

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: **1995-07-28** | Period of Report: **1995-05-31**
SEC Accession No. **0000846030-95-000015**

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FILER

STAR FUNDS

CIK: **846030** | State of Incorpor.: **MA** | Fiscal Year End: **1130**
Type: **N-30D** | Act: **40** | File No.: **811-05762** | Film No.: **95556786**

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STAR FUNDS
STOCK AND BOND FUNDS

Combined
Semi-Annual Report
to Shareholders

May 31, 1995

Portfolios of Star Funds

Star Capital Appreciation Fund
Star Growth Equity Fund
Star Relative Value Fund
The Stellar Fund
Star Strategic Income Fund
Star U.S. Government Income Fund

Star Bank, N.A.
Investment Adviser

Federated Securities Corp.
Distributor

Cusip 854911807
Cusip 854911864
Cusip 854911401
Cusip 854911708
Cusip 854911609
Cusip 854911880
Cusip 854911500
G00446-01 (7/95)

PRESIDENT'S MESSAGE

Dear Shareholder:

I am pleased to present the combined Semi-Annual Report to shareholders for the Star Bond and Equity Funds for the six-month period ended May 31, 1995. This report provides complete financial information for Star U.S. Government Income Fund, Star Strategic Income Fund, The Stellar Fund, Star Relative Value Fund, Star Growth Equity Fund, and Star Capital Appreciation Fund. Of particular note are the investment reviews written by the portfolio managers of the respective funds. Also included is a listing of investments for each fund, as well as series of comprehensive financial statements.

Total net assets for the six funds documented in this report amounted to \$377 million at the end of the period. Designed to meet a wide array of investment needs, the funds can be combined to create a comprehensive, personal investment program. If you own shares in one or two Star Bond and Equity Funds, now may be an excellent time to add to your holdings. Contact your investment representative for more information.

As always, we thank you for putting your confidence in the Star Funds as a way to put hard-earned money to work. We will continue to keep you informed on your investment, and remain committed to delivering the highest level of personal service.

Sincerely,

/s/Edward C. Gonzales
Edward C. Gonzales
President
July 17, 1995

INVESTMENT REVIEWS

STAR CAPITAL APPRECIATION FUND

Q For the most recent six month period, how did the Star Capital Appreciation Fund perform? And, what are the highlights of its asset allocation?

A For the six-month period ended May 31, 1995, the fund had a total return of

10.66% based on net asset value.* During that same period, the Standard and Poor's ("S&P") MidCap 400 Index** had a total return of 14.04%. The fund is diversified across the sectors of the economy with a current emphasis on basic industry, capital goods, and energy stocks. Recently, the fund's cash level has fluctuated between 10% and 20%.

Q Why should I be interested in owning a mid-cap fund right now? Why not buy only large, blue chip stock funds?

A One of the themes we are currently emphasizing is investing in the mid-cap portion of the domestic equity market. Generally, these are stocks with market capitalizations of \$500 million to \$3 billion. Basing our theory on history, we noted that, since the 1930s, we have experienced four six-year cycles of strong performance for domestic mid-cap stocks. An important characteristic of these cycles was that at least half of the strong performance generally occurred in the last two years of the cycle. If we combine the cycles (1950-1956; 1963-1969; and 1978-1984) we see a definite pattern of accelerated performance during the final two years. We believe we are currently in another such cycle, with 1995 and 1996 being the final two years of the current cycle, which began in January 1991.

Q What about the economy? How will it effect the outlook for mid-cap stocks?

A Since we do not expect an economic "soft landing" in 1995, we still look for some rise in domestic inflation over the next year. So, contrary to the expectations of many investors, we believe interest rates could rise. As interest rates rise, price per earnings ("P/E") ratios tend to fall, because investors are not willing to pay as much for the same earnings growth rate. The average stock looks less attractive than bonds. Rising interest rates usually cause corporate profits to slow. Consequently, we believe that overall S&P 500 Stock Index** earnings growth could slow to less than a 10% growth rate by the end of 1995. Mid-cap growth stocks, having less mature product lines, often maintain stronger profit growth. This stronger growth "stands out from the crowd", and should make the stocks appear more attractive. Any capital gains tax cut should help the stock market, especially growth stocks which often pay lower or no dividends. We believe it is an ideal time to buy mid-cap stocks.

*Past performance may not be indicative of future performance. Investment return and principal value will fluctuate, therefore an investor's shares when redeemed may be worth more or less than the original cost. Total return based on offering price is 5.67%.

**This index is unmanaged.

STAR GROWTH EQUITY FUND

Q Are you concentrating on any particular sectors of the stock market?

A Yes, early in the year we were most heavily exposed to the capital goods and energy sectors of the market. We recently shifted to a heavier weight in basics and consumer cyclicals based upon our view that the economy should strengthen as we move into the third and fourth quarters. This means that we have not seen the cyclical peak in earnings and, therefore, these stocks are undervalued. We will continue to underweight utilities and consumer staples where we see earnings difficulties in the near future.

Q What is your outlook for the remainder of 1995?

A We believe the economy will continue to rebound and that the likelihood of the Federal Reserve Board (the "Fed") making further cuts is slim. Earnings should remain fairly strong although the year-over-year growth rates will start to slow. This leads us to the question of what multiple the market will pay for those earnings. Presuming that Congress passes a tax cut and makes further progress on the budget, the market should be able to do fairly well. While we have hedged the portfolio with some cash, we remain committed to the long-term positives of the equity market.

STAR RELATIVE VALUE FUND

Q After the interest rate increases of 1994, can you tell us how the fund has reacted during the first half of 1995?

A During the first half of 1995, the Star Relative Value Fund reacted in a positive manner with above average investment performance. The fund continues to be overweighted in capital goods, energy and multiple industry companies. These sectors of the market have all been above average performers during a time period in which the Fed has been very accommodating.

Q How has the fund performed when compared to the overall stock market?

A The Star Relative Value Fund has generated a total return of 19.54% based on net asset value (14.11% based on offering price)* compared to a return of 19.20% for the S&P 500 Index** for the six months ended May 31, 1995.

Q With interest rates appearing to be stable, have you made any changes to the holdings of the fund?

A During the first half of 1995, portfolio turnover in the Star Relative Value Fund was minimal. Strong performing stocks such as: Intel Corp, ITT Corp, and Royal Dutch Petroleum saw their share prices continue to increase in value. Cash position throughout the first half of the year was approximately 10%.

Q What is the outlook for the fund for the rest of 1995?

A In looking ahead to the balance of 1995, the outlook for the equity market should continue to be impacted by the Fed's policy with interest rates. A gradual decline in interest rates would allow corporate earnings to continue to grow and thus translate into a positive stock market environment. Any increase in interest rates would create a negative impact on corporate earnings and more than likely cause the market to begin to decline in value. We are forecasting economic growth to continue and, therefore, are moving more money into consumer cyclicals and basic industry stocks to take advantage of the positive earnings that we foresee in these areas.

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**This index is unmanaged.

THE STELLAR FUND

Q Let us turn to the international component of the fund. How did its International Stock and Bond holdings perform?

A The international markets really produced a mixed bag of results thus far this year. The best performing market has been in Great Britain which is up 10.2%, while the worst performer has been the NIKKEI 225 Index ("NIKKEI"), down over 25%. The average World Market for equity returns is about 8.5%. Therefore, the U.S. market has been the stellar performer in the developed markets (although the S&P 500 Index* was vastly exceeded in some of the markets in developing nations such as Chile and Turkey). However, due to the weak dollar, when measured in conversion terms, the developed markets' returns were more comparable to the U.S. market. For example, due to the strength of the Swiss Franc versus the dollar, the Swiss market's return of 6.7% is translated into a 21% return. Likewise, the NIKKEI after conversion, dropped only 12.2% for the year-to-date.

Q Which regions of the world seem to show the most opportunity, and how have you structured the fund's holdings to respond?

A During the past six months we have made several significant changes to the portfolio. By adhering to a dual strategy of a top-down assessment of the economic conditions of the country and a bottoms-up restructuring of the valuation of the companies, we positioned the portfolio differently than last year. Our largest exposure is in Britain, followed by Canada and

Australia. During the past six months we have lightened our exposure to Canada and have added a number of individual holdings in Denmark and Norway. Japan continues to be of concern to us due to real estate losses, the yen-dollar impact upon trade and the growing loan problems in the nation's banking system. Consequently, we hold only two positions in the world's second largest market.

*This index is unmanaged.

STAR STRATEGIC INCOME FUND

Q What impact did interest rates have on the Star Strategic Income Fund during the six-month period ended May 31, 1995?

A Bond yields fell precipitously in the first half of 1995. Thirty-year Treasury bond yields began the year at 7.88%, but have subsequently declined to 6.60% for a total return of over 20%. Through May, the Lehman Brothers Government Corporate Bond Index* registered a year-to-date total return of 10.90%, more than offsetting the dismal 1994 performance. We believe three key factors have led to the strong performance of fixed income investments: a slowdown in economic growth; foreign central bank purchases of Treasury securities; and supply/demand influences.

Total assets in Star Strategic Income Fund have grown over 300% since the fund's inception. For the thirty-day period ended May 31, 1995, the fund's distribution rate increased to 7.93%. For the same period, the fund's SEC yield was 5.77%.** This is a rather remarkable feat considering the decline in interest rates and exclusion of non-investment grade investments. Shifting between asset classes and employing yield-enhancing strategies resulted in above average yields with lower overall risk.

Q While the Star Strategic Income Fund is a multi-asset fund, are you emphasizing any particular investment classes?

A Yes, this fund offers considerable flexibility to achieve high yields without undue investment risks. While the bond and stock markets have provided stunning returns during the first half of the year, the Real Estate Investment Trust ("REIT"), preferred stock, and mortgage classes have lagged behind their more commonly quoted brethren. REITs in particular embody our emphasis because of the strong appeal of income with growth. Going forward, we believe that the REIT stocks which have sound management teams in place and possess a focused business strategy will produce the greatest positive returns.

Q Given the current interest rate environment, have you made any significant changes?

A During the first half of 1995, mortgage related securities significantly lagged the performance of Treasury securities (similar to REITs). Our outlook of slightly higher yields for the balance of 1995 should benefit the mortgage sector tremendously and for that reason has become a major focus for the Star Strategic Income Fund. We are increasing our mortgage allocation to improve the fund's income and investment return profile.

Q What is your outlook for the fund for the remainder of 1995?

A Despite the observations of the Federal Reserve System regarding economic growth, we believe this is a temporary pause in the level of economic activity. However, we do not foresee a rapid expansion due to the slow growth in the labor force and the level of consumer indebtedness. Most likely we will witness a period of modestly higher interest rates in the coming months. The fund has been positioned to benefit in this environment by maintaining a conservative portfolio average maturity, increasing diversification, and increasing the allocation to lagging investment classes.

*This index is unmanaged.

**Past performance may not be indicative of future performance. Investment return and principal value will fluctuate, therefore an investor's shares when redeemed may be worth more or less than the original cost.

STAR U.S. GOVERNMENT INCOME FUND

Q What impact did interest rates have on the Star U.S. Government Income Fund during the six-month period ended May 31, 1995?

A Bond yields fell precipitously in the first half of 1995. Thirty-year Treasury bond yields began the year at 7.88%, but have subsequently declined to 6.60% for a total return of over 20%. Through May, the Lehman Brothers Government Corporate Bond Index* registered a year-to-date total return of 10.90%, more than offsetting the dismal 1994 performance. We believe three key factors have led to the strong performance of fixed income investments: a slowdown in economic growth; foreign central bank purchases of Treasury securities; and supply/demand influences.

Q Compared to the market, how has the fund performed?

A While 1994 was a year most bond investors would prefer to forget, it was a great year for the Star U.S Government Income Fund on a relative performance basis. For the six-month period ended May 31, 1995, the Star U.S. Government Income Fund achieved a total return of 9.50% based on net asset value.** While the fund's performance has somewhat lagged the market thus far in 1995, its returns have more than compensated for losses that shareholders sustained in 1994.

Q Given the current interest rate environment, have you made any significant changes?

A During the first half of 1995, mortgage related securities significantly lagged the performance of Treasury securities. Our outlook of slightly higher yields for the balance of 1995 should benefit the mortgage sector tremendously and for that reason has become a major focus for the Star U.S. Government Income Fund. We are increasing our allocation to improve the fund's income and investment return profile.

Q What is your outlook for the fund for the remainder of 1995?

A Despite the observations of the Federal Reserve System regarding economic growth, we believe this is a temporary pause in the level of economic activity. However, we do not foresee a rapid expansion due to the slow growth in the labor force and the level of consumer indebtedness. Most likely we will witness a period of modestly higher interest rates in the coming months. The fund has been positioned to benefit in this environment by maintaining a conservative portfolio average maturity, increasing diversification, and increasing the allocation of mortgage related bonds.

*This index is unmanaged.

**Past performance may not be indicative of future performance. Investment return and principal value will fluctuate, therefore an investor's shares when redeemed may be worth more or less than the original cost. Total return based on offering price is 5.62%.

STAR CAPITAL APPRECIATION FUND
 PORTFOLIO OF INVESTMENTS
 MAY 31, 1995
 (UNAUDITED)

<TABLE> <CAPTION>			VALUE
SHARES			
<C>	<S>		<C>

COMMON STOCK--80.4%			

	BASIC INDUSTRY--12.6%		

7,600	Cabot Corp.	\$	320,150

46,666	Commercial Metals Co.		1,277,482

94,750	Lilly Industries, Inc.	1,065,937
55,000	Lyondell Petrochemical Co.	1,375,000
73,300	*Magma Copper Co.	1,053,688
	Total	5,092,257
	CAPITAL GOODS--18.5%	
26,200	*Arrow Electronics, Inc.	1,205,200
64,200	*Exabyte Corp.	874,725
30,000	*Exar Corp.	795,000
18,100	*Integrated Device Technology	787,350
4,800	*KLA Instruments Corp.	334,800
57,700	Ply-Gem Industries, Inc.	915,987
30,000	*Sybase, Inc.	630,000
25,000	*Varity Corp.	1,078,125
93,200	Winnebago Industries, Inc.	873,750
	Total	7,494,937
	ENERGY--5.0%	
75,000	*California Energy Co. Inc.	1,200,000
29,900	*Seitel, Inc.	844,675
	Total	2,044,675
	CONSUMER CYCLICAL--11.6%	
97,000	Callaway Golf Co.	1,394,375
39,743	Dollar General Corp.	1,127,708
25,966	Lancaster Colony Corp.	941,267
30,000	Leggett & Platt, Inc.	1,252,500
	Total	4,715,850
	CONSUMER STAPLES--4.3%	
63,000	Armor All Products Corp.	1,181,250
14,900	IBP, Inc.	558,750
	Total	1,740,000
	HEALTH CARE--5.3%	
36,600	*Hillhaven Corp.	1,047,675
70,000	*Ornda Healthcorp	1,111,250
	Total	2,158,925

</TABLE>

STAR CAPITAL APPRECIATION FUND

<TABLE>		
<CAPTION>		
SHARES OR	PRINCIPAL	VALUE
AMOUNT		
<C>	<S>	<C>

COMMON STOCK--CONTINUED

FINANCE--9.0%		
16,000	BayBanks, Inc.	\$ 1,160,000
22,000	Berkley (WR) Corp.	808,500
31,300	Equitable Iowa Cos.	1,044,638
15,000	Green Tree Financial Corp.	654,375
	Total	3,667,513
MISCELLANEOUS--4.0%		
56,000	Horsham Corp.	770,000
19,000	Pentair, Inc.	869,250
	Total	1,639,250
UTILITIES--10.1%		
32,400	*ALC Communications Corp.	1,409,400
20,800	*Centigram Communications Corp.	275,600
44,400	Century Telephone Enterprises, Inc.	1,304,250
66,800	ECI Telecommunications Ltd.	1,127,250
	Total	4,116,500
	TOTAL COMMON STOCK (IDENTIFIED COST, \$30,256,867)	32,669,907
U.S. GOVERNMENT OBLIGATIONS--4.9%		
\$ 2,000,000	Federal National Mortgage Association, 11.15%, 6/12/95 (IDENTIFIED COST, \$2,002,793)	2,002,793
**REPURCHASE AGREEMENT--15.7%		
6,389,000	Donaldson Lufkin Jenrette, 6.15%, dated 5/31/95, due 6/1/95 (at amortized cost)	6,389,000
	TOTAL INVESTMENTS (IDENTIFIED COST, \$38,648,660)	\$ 41,061,700+

</TABLE>

* Non-income producing.

** The repurchase agreement is fully collateralized by U.S. government and/or agency obligations based on market prices at the date of the portfolio.

+ The cost of investments for federal tax purposes amounts to \$38,648,660. The net unrealized appreciation of investments on a federal tax basis amounts to \$2,413,040, which is comprised of \$3,646,415 appreciation and \$1,233,375 depreciation at May 31, 1995.

Note: The categories of investments are shown as a percentage of net assets (\$40,590,534) at May 31, 1995.

(See Notes which are an integral part of the Financial Statements)

STAR CAPITAL APPRECIATION FUND
STATEMENT OF ASSETS AND LIABILITIES
MAY 31, 1995
(UNAUDITED)

<TABLE>	<C>	<C>
<S>		
ASSETS:		
Investments in repurchase agreements	\$	6,389,000
Investments in securities		34,627,700

Total Investments in securities, at amortized cost and value (identified and tax cost \$38,648,660)	\$ 41,061,700

Cash	261

Income receivable	170,178

Receivable for shares sold	12,207

Deferred expenses	9,514

Total assets	41,253,860

LIABILITIES:	

Payable for investments purchased	638,450

Accrued expenses	24,876

Total liabilities	663,326

NET ASSETS for 3,636,701 shares outstanding	\$ 40,590,534

NET ASSETS CONSISTS OF:	

Paid in capital	\$ 36,943,521

Net unrealized appreciation (depreciation) of investments	2,413,040

Accumulated net realized gain (loss) on investments	1,227,830

Undistributed net investment income	6,143

Total Net Assets	\$ 40,590,534

NET ASSET VALUE and Redemption Proceeds Per Share:	

(\$40,590,534 / 3,636,701 shares outstanding)	\$11.16

Offering Price Per Share (100/95.50 of \$11.16) *	\$11.69

</TABLE>

* See 'What Shares Cost' in the Prospectus.

(See Notes which are an integral part of the Financial Statements)

STAR CAPITAL APPRECIATION FUND
STATEMENT OF OPERATIONS
SIX MONTHS ENDED MAY 31, 1995
(UNAUDITED)

<TABLE>		
<S>		
	<C>	<C>

INVESTMENT INCOME:		

Interest		\$ 184,915

Dividends (net of foreign tax)		169,565

Total income		354,480

EXPENSES:		

Investment advisory fee	\$ 166,599	

Administrative personnel and services fee	24,931	

Custodian fees	4,384	

Transfer agent and dividend disbursing agent fees and expenses	12,689	

Trustees' fees	1,273	

Auditing fees	6,620	

Legal fees	2,715	

Portfolio accounting fees	27,293	
Shareholder services fee	1,937	
Share registration costs	7,001	
Printing and postage	6,912	
Insurance premiums	3,167	
Miscellaneous	1,867	
Total expenses	267,388	
Deduct--Waiver of administrative personnel and services fee	4,969	
Net expenses		262,419
Net investment income		92,061
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:		
Net realized gain (loss) on investments (identified cost basis) (includes \$182,302 loss on options)		1,230,621
Net change in unrealized appreciation (depreciation) on investments		2,321,498
Net realized and unrealized gain (loss) on investments		3,552,119
Change in net assets resulting from operations		\$ 3,644,180

</TABLE>

(See Notes which are an integral part of the Financial Statements)

STAR CAPITAL APPRECIATION FUND
STATEMENT OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

	SIX MONTHS ENDED MAY 31, 1995 (UNAUDITED)	YEAR ENDED NOVEMBER 30, 1994*
	<C>	<C>
<S> INCREASE (DECREASE) IN NET ASSETS:		
OPERATIONS--		
Net investment income	\$ 92,061	\$ 7,982
Net realized gain (loss) on investments (\$1,230,621 and \$111,347 gains, respectively, as computed for federal income tax purposes)	1,230,621	111,347
Net change in unrealized appreciation/depreciation	2,321,498	91,542
Change in assets resulting from operations	3,644,180	210,871
DISTRIBUTIONS TO SHAREHOLDERS--		
Distributions from net investment income	(93,900)	--
Distributions from net realized gains	(114,138)	--
Change in net assets resulting from distributions to shareholders	(208,038)	--
SHARE TRANSACTIONS--		
Proceeds from sale of Shares	9,515,144	30,230,908
Net asset value of Shares issued to shareholders in payment of distributions declared	98,897	--
Cost of Shares redeemed	(2,472,597)	(428,831)

Change in net assets resulting from share transactions	7,141,444	29,802,077
Change in net assets	10,577,586	30,012,948
NET ASSETS:		
Beginning of period	30,012,948	--
End of period (including undistributed net investment income of \$6,143 and \$7,982, respectively)	\$ 40,590,534	\$ 30,012,948

</TABLE>

* For the period from May 16, 1994 (start of business) to November 30, 1994.

(See Notes which are an integral part of the Financial Statements)

STAR CAPITAL APPRECIATION FUND
FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD)

<TABLE>
<CAPTION>

	SIX MONTHS ENDED MAY, 31 1995 (UNAUDITED)	PERIOD ENDED NOVEMBER 30, 1994 (a)
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 10.15	\$ 10.00
INCOME FROM INVESTMENT OPERATIONS		
Net investment income	0.03	0.003
Net realized and unrealized gain (loss) on investments	1.05	0.147
Total from investment operations	1.08	0.150
LESS DISTRIBUTIONS		
Distributions from net investment income	(0.03)	--
Distributions from net realized gain on investment transactions	(0.04)	--
Total distributions	(0.07)	--
NET ASSET VALUE, END OF PERIOD	\$ 11.16	\$ 10.15
TOTAL RETURN (b)	10.66%	1.50%
RATIOS TO AVERAGE NET ASSETS		
Expenses	1.50% (c)	1.58% (c)
Net investment income	0.52% (c)	0.08% (c)
Expense waiver/reimbursement (d)	0.03% (c)	0.10% (c)
SUPPLEMENTAL DATA		
Net assets, end of period (000 omitted)	\$ 40,591	\$ 30,013
Portfolio Turnover	53%	36%

</TABLE>

(a) Reflects operations for the period from June 13, 1994 (date of initial public investment) to November 30, 1994. For the period from May 16, 1994 (start of business) to June 12, 1994, all income was distributed to the administrator.

(b) Based on net asset value, which does not reflect the sales load or contingent deferred sales charge, if applicable.

(c) Computed on an annualized basis.

(d) This voluntary expense decrease is reflected in both the expense and net

investment income ratios shown above.

(See Notes which are an integral part of the Financial Statements)

STAR GROWTH EQUITY FUND
 PORTFOLIO OF INVESTMENTS
 MAY 31, 1995
 (UNAUDITED)

<TABLE> <CAPTION>		VALUE
SHARES <C>	<S>	<C>
COMMON STOCKS--87.7%		
AEROSPACE--2.4%		
15,795	Lockheed Martin Corp.	\$ 939,803
AUTOMOBILE--2.4%		
10,310	Ford Motor Co.	301,568
12,000	Goodyear Tire and Rubber Co.	507,000
2,121	Johnson Controls, Inc.	121,427
	Total	929,995
BANKING--3.5%		
15,236	Citicorp	815,126
10,120	Corestates Financial Corp.	336,490
9,199	Signet Banking Corp.	208,127
	Total	1,359,743
BROADCASTING & PUBLISHING--1.2%		
5,000	Capital Cities ABC, Inc.	482,500
CHEMICALS--5.3%		
13,147	duPont (EI) deNemours & Co.	892,353
29,128	Lyondell Petrochemical Co.	728,200
5,219	Monsanto Co.	434,482
	Total	2,055,035
COMPUTERS & SOFTWARE--4.7%		
3,070	Hewlett Packard Co.	203,004
7,970	International Business Machines Corp.	743,202
6,681	Microsoft Corp.	565,797
14,310	Sybase, Inc.	300,510
	Total	1,812,513
CONSUMER STAPLES--4.1%		
5,954	Gillette Co.	502,369
15,329	Procter & Gamble Co.	1,101,772
	Total	1,604,141
DRUGS--5.0%		
12,540	Bristol Myers Squibb Co.	832,342

15,269	Merck & Co., Inc.	719,552
5,000	Schering Plough Corp.	393,750
	Total	1,945,644
	ELECTRIC--4.6%	
16,639	Duke Power Co.	694,678

</TABLE>

STAR GROWTH EQUITY FUND

<TABLE>		
<CAPTION>		
SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
ELECTRIC--CONTINUED		
50,000	Southern Co.	\$ 1,106,250
	Total	1,800,928
ELECTRICAL EQUIPMENT--3.5%		
10,804	Emerson Electric Co.	742,775
7,000	General Electric Co.	406,000
10,500	Mark IV Industries, Inc.	211,312
	Total	1,360,087
ELECTRONICS--1.9%		
4,235	Intel Corp.	475,379
4,162	Motorola, Inc.	249,200
	Total	724,579
ENERGY--10.6%		
6,000	Amoco Corp.	410,250
11,858	Ashland, Inc.	440,228
11,250	Chevron Corp.	552,656
15,000	Halliburton Co.	585,000
9,000	Mobil Corp.	903,375
32,700	Panhandle Eastern Corp.	821,587
20,000	Seagull Energy Corp.	387,500
	Total	4,100,596
ENTERTAINMENT--2.4%		
8,175	Disney (Walt) Co.	454,734
13,850	Hasbro, Inc.	488,213
	Total	942,947
FINANCE--1.1%		
9,155	Dean Witter Discover & Co.	436,007
FOOD--3.9%		

15,000	Hudson Foods, Inc.	206,250
16,526	Premark International, Inc.	824,234
17,000	Sara Lee Corp.	473,875
	Total	1,504,359
	HEALTH MAINTENANCE ORGANIZATION--.8%	
9,567	U. S. Healthcare, Inc.	297,175
	HOSPITAL MANAGEMENT--1.5%	
14,167	Columbia/HCA Healthcare	579,076
	HOSPITAL SUPPLIES--1.3%	
7,385	Johnson & Johnson	489,256
	INSURANCE--6.0%	
9,041	American International Group, Inc.	1,028,414

</TABLE>

STAR GROWTH EQUITY FUND

<TABLE>		
<CAPTION>		
SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
INSURANCE--CONTINUED		
19,000	Aon Corp.	\$ 693,500
12,051	Protective Life, Corp.	598,031
	Total	2,319,945
MACHINERY--3.2%		
8,925	Illinois Tool Works, Inc.	444,019
18,199	Varsity Corp.	784,832
	Total	1,228,851
METALS--3.5%		
9,795	Aluminum Co. of America	455,467
10,000	Barrick Gold Corp.	252,500
8,000	Chesapeake Corp.	228,000
13,000	Magma Copper Co.	186,875
6,000	Newmont Gold Co.	242,250
	Total	1,365,092
MISCELLANEOUS--3.7%		
14,529	Allied Signal, Inc.	586,608
5,135	ITT Corp.	574,478
10,000	WMX Technologies, Inc.	272,500
	Total	1,433,586
REAL ESTATE--1.0%		

10,000	Camden Property Trust	228,750
13,799	South West Property Trust, Inc.	170,763
	Total	399,513
	RESTAURANTS--0.8%	
13,536	Morrison Restaurants, Inc.	291,024
	RETAIL--4.2%	
15,000	Circuit City Stores, Inc.	412,500
7,540	Nordstrom, Inc.	312,910
19,540	Penny J. C., Inc.	920,823
	Total	1,646,233
	TELEPHONE--2.7%	
12,644	AT & T Co.	641,683
11,905	GTE Corp.	397,329
	Total	1,039,012
	TOBACCO--1.6%	
8,547	Philip Morris Cos., Inc.	622,863
	TRANSPORTATION--0.8%	
5,000	Burlington Northern, Inc.	305,625
	TOTAL COMMON STOCKS (IDENTIFIED COST, \$31,030,401)	34,016,128

</TABLE>

STAR GROWTH EQUITY FUND

<TABLE>		<CAPTION>	
SHARES OR		PRINCIPAL	
AMOUNT		VALUE	
<C>	<S>	<C>	
	PREFERRED STOCKS--0.6%		
	ENERGY--0.6%		
10,000	Atlantic Richfield Co.	\$	251,250
	TOTAL PREFERRED STOCKS (IDENTIFIED COST, \$267,805)		251,250
	U.S. GOVERNMENT OBLIGATIONS--2.8%		
	FEDERAL FARM CREDIT BANKS--2.8%		
\$ 500,000	5.50%, 12/8/1995		499,135
500,000	5.85%, 4/29/1996		498,920
100,000	9.3%, 6/27/2000		100,288
	TOTAL U.S. GOVERNMENT OBLIGATIONS (IDENTIFIED COST, \$1,096,135)		1,098,343
	*PUT OPTION PURCHASED--0.00%		
100	Citicorp (IDENTIFIED COST \$11,650)		625
	**REPURCHASE AGREEMENT--7.4%		
\$ 2,870,000	Donaldson, Lufkin & Jenrette Securities Corp., 6.15%, dated 5/31/1995, due 6/1/1995 (at amortized cost)		2,870,000

TOTAL INVESTMENTS (IDENTIFIED COST, \$35,275,991)	\$ 38,236,346+
---	----------------

</TABLE>

* The security is held in connection with a purchased put option which expires on July 21, 1995.

** The repurchase agreement is fully collateralized by U.S. government and/or agency obligations based on market prices at the date of the portfolio.

+ The cost of investments for federal tax purposes amounts to \$35,275,991. The net unrealized appreciation of investments on a federal tax basis amounts to \$2,960,355 which is comprised of \$3,448,012 appreciation and \$487,657 depreciation at May 31, 1995.

Note: The categories of investments are shown as a percentage of net assets (\$38,801,628) at May 31, 1995.

(See Notes which are an integral part of the Financial Statements)

STAR GROWTH EQUITY FUND
STATEMENT OF ASSETS AND LIABILITIES
MAY 31, 1995
(UNAUDITED)

	<C>	<C>
ASSETS:		
Investments in securities, at amortized cost and value (identified and tax cost \$35,275,991)		\$ 38,236,346
Cash		541
Income receivable		145,515
Receivable for investments sold		2,686,617
Receivable for shares sold		30,140
Total assets		41,099,159
LIABILITIES:		
Payable for investments purchased	\$ 2,152,867	
Accrued expenses	9,664	
Options written, at value (premium received \$26,224)	135,000	
Total liabilities		2,297,531
NET ASSETS for 3,407,979 shares outstanding		\$ 38,801,628
NET ASSETS CONSIST OF:		
Paid in capital		\$ 35,256,258
Net unrealized appreciation (depreciation) of investments and options written (includes \$108,776 depreciation on options written)		2,851,579
Accumulated net realized gain (loss) on investments		642,298
Undistributed net investment income		51,493
Total Net Assets		\$ 38,801,628
NET ASSET VALUE and Offering Price Per Share:		
(\$38,801,628 / 3,407,979 shares outstanding)		\$11.39
Redemption Proceeds Per Share (95/100 of \$11.39)*		\$10.82

</TABLE>

* See 'Redeeming Shares' in the Prospectus.

(See Notes which are an integral part of the Financial Statements)

STAR GROWTH EQUITY FUND
STATEMENT OF OPERATIONS
SIX MONTHS ENDED MAY 31, 1995
(UNAUDITED)

	<C>	<C>
INVESTMENT INCOME:		
Interest		\$ 130,065
Dividends		328,208
Total income		458,273
EXPENSES:		
Investment advisory fee	\$ 96,895	
Administrative personnel and services fee	23,287	
Custodian fees	3,230	
Transfer agent and dividend disbursing agent fees and expenses	5,555	
Legal fees	1,679	
Portfolio accounting fees	15,503	
Shareholder services fee	1,819	
Printing and postage	6,460	
Insurance premiums	2,196	
Miscellaneous	2,842	
Total expenses	159,466	
Deduct--Waiver of administrative personnel and services fee	8,665	
Net expenses		150,801
Net investment income		307,472
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:		
Net realized gain (loss) on investments		642,298
Net change in unrealized appreciation (depreciation) on investments		2,851,579
Net realized and unrealized gain (loss) on investments		3,493,877
Change in net assets resulting from operations		\$ 3,801,349

(See Notes which are an integral part of the Financial Statements)

STAR GROWTH EQUITY FUND
STATEMENT OF CHANGES IN NET ASSETS

	SIX MONTHS ENDED MAY 31, 1995 (UNAUDITED)
OPERATIONS--	
Net investment income	\$ 307,472

Net realized gain (loss) on investments (\$642,298 gain as computed for federal income tax purposes)	642,298
Net change in unrealized appreciation/depreciation on investments	2,851,579
Change in assets resulting from operations	3,801,349
DISTRIBUTIONS TO SHAREHOLDERS--	
Distributions from net investment income	(255,979)
SHARE TRANSACTIONS	
Proceeds from sale of Shares	37,467,996
Net asset value of Shares issued to shareholders in payment of distributions declared	205,200
Cost of Shares redeemed	(2,416,938)
Change in net assets resulting from share transactions	35,256,258
Change in net assets	38,801,628
NET ASSETS:	
Beginning of period	--
End of period (including undistributed net investment income of \$51,493)	\$ 38,801,628

</TABLE>

(See Notes which are an integral part of the Financial Statements)

STAR GROWTH EQUITY FUND
FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

<TABLE>

<CAPTION>

	PERIOD ENDED MAY, 31 1995 (a) (UNAUDITED)
<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 10.00
INCOME FROM INVESTMENT OPERATIONS	
Net investment income	0.14
Net realized and unrealized gain (loss) on investments	1.37
Total from investment operations	1.51
LESS DISTRIBUTIONS	
Distributions from net investment income	(0.12)
NET ASSET VALUE, END OF PERIOD	\$ 11.39
TOTAL RETURN (b)	15.17%
RATIOS TO AVERAGE NET ASSETS	
Expenses	1.17% (c)
Net investment income	2.38% (c)
Expense waiver/reimbursement (d)	0.07% (c)
SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	\$ 38,802
Portfolio Turnover	70%

</TABLE>

(a) Reflects operations for the period from December 12, 1994 (date of initial public investment) to May 31, 1995. For the period from November 10, 1994 (start of business) until December 11, 1994, all income was distributed to the administrator.

(b) Based on net asset value, which does not reflect the sales load or contingent deferred sales charge, if applicable.

(c) Computed on an annualized basis.

(d) This voluntary expense decrease is reflected in both the expense and net investment income ratios shown above.

(See Notes which are an integral part of the Financial Statements)

STAR RELATIVE VALUE FUND
PORTFOLIO OF INVESTMENTS
MAY 31, 1995
(UNAUDITED)

<TABLE>

<CAPTION>

SHARES		VALUE
<C>	<S>	<C>

COMMON STOCKS--87.3%		

BASIC INDUSTRY--7.5%		

35,000	Aluminum Co. of America	\$ 1,627,500
52,500	Dow Chemical Co.	3,852,187
85,000	Lyondell Petrochemical Co	2,125,000
	Total	7,604,687

CAPITAL GOODS--17.9%		

52,000	General Electric Company	3,016,000
22,000	Deere & Co.	1,903,000
45,000	Intel Corp.	5,051,250
55,000	Lockheed Martin Corp.	3,272,500
31,000	Motorola, Inc.	1,856,125
40,500	Raytheon Co.	3,138,750
	Total	18,237,625

CONSUMER CYCLICAL--11.1%		

35,500	Eastman Kodak Co.	2,143,312
83,000	Goodyear Tire and Rubber Co.	3,506,750
14,900	Johnson Ctls., Inc.	853,025
64,500	Penney (J.C.), Inc.	3,039,563
30,000	Whirlpool Corp.	1,713,750
	Total	11,256,400

CONSUMER STAPLES--10.0%		

38,000	Gillette Co.	3,206,250
40,000	Philip Morris Cos., Inc.	2,915,000
57,000	Procter & Gamble Co.	4,096,875
	Total	10,218,125

ENERGY--9.0%		
57,000	Ashland Oil, Inc.	2,116,125
15,000	Mobil Corporation	1,505,625
66,000	Nicor, Inc.	1,757,250
30,000	Royal Dutch Petroleum	3,802,500
	Total	9,181,500
FINANCE--5.0%		
48,000	Citicorp	2,568,000
22,500	Mellon Bank Corp.	961,875
27,000	NationsBank Corp.	1,528,875
	Total	5,058,750

</TABLE>

STAR RELATIVE VALUE FUND

<TABLE> <CAPTION> SHARES OR PRINCIPAL AMOUNT			VALUE
<C>	<S>		<C>
COMMON STOCKS--CONTINUED			
FINANCIAL SERVICES--2.1%			
60,000	American Express Co.	\$	2,137,500
HEALTH CARE--7.3%			
10,000	American Home Products Corp.		736,250
58,000	Bristol Myers Squibb Co.		3,849,750
61,500	Merck & Co., Inc.		2,898,188
	Total		7,484,188
INSURANCE--2.2%			
29,400	Cincinnati Financial Corp.		1,624,350
21,000	Ohio Casualty Corp.		640,500
	Total		2,264,850
MISCELLANEOUS--4.8%			
32,000	Allied Signal, Inc.		1,292,000
32,000	ITT Corp.		3,580,000
	Total		4,872,000
TRANSPORTATION--0.8%			
13,000	Burlington Northn.		794,625
UTILITIES--9.6%			
69,000	AT&T Co.		3,501,750
103,000	GTE Corp.		3,437,625
93,000	General Public Utilities Corp.		2,790,000

Total		9,729,375
TOTAL COMMON STOCKS (IDENTIFIED COST, \$69,391,815)		88,839,625
*REPURCHASE AGREEMENT--12.3%		
\$ 12,560,000	Donaldson, Lufkin & Jenrette Securities Corp., 5.72%, dated 5/31/95, due 6/1/95 (at amortized cost)	12,560,000
TOTAL INVESTMENTS (IDENTIFIED COST, \$81,951,815)		\$ 101,399,625+

</TABLE>

* The repurchase agreement is fully collateralized by U.S. government and/or agency obligations based on market prices at the date of the portfolio.

+ The cost of investments for federal tax purposes amounts to \$81,951,815. The net unrealized appreciation of investments on a federal tax basis amounts to \$19,447,810 which is comprised of \$19,586,101 appreciation and \$138,291 depreciation at May 31, 1995.

Note: The categories of investments are shown as a percentage of net assets (\$101,783,446) at May 31, 1995.

(See Notes which are an integral part of the Financial Statements)

STAR RELATIVE VALUE FUND
STATEMENT OF ASSETS AND LIABILITIES
MAY 31, 1995
(UNAUDITED)

	<C>	<C>
<TABLE>		
<S>		
ASSETS:		
Investments in repurchase agreements	\$ 12,560,000	
Investments in securities	88,839,625	
Total Investments in securities, at amortized cost and value (identified and tax cost \$81,951,815)		\$ 101,399,625
Cash		923
Income receivable		353,001
Receivable for shares sold		30,811
Deferred expenses		2,399
Total assets		101,786,759
LIABILITIES:		
Payable for shares redeemed	267	
Accrued expenses	3,046	
Total liabilities		3,313
NET ASSETS for 7,584,559 shares outstanding		\$ 101,783,446
NET ASSETS CONSIST OF:		
Paid in capital		\$ 83,055,014
Net unrealized appreciation (depreciation) of investments		19,447,810
Accumulated net realized gain (loss) on investments		(1,003,297)
Undistributed net investment income		283,919
Total Net Assets		\$ 101,783,446
NET ASSET VALUE and Redemption Proceeds Per Share:		
(\$101,783,446 / 7,584,559 shares outstanding)		\$13.42

Offering Price Per Share (100/95.50 of \$13.42)*	\$14.05
--	---------

</TABLE>

* See 'What Shares Cost' in the Prospectus.

(See Notes which are an integral part of the Financial Statements)

STAR RELATIVE VALUE FUND
STATEMENT OF OPERATIONS
SIX MONTHS ENDED MAY 31, 1995
(UNAUDITED)

	<C>	<C>
INVESTMENT INCOME:		
Interest		\$ 288,266
Dividends		1,232,031
Total income		1,520,297
EXPENSES:		
Investment advisory fee	\$ 325,238	
Administrative personnel and services fee	49,362	
Custodian fees	9,228	
Transfer agent and dividend disbursing agent fees and expenses	16,830	
Directors'/Trustees' fees	708	
Auditing fees	8,401	
Legal fees	2,159	
Portfolio accounting fees	21,636	
Shareholder services fee	4,814	
Share registration costs	10,118	
Printing and postage	8,854	
Insurance premiums	1,335	
Miscellaneous	2,783	
Total expenses		461,466
Net investment income		1,058,831
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:		
Net realized gain (loss) on investments		(272,136)
Net change in unrealized appreciation (depreciation) on investments		15,173,832
Net realized and unrealized gain (loss) on investments		14,901,696
Change in net assets resulting from operations		\$ 15,960,527

</TABLE>

(See Notes which are an integral part of the Financial Statements)

STAR RELATIVE VALUE FUND
STATEMENT OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

	SIX MONTHS ENDED MAY 31, 1995 (UNAUDITED)		YEAR ENDED NOVEMBER 30, 1994	
<S>	<C>		<C>	
INCREASE (DECREASE) IN NET ASSETS:				

OPERATIONS--				

Net investment income	\$	1,058,831	\$	1,270,860

Net realized gain (loss) on investments (\$272,136 and \$731,359, net losses, respectively, as computed for federal tax purposes)		(272,136)		(731,359)

Net change in unrealized appreciation (depreciation) on investments		15,173,832		(1,941,545)

Change in net assets resulting from operations		15,960,527		(1,402,044)

DISTRIBUTIONS TO SHAREHOLDERS--				

Distributions from net investment income		(981,953)		(1,198,281)

Distributions from net realized gains		--		(158,063)

Change in net assets resulting from distributions to shareholders		(981,953)		(1,356,344)

SHARE TRANSACTIONS				

Proceeds from sale of shares		18,922,553		35,499,767

Net asset value of shares issued to shareholders in payment of distributions declared		221,715		239,448

Cost of shares redeemed		(6,433,292)		(8,587,617)

Change in net assets resulting from share transactions		12,710,976		27,151,598

Change in net assets		27,689,550		24,393,210

NET ASSETS:				

Beginning of period		74,093,896		49,700,686

End of period (including undistributed net investment income of \$283,919 and \$207,041, respectively)	\$	101,783,446	\$	74,093,896

</TABLE>

(See Notes which are an integral part of the Financial Statements)

STAR RELATIVE VALUE FUND
FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD)

	SIX MONTHS ENDED MAY 31, 1995 (UNAUDITED)		YEAR ENDED NOVEMBER 30,			
<S>	<C>		1994	1993	1992	1991 (a)
			<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$	11.36	\$	11.80	\$	10.00

INCOME FROM INVESTMENT OPERATIONS						

Net investment income		0.15	0.23	0.20	0.30	0.22

Net realized and unrealized gain (loss) on investments		2.05	(0.40)	1.30	1.12	(0.66)

Total from investment operations		2.20	(0.17)	1.50	1.42	(0.44)

LESS DISTRIBUTIONS						

Distributions from net investment income		(0.14)	(0.23)	(0.22)	(0.33)	(0.13)

Distributions from net realized gain on investment transactions	--	(0.04)	--	--	--
Total distributions	(0.14)	(0.27)	(0.22)	(0.33)	(0.13)
NET ASSET VALUE, END OF PERIOD	\$ 13.42	\$ 11.36	\$ 11.80	\$ 10.52	\$ 9.43
TOTAL RETURN (b)	19.54%	(1.54%)	14.47%	15.39%	(4.31%)
RATIOS TO AVERAGE NET ASSETS					
Expenses	1.04%(c)	1.15%	1.19%	0.47%	0.40%(c)
Net investment income	2.39%(c)	2.02%	1.79%	3.01%	4.75%(c)
Expense waiver/reimbursement (d)	0.00%	0.00%	0.31%	1.00%	0.93%(c)
SUPPLEMENTAL DATA					
Net assets, end of period (000 omitted)	\$101,783	\$ 74,094	\$ 49,701	\$ 38,154	\$ 33,015
Portfolio turnover rate	19%	30%	59%	45%	38%

</TABLE>

(a) Reflects operations for the period from June 5, 1991 (date of initial public investment) to November 30, 1991. For the period from January 31, 1989 (start of business) to June 4, 1991, all income was distributed to the administrator.

(b) Based on net asset value, which does not reflect the sales load or contingent deferred sales charge, if applicable.

(c) Computed on an annualized basis.

(d) This voluntary expense decrease is reflected in both the expense and net investment income ratios shown above.

(See Notes which are an integral part of the Financial Statements)

THE STELLAR FUND
 PORTFOLIO OF INVESTMENTS
 MAY 31, 1995
 (UNAUDITED)

<TABLE>		<CAPTION>			
<C>		<S>		<C>	
		SHARES		VALUE	
U.S. EQUITIES--20.7%					
BASIC INDUSTRY--2.1%					
CHEMICALS & FERTILIZERS--1.1%					
12,000	DuPont E.I. De Nemours & Co.			\$	814,500
20,000	Lyondell Petrochemical Co.				500,000
	Total				1,314,500
METALS & MINING--0.6%					
12,000	Aluminum Co. of America				558,000
10,000	Magma Copper Co.				143,750
	Total				701,750
PAPER--0.4%					
15,000	Chesapeake Corp.				427,500
	TOTAL BASIC INDUSTRY				2,443,750
CAPITAL GOODS--4.0%					

AEROSPACE--0.5%		
10,000	Lockheed Martin Corp.	595,000
ELECTRICAL EQUIPMENT--0.8%		
6,000	Emerson Electric Co.	412,500
8,000	General Electric Co.	464,000
	Total	876,500
ELECTRONICS--0.9%		
6,000	Intel Corp.	673,500
6,000	Motorola Inc.	359,250
	Total	1,032,750
INDUSTRIAL PRODUCTS--0.4%		
11,000	Varsity Corp.	474,375
OFFICE & BUSINESS EQUIPMENT--1.4%		
1,800	Hewlett Packard Co.	119,025
5,000	International Business Machines	466,250
10,000	*Microsoft Corp.	846,875
10,000	Sybase Inc.	210,000
	Total	1,642,150
	TOTAL CAPITAL GOODS	4,620,775
CONSUMER CYCLICAL--2.8%		
AUTOMOTIVE & RELATED--0.8%		
10,000	Ford Motor Co.	292,500
10,000	Johnson Controls, Inc.	572,500
	Total	865,000

</TABLE>

THE STELLAR FUND

<TABLE>

<CAPTION>

SHARES

<C>

<S>

VALUE

<C>

U.S. EQUITIES--CONTINUED

<CAPTION>

CONSUMER CYCLICAL--CONTINUED

ENTERTAINMENT & LEISURE--1.1%		
12,000	Callaway Golf Co.	\$ 172,500
5,000	Capital Cities ABC Corp.	482,500
10,000	Disney (Walt) Co.	556,250
	Total	1,211,250
RETAILING & APPAREL--0.9%		
20,000	Circuit City Stores Inc.	550,000

10,000	Penney (J.C.), Inc.	471,250
	Total	1,021,250
	TOTAL CONSUMER CYCLICAL	3,097,500
CONSUMER STAPLES--3.2%		
	HOUSEHOLD--1.1%	
6,000	Gillette Co.	506,250
11,000	Procter & Gamble Co.	790,625
	Total	1,296,875
	FOOD & BEVERAGE--1.3%	
15,000	Hudson Foods Inc.	206,250
20,000	Premark International, Inc.	997,500
10,000	Sara Lee Corp.	278,750
	Total	1,482,500
	TOBACCO--0.8%	
12,000	Philip Morris Companies Inc.	874,500
	TOTAL CONSUMER STAPLES	3,653,875
ENERGY--2.2%		
	DOMESTIC OIL--1.1%	
10,000	Ashland Oil, Co.	371,250
10,100	Atlantic Richfield Co.	253,763
12,000	Chevron Corp.	589,500
	Total	1,214,513
	INTERNATIONAL OIL--0.4%	
5,000	Mobil Corp.	501,875
	ENERGY SERVICE & EQUIPMENT--0.3%	
10,000	Halliburton Co.	390,000
	NATURAL GAS & COAL--0.4%	
20,000	Panhandle Eastern Corp.	502,500
	TOTAL ENERGY	2,608,888
EQUITY MUTUAL FUNDS--1.0%		
100,000	Gateway Trust (at net asset value)	1,129,000
</TABLE>		
THE STELLAR FUND		
<TABLE>		
<CAPTION>		
SHARES		VALUE
<C>	<S>	<C>
U.S. EQUITIES--CONTINUED		
FINANCE--2.2%		
	BANKS & SAVINGS INSTITUTIONS--0.9%	
4,000	Citicorp	\$ 579,576

22,500	Signet Banking Corp.	509,063
	Total	1,088,639
	INSURANCE--0.9%	
9,000	American International Group, Inc.	1,023,750
	OTHER FINANCE--0.4%	
10,000	Dean Witter Discover & Co.	476,250
	TOTAL FINANCE	2,588,639
	HEALTH CARE--1.0%	
	HOSPITAL MANAGEMENT--0.6%	
18,000	Columbia/HCA Healthcare Corp.	735,750
	HEALTH MAINTANCE ORGANIZATION--0.4%	
16,000	U.S. Healthcare, Inc.	497,000
	TOTAL HEALTH CARE	1,232,750
	MISCELLANEOUS--0.7%	
	DIVERSIFIED--0.7%	
10,000	Allied Signal, Inc.	403,750
4,000	ITT Corp.	447,500
	TOTAL MISCELLANEOUS	851,250
	UTILITIES--1.5%	
	ELECTRIC--1.0%	
15,000	Duke Power Co.	626,250
25,000	Southern Co.	553,125
	Total	1,179,375
	TELECOMMUNICATIONS--0.5%	
11,600	American Telephone & Telegraph Co.	588,700
	TOTAL UTILITIES	1,768,075
	TOTAL U.S. EQUITIES (IDENTIFIED COST, \$21,454,361)	23,994,502
	INTERNATIONAL SECURITIES--21.8%	
	INTERNATIONAL EQUITIES--18.5%	
	AUSTRALIA--2.4%	
20,000	National Australia Bank Ltd.	850,000
80,000	News Corp. Ltd.	1,730,000
10,000	**News Corp. Ltd.	196,250
	TOTAL AUSTRALIA	2,776,250
	CANADA--3.5%	
40,000	Alcan Aluminum Ltd.	1,185,000
51,000	Canadian Pacific Ltd.	873,375

</TABLE>

THE STELLAR FUND

<TABLE>
 <CAPTION>
 SHARES

VALUE

<C>	<S>	<C>
INTERNATIONAL SECURITIES--CONTINUED		
INTERNATIONAL EQUITIES--CONTINUED		
CANADA--CONTINUED		
40,000	Rio Algom Ltd.	\$ 750,000
12,500	Seagram Ltd.	375,000
30,000	Total Petroleum North American Ltd.	393,750
32,000	TransCanada Pipelines Ltd.	424,000
	TOTAL CANADA	4,001,125
DENMARK--0.9%		
40,000	Novo Nordisk A S	1,070,000
	TOTAL DENMARK	1,070,000
FRANCE--1.5%		
18,500	Rhone Poulenc Rorer, Inc.	763,125
35,000	Thomson CSF	953,750
	TOTAL FRANCE	1,716,875
GERMANY--.6%		
15,000	Daimler Benz A.G.	729,375
	TOTAL GERMANY	729,375
GREAT BRITAIN--4.0%		
10,000	British Petroleum PLC	853,750
60,000	Cable & Wireless Ltd.	1,230,000
18,000	Reuters Holdings PLC	807,750
30,600	SmithKline Beecham PLC	1,208,700
15,000	**Vodafone Group PLC	504,375
	TOTAL GREAT BRITAIN	4,604,575
HOLLAND--1.7%		
33,300	*Philips Electronics N.V.	1,336,163
4,400	PolyGram N.V.	256,850
3,300	Royal Dutch Petroleum Co.	418,275
	TOTAL HOLLAND	2,011,288
ITALY--0.3%		
8,000	Luxottica Group SPA	288,000
	TOTAL ITALY	288,000
JAPAN--1.3%		
13,500	Hitachi Ltd.	1,326,375
10,000	Pioneer Electric Corp.	183,750

	TOTAL JAPAN	1,510,125
	NORWAY--1.3%	
35,000	Norsk Hydro AS	1,443,750
	TOTAL NORWAY	1,443,750

</TABLE>

THE STELLAR FUND

<TABLE>

<CAPTION>

SHARES		VALUE
<C>	<S>	<C>
	INTERNATIONAL SECURITIES--CONTINUED	
	INTERNATIONAL EQUITIES--CONTINUED	
	PORTUGAL--0.4%	
40,000	Espirito Santo Financial Holdings SA	\$ 500,000
	TOTAL PORTUGAL	500,000
	SPAIN--0.6%	
21,200	Repsol SA	691,650
	TOTAL SPAIN	691,650
	TOTAL INTERNATIONAL EQUITIES	21,343,013

CLOSED-END INVESTMENT COMPANIES--3.3%

20,000	Chile Fund, Inc.	1,000,000
33,000	France Growth Fund, Inc.	342,375
20,053	Future Germany Fund, Inc.	318,341
25,000	Latin America Equity Fund, Inc.	365,625
28,508	Mexico Fund, Inc.	466,819
15,072	New Germany Fund, Inc.	188,400
54,000	Swiss Helvetia Fund, Inc.	1,161,000
	Total	3,842,560
	TOTAL INTERNATIONAL SECURITIES (IDENTIFIED COST, \$22,393,164)	25,185,573

REAL ESTATE--19.5%

	INVESTMENT TRUST--19.5%	
38,000	Avalon Properties, Inc.	750,500
30,500	Camden Property Trust	697,688
39,300	Centerpoint Properties Corp.	781,088
38,000	Chateau Properties, Inc.	845,500
30,000	Crown American Realty	356,250
23,500	Developers Diversified Realty	663,875
75,000	Equity Inns, Inc.	806,250
34,400	Federal Realty Investment Trust	731,000
34,000	Glimcher Realty Trust	705,500

23,000	Health Care Properties Investments, Inc.	730,250
36,400	Highwoods Properties, Inc.	878,150
23,500	Kimco Realty Corp.	907,688
26,600	Liberty Property	515,375
51,500	LTC Properties	663,063
19,532	Manufactured Home Communities, Inc.	307,629
25,000	Meditrust	796,875
19,000	Merry Land & Investment Co.	401,375
32,100	Omega Healthcare Investors	818,550
25,000	Post Properties, Inc.	771,875
52,200	RFS Hotel Investors, Inc.	786,263

</TABLE>

THE STELLAR FUND

<TABLE>

<CAPTION>

SHARES OR
PRINCIPAL
AMOUNT

VALUE

<C>

<S>

<C>

REAL ESTATE--CONTINUED

INVESTMENT TRUST--CONTINUED

45,000	Security Capital Pacific Trust	\$	804,375
21,000	Simon Property Group, Inc.		522,375
71,500	Sizeler Property Investments, Inc.		732,875
67,000	Southwestern Property Trust, Inc.		829,125
19,840	Storage USA, Inc.		562,960
31,800	Summit Properties, Inc.		544,575
37,000	Sun Communities, Inc.		883,375
30,000	Tanger Factory Outlet Centers, Inc.		750,000
40,000	Taubman Centers Inc.		385,000
65,700	United Dominion Realty Trust, Inc.		919,800
22,500	Weingarten Realty Investment		810,000
76,800	Winston Hotels		729,600
	TOTAL REAL ESTATE (IDENTIFIED COST, \$21,383,972)		22,388,804

FIXED INCOME OBLIGATIONS--19.3%

FINANCE--1.3%

\$	500,000	Citicorp, 8.625%, 12/01/2002	548,595
	250,000	General Electric Capital Corp., 8.75%, 11/26/96	258,773
	200,000	General Motors Acceptance Corp., 7.25%, 6/22/99	203,682
	250,000	International Lease Finance Corp., 5.90%, 3/24/99	244,975
	250,000	International Lease Finance Corp., 8.375%, 12/15/2004	274,020

	Total	1,530,045
	FOREIGN--0.5%	
500,000	Alcan Aluminum Ltd., 9.20%, 3/15/2001	533,680
	INDUSTRIAL--1.7%	
250,000	Ashland Oil, Inc., 7.90%, 8/5/2006	265,628
250,000	Consolidated Rail Corp., 5.70%, 3/24/97	247,595
250,000	Enron Corp., 7.625%, 9/10/2004	260,318
750,000	General Motors Corp., 9.75%, 5/15/99	773,070
400,000	Philip Morris Cos., Inc., 9.75%, 5/1/97	424,440
	Total	1,971,051
	TELECOMMUNICATIONS--.2%	
250,000	Pacific Telephone & Telegram Co., 7.80%, 3/1/2007	254,563
	U.S. GOVERNMENT AGENCIES--6.8%	
2,000,000	Federal Farm Credit Banks, 5.375, 8/1/95	1,998,740
500,000	Federal Home Loan Banks, 8.875%, 6/26/95	501,215
1,000,000	Federal Home Loan Banks, 8.36%, 2/28/2000	1,014,920
179,593	Federal Home Loan Mortgage Corp., 7.50%, 8/15/2016	180,217

</TABLE>

THE STELLAR FUND

<TABLE>

<CAPTION>

	PRINCIPAL AMOUNT		VALUE
<C>	<S>		<C>
FIXED INCOME OBLIGATIONS--CONTINUED			
U.S. GOVERNMENT AGENCIES--CONTINUED			
\$	992,442	Federal Home Loan Mortgage Corp., 9.00%, 11/15/2019	\$ 1,024,230
	250,000	Federal National Mortgage Association, 8.20%, 4/25/2006	253,885
	500,000	Federal National Mortgage Association, 7.25%, 1/25/2019	501,975
	500,000	Federal National Mortgage Association, 9.50%, 6/25/2020	554,465
	500,000	Federal National Mortgage Association, 7.25%, 1/17/2021	506,655
	475,648	FNMA Pool, 5.925%, 10/1/2024	492,286
	735,636	FNMA Pool, 8.50%, 1/1/2025	760,685
		Total	7,789,273
U.S. TREASURY SECURITIES--7.9%			
	500,000	U.S. Treasury Bonds, 7.625%, 2/15/2007	530,060
	250,000	U.S. Treasury Bonds, 11.75%, 11/15/2014	368,520
	750,000	U.S. Treasury Bonds, 8.875%, 2/15/2019	932,948
	700,000	U.S. Treasury Bonds, 8.125%, 8/15/2019	809,781
	375,000	U.S. Treasury Bonds, 7.875%, 2/15/2021	424,020
	1,000,000	U.S. Treasury Bonds, 7.5%, 2/15/2024	1,099,740

1,400,000	U.S. Treasury Note, 6.875%, 10/31/96	1,419,558
1,000,000	U.S. Treasury Note, 7.5%, 12/31/96	1,024,990
600,000	U.S. Treasury Notes, 6.75%, 5/31/99	615,210
1,000,000	U.S. Treasury Notes, 7.75%, 11/30/99	1,065,760
750,000	U.S. Treasury Notes, 7.5%, 5/15/2002	806,138
	Total	9,096,725
	UTILITY--0.9%	
500,000	Cincinnati Gas & Electric Co., 8.95%, 12/15/2021	543,875
500,000	Georgia Power Co., 6.625%, 4/1/2003	491,265
	Total	1,035,140
	TOTAL FIXED OBLIGATIONS (IDENTIFIED COST, \$21,804,038)	22,210,477
	SHORT-TERM SECURITIES & PRECIOUS METALS--19.6%	
	CASH EQUIVALENT--7.6%	
1,000,000	Federal Home Loan Mortgage Corp., Floating Rate Note	986,500
5,000,000	Student Loan Marketing Assoc., Floating Rate Notes	4,999,822
1,000,000	Student Loan Marketing Assoc., 5.315%, 6/30/95	999,910
250,000	U.S. Treasury Note, 4.625%, 8/15/95	249,470
1,000,000	U.S. Treasury Note, 7.875%, 2/15/96	1,013,980
500,000	U.S. Treasury Note, 7.375%, 5/15/96	507,035
	Total	8,756,717
	REPURCHASE AGREEMENT--11.2%	
12,862,000	***Donaldson, Lufkin & Jenrette Securities Corp., 5.72%, dated 5/31/95, due 6/1/95 (at amortized cost)	12,862,000

</TABLE>

THE STELLAR FUND

<TABLE>

<CAPTION>

SHARES

<C> <S>

VALUE

<C>

SHORT-TERM SECURITIES & PRECIOUS METALS--CONTINUED

PRECIOUS METALS--0.8%

20,000	Barrick Gold Corp.	\$ 505,000
10,000	Newmont Gold Co.	403,750
	Total	908,750
	TOTAL SHORT-TERM SECURITIES & PRECIOUS METALS (IDENTIFIED COST, \$22,484,950)	22,527,460
	TOTAL INVESTMENTS (IDENTIFIED COST, \$109,520,485)	\$ 116,306,816+

</TABLE>

* Non-income producing.

** American Depositary Receipts.

*** The repurchase agreement is fully collateralized by U.S. government and/or

agency obligations based on market prices at the date of the portfolio.

+ The cost of investments for federal tax purposes amounts to \$109,520,485. The net unrealized appreciation of investments on a federal tax basis amounts to \$6,786,331, which is comprised of \$8,791,268 appreciation and \$2,004,937 depreciation at May 31, 1995.

The following abbreviations are used in this portfolio:

PLC--Public Limited Company
SPA--Standby Purchase Agreement

Note: The categories of investments are shown as a percentage of net assets (\$115,069,935) at May 31, 1995.

(See Notes which are an integral part of the Financial Statements)

THE STELLAR FUND
STATEMENT OF ASSETS AND LIABILITIES
MAY 31, 1995
(UNAUDITED)

<S>	<C>	<C>
ASSETS:		
Investments in repurchase agreements	\$ 12,862,000	
Investments in securities		103,444,816
Total Investments in securities, at amortized cost and value (identified and tax cost \$109,520,485)		\$ 116,306,816
Cash		296
Receivable for investments sold		944,568
Income receivable		651,995
Receivable for shares sold		76,535
Deferred expenses		1,113
Total assets		117,981,323
LIABILITIES:		
Payable for investments purchased	2,738,996	
Options written, at value (premium received \$42,603)	103,937	
Payable for shares redeemed	16,527	
Accrued expenses	51,928	
Total liabilities		2,911,388
NET ASSETS for 9,860,491 shares outstanding		\$ 115,069,935
NET ASSETS CONSIST OF:		
Paid in capital		\$ 108,197,559
Net unrealized appreciation (depreciation) of investments and options written (includes \$61,334 net unrealized depreciation on options written)		6,724,997
Accumulated net realized gain (loss) on investments		(197,223)
Undistributed net investment income		344,602
Total Net Assets		\$ 115,069,935
NET ASSET VALUE and Redemption Proceeds Per Share:		
Trust Shares (\$64,605,216 / 5,537,632 shares outstanding)		\$11.67
Investment Shares (\$50,464,719 / 4,322,859 shares outstanding)		\$11.67

OFFERING PRICE PER SHARE:

Trust Shares	\$11.67
Investment Shares (100/95.50 of \$11.67)*	\$12.22

</TABLE>

* See 'What Shares Cost' in the Prospectus.

(See Notes which are an integral part of the Financial Statements)

THE STELLAR FUND
STATEMENT OF OPERATIONS
SIX MONTHS ENDED MAY 31, 1995
(UNAUDITED)

	<C>	<C>
INVESTMENT INCOME:		
Interest		\$ 1,482,804
Dividends		1,220,838
Total income		2,703,642
EXPENSES:		
Investment advisory fee	\$ 530,927	
Administrative personnel and services fee	63,718	
Custodian fees	16,616	
Transfer agent and dividend disbursing agent fees and expenses	68,044	
Directors'/Trustees' fees	1,060	
Auditing fees	10,368	
Legal fees	2,464	
Portfolio accounting fees	35,429	
Investment Shares--Distribution services fee	61,956	
Trust Shares--Shareholder services fee	3,156	
Investment Shares--Shareholder services fee	2,496	
Share registration costs	26,262	
Printing and postage	20,332	
Insurance premiums	3,224	
Taxes	1,062	
Miscellaneous	4,335	
Total expenses		851,449
Net investment income		1,852,193
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:		
Net realized gain (loss) on investments (includes \$139,783 gain on options written)		(281,703)
Net change in unrealized appreciation (depreciation) on investments		8,493,579
Net realized and unrealized gain (loss) on investments		8,211,876
Change in net assets resulting from operations		\$ 10,064,069

</TABLE>

(See Notes which are an integral part of the Financial Statements)

THE STELLAR FUND
STATEMENT OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

	SIX MONTHS ENDED MAY 31, 1995 (UNAUDITED)	YEAR ENDED NOVEMBER 30, 1994
	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS:		
OPERATIONS--		
Net investment income	\$ 1,852,193	\$ 2,681,306
Net realized gain (loss) on investments (\$281,703 net loss and \$548,306 net gain, respectively, as computed for federal tax purposes)	(281,703)	429,048
Net change in unrealized appreciation (depreciation) on investments	8,493,579	(5,262,792)
Change in net assets resulting from operations	10,064,069	(2,152,438)
DISTRIBUTIONS TO SHAREHOLDERS--		
Dividends to shareholders from net investment income:		
Trust Shares	(1,064,023)	(820,750)
Investment Shares	(778,484)	(1,311,297)
Distributions from net realized gains:		
Trust Shares	(127,314)	--
Investment Shares	(421,368)	(510,297)
Change in net assets resulting from distributions to shareholders	(2,391,189)	(2,642,344)
SHARE TRANSACTIONS		
Proceeds from sale of shares	10,491,892	110,084,241
Net asset value of shares issued to shareholders in payment of distributions declared	2,030,941	2,379,550
Cost of shares redeemed	(16,595,768)	(69,395,903)
Change in net assets resulting from share transactions	(4,072,935)	43,067,888
Change in net assets	3,599,945	38,273,106
NET ASSETS:		
Beginning of period	111,469,990	73,196,884
End of period (including undistributed net investment income of \$344,602 and \$334,916, respectively)	\$ 115,069,935	\$ 111,469,990

</TABLE>

(See Notes which are an integral part of the Financial Statements)

THE STELLAR FUND
FINANCIAL HIGHLIGHTS--TRUST SHARES

(FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD)

<TABLE>
<CAPTION>

SIX MONTHS ENDED YEAR ENDED

	MAY 31, 1995 (UNAUDITED)	NOVEMBER 30, 1994 (a)
<S>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 10.90	\$ 11.34

INCOME FROM INVESTMENT OPERATIONS		

Net investment income	0.19	0.21

Net realized and unrealized gain (loss) on investments	0.82	(0.48)

Total from investment operations	1.01	(0.27)

LESS DISTRIBUTIONS		

Distributions from net investment income	(0.19)	(0.17)

Distributions from net realized gain on investment transactions	(0.05)	--

Total distributions	(0.24)	(0.17)

NET ASSET VALUE, END OF PERIOD	\$ 11.67	\$ 10.90

TOTAL RETURN (b)	9.46%	(1.81%)

RATIOS TO AVERAGE NET ASSETS		

Expenses	1.41% (c)	1.43% (c)

Net investment income	3.42% (c)	3.57% (c)

Expense waiver/reimbursement (d)	0.00%	0.00%

SUPPLEMENTAL DATA		

Net assets, end of period (000 omitted)	\$ 64,605	\$ 60,822

Portfolio turnover rate	52%	79%

</TABLE>

(a) Reflects operations for the period from April 11, 1994 (date of initial public investment) to November 30, 1994. For the period from April 5, 1994 (start of business) to April 10, 1994, all income was distributed to the administrator.

(b) Based on net asset value, which does not reflect the sales load or contingent deferred sales charge, if applicable.

(c) Computed on an annualized basis.

(d) This voluntary expense decrease is reflected in both the expense and net investment income ratios shown above.

(See Notes which are an integral part of the Financial Statements)

THE STELLAR FUND
FINANCIAL HIGHLIGHTS--INVESTMENT SHARES

(FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD)

<TABLE>

<CAPTION>

<S>	SIX MONTHS ENDED		YEAR ENDED NOVEMBER 30,			
	<C>	MAY 31, 1995 (UNAUDITED)	<C>	<C>	<C>	<C>
			1994	1993	1992	1991 (a)
NET ASSET VALUE, BEGINNING OF PERIOD		\$ 10.90	\$ 11.34	\$ 10.52	\$ 9.80	\$ 10.00

INCOME FROM INVESTMENT OPERATIONS						

Net investment income		0.18	0.29	0.24	0.29	0.05

Net realized and unrealized gain (loss) on investments		0.81	(0.41)	0.99	0.74	(0.25)

Total from investment operations		0.99	(0.12)	1.23	1.03	(0.20)

LESS DISTRIBUTIONS

Distributions from net investment income	(0.17)	(0.24)	(0.28)	(0.31)	--
Distributions from net realized gain on investment transactions	(0.05)	(0.08)	(0.10)	(0.00)	--
Distributions in excess of net investment income	--	--	(0.03 (b))	--	--
Total distributions	(0.22)	(0.32)	(0.41)	(0.31)	--
NET ASSET VALUE, END OF PERIOD	\$ 11.67	\$ 10.90	\$ 11.34	\$ 10.52	\$ 9.80
TOTAL RETURN (c)	9.30%	(1.22%)	11.99%	10.68%	(2.00%)
RATIOS TO AVERAGE NET ASSETS					
Expenses	1.66% (d)	1.55%	1.45%	1.53%	1.44% (d)
Net investment income	3.17% (d)	2.32%	1.87%	3.03%	5.32% (d)
Expense waiver/reimbursement (e)	0.00%	0.12%	0.25%	0.33%	0.29% (d)
SUPPLEMENTAL DATA					
Net assets, end of period (000 omitted)	\$ 50,465	\$50,648	\$73,197	\$35,544	\$13,942
Portfolio turnover rate	52	% 79%	87%	98%	18 %

</TABLE>

(a) Reflects operations for the period from October 18, 1991 (date of initial public investment) to November 30, 1991. For the period from July 30, 1991 (start of business) to October 17, 1991, all income was distributed to the administrator.

(b) Distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles. These distributions did not represent a return of capital for federal income tax purposes for the year ended November 30, 1993.

(c) Based on net asset value, which does not reflect the sales load or contingent deferred sales charge, if applicable.

(d) Computed on an annualized basis.

(e) This voluntary expense decrease is reflected in both the expense and net investment income ratios shown above.

(See Notes which are an integral part of the Financial Statements)

STAR STRATEGIC INCOME FUND
PORTFOLIO OF INVESTMENTS
MAY 31, 1995
(UNAUDITED)

<TABLE> <CAPTION>		VALUE	
SHARES			
<C>	<S>		<C>
COMMON STOCKS--23.2%			
FINANCE--2.5%			
12,480	Corestates Financial Corp.	\$	414,960
4,000	NationsBank Corp.		226,500
	Total		641,460
MANUFACTURING--1.1%			
5,000	Johnson Controls, Inc.		286,250

REAL ESTATE--18.0%

15,900	Camden Property Trust	363,712
10,000	Centerpoint Properties Corp.	198,750
28,300	Crown American Realty	336,063
14,000	DeBartolo Realty Corp.	201,250
11,200	Federal Realty Investment Corp.	238,000
15,000	Glimcher Realty Trust	311,250
21,800	Liberty Property	422,375
25,000	LTC Properties	321,875
20,000	Manufactured Home Communities, Inc.	315,000
25,600	Omega Healthcare Investors	652,800
33,000	Sizeler Property Investments, Inc.	338,250
29,750	South West Properties Trust, Inc.	368,156
22,000	Summit Properties, Inc.	376,750
25,000	Winston Hotels	237,500
	Total	4,681,731

UTILITIES--1.6%

6,095	GTE Corp.	203,421
10,000	Southern Co.	221,250
	Total	424,671

TOTAL COMMON STOCKS (IDENTIFIED COST, \$5,961,808)

6,034,112

PREFERRED STOCKS--8.9%

BANKING--0.8%

3,500	Bank One Corp., Series C, \$3.50, Cum Cv. Pfd.	212,625
-------	--	---------

ENERGY--3.2%

33,000	Atlantic Richfield Co., 9.01%	829,125
--------	-------------------------------	---------

FINANCE--4.5%

5,000	AON Corp., 6.25%, Cum Cv. Pfd.	261,250
20,000	Enron Capital Resources, Series A, 9.00%	510,000
15,000	Providian LLC	391,875
	Total	1,163,125

</TABLE>

STAR STRATEGIC INCOME FUND

<TABLE>

<CAPTION>

SHARES OR
PRINCIPAL
AMOUNT

VALUE

<C> <S> <C>

PREFERRED STOCKS--CONTINUED

TRANSPORTATION--0.4%

1,700	Burlington Northern, Inc., Series A, 6.25%, Cum Cv. Pfd.	\$ 113,475
	TOTAL PREFERRED STOCKS (IDENTIFIED COST, \$2,297,393)	2,318,350
CORPORATE BONDS--33.4%		
BANKING--2.0%		
\$ 250,000	Citicorp, 8.625%, 12/1/2002	274,298
239,000	NCNB Corp., 10.50%, 3/15/1999	246,629
	Total	520,927
BASIC INDUSTRY--0.5%		
136,000	International Paper Co., 9.625%, 10/15/1995	137,609
CHEMICAL--2.0%		
458,000	Dow Chemical Co., 9.35%, 3/15/2002	504,721
CONSUMER DURABLES--2.2%		
550,000	General Motors Corp., 9.75%, 5/15/1999	566,918
CONSUMER STAPLES--3.2%		
400,000	Philip Morris Cos., Inc., 9.25%, 12/1/1997	426,472
400,000	Philip Morris Cos., Inc., 9.80%, 12/15/1998	407,236
	Total	833,708
ENERGY--1.0%		
250,000	Consolidated Natural Gas Co., 7.25% Conv. Bonds, 12/15/2015	258,500
FINANCIAL--4.7%		
105,000	General Electric Capital Corp., 7.98%, 12/15/2007	114,130
1,000,000	International Lease Finance Co., 8.375%, 12/15/2004	1,096,080
	Total	1,210,210
HEALTH SERVICES--0.7%		
200,000	Medical Care International, Inc., 6.75% Conv. Bonds, 10/1/2006	189,576
INDUSTRIAL--2.0%		
500,000	Chevron Capital USA, Inc., 7.45%, 8/15/2004	524,440
INSURANCE--4.2%		
1,000,000	Ohio National Life Insurance Co., 8.875%, 7/15/2004	1,090,980
INTERNATIONAL--6.7%		
750,000	Alcan Aluminum Ltd., 9.20%, 3/15/2001	800,520
850,000	Philips Electrs NV, 8.375%, 9/15/2006	938,986
	Total	1,739,506
RETAIL--0.5%		
130,000	Wal-Mart Stores, Inc., 10.875%, 8/15/2000	134,367
UTILITIES--3.7%		
185,000	Alabama Power Co., 9.00%, 12/1/2024	206,974

</TABLE>

STAR STRATEGIC INCOME FUND

<TABLE>		<CAPTION>	
PRINCIPAL AMOUNT OR CONTRACTS		VALUE	
<C>	<S>		<C>
CORPORATE BONDS--CONTINUED			
UTILITIES--CONTINUED			
\$	500,000	Cincinnati Gas & Electric Co., 8.95%, 12/15/2021	\$ 543,875
	62,000	Southern California Edison Co., 8.375%, 12/1/2017	64,296
	150,000	Southern California Edison Co., 9.25%, 6/15/2021	156,835
		Total	971,980
		TOTAL CORPORATE BONDS (IDENTIFIED COST, \$8,331,095)	8,683,442
U.S. GOVERNMENT OBLIGATIONS--26.7%			
FEDERAL HOME LOAN BANK--2.0%			
	500,000	9.02%, 1/19/2005	507,865
FEDERAL HOME LOAN MORTGAGE CORP.--3.2%			
	330,814	9.00%, 11/15/2019	341,410
	477,494	11.00%, 4/1/2003	505,991
		Total	847,401
FEDERAL NATIONAL MORTGAGE ASSOCIATION --REMIC--13.9%			
	750,000	8.20%, 4/25/2006	761,655
	1,000,000	9.00%, 11/25/2019	1,076,710
	835,454	9.40%, 6/25/2019	866,458
	600,000	9.50%, 6/25/2020	665,358
	225,000	10.00%, 12/25/2018	238,171
		Total	3,608,352
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION--1.7%			
	157,640	9.00%, 1/15/2022	165,766
	262,444	10.00%, 11/15/2009	284,584
		Total	450,350
U.S. TREASURY BONDS--5.7%			
	1,000,000	11.75%, 11/15/2014	1,474,080
U.S. TREASURY NOTES--0.2%			
	50,000	10.50%, 8/15/1995	50,472
		TOTAL U.S. GOVERNMENT OBLIGATIONS (IDENTIFIED COST, \$6,771,472)	6,938,520
*PUT OPTION PURCHASED--0.00%			
	120	Citicorp (IDENTIFIED COST, \$10,980)	750

</TABLE>

STAR STRATEGIC INCOME FUND

<TABLE>

<CAPTION> PRINCIPAL AMOUNT		VALUE
<C>	<S>	<C>

**REPURCHASE AGREEMENT--13.3%		

\$ 3,467,000	Donaldson, Lufkin & Jenrette Securities Corp., 6.15%, dated 5/31/1995, due 6/1/1995 (at amortized cost)	\$ 3,467,000

	TOTAL INVESTMENTS (IDENTIFIED COST, \$26,839,748)	\$ 27,442,174+

</TABLE>

* The security is held in connection with a purchased put option which expires on July 21, 1995.

** The repurchase agreement is fully collateralized by U.S. government and/or agency obligations based on market prices at the date of the portfolio.

+ The cost of investments for federal tax purposes amounts to \$26,839,748. The net unrealized appreciation of investments on a federal tax basis amounts to \$602,426, which is comprised of \$720,702 appreciation and \$118,276 depreciation at May 31, 1995.

The following acronym is used throughout this portfolio:

REMIC--Real Estate Mortgage Investment Conduit

Note: The categories of investments are shown as a percentage of net assets (\$26,002,604) at May 31, 1995.

(See Notes which are an integral part of the Financial Statements)

STAR STRATEGIC INCOME FUND
STATEMENT OF ASSETS AND LIABILITIES
MAY 31, 1995
(UNAUDITED)

<S>	<C>	<C>

ASSETS:		

Investments in repurchase agreements	\$ 3,467,000	

Investments in securities	23,975,174	

Total Investments in securities, at amortized cost and value (identified cost and tax cost \$26,839,748)		\$ 27,442,174

Cash		896

Receivable for investments sold		1,399,044

Income receivable		374,213

Receivable for shares sold		101,820

Total assets		29,318,147

LIABILITIES:		

Payable for investments purchased	3,287,380	

Payable for shares redeemed	100	

Options written, at value (premium received \$24,515)	28,063	

Total liabilities		3,315,543

NET ASSETS for 2,479,317 shares outstanding		\$ 26,002,604

NET ASSETS CONSIST OF:		

Paid in capital		\$ 25,238,236

Net unrealized appreciation (depreciation) of investments and options written (includes \$3,548 depreciation on options written)		598,878

Accumulated net realized gain (loss) on investments	59,499
Undistributed net investment income	105,991
Total Net Assets	\$ 26,002,604
NET ASSET VALUE and Offering Price Per Share:	
(\$26,002,604 / 2,479,317 shares outstanding)	\$10.49
Redemption Proceeds Per Share (95/100 of \$10.49)*	\$9.97

</TABLE>

* See 'Redeeming Shares' in the Prospectus.

(See Notes which are an integral part of the Financial Statements)

STAR STRATEGIC INCOME FUND
STATEMENT OF OPERATIONS
SIX MONTHS ENDED MAY 31, 1995
(UNAUDITED)

<TABLE>	
<S>	<C> <C>
INVESTMENT INCOME:	
Interest	\$ 459,813
Dividends	251,097
Total income	710,910
EXPENSES:	
Investment advisory fee	\$ 72,758
Administrative personnel and services fee	23,287
Custodian fees	1,915
Transfer agent and dividend disbursing agent fees and expenses	3,829
Legal fees	1,149
Portfolio accounting fees	11,871
Shareholder services fee	980
Printing and postage	4,978
Insurance premiums	1,915
Miscellaneous	1,915
Total expenses	124,597
Deduct--Waiver of administrative personnel and services fee	19,636
Net expenses	104,961
Net investment income	605,949
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:	
Net realized gain (loss) on investments and options (includes \$11,297 gain on options)	116,749
Net change in unrealized appreciation (depreciation) on investments	598,878
Net realized and unrealized gain (loss) on investments	715,627
Change in net assets resulting from operations	\$ 1,321,576

</TABLE>

(See Notes which are an integral part of the Financial Statements)

STAR STRATEGIC INCOME FUND
STATEMENT OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

	SIX MONTHS ENDED MAY 31, 1995 (UNAUDITED)
<S>	<C>
INCREASE (DECREASE) IN NET ASSETS:	

OPERATIONS--	

Net investment income	\$ 605,949
Net realized gain (loss) on investments (\$116,749, net gain, as computed for federal tax purposes)	116,749
Net change in unrealized appreciation (depreciation) on investments	598,878
Change in net assets resulting from operations	1,321,576

DISTRIBUTIONS TO SHAREHOLDERS--	

Distributions from net investment income	(499,958)
Distributions from net realized gains	(57,250)
Change in net assets resulting from distributions to shareholders	(557,208)

SHARE TRANSACTIONS	

Proceeds from sale of shares	26,293,835
Net asset value of shares issued to shareholders in payment of distributions declared	162,018
Cost of shares redeemed	(1,217,617)
Change in net assets resulting from share transactions	25,238,236
Change in net assets	26,002,604

NET ASSETS:	

Beginning of period	--
End of period (including undistributed net investment income of \$105,991)	\$ 26,002,604

</TABLE>

(See Notes which are an integral part of the Financial Statements)

STAR STRATEGIC INCOME FUND
FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

<TABLE>
<CAPTION>

	SIX MONTHS ENDED MAY, 31 1995(a) (UNAUDITED)
<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 10.00

INCOME FROM INVESTMENT OPERATIONS	

Net investment income	0.33
Net realized and unrealized gain (loss) on investments	0.48
Total from investment operations	0.81

LESS DISTRIBUTIONS

Distributions from net investment income	(0.29)
Distributions from net realized gain on investments	(0.03)
Total distributions	(0.32)
NET ASSET VALUE, END OF PERIOD	\$ 10.49
TOTAL RETURN (b)	8.26%
RATIOS TO AVERAGE NET ASSETS	
Expenses	1.37% (c)
Net investment income	7.91% (c)
Expense waiver/reimbursement (d)	0.26% (c)
SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	\$ 26,003
Portfolio Turnover	144%

</TABLE>

(a) Reflects operations for the period from December 12, 1994 (date of initial public investment) to May 31, 1995. For the period from November 10, 1994, (start of business) to December 11, 1994, all income was distributed to the administrator.

(b) Based on net asset value, which does not reflect the sales load or contingent deferred sales charge, if applicable.

(c) Computed on an annualized basis.

(d) This voluntary expense decrease is reflected in both the expense and net investment income ratios shown above.

(See Notes which are an integral part of the Financial Statements)

STAR U.S. GOVERNMENT INCOME FUND
 PORTFOLIO OF INVESTMENTS
 MAY 31, 1995
 (UNAUDITED)

<TABLE>

<CAPTION>

PRINCIPAL AMOUNT		VALUE
<C>	<S>	<C>
CORPORATE BONDS--22.9%		
\$ 100,000	Alabama Power Co., 8.75%, 12/1/2021	\$ 108,213
1,150,000	Alcan Aluminum, 9.20%, 3/15/2001	1,227,463
1,000,000	Ashland Oil, Inc., 7.90%, 8/5/2006	1,062,510
500,000	Chevron Capital USA, Inc., 7.45%, 8/15/2004	524,440
1,000,000	Cincinnati Gas & Electric Co., 8.95%, 12/15/2021	1,087,750
750,000	Citicorp, 8.625%, 12/1/2002	822,893
1,000,000	Consolidated Rail Corp., 5.70%, 3/24/1997	990,380
2,500,000	Enron Corp., 7.625%, 9/10/2004	2,603,175
150,000	Ford Motor Credit Corp., 6.50%, 7/19/1995, LIBOR Floater	149,979
250,000	General Electric Capital Corp., 8.75%, 11/26/1996	258,772
1,000,000	General Electric Capital Corp., 7.98%, 12/15/1996	1,086,950

1,500,000	General Motors Acceptance Corp., 7.25%, 6/22/1999	1,527,615
1,100,000	General Motors Corp., 9.75%, 5/15/1999	1,133,836
2,250,000	Georgia Power Co., 6.625%, 4/1/2003	2,210,693
125,000	Georgia Power Co., 6.03%, 7/1/2032	124,929
1,750,000	International Lease Finance Co., 5.90%, 6/24/1995	1,714,825
250,000	International Lease Finance Co., 8.375%, 12/15/2004	274,020
500,000	McDonald's Corp., 8.375%, 10/29/1999	535,460
500,000	Ohio National Life Insurance Co., 8.875%, 7/15/2004	545,490
750,000	Pacific Telephone & Telegraph Co., 7.80%, 3/1/2007	763,688
300,000	Pacific Telephone & Telegraph Co., 7.25%, 2/1/2008	301,407
1,100,000	Philip Morris Cos., Inc., 9.75%, 5/1/1997	1,167,210
600,000	Philip Morris Cos., Inc., 9.80%, 12/15/1998	610,854
1,000,000	Procter & Gamble Co., 7.375%, 3/1/2023	1,008,180
	TOTAL CORPORATE BONDS (IDENTIFIED COST, \$21,597,060)	21,840,732

U.S. GOVERNMENT OBLIGATIONS--24.0%

675,000	Federal Home Loan Banks, 10.00%, 6/26/1995	677,153
400,000	Federal Home Loan Banks, 7.26%, 5/26/1999	400,580
250,000	Federal Home Loan Banks, Step-up, 7.75%, 7/27/1995	255,312
2,000,000	Federal Home Loan Mortgage Corp., 5.15%, 6/2/1995	1,973,000
1,000,000	Federal Home Loan Mortgage Corp., 7.83%, 8/11/2004	1,024,170
538,778	Federal Home Loan Mortgage Corp., 7.50%, 8/15/2016	540,652
2,977,327	Federal Home Loan Mortgage Corp., 9.00%, 11/15/2019, REMIC	3,072,691
500,000	Federal Home Loan Mortgage Corp., 8.00%, 7/15/2020	511,375

</TABLE>

STAR U.S. GOVERNMENT INCOME FUND

<TABLE>

<CAPTION>

PRINCIPAL
AMOUNT

<C>

<S>

VALUE

<C>

U.S. GOVERNMENT OBLIGATIONS--CONTINUED

\$ 2,000,000	Federal National Mortgage Association, 11.15%, 6/12/1995	\$ 2,004,000
1,500,000	Federal National Mortgage Association, 7.25%, 1/25/2019, REMIC	1,505,925
500,000	Federal National Mortgage Association, 8.40%, 8/25/2019, REMIC	524,645
500,000	Federal National Mortgage Association, 9.50%, 6/25/2020, REMIC	554,465
3,000,000	Federal National Mortgage Association, 7.25%, 1/17/2021, REMIC	3,039,930
1,426,944	Federal National Mortgage Association--Pool Pound295782, 6.017%, 6/1/1995, ARM	1,476,859
4,167,944	Federal National Mortgage Association--Pool Pound250189, 8.50%, 1/1/2025	4,309,862
1,000,000	Student Loan Marketing Association, 6.04%, 6/6/1995	999,970
	TOTAL U.S. GOVERNMENT OBLIGATIONS (IDENTIFIED COST, \$22,640,270)	22,870,589

U.S. TREASURY OBLIGATIONS--43.7%

U.S. TREASURY BONDS--16.6%		
6,000,000	7.50%, 11/15/2024	6,598,440
1,250,000	7.625%, 2/15/2007	1,325,150
250,000	7.875%, 2/15/2021	282,680
5,950,000	8.125%, 8/15/2019	6,883,138
500,000	11.75%, 11/15/2014	737,040
Total		15,826,448
U.S. TREASURY NOTES--27.1%		
4,400,000	6.75%, 5/31/1999	4,511,540
5,550,000	6.875%, 10/31/1996	5,627,534
2,250,000	7.125%, 9/30/1999	2,342,340
4,000,000	7.25%, 11/30/1996	4,078,680
1,000,000	7.375%, 5/15/1996	1,014,070
3,000,000	7.50%, 12/31/1996	3,074,970
2,000,000	7.75%, 11/30/1999	2,131,520
3,000,000	7.875%, 2/15/1996	3,041,940
Total		25,822,594
TOTAL U.S. TREASURY OBLIGATIONS (IDENTIFIED COST, \$40,167,322)		41,649,042

</TABLE>

STAR U.S. GOVERNMENT INCOME FUND

<TABLE>		
<CAPTION>		
PRINCIPAL		VALUE
AMOUNT		
<C>	<S>	<C>
*REPURCHASE AGREEMENT--9.5%		
\$ 9,045,000	Donaldson, Lufkin & Jenrette Securities Corp., 6.15% dated 5/31/1995, due 6/1/1995 (at amortized cost)	\$ 9,045,000
TOTAL INVESTMENTS (IDENTIFIED COST, \$93,449,652)		\$ 95,405,363+

</TABLE>

* The repurchase agreement is fully collateralized by U.S. government and/or agency obligations based on market prices at the date of the portfolio.

+ The cost of investments for federal tax purposes amounts to \$93,449,652. The net unrealized appreciation of investments on a federal tax basis amounts to \$1,955,711, which is comprised of \$2,327,194 appreciation and \$371,483 depreciation at May 31, 1995.

Note: The categories of investments are shown as a percentage of net assets (\$95,374,367) at May 31, 1995.

The following abbreviations are used throughout this portfolio:

- ARM--Adjustable Rate Mortgage
- LIBOR--London Interbank Offered Rate
- REMIC--Real Estate Mortgage Investment Conduit

(See Notes which are an integral part of the Financial Statements)

STAR U.S. GOVERNMENT INCOME FUND

STATEMENT OF ASSETS AND LIABILITIES
MAY 31, 1995
(UNAUDITED)

	<C>	<C>
ASSETS:		
Investments in securities, at amortized cost and value (identified and tax cost \$93,449,652)		\$ 95,405,363
Income receivable		1,240,311
Receivable for shares sold		11,775
Deferred expenses		18,651
Total assets		96,676,100
LIABILITIES:		
Payable for investments purchased	\$ 1,076,870	
Payable for shares redeemed	5,000	
Income distribution payable	96,297	
Accrued expenses	17,316	
Options written, at value (premium received, \$28,867)	106,250	
Total liabilities		1,301,733
NET ASSETS for 9,735,920 shares outstanding		\$ 95,374,367
NET ASSETS CONSIST OF:		
Paid in capital		\$ 95,944,378
Net unrealized appreciation (depreciation) of investments and options written (includes \$77,383 depreciation on options written)		1,878,328
Accumulated net realized gain (loss) on investments		(2,448,339)
Total Net Assets		\$ 95,374,367
NET ASSET VALUE, and Redemption Proceeds Per Share:		
(\$95,374,367 / 9,735,920 shares outstanding)		\$ 9.80
Offering Price Per Share (100/96.50 of \$9.80)*		\$ 10.16

* See 'What Shares Cost' in the Prospectus.

(See Notes which are an integral part of the Financial Statements)

STAR U.S. GOVERNMENT INCOME FUND
STATEMENT OF OPERATIONS
SIX MONTHS ENDED MAY 31, 1995
(UNAUDITED)

	<C>	<C>
INVESTMENT INCOME:		
Interest		\$ 3,305,749
EXPENSES:		
Investment advisory fee	\$ 269,522	
Administrative personnel and services fee	51,196	
Custodian fees	10,312	

Transfer agent and dividend disbursing agent fees and expenses	16,779
Directors'/Trustees' fees	2,076
Auditing fees	8,972
Legal fees	2,182
Portfolio accounting fees	26,039
Shareholder services fee	4,649
Share registration costs	12,029
Printing and postage	7,534
Insurance premiums	1,387
Miscellaneous	2,510
Total expenses	415,187
Net investment income	2,890,562
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:	
Net realized gain (loss) on investments	(840,393)
Net change in unrealized appreciation (depreciation) on investments	6,144,973
Net realized and unrealized gain (loss) on investments	5,304,580
Change in net assets resulting from operations	\$ 8,195,142

</TABLE>

(See Notes which are an integral part of the Financial Statements)

STAR U.S. GOVERNMENT INCOME FUND
STATEMENT OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

	SIX MONTHS ENDED MAY 31, 1995 (UNAUDITED)	YEAR ENDED NOVEMBER 30, 1994
	<C>	<C>
<S>		
INCREASE (DECREASE) IN NET ASSETS:		
OPERATIONS--		
Net investment income	\$ 2,890,562	\$ 3,611,329
Net realized gain (loss) on investments (\$840,393 and \$1,455,104 net losses, respectively, as computed for federal tax purposes)	(840,393)	(1,609,209)
Net change in unrealized appreciation (depreciation) on investments	6,144,973	(3,895,379)
Change in net assets resulting from operations	8,195,142	(1,893,259)
DISTRIBUTIONS TO SHAREHOLDERS--		
Distributions from net investment income	(2,890,562)	(3,611,329)
Distributions from net realized gains	--	(461,372)
Change in net assets resulting from distributions to shareholders	(2,890,562)	(4,072,701)
SHARE TRANSACTIONS		
Proceeds from sale of shares	15,101,687	66,524,387
Net asset value of shares issued to shareholders in payment of distributions declared	1,418,077	1,313,490
Cost of shares redeemed	(14,374,109)	(18,135,243)

Change in net assets resulting from share transactions	2,145,655	49,702,634
Change in net assets	7,450,235	43,736,674
NET ASSETS:		
Beginning of period	87,924,132	44,187,458
End of period	\$ 95,374,367	\$ 87,924,132

</TABLE>

(See Notes which are an integral part of the Financial Statements)

STAR U.S. GOVERNMENT INCOME FUND
FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD)

<TABLE>
<CAPTION>

	SIX MONTHS ENDED MAY 31, 1995 (UNAUDITED)	YEAR ENDED NOVEMBER 30,	
		1994	1993 (a)
<S>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 9.24	\$ 10.25	\$ 10.00
INCOME FROM INVESTMENT OPERATIONS			
Net investment income	0.30	0.55	0.51
Net realized and unrealized gain (loss) on investments	0.56	(0.90)	0.25
Total from investment operations	0.86	(0.35)	0.76
LESS DISTRIBUTIONS			
Distributions from net investment income	(0.30)	(0.55)	(0.51)
Distributions from net realized gain on investment transactions	--	(0.11)	--
Total distributions	(0.30)	(0.66)	(0.51)
NET ASSET VALUE, END OF PERIOD	\$ 9.80	\$ 9.24	\$ 10.25
TOTAL RETURN (b)	9.50%	(3.53%)	7.63%
RATIOS TO AVERAGE NET ASSETS			
Expenses	0.92% (c)	0.97%	1.12% (c)
Net investment income	6.43% (c)	5.87%	5.55% (c)
Expense waiver/reimbursement (d)	0.00%	0.03%	0.30% (c)
SUPPLEMENTAL DATA			
Net assets, end of period (000 omitted)	\$ 95,374	\$ 87,924	\$ 44,187
Portfolio turnover rate	107%	148%	105%

</TABLE>

(a) Reflects operations for the period from January 5, 1993 (date of initial public investment) to November 30, 1993. For the period from November 23, 1992 (start of business) to January 4, 1993, all income was distributed to the administrator.

(b) Based on net asset value, which does not reflect the sales load or contingent deferred sales charge, if applicable.

(c) Computed on an annualized basis.

(d) This voluntary expense decrease is reflected in both the expense and net investment income ratios shown above.

STAR FUNDS
COMBINED NOTES TO FINANCIAL STATEMENTS
MAY 31, 1995
(UNAUDITED)

(1) ORGANIZATION

Star Funds (the "Trust"), is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end management investment company. The Trust consists of eight diversified portfolios. The following portfolios comprise the Trust:

Portfolio Name
Star Capital Appreciation Fund ("Capital Appreciation")
Star Growth Equity Fund ("Growth Equity")
Star Relative Value Fund ("Relative Value")
The Stellar Fund ("Stellar")
Star Strategic Income Fund ("Strategic Income")
Star Tax-Free Money Market Fund ("Tax-Free")
Star Treasury Fund ("Treasury")
Star U.S. Government Income Fund ("U.S. Government Income")

The financial statements of the following portfolios (individually referred to as the "Fund", or collectively as the "Funds") are presented herein:

Portfolio Name
Star Capital Appreciation Fund
Star Growth Equity Fund
Star Relative Value Fund
The Stellar Fund
Star Strategic Income Fund
Star U.S. Government Income Fund

The financial statements of the other portfolios are presented separately. The assets of each portfolio are segregated and a shareholder's interest is limited to the portfolio in which shares are held.

Star Funds, except Stellar, are offered without class designation. Shares of Stellar are offered in two classes: Investment shares and Trust shares.

(2) SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Funds in the preparation of their financial statements. These policies are in conformity with generally accepted accounting principles.

- A. INVESTMENT VALUATIONS--Listed equity securities and investments in closed end investment companies, are valued at the last sale price reported on national securities exchanges. U.S. government securities are generally valued at the mean between the over-the-counter bid and asked prices as furnished by an independent pricing service. Listed corporate bonds, unlisted securities (and other fixed-income and asset-backed securities and/or private placements) and short-term securities are valued at the prices provided by an independent pricing service.

Investments in other open-end investment companies are valued at net asset value.

Short-term securities with remaining maturities of sixty days or less at the time of purchase may be valued at amortized cost, which approximates fair market value.

- B. REPURCHASE AGREEMENTS--It is the policy of the Funds to require a custodian bank to take possession, to have legally segregated in the Federal Reserve Book Entry System, or to have segregated within the custodian bank's vault, all securities held as collateral under repurchase agreement transactions. Additionally, procedures have been established by the Funds to monitor, on a daily basis, the market value of each repurchase agreement's collateral to ensure that the value of collateral at least equals the repurchase price to be paid under the repurchase agreement transaction.

The Funds will only enter into repurchase agreements with banks and other recognized financial institutions, such as broker/dealers, which are deemed by the Funds' adviser to be creditworthy pursuant to the guidelines and/or standards reviewed or established by the Board of Trustees (the

"Trustees").

Risks may arise from the potential inability of counterparties to honor the terms of the repurchase agreement. Accordingly, the Funds could receive less than the repurchase price on the sale of collateral securities.

- C. INVESTMENT INCOME, EXPENSES, AND DISTRIBUTIONS--Dividend income and distributions to shareholders are recorded on the ex-dividend date. Interest income and expenses are accrued daily. Bond premium and discount, if applicable, are amortized as required by the Internal Revenue Code, as amended (the "Code").
- D. FEDERAL TAXES--It is each Fund's policy to comply with the provisions of the Code applicable to regulated investment companies and to distribute to shareholders each year substantially all of its income. Accordingly, no provisions for federal taxes are necessary.

At November 30, 1994, Relative Value and U.S. Government Income for federal tax purposes, had capital loss carryforwards of \$731,359 and \$1,445,104 respectively, which will reduce each Fund's taxable income arising from future net realized gain on investments, if any, to the extent permitted by the Code, and thus will reduce the amount of the distributions to shareholders which would otherwise be necessary to relieve the Funds of any liability for federal tax. Pursuant to the Code, such capital loss carryforwards will expire in 2002.

Additionally, U.S. Government Income's net capital losses of \$1,445,104 attributable to security transactions incurred after October 31, 1993 are treated as arising on December 1, 1994, the first day of the Fund's taxable year.

- E. WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS--The Funds may engage in when-issued or delayed delivery transactions. The Funds record when-issued securities on the trade date and maintain security positions such that sufficient liquid assets will be available to make payment for the securities purchased. Securities purchased on a when-issued or delayed delivery basis are marked to market daily and begin earning interest on the settlement date.
- F. DEFERRED EXPENSES--The costs incurred by each Fund with respect to registration of its shares in its first fiscal year, excluding the initial expense of registering its shares, have been deferred and are being amortized using the straight-line method not to exceed a period of five years from each Fund's commencement date.
- G. OPTION CONTRACTS WRITTEN--The Funds may write option contracts. A written option obligates the Funds to deliver (a call), or to receive (a put), the contract amount upon exercise by the holder of the option. The value of the option contract is recorded as a liability and an unrealized gain or loss is measured by the difference between the current value and the premium received.

At May 31, 1995, Growth Equity, Stellar, Strategic Income and U.S. Government Income had the following outstanding options:

<TABLE>
<CAPTION>

<S>	<C>	GROWTH EQUITY			<C>	<C>	<C>
		EXPIRATION DATE	EXERCISE PRICE	NUMBER OF CONTRACTS			
ISSUER	TYPE	EXPIRATION DATE	EXERCISE PRICE	NUMBER OF CONTRACTS	UNREALIZED APPRECIATION (DEPRECIATION)	MARKET VALUE	
Citicorp	Call	7/21/95	\$ 40	70	(\$ 76,406)	\$ 94,500	
Citicorp	Call	7/21/95	40	30	(32,370)	40,500	
Total					(\$ 108,776)	\$ 135,000	

</TABLE>

<TABLE>
<CAPTION>

<S>	<C>	STELLAR			<C>	<C>	<C>
		EXPIRATION DATE	EXERCISE PRICE	NUMBER OF CONTRACTS			
ISSUER	TYPE	EXPIRATION DATE	EXERCISE PRICE	NUMBER OF CONTRACTS	UNREALIZED APPRECIATION (DEPRECIATION)	MARKET VALUE	

Repsol	Call	7/21/95	\$ 25	105	(\$ 51,608)	\$ 82,687
USTN	Call	7/3/95	100 51/64	1,000	(3,906)	5,313
FNMA	Call	6/13/95	101 10/32	750	(10,898)	15,000
USTN	Put	6/21/95	101 17/64	1,000	5,078	937
Total					(\$ 61,334)	\$ 103,937

</TABLE>

<TABLE>
<CAPTION>

STRATEGIC INCOME						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ISSUER	TYPE	EXPIRATION DATE	EXERCISE PRICE	NUMBER OF CONTRACTS	UNREALIZED APPRECIATION (DEPRECIATION)	MARKET VALUE
USTN	Put	6/21/95	\$ 101 17/64	1,000	\$ 5,078	\$ 938
Southern Co.	Call	8/18/95		100	(7,276)	21,875
NationsBank	Call	6/16/95		40	(1,350)	5,250
Total					(\$ 3,548)	\$ 28,063

</TABLE>

<TABLE>
<CAPTION>

U.S. GOVERNMENT INCOME						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ISSUER	TYPE	EXPIRATION DATE	EXERCISE PRICE	NUMBER OF CONTRACTS	UNREALIZED APPRECIATION (DEPRECIATION)	MARKET VALUE
USTN	Call	7/3/95	\$ 100 51/64	4,000	(\$ 15,625)	\$ 21,250
FNMA	Call	6/13/95	101 10/32	4,250	(61,758)	85,000
Total					(\$ 77,383)	\$ 106,250

</TABLE>

The following is a summary of the Capital Appreciation, Growth Equity, Stellar, Strategic Income and U.S. Government Income written options activity:

<TABLE>
<CAPTION>

<S>	CAPITAL APPRECIATION	
	<C>	<C>
	NUMBER OF CONTRACTS	PROCEEDS*
Outstanding at December 1, 1994	-0-	\$ -0-
Contracts opened	2,187	285,159
Contracts expired	(738)	(15,022)
Contracts exercised	(1,268)	(230,137)
Contracts closed	(181)	(40,000)
Outstanding at May 31, 1995	-0-	\$ -0-

</TABLE>

<TABLE>
<CAPTION>

<S>	GROWTH EQUITY	
	<C>	<C>
	NUMBER OF CONTRACTS	PROCEEDS*
Outstanding at December 1, 1994	-0-	\$ -0-
Contracts opened	1,960	259,669

Contracts expired	(510)	(40,323)
Contracts exercised	(1,035)	(156,358)
Contracts closed	(315)	(36,764)
Outstanding at May 31, 1995	100	\$ 26,224

</TABLE>

<TABLE>
<CAPTION>

<S>

	STELLAR	
	<C>	<C>
	NUMBER OF CONTRACTS	PROCEEDS*
Outstanding at December 1, 1994	911	\$ 88,270
Contracts opened	8,885	256,640
Contracts expired	(1,346)	(118,330)
Contracts exercised	(5,295)	(113,817)
Contracts closed	(300)	(70,160)
Outstanding at May 31, 1995	2,855	\$ 42,603

</TABLE>

<TABLE>
<CAPTION>

<S>

	STRATEGIC INCOME	
	<C>	<C>
	NUMBER OF CONTRACTS	PROCEEDS*
Outstanding at December 1, 1994	-0-	\$ -0-
Contracts opened	17,245	212,274
Contracts expired	(85)	(2,998)
Contracts exercised	(15,121)	(46,417)
Contracts closed	(899)	(138,344)
Outstanding at May 31, 1995	1,140	\$ 24,515

</TABLE>

<TABLE>
<CAPTION>

<S>

	U.S. GOVERNMENT INCOME	
	<C>	<C>
	NUMBER OF CONTRACTS	PROCEEDS*
Outstanding at December 1, 1994	1,500	\$ 10,547
Contracts opened	27,400	108,535
Contracts expired	(1,500)	(10,547)
Contracts exercised	(19,150)	(79,668)
Contracts closed	-0-	-0-
Outstanding at May 31, 1995	8,250	\$ 28,867

</TABLE>

*Represents premium received less commissions paid.

H. OTHER--Investment transactions are accounted for on the trade date.

(3) SHARES OF BENEFICIAL INTEREST

The Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional shares of beneficial interest (without par value). Transactions in Fund shares were as follows:

<S>	CAPITAL APPRECIATION		GROWTH EQUITY
	<C> SIX MONTHS ENDED MAY 31, 1995 (UNAUDITED)	<C> YEAR ENDED NOVEMBER 30, 1994*	<C> SIX MONTHS ENDED MAY 31, 1995 (UNAUDITED)
Shares sold	904,673	2,999,416	3,612,883
Shares issued to shareholders in payment of distributions declared	9,801	--	19,330
Shares redeemed	(235,186)	(42,002)	(224,234)
Net change resulting from Fund share transactions	679,288	2,957,414	3,407,979

*Reflects operations for the period from May 16, 1994 (start of business) to November 30, 1994.

<S>	RELATIVE VALUE	
	<C> SIX MONTHS ENDED MAY 31, 1995 (UNAUDITED)	<C> YEAR ENDED NOVEMBER 30, 1994
Shares sold	1,577,443	3,021,454
Shares issued to shareholders in payment of distributions declared	18,718	20,475
Shares redeemed	(531,770)	(734,612)
Net change resulting from Fund share transactions	1,064,391	2,307,317

<S>	STELLAR			
	<C> SIX MONTHS ENDED MAY 31, 1995 (UNAUDITED)	<C> DOLLARS	<C> YEAR ENDED NOVEMBER 30, 1994	<C> DOLLARS
Shares sold	181,981	\$ 2,021,613	3,150,588	\$ 36,158,470
Shares issued to shareholders in payment of distributions declared	90,948	998,382	151,340	1,726,229
Shares redeemed	(597,641)	(6,616,608)	(5,111,420)	(58,040,284)
Net change resulting from Investment share transactions	(324,712)	(\$ 3,596,613)	(1,809,492)	(\$ 20,155,585)

STAR FUNDS

<S>	STELLAR			
	<C> SIX MONTHS ENDED MAY 31, 1995 (UNAUDITED)	<C> DOLLARS	<C> YEAR ENDED NOVEMBER 30, 1994*	<C> DOLLARS
Shares sold	181,981	\$ 2,021,613	3,150,588	\$ 36,158,470
Shares issued to shareholders in payment of distributions declared	90,948	998,382	151,340	1,726,229
Shares redeemed	(597,641)	(6,616,608)	(5,111,420)	(58,040,284)
Net change resulting from Investment share transactions	(324,712)	(\$ 3,596,613)	(1,809,492)	(\$ 20,155,585)

TRUST SHARES	SHARES	DOLLARS	SHARES	DOLLARS
<S>	<C>	<C>	<C>	<C>
Shares sold	760,364	\$ 8,470,279	6,530,935	\$ 73,925,771
Shares issued to shareholders in payment of distributions declared	94,099	1,032,559	58,141	653,321
Shares redeemed	(897,513)	(9,979,160)	(1,008,394)	(11,355,619)
Net change resulting from Trust share transactions	(43,050)	(\$ 476,322)	5,580,682	\$ 63,223,473
Net change resulting from Fund share transactions	(367,761)	(\$ 4,072,935)	3,771,190	\$ 43,067,888

</TABLE>

*For the period from April 5, 1994 (start of business) to November 30, 1994.

<TABLE>
<CAPTION>

	STRATEGIC INCOME
<S>	<C>
	SIX MONTHS ENDED MAY 31, 1995 (UNAUDITED)
Shares sold	2,582,779
Shares issued to shareholders in payment of distributions declared	15,738
Shares redeemed	(119,200)
Net change resulting from Fund share transactions	2,479,317

</TABLE>

<TABLE>
<CAPTION>

	U.S. GOVERNMENT INCOME	
<S>	<C>	<C>
	SIX MONTHS ENDED MAY 31, 1995 (UNAUDITED)	YEAR ENDED NOVEMBER 30, 1994
Shares sold	1,602,148	6,950,021
Shares issued to shareholders in payment of distributions declared	149,745	138,234
Shares redeemed	(1,530,864)	(1,885,603)
Net change resulting from Fund share transactions	221,029	5,202,652

</TABLE>

(4) INVESTMENT ADVISORY FEE AND OTHER TRANSACTIONS WITH AFFILIATES

INVESTMENT ADVISORY FEE--Star Bank, N.A., the Trust's investment adviser (the "Adviser"), receives for its services an annual investment advisory fee based on a percentage of each Fund's average daily net assets (see below). The Adviser may voluntarily choose to waive a portion of its fee. The Adviser can modify or terminate this voluntary waiver at any time at its sole discretion.

<TABLE>
<CAPTION>

FUND	ANNUAL RATE
<S>	<C>
Capital Appreciation	0.95%
Growth Equity	0.75%
Relative Value	0.75%
Stellar	0.95%
Strategic Income	0.95%
U.S. Government Income	0.60%

</TABLE>

ADMINISTRATIVE FEE--Federated Administrative Services ("FAS") provides each Fund with certain administrative personnel and services for which it receives a fee. The FAS fee is based on the level of average aggregate net assets of the Trust for the period. FAS may voluntarily choose to waive a portion of its fee.

DISTRIBUTION AND SHAREHOLDER SERVICES FEE--The Trust has adopted a Distribution

Plan (the "Plan") pursuant to Rule 12b-1 under the Act. Under the terms of the Plan, the Funds will compensate Federated Securities Corp. ("FSC"), the principal distributor, from the net assets of the Funds to finance activities intended to result in the sale of the shares subject to the Plan. The Plan provides that the Funds may incur distribution expenses up to .25 of 1% of the average daily net assets of the shares subject to the Plan, annually, to compensate FSC. The Funds will not accrue or pay any distribution expenses pursuant to the Plan until a second class of shares has been registered with the Securities and Exchange Commission.

Under the terms of the Shareholder Services Agreement with Star Bank, N.A., each Fund will pay Star Bank up to 0.25 of 1% of its average daily net assets for the period. For the foreseeable future the Funds plan to limit the Shareholder Servicing fee to 0.03% of average daily net assets. This fee is to obtain certain services for shareholders and to maintain shareholder accounts.

TRANSFER AND DIVIDEND DISBURSING AGENT FEES AND EXPENSES, PORTFOLIO ACCOUNTING AND CUSTODIAN FEES--Federated Services Company ("FServ") serves as transfer and dividend disbursing agent for the Funds for which it receives a fee. The fee is based on the size, type, and number of accounts and transactions made by shareholders.

FServ also maintains the Funds' accounting records for which it receives a fee. The fee is based on the level of each Fund's average net assets for the period, plus out-of-pocket expenses.

Star Bank, N.A., is the Funds' custodian for which it receives a fee of .025 of 1% of average daily net assets. The fee is based on the level of each Funds' average net assets for the period, plus out-of-pocket expenses.

ORGANIZATIONAL EXPENSES--Organizational expenses were initially borne by FAS. The Funds have agreed to reimburse FAS for the organizational expenses during the five year period following the Funds' effective date.

<TABLE>
<CAPTION>

	EFFECTIVE DATE	EXPENSES OF ORGANIZING THE FUND	AMOUNTS REIMBURSED TO FAS FOR THE SIX MONTHS ENDED MAY 31, 1995
<S>	<C>	<C>	<C>
Capital Appreciation	May 16, 1994	\$ 30,000	1,167
Growth Equity	November 14, 1994	30,000	1,167
Relative Value	December 5, 1990	33,500	2,078
Stellar	July 31, 1991	23,641	2,794
Strategic Income	November 14, 1994	30,000	1,167
U.S. Government Income	November 23, 1992	25,000	3,225

</TABLE>

Certain of the Officers and Trustees of the Trust are Officers and Directors or Trustees of the above companies.

(5) INVESTMENT TRANSACTIONS

Purchases and sales of investments, excluding short-term securities, for the six months ended May 31, 1995, were as follows:

<TABLE>
<CAPTION>

	PURCHASES	SALES
<S>	<C>	<C>
Capital Appreciation	\$ 18,759,518	\$ 13,795,885
Growth Equity	48,856,304	16,953,893
Relative Value	28,696,228	14,909,237
Stellar	54,202,312	48,798,134
Strategic Income	44,618,281	21,356,873
U.S. Government	88,641,754	91,617,726

</TABLE>

(6) CONCENTRATION OF CREDIT RISK

Stellar invests in equity and fixed income securities of non-U.S. issuers. Although, Stellar maintains a diversified investment portfolio, the political or economic developments within a particular country or region may have an adverse effect on the ability of domiciled issuers to meet their obligations. Additionally, political or economic developments may have an effect on the liquidity and volatility of portfolio securities and currency holdings.

TRUSTEES

OFFICERS

<TABLE>

<S>

John F. Donahue
 Thomas G. Bigley
 John T. Conroy, Jr.
 William J. Copeland
 James E. Dowd
 Lawrence D. Ellis, M.D.
 Edward L. Flaherty, Jr.
 Edward C. Gonzales
 Peter E. Madden
 Gregor F. Meyer
 John E. Murray, Jr.
 Wesley W. Posvar
 Marjorie P. Smuts

<C>

John F. Donahue
 Chairman
 Edward C. Gonzales
 President and Treasurer
 Richard B. Fisher
 Vice President
 Joseph S. Machi
 Vice President and Assistant Treasurer
 John W. McGonigle
 Vice President and Secretary
 David M. Taylor
 Assistant Treasurer
 C. Grant Anderson
 Assistant Secretary

</TABLE>

Mutual funds are not bank deposits or obligations, are not guaranteed by any bank, and are not insured or guaranteed by the U.S. government, the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other government agency. Investment in mutual funds involves investment risks, including possible loss of principal.

This report is authorized for distribution to prospective investors only when preceded or accompanied by the Trust's prospectus which contains facts concerning its objective and policies, management fees, expenses and other information.

STAR FUNDS

MONEY MARKET FUNDS

Combined
 Semi-Annual Report
 to Shareholders

May 31, 1995
 Portfolios of Star Funds

Star Tax-Free Money Market Fund
 Star Treasury Fund

Star Bank, N.A.
 Investment Adviser

Federated Securities Corp.
 Distributor

Cusip 854911302
 Cusip 854911104
 2062306 (7/95)

PRESIDENT'S MESSAGE

Dear Shareholder:

I am pleased to present the combined Semi-Annual Report to shareholders for the Star Money Market Funds for the six-month period ended May 31, 1995. This report provides complete financial information for Star Tax-Free Money Market Fund and Star Treasury Fund. Of particular note are the investment reviews written by the portfolio managers of each fund. Also included is a listing of investments for each fund, as well as series of comprehensive financial statements.

Total combined assets for the two funds documented in this report amounted to more than \$636 million at the end of the period. Designed to put your hard-earned money to work, the Star Money Market Funds can be an excellent way to make the most of the cash you keep on-hand.*

Of special note this reporting period was a meeting of the shareholders of Star Funds on April 20, 1995. At the time of the meeting, there was a total of 94,628,060.56 outstanding shares. The following item was considered by shareholders, and the

result of their voting follows:

1. To approve or disapprove an agreement and plan of reorganization for the acquisition of Star Prime Obligations Fund by Star Treasury Fund.

<S> Voting Results	<C> FOR	<C> AGAINST	<C> ABSTAIN	<C> WITHHELD AUTHORITY TO VOTE
	64,872,432.51	98,848.96	29,528,553.27	0

As always, we thank you for putting your confidence in the Star Money Market Funds. We will continue to keep you informed on your investment, and remain committed to delivering the highest level of personal service.

Sincerely,

/s/Edward C. Gonzales
Edward C. Gonzales
President
July 17, 1995

*Money market funds seek to maintain a stable net asset value of \$1.00 per share. There is no assurance that they will be able to do so. An investment in the Funds is neither insured nor guaranteed by the U.S. government.

INVESTMENT REVIEW

Star Treasury Fund and Star Tax-Free Money Market Fund

- Q After several interest rate increases in 1994, it seems rates have stabilized, or even decreased slightly in the first half of 1995. What impact did interest rates have on the Star Money Market Funds during the six-month period ended May 31, 1995?
- A The impact to the Star Money Market Funds is actually positive because the interest rate increases in 1994 gave us a buying opportunity to "lock-in" higher yields for the portfolios. So, as interest rates declined in the first half of 1995, we were able to maintain competitive yields for shareholders.
- Q Have you made any significant changes in the strategy for each fund, given the current interest rate environment?
- A The primary change was to move from a "defensive" to "neutral" portfolio stance by increasing the funds' average maturity to market weighted. Essentially this means shifting from variable rate instruments to fixed rate securities.
- Q What is your outlook for short-term rates for the rest of 1995?
- A Despite the observations of the Federal Reserve System regarding economic growth, we believe this is a temporary pause in the level of economic activity. However, we do not foresee a rapid expansion due to the slow growth in the labor force and the level of consumer indebtedness. Most likely we will witness a period of modestly higher interest rates in the coming months. The funds have been positioned to benefit in this environment by maintaining a conservative portfolio average maturity, increasing diversification, and increasing the allocation to mortgage related bonds. Looking ahead, we foresee somewhat higher interest rates in the coming months.

STAR TAX-FREE MONEY MARKET FUND
PORTFOLIO OF INVESTMENTS
MAY 31, 1995
(UNAUDITED)

<TABLE> <CAPTION>		CREDIT RATING: MOODY'S OR S&P*	VALUE
<C> PRINCIPAL AMOUNT	<S>	<C>	<C>

SHORT-TERM MUNICIPAL SECURITIES--96.9%

ALABAMA--0.8%			
\$ 1,200,000	Montgomery, AL, BMC Special Care Facilities Financing Authority, Weekly VRDNs Revenue Refunding Bonds (VHA of Alabama, Inc.)/(Series G)/ (First National Bank of Chicago SPA)/(AMBAC Insured)	A-1	\$ 1,200,000
CALIFORNIA--2.0%			
3,000,000	California Higher Education Loan Authority, 3.90% (Series B)/(SLMA LOC), 7/1/1995	VMIG1/A-1+	3,000,000
COLORADO--2.9%			
720,000	Loveland, CO, IDR, 3.95% (Safeway, Inc.)/(Bankers Trust Co. LOC), 12/1/1995	A-1+	720,000
720,000	Loveland, CO, IDR, 4.45% (Safeway, Inc.)/(Bankers Trust Co. LOC), 6/1/1995	A-1+	720,000
3,000,000	Smith Creek, CO, Weekly VRDNs Metropolitan District Revenue Bonds (NationsBank, TX LOC)	A-1	3,000,000
Total			4,440,000
FLORIDA--2.3%			
2,000,000	Escambia County, FL, Weekly VRDNs Revenue Bonds (Pacer Industries, Inc.)/(Trust Co. Bank LOC)	Aa3	2,000,000
1,500,000	University Athletic Association, FL, Daily VRDNs Revenue Refunding Bonds (University of Florida Stadium Project)/(Sun Bank LOC)	VMIG1	1,500,000
Total			3,500,000
ILLINOIS--22.1%			
1,260,000	Chicago, IL, 4.60% GO Notes (Series A)/(Morgan Guaranty & Trust Co. LOC), 10/31/1995	VMIG1/SP1+	1,260,000
2,300,000	Chicago, IL, Weekly VRDNs GO Notes (Series B)/ (Societe Generale LOC)	VMIG1/A-1+	2,300,000
2,200,000	Cook County, IL, Weekly VRDNs Revenue Refunding Bonds (Series A-1)/(Catholic Charities Housing Development Corp.)/(National Westminster LOC)	VMIG1	2,200,000
1,500,000	Illinois Development Finance Authority, 3.90% Pollution Control Revenue Refunding Bonds (Illinois Power Co. Project)/(Series C)/(Canadian Imperial Bank LOC), 8/3/1995	VMIG1/A-1+	1,500,000
1,055,000	Illinois Development Finance Authority, Weekly VRDNs Revenue Bonds (Lake Forest Academy)/ (Northern Trust Co. LOC)	A-1+	1,055,000

</TABLE>

STAR TAX-FREE MONEY MARKET FUND

<TABLE>
<CAPTION>

PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P*	VALUE
<C>	<S>	<C>	<C>

SHORT-TERM MUNICIPAL SECURITIES--CONTINUED

ILLINOIS--CONTINUED			
\$ 2,000,000	Illinois Development Finance Authority, Weekly VRDNs Revenue Bonds (Roosevelt University Project)/ (American National Bank LOC)	A-1+	\$ 2,000,000
3,000,000	Illinois Development Finance Authority, Weekly VRDNs Revenue		

	Bonds (St. Ignatius College)/ (Northern Trust Co. LOC)	A-1+	3,000,000
2,200,000	Illinois Educational Facilities Authority, Weekly VRDNs Revenue Refunding Bonds (Newberry Library)/(Northern Trust Co. LOC)	VMIG1	2,200,000
1,600,000	Illinois Health Facilities Authority, Weekly VRDNs Revenue Bonds (Evangelical Hospital Corp.)/(Series A)/ (First National Bank of Chicago LOC)	VMIG1	1,600,000
4,000,000	Illinois Health Facilities Authority, 4.15% Revenue Bonds (Victory Health Services Project)/(Series C)/ (First National Bank of Chicago LOC), 7/19/1995	VMIG1	4,000,000
4,000,000	Illinois Health Facilities Authority, Weekly VRDNs Revenue Bonds (Gottlieb Health Resources, Inc.)/(Harris Trust & Savings Bank LOC)	VMIG1	4,000,000
4,000,000	Illinois Health Facilities Authority, Weekly VRDNs Revenue Bonds (West Suburban Hospital Medical Center)/(First National Bank of Chicago LOC)	VMIG1	4,000,000
2,000,000	Illinois State, 4.75% GO Bonds, 6/15/1995	MIG1/SP1+	2,000,550
1,830,000	Schaumburg, IL, IDR, Weekly VRDNs (La Quinta Motor Inns)/(NationsBank of Fort Worth LOC)	Aa3	1,830,000
450,000	Springfield, IL, Weekly VRDNs Revenue Refunding Bonds (Kent Family, Inc. Project)/(PNC Bank, PA LOC)	A-1	450,000
	Total		33,395,550
INDIANA--8.1%			
3,195,000	Logansport, IN, Weekly VRDNs (MMM Investment Project)/(Bank One of Indianapolis LOC)	NR(B)	3,195,000
2,000,000	Indiana Bond Bank, 5.75% (Series A-2), 1/10/1996	SP-1+/MIG1	2,008,179
4,000,000	Indianapolis, IN, EDR, Weekly VRDNs (Rand McNally Project)/(First Union National Bank, NC LOC)	A-1	4,000,000
2,000,000	Purdue University, IN, Weekly VRDNs University Revenue Bonds (Student Fee)/(Series H)	VMIG1/A-1+	2,000,000
1,000,000	Purdue University, IN, Weekly VRDNs University Revenue Bonds (Student Fee)/(Series K)	VMIG1/A-1+	1,000,000
	Total		12,203,179
KENTUCKY--3.1%			
1,000,000	Boone County, KY, IDR, Weekly VRDNs (Square D Co.)/(Series A)/(Societe Generale LOC)	A-1+	1,000,000

</TABLE>

STAR TAX-FREE MONEY MARKET FUND

<TABLE>
<CAPTION>

PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P*	VALUE
<C>	<S>	<C>	<C>
SHORT-TERM MUNICIPAL SECURITIES--CONTINUED			
KENTUCKY--CONTINUED			
\$ 2,000,000	Fulton, KY, Weekly VRDNs Revenue Bonds (United Health Care of Kentucky, Inc.)/(First Union National Bank, Charlotte LOC)	VMIG1	\$ 2,000,000
1,700,000	Louisville, KY, Weekly VRDNs (222 Project)/(PNC Bank, KY LOC)	A-1	1,700,000
	Total		4,700,000
MARYLAND--0.7%			

1,000,000	Maryland State, IDA, EDR, Weekly VRDNs (Maryland Academy of Sciences)/(NationsBank, NC LOC)	VMIG1	1,000,000
	MICHIGAN--0.6%		
875,000	Lenawee County, MI, Economic Development Corp. Weekly VRDNs (Hardwoods Michigan, Inc.)/National City Bank LOC	VMIG1	875,000
	MISSISSIPPI--1.3%		
2,000,000	Forest, MS, Weekly VRDNs Revenue Refunding Bonds (Sara Lee Corp.)	A1+	2,000,000
	MISSOURI--11.2%		
2,000,000	Independence, MO, 4.00% Water Utility Revenue Bonds (National Westminster LOC), 6/20/1995	VMIG1	2,000,000
2,100,000	Independence, MO, 4.10% Water Utility Revenue Bonds (National Westminster LOC), 6/22/1995	VMIG1	2,100,000
800,000	Independence, MO, IDA, Weekly VRDNs (Shoney's Inn Project)/(Wachovia Bank, NC LOC)	NR(B)	800,000
3,000,000	Missouri State, Environmental Improvement & Energy Resources Authority, Weekly VRDNs Revenue Refunding Bonds (Kansas City Power & Light Co.)	VMIG1/A-1	3,000,000
2,366,000	Missouri State Environmental Improvement & Energy Resources Authority, 4.00% Revenue Refunding Bonds (Kansas City Power & Light Co.), 10/11/1995	VMIG1/A-1	2,366,000
1,300,000	Missouri State, HEFA, Daily VRDNs Revenue Bonds (Washington University)/(Series A)	VMIG1/A1+	1,300,000
5,300,000	Missouri State, HEFA, Weekly VRDNs Revenue Bonds (Washington University)/(Series A)	VMIG1/A1+	5,300,000
	Total		16,866,000
	NEW MEXICO--1.3%		
2,000,000	Belen, NM, IDR, Weekly VRDNs Revenue Refunding Bonds (United Desiccants, Inc.)/(National City Bank, KY LOC)	NR(B)	2,000,000
	OHIO--8.9%		
1,000,000	Butler County, OH, 4.74% BANS, 4/19/1996	NR(C)	1,003,731
750,000	Butler County, OH, 4.80% BANS, 11/3/1995	NR(C)	751,220

</TABLE>

STAR TAX-FREE MONEY MARKET FUND

<TABLE>
<CAPTION>

PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P*	VALUE
<C>	<S>	<C>	<C>

SHORT-TERM MUNICIPAL SECURITIES--CONTINUED

	OHIO--CONTINUED		
\$ 1,000,000	Butler County, OH, 4.86% BANS (Series B), 3/15/1996	NR(C)	\$ 1,003,480
350,000	Butler County, OH, 5.07% BANS, 3/15/1996	NR(C)	351,237
500,000	Centerville, OH, Weekly VRDNs Health Care Revenue Bonds (Bethany Lutheran Village)/(PNC Bank, OH LOC)	VMIG1	500,000
500,000	Columbus, OH, Sewer Revenue, Weekly VRDNs	VMIG1/A-1+	500,000
480,000	Hamilton County, OH, 4.99% BANS, 9/13/1995	NR(AB)	480,508

1,310,000	Marion County, OH, Hospital Revenue, Weekly VRDNs (Pooled Lease Program)/(Bank One of Columbus LOC)	VMIG1	1,310,000
1,965,000	Ohio State, IDR, Weekly VRDNs (Cincinnati Riverfront Coliseum, Inc.)/(PNC Bank, OH LOC)	A1	1,965,000
550,000	Ohio State University, Weekly VRDNs (General Receipts)/(Series B)	VMIG1/A-1+	550,000
3,000,000	University of Cincinnati, OH, 4.75% BANS, 8/30/1995	MIG1/SP-1+	3,004,983
2,000,000	University of Cincinnati, OH, 5.00% BANS, 3/21/1996	MIG1/SP-1+	2,005,363
	Total		13,425,522

PENNSYLVANIA--5.6%			
1,300,000	Allegheny County, PA, Hospital Development Authority, Daily VRDNs (Presbyterian University Hospital)/(Series C) (Credit Suisse SPA)/(MBIA Insured)	VMIG1/A-1+	1,300,000
100,000	Allegheny County, PA, Hospital Development Authority, Daily VRDNs (Presbyterian University Hospital)/(Series D) (Credit Suisse SPA)/(MBIA Insured)	VMIG1/A-1+	100,000
6,000,000	Allegheny County, PA, IDR, 4.80% Revenue Bonds (Duquesne Light Co.)/(Series A)/(Canadian Imperial Bank LOC), 10/17/1995	P1/A-1+	6,000,000
1,000,000	East Penn, PA, Industrial & Commercial Development Authority, Weekly VRDNs Revenue Refunding Bonds (Electric Data System Corp.)/(Wachovia Bank, GA LOC)	Aa2	1,000,000
	Total		8,400,000

TENNESSEE--4.6%			
1,000,000	Greenville, TN, IDR, Weekly VRDNs Revenue Refunding Bonds (Ball Corp. Project)/(Wachovia Bank, GA LOC)	A-1+	1,000,000
3,900,000	Sullivan County, TN, Health, Education & Housing Facilities Revenue Weekly VRDNs (Asbury Center Residential Care Facility)/(NationsBank, NC LOC)	NR(C)	3,900,000
1,000,000	Tennessee State, Weekly VRDNs BANS (Series A)	VMIG1/A-1+	1,000,000

</TABLE>

STAR TAX-FREE MONEY MARKET FUND

<TABLE>
<CAPTION>

PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P*	VALUE
<C>	<S>	<C>	<C>

SHORT-TERM MUNICIPAL SECURITIES--CONTINUED			

TENNESSEE--CONTINUED			
\$ 1,000,000	Tennessee State, Weekly VRDNs BANS (Series B)	VMIG1/A-1+	\$ 1,000,000
	Total		6,900,000

TEXAS--14.9%			
2,580,000	Bexar County, TX, HFDC, Weekly VRDNs (Army Retirement-Residence Foundation)/(Banque Paribas LOC)	A-1	2,580,000
3,500,000	Greater East, TX, Higher Education Authority, Weekly VRDNs Revenue Refunding Bonds (Series A)/(SLMA LOC),	VMIG1/A-1+	3,500,000
1,800,000	Harris County, TX, HFDC, Hospital Revenue, Daily VRDNs (Harris County Methodist Hospital)/(Morgan Guaranty Trust Co. SPA)	A-1+	1,800,000
500,000	Harris County, TX, HFDC, Hospital Revenue, Daily VRDNs (St. Luke's Episcopal Hospital)/(Series B)/ (Morgan Guaranty Trust Co. SPA)	A-1+	500,000

1,800,000	Harris County, TX, HFDC, Hospital Revenue, Daily VRDNs (St. Luke's Episcopal Hospital)/(Series D)/ (Morgan Guaranty Trust Co. SPA)	A-1+	1,800,000
2,000,000	Houston, TX, ISD, 4.50% TRANS (Series A), 8/31/1995	MIG1/SP1+	2,002,604
1,100,000	Houston, TX, Weekly VRDNs (Series A)/(Morgan Guaranty Trust Co. SPA)	VMIG1/A-1+	1,100,000
2,000,000	Lone Star, TX, Airport Improvement Authority, 4.10% Revenue Bonds (Multiple Mode)/(Series A-1)/(Royal Bank of Canada LOC), 6/15/1995	VMIG1	2,000,000
2,200,000	Lone Star, TX, Airport Improvement Authority, 4.60% Revenue Bonds (Multiple Mode)/(Series B-3)/(Royal Bank of Canada LOC), 7/11/1995	VMIG1	2,200,000
1,100,000	Lone Star, TX, Airport Improvement Authority, 4.60% Revenue Bonds (Multiple Mode)/(Series B-4)/(Royal Bank of Canada LOC), 7/11/1995	VMIG1	1,100,000
1,900,000	San Antonio, TX, IDA, IDR, Weekly VRDNs (Rivercenter Association Project)/(PNC Bank, PA LOC)	A1	1,900,000
2,000,000	Texas State, 5.00% TRANS, 8/31/1995	MIG1/Sp1+	2,001,789
	Total		22,484,393
	UTAH--0.3%		
400,000	Castle Dale, UT, IDR, 4.90% Revenue Refunding Bonds (Safeway, Inc. Project)/(Bankers Trust Co. LOC), 8/1/1995	A-1+	400,000
	VIRGINIA--5.4%		
1,840,000	Charlottesville, VA, IDA, IDR, 3.95% Revenue Refunding Bonds (Safeway, Inc. Project)/(Banker Trust Co. LOC), 12/1/1995	A-1+	1,840,000

</TABLE>

STAR TAX-FREE MONEY MARKET FUND

<TABLE>
<CAPTION>

PRINCIPAL AMOUNT		CREDIT RATING: MOODY'S OR S&P*	VALUE
<C>	<S>	<C>	<C>
SHORT-TERM MUNICIPAL SECURITIES--CONTINUED			
VIRGINIA--CONTINUED			
\$ 1,920,000	Charlottesville, VA, IDA, IDR, 4.45% Revenue Refunding Bonds (Safeway, Inc. Project)/(Banker Trust Co. LOC), 6/1/1995	A-1+	\$ 1,920,000
4,400,000	Roanoke, VA, IDA, Hospital Revenue, Daily VRDNs Revenue Bonds (Roanoke Memorial Hospital Project)/ (Series A)/(Morgan Guaranty Trust Co. LOC)	VMIG1/A-1+	4,400,000
	Total		8,160,000
	WYOMING--0.8%		
1,200,000	Gillette, WY, 4.20% Pollution Control Revenue Bonds (PacificCorp Project)/(Deutsche Bank, A.G., LOC), 6/23/1995	P-1/A-1+	1,200,000
	TOTAL SHORT-TERM MUNICIPAL SECURITIES		146,149,644
	OTHER--4.5%		
6,420,630	S.E.I. Tax Exempt Trust (at net asset value)		6,420,630
435,164	Vanguard Municipal Bond Fund, Inc. (at net asset value)		435,164

TOTAL OTHER	6,855,794
TOTAL INVESTMENTS AT AMORTIZED COST AND VALUE	\$ 153,005,438+

</TABLE>

+ Also represents cost for federal tax purposes.

* Please refer to the appendix of the "Statement of Additional Information" for an explanation of the credit ratings.

Note: The categories of investments are shown as a percentage of net assets (\$151,152,782) at May 31, 1995.

The following abbreviations are used throughout this portfolio:

- AMBAC--American Municipal Bond Assurance Corp.
- BANs--Bond Anticipation Notes
- EDR--Economic Development Revenue
- GO--General Obligation
- HEFA--Health and Education Facility Authority
- HFDC--Health Facilities Development Corporation
- IDA--Industrial Development Authority
- IDR--Industrial Development Revenue
- ISD--Independent School District
- LOC(s)--Letter(s) of Credit
- MBIA--Municipal Bond Investors Assurance
- MMMs--Money Market Municipals
- SLMA--Student Loan Marketing Association
- SPA--Standby Purchase Agreement
- TRANS--Tax Revenue Anticipation Notes
- VHA--Veterans Housing Administration
- VRDNs--Variable Rate Demand Notes

(See Notes which are an integral part of the Financial Statements)

STAR TAX-FREE MONEY MARKET FUND
STATEMENT OF ASSETS AND LIABILITIES
MAY 31, 1995
(UNAUDITED)

	<C>	<C>
ASSETS:		
Investments in securities, at amortized cost and value		\$ 153,005,438
Income receivable		1,174,715
Deferred expenses		5,837
Total assets		154,185,990
LIABILITIES:		
Payable for investments purchased	\$ 2,560,000	
Income distribution payable	453,079	
Accrued expenses	20,129	
Total liabilities		3,033,208
Net Assets for 151,152,782 shares outstanding		\$ 151,152,782
NET ASSET VALUE, Offering Price and Redemption Proceeds Per Share: (\$151,152,782 / 151,152,782 shares outstanding)		\$1.00

</TABLE>

(See Notes which are an integral part of the Financial Statements)

STAR TAX-FREE MONEY MARKET FUND
STATEMENT OF OPERATIONS
SIX MONTHS ENDED MAY 31, 1995
(UNAUDITED)

	<C>	<C>
<TABLE>		
<S>		
INVESTMENT INCOME:		

Interest		\$ 2,961,278

EXPENSES:		

Investment advisory fee	\$ 405,095	

Administrative personnel and services fee	83,938	

Custodian fees	17,700	

Transfer agent and dividend disbursing agent fees and expenses	14,887	

Directors'/Trustees' fees	1,290	

Auditing fees	8,815	

Legal fees	2,517	

Portfolio accounting fees	19,209	

Shareholder services fee	7,594	

Share registration costs	16,695	

Printing and postage	9,699	

Insurance premiums	2,998	

Miscellaneous	2,245	

Total expenses	592,682	

Deduct--Waiver of investment advisory fee	110,480	

Net expenses		482,202

Net investment income		\$ 2,479,076

</TABLE>		

(See Notes which are an integral part of the Financial Statements)

STAR TAX-FREE MONEY MARKET FUND
STATEMENT OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

	SIX MONTHS ENDED MAY 31, 1995 (UNAUDITED) <C>	YEAR ENDED NOVEMBER 30, 1994 <C>
<S>		
INCREASE (DECREASE) IN NET ASSETS:		

OPERATIONS--		

Net investment income	\$ 2,479,076	\$ 2,912,754

DISTRIBUTIONS TO SHAREHOLDERS--		

Distributions from net investment income	(2,479,076)	(2,912,754)

SHARE TRANSACTIONS		

Proceeds from sale of shares	243,855,078	431,948,243

Net asset value of shares issued to shareholders in payment of distributions declared	131	42

Cost of shares redeemed	(228,129,080)	(431,543,978)

Change in net assets resulting from share transactions	15,726,129	404,307

Change in net assets	15,726,129	404,307
NET ASSETS:		
Beginning of period	135,426,653	135,022,346
End of period	\$ 151,152,782	\$ 135,426,653

</TABLE>

(See Notes which are an integral part of the Financial Statements)

STAR TAX-FREE MONEY MARKET FUND
FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD)

<TABLE>
<CAPTION>

	SIX MONTHS ENDED MAY 31, 1995 (UNAUDITED)		YEAR ENDED NOVEMBER 30,					
	<C>	1994	<C>	1993	<C>	1992	<C>	1991 (a)
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
INCOME FROM INVESTMENT OPERATIONS								
Net investment income	0.02	0.02	0.02	0.02	0.03	0.03	0.03	0.03
LESS DISTRIBUTIONS								
Distributions from net investment income	(0.02)	(0.02)	(0.02)	(0.02)	(0.03)	(0.03)	(0.03)	(0.03)
NET ASSET VALUE, END OF PERIOD	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
TOTAL RETURN (B)	1.70%	2.15%	1.91%	2.59%	2.84%			
RATIOS TO AVERAGE NET ASSETS								
Expenses	0.65% (c)	0.65%	0.65%	0.66%	0.55% (c)			
Net investment income	3.37% (c)	2.12%	1.90%	2.54%	3.95% (c)			
Expense waiver/reimbursement (d)	0.15% (c)	0.15%	0.40%	0.40%	0.48% (c)			
SUPPLEMENTAL DATA								
Net assets, end of period (000 omitted)	\$151,153	\$135,427	\$135,022	\$144,487	\$113,731			

</TABLE>

(a) Reflects operations for the period from March 15, 1991 (date of initial public investment) to November 30, 1991.

(b) Based on net asset value, which does not reflect the sales load or contingent deferred sales charge, if applicable.

(c) Computed on an annualized basis.

(d) This voluntary expense decrease is reflected in both the expense and net investment income ratios shown above.

(See Notes which are an integral part of the Financial Statements)

STAR TREASURY FUND
PORTFOLIO OF INVESTMENTS
MAY 31, 1995
(UNAUDITED)

<TABLE>
<CAPTION>

PRINCIPAL AMOUNT	VALUE
<C>	<S>
<C>	<C>

 SHORT-TERM OBLIGATIONS--17.6%

\$ 10,000,000	U.S. Treasury Bond, 8.375%, 8/15/1995	\$ 10,047,052
75,000,000	U.S. Treasury Notes, 3.875%-8.50%, 7/31/1995-5/15/1996	74,699,764
	TOTAL SHORT-TERM OBLIGATIONS	84,746,816

 *REPURCHASE AGREEMENTS--82.6%

23,000,000	Bear, Stearns & Co., Inc., 6.125%, dated 5/31/1995, due 6/1/1995	23,000,000
23,000,000	CS First Boston Corp., 6.05%, dated 5/31/1995, due 6/1/1995	23,000,000
23,000,000	Dean Witter Reynolds, Inc., 6.08%, dated 5/31/1995, due 6/1/1995	23,000,000
119,329,000	Donaldson, Lufkin & Jenrette Securities Corp., 6.125%, dated 5/31/1995, due 6/1/1995	119,329,000
23,000,000	Fuji Securities Corp., 6.10%, dated 5/31/1995, due 6/1/1995	23,000,000
23,000,000	HSBC Securities, Inc., 6.05%, dated 5/31/1995, due 6/1/1995	23,000,000
23,000,000	Merrill Lynch, Pierce, Fenner & Smith, Inc., 6.00%, dated 5/31/1995, due 6/1/1995	23,000,000
20,000,000	Morgan Stanley & Co., Inc., 5.95%, dated 5/30/1995, due 6/1/1995	20,000,000
119,500,000	Natwest Investor Services Corp., 6.10%, dated 5/31/1995, due 6/1/1995	119,500,000
	TOTAL REPURCHASE AGREEMENTS	396,829,000
	TOTAL INVESTMENTS, AT AMORTIZED COST	\$ 481,575,816+

</TABLE>

* The repurchase agreements are fully collateralized by U.S. Treasury obligations based on market prices at the date of the portfolio.

+ Also represents cost for federal tax purposes.

Note: The categories of investments are shown as a percentage of net assets (\$480,519,142) at May 31, 1995.

(See Notes which are an integral part of the Financial Statements)

STAR TREASURY FUND
 STATEMENT OF ASSETS AND LIABILITIES
 MAY 31, 1995
 (UNAUDITED)

	<C>	<C>
ASSETS:		
Investments in repurchase agreements	\$ 396,829,000	
Investments in securities	84,746,816	
Total Investments in securities, at amortized cost		\$ 481,575,816
Cash		24,980
Income receivable		1,009,183
Total assets		482,609,979
LIABILITIES:		
Income distribution payable	2,040,327	
Accrued expenses	50,510	
Total liabilities		2,090,837
NET ASSETS for 480,519,142 shares outstanding		\$ 480,519,142
NET ASSET VALUE, Offering Price and Redemption Proceeds Per Share:		

</TABLE>

(See Notes which are an integral part of the Financial Statements)

STAR TREASURY FUND
STATEMENT OF OPERATIONS
SIX MONTHS ENDED MAY 31, 1995
(UNAUDITED)

	<C>	<C>
INVESTMENT INCOME:		
Interest		\$ 10,939,551
EXPENSES:		
Investment advisory fee	\$ 940,627	
Administrative personnel and services fee	214,019	
Custodian fees	46,066	
Transfer agent and dividend disbursing agent fees and expenses	15,807	
Directors'/Trustees' fees	2,880	
Auditing fees	7,824	
Legal fees	2,734	
Portfolio accounting fees	39,275	
Shareholder services fee	21,948	
Share registration costs	36,474	
Printing and postage	6,679	
Insurance premiums	3,412	
Miscellaneous	1,894	
Total expenses		1,339,639
Net investment income		\$ 9,599,912

</TABLE>

(See Notes which are an integral part of the Financial Statements)

STAR TREASURY FUND
STATEMENT OF CHANGES IN NET ASSETS

	SIX MONTHS ENDED MAY 31, 1995 (UNAUDITED)	YEAR ENDED NOVEMBER 30, 1994
	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS:		
OPERATIONS--		
Net investment income	\$ 9,599,912	\$ 10,830,098
DISTRIBUTIONS TO SHAREHOLDERS--		
Distributions from net investment income	(9,599,912)	(10,830,098)
SHARE TRANSACTIONS		

Proceeds from sale of shares	2,235,436,710	4,438,594,909
Net asset value of shares issued to shareholders in payment of distributions declared	22,329	2,753
Cost of shares redeemed	(2,113,705,868)	(4,465,851,804)
Change in net assets resulting from share transactions	121,753,171	(27,254,142)
Change in net assets	121,753,171	(27,254,142)
NET ASSETS:		
Beginning of period	358,765,971	386,020,113
End of period	\$ 480,519,142	\$ 358,765,971

(See Notes which are an integral part of the Financial Statements)

STAR TREASURY FUND
FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD)

<TABLE>
<CAPTION>

<S>	<C>	YEAR ENDED NOVEMBER 30,						
		SIX MONTHS ENDED MAY 31, 1995 (UNAUDITED)	1994	1993	1992	1991	1990	1989 (a)
		<C>	<C>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$	1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
INCOME FROM INVESTMENT OPERATIONS								
Net investment income		0.03	0.03	0.03	0.03	0.06	0.07	0.05
LESS DISTRIBUTIONS								
Distributions from net investment income		(0.03)	(0.03)	(0.03)	(0.03)	(0.06)	(0.07)	(0.05)
NET ASSET VALUE, END OF PERIOD	\$	1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
TOTAL RETURN (B)		2.56%	3.30%	2.56%	3.41%	5.72%	7.72%	5.36%
RATIOS TO AVERAGE NET ASSETS								
Expenses		0.71% (c)	0.70%	0.70%	0.71%	0.71%	0.73%	0.77% (c)
Net investment income		5.10% (c)	3.24%	2.53%	3.33%	5.51%	7.44%	8.28% (c)
Expense waiver/ reimbursement (d)		0.00%	0.00%	0.25%	0.25%	0.10%	0.03%	0.01% (c)
SUPPLEMENTAL DATA								
Net assets, end of period (000 omitted)		\$480,519	\$358,766	\$386,020	\$346,508	\$307,278	\$226,519	\$174,062

(a) Reflects operations for the period from April 14, 1989 (date of initial public investment) to November 30, 1989.

(b) Based on net asset value, which does not reflect the sales load or contingent deferred sales charge, if applicable.

(c) Computed on an annualized basis.

(d) This voluntary expense decrease is reflected in both the expense and net

investment income ratios shown above.

(See Notes which are an integral part of the Financial Statements)

STAR FUNDS
COMBINED NOTES TO FINANCIAL STATEMENTS
MAY 31, 1995
(UNAUDITED)

(1) ORGANIZATION

Star Funds (the "Trust"), is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end management investment company. The Trust consists of eight diversified portfolios. The following portfolios comprise the Trust:

PORTFOLIO NAME
Star Capital Appreciation Fund ("Capital Appreciation")
Star Growth Equity Fund ("Growth Equity")
Star Relative Value Fund ("Relative Value")
The Stellar Fund ("Stellar")
Star Strategic Income Fund ("Strategic Income")
Star Tax-Free Money Market Fund ("Tax-Free")
Star Treasury Fund ("Treasury")
Star U.S. Government Income Fund ("U.S. Government Income")

The financial statements of the following portfolios (individually referred to as the "Fund", or collectively as the "Funds") are presented herein:

PORTFOLIO NAME
Star Tax-Free Money Market Fund
Star Treasury Fund

The financial statements of the other portfolios are presented separately. The assets of each portfolio are segregated and a shareholder's interest is limited to the portfolio in which shares are held.

Star Funds, except Stellar, are offered without class designation. Shares of Stellar are offered in two classes: Investment shares and Trust shares.

(2) SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Funds in the preparation of their financial statements. These policies are in conformity with generally accepted accounting principles.

- A. INVESTMENT VALUATIONS--The Funds' use of the amortized cost method to value their portfolio securities is in accordance with Rule 2a-7 under the Act. Investments in other open-end investment companies are valued at net asset value.
- B. REPURCHASE AGREEMENTS--It is the policy of the Funds to require a custodian bank to take possession, to have legally segregated in the Federal Reserve Book Entry System, or to have segregated within the custodian bank's vault, all securities held as collateral under repurchase agreement transactions. Additionally, procedures have been established by the Funds to monitor, on a daily basis, the market value of each repurchase agreement's collateral to ensure the value of collateral at least equals the repurchase price to be paid under the repurchase agreement transaction.

The Funds will only enter into repurchase agreements with banks and other recognized financial institutions, such as broker/dealers, which are deemed by the Funds' adviser to be creditworthy pursuant to guidelines and/or standards reviewed or established by the Board of Trustees (the "Trustees"). Risks may arise from the potential inability of counterparties to honor the terms of the repurchase agreement. Accordingly, the Funds could receive less than the repurchase price on the sale of collateral securities.

- C. INVESTMENT INCOME, EXPENSES, AND DISTRIBUTIONS--Interest income and expenses are accrued daily. Bond premium and discount, if applicable, are amortized as required by the

Internal Revenue Code, as amended (the "Code"). Distributions to shareholders are recorded on the ex-dividend date.

- D. FEDERAL TAXES--It is each Fund's policy to comply with the provisions of

the Code applicable to regulated investment companies and to distribute to shareholders each year substantially all of its income. Accordingly, no provisions for federal taxes are necessary.

- E. WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS--The Funds may engage in when-issued or delayed delivery transactions. The Funds record when-issued securities on the trade date and maintain security positions such that sufficient liquid assets will be available to make payment for the securities purchased. Securities purchased on a when-issued or delayed delivery basis are marked to market daily and begin earning interest on the settlement date.
- F. DEFERRED EXPENSES--The costs incurred by each Fund with respect to registration of its shares in its first fiscal year, excluding the initial expense of registering its shares, have been deferred and are being amortized using the straight-line method not to exceed a period of five years from each Fund's commencement date.
- G. OTHER--Investment transactions are accounted for on the trade date.

(3) SHARES OF BENEFICIAL INTEREST

The Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional shares of beneficial interest (without par value). At May 31, 1995, capital paid-in for Tax-Free and Treasury aggregated \$151,152,782 and \$480,519,142, respectively. Transactions in Fund shares were as follows:

<TABLE>
<CAPTION>

	TAX-FREE	
	SIX MONTHS ENDED MAY 31, 1995 (UNAUDITED)	YEAR ENDED NOVEMBER 30, 1994
<S>	<C>	<C>
Shares sold	243,855,078	431,948,243

Shares issued to shareholders in payment of distributions declared	131	42

Shares redeemed	(228,129,080)	(431,543,978)

Net change resulting from Fund share transactions	15,726,129	404,307

</TABLE>

<TABLE>
<CAPTION>

	TREASURY	
	SIX MONTHS ENDED MAY 31, 1995 (UNAUDITED)	YEAR ENDED NOVEMBER 30, 1994
<S>	<C>	<C>
Shares sold	2,235,436,710	4,438,594,909

Shares issued to shareholders in payment of distributions declared	22,329	2,753

Shares redeemed	(2,113,705,868)	(4,465,851,804)

Net change resulting from Fund share transactions	121,753,171	(27,254,142)

</TABLE>

(4) INVESTMENT ADVISORY FEE AND OTHER TRANSACTIONS WITH AFFILIATES

INVESTMENT ADVISORY FEE--Star Bank, N.A., the Trust's investment adviser (the "Adviser"), receives for its services an annual investment advisory fee based on a percentage of each Fund's average daily net assets (see below). The Adviser may voluntarily choose to waive a portion of its fee. The Adviser can modify or terminate this voluntary waiver at any time at its sole discretion.

<TABLE>
<CAPTION>

FUND	ANNUAL RATE
<S> Tax-Free Fund	<C> 0.55%

</TABLE>

ADMINISTRATIVE FEE--Federated Administrative Services ("FAS") provides each Fund with certain administrative personnel and services. The FAS fee is based on the level of average aggregate net assets of the Trust for the period. FAS may voluntarily choose to waive a portion of its fee.

DISTRIBUTION AND SHAREHOLDER SERVICES FEE--The Trust has adopted a Distribution Plan (the "Plan") pursuant to Rule 12b-1 under the Act. Under the terms of the Plan, the Funds will compensate Federated Securities Corp. ("FSC"), the principal distributor, from the net assets of the Funds to finance activities intended to result in the sale of the shares subject to the Plan. The Plan provides that the Funds may incur distribution expenses up to 0.25 of 1% of the average daily net assets of the shares subject to the Plan, annually, to compensate FSC. The Funds will not accrue or pay any distribution expenses pursuant to the Plan until a second class of shares has been registered with the Securities and Exchange Commission.

Under the terms of the Shareholder Services Agreement with Star Bank, N.A., each Fund will pay Star Bank up to 0.25 of 1% of its average daily net assets for the period. For the foreseeable future, the Funds plan to limit the Shareholder Servicing fee to 0.03% of average daily net assets. This fee is to obtain certain services for shareholders and to maintain shareholder accounts.

TRANSFER AND DIVIDEND DISBURSING AGENT FEES AND EXPENSES, PORTFOLIO, ACCOUNTING AND CUSTODIAN FEES--Federated Services Company ("FServ") serves as transfer and dividend disbursing agent for the Funds for which it receives a fee. The fee is based on the size, type, and number of accounts and transactions made by shareholders.

FServ also maintains the Funds' accounting records for which it receives a fee of .025 of 1% of the average daily net assets. The fee is based on the level of each Fund's average net assets for the period, plus out-of-pocket expenses.

Star Bank, N.A., is the Funds' custodian for which it receives a fee. The fee is based on the level of each Fund's average net assets for the period, plus out-of-pocket expenses.

ORGANIZATIONAL EXPENSES--Organizational expenses were initially borne by FAS. The Funds have agreed to reimburse FAS for the organizational expenses during the five year period following the Funds' effective date.

<TABLE>
<CAPTION>

	EFFECTIVE DATE	EXPENSES OF ORGANIZING THE FUND	AMOUNTS REIMBURSED TO FAS FOR THE SIX MONTHS ENDED MAY 31, 1995
Tax-Free	3/14/91	\$ 17,739	\$ 1,054
Treasury	4/14/89	\$ 35,260	--

</TABLE>

Certain of the Officers and Trustees of the Trust are Officers and Directors or Trustees of the above companies.

TRUSTEES OFFICERS

John F. Donahue	John F. Donahue
Thomas G. Bigley	Chairman
John T. Conroy, Jr.	Edward C. Gonzales
William J. Copeland	President and Treasurer
James E. Dowd	Richard B. Fisher
Lawrence D. Ellis, M.D.	Vice President
Edward L. Flaherty, Jr.	Joseph S. Machi
Edward C. Gonzales	Vice President and Assistant Treasurer
Peter E. Madden	John W. McGonigle
Gregor F. Meyer	Vice President and Secretary
John E. Murray, Jr.	David M. Taylor
Wesley W. Posvar	Assistant Treasurer
Marjorie P. Smuts	C. Grant Anderson
	Assistant Secretary

</TABLE>

Mutual funds are not bank deposits or obligations, are not guaranteed by any bank, and are not insured or guaranteed by the U.S. government, the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other government agency. Investment in mutual funds involves investment risks, including the possible loss of principal. Although money market funds seek to maintain a stable net asset value of \$1.00 per share, there is no assurance that they will be able to do so.

This report is authorized for distribution to prospective investors only when preceded or accompanied by the Trust's prospectus which contains facts concerning its objective and policies, management fees, expenses and other information.