

# Semiannual Report

June 30, 2009

## **Ivy Funds Variable Insurance Portfolios**

Pathfinder Aggressive

Pathfinder Conservative

Pathfinder Moderate

Pathfinder Moderately Aggressive

Pathfinder Moderately Conservative

Asset Strategy

Balanced

Bond

Core Equity

Dividend Opportunities

Energy

Global Natural Resources

Growth

High Income

International Growth

International Value

Micro Cap Growth

Mid Cap Growth

Money Market

Mortgage Securities

Real Estate Securities

Science and Technology

Small Cap Growth

Small Cap Value

Value



**IVY FUNDS**  
*Variable Insurance Portfolios*

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## Ivy Funds Variable Insurance Portfolios

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Henry J. Herrmann, CFA

## Dear Shareholder:

Every generation faces great challenges and opportunities. A person born in 1909 would have faced huge obstacles two decades later as America's economy crashed into the Great Depression. At the time, at a point in life when many are trying to progress in life, the painful reality was a decade of structural unemployment, loss of hope, and increasing global instability.

Over the last six months, America has continued to be tested once again, in our jobs, as investors, for our country as a global leader and as a culture. Greed, indifference and incompetence shook the global financial system to its core, while fear paralyzed markets. Unemployment rose rapidly.

However, during the last three months, the global equity market has enjoyed an encouraging rally. But, we have not yet returned to normal times. Unprecedented government policy actions may result in unintended consequences, but we do appear to be on the mend. Corporate earnings are likely to remain weak in many sectors for several quarters, although it is possible that the trough has been seen.

As you review this semiannual report, it is important to remember that a long-term perspective is an integral part of a successful investment program. For the six months ended June 30, 2009, the Standard & Poor's 500 Index, generally reflecting the performance of the domestic equity market, increased 3.17 percent, while the Citigroup Broad Investment Grade Index, generally reflecting the performance of the fixed income market, rose 1.42 percent. The slight increases for the period show that markets can come back from difficulty.

As with many aspects of life, financial decisions driven by emotion often do not generate the best results. An objective reading of history has shown that yielding to despair over economic downturns is usually a losing strategy.

The investment crisis of seven decades ago eventually brought out the best of America as well as a legacy of financial reform that, in 1940, included the law that created the modern mutual fund industry. It's not yet clear what new regulatory framework for the industry may emerge in Washington, but we hope it is balanced and fair.

## Economic Snapshot

	6-30-09	12-31-08
U.S. unemployment rate	9.50%	7.20%
Inflation (U.S. Consumer Price Index)	-1.40%	0.10%
U.S. GDP	-1.00%	-3.80%
30-year fixed mortgage rate	5.25%	5.10%
Oil price per barrel	\$69.82	\$ 44.60

Sources: Bloomberg, U.S. Department of Labor

All government statistics shown are subject to periodic revision.

The U.S. Consumer Price Index is the government's measure of the change in the retail cost of goods and services. Gross domestic product measures year-over-year changes in the output of goods and services. 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 shown in the Economic Snapshot table above, the U.S. economy at June 30, 2009 remains weak. The unemployment rate is higher than it was six months ago. The economy is shrinking. For consumers, the good news is that inflation is low. However, oil prices are substantially higher. Mortgage rates are also higher.

We believe that the investing and economic climate will get better in time. With perseverance, initiative and ingenuity, we believe the strengths of our nation's character will surface. In this uncertain environment, we believe a very strong effort to manage risk is paramount. With that approach in mind, we will strive to earn your continued confidence for many years to come.

Respectfully,

Henry J. Herrmann, CFA  
President

**The opinions expressed in this letter are those of the President of Ivy Funds Variable Insurance 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

## Ivy Funds VIP

(UNAUDITED)

As a shareholder of a Portfolio, you incur ongoing costs, including management fees, distribution and service fees, and other Portfolio expenses. The following tables are 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. 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, 2009.

### Actual Expenses

The first line in the following tables provides information about actual investment values and actual expenses. You may use the information in this line, together with your initial investment in Portfolio shares, to estimate the expenses that you paid over the period. Simply divide the value of that investment by \$1,000 (for example, a \$7,500 initial investment divided by \$1,000 = 7.5), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your investment during this period. In addition, there are fees and expenses imposed under the variable annuity or variable life insurance contract through

which shares of the Portfolio are held. Additional fees have the effect of reducing investment returns.

### Hypothetical Example for Comparison Purposes

The second line in the following tables provides information about hypothetical investment 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 investment values and expenses may not be used to estimate the actual investment value at the end of the period 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 tables are meant to highlight your ongoing costs as a shareholder of the Portfolio and do not reflect any fees and expenses imposed under the variable annuity or variable life insurance contract through which shares of the Portfolio are held.

#### Pathfinder Aggressive

	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2009</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,055.70	0.11%	\$0.51
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,024.25	0.11%	\$0.51

#### Pathfinder Conservative

	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2009</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,036.37	0.14%	\$0.71
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,024.12	0.14%	\$0.71

#### Pathfinder Moderate

	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2009</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,044.90	0.07%	\$0.41
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,024.44	0.07%	\$0.40

See footnotes on page 8.

**Pathfinder Moderately Aggressive**

	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2009</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,050.70	0.06%	\$0.31
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,024.48	0.06%	\$0.30

**Pathfinder Moderately Conservative**

	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2009</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,037.60	0.10%	\$0.51
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,024.32	0.10%	\$0.51

**Asset Strategy**

	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2009</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,069.50	1.05%	\$5.38
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,019.56	1.05%	\$5.25

**Balanced**

	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2009</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,004.10	1.03%	\$5.11
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,019.69	1.03%	\$5.15

**Bond**

	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2009</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,031.98	0.80%	\$4.06
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,020.81	0.80%	\$4.04

**Core Equity**

	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2009</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,020.14	0.98%	\$4.95
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,019.93	0.98%	\$4.95

See footnotes on page 8.

## Dividend Opportunities

	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2009</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,012.40	1.06%	\$5.23
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,019.56	1.06%	\$5.25

## Energy

	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2009</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,138.50	0.67%	\$3.53
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,021.48	0.67%	\$3.34

## Global Natural Resources

	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2009</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,378.50	1.53%	\$9.04
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,017.21	1.53%	\$7.67

## Growth

	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2009</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,074.70	0.99%	\$5.08
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,019.90	0.99%	\$4.95

## High Income

	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2009</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,242.10	0.93%	\$5.16
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,020.21	0.93%	\$4.65

## International Growth

	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2009</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,055.79	1.20%	\$6.06
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,018.85	1.20%	\$5.96

See footnotes on page 8.

## International Value

	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2009</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,106.80	1.21%	\$6.32
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,018.79	1.21%	\$6.06

## Micro Cap Growth

	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2009</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,191.80	1.43%	\$7.78
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,017.71	1.43%	\$7.16

## Mid Cap Growth

	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2009</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,170.00	1.24%	\$6.62
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,018.67	1.24%	\$6.16

## Money Market

	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2009</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,005.98	0.51%	\$2.51
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,022.25	0.51%	\$2.53

## Mortgage Securities

	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2009</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,031.60	1.12%	\$5.69
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,019.22	1.12%	\$5.65

## Real Estate Securities

	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2009</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$875.20	1.50%	\$7.03
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,017.34	1.50%	\$7.57

See footnotes on page 8.

## Science and Technology

For the Six Months Ended June 30, 2009	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,168.20	1.18%	\$6.29
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,018.97	1.18%	\$5.86

## Small Cap Growth

For the Six Months Ended June 30, 2009	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,153.40	1.16%	\$6.24
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,019.04	1.16%	\$5.86

## Small Cap Value

For the Six Months Ended June 30, 2009	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,043.80	1.21%	\$6.13
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,018.80	1.21%	\$6.06

## Value

For the Six Months Ended June 30, 2009	Beginning Account Value 12-31-08	Ending Account Value 6-30-09	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,016.60	1.04%	\$5.14
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,019.66	1.04%	\$5.15

\*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, 2009, and divided by 365.

(1) This line 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.

(2) This line 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 illustrations are based on ongoing costs only.

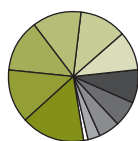


# PORTFOLIO HIGHLIGHTS

## Pathfinder Portfolios

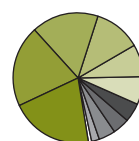
ALL DATA IS AS OF JUNE 30, 2009 (UNAUDITED)

### Pathfinder Aggressive – Asset Allocation



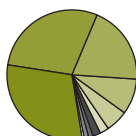
Ivy Funds VIP Growth	15.97%
Ivy Funds VIP Dividend Opportunities	13.28%
Ivy Funds VIP International Value	13.15%
Ivy Funds VIP Bond	12.15%
Ivy Funds VIP Money Market	11.80%
Ivy Funds VIP International Growth	9.76%
Ivy Funds VIP Small Cap Value	8.12%
Ivy Funds VIP Value	6.51%
Ivy Funds VIP Mid Cap Growth	5.17%
Ivy Funds VIP Small Cap Growth	3.10%
Cash and Cash Equivalents	0.99%

### Pathfinder Moderate – Asset Allocation



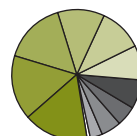
Ivy Funds VIP Bond	20.92%
Ivy Funds VIP Money Market	20.34%
Ivy Funds VIP Dividend Opportunities	16.86%
Ivy Funds VIP Growth	11.64%
Ivy Funds VIP International Value	8.09%
Ivy Funds VIP International Growth	6.84%
Ivy Funds VIP Value	4.85%
Ivy Funds VIP Mid Cap Growth	4.19%
Ivy Funds VIP Small Cap Value	3.99%
Ivy Funds VIP Small Cap Growth	2.11%
Cash and Cash Equivalents	0.17%

### Pathfinder Conservative – Asset Allocation



Ivy Funds VIP Bond	30.07%
Ivy Funds VIP Money Market	29.19%
Ivy Funds VIP Dividend Opportunities	19.58%
Ivy Funds VIP Growth	9.06%
Ivy Funds VIP International Value	5.42%
Ivy Funds VIP Mid Cap Growth	2.20%
Ivy Funds VIP Value	2.03%
Ivy Funds VIP Small Cap Growth	1.11%
Ivy Funds VIP Small Cap Value	1.03%
Cash and Cash Equivalents	0.31%

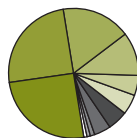
### Pathfinder Moderately Aggressive – Asset Allocation



Ivy Funds VIP Dividend Opportunities	16.66%
Ivy Funds VIP Bond	16.14%
Ivy Funds VIP Money Market	15.69%
Ivy Funds VIP Growth	11.56%
Ivy Funds VIP International Value	10.96%
Ivy Funds VIP International Growth	8.64%
Ivy Funds VIP Small Cap Value	6.99%
Ivy Funds VIP Mid Cap Growth	5.22%
Ivy Funds VIP Value	4.80%
Ivy Funds VIP Small Cap Growth	3.16%
Cash and Cash Equivalents	0.18%

## Pathfinder Moderately Conservative – Asset Allocation

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Ivy Funds VIP Bond	25.61%
Ivy Funds VIP Money Market	24.90%
Ivy Funds VIP Dividend Opportunities	17.08%
Ivy Funds VIP Growth	10.79%
Ivy Funds VIP International Value	5.17%
Ivy Funds VIP International Growth	4.98%
Ivy Funds VIP Value	4.90%
Ivy Funds VIP Mid Cap Growth	4.24%
Ivy Funds VIP Small Cap Growth	1.07%
Ivy Funds VIP Small Cap Value	1.00%
Cash and Cash Equivalents	0.26%

# SCHEDULE OF INVESTMENTS

## Pathfinder Portfolios *(in thousands)*

JUNE 30, 2009 (UNAUDITED)

### Pathfinder Aggressive

AFFILIATED MUTUAL FUNDS	Shares	Value
Ivy Funds VIP Bond .....	1,136	\$ 6,017
Ivy Funds VIP Dividend Opportunities .....	1,284	6,578
Ivy Funds VIP Growth .....	1,008	7,911
Ivy Funds VIP International Growth .....	776	4,834
Ivy Funds VIP International Value .....	524	6,515
Ivy Funds VIP Mid Cap Growth .....	486	2,561
Ivy Funds VIP Money Market .....	5,844	5,844
Ivy Funds VIP Small Cap Growth .....	220	1,536
Ivy Funds VIP Small Cap Value .....	374	4,020
Ivy Funds VIP Value .....	780	3,223

**TOTAL AFFILIATED MUTUAL FUNDS – 99.01%** **\$49,039**

(Cost: \$59,789)

**SHORT-TERM SECURITIES – 0.19%** **Principal**

#### Master Note

Toyota Motor Credit Corporation, 0.197%, 7-1-09 (A) .....	\$ 92	\$ 92
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(Cost: \$92)

**TOTAL INVESTMENT SECURITIES – 99.20%** **\$49,131**

(Cost: \$59,881)

**CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.80%** **400**

**NET ASSETS – 100.00%** **\$49,531**

### Notes to Schedule of Investments

(A) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2009.

For Federal income tax purposes, cost of investments owned at June 30, 2009 and the related unrealized appreciation (depreciation) were as follows:

Cost	\$ 59,881
Gross unrealized appreciation	15
Gross unrealized depreciation	(10,765)
Net unrealized depreciation	\$ (10,750)

### Pathfinder Conservative

AFFILIATED MUTUAL FUNDS	Shares	Value
Ivy Funds VIP Bond .....	1,822	\$ 9,648
Ivy Funds VIP Dividend Opportunities .....	1,227	6,282
Ivy Funds VIP Growth .....	371	2,909
Ivy Funds VIP International Value .....	140	1,740
Ivy Funds VIP Mid Cap Growth .....	134	707
Ivy Funds VIP Money Market .....	9,370	9,370
Ivy Funds VIP Small Cap Growth .....	51	357
Ivy Funds VIP Small Cap Value .....	31	331
Ivy Funds VIP Value .....	158	653

**TOTAL AFFILIATED MUTUAL FUNDS – 99.69%** **\$31,997**

(Cost: \$31,875)

**SHORT-TERM SECURITIES – 0.38%** **Principal**

#### Master Note

Toyota Motor Credit Corporation, 0.197%, 7-1-09 (A) .....	\$ 121	\$ 121
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(Cost: \$121)

**TOTAL INVESTMENT SECURITIES – 100.07%** **\$32,118**

(Cost: \$31,996)

**LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.07%)** **(23)**

**NET ASSETS – 100.00%** **\$32,095**

### Notes to Schedule of Investments

(A) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2009.

For Federal income tax purposes, cost of investments owned at June 30, 2009 and the related unrealized appreciation (depreciation) were as follows:

Cost	\$31,996
Gross unrealized appreciation	160
Gross unrealized depreciation	(38)
Net unrealized appreciation	\$ 122

# SCHEDULE OF INVESTMENTS

## Pathfinder Portfolios *(in thousands)*

JUNE 30, 2009 (UNAUDITED)

### Pathfinder Moderate

AFFILIATED MUTUAL FUNDS	Shares	Value
Ivy Funds VIP Bond	6,378	\$ 33,779
Ivy Funds VIP Dividend Opportunities	5,318	27,236
Ivy Funds VIP Growth	2,396	18,799
Ivy Funds VIP International Growth	1,773	11,053
Ivy Funds VIP International Value	1,052	13,070
Ivy Funds VIP Mid Cap Growth	1,283	6,765
Ivy Funds VIP Money Market	32,853	32,853
Ivy Funds VIP Small Cap Growth	488	3,412
Ivy Funds VIP Small Cap Value	600	6,442
Ivy Funds VIP Value	1,897	7,836

**TOTAL AFFILIATED MUTUAL FUNDS – 99.83%** **\$ 161,245**

(Cost: \$167,128)

SHORT-TERM SECURITIES – 0.96%	Principal
<b>Master Note</b>	
Toyota Motor Credit Corporation, 0.197%, 7–1–09 (A)	\$ 1,545
(Cost: \$1,545)	<b>\$ 1,545</b>

**TOTAL INVESTMENT SECURITIES – 100.79%** **\$ 162,790**

(Cost: \$168,673)

**LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.79%)** **(1,267)**

**NET ASSETS – 100.00%** **\$ 161,523**

### Notes to Schedule of Investments

(A)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2009.

For Federal income tax purposes, cost of investments owned at June 30, 2009 and the related unrealized appreciation (depreciation) were as follows:

Cost	<u>\$ 168,673</u>
Gross unrealized appreciation	384
Gross unrealized depreciation	<u>(6,267)</u>
Net unrealized depreciation	<b>\$ (5,883)</b>

### Pathfinder Moderately Aggressive

AFFILIATED MUTUAL FUNDS	Shares	Value
Ivy Funds VIP Bond	6,184	\$ 32,750
Ivy Funds VIP Dividend Opportunities	6,602	33,816
Ivy Funds VIP Growth	2,990	23,460
Ivy Funds VIP International Growth	2,812	17,527
Ivy Funds VIP International Value	1,790	22,248
Ivy Funds VIP Mid Cap Growth	2,011	10,598
Ivy Funds VIP Money Market	31,837	31,837
Ivy Funds VIP Small Cap Growth	915	6,403
Ivy Funds VIP Small Cap Value	1,321	14,184
Ivy Funds VIP Value	2,357	9,734

**TOTAL AFFILIATED MUTUAL FUNDS – 99.82%** **\$ 202,557**

(Cost: \$216,399)

SHORT-TERM SECURITIES – 0.27%	Principal
<b>Master Note</b>	
Toyota Motor Credit Corporation, 0.197%, 7–1–09 (A)	\$ 553
(Cost: \$553)	<b>\$ 553</b>

**TOTAL INVESTMENT SECURITIES – 100.09%** **\$ 203,110**

(Cost: \$216,952)

**LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.09%)** **(182)**

**NET ASSETS – 100.00%** **\$ 202,928**

### Notes to Schedule of Investments

(A)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2009.

For Federal income tax purposes, cost of investments owned at June 30, 2009 and the related unrealized appreciation (depreciation) were as follows:

Cost	<u>\$ 216,952</u>
Gross unrealized appreciation	68
Gross unrealized depreciation	<u>(13,910)</u>
Net unrealized depreciation	<b>\$ (13,842)</b>

# SCHEDULE OF INVESTMENTS

## Pathfinder Portfolios *(in thousands)*

JUNE 30, 2009 (UNAUDITED)

### Pathfinder Moderately Conservative

AFFILIATED MUTUAL FUNDS	Shares	Value
Ivy Funds VIP Bond . . . . .	3,324	\$17,604
Ivy Funds VIP Dividend Opportunities . . . . .	2,291	11,736
Ivy Funds VIP Growth . . . . .	945	7,416
Ivy Funds VIP International Growth . . . . .	550	3,426
Ivy Funds VIP International Value . . . . .	286	3,550
Ivy Funds VIP Mid Cap Growth . . . . .	553	2,917
Ivy Funds VIP Money Market . . . . .	17,112	17,112
Ivy Funds VIP Small Cap Growth . . . . .	105	736
Ivy Funds VIP Small Cap Value . . . . .	64	688
Ivy Funds VIP Value . . . . .	815	3,366

**TOTAL AFFILIATED MUTUAL FUNDS – 99.74% \$68,551**

(Cost: \$69,649)

**SHORT-TERM SECURITIES – 0.45% Principal**

#### Master Note

Toyota Motor Credit Corporation, 0.197%, 7–1–09 (A) . . . . .	\$ 312	\$ 312
--	--------	--------

(Cost: \$312)

**TOTAL INVESTMENT SECURITIES – 100.19% \$68,863**

(Cost: \$69,961)

**LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.19%) (133)**

**NET ASSETS – 100.00% \$68,730**

### Notes to Schedule of Investments

(A) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2009.

For Federal income tax purposes, cost of investments owned at June 30, 2009 and the related unrealized appreciation (depreciation) were as follows:

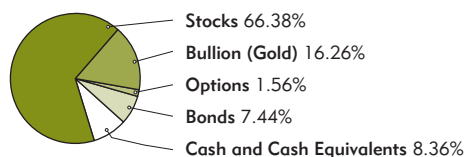
Cost	\$69,961
Gross unrealized appreciation	220
Gross unrealized depreciation	(1,318)
Net unrealized depreciation	\$ (1,098)

# PORTFOLIO HIGHLIGHTS

## Asset Strategy

ALL DATA IS AS OF JUNE 30, 2009 (UNAUDITED)

### Asset Allocation



<b>Stocks</b>	<b>66.38%</b>
Financials	23.29%
Information Technology	13.47%
Energy	11.31%
Materials	6.60%
Consumer Discretionary	4.60%
Industrials	3.19%
Consumer Staples	2.35%
Health Care	1.57%
<b>Bullion (Gold)</b>	<b>16.26%</b>
<b>Options</b>	<b>1.56%</b>
<b>Bonds</b>	<b>7.44%</b>
Corporate Debt Securities	5.16%
United States Government and Government Agency Obligations	1.35%
Municipal Bonds	0.77%
Senior Loans	0.16%
<b>Cash and Cash Equivalents</b>	<b>8.36%</b>

### Bond Portfolio Characteristics

Average maturity	1.7 years
Effective duration	0.5 years
Weighted average bond rating	AA-

### Top 10 Equity Holdings

Company	Country	Sector
Industrial and Commercial Bank of China (Asia) Limited	China	Financials
China Life Insurance Company Limited, H Shares	China	Financials
Taiwan Semiconductor Manufacturing Company Ltd.	Taiwan	Information Technology
Monsanto Company	United States	Materials
QUALCOMM Incorporated	United States	Information Technology
Standard Chartered PLC	United Kingdom	Financials
China Shenhua Energy Company Limited, H Shares	China	Energy
TOTAL S.A.	France	Energy
Visa Inc., Class A	United States	Information Technology
Weatherford International Ltd.	United States	Energy

See your advisor for more information on the Portfolio's most recently published Top 10 Equity Holdings.

### Country Weightings



<b>Pacific Basin</b>	<b>30.89%</b>
China	17.10%
India	4.55%
Taiwan	4.37%
Other Pacific Basin <sup>(1)</sup>	4.87%
<b>North America</b>	<b>30.81%</b>
United States	30.74%
Other North America <sup>(2)</sup>	0.07%
<b>Bullion (Gold)</b>	<b>16.26%</b>
<b>Europe</b>	<b>9.14%</b>
United Kingdom	4.74%
Other Europe <sup>(3)</sup>	4.40%
<b>Bahamas/Caribbean<sup>(4)</sup></b>	<b>1.75%</b>
<b>South America<sup>(5)</sup></b>	<b>1.23%</b>
<b>Cash and Cash Equivalents and Options</b>	<b>9.92%</b>

<sup>(1)</sup>Includes 0.09% Australia, 3.15% Hong Kong, 1.49% South Korea and 0.14% Vietnam.

<sup>(2)</sup>Includes 0.07% Mexico.

<sup>(3)</sup>Includes 2.83% France, 0.11% Poland, 0.99% Sweden and 0.47% Switzerland.

<sup>(4)</sup>Includes 0.16% Bahamas, 0.10% British Virgin Islands and 1.49% Cayman Islands.

<sup>(5)</sup>Includes 1.23% Brazil.

# SCHEDULE OF INVESTMENTS

## Asset Strategy *(in thousands)*

JUNE 30, 2009 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Automobile Manufacturers – 1.49%</b>		
Hyundai Motor Company (A) . . . . .	207	\$ 12,035
<b>Biotechnology – 1.57%</b>		
Gilead Sciences, Inc. (B) . . . . .	270	12,665
<b>Casinos &amp; Gaming – 1.14%</b>		
Wynn Resorts, Limited (B) . . . . .	259	9,153
<b>Coal &amp; Consumable Fuels – 2.10%</b>		
China Shenhua Energy Company Limited, H Shares (A) . . . . .	4,600	16,946
<b>Communications Equipment – 5.35%</b>		
QUALCOMM Incorporated . . . . .	682	30,812
Reliance Communication Ventures Limited (A) . . . . .	710	4,292
Telefonaktiebolaget LM Ericsson, B Shares (A) . . . . .	814	7,989
		43,093
<b>Construction &amp; Engineering – 2.37%</b>		
China Communications Construction Company Limited, H Shares (A) . . . . .	10,477	12,248
Larsen & Toubro Limited (A) . . . . .	210	6,886
		19,134
<b>Data Processing &amp; Outsourced Services – 2.70%</b>		
Redecard S.A. (A)(C) . . . . .	79	1,208
Redecard S.A. (A) . . . . .	323	4,945
Visa Inc., Class A . . . . .	251	15,627
		21,780
<b>Diversified Banks – 10.86%</b>		
Barclays PLC (A)(C) . . . . .	1,162	5,409
Cia Brasileira de Meios de Pagamento (A)(B)(D) . . . . .	202	1,737
HDFC Bank Limited (A) . . . . .	194	6,056
ICICI Bank Limited (A) . . . . .	349	5,259
Industrial and Commercial Bank of China (Asia) Limited (A) . . . . .	51,126	35,623
Industrial and Commercial Bank of China Limited, H Shares (A)(C) . . . . .	16,701	11,637
Standard Chartered PLC (A) . . . . .	917	17,199
State Bank of India (A) . . . . .	126	4,581
		87,501
<b>Diversified Capital Markets – 0.47%</b>		
UBS AG (A)(B)(D) . . . . .	310	3,796
<b>Diversified Metals &amp; Mining – 2.65%</b>		
Southern Copper Corporation . . . . .	574	11,737
Xstrata plc (A) . . . . .	891	9,640
		21,377
<b>Education Services – 0.82%</b>		
New Oriental Education & Technology Group Inc., ADR (B) . . . . .	98	6,627
<b>Fertilizers &amp; Agricultural Chemicals – 3.95%</b>		
Monsanto Company . . . . .	428	31,850

COMMON STOCKS (Continued)	Shares	Value
<b>Footwear – 0.72%</b>		
NIKE, Inc., Class B . . . . .	112	\$ 5,794
<b>Heavy Electrical Equipment – 0.82%</b>		
ALSTOM (A) . . . . .	112	6,582
<b>Hotels, Resorts &amp; Cruise Lines – 0.43%</b>		
Ctrip.com International, Ltd. (B) . . . . .	76	3,504
<b>Household Products – 0.52%</b>		
Reckitt Benckiser Group plc (A) . . . . .	92	4,191
<b>Integrated Oil &amp; Gas – 2.90%</b>		
China Petroleum & Chemical Corporation, H Shares (A) . . . . .	9,432	7,193
TOTAL S.A. (A) . . . . .	300	16,184
		23,377
<b>Life &amp; Health Insurance – 4.64%</b>		
China Life Insurance Company Limited, H Shares (A) . . . . .	9,366	34,443
Ping An Insurance (Group) Company of China, Ltd., H Shares (A) . . . . .	436	2,947
		37,390
<b>Mortgage REITs – 0.99%</b>		
Annaly Capital Management, Inc. . . . .	528	8,001
<b>Oil &amp; Gas Equipment &amp; Services – 3.50%</b>		
Halliburton Company . . . . .	263	5,450
Schlumberger Limited . . . . .	141	7,602
Weatherford International Ltd. (B) . . . . .	774	15,145
		28,197
<b>Oil &amp; Gas Exploration &amp; Production – 2.81%</b>		
CNOOC Limited (A) . . . . .	5,070	6,287
Devon Energy Corporation . . . . .	177	9,636
XTO Energy Inc. . . . .	177	6,767
		22,690
<b>Personal Products – 0.67%</b>		
Hengan International Group Company Limited (A) . . . . .	1,156	5,415
<b>Real Estate Development – 1.35%</b>		
China Overseas Land & Investment Limited (A) . . . . .	4,691	10,896
<b>Real Estate Management &amp; Development – 0.52%</b>		
DLF Limited (A) . . . . .	640	4,153
<b>Regional Banks – 1.59%</b>		
China Construction Bank Corporation (A) . . . . .	16,483	12,782
<b>Semiconductors – 5.42%</b>		
MediaTek Incorporation (A) . . . . .	181	2,163
PMC-Sierra, Inc. (B) . . . . .	1,060	8,436
Taiwan Semiconductor Manufacturing Company Ltd. (A) . . . . .	19,832	33,063
		43,662

COMMON STOCKS (Continued)	Shares	Value
<b>Specialized Finance – 2.05%</b>		
CME Group Inc. ....	27	\$ 8,337
Hong Kong Exchanges and Clearing Limited (A) .....	527	8,208
		<u>16,545</u>
<b>Thrifts &amp; Mortgage Finance – 0.68%</b>		
HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED (A) .....	112	5,483
<b>Tobacco – 1.16%</b>		
Philip Morris International Inc. ....	215	9,365
<b>TOTAL COMMON STOCKS – 66.24%</b>		<b>\$533,984</b>
(Cost: \$480,414)		
<b>INVESTMENT FUNDS – 0.14%</b>		
<b>Multiple Industry</b>		
Vietnam Azalea Fund Limited (B)(E)(F) .....	300	\$ 1,122
(Cost: \$1,982)		
CORPORATE DEBT SECURITIES	Principal	
<b>Beverage / Bottling – 0.13%</b>		
Anheuser-Busch InBev Worldwide Inc., 7.200%, 1–15–14 (D) .....	\$ 500	538
Companhia Brasileira de Bebidas, 10.500%, 12–15–11 .....	500	575
		<u>1,113</u>
<b>Biotechnology – 0.02%</b>		
Amgen Inc., Convertible, 0.125%, 2–1–11 .....	200	190
<b>Building Products – 0.07%</b>		
Desarrolladora Homex, S.A. de C.V., 7.500%, 9–28–15 .....	627	539
<b>Coal &amp; Consumable Fuels – 0.02%</b>		
Massey Energy Company, Convertible, 3.250%, 8–1–15 .....	200	132
<b>Consumer Finance – 0.12%</b>		
American Express Travel Related Services Co., Inc., 5.250%, 11–21–11 (D) .....	1,000	994
<b>Consumer Products – 0.01%</b>		
Staples, Inc., 7.750%, 4–1–11 .....	67	71
<b>Consumer Products / Tobacco – 0.11%</b>		
Central European Distribution Corporation, 8.000%, 7–25–12 (D)(G) .....	EUR720	853
<b>Department Stores – 0.13%</b>		
Kohl's Corporation, 6.300%, 3–1–11 .....	\$1,000	1,041

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Diversified Chemicals – 0.02%</b>		
E.I. du Pont de Nemours and Company, 5.875%, 1–15–14 .....	\$ 115	\$ 125
<b>Diversified Metals &amp; Mining – 0.09%</b>		
BHP Billiton Finance (USA) Limited, 5.500%, 4–1–14 .....	700	751
<b>Electric Utilities – 0.31%</b>		
Allegheny Energy Supply Company, LLC, 7.800%, 3–15–11 .....	2,430	2,514
<b>Finance – Other – 0.15%</b>		
AXA Financial, Inc., 7.750%, 8–1–10 .....	700	702
Block Financial LLC, 7.875%, 1–15–13 .....	350	379
Western Union Company (The), 6.500%, 2–26–14 .....	120	128
		<u>1,209</u>
<b>Finance Companies – 0.23%</b>		
C5 Capital (SPV) Limited, 6.196%, 12–31–49 (C)(H) .....	1,500	796
Toyota Motor Credit Corporation, 1.120%, 1–18–15 (H) .....	1,050	1,018
		<u>1,814</u>
<b>Forest Products – 0.06%</b>		
Sino-Forest Corporation, 9.125%, 8–17–11 (C) .....	475	475
<b>Gas – Local Distribution – 0.09%</b>		
DCP Midstream, LLC, 9.700%, 12–1–13 (C) .....	660	728
<b>Gas Pipe Lines – 0.37%</b>		
Duke Capital Corporation, 7.500%, 10–1–09 .....	1,490	1,507
Enterprise Products Operating LLC, 9.750%, 1–31–14 .....	1,345	1,547
		<u>3,054</u>
<b>General Merchandise Stores – 0.06%</b>		
Dollar General Corporation, 11.875%, 7–15–17 .....	450	486
<b>Home Improvement Retail – 0.12%</b>		
Home Depot, Inc. (The), 5.200%, 3–1–11 .....	950	983
<b>Integrated Telecommunication Services – 0.10%</b>		
AT&T Inc., 4.850%, 2–15–14 .....	800	830
<b>Metals / Mining – 0.22%</b>		
Vedanta Resources plc, 6.625%, 2–22–10 (C) .....	1,800	1,782



CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Movies &amp; Entertainment – 0.03%</b>		
Viacom Inc., 5.625%, 8–15–12 .....	\$ 270	\$ 266
<b>Office Electronics – 0.24%</b>		
Xerox Corporation: 6.875%, 8–15–11 .....	315	326
5.500%, 5–15–12 .....	850	847
7.625%, 6–15–13 .....	400	403
6.400%, 3–15–16 .....	225	207
6.750%, 2–1–17 .....	225	205
		<u>1,988</u>
<b>Oil &amp; Gas Exploration &amp; Production – 0.05%</b>		
XTO Energy Inc., 5.900%, 8–1–12 .....	355	376
<b>Pharmaceuticals – 1.11%</b>		
Eli Lilly and Company, 3.550%, 3–6–12 .....	975	1,010
Pfizer Inc., 4.450%, 3–15–12 .....	7,500	7,870
		<u>8,880</u>
<b>Property &amp; Casualty Insurance – 0.23%</b>		
Berkshire Hathaway Finance Corporation, 4.000%, 4–15–12 (C) .....	1,600	1,653
St. Paul Companies, Inc. (The), 8.125%, 4–15–10 .....	200	209
		<u>1,862</u>
<b>Retail Stores – Other – 0.14%</b>		
Best Buy Co., Inc., 6.750%, 7–15–13 .....	1,065	1,104
<b>Service – Other – 0.05%</b>		
Expedia, Inc., 8.500%, 7–1–16 (C) .....	225	216
Waste Management, Inc., 6.375%, 3–11–15 .....	180	187
		<u>403</u>
<b>Soft Drinks – 0.06%</b>		
Coca-Cola Enterprises Inc., 7.375%, 3–3–14 .....	420	481
<b>Specialized Finance – 0.20%</b>		
CME Group Inc., 5.750%, 2–15–14 .....	1,540	1,643
<b>Technology – 0.07%</b>		
L–3 Communications Corporation: 7.625%, 6–15–12 .....	360	361
6.125%, 7–15–13 .....	180	170
		<u>531</u>
<b>Transportation – Other – 0.16%</b>		
Ultrapetrol (Bahamas) Limited, 9.000%, 11–24–14 .....	1,555	1,279

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Utilities – 0.22%</b>		
CESP – Companhia Energetica de Sao Paulo, 9.750%, 1–15–15 (D)(G) .....	BRL3,000	\$ 1,576
Duke Energy Field Services, LLC, 7.875%, 8–16–10 .....	\$200	209
		<u>1,785</u>
<b>Wireless Telecommunication Service – 0.17%</b>		
Verizon Wireless Capital LLC, 7.375%, 11–15–13 (D) .....	1,200	1,343
<b>TOTAL CORPORATE DEBT SECURITIES – 5.16%</b>		<b>\$ 41,625</b>
(Cost: \$40,555)		
<b>MUNICIPAL BONDS</b>		
<b>California – 0.09%</b>		
California Pollution Control Financing Authority, Variable Rate Demand Solid Waste Disposal Revenue Bonds (Waste Management, Inc. Project), Series 2003A, 5.000%, 11–1–38 .....	731	735
<b>Florida – 0.06%</b>		
Miami-Dade County Industrial Development Authority, Solid Waste Disposal Revenue Bonds (Waste Management Inc. of Florida Project), Series 2008, 5.400%, 8–1–23 .....	490	488
<b>New Hampshire – 0.19%</b>		
Business Finance Authority of the State of New Hampshire, Pollution Control Refunding Revenue Bonds (The United Illuminating Company Project–1997 Series A): 7.125%, 7–1–27 .....	975	994
6.875%, 12–1–29 .....	500	506
		<u>1,500</u>
<b>New York – 0.03%</b>		
The Port Authority of New York and New Jersey, Consolidated Bonds, One Hundred Fifty-Second Series, 5.750%, 11–1–30 .....	235	240
<b>Ohio – 0.14%</b>		
Ohio Air Quality Development Authority, State of Ohio, Air Quality Revenue Bonds (Ohio Power Company Project), Series 2008A, 7.125%, 6–1–41 .....	1,095	1,117
<b>Texas – 0.11%</b>		
Frisco Independent School District (Collin and Denton Counties, Texas), Unlimited Tax School Building Bonds, Series 2008A, 6.000%, 8–15–38 .....	465	503

<b>MUNICIPAL BONDS (Continued)</b>	<b>Principal</b>	<b>Value</b>
<b>Texas (Continued)</b>		
Port of Houston Authority of Harris County, Texas, Unlimited Tax Refunding Bonds, Series 2008A, 5.625%, 10-1-38 .....	\$ 465	\$ 419
		<u>922</u>
<b>West Virginia – 0.15%</b>		
West Virginia Economic Development Authority, Solid Waste Disposal Facilities Revenue Bonds (Appalachian Power Company – Amos Project), Series 2008E, 7.125%, 12-1-38 .....	1,215	1,239
<b>TOTAL MUNICIPAL BONDS – 0.77%</b>		<b>\$ 6,241</b>

(Cost: \$5,976)

<b>PUT OPTIONS</b>	<b>Number of Contracts</b>	
Hang Seng Index:		
Sep HKD17,400.00, Expires 9-29-09 (G) .	1	7,366
Sep HKD17,600.00, Expires 9-29-09 (G) .	—*	2,580
S&P 500 Index:		
Aug \$825.00, Expires 8-24-09 .....	1	1,206
Aug \$850.00, Expires 8-24-09 .....	1	787
Aug \$900.00, Expires 8-24-09 .....	—*	604
<b>TOTAL PUT OPTIONS – 1.56%</b>		<b>\$ 12,543</b>

(Cost: \$25,827)

<b>SENIOR LOANS</b>	<b>Principal</b>	
<b>Health Care Facilities – 0.03%</b>		
HCA Inc., 2.848%, 11-18-13 (H) .....	\$307	277
<b>Service – Other – 0.09%</b>		
Education Management LLC, 2.375%, 6-1-13 (H) .....	777	713
<b>Utilities – 0.04%</b>		
Energy Future Competitive Holdings Company and Texas Competitive Electric Holdings Company, LLC: 3.810%, 10-10-14 (H) .....	3	2
3.821%, 10-10-14 (H) .....	443	317
		<u>319</u>
<b>TOTAL SENIOR LOANS – 0.16%</b>		<b>\$ 1,309</b>

(Cost: \$1,150)

#### **UNITED STATES GOVERNMENT AGENCY OBLIGATIONS**

<b>Agency Obligations – 0.99%</b>		
Federal Home Loan Mortgage Corporation, 2.125%, 3-16-11 .....	4,900	4,939
Federal National Mortgage Association: 2.050%, 4-1-11 .....	2,400	2,416
2.875%, 12-11-13 .....	675	681
		<u>8,036</u>

<b>UNITED STATES GOVERNMENT AGENCY OBLIGATIONS (Continued)</b>	<b>Principal</b>	<b>Value</b>
<b>Mortgage-Backed Obligations – 0.36%</b>		
Federal Home Loan Mortgage Corporation Agency REMIC/CMO (Interest Only): (I)		
5.500%, 9-15-17 .....	\$3,744	\$ 314
5.000%, 11-15-17 .....	314	23
5.000%, 4-15-19 .....	659	53
5.000%, 4-15-19 .....	319	23
5.000%, 7-15-21 .....	79	—*
5.000%, 11-15-22 .....	322	23
5.500%, 3-15-23 .....	630	64
5.000%, 4-15-23 .....	92	1
5.000%, 5-15-23 .....	576	45
5.000%, 8-15-23 .....	448	38
5.500%, 11-15-23 .....	176	1
5.500%, 11-15-23 .....	101	—*
5.000%, 9-15-24 .....	352	5
5.500%, 9-15-24 .....	150	2
5.500%, 4-15-25 .....	129	9
5.500%, 4-15-25 .....	134	3
5.000%, 9-15-25 .....	555	9
5.500%, 10-15-25 .....	1,417	194
5.000%, 4-15-26 .....	801	22
5.000%, 10-15-28 .....	459	27
5.500%, 2-15-30 .....	330	17
5.000%, 8-15-30 .....	610	31
5.500%, 3-15-31 .....	535	39
6.000%, 11-15-35 .....	771	76
Federal National Mortgage Association Agency REMIC/CMO (Interest Only): (I)		
5.500%, 11-25-17 .....	231	3
5.000%, 5-25-22 .....	339	20
5.000%, 7-25-23 .....	1,814	200
5.000%, 8-25-23 .....	548	45
5.000%, 11-25-23 .....	669	64
5.500%, 9-25-25 .....	79	1
5.500%, 11-25-25 .....	223	1
5.000%, 9-25-30 .....	723	32
5.500%, 7-25-33 .....	769	86
5.500%, 8-25-33 .....	1,100	131
5.500%, 4-25-34 .....	1,707	208
5.500%, 11-25-36 .....	2,188	282
Government National Mortgage Association Agency REMIC/CMO (Interest Only): (I)		
5.000%, 1-20-30 .....	1,085	61
5.000%, 6-20-31 .....	1,206	91
5.500%, 3-20-32 .....	721	71
5.000%, 7-20-33 .....	367	36
5.500%, 11-20-33 .....	1,383	151
5.500%, 6-20-35 .....	1,094	174
5.500%, 7-20-35 .....	550	85
5.500%, 7-20-35 .....	371	37
5.500%, 10-16-35 .....	521	77
		<u>2,875</u>

#### **TOTAL UNITED STATES GOVERNMENT AGENCY OBLIGATIONS – 1.35%**

(Cost: \$12,289)

<b>BULLION – 16.26%</b>	<b>Troy Ounces</b>	
Gold .....	141	<b>\$131,057</b>
(Cost: \$110,543)		

SHORT-TERM SECURITIES	Principal	Value	SHORT-TERM SECURITIES (Continued)	Principal	Value
<b>Commercial Paper – 6.35%</b>			<b>Treasury Bills – 1.06%</b>		
Burlington Northern Santa Fe Corp., 0.450%, 7–2–09 .....	\$1,069	\$ 1,069	United States Treasury Bills, 0.950%, 7–30–09 .....	\$8,525	\$ 8,518
Clorox Co., 0.450%, 7–24–09 .....	5,000	4,999			
Corporacion Andina de Fomento, 0.320%, 8–17–09 .....	5,000	4,998	<b>United States Government Agency Obligations – 0.75%</b>		
ITT Corporation, 1.450%, 7–24–09 .....	1,000	999	Federal Home Loan Mortgage Corporation, 0.020%, 7–1–09 .....	1,021	1,021
Johnson & Johnson, 0.100%, 7–13–09 .....	2,000	2,000	Federal National Mortgage Association, 0.090%, 7–22–09 .....	5,000	5,000
Kitty Hawk Funding Corp.: 0.280%, 7–20–09 .....	5,000	4,999			6,021
0.260%, 7–27–09 .....	5,000	4,999	<b>TOTAL SHORT-TERM SECURITIES – 8.16%</b>		<b>\$ 65,789</b>
Kraft Foods Inc., 0.300%, 7–9–09 .....	6,000	6,000	(Cost: \$65,789)		
Procter & Gamble Company (The), 0.180%, 7–21–09 .....	5,000	5,000	<b>TOTAL INVESTMENT SECURITIES – 99.80%</b>		<b>\$804,581</b>
Roche Holdings, Inc., 0.160%, 7–7–09 .....	1,192	1,192	(Cost: \$744,525)		
Straight-A Funding, LLC (Federal Financing Bank), 0.320%, 8–11–09 .....	10,000	9,995	<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.20%</b>		<b>1,620</b>
Unilever Capital Corporation, 0.160%, 7–9–09 .....	5,000	5,000	<b>NET ASSETS – 100.00%</b>		<b>\$806,201</b>
		<u>51,250</u>			

#### Notes to Schedule of Investments

The following forward foreign currency contracts were outstanding at June 30, 2009:

Type	Currency	Principal Amount of Contract (Denominated in Indicated Currency)	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
Buy	Australian Dollar	24,700	7–21–09	\$928	\$—
Sell	Japanese Yen	753,801	7–21–09	46	—
Sell	Japanese Yen	1,092,895	7–21–09	—	275
Sell	Japanese Yen	726,640	8–3–09	83	—
Sell	Japanese Yen	45,295	10–8–09	13	—
Sell	Japanese Yen	70,007	10–8–09	—	11
Sell	Japanese Yen	2,664,000	3–5–10	—	464
Buy	Norwegian Krone	23,258	12–23–09	—	17
Sell	Singapore Dollar	23,900	7–31–09	—	574
Sell	Singapore Dollar	10,100	1–11–10	—	129
Buy	Swedish Krona	58,600	8–3–09	—	34
Sell	Swiss Franc	3,900	12–23–09	20	—
				<u>\$1,090</u>	<u>\$1,504</u>

\*Not shown due to rounding.

(A) Listed on an exchange outside the United States.

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

(C) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be liquid under guidelines established by the Board of Trustees. At June 30, 2009, the total value of these securities amounted to \$23,904 or 2.96% of net assets.

(D) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be illiquid under guidelines established by the Board of Trustees. At June 30, 2009, the total value of these securities amounted to \$10,837 or 1.34% of net assets.

(E) Illiquid restricted security. At June 30, 2009, the following restricted security was owned:

Security	Acquisition Dates	Shares	Cost	Market Value
Vietnam Azalea Fund Limited	6–14–07 to 1–28–09	300	<u>\$1,982</u>	<u>\$1,122</u>

The total value of this security represented approximately 0.14% of net assets at June 30, 2009.

## Notes to Schedule of Investments (Continued)

(F) Deemed to be an affiliate due to the Portfolio owning at least 5% of the voting securities. The Portfolio and other mutual funds managed by its investment manager, Waddell & Reed Investment Management Company, or other related parties together own 30% of the outstanding shares of this security at June 30, 2009.

(G) Principal amounts or strike prices are denominated in the indicated foreign currency, where applicable (BRL – Brazilian Real, EUR – Euro and HKD – Hong Kong Dollar).

(H) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2009.

(I) Amount shown in principal column represents notional amount for computation of interest.

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts

CMO = Collateralized Mortgage Obligation

REIT = Real Estate Investment Trust

REMIC = Real Estate Mortgage Investment Conduit

<b>Country Diversification</b> <b>(as a % of net assets)</b>	
United States	30.74%
China	17.10%
United Kingdom	4.74%
India	4.55%
Taiwan	4.37%
Hong Kong	3.15%
France	2.83%
Cayman Islands	1.49%
South Korea	1.49%
Brazil	1.23%
Sweden	0.99%
Switzerland	0.47%
Bahamas	0.16%
Vietnam	0.14%
Poland	0.11%
British Virgin Islands	0.10%
Australia	0.09%
Mexico	0.07%
Other+	26.18%

+ Includes gold bullion, options, cash and cash equivalents and other assets and liabilities

For Federal income tax purposes, cost of investments owned at June 30, 2009 and the related unrealized appreciation (depreciation) were as follows:

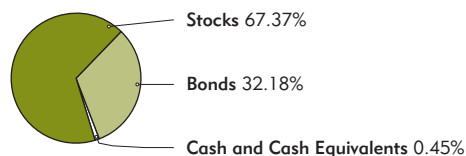
Cost	<u>\$745,235</u>
Gross unrealized appreciation	83,698
Gross unrealized depreciation	<u>(24,352)</u>
Net unrealized appreciation	\$ 59,346

# PORTFOLIO HIGHLIGHTS

## Balanced

ALL DATA IS AS OF JUNE 30, 2009 (UNAUDITED)

### Asset Allocation



<b>Stocks</b>	<b>67.37%</b>
Consumer Staples	13.57%
Information Technology	13.17%
Health Care	11.75%
Financials	9.72%
Industrials	6.43%
Consumer Discretionary	5.43%
Energy	4.05%
Telecommunication Services	1.65%
Utilities	1.60%
<b>Bonds</b>	<b>32.18%</b>
United States Government and Government Agency Obligations	20.50%
Corporate Debt Securities	11.68%
<b>Cash and Cash Equivalents</b>	<b>0.45%</b>

### Top 10 Equity Holdings

Company	Sector
Exxon Mobil Corporation	Energy
Colgate-Palmolive Company	Consumer Staples
Johnson & Johnson	Health Care
Gilead Sciences, Inc.	Health Care
PepsiCo, Inc.	Consumer Staples
Cisco Systems, Inc.	Information Technology
QUALCOMM Incorporated	Information Technology
Abbott Laboratories	Health Care
General Dynamics Corporation	Industrials
Northern Trust Corporation	Financials

See your advisor for more information on the Portfolio's most recently published Top 10 Equity Holdings.

### Bond Portfolio Characteristics

Average maturity	5.4 years
Effective duration	4.1 years
Weighted average bond rating	AA+

# SCHEDULE OF INVESTMENTS

**Balanced** *(in thousands)*

JUNE 30, 2009 (UNAUDITED)

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
<b>Aerospace &amp; Defense – 3.91%</b>			<b>Household Products – 2.69%</b>		
General Dynamics Corporation . . . . .	141	\$ 7,810	Colgate-Palmolive Company . . . . .	132	\$ 9,331
Lockheed Martin Corporation . . . . .	72	5,807			
		<u>13,617</u>	<b>Hypermarkets &amp; Super Centers – 1.85%</b>		
<b>Air Freight &amp; Logistics – 0.99%</b>			Wal-Mart Stores, Inc. . . . .	133	6,438
Expeditors International of Washington, Inc. . . . .	103	3,437			
			<b>Integrated Oil &amp; Gas – 2.76%</b>		
<b>Asset Management &amp; Custody Banks – 2.05%</b>			Exxon Mobil Corporation . . . . .	137	9,567
Northern Trust Corporation . . . . .	133	7,118			
			<b>Integrated Telecommunication Services – 1.65%</b>		
<b>Automobile Manufacturers – 0.54%</b>			AT&T Inc. . . . .	231	5,738
Ford Motor Company (A) . . . . .	306	1,860			
			<b>Oil &amp; Gas Equipment &amp; Services – 1.29%</b>		
<b>Biotechnology – 2.49%</b>			Schlumberger Limited . . . . .	83	4,491
Gilead Sciences, Inc. (A) . . . . .	185	8,661			
			<b>Other Diversified Financial Services – 1.85%</b>		
<b>Casinos &amp; Gaming – 0.58%</b>			JPMorgan Chase & Co. . . . .	188	6,426
Wynn Resorts, Limited (A) . . . . .	57	2,012			
			<b>Packaged Foods &amp; Meats – 1.62%</b>		
<b>Communications Equipment – 5.49%</b>			Hershey Foods Corporation . . . . .	156	5,623
Cisco Systems, Inc. (A) . . . . .	423	7,891			
Nokia Corporation, Series A, ADR . . . . .	229	3,333	<b>Pharmaceuticals – 6.58%</b>		
QUALCOMM Incorporated . . . . .	174	7,847	Abbott Laboratories . . . . .	166	7,818
		<u>19,071</u>	Allergan, Inc. . . . .	85	4,035
<b>Computer Hardware – 3.82%</b>			Bristol-Myers Squibb Company . . . . .	99	2,003
Apple Inc. (A) . . . . .	46	6,552	Johnson & Johnson . . . . .	159	9,013
Hewlett-Packard Company . . . . .	174	6,706			<u>22,869</u>
		<u>13,258</u>	<b>Property &amp; Casualty Insurance – 3.22%</b>		
<b>Department Stores – 1.02%</b>			Berkshire Hathaway Inc., Class B (A) . . . . .	2	5,502
Kohl's Corporation (A) . . . . .	83	3,531	Travelers Companies, Inc. (The) . . . . .	140	5,726
					<u>11,228</u>
<b>Distillers &amp; Vintners – 1.10%</b>			<b>Regional Banks – 1.12%</b>		
Brown-Forman Corporation, Class B . . . . .	89	3,825	PNC Financial Services Group, Inc. (The) . . . . .	100	3,881
<b>Electric Utilities – 1.60%</b>			<b>Semiconductors – 1.79%</b>		
Exelon Corporation . . . . .	109	5,572	Microchip Technology Incorporated . . . . .	276	6,217
<b>Electrical Components &amp; Equipment – 1.53%</b>			<b>Soft Drinks – 3.88%</b>		
Emerson Electric Co. . . . .	164	5,301	Coca-Cola Company (The) . . . . .	114	5,451
			PepsiCo, Inc. . . . .	146	8,018
<b>Footwear – 1.09%</b>					<u>13,469</u>
NIKE, Inc., Class B . . . . .	73	3,780	<b>Specialized Finance – 1.48%</b>		
			CME Group Inc. . . . .	17	5,133
<b>General Merchandise Stores – 0.77%</b>					
Target Corporation . . . . .	68	2,684	<b>Systems Software – 1.65%</b>		
			Microsoft Corporation . . . . .	241	5,726
<b>Health Care Equipment – 0.81%</b>					
Zimmer Holdings, Inc. (A) . . . . .	66	2,816	<b>Tobacco – 2.43%</b>		
			Lorillard, Inc. . . . .	62	4,202
<b>Health Care Supplies – 1.87%</b>			Philip Morris International Inc. . . . .	97	4,235
DENTSPLY International Inc. . . . .	213	6,486			<u>8,437</u>
			<b>TOTAL COMMON STOCKS – 67.37%</b>		<b>\$234,065</b>
<b>Home Entertainment Software – 0.42%</b>			(Cost: \$210,067)		
Activision Blizzard, Inc. (A) . . . . .	115	1,452			
<b>Home Improvement Retail – 1.43%</b>					
Home Depot, Inc. (The) . . . . .	212	5,010			

CORPORATE DEBT SECURITIES	Principal	Value
<b>Agricultural Products – 0.44%</b>		
Archer-Daniels-Midland Company, 7.000%, 2–1–31 .....	\$ 1,350	\$ 1,514
<b>Banking – 0.43%</b>		
JPMorgan Chase & Co., 4.650%, 6–1–14 .....	1,000	997
U.S. BANCORP, 4.200%, 5–15–14 .....	500	506
		1,503
<b>Beverage / Bottling – 0.15%</b>		
Anheuser-Busch InBev Worldwide Inc., 5.375%, 11–15–14 (B) .....	500	505
<b>Communications Equipment – 0.61%</b>		
Cisco Systems, Inc., 5.250%, 2–22–11 .....	2,000	2,109
<b>Construction &amp; Farm Machinery &amp; Heavy Trucks – 0.23%</b>		
John Deere Capital Corporation, 5.250%, 10–1–12 .....	750	792
<b>Department Stores – 0.60%</b>		
Kohl's Corporation, 6.300%, 3–1–11 .....	2,000	2,082
<b>Distillers &amp; Vintners – 0.58%</b>		
Diageo Capital plc, 4.375%, 5–3–10 .....	2,000	2,029
<b>Diversified Banks – 0.38%</b>		
Wells Fargo Bank, N.A., 7.550%, 6–21–10 .....	1,250	1,311
<b>Electric – 0.49%</b>		
Hydro-Quebec, 8.000%, 2–1–13 .....	1,500	1,703
<b>Electric Utilities – 0.30%</b>		
Exelon Corporation, 6.950%, 6–15–11 .....	1,000	1,059
<b>Food Processors – 0.35%</b>		
Cargill, Inc., 6.375%, 6–1–12 (B) .....	1,150	1,224
<b>Food Retail – 0.61%</b>		
Kroger Co. (The), 6.200%, 6–15–12 .....	2,000	2,139
<b>Home Improvement Retail – 0.60%</b>		
Home Depot, Inc. (The), 5.200%, 3–1–11 .....	2,000	2,070

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Industrial Gases – 0.45%</b>		
Praxair, Inc., 4.375%, 3–31–14 .....	\$ 1,500	\$ 1,554
<b>Industrial Machinery – 0.45%</b>		
Illinois Tool Works Inc., 5.150%, 4–1–14 (B) .....	1,500	1,577
<b>Integrated Oil &amp; Gas – 0.60%</b>		
Chevron Corporation, 3.450%, 3–3–12 .....	500	516
ConocoPhillips, 4.750%, 2–1–14 .....	1,500	1,562
		2,078
<b>Integrated Telecommunication Services – 0.30%</b>		
AT&T Inc., 4.850%, 2–15–14 .....	1,000	1,038
<b>Life Insurance – 0.43%</b>		
Principal Life Global, 6.250%, 2–15–12 (B) .....	1,500	1,508
<b>Metals / Mining – 0.74%</b>		
Newmont Mining Corporation, Convertible, 3.000%, 2–15–12 .....	1,800	2,029
Rio Tinto Finance (USA) Limited, 8.950%, 5–1–14 .....	500	556
		2,585
<b>Oil &amp; Gas Exploration &amp; Production – 0.32%</b>		
XTO Energy Inc., 7.500%, 4–15–12 .....	1,000	1,108
<b>Other Non-Agency REMIC/CMO – 0.01%</b>		
Banco Hipotecario Nacional: 7.916%, 7–25–09 (C) .....	17	—*
8.000%, 3–31–11 (C) .....	68	1
Mellon Residential Funding, 6.750%, 6–25–28 .....	32	28
		29
<b>Packaged Foods &amp; Meats – 0.45%</b>		
Unilever Capital Corporation, 5.900%, 11–15–32 .....	1,450	1,553
<b>Pharmaceuticals – 1.50%</b>		
Abbott Laboratories, 3.750%, 3–15–11 .....	2,000	2,068
Pfizer Inc., 4.450%, 3–15–12 .....	1,500	1,574
Roche Holding Ltd, 5.000%, 3–1–14 (B) .....	1,500	1,570
		5,212
<b>Property &amp; Casualty Insurance – 0.15%</b>		
Berkshire Hathaway Finance Corporation, 4.000%, 4–15–12 (B) .....	500	517

<b>CORPORATE DEBT SECURITIES (Continued)</b>	<b>Principal</b>	<b>Value</b>
<b>Soft Drinks – 0.37%</b>		
Coca-Cola Enterprises Inc., 6.700%, 10–15–36 .....	\$ 500	\$ 528
PepsiCo, Inc., 3.750%, 3–1–14 .....	750	765
		<u>1,293</u>
<b>Systems Software – 0.14%</b>		
Microsoft Corporation, 2.950%, 6–1–14 .....	500	497
<b>TOTAL CORPORATE DEBT SECURITIES – 11.68%</b>		<b>\$ 40,589</b>
(Cost: \$38,521)		

#### **UNITED STATES GOVERNMENT AGENCY OBLIGATIONS**

<b>Agency Obligations – 0.30%</b>		
Federal National Mortgage Association, 7.250%, 1–15–10 .....	1,000	1,037

#### **Mortgage-Backed Obligations – 3.28%**

Federal National Mortgage Association Fixed Rate Pass-Through Certificates:		
6.000%, 9–1–17 .....	376	399
5.000%, 1–1–18 .....	305	320
5.500%, 4–1–18 .....	89	94
5.000%, 5–1–18 .....	140	146
4.500%, 7–1–18 .....	2,036	2,111
7.000%, 9–1–25 .....	79	87
6.500%, 10–1–28 .....	269	290
6.500%, 2–1–29 .....	176	190
7.500%, 4–1–31 .....	169	185
7.000%, 7–1–31 .....	244	269
7.000%, 9–1–31 .....	239	263
7.000%, 9–1–31 .....	188	207
7.000%, 11–1–31 .....	54	59
6.500%, 2–1–32 .....	872	940
7.000%, 2–1–32 .....	292	321
7.000%, 2–1–32 .....	270	297
7.000%, 3–1–32 .....	183	202
7.000%, 7–1–32 .....	427	470
6.000%, 9–1–32 .....	1,679	1,771
6.000%, 2–1–33 .....	410	432
5.500%, 5–1–33 .....	731	758
5.500%, 5–1–33 .....	507	526
5.500%, 5–1–33 .....	305	317
5.500%, 6–1–33 .....	564	585

Government National Mortgage Association Fixed Rate Pass-Through Certificates:		
6.000%, 8–15–28 .....	25	26
6.500%, 8–15–28 .....	35	38

United States Department of Veterans Affairs, Guaranteed REMIC Pass-Through Certificates, Vendee Mortgage Trust, 1997-A Class 3-A, 8.293%, 12–15–26 .....	100	110
		<u>11,413</u>

<b>TOTAL UNITED STATES GOVERNMENT AGENCY OBLIGATIONS – 3.58%</b>		<b>\$ 12,450</b>
--	--	------------------

(Cost: \$11,992)

<b>UNITED STATES GOVERNMENT OBLIGATIONS</b>	<b>Principal</b>	<b>Value</b>
<b>Treasury Inflation Protected Obligations – 0.36%</b>		
United States Treasury Notes, 3.000%, 7–15–12 (D) .....	\$ 1,186	\$ 1,255
<b>Treasury Obligations – 16.56%</b>		
United States Treasury Bonds:		
7.500%, 11–15–16 .....	1,500	1,913
7.250%, 8–15–22 .....	4,000	5,253
6.250%, 8–15–23 .....	5,250	6,392
5.250%, 2–15–29 .....	1,150	1,292
United States Treasury Notes:		
4.000%, 3–15–10 .....	3,200	3,281
4.250%, 10–15–10 .....	10,000	10,466
3.875%, 2–15–13 .....	3,000	3,199
3.625%, 5–15–13 .....	3,000	3,174
4.250%, 8–15–13 .....	4,000	4,326
4.250%, 8–15–15 .....	17,000	18,233
		<u>57,529</u>

<b>TOTAL UNITED STATES GOVERNMENT OBLIGATIONS – 16.92%</b>		<b>\$ 58,784</b>
--	--	------------------

(Cost: \$54,136)

#### **SHORT-TERM SECURITIES**

##### **Commercial Paper – 0.10%**

Kraft Foods Inc., 0.290%, 7–10–09 .....	368	368
--	-----	-----

##### **Master Note – 0.01%**

Toyota Motor Credit Corporation, 0.197%, 7–1–09 (E) .....	25	25
--	----	----

<b>TOTAL SHORT-TERM SECURITIES – 0.11%</b>		<b>\$ 393</b>
--	--	---------------

(Cost: \$393)

<b>TOTAL INVESTMENT SECURITIES – 99.66%</b>		<b>\$346,281</b>
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(Cost: \$315,109)

<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.34%</b>		<b>1,177</b>
--	--	--------------

<b>NET ASSETS – 100.00%</b>		<b>\$347,458</b>
-----------------------------	--	------------------



## Notes to Schedule of Investments

\*Not shown due to rounding.

- (A) No dividends were paid during the preceding 12 months.
- (B) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be liquid under guidelines established by the Board of Trustees. At June 30, 2009, the total value of these securities amounted to \$6,901 or 1.99% of net assets.
- (C) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be illiquid under guidelines established by the Board of Trustees. At June 30, 2009, the total value of these securities amounted to \$1 or 0.00% of net assets.
- (D) The interest rate for this security is a stated rate, but the interest payments are determined by multiplying the inflation-adjusted principal by one half of the stated rate for each semiannual interest payment date.
- (E) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2009.

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts

CMO = Collateralized Mortgage Obligation

REMIC = Real Estate Mortgage Investment Conduit

For Federal income tax purposes, cost of investments owned at June 30, 2009 and the related unrealized appreciation (depreciation) were as follows:

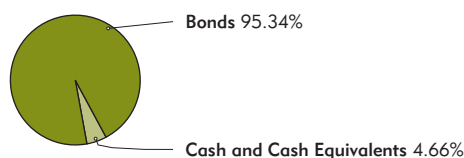
Cost	<u>\$315,102</u>
Gross unrealized appreciation	43,561
Gross unrealized depreciation	<u>(12,382)</u>
Net unrealized appreciation	\$ 31,179

# PORTFOLIO HIGHLIGHTS

## Bond

ALL DATA IS AS OF JUNE 30, 2009 (UNAUDITED)

### Asset Allocation

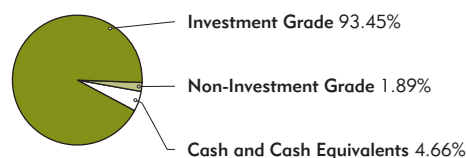


<b>Bonds</b>	<b>95.34%</b>
Corporate Debt Securities	49.24%
United States Government and Government Agency Obligations	44.86%
Other Government Securities	0.88%
Municipal Bonds – Taxable	0.36%
<b>Cash and Cash Equivalents</b>	<b>4.66%</b>

### Bond Portfolio Characteristics

Average maturity	5.0 years
Effective duration	3.8 years
Weighted average bond rating	AA

### Quality Weightings



<b>Investment Grade</b>	<b>93.45%</b>
AAA	56.30%
AA	6.31%
A	18.77%
BBB	12.07%
<b>Non-Investment Grade</b>	<b>1.89%</b>
BB	1.14%
B	0.10%
Below B	0.65%
<b>Cash and Cash Equivalents</b>	<b>4.66%</b>

Ratings reflected in the wheel are taken from the following sources in order of preference: Standard & Poor's, Moody's or management's internal ratings, where no other ratings are available.

# SCHEDULE OF INVESTMENTS

**Bond** (in thousands)

JUNE 30, 2009 (UNAUDITED)

CORPORATE DEBT SECURITIES	Principal	Value
<b>Aerospace &amp; Defense – 0.91%</b>		
United Technologies Corporation, 6.125%, 2–1–19 .....	\$3,000	\$ 3,319
<b>Air Freight &amp; Logistics – 0.44%</b>		
FedEx Corporation, 7.375%, 1–15–14 .....	1,500	1,621
<b>Banking – 3.80%</b>		
JPMorgan Chase & Co.: 4.650%, 6–1–14 .....	3,000	2,993
6.000%, 1–15–18 .....	3,000	2,980
Sovereign Bank (Federal Deposit Insurance Corporation), 2.750%, 1–17–12 (A) .....	5,000	5,067
U.S. BANCORP, 4.200%, 5–15–14 .....	3,000	3,035
		14,075
<b>Beverage / Bottling – 0.96%</b>		
Anheuser-Busch InBev Worldwide Inc., 5.375%, 11–15–14 (B) .....	3,500	3,533
<b>Biotechnology – 0.52%</b>		
Amgen Inc.: 6.150%, 6–1–18 .....	1,000	1,087
5.700%, 2–1–19 .....	800	844
		1,931
<b>Building Products – 0.65%</b>		
Hanson PLC, 7.875%, 9–27–10 .....	2,500	2,413
<b>Cable &amp; Satellite – 0.20%</b>		
EchoStar DBS Corporation, 6.375%, 10–1–11 .....	750	728
<b>Cable / Media – 0.79%</b>		
Comcast Cable Communications, Inc., 8.500%, 5–1–27 .....	1,250	1,304
Walt Disney Company (The), 4.700%, 12–1–12 .....	1,500	1,612
		2,916
<b>CMBS Other – 2.46%</b>		
COMM 2005-C6, 5.144%, 6–10–44 .....	6,000	5,534
J.P. Morgan Chase Commercial Mortgage Securities Corp., Commercial Mortgage Pass-Through Certificates, Series 2004-C1, 4.719%, 1–15–38 .....	2,000	1,737
Merrill Lynch Mortgage Trust 2005-CIP1, 4.949%, 7–12–38 (C) .....	2,000	1,809
		9,080
<b>Coal &amp; Consumable Fuels – 0.27%</b>		
Peabody Energy Corporation, 6.875%, 3–15–13 .....	1,000	990

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Computer Hardware – 1.68%</b>		
Hewlett-Packard Company: 6.500%, 7–1–12 .....	\$3,000	\$ 3,301
4.750%, 6–2–14 .....	500	522
International Business Machines Corporation, 7.625%, 10–15–18 .....	2,000	2,391
		6,214
<b>Conglomerate / Diversified Mfg – 0.75%</b>		
Honeywell International Inc., 5.000%, 2–15–19 .....	2,225	2,273
Westinghouse Electric Corporation, 8.875%, 6–14–14 .....	500	501
		2,774
<b>Consumer Finance – 0.97%</b>		
American Express Travel Related Services Co., Inc., 5.250%, 11–21–11 (D) .....	3,600	3,579
<b>Diversified Banks – 0.42%</b>		
Wells Fargo Financial, Inc., 5.500%, 8–1–12 .....	1,500	1,560
<b>Diversified Chemicals – 1.92%</b>		
E.I. du Pont de Nemours and Company: 5.000%, 1–15–13 .....	2,000	2,103
5.750%, 3–15–19 .....	4,725	4,987
		7,090
<b>Diversified Metals &amp; Mining – 1.02%</b>		
BHP Billiton Finance (USA) Limited: 5.000%, 12–15–10 .....	1,030	1,071
5.500%, 4–1–14 .....	2,500	2,683
		3,754
<b>Electric – 2.13%</b>		
HQI Transelec Chile S.A., 7.875%, 4–15–11 .....	750	781
NorthWestern Corporation, 6.340%, 4–1–19 (D) .....	3,000	3,148
PacifiCorp, 5.500%, 1–15–19 .....	1,000	1,057
Pepco Holdings, Inc., 4.000%, 5–15–10 .....	750	751
Southern Power Company, 6.250%, 7–15–12 .....	2,000	2,141
		7,878
<b>Electrical Components &amp; Equipment – 0.68%</b>		
Emerson Electric Co., 4.875%, 10–15–19 .....	2,500	2,501
<b>Finance – Other – 2.19%</b>		
CHYPS CBO 1997-1 Ltd., 6.720%, 1–15–10 (D) .....	146	—*
General Electric Capital Corporation: 1.259%, 4–10–12 (C) .....	2,000	1,869
5.250%, 10–19–12 .....	1,750	1,799
5.625%, 5–1–18 .....	2,000	1,893
Student Loan Marketing Association, 0.000%, 10–3–22 (E) .....	3,000	1,456
TIAA Global Markets, Inc., 5.125%, 10–10–12 (B) .....	1,000	1,046
		8,063

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Finance Companies – 0.14%</b>		
ISA Capital do Brasil S.A., 7.875%, 1–30–12 (B) .....	\$ 500	\$ 515
<b>Food Processors – 0.27%</b>		
Campbell Soup Company, 4.500%, 2–15–19 .....	1,000	983
<b>Gas – Local Distribution – 0.83%</b>		
AGL Capital Corporation, 7.125%, 1–14–11 .....	3,000	3,080
<b>Gas Pipe Lines – 1.61%</b>		
Maritimes & Northeast Pipeline, L.L.C., 7.500%, 5–31–14 (D) .....	4,000	3,993
Tennessee Gas Pipeline Company, 7.000%, 3–15–27 .....	2,000	1,908
		<u>5,901</u>
<b>Health Care Facilities – 0.10%</b>		
HCA – The Healthcare Company, 8.750%, 9–1–10 .....	381	382
<b>Household Appliances – 0.26%</b>		
Controladora Mabe, S.A. de C.V., 6.500%, 12–15–15 (D) .....	1,000	941
<b>Household Products – 1.54%</b>		
Procter & Gamble Company (The): 4.950%, 8–15–14 .....	3,000	3,213
8.000%, 9–1–24 .....	2,000	2,475
		<u>5,688</u>
<b>Hypermarkets &amp; Super Centers – 0.80%</b>		
Wal-Mart Stores, Inc., 3.000%, 2–3–14 .....	3,000	2,961
<b>Industrial Machinery – 0.85%</b>		
Illinois Tool Works Inc., 5.150%, 4–1–14 (B) .....	3,000	3,154
<b>Information / Data Technology – 0.29%</b>		
IBM International Group Capital LLC, 5.050%, 10–22–12 .....	1,000	1,071
<b>Integrated Telecommunication Services – 1.12%</b>		
AT&T Inc.: 4.950%, 1–15–13 .....	750	780
5.800%, 2–15–19 .....	1,500	1,523
AT&T Wireless Services, Inc., 7.875%, 3–1–11 .....	1,700	1,834
		<u>4,137</u>
<b>Investment Banking &amp; Brokerage – 1.12%</b>		
Morgan Stanley (Federal Deposit Insurance Corporation), 3.250%, 12–1–11 (A) .....	4,000	4,150

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Metals / Mining – 1.51%</b>		
Rio Tinto Finance (USA) Limited, 8.950%, 5–1–14 .....	\$5,000	\$ 5,558
<b>Multi-Utilities – 0.96%</b>		
Dominion Resources, Inc., 5.250%, 8–1–33 .....	2,500	2,452
Duke Energy Corporation, 6.250%, 1–15–12 .....	1,000	1,076
		<u>3,528</u>
<b>Oil &amp; Gas – 0.58%</b>		
Sunoco Logistics Partners Operations L.P., 8.750%, 2–15–14 .....	2,000	2,149
<b>Oil &amp; Gas Equipment &amp; Services – 0.78%</b>		
Halliburton Company: 6.150%, 9–15–19 .....	1,375	1,489
6.750%, 2–1–27 .....	1,400	1,401
		<u>2,890</u>
<b>Oilfield Machinery &amp; Service – 0.99%</b>		
Weatherford International, Inc., 5.950%, 6–15–12 .....	3,500	3,655
<b>Other Mortgage-Backed Securities – 0.64%</b>		
Banc of America Commercial Mortgage Inc., Commercial Mortgage Pass-Through Certificates, Series 2005–2, 4.783%, 7–10–43 (C) .....	2,500	2,354
<b>Other Non-Agency REMIC/CMO – 2.94%</b>		
Countrywide Home Loans Mortgage Pass-Through Trust 2005–28, 5.250%, 1–25–19 .....	2,520	1,624
Countrywide Home Loans Mortgage Trust 2005–J4, 5.500%, 11–25–35 .....	1,750	1,024
First Horizon Alternative Mortgage Securities Trust 2005–FA6, 5.500%, 9–25–35 .....	2,265	1,401
GSR Mortgage Loan Trust 2004–2F, 7.000%, 1–25–34 .....	769	719
MASTR Adjustable Rate Mortgages Trust 2005–1, 5.144%, 3–25–35 (C) .....	2,736	273
Structured Adjustable Rate Mortgage Loan Trust, Mortgage Pass-Through Certificates, Series 2004–1, 4.813%, 2–25–34 (C) .....	774	390
Structured Adjustable Rate Mortgage Loan Trust, Mortgage Pass-Through Certificates, Series 2004–12, 4.925%, 9–25–34 (C) .....	2,179	131
Structured Adjustable Rate Mortgage Loan Trust, Mortgage Pass-Through Certificates, Series 2004–18, 4.988%, 12–25–34 (C) .....	3,077	154

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Other Non-Agency REMIC/CMO (Continued)</b>		
Structured Adjustable Rate Mortgage Loan Trust, Mortgage Pass-Through Certificates, Series 2004-3AC, 4.328%, 3-25-34 (C) .....	\$ 1,287	\$ 409
Structured Adjustable Rate Mortgage Loan Trust, Mortgage Pass-Through Certificates, Series 2004-5, 4.058%, 5-25-34 (C) .....	1,461	132
Structured Adjustable Rate Mortgage Loan Trust, Mortgage Pass-Through Certificates, Series 2005-21, 5.668%, 11-25-35 (C) .....	1,231	31
Structured Adjustable Rate Mortgage Loan Trust, Series 2005-22, 5.526%, 12-25-35 (C) .....	1,269	51
Structured Adjustable Rate Mortgage Loan Trust, Series 2006-1, 5.949%, 2-25-36 (C) .....	753	5
Structured Asset Securities Corporation Trust 2005-16, 5.500%, 9-25-35 .....	3,000	2,072
Wells Fargo Mortgage Pass-Through Certificates, Series 2003-10, 4.500%, 9-25-18 .....	2,500	2,422
		<u>10,838</u>
<b>Paper / Forest Products – 0.07%</b>		
Westvaco Corporation, 7.500%, 6-15-27 .....	309	273
<b>Pharmaceuticals – 2.72%</b>		
Abbott Laboratories: 3.750%, 3-15-11 .....	2,000	2,068
5.600%, 5-15-11 .....	1,000	1,069
GlaxoSmithKline Capital Inc., 5.650%, 5-15-18 .....	2,500	2,647
Johnson & Johnson, 5.150%, 7-15-18 .....	2,000	2,131
Roche Holding Ltd, 5.000%, 3-1-14 (B) .....	2,000	2,093
		<u>10,008</u>
<b>Property &amp; Casualty Insurance – 2.13%</b>		
Berkshire Hathaway Finance Corporation: 4.000%, 4-15-12 (B) .....	3,000	3,101
4.750%, 5-15-12 .....	2,000	2,124
5.000%, 8-15-13 .....	2,500	2,624
		<u>7,849</u>
<b>Soft Drinks – 0.65%</b>		
Coca-Cola Company (The), 5.350%, 11-15-17 .....	2,250	2,403
<b>Telecommunications – 3.04%</b>		
British Telecommunications plc, 5.150%, 1-15-13 .....	3,500	3,489
Deutsche Telekom International Finance B.V., 4.875%, 7-8-14 .....	5,000	5,033
New York Telephone Company, 6.700%, 11-1-23 .....	750	680

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Telecommunications (Continued)</b>		
Pacific Bell, 7.250%, 11-1-27 .....	\$ 750	\$ 752
Telecom Italia Capital, 6.999%, 6-4-18 .....	1,250	1,264
		<u>11,218</u>
<b>Utilities – Water – 0.54%</b>		
California Water Service Company, 5.875%, 5-1-19 .....	2,000	1,978
<b>TOTAL CORPORATE DEBT SECURITIES – 49.24%</b>		<b>\$ 181,683</b>
(Cost: \$193,528)		
<b>MUNICIPAL BONDS – TAXABLE – 0.36%</b>		
<b>Massachusetts</b>		
Massachusetts Health and Educational Facilities Authority, Revenue Bonds, Harvard University Issue, Series C (2008), 5.260%, 10-1-18 .....	1,250	\$ 1,321
(Cost: \$1,250)		
<b>OTHER GOVERNMENT SECURITIES</b>		
<b>Brazil – 0.15%</b>		
Federative Republic of Brazil (The), 9.250%, 10-22-10 .....	500	548
<b>Canada – 0.46%</b>		
Province de Quebec, 7.140%, 2-27-26 .....	1,500	1,674
<b>Supranational – 0.27%</b>		
Inter-American Development Bank, 8.400%, 9-1-09 .....	1,000	1,012
<b>TOTAL OTHER GOVERNMENT SECURITIES – 0.88%</b>		<b>\$ 3,234</b>
(Cost: \$3,058)		
<b>UNITED STATES GOVERNMENT AGENCY OBLIGATIONS</b>		
<b>Agency Obligations – 6.89%</b>		
Federal Agricultural Mortgage Corporation Guaranteed Notes Trust 2006-1, 4.875%, 1-14-11 (B) .....	7,500	7,843
Federal Farm Credit Bank: 4.350%, 9-2-14 .....	4,400	4,684
5.200%, 11-28-16 .....	5,000	5,434
4.600%, 1-29-20 .....	2,500	2,428
Federal Home Loan Mortgage Corporation, 5.000%, 12-14-18 .....	2,554	2,425
Federal National Mortgage Association, 4.000%, 1-18-13 .....	2,500	2,602
		<u>25,416</u>
<b>Mortgage-Backed Obligations – 29.05%</b>		
Federal Home Loan Mortgage Corporation Adjustable Rate Participation Certificates, 5.468%, 12-1-36 (C) .....	1,762	1,846



SHORT-TERM SECURITIES	Principal	Value
<b>Commercial Paper – 3.17%</b>		
Clorox Co., 0.500%, 7–20–09 .....	\$2,000	\$ 1,999
General Mills, Inc., 0.400%, 7–15–09 .....	3,000	3,000
Praxair Inc., 0.170%, 7–2–09 .....	1,504	1,504
Straight-A Funding, LLC (Federal Financing Bank): 0.260%, 7–10–09 .....	2,000	2,000
0.260%, 7–24–09 .....	1,686	1,686
Unilever Capital Corporation, 0.100%, 7–9–09 .....	1,500	1,500
		<u>11,689</u>
<b>Master Note – 1.38%</b>		
Toyota Motor Credit Corporation, 0.197%, 7–1–09 (C) .....	5,089	5,089
<b>TOTAL SHORT-TERM SECURITIES – 4.55%</b>		<b>\$ 16,778</b>
(Cost: \$16,778)		
<b>TOTAL INVESTMENT SECURITIES – 99.89%</b>		<b>\$368,556</b>
(Cost: \$375,382)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.11%</b>		<b>415</b>
<b>NET ASSETS – 100.00%</b>		<b>\$368,971</b>

#### Notes to Schedule of Investments

\*Not shown due to rounding.

(A)Security is fully guaranteed by the Federal Deposit Insurance Corporation for both interest and principal under the Debt Guarantee Program of the Temporary Liquidity Guarantee Program.

(B)Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be liquid under guidelines established by the Board of Trustees. At June 30, 2009, the total value of these securities amounted to \$21,285 or 5.77% of net assets.

(C)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2009.

(D)Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be illiquid under guidelines established by the Board of Trustees. At June 30, 2009, the total value of these securities amounted to \$11,661 or 3.16% of net assets.

(E)Zero coupon bond.

(F)Amount shown in principal column represents notional amount for computation of interest.

The following acronyms are used throughout this schedule:

CMBS = Collateralized Mortgage-Backed Securities

CMO = Collateralized Mortgage Obligation

REMIC = Real Estate Mortgage Investment Conduit

STRIPS = Separate Trading of Registered Interest and Principal Securities

For Federal income tax purposes, cost of investments owned at June 30, 2009 and the related unrealized appreciation (depreciation) were as follows:

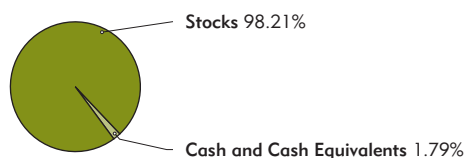
Cost	<u>\$375,345</u>
Gross unrealized appreciation	13,160
Gross unrealized depreciation	<u>(19,949)</u>
Net unrealized depreciation	\$ (6,789)

# PORTFOLIO HIGHLIGHTS

## Core Equity

ALL DATA IS AS OF JUNE 30, 2009 (UNAUDITED)

### Asset Allocation



Stocks	98.21%
Information Technology	21.23%
Financials	17.55%
Consumer Staples	14.91%
Energy	12.59%
Consumer Discretionary	10.56%
Health Care	7.54%
Industrials	7.34%
Materials	5.96%
Telecommunication Services	0.53%
Cash and Cash Equivalents	1.79%

### Top 10 Equity Holdings

Company	Sector
Hewlett-Packard Company	Information Technology
QUALCOMM Incorporated	Information Technology
Lorillard, Inc.	Consumer Staples
Union Pacific Corporation	Industrials
XTO Energy Inc.	Energy
Coca-Cola Company (The)	Consumer Staples
Amgen Inc.	Health Care
Weatherford International Ltd.	Energy
Bank of America Corporation	Financials
JPMorgan Chase & Co.	Financials

See your advisor for more information on the Portfolio's most recently published Top 10 Equity Holdings.



# SCHEDULE OF INVESTMENTS

## Core Equity *(in thousands)*

JUNE 30, 2009 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Advertising – 1.81%</b>		
Omnicom Group Inc. ....	214	\$ 6,742
<b>Aerospace &amp; Defense – 1.12%</b>		
Lockheed Martin Corporation .....	52	4,178
<b>Application Software – 2.75%</b>		
SAP Aktiengesellschaft, ADR .....	255	10,248
<b>Biotechnology – 3.04%</b>		
Amgen Inc. (A) .....	214	11,345
<b>Brewers – 2.67%</b>		
Molson Coors Brewing Company, Class B .....	235	9,952
<b>Communications Equipment – 7.05%</b>		
Juniper Networks, Inc. (A) .....	262	6,186
QUALCOMM Incorporated .....	323	14,594
Telefonaktiebolaget LM Ericsson, ADR .....	566	5,535
		26,315
<b>Computer Hardware – 6.59%</b>		
Apple Inc. (A) .....	62	8,816
Hewlett-Packard Company .....	408	15,754
		24,570
<b>Construction &amp; Farm Machinery &amp; Heavy Trucks – 0.79%</b>		
PACCAR Inc. ....	91	2,942
<b>Consumer Finance – 3.25%</b>		
American Express Company .....	125	2,914
Capital One Financial Corporation .....	420	9,191
		12,105
<b>Data Processing &amp; Outsourced Services – 0.25%</b>		
Visa Inc., Class A .....	15	928
<b>Department Stores – 4.38%</b>		
Kohl's Corporation (A) .....	119	5,066
Macy's Inc. ....	646	7,602
Nordstrom, Inc. ....	184	3,668
		16,336
<b>Diversified Banks – 2.80%</b>		
Wells Fargo & Company .....	431	10,454
<b>Diversified Chemicals – 1.03%</b>		
PPG Industries, Inc. ....	87	3,828
<b>Fertilizers &amp; Agricultural Chemicals – 0.86%</b>		
Monsanto Company .....	43	3,197
<b>General Merchandise Stores – 1.65%</b>		
Target Corporation .....	156	6,153
<b>Health Care Equipment – 3.43%</b>		
Baxter International Inc. ....	173	9,136
Stryker Corporation .....	91	3,624
		12,760

COMMON STOCKS (Continued)	Shares	Value
<b>Home Improvement Retail – 1.84%</b>		
Home Depot, Inc. (The) .....	291	\$ 6,865
<b>Hypermarkets &amp; Super Centers – 3.49%</b>		
Costco Wholesale Corporation .....	222	10,150
Wal-Mart Stores, Inc. ....	59	2,853
		13,003
<b>Industrial Gases – 4.07%</b>		
Air Products and Chemicals, Inc. ....	122	7,908
Praxair, Inc. ....	102	7,278
		15,186
<b>Industrial Machinery – 1.88%</b>		
Parker Hannifin Corporation .....	163	7,007
<b>Integrated Oil &amp; Gas – 2.56%</b>		
Exxon Mobil Corporation .....	56	3,948
Suncor Energy Inc. ....	185	5,601
		9,549
<b>Integrated Telecommunication Services – 0.53%</b>		
AT&T Inc. ....	80	1,995
<b>Internet Retail – 0.88%</b>		
Amazon.com, Inc. (A) .....	39	3,279
<b>Investment Banking &amp; Brokerage – 2.49%</b>		
Charles Schwab Corporation (The) .....	530	9,294
<b>Oil &amp; Gas Equipment &amp; Services – 5.03%</b>		
Schlumberger Limited .....	63	3,425
Smith International, Inc. ....	169	4,357
Weatherford International Ltd. (A) .....	562	10,983
		18,765
<b>Oil &amp; Gas Exploration &amp; Production – 5.00%</b>		
Noble Energy, Inc. ....	98	5,761
XTO Energy Inc. ....	338	12,896
		18,657
<b>Other Diversified Financial Services – 5.76%</b>		
Bank of America Corporation .....	816	10,777
JPMorgan Chase & Co. ....	314	10,693
		21,470
<b>Pharmaceuticals – 1.07%</b>		
Teva Pharmaceutical Industries Limited, ADR ..	81	4,006
<b>Railroads – 3.55%</b>		
Union Pacific Corporation .....	255	13,264
<b>Semiconductor Equipment – 2.13%</b>		
Applied Materials, Inc. ....	726	7,960
<b>Semiconductors – 2.46%</b>		
Microchip Technology Incorporated .....	407	9,171
<b>Soft Drinks – 3.20%</b>		
Coca-Cola Company (The) .....	249	11,945

<b>COMMON STOCKS (Continued)</b>	<b>Shares</b>	<b>Value</b>
<b>Specialized Finance – 3.25%</b>		
CME Group Inc. ....	27	\$ 8,338
IntercontinentalExchange, Inc. (A) ....	33	3,793
		<u>12,131</u>
<b>Tobacco – 5.55%</b>		
Lorillard, Inc. ....	210	14,239
Philip Morris International Inc. ....	148	6,464
		<u>20,703</u>
<b>TOTAL COMMON STOCKS – 98.21%</b>		<b>\$366,303</b>
(Cost: \$372,484)		

<b>SHORT-TERM SECURITIES</b>	<b>Principal</b>	
<b>Commercial Paper – 1.89%</b>		
Roché Holdings, Inc., 0.190%, 7–9–09 .....	\$5,000	5,000
Total Capital SA, 0.080%, 7–1–09 .....	2,021	2,021
		<u>7,021</u>
<b>Master Note – 0.06%</b>		
Toyota Motor Credit Corporation, 0.197%, 7–1–09 (B) .....	242	242
<b>TOTAL SHORT-TERM SECURITIES – 1.95%</b>		<b>\$ 7,263</b>
(Cost: \$7,263)		

<b>TOTAL INVESTMENT SECURITIES – 100.16%</b>	<b>\$373,566</b>
(Cost: \$379,747)	

<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.16%)</b>	<b>(592)</b>
<b>NET ASSETS – 100.00%</b>	<b>\$372,974</b>

#### 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, 2009.

The following acronym is used throughout this schedule:  
ADR = American Depositary Receipts

For Federal income tax purposes, cost of investments owned at June 30, 2009 and the related unrealized appreciation (depreciation) were as follows:

Cost	<u>\$380,455</u>
Gross unrealized appreciation	25,007
Gross unrealized depreciation	<u>(31,896)</u>
Net unrealized depreciation	<b>\$ (6,889)</b>

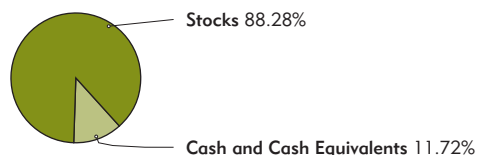
See Accompanying Notes to Financial Statements.

# PORTFOLIO HIGHLIGHTS

## Dividend Opportunities

ALL DATA IS AS OF JUNE 30, 2009 (UNAUDITED)

### Asset Allocation



Stocks	88.28%
Energy	19.36%
Consumer Staples	18.64%
Industrials	13.46%
Information Technology	11.35%
Financials	6.32%
Materials	6.18%
Health Care	5.55%
Consumer Discretionary	4.60%
Telecommunication Services	1.76%
Utilities	1.06%
Cash and Cash Equivalents	11.72%

### Top 10 Equity Holdings

Company	Sector
Colgate-Palmolive Company	Consumer Staples
Exxon Mobil Corporation	Energy
Abbott Laboratories	Health Care
Microchip Technology Incorporated	Information Technology
Philip Morris International Inc.	Consumer Staples
Lorillard, Inc.	Consumer Staples
Schlumberger Limited	Energy
Fluor Corporation	Industrials
QUALCOMM Incorporated	Information Technology
Deere & Company	Industrials

See your advisor for more information on the Portfolio's most recently published Top 10 Equity Holdings.

# SCHEDULE OF INVESTMENTS

## Dividend Opportunities *(in thousands)*

JUNE 30, 2009 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Aerospace &amp; Defense – 2.83%</b>		
Lockheed Martin Corporation	15	\$ 1,202
Raytheon Company	75	3,334
		<u>4,536</u>
<b>Asset Management &amp; Custody Banks – 0.74%</b>		
AllianceBernstein Holding L.P.	59	1,193
		<u>1,193</u>
<b>Brewers – 1.28%</b>		
Molson Coors Brewing Company, Class B	49	2,061
		<u>2,061</u>
<b>Communications Equipment – 4.62%</b>		
Consolidated Communications Holdings, Inc.	127	1,490
Nokia Corporation, Series A, ADR	144	2,098
QUALCOMM Incorporated	85	3,822
		<u>7,410</u>
<b>Computer Hardware – 1.48%</b>		
Hewlett-Packard Company	62	2,377
		<u>2,377</u>
<b>Construction &amp; Engineering – 2.42%</b>		
Fluor Corporation	76	3,886
		<u>3,886</u>
<b>Construction &amp; Farm Machinery &amp; Heavy Trucks – 2.34%</b>		
Deere & Company	94	3,752
		<u>3,752</u>
<b>Data Processing &amp; Outsourced Services – 0.71%</b>		
Visa Inc., Class A	18	1,133
		<u>1,133</u>
<b>Department Stores – 0.91%</b>		
Macy's Inc.	125	1,465
		<u>1,465</u>
<b>Distillers &amp; Vintners – 1.65%</b>		
Diageo plc, ADR	46	2,640
		<u>2,640</u>
<b>Diversified Banks – 0.86%</b>		
U.S. Bancorp	77	1,375
		<u>1,375</u>
<b>Diversified Metals &amp; Mining – 1.60%</b>		
Rio Tinto plc, ADR	16	2,565
		<u>2,565</u>
<b>Electrical Components &amp; Equipment – 1.45%</b>		
Emerson Electric Co.	72	2,330
		<u>2,330</u>
<b>Fertilizers &amp; Agricultural Chemicals – 1.93%</b>		
Monsanto Company	42	3,096
		<u>3,096</u>
<b>Health Care Equipment – 2.38%</b>		
Baxter International Inc.	12	641
Medtronic, Inc.	71	2,486
Stryker Corporation	17	691
		<u>3,818</u>
<b>Home Improvement Retail – 0.47%</b>		
Lowe's Companies, Inc.	39	755
		<u>755</u>

COMMON STOCKS (Continued)	Shares	Value
<b>Homebuilding – 0.83%</b>		
D.R. Horton, Inc.	142	\$ 1,326
		<u>1,326</u>
<b>Hotels, Resorts &amp; Cruise Lines – 0.66%</b>		
Starwood Hotels & Resorts Worldwide, Inc.	47	1,052
		<u>1,052</u>
<b>Household Products – 4.62%</b>		
Colgate-Palmolive Company	83	5,897
Procter & Gamble Company (The)	30	1,511
		<u>7,408</u>
<b>Hypermarkets &amp; Super Centers – 1.29%</b>		
Wal-Mart Stores, Inc.	43	2,073
		<u>2,073</u>
<b>Industrial Gases – 1.49%</b>		
Air Products and Chemicals, Inc.	37	2,388
		<u>2,388</u>
<b>Industrial Machinery – 1.04%</b>		
Illinois Tool Works Inc.	45	1,671
		<u>1,671</u>
<b>Integrated Oil &amp; Gas – 5.08%</b>		
BP p.l.c., ADR	49	2,343
Exxon Mobil Corporation	83	5,803
		<u>8,146</u>
<b>Integrated Telecommunication Services – 1.76%</b>		
AT&T Inc.	87	2,154
Iowa Telecommunications Services, Inc.	53	669
		<u>2,823</u>
<b>Multi-Utilities – 1.06%</b>		
Dominion Resources, Inc.	51	1,701
		<u>1,701</u>
<b>Oil &amp; Gas Equipment &amp; Services – 8.01%</b>		
Halliburton Company	121	2,505
National Oilwell Varco, Inc. (A)	64	2,075
Schlumberger Limited	89	4,800
Smith International, Inc.	57	1,460
Weatherford International Ltd. (A)	101	1,985
		<u>12,825</u>
<b>Oil &amp; Gas Exploration &amp; Production – 3.00%</b>		
Apache Corporation	37	2,649
XTO Energy Inc.	57	2,170
		<u>4,819</u>
<b>Oil &amp; Gas Storage &amp; Transportation – 3.27%</b>		
El Paso Pipeline Partners, L.P.	105	1,848
Enbridge Inc.	42	1,455
NuStar GP Holdings, LLC	84	1,942
		<u>5,245</u>
<b>Other Diversified Financial Services – 1.28%</b>		
JPMorgan Chase & Co.	60	2,045
		<u>2,045</u>
<b>Pharmaceuticals – 3.17%</b>		
Abbott Laboratories	108	5,090
		<u>5,090</u>
<b>Property &amp; Casualty Insurance – 1.83%</b>		
ACE Limited	34	1,513
Travelers Companies, Inc. (The)	35	1,426
		<u>2,939</u>

<b>COMMON STOCKS (Continued)</b>	<b>Shares</b>	<b>Value</b>
<b>Railroads – 3.38%</b>		
Burlington Northern Santa Fe Corporation . . . . .	26	\$ 1,933
Union Pacific Corporation . . . . .	67	3,487
		<u>5,420</u>
<b>Restaurants – 1.73%</b>		
McDonald's Corporation . . . . .	48	<u>2,784</u>
<b>Semiconductors – 3.04%</b>		
Microchip Technology Incorporated . . . . .	216	<u>4,881</u>
<b>Soft Drinks – 2.91%</b>		
Coca-Cola Company (The) . . . . .	34	1,622
PepsiCo, Inc. . . . .	55	3,047
		<u>4,669</u>
<b>Specialized Finance – 1.61%</b>		
CME Group Inc. . . . .	8	<u>2,589</u>
<b>Steel – 1.16%</b>		
Nucor Corporation . . . . .	42	<u>1,857</u>
<b>Systems Software – 1.50%</b>		
Microsoft Corporation . . . . .	101	<u>2,410</u>
<b>Tobacco – 6.89%</b>		
Altria Group, Inc. . . . .	82	1,341
Lorillard, Inc. . . . .	71	4,830
Philip Morris International Inc. . . . .	112	4,877
		<u>11,048</u>
<b>TOTAL COMMON STOCKS – 88.28%</b>		<b>\$ 141,601</b>
(Cost: \$152,764)		

<b>SHORT-TERM SECURITIES</b>	<b>Principal</b>	
<b>Commercial Paper – 10.52%</b>		
American Honda Finance Corp., 0.400%, 7–9–09 . . . . .	\$ 1,500	1,500
General Mills, Inc.: 0.400%, 7–9–09 . . . . .	4,500	4,499
0.450%, 7–10–09 . . . . .	2,000	2,000
Kraft Foods Inc., 0.350%, 7–16–09 . . . . .	2,320	2,320
McCormick & Co. Inc., 0.250%, 7–1–09 . . . . .	2,553	2,553
Total Capital SA, 0.080%, 7–1–09 . . . . .	1,500	1,500
Unilever Capital Corporation, 0.100%, 7–9–09 . . . . .	2,500	2,500
		<u>16,872</u>

<b>SHORT-TERM SECURITIES (Continued)</b>	<b>Principal</b>	<b>Value</b>
<b>Master Note – 0.80%</b>		
Toyota Motor Credit Corporation, 0.197%, 7–1–09 (B) . . . . .	\$ 1,280	\$ 1,280
<b>TOTAL SHORT-TERM SECURITIES – 11.32%</b>		<b>\$ 18,152</b>
(Cost: \$18,152)		
<b>TOTAL INVESTMENT SECURITIES – 99.60%</b>		<b>\$ 159,753</b>
(Cost: \$170,916)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.40%</b>		<b>638</b>
<b>NET ASSETS – 100.00%</b>		<b>\$ 160,391</b>

#### 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, 2009.

The following acronym is used throughout this schedule:

ADR = American Depositary Receipts

For Federal income tax purposes, cost of investments owned at June 30, 2009 and the related unrealized appreciation (depreciation) were as follows:

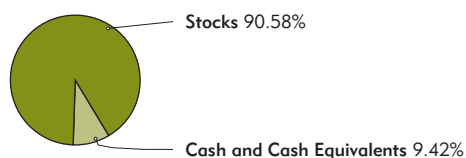
Cost	<u>\$ 170,950</u>
Gross unrealized appreciation	3,498
Gross unrealized depreciation	<u>(14,695)</u>
Net unrealized depreciation	\$ (11,197)

# PORTFOLIO HIGHLIGHTS

## Energy

ALL DATA IS AS OF JUNE 30, 2009 (UNAUDITED)

### Asset Allocation



<b>Stocks</b>	<b>90.58%</b>
Energy	78.37%
Industrials	7.15%
Utilities	3.23%
Information Technology	1.24%
Materials	0.59%
<b>Cash and Cash Equivalents</b>	<b>9.42%</b>

### Top 10 Equity Holdings

Company	Sector	Industry
Southwestern Energy Company	Energy	Oil & Gas Exploration & Production
Exxon Mobil Corporation	Energy	Integrated Oil & Gas
Schlumberger Limited	Energy	Oil & Gas Equipment & Services
National Oilwell Varco, Inc.	Energy	Oil & Gas Equipment & Services
Fluor Corporation	Industrials	Construction & Engineering
Occidental Petroleum Corporation	Energy	Integrated Oil & Gas
Weatherford International Ltd.	Energy	Oil & Gas Equipment & Services
Apache Corporation	Energy	Oil & Gas Exploration & Production
Helmerich & Payne, Inc.	Energy	Oil & Gas Drilling
Halliburton Company	Energy	Oil & Gas Equipment & Services

See your advisor for more information on the Portfolio's most recently published Top 10 Equity Holdings.

# SCHEDULE OF INVESTMENTS

**Energy** (in thousands)

JUNE 30, 2009 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Coal &amp; Consumable Fuels – 3.28%</b>		
Arch Coal, Inc. ....	8	\$ 126
Cameco Corporation ....	5	140
CONSOL Energy Inc. ....	5	155
Foundation Coal Holdings, Inc. ....	5	143
Peabody Energy Corporation ....	9	256
		<u>820</u>
<b>Construction &amp; Engineering – 4.15%</b>		
Fluor Corporation ....	15	754
Jacobs Engineering Group Inc. (A) ....	7	282
		<u>1,036</u>
<b>Construction &amp; Farm Machinery &amp; Heavy Trucks – 1.11%</b>		
Bucyrus International, Inc., Class A ....	10	278
		<u>278</u>
<b>Diversified Metals &amp; Mining – 0.59%</b>		
BHP Billiton Limited, ADR ....	3	148
		<u>148</u>
<b>Electric Utilities – 3.23%</b>		
Entergy Corporation ....	6	438
Exelon Corporation ....	7	369
		<u>807</u>
<b>Electrical Components &amp; Equipment – 1.89%</b>		
Energy Conversion Devices, Inc. (A) ....	5	74
First Solar, Inc. (A) ....	2	397
		<u>471</u>
<b>Integrated Oil &amp; Gas – 16.84%</b>		
BP p.l.c., ADR ....	11	527
ConocoPhillips ....	9	368
Exxon Mobil Corporation ....	13	909
Hess Corporation ....	7	384
Marathon Oil Corporation ....	9	261
Occidental Petroleum Corporation ....	11	737
Petroleo Brasileiro S.A. – Petrobras, ADR ....	14	590
Suncor Energy Inc. ....	14	431
		<u>4,207</u>
<b>Oil &amp; Gas Drilling – 6.29%</b>		
ENSCO International Incorporated ....	7	237
Helmerich & Payne, Inc. ....	20	604
Nabors Industries Ltd. (A) ....	24	372
Transocean Inc. (A) ....	5	359
		<u>1,572</u>
<b>Oil &amp; Gas Equipment &amp; Services – 22.89%</b>		
Baker Hughes Incorporated ....	7	264
BJ Services Company ....	25	337
Cameron International Corporation (A) ....	20	572
FMC Technologies, Inc. (A) ....	9	353
Halliburton Company ....	29	603
NATCO Group Inc., Class A (A) ....	9	301
National Oilwell Varco, Inc. (A) ....	26	852
Schlumberger Limited ....	16	875
Smith International, Inc. ....	15	385
Technip SA, ADR ....	3	167
Tenaris S.A., ADR ....	11	299
Weatherford International Ltd. (A) ....	36	709
		<u>5,717</u>
<b>Oil &amp; Gas Exploration &amp; Production – 23.82%</b>		
Anadarko Petroleum Corporation ....	7	338
Apache Corporation ....	9	638
Cabot Oil & Gas Corporation ....	4	123
CNOOC Limited, ADR ....	2	277

COMMON STOCKS (Continued)	Shares	Value
<b>Oil &amp; Gas Exploration &amp; Production (Continued)</b>		
Continental Resources, Inc. (A) ....	20	\$ 545
Devon Energy Corporation ....	9	474
EOG Resources, Inc. ....	8	520
Newfield Exploration Company (A) ....	15	503
Noble Energy, Inc. ....	10	575
Southwestern Energy Company (A) ....	30	1,155
Ultra Petroleum Corp. (A) ....	7	287
XTO Energy Inc. ....	14	517
		<u>5,952</u>
<b>Oil &amp; Gas Refining &amp; Marketing – 1.21%</b>		
Clean Energy Fuels Corp. (A) ....	17	148
Valero Energy Corporation ....	9	154
		<u>302</u>
<b>Oil &amp; Gas Storage &amp; Transportation – 4.04%</b>		
El Paso Corporation ....	30	278
El Paso Pipeline Partners, L.P. ....	16	280
Enbridge Inc. ....	13	450
		<u>1,008</u>
<b>Semiconductor Equipment – 1.24%</b>		
Applied Materials, Inc. ....	28	309
		<u>309</u>
<b>TOTAL COMMON STOCKS – 90.58%</b>		<b>\$22,627</b>
(Cost: \$28,736)		
<b>SHORT-TERM SECURITIES</b>	<b>Principal</b>	
<b>Master Note – 4.90%</b>		
Toyota Motor Credit Corporation, 0.197%, 7–1–09 (B) ....	\$ 1,223	1,223
<b>United States Government Agency Obligations – 4.94%</b>		
Federal Home Loan Mortgage Corporation, 0.020%, 7–1–09 ....	1,234	1,234
<b>TOTAL SHORT-TERM SECURITIES – 9.84%</b>		<b>\$ 2,457</b>
(Cost: \$2,457)		
<b>TOTAL INVESTMENT SECURITIES – 100.42%</b>		<b>\$25,084</b>
(Cost: \$31,193)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.42%)</b>		<b>(105)</b>
<b>NET ASSETS – 100.00%</b>		<b>\$24,979</b>
<b>Notes to Schedule of Investments</b>		
(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, 2009.		
The following acronym is used throughout this schedule: ADR = American Depositary Receipts		
For Federal income tax purposes, cost of investments owned at June 30, 2009 and the related unrealized appreciation (depreciation) were as follows:		
Cost		<u>\$31,197</u>
Gross unrealized appreciation		920
Gross unrealized depreciation		(7,033)
Net unrealized depreciation		<u>\$ (6,113)</u>

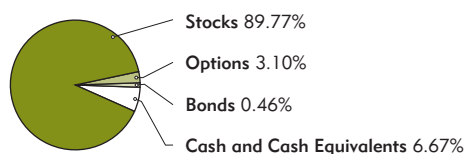
See Accompanying Notes to Financial Statements.

# PORTFOLIO HIGHLIGHTS

## Global Natural Resources

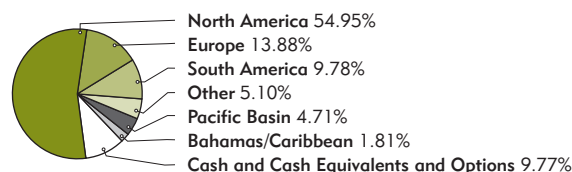
ALL DATA IS AS OF JUNE 30, 2009 (UNAUDITED)

### Asset Allocation



<b>Stocks</b>	<b>89.77%</b>
Energy	43.43%
Materials	28.54%
Industrials	9.63%
Utilities	5.30%
Information Technology	1.21%
Financials	0.96%
Consumer Staples	0.70%
<b>Options</b>	<b>3.10%</b>
<b>Bonds</b>	<b>0.46%</b>
Corporate Debt Securities	0.46%
<b>Cash and Cash Equivalents</b>	<b>6.67%</b>

### Country Weightings



<b>North America</b>	<b>54.95%</b>
United States	43.29%
Canada	11.66%
<b>Europe</b>	<b>13.88%</b>
Russia	5.09%
Other Europe <sup>(1)</sup>	8.79%
<b>South America</b>	<b>9.78%</b>
Brazil	9.13%
Other South America <sup>(2)</sup>	0.65%
<b>Other<sup>(3)</sup></b>	<b>5.10%</b>
<b>Pacific Basin<sup>(4)</sup></b>	<b>4.71%</b>
<b>Bahamas/Caribbean<sup>(5)</sup></b>	<b>1.81%</b>
<b>Cash and Cash Equivalents and Options</b>	<b>9.77%</b>

(1)Includes 0.13% Cyprus, 2.11% Denmark, 1.11% Germany, 0.79% Kazakhstan, 0.93% Norway, 1.21% Switzerland and 2.51% United Kingdom.

(2)Includes 0.23% Chile and 0.42% Peru.

(3)Includes 1.66% Israel, 1.36% Panama and 2.08% South Africa.

(4)Includes 2.83% China, 0.21% Hong Kong, 0.46% Indonesia, 0.38% Singapore and 0.83% Thailand.

(5)Includes 0.70% Bermuda and 1.11% Cayman Islands.

### Top 10 Equity Holdings

Company	Country	Sector	Industry
Potash Corporation of Saskatchewan Inc.	Canada	Materials	Fertilizers & Agricultural Chemicals
Petrohawk Energy Corporation	United States	Energy	Oil & Gas Exploration & Production
Open Joint Stock Company Gazprom, ADR	Russia	Energy	Integrated Oil & Gas
El Paso Corporation	United States	Energy	Oil & Gas Storage & Transportation
Cameron International Corporation	United States	Energy	Oil & Gas Equipment & Services
Transocean Inc.	United States	Energy	Oil & Gas Drilling
Randgold Resources Limited, ADR	United Kingdom	Materials	Gold
Yingli Green Energy Holding Company Limited, ADR	China	Industrials	Electrical Components & Equipment
Halliburton Company	United States	Energy	Oil & Gas Equipment & Services
Canadian Natural Resources Limited	Canada	Energy	Oil & Gas Exploration & Production

See your advisor for more information on the Portfolio's most recently published Top 10 Equity Holdings.



# SCHEDULE OF INVESTMENTS

## Global Natural Resources *(in thousands)*

JUNE 30, 2009 (UNAUDITED)

COMMON STOCKS AND RIGHTS	Shares	Value
<b>Bermuda – 0.70%</b>		
Bunge Limited	15	\$ 874
<b>Brazil – 5.43%</b>		
Companhia de Saneamento de Minas Gerais (A)	118	1,524
Companhia Energetica de Minas Gerais – CEMIG, ADR	90	1,210
Gerdau S.A.	66	691
Petroleo Brasileiro S.A. – Petrobras, ADR	15	500
Suzano Bahia Sul Papel E Celulose S.A. (A)(B)	268	2,049
Usinas Siderurgicas de Minas Gerais S.A. – USIMINAS (A)	22	463
Votorantim Celulose e Papel S.A., ADR (B)	35	375
		<u>6,812</u>
<b>Canada – 11.66%</b>		
Agrium Inc.	27	1,057
Anatolia Minerals Development Ltd. (A)(B)	54	131
Aquiline Resources Inc. (A)(B)	56	88
ARISE Technologies Corporation (A)(B)	105	34
Atacama Minerals Corp. (A)(B)(C)	120	48
Barrick Gold Corporation (A)	18	619
Cameco Corporation	10	261
Canadian Natural Resources Limited (A)	51	2,683
First Quantum Minerals Ltd. (A)	30	1,452
Kinross Gold Corporation	23	417
MGM Energy Corp. (A)(B)	331	46
Potash Corporation of Saskatchewan Inc.	69	6,420
Sino-Forest Corporation (A)(B)(D)	79	845
TriStar Oil & Gas Ltd. (A)(B)	56	529
		<u>14,630</u>
<b>Cayman Islands – 1.11%</b>		
China High Speed Transmission Equipment Group Co., Ltd. (A)	339	675
Subsea 7 Inc. (A)(B)	70	716
		<u>1,391</u>
<b>Chile – 0.23%</b>		
Sociedad Quimica y Minera de Chile S.A., ADR	8	290
<b>China – 2.43%</b>		
Yingli Green Energy Holding Company Limited, ADR (B)	225	3,049
<b>Cyprus – 0.13%</b>		
Buried Hill Energy (Cyprus) Public Company Limited (A)(B)(C)	70	168
<b>Denmark – 2.11%</b>		
Vestas Wind Systems A/S (A)(B)	37	2,652
<b>Germany – 1.11%</b>		
SGL Carbon SE (A)(B)	45	1,391
<b>Hong Kong – 0.21%</b>		
Guangdong Investment Limited (A)	536	264

COMMON STOCKS AND RIGHTS (Continued)	Shares	Value
<b>Indonesia – 0.46%</b>		
PT Tambang Batubara Bukit Asam (Persero) Tbk (A)	505	\$ 573
<b>Israel – 1.66%</b>		
Israel Chemicals Ltd. (A)	210	2,085
<b>Kazakhstan – 0.79%</b>		
Joint Stock Company KazMunaiGas Exploration Production, GDR (A)	52	988
<b>Norway – 0.93%</b>		
Renewable Energy Corporation ASA (A)(B)	130	1,009
Renewable Energy Corporation ASA, Rights (A)(B)	45	160
		<u>1,169</u>
<b>Panama – 1.36%</b>		
McDermott International, Inc. (B)	84	1,708
<b>Peru – 0.42%</b>		
Compania de Minas Buenaventura S.A.A., ADR	22	529
<b>Russia – 5.09%</b>		
Open Joint Stock Company Gazprom, ADR (A)	240	4,860
Uralkali Group, GDR (A)	95	1,530
		<u>6,390</u>
<b>Singapore – 0.38%</b>		
Straits Asia Resources Limited (A)	400	483
<b>South Africa – 2.08%</b>		
Gold Fields Limited, ADR	127	1,530
Impala Platinum Holdings Limited (A)	49	1,083
		<u>2,613</u>
<b>Switzerland – 1.21%</b>		
Noble Corporation	50	1,513
<b>Thailand – 0.83%</b>		
Banpu Public Company Limited (A)	81	793
Banpu Public Company Limited, Registered Shares (A)	25	246
		<u>1,039</u>
<b>United Kingdom – 2.51%</b>		
Randgold Resources Limited, ADR	49	3,144
<b>United States – 43.01%</b>		
Allegheny Technologies Incorporated	36	1,257
Alpha Natural Resources, Inc. (B)	60	1,576
Ball Corporation	30	1,355
Bristow Group Inc. (B)	1	18
Cameron International Corporation (B)	142	4,018
Celanese Corporation, Series A	35	831
Chesapeake Energy Corporation	135	2,677
Comstock Resources, Inc. (B)	15	496
CONSOL Energy Inc.	37	1,240
Copano Energy, L.L.C.	28	449
Crown Holdings, Inc. (B)	67	1,617

COMMON STOCKS AND RIGHTS (Continued)	Shares	Value
<b>United States (Continued)</b>		
Dril-Quip, Inc. (B) . . . . .	22	\$ 838
El Paso Corporation . . . . .	505	4,662
Energy Recovery, Inc. (B) . . . . .	28	198
Energy Transfer Partners, L.P. . . . .	45	1,822
FMC Corporation . . . . .	21	993
Foster Wheeler Ltd. (B) . . . . .	43	1,021
GrafTech International Ltd. (B) . . . . .	120	1,357
Halliburton Company (E) . . . . .	140	2,898
Hess Corporation . . . . .	6	323
MarkWest Energy Partners, L.P. . . . .	14	255
National Oilwell Varco, Inc. (B) . . . . .	75	2,450
Oceanenergy International, Inc. (B) . . . . .	27	1,220
Owens-Illinois, Inc. (B) . . . . .	90	2,521
Peabody Energy Corporation . . . . .	64	1,930
Petrohawk Energy Corporation (B) . . . . .	233	5,185
Questar Corporation . . . . .	51	1,587
Regency Energy Partners LP . . . . .	45	655
Rockwood Holdings, Inc. (B) . . . . .	65	952
SandRidge Energy, Inc. (B) . . . . .	50	426
Smith International, Inc. . . . .	15	386
Superior Energy Services, Inc. (B) . . . . .	81	1,406
Targa Resources Partners LP . . . . .	21	291
Transocean Inc. (B) . . . . .	50	3,677
Williams Companies, Inc. (The) . . . . .	90	1,405

53,992

**TOTAL COMMON STOCKS AND RIGHTS – 85.85%** **\$ 107,747**

(Cost: \$116,891)

#### PREFERRED STOCKS

<b>Brazil – 3.64%</b>		
Bradespar S.A. (A) . . . . .	94	1,218
CESP – Companhia Energetica de Sao Paulo (A) . . . . .	112	1,111
Companhia Energetica de Minas Gerais – CEMIG (A) . . . . .	60	805
Usinas Siderurgicas de Minas Gerais S.A. – USIMINAS (A) . . . . .	68	1,444
		4,578
<b>United States – 0.28%</b>		
Konarka Technologies, Inc., 8.0% Cumulative (B)(C) . . . . .	68	348

**TOTAL PREFERRED STOCKS – 3.92%** **\$ 4,926**

(Cost: \$3,483)

CALL OPTIONS – 3.10%	Number of Contracts	Value
Chesapeake Energy Corporation:		
Oct \$12.50, Expires 10–19–09 . . . . .	1	\$ 518
Oct \$16.00, Expires 10–19–09 . . . . .	—*	192
Chevron Corporation:		
Sep \$45.00, Expires 9–21–09 . . . . .	1	1,266
Sep \$50.00, Expires 9–21–09 . . . . .	—*	495
El Paso Corporation,		
Oct \$7.00, Expires 10–19–09 . . . . .	2	510
Exxon Mobil Corporation,		
Oct \$55.00, Expires 10–19–09 . . . . .	—*	278
Occidental Petroleum Corporation,		
Nov \$45.00, Expires 11–23–09 . . . . .	—*	633
(Cost: \$4,585)		<b>\$ 3,892</b>

CORPORATE DEBT SECURITIES	Principal
<b>Brazil – 0.06%</b>	
Bahia Sul Celulose S.A., 8.614%, 12–1–12 (D)(F)(G) . . . . .	BRL180 76

<b>China – 0.40%</b>	
Yingli Green Energy Holding Company Limited, Convertible, 0.000%, 12–15–12 (H) . . . . .	\$ 516 498

**TOTAL CORPORATE DEBT SECURITIES – 0.46%** **\$ 574**

(Cost: \$385)

#### SHORT-TERM SECURITIES

<b>Master Note – 4.11%</b>		
Toyota Motor Credit Corporation, 0.197%, 7–1–09 (F) . . . . .	5,164	5,164

<b>Treasury Bills – 0.80%</b>		
United States Treasury Bills, 0.135%, 7–30–09 (E) . . . . .	1,000	1,000

<b>United States Government Agency Obligations – 0.82%</b>		
Federal Home Loan Mortgage Corporation, 0.020%, 7–1–09 . . . . .	1,027	1,027

**TOTAL SHORT-TERM SECURITIES – 5.73%** **\$ 7,191**

(Cost: \$7,191)

**TOTAL INVESTMENT SECURITIES – 99.06%** **\$ 124,330**

(Cost: \$132,535)

**CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.94%** **1,175**

**NET ASSETS – 100.00%** **\$ 125,505**

## Notes to Schedule of Investments

The following forward foreign currency contracts were outstanding at June 30, 2009:

Type	Currency	Principal Amount of Contract (Denominated in Indicated Currency)	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
Sell	Euro	100	8-6-09	\$3	\$—
Sell	Euro	150	9-25-09	—*	—
Sell	South African Rand	370	7-29-09	—	4
Sell	South African Rand	2,000	8-12-09	—	24
Sell	South African Rand	1,800	9-2-09	—	15
				<u>\$3</u>	<u>\$43</u>

\*Not shown due to rounding.

(A) Listed on an exchange outside the United States.

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

(C) Illiquid restricted securities. At June 30, 2009, the following restricted securities were owned:

Security	Acquisition Date	Shares	Cost	Market Value
Atacama Minerals Corp.	8-19-08	120	\$113	\$48
Buried Hill Energy (Cyprus) Public Company Limited	5-1-07 to 4-17-08	70	118	168
Konarka Technologies, Inc., 8.0% Cumulative	8-31-07	68	211	348
			<u>\$442</u>	<u>\$564</u>

The total value of these securities represented approximately 0.45% of net assets at June 30, 2009.

(D) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be illiquid under guidelines established by the Board of Trustees. At June 30, 2009, the total value of these securities amounted to \$921 or 0.73% of net assets.

(E) Securities serve as collateral for the following open futures contracts at June 30, 2009:

Description	Type	Expiration Date	Number of Contracts	Market Value	Unrealized Appreciation
S&P 500 Emini	Short	9-19-09	—*	<u>\$(13,733)</u>	<u>\$134</u>

(F) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2009.

(G) Principal amounts are denominated in the indicated foreign currency, where applicable (BRL – Brazilian Real).

(H) Zero coupon bond.

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts

GDR = Global Depositary Receipts

### Market Sector Diversification

(as a % of net assets)

Energy	43.43%
Materials	28.60%
Industrials	10.03%
Utilities	5.30%
Information Technology	1.21%
Financials	0.96%
Consumer Staples	0.70%
Other+	9.77%

+ Includes options, cash and cash equivalents and other assets and liabilities

For Federal income tax purposes, cost of investments owned at June 30, 2009 and the related unrealized appreciation (depreciation) were as follows:

Cost	<u>\$ 141,086</u>
Gross unrealized appreciation	7,796
Gross unrealized depreciation	<u>(24,552)</u>
Net unrealized depreciation	\$ (16,756)

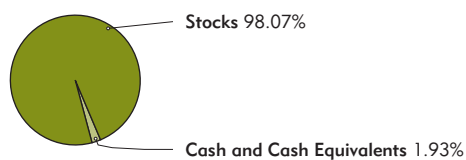
See Accompanying Notes to Financial Statements.

# PORTFOLIO HIGHLIGHTS

## Growth

ALL DATA IS AS OF JUNE 30, 2009 (UNAUDITED)

### Asset Allocation



Stocks	98.07%
Information Technology	31.81%
Consumer Discretionary	15.20%
Health Care	14.18%
Consumer Staples	11.96%
Financials	7.48%
Industrials	6.44%
Energy	5.80%
Materials	5.20%
Cash and Cash Equivalents	1.93%

### Top 10 Equity Holdings

Company	Sector
Apple Inc.	Information Technology
Colgate-Palmolive Company	Consumer Staples
QUALCOMM Incorporated	Information Technology
Google Inc., Class A	Information Technology
Hewlett-Packard Company	Information Technology
Gilead Sciences, Inc.	Health Care
Wal-Mart Stores, Inc.	Consumer Staples
Abbott Laboratories	Health Care
Microchip Technology Incorporated	Information Technology
McDonald's Corporation	Consumer Discretionary

See your advisor for more information on the Portfolio's most recently published Top 10 Equity Holdings.

# SCHEDULE OF INVESTMENTS

**Growth** (in thousands)

JUNE 30, 2009 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Aerospace &amp; Defense – 4.51%</b>		
Lockheed Martin Corporation	287	\$ 23,115
Raytheon Company	135	5,989
United Technologies Corporation	118	6,105
		<u>35,209</u>
<b>Asset Management &amp; Custody Banks – 1.84%</b>		
BlackRock, Inc., Class A	38	6,596
T. Rowe Price Group, Inc.	187	7,800
		<u>14,396</u>
<b>Automotive Retail – 1.63%</b>		
AutoZone, Inc. (A)	44	6,649
O'Reilly Automotive, Inc. (A)	161	6,112
		<u>12,761</u>
<b>Biotechnology – 5.11%</b>		
Genzyme Corporation (A)	70	3,914
Gilead Sciences, Inc. (A)	769	36,034
		<u>39,948</u>
<b>Casinos &amp; Gaming – 0.26%</b>		
Wynn Resorts, Limited (A)	57	1,994
		<u></u>
<b>Communications Equipment – 9.36%</b>		
Cisco Systems, Inc. (A)	1,007	18,772
QUALCOMM Incorporated	867	39,189
Research In Motion Limited (A)	214	15,190
		<u>73,151</u>
<b>Computer Hardware – 10.08%</b>		
Apple Inc. (A)	299	42,586
Hewlett-Packard Company	937	36,223
		<u>78,809</u>
<b>Construction &amp; Farm Machinery &amp; Heavy Trucks – 0.88%</b>		
Deere & Company	172	6,875
		<u></u>
<b>Data Processing &amp; Outsourced Services – 3.65%</b>		
MasterCard Incorporated, Class A	41	6,776
Visa Inc., Class A	349	21,754
		<u>28,530</u>
<b>Department Stores – 2.60%</b>		
Kohl's Corporation (A)	474	20,281
		<u></u>
<b>Electrical Components &amp; Equipment – 0.62%</b>		
Emerson Electric Co.	150	4,854
		<u></u>
<b>Environmental &amp; Facilities Services – 0.43%</b>		
Stericycle, Inc. (A)	65	3,349
		<u></u>
<b>Fertilizers &amp; Agricultural Chemicals – 2.33%</b>		
Monsanto Company	244	18,132
		<u></u>
<b>General Merchandise Stores – 1.85%</b>		
Target Corporation	366	14,446
		<u></u>

COMMON STOCKS (Continued)	Shares	Value
<b>Health Care Equipment – 3.68%</b>		
Baxter International Inc.	422	\$ 22,329
Medtronic, Inc.	115	4,012
Stryker Corporation	60	2,384
		<u>28,725</u>
<b>Health Care Supplies – 0.56%</b>		
DENTSPLY International Inc.	143	4,349
		<u></u>
<b>Home Entertainment Software – 0.57%</b>		
Activision Blizzard, Inc. (A)	350	4,421
		<u></u>
<b>Home Improvement Retail – 4.03%</b>		
Home Depot, Inc. (The)	831	19,627
Lowe's Companies, Inc.	610	11,830
		<u>31,457</u>
<b>Household Products – 5.07%</b>		
Colgate-Palmolive Company	560	39,614
		<u></u>
<b>Hypermarkets &amp; Super Centers – 5.14%</b>		
Costco Wholesale Corporation	212	9,679
Wal-Mart Stores, Inc.	629	30,455
		<u>40,134</u>
<b>Industrial Gases – 1.92%</b>		
Praxair, Inc.	211	15,017
		<u></u>
<b>Internet Software &amp; Services – 4.65%</b>		
Google Inc., Class A (A)	86	36,324
		<u></u>
<b>Investment Banking &amp; Brokerage – 0.48%</b>		
Charles Schwab Corporation (The)	215	3,762
		<u></u>
<b>Life Sciences Tools &amp; Services – 1.06%</b>		
Thermo Fisher Scientific Inc. (A)	202	8,252
		<u></u>
<b>Oil &amp; Gas Equipment &amp; Services – 5.80%</b>		
National Oilwell Varco, Inc. (A)	194	6,346
Schlumberger Limited	434	23,499
Smith International, Inc.	145	3,729
Weatherford International Ltd. (A)	600	11,736
		<u>45,310</u>
<b>Other Diversified Financial Services – 2.96%</b>		
JPMorgan Chase & Co.	676	23,070
		<u></u>
<b>Pharmaceuticals – 3.77%</b>		
Abbott Laboratories	627	29,489
		<u></u>
<b>Restaurants – 4.83%</b>		
McDonald's Corporation	434	24,974
YUM! Brands, Inc.	386	12,859
		<u>37,833</u>
<b>Semiconductors – 3.50%</b>		
Microchip Technology Incorporated	1,211	27,308
		<u></u>

<b>COMMON STOCKS (Continued)</b>	<b>Shares</b>	<b>Value</b>
<b>Soft Drinks – 1.75%</b>		
Coca-Cola Company (The) .....	285	\$ 13,672
<b>Specialized Finance – 2.20%</b>		
CME Group Inc. ....	55	17,204
<b>Specialty Chemicals – 0.95%</b>		
Ecolab Inc. ....	191	7,447
<b>TOTAL COMMON STOCKS – 98.07%</b>		<b>\$766,123</b>
(Cost: \$741,480)		

<b>SHORT-TERM SECURITIES</b>	<b>Principal</b>	
<b>Commercial Paper – 1.79%</b>		
American Honda Finance Corp., 0.300%, 7–21–09 .....	\$4,000	3,999
General Mills, Inc., 0.400%, 7–9–09 .....	3,500	3,500
Straight-A Funding, LLC (Federal Financing Bank), 0.260%, 7–24–09 .....	1,486	1,486
Total Capital SA, 0.080%, 7–1–09 .....	5,000	5,000
		13,985
<b>Master Note – 0.10%</b>		
Toyota Motor Credit Corporation, 0.197%, 7–1–09 (B) .....	819	819
<b>TOTAL SHORT-TERM SECURITIES – 1.89%</b>		<b>\$ 14,804</b>
(Cost: \$14,804)		

<b>TOTAL INVESTMENT SECURITIES – 99.96%</b>	<b>\$780,927</b>
(Cost: \$756,284)	

<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.04%</b>	<b>344</b>
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<b>NET ASSETS – 100.00%</b>	<b>\$781,271</b>
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#### 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, 2009.

For Federal income tax purposes, cost of investments owned at June 30, 2009 and the related unrealized appreciation (depreciation) were as follows:

Cost	\$757,492
Gross unrealized appreciation	88,978
Gross unrealized depreciation	(65,543)
Net unrealized appreciation	\$ 23,435

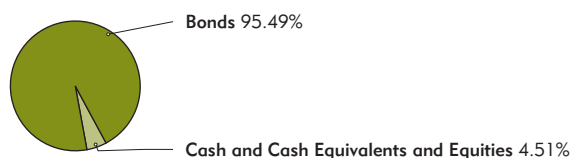
See Accompanying Notes to Financial Statements.

# PORTFOLIO HIGHLIGHTS

## High Income

ALL DATA IS AS OF JUNE 30, 2009 (UNAUDITED)

### Asset Allocation

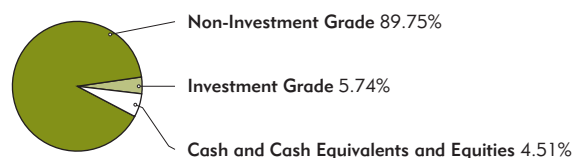


<b>Bonds</b>	<b>95.49%</b>
Corporate Debt Securities	90.15%
Senior Loans	5.34%
<b>Cash and Cash Equivalents and Equities</b>	<b>4.51%</b>

### Bond Portfolio Characteristics

Average maturity	5.4 years
Effective duration	3.6 years
Weighted average bond rating	B+

### Quality Weightings



<b>Investment Grade</b>	<b>5.74%</b>
A	0.65%
BBB	5.09%
<b>Non-Investment Grade</b>	<b>89.75%</b>
BB	22.05%
B	42.65%
Below B	25.05%
<b>Cash and Cash Equivalents and Equities</b>	<b>4.51%</b>

Ratings reflected in the wheel are taken from the following sources in order of preference: Standard & Poor's, Moody's or management's internal ratings, where no other ratings are available.

# SCHEDULE OF INVESTMENTS

## High Income *(in thousands)*

JUNE 30, 2009 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Broadcasting – 0.00%</b>		
Citadel Broadcasting Corporation (A) .....	15	\$ 1
<b>Casinos &amp; Gaming – 0.06%</b>		
Pinnacle Entertainment, Inc. (A) .....	13	115
<b>Movies &amp; Entertainment – 0.06%</b>		
RHI Entertainment, Inc. (A) .....	35	112
<b>Oil &amp; Gas Storage &amp; Transportation – 0.13%</b>		
Inergy, L.P. ....	10	255
<b>Wireless Telecommunication Service – 0.04%</b>		
NII Holdings, Inc. (A) .....	4	67
<b>TOTAL COMMON STOCKS – 0.29%</b>		<b>\$ 550</b>
(Cost: \$1,538)		

CORPORATE DEBT SECURITIES	Principal	Value
<b>Aerospace – 0.39%</b>		
Esterline Technologies Corporation, 7.750%, 6–15–13 .....	\$ 750	728
<b>Apparel, Accessories &amp; Luxury Goods – 0.80%</b>		
Oxford Industries, Inc., 11.375%, 7–15–15 (B) .....	700	693
Perry Ellis International, Inc., 8.875%, 9–15–13 .....	1,000	815
		1,508
<b>Automobile Manufacturers – 0.73%</b>		
UCI Holdco, Inc., 8.624%, 12–15–13 (C) .....	2,635	562
United Auto Group, Inc., 7.750%, 12–15–16 .....	1,000	808
		1,370
<b>Automotive Retail – 1.13%</b>		
Group 1 Automotive, Inc., 8.250%, 8–15–13 .....	2,500	2,113
<b>Building Products – 1.91%</b>		
CPG International I Inc., 10.500%, 7–1–13 .....	2,000	1,120
Norcraft Companies, L.P. and Norcraft Finance Corp., 9.750%, 9–1–12 .....	1,600	1,496
Ply Gem Industries, Inc., 11.750%, 6–15–13 .....	1,500	968
		3,584
<b>Cable &amp; Satellite – 2.59%</b>		
Cablevision Systems Corporation, 8.000%, 4–15–12 .....	665	658
CSC Holdings, Inc.: 8.500%, 6–15–15 (B) .....	600	590
8.625%, 2–15–19 (B) .....	250	243

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Cable &amp; Satellite (Continued)</b>		
DirecTV Holdings LLC and DirecTV Financing Co., 7.625%, 5–15–16 .....	\$2,000	\$ 1,944
EchoStar DBS Corporation, 7.750%, 5–31–15 .....	1,500	1,429
		4,864
<b>Capital Goods – 0.79%</b>		
RBS Global, Inc. and Rexnord LLC: 9.500%, 8–1–14 .....	1,025	876
9.500%, 8–1–14 (B) .....	286	245
11.750%, 8–1–16 .....	500	369
		1,490
<b>Casinos &amp; Gaming – 5.28%</b>		
Ameristar Casinos, Inc., 9.250%, 6–1–14 (B) .....	2,750	2,804
Inn of the Mountain Gods Resort and Casino, 12.000%, 11–15–10 (D) .....	1,750	700
MGM MIRAGE: 8.500%, 9–15–10 .....	2,600	2,359
10.375%, 5–15–14 (B) .....	325	337
7.625%, 1–15–17 .....	500	324
11.125%, 11–15–17 (B) .....	650	689
Pinnacle Entertainment, Inc.: 8.250%, 3–15–12 .....	1,996	1,986
8.750%, 10–1–13 .....	500	503
7.500%, 6–15–15 .....	250	214
		9,916
<b>Chemicals – 0.22%</b>		
Nalco Company, 7.750%, 11–15–11 .....	414	414
<b>Consumer Finance – 3.43%</b>		
ASG Consolidated LLC and ASG Finance, Inc., 11.500%, 11–1–11 .....	3,325	3,042
Ford Motor Credit Company: 9.750%, 9–15–10 .....	1,000	958
9.875%, 8–10–11 .....	1,000	925
3.889%, 1–13–12 (C) .....	350	271
8.000%, 12–15–16 .....	1,000	765
Ford Motor Credit Company LLC, 12.000%, 5–15–15 .....	500	468
		6,429
<b>Consumer Products – 1.74%</b>		
Visant Holding Corp., 8.750%, 12–1–13 .....	3,325	3,267
<b>Containers – 1.24%</b>		
Graham Packaging Company, L.P. and GPC Capital Corp. I: 8.500%, 10–15–12 .....	750	724
9.875%, 10–15–14 .....	1,000	930
Huntsman International LLC, 7.375%, 1–1–15 .....	850	667
		2,321



CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Diversified Metals &amp; Mining – 0.94%</b>		
Freeport-McMoRan Copper & Gold Inc.:		
4.995%, 4–1–15 (C) .....	\$1,000	\$ 936
8.250%, 4–1–15 .....	825	833
		<u>1,769</u>
<b>Diversified Support Services – 0.93%</b>		
Iron Mountain Incorporated,		
8.625%, 4–1–13 .....	1,750	<u>1,746</u>
<b>Diversified Telecom – 0.78%</b>		
Qwest Corporation:		
8.875%, 3–15–12 .....	500	504
8.375%, 5–1–16 (B) .....	1,000	965
		<u>1,469</u>
<b>Electronic Manufacturing Services – 0.97%</b>		
Tyco Electronics Ltd.,		
6.550%, 10–1–17 .....	2,000	<u>1,816</u>
<b>Environmental &amp; Facilities Services – 0.80%</b>		
Allied Waste North America, Inc.:		
7.125%, 5–15–16 .....	1,000	1,005
6.875%, 6–1–17 .....	500	495
		<u>1,500</u>
<b>Fertilizers &amp; Agricultural Chemicals – 0.81%</b>		
Mosaic Company (The):		
7.375%, 12–1–14 (B) .....	500	515
7.625%, 12–1–16 (B) .....	1,000	1,014
		<u>1,529</u>
<b>General Merchandise Stores – 2.59%</b>		
Dollar General Corporation:		
10.625%, 7–15–15 .....	3,750	4,050
11.875%, 7–15–17 .....	750	810
		<u>4,860</u>
<b>Health Care Equipment – 1.11%</b>		
Biomet, Inc.:		
10.000%, 10–15–17 .....	750	763
10.375%, 10–15–17 .....	500	484
11.625%, 10–15–17 .....	850	833
		<u>2,080</u>
<b>Health Care Facilities – 4.49%</b>		
HCA Inc.:		
6.750%, 7–15–13 .....	2,500	2,200
9.875%, 2–15–17 (B) .....	300	303
8.500%, 4–15–19 (B) .....	1,000	980
HealthSouth Corporation:		
7.218%, 6–15–14 (C) .....	3,500	3,194
10.750%, 6–15–16 .....	1,750	1,759
		<u>8,436</u>
<b>Health Care Facilities / Supplies – 5.47%</b>		
Apria Healthcare Group Inc.,		
11.250%, 11–1–14 (B) .....	950	917
Bio-Rad Laboratories, Inc.,		
8.000%, 9–15–16 (B) .....	500	495
ReAble Therapeutics Finance LLC and ReAble		
Therapeutics Finance Corporation:		
10.875%, 11–15–14 .....	1,000	875
11.750%, 11–15–14 .....	1,500	1,088

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Health Care Facilities / Supplies (Continued)</b>		
Rural/Metro Corporation,		
0.000%, 3–15–16 (E) .....	\$1,415	\$ 1,005
United Surgical Partners International, Inc.,		
8.875%, 5–1–17 .....	2,000	1,820
US Oncology Holdings, Inc.,		
9.125%, 8–15–17 (B) .....	1,950	1,934
US Oncology, Inc.,		
10.750%, 8–15–14 .....	2,150	2,128
		<u>10,262</u>
<b>Hotels, Resorts &amp; Cruise Lines – 2.06%</b>		
Gaylord Entertainment Company:		
8.000%, 11–15–13 .....	1,000	853
6.750%, 11–15–14 .....	2,300	1,719
Starwood Hotels & Resorts Worldwide, Inc.,		
6.750%, 5–15–18 .....	1,500	1,286
		<u>3,858</u>
<b>Household Products – 0.59%</b>		
Simmons Bedding Company,		
7.875%, 1–15–14 (D) .....	1,225	680
Simmons Company,		
0.000%, 12–15–14 (E) .....	3,000	420
		<u>1,100</u>
<b>Industrial – Other – 0.79%</b>		
TEGSA,		
6.000%, 10–1–12 .....	750	737
Tyco Electronics Group S.A.,		
5.950%, 1–15–14 .....	800	747
		<u>1,484</u>
<b>IT Consulting &amp; Other Services – 1.10%</b>		
SunGard Data Systems Inc.:		
9.125%, 8–15–13 .....	625	591
10.625%, 5–15–15 (B) .....	1,500	1,470
		<u>2,061</u>
<b>Leisure – 1.25%</b>		
Cinemark USA, Inc.,		
8.625%, 6–15–19 (B) .....	1,000	988
Speedway Motorsports, Inc.,		
8.750%, 6–1–16 (B) .....	1,350	1,366
		<u>2,354</u>
<b>Machinery – 0.96%</b>		
Terex Corporation,		
10.875%, 6–1–16 .....	1,800	<u>1,800</u>
<b>Metals / Mining – 1.80%</b>		
Compass Minerals International, Inc.,		
8.000%, 6–1–19 (B) .....	1,200	1,189
Teck Resources Limited:		
9.750%, 5–15–14 (B) .....	520	538
10.250%, 5–15–16 (B) .....	780	817
10.750%, 5–15–19 (B) .....	780	839
		<u>3,383</u>
<b>Movies &amp; Entertainment – 1.18%</b>		
AMC Entertainment Inc.,		
11.000%, 2–1–16 .....	1,500	1,451
Marquee Holdings Inc.,		
9.505%, 8–15–14 .....	1,000	770
		<u>2,221</u>

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Office Services &amp; Supplies – 2.13%</b>		
Interface, Inc.:		
11.375%, 11–1–13 (B) .....	\$1,200	\$ 1,242
9.500%, 2–1–14 .....	3,000	2,760
		<u>4,002</u>
<b>Oil &amp; Gas Exploration &amp; Production – 2.89%</b>		
Bill Barrett Corporation,		
9.875%, 7–15–16 .....	250	238
Chesapeake Energy Corporation,		
9.500%, 2–15–15 .....	700	705
Denbury Resources Inc.:		
7.500%, 4–1–13 .....	250	239
7.500%, 12–15–15 .....	500	475
9.750%, 3–1–16 .....	200	206
Petrohawk Energy Corporation:		
9.125%, 7–15–13 .....	2,250	2,239
10.500%, 8–1–14 (B) .....	400	409
7.875%, 6–1–15 .....	1,000	925
		<u>5,436</u>
<b>Oil &amp; Gas Storage &amp; Transportation – 2.32%</b>		
Copano Energy, L.L.C.,		
8.125%, 3–1–16 .....	650	611
El Paso Corporation,		
8.250%, 2–15–16 .....	275	267
Inergy, L.P.,		
8.750%, 3–1–15 (B) .....	1,600	1,564
Inergy, L.P. and Inergy Finance Corp.,		
8.250%, 3–1–16 .....	2,000	1,905
		<u>4,347</u>
<b>Oil Refining &amp; Marketing – 0.50%</b>		
Quicksilver Resources Inc.:		
11.750%, 1–1–16 .....	600	621
7.125%, 4–1–16 .....	400	312
		<u>933</u>
<b>Packaged Foods &amp; Meats – 1.91%</b>		
Central Garden & Pet Company,		
9.125%, 2–1–13 .....	3,750	3,586
<b>Paper Packaging – 0.45%</b>		
Sealed Air Corporation,		
7.875%, 6–15–17 (B) .....	850	842
<b>Paper Products – 1.88%</b>		
Buckeye Technologies Inc.:		
8.000%, 10–15–10 .....	2,645	2,593
8.500%, 10–1–13 .....	1,000	930
		<u>3,523</u>
<b>Pharmaceuticals – 0.28%</b>		
Warner Chilcott Corporation,		
8.750%, 2–1–15 .....	533	530
<b>Publishing – 0.74%</b>		
Nielsen Finance LLC and Nielsen Finance Co.:		
11.500%, 5–1–16 (B) .....	900	875
0.000%, 8–1–16 (E) .....	800	514
		<u>1,389</u>

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Railroads – 3.23%</b>		
Kansas City Southern de Mexico, S.A. de C.V.:		
7.625%, 12–1–13 .....	\$ 350	\$ 301
7.375%, 6–1–14 .....	500	420
12.500%, 4–1–16 (B) .....	1,500	1,523
Kansas City Southern Railway Company (The),		
13.000%, 12–15–13 .....	2,500	2,749
TFM, S.A. de C.V.,		
9.375%, 5–1–12 .....	1,125	1,069
		<u>6,062</u>
<b>Restaurants – 1.75%</b>		
NPC International, Inc.,		
9.500%, 5–1–14 .....	3,605	3,281
<b>Retail / Food &amp; Drug – 0.16%</b>		
Rite Aid Corporation,		
9.750%, 6–12–16 (B) .....	300	300
<b>Retail Stores – 5.68%</b>		
Federated Retail Holdings, Inc.:		
5.350%, 3–15–12 .....	550	501
5.900%, 12–1–16 .....	750	611
Jostens IH Corp.,		
7.625%, 10–1–12 .....	1,500	1,496
Limited Brands, Inc.,		
8.500%, 6–15–19 (B) .....	1,350	1,293
Pantry, Inc. (The),		
7.750%, 2–15–14 .....	1,000	885
Sally Holdings LLC and Sally Capital Inc.:		
9.250%, 11–15–14 .....	1,750	1,740
10.500%, 11–15–16 .....	1,000	990
Sonic Automotive, Inc.,		
8.625%, 8–15–13 .....	1,828	1,280
Stater Bros. Holdings Inc.,		
8.125%, 6–15–12 .....	1,100	1,084
SUPERVALU INC.,		
8.000%, 5–1–16 .....	800	776
		<u>10,656</u>
<b>Secondary Oil &amp; Gas Producers – 0.52%</b>		
EXCO Resources, Inc.,		
7.250%, 1–15–11 .....	1,000	970
<b>Semiconductors – 0.47%</b>		
Micron Technology, Inc., Convertible,		
1.875%, 6–1–14 .....	1,500	885
<b>Service – Other – 8.88%</b>		
Education Management LLC and Education Management Finance Corp.:		
8.750%, 6–1–14 .....	3,500	3,394
10.250%, 6–1–16 .....	250	244
Expedia, Inc.,		
8.500%, 7–1–16 (B) .....	750	720
Interpublic Group of Companies, Inc. (The),		
10.000%, 7–15–17 (B) .....	1,550	1,562
KAR Holdings, Inc.:		
5.028%, 5–1–14 (C) .....	1,750	1,317
8.750%, 5–1–14 .....	1,500	1,286

<b>CORPORATE DEBT SECURITIES (Continued)</b>	<b>Principal</b>	<b>Value</b>
<b>Service – Other (Continued)</b>		
Laureate Education, Inc.:		
10.000%, 8–15–15 (B) .....	\$1,000	\$ 840
11.000%, 8–15–15 (B) .....	813	577
11.750%, 8–15–17 (B) .....	375	296
Reddy Ice Holdings, Inc.,		
10.500%, 11–1–12 .....	2,850	1,767
West Corporation:		
9.500%, 10–15–14 .....	1,500	1,313
11.000%, 10–15–16 .....	4,000	3,339
		<u>16,655</u>
<b>Technology – 2.75%</b>		
L–3 Communications Corporation:		
6.125%, 1–15–14 .....	200	186
5.875%, 1–15–15 .....	1,000	888
Seagate Technology International,		
10.000%, 5–1–14 (B) .....	100	103
Xerox Capital Trust I,		
8.000%, 2–1–27 .....	5,250	3,989
		<u>5,166</u>
<b>Utilities – 0.94%</b>		
AES Corporation (The),		
9.750%, 4–15–16 (B) .....	1,750	1,772
		<u>1,772</u>
<b>Wireless Telecommunication Service – 3.80%</b>		
Centennial Communications Corp.,		
6.958%, 1–1–13 (C) .....	750	746
Cricket Communications, Inc.,		
7.750%, 5–15–16 (B) .....	1,200	1,155
MetroPCS Communications, Inc.,		
9.250%, 11–1–14 .....	1,250	1,242
Nextel Communications, Inc.:		
5.950%, 3–15–14 .....	250	197
7.375%, 8–1–15 .....	1,550	1,236
Nextel Communications, Inc., Convertible,		
5.250%, 1–15–10 .....	1,950	1,931
Sprint Capital Corporation,		
7.625%, 1–30–11 .....	625	618
		<u>7,125</u>
<b>TOTAL CORPORATE DEBT SECURITIES – 90.15%</b>		<b>\$ 169,192</b>
(Cost: \$181,612)		

#### SENIOR LOANS

<b>Casinos &amp; Gaming – 0.74%</b>		
Las Vegas Sands, LLC:		
2.060%, 5–23–14 (C) .....	1,647	1,158
2.060%, 5–23–14 (C) .....	333	234
		<u>1,392</u>
<b>Consumer Products – 1.44%</b>		
Wm. Wrigley Jr. Company,		
6.500%, 7–17–14 (C) .....	2,681	2,692

<b>SENIOR LOANS (Continued)</b>	<b>Principal</b>	<b>Value</b>
<b>Diversified Chemicals – 0.74%</b>		
Solutia Inc.,		
7.250%, 2–28–14 (C) .....	\$1,514	\$ 1,394
<b>Health Care Facilities – 0.41%</b>		
HCA Inc.,		
2.848%, 11–18–13 (C) .....	854	770
<b>Retail / Food &amp; Drug – 0.79%</b>		
Rite Aid Corporation,		
9.500%, 6–5–15 (C) .....	1,500	1,491
<b>Technology – 0.57%</b>		
Palm Inc.,		
3.810%, 4–24–14 (C) .....	1,456	1,063
<b>Utilities – 0.65%</b>		
Energy Future Competitive Holdings Company and Texas Competitive Electric Holdings Company, LLC:		
3.810%, 10–10–14 (C) .....	13	9
3.821%, 10–10–14 (C) .....	1,706	1,218
		<u>1,227</u>
<b>TOTAL SENIOR LOANS – 5.34%</b>		<b>\$ 10,029</b>
(Cost: \$10,535)		

#### SHORT-TERM SECURITIES

<b>Commercial Paper – 2.66%</b>		
Heinz (H.J.) Finance Co. (Heinz (H.J.) Co.),		
0.470%, 7–23–09 .....	2,993	2,992
Kellogg Co.,		
0.400%, 7–2–09 .....	2,000	2,000
		<u>4,992</u>
<b>Master Note – 0.66%</b>		
Toyota Motor Credit Corporation,		
0.197%, 7–1–09 (C) .....	1,230	1,230
<b>TOTAL SHORT-TERM SECURITIES – 3.32%</b>		<b>\$ 6,222</b>
(Cost: \$6,222)		

<b>TOTAL INVESTMENT SECURITIES – 99.10%</b>	<b>\$ 185,993</b>
(Cost: \$199,907)	

<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.90%</b>	<b>1,694</b>
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<b>NET ASSETS – 100.00%</b>	<b>\$ 187,687</b>
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## Notes to Schedule of Investments

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

(B) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be liquid under guidelines established by the Board of Trustees. At June 30, 2009, the total value of these securities amounted to \$35,004 or 18.65% of net assets.

(C) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2009.

(D) Non-income producing as the issuer has either missed its most recent interest payment or declared bankruptcy.

(E) Securities do not bear interest for an initial period of time and subsequently become interest bearing.

For Federal income tax purposes, cost of investments owned at June 30, 2009 and the related unrealized appreciation (depreciation) were as follows:

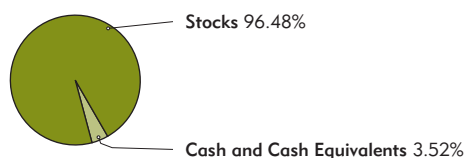
Cost	<u>\$200,013</u>
Gross unrealized appreciation	5,689
Gross unrealized depreciation	<u>(19,709)</u>
Net unrealized depreciation	\$ (14,020)

# PORTFOLIO HIGHLIGHTS

## International Growth

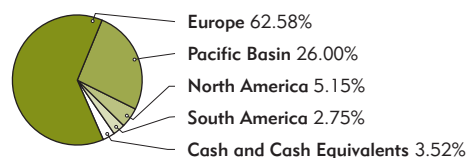
ALL DATA IS AS OF JUNE 30, 2009 (UNAUDITED)

### Asset Allocation



<b>Stocks</b>	<b>96.48%</b>
Consumer Staples	17.59%
Industrials	16.34%
Financials	13.95%
Information Technology	11.23%
Energy	8.95%
Telecommunication Services	7.58%
Materials	6.28%
Consumer Discretionary	5.92%
Health Care	4.58%
Utilities	4.06%
<b>Cash and Cash Equivalents</b>	<b>3.52%</b>

### Country Weightings



<b>Europe</b>	<b>62.58%</b>
United Kingdom	19.87%
France	11.49%
Switzerland	11.15%
Germany	7.68%
Other Europe <sup>(1)</sup>	12.39%
<b>Pacific Basin</b>	<b>26.00%</b>
Japan	10.20%
China	9.41%
Australia	3.85%
Other Pacific Basin <sup>(2)</sup>	2.54%
<b>North America<sup>(3)</sup></b>	<b>5.15%</b>
<b>South America<sup>(4)</sup></b>	<b>2.75%</b>
<b>Cash and Cash Equivalents</b>	<b>3.52%</b>

(1) Includes 2.05% Denmark, 2.06% Finland, 3.28% Italy, 3.05% Netherlands, 1.42% Spain and 0.53% Sweden.

(2) Includes 2.04% Hong Kong and 0.50% India.

(3) Includes 2.44% Canada and 2.71% United States.

(4) Includes 2.75% Brazil.

### Top 10 Equity Holdings

Company	Country	Sector	Industry
Nestle S.A., Registered Shares	Switzerland	Consumer Staples	Packaged Foods & Meats
TOTAL S.A.	France	Energy	Integrated Oil & Gas
British American Tobacco p.l.c.	United Kingdom	Consumer Staples	Tobacco
VINCI	France	Industrials	Construction & Engineering
Roche Holdings AG, Genussschein	Switzerland	Health Care	Pharmaceuticals
Vodafone Group Plc	United Kingdom	Telecommunication Services	Wireless Telecommunication Service
Reckitt Benckiser Group plc	United Kingdom	Consumer Staples	Household Products
Tencent Holdings Limited	China	Information Technology	Internet Software & Services
Industrial and Commercial Bank of China Limited, H Shares	China	Financials	Diversified Banks
Syngenta AG	Switzerland	Materials	Fertilizers & Agricultural Chemicals

See your advisor for more information on the Portfolio's most recently published Top 10 Equity Holdings.

# SCHEDULE OF INVESTMENTS

## International Growth *(in thousands)*

JUNE 30, 2009 (UNAUDITED)

COMMON STOCKS AND RIGHTS	Shares	Value
<b>Australia – 3.85%</b>		
Brambles Limited (A) . . . . .	732	\$ 3,515
Telstra Corporation Limited (A) . . . . .	1,116	3,048
		<u>6,563</u>
<b>Brazil – 2.75%</b>		
Cia Brasileira de Meios de Pagamento (A)(B)(C) . .	137	1,180
Petroleo Brasileiro S.A. – Petrobras, ADR . . . . .	86	3,513
		<u>4,693</u>
<b>Canada – 2.44%</b>		
Shoppers Drug Mart Corporation (A)(D) . . . . .	40	1,706
Shoppers Drug Mart Corporation (A) . . . . .	57	2,454
		<u>4,160</u>
<b>China – 9.41%</b>		
China Construction Bank Corporation (A)(D) . . . .	3,181	2,467
China Life Insurance Company Limited, ADR . . . .	51	2,819
China South Locomotive & Rolling Stock Corporation Limited, H Shares (A) . . . . .	1,128	661
China South Locomotive & Rolling Stock Corporation Limited, H Shares (A)(D) . . . . .	1,650	966
Industrial and Commercial Bank of China Limited, H Shares (A)(D) . . . . .	5,293	3,688
Shanda Interactive Entertainment Limited, ADR (C) . . . . .	30	1,589
Tencent Holdings Limited (A) . . . . .	331	3,860
		<u>16,050</u>
<b>Denmark – 2.05%</b>		
Carlsberg Group (A) . . . . .	55	3,500
<b>Finland – 2.06%</b>		
Fortum Oyj (A) . . . . .	120	2,733
Nokia OYJ (A) . . . . .	53	782
		<u>3,515</u>
<b>France – 11.49%</b>		
ALSTOM (A) . . . . .	29	1,722
Compagnie Generale des Etablissements Michelin, Class B (A) . . . . .	39	2,224
Pinault-Printemps-Redoute SA (A) . . . . .	21	1,741
Technip-Coflexip (A) . . . . .	64	3,135
TOTAL S.A. (A) . . . . .	107	5,769
VINCI (A) . . . . .	112	5,009
		<u>19,600</u>
<b>Germany – 5.12%</b>		
Bayer Aktiengesellschaft (A) . . . . .	39	2,106
RWE Aktiengesellschaft (A) . . . . .	21	1,631
SAP Aktiengesellschaft (A) . . . . .	60	2,394
Vossloh AG (A) . . . . .	22	2,612
		<u>8,743</u>
<b>Hong Kong – 2.04%</b>		
Cheung Kong (Holdings) Limited (A) . . . . .	179	2,058
Esprit Holdings Limited (A) . . . . .	254	1,417
		<u>3,475</u>
<b>India – 0.50%</b>		
Bharti Airtel Limited (A)(C) . . . . .	51	860
<b>Italy – 3.28%</b>		
Banca Intesa S.p.A. (A) . . . . .	471	1,518
Finmeccanica SpA (A) . . . . .	87	1,227
Saipem S.p.A. (A) . . . . .	118	2,859
		<u>5,604</u>

COMMON STOCKS AND RIGHTS (Continued)	Shares	Value
<b>Japan – 10.20%</b>		
Canon Inc. (A) . . . . .	37	\$ 1,201
Central Japan Railway Company (A) . . . . .	—*	1,416
East Japan Railway Company (A) . . . . .	36	2,194
Japan Tobacco Inc. (A) . . . . .	1	3,104
Mitsubishi Electric Corporation (A) . . . . .	389	2,467
Nintendo Co., Ltd. (A) . . . . .	8	2,294
Shin-Etsu Chemical Co., Ltd. (A) . . . . .	30	1,414
Sumitomo Mitsui Financial Group, Inc. (A) . . . . .	81	3,317
		<u>17,407</u>
<b>Netherlands – 3.05%</b>		
Heineken N.V. (A) . . . . .	74	2,733
Koninklijke KPN N.V. (A) . . . . .	180	2,479
		<u>5,212</u>
<b>Spain – 1.42%</b>		
Telefonica, S.A. (A) . . . . .	107	2,416
<b>Sweden – 0.53%</b>		
H & M Hennes & Mauritz AB (A) . . . . .	18	899
<b>Switzerland – 11.15%</b>		
Nestle S.A., Registered Shares (A) . . . . .	162	6,116
Roche Holdings AG, Genussschein (A) . . . . .	32	4,302
Syngenta AG (A) . . . . .	16	3,633
TEMENOS Group AG (A)(C) . . . . .	145	2,468
Zurich Financial Services, Registered Shares (A) . .	14	2,512
		<u>19,031</u>
<b>United Kingdom – 19.87%</b>		
BAE Systems plc (A) . . . . .	570	3,174
Barclays PLC (A) . . . . .	662	3,084
British American Tobacco p.l.c. (A) . . . . .	199	5,489
Capita Group Plc (The) (A) . . . . .	80	942
IG Group Holdings plc (A)(D) . . . . .	258	1,190
Informa plc (A) . . . . .	564	2,031
Marks and Spencer Group plc (A) . . . . .	356	1,790
National Grid plc (A) . . . . .	285	2,567
Prudential plc (A) . . . . .	171	1,166
Reckitt Benckiser Group plc (A) . . . . .	89	4,051
Rio Tinto plc (A) . . . . .	27	919
Rio Tinto plc, Rights (A)(C) . . . . .	14	160
Serco Group plc (A) . . . . .	282	1,961
Vodafone Group Plc (A) . . . . .	2,138	4,121
Xstrata plc (A) . . . . .	115	1,249
		<u>33,894</u>
<b>United States – 2.71%</b>		
Monsanto Company . . . . .	17	1,253
Research In Motion Limited (C) . . . . .	47	3,367
		<u>4,620</u>

**TOTAL COMMON STOCKS AND RIGHTS – 93.92%** **\$160,242**  
(Cost: \$165,469)

<b>PREFERRED STOCKS – 2.56%</b>		
<b>Germany</b>		
Fresenius AG (A) . . . . .	65	3,516
Henkel AG & Co. KGaA (A) . . . . .	27	847
(Cost: \$4,856)		<u>\$ 4,363</u>

SHORT-TERM SECURITIES	Principal	Value
<b>Commercial Paper – 3.14%</b>		
Pfizer Inc., 0.150%, 7–22–09 .....	\$2,000	\$ 2,000
Total Capital SA, 0.080%, 7–1–09 .....	3,355	3,355
		<u>5,355</u>
<b>Master Note – 1.89%</b>		
Toyota Motor Credit Corporation, 0.197%, 7–1–09 (E) .....	3,229	3,229
		<u>3,229</u>
<b>TOTAL SHORT-TERM SECURITIES – 5.03%</b>		<b>\$ 8,584</b>
(Cost: \$8,584)		
<b>TOTAL INVESTMENT SECURITIES – 101.51%</b>		<b>\$ 173,189</b>
(Cost: \$178,909)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (1.51%)</b>		<b>(2,582)</b>
<b>NET ASSETS – 100.00%</b>		<b>\$ 170,607</b>

#### Notes to Schedule of Investments

\*Not shown due to rounding.

(A) Listed on an exchange outside the United States.

(B) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be illiquid under guidelines established by the Board of Trustees. At June 30, 2009, the total value of these securities amounted to \$1,180 or 0.69% of net assets.

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

(D) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be liquid under guidelines established by the Board of Trustees. At June 30, 2009, the total value of these securities amounted to \$10,017 or 5.87% of net assets.

(E) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2009.

The following acronym is used throughout this schedule:

ADR = American Depositary Receipts

<b>Market Sector Diversification</b>	
<b>(as a % of net assets)</b>	
Consumer Staples	17.59%
Industrials	16.34%
Financials	13.95%
Information Technology	11.23%
Energy	8.95%
Telecommunication Services	7.58%
Materials	6.28%
Consumer Discretionary	5.92%
Health Care	4.58%
Utilities	4.06%
Other+	3.52%
+Includes cash and cash equivalents and other assets and liabilities	

For Federal income tax purposes, cost of investments owned at June 30, 2009 and the related unrealized appreciation (depreciation) were as follows:

Cost	<u>\$ 179,933</u>
Gross unrealized appreciation	18,817
Gross unrealized depreciation	<u>(25,561)</u>
Net unrealized depreciation	<u>\$ (6,744)</u>

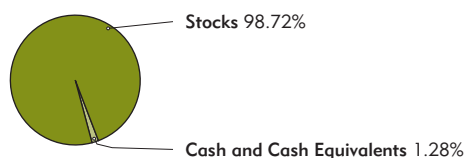
See Accompanying Notes to Financial Statements.

# PORTFOLIO HIGHLIGHTS

## International Value

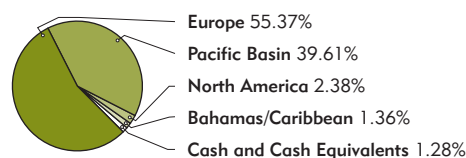
ALL DATA IS AS OF JUNE 30, 2009 (UNAUDITED)

### Asset Allocation



Stocks	98.72%
Financials	16.58%
Information Technology	14.97%
Industrials	14.08%
Consumer Staples	12.28%
Consumer Discretionary	9.77%
Telecommunication Services	8.54%
Health Care	8.09%
Energy	7.85%
Materials	3.79%
Utilities	2.77%
Cash and Cash Equivalents	1.28%

### Country Weightings



Europe	55.37%
United Kingdom	18.09%
France	16.06%
Germany	8.98%
Switzerland	8.30%
Other Europe <sup>(1)</sup>	3.94%
Pacific Basin	39.61%
Japan	15.33%
Australia	8.30%
Taiwan	4.67%
China	3.51%
Other Pacific Basin <sup>(2)</sup>	7.80%
North America <sup>(3)</sup>	2.38%
Bahamas/Caribbean <sup>(4)</sup>	1.36%
Cash and Cash Equivalents	1.28%

(1) Includes 1.53% Denmark, 1.30% Italy and 1.11% Netherlands.

(2) Includes 2.36% Hong Kong, 2.72% Singapore and 2.72% South Korea.

(3) Includes 1.20% Canada and 1.18% United States.

(4) Includes 1.36% Cayman Islands.

### Top 10 Equity Holdings

Company	Country	Sector	Industry
TOTAL S.A.	France	Energy	Integrated Oil & Gas
Sanofi-Aventis	France	Health Care	Pharmaceuticals
Samsung Electronics Co., Ltd., GDR	South Korea	Information Technology	Semiconductors
BAE Systems plc	United Kingdom	Industrials	Aerospace & Defense
Telstra Corporation Limited	Australia	Telecommunication Services	Integrated Telecommunication Services
Unilever PLC	United Kingdom	Consumer Staples	Packaged Foods & Meats
Roche Holdings AG, Genussschein	Switzerland	Health Care	Pharmaceuticals
Vodafone Group Plc	United Kingdom	Telecommunication Services	Wireless Telecommunication Service
BP p.l.c.	United Kingdom	Energy	Integrated Oil & Gas
Vivendi Universal	France	Consumer Discretionary	Movies & Entertainment

See your advisor for more information on the Portfolio's most recently published Top 10 Equity Holdings.



# SCHEDULE OF INVESTMENTS

**International Value** (in thousands)

JUNE 30, 2009 (UNAUDITED)

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
<b>Australia – 8.30%</b>			<b>Japan (Continued)</b>		
Brambles Limited (A) . . . . .	1,516	\$ 7,280	Kabushiki Kaisha Mitsubishi Tokyo Financial Group (A) . . . . .	575	\$ 3,568
Foster's Group Limited (A) . . . . .	1,459	6,055	KONAMI CORPORATION (A) . . . . .	255	4,892
John Fairfax Holdings Limited (A) . . . . .	5,465	5,372	Mitsubishi Electric Corporation (A) . . . . .	1,220	7,738
National Australia Bank Limited (A) . . . . .	362	6,542	Nintendo Co., Ltd. (A) . . . . .	28	7,712
Telstra Corporation Limited (A) . . . . .	3,633	9,923	Nissin Kogyo Co., Ltd. (A) . . . . .	693	8,860
		<u>35,172</u>	Sumitomo Mitsui Financial Group, Inc. (A) . . . . .	146	5,936
<b>Canada – 1.20%</b>			Trend Micro Incorporated (A) . . . . .	146	4,683
Shoppers Drug Mart Corporation (A) . . . . .	118	5,089			<u>64,974</u>
<b>Cayman Islands – 1.36%</b>			<b>Netherlands – 1.11%</b>		
Mindray Medical International Limited, ADR . . . . .	206	5,753	Koninklijke KPN N.V. (A) . . . . .	342	4,702
<b>China – 3.51%</b>			<b>Singapore – 2.72%</b>		
China Telecom Corporation Limited (A)(B) . . . . .	3,240	1,614	DBS Group Holdings Ltd (A) . . . . .	791	6,445
China Telecom Corporation Limited (A) . . . . .	3,508	1,747	Singapore Telecommunications Limited (A) . . . . .	2,447	5,068
Industrial and Commercial Bank of China Limited, H Shares (A)(C) . . . . .	7,148	4,981			<u>11,513</u>
Shanda Interactive Entertainment Limited, ADR (D) . . . . .	45	2,369	<b>South Korea – 2.72%</b>		
Shanghai Electric Group Company Limited (A) . . . . .	9,714	4,161	Samsung Electronics Co., Ltd., GDR (B) . . . . .	50	11,545
		<u>14,872</u>	<b>Switzerland – 8.30%</b>		
<b>Denmark – 1.53%</b>			Nestle S.A., Registered Shares (A) . . . . .	234	8,831
Carlsberg Group (A) . . . . .	101	6,498	Roche Holdings AG, Genussschein (A) . . . . .	71	9,598
<b>France – 16.06%</b>			Swiss Reinsurance Company, Registered Shares (A) . . . . .	165	5,444
ALSTOM (A) . . . . .	130	7,655	Syngenta AG (A) . . . . .	27	6,222
AXA S.A. (A) . . . . .	347	6,511	TEMENOS Group AG (A)(D) . . . . .	299	5,097
Compagnie Generale des Etablissements Michelin, Class B (A) . . . . .	121	6,907			<u>35,192</u>
Sanofi-Aventis (A)(C) . . . . .	26	1,545	<b>Taiwan – 4.67%</b>		
Sanofi-Aventis (A) . . . . .	197	11,597	Chunghwa Telecom Co., Ltd., ADR . . . . .	188	3,724
Societe Generale (A) . . . . .	101	5,518	Compal Electronics, Inc. (A)(D) . . . . .	2,284	1,855
Technip-Coflexip (A) . . . . .	134	6,576	Lite-On Technology Corporation (A) . . . . .	1,850	1,607
TOTAL S.A. (A) . . . . .	233	12,597	Lite-On Technology Corporation, GDR (A) . . . . .	545	4,731
Vivendi Universal (A) . . . . .	384	9,167	Taiwan Semiconductor Manufacturing Company Ltd. (A) . . . . .	4,725	7,878
		<u>68,073</u>			<u>19,795</u>
<b>Germany – 7.71%</b>			<b>United Kingdom – 18.09%</b>		
Bayer Aktiengesellschaft (A) . . . . .	92	4,916	BAE Systems plc (A) . . . . .	2,012	11,205
Beiersdorf Aktiengesellschaft (A) . . . . .	112	5,252	Barclays PLC (A) . . . . .	801	3,728
Deutsche Boerse AG (A) . . . . .	69	5,340	Barclays PLC (A)(C) . . . . .	1,101	5,127
RWE Aktiengesellschaft (A) . . . . .	78	6,182	BP p.l.c. (A) . . . . .	1,190	9,353
SAP Aktiengesellschaft (A) . . . . .	152	6,090	Home Retail Group plc (A) . . . . .	1,288	5,509
Symrise AG (A) . . . . .	334	4,923	Informa plc (A) . . . . .	1,551	5,589
		<u>32,703</u>	International Power plc (A) . . . . .	1,430	5,601
<b>Hong Kong – 2.36%</b>			Prudential plc (A) . . . . .	829	5,638
CNOOC Limited (A) . . . . .	3,813	4,728	Serco Group plc (A) . . . . .	835	5,798
Hutchison Whampoa Limited, Ordinary Shares (A) . . . . .	807	5,275	Unilever PLC (A) . . . . .	417	9,780
		<u>10,003</u>	Vodafone Group Plc (A) . . . . .	4,878	9,405
<b>Italy – 1.30%</b>					<u>76,733</u>
Banca Intesa S.p.A. (A) . . . . .	1,718	5,532	<b>United States – 1.18%</b>		
<b>Japan – 15.33%</b>			Research In Motion Limited (D) . . . . .	71	5,013
Astellas Pharma Inc. (A) . . . . .	162	5,765	<b>TOTAL COMMON STOCKS – 97.45%</b>		<b>\$413,162</b>
East Japan Railway Company (A) . . . . .	80	4,849	(Cost: \$419,894)		
Japan Tobacco Inc. (A) . . . . .	2	5,204	<b>PREFERRED STOCKS – 1.27%</b>		
JTEKT Corporation (A) . . . . .	566	5,767	<b>Germany</b>		
			Henkel AG & Co. KGaA (A) . . . . .	173	\$ 5,380
			(Cost: \$5,259)		

<b>SHORT-TERM SECURITIES</b>	<b>Principal</b>	<b>Value</b>
<b>Commercial Paper – 0.94%</b>		
Kitty Hawk Funding Corp., 0.280%, 7–17–09 .....	\$4,000	\$ 3,999
<b>Master Note – 0.26%</b>		
Toyota Motor Credit Corporation, 0.197%, 7–1–09 (E) .....	1,094	1,094
<b>United States Government Agency Obligations – 0.63%</b>		
Federal National Mortgage Association, 0.090%, 7–22–09 .....	2,684	2,684
<b>TOTAL SHORT-TERM SECURITIES – 1.83%</b>		<b>\$ 7,777</b>
(Cost: \$7,777)		
<b>TOTAL INVESTMENT SECURITIES – 100.55%</b>		<b>\$426,319</b>
(Cost: \$432,930)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.55%)</b>		<b>(2,351)</b>
<b>NET ASSETS – 100.00%</b>		<b>\$423,968</b>

#### Notes to Schedule of Investments

(A) Listed on an exchange outside the United States.

(B) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be illiquid under guidelines established by the Board of Trustees. At June 30, 2009, the total value of these securities amounted to \$13,159 or 3.10% of net assets.

(C) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be liquid under guidelines established by the Board of Trustees. At June 30, 2009, the total value of these securities amounted to \$11,653 or 2.75% of net assets.

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

(E) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2009.

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts

GDR = Global Depositary Receipts

#### Notes to Schedule of Investments (Continued)

##### Market Sector Diversification

##### (as a % of net assets)

Financials	16.58%
Information Technology	14.97%
Industrials	14.08%
Consumer Staples	12.28%
Consumer Discretionary	9.77%
Telecommunication Services	8.54%
Health Care	8.09%
Energy	7.85%
Materials	3.79%
Utilities	2.77%
Other+	1.28%

+ Includes cash and cash equivalents and other assets and liabilities

For Federal income tax purposes, cost of investments owned at June 30, 2009 and the related unrealized appreciation (depreciation) were as follows:

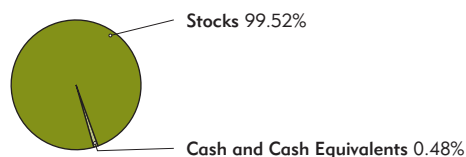
Cost	\$433,715
Gross unrealized appreciation	21,908
Gross unrealized depreciation	(29,304)
Net unrealized depreciation	\$ (7,396)

# PORTFOLIO HIGHLIGHTS

## Micro Cap Growth

ALL DATA IS AS OF JUNE 30, 2009 (UNAUDITED)

### Asset Allocation



Stocks	99.52%
Health Care	32.27%
Information Technology	31.16%
Consumer Discretionary	19.29%
Industrials	8.05%
Energy	5.90%
Materials	1.09%
Telecommunication Services	0.89%
Financials	0.87%
Cash and Cash Equivalents	0.48%

### Top 10 Equity Holdings

Company	Sector
CommVault Systems, Inc.	Information Technology
Grand Canyon Education, Inc.	Consumer Discretionary
Phase Forward Incorporated	Health Care
Auxilium Pharmaceuticals, Inc.	Health Care
Westport Innovations Inc.	Consumer Discretionary
NATCO Group Inc., Class A	Energy
Allos Therapeutics, Inc.	Health Care
True Religion Apparel, Inc.	Consumer Discretionary
Ultimate Software Group, Inc. (The)	Information Technology
NetLogic Microsystems, Inc.	Information Technology

See your advisor for more information on the Portfolio's most recently published Top 10 Equity Holdings.

# SCHEDULE OF INVESTMENTS

## Micro Cap Growth *(in thousands)*

JUNE 30, 2009 (UNAUDITED)

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
<b>Advertising – 1.29%</b>			<b>Construction &amp; Farm Machinery &amp; Heavy Trucks – 0.75%</b>		
MDC Partners Inc., Class A (A) . . . . .	75	\$ 414	Titan Machinery Inc. (A) . . . . .	19	\$ 240
<b>Alternative Carriers – 0.89%</b>			<b>Distributors – 1.21%</b>		
Aruba Networks, Inc. (A) . . . . .	33	287	DXP Enterprises, Inc. (A) . . . . .	34	389
<b>Apparel Retail – 1.62%</b>			<b>Education Services – 2.65%</b>		
Citi Trends Inc. (A) . . . . .	20	523	Grand Canyon Education, Inc. (A) . . . . .	51	852
<b>Apparel, Accessories &amp; Luxury Goods – 2.94%</b>			<b>Electrical Components &amp; Equipment – 1.85%</b>		
True Religion Apparel, Inc. (A) . . . . .	30	657	Powell Industries, Inc. (A) . . . . .	7	274
Volcom, Inc. (A) . . . . .	23	288	Ultralife Corporation (A) . . . . .	45	323
		945			597
<b>Application Software – 6.43%</b>			<b>Electronic Manufacturing Services – 0.66%</b>		
Blackbaud, Inc. . . . .	27	418	Maxwell Technologies, Inc. (A) . . . . .	15	212
Lawson Software, Inc. (A) . . . . .	60	333	<b>Health Care Equipment – 8.45%</b>		
NetScout Systems, Inc. (A) . . . . .	49	455	ABIOMED, Inc. (A) . . . . .	40	348
OPNET Technologies, Inc. . . . .	6	52	Greatbatch, Inc. (A) . . . . .	10	235
SolarWinds, Inc. (A) . . . . .	10	170	Micrus Endovascular Corporation (A) . . . . .	25	223
Ultimate Software Group, Inc. (The) (A) . . . . .	27	643	NuVasive, Inc. (A) . . . . .	11	473
		2,071	Quidel Corporation (A) . . . . .	40	578
<b>Auto Parts &amp; Equipment – 3.41%</b>			Somanetics Corporation (A) . . . . .	25	408
Amerigon Incorporated (A) . . . . .	58	353	Spectranetics Corporation (The) (A) . . . . .	92	451
Westport Innovations Inc. (A) . . . . .	92	748			2,716
		1,101	<b>Health Care Services – 4.53%</b>		
<b>Biotechnology – 5.92%</b>			American CareSource Holdings, Inc. (A) . . . . .	34	126
Allos Therapeutics, Inc. (A) . . . . .	80	668	CardioNet, Inc. (A) . . . . .	15	246
Dyax Corp. (A) . . . . .	68	146	Genoptix, Inc. (A) . . . . .	18	589
Idenix Pharmaceuticals, Inc. (A) . . . . .	55	202	Health Grades, Inc. (A) . . . . .	127	497
InterMune, Inc. (A) . . . . .	38	579			1,458
Pharmasset, Inc. (A) . . . . .	28	309	<b>Health Care Supplies – 0.98%</b>		
		1,904	Rochester Medical Corporation (A) . . . . .	23	314
<b>Broadcasting – 0.64%</b>			<b>Health Care Technology – 2.54%</b>		
Global Traffic Network, Inc. (A) . . . . .	55	207	Phase Forward Incorporated (A) . . . . .	54	819
<b>Cable &amp; Satellite – 1.00%</b>			<b>Industrial Machinery – 0.55%</b>		
RRSAt Global Communications Network Ltd. . . . .	26	323	Duoyuan Global Water Inc. ADR (A) . . . . .	7	177
<b>Communications Equipment – 3.31%</b>			<b>Internet Software &amp; Services – 3.89%</b>		
Blue Coat Systems, Inc. (A) . . . . .	19	316	comScore, Inc. (A) . . . . .	19	248
Cogo Group, Inc. (A) . . . . .	44	260	Constant Contact, Inc. (A) . . . . .	22	442
Neutral Tandem, Inc. (A) . . . . .	17	490	Omnicure, Inc. (A) . . . . .	45	561
		1,066			1,251
<b>Computer Hardware – 0.47%</b>			<b>Investment Banking &amp; Brokerage – 0.87%</b>		
3PAR Inc. (A) . . . . .	12	150	RiskMetrics Group, Inc. (A) . . . . .	16	281
<b>Computer Storage &amp; Peripherals – 2.18%</b>			<b>Life Sciences Tools &amp; Services – 2.27%</b>		
Compellent Technologies, Inc. (A) . . . . .	28	424	Bruker Corporation (A) . . . . .	45	419
Netezza Corporation (A) . . . . .	34	279	eResearch Technology, Inc. (A) . . . . .	50	313
		703			732
<b>Construction &amp; Engineering – 2.39%</b>			<b>Managed Health Care – 0.97%</b>		
MYR Group Inc. (A) . . . . .	13	257	Molina Healthcare, Inc. (A) . . . . .	13	311
Orion Marine Group, Inc. (A) . . . . .	27	513			
		770			

COMMON STOCKS (Continued)			SHORT-TERM SECURITIES – 0.35%		
	Shares	Value		Principal	Value
<b>Movies &amp; Entertainment – 1.84%</b>					
Rentrak Corporation (A) . . . . .	36	\$ 591	<b>Master Note</b>		
			Toyota Motor Credit Corporation,		
			0.197%, 7–1–09 (B) . . . . . \$ 113 \$ 113		
			(Cost: \$113)		
<b>Oil &amp; Gas Equipment &amp; Services – 5.33%</b>					
ENGlobal Corporation (A) . . . . .	67	331	<b>TOTAL INVESTMENT SECURITIES – 99.87%</b>		
NATCO Group Inc., Class A (A) . . . . .	22	714	<b>\$32,146</b>		
Natural Gas Services Group, Inc. (A) . . . . .	23	303	(Cost: \$37,266)		
T–3 Energy Services, Inc. (A) . . . . .	31	366			
		1,714	<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.13%</b>		
			<b>42</b>		
<b>Oil &amp; Gas Exploration &amp; Production – 0.57%</b>					
Brigham Exploration Company (A) . . . . .	53	185	<b>NET ASSETS – 100.00%</b>		
			<b>\$32,188</b>		
<b>Pharmaceuticals – 6.61%</b>					
Auxilium Pharmaceuticals, Inc. (A) . . . . .	25	784	<b>Notes to Schedule of Investments</b>		
Biodel Inc. (A) . . . . .	34	173	(A)No dividends were paid during the preceding 12 months.		
Obagi Medical Products, Inc. (A) . . . . .	45	328	(B)Variable rate security. Interest rate disclosed is that which is in effect at		
Questcor Pharmaceuticals, Inc. (A) . . . . .	120	599	June 30, 2009.		
SuperGen, Inc. (A) . . . . .	122	245	The following acronym is used throughout this schedule:		
		2,129	ADR = American Depositary Receipts		
<b>Research &amp; Consulting Services – 0.53%</b>					
Hill International, Inc. (A) . . . . .	39	169	For Federal income tax purposes, cost of investments owned at June 30,		
			2009 and the related unrealized appreciation (depreciation) were as follows:		
<b>Restaurants – 2.69%</b>					
BJ’s Restaurants, Inc. (A) . . . . .	18	310	Cost		
McCormick & Schmick’s Seafood			\$37,272		
Restaurants, Inc. (A) . . . . .	26	195	Gross unrealized appreciation		
Red Robin Gourmet Burgers, Inc. (A) . . . . .	14	270	5,344		
Ruth’s Hospitality Group, Inc. (A) . . . . .	24	90	Gross unrealized depreciation		
		865	(10,470)		
			Net unrealized depreciation		
			\$ (5,126)		
<b>Semiconductors – 8.25%</b>					
Cavium Networks, Inc. (A) . . . . .	18	303			
Diodes Incorporated (A) . . . . .	25	385			
Mellanox Technologies, Ltd. (A) . . . . .	23	277			
Microtune, Inc. (A) . . . . .	116	271			
Monolithic Power Systems, Inc. (A) . . . . .	21	467			
NetLogic Microsystems, Inc. (A) . . . . .	17	626			
Pericom Semiconductor Corporation (A) . . . . .	39	328			
		2,657			
<b>Specialty Chemicals – 1.09%</b>					
Chemspec International Limited, ADR (A) . . . . .	32	269			
Flotek Industries, Inc. (A) . . . . .	40	82			
		351			
<b>Systems Software – 5.97%</b>					
CommVault Systems, Inc. (A) . . . . .	57	936			
DemandTec, Inc. (A) . . . . .	39	341			
Phoenix Technologies Ltd. (A) . . . . .	39	107			
PROS Holdings, Inc. (A) . . . . .	27	221			
TeleCommunication Systems, Inc. (A) . . . . .	45	316			
		1,921			
<b>Trucking – 1.98%</b>					
Celadon Group, Inc. (A) . . . . .	36	298			
Marten Transport, Ltd. (A) . . . . .	16	340			
		638			
<b>TOTAL COMMON STOCKS – 99.52%</b>		<b>\$32,033</b>			
(Cost: \$37,153)					

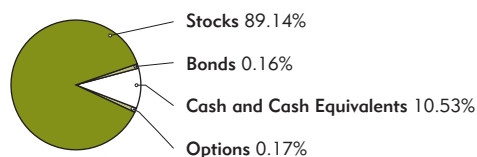
See Accompanying Notes to Financial Statements.

# PORTFOLIO HIGHLIGHTS

## Mid Cap Growth

ALL DATA IS AS OF JUNE 30, 2009 (UNAUDITED)

### Asset Allocation



<b>Stocks</b>	<b>89.14%</b>
Consumer Discretionary	19.42%
Information Technology	16.96%
Health Care	13.11%
Industrials	11.68%
Financials	10.65%
Consumer Staples	6.75%
Energy	6.04%
Materials	2.74%
Utilities	1.79%
<b>Options</b>	<b>0.17%</b>
<b>Bonds</b>	<b>0.16%</b>
Corporate Debt Securities	0.16%
<b>Cash and Cash Equivalents</b>	<b>10.53%</b>

### Top 10 Equity Holdings

Company	Sector
Microchip Technology Incorporated	Information Technology
Henry Schein, Inc.	Health Care
Noble Energy, Inc.	Energy
Paychex, Inc.	Information Technology
Global Payments Inc.	Information Technology
Solera Holdings, Inc.	Information Technology
TD Ameritrade Holding Corporation	Financials
Hospira, Inc.	Health Care
Allergan, Inc.	Health Care
Hershey Foods Corporation	Consumer Staples

See your advisor for more information on the Portfolio's most recently published Top 10 Equity Holdings.

# SCHEDULE OF INVESTMENTS

**Mid Cap Growth** *(in thousands)*

JUNE 30, 2009 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Air Freight &amp; Logistics – 3.88%</b>		
C.H. Robinson Worldwide, Inc. ....	25	\$ 1,322
Expeditors International of Washington, Inc. ....	37	1,238
		<u>2,560</u>
<b>Apparel Retail – 3.23%</b>		
J. Crew Group, Inc. (A) ....	44	1,196
Urban Outfitters, Inc. (A) ....	45	942
		<u>2,138</u>
<b>Application Software – 2.38%</b>		
Solera Holdings, Inc. (A) ....	62	1,577
		<u>1,577</u>
<b>Auto Parts &amp; Equipment – 0.56%</b>		
BorgWarner Inc. ....	11	374
		<u>374</u>
<b>Automotive Retail – 1.31%</b>		
Penske Automotive Group, Inc. ....	52	869
		<u>869</u>
<b>Brewers – 0.97%</b>		
Molson Coors Brewing Company, Class B ....	15	643
		<u>643</u>
<b>Catalog Retail – 1.60%</b>		
Coldwater Creek Inc. (A) ....	175	1,061
		<u>1,061</u>
<b>Computer Storage &amp; Peripherals – 1.58%</b>		
NetApp, Inc. (A) ....	53	1,043
		<u>1,043</u>
<b>Consumer Finance – 1.44%</b>		
Discover Financial Services ....	93	950
		<u>950</u>
<b>Data Processing &amp; Outsourced Services – 4.89%</b>		
Global Payments Inc. ....	43	1,594
Paychex, Inc. ....	65	1,645
		<u>3,239</u>
<b>Department Stores – 3.38%</b>		
Kohl's Corporation (A) ....	22	940
Macy's Inc. ....	34	405
Nordstrom, Inc. ....	31	611
Saks Incorporated (A) ....	62	275
		<u>2,231</u>
<b>Distillers &amp; Vintners – 1.66%</b>		
Brown-Forman Corporation, Class B ....	26	1,097
		<u>1,097</u>
<b>Electrical Components &amp; Equipment – 1.94%</b>		
Cooper Industries, Ltd., Class A ....	21	641
Hubbell Incorporated, Class B ....	20	645
		<u>1,286</u>
<b>Food Retail – 1.89%</b>		
Whole Foods Market, Inc. ....	66	1,249
		<u>1,249</u>
<b>Gas Utilities – 1.79%</b>		
Equitable Resources, Inc. ....	34	1,183
		<u>1,183</u>
<b>Health Care Distributors – 2.68%</b>		
Henry Schein, Inc. (A) ....	37	1,777
		<u>1,777</u>

COMMON STOCKS (Continued)	Shares	Value
<b>Health Care Equipment – 5.98%</b>		
C. R. Bard, Inc. ....	8	\$ 625
Hologic, Inc. (A) ....	102	1,453
Hospira, Inc. (A) ....	40	1,542
Wright Medical Group, Inc. (A) ....	20	329
		<u>3,949</u>
<b>Health Care Supplies – 2.21%</b>		
DENTSPLY International Inc. ....	48	1,466
		<u>1,466</u>
<b>Homefurnishing Retail – 0.98%</b>		
Bed Bath & Beyond Inc. (A) ....	21	647
		<u>647</u>
<b>Hotels, Resorts &amp; Cruise Lines – 1.24%</b>		
Royal Caribbean Cruises Ltd. ....	49	661
Starwood Hotels & Resorts Worldwide, Inc. ....	7	163
		<u>824</u>
<b>Industrial Machinery – 2.91%</b>		
Donaldson Company, Inc. ....	18	622
IDEX Corporation ....	53	1,303
		<u>1,925</u>
<b>Internet Software &amp; Services – 1.12%</b>		
DealerTrack Holdings, Inc. (A) ....	44	743
		<u>743</u>
<b>Investment Banking &amp; Brokerage – 3.33%</b>		
Lazard Group LLC ....	24	642
TD Ameritrade Holding Corporation (A) ....	89	1,567
		<u>2,209</u>
<b>Oil &amp; Gas Equipment &amp; Services – 3.43%</b>		
Dresser-Rand Group Inc. (A) ....	26	668
National Oilwell Varco, Inc. (A) ....	29	962
Smith International, Inc. ....	25	641
		<u>2,271</u>
<b>Oil &amp; Gas Exploration &amp; Production – 2.61%</b>		
Noble Energy, Inc. ....	29	1,728
		<u>1,728</u>
<b>Packaged Foods &amp; Meats – 2.23%</b>		
Hershey Foods Corporation ....	41	1,482
		<u>1,482</u>
<b>Paper Packaging – 2.74%</b>		
Packaging Corporation of America ....	44	711
Sealed Air Corporation ....	22	404
Sonoco Products Company ....	29	698
		<u>1,813</u>
<b>Pharmaceuticals – 2.24%</b>		
Allergan, Inc. ....	31	1,484
		<u>1,484</u>
<b>Publishing – 1.94%</b>		
Meredith Corporation ....	50	1,284
		<u>1,284</u>
<b>Regional Banks – 3.08%</b>		
BOK Financial Corporation ....	9	330
Prosperity Bancshares, Inc. ....	11	334
Signature Bank (A) ....	44	1,201
Zions Bancorporation ....	15	175
		<u>2,040</u>
<b>Reinsurance – 0.51%</b>		
RenaissanceRe Holdings Ltd. ....	7	335
		<u>335</u>

<b>COMMON STOCKS (Continued)</b>	<b>Shares</b>	<b>Value</b>
<b>Research &amp; Consulting Services – 1.01%</b>		
Dun & Bradstreet Corporation (The) . . . . .	8	\$ 670
<b>Restaurants – 3.14%</b>		
Chipotle Mexican Grill, Inc., Class A (A) . . . . .	11	876
P.F. Chang's China Bistro, Inc. (A) . . . . .	37	1,201
		<u>2,077</u>
<b>Semiconductors – 6.99%</b>		
Broadcom Corporation, Class A (A) . . . . .	55	1,364
Linear Technology Corporation . . . . .	29	679
Microchip Technology Incorporated . . . . .	84	1,892
NVIDIA Corporation (A) . . . . .	61	692
		<u>4,627</u>
<b>Specialized Finance – 1.81%</b>		
CME Group Inc. . . . .	4	1,195
<b>Specialty Stores – 2.03%</b>		
PetSmart, Inc. . . . .	63	1,344
<b>Thrifts &amp; Mortgage Finance – 0.48%</b>		
People's United Financial, Inc. . . . .	21	320
<b>Trading Companies &amp; Distributors – 1.95%</b>		
Fastenal Company . . . . .	39	1,294
<b>TOTAL COMMON STOCKS – 89.14%</b>		<b>\$59,004</b>
(Cost: \$65,142)		

<b>CALL OPTIONS – 0.17%</b>	<b>Number of Contracts</b>	
Market Vectors Agribusiness ETF, Sep \$37.00, Expires 9–21–09 . . . . .	—*	20
S&P Metals & Mining Select Index, Sep \$100.00, Expires 9–21–09 . . . . .	1	95
(Cost: \$180)		<u>\$ 115</u>

#### Notes to Schedule of Investments

The following written options were outstanding at June 30, 2009:

Underlying Security	Contracts Subject to Put	Expiration Month	Exercise Price	Premium Received	Market Value
Market Vectors Agribusiness ETF	—*	September 2009	\$32.00	\$20	\$(20)
S&P Metals & Mining Select Index	1	September 2009	1,650.00	142	(119)
				<u>\$162</u>	<u>\$(139)</u>

\*Not shown due to rounding.

(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, 2009.

For Federal income tax purposes, cost of investments owned at June 30, 2009 and the related unrealized appreciation (depreciation) were as follows:

Cost	<u>\$72,675</u>
Gross unrealized appreciation	2,139
Gross unrealized depreciation	<u>(8,439)</u>
Net unrealized depreciation	<u>\$ (6,300)</u>

<b>CORPORATE DEBT SECURITIES – 0.16%</b>	<b>Principal</b>	<b>Value</b>
<b>Health Care Equipment</b>		
Wright Medical Group, Inc., Convertible, 2.625%, 12–1–14 . . . . .	\$140	<u>\$ 106</u>
(Cost: \$107)		
<b>SHORT-TERM SECURITIES</b>		
<b>Commercial Paper – 4.08%</b>		
Heinz (H.J.) Finance Co. (Heinz (H.J.) Co.):		
0.600%, 7–14–09 . . . . .	1,200	1,200
0.500%, 7–15–09 . . . . .	1,500	1,499
		<u>2,699</u>
<b>Master Note – 4.04%</b>		
Toyota Motor Credit Corporation, 0.197%, 7–1–09 (B) . . . . .	2,675	<u>2,675</u>
<b>United States Government Agency Obligations – 2.68%</b>		
Federal Home Loan Mortgage Corporation, 0.020%, 7–1–09 . . . . .	1,776	<u>1,776</u>
<b>TOTAL SHORT-TERM SECURITIES – 10.80%</b>		<b>\$ 7,150</b>
(Cost: \$7,150)		
<b>TOTAL INVESTMENT SECURITIES – 100.27%</b>		<b>\$66,375</b>
(Cost: \$72,579)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.27%)</b>		<b>(180)</b>
<b>NET ASSETS – 100.00%</b>		<b>\$66,195</b>

See Accompanying Notes to Financial Statements.



# SCHEDULE OF INVESTMENTS

## Money Market *(in thousands)*

JUNE 30, 2009 (UNAUDITED)

CORPORATE OBLIGATIONS	Principal	Value
<b>Commercial Paper</b>		
Baxter International Inc.:		
0.280%, 7-8-09 .....	\$5,000	\$ 5,000
0.300%, 7-9-09 .....	3,000	3,000
Corporacion Andina de Fomento:		
0.750%, 9-1-09 .....	5,000	4,993
0.750%, 9-3-09 .....	2,500	2,497
0.730%, 9-9-09 .....	1,100	1,098
1.400%, 2-12-10 .....	2,200	2,181
IBM International Group Capital LLC (International Business Machines Corporation):		
1.394%, 7-29-09 (A) .....	5,000	4,998
0.881%, 8-26-09 (A) .....	1,500	1,500
Kitty Hawk Funding Corp.,		
0.260%, 7-27-09 .....	1,200	1,200
Praxair Inc.,		
0.170%, 7-2-09 .....	6,266	6,266
SBC Communications Inc. (AT&T Inc.),		
4.125%, 9-15-09 .....	1,800	1,798
Straight-A Funding, LLC (Federal Financing Bank):		
0.330%, 8-17-09 .....	1,700	1,699
0.390%, 8-24-09 .....	2,000	1,999
Unilever Capital Corporation,		
0.321%, 7-10-09 (A) .....	350	350
Verizon Communications Inc.:		
0.340%, 7-8-09 .....	7,600	7,599
0.360%, 7-20-09 .....	2,500	2,500
<b>Total Commercial Paper – 22.18%</b>		<b>48,678</b>

### Commercial Paper (backed by irrevocable bank letter of credit)

River Fuel Funding Company #3, Inc. (Bank of New York (The)),		
0.580%, 7-31-09 .....	2,000	1,999
River Fuel Trust #1 (Bank of New York (The)):		
0.280%, 7-2-09 .....	1,000	1,000
0.280%, 7-15-09 .....	2,000	2,000
<b>Total Commercial Paper (backed by irrevocable bank letter of credit) – 2.28%</b>		<b>4,999</b>

### Master Note – 2.42%

Toyota Motor Credit Corporation,		
0.197%, 7-1-09 (A) .....	5,314	5,314

### Notes

3M Company,		
7.139%, 12-14-09 (C) .....	7,500	7,646
American Honda Finance Corp.:		
1.404%, 7-29-09 (A)(C) .....	6,000	5,927
1.416%, 8-5-09 (A) .....	1,000	987
1.306%, 8-10-09 (A) .....	500	497
1.496%, 8-14-09 (A) .....	2,500	2,500
0.835%, 8-20-09 (A) .....	500	496
Bank of America Corporation (Federal Deposit Insurance Corporation),		
0.659%, 9-14-09 (A)(B) .....	9,850	9,850
Bank of America, N.A.,		
1.538%, 8-12-09 (A) .....	4,000	3,961

CORPORATE OBLIGATIONS (Continued)	Principal	Value
<b>Notes (Continued)</b>		
Bear Stearns Companies Inc. (The) (JPMorgan Chase & Co.),		
0.974%, 8-18-09 (A) .....	\$2,375	\$ 2,372
BellSouth Corporation (AT&T Inc.),		
4.950%, 4-26-10 (A) .....	8,300	8,464
BP Capital Markets p.l.c.,		
0.768%, 9-11-09 (A) .....	1,400	1,400
Caterpillar Financial Services Corporation:		
1.199%, 7-9-09 (A) .....	2,500	2,474
1.202%, 7-27-09 (A) .....	2,300	2,301
Caterpillar Inc.,		
7.250%, 9-15-09 .....	2,600	2,627
Citibank, N.A. (Federal Deposit Insurance Corporation),		
0.648%, 9-30-09 (A)(B) .....	5,000	5,000
Citigroup Funding Inc. (Federal Deposit Insurance Corporation),		
1.139%, 7-30-09 (A)(B) .....	2,400	2,400
Countrywide Home Loans, Inc. (Bank of America Corporation):		
5.625%, 7-15-09 .....	1,459	1,461
4.125%, 9-15-09 .....	5,120	5,126
Electronic Data Systems Corporation (Hewlett-Packard Company),		
7.125%, 10-15-09 .....	8,800	8,930
GTE California Incorporated (Verizon Communications Inc.),		
6.700%, 9-1-09 .....	525	529
Honeywell International Inc.,		
1.142%, 7-27-09 (A) .....	1,000	999
International Business Machines Corporation:		
0.320%, 7-6-09 (A) .....	750	750
0.348%, 7-8-09 (A) .....	1,250	1,250
John Deere Capital Corporation:		
1.412%, 7-16-09 (A) .....	1,000	990
1.111%, 8-26-09 (A) .....	1,000	997
0.708%, 9-1-09 (A) .....	3,700	3,679
JPMorgan Chase & Co.:		
1.601%, 7-22-09 (A) .....	1,420	1,410
1.176%, 8-19-09 (A) .....	250	249
0.843%, 8-21-09 (A) .....	800	798
0.687%, 9-25-09 (A) .....	1,100	1,097
7.625%, 12-7-09 .....	3,000	3,058
PACCAR Financial Corp.,		
0.649%, 9-21-09 (A) .....	2,500	2,496
Praxair Inc.,		
0.751%, 8-26-09 (A) .....	1,600	1,600
Procter & Gamble Company (The),		
0.996%, 8-7-09 (A) .....	1,000	1,000
Procter & Gamble International Funding S.C.A. (Procter & Gamble Company (The)):		
1.176%, 7-6-09 (A) .....	850	850
5.300%, 7-6-09 (C) .....	550	550
1.224%, 8-8-09 (A) .....	500	500
1.046%, 8-19-09 (A) .....	4,300	4,298
Roche Holdings, Inc.,		
1.661%, 8-25-09 (A) .....	6,600	6,606
Target Corporation,		
1.111%, 8-7-09 (A) .....	2,450	2,449
Toyota Motor Credit Corporation:		
1.650%, 9-3-09 (A) .....	2,500	2,500
1.663%, 9-18-09 (A) .....	2,000	2,000

<b>CORPORATE OBLIGATIONS (Continued)</b>	<b>Principal</b>	<b>Value</b>
<b>Notes (Continued)</b>		
Wal-Mart Stores, Inc., 6.875%, 8-10-09 .....	\$3,395	\$ 3,413
Wells Fargo & Company: 0.782%, 9-23-09 (A) .....	1,800	1,794
4.200%, 1-15-10 .....	2,000	2,021

**Total Notes – 55.74%** **122,302**

**Notes (backed by irrevocable bank letter of credit)**

Conestoga Wood Specialties Corporation, Variable/Fixed Rate Taxable Demand Revenue Bonds, Series 2000 (Wachovia Bank, N.A.), 0.600%, 7-1-09 (A) .....	1,725	1,725
The Academy of the New Church, Taxable Variable Rate Demand Bonds, Series 2008 (Wachovia Bank, N.A.), 0.450%, 7-1-09 (A) .....	2,000	2,000
Trap Rock Industries, Inc., Taxable Variable Demand Bonds, Series 2005 (Wachovia Bank, National Association), 0.450%, 7-1-09 (A) .....	1,545	1,545

**Total Notes (backed by irrevocable bank letter  
of credit) – 2.40%** **5,270**

**TOTAL CORPORATE OBLIGATIONS – 85.02%** **\$ 186,563**

(Cost: \$186,563)

**MUNICIPAL OBLIGATIONS – TAXABLE**

**California – 5.38%**

California Pollution Control Financing Authority, Environmental Improvement Revenue Bonds (Atlantic Richfield Company Project), Series 1997 (BP p.l.c.), 0.650%, 9-4-09 .....	9,800	9,800
City of Los Angeles, Wastewater System Subordinate Revenue Bonds, Variable Rate Refunding, Series 2008-G (Bank of America, N.A.), 0.190%, 7-1-09 (A) .....	2,000	2,000
		11,800

**Colorado – 0.30%**

Exempla General Improvement District, City of Lafayette, Colorado, Special Improvement District No. 02-01, Special Assessment Revenue Refunding and Improvement Bonds, Series 2002 (Wells Fargo Bank, N.A.), 0.300%, 7-1-09 (A) .....	655	655
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**Georgia – 0.22%**

Development Authority of Talbot County, Incremental Taxable Industrial Development Revenue Bonds (Junction City Mining Company, LLC Project), Series 2000 (Wachovia Bank, N.A.), 0.550%, 7-1-09 (A) .....	475	475
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<b>MUNICIPAL OBLIGATIONS – TAXABLE (Continued)</b>	<b>Principal</b>	<b>Value</b>
<b>Illinois – 1.15%</b>		
State of Illinois, General Obligation Certificates of May, 2009, 4.000%, 4-26-10 .....	\$2,500	\$ 2,549

**Maryland – 0.46%**

Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Anne Arundel Health Systems Issue, Series 2009A (Wachovia Bank, N.A.), 0.450%, 7-1-09 (A) .....	1,000	1,000
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**Mississippi – 2.25%**

Mississippi Business Finance Corporation, Adjustable Mode Industrial Development Revenue Bonds (Belk, Inc. Project), Series 2005 (Wachovia Bank, N.A.), 0.450%, 7-1-09 (A) .....	4,936	4,936
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**Missouri – 0.64%**

City of Kansas City, Missouri, Variable Rate Demand Taxable Special Obligation Refunding Bonds (President Hotel Redevelopment Project), Series 2009B (JPMorgan Chase & Co.), 0.700%, 7-1-09 (A) .....	1,400	1,400
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**TOTAL MUNICIPAL OBLIGATIONS – TAXABLE – 10.40%** **\$ 22,815**

(Cost: \$22,815)

**UNITED STATES GOVERNMENT AND  
GOVERNMENT AGENCY OBLIGATIONS**

**United States Government Agency Obligations**

Overseas Private Investment Corporation: 0.250%, 9-15-09 (A) .....	2,000	2,000
0.250%, 8-17-09 (A) .....	1,256	1,256
0.250%, 9-15-09 (A) .....	1,000	1,000
0.250%, 11-16-09 (A) .....	1,400	1,400
Totem Ocean Trailer Express, Inc. (United States Government Guaranteed Ship Financing Obligations), 0.879%, 10-15-09 (A) .....	2,305	2,305

**TOTAL UNITED STATES GOVERNMENT AND  
GOVERNMENT AGENCY OBLIGATIONS – 3.63%** **\$ 7,961**

(Cost: \$7,961)

**TOTAL INVESTMENT SECURITIES – 99.05%** **\$217,339**

(Cost: \$217,339)

**CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.95%** **2,097**

**NET ASSETS – 100.00%** **\$219,436**

## Notes to Schedule of Investments

(A) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2009.

(B) Security is fully guaranteed by the Federal Deposit Insurance Corporation for both interest and principal under the Debt Guarantee Program of the Temporary Liquidity Guarantee Program.

(C) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be liquid under guidelines established by the Board of Trustees. At June 30, 2009, the total value of these securities amounted to \$14,123 or 6.44% of net assets.

For Federal income tax purposes, cost of investments owned at June 30, 2009 and the related unrealized appreciation (depreciation) were as follows:

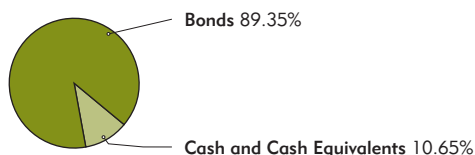
Cost	<u>\$ 217,339</u>
Gross unrealized appreciation	—
Gross unrealized depreciation	<u>—</u>
Net unrealized appreciation	\$ —

# PORTFOLIO HIGHLIGHTS

## Mortgage Securities

ALL DATA IS AS OF JUNE 30, 2009 (UNAUDITED)

### Asset Allocation

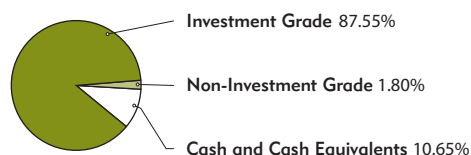


<b>Bonds</b>	<b>89.35%</b>
United States Government and Government Agency Obligations	71.28%
Corporate Debt Securities	18.07%
<b>Cash and Cash Equivalents</b>	<b>10.65%</b>

### Bond Portfolio Characteristics

Average maturity	4.6 years
Effective duration	2.7 years
Weighted average bond rating	AAA

### Quality Weightings



<b>Investment Grade</b>	<b>87.55%</b>
AAA	77.11%
AA	2.68%
A	4.06%
BBB	3.70%
<b>Non-Investment Grade</b>	<b>1.80%</b>
BB	1.64%
B	0.05%
Below B	0.11%
<b>Cash and Cash Equivalents</b>	<b>10.65%</b>

Ratings reflected in the wheel are taken from the following sources in order of preference: Standard & Poor's, Moody's or management's internal ratings, where no other ratings are available.

# SCHEDULE OF INVESTMENTS

## Mortgage Securities *(in thousands)*

JUNE 30, 2009 (UNAUDITED)

CORPORATE DEBT SECURITIES	Principal	Value	CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Car Loan – 0.47%</b>			<b>Other Mortgage-Backed Securities (Continued)</b>		
Capital Auto Receivables Asset Trust 2007–2, 8.300%, 2–18–14 (A) . . . . .	\$ 80	\$ 57	Capital One Auto Finance Trust 2005-B-SS, 4.480%, 12–15–10 . . . . .	\$ 64	\$ 64
Ford Credit Auto Owner Trust 2006-B, 7.120%, 2–15–13 (B) . . . . .	65	46	C-Bass 2005-CB3 Trust, 5.109%, 5–25–35 (C) . . . . .	129	123
Ford Credit Auto Owner Trust 2007-A, 7.050%, 12–15–13 (B) . . . . .	30	18	C-Bass 2005-CB7 Trust, 5.147%, 11–25–35 (C) . . . . .	4	4
		<u>121</u>	C-Bass 2006-CB2 Trust, 5.860%, 12–25–36 . . . . .	285	72
<b>Consumer Finance – 0.88%</b>			C-Bass 2006-MH1 Trust, 5.970%, 10–25–36 (A)(C) . . . . .	138	120
Green Tree Financial Corporation: 7.650%, 4–15–19 . . . . .	96	83	Centex Home Equity Loan Trust 2005-C, 5.048%, 6–25–35 (C) . . . . .	210	168
9.000%, 6–15–25 . . . . .	110	108	Chase Commercial Mortgage Securities Corp., Commercial Mortgage Pass-Through Certificates, Series 1999–2, 7.198%, 1–15–32 . . . . .	81	81
7.950%, 8–15–25 (C) . . . . .	36	35	CHEQ Home Equity Loan Trust, Series 2006-S2, 0.424%, 7–25–27 (C) . . . . .	9	9
		<u>226</u>	Citigroup Mortgage Loan Trust Inc., Mortgage Pass-Through Certificates, Series 2004–2, 6.500%, 8–25–18 (A) . . . . .	5	5
<b>Other Mortgage-Backed Securities – 16.72%</b>			CitiMortgage Alternative Loan Trust, Series 2007-A7, 6.237%, 7–25–37 (C) . . . . .	54	—*
ABFS Mortgage Loan Trust 2001–2, 6.990%, 12–25–31 (C) . . . . .	163	67	CountryPlace Manufactured Housing Contract Trust 2005–1, 4.800%, 12–15–35 (B)(C) . . . . .	245	160
ABFS Mortgage Loan Trust 2002–4, 7.423%, 12–15–33 (C) . . . . .	108	24	CWHEQ Home Equity Loan Trust, Series 2006-S3, 6.518%, 1–25–29 (C) . . . . .	207	44
ABN AMRO Mortgage Corporation, Series 2003–2, 5.330%, 3–25–18 (C) . . . . .	78	48	Flagstar Home Equity Loan Trust 2007–1, 5.997%, 1–25–35 (A)(C) . . . . .	125	21
Banc of America Alternative Loan Trust 2004–11, 6.000%, 12–25–34 . . . . .	232	145	Global Mortgage Securitization 2005-A Ltd. and Global Mortgage Securitization 2005-A LLC: 5.250%, 4–25–32 . . . . .	76	44
Banc of America Alternative Loan Trust 2005–10, 5.666%, 11–25–35 (C) . . . . .	116	7	5.402%, 4–25–32 (C) . . . . .	110	38
Banc of America Alternative Loan Trust 2005–12, 5.803%, 1–25–36 (C) . . . . .	163	18	Global Mortgage Securitization Ltd. and Global Mortgage Securitization, LLC, 5.250%, 11–25–32 (B) . . . . .	144	97
Banc of America Alternative Loan Trust 2005–6, 6.000%, 7–25–35 . . . . .	281	153	Home Equity Loan Trust 2003-HS2, 5.090%, 7–25–33 (C) . . . . .	6	5
Banc of America Alternative Loan Trust 2005–8: 5.571%, 9–25–35 (C) . . . . .	200	30	Hometown Commercial Capital, LLC Hometown Commercial Mortgage Pass-Through Notes 2006–1, 5.506%, 11–11–38 (B) . . . . .	183	82
5.571%, 9–25–35 (C) . . . . .	41	2	J.P. Morgan Alternative Loan Trust 2006-A6, 5.950%, 11–25–36 (C) . . . . .	250	115
Banc of America Alternative Loan Trust 2006–4: 6.220%, 5–25–46 (C) . . . . .	62	11	J.P. Morgan Chase Commercial Mortgage Securities Corp., 6.221%, 10–12–37 (A) . . . . .	200	127
6.220%, 5–25–46 (C) . . . . .	81	5	J.P. Morgan Mortgage Acquisition Trust 2006-CW2, 6.337%, 8–25–36 (C) . . . . .	270	76
Banc of America Commercial Mortgage Inc., Commercial Mortgage Pass-Through Certificates, Series 2002–2, 6.200%, 7–11–43 (A) . . . . .	140	57	J.P. Morgan Mortgage Trust 2005-S2, 5.673%, 9–25–35 (C) . . . . .	185	34
Banc of America Commercial Mortgage Inc., Commercial Mortgage Pass-Through Certificates, Series 2004–6, 5.104%, 12–10–42 (A)(C) . . . . .	100	41	J.P. Morgan Mortgage Trust 2006-A2, 5.098%, 11–25–33 (C) . . . . .	62	34
Banc of America Funding 2004–2 Trust, 6.500%, 7–20–32 . . . . .	134	103	J.P. Morgan Mortgage Trust 2006-A6, 6.041%, 10–25–36 (C) . . . . .	225	135
Banc of America Funding Corporation, 5.002%, 9–20–34 (C) . . . . .	76	45	J.P. Morgan Mortgage Trust 2006-S3, 6.187%, 8–25–36 . . . . .	377	21
Banc of America Mortgage 2007–1 Trust, 6.000%, 3–25–37 . . . . .	213	31	J.P. Morgan Mortgage Trust 2007-A1, 4.822%, 7–25–35 (C) . . . . .	294	23
Banc of America Mortgage Trust 2004–3, 4.875%, 4–25–19 . . . . .	71	42			
Banc of America Structured Securities Trust 2002-X1 F, 6.274%, 10–11–33 (B) . . . . .	250	204			
BankAmerica Manufactured Housing Contract Trust, 7.015%, 1–10–28 . . . . .	38	37			
Bear Stearns Commercial Mortgage Securities Inc., Series 2000-WF1 Trust Fund, 6.500%, 2–15–32 . . . . .	150	109			
Bear Stearns Commercial Mortgage Securities Trust 2002-TOP6, 7.354%, 10–15–36 (A)(C) . . . . .	170	101			

<b>CORPORATE DEBT SECURITIES (Continued)</b>	<b>Principal</b>	<b>Value</b>
<b>Other Mortgage-Backed Securities (Continued)</b>		
LB-UBS Commercial Mortgage Trust 2003-C3, 4.846%, 2-15-37 (A)(C) .....	\$ 100	\$ 41
Lehman ABS Manufactured Housing Contract Trust 2001-B, 3.010%, 3-15-10 .....	96	58
Lehman XS Trust, Series 2005-8, 5.690%, 12-25-35 .....	306	189
Mid-State Capital Corporation 2004-1 Trust, 6.005%, 8-15-37 .....	111	83
NationsLink Funding Corporation, Commercial Mortgage Pass-Through Certificates, Series 1998-2, 5.000%, 8-20-30 (A) .....	50	42
Nomura Asset Securities Corporation, Commercial Mortgage Pass-Through Certificates, Series 1998-D6, 6.000%, 3-15-30 (A) .....	200	162
Origen Manufactured Housing Contract Trust 2004-A, 5.700%, 1-15-35 .....	100	74
Origen Manufactured Housing Contract Trust 2004-B, 4.750%, 8-15-21 .....	100	91
Origen Manufactured Housing Contract Trust 2005-B: 5.605%, 5-15-22 .....	35	30
5.910%, 1-15-37 .....	100	71
PHH Alternative Mortgage Trust, Series 2007-1, Class II-B-2, 6.000%, 2-25-37 .....	97	8
RALI Series 2003-QS11 Trust, 5.750%, 6-25-33 .....	198	122
RAMP Series 2005-RS1 Trust, 5.145%, 1-25-35 (C) .....	212	28
RASC Series 2003-KS10 Trust, 6.410%, 12-25-33 .....	24	9
RESI Finance Limited Partnership 2003-C and RESI Finance DE Corporation 2003-C, 1.723%, 9-10-35 (B)(C) .....	114	49
RFMSI Series 2004-S5 Trust, 4.500%, 5-25-19 .....	72	54
Structured Adjustable Rate Mortgage Loan Trust, Series 2005-21, 5.400%, 11-25-35 (C) .....	144	19
Structured Asset Securities Corporation: 6.290%, 11-25-32 (C) .....	23	9
5.250%, 8-25-33 .....	128	77
5.630%, 5-25-34 (C) .....	63	25
6.000%, 6-25-34 (C) .....	184	66
Wells Fargo Alternative Loan 2007-PA3 Trust: 6.086%, 7-25-37 (C) .....	152	9
6.086%, 7-25-37 (C) .....	119	4
		<u>4,302</u>
<b>TOTAL CORPORATE DEBT SECURITIES – 18.07%</b>		<b>\$ 4,649</b>
(Cost: \$9,874)		

<b>UNITED STATES GOVERNMENT AGENCY OBLIGATIONS</b>	<b>Principal</b>	<b>Value</b>
<b>Agency Obligations – 0.82%</b>		
Federal National Mortgage Association, 3.875%, 7-12-13 (D) .....	\$200	\$ 211
<b>Mortgage-Backed Obligations – 68.43%</b>		
Federal Home Loan Mortgage Corporation Fixed Rate Participation Certificates:		
5.000%, 5-1-18 .....	205	215
5.500%, 6-1-19 .....	117	123
6.000%, 9-1-22 .....	462	490
5.300%, 1-15-33 .....	228	236
6.000%, 10-1-33 .....	420	444
5.000%, 7-1-34 .....	440	447
6.000%, 7-1-34 .....	960	1,003
5.500%, 2-1-35 .....	152	157
5.500%, 2-1-35 .....	77	80
5.500%, 7-1-35 .....	640	661
5.000%, 8-1-35 .....	296	302
5.000%, 11-1-35 .....	464	474
6.500%, 7-1-36 .....	419	446
7.000%, 12-1-37 .....	61	65
4.500%, 7-1-39 TBA .....	95	94
Federal National Mortgage Association Fixed Rate Pass-Through Certificates:		
5.500%, 3-1-18 .....	119	125
5.000%, 10-1-18 .....	106	111
5.500%, 9-1-19 .....	70	74
4.500%, 7-1-20 TBA .....	500	510
7.000%, 11-1-32 .....	86	94
5.500%, 5-1-33 .....	734	757
6.000%, 6-1-33 .....	312	329
6.000%, 12-1-33 .....	212	225
5.500%, 1-1-34 .....	117	122
5.500%, 1-1-34 .....	116	121
5.000%, 2-1-34 .....	272	278
5.500%, 2-1-34 .....	285	295
5.500%, 2-1-34 .....	260	270
5.000%, 3-1-34 .....	506	517
6.000%, 4-1-34 .....	135	142
5.000%, 7-1-34 .....	285	290
6.000%, 7-1-34 .....	515	538
6.500%, 8-1-34 .....	185	197
5.500%, 9-1-34 .....	68	71
6.500%, 9-1-34 .....	47	51
5.500%, 11-1-34 .....	189	196
6.000%, 11-1-34 .....	67	70
6.500%, 11-1-34 .....	138	148
6.500%, 11-1-34 .....	94	100
6.000%, 12-1-34 .....	327	344
5.500%, 2-1-35 .....	410	427
6.500%, 3-1-35 .....	90	97
6.000%, 4-1-35 .....	406	428
6.000%, 6-1-35 .....	321	337
5.000%, 7-1-35 .....	64	66
5.500%, 7-1-35 .....	141	146
5.500%, 8-1-35 .....	82	85
5.500%, 10-1-35 .....	427	445
5.500%, 10-1-35 .....	122	127
6.000%, 10-1-35 .....	524	549

UNITED STATES GOVERNMENT		
AGENCY OBLIGATIONS (Continued)	Principal	Value
<b>Mortgage-Backed Obligations (Continued)</b>		
Federal National Mortgage Association Fixed Rate Pass-Through Certificates: (Continued)		
6.000%, 1-1-36 .....	\$ 810	\$ 850
6.500%, 2-1-36 .....	74	79
6.500%, 6-1-36 .....	126	135
6.500%, 8-1-37 .....	267	285
6.000%, 9-1-37 .....	130	136
6.500%, 9-1-37 .....	237	252
5.500%, 5-1-38 .....	891	921
6.000%, 7-1-38 .....	158	165
Government National Mortgage Association Agency REMIC/CMO (Interest Only), (E) 0.914%, 6-17-45 (C) .....	1,340	49
Government National Mortgage Association Fixed Rate Pass-Through Certificates:		
6.250%, 7-15-24 .....	81	87
5.500%, 12-15-34 .....	267	276
5.500%, 7-1-35 .....	195	201
5.500%, 7-15-38 .....	138	142
5.500%, 10-15-38 .....	102	106
		<u>17,603</u>
<b>Non-Agency REMIC/CMO – 2.03%</b>		
Government National Mortgage Association Non-Agency REMIC/CMO, 5.008%, 12-16-25 (C) .....	500	523
<b>TOTAL UNITED STATES GOVERNMENT AGENCY OBLIGATIONS – 71.28%</b>		<b>\$ 18,337</b>
(Cost: \$17,922)		

SHORT-TERM SECURITIES	Principal	Value
<b>Commercial Paper – 20.87%</b>		
Burlington Northern Santa Fe Corp., 0.540%, 7-2-09 .....	\$1,300	\$ 1,300
Colgate-Palmolive Company, 0.150%, 7-10-09 .....	891	891
Heinz (H.J.) Finance Co. (Heinz (H.J.) Co.), 0.500%, 7-15-09 .....	1,500	1,500
Kraft Foods Inc., 0.350%, 7-16-09 .....	1,680	1,679
		<u>5,370</u>
<b>Master Note – 5.91%</b>		
Toyota Motor Credit Corporation, 0.197%, 7-1-09 (C) .....	1,520	1,520
<b>United States Government Agency Obligations – 2.92%</b>		
Federal Home Loan Mortgage Corporation, 0.020%, 7-1-09 .....	750	750
<b>TOTAL SHORT-TERM SECURITIES – 29.70%</b>		<b>\$ 7,640</b>
(Cost: \$7,640)		
<b>TOTAL INVESTMENT SECURITIES – 119.05%</b>		<b>\$ 30,626</b>
(Cost: \$35,436)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (19.05%)</b>		<b>(4,901)</b>
<b>NET ASSETS – 100.00%</b>		<b>\$ 25,725</b>

#### Notes to Schedule of Investments

\*Not shown due to rounding.

(A)Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be liquid under guidelines established by the Board of Trustees. At June 30, 2009, the total value of these securities amounted to \$774 or 3.01% of net assets.

(B)Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be illiquid under guidelines established by the Board of Trustees. At June 30, 2009, the total value of these securities amounted to \$656 or 2.55% of net assets.

(C)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2009.

(D)Security serves as collateral for the following open futures contracts at June 30, 2009:

Description	Type	Expiration Date	Number of Contracts	Market Value	Unrealized Depreciation
U.S. 30 Year Treasury Bond	Short	9-21-09	—*	<u>\$(1,302)</u>	<u>\$(5)</u>

(E)Amount shown in principal column represents notional amount for computation of interest.

The following acronyms are used throughout this schedule:

CMO = Collateralized Mortgage Obligation

REMIC = Real Estate Mortgage Investment Conduit

TBA = To Be Announced

For Federal income tax purposes, cost of investments owned at June 30, 2009 and the related unrealized appreciation (depreciation) were as follows:

Cost	<u>\$35,439</u>
Gross unrealized appreciation	431
Gross unrealized depreciation	<u>(5,244)</u>
Net unrealized depreciation	<u>\$ (4,813)</u>

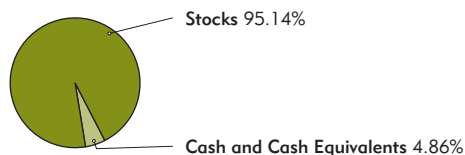
See Accompanying Notes to Financial Statements.

# PORTFOLIO HIGHLIGHTS

## Real Estate Securities

ALL DATA IS AS OF JUNE 30, 2009 (UNAUDITED)

### Asset Allocation



<b>Stocks</b>	<b>95.14%</b>
Financials	94.91%
Telecommunication Services	0.23%
<b>Cash and Cash Equivalents</b>	<b>4.86%</b>

### Top 10 Equity Holdings

Company	Sector	Industry
Simon Property Group, Inc.	Financials	Retail REITs
Public Storage, Inc.	Financials	Specialized REITs
Vornado Realty Trust	Financials	Diversified REITs
Boston Properties, Inc.	Financials	Office REITs
Health Care Property Investors, Inc.	Financials	Specialized REITs
Equity Residential	Financials	Residential REITs
Ventas, Inc.	Financials	Specialized REITs
Digital Realty Trust, Inc.	Financials	Office REITs
Health Care REIT, Inc.	Financials	Specialized REITs
AvalonBay Communities, Inc.	Financials	Residential REITs

See your advisor for more information on the Portfolio's most recently published Top 10 Equity Holdings.



# SCHEDULE OF INVESTMENTS

## Real Estate Securities *(in thousands)*

JUNE 30, 2009 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Diversified Real Estate Activities – 0.25%</b>		
Jones Lang LaSalle Incorporated	2	\$ 62
<b>Diversified REITs – 10.08%</b>		
Colonial Properties Trust	9	63
Liberty Property Trust	15	350
PS Business Parks, Inc.	5	223
Vornado Realty Trust	30	1,358
Washington Real Estate Investment Trust	22	488
		<u>2,482</u>
<b>Industrial REITs – 5.20%</b>		
AMB Property Corporation	15	282
DCT Industrial Trust Inc.	65	265
EastGroup Properties, Inc.	10	337
ProLogis	49	397
		<u>1,281</u>
<b>Office REITs – 18.84%</b>		
Alexandria Real Estate Equities, Inc.	5	193
BioMed Realty Trust, Inc.	24	249
Boston Properties, Inc.	25	1,184
Brandywine Realty Trust	21	155
Corporate Office Properties Trust	17	502
Cousins Properties Incorporated	12	105
Digital Realty Trust, Inc.	23	817
Douglas Emmett, Inc.	43	387
Duke Realty Corporation	15	134
Highwoods Properties, Inc.	17	380
Kilroy Realty Corporation	9	193
Mack-Cali Realty Corporation	11	255
SL Green Realty Corp.	4	85
		<u>4,639</u>
<b>Real Estate Management &amp; Development – 0.24%</b>		
CB Richard Ellis Group, Inc., Class A (A)	6	59
<b>Residential REITs – 16.92%</b>		
American Campus Communities, Inc.	11	253
AvalonBay Communities, Inc.	12	675
BRE Properties, Inc., Class A	16	378
Camden Property Trust	10	287
Equity Lifestyle Properties, Inc.	4	145
Equity Residential	45	1,004
Essex Property Trust, Inc.	10	641
Home Properties, Inc.	9	297
Mid-America Apartment Communities, Inc.	10	371
UDR, Inc.	11	116
		<u>4,167</u>
<b>Retail REITs – 20.78%</b>		
Acadia Realty Trust	27	349
CBL & Associates Properties, Inc.	41	223
Federal Realty Investment Trust	12	592
Kimco Realty Corporation	28	282
Macerich Company (The)	7	119
National Retail Properties, Inc.	17	288
Regency Centers Corporation	17	604
Saul Centers, Inc.	5	151
Simon Property Group, Inc.	40	2,053
Tanger Factory Outlet Centers, Inc.	8	263
Taubman Centers, Inc.	7	193
		<u>5,117</u>

COMMON STOCKS (Continued)	Shares	Value
<b>Specialized REITs – 22.47%</b>		
DiamondRock Hospitality Company	14	\$ 86
Entertainment Properties Trust	4	89
Health Care Property Investors, Inc.	54	1,153
Health Care REIT, Inc.	21	716
Host Hotels & Resorts, Inc.	76	639
LaSalle Hotel Properties	5	62
Nationwide Health Properties, Inc.	19	489
Public Storage, Inc.	21	1,387
Ventas, Inc.	31	911
		<u>5,532</u>
<b>Wireless Telecommunication Service – 0.23%</b>		
American Tower Corporation, Class A (A)	2	57
<b>TOTAL COMMON STOCKS – 95.01%</b>		<b>\$23,396</b>
(Cost: \$35,194)		
<b>INVESTMENT FUNDS – 0.13%</b>		
<b>Sector Fund-Real Estate</b>		
ProShares UltraShort Real Estate	2	\$ 31
(Cost: \$32)		
<b>SHORT-TERM SECURITIES – 3.98%</b>	<b>Principal</b>	
<b>Master Note</b>		
Toyota Motor Credit Corporation, 0.197%, 7-1-09 (B)	\$979	\$ 979
(Cost: \$979)		
<b>TOTAL INVESTMENT SECURITIES – 99.12%</b>		<b>\$24,406</b>
(Cost: \$36,205)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.88%</b>		<b>218</b>
<b>NET ASSETS – 100.00%</b>		<b>\$24,624</b>

### 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, 2009.

The following acronym is used throughout this schedule:  
REIT = Real Estate Investment Trust

For Federal income tax purposes, cost of investments owned at June 30, 2009 and the related unrealized appreciation (depreciation) were as follows:

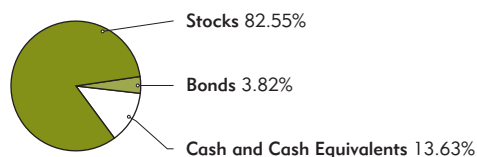
Cost	\$ 36,781
Gross unrealized appreciation	180
Gross unrealized depreciation	(12,555)
Net unrealized depreciation	\$ (12,375)

# PORTFOLIO HIGHLIGHTS

## Science and Technology

ALL DATA IS AS OF JUNE 30, 2009 (UNAUDITED)

### Asset Allocation



<b>Stocks</b>	<b>82.55%</b>
Information Technology	44.61%
Health Care	11.77%
Consumer Staples	7.44%
Industrials	5.84%
Energy	4.60%
Telecommunication Services	3.93%
Materials	3.04%
Financials	0.82%
Consumer Discretionary	0.50%
<b>Bonds</b>	<b>3.82%</b>
Corporate Debt Securities	3.82%
<b>Cash and Cash Equivalents</b>	<b>13.63%</b>

### Top 10 Equity Holdings

Company	Sector	Industry
ESCO Technologies Inc.	Industrials	Industrial Machinery
Noble Energy, Inc.	Energy	Oil & Gas Exploration & Production
Research In Motion Limited	Information Technology	Communications Equipment
Cree, Inc.	Information Technology	Semiconductors
Aspen Technology, Inc.	Information Technology	Application Software
Bunge Limited	Consumer Staples	Agricultural Products
Archer Daniels Midland Company	Consumer Staples	Agricultural Products
Alliance Data Systems Corporation	Information Technology	Data Processing & Outsourced Services
Genzyme Corporation	Health Care	Biotechnology
Microsoft Corporation	Information Technology	Systems Software

See your advisor for more information on the Portfolio's most recently published Top 10 Equity Holdings.

# SCHEDULE OF INVESTMENTS

## Science and Technology *(in thousands)*

JUNE 30, 2009 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Agricultural Products – 7.44%</b>		
Archer Daniels Midland Company .....	343	\$ 9,179
Bunge Limited .....	164	9,906
		<u>19,085</u>
<b>Application Software – 9.46%</b>		
ACI Worldwide, Inc. (A) .....	515	7,184
Aspen Technology, Inc. (A) .....	1,164	9,928
Lawson Software, Inc. (A) .....	1,286	7,173
		<u>24,285</u>
<b>Biotechnology – 8.28%</b>		
Amgen Inc. (A) .....	124	6,580
Genzyme Corporation (A) .....	135	7,539
Isis Pharmaceuticals, Inc. (A) .....	155	2,562
Vertex Pharmaceuticals Incorporated (A) .....	129	4,587
		<u>21,268</u>
<b>Communications Equipment – 4.91%</b>		
CommScope, Inc. (A) .....	67	1,754
Research In Motion Limited (A) .....	153	10,835
		<u>12,589</u>
<b>Data Processing &amp; Outsourced Services – 9.03%</b>		
Alliance Data Systems Corporation (A) .....	203	8,357
Euronet Worldwide, Inc. (A) .....	341	6,607
Fidelity National Information Services, Inc. ....	185	3,693
Lender Processing Services, Inc. ....	163	4,527
		<u>23,184</u>
<b>Diversified Chemicals – 2.49%</b>		
E.I. du Pont de Nemours and Company .....	128	3,277
FMC Corporation .....	66	3,117
		<u>6,394</u>
<b>Electrical Components &amp; Equipment – 0.99%</b>		
POWER-ONE, INC. (A) .....	860	1,281
Ultralife Corporation (A) .....	177	1,269
		<u>2,550</u>
<b>Electronic Equipment &amp; Instruments – 2.09%</b>		
IPG Photonics Corporation (A) .....	85	927
Itron, Inc. (A) .....	81	4,444
		<u>5,371</u>
<b>Fertilizers &amp; Agricultural Chemicals – 0.55%</b>		
Sociedad Quimica y Minera de Chile S.A., ADR .....	39	1,408
<b>General Merchandise Stores – 0.50%</b>		
Conn's, Inc. (A) .....	104	1,295
<b>Health Care Distributors – 0.22%</b>		
Animal Health International, Inc. (A) .....	359	556
<b>Health Care Equipment – 0.47%</b>		
STERIS Corporation .....	47	1,218
<b>Health Care Facilities – 1.73%</b>		
HealthSouth Corporation (A) .....	307	4,434

COMMON STOCKS (Continued)	Shares	Value
<b>Health Care Supplies – 0.18%</b>		
TranS1 Inc. (A) .....	75	\$ 466
<b>Health Care Technology – 0.75%</b>		
Eclipsys Corporation (A) .....	108	1,922
<b>Home Entertainment Software – 2.10%</b>		
Nintendo Co., Ltd. (B) .....	20	5,390
<b>Industrial Machinery – 4.85%</b>		
ESCO Technologies Inc. (A) .....	247	11,084
Pentair, Inc. ....	52	1,342
		<u>12,426</u>
<b>Integrated Telecommunication Services – 2.98%</b>		
AT&T Inc. ....	176	4,369
CenturyTel, Inc. ....	106	3,266
		<u>7,635</u>
<b>Internet Software &amp; Services – 0.95%</b>		
SAVVIS, Inc. (A) .....	214	2,449
<b>IT Consulting &amp; Other Services – 2.71%</b>		
Telvent GIT, S.A. ....	321	6,955
<b>Life &amp; Health Insurance – 0.82%</b>		
Amil Participacoes S.A. (B) .....	436	2,099
<b>Managed Health Care – 0.14%</b>		
AMERIGROUP Corporation (A) .....	13	349
<b>Oil &amp; Gas Equipment &amp; Services – 0.29%</b>		
ION Geophysical Corporation (A) .....	285	732
<b>Oil &amp; Gas Exploration &amp; Production – 4.31%</b>		
Noble Energy, Inc. ....	188	11,063
<b>Semiconductors – 10.48%</b>		
Cree, Inc. (A) .....	351	10,302
Micron Technology, Inc. (A) .....	508	2,568
Microsemi Corporation (A) .....	77	1,065
PMC-Sierra, Inc. (A) .....	710	5,651
Samsung Electronics Co., Ltd. (B) .....	16	7,296
		<u>26,882</u>
<b>Systems Software – 2.88%</b>		
Microsoft Corporation .....	310	7,378
<b>Wireless Telecommunication Service – 0.95%</b>		
Sprint Nextel Corporation (A) .....	508	2,442
<b>TOTAL COMMON STOCKS – 82.55%</b>		<b>\$211,825</b>
(Cost: \$234,093)		

<b>CORPORATE DEBT SECURITIES</b>	<b>Principal</b>	<b>Value</b>
<b>Data Processing &amp; Outsourced Services – 1.21%</b>		
Alliance Data Systems Corporation, Convertible, 4.750%, 5–15–14 .....	\$3,000	\$ 3,094
<b>Technology – 2.61%</b>		
Advanced Micro Devices, Inc., Convertible, 5.750%, 8–15–12 .....	7,000	4,305
Eastman Kodak Company, Convertible, 3.375%, 10–15–33 .....	3,000	2,415
		<u>6,720</u>
<b>TOTAL CORPORATE DEBT SECURITIES – 3.82%</b>		<b>\$ 9,814</b>
(Cost: \$9,908)		

#### **SHORT-TERM SECURITIES**

<b>Commercial Paper – 9.73%</b>		
Burlington Northern Santa Fe Corp., 0.450%, 7–2–09 .....	5,000	5,000
Colgate-Palmolive Company, 0.150%, 7–10–09 .....	4,227	4,227
Johnson & Johnson, 0.100%, 7–13–09 .....	2,000	2,000
Kraft Foods Inc., 0.300%, 7–9–09 .....	6,000	5,999
Straight-A Funding, LLC (Federal Financing Bank), 0.270%, 7–24–09 .....	5,000	4,999
Total Capital SA, 0.080%, 7–1–09 .....	2,737	2,737
		<u>24,962</u>
<b>United States Government Agency Obligations – 1.95%</b>		
Federal National Mortgage Association, 0.090%, 7–22–09 .....	5,000	5,000
<b>TOTAL SHORT-TERM SECURITIES – 11.68%</b>		<b>\$ 29,962</b>

(Cost: \$29,962)

**TOTAL INVESTMENT SECURITIES – 98.05% \$251,601**

(Cost: \$273,963)

**CASH AND OTHER ASSETS, NET OF LIABILITIES – 1.95% 5,004**

**NET ASSETS – 100.00% \$256,605**

#### **Notes to Schedule of Investments**

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

(B)Listed on an exchange outside the United States.

The following acronym is used throughout this schedule:  
ADR = American Depositary Receipts

For Federal income tax purposes, cost of investments owned at June 30, 2009 and the related unrealized appreciation (depreciation) were as follows:

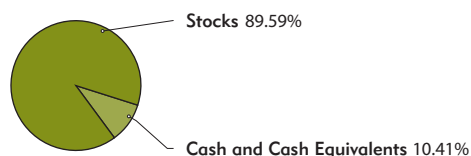
Cost	<u>\$ 275,186</u>
Gross unrealized appreciation	24,141
Gross unrealized depreciation	<u>(47,726)</u>
Net unrealized depreciation	<b>\$ (23,585)</b>

# PORTFOLIO HIGHLIGHTS

## Small Cap Growth

ALL DATA IS AS OF JUNE 30, 2009 (UNAUDITED)

### Asset Allocation



Stocks	89.59%
Information Technology	32.55%
Health Care	19.58%
Consumer Discretionary	16.91%
Industrials	5.28%
Consumer Staples	5.24%
Financials	4.25%
Energy	3.63%
Telecommunication Services	1.51%
Materials	0.64%
Cash and Cash Equivalents	10.41%

### Top 10 Equity Holdings

Company	Sector
Constant Contact, Inc.	Information Technology
Scientific Games Corporation, Class A	Consumer Discretionary
MICROS Systems, Inc.	Information Technology
Riverbed Technology, Inc.	Information Technology
CommVault Systems, Inc.	Information Technology
LKQ Corporation	Consumer Discretionary
Capella Education Company	Consumer Discretionary
NuVasive, Inc.	Health Care
DTS, Inc.	Information Technology
Vocus, Inc.	Information Technology

See your advisor for more information on the Portfolio's most recently published Top 10 Equity Holdings.

# SCHEDULE OF INVESTMENTS

## Small Cap Growth *(in thousands)*

JUNE 30, 2009 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Application Software – 6.78%</b>		
Blackbaud, Inc. ....	413	\$ 6,420
Blackboard Inc. (A) .....	198	5,717
Epiq Systems, Inc. (A) .....	201	3,088
FactSet Research Systems, Inc. ....	125	6,255
		<u>21,480</u>
<b>Auto Parts &amp; Equipment – 3.27%</b>		
LKQ Corporation (A) .....	630	10,362
		<u>10,362</u>
<b>Automotive Retail – 0.98%</b>		
Monro Muffler Brake, Inc. ....	121	3,103
		<u>3,103</u>
<b>Broadcasting – 2.10%</b>		
DG FastChannel, Inc. (A) .....	363	6,650
		<u>6,650</u>
<b>Casinos &amp; Gaming – 4.06%</b>		
Scientific Games Corporation, Class A (A) .....	816	12,871
		<u>12,871</u>
<b>Communications Equipment – 4.54%</b>		
Neutral Tandem, Inc. (A) .....	92	2,716
Riverbed Technology, Inc. (A) .....	503	11,667
		<u>14,383</u>
<b>Construction &amp; Engineering – 1.38%</b>		
Chicago Bridge & Iron Company N.V., NY Shares .....	353	4,373
		<u>4,373</u>
<b>Construction &amp; Farm Machinery &amp; Heavy Trucks – 2.39%</b>		
Bucyrus International, Inc., Class A .....	265	7,580
		<u>7,580</u>
<b>Consumer Finance – 1.06%</b>		
EZCORP, Inc., Class A (A) .....	311	3,350
		<u>3,350</u>
<b>Diversified Metals &amp; Mining – 0.64%</b>		
Thompson Creek Metals Company Inc. (A) .....	197	2,018
		<u>2,018</u>
<b>Education Services – 5.54%</b>		
American Public Education, Inc. (A) .....	185	7,336
Capella Education Company (A) .....	170	10,186
		<u>17,522</u>
<b>Electronic Components – 2.76%</b>		
DTS, Inc. (A) .....	323	8,743
		<u>8,743</u>
<b>Health Care Distributors – 2.12%</b>		
PSS World Medical, Inc. (A) .....	363	6,712
		<u>6,712</u>
<b>Health Care Equipment – 7.07%</b>		
ABIOMED, Inc. (A) .....	530	4,677
Masimo Corporation (A) .....	89	2,146
NuVasive, Inc. (A) .....	224	9,977
Volcano Corporation (A) .....	402	5,623
		<u>22,423</u>
<b>Health Care Services – 4.97%</b>		
athenahealth, Inc. (A) .....	161	5,959
Healthways, Inc. (A) .....	262	3,521
HMS Holdings Corp. (A) .....	153	6,246
		<u>15,726</u>

COMMON STOCKS (Continued)	Shares	Value
<b>Health Care Technology – 3.76%</b>		
Allscripts Healthcare Solutions, Inc. ....	310	\$ 4,912
Omniceil, Inc. (A) .....	257	2,758
Phase Forward Incorporated (A) .....	281	4,242
		<u>11,912</u>
<b>Hotels, Resorts &amp; Cruise Lines – 0.96%</b>		
Gaylord Entertainment Company (A) .....	239	3,033
		<u>3,033</u>
<b>Integrated Telecommunication Services – 1.51%</b>		
NTELOS Holdings Corp. ....	260	4,783
		<u>4,783</u>
<b>Internet Software &amp; Services – 11.02%</b>		
Bankrate, Inc. (A) .....	167	4,213
Constant Contact, Inc. (A) .....	768	15,240
LogMeIn, Inc. (A) .....	25	400
VistaPrint Limited (A) .....	165	7,032
Vocus, Inc. (A) .....	405	8,009
		<u>34,894</u>
<b>Investment Banking &amp; Brokerage – 1.34%</b>		
Greenhill & Co., Inc. ....	18	1,300
RiskMetrics Group, Inc. (A) .....	166	2,931
		<u>4,231</u>
<b>Life Sciences Tools &amp; Services – 1.66%</b>		
Illumina, Inc. (A) .....	135	5,265
		<u>5,265</u>
<b>Oil &amp; Gas Equipment &amp; Services – 1.12%</b>		
TESCO Corporation (A) .....	447	3,547
		<u>3,547</u>
<b>Oil &amp; Gas Exploration &amp; Production – 2.51%</b>		
Bill Barrett Corporation (A) .....	289	7,938
		<u>7,938</u>
<b>Packaged Foods &amp; Meats – 3.13%</b>		
Ralcorp Holdings, Inc. (A) .....	72	4,368
Smart Balance, Inc. (A) .....	811	5,524
		<u>9,892</u>
<b>Personal Products – 2.11%</b>		
Alberto-Culver Company .....	263	6,686
		<u>6,686</u>
<b>Railroads – 1.51%</b>		
Kansas City Southern (A) .....	296	4,772
		<u>4,772</u>
<b>Specialized Finance – 1.85%</b>		
Financial Federal Corporation .....	286	5,882
		<u>5,882</u>
<b>Systems Software – 7.45%</b>		
CommVault Systems, Inc. (A) .....	695	11,523
MICROS Systems, Inc. (A) .....	477	12,075
		<u>23,598</u>
<b>TOTAL COMMON STOCKS – 89.59%</b>		<b>\$283,729</b>
(Cost: \$306,364)		

SHORT-TERM SECURITIES	Principal	Value
<b>Commercial Paper – 10.10%</b>		
Baxter International Inc., 0.280%, 7–8–09 .....	\$5,000	\$ 5,000
Clorox Co., 0.435%, 7–20–09 .....	1,366	1,366
General Mills, Inc.: 0.400%, 7–9–09 .....	3,000	3,000
0.450%, 7–10–09 .....	3,000	3,000
Heinz (H.J.) Finance Co. (Heinz (H.J.) Co.), 0.500%, 7–15–09 .....	4,000	3,999
Pfizer Inc., 0.150%, 7–22–09 .....	2,000	2,000
Total Capital SA, 0.080%, 7–1–09 .....	8,600	8,599
Unilever Capital Corporation, 0.160%, 7–9–09 .....	5,000	5,000
		<u>31,964</u>
<b>Master Note – 0.66%</b>		
Toyota Motor Credit Corporation, 0.197%, 7–1–09 (B) .....	2,095	2,095
		<u>2,095</u>
<b>TOTAL SHORT-TERM SECURITIES – 10.76%</b>		<b>\$ 34,059</b>
(Cost: \$34,059)		
<b>TOTAL INVESTMENT SECURITIES – 100.35%</b>		<b>\$317,788</b>
(Cost: \$340,423)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.35%)</b>		<b>(1,120)</b>
<b>NET ASSETS – 100.00%</b>		<b>\$316,668</b>

#### 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, 2009.

For Federal income tax purposes, cost of investments owned at June 30, 2009 and the related unrealized appreciation (depreciation) were as follows:

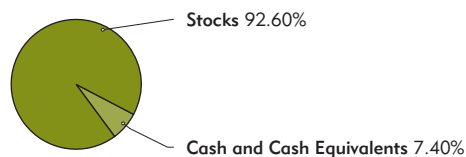
Cost	<u>\$342,750</u>
Gross unrealized appreciation	26,605
Gross unrealized depreciation	<u>(51,567)</u>
Net unrealized depreciation	\$ (24,962)

# PORTFOLIO HIGHLIGHTS

## Small Cap Value

ALL DATA IS AS OF JUNE 30, 2009 (UNAUDITED)

### Asset Allocation



Stocks	92.60%
Financials	21.85%
Information Technology	20.79%
Consumer Discretionary	17.10%
Industrials	11.28%
Materials	6.71%
Consumer Staples	4.76%
Utilities	4.13%
Health Care	3.55%
Energy	2.43%
Cash and Cash Equivalents	7.40%

### Top 10 Equity Holdings

Company	Sector
Silgan Holdings Inc.	Materials
Monro Muffler Brake, Inc.	Consumer Discretionary
Regal Entertainment Group	Consumer Discretionary
Southwest Gas Corporation	Utilities
99 Cents Only Stores	Consumer Discretionary
Corrections Corporation of America	Industrials
BJ's Wholesale Club, Inc.	Consumer Staples
American Campus Communities, Inc.	Financials
Ruddick Corporation	Consumer Staples
PMC-Sierra, Inc.	Information Technology

See your advisor for more information on the Portfolio's most recently published Top 10 Equity Holdings.



# SCHEDULE OF INVESTMENTS

## Small Cap Value *(in thousands)*

JUNE 30, 2009 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Apparel Retail – 1.15%</b>		
Finish Line, Inc. (The), Class A . . . . .	247	\$ 1,835
<b>Apparel, Accessories &amp; Luxury Goods – 1.18%</b>		
Warnaco Group, Inc. (The) (A) . . . . .	58	1,882
<b>Application Software – 1.78%</b>		
Quest Software, Inc. (A) . . . . .	80	1,117
TIBCO Software Inc. (A) . . . . .	240	1,719
		<u>2,836</u>
<b>Asset Management &amp; Custody Banks – 0.99%</b>		
Ares Capital Corporation . . . . .	195	1,573
<b>Auto Parts &amp; Equipment – 0.25%</b>		
Superior Industries International, Inc. . . . .	28	395
<b>Automotive Retail – 2.00%</b>		
Monro Muffler Brake, Inc. . . . .	124	3,180
<b>Broadcasting – 1.22%</b>		
Liberty Media Corporation, Liberty Capital Series A (A) . . . . .	143	1,942
<b>Casinos &amp; Gaming – 1.79%</b>		
Ameristar Casinos, Inc. . . . .	52	995
Pinnacle Entertainment, Inc. (A) . . . . .	200	1,855
		<u>2,850</u>
<b>Commercial Printing – 1.69%</b>		
Corrections Corporation of America (A) . . . . .	158	2,681
<b>Communications Equipment – 1.90%</b>		
Avocent Corporation (A) . . . . .	119	1,661
Tellabs, Inc. (A) . . . . .	238	1,366
		<u>3,027</u>
<b>Construction &amp; Engineering – 0.83%</b>		
MasTec, Inc. (A) . . . . .	113	1,328
<b>Consumer Finance – 1.11%</b>		
First Cash Financial Services, Inc. (A) . . . . .	101	1,770
<b>Data Processing &amp; Outsourced Services – 0.39%</b>		
Global Cash Access, Inc. (A) . . . . .	79	625
<b>Diversified Chemicals – 0.95%</b>		
FMC Corporation . . . . .	32	1,518
<b>Diversified Metals &amp; Mining – 0.97%</b>		
Thompson Creek Metals Company Inc. (A) . . . . .	151	1,538
<b>Education Services – 2.22%</b>		
Corinthian Colleges, Inc. (A) . . . . .	72	1,216
Lincoln Educational Services Corporation (A) . . . . .	110	2,311
		<u>3,527</u>
<b>Electric Utilities – 2.40%</b>		
NV Energy, Inc. . . . .	234	2,523
Unitil Corporation . . . . .	63	1,295
		<u>3,818</u>

COMMON STOCKS (Continued)	Shares	Value
<b>Electronic Manufacturing Services – 1.34%</b>		
Celestica Inc. (A) . . . . .	313	\$ 2,133
<b>Fertilizers &amp; Agricultural Chemicals – 1.04%</b>		
Terra Industries Inc. . . . .	69	1,659
<b>Food Retail – 3.08%</b>		
Casey's General Stores, Inc. . . . .	88	2,253
Ruddick Corporation . . . . .	113	2,645
		<u>4,898</u>
<b>Gas Utilities – 1.73%</b>		
Southwest Gas Corporation . . . . .	124	2,755
<b>General Merchandise Stores – 2.89%</b>		
99 Cents Only Stores (A) . . . . .	199	2,704
Fred's Inc., Class A . . . . .	150	1,884
		<u>4,588</u>
<b>Health Care Facilities – 1.13%</b>		
AmSurg Corp. (A) . . . . .	84	1,794
<b>Homebuilding – 1.71%</b>		
M.D.C. Holdings, Inc. . . . .	66	1,981
M/I Homes, Inc. . . . .	75	737
		<u>2,718</u>
<b>Human Resource &amp; Employment Services – 1.71%</b>		
Resources Connection, Inc. (A) . . . . .	71	1,226
Watson Wyatt & Company Holdings, Inc., Class A . . . . .	40	1,490
		<u>2,716</u>
<b>Hypermarkets &amp; Super Centers – 1.68%</b>		
BJ's Wholesale Club, Inc. (A) . . . . .	83	2,669
<b>Industrial Machinery – 1.64%</b>		
Chart Industries, Inc. (A) . . . . .	88	1,609
IDEX Corporation . . . . .	41	1,002
		<u>2,611</u>
<b>Investment Banking &amp; Brokerage – 4.55%</b>		
KBW, Inc. (A) . . . . .	88	2,531
Piper Jaffray Companies (A) . . . . .	57	2,505
Stifel Financial Corp. (A) . . . . .	46	2,193
		<u>7,229</u>
<b>IT Consulting &amp; Other Services – 0.79%</b>		
Forrester Research, Inc. (A) . . . . .	51	1,252
<b>Managed Health Care – 2.42%</b>		
AMERIGROUP Corporation (A) . . . . .	85	2,269
Coventry Health Care, Inc. (A) . . . . .	85	1,583
		<u>3,852</u>
<b>Metal &amp; Glass Containers – 2.22%</b>		
Silgan Holdings Inc. . . . .	72	3,525
<b>Movies &amp; Entertainment – 1.87%</b>		
Regal Entertainment Group . . . . .	224	2,974

<b>COMMON STOCKS (Continued)</b>	<b>Shares</b>	<b>Value</b>
<b>Oil &amp; Gas Drilling – 0.48%</b>		
Precision Drilling Trust .....	157	\$ 764
<b>Oil &amp; Gas Exploration &amp; Production – 1.95%</b>		
Cabot Oil & Gas Corporation .....	53	1,615
Comstock Resources, Inc. (A) .....	45	1,484
		<u>3,099</u>
<b>Regional Banks – 8.85%</b>		
Bank of Marin Bancorp .....	30	795
East West Bancorp, Inc. ....	170	1,100
First Horizon National Corporation .....	124	1,484
Glacier Bancorp, Inc. ....	105	1,554
Home BancShares, Inc. ....	32	611
IBERIABANK Corporation .....	61	2,404
Pacific Continental Corporation .....	89	1,075
PacWest Bancorp .....	83	1,088
Sierra Bancorp .....	53	669
Texas Capital Bancshares, Inc. (A) .....	123	1,898
Wintrust Financial Corporation .....	88	1,413
		<u>14,091</u>
<b>Reinsurance – 3.76%</b>		
IPC Holdings, Ltd. ....	87	2,380
Platinum Underwriters Holdings, Ltd. ....	59	1,695
RenaissanceRe Holdings Ltd. ....	41	1,913
		<u>5,988</u>
<b>Residential REITs – 1.68%</b>		
American Campus Communities, Inc. ....	120	2,666
<b>Restaurants – 0.82%</b>		
Jack in the Box Inc. (A) .....	58	1,300
<b>Security &amp; Alarm Services – 2.44%</b>		
Brink's Company (The) .....	48	1,385
GEO Group, Inc. (The) (A) .....	134	2,495
		<u>3,880</u>
<b>Semiconductor Equipment – 2.00%</b>		
Lam Research Corporation (A) .....	52	1,357
Verigy Ltd. (A) .....	150	1,821
		<u>3,178</u>
<b>Semiconductors – 6.81%</b>		
Atmel Corporation (A) .....	517	1,930
Cirrus Logic, Inc. (A) .....	296	1,331
Cypress Semiconductor Corporation (A) .....	182	1,676
NVIDIA Corporation (A) .....	135	1,519
PMC-Sierra, Inc. (A) .....	332	2,640
Sigma Designs, Inc. (A) .....	108	1,726
		<u>10,822</u>
<b>Specialty Chemicals – 1.53%</b>		
Sensient Technologies Corporation .....	108	2,440
<b>Systems Software – 1.40%</b>		
Sybase, Inc. (A) .....	71	2,233
<b>Technology Distributors – 4.38%</b>		
Anixter International Inc. (A) .....	39	1,447
Arrow Electronics, Inc. (A) .....	73	1,553
Avnet, Inc. (A) .....	97	2,040
Tech Data Corporation (A) .....	59	1,923
		<u>6,963</u>

<b>COMMON STOCKS (Continued)</b>	<b>Shares</b>	<b>Value</b>
<b>Thriffs &amp; Mortgage Finance – 0.91%</b>		
First Niagara Financial Group, Inc. ....	126	\$ 1,442
<b>Trucking – 2.97%</b>		
Arkansas Best Corporation .....	41	1,080
Marten Transport, Ltd. (A) .....	100	2,084
Werner Enterprises, Inc. ....	86	1,557
		<u>4,721</u>
<b>TOTAL COMMON STOCKS – 92.60%</b>		<b>\$ 147,285</b>
(Cost: \$144,172)		
<b>SHORT-TERM SECURITIES</b>	<b>Principal</b>	
<b>Commercial Paper – 6.86%</b>		
McCormick & Co. Inc., 0.250%, 7–1–09 .....	\$3,912	3,912
Praxair Inc., 0.210%, 7–27–09 .....	4,000	3,999
Unilever Capital Corporation, 0.160%, 7–9–09 .....	3,000	3,000
		<u>10,911</u>
<b>Master Note – 1.92%</b>		
Toyota Motor Credit Corporation, 0.197%, 7–1–09 (B) .....	3,051	3,051
<b>TOTAL SHORT-TERM SECURITIES – 8.78%</b>		<b>\$ 13,962</b>
(Cost: \$13,962)		
<b>TOTAL INVESTMENT SECURITIES – 101.38%</b>		<b>\$ 161,247</b>
(Cost: \$158,134)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (1.38%)</b>		<b>(2,194)</b>
<b>NET ASSETS – 100.00%</b>		<b>\$ 159,053</b>

#### 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, 2009.

The following acronym is used throughout this schedule:  
REIT = Real Estate Investment Trust

For Federal income tax purposes, cost of investments owned at June 30, 2009 and the related unrealized appreciation (depreciation) were as follows:

Cost	\$158,172
Gross unrealized appreciation	15,104
Gross unrealized depreciation	(12,029)
Net unrealized appreciation	\$ 3,075

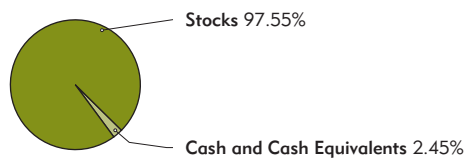
See Accompanying Notes to Financial Statements.

# PORTFOLIO HIGHLIGHTS

## Value

ALL DATA IS AS OF JUNE 30, 2009 (UNAUDITED)

### Asset Allocation



Stocks	97.55%
Financials	23.62%
Energy	19.13%
Consumer Staples	11.02%
Information Technology	10.54%
Health Care	9.77%
Industrials	7.91%
Consumer Discretionary	6.91%
Telecommunication Services	3.92%
Materials	3.80%
Utilities	0.93%
Cash and Cash Equivalents	2.45%

### Top 10 Equity Holdings

Company	Sector
Chevron Corporation	Energy
Travelers Companies, Inc. (The)	Financials
Bank of America Corporation	Financials
McKesson Corporation	Health Care
Hewlett-Packard Company	Information Technology
AT&T Inc.	Telecommunication Services
CVS Corporation	Consumer Staples
Molson Coors Brewing Company, Class B	Consumer Staples
Occidental Petroleum Corporation	Energy
ACE Limited	Financials

See your advisor for more information on the Portfolio's most recently published Top 10 Equity Holdings.

# SCHEDULE OF INVESTMENTS

**Value** (in thousands)

JUNE 30, 2009 (UNAUDITED)

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
<b>Aerospace &amp; Defense – 2.11%</b>			<b>Metal &amp; Glass Containers – 1.92%</b>		
Raytheon Company . . . . .	110	\$ 4,874	Pactiv Corporation (A) . . . . .	204	\$ 4,431
<b>Airlines – 0.56%</b>			<b>Mortgage REITs – 2.02%</b>		
Delta Air Lines, Inc. (A) . . . . .	224	1,296	Annaly Capital Management, Inc. . . . .	308	4,656
<b>Brewers – 3.13%</b>			<b>Multi-Utilities – 0.93%</b>		
Molson Coors Brewing Company, Class B . . . . .	171	7,217	Duke Energy Corporation . . . . .	147	2,148
<b>Communications Equipment – 2.67%</b>			<b>Office Electronics – 2.17%</b>		
Nokia Corporation, Series A, ADR . . . . .	423	6,162	Xerox Corporation . . . . .	773	5,012
<b>Computer Hardware – 5.70%</b>			<b>Oil &amp; Gas Storage &amp; Transportation – 5.66%</b>		
Hewlett-Packard Company . . . . .	240	9,260	Copano Energy, L.L.C. . . . .	134	2,152
International Business Machines Corporation (B) . . . . .	38	3,915	Energy Transfer Equity, L.P. . . . .	14	348
		13,175	Enterprise Products Partners L.P. . . . .	247	6,167
<b>Consumer Finance – 1.59%</b>			MarkWest Energy Partners, L.P. . . . .	100	1,820
Capital One Financial Corporation (B) . . . . .	167	3,663	Regency Energy Partners LP . . . . .	177	2,573
<b>Department Stores – 2.06%</b>					13,060
Macy's Inc. . . . .	405	4,760	<b>Other Diversified Financial Services – 4.82%</b>		
<b>Diversified Chemicals – 0.99%</b>			Bank of America Corporation . . . . .	843	11,132
Solutia Inc. (A) . . . . .	398	2,292	<b>Pharmaceuticals – 0.76%</b>		
<b>Drug Retail – 3.69%</b>			Johnson & Johnson . . . . .	31	1,749
CVS Corporation . . . . .	267	8,512	<b>Property &amp; Casualty Insurance – 7.80%</b>		
<b>Health Care Distributors – 6.99%</b>			ACE Limited . . . . .	154	6,820
AmerisourceBergen Corporation . . . . .	347	6,161	Travelers Companies, Inc. (The) . . . . .	273	11,188
McKesson Corporation . . . . .	227	9,975			18,008
		16,136	<b>Railroads – 2.88%</b>		
<b>Home Improvement Retail – 3.94%</b>			Union Pacific Corporation . . . . .	128	6,654
Home Depot, Inc. (The) . . . . .	181	4,275	<b>Regional Banks – 3.05%</b>		
Lowe's Companies, Inc. . . . .	249	4,835	PNC Financial Services Group, Inc. (The) . . . . .	138	5,372
		9,110	Zions Bancorporation . . . . .	145	1,676
<b>Industrial Machinery – 2.36%</b>					7,048
Illinois Tool Works Inc. . . . .	146	5,444	<b>Reinsurance – 2.21%</b>		
<b>Integrated Oil &amp; Gas – 13.47%</b>			Everest Re Group, Ltd. . . . .	36	2,591
Chevron Corporation . . . . .	176	11,659	RenaissanceRe Holdings Ltd. . . . .	54	2,513
Exxon Mobil Corporation . . . . .	64	4,454			5,104
Marathon Oil Corporation . . . . .	182	5,472	<b>Specialty Stores – 0.91%</b>		
Occidental Petroleum Corporation . . . . .	108	7,114	Office Depot, Inc. (A)(B) . . . . .	460	2,096
Targa Resources Partners LP . . . . .	174	2,419	<b>Tobacco – 4.20%</b>		
		31,118	Altria Group, Inc. . . . .	194	3,183
<b>Integrated Telecommunication Services – 3.92%</b>			Lorillard, Inc. . . . .	40	2,718
AT&T Inc. . . . .	365	9,059	Philip Morris International Inc. . . . .	87	3,813
<b>Investment Banking &amp; Brokerage – 2.13%</b>					9,714
Morgan Stanley . . . . .	172	4,909	<b>TOTAL COMMON STOCKS – 96.66%</b>		<b>\$223,205</b>
<b>Managed Health Care – 2.02%</b>			(Cost: \$249,514)		
Aetna Inc. . . . .	93	2,318	<b>PREFERRED STOCKS – 0.89%</b>		
Coventry Health Care, Inc. (A) . . . . .	76	1,429	<b>Diversified Metals &amp; Mining</b>		
UnitedHealth Group Incorporated . . . . .	37	919	Freeport-McMoRan Copper & Gold Inc.,		
		4,666	6.75% Cumulative Convertible (A) . . . . .	26	\$ 2,049
			(Cost: \$1,301)		

SHORT-TERM SECURITIES	Principal	Value
<b>Master Note – 0.59%</b>		
Toyota Motor Credit Corporation, 0.197%, 7–1–09 (C) .....	\$ 1,372	\$ 1,372
<b>United States Government Agency Obligations – 0.82%</b>		
Federal Home Loan Mortgage Corporation, 0.020%, 7–1–09 .....	1,877	1,877
<b>TOTAL SHORT-TERM SECURITIES – 1.41%</b>		<b>\$ 3,249</b>
(Cost: \$3,249)		
<b>TOTAL INVESTMENT SECURITIES – 98.96%</b>		<b>\$228,503</b>
(Cost: \$254,064)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 1.04%</b>		<b>2,410</b>
<b>NET ASSETS – 100.00%</b>		<b>\$230,913</b>

#### Notes to Schedule of Investments

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

(B) Securities serve as cover or collateral for the following written options outstanding at June 30, 2009:

Underlying Security	Contracts Subject to Call	Expiration Month	Exercise Price	Premium Received	Market Value
International Business Machines Corporation:	—*	July 2009	\$110.00	\$36	\$(11)
	—*	July 2009	115.00	11	(1)
Office Depot, Inc.	4	July 2009	5.00	123	(76)
				<u>\$170</u>	<u>\$(88)</u>

\*Not shown due to rounding.

Underlying Security	Contracts Subject to Put	Expiration Month	Exercise Price	Premium Received	Market Value
Bank of America Corporation:	1	July 2009	\$ 7.00	\$10	\$(1)
	1	August 2009	7.00	24	(5)
	1	November 2009	7.00	61	(25)
Exxon Mobil Corporation	—*	July 2009	50.00	32	—*
Nokia Corporation, Series A, ADR	1	July 2009	12.00	49	(3)
RenaissanceRe Holdings Ltd.	—*	July 2009	40.00	25	(2)
Zions Bancorporation	1	July 2009	7.50	50	(1)
				<u>\$251</u>	<u>\$(37)</u>

\*Not shown due to rounding.

(C) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2009.

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts

REIT = Real Estate Investment Trust

For Federal income tax purposes, cost of investments owned at June 30, 2009 and the related unrealized appreciation (depreciation) were as follows:

Cost	\$ 257,273
Gross unrealized appreciation	16,045
Gross unrealized depreciation	(44,815)
Net unrealized depreciation	\$ (28,770)

See Accompanying Notes to Financial Statements.

# STATEMENT OF ASSETS AND LIABILITIES

## Ivy Funds VIP

AS OF JUNE 30, 2009 (UNAUDITED)

(In thousands, except per share amounts)	Pathfinder Aggressive	Pathfinder Conservative	Pathfinder Moderate	Pathfinder Moderately Aggressive	Pathfinder Moderately Conservative	Asset Strategy	Balanced
<b>ASSETS</b>							
Investments in unaffiliated securities at market value+	\$ 92	\$ 121	\$ 1,545	\$ 553	\$ 312	\$672,402	\$346,281
Investments in affiliated securities at market value+	49,039	31,997	161,245	202,557	68,551	1,122	—
Bullion at market value+	—	—	—	—	—	131,057	—
<b>Investments at Market Value</b>	<b>49,131</b>	<b>32,118</b>	<b>162,790</b>	<b>203,110</b>	<b>68,863</b>	<b>804,581</b>	<b>346,281</b>
Cash	1	1	1	1	1	—	7
Cash denominated in foreign currencies at market value+	—	—	—	—	—	1,073	—
Restricted cash	—	—	—	—	—	2,561	—
Unrealized appreciation on forward foreign currency contracts	—	—	—	—	—	1,090	—
Investment securities sold receivable	—	—	—	—	—	12,327	—
Dividends and interest receivable	—*	1	1	2	1	4,935	1,724
Capital shares sold receivable	406	1	233	282	84	1,992	2
<b>Total Assets</b>	<b>49,538</b>	<b>32,121</b>	<b>163,025</b>	<b>203,395</b>	<b>68,949</b>	<b>828,559</b>	<b>348,014</b>
<b>LIABILITIES</b>							
Investment securities purchased payable	—	22	1,446	454	212	20,223	—
Unrealized depreciation on forward foreign currency contracts	—	—	—	—	—	1,504	—
Capital shares redeemed payable	4	1	49	5	3	367	495
Trustees' fees payable	—*	—*	1	2	1	31	30
Overdraft due to custodian	—	—	—	—	—	104	—
Service fee payable	—	—	—	—	—	5	2
Shareholder servicing payable	—*	—*	—*	—*	—*	2	1
Investment management fee payable	—	—	—	—	—	15	7
Accounting services fee payable	1	2	3	4	2	17	8
Other liabilities	2	1	3	2	1	90	13
<b>Total Liabilities</b>	<b>7</b>	<b>26</b>	<b>1,502</b>	<b>467</b>	<b>219</b>	<b>22,358</b>	<b>556</b>
<b>Total Net Assets</b>	<b>\$ 49,531</b>	<b>\$32,095</b>	<b>\$161,523</b>	<b>\$202,928</b>	<b>\$68,730</b>	<b>\$806,201</b>	<b>\$347,458</b>
<b>NET ASSETS</b>							
Capital paid in (shares authorized – unlimited)	\$ 58,859	\$31,228	\$164,205	\$212,298	\$68,453	\$834,910	\$322,451
Undistributed net investment income	722	509	2,118	2,743	978	5,013	3,591
Accumulated net realized gain (loss)	699	236	1,083	1,729	397	(93,382)	(9,756)
Net unrealized appreciation (depreciation)	(10,749)	122	(5,883)	(13,842)	(1,098)	59,660	31,172
<b>Total Net Assets</b>	<b>\$ 49,531</b>	<b>\$32,095</b>	<b>\$161,523</b>	<b>\$202,928</b>	<b>\$68,730</b>	<b>\$806,201</b>	<b>\$347,458</b>
<b>CAPITAL SHARES OUTSTANDING</b>	<b>12,498</b>	<b>6,969</b>	<b>38,282</b>	<b>48,524</b>	<b>15,432</b>	<b>102,179</b>	<b>46,214</b>
<b>NET ASSET VALUE PER SHARE</b>	<b>\$3.9632</b>	<b>\$4.6057</b>	<b>\$4.2193</b>	<b>\$4.1820</b>	<b>\$4.4536</b>	<b>\$7.8901</b>	<b>\$7.5184</b>
<b>+ COST</b>							
Investments in unaffiliated securities at cost	\$ 92	\$ 121	\$ 1,545	\$ 553	\$ 312	\$632,000	\$315,109
Investments in affiliated securities at cost	59,789	31,875	167,128	216,399	69,649	1,982	—
Bullion at cost	—	—	—	—	—	110,543	—
Cash denominated in foreign currencies at cost	—	—	—	—	—	1,984	—

\*Not shown due to rounding.

See Accompanying Notes to Financial Statements.

# STATEMENT OF ASSETS AND LIABILITIES

## Ivy Funds VIP

AS OF JUNE 30, 2009 (UNAUDITED)

(In thousands, except per share amounts)	Bond	Core Equity	Dividend Opportunities	Energy	Global Natural Resources	Growth	High Income
<b>ASSETS</b>							
Investments in unaffiliated securities at market value+	\$ 368,556	\$ 373,566	\$ 159,753	\$ 25,084	\$ 124,330	\$ 780,927	\$ 185,993
<b>Investments at Market Value</b>	<b>368,556</b>	<b>373,566</b>	<b>159,753</b>	<b>25,084</b>	<b>124,330</b>	<b>780,927</b>	<b>185,993</b>
Cash	—	38	1	1	28	3	651
Cash denominated in foreign currencies at market value+	—	—	—	—	—*	—	—
Unrealized appreciation on forward foreign currency contracts	—	—	—	—	3	—	—
Investment securities sold receivable	171	—	—	—	709	—	448
Dividends and interest receivable	3,883	639	286	30	191	587	3,671
Capital shares sold receivable	433	7	412	15	322	337	42
Variation margin receivable	—	—	—	—	61	—	—
Prepaid and other assets	—*	—	—	—	—	—*	1
<b>Total Assets</b>	<b>373,043</b>	<b>374,250</b>	<b>160,452</b>	<b>25,130</b>	<b>125,644</b>	<b>781,854</b>	<b>190,806</b>
<b>LIABILITIES</b>							
Investment securities purchased payable	3,592	983	—	143	28	—	2,979
Unrealized depreciation on forward foreign currency contracts	—	—	—	—	43	—	—
Capital shares redeemed payable	242	202	43	5	41	436	101
Trustees' fees payable	21	58	4	—*	3	82	13
Overdraft due to custodian	166	—	—	—	—	—	—
Service fee payable	2	2	1	—*	1	5	1
Shareholder servicing payable	1	1	—*	—*	—*	1	—*
Investment management fee payable	5	6	3	—	3	14	3
Accounting services fee payable	10	10	5	1	5	17	6
Other liabilities	33	14	5	2	15	28	16
<b>Total Liabilities</b>	<b>4,072</b>	<b>1,276</b>	<b>61</b>	<b>151</b>	<b>139</b>	<b>583</b>	<b>3,119</b>
<b>Total Net Assets</b>	<b>\$368,971</b>	<b>\$372,974</b>	<b>\$160,391</b>	<b>\$24,979</b>	<b>\$125,505</b>	<b>\$781,271</b>	<b>\$187,687</b>
<b>NET ASSETS</b>							
Capital paid in (shares authorized – unlimited)	\$ 370,324	\$ 434,237	\$ 189,268	\$ 34,267	\$ 165,286	\$ 806,794	\$ 244,454
Undistributed (distributions in excess of) net investment income	7,061	2,603	894	81	(218)	2,542	8,149
Accumulated net realized loss	(1,589)	(57,708)	(18,608)	(3,260)	(31,451)	(52,708)	(51,003)
Net unrealized appreciation (depreciation)	(6,825)	(6,158)	(11,163)	(6,109)	(8,112)	24,643	(13,913)
<b>Total Net Assets</b>	<b>\$368,971</b>	<b>\$372,974</b>	<b>\$160,391</b>	<b>\$24,979</b>	<b>\$125,505</b>	<b>\$781,271</b>	<b>\$187,687</b>
<b>CAPITAL SHARES OUTSTANDING</b>	<b>69,700</b>	<b>45,560</b>	<b>31,316</b>	<b>5,861</b>	<b>27,504</b>	<b>99,567</b>	<b>67,051</b>
<b>NET ASSET VALUE PER SHARE</b>	<b>\$5.2937</b>	<b>\$8.1859</b>	<b>\$5.1218</b>	<b>\$4.2618</b>	<b>\$4.5632</b>	<b>\$7.8467</b>	<b>\$2.7992</b>
<b>+ COST</b>							
Investments in unaffiliated securities at cost	\$375,382	\$379,747	\$170,916	\$31,193	\$132,535	\$756,284	\$199,907
Cash denominated in foreign currencies at cost	—	—	—	—	—*	—	—

\*Not shown due to rounding.

# STATEMENT OF ASSETS AND LIABILITIES

## Ivy Funds VIP

AS OF JUNE 30, 2009 (UNAUDITED)

(In thousands, except per share amounts)	International Growth	International Value	Micro Cap Growth	Mid Cap Growth	Money Market	Mortgage Securities	Real Estate Securities
<b>ASSETS</b>							
Investments in unaffiliated securities at market value+	\$ 173,189	\$ 426,319	\$ 32,146	\$ 66,375	\$ 217,339	\$ 30,626	\$ 24,406
<b>Investments at Market Value</b>	<b>173,189</b>	<b>426,319</b>	<b>32,146</b>	<b>66,375</b>	<b>217,339</b>	<b>30,626</b>	<b>24,406</b>
Cash	170	130	—	3	18	1	1
Cash denominated in foreign currencies at market value+	321	8,866	—	—	—	—	—
Investment securities sold receivable	—	96,929	121	16	—	780	101
Dividends and interest receivable	1,175	2,684	—*	40	993	122	111
Capital shares sold receivable	178	243	35	110	1,287	—*	31
Variation margin receivable	—	—	—	—	—	2	—
Prepaid and other assets	—	—	—	—	14	—	—
<b>Total Assets</b>	<b>175,033</b>	<b>535,171</b>	<b>32,302</b>	<b>66,544</b>	<b>219,651</b>	<b>31,531</b>	<b>24,650</b>
<b>LIABILITIES</b>							
Investment securities purchased payable	4,325	110,982	54	186	—	5,733	11
Capital shares redeemed payable	53	104	32	15	177	55	9
Distributions payable	—	—	—	—	18	—	—
Trustees' fees payable	16	21	2	1	8	1	1
Overdraft due to custodian	—	—	21	—	—	—	—
Service fee payable	1	3	—*	—*	—	—*	—*
Shareholder servicing payable	—*	1	—*	—*	1	—*	—*
Investment management fee payable	4	10	1	2	2	—*	1
Accounting services fee payable	5	10	2	3	7	2	1
Written options at market value+	—	—	—	139	—	—	—
Other liabilities	22	72	2	3	2	15	3
<b>Total Liabilities</b>	<b>4,426</b>	<b>111,203</b>	<b>114</b>	<b>349</b>	<b>215</b>	<b>5,806</b>	<b>26</b>
<b>Total Net Assets</b>	<b>\$ 170,607</b>	<b>\$ 423,968</b>	<b>\$ 32,188</b>	<b>\$ 66,195</b>	<b>\$ 219,436</b>	<b>\$ 25,725</b>	<b>\$ 24,624</b>
<b>NET ASSETS</b>							
Capital paid in (shares authorized – unlimited)	\$ 208,479	\$ 535,506	\$ 42,920	\$ 75,373	\$ 219,428	\$ 30,911	\$ 46,060
Undistributed (distributions in excess of) net investment income	2,263	4,916	(181)	20	—	545	615
Accumulated net realized gain (loss)	(34,450)	(109,933)	(5,432)	(3,017)	8	(916)	(10,252)
Net unrealized depreciation	(5,685)	(6,521)	(5,119)	(6,181)	—	(4,815)	(11,799)
<b>Total Net Assets</b>	<b>\$ 170,607</b>	<b>\$ 423,968</b>	<b>\$ 32,188</b>	<b>\$ 66,195</b>	<b>\$ 219,436</b>	<b>\$ 25,725</b>	<b>\$ 24,624</b>
<b>CAPITAL SHARES OUTSTANDING</b>	<b>27,369</b>	<b>34,097</b>	<b>2,430</b>	<b>12,557</b>	<b>219,428</b>	<b>6,014</b>	<b>6,770</b>
<b>NET ASSET VALUE PER SHARE</b>	<b>\$ 6.2332</b>	<b>\$ 12.4286</b>	<b>\$ 13.2439</b>	<b>\$ 5.2714</b>	<b>\$ 1.0000</b>	<b>\$ 4.2778</b>	<b>\$ 3.6375</b>
<b>+COST</b>							
Investments in unaffiliated securities at cost	\$ 178,909	\$ 432,930	\$ 37,266	\$ 72,579	\$ 217,339	\$ 35,436	\$ 36,205
Cash denominated in foreign currencies at cost	322	8,848	—	—	—	—	—
Written options premiums received at cost	—	—	—	162	—	—	—

\*Not shown due to rounding.

See Accompanying Notes to Financial Statements.



# STATEMENT OF ASSETS AND LIABILITIES

## Ivy Funds VIP

AS OF JUNE 30, 2009 (UNAUDITED)

(In thousands, except per share amounts)	Science and Technology	Small Cap Growth	Small Cap Value	Value
<b>ASSETS</b>				
Investments in unaffiliated securities at market value+	\$ 251,601	\$ 317,788	\$ 161,247	\$ 228,503
<b>Investments at Market Value</b>	<b>251,601</b>	<b>317,788</b>	<b>161,247</b>	<b>228,503</b>
Cash	126	1	11	14
Cash denominated in foreign currencies at market value+	3,874	—	—	—
Investment securities sold receivable	477	—	562	2,852
Dividends and interest receivable	191	112	33	531
Capital shares sold receivable	526	85	126	108
Prepaid and other assets	—	1	—	—
<b>Total Assets</b>	<b>256,795</b>	<b>317,987</b>	<b>161,979</b>	<b>232,008</b>
<b>LIABILITIES</b>				
Investment securities purchased payable	—	1,144	1,595	810
Capital shares redeemed payable	142	113	1,307	121
Trustees' fees payable	22	34	7	16
Service fee payable	2	2	1	2
Shareholder servicing payable	1	1	1	1
Investment management fee payable	6	7	4	4
Accounting services fee payable	7	8	5	7
Written options at market value+	—	—	—	125
Other liabilities	10	10	6	9
<b>Total Liabilities</b>	<b>190</b>	<b>1,319</b>	<b>2,926</b>	<b>1,095</b>
<b>Total Net Assets</b>	<b>\$256,605</b>	<b>\$316,668</b>	<b>\$159,053</b>	<b>\$230,913</b>
<b>NET ASSETS</b>				
Capital paid in (shares authorized – unlimited)	\$ 276,982	\$ 412,152	\$ 204,148	\$ 297,261
Undistributed (distributions in excess of) net investment income	292	(1,195)	136	1,704
Accumulated net realized gain (loss)	2,003	(71,654)	(48,344)	(42,788)
Net unrealized appreciation (depreciation)	(22,672)	(22,635)	3,113	(25,264)
<b>Total Net Assets</b>	<b>\$256,605</b>	<b>\$316,668</b>	<b>\$159,053</b>	<b>\$230,913</b>
<b>CAPITAL SHARES OUTSTANDING</b>	<b>20,656</b>	<b>45,257</b>	<b>14,813</b>	<b>55,914</b>
<b>NET ASSET VALUE PER SHARE</b>	<b>\$ 12.4228</b>	<b>\$ 6.9971</b>	<b>\$ 10.7368</b>	<b>\$ 4.1298</b>
<b>+COST</b>				
Investments in unaffiliated securities at cost	\$ 273,963	\$ 340,423	\$ 158,134	\$ 254,064
Cash denominated in foreign currencies at cost	4,187	—	—	—
Written options premiums received at cost	—	—	—	421

See Accompanying Notes to Financial Statements.

# STATEMENT OF OPERATIONS

## Ivy Funds VIP

FOR THE SIX MONTHS ENDED JUNE 30, 2009 (UNAUDITED)

(In thousands)	Pathfinder Aggressive	Pathfinder Conservative	Pathfinder Moderate	Pathfinder Moderately Aggressive	Pathfinder Moderately Conservative	Asset Strategy	Balanced
<b>INVESTMENT INCOME</b>							
Dividends from unaffiliated securities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,953	\$ 3,045
Dividends from affiliated securities	748	525	2,159	2,796	1,004	—	—
Foreign dividend withholding tax	—	—	—	—	—	(182)	(13)
Interest and amortization from unaffiliated securities	—*	1	2	2	1	4,220	2,365
Foreign interest withholding tax	—	—	—	—	—	(11)	—
<b>Total Investment Income</b>	<b>748</b>	<b>526</b>	<b>2,161</b>	<b>2,798</b>	<b>1,005</b>	<b>9,980</b>	<b>5,397</b>
<b>EXPENSES</b>							
Investment management fee	—	—	—	—	—	2,504	1,207
Service fee	—	—	—	—	—	894	431
Shareholder servicing	—*	—*	1	1	—*	5	2
Registration fees	1	1	1	1	1	—	—
Custodian fees	2	2	2	2	2	115	8
Trustees' fees	2	1	3	5	2	22	9
Accounting services fee	8	5	16	20	10	88	50
Legal fees	2	1	4	4	2	81	14
Audit fees	6	6	6	6	6	24	12
Other	4	—*	6	8	2	76	41
<b>Total Expenses</b>	<b>25</b>	<b>16</b>	<b>39</b>	<b>47</b>	<b>25</b>	<b>3,809</b>	<b>1,774</b>
Less:							
Expenses in excess of limit	—	—	—	—	—	(36)	—
<b>Total Net Expenses</b>	<b>25</b>	<b>16</b>	<b>39</b>	<b>47</b>	<b>25</b>	<b>3,773</b>	<b>1,774</b>
<b>Net Investment Income</b>	<b>723</b>	<b>510</b>	<b>2,122</b>	<b>2,751</b>	<b>980</b>	<b>6,207</b>	<b>3,623</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS)</b>							
Net realized gain (loss) on:							
Investments in unaffiliated securities	—	—	—	—	—	(28,499)	(9,752)
Investments in affiliated securities	102	68	38	15	43	—	—
Distributions of realized capital gains from affiliated investments	600	170	1,051	1,717	358	—	—
Futures contracts	—	—	—	—	—	(6,792)	—
Written options	—	—	—	—	—	371	—
Forward foreign currency contracts	—	—	—	—	—	3,827	—
Foreign currency exchange transactions	—	—	—	—	—	(1,260)	—
Net change in unrealized appreciation (depreciation) on:							
Investments in unaffiliated securities	—	—	—	—	—	78,189	5,953
Investments in affiliated securities	1,397	744	4,116	6,046	1,464	(89)	—
Futures contracts	—	—	—	—	—	(12)	—
Forward foreign currency contracts	—	—	—	—	—	(5,042)	—
Foreign currency exchange transactions	—	—	—	—	—	916	—
<b>Net Realized and Unrealized Gain (Loss)</b>	<b>2,099</b>	<b>982</b>	<b>5,205</b>	<b>7,778</b>	<b>1,865</b>	<b>41,609</b>	<b>(3,799)</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>\$2,822</b>	<b>\$1,492</b>	<b>\$7,327</b>	<b>\$10,529</b>	<b>\$2,845</b>	<b>\$47,816</b>	<b>\$ (176)</b>

\*Not shown due to rounding.

See Accompanying Notes to Financial Statements.

# STATEMENT OF OPERATIONS

## Ivy Funds VIP

FOR THE SIX MONTHS ENDED JUNE 30, 2009 (UNAUDITED)

(In thousands)	Bond	Core Equity	Dividend Opportunities	Energy	Global Natural Resources	Growth	High Income
<b>INVESTMENT INCOME</b>							
Dividends from unaffiliated securities	\$ —	\$ 4,460	\$ 1,707	\$ 152	\$ 546	\$ 6,192	\$ 3
Foreign dividend withholding tax	—	(71)	(14)	(3)	(39)	(8)	—
Interest and amortization from unaffiliated securities	8,497	34	41	6	40	61	8,978
<b>Total Investment Income</b>	<b>8,497</b>	<b>4,423</b>	<b>1,734</b>	<b>155</b>	<b>547</b>	<b>6,245</b>	<b>8,981</b>
<b>EXPENSES</b>							
Investment management fee	903	1,258	462	91	462	2,555	520
Service fee	430	449	165	27	116	913	208
Shareholder servicing	2	2	1	—*	1	5	1
Custodian fees	8	8	5	3	70	12	6
Trustees' fees	10	8	4	—*	2	18	4
Accounting services fee	52	58	31	7	24	87	32
Legal fees	14	13	4	1	3	28	6
Audit fees	15	13	12	10	19	13	21
Other	33	44	13	4	10	86	13
<b>Total Expenses</b>	<b>1,467</b>	<b>1,853</b>	<b>697</b>	<b>143</b>	<b>707</b>	<b>3,717</b>	<b>811</b>
Less:							
Expenses in excess of limit	(86)	(90)	—	(71)	—	(109)	(41)
<b>Total Net Expenses</b>	<b>1,381</b>	<b>1,763</b>	<b>697</b>	<b>72</b>	<b>707</b>	<b>3,608</b>	<b>770</b>
<b>Net Investment Income (Loss)</b>	<b>7,116</b>	<b>2,660</b>	<b>1,037</b>	<b>83</b>	<b>(160)</b>	<b>2,637</b>	<b>8,211</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS)</b>							
Net realized gain (loss) on:							
Investments in unaffiliated securities	673	(35,189)	(12,291)	(1,981)	(5,509)	(2,807)	(13,393)
Futures contracts	—	2,751	—	—	(715)	—	—
Forward foreign currency contracts	—	—	—	—	(262)	—	—
Foreign currency exchange transactions	—	12	—	—	(28)	—	—
Net change in unrealized appreciation (depreciation) on:							
Investments in unaffiliated securities	3,190	34,319	14,704	4,626	35,181	52,936	41,658
Futures contracts	—	—	—	—	134	—	—
Forward foreign currency contracts	—	—	—	—	54	—	—
Foreign currency exchange transactions	—	(1)	—	—	9	—	—
<b>Net Realized and Unrealized Gain</b>	<b>3,863</b>	<b>1,892</b>	<b>2,413</b>	<b>2,645</b>	<b>28,864</b>	<b>50,129</b>	<b>28,265</b>
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>\$10,979</b>	<b>\$4,552</b>	<b>\$3,450</b>	<b>\$2,728</b>	<b>\$28,704</b>	<b>\$52,766</b>	<b>\$36,476</b>

\*Not shown due to rounding.

# STATEMENT OF OPERATIONS

## Ivy Funds VIP

FOR THE SIX MONTHS ENDED JUNE 30, 2009 (UNAUDITED)

(In thousands)	International Growth	International Value	Micro Cap Growth	Mid Cap Growth	Money Market	Mortgage Securities	Real Estate Securities
<b>INVESTMENT INCOME</b>							
Dividends from unaffiliated securities	\$ 3,504	\$ 8,183	\$ 15	\$ 327	\$ —	\$ —	\$ 739
Foreign dividend withholding tax	(339)	(618)	(1)	—	—	—	—*
Interest and amortization from unaffiliated securities	27	21	3	21	1,822	694	4
<b>Total Investment Income</b>	<b>3,192</b>	<b>7,586</b>	<b>17</b>	<b>348</b>	<b>1,822</b>	<b>694</b>	<b>743</b>
<b>EXPENSES</b>							
Investment management fee	636	1,561	130	225	424	65	104
Service fee	187	459	34	66	—	32	29
Shareholder servicing	1	3	—*	—*	2	—*	—*
Custodian fees	18	56	3	3	6	7	6
Trustees' fees	4	10	1	2	7	1	1
Accounting services fee	32	56	12	17	42	13	8
Legal fees	5	13	2	2	9	3	2
Audit fees	18	19	10	11	8	21	19
Other	20	48	3	6	47	3	4
<b>Total Expenses</b>	<b>921</b>	<b>2,225</b>	<b>195</b>	<b>332</b>	<b>545</b>	<b>145</b>	<b>173</b>
Less:							
Expenses in excess of limit	(23)	—	—	(5)	—	—	—
<b>Total Net Expenses</b>	<b>898</b>	<b>2,225</b>	<b>195</b>	<b>327</b>	<b>545</b>	<b>145</b>	<b>173</b>
<b>Net Investment Income (Loss)</b>	<b>2,294</b>	<b>5,361</b>	<b>(178)</b>	<b>21</b>	<b>1,277</b>	<b>549</b>	<b>570</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS)</b>							
Net realized gain (loss) on:							
Investments in unaffiliated securities	(7,368)	(109,923)	(3,042)	(1,857)	9	(311)	(4,323)
Futures contracts	—	—	—	—	—	61	—
Written options	—	—	—	309	—	—	—
Forward foreign currency contracts	(771)	—	—	—	—	—	—
Foreign currency exchange transactions	(9)	360	—	—	—	—	—
Net change in unrealized appreciation (depreciation) on:							
Investments in unaffiliated securities	14,677 <sup>(1)</sup>	144,924	8,283	10,647	—	381	64
Futures contracts	—	—	—	—	—	127	—
Written options	—	—	—	22	—	—	—
Forward foreign currency contracts	(236)	—	—	—	—	—	—
Foreign currency exchange transactions	17	122	—	—	—	—	—
<b>Net Realized and Unrealized Gain (Loss)</b>	<b>6,310</b>	<b>35,483</b>	<b>5,241</b>	<b>9,121</b>	<b>9</b>	<b>258</b>	<b>(4,259)</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>\$ 8,604</b>	<b>\$ 40,844</b>	<b>\$ 5,063</b>	<b>\$ 9,142</b>	<b>\$ 1,286</b>	<b>\$ 807</b>	<b>\$ (3,689)</b>

\*Not shown due to rounding.

(1)Net of India deferred taxes of \$5.

See Accompanying Notes to Financial Statements.

# STATEMENT OF OPERATIONS

## Ivy Funds VIP

FOR THE SIX MONTHS ENDED JUNE 30, 2009 (UNAUDITED)

(In thousands)	Science and Technology	Small Cap Growth	Small Cap Value	Value
<b>INVESTMENT INCOME</b>				
Dividends from unaffiliated securities	\$ 1,384	\$ 420	\$ 919	\$3,189
Foreign dividend withholding tax	(61)	—	—	(30)
Interest and amortization from unaffiliated securities	330	49	25	20
<b>Total Investment Income</b>	<b>1,653</b>	<b>469</b>	<b>944</b>	<b>3,179</b>
<b>EXPENSES</b>				
Investment management fee	971	1,185	615	746
Service fee	286	349	181	266
Shareholder servicing	1	2	1	1
Custodian fees	10	6	7	8
Trustees' fees	5	6	4	6
Accounting services fee	43	45	32	41
Legal fees	8	10	5	8
Audit fees	16	14	14	12
Other	25	30	17	27
<b>Total Expenses</b>	<b>1,365</b>	<b>1,647</b>	<b>876</b>	<b>1,115</b>
Less:				
Expenses in excess of limit	(23)	(28)	—	(11)
<b>Total Net Expenses</b>	<b>1,342</b>	<b>1,619</b>	<b>876</b>	<b>1,104</b>
<b>Net Investment Income (Loss)</b>	<b>311</b>	<b>(1,150)</b>	<b>68</b>	<b>2,075</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS)</b>				
Net realized gain (loss) on:				
Investments in unaffiliated securities	5,261	(17,122)	(15,194)	(7,505)
Investments in affiliated securities	—	(2,341)	—	—
Written options	(368)	—	388	1,224
Foreign currency exchange transactions	5	—	—	—
Net change in unrealized appreciation (depreciation) on:				
Investments in unaffiliated securities	31,673	59,610	21,352	7,379
Investments in affiliated securities	—	2,304	—	—
Written options	(916)	—	(104)	111
Foreign currency exchange transactions	4	—	—	—
<b>Net Realized and Unrealized Gain</b>	<b>35,659</b>	<b>42,451</b>	<b>6,442</b>	<b>1,209</b>
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>\$35,970</b>	<b>\$41,301</b>	<b>\$6,510</b>	<b>\$3,284</b>

See Accompanying Notes to Financial Statements.

# STATEMENT OF CHANGES IN NET ASSETS

## Ivy Funds VIP

(In thousands)	Pathfinder Aggressive		Pathfinder Conservative		Pathfinder Moderate	
	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08 <sup>(1)</sup>	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08 <sup>(2)</sup>	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08 <sup>(1)</sup>
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income	\$ 723	\$ 108	\$ 510	\$ 16	\$ 2,122	\$ 188
Net realized gain on investments	702	588	238	44	1,089	630
Net change in unrealized appreciation (depreciation)	1,397	(12,146)	744	(622)	4,116	(9,999)
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>2,822</b>	<b>(11,450)</b>	<b>1,492</b>	<b>(562)</b>	<b>7,327</b>	<b>(9,181)</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	(214)	—	(22)	—	(291)	—
Net realized gains	(487)	—	(40)	—	(537)	—
<b>Total Distributions to Shareholders</b>	<b>(701)</b>	<b>—</b>	<b>(62)</b>	<b>—</b>	<b>(828)</b>	<b>—</b>
<b>Capital Share Transactions</b>	<b>4,512</b>	<b>54,348</b>	<b>18,690</b>	<b>12,537</b>	<b>76,579</b>	<b>87,626</b>
<b>Net Increase in Net Assets</b>	<b>6,633</b>	<b>42,898</b>	<b>20,120</b>	<b>11,975</b>	<b>83,078</b>	<b>78,445</b>
<b>Net Assets, Beginning of Period</b>	<b>42,898</b>	<b>—</b>	<b>11,975</b>	<b>—</b>	<b>78,445</b>	<b>—</b>
<b>Net Assets, End of Period</b>	<b>\$49,531</b>	<b>\$ 42,898</b>	<b>\$32,095</b>	<b>\$11,975</b>	<b>\$161,523</b>	<b>\$78,445</b>
Undistributed net investment income	\$ 722	\$ 212	\$ 509	\$ 21	\$ 2,118	\$ 287

(In thousands)	Pathfinder Moderately Aggressive		Pathfinder Moderately Conservative		Asset Strategy	
	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08 <sup>(1)</sup>	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08 <sup>(3)</sup>	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income	\$ 2,751	\$ 296	\$ 980	\$ 60	\$ 6,207	\$ 8,670
Net realized gain (loss) on investments	1,732	1,203	401	180	(32,353)	12,245
Net change in unrealized appreciation (depreciation)	6,046	(19,888)	1,464	(2,562)	73,962	(267,755)
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>10,529</b>	<b>(18,389)</b>	<b>2,845</b>	<b>(2,322)</b>	<b>47,816</b>	<b>(246,840)</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	(541)	—	(79)	—	(2,923)	(3,671)
Net realized gains	(970)	—	(167)	—	(78,981)	(60,338)
<b>Total Distributions to Shareholders</b>	<b>(1,511)</b>	<b>—</b>	<b>(246)</b>	<b>—</b>	<b>(81,904)</b>	<b>(64,009)</b>
<b>Capital Share Transactions</b>	<b>78,204</b>	<b>134,095</b>	<b>33,959</b>	<b>34,494</b>	<b>162,095</b>	<b>76,364</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>87,222</b>	<b>115,706</b>	<b>36,558</b>	<b>32,172</b>	<b>128,007</b>	<b>(234,485)</b>
<b>Net Assets, Beginning of Period</b>	<b>115,706</b>	<b>—</b>	<b>32,172</b>	<b>—</b>	<b>678,194</b>	<b>912,679</b>
<b>Net Assets, End of Period</b>	<b>\$202,928</b>	<b>\$115,706</b>	<b>\$68,730</b>	<b>\$32,172</b>	<b>\$806,201</b>	<b>\$ 678,194</b>
Undistributed net investment income	\$ 2,743	\$ 533	\$ 978	\$ 77	\$ 5,013	\$ 2,989

(1) For the period from March 4, 2008 (commencement of operations) through December 31, 2008.

(2) For the period from March 13, 2008 (commencement of operations) through December 31, 2008.

(3) For the period from March 12, 2008 (commencement of operations) through December 31, 2008.

See Accompanying Notes to Financial Statements.

# STATEMENT OF CHANGES IN NET ASSETS

## Ivy Funds VIP

	Balanced		Bond		Core Equity	
	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08
(In thousands)						
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income	\$ 3,623	\$ 7,291	\$ 7,116	\$ 13,698	\$ 2,660	\$ 3,964
Net realized gain (loss) on investments	(9,752)	4,018	673	818	(32,426)	(22,322)
Net change in unrealized appreciation (depreciation)	5,953	(120,303)	3,190	(13,278)	34,318	(215,618)
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>(176)</b>	<b>(108,994)</b>	<b>10,979</b>	<b>1,238</b>	<b>4,552</b>	<b>(233,976)</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	(7,291)	(472)	(13,706)	(306)	(3,944)	(968)
Net realized gains	(2,099)	(329)	—	—	—	(14,757)
<b>Total Distributions to Shareholders</b>	<b>(9,390)</b>	<b>(801)</b>	<b>(13,706)</b>	<b>(306)</b>	<b>(3,944)</b>	<b>(15,725)</b>
<b>Capital Share Transactions</b>	<b>(21,261)</b>	<b>(71,363)</b>	<b>37,559</b>	<b>36,967</b>	<b>(29,761)</b>	<b>(94,053)</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>(30,827)</b>	<b>(181,158)</b>	<b>34,832</b>	<b>37,899</b>	<b>(29,153)</b>	<b>(343,754)</b>
<b>Net Assets, Beginning of Period</b>	<b>378,285</b>	<b>559,443</b>	<b>334,139</b>	<b>296,240</b>	<b>402,127</b>	<b>745,881</b>
<b>Net Assets, End of Period</b>	<b>\$347,458</b>	<b>\$378,285</b>	<b>\$368,971</b>	<b>\$334,139</b>	<b>\$372,974</b>	<b>\$402,127</b>
Undistributed net investment income	\$ 3,591	\$ 7,259	\$ 7,061	\$ 13,651	\$ 2,603	\$ 3,875

	Dividend Opportunities		Energy		Global Natural Resources	
	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08
(In thousands)						
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income (loss)	\$ 1,037	\$ 1,148	\$ 83	\$ (43)	\$ (160)	\$ (107)
Net realized loss on investments	(12,291)	(6,271)	(1,981)	(1,276)	(6,514)	(24,375)
Net change in unrealized appreciation (depreciation)	14,704	(51,212)	4,626	(16,275)	35,378	(80,610)
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>3,450</b>	<b>(56,335)</b>	<b>2,728</b>	<b>(17,594)</b>	<b>28,704</b>	<b>(105,092)</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	(1,506)	(134)	—	(29)	—	(1,938)
Net realized gains	—	(245)	—	(32)	—	(7,876)
<b>Total Distributions to Shareholders</b>	<b>(1,506)</b>	<b>(379)</b>	<b>—</b>	<b>(61)</b>	<b>—</b>	<b>(9,814)</b>
<b>Capital Share Transactions</b>	<b>35,421</b>	<b>59,139</b>	<b>2,357</b>	<b>11,292</b>	<b>27,340</b>	<b>19,745</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>37,365</b>	<b>2,425</b>	<b>5,085</b>	<b>(6,363)</b>	<b>56,044</b>	<b>(95,161)</b>
<b>Net Assets, Beginning of Period</b>	<b>123,026</b>	<b>120,601</b>	<b>19,894</b>	<b>26,257</b>	<b>69,461</b>	<b>164,622</b>
<b>Net Assets, End of Period</b>	<b>\$160,391</b>	<b>\$123,026</b>	<b>\$24,979</b>	<b>\$19,894</b>	<b>\$125,505</b>	<b>\$69,461</b>
Undistributed (distributions in excess of) net investment income	\$ 894	\$ 1,363	\$ 81	\$ (2)	\$ (218)	\$ (29)

See Accompanying Notes to Financial Statements.

# STATEMENT OF CHANGES IN NET ASSETS

## Ivy Funds VIP

(In thousands)	Growth		High Income		International Growth	
	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income	\$ 2,637	\$ 2,988	\$ 8,211	\$ 16,659	\$ 2,294	\$ 2,821
Net realized gain (loss) on investments	(2,807)	18,776	(13,393)	(12,373)	(8,148)	(24,202)
Net change in unrealized appreciation (depreciation)	52,936	(469,869)	41,658	(48,052)	14,458	(96,086)
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>52,766</b>	<b>(448,105)</b>	<b>36,476</b>	<b>(43,766)</b>	<b>8,604</b>	<b>(117,467)</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	(2,992)	—	(16,681)	(1,165)	(2,689)	(569)
Net realized gains	(22,110)	(10,490)	—	—	—	(4,744)
<b>Total Distributions to Shareholders</b>	<b>(25,102)</b>	<b>(10,490)</b>	<b>(16,681)</b>	<b>(1,165)</b>	<b>(2,689)</b>	<b>(5,313)</b>
<b>Capital Share Transactions</b>	<b>(3,438)</b>	<b>(89,150)</b>	<b>21,159</b>	<b>(22,090)</b>	<b>5,194</b>	<b>(777)</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>24,226</b>	<b>(547,745)</b>	<b>40,954</b>	<b>(67,021)</b>	<b>11,109</b>	<b>(123,557)</b>
<b>Net Assets, Beginning of Period</b>	<b>757,045</b>	<b>1,304,790</b>	<b>146,733</b>	<b>213,754</b>	<b>159,498</b>	<b>283,055</b>
<b>Net Assets, End of Period</b>	<b>\$781,271</b>	<b>\$ 757,045</b>	<b>\$187,687</b>	<b>\$146,733</b>	<b>\$170,607</b>	<b>\$159,498</b>
Undistributed net investment income	\$ 2,542	\$ 2,896	\$ 8,149	\$ 16,619	\$ 2,263	\$ 2,667

(In thousands)	International Value		Micro Cap Growth		Mid Cap Growth	
	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income (loss)	\$ 5,361	\$ 15,588	\$ (178)	\$ (532)	\$ 21	\$ (32)
Net realized gain (loss) on investments	(109,563)	24,222	(3,042)	(627)	(1,548)	(1,367)
Net change in unrealized appreciation (depreciation)	145,046	(310,201)	8,283	(25,974)	10,669	(22,811)
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>40,844</b>	<b>(270,391)</b>	<b>5,063</b>	<b>(27,133)</b>	<b>9,142</b>	<b>(24,210)</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	(15,263)	(2,657)	—	—	—	(21)
Net realized gains	(24,550)	(10,555)	—	—	—	(901)
<b>Total Distributions to Shareholders</b>	<b>(39,813)</b>	<b>(13,212)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(922)</b>
<b>Capital Share Transactions</b>	<b>43,824</b>	<b>27,050</b>	<b>(1,184)</b>	<b>(4,134)</b>	<b>8,174</b>	<b>16,547</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>44,855</b>	<b>(256,553)</b>	<b>3,879</b>	<b>(31,267)</b>	<b>17,316</b>	<b>(8,585)</b>
<b>Net Assets, Beginning of Period</b>	<b>379,113</b>	<b>635,666</b>	<b>28,309</b>	<b>59,576</b>	<b>48,879</b>	<b>57,464</b>
<b>Net Assets, End of Period</b>	<b>\$423,968</b>	<b>\$379,113</b>	<b>\$32,188</b>	<b>\$28,309</b>	<b>\$66,195</b>	<b>\$48,879</b>
Undistributed (distributions in excess of) net investment income	\$ 4,916	\$ 14,458	\$ (181)	\$ (2)	\$ 20	\$ (1)

See Accompanying Notes to Financial Statements.



# STATEMENT OF CHANGES IN NET ASSETS

## Ivy Funds VIP

(In thousands)	Money Market		Mortgage Securities		Real Estate Securities	
	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income	\$ 1,277	\$ 2,803	\$ 549	\$ 1,397	\$ 570	\$ 749
Net realized gain (loss) on investments	9	36	(250)	(436)	(4,323)	(5,660)
Net change in unrealized appreciation (depreciation)	—	—	508	(4,663)	64	(12,764)
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>1,286</b>	<b>2,839</b>	<b>807</b>	<b>(3,702)</b>	<b>(3,689)</b>	<b>(17,675)</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	(1,277)	(2,799)	(1,400)	(302)	(831)	(253)
Net realized gains	(9)	(26)	—	—	—	(730)
<b>Total Distributions to Shareholders</b>	<b>(1,286)</b>	<b>(2,825)</b>	<b>(1,400)</b>	<b>(302)</b>	<b>(831)</b>	<b>(983)</b>
<b>Capital Share Transactions</b>	<b>18,673</b>	<b>111,528</b>	<b>(964)</b>	<b>(2,281)</b>	<b>210</b>	<b>(711)</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>18,673</b>	<b>111,542</b>	<b>(1,557)</b>	<b>(6,285)</b>	<b>(4,310)</b>	<b>(19,369)</b>
<b>Net Assets, Beginning of Period</b>	<b>200,763</b>	<b>89,221</b>	<b>27,282</b>	<b>33,567</b>	<b>28,934</b>	<b>48,303</b>
<b>Net Assets, End of Period</b>	<b>\$219,436</b>	<b>\$200,763</b>	<b>\$25,725</b>	<b>\$27,282</b>	<b>\$24,624</b>	<b>\$28,934</b>
Undistributed net investment income	\$ —	\$ —	\$ 545	\$ 1,396	\$ 615	\$ 876

(In thousands)	Science and Technology	
	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08
<b>INCREASE (DECREASE) IN NET ASSETS</b>		
<b>Operations:</b>		
Net investment income (loss)	\$ 311	\$ (662)
Net realized gain on investments	4,898	14,966
Net change in unrealized appreciation (depreciation)	30,761	(138,855)
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>35,970</b>	<b>(124,551)</b>
<b>Distributions to Shareholders From:</b>		
Net investment income	—	—
Net realized gains	(16,547)	(8,411)
<b>Total Distributions to Shareholders</b>	<b>(16,547)</b>	<b>(8,411)</b>
<b>Capital Share Transactions</b>	<b>11,029</b>	<b>(37,315)</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>30,452</b>	<b>(170,277)</b>
<b>Net Assets, Beginning of Period</b>	<b>226,153</b>	<b>396,430</b>
<b>Net Assets, End of Period</b>	<b>\$256,605</b>	<b>\$226,153</b>
Undistributed (distributions in excess of) net investment income	\$ 292	\$ (24)

See Accompanying Notes to Financial Statements.

# STATEMENT OF CHANGES IN NET ASSETS

## Ivy Funds VIP

(In thousands)	Small Cap Growth		Small Cap Value		Value	
	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08	Six months ended 6-30-09 (Unaudited)	Fiscal year ended 12-31-08
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income (loss)	\$ (1,150)	\$ 1,292	\$ 68	\$ (250)	\$ 2,075	\$ 4,573
Net realized loss on investments	(19,463)	(28,562)	(14,806)	(29,934)	(6,281)	(34,841)
Net change in unrealized appreciation (depreciation)	61,914	(173,577)	21,248	(22,739)	7,490	(89,725)
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>41,301</b>	<b>(200,847)</b>	<b>6,510</b>	<b>(52,923)</b>	<b>3,284</b>	<b>(119,993)</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	(1,298)	—	—	(364)	(4,928)	(747)
Net realized gains	—	(6,006)	—	(3,536)	—	(2,341)
<b>Total Distributions to Shareholders</b>	<b>(1,298)</b>	<b>(6,006)</b>	<b>—</b>	<b>(3,900)</b>	<b>(4,928)</b>	<b>(3,088)</b>
<b>Capital Share Transactions</b>	<b>(13,519)</b>	<b>(47,122)</b>	<b>2,427</b>	<b>1,795</b>	<b>1,129</b>	<b>(9,474)</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>26,484</b>	<b>(253,975)</b>	<b>8,937</b>	<b>(55,028)</b>	<b>(515)</b>	<b>(132,555)</b>
<b>Net Assets, Beginning of Period</b>	<b>290,184</b>	<b>544,159</b>	<b>150,116</b>	<b>205,144</b>	<b>231,428</b>	<b>363,983</b>
<b>Net Assets, End of Period</b>	<b>\$316,668</b>	<b>\$290,184</b>	<b>\$159,053</b>	<b>\$150,116</b>	<b>\$230,913</b>	<b>\$231,428</b>
Undistributed (distributions in excess of) net investment income	\$ (1,195)	\$ 1,253	\$ 136	\$ 68	\$ 1,704	\$ 4,557

See Accompanying Notes to Financial Statements.

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# FINANCIAL HIGHLIGHTS

## Ivy Funds VIP

FOR A SHARE OF CAPITAL STOCK OUTSTANDING THROUGHOUT EACH PERIOD

	Net Asset Value, Beginning of Period	Net Investment Income	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>Pathfinder Aggressive</b>							
Six-month period ended 6–30–2009 (unaudited)	\$3.8093	\$0.0564	\$0.1549	\$0.2113	\$(0.0175)	\$(0.0399)	\$(0.0574)
Fiscal year ended 12–31–2008 <sup>(3)</sup>	5.0000	0.0096	(1.2003)	(1.1907)	—	—	—
<b>Pathfinder Conservative</b>							
Six-month period ended 6–30–2009 (unaudited)	4.4530	0.0684	0.0935	0.1619	(0.0033)	(0.0059)	(0.0092)
Fiscal year ended 12–31–2008 <sup>(4)</sup>	5.0000	0.0058	(0.5528)	(0.5470)	—	—	—
<b>Pathfinder Moderate</b>							
Six-month period ended 6–30–2009 (unaudited)	4.0630	0.0496	0.1326	0.1822	(0.0091)	(0.0168)	(0.0259)
Fiscal year ended 12–31–2008 <sup>(3)</sup>	5.0000	0.0097	(0.9467)	(0.9370)	—	—	—
<b>Pathfinder Moderately Aggressive</b>							
Six-month period ended 6–30–2009 (unaudited)	4.0140	0.0505	0.1524	0.2029	(0.0125)	(0.0224)	(0.0349)
Fiscal year ended 12–31–2008 <sup>(3)</sup>	5.0000	0.0103	(0.9963)	(0.9860)	—	—	—
<b>Pathfinder Moderately Conservative</b>							
Six-month period ended 6–30–2009 (unaudited)	4.3098	0.0589	0.1030	0.1619	(0.0058)	(0.0123)	(0.0181)
Fiscal year ended 12–31–2008 <sup>(5)</sup>	5.0000	0.0080	(0.6982)	(0.6902)	—	—	—
<b>Asset Strategy</b>							
Six-month period ended 6–30–2009 (unaudited)	8.2749	0.0586	0.5011	0.5597	(0.0337)	(0.9108)	(0.9445)
Fiscal year ended 12–31–2008	12.3237	0.1062	(3.2919)	(3.1857)	(0.0495)	(0.8136)	(0.8631)
Fiscal year ended 12–31–2007	9.0016	0.0932	3.8531	3.9463	(0.0709)	(0.5533)	(0.6242)
Fiscal year ended 12–31–2006	8.8625	0.0958	1.7042	1.8000	(0.0354)	(1.6255)	(1.6609)
Fiscal year ended 12–31–2005	7.6926	0.0836	1.7847	1.8683	(0.0762)	(0.6222)	(0.6984)
Fiscal year ended 12–31–2004	6.9237	0.0699	0.8508	0.9207	(0.0990)	(0.0528)	(0.1518)
<b>Balanced</b>							
Six-month period ended 6–30–2009 (unaudited)	7.6960	0.0891	(0.0618)	0.0273	(0.1591)	(0.0458)	(0.2049)
Fiscal year ended 12–31–2008	9.7624	0.1496	(2.1997)	(2.0501)	(0.0096)	(0.0067)	(0.0163)
Fiscal year ended 12–31–2007	8.7056	0.1388	1.0508	1.1896	(0.1326)	(0.0002)	(0.1328)
Fiscal year ended 12–31–2006	7.9631	0.1224	0.7704	0.8928	(0.1207)	(0.0296)	(0.1503)
Fiscal year ended 12–31–2005	7.6783	0.0999	0.2851	0.3850	(0.1002)	—	(0.1002)
Fiscal year ended 12–31–2004	7.1491	0.1096	0.5292	0.6388	(0.1096)	—	(0.1096)

\*Not shown due to rounding.

(1) Ratios excluding expense waivers are included only for periods in which the Portfolio had waived or reimbursed expenses.

(2) Annualized.

(3) For the period from March 4, 2008 (commencement of operations of the Portfolio) through December 31, 2008.

(4) For the period from March 13, 2008 (commencement of operations of the Portfolio) through December 31, 2008.

(5) For the period from March 12, 2008 (commencement of operations of the Portfolio) through December 31, 2008.

	Net Asset Value, End of Period	Total Return	Net Assets, End of Period (in millions)	Ratio of Expenses to Average Net Assets Including Expense Waiver	Ratio of Net Investment Income to Average Net Assets Including Expense Waiver	Ratio of Expenses to Average Net Assets Excluding Expense Waiver <sup>(1)</sup>	Ratio of Net Investment Income to Average Net Assets Excluding Expense Waiver <sup>(1)</sup>	Portfolio Turnover Rate
<b>Pathfinder Aggressive</b>								
Six-month period ended 6–30–2009 (unaudited)	\$ 3.9632	5.57%	\$ 50	0.11% <sup>(2)</sup>	3.25% <sup>(2)</sup>	—%	—%	2%
Fiscal year ended 12–31–2008 <sup>(3)</sup>	3.8093	–23.82	43	0.10 <sup>(2)</sup>	0.44 <sup>(2)</sup>	—	—	3
<b>Pathfinder Conservative</b>								
Six-month period ended 6–30–2009 (unaudited)	4.6057	3.64	32	0.14 <sup>(2)</sup>	4.43 <sup>(2)</sup>	—	—	4
Fiscal year ended 12–31–2008 <sup>(4)</sup>	4.4530	–10.94	12	0.39 <sup>(2)</sup>	0.45 <sup>(2)</sup>	—	—	2
<b>Pathfinder Moderate</b>								
Six-month period ended 6–30–2009 (unaudited)	4.2193	4.49	162	0.07 <sup>(2)</sup>	3.88 <sup>(2)</sup>	—	—	1
Fiscal year ended 12–31–2008 <sup>(3)</sup>	4.0630	–18.74	78	0.09 <sup>(2)</sup>	0.64 <sup>(2)</sup>	—	—	—
<b>Pathfinder Moderately Aggressive</b>								
Six-month period ended 6–30–2009 (unaudited)	4.1820	5.07	203	0.06 <sup>(2)</sup>	3.70 <sup>(2)</sup>	—	—	—*
Fiscal year ended 12–31–2008 <sup>(3)</sup>	4.0140	–19.72	116	0.07 <sup>(2)</sup>	0.61 <sup>(2)</sup>	—	—	—
<b>Pathfinder Moderately Conservative</b>								
Six-month period ended 6–30–2009 (unaudited)	4.4536	3.76	69	0.10 <sup>(2)</sup>	4.09 <sup>(2)</sup>	—	—	5
Fiscal year ended 12–31–2008 <sup>(5)</sup>	4.3098	–13.80	32	0.18 <sup>(2)</sup>	0.63 <sup>(2)</sup>	—	—	—
<b>Asset Strategy</b>								
Six-month period ended 6–30–2009 (unaudited)	7.8901	6.95	806	1.05 <sup>(2)</sup>	1.74 <sup>(2)</sup>	1.06 <sup>(2)</sup>	1.73 <sup>(2)</sup>	78
Fiscal year ended 12–31–2008	8.2749	–25.79	678	1.04	1.02	1.05	1.01	190
Fiscal year ended 12–31–2007	12.3237	44.11	913	1.03	0.96	1.04	0.95	98
Fiscal year ended 12–31–2006	9.0016	20.15	602	1.02	1.16	1.03	1.15	148
Fiscal year ended 12–31–2005	8.8625	24.27	416	1.03	1.10	—	—	79
Fiscal year ended 12–31–2004	7.6926	13.30	282	1.06	1.02	—	—	118
<b>Balanced</b>								
Six-month period ended 6–30–2009 (unaudited)	7.5184	0.41	347	1.03 <sup>(2)</sup>	2.10 <sup>(2)</sup>	—	—	16
Fiscal year ended 12–31–2008	7.6960	–21.00	378	1.01	1.53	—	—	19
Fiscal year ended 12–31–2007	9.7624	13.67	559	1.01	1.40	—	—	8
Fiscal year ended 12–31–2006	8.7056	11.21	565	1.01	1.37	—	—	28
Fiscal year ended 12–31–2005	7.9631	5.01	582	1.01	1.20	—	—	52
Fiscal year ended 12–31–2004	7.6783	8.93	628	1.02	1.45	—	—	39

See Accompanying Notes to Financial Statements.

# FINANCIAL HIGHLIGHTS

## Ivy Funds VIP

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>Bond</b>							
Six-month period ended 6–30–2009 (unaudited)	\$5.3372	\$0.0937	\$0.0732	\$0.1669	\$(0.2104)	\$ —	\$(0.2104)
Fiscal year ended 12–31–2008	5.3255	0.2183	(0.2017)	0.0166	(0.0049)	—	(0.0049)
Fiscal year ended 12–31–2007	5.2752	0.2428	0.0489	0.2917	(0.2414)	—	(0.2414)
Fiscal year ended 12–31–2006	5.2928	0.2434	(0.0182)	0.2252	(0.2411)	(0.0017)	(0.2428)
Fiscal year ended 12–31–2005	5.4762	0.2356	(0.1464)	0.0892	(0.2464)	(0.0262)	(0.2726)
Fiscal year ended 12–31–2004	5.5710	0.2463	(0.0302)	0.2161	(0.2463)	(0.0646)	(0.3109)
<b>Core Equity</b>							
Six-month period ended 6–30–2009 (unaudited)	8.1109	0.0646	0.0963	0.1609	(0.0859)	—	(0.0859)
Fiscal year ended 12–31–2008	12.9583	0.0832	(4.6008)	(4.5176)	(0.0203)	(0.3095)	(0.3298)
Fiscal year ended 12–31–2007	12.5485	0.0977	1.6632	1.7609	(0.0862)	(1.2649)	(1.3511)
Fiscal year ended 12–31–2006	11.1221	0.0805	1.8084	1.8889	(0.1093)	(0.3532)	(0.4625)
Fiscal year ended 12–31–2005	10.2369	0.0358	0.8859	0.9217	(0.0365)	—	(0.0365)
Fiscal year ended 12–31–2004	9.3996	0.0622	0.8373	0.8995	(0.0622)	—	(0.0622)
<b>Dividend Opportunities</b>							
Six-month period ended 6–30–2009 (unaudited)	5.1114	0.0240	0.0385	0.0625	(0.0521)	—	(0.0521)
Fiscal year ended 12–31–2008	8.0015	0.0391	(2.9133)	(2.8742)	(0.0056)	(0.0103)	(0.0159)
Fiscal year ended 12–31–2007	6.9651	0.0881	1.0765	1.1646	(0.0675)	(0.0607)	(0.1282)
Fiscal year ended 12–31–2006	6.1121	0.0857	0.8867	0.9724	(0.0849)	(0.0345)	(0.1194)
Fiscal year ended 12–31–2005	5.4645	0.0643	0.6476	0.7119	(0.0643)	—	(0.0643)
Fiscal year ended 12–31–2004	5.0000	0.0337	0.4645	0.4982	(0.0337)	—	(0.0337)
<b>Energy</b>							
Six-month period ended 6–30–2009 (unaudited)	3.7434	0.0143	0.5041	0.5184	—	—	—
Fiscal year ended 12–31–2008	6.9732	(0.0103)	(3.2080)	(3.2183)	(0.0055)	(0.0060)	(0.0115)
Fiscal year ended 12–31–2007	4.6351	0.0280	2.3497	2.3777	(0.0209)	(0.0187)	(0.0396)
Fiscal year ended 12–31–2006 <sup>(3)</sup>	5.0000	0.0248	(0.3654)	(0.3406)	(0.0243)	—	(0.0243)
<b>Global Natural Resources</b>							
Six-month period ended 6–30–2009 (unaudited)	3.3102	(0.0055)	1.2585	1.2530	—	—	—
Fiscal year ended 12–31–2008	10.0838	0.0088	(6.2310)	(6.2222)	(0.1089)	(0.4425)	(0.5514)
Fiscal year ended 12–31–2007	7.5711	0.0148	3.2797	3.2945	(0.0022)	(0.7796)	(0.7818)
Fiscal year ended 12–31–2006	6.2719	0.0295	1.5690	1.5985	(0.0235)	(0.2758)	(0.2993)
Fiscal year ended 12–31–2005 <sup>(4)</sup>	5.0000	(0.0112)	1.3132	1.3020	—	(0.0301)	(0.0301)
<b>Growth</b>							
Six-month period ended 6–30–2009 (unaudited)	7.5529	0.0276	0.5263	0.5539	(0.0310)	(0.2291)	(0.2601)
Fiscal year ended 12–31–2008	12.0237	0.0297	(4.3944)	(4.3647)	—	(0.1061)	(0.1061)
Fiscal year ended 12–31–2007	9.7813	(0.0008)	2.5262	2.5254	(0.0001)	(0.2829)	(0.2830)
Fiscal year ended 12–31–2006	9.3125	(0.0001)	0.4689	0.4688	—	—	—
Fiscal year ended 12–31–2005	8.3728	(0.0029)	0.9429	0.9400	(0.0003)	—	(0.0003)
Fiscal year ended 12–31–2004	8.1267	0.0228	0.2460	0.2688	(0.0227)	—	(0.0227)

(1) Ratios excluding expense waivers are included only for periods in which the Portfolio had waived or reimbursed expenses.

(2) Annualized.

(3) For the period from May 1, 2006 (commencement of operations of the Portfolio) through December 31, 2006.

(4) For the period from April 28, 2005 (commencement of operations of the Portfolio) through December 31, 2005.

	Net Asset Value, End of Period	Total Return	Net Assets, End of Period (in millions)	Ratio of Expenses to Average Net Assets Including Expense Waiver	Ratio of Net Investment Income (Loss) to Average Net Assets Including Expense Waiver	Ratio of Expenses to Average Net Assets Excluding Expense Waiver <sup>(1)</sup>	Ratio of Net Investment Income (Loss) to Average Net Assets Excluding Expense Waiver <sup>(1)</sup>	Portfolio Turnover Rate
<b>Bond</b>								
Six-month period ended 6–30–2009 (unaudited)	\$5.2937	3.20%	\$369	0.80% <sup>(2)</sup>	4.14% <sup>(2)</sup>	0.85% <sup>(2)</sup>	4.09% <sup>(2)</sup>	16%
Fiscal year ended 12–31–2008	5.3372	0.31	334	0.79	4.38	—	—	29
Fiscal year ended 12–31–2007	5.3255	5.67	296	0.82	4.57	0.85	4.54	42
Fiscal year ended 12–31–2006	5.2752	4.24	213	0.84	4.49	0.85	4.48	54
Fiscal year ended 12–31–2005	5.2928	1.61	212	0.86	4.17	—	—	43
Fiscal year ended 12–31–2004	5.4762	3.88	218	0.85	4.16	—	—	47
<b>Core Equity</b>								
Six-month period ended 6–30–2009 (unaudited)	8.1859	2.01	373	0.98 <sup>(2)</sup>	1.48 <sup>(2)</sup>	1.03 <sup>(2)</sup>	1.43 <sup>(2)</sup>	57
Fiscal year ended 12–31–2008	8.1109	–34.77	402	0.96	0.68	1.01	0.63	105
Fiscal year ended 12–31–2007	12.9583	14.03	746	0.96	0.68	1.01	0.63	83
Fiscal year ended 12–31–2006	12.5485	16.99	762	0.99	0.62	1.00	0.61	103
Fiscal year ended 12–31–2005	11.1221	9.01	723	1.01	0.32	—	—	62
Fiscal year ended 12–31–2004	10.2369	9.57	737	1.01	0.62	—	—	54
<b>Dividend Opportunities</b>								
Six-month period ended 6–30–2009 (unaudited)	5.1218	1.24	160	1.06 <sup>(2)</sup>	1.57 <sup>(2)</sup>	—	—	14
Fiscal year ended 12–31–2008	5.1114	–35.91	123	1.07	0.92	—	—	35
Fiscal year ended 12–31–2007	8.0015	16.72	121	1.04	1.29	—	—	17
Fiscal year ended 12–31–2006	6.9651	15.91	81	1.07	1.63	—	—	17
Fiscal year ended 12–31–2005	6.1121	13.03	43	0.93	1.53	1.12	1.34	22
Fiscal year ended 12–31–2004	5.4645	9.96	17	0.76	2.08	1.46	1.38	22
<b>Energy</b>								
Six-month period ended 6–30–2009 (unaudited)	4.2618	13.85	25	0.67 <sup>(2)</sup>	0.78 <sup>(2)</sup>	1.33 <sup>(2)</sup>	0.12 <sup>(2)</sup>	7
Fiscal year ended 12–31–2008	3.7434	–46.15	20	1.14	–0.15	1.31	–0.32	10
Fiscal year ended 12–31–2007	6.9732	51.30	26	0.52	0.78	1.32	–0.02	13
Fiscal year ended 12–31–2006 <sup>(3)</sup>	4.6351	–6.81	7	0.64 <sup>(2)</sup>	1.05 <sup>(2)</sup>	1.49 <sup>(2)</sup>	0.20 <sup>(2)</sup>	12
<b>Global Natural Resources</b>								
Six-month period ended 6–30–2009 (unaudited)	4.5632	37.85	126	1.53 <sup>(2)</sup>	–0.35 <sup>(2)</sup>	—	—	61
Fiscal year ended 12–31–2008	3.3102	–61.46	69	1.43	–0.08	—	—	206
Fiscal year ended 12–31–2007	10.0838	43.50	165	1.38	0.20	—	—	122
Fiscal year ended 12–31–2006	7.5711	25.49	90	1.51	0.53	—	—	111
Fiscal year ended 12–31–2005 <sup>(4)</sup>	6.2719	26.04	32	2.17 <sup>(2)</sup>	–0.60 <sup>(2)</sup>	—	—	66
<b>Growth</b>								
Six-month period ended 6–30–2009 (unaudited)	7.8467	7.47	781	0.99 <sup>(2)</sup>	0.72 <sup>(2)</sup>	1.02 <sup>(2)</sup>	0.69 <sup>(2)</sup>	25
Fiscal year ended 12–31–2008	7.5529	–36.27	757	0.97	0.29	1.00	0.26	53
Fiscal year ended 12–31–2007	12.0237	25.81	1,305	0.97	–0.01	0.99	–0.03	42
Fiscal year ended 12–31–2006	9.7813	5.04	1,177	0.99	0.00	1.00	–0.01	67
Fiscal year ended 12–31–2005	9.3125	11.23	1,252	1.00	–0.03	—	—	59
Fiscal year ended 12–31–2004	8.3728	3.31	1,252	1.00	0.27	—	—	81

See Accompanying Notes to Financial Statements.

# FINANCIAL HIGHLIGHTS

## Ivy Funds VIP

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>High Income</b>							
Six-month period ended 6-30-2009 (unaudited)	\$2.4841	\$0.1130	\$0.4749	\$0.5879	\$(0.2728)	\$ —	\$(0.2728)
Fiscal year ended 12-31-2008	3.2031	0.2834	(0.9826)	(0.6992)	(0.0198)	—	(0.0198)
Fiscal year ended 12-31-2007	3.3398	0.2717	(0.1440)	0.1277	(0.2644)	—	(0.2644)
Fiscal year ended 12-31-2006	3.2521	0.2518	0.0827	0.3345	(0.2468)	—	(0.2468)
Fiscal year ended 12-31-2005	3.4276	0.2626	(0.1749)	0.0877	(0.2632)	—	(0.2632)
Fiscal year ended 12-31-2004	3.3375	0.2391	0.0901	0.3292	(0.2391)	—	(0.2391)
<b>International Growth</b>							
Six-month period ended 6-30-2009 (unaudited)	6.0050	0.0842	0.2456	0.3298	(0.1016)	—	(0.1016)
Fiscal year ended 12-31-2008	10.7486	0.1075	(4.6438)	(4.5363)	(0.0222)	(0.1851)	(0.2073)
Fiscal year ended 12-31-2007	9.1353	0.0630	1.8829	1.9459	(0.0587)	(0.2739)	(0.3326)
Fiscal year ended 12-31-2006	7.5943	0.0672	1.5263	1.5935	(0.0525)	—	(0.0525)
Fiscal year ended 12-31-2005	6.6534	0.0493	1.0465	1.0958	(0.1549)	—	(0.1549)
Fiscal year ended 12-31-2004	5.8722	0.0367	0.7853	0.8220	(0.0408)	—	(0.0408)
<b>International Value</b>							
Six-month period ended 6-30-2009 (unaudited)	12.4613	0.1543	1.1065	1.2608	(0.4959)	(0.7976)	(1.2935)
Fiscal year ended 12-31-2008	22.3935	0.5116	(9.9918)	(9.4802)	(0.0909)	(0.3611)	(0.4520)
Fiscal year ended 12-31-2007	22.7794	0.4391	1.8126	2.2517	(0.3937)	(2.2439)	(2.6376)
Fiscal year ended 12-31-2006	19.1711	0.4593	5.2176	5.6769	(0.4097)	(1.6589)	(2.0686)
Fiscal year ended 12-31-2005	19.1681	0.3199	1.8192	2.1391	(0.4226)	(1.7135)	(2.1361)
Fiscal year ended 12-31-2004	15.8947	0.2759	3.3285	3.6044	(0.1850)	(0.1460)	(0.3310)
<b>Micro Cap Growth</b>							
Six-month period ended 6-30-2009 (unaudited)	11.1122	(0.0735)	2.2052	2.1317	—	—	—
Fiscal year ended 12-31-2008	21.3838	(0.2089)	(10.0627)	(10.2716)	—	—	—
Fiscal year ended 12-31-2007	20.0796	(0.2565)	1.5607	1.3042	—	—	—
Fiscal year ended 12-31-2006	17.8866	(0.2064)	2.3994	2.1930	—	—	—
Fiscal year ended 12-31-2005	14.7992	(0.1737)	3.2611	3.0874	—	—	—
Fiscal year ended 12-31-2004	13.4476	(0.1794)	1.5310	1.3516	—	—	—
<b>Mid Cap Growth</b>							
Six-month period ended 6-30-2009 (unaudited)	4.5056	0.0017	0.7641	0.7658	—	—	—
Fiscal year ended 12-31-2008	7.2091	(0.0036)	(2.6128)	(2.6164)	(0.0020)	(0.0851)	(0.0871)
Fiscal year ended 12-31-2007	6.5601	0.0034	0.8245	0.8279	(0.0013)	(0.1776)	(0.1789)
Fiscal year ended 12-31-2006	6.0653	0.0164	0.5025	0.5189	(0.0223)	(0.0018)	(0.0241)
Fiscal year ended 12-31-2005 <sup>(3)</sup>	5.0000	0.0064	1.0589	1.0653	—	—	—
<b>Money Market</b>							
Six-month period ended 6-30-2009 (unaudited)	1.0000	0.0060	0.0000	0.0060	(0.0060)	—	(0.0060)
Fiscal year ended 12-31-2008	1.0000	0.0215	0.0001	0.0216	(0.0215)	(0.0001)	(0.0216)
Fiscal year ended 12-31-2007	1.0000	0.0451	0.0000	0.0451	(0.0451)	—	(0.0451)
Fiscal year ended 12-31-2006	1.0000	0.0424	0.0000	0.0424	(0.0424)	—	(0.0424)
Fiscal year ended 12-31-2005	1.0000	0.0247	0.0000	0.0247	(0.0247)	—	(0.0247)
Fiscal year ended 12-31-2004	1.0000	0.0070	0.0000	0.0070	(0.0070)	—	(0.0070)

(1) Ratios excluding expense waivers are included only for periods in which the Portfolio had waived or reimbursed expenses.

(2) Annualized.

(3) For the period from April 28, 2005 (commencement of operations of the Portfolio) through December 31, 2005.



	Net Asset Value, End of Period	Total Return	Net Assets, End of Period (in millions)	Ratio of Expenses to Average Net Assets Including Expense Waiver	Ratio of Net Investment Income (Loss) to Average Net Assets Including Expense Waiver	Ratio of Expenses to Average Net Assets Excluding Expense Waiver <sup>(1)</sup>	Ratio of Net Investment Income (Loss) to Average Net Assets Excluding Expense Waiver <sup>(1)</sup>	Portfolio Turnover Rate
<b>High Income</b>								
Six-month period ended 6-30-2009 (unaudited)	\$2.7992	24.21%	\$188	0.93% <sup>(2)</sup>	9.88% <sup>(2)</sup>	0.98% <sup>(2)</sup>	9.83% <sup>(2)</sup>	32%
Fiscal year ended 12-31-2008	2.4841	-21.82	147	0.91	8.72	0.96	8.67	37
Fiscal year ended 12-31-2007	3.2031	3.86	214	0.90	7.90	0.95	7.85	74
Fiscal year ended 12-31-2006	3.3398	10.27	204	0.94	7.48	0.95	7.47	71
Fiscal year ended 12-31-2005	3.2521	2.55	186	0.95	7.35	—	—	54
Fiscal year ended 12-31-2004	3.4276	9.86	190	0.96	7.13	—	—	83
<b>International Growth</b>								
Six-month period ended 6-30-2009 (unaudited)	6.2332	5.58	171	1.20 <sup>(2)</sup>	3.06 <sup>(2)</sup>	1.23 <sup>(2)</sup>	3.03 <sup>(2)</sup>	29
Fiscal year ended 12-31-2008	6.0050	-42.15	159	1.18	1.27	1.21	1.24	96
Fiscal year ended 12-31-2007	10.7486	21.29	283	1.17	0.63	1.20	0.60	95
Fiscal year ended 12-31-2006	9.1353	20.99	245	1.20	0.81	1.21	0.80	96
Fiscal year ended 12-31-2005	7.5943	16.47	206	1.21	0.67	—	—	86
Fiscal year ended 12-31-2004	6.6534	14.00	187	1.20	0.59	—	—	81
<b>International Value</b>								
Six-month period ended 6-30-2009 (unaudited)	12.4286	10.68	424	1.21 <sup>(2)</sup>	2.92 <sup>(2)</sup>	—	—	87
Fiscal year ended 12-31-2008	12.4613	-42.26	379	1.18	3.07	—	—	20
Fiscal year ended 12-31-2007	22.3935	9.88	636	1.18	1.81	—	—	23
Fiscal year ended 12-31-2006	22.7794	29.61	589	1.18	2.13	—	—	29
Fiscal year ended 12-31-2005	19.1711	11.16	463	1.19	1.63	—	—	23
Fiscal year ended 12-31-2004	19.1681	22.68	401	1.19	1.65	—	—	31
<b>Micro Cap Growth</b>								
Six-month period ended 6-30-2009 (unaudited)	13.2439	19.18	32	1.43 <sup>(2)</sup>	-1.31 <sup>(2)</sup>	—	—	29
Fiscal year ended 12-31-2008	11.1122	-48.04	28	1.36	-1.23	—	—	60
Fiscal year ended 12-31-2007	21.3838	6.49	60	1.32	-1.18	—	—	57
Fiscal year ended 12-31-2006	20.0796	12.26	60	1.32	-1.06	—	—	60
Fiscal year ended 12-31-2005	17.8866	20.87	53	1.35	-1.15	—	—	54
Fiscal year ended 12-31-2004	14.7992	10.05	41	1.35	-1.26	—	—	65
<b>Mid Cap Growth</b>								
Six-month period ended 6-30-2009 (unaudited)	5.2714	17.00	66	1.24 <sup>(2)</sup>	0.08 <sup>(2)</sup>	1.26 <sup>(2)</sup>	0.06 <sup>(2)</sup>	19
Fiscal year ended 12-31-2008	4.5056	-36.23	49	1.23	-0.06	1.24	-0.07	46
Fiscal year ended 12-31-2007	7.2091	12.62	57	1.21	0.06	1.24	0.03	31
Fiscal year ended 12-31-2006	6.5601	8.56	37	0.97	0.45	1.31	0.11	23
Fiscal year ended 12-31-2005 <sup>(3)</sup>	6.0653	21.31	13	0.69 <sup>(2)</sup>	0.33 <sup>(2)</sup>	1.54 <sup>(2)</sup>	-0.51 <sup>(2)</sup>	11
<b>Money Market</b>								
Six-month period ended 6-30-2009 (unaudited)	1.0000	0.60	219	0.51 <sup>(2)</sup>	1.21 <sup>(2)</sup>	—	—	N/A
Fiscal year ended 12-31-2008	1.0000	2.18	201	0.75	2.01	—	—	N/A
Fiscal year ended 12-31-2007	1.0000	4.60	89	0.76	4.51	—	—	N/A
Fiscal year ended 12-31-2006	1.0000	4.32	70	0.77	4.29	—	—	N/A
Fiscal year ended 12-31-2005	1.0000	2.50	52	0.79	2.46	—	—	N/A
Fiscal year ended 12-31-2004	1.0000	0.70	55	0.76	0.69	—	—	N/A

See Accompanying Notes to Financial Statements.

	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>Mortgage Securities</b>							
Six-month period ended 6–30–2009 (unaudited)	\$4.3871	\$0.1118	\$0.0245	\$0.1363	\$(0.2456)	\$ —	\$(0.2456)
Fiscal year ended 12–31–2008	4.9813	0.2287	(0.7740)	(0.5453)	(0.0489)	—	(0.0489)
Fiscal year ended 12–31–2007	4.9818	0.2127	(0.0444)	0.1683	(0.1688)	—	(0.1688)
Fiscal year ended 12–31–2006	4.9801	0.2373	0.0010	0.2383	(0.2366)	—	(0.2366)
Fiscal year ended 12–31–2005	5.0791	0.2010	(0.0990)	0.1020	(0.2010)	—	(0.2010)
Fiscal year ended 12–31–2004 <sup>(3)</sup>	5.0000	0.1009	0.1476	0.2485	(0.1009)	(0.0685)	(0.1694)
<b>Real Estate Securities</b>							
Six-month period ended 6–30–2009 (unaudited)	4.3040	0.0866	(0.6270)	(0.5404)	(0.1261)	—	(0.1261)
Fiscal year ended 12–31–2008	6.9867	0.1143	(2.6453)	(2.5310)	(0.0390)	(0.1127)	(0.1517)
Fiscal year ended 12–31–2007	8.7770	0.0938	(1.5033)	(1.4095)	(0.0473)	(0.3335)	(0.3808)
Fiscal year ended 12–31–2006	6.9610	0.0367	2.0572	2.0939	(0.0607)	(0.2172)	(0.2779)
Fiscal year ended 12–31–2005	6.5176	0.0779	0.6278	0.7057	(0.0954)	(0.1669)	(0.2623)
Fiscal year ended 12–31–2004 <sup>(3)</sup>	5.0000	0.0396	1.5935	1.6331	(0.0349)	(0.0806)	(0.1155)
<b>Science and Technology</b>							
Six-month period ended 6–30–2009 (unaudited)	11.4251	0.0151	1.8487	1.8638	—	(0.8661)	(0.8661)
Fiscal year ended 12–31–2008	17.9777	(0.0336)	(6.0778)	(6.1114)	—	(0.4412)	(0.4412)
Fiscal year ended 12–31–2007	17.7170	(0.0712)	4.3892	4.3180	—	(4.0573)	(4.0573)
Fiscal year ended 12–31–2006	16.8844	(0.1178)	1.4468	1.3290	—	(0.4964)	(0.4964)
Fiscal year ended 12–31–2005	14.4014	(0.1145)	2.5975	2.4830	—	—	—
Fiscal year ended 12–31–2004	12.3883	(0.0751)	2.0882	2.0131	—	—	—
<b>Small Cap Growth</b>							
Six-month period ended 6–30–2009 (unaudited)	6.0933	(0.0241)	0.9565	0.9324	(0.0286)	—	(0.0286)
Fiscal year ended 12–31–2008	10.2422	0.0270	(4.0469)	(4.0199)	—	(0.1290)	(0.1290)
Fiscal year ended 12–31–2007	9.9749	(0.0641)	1.4127	1.3486	—	(1.0813)	(1.0813)
Fiscal year ended 12–31–2006	10.4866	(0.0584)	0.5883	0.5299	—	(1.0416)	(1.0416)
Fiscal year ended 12–31–2005	9.6810	(0.0647)	1.3116	1.2469	—	(0.4413)	(0.4413)
Fiscal year ended 12–31–2004	8.4703	(0.0741)	1.2848	1.2107	—	—	—
<b>Small Cap Value</b>							
Six-month period ended 6–30–2009 (unaudited)	10.2867	0.0045	0.4456	0.4501	—	—	—
Fiscal year ended 12–31–2008	14.3219	(0.0168)	(3.7428)	(3.7596)	(0.0257)	(0.2499)	(0.2756)
Fiscal year ended 12–31–2007	15.6884	0.0251	(0.6721)	(0.6470)	(0.0008)	(0.7187)	(0.7195)
Fiscal year ended 12–31–2006	14.5826	0.0226	2.4333	2.4559	(0.0232)	(1.3269)	(1.3501)
Fiscal year ended 12–31–2005	16.6329	0.0012	0.6886	0.6898	—	(2.7401)	(2.7401)
Fiscal year ended 12–31–2004	15.2013	(0.0569)	2.3402	2.2833	—	(0.8517)	(0.8517)
<b>Value</b>							
Six-month period ended 6–30–2009 (unaudited)	4.1537	0.0384	0.0274	0.0658	(0.0897)	—	(0.0897)
Fiscal year ended 12–31–2008	6.3640	0.0826	(2.2367)	(2.1541)	(0.0136)	(0.0426)	(0.0562)
Fiscal year ended 12–31–2007	6.7426	0.0802	0.0480	0.1282	(0.0680)	(0.4388)	(0.5068)
Fiscal year ended 12–31–2006	6.0701	0.0747	0.9499	1.0246	(0.0740)	(0.2781)	(0.3521)
Fiscal year ended 12–31–2005	6.2226	0.0918	0.1831	0.2749	(0.0916)	(0.3358)	(0.4274)
Fiscal year ended 12–31–2004	5.4790	0.0619	0.7437	0.8056	(0.0620)	—	(0.0620)

(1) Ratios excluding expense waivers are included only for periods in which the Portfolio had waived or reimbursed expenses.

(2) Annualized.

(3) For the period from May 27, 2004 (commencement of operations of the Portfolio) through December 31, 2004.

	Net Asset Value, End of Period	Total Return	Net Assets, End of Period (in millions)	Ratio of Expenses to Average Net Assets Including Expense Waiver	Ratio of Net Investment Income (Loss) to Average Net Assets Including Expense Waiver	Ratio of Expenses to Average Net Assets Excluding Expense Waiver <sup>(1)</sup>	Ratio of Net Investment Income (Loss) to Average Net Assets Excluding Expense Waiver <sup>(1)</sup>	Portfolio Turnover Rate
<b>Mortgage Securities</b>								
Six-month period ended 6–30–2009 (unaudited)	\$4.2778	3.16%	\$ 26	1.12% <sup>(2)</sup>	4.25% <sup>(2)</sup>	—%	—%	175%
Fiscal year ended 12–31–2008	4.3871	–10.95	27	0.99	4.21	—	—	288
Fiscal year ended 12–31–2007	4.9813	3.40	34	0.96	4.73	—	—	138
Fiscal year ended 12–31–2006	4.9818	4.77	30	0.97	4.76	—	—	158
Fiscal year ended 12–31–2005	4.9801	2.00	28	1.00	4.21	—	—	202
Fiscal year ended 12–31–2004 <sup>(3)</sup>	5.0791	4.97	21	0.71 <sup>(2)</sup>	4.02 <sup>(2)</sup>	0.97 <sup>(2)</sup>	3.76 <sup>(2)</sup>	184
<b>Real Estate Securities</b>								
Six-month period ended 6–30–2009 (unaudited)	3.6375	–12.48	25	1.50 <sup>(2)</sup>	4.93 <sup>(2)</sup>	—	—	25
Fiscal year ended 12–31–2008	4.3040	–36.04	29	1.31	1.73	—	—	45
Fiscal year ended 12–31–2007	6.9867	–16.07	48	1.30	1.08	—	—	50
Fiscal year ended 12–31–2006	8.7770	30.08	60	1.31	1.03	—	—	32
Fiscal year ended 12–31–2005	6.9610	10.83	33	1.38	1.26	—	—	48
Fiscal year ended 12–31–2004 <sup>(3)</sup>	6.5176	32.66	19	1.21 <sup>(2)</sup>	2.14 <sup>(2)</sup>	1.55 <sup>(2)</sup>	1.80 <sup>(2)</sup>	53
<b>Science and Technology</b>								
Six-month period ended 6–30–2009 (unaudited)	12.4228	16.82	257	1.18 <sup>(2)</sup>	0.27 <sup>(2)</sup>	1.20 <sup>(2)</sup>	0.25 <sup>(2)</sup>	19
Fiscal year ended 12–31–2008	11.4251	–33.89	226	1.16	–0.21	1.18	–0.23	62
Fiscal year ended 12–31–2007	17.9777	24.37	396	1.15	–0.42	1.17	–0.44	73
Fiscal year ended 12–31–2006	17.7170	7.87	352	1.17	–0.65	1.18	–0.66	71
Fiscal year ended 12–31–2005	16.8844	17.25	361	1.17	–0.74	—	—	104
Fiscal year ended 12–31–2004	14.4014	16.25	322	1.17	–0.59	—	—	107
<b>Small Cap Growth</b>								
Six-month period ended 6–30–2009 (unaudited)	6.9971	15.34	317	1.16 <sup>(2)</sup>	–0.83 <sup>(2)</sup>	1.18 <sup>(2)</sup>	–0.85 <sup>(2)</sup>	33
Fiscal year ended 12–31–2008	6.0933	–39.18	290	1.14	0.32	1.16	0.30	82
Fiscal year ended 12–31–2007	10.2422	13.52	544	1.14	–0.61	1.16	–0.63	101
Fiscal year ended 12–31–2006	9.9749	5.05	555	1.15	–0.55	1.16	–0.56	94
Fiscal year ended 12–31–2005	10.4866	12.88	606	1.16	–0.63	—	—	71
Fiscal year ended 12–31–2004	9.6810	14.29	589	1.17	–0.82	—	—	96
<b>Small Cap Value</b>								
Six-month period ended 6–30–2009 (unaudited)	10.7368	4.38	159	1.21 <sup>(2)</sup>	0.09 <sup>(2)</sup>	—	—	50
Fiscal year ended 12–31–2008	10.2867	–26.13	150	1.18	–0.14	—	—	110
Fiscal year ended 12–31–2007	14.3219	–4.13	205	1.18	0.17	—	—	122
Fiscal year ended 12–31–2006	15.6884	16.84	199	1.18	0.15	—	—	131
Fiscal year ended 12–31–2005	14.5826	4.15	160	1.20	0.01	—	—	166
Fiscal year ended 12–31–2004	16.6329	15.02	132	1.23	–0.43	—	—	32
<b>Value</b>								
Six-month period ended 6–30–2009 (unaudited)	4.1298	1.66	231	1.04 <sup>(2)</sup>	1.95 <sup>(2)</sup>	1.05 <sup>(2)</sup>	1.94 <sup>(2)</sup>	44
Fiscal year ended 12–31–2008	4.1537	–33.81	231	1.01	1.52	1.02	1.51	48
Fiscal year ended 12–31–2007	6.3640	1.90	364	1.01	1.12	1.02	1.11	51
Fiscal year ended 12–31–2006	6.7426	16.88	374	1.01	1.12	1.02	1.11	73
Fiscal year ended 12–31–2005	6.0701	4.42	353	1.02	1.42	—	—	40
Fiscal year ended 12–31–2004	6.2226	14.70	340	1.03	1.13	—	—	78

See Accompanying Notes to Financial Statements.

## 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

On April 30, 2009, the 25 series of Ivy Funds Variable Insurance Portfolios, Inc., a Maryland corporation, were reorganized as a corresponding series of Ivy Funds Variable Insurance Portfolios, a Delaware statutory trust (the Trust), pursuant to a Plan of Reorganization and Termination that was approved by shareholders. The Reorganization was accomplished through a tax-free exchange of shares, which had no impact on net assets, operations and number of shares outstanding. The Trust is registered under the Investment Company Act of 1940, as amended, as a diversified, open-end management investment company. Capital stock is divided into twenty-five classes (each a Portfolio). The assets belonging to each Portfolio, except the Pathfinder Portfolios, are held separately by the custodian. The investment objective, policies and risk factors of each Portfolio are described more fully in the prospectus and Statement of Additional Information. The Trust's investment adviser is Waddell & Reed Investment Management Company (WRIMCO).

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

**Securities Valuation.** Each Portfolio calculates the net asset value of its shares as of the close of the New York Stock Exchange (the NYSE), normally 4:00 P.M. Eastern time, on each day the NYSE is open for trading.

Securities traded on U.S. or foreign securities exchanges or included in a national market system are valued at the official closing price at the close of each business day unless otherwise stated below. Over-the-counter securities and listed securities for which no price is readily available are valued at the average of the last bid and asked prices. Security prices are based on quotes that are obtained from an independent pricing service approved by the Board of Trustees.

To determine values of fixed-income securities, the independent pricing service takes into consideration such factors as current quotations by broker/dealers, coupon, maturity, quality, type of issue, trading characteristics, and other yield and risk factors it deems relevant in determining valuations. Securities which cannot be valued by the independent pricing service are valued using valuations obtained from dealers that make markets in the securities.

Gold bullion is valued at the last traded price reported by a pricing service prior to the close of the NYSE.

Options and swaps are valued by the independent pricing service unless the price is unavailable, in which case they are valued at either the mean between the last bid and asked price or using a valuation obtained from a dealer in that security. Futures contracts traded on an exchange are generally valued at the settlement price. Mutual funds, including investment funds, are valued at the net asset value reported at the close of each business day.

Forward foreign currency contracts are valued daily based upon the closing prices of the forward currency rates determined at the close of the NYSE as provided by a bank, dealer or independent pricing service.

Senior loans are valued using a composite price from more than one broker or dealer as obtained from an independent pricing service.

Short-term securities are valued on the basis of amortized cost (which approximates market value), whereby a portfolio security is valued at its cost initially, and thereafter valued to reflect a constant amortization to maturity of any discount or premium.

Because many foreign markets close before the U.S. markets, events may occur between the close of the foreign market and the close of the U.S. markets that could have a material impact on the valuation of foreign securities. The Portfolios, under the supervision of the Board of Trustees, evaluate the impact of these events each day and may adjust the valuation of foreign securities to reflect the fair value as of the close of the U.S. markets. In addition, all securities for which market values are not readily available or deemed unreliable are appraised at fair value as determined in good faith under the direction of the Board of Trustees. As of June 30, 2009, the following Portfolios had aggregate investments valued at fair value (unrealized appreciation (depreciation) for futures contracts) as shown:

Fund Name	Total Amount of Fair Valued Securities	Percent of Net Assets
Balanced . . . . .	\$ 1	0.00%
Global Natural Resources . . . . .	592	0.47%

### Security Transactions and Related Investment Income.

Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Realized securities gains and losses are calculated on the identified cost basis. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date, except certain dividends from foreign securities where the ex-dividend date may have passed, which are recorded as soon as the Portfolio is informed of the ex-dividend date. Premium and discount on the purchase or bonds are amortized for both financial and tax reporting purposes over the remaining lives of the bonds. Interest income is recorded on the accrual basis. Gains and losses on paydowns on asset- and mortgage-backed securities are recorded as components of interest income.

### Securities on a When-Issued or Delayed Delivery Basis.

Each Portfolio may purchase securities on a "when-issued" basis, and may purchase or sell securities on a "delayed delivery" basis. "When-issued" or "delayed delivery" refers to securities whose terms and indenture are available and for which a market exists, but which are not available for immediate delivery. Delivery and payment for securities that have been purchased by the Portfolio on a when-issued basis normally take place within six months and possibly as long as two years or more after the trade 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 purchase of securities on a when-issued basis may increase the volatility of the Portfolio's net asset value to the extent the Portfolio executes such transactions while remaining substantially fully invested. When a Portfolio engages in when-issued or delayed delivery transactions, it relies on the buyer or seller, as the case may be, to complete the transaction. Their failure to do so may cause the Portfolio to lose the opportunity to obtain or dispose of the security at a price and yield it considers advantageous. The Portfolio maintains internally designated assets with a market value equal to or greater than the amount of its purchase commitments. The Portfolio may also sell securities that it purchased on a when-issued basis prior to settlement of the original purchase.

As of June 30, 2009, no Portfolio had purchased securities issued on a when-issued or delayed delivery basis.

**Mortgage Dollar Roll Transactions.** Certain Portfolios enter into dollar roll transactions on securities issued or to be issued by the Government National Mortgage Association, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation, in which the Portfolio sells mortgage securities and simultaneously agrees to repurchase similar (same type, coupon and maturity) securities at a later date at an agreed upon price. During the period between the sale and repurchase, the Portfolio forgoes principal and interest paid on the mortgage securities sold. The Portfolio is compensated from negotiated fees paid by brokers offered as an inducement to the Portfolio to "roll over" their purchase commitments. These fees, if any, are recognized over the roll period and are included in Interest and amortization in the Statement of Operations. During the fiscal period ended June 30, 2009, Mortgage Securities engaged in this type of transaction.

**Interest Only Obligations.** These securities entitle the owner to receive only the interest portion from a bond, Treasury note or pool of mortgages. These securities are generally created by a third party separating a bond or pool of mortgages into distinct interest-only and principal-only securities. As the principal (par) amount of a bond or pool of mortgages is paid down, the amount of interest income earned by the owner will decline as well.

**Credit Risk.** Asset Strategy and High Income may invest in high-yield, non-investment-grade bonds, which may be subject to a greater degree of credit risk. Credit risk relates to the ability of the issuer to meet interest or principal payments or both as they become due. The Portfolios may acquire securities in default, and are not obligated to dispose of securities whose issuers subsequently default. As of June 30, 2009, Asset Strategy did not hold any securities that were in default. As of June 30, 2009, securities with an aggregate market value of \$1,380, representing 0.74% of High Income's net assets, were in default.

**Foreign Currency Translation.** Each Portfolio's accounting records are maintained in U.S. dollars. All assets and liabilities denominated in foreign currencies are translated into U.S. dollars daily, using foreign exchange rates obtained from an independent pricing service authorized by the Board of Trustees. Purchases and sales of investment securities and accruals of income and expenses are translated at the rate of exchange prevailing on the date of the transaction. For assets and liabilities other than investments in securities, net realized and unrealized gains and losses from foreign currency translation arise from changes in currency exchange rates. Each Portfolio combines fluctuations from currency exchange rates and fluctuations in market value when computing net realized and unrealized gain or loss from investments. Foreign exchange rates are valued as of the close of the NYSE, normally 4:00 P.M. Eastern time, on each day the NYSE is open for trading, primarily using an independent pricing service authorized by the Board of Trustees.

**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 loan, including accrued interest thereon. The collateral for the repurchase agreement is held by a custodian bank.

**Investments with Off-Balance Sheet Risk.** Each Portfolio, other than Money Market and the Pathfinder Portfolios, may enter into financial instrument transactions (such as swaps, futures, options and other derivatives) that may have off-balance sheet market risk. Off-balance sheet market risk exists when the maximum potential loss on a particular financial instrument is greater than the value of such financial instrument, as reflected in the Statement of Assets and Liabilities.

**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 June 30, 2009, 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 years after 2004.



**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.

**Custodian Fees.** “Custodian fees” in the Statement of Operations may include interest expense incurred by a Portfolio on any cash overdrafts of its custodian account during the period. Such cash overdrafts may result from the effects of failed trades in portfolio securities and from cash outflows resulting from unanticipated shareholder redemption activity. A Portfolio pays interest to its custodian on such cash overdrafts, to the extent they are not offset by positive cash balances maintained by that Portfolio, at a rate equal to the Federal Funds Rate plus 0.50%. The “Earnings credit” line item, if applicable, represents earnings on cash balances maintained by that Portfolio during the period. Such interest expense and other custodian fees may be paid with these earnings.

**Trustees’ Fees.** Fees paid to the Trustees can be paid in cash or deferred to a later date, at the election of each Trustee according to the Deferred Fee Agreement entered into between the Trust and the Trustee(s). Each Portfolio records its portion of the deferred fees as a liability on the Statement of Assets and Liabilities. All fees paid in cash plus any appreciation (depreciation) in the underlying deferred plan are shown on the Statement of Operations.

**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.

**Treasury’s Temporary Guarantee Program.** On October 3, 2008, the Board of Trustees of the Trust approved the participation by Money Market in the U.S. Department of the Treasury's Temporary Guarantee Program for Money Market

Funds through December 18, 2008 (the Program). Participation in the Program required a payment to the Treasury Department of 0.01% based on the net asset value of Money Market as of September 19, 2008. On November 24, 2008, the Treasury Department announced its decision to extend the Program for the period from December 19, 2008 through April 30, 2009; on March 31, 2009, the Program was further extended to September 18, 2009 (the Extended Program). The Board of Trustees of the Trust unanimously approved the continued participation of Money Market in the Extended Program. Participation in the Extended Program required a payment to the Treasury Department of 0.015% of the net asset value of Money Market as of September 19, 2008. The above expenses have been borne by Money Market without regard to any contractual or voluntary expense limitation currently in effect for the Portfolio.

**Concentration of Risk.** Certain Portfolios may have a significant investment 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.

**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 August 28, 2009, the date this report was issued.

## 2. INVESTMENT MANAGEMENT AND PAYMENTS TO AFFILIATED PERSONS

**Management Fees.** WRIMCO, a wholly owned subsidiary of Waddell & Reed, Inc. (W&R), serves as the Trust’s investment adviser. WRIMCO provides advice and supervises investments, for which services it is paid a fee. Until September 30, 2006, the fee was payable by each Portfolio, except for Pathfinder Aggressive, Pathfinder Conservative, Pathfinder Moderate, Pathfinder Moderately Aggressive and Pathfinder Moderately Conservative (collectively, the Pathfinder Portfolios) at the following annual rates:

Portfolio	Net Asset Breakpoints	Annual Rate
Asset Strategy	Up to \$1 Billion	0.700%
	Over \$1 Billion up to \$2 Billion	0.650%
	Over \$2 Billion up to \$3 Billion	0.600%
	Over \$3 Billion	0.550%
Balanced	Up to \$1 Billion	0.700%
	Over \$1 Billion up to \$2 Billion	0.650%
	Over \$2 Billion up to \$3 Billion	0.600%
	Over \$3 Billion	0.550%
Bond	Up to \$500 Million	0.525%
	Over \$500 Million up to \$1 Billion	0.500%
	Over \$1 Billion up to \$1.5 Billion	0.450%
	Over \$1.5 Billion	0.400%

Portfolio (Continued)	Net Asset Breakpoints	Annual Rate
Core Equity	Up to \$1 Billion	0.700%
	Over \$1 Billion up to \$2 Billion	0.650%
	Over \$2 Billion up to \$3 Billion	0.600%
	Over \$3 Billion	0.550%
Dividend Opportunities	Up to \$1 Billion	0.700%
	Over \$1 Billion up to \$2 Billion	0.650%
	Over \$2 Billion up to \$3 Billion	0.600%
	Over \$3 Billion	0.550%
Energy	Up to \$1 Billion	0.850%
	Over \$1 Billion up to \$2 Billion	0.830%
	Over \$2 Billion up to \$3 Billion	0.800%
	Over \$3 Billion	0.760%
Global Natural Resources	Up to \$500 Million	1.000%
	Over \$500 Million up to \$1 Billion	0.850%
	Over \$1 Billion up to \$2 Billion	0.830%
	Over \$2 Billion up to \$3 Billion	0.800%
	Over \$3 Billion	0.760%
Growth	Up to \$1 Billion	0.700%
	Over \$1 Billion up to \$2 Billion	0.650%
	Over \$2 Billion up to \$3 Billion	0.600%
	Over \$3 Billion	0.550%
High Income	Up to \$500 Million	0.625%
	Over \$500 Million up to \$1 Billion	0.600%
	Over \$1 Billion up to \$1.5 Billion	0.550%
	Over \$1.5 Billion	0.500%
International Growth	Up to \$1 Billion	0.850%
	Over \$1 Billion up to \$2 Billion	0.830%
	Over \$2 Billion up to \$3 Billion	0.800%
	Over \$3 Billion	0.760%
International Value	Up to \$1 Billion	0.850%
	Over \$1 Billion up to \$2 Billion	0.830%
	Over \$2 Billion up to \$3 Billion	0.800%
	Over \$3 Billion	0.760%
Micro Cap Growth	Up to \$1 Billion	0.950%
	Over \$1 Billion up to \$2 Billion	0.930%
	Over \$2 Billion up to \$3 Billion	0.900%
	Over \$3 Billion	0.860%
Mid Cap Growth	Up to \$1 Billion	0.850%
	Over \$1 Billion up to \$2 Billion	0.830%
	Over \$2 Billion up to \$3 Billion	0.800%
	Over \$3 Billion	0.760%
Money Market	All Net Assets	0.400%
Mortgage Securities	Up to \$500 Million	0.500%
	Over \$500 Million up to \$1 Billion	0.450%
	Over \$1 Billion up to \$1.5 Billion	0.400%
	Over \$1.5 Billion	0.350%
Real Estate Securities	Up to \$1 Billion	0.900%
	Over \$1 Billion up to \$2 Billion	0.870%
	Over \$2 Billion up to \$3 Billion	0.840%
	Over \$3 Billion	0.800%
Science and Technology	Up to \$1 Billion	0.850%
	Over \$1 Billion up to \$2 Billion	0.830%
	Over \$2 Billion up to \$3 Billion	0.800%
	Over \$3 Billion	0.760%
Small Cap Growth	Up to \$1 Billion	0.850%
	Over \$1 Billion up to \$2 Billion	0.830%
	Over \$2 Billion up to \$3 Billion	0.800%
	Over \$3 Billion	0.760%
Small Cap Value	Up to \$1 Billion	0.850%
	Over \$1 Billion up to \$2 Billion	0.830%
	Over \$2 Billion up to \$3 Billion	0.800%
	Over \$3 Billion	0.760%

Portfolio (Continued)	Net Asset Breakpoints	Annual Rate
Value	Up to \$1 Billion	0.700%
	Over \$1 Billion up to \$2 Billion	0.650%
	Over \$2 Billion up to \$3 Billion	0.600%
	Over \$3 Billion	0.550%

Effective October 1, 2006, under terms of a settlement agreement reached in July 2006 (see Note 13), the fee is payable by each Portfolio, except the Pathfinder Portfolios, at the following annual rates:

Portfolio	Net Asset Breakpoints	Annual Rate
Asset Strategy	Up to \$1 Billion	0.690%
	Over \$1 Billion up to \$2 Billion	0.650%
	Over \$2 Billion up to \$3 Billion	0.600%
	Over \$3 Billion	0.550%
Balanced	Up to \$1 Billion	0.700%
	Over \$1 Billion up to \$2 Billion	0.650%
	Over \$2 Billion up to \$3 Billion	0.600%
	Over \$3 Billion	0.550%
Bond	Up to \$500 Million	0.485%
	Over \$500 Million up to \$1 Billion	0.500%
	Over \$1 Billion up to \$1.5 Billion	0.450%
	Over \$1.5 Billion	0.400%
Core Equity	Up to \$1 Billion	0.650%
	Over \$1 Billion up to \$2 Billion	0.650%
	Over \$2 Billion up to \$3 Billion	0.600%
	Over \$3 Billion	0.550%
Dividend Opportunities	Up to \$1 Billion	0.700%
	Over \$1 Billion up to \$2 Billion	0.650%
	Over \$2 Billion up to \$3 Billion	0.600%
	Over \$3 Billion	0.550%
Energy	Up to \$1 Billion	0.850%
	Over \$1 Billion up to \$2 Billion	0.830%
	Over \$2 Billion up to \$3 Billion	0.800%
	Over \$3 Billion	0.760%
Global Natural Resources	Up to \$500 Million	1.000%
	Over \$500 Million up to \$1 Billion	0.850%
	Over \$1 Billion up to \$2 Billion	0.830%
	Over \$2 Billion up to \$3 Billion	0.800%
	Over \$3 Billion	0.760%
Growth	Up to \$1 Billion	0.670%
	Over \$1 Billion up to \$2 Billion	0.650%
	Over \$2 Billion up to \$3 Billion	0.600%
	Over \$3 Billion	0.550%
High Income	Up to \$500 Million	0.575%
	Over \$500 Million up to \$1 Billion	0.600%
	Over \$1 Billion up to \$1.5 Billion	0.550%
	Over \$1.5 Billion	0.500%
International Growth	Up to \$1 Billion	0.820%
	Over \$1 Billion up to \$2 Billion	0.830%
	Over \$2 Billion up to \$3 Billion	0.800%
	Over \$3 Billion	0.760%
International Value	Up to \$1 Billion	0.850%
	Over \$1 Billion up to \$2 Billion	0.830%
	Over \$2 Billion up to \$3 Billion	0.800%
	Over \$3 Billion	0.760%
Micro Cap Growth	Up to \$1 Billion	0.950%
	Over \$1 Billion up to \$2 Billion	0.930%
	Over \$2 Billion up to \$3 Billion	0.900%
	Over \$3 Billion	0.860%
Mid Cap Growth	Up to \$1 Billion	0.830%
	Over \$1 Billion up to \$2 Billion	0.830%
	Over \$2 Billion up to \$3 Billion	0.800%
	Over \$3 Billion	0.760%



Portfolio (Continued)	Net Asset Breakpoints	Annual Rate
Money Market	All Net Assets	0.400%
Mortgage Securities	Up to \$500 Million	0.500%
	Over \$500 Million up to \$1 Billion	0.450%
	Over \$1 Billion up to \$1.5 Billion	0.400%
	Over \$1.5 Billion	0.350%
Real Estate Securities	Up to \$1 Billion	0.900%
	Over \$1 Billion up to \$2 Billion	0.870%
	Over \$2 Billion up to \$3 Billion	0.840%
	Over \$3 Billion	0.800%
Science and Technology	Up to \$1 Billion	0.830%
	Over \$1 Billion up to \$2 Billion	0.830%
	Over \$2 Billion up to \$3 Billion	0.800%
	Over \$3 Billion	0.760%
Small Cap Growth	Up to \$1 Billion	0.830%
	Over \$1 Billion up to \$2 Billion	0.830%
	Over \$2 Billion up to \$3 Billion	0.800%
	Over \$3 Billion	0.760%
Small Cap Value	Up to \$1 Billion	0.850%
	Over \$1 Billion up to \$2 Billion	0.830%
	Over \$2 Billion up to \$3 Billion	0.800%
	Over \$3 Billion	0.760%
Value	Up to \$1 Billion	0.690%
	Over \$1 Billion up to \$2 Billion	0.650%
	Over \$2 Billion up to \$3 Billion	0.600%
	Over \$3 Billion	0.550%

Effective August 6, 2007, the fee is contractually payable by Bond as follows:

Bond	Up to \$1 Billion	0.475%
	Over \$1 Billion up to \$1.5 Billion	0.450%
	Over \$1.5 Billion	0.400%

The management fee for each Portfolio as described above is accrued and paid daily.

The Pathfinder Portfolios pay no management fees; however, WRIMCO receives management fees from the underlying funds.

WRIMCO has agreed to waive a Portfolio's investment management fee on any Portfolio, except the Pathfinder Portfolios, that is not subadvised on any day that the Portfolio's net assets are less than \$25 million, subject to its right to change or modify this waiver.

WRIMCO has entered into Subadvisory Agreements with the following entities on behalf of certain Portfolios.

Under agreements between WRIMCO and the named entities, the following serve as sub-advisors to certain Portfolios: Mackenzie Financial Corporation serves as subadvisor to Global Natural Resources. Wall Street Associates serves as subadvisor to Micro Cap Growth. Advantus Capital Management, Inc. serves as subadvisor to Mortgage Securities and Real Estate Securities. Each subadvisor makes investment decisions in accordance with the Portfolio's investment objectives, policies and restrictions under the supervision of WRIMCO and the Board of Trustees. WRIMCO pays all costs associated with retaining the subadvisors. From August 20, 2003 to May 26, 2009, Templeton Investment Counsel, LLC served as subadvisor to International Value. Effective May 27, 2009, WRIMCO serves as investment advisor to International Value.

**Accounting Services Fees.** The Trust has an Accounting Services Agreement with Waddell & Reed Services Company (WRSCO), an affiliate of W&R. Under the agreement, WRSCO acts as the agent in providing bookkeeping and accounting services and assistance to the Trust, including maintenance of Portfolio records, pricing of Portfolio shares and preparation of certain shareholder reports. For these services, each Portfolio (excluding Pathfinder Portfolios) pays WRSCO a monthly fee of one-twelfth of the annual fee shown in the following table:

Accounting Services Fee		
Average Net Asset Level (in millions)		Annual Fee Rate for Each Level
From \$ 0 to \$ 10		\$ 0
From \$ 10 to \$ 25		\$ 11.5
From \$ 25 to \$ 50		\$ 23.1
From \$ 50 to \$ 100		\$ 35.5
From \$ 100 to \$ 200		\$ 48.4
From \$ 200 to \$ 350		\$ 63.2
From \$ 350 to \$ 550		\$ 82.5
From \$ 550 to \$ 750		\$ 96.3
From \$ 750 to \$ 1,000		\$ 121.6
From \$ 1,000 and Over		\$ 148.5

Under the Accounting Services Agreement, each Pathfinder Portfolio pays WRSCO a monthly fee of one-twelfth of the annual fee shown in the following table.

Accounting Services Fee		
Average Net Asset Level (in millions)		Annual Fee Rate for Each Level
From \$ 0 to \$ 10		\$ 0
From \$ 10 to \$ 25		\$ 5.75
From \$ 25 to \$ 50		\$ 11.55
From \$ 50 to \$ 100		\$ 17.75
From \$ 100 to \$ 200		\$ 24.20
From \$ 200 to \$ 350		\$ 31.60
From \$ 350 to \$ 550		\$ 41.25
From \$ 550 to \$ 750		\$ 48.15
From \$ 750 to \$ 1,000		\$ 60.80
From \$ 1,000 and Over		\$ 74.25

**Administrative Fee.** Each Portfolio also pays WRSCO a monthly fee at the annual rate of 0.01%, or one basis point, for the first \$1 billion of net assets with no fee charged for net assets in excess of \$1 billion. This fee is voluntarily waived by WRSCO until a Portfolio's net assets are at least \$10 million.

**Transfer Agency.** Under the Transfer Agency Agreement between the Trust and WRSCO, each Portfolio reimburses WRSCO for certain out-of-pocket costs.

**Service Plan.** Under a Service Plan adopted by the Trust pursuant to Rule 12b-1 under the Investment Company Act of 1940, each Portfolio, except Money Market, may pay a service fee to W&R in an amount not to exceed 0.25% of the Portfolio's average annual net assets. The fee is to be paid to compensate W&R for amounts it expends in connection with the provision of personal services to Policyowners and/or maintenance of Policyowner accounts.

**Expense Reimbursements and/or Waivers.** During the fiscal period ended June 30, 2009, the following amounts were waived as a result of the reduced management fees related to the NYAG settlement (discussed in Note 13):

Asset Strategy . . . . .	\$ 36
Bond . . . . .	86
Core Equity . . . . .	90
Growth . . . . .	109
High Income . . . . .	41
International Growth . . . . .	23
Mid Cap Growth . . . . .	5
Science and Technology . . . . .	23
Small Cap Growth . . . . .	28
Value . . . . .	11

During the fiscal period ended June 30, 2009, the following amounts were waived as a result of the reduced management fees related to the voluntary waiver of management fee to any Portfolio, excluding Pathfinder Portfolios, having less than \$25 million in net assets:

Energy . . . . .	\$71
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### 3. INVESTMENT VALUATIONS

In accordance with Accounting Standards Codification (ASC) Section 820-10 (formerly Financial Accounting Standard 157), fair value is defined as the price that each Portfolio would receive upon selling an asset or paying to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820-10 also establishes 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)

The following tables summarize the valuation of each Portfolio's investments by the above ASC 820-10 fair value hierarchy levels as of June 30, 2009:

Portfolio	Level 1	Level 2	Level 3
<b>Pathfinder Aggressive Investments in Securities</b>			
Affiliated Mutual Funds . . . . .	\$ 49,039	\$ —	\$ —
Short-Term Securities . . . . .	—	92	—
	49,039	92	—
<b>Other Financial Instruments+ . . .</b>	—	—	—
<b>Total . . . . .</b>	<b>\$ 49,039</b>	<b>\$ 92</b>	<b>\$ —</b>
<b>Pathfinder Conservative Investments in Securities</b>			
Affiliated Mutual Funds . . . . .	\$ 31,997	\$ —	\$ —
Short-Term Securities . . . . .	—	121	—
	31,997	121	—
<b>Other Financial Instruments+ . . .</b>	—	—	—
<b>Total . . . . .</b>	<b>\$ 31,997</b>	<b>\$ 121</b>	<b>\$ —</b>

+Other financial instruments are derivative instruments not reflected in the Schedule of Investments, such as written options, futures, forward foreign currency contracts and swap contracts.

Portfolio (Continued)	Level 1	Level 2	Level 3
<b>Pathfinder Moderate</b>			
<b>Investments in Securities</b>			
Affiliated Mutual Funds . . . . .	\$ 161,245	\$ —	\$ —
Short-Term Securities . . . . .	—	1,545	—
	161,245	1,545	—
<b>Other Financial Instruments+ . .</b>	—	—	—
<b>Total . . . . .</b>	<b>\$ 161,245</b>	<b>\$ 1,545</b>	<b>\$ —</b>
<b>Pathfinder Moderately Aggressive</b>			
<b>Investments in Securities</b>			
Affiliated Mutual Funds . . . . .	\$ 202,557	\$ —	\$ —
Short-Term Securities . . . . .	—	553	—
	202,557	553	—
<b>Other Financial Instruments+ . .</b>	—	—	—
<b>Total . . . . .</b>	<b>\$ 202,557</b>	<b>\$ 553</b>	<b>\$ —</b>
<b>Pathfinder Moderately Conservative</b>			
<b>Investments in Securities</b>			
Affiliated Mutual Funds . . . . .	\$ 68,551	\$ —	\$ —
Short-Term Securities . . . . .	—	312	—
	68,551	312	—
<b>Other Financial Instruments+ . .</b>	—	—	—
<b>Total . . . . .</b>	<b>\$ 68,551</b>	<b>\$ 312</b>	<b>\$ —</b>
<b>Asset Strategy</b>			
<b>Investments in Securities</b>			
Common Stocks . . . . .	\$ 528,451	\$ 5,533	\$ —
Investment Funds . . . . .	—	—	1,122
Corporate Debt Securities . . . . .	—	41,625	—
Municipal Bonds . . . . .	—	6,241	—
Put Options . . . . .	—	—	12,543
Senior Loans . . . . .	—	1,309	—
United States Government Agency Obligations . . . . .	—	10,911	—
Bullion . . . . .	131,057	—	—
Short-Term Securities . . . . .	—	65,789	—
	659,508	131,408	13,665
<b>Other Financial Instruments+ . .</b>	—	(414)	—
<b>Total . . . . .</b>	<b>\$ 659,508</b>	<b>\$ 130,994</b>	<b>\$ 13,665</b>
<b>Balanced</b>			
<b>Investments in Securities</b>			
Common Stocks . . . . .	\$ 234,065	\$ —	\$ —
Corporate Debt Securities . . . . .	—	40,588	1
United States Government Agency Obligations . . . . .	—	12,450	—
United States Government Obligations . . . . .	—	58,784	—
Short-Term Securities . . . . .	—	393	—
	234,065	112,215	1
<b>Other Financial Instruments+ . .</b>	—	—	—
<b>Total . . . . .</b>	<b>\$ 234,065</b>	<b>\$ 112,215</b>	<b>\$ 1</b>

Portfolio (Continued)	Level 1	Level 2	Level 3
<b>Bond</b>			
<b>Investments in Securities</b>			
Corporate Debt Securities . . . . .	\$ —	\$ 181,181	\$ 502
Municipal Bonds . . . . .	—	1,321	—
Other Government Securities . . . .	—	3,234	—
United States Government Agency Obligations . . . . .	—	124,769	7,843
United States Government Obligations . . . . .	—	32,928	—
Short-Term Securities . . . . .	—	16,778	—
	—	360,211	8,345
<b>Other Financial Instruments+ . .</b>	—	—	—
<b>Total . . . . .</b>	<b>\$ —</b>	<b>\$ 360,211</b>	<b>\$ 8,345</b>
<b>Core Equity</b>			
<b>Investments in Securities</b>			
Common Stocks . . . . .	\$ 366,303	\$ —	\$ —
Short-Term Securities . . . . .	—	7,263	—
	366,303	7,263	—
<b>Other Financial Instruments+ . .</b>	—	—	—
<b>Total . . . . .</b>	<b>\$ 366,303</b>	<b>\$ 7,263</b>	<b>\$ —</b>
<b>Dividend Opportunities</b>			
<b>Investments in Securities</b>			
Common Stocks . . . . .	\$ 141,601	\$ —	\$ —
Short-Term Securities . . . . .	—	18,152	—
	141,601	18,152	—
<b>Other Financial Instruments+ . .</b>	—	—	—
<b>Total . . . . .</b>	<b>\$ 141,601</b>	<b>\$ 18,152</b>	<b>\$ —</b>
<b>Energy</b>			
<b>Investments in Securities</b>			
Common Stocks . . . . .	\$ 22,627	\$ —	\$ —
Short-Term Securities . . . . .	—	2,457	—
	22,627	2,457	—
<b>Other Financial Instruments+ . .</b>	—	—	—
<b>Total . . . . .</b>	<b>\$ 22,627</b>	<b>\$ 2,457</b>	<b>\$ —</b>
<b>Global Natural Resources</b>			
<b>Investments in Securities</b>			
Common Stocks and Rights . . . . .	\$ 106,686	\$ 893	\$ 168
Preferred Stocks . . . . .	4,578	—	348
Call Options . . . . .	3,892	—	—
Corporate Debt Securities . . . . .	—	498	76
Short-Term Securities . . . . .	—	7,191	—
	115,156	8,582	592
<b>Other Financial Instruments+ . .</b>	134	(40)	—
<b>Total . . . . .</b>	<b>\$ 115,290</b>	<b>\$ 8,542</b>	<b>\$ 592</b>
<b>Growth</b>			
<b>Investments in Securities</b>			
Common Stocks . . . . .	\$ 766,123	\$ —	\$ —
Short-Term Securities . . . . .	—	14,804	—
	766,123	14,804	—
<b>Other Financial Instruments+ . .</b>	—	—	—
<b>Total . . . . .</b>	<b>\$ 766,123</b>	<b>\$ 14,804</b>	<b>\$ —</b>

+Other financial instruments are derivative instruments not reflected in the Schedule of Investments, such as written options, futures, forward foreign currency contracts and swap contracts.

Portfolio (Continued)	Level 1	Level 2	Level 3
<b>High Income</b>			
<b>Investments in Securities</b>			
Common Stocks . . . . .	\$ 550	\$ —	\$ —
Corporate Debt Securities . . . . .	—	168,499	693
Senior Loans . . . . .	—	10,029	—
Short-Term Securities . . . . .	—	6,222	—
	550	184,750	693
<b>Other Financial Instruments+ . .</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total . . . . .</b>	<b>\$ 550</b>	<b>\$ 184,750</b>	<b>\$ 693</b>
<b>International Growth</b>			
<b>Investments in Securities</b>			
Common Stocks and Rights . . .	\$ 160,062	\$ 180	\$ —
Preferred Stocks . . . . .	4,363	—	—
Short-Term Securities . . . . .	—	8,584	—
	164,425	8,764	—
<b>Other Financial Instruments+ . .</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total . . . . .</b>	<b>\$ 164,425</b>	<b>\$ 8,764</b>	<b>\$ —</b>
<b>International Value</b>			
<b>Investments in Securities</b>			
Common Stocks . . . . .	\$ 396,885	\$ 16,277	\$ —
Preferred Stocks . . . . .	5,380	—	—
Short-Term Securities . . . . .	—	7,777	—
	402,265	24,054	—
<b>Other Financial Instruments+ . .</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total . . . . .</b>	<b>\$ 402,265</b>	<b>\$ 24,054</b>	<b>\$ —</b>
<b>Micro Cap Growth</b>			
<b>Investments in Securities</b>			
Common Stocks . . . . .	\$ 32,033	\$ —	\$ —
Short-Term Securities . . . . .	—	113	—
	32,033	113	—
<b>Other Financial Instruments+ . .</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total . . . . .</b>	<b>\$ 32,033</b>	<b>\$ 113</b>	<b>\$ —</b>
<b>Mid Cap Growth</b>			
<b>Investments in Securities</b>			
Common Stocks . . . . .	\$ 59,004	\$ —	\$ —
Call Options . . . . .	—	—	115
Corporate Debt Securities . . . . .	—	106	—
Short-Term Securities . . . . .	—	7,150	—
	59,004	7,256	115
<b>Other Financial Instruments+ . .</b>	<b>—</b>	<b>—</b>	<b>(139)</b>
<b>Total . . . . .</b>	<b>\$ 59,004</b>	<b>\$ 7,256</b>	<b>\$ (24)</b>
<b>Money Market</b>			
<b>Investments in Securities</b>			
Corporate Obligations . . . . .	\$ —	\$ 186,563	\$ —
Municipal Obligations . . . . .	—	22,815	—
United States Government Agency Obligations . . . . .	—	7,961	—
	—	217,339	—
<b>Other Financial Instruments+ . .</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total . . . . .</b>	<b>\$ —</b>	<b>\$ 217,339</b>	<b>\$ —</b>

Portfolio (Continued)	Level 1	Level 2	Level 3
<b>Mortgage Securities</b>			
<b>Investments in Securities</b>			
Corporate Debt Securities . . . . .	\$ —	\$ 4,440	\$ 209
United States Government Agency Obligations . . . . .	—	18,337	—
Short-Term Securities . . . . .	—	7,640	—
	—	30,417	209
<b>Other Financial Instruments+ . .</b>	<b>(5)</b>	<b>—</b>	<b>—</b>
<b>Total . . . . .</b>	<b>\$ (5)</b>	<b>\$ 30,417</b>	<b>\$ 209</b>
<b>Real Estate Securities</b>			
<b>Investments in Securities</b>			
Common Stocks . . . . .	\$ 23,396	\$ —	\$ —
Investment Funds . . . . .	31	—	—
Short-Term Securities . . . . .	—	979	—
	23,427	979	—
<b>Other Financial Instruments+ . .</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total . . . . .</b>	<b>\$ 23,427</b>	<b>\$ 979</b>	<b>\$ —</b>
<b>Science and Technology</b>			
<b>Investments in Securities</b>			
Common Stocks . . . . .	\$ 211,825	\$ —	\$ —
Corporate Debt Securities . . . . .	—	9,814	—
Short-Term Securities . . . . .	—	29,962	—
	211,825	39,776	—
<b>Other Financial Instruments+ . .</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total . . . . .</b>	<b>\$ 211,825</b>	<b>\$ 39,776</b>	<b>\$ —</b>
<b>Small Cap Growth</b>			
<b>Investments in Securities</b>			
Common Stocks . . . . .	\$ 283,729	\$ —	\$ —
Short-Term Securities . . . . .	—	34,059	—
	283,729	34,059	—
<b>Other Financial Instruments+ . .</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total . . . . .</b>	<b>\$ 283,729</b>	<b>\$ 34,059</b>	<b>\$ —</b>
<b>Small Cap Value</b>			
<b>Investments in Securities</b>			
Common Stocks . . . . .	\$ 147,285	\$ —	\$ —
Short-Term Securities . . . . .	—	13,962	—
	147,285	13,962	—
<b>Other Financial Instruments+ . .</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total . . . . .</b>	<b>\$ 147,285</b>	<b>\$ 13,962</b>	<b>\$ —</b>
<b>Value</b>			
<b>Investments in Securities</b>			
Common Stocks . . . . .	\$ 223,205	\$ —	\$ —
Preferred Stocks . . . . .	—	2,049	—
Short-Term Securities . . . . .	—	3,249	—
	223,205	5,298	—
<b>Other Financial Instruments+ . .</b>	<b>(48)</b>	<b>—</b>	<b>(77)</b>
<b>Total . . . . .</b>	<b>\$ 223,157</b>	<b>\$ 5,298</b>	<b>\$ (77)</b>

+ Other financial instruments are derivative instruments not reflected in the Schedule of Investments, such as written options, futures, forward foreign currency contracts and swap contracts.

The following tables are a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

	Common Stocks	Preferred Stocks	Investment Funds	Corporate Debt Securities	Put Options	United States Government Agency Obligations
<b>Asset Strategy</b>						
Beginning Balance 1-1-09	\$ —	\$ —	\$ 969	\$ —	\$ —	\$ —
Net realized gain (loss)	—	—	—	—	—	—
Net unrealized appreciation (depreciation)	—	—	(89)	—	(13,283)	—
Net purchases (sales)	—	—	242	—	25,826	—
Transfers in and/or (out) of Level 3 during the period	—	—	—	—	—	—
Ending Balance 6-30-09	\$ —	\$ —	\$ 1,122	\$ —	\$ 12,543	\$ —
Net change in unrealized appreciation (depreciation) for all Level 3 investments still held as of 6-30-09	\$ —	\$ —	\$ (89)	\$ —	\$ (13,283)	\$ —
<b>Balanced</b>						
Beginning Balance 1-1-09	\$ —	\$ —	\$ —	\$ 2	\$ —	\$ —
Net realized gain (loss)	—	—	—	(80)	—	—
Net unrealized appreciation (depreciation)	—	—	—	118	—	—
Net purchases (sales)	—	—	—	(39)	—	—
Transfers in and/or (out) of Level 3 during the period	—	—	—	—	—	—
Ending Balance 6-30-09	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ —
Net change in unrealized appreciation (depreciation) for all Level 3 investments still held as of 6-30-09	\$ —	\$ —	\$ —	\$ 118	\$ —	\$ —
<b>Bond</b>						
Beginning Balance 1-1-09	\$ —	\$ —	\$ —	\$ 522	\$ —	\$ —
Net realized gain (loss)	—	—	—	(348)	—	—
Net unrealized appreciation (depreciation)	—	—	—	525	—	—
Net purchases (sales)	—	—	—	(197)	—	—
Transfers in and/or (out) of Level 3 during the period	—	—	—	—	—	7,843
Ending Balance 6-30-09	\$ —	\$ —	\$ —	\$ 502	\$ —	\$ 7,843
Net change in unrealized appreciation (depreciation) for all Level 3 investments still held as of 6-30-09	\$ —	\$ —	\$ —	\$ 655	\$ —	\$ 130
<b>Global Natural Resources</b>						
Beginning Balance 1-1-09	\$ 280	\$ 409	\$ —	\$ 77	\$ —	\$ —
Net realized gain (loss)	—	—	—	—	—	—
Net unrealized appreciation (depreciation)	(112)	(61)	—	(1)	—	—
Net purchases (sales)	—	—	—	—	—	—
Transfers in and/or (out) of Level 3 during the period	—	—	—	—	—	—
Ending Balance 6-30-09	\$ 168	\$ 348	\$ —	\$ 76	\$ —	\$ —
Net change in unrealized appreciation (depreciation) for all Level 3 investments still held as of 6-30-09	\$ (112)	\$ (61)	\$ —	\$ (1)	\$ —	\$ —
<b>High Income</b>						
Beginning Balance 1-1-09	\$ —	\$ —	\$ —	\$ 1,935	\$ —	\$ —
Net realized gain (loss)	—	—	—	(499)	—	—
Net unrealized appreciation (depreciation)	—	—	—	630	—	—
Net purchases (sales)	—	—	—	(120)	—	—
Transfers in and/or (out) of Level 3 during the period	—	—	—	(1,253)	—	—
Ending Balance 6-30-09	\$ —	\$ —	\$ —	\$ 693	\$ —	\$ —
Net change in unrealized appreciation (depreciation) for all Level 3 investments still held as of 6-30-09	\$ —	\$ —	\$ —	\$ 12	\$ —	\$ —

	Common Stocks	Corporate Debt Securities	Put Options	Call Options	Other Financial Instruments +
<b>International Growth</b>					
Beginning Balance 1-1-09	\$ 2,508	\$ —	\$ —	\$ —	\$ —
Net realized gain (loss)	—	—	—	—	—
Net unrealized appreciation (depreciation)	—	—	—	—	—
Net purchases (sales)	—	—	—	—	—
Transfers in and/or (out) of Level 3 during the period	(2,508)	—	—	—	—
Ending Balance 6-30-09	\$ —	\$ —	\$ —	\$ —	\$ —
Net change in unrealized appreciation (depreciation) for all Level 3 investments still held as of 6-30-09	\$ —	\$ —	\$ —	\$ —	\$ —
<b>Mid Cap Growth</b>					
Beginning Balance 1-1-09	\$ —	\$ —	\$ —	\$ —	\$ —
Net realized gain (loss)	—	—	—	—	—
Net unrealized appreciation (depreciation)	—	—	—	(64)	23
Net purchases (sales)	—	—	—	179	(162)
Transfers in and/or (out) of Level 3 during the period	—	—	—	—	—
Ending Balance 6-30-09	\$ —	\$ —	\$ —	\$ 115	\$ (139)
Net change in unrealized appreciation (depreciation) for all Level 3 investments still held as of 6-30-09	\$ —	\$ —	\$ —	\$ (64)	\$ 23
<b>Mortgage Securities</b>					
Beginning Balance 1-1-09	\$ —	\$ 217	\$ —	\$ —	\$ —
Net realized gain (loss)	—	—*	—	—	—
Net unrealized appreciation (depreciation)	—	—*	—	—	—
Net purchases (sales)	—	(8)	—	—	—
Transfers in and/or (out) of Level 3 during the period	—	—	—	—	—
Ending Balance 6-30-09	\$ —	\$ 209	\$ —	\$ —	\$ —
Net change in unrealized appreciation (depreciation) for all Level 3 investments still held as of 6-30-09	\$ —	\$ —*	\$ —	\$ —	\$ —
<b>Science and Technology</b>					
Beginning Balance 1-1-09	\$ —	\$ —	\$ 981	\$ —	\$ (1,458)
Net realized gain (loss)	—	—	(999)	—	1,041
Net unrealized appreciation (depreciation)	—	—	187	—	(916)
Net purchases (sales)	—	—	(169)	—	1,333
Transfers in and/or (out) of Level 3 during the period	—	—	—	—	—
Ending Balance 6-30-09	\$ —	\$ —	\$ —	\$ —	\$ —
Net change in unrealized appreciation (depreciation) for all Level 3 investments still held as of 6-30-09	\$ —	\$ —	\$ —	\$ —	\$ —
<b>Value</b>					
Beginning Balance 1-1-09	\$ —	\$ —	\$ —	\$ —	\$ (221)
Net realized gain (loss)	—	—	—	—	168
Net unrealized appreciation (depreciation)	—	—	—	—	99
Net purchases (sales)	—	—	—	—	(123)
Transfers in and/or (out) of Level 3 during the period	—	—	—	—	—
Ending Balance 6-30-09	\$ —	\$ —	\$ —	\$ —	\$ (77)
Net change in unrealized appreciation (depreciation) for all Level 3 investments still held as of 6-30-09	\$ —	\$ —	\$ —	\$ —	\$ 99

\*Not shown due to rounding.

+ Other financial instruments are derivative instruments not reflected in the Schedule of Investments, such as written options, futures, forward foreign currency contracts and swap contracts.

Net realized gain (loss) and net unrealized appreciation (depreciation), shown on the reconciliation of Level 3 investments if applicable, are included on the Statement of Operations on separate lines of the Realized and Unrealized Gain (Loss) section for the corresponding security type indicated above. Additionally, the Net change in unrealized appreciation for all Level 3 investments still held as of 6-30-09, if applicable, is included on the Statement of Operations on the lines of the Net change in unrealized appreciation (depreciation) section for the corresponding security type indicated above.

Securities' values included in the reconciliations above have been primarily determined through the use of a single quote (or multiple quotes) from dealer(s) in the securities using proprietary valuation models. These quotes involve significant unobservable inputs, and thus the related securities are classified as Level 3 investments.

## 4. INVESTMENT SECURITIES TRANSACTIONS

For the fiscal period ended June 30, 2009, the cost of purchases and the proceeds from maturities and sales of investment securities, other than U.S. Government and short-term securities, were as follows:

	Purchases	Sales
Pathfinder Aggressive . . . . .	\$ 5,811	\$ 1,013
Pathfinder Conservative . . . . .	20,396	883
Pathfinder Moderate . . . . .	79,367	358
Pathfinder Moderately Aggressive . . . . .	81,560	174
Pathfinder Moderately Conservative . . . . .	37,561	2,456
Asset Strategy . . . . .	542,308	295,557
Balanced . . . . .	59,198	52,782
Bond . . . . .	75,532	12,700
Core Equity . . . . .	199,080	220,943
Dividend Opportunities . . . . .	44,552	15,321
Energy . . . . .	2,192	1,361
Global Natural Resources . . . . .	69,474	52,193
Growth . . . . .	177,142	178,291
High Income . . . . .	66,640	48,405
International Growth . . . . .	59,909	38,639
International Value . . . . .	336,865	308,050
Micro Cap Growth . . . . .	7,742	8,176
Mid Cap Growth . . . . .	15,014	8,896
Money Market . . . . .	—	—
Mortgage Securities . . . . .	—	44,176
Real Estate Securities . . . . .	5,939	5,668
Science and Technology . . . . .	47,916	77,592
Small Cap Growth . . . . .	46,181	83,937
Small Cap Value . . . . .	65,960	66,945
Value . . . . .	92,460	91,776

Purchases and proceeds from maturities and sales of U.S. Government securities were:

	Purchases	Sales
Asset Strategy . . . . .	\$ 34,264	\$ 39,260
Balanced . . . . .	—	940
Bond . . . . .	3,099	40,231
Mortgage Securities . . . . .	43,095	2,276

## 5. FEDERAL INCOME TAX MATTERS

For Federal income tax purposes, the Portfolios' distributed and undistributed earnings and profit for the fiscal year ended December 31, 2008 and the related net capital losses and post-October activity were as follows:

	Pathfinder Aggressive	Pathfinder Conservative	Pathfinder Moderate	Pathfinder Moderately Aggressive	Pathfinder Moderately Conservative	Asset Strategy
Net ordinary income . . . . .	\$ 253	\$ 23	\$ 291	\$ 534	\$ 78	\$ 3,018
Distributed ordinary income . . . . .	—	—	—	—	—	36,718
Undistributed ordinary income . . . . .	253	23	291	534	78	3,017
Realized long term capital gains . . . . .	445	37	527	966	162	78,978
Distributed long term capital gains . . . . .	—	—	—	—	—	27,292
Undistributed long term capital gains . . . . .	445	37	527	966	162	78,973
Post-October losses deferred . . . . .	—	—	—	—	—	53,298
	Balanced	Bond	Core Equity	Dividend Opportunities	Energy	Global Natural Resources
Net ordinary income . . . . .	\$7,290	\$13,698	\$ 3,939	\$1,438	\$ —	\$ —
Distributed ordinary income . . . . .	472	306	5,001	143	45	6,392
Undistributed ordinary income . . . . .	7,290	13,694	3,932	1,434	—	—
Realized long term capital gains . . . . .	2,098	—	—	—	—	—
Distributed long term capital gains . . . . .	329	—	10,724	235	14	3,418
Undistributed long term capital gains . . . . .	2,095	—	—	—	—	—
Tax return of capital . . . . .	—	—	—	—	1	5
Post-October losses deferred . . . . .	—	—	16,979	1,956	—	8,253



	Growth	High Income	International Growth	International Value	Micro Cap Growth	Mid Cap Growth
Net ordinary income . . . . .	\$ 2,985	\$16,680	\$ 2,686	\$ 15,262	\$ —	\$ —
Distributed ordinary income . . . . .	—	1,165	570	4,194	—	166
Undistributed ordinary income . . . . .	2,985	16,673	2,683	15,258	—	—
Realized long term capital gains . . . . .	22,104	—	—	24,549	—	—
Distributed long term capital gains . . . . .	10,490	—	4,743	9,017	—	754
Undistributed long term capital gains . . . . .	22,098	—	—	24,546	—	—
Tax return of capital . . . . .	—	—	—	—	—	1
Post-October losses deferred . . . . .	20,302	3,480	15,047	—	264	363
	Money Market	Mortgage Securities	Real Estate Securities	Science and Technology	Small Cap Growth	Small Cap Value
Net ordinary income . . . . .	\$2,836	\$1,397	\$ 828	\$ 945	\$ 1,290	\$ —
Distributed ordinary income . . . . .	2,825	302	253	4,171	1,797	3,274
Undistributed ordinary income . . . . .	15	1,396	826	944	1,285	—
Realized long term capital gains . . . . .	—	—	—	15,597	—	—
Distributed long term capital gains . . . . .	—	—	730	4,240	4,208	624
Undistributed long term capital gains . . . . .	—	—	—	15,597	—	—
Tax return of capital . . . . .	—	—	—	—	—	2
Post-October losses deferred . . . . .	—	174	2,953	290	4,139	4,009
	Value					
Net ordinary income . . . . .	\$4,576					
Distributed ordinary income . . . . .	752					
Undistributed ordinary income . . . . .	4,569					
Realized long term capital gains . . . . .	—					
Distributed long term capital gains . . . . .	2,336					
Undistributed long term capital gains . . . . .	—					
Post-October losses deferred . . . . .	8,125					

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 realized capital gain net income incurred in the eight taxable years succeeding the loss year for Federal income tax purposes. The following tables show the totals by year in which the capital loss carryovers will expire if not utilized.

	Bond	Core Equity	Dividend Opportunities	Energy	Global Natural Resources	Growth
December 31, 2009 . . . . .	\$ —	\$ —	\$ —	\$ —	\$ —	\$18,208
December 31, 2010 . . . . .	—	2,963	—	—	—	9,862
December 31, 2014 . . . . .	1,922	—	—	—	—	—
December 31, 2015 . . . . .	376	—	—	—	—	—
December 31, 2016 . . . . .	—	1,098	4,170	1,276	2,122	—
Total carryover . . . . .	<b>\$2,298</b>	<b>\$ 4,061</b>	<b>\$ 4,170</b>	<b>\$ 1,276</b>	<b>\$ 2,122</b>	<b>\$28,070</b>
	High Income	International Growth	Micro Cap Growth	Mid Cap Growth	Mortgage Securities	Real Estate Securities
December 31, 2009 . . . . .	\$ 9,638	\$ —	\$ —	\$ —	\$ —	\$ —
December 31, 2010 . . . . .	13,912	—	1,352	—	—	—
December 31, 2013 . . . . .	—	—	—	—	28	—
December 31, 2014 . . . . .	1,102	—	—	—	168	—
December 31, 2016 . . . . .	9,327	8,420	765	998	292	1,888
Total carryover . . . . .	<b>\$33,979</b>	<b>\$ 8,420</b>	<b>\$ 2,117</b>	<b>\$998</b>	<b>\$488</b>	<b>\$1,888</b>
	Small Cap Growth	Small Cap Value	Value			
December 31, 2009 . . . . .	\$ 12,729	\$ —	\$ —			
December 31, 2010 . . . . .	10,215	—	—			
December 31, 2016 . . . . .	22,325	28,940	22,440			
Total carryover . . . . .	<b>\$45,269</b>	<b>\$ 28,940</b>	<b>\$22,440</b>			



Advantus Core Equity Portfolio was merged into Ivy Funds VIP Core Equity (formerly Target Core Equity Portfolio) as of September 22, 2003. At the time of the merger, Advantus Core Equity Portfolio had capital loss carryovers available to offset future gains of the Ivy Funds VIP Core Equity. These carryovers are limited to \$1,976 for the period ending December 31, 2009 and \$988 for the period ending December 31, 2010 plus any unused limitations from prior years.

Advantus Small Company Growth Portfolio was merged into Ivy Funds VIP Small Cap Growth (formerly Target Small Cap Growth Portfolio) as of September 22, 2003. At the time of the merger, Advantus Small Company Growth Portfolio had capital

loss carryovers available to offset future gains of the Ivy Funds VIP Small Cap Growth. These carryovers are limited to \$15,296 for the period ending December 31, 2009 and \$7,648 for the period ending December 31, 2010 plus any unused limitations from prior years.

Target Limited-Term Bond Portfolio was merged into Ivy Funds VIP Bond (formerly Target Bond Portfolio) as of August 5, 2007. At the time of the merger, Target Limited-Term Bond Portfolio had capital loss carryovers available to offset future gains of the Ivy Funds VIP Bond. These carryovers amount to \$207 as of December 31, 2008 and will expire if not utilized by December 31, 2014.

## 6. CAPITAL SHARE TRANSACTIONS

Transactions in capital stock are summarized below.

Portfolio	Six months ended 6-30-09		Fiscal year ended 12-31-08	
	Shares	Value	Shares	Value
<b>Pathfinder Aggressive</b>				
Shares issued from sale of shares . . . . .	1,516	\$ 5,464	11,662	\$ 55,995
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	179	701	—	—
Shares redeemed . . . . .	(459)	(1,653)	(400)	(1,647)
Net increase . . . . .	<b>1,236</b>	<b>\$ 4,512</b>	<b>11,262</b>	<b>\$ 54,348</b>
<b>Pathfinder Conservative</b>				
Shares issued from sale of shares . . . . .	4,584	\$ 20,051	2,781	\$ 12,959
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	13	62	—	—
Shares redeemed . . . . .	(318)	(1,423)	(92)	(422)
Net increase . . . . .	<b>4,279</b>	<b>\$ 18,690</b>	<b>2,689</b>	<b>\$ 12,537</b>
<b>Pathfinder Moderate</b>				
Shares issued from sale of shares . . . . .	19,014	\$ 76,687	19,483	\$ 88,394
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	198	828	—	—
Shares redeemed . . . . .	(237)	(936)	(176)	(768)
Net increase . . . . .	<b>18,975</b>	<b>\$ 76,579</b>	<b>19,307</b>	<b>\$ 87,626</b>
<b>Pathfinder Moderately Aggressive</b>				
Shares issued from sale of shares . . . . .	19,651	\$ 77,909	29,124	\$ 135,501
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	366	1,511	—	—
Shares redeemed . . . . .	(318)	(1,216)	(298)	(1,406)
Net increase . . . . .	<b>19,699</b>	<b>\$ 78,204</b>	<b>28,826</b>	<b>\$ 134,095</b>
<b>Pathfinder Moderately Conservative</b>				
Shares issued from sale of shares . . . . .	8,627	\$ 36,659	7,533	\$ 34,821
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	56	246	—	—
Shares redeemed . . . . .	(715)	(2,946)	(68)	(327)
Net increase . . . . .	<b>7,968</b>	<b>\$ 33,959</b>	<b>7,465</b>	<b>\$ 34,494</b>
<b>Asset Strategy</b>				
Shares issued from sale of shares . . . . .	16,412	\$ 135,999	12,786	\$ 145,585
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	10,547	81,904	7,811	64,009
Shares redeemed . . . . .	(6,738)	(55,808)	(12,698)	(133,230)
Net increase . . . . .	<b>20,221</b>	<b>\$ 162,095</b>	<b>7,899</b>	<b>\$ 76,364</b>

Portfolio (Continued)	Six months ended 6-30-09		Fiscal year ended 12-31-08	
	Shares	Value	Shares	Value
<b>Balanced</b>				
Shares issued from sale of shares . . . . .	573	\$ 4,223	1,515	\$ 13,511
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	1,274	9,390	106	801
Shares redeemed . . . . .	(4,786)	(34,874)	(9,774)	(85,675)
Net decrease . . . . .	<b>(2,939)</b>	<b>\$ (21,261)</b>	<b>(8,153)</b>	<b>\$ (71,363)</b>
<b>Bond</b>				
Shares issued from sale of shares . . . . .	10,258	\$ 54,642	17,868	\$ 94,325
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	2,605	13,706	57	306
Shares redeemed . . . . .	(5,769)	(30,789)	(10,946)	(57,664)
Net increase . . . . .	<b>7,094</b>	<b>\$ 37,559</b>	<b>6,979</b>	<b>\$ 36,967</b>
<b>Core Equity</b>				
Shares issued from sale of shares . . . . .	549	\$ 4,234	1,250	\$ 13,531
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	496	3,944	2,009	15,725
Shares redeemed . . . . .	(5,063)	(37,939)	(11,241)	(123,309)
Net decrease . . . . .	<b>(4,018)</b>	<b>\$ (29,761)</b>	<b>(7,982)</b>	<b>\$ (94,053)</b>
<b>Dividend Opportunities</b>				
Shares issued from sale of shares . . . . .	8,642	\$ 41,873	11,200	\$ 73,540
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	301	1,506	77	379
Shares redeemed . . . . .	(1,696)	(7,958)	(2,280)	(14,780)
Net increase . . . . .	<b>7,247</b>	<b>\$ 35,421</b>	<b>8,997</b>	<b>\$ 59,139</b>
<b>Energy</b>				
Shares issued from sale of shares . . . . .	978	\$ 3,946	2,610	\$ 17,103
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	—	—	17	61
Shares redeemed . . . . .	(431)	(1,589)	(1,078)	(5,872)
Net increase . . . . .	<b>547</b>	<b>\$ 2,357</b>	<b>1,549</b>	<b>\$ 11,292</b>
<b>Global Natural Resources</b>				
Shares issued from sale of shares . . . . .	8,577	\$ 35,217	4,707	\$ 32,047
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	—	—	3,097	9,814
Shares redeemed . . . . .	(2,057)	(7,877)	(3,146)	(22,116)
Net increase . . . . .	<b>6,520</b>	<b>\$ 27,340</b>	<b>4,658</b>	<b>\$ 19,745</b>
<b>Growth</b>				
Shares issued from sale of shares . . . . .	4,559	\$ 34,051	7,593	\$ 74,487
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	3,325	25,102	1,433	10,490
Shares redeemed . . . . .	(8,549)	(62,591)	(17,312)	(174,127)
Net decrease . . . . .	<b>(665)</b>	<b>\$ (3,438)</b>	<b>(8,286)</b>	<b>\$ (89,150)</b>
<b>High Income</b>				
Shares issued from sale of shares . . . . .	5,606	\$ 14,909	4,317	\$ 13,202
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	6,254	16,681	477	1,165
Shares redeemed . . . . .	(3,879)	(10,431)	(12,457)	(36,457)
Net increase (decrease) . . . . .	<b>7,981</b>	<b>\$ 21,159</b>	<b>(7,663)</b>	<b>\$ (22,090)</b>
<b>International Growth</b>				
Shares issued from sale of shares . . . . .	3,106	\$ 17,691	4,761	\$ 39,783
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	454	2,689	911	5,313
Shares redeemed . . . . .	(2,752)	(15,186)	(5,445)	(45,873)
Net increase (decrease) . . . . .	<b>808</b>	<b>\$ 5,194</b>	<b>227</b>	<b>\$ (777)</b>

Portfolio (Continued)	Six months ended 6-30-09		Fiscal year ended 12-31-08	
	Shares	Value	Shares	Value
<b>International Value</b>				
Shares issued from sale of shares . . . . .	2,542	\$ 29,708	4,300	\$ 73,282
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	3,376	39,813	1,099	13,212
Shares redeemed . . . . .	(2,244)	(25,697)	(3,362)	(59,444)
Net increase . . . . .	<b>3,674</b>	<b>\$ 43,824</b>	<b>2,037</b>	<b>\$ 27,050</b>
<b>Micro Cap Growth</b>				
Shares issued from sale of shares . . . . .	172	\$ 1,911	282	\$ 4,357
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	—	—	—	—
Shares redeemed . . . . .	(289)	(3,095)	(520)	(8,491)
Net decrease . . . . .	<b>(117)</b>	<b>\$ (1,184)</b>	<b>(238)</b>	<b>\$ (4,134)</b>
<b>Mid Cap Growth</b>				
Shares issued from sale of shares . . . . .	2,479	\$ 11,508	3,772	\$ 22,260
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	—	—	216	922
Shares redeemed . . . . .	(770)	(3,334)	(1,110)	(6,635)
Net increase . . . . .	<b>1,709</b>	<b>\$ 8,174</b>	<b>2,878</b>	<b>\$ 16,547</b>
<b>Money Market</b>				
Shares issued from sale of shares . . . . .	69,222	\$ 69,222	177,389	\$ 177,389
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	1,270	1,270	2,825	2,825
Shares redeemed . . . . .	(51,819)	(51,819)	(68,686)	(68,686)
Net increase . . . . .	<b>18,673</b>	<b>\$ 18,673</b>	<b>111,528</b>	<b>\$ 111,528</b>
<b>Mortgage Securities</b>				
Shares issued from sale of shares . . . . .	345	\$ 1,503	1,301	\$ 6,367
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	330	1,400	69	302
Shares redeemed . . . . .	(880)	(3,867)	(1,890)	(8,950)
Net decrease . . . . .	<b>(205)</b>	<b>\$ (964)</b>	<b>(520)</b>	<b>\$ (2,281)</b>
<b>Real Estate Securities</b>				
Shares issued from sale of shares . . . . .	777	\$ 2,652	1,306	\$ 8,526
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	235	831	248	983
Shares redeemed . . . . .	(965)	(3,273)	(1,745)	(10,220)
Net increase (decrease) . . . . .	<b>47</b>	<b>\$ 210</b>	<b>(191)</b>	<b>\$ (711)</b>
<b>Science and Technology</b>				
Shares issued from sale of shares . . . . .	1,391	\$ 16,741	1,167	\$ 17,258
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	1,421	16,547	768	8,411
Shares redeemed . . . . .	(1,950)	(22,259)	(4,192)	(62,984)
Net increase (decrease) . . . . .	<b>862</b>	<b>\$ 11,029</b>	<b>(2,257)</b>	<b>\$ (37,315)</b>
<b>Small Cap Growth</b>				
Shares issued from sale of shares . . . . .	1,599	\$ 9,755	2,501	\$ 19,652
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	202	1,298	1,043	6,006
Shares redeemed . . . . .	(4,167)	(24,572)	(9,050)	(72,780)
Net decrease . . . . .	<b>(2,366)</b>	<b>\$ (13,519)</b>	<b>(5,506)</b>	<b>\$ (47,122)</b>
<b>Small Cap Value</b>				
Shares issued from sale of shares . . . . .	1,489	\$ 14,737	3,204	\$ 40,078
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	—	—	403	3,900
Shares redeemed . . . . .	(1,269)	(12,310)	(3,338)	(42,183)
Net increase . . . . .	<b>220</b>	<b>\$ 2,427</b>	<b>269</b>	<b>\$ 1,795</b>

Portfolio (Continued)	Six months ended 6-30-09		Fiscal year ended 12-31-08	
	Shares	Value	Shares	Value
<b>Value</b>				
Shares issued from sale of shares . . . . .	3,915	\$ 14,979	6,712	\$ 34,913
Shares issued in reinvestment of dividends and/or capital gains distribution . . . . .	1,236	4,928	772	3,088
Shares redeemed . . . . .	(4,953)	(18,778)	(8,963)	(47,475)
Net increase (decrease) . . . . .	<b>198</b>	<b>\$ 1,129</b>	<b>(1,479)</b>	<b>\$ (9,474)</b>

## 7. DERIVATIVE INSTRUMENTS

In March 2008, the Financial Accounting Standards Board (FASB) issued ASC Section 815-10 (formerly Financial Accounting Standard No. 161, "Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133"). ASC 815-10 amends and expands disclosures about derivative instruments and hedging activities; it requires qualitative disclosures about the objectives and strategies of derivative instruments, quantitative disclosures about the fair value amounts of and gains and losses on derivative instruments, and disclosures of credit-risk-related contingent features in hedging activities.

**Forward Foreign Currency Contracts.** Each Portfolio, other than Money Market and the Pathfinder Portfolios, may enter into forward foreign currency contracts (forward contracts) for the purchase or sale of a foreign currency at a negotiated rate at a future date. Forward contracts are reported on a schedule following the Schedule of Investments. Forward contracts will be valued daily based upon the closing prices of the forward currency rates determined at the close of the NYSE as provided by a bank, dealer or independent pricing service. The resulting unrealized appreciation and depreciation is reported in the Statement of Assets and Liabilities as a receivable or payable and in the Statement of Operations within the change in unrealized appreciation (depreciation). At contract close, the difference between the original cost of the contract and the value at the close date is recorded as a realized gain (loss) in the Statement of Operations.

Risks to a Portfolio include both market and credit risk. Market risk is the risk that the value of the forward contract will depreciate due to unfavorable changes in the exchange rates. Credit risk arises from the possibility that the counterparty will default. If the counterparty defaults, a Portfolio's loss will consist of the net amount of contractual payments that the Portfolio has not yet received.

**Futures Contracts.** Each Portfolio, other than Money Market and the Pathfinder Portfolios, may engage in buying and selling futures contracts. Upon entering into a futures contract, the Portfolio is required to deposit, in a segregated account, an amount equal to a varying specified percentage of the contract amount. This amount is known as the initial margin. Subsequent payments (variation margins) are made or received by the Portfolio each day, dependent on the daily fluctuations in the value of the underlying debt security or index.

Futures contracts are reported on a schedule following the Schedule of Investments. Securities held in collateralized accounts to cover initial margin requirements on open futures contracts are identified in the Schedule of Investments. Cash held by the broker to cover initial margin requirements on open futures contracts and the receivable and/or payable for the daily mark to market for the variation margin are noted in the Statement of Assets and Liabilities. The net change in unrealized appreciation (depreciation) is reported in the Statement of Operations. Realized gains (losses) are reported in the Statement of Operations at the closing or expiration of futures contracts.

Risks of entering into futures contracts include the possibility of loss of securities or cash held as collateral, that there may be an illiquid market where the Portfolio is unable to close the contract or enter into an offsetting position and, if used for hedging purposes, the risk that the price of the contract will correlate imperfectly with the prices of the Portfolio's securities.

**Swap Agreements.** Each Portfolio, other than Money Market and the Pathfinder Portfolios, may invest in swap agreements, which are agreements to exchange the return generated by one instrument for the return generated by another instrument.

Credit default swaps involve the exchange of a fixed rate premium for protection against the loss in value of an underlying security in the event of a defined credit event, such as payment default or bankruptcy. Under a credit default swap one party acts as a guarantor by receiving the fixed periodic payment in exchange for the commitment to purchase the underlying security at par if the defined credit event occurs. A Portfolio may enter into credit default swaps in which either it or its counterparty act as the guarantor.

Total return swaps involve a commitment to pay periodic interest payments in exchange for a market-linked return based on a security or a basket of securities representing a variety of securities or a particular index. To the extent the total return of the security, index or other financial measure underlying the transaction exceeds or falls short of the offsetting interest rate obligation, the Portfolio will receive a payment from or make a payment to the counterparty.

Variance swaps involve a contract in which two parties agree to exchange cash flows based on the measured variance of a specified underlying security or index during a certain time period. On the trade date, the two parties agree on the strike price of the contract (the reference level against which cash flows

are exchanged), as well as the number of units in the transaction and the length of the contract. Like an option contract, the value of a variance swap is influenced by both realized and implied volatility, as well as the passage of time. A Portfolio may enter into variance swaps to manage volatility risk.

The creditworthiness of firms with which a Portfolio enters into a swap agreement is monitored by IICO. If a firm's creditworthiness declines, the value of the agreement would likely decline, potentially resulting in losses. If a default occurs by the counterparty to such a transaction, the Portfolio will have contractual remedies pursuant to the agreement related to the transaction.

**Option Contracts.** Options purchased by a Portfolio are accounted for in the same manner as marketable portfolio securities. The cost of portfolio securities acquired through the exercise of call options is increased by the premium paid to purchase the call. The proceeds from securities sold through the exercise of put options are decreased by the premium paid to purchase the put.

When a Portfolio writes (sells) an option, an amount equal to the premium received by the Portfolio is recorded as a liability. The amount of the liability is subsequently adjusted to reflect the current market value of the option written. The current market value of an option is the last sales price on the principal exchange on which the option is traded or, in the absence of

transactions, the mean between the bid and asked prices or at a value supplied by a broker-dealer. When an option expires on its stipulated expiration date or a Portfolio enters into a closing purchase transaction, the Portfolio realizes a gain (or loss if the cost of a closing purchase transaction exceeds the premium received when the call option was sold) and the liability related to such option is extinguished. When a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether a Portfolio has realized a gain or loss. For each Portfolio, when a written put is exercised, the cost basis of the securities purchased by a Portfolio is reduced by the amount of the premium received.

Investments in options, whether purchased or written, involve certain risks. Writing put options and purchasing call options may increase a Portfolio's exposure to the underlying security (or basket of securities). With written options, there may be times when a Portfolio will be required to purchase or sell securities to meet its obligation under the option contract where the required action is not beneficial to the Portfolio, due to unfavorable movement of the market price of the underlying security (or basket of securities). Additionally, to the extent a Portfolio enters into over-the-counter (OTC) option transactions with counterparties, the Portfolio will be exposed to the risk that counterparties to these OTC transactions, for whatever reason, will be unable to meet their obligations under the terms of the transaction.

## Objectives and Strategies

**Asset Strategy.** The Portfolio's objectives in using derivatives during the period included hedging market risk on equity securities, increasing exposure to various equity markets, managing exposure to various foreign currencies, managing exposure to precious metals, and hedging certain event risks on positions held by the Portfolio. To achieve the objective of hedging market risk and increasing exposure to equity markets, the Portfolio utilized futures and purchased option contracts, both short and long, on foreign and domestic equity indices. To manage foreign currency exposure, the Portfolio utilized forward contracts to either increase or decrease exposure to a given currency. To manage exposure to precious metals, the Portfolio utilized gold futures contracts. To manage event risks, the Portfolio utilized options, both written and purchased, on individual equity securities owned by the Portfolio.

Fair Values of Derivative Instruments as of June 30, 2009:

Type of Derivative	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Equity	Investments in unaffiliated securities	\$ 12,543	N/A	N/A
Foreign currency	Unrealized appreciation on forward currency contracts	1,090	Unrealized depreciation on forward currency contracts	\$ 1,504
Commodities	N/A	N/A	N/A	N/A
<b>Total</b>		<b>\$ 13,633</b>		<b>\$ 1,504</b>

The Effect of Derivative Instruments on the Statement of Operations for the Period Ended June 30, 2009:

Type of Derivative	Location of Gain (Loss) on Derivatives Recognized in Income	Realized Gain (Loss) on Derivatives Recognized in Income	Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in Income
Equity	Net realized gain (loss) on investments in unaffiliated securities and written options and futures contracts/Net change in unrealized appreciation (depreciation) on investments in unaffiliated securities and futures contracts	\$ (7,200)	\$ (13,296)
Foreign currency	Net realized gain (loss) on forward foreign currency contracts/Net change in unrealized appreciation (depreciation) on forward foreign currency contracts	3,827	(5,042)
Commodities	Net realized gain (loss) on futures contracts	1,533	N/A
<b>Total</b> .....		<b>\$ (1,840)</b>	<b>\$ (18,338)</b>

During the fiscal period ended June 30, 2009, the Portfolio's average market value outstanding for forward contracts and futures contracts were as follows: short forward contracts - \$127,551, long forward contracts - \$129,910, short futures contracts - \$110,634, long futures contracts - \$2,949. Additionally, the Portfolio's average number of purchased option contracts outstanding was 1.

**Core Equity.** The Portfolio's objective in using derivatives during the period was to hedge market risk for some or all of its existing equity security portfolio. To achieve this objective, the Portfolio utilized futures contracts on broad domestic equity market indices.

Fair Values of Derivative Instruments as of June 30, 2009:

Type of Derivative	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Equity	N/A	N/A	N/A	N/A

The Effect of Derivative Instruments on the Statement of Operations for the Period Ended June 30, 2009:

Type of Derivative	Location of Gain (Loss) on Derivatives Recognized in Income	Realized Gain (Loss) on Derivatives Recognized in Income	Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in Income
Equity	Net realized gain (loss) on futures contracts	<u>\$ 2,751</u>	N/A

During the fiscal period ended June 30, 2009, the Portfolio's average market value outstanding for short futures contracts was \$2,834.

**Global Natural Resources.** The Portfolio's objectives in using derivatives during the period were to hedge market risk on equity securities, increase exposure to specific sectors or companies, and manage exposure to various foreign currencies. To achieve the objective of hedging market risk and increasing exposure to equity markets, the Portfolio utilized futures on equity indices and purchased and written option contracts on individual equity securities. To manage foreign currency exposure, the Portfolio utilized forward foreign currency contracts to either increase or decrease exposure to a given currency.

Fair Values of Derivative Instruments as of June 30, 2009:

Type of Derivative	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Equity	Investments in unaffiliated securities and variation margin receivable	\$ 3,953	N/A	N/A
Foreign currency	Unrealized appreciation on forward currency contracts	3	Unrealized depreciation on forward currency contracts	\$ 43
<b>Total</b> .....		<b>\$ 3,956</b>		<b>\$ 43</b>

The Effect of Derivative Instruments on the Statement of Operations for the Period Ended June 30, 2009:

Type of Derivative	Location of Gain (Loss) on Derivatives Recognized in Income	Realized Gain (Loss) on Derivatives Recognized in Income	Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in Income
Equity	Net realized gain (loss) on investments in unaffiliated securities and futures contracts/ Net change in unrealized appreciation (depreciation) on investments in unaffiliated securities and futures contracts	\$ (709)	\$ (560)
Foreign currency	Net realized gain (loss) on forward foreign currency contracts/Net change in unrealized appreciation (depreciation) on forward foreign currency contracts	(262)	54
<b>Total</b> .....		<b>\$ (971)</b>	<b>\$ (506)</b>

During the fiscal period ended June 30, 2009, the Portfolio's average market value outstanding for forward contracts and futures contracts were as follows: short forward contracts - \$6,884, long forward contracts - \$6,932, short futures contracts - \$1,596. Additionally, the Portfolio's average number of purchased option contracts and written option contracts outstanding was less than 1.

**International Growth.** The Portfolio's objective in using derivatives during the period was to manage the exposure to various foreign currencies. To achieve this objective, the Portfolio utilized forward contracts to either increase or decrease exposure to a given currency.

Fair Values of Derivative Instruments as of June 30, 2009:

Type of Derivative	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Foreign currency	N/A	N/A	N/A	N/A

The Effect of Derivative Instruments on the Statement of Operations for the Period Ended June 30, 2009:

Type of Derivative	Location of Gain (Loss) on Derivatives Recognized in Income	Realized Gain (Loss) on Derivatives Recognized in Income	Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in Income
Foreign currency	Net realized gain (loss) on forward foreign currency contracts/Net change in unrealized appreciation (depreciation) on forward foreign currency contracts	\$ (771)	\$ (236)

During the fiscal period ended June 30, 2009, the Portfolio's average market value outstanding for short forward contracts and long forward contracts was \$1,738 and \$1,745, respectively.

**Mid Cap Growth.** The Portfolio's objectives in using derivatives during the period were to both gain exposure to certain sectors and to hedge certain event risks on positions held by the Portfolio. To achieve these objectives, the Portfolio utilized options, both written and purchased, on either an index or on individual or baskets of equity securities.

Fair Values of Derivative Instruments as of June 30, 2009:

Type of Derivative	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Equity	Investments in unaffiliated securities	\$ 115	Written options at market value	\$ 139

The Effect of Derivative Instruments on the Statement of Operations for the Period Ended June 30, 2009:

Type of Derivative	Location of Gain (Loss) on Derivatives Recognized in Income	Realized Gain (Loss) on Derivatives Recognized in Income	Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in Income
Equity	Net realized gain (loss) on investments in unaffiliated securities and written options/ Net change in unrealized appreciation (depreciation) on investments in unaffiliated securities and written options	\$ 741	\$ (42)



During the fiscal period ended June 30, 2009, the Portfolio's average number of purchased option contracts and written option contracts outstanding was 1 and 1, respectively.

**Mortgage Securities.** The Portfolio's objective in using derivatives during the period was to adjust the overall duration of the portfolio. To achieve this objective, the Portfolio primarily utilized Treasury futures contracts of varying lengths to either shorten or lengthen, as determined by the Portfolio's advisor, the duration of the Portfolio.

Fair Values of Derivative Instruments as of June 30, 2009:

Type of Derivative	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate	Variation margin receivable	\$ 2	N/A	N/A

The Effect of Derivative Instruments on the Statement of Operations for the Period Ended June 30, 2009:

Type of Derivative	Location of Gain (Loss) on Derivatives Recognized in Income	Realized Gain (Loss) on Derivatives Recognized in Income	Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in Income
Interest rate	Net realized gain (loss) on futures contracts/ Net change in unrealized appreciation (depreciation) on futures contracts	\$ 61	\$ 127

During the fiscal period ended June 30, 2009, the Portfolio's average market value outstanding for short futures contracts was \$1,524.

**Science and Technology.** The Portfolio's objective in using derivatives during the period was to hedge market risk on securities in its portfolio. To achieve this objective, the Portfolio utilized options, both written and purchased, on individual equity securities owned by the Portfolio.

Fair Values of Derivative Instruments as of June 30, 2009:

Type of Derivative	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Equity	N/A	N/A	N/A	N/A

The Effect of Derivative Instruments on the Statement of Operations for the Period Ended June 30, 2009:

Type of Derivative	Location of Gain (Loss) on Derivatives Recognized in Income	Realized Gain (Loss) on Derivatives Recognized in Income	Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in Income
Equity	Net realized gain (loss) on investments in unaffiliated securities and written options/ Net change in unrealized appreciation (depreciation) on investments in unaffiliated securities and written options	\$ (2,266)	\$ (728)

During the fiscal period ended June 30, 2009, the Portfolio's average number of purchased option contracts and written option contracts outstanding was 2 and 2, respectively.

**Small Cap Value.** The Portfolio's objective in using derivatives during the period was to gain exposure to certain market sectors that it cannot get through the purchase of equity securities. To achieve this objective, the Portfolio utilized options, both written and purchased, on an index in the sector it wishes to gain exposure to.

Fair Values of Derivative Instruments as of June 30, 2009:

Type of Derivative	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Equity	N/A	N/A	N/A	N/A



The Effect of Derivative Instruments on the Statement of Operations for the Period Ended June 30, 2009:

Type of Derivative	Location of Gain (Loss) on Derivatives Recognized in Income	Realized Gain (Loss) on Derivatives Recognized in Income	Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in Income
Equity	Net realized gain (loss) on investments in unaffiliated securities and written options	\$ 207	N/A

During the fiscal period ended June 30, 2009, the Portfolio's average number of purchased option contracts and written option contracts outstanding was less than 1.

**Value.** The Portfolio's objective in using derivatives during the period was to generate additional income from written option premiums. To achieve these objectives, the Portfolio had primarily written put and call options on equity securities the Portfolio owns.

Fair Values of Derivative Instruments as of June 30, 2009:

Type of Derivative	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Equity	N/A	N/A	Written options at market value	\$125

The Effect of Derivative Instruments on the Statement of Operations for the Period Ended June 30, 2009:

Type of Derivative	Location of Gain (Loss) on Derivatives Recognized in Income	Realized Gain (Loss) on Derivatives Recognized in Income	Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in Income
Equity	Net realized gain (loss) on investments in unaffiliated securities and written options/ Net change in unrealized appreciation (depreciation) on investments in unaffiliated securities and written options	\$ 1,222	\$ 111

During the fiscal period ended June 30, 2009, the Portfolio's average number of written option contracts outstanding was 6.

## 8. COMMITMENT

In connection with Asset Strategy's investment in Vietnam Azalea Fund Limited (VAF), the Portfolio is contractually committed to provide additional capital of up to \$1,018 if and when VAF requests such contributions or draw downs. The total commitment is limited to \$3,000. At June 30, 2009, Asset Strategy had made a total contribution of \$1,982. No public market currently exists for the shares of VAF nor are the shares listed on any securities exchange. VAF intends to become listed within one year after the final commitment has been drawn down.

## 9. AFFILIATED COMPANY TRANSACTIONS

A summary of the transactions in affiliated companies during the fiscal period ended June 30, 2009 follows:

	12-31-08 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/(Loss)	Distributions Received <sup>(1)</sup>	6-30-09 Share Balance	6-30-09 Market Value
<b>Pathfinder Aggressive</b>							
Ivy Funds VIP Bond . . . . .	1,028	\$ 676	97	\$ 4	\$ 230	1,136	\$ 6,017
Ivy Funds VIP Dividend Opportunities . . . . .	1,159	736	136	15	66	1,284	6,578
Ivy Funds VIP Growth . . . . .	891	1,012	155	17	254	1,008	7,911
Ivy Funds VIP International Growth . .	692	569	101	11	78	776	4,834
Ivy Funds VIP International Value . . .	428	1,236	121	21	611	524	6,515
Ivy Funds VIP Mid Cap Growth . . . . .	444	223	43	8	—	486	2,561
Ivy Funds VIP Money Market . . . . .	5,465	481	101	—	35	5,844	5,844
Ivy Funds VIP Small Cap Growth . . . .	200	140	26	5	6	220	1,536
Ivy Funds VIP Small Cap Value . . . . .	344	357	69	12	—	374	4,020
Ivy Funds VIP Value . . . . .	697	381	62	9	68	780	3,223
					<u>\$1,348</u>		<u>\$49,039</u>

(1) Distributions received includes distributions from net investment income and/or from capital gains from the underlying funds.

	12-31-08 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/(Loss)	Distributions Received <sup>(1)</sup>	6-30-09 Share Balance	6-30-09 Market Value
<b>Pathfinder Conservative</b>							
Ivy Funds VIP Bond . . . . .	702	\$ 6,253	\$ 258	\$ 7	\$ 342	1,822	\$ 9,648
Ivy Funds VIP Dividend Opportunities . . . . .	412	3,999	148	29	59	1,227	6,282
Ivy Funds VIP Growth . . . . .	125	1,860	68	12	87	371	2,909
Ivy Funds VIP International Value . . .	43	1,138	35	9	153	140	1,740
Ivy Funds VIP Mid Cap Growth . . . . .	47	394	13	4	—	134	707
Ivy Funds VIP Money Market . . . . .	3,685	5,950	265	—	40	9,370	9,370
Ivy Funds VIP Small Cap Growth . . . .	18	198	7	2	1	51	357
Ivy Funds VIP Small Cap Value . . . . .	11	197	7	2	—	31	331
Ivy Funds VIP Value . . . . .	53	407	14	3	13	158	653
					<u>\$ 695</u>		<u>\$31,997</u>
	12-31-08 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/(Loss)	Distributions Received <sup>(1)</sup>	6-30-09 Share Balance	6-30-09 Market Value
<b>Pathfinder Moderate</b>							
Ivy Funds VIP Bond . . . . .	3,327	\$ 16,295	\$ 68	\$ 3	\$ 1,064	6,378	\$ 33,779
Ivy Funds VIP Dividend Opportunities . . . . .	2,483	13,930	56	9	221	5,318	27,236
Ivy Funds VIP Growth . . . . .	1,120	9,628	37	6	489	2,396	18,799
Ivy Funds VIP International Growth . .	822	5,475	22	3	144	1,773	11,053
Ivy Funds VIP International Value . . .	452	7,099	23	6	1,006	1,052	13,070
Ivy Funds VIP Mid Cap Growth . . . . .	634	3,046	11	3	—	1,283	6,765
Ivy Funds VIP Money Market . . . . .	17,554	15,370	72	—	140	32,853	32,853
Ivy Funds VIP Small Cap Growth . . . .	240	1,535	6	1	11	488	3,412
Ivy Funds VIP Small Cap Value . . . . .	297	3,046	11	3	—	600	6,442
Ivy Funds VIP Value . . . . .	888	3,943	15	3	135	1,897	7,836
					<u>\$ 3,210</u>		<u>\$ 161,245</u>
	12-31-08 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/(Loss)	Distributions Received <sup>(1)</sup>	6-30-09 Share Balance	6-30-09 Market Value
<b>Pathfinder Moderately Aggressive</b>							
Ivy Funds VIP Bond . . . . .	3,810	\$ 12,670	\$ 25	\$ 1	\$ 1,113	6,184	\$ 32,750
Ivy Funds VIP Dividend Opportunities . . . . .	3,712	14,166	29	3	298	6,602	33,816
Ivy Funds VIP Growth . . . . .	1,676	9,906	19	2	660	2,990	23,460
Ivy Funds VIP International Growth . .	1,558	7,181	14	1	246	2,812	17,527
Ivy Funds VIP International Value . . .	919	10,317	17	3	1,842	1,790	22,248
Ivy Funds VIP Mid Cap Growth . . . . .	1,185	3,852	7	1	—	2,011	10,598
Ivy Funds VIP Money Market . . . . .	20,157	11,706	26	—	150	31,837	31,837
Ivy Funds VIP Small Cap Growth . . . .	536	2,335	4	1	23	915	6,403
Ivy Funds VIP Small Cap Value . . . . .	784	5,393	10	2	—	1,321	14,184
Ivy Funds VIP Value . . . . .	1,325	4,034	8	1	181	2,357	9,734
					<u>\$ 4,513</u>		<u>\$202,557</u>
	12-31-08 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/(Loss)	Distributions Received <sup>(1)</sup>	6-30-09 Share Balance	6-30-09 Market Value
<b>Pathfinder Moderately Conservative</b>							
Ivy Funds VIP Bond . . . . .	1,631	\$ 9,632	\$ 590	\$ 23	\$ 582	3,324	\$ 17,604
Ivy Funds VIP Dividend Opportunities . . . . .	1,022	6,617	438	4	101	2,291	11,736
Ivy Funds VIP Growth . . . . .	422	4,187	265	5	204	945	7,416
Ivy Funds VIP International Growth . .	244	1,857	120	3	47	550	3,426
Ivy Funds VIP International Value . . .	117	2,099	120	3	289	286	3,550
Ivy Funds VIP Mid Cap Growth . . . . .	261	1,448	95	4	—	553	2,917
Ivy Funds VIP Money Market . . . . .	8,603	9,123	614	—	74	17,112	17,112
Ivy Funds VIP Small Cap Growth . . . .	49	365	23	1	3	105	736
Ivy Funds VIP Small Cap Value . . . . .	30	362	24	1	—	64	688
Ivy Funds VIP Value . . . . .	364	1,871	123	—*	62	815	3,366
					<u>\$ 1,362</u>		<u>\$ 68,551</u>

(1) Distributions received includes distributions from net investment income and/or from capital gains from the underlying funds.

	12-31-08 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/(Loss)	Distributions Received	6-30-09 Share Balance	6-30-09 Market Value
<b>Asset Strategy</b>							
Vietnam Azalea Fund Limited <sup>(2)</sup> . . .	300	\$ 242	\$ —	\$ —	\$ —	300	\$ 1,122
	12-31-08 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/(Loss)	Distributions Received	6-30-09 Share Balance	6-30-09 Market Value
<b>Small Cap Growth</b>							
Argyle Security, Inc. <sup>(2)(3)</sup> . . . . .	300	\$ —	\$ 2,412	\$(2,341)	\$ —	N/A	\$ N/A

\*Not shown due to rounding.

(1) Distributions received includes distributions from net investment income and/or from capital gains from the underlying funds.

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

(3) Company was no longer an affiliate at June 30, 2009.

## 10. SENIOR LOANS

A Portfolio invests in senior secured corporate loans either as an original lender or as a purchaser of a loan assignment or a participation interest in a loan. Senior Loans are generally made to U.S. and foreign borrowers that are corporations, partnerships, or other business entities. Senior Loans are generally readily marketable, but some loans may be illiquid or be subject to some restrictions on resale.

Certain Senior Loans contain provisions that obligate a Portfolio to fund future commitments at the borrower's discretion. Funded portions of these commitments are presented in the Schedule of Investments while unfunded commitments are as follows:

Borrower	Unfunded Commitment	Value of Underlying Loan
<b>High Income</b>		
Las Vegas Sands, LLC . . . . .	\$291	\$234

## 11. WRITTEN OPTION ACTIVITY

For Asset Strategy, transactions in written call options were as follows:

	Number of Contracts	Premium Received
Outstanding at December 31, 2008 . . . . .	—	\$ —
Options written . . . . .	58,600	97
Options terminated in closing purchase transactions . . . . .	—	—
Options exercised . . . . .	—	—
Options expired . . . . .	(58,600)	(97)
Outstanding at June 30, 2009 . . . . .	—	\$ —

For Asset Strategy, transactions in written put options were as follows:

	Number of Contracts	Premium Received
Outstanding at December 31, 2008 . . . . .	—	\$ —
Options written . . . . .	2	290
Options terminated in closing purchase transactions . . . . .	(2)	(290)
Options exercised . . . . .	—	—
Options expired . . . . .	—	—
Outstanding at June 30, 2009 . . . . .	—	\$ —

For Mid Cap Growth, transactions in written call options were as follows:

	Number of Contracts	Premium Received
Outstanding at December 31, 2008 . . . . .	—	\$ —
Options written . . . . .	—*	7
Options terminated in closing purchase transactions . . . . .	—*	(4)
Options exercised . . . . .	—*	(3)
Options expired . . . . .	—	—
Outstanding at June 30, 2009 . . . . .	—	\$ —

\*Not shown due to rounding.

For Mid Cap Growth, transactions in written put options were as follows:

	Number of Contracts	Premium Received
Outstanding at December 31, 2008 . . . . .	—	\$ —
Options written . . . . .	4	493
Options terminated in closing purchase transactions . . . . .	(2)	(319)
Options exercised . . . . .	—	—
Options expired . . . . .	—*	(12)
Outstanding at June 30, 2009 . . . . .	1	\$ 162

\*Not shown due to rounding.

For Science and Technology, transactions in written call options were as follows:

	Number of Contracts	Premium Received
Outstanding at December 31, 2008 . . . . .	7	\$ 2,374
Options written . . . . .	3	1,907
Options terminated in closing purchase transactions . . . . .	(5)	(2,561)
Options exercised . . . . .	(3)	(884)
Options expired . . . . .	(2)	(836)
Outstanding at June 30, 2009 . . . . .	—	\$ —

For Small Cap Value, transactions in written put options were as follows:

	Number of Contracts	Premium Received
Outstanding at December 31, 2008 . . . . .	—*	\$ 884
Options written . . . . .	—	—
Options terminated in closing purchase transactions . . . . .	—*	(884)
Options exercised . . . . .	—	—
Options expired . . . . .	—	—
Outstanding at June 30, 2009 . . . . .	—	\$ —

For Value, transactions in written call options were as follows:

	Number of Contracts	Premium Received
Outstanding at December 31, 2008 . . . . .	5	\$ 646
Options written . . . . .	23	1,485
Options terminated in closing purchase transactions . . . . .	(13)	(1,098)
Options exercised . . . . .	(1)	(316)
Options expired . . . . .	(9)	(547)
Outstanding at June 30, 2009 . . . . .	5	\$ 170

For Value, transactions in written put options were as follows:

	Number of Contracts	Premium Received
Outstanding at December 31, 2008 . . . . .	—*	\$ 39
Options written . . . . .	6	339
Options terminated in closing purchase transactions . . . . .	—	—
Options exercised . . . . .	—*	(39)
Options expired . . . . .	(1)	(88)
Outstanding at June 30, 2009 . . . . .	5	\$251

\*Not shown due to rounding.

## 12. CHANGE IN STRUCTURE

On April 3, 2009, a special shareholder meeting for the Corporation was held to approve an Agreement and Plan of Reorganization and Termination, pursuant to which each Portfolio would be reorganized into a corresponding series of a newly established Delaware statutory trust. On April 30, 2009, that reorganization took place. See pages 135 and 136 for the shareholder meeting results.

## 13. 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 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 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, requires 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. 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. However, as noted above, the SEC Order makes certain findings with respect to market timing activities in some of the Waddell & Reed Advisors Funds only. Accordingly, it is not expected that shareholders of Ivy Funds Variable Insurance Portfolios will receive distributions of settlement monies.

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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.

## APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT

### Ivy Funds VIP

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Ivy Funds Variable Insurance Portfolios (Trust) is a series fund organized as a Delaware statutory trust. Each of its series is the successor to a series of a Maryland corporation (each, a Predecessor Fund) pursuant to reorganizations that occurred on April 30, 2009 (each, a Reorganization). Each Reorganization of a Predecessor Fund was approved by its shareholders and by its board of directors.

In anticipation of the Reorganizations, at its meeting on February 4, 2009, the Trust's Board of Trustees, including all of the Disinterested Trustees, considered and approved a new Investment Management Agreement (Management Agreement) between WRIMCO and the Trust with respect to each of Ivy Funds VIP Pathfinder Aggressive, Ivy Funds VIP Pathfinder Conservative, Ivy Funds VIP Pathfinder Moderate, Ivy Funds VIP Pathfinder Moderately Aggressive, Ivy Funds VIP Pathfinder Moderately Conservative, Ivy Funds VIP Asset Strategy, Ivy Funds VIP Balanced, Ivy Funds VIP Bond, Ivy Funds VIP Core Equity, Ivy Funds VIP Dividend Opportunities, Ivy Funds VIP Energy, Ivy Funds VIP Global Natural Resources, Ivy Funds VIP Growth, Ivy Funds VIP High Income, Ivy Funds VIP International Growth, Ivy Funds VIP International Value, Ivy Funds VIP Micro Cap Growth, Ivy Funds VIP Mid Cap Growth, Ivy Funds VIP Money Market, Ivy Funds VIP Mortgage Securities, Ivy Funds VIP Real Estate Securities, Ivy Funds VIP Science and Technology, Ivy Funds VIP Small Cap Growth, Ivy Funds VIP Small Cap Value and Ivy Funds VIP Value (each, a Fund). The Management Agreement will continue for a period of one year and from year-to-year thereafter only if such continuance is specifically approved at least annually by the Board of Trustees, including the vote of a majority of the Disinterested Trustees. The Management Agreement with respect to each Fund is substantially the same as the Investment Management Agreement with WRIMCO previously in effect with respect to each corresponding Predecessor Fund (Predecessor Management Agreement). At its meeting on February 4, 2009, the Trust's Board of Trustees, whose members were the same as the board of directors of each Predecessor Fund, based its consideration and approval of the Management Agreement with respect to each Fund on (i) the information provided to the boards of directors of the Predecessor Funds in connection with these boards' approvals, at their joint meetings on August 11, 12 and 13, 2008, of the continuance of their respective Predecessor Management Agreements and (ii) the information which these boards received subsequent to the August meetings. For further information about the renewal of a Predecessor Management Agreement for the Predecessor Fund, please see the Predecessor Fund's Annual Report to Shareholders dated December 31, 2008.

A copy of each Predecessor Fund's Annual Report may be obtained, without charge, from the Trust or Waddell & Reed, Inc. by calling 1.888.WADDELL or at [www.waddell.com](http://www.waddell.com).

## SHAREHOLDER MEETING RESULTS

### Ivy Funds VIP

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On April 3, 2009, a special shareholder meeting (Meeting) for Ivy Funds Variable Insurance Portfolios, Inc. was held at the offices of Waddell & Reed Financial, Inc., 6300 Lamar Avenue, Overland Park, Kansas, 66202. The Meeting was held for the following purpose (and with the following results):

**Proposal 1:** To elect thirteen Directors for Ivy Funds Variable Insurance Portfolios, Inc.

<b>Michael L. Avery</b>	
For	Against
925,647,758.812	27,758,492.341
<b>Jarold W. Boettcher</b>	
For	Against
924,732,116.405	28,674,134.748
<b>James M. Concannon</b>	
For	Against
926,287,736.225	27,118,514.928
<b>John A. Dillingham</b>	
For	Against
924,647,373.299	28,758,877.854
<b>David P. Gardner</b>	
For	Against
924,771,691.042	28,634,560.111
<b>Joseph Harroz, Jr.</b>	
For	Against
925,119,859.619	28,286,391.534
<b>John F. Hayes</b>	
For	Against
922,642,942.269	30,763,308.884
<b>Robert L. Hechler</b>	
For	Against
921,145,790.772	32,260,460.381
<b>Albert W. Herman</b>	
For	Against
925,314,102.864	28,092,148.289
<b>Henry J. Herrmann</b>	
For	Against
925,339,433.240	28,066,817.913
<b>Glendon E. Johnson, Sr.</b>	
For	Against
922,653,850.704	30,752,400.449
<b>Frank J. Ross, Jr.</b>	
For	Against
926,249,484.992	27,156,766.161
<b>Eleanor B. Schwartz</b>	
For	Against
924,772,061.908	28,634,189.245

**Proposal 2:** To approve for each Portfolio a proposed Agreement and Plan of Reorganization and Termination, pursuant to which the Portfolio would be reorganized into a corresponding series of a newly established Delaware statutory trust, to be named Ivy Funds Variable Insurance Portfolios.

Portfolio	For	Against	Abstain
Pathfinder Aggressive	10,718,178.484	410,369.051	204,765.155
Pathfinder Conservative	3,221,932.505	0	28,578.974
Pathfinder Moderate	20,521,761.859	69,879.600	1,205,270.583
Pathfinder Moderately Aggressive	29,840,666.381	764,038.626	1,202,553.806
Pathfinder Moderately Conservative	8,759,541.265	10,704.143	102,202.604
Asset Strategy	77,130,883.719	2,409,546.694	1,982,099.114
Balanced	44,301,022.507	1,753,758.648	2,201,116.313
Bond	59,730,097.619	1,417,999.809	1,850,632.714
Core Equity	45,867,796.044	1,636,620.802	1,153,721.848
Dividend Opportunities	24,227,416.205	543,359.194	325,968.538
Energy	5,171,557.684	162,312.611	63,595.090
Global Natural Resources	20,568,685.874	457,944.384	861,256.435
Growth	90,652,449.782	4,127,006.244	3,349,089.085
High Income	56,251,749.290	1,682,138.208	1,932,691.880
International Growth	25,249,721.428	698,217.888	507,345.858
International Value	28,303,305.227	1,260,011.030	1,018,717.450
Micro Cap Growth	2,242,827.095	179,826.266	98,484.782
Mid Cap Growth	10,341,814.532	358,224.448	343,071.393
Money Market	195,458,987.289	3,872,234.576	5,376,851.735
Mortgage Securities	5,625,311.450	120,099.078	296,707.754
Real Estate Securities	6,300,285.860	182,005.179	106,306.505
Science and Technology	18,049,768.467	891,056.261	493,603.396
Small Cap Growth	43,748,087.845	1,858,141.718	1,384,428.327
Small Cap Value	13,491,695.577	752,304.521	450,675.684
Value	51,941,389.563	2,455,182.544	1,076,628.056

**Proposal 3:** To authorize a “manager of managers” structure for each of the following Portfolios whereby Waddell & Reed Investment Management Company, with the approval of the Board, will be able to make changes to the unaffiliated sub-advisor(s) to the Portfolio(s) and materially amend investment sub-advisory agreement(s) related to the Portfolio without obtaining shareholder approval.

Portfolio	For	Against	Abstain
Global Natural Resources	20,262,010.482	801,695.424	824,180.787
International Value	27,426,264.542	2,167,620.155	988,149.010
Micro Cap Growth	2,252,406.124	188,045.220	80,686.799
Mortgage Securities	5,576,329.971	182,611.608	283,176.703
Real Estate Securities	6,204,715.445	188,836.675	195,045.424



## PROXY VOTING INFORMATION

### Ivy Funds VIP

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#### Proxy Voting Guidelines

A description of the policies and procedures Ivy Funds Variable Insurance Portfolios 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 Portfolio 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

### Ivy Funds VIP

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A complete schedule of portfolio holdings for the first and third quarters of each fiscal year is filed with the Securities and Exchange Commission (SEC) on the Trust's Form N-Q. This form may be obtained 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.
- On Waddell & Reed's website at [www.waddell.com](http://www.waddell.com).

# The Ivy Funds Variable Insurance Portfolios Family

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## Global/International Portfolios

- International Growth
- International Value

## Domestic Equity Portfolios

- Core Equity
- Dividend Opportunities
- Growth
- Micro Cap Growth
- Mid Cap Growth
- Small Cap Growth
- Small Cap Value
- Value

## Fixed Income Portfolios

- Bond
- High Income
- Mortgage Securities

## Money Market Portfolios

- Money Market

## Specialty Portfolios

- Asset Strategy
- Balanced
- Energy
- Global Natural Resources
- Pathfinder Aggressive
- Pathfinder Conservative
- Pathfinder Moderate
- Pathfinder Moderately Aggressive
- Pathfinder Moderately Conservative
- Real Estate Securities
- Science and Technology

The underlying portfolios discussed in this report are only available as investment options in variable annuity and variable life insurance contracts issued by life insurance companies. They are not offered or made available directly to the general public.

This report is submitted for the general information of the shareholders of Ivy Funds Variable Insurance Portfolios. It is not authorized for distribution to prospective investors in a Portfolio unless accompanied with or preceded by the current Portfolio prospectus as well as the variable product prospectus.

 <div><b>IVY FUNDS</b> <i>Variable Insurance Portfolios</i></div>	<div>6300 Lamar Avenue P.O. Box 29217 Shawnee Mission, KS 66201-9217</div> <div>www.waddell.com</div>
Waddell & Reed, Inc.	

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