 24 days

See Accompanying Notes to Financial Statements.

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WARBURG PINCUS CASH RESERVE AND NEW YORK TAX EXEMPT FUNDS  
 STATEMENTS OF OPERATIONS  
 For the Year Ended February 29, 1996

	Warburg Pincus Cash Reserve Fund	Warburg Pincus New York Tax Exempt Fund
<S> INTEREST INCOME	<C> \$ 18,471,546	<C> \$3,402,663
EXPENSES:		
Investment advisory	772,648	224,129
Sub-investment advisory and administration	772,648	224,129
Administrative services	309,059	89,652
Audit	32,135	31,210
Custodian	77,846	22,792
Directors'	19,500	19,500
Distribution	0	10,080
Insurance	14,987	5,480
Legal	51,866	55,571
Printing	16,489	(1,192)
Registration	9,338	15,529
Transfer agent	113,004	32,503
Miscellaneous	23,354	14,565
	2,212,874	743,948
Less: fees waived	(513,054)	(240,784)
Total expenses	1,699,820	503,164
Net investment income	16,771,726	2,899,499
NET REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS:		
Net realized gain (loss) from security transactions	(507)	645
Net increase in net assets resulting from operations	\$ 16,771,219	\$2,900,144

</TABLE>

See Accompanying Notes to Financial Statements.

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WARBURG PINCUS CASH RESERVE AND NEW YORK TAX EXEMPT FUNDS  
 STATEMENTS OF CHANGES IN NET ASSETS

	Warburg Pincus Cash Reserve Fund		Warburg Pincus New York Tax Exempt Fund	
	For the Year Ended February 28 or 29,		For the Year Ended February 28 or 29,	
	1996	1995	1996	1995
<S> FROM OPERATIONS:	<C>	<C>	<C>	<C>
Net investment income	\$ 16,771,726	\$ 14,018,197	\$ 2,899,499	\$ 2,138,667
Net realized gain (loss) from security transactions	(507)	9,641	645	(189)
Net decrease in unrealized market discount	0	0	0	(6)
Net increase in net assets resulting from operations	16,771,219	14,027,838	2,900,144	2,138,472
FROM DISTRIBUTIONS:				
Dividends from net investment income:				
Common Shares	(16,771,726)	(14,018,197)	(2,810,063)	(1,892,371)

Series 2 Shares	0	0	(89,436)	(246,296)
Net decrease from distributions	(16,771,726)	(14,018,197)	(2,899,499)	(2,138,667)
FROM CAPITAL SHARE TRANSACTIONS (AT \$1 PER SHARE):				
Proceeds from sale of shares	1,883,249,803	1,886,500,990	314,824,220	246,396,767
Reinvested dividends	10,583,684	8,456,201	1,142,300	1,066,251
Net asset value of shares redeemed	(1,913,436,052)	(1,769,313,517)	(307,102,780)	(237,850,988)
Net increase (decrease) in net assets from capital share transactions	(19,602,565)	125,643,674	8,863,740	9,612,030
Net increase (decrease) in net assets	(19,603,072)	125,653,315	8,864,385	9,611,835
NET ASSETS:				
Beginning of year	403,210,782	277,557,467	87,719,364	78,107,529
End of year	\$ 383,607,710	\$ 403,210,782	\$ 96,583,749	\$ 87,719,364

</TABLE>

See Accompanying Notes to Financial Statements.

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WARBURG PINCUS CASH RESERVE FUND  
FINANCIAL HIGHLIGHTS  
(For a Share of the Fund Outstanding Throughout Each Year)

<TABLE>  
<CAPTION>

	For the Year Ended February 28 or 29,				
	1996	1995	1994	1993	1992
NET ASSET VALUE, BEGINNING OF YEAR	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Income from Investment Operations:					
Net Investment Income	.0543	.0426	.0273	.0322	.0542
Net Realized Gain on Securities	0	0	0	0	.0010
Total from Investment Operations	.0543	.0426	.0273	.0322	.0552
Less Distributions:					
Dividends from net investment income	(.0543)	(.0426)	(.0273)	(.0322)	(.0542)
Distributions from capital gains	0	0	0	0	(.0010)
Total Distributions	(.0543)	(.0426)	(.0273)	(.0322)	(.0552)
NET ASSET VALUE, END OF YEAR	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Total Return	5.57%	4.35%	2.76%	3.27%	5.66%
RATIOS/SUPPLEMENTAL DATA:					
Net Assets, End of Year (000s)	\$383,607	\$403,211	\$277,557	\$287,723	\$426,479
Ratios to average daily net assets:					
Operating expenses	.55%	.55%	.54%	.50%	.50%
Net investment income	5.43%	4.41%	2.73%	3.22%	5.45%
Decrease reflected in above operating expense ratios due to waivers/reimbursements	.16%	.19%	.13%	.17%	.16%

</TABLE>

See Accompanying Notes to Financial Statements.

TAX STATUS OF 1996 DIVIDENDS (Unaudited)  
Dividends paid by the Fund are taxable as ordinary income.

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WARBURG PINCUS NEW YORK TAX EXEMPT FUND  
FINANCIAL HIGHLIGHTS  
(For a Share of the Fund Outstanding Throughout Each Period)

<TABLE>  
<CAPTION>

	COMMON SHARES				
	FOR THE YEAR ENDED FEBRUARY 28 OR 29,				
	1996	1995	1994	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Income from Investment Operations:					
Net Investment Income	.0326	.0246	.0175	.0224	.0329
Less Distributions:					
Dividends from net investment income	(.0326)	(.0246)	(.0175)	(.0224)	(.0329)
NET ASSET VALUE, END OF PERIOD	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Total Return	3.31%	2.48%	1.77%	2.26%	3.34%
RATIOS/SUPPLEMENTAL DATA:					
Net Assets, End of Period (000s)	\$ 96,584	\$ 77,111	\$ 65,984	\$ 76,995	\$ 65,438
Ratios to average daily net assets:					
Operating expenses	.55%	.55%	.54%	.50%	.50%
Net investment income	3.24%	2.46%	1.75%	2.23%	3.27%
Decrease reflected in above operating expense ratios due to waivers/reimbursements	.27%	.27%	.19%	.28%	.23%

</TABLE>

(1) Series 2 Shares ceased being offered on June 9, 1995.

\* Annualized

TAX STATUS OF 1996 DIVIDENDS (Unaudited)

Dividends paid by the Fund for the fiscal year will qualify as exempt interest dividends.

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<TABLE>  
<CAPTION>

	SERIES 2 SHARES					
	FOR THE PERIOD MARCH 1, 1995 THROUGH JUNE 8, 1995 (1)	FOR THE YEAR ENDED FEBRUARY 28 OR 29,				APRIL 30, 1990 (INITIAL ISSUANCE) THROUGH FEBRUARY 28, 1991
		1995	1994	1993	1992	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
	.0085	.0211	.0140	.0189	.0295	.0391
	(.0085)	(.0211)	(.0140)	(.0189)	(.0295)	(.0391)



\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
3.15%	2.13%	1.41%	1.90%	2.99%	4.78%
\$ 0	\$ 10,608	\$ 12,123	\$ 10,165	\$ 9,307	\$ 15,151
.90%*	.90%	.89%	.85%	.85%	.65%*
3.10%*	2.11%	1.40%	1.87%	2.95%	4.63%*
.30%*	.27%	.19%	.28%	.23%	.42%*

</TABLE>

See Accompanying Notes to Financial Statements.

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WARBURG PINCUS CASH RESERVE AND NEW YORK TAX EXEMPT FUNDS  
NOTES TO FINANCIAL STATEMENTS  
February 29, 1996

1. SIGNIFICANT ACCOUNTING POLICIES

The Warburg Pincus Cash Reserve Fund (the 'Cash Reserve Fund') and the Warburg Pincus New York Tax Exempt Fund (the 'New York Tax Exempt Fund') are registered under the Investment Company Act of 1940, as amended (the '1940 Act'), as diversified and non-diversified, open-end management investment companies, respectively.

Investment objectives for each Fund are as follows: the Cash Reserve Fund is designed to provide investors with high current income consistent with liquidity and stability of principal; the New York Tax Exempt Fund is designed to provide investors with as high a level of current income that is exempt from Federal, New York State, and New York City personal income taxes as is consistent with preservation of capital and liquidity.

Issuers of New York tax-exempt securities (including issuers whose obligations may be acquired by the New York Tax Exempt Fund) have experienced serious financial difficulties in recent years. These difficulties have at times jeopardized the credit standing and impaired the borrowing abilities of all New York issuers and have generally contributed to higher interest costs for their borrowings and fewer markets for their outstanding debt obligations. During the recent past, several different issuers of Municipal Securities of New York State and its agencies and instrumentalities and of New York City have been downgraded by Standard & Poor's Ratings Group and Moody's Investors Service, Inc. A recurrence of the financial difficulties experienced by certain issuers of New York tax-exempt securities could result in defaults or declines in the market values of their existing obligations and, possibly, in the obligations of other issuers of New York tax-exempt securities.

The net asset value of each Fund is determined as of noon and the close of regular trading on the New York Stock Exchange on each day, except on days when the Exchange is closed. Each Fund's investments are valued under the amortized cost method which approximates current market value. Under this method, investments are valued at cost when purchased and thereafter a constant proportionate amortization of any discount or premium is recorded until maturity of the investment.

Security transactions are accounted for on a trade date basis. Interest income is recorded on the accrual basis. Income, expenses and realized/unrealized gains/losses are allocated proportionately to each class of shares based upon the relative net asset value of outstanding shares. The cost of investments sold is determined by use of the specific identification method for both financial reporting and income tax purposes.

Dividends from net investment income are declared daily and paid monthly. Distributions of net capital gains, if any, are declared and paid annually, although the Cash Reserve Fund may declare and pay short-term capital gains, if any, periodically as the Board of Directors determines. To the extent that a net realized capital gain can be reduced by a capital loss carryover, such gain will not be distributed. Income and capital gain distributions are determined in accordance with Federal income tax regulations which may differ from generally accepted accounting principles.

No provision is made for Federal taxes as it is each Fund's intention to continue to qualify for and elect the tax treatment applicable to regulated investment companies under the Internal Revenue Code and make the requisite distributions to its shareholders which will be sufficient to relieve it from Federal income and excise taxes.

WARBURG PINCUS CASH RESERVE AND NEW YORK TAX EXEMPT FUNDS  
 NOTES TO FINANCIAL STATEMENTS (CONT'D)  
 February 29, 1996

Each Fund may enter into repurchase agreement transactions. Under the terms of a typical repurchase agreement, a Fund acquires an underlying security subject to an obligation of the seller to repurchase. The value of the underlying security collateral will be maintained at an amount at least equal to the total amount of the purchase obligation, including interest. The collateral is in the Fund's possession. At February 29, 1996, no repurchase agreements were held by either Fund.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. INVESTMENT ADVISER AND SUB-ADVISER, CO-ADMINISTRATORS AND DISTRIBUTOR

Warburg, Pincus Counsellors, Inc. ('Warburg'), a wholly owned subsidiary of Warburg, Pincus Counsellors G.P. ('Counsellors G.P.'), serves as each Fund's investment adviser. For its investment advisory services, Warburg receives a fee calculated at an annual rate of .25% of each Fund's average daily net assets. For the year ended February 29, 1996, investment advisory fees and waivers were as follows:

<TABLE>  
<CAPTION>

FUND	GROSS ADVISORY FEE	WAIVER	NET ADVISORY FEE
Cash Reserve	\$772,648	\$(205,222)	\$567,426
New York Tax Exempt	224,129	(96,389)	127,740

</TABLE>

PNC Institutional Management Corporation ('PIMC'), a wholly owned subsidiary of PNC Bank, N.A., serves as each Fund's sub-investment adviser and administrator. For its sub-investment advisory and administrative services, PIMC receives a fee calculated at an annual rate of .25% of each Fund's average daily net assets. For the year ended February 29, 1996, sub-investment advisory and administration fees and waivers were as follows:

<TABLE>  
<CAPTION>

FUND	GROSS SUB-ADVISORY AND ADMINISTRATION FEE	WAIVER	NET SUB-ADVISORY AND ADMINISTRATION FEE
Cash Reserve	\$772,648	\$(307,832)	\$464,816
New York Tax Exempt	224,129	(144,395)	79,734

</TABLE>

Counsellors Funds Service, Inc. ('CFSI'), a wholly owned subsidiary of Warburg, serves as each Fund's co-administrator. For its administrative services, CFSI currently receives a fee calculated at an

WARBURG PINCUS CASH RESERVE AND NEW YORK TAX EXEMPT FUNDS  
 NOTES TO FINANCIAL STATEMENTS (CONT'D)  
 February 29, 1996

annual rate of .10% of each Fund's average daily net assets. For the year ended February 29, 1996, administrative services fees earned by CFSI were as follows:

<TABLE>

<CAPTION>

FUND	CO-ADMINISTRATION FEE
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<p>&lt;S&gt;</p> <p>Cash Reserve</p> <p>New York Tax Exempt</p> <p>&lt;/TABLE&gt;</p>	<p>&lt;C&gt;</p> <p style="text-align: right;">\$ 309,059</p> <p style="text-align: right;">89,652</p>
---	--

Counsellors Securities Inc. ('CSI'), also a wholly owned subsidiary of Warburg, serves as each Fund's distributor. No compensation is payable by the Funds to CSI for distribution services.

### 3. CAPITAL SHARE TRANSACTIONS

Each Fund is authorized to issue three billion full and fractional shares of capital stock, \$.001 par value per share, of which one billion shares of New York Tax Exempt Fund are designated as Series 2 Shares. Series 2 Shares are identical to Common Shares in all respects except that Series 2 Shares are sold to institutions ('Service Organizations') that perform certain distribution, shareholder servicing, accounting and/or administrative services for their customers who are beneficial owners of Series 2 Shares. Series 2 Shares bear the fees paid pursuant to a distribution plan adopted by each Fund in an amount not to exceed .75 of 1.00% (on an annualized basis) of the average daily net asset value of the shares held by the institutions for the benefit of their customers and enjoy certain exclusive voting rights on matters relating to those fees. Series 2 Shares ceased being offered on June 9, 1995.

With respect to Series 2 Shares, Service Organizations earned the following distribution fees for the period March 1, 1995 through June 8, 1995:

FUND	DISTRIBUTION FEE
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<p>&lt;S&gt;</p> <p>New York Tax Exempt</p> <p>&lt;/TABLE&gt;</p>	<p>&lt;C&gt;</p> <p style="text-align: right;">\$ 10,080</p>
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Transactions in shares of each Fund were as follows:

	CASH RESERVE FUND		NEW YORK TAX EXEMPT FUND		NEW YORK TAX EXEMPT FUND	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
	Common Shares For the Year Ended February 28 or 29, 1996		Common Shares For the Year Ended February 28 or 29, 1995		Series 2 Shares For the Period March 1, 1995 through June 8, 1995	
	1996	1995	1996	1995	1995	1995
Shares sold	1,883,249,027	1,886,500,990	300,237,798	204,764,017	14,586,422	41,632,750
Shares issued to shareholders on reinvestment of dividends	10,583,684	8,456,201	1,048,655	822,241	93,645	244,010
Shares redeemed	(1,913,436,052)	(1,769,313,517)	(281,813,622)	(194,459,365)	(25,289,158)	(43,391,623)
Net increase (decrease) in shares	(19,603,341)	125,643,674	19,472,831	11,126,893	(10,609,091)	(1,514,863)

</TABLE>

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WARBURG PINCUS CASH RESERVE AND NEW YORK TAX EXEMPT FUNDS  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
February 29, 1996

### 4. NET ASSETS

Net Assets at February 29, 1996, consisted of the following:

	CASH RESERVE FUND	NEW YORK TAX EXEMPT FUND
--	-------------------	--------------------------

-----

<S>	<C>	<C>
Capital contributed, net	\$ 383,608,146	\$ 96,596,875
Accumulated net realized loss from security transactions	(436)	(13,126)
Net assets	\$ 383,607,710	\$ 96,583,749

</TABLE>

5. CAPITAL LOSS CARRYOVER

At February 29, 1996, the Cash Reserve Fund and the New York Tax Exempt Fund have capital loss carryovers of \$507 and \$13,126, respectively, to offset possible future capital gains of each Fund. These carryovers expire as follows:

<TABLE>		
<CAPTION>		
	FUND	YEAR
		AMOUNT
<S>		<C>
Cash Reserve	2004	\$ 507
New York Tax Exempt	1997	4,822
	1998	4,026
	2000	4,089
	2002	189

</TABLE>

WARBURG PINCUS CASH RESERVE AND NEW YORK TAX EXEMPT FUNDS

To the Shareholders and Board of Directors of  
WARBURG PINCUS CASH RESERVE AND NEW YORK TAX EXEMPT FUNDS:

We have audited the accompanying statements of net assets of Warburg Pincus Cash Reserve Fund and Warburg Pincus New York Tax Exempt Fund as of February 29, 1996, and the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the periods presented. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of February 29, 1996. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Warburg Pincus Cash Reserve Fund and Warburg Pincus New York Tax Exempt Fund as of February 29, 1996, and the results of their operations for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the periods presented, in conformity with generally accepted accounting principles.

COOPERS & LYBRAND L.L.P.  
2400 Eleven Penn Center  
Philadelphia, Pennsylvania  
April 8, 1996

WARBURG PINCUS FUNDS  
P.O. BOX 9030  
BOSTON, MASSACHUSETTS 02205-9030

SHAREHOLDER SERVICES  
1-800-927-2874

PROSPECTUSES  
1-800-927-2874

[LOGO]

ANNUAL REPORT

FEBRUARY 29, 1996

[ ] WARBURG PINCUS  
CASH RESERVE FUND

[ ] WARBURG PINCUS  
NEW YORK TAX EXEMPT FUND

COUNSELLORS SECURITIES INC., DISTRIBUTOR

WPCRN-2-0296

STATEMENT OF DIFFERENCES

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The division sign shall be expressed as..... [div].