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)

Filing Date: **1996-02-08** | Period of Report: **1995-11-30**
SEC Accession No. 0000912057-96-001755

(HTML Version on secdatabase.com)

FILER

PIERPONT FUNDS

CIK:**894089**| IRS No.: **133692750** | State of Incorp.:**MA** | Fiscal Year End: **1031**
Type: **N-30D** | Act: **40** | File No.: **811-07340** | Film No.: **96513514**

Business Address
SIGNATURE BROKER DEALER SERVICES INC
6 ST JAMES AVENUE 9TH FLOOR
BOSTON MA 02116
6174230800

LETTER TO THE SHAREHOLDERS OF THE PIERPONT EQUITY FUND

January 15, 1996

Dear Shareholder:

Investors will long remember the spectacular stock market performance of 1995. Corporate profits continued to grow during the year despite slowing economic growth, and the Dow Jones Industrial Average topped 5,000 for the first time in its history. During The Pierpont Equity Fund's semi-annual reporting period, the S&P 500 returned 14.89%. In this bullish environment, The Pierpont Equity Fund returned 11.33%, making it a strong participant in the market's rally. The Fund also produced high absolute returns for the 12 months ended November 30, 1995, returning 31.48%.

Viewed from a competitive standpoint, the strengths of the Fund's active management, investment strategy, and risk controls become clearer. The Fund outperformed the Morningstar Growth & Income Funds Average for the one- , three-, five- , and ten-year periods ended November 30, 1995 (see accompanying table on page 6), even though it slightly underperformed this average for the semi-annual period.

Why did the Fund perform well in absolute terms yet lag the S&P 500 and Morningstar for the six-month period? Will the Fund be more on track in achieving its objectives going forward? We believe both questions have a simple answer -- the Fund is built for distance, not for speed. In other words, the Fund's value driven investment philosophy may at times run counter to the current market momentum, as it did during the semi-annual period, but we believe this strategy will continue to be beneficial over the long term.

In the following sections we briefly explain the Fund's strategy, the market environment for the period, and attempt to answer the question that is no doubt on everyone's mind, "What should I expect in the year ahead."

OUR APPROACH TO IDENTIFYING LONG-TERM VALUE

To understand the Fund's performance over the period, we thought it important to briefly reexamine the Fund's investment strategy. Our research attempts to uncover undervalued companies that we believe will eventually be priced in accordance with their projected earnings, cash flow, and dividend-paying capabilities. The potential downfall over the short term is that although we believe an asset is worth more than its

---

TABLE OF CONTENTS

---

present purchase price over the long term, the market may price it lower based on shorter-term issues, such as lower-than-expected earnings for a quarter. Under this circumstance, we reexamine whether we still believe the asset holds fundamental value. If so, we patiently hold our position, confident that the market will, over time, recognize the asset's true value.

We believe it is prudent to practice a disciplined and rigorous form of risk control. For example, the Portfolio's sector weightings are generally held close to those of the market -- typically within three percentage points -- reflecting our belief that our information advantage comes more at the individual stock than at the sector level.

THE MARKET: LARGE GAINS WITH A NARROW FOCUS

While the U.S. stock market continued to set record highs, these returns masked some of the narrow buying that occurred during the six month period. Continuing a trend that began at the end of 1994, economic uncertainty caused investors to focus mainly on the "safe haven" status of the largest 50 stocks within the S&P 500, which our research had deemed to be either fairly valued or overvalued.

Another factor at work was the performance disparity in sector returns for the year and also for the period. For example, the high-flying technology stocks experienced widespread selling in August after rising dramatically for the first half of the year. Another trend was a rotation away from cyclical sectors into defensive growth stocks, such as utilities and food and drugs. At the same time, mergers, consolidations, and a favorable interest rate environment combined to help banks, insurance, and health care companies take the lead among market sectors. At the end of the period, investors even began to move into sectors such as energy and capital goods, which had lagged the market throughout 1995. In addition, while investor buying was still concentrated in the largest stocks, signs existed that buying should begin to broaden.

THE FUND'S PERFORMANCE AMID SHORT-TERM VIEWS

Viewed overall, the Portfolio's stock selection added value on an absolute basis between May and November 1995, but did not add value on a relative basis. Actually, many of our holdings that "detracted" from performance substantially rose in value, just not as much as other stocks in their respective S&P sectors. Another phenomenon that occurred during the period is that NOT owning a particular stock in the S&P 500 either added to or detracted from performance depending on how the stock performed relative to its peers. In other words, there are stocks that may be "mistakes" or "missed opportunities" in the short run that can negatively impact performance, which return to their fundamental values over time. Intel, a large technology stock, is an extreme example of this, as it led the technology sector, peaking in the summer. We believed the stock was overvalued and therefore did not hold it during its rally. However, we believe this was a prudent decision over the longer term as it has declined in value since August.

One example of a stock that added value to relative performance during the period and illustrates our disciplined investment approach was technology company BAY NETWORKS INC. Although it had declined earlier in the year based on earnings that were below expectations, we held it based on its long-term earnings poten-

tial, the competitiveness of its product line, and strength of its market position. We were also impressed with Bay Networks' flexible management and business plan, as it was responding to the market by moving out of semi-conductors into networking services. The company's stock rose substantially during the period after several good product announcements and increased demand for its networking services. In addition, near the end of the period, the company announced strong revenue growth.

THE VALUE OF LONG-TERM U.S. INVESTING

Although historical studies can only report on past results and do not guarantee what will happen in the future, they indicate that from 1946 to 1994, investors who participated in the large-cap U.S. market over a one-year time horizon would have attained a positive return as high as 61%, or a negative return as low as -39%. By extending their time horizon to ten years during the same period, investors would have experienced no negative returns at far lower levels of volatility. Thus it may be said that a diversified large-cap U.S. equity portfolio held for the long term is likely to enhance an investor's probability of achieving positive returns.

THE REDUCTION OF RISK OVER TIME
(1946-1994)

1 YEAR	3 YEARS	5 YEARS	10 YEARS
high 61	high 33	high 30	high 21

low -39 low -11 low -4 low N/A

The chart above shows the range of returns for each designated holding period. As holding periods are extended, the variance among returns is reduced.

SOURCE: DATA DERIVED FROM IBBOTSON ASSOCIATES. ROLLING TIME PERIODS ARE SHOWN. RESULTS ASSUME A PORTFOLIO CONSISTING OF THE S&P 500 INDEX, WITH REINVESTMENT OF DIVIDENDS.

A stock in the Portfolio that detracted from relative performance was COLTEC INDUSTRIES, INC. We bought Coltec, a diversified manufacturing company, based on its long-term value. The company's stock declined during the third quarter after an announcement that its earnings would be disappointing due to continued margin pressure in its automotive business. We believe this is a short-term setback and continue to hold Coltec based on its strong long-term fundamentals.

While the Portfolio's sector allocations did not contribute to relative returns during the period under review, it did help insulate it from the unpredictable sector swings that occurred. On a longer-term basis, this diversification should help to improve the consistency of results.

THE YEAR AHEAD: A RETURN TO BROAD-BASED MARKET PERFORMANCE

One of the big questions on investors' minds today is, "Could the U.S. stock market sustain its 1995 highs in 1996?" While the market in 1996 is unlikely to match 1995's levels, signs point to broader investor buying, unlike in 1995 when the largest company stocks and a few sectors like technology and health care dominated the market for most of the year. This should be a positive environment for the Portfolio's diversified holdings.

While growth in corporate profitability began to decelerate during the third quarter of 1995, profits have held up well enough for us to raise our projections in this area for 1996. However, even with our upward revisions, operating profits in 1996 will likely be below the double-digit gains posted in 1994 and 1995. The bottom line, therefore, calls for a U.S. economy in which lower but more sustainable profitability will be the rule in the year ahead.

The surprisingly good inflation performance in 1995 suggests that arguments for continued Fed restraint are diminishing. The likely adoption of budget changes, long advocated by Fed Chairman Greenspan, also indicates that the risks associated with a restrictive Fed policy are rising. As a result, our belief is that Fed motivations are shifting from a policy of growth prevention to a policy of recession prevention, implying that the central bank will be more responsive to signs of weakness going forward than it has been to date. Our view is that a rebound in the U.S. economy is likely next year, rather than continued sluggish economic growth.

As always, we welcome your comments or questions. Please call J.P. Morgan Funds Services toll free at (800) 521-5411.

Sincerely,

/s/ Evelyn E. Guernsey

Evelyn E. Guernsey
J.P. Morgan Funds Management

FUND FACTS

INVESTMENT OBJECTIVE

The Pierpont Equity Fund seeks to provide a high total return from a portfolio of selected equity securities. It is designed for investors who want an actively managed portfolio of selected equity securities that seeks to outperform the S&P 500 Index.

COMMENCEMENT OF OPERATIONS
6/27/85

NET ASSETS AS OF 11/30/95
$301,488,951

CAPITAL GAIN PAYABLE DATE (IF APPLICABLE)
12/26/95

EXPENSE RATIO

The Fund's annualized expense ratio of 0.81% covers shareholders' expenses for custody, tax reporting, investment advisory, and shareholder services. The Fund is no-load and does not charge any sales, redemption, or exchange fees. There are no additional charges for buying, selling, or safekeeping Fund shares, or for wiring redemption proceeds from the Fund.

FUND HIGHLIGHTS
ALL DATA AS OF NOVEMBER 30, 1995

PORTFOLIO ALLOCATION
(PERCENTAGE OF TOTAL INVESTMENTS)
[pie chart]

- CONSUMER 26.1%
- INDUSTRIAL 14.9%
- FINANCIAL 13.1%
- UTILITIES 10.1%
- HEALTHCARE 9.0%
- ENERGY 8.6%
- BASIC INDUSTRIES 5.9%
- TECHNOLOGY 5.5%
- TRANSPORTATION 2.6%
- SHORT TERM AND OTHER 4.2%

LARGEST EQUITY HOLDINGS	% OF PORTFOLIO
COLUMBIA/HCA HEALTHCARE CORP.	2.2%
PHILIP MORRIS	2.2%
AT&T	2.1%
GENERAL MOTORS CORP.	2.1%
HUMANA, INC.	2.0%

1995 FEDERAL TAX NOTICE
During the six months ended November 30, 1995, the Fund paid to shareholders $0.24 from short-term capital gains and $0.31 per share in long-term capital gains.

FUND PERFORMANCE

EXAMINING PERFORMANCE

One way to look at performance is to review a fund's average annual total return. This figure takes the fund's actual (or cumulative) return and shows you what would have happened if the fund had achieved that return by performing at a constant rate each year. Average annual total returns represent the average yearly change in a fund's value over various time periods, typically 1, 5, or 10 years. Total returns for periods of less than one year are not annualized and provide a picture of how a fund has performed over the short term.

<TABLE>
<CAPTION>

PERFORMANCE	TOTAL RETURNS		AVERAGE ANNUAL TOTAL RETURNS			
AS OF NOVEMBER 30, 1995	THREE MONTHS	SIX MONTHS	ONE YEAR	THREE YEARS	FIVE YEARS	TEN YEARS
<S>	<C>	<C>	<C>	<C>	<C>	<C>
The Pierpont Equity Fund	5.61%	11.33%	31.48%	13.52%	16.57%	14.71%
S&P 500 Index	8.41%	14.89%	36.98%	15.08%	16.79%	15.20%
Morningstar Growth & Income Fund Avg.	6.46%	13.04%	30.83%	12.88%	15.13%	12.41%
AS OF SEPTEMBER 30, 1995						
The Pierpont Equity Fund	6.64%	14.67%	23.01%	14.40%	17.21%	15.55%
S&P 500 Index	7.95%	18.25%	29.74%	14.98%	17.23%	16.04%
Morningstar Growth & Income Fund Avg.	7.25%	16.00%	23.49%	13.24%	15.44%	13.18%

</TABLE>

PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE RESULTS. ALL FUND RETURNS ARE NET OF FEES AND ASSUME THE REINVESTMENT OF DISTRIBUTIONS AND REFLECT REIMBURSEMENT OF CERTAIN FUND AND PORTFOLIO EXPENSES AS DESCRIBED IN THE PROSPECTUS. THE MORNINGSTAR MUTUAL FUND RATING SERVICE IS A LEADING RESOURCE FOR MUTUAL FUND DATA. ALTHOUGH GATHERED FROM RELIABLE SOURCES, DATA ACCURACY AND COMPLETENESS CANNOT BE GUARANTEED.

SPECIAL FUND-BASED SERVICES

PIERPONT ASSET ALLOCATION SERVICE (PAAS)

For many investors, a diversified portfolio -- including short-term instruments, bonds, and stocks -- can offer an excellent opportunity to achieve one's investment objectives. PAAS provides investors with a comprehensive management program for their portfolios. Through this service, investors can:

- create and maintain an asset allocation that is specifically targeted at meeting their most critical investment objectives;
- make ongoing tactical adjustments in the actual asset mix of their portfolios to capitalize on shifting market trends;
- make investments through The Pierpont Funds, a family of diversified mutual funds.

PAAS is available to clients who invest a minimum of $500,000 in The Pierpont Funds.

IRA MANAGEMENT SERVICE

As one of the few remaining investments that can help your assets grow tax-deferred until retirement, the IRA enables more of your dollars to work for you longer. Morgan offers an IRA Rollover plan that helps you to build well-balanced long-term investment portfolios, diversified across a wide array of mutual funds. From money markets to emerging markets, The Pier-pont Funds provide an excellent way to help you accumulate long-term wealth for retirement.

KEOGH

In early 1995, Morgan introduced a Keogh program for its clients. Keoghs provide another excellent vehicle to help individuals who are self-employed or are employees of unincorporated businesses to accumulate retirement savings. A Keogh is a tax-deferred pension plan that can allow you to contribute the lesser of $30,000 or 25% of your annual earned gross compensation. The Pierpont Funds can help you build a comprehensive investment program designed to maximize the retirement dollars in your Keogh account.

SIGNATURE BROKER-DEALER SERVICES, INC. IS THE DISTRIBUTOR OF THE PIERPONT EQUITY FUND (THE "FUND").

MORGAN GUARANTY TRUST COMPANY OF NEW YORK ("MORGAN")SERVES AS PORTFOLIO INVESTMENT ADVISOR AND MAKES THE FUND AVAILABLE SOLELY IN ITS CAPACITY AS SHAREHOLDER SERVICING AGENT FOR CUSTOMERS. INVESTMENTS IN THE FUND ARE NOT DEPOSITS OR OBLIGATIONS OF, OR GUARANTEED OR ENDORSED BY, MORGAN OR ANY OTHER BANK. SHARES OF THE FUND ARE NOT FEDERALLY INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD, OR ANY OTHER GOVERNMENTAL AGENCY. INVESTMENT RETURN AND PRINCIPAL VALUE OF AN INVESTMENT IN THE FUND CAN FLUCTUATE, SO AN INVESTOR'S SHARES WHEN REDEEMED MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST.

Performance data quoted herein represent past performance. Please remember that past performance is not a guarantee of future performance. Fund returns are net of fees. All returns assume reinvestment of income and reflect the reimbursement of certain Fund expenses as described in the Prospectus. Had expenses not been subsidized, returns would have been lower. The Fund invests all of its investable assets in The Selected U.S. Equity Portfolio, a separately registered investment company which is not available to the public but only to other collective investment vehicles such as the Fund.

MORE COMPLETE INFORMATION ABOUT THE FUND, INCLUDING MANAGEMENT FEES AND OTHER EXPENSES, IS PROVIDED IN THE PROSPECTUS, WHICH SHOULD BE READ CAREFULLY BEFORE INVESTING. YOU MAY OBTAIN ADDITIONAL COPIES OF THE PROSPECTUS BY CALLING J.P. MORGAN FUNDS SERVICES AT (800) 521-5411.

THE PIERPONT EQUITY FUND
STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)
NOVEMBER 30, 1995

<TABLE>

<S>	<C>
ASSETS	
Investment in The Selected U.S. Equity Portfolio ("Portfolio"), at value	$301,809,270
Receivable for Shares of Beneficial Interest Sold	12,153
Other Assets	37,665
Total Assets	301,859,088
LIABILITIES	
Payable for Shares of Beneficial Interest Redeemed	282,872
Shareholder Servicing Fee Payable	60,233
Administration Fee Payable	6,199
Fund Services Fee Payable	1,203
Accrued Expenses	19,630
Total Liabilities	370,137
NET ASSETS	
Applicable to 14,415,497 Shares of Beneficial Interest Outstanding (par value $0.001, unlimited shares authorized)	$301,488,951
Net Asset Value, Offering and Redemption Price Per Share	$20.91

ANALYSIS OF NET ASSETS	
Paid-in Capital	$251,179,112
Undistributed Net Investment Income	2,239,684
Accumulated Net Realized Gain on Investment	16,863,875
Net Unrealized Appreciation of Investment	31,206,280
Net Assets	$301,488,951

</TABLE>

The Accompanying Notes are an Integral Part of the Financial Statements.

THE PIERPONT EQUITY FUND
STATEMENT OF OPERATIONS (UNAUDITED)
FOR THE SIX MONTHS ENDED NOVEMBER 30, 1995

<TABLE>

<S>	<C>	<C>
INVESTMENT INCOME ALLOCATED FROM PORTFOLIO		
Allocated Dividend Income (Net of Withholding Tax of $15,422)		$ 2,899,334
Allocated Interest Income		473,394
Allocated Portfolio Expenses		(629,777)
Net Investment Income Allocated from Portfolio		2,742,951
FUND EXPENSES		
Shareholder Servicing Fee	$348,806	
Financial and Fund Accounting Services Fee	43,122	
Administration Fee	36,232	
Transfer Agent Fees	30,391	
Fund Services Fee	11,321	
Printing	10,027	
Registration Fees	9,538	
Professional Fees	5,997	
Trustees' Fees and Expenses	3,074	
Insurance	1,620	
Miscellaneous	2,423	
Total Expenses		(502,551)
NET INVESTMENT INCOME		2,240,400
NET REALIZED GAIN ON INVESTMENT ALLOCATED FROM PORTFOLIO		17,296,571
NET CHANGE IN UNREALIZED APPRECIATION OF INVESTMENT ALLOCATED FROM PORTFOLIO		10,508,286
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		$30,045,257

</TABLE>

The Accompanying Notes are an Integral Part of the Financial Statements.

THE PIERPONT EQUITY FUND
STATEMENTS OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

<S>	FOR THE SIX MONTHS ENDED NOVEMBER 30, 1995 (UNAUDITED) <C>	FOR THE FISCAL YEAR ENDED MAY 31, 1995 <C>

INCREASE IN NET ASSETS

FROM OPERATIONS		
Net Investment Income	$ 2,240,400	$ 4,157,296
Net Realized Gain on Investment Allocated from Portfolio	17,296,571	18,152,807
Net Change in Unrealized Appreciation of Investment Allocated from Portfolio	10,508,286	12,147,358
Net Increase in Net Assets Resulting from Operations	30,045,257	34,457,461
DISTRIBUTIONS TO SHAREHOLDERS FROM		
Net Investment Income	(1,519,919)	(3,540,710)
Net Realized Gain on Investment	(7,373,452)	(26,996,501)
Total Distributions to Shareholders	(8,893,371)	(30,537,211)
TRANSACTIONS IN SHARES OF BENEFICIAL INTEREST		
Proceeds from Shares of Beneficial Interest Sold	34,017,465	69,158,419
Reinvestment of Dividends and Distributions	8,378,905	28,650,625
Cost of Shares of Beneficial Interest Redeemed	(21,397,075)	(73,697,504)
Net Increase from Transactions in Shares of Beneficial Interest	20,999,295	24,111,540
Total Increase in Net Assets	42,151,181	28,031,790
NET ASSETS		
Beginning of Period	259,337,770	231,305,980
End of Period (including undistributed net investment income of $2,239,684 and $1,519,203, respectively)	$ 301,488,951	$ 259,337,770

</TABLE>

The Accompanying Notes are an Integral Part of the Financial Statements.

THE PIERPONT EQUITY FUND
FINANCIAL HIGHLIGHTS

SELECTED DATA FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD ARE AS FOLLOWS:

<TABLE>
<CAPTION>

	FOR THE SIX MONTHS ENDED NOVEMBER 30, 1995 (UNAUDITED)	FOR THE FISCAL YEAR ENDED MAY 31, 1995	1994	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	$ 19.42	$ 19.38	$ 19.30	$ 19.02	$ 18.21	$ 16.51
INCOME FROM INVESTMENT OPERATIONS						
Net Investment Income	0.15	0.32	0.27	0.38	0.37	0.44
Net Realized and Unrealized Gain on Investments	2.00	2.17	1.32	1.35	2.13	1.90
Total from Investment Operations	2.15	2.49	1.59	1.73	2.50	2.34
LESS DISTRIBUTIONS TO SHAREHOLDERS FROM						
Net Investment Income	(0.11)	(0.28)	(0.29)	(0.36)	(0.40)	(0.45)
Net Realized Gains	(0.55)	(2.17)	(1.22)	(1.09)	(1.29)	(0.19)
Total Distributions	(0.66)	(2.45)	(1.51)	(1.45)	(1.69)	(0.64)
NET ASSET VALUE, END OF PERIOD	$ 20.91	$ 19.42	$ 19.38	$ 19.30	$ 19.02	$ 18.21
Total Return	11.33%+	15.11%	8.54%	10.02%	14.60%	14.81%

RATIOS AND SUPPLEMENTAL DATA

Net Assets, End of Period (in thousands)	$301,489	$259,338	$231,306	$202,474	$109,246	$55,144
Ratios to Average Net Assets:						
Expenses	0.81%(a)	0.90%	0.90%	0.90%	0.90%	0.91%
Net Investment Income	1.61%(a)	1.74%	1.43%	2.20%	2.16%	2.81%
Decrease Reflected in above Expense Ratio due to Expense Reimbursements from Morgan	-	0.01%	0.03%	0.08%	0.19%	0.38%
Portfolio Turnover	-	-	10%(b)	60%	99%	43%

</TABLE>

\+ Not annualized.

(a) Annualized.

(b) 1994 Portfolio Turnover reflects the period June 1, 1993 to July 18, 1993. After July 18, 1993, all the Fund's investable assets were invested in The Selected U.S. Equity Portfolio.

The Accompanying Notes are an Integral Part of the Financial Statements.

----

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Pierpont Equity Fund (the "Fund") is a separate series of The Pierpont Funds, a Massachusetts business trust (the "Trust"). The Trust is registered under the Investment Company Act of 1940, as amended, as a diversified open-end management investment company. The Fund, prior to its tax-free reorganization on July 18, 1993, to a series of the Trust, operated as a stand-alone mutual fund. Costs related to the reorganization were borne by Morgan Guaranty Trust Company of New York ("Morgan"). This report includes periods which preceded the Fund's reorganization and reflects the operations of the predecessor entity.

The Fund invests all of its investable assets in The Selected U.S. Equity Portfolio (the "Portfolio"), a diversified open-end management investment company having the same investment objectives as the Fund. The value of such investment reflects the Fund's proportionate interest in the net assets of the Portfolio (43% at November 30, 1995). The performance of the Fund is directly affected by the performance of the Portfolio. The financial statements of the Portfolio, including the schedule of investments, are included elsewhere in this report and should be read in conjunction with the Fund's financial statements.

The following is a summary of the significant accounting policies of the Fund:

a) Valuation of securities by the Portfolio is discussed in Note 1 of the Portfolio's Notes to Financial Statements which are included elsewhere in this report.

b) The Fund records its share of net investment income, realized and unrealized gain and loss and adjusts its investment in the Portfolio each day. All the net investment income and realized and unrealized gain and loss of the Portfolio is allocated pro rata among the Fund and other investors in the Portfolio at the time of such determination.

c) Substantially all the Fund's net investment income is declared as dividends and paid semi-annually. Distributions to shareholders of net realized capital gain, if any, are declared and paid annually.

d) Each series of the Trust is treated as a separate entity for federal income tax purposes. The Fund intends to comply with the provisions of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and to distribute substantially all of its income, including net realized capital gains, if any, within the prescribed time periods. Accordingly, no provision for federal income or excise tax is necessary.

e) Expenses incurred by the Trust with respect to any two or more funds in the Trust are allocated in proportion to the net assets of each fund in the Trust, except where allocations of direct expenses to each fund can otherwise be made fairly. Expenses directly attributable to a fund are charged to that fund.

2. TRANSACTIONS WITH AFFILIATES

a) The Trust retains Signature Broker-Dealer Services, Inc. ("Signature") to serve as Administrator and Distributor. Signature provides administrative services necessary for the operations of the Fund, furnishes office space and facilities required for conducting the business of the Fund and pays the

---

compensation of the Fund's officers affiliated with Signature. The agreement provides for a fee to be paid to Signature at an annual rate determined by the following schedule: 0.04% of the first $1 billion of the aggregate average daily net assets of the Trust, as well as two other affiliated fund families for which Signature acts as administrator, 0.032% of the next $2 billion of such net assets, 0.024% of the next $2 billion of such net assets, and 0.016% of such net assets in excess of $5 billion. The daily equivalent of the fee rate is applied daily to the net assets of the Fund. For the six months ended November 30, 1995, Signature's fee for these services amounted to $36,232.

Effective December 29, 1995, the Administration Agreement was amended such that the fee charged would be equal to the Fund's proportionate share of a complex-wide fee based on the following annual schedule: 0.03% on the first $7 billion of the aggregate average daily net assets of the Portfolio and the other portfolios (the "Master Portfolios") in which series of the Trust, The JPM Institutional Funds or The JPM Advisor Funds invest and 0.01% on the aggregate average daily net assets of the Master Portfolios in excess of $7 billion. The Portion of this charge payable by the Fund is determined by the proportionate share its net assets bear to the total net assets of the Trust, The JPM Institutional Funds, The JPM Advisor Funds and the Master Portfolios.

b) Until August 31, 1995, the Trust, on behalf of the Fund, had a Financial and Fund Accounting Services Agreement ("Services Agreement") with Morgan under which Morgan received a fee, based on the percentages described below, for overseeing certain aspects of the administration and operation of the Fund and which was also designed to provide an expense limit for certain expenses of the Fund. This fee was calculated at 0.15% of the first $100 million of the Fund's average daily net assets and 0.13% of average daily net assets over $100 million. For the three months ended August 31, 1995, the fee for these services amounted to $43,122. From September 1, 1995 until December 28, 1995, an interim agreement between the Trust, on behalf of the Fund, and Morgan provided for the continuation of the oversight functions that were outlined under the prior agreement and that Morgan should bear all of its expenses incurred in connection with these services. In addition, Morgan agreed to reimburse the Fund to the extent necessary to maintain the total operating expenses of the Fund, including the expenses allocated to the Fund from the Portfolio, at no more than 0.90% of the average daily net assets of the Fund through September 30, 1995. There was no reimbursement necessary for the period June 1, 1995 through September 30, 1995.

Effective December 29, 1995, the Trust, on behalf of the Fund, entered into an Administrative Services Agreement with Morgan under which Morgan is responsible for certain aspects of the administration and operation of the Fund. Under the Agreement, the Fund has agreed to pay Morgan a fee equal to its proportionate share of an annual complex-wide charge. This charge is calculated daily based on the aggregate net assets of the Master Portfolios, in accordance with the following annual schedule: 0.06% on the first $7 billion of the Master Portfolios' aggregate net assets and 0.03% of the aggregate net assets in excess of $7 billion. The portion of this charge payable by the Fund is determined by the proportionate share that the Fund's net assets bear to the net assets of the Trust, the Master Portfolios and other investors in the Master Portfolios for which Morgan provides similar services.

THE PIERPONT EQUITY FUND
NOTES TO FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
NOVEMBER 30, 1995

c) The Trust, on behalf of the Fund, has a Shareholder Servicing Agreement with Morgan. The Agreement provides for the Fund to pay Morgan a fee for these services which is computed daily and may be paid monthly at an annual rate of 0.25% of the average daily net assets of the Fund. For the six months ended November 30, 1995, the fee for these services amounted to $348,806.

d) The Trust, on behalf of the Fund, has a Fund Services Agreement with Pierpont Group, Inc. ("Group") to assist the Trustees in exercising their overall supervisory responsibilities for the Trust's affairs. The Trustees of the Trust represent all the existing shareholders of Group. For the six months ended November 30, 1995, the Fund's allocated portion of Group's costs in performing its services amounted to $11,321.

e) An aggregate annual fee of $65,000 is paid to each Trustee for serving as a Trustee of The Pierpont Funds, The JPM Institutional Funds and their corresponding Portfolios. The Trustees' Fees and Expenses shown in the financial statements represent the Fund's allocated portion of the total fees and expenses. The Trustee who serves as Chairman and Chief Executive Officer of these Funds and Portfolios also serves as Chairman of Group and received compensation and employee benefits from Group in his role as Group's Chairman. The allocated portion of such compensation and benefits included in the Fund Services Fee shown in the financial statements was $1,400.

3. TRANSACTIONS IN SHARES OF BENEFICIAL INTEREST

The Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional shares of beneficial interest of one or more series. Transactions in shares of beneficial interest of the Fund were as follows:

<TABLE>
<CAPTION>

<S>	FOR THE SIX MONTHS ENDED NOVEMBER 30, 1995 (UNAUDITED) <C>	FOR THE FISCAL YEAR ENDED MAY 31, 1995 <C>
Shares sold	1,705,093	3,793,004
Reinvestment of dividends and distributions	430,792	1,679,688
Shares redeemed	(1,071,647)	(4,056,832)
Net increase	1,064,238	1,415,860

</TABLE>

The Selected U.S. Equity Portfolio
Semi-Annual Report November 30, 1995
(unaudited)

(The following pages should be read in conjunction with The Pierpont Equity Fund Semi-Annual Financial Statements)

THE SELECTED U.S. EQUITY PORTFOLIO
SCHEDULE OF INVESTMENTS (UNAUDITED)
NOVEMBER 30, 1995

<TABLE>

<CAPTION>

SECURITY DESCRIPTION	SHARES	VALUE
COMMON STOCKS (95.1%)		
BASIC INDUSTRIES (6.0%)		
CHEMICALS (3.6%)		
Du Pont (E.I.) de Nemours & Co., Inc.	102,200	$ 6,796,300
Union Carbide Corp.	225,920	8,952,080
Wellman Inc.	354,900	9,094,312
		24,842,692
METALS & MINING (1.7%)		
Aluminum Co. of America	60,000	3,510,000
Freeport McMoRan Copper & Gold Inc., Cl. A.	93,960	2,536,920
Freeport McMoRan Copper & Gold Inc., Cl. B.	56,202	1,524,479
Reynolds Metals Co.	71,200	4,111,800
		11,683,199
PAPER AND FOREST PRODUCTS (0.7%)		
Buckeye Cellulose Corp. (a)	90,700	1,916,037
International Paper Co.	600	22,875
Mead Corp.	52,900	3,021,912
		4,960,824
TOTAL BASIC INDUSTRIES		41,486,715
CONSUMER GOODS & SERVICES (26.2%)		
AUTOMOTIVE (2.1%)		
General Motors Corp.	300,600	14,579,100
BEVERAGES, FOOD, SOAP & TOBACCO (7.0%)		
Archer-Daniels-Midland Co.	270,470	4,665,608
CPC International, Inc.	71,200	4,895,000
General Mills Inc.	116,500	6,422,063
Nabisco Holdings Corp.- Cl. A.	209,100	5,907,075
PepsiCo., Inc.	215,300	11,895,325
Philip Morris Cos., Inc.	172,300	15,119,325
		48,904,396

</TABLE>

The Accompanying Notes are an Integral Part of the Financial Statements.

<TABLE>
<CAPTION>

SECURITY DESCRIPTION	SHARES	VALUE
CONSUMER GOODS & SERVICES (CONTINUED)		
ENTERTAINMENT, LEISURE & MEDIA (5.2%)		
Circus Circus Enterprises Inc. (a)	418,000	$ 11,599,500
International Game Technology	355,900	4,404,263
Tele-Communications Inc., Liberty Media Group Series A (a)	162	4,516
Tele-Communications Inc., TCI Group Series A (a)	705,950	13,104,197
Time Warner, Inc.	170,000	6,800,000
		35,912,476
FOOTWEAR APPAREL (0.1%)		
Converse Inc. (a)	87,633	361,486

Florsheim Shoe Co. (a)	43,816	186,218
		547,704
HOUSEHOLD PRODUCTS (3.0%)		
Colgate-Palmolive Co.	105,540	7,730,805
Interco Inc. (a)	479,100	4,012,462
Procter & Gamble Co.	106,310	9,182,526
		20,925,793
MERCHANDISING (6.3%)		
Fruit of the Loom Inc., Cl. A (a)	355,450	6,886,844
Hechinger Co., Cl. A.	132,300	595,350
Limited Inc.	515,300	9,210,987
Melville Corp.	196,100	6,103,612
Price Costco Inc. (a)	457,800	7,639,537
Wal Mart Stores, Inc.	565,460	13,571,040
		44,007,370
PERSONAL CARE (0.2%)		
International Flavors and Fragrances, Inc.	21,500	1,099,188
PERSONAL SERVICES (1.7%)		
Service Corp. International	292,600	11,886,875
RESTAURANTS (0.6%)		
Cracker Barrel Old Country Store, Inc.	245,000	4,578,438
TOTAL CONSUMER GOODS & SERVICES		182,441,340

</TABLE>

The Accompanying Notes are an Integral Part of the Financial Statements.

<TABLE>
<CAPTION>

SECURITY DESCRIPTION	SHARES	VALUE
<S>	<C>	<C>
ENERGY (8.7%)		
OIL-EQUIPMENT (0.3%)		
Cooper Cameron Corp. (a)	74,712	$ 1,942,512
OIL-PRODUCTION (8.4%)		
Anadarko Petroleum Corp.	181,300	8,725,063
Chevron Corp.	130,000	6,418,750
Diamond Shamrock Inc.	221,000	5,552,625
Oryx Energy Co. (a)	391,500	5,138,437
Repsol S.A. (ADR)	134,300	4,247,238
Royal Dutch Petroleum Co. (ADR)	73,320	9,412,455
Sun Inc.	269,475	7,477,931
Texaco Inc.	154,900	11,462,600
		58,435,099
TOTAL ENERGY		60,377,611
FINANCE (13.1%)		
BANKING (8.2%)		
BankAmerica Corp.	209,600	13,335,800
Citicorp.	66,475	4,703,106
Firstar Corp.	69,750	2,859,750
First Union Corp.	125,750	6,869,094

Fleet Financial Group Inc.	212,150	8,857,262
Great Western Financial Corp.	273,200	6,966,600
NationsBank Corp.	191,647	13,678,805
		57,270,417
FINANCIAL SERVICES (1.0%)		
Dean Witter Discover & Co.	136,600	6,966,600
INSURANCE (3.9%)		
AMBAC Inc.	210,300	9,279,488
Providian Corp.	322,500	12,940,312
USLIFE Corp.	167,850	4,846,669
		27,066,469
TOTAL FINANCE		91,303,486

</TABLE>

The Accompanying Notes are an Integral Part of the Financial Statements.

<TABLE>
<CAPTION>

SECURITY DESCRIPTION	SHARES	VALUE
HEALTHCARE (9.0%)		
<S>	<C>	<C>
HEALTH SERVICES (4.2%)		
Columbia/HCA Healthcare Corp.	294,300	$ 15,193,238
Health Care and Retirement Corp. (a)	700	23,450
Humana, Inc. (a)	491,700	13,767,600
		28,984,288
PHARMACEUTICALS (4.8%)		
Alza Corp. Cl. A (a)	140,600	3,233,800
Bausch & Lomb Inc.	313,900	11,339,638
Forest Laboratories, Inc. (a)	75,000	3,187,500
Lilly, Eli & Co.	97,445	9,695,777
Warner - Lambert Co.	71,200	6,354,600
		33,811,315
TOTAL HEALTHCARE		62,795,603
INDUSTRIAL PRODUCTS & SERVICES (14.1%)		
CAPITAL GOODS (0.7%)		
USG Corp. (a)	158,800	4,664,750
DIVERSIFIED MANUFACTURING (9.4%)		
Allied Signal, Inc.	222,000	10,489,500
Coltec Industries, Inc. (a)	433,225	4,765,475
Cooper Industries, Inc.	261,939	9,560,774
Cooper Tire & Rubber Co.	246,100	6,060,213
General Electric Co.	152,700	10,269,075
ITT Corp.	39,900	4,892,737
Manville Corp. (a)	791,000	10,085,250
Tyco International Ltd.	306,200	9,607,025
		65,730,049
ELECTRONICS (3.3%)		
General Instrument Corp. (a)	198,100	5,076,312
Grainger (W.W.), Inc.	108,200	7,235,875
Harris Corp.	158,200	9,116,275
Magnetek, Inc. (a)	177,900	1,467,675

		22,896,137

</TABLE>

The Accompanying Notes are an Integral Part of the Financial Statements.

<TABLE>
<CAPTION>

SECURITY DESCRIPTION	SHARES	VALUE
<S>	<C>	<C>
INDUSTRIAL PRODUCTS & SERVICES (CONTINUED)		
ENVIRONMENTAL CONTROL (0.7%)		
Wheelabrator Technologies Inc....................	347,700	$ 5,215,500
TOTAL INDUSTRIAL PRODUCTS & SERVICES..........		98,506,436
TECHNOLOGY (5.4%)		
COMPUTERS-PERIPHERALS (0.5%)		
Quantum Corp. (a)................................	180,000	3,363,750
COMPUTERS-SOFTWARE (0.6%)		
Autodesk Inc.....................................	119,500	4,227,313
COMPUTERS-SYSTEMS (0.9%)		
International Business Machines..................	68,000	6,570,500
ELECTRONICS (1.4%)		
Motorola, Inc....................................	163,325	10,003,656
INFORMATION PROCESSING (1.5%)		
Novell, Inc. (a).................................	602,275	10,125,748
TELECOMMUNICATIONS-EQUIPMENT (0.5%)		
Bay Networks Inc. (a)............................	70,050	3,147,872
TOTAL TECHNOLOGY.............................		37,438,839
TRANSPORTATION (2.5%)		
RAILROADS (1.9%)		
Union Pacific Corp...............................	193,445	13,105,899
TRUCKING AND FREIGHT (0.6%)		
Consolidated Freightways Inc.....................	180,400	4,735,500
TOTAL TRANSPORTATION.........................		17,841,399
UTILITIES (10.1%)		
ELECTRIC (3.3%)		
Allegheny Power System Inc.......................	249,900	6,934,725
Entergy Corp.....................................	235,500	6,564,563
Illinova Corp....................................	62,100	1,762,087
SCEcorp..	285,900	4,467,188
Western Resources, Inc...........................	100,000	3,312,500
		23,041,063

</TABLE>

The Accompanying Notes are an Integral Part of the Financial Statements.

SECURITY DESCRIPTION	SHARES	VALUE
UTILITIES (CONTINUED)		
TELEPHONE (6.8%)		
AT&T	226,070	$ 14,920,620
BellSouth Corp	226,400	8,801,300
MCI Communications Corp	183,785	4,904,762
Pacific Telesis Group	222,800	6,684,000
Telefonos de Mexico, Cl. L (ADR)	95,000	3,135,000
U.S. West, Inc., Communications Group	189,180	5,911,875
U.S. West, Inc., Media Group (a)	189,180	3,405,240
		47,762,797
TOTAL UTILITIES		70,803,860
TOTAL COMMON STOCKS (COST $592,005,549)		662,995,289
CONVERTIBLE PREFERRED STOCKS (0.6%)		
HEALTHCARE (0.1%)		
PHARMACEUTICALS (0.1%)		
Gensia Inc., $3.75 (144A)	20,000	260,000
INDUSTRIAL PRODUCTS AND SERVICES (0.5%)		
CAPITAL GOODS (0.5%)		
Owens Corning LLC., 6.5% (144A)	60,000	3,532,500
TOTAL CONVERTIBLE PREFERRED STOCKS (COST $4,081,156)		3,792,500

The Accompanying Notes are an Integral Part of the Financial Statements.

SECURITY DESCRIPTION	PRINCIPAL AMOUNT	VALUE
CONVERTIBLE BONDS (0.4%)		
INDUSTRIAL PRODUCTS & SERVICES (0.3%)		
POLLUTION CONTROL (0.3%)		
WMX Technologies Inc. 2.00% Subordinated Debentures due 01/24/05	$ 2,283,000	$ 1,974,795
TECHNOLOGY (0.1%)		
COMPUTERS-PERIPHERALS (0.1%)		
Conner Peripherals Inc. 6.50% Subordinated Debentures due 03/01/02	994,000	1,043,700
TOTAL CONVERTIBLE BONDS (COST $2,653,210)		3,018,495
SHORT-TERM INVESTMENTS (4.2%)		
REPURCHASE AGREEMENT (4.2%)		
Goldman Sachs 5.85% dated 11/30/95 due 12/01/95, proceeds $29,110,730 (collateralized by U.S. Treasury Bond, 9.25% due 2/15/06 valued at $29,688,680)	29,106,000	29,106,000
TOTAL SHORT TERM INVESTMENTS (COST $29,106,000)		

	29,106,000
TOTAL INVESTMENTS (COST $627,845,915) (100.3%)	698,912,284
LIABILITIES IN EXCESS OF OTHER ASSETS (-0.3%)	(1,770,304)
NET ASSETS (100.0%)	$ 697,141,980

</TABLE>

(a) Non-income-producing security.

(ADR) - Securities whose value is determined or significantly influenced by trading on exchanges not located in the United States or Canada. ADR after the name of a foreign holdings stands for American Depository Receipt, representing ownership of foreign securities on deposit with a domestic custodian bank.

144A - Securities restricted for resale to Qualified Institutional Buyers.

The Accompanying Notes are an Integral Part of the Financial Statements.

THE SELECTED U.S. EQUITY PORTFOLIO
STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)
NOVEMBER 30, 1995

<TABLE>

<S>	<C>
ASSETS	
Investments at Value (Cost $627,845,915)	$698,912,284
Cash	884
Receivable for Investments Sold	3,420,254
Dividends Receivable	1,721,257
Interest Receivable	36,939
Other Assets	6,002
Total Assets	704,097,620
LIABILITIES	
Payable for Investments Purchased	6,269,054
Advisory Fee Payable	643,577
Custody Fee Payable	17,416
Fund Services Fee Payable	2,803
Administration Fee Payable	3,285
Accrued Expenses	19,505
Total Liabilities	6,955,640
NET ASSETS	
Applicable to Investors' Beneficial Interests	$697,141,980

</TABLE>

The Accompanying Notes are an Integral Part of the Financial Statements.

THE SELECTED U.S. EQUITY PORTFOLIO
STATEMENT OF OPERATIONS (UNAUDITED)
FOR THE SIX MONTHS ENDED NOVEMBER 30, 1995

<TABLE>

<S>	<C>	<C>
INVESTMENT INCOME		

Dividend Income (Net of Foreign Withholding Tax of $35,840)		$ 6,761,202
Interest Income		1,105,248
Investment Income		7,866,450
EXPENSES		
Advisory Fee	$1,304,403	
Financial and Fund Accounting Services Fees	62,181	
Fund Services Fee	26,438	
Professional Fees	23,744	
Custodian Fees and Expenses	14,792	
Administration Fee	19,340	
Trustees' Fees and Expenses	7,192	
Insurance	4,303	
Miscellaneous	7,326	
Total Expenses		(1,469,719)
NET INVESTMENT INCOME		6,396,731
NET REALIZED GAIN ON INVESTMENTS (including $1,561,383 net realized gains from futures contracts)		38,466,915
NET CHANGE IN UNREALIZED APPRECIATION OF INVESTMENTS (including $478,918 net unrealized depreciation from futures contracts)		25,989,003
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		$70,852,649

</TABLE>

The Accompanying Notes are an Integral Part of the Financial Statements.

THE SELECTED U.S. EQUITY PORTFOLIO
STATEMENTS OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

<S>	FOR THE SIX MONTHS ENDED NOVEMBER 30, 1995 (UNAUDITED) <C>	FOR THE FISCAL YEAR ENDED MAY 31, 1995 <C>
INCREASE IN NET ASSETS		
FROM OPERATIONS		
Net Investment Income	$ 6,396,731	$ 10,756,648
Net Realized Gain on Investments	38,466,915	31,481,163
Net Change in Unrealized Appreciation of Investments	25,989,003	35,361,393
Net Increase in Net Assets Resulting from Operations	70,852,649	77,599,204
TRANSACTIONS IN INVESTORS' BENEFICIAL INTERESTS		
Contributions	123,607,594	266,876,529
Withdrawals	(100,072,047)	(179,469,109)
Net Increase from Investors' Transactions	23,535,547	87,407,420
Total Increase in Net Assets	94,388,196	165,006,624
NET ASSETS		
Beginning of Period	602,753,784	437,747,160
End of Period	$ 697,141,980	$ 602,753,784

------------------ -------------------

</TABLE>
<TABLE>

SUPPLEMENTARY DATA

<CAPTION>

	FOR THE SIX MONTHS ENDED NOVEMBER 30, 1995 (UNAUDITED)	FOR THE FISCAL YEAR ENDED MAY 31, 1995	FOR THE PERIOD JULY 19, 1993 (COMMENCEMENT OF OPERATIONS) TO MAY 31, 1994
Ratios to Average Net Assets:			
Expenses	0.45%(a)	0.51%	0.53%(a)
Net Investment Income	1.96%(a)	2.12%	1.79%(a)
Portfolio Turnover	31%	71%	76%(b)

</TABLE>

(a) Annualized.

(b) Portfolio turnover is for the twelve month period ended May 31, 1994, and includes the portfolio activity of the Portfolio's predecessor entity, The Pierpont Equity Fund, for the period June 1, 1993 to July 18, 1993.

The Accompanying Notes are an Integral Part of the Financial Statements.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Selected U.S. Equity Portfolio (the "Portfolio") is registered under the Investment Company Act of 1940, as amended, as a no-load, diversified, open-end management investment company which was organized as a trust under the laws of the State of New York. The Portfolio commenced operations on July 19, 1993 and received a contribution of certain assets and liabilities, including securities, with a value of $209,477,219 on that date from The Pierpont Equity Fund in exchange for a beneficial interest in the Portfolio. At that date, net unrealized appreciation of $12,039,552 was included in the contributed securities. The Declaration of Trust permits the Trustees to issue an unlimited number of beneficial interests in the Portfolio.

The following is a summary of the significant accounting policies of the Portfolio:

a) The value of each security for which readily available market quotations exists is based on a decision as to the broadest and most representative market for such security. The value of such security will be based either on the last sale price on a national securities exchange, or, in the absence of recorded sales, at the average of readily available closing bid and asked prices on such exchanges. Securities listed on a foreign exchange are valued at the last quoted sale price available before the time when net assets are valued. Unlisted securities are valued at the average of the quoted bid and asked prices in the over-the-counter market. Securities or other assets for which market quotations are not readily available are valued at fair value in accordance with procedures established by the Portfolio's Trustees. Such procedures include the use of independent pricing services, which use prices based upon yields or prices of securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions. All portfolio securities with a remaining maturity of less than 60 days are valued at amortized cost.

b) Futures - A futures contract is an agreement to purchase/sell a specified quantity of an underlying instrument at a specified future date or to make/receive a cash payment based on the value of a securities index. The price at which the purchase and sale will take place will be fixed when the Portfolio enters into the contract. Upon entering into such a contract the Portfolio is required to pledge to the broker an amount of cash and/or securities equal to the minimum "initial margin" requirements of the exchange. Pursuant to the contract, the Portfolio agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as "variation margin" and are recorded by the Portfolio as unrealized gains or losses. When the contract is closed, the Portfolio records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time when it was closed. The Portfolio invests in futures contracts solely for the purpose of hedging its existing portfolio securities, or securities the Portfolio intends to purchase, against fluctuations in value caused by changes in prevailing market values. The use of futures transactions involves the risk of imperfect correlation in movements in the price of futures contracts, interest rates and the underlying hedged assets, and the possible inability of counterparties to meet the terms of their contracts. Realized and unrealized gains and losses on futures transactions for the six months ended November 30, 1995 are included in the Statement of Operations. There were no open futures contracts as of November 30, 1995.

c) Securities transactions are recorded on a trade date basis. Dividend income is recorded on the ex-dividend date or as of the time that the relevant ex-dividend date and amount becomes known. Interest income, which includes the amortization of premiums and discounts, if any, is recorded on an accrual basis. For financial and tax reporting purposes, realized gains and losses are determined on the basis of specific lot identification.

d) The Portfolio intends to be treated as a partnership for federal income tax purposes. As such, each investor in the Portfolio will be subject to taxation on its share of the Portfolio's ordinary income and capital gains. It is intended that the Portfolio's assets will be managed in such a way that an investor in the Portfolio will be able to satisfy the requirements of Subchapter M of the Internal Revenue Code.

e) The Portfolio's custodian takes possession of the collateral pledged for investments in repurchase agreements on behalf of the Portfolio. It is the policy of the Portfolio to value the underlying collateral daily on a mark-to-market basis to determine that the value, including accrued interest, is at least equal to the repurchase price plus accrued interest. In the event of default of the obligation to repurchase, the Portfolio has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. Under certain circumstances, in the event of default or bankruptcy by the other party to the agreement, realization and/or retention of the collateral or proceeds may be subject to legal proceedings.

2. TRANSACTIONS WITH AFFILIATES

a) The Portfolio has an investment advisory agreement with Morgan Guaranty Trust Company of New York ("Morgan"). Under the terms of the investment advisory agreement, the Portfolio pays Morgan at an annual rate of 0.40% of the Portfolio's average daily net assets. For the six months ended November 30, 1995, this fee amounted to $1,304,403.

b) The Portfolio retains Signature Broker-Dealer Services, Inc. ("Signature") to serve as Administrator and exclusive placement agent. Signature provides administrative services necessary for the operations of the Portfolio, furnishes office space and facilities required for conducting the business of the Portfolio and pays the compensation of the Portfolio's officers affiliated with Signature. The agreement provides for a fee to be paid to Signature at an annual rate determined by the following schedule:

0.01% of the first $1 billion of the aggregate average daily net assets of the Portfolio and the other portfolios subject to the Administration Agreement, 0.008% of the next $2 billion of such net assets, 0.006% of the next $2 billion of such net assets, and 0.004% of such net assets in excess of $5 billion. The daily equivalent of the fee rate is applied to the daily net assets of the Portfolio. For the six months ended November 30, 1995, Signature's fee for these services amounted to $19,340.

Effective December 29,1995, the Administration Agreement was amended such that the fee charged would be equal to the Portfolio's proportionate share of a complex-wide fee based on the following annual schedule: 0.03% on the first $7 billion of the aggregate average daily net assets of the Portfolio and the other portfolios subject to this agreement (the "Master Portfolios") and 0.01% on the aggregate average daily net assets of the Master Portfolios in excess of $7 billion. The portion of this charge payable by the Portfolio is determined by the proportionate share its net assets bear to the total net assets of The Pierpont Funds, The JPM Institutional Funds, The JPM Advisor Funds and the Master Portfolios.

---

c) Until August 31, 1995, the Portfolio had a Financial and Fund Accounting Services Agreement ("Services Agreement") with Morgan under which Morgan received a fee, based on the percentages described below, for overseeing certain aspects of the administration and operation of the Portfolio and which was also designed to provide an expense limit for certain expenses of the Portfolio. This fee was calculated exclusive of the advisory fee, custody expenses, fund services fee, and brokerage costs, at 0.10% of the Portfolio's average daily net assets up to $200 million, 0.05% of the next $200 million of average daily net assets, and 0.03% of average daily net assets thereafter. For the three month period ended August 31, 1995, the fee for these services amounted to $62,181. From September 1, 1995 until December 28, 1995, an interim agreement between the Portfolio and Morgan provided for the continuation of the oversight functions that were outlined under the prior agreement and that Morgan should bear all of its expenses incurred in connection with these services.

Effective December 29, 1995, the Portfolio entered into an Administrative Services Agreement with Morgan under which Morgan is responsible for overseeing certain aspects of the administration and operation of the Portfolio. Under the Agreement, the Portfolio has agreed to pay Morgan a fee equal to its proportionate share of an annual complex-wide charge. This charge is calculated daily based on the aggregate net assets of the Master Portfolios, in accordance with the following annual schedule: 0.06% on the first $7 billion of the Master Portfolios' aggregate net assets and 0.03% of the aggregate net assets in excess of $7 billion. The portion of this charge payable by the Portfolio is determined by the proportionate share that the Portfolio's net assets bear to the net assets of the Master Portfolios and other investors in the Master Portfolios for which Morgan provides similar services.

d) The Portfolio has a Fund Services Agreement with Pierpont Group, Inc. ("Group") to assist the Trustees in exercising their overall supervisory responsibilities for the Portfolio's affairs. The Trustees of the Portfolio represent all the existing shareholders of Group. The Portfolio's allocated portion of Group's costs in performing its services amounted to $26,438 for the six months ended November 30, 1995.

e) An aggregate annual fee of $65,000 is paid to each Trustee for serving as a Trustee of The Pierpont Funds, The JPM Institutional Funds and their corresponding Portfolios. The Trustees' Fees and Expenses shown in the financial statements represent the Portfolio's allocated portion of the total fees and expenses. The Trustee who serves as Chairman and Chief Executive Officer of these Funds and Portfolios also serves as Chairman of Group and received compensation and employee benefits from Group in his role as Group's Chairman. The allocated portion of such compensation and benefits included in the Fund Services Fee shown in the financial statements was $3,400.

3. INVESTMENT TRANSACTIONS

Investment transactions (excluding short-term investments) for the six months ended November 30, 1995 were as follows:

COST OF PURCHASES	PROCEEDS FROM SALES
$ 241,121,597	$ 190,381,534

THE PIERPONT EQUITY FUND

THE PIERPONT MONEY MARKET FUND

THE PIERPONT TAX EXEMPT MONEY MARKET FUND

THE PIERPONT TREASURY MONEY MARKET FUND

THE PIERPONT SHORT TERM BOND FUND

THE PIERPONT BOND FUND

THE PIERPONT TAX EXEMPT BOND FUND

THE PIERPONT NEW YORK TOTAL RETURN BOND FUND

THE PIERPONT DIVERSIFED FUND

THE PIERPONT EQUITY FUND

THE PIERPONT CAPITAL APPRECIATION FUND

THE PIERPONT INTERNATIONAL EQUITY FUND

THE PIERPONT EMERGING MARKETS EQUITY FUND

FOR MORE INFORMATION ON HOW THE PIERPONT FAMILY OF FUNDS CAN HELP YOU PLAN FOR YOUR FUTURE, CALL J.P. MORGAN FUNDS SERVICES AT (800) 521-5411.

SEMI-ANNUAL REPORT
NOVEMBER 30, 1995