FORM N-30D

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

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AMERICAN GOVERNMENT TERM TRUST INC

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AMERICAN GOVERNMENT
TERM TRUST
* * *
SEMIANNUAL REPORT
1995

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AMERICAN GOVERNMENT TERM TRUST

American Government Term Trust is a diversified, closed-end investment management company. The fund's objective is to provide high current income and return $10 per share on or shortly before August 31, 2001. The fund invests primarily in U.S. government mortgage-backed and zero-coupon securities. It may also invest in other U.S. government securities and privately issued mortgage-backed securities. The fund's investments in mortgage-backed securities may include derivative mortgage securities. The fund may also invest in structured securities which include foreign linked index securities. In addition, the fund may borrow by entering into reverse repurchase agreements and may purchase securities through the sale-forward (dollar-roll) program. Use of these investments and investment techniques may cause the fund's net asset value (NAV) to fluctuate to a greater extent than would be expected from interest rate movements alone. As with other investment companies, there can be no assurance the fund will achieve its objective. Since its inception on January 26, 1989, the fund has been rated AAA-f by Standard & Poor's Corporation (S&P).*
Fund shares trade on the New York Stock Exchange under the symbol AGT.

*THE FUND IS RATED AAA-f, WHICH MEANS INVESTMENTS IN THE FUND HAVE AN OVERALL CREDIT QUALITY OF AAA. CREDIT QUALITIES ARE ASSESSED BY STANDARD & POOR'S MUTUAL FUNDS RATING GROUP. S&P DOES NOT EVALUATE THE MARKET RISK OF AN INVESTMENT WHEN ASSIGNING A CREDIT RATING. SEE STANDARD & POOR'S CORPORATE AND MUNICIPAL RATING DEFINITIONS FOR AN EXPLANATION OF AAA.

THE FUND HAS ALSO BEEN GIVEN A MARKET RISK RATING BY S&P, WHICH WE CANNOT PUBLISH DUE TO NASD REGULATIONS. RISK RATINGS EVALUATE VARIOUS INVESTMENT RISKS THAT CAN AFFECT THE PERFORMANCE OF A BOND FUND AND INDICATE THE FUND'S OVERALL STABILITY AND SENSITIVITY TO CHANGING MARKET CONDITIONS. THESE RATINGS ARE AVAILABLE BY CALLING S&P AT 1-800-424-FUND.

FUND PERFORMANCE

AVERAGE ANNUALIZED TOTAL RETURNS FOR THE PERIODS ENDED MAY 31, 1995

[Graph]

American Government Term Trust's average annualized total return figures are based on the change in its net asset value (NAV), assume all distributions were reinvested and do not reflect the fund's sales charge. NAV-based performance is used to measure investment management results.

Average annualized total return figures based on the change in market price for the one-year, five-year and since inception periods ended May 31, 1995, were - -13.97%, 3.16% and 4.30%, respectively. These figures also assume distributions were reinvested and do not reflect sales charges.

The Lehman Brothers Mutual Fund Government/Mortgage Index is comprised of all U.S. government agency and Treasury securities and agency mortgage-backed securities. Developed by Lehman Brothers for comparative use by the mutual fund industry, this index is unmanaged and does not include any fees or expenses in its total return figures.

The Lipper Closed-End U.S. Mortgage Funds: Term Trusts Average represents the average total return of 29 similar closed-end funds with termination dates. This average assumes reinvestment of distributions and does not reflect sales charges.

Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that fund shares, when sold, may be worth more or less than their original cost.

AMERICAN GOVERNMENT TERM TRUST

July 17, 1995

Dear Shareholders:

ON APRIL 19, 1995, WE ANNOUNCED THAT WE WOULD REDUCE THE MONTHLY DIVIDEND FOR AMERICAN GOVERNMENT TERM TRUST TO $0.04 PER SHARE EFFECTIVE WITH THE MAY DISTRIBUTION. We also announced that the fund's reduced earning capacity due to losses realized in 1994 would likely affect the fund's ability to return $10 per share to shareholders upon its scheduled termination in August 2001. In light of these factors, we submitted a proposal to the fund's board of directors in July recommending the early termination of the fund and the return of the fund's net assets to shareholders. If the board of directors votes in favor of this proposal, we will then present it to shareholders for a vote.

THROUGH EARLY 1994, AMERICAN GOVERNMENT TERM TRUST WAS GENERALLY ON TARGET TO ACHIEVE ITS OBJECTIVE OF RETURNING $10 PER SHARE. The strategy of the fund has been to invest in a pool of zero-coupon bonds that mature prior to August 31, 2001, with a stated principal amount equal to $10 per share and a pool of non-zero-coupon bonds which provide cash flow to pay the monthly dividend until termination. However, during the volatile market environment of 1994, the fund suffered significant losses in the non-zero-coupon bond portion of the fund, which reduced the fund's earning capacity. This portion of the fund included collateralized mortgage obligation derivatives and other mortgage-backed securities.

[Picture]

THE PORTFOLIO MANAGEMENT TEAM OF AMERICAN GOVERNMENT TERM TRUST WAS CHANGED IN MARCH TO INCLUDE MIKE JANSEN (TOP), TOM MCGLINCH (MIDDLE) AND KEVIN JANSEN (BOTTOM). MIKE JANSEN, WHO IS PRIMARILY RESPONSIBLE FOR THE MANAGEMENT OF THE FUND, HAS EXTENSIVE KNOWLEDGE IN MORTGAGE SECURITIES AND 14 YEARS OF FINANCIAL EXPERIENCE. TOM MCGLINCH, WHO ASSISTS WITH THE FUND'S MANAGEMENT, IS A CHARTERED FINANCIAL ANALYST WITH 14 YEARS OF FINANCIAL EXPERIENCE. KEVIN JANSEN, WHO ALSO ASSISTS WITH THE MANAGEMENT OF THE FUND, HAS SEVEN YEARS OF FINANCIAL EXPERIENCE, ALSO IN MORTGAGE SECURITIES.

IF THE ZERO-COUPON BONDS CURRENTLY HELD BY THE PORTFOLIO COULD BE HELD TO MATURITY, SHAREHOLDERS WOULD RECEIVE APPROXIMATELY $10 PER SHARE UPON TERMINATION OF THE FUND. However, tax regulations require the fund to pay dividends to shareholders in an amount equal to the accreted annual income on the zero-coupon bonds plus the income earned on the balance of the portfolio. We expected that we would be able to pay these dividends by liquidating substantially all of the fund's assets other than the zero-coupon bonds over time. However, as a result of the losses realized in 1994, the non-zero-coupon bond portion of the portfolio is now too small to generate the cash needed to make those dividend payments for the six years remaining until maturity. Assuming that interest rates, income and dividend payments remain stable, we would be forced to begin liquidating zero-coupon bonds sometime in 1998 to meet the tax accounting requirements related to distribution of income. The sale of these zero-coupon bonds would reduce the net asset value of the fund at termination, thereby preventing the fund from reaching its objective of returning $10 per share.

TO INCREASE THE STABILITY OF THE FUND'S NET ASSET VALUE AND INCOME WHILE WE EXPLORED OPTIONS FOR THE FUND, WE MADE SIGNIFICANT CHANGES IN THE FUND'S PORTFOLIO IN RECENT MONTHS. As of May 31, 1995, we had sold all of the fund's derivatives, mortgage-backed securities and municipal zero-coupon securities. The proceeds were reinvested in short- and intermediate-term Treasury securities, creating a portfolio that consists solely of Treasury securities.

<TABLE>
<CAPTION>

PORTOFOLIO COMPOSITION
May 31, 1995

<S>	<C>
Short-Term Securities	1%
U.S. Treasury Fixed Coupon	19%
Other Assets	1%
U.S. Treasury Zero-Coupon	79%

</TABLE>

INVESTMENT CATEGORIES REFLECT PERCENTAGE OF TOTAL ASSETS.

SIX-MONTH FUND PERFORMANCE

Since we last reported to you in January, the bond market has performed well as the economy showed its first signs of slowing. American Government Term Trust responded to this environment with a six-month net asset value total return of 16.17%,* as of May 31, 1995, including reinvested distributions but no sales charge. This compares to the Lipper Closed-End U.S. Mortgage Funds: Term Trusts Average return of 12.00% and the Lehman Brothers Mutual Fund Government/Mortgage Index return of 11.01% for the same period. The fund's return based on market price was -9.26%.

In early July, the Federal Reserve Board eased credit by lowering the federal funds rate from 6% to 5.75%. Unfortunately, however, the fund's recent performance and the Fed's latest actions do not change the long-term outlook that the fund is unlikely to meet its objective of returning $10 per share.

* PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. THE INVESTMENT RETURN AND PRINCIPAL VALUE OF AN INVESTMENT WILL FLUCTUATE SO THAT FUND SHARES, WHEN SOLD, MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST. DURING THE SIX MONTHS ENDED MAY 31, 1995, CERTAIN INVESTMENT MANAGEMENT AND ADMINISTRATIVE FEES WERE WAIVED BY PIPER CAPITAL. HAD FEES NOT BEEN WAIVED, THE FUND'S NET ASSET VALUE TOTAL RETURN WOULD HAVE BEEN 16.04%.

OVER THE NEXT FEW WEEKS, THE FUND'S BOARD OF DIRECTORS WILL REVIEW OUR PROPOSAL TO DETERMINE WHETHER THEY BELIEVE IT IS IN THE SHAREHOLDERS' BEST INTEREST. In the meantime, Piper Capital will continue to waive its management and administrative fees in order to help support the dividend, as we have been doing since April 1995. We will waive these fees through at least November 1995, which is the end of the fund's fiscal year. While we are disappointed that we are unlikely to meet our objective of returning $10 per share, we believe we have found a solution that is in the best interest of shareholders. We remain committed to your investment needs and will continue to keep you updated on the status of the proposal and your fund.

Sincerely,

/s/ Michael Jansen

Michael Jansen
Portfolio Manager

FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF ASSETS AND LIABILITIES
MAY 31, 1995

<TABLE>
<S> <C>

ASSETS:	
Investments in securities at market value* (including a repurchase agreement of $972,000) (note 2)	$ 69,284,345
Receivable for investment securities sold	42,187
Other assets	8,912
Accrued interest receivable	154,267
Total assets	69,489,711
LIABILITIES:	
Payable for fund shares retired	37,867
Other accrued expenses	31,580

Total liabilities		69,447
Net assets applicable to outstanding capital stock	$	69,420,264

REPRESENTED BY:		
Capital stock - authorized 1 billion shares of $0.01 par value; outstanding, 8,014,900 shares (note 6)	$	80,149
Additional paid-in capital		71,773,040
Distributions in excess of net investment income		(236,422)
Accumulated net realized loss on investments		(4,629,421)
Unrealized appreciation of investments		2,432,918
Total - representing net assets applicable to outstanding capital stock	$	69,420,264
Net asset value per share of outstanding capital stock	$	8.66
* Investments in securities at identified cost	$	66,851,427

</TABLE>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED MAY 31, 1995

<TABLE>
<S> <C>

INCOME:		
Interest (net of interest expense of $61,730)	$	2,483,945
Fee income (note 2)		130,962
Total investment income		2,614,907
EXPENSES (NOTE 3):		
Investment management fee		145,842
Administrative fee		40,512
Custodian, accounting and transfer agent fees		29,301
Reports to shareholders		7,737
Directors' fees		5,833
Audit and legal fees		15,752
Other expenses		16,484
Total expenses		261,461
Less expenses waived or absorbed by the adviser		(64,721)
Total net expenses		196,740
Net investment income		2,418,167
NET REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS:		
Net realized loss on investments (note 4)		(1,412,877)
Net change in unrealized appreciation or depreciation of		

investments	8,844,152
Net gain on investments	7,431,275
Net increase in net assets resulting from operations	$ 9,849,442

</TABLE>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED MAY 31, 1995

<TABLE>

<S>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Interest and fee income	$ 2,614,907
Expenses - net	(196,740)
Net investment income	2,418,167
Adjustments to reconcile net investment income to net cash provided by operating activities:	
Change in accrued interest receivable	286,098
Discount amortization - net for zero-coupon securities	(1,969,399)
Change in accrued fees and expenses and other assets	(14,392)
Total adjustments	(1,697,693)
Net cash provided by operating activities	720,474
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales of investments	92,701,920
Purchases of investments	(86,330,564)
Net purchases of short-term securities	(861,000)
Net cash provided by investing activities	5,510,356
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net payments on reverse repurchase agreements	(4,300,000)
Distributions paid to shareholders	(2,638,248)
Retirement of fund shares (note 6)	(292,751)
Net cash used by financing activities	(7,230,999)
Net decrease in cash	(1,000,169)
Cash at beginning of period	1,000,169
Cash at end of period	$ 0

Supplemental disclosure of cash flow information:	
Cash paid for interest on reverse repurchase agreements	$ 63,104

</TABLE>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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STATEMENTS OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

	Six Months Ended 5/31/95 (Unaudited)	Year Ended 11/30/94
<S>	<C>	<C>
OPERATIONS:		
Net investment income	$ 2,418,167	6,325,282
Net realized loss on investments	(1,412,877)	(2,995,505)
Net change in unrealized appreciation or depreciation of investments	8,844,152	(13,926,868)
Net increase (decrease) in net assets resulting from operations	9,849,442	(10,597,091)
DISTRIBUTIONS TO SHAREHOLDERS:		
From net investment income	(2,638,248)	(4,761,820)
Tax return of capital (note 2)	--	(1,524,980)
Total distributions	(2,638,248)	(6,286,800)
CAPITAL SHARE TRANSACTIONS:		
Payments for retirement of 45,100 and 0 shares, respectively (note 6)	(330,618)	--
Total increase (decrease) in net assets	6,880,576	(16,883,891)
Net assets at beginning of period	62,539,688	79,423,579
Net assets at end of period	$ 69,420,264	62,539,688
Distributions in excess of net investment income	$ (236,422)	(16,341)

</TABLE>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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(1) ORGANIZATION

American Government Term Trust Inc. (the fund) is registered under the Investment Company Act of 1940 (as amended) as a diversified, closed-end management investment company. Shares of the fund are listed on the New York Stock Exchange under the symbol AGT. The fund intends to terminate operations and distribute all of its net assets to shareholders on or shortly before August 31, 2001.

(2) SIGNIFICANT ACCOUNTING POLICIES

INVESTMENTS IN SECURITIES

The values of fixed income securities are determined using pricing services or prices quoted by independent brokers. Exchange-listed options are valued at the last sales price and open financial futures contracts are valued at the last settlement price. When market quotations are not readily available, securities are valued at fair value according to methods selected in good faith by the board of directors. Short-term securities with maturities of 60 days or less are valued at amortized cost which approximates market value.

Securities transactions are accounted for on the date the securities are purchased or sold. Realized gains and losses are calculated on the identified-cost basis. Interest income is recorded on the accrual basis and, except for original issue discount on zero-coupon bonds, the fund does not amortize premiums or discounts on long-term bonds for financial reporting purposes.

OPTION TRANSACTIONS

For hedging purposes, the fund may buy and sell put and call options, write covered call options on portfolio securities, write cash-secured puts and write call options that are not covered for cross-hedging purposes. The risk in writing a call option is that the fund gives up the opportunity for profit if the market price of the security increases. The risk in writing a put option is that the fund may incur a loss if the market price of the security decreases and the option is exercised. The risk in buying an option is the fund pays a premium whether or not the option is exercised. The fund also has the additional risk of not being able to enter into a closing transaction if a liquid secondary market does not exist. The fund also may write over-the-counter options where the completion of the obligation is dependent upon the credit standing of the other party.

Option contracts are valued daily and unrealized appreciation or depreciation is recorded. The fund will realize a gain or loss upon expiration or closing of the option transaction. When an option is exercised, the proceeds on the sale of a written call option, the purchase cost for a written put option, or the cost of a security for purchased put and call options is adjusted by the amount of premium received or paid.

FUTURES TRANSACTIONS

In order to gain exposure to or protect against changes in the market, the fund may buy and sell financial futures contracts and related options. Risks of entering into futures contracts and related options include the possibility there may be an illiquid market and that a change in the value of the contract or option may not correlate with changes in the value of the underlying securities.

Upon entering into a futures contract, the fund is required to deposit either cash or securities in an amount (initial margin) equal to a certain percentage of the contract value. Subsequent payments (variation margin) are made or received by the fund each day. The variation margin payments are equal to the daily changes in the contract value and are recorded as unrealized gains and losses. The fund recognizes a realized gain or loss when the contract is closed or expires.

INTEREST RATE TRANSACTIONS
To preserve a return or spread on a particular investment or portion of its portfolio or for other non-speculative purposes, the fund may enter into various hedging transactions such as interest rate swaps and the purchase of interest rate caps and floors. Interest rate swaps involve the exchange of commitments to pay or receive interest, e.g., an exchange of floating-rate payments for fixed-rate payments. The purchase of an interest rate cap entitles the purchaser, to the extent that a specified index exceeds a predetermined interest rate, to receive payments of interest on a contractually based notional principal amount from the party selling the interest rate cap. The purchase of an interest rate floor entitles the purchaser, to the extent that a specified index falls below a predetermined interest rate, to receive payments of interest on a contractually based notional principal amount from the party selling such interest rate floor.

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If forecasts of interest rates and other market factors are incorrect, investment performance will diminish compared to what performance would have been if these investment techniques were not used. Even if the forecasts are correct, there is risk that the positions may correlate imperfectly with the asset or liability being hedged. Other risks of entering into these transactions are that a liquid secondary market may not always exist, or that the other party to the transaction may not perform.

For interest rate swaps, caps and floors, the fund accrues weekly, as an increase or decrease to interest income, the current net amount due to or owed by the fund. Interest rate swaps, caps and floors are valued from prices quoted by independent brokers. These valuations represent the present value of all future cash settlement amounts based upon implied forward interest rates.

SECURITIES PURCHASED ON A WHEN-ISSUED BASIS
Delivery and payment for securities that have been purchased by the fund on a forward-commitment or when-issued basis can take place a month or more after the transaction date. During this period, such securities do not earn interest, are subject to market fluctuation and may increase or decrease in value prior to their delivery. The fund maintains, in a segregated account with its custodian, assets with a market value equal to the amount of its purchase commitments. The purchase of securities on a when-issued or forward-commitment basis may increase the volatility of the fund's NAV to the extent the fund makes such purchases while remaining substantially fully invested. As of May 31, 1995, the fund had no outstanding when-issued or forward commitments.

In connection with its ability to purchase securities on a when-issued or forward-commitment basis, the fund may enter into mortgage "dollar rolls" in which the fund sells securities for delivery in the current month and simultaneously contracts with the same counterparty to repurchase similar (same type, coupon and maturity) but not identical securities on a specified future date. As an inducement to "roll over" its purchase commitments, the fund receives negotiated fees. For the six months ended May 31, 1995, such fees earned by the fund amounted to $130,962.

FEDERAL TAXES
The fund intends to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and not be subject to federal income tax. Therefore, no income tax provision is required.

Net investment income and net realized gains (losses) may differ for financial statement and tax purposes primarily because of the recognition of certain foreign currency gains (losses) as ordinary income for tax purposes, losses deferred due to "wash sale" transactions and the timing of recognition of income on certain interest-only, principal-only and residual interest securities. The character of distributions made during the year from net investment income or net realized gains may also differ from their ultimate characterization for federal income tax purposes. In addition, due to the timing of dividend distributions, the fiscal year in which amounts are distributed may differ from the year that the income or realized gains (losses) were recorded by the fund. Due to tax basis income adjustments on the fund's investments in REMIC residual interests in collateralized mortgage obligations and the recognition of certain foreign currency losses as a reduction of ordinary income for tax purposes, $0.1892 per share of distributions in fiscal 1994 represented a return of capital distribution.

DISTRIBUTIONS
The fund pays monthly distributions from net investment income, and as described above, certain book-to-tax adjustments may result in a portion of the income distributions being characterized as a return of capital for tax purposes. Realized capital gains, if any, will be distributed on an annual basis. These distributions are recorded as of the close of business on the ex-dividend date. Such distributions are payable in cash or, pursuant to the fund's dividend reinvestment plan, reinvested in additional shares of the fund's capital stock. Under the plan, fund shares will be purchased in the open market.

REPURCHASE AGREEMENTS
For repurchase agreements entered into with certain broker-dealers, the fund, along with other affiliated registered investment companies, may transfer uninvested cash balances into a joint trading account,

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the daily aggregate of which is invested in repurchase agreements secured by U.S. government and agency obligations. Securities pledged as collateral for all individual and joint repurchase agreements are held by the fund's custodian bank until maturity of the repurchase agreement. Provisions for all agreements ensure that the daily market value of the collateral is in excess of the repurchase amount in the event of default.

(3) EXPENSES

The fund has entered into the following agreements with Piper Capital Management Incorporated (the adviser and the administrator):

The investment advisory agreement provides the adviser with a monthly advisory fee based on the fund's average weekly net assets computed at the per-annum rate of 0.60% of the fund's average weekly net assets through January 31, 1993; 0.45% from February 1, 1993, through January 31, 1997; and 0.30% from February 1, 1997, until termination of the fund. For its fee, the adviser will provide investment advice and, in general, will conduct the management and investment activity of the fund.

The administration agreement provides the administrator with a monthly fee based on the fund's average weekly net assets computed at the per annum rate of 0.15% of the fund's average weekly net assets through January 31, 1993; 0.125% from February 1, 1993, through January 31, 1997; and 0.10% from February 1, 1997, until termination of the fund. For its fee, the administrator will provide reporting, regulatory and record-keeping services for the fund.

For the six months ended May 31, 1995, Piper Capital voluntarily waived investment management fees of $50,651 and administrative fees of $14,070.

In addition to advisory and administrative fees, the fund is responsible for paying most other operating expenses, including outside directors' fees and expenses, custodian fees, registration fees, printing and shareholder reports, transfer agent fees and expenses, legal, auditing and accounting services, organizational costs, insurance, interest, taxes, and other miscellaneous expenses.

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(4) SECURITIES TRANSACTIONS

Cost of purchases and proceeds from sales of securities (other than short-term securities) aggregated $73,381,213 and $92,342,993, respectively, for the six months ended May 31, 1995.

(5) CAPITAL LOSS CARRYOVER

For federal income tax purposes, the fund had a capital loss carryover of $5,674,400 on November 30, 1994, which, if not offset by subsequent capital gains, will expire in 2001 through 2002. It is unlikely the board of directors will authorize a distribution of any net realized capital gains until the available capital loss carryover has been offset or expires.

(6) RETIREMENT OF FUND SHARES

The fund's board of directors has approved a plan to repurchase shares of the fund in the open market and retire those shares. Repurchases may only be made when the previous day's closing market price was at a discount from net asset value. Daily repurchases are limited to 25% of the previous four weeks' average daily trading volume on the New York Stock Exchange. Under the current plan, cumulative repurchases in the fund cannot exceed 3% of the total shares originally issued. The board of directors will review the plan every six months and may change the amount which may be repurchased. The plan was last reviewed and reapproved by the board of directors on May 19, 1995. Pursuant to the plan, the fund has cummulatively repurchased and retired 45,100 shares as of May 31, 1995, which represents 0.56% of the shares originally issued.

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NOTES TO FINANCIAL STATEMENTS

(7) FINANCIAL HIGHLIGHTS

Per-share data for a share of capital stock outstanding throughout each period and selected information for each period are as follows:

<TABLE>
<CAPTION>

	Six Months Ended 5/31/95 (Unaudited)	Year Ended November 30, 1994	1993	1992	1991	1990
PER-SHARE DATA						
Net asset value, beginning of year .... $	7.76	9.85	9.47	9.97	9.13	9.34
Operations:						
Net investment income	.30	0.78	0.90	0.87	1.09	0.95
Net realized and unrealized gains (losses) on investments	.93	(2.09)	0.34	(0.43)	0.70	(0.26)
Total from operations	1.23	(1.31)	1.24	0.44	1.79	0.69
Distributions to shareholders:						
From net investment income	(.33)	(0.59)	(0.66)	(0.85)	(0.95)	(0.90)
Tax return of capital	--	(0.19)	(0.20)	--	--	--
From net realized gains	--	--	--	(0.09)	--	--
Total distributions to shareholders	(.33)	(0.78)	(0.86)	(0.94)	(0.95)	(0.90)
Net asset value, end of period .... $	8.66	7.76	9.85	9.47	9.97	9.13
Per-share market value, end of period ..... $	7.50	8.63	10.25	10.88	10.38	10.00
SELECTED INFORMATION						
Total investment return, market value*	(9.26%)	(8.58%)	2.12%	14.29%	13.68%	5.38%
Total investment return, net asset value**	16.17%	(13.75%)	13.54%	4.54%	20.49%	8.07%
Net assets at end of period (in millions) $	69	63	79	76	80	74
Ratio of expenses to average weekly net assets+++	.61%+	0.82%	0.86%	1.04%	1.11%	1.05%
Ratio of net investment income to average weekly net assets+++	7.46%+	9.02%	9.28%	8.93%	11.48%	10.59%
Portfolio turnover rate (excluding short-term securities)	100%	47%	79%	70%	53%	44%
Amount of borrowings outstanding at end of period (in millions)*** .... $	--	4	19	13	20	21
Per-share amount of borrowings outstanding at end of period .... $	--	0.53	2.41	1.60	2.47	2.58
Per-share asset coverage of borrowings outstanding at end of period++ .... $	--	8.29	12.26	11.07	12.44	11.71

<FN>

* BASED ON THE CHANGE IN MARKET PRICE OF A SHARE DURING THE PERIOD. ASSUMES REINVESTMENT OF DISTRIBUTIONS AT ACTUAL PRICES PURSUANT TO THE FUND'S

DIVIDEND REINVESTMENT PLAN.

** BASED ON THE CHANGE IN NET ASSET VALUE OF A SHARE DURING THE PERIOD. ASSUMES REINVESTMENT OF DISTRIBUTIONS AT NET ASSET VALUE. DURING THE SIX MONTHS ENDED MAY 31, 1995, CERTAIN INVESTMENT MANAGEMENT AND ADMINISTRATIVE FEES WERE WAIVED BY THE ADVISER. HAD FEES NOT BEEN WAIVED, THE FUND'S NAV TOTAL RETURN WOULD HAVE BEEN 16.04%.

*** SECURITIES PURCHASED ON A WHEN-ISSUED BASIS FOR WHICH LIQUID, HIGH-GRADE DEBT OBLIGATIONS ARE MAINTAINED IN A SEGREGATED ACCOUNT ARE NOT CONSIDERED BORROWINGS. SEE FOOTNOTE 2 IN THE NOTES TO FINANCIAL STATEMENTS.

+ ADJUSTED TO ANNUAL BASIS.

++ REPRESENTS THE FUND'S NET ASSETS (EXCLUDING BORROWINGS) DIVIDED BY CAPITAL SHARES OUTSTANDING.

+++ DURING THE SIX MONTHS ENDED MAY 31, 1995, CERTAIN INVESTMENT MANAGEMENT AND ADMINISTRATIVE FEES WERE WAIVED BY THE ADVISER. HAD FEES NOT BEEN WAIVED, THE ANNUALIZED RATIOS OF EXPENSES AND NET INVESTMENT INCOME WOULD HAVE BEEN 0.81%/7.26%.

</TABLE>

- --

NOTES TO FINANCIAL STATEMENTS

(8) QUARTERLY DATA (UNAUDITED)

DOLLAR AMOUNTS

<TABLE>
<CAPTION>

	Total Investment Income	Net Investment Income	Net Realized and Unrealized Gains on Investments	Net Increase in Net Assets Resulting from Operations	Distributions from Net Investment Income
2/28/95	$ 1,375,841	1,264,990	3,613,039	4,878,029	(1,470,950)
5/31/95	1,239,066	1,153,177	3,818,236	4,971,413	(1,167,298)
	$ 2,614,907	2,418,167	7,431,275	9,849,442	(2,638,248)

</TABLE>

PER-SHARE AMOUNTS

<TABLE>
<CAPTION>

	Net Investment Income	Net Realized and Unrealized Gains on Investments	Net Increase in Net Assets Resulting from Operations	Distributions from Net Investment Income	Quarter End Net Asset Value
2/28/95	$ 0.15	0.45	0.60	(0.18)	8.18
5/31/95	0.15	0.48	0.63	(0.15)	8.66
	$ 0.30	0.93	1.23	(0.33)	

</TABLE>

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INVESTMENTS IN SECURITIES (UNAUDITED)

AMERICAN GOVERNMENT TERM TRUST
MAY 31, 1995

Name of Issuer	Principal Amount	Market Value (a)
(PERCENTAGES OF EACH INVESTMENT CATEGORY RELATE TO TOTAL NET ASSETS)		
U.S. GOVERNMENT SECURITIES (98.4%):		
U.S. Treasury Note, 4.63%, 8/15/95 .... $	845,000	843,209
U.S. Treasury Note, 5.13%, 11/15/95	815,000	812,734
U.S. Treasury Note, 4.63%, 2/15/96	860,000	853,206
U.S. Treasury Note, 4.25%, 5/15/96	835,000	823,001
U.S. Treasury Note, 4.38%, 8/15/96	885,000	870,070
U.S. Treasury Note, 7.25%, 11/15/96	850,000	866,482
U.S. Treasury Note, 4.75%, 2/15/97	910,000	893,502
U.S. Treasury Note, 6.50%, 5/15/97	875,000	885,246
U.S. Treasury Note, 6.50%, 8/15/97	930,000	941,737
U.S. Treasury Note, 7.38%, 11/15/97	905,000	934,919
U.S. Treasury Note, 7.25%, 2/15/98	960,000	991,584
U.S. Treasury Note, 9.00%, 5/15/98	940,000	1,017,089
U.S. Treasury Note, 5.25%, 7/31/98	995,000	974,593
U.S. Treasury Note, 8.88%, 11/15/98	985,000	1,072,468
U.S. Treasury Note, 5.00%, 1/31/99	335,000	323,995
U.S. Treasury Principal Strip, 6.87%, 8/15/01	80,500,000(b)	55,208,510
Total U.S. Government Securities (cost: $65,879,427)		68,312,345
SHORT-TERM SECURITIES (1.4%):		
Repurchase agreement with Goldman Sachs in a joint trading account, collateralized by U.S. government agency securities, acquired on 5/31/95, accrued interest at repurchase date of $166, 6.14%, 6/1/95. (cost: $972,000)	972,000	972,000
Total Investments in Securities (cost: $66,851,427)(c) .... $		69,284,345

INVESTMENTS IN SECURITIES (UNAUDITED)

NOTES TO INVESTMENTS IN SECURITIES:

(A) SECURITIES ARE VALUED IN ACCORDANCE WITH PROCEDURES DESCRIBED IN NOTE 2 TO THE FINANCIAL STATEMENTS.
(B) FOR ZERO-COUPON INVESTMENTS, THE INTEREST RATE SHOWN IS THE EFFECTIVE YIELD ON THE DATE OF PURCHASE.
(C) ALSO APPROXIMATES COST FOR FEDERAL INCOME TAX PURPOSES. THE AGGREGATE GROSS UNREALIZED APPRECIATION AND DEPRECIATION OF INVESTMENTS IN SECURITIES BASED ON THIS COST WERE AS FOLLOWS:

GROSS UNREALIZED APPRECIATION .... $	2,432,918
GROSS UNREALIZED DEPRECIATION	--
NET UNREALIZED APPRECIATION .... $	2,432,918

</TABLE>

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ANNUAL MEETING RESULTS

An annual meeting of the fund's shareholders was held on August 22, 1994. Each matter voted upon at the meeting, as well as the number of votes cast for, against or withheld, the number of abstentions, and the number of broker non-votes with respect to such matter, are set forth below.

1. The fund's shareholders elected the following eight directors:

<TABLE>
<CAPTION>

<S>	Shares Voted "For" <C>	Shares Withholding Authority to Vote <C>
David T. Bennett	5,359,764	110,800
Jaye F. Dyer	5,361,339	109,225
William H. Ellis	5,361,005	109,559
Karol D. Emmerich	5,362,405	108,159
Luella G. Goldberg	5,357,785	112,780
John T. Golle*	5,361,405	109,159
Edward J. Kohler*	5,360,897	109,668
George Latimer	5,359,784	110,781

<FN>

*MR. KOHLER RESIGNED AS DIRECTOR OF THE FUND, EFFECTIVE NOVEMBER 30, 1994.
MR. GOLLE RESIGNED AS DIRECTOR OF THE FUND, EFFECTIVE JUNE 1, 1995.

</TABLE>

2. The fund's shareholders ratified the selection by a majority of the independent members of the fund's Board of Directors of KPMG Peat Marwick LLP as the independent public accountants for the fund for the fiscal year ending November 30, 1994. The following votes were cast regarding this matter:

<TABLE>
<CAPTION>

Shares Voted "For" <S>	Shares Voted "Against" <C>	Abstentions <C>	Broker Non-Votes <C>
5,177,698	100,841	192,027	--

</TABLE>

SHARE REPURCHASE PROGRAM

Your fund's board of directors has reapproved the fund's share repurchase program, which enables the fund to 'buy back' shares of its common stock in the open market. Repurchases may only be made when the previous day's closing market price per share was at a discount from net asset value. Repurchases cannot exceed 3% of the fund's originally issued shares.

WHAT EFFECT WILL THIS PROGRAM HAVE ON SHAREHOLDERS?

- - We do not expect any adverse impact on the adviser's ability to manage the fund.

- --

- - Because repurchases will be at a price below net asset value, remaining shares outstanding may experience a slight increase in net asset value.
- - Although the effect of share repurchases on market price is less certain, the board of directors believes the program may have a favorable effect on the market price of fund shares.
- - We do not anticipate any material increase in the fund's expense ratio.

WHEN WILL SHARES BE REPURCHASED?
Share repurchases may be made from time to time and may be discontinued at any time. Share repurchases are not mandatory when fund shares are trading at a discount from net asset value; all repurchases will be at the discretion of the fund's investment adviser. The board of directors will consider whether to continue the share repurchase program on at least a semiannual basis and will notify shareholders of its determination in the next semiannual or annual report.

HOW WILL SHARES BE REPURCHASED?
We expect to finance the repurchase of shares by liquidating portfolio securities or using current cash balances. We do not anticipate borrowing in order to finance share repurchases.

- --

DIRECTORS AND OFFICERS

<TABLE>

<S>	<C>
DIRECTORS	David T. Bennett, CHAIRMAN, HIGHLAND HOMES, INC., USL PRODUCTS INC., KIEFER BUILT, INC., OF COUNSEL, GRAY, PLANT, MOOTY, MOOTY AND BENNETT, P.A.
	Jaye F. Dyer, PRESIDENT, DYER MANAGEMENT COMPANY
	William H. Ellis, PRESIDENT, PIPER JAFFRAY COMPANIES INC., PIPER CAPITAL MANAGEMENT INCORPORATED
	Karol D. Emmerich, PRESIDENT, THE PARACLETE GROUP
	Luella G. Goldberg, DIRECTOR, TCF FINANCIAL, RELIASTAR FINANCIAL CORP., HORMEL FOODS CORP.
	George Latimer, DIRECTOR, SPECIAL ACTIONS OFFICE, OFFICE OF THE SECRETARY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICERS	William H. Ellis, CHAIRMAN OF THE BOARD
	Worth Bruntjen, SENIOR VICE PRESIDENT
	Robert H. Nelson, VICE PRESIDENT
	David E. Rosedahl, SECRETARY
	Charles N. Hayssen, TREASURER
INVESTMENT ADVISER	Piper Capital Management Incorporated 222 SOUTH NINTH STREET, MINNEAPOLIS, MN 55402
CUSTODIAN AND TRANSFER AGENT	Investors Fiduciary Trust Company 127 WEST 10TH STREET, KANSAS CITY, MO 64105-1716
LEGAL COUNSEL	Dorsey & Whitney P.L.L.P. 220 SOUTH SIXTH STREET, MINNEAPOLIS, MN 55402

</TABLE>

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222 SOUTH NINTH STREET
MINNEAPOLIS, MN 55402-3804

PIPER JAFFRAY INC., FUND SPONSOR AND NASD MEMBER.

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