

# Semiannual Report

June 30, 2011

Waddell & Reed InvestEd Growth Portfolio  
Waddell & Reed InvestEd Balanced Portfolio  
Waddell & Reed InvestEd Conservative Portfolio



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# Waddell & Reed InvestEd Portfolios

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This report is submitted for the general information of the shareholders of Waddell & Reed InvestEd Portfolios. It is not authorized for distribution to prospective investors in the Portfolios unless preceded or accompanied by a current Waddell & Reed InvestEd Portfolios prospectus along with the InvestEd Program Overview and InvestEd Plan Account Application.

Non-residents of Arizona or taxpayers of states other than Arizona should consider participating in the 529 plan(s) available in their state of residence, as such plan(s) may offer more favorable state income tax or other benefits than those offered under the InvestEd Plan. Please consult your CPA or other tax advisor regarding your personal tax situation.



Henry J. Herrmann, CFA

**Dear Shareholder:**

In the six months since our last report to you, investors have witnessed a number of events that have had significant effect on the markets. Heading into the period, the fourth quarter of 2010 saw a dramatic run up in stocks with the broad indexes posting impressive gains and the U.S. economy growing at a 3.1 percent annual rate. Although the U.S. economy remained resilient during the first half of 2011, growth slowed as a number of challenges emerged.

The economy grew at a 0.4 percent annual rate during the first quarter in the face of several shocks including increasing instability in the Middle East and concerns about European sovereign debt. The massive earthquake and tsunami that struck Japan in March created significant supply chain disruptions, particularly in the automotive sector, which only now are beginning to be resolved. In the U.S., with the recovery slowing, additional uncertainty continued related to ongoing high unemployment and a sluggish housing market, financial reform and, later in the second quarter, Congressional debate about government spending tied to a need to raise the debt ceiling.

Against this difficult backdrop, the S&P 500 Index posted a 5 percent gain for the six months ended June 30, 2011, while fixed-income markets, as measured by the Citigroup Broad Investment Grade Index, returned 2.66 percent on an annualized basis.

Numerous issues remain, including the geopolitical challenges in the Middle East, which are likely to remain unresolved for some time, and government debt and budget problems abroad and in the United States. Nonetheless, we are optimistic that better days are ahead. Supply chain issues related to the events in Japan are improving, which means auto production should provide a significant lift to second half GDP. Interest rates are still low, Federal Reserve and government policy is accommodative, and companies are reporting robust activity and very strong profits.

**Economic Snapshot**

	6-30-2011	12-31-2010
S&P 500 Index	1320.64	1257.64
MSCI EAFE Index	1708.08	1658.30
Citigroup Broad Investment Grade Index (annualized yield to maturity)	2.63%	2.77%
U.S. unemployment rate	9.2%	9.4%
30-year fixed mortgage rate	4.51%	4.69%
Oil price per barrel	\$95.42	\$89.84

Sources: Bloomberg, U.S. Department of Labor

*All government statistics shown are subject to periodic revision. The S&P 500 Index is an unmanaged index that tracks the stocks of 500 primarily large-cap U.S. companies. MSCI EAFE Index is an unmanaged index comprised of securities that represent the securities markets in Europe, Australasia and the Far East. Citigroup Broad Investment Grade Index is an unmanaged index comprised of securities that represent the bond market. Annualized yield to maturity is the rate of return anticipated on a bond if it is held until the maturity date. It is not possible to invest directly in any of these indexes. Mortgage rates shown reflect the average rate on a conventional loan with a 60-day lender commitment. Oil prices reflect the market price of West Texas intermediate grade crude.*

As always, we thank you for your continued trust and partnership, and encourage you to share in our optimism for the future.

Respectfully,

A handwritten signature in dark ink, reading "Henry J. Herrmann".

Henry J. Herrmann, CFA  
President

**The opinions expressed in this letter are those of the President of Waddell & Reed InvestEd Portfolios and are current only through the end of the period of the report, as stated on the cover. The President's views are subject to change at any time, based on market and other conditions, and no forecasts can be guaranteed.**

# ILLUSTRATION OF PORTFOLIO EXPENSES

## Waddell & Reed InvestEd Portfolios

(UNAUDITED)

As a shareholder of a Portfolio, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments, redemption fees and exchange fees; and (2) ongoing costs, including management fees, distribution and service fees, and other Portfolio expenses. The following table is intended to help you understand your ongoing costs (in dollars) of investing in a Portfolio and to compare these costs with the ongoing costs of investing in other mutual funds. As a shareholder in the underlying Waddell & Reed Advisors Funds, your Portfolio will indirectly bear its pro rata share of the expenses incurred by the underlying funds. These expenses are not included in a Portfolio's annualized expense ratio or the expenses paid during the period. These expenses are, however, included in the effective expenses paid during the period. The example is based on an investment of \$1,000 invested at the beginning of the period and held for the six-month period ended June 30, 2011.

### Actual Expenses

The first section in the following table provides information about actual account values and actual expenses. You may use the information in this section, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, a \$7,500 account value divided by \$1,000 = 7.5), then multiply the result by the number in the first section under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period. There may be additional fees charged to holders of certain accounts that are not included in the expenses shown in the table. You should consider

the additional fees that were charged to your Portfolio account over the six-month period when you estimate the total ongoing expenses paid over the period and the impact of these fees on your ending account value as such additional expenses are not reflected in the information provided in the expense table. Additional fees have the effect of reducing investment returns.

### Hypothetical Example for Comparison Purposes

The second section in the following table provides information about hypothetical account values and hypothetical expenses based on the Portfolio's actual expense ratio and an assumed rate of return of five percent per year before expenses, which is not the Portfolio's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Portfolio and other funds. To do so, compare this five percent hypothetical example with the five percent hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), redemption fees or exchange fees. Therefore, the second section of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

Portfolio	Actual <sup>(1)</sup>			Hypothetical <sup>(2)</sup>			Annualized Expense Ratio Based on the Six-Month Period
	Beginning Account Value 12-31-10	Ending Account Value 6-30-11	Expenses Paid During Period*	Beginning Account Value 12-31-10	Ending Account Value 6-30-11	Expenses Paid During Period*	
InvestEd Growth Portfolio	\$1,000	\$1,059.20	\$1.24	\$1,000	\$1,023.56	\$1.21	0.25%
InvestEd Balanced Portfolio	\$1,000	\$1,043.40	\$1.23	\$1,000	\$1,023.56	\$1.21	0.25%
InvestEd Conservative Portfolio	\$1,000	\$1,020.90	\$1.21	\$1,000	\$1,023.56	\$1.21	0.25%

\*Portfolio expenses are equal to the Portfolio's annualized expense ratio (provided in the table), multiplied by the average account value over the period, multiplied by 181 days in the six-month period ended June 30, 2011, and divided by 365.

(1) This section uses the Portfolio's actual total return and actual Portfolio expenses. It is a guide to the actual expenses paid by the Portfolio in the period. The "Ending Account Value" shown is computed using the Portfolio's actual return and the "Expenses Paid During Period" column shows the dollar amount that would have been paid by an investor who started with \$1,000 in the Portfolio. A shareholder may use the information here, together with the dollar amount invested, to estimate the expenses that were paid over the period. For every thousand dollars a shareholder has invested, the expenses are listed in the last column of this section.

(2) This section uses a hypothetical five percent annual return and actual Portfolio expenses. It helps to compare the Portfolio's ongoing costs with other mutual funds. A shareholder can compare the Portfolio's ongoing costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

The above illustration is based on ongoing costs only and does not include any transactional costs, such as sales loads, redemption fees or exchange fees.

# PORTFOLIO HIGHLIGHTS

## Waddell & Reed InvestEd Portfolios

ALL DATA IS AS OF JUNE 30, 2011 (UNAUDITED)

### InvestEd Growth Portfolio – Asset Allocation

Waddell & Reed Advisors International Growth Fund, Class Y <sup>(1)</sup>	30.4%
Waddell & Reed Advisors Vanguard Fund, Class Y <sup>(1)</sup>	30.1%
Waddell & Reed Advisors New Concepts Fund, Class Y	19.8%
Waddell & Reed Advisors Small Cap Fund, Class Y	14.7%
Waddell & Reed Advisors Cash Management, Class A	5.0%

### InvestEd Balanced Portfolio – Asset Allocation

Waddell & Reed Advisors Vanguard Fund, Class Y	20.3%
Waddell & Reed Advisors Core Investment Fund, Class Y	20.3%
Waddell & Reed Advisors New Concepts Fund, Class Y	20.0%
Waddell & Reed Advisors International Growth Fund, Class Y	14.9%
Waddell & Reed Advisors Global Bond Fund, Class Y	9.8%
Waddell & Reed Advisors Bond Fund, Class Y	4.9%
Waddell & Reed Advisors Cash Management, Class A	4.9%
Waddell & Reed Advisors High Income Fund, Class Y	4.9%

### InvestEd Conservative Portfolio – Asset Allocation

Waddell & Reed Advisors Bond Fund, Class Y <sup>(1)</sup>	40.4%
Waddell & Reed Advisors Global Bond Fund, Class Y	39.7%
Waddell & Reed Advisors High Income Fund, Class Y	15.0%
Waddell & Reed Advisors Cash Management, Class A	4.9%

*(1) The percentage of investments in the underlying fund is currently not within the target allocation range disclosed in the Portfolio's prospectus due to market movements; this percentage is expected to change over time, and deviation from the target allocation range due to market movements is permitted by the prospectus.*

# SCHEDULE OF INVESTMENTS

## Waddell & Reed InvestEd Portfolios *(in thousands)*

JUNE 30, 2011 (UNAUDITED)

### InvestEd Growth Portfolio

AFFILIATED MUTUAL FUNDS	Shares	Value
Waddell & Reed Advisors Cash Management, Class A .....	6,551	\$ 6,551
Waddell & Reed Advisors International Growth Fund, Class Y .....	3,900	40,137
Waddell & Reed Advisors New Concepts Fund, Class Y .....	2,010	26,155
Waddell & Reed Advisors Small Cap Fund, Class Y (A) .....	1,064	19,442
Waddell & Reed Advisors Vanguard Fund, Class Y .....	4,476	39,750
<b>TOTAL AFFILIATED MUTUAL FUNDS – 100.0%</b>		<b>\$132,035</b>

(Cost: \$115,086)

### SHORT-TERM SECURITIES – 0.1% Principal

#### Master Note

Toyota Motor Credit Corporation, 0.081%, 7–1–11 (B) .....	\$138	\$ 138
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(Cost: \$138)

### TOTAL INVESTMENT SECURITIES – 100.1% \$132,173

(Cost: \$115,224)

### LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.1%) (140)

### NET ASSETS – 100.0% \$132,033

#### Notes to Schedule of Investments

(A)No dividends were paid during the preceding 12 months.

(B)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2011. Date shown represents the date that the variable rate resets.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2011. See Note 1 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Affiliated Mutual Funds .....	\$132,035	\$ —	\$—
Short-Term Securities .....	—	138	—
<b>Total .....</b>	<b>\$132,035</b>	<b>\$138</b>	<b>\$—</b>

### InvestEd Balanced Portfolio

AFFILIATED MUTUAL FUNDS	Shares	Value
Waddell & Reed Advisors Bond Fund, Class Y .....	890	\$ 5,581
Waddell & Reed Advisors Cash Management, Class A .....	5,577	5,577
Waddell & Reed Advisors Core Investment Fund, Class Y .....	3,511	22,855
Waddell & Reed Advisors Global Bond Fund, Class Y .....	2,754	11,101
Waddell & Reed Advisors High Income Fund, Class Y .....	773	5,546
Waddell & Reed Advisors International Growth Fund, Class Y .....	1,639	16,862
Waddell & Reed Advisors New Concepts Fund, Class Y .....	1,742	22,661
Waddell & Reed Advisors Vanguard Fund, Class Y .....	2,573	22,849

### TOTAL AFFILIATED MUTUAL FUNDS – 100.0% \$113,032

(Cost: \$103,946)

### SHORT-TERM SECURITIES – 0.0% Principal

#### Master Note

Toyota Motor Credit Corporation, 0.081%, 7–1–11 (A) .....	\$3	\$ 3
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(Cost: \$3)

### TOTAL INVESTMENT SECURITIES – 100.0% \$113,035

(Cost: \$103,949)

### CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.0% 0

### NET ASSETS – 100.0% \$113,035

#### Notes to Schedule of Investments

(A)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2011. Date shown represents the date that the variable rate resets.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2011. See Note 1 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Affiliated Mutual Funds .....	\$113,032	\$—	\$—
Short-Term Securities .....	—	3	—
<b>Total .....</b>	<b>\$113,032</b>	<b>\$ 3</b>	<b>\$—</b>

See Accompanying Notes to Financial Statements.

# SCHEDULE OF INVESTMENTS

## Waddell & Reed InvestEd Portfolios *(in thousands)*

JUNE 30, 2011 (UNAUDITED)

### InvestEd Conservative Portfolio

AFFILIATED MUTUAL FUNDS	Shares	Value
Waddell & Reed Advisors Bond Fund, Class Y . . . . .	4,353	\$27,296
Waddell & Reed Advisors Cash Management, Class A . . . . .	3,284	3,284
Waddell & Reed Advisors Global Bond Fund, Class Y . . . . .	6,650	26,800
Waddell & Reed Advisors High Income Fund, Class Y . . . . .	1,414	10,135

**TOTAL AFFILIATED MUTUAL FUNDS – 100.0%** **\$67,515**

(Cost: \$67,109)

SHORT-TERM SECURITIES – 0.4%	Principal
<b>Master Note</b> Toyota Motor Credit Corporation, 0.081%, 7–1–11 (A) . . . . .	\$284      \$ 284

(Cost: \$284)

**TOTAL INVESTMENT SECURITIES – 100.4%** **\$67,799**

(Cost: \$67,393)

**LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.4%)** **(277)**

**NET ASSETS – 100.0%** **\$67,522**

### Notes to Schedule of Investments

(A) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2011. Date shown represents the date that the variable rate resets.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2011. See Note 1 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Affiliated Mutual Funds . . . . .	\$67,515	\$ —	\$—
Short-Term Securities . . . . .	—	284	—
<b>Total . . . . .</b>	<b>\$67,515</b>	<b>\$284</b>	<b>\$—</b>

See Accompanying Notes to Financial Statements.

# STATEMENTS OF ASSETS AND LIABILITIES

## Waddell & Reed InvestEd Portfolios

AS OF JUNE 30, 2011 (UNAUDITED)

(In thousands, except per share amounts)

### ASSETS

Investments in affiliated mutual funds at market value+	\$132,035	\$113,032	\$67,515
Investments in unaffiliated securities at market value+	138	3	284
<b>Investments at Market Value</b>	<b>132,173</b>	<b>113,035</b>	<b>67,799</b>
Cash	13	12	12
Investment securities sold receivable	46	—	—
Dividends and interest receivable	—*	4	6
Capital shares sold receivable	72	75	80
<b>Total Assets</b>	<b>132,304</b>	<b>113,126</b>	<b>67,897</b>

### LIABILITIES

Investment securities purchased payable	35	18	17
Capital shares redeemed payable	233	70	357
Trustees fees payable	2	2	1
Distribution and service fees payable	1	1	—*
<b>Total Liabilities</b>	<b>271</b>	<b>91</b>	<b>375</b>
<b>Total Net Assets</b>	<b>\$ 132,033</b>	<b>\$113,035</b>	<b>\$67,522</b>

### NET ASSETS

Capital paid in (shares authorized – unlimited)	\$111,856	\$101,097	\$66,192
Undistributed net investment income	786	248	905
Accumulated net realized gain	2,442	2,604	19
Net unrealized appreciation	16,949	9,086	406
<b>Total Net Assets</b>	<b>\$ 132,033</b>	<b>\$113,035</b>	<b>\$67,522</b>

### CAPITAL SHARES OUTSTANDING

	10,098	9,399	6,278
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### NET ASSET VALUE PER SHARE

### + COST

Investments in affiliated mutual funds at cost	\$115,086	\$103,946	\$67,109
Investments in unaffiliated securities at cost	138	3	284

\* Not shown due to rounding.

See Accompanying Notes to Financial Statements.



# STATEMENTS OF OPERATIONS

## Waddell & Reed InvestEd Portfolios

FOR THE SIX MONTHS ENDED JUNE 30, 2011 (UNAUDITED)

(In thousands)	InvestEd Growth Portfolio	InvestEd Balanced Portfolio	InvestEd Conservative Portfolio
<b>INVESTMENT INCOME</b>			
Dividends from affiliated mutual funds	\$ 1	\$ 382	\$ 987
Interest and amortization from unaffiliated securities	—*	—*	—*
<b>Total Investment Income</b>	<b>1</b>	<b>382</b>	<b>987</b>
<b>EXPENSES</b>			
Distribution and service fees	161	133	81
<b>Net Investment Income (Loss)</b>	<b>(160)</b>	<b>249</b>	<b>906</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS)</b>			
Net realized gain on investments in affiliated mutual funds	3,419	2,333	19
Net change in unrealized appreciation on investments in affiliated mutual funds	4,336	1,990	406
<b>Net Realized and Unrealized Gain</b>	<b>7,755</b>	<b>4,323</b>	<b>425</b>
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>\$7,595</b>	<b>\$4,572</b>	<b>\$1,331</b>

\* Not shown due to rounding.

# STATEMENTS OF CHANGES IN NET ASSETS

## Waddell & Reed InvestEd Portfolios

(In thousands)	InvestEd Growth Portfolio		InvestEd Balanced Portfolio		InvestEd Conservative Portfolio	
	Six months ended 6-30-11 (Unaudited)	Year ended 12-31-10	Six months ended 6-30-11 (Unaudited)	Year ended 12-31-10	Six months ended 6-30-11 (Unaudited)	Year ended 12-31-10
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income (loss)	\$ (160)	\$ 854	\$ 249	\$ 859	\$ 906	\$ 515
Net realized gain (loss) on investments	3,419	(626)	2,333	876	19	4,071
Net change in unrealized appreciation (depreciation)	4,336	15,907	1,990	6,769	406	(2,687)
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>7,595</b>	<b>16,135</b>	<b>4,572</b>	<b>8,504</b>	<b>1,331</b>	<b>1,899</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	—	(204)	—	(1,111)	—	(518)
Net realized gains	—	(1,167)	—	(935)	—	(4,047)
<b>Total Distributions to Shareholders</b>	<b>—</b>	<b>(1,371)</b>	<b>—</b>	<b>(2,046)</b>	<b>—</b>	<b>(4,565)</b>
<b>Capital Share Transactions</b>	<b>(4,326)</b>	<b>(4,596)</b>	<b>4,726</b>	<b>8,592</b>	<b>2,753</b>	<b>7,885</b>
<b>Net Increase in Net Assets</b>	<b>3,269</b>	<b>10,168</b>	<b>9,298</b>	<b>15,050</b>	<b>4,084</b>	<b>5,219</b>
<b>Net Assets, Beginning of Period</b>	<b>128,764</b>	<b>118,596</b>	<b>103,737</b>	<b>88,687</b>	<b>63,438</b>	<b>58,219</b>
<b>Net Assets, End of Period</b>	<b>\$132,033</b>	<b>\$128,764</b>	<b>\$113,035</b>	<b>\$103,737</b>	<b>\$67,522</b>	<b>\$63,438</b>
Undistributed (distributions in excess of) net investment income	\$ 786	\$ 946	\$ 248	\$ (1)	\$ 905	\$ (1)

See Accompanying Notes to Financial Statements.

# FINANCIAL HIGHLIGHTS

## Waddell & Reed InvestEd Portfolios

FOR A SHARE OF CAPITAL STOCK  
OUTSTANDING THROUGHOUT EACH PERIOD

	Net Asset Value, Beginning of Period	Net Investment Income (Loss)	Net Realized and Unrealized Gain (Loss) on Investments	Total from Investment Operations	Distributions From Net Investment Income	Distributions From Net Realized Gains	Total Distributions
<b>InvestEd Growth Portfolio</b>							
Six-month period ended 6-30-2011 (unaudited)	\$12.34	\$(0.02) <sup>(2)</sup>	\$ 0.75	\$ 0.73	\$ —	\$ —	\$ —
Year ended 12-31-2010	10.93	0.08	1.46	1.54	(0.02)	(0.11)	(0.13)
Year ended 12-31-2009	9.05	0.19	2.07	2.26	(0.19)	(0.19)	(0.38)
Year ended 12-31-2008	13.63	0.22	(3.75)	(3.53)	(0.24)	(0.81)	(1.05)
Year ended 12-31-2007	13.92	0.21	1.48	1.69	(0.27)	(1.71)	(1.98)
Year ended 12-31-2006	12.92	0.17	1.42	1.59	(0.20)	(0.39)	(0.59)
<b>InvestEd Balanced Portfolio</b>							
Six-month period ended 6-30-2011 (unaudited)	11.53	0.03 <sup>(2)</sup>	0.47	0.50	—	—	—
Year ended 12-31-2010	10.77	0.09	0.90	0.99	(0.12)	(0.11)	(0.23)
Year ended 12-31-2009	9.45	0.21	1.33	1.54	(0.21)	(0.01)	(0.22)
Year ended 12-31-2008	12.49	0.25	(2.57)	(2.32)	(0.26)	(0.46)	(0.72)
Year ended 12-31-2007	12.71	0.28	1.08	1.36	(0.32)	(1.26)	(1.58)
Year ended 12-31-2006	11.95	0.24	1.08	1.32	(0.25)	(0.31)	(0.56)
<b>InvestEd Conservative Portfolio</b>							
Six-month period ended 6-30-2011 (unaudited)	10.54	0.15 <sup>(2)</sup>	0.07	0.22	—	—	—
Year ended 12-31-2010	10.98	0.09	0.27	0.36	(0.09)	(0.71)	(0.80)
Year ended 12-31-2009	10.43	0.14	0.55	0.69	(0.14)	—	(0.14)
Year ended 12-31-2008	10.52	0.19	(0.03)	0.16	(0.19)	(0.06)	(0.25)
Year ended 12-31-2007	10.66	0.36	0.29	0.65	(0.37)	(0.42)	(0.79)
Year ended 12-31-2006	10.44	0.32	0.32	0.64	(0.33)	(0.09)	(0.42)

(1) Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable. Total returns for periods less than one year are not annualized.

(2) Based on average weekly shares outstanding.

(3) Annualized.

	Net Asset Value, End of Period	Total Return <sup>(1)</sup>	Net Assets, End of Period (in millions)	Ratio of Expenses to Average Net Assets	Ratio of Net Investment Income (Loss) to Average Net Assets	Portfolio Turnover Rate
<b>InvestEd Growth Portfolio</b>						
Six-month period ended 6-30-2011 (unaudited)	\$13.07	5.92%	\$132	0.25% <sup>(3)</sup>	-0.25% <sup>(3)</sup>	31%
Year ended 12-31-2010	12.34	14.13	129	0.25	0.71	61
Year ended 12-31-2009	10.93	24.96	119	0.25	1.83	24
Year ended 12-31-2008	9.05	-25.87	103	0.25	1.73	18
Year ended 12-31-2007	13.63	12.41	146	0.25	1.34	29
Year ended 12-31-2006	13.92	12.33	130	0.25	1.30	5
<b>InvestEd Balanced Portfolio</b>						
Six-month period ended 6-30-2011 (unaudited)	12.03	4.34	113	0.25 <sup>(3)</sup>	0.46 <sup>(3)</sup>	63
Year ended 12-31-2010	11.53	9.23	104	0.25	0.91	77
Year ended 12-31-2009	10.77	16.31	89	0.25	2.19	28
Year ended 12-31-2008	9.45	-18.50	76	0.25	2.11	33
Year ended 12-31-2007	12.49	10.84	97	0.25	2.06	17
Year ended 12-31-2006	12.71	11.08	87	0.25	1.99	11
<b>InvestEd Conservative Portfolio</b>						
Six-month period ended 6-30-2011 (unaudited)	10.76	2.09	68	0.25 <sup>(3)</sup>	2.80 <sup>(3)</sup>	98
Year ended 12-31-2010	10.54	3.31	63	0.25	0.83	107
Year ended 12-31-2009	10.98	6.62	58	0.25	1.37	103
Year ended 12-31-2008	10.43	1.56	50	0.25	1.94	47
Year ended 12-31-2007	10.52	6.15	41	0.25	3.65	30
Year ended 12-31-2006	10.66	6.12	31	0.25	3.21	56

See Accompanying Notes to Financial Statements.

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

The Waddell & Reed InvestEd Plan (InvestEd Plan) was established under the Arizona Family College Savings Program (the Program). Waddell & Reed InvestEd Portfolios, a Delaware statutory trust (the Trust), is registered under the Investment Company Act of 1940 as an open-end management investment company. The Program was established by the State of Arizona as a qualified state tuition program in accordance with Section 529 of the Internal Revenue Code. InvestEd Plan is offered to Arizona residents and nationally. InvestEd Plan accounts are held in the name and for the benefit of the Arizona Commission for Post-Secondary Education in its capacity as Trustee of the Family College Savings Program Trust Fund (Trust Fund). An investment in the Program constitutes a purchase of an interest in the Trust Fund, a municipal fund security. The Trust Fund invests in the Trust and other investment options. Waddell & Reed InvestEd Growth Portfolio, Waddell & Reed InvestEd Balanced Portfolio and Waddell & Reed InvestEd Conservative Portfolio (each, a Portfolio) are series of the Trust. The assets belonging to each Portfolio are held separately by the transfer agent for the underlying funds and the custodian. The capital shares of each Portfolio represent a pro rata beneficial interest in the principal, net income and realized and unrealized capital gains or losses of its respective investments and other assets.

Accounts opened through the InvestEd Plan are not insured by the State of Arizona, the Trust Fund, the Arizona Commission for Post Secondary Education, or any other governmental entity, Waddell & Reed, Inc. (W&R), or any affiliated or related party and neither the principal invested nor the investment return is guaranteed by any of the above referenced parties. InvestEd Plan accounts are subject to the Federal tax laws and the laws, rules and regulations governing the Program. Any changes in such laws, rules or regulations may affect participation in, and the benefits of, the InvestEd Plan. The InvestEd Plan may be modified to comply with such changes.

The following is a summary of significant accounting policies consistently followed by each Portfolio.

**Investments Valuation.** Investments in affiliated mutual funds within the Waddell & Reed Advisors Funds family are valued at their net asset value as reported by the underlying funds. Short-term debt securities are valued at amortized cost, which approximates market value.

Fair value is defined as the price that each Portfolio would receive upon selling an asset or would pay upon satisfying a liability in an orderly transaction between market participants at the measurement date. Accounting standards establish a framework for measuring fair value and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the factors that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. An individual investment's fair value measurement is assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three-tier hierarchy of inputs is summarized below.

Level 1 – unadjusted quoted prices in active markets for identical securities

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including each Portfolio's own assumptions in determining the fair value of investments)

There were no Level 3 securities owned during the period ended June 30, 2011. There were no significant transfers between Levels 1 and 2 during the period ended June 30, 2011.

**Security Transactions and Related Investment Income.** Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Securities gains and losses are calculated on the identified cost basis. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

**Repurchase Agreements.** Each Portfolio may purchase securities subject to repurchase agreements, which are instruments under which the Portfolio purchases a security, and the seller (normally a commercial bank or broker-dealer) agrees, at the time of purchase, that it will repurchase the security at a specified time and price. Repurchase agreements are collateralized by the value of the resold securities which, during the entire period of the agreement, generally remains at least equal to the value of the agreement, including accrued interest thereon. The collateral for the repurchase agreement is held by a custodian bank.

**Income Taxes.** It is the policy of each Portfolio to distribute all of its taxable income and capital gains to its shareholders and otherwise qualify as a regulated investment company under Subchapter M of the Internal Revenue Code. In addition, each Portfolio intends to pay distributions as required to avoid imposition of excise tax. Accordingly, no provision has been made for Federal income taxes. Management of the Trust periodically reviews all tax positions to assess that it is more likely than not that the position would be sustained upon examination by the relevant tax authority based on the technical merits of each position. As of and for the period ended June 30, 2011, management believes that under this standard no liability for unrecognized tax positions is required. The Portfolios are subject to examination by U.S. federal and state authorities for returns filed for tax years after 2006.

**Dividends and Distributions to Shareholders.** Dividends and distributions to shareholders are recorded by each Portfolio on the business day following record date. Net investment income dividends and capital gains distributions are determined in accordance with income tax regulations which may differ from accounting principles generally accepted in the United States of America.

**Indemnifications.** The Trust's organizational documents provide current and former Trustees and Officers with a limited indemnification against liabilities arising in connection with the performance of their duties to the Trust. In the normal course of business, the Trust may also enter into contracts that provide general indemnifications. The Trust's maximum exposure under these arrangements is unknown and is dependent on future claims that may be made against the Trust. The risk of material loss from such claims is considered remote.

**Concentration of Risk.** Certain of the underlying funds may have a concentration of risk, which includes, but is not limited to, investing in international securities. International investing involves additional risks including, but not limited to, currency fluctuations, political or economic conditions affecting the foreign country and differences in accounting standards and foreign regulations.

**New Accounting Pronouncements.** In April 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-03 "Transfers and Servicing (Topic 860): Reconsideration of Effective Control for Repurchase Agreements." The ASU 2011-03 is intended to improve financial reporting of repurchase agreements and other agreements that both entitle and obligate a transferor to repurchase or redeem the financial assets before their maturity. The ASU is effective for the first interim or annual period beginning on or after December 15, 2011. Management is currently evaluating the impact this ASU may have on the Portfolios' financial statements.

In May 2011, the FASB issued ASU No. 2011-04 "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS". ASU 2011-04 includes common requirements for measurement of and disclosure about fair value between U.S. GAAP and IFRS. ASU 2011-04 will require reporting entities to disclose quantitative information about the unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy. In addition, ASU 2011-04 will require reporting entities to make disclosures about amounts and reasons for all transfers in and out of Level 1 and Level 2 fair value measurements. The new and revised disclosures are effective for interim and annual reporting periods beginning after December 15, 2011. Management is currently evaluating the impact this ASU may have on the Portfolios' financial statements.

**Other.** The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. Management has performed a review for subsequent events through the date this report was issued.

## 2. INVESTMENT MANAGEMENT AND PAYMENTS TO AFFILIATED PERSONS (\$ amounts in thousands)

Under a Distribution and Service Plan for each Portfolio's shares adopted by the Trust pursuant to Rule 12b-1 under the Investment Company Act of 1940, each Portfolio pays a distribution and/or service fee to W&R in an amount not to exceed 0.25% of each Portfolio's average annual net assets. The fee is paid to compensate W&R for amounts it expends in connection with the distribution of the shares and/or provision of personal services to Portfolio shareholders and/or maintenance of shareholder accounts. All other Portfolio expenses are borne by Waddell & Reed Investment Management Company (WRIMCO), a wholly owned subsidiary of W&R.

WRIMCO serves as each Portfolio's investment advisor. The Portfolios pay no management fees; however, WRIMCO receives management fees from the underlying funds. Each Portfolio pays advisory fees to WRIMCO indirectly, as shareholders in the underlying funds. Likewise, each Portfolio indirectly pays other expenses related to the daily operations of the underlying funds.

As principal underwriter for each Portfolio's shares, W&R receives sales commissions (which are not an expense of the Portfolios) for each Portfolio's shares. A contingent deferred sales charge (CDSC) may be assessed against a shareholder's redemption amount and paid to W&R. During the period ended June 30, 2011, W&R received the following amounts in sales commissions and CDSCs:

	Gross Sales Commissions	CDSC	Commissions Paid <sup>(1)</sup>
InvestEd Growth Portfolio .....	\$328	\$—	\$223
InvestEd Balanced Portfolio .....	193	—*	131
InvestEd Conservative Portfolio .....	59	—*	39

\*Not shown due to rounding.

(1) With respect to each Portfolio's shares, W&R pays sales commissions and all expenses in connection with the sale of the InvestEd Plan's shares, except for registration fees and related expenses.

### 3. INVESTMENT SECURITIES TRANSACTIONS (\$ amounts in thousands)

For the period ended June 30, 2011, the cost of purchases and the proceeds from maturities and sales of investments securities, other than U.S. Government and short-term securities, were as follows:

	Purchases	Sales
InvestEd Growth Portfolio	\$40,848	\$45,337
InvestEd Balanced Portfolio	73,868	68,906
InvestEd Conservative Portfolio	67,601	63,923

### 4. FEDERAL INCOME TAX MATTERS (\$ amounts in thousands)

For Federal income tax purposes, cost of investments owned at June 30, 2011 and the related unrealized appreciation (depreciation) were as follows:

Portfolio	Cost of Investments	Gross Appreciation	Gross Depreciation	Net Unrealized Appreciation
InvestEd Growth Portfolio	\$115,234	\$16,939	\$ —	\$16,939
InvestEd Balanced Portfolio	103,952	9,187	104	9,083
InvestEd Conservative Portfolio	67,393	531	125	406

For Federal income tax purposes, the Portfolios' distributed and undistributed earnings and profit for the year ended December 31, 2010 and the post-October activity updated with information available through the date of this report were as follows:

Portfolio	Distributed Ordinary Income	Undistributed Ordinary Income	Distributed Long-Term Capital Gains	Undistributed Long-Term Capital Gains	Tax Return of Capital	Post-October Losses Deferred
InvestEd Growth Portfolio	\$ 477	\$954	\$ 894	\$ —	\$—	\$—
InvestEd Balanced Portfolio	1,602	5	445	269	—	—
InvestEd Conservative Portfolio	2,359	—*	2,206	—	—	—

\* Not shown due to rounding.

Internal Revenue Code regulations permit each Portfolio to defer into its next fiscal year net capital losses or net long-term capital losses and currency losses incurred between each November 1 and the end of its fiscal year (post-October losses).

Capital loss carryovers are available to offset future net realized gains incurred in the eight taxable years succeeding the loss year for Federal income tax purposes. The following table shows the totals by year in which the capital loss carryovers will expire if not utilized.

Portfolio	2011	2012	2013	2014	2015	2016	2017	2018
InvestEd Growth Portfolio	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$968

### 5. CAPITAL SHARE TRANSACTIONS (All amounts in thousands)

The Trust has authorized an unlimited number of no par value shares of beneficial interest. Transactions in shares of beneficial interest were as follows:

	InvestEd Growth Portfolio				InvestEd Balanced Portfolio			
	Six months ended 6-30-11		Year ended 12-31-10		Six months ended 6-30-11		Year ended 12-31-10	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	857	\$ 10,880	1,718	\$ 19,479	1,350	\$ 15,869	2,359	\$ 26,178
Shares issued in reinvestment of distributions to shareholders	—	—	111	1,370	—	—	178	2,046
Shares redeemed	(1,197)	(15,206)	(2,241)	(25,445)	(948)	(11,143)	(1,772)	(19,632)
Net increase (decrease)	(340)	\$ (4,326)	(412)	\$ (4,596)	402	\$ 4,726	765	\$ 8,592

  

	InvestEd Conservative Portfolio			
	Six months ended 6-30-11		Year ended 12-31-10	
	Shares	Value	Shares	Value
Shares issued from sale of shares	944	\$10,061	1,659	\$ 18,725
Shares issued in reinvestment of distributions to shareholders	—	—	433	4,565
Shares redeemed	(687)	(7,308)	(1,373)	(15,405)
Net increase	257	\$ 2,753	719	\$ 7,885

## 6. AFFILIATED COMPANY TRANSACTIONS (All amounts in thousands)

A summary of the transactions in affiliated companies during the period ended June 30, 2011 follows:

	12-31-10 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/ (Loss) <sup>(1)</sup>	Distributions Received	6-30-11 Share Balance	6-30-11 Market Value
<b>InvestEd Growth Portfolio</b>							
Waddell & Reed Advisors Cash Management, Class A . . . . .	39,617	\$ 733	\$33,800	\$ —	\$ 1	6,551	\$ 6,551
Waddell & Reed Advisors International Growth Fund, Class Y . . . . .	4,153	1,665	2,638	1,527	—	3,900	40,137
Waddell & Reed Advisors New Concepts Fund, Class Y . . . . .	1,202	12,343	1,757	510	—	2,010	26,155
Waddell & Reed Advisors Small Cap Fund, Class Y <sup>(2)</sup> . . . . .	880	5,446	1,531	844	—	1,064	19,442
Waddell & Reed Advisors Vanguard Fund, Class Y . . . . .	2,442	20,661	2,192	538	—	4,476	39,750
				<u>\$3,419</u>	<u>\$ 1</u>		<u>\$132,035</u>
	12-31-10 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/ (Loss) <sup>(1)</sup>	Distributions Received	6-30-11 Share Balance	6-30-11 Market Value
<b>InvestEd Balanced Portfolio</b>							
Waddell & Reed Advisors Bond Fund, Class Y . . . . .	—	\$ 5,731	\$ 261	\$ 4	\$ 69	890	\$ 5,581
Waddell & Reed Advisors Cash Management, Class A . . . . .	57,619	6,736	58,778	—	2	5,577	5,577
Waddell & Reed Advisors Core Investment Fund, Class Y . . . . .	—	22,877	577	9	52	3,511	22,855
Waddell & Reed Advisors Global Bond Fund, Class Y . . . . .	—	11,274	132	—*	88	2,754	11,101
Waddell & Reed Advisors High Income Fund, Class Y . . . . .	—	5,822	215	1	171	773	5,546
Waddell & Reed Advisors International Growth Fund, Class Y . . . . .	1,752	1,147	1,582	685	—	1,639	16,862
Waddell & Reed Advisors New Concepts Fund, Class Y . . . . .	1,013	10,179	828	256	—	1,742	22,661
Waddell & Reed Advisors Vanguard Fund, Class Y . . . . .	2,060	10,102	4,200	1,378	—	2,573	22,849
				<u>\$2,333</u>	<u>\$382</u>		<u>\$113,032</u>
	12-31-10 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/ (Loss) <sup>(1)</sup>	Distributions Received	6-30-11 Share Balance	6-30-11 Market Value
<b>InvestEd Conservative Portfolio</b>							
Waddell & Reed Advisors Bond Fund, Class Y . . . . .	—	\$27,912	\$ 1,148	\$14	\$329	4,353	\$27,296
Waddell & Reed Advisors Cash Management, Class A . . . . .	63,412	1,067	61,196	—	2	3,284	3,284
Waddell & Reed Advisors Global Bond Fund, Class Y . . . . .	—	27,944	1,134	4	348	6,650	26,800
Waddell & Reed Advisors High Income Fund, Class Y . . . . .	—	10,678	426	1	308	1,414	10,135
				<u>\$19</u>	<u>\$987</u>		<u>\$67,515</u>

\*Not shown due to rounding.

(1)Included in Realized Gain/Loss, if applicable, are distributions from capital gains from the underlying securities.

(2)No dividends were paid during the preceding 12 months.

## 7. REGULATORY AND LITIGATION MATTERS

On July 24, 2006, WRIMCO, W&R and WRSCO (collectively, Waddell & Reed) reached a settlement with each of the SEC, the New York Attorney General (NYAG) and the Securities Commissioner of the State of Kansas to resolve proceedings brought by each regulator in connection with its investigation of frequent trading and market timing in certain Waddell & Reed Advisors Funds.

Under the terms of the SEC's cease-and desist order (SEC Order), pursuant to which Waddell & Reed neither admitted nor denied any of the findings contained therein, among other provisions Waddell & Reed has agreed to: pay \$40 million in disgorgement and \$10 million in civil money penalties; cease and desist from violations of the antifraud provisions and certain other provisions of the federal securities laws; maintain certain compliance and ethics oversight structures; retain an independent consultant to periodically review Waddell & Reed's supervisory, compliance, control and other policies and procedures; and retain an independent distribution consultant (described below). According to the SEC Order, the SEC found that some market timers made profits in some of the Waddell & Reed Advisors Funds, and that this may have caused some dilution in those Funds. Also, the SEC found that Waddell & Reed failed to make certain disclosures to the Waddell & Reed Advisors Funds' Boards of Directors (now Trustees) and shareholders regarding the market timing activity and Waddell & Reed's acceptance of service fees from some market timers.

The Assurance of Discontinuance with the NYAG (NYAG Settlement), pursuant to which Waddell & Reed neither admitted nor denied any of the findings contained therein, among its conditions requires that Waddell & Reed: reduce the aggregate investment management fees paid by certain of the Waddell & Reed Advisors Funds and by certain of the Ivy Funds Variable Insurance Portfolios (the Funds) by \$5 million per year for five years, for a projected total of \$25 million in investment management fee reductions; bear the costs of an

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independent fee consultant to be retained by the Funds to review and consult regarding the Funds' investment management fee arrangements; and make additional investment management fee-related disclosures to Fund shareholders. The NYAG Settlement also effectively requires that the Funds implement certain governance measures designed to maintain the independence of the Funds' Boards of Directors (now Trustees) and appoint an independent compliance consultant responsible for monitoring the Funds' and WRIMCO's compliance with applicable laws.

The consent order issued by the Securities Commissioner of the State of Kansas (Kansas Order), pursuant to which Waddell & Reed neither admitted nor denied any of the findings contained therein, required Waddell & Reed to pay a fine of \$2 million to the Office of the Commissioner.

The SEC Order further requires that the \$50 million in settlement amounts described above will be distributed in accordance with a distribution plan developed by an independent distribution consultant, in consultation with Waddell & Reed, and that is agreed to by the SEC staff and the Funds' Disinterested Directors (now Trustees). The SEC Order requires that the independent distribution consultant develop a methodology and distribution plan pursuant to which Fund shareholders shall receive their proportionate share of losses, if any, suffered by the Funds due to market timing. Therefore, it is not currently possible to specify which particular Fund shareholders or groups of Fund shareholders will receive distributions of those settlement monies or in what proportion and amounts.

The foregoing is only a summary of the SEC Order, NYAG Settlement and Kansas Order. A copy of the SEC Order is available on the SEC's website at [www.sec.gov](http://www.sec.gov). A copy of the SEC Order, NYAG Settlement and Kansas Order is available as part of the Waddell & Reed Financial, Inc. Form 8-K as filed on July 24, 2006.

In addition, pursuant to the terms of agreement in the dismissal of separate litigation, Waddell & Reed has also agreed to extend the reduction in the aggregate investment management fees paid by the Funds, as described above, for an additional five years.



## PROXY VOTING INFORMATION

### Waddell & Reed InvestEd Portfolios

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#### Proxy Voting Guidelines

A description of the policies and procedures the underlying Waddell & Reed Advisors Funds uses to determine how to vote proxies relating to portfolio securities is available (i) without charge, upon request, by calling 1.888.WADDELL and (ii) on the Securities and Exchange Commission's (SEC) website at [www.sec.gov](http://www.sec.gov).

#### Proxy Voting Records

Information regarding how the InvestEd Portfolios and the underlying funds, as applicable, voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available on Form N-PX through Waddell & Reed's website at [www.waddell.com](http://www.waddell.com) and on the SEC's website at [www.sec.gov](http://www.sec.gov).

## QUARTERLY PORTFOLIO SCHEDULE INFORMATION

### **Waddell & Reed InvestEd Portfolios**

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Portfolio holdings can be found on the Trust's website at [www.waddell.com](http://www.waddell.com). Alternatively, a complete schedule of portfolio holdings of each Portfolio for the first and third quarters of each fiscal year is filed with the SEC and can be found on the Trust's Form N-Q. These holdings may be viewed in the following ways:

- On the SEC's website at [www.sec.gov](http://www.sec.gov).
- For review and copy at the SEC's Public Reference Room in Washington, DC. Information on the operations of the Public Reference Room may be obtained by calling 1.800.SEC.0330.

## Waddell & Reed InvestEd Portfolios

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Waddell & Reed InvestEd Growth Portfolio

Waddell & Reed InvestEd Balanced Portfolio

Waddell & Reed InvestEd Conservative Portfolio

**1.888.WADDELL**

**Visit us online at [www.waddell.com](http://www.waddell.com)**

Investors should consider the investment objectives, risks, charges and expenses associated with the InvestEd Plan carefully before investing. This and other information is found in the Waddell & Reed InvestEd Portfolios' prospectus, the InvestEd Plan Program Overview and the InvestEd Plan Account Application, an additional copy of which can be obtained from your financial advisor. Please read these materials carefully before investing.

An investor should also consider, before investing, whether the investor's or designated beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's 529 college savings plan.

SEMIANN-INVESTED (6-11)