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 STRATEGIC INCOME PORTFOLIO INC
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[PHOTO]

AMERICAN STRATEGIC

[PHOTO]

INCOME PORTFOLIO

*   *   *

SEMIANNUAL REPORT

[PHOTO]

1995

[PHOTO]

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AMERICAN STRATEGIC INCOME PORTFOLIO
American Strategic Income Portfolio is a diversified, closed-end management investment company. The fund's primary objective is to provide a high level of current income, and its secondary objective is to seek capital appreciation. To realize its objectives, the fund emphasizes investments in mortgage-related assets that directly or indirectly represent a participation in or are secured by and payable from mortgage loans. It may also invest in asset-backed securities, U.S. government securities, corporate debt securities, municipal obligations, unregistered securities, mortgage-backed derivative securities and mortgage servicing rights. The fund may also 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 mutual funds, there can be no assurance the fund will achieve its objectives. Since the fund's inception, December 27, 1991, it has been rated A-F by Standard & Poor's Corporation (S&P).* Fund shares trade on the New York Stock Exchange under the symbol ASP.

<TABLE>

</TABLE>

*THE FUND IS RATED A-F, WHICH MEANS INVESTMENTS IN THE FUND HAVE AN OVERALL CREDIT QUALITY OF A. 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 A.

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

[BAR GRAPH]

The average annual total returns for American Strategic Income Portfolio are based on the change in its net asset value (NAV), assume all distributions were reinvested and do not reflect sales charges. NAV-based performance is used to measure investment management results.

Average annual total returns based on the change in market price for the one-year and since inception periods ended May 31, 1995, were 0.81% and 4.58%, respectively. These figures assume reinvestment of all distributions 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 figure.

The Lipper Closed-End U.S. Mortgage Funds Average represents the average total return, with distributions reinvested, of similar closed-end mutual funds as characterized by Lipper Analytical Services.

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

AMERICAN STRATEGIC INCOME PORTFOLIO

July 10, 1995

[PHOTO OF MIKE JANSEN]

Mike Jansen, (above) IS PRIMARILY RESPONSIBLE FOR THE MANAGEMENT OF AMERICAN STRATEGIC INCOME PORTFOLIO. HE HAS 14 YEARS OF FINANCIAL EXPERIENCE.

Kevin Jansen, (below) ASSISTS WITH THE MANAGEMENT OF AMERICAN STRATEGIC INCOME PORTFOLIO. HE HAS SEVEN YEARS OF FINANCIAL EXPERIENCE.

[PHOTO OF KEVIN JANSEN]

Dear Shareholders:

LONG-TERM INTEREST RATES HAVE COME DOWN CONSIDERABLY SINCE THE END OF LAST YEAR, PROMPTED BY A SLOWDOWN IN U.S. ECONOMIC GROWTH AND LOW TO MODERATE INFLATION. Due to declining interest rates, American Strategic Income Portfolio's net asset value (NAV) return has been favorable for the six-month period ended May 31, 1995, at 12.35%. The fund's market price return for that period, however, was 2.99%.* (All returns include reinvested distributions and do not include sales charges.) I am disappointed that the market price has not kept pace with the fund's improvement in NAV. I believe this is due to the fun's erratic performance over the past year, which was largely related to the fund's holdings of mortgage-backed derivative securities. For performance comparison purposes during the six-month period ended May 31, 1995, the Lehman Brothers Mutual Fund Government/Mortgage Index return was 11.01% and the Lipper Closed-End U.S. Mortgage Funds Average return was 13.39%.

AS I MENTIONED IN LAST JANUARY'S ANNUAL REPORT, WE HAVE REDUCED THE INTEREST RATE SENSITIVITY OF THE FUND. To do so, we suspended the sale-forward program, reduced the amount of borrowing and allowed some of the fund's mortgage-backed derivatives to pay off. We redirected these investments into mortgage loans and Treasury securities, investments that should be less sensitive to changes in interest rates.

*PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. THE RETURN AND PRINCIPAL VALUE OF YOUR INVESTMENT WILL FLUCTUATE SO THAT SHARES, WHEN SOLD, MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST.

TO PROVIDE GREATER NAV AND INCOME STABILITY, WE RECENTLY SOLD MOST OF THE PORTFOLIO'S MORTGAGE-BACKED DERIVATIVE SECURITIES. While there is no definition for derivatives that is universally agreed upon, as of June 30 the fund no longer owned any inverse floaters, principal-only strips, interest-only strips, inverse interest-only securities or Z-bonds. (Please note that the portfolio composition at left is as of May 31.) The fund still holds some subordinated mortgage-backed securities which, although are referred to as derivatives in the fund's prospectus, are not typically considered derivatives in the securities market nor are they perceived by us to have the same volatility characteristics as the derivative securities we sold. We currently do not intend to sell these subordinated bonds and may make additional investments in these securities in the future. While the derivative securities we sold offer potentially greater income than more traditional mortgage securities, their prices and income can also be much more volatile, as we experienced in 1994. The prices of ASP's mortgage-backed derivative securities dropped significantly last year and accounted for a disproportionate share of the fund's poor performance during 1994. This year, the prices of these derivative securities improved in response to the recovery of the bond market. Yet the income from some of these securities, such as the inverse floaters, declined. Consequently, we selectively sold these derivatives at improved prices and invested the proceeds into mortgage loans.

PORTFOLIO COMPOSITION
MAY 31, 1995

[PIE CHART]

LOWER PORTFOLIO EARNINGS HAVE CAUSED THE FUND TO RELY ON ITS DIVIDEND RESERVE TO PAY ITS 12.5 CENTS PER SHARE MONTHLY DIVIDEND. On June 30, the fund's monthly earnings were approximately 9.2 cents per share, and its accumulated undistributed net investment income (dividend reserve) remained quite large at approximately 76 cents per share. The dividend reserve should continue to decline in the coming months since we believe portfolio earnings will remain at approximately the current level in the near term. In the future, we intend to maintain a small dividend reserve in the fund. So as the reserve declines, the fund's dividend committee will make gradual changes to the dividend to bring it in line with the fund's earnings. Once the dividend reserve reaches our targeted range, the dividend committee will set a dividend level that it believes is sustainable, given the fund's income level at that time. Of course, the dividend is not fixed and may fluctuate. Keep in mind that any reduction in the dividend reserve reduces the fund's NAV penny for penny.

NET ASSET VALUE SUMMARY
DECEMBER 27, 1991, TO MAY 31, 1995

<TABLE>

<S>	<C>
Initial Offering Price (12/27/91)........	$15.00

Initial Offering and Underwriting Expenses	($1.02)
Accumulated Realized Losses (5/31/95)	($1.79)
Subtotal	$12.19
Undistributed Net Investment Income/ Dividend Reserve (5/31/95)	$0.80
Unrealized Appreciation on Investments (5/31/95)	$0.40
NET ASSET VALUE (5/31/95)	$13.39

</TABLE>

ALTHOUGH THE DERIVATIVE SECURITIES WE SOLD WERE AT IMPROVED PRICES, WE REALIZED LOSSES THAT MAY KEEP THE FUND FROM RETURNING TO ITS NAV LEVELS OF EARLY LAST YEAR. We are currently managing significantly less per share from ASP's original offering price of $15, due to the fund's realized losses since inception and its initial offering and underwriting expenses. (See chart at left.) While the NAV could one day return to the $14 to $15 range, it would most likely take many years because of the fund's realized losses. Even though the NAV of the fund had improved to $13.39 on May 31, 1995, from a low of $12.28 on February 2, 1995, you should not expect future increases, should they occur, to be as significant.

WE DO NOT PLAN TO INVEST IN INVERSE FLOATERS, PRINCIPAL-ONLY STRIPS, INTEREST-ONLY STRIPS, INVERSE INTEREST-ONLY SECURITIES OR Z-BONDS IN THE FUTURE. We intend to focus our efforts on mortgage loans, which have consistently performed well for the fund. Also, we do not have any immediate plans to reinstate the sale-forward (dollar-roll) program. In the event that we will again invest in these types of mortgage-backed derivatives or reinstate the sale-forward program, we will notify you in advance.

DISTRIBUTION HISTORY
SINCE INCEPTION (DECEMBER 1991) THROUGH
MAY 31, 1995

<TABLE>

<S>	<C>
Monthly Income Dividends Paid	40
Total Monthly Income Dividends	$4.53
Capital Gains Distributions Paid	2
Total Capital Gains Distributions	$0.20
Total Distributions Per Share	$4.73

</TABLE>

GOING FORWARD, THE FUND'S INVESTMENTS WILL BE MORE FOCUSED ON MORTGAGE LOANS AND TREASURY SECURITIES. As of the end of June, 33% of the fund's total assets were invested in single family (home) loans, 22% in multifamily (apartment) loans, 6% in private mortgage-backed securities and 31% in Treasuries. Our current strategy is to eventually have approximately 80% invested in mortgage loans and private mortgage-backed securities, and 20% in Treasury securities. We will continue to use borrowing in the fund through reverse repurchase agreements, which as of June 30 accounted for 17% of the fund's total assets, and invest the proceeds in Treasury securities. Keep in mind that while borrowing can potentially increase the fund's income, it can also increase the fund's NAV volatility, which can in turn be reflected in the fund's market price.

OUR STRATEGY FOR INVESTING IN MORTGAGE LOANS REMAINS THE SAME. We purchase pools of home loans from mortgage lending organizations at a discount from their face values. We also purchase apartment loans and may purchase commercial loans that meet our strict underwriting standards.

Because we assume and manage the real estate risk of these loans and purchase many of them at discounts, the potential yields from these investments are typically much greater than those offered by securities backed by mortgages, which frequently are guaranteed or backed by a letter of credit.

WE CAN BUY HOME LOANS AT A DISCOUNT FOR A NUMBER OF REASONS. Lenders find it difficult to sell loans that do not conform to industry standards. For example, many buyers will not purchase loans that have missing loan documents, unusual loan terms, delinquent payments or loans in bankruptcy or foreclosure. Unlike many buyers, we agree to purchase loan pools that may include such mortgages. Based on our credit analysis, we purchase these mortgages below what we believe to be the market value of the home backing the mortgage. For example, a loan with delinquent payments will typically be purchased at a deep discount to our estimated market value because of its greater potential for default. If we purchase the mortgage loans at an appropriate price, mortgage defaults will not have a negative impact on the fund. Of course, depending on the purchase price of the loan, we could recognize losses.

WE ALSO BUY APARTMENT LOANS AND MAY PURCHASE COMMERCIAL LOANS. These loans are purchased at a level where we believe the property value exceeds the mortgage amount by a wide margin. We also require borrowers to have a significant amount of their own money (equity) at risk. Any losses from these loans will first go against the borrowers' investment (equity), which helps limit our risk with these investments.

NOW THAT WE ARE FOCUSING EVEN MORE ON MORTGAGE LOANS, WE BELIEVE THE FUND'S PRIMARY RISKS ARE CREDIT RISK AND THE OTHER RISKS ASSOCIATED WITH INVESTMENTS IN REAL ESTATE. By selling most of the fund's mortgage-backed derivative securities, the fund has less market risk (the risk associated with changes in interest rates). But because most of the mortgages we purchase are not backed by the U.S. government or

one of its agencies, they are subject to credit risk or the risk of failure to make payments. Apart from credit risk, these mortgages are also subject to property risk (physical condition and value of the property), prepayment risk (the risk that mortgages will be prepaid and the proceeds will have to be invested in lower-yielding loans), and the legal risks associated with holding any mortgage. Part of our strategy to manage the real estate risks of our home loans is to purchase mortgages located throughout the country, which helps reduce the potential impact of a regional economic recession or natural disaster. Many of the home loans we purchase are older mortgages secured by smaller homes. These loans usually have an established history of timely payments and are less likely to be delinquent, and the homeowners have often built up a considerable amount of equity. We also purchase home loans on which the borrowers have not made all of their mortgage payments on time, if we can obtain the loans at a price that we believe compensates us for the higher risk for default. We believe there are good opportunities to invest in these types of loans because many potential buyers are unwilling to buy delinquent loans. Consequently, we have increased the percentage of delinquent loans in the fund over the past year. As part of our home loan risk analysis, we also review the loan's legal documents, review the borrower's mortgage payment history, assess the local market, and assess the property value. We perform a drive-by assessment of the property or we have a local real estate agent do the assessment for us when it is difficult or impossible for us to perform the assessment ourselves.

AS PART OF OUR RISK MANAGEMENT STRATEGY FOR OUR APARTMENT AND COMMERCIAL LOANS, WE PERFORM A DETAILED INSPECTION OF EACH PROPERTY; STUDY THE COMPETING PROPERTIES IN THE AREA; INTERVIEW THE PROPERTY MANAGER; AND OBTAIN ENGINEERING AND ENVIRONMENTAL REPORTS FROM EXPERTS. While we focus on smaller apartment and commercial loans, these loans are still much larger than the fund's home loans. As a result, defaults on our apartment and

commercial loans could have a much greater impact on the fund than defaults on our home loans. Our extensive risk analysis has helped keep the fund's realized net losses from home mortgage foreclosures and write-offs to a minimum (less than one cent per share since the fund's inception through May 31). We have not suffered any realized losses on our apartment or commercial loans.

THE CREDITWORTHINESS OF THE FUND'S LOANS ARE ANALYZED BY STANDARD & POOR'S CORPORATION (S&P), WHICH ISSUES A CREDIT RATING FOR THE FUND'S ENTIRE PORTFOLIO. The final step of our risk analysis is a credit rating by S&P. Each quarter we submit a report of the fund's loans to S&P for review. Since its inception in December 1991, ASP has maintained a credit rating of A-F. Keep in mind that S&P does not evaluate the market risk of an investment when assigning a credit rating.

NOW THAT THE FUND IS FOCUSING EVEN MORE ON MORTGAGE LOANS, I BELIEVE IT WILL BE LESS VOLATILE AND EARN MORE CONSISTENT INCOME LEVELS THAN IN THE PAST. I hope this will attract more buyers to the fund and help narrow the current gap between the NAV and market price. Going forward, we intend to follow the investment strategy we have implemented during the past few months. If you have questions about your investment in American Strategic Income Portfolio, don't hesitate to contact your investment professional.

Sincerely,

/s/ MIKE JANSEN

Mike Jansen
Portfolio Manager

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FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF ASSETS AND LIABILITIES
MAY 31, 1995

<TABLE>
<S> <C>
ASSETS:

Investments in securities at market value* (note 2) (including a repurchase agreement of $2,778,000) .... $	83,514,958
Real estate owned (identified cost: $2,428,212) (note 2)	1,557,100
Cash in bank on demand deposit	533,197
Accrued interest receivable	950,425
Total assets	86,555,680
LIABILITIES:	
Open option contracts written at market value (premium received of $132,500) (note 5)	305,000
Reverse repurchase agreements payable	15,000,000
Payable for fund shares retired	8,698
Accrued investment management fee	36,987
Accrued administrative fee	11,924
Accrued interest	50,168
Other accrued expenses	143
Total liabilities	15,412,920
Net assets applicable to outstanding capital stock .... $	71,142,760
REPRESENTED BY:	
Capital stock - authorized 1 billion shares of $0.01 par value; outstanding, 5,313,421 shares .... $	53,134
Additional paid-in capital	74,128,355
Undistributed net investment income	4,252,509
Accumulated net realized loss on investments	(9,424,119)
Unrealized appreciation of investments	2,132,881
Total - representing net assets applicable to outstanding capital stock .... $	71,142,760
Net asset value per share of outstanding capital stock ... $	13.39
* Investments in securities at identified cost .... $	80,338,465

</TABLE>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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FINANCIAL STATEMENTS (UNAUDITED)

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

<TABLE>

<S>	<C>
INCOME:	
Interest (net of interest expense of $604,283) .... $	3,612,942
EXPENSES (NOTE 3):	
Investment management fee	227,627
Administrative fee	67,777
Custodian, accounting and transfer agent fees	117,131

Reports to shareholders	14,142
Mortgage servicing fees	87,895
Directors' fees	5,832
Audit and legal fees	36,276
Federal excise taxes (note 2)	6,035
Other expenses	28,083
Total expenses	590,798
Net investment income	3,022,144
NET REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS:	
Net realized loss on investments (note 4)	(7,994,436)
Net realized loss on closed or expired option contracts written (note 5)	(789,316)
Net realized loss on investments	(8,783,752)
Net change in unrealized appreciation or depreciation of investments	13,806,777
Net gain on investments	5,023,025
Net increase in net assets resulting from operations	$ 8,045,169

</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 income	$ 3,612,942
Expenses	(590,798)
Net investment income	3,022,144
Adjustments to reconcile net investment income to net cash provided by operating activities:	
Change in accrued interest receivable	25,492
Net amortization of bond discount and premium	(87,210)
Change in accrued fees and expenses	(222,091)
Total adjustments	(283,809)
Net cash provided by operating activities	2,738,335
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales of investments	54,818,338
Purchases of investments	(37,607,436)
Net purchases of short-term securities	(2,190,000)
Net premiums paid for option contracts written	(853,457)

Net cash provided by investing activites	14,167,445
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net payments for reverse repurchase agreements	(12,500,000)
Distributions paid to shareholders	(3,993,729)
Retirement of fund shares	(193,363)
Net cash used by financing activities	(16,687,092)
Net increase in cash	218,688
Cash at beginning of period	314,509
Cash at end of period .... $	533,197
Supplemental disclosure of cash flow information:	
Cash paid for interest on reverse repurchase agreements .... $	637,992

</TABLE>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

FINANCIAL STATEMENTS

STATEMENTS OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

<S>	Six Months Ended 5/31/95 (Unaudited) <C>	Year Ended 11/30/94 <C>
OPERATIONS:		
Net investment income .... $	3,022,144	7,535,718
Net realized loss on investments	(8,783,752)	(640,366)
Net change in unrealized appreciation or depreciation of investments	13,806,777	(16,574,443)
Net increase (decrease) in net assets resulting from operations	8,045,169	(9,679,091)
DISTRIBUTIONS TO SHAREHOLDERS:		
From net investment income	(3,993,729)	(6,159,085)
From net realized gains	--	(1,052,194)
Total distributions	(3,993,729)	(7,211,279)
CAPITAL SHARE TRANSACTIONS:		
Payments for retirement of 14,900 and 14,100 shares, respectively (note 7)	(185,583)	(170,705)
Total increase (decrease) in net assets	3,865,857	(17,061,075)

Net assets at beginning of period	67,276,903	84,337,978
Net assets at end of period	$ 71,142,760	67,276,903
Undistributed net investment income	$ 4,252,509	5,224,094

</TABLE>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

(1) ORGANIZATION

American Strategic Income Portfolio Inc. (the fund) is registered under the Investment Company Act of 1940 (as amended) as a diversified, closed-end management investment company. The fund commenced operations on December 27, 1991, upon completion of its initial public offering of common stock. Shares of the fund are listed on the New York Stock Exchange under the symbol ASP.

(2) SIGNIFICANT ACCOUNTING POLICIES

INVESTMENTS IN SECURITIES

The fund's mortgage related investments such as whole loans, participation mortgages and mortgage servicing rights are initially valued at cost and their values are subsequently monitored and adjusted pursuant to a pricing model designed to reflect the present value of the projected stream of cash flows on such investments. The pricing model takes into account a number of relevant factors including the projected rate of prepayments, the projected rate and severity of defaults, the delinquency profile, the age of the underlying mortgages, the historical payment record thereon, the expected yield at purchase, changes in prevailing interest rates and changes in the real or perceived liquidity of whole loans, participation mortgages or mortgage servicing rights as the case may be. Certain elements of the pricing model involve subjective judgment. Additionally, certain other factors will be considered in the determination of the valuation of investments in multifamily loans, including but not limited to, results of annual inspections of the multifamily property by the adviser or a servicing agent retained by the adviser, reviews of annual unaudited financial statements of the multifamily property, monitoring of local and other economic conditions and their impact on local real estate values and analyses of rental vacancy rates at the multifamily property. Subjective adjustments to the valuation of such investments in multifamily loans may be made based upon the adviser's analysis of such information. The actual values that may be realized upon the sale of whole loans, participation mortgages and mortgage servicing rights can only be determined in negotiations between the fund and third parties.

The values of other 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

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market quotations for other fixed income securities are not readily available, such securities are valued at fair value according to methods selected in good faith by the board of directors.

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, including amortization of bond discount and premium computed on a level-yield basis, is accrued daily. Costs associated with acquiring whole loans, participation mortgages and mortgage servicing rights are capitalized and included in the cost basis of the loans purchased.

OPTION TRANSACTIONS

For hedging purposes, the fund may buy and sell put and call options, write covered call options on portfolio securities and may write cash-secured puts. 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 and the option is exercised. 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 that 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 of a written put option or the security cost of a purchased put or call option 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

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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 the interest rate floor.

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

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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.

WHOLE LOANS AND PARTICIPATION MORTGAGES

Whole loans and participation mortgages may bear a greater risk of loss arising from a default on the part of the borrower of the underlying loans than do traditional mortgage-backed securities. This is because whole loans and participation mortgages, unlike most mortgage-backed securities, generally are not backed by any government guarantee or private credit enhancement. Such risk may be greater during a period of declining or stagnant real estate values. In addition, individual loans underlying whole loans and participation mortgages may be larger than those underlying mortgage-backed securities. At May 31, 1995, loans representing % of net assets were considered by the fund to be delinquent as to the timely monthly payment of principal and interest. The fund does not record past due interest as income until received.

There may be certain costs and delays in the event of a foreclosure. Also, there is no assurance that the subsequent sale of the property will produce an amount equal to the sum of the unpaid principal balance of the loan as of the date the borrower went into default, accrued unpaid interest and all foreclosure expenses. In this case the fund may suffer a loss. Real estate acquired through foreclosure, if any, is recorded at estimated fair value. At May 31, 1995, the fund owned four homes with an aggregate value of $1,557,100, or 2% of net assets. The fund recognized net realized losses of $5,074 on real estate sold during the six months ended May 31, 1995. Additionally, with respect to participation mortgages, the fund generally will not be able to unilaterally enforce its rights in the event of a default, but rather will be dependent upon the cooperation of the other participation holders.

MORTGAGE SERVICING RIGHTS
The fund may acquire interests in the cash flow from servicing fees through contractual arrangements with mortgage servicers. In no event will the fund actually service mortgages, be the mortgage servicer of record, or enter into any arrangement pursuant to which

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the fund could be liable to third parties in the event the mortgage servicer defaulted on its obligations. Mortgage servicing rights, similar to interest-only securities, generate no further cash flow when a mortgage is prepaid or goes into default. Mortgage servicing rights are accounted for on a level-yield basis with recognized income based on the estimated amounts and timing of cash flows. Such estimates are adjusted periodically as the underlying market conditions change.

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, the fund earned no such fees.

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. However, the fund incurred federal excise taxes of $6,035, or $0.001 per share, on income retained by the fund during the excise tax year ended December 31, 1994.

Net investment income and net realized gains (losses) may differ for financial statement and tax purposes primarily because of losses deferred due to "wash sale" and "straddle" transactions, the timing of recognition of income on certain interest-only and principal-only securities and the non-deductibility of excise tax payments made. The character of distributions made during the year from net investment income or net realized gains may therefore 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.

DISTRIBUTIONS
The fund pays monthly distributions from net investment income, and 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. However, if the market price plus commission exceeds the net asset value by 5% or more, the fund will issue new shares at a discount of up to 5% from the current market price.

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, 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.

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(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 investment management fee in an amount equal to the sum of an annualized rate of 0.20% of the fund's average weekly net assets and 4.5% of the daily gross income accrued by the fund during the month (i.e., investment income, including amortization of discount and premium, other than gains from the sale of securities or gains received from options and futures contracts, less interest on money borrowed by the fund). Such monthly management fee shall not exceed in the aggregate 1/12 of 0.725% of the fund's average weekly net assets during the month (approximately 0.725% on an annual basis). 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 in an amount equal to an annualized rate of 0.20% of the fund's average weekly net assets. For its fee, the administrator will provide regulatory, reporting and record-keeping services
for the fund.

When acquiring whole loans and participation mortgages, the fund enters into mortgage servicing agreements with mortgage servicers. For a fee, mortgage servicers maintain loan records such as insurance and taxes and the proper allocation of payments between principal and interest.

In addition to the advisory, administrative and mortgage servicing 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, insurance, interest, fees to outside parties retained to assist in conducting due diligence, 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 $37,694,646 and $54,818,338, respectively, for the six months ended May 31, 1995.

(5) OPTION CONTRACTS WRITTEN

The number of contracts and premium amounts associated with call option contracts written during the six months ended May 31, 1995, were as follows:

<TABLE>
<CAPTION>

	Call Options	
	Number of Contracts	Premium Amount
<S>	<C>	<C>
Balance at 11/30/94........................	360	$ 196,641
Opened..................................	1,255	1,200,254
Closed or expired........................	(1,280)	(1,040,176)
Exercised................................	(175)	(224,219)
Balance at 5/31/95........................	160	$ 132,500

</TABLE>

(6) CAPITAL LOSS CARRYOVER

For federal income tax purposes, the fund had capital loss carryover of $640,367 on November 30, 1994, which if not offset by subsequent capital gains, will expire in 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.

(7) 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 cumulatively repurchased and retired 29,000 shares as of May 31, 1995, which represents 0.56% of the shares originally issued.

NOTES TO FINANCIAL STATEMENTS

(8) 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 11/30/94	Year Ended 11/30/93	Period from 12/27/91* to 11/30/92
<S>	<C>	<C>	<C>	<C>
PER-SHARE DATA				
Net asset value, beginning of period .... $	12.63	15.79	14.89	13.98
Operations:				
Net investment income	0.57	1.41	1.79	1.49
Net realized and unrealized gains (losses) on investments	0.94	(3.22)	0.61	0.55
Total from operations	1.51	(1.81)	2.40	2.04
Distributions to shareholders from:				
Net investment income	(0.75)	(1.15)	(1.50)	(1.13)
Net realized gains	--	(0.20)	--	--
Total distributions to shareholders	(0.75)	(1.35)	(1.50)	(1.13)
Net asset value, end of period .... $	13.39	12.63	15.79	14.89
Per-share market value, end of period .... $	12.63	13.00	16.38	16.25
SELECTED INFORMATION				
Total return, net asset value**	12.35%	(11.87%)	16.80%	15.20%
Total return, market value***	2.99%	(12.59%)	10.75%	16.92%
Net assets at end of period (in millions) ...... $	71	67	84	79
Ratio of expenses to average weekly net assets++	1.74% TRIANGLE	1.69%	1.69%	1.45% TRIANGLE
Ratio of net investment income to average weekly net assets	8.92% TRIANGLE	10.00%	11.52%	11.49% TRIANGLE
Portfolio turnover rate (excluding short-term securities)	44%	74%	50%	72%
Amount of borrowings outstanding at end of period (in millions)+ .... $	15	28	32	32
Per-share amount of borrowings outstanding at end of period .... $	2.82	5.16	6.04	6.05
Per-share asset coverage of borrowings outstanding at end of period+++ .... $	16.21	17.79	21.83	20.94

<FN>

* COMMENCEMENT OF OPERATIONS.

** BASED ON THE CHANGE IN NET ASSET VALUE OF A SHARE DURING THE PERIOD. ASSUMES REINVESTMENT OF DISTRIBUTIONS AT NET ASSET VALUE.

*** 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.

\+ 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.
++ INCLUDES 0.02%, 0.23% AND 0.22% FROM FEDERAL EXCISE TAXES IN THE SIX MONTHS ENDED 5/31/95 AND IN FISCAL 1994 AND 1993, RESPECTIVELY.
+++ REPRESENTS THE FUND'S NET ASSETS (EXCLUDING BORROWINGS) DIVIDED BY CAPITAL SHARES OUTSTANDING.
TRIANGLE ADJUSTED TO AN ANNUAL BASIS.
</TABLE>

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

(9) QUARTERLY DATA

DOLLAR AMOUNTS

<TABLE>
<CAPTION>

<S>		Total Investment Income <C>	Net Investment Income <C>	Net Realized and Unrealized Gains on Investments <C>	Net Increase in Net Assets Resulting from Operations <C>	Distributions from Net Investment Income <C>
2/28/95	$	1,823,546	1,595,268	1,555,186	3,150,454	(1,997,746)
5/31/95		1,789,396	1,426,876	3,467,839	4,894,715	(1,995,983)
	$	3,612,942	3,022,144	5,023,025	8,045,169	(3,993,729)

</TABLE>

PER-SHARE AMOUNTS

<TABLE>
<CAPTION>

<S>		Net Investment Income <C>	Net Realized and Unrealized Gains on Investments <C>	Net Increase in Net Assets Resulting from Operations <C>	Distributions from Net Investment Income <C>	Quarter End Net Asset Value <C>
2/28/95	$	0.30	0.30	0.60	(0.38)	12.85
5/31/95		0.27	0.64	0.91	(0.37)	13.39
	$	0.57	0.94	1.51	(0.75)	

</TABLE>

INVESTMENTS IN SECURITIES (UNAUDITED)

AMERICAN STRATEGIC INCOME PORTFOLIO
MAY 31, 1995

<TABLE>
<CAPTION>

Name of Issuer <S>	Principal Amount <C>	Market Value (a) <C>
(PERCENTAGES OF EACH INVESTMENT CATEGORY RELATE TO TOTAL NET ASSETS)		
U.S. GOVERNMENT SECURITIES (37.6%):		

U.S. Treasury Note, 6.25%, 2/15/03 .... $	2,000,000(d)	1,998,780
U.S. Treasury Note, 6.88%, 3/31/00	23,000,000(b,d)	23,761,990
U.S. Treasury Strip, 7.06%, 5/15/18	4,800,000	977,184

Total U.S. Government Securities (cost: $25,782,775)		26,737,954

MORTGAGE-BACKED SECURITIES (11.4%):		
COLLATERALIZED MORTGAGE OBLIGATIONS (C) (11.4%):		
PRIVATE FIXED RATE (6.8%):		
8.60%, Chemical Mortgage Securities, Series 1991-1, Subordinated Class B, 9/25/21	238,980(g)	227,703
9.25%, FBS Mortgage Corporation, Series 1991-B, Subordinated Class D, 11/1/31	966,889(g)	930,026
10.10%, First Boston, Series 1992-1, Subordinated Class B-2, 1/15/01	1,000,000(g)	1,001,700
8.83%, First Boston, Series 1993-2, Subordinated Class B, 11/28/22	1,988,358(g)	1,744,188
9.35%, GMBS Inc., Series 1990-4, Subordinated Class S, 10/25/20	496,454(g)	479,854
9.25%, Salomon Brothers Mortgage Securities VII, Series 1990-1, Class G-1, 8/25/20	239,800(g)	230,358
9.25%, Salomon Brothers Mortgage Securities VII, Series 1990-1, Class G-2, 8/25/20	231,390(g)	222,351

		4,836,180

U.S. AGENCY INVERSE FLOATER (4.6%):		
7.90%, FHLMC, Series 1552, Class LA, LIBOR, 8/15/23	899,205	701,380
8.08%, FHLMC, Series 1552, Class LH, LIBOR, 5/15/22	944,165	708,124
7.29%, FNMA, Series 1993-117, Class S, COFI, 7/25/08	2,306,930	1,880,148

		3,289,652

Total Mortgage-Backed Securities (cost: $9,138,336)		8,125,832

WHOLE LOANS AND PARTICIPATION MORTGAGES (E,F,G) (63.1%):		
MULTIFAMILY LOANS (24.6%):		
Applewood Manor, 8.75%, 1/1/01	693,641	692,462
Boca Bend Apartments, 11.75%, 5/1/00	600,000	597,720

</TABLE>

SEE ACCOMPANYING NOTES TO INVESTMENTS IN SECURITIES.

- ---

INVESTMENTS IN SECURITIES (UNAUDITED)

AMERICAN STRATEGIC INCOME PORTFOLIO
(CONTINUED)

<TABLE>
<CAPTION>

Name of Issuer	Principal Amount	Market Value (a)
<S>	<C>	<C>
Colorado Springs Multifamily, 10.00%, 1/30/08 ...... $	2,486,401	2,573,425

Essex Place I, 10.00%, 9/30/12	2,166,083	2,166,083
Franklin Woods Apartments, 9.90%, 3/1/10	1,348,199	1,395,386
Fremont Plaza Apartments, 9.75%, 4/1/02	748,980	775,194
Kings Creek Apartments, 10.00%, 5/1/96	1,300,000	1,327,820
Maple Crest Apartments, 10.38%, 1/1/02	1,496,792	1,549,179
Mustang Crossings, 9.00%, 2/1/01	1,001,888	1,009,803
Normandie Square Apartments, 8.75%, 4/1/01	1,858,162	1,845,527
The Establishment, 8.75%, 2/1/01	956,758	950,347
Twelfth Street Apartments, 9.25%, 6/1/05	1,200,000	1,196,500
Westgate Apartments, 10.00%, 2/1/08	1,406,783	1,420,852
		17,500,298
SINGLE FAMILY LOANS (38.5%):		
American Bank, Mankato, 9.23%, 12/10/12	243,304	250,535
Bluebonnet Savings and Loan, 11.54%, 8/31/10	350,804	347,826
Bluebonnet Savings and Loan, 7.94%, 8/31/10	1,992,053	2,023,913
CLSI Allison Williams, 9.74%, 8/1/17	889,079	993,221
Crossroads Savings and Loan, 9.25%, 1/1/21	879,696	898,002
Crossroads Savings and Loan, 9.26%, 1/1/21	765,743	753,682
Equity Lending, 20.00%, 9/30/12	55,421	57,361
Fairbanks I, Utah, 9.33%, 9/23/15	730,637	673,143
Fairbanks II, Utah, 7.28%, 8/20/10	333,313	320,824
First Boston Mortgage Pool #5, 9.82%, 6/29/03	725,027	740,775
Hamilton Financial, 8.67%, 6/29/10	941,030	836,670
Huntington MEWS, 9.33%, 8/1/17	2,147,468	2,100,284
Knutson Mortgage Portfolio #1, 9.02%, 8/1/17	2,231,609	2,460,255
Knutson Mortgage Portfolio #2, 9.36%, 9/25/17	1,863,627	2,074,725
McClemore, 10.59%, 9/30/12	3,785,270	4,050,421
Meridian, 9.40%, 12/1/20	1,323,453	1,474,282
Minnesota Mortgage Corporation, 12.97%, 7/25/14	82,051	84,103
Minnesota Mortgage Corporation, 12.26%, 10/25/14	56,237	57,642
Minnesota Mortgage Corporation, 12.95%, 3/25/15	122,236	125,292
President Homes, 7.07%, 8/1/17	210,497	142,613
President Homes 93-1, Sales Inventory, 8.49%, 3/1/23	2,521,914	2,528,093
President Homes 93-1, Warehouse Inventory, 10.00%, 3/1/23	147,363	132,627
President Homes 94-1A, Sales Inventory, 8.49%, 1/27/23	265,614	266,264
President Homes 94-1A, Warehouse Inventory, 10.00%, 1/27/23	324,835	292,352
Rand Mortgage Corporation, 9.53%, 8/1/17	671,905	690,369
Salomon II, 9.86%, 11/23/14	2,254,738	2,317,735

</TABLE>

SEE ACCOMPANYING NOTES TO INVESTMENTS IN SECURITIES.

INVESTMENTS IN SECURITIES (UNAUDITED)

AMERICAN STRATEGIC INCOME PORTFOLIO
(CONTINUED)

<TABLE>
<CAPTION>

Name of Issuer	Principal Amount	Market Value (a)
<S>	<C>	<C>
Valley Bank of Commerce, N.M., 8.53%, 8/31/10 ...... $	686,336	679,361
		27,372,370

Total Whole Loans and Participation Mortgages (cost: $41,626,790)		44,872,668

MORTGAGE SERVICING RIGHTS (1.4%):		
Matrix Servicing Rights, 14.00%, 7/10/22 (cost: $1,012,564)	107,136,718	1,000,504

SHORT-TERM SECURITIES (3.9%):		
Repurchase agreement with Morgan Stanley in a joint trading account, collateralized by U.S. government agency securities, acquired on 5/31/95, accrued interest at repurchase date of $445, 5.85%, 6/1/95 (cost: $2,778,000)	2,778,000	2,778,000

Total Investments in Securities (cost: $80,338,465) (h) .... $		83,514,958

</TABLE>

NOTES TO INVESTMENTS IN SECURITIES:

<TABLE>
<S> <C>

(A)	SECURITIES ARE VALUED IN ACCORDANCE WITH PROCEDURES DESCRIBED IN NOTE 2 TO THE FINANCIAL STATEMENTS.
(B)	ON MAY 31, 1995, SECURITIES VALUED AT $15,744,901 WERE PLEDGED AS COLLATERAL FOR THE FOLLOWING OUTSTANDING REVERSE REPURCHASE AGREEMENTS:

</TABLE>

<TABLE>
<CAPTION>

AMOUNT	ACQUISITION DATE	RATE*	DUE	ACCRUED INTEREST	NAME OF BROKER AND DESCRIPTION OF COLLATERAL
$ 7,750,000	6/22/94	6.01%	6/1/95	$ 12,944	(1)
3,750,000	3/1/95	5.96%	8/1/95	19,254	(2)
3,500,000	4/3/95	5.96%	6/30/95	17,970	(3)
------------				---------	
$ 15,000,000				$ 50,168	
------------				---------	
------------				---------	

</TABLE>

*INTEREST RATE IS AS OF MAY 31, 1995. RATES ARE BASED ON THE LONDON INTERBANK OFFERED RATE (LIBOR) AND RESET MONTHLY.

NAME OF BROKER AND DESCRIPTION OF COLLATERAL:

<TABLE>
<S> <C>

(1)	MORGAN STANLEY; U.S. TREASURY NOTE, 6.88%, 3/31/00, $8,000,000 PAR
(2)	NOMURA; U.S. TREASURY NOTE, 6.88%, 3/31/00, $3,745,000 PAR
(3)	NOMURA; U.S. TREASURY NOTE, 6.88%, 3/31/00, $3,495,000 PAR

</TABLE>

INVESTMENTS IN SECURITIES (UNAUDITED)

<TABLE>
<S> <C>

(C) DESCRIPTIONS OF CERTAIN COLLATERALIZED MORTGAGE OBLIGATIONS ARE AS FOLLOWS:
LIBOR - LONDON INTERBANK OFFERED RATE.
COFI (11TH DISTRICT) - COST OF FUNDS INDEX OF THE FEDERAL RESERVE'S 11TH DISTRICT.
INVERSE FLOATER - REPRESENTS SECURITIES THAT PAY INTEREST AT RATES THAT INCREASE (DECREASE) WITH A DECLINE (INCREASE) IN THE SPECIFIED INDEX. THE INTEREST RATE PAID BY THE INVERSE FLOATER WILL GENERALLY CHANGE AT A MULTIPLE OF ANY CHANGE IN THE INDEX. INTEREST RATES DISCLOSED ARE IN EFFECT ON MAY 31, 1995.

(D) ISSUE IS IDENTIFIED IN CONNECTION WITH THE FOLLOWING OPEN CALL OPTIONS WRITTEN:
</TABLE>

<TABLE>
<CAPTION>

TYPE OF CONTRACT	NUMBER OF CALLS	EXERCISE PRICE	EXPIRATION DATE	MARKET VALUE
<S>	<C>	<C>	<C>	<C>
U.S. TREASURY NOTE 6.72% 3/31/00	160	101.45	6/15/95	$ 305,000

</TABLE>

<TABLE>
<S> <C>

(E) INTEREST RATE AND MATURITY DATE DISCLOSED REPRESENT THE WEIGHTED AVERAGE COUPON AND WEIGHTED AVERAGE MATURITY FOR THE UNDERLYING MORTGAGE LOANS AS OF MAY 31, 1995.

(F) FOR INVESTMENT SCHEDULE PRESENTATION, DIRECT MORTGAGE PURCHASES ARE SUMMARIZED BY THE INSTITUTION FROM WHICH THEY WERE PURCHASED. TOTAL NUMBER OF LOANS AND GENERAL GEOGRAPHICAL LOCATION ASSOCIATED WITH EACH LOAN GROUP ARE AS FOLLOWS:

MULTIFAMILY LOANS:

- APPLEWOOD MANOR - 1 MULTIFAMILY LOAN LOCATED IN DULUTH, MINNESOTA.
- BOCA BEND APARTMENTS - 1 MULTIFAMILTY LOAN LOCATED IN BOCA RATON, FORIDA.
- COLORADO SPRINGS MULTIFAMILY - 2 LOANS LOCATED IN COLORADO SPRINGS, COLORADO.
- ESSEX PLACE I - 1 MULTIFAMILY LOAN LOCATED IN ROCHESTER, MINNESOTA.
- FRANKLIN WOODS APARTMENTS - 1 MULTIFAMILY LOAN LOCATED IN FRANKLIN, NEW HAMPSHIRE.
- FREMONT PLAZA APARTMENTS - 1 MULTIFAMILY LOAN LOCATED IN LAS VEGAS, NEVADA.
- KINGS CREEK APARTMENTS - 1 MULTIFAMILY LOAN LOCATED IN DALLAS, TEXAS.
- MAPLE CREST APARTMENTS - 1 MULTIFAMILY LOAN LOCATED IN NASHVILLE, TENNESSEE.
- MUSTANG CROSSINGS - 1 MULTIFAMILTY LOAN LOCATED IN RICHMOND, TEXAS.
- NORMANDIE SQUARE APARTMENTS - 1 MULTIFAMILY LOAN LOCATED IN SAN ANTONIO, TEXAS.
- THE ESTABLISHMENT - 1 MULTIFAMILY LOAN LOCATED IN DALLAS, TEXAS.
- TWELFTH STREET APARTMENTS - 1 MULTIFAMILY LOAN LOCATED IN ATLANTA, GEORGIA.
- WESTGATE APARTMENTS - 1 MULTIFAMILY LOAN LOCATED IN BISMARCK, NORTH DAKOTA.

SINGLE FAMILY LOANS:

- AMERICAN BANK, MANKATO - 10 LOANS LOCATED IN SOUTHWESTERN MINNESOTA.
- BLUEBONNET SAVINGS AND LOAN - 93 LOANS LOCATED IN THE VICINITY OF SAN ANTONIO, TEXAS.
- CLSI ALLISON WILLIAMS - 54 LOANS LOCATED AROUND LAS MESA, SEMINOLE AND ANDREWS, TEXAS.
- CROSSROADS SAVINGS AND LOAN - 47 LOANS LOCATED IN THE VICINITY OF TULSA, OKLAHOMA.
- EQUITY LENDING - 2 LOANS LOCATED IN AND AROUND MINNEAPOLIS, MINNESOTA.
- FAIRBANKS I - 13 LOANS LOCATED IN THE VICINITY OF FAIRBANKS AND SALT LAKE CITY, UTAH.
- FAIRBANKS II - 3 LOANS LOCATED IN THE VICINITY OF FAIRBANKS AND SALT LAKE CITY, UTAH.
- FIRST BOSTON MORTGAGE POOL #5 - 19 LOANS LOCATED THROUGHOUT THE UNITED STATES.
- HAMILTON FINANCIAL - 7 LOANS LOCATED IN CALIFORNIA.
- HUNTINGTON MEWS - 52 LOANS LOCATED IN THE VICINITY OF CAMDEN, NEW JERSEY.
- KNUTSON MORTGAGE PORTFOLIO #1 - 39 LOANS LOCATED THROUGHOUT THE MIDWESTERN STATES.
- KNUTSON MORTGAGE PORTFOLIO #2 - 27 LOANS LOCATED THROUGHOUT THE MIDWESTERN STATES.
- MCCLEMORE - 49 LOANS LOCATED IN NORTH CAROLINA.

</TABLE>

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INVESTMENTS IN SECURITIES (UNAUDITED)

	MERIDIAN - 24 LOANS LOCATED THROUGHOUT CALIFORNIA.
	MINNESOTA MORTGAGE CORPORATION - 16 LOANS LOCATED IN MINNESOTA.
	PRESIDENT HOMES, SALES INVENTORY - 31 LOANS LOCATED THROUGHOUT THE MIDWESTERN STATES.
	PRESIDENT HOMES, WAREHOUSE INVENTORY - 2 LOANS LOCATED THROUGHOUT THE MIDWESTERN STATES.
	RAND MORTGAGE CORPORATION - 13 LOANS LOCATED NEAR HOUSTON AND AUSTIN, TEXAS.
	SALOMON II - 46 LOANS LOCATED THROUGHOUT THE MIDWESTERN STATES.
	VALLEY BANK OF COMMERCE - 34 LOANS LOCATED THROUGHOUT NEW MEXICO.
(G)	SECURITIES PURCHASED AS PART OF A PRIVATE PLACEMENT WHICH HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933.
(H)	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	$ 4,355,721
GROSS UNREALIZED DEPRECIATION	(2,222,840)
NET UNREALIZED APPRECIATION	$ 2,132,881

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SHAREHOLDER UPDATE

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 absentions, 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:

	Shares Voted "For"	Shares Withholding Authority to Vote
David T. Bennett.....	3,014,928	65,672
Jaye F. Dyer.........	3,014,203	66,397
William H. Ellis.....	3,013,678	66,922
Karol D. Emmerich....	3,015,428	65,172
Luella G. Goldberg...	3,013,609	66,990
John T. Golle*.......	3,013,063	67,536
Edward J. Kohler*....	3,014,678	65,922
George Latimer.......	3,009,801	70,798

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

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"	Shares Voted "Against"	Absentions	Broker Non-Votes
2,960,015	31,672	138,466	--

</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.

<TABLE>

DIRECTORS	David T. Bennett, CHAIRMAN, HIGHLAND HOMES, INC., USL PRODUCTS, INC., AND KIEFER BUILT, INC., OF COUNSEL, GRAY, PLANT, MOOTY, MOOTY & 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 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 Michael P. Jansen, PRESIDENT Worth Bruntjen, SENIOR VICE PRESIDENT Marijo A. Goldstein, SENIOR VICE PRESIDENT Robert H. Nelson, SENIOR VICE PRESIDENT Kevin A. Jansen, VICE PRESIDENT John G. Wenker, VICE PRESIDENT Charles N. Hayssen, TREASURER David E. Rosedahl, SECRETARY
INVESTMENT ADVISER	Piper Capital Management Incorporated 222 SOUTH NINTH STREET, MINNEAPOLIS, MN 55402
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