

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

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

Filing Date: **1996-01-11** | Period of Report: **1995-10-31**
SEC Accession No. **0000912057-96-000391**

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FILER

US FIXED INCOME PORTFOLIO

CIK: **908939** | IRS No.: **043194464** | State of Incorporation: **NY** | Fiscal Year End: **1031**
Type: **N-30D** | Act: **40** | File No.: **811-07858** | Film No.: **96502754**

Mailing Address
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THE U.S. FIXED INCOME PORTFOLIO
SCHEDULE OF INVESTMENTS
OCTOBER 31, 1995

<TABLE>
<CAPTION>

PRINCIPAL AMOUNT	SECURITY DESCRIPTION	MOODY'S/S&P RATING (UNAUDITED)	VALUE
COLLATERALIZED MORTGAGE OBLIGATIONS AND ASSET BACKED SECURITIES (3.6%)			
FINANCE (3.6%)			
\$ 79,701	Advanta Home Equity Loan Trust, Series 92-2, Class A1, 7.15% due 06/25/08.....	Aaa/AAA	\$ 80,383
229,122	Case Equipment Loan Trust, Series 94-A, Class A2, 4.65% due 08/15/99.....	Aaa/AAA	226,831
4,599,555	Collateralized Mortgage Obligation Trust II Class E, 9.00% due 06/20/17....	Aaa/AAA	4,824,152
3,000,000	Criimi Mae Financial Corporation Class A, 7.00% due 01/01/33.....	NR/AAA	2,936,250
2,476	Fical Home Equity Loan Trust, Series 90-1 Class A, 8.90% due 10/15/15.....	Aaa/NR	2,476
8,855,000	GE Capital Mortgage Services, Inc., Series 94-17, Class A5, 7.00% due 05/25/24.....	Aaa/AAA	8,943,107
1,854,087	Green Tree Financial Corp., Series 95-A Class A, 7.25% due 07/15/05.....	Baa3/BBB+	1,865,096
589,307	Green Tree Financial Corp., Series 94-A Class A, 6.90% due 02/15/04.....	Baa3/BBB+	589,491
37,297	Premier Auto Trust, Series 92-3, Class A, 5.90% due 11/17/97.....	Aaa/AAA	37,275
1,258,125	Prudential Home Loan Mortgage Securities, Remic: PAC(11), Series 93-54, Class A2, 6.50% due 01/25/24.....	Aaa/AAA	1,254,175
196,691	Resolution Trust Corp., Remic: ARM Determined Interest Rate, Series 91-6, Class A1, 6.9473% due 05/25/19.....	Aaa/AAA	187,840
3,588	Sears Mortgage Securities, Remic: TAC(11), Series 92-3, Class T5, 7.75% due 02/25/20.....	NR/AAA	3,573
112,243	The Money Store Home Equity Trust, Series 92-A, Class A, 6.95% due 12/15/07.....	Aaa/AAA	112,650
	TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS AND ASSET BACKED SECURITIES (COST \$20,270,036).....		21,063,299
CORPORATE OBLIGATIONS (37.9%)			
AUTOMOTIVE (1.3%)			
7,325,000	Ford Motor Co., 9.50% due 05/30/97.....	A1/A+	7,708,683
BANKING (10.7%)			
1,925,000	BankAmerica Corp., 9.50% due 04/01/01.....	A3/A-	2,188,359
1,300,000	BankAmerica Corp., 7.50% due 03/15/97.....	A2/A	1,326,104
1,925,000	Capital One Bank, 8.625% due 01/15/97.....	Baa3/BBB-	1,984,405
6,000,000	Central Fidelity Banks, Inc., 8.15% due 11/15/02.....	Baa2/BBB	6,476,820
1,600,000	Chemical Banking Corp., 10.125% due 11/01/00.....	A3/A-	1,855,520
5,000,000	First Chicago Corp., 8.25% due 06/15/02.....	A3/A-	5,507,850
1,745,000	First Chicago Corp., 6.875% due 06/15/03.....	A3/A-	1,769,866
100,000	Fleet Financial Group Inc., 7.125% due 05/01/00.....	A2/A-	102,542
2,000,000	Mellon Bank, N.A., 6.75% due 06/01/03.....	A2/A	2,003,060
4,660,000	NationsBank Corp., 10.20% due 07/15/15.....	A3/A-	5,989,218
13,700,000	Norwest Corp., 6.75% due 05/12/00.....	Aa3/AA-	13,888,649

</TABLE>

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

THE U.S. FIXED INCOME PORTFOLIO
SCHEDULE OF INVESTMENTS (CONTINUED)
OCTOBER 31, 1995

<TABLE>
<CAPTION>

PRINCIPAL AMOUNT	SECURITY DESCRIPTION	MOODY'S/S&P RATING (UNAUDITED)	VALUE
BANKING (CONTINUED)			
\$ 7,500,000	Shawmut National Corp., 8.625% due 12/15/99.....	Baa2/BBB-	\$ 8,029,800
11,000,000	Trans Financial Bank, 6.48% due 10/23/98.....	A1/A+	10,973,270

CHEMICALS, OIL & GAS (3.5%)			
2,277,000	E. I. Du Pont de Nemours & Co., 8.65% due 12/01/97.....	Aa2/AA	2,389,415
5,000,000	Occidental Petroleum Corp., 5.85% due 11/09/98.....	Baa3/BBB	4,932,250
1,000,000	Occidental Petroleum Corp., 5.84% due 11/09/98.....	Baa3/BBB	986,180
1,125,000	SFP Pipeline Holdings, Inc., 11.16% due 08/15/10.....	Baa3/NR	1,406,250
6,600,000	Texaco Capital, 9.00% due 11/15/96.....	A1/A+	6,809,286
4,000,000	Texas Eastern Corp., 8.50% due 02/04/97.....	NR/NR	4,100,000
			20,623,381
DEPARTMENT STORES (1.1%)			
2,200,000	Sears Roebuck & Co., 8.52% due 05/13/02.....	A2/BBB	2,427,788
4,000,000	Sears Roebuck & Co., 7.25% due 08/05/97.....	A2/BBB	4,080,920
			6,508,708
ELECTRICAL EQUIPMENT (0.8%)			
2,000,000	Legrand S.A., 8.50% due 02/15/25.....	A2/A	2,287,960
2,000,000	Mark IV Industries Inc., 8.75% due 04/01/03.....	Ba3/BB+	2,085,000
			4,372,960
FINANCE (12.5%)			
100,000	Associates Corp., N.A., 8.125% due 01/15/98.....	Aa3/AA-	104,158
400,000	Associates Corp., N.A., 7.30% due 03/15/98.....	Aa3/AA-	410,564
95,196	Chevy Chase Auto Receivables Trust, 6.00% due 12/15/01.....	Aaa/AAA	95,192
18,250,000	Chrysler Financial Corp., Series MTNN, 7.36% due 03/14/97.....	A3/BBB	18,530,320
1,000,000	Chrysler Financial Corp., 7.20% due 03/17/97.....	A2/A-	1,013,380
25,000	Commercial Credit Group Inc., 7.375% due 11/15/96.....	A1/A+	25,351
2,620,761	Fleetwood Credit Corp Grantor Trust, Series 95-B 6.55% due 05/15/11.....	Aaa/AAA	2,630,301
17,550,000	Ford Motor Credit Co., 6.25% due 11/08/00.....	A1/A+	17,499,644
400,000	General Motors Acceptance Corp., 7.85% due 11/17/97.....	Baa1/BBB+	413,136
300,000	General Motors Acceptance Corp., 7.55% due 01/14/97.....	Baa1/BBB+	305,322
100,000	General Motors Acceptance Corp., 7.375% due 02/27/97.....	Baa1/BBB+	101,640
800,000	General Motors Acceptance Corp., 7.30% due 02/02/98.....	Baa1/BBB+	819,088
5,175,000	General Motors Acceptance Corp., 6.90% due 09/09/97.....	Baa1/BBB+	5,245,794
5,000,000	General Motors Acceptance Corp., 6.75% due 07/10/97.....	Baa1/BBB+	5,052,300
2,200,000	General Motors Acceptance Corp., 6.70% due 04/18/97.....	Baa1/BBB+	2,219,888
3,000,000	General Motors Acceptance Corp., 6.70% due 04/21/97.....	Baa1/BBB+	3,015,630
4,500,000	General Motors Acceptance Corp., 6.625% due 05/15/98.....	Baa1/BBB+	4,536,720
6,500,000	General Motors Acceptance Corp., 5.25% due 12/06/96.....	Baa1/BBB+	6,448,130
4,000,000	USL Capital Corp., 7.76% due 03/29/02.....	A1/A+	4,226,680

</TABLE>

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THE U.S. FIXED INCOME PORTFOLIO
SCHEDULE OF INVESTMENTS (CONTINUED)
OCTOBER 31, 1995

PRINCIPAL AMOUNT		SECURITY DESCRIPTION	MOODY'S/S&P RATING (UNAUDITED)	VALUE
FINANCE (CONTINUED)				
<C>		<S>	<C>	<C>
\$	90,000	Western Financial Grantor Trust, Series 95-3, Class A1 6.05% due 11/01/00.....	Aaa/AAA	\$ 90,058
				72,783,296
LUMBER & OTHER CONSTRUCTION MATERIALS (2.2%)				
5,600,000	Georgia Pacific Corp., 9.95% due 06/15/02.....	Baa2/BBB-		6,561,520
1,000,000	Schuller International Group Inc., 10.875% due 12/15/04.....	Ba3/BB-		1,112,500
4,000,000	USG Corp., 9.25% due 09/15/01.....	Ba3/BB		4,200,000
1,000,000	USG Corp., 8.50% due 08/01/05.....	Ba3/BB		1,031,250
				12,905,270
TRANSPORTATION (1.2%)				
6,719,014	Union Tank Car Co., 6.50% due 04/15/08.....	A2/A+		6,732,788

UTILITIES (4.6%)			
1,500,000	Cleveland Electric Illumination, 7.625% due 08/01/02.....	Ba2/BB	1,416,555
1,000,000	Cleveland Electric Illumination, 7.375% due 06/01/03.....	Ba2/BB	945,050
3,000,000	Commonwealth Edison Co., 7.00% due 02/15/97.....	Baa3/BBB-	3,026,190
3,000,000	Commonwealth Edison Co., 6.50% due 07/15/97.....	Baa3/BBB-	3,009,630
200,000	Commonwealth Edison Co., 6.50% due 04/15/00.....	Baa3/BBB-	199,186
500,000	Commonwealth Edison Co., Series 87, 6.25% due 10/01/97.....	Baa2/BBB	499,340
1,972,000	Connecticut Light & Power Co., Series UU, 7.625% due 04/01/97.....	Baa1/BBB+	2,019,131
2,400,000	GTE Corp., 8.85% due 03/01/98.....	Baa1/BBB+	2,528,568
7,240,000	Hydro-Quebec, 8.05% due 07/07/24.....	A1/A+	7,969,430
500,000	Jersey Central Power & Light, 6.70% due 12/19/97.....	Baa1/BBB+	506,945
4,250,000	United Telephone Company of Florida, 8.375% due 01/15/25.....	A2/A	4,850,015
			26,970,040
	TOTAL CORPORATE OBLIGATIONS (COST \$215,980,630).....		220,700,589

</TABLE>

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THE U.S. FIXED INCOME PORTFOLIO
SCHEDULE OF INVESTMENTS (CONTINUED)
OCTOBER 31, 1995

<TABLE>			
<CAPTION>			
PRINCIPAL AMOUNT	SECURITY DESCRIPTION		VALUE
<C>	<S>	<C>	<C>
U.S. GOVERNMENT AGENCY OBLIGATIONS (15.5%)			
FHA Insured			
\$ 3,368,477	7.43% due 03/01/22.....		\$ 3,292,341
Federal Home Loan Mortgage Corp.			
1,391	12.50% due 08/01/14.....		1,527
29,688	Series 600, 10.00% due 04/01/09.....		31,899
200,000	Series 39, Class F, 10.00% due 05/15/20.....		223,946
21,122	9.00% due 04/01/03.....		21,935
11,000,000	Gold, 8.506% due 12/01/04.....		12,213,438
126,355	Gold, 8.50% due 11/01/24.....		130,979
52,835	Gold, 8.50% due 01/01/25.....		54,773
315,485	Gold, 8.50% due 04/01/25.....		327,057
990,000	Gold, 8.50% due 04/01/25.....		1,026,244
1,422,376	Gold, 8.50% due 04/01/25.....		1,474,236
523,366	Gold, 8.50% due 05/01/25.....		542,238
1,398,426	Gold, 8.50% due 05/01/25.....		1,449,538
1,414,012	Gold, 8.50% due 06/01/25.....		1,465,878
764,315	Gold, 8.50% due 07/01/24.....		791,937
990,000	Gold, 8.50% due 08/01/25.....		1,025,977
34,259	Gold, 8.50% due 09/01/25.....		35,522
269,998	Gold, 8.50% due 09/01/25.....		279,953
311,576	Gold, 8.50% due 10/01/25.....		323,067
10,910,000	Gold, 8.00% TBA (t).....		11,179,341
405,078	Gold, 7.00% due 04/01/24.....		402,198
518,824	Gold, 7.00% due 06/01/24.....		515,192
4,042,023	Gold, 7.00% due 07/01/25.....		4,013,001
1,210,316	Gold, 7.00% due 08/01/25.....		1,201,626
1,446,433	Gold, 7.00% due 08/01/25.....		1,436,048
1,672,089	Gold, 7.00% due 08/01/25.....		1,660,083
1,995,638	Gold, 7.00% due 08/01/25.....		1,981,309
1,998,301	Gold, 7.00% due 08/01/25.....		1,983,953
1,578,063	Gold, 7.00% due 09/01/25.....		1,566,732
6,978,071	Gold, 6.50% due 06/01/04.....		6,973,710
1,807,135	Gold, 6.00% due 08/01/10.....		1,765,517
28,029	Gold, 6.00% due 09/01/10.....		27,372
76,609	Gold, 6.00% due 09/01/10.....		74,814
806,079	Gold, 6.00% due 09/01/10.....		787,187
849,092	Gold, 6.00% due 09/01/10.....		829,495
3,654,307	Gold, 6.00% due 09/01/10.....		3,569,965
524,301	Gold, 6.00% due 10/01/10.....		512,013
541,800	Gold, 6.00% due 10/01/10.....		529,102
618,468	Gold, 6.00% due 10/01/10.....		604,169

710,441	Gold, 6.00% due 10/01/10.....	694,016
1,299,980	Gold, 6.00% due 10/01/10.....	1,269,512
1,564,469	Gold, 6.00% due 10/01/10.....	1,527,802
1,800	Remic: Series 1977, Class A, 8.05% due 03/15/07.....	1,747
100,000	Remic: Series 1290, Class L, 7.50% due 10/15/09.....	105,581
32,000	Remic: PAC-1(11), Series 1168, Class H, 7.50% due 11/15/21.....	33,196

</TABLE>

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THE U.S. FIXED INCOME PORTFOLIO
SCHEDULE OF INVESTMENTS (CONTINUED)
OCTOBER 31, 1995

<TABLE>		<CAPTION>	
PRINCIPAL AMOUNT	SECURITY DESCRIPTION		VALUE
Federal Home Loan Mortgage Corp. (continued)			
<C>	<S>	<C>	<C>
\$ 300,000	Remic: Series 102, Class I, 7.00% due 12/15/20.....	\$	297,132
165,000	Remic: PAC-1(11), Series 1207, Class J, 6.75% due 07/15/19.....		164,050
1,600,000	Remic: SCH(22), Series 1701, Class B, 6.50% due 03/15/09.....		1,522,384
Federal National Mortgage Association			
778,552	10.00% due 06/01/20.....		846,099
4,434,478	8.70% due 02/01/05.....		4,936,128
25,499	8.50% due 06/01/10.....		26,348
98,647	8.00% due 01/01/02.....		101,365
71,267	8.00% due 05/01/02.....		73,239
479,919	8.00% due 07/01/02.....		493,208
44,577	8.00% due 07/01/02.....		45,810
6,602	8.00% due 08/01/22.....		6,764
1,569,893	Remic: PAC, Series 1991-64, Class Z, 8.50% due 06/25/06.....		1,627,289
1,083,547	Remic: PAC, Series 1991-101, Class C, 8.50% due 08/25/18.....		1,093,233
22,062	Remic: PAC(11), Series 1991-9, Class H, 8.30% due 11/25/04.....		22,136
1,966,862	Remic: PAC-2(23), Series 1994-50, Class Z, 6.50% due 03/25/24.....		1,633,085
3,100,000	Remic: PAC (11), Series 1993-041, Class PE, 5.75% due 04/25/19.....		3,048,478
Government National Mortgage Association			
5,723	13.50% due 10/15/14.....		6,436
28,263	11.50% due 07/15/13.....		31,588
874,042	7.00% due 01/15/23.....		869,182
371,355	7.00% due 03/15/23.....		369,283
47,402	7.00% due 07/15/23.....		47,142
343,324	7.00% due 07/15/23.....		341,435
134,072	7.00% due 07/15/23.....		133,331
445,906	7.00% due 07/15/23.....		443,435
24,471	7.00% due 09/15/23.....		24,328
342,135	7.00% due 09/15/23.....		340,133
23,084	7.00% due 10/15/23.....		22,954
31,942	7.00% due 10/15/23.....		31,763
393,630	7.00% due 10/15/23.....		391,462
903,266	7.00% due 10/15/23.....		897,991
67,382	7.00% due 12/15/23.....		66,998
TOTAL U.S. GOVERNMENT AGENCY OBLIGATIONS (COST \$87,699,415).....			89,911,375
U.S. TREASURY OBLIGATIONS (41.1%)			
U.S. Treasury Bonds			
4,060,000	12.00% due 08/15/13.....		6,086,833
44,165,000	10.75% due 02/15/03.....		56,549,308
18,130,000	10.375% due 11/15/09.....		23,383,349
16,010,000	10.375% due 11/15/12.....		21,512,477
11,455,000	8.875% due 02/15/19.....		14,803,869
6,860,000	8.50% due 02/15/20.....		8,578,224
10,000,000	8.125% due 08/15/19.....		12,029,300
4,705,000	7.875% due 02/15/21.....		5,538,632

</TABLE>

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

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THE U.S. FIXED INCOME PORTFOLIO
SCHEDULE OF INVESTMENTS (CONTINUED)

<TABLE>
<CAPTION>

PRINCIPAL AMOUNT	SECURITY DESCRIPTION	VALUE
U.S. Treasury Notes		
<C>	<S>	<C>
\$ 5,000,000	8.50% due 11/15/00.....	\$ 5,579,250
13,350,000	7.25% due 02/15/98.....	13,792,286
1,055,000	7.25% due 08/15/04.....	1,141,763
17,820,000	7.125% due 02/29/00.....	18,699,061
4,905,000	5.50% due 04/15/00.....	4,854,135
9,200,000	5.125% due 11/30/98.....	9,049,396
15,295,000	4.75% due 02/15/97.....	15,124,920
U.S. Treasury Strip		
33,025,000	Due 05/15/02 (Principal Only).....	22,565,322
TOTAL U.S. TREASURY OBLIGATIONS (COST \$228,949,847).....		239,288,125

<CAPTION>

SHARES		MOODY'S/S&P RATING (UNAUDITED)	
<C>	<S>	<C>	<C>
CONVERTIBLE PREFERRED STOCKS (0.3%)			
NATURAL GAS (0.3%)			
74,600	Lasmo PLC, Sponsored ADR, 10.00%, Series A.....	Ba1/BBB-	1,799,725
TOTAL CONVERTIBLE PREFERRED STOCKS (COST \$1,659,850).....			1,799,725

<CAPTION>

PRINCIPAL AMOUNT			
<C>	<S>	<C>	<C>
REPURCHASE AGREEMENT (0.4%)			
\$ 2,066,000	Goldman Sachs Repurchase Agreement, dated 10/31/95 due 11/01/95, at 5.880%, proceeds \$2,066,142 (collateralized by U.S. Treasury Note, 5.875% due 07/31/97, valued at \$2,077,406) (cost \$2,066,000).....	P1/A1+	\$ 2,066,000
TOTAL INVESTMENTS (COST \$556,625,778) (98.8%).....			574,829,113
OTHER ASSETS IN EXCESS OF LIABILITIES (1.2%).....			7,050,882
TOTAL NET ASSETS (100.0%).....			\$581,879,995

</TABLE>

Note: Based on the cost of investments of \$556,629,476 for Federal Income Tax purposes at October 31, 1995, the aggregate gross unrealized appreciation and depreciation was \$18,337,903 and \$138,266, respectively, resulting in net unrealized appreciation of \$18,199,637.

(t) TBA securities are purchased on a forward commitment basis with an approximate principal amount and no definite maturity date. The actual principal amount and maturity date will be determined upon settlement.

Abbreviations used in the schedule of investments are as follows:

ADR - American Depository Receipt; ARM - Adjustable Rate Mortgage; FHA - Federal Housing Administration;

PAC - Planned Amortization Class; Remic - Real Estate Mortgage Investment Conduit;

NR - Not Rated; TAC - Targeted Amortization Class; SCH - Scheduled Payment Bond

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

THE U.S. FIXED INCOME PORTFOLIO
STATEMENT OF ASSETS AND LIABILITIES
OCTOBER 31, 1995

<TABLE>	
<S>	<C>
ASSETS	
Investments at Value (Cost \$556,625,778)	\$574,829,113
Receivable for Investments Sold	73,638,034
Interest Receivable	8,686,770
Other Receivables	6,408
Prepaid Expenses	5,770

Total Assets	657,166,095

LIABILITIES	
Payable for Securities Purchased	74,362,206
Unrealized Depreciation on Open Foreign Currency Contracts	606,109
Advisory Fee Payable	178,438
Custodian Fees and Expenses Payable	81,524
Payable to Custodian	8,328
Fund Services Fee Payable	3,788
Administration Fee Payable	2,691
Accrued Expenses	43,016

Total Liabilities	75,286,100

NET ASSETS	
Applicable to Investors' Beneficial Interests	\$581,879,995

</TABLE>

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THE U.S. FIXED INCOME PORTFOLIO
STATEMENT OF OPERATIONS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 1995

<TABLE>		
<S>	<C>	<C>
INVESTMENT INCOME		
Interest Income		\$31,358,157
Dividend Income		132,975

Total Investment Income		31,491,132
EXPENSES		
Advisory Fee	\$1,339,147	
Financial and Fund Accounting Services Fee	167,081	
Custodian Fees and Expenses	83,838	
Fund Services Fee	40,729	
Administration Fee	27,436	
Trustees' Fees and Expenses	11,096	
Miscellaneous	67,774	

Total Expenses		(1,737,101)

NET INVESTMENT INCOME		
		29,754,031
NET REALIZED GAIN ON INVESTMENTS (including \$621,192 of net realized gains from forward contracts)		
		7,762,316
NET CHANGE IN UNREALIZED APPRECIATION OF INVESTMENTS (including \$606,109 of net unrealized depreciation of forward contracts)		
		26,604,322

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		
		\$64,120,669

</TABLE>

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THE U.S. FIXED INCOME PORTFOLIO
STATEMENT OF CHANGES IN NET ASSETS

<TABLE>

<CAPTION>

INCREASE (DECREASE) IN NET ASSETS	FOR THE FISCAL YEAR ENDED OCTOBER 31,	
	1995	1994
<S>	<C>	<C>
FROM OPERATIONS		
Net Investment Income	\$ 29,754,031	\$ 13,708,591
Net Realized Gain (Loss) on Investments	7,762,316	(8,930,226)
Net Change in Unrealized Appreciation (Depreciation) of Investments	26,604,322	(11,045,898)
Net Increase (Decrease) in Net Assets Resulting from Operations	64,120,669	(6,267,533)
TRANSACTIONS IN INVESTORS' BENEFICIAL INTERESTS		
Contributions	241,455,035	298,426,651
Withdrawals	(89,561,736)	(73,416,442)
Net Increase from Investors' Transactions	151,893,299	225,010,209
Total Increase in Net Assets	216,013,968	218,742,676
NET ASSETS		
Beginning of Fiscal Year	365,866,027	147,123,351
End of Fiscal Year	\$581,879,995	\$365,866,027

SUPPLEMENTARY DATA:

</TABLE>

<TABLE>

<CAPTION>

RATIOS TO AVERAGE NET ASSETS	FOR THE FISCAL YEAR ENDED OCTOBER 31,		FOR THE PERIOD JULY 12, 1993 (COMMENCEMENT OF OPERATIONS) THROUGH
	1995	1994	OCTOBER 31, 1993
<S>	<C>	<C>	<C>
Expenses	0.39%	0.46%	0.48% (a)
Net Investment Income	6.68%	5.88%	4.91% (a)
Portfolio Turnover	293%	234%	295%+

</TABLE>

(a) Annualized.

(+) Portfolio turnover is for the twelve month period ended October 31, 1993, and includes the portfolio activity of the Portfolio's predecessor entity, The Pierpont Bond Fund, for the period November 1, 1992 through July 11, 1993.

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

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THE U.S. FIXED INCOME PORTFOLIO
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 1995

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The U.S. Fixed Income Portfolio (the "Portfolio") is registered under the Investment Company Act of 1940, as amended, as a diversified, open-end management investment company which was organized as a trust under the laws of the State of New York. The Portfolio commenced operations on July 12, 1993 and received a contribution of certain assets and liabilities, including securities, with a value of \$91,653,371 on that date from The Pierpont Bond Fund in exchange for a beneficial interest in the Portfolio. At that date, net unrealized appreciation of \$1,731,405 was included in the contributed securities. The Declaration of Trust permits the Trustees to issue an unlimited number of beneficial interests in the Portfolio.

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

- a) Portfolio securities with a maturity of 60 days or more, including securities that are listed on an exchange or traded over the counter, are valued using prices supplied daily by an independent pricing service or services that (i) are based on the last sale price on a national securities exchange, or in the absence of recorded sales, at the readily available bid price on such exchange or at the quoted bid price in the over-the-counter market, if such exchange or market constitutes the broadest and most representative market for the security and (ii) in other cases, take into account various factors affecting market value, including yields and prices of comparable securities, indication as to value from dealers and general market conditions. If such prices are not supplied by the Portfolio's independent pricing services, such securities are priced in accordance with procedures adopted by the Trustees. All portfolio securities with a remaining maturity of less than 60 days are valued by the amortized cost method.
- b) Securities transactions are recorded on a trade date basis. Interest income, which includes the amortization of premiums and discounts, if any, is recorded on an accrual basis. For financial and tax reporting purposes, realized gains and losses are determined on the basis of specific lot identification.
- c) The Portfolio may enter into forward and spot foreign currency contracts to protect securities and related receivables against fluctuations in future foreign currency rates. A forward contract is an agreement to buy or sell currencies of different countries on a specified future date at a specified rate. Risks associated with such contracts include the movement in the value of the foreign currency relative to the U.S. Dollar and the ability of the counterparty to perform.

The market value of the contract will fluctuate with changes in currency exchange rates. Contracts are valued daily based on procedures established by and under the general supervision of the

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THE U.S. FIXED INCOME PORTFOLIO
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 OCTOBER 31, 1995

Portfolio's Trustees and the change in the market value is recorded by the Portfolio as unrealized appreciation or depreciation of forward and spot foreign currency contract translations. At October 31, 1995 the Portfolio had open forward foreign currency contracts as follows:

SUMMARY OF OPEN CONTRACTS

<TABLE>
 <CAPTION>

FOREIGN CURRENCY SALE CONTRACTS	PROCEEDS	U.S. DOLLAR VALUE AT 10/31/95	NET UNREALIZED DEPRECIATION
<S>	<C>	<C>	<C>
German Mark, 5,281,000, expiring 12/5/95	\$ 3,588,367	\$ 3,757,729	\$ (169,362)
German Mark, 2,410,000, expiring 12/5/95	1,642,920	1,714,851	(71,931)
Danish Krone, 4,683,000, expiring 12/5/95	817,306	857,297	(39,991)
Danish Krone, 22,420,000, expiring 12/5/95	3,923,010	4,104,333	(181,323)

<CAPTION>

FOREIGN CURRENCY PURCHASE CONTRACTS	COST		
<S>	<C>	<C>	<C>
German Mark, 7,691,000, expiring 12/5/95	5,573,188	5,472,580	(100,608)
Danish Krone, 27,103,000, expiring 12/5/95	5,004,524	4,961,630	(42,894)
Net Unrealized Depreciation on Foreign Currency Contracts			\$ (606,109)

</TABLE>

- d) The Portfolio intends to be treated as a partnership for federal income tax purposes. As such, each investor in the Portfolio will be taxed on its share of the Portfolio's ordinary income and capital gains. It is intended that the Portfolio's assets will be managed in such a way that an investor in the Portfolio will be able to satisfy the requirements of Subchapter M of the Internal Revenue Code.
- e) The Portfolio's custodian takes possession of the collateral pledged for investments in repurchase agreements on behalf of the Portfolio. It is the policy of the Portfolio to value the underlying collateral daily on a mark-to-market basis to determine that the value, including accrued interest, is at least equal to the repurchase price plus accrued interest. In the event of default of the obligation to repurchase, the Portfolio has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. Under certain circumstances, in the event of default or bankruptcy by the other party to the agreement, realization and/or retention of the collateral or proceeds may be subject to legal proceedings.

2. TRANSACTIONS WITH AFFILIATES

- a) The Portfolio has an investment advisory agreement with Morgan Guaranty Trust Company of New York ("Morgan"). Under the terms of the investment advisory agreement, the Portfolio pays Morgan at an annual rate of 0.30% of the Portfolio's average daily net assets. For the fiscal year ended October 31, 1995, this fee amounted to \$1,339,147.
- b) The Portfolio retains Signature Broker-Dealer Services, Inc. ("Signature") to serve as Administrator and exclusive placement agent. Signature provides administrative services necessary for the operations of the Portfolio, furnishes office space and facilities required for conducting the business of the Portfolio and pays the compensation of the Portfolio's officers affiliated with

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THE U.S. FIXED INCOME PORTFOLIO
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 OCTOBER 31, 1995

- Signature. The agreement provides for a fee to be paid to Signature at an annual rate determined by the following schedule: 0.01% of the first \$1 billion of the aggregate average daily net assets of the Portfolio and the other portfolios subject to the Administrative Services Agreement, 0.008% of the next \$2 billion of such net assets, 0.006% of the next \$2 billion of such net assets, and 0.004% of such net assets in excess of \$5 billion. The daily equivalent of the fee rate is applied each day to the net assets of the Portfolio. For the fiscal year ended October 31, 1995, Signature's fee for these services amounted to \$27,436.
- c) During the period November 1, 1994, through August 31, 1995, the Portfolio had a Financial and Fund Accounting Services Agreement ("Services Agreement") with Morgan under which Morgan received a fee, based on the percentages described below, for overseeing certain aspects of the administration and operation of the Portfolio and which was also designed to provide an expense limit for certain expenses of the Portfolio. This fee was calculated at 0.10% of the Portfolio's average daily net assets up to \$200 million, 0.05% of the next \$200 million of average daily net assets, and 0.03% of average daily net assets thereafter. For the period November 1, 1994, through August 31, 1995, the fee for these services amounted to \$167,081. Effective September 1, 1995, the Services Agreement was terminated and an interim agreement was entered into between the Portfolio and Morgan which provides for the continuation of the oversight services that were outlined under the prior agreement and that Morgan shall bear all of its expenses incurred in connection with these services.
- d) The Portfolio has a Fund Services Agreement with Pierpont Group, Inc.

("Group") to assist the Trustees in exercising their overall supervisory responsibilities for the Portfolio's affairs. The Trustees of the Portfolio represent all the shareholders of Group. The Portfolio's allocated portion of Group's costs in performing its services amounted to \$40,729 for the fiscal year ended October 31, 1995.

- e) An aggregate annual fee of \$65,000 is paid to each Trustee for serving as a Trustee of The Pierpont Funds, The JPM Institutional Funds and their corresponding Portfolios. The Trustees' Fees and Expenses shown in the financial statements represent the Portfolio's allocated portion of the total fees and expenses. Prior to April 1, 1995, the aggregate annual Trustee Fee was \$55,000. The Trustee who serves as Chairman and Chief Executive Officer of these Funds and Portfolios also serves as Chairman of Group and received compensation and employee benefits from Group in his role as Group's Chairman. The allocated portion of such compensation and benefits included in the Fund Services Fee shown in the financial statements was \$5,200.

3. INVESTMENT TRANSACTIONS

Investment transactions (excluding short-term investments) for the fiscal year ended October 31, 1995 were as follows:

<TABLE>
<CAPTION>

	COST OF PURCHASES	PROCEEDS FROM SALES
<S>	<C>	<C>
U.S. Treasury and Agency Obligations	\$ 1,171,503,087	\$ 1,078,447,543
Corporate and Collateralized Obligations	298,968,392	207,445,656
	\$ 1,470,471,479	\$ 1,285,893,199

</TABLE>

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Trustees and Investors of
The U.S. Fixed Income Portfolio

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the supplementary data present fairly, in all material respects, the financial position of The U.S. Fixed Income Portfolio (the "Portfolio") at October 31, 1995, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and its supplementary data for each of the two years in the period then ended and for the period July 12, 1993 (commencement of operations) through October 31, 1993, in conformity with generally accepted accounting principles. These financial statements and supplementary data (hereafter referred to as "financial statements") are the responsibility of the Portfolio's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at October 31, 1995 by correspondence with the custodian and brokers, provide a reasonable basis for the opinion expressed above.

[SIGNATURE]
PRICE WATERHOUSE LLP
New York, New York
December 22, 1995

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