

# Semiannual Report

June 30, 2010

## **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 Core Equity  
International Growth  
Micro Cap Growth  
Mid Cap Growth  
Money Market  
Real Estate Securities  
Science and Technology  
Small Cap Growth  
Small Cap Value  
Value



**IVY FUNDS**  
*Variable Insurance Portfolios*

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## Ivy Funds VIP

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Henry J. Herrmann, CFA

### Dear Shareholder:

Over the last six months, investors have witnessed the continuation of economic recovery that began in 2009, when several government programs were implemented to stabilize the economy and financial markets. These aggressive efforts, and similar policies implemented in many foreign markets, helped engender an economic recovery and a financial market rally over the second half of 2009 and into 2010. Investors began to demonstrate some appetite for risk, recognizing the power of the initiatives put in place.

Momentum continued into the first quarter of 2010, albeit at a slower pace. Many economic indicators pointed to continued recovery and increasing stability in the U.S. economy, and investor confidence was further bolstered by stabilization of global credit markets and stronger-than-expected first quarter 2010 corporate profits. Recently, however, optimism abruptly changed with the emergence of the European debt crisis, which created fears of a double-dip recession. The European banking system was negatively impacted when investors began to question the credit quality of several sovereign governments, and whether the Eurozone would be able to move past political strife to gain monetary stability. That scenario, in conjunction with data reflecting slower U.S. economic growth in the second quarter and escalating concern about China's ability to slow the pace of its economy, drove a sharp global correction over the spring and into the summer of 2010. U.S. equity markets closed the six months ended June 30, 2010 with negative results. The S&P 500 Index declined 6.65 percent during the six-month period. Fixed-income markets fared better, as measured by the Citigroup Broad Investment Grade Index, increasing 5.6 percent for the six months.

Numerous challenges remain, including persistent high unemployment and a housing sector that continues to struggle, particularly so after government stimulus expired in the second calendar quarter of 2010. Longer term, we are optimistic that better days are ahead. Interest rates are low, government policy remains accommodative, companies are reporting more robust activity and job creation seems to be developing slowly. The economy in the first calendar quarter of 2010 expanded at a 2.7 percent rate, and preliminary numbers for second-quarter growth appear positive. Corporate profits in the first half of 2010 expanded sharply, creating a backdrop that should translate into a higher stock market, as my belief continues to be that stock prices follow earnings.

### Economic Snapshot

	6/30/10	12/31/09
S&P 500 Index	1030.71	1115.10
MSCI EAFE Index	1348.11	1580.77
Citigroup Broad Investment Grade Index (annualized yield to maturity)	2.62%	3.49%
U.S. unemployment rate	9.5%	10.0%
30-year fixed mortgage rate	4.74%	5.14%
Oil price per barrel	\$75.63	\$79.36

Sources: Bloomberg, U.S. Department of Labor

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

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

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, 2010.

### 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.

	Beginning Account Value 12-31-09	Ending Account Value 6-30-10	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2010</b>				
<b>Pathfinder Aggressive</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$ 945.50	0.10%	\$0.49
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,024.32	0.10%	\$0.51
	Beginning Account Value 12-31-09	Ending Account Value 6-30-10	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2010</b>				
<b>Pathfinder Conservative</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$ 985.10	0.09%	\$0.50
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,024.34	0.09%	\$0.51
	Beginning Account Value 12-31-09	Ending Account Value 6-30-10	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2010</b>				
<b>Pathfinder Moderate</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$ 966.20	0.04%	\$0.20
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,024.58	0.04%	\$0.20
	Beginning Account Value 12-31-09	Ending Account Value 6-30-10	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>For the Six Months Ended June 30, 2010</b>				
<b>Pathfinder Moderately Aggressive</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$ 957.10	0.04%	\$0.20
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,024.57	0.04%	\$0.20

See footnotes on page 7.

For the Six Months Ended June 30, 2010	Beginning Account Value 12-31-09	Ending Account Value 6-30-10	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Pathfinder Moderately Conservative</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$ 976.50	0.07%	\$0.30
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,024.45	0.07%	\$0.30
For the Six Months Ended June 30, 2010	Beginning Account Value 12-31-09	Ending Account Value 6-30-10	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Asset Strategy</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$ 922.00	1.04%	\$4.90
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,019.65	1.04%	\$5.15
For the Six Months Ended June 30, 2010	Beginning Account Value 12-31-09	Ending Account Value 6-30-10	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Balanced</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$ 980.80	1.03%	\$5.05
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,019.68	1.03%	\$5.15
For the Six Months Ended June 30, 2010	Beginning Account Value 12-31-09	Ending Account Value 6-30-10	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Bond</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,047.90	0.79%	\$3.99
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,020.88	0.79%	\$3.94
For the Six Months Ended June 30, 2010	Beginning Account Value 12-31-09	Ending Account Value 6-30-10	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Core Equity</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$ 950.50	0.98%	\$4.68
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,019.95	0.98%	\$4.85
For the Six Months Ended June 30, 2010	Beginning Account Value 12-31-09	Ending Account Value 6-30-10	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Dividend Opportunities</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$ 902.80	1.03%	\$4.85
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,019.68	1.03%	\$5.15
For the Six Months Ended June 30, 2010	Beginning Account Value 12-31-09	Ending Account Value 6-30-10	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Energy</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$ 877.50	1.29%	\$6.01
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,018.42	1.29%	\$6.46

See footnotes on page 7.

For the Six Months Ended June 30, 2010	Beginning Account Value 12-31-09	Ending Account Value 6-30-10	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Global Natural Resources</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$ 829.50	1.39%	\$6.31
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,017.92	1.39%	\$6.96
For the Six Months Ended June 30, 2010	Beginning Account Value 12-31-09	Ending Account Value 6-30-10	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Growth</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$ 908.00	0.98%	\$4.67
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,019.92	0.98%	\$4.95
For the Six Months Ended June 30, 2010	Beginning Account Value 12-31-09	Ending Account Value 6-30-10	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>High Income</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,038.10	0.92%	\$4.69
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,020.23	0.92%	\$4.65
For the Six Months Ended June 30, 2010	Beginning Account Value 12-31-09	Ending Account Value 6-30-10	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>International Core Equity</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$ 883.30	1.21%	\$5.65
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,018.80	1.21%	\$6.06
For the Six Months Ended June 30, 2010	Beginning Account Value 12-31-09	Ending Account Value 6-30-10	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>International Growth</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$ 893.70	1.18%	\$5.49
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,018.96	1.18%	\$5.85
For the Six Months Ended June 30, 2010	Beginning Account Value 12-31-09	Ending Account Value 6-30-10	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Micro Cap Growth</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,026.30	1.38%	\$6.89
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,017.97	1.38%	\$6.86
For the Six Months Ended June 30, 2010	Beginning Account Value 12-31-09	Ending Account Value 6-30-10	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Mid Cap Growth</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$ 995.60	1.19%	\$5.89
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,018.91	1.19%	\$5.96

See footnotes on page 7.

For the Six Months Ended June 30, 2010	Beginning Account Value 12-31-09	Ending Account Value 6-30-10	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Money Market</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,000.60	0.49%	\$2.40
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,022.35	0.49%	\$2.43
For the Six Months Ended June 30, 2010	Beginning Account Value 12-31-09	Ending Account Value 6-30-10	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Real Estate Securities</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$1,055.80	1.41%	\$7.20
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,017.81	1.41%	\$7.06
For the Six Months Ended June 30, 2010	Beginning Account Value 12-31-09	Ending Account Value 6-30-10	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Science and Technology</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$ 909.30	1.17%	\$5.54
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,019.00	1.17%	\$5.86
For the Six Months Ended June 30, 2010	Beginning Account Value 12-31-09	Ending Account Value 6-30-10	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Small Cap Growth</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$ 974.60	1.16%	\$5.63
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,019.06	1.16%	\$5.75
For the Six Months Ended June 30, 2010	Beginning Account Value 12-31-09	Ending Account Value 6-30-10	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Small Cap Value</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$ 969.50	1.19%	\$5.81
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,018.90	1.19%	\$5.96
For the Six Months Ended June 30, 2010	Beginning Account Value 12-31-09	Ending Account Value 6-30-10	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Value</b>				
Based on Actual Portfolio Return <sup>(1)</sup>	\$1,000	\$ 964.30	1.02%	\$5.01
Based on 5% Return <sup>(2)</sup>	\$1,000	\$1,019.73	1.02%	\$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, 2010, 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.

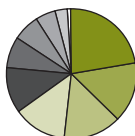
The above illustrations are based on ongoing costs only.

# PORTFOLIO HIGHLIGHTS

## Pathfinder Portfolios

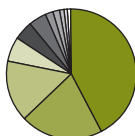
ALL DATA IS AS OF JUNE 30, 2010 (UNAUDITED)

### Pathfinder Aggressive – Asset Allocation



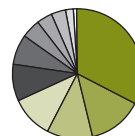
Ivy Funds VIP Bond <sup>(1)</sup>	22.85%
Ivy Funds VIP International Growth	15.52%
Ivy Funds VIP Growth	14.30%
Ivy Funds VIP International Core Equity	13.47%
Ivy Funds VIP Dividend Opportunities	11.33%
Ivy Funds VIP Small Cap Value	7.60%
Ivy Funds VIP Value	6.76%
Ivy Funds VIP Mid Cap Growth	5.08%
Ivy Funds VIP Small Cap Growth	2.97%
Cash and Cash Equivalents	0.12%

### Pathfinder Conservative – Asset Allocation



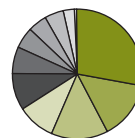
Ivy Funds VIP Bond <sup>(1)</sup>	42.58%
Ivy Funds VIP Money Market	20.67%
Ivy Funds VIP Dividend Opportunities	15.12%
Ivy Funds VIP Growth	6.28%
Ivy Funds VIP International Growth	4.57%
Ivy Funds VIP International Core Equity	4.54%
Ivy Funds VIP Mid Cap Growth	1.90%
Ivy Funds VIP Value	1.81%
Ivy Funds VIP Small Cap Growth	0.93%
Ivy Funds VIP Small Cap Value	0.89%
Cash and Cash Equivalents	0.71%

### Pathfinder Moderate – Asset Allocation



Ivy Funds VIP Bond <sup>(1)</sup>	32.91%
Ivy Funds VIP Dividend Opportunities <sup>(1)</sup>	13.69%
Ivy Funds VIP International Growth	11.26%
Ivy Funds VIP Money Market	10.65%
Ivy Funds VIP Growth <sup>(1)</sup>	9.21%
Ivy Funds VIP International Core Equity	7.45%
Ivy Funds VIP Value	4.66%
Ivy Funds VIP Mid Cap Growth	3.91%
Ivy Funds VIP Small Cap Value	3.67%
Ivy Funds VIP Small Cap Growth	1.91%
Cash and Cash Equivalents	0.68%

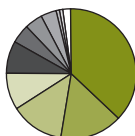
### Pathfinder Moderately Aggressive – Asset Allocation



Ivy Funds VIP Bond <sup>(1)</sup>	27.94%
Ivy Funds VIP International Growth	14.37%
Ivy Funds VIP Dividend Opportunities <sup>(1)</sup>	13.97%
Ivy Funds VIP International Core Equity <sup>(1)</sup>	9.51%
Ivy Funds VIP Growth <sup>(1)</sup>	9.40%
Ivy Funds VIP Small Cap Value	6.54%
Ivy Funds VIP Money Market	5.43%
Ivy Funds VIP Mid Cap Growth	4.99%
Ivy Funds VIP Value	4.75%
Ivy Funds VIP Small Cap Growth	2.92%
Cash and Cash Equivalents	0.18%



## Pathfinder Moderately Conservative – Asset Allocation



Ivy Funds VIP Bond <sup>(1)</sup>	37.43%
Ivy Funds VIP Money Market	15.56%
Ivy Funds VIP Dividend Opportunities	13.33%
Ivy Funds VIP International Growth	9.14%
Ivy Funds VIP Growth	8.07%
Ivy Funds VIP Value	4.54%
Ivy Funds VIP International Core Equity <sup>(1)</sup>	4.53%
Ivy Funds VIP Mid Cap Growth	3.81%
Ivy Funds VIP Small Cap Growth	0.93%
Ivy Funds VIP Small Cap Value	0.89%
Cash and Cash Equivalents	1.77%

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

# SCHEDULE OF INVESTMENTS

## Pathfinder Portfolios *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

### Pathfinder Aggressive

AFFILIATED MUTUAL FUNDS	Shares	Value
Ivy Funds VIP Bond .....	2,429	\$13,429
Ivy Funds VIP Dividend Opportunities .....	1,252	6,662
Ivy Funds VIP Growth .....	1,005	8,408
Ivy Funds VIP International Core Equity .....	592	7,922
Ivy Funds VIP International Growth .....	1,378	9,126
Ivy Funds VIP Mid Cap Growth .....	454	2,986
Ivy Funds VIP Small Cap Growth (A) .....	219	1,744
Ivy Funds VIP Small Cap Value .....	347	4,467
Ivy Funds VIP Value .....	808	3,973
<b>TOTAL AFFILIATED MUTUAL FUNDS – 99.88%</b>		<b>\$58,717</b>
(Cost: \$66,664)		
<b>SHORT-TERM SECURITIES – 0.13%</b>	<b>Principal</b>	
<b>Master Note</b>		
Toyota Motor Credit Corporation, 0.228%, 7–1–10 (B) .....	\$75	\$ 75
(Cost: \$75)		
<b>TOTAL INVESTMENT SECURITIES – 100.01%</b>		<b>\$58,792</b>
(Cost: \$66,739)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.01%)</b>		<b>(2)</b>
<b>NET ASSETS – 100.00%</b>		<b>\$58,790</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, 2010. Date shown represents the date that the variable rate resets.

### Pathfinder Conservative

AFFILIATED MUTUAL FUNDS	Shares	Value
Ivy Funds VIP Bond .....	4,078	\$22,550
Ivy Funds VIP Dividend Opportunities .....	1,505	8,009
Ivy Funds VIP Growth .....	398	3,327
Ivy Funds VIP International Core Equity .....	180	2,405
Ivy Funds VIP International Growth .....	366	2,422
Ivy Funds VIP Mid Cap Growth .....	153	1,008
Ivy Funds VIP Money Market .....	10,951	10,951
Ivy Funds VIP Small Cap Growth (A) .....	62	491
Ivy Funds VIP Small Cap Value .....	37	473
Ivy Funds VIP Value .....	195	961
<b>TOTAL AFFILIATED MUTUAL FUNDS – 99.29%</b>		<b>\$52,597</b>
(Cost: \$52,345)		
<b>SHORT-TERM SECURITIES – 0.24%</b>	<b>Principal</b>	
<b>Master Note</b>		
Toyota Motor Credit Corporation, 0.228%, 7–1–10 (B) .....	\$125	\$ 125
(Cost: \$125)		
<b>TOTAL INVESTMENT SECURITIES – 99.53%</b>		<b>\$52,722</b>
(Cost: \$52,470)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.47%</b>		<b>252</b>
<b>NET ASSETS – 100.00%</b>		<b>\$52,974</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, 2010. Date shown represents the date that the variable rate resets.

# SCHEDULE OF INVESTMENTS

## Pathfinder Portfolios *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

### Pathfinder Moderate

AFFILIATED MUTUAL FUNDS	Shares	Value
Ivy Funds VIP Bond .....	20,014	\$ 110,669
Ivy Funds VIP Dividend Opportunities .....	8,646	46,010
Ivy Funds VIP Growth .....	3,698	30,955
Ivy Funds VIP International Core Equity .....	1,870	25,029
Ivy Funds VIP International Growth .....	5,711	37,834
Ivy Funds VIP Mid Cap Growth .....	2,000	13,154
Ivy Funds VIP Money Market .....	35,801	35,801
Ivy Funds VIP Small Cap Growth (A) .....	805	6,409
Ivy Funds VIP Small Cap Value .....	958	12,325
Ivy Funds VIP Value .....	3,185	15,661

**TOTAL AFFILIATED MUTUAL FUNDS – 99.32%** **\$ 333,847**  
(Cost: \$338,661)

SHORT-TERM SECURITIES – 0.10%	Principal
<b>Master Note</b>	
Toyota Motor Credit Corporation, 0.228%, 7–1–10 (B) .....	\$ 348 <b>\$ 348</b>

**TOTAL INVESTMENT SECURITIES – 99.42%** **\$ 334,195**  
(Cost: \$339,009)

**CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.58%** **1,943**

**NET ASSETS – 100.00%** **\$ 336,138**

#### 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, 2010. Date shown represents the date that the variable rate resets.

### Pathfinder Moderately Aggressive

AFFILIATED MUTUAL FUNDS	Shares	Value
Ivy Funds VIP Bond .....	17,370	\$ 96,045
Ivy Funds VIP Dividend Opportunities .....	9,027	48,037
Ivy Funds VIP Growth .....	3,861	32,315
Ivy Funds VIP International Core Equity .....	2,443	32,695
Ivy Funds VIP International Growth .....	7,460	49,419
Ivy Funds VIP Mid Cap Growth .....	2,607	17,146
Ivy Funds VIP Money Market .....	18,652	18,652
Ivy Funds VIP Small Cap Growth (A) .....	1,259	10,027
Ivy Funds VIP Small Cap Value .....	1,748	22,502
Ivy Funds VIP Value .....	3,324	16,344

**TOTAL AFFILIATED MUTUAL FUNDS – 99.82%** **\$ 343,182**  
(Cost: \$350,697)

SHORT-TERM SECURITIES – 0.19%	Principal
<b>Master Note</b>	
Toyota Motor Credit Corporation, 0.228%, 7–1–10 (B) .....	\$642 <b>\$ 642</b>

**TOTAL INVESTMENT SECURITIES – 100.01%** **\$ 343,824**  
(Cost: \$351,339)

**LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.01%)** **(19)**

**NET ASSETS – 100.00%** **\$ 343,805**

#### 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, 2010. Date shown represents the date that the variable rate resets.

# SCHEDULE OF INVESTMENTS

## Pathfinder Portfolios *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

### Pathfinder Moderately Conservative

AFFILIATED MUTUAL FUNDS	Shares	Value
Ivy Funds VIP Bond .....	7,380	\$ 40,808
Ivy Funds VIP Dividend Opportunities .....	2,731	14,536
Ivy Funds VIP Growth .....	1,052	8,803
Ivy Funds VIP International Core Equity .....	369	4,944
Ivy Funds VIP International Growth .....	1,504	9,965
Ivy Funds VIP Mid Cap Growth .....	632	4,158
Ivy Funds VIP Money Market .....	16,973	16,973
Ivy Funds VIP Small Cap Growth (A) .....	127	1,013
Ivy Funds VIP Small Cap Value .....	76	973
Ivy Funds VIP Value .....	1,006	4,948

**TOTAL AFFILIATED MUTUAL FUNDS – 98.23%** **\$ 107,121**

(Cost: \$107,301)

**SHORT-TERM SECURITIES – 0.17%** **Principal**

#### Master Note

Toyota Motor Credit Corporation, 0.228%, 7–1–10 (B) .....	\$181	\$ 181
--	-------	--------

(Cost: \$181)

**TOTAL INVESTMENT SECURITIES – 98.40%** **\$ 107,302**

(Cost: \$107,482)

**CASH AND OTHER ASSETS, NET OF LIABILITIES – 1.60%** **1,745**

**NET ASSETS – 100.00%** **\$ 109,047**

#### Notes to Schedule of Investments

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

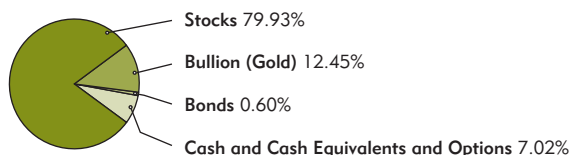
(B) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2010. Date shown represents the date that the variable rate resets.

# PORTFOLIO HIGHLIGHTS

## Asset Strategy

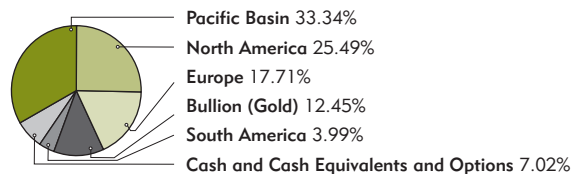
ALL DATA IS AS OF JUNE 30, 2010 (UNAUDITED)

### Asset Allocation



<b>Stocks</b>	<b>79.93%</b>
Consumer Discretionary	24.65%
Financials	18.12%
Information Technology	17.69%
Energy	7.09%
Materials	5.09%
Industrials	2.66%
Consumer Staples	2.62%
Telecommunication Services	1.43%
Health Care	0.58%
<b>Bullion (Gold)</b>	<b>12.45%</b>
<b>Bonds</b>	<b>0.60%</b>
Corporate Debt Securities	0.43%
United States Government and Government Agency Obligations	0.17%
<b>Cash and Cash Equivalents and Options</b>	<b>7.02%</b>

### Country Weightings



<b>Pacific Basin</b>	<b>33.34%</b>
China	15.96%
South Korea	6.11%
Hong Kong	4.96%
Taiwan	3.86%
Other Pacific Basin	2.45%
<b>North America</b>	<b>25.49%</b>
United States	25.46%
Other North America	0.03%
<b>Europe</b>	<b>17.71%</b>
United Kingdom	5.24%
Other Europe	12.47%
<b>Bullion (Gold)</b>	<b>12.45%</b>
<b>South America</b>	<b>3.99%</b>
Brazil	3.99%
<b>Cash and Cash Equivalents and Options</b>	<b>7.02%</b>

### Top 10 Equity Holdings

Company	Country	Sector
Wynn Resorts, Limited	United States	Consumer Discretionary
Hyundai Motor Company	South Korea	Consumer Discretionary
Industrial and Commercial Bank of China Limited, H Shares	China	Financials
MediaTek Incorporation	Taiwan	Information Technology
Standard Chartered plc	United Kingdom	Financials
Sands China Ltd.	China	Consumer Discretionary
China Life Insurance Company Limited, H Shares	China	Financials
Apple Inc.	United States	Information Technology
Starwood Hotels & Resorts Worldwide, Inc.	United States	Consumer Discretionary
Volkswagen AG	Germany	Consumer Discretionary

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

# SCHEDULE OF INVESTMENTS

## Asset Strategy *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
<b>Apparel, Accessories &amp; Luxury Goods – 2.58%</b>			<b>Diversified Banks – 9.79%</b>		
Compagnie Financiere Richemont S.A. (A) . . .	406	\$ 14,170	Banco Santander (Brasil) S.A., Units (A)(D) . . .	876	\$ 9,028
LVMH Moet Hennessy – Louis Vuitton (A) . . .	124	13,497	Banco Santander Central Hispano, S.A. (A) . . .	497	5,210
		27,667	BOC Hong Kong (Holdings) Limited (A) . . . . .	1,613	3,672
<b>Automobile Manufacturers – 4.49%</b>			HDFC Bank Limited (A) . . . . .	27	1,125
Hyundai Motor Company (A) . . . . .	412	48,184	ICICI Bank Limited (A) . . . . .	668	12,225
			Industrial and Commercial Bank of China Limited, H Shares (A) . . . . .	46,890	34,081
<b>Biotechnology – 0.53%</b>			Standard Chartered plc (A)(D) . . . . .	190	4,622
Amgen Inc. (B)(C) . . . . .	53	2,809	Standard Chartered plc (A) . . . . .	1,312	31,948
Vertex Pharmaceuticals Incorporated (B) . . . .	89	2,932	State Bank of India (A) . . . . .	65	3,195
		5,741			105,106
<b>Broadcasting – 0.32%</b>			<b>Diversified Metals &amp; Mining – 3.55%</b>		
CBS Corporation, Class B . . . . .	270	3,490	Anglo American plc (A)(B) . . . . .	196	6,826
			Companhia Vale de Rio Doce, ADR . . . . .	265	6,448
<b>Casinos &amp; Gaming – 8.60%</b>			Freeport-McMoRan Copper & Gold Inc., Class B (C) . . . . .	201	11,903
Sands China Ltd. (A)(B)(D) . . . . .	19,288	28,507	Xstrata plc (A) . . . . .	990	12,962
Sands China Ltd. (A)(B) . . . . .	4,308	6,367			38,139
Wynn Macau, Limited (A)(B)(D) . . . . .	839	1,368	<b>Electrical Components &amp; Equipment – 0.41%</b>		
Wynn Macau, Limited (A)(B) . . . . .	4,813	7,848	First Solar, Inc. (B)(C) . . . . .	39	4,382
Wynn Resorts, Limited . . . . .	633	48,256			
		92,346	<b>Footwear – 0.96%</b>		
<b>Coal &amp; Consumable Fuels – 0.94%</b>			NIKE, Inc., Class B . . . . .	153	10,355
China Shenhua Energy Company Limited, H Shares (A) . . . . .	2,807	10,125			
<b>Communications Equipment – 0.90%</b>			<b>Hotels, Resorts &amp; Cruise Lines – 2.53%</b>		
Juniper Networks, Inc. (B)(C) . . . . .	421	9,614	Ctrip.com International, Ltd. (B) . . . . .	167	6,275
			Starwood Hotels & Resorts Worldwide, Inc. . . .	503	20,856
<b>Computer Hardware – 2.97%</b>					27,131
Apple Inc. (B)(C) . . . . .	111	27,819	<b>Industrial Conglomerates – 0.09%</b>		
Lenovo Group Limited (A) . . . . .	7,550	4,051	General Electric Company . . . . .	67	960
		31,870	<b>Integrated Oil &amp; Gas – 0.64%</b>		
<b>Computer Storage &amp; Peripherals – 1.24%</b>			ConocoPhillips (C) . . . . .	140	6,882
NetApp, Inc. (B) . . . . .	357	13,327			
<b>Construction &amp; Farm Machinery &amp; Heavy Trucks – 0.92%</b>			<b>IT Consulting &amp; Other Services – 2.12%</b>		
AB Volvo, Class B (A) . . . . .	377	4,174	Cognizant Technology Solutions Corporation, Class A (B)(C) . . . . .	287	14,368
Cummins Inc. . . . .	87	5,692	Infosys Technologies Limited, ADR . . . . .	141	8,417
		9,866			22,785
<b>Construction Materials – 1.54%</b>			<b>Life &amp; Health Insurance – 2.65%</b>		
Holcim Ltd, Registered Shares (A) . . . . .	136	9,110	China Life Insurance Company Limited, H Shares (A) . . . . .	6,495	28,405
Lafarge (A) . . . . .	136	7,438	Prudential plc (A) . . . . .	7	50
		16,548			28,455
<b>Consumer Electronics – 1.09%</b>			<b>Multi-Line Insurance – 0.54%</b>		
Koninklijke Philips Electronics N.V., Ordinary Shares (A) . . . . .	392	11,702	China Pacific Insurance (Group) Company Limited, H Shares (A) . . . . .	1,475	5,836
<b>Data Processing &amp; Outsourced Services – 0.98%</b>			<b>Oil &amp; Gas Drilling – 1.28%</b>		
Redecard S.A. (A) . . . . .	746	10,547	Seadrill Limited (A) . . . . .	761	13,722
<b>Distributors – 1.26%</b>			<b>Oil &amp; Gas Equipment &amp; Services – 3.23%</b>		
Li & Fung Limited (A) . . . . .	3,022	13,521	Halliburton Company (C) . . . . .	696	17,097
			Schlumberger Limited (C) . . . . .	318	17,577
					34,674

# SCHEDULE OF INVESTMENTS

## Asset Strategy *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

COMMON STOCKS (Continued)	Shares	Value
<b>Oil &amp; Gas Exploration &amp; Production – 1.00%</b>		
CNOOC Limited (A) . . . . .	6,322	\$ 10,745
<b>Personal Products – 1.57%</b>		
Hengan International Group Company Limited (A) . . . . .	1,156	9,360
Mead Johnson Nutrition Company . . . . .	150	7,498
		<u>16,858</u>
<b>Pharmaceuticals – 0.05%</b>		
Allergan, Inc. . . . .	9	524
<b>Real Estate Development – 1.62%</b>		
China Overseas Land & Investment Limited (A) . . . . .	4,478	8,344
China Resources Land Limited (A) . . . . .	4,826	9,074
		<u>17,418</u>
<b>Real Estate Operating Companies – 0.78%</b>		
Renhe Commercial Holdings Company Limited (A)(D). . . . .	40,686	8,419
<b>Semiconductor Equipment – 1.67%</b>		
Applied Materials, Inc. . . . .	644	7,738
ASML Holding N.V., Ordinary Shares (A) . . . . .	369	10,153
		<u>17,891</u>
<b>Semiconductors – 7.81%</b>		
Intel Corporation . . . . .	883	17,167
MediaTek Incorporation (A) . . . . .	2,308	32,219
PMC-Sierra, Inc. (B) . . . . .	1,045	7,861
Samsung Electronics Co., Ltd. (A) . . . . .	28	17,437
Taiwan Semiconductor Manufacturing Company Ltd. (A) . . . . .	4,962	9,274
		<u>83,958</u>
<b>Specialized Finance – 1.20%</b>		
Hong Kong Exchanges and Clearing Limited (A) . . . . .	824	12,848
<b>Tobacco – 1.05%</b>		
Philip Morris International Inc. (C) . . . . .	247	11,309
<b>Trucking – 1.24%</b>		
A.P. Moller – Maersk A/S (A) . . . . .	2	13,390
<b>Wireless Telecommunication Service – 1.43%</b>		
China Mobile Limited (A) . . . . .	1,141	11,339
China Unicom Limited (A) . . . . .	2,990	3,999
		<u>15,338</u>
<b>TOTAL COMMON STOCKS – 75.57%</b>		<b>\$ 811,673</b>
(Cost: \$771,307)		

### INVESTMENT FUNDS – 0.13%

<b>Multiple Industry</b>		
Vietnam Azalea Fund Limited (B)(E)(F) . . . . .	300	\$ 1,416
(Cost: \$1,982)		

PREFERRED STOCKS	Shares	Value
<b>Automobile Manufacturers – 2.82%</b>		
Volkswagen AG (A)(D) . . . . .	114	\$ 10,065
Volkswagen AG (A) . . . . .	230	20,246
		<u>30,311</u>
<b>Diversified Banks – 1.41%</b>		
Itau Unibanco Holding S.A., ADR (B) . . . . .	857	15,133
<b>TOTAL PREFERRED STOCKS – 4.23%</b>		<b>\$ 45,444</b>
(Cost: \$43,853)		
CORPORATE DEBT SECURITIES	Principal	
<b>Beverage / Bottling – 0.05%</b>		
Companhia Brasileira de Bebidas, 10.500%, 12–15–11 . . . . .	\$ 500	564
<b>Construction Materials – 0.09%</b>		
CEMEX Espana, S.A., 9.250%, 5–12–20 (G) . . . . .	1,115	969
<b>Finance Companies – 0.10%</b>		
Toyota Motor Credit Corporation, 3.740%, 1–18–15 (H) . . . . .	1,050	1,029
<b>Forest Products – 0.05%</b>		
Sino-Forest Corporation, 10.250%, 7–28–14 (D) . . . . .	475	505
<b>Homebuilding – 0.03%</b>		
Desarrolladora Homex, S.A. de C.V., 7.500%, 9–28–15 . . . . .	327	321
<b>Utilities – 0.11%</b>		
CESP – Companhia Energetica de Sao Paulo, 9.750%, 1–15–15 (G)(I) . . . . .	BRL1,800	1,228
<b>TOTAL CORPORATE DEBT SECURITIES – 0.43%</b>		<b>\$ 4,616</b>
(Cost: \$4,675)		

PUT OPTIONS – 0.26%	Number of Contracts	
Euro (Currency), Sep \$1.23, Expires 9–17–10 . . . . .	—*	\$ 2,844
(Cost: \$2,584)		

# SCHEDULE OF INVESTMENTS

**Asset Strategy** (in thousands)

JUNE 30, 2010 (UNAUDITED)

UNITED STATES GOVERNMENT AGENCY OBLIGATIONS – 0.17%			Principal	Value
<b>Mortgage-Backed Obligations</b>				
Federal Home Loan Mortgage Corporation				
Agency REMIC/CMO (Interest Only): (J)				
5.500%, 9–15–17 .....	\$2,618	\$	209	
5.000%, 11–15–17 .....	218		12	
5.000%, 4–15–19 .....	467		27	
5.000%, 4–15–19 .....	219		10	
5.000%, 11–15–22 .....	196		6	
5.500%, 3–15–23 .....	461		49	
5.000%, 5–15–23 .....	373		14	
5.000%, 8–15–23 .....	302		15	
5.500%, 4–15–25 .....	88		3	
5.500%, 10–15–25 .....	1,096		121	
5.000%, 4–15–26 .....	113		—*	
5.000%, 10–15–28 .....	459		9	
5.500%, 2–15–30 .....	194		6	
5.000%, 8–15–30 .....	352		9	
5.500%, 3–15–31 .....	367		16	
6.000%, 11–15–35 .....	608		83	
Federal National Mortgage Association Agency				
REMIC/CMO (Interest Only): (J)				
5.000%, 5–25–22 .....	213		4	
5.500%, 6–25–23 .....	579		66	
5.000%, 7–25–23 .....	1,354		172	
5.000%, 8–25–23 .....	387		18	
5.000%, 11–25–23 .....	484		30	
5.000%, 9–25–30 .....	466		14	
5.500%, 8–25–33 .....	820		101	
5.500%, 4–25–34 .....	1,391		156	
5.500%, 11–25–36 .....	1,977		224	
Government National Mortgage Association				
Agency REMIC/CMO (Interest Only): (J)				
5.000%, 1–20–30 .....	669		14	
5.000%, 6–20–31 .....	866		38	
5.500%, 3–20–32 .....	517		47	
5.000%, 7–20–33 .....	274		20	
5.500%, 11–20–33 .....	1,106		87	
5.500%, 6–20–35 .....	838		112	
5.500%, 7–20–35 .....	436		62	
5.500%, 7–20–35 .....	267		19	
5.500%, 10–16–35 .....	407		48	
(Cost: \$3,353)				
			<b>\$</b>	<b>1,821</b>

BULLION – 12.45%			Troy Ounces	
Gold .....	108			<b>\$ 133,710</b>
(Cost: \$88,180)				

## Notes to Schedule of Investments

The following forward foreign currency contracts were outstanding at June 30, 2010:

Type	Currency	Counterparty	Principal Amount of Contract (Denominated in Indicated Currency)	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
Buy	Chinese Yuan Renminbi	Deutsche Bank AG	195,850	6–25–12	\$ —	\$ 312
Buy	Chinese Yuan Renminbi	Citibank, N.A.	62,400	6–28–12	—	34
Sell	Euro	Citibank, N.A.	16,600	12–20–10	164	—
Sell	Euro	Morgan Stanley International	23,900	3–24–11	178	—
Buy	Japanese Yen	Goldman Sachs International	631,064	7–13–10	224	—
Buy	Japanese Yen	Deutsche Bank AG	85,616	12–13–10	34	—
Sell	Japanese Yen	Citibank, N.A.	3,610,500	12–20–10	—	1,692
Buy	Norwegian Krone	Citibank, N.A.	267	10–20–10	—	4
Sell	Norwegian Krone	Morgan Stanley International	4,180	8–10–10	—	15
Sell	Norwegian Krone	Bank of America NT & SA	72	10–20–10	1	—
Buy	Swiss Franc	Deutsche Bank AG	289	8–25–10	—	3
					<b>\$ 601</b>	<b>\$ 2,060</b>

SHORT-TERM SECURITIES			Principal	Value
<b>Commercial Paper (K) – 6.51%</b>				
American Honda Finance Corp.,				
0.220%, 7–7–10 .....	\$ 5,000	\$	5,000	
Bemis Company, Inc.,				
0.340%, 7–7–10 .....	5,000		5,000	
Corporacion Andina de Fomento,				
0.160%, 7–2–10 .....	4,870		4,870	
General Mills, Inc.,				
0.320%, 7–9–10 .....	5,000		5,000	
Heinz (H.J.) Finance Co. (Heinz (H.J.) Co.),				
0.350%, 7–26–10 .....	5,000		4,999	
Hewlett-Packard Company,				
0.150%, 7–23–10 .....	5,000		5,000	
McDonald's Corporation,				
0.200%, 7–12–10 .....	6,000		5,999	
Societe Generale N.A. Inc.,				
0.000%, 7–1–10 .....	20,090		20,089	
Straight-A Funding, LLC (Federal Financing Bank),				
0.290%, 8–12–10 .....	9,000		8,996	
Volkswagen of America Inc.,				
0.340%, 7–6–10 .....	5,000		5,000	
				<b>69,953</b>
<b>Commercial Paper (backed by irrevocable bank letter of credit) (K) – 0.29%</b>				
River Fuel Funding Company #3, Inc. (Bank of New York (The)),				
0.290%, 7–12–10 .....	3,108		3,108	
<b>Municipal Obligations – Taxable – 0.19%</b>				
MI Strategic Fund, Var Rate Demand Ltd Oblig Rev Bonds (Air Products and Chemicals, Inc. Proj), Ser 2007 (Bank of New York (The)),				
0.480%, 7–1–10 (L) .....	2,000		2,000	
<b>TOTAL SHORT-TERM SECURITIES – 6.99%</b>				<b>\$ 75,061</b>
(Cost: \$75,061)				
<b>TOTAL INVESTMENT SECURITIES – 100.23%</b>				<b>\$1,076,585</b>
(Cost: \$990,995)				
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.23%)</b>				<b>(2,477)</b>
<b>NET ASSETS – 100.00%</b>				<b>\$1,074,108</b>



# SCHEDULE OF INVESTMENTS

## Asset Strategy *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

The following written options were outstanding at June 30, 2010:

Underlying Security	Counterparty	Contracts Subject to Put	Expiration Month	Exercise Price	Premium Received	Market Value
Euro (Currency)	Deutsche Bank AG	—*	September 2010	\$1.16	\$764	\$(837)

\*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 serve as collateral for the following open futures contracts at June 30, 2010:

Description	Type	Expiration Date	Number of Contracts	Market Value	Unrealized Appreciation
Russell 2000 Index	Short	9-17-10	1	\$ (43,215)	\$ 3,714
Dow Jones Euro STOXX 50 Index	Short	9-17-10	3	(87,222)	5,439
S&P 500 E-mini	Short	9-17-10	1	(72,427)	4,718
Nasdaq 100 E-mini	Short	9-17-10	1	(42,824)	3,606
				<u>\$ (245,688)</u>	<u>\$ 17,477</u>

(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, 2010, the total value of these securities amounted to \$62,514 or 5.82% of net assets.

(E) Illiquid restricted security. At June 30, 2010, the Portfolio owned the following restricted security:

Security	Acquisition Date(s)	Shares	Cost	Market Value
Vietnam Azalea Fund Limited	6-14-07 to 1-28-09	300	\$ 1,982	\$1,416

The total value of this security represented approximately 0.13% of net assets at June 30, 2010.

(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, 2010.

(G) 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, 2010, the total value of these securities amounted to \$2,197 or 0.20% of net assets.

(H) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2010.

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

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

(K) Rate shown is the yield to maturity at June 30, 2010.

(L) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2010. Date shown represents the date that the variable rate resets.

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts

CMO = Collateralized Mortgage Obligation

REMIC = Real Estate Mortgage Investment Conduit

### Country Diversification

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

United States	25.46%
China	15.96%
South Korea	6.11%
United Kingdom	5.24%
Hong Kong	4.96%
Brazil	3.99%
Taiwan	3.86%
Germany	2.82%
India	2.32%
Switzerland	2.17%

### Country Diversification (Continued)

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

Netherlands	2.04%
France	1.95%
Norway	1.28%
Denmark	1.24%
Spain	0.58%
Sweden	0.39%
Vietnam	0.13%
Mexico	0.03%
Other+	19.47%

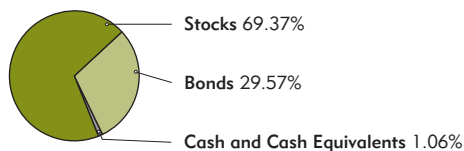
+ Includes gold bullion, options, cash and cash equivalents and other assets and liabilities

# PORTFOLIO HIGHLIGHTS

## Balanced

ALL DATA IS AS OF JUNE 30, 2010 (UNAUDITED)

### Asset Allocation



<b>Stocks</b>	<b>69.37%</b>
Information Technology	14.85%
Industrials	12.49%
Consumer Discretionary	10.80%
Consumer Staples	9.13%
Financials	8.13%
Energy	6.61%
Health Care	5.06%
Materials	1.35%
Utilities	0.95%
<b>Bonds</b>	<b>29.57%</b>
Corporate Debt Securities	16.54%
United States Government and Government Agency Obligations	12.53%
Other Government Securities	0.50%
<b>Cash and Cash Equivalents</b>	<b>1.06%</b>

### Top 10 Equity Holdings

Company	Sector
Apple Inc.	Information Technology
Microchip Technology Incorporated	Information Technology
JPMorgan Chase & Co.	Financials
Colgate-Palmolive Company	Consumer Staples
Emerson Electric Co.	Industrials
ConocoPhillips	Energy
Travelers Companies, Inc. (The)	Financials
Bank of America Corporation	Financials
Cisco Systems, Inc.	Information Technology
PepsiCo, Inc.	Consumer Staples

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

# SCHEDULE OF INVESTMENTS

**Balanced** (in thousands)

JUNE 30, 2010 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Aerospace &amp; Defense – 1.88%</b>		
Honeywell International Inc. ....	106	\$ 4,132
Precision Castparts Corp. ....	21	2,141
		<u>6,273</u>
<b>Air Freight &amp; Logistics – 1.15%</b>		
Expeditors International of Washington, Inc. ....	112	3,848
		<u>3,848</u>
<b>Auto Parts &amp; Equipment – 2.35%</b>		
BorgWarner Inc. (A) ....	128	4,784
Johnson Controls, Inc. ....	114	3,071
		<u>7,855</u>
<b>Automobile Manufacturers – 0.62%</b>		
Ford Motor Company (A) ....	205	2,062
		<u>2,062</u>
<b>Broadcasting – 0.98%</b>		
CBS Corporation, Class B ....	253	3,276
		<u>3,276</u>
<b>Casinos &amp; Gaming – 1.21%</b>		
Wynn Resorts, Limited ....	53	4,027
		<u>4,027</u>
<b>Communications Equipment – 1.56%</b>		
Cisco Systems, Inc. (A) ....	245	5,215
		<u>5,215</u>
<b>Computer Hardware – 4.39%</b>		
Apple Inc. (A) ....	38	9,583
Hewlett-Packard Company ....	117	5,072
		<u>14,655</u>
<b>Construction &amp; Engineering – 1.31%</b>		
Quanta Services, Inc. (A) ....	213	4,392
		<u>4,392</u>
<b>Data Processing &amp; Outsourced Services – 0.93%</b>		
Paychex, Inc. ....	120	3,109
		<u>3,109</u>
<b>Distillers &amp; Vintners – 1.52%</b>		
Brown-Forman Corporation, Class B ....	89	5,093
		<u>5,093</u>
<b>Diversified Banks – 1.23%</b>		
Wells Fargo & Company ....	161	4,114
		<u>4,114</u>
<b>Diversified Chemicals – 1.35%</b>		
Dow Chemical Company (The) ....	191	4,523
		<u>4,523</u>
<b>Electric Utilities – 0.95%</b>		
PPL Corporation ....	128	3,186
		<u>3,186</u>
<b>Electrical Components &amp; Equipment – 3.38%</b>		
Emerson Electric Co. ....	167	7,313
First Solar, Inc. (A) ....	35	3,984
		<u>11,297</u>
<b>Footwear – 1.29%</b>		
NIKE, Inc., Class B ....	64	4,316
		<u>4,316</u>
<b>General Merchandise Stores – 1.31%</b>		
Target Corporation ....	89	4,371
		<u>4,371</u>
<b>Health Care Distributors – 1.25%</b>		
Henry Schein, Inc. (A) ....	76	4,178
		<u>4,178</u>

COMMON STOCKS (Continued)	Shares	Value
<b>Health Care Supplies – 1.42%</b>		
DENTSPLY International Inc. ....	159	\$ 4,759
		<u>4,759</u>
<b>Home Improvement Retail – 0.68%</b>		
Home Depot, Inc. (The) ....	82	2,288
		<u>2,288</u>
<b>Hotels, Resorts &amp; Cruise Lines – 2.02%</b>		
Carnival Corporation ....	65	1,957
Hyatt Hotels Corporation, Class A (A) ....	129	4,796
		<u>6,753</u>
<b>Household Products – 2.37%</b>		
Colgate-Palmolive Company ....	101	7,931
		<u>7,931</u>
<b>Human Resource &amp; Employment Services – 1.29%</b>		
Manpower Inc. ....	100	4,314
		<u>4,314</u>
<b>Industrial Conglomerates – 1.27%</b>		
General Electric Company ....	295	4,250
		<u>4,250</u>
<b>Integrated Oil &amp; Gas – 1.70%</b>		
ConocoPhillips ....	116	5,670
		<u>5,670</u>
<b>IT Consulting &amp; Other Services – 1.41%</b>		
Accenture plc, Class A ....	122	4,704
		<u>4,704</u>
<b>Motorcycle Manufacturers – 0.34%</b>		
Harley-Davidson, Inc. ....	51	1,125
		<u>1,125</u>
<b>Oil &amp; Gas Equipment &amp; Services – 3.59%</b>		
Halliburton Company ....	134	3,290
National Oilwell Varco, Inc. ....	124	4,114
Schlumberger Limited ....	83	4,593
		<u>11,997</u>
<b>Oil &amp; Gas Exploration &amp; Production – 1.32%</b>		
Southwestern Energy Company (A) ....	114	4,405
		<u>4,405</u>
<b>Other Diversified Financial Services – 4.09%</b>		
Bank of America Corporation ....	370	5,311
JPMorgan Chase & Co. ....	228	8,332
		<u>13,643</u>
<b>Personal Products – 2.57%</b>		
Estee Lauder Companies Inc. (The), Class A ....	86	4,805
Mead Johnson Nutrition Company ....	75	3,749
		<u>8,554</u>
<b>Pharmaceuticals – 2.39%</b>		
Abbott Laboratories ....	65	3,017
Allergan, Inc. ....	85	4,940
		<u>7,957</u>
<b>Property &amp; Casualty Insurance – 1.61%</b>		
Travelers Companies, Inc. (The) ....	109	5,373
		<u>5,373</u>
<b>Railroads – 1.51%</b>		
Union Pacific Corporation ....	72	5,033
		<u>5,033</u>
<b>Real Estate Management &amp; Development – 1.20%</b>		
CB Richard Ellis Group, Inc., Class A (A) ....	296	4,022
		<u>4,022</u>

# SCHEDULE OF INVESTMENTS

**Balanced** (in thousands)

JUNE 30, 2010 (UNAUDITED)

COMMON STOCKS (Continued)	Shares	Value
<b>Semiconductor Equipment – 0.86%</b>		
ASML Holding N.V., NY Registry Shares	104	\$ 2,860
<b>Semiconductors – 4.71%</b>		
Intel Corporation	178	3,464
Microchip Technology Incorporated	306	8,479
Texas Instruments Incorporated	165	3,839
		<u>15,782</u>
<b>Soft Drinks – 1.55%</b>		
PepsiCo, Inc.	85	5,187
<b>Systems Software – 0.99%</b>		
Microsoft Corporation	144	3,309
<b>Tobacco – 1.12%</b>		
Philip Morris International Inc.	81	3,731
<b>Trading Companies &amp; Distributors – 0.70%</b>		
Fastenal Company	46	2,329
<b>TOTAL COMMON STOCKS – 69.37%</b>		<b>\$231,766</b>
(Cost: \$218,021)		

CORPORATE DEBT SECURITIES	Principal	
<b>Automobile Manufacturers – 0.75%</b>		
Ford Motor Company, Convertible, 4.250%, 11–15–16	\$ 2,000	2,492
<b>Banking – 0.86%</b>		
Deutsche Bank AG, 3.450%, 3–30–15	750	756
JPMorgan Chase & Co.: 4.650%, 6–1–14	1,000	1,066
7.900%, 4–29–49 (B)	500	515
U.S. Bancorp, 4.200%, 5–15–14	500	535
		<u>2,872</u>
<b>Brewers – 0.32%</b>		
Anheuser-Busch InBev Worldwide Inc.: 3.000%, 10–15–12	500	513
5.375%, 11–15–14 (C)	500	547
		<u>1,060</u>
<b>Broadcasting – 0.57%</b>		
CBS Corporation, 8.875%, 5–15–19	1,500	1,888
<b>Communications Equipment – 0.61%</b>		
Cisco Systems, Inc., 5.250%, 2–22–11	2,000	2,055
<b>Construction &amp; Farm Machinery &amp; Heavy Trucks – 0.24%</b>		
John Deere Capital Corporation, 5.250%, 10–1–12	750	813

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Consumer Finance – 0.35%</b>		
American Express Credit Corporation, 5.125%, 8–25–14	\$ 400	\$ 431
Ford Motor Credit Company LLC, 7.000%, 4–15–15	750	742
		<u>1,173</u>
<b>Department Stores – 0.62%</b>		
Kohl's Corporation, 6.300%, 3–1–11	2,000	2,062
<b>Drug Retail – 0.29%</b>		
CVS Caremark Corporation, 3.250%, 5–18–15	950	965
<b>Electric – 0.52%</b>		
Hydro-Quebec, 8.000%, 2–1–13	1,500	1,747
<b>Finance – Other – 0.81%</b>		
Fidelity National Financial, Inc., 6.600%, 5–15–17	1,600	1,595
Western Union Company (The), 6.500%, 2–26–14	1,000	1,124
		<u>2,719</u>
<b>Food Processors – 0.37%</b>		
Cargill, Inc., 6.375%, 6–1–12 (C)	1,150	1,248
<b>Food Retail – 0.65%</b>		
Kroger Co. (The), 6.200%, 6–15–12	2,000	2,177
<b>Health Care Supply – 0.23%</b>		
Medtronic, Inc., 3.000%, 3–15–15	750	777
<b>Home Improvement Retail – 0.61%</b>		
Home Depot, Inc. (The), 5.200%, 3–1–11	2,000	2,050
<b>Hypermarkets &amp; Super Centers – 0.27%</b>		
Wal-Mart Stores, Inc., 2.875%, 4–1–15	875	908
<b>Industrial Conglomerates – 0.11%</b>		
Textron Inc., 6.200%, 3–15–15	350	377
<b>Industrial Gases – 0.49%</b>		
Praxair, Inc., 4.375%, 3–31–14	1,500	1,624
<b>Industrial Machinery – 0.51%</b>		
Illinois Tool Works Inc., 5.150%, 4–1–14	1,500	1,684

# SCHEDULE OF INVESTMENTS

**Balanced** (in thousands)

JUNE 30, 2010 (UNAUDITED)

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Integrated Oil &amp; Gas – 0.65%</b>		
Chevron Corporation, 3.450%, 3–3–12 .....	\$ 500	\$ 521
ConocoPhillips, 4.750%, 2–1–14 .....	1,500	1,650
		<u>2,171</u>
<b>Integrated Telecommunication Services – 0.33%</b>		
AT&T Inc., 4.850%, 2–15–14 .....	1,000	1,096
		<u>1,096</u>
<b>Investment Banking &amp; Brokerage – 0.44%</b>		
Morgan Stanley, 4.100%, 1–26–15 .....	1,500	1,462
		<u>1,462</u>
<b>Life Insurance – 0.63%</b>		
Principal Life Global, 6.250%, 2–15–12 (C) .....	1,500	1,600
Prudential Financial, Inc., 4.750%, 9–17–15 .....	500	516
		<u>2,116</u>
<b>Metals / Mining – 0.94%</b>		
Newmont Mining Corporation, Convertible, 3.000%, 2–15–12 .....	1,800	2,552
Rio Tinto Finance (USA) Limited, 8.950%, 5–1–14 .....	500	607
		<u>3,159</u>
<b>Movies &amp; Entertainment – 0.16%</b>		
Viacom Inc., 4.375%, 9–15–14 .....	500	532
		<u>532</u>
<b>Multi-Utilities – 0.18%</b>		
Duke Energy Carolinas, LLC, 4.300%, 6–15–20 .....	575	608
		<u>608</u>
<b>Oil &amp; Gas – 0.08%</b>		
Cenovus Energy Inc., 4.500%, 9–15–14 (C) .....	250	267
		<u>267</u>
<b>Oil &amp; Gas Exploration &amp; Production – 0.33%</b>		
XTO Energy Inc., 7.500%, 4–15–12 .....	1,000	1,114
		<u>1,114</u>
<b>Other Non-Agency REMIC/CMO – 0.01%</b>		
Banco Hipotecario Nacional: 7.916%, 7–25–09 (D) .....	17	—*
8.000%, 3–31–11 (D) .....	4	—*
Mellon Residential Funding, 6.750%, 6–25–28 .....	21	20
		<u>20</u>
<b>Packaged Foods &amp; Meats – 0.82%</b>		
Kraft Foods Inc., 4.125%, 2–9–16 .....	1,000	1,056
Unilever Capital Corporation, 5.900%, 11–15–32 .....	1,450	1,691
		<u>2,747</u>

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Pharmaceuticals – 1.59%</b>		
Abbott Laboratories, 3.750%, 3–15–11 .....	\$2,000	\$ 2,042
Pfizer Inc., 4.450%, 3–15–12 .....	1,500	1,583
Roche Holdings Ltd, 5.000%, 3–1–14 (C) .....	1,500	1,664
		<u>5,289</u>
<b>Property &amp; Casualty Insurance – 0.16%</b>		
Berkshire Hathaway Finance Corporation, 4.000%, 4–15–12 (C) .....	500	526
		<u>526</u>
<b>Restaurants – 0.16%</b>		
YUM! Brands, Inc., 4.250%, 9–15–15 .....	500	531
		<u>531</u>
<b>Soft Drinks – 0.43%</b>		
Coca-Cola Enterprises Inc., 6.700%, 10–15–36 .....	500	632
PepsiCo, Inc., 3.750%, 3–1–14 .....	750	800
		<u>1,432</u>
<b>Systems Software – 0.16%</b>		
Microsoft Corporation, 2.950%, 6–1–14 .....	500	523
		<u>523</u>
<b>Tobacco – 0.23%</b>		
Philip Morris International Inc., 4.500%, 3–26–20 .....	750	762
		<u>762</u>
<b>Wireless Telecommunication Service – 0.06%</b>		
America Movil, S.A.B. de C.V., 3.625%, 3–30–15 (C) .....	200	205
		<u>205</u>
<b>TOTAL CORPORATE DEBT SECURITIES – 16.54%</b>		<b>\$ 55,251</b>
(Cost: \$50,998)		
<b>OTHER GOVERNMENT SECURITIES</b>		
<b>Qatar – 0.23%</b>		
State of Qatar, 4.000%, 1–20–15 (C) .....	750	771
		<u>771</u>
<b>Supranational – 0.27%</b>		
International Bank for Reconstruction and Development, 2.375%, 5–26–15 .....	900	915
		<u>915</u>
<b>TOTAL OTHER GOVERNMENT SECURITIES – 0.50%</b>		<b>\$ 1,686</b>
(Cost: \$1,645)		

# SCHEDULE OF INVESTMENTS

**Balanced** (in thousands)

JUNE 30, 2010 (UNAUDITED)

UNITED STATES GOVERNMENT AGENCY OBLIGATIONS – 2.92%			Principal	Value
<b>Mortgage-Backed Obligations</b>				
Federal National Mortgage Association Fixed Rate Pass-Through Certificates:				
6.000%, 9-1-17	\$	304	\$	332
5.000%, 1-1-18		232		249
5.500%, 4-1-18		69		75
5.000%, 5-1-18		110		118
4.500%, 7-1-18		1,654		1,767
7.000%, 9-1-25		76		85
6.500%, 10-1-28		252		285
6.500%, 2-1-29		147		166
7.500%, 4-1-31		147		167
7.000%, 7-1-31		211		239
7.000%, 9-1-31		191		218
7.000%, 9-1-31		161		183
7.000%, 11-1-31		48		54
6.500%, 2-1-32		742		837
7.000%, 2-1-32		234		267
7.000%, 2-1-32		229		259
7.000%, 3-1-32		158		180
7.000%, 7-1-32		351		402
6.000%, 9-1-32		1,461		1,613
6.000%, 2-1-33		274		302
5.500%, 5-1-33		583		628
5.500%, 5-1-33		422		455
5.500%, 5-1-33		228		246
5.500%, 6-1-33		447		482
Government National Mortgage Association Fixed Rate Pass-Through Certificates,				
6.500%, 8-15-28		30		34
United States Department of Veterans Affairs, Guaranteed REMIC Pass-Through Certificates, Vendee Mortgage Trust, 1997-A Class 3-A, 8.293%, 12-15-26				
		89		100
(Cost: \$9,028)				<b>\$ 9,743</b>
<b>UNITED STATES GOVERNMENT OBLIGATIONS</b>				
<b>Treasury Inflation Protected Obligations – 0.39%</b>				
United States Treasury Notes,				
3.000%, 7-15-12 (E)		1,213		1,290
<b>Treasury Obligations – 9.22%</b>				
United States Treasury Bonds:				
7.500%, 11-15-16		1,500		1,967
6.250%, 8-15-23		5,250		6,811
United States Treasury Notes:				
3.875%, 2-15-13		3,000		3,241
3.625%, 5-15-13		3,000		3,232
4.250%, 8-15-13		4,000		4,396
4.250%, 8-15-15		10,000		11,187
				<b>30,834</b>
<b>TOTAL UNITED STATES GOVERNMENT OBLIGATIONS – 9.61%</b>				<b>\$ 32,124</b>
(Cost: \$28,350)				

SHORT-TERM SECURITIES		Principal	Value
<b>Commercial Paper (F) – 0.73%</b>			
Campbell Soup Co.,			
0.000%, 7-1-10		\$2,453	\$ 2,453
<b>Master Note – 0.25%</b>			
Toyota Motor Credit Corporation,			
0.228%, 7-1-10 (G)		827	827
<b>TOTAL SHORT-TERM SECURITIES – 0.98%</b>			<b>\$ 3,280</b>
(Cost: \$3,280)			
<b>TOTAL INVESTMENT SECURITIES – 99.92%</b>			<b>\$333,850</b>
(Cost: \$311,322)			
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.08%</b>			<b>284</b>
<b>NET ASSETS – 100.00%</b>			<b>\$334,134</b>

## Notes to Schedule of Investments

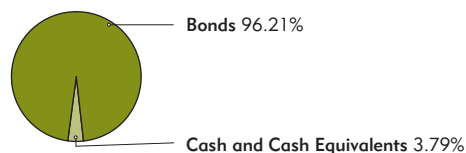
- \*Not shown due to rounding.
- (A) No dividends were paid during the preceding 12 months.
- (B) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2010.
- (C) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions 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, 2010, the total value of these securities amounted to \$6,828 or 2.04% 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, 2010, the total value of these securities amounted to less than 0.005% of net assets.
- (E) 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.
- (F) Rate shown is the yield to maturity at June 30, 2010.
- (G) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2010. Date shown represents the date that the variable rate resets.
- The following acronyms are used throughout this schedule:  
CMO = Collateralized Mortgage Obligation  
REMIC = Real Estate Mortgage Investment Conduit

# PORTFOLIO HIGHLIGHTS

## Bond

ALL DATA IS AS OF JUNE 30, 2010 (UNAUDITED)

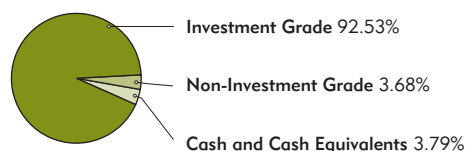
### Asset Allocation



<b>Bonds</b>	<b>96.21%</b>
Corporate Debt Securities	49.28%
United States Government and Government Agency Obligations	43.93%
Municipal Bonds – Taxable	2.61%
Other Government Securities	0.39%
<b>Cash and Cash Equivalents</b>	<b>3.79%</b>

Certain U.S. government securities in which the Portfolio may invest, such as Treasury securities and securities issued by the Government National Mortgage Association (Ginnie Mae), are backed by the full faith and credit of the U.S. government. However, other U.S. government securities in which the Portfolio may invest, such as securities issued by the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal Home Loan Banks (FHLB) are not backed by the full faith and credit of the U.S. government, are not insured or guaranteed by the U.S. government and, instead, may be supported only by the right of the issuer to borrow from the U.S. Treasury or by the credit of the issuer.

### Quality Weightings



<b>Investment Grade</b>	<b>92.53%</b>
AAA	50.00%
AA	7.60%
A	20.07%
BBB	14.86%
<b>Non-Investment Grade</b>	<b>3.68%</b>
BB	1.83%
B	0.93%
CCC	0.88%
Below CCC	0.02%
Non-rated	0.02%
<b>Cash and Cash Equivalents</b>	<b>3.79%</b>

*Our preference is to always use ratings obtained from Standard & Poor's. For securities not rated by Standard & Poor's, ratings are obtained from Moody's.*

# SCHEDULE OF INVESTMENTS

**Bond** (in thousands)

JUNE 30, 2010 (UNAUDITED)

CORPORATE DEBT SECURITIES	Principal	Value
<b>Aerospace &amp; Defense – 1.01%</b>		
Honeywell International Inc., 5.000%, 2–15–19 .....	\$2,225	\$ 2,490
United Technologies Corporation, 6.125%, 2–1–19 .....	3,000	3,581
		<u>6,071</u>
<b>Air Freight &amp; Logistics – 0.29%</b>		
FedEx Corporation, 7.375%, 1–15–14 .....	1,500	1,752
		<u>1,752</u>
<b>Asset-Backed Security – 0.78%</b>		
American Express Travel Related Services Co., Inc., 5.250%, 11–21–11 (A) .....	3,600	3,741
CountryPlace Manufactured Housing Contract Trust 2005–1, 4.800%, 12–15–35 (A)(B) .....	245	205
Lehman ABS Manufactured Housing Contract Trust 2001–B, 3.010%, 3–15–11 .....	82	79
Origen Manufactured Housing Contract Trust 2004–A, 5.700%, 1–15–35 .....	200	211
Origen Manufactured Housing Contract Trust 2004–B, 4.750%, 8–15–21 .....	165	166
Origen Manufactured Housing Contract Trust 2005–B, 5.910%, 1–15–37 .....	100	108
Vanderbilt Mortgage & Finance, Inc., Manufactured Housing Contract Senior/ Subordinate Pass-Through Certificates, Series 1999A, Class I A–5, 6.555%, 3–7–23 .....	154	156
		<u>4,666</u>
<b>Banking – 4.82%</b>		
Credit Suisse AG, 3.500%, 3–23–15 .....	3,000	3,027
Deutsche Bank AG, 3.450%, 3–30–15 .....	5,700	5,742
JPMorgan Chase & Co.: 4.650%, 6–1–14 .....	3,000	3,200
6.000%, 1–15–18 .....	3,000	3,315
PNC Funding Corp., 4.250%, 9–21–15 .....	5,000	5,230
Sovereign Bank (Federal Deposit Insurance Corporation), 2.750%, 1–17–12 (C) .....	5,000	5,168
U.S. Bancorp, 4.200%, 5–15–14 .....	3,000	3,210
		<u>28,892</u>
<b>Biotechnology – 0.75%</b>		
Amgen Inc.: 6.150%, 6–1–18 .....	3,000	3,551
5.700%, 2–1–19 .....	800	930
		<u>4,481</u>
<b>Brewers – 1.00%</b>		
Anheuser-Busch InBev Worldwide Inc.: 5.375%, 11–15–14 (D) .....	3,500	3,828
5.375%, 1–15–20 .....	2,000	2,157
		<u>5,985</u>

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Building Products – 0.42%</b>		
Hanson plc, 7.875%, 9–27–10 .....	\$2,500	\$ 2,506
<b>Cable &amp; Satellite – 1.18%</b>		
Comcast Cable Communications, Inc., 8.500%, 5–1–27 .....	1,250	1,548
Comcast Corporation, 5.150%, 3–1–20 .....	3,000	3,144
EchoStar DBS Corporation, 6.375%, 10–1–11 .....	750	774
Walt Disney Company (The), 4.700%, 12–1–12 .....	1,500	1,627
		<u>7,093</u>
<b>CMBS Other – 2.28%</b>		
Banc of America Commercial Mortgage Inc., Commercial Mortgage Pass-Through Certificates, Series 2005–2, 4.783%, 7–10–43 (B) .....	2,436	2,531
Bear Stearns Commercial Mortgage Securities Inc., Series 2000-WF1 Trust Fund, 6.500%, 2–15–32 .....	150	149
Deutsche Mortgage and Asset Receiving Corporation COMM 2005–C6 Commercial Mortgage Pass-Through Certificates, 5.144%, 6–10–44 .....	6,000	6,233
Hometown Commercial Capital, LLC Hometown Commercial Mortgage Pass-Through Notes 2006–1, 5.506%, 11–11–38 (A) .....	180	73
J.P. Morgan Chase Commercial Mortgage Securities Corp., Commercial Mortgage Pass-Through Certificates, Series 2004–C1, 4.719%, 1–15–38 .....	2,000	2,071
LB-UBS Commercial Mortgage Trust 2003–C3, 4.846%, 2–15–37 (B)(D) .....	100	92
LB-UBS Westfield Trust, Commercial Mortgage Pass-Through Certificates, Series 2001–WM, 6.647%, 7–14–16 (D) .....	250	256
Merrill Lynch Mortgage Trust 2005–CIP1, 4.949%, 7–12–38 (B) .....	2,000	2,077
Nomura Asset Securities Corporation, Commercial Mortgage Pass-Through Certificates, Series 1998–D6, 6.000%, 3–15–30 (D) .....	200	201
		<u>13,683</u>
<b>Coal &amp; Consumable Fuels – 0.17%</b>		
Peabody Energy Corporation, 6.875%, 3–15–13 .....	1,000	1,008
<b>Computer Hardware – 1.08%</b>		
Hewlett-Packard Company: 6.500%, 7–1–12 .....	3,000	3,317
4.750%, 6–2–14 .....	500	554
International Business Machines Corporation, 7.625%, 10–15–18 .....	2,000	2,573
		<u>6,444</u>
<b>Consumer Finance – 0.83%</b>		
Ford Motor Credit Company LLC, 7.000%, 4–15–15 .....	5,000	4,948



# SCHEDULE OF INVESTMENTS

**Bond** (in thousands)

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CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Diversified Banks – 0.52%</b>		
Wells Fargo & Company, 3.625%, 4-15-15 .....	\$ 1,500	\$ 1,533
Wells Fargo Financial, Inc., 5.500%, 8-1-12 .....	1,500	1,590
		<u>3,123</u>
<b>Diversified Chemicals – 1.27%</b>		
E.I. du Pont de Nemours and Company: 5.000%, 1-15-13 .....	2,000	2,171
5.750%, 3-15-19 .....	4,725	5,457
		<u>7,628</u>
<b>Diversified Metals &amp; Mining – 0.47%</b>		
BHP Billiton Finance (USA) Limited, 5.500%, 4-1-14 .....	2,500	2,788
		<u>2,788</u>
<b>Electric – 2.00%</b>		
HQI Transelec Chile S.A., 7.875%, 4-15-11 .....	281	295
NorthWestern Corporation, 6.340%, 4-1-19 .....	3,000	3,374
Oncor Electric Delivery Company, 6.375%, 5-1-12 .....	4,615	4,986
PacifiCorp, 5.500%, 1-15-19 .....	1,000	1,127
Southern Power Company, 6.250%, 7-15-12 .....	2,000	2,178
		<u>11,960</u>
<b>Electrical Components &amp; Equipment – 0.47%</b>		
Emerson Electric Co., 4.875%, 10-15-19 .....	2,500	2,793
		<u>2,793</u>
<b>Finance – Other – 3.76%</b>		
Fidelity National Financial, Inc., 6.600%, 5-15-17 .....	10,000	9,975
General Electric Capital Corporation: 3.750%, 11-14-14 .....	5,000	5,117
5.625%, 5-1-18 .....	2,000	2,127
TIAA Global Markets, Inc., 5.125%, 10-10-12 (D) .....	1,000	1,064
Western Union Company (The), 6.500%, 2-26-14 .....	3,800	4,270
		<u>22,553</u>
<b>Food Processors – 1.52%</b>		
Cadbury Schweppes US Finance LLC, 5.125%, 10-1-13 (A) .....	3,000	3,266
Campbell Soup Company, 4.500%, 2-15-19 .....	1,000	1,090
Kellogg Company, 6.600%, 4-1-11 .....	4,550	4,741
		<u>9,097</u>
<b>Gas – Local Distribution – 0.52%</b>		
AGL Capital Corporation, 7.125%, 1-14-11 .....	3,000	3,088
		<u>3,088</u>
<b>Gas Pipe Lines – 1.58%</b>		
Maritimes & Northeast Pipeline, L.L.C., 7.500%, 5-31-14 (D) .....	3,842	4,226
Northern Natural Gas, 7.000%, 6-1-11 (A) .....	3,000	3,155

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Gas Pipe Lines (Continued)</b>		
Tennessee Gas Pipeline Company, 7.000%, 3-15-27 .....	\$ 2,000	\$ 2,112
		<u>9,493</u>
<b>Health Care Equipment – 0.44%</b>		
Baxter International Inc., 4.250%, 3-15-20 .....	2,500	2,628
		<u>2,628</u>
<b>Health Care Facilities – 0.06%</b>		
HCA Inc., 8.750%, 9-1-10 .....	381	383
		<u>383</u>
<b>Health Care Supply – 0.53%</b>		
Medtronic, Inc., 4.450%, 3-15-20 .....	3,000	3,199
		<u>3,199</u>
<b>Household Appliances – 0.17%</b>		
Controladora Mabe, S.A. de C.V., 6.500%, 12-15-15 (A) .....	1,000	990
		<u>990</u>
<b>Household Products – 1.02%</b>		
Procter & Gamble Company (The): 4.950%, 8-15-14 .....	3,000	3,363
8.000%, 9-1-24 .....	2,000	2,729
		<u>6,092</u>
<b>Industrial – Other – 0.31%</b>		
Bombardier Inc., 7.500%, 3-15-18 (D) .....	1,800	1,854
		<u>1,854</u>
<b>Industrial Conglomerates – 0.10%</b>		
Westinghouse Electric Corporation, 8.875%, 6-14-14 .....	500	580
		<u>580</u>
<b>Industrial Machinery – 0.56%</b>		
Illinois Tool Works Inc., 5.150%, 4-1-14 .....	3,000	3,368
		<u>3,368</u>
<b>Integrated Telecommunication Services – 0.71%</b>		
AT&T Inc.: 4.950%, 1-15-13 .....	750	814
5.800%, 2-15-19 .....	1,500	1,690
AT&T Wireless Services, Inc., 7.875%, 3-1-11 .....	1,700	1,778
		<u>4,282</u>
<b>Investment Banking &amp; Brokerage – 1.47%</b>		
Goldman Sachs Group, Inc. (The), 5.375%, 3-15-20 .....	3,000	2,967
Morgan Stanley, 4.100%, 1-26-15 .....	6,000	5,849
		<u>8,816</u>
<b>Life Insurance – 0.86%</b>		
Prudential Financial, Inc., 4.750%, 9-17-15 .....	5,000	5,165
		<u>5,165</u>
<b>Metals / Mining – 1.01%</b>		
Rio Tinto Finance (USA) Limited, 8.950%, 5-1-14 .....	5,000	6,067
		<u>6,067</u>

# SCHEDULE OF INVESTMENTS

**Bond** (in thousands)

JUNE 30, 2010 (UNAUDITED)

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Multi-Utilities – 1.33%</b>		
Dominion Resources, Inc., 5.250%, 8–1–33 .....	\$2,500	\$ 2,738
Duke Energy Carolinas, LLC, 4.300%, 6–15–20 .....	2,000	2,114
Duke Energy Corporation, 6.250%, 1–15–12 .....	1,000	1,077
Duke Energy Ohio, Inc., 2.100%, 6–15–13 .....	2,000	2,033
		<u>7,962</u>
<b>Oil &amp; Gas – 2.61%</b>		
Shell International Finance B.V.: 3.250%, 9–22–15 .....	10,000	10,224
4.375%, 3–25–20 .....	3,000	3,104
Sunoco Logistics Partners Operations L.P., 8.750%, 2–15–14 .....	2,000	2,350
		<u>15,678</u>
<b>Oil &amp; Gas Equipment &amp; Services – 0.50%</b>		
Halliburton Company: 6.150%, 9–15–19 .....	1,375	1,507
6.750%, 2–1–27 .....	1,400	1,517
		<u>3,024</u>
<b>Oilfield Machinery &amp; Service – 0.63%</b>		
Weatherford International, Inc., 5.950%, 6–15–12 .....	3,500	3,750
		<u>3,750</u>
<b>Other Diversified Financial Services – 0.36%</b>		
Bank of America Corporation, 6.500%, 8–1–16 .....	2,000	2,166
		<u>2,166</u>
<b>Other Mortgage-Backed Securities – 0.18%</b>		
Banc of America Alternative Loan Trust 2006–4, 6.201%, 5–25–46 (B) .....	81	1
Banc of America Funding 2004–2 Trust, 6.500%, 7–20–32 .....	122	101
Banc of America Structured Securities Trust 2002–X1 F, 6.274%, 10–11–33 (A) .....	250	250
C-Bass 2006–MH1 Trust, 5.970%, 10–25–36 (B)(D) .....	131	133
Centex Home Equity Loan Trust 2005–C, 5.048%, 6–25–35 (B) .....	196	193
Global Mortgage Securitization Ltd. and Global Mortgage Securitization, LLC, 5.250%, 11–25–32 (A) .....	127	97
Mid-State Capital Corporation 2004–1 Trust, 6.005%, 8–15–37 .....	104	108
PHH Alternative Mortgage Trust, Series 2007–1, Class II–B–2, 6.000%, 2–25–37 .....	30	—*
RALI Series 2003–QS11 Trust, 5.750%, 6–25–33 .....	186	121
Structured Asset Securities Corporation, 5.250%, 8–25–33 .....	110	71
		<u>1,075</u>
<b>Other Non-Agency REMIC/CMO – 1.78%</b>		
Countrywide Home Loans Mortgage Pass-Through Trust 2005–28, 5.250%, 1–25–19 .....	2,310	2,010

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Other Non-Agency REMIC/CMO (Continued)</b>		
Countrywide Home Loans Mortgage Trust 2005–J4, 5.500%, 11–25–35 .....	\$1,750	\$ 1,298
First Horizon Alternative Mortgage Securities Trust 2005–FA6, 5.500%, 9–25–35 .....	2,265	1,467
GSR Mortgage Loan Trust 2004–2F, 7.000%, 1–25–34 .....	538	549
MASTR Adjustable Rate Mortgage Trust 2005–1, 3.626%, 3–25–35 (B) .....	2,695	283
Structured Adjustable Rate Mortgage Loan Trust, Mortgage Pass-Through Certificates, Series 2004–1, 2.954%, 2–25–34 (B) .....	689	200
Structured Adjustable Rate Mortgage Loan Trust, Mortgage Pass-Through Certificates, Series 2004–12, 3.250%, 9–25–34 (B) .....	1,604	9
Structured Adjustable Rate Mortgage Loan Trust, Mortgage Pass-Through Certificates, Series 2004–18, 3.163%, 12–25–34 (B) .....	1,838	13
Structured Adjustable Rate Mortgage Loan Trust, Mortgage Pass-Through Certificates, Series 2004–3AC, 2.399%, 3–25–34 (B) .....	1,180	173
Structured Adjustable Rate Mortgage Loan Trust, Mortgage Pass-Through Certificates, Series 2004–5, 3.108%, 5–25–34 (B) .....	1,459	57
Structured Asset Securities Corporation Trust 2005–16, 5.500%, 9–25–35 .....	3,000	2,555
Wells Fargo Mortgage Pass-Through Certificates, Series 2003–10, 4.500%, 9–25–18 .....	2,036	2,036
		<u>10,650</u>
<b>Packaged Foods &amp; Meats – 0.53%</b>		
Kraft Foods Inc.: 4.125%, 2–9–16 .....	1,500	1,584
5.375%, 2–10–20 .....	1,500	1,609
		<u>3,193</u>
<b>Paper / Forest Products – 0.04%</b>		
Westvaco Corporation, 7.500%, 6–15–27 .....	272	267
		<u>267</u>
<b>Pharmaceuticals – 1.23%</b>		
GlaxoSmithKline Capital Inc., 5.650%, 5–15–18 .....	2,500	2,863
Johnson & Johnson, 5.150%, 7–15–18 .....	2,000	2,271
Roche Holdings Ltd, 5.000%, 3–1–14 (D) .....	2,000	2,219
		<u>7,353</u>
<b>Property &amp; Casualty Insurance – 1.34%</b>		
Berkshire Hathaway Finance Corporation: 4.000%, 4–15–12 .....	3,000	3,156
4.750%, 5–15–12 .....	2,000	2,124
5.000%, 8–15–13 .....	2,500	2,746
		<u>8,026</u>
<b>Retail Stores – Other – 1.12%</b>		
Best Buy Co., Inc., 6.750%, 7–15–13 .....	6,000	6,713

# SCHEDULE OF INVESTMENTS

**Bond** (in thousands)

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CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Service – Other – 0.26%</b>		
Republic Services, Inc., 5.000%, 3–1–20 (D) .....	\$ 1,500	\$ 1,557
<b>Soft Drinks – 0.43%</b>		
Coca-Cola Company (The), 5.350%, 11–15–17 .....	2,250	2,575
<b>Telecommunications – 1.65%</b>		
British Telecommunications plc, 5.150%, 1–15–13 .....	3,500	3,671
Deutsche Telekom International Finance B.V., 4.875%, 7–8–14 .....	5,000	5,360
New York Telephone Company, 6.700%, 11–1–23 .....	750	787
		<u>9,818</u>
<b>Tobacco – 0.54%</b>		
Philip Morris International Inc., 4.500%, 3–26–20 .....	3,200	3,253
<b>Utilities – Water – 0.36%</b>		
California Water Service Company, 5.875%, 5–1–19 .....	2,000	2,185
<b>Wireless Telecommunication Service – 0.43%</b>		
America Movil, S.A.B. de C.V., 5.000%, 3–30–20 (D) .....	2,500	2,586
<b>TOTAL CORPORATE DEBT SECURITIES – 49.28%</b>		<b>\$ 295,307</b>
(Cost: \$288,567)		
<b>MUNICIPAL BONDS – TAXABLE</b>		
<b>California – 1.60%</b>		
Stockton, CA, 2007 Taxable Pension Oblig Bonds, Ser A, 5.140%, 9–1–17 .....	9,670	9,536
<b>Massachusetts – 0.23%</b>		
MA Hlth and Edu Fac Auth, Rev Bonds, Harvard Univ Issue, Ser 2008C, 5.260%, 10–1–18 .....	1,250	1,389
<b>New York – 0.78%</b>		
NYC Indl Dev Agy, 11.000%, 3–1–29 (A) .....	4,000	4,692
<b>TOTAL MUNICIPAL BONDS – TAXABLE – 2.61%</b>		<b>\$ 15,617</b>
(Cost: \$14,522)		
<b>OTHER GOVERNMENT SECURITIES</b>		
<b>Brazil – 0.09%</b>		
Federative Republic of Brazil (The), 9.250%, 10–22–10 .....	500	514
<b>Canada – 0.30%</b>		
Province de Quebec, 7.140%, 2–27–26 .....	1,500	1,801
<b>TOTAL OTHER GOVERNMENT SECURITIES – 0.39%</b>		<b>\$ 2,315</b>
(Cost: \$2,045)		

UNITED STATES GOVERNMENT AGENCY OBLIGATIONS	Principal	Value
<b>Agency Obligations – 4.29%</b>		
Federal Farm Credit Bank:		
4.350%, 9–2–14 .....	\$ 4,400	\$ 4,869
5.200%, 11–28–16 .....	5,000	5,781
4.600%, 1–29–20 .....	2,500	2,755
Federal Home Loan Bank,		
1.750%, 12–14–12 .....	4,995	5,092
Federal National Mortgage Association:		
3.875%, 7–12–13 .....	200	217
1.450%, 6–29–15 .....	6,000	6,010
5.500%, 2–1–35 .....	456	491
5.000%, 4–1–35 .....	432	459
		<u>25,674</u>
<b>Mortgage-Backed Obligations – 25.95%</b>		
Federal Home Loan Mortgage Corporation Adjustable Rate Participation Certificates:		
4.500%, 6–15–27 .....	4,735	4,990
4.500%, 5–15–32 .....	4,000	4,395
4.000%, 11–15–36 .....	3,779	3,997
4.500%, 5–15–39 .....	2,464	2,648
Federal Home Loan Mortgage Corporation Agency REMIC/CMO:		
5.000%, 5–15–19 .....	1,000	1,089
5.000%, 5–15–23 .....	1,500	1,627
5.000%, 5–15–31 .....	1,770	1,816
5.500%, 9–15–31 .....	1,570	1,631
Federal Home Loan Mortgage Corporation Agency REMIC/CMO (Interest Only): (E)		
5.000%, 9–15–31 .....	1,469	108
5.500%, 10–15–31 .....	1,736	68
Federal Home Loan Mortgage Corporation Fixed Rate Participation Certificates:		
5.000%, 5–1–18 .....	145	156
4.500%, 3–1–19 .....	761	811
4.500%, 10–1–20 .....	2,172	2,317
6.000%, 8–1–22 .....	1,516	1,648
6.000%, 9–1–22 .....	338	367
5.000%, 4–1–23 .....	388	414
5.000%, 7–1–25 .....	1,371	1,454
6.000%, 2–1–27 .....	1,241	1,355
5.300%, 1–15–33 .....	228	245
6.000%, 10–1–33 .....	358	395
5.500%, 2–1–35 .....	127	137
5.000%, 3–1–35 .....	1,040	1,103
5.000%, 8–1–35 .....	243	257
5.500%, 10–1–35 .....	773	832
5.000%, 11–1–35 .....	351	372
6.500%, 7–1–36 .....	284	312
5.500%, 6–1–37 .....	1,067	1,146
6.500%, 9–1–37 .....	326	358
6.000%, 2–1–39 .....	1,309	1,423
5.000%, 3–1–40 .....	912	966
Federal National Mortgage Association Agency REMIC/CMO:		
4.780%, 1–25–17 .....	4,277	4,490
5.000%, 3–25–18 .....	3,500	3,792
5.000%, 6–25–18 .....	2,173	2,366
5.000%, 9–25–18 .....	3,528	3,734
5.000%, 3–25–29 .....	4,295	4,425
5.500%, 2–25–32 .....	452	456
5.000%, 7–15–33 .....	10,000	10,604
3.500%, 8–25–33 .....	892	921
4.500%, 12–25–34 .....	1,635	1,748
5.500%, 7–15–36 .....	5,359	5,661

# SCHEDULE OF INVESTMENTS

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## UNITED STATES GOVERNMENT

AGENCY OBLIGATIONS (Continued)	Principal	Value
<b>Mortgage-Backed Obligations (Continued)</b>		
Federal National Mortgage Association		
Agency REMIC/CMO: (Continued)		
4.500%, 3-25-37	\$ 5,128	\$ 5,573
5.500%, 4-25-37	4,072	4,413
4.000%, 3-25-39	3,316	3,441
4.500%, 6-25-40	5,755	6,166
Federal National Mortgage Association Agency		
REMIC/CMO (Interest Only): (E)		
5.500%, 1-25-33	1,178	141
5.500%, 11-25-36	7,769	876
5.500%, 8-25-37	2,794	435
Federal National Mortgage Association Fixed		
Rate Pass-Through Certificates:		
4.500%, 6-1-19	1,814	1,935
4.500%, 8-1-19	2,425	2,587
4.500%, 9-1-19	4,039	4,298
5.000%, 12-1-19	1,593	1,713
6.000%, 6-1-22	4,483	4,887
5.500%, 11-1-22	1,923	2,088
5.000%, 4-1-24	1,450	1,548
4.500%, 7-25-24	1,000	1,061
5.000%, 5-1-28	2,717	2,890
5.500%, 9-25-31	758	791
5.000%, 6-25-32	4,185	4,381
5.500%, 2-1-33	1,740	1,878
5.500%, 6-1-33	1,224	1,320
6.000%, 6-1-33	241	265
5.000%, 9-1-33	2,708	2,881
6.000%, 12-1-33	165	183
5.000%, 2-1-34	206	219
5.500%, 2-1-34	385	416
5.500%, 2-1-34	242	261
5.000%, 3-1-34	420	447
6.000%, 4-1-34	107	117
5.500%, 11-1-34	155	168
6.500%, 11-1-34	105	117
6.000%, 12-1-34	246	269
5.500%, 2-1-35	3,238	3,492
5.500%, 2-1-35	373	405
6.000%, 4-1-35	310	341
5.000%, 5-1-35	1,296	1,376
6.000%, 6-1-35	243	264
5.000%, 7-1-35	353	375
5.000%, 7-1-35	266	283
5.500%, 7-1-35	115	123
5.500%, 10-1-35	373	406
5.500%, 10-1-35	104	112
6.000%, 10-1-35	381	415
5.500%, 11-1-35	357	384
6.000%, 1-1-36	664	724
5.000%, 2-1-36	326	346
5.500%, 9-1-36	431	464
5.500%, 11-1-36	743	799
6.000%, 11-1-36	355	386
6.500%, 11-1-36	125	138
6.000%, 2-1-37	544	592
6.500%, 8-1-37	185	204
6.000%, 9-1-37	103	111
6.500%, 9-1-37	167	183
6.000%, 12-1-37	397	431
6.000%, 12-1-37	267	290
5.500%, 2-1-38	1,297	1,394

## UNITED STATES GOVERNMENT

AGENCY OBLIGATIONS (Continued)	Principal	Value
<b>Mortgage-Backed Obligations (Continued)</b>		
Federal National Mortgage Association Fixed		
Rate Pass-Through Certificates: (Continued)		
5.500%, 5-1-38	\$ 724	\$ 778
6.000%, 7-1-38	135	146
5.000%, 2-1-40	1,458	1,545
Government National Mortgage Association		
Agency REMIC/CMO:		
5.008%, 12-16-25 (B)	500	537
4.585%, 8-16-34	2,000	2,147
Government National Mortgage Association		
Agency REMIC/CMO (Interest Only), (E)		
0.784%, 6-17-45 (B)	1,207	37
Government National Mortgage Association		
Fixed Rate Pass-Through Certificates:		
5.500%, 7-15-38	121	131
5.000%, 7-20-39	1,219	1,299
5.000%, 12-15-39	251	268
5.000%, 12-15-39	146	156
		155,481
<b>TOTAL UNITED STATES GOVERNMENT</b>		
<b>AGENCY OBLIGATIONS – 30.24%</b>		<b>\$ 181,155</b>

(Cost: \$174,809)

## UNITED STATES GOVERNMENT OBLIGATIONS – 13.69%

### Treasury Obligations

United States Treasury Bond Principal STRIPS,		
0.000%, 11-15-21 (F)	3,050	2,041
United States Treasury Bonds:		
8.000%, 11-15-21	1,000	1,455
6.125%, 11-15-27	5,000	6,588
4.500%, 8-15-39	10,000	11,041
United States Treasury Notes:		
4.250%, 8-15-13	8,950	9,837
4.000%, 2-15-14	6,000	6,581
2.375%, 2-28-15	7,500	7,732
2.500%, 4-30-15	10,000	10,359
3.625%, 8-15-19	15,000	15,875
3.500%, 5-15-20	10,000	10,477
(Cost: \$78,079)		<b>\$ 81,986</b>

## SHORT-TERM SECURITIES

### Commercial Paper (G) – 0.68%

Wisconsin Electric Power Co.:		
0.000%, 7-1-10	1,045	1,045
0.200%, 7-13-10	3,000	3,000
		4,045

### Master Note – 0.65%

Toyota Motor Credit Corporation,		
0.228%, 7-1-10 (H)	3,899	3,899

### Municipal Obligations – Taxable – 1.50%

NYC, General Oblig Bonds, Fiscal 2006 Ser E		
(Bank of America, N.A.),		
0.330%, 7-1-10 (H)	9,000	9,000

**TOTAL SHORT-TERM SECURITIES – 2.83% \$ 16,944**

(Cost: \$16,944)

# SCHEDULE OF INVESTMENTS

**Bond** *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

<b>TOTAL INVESTMENT SECURITIES – 99.04%</b>	<b>\$593,324</b>
(Cost: \$574,966)	
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.96%</b>	<b>5,743</b>
<b>NET ASSETS – 100.00%</b>	<b>\$599,067</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 illiquid under guidelines established by the Board of Trustees. At June 30, 2010, the total value of these securities amounted to \$16,469 or 2.75% of net assets.

(B)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2010.

(C)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. The guarantee expires at the earlier of the security's maturity date or December 31, 2012.

(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, 2010, the total value of these securities amounted to \$18,016 or 3.01% of net assets.

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

(F)Zero coupon bond.

(G)Rate shown is the yield to maturity at June 30, 2010.

(H)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2010. Date shown represents the date that the variable rate resets.

The following acronyms are used throughout this schedule:

CMBS = Commercial Mortgage-Backed Security

CMO = Collateralized Mortgage Obligation

REMIC = Real Estate Mortgage Investment Conduit

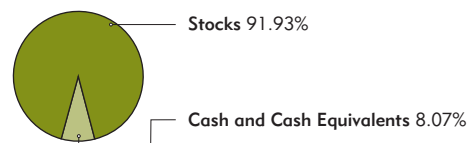
STRIPS = Separate Trading of Registered Interest and Principal Securities

# PORTFOLIO HIGHLIGHTS

## Core Equity

ALL DATA IS AS OF JUNE 30, 2010 (UNAUDITED)

### Asset Allocation



<b>Stocks</b>	<b>91.93%</b>
Information Technology	18.33%
Financials	16.70%
Consumer Discretionary	13.39%
Consumer Staples	12.30%
Industrials	11.79%
Energy	8.68%
Health Care	7.80%
Materials	2.94%
<b>Cash and Cash Equivalents</b>	<b>8.07%</b>

### Top 10 Equity Holdings

Company	Sector
Capital One Financial Corporation	Financials
Wells Fargo & Company	Financials
Hewlett-Packard Company	Information Technology
Amgen Inc.	Health Care
Union Pacific Corporation	Industrials
CBS Corporation, Class B	Consumer Discretionary
General Mills, Inc.	Consumer Staples
Intel Corporation	Information Technology
DIRECTV Group, Inc. (The)	Consumer Discretionary
Dow Chemical Company (The)	Materials

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, 2010 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Asset Management &amp; Custody Banks – 0.09%</b>		
Blackstone Group L.P. (The) . . . . .	33	\$ 317
<b>Biotechnology – 4.10%</b>		
Amgen Inc. (A) . . . . .	284	14,919
<b>Broadcasting – 3.48%</b>		
CBS Corporation, Class B . . . . .	982	12,691
<b>Cable &amp; Satellite – 2.96%</b>		
DIRECTV Group, Inc. (The) (A) . . . . .	318	10,778
<b>Casinos &amp; Gaming – 0.53%</b>		
Wynn Resorts, Limited . . . . .	25	1,934
<b>Communications Equipment – 1.87%</b>		
Juniper Networks, Inc. (A) . . . . .	298	6,811
<b>Computer Hardware – 4.10%</b>		
Hewlett-Packard Company . . . . .	345	14,933
<b>Computer Storage &amp; Peripherals – 1.63%</b>		
NetApp, Inc. (A) . . . . .	159	5,933
<b>Construction &amp; Farm Machinery &amp; Heavy Trucks – 4.83%</b>		
Caterpillar Inc. . . . .	66	3,957
Cummins Inc. . . . .	123	8,034
PACCAR Inc. . . . .	140	5,600
		17,591
<b>Consumer Finance – 5.06%</b>		
Capital One Financial Corporation . . . . .	457	18,416
<b>Department Stores – 2.26%</b>		
Macy's Inc. . . . .	461	8,244
<b>Diversified Banks – 5.48%</b>		
Comerica Incorporated . . . . .	128	4,731
Wells Fargo & Company . . . . .	595	15,231
		19,962
<b>Diversified Chemicals – 2.94%</b>		
Dow Chemical Company (The) . . . . .	451	10,694
<b>Electrical Components &amp; Equipment – 1.20%</b>		
First Solar, Inc. (A) . . . . .	39	4,384
<b>General Merchandise Stores – 1.38%</b>		
Target Corporation . . . . .	102	5,010
<b>Hotels, Resorts &amp; Cruise Lines – 1.42%</b>		
Starwood Hotels & Resorts Worldwide, Inc. . . . .	125	5,174
<b>Hypermarkets &amp; Super Centers – 1.99%</b>		
Costco Wholesale Corporation . . . . .	132	7,241
<b>Industrial Machinery – 2.17%</b>		
Parker Hannifin Corporation . . . . .	142	7,896

COMMON STOCKS (Continued)	Shares	Value
<b>Integrated Oil &amp; Gas – 1.73%</b>		
ConocoPhillips . . . . .	128	\$ 6,296
<b>Investment Banking &amp; Brokerage – 1.60%</b>		
Charles Schwab Corporation (The) . . . . .	122	1,727
Lazard Group LLC . . . . .	154	4,109
		5,836
<b>Motorcycle Manufacturers – 1.36%</b>		
Harley-Davidson, Inc. . . . .	222	4,942
<b>Oil &amp; Gas Equipment &amp; Services – 5.49%</b>		
Halliburton Company . . . . .	246	6,037
Schlumberger Limited . . . . .	187	10,330
Smith International, Inc. . . . .	97	3,660
		20,027
<b>Oil &amp; Gas Exploration &amp; Production – 1.46%</b>		
Noble Energy, Inc. . . . .	88	5,302
<b>Other Diversified Financial Services – 4.47%</b>		
Bank of America Corporation . . . . .	569	8,170
JPMorgan Chase & Co. . . . .	222	8,131
		16,301
<b>Packaged Foods &amp; Meats – 3.31%</b>		
General Mills, Inc. . . . .	340	12,082
<b>Personal Products – 1.51%</b>		
Estee Lauder Companies Inc. (The), Class A . . . .	99	5,499
<b>Pharmaceuticals – 3.70%</b>		
Allergan, Inc. . . . .	104	6,083
Teva Pharmaceutical Industries Limited, ADR . . .	142	7,400
		13,483
<b>Railroads – 3.59%</b>		
Union Pacific Corporation . . . . .	188	13,080
<b>Semiconductor Equipment – 4.89%</b>		
Applied Materials, Inc. . . . .	804	9,666
Lam Research Corporation (A) . . . . .	215	8,179
		17,845
<b>Semiconductors – 5.84%</b>		
Broadcom Corporation, Class A . . . . .	58	1,901
Intel Corporation . . . . .	565	10,979
Microchip Technology Incorporated . . . . .	304	8,420
		21,300
<b>Soft Drinks – 2.87%</b>		
Coca-Cola Company (The) . . . . .	209	10,464
<b>Tobacco – 2.62%</b>		
Philip Morris International Inc. . . . .	208	9,533
<b>TOTAL COMMON STOCKS – 91.93%</b>		<b>\$334,918</b>
(Cost: \$339,218)		

# SCHEDULE OF INVESTMENTS

## Core Equity *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

SHORT-TERM SECURITIES	Principal	Value
<b>Commercial Paper (B) – 4.33%</b>		
Clorox Co., 0.360%, 7–20–10 .....	\$ 4,000	\$ 3,999
ITT Corporation, 0.000%, 7–1–10 .....	2,000	2,000
McCormick & Co. Inc., 0.000%, 7–1–10 .....	2,283	2,283
Wisconsin Electric Power Co., 0.000%, 7–1–10 .....	7,470	7,470
		<u>15,752</u>
<b>Master Note – 0.34%</b>		
Toyota Motor Credit Corporation, 0.228%, 7–1–10 (C) .....	1,232	1,232
		<u>1,232</u>
<b>Municipal Obligations – Taxable – 3.29%</b>		
MI Strategic Fund, Var Rate Demand Ltd Oblig Rev Bonds (Air Products and Chemicals, Inc. Proj), Ser 2007 (Bank of New York (The)), 0.480%, 7–1–10 (C) .....	12,000	12,000
		<u>12,000</u>
<b>TOTAL SHORT-TERM SECURITIES – 7.96%</b>		<b>\$ 28,984</b>
(Cost: \$28,984)		
<b>TOTAL INVESTMENT SECURITIES – 99.89%</b>		<b>\$363,902</b>
(Cost: \$368,202)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.11%</b>		<b>396</b>
<b>NET ASSETS – 100.00%</b>		<b>\$364,298</b>

### Notes to Schedule of Investments

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

(B) Rate shown is the yield to maturity at June 30, 2010.

(C) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2010. Date shown represents the date that the variable rate resets.

The following acronym is used throughout this schedule:

ADR = American Depositary Receipts

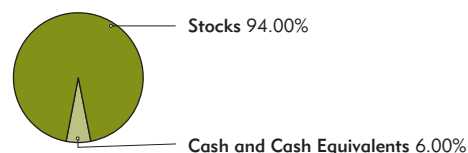


# PORTFOLIO HIGHLIGHTS

## Dividend Opportunities

ALL DATA IS AS OF JUNE 30, 2010 (UNAUDITED)

### Asset Allocation



<b>Stocks</b>	<b>94.00%</b>
Industrials	17.35%
Energy	16.61%
Financials	14.28%
Information Technology	12.00%
Consumer Staples	10.88%
Consumer Discretionary	10.78%
Materials	6.71%
Health Care	3.88%
Telecommunication Services	1.51%
<b>Cash and Cash Equivalents</b>	<b>6.00%</b>

### Top 10 Equity Holdings

Company	Sector
Microchip Technology Incorporated	Information Technology
Schlumberger Limited	Energy
Capital One Financial Corporation	Financials
Halliburton Company	Energy
Deere & Company	Industrials
Union Pacific Corporation	Industrials
Philip Morris International Inc.	Consumer Staples
JPMorgan Chase & Co.	Financials
Emerson Electric Co.	Industrials
Colgate-Palmolive Company	Consumer Staples

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, 2010 (UNAUDITED)

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
<b>Apparel, Accessories &amp; Luxury Goods – 1.46%</b>			<b>Household Products – 3.62%</b>		
V.F. Corporation . . . . .	41	\$ 2,890	Colgate-Palmolive Company . . . . .	65	\$ 5,152
			Procter & Gamble Company (The) . . . . .	34	2,037
					7,189
<b>Asset Management &amp; Custody Banks – 1.49%</b>			<b>Industrial Conglomerates – 1.16%</b>		
T. Rowe Price Group, Inc. . . . .	67	2,952	Textron Inc. . . . .	136	2,309
<b>Casinos &amp; Gaming – 0.99%</b>			<b>Industrial Machinery – 1.77%</b>		
Wynn Resorts, Limited . . . . .	26	1,962	Illinois Tool Works Inc. . . . .	85	3,507
<b>Computer Hardware – 2.23%</b>			<b>Integrated Oil &amp; Gas – 2.92%</b>		
Hewlett-Packard Company . . . . .	102	4,432	ConocoPhillips . . . . .	40	1,977
			Exxon Mobil Corporation . . . . .	67	3,813
					5,790
<b>Construction &amp; Engineering – 1.87%</b>			<b>Integrated Telecommunication Services – 1.51%</b>		
Fluor Corporation . . . . .	87	3,703	AT&T Inc. . . . .	124	2,998
<b>Construction &amp; Farm Machinery &amp; Heavy Trucks – 5.19%</b>			<b>Mortgage REITs – 1.02%</b>		
Caterpillar Inc. . . . .	47	2,850	Annaly Capital Management, Inc. . . . .	118	2,024
Cummins Inc. . . . .	23	1,469			
Deere & Company . . . . .	108	6,009			
		10,328	<b>Oil &amp; Gas Drilling – 1.59%</b>		
<b>Consumer Finance – 3.19%</b>			Seadrill Limited . . . . .	87	1,583
Capital One Financial Corporation . . . . .	157	6,323	Transocean Inc. (A) . . . . .	34	1,582
					3,165
<b>Data Processing &amp; Outsourced Services – 2.56%</b>			<b>Oil &amp; Gas Equipment &amp; Services – 10.31%</b>		
Visa Inc., Class A . . . . .	72	5,076	Halliburton Company . . . . .	256	6,275
			National Oilwell Varco, Inc. . . . .	113	3,742
<b>Department Stores – 1.62%</b>			Schlumberger Limited . . . . .	122	6,726
Macy's Inc. . . . .	180	3,216	Smith International, Inc. . . . .	99	3,722
					20,465
<b>Diversified Banks – 2.90%</b>			<b>Oil &amp; Gas Exploration &amp; Production – 1.79%</b>		
Barclays plc, ADR . . . . .	79	1,256	Apache Corporation . . . . .	42	3,549
Wells Fargo & Company . . . . .	176	4,507			
		5,763	<b>Other Diversified Financial Services – 4.33%</b>		
<b>Diversified Chemicals – 2.96%</b>			Bank of America Corporation . . . . .	222	3,184
Dow Chemical Company (The) . . . . .	114	2,709	JPMorgan Chase & Co. . . . .	148	5,421
PPG Industries, Inc. . . . .	52	3,144			8,605
		5,853	<b>Paper Packaging – 1.09%</b>		
<b>Diversified Metals &amp; Mining – 2.66%</b>			Sonoco Products Company . . . . .	71	2,170
Rio Tinto plc, ADR . . . . .	72	3,140			
Southern Copper Corporation . . . . .	81	2,148	<b>Personal Products – 0.96%</b>		
		5,288	Estee Lauder Companies Inc. (The), Class A . . . . .	34	1,906
<b>Electrical Components &amp; Equipment – 2.63%</b>					
Emerson Electric Co. . . . .	119	5,215	<b>Pharmaceuticals – 3.13%</b>		
			Abbott Laboratories . . . . .	83	3,878
<b>Health Care Equipment – 0.75%</b>			Teva Pharmaceutical Industries Limited, ADR . . . . .	45	2,337
Stryker Corporation . . . . .	30	1,479			6,215
			<b>Railroads – 4.73%</b>		
<b>Home Improvement Retail – 0.87%</b>			Norfolk Southern Corporation . . . . .	64	3,382
Lowe's Companies, Inc. . . . .	85	1,732	Union Pacific Corporation . . . . .	86	6,004
					9,386
<b>Homebuilding – 1.24%</b>			<b>Restaurants – 1.14%</b>		
D.R. Horton, Inc. . . . .	251	2,467	McDonald's Corporation . . . . .	34	2,264
<b>Hotels, Resorts &amp; Cruise Lines – 3.46%</b>			<b>Semiconductors – 4.95%</b>		
Marriott International, Inc., Class A . . . . .	81	2,415	Intel Corporation . . . . .	117	2,277
Starwood Hotels & Resorts Worldwide, Inc. . . . .	108	4,453	Microchip Technology Incorporated . . . . .	272	7,545
		6,868			9,822

# SCHEDULE OF INVESTMENTS

## Dividend Opportunities *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

COMMON STOCKS (Continued)	Shares	Value
<b>Soft Drinks – 1.73%</b>		
Coca-Cola Company (The) .....	69	\$ 3,433
<b>Specialized Finance – 1.35%</b>		
CME Group Inc. ....	10	2,681
<b>Systems Software – 2.26%</b>		
Microsoft Corporation .....	195	4,493
<b>Tobacco – 4.57%</b>		
Altria Group, Inc. ....	53	1,065
Lorillard, Inc. ....	29	2,114
Philip Morris International Inc. ....	128	5,889
		9,068
<b>TOTAL COMMON STOCKS – 94.00%</b>		<b>\$ 186,586</b>
(Cost: \$194,157)		
<b>SHORT-TERM SECURITIES</b>	<b>Principal</b>	
<b>Commercial Paper (B) – 2.01%</b>		
Heinz (H.J.) Finance Co. (Heinz (H.J.) Co.), 0.350%, 7–26–10 .....	\$4,000	3,999
<b>Master Note – 2.23%</b>		
Toyota Motor Credit Corporation, 0.228%, 7–1–10 (C) .....	4,429	4,429
<b>Municipal Obligations – Taxable – 1.01%</b>		
Los Angeles, CA, Wastewater Sys Sub Rev Bonds, Var Rate Rfdg, Ser 2008-G (Bank of America, N.A.), 0.290%, 7–1–10 (C) .....	2,000	2,000
<b>United States Government Agency Obligations – 0.56%</b>		
Overseas Private Investment Corporation, 0.250%, 9–15–10 (C) .....	1,106	1,106
<b>TOTAL SHORT-TERM SECURITIES – 5.81%</b>		<b>\$ 11,534</b>
(Cost: \$11,534)		
<b>TOTAL INVESTMENT SECURITIES – 99.81%</b>		<b>\$ 198,120</b>
(Cost: \$205,691)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.19%</b>		<b>374</b>
<b>NET ASSETS – 100.00%</b>		<b>\$ 198,494</b>

### Notes to Schedule of Investments

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

(B) Rate shown is the yield to maturity at June 30, 2010.

(C) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2010. Date shown represents the date that the variable rate resets.

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts

REIT = Real Estate Investment Trust

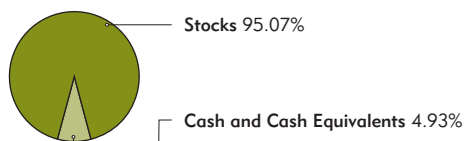
See Accompanying Notes to Financial Statements.

# PORTFOLIO HIGHLIGHTS

## Energy

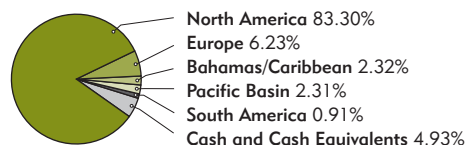
ALL DATA IS AS OF JUNE 30, 2010 (UNAUDITED)

### Asset Allocation



<b>Stocks</b>	<b>95.07%</b>
Energy	84.46%
Industrials	7.26%
Utilities	2.42%
Materials	0.93%
<b>Cash and Cash Equivalents</b>	<b>4.93%</b>

### Country Weightings



<b>North America</b>	<b>83.30%</b>
United States	77.03%
Canada	6.27%
<b>Europe</b>	<b>6.23%</b>
<b>Bahamas/Caribbean</b>	<b>2.32%</b>
<b>Pacific Basin</b>	<b>2.31%</b>
<b>South America</b>	<b>0.91%</b>
<b>Cash and Cash Equivalents</b>	<b>4.93%</b>

### Top 10 Equity Holdings

Company	Sector	Industry
Southwestern Energy Company	Energy	Oil & Gas Exploration & Production
Halliburton Company	Energy	Oil & Gas Equipment & Services
Schlumberger Limited	Energy	Oil & Gas Equipment & Services
Newfield Exploration Company	Energy	Oil & Gas Exploration & Production
Continental Resources, Inc.	Energy	Oil & Gas Exploration & Production
National Oilwell Varco, Inc.	Energy	Oil & Gas Equipment & Services
Occidental Petroleum Corporation	Energy	Integrated Oil & Gas
EOG Resources, Inc.	Energy	Oil & Gas Exploration & Production
Baker Hughes Incorporated	Energy	Oil & Gas Equipment & Services
Apache Corporation	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

**Energy** (in thousands)

JUNE 30, 2010 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Coal &amp; Consumable Fuels – 4.40%</b>		
Alpha Natural Resources, Inc. (A) . . . . .	6	\$ 197
Arch Coal, Inc. . . . .	15	301
Cameco Corporation . . . . .	6	122
CONSOL Energy Inc. . . . .	7	233
Peabody Energy Corporation . . . . .	11	445
		<u>1,298</u>
<b>Construction &amp; Engineering – 4.54%</b>		
Chicago Bridge & Iron Company N.V., NY Shares (A) . . . . .	15	284
Fluor Corporation . . . . .	16	659
Jacobs Engineering Group Inc. (A) . . . . .	11	397
		<u>1,340</u>
<b>Construction &amp; Farm Machinery &amp; Heavy Trucks – 1.66%</b>		
Bucyrus International, Inc., Class A . . . . .	10	489
		<u>489</u>
<b>Diversified Metals &amp; Mining – 0.94%</b>		
BHP Billiton Limited, ADR . . . . .	4	276
		<u>276</u>
<b>Electric Utilities – 2.42%</b>		
Entergy Corporation . . . . .	6	426
Exelon Corporation . . . . .	8	287
		<u>713</u>
<b>Electrical Components &amp; Equipment – 1.06%</b>		
First Solar, Inc. (A) . . . . .	3	313
		<u>313</u>
<b>Integrated Oil &amp; Gas – 12.17%</b>		
ConocoPhillips . . . . .	13	614
Exxon Mobil Corporation . . . . .	14	782
Hess Corporation . . . . .	6	289
Marathon Oil Corporation . . . . .	9	284
Occidental Petroleum Corporation . . . . .	12	911
Petroleo Brasileiro S.A. – Petrobras, ADR . . . . .	8	269
Suncor Energy Inc. . . . .	15	442
		<u>3,591</u>
<b>Oil &amp; Gas Drilling – 8.36%</b>		
ENSCO International Incorporated . . . . .	12	479
Helmerich & Payne, Inc. . . . .	21	755
Nabors Industries Ltd. (A) . . . . .	25	444
Oasis Petroleum LLC (A) . . . . .	22	320
Seadrill Limited . . . . .	13	241
Transocean Inc. (A) . . . . .	5	229
		<u>2,468</u>
<b>Oil &amp; Gas Equipment &amp; Services – 23.52%</b>		
Baker Hughes Incorporated . . . . .	21	877
Cameron International Corporation (A) . . . . .	23	735
Core Laboratories N.V. . . . .	2	325
FMC Technologies, Inc. (A) . . . . .	10	521
Halliburton Company . . . . .	46	1,121
National Oilwell Varco, Inc. . . . .	28	911
Schlumberger Limited . . . . .	20	1,096
Smith International, Inc. . . . .	8	286
Superior Energy Services, Inc. (A) . . . . .	17	316
Tenaris S.A., ADR . . . . .	22	751
		<u>6,939</u>
<b>Oil &amp; Gas Exploration &amp; Production – 27.64%</b>		
Anadarko Petroleum Corporation . . . . .	11	390
Apache Corporation . . . . .	9	787
Cabot Oil & Gas Corporation . . . . .	9	293
CNOOC Limited, ADR . . . . .	2	408

COMMON STOCKS (Continued)	Shares	Value
<b>Oil &amp; Gas Exploration &amp; Production (Continued)</b>		
Continental Resources, Inc. (A) . . . . .	21	\$ 924
Devon Energy Corporation . . . . .	10	631
EOG Resources, Inc. . . . .	9	910
Newfield Exploration Company (A) . . . . .	20	960
Noble Energy, Inc. . . . .	13	781
SandRidge Energy, Inc. (A) . . . . .	37	213
Southwestern Energy Company (A) . . . . .	31	1,213
Ultra Petroleum Corp. (A) . . . . .	15	650
		<u>8,160</u>
<b>Oil &amp; Gas Refining &amp; Marketing – 1.84%</b>		
Clean Energy Fuels Corp. (A) . . . . .	18	267
Valero Energy Corporation . . . . .	15	277
		<u>544</u>
<b>Oil &amp; Gas Storage &amp; Transportation – 6.52%</b>		
El Paso Corporation . . . . .	47	520
El Paso Pipeline Partners, L.P. . . . .	17	485
Enbridge Inc. . . . .	14	636
Williams Companies, Inc. (The) . . . . .	15	282
		<u>1,923</u>
<b>TOTAL COMMON STOCKS – 95.07%</b>		<b>\$ 28,054</b>
(Cost: \$32,307)		
<b>SHORT-TERM SECURITIES – 5.32%</b>	<b>Principal</b>	
<b>Master Note</b>		
Toyota Motor Credit Corporation, 0.228%, 7–1–10 (B) . . . . .	\$1,569	<b>\$ 1,569</b>
(Cost: \$1,569)		
<b>TOTAL INVESTMENT SECURITIES – 100.39%</b>		<b>\$ 29,623</b>
(Cost: \$33,876)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.39%)</b>		<b>(116)</b>
<b>NET ASSETS – 100.00%</b>		<b>\$ 29,507</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, 2010. Date shown represents the date that the variable rate resets.

The following acronym is used throughout this schedule:

ADR = American Depositary Receipts

## Country Diversification

(as a % of net assets)	
United States	77.03%
Canada	6.27%
Luxembourg	2.55%
Bermuda	2.32%
Netherlands	2.06%
United Kingdom	1.62%
Hong Kong	1.38%
Australia	0.93%
Brazil	0.91%
Other+	4.93%

+Includes cash and cash equivalents and other assets and liabilities

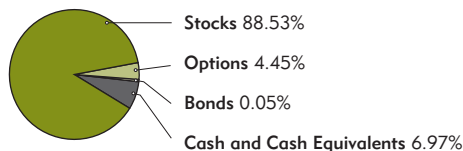
See Accompanying Notes to Financial Statements.

# PORTFOLIO HIGHLIGHTS

## Global Natural Resources

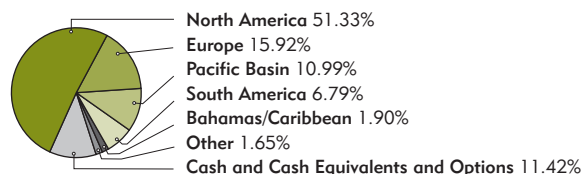
ALL DATA IS AS OF JUNE 30, 2010 (UNAUDITED)

### Asset Allocation



<b>Stocks</b>	<b>88.53%</b>
Energy	47.09%
Materials	27.81%
Industrials	7.12%
Utilities	4.37%
Consumer Staples	1.50%
Financials	0.35%
Information Technology	0.29%
<b>Options</b>	<b>4.45%</b>
<b>Bonds</b>	<b>0.05%</b>
Corporate Debt Securities	0.05%
<b>Cash and Cash Equivalents</b>	<b>6.97%</b>

### Country Weightings



<b>North America</b>	<b>51.33%</b>
United States	38.12%
Canada	13.21%
<b>Europe</b>	<b>15.92%</b>
United Kingdom	8.33%
Russia	6.01%
Other Europe	1.58%
<b>Pacific Basin</b>	<b>10.99%</b>
China	3.63%
Other Pacific Basin	7.36%
<b>South America</b>	<b>6.79%</b>
Brazil	6.57%
Other South America	0.22%
<b>Bahamas/Caribbean</b>	<b>1.90%</b>
<b>Other</b>	<b>1.65%</b>
<b>Cash and Cash Equivalents and Options</b>	<b>11.42%</b>

### Top 10 Equity Holdings

Company	Country	Sector	Industry
Alpha Natural Resources, Inc.	United States	Energy	Coal & Consumable Fuels
Halliburton Company	United States	Energy	Oil & Gas Equipment & Services
Randgold Resources Limited, ADR	United Kingdom	Materials	Gold
Petrohawk Energy Corporation	United States	Energy	Oil & Gas Exploration & Production
Canadian Natural Resources Limited	Canada	Energy	Oil & Gas Exploration & Production
El Paso Corporation	United States	Energy	Oil & Gas Storage & Transportation
Open Joint Stock Company Gazprom, ADR	Russia	Energy	Integrated Oil & Gas
Cabot Oil & Gas Corporation	United States	Energy	Oil & Gas Exploration & Production
Occidental Petroleum Corporation	United States	Energy	Integrated Oil & Gas
Williams Companies, Inc. (The)	United States	Energy	Oil & Gas Storage & Transportation

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, 2010 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Bermuda – 1.01%</b>		
Aquarius Platinum Limited (A) . . . . .	100	\$ 484
Bunge Limited . . . . .	25	1,215
		<u>1,699</u>
<b>Brazil – 5.16%</b>		
Companhia de Saneamento de Minas Gerais (A) . . . . .	148	2,048
Companhia Energetica de Minas Gerais – CEMIG, ADR . . . . .	125	1,834
Companhia Vale de Rio Doce, ADR . . . . .	18	426
Petroleo Brasileiro S.A. – Petrobras, ADR . . . . .	9	302
Suzano Bahia Sul Papel E Celulose S.A. (A) . . . . .	394	3,324
Tractebel Energia S.A. (A) . . . . .	65	762
		<u>8,696</u>
<b>British Virgin Islands – 0.07%</b>		
A-Power Energy Generation Systems, Ltd. (B) . . . . .	18	125
		<u>125</u>
<b>Canada – 13.21%</b>		
Agnico-Eagle Mines Limited . . . . .	27	1,641
Agrium Inc. . . . .	4	171
Barrick Gold Corporation . . . . .	35	1,603
Canadian Natural Resources Limited (A) . . . . .	170	5,641
Canadian Oil Sands Trust (A) . . . . .	40	1,014
First Quantum Minerals Ltd. (A) . . . . .	53	2,660
Goldcorp Inc. . . . .	36	1,579
Imperial Oil Limited (A) . . . . .	33	1,199
MGM Energy Corp. (A)(B) . . . . .	442	79
Migao Corporation (A)(B)(C) . . . . .	50	279
Migao Corporation (A)(B) . . . . .	5	26
Neo Material Technologies Inc. (A)(B) . . . . .	35	118
Potash Corporation of Saskatchewan Inc. . . . .	32	2,717
Suncor Energy Inc. (A) . . . . .	35	1,030
Teck Cominco Limited (A) . . . . .	80	2,366
Uranium Participation Corporation (A)(B) . . . . .	26	140
		<u>22,263</u>
<b>Cayman Islands – 0.82%</b>		
China High Speed Transmission Equipment Group Co., Ltd. (A) . . . . .	500	1,050
Vinda International Holdings Limited (A) . . . . .	385	325
		<u>1,375</u>
<b>Chile – 0.22%</b>		
Sociedad Quimica y Minera de Chile S.A., ADR . . . . .	12	375
		<u>375</u>
<b>China – 3.63%</b>		
Sino-Forest Corporation, Class A (A)(B) . . . . .	135	1,922
Trina Solar Limited, ADR (B) . . . . .	75	1,296
Yingli Green Energy Holding Company Limited, ADR (B) . . . . .	285	2,901
		<u>6,119</u>
<b>Cyprus – 0.08%</b>		
Buried Hill Energy (Cyprus) Public Company Limited (A)(B)(D) . . . . .	70	140
		<u>140</u>
<b>Germany – 0.09%</b>		
Phoenix Solar Aktiengesellschaft, Sulzemoos (A) . . . . .	4	151
		<u>151</u>
<b>Hong Kong – 0.22%</b>		
Guangdong Investment Limited (A) . . . . .	775	365
		<u>365</u>

COMMON STOCKS (Continued)	Shares	Value
<b>Indonesia – 2.00%</b>		
PT Adaro Energy Tbk (A) . . . . .	4,200	\$ 912
PT Bumi Resources Tbk (A) . . . . .	7,000	1,430
PT Tambang Batubara Bukit Asam (Persero) Tbk (A) . . . . .	550	1,037
		<u>3,379</u>
<b>Israel – 0.87%</b>		
Israel Chemicals Ltd. (A) . . . . .	141	1,469
		<u>1,469</u>
<b>Japan – 1.96%</b>		
Mitsubishi Corporation (A) . . . . .	160	3,310
		<u>3,310</u>
<b>Luxembourg – 0.16%</b>		
Tenaris S.A., ADR . . . . .	8	277
		<u>277</u>
<b>Marshall Islands – 0.06%</b>		
Genco Shipping & Trading Limited (B) . . . . .	7	105
		<u>105</u>
<b>Netherlands – 0.18%</b>		
Chicago Bridge & Iron Company N.V., NY Shares (B) . . . . .	16	301
		<u>301</u>
<b>Norway – 1.07%</b>		
Seadrill Limited (A) . . . . .	100	1,804
		<u>1,804</u>
<b>Panama – 0.39%</b>		
McDermott International, Inc. (B) . . . . .	30	650
		<u>650</u>
<b>Russia – 6.01%</b>		
Mechel Steel Group OAO, ADR . . . . .	160	2,902
OJSC Oil Company Rosneft, GDR (A) . . . . .	145	884
Open Joint Stock Company “RusHydro”, ADR (A)(B) . . . . .	106	511
Open Joint Stock Company Gazprom, ADR (A) . . . . .	260	4,896
Uralkali Group, GDR (A) . . . . .	53	943
		<u>10,136</u>
<b>Singapore – 1.18%</b>		
Golden Agri-Resources Ltd (A) . . . . .	1,250	469
Indofood Agri Resources Ltd. (A)(B) . . . . .	352	527
Straits Asia Resources Limited (A) . . . . .	700	989
		<u>1,985</u>
<b>South Africa – 0.39%</b>		
Impala Platinum Holdings Limited (A) . . . . .	28	656
		<u>656</u>
<b>South Korea – 1.07%</b>		
LG Chem, Ltd. (A) . . . . .	6	1,555
Samsung SDI Co., Ltd. (A) . . . . .	2	252
		<u>1,807</u>
<b>Thailand – 0.87%</b>		
Banpu Public Company Limited (A) . . . . .	79	1,469
		<u>1,469</u>
<b>United Kingdom – 8.33%</b>		
Antofagasta plc (A) . . . . .	150	1,745
Randgold Resources Limited, ADR . . . . .	64	6,064
Rio Tinto plc (A) . . . . .	52	2,284
Rio Tinto plc, ADR . . . . .	11	458
Xstrata plc (A) . . . . .	267	3,496
		<u>14,047</u>

# SCHEDULE OF INVESTMENTS

## Global Natural Resources *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

COMMON STOCKS (Continued)	Shares	Value
<b>United States – 37.98%</b>		
Alpha Natural Resources, Inc. (B) . . . . .	245	\$ 8,298
Cabot Oil & Gas Corporation . . . . .	145	4,540
Cameron International Corporation (B) . . . . .	90	2,927
Celanese Corporation, Series A . . . . .	95	2,366
CF Industries Holdings, Inc. . . . .	4	222
Chesapeake Energy Corporation . . . . .	116	2,430
Cobalt International Energy, Inc. (B) . . . . .	80	596
CONSOL Energy Inc. . . . .	70	2,363
Crown Holdings, Inc. (B) . . . . .	15	376
El Paso Corporation . . . . .	458	5,092
EOG Resources, Inc. . . . .	5	492
EXCO Resources, Inc. . . . .	79	1,159
Foster Wheeler Ltd. (B) . . . . .	10	211
GrafTech International Ltd. (B) . . . . .	130	1,901
Halliburton Company (E) . . . . .	255	6,260
Oasis Petroleum LLC (B) . . . . .	30	441
Occidental Petroleum Corporation . . . . .	56	4,351
Owens-Illinois, Inc. (B) . . . . .	61	1,613
Peabody Energy Corporation . . . . .	43	1,683
Petrohawk Energy Corporation (B) . . . . .	340	5,769
Plains Exploration and Production Company (B) . . . . .	50	1,031
Range Resources Corporation . . . . .	32	1,285
Rock-Tenn Company, Class A . . . . .	26	1,281
Schlumberger Limited (E) . . . . .	45	2,468
Smith International, Inc. . . . .	18	663
Southwestern Energy Company (B) . . . . .	12	464
Williams Companies, Inc. (The) . . . . .	205	3,747
		<u>64,029</u>

**TOTAL COMMON STOCKS – 87.03%** **\$146,732**  
(Cost: \$164,319)

### PREFERRED STOCKS

<b>Brazil – 1.36%</b>		
Bradespar S.A. (A) . . . . .	25	453
CESP – Companhia Energetica de Sao Paulo (A) . . . . .	33	450
Companhia Energetica de Minas Gerais – CEMIG (A) . . . . .	95	1,374
		<u>2,277</u>
<b>United States – 0.14%</b>		
Konarka Technologies, Inc., 8.0% Cumulative (B)(D) . . . . .	68	244

**TOTAL PREFERRED STOCKS – 1.50%** **\$ 2,521**  
(Cost: \$2,463)

CALL OPTIONS	Number of Contracts	Value
Barrick Gold Corporation, Jan \$30.00, Expires 1–24–11 . . . . .	2	\$ 2,741
Chevron Corporation, Dec \$50.00, Expires 12–20–10 . . . . .	—*	655
El Paso Corporation, Jan \$5.00, Expires 1–24–11 . . . . .	2	1,245
Exxon Mobil Corporation, Jan \$40.00, Expires 1–24–11 . . . . .	1	1,522
Occidental Petroleum Corporation, Jan \$60.00, Expires 1–24–11 . . . . .	—*	377
Williams Companies, Inc. (The), Jan \$15.00, Expires 1–24–11 . . . . .	2	957
<b>TOTAL CALL OPTIONS – 4.45%</b>		<b>\$ 7,497</b>

(Cost: \$7,734)

CORPORATE DEBT SECURITIES – 0.05%	Principal	
<b>Brazil</b>		
Bahia Sul Celulose S.A., 8.614%, 12–1–12 (C)(F)(G) . . . . .	BRL180	\$ 88
(Cost: \$85)		

### SHORT-TERM SECURITIES

<b>Commercial Paper (H) – 5.35%</b>		
Heinz (H.J.) Finance Co. (Heinz (H.J.) Co.), 0.350%, 7–26–10 . . . . .	\$ 3,500	3,499
Wisconsin Electric Power Co., 0.000%, 7–1–10 . . . . .	5,515	5,515
		<u>9,014</u>

<b>Master Note – 0.46%</b>		
Toyota Motor Credit Corporation, 0.228%, 7–1–10 (I) . . . . .	769	769

<b>United States Government Agency Obligations – 0.83%</b>		
Overseas Private Investment Corporation, 0.250%, 9–15–10 (I) . . . . .	1,412	1,412

**TOTAL SHORT-TERM SECURITIES – 6.64%** **\$ 11,195**  
(Cost: \$11,195)

**TOTAL INVESTMENT SECURITIES – 99.67%** **\$168,033**  
(Cost: \$185,796)

**CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.33%** **554**

**NET ASSETS – 100.00%** **\$168,587**



# SCHEDULE OF INVESTMENTS

## Global Natural Resources *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

### Notes to Schedule of Investments

The following forward foreign currency contracts were outstanding at June 30, 2010:

Type	Currency	Counterparty	Principal Amount of Contract (Denominated in Indicated Currency)	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
Sell	Brazilian Real	Toronto-Dominion Bank (The)	1,400	7-16-10	\$ —	\$ 39
Sell	Brazilian Real	Mellon Bank N.A.	700	7-23-10	—	20
Sell	Brazilian Real	Toronto-Dominion Bank (The)	1,400	8-20-10	—	1
Sell	Brazilian Real	Royal Bank of Canada	1,400	9-3-10	—	2
Sell	Brazilian Real	Mellon Bank N.A.	1,600	9-17-10	—	36
Sell	Brazilian Real	Toronto-Dominion Bank (The)	1,440	9-24-10	17	—
Sell	British Pound	Royal Bank of Canada	587	7-16-10	29	—
Sell	British Pound	Royal Bank of Canada	260	7-16-10	—	1
Sell	British Pound	Mellon Bank N.A.	620	7-30-10	17	—
Sell	British Pound	Toronto-Dominion Bank (The)	1,380	8-20-10	—	74
Sell	Canadian Dollar	Toronto-Dominion Bank (The)	3,140	8-20-10	—	7
Sell	Canadian Dollar	Mellon Bank N.A.	3,135	9-17-10	97	—
Sell	Canadian Dollar	Mellon Bank N.A.	2,700	9-24-10	118	—
Sell	Euro	Toronto-Dominion Bank (The)	50	7-16-10	5	—
Sell	Euro	Toronto-Dominion Bank (The)	13	7-16-10	—	—*
Sell	Japanese Yen	Mellon Bank N.A.	105,500	9-1-10	—	48
Sell	Japanese Yen	Toronto-Dominion Bank (The)	46,300	9-15-10	—	21
Sell	South African Rand	Royal Bank of Canada	1,650	7-14-10	10	—
Sell	South African Rand	Royal Bank of Canada	210	7-14-10	—	—*
Sell	South African Rand	Scotia Capital Inc. (USA)	210	7-28-10	1	—
Sell	South African Rand	Toronto-Dominion Bank (The)	260	9-1-10	1	—
Sell	South African Rand	Toronto-Dominion Bank (The)	350	9-1-10	—	1
					<u>\$295</u>	<u>\$250</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 illiquid under guidelines established by the Board of Trustees. At June 30, 2010, the total value of these securities amounted to \$367 or 0.22% of net assets.

(D) Illiquid restricted securities. At June 30, 2010, the Portfolio owned the following restricted securities:

Security	Acquisition Date(s)	Shares	Cost	Market Value
Buried Hill Energy (Cyprus) Public Company Limited	5-1-07 to 4-17-08	70	\$118	\$140
Konarka Technologies, Inc., 8.0% Cumulative	8-31-07	68	211	244
			<u>\$329</u>	<u>\$384</u>

The total value of these securities represented approximately 0.23% of net assets at June 30, 2010.

(E) Securities serve as collateral for the following open futures contracts at June 30, 2010:

Description	Type	Expiration Date	Number of Contracts	Market Value	Unrealized Appreciation
S&P/Toronto Stock Exchange 60 Index	Short	9-17-10	—*	\$ (6,440)	\$182
S&P 500 E-mini	Short	9-17-10	—*	(9,239)	547
				<u>\$(15,679)</u>	<u>\$729</u>

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

(G) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2010.

(H) Rate shown is the yield to maturity at June 30, 2010.

(I) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2010. Date shown represents the date the variable rate resets.

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	47.09%
Materials	27.86%
Industrials	7.12%
Utilities	4.37%

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

### Market Sector Diversification (Continued)

(as a % of net assets)

Consumer Staples	1.50%
Financials	0.35%
Information Technology	0.29%
Other+	11.42%

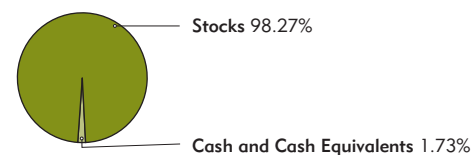
See Accompanying Notes to Financial Statements.

# PORTFOLIO HIGHLIGHTS

## Growth

ALL DATA IS AS OF JUNE 30, 2010 (UNAUDITED)

### Asset Allocation



<b>Stocks</b>	<b>98.27%</b>
Information Technology	39.32%
Consumer Discretionary	15.71%
Health Care	12.88%
Financials	9.89%
Industrials	6.44%
Energy	6.24%
Consumer Staples	5.50%
Materials	2.29%
<b>Cash and Cash Equivalents</b>	<b>1.73%</b>

### Top 10 Equity Holdings

Company	Sector
Apple Inc.	Information Technology
Colgate-Palmolive Company	Consumer Staples
Microchip Technology Incorporated	Information Technology
Hewlett-Packard Company	Information Technology
Cisco Systems, Inc.	Information Technology
Google Inc., Class A	Information Technology
Schlumberger Limited	Energy
JPMorgan Chase & Co.	Financials
Microsoft Corporation	Information Technology
Wynn Resorts, Limited	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, 2010 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Aerospace &amp; Defense – 1.41%</b>		
Precision Castparts Corp. ....	105	\$ 10,796
<b>Air Freight &amp; Logistics – 0.74%</b>		
FedEx Corporation ....	80	5,630
<b>Asset Management &amp; Custody Banks – 2.02%</b>		
T. Rowe Price Group, Inc. ....	349	15,492
<b>Biotechnology – 1.34%</b>		
Gilead Sciences, Inc. (A) ....	299	10,260
<b>Casinos &amp; Gaming – 2.91%</b>		
Wynn Resorts, Limited ....	292	22,240
<b>Communications Equipment – 4.46%</b>		
Cisco Systems, Inc. (A) ....	1,425	30,373
QUALCOMM Incorporated ....	115	3,782
		34,155
<b>Computer Hardware – 10.52%</b>		
Apple Inc. (A) ....	198	49,728
Hewlett-Packard Company ....	708	30,655
		80,383
<b>Computer Storage &amp; Peripherals – 2.89%</b>		
NetApp, Inc. (A) ....	592	22,085
<b>Consumer Finance – 1.76%</b>		
American Express Company ....	340	13,494
<b>Data Processing &amp; Outsourced Services – 2.53%</b>		
Visa Inc., Class A ....	274	19,378
<b>Department Stores – 3.27%</b>		
Kohl's Corporation (A) ....	426	20,255
Nordstrom, Inc. ....	149	4,783
		25,038
<b>Diversified Banks – 1.73%</b>		
Wells Fargo & Company ....	518	13,253
<b>Electrical Components &amp; Equipment – 2.52%</b>		
Emerson Electric Co. ....	443	19,333
<b>Environmental &amp; Facilities Services – 0.76%</b>		
Stericycle, Inc. (A) ....	89	5,843
<b>Fertilizers &amp; Agricultural Chemicals – 0.40%</b>		
Monsanto Company ....	66	3,037
<b>Footwear – 1.06%</b>		
NIKE, Inc., Class B ....	120	8,106
<b>General Merchandise Stores – 1.49%</b>		
Target Corporation ....	231	11,373
<b>Health Care Equipment – 2.33%</b>		
Intuitive Surgical, Inc. (A) ....	36	11,362
Stryker Corporation ....	129	6,458
		17,820

COMMON STOCKS (Continued)	Shares	Value
<b>Home Improvement Retail – 2.15%</b>		
Home Depot, Inc. (The) ....	405	\$ 11,374
Lowe's Companies, Inc. ....	249	5,080
		16,454
<b>Hotels, Resorts &amp; Cruise Lines – 2.60%</b>		
Carnival Corporation ....	344	10,412
Starwood Hotels & Resorts Worldwide, Inc. ....	230	9,510
		19,922
<b>Household Products – 4.72%</b>		
Colgate-Palmolive Company ....	458	36,088
<b>Industrial Gases – 0.83%</b>		
Praxair, Inc. ....	84	6,376
<b>Industrial Machinery – 1.01%</b>		
Danaher Corporation ....	208	7,706
<b>Internet Retail – 0.76%</b>		
Amazon.com, Inc. (A) ....	53	5,824
<b>Internet Software &amp; Services – 3.95%</b>		
Google Inc., Class A (A) ....	68	30,239
<b>IT Consulting &amp; Other Services – 2.58%</b>		
Cognizant Technology Solutions Corporation, Class A (A) ....	394	19,734
<b>Life Sciences Tools &amp; Services – 1.89%</b>		
Thermo Fisher Scientific Inc. (A) ....	295	14,484
<b>Oil &amp; Gas Equipment &amp; Services – 6.24%</b>		
Halliburton Company ....	299	7,338
National Oilwell Varco, Inc. ....	203	6,710
Schlumberger Limited ....	541	29,923
Smith International, Inc. ....	101	3,791
		47,762
<b>Other Diversified Financial Services – 3.89%</b>		
JPMorgan Chase & Co. ....	810	29,651
<b>Personal Products – 0.78%</b>		
Estee Lauder Companies Inc. (The), Class A ....	107	5,980
<b>Pharmaceuticals – 7.32%</b>		
Abbott Laboratories ....	327	15,302
Allergan, Inc. ....	334	19,470
Teva Pharmaceutical Industries Limited, ADR ....	407	21,176
		55,948
<b>Restaurants – 1.47%</b>		
Starbucks Corporation ....	462	11,224
<b>Semiconductors – 7.81%</b>		
Altera Corporation ....	227	5,634
Broadcom Corporation, Class A ....	375	12,360
Linear Technology Corporation ....	237	6,602
Microchip Technology Incorporated ....	1,269	35,197
		59,793
<b>Specialized Finance – 0.49%</b>		
CME Group Inc. ....	13	3,773

# SCHEDULE OF INVESTMENTS

**Growth** *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

COMMON STOCKS (Continued)	Shares	Value
<b>Specialty Chemicals – 1.06%</b>		
Ecolab Inc. ....	181	\$ 8,141
<b>Systems Software – 4.58%</b>		
Microsoft Corporation ....	1,124	25,863
VMware, Inc., Class A (A) ....	147	9,182
		<u>35,045</u>

**TOTAL COMMON STOCKS – 98.27% \$751,860**

(Cost: \$719,323)

SHORT-TERM SECURITIES	Principal	
<b>Commercial Paper (B) – 1.45%</b>		
Hewlett-Packard Company, 0.210%, 7–9–10 .....	\$4,781	4,781
Wisconsin Electric Power Co., 0.000%, 7–1–10 .....	6,344	6,344
		<u>11,125</u>
<b>Master Note – 0.40%</b>		
Toyota Motor Credit Corporation, 0.228%, 7–1–10 (C) .....	3,063	3,063

**TOTAL SHORT-TERM SECURITIES – 1.85% \$ 14,188**

(Cost: \$14,188)

**TOTAL INVESTMENT SECURITIES – 100.12% \$766,048**

(Cost: \$733,511)

**LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.12%) (918)**

**NET ASSETS – 100.00% \$765,130**

## Notes to Schedule of Investments

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

(B) Rate shown is the yield to maturity at June 30, 2010.

(C) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2010. Date shown represents the date that the variable rate resets.

The following acronym is used throughout this schedule:

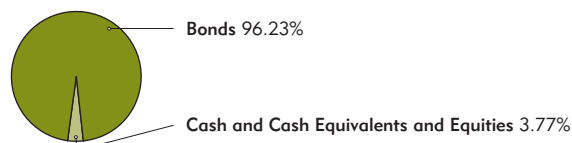
ADR = American Depositary Receipts

# PORTFOLIO HIGHLIGHTS

## High Income

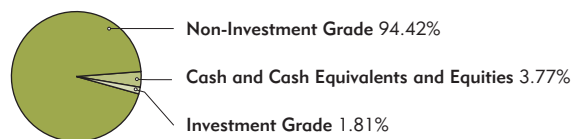
ALL DATA IS AS OF JUNE 30, 2010 (UNAUDITED)

### Asset Allocation



<b>Bonds</b>	<b>96.23%</b>
Corporate Debt Securities	90.19%
Senior Loans	6.04%
<b>Cash and Cash Equivalents and Equities</b>	<b>3.77%</b>

### Quality Weightings



<b>Investment Grade</b>	<b>1.81%</b>
BBB	1.81%
<b>Non-Investment Grade</b>	<b>94.42%</b>
BB	19.56%
B	50.55%
CCC	20.37%
Below CCC	0.40%
Non-rated	3.54%
<b>Cash and Cash Equivalents and Equities</b>	<b>3.77%</b>

*Our preference is to always use ratings obtained from Standard & Poor's. For securities not rated by Standard & Poor's, ratings are obtained from Moody's.*

# SCHEDULE OF INVESTMENTS

## High Income *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Casinos &amp; Gaming – 0.05%</b>		
Pinnacle Entertainment, Inc. (A) .....	13	\$ 118
<b>Food Distributors – 0.17%</b>		
Dole Food Company, Inc. (A) .....	36	373
<b>Oil &amp; Gas Storage &amp; Transportation – 0.18%</b>		
Inergy, L.P. ....	10	396
<b>Railroads – 0.26%</b>		
Kansas City Southern (A) .....	15	546
<b>Thrifts &amp; Mortgage Finance – 0.26%</b>		
PMI Group, Inc. (The) (A) .....	187	540
<b>Wireless Telecommunication Service – 0.05%</b>		
NII Holdings, Inc. (A) .....	4	114
<b>TOTAL COMMON STOCKS – 0.97%</b>		<b>\$ 2,087</b>
(Cost: \$2,919)		

### PREFERRED STOCKS – 0.35%

<b>Communications Equipment</b>		
Lucent Technologies Capital Trust I, 7.75% Cumulative (A) .....	1	\$ 761
(Cost: \$868)		

### WARRANTS – 0.04%

<b>Fishery</b>		
ASG Consolidated LLC, Warrants .....	1	\$ 91
(Cost: \$72)		

CORPORATE DEBT SECURITIES	Principal	
<b>Aerospace &amp; Defense – 0.24%</b>		
Global Aviation Holdings, Inc., 14.000%, 8–15–13 (B) .....	\$ 500	518
<b>Agricultural Products – 0.40%</b>		
Southern States Cooperative, Inc., 11.250%, 5–15–15 (B) .....	900	864
<b>Apparel, Accessories &amp; Luxury Goods – 0.36%</b>		
Oxford Industries, Inc., 11.375%, 7–15–15 .....	700	770
<b>Auto Parts &amp; Equipment – 2.05%</b>		
Allison Transmission, 11.000%, 11–1–15 (B) .....	500	524
ArvinMeritor, Inc., 10.625%, 3–15–18 .....	300	318
AutoNation, Inc., 6.750%, 4–15–18 .....	500	493
Oshkosh Corporation: 8.250%, 3–1–17 .....	120	125
8.500%, 3–1–20 .....	120	125
Sonic Automotive, Inc., 9.000%, 3–15–18 .....	2,780	2,821
		<u>4,406</u>

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Automobile Manufacturers – 2.62%</b>		
Affinia Group Inc.: 9.000%, 11–30–14 .....	\$ 941	\$ 946
10.750%, 8–15–16 (B) .....	1,840	2,005
Asbury Automotive Group, Inc., 7.625%, 3–15–17 .....	225	212
UCI Holdco, Inc., 8.537%, 12–15–13 (C)(D) .....	1,317	1,271
United Auto Group, Inc., 7.750%, 12–15–16 .....	1,250	1,175
		<u>5,609</u>
<b>Banking – 0.72%</b>		
JPMorgan Chase & Co., 7.900%, 4–29–49 (D) .....	1,500	1,546
<b>Broadband – 1.59%</b>		
Broadview Networks Holdings, Inc., 11.375%, 9–1–12 .....	920	892
Clearwire Communications LLC: 12.000%, 12–1–15 (B) .....	1,060	1,056
12.000%, 12–1–15 (B) .....	720	714
Level 3 Financing, Inc.: 9.250%, 11–1–14 .....	150	136
10.000%, 2–1–18 (B) .....	700	620
		<u>3,418</u>
<b>Broadcasting – 1.24%</b>		
Gray Television, Inc., 10.500%, 6–29–15 (B) .....	460	446
SIRIUS XM Radio Inc., 8.750%, 4–1–15 (B) .....	2,265	2,231
		<u>2,677</u>
<b>Building Products – 4.91%</b>		
Ainsworth Lumber Co. Ltd., 11.000%, 7–29–15 (B)(C) .....	3,690	3,311
Goodman Global Group, Inc.: 0.000%, 12–15–14 (B)(E) .....	3,595	2,193
13.500%, 2–15–16 .....	1,300	1,430
Hillman Group, Inc. (The), 10.875%, 6–1–18 (B) .....	1,005	1,035
Norcraft Companies, L.P. and Norcraft Finance Corp.: 9.750%, 9–1–12 .....	728	689
10.500%, 12–15–15 (B) .....	590	608
Ply Gem Industries, Inc., 11.750%, 6–15–13 .....	1,250	1,306
		<u>10,572</u>
<b>Cable &amp; Satellite – 2.40%</b>		
Cablevision Systems Corporation: 7.750%, 4–15–18 .....	150	150
8.000%, 4–15–20 .....	200	203
CCO Holdings, LLC and CCO Holdings Capital Corp.: 7.875%, 4–30–18 (B) .....	240	241
8.125%, 4–30–20 (B) .....	160	164
CSC Holdings, Inc.: 8.500%, 6–15–15 (B) .....	600	623
8.625%, 2–15–19 (B) .....	250	263
DISH DBS Corporation, 7.875%, 9–1–19 .....	1,750	1,819
EchoStar DBS Corporation, 7.750%, 5–31–15 .....	1,500	1,545

# SCHEDULE OF INVESTMENTS

## High Income *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Cable &amp; Satellite (Continued)</b>		
Insight Communications Company, Inc., 9.375%, 7-15-18 (F) .....	\$ 160	\$ 160
		<u>5,168</u>
<b>Capital Goods – 0.59%</b>		
RBS Global, Inc. and Rexnord LLC, 11.750%, 8-1-16 .....	1,225	<u>1,277</u>
<b>Casinos &amp; Gaming – 2.46%</b>		
Harrah's Entertainment, Inc., 12.750%, 4-15-18 (B) .....	320	306
Inn of the Mountain Gods Resort and Casino, 12.000%, 11-15-10 (G) .....	1,750	848
MGM MIRAGE:		
10.375%, 5-15-14 .....	325	353
7.625%, 1-15-17 .....	500	391
11.125%, 11-15-17 .....	650	717
11.375%, 3-1-18 (B) .....	750	705
9.000%, 3-15-20 (B) .....	400	411
Peninsula Gaming, LLC:		
8.375%, 8-15-15 .....	550	548
10.750%, 8-15-17 .....	400	398
Pinnacle Entertainment, Inc.:		
8.625%, 8-1-17 (B) .....	525	541
8.750%, 5-15-20 (B) .....	80	74
		<u>5,292</u>
<b>Chemicals – 1.02%</b>		
JohnsonDiversey Holdings, Inc.:		
8.250%, 11-15-19 (B) .....	1,000	1,029
10.500%, 5-15-20 (B) .....	750	833
LCI Escrow Corporation, 8.000%, 11-1-17 (B) .....	320	330
		<u>2,192</u>
<b>Construction Materials – 3.03%</b>		
CEMEX Finance LLC, 9.500%, 12-14-16 (B) .....	1,050	1,013
Headwaters Incorporated, 11.375%, 11-1-14 (B) .....	2,315	2,338
Headwaters Incorporated, Convertible:		
2.500%, 2-1-14 .....	375	264
14.750%, 2-1-14 (F) .....	1,696	1,753
16.000%, 6-1-16 .....	550	624
16.000%, 6-1-16 (B) .....	450	511
		<u>6,503</u>
<b>Consumer Finance – 0.62%</b>		
Ford Motor Credit Company LLC:		
8.000%, 12-15-16 .....	1,000	1,024
8.125%, 1-15-20 .....	300	306
		<u>1,330</u>
<b>Consumer Products – 1.41%</b>		
Prestige Brands, Inc., 8.250%, 4-1-18 (B) .....	1,000	1,008
Visant Holding Corp., 8.750%, 12-1-13 .....	2,010	2,030
		<u>3,038</u>
<b>Containers – 0.99%</b>		
Graham Packaging Company, L.P. and GPC Capital Corp. I, 9.875%, 10-15-14 .....	1,000	1,023

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Containers (Continued)</b>		
Plastipak Holdings, Inc.:		
8.500%, 12-15-15 (B) .....	\$ 130	\$ 130
10.625%, 8-15-19 (B) .....	880	977
		<u>2,130</u>
<b>Diversified Chemicals – 0.51%</b>		
Solutia Inc., 7.875%, 3-15-20 .....	1,090	<u>1,087</u>
<b>Diversified Metals &amp; Mining – 0.20%</b>		
Teck Cominco Limited, 6.125%, 10-1-35 .....	435	<u>433</u>
<b>Diversified Real Estate Activities – 0.29%</b>		
DuPont Fabros Technology, Inc., 8.500%, 12-15-17 (B) .....	600	<u>615</u>
<b>Diversified Telecom – 1.13%</b>		
PAETEC Holding Corp., 9.500%, 7-15-15 .....	570	554
Qwest Communications International Inc.:		
8.000%, 10-1-15 .....	800	822
7.125%, 4-1-18 (B) .....	1,050	1,048
		<u>2,424</u>
<b>Electrical Components &amp; Equipment – 0.37%</b>		
International Wire Group, Inc., 9.750%, 4-15-15 (B) .....	800	<u>792</u>
<b>Environmental Services – 0.68%</b>		
Geokinetics Holdings USA, Inc., 9.750%, 12-15-14 (B) .....	1,715	<u>1,466</u>
<b>Fertilizers &amp; Agricultural Chemicals – 0.07%</b>		
Phibro Animal Health Corporation, 9.250%, 7-1-18 (B) .....	160	<u>159</u>
<b>Finance – 5.23%</b>		
Bankrate Inc., 11.750%, 7-15-15 (B) .....	1,875	1,858
CEVA Group plc, 11.500%, 4-1-18 (B) .....	240	244
CIT Group, Inc.:		
7.000%, 5-1-13 .....	1,950	1,867
7.000%, 5-1-17 .....	2,330	2,096
CNG Holdings, Inc., 12.250%, 2-15-15 (B) .....	1,000	1,010
CPM Holdings, Inc., 10.625%, 9-1-14 (B) .....	1,250	1,320
Credit Acceptance Corporation, 9.125%, 2-1-17 (B) .....	640	643
Dollar Financial Corp., 10.375%, 12-15-16 (B) .....	1,000	1,015
Icahn Enterprises L.P., 8.000%, 1-15-18 (B) .....	1,050	1,019
TMX Finance LLC and TitleMax Finance Corp., 13.250%, 7-15-15 (B) .....	188	196
		<u>11,268</u>
<b>Fishery – 1.30%</b>		
American Seafoods Group LLC, 10.750%, 5-15-16 (B) .....	1,660	1,706

# SCHEDULE OF INVESTMENTS

## High Income *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Fishery (Continued)</b>		
ASG Consolidated LLC, 15.000%, 5-15-17 (B) .....	\$ 1,200	\$ 1,083
		<u>2,789</u>
<b>Food Distributors – 2.03%</b>		
Dole Food Company, Inc., 13.875%, 3-15-14 .....	2,092	2,452
Viskase Companies, Inc.: 9.875%, 1-15-18 (B) .....	1,625	1,633
9.875%, 1-15-18 (F) .....	300	302
		<u>4,387</u>
<b>Health Care Equipment – 1.05%</b>		
Biomet, Inc.: 10.000%, 10-15-17 .....	750	806
10.375%, 10-15-17 .....	500	538
11.625%, 10-15-17 .....	850	920
		<u>2,264</u>
<b>Health Care Facilities – 1.90%</b>		
HCA Inc.: 9.625%, 11-15-16 .....	1	1
9.875%, 2-15-17 .....	300	323
8.500%, 4-15-19 .....	1,000	1,060
7.875%, 2-15-20 .....	500	514
7.250%, 9-15-20 .....	300	302
HealthSouth Corporation, 8.125%, 2-15-20 .....	1,925	1,891
		<u>4,091</u>
<b>Health Care Facilities / Supplies – 4.94%</b>		
Catalent Pharma Solutions, Inc.: 9.500%, 4-15-15 (C) .....	925	863
9.750%, 4-15-17 (H) .....	EUR275	298
OnCure Holdings, Inc., 11.750%, 5-15-17 (B) .....	\$ 800	750
Radiation Therapy Services, Inc., 9.875%, 4-15-17 (B) .....	1,120	1,075
ReAble Therapeutics Finance LLC and ReAble Therapeutics Finance Corporation: 10.875%, 11-15-14 .....	330	347
11.750%, 11-15-14 .....	1,500	1,530
Rural/Metro Corporation, 12.750%, 3-15-16 .....	1,415	1,491
United Surgical Partners International, Inc., 8.875%, 5-1-17 .....	2,000	1,994
US Oncology, Inc., 10.750%, 8-15-14 .....	2,230	2,285
		<u>10,633</u>
<b>Hotels, Resorts &amp; Cruise Lines – 1.07%</b>		
Gaylord Entertainment Company, 6.750%, 11-15-14 .....	2,400	2,310
		<u>2,310</u>
<b>Household Products – 0.15%</b>		
Simmons Bedding Company, 11.250%, 7-15-15 (B) .....	300	322
		<u>322</u>
<b>Independent Finance – 0.18%</b>		
American General Finance Corporation, 6.900%, 12-15-17 .....	500	398
		<u>398</u>

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Industrial – Other – 1.18%</b>		
Bombardier Inc.: 7.500%, 3-15-18 (B) .....	\$ 480	\$ 494
7.750%, 3-15-20 (B) .....	600	623
J.B. Poindexter & Co., Inc., 8.750%, 3-15-14 .....	1,518	1,419
		<u>2,536</u>
<b>Internet Software &amp; Services – 1.92%</b>		
Equinix, Inc., 8.125%, 3-1-18 .....	600	614
SAVVIS, Inc., Convertible, 3.000%, 5-15-12 .....	1,710	1,607
Terremark Worldwide, Inc., 12.000%, 6-15-17 .....	1,700	1,912
		<u>4,133</u>
<b>IT Consulting &amp; Other Services – 1.12%</b>		
SunGard Data Systems Inc., 10.625%, 5-15-15 .....	600	641
Telvent GIT, S.A., Convertible, 5.500%, 4-15-15 (B) .....	2,000	1,780
		<u>2,421</u>
<b>Leisure – 1.13%</b>		
Cinemark USA, Inc., 8.625%, 6-1-19 .....	1,000	1,005
Speedway Motorsports, Inc., 8.750%, 6-1-16 .....	1,350	1,418
		<u>2,423</u>
<b>Machinery – 1.05%</b>		
Case Corporation, 7.250%, 1-15-16 .....	450	451
Case New Holland, Inc., 7.875%, 12-1-17 (B) .....	720	725
Terex Corporation, 10.875%, 6-1-16 .....	1,000	1,078
		<u>2,254</u>
<b>Metals / Mining – 1.03%</b>		
Compass Minerals International, Inc., 8.000%, 6-1-19 .....	700	715
Ryerson Inc., 12.000%, 11-1-15 .....	750	768
Severstal Columbus LLC, 10.250%, 2-15-18 (B) .....	720	743
		<u>2,226</u>
<b>Movies &amp; Entertainment – 1.11%</b>		
AMC Entertainment Inc., 11.000%, 2-1-16 .....	1,500	1,575
Marquee Holdings Inc., 9.505%, 8-15-14 .....	1,000	823
		<u>2,398</u>
<b>Office Services &amp; Supplies – 0.56%</b>		
Interface, Inc., 11.375%, 11-1-13 .....	1,070	1,198
		<u>1,198</u>
<b>Oil &amp; Gas Exploration &amp; Production – 1.97%</b>		
Anadarko Petroleum Corporation, 5.950%, 9-15-16 .....	1,050	904
Chesapeake Energy Corporation, 9.500%, 2-15-15 .....	2,625	2,901
Petrohawk Energy Corporation, 10.500%, 8-1-14 .....	400	430
		<u>4,235</u>



# SCHEDULE OF INVESTMENTS

## High Income *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Oil &amp; Gas Storage &amp; Transportation – 2.13%</b>		
Copano Energy, L.L.C.,		
8.125%, 3–1–16 .....	\$ 650	\$ 640
El Paso Corporation,		
8.250%, 2–15–16 .....	275	288
Inergy, L.P.:		
8.750%, 3–1–15 .....	1,600	1,628
8.250%, 3–1–16 .....	2,000	2,025
		<u>4,581</u>
<b>Oil Equipment – 0.23%</b>		
Thermon Industries, Inc.,		
9.500%, 5–1–17 (B) .....	480	487
<b>Oil Refining &amp; Marketing – 1.75%</b>		
McMoRan Exploration Co.,		
11.875%, 11–15–14 .....	1,250	1,275
Quicksilver Resources Inc.:		
11.750%, 1–1–16 .....	600	662
7.125%, 4–1–16 .....	400	369
RDS Ultra-Deepwater Ltd,		
11.875%, 3–15–17 (B) .....	1,560	1,470
		<u>3,776</u>
<b>Paper &amp; Forest Products – 1.00%</b>		
Appleton Papers Inc.:		
10.500%, 6–15–15 (B) .....	1,000	945
11.250%, 12–15–15 (B) .....	675	574
PE Paper Escrow GmbH,		
12.000%, 8–1–14 (B) .....	580	637
		<u>2,156</u>
<b>Pharmaceuticals – 1.74%</b>		
BioScrip, Inc.,		
10.250%, 10–1–15 (B) .....	480	475
Mylan Inc.:		
7.625%, 7–15–17 (B) .....	570	581
7.875%, 7–15–20 (B) .....	320	326
PharmaNet Development Group Inc.,		
10.875%, 4–15–17 (B) .....	440	429
Quintiles Transnational Holdings Inc,		
9.500%, 12–30–14 (B) .....	1,915	1,926
		<u>3,737</u>
<b>Publishing – 0.96%</b>		
Nielsen Finance LLC and Nielsen Finance Co.:		
11.500%, 5–1–16 .....	1,200	1,311
0.000%, 8–1–16 (I) .....	800	762
		<u>2,073</u>
<b>Railroads – 1.45%</b>		
Kansas City Southern de Mexico, S.A. de C.V.:		
12.500%, 4–1–16 .....	971	1,160
8.000%, 2–1–18 (B) .....	1,900	1,967
		<u>3,127</u>
<b>Restaurants – 1.56%</b>		
NPC International, Inc.,		
9.500%, 5–1–14 .....	3,355	3,355
<b>Retail Propane Distributors – 0.59%</b>		
Ferrellgas, L.P. and Ferrellgas Finance Corp.,		
9.125%, 10–1–17 (B) .....	1,000	1,042
Suburban Propane Partners, L.P. and Suburban		
Energy Finance Corp.,		
7.375%, 3–15–20 .....	230	233
		<u>1,275</u>

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Retail Stores – 2.20%</b>		
Limited Brands, Inc.:		
8.500%, 6–15–19 .....	\$1,400	\$ 1,509
7.000%, 5–1–20 .....	320	322
Pantry, Inc. (The),		
7.750%, 2–15–14 .....	900	869
QVC, Inc.,		
7.500%, 10–1–19 (B) .....	1,750	1,718
Rite Aid Corporation,		
9.750%, 6–12–16 .....	300	314
		<u>4,732</u>
<b>Service – Other – 8.13%</b>		
Interpublic Group of Companies, Inc. (The),		
10.000%, 7–15–17 .....	2,000	2,205
KAR Holdings, Inc.:		
8.750%, 5–1–14 .....	749	753
10.000%, 5–1–15 .....	1,339	1,366
Laureate Education, Inc.:		
10.000%, 8–15–15 (B) .....	1,750	1,741
11.000%, 8–15–15 (B)(C) .....	3,965	3,880
11.750%, 8–15–17 (B) .....	1,125	1,153
SITEL, LLC and SITEL Finance Corp.,		
11.500%, 4–1–18 (B) .....	790	731
West Corporation:		
9.500%, 10–15–14 .....	1,500	1,508
11.000%, 10–15–16 .....	4,090	4,161
		<u>17,498</u>
<b>Specialty Chemicals – 0.96%</b>		
Huntsman International LLC:		
7.375%, 1–1–15 .....	850	795
5.500%, 6–30–16 (B) .....	300	263
8.625%, 3–15–20 (B) .....	1,100	1,017
		<u>2,075</u>
<b>Technology – 5.01%</b>		
Global Geophysical Services, Inc.,		
10.500%, 5–1–17 (B) .....	1,240	1,190
Hutchinson Technology Incorporated,		
Convertible,		
3.250%, 1–15–26 .....	750	608
Jabil Circuit, Inc.:		
7.750%, 7–15–16 .....	1,520	1,588
8.250%, 3–15–18 .....	1,385	1,468
KEMET Corporation,		
10.500%, 5–1–18 (B) .....	1,400	1,386
Xerox Capital Trust I,		
8.000%, 2–1–27 .....	4,500	4,531
		<u>10,771</u>
<b>Telecommunications – 0.19%</b>		
Intergra Telecom Holdings, Inc.,		
10.750%, 4–15–16 (B) .....	410	401
<b>Utilities – 0.87%</b>		
AES Corporation (The),		
9.750%, 4–15–16 (B) .....	1,750	1,881
<b>Wireless Telecommunication Service – 2.60%</b>		
Crown Castle International Corp.:		
9.000%, 1–15–15 .....	1,500	1,586
7.125%, 11–1–19 .....	400	391
Digicel Group Limited,		
10.500%, 4–15–18 (B) .....	928	957
MetroPCS Communications, Inc.,		
9.250%, 11–1–14 .....	400	412

# SCHEDULE OF INVESTMENTS

## High Income *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
<b>Wireless Telecommunication Service (Continued)</b>		
SBA Telecommunications, Inc.:		
8.000%, 8-15-16 (B) .....	\$ 300	\$ 311
8.250%, 8-15-19 (B) .....	300	316
Sprint Nextel Corporation,		
8.375%, 8-15-17 .....	200	200
Wind Acquisition Finance S.A.,		
11.750%, 7-15-17 (B) .....	685	702
WireCo WorldGroup Inc.,		
9.500%, 5-15-17 (B) .....	750	731
		<u>5,606</u>

**TOTAL CORPORATE DEBT SECURITIES – 90.19%** **\$ 194,103**

(Cost: \$191,127)

### SENIOR LOANS

<b>Casinos &amp; Gaming – 0.80%</b>		
Las Vegas Sands, LLC:		
2.100%, 5-23-14 (D) .....	1,630	1,440
2.100%, 5-23-14 (D) .....	329	291
		<u>1,731</u>

### Diversified Support Services – 1.64%

N.E.W. Holdings I, LLC:		
9.500%, 3-5-17 (D) .....	3,493	3,428
9.500%, 3-5-17 (D) .....	53	52
9.500%, 3-5-17 (D) .....	53	52
		<u>3,532</u>

### Hypermarkets & Super Centers – 0.52%

Roundy's Supermarkets, Inc.,		
10.000%, 4-5-16 (D) .....	1,120	1,123

### Internet Software & Services – 0.47%

Springboard Finance, L.L.C.,		
7.000%, 2-2-15 (D) .....	1,027	1,013

### Retail Stores – 1.32%

Rite Aid Corporation,		
9.500%, 6-5-15 (D) .....	2,790	2,823

SENIOR LOANS (Continued)	Principal	Value
<b>Telecommunications – 0.71%</b>		
Integra Telecom Holdings, Inc.:		
9.250%, 4-7-15 (D) .....	\$ 240	\$ 239
9.250%, 4-7-15 (D) .....	240	239
Mitel Networks Corporation,		
7.460%, 8-15-15 (D) .....	224	204
U.S. Telepacific Corp.,		
9.250%, 7-25-15 (D) .....	848	842
		<u>1,524</u>

### Utilities – 0.58%

Energy Future Competitive Holdings Company and Texas Competitive Electric Holdings Company, LLC:		
3.500%, 10-10-14 (D) .....	638	471
3.850%, 10-10-14 (D) .....	143	106
4.033%, 10-10-14 (D) .....	9	6
Texas Competitive Electric Holdings Company, LLC,		
4.066%, 10-10-14 (D) .....	912	673
		<u>1,256</u>

**TOTAL SENIOR LOANS – 6.04%** **\$ 13,002**

(Cost: \$13,513)

### SHORT-TERM SECURITIES

#### Commercial Paper (J) – 0.93%

Heinz (H.J.) Finance Co. (Heinz (H.J.) Co.),		
0.370%, 7-21-10 .....	2,000	2,000

#### Master Note – 0.84%

Toyota Motor Credit Corporation,		
0.228%, 7-1-10 (K) .....	1,816	1,816

**TOTAL SHORT-TERM SECURITIES – 1.77%** **\$ 3,816**

(Cost: \$3,816)

**TOTAL INVESTMENT SECURITIES – 99.36%** **\$213,860**

(Cost: \$212,315)

**CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.64%** **1,368**

**NET ASSETS – 100.00%** **\$215,228**

# SCHEDULE OF INVESTMENTS

## High Income *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

### Notes to Schedule of Investments

The following forward foreign currency contracts were outstanding at June 30, 2010:

Type	Currency	Counterparty	Principal Amount of Contract (Denominated in Indicated Currency)	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
Sell	Euro	Citibank, N.A.	14	10-15-10	\$ 5	\$ —
Sell	Euro	Citibank, N.A.	13	4-15-11	5	—
Sell	Euro	Citibank, N.A.	13	10-14-11	4	—
Sell	Euro	Citibank, N.A.	13	4-13-12	3	—
Sell	Euro	Citibank, N.A.	13	10-15-12	3	—
Sell	Euro	Citibank, N.A.	13	4-15-13	3	—
Sell	Euro	Citibank, N.A.	13	10-15-13	3	—
Sell	Euro	Citibank, N.A.	13	4-15-14	3	—
Sell	Euro	Citibank, N.A.	14	10-15-14	3	—
Sell	Euro	Citibank, N.A.	14	4-15-15	3	—
Sell	Euro	Citibank, N.A.	14	10-15-15	3	—
Sell	Euro	Citibank, N.A.	13	4-15-16	3	—
Sell	Euro	Citibank, N.A.	14	10-14-16	3	—
Sell	Euro	Citibank, N.A.	289	4-13-17	73	—
					<u>\$ 117</u>	<u>\$ —</u>

(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, 2010, the total value of these securities amounted to \$79,178 or 36.79% of net assets.

(C) Payment-in-kind bonds.

(D) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2010.

(E) Zero coupon bond.

(F) 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, 2010, the total value of these securities amounted to \$2,215 or 1.03% of net assets.

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

(H) Principal amounts are denominated in the indicated foreign currency, where applicable (EUR – Euro).

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

(J) Rate shown is the yield to maturity at June 30, 2010.

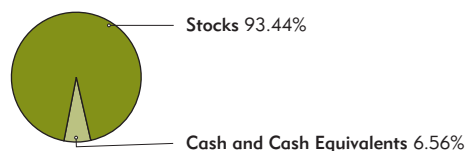
(K) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2010. Date shown represents the date that the variable rate resets.

# PORTFOLIO HIGHLIGHTS

## International Core Equity

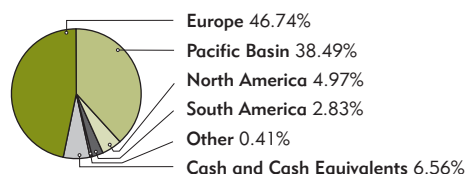
ALL DATA IS AS OF JUNE 30, 2010 (UNAUDITED)

### Asset Allocation



<b>Stocks</b>	<b>93.44%</b>
Financials	16.96%
Consumer Discretionary	16.00%
Telecommunication Services	10.84%
Industrials	10.15%
Energy	9.32%
Materials	8.20%
Consumer Staples	7.48%
Information Technology	7.30%
Health Care	5.75%
Utilities	1.44%
<b>Cash and Cash Equivalents</b>	<b>6.56%</b>

### Country Weightings



<b>Europe</b>	<b>46.74%</b>
United Kingdom	16.80%
France	12.58%
Germany	5.19%
Switzerland	4.49%
Other Europe	7.68%
<b>Pacific Basin</b>	<b>38.49%</b>
Japan	13.60%
Australia	12.06%
Hong Kong	4.38%
Taiwan	3.74%
Other Pacific Basin	4.71%
<b>North America</b>	<b>4.97%</b>
<b>South America</b>	<b>2.83%</b>
<b>Other</b>	<b>0.41%</b>
<b>Cash and Cash Equivalents</b>	<b>6.56%</b>

### Top 10 Equity Holdings

Company	Country	Sector	Industry
TOTAL S.A.	France	Energy	Integrated Oil & Gas
Vodafone Group plc	United Kingdom	Telecommunication Services	Wireless Telecommunication Service
Foster's Group Limited	Australia	Consumer Staples	Brewers
Unilever plc	United Kingdom	Consumer Staples	Packaged Foods & Meats
Cheung Kong (Holdings) Limited	Hong Kong	Financials	Real Estate Development
Sanofi-Aventis	France	Health Care	Pharmaceuticals
Royal Dutch Shell plc, Class A	United Kingdom	Energy	Integrated Oil & Gas
Telstra Corporation Limited	Australia	Telecommunication Services	Integrated Telecommunication Services
Taiwan Semiconductor Manufacturing Company Ltd.	Taiwan	Information Technology	Semiconductors
AstraZeneca plc	United Kingdom	Health Care	Pharmaceuticals

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

# SCHEDULE OF INVESTMENTS

## International Core Equity *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
<b>Australia – 12.06%</b>			<b>Japan (Continued)</b>		
Arcor Limited (A) . . . . .	1,312	\$ 6,995	DENSO CORPORATION (A) . . . . .	205	\$ 5,660
Australia and New Zealand Banking Group Limited (A) . . . . .	283	5,075	JGC Corporation (A) . . . . .	421	6,388
Crown Limited (A) . . . . .	1,023	6,633	Komatsu Ltd. (A) . . . . .	289	5,206
Foster's Group Limited (A) . . . . .	2,181	10,328	KONAMI CORPORATION (A) . . . . .	396	6,101
John Fairfax Holdings Limited (A) . . . . .	4,293	4,691	Mitsui & Co., Ltd. (A) . . . . .	456	5,317
Myer Holdings Limited (A) . . . . .	2,261	5,966	Nissin Kogyo Co., Ltd. (A) . . . . .	555	8,109
Orica Limited (A) . . . . .	308	6,474	SOFTBANK CORP. (A) . . . . .	286	7,572
Telstra Corporation Limited (A) . . . . .	3,376	9,203	Sumitomo Corporation (A) . . . . .	507	5,064
		55,365			62,440
<b>Brazil – 2.83%</b>			<b>Mexico – 2.43%</b>		
Companhia Energetica de Minas Gerais – CEMIG, ADR . . . . .	451	6,613	Fomento Economico Mexicano, S.A.B. de C.V. . . . .	130	5,603
Vivo Participacoes S.A., ADR . . . . .	246	6,370	Grupo Modelo, S.A.B. de C.V., Series C (A) . . . . .	1,121	5,548
		12,983			11,151
<b>Canada – 1.49%</b>			<b>Netherlands – 1.17%</b>		
Canadian Natural Resources Limited (A) . . . . .	206	6,823	Fugro N.V. (A) . . . . .	117	5,393
<b>China – 3.32%</b>			<b>Russia – 1.41%</b>		
China Mobile Limited (A) . . . . .	763	7,578	Mobile TeleSystems OJSC, ADR . . . . .	338	6,477
Industrial and Commercial Bank of China Limited, H Shares (A)(B) . . . . .	7,148	5,195	<b>Singapore – 1.39%</b>		
Industrial and Commercial Bank of China Limited, H Shares (A) . . . . .	3,373	2,452	CapitaCommercial Trust (A) . . . . .	7,383	6,395
		15,225	<b>Spain – 3.33%</b>		
<b>France – 12.58%</b>			Banco Bilbao Vizcaya Argentaria, S.A. (A) . . . . .	470	4,838
ALSTOM (A) . . . . .	133	6,040	Banco Santander Central Hispano, S.A. (A) . . . . .	536	5,617
AXA S.A. (A) . . . . .	394	6,020	Tecnicas Reunidas, S.A. (A) . . . . .	106	4,822
Sanofi-Aventis (A) . . . . .	156	9,386			15,277
Schneider Electric S.A. (A) . . . . .	52	5,265	<b>Switzerland – 4.49%</b>		
Societe Generale (A) . . . . .	151	6,234	Roche Holdings AG, Genussscheine (A) . . . . .	61	8,384
TOTAL S.A. (A) . . . . .	370	16,509	Syngenta AG (A) . . . . .	30	7,014
Vivendi Universal (A) . . . . .	407	8,270	TEMENOS Group AG (A)(C) . . . . .	217	5,226
		57,724			20,624
<b>Germany – 5.19%</b>			<b>Taiwan – 3.74%</b>		
Bayer Aktiengesellschaft (A) . . . . .	125	6,992	High Tech Computer Corp. (A) . . . . .	620	8,234
DaimlerChrysler AG, Registered Shares (A) . . . . .	124	6,273	Taiwan Semiconductor Manufacturing Company Ltd. (A) . . . . .	4,773	8,920
Deutsche Boerse AG . . . . .	81	4,943			17,154
Deutsche Lufthansa Aktiengesellschaft (A) . . . . .	404	5,597	<b>United Kingdom – 16.80%</b>		
		23,805	AstraZeneca plc (A) . . . . .	183	8,617
<b>Greece – 0.64%</b>			BAE Systems plc (A) . . . . .	1,653	7,694
Coca-Cola Hellenic Bottling Company S.A. (A) . . . . .	137	2,943	Barclays plc (A)(B) . . . . .	877	3,499
<b>Hong Kong – 4.38%</b>			Barclays plc (A) . . . . .	1,299	5,184
Cheung Kong (Holdings) Limited (A) . . . . .	818	9,440	Home Retail Group plc (A) . . . . .	1,439	4,569
Esprit Holdings Limited (A) . . . . .	890	4,783	Prudential plc (A) . . . . .	930	7,013
New World Development Company Limited (A) . . . . .	3,628	5,890	Royal Dutch Shell plc, Class A (A) . . . . .	368	9,289
		20,113	Unilever plc (A) . . . . .	373	9,958
<b>Israel – 0.41%</b>			Vodafone Group plc (A) . . . . .	5,170	10,653
Bezeq – Israel Telecommunication Corp., Ltd. (The) (A) . . . . .	871	1,904	WPP Group plc (A) . . . . .	555	5,226
<b>Italy – 1.13%</b>			Xstrata plc (A) . . . . .	411	5,378
Mediaset S.p.A. (A) . . . . .	910	5,174			77,080
<b>Japan – 13.60%</b>			<b>United States – 1.05%</b>		
Bridgestone Corporation (A) . . . . .	508	8,036	Southern Copper Corporation . . . . .	181	4,813
Canon Inc. (A) . . . . .	134	4,987			
			<b>TOTAL COMMON STOCKS – 93.44%</b>		<b>\$428,863</b>
			(Cost: \$470,860)		

# SCHEDULE OF INVESTMENTS

## International Core Equity *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

SHORT-TERM SECURITIES	Principal	Value
<b>Commercial Paper (D) – 3.36%</b>		
American Honda Finance Corp., 0.220%, 7–7–10 .....	\$5,000	\$ 5,000
Campbell Soup Co., 0.000%, 7–1–10 .....	3,428	3,428
Corporacion Andina de Fomento, 0.160%, 7–2–10 .....	5,000	4,999
Heinz (H.J.) Finance Co. (Heinz (H.J.) Co.), 0.350%, 7–26–10 .....	2,000	2,000
		<u>15,427</u>
<b>Master Note – 0.02%</b>		
Toyota Motor Credit Corporation, 0.228%, 7–1–10 (E) .....	92	92
<b>United States Government Agency Obligations – 0.44%</b>		
Overseas Private Investment Corporation, 0.160%, 11–15–10 (E) .....	2,000	2,000
<b>TOTAL SHORT-TERM SECURITIES – 3.82%</b>		<b>\$ 17,519</b>
(Cost: \$17,519)		
<b>TOTAL INVESTMENT SECURITIES – 97.26%</b>		<b>\$446,382</b>
(Cost: \$488,379)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 2.74%</b>		<b>12,599</b>
<b>NET ASSETS – 100.00%</b>		<b>\$458,981</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 liquid under guidelines established by the Board of Trustees. At June 30, 2010, the total value of these securities amounted to \$8,694 or 1.89% of net assets.

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

(D) Rate shown is the yield to maturity at June 30, 2010.

(E) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2010. Date shown represents the date the variable rate resets.

The following acronym is used throughout this schedule:

ADR = American Depositary Receipts

### Market Sector Diversification

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

Financials	16.96%
Consumer Discretionary	16.00%
Telecommunication Services	10.84%
Industrials	10.15%
Energy	9.32%
Materials	8.20%
Consumer Staples	7.48%
Information Technology	7.30%
Health Care	5.75%
Utilities	1.44%
Other+	6.56%

+ Includes cash and cash equivalents and other assets and liabilities

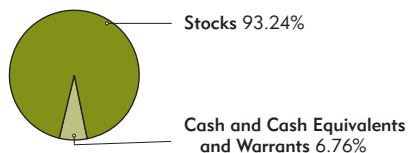
See Accompanying Notes to Financial Statements.

# PORTFOLIO HIGHLIGHTS

## International Growth

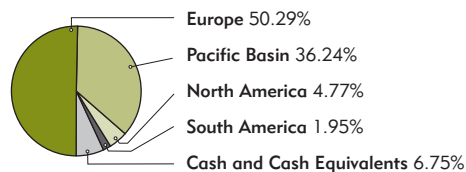
ALL DATA IS AS OF JUNE 30, 2010 (UNAUDITED)

### Asset Allocation



<b>Stocks</b>	<b>93.24%</b>
Consumer Discretionary	17.52%
Consumer Staples	16.30%
Information Technology	11.89%
Financials	11.87%
Industrials	11.75%
Energy	7.14%
Telecommunication Services	6.50%
Materials	5.36%
Health Care	3.39%
Utilities	1.52%
<b>Cash and Cash Equivalents and Warrants</b>	<b>6.76%</b>

### Country Weightings



<b>Europe</b>	<b>50.29%</b>
United Kingdom	18.88%
Germany	10.46%
France	5.99%
Switzerland	4.94%
Other Europe	10.02%
<b>Pacific Basin</b>	<b>36.24%</b>
Japan	13.93%
Australia	7.02%
China	6.74%
Hong Kong	4.79%
Other Pacific Basin	3.76%
<b>North America</b>	<b>4.77%</b>
<b>South America</b>	<b>1.95%</b>
<b>Cash and Cash Equivalents</b>	<b>6.75%</b>

### Top 10 Equity Holdings

Company	Country	Sector	Industry
British American Tobacco plc	United Kingdom	Consumer Staples	Tobacco
DaimlerChrysler AG, Registered Shares	Germany	Consumer Discretionary	Automobile Manufacturers
Telstra Corporation Limited	Australia	Telecommunication Services	Integrated Telecommunication Services
Nestle S.A., Registered Shares	Switzerland	Consumer Staples	Packaged Foods & Meats
Foster's Group Limited	Australia	Consumer Staples	Brewers
VINCI	France	Industrials	Construction & Engineering
InBev NV	Belgium	Consumer Staples	Brewers
Honda Motor Co., Ltd.	Japan	Consumer Discretionary	Automobile Manufacturers
Tokyo Electron Limited	Japan	Information Technology	Semiconductor Equipment
Pinault-Printemps-Redoute S.A.	France	Consumer Discretionary	Department Stores

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, 2010 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Australia – 7.02%</b>		
BHP Billiton plc (A) . . . . .	114	\$ 3,537
Foster's Group Limited (A) . . . . .	1,178	5,578
Orica Limited (A) . . . . .	119	2,496
Telstra Corporation Limited (A) . . . . .	2,102	5,731
		<u>17,342</u>
<b>Belgium – 2.11%</b>		
InBev NV (A) . . . . .	108	5,203
<b>Brazil – 1.95%</b>		
Banco Santander (Brasil) S.A., Units (A)(B) . . . . .	185	1,901
BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias eFuturos (A) . . . . .	449	2,907
		<u>4,808</u>
<b>Canada – 1.16%</b>		
Canadian Natural Resources Limited (A) . . . . .	87	2,874
<b>China – 6.74%</b>		
China Construction Bank Corporation (A) . . . . .	4,352	3,503
China Life Insurance Company Limited, ADR . . . . .	71	4,611
Sino-Forest Corporation, Class A (A)(C) . . . . .	148	2,102
Tingyi Holding Corp. (A) . . . . .	1,166	2,859
Wynn Macau, Limited (A)(C) . . . . .	2,181	3,557
		<u>16,632</u>
<b>France – 5.99%</b>		
Cap Gemini S.A. (A) . . . . .	43	1,907
Pinault-Printemps-Redoute S.A. (A) . . . . .	39	4,897
Technip-Coflexip (A) . . . . .	42	2,431
VINCI (A) . . . . .	134	5,559
		<u>14,794</u>
<b>Germany – 8.59%</b>		
adidas AG (A) . . . . .	59	2,856
Bayer Aktiengesellschaft (A) . . . . .	50	2,795
DaimlerChrysler AG, Registered Shares (A) . . . . .	123	6,249
Deutsche Boerse AG (A) . . . . .	51	3,112
QIAGEN N.V. (A)(C) . . . . .	130	2,520
SAP Aktiengesellschaft (A) . . . . .	83	3,686
		<u>21,218</u>
<b>Hong Kong – 4.78%</b>		
Cheung Kong (Holdings) Limited (A) . . . . .	329	3,797
Henderson Land Development Company Limited (A) . . . . .	658	3,854
Yue Yuen Industrial (Holdings) Limited (A) . . . . .	1,336	4,145
		<u>11,796</u>
<b>India – 2.47%</b>		
Genpact Limited (C) . . . . .	83	1,290
Hero Honda Motors Limited (A)(C) . . . . .	110	4,816
		<u>6,106</u>
<b>Italy – 1.39%</b>		
Saipem S.p.A. (A) . . . . .	113	3,437
<b>Japan – 13.93%</b>		
Bridgestone Corporation (A) . . . . .	267	4,219
FANUC LTD (A) . . . . .	12	1,355
Honda Motor Co., Ltd. (A) . . . . .	169	4,955
JGC Corporation (A) . . . . .	246	3,733
KONAMI CORPORATION (A) . . . . .	198	3,049
Mitsubishi Corporation (A) . . . . .	197	4,071
Mitsubishi Electric Corporation (A) . . . . .	472	3,684

COMMON STOCKS (Continued)	Shares	Value
<b>Japan (Continued)</b>		
Nissan Kogyo Co., Ltd. (A) . . . . .	218	\$ 3,185
Tokyo Electron Limited (A) . . . . .	92	4,945
YAMADA-DENKI Co., Ltd. (A) . . . . .	18	1,189
		<u>34,385</u>
<b>Mexico – 1.31%</b>		
Grupo Modelo, S.A.B. de C.V., Series C (A) . . . . .	655	3,240
<b>Netherlands – 2.03%</b>		
ASML Holding N.V., Ordinary Shares (A) . . . . .	66	1,828
Koninklijke KPN N.V. (A) . . . . .	249	3,176
		<u>5,004</u>
<b>Norway – 0.92%</b>		
Seadrill Limited (A) . . . . .	126	2,280
<b>Spain – 2.44%</b>		
Tecnicas Reunidas, S.A. (A) . . . . .	72	3,278
Telefonica, S.A. (A) . . . . .	148	2,744
		<u>6,022</u>
<b>Sweden – 1.13%</b>		
ASSA ABLOY AB, Class B (A) . . . . .	139	2,782
<b>Switzerland – 4.94%</b>		
Credit Suisse Group, Registered Shares (A) . . . . .	28	1,049
Nestle S.A., Registered Shares (A) . . . . .	117	5,637
Swatch Group Ltd (The), Bearer Shares (A) . . . . .	2	671
TEMENOS Group AG (A)(C) . . . . .	201	4,842
		<u>12,199</u>
<b>Taiwan – 1.29%</b>		
High Tech Computer Corp. (A) . . . . .	239	3,174
<b>United Kingdom – 18.88%</b>		
British American Tobacco plc (A) . . . . .	206	6,546
Capita Group plc (The) (A) . . . . .	346	3,810
Diageo plc (A) . . . . .	287	4,515
GlaxoSmithKline plc (A) . . . . .	73	1,243
IG Group Holdings plc (A)(B) . . . . .	258	1,612
IG Group Holdings plc (A) . . . . .	119	746
Informa plc (A) . . . . .	473	2,498
International Power plc (A) . . . . .	842	3,760
Prudential plc (A) . . . . .	603	4,552
Reckitt Benckiser Group plc (A) . . . . .	79	3,659
Serco Group plc (A) . . . . .	458	4,003
tesco plc (A) . . . . .	523	2,952
Vodafone Group plc (A) . . . . .	2,136	4,400
Xstrata plc (A) . . . . .	178	2,325
		<u>46,621</u>
<b>United States – 2.30%</b>		
QUALCOMM Incorporated . . . . .	71	2,318
Schlumberger Limited . . . . .	61	3,357
		<u>5,675</u>
<b>TOTAL COMMON STOCKS – 91.37%</b>		<b>\$225,592</b>
(Cost: \$244,211)		
<b>PREFERRED STOCKS – 1.87%</b>		
<b>Germany</b>		
Fresenius AG (A) . . . . .	70	\$ 4,613
(Cost: \$4,923)		



# SCHEDULE OF INVESTMENTS

## International Growth *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

WARRANTS – 0.01%	Shares	Value
<b>Hong Kong</b>		
Henderson Land Development Company Limited, Warrants . . . . .	140	\$ 24
(Cost: \$–)		
<b>SHORT-TERM SECURITIES</b>	<b>Principal</b>	
<b>Commercial Paper (D) – 5.19%</b>		
Campbell Soup Co., 0.000%, 7–1–10 . . . . .	\$12,232	12,232
Hewlett-Packard Company, 0.210%, 7–9–10 . . . . .	589	589
		<u>12,821</u>
<b>Master Note – 0.94%</b>		
Toyota Motor Credit Corporation, 0.228%, 7–1–10 (E) . . . . .	2,333	<u>2,333</u>

SHORT-TERM SECURITIES (Continued)	Principal	Value
<b>United States Government Agency Obligations – 3.86%</b>		
Overseas Private Investment Corporation:		
0.160%, 8–15–10 (E) . . . . .	\$4,000	\$ 4,000
0.160%, 11–15–10 (E) . . . . .	5,508	5,508
		<u>9,508</u>
<b>TOTAL SHORT-TERM SECURITIES – 9.99%</b>		<b>\$ 24,662</b>
(Cost: \$24,662)		
<b>TOTAL INVESTMENT SECURITIES – 103.24%</b>		<b>\$254,891</b>
(Cost: \$273,796)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (3.24%)</b>		<b>(8,001)</b>
<b>NET ASSETS – 100.00%</b>		<b>\$246,890</b>

### Notes to Schedule of Investments

The following total return swaps were outstanding at June 30, 2010:

Counterparty	Notional Amount	Underlying Security	Termination Date	Financing Fee#	Unrealized Depreciation
UBS AG, London	1,992	Sany Heavy Industries Co., Ltd.	4/21/2011	USD LIBOR + 0.700%	\$(208)
UBS AG, London	996	Sany Heavy Industries Co., Ltd.	4/25/2011	USD LIBOR + 0.700%	(106)
UBS AG, London	984	Sany Heavy Industries Co., Ltd.	4/26/2011	USD LIBOR + 0.700%	(99)
					<u>\$(413)</u>

#The Fund pays the financing fee multiplied by the notional amount each quarter. On the termination date of the swap contracts, the Portfolio will pay/ receive the return of the underlying security.

The following forward foreign currency contracts were outstanding at June 30, 2010:

Type	Currency	Counterparty	Principal Amount of Contract (Denominated in Indicated Currency)	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
Sell	Euro	Goldman Sachs International	16,300	8–10–10	\$890	\$ —
Sell	Japanese Yen	Citibank, N.A.	2,294,000	12–20–10	—	332
					<u>\$890</u>	<u>\$332</u>

(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 liquid under guidelines established by the Board of Trustees. At June 30, 2010, the total value of these securities amounted to \$3,513 or 1.42% of net assets.

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

(D) Rate shown is the yield to maturity at June 30, 2010.

(E) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2010. Date shown represents the date the variable rate resets.

The following acronym is used throughout this schedule:

ADR = American Depositary Receipts

### Market Sector Diversification

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

Consumer Discretionary	17.52%
Consumer Staples	16.30%
Information Technology	11.89%
Financials	11.88%
Industrials	11.75%
Energy	7.14%

+ Includes cash and cash equivalents and other assets and liabilities

### Market Sector Diversification (Continued)

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

Telecommunication Services	6.50%
Materials	5.36%
Health Care	3.39%
Utilities	1.52%
Other+	6.75%

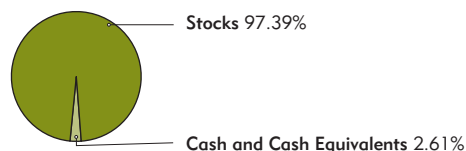
See Accompanying Notes to Financial Statements.

# PORTFOLIO HIGHLIGHTS

## Micro Cap Growth

ALL DATA IS AS OF JUNE 30, 2010 (UNAUDITED)

### Asset Allocation



<b>Stocks</b>	<b>97.39%</b>
Information Technology	31.85%
Consumer Discretionary	22.37%
Health Care	21.49%
Industrials	10.83%
Energy	5.44%
Materials	2.70%
Consumer Staples	1.90%
Telecommunication Services	0.81%
<b>Cash and Cash Equivalents</b>	<b>2.61%</b>

### Top 10 Equity Holdings

Company	Sector
Questcor Pharmaceuticals, Inc.	Health Care
Grand Canyon Education, Inc.	Consumer Discretionary
Isilon Systems, Inc.	Information Technology
T-3 Energy Services, Inc.	Energy
Rentrak Corporation	Consumer Discretionary
Pharmasset, Inc.	Health Care
Health Grades, Inc.	Health Care
Obagi Medical Products, Inc.	Health Care
CommVault Systems, Inc.	Information Technology
Marten Transport, Ltd.	Industrials

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, 2010 (UNAUDITED)

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
<b>Advertising – 1.57%</b>			<b>Construction &amp; Farm Machinery &amp; Heavy Trucks – 0.90%</b>		
MDC Partners Inc., Class A . . . . .	42	\$ 447	Commercial Vehicle Group, Inc. (A) . . . . .	35	\$ 360
ReachLocal, Inc. (A) . . . . .	14	180			
		<u>627</u>			
<b>Aerospace &amp; Defense – 1.25%</b>			<b>Data Processing &amp; Outsourced Services – 1.03%</b>		
Global Defense Technology & Systems, Inc. (A) . . .	39	502	SPS Commerce, Inc. (A) . . . . .	36	413
		<u>502</u>			
<b>Apparel Retail – 2.11%</b>			<b>Distillers &amp; Vintners – 0.82%</b>		
Citi Trends Inc. (A) . . . . .	20	659	China New Borun Corporation, ADR (A) . . . . .	56	325
New York & Company, Inc. (A) . . . . .	81	185			
		<u>844</u>	<b>Distributors – 1.32%</b>		
<b>Apparel, Accessories &amp; Luxury Goods – 2.65%</b>			DXP Enterprises, Inc. (A) . . . . .	34	529
True Religion Apparel, Inc. (A) . . . . .	29	647			
Volcom, Inc. (A) . . . . .	22	412	<b>Education Services – 4.54%</b>		
		<u>1,059</u>	ChinaCast Education Corporation (A) . . . . .	63	372
<b>Application Software – 5.13%</b>			Grand Canyon Education, Inc. (A) . . . . .	46	1,086
ClickSoftware Technologies Ltd. (A) . . . . .	25	132	National American University Holdings, Inc. . . . .	41	360
NetScout Systems, Inc. (A) . . . . .	40	570			<u>1,818</u>
OPNET Technologies, Inc. . . . .	30	442	<b>Electrical Components &amp; Equipment – 1.76%</b>		
Sonic Solutions (A) . . . . .	26	216	China Electric Motor, Inc. (A) . . . . .	48	237
Ultimate Software Group, Inc. (The) (A) . . . . .	10	319	Harbin Electric, Inc. (A) . . . . .	19	308
VancelInfo Technologies Inc. ADR (A) . . . . .	16	370	JinkoSolar Holding Co., Ltd., ADR (A) . . . . .	16	158
		<u>2,049</u>			<u>703</u>
<b>Auto Parts &amp; Equipment – 1.67%</b>			<b>Electronic Components – 0.81%</b>		
Westport Innovations Inc. (A) . . . . .	31	485	Universal Display Corporation (A) . . . . .	18	324
Wonder Auto Technology, Inc. (A) . . . . .	25	184			
		<u>669</u>	<b>Electronic Equipment &amp; Instruments – 0.66%</b>		
<b>Biotechnology – 4.84%</b>			FARO Technologies, Inc. (A) . . . . .	14	266
Allos Therapeutics, Inc. (A) . . . . .	85	522			
Dyax Corp. (A) . . . . .	64	145	<b>Electronic Manufacturing Services – 2.58%</b>		
Idenix Pharmaceuticals, Inc. (A) . . . . .	55	275	Fabrinet (A) . . . . .	16	175
Nanosphere, Inc. (A) . . . . .	56	245	Maxwell Technologies, Inc. (A) . . . . .	15	170
Pharmasset, Inc. (A) . . . . .	27	750	Mercury Computer Systems, Inc. (A) . . . . .	32	376
		<u>1,937</u>	SMART Modular Technologies (WWH), Inc. (A) . . .	53	312
<b>Broadcasting – 0.90%</b>					<u>1,033</u>
Global Traffic Network, Inc. (A) . . . . .	67	362	<b>Fertilizers &amp; Agricultural Chemicals – 0.93%</b>		
		<u>362</u>	Yongye Biotechnology International, Inc. (A) . . . . .	54	371
<b>Commodity Chemicals – 0.62%</b>					
STR Holdings, Inc. (A) . . . . .	13	248	<b>Food Retail – 0.48%</b>		
		<u>248</u>	QKL Stores Inc. (A) . . . . .	46	193
<b>Communications Equipment – 4.31%</b>					
Aruba Networks, Inc. (A) . . . . .	40	561	<b>Health Care Equipment – 4.80%</b>		
Blue Coat Systems, Inc. (A) . . . . .	19	384	ABIOMED, Inc. (A) . . . . .	42	408
Ixia (A) . . . . .	36	313	Micrus Endovascular Corporation (A) . . . . .	17	358
Meru Networks, Inc. (A) . . . . .	21	253	Quidel Corporation (A) . . . . .	30	378
Oplink Communications, Inc. (A) . . . . .	15	214	Spectranetics Corporation (The) (A) . . . . .	102	529
		<u>1,725</u>	Synovis Life Technologies, Inc. (A) . . . . .	16	248
<b>Computer Hardware – 0.75%</b>					<u>1,921</u>
Super Micro Computer, Inc. (A) . . . . .	22	300	<b>Health Care Services – 1.79%</b>		
		<u>300</u>	Health Grades, Inc. (A) . . . . .	120	717
<b>Computer Storage &amp; Peripherals – 3.77%</b>					
Isilon Systems, Inc. (A) . . . . .	80	1,022	<b>Health Care Supplies – 1.74%</b>		
Netezza Corporation (A) . . . . .	36	486	Rochester Medical Corporation (A) . . . . .	25	233
		<u>1,508</u>	Winner Medical Group Inc. (A) . . . . .	88	465
<b>Construction &amp; Engineering – 0.88%</b>					<u>698</u>
Orion Marine Group, Inc. (A) . . . . .	25	354	<b>Home Furnishings – 0.98%</b>		
		<u>354</u>	Kid Brands, Inc. (A) . . . . .	56	392

# SCHEDULE OF INVESTMENTS

## Micro Cap Growth *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

COMMON STOCKS (Continued)	Shares	Value
<b>Hotels, Resorts &amp; Cruise Lines – 0.88%</b>		
Universal Travel Group (A) . . . . .	60	\$ 353
<b>Household Appliances – 0.98%</b>		
Deer Consumer Products, Inc. (A) . . . . .	47	391
<b>Integrated Telecommunication Services – 0.81%</b>		
City Telecom Ltd, ADR . . . . .	29	325
<b>Internet Software &amp; Services – 2.79%</b>		
KIT digital, Inc. (A) . . . . .	55	488
Local.com Corporation (A) . . . . .	25	170
Terremark Worldwide, Inc. (A) . . . . .	59	458
		<u>1,116</u>
<b>Life Sciences Tools &amp; Services – 1.02%</b>		
Bruker Corporation (A) . . . . .	34	410
<b>Managed Health Care – 0.93%</b>		
Molina Healthcare, Inc. (A) . . . . .	13	372
<b>Movies &amp; Entertainment – 2.01%</b>		
Rentrak Corporation (A) . . . . .	33	803
<b>Oil &amp; Gas Drilling – 0.71%</b>		
Pioneer Drilling Company (A) . . . . .	50	286
<b>Oil &amp; Gas Equipment &amp; Services – 3.92%</b>		
Basic Energy Services, Inc. (A) . . . . .	41	319
Natural Gas Services Group, Inc. (A) . . . . .	23	343
T-3 Energy Services, Inc. (A) . . . . .	33	906
		<u>1,568</u>
<b>Oil &amp; Gas Refining &amp; Marketing – 0.81%</b>		
China Integrated Energy, Inc. (A) . . . . .	39	324
<b>Paper Products – 0.60%</b>		
Orient Paper, Inc. (A) . . . . .	36	242
<b>Personal Products – 0.60%</b>		
China-Biotics, Inc. (A) . . . . .	19	242
<b>Pharmaceuticals – 6.37%</b>		
Biodel Inc. (A) . . . . .	34	127
BioMimetic Therapeutics, Inc. (A) . . . . .	24	271
Obagi Medical Products, Inc. (A) . . . . .	61	716
Questcor Pharmaceuticals, Inc. (A) . . . . .	114	1,167
SuperGen, Inc. (A) . . . . .	130	262
		<u>2,543</u>
<b>Research &amp; Consulting Services – 0.48%</b>		
Mistras Group, Inc. (A) . . . . .	18	191
<b>Restaurants – 2.34%</b>		
BJ's Restaurants, Inc. (A) . . . . .	18	418
McCormick & Schmick's Seafood Restaurants, Inc. (A) . . . . .	23	171
Red Robin Gourmet Burgers, Inc. (A) . . . . .	16	271
Ruth's Hospitality Group, Inc. (A) . . . . .	18	77
		<u>937</u>

COMMON STOCKS (Continued)	Shares	Value
<b>Semiconductor Equipment – 0.75%</b>		
Nanometrics Incorporated (A) . . . . .	30	\$ 300
<b>Semiconductors – 5.20%</b>		
Alpha and Omega Semiconductor Limited (A) . . . . .	18	254
Cavium Networks, Inc. (A) . . . . .	14	369
Diodes Incorporated (A) . . . . .	14	229
Mellanox Technologies, Ltd. (A) . . . . .	16	353
Monolithic Power Systems, Inc. (A) . . . . .	11	191
O2Micro International Limited (A) . . . . .	50	296
Pericom Semiconductor Corporation (A) . . . . .	40	384
		<u>2,076</u>
<b>Specialty Chemicals – 0.12%</b>		
Flotek Industries, Inc. (A) . . . . .	40	49
<b>Specialty Stores – 0.41%</b>		
Build-A-Bear Workshop, Inc. (A) . . . . .	24	163
<b>Steel – 0.43%</b>		
China Gerui Advanced Materials Group Limited (A) . . . . .	33	172
<b>Systems Software – 4.08%</b>		
CommVault Systems, Inc. (A) . . . . .	32	715
Convio, Inc. (A) . . . . .	24	177
Fortinet, Inc. (A) . . . . .	26	421
Radiant Systems, Inc. (A) . . . . .	22	320
		<u>1,633</u>
<b>Trucking – 5.56%</b>		
Celadon Group, Inc. (A) . . . . .	47	663
Marten Transport, Ltd. (A) . . . . .	34	697
Roadrunner Transportation Systems, Inc. (A) . . . . .	33	468
Vitrin Corporation Inc., Class A (A) . . . . .	30	397
		<u>2,225</u>
<b>TOTAL COMMON STOCKS – 97.39%</b>		<b>\$38,968</b>
(Cost: \$39,106)		

SHORT-TERM SECURITIES – 2.70%	Principal
<b>Master Note</b>	
Toyota Motor Credit Corporation, 0.228%, 7-1-10 (B) . . . . .	\$1,081
(Cost: \$1,081)	<u>\$ 1,081</u>
<b>TOTAL INVESTMENT SECURITIES – 100.09%</b>	<b>\$40,049</b>
(Cost: \$40,187)	

**LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.09%) (35)**

**NET ASSETS – 100.00% \$40,014**

### 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, 2010. Date shown represents the date that the variable rate resets.

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

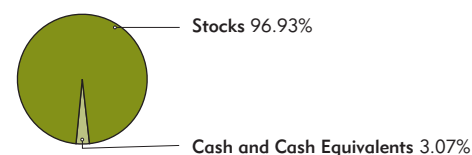
See Accompanying Notes to Financial Statements.

# PORTFOLIO HIGHLIGHTS

## Mid Cap Growth

ALL DATA IS AS OF JUNE 30, 2010 (UNAUDITED)

### Asset Allocation



<b>Stocks</b>	<b>96.93%</b>
Information Technology	21.32%
Consumer Discretionary	20.79%
Industrials	17.83%
Financials	12.68%
Health Care	8.60%
Energy	7.20%
Consumer Staples	6.55%
Materials	1.96%
<b>Cash and Cash Equivalents</b>	<b>3.07%</b>

### Top 10 Equity Holdings

Company	Sector
Whole Foods Market, Inc.	Consumer Staples
Fastenal Company	Industrials
Microchip Technology Incorporated	Information Technology
NetApp, Inc.	Information Technology
Paychex, Inc.	Information Technology
Hospira, Inc.	Health Care
Allergan, Inc.	Health Care
CB Richard Ellis Group, Inc., Class A	Financials
Meredith Corporation	Consumer Discretionary
Dresser-Rand Group Inc.	Energy

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, 2010 (UNAUDITED)

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
<b>Air Freight &amp; Logistics – 3.38%</b>			<b>Health Care Equipment – 3.40%</b>		
C.H. Robinson Worldwide, Inc. ....	25	\$ 1,411	Hospira, Inc. (A) .....	41	\$ 2,363
Expeditors International of Washington, Inc. ....	55	1,893	Intuitive Surgical, Inc. (A) .....	3	963
		<u>3,304</u>			<u>3,326</u>
<b>Apparel Retail – 3.68%</b>			<b>Health Care Technology – 1.02%</b>		
J. Crew Group, Inc. (A) .....	46	1,708	Cerner Corporation (A) .....	13	994
Urban Outfitters, Inc. (A) .....	55	1,880			<u>994</u>
		<u>3,588</u>	<b>Homefurnishing Retail – 0.86%</b>		
<b>Apparel, Accessories &amp; Luxury Goods – 2.84%</b>			Williams-Sonoma, Inc. ....	34	841
Columbia Sportswear Company .....	21	968			<u>841</u>
lululemon athletica inc. (A) .....	49	1,809	<b>Hotels, Resorts &amp; Cruise Lines – 2.18%</b>		
		<u>2,777</u>	Royal Caribbean Cruises Ltd. (A) .....	36	829
<b>Application Software – 5.49%</b>			Starwood Hotels & Resorts Worldwide, Inc. ....	31	1,297
salesforce.com, inc. (A) .....	21	1,777			<u>2,126</u>
Solera Holdings, Inc. ....	60	2,156	<b>Human Resource &amp; Employment Services – 1.09%</b>		
SuccessFactors, Inc. (A) .....	69	1,427	Manpower Inc. ....	25	1,064
		<u>5,360</u>			<u>1,064</u>
<b>Auto Parts &amp; Equipment – 2.68%</b>			<b>Industrial Machinery – 4.07%</b>		
BorgWarner Inc. (A) .....	53	1,996	Donaldson Company, Inc. ....	25	1,071
Gentex Corporation .....	34	619	IDEX Corporation .....	63	1,788
		<u>2,615</u>	Kaydon Corporation .....	34	1,125
<b>Broadcasting – 0.97%</b>					<u>3,984</u>
CBS Corporation, Class B .....	73	948	<b>Insurance Brokers – 1.53%</b>		
		<u>948</u>	Arthur J. Gallagher & Co. ....	61	1,492
<b>Computer Storage &amp; Peripherals – 3.84%</b>					<u>1,492</u>
NetApp, Inc. (A) .....	76	2,853	<b>Internet Software &amp; Services – 1.32%</b>		
QLogic Corporation (A) .....	54	897	DealerTrack Holdings, Inc. (A) .....	78	1,289
		<u>3,750</u>			<u>1,289</u>
<b>Construction &amp; Engineering – 1.29%</b>			<b>Investment Banking &amp; Brokerage – 2.28%</b>		
Quanta Services, Inc. (A) .....	61	1,258	Chicago Board Options Exchange, Incorporated (A) .....	17	547
		<u>1,258</u>	Greenhill & Co., Inc. ....	27	1,678
<b>Consumer Finance – 2.14%</b>					<u>2,225</u>
Discover Financial Services .....	150	2,092	<b>Oil &amp; Gas Drilling – 1.00%</b>		
		<u>2,092</u>	Patterson-UTI Energy, Inc. ....	76	973
<b>Data Processing &amp; Outsourced Services – 2.51%</b>					<u>973</u>
Paychex, Inc. ....	95	2,454	<b>Oil &amp; Gas Equipment &amp; Services – 2.24%</b>		
		<u>2,454</u>	Dresser-Rand Group Inc. (A) .....	69	2,188
<b>Department Stores – 0.91%</b>					<u>2,188</u>
Nordstrom, Inc. ....	27	884	<b>Oil &amp; Gas Exploration &amp; Production – 3.96%</b>		
		<u>884</u>	Continental Resources, Inc. (A) .....	16	718
<b>Distillers &amp; Vintners – 1.85%</b>			Noble Energy, Inc. ....	27	1,645
Brown-Forman Corporation, Class B .....	32	1,807	Ultra Petroleum Corp. (A) .....	34	1,513
		<u>1,807</u>			<u>3,876</u>
<b>Electrical Components &amp; Equipment – 2.24%</b>			<b>Paper Packaging – 0.99%</b>		
Cooper Industries, Ltd., Class A .....	23	1,001	Sonoco Products Company .....	32	967
Roper Industries, Inc. ....	21	1,186			<u>967</u>
		<u>2,187</u>	<b>Personal Products – 1.05%</b>		
<b>Environmental &amp; Facilities Services – 1.54%</b>			Mead Johnson Nutrition Company .....	20	1,025
Stericycle, Inc. (A) .....	23	1,502			<u>1,025</u>
		<u>1,502</u>	<b>Pharmaceuticals – 2.40%</b>		
<b>Food Retail – 3.65%</b>			Allergan, Inc. ....	40	2,348
Whole Foods Market, Inc. (A) .....	99	3,566			<u>2,348</u>
		<u>3,566</u>	<b>Publishing – 2.24%</b>		
<b>Health Care Distributors – 1.77%</b>			Meredith Corporation .....	70	2,192
Henry Schein, Inc. (A) .....	31	1,727			<u>2,192</u>
		<u>1,727</u>	<b>Real Estate Management &amp; Development – 2.27%</b>		
			CB Richard Ellis Group, Inc., Class A (A) .....	163	2,220
					<u>2,220</u>

# SCHEDULE OF INVESTMENTS

**Mid Cap Growth** (in thousands)

JUNE 30, 2010 (UNAUDITED)

COMMON STOCKS (Continued)	Shares	Value	SHORT-TERM SECURITIES	Principal	Value
<b>Regional Banks – 3.25%</b>			<b>Commercial Paper (B) – 2.47%</b>		
Signature Bank (A) . . . . .	57	\$ 2,155	Wisconsin Electric Power Co.,		
TCF Financial Corporation . . . . .	62	1,024	0.000%, 7–1–10 . . . . .	\$ 2,413	\$ 2,413
		<u>3,179</u>			
<b>Restaurants – 2.55%</b>			<b>Master Note – 0.48%</b>		
Chipotle Mexican Grill, Inc., Class A (A) . . . . .	13	1,778	Toyota Motor Credit Corporation,		
P.F. Chang’s China Bistro, Inc. . . . .	18	714	0.228%, 7–1–10 (C) . . . . .	471	471
		<u>2,492</u>			
<b>Semiconductor Equipment – 1.45%</b>			<b>TOTAL SHORT-TERM SECURITIES – 2.95%</b>		<b>\$ 2,884</b>
Lam Research Corporation (A) . . . . .	37	1,418	(Cost: \$2,884)		
<b>Semiconductors – 5.61%</b>			<b>TOTAL INVESTMENT SECURITIES – 99.88%</b>		<b>\$97,558</b>
Linear Technology Corporation . . . . .	54	1,499	(Cost: \$89,504)		
Microchip Technology Incorporated . . . . .	109	3,012			
Semtech Corporation (A) . . . . .	58	957			
		<u>5,468</u>	<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.12%</b>		<b>119</b>
<b>Specialized Finance – 1.21%</b>			<b>NET ASSETS – 100.00%</b>		<b>\$97,677</b>
CME Group Inc. . . . .	4	1,180			
<b>Specialty Chemicals – 0.97%</b>			<b>Notes to Schedule of Investments</b>		
RPM International Inc. . . . .	53	946	(A)No dividends were paid during the preceding 12 months.		
<b>Specialty Stores – 1.89%</b>			(B)Rate shown is the yield to maturity at June 30, 2010.		
PetSmart, Inc. . . . .	61	1,848	(C)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2010. Date shown represents the date that the variable rate resets.		
<b>Systems Software – 1.10%</b>					
ArcSight, Inc. (A) . . . . .	48	1,076			
<b>Trading Companies &amp; Distributors – 3.20%</b>					
Fastenal Company . . . . .	62	3,122			
<b>Trucking – 1.02%</b>					
Knight Transportation, Inc. . . . .	49	996			
<b>TOTAL COMMON STOCKS – 96.93%</b>		<b>\$94,674</b>			
(Cost: \$86,620)					

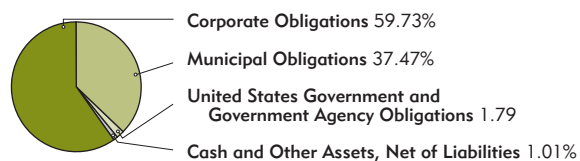
See Accompanying Notes to Financial Statements.

# PORTFOLIO HIGHLIGHTS

## Money Market

ALL DATA IS AS OF JUNE 30, 2010 (UNAUDITED)

### Asset Allocation



<b>Corporate Obligations</b>	<b>59.73%</b>
Notes	22.64%
Commercial Paper	21.52%
Commercial Paper (backed by irrevocable bank letter of credit)	10.24%
Notes (backed by irrevocable bank letter of credit)	3.21%
Master Note	2.12%
<b>Municipal Obligations</b>	<b>37.47%</b>
<b>United States Government and Government Agency Obligations</b>	<b>1.79%</b>
<b>Cash and Other Assets, Net of Liabilities</b>	<b>1.01%</b>



# SCHEDULE OF INVESTMENTS

## Money Market *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

CORPORATE OBLIGATIONS	Principal	Value
<b>Commercial Paper (A)</b>		
Bemis Company, Inc., 0.340%, 7-6-10 .....	\$ 800	\$ 800
Citigroup Funding Inc., 0.430%, 8-16-10 .....	2,500	2,499
Corporacion Andina de Fomento: 0.160%, 7-2-10 .....	1,750	1,750
0.260%, 7-16-10 .....	4,350	4,349
Honeywell International Inc., 0.600%, 12-27-10 .....	1,200	1,196
McDonald's Corporation, 0.200%, 7-12-10 .....	1,500	1,500
Nokia Corp., 0.240%, 7-13-10 .....	3,000	3,000
PACCAR Financial Corp.: 0.510%, 8-26-10 .....	1,000	999
0.490%, 9-3-10 .....	2,700	2,698
Prudential Funding LLC, 0.000%, 7-1-10 .....	2,000	2,000
Straight-A Funding, LLC (Federal Financing Bank): 0.250%, 7-8-10 .....	2,750	2,750
0.290%, 8-12-10 .....	2,000	1,999
0.310%, 8-17-10 .....	5,000	4,998
0.320%, 8-25-10 .....	5,000	4,998
<b>Total Commercial Paper – 21.52%</b>		<b>35,536</b>

<b>Commercial Paper (backed by irrevocable bank letter of credit) (A)</b>		
COFCO Capital Corp. (Rabobank Nederland): 0.000%, 7-1-10 .....	3,000	3,000
0.300%, 7-27-10 .....	4,900	4,899
ICICI Bank Limited (Bank of America, N.A.), 0.630%, 8-17-10 .....	1,000	999
River Fuel Company #2, Inc. (Bank of New York (The)), 0.280%, 7-15-10 .....	7,500	7,499
River Fuel Funding Company #3, Inc. (Bank of New York (The)), 0.290%, 7-12-10 .....	500	500
<b>Total Commercial Paper (backed by irrevocable bank letter of credit) – 10.24%</b>		<b>16,897</b>

<b>Master Note – 2.12%</b>		
Toyota Motor Credit Corporation, 0.228%, 7-1-10 (B) .....	3,508	<b>3,508</b>

<b>Notes</b>		
3M Company, 5.610%, 12-12-10 .....	4,250	4,350
Bank of America Corporation, 0.593%, 8-13-10 (B) .....	3,100	3,100
Bank of America Corporation (Federal Deposit Insurance Corporation), 0.566%, 9-13-10 (B)(C) .....	9,850	9,850
Bank of America, N.A., 0.557%, 7-22-10 (B) .....	1,300	1,300
BellSouth Corporation, 4.295%, 4-26-11 (D) .....	2,800	2,876

CORPORATE OBLIGATIONS (Continued)	Principal	Value
<b>Notes (Continued)</b>		
Citibank, N.A. (Federal Deposit Insurance Corporation), 0.583%, 9-30-10 (B)(C) .....	\$ 5,000	\$ 5,000
Citigroup Funding Inc., (Federal Deposit Insurance Corporation), 0.438%, 7-30-10 (B)(C) .....	2,400	2,400
IBM International Group Capital LLC (International Business Machines Corporation), 0.770%, 8-26-10 (B) .....	1,500	1,500
Rabobank Nederland, 0.436%, 8-16-10 (B) .....	1,000	1,000
Royal Bank of Scotland plc (The), 1.097%, 7-28-10 (B) .....	4,000	4,000
Wells Fargo & Company, 0.766%, 7-26-10 (B) .....	2,000	2,005
<b>Total Notes – 22.64%</b>		<b>37,381</b>

<b>Notes (backed by irrevocable bank letter of credit)</b>		
Conestoga Wood Specialties Corp, Var Rate Taxable Demand Rev Bonds, Ser 2000 (Wachovia Bank, N.A.), 0.400%, 7-1-10 (B) .....	1,255	1,255
The Academy of the New Church, Taxable Var Rate Demand Bonds, Ser 2008 (Wachovia Bank, N.A.), 0.350%, 7-1-10 (B) .....	2,580	2,580
Trap Rock Industries, Inc., Taxable Var Demand Bonds, Ser 2005 (Wachovia Bank, N.A.), 0.350%, 7-1-10 (B) .....	1,460	1,460
<b>Total Notes (backed by irrevocable bank letter of credit) – 3.21%</b>		<b>5,295</b>

<b>TOTAL CORPORATE OBLIGATIONS – 59.73%</b>	<b>\$ 98,617</b>
(Cost: \$98,617)	

### MUNICIPAL OBLIGATIONS

<b>California – 6.09%</b>		
CA Hlth Fac Fin Auth, Var Rate Hosp Rev Bonds (Adventist Hlth Sys/West), Ser 1998B (Bank of America, N.A.), 0.160%, 7-1-10 (B) .....	2,500	2,500
CA Pollutn Ctl Fin Auth, Pollutn Ctl Rfdg Rev Bonds (Pacific Gas and Elec Co), Ser C (JPMorgan Chase Bank, N.A.), 0.130%, 7-1-10 (B) .....	4,500	4,500
Los Angeles, CA, Wastewater Sys Sub Rev Bonds, Var Rate Rfdg, Ser 2008-G (Bank of America, N.A.), 0.290%, 7-1-10 (B) .....	3,055	3,055
		<b>10,055</b>

<b>Colorado – 4.42%</b>		
Castle Rock, CO, Cert of Participation, Ser 2008 (Wells Fargo Bank, N.A.), 0.250%, 7-1-10 (B) .....	3,255	3,255
CO Hlth Fac Auth, Var Rate Rev Bonds (Exempla, Inc.), Ser 2009A (U.S. Bank, N.A.), 0.190%, 7-7-10 (B) .....	1,465	1,465

# SCHEDULE OF INVESTMENTS

## Money Market *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

MUNICIPAL OBLIGATIONS (Continued)	Principal	Value
<b>Colorado (Continued)</b>		
Exempla General Impvt Dist of Lafayette, CO, Spl Impvt Dist No. 02-01, Spl Assmt Rev Rfdg and Impvt Bonds, Ser 2002 (Wells Fargo Bank, N.A.), 0.300%, 7-1-10 (B) .....	\$ 250	\$ 250
Harvest Junction Metro Dist (Longmont, CO), Ltd Tax GO Var Rate Bonds, Ser 2006 (U.S. Bank N.A.), 0.300%, 7-1-10 (B) .....	1,125	1,125
Westminster Econ Dev Auth, CO, Tax Increment Rev Rfdg Bonds (Mandalay Gardens Urban Renewal Proj), Ser 2009 (U.S. Bank N.A.), 0.300%, 7-1-10 (B) .....	1,200	1,200
		<u>7,295</u>
<b>Florida – 1.21%</b>		
City of Cape Coral, FL (Bank of America, N.A.), 0.330%, 7-6-10 .....	2,000	2,000
<b>Georgia – 2.99%</b>		
Dev Auth of Talbot Cnty, Incremental Taxable Indl Dev Rev Bonds (Junction City Mining Co, LLC Proj), Ser 2000 (Wachovia Bank, N.A.), 0.350%, 7-1-10 (B) .....	365	365
Muni Elec Auth of GA: 0.370%, 7-6-10 .....	2,850	2,850
0.400%, 8-5-10 .....	1,728	1,728
		<u>4,943</u>
<b>Illinois – 2.66%</b>		
Chicago, IL, GO Tender Notes, Taxable Ser 2009 (U.S. Bank N.A.), 1.340%, 7-8-10 .....	3,000	3,000
Elmurst, IL, Adj Demand Rev Bonds, Joint Commission on Accreditation of Hlthcare Organizations, Ser 1988 (JPMorgan Chase Bank, N.A.), 0.280%, 7-1-10 (B) .....	1,000	1,000
IL Fin Auth, Var Rate Demand Rev Bonds (The Carle Fndtn), Ser 2009 (JPMorgan Chase Bank, N.A.), 0.260%, 7-1-10 (B) .....	400	400
		<u>4,400</u>
<b>Louisiana – 3.15%</b>		
LA Pub Fac Auth, Rev Bonds (Air Products and Chemicals Proj), Ser 2009A (Bank of New York Mellon Trust Company, N.A. (The)), 0.450%, 7-1-10 (B) .....	750	750
LA Pub Fac Auth, Var Rate Rev Rfdg Bonds (CHRISTUS Hlth), Ser 2009B-1 (Bank of New York (The)), 0.190%, 7-7-10 (B) .....	1,750	1,750
Parish of St. Bernard, LA, Exempt Fac Rev Bonds (Mobil Oil Corp Proj), Ser 1996 (Exxon Mobil Corporation), 0.110%, 7-1-10 (B) .....	2,700	2,700
		<u>5,200</u>
<b>Maryland – 0.59%</b>		
MD Hlth and Higher Edu Fac Auth Rev Bonds, Anne Arundel Hlth Sys Issue, Ser 2009A (Wachovia Bank, N.A.), 0.350%, 7-1-10 (B) .....	975	975

MUNICIPAL OBLIGATIONS (Continued)	Principal	Value
<b>Massachusetts – 1.82%</b>		
MA Hlth and Edu Fac Auth, Var Rate Rev Bonds, Dana-Farber Cancer Institute Issue, Ser 2008L-1 (JPMorgan Chase Bank, N.A.), 0.240%, 7-1-10 (B) .....	\$ 3,000	\$ 3,000
<b>Mississippi – 6.99%</b>		
MS Bus Fin Corp, Adj Mode Indl Dev Rev Bonds (Belk, Inc. Proj), Ser 2005 (Wachovia Bank, N.A.), 0.350%, 7-1-10 (B) .....	3,936	3,936
MS Bus Fin Corp, Gulf Opp Zone Indl Dev Rev Bonds (Chevron U.S.A. Inc. Proj), Ser 2007D (Chevron Corporation), 0.140%, 7-1-10 (B) .....	7,600	7,600
		<u>11,536</u>
<b>Missouri – 0.83%</b>		
Kansas City, MO, Var Rate Demand Taxable Spl Oblig Rfdg Bonds (President Hotel Redev Proj), Ser 2009B (JPMorgan Chase & Co.), 0.350%, 7-1-10 (B) .....	1,370	1,370
<b>New York – 1.60%</b>		
NY Hsng Fin Agcy, Related-Caroline Apartments Hsng Rev Bonds, Ser 2008A (Federal Home Loan Mortgage Corporation), 0.230%, 7-1-10 (B) .....	900	900
NY State Hsng Fin Agcy, Archstone Westbury Hsng Rev Bonds, Ser A (Bank of America, N.A.), 0.250%, 7-1-10 (B) .....	1,740	1,740
		<u>2,640</u>
<b>North Carolina – 0.61%</b>		
NC Cap Fac Fin Agcy, Exempt Fac Rev Bonds (Republic Services, Inc. Proj), Ser 2004 (Bank of America, N.A.), 0.290%, 7-1-10 (B) .....	1,000	1,000
<b>Texas – 0.45%</b>		
Port Arthur Navigation Dist Indl Dev Corp, Exempt Fac Rev Bonds (Air Products Proj), Ser 2005 (Air Products and Chemicals, Inc.), 0.480%, 7-1-10 (B) .....	750	750
<b>Virginia – 1.82%</b>		
Peninsula Ports Auth of VA, Coal Terminal Rev Rfdg Bonds (Dominion Terminal Associates Proj), Ser 1987-A (U.S. Bank, N.A.), 0.330%, 7-1-10 .....	3,000	3,000
<b>Wisconsin – 1.63%</b>		
WI Hlth and Edu Fac Auth, Rev Bonds, Ser 2008-A (U.S. Bank N.A.), 0.600%, 12-2-10 .....	2,000	2,000
WI Hlth and Edu Fac Auth, Var Rate Demand Rev Bonds (Wausau Hosp, Inc.), Ser 1998B (JPMorgan Chase Bank, N.A.), 0.220%, 7-1-10 (B) .....	700	700
		<u>2,700</u>

# SCHEDULE OF INVESTMENTS

## Money Market *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

MUNICIPAL OBLIGATIONS (Continued)	Principal	Value
<b>Wyoming – 0.61%</b>		
Uinta Cnty, WY, Pollutn Ctl Rfdg Rev Bds (Chevron U.S.A. Inc. Proj), Ser 1992 (Chevron Corporation), 0.140%, 7–1–10 (B) .....	\$ 1,000	\$ 1,000
<b>TOTAL MUNICIPAL OBLIGATIONS – 37.47%</b>		<b>\$ 61,864</b>
(Cost: \$61,864)		
<b>UNITED STATES GOVERNMENT AND GOVERNMENT AGENCY OBLIGATIONS</b>		
<b>United States Government Agency Obligations</b>		
Overseas Private Investment Corporation, 0.250%, 9–15–10 (B) .....	972	972
Totem Ocean Trailer Express, Inc. (United States Government Guaranteed Ship Financing Obligations), 0.787%, 10–15–10 (B) .....	1,975	1,976
<b>TOTAL UNITED STATES GOVERNMENT AND GOVERNMENT AGENCY OBLIGATIONS – 1.79%</b>		<b>\$ 2,948</b>
(Cost: \$2,948)		
<b>TOTAL INVESTMENT SECURITIES – 98.99%</b>		<b>\$ 163,429</b>
(Cost: \$163,429)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 1.01%</b>		<b>1,671</b>
<b>NET ASSETS – 100.00%</b>		<b>\$ 165,100</b>

### Notes to Schedule of Investments

(A)Rate shown is the yield to maturity at June 30, 2010.

(B)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2010. Date shown represents the date that the variable rate resets.

(C)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. The guarantee expires at the earlier of the security's maturity date or December 31, 2012.

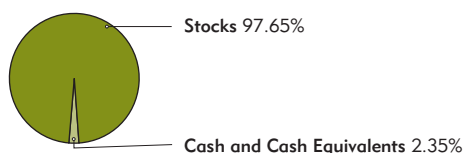
(D)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2010.

# PORTFOLIO HIGHLIGHTS

## Real Estate Securities

ALL DATA IS AS OF JUNE 30, 2010 (UNAUDITED)

### Asset Allocation



<b>Stocks</b>	<b>97.65%</b>
Financials	95.64%
Consumer Discretionary	0.84%
Health Care	0.63%
Telecommunication Services	0.54%
<b>Cash and Cash Equivalents</b>	<b>2.35%</b>

### Top 10 Equity Holdings

Company	Sector	Industry
Simon Property Group, Inc.	Financials	Retail REITs
HCP, Inc.	Financials	Specialized REITs
Boston Properties, Inc.	Financials	Office REITs
Equity Residential	Financials	Residential REITs
Public Storage, Inc.	Financials	Specialized REITs
Vornado Realty Trust	Financials	Diversified REITs
Host Hotels & Resorts, Inc.	Financials	Specialized REITs
Digital Realty Trust, Inc.	Financials	Office REITs
Macerich Company (The)	Financials	Retail REITs
Brookfield Properties Corporation	Financials	Real Estate Management & Development

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, 2010 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Diversified Real Estate Activities – 1.07%</b>		
DuPont Fabros Technology, Inc. ....	15	\$ 356
<b>Diversified REITs – 7.05%</b>		
Liberty Property Trust .....	15	427
Retail Opportunity Investments Corp. ....	14	133
Vornado Realty Trust .....	18	1,304
Washington Real Estate Investment Trust .....	18	486
		<u>2,350</u>
<b>Health Care Facilities – 0.63%</b>		
Brookdale Senior Living, Inc. (A) .....	14	210
<b>Hotels, Resorts &amp; Cruise Lines – 0.84%</b>		
Marriott International, Inc., Class A .....	6	177
Starwood Hotels & Resorts Worldwide, Inc. ....	3	104
		<u>281</u>
<b>Industrial REITs – 6.43%</b>		
AMB Property Corporation .....	24	560
EastGroup Properties, Inc. ....	15	527
First Potomac Realty Trust .....	30	434
ProLogis .....	62	625
		<u>2,146</u>
<b>Office REITs – 20.48%</b>		
Alexandria Real Estate Equities, Inc. ....	7	412
BioMed Realty Trust, Inc. ....	39	624
Boston Properties, Inc. ....	21	1,463
Brandywine Realty Trust .....	46	499
Corporate Office Properties Trust .....	16	593
Digital Realty Trust, Inc. ....	20	1,159
Douglas Emmett, Inc. ....	36	508
Highwoods Properties, Inc. ....	10	283
Kilroy Realty Corporation .....	14	428
Mack-Cali Realty Corporation .....	12	351
SL Green Realty Corp. ....	9	512
		<u>6,832</u>
<b>Real Estate Management &amp; Development – 2.34%</b>		
Brookfield Properties Corporation .....	48	668
CB Richard Ellis Group, Inc., Class A (A) .....	8	113
		<u>781</u>
<b>Real Estate Operating Companies – 1.85%</b>		
Forest City Enterprises, Inc., Class A (A) .....	35	390
Hudson Pacific Properties, Inc. (A) .....	13	228
		<u>618</u>
<b>Residential REITs – 13.79%</b>		
American Campus Communities, Inc. ....	9	235
Associated Estates Realty Corporation .....	15	195
AvalonBay Communities, Inc. ....	7	613
Camden Property Trust .....	7	302
Education Realty Trust, Inc. ....	15	89
Equity Lifestyle Properties, Inc. ....	4	183
Equity Residential .....	35	1,438
Essex Property Trust, Inc. ....	3	317
Home Properties, Inc. ....	11	505
Mid-America Apartment Communities, Inc. ....	5	247
UDR, Inc. ....	25	476
		<u>4,600</u>
<b>Retail REITs – 19.76%</b>		
Acadia Realty Trust .....	23	389
Agree Realty Corporation .....	5	110
CBL & Associates Properties, Inc. ....	24	301

COMMON STOCKS (Continued)	Shares	Value
<b>Retail REITs (Continued)</b>		
Developers Diversified Realty Corporation .....	24	\$ 238
Federal Realty Investment Trust .....	5	372
Kimco Realty Corporation .....	28	375
Macerich Company (The) .....	24	903
National Retail Properties, Inc. ....	11	244
Regency Centers Corporation .....	8	272
Simon Property Group, Inc. ....	39	3,159
Tanger Factory Outlet Centers, Inc. ....	3	141
Taubman Centers, Inc. ....	2	87
		<u>6,591</u>
<b>Specialized REITs – 22.32%</b>		
Chatham Lodging Trust (A) .....	13	223
DiamondRock Hospitality Company .....	41	338
Entertainment Properties Trust .....	6	209
Extra Space Storage Inc. ....	15	206
FelCor Lodging Trust Incorporated (A) .....	15	73
HCP, Inc. ....	49	1,584
Health Care REIT, Inc. ....	15	619
Hersha Hospitality Trust .....	28	127
Host Hotels & Resorts, Inc. ....	88	1,181
LaSalle Hotel Properties .....	18	378
Nationwide Health Properties, Inc. ....	14	497
Pebblebrook Hotel Trust (A) .....	2	34
Public Storage, Inc. ....	15	1,328
Ventas, Inc. ....	14	644
		<u>7,441</u>
<b>Wireless Telecommunication Service – 0.54%</b>		
Crown Castle International Corp. (A) .....	5	179
<b>TOTAL COMMON STOCKS – 97.10%</b>		<b>\$32,385</b>
(Cost: \$34,240)		
<b>PREFERRED STOCKS – 0.55%</b>		
<b>Diversified REITs</b>		
CapLease, Inc., 8.125% Series A Cumulative (A) ....	8	\$ 184
(Cost: \$178)		
<b>SHORT-TERM SECURITIES – 2.84%</b>	<b>Principal</b>	
<b>Master Note</b>		
Toyota Motor Credit Corporation, 0.228%, 7–1–10 (B) .....	\$948	\$ 948
(Cost: \$948)		
<b>TOTAL INVESTMENT SECURITIES – 100.49%</b>		<b>\$33,517</b>
(Cost: \$35,366)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.49%)</b>		<b>(164)</b>
<b>NET ASSETS – 100.00%</b>		<b>\$33,353</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, 2010. Date shown represents the date that the variable rate resets.		
The following acronym is used throughout this schedule:		
REIT = Real Estate Investment Trust		

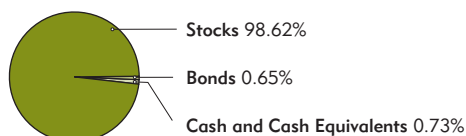
See Accompanying Notes to Financial Statements.

# PORTFOLIO HIGHLIGHTS

## Science and Technology

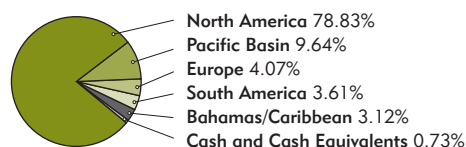
ALL DATA IS AS OF JUNE 30, 2010 (UNAUDITED)

### Asset Allocation



<b>Stocks</b>	<b>98.62%</b>
Information Technology	64.28%
Health Care	13.10%
Industrials	9.09%
Consumer Staples	6.35%
Telecommunication Services	3.13%
Materials	1.38%
Financials	1.29%
<b>Bonds</b>	<b>0.65%</b>
Corporate Debt Securities	0.65%
<b>Cash and Cash Equivalents</b>	<b>0.73%</b>

### Country Weightings



<b>North America</b>	<b>78.83%</b>
United States	77.42%
Other North America	1.41%
<b>Pacific Basin</b>	<b>9.64%</b>
<b>Europe</b>	<b>4.07%</b>
<b>South America</b>	<b>3.61%</b>
Brazil	3.61%
<b>Bahamas/Caribbean</b>	<b>3.12%</b>
<b>Cash and Cash Equivalents</b>	<b>0.73%</b>

### Top 10 Equity Holdings

Company	Sector	Industry
Cree, Inc.	Information Technology	Semiconductors
Alliance Data Systems Corporation	Information Technology	Data Processing & Outsourced Services
Aspen Technology, Inc.	Information Technology	Application Software
Apple Inc.	Information Technology	Computer Hardware
Microsoft Corporation	Information Technology	Systems Software
ACI Worldwide, Inc.	Information Technology	Application Software
Genzyme Corporation	Health Care	Biotechnology
Lawson Software, Inc.	Information Technology	Application Software
Vertex Pharmaceuticals Incorporated	Health Care	Biotechnology
Archer Daniels Midland Company	Consumer Staples	Agricultural Products

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, 2010 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Agricultural Products – 6.35%</b>		
Archer Daniels Midland Company . . . . .	343	\$ 8,854
Bunge Limited . . . . .	174	8,559
		<u>17,413</u>
<b>Application Software – 12.10%</b>		
ACI Worldwide, Inc. (A) . . . . .	522	10,161
Aspen Technology, Inc. (A) . . . . .	1,253	13,642
Lawson Software, Inc. (A) . . . . .	1,286	9,385
		<u>33,188</u>
<b>Biotechnology – 10.08%</b>		
Amgen Inc. (A) . . . . .	142	7,469
Genzyme Corporation (A) . . . . .	190	9,626
Isis Pharmaceuticals, Inc. (A) . . . . .	155	1,486
Vertex Pharmaceuticals Incorporated (A) . . . . .	275	9,061
		<u>27,642</u>
<b>Communications Equipment – 2.12%</b>		
Alcatel, ADR . . . . .	888	2,256
Research In Motion Limited (A) . . . . .	72	3,552
		<u>5,808</u>
<b>Computer Hardware – 5.90%</b>		
Apple Inc. (A) . . . . .	49	12,300
High Tech Computer Corp. (B) . . . . .	292	3,883
		<u>16,183</u>
<b>Data Processing &amp; Outsourced Services – 10.88%</b>		
Alliance Data Systems Corporation (A) . . . . .	235	14,006
Euronet Worldwide, Inc. (A) . . . . .	449	5,743
Tivit Terceirizacao de Tecnologia e Servicos (B)(C) . . . . .	296	2,968
Tivit Terceirizacao de Tecnologia e Servicos (B) . . . . .	146	1,463
VeriFone Holdings, Inc. (A) . . . . .	210	3,977
WNS (Holdings) Limited, ADR (A) . . . . .	143	1,681
		<u>29,838</u>
<b>Diversified Chemicals – 1.38%</b>		
FMC Corporation . . . . .	66	3,785
<b>Diversified Support Services – 1.17%</b>		
EnerNOC, Inc. (A) . . . . .	102	3,213
<b>Electrical Components &amp; Equipment – 4.19%</b>		
First Solar, Inc. (A) . . . . .	50	5,669
POWER-ONE, INC. (A) . . . . .	860	5,803
		<u>11,472</u>
<b>Electronic Equipment &amp; Instruments – 2.93%</b>		
IPG Photonics Corporation (A) . . . . .	85	1,287
Itron, Inc. (A) . . . . .	109	6,744
		<u>8,031</u>
<b>Health Care Distributors – 0.32%</b>		
Animal Health International, Inc. (A) . . . . .	359	890
<b>Health Care Facilities – 1.73%</b>		
HealthSouth Corporation (A) . . . . .	254	4,746
<b>Health Care Services – 0.71%</b>		
Fleury S.A. (A)(B)(C) . . . . .	131	1,444
Fleury S.A. (A)(B) . . . . .	46	503
		<u>1,947</u>

COMMON STOCKS	Shares	Value
<b>Health Care Technology – 0.26%</b>		
Cerner Corporation (A) . . . . .	9	\$ 713
<b>Home Entertainment Software – 3.57%</b>		
Activision Blizzard, Inc. . . . .	132	1,383
Nintendo Co., Ltd. (B) . . . . .	29	8,397
		<u>9,780</u>
<b>Industrial Machinery – 3.39%</b>		
ESCO Technologies Inc. . . . .	256	6,597
Pentair, Inc. . . . .	84	2,702
		<u>9,299</u>
<b>Integrated Telecommunication Services – 0.81%</b>		
CenturyTel, Inc. . . . .	67	2,232
<b>Internet Software &amp; Services – 1.91%</b>		
Google Inc., Class A (A) . . . . .	1	623
SAVVIS, Inc. (A) . . . . .	312	4,603
		<u>5,226</u>
<b>IT Consulting &amp; Other Services – 2.60%</b>		
Telvent GIT, S.A. (A) . . . . .	426	7,117
<b>Life &amp; Health Insurance – 1.29%</b>		
Amil Participacoes S.A. (B) . . . . .	436	3,536
<b>Research &amp; Consulting Services – 0.23%</b>		
Mistras Group, Inc. (A) . . . . .	60	638
<b>Semiconductor Equipment – 0.58%</b>		
Photronics, Inc. (A) . . . . .	354	1,601
<b>Semiconductors – 17.32%</b>		
Canadian Solar Inc. (A) . . . . .	31	301
Cree, Inc. (A) . . . . .	241	14,444
Inotera Memories, Inc. (B) . . . . .	6,989	3,873
Micron Technology, Inc. (A) . . . . .	977	8,298
PMC-Sierra, Inc. (A) . . . . .	557	4,189
Samsung Electronics Co., Ltd. (B) . . . . .	14	8,593
Texas Instruments Incorporated . . . . .	336	7,813
		<u>47,511</u>
<b>Systems Software – 4.48%</b>		
Microsoft Corporation . . . . .	534	12,285
<b>Wireless Telecommunication Service – 2.32%</b>		
Sprint Nextel Corporation (A) . . . . .	1,501	6,363
<b>TOTAL COMMON STOCKS – 98.62%</b>		<b>\$270,457</b>
(Cost: \$276,836)		

CORPORATE DEBT SECURITIES – 0.65%	Principal
<b>IT Consulting &amp; Other Services</b>	
Telvent GIT, S.A., Convertible, 5.500%, 4–15–15 (C) . . . . .	\$2,000
(Cost: \$2,000)	<b>\$ 1,780</b>

# SCHEDULE OF INVESTMENTS

## Science and Technology *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

<b>SHORT-TERM SECURITIES – 0.44%</b>	<b>Principal</b>	<b>Value</b>
<b>Master Note</b>		
Toyota Motor Credit Corporation, 0.228%, 7–1–10 (D) .....	\$ 1,211	<u>\$ 1,211</u>
(Cost: \$1,211)		
<b>TOTAL INVESTMENT SECURITIES – 99.71%</b>		<b>\$ 273,448</b>
(Cost: \$280,047)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.29%</b>		<b>792</b>
<b>NET ASSETS – 100.00%</b>		<b>\$ 274,240</b>

### Notes to Schedule of Investments

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

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

(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, 2010, the total value of these securities amounted to \$6,192 or 2.26% of net assets.

(D) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2010. Date shown represents the date that the variable rate resets.

The following acronym is used throughout this schedule:

ADR = American Depositary Receipts

### Country Diversification

<b>(as a % of net assets)</b>	
United States	77.42%
Brazil	3.61%
Spain	3.25%
South Korea	3.13%
Bermuda	3.12%
Japan	3.07%
Taiwan	2.83%
Canada	1.41%
France	0.82%
India	0.61%
Other+	0.73%

+ Includes cash and cash equivalents and other assets and liabilities

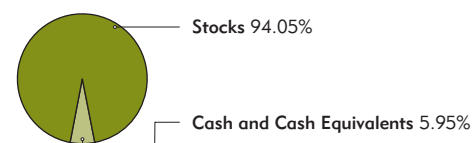


# PORTFOLIO HIGHLIGHTS

## Small Cap Growth

ALL DATA IS AS OF JUNE 30, 2010 (UNAUDITED)

### Asset Allocation



Stocks	94.05%
Information Technology	32.53%
Consumer Discretionary	23.91%
Health Care	14.40%
Industrials	11.66%
Consumer Staples	4.88%
Energy	3.88%
Financials	2.79%
Cash and Cash Equivalents	5.95%

### Top 10 Equity Holdings

Company	Sector
MICROS Systems, Inc.	Information Technology
Constant Contact, Inc.	Information Technology
Capella Education Company	Consumer Discretionary
DG FastChannel, Inc.	Consumer Discretionary
American Public Education, Inc.	Consumer Discretionary
CommVault Systems, Inc.	Information Technology
Volcano Corporation	Health Care
LKQ Corporation	Consumer Discretionary
NuVasive, Inc.	Health Care
DealerTrack Holdings, 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, 2010 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Aerospace &amp; Defense – 0.60%</b>		
Ladish Co., Inc. (A) . . . . .	87	\$ 1,967
<b>Apparel Retail – 0.99%</b>		
Zumiez Inc. (A) . . . . .	202	3,255
<b>Apparel, Accessories &amp; Luxury Goods – 3.00%</b>		
Columbia Sportswear Company . . . . .	97	4,544
Under Armour, Inc., Class A (A) . . . . .	161	5,326
		9,870
<b>Application Software – 6.02%</b>		
Blackbaud, Inc. . . . .	284	6,186
Blackboard Inc. (A) . . . . .	184	6,871
FactSet Research Systems, Inc. . . . .	52	3,455
Sonic Solutions (A) . . . . .	389	3,249
		19,761
<b>Auto Parts &amp; Equipment – 3.59%</b>		
LKQ Corporation (A) . . . . .	612	11,790
<b>Broadcasting – 3.96%</b>		
DG FastChannel, Inc. (A) . . . . .	399	12,998
<b>Casinos &amp; Gaming – 2.73%</b>		
Scientific Games Corporation, Class A (A) . . . . .	642	5,909
WMS Industries Inc. (A) . . . . .	78	3,052
		8,961
<b>Communications Equipment – 2.92%</b>		
Neutral Tandem, Inc. (A) . . . . .	206	2,315
Riverbed Technology, Inc. (A) . . . . .	264	7,286
		9,601
<b>Computer Storage &amp; Peripherals – 1.41%</b>		
Isilon Systems, Inc. (A) . . . . .	360	4,621
<b>Construction &amp; Engineering – 2.56%</b>		
Chicago Bridge & Iron Company N.V., NY Shares (A) . . . . .	448	8,420
<b>Construction &amp; Farm Machinery &amp; Heavy Trucks – 4.04%</b>		
Bucyrus International, Inc., Class A . . . . .	123	5,817
Westinghouse Air Brake Technologies Corporation . . . . .	187	7,452
		13,269
<b>Consumer Finance – 1.45%</b>		
EZCORP, Inc., Class A (A) . . . . .	258	4,781
<b>Education Services – 7.94%</b>		
American Public Education, Inc. (A) . . . . .	290	12,672
Capella Education Company (A) . . . . .	165	13,417
		26,089
<b>Electronic Components – 1.62%</b>		
DTS, Inc. (A) . . . . .	162	5,327
<b>Electronic Manufacturing Services – 0.73%</b>		
Methode Electronics, Inc. . . . .	248	2,413

COMMON STOCKS (Continued)	Shares	Value
<b>Health Care Equipment – 9.01%</b>		
ABIOMED, Inc. (A) . . . . .	508	\$ 4,918
Masimo Corporation . . . . .	86	2,057
NuVasive, Inc. (A) . . . . .	304	10,789
Volcano Corporation (A) . . . . .	544	11,865
		29,629
<b>Health Care Services – 1.51%</b>		
Healthways, Inc. (A) . . . . .	416	4,964
<b>Health Care Technology – 1.30%</b>		
Omnicell, Inc. (A) . . . . .	364	4,255
<b>Hotels, Resorts &amp; Cruise Lines – 1.43%</b>		
Gaylord Entertainment Company (A) . . . . .	213	4,711
<b>Industrial Machinery – 0.92%</b>		
Graco Inc. . . . .	107	3,027
<b>Internet Software &amp; Services – 11.32%</b>		
Archipelago Learning, Inc. (A) . . . . .	252	2,882
BroadSoft, Inc. (A) . . . . .	219	1,868
Constant Contact, Inc. (A) . . . . .	631	13,457
DealerTrack Holdings, Inc. (A) . . . . .	536	8,816
VistaPrint Limited (A) . . . . .	111	5,270
Vocus, Inc. (A) . . . . .	318	4,865
		37,158
<b>Investment Banking &amp; Brokerage – 1.34%</b>		
Greenhill & Co., Inc. . . . .	72	4,392
<b>Life Sciences Tools &amp; Services – 1.19%</b>		
ICON plc, ADR (A) . . . . .	135	3,912
<b>Oil &amp; Gas Equipment &amp; Services – 1.19%</b>		
Superior Energy Services, Inc. (A) . . . . .	209	3,911
<b>Oil &amp; Gas Exploration &amp; Production – 2.69%</b>		
Bill Barrett Corporation (A) . . . . .	173	5,326
Carrizo Oil & Gas, Inc. (A) . . . . .	227	3,519
		8,845
<b>Packaged Foods &amp; Meats – 2.66%</b>		
Ralcorp Holdings, Inc. (A) . . . . .	159	8,725
<b>Personal Products – 2.22%</b>		
Alberto-Culver Company . . . . .	269	7,290
<b>Pharmaceuticals – 1.39%</b>		
Salix Pharmaceuticals, Ltd. (A) . . . . .	117	4,554
<b>Railroads – 2.03%</b>		
Kansas City Southern (A) . . . . .	183	6,652
<b>Specialty Stores – 0.27%</b>		
Big 5 Sporting Goods Corporation . . . . .	66	872
<b>Systems Software – 8.51%</b>		
CommVault Systems, Inc. (A) . . . . .	554	12,468
MICROS Systems, Inc. (A) . . . . .	486	15,488
		27,956

# SCHEDULE OF INVESTMENTS

## Small Cap Growth *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

COMMON STOCKS (Continued)	Shares	Value
<b>Trucking – 1.51%</b>		
Knight Transportation, Inc. ....	245	\$ 4,964
<b>TOTAL COMMON STOCKS – 94.05%</b>		<b>\$ 308,940</b>
(Cost: \$316,826)		
SHORT-TERM SECURITIES	Principal	
<b>Commercial Paper (B) – 4.26%</b>		
Campbell Soup Co., 0.000%, 7–1–10 .....	\$ 3,447	3,447
Clorox Co., 0.360%, 7–20–10 .....	5,000	4,999
ITT Corporation, 0.290%, 7–20–10 .....	5,550	5,549
		<u>13,995</u>
<b>Master Note – 0.35%</b>		
Toyota Motor Credit Corporation, 0.228%, 7–1–10 (C) .....	1,160	1,160
<b>Municipal Obligations – Taxable – 0.70%</b>		
MI Strategic Fund, Var Rate Demand Ltd Oblig Rev Bonds (Air Products and Chemicals, Inc. Proj), Ser 2007 (Bank of New York (The)), 0.480%, 7–1–10 (C) .....	2,310	2,310
<b>United States Government Agency Obligations – 0.67%</b>		
Overseas Private Investment Corporation: 0.250%, 9–15–10 (C) .....	717	717
0.160%, 11–15–10 (C) .....	1,492	1,472
		<u>2,189</u>
<b>TOTAL SHORT-TERM SECURITIES – 5.98%</b>		<b>\$ 19,654</b>
(Cost: \$19,654)		
<b>TOTAL INVESTMENT SECURITIES – 100.03%</b>		<b>\$ 328,594</b>
(Cost: \$336,480)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.03%)</b>		<b>(106)</b>
<b>NET ASSETS – 100.00%</b>		<b>\$ 328,488</b>

### Notes to Schedule of Investments

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

(B) Rate shown is the yield to maturity at June 30, 2010.

(C) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2010. Date shown represents the date that the variable rate resets.

The following acronym is used throughout this schedule:

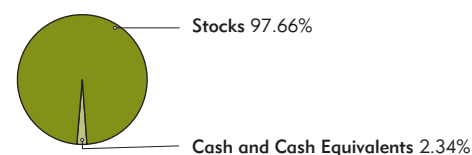
ADR = American Depositary Receipts

# PORTFOLIO HIGHLIGHTS

## Small Cap Value

ALL DATA IS AS OF JUNE 30, 2010 (UNAUDITED)

### Asset Allocation



<b>Stocks</b>	<b>97.66%</b>
Financials	33.61%
Consumer Discretionary	17.23%
Information Technology	13.43%
Industrials	12.62%
Materials	5.96%
Health Care	5.57%
Utilities	4.04%
Consumer Staples	2.79%
Energy	2.41%
<b>Cash and Cash Equivalents</b>	<b>2.34%</b>

### Top 10 Equity Holdings

Company	Sector
CBL & Associates Properties, Inc.	Financials
THL Credit, Inc.	Financials
Southwest Gas Corporation	Utilities
IBERIABANK Corporation	Financials
ICON plc, ADR	Health Care
Gaylord Entertainment Company	Consumer Discretionary
NV Energy, Inc.	Utilities
Triumph Group, Inc.	Industrials
Werner Enterprises, Inc.	Industrials
Wintrust Financial Corporation	Financials

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, 2010 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Advertising – 1.45%</b>		
MDC Partners Inc., Class A	250	\$ 2,670
<b>Aerospace &amp; Defense – 3.54%</b>		
AAR CORP. (A)	182	3,050
Triumph Group, Inc.	52	3,451
		<u>6,501</u>
<b>Apparel, Accessories &amp; Luxury Goods – 0.90%</b>		
Jones Apparel Group, Inc.	105	1,661
<b>Application Software – 2.86%</b>		
Quest Software, Inc. (A)	129	2,320
TIBCO Software Inc. (A)	244	2,944
		<u>5,264</u>
<b>Auto Parts &amp; Equipment – 3.53%</b>		
Modine Manufacturing Company (A)	195	1,496
Superior Industries International, Inc.	171	2,301
Tenneco Automotive Inc. (A)	128	2,696
		<u>6,493</u>
<b>Broadcasting – 4.20%</b>		
Belo Corp., Class A (A)	303	1,725
E. W. Scripps Company (The) (A)	362	2,699
Entercom Communications Corp. (A)	188	1,658
Liberty Media Corporation, Liberty Capital Series A (A)	39	1,626
		<u>7,708</u>
<b>Casinos &amp; Gaming – 1.09%</b>		
Bally Technologies, Inc. (A)	62	2,008
<b>Communications Equipment – 0.54%</b>		
Tellabs, Inc.	155	990
<b>Consumer Finance – 0.98%</b>		
First Cash Financial Services, Inc. (A)	82	1,796
<b>Diversified Chemicals – 1.33%</b>		
Ashland Inc.	53	2,446
<b>Diversified Metals &amp; Mining – 0.82%</b>		
Quadra Mining Ltd. (A)(B)	165	1,514
<b>Electric Utilities – 1.91%</b>		
NV Energy, Inc.	298	3,519
<b>Electronic Manufacturing Services – 2.79%</b>		
Celestica Inc. (A)	320	2,581
Sanmina-SCI Corporation (A)	188	2,556
		<u>5,137</u>
<b>Gas Utilities – 2.13%</b>		
Southwest Gas Corporation	133	3,913
<b>Health Care Facilities – 1.64%</b>		
AmSurg Corp. (A)	104	1,848
LifePoint Hospitals, Inc. (A)	37	1,168
		<u>3,016</u>
<b>Homebuilding – 1.62%</b>		
M.D.C. Holdings, Inc.	66	1,773
M/I Homes, Inc. (A)	126	1,213
		<u>2,986</u>

COMMON STOCKS (Continued)	Shares	Value
<b>Hotels, Resorts &amp; Cruise Lines – 1.98%</b>		
Gaylord Entertainment Company (A)	165	\$ 3,640
<b>Human Resource &amp; Employment Services – 2.87%</b>		
Kforce Inc. (A)	214	2,730
TrueBlue, Inc. (A)	228	2,551
		<u>5,281</u>
<b>Hypermarkets &amp; Super Centers – 1.58%</b>		
BJ's Wholesale Club, Inc. (A)	78	2,902
<b>Industrial Machinery – 2.99%</b>		
IDEX Corporation	90	2,577
Timken Company (The)	113	2,924
		<u>5,501</u>
<b>Investment Banking &amp; Brokerage – 1.66%</b>		
Piper Jaffray Companies (A)	51	1,635
Stifel Financial Corp. (A)	33	1,419
		<u>3,054</u>
<b>IT Consulting &amp; Other Services – 1.60%</b>		
iGate Corporation	230	2,949
<b>Life Sciences Tools &amp; Services – 3.07%</b>		
ICON plc, ADR (A)	127	3,666
PAREXEL International Corporation (A)	91	1,975
		<u>5,641</u>
<b>Managed Health Care – 0.87%</b>		
Coventry Health Care, Inc. (A)	90	1,598
<b>Metal &amp; Glass Containers – 1.70%</b>		
Silgan Holdings Inc.	110	3,127
<b>Movies &amp; Entertainment – 1.48%</b>		
Regal Entertainment Group	208	2,715
<b>Office REITs – 1.47%</b>		
Alexandria Real Estate Equities, Inc.	43	2,712
<b>Oil &amp; Gas Equipment &amp; Services – 0.98%</b>		
Superior Energy Services, Inc. (A)	96	1,794
<b>Oil &amp; Gas Storage &amp; Transportation – 1.43%</b>		
Blueknight Energy Partners, L.P. (A)	90	746
MarkWest Energy Partners, L.P.	30	975
Regency Energy Partners LP	38	918
		<u>2,639</u>
<b>Personal Products – 1.21%</b>		
Inter Parfums, Inc.	157	2,231
<b>Publishing – 0.98%</b>		
Washington Post Company, Class B (The)	4	1,806
<b>Regional Banks – 15.02%</b>		
Bank of Marin Bancorp	65	2,066
Columbia Banking System, Inc.	118	2,151
East West Bancorp, Inc.	207	3,156
First Horizon National Corporation (A)	247	2,824
Home BancShares, Inc.	120	2,748
IBERIABANK Corporation	72	3,728
Nara Bancorp, Inc. (A)	244	2,057
Pacific Continental Corporation	91	866

# SCHEDULE OF INVESTMENTS

## Small Cap Value *(in thousands)*

JUNE 30, 2010 (UNAUDITED)

COMMON STOCKS (Continued)	Shares	Value
<b>Regional Banks (Continued)</b>		
PrivateBancorp, Inc. ....	73	\$ 806
Synovus Financial Corp. ....	640	1,624
Texas Capital Bancshares, Inc. (A) ....	133	2,181
Wintrust Financial Corporation ....	102	3,416
		<u>27,623</u>
<b>Reinsurance – 2.72%</b>		
Reinsurance Group of America, Incorporated ....	35	1,609
RenaissanceRe Holdings Ltd. ....	60	3,399
		<u>5,008</u>
<b>Residential REITs – 2.57%</b>		
American Campus Communities, Inc. ....	125	3,400
Apartment Investment and Management Company, Class A ....	69	1,331
		<u>4,731</u>
<b>Retail REITs – 2.20%</b>		
CBL & Associates Properties, Inc. ....	326	4,052
<b>Semiconductor Equipment – 0.38%</b>		
Verigy Ltd. (A) ....	80	699
<b>Semiconductors – 1.35%</b>		
Atmel Corporation (A). ....	518	2,486
<b>Specialized REITs – 1.05%</b>		
Strategic Hotels & Resorts, Inc. (A) ....	442	1,940
<b>Specialty Chemicals – 2.11%</b>		
RPM International Inc. ....	72	1,290
Sensient Technologies Corporation ....	100	2,582
		<u>3,872</u>
<b>Technology Distributors – 3.91%</b>		
Arrow Electronics, Inc. (A). ....	73	1,634
Avnet, Inc. (A) ....	101	2,437
Insight Enterprises, Inc. (A) ....	102	1,344
Tech Data Corporation (A) ....	50	1,769
		<u>7,184</u>

COMMON STOCKS (Continued)	Shares	Value
<b>Trucking – 3.22%</b>		
Marten Transport, Ltd. (A) ....	120	\$ 2,494
Werner Enterprises, Inc. (C) ....	157	3,432
		<u>5,926</u>
<b>TOTAL COMMON STOCKS – 91.73%</b>		<b>\$ 168,733</b>
(Cost: \$158,285)		
<b>INVESTMENT FUNDS – 5.93%</b>		
<b>Asset Management &amp; Custody Banks</b>		
Ares Capital Corporation ....	216	2,706
Hercules Technology Growth Capital, Inc. ....	288	2,649
MCG Capital Corporation ....	314	1,518
THL Credit, Inc. (A) ....	350	4,029
(Cost: \$11,041)		<u>\$ 10,902</u>
<b>SHORT-TERM SECURITIES</b>	<b>Principal</b>	
<b>Commercial Paper (D) – 1.52%</b>		
McCormick & Co. Inc., 0.000%, 7–1–10 ....	\$ 2,792	2,792
<b>Master Note – 1.02%</b>		
Toyota Motor Credit Corporation, 0.228%, 7–1–10 (E) ....	1,871	1,871
<b>TOTAL SHORT-TERM SECURITIES – 2.54%</b>		<b>\$ 4,663</b>
(Cost: \$4,663)		
<b>TOTAL INVESTMENT SECURITIES – 100.20%</b>		<b>\$ 184,298</b>
(Cost: \$173,989)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.20%)</b>		<b>(377)</b>
<b>NET ASSETS – 100.00%</b>		<b>\$ 183,921</b>

### Notes to Schedule of Investments

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

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

(C)Securities serve as cover or collateral for the following written options outstanding at June 30, 2010:

Underlying Security	Counterparty	Contracts Subject to Call	Expiration Month	Exercise Price	Premium Received	Market Value
First Cash Financial Services, Inc.	Goldman, Sachs & Company	1	July 2010	\$22.50	\$28	\$(25)
Modine Manufacturing Company	Goldman, Sachs & Company	1	August 2010	10.00	18	(11)
					<u>\$46</u>	<u>\$(36)</u>
Underlying Security	Counterparty	Contracts Subject to Put	Expiration Month	Exercise Price	Premium Received	Market Value
AAR CORP.	Goldman, Sachs & Company	—*	August 2010	\$17.50	\$31	\$ (55)
Pacific Continental Corporation	Credit Suisse	—*	July 2010	10.00	5	(9)
PrivateBancorp, Inc.	Morgan Stanley Smith Barney LLC	—*	September 2010	15.00	19	(40)
					<u>\$55</u>	<u>\$(104)</u>

\*Not shown due to rounding.

(D)Rate shown is the yield to maturity at June 30, 2010.

(E)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2010. Date shown represents the date that the variable rate resets.

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts

REIT = Real Estate Investment Trust

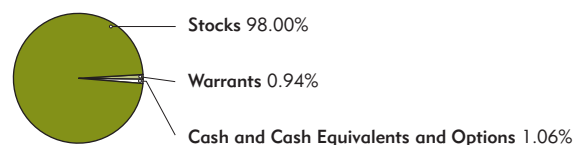
See Accompanying Notes to Financial Statements.

# PORTFOLIO HIGHLIGHTS

## Value

ALL DATA IS AS OF JUNE 30, 2010 (UNAUDITED)

### Asset Allocation



<b>Stocks</b>	<b>98.00%</b>
Financials	26.54%
Energy	21.01%
Consumer Discretionary	13.00%
Information Technology	11.78%
Industrials	8.40%
Health Care	8.14%
Consumer Staples	5.25%
Materials	2.86%
Utilities	1.02%
<b>Warrants</b>	<b>0.94%</b>
<b>Cash and Cash Equivalents and Options</b>	<b>1.06%</b>

### Top 10 Equity Holdings

Company	Sector
Bank of America Corporation	Financials
Travelers Companies, Inc. (The)	Financials
McKesson Corporation	Health Care
Occidental Petroleum Corporation	Energy
Wells Fargo & Company	Financials
Hewlett-Packard Company	Information Technology
Union Pacific Corporation	Industrials
ACE Limited	Financials
UnitedHealth Group Incorporated	Health Care
Xerox Corporation	Information Technology

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, 2010 (UNAUDITED)

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
<b>Advertising – 1.88%</b>			<b>Integrated Oil &amp; Gas (Continued)</b>		
Omnicom Group Inc. ....	141	\$ 4,829	Occidental Petroleum Corporation ....	142	\$ 10,940
			Targa Resources Partners LP ....	45	1,156
					31,428
<b>Aerospace &amp; Defense – 1.90%</b>			<b>Investment Banking &amp; Brokerage – 2.24%</b>		
Honeywell International Inc. ....	125	4,890	Morgan Stanley ....	249	5,770
<b>Apparel, Accessories &amp; Luxury Goods – 1.54%</b>			<b>IT Consulting &amp; Other Services – 1.02%</b>		
V.F. Corporation (A) ....	56	3,972	Accenture plc, Class A ....	68	2,628
<b>Biotechnology – 0.46%</b>			<b>Managed Health Care – 3.27%</b>		
Amgen Inc. (B) ....	22	1,178	UnitedHealth Group Incorporated ....	297	8,429
<b>Brewers – 0.97%</b>			<b>Office Electronics – 2.80%</b>		
Molson Coors Brewing Company, Class B ....	59	2,499	Xerox Corporation ....	895	7,197
<b>Computer Hardware – 5.95%</b>			<b>Oil &amp; Gas Equipment &amp; Services – 1.64%</b>		
Hewlett-Packard Company ....	244	10,548	National Oilwell Varco, Inc. ....	127	4,210
International Business Machines Corporation (A) ....	39	4,791			
		15,339	<b>Oil &amp; Gas Storage &amp; Transportation – 7.17%</b>		
			Energy Transfer Equity, L.P. ....	134	4,512
<b>Consumer Finance – 2.36%</b>			Enterprise Products Partners L.P. ....	146	5,175
Capital One Financial Corporation (A) ....	151	6,069	MarkWest Energy Partners, L.P. ....	143	4,689
			Regency Energy Partners LP ....	169	4,085
					18,461
<b>Department Stores – 1.87%</b>			<b>Other Diversified Financial Services – 5.24%</b>		
Macy's Inc. ....	269	4,819	Bank of America Corporation ....	939	13,491
<b>Diversified Banks – 4.21%</b>			<b>Property &amp; Casualty Insurance – 7.91%</b>		
Wells Fargo & Company ....	423	10,834	ACE Limited ....	167	8,592
			Travelers Companies, Inc. (The) ....	239	11,760
					20,352
<b>Diversified Chemicals – 2.86%</b>			<b>Railroads – 3.52%</b>		
Dow Chemical Company (The) ....	234	5,543	Union Pacific Corporation ....	130	9,058
Solutia Inc. (B) ....	138	1,808			
		7,351	<b>Regional Banks – 2.36%</b>		
			Regions Financial Corporation ....	380	2,503
<b>Drug Retail – 1.73%</b>			SunTrust Banks, Inc. ....	154	3,581
CVS Corporation ....	152	4,445			6,084
			<b>Reinsurance – 2.22%</b>		
<b>Electric Utilities – 1.02%</b>			RenaissanceRe Holdings Ltd. ....	102	5,711
PPL Corporation ....	106	2,635			
			<b>Specialty Stores – 0.83%</b>		
<b>Health Care Distributors – 4.41%</b>			Office Depot, Inc. (B) ....	531	2,145
McKesson Corporation ....	169	11,344			
			<b>Systems Software – 2.01%</b>		
<b>Home Improvement Retail – 2.15%</b>			Symantec Corporation (B) ....	373	5,174
Lowe's Companies, Inc. ....	272	5,546			
			<b>Tobacco – 2.55%</b>		
<b>Hotels, Resorts &amp; Cruise Lines – 4.73%</b>			Altria Group, Inc. ....	195	3,898
Carnival Corporation ....	238	7,194	Philip Morris International Inc. ....	58	2,668
Marriott International, Inc., Class A ....	166	4,955			6,566
		12,149	<b>TOTAL COMMON STOCKS – 98.00%</b>		<b>\$252,286</b>
<b>Industrial Conglomerates – 2.07%</b>			(Cost: \$257,347)		
General Electric Company ....	370	5,338			
<b>Industrial Machinery – 0.91%</b>					
Ingersoll-Rand plc ....	68	2,345			
<b>Integrated Oil &amp; Gas – 12.20%</b>					
Chevron Corporation ....	96	6,494			
ConocoPhillips ....	124	6,107			
Marathon Oil Corporation ....	217	6,731			



# SCHEDULE OF INVESTMENTS

**Value** (in thousands)

JUNE 30, 2010 (UNAUDITED)

WARRANTS	Shares	Value
<b>Diversified Banks – 0.47%</b>		
Wells Fargo & Company, Warrants . . . . .	158	\$ 1,222
<b>Other Diversified Financial Services – 0.47%</b>		
Bank of America Corporation, Warrants . . . . .	157	1,198
<b>TOTAL WARRANTS – 0.94%</b>		<b>\$ 2,420</b>
(Cost: \$2,654)		
<b>CALL OPTIONS – 0.05%</b>	<b>Number of Contracts</b>	
Activision Blizzard, Inc., Jan \$12.50, Expires 1–24–11 . . . . .	3	\$ 140
(Cost: \$243)		

SHORT-TERM SECURITIES – 1.22%	Principal	Value
<b>Master Note</b>		
Toyota Motor Credit Corporation, 0.228%, 7–1–10 (C) . . . . .	\$3,147	<b>\$ 3,147</b>
(Cost: \$3,147)		
<b>TOTAL INVESTMENT SECURITIES – 100.21%</b>		<b>\$257,993</b>
(Cost: \$263,391)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.21%)</b>		<b>(544)</b>
<b>NET ASSETS – 100.00%</b>		<b>\$257,449</b>

## Notes to Schedule of Investments

(A) Securities serve as cover or collateral for the following written options outstanding at June 30, 2010:

Underlying Security	Counterparty	Contracts Subject to Call	Expiration Month	Exercise Price	Premium Received	Market Value
International Business Machines Corporation	Goldman, Sachs & Company	—*	October 2010	\$140.00	\$22	\$(12)
V.F. Corporation	Goldman, Sachs & Company	1	August 2010	85.00	74	(10)
					<u>\$96</u>	<u>\$(22)</u>
Underlying Security	Counterparty	Contracts Subject to Put	Expiration Month	Exercise Price	Premium Received	Market Value
Activision Blizzard, Inc.	Morgan Stanley Smith Barney LLC	3	January 2011	\$11.00	\$338	\$(403)
Amgen Inc.:	Morgan Stanley Smith Barney LLC	—*	July 2010	52.50	13	(27)
	Morgan Stanley Smith Barney LLC	—*	July 2010	57.50	33	(97)
Philip Morris International Inc.	Goldman, Sachs & Company	—*	July 2010	40.00	8	(2)
					<u>\$392</u>	<u>\$(529)</u>

\*Not shown due to rounding.

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

(C) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2010. Date shown represents the date that the variable rate resets.

# STATEMENT OF ASSETS AND LIABILITIES

## Ivy Funds VIP

AS OF JUNE 30, 2010 (UNAUDITED)

(In thousands, except per share amounts)	Pathfinder Aggressive	Pathfinder Conservative	Pathfinder Moderate	Pathfinder Moderately Aggressive	Pathfinder Moderately Conservative	Asset Strategy
<b>ASSETS</b>						
Investments in unaffiliated securities at market value+	\$ 75	\$ 125	\$ 348	\$ 642	\$ 181	\$ 941,459
Investments in affiliated securities at market value+	58,717	52,597	333,847	343,182	107,121	1,416
Bullion at market value+	—	—	—	—	—	133,710
<b>Investments at Market Value</b>	<b>58,792</b>	<b>52,722</b>	<b>334,195</b>	<b>343,824</b>	<b>107,302</b>	<b>1,076,585</b>
Cash	1	1	2	1	2	1
Cash denominated in foreign currencies at market value+	—	—	—	—	—	2,726
Restricted cash	—	—	—	—	—	9,714
Unrealized appreciation on forward foreign currency contracts	—	—	—	—	—	601
Investment securities sold receivable	—	—	—	—	—	3,730
Dividends and interest receivable	—*	—*	—*	—*	—*	2,849
Capital shares sold receivable	8	256	2,212	550	1,835	583
Variation margin receivable	—	—	—	—	—	1,639
Prepaid and other assets	—	—	—	—	—	1,240
<b>Total Assets</b>	<b>58,801</b>	<b>52,979</b>	<b>336,409</b>	<b>344,375</b>	<b>109,139</b>	<b>1,099,668</b>
<b>LIABILITIES</b>						
Investment securities purchased payable	—	—	249	543	82	20,762
Variation margin payable	—	—	—	—	—	435
Unrealized depreciation on forward foreign currency contracts	—	—	—	—	—	2,060
Capital shares redeemed payable	3	1	4	4	1	1,221
Trustees and Chief Compliance Officer fees payable	2	1	4	5	2	54
Service fee payable	—	—	—	—	—	7
Shareholder servicing payable	—*	—*	—*	—*	—*	2
Investment management fee payable	—	—	—	—	—	20
Accounting services fee payable	2	1	5	6	3	22
Written options at market value+	—	—	—	—	—	837
Other liabilities	4	2	9	12	4	140
<b>Total Liabilities</b>	<b>11</b>	<b>5</b>	<b>271</b>	<b>570</b>	<b>92</b>	<b>25,560</b>
<b>Total Net Assets</b>	<b>\$58,790</b>	<b>\$52,974</b>	<b>\$336,138</b>	<b>\$343,805</b>	<b>\$109,047</b>	<b>\$1,074,108</b>
<b>NET ASSETS</b>						
Capital paid in (shares authorized – unlimited)	\$65,300	\$51,132	\$332,803	\$343,368	\$106,265	\$1,063,082
Undistributed net investment income	878	940	5,497	5,047	1,884	514
Accumulated net realized gain (loss)	558	650	2,652	2,904	1,078	(90,739)
Net unrealized appreciation (depreciation)	(7,946)	252	(4,814)	(7,514)	(180)	101,251
<b>Total Net Assets</b>	<b>\$58,790</b>	<b>\$52,974</b>	<b>\$336,138</b>	<b>\$343,805</b>	<b>\$109,047</b>	<b>\$1,074,108</b>
<b>CAPITAL SHARES OUTSTANDING</b>	<b>13,925</b>	<b>11,048</b>	<b>74,362</b>	<b>76,541</b>	<b>23,205</b>	<b>127,738</b>
<b>NET ASSET VALUE PER SHARE</b>	<b>\$4.2220</b>	<b>\$4.7950</b>	<b>\$4.5203</b>	<b>\$4.4918</b>	<b>\$4.6993</b>	<b>\$8.4087</b>
<b>+ COST</b>						
Investments in unaffiliated securities at cost	\$75	\$125	\$348	\$642	\$181	\$900,833
Investments in affiliated securities at cost	66,664	52,345	338,661	350,697	107,301	1,982
Bullion at cost	—	—	—	—	—	88,180
Cash denominated in foreign currencies at cost	—	—	—	—	—	2,729
Written options premiums received at cost	—	—	—	—	—	764

\*Not shown due to rounding.

See Accompanying Notes to Financial Statements.

# STATEMENT OF ASSETS AND LIABILITIES

## Ivy Funds VIP

AS OF JUNE 30, 2010 (UNAUDITED)

(In thousands, except per share amounts)	Balanced	Bond	Core Equity	Dividend Opportunities	Energy	Global Natural Resources
<b>ASSETS</b>						
Investments in unaffiliated securities at market value+	\$ 333,850	\$ 593,324	\$ 363,902	\$ 198,120	\$ 29,623	\$ 168,033
<b>Investments at Market Value</b>	<b>333,850</b>	<b>593,324</b>	<b>363,902</b>	<b>198,120</b>	<b>29,623</b>	<b>168,033</b>
Cash	1	1	22	1	1	62
Unrealized appreciation on forward foreign currency contracts	—	—	—	—	—	295
Investment securities sold receivable	2,592	—	7,754	—	—	925
Dividends and interest receivable	1,442	5,934	535	428	30	360
Capital shares sold receivable	17	255	22	142	21	182
Variation margin receivable	—	—	—	—	—	78
Prepaid and other assets	—	—*	—	—	—	—
<b>Total Assets</b>	<b>337,902</b>	<b>599,514</b>	<b>372,235</b>	<b>198,691</b>	<b>29,675</b>	<b>169,935</b>
<b>LIABILITIES</b>						
Investment securities purchased payable	3,455	—	7,382	—	—	658
Variation margin payable	—	—	—	—	—	37
Unrealized depreciation on forward foreign currency contracts	—	—	—	—	—	250
Capital shares redeemed payable	215	345	414	164	161	356
Trustees and Chief Compliance Officer fees payable	44	36	83	7	1	6
Service fee payable	2	4	3	1	—*	1
Shareholder servicing payable	1	—*	1	—*	—*	—*
Investment management fee payable	6	8	6	4	1	5
Accounting services fee payable	10	13	10	7	2	6
Other liabilities	35	41	38	14	3	29
<b>Total Liabilities</b>	<b>3,768</b>	<b>447</b>	<b>7,937</b>	<b>197</b>	<b>168</b>	<b>1,348</b>
<b>Total Net Assets</b>	<b>\$ 334,134</b>	<b>\$ 599,067</b>	<b>\$ 364,298</b>	<b>\$ 198,494</b>	<b>\$ 29,507</b>	<b>\$ 168,587</b>
<b>NET ASSETS</b>						
Capital paid in (shares authorized – unlimited)	\$ 283,765	\$ 584,067	\$ 369,435	\$ 224,138	\$ 37,187	\$ 207,349
Undistributed (distributions in excess of) net investment income	2,249	1,851	101	726	(43)	(331)
Accumulated net realized gain (loss)	25,592	(5,208)	(941)	(18,799)	(3,384)	(21,436)
Net unrealized appreciation (depreciation)	22,528	18,357	(4,297)	(7,571)	(4,253)	(16,995)
<b>Total Net Assets</b>	<b>\$ 334,134</b>	<b>\$ 599,067</b>	<b>\$ 364,298</b>	<b>\$ 198,494</b>	<b>\$ 29,507</b>	<b>\$ 168,587</b>
<b>CAPITAL SHARES OUTSTANDING</b>	<b>41,610</b>	<b>108,340</b>	<b>38,902</b>	<b>37,300</b>	<b>6,413</b>	<b>35,357</b>
<b>NET ASSET VALUE PER SHARE</b>	<b>\$8.0302</b>	<b>\$5.5295</b>	<b>\$9.3640</b>	<b>\$5.3215</b>	<b>\$4.6012</b>	<b>\$4.7681</b>
<b>+ COST</b>						
Investments in unaffiliated securities at cost	\$ 311,322	\$ 574,966	\$ 368,202	\$ 205,691	\$ 33,876	\$ 185,796

\*Not shown due to rounding.

# STATEMENT OF ASSETS AND LIABILITIES

## Ivy Funds VIP

AS OF JUNE 30, 2010 (UNAUDITED)

(In thousands, except per share amounts)	Growth	High Income	International Core Equity	International Growth	Micro Cap Growth	Mid Cap Growth
<b>ASSETS</b>						
Investments in unaffiliated securities at market value+	\$ 766,048	\$ 213,860	\$ 446,382	\$ 254,891	\$ 40,049	\$ 97,558
<b>Investments at Market Value</b>	<b>766,048</b>	<b>213,860</b>	<b>446,382</b>	<b>254,891</b>	<b>40,049</b>	<b>97,558</b>
Cash	—*	—	797	85	—*	1
Cash denominated in foreign currencies at market value+	—	—	—	281	—	—
Unrealized appreciation on forward foreign currency contracts	—	117	—	890	—	—
Investment securities sold receivable	2,486	1,067	17,430	1,216	—	1,480
Dividends and interest receivable	379	4,434	2,117	1,376	5	55
Capital shares sold receivable	95	41	145	157	2	76
Prepaid and other assets	1	—*	—	—	—	—
<b>Total Assets</b>	<b>769,009</b>	<b>219,519</b>	<b>466,871</b>	<b>258,896</b>	<b>40,056</b>	<b>99,170</b>
<b>LIABILITIES</b>						
Investment securities purchased payable	2,946	4,089	7,607	11,087	10	1,399
Unrealized depreciation on forward foreign currency contracts	—	—	—	332	—	—
Unrealized depreciation on swap agreements	—	—	—	413	—	—
Capital shares redeemed payable	706	104	166	61	21	77
Trustees and Chief Compliance Officer fees payable	120	19	33	24	3	3
Overdraft due to custodian	—	21	—	—	—	—
Service fee payable	5	2	3	2	—*	1
Shareholder servicing payable	1	—*	1	—*	—*	—*
Investment management fee payable	14	3	11	6	1	2
Accounting services fee payable	17	7	11	7	2	5
Other liabilities	70	46	58	74	5	6
<b>Total Liabilities</b>	<b>3,879</b>	<b>4,291</b>	<b>7,890</b>	<b>12,006</b>	<b>42</b>	<b>1,493</b>
<b>Total Net Assets</b>	<b>\$765,130</b>	<b>\$215,228</b>	<b>\$458,981</b>	<b>\$246,890</b>	<b>\$40,014</b>	<b>\$97,677</b>
<b>NET ASSETS</b>						
Capital paid in (shares authorized – unlimited)	\$ 723,356	\$ 238,098	\$ 538,505	\$ 276,674	\$ 43,839	\$ 89,905
Undistributed (distributions in excess of) net investment income	541	9,111	5,458	2,188	(316)	(67)
Accumulated net realized gain (loss)	8,696	(33,642)	(42,909)	(13,137)	(3,371)	(215)
Net unrealized appreciation (depreciation)	32,537	1,661	(42,073)	(18,835)	(138)	8,054
<b>Total Net Assets</b>	<b>\$765,130</b>	<b>\$215,228</b>	<b>\$458,981</b>	<b>\$246,890</b>	<b>\$40,014</b>	<b>\$97,677</b>
<b>CAPITAL SHARES OUTSTANDING</b>	91,415	68,217	34,296	37,267	2,483	14,852
<b>NET ASSET VALUE PER SHARE</b>	\$8.3699	\$3.1551	\$13.3828	\$6.6249	\$16.1139	\$6.5767
<b>+COST</b>						
Investments in unaffiliated securities at cost	\$ 733,511	\$ 212,315	\$ 488,379	\$ 273,796	\$ 40,187	\$ 89,504
Cash denominated in foreign currencies at cost	—	—	—	280	—	—

\*Not shown due to rounding.

# STATEMENT OF ASSETS AND LIABILITIES

## Ivy Funds VIP

AS OF JUNE 30, 2010 (UNAUDITED)

(In thousands, except per share amounts)	Money Market	Real Estate Securities	Science and Technology	Small Cap Growth	Small Cap Value	Value
<b>ASSETS</b>						
Investments in unaffiliated securities at market value+	\$ 163,429	\$33,517	\$ 273,448	\$ 328,594	\$ 184,298	\$ 257,993
<b>Investments at Market Value</b>	<b>163,429</b>	<b>33,517</b>	<b>273,448</b>	<b>328,594</b>	<b>184,298</b>	<b>257,993</b>
Cash	—	20	1	—*	16	29
Investment securities sold receivable	—	27	691	5,167	83	1,238
Dividends and interest receivable	230	97	253	12	235	409
Capital shares sold receivable	1,666	2	89	29	52	44
Receivable from affiliates	15	—	—	—	—	—
Prepaid and other assets	1	—	—	—	—	—
<b>Total Assets</b>	<b>165,341</b>	<b>33,663</b>	<b>274,482</b>	<b>333,802</b>	<b>184,684</b>	<b>259,713</b>
<b>LIABILITIES</b>						
Investment securities purchased payable	—	259	—	5,084	480	1,280
Capital shares redeemed payable	199	40	149	132	103	372
Distributions payable	—*	—	—	—	—	—
Trustees and Chief Compliance Officer fees payable	12	2	33	49	12	24
Overdraft due to custodian	1	—	—	—	—	—
Service fee payable	—	—*	2	2	1	2
Shareholder servicing payable	—*	—*	1	1	—*	—*
Investment management fee payable	2	1	6	7	4	5
Accounting services fee payable	5	2	8	10	7	8
Written options at market value+	—	—	—	—	140	551
Other liabilities	22	6	43	29	16	22
<b>Total Liabilities</b>	<b>241</b>	<b>310</b>	<b>242</b>	<b>5,314</b>	<b>763</b>	<b>2,264</b>
<b>Total Net Assets</b>	<b>\$ 165,100</b>	<b>\$33,353</b>	<b>\$274,240</b>	<b>\$328,488</b>	<b>\$183,921</b>	<b>\$257,449</b>
<b>NET ASSETS</b>						
Capital paid in (shares authorized – unlimited)	\$ 165,125	\$43,522	\$ 272,033	\$ 364,043	\$ 196,715	\$ 279,244
Undistributed (distributions in excess of) net investment income	—	439	(687)	(1,571)	99	1,204
Accumulated net realized gain (loss)	(25)	(8,759)	9,493	(26,099)	(23,163)	(17,538)
Net unrealized appreciation (depreciation)	—	(1,849)	(6,599)	(7,885)	10,270	(5,461)
<b>Total Net Assets</b>	<b>\$ 165,100</b>	<b>\$33,353</b>	<b>\$274,240</b>	<b>\$328,488</b>	<b>\$183,921</b>	<b>\$257,449</b>
<b>CAPITAL SHARES OUTSTANDING</b>	165,125	6,266	20,327	41,242	14,290	52,362
<b>NET ASSET VALUE PER SHARE</b>	\$1.00	\$5.3226	\$13.4916	\$7.9649	\$12.8707	\$4.9167
<b>+ COST</b>						
Investments in unaffiliated securities at cost	\$ 163,429	\$35,366	\$ 280,047	\$ 336,480	\$ 173,989	\$ 263,391
Written options premiums received at cost	—	—	—	—	101	488

\*Not shown due to rounding.

# STATEMENT OF OPERATIONS

## Ivy Funds VIP

FOR THE SIX MONTHS ENDED JUNE 30, 2010 (UNAUDITED)

(In thousands)	Pathfinder Aggressive	Pathfinder Conservative	Pathfinder Moderate	Pathfinder Moderately Aggressive	Pathfinder Moderately Conservative	Asset Strategy
<b>INVESTMENT INCOME</b>						
Dividends from unaffiliated securities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 10,608
Dividends from affiliated securities	911	963	5,573	5,135	1,923	—
Foreign dividend withholding tax	—	—	—	—	—	(503)
Interest and amortization from unaffiliated securities	—*	—*	1	1	—*	416
<b>Total Investment Income</b>	<b>911</b>	<b>963</b>	<b>5,574</b>	<b>5,136</b>	<b>1,923</b>	<b>10,521</b>
<b>EXPENSES</b>						
Investment management fee	—	—	—	—	—	3,881
Service fee	—	—	—	—	—	1,398
Shareholder servicing	—*	—*	1	1	—*	6
Custodian fees	1	1	1	2	2	269
Trustees and Chief Compliance Officer fees	2	2	10	11	3	43
Accounting services fee	12	8	32	32	16	125
Legal fees	1	1	6	6	2	22
Audit fees	8	8	8	8	8	28
Other	5	2	9	12	4	78
<b>Total Expenses</b>	<b>29</b>	<b>22</b>	<b>67</b>	<b>72</b>	<b>35</b>	<b>5,850</b>
Less:						
Expenses in excess of limit	—	—	—	—	—	(50)
<b>Total Net Expenses</b>	<b>29</b>	<b>22</b>	<b>67</b>	<b>72</b>	<b>35</b>	<b>5,800</b>
<b>Net Investment Income</b>	<b>882</b>	<b>941</b>	<b>5,507</b>	<b>5,064</b>	<b>1,888</b>	<b>4,721</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS)</b>						
Net realized gain (loss) on:						
Investments in unaffiliated securities	—	—	—	—	—	26,600
Investments in affiliated securities	560	651	2,662	2,910	1,121	—
Futures contracts	—	—	—	—	—	(46,385)
Written options	—	—	—	—	—	(1,827)
Forward foreign currency contracts	—	—	—	—	—	2,994
Foreign currency exchange transactions	—	—	—	—	—	(146)
Net change in unrealized appreciation (depreciation) on:						
Investments in unaffiliated securities	—	—	—	—	—	(89,848)
Investments in affiliated securities	(4,869)	(2,426)	(20,160)	(24,174)	(5,731)	24
Futures contracts	—	—	—	—	—	17,477
Written options	—	—	—	—	—	(74)
Forward foreign currency contracts	—	—	—	—	—	(5,159)
Foreign currency exchange transactions	—	—	—	—	—	(310)
<b>Net Realized and Unrealized Loss</b>	<b>(4,309)</b>	<b>(1,775)</b>	<b>(17,498)</b>	<b>(21,264)</b>	<b>(4,610)</b>	<b>(96,654)</b>
<b>Net Decrease in Net Assets Resulting from Operations</b>	<b>\$(3,427)</b>	<b>\$ (834)</b>	<b>\$(11,991)</b>	<b>\$(16,200)</b>	<b>\$(2,722)</b>	<b>\$(91,933)</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, 2010 (UNAUDITED)

(In thousands)	Balanced	Bond	Core Equity	Dividend Opportunities	Energy	Global Natural Resources
<b>INVESTMENT INCOME</b>						
Dividends from unaffiliated securities	\$ 2,039	\$ —	\$ 2,207	\$ 2,148	\$ 168	\$ 1,168
Foreign dividend withholding tax	(3)	—	(4)	(1)	(3)	(77)
Interest and amortization from unaffiliated securities	2,225	8,538	82	10	1	10
Foreign interest withholding tax	—	—	—	—	—	(1)
<b>Total Investment Income</b>	<b>4,261</b>	<b>8,538</b>	<b>2,285</b>	<b>2,157</b>	<b>166</b>	<b>1,100</b>
<b>EXPENSES</b>						
Investment management fee	1,258	1,266	1,435	720	136	954
Service fee	449	666	512	257	40	239
Shareholder servicing	2	2	2	1	—*	2
Custodian fees	8	15	10	6	2	50
Trustees and Chief Compliance Officer fees	17	21	23	8	1	7
Accounting services fee	59	72	62	39	13	35
Legal fees	7	11	9	4	1	5
Audit fees	14	16	11	10	9	17
Other	41	36	41	16	3	15
<b>Total Expenses</b>	<b>1,855</b>	<b>2,105</b>	<b>2,105</b>	<b>1,061</b>	<b>205</b>	<b>1,324</b>
Less:						
Expenses in excess of limit	—	—	(102)	—	—	—
<b>Total Net Expenses</b>	<b>1,855</b>	<b>2,105</b>	<b>2,003</b>	<b>1,061</b>	<b>205</b>	<b>1,324</b>
<b>Net Investment Income (Loss)</b>	<b>2,406</b>	<b>6,433</b>	<b>282</b>	<b>1,096</b>	<b>(39)</b>	<b>(224)</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS)</b>						
Net realized gain (loss) on:						
Investments in unaffiliated securities	25,526	1,429	20,540	1,651	(155)	3,302
Futures contracts	—	—	—	—	—	(111)
Forward foreign currency contracts	—	—	—	—	—	64
Foreign currency exchange transactions	—	—	—	—	—	(96)
Net change in unrealized appreciation (depreciation) on:						
Investments in unaffiliated securities	(33,769)	17,712	(38,866)	(23,966)	(3,939)	(39,178)
Futures contracts	—	—	—	—	—	729
Forward foreign currency contracts	—	—	—	—	—	116
Foreign currency exchange transactions	—	—	(1)	—	—	(5)
<b>Net Realized and Unrealized Gain (Loss)</b>	<b>(8,243)</b>	<b>19,141</b>	<b>(18,327)</b>	<b>(22,315)</b>	<b>(4,094)</b>	<b>(35,179)</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>\$ (5,837)</b>	<b>\$25,574</b>	<b>\$ (18,045)</b>	<b>\$ (21,219)</b>	<b>\$ (4,133)</b>	<b>\$ (35,403)</b>

\*Not shown due to rounding.

# STATEMENT OF OPERATIONS

## Ivy Funds VIP

FOR THE SIX MONTHS ENDED JUNE 30, 2010 (UNAUDITED)

(In thousands)	Growth	High Income	International Core Equity	International Growth	Micro Cap Growth	Mid Cap Growth
<b>INVESTMENT INCOME</b>						
Dividends from unaffiliated securities	\$ 4,860	\$ 21	\$ 9,584	\$ 4,341	\$ 22	\$ 526
Foreign dividend withholding tax	(12)	—	(940)	(351)	(1)	—
Interest and amortization from unaffiliated securities	93	10,127	27	9	1	4
<b>Total Investment Income</b>	<b>4,941</b>	<b>10,148</b>	<b>8,671</b>	<b>3,999</b>	<b>22</b>	<b>530</b>
<b>EXPENSES</b>						
Investment management fee	2,990	668	2,097	1,088	195	415
Service fee	1,068	267	617	320	51	122
Shareholder servicing	4	1	3	1	—*	—*
Custodian fees	14	8	110	39	5	5
Trustees and Chief Compliance Officer fees	42	9	20	11	2	4
Accounting services fee	104	43	66	45	14	26
Legal fees	17	4	10	5	2	2
Audit fees	12	21	17	16	10	10
Other	78	18	42	20	4	6
<b>Total Expenses</b>	<b>4,329</b>	<b>1,039</b>	<b>2,982</b>	<b>1,545</b>	<b>283</b>	<b>590</b>
Less:						
Expenses in excess of limit	(128)	(53)	—	(38)	—	(10)
<b>Total Net Expenses</b>	<b>4,201</b>	<b>986</b>	<b>2,982</b>	<b>1,507</b>	<b>283</b>	<b>580</b>
<b>Net Investment Income (Loss)</b>	<b>740</b>	<b>9,162</b>	<b>5,689</b>	<b>2,492</b>	<b>(261)</b>	<b>(50)</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS)</b>						
Net realized gain (loss) on:						
Investments in unaffiliated securities	30,632	2,865	31,046	10,497	3,583	2,264
Written options	—	—	—	—	—	(78)
Forward foreign currency contracts	—	2	—	3,403	—	—
Foreign currency exchange transactions	—	1	(201)	(280)	—	—
Net change in unrealized appreciation (depreciation) on:						
Investments in unaffiliated securities	(108,740)	(4,074)	(96,830)	(44,076) <sup>(1)</sup>	(2,412)	(2,741)
Swap agreements	—	—	—	(413)	—	—
Forward foreign currency contracts	—	79	—	(370)	—	—
Foreign currency exchange transactions	—	—*	(86)	(70)	—	—
<b>Net Realized and Unrealized Gain (Loss)</b>	<b>(78,108)</b>	<b>(1,127)</b>	<b>(66,071)</b>	<b>(31,309)</b>	<b>1,171</b>	<b>(555)</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>\$ (77,368)</b>	<b>\$ 8,035</b>	<b>\$ (60,382)</b>	<b>\$ (28,817)</b>	<b>\$ 910</b>	<b>\$ (605)</b>

\*Not shown due to rounding.

(1)Net of India deferred taxes of \$42.



# STATEMENT OF OPERATIONS

## Ivy Funds VIP

FOR THE SIX MONTHS ENDED JUNE 30, 2010 (UNAUDITED)

(In thousands)	Money Market	RealEstate Securities	Science and Technology	Small Cap Growth	Small Cap Value	Value
<b>INVESTMENT INCOME</b>						
Dividends from unaffiliated securities	\$ —	\$ 625	\$ 1,126	\$ 514	\$ 1,313	\$ 2,146
Foreign dividend withholding tax	—	(2)	(31)	—	(4)	—
Interest and amortization from unaffiliated securities	460	—*	25	22	8	3
<b>Total Investment Income</b>	<b>460</b>	<b>623</b>	<b>1,120</b>	<b>536</b>	<b>1,317</b>	<b>2,149</b>
<b>EXPENSES</b>						
Investment management fee	310	155	1,299	1,522	863	982
Service fee	—	43	382	448	254	351
Shareholder servicing	1	—*	2	2	1	1
Custodian fees	5	8	27	8	8	7
Trustees and Chief Compliance Officer fees	6	2	14	17	8	12
Accounting services fee	32	13	47	58	39	46
Legal fees	12	2	6	7	6	6
Audit fees	7	16	14	12	12	10
Other	24	4	24	32	17	34
<b>Total Expenses</b>	<b>397</b>	<b>243</b>	<b>1,815</b>	<b>2,106</b>	<b>1,208</b>	<b>1,449</b>
Less:						
Expenses in excess of limit	(15)	—	(30)	(36)	—	(14)
<b>Total Net Expenses</b>	<b>382</b>	<b>243</b>	<b>1,785</b>	<b>2,070</b>	<b>1,208</b>	<b>1,435</b>
<b>Net Investment Income (Loss)</b>	<b>78</b>	<b>380</b>	<b>(665)</b>	<b>(1,534)</b>	<b>109</b>	<b>714</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS)</b>						
Net realized gain (loss) on:						
Investments in unaffiliated securities	(9)	1,830	9,540	18,220	14,766	16,125
Written options	—	—	330	—	99	807
Foreign currency exchange transactions	—	—	7	—	1	—
Net change in unrealized appreciation (depreciation) on:						
Investments in unaffiliated securities	—	(336)	(37,014)	(24,445)	(20,181)	(26,377)
Written options	—	—	—	—	(39)	(286)
Foreign currency exchange transactions	—	—	(1)	—	—	—
<b>Net Realized and Unrealized Gain (Loss)</b>	<b>(9)</b>	<b>1,494</b>	<b>(27,138)</b>	<b>(6,225)</b>	<b>(5,354)</b>	<b>(9,731)</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>\$ 69</b>	<b>\$ 1,874</b>	<b>\$ (27,803)</b>	<b>\$ (7,759)</b>	<b>\$ (5,245)</b>	<b>\$ (9,017)</b>

\*Not shown due to rounding.

# STATEMENT OF CHANGES IN NET ASSETS

## Ivy Funds VIP

(In thousands)	Pathfinder Aggressive		Pathfinder Conservative		Pathfinder Moderate	
	Six months ended 6-30-10 (Unaudited)	Fiscal year ended 12-31-09	Six months ended 6-30-10 (Unaudited)	Fiscal year ended 12-31-09	Six months ended 6-30-10 (Unaudited)	Fiscal year ended 12-31-09
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income	\$ 882	\$ 705	\$ 941	\$ 525	\$ 5,507	\$ 2,173
Net realized gain on investments	560	1,408	651	1,003	2,662	3,587
Net change in unrealized appreciation (depreciation)	(4,869)	9,069	(2,426)	3,300	(20,160)	25,344
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>(3,427)</b>	<b>11,182</b>	<b>(834)</b>	<b>4,828</b>	<b>(11,991)</b>	<b>31,104</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	(706)	(214)	(526)	(22)	(2,179)	(291)
Net realized gains	(1,408)	(487)	(1,002)	(40)	(3,590)	(537)
<b>Total Distributions to Shareholders</b>	<b>(2,114)</b>	<b>(701)</b>	<b>(1,528)</b>	<b>(62)</b>	<b>(5,769)</b>	<b>(828)</b>
<b>Capital Share Transactions</b>	<b>3,718</b>	<b>7,234</b>	<b>11,413</b>	<b>27,182</b>	<b>83,609</b>	<b>161,568</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>(1,823)</b>	<b>17,715</b>	<b>9,051</b>	<b>31,948</b>	<b>65,849</b>	<b>191,844</b>
<b>Net Assets, Beginning of Period</b>	<b>60,613</b>	<b>42,898</b>	<b>43,923</b>	<b>11,975</b>	<b>270,289</b>	<b>78,445</b>
<b>Net Assets, End of Period</b>	<b>\$58,790</b>	<b>\$60,613</b>	<b>\$52,974</b>	<b>\$43,923</b>	<b>\$336,138</b>	<b>\$270,289</b>
Undistributed net investment income	\$878	\$703	\$940	\$524	\$5,497	\$2,170

(In thousands)	Pathfinder Moderately Aggressive		Pathfinder Moderately Conservative		Asset Strategy	
	Six months ended 6-30-10 (Unaudited)	Fiscal year ended 12-31-09	Six months ended 6-30-10 (Unaudited)	Fiscal year ended 12-31-09	Six months ended 6-30-10 (Unaudited)	Fiscal year ended 12-31-09
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income	\$ 5,064	\$ 2,768	\$ 1,888	\$ 1,007	\$ 4,721	\$ 9,927
Net realized gain (loss) on investments	2,910	4,941	1,121	1,692	(18,764)	(11,444)
Net change in unrealized appreciation (depreciation)	(24,174)	36,547	(5,731)	8,112	(77,890)	193,442
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>(16,200)</b>	<b>44,256</b>	<b>(2,722)</b>	<b>10,811</b>	<b>(91,933)</b>	<b>191,925</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	(2,776)	(541)	(1,009)	(79)	(12,441)	(2,922)
Net realized gains	(4,945)	(970)	(1,730)	(167)	—	(78,982)
<b>Total Distributions to Shareholders</b>	<b>(7,721)</b>	<b>(1,511)</b>	<b>(2,739)</b>	<b>(246)</b>	<b>(12,441)</b>	<b>(81,904)</b>
<b>Capital Share Transactions</b>	<b>65,970</b>	<b>143,305</b>	<b>22,255</b>	<b>49,516</b>	<b>83,721</b>	<b>306,546</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>42,049</b>	<b>186,050</b>	<b>16,794</b>	<b>60,081</b>	<b>(20,653)</b>	<b>416,567</b>
<b>Net Assets, Beginning of Period</b>	<b>301,756</b>	<b>115,706</b>	<b>92,253</b>	<b>32,172</b>	<b>1,094,761</b>	<b>678,194</b>
<b>Net Assets, End of Period</b>	<b>\$343,805</b>	<b>\$301,756</b>	<b>\$109,047</b>	<b>\$92,253</b>	<b>\$1,074,108</b>	<b>\$1,094,761</b>
Undistributed net investment income	\$5,047	\$2,760	\$1,884	\$1,005	\$514	\$8,381

See Accompanying Notes to Financial Statements.

# STATEMENT OF CHANGES IN NET ASSETS

## Ivy Funds VIP

(In thousands)	Balanced		Bond		Core Equity	
	Six months ended 6-30-10 (Unaudited)	Fiscal year ended 12-31-09	Six months ended 6-30-10 (Unaudited)	Fiscal year ended 12-31-09	Six months ended 6-30-10 (Unaudited)	Fiscal year ended 12-31-09
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income	\$ 2,406	\$ 6,905	\$ 6,433	\$ 13,995	\$ 282	\$ 3,899
Net realized gain on investments	25,526	5,243	1,429	2,446	20,540	3,802
Net change in unrealized appreciation (depreciation)	(33,769)	31,077	17,712	10,531	(38,867)	75,046
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>(5,837)</b>	<b>43,225</b>	<b>25,574</b>	<b>26,972</b>	<b>(18,045)</b>	<b>82,747</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	(7,059)	(7,291)	(20,720)	(13,706)	(4,025)	(3,943)
Net realized gains	(5,145)	(2,099)	—	—	—	—
<b>Total Distributions to Shareholders</b>	<b>(12,204)</b>	<b>(9,390)</b>	<b>(20,720)</b>	<b>(13,706)</b>	<b>(4,025)</b>	<b>(3,943)</b>
<b>Capital Share Transactions</b>	<b>(8,771)</b>	<b>(51,174)</b>	<b>122,745</b>	<b>124,063</b>	<b>(28,762)</b>	<b>(65,801)</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>(26,812)</b>	<b>(17,339)</b>	<b>127,599</b>	<b>137,329</b>	<b>(50,832)</b>	<b>13,003</b>
<b>Net Assets, Beginning of Period</b>	<b>360,946</b>	<b>378,285</b>	<b>471,468</b>	<b>334,139</b>	<b>415,130</b>	<b>402,127</b>
<b>Net Assets, End of Period</b>	<b>\$334,134</b>	<b>\$360,946</b>	<b>\$599,067</b>	<b>\$471,468</b>	<b>\$364,298</b>	<b>\$415,130</b>
Undistributed net investment income	\$2,249	\$6,902	\$1,851	\$16,139	\$101	\$3,844

(In thousands)	Dividend Opportunities		Energy		Global Natural Resources	
	Six months ended 6-30-10 (Unaudited)	Fiscal year ended 12-31-09	Six months ended 6-30-10 (Unaudited)	Fiscal year ended 12-31-09	Six months ended 6-30-10 (Unaudited)	Fiscal year ended 12-31-09
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income (loss)	\$ 1,096	\$ 2,317	\$ (39)	\$ 88	\$ (224)	\$ (717)
Net realized gain (loss) on investments	1,651	(14,283)	(155)	(1,949)	3,159	247
Net change in unrealized appreciation (depreciation)	(23,966)	42,262	(3,939)	10,422	(38,338)	64,833
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>(21,219)</b>	<b>30,296</b>	<b>(4,133)</b>	<b>8,561</b>	<b>(35,403)</b>	<b>64,363</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	(2,411)	(1,506)	(90)	—	—	—
Net realized gains	—	—	—	—	—	—
<b>Total Distributions to Shareholders</b>	<b>(2,411)</b>	<b>(1,506)</b>	<b>(90)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Capital Share Transactions</b>	<b>20,820</b>	<b>49,488</b>	<b>2,388</b>	<b>2,887</b>	<b>11,701</b>	<b>58,465</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>(2,810)</b>	<b>78,278</b>	<b>(1,835)</b>	<b>11,448</b>	<b>(23,702)</b>	<b>122,828</b>
<b>Net Assets, Beginning of Period</b>	<b>201,304</b>	<b>123,026</b>	<b>31,342</b>	<b>19,894</b>	<b>192,289</b>	<b>69,461</b>
<b>Net Assets, End of Period</b>	<b>\$198,494</b>	<b>\$201,304</b>	<b>\$29,507</b>	<b>\$31,342</b>	<b>\$168,587</b>	<b>\$192,289</b>
Undistributed (distributions in excess of) net investment income	\$726	\$2,041	\$(43)	\$85	\$(331)	\$(11)

See Accompanying Notes to Financial Statements.

# STATEMENT OF CHANGES IN NET ASSETS

## Ivy Funds VIP

(In thousands)	Growth		High Income		International Core Equity	
	Six months ended 6-30-10 (Unaudited)	Fiscal year ended 12-31-09	Six months ended 6-30-10 (Unaudited)	Fiscal year ended 12-31-09	Six months ended 6-30-10 (Unaudited)	Fiscal year ended 12-31-09
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income	\$ 740	\$ 5,277	\$ 9,162	\$ 17,063	\$ 5,689	\$ 6,758
Net realized gain (loss) on investments	30,632	17,492	2,868	(8,543)	30,845	(72,918)
Net change in unrealized appreciation (depreciation)	(108,740)	169,568	(3,995)	61,228	(96,916)	206,411
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>(77,368)</b>	<b>192,337</b>	<b>8,035</b>	<b>69,748</b>	<b>(60,382)</b>	<b>140,251</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	(5,368)	(2,992)	(17,048)	(16,681)	(7,010)	(15,263)
Net realized gains	—	(22,110)	—	—	—	(24,549)
<b>Total Distributions to Shareholders</b>	<b>(5,368)</b>	<b>(25,102)</b>	<b>(17,048)</b>	<b>(16,681)</b>	<b>(7,010)</b>	<b>(39,812)</b>
<b>Capital Share Transactions</b>	<b>(32,647)</b>	<b>(43,767)</b>	<b>10,330</b>	<b>14,111</b>	<b>13,612</b>	<b>33,209</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>(115,383)</b>	<b>123,468</b>	<b>1,317</b>	<b>67,178</b>	<b>(53,780)</b>	<b>133,648</b>
<b>Net Assets, Beginning of Period</b>	<b>880,513</b>	<b>757,045</b>	<b>213,911</b>	<b>146,733</b>	<b>512,761</b>	<b>379,113</b>
<b>Net Assets, End of Period</b>	<b>\$ 765,130</b>	<b>\$ 880,513</b>	<b>\$ 215,228</b>	<b>\$ 213,911</b>	<b>\$ 458,981</b>	<b>\$ 512,761</b>
Undistributed net investment income	\$541	\$5,169	\$9,111	\$16,996	\$5,458	\$6,980

(In thousands)	International Growth		Micro Cap Growth		Mid Cap Growth	
	Six months ended 6-30-10 (Unaudited)	Fiscal year ended 12-31-09	Six months ended 6-30-10 (Unaudited)	Fiscal year ended 12-31-09	Six months ended 6-30-10 (Unaudited)	Fiscal year ended 12-31-09
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income (loss)	\$ 2,492	\$ 2,564	\$ (261)	\$ (423)	\$ (50)	\$ 21
Net realized gain (loss) on investments	13,620	(693)	3,583	(4,233)	2,186	(932)
Net change in unrealized appreciation (depreciation)	(44,929)	46,236	(2,412)	15,676	(2,741)	27,645
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>(28,817)</b>	<b>48,107</b>	<b>910</b>	<b>11,020</b>	<b>(605)</b>	<b>26,734</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	(2,599)	(2,688)	—	—	(36)	—
Net realized gains	—	—	—	—	—	—
<b>Total Distributions to Shareholders</b>	<b>(2,599)</b>	<b>(2,688)</b>	<b>—</b>	<b>—</b>	<b>(36)</b>	<b>—</b>
<b>Capital Share Transactions</b>	<b>17,077</b>	<b>56,312</b>	<b>893</b>	<b>(1,118)</b>	<b>6,161</b>	<b>16,544</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>(14,339)</b>	<b>101,731</b>	<b>1,803</b>	<b>9,902</b>	<b>5,520</b>	<b>43,278</b>
<b>Net Assets, Beginning of Period</b>	<b>261,229</b>	<b>159,498</b>	<b>38,211</b>	<b>28,309</b>	<b>92,157</b>	<b>48,879</b>
<b>Net Assets, End of Period</b>	<b>\$ 246,890</b>	<b>\$ 261,229</b>	<b>\$ 40,014</b>	<b>\$ 38,211</b>	<b>\$ 97,677</b>	<b>\$ 92,157</b>
Undistributed (distributions in excess of) net investment income	\$2,188	\$2,575	\$(316)	\$(54)	\$(67)	\$20

See Accompanying Notes to Financial Statements.

# STATEMENT OF CHANGES IN NET ASSETS

## Ivy Funds VIP

(In thousands)	Money Market		Real Estate Securities		Science and Technology	
	Six months ended 6-30-10 (Unaudited)	Fiscal year ended 12-31-09	Six months ended 6-30-10 (Unaudited)	Fiscal year ended 12-31-09	Six months ended 6-30-10 (Unaudited)	Fiscal year ended 12-31-09
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income (loss)	\$ 78	\$ 1,872	\$ 380	\$ 680	\$ (665)	\$ 168
Net realized gain (loss) on investments	(9)	116	1,830	(4,660)	9,877	11,428
Net change in unrealized appreciation (depreciation)	—	—	(336)	10,351	(37,015)	83,850
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>69</b>	<b>1,988</b>	<b>1,874</b>	<b>6,371</b>	<b>(27,803)</b>	<b>95,446</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	(78)	(1,872)	(668)	(831)	—	—
Net realized gains	(22)	(118)	—	—	(9,088)	(16,547)
<b>Total Distributions to Shareholders</b>	<b>(100)</b>	<b>(1,990)</b>	<b>(668)</b>	<b>(831)</b>	<b>(9,088)</b>	<b>(16,547)</b>
<b>Capital Share Transactions</b>	<b>14,268</b>	<b>(49,898)</b>	<b>(1,430)</b>	<b>(897)</b>	<b>(5,121)</b>	<b>11,200</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>14,237</b>	<b>(49,900)</b>	<b>(224)</b>	<b>4,643</b>	<b>(42,012)</b>	<b>90,099</b>
<b>Net Assets, Beginning of Period</b>	<b>150,863</b>	<b>200,763</b>	<b>33,577</b>	<b>28,934</b>	<b>316,252</b>	<b>226,153</b>
<b>Net Assets, End of Period</b>	<b>\$ 165,100</b>	<b>\$ 150,863</b>	<b>\$ 33,353</b>	<b>\$ 33,577</b>	<b>\$ 274,240</b>	<b>\$ 316,252</b>
Undistributed (distributions in excess of) net investment income	\$ —	\$ —	\$ 439	\$ 726	\$ (687)	\$ (28)

(In thousands)	Small Cap Growth		Small Cap Value		Value	
	Six months ended 6-30-10 (Unaudited)	Fiscal year ended 12-31-09	Six months ended 6-30-10 (Unaudited)	Fiscal year ended 12-31-09	Six months ended 6-30-10 (Unaudited)	Fiscal year ended 12-31-09
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income (loss)	\$ (1,534)	\$ (2,723)	\$ 109	\$ 86	\$ 714	\$ 3,483
Net realized gain (loss) on investments	18,220	(4,855)	14,866	(4,492)	16,932	1,930
Net change in unrealized appreciation (depreciation)	(24,445)	101,109	(20,220)	48,625	(26,663)	53,957
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>(7,759)</b>	<b>93,531</b>	<b>(5,245)</b>	<b>44,219</b>	<b>(9,017)</b>	<b>59,370</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	—	(1,298)	(151)	—	(2,517)	(4,928)
Net realized gains	—	—	—	—	—	—
<b>Total Distributions to Shareholders</b>	<b>—</b>	<b>(1,298)</b>	<b>(151)</b>	<b>—</b>	<b>(2,517)</b>	<b>(4,928)</b>
<b>Capital Share Transactions</b>	<b>(19,458)</b>	<b>(26,712)</b>	<b>(7,863)</b>	<b>2,845</b>	<b>(7,861)</b>	<b>(9,026)</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>(27,217)</b>	<b>65,521</b>	<b>(13,259)</b>	<b>47,064</b>	<b>(19,395)</b>	<b>45,416</b>
<b>Net Assets, Beginning of Period</b>	<b>355,705</b>	<b>290,184</b>	<b>197,180</b>	<b>150,116</b>	<b>276,844</b>	<b>231,428</b>
<b>Net Assets, End of Period</b>	<b>\$ 328,488</b>	<b>\$ 355,705</b>	<b>\$ 183,921</b>	<b>\$ 197,180</b>	<b>\$ 257,449</b>	<b>\$ 276,844</b>
Undistributed (distributions in excess of) net investment income	\$ (1,571)	\$ (38)	\$ 99	\$ 141	\$ 1,204	\$ 3,007

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	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 6–30–2010 (unaudited)	\$ 4.6294	\$ 0.0620	\$ (0.3120)	\$ (0.2500)	\$ (0.0526)	\$ (0.1048)	\$ (0.1574)
Fiscal year ended 12–31–2009	3.8093	0.0524	0.8251	0.8775	(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 6–30–2010 (unaudited)	5.0197	0.0770	(0.1509)	(0.0739)	(0.0519)	(0.0989)	(0.1508)
Fiscal year ended 12–31–2009	4.4530	0.0553	0.5206	0.5759	(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 6–30–2010 (unaudited)	4.7629	0.0669	(0.2269)	(0.1600)	(0.0312)	(0.0514)	(0.0826)
Fiscal year ended 12–31–2009	4.0630	0.0325	0.6933	0.7258	(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 6–30–2010 (unaudited)	4.8046	0.0608	(0.2657)	(0.2049)	(0.0388)	(0.0691)	(0.1079)
Fiscal year ended 12–31–2009	4.0140	0.0379	0.7876	0.8255	(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 6–30–2010 (unaudited)	4.9413	0.0740	(0.1895)	(0.1155)	(0.0466)	(0.0799)	(0.1265)
Fiscal year ended 12–31–2009	4.3098	0.0494	0.6002	0.6496	(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 6–30–2010 (unaudited)	9.2253	0.0322	(0.7512)	(0.7190)	(0.0976)	—	(0.0976)
Fiscal year ended 12–31–2009	8.2749	0.0814	1.8135	1.8949	(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)
<b>Balanced</b>							
Six-month period ended 6–30–2010 (unaudited)	8.4782	0.0652	(0.2136)	(0.1484)	(0.1733)	(0.1263)	(0.2996)
Fiscal year ended 12–31–2009	7.6960	0.1729	0.8142	0.9871	(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)

(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 6–30–2010 (unaudited)	\$ 4.2220	–5.45%	\$ 59	0.10% <sup>(2)</sup>	2.88% <sup>(2)</sup>	—%	—%	4%
Fiscal year ended 12–31–2009	4.6294	23.32	61	0.10	1.40	—	—	22
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 6–30–2010 (unaudited)	4.7950	–1.49	53	0.09 <sup>(2)</sup>	3.95 <sup>(2)</sup>	—	—	8
Fiscal year ended 12–31–2009	5.0197	12.95	44	0.12	1.66	—	—	27
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 6–30–2010 (unaudited)	4.5203	–3.38	336	0.04 <sup>(2)</sup>	3.54 <sup>(2)</sup>	—	—	3
Fiscal year ended 12–31–2009	4.7629	17.95	270	0.06	1.35	—	—	18
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 6–30–2010 (unaudited)	4.4918	–4.29	344	0.04 <sup>(2)</sup>	3.16 <sup>(2)</sup>	—	—	3
Fiscal year ended 12–31–2009	4.8046	20.70	302	0.06	1.35	—	—	19
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 6–30–2010 (unaudited)	4.6993	–2.35	109	0.07 <sup>(2)</sup>	3.75 <sup>(2)</sup>	—	—	5
Fiscal year ended 12–31–2009	4.9413	15.12	92	0.09	1.56	—	—	28
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 6–30–2010 (unaudited)	8.4087	–7.80	1,074	1.04 <sup>(2)</sup>	0.84 <sup>(2)</sup>	1.05 <sup>(2)</sup>	0.83 <sup>(2)</sup>	60
Fiscal year ended 12–31–2009	9.2253	25.04	1,095	1.05	1.17	1.06	1.16	113
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
<b>Balanced</b>								
Six-month period ended 6–30–2010 (unaudited)	8.0302	–1.92	334	1.03 <sup>(2)</sup>	1.34 <sup>(2)</sup>	—	—	34
Fiscal year ended 12–31–2009	8.4782	13.23	361	1.03	1.95	—	—	46
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

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 6–30–2010 (unaudited)	\$ 5.4996	\$ 0.0558	\$ 0.2011	\$ 0.2569	\$ (0.2270)	\$ —	\$ (0.2270)
Fiscal year ended 12–31–2009	5.3372	0.1550	0.2178	0.3728	(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)
<b>Core Equity</b>							
Six-month period ended 6–30–2010 (unaudited)	9.9518	0.0128	(0.4983)	(0.4855)	(0.1023)	—	(0.1023)
Fiscal year ended 12–31–2009	8.1109	0.0996	1.8272	1.9268	(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)
<b>Dividend Opportunities</b>							
Six-month period ended 6–30–2010 (unaudited)	5.9634	0.0265	(0.6009)	(0.5744)	(0.0675)	—	(0.0675)
Fiscal year ended 12–31–2009	5.1114	0.0599	0.8442	0.9041	(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)
<b>Energy</b>							
Six-month period ended 6–30–2010 (unaudited)	5.2588	(0.0067)	(0.6366)	(0.6433)	(0.0143)	—	(0.0143)
Fiscal year ended 12–31–2009	3.7434	0.0147	1.5007	1.5154	—	—	—
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 6–30–2010 (unaudited)	5.7479	(0.0063)	(0.9735)	(0.9798)	—	—	—
Fiscal year ended 12–31–2009	3.3102	(0.0209)	2.4586	2.4377	—	—	—
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 6–30–2010 (unaudited)	9.2781	0.0100	(0.8596)	(0.8496)	(0.0586)	—	(0.0586)
Fiscal year ended 12–31–2009	7.5529	0.0567	1.9286	1.9853	(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)

(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 6–30–2010 (unaudited)	\$ 5.5295	4.79%	\$ 599	0.79%(2)	2.41%(2)	—%	—%	11%
Fiscal year ended 12–31–2009	5.4996	7.16	471	0.80	3.56	—	—	30
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
<b>Core Equity</b>								
Six-month period ended 6–30–2010 (unaudited)	9.3640	–4.95	364	0.98(2)	0.14(2)	1.03(2)	0.09(2)	56
Fiscal year ended 12–31–2009	9.9518	24.02	415	0.98	1.01	1.03	0.96	101
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
<b>Dividend Opportunities</b>								
Six-month period ended 6–30–2010 (unaudited)	5.3215	–9.72	198	1.03(2)	1.07(2)	—	—	28
Fiscal year ended 12–31–2009	5.9634	17.88	201	1.05	1.48	—	—	31
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
<b>Energy</b>								
Six-month period ended 6–30–2010 (unaudited)	4.6012	–12.25	30	1.29(2)	–0.24(2)	—	—	12
Fiscal year ended 12–31–2009	5.2588	40.48	31	1.01	0.35	1.33	0.03	15
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(2)	1.05(2)	1.49(2)	0.20(2)	12
<b>Global Natural Resources</b>								
Six-month period ended 6–30–2010 (unaudited)	4.7681	–17.05	169	1.39(2)	–0.23(2)	—	—	62
Fiscal year ended 12–31–2009	5.7479	73.64	192	1.45	–0.56	—	—	101
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(2)	–0.60(2)	—	—	66
<b>Growth</b>								
Six-month period ended 6–30–2010 (unaudited)	8.3699	–9.20	765	0.98(2)	0.17(2)	1.01(2)	0.14(2)	24
Fiscal year ended 12–31–2009	9.2781	27.07	881	0.99	0.67	1.02	0.64	59
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

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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 (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 6–30–2010 (unaudited)	\$ 3.2997	\$ 0.1411	\$ (0.0160)	\$ 0.1251	\$ (0.2697)	\$ —	\$ (0.2697)
Fiscal year ended 12–31–2009	2.4841	0.2537	0.8347	1.0884	(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)
<b>International Core Equity<sup>(3)</sup></b>							
Six-month period ended 6–30–2010 (unaudited)	15.3806	0.1637	(1.9534)	(1.7897)	(0.2081)	—	(0.2081)
Fiscal year ended 12–31–2009	12.4613	0.1992	4.0136	4.2128	(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)
<b>International Growth</b>							
Six-month period ended 6–30–2010 (unaudited)	7.4915	0.0639	(0.8589)	(0.7950)	(0.0716)	—	(0.0716)
Fiscal year ended 12–31–2009	6.0050	0.0741	1.5140	1.5881	(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)
<b>Micro Cap Growth</b>							
Six-month period ended 6–30–2010 (unaudited)	15.7002	(0.1048)	0.5185	0.4137	—	—	—
Fiscal year ended 12–31–2009	11.1122	(0.1739)	4.7619	4.5880	—	—	—
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	—	—	—
<b>Mid Cap Growth</b>							
Six-month period ended 6–30–2010 (unaudited)	6.6080	(0.0035)	(0.0253)	(0.0288)	(0.0025)	—	(0.0025)
Fiscal year ended 12–31–2009	4.5056	0.0015	2.1009	2.1024	—	—	—
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>(4)</sup>	5.0000	0.0064	1.0589	1.0653	—	—	—
<b>Money Market</b>							
Six-month period ended 6–30–2010 (unaudited)	1.00	0.00	0.00	0.00	—*	—*	—*
Fiscal year ended 12–31–2009	1.0000	0.0095	0.0006	0.0101	(0.0095)	(0.0006)	(0.0101)
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)

\*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) International Core Equity (formerly International Value) changed its name effective April 30, 2010.

(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>High Income</b>								
Six-month period ended 6–30–2010 (unaudited)	\$ 3.1551	3.81%	\$215	0.92% <sup>(2)</sup>	8.57% <sup>(2)</sup>	0.97% <sup>(2)</sup>	8.52% <sup>(2)</sup>	53%
Fiscal year ended 12–31–2009	3.2997	46.42	214	0.93	9.15	0.98	9.10	74
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
<b>International Core Equity<sup>(3)</sup></b>								
Six-month period ended 6–30–2010 (unaudited)	13.3828	–11.67	459	1.21 <sup>(2)</sup>	2.31 <sup>(2)</sup>	—	—	57
Fiscal year ended 12–31–2009	15.3806	36.96	513	1.22	1.58	—	—	142
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
<b>International Growth</b>								
Six-month period ended 6–30–2010 (unaudited)	6.6249	–10.63	247	1.18 <sup>(2)</sup>	1.95 <sup>(2)</sup>	1.21 <sup>(2)</sup>	1.92 <sup>(2)</sup>	43
Fiscal year ended 12–31–2009	7.4915	26.89	261	1.19	1.34	1.22	1.31	80
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
<b>Micro Cap Growth</b>								
Six-month period ended 6–30–2010 (unaudited)	16.1139	2.63	40	1.38 <sup>(2)</sup>	–1.27 <sup>(2)</sup>	—	—	35
Fiscal year ended 12–31–2009	15.7002	41.29	38	1.42	–1.34	—	—	70
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
<b>Mid Cap Growth</b>								
Six-month period ended 6–30–2010 (unaudited)	6.5767	–0.44	98	1.19 <sup>(2)</sup>	–0.10 <sup>(2)</sup>	1.21 <sup>(2)</sup>	–0.12 <sup>(2)</sup>	30
Fiscal year ended 12–31–2009	6.6080	46.66	92	1.21	0.03	1.23	0.01	33
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>(4)</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 6–30–2010 (unaudited)	1.00	0.06	165	0.49 <sup>(2)</sup>	0.10 <sup>(2)</sup>	0.51 <sup>(2)</sup>	0.08 <sup>(2)</sup>	—
Fiscal year ended 12–31–2009	1.0000	1.02	151	0.51	0.99	—	—	—
Fiscal year ended 12–31–2008	1.0000	2.18	201	0.75	2.01	—	—	—
Fiscal year ended 12–31–2007	1.0000	4.60	89	0.76	4.51	—	—	—
Fiscal year ended 12–31–2006	1.0000	4.32	70	0.77	4.29	—	—	—
Fiscal year ended 12–31–2005	1.0000	2.50	52	0.79	2.46	—	—	—

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>Real Estate Securities</b>							
Six-month period ended 6–30–2010 (unaudited)	\$ 5.1379	\$ 0.0654	\$ 0.2259	\$ 0.2913	\$ (0.1066)	\$ —	\$ (0.1066)
Fiscal year ended 12–31–2009	4.3040	0.1069	0.8531	0.9600	(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)
<b>Science and Technology</b>							
Six-month period ended 6–30–2010 (unaudited)	15.2964	(0.0327)	(1.3227)	(1.3554)	—	(0.4494)	(0.4494)
Fiscal year ended 12–31–2009	11.4251	0.0082	4.7292	4.7374	—	(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	—	—	—
<b>Small Cap Growth</b>							
Six-month period ended 6–30–2010 (unaudited)	8.1726	(0.0372)	(0.1705)	(0.2077)	—	—	—
Fiscal year ended 12–31–2009	6.0933	(0.0613)	2.1692	2.1079	(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)
<b>Small Cap Value</b>							
Six-month period ended 6–30–2010 (unaudited)	13.2850	0.0081	(0.4119)	(0.4038)	(0.0105)	—	(0.0105)
Fiscal year ended 12–31–2009	10.2867	0.0057	2.9926	2.9983	—	—	—
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)
<b>Value</b>							
Six-month period ended 6–30–2010 (unaudited)	5.1446	0.0153	(0.1950)	(0.1797)	(0.0482)	—	(0.0482)
Fiscal year ended 12–31–2009	4.1537	0.0657	1.0149	1.0806	(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)

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

(2) Annualized.

	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>Real Estate Securities</b>								
Six-month period ended 6–30–2010 (unaudited)	\$ 5.3226	5.58%	\$ 33	1.41% <sup>(2)</sup>	2.20% <sup>(2)</sup>	—%	—%	34%
Fiscal year ended 12–31–2009	5.1379	23.62	34	1.43	2.54	—	—	62
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
<b>Science and Technology</b>								
Six-month period ended 6–30–2010 (unaudited)	13.4916	–9.07	274	1.17 <sup>(2)</sup>	–0.44 <sup>(2)</sup>	1.19 <sup>(2)</sup>	–0.46 <sup>(2)</sup>	14
Fiscal year ended 12–31–2009	15.2964	43.84	316	1.19	0.06	1.21	0.04	65
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
<b>Small Cap Growth</b>								
Six-month period ended 6–30–2010 (unaudited)	7.9649	–2.54	328	1.16 <sup>(2)</sup>	–0.86 <sup>(2)</sup>	1.18 <sup>(2)</sup>	–0.88 <sup>(2)</sup>	28
Fiscal year ended 12–31–2009	8.1726	34.72	356	1.17	–0.88	1.19	–0.90	44
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
<b>Small Cap Value</b>								
Six-month period ended 6–30–2010 (unaudited)	12.8707	–3.05	184	1.19 <sup>(2)</sup>	0.11 <sup>(2)</sup>	—	—	41
Fiscal year ended 12–31–2009	13.2850	29.15	197	1.21	0.05	—	—	100
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
<b>Value</b>								
Six-month period ended 6–30–2010 (unaudited)	4.9167	–3.57	257	1.02 <sup>(2)</sup>	0.51 <sup>(2)</sup>	1.03 <sup>(2)</sup>	0.50 <sup>(2)</sup>	30
Fiscal year ended 12–31–2009	5.1446	26.64	277	1.04	1.45	1.05	1.44	73
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

See Accompanying Notes to Financial Statements.

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

Ivy Funds Variable Insurance Portfolios, a Delaware statutory trust (the Trust), is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as an open-end management investment company. The Trust is divided into twenty-five series (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 utilizes 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 spot 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 typically 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 with maturities of 60 days or less and all securities held by Money Market 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 NYSE, events may occur between the close of the foreign market and the close of the NYSE 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 NYSE. In addition, all securities for which market values are not readily available or are deemed unreliable are appraised at fair value as determined in good faith under the direction of the Board of Trustees.

**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 gains and losses are calculated on the identified cost basis. Interest income is recorded on the accrual basis and includes paydown gain (loss) and accretion of discounts and amortization of premiums. 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. Upon notification from issuers, some of the distributions received from a real estate investment trust or publicly traded partnership may be redesignated as a reduction of cost of the related investment and/or realized gain.

**Securities on a When-Issued or Delayed Delivery Basis.** Certain Portfolios 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 a 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 a 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.

**Senior Loans.** A Portfolio invests in senior secured corporate loans (senior 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. At June 30, 2010, there were no such unfunded commitments.

**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.

**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.** Certain Portfolios may hold high-yield and/or 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, 2010, High Income held defaulted securities with an aggregate market value of \$849, representing 0.39% of the Portfolio's net assets.

**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 gain (loss) and net change in unrealized appreciation (depreciation) on 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 agreement, including accrued interest thereon. The collateral for the repurchase agreement is held by a custodian bank.

**Investments with Off-Balance Sheet Risk.** Certain 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.

**Segregation and Collateralization.** In cases in which the 1940 Act and the interpretive positions of the Securities and Exchange Commission (SEC) require that a Portfolio either delivers collateral or segregates assets in connection with certain investments (e.g., dollar rolls, financial futures contracts, foreign currency exchange contracts, options written, securities with extended settlement periods and swaps), the Portfolio will segregate collateral or designate on its books and records cash or other liquid securities having a market value at least equal to the amount that is required to be physically segregated for the benefit of the counterparty. Furthermore, based on requirements and agreements with certain exchanges and third party broker-dealers, each party has requirements to deliver/ deposit cash or securities as collateral for certain investments.



**Income Taxes.** It is the policy of each Portfolio to distribute all of its taxable income and capital gains to its shareholders and otherwise qualify as a regulated investment company under Subchapter M of the Internal Revenue Code. In addition, each Portfolio intends to pay distributions as required to avoid imposition of excise tax. Accordingly, no provision has been made for Federal income taxes. Management of the Trust periodically reviews all tax positions to assess that it is more likely than not that the position would be sustained upon examination by the relevant tax authority based on the technical merits of each position. As of and for the fiscal period ended June 30, 2010, management believes that under this standard no liability for unrecognized tax positions is required. The Portfolios are subject to examination by U.S. federal and state authorities for returns filed for tax years after 2005.

**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 custodian’s prime rate less 150 basis points. The “Earnings credit” line item, if shown, 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 and Chief Compliance Officer 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. Additionally, fees paid to the office of the Chief Compliance Officer of the Portfolios 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.

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

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

## 2. INVESTMENT MANAGEMENT AND PAYMENTS TO AFFILIATED PERSONS

**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. The fee is 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 and is accrued daily:

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%



Portfolio (Continued)	Net Asset Breakpoints	Annual Rate
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%
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 Core Equity	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 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%
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	None	0.400%
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%

<b>Portfolio (Continued)</b>	<b>Net Asset Breakpoints</b>	<b>Annual Rate</b>
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	0.700%
	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 for those Portfolios included in the settlement agreement:

<b>Portfolio</b>	<b>Net Asset Breakpoints</b>	<b>Annual Rate</b>
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%
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%
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%
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%
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%
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 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 subadvisors 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 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.

**Accounting Services Fees.** The Trust has an Accounting Services Agreement with Waddell & Reed Services Company (WRSCO), doing business as WI Services Company (WISC), an affiliate of W&R. Under the agreement, WISC 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 WISC 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 WISC 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 WISC 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 WISC until a Portfolio's net assets are at least \$10 million.

**Shareholder Servicing.** Under the Transfer Agency Agreement between the Trust and WISC, each Portfolio reimburses WISC 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, 2010, the following amounts were waived as a result of the reduced management fees related to the settlement agreement:

Asset Strategy .....	\$ 50
Core Equity .....	102
Growth .....	128
High Income .....	53
International Growth .....	38
Mid Cap Growth .....	10
Science and Technology .....	30
Small Cap Growth .....	36
Value .....	14

Effective January 28, 2010, WRIMCO has voluntarily agreed to reimburse sufficient expenses of Money Market to maintain a minimum annualized yield of 0.02%. For the fiscal period ended June 30, 2010, expenses in the amount of \$15 were reimbursed. This reimbursement serves to reduce shareholder servicing.

Any amounts due to the Portfolios as a reimbursement but not paid as of June 30, 2010 are shown as a receivable from affiliate on the Statement of Assets and Liabilities.

### 3. INVESTMENT VALUATIONS

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

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

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

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

The following tables summarize the valuation of each Portfolio's investments by the above fair value hierarchy levels as of June 30, 2010:

Portfolio	Level 1	Level 2	Level 3
<b>Pathfinder Aggressive</b>			
<b>Assets</b>			
Investments in Securities			
Affiliated Mutual Funds .....	\$ 58,717	\$ —	\$ —
Short-Term Securities .....	—	75	—
<b>Total Investments in Securities .....</b>	<b>\$ 58,717</b>	<b>\$ 75</b>	<b>\$ —</b>
<b>Pathfinder Conservative</b>			
<b>Assets</b>			
Investments in Securities			
Affiliated Mutual Funds .....	\$ 52,597	\$ —	\$ —
Short-Term Securities .....	—	125	—
<b>Total Investments in Securities .....</b>	<b>\$ 52,597</b>	<b>\$ 125</b>	<b>\$ —</b>
<b>Pathfinder Moderate</b>			
<b>Assets</b>			
Investments in Securities			
Affiliated Mutual Funds .....	\$ 333,847	\$ —	\$ —
Short-Term Securities .....	—	348	—
<b>Total Investments in Securities .....</b>	<b>\$ 333,847</b>	<b>\$ 348</b>	<b>\$ —</b>

Portfolio (Continued)	Level 1	Level 2	Level 3
<b>Pathfinder Moderately Aggressive</b>			
<b>Assets</b>			
Investments in Securities			
Affiliated Mutual Funds . . . . .	\$ 343,182	\$ —	\$ —
Short-Term Securities . . . . .	—	642	—
<b>Total Investments in Securities . . . . .</b>	<b>\$ 343,182</b>	<b>\$ 642</b>	<b>\$ —</b>
<b>Pathfinder Moderately Conservative</b>			
<b>Assets</b>			
Investments in Securities			
Affiliated Mutual Funds . . . . .	\$ 107,121	\$ —	\$ —
Short-Term Securities . . . . .	—	181	—
<b>Total Investments in Securities . . . . .</b>	<b>\$ 107,121</b>	<b>\$ 181</b>	<b>\$ —</b>
<b>Asset Strategy</b>			
<b>Assets</b>			
Investments in Securities			
Common Stocks . . . . .	\$ 311,131	\$ 500,542	\$ —
Preferred Stocks . . . . .	—	30,311	15,133
Investment Funds . . . . .	—	—	1,416
Corporate Debt Securities . . . . .	—	3,023	1,593
Put Options . . . . .	—	2,844	—
United States Government Agency Obligations . . . . .	—	1,821	—
Bullion . . . . .	133,710	—	—
Short-Term Securities . . . . .	—	75,061	—
<b>Total Investments in Securities . . . . .</b>	<b>\$ 444,841</b>	<b>\$ 613,602</b>	<b>\$ 18,142</b>
Forward Foreign Currency Contracts . . . . .	\$ —	\$ 601	\$ —
Futures Contracts . . . . .	17,477	—	—
<b>Liabilities</b>			
Forward Foreign Currency Contracts . . . . .	\$ —	\$ 2,060	\$ —
Written Options . . . . .	—	837	—
<b>Balanced</b>			
<b>Assets</b>			
Investments in Securities			
Common Stocks . . . . .	\$ 231,766	\$ —	\$ —
Corporate Debt Securities . . . . .	—	55,251	—
Other Government Securities . . . . .	—	1,686	—
United States Government Agency Obligations . . . . .	—	9,743	—
United States Government Obligations . . . . .	—	32,124	—
Short-Term Securities . . . . .	—	3,280	—
<b>Total Investments in Securities . . . . .</b>	<b>\$ 231,766</b>	<b>\$ 102,084</b>	<b>\$ —</b>
<b>Bond</b>			
<b>Assets</b>			
Investments in Securities			
Corporate Debt Securities . . . . .	\$ —	\$ 295,102	\$ 205
Municipal Bonds . . . . .	—	15,617	—
Other Government Securities . . . . .	—	2,315	—
United States Government Agency Obligations . . . . .	—	181,155	—
United States Government Obligations . . . . .	—	81,986	—
Short-Term Securities . . . . .	—	16,944	—
<b>Total Investments in Securities . . . . .</b>	<b>\$ —</b>	<b>\$ 593,119</b>	<b>\$ 205</b>
<b>Core Equity</b>			
<b>Assets</b>			
Investments in Securities			
Common Stocks . . . . .	\$ 334,918	\$ —	\$ —
Short-Term Securities . . . . .	—	28,984	—
<b>Total Investments in Securities . . . . .</b>	<b>\$ 334,918</b>	<b>\$ 28,984</b>	<b>\$ —</b>

Portfolio (Continued)	Level 1	Level 2	Level 3
<b>Dividend Opportunities</b>			
<b>Assets</b>			
Investments in Securities			
Common Stocks . . . . .	\$ 186,586	\$ —	\$ —
Short-Term Securities . . . . .	—	11,534	—
<b>Total Investments in Securities</b> . . . . .	<b>\$ 186,586</b>	<b>\$ 11,534</b>	<b>\$ —</b>
<b>Energy</b>			
<b>Assets</b>			
Investments in Securities			
Common Stocks . . . . .	\$ 28,054	\$ —	\$ —
Short-Term Securities . . . . .	—	1,569	—
<b>Total Investments in Securities</b> . . . . .	<b>\$ 28,054</b>	<b>\$ 1,569</b>	<b>\$ —</b>
<b>Global Natural Resources</b>			
<b>Assets</b>			
Investments in Securities			
Common Stocks . . . . .	\$ 113,580	\$ 33,012	\$ 140
Preferred Stocks . . . . .	2,277	—	244
Call Options . . . . .	7,497	—	—
Corporate Debt Securities . . . . .	—	—	88
Short-Term Securities . . . . .	—	11,195	—
<b>Total Investments in Securities</b> . . . . .	<b>\$ 123,354</b>	<b>\$ 44,207</b>	<b>\$ 472</b>
Forward Foreign Currency Contracts . . . . .	\$ —	\$ 295	\$ —
Futures Contracts . . . . .	729	—	—
<b>Liabilities</b>			
Forward Foreign Currency Contracts . . . . .	\$ —	\$ 250	\$ —
<b>Growth</b>			
<b>Assets</b>			
Investments in Securities			
Common Stocks . . . . .	\$ 751,860	\$ —	\$ —
Short-Term Securities . . . . .	—	14,188	—
<b>Total Investments in Securities</b> . . . . .	<b>\$ 751,860</b>	<b>\$ 14,188</b>	<b>\$ —</b>
<b>High Income</b>			
<b>Assets</b>			
Investments in Securities			
Common Stocks . . . . .	\$ 2,087	\$ —	\$ —
Preferred Stocks . . . . .	761	—	—
Warrants . . . . .	—	91	—
Corporate Debt Securities . . . . .	—	194,103	—
Senior Loans . . . . .	—	11,675	1,327
Short-Term Securities . . . . .	—	3,816	—
<b>Total Investments in Securities</b> . . . . .	<b>\$ 2,848</b>	<b>\$ 209,685</b>	<b>\$ 1,327</b>
Forward Foreign Currency Contracts . . . . .	\$ —	\$ 117	\$ —
<b>International Core Equity</b>			
<b>Assets</b>			
Investments in Securities			
Common Stocks . . . . .	\$ 42,247	\$ 386,616	\$ —
Short-Term Securities . . . . .	—	17,519	—
<b>Total Investments in Securities</b> . . . . .	<b>\$ 42,247</b>	<b>\$ 404,135</b>	<b>\$ —</b>

Portfolio (Continued)	Level 1	Level 2	Level 3
<b>International Growth</b>			
<b>Assets</b>			
Investments in Securities			
Common Stocks . . . . .	\$ 29,555	\$ 196,037	\$ —
Preferred Stocks . . . . .	—	4,613	—
Warrants . . . . .	24	—	—
Short-Term Securities . . . . .	—	24,662	—
<b>Total Investments in Securities</b> . . . . .	<b>\$ 29,579</b>	<b>\$ 225,312</b>	<b>\$ —</b>
Forward Foreign Currency Contracts . . . . .	\$ —	\$ 890	\$ —
<b>Liabilities</b>			
Forward Foreign Currency Contracts . . . . .	\$ —	\$ 332	\$ —
Swap Agreements . . . . .	—	413	—
<b>Micro Cap Growth</b>			
<b>Assets</b>			
Investments in Securities			
Common Stocks . . . . .	\$ 38,968	\$ —	\$ —
Short-Term Securities . . . . .	—	1,081	—
<b>Total Investments in Securities</b> . . . . .	<b>\$ 38,968</b>	<b>\$ 1,081</b>	<b>\$ —</b>
<b>Mid Cap Growth</b>			
<b>Assets</b>			
Investments in Securities			
Common Stocks . . . . .	\$ 94,674	\$ —	\$ —
Short-Term Securities . . . . .	—	2,884	—
<b>Total Investments in Securities</b> . . . . .	<b>\$ 94,674</b>	<b>\$ 2,884</b>	<b>\$ —</b>
<b>Money Market</b>			
<b>Assets</b>			
Investments in Securities			
Corporate Obligations . . . . .	\$ —	\$ 98,617	\$ —
Municipal Obligations . . . . .	—	61,864	—
United States Government Agency Obligations . . . . .	—	2,948	—
<b>Total Investments in Securities</b> . . . . .	<b>\$ —</b>	<b>\$ 163,429</b>	<b>\$ —</b>
<b>Real Estate Securities</b>			
<b>Assets</b>			
Investments in Securities			
Common Stocks . . . . .	\$ 32,385	\$ —	\$ —
Preferred Stocks . . . . .	184	—	—
Short-Term Securities . . . . .	—	948	—
<b>Total Investments in Securities</b> . . . . .	<b>\$ 32,569</b>	<b>\$ 948</b>	<b>\$ —</b>
<b>Science and Technology</b>			
<b>Assets</b>			
Investments in Securities			
Common Stocks . . . . .	\$ 245,711	\$ 24,746	\$ —
Corporate Debt Securities . . . . .	—	1,780	—
Short-Term Securities . . . . .	—	1,211	—
<b>Total Investments in Securities</b> . . . . .	<b>\$ 245,711</b>	<b>\$ 27,737</b>	<b>\$ —</b>
<b>Small Cap Growth</b>			
<b>Assets</b>			
Investments in Securities			
Common Stocks . . . . .	\$ 308,940	\$ —	\$ —
Short-Term Securities . . . . .	—	19,654	—
<b>Total Investments in Securities</b> . . . . .	<b>\$ 308,940</b>	<b>\$ 19,654</b>	<b>\$ —</b>

Portfolio (Continued)	Level 1	Level 2	Level 3
<b>Small Cap Value</b>			
<b>Assets</b>			
Investments in Securities			
Common Stocks . . . . .	\$ 168,733	\$ —	\$ —
Investment Funds . . . . .	10,902	—	—
Short-Term Securities . . . . .	—	4,663	—
<b>Total Investments in Securities . . . . .</b>	<b>\$ 179,635</b>	<b>\$ 4,663</b>	<b>\$ —</b>
<b>Liabilities</b>			
Written Options . . . . .	\$ 131	\$ 9	\$ —
<b>Value</b>			
<b>Assets</b>			
Investments in Securities			
Common Stocks . . . . .	\$ 252,286	\$ —	\$ —
Warrants . . . . .	2,420	—	—
Call Options . . . . .	—	140	—
Short-Term Securities . . . . .	—	3,147	—
<b>Total Investments in Securities . . . . .</b>	<b>\$ 254,706</b>	<b>\$ 3,287</b>	<b>\$ —</b>
<b>Liabilities</b>			
Written Options . . . . .	\$ 148	\$ 403	\$ —

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

Portfolio	Common Stocks	Preferred Stocks	Investment Funds	Corporate Debt Securities
<b>Asset Strategy</b>				
Beginning Balance 1–1–10 . . . . .	\$ —	\$ —	\$ 1,392	\$ —
Net realized gain (loss) . . . . .	—	—	—	—
Net unrealized appreciation (depreciation) . . . . .	—	1,415	24	(26)
Purchases . . . . .	—	13,718	—	—
Sales . . . . .	—	—	—	—
Transfers into Level 3 during the period . . . . .	—	—	—	1,619
Transfers out of Level 3 during the period . . . . .	—	—	—	—
Ending Balance 6–30–10 . . . . .	<b>\$ —</b>	<b>\$ 15,133</b>	<b>\$ 1,416</b>	<b>\$ 1,593</b>
Net change in unrealized appreciation (depreciation) for all Level 3 investments still held as of 6–30–10 . . . . .	<b>\$ —</b>	<b>\$ 1,415</b>	<b>\$ 24</b>	<b>\$ (26)</b>
<b>Bond</b>				
Beginning Balance 1–1–10 . . . . .	\$ —	\$ —	\$ —	\$ 1
Net realized gain (loss) . . . . .	—	—	—	(211)
Net unrealized appreciation (depreciation) . . . . .	—	—	—	18
Purchases . . . . .	—	—	—	390
Sales . . . . .	—	—	—	7
Transfers into Level 3 during the period . . . . .	—	—	—	—
Transfers out of Level 3 during the period . . . . .	—	—	—	—
Ending Balance 6–30–10 . . . . .	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 205</b>
Net change in unrealized appreciation (depreciation) for all Level 3 investments still held as of 6–30–10 . . . . .	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 18</b>
<b>Global Natural Resources</b>				
Beginning Balance 1–1–10 . . . . .	\$ 126	\$ 308	\$ —	\$ 123
Net realized gain (loss) . . . . .	—	—	—	—
Net unrealized appreciation (depreciation) . . . . .	14	(64)	—	(35)
Purchases . . . . .	—	—	—	—
Sales . . . . .	—	—	—	—
Transfers into Level 3 during the period . . . . .	—	—	—	—
Transfers out of Level 3 during the period . . . . .	—	—	—	—
Ending Balance 6–30–10 . . . . .	<b>\$ 140</b>	<b>\$ 244</b>	<b>\$ —</b>	<b>\$ 88</b>
Net change in unrealized appreciation (depreciation) for all Level 3 investments still held as of 6–30–10 . . . . .	<b>\$ 14</b>	<b>\$ (64)</b>	<b>\$ —</b>	<b>\$ (35)</b>



Portfolio (Continued)	Common Stocks	Preferred Stocks	Investment Funds	Corporate Debt Securities
<b>High Income</b>				
Beginning Balance 1–1–10 .....	\$ —	\$ —	\$ —	\$ 599
Net realized gain (loss) .....	—	—	—	340
Net unrealized appreciation (depreciation) .....	—	—	—	(386)
Purchases .....	—	—	—	1,336
Sales .....	—	—	—	(1,199)
Transfers into Level 3 during the period .....	—	—	—	2,010
Transfers out of Level 3 during the period .....	—	—	—	(1,373)
Ending Balance 6–30–10 .....	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,327</u>
Net change in unrealized appreciation (depreciation) for all Level 3 investments still held as of 6–30–10 .....	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (10)</u>

Transfers from Level 2 to Level 3 occurred generally due to the lack of observable market data due to decreased market activity or information for these securities. Transfers from Level 3 to Level 2 occurred generally due to the increased availability of observable market data due to increased market activity or information. As shown above, transfers in and out of Level 3 represent the value at the later of the beginning of the fiscal period or the purchase date of the security.

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 in net realized gain (loss) on investments in unaffiliated securities and in net change in unrealized appreciation (depreciation) on investments in unaffiliated securities, respectively. Additionally, the net change in unrealized appreciation for all Level 3 investments still held as of June 30, 2010, if applicable, is included on the Statement of Operations in net change in unrealized appreciation (depreciation) on investments in unaffiliated securities.

As shown above, the Portfolios may own different types of assets that are classified as Level 2 or Level 3. Assets classified as Level 2 can have a variety of observable inputs, including, but not limited to, benchmark yields, reported trades, broker quotes, benchmark securities, and bid/offer quotations. These observable inputs are collected and utilized, primarily by an independent pricing service, in different evaluated pricing approaches depending upon the specific asset to determine a value.

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, 2010, 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 . . . . .	\$ 4,744	\$ 2,206
Pathfinder Conservative . . . . .	14,541	3,955
Pathfinder Moderate . . . . .	91,736	9,227
Pathfinder Moderately Aggressive . . . . .	72,979	9,810
Pathfinder Moderately Conservative . . . . .	25,106	5,177
Asset Strategy . . . . .	629,083	553,284
Balanced . . . . .	119,246	128,224
Bond . . . . .	88,820	15,874
Core Equity . . . . .	219,869	266,677
Dividend Opportunities . . . . .	68,441	55,296
Energy . . . . .	6,055	3,655
Global Natural Resources . . . . .	112,717	107,382
Growth . . . . .	203,702	243,766
High Income . . . . .	117,573	111,206
International Core Equity . . . . .	270,704	282,444
International Growth . . . . .	123,202	103,193
Micro Cap Growth . . . . .	14,019	13,895
Mid Cap Growth . . . . .	34,062	28,116
Money Market . . . . .	—	—
Real Estate Securities . . . . .	11,376	11,931
Science and Technology . . . . .	41,674	50,718
Small Cap Growth . . . . .	95,525	108,165
Small Cap Value . . . . .	79,776	77,493
Value . . . . .	81,155	88,337

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

	Purchases	Sales
Asset Strategy . . . . .	\$ —	\$ 27
Balanced . . . . .	—	5,237
Bond . . . . .	51,613	38,062

#### 5. FEDERAL INCOME TAX MATTERS

For Federal income tax purposes, cost of investments owned at June 30, 2010 and the related unrealized appreciation (depreciation) were as follows:

Portfolio	Cost of investments	Gross appreciation	Gross depreciation	Net unrealized appreciation (depreciation)
Pathfinder Aggressive . . . . .	\$ 66,739	\$ 539	\$ 8,486	\$ (7,947)
Pathfinder Conservative . . . . .	52,470	859	607	252
Pathfinder Moderate . . . . .	339,009	5,019	9,833	(4,814)
Pathfinder Moderately Aggressive . . . . .	351,338	6,416	13,930	(7,514)
Pathfinder Moderately Conservative . . . . .	107,498	1,946	2,142	(196)
Asset Strategy . . . . .	994,980	127,596	45,991	81,605
Balanced . . . . .	311,329	37,205	14,684	22,521
Bond . . . . .	574,967	30,955	12,598	18,357
Core Equity . . . . .	369,719	21,033	26,850	(5,817)
Dividend Opportunities . . . . .	205,744	7,480	15,104	(7,624)
Energy . . . . .	33,880	2,204	6,461	(4,257)
Global Natural Resources . . . . .	190,713	7,172	29,852	(22,680)
Growth . . . . .	734,553	77,328	45,833	31,495
High Income . . . . .	212,325	6,248	4,713	1,535
International Core Equity . . . . .	488,379	8,950	50,947	(41,997)
International Growth . . . . .	273,986	7,368	26,463	(19,095)
Micro Cap Growth . . . . .	40,239	5,715	5,905	(190)
Mid Cap Growth . . . . .	89,611	11,456	3,509	7,947
Money Market . . . . .	163,429	—	—	—
Real Estate Securities . . . . .	35,776	1,634	3,893	(2,259)
Science and Technology . . . . .	280,404	28,207	35,163	(6,956)

Portfolio (Continued)	Cost of investments	Gross appreciation	Gross depreciation	Net unrealized appreciation (depreciation)
Small Cap Growth . . . . .	337,926	41,379	50,711	(9,332)
Small Cap Value . . . . .	174,208	20,636	10,546	10,090
Value . . . . .	263,326	22,720	28,053	(5,333)

For Federal income tax purposes, the Portfolios' distributed and undistributed earnings and profit for the fiscal year ended December 31, 2009 and the related net capital losses and post-October activity updated with information available through the date of this report were as follows:

	Pathfinder Aggressive	Pathfinder Conservative	Pathfinder Moderate	Pathfinder Moderately Aggressive	Pathfinder Moderately Conservative	Asset Strategy
Net ordinary income . . . . .	\$ 1,502	\$ 1,350	\$ 4,709	\$ 5,986	\$ 2,372	\$ 12,429
Distributed ordinary income . . . . .	255	24	297	541	82	2,931
Undistributed ordinary income . . . . .	1,499	1,349	4,703	5,979	2,368	12,411
Realized long term capital gains . . . . .	612	179	1,052	1,725	368	—
Distributed long term capital gains . . . . .	446	38	531	969	165	78,973
Undistributed long term capital gains . . . . .	610	177	1,048	1,721	365	—
Post-October losses deferred . . . . .	—	—	—	—	—	—

	Balanced	Bond	Core Equity	Dividend Opportunities	Energy	Global Natural Resources
Net ordinary income . . . . .	\$ 7,015	\$ 16,179	\$ 4,004	\$ 2,441	\$ 88	\$ —
Distributed ordinary income . . . . .	7,291	13,706	3,943	1,506	—	—
Undistributed ordinary income . . . . .	7,015	16,167	3,993	2,403	88	—
Realized long term capital gains . . . . .	5,146	—	—	—	—	—
Distributed long term capital gains . . . . .	2,098	—	—	—	—	—
Undistributed long term capital gains . . . . .	5,142	—	—	—	—	—
Post-October losses deferred . . . . .	—	242	—	463	—	901

	Growth	High Income	International Core Equity	International Growth	Micro Cap Growth	Mid Cap Growth
Net ordinary income . . . . .	\$ 5,377	\$ 17,043	\$ 7,009	\$ 2,599	\$ —	\$ 28
Distributed ordinary income . . . . .	3,004	16,681	15,267	2,689	—	—
Undistributed ordinary income . . . . .	5,358	17,034	7,001	2,594	—	28
Realized long term capital gains . . . . .	—	—	—	—	—	—
Distributed long term capital gains . . . . .	22,098	—	24,546	—	—	—
Undistributed long term capital gains . . . . .	—	—	—	—	—	—
Post-October losses deferred . . . . .	—	—	416	—	214	246

	Money Market	Real Estate Securities	Science and Technology	Small Cap Growth	Small Cap Value	Value
Net ordinary income . . . . .	\$ 1,992	\$ 667	\$ 651	\$ —	\$ 149	\$ 2,699
Distributed ordinary income . . . . .	1,990	831	944	1,298	—	4,928
Undistributed ordinary income . . . . .	17	663	651	—	149	2,456
Realized long term capital gains . . . . .	—	—	8,443	—	—	—
Distributed long term capital gains . . . . .	—	—	15,604	—	—	—
Undistributed long term capital gains . . . . .	—	—	8,436	—	—	—
Post-October losses deferred . . . . .	—	337	—	—	—	1,459

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.

	Asset Strategy	Bond	Core Equity	Dividend Opportunities	Energy	Global Natural Resources
December 31, 2010.....	\$ —	\$ —	\$ 2,963	\$ —	\$ —	\$ —
December 31, 2014.....	—	1,397	—	—	—	—
December 31, 2015.....	—	376	—	—	—	—
December 31, 2016.....	—	—	1,098	4,170	1,276	2,091
December 31, 2017.....	66,497	—	15,520	16,086	1,950	14,620
Total carryover.....	<b>\$66,497</b>	<b>\$1,773</b>	<b>\$19,581</b>	<b>\$20,256</b>	<b>\$3,226</b>	<b>\$16,711</b>

	Growth	High Income	International Core Equity	International Growth	Micro Cap Growth	Mid Cap Growth
December 31, 2010.....	\$17,609	\$13,912	\$ —	\$ —	\$1,352	\$ —
December 31, 2014.....	—	1,102	—	—	—	—
December 31, 2016.....	—	9,328	—	8,420	765	998
December 31, 2017.....	3,237	12,095	73,533	17,399	4,622	1,055
Total carryover.....	<b>\$20,846</b>	<b>\$36,437</b>	<b>\$73,533</b>	<b>\$25,819</b>	<b>\$6,739</b>	<b>\$2,053</b>

	Real Estate Securities	Small Cap Growth	Small Cap Value	Value
December 31, 2010.....	\$ —	\$10,215	\$ —	\$ —
December 31, 2016.....	1,888	22,325	28,940	22,440
December 31, 2017.....	7,802	9,543	8,856	9,776
Total carryover.....	<b>\$9,690</b>	<b>\$42,083</b>	<b>\$37,796</b>	<b>\$32,216</b>

## 6. CAPITAL SHARE TRANSACTIONS

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

	Six months ended 6-30-10		Fiscal year ended 12-31-09	
	Shares	Value	Shares	Value
<b>Pathfinder Aggressive</b>				
Shares issued from sale of shares .....	702	\$ 3,286	2,624	\$ 10,422
Shares issued in reinvestment of distributions to shareholders .....	494	2,114	179	701
Shares redeemed .....	(364)	(1,682)	(972)	(3,889)
Net increase. ....	<b>832</b>	<b>\$ 3,718</b>	<b>1,831</b>	<b>\$ 7,234</b>

	Six months ended 6-30-10		Fiscal year ended 12-31-09	
	Shares	Value	Shares	Value
<b>Pathfinder Conservative</b>				
Shares issued from sale of shares .....	2,691	\$ 13,491	6,808	\$ 30,698
Shares issued in reinvestment of distributions to shareholders .....	317	1,528	14	62
Shares redeemed .....	(710)	(3,606)	(761)	(3,578)
Net increase. ....	<b>2,298</b>	<b>\$ 11,413</b>	<b>6,061</b>	<b>\$ 27,182</b>

	Six months ended 6-30-10		Fiscal year ended 12-31-09	
	Shares	Value	Shares	Value
<b>Pathfinder Moderate</b>				
Shares issued from sale of shares .....	17,084	\$ 81,361	37,885	\$ 163,508
Shares issued in reinvestment of distributions to shareholders .....	1,264	5,769	198	828
Shares redeemed .....	(736)	(3,521)	(641)	(2,768)
Net increase. ....	<b>17,612</b>	<b>\$ 83,609</b>	<b>37,442</b>	<b>\$ 161,568</b>

	Six months ended 6-30-10		Fiscal year ended 12-31-09	
	Shares	Value	Shares	Value
<b>Pathfinder Moderately Aggressive</b>				
Shares issued from sale of shares .....	12,546	\$ 60,696	34,447	\$ 145,335
Shares issued in reinvestment of distributions to shareholders .....	1,699	7,721	366	1,511
Shares redeemed .....	(510)	(2,447)	(832)	(3,541)
Net increase. ....	<b>13,735</b>	<b>\$ 65,970</b>	<b>33,981</b>	<b>\$ 143,305</b>

	Six months ended 6-30-10		Fiscal year ended 12-31-09	
<b>Pathfinder Moderately Conservative</b>	Shares	Value	Shares	Value
Shares issued from sale of shares . . . . .	4,606	\$ 22,768	12,987	\$ 57,365
Shares issued in reinvestment of distributions to shareholders . . . . .	579	2,739	56	246
Shares redeemed . . . . .	(650)	(3,252)	(1,838)	(8,095)
Net increase. . . . .	<b>4,535</b>	<b>\$ 22,255</b>	<b>11,205</b>	<b>\$ 49,516</b>

	Six months ended 6-30-10		Fiscal year ended 12-31-09	
<b>Asset Strategy</b>	Shares	Value	Shares	Value
Shares issued from sale of shares . . . . .	20,419	\$ 184,774	40,223	\$ 344,900
Shares issued in reinvestment of distributions to shareholders . . . . .	1,466	12,441	10,547	81,904
Shares redeemed . . . . .	(12,816)	(113,494)	(14,058)	(120,258)
Net increase. . . . .	<b>9,069</b>	<b>\$ 83,721</b>	<b>36,712</b>	<b>\$ 306,546</b>

	Six months ended 6-30-10		Fiscal year ended 12-31-09	
<b>Balanced</b>	Shares	Value	Shares	Value
Shares issued from sale of shares . . . . .	686	\$ 5,935	1,119	\$ 8,656
Shares issued in reinvestment of distributions to shareholders . . . . .	1,448	12,204	1,274	9,390
Shares redeemed . . . . .	(3,097)	(26,910)	(8,973)	(69,220)
Net decrease . . . . .	<b>(963)</b>	<b>\$ (8,771)</b>	<b>(6,580)</b>	<b>\$ (51,174)</b>

	Six months ended 6-30-10		Fiscal year ended 12-31-09	
<b>Bond</b>	Shares	Value	Shares	Value
Shares issued from sale of shares . . . . .	18,202	\$ 99,537	30,955	\$ 166,609
Shares issued in connection with merger of Mortgage Securities . . . . .	6,957	37,277	—	—
Shares issued in reinvestment of distributions to shareholders . . . . .	3,852	20,720	2,605	13,706
Shares redeemed . . . . .	(6,398)	(34,789)	(10,439)	(56,252)
Net increase. . . . .	<b>22,613</b>	<b>\$ 122,745</b>	<b>23,121</b>	<b>\$ 124,063</b>

	Six months ended 6-30-10		Fiscal year ended 12-31-09	
<b>Core Equity</b>	Shares	Value	Shares	Value
Shares issued from sale of shares . . . . .	534	\$ 5,525	881	\$ 7,384
Shares issued in reinvestment of distributions to shareholders . . . . .	398	4,025	496	3,943
Shares redeemed . . . . .	(3,744)	(38,312)	(9,241)	(77,128)
Net decrease . . . . .	<b>(2,812)</b>	<b>\$ (28,762)</b>	<b>(7,864)</b>	<b>\$ (65,801)</b>

	Six months ended 6-30-10		Fiscal year ended 12-31-09	
<b>Dividend Opportunities</b>	Shares	Value	Shares	Value
Shares issued from sale of shares . . . . .	5,143	\$ 30,593	14,463	\$ 74,570
Shares issued in reinvestment of distributions to shareholders . . . . .	418	2,411	301	1,506
Shares redeemed . . . . .	(2,017)	(12,184)	(5,076)	(26,588)
Net increase. . . . .	<b>3,544</b>	<b>\$ 20,820</b>	<b>9,688</b>	<b>\$ 49,488</b>

	Six months ended 6-30-10		Fiscal year ended 12-31-09	
<b>Energy</b>	Shares	Value	Shares	Value
Shares issued from sale of shares . . . . .	903	\$ 4,695	1,669	\$ 7,347
Shares issued in reinvestment of distributions to shareholders . . . . .	18	90	—	—
Shares redeemed . . . . .	(468)	(2,397)	(1,024)	(4,460)
Net increase. . . . .	<b>453</b>	<b>\$ 2,388</b>	<b>645</b>	<b>\$ 2,887</b>

	Six months ended 6-30-10		Fiscal year ended 12-31-09	
<b>Global Natural Resources</b>	Shares	Value	Shares	Value
Shares issued from sale of shares . . . . .	6,957	\$ 38,950	17,670	\$ 82,581
Shares issued in reinvestment of distributions to shareholders . . . . .	—	—	—	—
Shares redeemed . . . . .	(5,054)	(27,249)	(5,200)	(24,116)
Net increase. . . . .	<b>1,903</b>	<b>\$ 11,701</b>	<b>12,470</b>	<b>\$ 58,465</b>

	Six months ended 6-30-10		Fiscal year ended 12-31-09	
<b>Growth</b>	Shares	Value	Shares	Value
Shares issued from sale of shares . . . . .	2,702	\$ 25,031	7,755	\$ 61,642
Shares issued in reinvestment of distributions to shareholders . . . . .	597	5,368	3,325	25,102
Shares redeemed . . . . .	(6,787)	(63,046)	(16,410)	(130,511)
Net decrease . . . . .	<b>(3,488)</b>	<b>\$ (32,647)</b>	<b>(5,330)</b>	<b>\$ (43,767)</b>

	Six months ended 6-30-10		Fiscal year ended 12-31-09	
<b>High Income</b>	Shares	Value	Shares	Value
Shares issued from sale of shares . . . . .	3,892	\$ 12,962	8,457	\$ 23,658
Shares issued in reinvestment of distributions to shareholders . . . . .	5,418	17,048	6,254	16,681
Shares redeemed . . . . .	(5,918)	(19,680)	(8,955)	(26,228)
Net increase. . . . .	<b>3,392</b>	<b>\$ 10,330</b>	<b>5,756</b>	<b>\$ 14,111</b>

	Six months ended 6-30-10		Fiscal year ended 12-31-09	
<b>International Core Equity</b>	Shares	Value	Shares	Value
Shares issued from sale of shares . . . . .	1,886	\$ 27,926	4,221	\$ 54,038
Shares issued in reinvestment of distributions to shareholders . . . . .	512	7,010	3,376	39,812
Shares redeemed . . . . .	(1,440)	(21,324)	(4,682)	(60,641)
Net increase. . . . .	<b>958</b>	<b>\$ 13,612</b>	<b>2,915</b>	<b>\$ 33,209</b>

	Six months ended 6-30-10		Fiscal year ended 12-31-09	
<b>International Growth</b>	Shares	Value	Shares	Value
Shares issued from sale of shares . . . . .	3,926	\$ 28,329	12,510	\$ 82,230
Shares issued in reinvestment of distributions to shareholders . . . . .	384	2,599	453	2,688
Shares redeemed . . . . .	(1,914)	(13,851)	(4,654)	(28,606)
Net increase. . . . .	<b>2,396</b>	<b>\$ 17,077</b>	<b>8,309</b>	<b>\$ 56,312</b>

	Six months ended 6-30-10		Fiscal year ended 12-31-09	
<b>Micro Cap Growth</b>	Shares	Value	Shares	Value
Shares issued from sale of shares . . . . .	241	\$ 4,160	358	\$ 4,631
Shares issued in reinvestment of distributions to shareholders . . . . .	—	—	—	—
Shares redeemed . . . . .	(192)	(3,267)	(472)	(5,749)
Net increase (decrease) . . . . .	<b>49</b>	<b>\$ 893</b>	<b>(114)</b>	<b>\$ (1,118)</b>

	Six months ended 6-30-10		Fiscal year ended 12-31-09	
<b>Mid Cap Growth</b>	Shares	Value	Shares	Value
Shares issued from sale of shares . . . . .	2,018	\$ 13,855	4,883	\$ 25,970
Shares issued in reinvestment of distributions to shareholders . . . . .	5	36	—	—
Shares redeemed . . . . .	(1,117)	(7,730)	(1,785)	(9,426)
Net increase. . . . .	<b>906</b>	<b>\$ 6,161</b>	<b>3,098</b>	<b>\$ 16,544</b>

	Six months ended 6-30-10		Fiscal year ended 12-31-09	
<b>Money Market</b>	Shares	Value	Shares	Value
Shares issued from sale of shares . . . . .	45,439	\$ 45,439	109,614	\$ 109,614
Shares issued in reinvestment of distributions to shareholders . . . . .	96	96	1,990	1,990
Shares redeemed . . . . .	(31,267)	(31,267)	(161,502)	(161,502)
Net increase (decrease) . . . . .	<b>14,268</b>	<b>\$ 14,268</b>	<b>(49,898)</b>	<b>\$ (49,898)</b>

	Six months ended 6-30-10		Fiscal year ended 12-31-09	
<b>Real Estate Securities</b>	Shares	Value	Shares	Value
Shares issued from sale of shares . . . . .	303	\$ 1,684	1,336	\$ 5,183
Shares issued in reinvestment of distributions to shareholders . . . . .	120	668	235	831
Shares redeemed . . . . .	(692)	(3,782)	(1,758)	(6,911)
Net decrease . . . . .	<b>(269)</b>	<b>\$ (1,430)</b>	<b>(187)</b>	<b>\$ (897)</b>

	Six months ended 6-30-10		Fiscal year ended 12-31-09	
<b>Science and Technology</b>	Shares	Value	Shares	Value
Shares issued from sale of shares . . . . .	1,444	\$ 21,944	2,986	\$ 38,880
Shares issued in reinvestment of distributions to shareholders . . . . .	626	9,088	1,421	16,547
Shares redeemed . . . . .	(2,418)	(36,153)	(3,527)	(44,227)
Net increase (decrease) . . . . .	<b>(348)</b>	<b>\$ (5,121)</b>	<b>880</b>	<b>\$ 11,200</b>

	Six months ended 6-30-10		Fiscal year ended 12-31-09	
<b>Small Cap Growth</b>	Shares	Value	Shares	Value
Shares issued from sale of shares . . . . .	1,121	\$ 9,594	2,903	\$ 19,551
Shares issued in reinvestment of distributions to shareholders . . . . .	—	—	202	1,298
Shares redeemed . . . . .	(3,403)	(29,052)	(7,204)	(47,561)
Net decrease . . . . .	<b>(2,282)</b>	<b>\$ (19,458)</b>	<b>(4,099)</b>	<b>\$ (26,712)</b>

	Six months ended 6-30-10		Fiscal year ended 12-31-09	
<b>Small Cap Value</b>	Shares	Value	Shares	Value
Shares issued from sale of shares . . . . .	858	\$ 12,159	2,522	\$ 27,359
Shares issued in reinvestment of distributions to shareholders . . . . .	11	151	—	—
Shares redeemed . . . . .	(1,421)	(20,173)	(2,273)	(24,514)
Net increase (decrease) . . . . .	<b>(552)</b>	<b>\$ (7,863)</b>	<b>249</b>	<b>\$ 2,845</b>

	Six months ended 6-30-10		Fiscal year ended 12-31-09	
<b>Value</b>	Shares	Value	Shares	Value
Shares issued from sale of shares . . . . .	2,290	\$ 12,287	6,289	\$ 26,481
Shares issued in reinvestment of distributions to shareholders . . . . .	472	2,517	1,236	4,928
Shares redeemed . . . . .	(4,213)	(22,665)	(9,429)	(40,435)
Net decrease . . . . .	<b>(1,451)</b>	<b>\$ (7,861)</b>	<b>(1,904)</b>	<b>\$ (9,026)</b>

## 7. DERIVATIVE INSTRUMENTS

**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 maximum 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.

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 WRIMCO. 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 will be unable to meet their obligations under the terms of the transaction.

**Collateral.** The Portfolio may mitigate counterparty risk through credit support annexes (CSA) included with an International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement which is the standard contract governing most derivative transactions between the Portfolio and each of its counterparties. The CSA allows the Portfolio to offset with its counterparty certain derivative financial instruments' payables and/or receivables with collateral, which is generally held by the Portfolio's custodian. The amount of collateral moved to/from applicable counterparties is based upon minimum transfer amounts specified in the CSA. To the extent amounts due to the Portfolio from its counterparties are not fully collateralized contractually or otherwise, the Portfolio bears the risk of loss from counterparty non-performance. See Note 1 "Segregation and Collateralization" for additional information with respect to collateral practices.

## 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, 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 option contracts, both short and long, on foreign and domestic equity indices. To manage foreign currency exposure, the Portfolio utilized forward contracts and option contracts to either increase or decrease exposure to a given currency. To manage event risks, the Portfolio utilized short futures on foreign and domestic equity indices and options contracts, both written and purchased, on individual equity securities owned by the Portfolio.

Fair values of derivative instruments as of June 30, 2010:

Type of Risk Exposure	Asset Derivatives		Liability Derivatives	
	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Equity	Unrealized appreciation on futures contracts*	\$17,477	N/A	\$ 0
Foreign currency	Unrealized appreciation on forward foreign currency contracts and investments in unaffiliated securities at market value**	3,445	Unrealized depreciation on forward foreign currency contracts and written options at market value	2,897
Total		<u>\$20,922</u>		<u>\$ 2,897</u>

\*The fair value presented includes cumulative gain (loss) on open futures contracts; however, the value reflected in the accompanying Statement of Assets and Liabilities is only the unsettled variation margin receivable (payable) as of June 30, 2010.

\*\*Purchased options are reported as investments in unaffiliated securities and are reflected in the accompanying Schedule of Investments.

The effect of derivative instruments on the Statement of Operations for the fiscal period ended June 30, 2010:

Type of Risk Exposure	Location of Gain (Loss) on Derivatives Recognized in the Statement of Operations	Realized Gain (Loss) on Derivatives Recognized in the Statement of Operations	Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in the Statement of Operations
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 futures contracts	\$ (52,793)	\$ 17,477
Foreign currency	Net realized gain (loss) on investments in unaffiliated securities and written options and forward foreign currency contracts/Net change in unrealized appreciation (depreciation) on investments in unaffiliated securities and written options and forward foreign currency contracts	6,876	(4,972)
Total		<u>\$(45,917)</u>	<u>\$12,505</u>

During the fiscal period ended June 30, 2010, the Portfolio's average principal amount outstanding for forward contracts and market value outstanding for futures contracts were as follows: short forward contracts – \$276,057, long forward contracts – \$276,926, short futures contracts – \$298,774. Additionally, the Portfolio's average number of purchased option contracts and written option contracts outstanding was 8 and 2, respectively.

**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 option contracts on individual equity securities. To manage foreign currency exposure, the Portfolio utilized forward contracts to either increase or decrease exposure to a given currency.

Fair values of derivative instruments as of June 30, 2010:

Type of Risk Exposure	Asset Derivatives		Liability Derivatives	
	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Equity	Unrealized appreciation on futures contracts* and investments in unaffiliated securities at market value**	\$ 8,226	N/A	\$ 0
Foreign currency	Unrealized appreciation on forward foreign currency contracts	295	Unrealized depreciation on forward foreign currency contracts	250
Total		<u>\$ 8,521</u>		<u>\$250</u>

\*The fair value presented includes cumulative gain (loss) on open futures contracts; however, the value reflected in the accompanying Statement of Assets and Liabilities is only the unsettled variation margin receivable (payable) as of June 30, 2010.

\*\*Purchased options are reported as investments in unaffiliated securities and are reflected in the accompanying Schedule of Investments.

The effect of derivative instruments on the Statement of Operations for the fiscal period ended June 30, 2010:

Type of Risk Exposure	Location of Gain (Loss) on Derivatives Recognized in the Statement of Operations	Realized Gain (Loss) on Derivatives Recognized in the Statement of Operations	Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in the Statement of Operations
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	\$ (5,782)	\$ 1,009
Foreign currency	Net realized gain (loss) on forward foreign currency contracts/Net change in unrealized appreciation (depreciation) on forward foreign currency contracts	64	116
Total		<u>\$(5,718)</u>	<u>\$ 1,125</u>

During the fiscal period ended June 30, 2010, the Portfolio's average principal amount outstanding for forward contracts and market value outstanding for futures contracts were as follows: short forward contracts – \$14,594, long forward contracts – \$14,630, short futures contracts – \$2,705. Additionally, the Portfolio's average number of purchased option contracts outstanding was 11.

**High Income.** The Portfolio's objective in using derivatives during the period was to hedge the exposure to foreign currencies from securities held in the portfolio. To achieve this objective, the Portfolio utilized forward contracts.

Fair values of derivative instruments as of June 30, 2010:

Type of Risk Exposure	Asset Derivatives		Liability Derivatives	
	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Foreign currency	Unrealized appreciation on forward foreign currency contracts	\$117	N/A	\$0

The effect of derivative instruments on the Statement of Operations for the fiscal period ended June 30, 2010:

Type of Risk Exposure	Location of Gain (Loss) on Derivatives Recognized in the Statement of Operations	Realized Gain (Loss) on Derivatives Recognized in the Statement of Operations	Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in the Statement of Operations
Foreign currency	Net realized gain (loss) on forward foreign currency contracts/Net change in unrealized appreciation (depreciation) on forward foreign currency contracts	\$2	\$79

During the fiscal period ended June 30, 2010, the Portfolio's average principal amount outstanding for short forward contracts and long forward contracts was \$646 and \$711, respectively.

**International Growth.** The Portfolio's objective in using derivatives during the period was to manage the exposure to various foreign currencies and gain exposure to certain individual securities that are not available for direct purchase. To manage foreign currency exposure, the Portfolio utilized forward contracts to either increase or decrease exposure to a given currency. To gain exposure to certain individual securities, the Portfolio utilized total return swaps.

Fair values of derivative instruments as of June 30, 2010:

Type of Risk Exposure	Asset Derivatives		Liability Derivatives	
	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Equity	N/A		Unrealized depreciation on swap agreements	\$ 413
Foreign currency	Unrealized appreciation on forward foreign currency contracts	890	Unrealized depreciation on forward foreign currency contracts	332
Total		<u>\$ 890</u>		<u>\$ 745</u>

The effect of derivative instruments on the Statement of Operations for the fiscal period ended June 30, 2010:

Type of Risk Exposure	Location of Gain (Loss) on Derivatives Recognized in the Statement of Operations	Realized Gain (Loss) on Derivatives Recognized in the Statement of Operations	Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in the Statement of Operations
Equity	Net change in unrealized appreciation (depreciation) on swap agreements	\$ 0	\$ (413)
Foreign currency	Net realized gain (loss) on forward foreign currency contracts/Net change in unrealized appreciation (depreciation) on forward foreign currency contracts	3,403	(369)
Total		<u>\$ 3,403</u>	<u>\$ (782)</u>

During the fiscal period ended June 30, 2010, the Portfolio's average principal amount outstanding for short forward contracts and long forward contracts was \$60,083 and \$61,327, respectively. Additionally, the Portfolio's average notional amount outstanding for total return swaps was \$1,703.

**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.

There were no open derivative instruments as of June 30, 2010.

The effect of derivative instruments on the Statement of Operations for the fiscal period ended June 30, 2010:

Type of Risk Exposure	Location of Gain (Loss) on Derivatives Recognized in the Statement of Operations	Realized Gain (Loss) on Derivatives Recognized in the Statement of Operations	Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in the Statement of Operations
Equity	Net realized gain (loss) on investments in unaffiliated securities and written options	\$(10)	\$0

During the fiscal period ended June 30, 2010, the Portfolio's average number of purchased option contracts and written option contracts outstanding was less than 1.

**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.

There were no open derivative instruments as of June 30, 2010.

The effect of derivative instruments on the Statement of Operations for the fiscal period ended June 30, 2010:

Type of Risk Exposure	Location of Gain (Loss) on Derivatives Recognized in the Statement of Operations	Realized Gain (Loss) on Derivatives Recognized in the Statement of Operations	Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in the Statement of Operations
Equity	Net realized gain (loss) on investments in unaffiliated securities and written options	\$1,255	\$0

During the fiscal period ended June 30, 2010, the Portfolio's average number of purchased option contracts and written option contracts outstanding was 23 and 54, respectively.

**Small Cap Value.** The Portfolio's objective in using derivatives during the period was to generate additional income from written option premiums; and secondarily to gain exposure to or facilitate trading in certain securities. To achieve these objectives, the Portfolio utilized written options on individual equity securities.

Fair values of derivative instruments as of June 30, 2010:

Type of Risk Exposure	Asset Derivatives		Liability Derivatives	
	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Equity	N/A	N/A	Written options at market value	\$140

The effect of derivative instruments on the Statement of Operations for the fiscal period ended June 30, 2010:

Type of Risk Exposure	Location of Gain (Loss) on Derivatives Recognized in the Statement of Operations	Realized Gain (Loss) on Derivatives Recognized in the Statement of Operations	Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in the Statement of Operations
Equity	Net realized gain (loss) on written options/ Net change in unrealized appreciation (depreciation) on written options	\$99	\$(39)

During the fiscal period ended June 30, 2010, the Portfolio's average number of written option contracts outstanding was 1.

**Value.** The Portfolio's objective in using derivatives during the period was to generate additional income from written option premiums; and secondarily to gain exposure to or facilitate trading in certain securities. To achieve these objectives, the Portfolio utilized options, both written and purchased, on individual equity securities.

Fair values of derivative instruments as of June 30, 2010:

Type of Risk Exposure	Asset Derivatives		Liability Derivatives	
	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Equity	Investments in unaffiliated securities at market value**	\$140	Written options at market value	\$551

*\*\*Purchased options are reported as investments in unaffiliated securities and are reflected in the accompanying Schedule of Investments.*

The effect of derivative instruments on the Statement of Operations for the fiscal period ended June 30, 2010:

Type of Risk Exposure	Location of Gain (Loss) on Derivatives Recognized in the Statement of Operations	Realized Gain (Loss) on Derivatives Recognized in the Statement of Operations	Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in the Statement of Operations
Equity	Net realized gain (loss) on investments in written options/Net change in unrealized appreciation (depreciation) on investments in unaffiliated securities and written options	\$807	\$(389)

During the fiscal period ended June 30, 2010, the Portfolio's average number of purchased option contracts and written option contracts outstanding was 1 and 7, respectively.

## 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, 2010, Asset Strategy had made a total contribution of \$1,982. No public market currently exists for the shares of VAF nor are shares currently redeemable by VAF. VAF intends to become listed within one year after the final commitment has been drawn down. VAF's investment strategy is to make minority investments in future blue-chip Vietnamese companies that are already listed or intend to be listed in the next 24 months.

## 9. AFFILIATED COMPANY TRANSACTIONS

A summary of the transactions in affiliated companies during the fiscal period ended June 30, 2010 follows:

	12-31-09 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/ (Loss) <sup>(1)</sup>	Distributions Received	6-30-10 Share Balance	6-30-10 Market Value
<b>Pathfinder Aggressive</b>							
Ivy Funds VIP Bond . . . . .	1,763	\$1,818	\$ 97	\$ 6	\$435	2,429	\$13,429
Ivy Funds VIP Dividend Opportunities . . .	1,237	379	244	46	83	1,252	6,662
Ivy Funds VIP Growth . . . . .	1,004	392	306	79	58	1,005	8,408
Ivy Funds VIP International Core Equity . .	551	720	76	24	121	592	7,922
Ivy Funds VIP International Growth . . . . .	1,300	664	73	22	98	1,378	9,126
Ivy Funds VIP Mid Cap Growth . . . . .	467	112	130	71	1	454	2,986
Ivy Funds VIP Mortgage Securities <sup>(3)</sup> . . . .	385	216	15	1	72	—	—
Ivy Funds VIP Small Cap Growth <sup>(2)</sup> . . . . .	227	67	90	46	—	219	1,744
Ivy Funds VIP Small Cap Value . . . . .	375	182	414	177	4	347	4,467
Ivy Funds VIP Value . . . . .	824	194	201	88	39	808	3,973
					<u>\$911</u>		<u>\$58,717</u>
	12-31-09 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/ (Loss) <sup>(1)</sup>	Distributions Received	6-30-10 Share Balance	6-30-10 Market Value
<b>Pathfinder Conservative</b>							
Ivy Funds VIP Bond . . . . .	3,089	\$6,462	\$1,004	\$ 46	\$781	4,078	\$22,550
Ivy Funds VIP Dividend Opportunities . . .	1,304	2,172	789	249	90	1,505	8,009
Ivy Funds VIP Growth . . . . .	349	878	344	104	21	398	3,327
Ivy Funds VIP International Core Equity . .	146	686	154	60	33	180	2,405
Ivy Funds VIP International Growth . . . . .	302	640	182	19	23	366	2,422
Ivy Funds VIP Mid Cap Growth . . . . .	139	245	92	58	—*	153	1,008
Ivy Funds VIP Money Market . . . . .	8,516	2,959	525	—	6	10,951	10,951
Ivy Funds VIP Small Cap Growth <sup>(2)</sup> . . . . .	56	123	50	28	—	62	491
Ivy Funds VIP Small Cap Value . . . . .	35	123	64	36	—*	37	473
Ivy Funds VIP Value . . . . .	175	253	100	51	9	195	961
					<u>\$963</u>		<u>\$52,597</u>
	12-31-09 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/ (Loss) <sup>(1)</sup>	Distributions Received	6-30-10 Share Balance	6-30-10 Market Value
<b>Pathfinder Moderate</b>							
Ivy Funds VIP Bond . . . . .	13,622	\$31,989	\$ 190	\$ 12	\$ 3,761	20,014	\$110,669
Ivy Funds VIP Dividend Opportunities . . .	6,941	12,194	1,668	483	552	8,646	46,010
Ivy Funds VIP Growth . . . . .	3,005	7,967	1,252	370	206	3,698	30,955
Ivy Funds VIP International Core Equity . .	1,416	7,149	315	128	367	1,870	25,029
Ivy Funds VIP International Growth . . . . .	4,386	9,997	320	143	387	5,711	37,834
Ivy Funds VIP Mid Cap Growth . . . . .	1,680	3,109	590	368	5	2,000	13,154
Ivy Funds VIP Money Market . . . . .	25,909	9,959	67	—	18	35,801	35,801
Ivy Funds VIP Mortgage Securities <sup>(3)</sup> . . . .	580	679	—	—	121	—	—
Ivy Funds VIP Small Cap Growth <sup>(2)</sup> . . . . .	681	1,552	335	188	—	805	6,409
Ivy Funds VIP Small Cap Value . . . . .	844	3,114	1,025	552	10	958	12,325
Ivy Funds VIP Value . . . . .	2,648	4,027	803	418	146	3,185	15,661
					<u>\$ 5,573</u>		<u>\$ 333,847</u>

\*Not shown due to rounding.

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

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

(3)On March 29, 2010, Mortgage Securities merged into Bond.

	12-31-09 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/ (Loss) <sup>(1)</sup>	Distributions Received	6-30-10 Share Balance	6-30-10 Market Value
<b>Pathfinder Moderately Aggressive</b>							
Ivy Funds VIP Bond . . . . .	11,984	\$23,038	\$ 191	\$ 15	\$ 2,972	17,370	\$ 96,045
Ivy Funds VIP Dividend Opportunities . . .	7,744	9,441	1,438	410	565	9,027	48,037
Ivy Funds VIP Growth . . . . .	3,354	6,104	1,098	318	211	3,861	32,315
Ivy Funds VIP International Core Equity . .	1,971	7,299	290	100	469	2,443	32,695
Ivy Funds VIP International Growth . . . .	6,109	10,011	220	101	495	7,460	49,419
Ivy Funds VIP Mid Cap Growth . . . . .	2,340	2,953	664	409	6	2,607	17,146
Ivy Funds VIP Money Market . . . . .	14,362	4,335	45	—	10	18,652	18,652
Ivy Funds VIP Mortgage Securities <sup>(3)</sup> . . .	1,289	792	17	1	241	—	—
Ivy Funds VIP Small Cap Growth <sup>(2)</sup> . . . .	1,139	1,768	458	259	—	1,259	10,027
Ivy Funds VIP Small Cap Value . . . . .	1,647	4,142	1,757	921	17	1,748	22,502
Ivy Funds VIP Value . . . . .	2,951	3,096	722	376	149	3,324	16,344
					<u>\$ 5,135</u>		<u>\$ 343,182</u>

	12-31-09 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/ (Loss) <sup>(1)</sup>	Distributions Received	6-30-10 Share Balance	6-30-10 Market Value
<b>Pathfinder Moderately Conservative</b>							
Ivy Funds VIP Bond . . . . .	5,633	\$10,352	\$754	\$ 36	\$ 1,452	7,380	\$ 40,808
Ivy Funds VIP Dividend Opportunities . . .	2,395	3,216	980	272	177	2,731	14,536
Ivy Funds VIP Growth . . . . .	933	1,883	623	182	59	1,052	8,803
Ivy Funds VIP International Core Equity . .	305	1,191	181	65	73	369	4,944
Ivy Funds VIP International Growth . . . .	1,259	2,186	317	120	103	1,504	9,965
Ivy Funds VIP Mid Cap Growth . . . . .	579	812	281	170	2	632	4,158
Ivy Funds VIP Money Market . . . . .	13,312	4,000	339	—	9	16,973	16,973
Ivy Funds VIP Small Cap Growth <sup>(2)</sup> . . . .	117	203	79	41	—	127	1,013
Ivy Funds VIP Small Cap Value . . . . .	73	203	110	55	1	76	973
Ivy Funds VIP Value . . . . .	913	1,060	392	180	47	1,006	4,948
					<u>\$ 1,923</u>		<u>\$ 107,121</u>

	12-31-09 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/(Loss)	Distributions Received	6-30-10 Share Balance	6-30-10 Market Value
<b>Asset Strategy</b>							
Vietnam Azalea Fund Limited <sup>(2)</sup> . . . . .	300	\$ —	\$ —	\$ —	\$ —	300	\$ 1,416

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

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

(3)On March 29, 2010, Mortgage Securities merged into Bond.

## 10. WRITTEN OPTION ACTIVITY

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

	Number of Contracts	Premium Received
Outstanding at December 31, 2009 . . . . .	—	\$ —
Options written . . . . .	10	2,483
Options terminated in closing purchase transactions . . . . .	(10)	(2,483)
Options exercised . . . . .	—	—
Options expired . . . . .	—	—
Outstanding at June 30, 2010 . . . . .	—	\$ —

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

	Number of Contracts	Premium Received
Outstanding at December 31, 2009 . . . . .	—	\$ —
Options written . . . . .	—*	764
Options terminated in closing purchase transactions . . . . .	—	—
Options exercised . . . . .	—	—
Options expired . . . . .	—	—
Outstanding at June 30, 2010 . . . . .	—*	\$764

\*Not shown due to rounding.

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

	Number of Contracts	Premium Received
Outstanding at December 31, 2009 . . . . .	—	\$ —
Options written . . . . .	1	40
Options terminated in closing purchase transactions . . . . .	—*	(34)
Options exercised . . . . .	—	—
Options expired . . . . .	—*	(6)
Outstanding at June 30, 2010 . . . . .	—	\$ —

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

	Number of Contracts	Premium Received
Outstanding at December 31, 2009 . . . . .	—	\$ —
Options written . . . . .	2	83
Options terminated in closing purchase transactions . . . . .	(2)	(80)
Options exercised . . . . .	—	—
Options expired . . . . .	—*	(3)
Outstanding at June 30, 2010 . . . . .	—	\$ —

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

	Number of Contracts	Premium Received
Outstanding at December 31, 2009 . . . . .	—	\$ —
Options written . . . . .	241	330
Options terminated in closing purchase transactions . . . . .	—	—
Options exercised . . . . .	—	—
Options expired . . . . .	(241)	(330)
Outstanding at June 30, 2010 . . . . .	—	\$ —

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

	Number of Contracts	Premium Received
Outstanding at December 31, 2009 . . . . .	—	\$ —
Options written . . . . .	3	113
Options terminated in closing purchase transactions . . . . .	—	—
Options exercised . . . . .	—	—
Options expired . . . . .	(1)	(67)
Outstanding at June 30, 2010 . . . . .	2	\$ 46

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

	Number of Contracts	Premium Received
Outstanding at December 31, 2009 . . . . .	—	\$ —
Options written . . . . .	2	155
Options terminated in closing purchase transactions . . . . .	—	—
Options exercised . . . . .	(1)	(69)
Options expired . . . . .	—*	(31)
Outstanding at June 30, 2010 . . . . .	1	\$ 55

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

	Number of Contracts	Premium Received
Outstanding at December 31, 2009 . . . . .	6	\$ 115
Options written . . . . .	8	370
Options terminated in closing purchase transactions . . . . .	(3)	(99)
Options exercised . . . . .	—	—
Options expired . . . . .	(10)	(290)
Outstanding at June 30, 2010 . . . . .	1	\$ 96

\*Not shown due to rounding.



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

	Number of Contracts	Premium Received
Outstanding at December 31, 2009.....	6	\$ 393
Options written.....	7	600
Options terminated in closing purchase transactions.....	—*	—*
Options exercised.....	—*	(8)
Options expired.....	(10)	(593)
Outstanding at June 30, 2010.....	<u>3</u>	<u>\$ 392</u>

\*Not shown due to rounding.

## 11. NAME CHANGE

Effective April 30, 2010, International Value changed its name to International Core Equity.

## 12. BUSINESS COMBINATIONS

On March 29, 2010, Bond acquired all the net assets of Mortgage Securities pursuant to a plan of reorganization approved by the shareholders of Mortgage Securities on March 1, 2010. The purpose of the transaction was to combine two portfolios with comparable investment objectives and strategies. The acquisition was accomplished by a tax-free exchange of 6,957 shares of Bond (valued at \$37,277) for the 8,522 shares of Mortgage Securities outstanding on March 29, 2010. The investment portfolio of Mortgage Securities, with a fair value of \$37,185 and identified cost of \$37,056 was the principal asset acquired by Bond. For financial reporting purposes, assets received and shares issued by Bond were recorded at fair value; however, the identified cost of the investments received from Mortgage Securities was carried forward to align ongoing reporting of Bond's realized and unrealized gains and losses with amounts distributable to shareholders for tax purposes. Mortgage Securities had net assets of \$37,277, including \$129 of net unrealized appreciation in value of investments and \$4,623 of accumulated net realized losses on investments, which were combined with those of Bond. The aggregate net assets of Bond and Mortgage Securities immediately before the acquisition were \$511,903 and \$37,277, respectively. The aggregate net assets of Bond and Mortgage Securities immediately following the acquisition were \$549,180 and \$0, respectively.

Because the combined investment portfolios have been managed as a single integrated portfolio since the acquisition was completed, it is not practicable to separate the amounts of revenue and earnings of Mortgage Securities that have been included in Bond's Statement of Operations since March 29, 2010.

## 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.



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

The SEC Order further requires that the \$50 million in settlement amounts described above will be distributed in accordance with a distribution plan developed by an independent distribution consultant, in consultation with Waddell & Reed, and that is agreed to by the SEC staff and the Funds' Disinterested Directors. 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.

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.

## SHAREHOLDER MEETING RESULTS

### Ivy Funds VIP

On March 1, 2010, a special shareholder meeting (Meeting) for Ivy Funds VIP Mortgage Securities 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:** To approve a Plan of Reorganization and Termination providing for the transfer of all of the assets of Ivy Funds VIP Mortgage Securities to, and assumption of all of the liabilities of Ivy Funds VIP Mortgage Securities by, Ivy Funds VIP Bond in exchange for shares of Ivy Funds VIP Bond and the distribution of such shares to the shareholders of Ivy Funds VIP Mortgage Securities in complete liquidation of Ivy Funds VIP Mortgage Securities.

PORTFOLIO NAME	FOR	AGAINST	ABSTAIN	TOTAL
Ivy Funds VIP Mortgage Securities . . . . .	5,481,982.658	154,926.821	313,892.213	5,950,801.692

## PROXY VOTING INFORMATION

### Ivy Funds VIP

#### 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

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 Core Equity  
International Growth

## 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

## 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>	6300 Lamar Avenue P.O. Box 29217 Shawnee Mission, KS 66201-9217	<a href="http://www.waddell.com">www.waddell.com</a>
Waddell & Reed, Inc.		

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