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FORM N-30D

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FILER

INFINITY MUTUAL FUNDS INC

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BISYS Fund Services is the Portfolios' distributor and is unaffiliated with First American National Bank, the Portfolios' adviser.

Investments in the Portfolios are neither guaranteed by nor obligations of First American National Bank or any other bank and are not insured by the FDIC or any other government agency. Investments in mutual funds involve risk, including the possible loss of principal. This material must be preceded or accompanied by a current prospectus.

HELPING PEOPLE PLAN
FOR A BRIGHTER FUTURE. (SM)

760002

[AMERISTAR MUTUAL FUNDS LOGO]

AMERISTAR CAPITAL
GROWTH PORTFOLIO

AMERISTAR LIMITED
DURATION INCOME PORTFOLIO

ANNUAL REPORT

AMERISTAR CORE
INCOME PORTFOLIO

AMERISTAR TENNESSEE TAX
EXEMPT BOND PORTFOLIO

DECEMBER 31, 1996

FUND FACTS

The AmeriStar Funds provide shareholders with a variety of features to make investing in the Portfolios easy, convenient and manageable.

<TABLE>	<S>	<C>	<C>
	AMERISTAR FUND FEATURES PROFESSIONAL INVESTMENT MANAGEMENT		AMERISTAR FUND BENEFITS The investment managers at First American National Bank are experienced investment professionals who oversee the investments in each mutual fund.
	LOW MINIMUM INVESTMENT		Initial investments in the Portfolios can be as low as \$1,000.
	DEDICATED CUSTOMER SERVICE		Account information is available from helpful representatives. Just call 1-800-852-0045.
	AUTOMATIC INVESTMENTS		Investments can be made once or twice a month with automatic transfers from your checking account to your Portfolio account.
	DOLLAR COST AVERAGING		Dollar Cost Averaging is a means of investing by which you invest a fixed dollar amount on a consistent basis. You invest whether the financial markets are high or low. As a result, you buy more shares when prices are low and fewer when prices are high. In this way, you can achieve a lower average cost per share.*
	AUTOMATIC WITHDRAWALS		Automatic withdrawals from your Portfolio account can be made and credited to any account you designate.
	FREE EXCHANGE PRIVILEGES		Shares of a Portfolio can be exchanged into shares of other AmeriStar Portfolios at no cost.**
	REGULAR, INFORMATIVE STATEMENTS AND REPORTS		You will receive account statements after each transaction, plus regular financial reports highlighting performance and investment strategies.
	DIVIDEND REINVESTMENT		Dividend income and capital gains can be reinvested automatically in additional shares of a Portfolio.
	DAILY REDEMPTIONS		Shares are redeemable each business day (at the net asset value per share, which may be worth more or less than your original cost, next determined after receipt of your redemption request) by mail, telephone or bank wire.

* Dollar Cost Averaging does not assure a profit and does not protect against loss in declining markets. You should consider your financial ability to continue your investment program during periods of extreme share price fluctuations.

** Exchange privileges may be modified or discontinued by the Portfolios at any time. Upon redemption, shares may be worth more or less than their original cost.

HELPING PEOPLE PLAN FOR A BRIGHTER FUTURE. (SM)

</TABLE>

<TABLE>	<S>	<C>
		CHARLES WINGER Portfolio Manager Capital Growth Portfolio

</TABLE>

INVESTMENT GOAL

The Portfolio seeks to provide investors with the potential to achieve long-term capital growth by investing primarily in the equity securities of domestic

issuers whose earnings are growing faster than the economy as a whole. It invests primarily in large U.S. companies with market capitalizations of at least \$500 million. This Portfolio is suitable for investors who are investing for the long term and are comfortable assuming the additional risk of investing in stocks in exchange for potentially higher total returns.

Q. DESCRIBE YOUR PERFORMANCE FOR THE YEAR.

A. For the year ended December 31, 1996, the Fund produced a total return of 22.26%.* In comparison, the unmanaged Standard & Poors 500 Stock Index, a broad measure of stock market performance, was up 22.94%.

Q. WHAT FACTORS AFFECTED YOUR PERFORMANCE?

A. We were overweighted in the right sectors during the year -- technology, energy and health care. We were comfortably ahead of the market for the first eleven months, although we gave up some performance during the month of December. At the end of the year, there was a runup in interest rates, which offered investors an opportunity to take profits in the areas that had the most gains, such as oil service, technology and pharmaceuticals.

Q. WHAT AREAS OF THE MARKET WERE THE STRONGEST FOR THE PORTFOLIO?

A. Within technology, we did well with Cisco Systems (1.98% of total investments), Intel (2.19%), Microsoft (2.19%) and Oracle Systems (1.84%). Cisco Systems is the industry leader in networking. Intel is the premier semiconductor manufacturer. Microsoft is the dominant software supplier, and Oracle is a leader in systems software. These companies are all industry leaders in their particular niche in the market. Technology companies help to improve productivity and profitability for corporations. This is an ongoing theme, and we expect technology to continue to outperform the market.

In health care, the pharmaceutical stocks did particularly well. They had underperformed for the past few years, and as people became more concerned about the economy, investors began to look for more stable growers; I think the pharmaceutical stocks fit that bill -- consistent, good stable earnings that you can count on for the next few years.

Those areas that underperformed the market -- papers, chemicals and steels -- those most sensitive to the economy, did not do well in 1996 nor do we think they will do better in the first half of 1997. We thought the small and midcaps would come on, but they did not as of December 31, 1996. Three names that come to mind are Crackerbarrel (1.55%), the restaurant chain; Corrections Corp. of America (1.19%), a prison management company; and Centocor (1.09%), which is a biotech company. Those are three midcaps that we added to the portfolio anticipating that they would perform well, and currently they appear to be doing so.**

In energy, a few oil service companies, Schlumberger (1.96%) and Halliburton (1.54%), did pretty well for us, even though we took some

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profits in that sector late in the quarter. As economies improve and emerge overseas, there's going to be a need for more natural gas and oil, so the obvious beneficiary of that trend are the oil service companies.**

Q. DESCRIBE YOUR SELECTION PROCESS.

A. Our minimum market capitalization is \$500 million, and usually the stock has a market cap of at least \$1 billion, which puts us in the midcap or larger category. We try to pick companies with price/earnings multiples that are no more than 1 to 1.25 times the company's growth rate. If the stock's price/earnings ratio is more than 2 times the company's growth rate, then that would be a time to reduce our position or sell the stock. We're looking for minimum earnings growth of 14%-15%, in which the company is an industry leader, has a unique product or service and fits into one of several themes. Those themes include providing productivity enhancements, taking advantage of changing demographics, or taking advantage of a recovery in international economies. Typically, we don't own international stocks but, rather, domestic companies with strong international components, such as Gillette and pharmaceutical companies. One exception is LM Ericsson (2.48%), a Swedish telecommunications equipment manufacturer.**

Q. WHAT IS YOUR OUTLOOK FOR THE STOCK MARKET?

A. The cash flows into the market are just overwhelming the fundamentals right now. There's a lot of money coming in from foreign investors as well, helped by the strengthening dollar. Nevertheless, equities are at the upper end of fair valuation, given the current level of interest rates. The risks are higher this year than last year. But as long as the economy remains on a slow growth-low inflation track, and barring unforeseen disruptions to our financial markets, we feel that equities can rise in line with the expected increase in corporate profits this year. In selecting equities for investment this year, we will be emphasizing those companies that have pricing power for their products or services, fill a market niche, have earnings visibility and consistency and will be the beneficiary of changing demographics in our society.

 * With the 3.00% sales load, the Portfolio's return was 18.53% for the period.

** The Portfolio's composition is subject to change.

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PORTFOLIO COMPOSITION AS OF
 DECEMBER 31, 1996*

SECTOR PROFILE

The AmeriStar Capital Growth Portfolio invests in a portfolio designed to provide capital growth by investing primarily in stocks of large, well-capitalized U.S. companies. The Portfolio's adviser has latitude in deciding which companies and industries provide the greatest growth potential at any given time. The Portfolio currently invests in 10 major industry groups, including health care, energy and consumer staples.

<TABLE>	<C>
<S>	
FINANCIAL SERVICES	9.6%
HEALTH CARE	16.3%
CASH	9.1%
UTILITIES	5.1%
ENERGY	8.8%
CAPITAL GOODS - IND	11.5%
CAPITAL GOODS - TECH	15.5%
CONSUMER CYCLICALS	2.7%
CONSUMER STAPLES	11.2%
CONSUMER SERVICES	10.2%
</TABLE>	

TOP 10 EQUITY HOLDINGS*

<TABLE>	PERCENT OF
<CAPTION>	TOTAL ASSETS

<S>	<C>
Gillette Co.	3.17%
American International Group Inc.	2.98%
Sybron International Corp.	2.78%
Health Care & Retirement Corp.	2.62%
SBC Communications Inc.	2.59%
Eli Lilly & Co.	2.58%
Tyco International Ltd.	2.54%
General Electric Co.	2.52%
Columbia HCA HealthCare Corp.	2.49%
Federal National Mortgage Assoc.	2.47%

TOTAL.....	26.74%
	=====
</TABLE>	

* The Portfolio's composition is subject to change.

 AMERISTAR CAPITAL GROWTH PORTFOLIO
 PERFORMANCE (AS OF DECEMBER 31, 1996)

<TABLE>
 <CAPTION>

Measurement Period (Fiscal Year Covered)	Portfolio (without sales charge)	S&P 500 Index	Portfolio (with sales charge)
<S>	<C>	<C>	<C>
80	10000	10000	9717
81	9918	9508	9623
82	12104	11557	11745
83	13135	14113	12783
84	12163	14937	11840
85	15388	19440	14953
86	18271	23068	17736
87	19397	24217	18868
88	20714	28182	20142
89	26696	37030	25943
90	25194	35794	24481
91	31434	46674	30519
92	33457	50160	32500
93	34602	55124	33632
94	34491	55777	33491
95	44951	76714	43679
96	54958	94315	53396

</TABLE>

Past performance is no guarantee of future results.

<TABLE>
 <CAPTION>

	AVERAGE ANNUAL TOTAL RETURN	
	WITH SALES CHARGE*	WITHOUT SALES CHARGE
<S>	<C>	<C>
1 Year.....	18.53%	22.26%
5 Year.....	11.16%	11.82%
10 Year.....	11.30%	11.64%
Since Inception (4/1/96)...	11.03%	11.23%

</TABLE>

* Reflects 3.00% Sales Charge

A hypothetical \$10,000 investment made on December 31, 1980, would have been worth \$54,958 on December 31, 1996, without the sales charge and \$53,396 after taking the maximum 3% sales charge into account.

The Capital Growth Portfolio is compared to the Standard & Poor's 500 Stock Index, a broad measure of the stock market as a whole. The index is unmanaged and does not reflect expenses associated with a mutual fund, such as sales charges, expenses for fund operations, management fees, portfolio transaction costs or the cash reserves required to provide daily liquidity. The Portfolio's performance reflects the deduction of fees for these value-added services.

The AmeriStar Capital Growth Portfolio commenced operations on April 1, 1996 through a transfer of assets from certain collective trust fund ("Commingled") accounts managed by First American National Bank, using substantially the same investment objective, policies and methodologies as the Portfolio. The quoted performance of the Portfolio includes performance of the Commingled accounts for periods dating back to 12/31/80, and prior to the Portfolio's commencement of

very low,

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but the consumer is becoming overburdened. At some point, one of these is going to win out, and we think it's going to be the latter. Meanwhile, we are maintaining a very conservative strategy, keeping the credit quality of the portfolio very high at AA and the duration neutral to the index.

* With the 3.00% sales load, the Portfolio's return was -1.70% for the period.

(1) The Fund's income may be subject to certain state and local taxes and, depending on your tax status, the federal alternative minimum tax.

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PORTFOLIO COMPOSITION AS OF
DECEMBER 31, 1996*

SECTOR PROFILE

<S>	<C>
CASH AND CASH EQUIVALENTS	1.7%
GENERAL OBLIGATIONS	32.1%
HOUSING	2.6%
HOSPITAL	17.1%
UTILITY REVENUE	18.0%
EDUCATIONAL	9.9%
OTHER	18.6%

The Portfolio invests primarily in investment-grade Tennessee municipal obligations. The credit research team at the AmeriStar Funds and the Portfolio Manager continuously monitor debt instruments and issuer quality to identify fixed-income securities appropriate for the Portfolio. With an emphasis on quality, the Portfolio seeks to generate current income that is exempt from federal and Tennessee personal income taxes without undue risk to principal.

<S>		<C>		<C>	
MATURITY PROFILE		QUALITY PROFILE			
0-5 years	3.4%	Cash Equivalent		1.7%	
5-10 years	27.7%	AA		49.8%	
10-15 years	24.1%	AAA		48.5%	
Over 15 years	44.8%				

By design, the Portfolio focuses on achieving an average maturity of 10 to 15 years. By emphasizing the overall average maturity of the Porfolio, we attempt to provide a high current tax-free yield while controlling principal value.

By focusing on more general obligations and school and "essential service" bonds, the Portfolio Manager and the research team provide an additional measure of security to the Portfolio.

* The Portfolio's composition is subject to change.

</TABLE>

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AMERISTAR TENNESSEE TAX EXEMPT BOND PORTFOLIO
PERFORMANCE (AS OF DECEMBER 31, 1996)

<S>	Portfolio (without sales charge)	Lehman Brothers Municipal 10-Year Index	Portfolio (with sales charge)
3/28/94	10000	10000	9699

12/31/94	9737	10020	9444
12/31/95	11041	11805	10709
12/31/96	11195	12329	10858

Past performance is no guarantee of future results.

</TABLE>

<TABLE>
<CAPTION>

	AVERAGE ANNUAL TOTAL RETURN	
	WITH SALES CHARGE*	WITHOUT SALES CHARGE
<S>	<C>	<C>
1-Year.....	-1.70%	1.39%
Since Inception (03/28/94).....	3.02%	4.16%
30-Day SEC Yield.....		4.15%

* Reflects 3.00% Sales Charge

A hypothetical \$10,000 investment made on March 28, 1994, the Portfolio's inception date, would, on December 31, 1996, have been worth \$11,195 without the sales charge and \$10,858 after taking the maximum 3% sales charge into account.

The Tennessee Tax Exempt Bond Portfolio is compared to the Lehman Brothers Municipal 10-Year Index, an unmanaged index that includes municipal bonds issued within the last five years by municipalities throughout the United States, with maturities of at least one year, but no more than 12 years, and a credit quality of at least Baa. In contrast, the Tennessee Tax Exempt Bond Portfolio targets higher-quality bonds with a minimum rating of A, and at least 65% of the Portfolio must be comprised of Tennessee issues. The Lehman Brothers index does not reflect expenses associated with a mutual fund such as sales charges, expenses for fund operations, management fees, portfolio transaction costs or the cash reserves required to provide daily liquidity. The Portfolio's performance reflects the deduction of fees for these value-added services.

Total return figures include changes in share price, reinvestment of dividends and capital gains distributions, if any. The service contractors are currently waiving a portion of their fees; without such waivers the 30-day SEC yield would have been 3.90%. This voluntary waiver may be terminated or modified at any time, which would reduce the Portfolio's performance.

Some investors may be subject to the federal alternative minimum tax and to certain state and local taxes. Past performance is not indicative of future results. Investment return and principal value will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than the original cost.

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<TABLE>

<S>	<C>
	DONALD F. TURK, C.F.A.
	Portfolio Manager
	Limited Duration
	Income Portfolio

</TABLE>

INVESTMENT GOAL

The Portfolio seeks to provide investors with current income without assuming undue risk. It invests primarily in investment-grade, U.S. dollar-denominated fixed-income securities of domestic and foreign issuers that generally have a duration of under four years. This Portfolio is suitable for investors seeking regular monthly income without undue risk to principal.

Q. HOW DID THE PORTFOLIO PERFORM DURING 1996?

A. The Limited Duration Income Portfolio produced a total return of 4.28%* in 1996. In comparison, the Merrill Lynch 1-5 Year Corporate/ Government Index, an

unmanaged benchmark, produced a total return of 4.62%. The index is a broad performance measure of bonds with maturities in the one-to-five-year range.

When evaluating performance, it is important to distinguish total return from yield. As of December 31, 1996, the Portfolio's 30-day SEC yield was 5.22%*, up from 5.02% as of December 31, 1995. Total return is the sum of the yield and the change in the Portfolio's net asset value (NAV). A bond fund's NAV typically falls in a period of rising interest rates and typically rises in a period of falling interest rates.

Q. WHAT FACTORS AFFECTED YOUR PERFORMANCE?

A. The benchmark, the Merrill Lynch 1-5 Year Government/Corporate Index had a positive return of 4.6%. The Fund's return was 4.28%, not much behind the benchmark. We were longer than the benchmark to begin 1996, so we got hurt early in the year and never quite caught up. On the plus side, the Treasury allocation in the portfolio includes Ginnie Maes (Government National Mortgage Association), which provide incremental yield, and that helped our performance, particularly during the first seven or eight months of the year.

Q. WHAT SECTORS WERE ATTRACTIVE?

A. The financial sector became increasingly attractive, and that benefited the portfolio considerably. Finance issues comprised only 5.5% of the index at December 31, 1996. In contrast, we had nearly 14% of the portfolio invested in financial companies. For example, in October, we bought bonds issued by ABN Amro Group (2.06% of total investments). These bonds are rated Aa3 by Moody's and A by S&P. ABN Amro Group is an enormous financial concern with \$225 billion in assets, one of the world's largest banking groups, earning \$4.5 billion in net profits in 1995. We bought this bond, due 2001, to yield 0.40% more than Treasury bonds of comparable maturities, and it is a very fine, solid credit. Another new issue in the portfolio is Enserch (1.04%), an integrated natural gas company with \$2 billion in sales. The noncallable bonds, rated BBB (still investment grade) have a 7% coupon, due in 1999 and offer 0.50% over comparable Treasury bonds. We think it's a very fine company. At year end, roughly half of the portfolio was invested in corporate bonds.**

Q. DO YOU THINK THAT CORPORATE BONDS ARE OFFERING YOU ENOUGH EXTRA YIELD?

A. Yes, for example, a corporate credit maturing in 3 years rated A is yielding an additional 0.30% over Treasury bonds. A BBB is typically offering about 0.35% extra. Yes, it's a tight spread, and

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there are good reasons for that -- the economy is solid, corporate profits are good, and balance sheets have improved. On the demand side, there is aggressive bidding for American bonds, not just by U.S. money managers but also from foreign investors, notably the Japanese. Our interest rates are at least 3 percentage points higher than Japan's. If you're a Japanese investor, your economy is slow, your interest rates are low, the yen has weakened, and the dollar has strengthened. The incremental yield you get out of U.S. Treasury bonds and corporates is very attractive.**

Q. WHAT IS YOUR OUTLOOK?

A. The bond market was subjected to rapidly changing expectations throughout 1996, particularly in the fourth quarter. It seemed that each new economic statistic released swayed investor emotions first one way and then the other. After all was said and done, however, the long Treasury bond ended the year at 6.64%, after reaching a low of 5.95% last January.

We expect 1997 to be another year of moderate growth and low inflation, which suggests that corporate spreads will likely remain thin. We certainly are not going to buy 5-year corporate notes at just 0.20% above Treasury bonds. At some point, these spreads will widen, at which point we will make a bigger commitment to corporate bonds.

*With the 3.00% sales load, the Portfolio's return was 1.13% for the period.

**The Portfolio's composition is subject to change.

PORTFOLIO COMPOSITION AS OF
DECEMBER 31, 1996*

SECTOR PROFILE

<TABLE>
<S>
TREASURY/AGENCY
FINANCIAL
INDUSTRIALS
CASH EQUIVALENT
UTILITIES/PHONES
</TABLE>

<C>
42%
14%
24%
4%
16%

The AmeriStar Limited Duration Income Portfolio invests primarily in investment-grade, U.S. dollar-denominated, fixed-income securities of domestic and foreign issuers. The Portfolio is designed to provide investors with current income without assuming undue risk. The Portfolio's adviser has latitude in deciding how assets are invested among corporate and government obligations. As a result, the Portfolio enjoys flexibility to make the most of changing market conditions.

<TABLE>
<CAPTION>

MATURITY PROFILE

<S>
Less than 1 year
1-3 years
3-7 years

<C>
20%
39%
41%

QUALITY PROFILE

<C>
BBB 6%
Cash and Cash Equivalents 4%
Treasury/Agency 42%
AAA 3%
AA 17%
A 28%

By design, the Portfolio attempts to generate current income without undue risk to principal. The chart shows that the Portfolio is focused on bonds with maturities of 1 to 7 years.

The Portfolio's research team and the Portfolio Manager continuously monitor debt instruments and issuer quality to identify fixed-income securities for the Portfolio.

* The Portfolio's composition is subject to change.

</TABLE>

<TABLE>

AMERISTAR LIMITED DURATION INCOME PORTFOLIO
PERFORMANCE (AS OF DECEMBER 31, 1996)

Measurement Period (Fiscal Year Covered)	Merrill Lynch		
	Portfolio (without sales charge)	1-5 Year Corporate & Government Index	Portfolio (with sales charge)
<S>	<C>	<C>	<C>
3/28/94	10000	10000	9699
12/31/94	10042	10106	9740
12/31/95	11166	11333	10831
12/31/96	11644	11787	11294

Past performance is no guarantee of future results.

</TABLE>

<TABLE>
<CAPTION>

AVERAGE ANNUAL
TOTAL RETURN

WITH SALES CHARGE*	WITHOUT SALES CHARGE
-----------------------	-------------------------

<S>	<C>	<C>
1 Year.....	1.13%	4.28%
Since Inception		
(03/28/94).....	4.48%	5.65%
30-Day SEC Yield.....		5.22%

* Reflects 3.00% Sales Charge
</TABLE>

A hypothetical \$10,000 investment made on March 28, 1994, the Portfolio's inception date, would, on December 31, 1996, have been worth \$11,644 without the sales charge and \$11,294 after taking the maximum 3% sales charge into account.

The Limited Duration Income Portfolio is compared to the Merrill Lynch 1-5 Year Corporate/Government Index, which reflects the performance of bonds in that maturity range with a rating of at least Baa. The index is unmanaged and does not reflect expenses associated with a mutual fund such as sales charges, expenses for fund operations, management fees, portfolio transaction costs or the cash reserves required to provide daily liquidity. The Portfolio's performance reflects the deduction of fees for these value-added services.

Total return figures include changes in share price, reinvestment of dividends and capital gains distributions, if any. The service contractors are currently waiving a portion of their fees; without such waivers the 30-day SEC yield would have been 4.97%. This voluntary waiver may be terminated or modified at any time, which would reduce the Portfolio's performance. Past performance is not indicative of future results. Investment return and principal value will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original cost.

12

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<TABLE>
<S> <C>
DONALD F. TURK, C.F.A.
Portfolio Manager
Core Income
Portfolio
</TABLE>

INVESTMENT GOAL

The Portfolio seeks to provide investors with current income without assuming undue risk. It invests primarily in investment-grade, U.S. dollar-denominated fixed-income securities of domestic and foreign issuers with maturities of any length. This Portfolio is suitable for investors seeking regular monthly income without undue risk to principal.

Q. HOW WOULD YOU DISTINGUISH THIS PORTFOLIO FROM THE LIMITED DURATION INCOME PORTFOLIO?

A. Unlike the Limited Duration Income Portfolio, which typically invests in bonds maturing within two to five years, our new Core Income Portfolio, launched on April 1, 1996, can invest in any length maturity. Our benchmark is the Merrill Lynch Corporate & Government Master Index, an unmanaged index that measures bond performance and that currently has a duration of about 5.4 years. Our standard policy is to be within 20% of that index. The new Portfolio also includes some 30-year U.S. Treasuries as well as corporates. (Duration is a measure of a portfolio's sensitivity to changes in interest rates. The shorter the duration, the less likely the portfolio is to lose value when rates rise, and vice-versa.)

Q. HOW DID THE PORTFOLIO PERFORM IN 1996?

A. For the year ended December 31, 1996, the Portfolio's total return was 1.12%.* In comparison, the Merrill Lynch Corporate/Government Bond Index produced a total return of 2.90%. It is important to distinguish total return from yield. As of December 31, 1996, the Portfolio's 30-day SEC yield was 5.30%. Total return is the sum of the yield and the change in the Portfolio's net asset value (NAV). A bond fund's NAV typically falls in a period of rising interest rates, and typically rises in a period of falling interest rates.

Q. WHAT FACTORS AFFECTED YOUR PERFORMANCE?

A. The Fund began during a difficult time for the bond market when interest rates were rising. For instance, yields on 30-year Treasuries rose from 6.67% to 6.89% during the second quarter, resulting in a price decline of 2.60%. Early in the period, the portfolio included a high proportion of bonds with lower coupons, which do not hold up well in a period of rising interest rates. We have since improved the Portfolio by investing in higher coupons, since a major priority is to boost income.

Q. WHAT AREAS OF THE CORPORATE BOND MARKET WERE ATTRACTIVE?

A. We bought bonds issued by Harris Corp. (3.03% of total investments) due in 2018 that pay a 10 3/8% coupon. Harris designs, produces and markets electronic systems. The company, with an A3 rating by Moody's and an A- by S&P, has been retiring their higher coupon debt, as have a lot of companies. These 10 3/8s are callable at a nice premium in 1998. We bought it to yield about 0.55% over Treasury bonds to that call date. Other bonds in the Portfolio include GE Capital 7.5% of 2035 (1.54%), Travelers/Aetna 6.75% of 2001 (1.31%) and Air Products 7.80% of 2026 (4.07%). We added Fannie Maes (Federal National Mortgage Association), 6.35% callable in 1999 (2.57%), yielding 0.38% over 5-year Treasury bonds, which is a very good spread for a AAA-rated government agency security. In the defense industry, we have Lockheed Martin (3.27%)

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bonds that mature in two years, but you have to be careful about consolidation in that industry. You have to be careful who's going to be buying whom, and avoid a company that is going to leverage itself so much that you wind up with a lower quality credit.

Q. HOW WOULD YOU DESCRIBE YOUR INVESTMENT PROCESS?

A. Number one, there is a decision in terms of maturity structure. How much interest-rate risk are we willing to take? Generally, we will invest in most maturities. From time to time, we will accentuate one maturity group vs. another because it has better value. Currently, we are duration neutral. The closer the long bond gets to 7%, the more attractive it is for us to extend maturities. The second thing that we do is look at solid or improving industries, avoiding any industry that is deteriorating. For instance, there is more risk in the utility industry now than a year or two ago, because some utilities are buying other utilities in foreign countries where there are political risks. Thirdly, we want the individual credits to be improving. IBM is one that we're viewing more positively. They've gotten rid of losing lines, they've cut unnecessary jobs, and they're much more competitive.**

Q. WHAT IS YOUR OUTLOOK?

A. Last year was a Goldilocks economy--not too hot and not too cold. This year, we've got what appears to be a stronger economy, coming off real economic growth of 3%-4% for the fourth quarter and perhaps the same in the first quarter of 1997. So the near term could be volatile for bonds. We expect the economy in the first half of 1997 to remain strong, although there is a possibility of a slowdown in the second half. Remember that we're in the seventh year of an expansion, and that usually means inflationary pressures. For example, we're at full employment, and wages and benefits are rising. People feel wealthier, so consumer confidence could strengthen; this could cause upward inflation fears, which would frighten the Federal Reserve Board to step on the brakes pretty quickly, which could in turn cause a recession. Historically, we have never been able to repeal the business cycle or these price pressures.

* With the 3.00% sales load, the Portfolio's return was -1.96% for the period.

** The portfolio's composition is subject to change.

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PORTFOLIO COMPOSITION AS OF
DECEMBER 31, 1996*

SECTOR PROFILE

<S>	<C>
TREASURY AGENCY	42%
FINANCIAL	33%
INDUSTRIALS	22%
CASH EQUIVALENTS	4%
UTILITIES/PHONES	9%

The AmeriStar Core Income Portfolio invests primarily in investment-grade, U.S. dollar-denominated, fixed-income securities of domestic and foreign issuers. The Portfolio is designed to provide current income without assuming undue risk. The Portfolio's adviser has latitude in deciding how assets are invested among corporate and government obligations. As a result, the Portfolio enjoys flexibility to make the most of changing market conditions.

<TABLE>
<CAPTION>

MATURITY PROFILE		QUALITY PROFILE	
<S>	<C>	<C>	<C>
Less than 1 year	13%	Cash and Cash Equivalents	4%
1-3 years	19%	Treasury/Agency	42%
3-7 years	25%	AAA	6%
7-10 years	5%	AA	12%
Over 10 years	38%	A	27%
		BBB	9%

By design, the Portfolio attempts to generate current income without undue risk to principal. The chart shows that the Portfolio is focused on bonds with maturities of 1 to 7 years and those with maturities greater than 10 years.

The Portfolio's research team and the Portfolio Manager continuously monitor debt instruments and issuer quality to identify fixed-income securities for the Portfolio.

* The Portfolio's composition is subject to change.

</TABLE>

 AMERISTAR CORE INCOME PORTFOLIO
 PERFORMANCE (AS OF DECEMBER 31, 1996)

<TABLE>
<CAPTION>

Measurement Period (Fiscal Year Covered)	Portfolio (without sales charge)	Merrill Lynch Corporate / Government Master Index	Portfolio (with sales charge)
<S>	<C>	<C>	<C>
80	10000	10000	9711
81	10378	10700	10083
82	13777	13892	13388
83	14646	14973	14215
84	16372	17238	15909
85	19859	21000	19256
86	23274	24283	22603
87	22940	24792	22273
88	24480	26706	23760
89	27232	30478	26446
90	28946	33067	28099
91	33412	38322	32438
92	35437	41266	34380
93	38996	45829	37851
94	37579	44332	36488
95	43840	52782	42562
96	44330	54316	43024

</TABLE>

<TABLE>
<CAPTION>

	AVERAGE ANNUAL TOTAL RETURN	
	WITH SALES CHARGE*	WITHOUT SALES CHARGE
<S>	<C>	<C>
1 Year.....	-1.96%	1.12%
5 Year.....	5.18%	5.82%
10 Year.....	6.32%	6.66%
Since Inception (4/1/96)...	9.54%	9.74%
30-Day SEC Yield.....	5.30%	

</TABLE>

* Reflects 3.00% Sales Charge

A hypothetical \$10,000 investment made on December 31, 1980, would, on December 31, 1996, have been worth \$44,330 without the sales charge and \$43,024 after taking the maximum 3% sales charge into account.

The Core Income Portfolio is compared to the Merrill Lynch Corporate/Government Master Index, which reflects the performance of bonds in that maturity range. The index is unmanaged and does not reflect expenses associated with a mutual fund such as sales charges, expenses for fund operations, management fees, portfolio transaction costs or the cash reserves required to provide daily liquidity. The Portfolio's performance reflects the deduction of fees for these value-added services.

The AmeriStar Core Income Portfolio commenced operations on April 1, 1996 through a transfer of assets from certain collective trust fund ("Commingled") accounts managed by First American National Bank, using substantially the same investment objective, policies and methodologies as the Portfolio. The quoted performance of the Portfolio includes performance of the Commingled accounts for periods dating back to 12/31/80, and prior to the Portfolio's commencement of operations, as adjusted to reflect the expenses associated with the Portfolio. The Commingled accounts were not registered with the Securities and Exchange Commission and, therefore, were not subject to the investment restrictions imposed by law on registered mutual funds. If the Commingled accounts had been registered, the Commingled accounts' performance may have been adversely affected. The performance also reflects reinvestment of all dividends and capital-gains distributions. The service contractors are currently waiving a portion of their fees; without such waivers the 30-day SEC yield would have been 5.05%. Past performance is not a prediction of future results. The Portfolio's investment return and principal value will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original purchase price.

THE INFINITY MUTUAL FUNDS, INC.
AMERISTAR CAPITAL GROWTH PORTFOLIO

PORTFOLIO OF INVESTMENTS
DECEMBER 31, 1996

<TABLE>
<CAPTION>

	SHARES	MARKET VALUE (NOTE 2)
<S>	<C>	<C>
COMMON STOCKS --	91.0%	
BANKING --	4.1%	

BankAmerica Corp.....	8,500	\$ 847,875
Norwest Corp.....	27,140	1,180,590

		2,028,465

BEVERAGES -- 1.7%		
PepsiCo, Inc.....	28,460	832,455

COMPUTERS -- MAIN & MINI -- 1.5%		
Hewlett Packard Co.....	14,700	738,675

COMPUTER SOFTWARE -- 6.0%		
Cisco Systems, Inc. (b).....	15,250	970,281
Microsoft Corp. (b).....	13,000	1,074,125
Oracle Systems Corp. (b).....	21,627	902,927

		2,947,333

COSMETICS & TOILETRIES -- 3.2%		
Gillette Co.....	20,000	1,555,000

DEFENSE -- 3.4%		
Boeing Co.....	10,000	1,063,750
Corrections Corp. of America (b).....	19,000	581,875

		1,645,625

ELECTRICAL EQUIPMENT -- 2.5%		
General Electric Co.....	12,500	1,235,937

</TABLE>

Continued

17

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<TABLE>
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	SHARES	MARKET VALUE (NOTE 2)
	-----	-----
<S>	<C>	<C>
ELECTRONIC COMPONENTS -- 3.2%		
Applied Materials, Inc. (b).....	13,500	\$ 485,156
Intel Corp.....	8,200	1,073,688

		1,558,844

ENGINEERING & CONSTRUCTION -- 2.1%		
Fluor Corp.....	16,500	1,035,375

FINANCIAL SERVICES -- 4.9%		
Federal National Mortgage Assoc.....	32,500	1,210,625
First Data Corp.....	32,260	1,177,490

		2,388,115

FOREST & PAPER PRODUCTS -- 1.9%		
Kimberly Clark Corp.....	10,000	952,500

HEALTH CARE -- DRUGS -- 7.0%		
Amgen, Inc. (b).....	10,800	587,250
Centocor, Inc. (b).....	15,000	536,250
Eli Lilly & Co.....	17,300	1,262,900
Pfizer, Inc.....	12,700	1,052,512

		3,438,912

HOSPITAL SUPPLY & MANAGEMENT -- 3.9%		
Columbia HCA Healthcare Corp.....	30,000	1,222,500
Healthcare Compare Corp. (b).....	16,450	697,069

		1,919,569

HOTEL MANAGEMENT & RELATED SERVICES -- 2.3%		
Promus Hotel Corp. (b).....	37,935	1,123,824

HOUSEHOLD -- GENERAL PRODUCTS -- 2.1%		
Newell Co.....	32,500	1,023,750

INSURANCE -- PROPERTY & CASUALTY -- 3.0%		
American International Group, Inc.....	13,500	1,461,375

</TABLE>

Continued

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<TABLE>
<CAPTION>

	SHARES	MARKET VALUE (NOTE 2)
	-----	-----
<S>	<C>	<C>
LEISURE TIME INDUSTRY -- 1.7%		
The Walt Disney Co.....	11,790	\$ 820,879

MANUFACTURING -- 4.6%		
Service Corp. International.....	36,000	1,008,000
Tyco International Ltd.....	23,505	1,242,827

		2,250,827

MEDICAL EQUIPMENT & SUPPLIES -- 2.8%		
Sybron International Corp. -- Wisconsin (b).....	41,280	1,362,240

MEDICAL -- HOSPITAL MANAGEMENT SERVICES -- 2.6%		
Health Care & Retirement Corp. (b).....	44,890	1,284,976

OIL & GAS -- 5.7%		
Enron Corp.....	28,000	1,207,500
Nuevo Energy Co. (b).....	13,200	686,400
Union Pacific Resources Group.....	30,500	892,125

		2,786,025

PETROLEUM -- DOMESTIC -- 2.2%		
Anadarko Petroleum Corp.....	16,350	1,058,663

PETROLEUM -- SERVICES -- 3.5%		
Halliburton Co.....	12,500	753,125
Schlumberger Ltd.....	9,600	958,800

		1,711,925

RESTAURANTS -- 3.0%		
Cracker Barrel.....	30,000	761,250
McDonalds Corp.....	15,500	701,375

		1,462,625

RETAIL -- SPECIALTY STORES -- 3.9%		
Autozone, Inc. (b).....	30,460	837,650
Walgreens Co.....	27,500	1,100,000

		1,937,650

</TABLE>

Continued

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<TABLE>
<CAPTION>

	SHARES OR PRINCIPAL AMOUNT	MARKET VALUE (NOTE 2)
<S>	<C>	<C>
UTILITIES -- TELEPHONE -- 2.6%		
SBC Communications, Inc.....	24,500	\$ 1,267,875
TELECOMMUNICATIONS -- 2.5%		
Ericsson (LM) Telephone.....	40,300	1,216,557
TOYS -- 0.9%		
Mattel, Inc.....	16,890	468,698
WHOLESALE -- 2.2%		
Alco Standard Corp.....	20,550	1,060,894
Total Common Stocks (Cost -- \$38,731,408).....		44,575,588
U.S. TREASURY BILLS -- 4.0%		
3/6/97.....	1,000,000	991,020
2/20/97.....	1,000,000	992,952
Total U.S. Treasury Bills (Cost -- \$1,984,370).....		1,983,972
REGULATED INVESTMENT COMPANIES -- 5.1%		
AIM Liquid Assets Money Market Fund.....	2,270,442	2,270,442
AIM Prime Money Market Fund.....	226,364	226,364
Dreyfus Prime Money Market Fund.....	1	1
Total Regulated Investment Companies (Cost -- \$2,496,807)...		2,496,807
TOTAL INVESTMENTS (COST -- \$43,212,585) (A) -- 100.1%.....		49,056,367
TOTAL LIABILITIES IN EXCESS OF OTHER ASSETS -- (0.1%).....		(48,400)
NET ASSETS -- 100.0%.....		\$49,007,967

</TABLE>

Percentages indicated are based on net assets of \$49,007,967.

- (a) Represents cost for financial reporting purposes and differs from cost basis from income tax purposes by the amount of losses recognized for financial reporting in excess of federal income reporting of approximately \$24,116. Cost for federal income tax purposes differs from value by net unrealized appreciation of securities as follows:

<S>	<C>
Unrealized appreciation.....	\$6,288,133
Unrealized depreciation.....	(468,467)
Net unrealized appreciation.....	\$5,819,666

</TABLE>

- (b) Non-income producing security.

See Notes to Financial Statements.

THE INFINITY MUTUAL FUNDS, INC.
AMERISTAR CAPITAL GROWTH PORTFOLIO

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 1996

<TABLE>		
<S>		<C>
ASSETS		
Investments in securities, at value (cost \$43,212,585).....	\$49,056,367	
Interest and dividends receivable.....	36,388	
Deferred organization costs (Note 2).....	9,811	
Prepaid expenses and cash.....	2,486	

Total assets.....	49,105,052	

LIABILITIES		
Accrued expenses:		
Advisory fees.....	27,169	
Administration fees.....	6,270	
Legal and audit fees.....	14,737	
Custodian fees.....	14,875	
Registration fees.....	13,260	
Reports to shareholders.....	10,296	
Transfer agent fees.....	10,478	

Total liabilities.....	97,085	

NET ASSETS.....	\$49,007,967	
	=====	
Shares Outstanding (\$0.001 par value, 250 million shares authorized).....	4,328,282	
	=====	
Calculation of Maximum Offering Price Net asset value per share.....	\$11.32	
Sales charge -- 3.0% of public offering price.....	0.35	

Maximum Offering Price.....	\$11.67	
	=====	
COMPOSITION OF NET ASSETS:		
Shares of common stock, at par.....	\$ 4,328	
Additional paid-in capital.....	43,344,822	
Undistributed net investment loss.....	(2,911)	
Net unrealized appreciation from investments.....	5,843,782	
Accumulated net realized losses on investment transactions.....	(182,054)	

Net Assets, December 31, 1996.....	\$49,007,967	
	=====	

</TABLE>

See Notes to Financial Statements.

THE INFINITY MUTUAL FUNDS, INC.
AMERISTAR CAPITAL GROWTH PORTFOLIO

STATEMENT OF OPERATIONS
FOR THE PERIOD FROM APRIL 1, 1996(A) TO DECEMBER 31, 1996

<TABLE>		<C>	<C>
<S>			
INVESTMENT INCOME			
Interest.....		\$	141,905
Dividends.....			248,268

Total Investment Income.....			390,173
Expenses			
Advisory fees.....	\$214,961		
Administration fees.....	49,607		
Distribution fees.....	82,357		
Custodian fees.....	20,274		
Accounting fees.....	31,998		
Transfer agent fees and expenses.....	22,019		
Legal and audit fees.....	19,256		
Reports to shareholders.....	12,612		
Amortization of organization expenses.....	5,025		
Directors' fees.....	3,730		

Insurance expense.....	1,356
Registration fees.....	14,855
Other expenses.....	422

Total expenses before fee waivers and expenses paid by third parties.....	478,472
Less: Fee waivers.....	(82,357)
Less: Expenses paid by third parties.....	(141)

Total expenses.....	395,974

Net Investment Loss.....	(5,801)

REALIZED AND UNREALIZED GAINS (LOSSES) FROM INVESTMENTS	
Net realized losses from securities transactions.....	(182,054)
Net change in unrealized appreciation from investments.....	5,843,782

Net Realized and Unrealized Gains from Investments.....	5,661,728

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS.....	\$5,655,927
	=====

</TABLE>

(a) Commencement of operations.

See Notes to Financial Statements.

THE INFINITY MUTUAL FUNDS, INC.
AMERISTAR CAPITAL GROWTH PORTFOLIO

STATEMENT OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

FOR THE PERIOD FROM
APRIL 1, 1996(A)
TO DECEMBER 31, 1996

<S>	<C>
INCREASE (DECREASE) IN NET ASSETS	
Operations	
Net investment loss.....	\$ (5,801)
Net realized losses from securities transactions.....	(182,054)
Net change in unrealized appreciation from investments.....	5,843,782

Net increase in net assets resulting from operations.....	5,655,927

Portfolio Share Transactions	
Net proceeds from shares subscribed.....	47,441,776
Cost of shares redeemed.....	(4,089,736)

Net increase in net assets from Portfolio share transactions.....	43,352,040

Total Increase.....	49,007,967
NET ASSETS	
Beginning of period.....	--

End of period.....	\$ 49,007,967
	=====
SHARE TRANSACTIONS	
Issued.....	4,712,999
Redeemed.....	(384,717)

Change in shares.....	4,328,282
	=====

</TABLE>

(a) Commencement of operations.

THE INFINITY MUTUAL FUNDS, INC.
AMERISTAR TENNESSEE TAX EXEMPT BOND PORTFOLIO

PORTFOLIO OF INVESTMENTS
DECEMBER 31, 1996

<TABLE>
<CAPTION>

	S&P/MOODY'S RATINGS (UNAUDITED)	RATE	MATURITY DATE	PRINCIPAL AMOUNT (000)	MARKET VALUE (NOTE 2)
<S>	<C>	<C>	<C>	<C>	<C>
LONG-TERM INVESTMENTS -- 98.1%					
MUNICIPAL BONDS -- 98.1%					
ARKANSAS -- 4.7%					
Rogers Sales & Use Tax Revenue, Callable 11/1/06 @ 100.....	AA/A1	6.00%	11/1/07	\$ 2,030	\$ 2,215,237
Arkansas State Development Finance Authority Corrections Facilities Revenue (MBIA).....	AAA/Aaa	6.25	10/1/06	1,800	1,982,250
					----- 4,197,487 -----
CONNECTICUT -- 1.2%					
State Special Tax Obligation Revenue, Series B.....	AA-/A1	6.15	9/1/09	1,000	1,087,500
GEORGIA -- 6.1%					
Gwinnett County School District, General Obligation, Series B.....	AA/Aa1	6.40	2/1/07	1,000	1,115,000
Municipal Electric Authority Power Revenue, Series A (AMBAC).....	AAA/Aaa	5.50	1/1/09	1,225	1,249,500
State General Obligation, Series E....	AA+/Aaa	6.00	7/1/04	2,730	2,979,112
					----- 5,343,612 -----
KENTUCKY -- 1.3%					
State Turnpike Authority, Economic Development Revenue Revitalization Projects (AMBAC).....	AAA/Aaa	6.50	7/1/07	1,000	1,125,000
MISSISSIPPI -- 1.2%					
Mississippi State University, Educational Building Corp. Revenue (MBIA).....	AAA/Aaa	6.00	8/1/05	1,010	1,092,062

</TABLE>

Continued

<TABLE>
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	S&P/MOODY'S RATINGS (UNAUDITED)	RATE	MATURITY DATE	PRINCIPAL AMOUNT (000)	MARKET VALUE (NOTE 2)
<S>	<C>	<C>	<C>	<C>	<C>
MISSOURI -- 1.9%					
Kansas City Water Revenue, Callable 12/1/06 @ 101.....	AA/Aa	5.00%	12/1/13	\$ 1,765	\$ 1,685,575
NEW JERSEY -- 1.3%					-----

State Turnpike Authority Revenue, Series C (FSA).....	AAA/Aaa	6.50	1/1/16	1,000	1,132,500

NORTH CAROLINA -- 1.2%					
Eastern Municipal Power Agency, Power System Revenue, Series A, (MBIA)....	AAA/Aaa	5.50	1/1/04	1,000	1,036,250

SOUTH CAROLINA -- 1.2%					
Columbia Water & Sewer Systems Revenue.....	AA/Aa	5.50	2/1/09	1,000	1,032,500

TENNESSEE -- 73.4%					
Bristol Health & Educational Facilities Revenue, Bristol Memorial Hospital (FGIC).....	AAA/Aaa	6.75	9/1/07	2,140	2,426,225
Dickson Electric System Revenue (MBIA).....	AAA/Aaa	6.00	9/1/08	1,040	1,116,700
Humphreys County Industrial Development Board, Solid Waste Disposal Revenue, E.I. DuPont DeNemours & Co. Project, Callable 5/1/04 @ 102.....	AA--/Aa3	6.70	5/1/24	1,455	1,565,944
Johnson City Electric Revenue, Callable 5/1/06 @ 100 (MBIA).....	AAA/Aaa	5.70	5/1/17	1,000	1,006,250
Johnson City General Obligation, School Sales Tax Revenue, Callable 5/1/06 @ 100 (AMBAC).....	AAA/Aaa	6.70	5/1/21	1,250	1,376,563
Johnson City Medical Center, Health & Educational Revenue, Callable 7/1/04 @ 102 (MBIA).....	AAA/Aaa	5.00	7/1/13	1,000	931,250

</TABLE>

Continued

<TABLE>
<CAPTION>

	S&P/MOODY'S RATINGS (UNAUDITED)	RATE	MATURITY DATE	PRINCIPAL AMOUNT (000)	MARKET VALUE (NOTE 2)
	-----	---	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
TENNESSEE (CONTINUED)					
Knox County Health, Education & Housing Facilities Board, Hospital Facilities Revenue, Fort Sanders Alliance Obligation, Series C, (MBIA).....	AAA/Aaa	7.00%	1/1/15	\$ 1,500	\$ 1,638,750
Knox County Health, Education & Housing Facilities Board, Hospital Facilities Revenue, Fort Sanders Alliance Obligation (MBIA).....	AAA/Aaa	7.25	1/1/10	1,000	1,180,000
Knox County Health, Education & Housing Facilities Board, Hospital Facilities Revenue, Fort Sanders Alliance Obligation (MBIA).....	AAA/Aaa	5.75	1/1/11	1,200	1,237,500
Knox County Health, Education & Housing Facilities Board, Hospital Facilities Revenue, Fort Sanders Alliance Obligation (MBIA).....	AAA/Aaa	6.25	1/1/13	1,000	1,077,500
Knox County Health, Education & Housing Facilities Board, Hospital Facilities Revenue, Fort Sanders Alliance Obligation (MBIA).....	AAA/Aaa	5.75	1/1/14	1,250	1,282,812
Lawrenceburg Electric Revenue (MBIA).....	AAA/Aaa	6.63	7/1/18	1,250	1,432,813
Loudon County Industrial Development Board, Solid Waste Disposal Revenue, Kimberly-Clark Corp. Project, Callable 2/1/03 @ 102.....	AA/Aa2	6.20	2/1/23	2,000	2,040,000
Memphis General Obligation.....	AA/Aa	6.25	7/1/04	1,000	1,092,500

Memphis Electric System Revenue.....	AA/Aa	6.00	1/1/05	1,600	1,734,000
Memphis Electric System Revenue Bond, Callable 1/1/02 @ 102.....	AA/Aa	4.90	1/1/11	1,225	1,168,344
Memphis General Obligation.....	AA/Aa	6.00	11/1/03	1,250	1,357,812
Memphis General Obligation.....	AA/Aa	6.00	11/1/05	2,465	2,689,931
Metropolitan Government Nashville & Davidson County, General Obligation.....	AA/Aa	6.00	12/1/10	1,500	1,612,500

Continued

<TABLE>
<CAPTION>

	S&P/MOODY'S RATINGS (UNAUDITED)	RATE	MATURITY DATE	PRINCIPAL AMOUNT (000)	MARKET VALUE (NOTE 2)
<S>	<C>	<C>	<C>	<C>	<C>
TENNESSEE (CONTINUED)					
Metropolitan Government Nashville & Davidson County, Health & Educational Facilities Board, Meharry Medical College (AMBAC).....	AAA/Aaa	6.00%	12/1/13	\$ 2,030	\$ 2,164,488
Metropolitan Government Nashville & Davidson County, Health & Educational Facilities Board, Meharry Medical College Project, Callable 6/1/09 @ 100 (AMBAC).....	AAA/Aaa	5.00	12/1/24	2,000	1,842,500
Metropolitan Government Nashville & Davidson County, Industrial Development Board Revenue, Multi- Family Housing, Glastonbury, Series A, (FNMA).....	AAA/NR	5.45	11/1/26	1,100	1,105,500
Metropolitan Government Nashville & Davidson County, Industrial Development Board Revenue, Multi- Family Housing, RIV Retreat, Series A, (FNMA).....	AAA/NR	5.70	11/1/26	1,000	1,002,500
Metropolitan Government Nashville & Davidson County, Sports Authority, Public Improvement, Stadium Project, Callable 7/1/06 @ 101 (AMBAC).....	AAA/Aaa	5.88	7/1/21	1,000	1,022,500
Metropolitan Government Nashville & Davidson County, Vanderbilt University Revenue, Series A.....	AA/Aa3	5.75	1/1/08	1,085	1,143,319
Metropolitan Government Nashville & Davidson County, Water & Sewer Revenue, (MBIA).....	AAA/Aaa	6.00	1/1/07	1,000	1,082,500
Metropolitan Government Nashville & Davidson County, Water & Sewer Revenue, Callable 4/1/97 @ 102.....	AAA/Aaa	6.50	4/1/03	1,000	1,098,750
Metropolitan Nashville Airport, Revenue Bond, Series C, Callable 7/1/01 @ 102 (FGIC).....	AAA/Aaa	6.60	7/1/15	2,900	3,132,000

Continued

<TABLE>
<CAPTION>

	S&P/MOODY'S RATINGS (UNAUDITED)	RATE	MATURITY DATE	PRINCIPAL AMOUNT (000)	MARKET VALUE (NOTE 2)
<S>	<C>	<C>	<C>	<C>	<C>
TENNESSEE (CONTINUED)					

Rutherford County Capital Outlay, Series A.....	AA-/Aa	6.25%	5/1/05	\$ 2,000	\$ 2,205,000
Rutherford County Capital Outlay, Series A.....	AA-/Aa	6.50	5/1/06	1,250	1,406,250
Shelby County Capital Appreciation General Obligation, Series B.....	AA+/Aa	5.75*	12/1/16	2,000	642,500
Shelby County General Obligation, Public Improvement, Series A.....	AA+/Aa	5.63	6/1/08	1,000	1,041,250
Shelby County General Obligation, Callable 3/1/01 @ 101.....	AA+/Aa	5.13	3/1/18	1,015	959,175
Shelby County General Obligation, Callable 6/1/06 @ 100.....	AA+/Aa	5.88	6/1/18	1,000	1,018,750
Shelby County General Obligation, Series A.....	AA+/Aa	6.75	4/1/04	2,000	2,245,000
Shelby County General Obligation, Series A.....	AA+/Aa	6.75	4/1/05	1,000	1,130,000
Shelby County General Obligation, Series A.....	AA+/Aa	5.63	6/1/05	1,000	1,058,750
Shelby County Health, Educational & Housing Facilities Board Hospital Revenue, Methodist Health Systems, Inc. (MBIA).....	AAA/Aaa	6.25	8/1/07	2,000	2,207,500
Shelby County Health, Educational & Housing Facilities Board Hospital Revenue, Methodist Health Systems, Inc. (MBIA).....	AAA/Aaa	6.25	8/1/08	2,000	2,202,500
Shelby County Public Improvement, Series A, Callable 6/1/06 @ 100.....	AA+/Aa	5.85	6/1/17	1,000	1,016,250
Shelby County Public Improvement, Series B, Callable 11/1/06 @ 100....	AA+/Aa	5.75	11/1/21	1,000	1,006,250
State General Obligation, Series B....	AA+/Aaa	6.20	6/1/01	1,350	1,452,937
State School Board Authority Revenue, Higher Educational Facilities, Series A (MBIA).....	AAA/Aaa	5.50	5/1/26	2,500	2,443,750

</TABLE>

Continued

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<TABLE>
<CAPTION>

	S&P/MOODY'S RATINGS (UNAUDITED)	RATE	MATURITY DATE	PRINCIPAL AMOUNT (000)	MARKET VALUE (NOTE 2)
	-----	----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
TENNESSEE (CONTINUED)					
Williamson County Public Improvement.....	NR/Aa	6.25%	4/1/06	\$ 1,000	\$ 1,105,000
					----- 64,702,313 -----
TEXAS -- 1.2%					
San Antonio Texas Electric & Gas Revenue, Callable 2/1/99 @ 101.5....	AA/Aa1	6.50%	2/1/12	1,000	1,046,250

VIRGINIA -- 1.2%					
Arlington County Virginia, General Obligation, Callable 8/1/04 @ 102...	AAA/Aaa	6.00	8/1/14	1,000	1,055,000

WASHINGTON -- 2.2%					
King County School District, Series B.....	AA-/Aa	6.25	6/1/08	1,730	1,909,488

Total Municipal Bonds.....					86,445,537

Total Long-Term Investments (Cost -- \$85,942,668).....					86,445,537

</TABLE>

Continued

<TABLE>
<CAPTION>

	SHARES (000)	MARKET VALUE (NOTE 2)
<S>	<C>	<C>
REGULATED INVESTMENT COMPANIES -- 0.6%		
AIM Tax Free Money Market Fund.....	105	\$ 104,938
Dreyfus Tax Free Money Market Fund.....	417	417,314

Total Regulated Investment Companies (Cost -- \$522,252).....		522,252

TOTAL INVESTMENTS (COST--\$86,464,920) (A) -- 98.7%.....		86,967,789
OTHER ASSETS IN EXCESS OF TOTAL LIABILITIES -- 1.3%.....		1,116,006

NET ASSETS -- 100.0%.....		\$88,083,795
		=====

</TABLE>

Percentages indicated are based on net assets of \$88,083,795.

(a) Represents cost for federal income tax purposes and differs from value by net unrealized appreciation of securities as follows:

<S>	<C>
Unrealized appreciation.....	\$ 774,091
Unrealized depreciation.....	(271,222)

Net unrealized appreciation.....	\$ 502,869
	=====

</TABLE>

* Yield at issue.
AMBAC = Insured by AMBAC Indemnity Corporation
FGIC = Insured by Financial Guaranty Insurance Corp.
FSA = Insured by Financial Security Assurance
FNMA = Insured by Federal National Mortgage Association
MBIA = Insured by Municipal Bond Insurance Association

See Notes to Financial Statements.

THE INFINITY MUTUAL FUNDS, INC.
AMERISTAR TENNESSEE TAX EXEMPT BOND PORTFOLIO

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 1996

<S>	<C>
ASSETS	
Investments at value (cost \$86,464,920).....	\$86,967,789
Interest receivable.....	1,505,605
Receivable for Portfolio shares sold.....	100
Deferred organization costs (Note 2).....	26,123
Prepaid expenses.....	603

Total assets.....	88,500,220

LIABILITIES	
Distributions payable.....	315,324
Accrued expenses:	
Advisory fees.....	37,440

Administration fees.....	11,232
Legal and audit fees.....	18,365
Other.....	34,064

Total liabilities.....	416,425

NET ASSETS.....	\$88,083,795
	=====
Shares Outstanding (\$0.001 par value, 250 million shares authorized).....	8,898,615
	=====
Calculation of Maximum Offering Price	
Net asset value per share.....	\$ 9.90
Sales charge -- 3.0% of public offering price.....	0.31

Maximum Offering Price.....	\$10.21
	=====
COMPOSITION OF NET ASSETS:	
Shares of common stock, at par.....	\$ 8,899
Additional paid-in capital.....	88,723,297
Undistributed net investment income.....	4,829
Net unrealized appreciation from investments.....	502,869
Accumulated net realized losses from investment transactions.....	(1,156,099)

Net Assets, December 31, 1996.....	\$88,083,795
	=====

</TABLE>

See Notes to Financial Statements.

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THE INFINITY MUTUAL FUNDS, INC.
AMERISTAR TENNESSEE TAX EXEMPT BOND PORTFOLIO

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1996

<TABLE>		
<S>	<C>	<C>
INVESTMENT INCOME		
Interest.....		\$ 4,620,318
Dividends.....		68,541

Total Investment Income.....		4,688,859
Expenses		
Advisory fees.....	\$ 456,926	
Administration fees.....	137,079	
Distribution fees.....	227,838	
Custodian fees.....	27,299	
Accounting fees.....	66,928	
Transfer agent fees and expenses.....	26,007	
Legal and audit fees.....	29,578	
Reports to shareholders.....	6,534	
Amortization of organization expenses.....	11,706	
Directors' fees.....	8,041	
Insurance expense.....	8,400	
Registration fees.....	2,794	
Other expenses.....	1,452	

Total expenses before fee waivers and expenses paid by third parties.....	1,010,582	
Less: Fee waivers.....	(227,838)	
Less: Expenses paid by third parties.....	(529)	

Total expenses.....		782,215

Net Investment Income.....		3,906,644

REALIZED AND UNREALIZED GAINS/LOSSES FROM INVESTMENTS		
Net realized losses from securities transactions.....		(577,774)

Net change in unrealized depreciation from investments.....	(2,118,918)
Net Realized and Unrealized Losses from Investments.....	(2,696,692)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 1,209,952

</TABLE>

See Notes to Financial Statements.

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THE INFINITY MUTUAL FUNDS, INC.
AMERISTAR TENNESSEE TAX EXEMPT BOND PORTFOLIO

STATEMENTS OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

	YEARS ENDED	
	DECEMBER 31, 1996	DECEMBER 31, 1995
<S>	<C>	<C>
INCREASE IN NET ASSETS		
Operations		
Net investment income.....	\$ 3,906,644	\$ 4,191,331
Net realized gains (losses) from securities transactions.....	(577,774)	1,136,490
Net change in unrealized appreciation (depreciation) from investments.....	(2,118,918)	6,292,185
Net increase in net assets resulting from operations...	1,209,952	11,620,006
Dividends to shareholders from net investment income.....	(3,905,475)	(4,190,548)
Distributions to shareholders in excess of net tax exempt interest income.....	--	(783)
Total dividends and distributions.....	(3,905,475)	(4,191,331)
Portfolio Share Transactions		
Net proceeds from shares subscribed.....	9,672,959	12,555,177
Net asset value of shares issued to shareholders in reinvestment of dividends.....	187,651	196,336
Cost of shares redeemed.....	(13,224,484)	(12,163,924)
Net increase (decrease) in net assets from Portfolio share transactions.....	(3,363,874)	587,589
Total Increase (Decrease).....	(6,059,397)	8,016,264
NET ASSETS		
Beginning of period.....	94,143,192	86,126,928
End of period.....	\$ 88,083,795	\$ 94,143,192
SHARE TRANSACTIONS:		
Issued.....	980,116	1,291,747
Reinvested.....	19,014	19,813
Redeemed.....	(1,339,773)	(1,237,647)
Change in shares.....	(340,643)	73,913

</TABLE>

See Notes to Financial Statements.

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PORTFOLIO OF INVESTMENTS
 DECEMBER 31, 1996

<TABLE>
 <CAPTION>

	RATE	MATURITY DATE	PRINCIPAL AMOUNT (000)	MARKET VALUE (NOTE 2)
<S>	<C>	<C>	<C>	<C>
LONG-TERM OBLIGATIONS -- 95.4%				
U.S. TREASURY NOTES -- 20.4%				
U.S. Treasury Note.....	6.38%	7/15/99	\$ 2,500	\$ 2,525,150
U.S. Treasury Note.....	6.88	7/31/99	2,100	2,143,659
U.S. Treasury Note.....	7.75	1/31/00	1,500	1,570,125
U.S. Treasury Note.....	6.13	5/15/98	3,000	3,015,510
U.S. Treasury Note.....	5.88	8/15/98	4,500	4,504,725
U.S. Treasury Note.....	6.00	8/31/97	1,000	1,003,060
U.S. Treasury Note.....	6.63	7/31/01	2,000	2,032,500
U.S. Treasury Note.....	6.25	10/31/01	1,250	1,251,400
U.S. Treasury Note.....	6.13	12/31/01	2,000	1,992,760
Total U.S. Treasury Notes (Cost -- \$19,878,051).....				20,038,889
U.S. GOVERNMENT AGENCIES -- 21.2%				
Federal National Mortgage Association.....	6.79*	2/5/97	2,000	1,989,554
Federal National Mortgage Association.....	6.35	11/23/01	1,500	1,485,000
Federal National Mortgage Association.....	5.12	1/22/99	750	736,103
Government National Mortgage Association:				
Pool #345752.....	7.50	6/15/09	727	740,215
Pool #358725.....	8.00	8/15/08	1,598	1,651,158
Pool #368641.....	7.50	4/15/09	745	758,949
Pool #376589.....	8.50	9/15/09	1,373	1,432,909
Pool #380660.....	8.00	11/15/09	1,605	1,658,293
Pool #392085.....	7.50	4/15/09	836	852,062
Pool #392770.....	8.50	12/15/09	760	792,496
Pool #392814.....	8.50	12/15/09	1,151	1,201,436
Pool #405445.....	8.00	4/15/10	1,963	2,028,481
Pool #407337.....	8.00	4/15/10	1,964	2,029,340

</TABLE>

Continued

<TABLE>
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	S&P/MOODY'S RATINGS (UNAUDITED)	RATE	MATURITY DATE	PRINCIPAL AMOUNT (000)	MARKET VALUE (NOTE 2)
<S>	<C>	<C>	<C>	<C>	<C>
U.S. GOVERNMENT AGENCIES (CONTINUED)					
Pool #423983.....		7.50%	8/15/11	\$ 2,444	\$ 2,489,402
Pool #339455.....		8.00	12/15/07	911	941,550
Total U.S. Government Agencies (Cost -- \$20,392,023).....					20,786,948
CORPORATE BONDS -- 53.8%					
BANKING -- 4.1%					
ABN Amro Notes.....	A/Aa3	6.63	10/31/01	2,000	2,002,500
NationsBank Corp.	A+/A1	7.00	9/15/01	2,000	2,030,000
					4,032,500
ENTERTAINMENT -- 1.5%					
Walt Disney Co.	A/A2	6.38	3/30/01	1,500	1,494,375

FINANCIAL SERVICES -- 10.9%						
Associates Corp. N.A.	AA-/Aa3	6.59	1/12/98	2,400	2,418,000	
Comdisco, Inc.	BBB+/Baa1	7.82	2/5/97	1,500	1,502,780	
General Motor Acceptance Corp.	A-/A3	7.75	1/15/99	2,500	2,571,875	
Merrill Lynch & Co.	AA-/Aa3	6.00	1/15/01	1,750	1,710,625	
Norwest Financial Inc.	AA-/Aa3	6.00	8/15/97	2,500	2,504,800	

						10,708,080

HEALTH CARE -- 1.5%						
Columbia/HCA Healthcare.....	A-/A2	6.88	7/15/01	1,500	1,515,000	

INDUSTRIAL GOODS & SERVICES -- 12.3%						
Dayton Hudson Co.	BBB+/Baa1	7.50	3/1/99	2,000	2,042,500	
Imperial Oil Ltd.	AA+/Aa2	8.75	10/15/19	3,000	3,273,750	
Lockheed Martin Corp.	BBB+/A3	6.55	5/15/99	3,000	3,018,750	
Smith Enron.....	AAA/Aaa	5.97	12/15/06	1,750	1,697,500	
WMX Technologies.....	A+/A1	7.13	3/22/97	2,000	2,005,420	

						12,037,920

PAPER PRODUCTS -- 2.1%						
International Paper Co.	A-/A3	6.88	7/10/00	2,000	2,025,000	

</TABLE>

Continued

<TABLE>
<CAPTION>

	S&P/MOODY'S RATINGS (UNAUDITED)	RATE	MATURITY DATE	PRINCIPAL AMOUNT (000)	MARKET VALUE (NOTE 2)
<S>	<C>	<C>	<C>	<C>	<C>
RAILROADS -- 5.1%					
Southern Pacific Railroad.....	A2/BBB+	6.90%	1/2/97	\$ 1,970	\$ 1,970,103
Union Pacific Railroad.....	A/Aa3	6.44	1/15/98	3,000	3,015,000

					4,985,103

RETAIL STORES -- 1.7%					
Wal-Mart Stores, Inc.	AA/Aa2	5.50	3/1/98	1,700	1,693,625

TELECOMMUNICATIONS -- 7.5%					
Bell Atlantic Financial Corp.	A+/A1	6.63	11/30/97	2,700	2,718,792
GTE, Callable 9/15/97 @ 105.13.....	A-/A3	10.75	9/15/17	2,500	2,690,625
New England Telephone & Telegraph Co.	AA-/Aa2	6.25	12/15/97	2,000	2,005,000

					7,414,417

UTILITIES -- ELECTRIC -- 6.1%					
Central Power & Light.....	A/A2	6.00	4/1/00	2,000	1,975,000
Florida Power & Light.....	AA-/Aa3	6.20	2/2/98	2,000	2,005,000
National Rural Utility.....	AA-/A1	6.09	12/15/97	2,000	2,005,000

					5,985,000

UTILITIES -- GAS -- 1.0%					
Enserch Corp.	BBB/Baa2	7.00	8/15/99	1,000	1,013,750

Total Corporate Bonds (Cost -- \$52,488,357).....					52,904,770

Total Long-Term Investments (Cost -- \$92,758,431).....					93,730,607

</TABLE>

Continued

<TABLE>
<CAPTION>

	SHARES (000)	MARKET VALUE (NOTE 2)
<S>	<C>	<C>
REGULATED INVESTMENT COMPANIES -- 3.6%		
AIM Liquid Assets Money Market Fund.....	2,356	\$ 2,355,711
AIM Prime Money Market Fund.....	1,158	1,158,399

Total Regulated Investment Companies (Cost -- \$3,514,110).....		3,514,110

TOTAL INVESTMENTS (COST-\$96,272,541) (A) -- 99.0%.....		97,244,717
OTHER ASSETS IN EXCESS OF TOTAL LIABILITIES -- 1.0%.....		952,327

NET ASSETS -- 100.0%.....		\$98,197,044
		=====

</TABLE>

Percentages indicated are based on net assets of \$98,197,044.

* Discount at Issue.

(a) Represents cost for financial reporting purposes and differs from cost basis for federal income tax purposes by the amount of losses recognized for financial reporting in excess of federal income reporting of approximately \$567. Cost for federal income tax purposes differs from value by net unrealized appreciation of securities as follows:

<S>	<C>
Unrealized appreciation.....	\$1,060,427
Unrealized depreciation.....	(88,818)

Net unrealized appreciation.....	\$ 971,609
	=====

</TABLE>

See Notes to Financial Statements.

THE INFINITY MUTUAL FUNDS, INC.
AMERISTAR LIMITED DURATION INCOME PORTFOLIO

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 1996

<S>	<C>
ASSETS	
Investments in securities, at value (cost \$96,272,541).....	\$97,244,717
Interest receivable.....	1,645,074
Receivable for Portfolio shares sold.....	2,295
Deferred organization costs (Note 2).....	26,123
Prepaid expenses.....	604

Total assets.....	98,918,813

LIABILITIES	
Distributions payable.....	539,683
Payable for Portfolio shares redeemed.....	74,221
Accrued expenses and other payables:	
Advisory fees.....	41,924
Administration fees.....	12,577

Legal and audit fees.....	20,019
Other.....	33,345

Total liabilities.....	721,769

NET ASSETS.....	\$98,197,044
=====	
Shares Outstanding (\$0.001 par value, 250 million shares authorized).....	9,861,978
=====	
Calculation of Maximum Offering Price	
Net asset value per share.....	\$ 9.96
Sales charge -- 3.0% of public offering price.....	0.31

Maximum Offering Price.....	\$10.27
=====	
COMPOSITION OF NET ASSETS:	
Shares of common stock, at par.....	\$ 9,862
Additional paid-in capital.....	97,239,830
Undistributed net investment income.....	1,644
Net unrealized appreciation from investments.....	972,176
Accumulated net realized losses from investment transactions.....	(26,468)

Net Assets, December 31, 1996.....	\$98,197,044
=====	

</TABLE>

See Notes to Financial Statements.

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THE INFINITY MUTUAL FUNDS, INC.
AMERISTAR LIMITED DURATION INCOME PORTFOLIO

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1996

<TABLE>		
<S>		
INVESTMENT INCOME	<C>	<C>
Interest.....		\$ 6,835,892
Dividends.....		78,502

Total Investment Income.....		6,914,394
Expenses		
Advisory fees.....	\$ 519,442	
Administration fees.....	155,644	
Distribution fees.....	258,484	
Custodian fees.....	14,907	
Accounting fees.....	64,858	
Transfer agent fees and expenses.....	27,962	
Legal and audit fees.....	34,279	
Reports to shareholders.....	6,836	
Amortization of organization expenses.....	11,706	
Directors' fees.....	9,413	
Insurance fees.....	8,905	
Registration fees.....	7,401	
Other expenses.....	1,573	

Total expenses before fee waivers and expenses paid by third parties.....	1,121,410	
Less: Fee Waivers.....	(258,484)	
Less: Expenses paid by third parties.....	(2,379)	

Total expenses.....		860,547

Net Investment Income.....		6,053,847

REALIZED AND UNREALIZED GAINS (LOSSES) FROM INVESTMENTS		
Net realized gains from securities transactions.....		11,672
Net change in unrealized depreciation from investments.....		(1,745,157)

Net Realized and Unrealized Losses from Investments.....	(1,733,485)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS.....	\$ 4,320,362
	=====

</TABLE>

See Notes to Financial Statements.

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THE INFINITY MUTUAL FUNDS, INC.
AMERISTAR LIMITED DURATION INCOME PORTFOLIO

STATEMENTS OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

	YEAR ENDED	
	DECEMBER 31, 1996	DECEMBER 31, 1995
	-----	-----
<S>	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS		
Operations		
Net investment income.....	\$ 6,053,847	\$ 5,786,781
Net realized gains from securities transactions.....	11,672	41,880
Net change in unrealized appreciation (depreciation) from investments.....	(1,745,157)	4,507,231
	-----	-----
Net increase in net assets resulting from operation....	4,320,362	10,335,892
	-----	-----
Dividends to shareholders from net investment income....	(6,053,731)	(5,769,846)
Distributions to shareholders from net realized gains on securities transactions.....	(11,672)	(16,935)
Distributions in excess of net realized gains.....	(38,269)	--
	-----	-----
Total dividends and distributions to shareholders.....	(6,103,672)	(5,786,781)
	-----	-----
Portfolio Share Transactions		
Net proceeds from shares subscribed.....	25,676,365	19,098,439
Net asset value of shares issued to shareholders in reinvestment of dividends.....	2,714,914	2,760,916
Cost of shares redeemed.....	(31,792,677)	(16,216,024)
	-----	-----
Net increase (decrease) in net assets from Portfolio share transactions.....	(3,401,398)	5,643,331
	-----	-----
Total Increase (Decrease).....	(5,184,708)	10,192,442
NET ASSETS		
Beginning of period.....	103,381,752	93,189,310
	-----	-----
End of period.....	\$ 98,197,044	\$ 103,381,752
	=====	=====
SHARE TRANSACTIONS:		
Issued.....	2,575,513	1,915,053
Reinvested.....	272,329	276,943
Redeemed.....	(3,194,471)	(1,627,280)
	-----	-----
Change in shares.....	(346,629)	564,716
	=====	=====

</TABLE>

See Notes to Financial Statements.

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THE INFINITY MUTUAL FUNDS, INC.
AMERISTAR CORE INCOME PORTFOLIO

 PORTFOLIO OF INVESTMENTS
 DECEMBER 31, 1996

<TABLE>
 <CAPTION>

		RATE	MATURITY DATE	PRINCIPAL AMOUNT (000)	MARKET VALUE (NOTE 2)
<S>	<C>	<C>	<C>	<C>	<C>
U.S. TREASURY NOTES -- 23.1%					
U.S. Treasury Note.....		6.00%	8/31/97	\$ 1,000	\$ 1,003,060
U.S. Treasury Note.....		5.88	8/15/98	2,000	2,002,100
U.S. Treasury Note.....		5.88	6/30/00	3,000	2,981,760
U.S. Treasury Note.....		7.50	5/15/02	1,500	1,587,030
U.S. Treasury Note.....		6.88	5/15/06	750	773,130
U.S. Treasury Note.....		6.75	8/15/26	600	605,322
Total U.S. Treasury Notes (Cost -- \$8,937,080).....					8,952,402
U.S. TREASURY BOND -- 9.1%					
U.S. Treasury Bond.....		8.13	8/15/21	3,050	3,541,538
Total U.S. Treasury Bond (Cost -- \$3,560,386)...					3,541,538
U.S. GOVERNMENT AGENCIES -- 7.0%					
Federal National Mortgage Assoc.....		6.35	11/23/01	1,000	990,000
Government National Mortgage Assoc.:					
Pool# 423923.....		7.00	9/15/11	742	745,727
Pool# 423914 CMO.....		7.50	8/15/11	977	995,739
Total U.S. Government Agencies (Cost -- \$2,724,289).....					2,731,466
MUNICIPAL BOND -- 1.8%					
GEORGIA -- 1.8%					
Atlanta Revenue Bond, Callable 2/1/10 @					
100.....		6.88	2/1/21	700	702,625
Total Municipal Bond (Cost -- \$662,037).....					702,625

</TABLE>

Continued

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<TABLE>
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	S&P/MOODY'S RATINGS (UNAUDITED)	RATE	MATURITY DATE	PRINCIPAL AMOUNT (000)	MARKET VALUE (NOTE 2)
<S>	<C>	<C>	<C>	<C>	<C>
CORPORATE BONDS -- 54.3%					
BANKING -- 6.0%					
ABN Amro Bank.....	A/Aa3	6.63%	10/31/01	\$ 1,000	\$ 1,001,250
First Union Corp.	A/A1	6.18	2/15/36	500	481,875
NationsBank Corp.	A/A2	7.75	8/15/15	250	257,813
Wachovia Corp.	AA-/A1	6.61	10/1/25	600	595,500
					2,336,438
FINANCIAL SERVICES -- 18.8%					
Associates Corp. N.A.	AA-/Aa3	7.32	1/13/03	750	775,313
Associates Corp. N.A.	AA-/Aa3	7.30	3/15/98	1,000	1,016,250
Comdisco.....	BBB+/Baa1	7.73	2/18/97	1,000	1,002,386
Ford Motor Credit Corp.	A+/A1	5.38	10/6/00	1,500	1,490,625
General Electric Capital Corp.	AAA/Aaa	7.50	8/21/35	575	591,531

General Motors Acceptance						
Corp.	A-/A3	7.25	5/5/99	1,000	1,021,250	
Norwest Financial Corp.	AA-/Aa3....	5.13	4/15/00	950	914,375	
Travelers/Aetna Property & Casualty.....	A/A2	6.75	4/15/01	500	503,125	

					7,314,855	

HEALTHCARE -- 2.6%						
Columbia HCA Healthcare.....	A-/A2	7.25	5/20/08	1,000	1,021,250	

INDUSTRIAL GOODS & SERVICES -- 15.4%						
Air Products & Chemicals.....	A/A2	7.80	6/15/26	1,500	1,567,500	
Dayton Hudson Co.	BBB+/Baa1	6.80	10/1/01	1,000	1,005,000	
Harris Corp., Callable 12/1/98 @ 105.14.....	A-/A3	10.38	12/1/18	1,050	1,165,500	
Eli Lilly & Co.	AA/Aa3	6.57	1/1/16	475	444,719	
Lockheed Martin Corp.	BBB+/A3	6.55	5/15/99	1,250	1,257,813	
Motorola, Inc.	AA/Aa3	6.50	3/1/08	525	513,844	

					5,954,376	

RAILROADS -- 1.3%						
Southern Pacific Railroad.....	A2/BBB+	6.90	1/2/97	500	500,026	

</TABLE>

Continued

42

45

<TABLE>

<CAPTION>

	S&P/MOODY'S RATINGS (UNAUDITED)	RATE	MATURITY DATE	PRINCIPAL AMOUNT (000)	MARKET VALUE (NOTE 2)
<S>	<C>	<C>	<C>	<C>	<C>
TELECOMMUNICATIONS -- 3.9%					
Bellsouth.....	AAA/Aaa	8.25%	7/1/32	\$ 425	\$ 436,687
GTE Corp., Callable 9/15/97 @ 105.13.....	A-/A3	10.75	9/15/17	1,000	1,076,250

					1,512,937

UTILITIES -- ELECTRIC -- 3.7%					
Houston Light & Power Corp.	A-/A3	6.10	3/1/00	500	494,375
National Rural Utilities.....	AA-/A1	6.09	12/15/97	925	927,312

					1,421,687

UTILITIES -- GAS -- 2.5%					
Smith Enron.....	AAA/Aaa	5.97	12/15/06	1,000	970,000

Total Corporate Bonds (Cost -- \$20,932,530).....					21,031,569

				SHARES (000)	

REGULATED INVESTMENT COMPANIES -- 3.9%					
AIM Liquid Assets Money Market Fund.....				1,371	1,371,461
AIM Prime Money Market Fund.....				159	159,211

Total Regulated Investment Companies (Cost -- \$1,530,672).....					1,530,672

TOTAL INVESTMENTS (COST -- \$38,346,994) (A) -- 99.2%.....					38,490,272
OTHER ASSETS IN EXCESS OF TOTAL LIABILITIES -- 0.8%.....					324,988

NET ASSETS -- 100.0%.....					\$38,815,260
					=====

</TABLE>

 Percentages indicated are based on net assets of \$38,815,260.

(a) Represents cost for federal income tax purposes and differs from value by net unrealized appreciation of securities as follows:

<TABLE>	
<S>	<C>
Unrealized appreciation.....	\$238,263
Unrealized depreciation.....	(94,985)

Net unrealized appreciation.....	\$143,278
	=====

</TABLE>

CMO -- Collateralized Mortgage Obligation

See Notes to Financial Statements.

THE INFINITY MUTUAL FUNDS, INC.
 AMERISTAR CORE INCOME PORTFOLIO

 STATEMENT OF ASSETS AND LIABILITIES
 DECEMBER 31, 1996

<TABLE>	
<S>	<C>
ASSETS	
Investments in securities, at value (cost \$38,346,994).....	\$38,490,272
Interest receivable.....	577,564
Deferred organization costs (Note 2).....	7,255
Prepaid expenses and cash.....	1,283

Total assets.....	39,076,374

LIABILITIES	
Distributions payable.....	175,047
Accrued expenses:	
Advisory fees.....	16,229
Administration fees.....	4,869
Custodian fees.....	15,895
Legal and audit fees.....	19,414
Other.....	29,660

Total liabilities.....	261,114

NET ASSETS.....	\$38,815,260
	=====
Shares Outstanding (\$0.001 par value, 250 million shares authorized).....	3,880,527
	=====
Calculation of Maximum Offering Price	
Net asset value per share.....	\$10.00
Sales charge -- 3.0% of public offering price.....	0.31

Maximum Offering Price.....	\$10.31
	=====
COMPOSITION OF NET ASSETS:	
Shares of common stock, at par.....	\$ 3,881
Additional paid-in capital.....	38,753,628
Undistributed net investment loss.....	(49)
Net unrealized appreciation from investments.....	143,278
Accumulated net realized losses on investment transactions.....	(85,478)

Net Assets, December 31, 1996.....	\$38,815,260
	=====

</TABLE>

 See Notes to Financial Statements.

THE INFINITY MUTUAL FUNDS, INC.
AMERISTAR CORE INCOME PORTFOLIO

STATEMENT OF OPERATIONS
FOR THE PERIOD FROM APRIL 1, 1996(A) TO DECEMBER 31, 1996

<TABLE>	<C>	<C>
<S>		
INVESTMENT INCOME		
Interest.....		\$1,774,766
Expenses		
Advisory fees.....	\$136,354	
Administration fees.....	40,906	
Distribution fees.....	67,920	
Custodian fees.....	12,141	
Accounting fees.....	43,036	
Transfer agent fees and expenses.....	21,529	
Legal and audit fees.....	23,470	
Reports to shareholders.....	9,183	
Amortization of organization expenses.....	6,475	
Directors' fees.....	3,436	
Insurance expense.....	1,160	
Registration fees.....	11,942	
Other expenses.....	422	

Total expenses before fee waivers and expenses paid by third parties.....	377,974	
Less: Fee waivers.....	(67,920)	
Less: Expenses paid by third parties.....	(947)	

Total expenses.....		309,107

Net Investment Income.....		1,465,659

REALIZED AND UNREALIZED GAINS (LOSSES) FROM INVESTMENTS		
Net realized losses from securities transactions.....		(85,527)
Net change in unrealized appreciation from investments.....		143,278

Net Realized and Unrealized Gains from Investments.....		57,751

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS.....		\$1,523,410
		=====
</TABLE>		

(a) Commencement of operations.

See Notes to Financial Statements.

THE INFINITY MUTUAL FUNDS, INC.
AMERISTAR CORE INCOME PORTFOLIO

STATEMENT OF CHANGES IN NET ASSETS

<TABLE>		FOR THE PERIOD FROM
<CAPTION>		APRIL 1, 1996(A)
		TO DECEMBER 31, 1996

<S>		<C>
INCREASE (DECREASE) IN NET ASSETS		
Operations		
Net investment income.....		\$ 1,465,659

Net realized losses from securities transactions.....	(85,527)
Net change in unrealized appreciation from investments.....	143,278

Net increase in net assets resulting from operations.....	1,523,410

Dividends to shareholders from net investment income.....	(1,465,659)

Portfolio Share Transactions	
Net proceeds from shares subscribed.....	39,728,939
Net asset value of shares issued to shareholders in reinvestment of dividends.....	754,643
Cost of shares redeemed.....	(1,726,073)

Net increase in net assets from Portfolio share transactions.....	38,757,509

Total Increase.....	38,815,260
NET ASSETS	
Beginning of period.....	--

End of period.....	\$ 38,815,260
	=====
SHARE TRANSACTIONS:	
Issued.....	3,978,187
Reinvested.....	76,179
Redeemed.....	(173,839)

Change in shares.....	3,880,527
	=====

</TABLE>

(a) Commencement of operations.

See Notes to Financial Statements.

THE INFINITY MUTUAL FUNDS, INC.
AMERISTAR FUNDS

NOTES TO FINANCIAL STATEMENTS

NOTE 1 -- GENERAL

The Infinity Mutual Funds, Inc. (the "Fund") was organized as a Maryland corporation on March 6, 1990 and is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end, management investment company. The Fund operates as a series company currently comprising twelve portfolios. The accompanying financial statements and notes relate to the AmeriStar Capital Growth Portfolio (formerly the ValueStar Capital Growth Portfolio), the AmeriStar Tennessee Tax Exempt Bond Portfolio (formerly the ValueStar Tennessee Tax Exempt Bond Portfolio), the AmeriStar Limited Duration Income Portfolio (formerly the ValueStar Short-Intermediate Duration Bond Portfolio), and the AmeriStar Core Income Portfolio (formerly the ValueStar Investment Grade Bond Portfolio) (the "Portfolios") only.

The Capital Growth Portfolio seeks to provide investors with capital growth by investing primarily in the equity securities of domestic issuers. The Tennessee Tax Exempt Bond Portfolio's investment objective is to provide investors with current income exempt from federal and Tennessee income taxes without assuming undue risk. This Portfolio will invest primarily in investment grade Tennessee Municipal Obligations without regard to maturity. The Limited Duration Income Portfolio's investment objective is to provide investors with current income without assuming undue risk. This Portfolio will invest primarily in investment grade, U.S. dollar denominated fixed-income securities of domestic and foreign issuers. Under normal market conditions, the Limited Duration Income Portfolio will invest in a portfolio of securities that has a duration of under four years. The Core Income Portfolio seeks to provide investors with current income without assuming undue risk. This portfolio will invest primarily in investment grade, U.S. dollar denominated fixed-income securities of domestic and foreign issuers. Under normal market conditions, the Core Income Portfolio

will invest in a portfolio of securities, except when maintaining a temporary defensive position, that has a duration of 50% to 150% of that of the Merrill Lynch Corporate Government Master Index.

The Portfolios are authorized to issue two classes of shares as follows: Investor Shares and Trust Shares. Investor Shares and Trust Shares are substantially the same, except that Investor Shares bear the fees that are payable under a plan adopted by the Fund's Board of Directors pursuant to Rule 12b-1 under the Act (the "Distribution Plan") at an annual rate of 0.25% of the average daily net assets of the outstanding Investor Shares. As of December 31, 1996, the Portfolios only offer Investor Shares.

At December 31, 1996, there were 2 billion shares of the Portfolios' \$0.001 par value common stock authorized, of which each Portfolio's Shares are classified as Investor Shares (250 million shares authorized per Portfolio) and as Trust Shares (250 million shares authorized per Portfolio).

NOTE 2 -- SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by the Portfolios in preparation of their financial statements. The policies are in conformity with generally accepted accounting principles. The preparation of financial statements requires management to make esti-

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mates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses for the period. Actual results could differ from those estimates.

A) Security Valuation:

The Portfolios' investments are valued each business day using available market quotations or at fair value as determined by one or more independent pricing services (collectively, the "Service") approved by the Board of Directors. The Service may use available market quotations, employ electronic data processing techniques and/or a matrix system to determine valuations. Restricted securities and securities for which market quotations are not readily available, if any, are valued at fair value using methods approved by the Board of Directors. Debt securities with remaining maturities of 60 days or less are normally valued at amortized cost, which approximates market value. The amortized cost method involves valuing a security at its cost on the date of purchase or, in the case of securities purchased more than 60 days to maturity, at their market value each day until the 61st day prior to maturity, and thereafter assuming a constant amortization to maturity of the difference between the principal amount due at maturity and such valuation.

B) Security Transactions and Investment Income:

Security transactions are recorded on trade date. Realized gains and losses from sales of investments are calculated on the identified cost basis. Interest income, including accretion of discount and amortization of premium on investments, is accrued daily. Dividend income is recorded on the ex-dividend date.

C) Repurchase Agreements:

The Portfolios' custodian and other banks acting in a sub-custodian capacity take possession of the collateral pledged for investments in repurchase agreements. The underlying collateral is valued daily on a mark-to-market basis to determine that the value, including accrued interest, exceeds the repurchase price. In the event of the seller's default on the obligation to repurchase, the Portfolios have 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 may be subject to legal proceedings.

D) Expenses:

The Portfolios incurred certain costs in connection with their

organization. These costs were deferred and are being amortized on a straight-line basis over five years from their commencement of operations. The Fund accounts separately for the assets, liabilities and operations of each Portfolio. Direct expenses of a Portfolio are charged to that Portfolio while general Fund expenses are allocated among the Fund's respective portfolios based on the relative net assets of each Portfolio. At December 31, 1996, deferred organization costs were \$9,811, \$26,123, \$26,123 and \$7,255 for the Capital Growth Portfolio, Tennessee Tax Exempt Bond Portfolio, Limited Duration Income Portfolio and Core Income Portfolio, respectively.

E) Federal Income Taxes:

For federal income tax purposes, each Portfolio is treated as a separate entity for the purpose of determining its qualification as a regulated investment company under the Internal Revenue Code (the "Code"). It is the policy of each Portfolio to meet the requirements of the Code applicable to regulated investment companies, including the

requirement that they distribute substantially all of their income to shareholders. Therefore, no federal income tax provision is required.

At December 31, 1996, capital loss carryovers are available to offset future net realized gains on securities transactions to the extent provided for in the Code. Such capital loss carryover are detailed as follows:

<TABLE>
<CAPTION>

	CAPITAL GROWTH PORTFOLIO	CORE INCOME PORTFOLIO	TENNESSEE TAX EXEMPT PORTFOLIO
	-----	-----	-----
<S>	<C>	<C>	<C>
Capital Loss			
Carryover.....	\$157,938	\$85,478	\$ 577,919
Expires in			
year.....	2004	2004	2002
Capital Loss			
Carryover.....	--	--	\$ 578,180
Expires in			
year.....	--	--	2004
Total			
Carryover.....	\$157,938	\$85,478	\$1,156,099

</TABLE>

F) Dividends and Distributions to Shareholders:

Dividends are declared daily to shareholders of record at the close of business on the day of declaration and are paid monthly for the Tennessee Tax Exempt Bond Portfolio, the Limited Duration Income Portfolio and the Core Income Portfolio. Dividends are declared and paid quarterly for the Capital Growth Portfolio. For all Portfolios, distributions of net realized gains, if any, will be paid at least annually. Dividends and distributions are recorded on the ex-dividend date. Distributions from net investment income and from net realized gains are determined in accordance with income tax regulations which may differ from generally accepted accounting principles. Timing differences relating to shareholder distributions have been reclassified to paid-in-capital. These differences are primarily due to deferrals of certain losses and expiring capital loss carryovers.

G) Other:

Each Portfolio maintains a cash balance with its custodian and receives a reduction of its custody fees for the amounts of interest earned on such uninvested cash balances. For financial reporting purposes for the year ended December 31, 1996, custodian fees and expenses paid by third parties were increased by \$141, \$529, \$2,379 and \$947 for the Capital Growth Portfolio, Tennessee Tax Exempt Bond Portfolio, Limited Duration Income Portfolio and Core Income Portfolio, respectively. There was no effect on net investment income. The Portfolios could have invested such cash amounts in an income producing

asset if they had not agreed to a reduction of fees and expenses under the expense offset arrangement with its custodian.

NOTE 3 -- AGREEMENTS AND OTHER TRANSACTIONS WITH AFFILIATES

First American National Bank ("First American") serves as the Portfolios' investment adviser. Effective April 4, 1996, BISYS Fund Services Limited Partnership ("BISYS") became the Portfolios' administrator. Concord Financial Group, Inc. (the "Distributor"), serves as the distributor of the Portfolios' shares. BISYS and the Distributor are each a subsidiary of The BISYS Group, Inc.

As investment adviser, First American manages the investments of each Portfolio and is responsible for all purchases and sales of each Portfolio's investment securities. For its services, First American is entitled to receive fees at an annual rate of 0.50% of the average daily net assets of the Tennessee Tax Exempt Bond Portfolio, the Limited Duration Income Portfolio and the Core Income Portfolio and 0.65% of the average daily net assets of the Capital Growth Portfolio.

As administrator, BISYS assists in supervising the operations of the Portfolios. For its services, BISYS is entitled to receive a fee at the annual rate of 0.15% of the average daily net assets of each Portfolio.

Pursuant to the Distribution Plan, each Portfolio pays the Distributor for advertising, marketing and distributing Investor Shares at an annual rate of 0.25% of the average daily net assets of the outstanding Investor Shares. These fees are used by the Distributor to pay financial institutions, including the investment adviser, broker/dealers and other institutions, or to reimburse the Distributor or its affiliates, for administration, distribution and shareholder services in connection with the distribution of Fund Shares. For the year ended December 31, 1996, the Distributor waived \$82,357, \$227,838, \$258,484 and \$67,920 for the Capital Growth Portfolio, Tennessee Tax Exempt Bond Portfolio, Limited Duration Income Portfolio and Core Income Portfolio, respectively.

Certain officers and Directors of the Fund are "affiliated persons" (as defined in the Act) of BISYS or the Distributor. Each "non-affiliated" Director receives an annual fee of \$12,000 and a meeting fee of \$1,500 per meeting for services relating to all the portfolios constituting the Fund.

NOTE 4 -- SECURITIES TRANSACTIONS

For the year ended December 31, 1996, the cost of purchases and the proceeds from sales of portfolio securities (excluding short-term investments) were as follows:

<TABLE>
<CAPTION>

	PURCHASES	SALES
<S>	<C>	<C>
Capital Growth		
Portfolio(a).....	\$ 32,621,665	\$ 27,017,596
Tennessee Tax Exempt Bond		
Portfolio.....	\$189,130,255	\$191,561,191
Limited Duration Income		
Portfolio.....	\$ 47,882,079	\$ 54,910,417
Core Income		
Portfolio(a).....	\$ 38,727,160	\$ 17,539,600

</TABLE>

(a) For the period commencing April 1, 1996 (commencement of operations) through December 31, 1996.

NOTE 5 -- CONCENTRATION OF CREDIT RISK

The Tennessee Tax Exempt Bond Portfolio invests substantially all of its assets in a non-diversified portfolio of tax-exempt debt obligations primarily consisting of securities issued by the State of Tennessee, its municipalities, counties and other taxing districts. The issuers' abilities to meet their

obligations may be affected by Tennessee economic, regional and political developments.

The Tennessee Tax Exempt Bond Portfolio had the following concentrations by sector at December 31, 1996 (as a percentage of total investments):

<TABLE>	
<S>	<C>
General Obligations.....	32.1%
Utilities.....	18.0%
Health & Medical.....	17.1%
Educational.....	9.9%
Housing.....	2.6%
Cash and Cash Equivalents.....	1.7%
Other.....	18.6%

	100.0%
	=====

</TABLE>

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NOTE 6 -- ACQUISITION OF AMERISTAR COMMON FUND

On March 28, 1996, the Capital Growth Portfolio and the Core Income Portfolio acquired all of the assets and liabilities of the respective AmeriStar Common Trust Funds. The following is a summary of shares issued, net assets acquired, net asset value per share and unrealized appreciation as of the date acquired:

<TABLE>		
<CAPTION>		
	CAPITAL GROWTH PORTFOLIO	CORE INCOME PORTFOLIO
	-----	-----
<S>	<C>	<C>
Shares (000).....	3,988	3,353
Net assets (000).....	39,885	33,534
Net asset value.....	10.00	10.00

</TABLE>

NOTE 7 -- ELIGIBLE DISTRIBUTIONS (UNAUDITED)

The Fund designates the following eligible distributions paid by the Capital Growth Portfolio for the dividends received deduction for corporations:

<TABLE>	
<S>	<C>
Dividend Income.....	\$248,268
Dividend Income per share.....	0.0000

</TABLE>

NOTE 8 -- EXEMPT-INTEREST INCOME DESIGNATION (UNAUDITED)

The Fund designates the following exempt-interest paid by the Tennessee Tax Exempt Bond Portfolio for the taxable year ended December 31, 1996:

<TABLE>	
<S>	<C>
Exempt-Interest Distributions.....	\$3,848,385
Exempt-Interest Distribution Per Share.....	0.414

</TABLE>

The percentage break-down by State of exempt-interest is for the Tennessee Tax Exempt Bond Portfolio's taxable year ended December 31, 1996, was as follows:

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

Alaska.....	0.13%
Arizona.....	0.45%
Arkansas.....	0.52%
Colorado.....	0.46%
Connecticut.....	0.34%
Georgia.....	3.91%
Illinois.....	0.13%
Kentucky.....	0.86%
Louisiana.....	0.83%
Maryland.....	0.73%
Michigan.....	0.14%
Minnesota.....	0.31%
Mississippi.....	0.07%
Missouri.....	0.12%
Nevada.....	0.87%
New Jersey.....	0.86%
New Mexico.....	0.34%
North Carolina.....	0.28%
South Carolina.....	0.86%
Tennessee.....	83.11%
Texas.....	2.10%
Virginia.....	0.25%
Washington.....	1.68%
Wisconsin.....	0.65%

	100.00%
	=====

</TABLE>

THE INFINITY MUTUAL FUNDS, INC.
AMERISTAR CAPITAL GROWTH PORTFOLIO

FINANCIAL HIGHLIGHTS

<TABLE>
<CAPTION>

FOR THE PERIOD FROM
APRIL 1, 1996
THROUGH
DECEMBER 31, 1996*

<S>	<C>	
NET ASSET VALUE, BEGINNING OF PERIOD.....	\$ 10.00	-----
Income from investment operations:		
Net realized and unrealized gains on securities transactions.....	1.32	-----
Net income from investment operations.....	1.32	-----
Net change in net asset value.....	1.32	-----
NET ASSET VALUE, END OF PERIOD.....	\$ 11.32	=====
Total Return (excluding sales charge).....	22.26% (a)	
RATIOS/SUPPLEMENTAL DATA:		
Net assets, end of period (000's).....	\$ 49,008	
Ratio of expenses to average net assets.....	1.20% (b)	
Ratio of net investment loss to average net assets.....	(0.02)% (b)	
Ratio of expenses to average net assets**.....	1.39% (b) (c)	
Ratio of net investment loss to average net assets**.....	(0.21)% (b)	
Portfolio Turnover.....	69%	
Average commission rate paid(d).....	\$ 0.0838	

</TABLE>

* Period from commencement of operations.

** During the period certain fees were voluntarily reduced. If such voluntary fee reductions had not occurred, the ratios would have been as indicated.

- (a) Not annualized. The quoted return of the Portfolio includes performance of certain collective trust portfolio ("Commingled") accounts for the period from December 31, 1995 to the Mutual Fund's commencement of operations on April 1, 1996, as adjusted to reflect the expenses associated with the Portfolio.
- (b) Annualized.
- (c) During the year ended December 31, 1996, the Portfolio received credits from its custodian for interest earned on uninvested cash balances which were used to offset custodian fees and expenses. If such credits had not occurred, the expense ratio would have been as indicated. The ratio of net investment income was not affected.
- (d) Represents the total dollar amount of commissions paid on portfolio transactions divided by total number of portfolio shares purchased and sold for which commissions were charged.

See Notes to Financial Statements.

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THE INFINITY MUTUAL FUNDS, INC.
AMERISTAR TENNESSEE TAX EXEMPT BOND PORTFOLIO

FINANCIAL HIGHLIGHTS

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1995	PERIOD ENDED DECEMBER 31, 1994*
<S>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD....	\$ 10.19	\$ 9.40	\$ 10.00
Income from investment operations:			
Net investment income.....	0.42	0.45	0.34
Net realized and unrealized gains (losses) on securities transactions.....	(0.29)	0.79	(0.60)
Net income (loss) from investment operations.....	0.13	1.24	(0.26)
Less dividends and distributions:			
Dividends from net investment income.....	(0.42)	(0.45)	(0.34)
Net change in net asset value.....	(0.29)	0.79	(0.60)
NET ASSET VALUE, END OF PERIOD.....	\$ 9.90	\$ 10.19	\$ 9.40
Total Return (excluding sales charge)...	1.39%	13.40%	(2.63)% (a)
RATIOS/SUPPLEMENTAL DATA:			
Net assets, end of period (000's)....	\$88,084	\$94,143	\$ 86,127
Ratio of expenses to average net assets.....	0.86%	0.87%	0.82% (b)
Ratio of net investment income to average net assets.....	4.29%	4.52%	4.61% (b)
Ratio of expenses to average net assets**.....	1.11% (c)	1.12%	1.18% (b)
Ratio of net investment income to average net assets**.....	4.04%	4.27%	4.25% (b)
Portfolio Turnover.....	219%	188%	41%

</TABLE>

* For the period March 28, 1994 (commencement of operations) through December 31, 1994.

** During the period certain fees were voluntarily reduced. If such voluntary fee reductions had not occurred, the ratios would have been as indicated.

(a) Not annualized.

(b) Annualized.

(c) During the year ended December 31, 1996, the Portfolio received credits from its custodian for interest earned on which were used to offset custodian fees and expenses. If such credits had not occurred, the expense ratio would have been as indicated. The ratio of net investment income was not affected.

See Notes to Financial Statements.

THE INFINITY MUTUAL FUNDS, INC.
AMERISTAR LIMITED DURATION INCOME PORTFOLIO

FINANCIAL HIGHLIGHTS

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1995	PERIOD ENDED DECEMBER 31, 1994*
<S>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD...	\$ 10.13	\$ 9.66	\$ 10.00
Income from investment operations:			
Net investment income.....	0.58	0.59	0.38
Net realized and unrealized gains (losses) on securities transactions.....	(0.16)	0.47	(0.34)
Net income from investment operations.....	0.42	1.06	0.04
Less dividends and distributions:			
Dividends from net investment income.....	(0.58)	(0.59)	(0.38)
Distributions in excess of net realized gains on securities transactions.....	(0.01)	--	
Net change in net asset value.....	(0.17)	0.47	(0.34)
NET ASSET VALUE, END OF PERIOD.....	\$ 9.96	\$ 10.13	\$ 9.66
Total Return (excluding sales charge).....	4.28%	11.20%	0.42% (a)
RATIOS/SUPPLEMENTAL DATA:			
Net assets, end of period (000's)....	\$98,197	\$ 103,382	\$ 93,189
Ratio of expenses to average net assets.....	0.83%	0.87%	0.83% (b)
Ratio of net investment income to average net assets.....	5.84%	5.89%	5.27% (b)
Ratio of expenses to average net assets**.....	1.08% (c)	1.12%	1.28% (b)
Ratio of net investment income to average net assets**.....	5.59%	5.64%	4.82% (b)
Portfolio Turnover.....	51%	28%	6%

</TABLE>

* For the period March 28, 1994 (commencement of operations) through December 31, 1994.

** During the period certain fees were voluntarily reduced. If such voluntary

fee reductions had not occurred, the ratios would have been as indicated.

(a) Not annualized.

(b) Annualized.

(c) During the year ended December 31, 1996, the Portfolio received credits from its custodian for interest earned on uninvested cash balances which were used to offset custodian fees and expenses. If such credits had not occurred, the expense ratio would have been as indicated. The ratio of net investment income was not affected.

See Notes to Financial Statements.

THE INFINITY MUTUAL FUNDS, INC.
AMERISTAR CORE INCOME PORTFOLIO

FINANCIAL HIGHLIGHTS

<TABLE>
<CAPTION>

	FOR THE PERIOD FROM APRIL 1, 1996 THROUGH DECEMBER 31, 1996*
<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD.....	\$ 10.00

Income from investment operations:	
Net investment income.....	0.40

Net income from investment operations.....	0.40

Less dividends and distributions:	
Dividends from net investment income.....	(0.40)

Net change in net asset value.....	0.00

NET ASSET VALUE, END OF PERIOD.....	\$ 10.00
	=====
 Total Return (excluding sales charge).....	 1.12% (a)
 RATIOS/SUPPLEMENTAL DATA:	
Net assets, end of period (000's).....	\$38,815
Ratio of expenses to average net assets.....	1.13% (b)
Ratio of net investment income to average net assets.....	5.37% (b)
Ratio of expenses to average net assets**.....	1.32% (b) (c)
Ratio of net investment income to average net assets**.....	5.18% (b)
Portfolio Turnover.....	65%

</TABLE>

* Period from commencement of operations.

** During the period certain fees were voluntarily reduced. If such voluntary fee reductions had not occurred, the ratios would have been as indicated.

(a) Not annualized. The quoted return of the Portfolio includes performance of certain collective trust portfolio ("Commingled") accounts for the period from December 31, 1995 to the Mutual Fund's commencement of operations on April 1, 1996, as adjusted to reflect the expenses associated with the Portfolio.

(b) Annualized.

(c) During the year ended December 31, 1996, the Portfolio received credits from its custodian for interest earned on uninvested cash balances which were used to offset custodian fees and expenses. If such credits had not occurred, the expense ratio would have been as indicated. The ratio of net

investment income was not affected.

See Notes to Financial Statements.

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors
The Infinity Mutual Funds, Inc. - The AmeriStar Mutual Funds:

We have audited the accompanying statements of assets and liabilities of the AmeriStar Capital Growth Portfolio (formerly the ValueStar Capital Growth Portfolio), the AmeriStar Tennessee Tax Exempt Bond Portfolio (formerly the ValueStar Tennessee Tax Exempt Bond Portfolio), the AmeriStar Limited Duration Income Portfolio (formerly the ValueStar Short-Intermediate Duration Bond Portfolio), and the AmeriStar Core Income Portfolio (formerly the ValueStar Investment Grade Bond Portfolio), (collectively the Portfolios), including the portfolios of investments, as of December 31, 1996, and the related statements of operations, statements of changes in net assets and the financial highlights for each of the periods indicated herein. These financial statements and the financial highlights are the responsibility of the Portfolio's management. Our responsibility is to express an opinion on these financial statements and financial highlights based upon our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included verification of securities owned as of December 31, 1996, by confirmation with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Portfolios as of December 31, 1996, the results of their operations, the changes in their net assets and the financial highlights for each of the periods indicated herein, in conformity with generally accepted accounting principles.

KPMG Peat Marwick LLP

Columbus, Ohio
February 18, 1997

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