

Semiannual Report

June 30, 2013

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 Bond

Global Natural Resources

Growth

High Income

International Core Equity

International Growth

Limited-Term Bond

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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Henry J. Herrmann, CFA

Dear Shareholder,

The volatility trend that seems to have become the norm continued over the past six months. Once again the key culprits were politics, geopolitical concerns globally and confusing policy communication by central bankers.

Despite these issues, and the market swings they can cause, the economic data points to a U.S. economy that continues to improve, although not particularly quickly. Amid the turmoil, the S&P 500 Index forged into record-high territory, breaking through 1,600 in May. The index at the end of June was 13% (including reinvested dividends) higher than where it started the calendar year.

The recent gains in equities have come as investors turned away from fixed income. Federal Reserve (Fed) comments in May and June that the markets interpreted as a sign the Fed was preparing to change its course on monetary policy sent some bondholders for the exits and bond prices tumbling. At the end of June, the benchmark 10-year Treasury was yielding 2.52%, compared 1.78% at the start of the calendar year.

We continue to hold the view that equities are going to outperform relative to bonds on a total return basis over the long term. While the Fed comments in the May-June period may not have merited the volatility that we saw in the markets, we do believe that investors will continue the transition away from bonds and toward equities over time as the superior relative return argument gains traction.

Looking at the economy, the U.S. appears to be on much firmer footing than some other parts of the world. And while the Fed may begin to roll back some of its bond purchases, we do not expect a change in the Fed's rate policy stance given that there is no inflationary pressure and unemployment continues above Fed targets. Internationally, we will continue to monitor events in China and emerging economies, which appear to be in either a slowing or contracting mode depending on where you look. In Europe, there are signs of developing stability but a recession is still the prevailing condition.

We will continue monitoring these and other economic developments in the months ahead.

Economic Snapshot

	6/30/2013	12/31/2012
S&P 500 Index	1,606.28	1,426.19
MSCI EAFE Index	1,638.94	1,604.00
10-Year Treasury Yield	2.52%	1.78%
U.S. unemployment rate	7.6%	7.8%
30-year fixed mortgage rate	4.39%	3.40%
Oil price per barrel	\$95.56	\$91.82

Sources: Bloomberg, U.S. Department of Labor, CME

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 are from BankRate and reflect the overnight national average rate on a conventional 30-year fixed loan. Oil prices reflect the market price of West Texas intermediate grade crude.

As always, we thank you for your continued trust and partnership.

Respectfully,

Henry J. Herrmann, CFA
President

The opinions expressed in this letter are those of the President of the 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.

As a shareholder of a Portfolio, you incur ongoing costs, including management fees, distribution and service fees, and other Portfolio expenses. The following table is intended to help you understand your ongoing costs (in dollars) of investing in a Portfolio and to compare these costs with the ongoing costs of investing in other mutual funds. 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, 2013.

Actual Expenses

The first section in the following table provides information about actual investment values and actual expenses. You may use the information in this section, 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 section 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 section in the following table 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 table 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.

Expenses paid may be impacted by expense reduction arrangements. If those arrangements had not been in place, expenses paid would have been higher. See Note 6 to the Financial Statements for further information.

ILLUSTRATION OF PORTFOLIO EXPENSES

Ivy Funds VIP

(UNAUDITED)

Portfolio	Actual ⁽¹⁾			Hypothetical ⁽²⁾			Annualized Expense Ratio Based on the Six-Month Period
	Beginning Account Value 12-31-12	Ending Account Value 6-30-13	Expenses Paid During Period*	Beginning Account Value 12-31-12	Ending Account Value 6-30-13	Expenses Paid During Period*	
Pathfinder Aggressive	\$1,000	\$1,085.70	\$0.42	\$1,000	\$1,024.37	\$0.40	0.08%
Pathfinder Conservative	\$1,000	\$1,046.90	\$0.41	\$1,000	\$1,024.43	\$0.40	0.07%
Pathfinder Moderate	\$1,000	\$1,067.00	\$0.21	\$1,000	\$1,024.61	\$0.20	0.04%
Pathfinder Moderately Aggressive	\$1,000	\$1,077.30	\$0.21	\$1,000	\$1,024.62	\$0.20	0.04%
Pathfinder Moderately Conservative	\$1,000	\$1,056.60	\$0.31	\$1,000	\$1,024.54	\$0.30	0.05%
Asset Strategy	\$1,000	\$1,039.30	\$5.00	\$1,000	\$1,019.94	\$4.95	0.98%
Balanced	\$1,000	\$1,087.80	\$5.22	\$1,000	\$1,019.76	\$5.05	1.01%
Bond	\$1,000	\$ 974.00	\$3.85	\$1,000	\$1,020.92	\$3.94	0.78%
Core Equity	\$1,000	\$1,114.20	\$5.07	\$1,000	\$1,020.02	\$4.85	0.96%
Dividend Opportunities	\$1,000	\$1,116.50	\$5.29	\$1,000	\$1,019.82	\$5.05	1.00%
Energy	\$1,000	\$1,118.00	\$6.57	\$1,000	\$1,018.55	\$6.26	1.26%
Global Bond	\$1,000	\$ 988.00	\$3.78	\$1,000	\$1,020.96	\$3.84	0.77%
Global Natural Resources	\$1,000	\$ 974.90	\$6.71	\$1,000	\$1,018.02	\$6.86	1.37%
Growth	\$1,000	\$1,097.10	\$5.03	\$1,000	\$1,019.99	\$4.85	0.97%
High Income	\$1,000	\$1,039.30	\$4.49	\$1,000	\$1,020.40	\$4.44	0.89%
International Core Equity	\$1,000	\$1,049.30	\$5.94	\$1,000	\$1,019.01	\$5.86	1.17%
International Growth	\$1,000	\$1,018.50	\$5.75	\$1,000	\$1,019.07	\$5.75	1.15%
Limited-Term Bond	\$1,000	\$ 987.70	\$4.17	\$1,000	\$1,020.58	\$4.24	0.85%
Micro Cap Growth	\$1,000	\$1,252.20	\$7.66	\$1,000	\$1,017.99	\$6.86	1.37%
Mid Cap Growth	\$1,000	\$1,103.70	\$5.68	\$1,000	\$1,019.35	\$5.45	1.10%
Money Market	\$1,000	\$1,000.10	\$1.20	\$1,000	\$1,023.61	\$1.21	0.24%
Real Estate Securities	\$1,000	\$1,042.00	\$6.53	\$1,000	\$1,018.40	\$6.46	1.29%
Science and Technology	\$1,000	\$1,215.60	\$6.31	\$1,000	\$1,019.10	\$5.75	1.15%
Small Cap Growth	\$1,000	\$1,163.60	\$6.17	\$1,000	\$1,019.13	\$5.75	1.14%
Small Cap Value	\$1,000	\$1,159.00	\$6.26	\$1,000	\$1,019.02	\$5.86	1.16%
Value	\$1,000	\$1,178.10	\$5.34	\$1,000	\$1,019.85	\$4.95	1.00%

*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, 2013, and divided by 365.

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

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

The above illustrations are based on ongoing costs only.

PORTFOLIO HIGHLIGHTS

Pathfinder Portfolios

ALL DATA IS AS OF JUNE 30, 2013 (UNAUDITED)

Pathfinder Aggressive – Asset Allocation

Ivy Funds VIP Growth	19.9%
Ivy Funds VIP International Growth	19.7%
Ivy Funds VIP International Core Equity	14.9%
Ivy Funds VIP Mid Cap Growth	10.0%
Ivy Funds VIP Small Cap Growth	10.0%
Ivy Funds VIP Value	9.9%
Ivy Funds VIP Small Cap Value	9.9%
Ivy Funds VIP Money Market	5.0%
Cash and Cash Equivalents	0.7%

Pathfinder Conservative – Asset Allocation

Ivy Funds VIP Money Market	25.1%
Ivy Funds VIP Limited-Term Bond	20.0%
Ivy Funds VIP Dividend Opportunities	16.7%
Ivy Funds VIP Growth	11.8%
Ivy Funds VIP International Growth	9.8%
Ivy Funds VIP Small Cap Growth	6.0%
Ivy Funds VIP International Core Equity	5.0%
Ivy Funds VIP Mid Cap Growth	2.0%
Ivy Funds VIP Value	2.0%
Ivy Funds VIP Small Cap Value	1.0%
Cash and Cash Equivalents	0.6%

Pathfinder Moderate – Asset Allocation

Ivy Funds VIP Money Market	15.2%
Ivy Funds VIP Growth	14.9%
Ivy Funds VIP Dividend Opportunities	14.8%
Ivy Funds VIP International Growth	14.8%
Ivy Funds VIP International Core Equity	10.0%
Ivy Funds VIP Limited-Term Bond	10.0%
Ivy Funds VIP Small Cap Growth	7.0%
Ivy Funds VIP Value	5.0%
Ivy Funds VIP Small Cap Value	4.0%
Ivy Funds VIP Mid Cap Growth	4.0%
Cash and Cash Equivalents	0.3%

Pathfinder Moderately Aggressive – Asset Allocation

Ivy Funds VIP International Growth	18.0%
Ivy Funds VIP Money Market	15.2%
Ivy Funds VIP Growth	14.9%
Ivy Funds VIP Dividend Opportunities	14.9%
Ivy Funds VIP International Core Equity	12.0%
Ivy Funds VIP Small Cap Growth	8.0%
Ivy Funds VIP Small Cap Value	7.0%
Ivy Funds VIP Value	5.0%
Ivy Funds VIP Mid Cap Growth	5.0%
Cash and Cash Equivalents	0.0%

Pathfinder Moderately Conservative – Asset Allocation

Ivy Funds VIP Money Market	20.2%
Ivy Funds VIP Limited-Term Bond	15.0%
Ivy Funds VIP Dividend Opportunities	14.8%
Ivy Funds VIP Growth	13.9%
Ivy Funds VIP International Growth	12.8%
Ivy Funds VIP International Core Equity	7.0%
Ivy Funds VIP Small Cap Growth	6.0%
Ivy Funds VIP Value	5.0%
Ivy Funds VIP Mid Cap Growth	4.0%
Ivy Funds VIP Small Cap Value	1.0%
Cash and Cash Equivalents	0.3%

The percentages of investments in the underlying funds may not currently be within the target allocation ranges disclosed in the Portfolios' prospectus due to market movements; these percentages are expected to change over time, and deviation from the target allocation ranges due to market movements is permitted by the prospectus.

SCHEDULE OF INVESTMENTS

Pathfinder Portfolios *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

Pathfinder Aggressive

AFFILIATED MUTUAL FUNDS	Shares	Value
Ivy Funds VIP Growth	1,341	\$14,376
Ivy Funds VIP International Core Equity	653	10,837
Ivy Funds VIP International Growth	1,709	14,325
Ivy Funds VIP Mid Cap Growth	795	7,244
Ivy Funds VIP Money Market	3,656	3,656
Ivy Funds VIP Small Cap Growth (A)	649	7,245
Ivy Funds VIP Small Cap Value	418	7,217
Ivy Funds VIP Value	1,061	7,222
TOTAL AFFILIATED MUTUAL FUNDS – 99.3%		\$72,122
(Cost: \$70,064)		
SHORT-TERM SECURITIES – 0.7%	Principal	
Master Note		
Toyota Motor Credit Corporation, 0.111%, 7-3-13 (B) \$	523	\$ 523
(Cost: \$523)		
TOTAL INVESTMENT SECURITIES – 100.0%		\$72,645
(Cost: \$70,587)		
CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.0%		11
NET ASSETS – 100.0%		\$72,656

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, 2013. Date shown represents the date that the variable rate resets.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Affiliated Mutual Funds	\$72,122	\$ —	\$ —
Short-Term Securities	—	523	—
Total	\$72,122	\$523	\$ —

As of June 30, 2013, there were no transfers between Level 1 and 2 during the period.

See Accompanying Notes to Financial Statements.

Pathfinder Conservative

AFFILIATED MUTUAL FUNDS	Shares	Value
Ivy Funds VIP Dividend Opportunities	2,336	\$ 18,196
Ivy Funds VIP Growth	1,202	12,887
Ivy Funds VIP International Core Equity	325	5,397
Ivy Funds VIP International Growth	1,276	10,702
Ivy Funds VIP Limited-Term Bond	4,477	21,731
Ivy Funds VIP Mid Cap Growth	238	2,165
Ivy Funds VIP Money Market	27,308	27,308
Ivy Funds VIP Small Cap Growth (A)	582	6,495
Ivy Funds VIP Small Cap Value	62	1,078
Ivy Funds VIP Value	317	2,158
TOTAL AFFILIATED MUTUAL FUNDS – 99.4%		\$108,117
(Cost: \$104,268)		
SHORT-TERM SECURITIES – 0.5%	Principal	
Master Note		
Toyota Motor Credit Corporation, 0.111%, 7-3-13 (B) . . . \$	575	\$ 575
(Cost: \$575)		
TOTAL INVESTMENT SECURITIES – 99.9%		\$108,692
(Cost: \$104,843)		
CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.1%		119
NET ASSETS – 100.0%		\$108,811

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, 2013. Date shown represents the date that the variable rate resets.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Affiliated Mutual Funds	\$108,117	\$ —	\$ —
Short-Term Securities	—	575	—
Total	\$108,117	\$575	\$ —

As of June 30, 2013, there were no transfers between Level 1 and 2 during the period.

See Accompanying Notes to Financial Statements.

SCHEDULE OF INVESTMENTS

Pathfinder Portfolios *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

Pathfinder Moderate

AFFILIATED MUTUAL FUNDS	Shares	Value
Ivy Funds VIP Dividend Opportunities	15,648	\$121,905
Ivy Funds VIP Growth	11,410	122,314
Ivy Funds VIP International Core Equity	4,940	81,962
Ivy Funds VIP International Growth	14,537	121,880
Ivy Funds VIP Limited-Term Bond	16,998	82,503
Ivy Funds VIP Mid Cap Growth	3,608	32,870
Ivy Funds VIP Money Market	124,414	124,414
Ivy Funds VIP Small Cap Growth (A)	5,152	57,533
Ivy Funds VIP Small Cap Value	1,896	32,748
Ivy Funds VIP Value	6,021	40,965
TOTAL AFFILIATED MUTUAL FUNDS – 99.7%		\$819,094
(Cost: \$766,134)		
SHORT-TERM SECURITIES – 0.1%	Principal	
Master Note Toyota Motor Credit Corporation, 0.111%, 7-3-13 (B)	\$ 678	\$ 678
(Cost: \$678)		
TOTAL INVESTMENT SECURITIES – 99.8%		\$819,772
(Cost: \$766,812)		
CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.2%		1,379
NET ASSETS – 100.0%		\$821,151

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, 2013. Date shown represents the date that the variable rate resets.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Affiliated Mutual Funds	\$819,094	\$ —	\$ —
Short-Term Securities	—	678	—
Total	\$819,094	\$678	\$—

As of June 30, 2013, there were no transfers between Level 1 and 2 during the period.

Pathfinder Moderately Aggressive

AFFILIATED MUTUAL FUNDS	Shares	Value
Ivy Funds VIP Dividend Opportunities	18,318	\$142,705
Ivy Funds VIP Growth	13,357	143,181
Ivy Funds VIP International Core Equity	6,940	115,135
Ivy Funds VIP International Growth	20,420	171,209
Ivy Funds VIP Mid Cap Growth	5,280	48,099
Ivy Funds VIP Money Market	145,650	145,650
Ivy Funds VIP Small Cap Growth (A)	6,893	76,971
Ivy Funds VIP Small Cap Value	3,884	67,088
Ivy Funds VIP Value	7,048	47,954
TOTAL AFFILIATED MUTUAL FUNDS – 100.0%		\$957,992
(Cost: \$892,222)		
SHORT-TERM SECURITIES – 0.1%	Principal	
Master Note Toyota Motor Credit Corporation, 0.111%, 7-3-13 (B)	\$ 497	\$ 497
(Cost: \$497)		
TOTAL INVESTMENT SECURITIES – 100.1%		\$958,489
(Cost: \$892,719)		
LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.1%)		(439)
NET ASSETS – 100.0%		\$958,050

See Accompanying Notes to Financial Statements.

SCHEDULE OF INVESTMENTS

Pathfinder Portfolios *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

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, 2013. Date shown represents the date that the variable rate resets.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Affiliated Mutual Funds	\$957,992	\$ —	\$ —
Short-Term Securities	—	497	—
Total	\$957,992	\$497	\$ —

As of June 30, 2013, there were no transfers between Level 1 and 2 during the period.

Pathfinder Moderately Conservative

AFFILIATED MUTUAL FUNDS	Shares	Value
Ivy Funds VIP Dividend Opportunities	4,894	\$ 38,128
Ivy Funds VIP Growth	3,331	35,705
Ivy Funds VIP International Core Equity	1,082	17,945
Ivy Funds VIP International Growth	3,940	33,038
Ivy Funds VIP Limited-Term Bond	7,975	38,707
Ivy Funds VIP Mid Cap Growth	1,129	10,281
Ivy Funds VIP Money Market	51,885	51,885
Ivy Funds VIP Small Cap Growth (A)	1,381	15,424
Ivy Funds VIP Small Cap Value	148	2,561
Ivy Funds VIP Value	1,883	12,812
TOTAL AFFILIATED MUTUAL FUNDS – 99.7%		\$256,486
(Cost: \$243,284)		
SHORT-TERM SECURITIES – 0.3%		
	Principal	
Master Note Toyota Motor Credit Corporation, 0.111%, 7-3-13 (B)	\$ 816	\$ 816
(Cost: \$816)		
TOTAL INVESTMENT SECURITIES – 100.0%		\$257,302
(Cost: \$244,100)		
CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.0%		78
NET ASSETS – 100.0%		\$257,380

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, 2013. Date shown represents the date that the variable rate resets.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Affiliated Mutual Funds	\$256,486	\$ —	\$ —
Short-Term Securities	—	816	—
Total	\$256,486	\$816	\$ —

As of June 30, 2013, there were no transfers between Level 1 and 2 during the period.

PORTFOLIO HIGHLIGHTS

Asset Strategy

ALL DATA IS AS OF JUNE 30, 2013 (UNAUDITED)

Asset Allocation

Stocks	73.3%
Consumer Discretionary	31.9%
Financials	16.9%
Information Technology	11.1%
Energy	4.7%
Industrials	2.9%
Health Care	2.3%
Consumer Staples	2.3%
Materials	1.0%
Telecommunication Services	0.2%
Bullion (Gold)	8.3%
Purchased Options	0.5%
Bonds	5.0%
Corporate Debt Securities	4.2%
Loans	0.8%
United States Government and Government Agency Obligations	0.0%
Cash and Cash Equivalents	12.9%

Country Weightings

North America	35.5%
United States	34.9%
Other North America	0.6%
Pacific Basin	27.4%
China	9.1%
Hong Kong	8.4%
Japan	5.9%
Other Pacific Basin	4.0%
Europe	15.1%
United Kingdom	8.3%
Other Europe	6.8%
Bullion (Gold)	8.3%
Other	0.2%
South America	0.1%
Cash and Cash Equivalents and Options	13.4%

Top 10 Equity Holdings

Company	Country	Sector
Sands China Ltd.	China	Consumer Discretionary
Galaxy Entertainment Group Limited, ADR	Hong Kong	Consumer Discretionary
Delta Topco Limited	United Kingdom	Consumer Discretionary
AIA Group Limited	Hong Kong	Financials
Wynn Resorts, Limited	United States	Consumer Discretionary
Hyundai Motor Company	South Korea	Consumer Discretionary
CBS Corporation, Class B	United States	Consumer Discretionary
ConocoPhillips	United States	Energy
Philip Morris International Inc.	United States	Consumer Staples
Apple Inc.	United States	Information Technology

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

CONSOLIDATED SCHEDULE OF INVESTMENTS

Asset Strategy *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
Aerospace & Defense – 1.0%			Casinos & Gaming (Continued)			Diversified Chemicals – 0.3%		
BAE Systems plc (A)	471	\$ 2,743	Las Vegas Sands, Inc.	52	\$ 2,774	Dow Chemical Company (The)	145	\$ 4,658
Boeing Company (The)	30	3,073	Sands China Ltd. (A)	14,800	69,743			
European Aeronautic Defence and Space Company (A)	13	706	Wynn Resorts, Limited	354	45,248			
European Aeronautic Defence and Space Company (A)(B)	79	4,244			<u>180,203</u>	Electronic Equipment & Instruments – 0.6%		
General Dynamics Corporation	40	3,157	Communications Equipment – 1.1%			Hitachi, Ltd. (A)	1,297	8,330
		<u>13,923</u>	Cisco Systems, Inc.	612	14,878			
Apparel, Accessories & Luxury Goods – 1.0%			Computer Hardware – 1.8%			Electronic Manufacturing Services – 0.2%		
Prada S.p.A. (A)	1,496	13,580	Apple Inc.	64	25,468	Hon Hai Precision Ind. Co., Ltd. (A)	1,083	2,674
Application Software – 1.1%			Construction & Farm Machinery & Heavy Trucks – 1.1%			Fertilizers & Agricultural Chemicals – 0.2%		
Intuit Inc.	246	15,007	Cummins Inc.	142	15,445	Mosaic Company (The)	46	2,470
			KION Holding 1 GmbH (A)(B)(C)	30	919			
Asset Management & Custody Banks – 2.7%					<u>16,364</u>	Health Care Supply – 0.2%		
Apollo Global Management, LLC	374	9,018	Consumer Electronics – 0.8%			Abbott Laboratories	94	3,286
Blackstone Group L.P. (The)	819	17,255	Panasonic Corporation (A)	361	2,904			
KKR & Co. L.P.	608	11,959	Sony Corporation (A)	406	8,507	Hotels, Resorts & Cruise Lines – 1.3%		
		<u>38,232</u>			<u>11,411</u>	Starwood Hotels & Resorts Worldwide, Inc.	284	17,927
Automobile Manufacturers – 4.6%			Diversified Banks – 6.3%			Industrial Conglomerates – 0.2%		
Bayerische Motoren Werke AG (A)	168	14,717	Agricultural Bank of China Limited (A)	7,043	2,906	Hutchison Whampoa Limited, Ordinary Shares (A)	263	2,765
Fuji Heavy Industries Ltd. (A)	59	1,454	Banco Santander Brasil S.A., ADR (C)	74	457			
Hyundai Motor Company (A)	182	35,957	BNP Paribas (A)	51	2,781	Integrated Oil & Gas – 1.2%		
Nissan Motor Co., Ltd. (A)	276	2,794	China Construction Bank Corporation (A)	4,143	2,933	Eni S.p.A. (A)	117	2,399
Renault S.A. (A)	56	3,775	China Minsheng Banking Corp., Ltd., H Shares (A)	12,976	12,698	Occidental Petroleum Corporation	161	14,384
Toyota Motor Corporation (A)	92	5,562	DBS Group Holdings Ltd (A)	425	5,193			<u>16,783</u>
		<u>64,259</u>	ICICI Bank Limited (A)	158	2,845	Internet Retail – 0.5%		
Biotechnology – 0.2%			Industrial and Commercial Bank of China Limited, H Shares (A)	4,697	2,961	Amazon.com, Inc. (C)	26	7,164
Amgen Inc.	26	2,545	Kabushiki Kaisha Mitsubishi Tokyo Financial Group (A)	1,381	8,519			
			Sumitomo Mitsui Trust Holdings, Inc. (A)	487	2,273	Internet Software & Services – 2.1%		
Brewers – 0.4%			Mizuho Financial Group, Inc. (A)	3,789	7,870	Baidu.com, Inc., ADR (C)	146	13,769
Anheuser-Busch InBev S.A., ADR	56	5,009	Royal Bank of Canada (A)	61	3,531	Google Inc., Class A (C)	2	1,585
			State Bank of India (A)	83	2,719	Tencent Holdings Limited (A)	373	14,613
Broadcasting – 2.5%			Sumitomo Mitsui Financial Group, Inc. (A)	203	9,290			<u>29,967</u>
CBS Corporation, Class B	700	34,189	Sumitomo Mitsui Trust Holdings, Inc. (A)(B)	1,544	7,208	Investment Banking & Brokerage – 0.4%		
			Toronto-Dominion Bank (A)	45	3,582	Goldman Sachs Group, Inc. (The)	28	4,295
Cable & Satellite – 1.1%			Wells Fargo & Company	220	9,084	Nomura Holdings, Inc. (A)	183	1,349
British Sky Broadcasting Group plc (A)	362	4,365			<u>86,850</u>			<u>5,644</u>
Comcast Corporation, Class A	107	4,494	Diversified Capital Markets – 0.1%			IT Consulting & Other Services – 1.8%		
DirecTV Group, Inc. (The) (C)	45	2,761	Credit Suisse Group AG, Registered Shares (A)	77	2,031	Accenture plc, Class A	61	4,397
Time Warner Cable Inc.	38	4,240				Cognizant Technology Solutions Corporation, Class A (C)	249	15,561
		<u>15,860</u>				International Business Machines Corporation	24	4,606
Casinos & Gaming – 13.0%								<u>24,564</u>
Galaxy Entertainment Group Limited, ADR (A)(C)	12,744	62,438				Life & Health Insurance – 4.4%		
						AIA Group Limited (A)	11,172	47,318
						Ping An Insurance (Group) Company of China, Ltd., A Shares (A)	351	1,987

CONSOLIDATED SCHEDULE OF INVESTMENTS

Asset Strategy *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

COMMON STOCKS

(Continued)

	Shares	Value
Life & Health Insurance (Continued)		
Ping An Insurance (Group) Company of China, Ltd., H Shares (A)	1,636	\$11,007
		<u>60,312</u>
Managed Health Care – 0.3%		
UnitedHealth Group Incorporated	60	3,935
Movies & Entertainment – 7.1%		
Delta Topco Limited (C)(D)	56,728	59,030
Ithaca Holdings, LLC (C)(D)(E)	19	6,472
Legend Pictures LLC, Ltd. (C)(D)(E)	10	18,192
News Corporation Limited, Class A	436	14,197
		<u>97,891</u>
Multi-Line Insurance – 1.9%		
American International Group, Inc. (C)	413	18,443
Axa S.A. (A)	175	3,444
Zurich Financial Services, Registered Shares (A)	19	4,825
		<u>26,712</u>
Office Electronics – 0.5%		
Canon Inc. (A)	224	7,310
Oil & Gas Equipment & Services – 0.2%		
Halliburton Company	83	3,454
Oil & Gas Exploration & Production – 2.0%		
ConocoPhillips	459	27,770
Oil & Gas Refining & Marketing – 1.3%		
Phillips 66	305	17,938
Other Diversified Financial Services – 0.8%		
Citigroup Inc.	97	4,639
ING Groep N.V., Certicaaten Van Aandelen (A)(C)	306	2,787
JPMorgan Chase & Co.	72	3,790
		<u>11,216</u>
Pharmaceuticals – 1.6%		
AstraZeneca plc (A)	56	2,648
Pfizer Inc.	490	13,734
Roche Holdings AG, Genusscheine (A)	14	3,558
Teva Pharmaceutical Industries Limited, ADR	54	2,132
		<u>22,072</u>
Property & Casualty Insurance – 0.3%		
ACE Limited	23	2,085
Allstate Corporation (The)	57	2,757
		<u>4,842</u>

COMMON STOCKS

(Continued)

	Shares	Value
Railroads – 0.3%		
Central Japan Railway Company (A)	12	\$ 1,419
Union Pacific Corporation	14	2,144
		<u>3,563</u>
Semiconductor Equipment – 1.3%		
ASML Holding N.V., Ordinary Shares (A)	226	17,795
Semiconductors – 0.6%		
Samsung Electronics Co., Ltd. (A)	3	3,760
Texas Instruments Incorporated	139	4,854
		<u>8,614</u>
Specialty Chemicals – 0.3%		
LyondellBasell Industries N.V., Class A	69	4,598
Steel – 0.2%		
Posco (A)	10	2,588
Tobacco – 1.9%		
Philip Morris International Inc.	312	27,026
Trading Companies & Distributors – 0.3%		
Mitsui & Co., Ltd. (A)	327	4,103
Wireless Telecommunication Service – 0.2%		
NTT DoCoMo, Inc. (A)	2	2,797
TOTAL COMMON STOCKS – 73.3%		\$1,020,577
(Cost: \$791,079)		
PURCHASED OPTIONS	Number of Contracts (Unrounded)	
Apple Inc.:		
Call \$475.00, Expires 1-18-14, OTC (Ctrpty: Goldman Sachs Bank USA)	98	86
Call \$510.00, Expires 1-18-14, OTC (Ctrpty: Goldman Sachs Bank USA)	196	97

PURCHASED OPTIONS

(Continued)

	Number of Contracts (Unrounded)	Value
EURO STOXX 50 Index:		
Call EUR2,575.00, Expires 8-17-13, OTC (Ctrpty: Morgan Stanley & Co., Inc.) (F)	597	\$ 715
Call EUR2,625.00, Expires 9-21-13, OTC (Ctrpty: Morgan Stanley & Co., Inc.) (F)	596	696
Call EUR2,725.00, Expires 9-21-13, OTC (Ctrpty: Bank of America N.A.) (F)	602	370
Halliburton Company, Call \$44.00, Expires 7-20-13, OTC (Ctrpty: Deutsche Bank AG)	648	16
Merck & Co., Inc.:		
Call \$45.00, Expires 10-19-13, OTC (Ctrpty: Goldman Sachs Bank USA)	1,653	445
Call \$48.00, Expires 10-19-13, OTC (Ctrpty: Goldman Sachs Bank USA)	2,097	242
Call \$50.00, Expires 10-19-13, OTC (Ctrpty: Goldman Sachs Bank USA)	51	3
Nikkei 225 Index:		
Call JPY15,500.00, Expires 7-12-13, OTC (Ctrpty: Morgan Stanley & Co., Inc.) (F)	153	12
Call JPY15,750.00, Expires 7-12-13, OTC (Ctrpty: Morgan Stanley & Co., Inc.) (F)	153	6
Call JPY14,000.00, Expires 8-9-13, OTC (Ctrpty: Morgan Stanley & Co., Inc.) (F)	84	368
Call JPY14,000.00, Expires 9-13-13, OTC (Ctrpty: Morgan Stanley & Co., Inc.) (F)	107	656
Call JPY14,000.00, Expires 9-13-13, OTC (Ctrpty: JP Morgan Securities, Inc.) (F)	187	1,147
Call JPY14,500.00, Expires 9-13-13, OTC (Ctrpty: JP Morgan Securities, Inc.) (F)	105	450

CONSOLIDATED SCHEDULE OF INVESTMENTS

Asset Strategy *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

SHORT-TERM SECURITIES (Continued)			SHORT-TERM SECURITIES (Continued)			SHORT-TERM SECURITIES (Continued)		
	Principal	Value		Principal	Value		Principal	Value
Master Note – 0.1%			Municipal Obligations – Taxable (Continued)			Treasury Bills – 0.4%		
Toyota Motor Credit Corporation, 0.111%, 7-3-13 (K)	\$1,038	\$1,038	MS Business Fin Corp, Gulf Opp Zone Indl Dev Rev Bonds (Chevron U.S.A. Inc. Proj), Ser 2007D (GTD by Chevron Corporation), 0.050%, 7-1-13 (K)	\$2,644	\$2,644	United States Treasury Bills, 0.040%, 10-3-13	\$ 5,000	\$ 4,999
Municipal Obligations – Taxable – 0.2%						TOTAL SHORT-TERM SECURITIES – 12.1%		
MS Business Fin Corp, Gulf Opp Zone Indl Dev Rev Bonds (Chevron U.S.A. Inc. Proj), Ser 2007B (GTD by Chevron Corporation), 0.050%, 7-1-13 (K)	1,000	1,000			3,644	\$ 167,852		
						(Cost: \$167,854)		
						TOTAL INVESTMENT SECURITIES – 99.2%		
						\$1,381,447		
						(Cost: \$1,144,758)		
						CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.8%		
						10,737		
						NET ASSETS – 100.0%		
						\$1,392,184		

Notes to Consolidated Schedule of Investments

*Not shown due to rounding.

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

(B) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. At June 30, 2013, the total value of these securities amounted to \$13,425 or 1.0% of net assets.

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

(D) Restricted securities. At June 30, 2013, the Portfolio owned the following restricted securities:

Security	Acquisition Date(s)	Shares	Cost	Value
Delta Topco Limited	1-23-12 to 5-1-12	56,728	\$ 38,354	\$ 59,030
Ithaca Holdings, LLC	4-23-13	19	6,472	6,472
Legend Pictures LLC, Ltd.	12-18-12	10	18,162	18,192
Principal				
Delta Topco Limited, 10.000%, 11-24-60	1-23-12 to 6-18-12	\$46,903	47,435	46,877
			<u>\$110,423</u>	<u>\$130,571</u>

The total value of these securities represented 9.4% of net assets at June 30, 2013.

(E) Investment is owned by an entity that is treated as a corporation for U.S. tax purposes which is owned by the Portfolio.

(F) Principal amount and exercise prices are denominated in the indicated foreign currency, where applicable (BRL – Brazilian Real, EUR – Euro and JPY – Japanese Yen).

(G) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2013.

(H) Payment-in-kind bonds.

(I) Interest-only security. Amount shown as principal represents notional amount for computation of interest.

(J) Rate shown is the yield to maturity at June 30, 2013.

(K) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2013. Date shown represents the date that the variable rate resets.

The following forward foreign currency contracts were outstanding at June 30, 2013:

Type	Currency	Counterparty	Principal Amount of Contract (Denominated in Indicated Currency)	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
Sell	Japanese Yen	Barclays Capital, Inc.	2,411,818	7-22-13	\$ 284	\$ —
Sell	Japanese Yen	Deutsche Bank AG	5,739,913	7-22-13	2,151	—
					<u>\$2,435</u>	<u>\$ —</u>

CONSOLIDATED SCHEDULE OF INVESTMENTS

Asset Strategy *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

The following futures contracts were outstanding at June 30, 2013 (contracts unrounded):

Description	Type	Expiration Date	Number of Contracts	Value	Unrealized Depreciation
Gold 100 oz Future August 2013	Short	8-30-13	440	\$(54,195)	\$(1,077)

The following written options were outstanding at June 30, 2013 (contracts and exercise prices unrounded):

Underlying Security	Counterparty, if OTC	Type	Number of Contracts	Expiration Month	Exercise Price	Premium Received	Value
EURO STOXX 50 Index	Morgan Stanley & Co., Inc.	Put	597	August 2013	EUR 2,625.00	\$ 312	\$(706)
	Morgan Stanley & Co., Inc.	Call	597	August 2013	2,725.00	117	(197)
	Bank of America N.A.	Put	602	September 2013	2,475.00	651	(473)
	Morgan Stanley & Co., Inc.	Call	596	September 2013	2,800.00	123	(200)
Halliburton Company	Deutsche Bank AG	Put	648	July 2013	\$ 37.00	97	(6)
	UBS AG	Put	32	July 2013	JPY 12,500.00	75	(20)
Nikkei 225 Index	UBS AG	Put	52	August 2013	12,500.00	128	(110)
	Morgan Stanley & Co., Inc.	Call	84	August 2013	16,000.00	48	(37)
	N/A	Put	133	August 2013	\$ 1,550.00	252	(277)
S&P 500 Index	N/A	Call	264	August 2013	1,655.00	184	(315)
	N/A	Put	366	September 2013	1,500.00	899	(787)
						\$2,886	\$(3,128)

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Common Stocks	\$ 936,883	\$ —	\$ 83,694
Purchased Options	1,870	5,309	—
Corporate Debt Securities	—	6,453	51,610
Loans	—	—	11,607
United States Government Agency Obligations	—	420	—
Bullion	115,749	—	—
Short-Term Securities	—	167,852	—
Total	\$1,054,502	\$180,034	\$146,911
Forward Foreign Currency Contracts	\$ —	\$ 2,435	\$ —
Liabilities			
Futures Contracts	\$ 1,077	\$ —	\$ —
Written Options	\$ 1,378	\$ 1,750	\$ —

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

	Common Stocks	Corporate Debt Securities	Senior Loans
Beginning Balance 1-1-13	\$62,482	\$48,655	\$11,345
Net realized gain (loss)	—	—	—
Net change in unrealized appreciation (depreciation)	14,739	(538)	279
Purchases	6,473	3,493	—
Sales	—	—	(25)
Accrued discounts/premiums	—	—	8
Transfers into Level 3 during the period	—	—	—
Transfers out of Level 3 during the period	—	—	—
Ending Balance 6-30-13	\$83,694	\$51,610	\$11,607
Net change in unrealized appreciation (depreciation) for all Level 3 investments still held as of 6-30-13	\$14,739	\$ (538)	\$ 279

During the period ended June 30, 2013, securities totaling \$335,244 were transferred from Level 2 to Level 1 due to lack of significant market movements following the close of local trading.

CONSOLIDATED SCHEDULE OF INVESTMENTS

Asset Strategy *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

Quantitative Information about Level 3 fair value measurements:

	Fair Value at 6-30-13	Valuation Technique(s)	Unobservable Input(s)
Assets			
Common Stocks	\$24,664	Purchase price	Purchase price
	59,030	See below ⁽¹⁾	
Corporate Debt Securities	4,733	Broker quote	Broker quote
	46,877	See below ⁽¹⁾	
Loans		Third-party valuation service	Broker quotes
	11,607		

(1) At June 30, 2013, Asset Strategy Portfolio held (minority stake) investments in private-placement common stock and corporate debt securities. Because of the unique nature of these securities, the Valuation Committee, as described on page 175, determined the enterprise value after considering the results of multiple valuation methodologies, including both a comparison to market comparable companies and a discounted cash flow model. The total enterprise value was then allocated to the common stock and corporate debt securities held by the Portfolio.

Under the market comparable companies' model, the most significant input was the price-earnings ratio, for which a range of 19 to 23 was considered to be the range that market participants would take into account when pricing the issuer.

Using a discounted cash flows model, the most significant inputs (and related range of assumptions anticipated to be used by market participants) were the long-term growth rate (2.5%), and the weighted average cost of capital (8.4%).

The Valuation Committee also applied an illiquidity discount of 10% for purposes of this valuation.

Significant increase in price-earnings ratio or long-term growth rate inputs could result in a higher fair value measurement. However, significant increase in weighted average cost of capital or illiquidity discount inputs could result in a lower fair value measurement.

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts
 CMO = Collateralized Mortgage Obligation
 GTD = Guaranteed
 OTC = Over the Counter
 REMIC = Real Estate Mortgage Investment Conduit

Country Diversification

(as a % of net assets)	
United States	34.9%
China	9.1%
Hong Kong	8.4%
United Kingdom	8.3%
Japan	5.9%
South Korea	3.0%

Country Diversification (Continued)

Netherlands	1.8%
Germany	1.2%
Italy	1.2%
France	1.1%
Canada	0.6%
Other Countries	2.8%
Other+	21.7%

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

See Accompanying Notes to Financial Statements.

PORTFOLIO HIGHLIGHTS

Balanced

ALL DATA IS AS OF JUNE 30, 2013 (UNAUDITED)

Asset Allocation

Stocks	72.0%
Consumer Discretionary	16.4%
Industrials	13.9%
Financials	10.8%
Information Technology	9.1%
Consumer Staples	7.4%
Energy	6.6%
Health Care	5.2%
Materials	2.6%
Bonds	25.0%
Corporate Debt Securities	18.8%
United States Government and Government Agency Obligations	5.5%
Other Government Securities	0.7%
Cash and Cash Equivalents	3.0%

Top 10 Equity Holdings

Company	Sector
Limited Brands, Inc.	Consumer Discretionary
Anheuser-Busch InBev S.A., ADR	Consumer Staples
JPMorgan Chase & Co.	Financials
PNC Financial Services Group, Inc. (The)	Financials
Home Depot, Inc. (The)	Consumer Discretionary
Union Pacific Corporation	Industrials
Johnson & Johnson	Health Care
Harley-Davidson, Inc.	Consumer Discretionary
Cisco Systems, Inc.	Information Technology
Brown-Forman Corporation, Class B	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, 2013 (UNAUDITED)

COMMON STOCKS	Shares	Value
Aerospace & Defense – 5.4%		
Boeing Company (The)	58	\$ 5,922
General Dynamics Corporation	50	3,924
Honeywell International Inc.	69	5,474
Precision Castparts Corp.	22	4,904
		<u>20,224</u>
Apparel Retail – 3.4%		
Gap, Inc. (The)	105	4,390
Limited Brands, Inc.	167	8,230
		<u>12,620</u>
Application Software – 1.1%		
Intuit Inc.	70	4,272
Asset Management & Custody Banks – 1.6%		
Northern Trust Corporation	102	5,917
Auto Parts & Equipment – 0.7%		
Johnson Controls, Inc.	78	2,774
Brewers – 2.1%		
Anheuser-Busch InBev S.A., ADR	86	7,762
Broadcasting – 1.5%		
CBS Corporation, Class B	118	5,781
Cable & Satellite – 1.3%		
Time Warner Cable Inc.	44	4,949
Communications Equipment – 1.6%		
Cisco Systems, Inc.	250	6,078
Computer Hardware – 1.2%		
Apple Inc.	12	4,555
Construction & Farm Machinery & Heavy Trucks – 1.4%		
Cummins Inc.	47	5,130
Distillers & Vintners – 1.6%		
Brown-Forman Corporation, Class B	88	5,961
Diversified Chemicals – 1.2%		
Dow Chemical Company (The)	145	4,649
Electrical Components & Equipment – 1.2%		
Rockwell Automation, Inc.	54	4,498
Fertilizers & Agricultural Chemicals – 1.4%		
Monsanto Company	50	4,920
Health Care Equipment – 1.3%		
Covidien plc	78	4,902
Home Improvement Retail – 1.8%		
Home Depot, Inc. (The)	87	6,755
Hotels, Resorts & Cruise Lines – 1.3%		
Hyatt Hotels Corporation, Class A (A)	124	5,013

COMMON STOCKS (Continued)	Shares	Value
Household Products – 1.2%		
Colgate-Palmolive Company	81	\$ 4,623
Industrial Conglomerates – 1.2%		
3M Company	42	4,626
Industrial Machinery – 2.9%		
Pall Corporation	74	4,922
Pentair, Inc.	103	5,919
		<u>10,841</u>
Internet Retail – 1.3%		
Amazon.com, Inc. (A)	18	4,971
Internet Software & Services – 1.3%		
Google Inc., Class A (A)	5	4,754
IT Consulting & Other Services – 0.7%		
Cognizant Technology Solutions Corporation, Class A (A)	44	2,761
Managed Health Care – 0.7%		
UnitedHealth Group Incorporated	42	2,776
Motorcycle Manufacturers – 1.7%		
Harley-Davidson, Inc.	115	6,282
Movies & Entertainment – 1.4%		
News Corporation Limited, Class B	165	5,419
Multi-Line Insurance – 1.4%		
American International Group, Inc. (A)	117	5,221
Oil & Gas Equipment & Services – 2.6%		
National Oilwell Varco, Inc.	74	5,099
Schlumberger Limited	62	4,464
		<u>9,563</u>
Oil & Gas Exploration & Production – 2.3%		
Cabot Oil & Gas Corporation	40	2,848
ConocoPhillips	97	5,862
		<u>8,710</u>
Oil & Gas Refining & Marketing – 1.3%		
Phillips 66	86	5,052
Oil & Gas Storage & Transportation – 0.4%		
Regency Energy Partners LP	54	1,467
Other Diversified Financial Services – 3.3%		
Citigroup Inc.	98	4,720
JPMorgan Chase & Co.	142	7,486
		<u>12,206</u>
Packaged Foods & Meats – 1.1%		
Mead Johnson Nutrition Company	52	4,152

COMMON STOCKS (Continued)	Shares	Value
Personal Products – 1.4%		
Estee Lauder Companies, Inc. (The), Class A	80	\$ 5,242
Pharmaceuticals – 3.2%		
GlaxoSmithKline plc, ADR	109	5,437
Johnson & Johnson	74	6,379
		<u>11,816</u>
Property & Casualty Insurance – 2.6%		
Berkshire Hathaway Inc., Class B (A)	49	5,517
Travelers Companies, Inc. (The)	55	4,420
		<u>9,937</u>
Publishing – 0.6%		
Pearson plc (B)	129	2,296
Railroads – 1.8%		
Union Pacific Corporation	43	6,634
Regional Banks – 1.9%		
PNC Financial Services Group, Inc. (The)	98	7,132
Restaurants – 1.4%		
Starbucks Corporation	79	5,154
Semiconductor Equipment – 1.2%		
Applied Materials, Inc.	296	4,418
Semiconductors – 2.0%		
Altera Corporation	85	2,811
Microchip Technology Incorporated	122	4,547
		<u>7,358</u>
TOTAL COMMON STOCKS – 72.0%		\$270,171
(Cost: \$199,769)		
CORPORATE DEBT SECURITIES	Principal	
Aerospace & Defense – 0.2%		
General Dynamics Corporation, 1.000%, 11-15-17	\$ 500	482
Northrop Grumman Corporation, 1.750%, 6-1-18	250	242
		<u>724</u>
Apparel Retail – 0.6%		
Limited Brands, Inc.: 6.900%, 7-15-17	250	278
6.625%, 4-1-21	1,460	1,586
5.625%, 2-15-22	414	420
		<u>2,284</u>

SCHEDULE OF INVESTMENTS

Balanced (in thousands)

JUNE 30, 2013 (UNAUDITED)

CORPORATE DEBT SECURITIES (Continued)			CORPORATE DEBT SECURITIES (Continued)			CORPORATE DEBT SECURITIES (Continued)		
	Principal	Value		Principal	Value		Principal	Value
Apparel, Accessories & Luxury Goods – 0.3%			Consumer Finance – 1.1%			Diversified Banks (Continued)		
LVMH Moët Hennessy – Louis Vuitton, 1.625%, 6-29-17 (C)	\$1,000	\$ 984	American Express Credit Corporation, 5.125%, 8-25-14	\$ 400	\$ 419	U.S. Bancorp, 4.200%, 5-15-14	\$ 500	\$ 516
Auto Parts & Equipment – 0.1%			American Honda Finance Corporation, 0.648%, 5-26-16 (C)(D)	500	499	Wells Fargo & Company: 3.676%, 6-15-16 (D)	250	267
Delphi Corporation, 5.000%, 2-15-23	411	422	Capital One Financial Corporation: 2.125%, 7-15-14	500	506	1.500%, 1-16-18	250	244
Automobile Manufacturers – 1.2%			1.000%, 11-6-15	500	493			<u>4,313</u>
Ford Motor Company, Convertible, 4.250%, 11-15-16	2,000	3,614	Caterpillar Financial Services Corporation, 1.550%, 12-20-13	500	503	Diversified Chemicals – 0.1%		
Toyota Motor Credit Corporation: 0.564%, 5-17-16 (D)	500	499	Ford Motor Credit Company LLC, 3.875%, 1-15-15	500	515	Airgas, Inc., 1.650%, 2-15-18	500	485
2.050%, 1-12-17	500	506	General Motors Financial Company, Inc., 2.750%, 5-15-16 (C)	448	441	Diversified Metals & Mining – 0.2%		
		<u>4,619</u>	Penske Truck Leasing Co., LP and PTL Finance Corp., 2.500%, 7-11-14 (C)	250	254	Freeport-McMoRan Copper & Gold Inc., 2.375%, 3-15-18 (C)	150	143
Banking – 0.2%			USAA Capital Corporation, 1.050%, 9-30-14 (C)	500	503	Rio Tinto Finance (USA) Limited, 8.950%, 5-1-14	500	532
Commonwealth Bank of Australia New York, 1.950%, 3-16-15	600	611			<u>4,133</u>			<u>675</u>
Biotechnology – 0.2%			Data Processing & Outsourced Services – 0.2%			Drug Retail – 0.3%		
Amgen Inc., 2.125%, 5-15-17	750	753	Fidelity National Financial, Inc., 6.600%, 5-15-17	800	886	CVS Caremark Corporation, 3.250%, 5-18-15	950	989
Brewers – 0.3%			Distillers & Vintners – 0.5%			Fertilizers & Agricultural Chemicals – 0.1%		
Anheuser-Busch InBev Worldwide Inc., 5.375%, 11-15-14	500	531	Beam Inc.: 1.875%, 5-15-17	300	299	Monsanto Company, 2.750%, 4-15-16	500	522
Heineken N.V., 1.400%, 10-1-17 (C)	250	243	1.750%, 6-15-18	250	245	Food Distributors – 0.7%		
SABMiller Holdings Inc., 3.750%, 1-15-22 (C)	250	254	Brown-Forman Corporation, 1.000%, 1-15-18	1,000	962	Campbell Soup Company, 2.500%, 8-2-22	700	638
		<u>1,028</u>	Constellation Brands, Inc., 3.750%, 5-1-21	570	534	Cargill, Inc., 4.307%, 5-14-21 (C)	1,219	1,284
Broadcasting – 0.8%					<u>2,040</u>	ConAgra Foods, Inc., 1.300%, 1-25-16	250	250
CBS Corporation: 8.875%, 5-15-19	1,500	1,933	Distributors – 0.1%			General Mills, Inc., 0.576%, 1-29-16 (D)	250	250
4.300%, 2-15-21	500	519	LKQ Corporation, 4.750%, 5-15-23 (C)	282	269			<u>2,422</u>
Discovery Communications, LLC: 4.375%, 6-15-21	500	525	Diversified Banks – 1.2%			General Merchandise Stores – 0.1%		
3.300%, 5-15-22	200	191	Bank of America Corporation, 1.093%, 3-22-16 (D)	1,000	998	Target Corporation, 1.125%, 7-18-14	500	503
		<u>3,168</u>	Bank of Montreal, 1.300%, 10-31-14 (C)	500	505	Health Care Equipment – 0.1%		
Cable & Satellite – 0.4%			Bank of New York Mellon Corporation (The), 1.500%, 1-31-14	500	503	Stryker Corporation, 2.000%, 9-30-16	500	513
DIRECTV Holdings LLC, 2.400%, 3-15-17	750	754	Bank of Nova Scotia (The), 1.450%, 4-25-18	500	482	Health Care Services – 0.4%		
DIRECTV Holdings LLC and DIRECTV Financing Co., Inc., 3.500%, 3-1-16	500	525	Barclays Bank plc, 2.375%, 1-13-14	300	302	Quest Diagnostics Incorporated, 3.200%, 4-1-16	1,000	1,037
Pearson Funding Five plc, 3.250%, 5-8-23 (C)	300	276	National Australia Bank Limited, 0.900%, 1-20-16	500	496	Health Care Supplies – 0.1%		
		<u>1,555</u>				DENTSPLY International Inc., 2.750%, 8-15-16	250	257
Construction & Farm Machinery & Heavy Trucks – 0.1%			Home Improvement Retail – 0.1%			Mallinckrodt International Finance S.A., 3.500%, 4-15-18 (C)	250	247
Caterpillar Inc., 1.375%, 5-27-14	500	504						<u>504</u>
						Home Depot, Inc. (The), 4.400%, 4-1-21	375	411

SCHEDULE OF INVESTMENTS

Balanced (in thousands)

JUNE 30, 2013 (UNAUDITED)

CORPORATE DEBT SECURITIES (Continued)			CORPORATE DEBT SECURITIES (Continued)			CORPORATE DEBT SECURITIES (Continued)		
	Principal	Value		Principal	Value		Principal	Value
Hotels, Resorts & Cruise Lines – 0.1%			Leisure Products – 0.1%			Other Diversified Financial Services (Continued)		
Hyatt Hotels Corporation, 3.375%, 7-15-23 \$ 250 \$ 233			Mattel, Inc., 2.500%, 11-1-16 \$ 250 \$ 258			JPMorgan Chase & Co. (Continued)		
Household Products – 0.1%			Life & Health Insurance – 0.6%			0.726%, 4-23-15 (D) \$ 500 \$ 499		
Church & Dwight Co., Inc., 2.875%, 10-1-22 250 236			Metropolitan Life Global Funding I:			1.100%, 10-15-15 500 497		
Colgate-Palmolive Company, 1.250%, 5-1-14 250 252			2.000%, 1-10-14 (C) 800 807			3.450%, 3-1-16 1,000 1,043		
<u>488</u>			2.500%, 9-29-15 (C) 1,000 1,034			3.150%, 7-5-16 500 519		
Hypermarkets & Super Centers – 0.2%			Prudential Financial, Inc., 4.750%, 9-17-15 500 538			7.900%, 4-29-49 (D) 500 565		
Wal-Mart Stores, Inc., 2.875%, 4-1-15 875 910			<u>2,379</u>			<u>4,406</u>		
Independent Finance – 0.1%			Managed Health Care – 0.1%			Other Non-Agency REMIC/CMO – 0.0%		
Fidelity National Information Services, Inc., 2.000%, 4-15-18 250 241			WellPoint, Inc., 1.875%, 1-15-18 500 489			Banco Hipotecario Nacional:		
Industrial – Other – 0.1%			Metal & Glass Containers – 0.2%			7.916%, 7-25-09 (C)(E) . . . 17 —		
Toll Brothers Finance Corp., 4.375%, 4-15-23 500 465			BlueScope Steel (Finance) Limited and BlueScope Steel Finance (USA) LLC, 7.125%, 5-1-18 (C) 555 563			8.000%, 3-31-11 (C)(E) . . . 4 —		
Industrial Conglomerates – 0.1%			Movies & Entertainment – 0.4%			Packaged Foods & Meats – 0.3%		
General Electric Capital Corporation, 0.993%, 4-2-18 (D) 500 502			News American Incorporated, 3.000%, 9-15-22 1,000 933			Kraft Foods Inc., 4.125%, 2-9-16 1,000 1,069		
Industrial Gases – 0.5%			Viacom Inc., 4.375%, 9-15-14 500 521			Personal Products – 0.2%		
Praxair, Inc.:			<u>1,454</u>			Estee Lauder Companies, Inc. (The), 2.350%, 8-15-22 600 557		
4.375%, 3-31-14 1,500 1,542			Oil & Gas Drilling – 0.1%			Kimberly-Clark Corporation, 0.394%, 5-15-16 (D) 250 250		
3.000%, 9-1-21 500 493			Transocean Inc., 2.500%, 10-15-17 500 494			<u>807</u>		
<u>2,035</u>			Oil & Gas Equipment & Services – 0.3%			Property & Casualty Insurance – 0.1%		
Industrial Machinery – 0.7%			National Oilwell Varco, Inc., 1.350%, 12-1-17 250 243			Berkshire Hathaway Inc.:		
Eaton Corporation, 0.603%, 6-16-14 (D) 500 500			Schlumberger Investment S.A. (GTD by Schlumberger Ltd.), 1.250%, 8-1-17 (C) 500 485			0.800%, 2-11-16 250 249		
Illinois Tool Works Inc., 5.150%, 4-1-14 1,500 1,550			Schlumberger S.A. (GTD by Schlumberger Ltd.), 2.650%, 1-15-16 (C) 500 518			1.550%, 2-9-18 250 245		
Ingersoll-Rand Global Holding Company Limited, 2.875%, 1-15-19 (C) 150 148			<u>1,246</u>			<u>494</u>		
<u>2,198</u>			Oil & Gas Exploration & Production – 0.6%			Railroads – 0.2%		
Integrated Oil & Gas – 0.1%			ConocoPhillips (GTD by ConocoPhillips Company), 4.750%, 2-1-14 415 425			Burlington Northern Santa Fe, LLC, 3.050%, 3-15-22 400 389		
Cenovus Energy Inc., 4.500%, 9-15-14 250 261			EOG Resources, Inc., 2.500%, 2-1-16 1,000 1,035			Kansas City Southern de Mexico, S.A. de C.V., 2.350%, 5-15-20 (C) 300 290		
Internet Retail – 0.1%			Southwestern Energy Company, 4.100%, 3-15-22 600 597			<u>679</u>		
Amazon.com, Inc., 0.650%, 11-27-15 250 249			<u>2,057</u>			Regional Banks – 0.1%		
Investment Banking & Brokerage – 0.1%			Other Diversified Financial Services – 1.1%			Canadian Imperial Bank of Commerce, 0.900%, 10-1-15 250 250		
Goldman Sachs Group, Inc. (The), 1.600%, 11-23-15 500 501			Citigroup Inc., 1.250%, 1-15-16 250 247			PNC Bank, N.A., 0.800%, 1-28-16 250 248		
IT Consulting & Other Services – 0.4%			JPMorgan Chase & Co.: 1,000 1,036			<u>498</u>		
International Business Machines Corporation: 1.250%, 5-12-14 1,000 1,007						Restaurants – 0.1%		
0.253%, 2-4-15 (D) 500 499						YUM! Brands, Inc., 4.250%, 9-15-15 500 532		
<u>1,506</u>						Retail Stores – 0.1%		
						Dollar General Corporation: 4.125%, 7-15-17 100 105		
						1.875%, 4-15-18 250 242		
						<u>347</u>		
						Semiconductors – 0.1%		
						Broadcom Corporation, 2.700%, 11-1-18 250 256		

SCHEDULE OF INVESTMENTS

Balanced (in thousands)

JUNE 30, 2013 (UNAUDITED)

CORPORATE DEBT

SECURITIES (Continued)	Principal	Value
Soft Drinks – 0.5%		
PepsiCo, Inc.:		
3.750%, 3-1-14	\$ 750	\$ 766
0.700%, 8-13-15	1,000	999
		<u>1,765</u>
Specialized Finance – 0.1%		
PACCAR Financial Corp.,		
0.404%, 5-5-15 (D)	250	250
Specialty Chemicals – 0.1%		
RPM International Inc.,		
3.450%, 11-15-22	250	233
Systems Software – 0.1%		
Microsoft Corporation,		
2.950%, 6-1-14	500	512
Tobacco – 0.2%		
Philip Morris International		
Inc.,		
4.500%, 3-26-20	750	825
Trucking – 0.1%		
Ryder System, Inc.,		
2.350%, 2-26-19	400	387
Wireless – 0.0%		
Virgin Media Finance plc,		
4.875%, 2-15-22	200	184
Wireless Telecommunication Service – 0.7%		
America Movil, S.A.B. de		
C.V.,		
3.625%, 3-30-15	700	722
American Tower		
Corporation,		
4.700%, 3-15-22	995	1,004
Crown Castle International		
Corp.,		
5.250%, 1-15-23	623	598
		<u>2,324</u>
TOTAL CORPORATE DEBT		
SECURITIES – 18.8%		\$70,451

(Cost: \$67,708)

OTHER GOVERNMENT SECURITIES

Canada – 0.1%		
TransCanada PipeLines		
Ltd,		
0.750%, 1-15-16	250	247

OTHER GOVERNMENT SECURITIES (Continued)

SECURITIES (Continued)	Principal	Value
Israel – 0.1%		
State of Israel,		
4.000%, 6-30-22	\$500	\$ 508
Qatar – 0.3%		
State of Qatar,		
4.000%, 1-20-15 (C)	750	780
Supranational – 0.2%		
International Bank for		
Reconstruction and		
Development,		
2.375%, 5-26-15	900	934
TOTAL OTHER GOVERNMENT		
SECURITIES – 0.7%		\$2,469
(Cost: \$2,392)		
UNITED STATES GOVERNMENT		
AGENCY OBLIGATIONS		
Mortgage-Backed Obligations – 1.1%		
Federal National Mortgage		
Association Fixed Rate		
Pass-Through		
Certificates:		
6.000%, 9-1-17	120	128
5.000%, 1-1-18	57	61
5.500%, 4-1-18	20	21
5.000%, 5-1-18	40	43
4.500%, 7-1-18	532	564
7.000%, 9-1-25	64	74
6.500%, 10-1-28	182	206
6.500%, 2-1-29	93	108
7.500%, 4-1-31	102	117
7.000%, 7-1-31	118	131
7.000%, 9-1-31	199	225
6.500%, 2-1-32	401	454
7.000%, 2-1-32	273	314
7.000%, 3-1-32	102	116
7.000%, 7-1-32	183	207
6.000%, 9-1-32	831	928
6.000%, 2-1-33	81	89
5.500%, 5-1-33	270	295
5.500%, 6-1-33	148	162
United States Department		
of Veterans Affairs,		
Guaranteed REMIC Pass-		
Through Certificates,		
Vendee Mortgage Trust,		
1997-A Class 3-A,		
8.293%, 12-15-26	53	61
		<u>4,304</u>
TOTAL UNITED STATES		
GOVERNMENT AGENCY		
OBLIGATIONS – 1.1%		\$4,304
(Cost: \$3,941)		

UNITED STATES GOVERNMENT

OBLIGATIONS	Principal	Value
Treasury Obligations – 4.4%		
United States Treasury		
Bonds,		
6.250%, 8-15-23	\$ 1,250	\$ 1,676
United States Treasury		
Notes:		
4.250%, 8-15-13	4,000	4,021
4.250%, 8-15-15	10,000	10,812
		<u>16,509</u>
TOTAL UNITED STATES		
GOVERNMENT		
OBLIGATIONS – 4.4%		\$ 16,509
(Cost: \$15,277)		
SHORT-TERM SECURITIES		
Commercial Paper – 2.0%		
Mondelez International,		
Inc.,		
0.150%, 7-1-13 (F)	7,414	7,414
Master Note – 0.8%		
Toyota Motor Credit		
Corporation,		
0.111%, 7-3-13 (G)	3,087	3,087
TOTAL SHORT-TERM		
SECURITIES – 2.8%		\$ 10,501
(Cost: \$10,501)		
TOTAL INVESTMENT		
SECURITIES – 99.8%		\$374,405
(Cost: \$299,588)		
CASH AND OTHER ASSETS,		
NET OF LIABILITIES – 0.2%		633
NET ASSETS – 100.0%		\$375,038

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. At June 30, 2013, the total value of these securities amounted to \$10,527 or 2.8% of net assets.

(D) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2013.

SCHEDULE OF INVESTMENTS

Balanced *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

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

(F)Rate shown is the yield to maturity at June 30, 2013.

(G)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2013. Date shown represents the date that the variable rate resets.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Common Stocks	\$270,171	\$ —	\$ —
Corporate Debt Securities	—	70,451	—
Other Government Securities	—	2,469	—
United States Government Agency Obligations	—	4,304	—
United States Government Obligations	—	16,509	—
Short-Term Securities	—	10,501	—
Total	<u>\$270,171</u>	<u>\$104,234</u>	<u>\$ —</u>

During the period ended June 30, 2013, securities totaling \$2,296 were transferred from Level 2 to Level 1 due to lack of significant market movements following the close of local trading.

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts

CMO = Collateralized Mortgage Obligation

GTD = Guaranteed

REMIC = Real Estate Mortgage Investment Conduit

See Accompanying Notes to Financial Statements.

PORTFOLIO HIGHLIGHTS

Bond

ALL DATA IS AS OF JUNE 30, 2013 (UNAUDITED)

Asset Allocation

Bonds	93.6%
Corporate Debt Securities	56.1%
United States Government and Government Agency Obligations	32.0%
Municipal Bonds – Taxable	2.6%
Other Government Securities	1.6%
Mortgage-Backed Securities	1.3%
Cash and Cash Equivalents	6.4%

Quality Weightings

Investment Grade	82.8%
AAA	2.1%
AA	34.6%
A	14.6%
BBB	31.5%
Non-Investment Grade	10.8%
BB	9.0%
B	1.7%
Below CCC	0.1%
Cash and Cash Equivalents	6.4%

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, 2013 (UNAUDITED)

CORPORATE DEBT SECURITIES			CORPORATE DEBT SECURITIES (Continued)			CORPORATE DEBT SECURITIES (Continued)		
	Principal	Value		Principal	Value		Principal	Value
Aerospace & Defense – 2.0%			Diversified Banks – 2.3%			Independent Finance – 0.4%		
Bombardier Inc.,			Bank of America			Fidelity National		
7.500%, 3-15-18 (A)	\$5,775	\$6,410	Corporation:			Information Services, Inc.,		
			5.650%, 5-1-18	\$2,000	\$2,221	3.500%, 4-15-23	\$1,250	\$ 1,128
			7.625%, 6-1-19	2,000	2,403			
Apparel Retail – 2.4%			HSBC Holdings plc,			Industrial – Other – 1.2%		
Limited Brands, Inc.:			5.100%, 4-5-21	2,500	2,745	Toll Brothers Finance Corp.,		
8.500%, 6-15-19	3,485	4,042			4.375%, 4-15-23	4,055	3,771	
7.000%, 5-1-20	1,000	1,110						
5.625%, 2-15-22	2,665	2,705						
		<u>7,857</u>	Diversified Chemicals – 1.4%			Integrated Telecommunication		
			Dow Chemical Company			Services – 1.3%		
Biotechnology – 1.3%			(The),			Verizon Communications		
Amgen Inc.,			8.550%, 5-15-19	3,500	4,464	Inc.,		
6.150%, 6-1-18	3,500	4,120			8.750%, 11-1-18	3,182	4,146	
			Diversified Metals & Mining – 1.6%			Multi-Utilities – 4.3%		
Brewers – 1.1%			Freeport-McMoRan Copper &			Dominion Resources, Inc.,		
SABMiller plc,			Gold Inc.,			Ser F,		
6.500%, 7-15-18 (A)	3,000	3,559	3.100%, 3-15-20 (A)	2,000	1,847	5.250%, 8-1-33	2,500	2,718
			Rio Tinto Finance (USA)			Duke Energy Indiana, Inc.,		
Broadcasting – 2.3%			Limited,			3.750%, 7-15-20		
CBS Corporation,			3.750%, 9-20-21	3,500	3,455	NorthWestern Corporation,		
8.875%, 5-15-19	3,500	4,509			6.340%, 4-1-19	3,000	3,609	
Discovery Communications,			Electric Utilities – 1.6%			Pacific Gas and Electric		
LLC,			Detroit Edison Company			Company,		
3.300%, 5-15-22	3,000	2,867	(The),			3.500%, 10-1-20	4,000	4,165
		<u>7,376</u>	3.900%, 6-1-21	4,875	5,187			<u>13,638</u>
Cable & Satellite – 1.7%			Electronic Manufacturing Services – 1.9%			Office Electronics – 1.2%		
DIRECTV Holdings LLC and			Jabil Circuit, Inc.:			Xerox Corporation,		
DIRECTV Financing Co.,			7.750%, 7-15-16	2,000	2,265	6.350%, 5-15-18	3,452	3,955
Inc.,			8.250%, 3-15-18	3,150	3,693			
3.800%, 3-15-22	2,500	2,400						<u>5,958</u>
Time Warner Inc.,			Environmental & Facilities Services – 2.2%			Oil & Gas Equipment & Services – 1.4%		
4.750%, 3-29-21	3,000	3,226	Republic Services, Inc.,			Enterprise Products		
		<u>5,626</u>	4.750%, 5-15-23	3,000	3,173	Operating LLC (GTD by		
Coal & Consumable Fuels – 1.8%			Waste Management, Inc.,			Enterprise Products		
Joy Global Inc.,			4.600%, 3-1-21	3,600	3,862	Partners L.P.):		
6.000%, 11-15-16	3,230	3,651				6.500%, 1-31-19	2,000	2,385
Peabody Energy Corporation,			Forest Products – 1.4%			4.050%, 2-15-22	2,000	2,043
6.500%, 9-15-20	2,000	2,005	Georgia-Pacific, LLC,					<u>4,428</u>
		<u>5,656</u>	5.400%, 11-1-20 (A)	4,000	4,458	Oil & Gas Storage & Transportation – 2.4%		
Consumer Finance – 1.2%			Health Care Services – 1.1%			DCP Midstream Operating,		
Ford Motor Credit Company			Medco Health Solutions, Inc.,			LP (GTD by DCP		
LLC,			4.125%, 9-15-20	3,500	3,599	Midstream Partners, LP),		
4.250%, 9-20-22	4,000	3,929			3.875%, 3-15-23			
			Health Care Supplies – 0.8%			2,000 1,875		
Data Processing & Outsourced			DENTSPLY International Inc.,			Maritimes & Northeast		
Services – 1.4%			4.125%, 8-15-21			Pipeline, L.L.C.,		
Alliance Data Systems						7.500%, 5-31-14 (A)	3,362	3,521
Corporation,			Household Products – 1.6%			Tennessee Gas Pipeline		
5.250%, 12-1-17 (A)	4,500	4,635	Clorox Company (The),			Company,		
			3.050%, 9-15-22	2,500	2,364	7.000%, 3-15-27	2,000	2,430
Department Stores – 0.9%			Procter & Gamble Company					<u>7,826</u>
Macy's Retail Holdings, Inc.,			(The),			Other Diversified Financial Services – 1.2%		
3.875%, 1-15-22	3,000	3,006	8.000%, 9-1-24	2,000	2,813	JPMorgan Chase & Co.,		
					<u>5,177</u>	6.000%, 1-15-18	3,500	3,993
Distributors – 0.9%			Paper Products – 0.1%			Westvaco Corporation,		
QVC, Inc.,			Westvaco Corporation,			7.500%, 6-15-27		
5.125%, 7-2-22	3,000	3,030				172	190	

SCHEDULE OF INVESTMENTS

Bond (in thousands)

JUNE 30, 2013 (UNAUDITED)

CORPORATE DEBT

SECURITIES (Continued)	Principal	Value
Property & Casualty Insurance – 1.0%		
Berkshire Hathaway Inc., 3.750%, 8-15-21	\$3,000	\$ 3,092
Railroads – 2.3%		
Burlington Northern Santa Fe, LLC, 3.050%, 3-15-22	4,000	3,891
Kansas City Southern de Mexico, S.A. de C.V., 2.350%, 5-15-20 (A)	3,650	3,529
		<u>7,420</u>
Restaurants – 1.2%		
YUM! Brands, Inc., 6.250%, 3-15-18	3,292	3,806
Systems Software – 2.0%		
CA, Inc., 5.375%, 12-1-19	6,000	6,522
Trucking – 0.6%		
Penske Truck Leasing Co., L.P., 2.875%, 7-17-18 (A)	2,000	2,019
Water Utilities – 0.7%		
California Water Service Company, 5.875%, 5-1-19	2,000	2,303
Wireless Telecommunication Service – 1.9%		
American Tower Corporation, 4.700%, 3-15-22	5,000	5,040
Crown Castle International Corp., 5.250%, 1-15-23	1,027	986
		<u>6,026</u>
TOTAL CORPORATE DEBT SECURITIES – 56.1%		\$180,553

(Cost: \$175,650)

MORTGAGE-BACKED SECURITIES

Commercial Mortgage-Backed Securities – 0.6%		
J.P. Morgan Chase Commercial Mortgage Securities Corp., Commercial Mortgage Pass-Through Certificates, Series 2004-C1, 4.719%, 1-15-38	1,906	1,930
Non-Agency REMIC/CMO – 0.7%		
MASTR Adjustable Rate Mortgage Trust 2005-1, 3.465%, 3-25-35 (B)	2,097	113

MORTGAGE-BACKED SECURITIES (Continued)

SECURITIES (Continued)	Principal	Value
Non-Agency REMIC/CMO (Continued)		
Merrill Lynch Mortgage Trust 2005-CIP1, 4.949%, 7-12-38 (B)	\$ 2,000	\$ 2,067
Structured Adjustable Rate Mortgage Loan Trust, Mortgage Pass-Through Certificates, Series 2004-1, 2.575%, 2-25-34 (B)	585	70
Structured Adjustable Rate Mortgage Loan Trust, Mortgage Pass-Through Certificates, Series 2004-3AC, 2.499%, 3-25-34 (B)	1,111	135
		<u>2,385</u>
TOTAL MORTGAGE-BACKED SECURITIES – 1.3%		\$ 4,315

(Cost: \$7,533)

MUNICIPAL BONDS – TAXABLE

Massachusetts – 0.9%		
Commonwealth of MA, Fed Hwy Grant Anticipation Notes (Accelerated Bridge Prog), Ser 2010A, 4.285%, 12-15-18	2,500	2,741
New York – 1.7%		
NYC Indl Dev Agy, Rental Rev Bonds (Yankee Stadium Proj), Ser 2009, 11.000%, 3-1-29 (A)	4,000	5,697

TOTAL MUNICIPAL BONDS – TAXABLE – 2.6%

\$ 8,438

(Cost: \$6,593)

OTHER GOVERNMENT SECURITIES

Canada – 0.6%		
Province de Quebec, 7.140%, 2-27-26 (B)	1,500	2,009
Israel – 1.0%		
State of Israel, 4.000%, 6-30-22	3,000	3,051

TOTAL OTHER GOVERNMENT SECURITIES – 1.6%

\$ 5,060

(Cost: \$4,505)

UNITED STATES GOVERNMENT AGENCY OBLIGATIONS

Agency Obligations – 4.4%		
Federal Home Loan Bank, 2.000%, 2-14-28 (B)	10,000	9,506
Federal National Mortgage Association, 1.500%, 4-25-28	4,750	4,498
		<u>14,004</u>

UNITED STATES GOVERNMENT AGENCY OBLIGATIONS

(Continued)	Principal	Value
Mortgage-Backed Obligations – 19.5%		
Federal Home Loan		
Mortgage Corporation Agency REMIC/CMO, 5.000%, 9-15-31 (C)	\$ 10	\$ – *
Federal Home Loan		
Mortgage Corporation Fixed Rate Participation Certificates: 4.186%, 12-25-20	4,000	4,315
5.000%, 6-1-23	1,770	1,916
4.000%, 7-1-25	2,367	2,482
4.500%, 6-15-27	1,023	1,055
3.000%, 1-1-33	969	962
4.000%, 11-15-36	1,681	1,793
Federal National Mortgage		
Association Agency		
REMIC/CMO:		
5.000%, 6-25-18	1,262	1,349
5.500%, 11-25-36 (C)	2,628	361
5.500%, 4-25-37	1,473	1,609
4.500%, 9-15-37	2,041	2,101
4.000%, 5-25-39	1,655	1,749
4.500%, 8-15-39	2,864	3,002
4.500%, 6-25-40	1,759	1,890
2.500%, 9-20-40	5,053	5,164
Federal National Mortgage		
Association Fixed Rate		
Pass-Through		
Certificates:		
5.424%, 2-1-16	2,164	2,389
5.508%, 4-1-17	3,545	3,898
4.500%, 9-1-19	1,269	1,344
4.530%, 12-1-19	7,753	8,783
5.500%, 10-1-21	2,374	2,560
6.000%, 6-1-22	1,692	1,861
6.000%, 9-1-22	2,589	2,851
5.000%, 9-1-23	1,843	1,977
5.500%, 2-1-35	1,499	1,675
Government National		
Mortgage Association		
Agency REMIC/CMO:		
2.000%, 3-16-42	6,021	5,933
0.485%, 6-17-45 (B)(C)	344	5
		<u>63,024</u>

TOTAL UNITED STATES GOVERNMENT AGENCY OBLIGATIONS – 23.9%

\$77,028

(Cost: \$78,840)

UNITED STATES GOVERNMENT OBLIGATIONS

Treasury Obligations – 8.1%		
United States Treasury		
Bonds, 3.125%, 2-15-43	7,000	6,543

PORTFOLIO HIGHLIGHTS

Core Equity

ALL DATA IS AS OF JUNE 30, 2013 (UNAUDITED)

Asset Allocation

Stocks	97.8%
Consumer Discretionary	20.6%
Information Technology	16.9%
Industrials	15.6%
Financials	12.2%
Consumer Staples	10.5%
Health Care	9.3%
Energy	6.2%
Materials	5.7%
Telecommunication Services	0.8%
Cash and Cash Equivalents	2.2%

Top 10 Equity Holdings

Company	Sector
American International Group, Inc.	Financials
Anheuser-Busch InBev S.A., ADR	Consumer Staples
Union Pacific Corporation	Industrials
Harley-Davidson, Inc.	Consumer Discretionary
Pentair, Inc.	Industrials
Canadian Pacific Railway Limited	Industrials
News Corporation Limited, Class B	Consumer Discretionary
CBS Corporation, Class B	Consumer Discretionary
Dow Chemical Company (The)	Materials
Pall Corporation	Industrials

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, 2013 (UNAUDITED)

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
Apparel, Accessories & Luxury Goods – 2.1%			Internet Software & Services – 1.0%			Restaurants – 4.3%		
Polo Ralph Lauren Corporation	51	\$ 8,826	Facebook, Inc., Class A (A)	166	\$ 4,129	Chipotle Mexican Grill, Inc., Class A (A)	21	\$ 7,505
Biotechnology – 2.3%			Investment Banking & Brokerage – 1.3%			Panera Bread Company, Class A (A)	29	5,467
Alexion Pharmaceuticals, Inc. (A)	59	5,470	Charles Schwab Corporation (The)	253	5,361	YUM! Brands, Inc.	78	5,415
Biogen Idec Inc. (A)	19	4,153	IT Consulting & Other Services – 2.3%					18,387
		9,623	Teradata Corporation (A)	193	9,699	Semiconductor Equipment – 2.3%		
Brewers – 3.2%			Managed Health Care – 1.0%			Applied Materials, Inc.	658	9,806
Anheuser-Busch InBev S.A., ADR	150	13,557	UnitedHealth Group Incorporated	67	4,354	Semiconductors – 4.3%		
Broadcasting – 2.7%			Motorcycle Manufacturers – 3.0%			Altera Corporation	134	4,424
CBS Corporation, Class B	238	11,627	Harley-Davidson, Inc.	233	12,764	Analog Devices, Inc.	118	5,304
Cable & Satellite – 3.7%			Movies & Entertainment – 2.7%			Texas Instruments Incorporated	260	9,048
Charter Communications, Inc., Class A (A)	48	5,982	News Corporation Limited, Class B	355	11,654			18,776
Time Warner Cable Inc.	85	9,561	Multi-Line Insurance – 3.5%			Specialty Chemicals – 1.1%		
		15,543	American International Group, Inc. (A)	337	15,050	LyondellBasell Industries N.V., Class A	68	4,486
Communications Equipment – 2.7%			Oil & Gas Equipment & Services – 1.5%			Tobacco – 2.5%		
Cisco Systems, Inc.	466	11,336	National Oilwell Varco, Inc.	93	6,435	Philip Morris International Inc.	124	10,747
Computer Hardware – 1.7%			Oil & Gas Exploration & Production – 2.1%			Wireless Telecommunication Service – 0.8%		
Apple Inc.	18	7,011	Noble Energy, Inc.	146	8,753	SBA Communications Corporation (A)	44	3,291
Construction & Farm Machinery & Heavy Trucks – 2.2%			Oil & Gas Refining & Marketing – 1.4%			TOTAL COMMON STOCKS – 97.8%		\$415,299
Cummins Inc.	86	9,360	Phillips 66	103	6,057	(Cost: \$340,020)		
Consumer Finance – 2.7%			Other Diversified Financial Services – 4.7%			SHORT-TERM SECURITIES	Principal	
Capital One Financial Corporation	179	11,273	Citigroup Inc.	202	9,676	Commercial Paper – 1.2%		
Data Processing & Outsourced Services – 2.6%			JPMorgan Chase & Co.	199	10,500	Mondelez International, Inc., 0.150%, 7-1-13 (B)	\$5,282	5,282
MasterCard Incorporated, Class A	19	10,916	Packaged Foods & Meats – 1.7%			Master Note – 0.5%		
Diversified Chemicals – 2.7%			Mead Johnson Nutrition Company	92	7,289	Toyota Motor Credit Corporation, 0.111%, 7-3-13 (C)	2,000	2,000
Dow Chemical Company (The)	360	11,574	Personal Products – 1.2%			TOTAL SHORT-TERM SECURITIES – 1.7%		\$ 7,282
Fertilizers & Agricultural Chemicals – 1.9%			Estee Lauder Companies, Inc. (The), Class A	79	5,179	(Cost: \$7,282)		
Monsanto Company	83	8,181	Pharmaceuticals – 6.0%			TOTAL INVESTMENT SECURITIES – 99.5%		\$422,581
Home Improvement Retail – 2.1%			Bristol-Myers Squibb Company	180	8,053	(Cost: \$347,302)		
Home Depot, Inc. (The)	115	8,870	Pfizer Inc.	368	10,300	CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.5%		2,125
Hypermarkets & Super Centers – 1.9%			Shire Pharmaceuticals Group plc, ADR	73	6,981	NET ASSETS – 100.0%		\$424,706
Costco Wholesale Corporation	71	7,869			25,334			
Industrial Machinery – 5.7%			Railroads – 7.7%					
Pall Corporation	172	11,453	Canadian Pacific Railway Limited	100	12,174			
Pentair, Inc.	221	12,720	Kansas City Southern	72	7,640			
		24,173	Union Pacific Corporation	83	12,817			
Integrated Oil & Gas – 1.2%					32,631			
Occidental Petroleum Corporation	58	5,202						

SCHEDULE OF INVESTMENTS

Core Equity *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

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, 2013.

(C) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2013. Date shown represents the date that the variable rate resets.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Common Stocks	\$415,299	\$ —	\$—
Short-Term Securities	—	7,282	—
Total	<u>\$415,299</u>	<u>\$7,282</u>	<u>\$—</u>

As of June 30, 2013, there were no transfers between Level 1 and 2 during the period.

The following acronym is used throughout this schedule:

ADR = American Depositary Receipts

PORTFOLIO HIGHLIGHTS

Dividend Opportunities

ALL DATA IS AS OF JUNE 30, 2013 (UNAUDITED)

Asset Allocation

Stocks	96.0%
Financials	17.4%
Industrials	17.0%
Energy	14.2%
Health Care	12.5%
Consumer Discretionary	10.8%
Consumer Staples	9.6%
Information Technology	7.5%
Materials	6.0%
Utilities	1.0%
Cash and Cash Equivalents	4.0%

Top 10 Equity Holdings

Company	Sector
JPMorgan Chase & Co.	Financials
Union Pacific Corporation	Industrials
Schlumberger Limited	Energy
Microchip Technology Incorporated	Information Technology
Goldman Sachs Group, Inc. (The)	Financials
Anheuser-Busch InBev S.A., ADR	Consumer Staples
Visa Inc., Class A	Information Technology
Philip Morris International Inc.	Consumer Staples
Pfizer Inc.	Health Care
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

Dividend Opportunities *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

COMMON STOCKS			COMMON STOCKS			COMMON STOCKS				
	Shares	Value	(Continued)	Shares	Value	(Continued)	Shares	Value		
Aerospace & Defense – 4.6%			Homebuilding – 1.0%			Railroads – 5.5%				
Boeing Company (The)	111	\$11,345	D.R. Horton, Inc.	194	\$ 4,121	Kansas City Southern . . .	75	\$ 7,958		
Honeywell International Inc.	97	7,716				Union Pacific Corporation	97	14,983		
		<u>19,061</u>	Household Products – 0.5%					<u>22,941</u>		
Asset Management & Custody Banks – 1.8%			Colgate-Palmolive Company			Regional Banks – 0.8%				
Northern Trust Corporation . .	55	3,193	38	2,150	SunTrust Banks, Inc.			103	3,266	
T. Rowe Price Group, Inc. . . .	57	4,177	Industrial Conglomerates – 2.6%			Restaurants – 1.1%				
		<u>7,370</u>	General Electric Company . . .			Starbucks Corporation . . .			73	4,784
Brewers – 3.2%			Industrial Machinery – 2.8%			Semiconductors – 3.4%				
Anheuser-Busch InBev S.A., ADR	149	13,462	Eaton Corporation			Microchip Technology Incorporated			377	14,045
			Pentair, Inc.							
Broadcasting – 0.6%						Tobacco – 3.9%				
CBS Corporation, Class B	47	2,304	Integrated Oil & Gas – 2.0%			Altria Group, Inc.			123	4,295
			Exxon Mobil Corporation			Philip Morris International Inc.			138	11,941
Casinos & Gaming – 4.6%			Occidental Petroleum Corporation							<u>16,236</u>
Las Vegas Sands, Inc.	144	7,606				TOTAL COMMON STOCKS – 96.0%				\$399,949
Wynn Resorts, Limited	89	11,415	Investment Banking & Brokerage – 3.2%			(Cost: \$321,686)				
		<u>19,021</u>	Goldman Sachs Group, Inc. (The)			SHORT-TERM SECURITIES				
Construction & Farm Machinery & Heavy Trucks – 1.5%			PG&E Corporation			Principal				
Caterpillar Inc.	25	2,083	Oil & Gas Drilling – 1.9%			Commercial Paper – 1.9%				
Deere & Company	50	4,096	Seadrill Limited			Mondelez International, Inc.,				
		<u>6,179</u>				0.150%, 7-1-13 (A) . . . \$			3,982	3,982
Consumer Finance – 2.3%			Oil & Gas Equipment & Services – 7.0%			Total Capital Canada Ltd. (GTD by Total S.A.),				
Capital One Financial Corporation	155	9,764	Halliburton Company			0.090%, 7-10-13 (A) . .			4,000	4,000
			National Oilwell Varco, Inc.							<u>7,982</u>
Data Processing & Outsourced Services – 4.1%			Schlumberger Limited			Master Note – 0.6%				
Paychex, Inc.	121	4,415				Toyota Motor Credit Corporation,				
Visa Inc., Class A	71	12,949	Oil & Gas Storage & Transportation – 3.3%			0.111%, 7-3-13 (B) . . .			2,391	2,391
		<u>17,364</u>	Energy Transfer Equity, L.P.			Municipal Obligations – Taxable – 1.4%				
Distillers & Vintners – 2.0%			MarkWest Energy Partners, L.P.			MS Business Fin Corp, Gulf Opp Zone Indl Dev Rev Bonds				
Diageo plc, ADR	73	8,357	Plains All American Pipeline, L.P.			(Chevron U.S.A. Inc. Proj), Ser 2007B (GTD by Chevron Corporation),				
						0.050%, 7-1-13 (B) . . .			3,215	3,215
Diversified Banks – 2.3%			Other Diversified Financial Services – 4.9%			MS Business Fin Corp, Gulf Opp Zone Indl Dev Var Rev Bonds				
Wells Fargo & Company	236	9,736	JPMorgan Chase & Co.			(Chevron U.S.A. Inc. Proj), Ser E (GTD by Chevron Corporation),				
			375			0.060%, 7-1-13 (B) . . .			379	379
Diversified Chemicals – 1.0%			Pharmaceuticals – 12.5%			NYC GO Bonds, Fiscal 2006 Ser E (GTD by Bank of America, N.A.),				
Dow Chemical Company (The)	132	4,240	Bristol-Myers Squibb Company			0.070%, 7-7-13 (B) . . .			2,161	2,161
			Eli Lilly and Company							<u>5,755</u>
Diversified Metals & Mining – 0.9%			GlaxoSmithKline plc, ADR							
Rio Tinto plc, ADR	88	3,611	Johnson & Johnson							
			Merck & Co., Inc.							
Fertilizers & Agricultural Chemicals – 4.1%			Pfizer Inc.							
Monsanto Company	113	11,115								
Mosaic Company (The)	111	5,994	Property & Casualty Insurance – 2.1%							
		<u>17,109</u>	ACE Limited							
General Merchandise Stores – 0.8%										
Target Corporation	51	3,505								
Home Improvement Retail – 2.7%										
Home Depot, Inc. (The)	146	11,299								

SCHEDULE OF INVESTMENTS

Dividend Opportunities *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

SHORT-TERM SECURITIES

(Continued)

	Value
TOTAL SHORT-TERM SECURITIES – 3.9%	\$ 16,128
(Cost: \$16,128)	
TOTAL INVESTMENT SECURITIES – 99.9%	\$416,077
(Cost: \$337,814)	
CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.1%	\$ 592
NET ASSETS – 100.0%	\$416,669

Notes to Schedule of Investments

(A)Rate shown is the yield to maturity at June 30, 2013.

(B)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2013. Date shown represents the date that the variable rate resets.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Common Stocks	\$399,949	\$ —	\$—
Short-Term Securities	—	16,128	—
Total	<u>\$399,949</u>	<u>\$16,128</u>	<u>\$—</u>

As of June 30, 2013, there were no transfers between Level 1 and 2 during the period.

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts

GTD = Guaranteed

See Accompanying Notes to Financial Statements.

PORTFOLIO HIGHLIGHTS

Energy

ALL DATA IS AS OF JUNE 30, 2013 (UNAUDITED)

Asset Allocation

Stocks	96.3%
Energy	92.6%
Industrials	2.5%
Materials	1.2%
Cash and Cash Equivalents	3.7%

Country Weightings

North America	86.5%
United States	82.5%
Canada	4.0%
Europe	7.6%
Netherlands	4.0%
Other Europe	3.6%
Pacific Basin	2.2%
Cash and Cash Equivalents	3.7%

Top 10 Equity Holdings

Company	Sector	Industry
National Oilwell Varco, Inc.	Energy	Oil & Gas Equipment & Services
Continental Resources, Inc.	Energy	Oil & Gas Exploration & Production
Core Laboratories N.V.	Energy	Oil & Gas Equipment & Services
Schlumberger Limited	Energy	Oil & Gas Equipment & Services
Cabot Oil & Gas Corporation	Energy	Oil & Gas Exploration & Production
Anadarko Petroleum Corporation	Energy	Oil & Gas Exploration & Production
Cameron International Corporation	Energy	Oil & Gas Equipment & Services
Occidental Petroleum Corporation	Energy	Integrated Oil & Gas
EOG Resources, Inc.	Energy	Oil & Gas Exploration & Production
Halliburton Company	Energy	Oil & Gas Equipment & Services

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

SCHEDULE OF INVESTMENTS

Energy (in thousands)

JUNE 30, 2013 (UNAUDITED)

COMMON STOCKS	Shares	Value
Coal & Consumable Fuels – 1.5%		
Cameco Corporation	35	\$ 731
Peabody Energy Corporation	31	460
		<u>1,191</u>
Construction & Engineering – 2.5%		
Fluor Corporation	34	1,990
Diversified Metals & Mining – 1.2%		
BHP Billiton Limited, ADR	17	960
Integrated Oil & Gas – 6.8%		
Chevron Corporation	3	385
Exxon Mobil Corporation	17	1,509
Occidental Petroleum Corporation	29	2,583
Suncor Energy Inc.	29	843
		<u>5,320</u>
Oil & Gas Drilling – 4.9%		
Enco plc	13	770
Helmerich & Payne, Inc.	25	1,533
Seadrill Limited	20	807
Transocean Inc.	16	743
		<u>3,853</u>
Oil & Gas Equipment & Services – 32.0%		
Basic Energy Services, Inc. (A)	67	805
Cameron International Corporation (A)	48	2,914
Core Laboratories N.V.	21	3,117
Dresser-Rand Group Inc. (A)	25	1,470
Dril-Quip, Inc. (A)	20	1,810
FMC Technologies, Inc. (A)	30	1,684
Forum Energy Technologies, Inc. (A)	58	1,768
Halliburton Company	56	2,355
National Oilwell Varco, Inc.	51	3,480
Schlumberger Limited	43	3,099
Superior Energy Services, Inc. (A)	51	1,316
Weatherford International Ltd. (A)	92	1,266
		<u>25,084</u>

COMMON STOCKS (Continued)	Shares	Value
Oil & Gas Exploration & Production – 33.3%		
Anadarko Petroleum Corporation	34	\$ 2,939
Bonanza Creek Energy, Inc. (A)	31	1,096
Cabot Oil & Gas Corporation	43	3,050
Canadian Natural Resources Limited	17	478
CNOOC Limited, ADR	5	762
Cobalt International Energy, Inc. (A)	38	1,003
Concho Resources Inc. (A)	8	666
Continental Resources, Inc. (A)	40	3,464
EOG Resources, Inc.	18	2,429
Gulfport Energy Corporation (A)	28	1,306
Laredo Petroleum Holdings, Inc. (A)	18	378
Marathon Oil Corporation	35	1,198
Noble Energy, Inc.	36	2,176
Oasis Petroleum LLC (A) Petroleum Development Corporation (A)	15	790
Pioneer Natural Resources Company	8	1,180
Southwestern Energy Company (A)	61	2,227
		<u>26,116</u>
Oil & Gas Refining & Marketing – 2.9%		
Clean Energy Fuels Corp. (A)	40	524
Marathon Petroleum Corporation	5	345
Marathon Petroleum Corporation, LP	29	1,082
Valero Energy Corporation	9	309
		<u>2,260</u>
Oil & Gas Storage & Transportation – 11.2%		
El Paso Pipeline Partners, L.P.	32	1,383
Enbridge Inc.	25	1,060

COMMON STOCKS (Continued)	Shares	Value
Oil & Gas Storage & Transportation (Continued)		
Energy Transfer Equity, L.P.	8	\$ 461
Kinder Morgan Management, LLC (A)	10	799
Kinder Morgan, Inc.	21	791
MarkWest Energy Partners, L.P.	20	1,314
Regency Energy Partners LP	32	852
Targa Resources Corp.	16	1,042
Williams Companies, Inc. (The)	34	1,104
		<u>8,806</u>
TOTAL COMMON STOCKS – 96.3%		
		\$75,580
(Cost: \$64,600)		
SHORT-TERM SECURITIES		
	Principal	
Commercial Paper – 1.6%		
E.I. du Pont de Nemours and Company, 0.090%, 7-16-13 (B)	\$ 1,255	1,255
Master Note – 1.9%		
Toyota Motor Credit Corporation, 0.111%, 7-3-13 (C)	1,469	1,469
TOTAL SHORT-TERM SECURITIES – 3.5%		
		\$ 2,724
(Cost: \$2,724)		
TOTAL INVESTMENT SECURITIES – 99.8%		
		\$78,304
(Cost: \$67,324)		
CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.2%		
		169
NET ASSETS – 100.0%		
		\$78,473

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, 2013.

(C)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2013. Date shown represents the date that the variable rate resets.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Common Stocks	\$75,580	\$ —	\$ —
Short-Term Securities	—	2,724	—
Total	\$75,580	\$2,724	\$ —

SCHEDULE OF INVESTMENTS

Energy *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

As of June 30, 2013, there were no transfers between Level 1 and 2 during the period.

The following acronym is used throughout this schedule:

ADR = American Depositary Receipts

Country Diversification

(as a % of net assets)	
United States	82.5%
Canada	4.0%
Netherlands	4.0%
Switzerland	1.6%
Australia	1.2%
Hong Kong	1.0%
United Kingdom	1.0%
Norway	1.0%
Other+	3.7%

+Includes cash and cash equivalents and other assets and liabilities

See Accompanying Notes to Financial Statements.

PORTFOLIO HIGHLIGHTS

Global Bond

ALL DATA IS AS OF JUNE 30, 2013 (UNAUDITED)

Asset Allocation

Bonds	83.8%
Corporate Debt Securities	46.4%
United States Government and Government Agency Obligations	34.1%
Other Government Securities	3.3%
Cash and Cash Equivalents and Equities	16.2%

Quality Weightings

Investment Grade	60.1%
AA	35.3%
A	1.1%
BBB	23.7%
Non-Investment Grade	23.7%
BB	16.8%
B	4.7%
CCC	0.2%
Non-rated	2.0%
Cash and Cash Equivalents and Equities	16.2%

Country Weightings

North America	40.4%
United States	37.6%
Other North America	2.8%
Europe	18.3%
Russia	5.6%
Netherlands	4.8%
Other Europe	7.9%
South America	19.8%
Brazil	10.3%
Other South America	9.5%
Pacific Basin	10.6%
Other	0.4%
Cash and Cash Equivalents	10.5%

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

Global Bond (in thousands)

JUNE 30, 2013 (UNAUDITED)

COMMON STOCKS		Shares	Value	CORPORATE DEBT SECURITIES (Continued)		Principal	Value	CORPORATE DEBT SECURITIES (Continued)		Principal	Value
Consumer Finance – 0.5%				Asset Management & Custody Banks – 1.4%				Electric Utilities (Continued)			
Banco Latinoamericano de Comercio Exterior, S.A.	4	\$	78	Bhira Investments Limited, 8.500%, 4-27-71	\$	200	\$194	Listrindo Capital B.V., 6.950%, 2-21-19 (C)	\$200	\$204	
Diversified Chemicals – 0.4%				Broadcasting – 2.2%				Majapahit Holding B.V., 7.750%, 10-17-16	100	111	
Dow Chemical Company (The)	2		56	Globo Comunicacoes e Participacoes S.A., 6.250%, 12-20-49 (D) ..		300	306	Rural Electrification Corporation Limited, 4.250%, 1-25-16	100	102	
Electric Utilities – 1.4%				Coal & Consumable Fuels – 3.7%						<u>637</u>	
Alupar Investimento S.A. (A)(B)(C)(I)	6		54	Indo Integrated Energy II B.V., 9.750%, 11-5-16		304	320	Food Distributors – 0.7%			
PPL Corporation	4		108	PT Adaro Indonesia: 7.625%, 10-22-19		100	105	Olam International Limited, 7.500%, 8-12-20	100	93	
Transmissora Alianca de Energia Eletrica S.A. (B)	5		47	7.625%, 10-22-19 (C) ..		100	105	Household Appliances – 0.5%			
			<u>209</u>				<u>530</u>	Controladora Mabe, S.A. de C.V.: 6.500%, 12-15-15	50	51	
Integrated Oil & Gas – 0.7%				Construction Materials – 0.7%				6.500%, 12-15-15 (C)	25	25	
Royal Dutch Shell plc, Class A (B)	3		98	CEMEX S.A.B. de C.V., 9.000%, 1-11-18 (C) ...		100	105			<u>76</u>	
Oil & Gas Drilling – 0.4%				Diversified Banks – 5.9%				Independent Power Producers & Energy Traders – 0.7%			
Seadrill Partners LLC	2		53	Banco Bradesco S.A., 4.125%, 5-16-16 (C) ...		200	206	China Resources Power Holdings Company Limited, 3.750%, 8-3-15	100	103	
Pharmaceuticals – 1.3%				Banco Cruzeiro do Sul S.A., 7.000%, 7-8-13 (E) ...		115	34	Machinery – 0.7%			
Bristol-Myers Squibb Company	2		68	Banco de Credito del Peru, 4.750%, 3-16-16 (C) ...		100	103	Rearden G Holdings EINS GmbH, 7.875%, 3-30-20 (C)	100	102	
GlaxoSmithKline plc (B)	4		111	Banco Santander Chile, S.A., 6.500%, 9-22-20 (F) ...	CLP50,000		97	Marine – 1.9%			
			<u>179</u>	Bancolombia S.A., 4.250%, 1-12-16	\$	100	103	PB Issuer (No. 2) Limited, Convertible, 1.750%, 4-12-16	90	89	
Semiconductors – 0.8%				State Bank of India, 4.500%, 10-23-14		100	103	SCF Capital Limited, 5.375%, 10-27-17	200	193	
Intel Corporation	4		109	VTB Capital S.A., 6.000%, 4-12-17 (C) ...		200	207			<u>282</u>	
Water Utilities – 0.2%							<u>853</u>	Multi-Utilities – 0.5%			
Aguas Andinas S.A. (B)	34		25	Diversified Metals & Mining – 3.9%				Black Hills Corporation, 9.000%, 5-15-14	65	69	
			<u>\$807</u>	Glencore Funding LLC, 6.000%, 4-15-14 (C) ...		60	62	Oil & Gas Drilling – 2.2%			
TOTAL COMMON STOCKS – 5.7%				Suzano Trading Ltd, 5.875%, 1-23-21 (C) ...		100	94	Lancer Finance Company (SPV) Limited, 5.850%, 12-12-16 (C)	57	58	
(Cost: \$747)				Uralkali Finance Limited, 3.723%, 4-30-18 (C) ...		200	192	Noble Group Limited, 4.875%, 8-5-15	100	104	
CORPORATE DEBT SECURITIES				Vedanta Resources plc, 6.000%, 1-31-19 (C) ...		200	191	QGOG Atlantic/Alaskan Rigs Ltd., 5.250%, 7-30-18 (C)	151	153	
							<u>539</u>			<u>315</u>	
Aerospace & Defense – 1.2%				Electric Utilities – 4.5%				Oil & Gas Exploration & Production – 2.7%			
Bombardier Inc., 7.500%, 3-15-18 (C)	\$	50	56	Compania de Transporte de Energia Electrica en Alta Tension TRANSENER S.A., 9.750%, 8-15-21 (C) ...		50	23	Essar Energy Investment Limited, Convertible, 4.250%, 2-1-16	100	82	
Embraer Overseas Limited, 6.375%, 1-24-17	100		108	Emgesa S.A. E.S.P., 8.750%, 1-25-21 (F) ...	COP302,000		173	Novatek Finance Limited, 5.326%, 2-3-16 (C)	200	209	
			<u>164</u>	Empresa Distribuidora y Comercializadora Norte S.A., 9.750%, 10-25-22 (C) .. \$			50	24			
Agricultural Products – 1.5%											
CCL Finance Limited, 9.500%, 8-15-14	100		107								
Corporacion Pesquera Inca S.A.C., 9.000%, 2-10-17	100		105								
			<u>212</u>								
Airlines – 1.1%											
Aeropuertos Argentina 2000 S.A., 10.750%, 12-1-20 (C)	52		48								
TAM Capital 2 Inc., 9.500%, 1-29-20	100		103								
			<u>151</u>								

SCHEDULE OF INVESTMENTS

Global Bond *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

CORPORATE DEBT

SECURITIES (Continued)

	Principal	Value
Oil & Gas Exploration & Production (Continued)		
Pan American Energy LLC, 7.875%, 5-7-21	\$ 100	\$ 96
		<u>387</u>
Oil & Gas Storage & Transportation – 2.5%		
Empresas Publicas de Medellin E.S.P., 8.375%, 2-1-21 (F) . . . COP274,000		153
TransCapital Limited, 5.670%, 3-5-14 (C) . . . \$	200	205
		<u>358</u>
Packaged Foods & Meats – 1.6%		
BFF International Limited, 7.250%, 1-28-20	100	109
Bunge Limited Finance Corp., 5.350%, 4-15-14	25	26
JBS Finance II Ltd., 8.250%, 1-29-18 (C) . . .	100	101
		<u>236</u>
Paper Products – 1.5%		
Inversiones CMPC S.A. (GTD by Empresas CMPC S.A.): 4.750%, 1-19-18 (C) . . .	25	26
4.375%, 5-15-23 (C) . . .	200	192
		<u>218</u>
Restaurants – 0.8%		
Arcos Dorados Holdings, Inc., 10.250%, 7-13-16 (F) . . . BRL	250	112
Service – Other – 0.9%		
Net Servicos de Comunicacao S.A., 7.500%, 1-27-20 \$	120	131
Steel – 0.7%		
Steel Capital S.A., 6.700%, 10-25-17	100	103

CORPORATE DEBT

SECURITIES (Continued)

	Principal	Value
Telecommunications – 1.3%		
TBG Global Pte. Ltd., 4.625%, 4-3-18 (C) \$	200	191
Wireless Telecommunication Service – 1.1%		
VimpleCom Holdings B.V., 9.000%, 2-13-18 (C)(F) . . . RUB5,000		150
TOTAL CORPORATE DEBT SECURITIES – 46.4%		\$6,617
(Cost: \$6,833)		
OTHER GOVERNMENT SECURITIES		
Argentina – 0.7%		
City of Buenos Aires, 12.500%, 4-6-15 (C) \$	100	100
Luxembourg – 1.0%		
BC Luxco 1 S.A., 7.375%, 1-29-20	150	143
Supranational – 0.4%		
Central American Bank for Economic Integration, 5.375%, 9-24-14	58	61
Venezuela – 1.2%		
Corporacion Andina de Fomento, 3.750%, 1-15-16	155	163
TOTAL OTHER GOVERNMENT SECURITIES – 3.3%		\$ 467
(Cost: \$480)		
UNITED STATES GOVERNMENT OBLIGATIONS		
Treasury Obligations – 34.1%		
United States Treasury Notes:		
0.875%, 2-28-17	1,200	1,197
0.625%, 8-31-17	1,500	1,469
0.750%, 12-31-17	2,000	1,955
2.125%, 8-15-21	100	100

UNITED STATES

GOVERNMENT

OBLIGATIONS (Continued)

	Principal	Value
Treasury Obligations (Continued)		
1.750%, 5-15-22 \$	\$145	\$ 138
		<u>4,859</u>
TOTAL UNITED STATES GOVERNMENT OBLIGATIONS – 34.1%		4,859
(Cost: \$4,956)		
SHORT-TERM SECURITIES		
Commercial Paper – 8.0%		
Caterpillar Financial Services Corporation (GTD by Caterpillar Inc.), 0.120%, 7-25-13 (G) . . .	300	300
Exxon Mobil Corporation, 0.080%, 7-30-13 (G) . . .	250	250
GlaxoSmithKline Finance plc (GTD by GlaxoSmithKline plc), 0.120%, 7-31-13 (G) . . .	337	337
Siemens Capital Corp. (GTD by Siemens AG), 0.090%, 7-26-13 (G) . . .	250	250
		<u>1,137</u>
Master Note – 2.2%		
Toyota Motor Credit Corporation, 0.111%, 7-3-13 (H)	317	317
TOTAL SHORT-TERM SECURITIES – 10.2%		\$ 1,454
(Cost: \$1,454)		
TOTAL INVESTMENT SECURITIES – 99.7%		\$14,204
(Cost: \$14,470)		
CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.3%		49
NET ASSETS – 100.0%		\$14,253

Notes to Schedule of Investments

*Not shown due to rounding.

(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. At June 30, 2013, the total value of these securities amounted to \$3,186 or 22.4% of net assets.

(D)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2013.

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

(F)Principal amounts are denominated in the indicated foreign currency, where applicable (BRL – Brazilian Real, CLP – Chilean Peso, COP – Colombian Peso and RUB – Russian Ruble).

(G)Rate shown is the yield to maturity at June 30, 2013.

(H)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2013. Date shown represents the date that the variable rate resets.

(I)Unit consists of one common share and two preferred shares.

SCHEDULE OF INVESTMENTS

Global Bond *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

The following forward foreign currency contracts were outstanding at June 30, 2013:

Type	Currency	Counterparty	Principal Amount of Contract (Denominated in Indicated Currency)	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
Sell	British Pound	Barclays Capital, Inc.	106	9-12-13	\$ 5	\$ —
Sell	British Pound	Barclays Capital, Inc.	21	9-12-13	—	—*
					<u>\$ 5</u>	<u>\$ —*</u>

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Common Stocks	\$807	\$ —	\$—
Corporate Debt Securities	—	6,559	58
Other Government Securities	—	467	—
United States Government Obligations	—	4,859	—
Short-Term Securities	—	1,454	—
Total	<u>\$807</u>	<u>\$13,339</u>	<u>\$58</u>
Forward Foreign Currency Contracts	\$ —	\$ 5	\$ —
Liabilities			
Forward Foreign Currency Contracts	\$ —	\$ —*	\$ —

During the period ended June 30, 2013, securities totaling \$136 were transferred from Level 2 to Level 1 due to lack of significant market movements following the close of local trading.

The following acronym is used throughout this schedule:

GTD = Guaranteed

Country Diversification

<i>(as a % of net assets)</i>	
United States	37.6%
Brazil	10.3%
Russia	5.6%
Netherlands	4.8%
India	3.4%
United Kingdom	3.3%
Luxembourg	3.2%
Columbia	3.0%
Argentina	2.9%

+Includes cash and cash equivalents and other assets and liabilities

Country Diversification (Continued)

Singapore	2.6%
Chile	2.4%
Indonesia	2.2%
Venezuela	1.2%
Panama	1.2%
Mexico	1.2%
American Samoa	1.1%
Other Countries	3.5%
Other ⁺	10.5%

See Accompanying Notes to Financial Statements.

PORTFOLIO HIGHLIGHTS

Global Natural Resources

ALL DATA IS AS OF JUNE 30, 2013 (UNAUDITED)

Asset Allocation

Stocks	88.2%
Energy	56.8%
Materials	28.3%
Industrials	2.5%
Information Technology	0.6%
Purchased Options	4.5%
Cash and Cash Equivalents	7.3%

Country Weightings

North America	67.2%
United States	58.1%
Canada	9.1%
Europe	18.4%
United Kingdom	8.2%
Cyprus	3.5%
Other Europe	6.7%
Pacific Basin	2.6%
Cash and Cash Equivalents and Options	11.8%

Top 10 Equity Holdings

Company	Country	Sector	Industry
Halliburton Company	United States	Energy	Oil & Gas Equipment & Services
Cameron International Corporation	United States	Energy	Oil & Gas Equipment & Services
Rio Tinto plc	United Kingdom	Materials	Diversified Metals & Mining
Anadarko Petroleum Corporation	United States	Energy	Oil & Gas Exploration & Production
Schlumberger Limited	United States	Energy	Oil & Gas Equipment & Services
Ocean Rig UDW Inc.	Cyprus	Energy	Oil & Gas Drilling
Noble Corporation	Switzerland	Energy	Oil & Gas Drilling
Marathon Oil Corporation	United States	Energy	Oil & Gas Exploration & Production
Cabot Oil & Gas Corporation	United States	Energy	Oil & Gas Exploration & Production
Freeport-McMoRan Copper & Gold Inc., Class B	United States	Materials	Diversified Metals & Mining

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, 2013 (UNAUDITED)

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value	Number of Contracts (Unrounded)	Value
Canada – 9.1%			United States (Continued)			PURCHASED OPTIONS	
Agrium Inc.	17	\$ 1,478	Celanese Corporation, Series A	75	\$ 3,360	Cameron International Corporation, Call \$50.00, Expires 11-16-13	550 \$ 693
Detour Gold Corporation (A)	297	2,332	Concho Resources Inc. (A)	20	1,674	Energy Select Sector SPDR Fund, Put \$90.00, Expires 9-21-13	1,500 1,838
First Quantum Minerals Ltd.	305	4,525	Continental Resources, Inc. (A)	32	2,754	Goldcorp Inc., Call \$25.00, Expires 7-20-13	2,000 207
Osisko Mining Corporation (A)	80	265	Denbury Resources Inc. (A)	115	1,992	Market Vectors Gold Miners ETF, Call \$24.00, Expires 9-21-13	1,900 454
Potash Corporation of Saskatchewan Inc.	50	1,907	Eastman Chemical Company	19	1,330	Occidental Petroleum Corporation, Call \$60.00, Expires 11-16-13	700 2,102
Suncor Energy Inc.	110	3,242	EOG Resources, Inc.	18	2,370	Potash Corporation of Saskatchewan Inc., Call CAD30.00, Expires 7-20-13 (D)	730 715
Tahoe Resources Inc. (A)	11	153	Freeport-McMoRan Copper & Gold Inc., Class B	170	4,694	Schlumberger Limited, Call \$55.00, Expires 11-16-13	800 1,406
Yamana Gold Inc.	125	1,192	Gulfport Energy Corporation (A)	32	1,506	TOTAL PURCHASED OPTIONS – 4.5%	\$7,415
		<u>15,094</u>	Halliburton Company	192	8,009	(Cost: \$10,255)	
China – 1.2%			KBR, Inc.	100	3,250	SHORT-TERM SECURITIES	Principal
China Metal Recycling (Holdings) Limited (A)	1,900	1,041	Marathon Oil Corporation	150	5,188	Commercial Paper – 4.5%	
GCL-Poly Energy Holdings Limited (A)	4,500	969	Marathon Petroleum Corporation	7	497	L Oreal USA, Inc., 0.050%, 7-1-13 (E) ..	\$2,482 2,482
		<u>2,010</u>	Mosaic Company (The)	37	1,991	Total Capital Canada Ltd. (GTD by Total S.A.), 0.090%, 7-10-13 (E) ..	5,000 5,000
Cyprus – 3.5%			National Oilwell Varco, Inc.	15	1,034		<u>7,482</u>
Ocean Rig UDW Inc. (A)	310	5,806	Noble Energy, Inc.	72	4,323	Master Note – 1.1%	
			Oasis Petroleum LLC (A) ..	20	777	Toyota Motor Credit Corporation, 0.111%, 7-3-13 (F) ...	1,850 1,850
Italy – 0.7%			Occidental Petroleum Corporation	19	1,695	Municipal Obligations – Taxable – 1.2%	
Eni S.p.A.	60	1,232	Petroleum Development Corporation (A)	18	927	MS Business Fin Corp, Gulf Opp Zone Incl Dev Var Rev Bonds (Chevron U.S.A. Inc. Proj), Ser E (GTD by Chevron Corporation), 0.060%, 7-1-13 (F) ...	2,000 2,000
Luxembourg – 0.9%			Pioneer Natural Resources Company	20	2,895		
Pacific Drilling S.A. (A)	150	1,467	Reliance Steel & Aluminum Co.	36	2,360		
			Schlumberger Limited (B) ..	85	6,091		
Netherlands – 1.9%			St. Mary Land & Exploration Company	34	2,039		
Chicago Bridge & Iron Company N.V., NY Shares	15	895	Superior Energy Services, Inc. (A)	120	3,113		
LyondellBasell Industries N.V., Class A	33	2,186	Valero Energy Corporation	66	2,295		
		<u>3,081</u>	Williams Companies, Inc. (The)	95	3,085		
South Korea – 1.4%					<u>96,946</u>		
LG Chem, Ltd.	11	2,326	TOTAL COMMON STOCKS – 88.2%		\$146,948		
			(Cost: \$158,139)				
Switzerland – 3.2%			PREFERRED STOCKS				
Noble Corporation	140	5,261	United States – 0.0%				
			Konarka Technologies, Inc., 8.000% Cumulative (A)(C)	68	—*		
United Kingdom – 8.2%							
Antofagasta plc	60	725	TOTAL PREFERRED STOCKS – 0.0%		\$ —*		
BG Group plc	75	1,276	(Cost: \$211)				
Randgold Resources Limited, ADR	69	4,419					
Rio Tinto plc.	179	7,305					
		<u>13,725</u>					
United States – 58.1%							
Anadarko Petroleum Corporation	85	7,305					
Atwood Oceanics, Inc. (A)	78	4,060					
Axiall Corporation	60	2,555					
Boise Inc.	125	1,068					
Cabot Oil & Gas Corporation	67	4,758					
Cameron International Corporation (A)	130	7,951					

SCHEDULE OF INVESTMENTS

Global Natural Resources *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

SHORT-TERM SECURITIES (Continued)	Value
TOTAL SHORT-TERM SECURITIES – 6.8%	\$ 11,332
(Cost: \$11,332)	
TOTAL INVESTMENT SECURITIES – 99.5%	\$ 165,695
(Cost: \$179,937)	
CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.5%	753
NET ASSETS – 100.0%	\$ 166,448

Notes to Schedule of Investments

*Not shown due to rounding.

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

(B) All or a portion of the security position has been pledged as collateral on open futures contracts.

(C) Restricted security. At June 30, 2013, the Portfolio owned the following restricted security:

Security	Acquisition Date(s)	Shares	Cost	Market Value
Konarka Technologies, Inc., 8.000% Cumulative	8-31-07	68	\$211	\$—

The total value of this security represented 0.0% of net assets at June 30, 2013.

(D) Principal amounts are denominated in the indicated foreign currency, where applicable (CAD – Canadian Dollar).

(E) Rate shown is the yield to maturity at June 30, 2013.

(F) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2013. Date shown represents the date the variable rate resets.

The following forward foreign currency contracts were outstanding at June 30, 2013:

Type	Currency	Counterparty	Principal Amount of Contract (Denominated in Indicated Currency)	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
Sell	British Pound	Bank of New York Mellon (The)	1,015	7-19-13	\$ 20	\$ —
Sell	British Pound	Canadian Imperial Bank of Commerce	2,134	7-26-13	9	—
Sell	British Pound	Royal Bank of Canada	170	8-2-13	8	—
Sell	British Pound	Royal Bank of Canada	1,393	8-2-13	—	1
Sell	British Pound	Bank of New York Mellon (The)	989	8-23-13	—	12
Sell	Canadian Dollar	Royal Bank of Canada	2,000	7-12-13	53	—
Sell	Canadian Dollar	Royal Bank of Canada	2,530	7-19-13	60	—
Sell	Canadian Dollar	State Street Global Markets	2,670	7-26-13	110	—
Sell	Canadian Dollar	Canadian Imperial Bank of Commerce	2,130	8-30-13	69	—
Sell	Canadian Dollar	Bank of New York Mellon (The)	2,845	9-13-13	53	—
Sell	Euro	Canadian Imperial Bank of Commerce	302	7-12-13	—	—*
Sell	Euro	Royal Bank of Canada	446	7-19-13	1	—
Sell	Euro	Royal Bank of Canada	141	7-19-13	—	3
Sell	South Korean Won	Canadian Imperial Bank of Commerce	291,000	7-26-13	5	—
Sell	South Korean Won	Bank of New York Mellon (The)	766,800	9-13-13	2	—
Sell	South Korean Won	Royal Bank of Canada	178,770	9-27-13	1	—
					\$391	\$ 16

The following futures contracts were outstanding at June 30, 2013 (contracts unrounded):

Description	Type	Expiration Date	Number of Contracts	Market Value	Unrealized Appreciation
S&P 500 E-mini	Short	9-20-13	325	\$(25,989)	\$75
S&P/Toronto Stock Exchange 60 Index	Short	9-20-13	28	(3,689)	11
				\$(29,678)	\$86

SCHEDULE OF INVESTMENTS

Global Natural Resources *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Common Stocks			
Energy	\$ 94,623	\$ —	\$ —
Industrials	4,145	—	—
Information Technology	969	—	—
Materials	46,170	—	1,041
Total Common Stocks	\$145,907	\$ —	\$1,041
Purchased Options	6,493	922	—
Short-Term Securities	—	11,332	—
Total	\$152,400	\$12,254	\$1,041
Forward Foreign Currency Contracts	\$ —	\$ 391	\$ —
Futures Contracts	\$ 86	\$ —	\$ —
Liabilities			
Forward Foreign Currency Contracts	\$ —	\$ 16	\$ —

During the period ended June 30, 2013, securities totaling \$13,108 were transferred from Level 2 to Level 1 due to lack of significant market movements following the close of local trading.

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts
GTD = Guaranteed

Market Sector Diversification

<i>(as a % of net assets)</i>	
Energy	56.8%
Materials	28.3%
Industrials	2.5%
Information Technology	0.6%
Other ⁺	11.8%

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

See Accompanying Notes to Financial Statements.

Asset Allocation

Stocks	98.7%
Consumer Discretionary	25.9%
Information Technology	24.4%
Industrials	14.4%
Health Care	13.4%
Consumer Staples	7.2%
Telecommunication Services	4.8%
Materials	4.7%
Energy	3.9%
Cash and Cash Equivalents	1.3%

Top 10 Equity Holdings

Company	Sector
Visa Inc., Class A	Information Technology
MasterCard Incorporated, Class A	Information Technology
Gilead Sciences, Inc.	Health Care
Las Vegas Sands, Inc.	Consumer Discretionary
Monsanto Company	Materials
CBS Corporation, Class B	Consumer Discretionary
Apple Inc.	Information Technology
Philip Morris International Inc.	Consumer Staples
Biogen Idec Inc.	Health Care
Union Pacific Corporation	Industrials

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, 2013 (UNAUDITED)

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
Aerospace & Defense – 3.5%			Distillers & Vintners – 0.5%			Pharmaceuticals (Continued)		
Boeing Company (The) . . .	174	\$17,773	Beam Inc.	83	\$ 5,213	Shire Pharmaceuticals		
Precision Castparts						Group plc, ADR	55	\$ 5,231
Corp.	85	19,166						37,228
		<u>36,939</u>	Diversified Chemicals – 1.3%					
			PPG Industries, Inc.	94	13,763			
Apparel Retail – 0.7%						Railroads – 7.0%		
Limited Brands, Inc.	150	7,383				Canadian Pacific		
			Fertilizers & Agricultural Chemicals – 3.4%			Railway Limited	226	27,456
Apparel, Accessories & Luxury Goods – 0.7%			Monsanto Company	360	35,597	Kansas City		
Under Armour, Inc.,						Southern	174	18,458
Class A (A)	130	7,738	Footwear – 1.6%			Union Pacific		
			NIKE, Inc., Class B	263	16,761	Corporation	179	27,632
								<u>73,546</u>
Automotive Retail – 2.1%			Health Care Facilities – 1.5%			Restaurants – 2.0%		
AutoZone, Inc. (A)	40	16,821	HCA Holdings, Inc.	423	15,253	Starbucks		
O'Reilly Automotive,						Corporation	317	20,747
Inc. (A)	51	5,687	Home Improvement Retail – 3.3%					
		<u>22,508</u>	Home Depot, Inc. (The) . .	306	23,713			
			Lowe's Companies, Inc. . .	275	11,252			
					<u>34,965</u>	Semiconductor Equipment – 1.5%		
Biotechnology – 8.3%						Applied Materials,		
Amgen Inc.	161	15,835	Hotels, Resorts & Cruise Lines – 1.5%			Inc.	520	7,747
Biogen Idec Inc. (A)	130	27,998	Starwood Hotels & Resorts			ASML Holding N.V.,		
Gilead Sciences,			Worldwide, Inc.	245	15,453	NY Registry		
Inc. (A)	861	44,076				Shares	102	8,076
		<u>87,909</u>	Industrial Conglomerates – 0.7%					<u>15,823</u>
Brewers – 2.2%			Danaher Corporation	114	7,191	Semiconductors – 2.3%		
Anheuser-Busch InBev						Altera Corporation	394	13,002
S.A., ADR	258	23,305	Industrial Machinery – 2.5%			Microchip Technology		
			Pall Corporation	137	9,121	Incorporated	301	11,223
Broadcasting – 3.7%			Pentair, Inc.	292	16,828			<u>24,225</u>
CBS Corporation,					<u>25,949</u>	Systems Software – 1.9%		
Class B	683	33,359	Internet Retail – 2.0%			Oracle Corporation	483	14,847
Discovery Holding			Amazon.com, Inc. (A)	76	21,132	VMware, Inc., Class A		
Company,						(A)	70	4,703
Class A (A)	66	5,088	Internet Software & Services – 3.0%					<u>19,550</u>
		<u>38,447</u>	Facebook, Inc.,			Tobacco – 2.7%		
Cable & Satellite – 0.9%			Class A (A)	191	4,758	Philip Morris		
Time Warner Cable Inc. . .	84	9,448	Google Inc., Class A (A) . .	31	26,904	International Inc. . . .	329	28,498
					<u>31,662</u>			
Casinos & Gaming – 6.1%			Motorcycle Manufacturers – 1.3%			Wireless Telecommunication Service – 4.8%		
Las Vegas Sands, Inc.	752	39,777	Harley-Davidson, Inc.	258	14,138	American Tower		
Wynn Resorts, Limited	182	23,232				Corporation,		
		<u>63,009</u>	Oil & Gas Equipment & Services – 3.9%			Class A	251	18,388
Communications Equipment – 3.5%			Core Laboratories N.V. . . .	35	5,232	Crown Castle		
Cisco Systems, Inc.	854	20,756	National Oilwell Varco,			International		
QUALCOMM			Inc.	250	17,253	Corp. (A)	333	24,134
Incorporated	258	15,787	Schlumberger Limited	251	17,983	SBA Communications		
		<u>36,543</u>			<u>40,468</u>	Corporation (A)	107	7,916
Computer Hardware – 2.9%			Personal Products – 1.8%					<u>50,438</u>
Apple Inc.	76	30,142	Coty Inc., Class A (A)	267	4,592	TOTAL COMMON		
			Estee Lauder Companies,			STOCKS – 98.7%		\$1,034,810
Construction & Farm Machinery & Heavy			Inc. (The), Class A	213	14,003			
Trucks – 0.7%					<u>18,595</u>	(Cost: \$850,676)		
Caterpillar Inc.	92	7,556	Pharmaceuticals – 3.6%					
			Allergan, Inc.	119	10,058			
Data Processing & Outsourced Services – 9.3%			Bristol-Myers Squibb					
MasterCard Incorporated,			Company	157	7,016			
Class A	80	46,190	Johnson & Johnson	174	14,923			
Visa Inc., Class A	282	51,498						
		<u>97,688</u>						

SCHEDULE OF INVESTMENTS

Growth (in thousands)

JUNE 30, 2013 (UNAUDITED)

SHORT-TERM SECURITIES	Principal	Value
Commercial Paper – 0.9%		
Nestle Finance International Ltd. (GTD by Nestle S.A.), 0.120%, 7-24-13 (B) . . .		
	\$4,000	\$ 4,000
Prudential Funding LLC (GTD by Prudential Financial Inc.), 0.070%, 7-1-13 (B) . . .		
	5,753	5,753
		<u>9,753</u>
Master Note – 0.2%		
Toyota Motor Credit Corporation, 0.111%, 7-3-13 (C) . . .		
	2,042	2,042
TOTAL SHORT-TERM SECURITIES – 1.1%		\$ 11,795
(Cost: \$11,795)		
TOTAL INVESTMENT SECURITIES – 99.8%		\$1,046,605
(Cost: \$862,471)		
CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.2%		2,059
NET ASSETS – 100.0%		\$1,048,664

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, 2013.

(C) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2013. Date shown represents the date that the variable rate resets.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Common Stocks	\$1,034,810	\$ —	\$ —
Short-Term Securities	—	11,795	—
Total	<u>\$1,034,810</u>	<u>\$11,795</u>	<u>\$ —</u>

As of June 30, 2013, there were no transfers between Level 1 and 2 during the period.

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts

GTD = Guaranteed

See Accompanying Notes to Financial Statements.

PORTFOLIO HIGHLIGHTS

High Income

ALL DATA IS AS OF JUNE 30, 2013 (UNAUDITED)

Asset Allocation

Bonds	92.2%
Corporate Debt Securities	73.9%
Loans	18.3%
Cash and Cash Equivalents and Equities	7.8%

Quality Weightings

Investment Grade	0.6%
BBB	0.6%
Non-Investment Grade	91.6%
BB	9.1%
B	48.9%
CCC	30.4%
Non-rated	3.2%
Cash and Cash Equivalents and Equities	7.8%

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, 2013 (UNAUDITED)

COMMON STOCKS			CORPORATE DEBT SECURITIES (Continued)			CORPORATE DEBT SECURITIES (Continued)		
	Shares	Value		Principal	Value		Principal	Value
Casinos & Gaming – 0.0%			Aerospace & Defense (Continued)			Broadcasting (Continued)		
New Cotai Participation Corp, Class B (A)	—*	\$ 48	Silver II Borrower SCA and Silver II US Holdings, 7.750%, 12-15-20 (C)	\$ 704	\$ 707	Harron Communications, L.P. and Harron Finance Corporation, 9.125%, 4-1-20 (C)	\$ 550	\$ 594
Food Retail – 0.0%			Agricultural Products – 1.1%			WideOpenWest Finance, LLC and WideOpenWest CapitalCorp.:		
Roundy's Supermarkets, Inc.	3	26	American Seafoods Group LLC, 10.750%, 5-15-16 (C)	2,383	2,478	10.250%, 7-15-19	3,930	4,176
Gas Utilities – 0.0%			ASG Consolidated LLC,			13.375%, 10-15-19		
Suburban Propane Partners, L.P.	4	165	15.000%, 5-15-17 (C)(D)	3,086	3,272	<u>10,083</u>		
Oil & Gas Storage & Transportation – 0.2%			Alternative Carriers – 1.8%			Building Products – 3.5%		
Inergy Midstream, L.P.	14	316	Level 3 Communications, Inc.:			American Builders & Contractors Supply Co., Inc., 5.625%, 4-15-21 (C)	608	597
Inergy, L.P.	33	527	11.875%, 2-1-19	4,715	5,339	Builders FirstSource, Inc., 7.625%, 6-1-21 (C)	354	342
<u>843</u>			8.875%, 6-1-19			HD Supply, Inc.:		
Railroads – 0.1%			Level 3 Communications, Inc. and Level 3 Financing, Inc., 7.000%, 6-1-20			11.000%, 4-15-20		
Kansas City Southern	3	297	Level 3 Financing, Inc.:			7.500%, 7-15-20 (C)		
Trading Companies & Distributors – 0.2%			8.125%, 7-1-19			11.500%, 7-15-20		
HD Supply Holdings, Inc. (A)	70	1,316	8.625%, 7-15-20			10.500%, 1-15-21		
TOTAL COMMON STOCKS – 0.5%			<u>9,779</u>			Ply Gem Industries, Inc., 8.250%, 2-15-18 (C)		
(Cost: \$2,176)			Auto Parts & Equipment – 1.3%			Unifrax I LLC and Unifrax Holding Company, 7.500%, 2-15-19 (C)		
PREFERRED STOCKS			Affinia Group Intermediate Holdings Inc., 7.750%, 5-1-21 (C)			7.500%, 2-15-19 (C)		
Consumer Finance – 0.2%			IDQ Acquisition Corp., 14.000%, 10-1-17 (C)(D)			1,360		
Ally Financial Inc., 8.125%	22	573	IDQ Holdings, Inc., 11.500%, 4-1-17 (C)			<u>18,777</u>		
Ally Financial Inc., Preferred 8.5%	18	456	Schaeffler Finance B.V., 4.750%, 5-15-21 (C)			Cable & Satellite – 1.6%		
<u>1,029</u>			<u>7,126</u>			Cablevision Systems Corporation,		
Steel – 0.1%			Automotive Manufacturers – 0.6%			5.875%, 9-15-22		
ArcelorMittal, Convertible Preferred	23	424	Chrysler Group LLC and CG: 8.000%, 6-15-19			2,593		
TOTAL PREFERRED STOCKS – 0.3%			8.250%, 6-15-21			2,510		
(Cost: \$1,525)			Jaguar Land Rover plc, 5.625%, 2-1-23 (C)			CCO Holdings, LLC and CCO Holdings Capital Corp., 5.750%, 1-15-24		
WARRANTS			Automotive Retail – 1.4%			2,129		
Agricultural Products – 0.0%			Asbury Automotive Group, Inc., 8.375%, 11-15-20			2,054		
ASG Consolidated LLC, Expires 5-15-18 (B)	1	210	Sonic Automotive, Inc., 5.000%, 5-15-23 (C)			DISH DBS Corporation: 6.750%, 6-1-21		
TOTAL WARRANTS – 0.0%			<u>7,401</u>			5.000%, 3-15-23		
(Cost: \$72)			Broadcasting – 1.9%			LYNX I CORP., 5.375%, 4-15-21 (C)		
CORPORATE DEBT SECURITIES			Cumulus Media Inc., 7.750%, 5-1-19			LYNX II CORP., 6.375%, 4-15-23 (C)		
Aerospace & Defense – 0.3%			Casinos & Gaming – 0.4%			Nara Cable Funding Limited, 8.875%, 12-1-18 (C)		
Ducommun Incorporated, 9.750%, 7-15-18	\$146	160	MCE Finance Limited, 5.000%, 2-15-21 (C)			321		
GenCorp Inc., 7.125%, 3-15-21 (C)	558	578	MGM Mirage, 11.375%, 3-1-18			929		
TOTAL CORPORATE DEBT SECURITIES – 0.5%			<u>2,065</u>			WaveDivision Escrow LLC and WaveDivision Escrow Corp., 8.125%, 9-1-20 (C)		
(Cost: \$2,695)			TOTAL COMMON STOCKS, PREFERRED STOCKS, WARRANTS AND CORPORATE DEBT SECURITIES – 0.5%			<u>2,065</u>		

SCHEDULE OF INVESTMENTS

High Income *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

CORPORATE DEBT

SECURITIES (Continued)	Principal	Value
Coal & Consumable Fuels – 0.4%		
Arch Coal, Inc., 9.875%, 6-15-19 (C)	\$2,096	\$ 1,991
Commodity Chemicals – 0.8%		
Orion Engineered Carbons Holdings GmbH, 9.250%, 8-1-19 (C)(D)	4,333	4,333
Communications Equipment – 0.8%		
Eagle Midco, Inc., 9.000%, 6-15-18 (C)(D)	4,155	4,051
Construction & Engineering – 0.0%		
USG Corporation, 9.750%, 1-15-18	213	242
Construction Materials – 1.0%		
Headwaters Incorporated, 7.625%, 4-1-19	922	963
Headwaters Incorporated, Convertible, 8.750%, 2-1-16	2,475	2,697
Hillman Group, Inc. (The), 10.875%, 6-1-18	1,407	1,523
		<u>5,183</u>
Consumer Finance – 4.3%		
Creditcorp, 12.000%, 7-15-18 (C)	2,378	2,356
General Motors Financial Company, Inc.: 3.250%, 5-15-18 (C)	1,073	1,043
4.250%, 5-15-23 (C)	644	600
Speedy Cash Intermediate Holdings Corp., 10.750%, 5-15-18 (C)	5,523	5,773
Speedy Group Holdings Corp., 12.000%, 11-15-17 (C)	986	1,025
TMX Finance Holdings Inc., 11.000%, 10-15-15 (C)(D)	1,075	1,075
TMX Finance LLC and TitleMax Finance Corporation: 13.250%, 7-15-15	590	632
TransUnion Holding Company, Inc., 8.125%, 6-15-18 (C)(D)	4,093	4,333
TransUnion LLC and TransUnion Financing Corporation, 9.625%, 6-15-18 (D)	5,680	6,064
		<u>22,901</u>
Containers – 0.4%		
BOE Merger Corporation, 9.500%, 11-1-17 (C)(D)	1,609	1,641
Sealed Air Corporation, 5.250%, 4-1-23 (C)	588	572
		<u>2,213</u>

CORPORATE DEBT

SECURITIES (Continued)	Principal	Value
Data Processing & Outsourced Services – 2.4%		
Alliance Data Systems Corporation: 5.250%, 12-1-17 (C)(D)	\$ 6,900	\$ 7,108
6.375%, 4-1-20 (C)(D)	5,233	5,390
		<u>12,498</u>
Distillers & Vintners – 0.3%		
Constellation Brands, Inc.: 3.750%, 5-1-21	856	801
4.250%, 5-1-23	843	796
		<u>1,597</u>
Distributors – 0.4%		
LKQ Corporation, 4.750%, 5-15-23 (C)	2,250	2,149
Diversified Banks – 0.7%		
Bank of America Corporation: 8.000%, 12-29-49 (E)	2,950	3,286
8.125%, 12-29-49 (E)	426	479
		<u>3,765</u>
Diversified Capital Markets – 0.6%		
Patriot Merger Corp., 9.000%, 7-15-21 (C)	3,421	3,344
Diversified Chemicals – 0.2%		
Kinove German Bondco GmbH, 10.000%, 6-15-18 (C)(F)	EUR 598	850
Diversified Metals & Mining – 2.0%		
American Gilsonite Holding Company, 11.500%, 9-1-17 (C)	\$ 1,905	2,005
FMG Resources Pty Ltd.: 6.375%, 2-1-16 (C)	2,800	2,797
6.000%, 4-1-17 (C)	653	635
6.875%, 2-1-18 (C)	300	296
8.250%, 11-1-19 (C)	1,169	1,204
6.875%, 4-1-22 (C)	2,739	2,657
Walter Energy, Inc.: 9.875%, 12-15-20 (C)	1,069	930
8.500%, 4-15-21 (C)	501	401
		<u>10,925</u>
Diversified Support Services – 0.4%		
Nexeo Solutions, LLC, 8.375%, 3-1-18	2,146	2,135
Education Services – 1.8%		
Laureate Education, Inc., 9.250%, 9-1-19 (C)	9,103	9,740
Electric Utilities – 0.4%		
Alliant Holdings, 7.875%, 12-15-20 (C)	2,202	2,213

CORPORATE DEBT

SECURITIES (Continued)	Principal	Value
Electronic Components – 0.5%		
WireCo WorldGroup Inc., 9.500%, 5-15-17	\$2,517	\$ 2,605
Electronic Manufacturing Services – 0.7%		
Jabil Circuit, Inc., 4.700%, 9-15-22	451	434
KEMET Corporation, 10.500%, 5-1-18	3,015	3,075
		<u>3,509</u>
Environmental & Facilities Services – 0.2%		
Heckmann Corporation, 9.875%, 4-15-18 (C)	790	824
Food Distributors – 4.1%		
Alphabet Holding Company, Inc., 7.750%, 11-1-17 (D)	882	904
Hawk Acquisition Sub, Inc., 4.250%, 10-15-20 (C)	1,003	959
Michael Foods Holding, Inc., 8.500%, 7-15-18 (C)(D)	7,292	7,511
Simmons Foods, Inc., 10.500%, 11-1-17 (C)	2,519	2,651
U.S. Foodservice, Inc., 8.500%, 6-30-19	8,086	8,450
Viskase Companies, Inc., 9.875%, 1-15-18 (C)	1,325	1,401
		<u>21,876</u>
Food Retail – 0.3%		
Pantry, Inc., (The), 8.375%, 8-1-20	1,100	1,181
Safway Group Holding LLC and Safway Finance Corp., 7.000%, 5-15-18 (C)	368	361
		<u>1,542</u>
Gaming – 1.0%		
New Cotai, LLC and New Cotai Capital Corp., 10.625%, 5-1-19 (C)(D)	5,398	5,290
Health Care Equipment – 0.5%		
DJO Finance LLC and DJO Finance Corporation, 9.750%, 10-15-17	420	428
Immucor, Inc., 11.125%, 8-15-19	2,147	2,330
		<u>2,758</u>
Health Care Facilities – 2.8%		
Acadia Healthcare Company, Inc., 6.125%, 3-15-21 (C)	867	867
Alere Inc.: 7.250%, 7-1-18 (C)	1,220	1,293
6.500%, 6-15-20 (C)	876	850
Chiron Merger Sub, Inc., 12.500%, 11-1-19	811	835

SCHEDULE OF INVESTMENTS

High Income *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

CORPORATE DEBT

SECURITIES (Continued)	Principal	Value
Health Care Facilities (Continued)		
Kindred Healthcare, Inc., 8.250%, 6-1-19	\$ 756	\$ 775
Physio-Control International, Inc., 9.875%, 1-15-19 (C)	1,080	1,188
Tenet Healthcare Corporation: 6.750%, 2-1-20	1,408	1,366
6.875%, 11-15-31	3,993	3,434
Truven Health Analytics, 10.625%, 6-1-20 (C)	4,000	4,399
		<u>15,007</u>
Health Care Services – 0.6%		
MedImpact Holdings, Inc., 10.500%, 2-1-18 (C)	2,770	3,075
Home Furnishings – 0.6%		
Empire Today, LLC and Empire Today Finance Corp., 11.375%, 2-1-17 (C)	4,026	3,221
Industrial - Other – 0.1%		
MasTec, Inc., 4.875%, 3-15-23	837	795
Industrial Machinery – 0.2%		
Dematic S.A. and DH Services Luxembourg S.a.r.l., 7.750%, 12-15-20 (C) ...	286	299
Dynacast International LLC and Dynacast Finance Inc., 9.250%, 7-15-19	594	647
		<u>946</u>
Integrated Telecommunication Services – 0.2%		
CenturyLink, Inc., 5.625%, 4-1-20	920	929
Investment Banking & Brokerage – 2.2%		
E*TRADE Financial Corporation: 6.750%, 6-1-16	780	801
6.000%, 11-15-17	2,500	2,525
6.375%, 11-15-19	3,750	3,807
GFI Group Inc., 9.625%, 7-19-18	1,735	1,683
Isabelle Acquisition Sub Inc., 10.000%, 11-15-18 (D) ..	2,827	3,039
		<u>11,855</u>
IT Consulting & Other Services – 0.2%		
SRA International, Inc. and Sterling Merger, Inc., 11.000%, 10-1-19	1,089	1,122

CORPORATE DEBT

SECURITIES (Continued)	Principal	Value
Leisure Facilities – 1.4%		
Palace Entertainment Holdings, LLC, 8.875%, 4-15-17 (C) ...	\$2,742	\$ 2,824
Regal Entertainment Group, 5.750%, 2-1-25	3,505	3,330
Viking Cruises, Ltd., 8.500%, 10-15-22 (C) ..	1,110	1,215
		<u>7,369</u>
Life Sciences Tools & Services – 0.5%		
VWR Funding, Inc., 7.250%, 9-15-17	2,648	2,741
Lodging – 0.3%		
Ryman Hospitality Properties, Inc., 5.000%, 4-15-21 (C)	1,898	1,841
Marine – 1.1%		
TRAC Intermodal LLC and TRAC Intermodal Corp., 11.000%, 8-15-19 (C) ..	5,365	5,902
Metal & Glass Containers – 2.2%		
Ardagh Packaging Finance plc and Ardagh Holdings USA Inc. (GTD by Ardagh Packaging Holdings Limited), 7.000%, 11-15-20 (C) ..	702	677
BlueScope Steel (Finance) Limited and BlueScope Steel Finance (USA) LLC, 7.125%, 5-1-18 (C)	2,746	2,787
BOE Intermediate Holding Corporation, 9.000%, 11-1-17 (C)(D) ..	1,764	1,693
Consolidated Container Company LLC and Consolidated Container Capital, Inc., 10.125%, 7-15-20 (C) ..	6,579	6,908
		<u>12,065</u>
Movies & Entertainment – 0.6%		
AMC Entertainment Holdings, Inc., 9.750%, 12-1-20	990	1,121
Carmike Cinemas, Inc., 7.375%, 5-15-19	1,813	1,949
		<u>3,070</u>
Oil & Gas Drilling – 0.3%		
RDS Ultra-Deepwater Ltd, 11.875%, 3-15-17 (C) ..	1,560	1,685
Oil & Gas Equipment & Services – 0.3%		
Global Geophysical Services, Inc., 10.500%, 5-1-17	2,135	1,841

CORPORATE DEBT

SECURITIES (Continued)	Principal	Value
Oil & Gas Exploration & Production – 0.5%		
Chesapeake Energy Corporation, 5.750%, 3-15-23	\$1,506	\$ 1,525
Sabine Pass Liquefaction, LLC: 5.625%, 2-1-21 (C)	1,010	980
5.625%, 4-15-23 (C)	359	339
		<u>2,844</u>
Oil & Gas Refining & Marketing – 3.4%		
Energy Partners Ltd., 8.250%, 2-15-18	4,122	4,245
EP Energy, 9.375%, 5-1-20	986	1,114
EP Energy LLC and Everest Acquisition Finance Inc., 7.750%, 9-1-22	336	360
Everest Acquisition, LLC and Everest Acquisition Finance, Inc., 6.875%, 5-1-19	370	396
Offshore Group Investment Limited: 7.500%, 11-1-19	2,850	2,971
7.125%, 4-1-23 (C)	1,858	1,825
PetroBakken Energy Ltd., 8.625%, 2-1-20 (C)	265	252
Samson Investment Company, 10.000%, 2-15-20 (C)(E) ...	3,481	3,668
Shelf Drilling Holdings, Ltd., 8.625%, 11-1-18 (C)	2,827	2,940
		<u>17,771</u>
Oil Services – 0.1%		
Sidewinder Drilling Inc, 9.750%, 11-15-19 (C) ..	578	585
Packaged Foods & Meats – 0.9%		
Bumble Bee Foods, LLC: 9.000%, 12-15-17 (C) ..	2,212	2,350
9.625%, 3-15-18 (C)(D) ...	2,175	2,262
		<u>4,612</u>
Paper & Forest Products – 0.4%		
Neenah Paper, Inc., 5.250%, 5-15-21 (C)	2,000	1,950
Paper Packaging – 0.6%		
Reynolds Group Holdings Limited: 9.000%, 4-15-19	2,880	2,974
8.250%, 2-15-21	280	277
		<u>3,251</u>
Pharmaceuticals – 1.1%		
Jaguar Holding Co I, 9.375%, 10-15-17 (C)(D) ...	2,410	2,519
VPII Escrow Corp.: 6.750%, 8-15-18 (C)	1,899	1,946
7.500%, 7-15-21 (C)	1,424	1,474
		<u>5,939</u>

SCHEDULE OF INVESTMENTS

High Income *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

CORPORATE DEBT

SECURITIES (Continued)	Principal	Value
Precious Metals & Minerals – 0.4%		
Prince Mineral Holding Corp, 11.500%, 12-15-19 (C) ..	\$ 1,792	\$ 1,917
Real Estate Investment Trust – 0.2%		
CBRE Services, Inc., 5.000%, 3-15-23	1,053	998
Restaurants – 1.6%		
Carrols Restaurant Group, Inc., 11.250%, 5-15-18	537	604
Dave & Buster's, Inc., 0.000%, 2-15-16 (C)(G)	5,280	4,091
NPC International, Inc., 10.500%, 1-15-20	2,438	2,795
Shearer's Foods LLC, and Chip Finance Corporation, 9.000%, 11-1-19	846	895
		<u>8,385</u>
Retail Stores – 2.6%		
Coinstar, Inc., 6.000%, 3-15-19 (C)	2,735	2,732
Hot Topic, Inc., 9.250%, 6-15-21 (C)	1,445	1,463
Jo-Ann Stores Holdings, Inc., 9.750%, 10-15-19 (C)(D) ..	7,132	7,327
PETCO Holdings Inc, 8.500%, 10-15-17 (C)(D) ..	1,891	1,929
Radio Systems Corp, 8.375%, 11-1-19 (C)	443	472
		<u>13,923</u>
Satellite – 0.1%		
Sirius XM Radio Inc., 4.625%, 5-15-23 (C)	508	470
Semiconductor Equipment – 0.0%		
Photronics, Inc., Convertible, 3.250%, 4-1-16	170	186
Semiconductors – 0.2%		
Freescale Semiconductor, Inc., 8.050%, 2-1-20	1,302	1,318
Service – Other – 1.9%		
B-Corp Merger Sub, Inc., 8.250%, 6-1-19	4,564	4,473
Emdeon, Inc., 11.000%, 12-31-19	2,204	2,485
Flextronics International Ltd.: 4.625%, 2-15-20 (C)	749	727
5.000%, 2-15-23 (C)	2,248	2,174
NES Rentals Holdings, Inc., 7.875%, 5-1-18 (C)	616	608
		<u>10,467</u>

CORPORATE DEBT

SECURITIES (Continued)	Principal	Value
Specialized Consumer Services – 1.4%		
Carlson Wagonlit B.V.: 6.875%, 6-15-19 (C) ...	\$ 2,243	\$ 2,265
7.500%, 6-15-19 (C)(F) ...	EUR1,787	2,381
ServiceMaster Company (The), 8.000%, 2-15-20	\$ 1,394	1,391
StoneMor Partners L.P. and Cornerstone Family Services of West Virginia Subsidiary, Inc., 7.875%, 6-1-21 (C)	1,281	1,255
		<u>7,292</u>
Specialized Finance – 1.5%		
CNG Holdings, Inc., 9.375%, 5-15-20 (C) ...	675	648
Consolidated Communications Finance Co., 10.875%, 6-1-20	1,710	1,932
International Lease Finance Corporation: 3.875%, 4-15-18	286	269
5.875%, 4-1-19	815	823
4.625%, 4-15-21	286	263
5.875%, 8-15-22	1,234	1,223
WM Finance Corp., 11.500%, 10-1-18	931	1,066
WM Holdings Finance Corp., 13.750%, 10-1-19	1,495	1,742
		<u>7,966</u>
Specialized REITs – 0.8%		
CNL Lifestyles Properties, Inc., 7.250%, 4-15-19	4,412	4,401
Specialty Stores – 1.4%		
Bon-Ton Stores, Inc. (The), 8.000%, 6-15-21 (C) ...	1,274	1,295
New Academy Finance Co LLC, 8.000%, 6-15-18 (C)(D) ...	3,274	3,356
Spencer Spirit Holdings, Inc., 9.000%, 5-1-18 (C)(D) ...	2,920	2,847
		<u>7,498</u>
Steel – 0.1%		
Severstal Columbus LLC, 10.250%, 2-15-18	720	746
Technology – 0.9%		
Atlantis Merger Sub, Inc. and SoftBrands, Inc., 11.500%, 7-15-18	2,296	2,600
J2 Global, Inc., 8.000%, 8-1-20	1,502	1,570
VeriSign, Inc., 4.625%, 5-1-23 (C)	760	737
		<u>4,907</u>

CORPORATE DEBT

SECURITIES (Continued)	Principal	Value
Technology Distributors – 0.6%		
Sophia, L.P. and Sophia Finance, Inc., 9.750%, 1-15-19 (C) ..	\$ 3,215	\$ 3,440
Thriffs & Mortgage Finance – 0.7%		
Provident Funding Associates, L.P. and PFG Finance Corp.: 10.125%, 2-15-19 (C) ..	495	547
6.750%, 6-15-21 (C) ..	3,073	3,065
		<u>3,612</u>
Tobacco – 0.3%		
Sun Products Corporation, 7.750%, 3-15-21 (C) ..	1,853	1,839
Wireless – 0.1%		
DigitalGlobe, Inc., 5.250%, 2-1-21 (C) ...	468	449
Wireless Telecommunication Service – 0.4%		
Digicel Group Limited: 10.500%, 4-15-18 (C) ..	928	985
8.250%, 9-30-20 (C) ..	357	369
Wind Acquisition Finance S.A., 11.750%, 7-15-17 (C) ..	685	712
		<u>2,066</u>
TOTAL CORPORATE DEBT SECURITIES – 73.9%		\$394,776
(Cost: \$387,318)		
LOANS		
Application Software – 2.3%		
Misys plc and Magic Newco, LLC, 12.000%, 6-12-19 (E)	10,973	12,399
Casinos & Gaming – 0.4%		
Centaur Acquisition, LLC:		
5.250%, 1-31-19 (E) ...	528	525
8.750%, 1-31-20 (E) ...	370	373
Harrah's Las Vegas Propco, LLC, 3.690%, 2-13-14 (E) ...	1,078	996
		<u>1,894</u>
Chemicals – 0.2%		
AI Chem & Cy S.C.A., 8.250%, 3-12-20 (E) ...	1,231	1,231
Diversified Chemicals – 0.2%		
MacDermid, Incorporated, 7.750%, 12-6-20 (E) ...	1,065	1,074

SCHEDULE OF INVESTMENTS

High Income *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

LOANS (Continued)	Principal	Value	LOANS (Continued)	Principal	Value	LOANS (Continued)	Principal	Value
Diversified Real Estate Activities – 2.2%			Independent Power Producers & Energy Traders – 0.4%			Specialized Finance – 0.4%		
HLT Property Acquisition, LLC, 4.193%, 11-12-15 (E)	\$11,971	\$11,777	Texas Competitive Electric Holdings Company, LLC: 4.693%, 10-10-17 (E) . . .	\$2,210	\$ 1,540	Orchard Acquisition Company, LLC, 9.000%, 2-4-19 (E)	\$2,036	\$ 2,008
LTS Buyer, LLC, 8.000%, 3-15-21 (E)	115	115	4.775%, 10-10-17 (E) . . .	1,081	753			
		<u>11,892</u>			<u>2,293</u>	TOTAL LOANS – 18.3%		\$ 97,717
Diversified Support Services – 1.5%			Internet Software & Services – 0.2%			(Cost: \$96,775)		
Advantage Sales & Marketing, Inc.: 8.250%, 6-18-18 (E)	4,890	4,895	W3 Co., 9.250%, 8-21-20 (E)	892	901	SHORT-TERM SECURITIES		
Sprint Industrial Holdings, LLC: 0.000%, 4-23-19 (E)	500	499	Leisure Facilities – 0.1%			Commercial Paper – 6.4%		
7.000%, 4-23-19 (E)	2,192	2,197	Northfield Park Associates LLC, 9.000%, 11-9-18 (E)	457	471	American Honda Finance Corp. (GTD by Honda Motor Co.), 0.180%, 8-23-13 (H) . . .	2,050	2,049
11.250%, 4-23-19 (E)	722	720				Bemis Company, Inc., 0.300%, 7-1-13 (H) . . .	2,000	2,000
		<u>8,311</u>	Leisure Products – 0.5%			Clorox Company (The), 0.270%, 7-22-13 (H) . . .	7,300	7,298
Environmental & Facilities Services – 0.3%			Visant Corporation, 5.250%, 12-22-16 (E) . . .	3,500	3,329	Exxon Mobil Corporation, 0.050%, 7-24-13 (H) . . .	2,000	2,000
K2 Pure Solutions Nocal, L.P., 10.500%, 9-10-15 (E)	1,360	1,339	Metal & Glass Containers – 0.4%			Harley-Davidson Financial Services (GTD by Harley-Davidson Credit Corp.): 0.220%, 7-2-13 (H) . . .	6,000	6,000
Food Distributors – 0.5%			Evergreen Tank Solution, Inc., 9.500%, 9-11-18 (E)	2,051	2,041	0.220%, 7-18-13 (H) . . .	3,000	3,000
Performance Food Group, Inc., 6.250%, 11-17-19 (E) . . .	2,143	2,121	Movies & Entertainment – 2.5%			Kroger Co. (The): 0.280%, 7-1-13 (H) . . .	3,829	3,829
U.S. Foods, Inc., 4.500%, 3-31-19 (E)	649	641	Formula One Holdings Ltd. and Alpha Topco Limited, 9.250%, 10-16-19 (E) . . .	5,642	5,916	0.300%, 7-8-13 (H) . . .	5,000	5,000
		<u>2,762</u>	Formula One Holdings Ltd. and Delta Two S.a.r.l.: 0.000%, 4-30-19 (E)	4,793	4,781	Virginia Electric and Power Company, 0.240%, 7-2-13 (H) . . .	3,000	3,000
Food Retail – 0.6%			4.500%, 4-30-19 (E)	3,233	3,226			<u>34,176</u>
Focus Brands, Inc.: 10.250%, 8-21-18 (E) . . .	2,837	2,873			<u>13,923</u>	TOTAL SHORT-TERM SECURITIES – 6.4%		\$ 34,176
Health Care Equipment – 0.7%			Oil & Gas Exploration & Production – 1.7%			(Cost: \$34,177)		
Carestream Health, Inc., 0.000%, 12-5-19 (E)	3,544	3,473	Chesapeake Energy Corporation, 5.750%, 12-2-17 (E)	8,000	8,098	TOTAL INVESTMENT SECURITIES – 99.4%		\$531,027
Health Care Facilities – 0.3%			Sabine Oil & Gas LLC, 8.750%, 12-31-18 (E) . . .	843	839	(Cost: \$522,043)		
National Surgical Hospitals, Inc., 8.250%, 2-3-17 (E)	1,764	1,759			<u>8,937</u>	CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.6%		3,136
Health Care Supplies – 0.8%			Oil & Gas Refining & Marketing – 0.2%					
Sage Products Holdings III, LLC, 9.250%, 6-13-20 (E)	3,952	4,023	Samson Investment Company, 6.000%, 9-25-18 (E)	1,116	1,112	NET ASSETS – 100.0%		\$534,163
Health Care Technology – 0.3%			Paper Packaging – 0.6%					
Merge Healthcare, Inc., 6.000%, 4-1-19 (E)	1,699	1,707	FPC Holdings, Inc., 9.250%, 5-16-20 (E)	1,740	1,649			
Hotels, Resorts & Cruise Lines – 0.1%			Ranpak Corp., 8.500%, 4-10-20 (E)	1,358	1,358			
Four Seasons Hotels Limited, 0.000%, 12-13-20 (E) . . .	571	575			<u>3,007</u>			
Hypermarkets & Super Centers – 0.3%			Research & Consulting Services – 0.6%					
BJ's Wholesale Club, Inc., 9.750%, 3-6-20 (E)	1,337	1,360	AlixPartners, LLP, 10.750%, 6-29-19 (E) . . .	2,978	3,023			

SCHEDULE OF INVESTMENTS

High Income *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

Notes to Schedule of Investments

*Not shown due to rounding.

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

(B) Warrants entitle the Portfolio to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.

(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. At June 30, 2013, the total value of these securities amounted to \$231,821 or 43.4% of net assets.

(D) Payment-in-kind bonds.

(E) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2013.

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

(G) Zero coupon bond.

(H) Rate shown is the yield to maturity at June 30, 2013.

The following forward foreign currency contracts were outstanding at June 30, 2013:

Type	Currency	Counterparty	Principal Amount of Contract (Denominated in Indicated Currency)	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
Sell	Euro	Morgan Stanley International	2,664	7-22-13	\$103	\$ —

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Common Stocks	\$ 2,647	\$ —	\$ 48
Preferred Stocks	1,453	—	—
Warrants	—	210	—
Corporate Debt Securities	—	393,701	1,075
Loans	—	75,300	22,417
Short-Term Securities	—	34,176	—
Total	\$ 4,100	\$503,387	\$23,540
Forward Foreign Currency Contracts	\$ —	\$ 103	\$ —

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

	Common Stocks	Warrants	Corporate Debt Securities	Loans
Beginning Balance 1-1-13	\$ —	\$ 36	\$ —	\$19,751
Net realized gain (loss)	—	—	—	40
Net change in unrealized appreciation (depreciation)	(14)	—	—	(666)
Purchases	62	—	—	9,679
Sales	—	—	—	(1,762)
Accrued discounts/premiums	—	—	—	13
Transfers into Level 3 during the period	—	—	1,075	1,357
Transfers out of Level 3 during the period	—	(36)	—	(5,995)
Ending Balance 6-30-13	\$ 48	\$ —	\$1,075	\$22,417
Net change in unrealized appreciation (depreciation) for all Level 3 investments still held as of 6-30-13	\$(14)	\$ —	\$ —	\$ 339

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 values as of the beginning of the reporting period. There were no transfers between Levels 1 and 2 during the period ended June 30, 2013.

SCHEDULE OF INVESTMENTS

High Income *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

Quantitative Information about Level 3 fair value measurements:

	Fair Value at 6-30-13	Valuation Technique(s)	Unobservable Input(s)
Assets			
Common Stocks	\$ 48	Broker quote	Broker quote
Corporate Debt Securities	1,075	Purchase price	Purchase price
Loans	22,417	Third-party valuation service	Broker quotes

The following acronyms are used throughout this schedule:

GTD = Guaranteed

REIT = Real Estate Investment Trust

See Accompanying Notes to Financial Statements.

PORTFOLIO HIGHLIGHTS

International Core Equity

ALL DATA IS AS OF JUNE 30, 2013 (UNAUDITED)

Asset Allocation

Stocks	95.7%
Financials	16.0%
Consumer Staples	14.2%
Health Care	11.9%
Consumer Discretionary	10.5%
Industrials	10.1%
Information Technology	9.0%
Energy	8.7%
Telecommunication Services	8.5%
Materials	5.3%
Utilities	1.5%
Cash and Cash Equivalents	4.3%

Country Weightings

Europe	57.1%
United Kingdom	23.5%
France	11.6%
Germany	6.6%
Netherlands	4.6%
Sweden	4.4%
Other Europe	6.4%
Pacific Basin	34.8%
Japan	18.6%
Australia	4.5%
China	3.9%
Other Pacific Basin	7.8%
North America	1.6%
Other	2.2%
Cash and Cash Equivalents	4.3%

Top 10 Equity Holdings

Company	Country	Sector	Industry
Royal Dutch Shell plc, Class A	United Kingdom	Energy	Integrated Oil & Gas
GlaxoSmithKline plc	United Kingdom	Health Care	Pharmaceuticals
Unilever plc	United Kingdom	Consumer Staples	Packaged Foods & Meats
Total S.A.	France	Energy	Integrated Oil & Gas
Shire plc	United Kingdom	Health Care	Pharmaceuticals
Teva Pharmaceutical Industries Limited, ADR	Israel	Health Care	Pharmaceuticals
Cheung Kong (Holdings) Limited	Hong Kong	Financials	Real Estate Development
Prudential plc	United Kingdom	Financials	Life & Health Insurance
Bayer AG	Germany	Health Care	Pharmaceuticals
Nissin Kogyo Co., Ltd.	Japan	Consumer Discretionary	Auto Parts & Equipment

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, 2013 (UNAUDITED)

Notes to Schedule of Investments

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

(B) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. At June 30, 2013, the total value of these securities amounted to \$16,354 or 2.5% of net assets.

(C) Rate shown is the yield to maturity at June 30, 2013.

(D) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2013. Date shown represents the date the variable rate resets.

The following forward foreign currency contracts were outstanding at June 30, 2013:

Type	Currency	Counterparty	Principal Amount of Contract (Denominated in Indicated Currency)	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
Sell	British Pound	Barclays Capital, Inc.	10,600	7-22-13	\$ 444	\$—
Sell	Euro	Barclays Capital, Inc.	37,300	7-22-13	1,471	—
Sell	Japanese Yen	Barclays Capital, Inc.	3,152,000	7-22-13	1,261	—
					<u>\$3,176</u>	<u>\$—</u>

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Common Stocks	\$627,654	\$ —	\$ —
Short-Term Securities	—	22,641	—
Total	<u>\$627,654</u>	<u>\$ 22,641</u>	<u>\$ —</u>
Forward Foreign Currency Contracts	\$ —	\$ 3,176	\$ —

During the period ended June 30, 2013, securities totaling \$412,762 were transferred from Level 2 to Level 1 due to lack of significant market movements following the close of local trading.

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts

GTD = Guaranteed

Market Sector Diversification

(as a % of net assets)

Financials	16.0%
Consumer Staples	14.2%
Health Care	11.9%
Consumer Discretionary	10.5%
Industrials	10.1%
Information Technology	9.0%
Energy	8.7%
Telecommunication Services	8.5%
Materials	5.3%
Utilities	1.5%
Other+	4.3%

+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, 2013 (UNAUDITED)

Asset Allocation

Stocks	84.0%
Industrials	20.3%
Consumer Discretionary	17.4%
Health Care	14.4%
Information Technology	8.7%
Financials	6.8%
Consumer Staples	6.6%
Materials	4.7%
Energy	3.1%
Telecommunication Services	2.0%
Cash and Cash Equivalents	16.0%

Country Weightings

Europe	51.7%
Germany	13.6%
France	13.5%
United Kingdom	12.5%
Switzerland	3.9%
Other Europe	8.2%
Pacific Basin	26.0%
Japan	14.1%
Australia	3.9%
Other Pacific Basin	8.0%
North America	4.1%
Other	2.2%
Cash and Cash Equivalents	16.0%

Top 10 Equity Holdings

Company	Country	Sector	Industry
Safran	France	Industrials	Aerospace & Defense
Bayer AG	Germany	Health Care	Pharmaceuticals
Vinci	France	Industrials	Construction & Engineering
Diageo plc	United Kingdom	Consumer Staples	Distillers & Vintners
Shire plc	United Kingdom	Health Care	Pharmaceuticals
InBev NV	United States	Consumer Staples	Brewers
Galaxy Entertainment Group Limited, ADR	Hong Kong	Consumer Discretionary	Casinos & Gaming
Teva Pharmaceutical Industries Limited, ADR	Israel	Health Care	Pharmaceuticals
Telstra Corporation Limited	Australia	Telecommunication Services	Integrated Telecommunication Services
GlaxoSmithKline 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 Growth *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
Australia – 3.9%			Japan – 14.1%			United Kingdom (Continued)		
Coca-Cola Amatil Limited . . .	417	\$ 4,850	Bridgestone Corporation . . .	290	\$ 9,866	Prudential plc	503	\$ 8,224
David Jones Limited	1,900	4,432	Canon Inc.	115	3,764	Shire plc	363	11,517
Telstra Corporation Limited	2,412	10,520	Fuji Heavy Industries Ltd.	121	2,983			
		<u>19,802</u>	JGC Corporation	177	6,371			<u>63,373</u>
			Komatsu Ltd.	235	5,440			
Canada – 0.8%			Mitsubishi Corporation	366	6,264	United States – 3.3%		
Agrium Inc.	49	4,214	Mitsubishi Electric Corporation	514	4,815	InBev NV	127	11,269
			Mitsui & Co., Ltd.	246	3,096	Schlumberger Limited	79	5,642
China – 0.6%			Mitsui Trust Holdings, Inc.	440	2,054			<u>16,911</u>
Ping An Insurance (Group) Company of China, Ltd., A Shares	528	2,990	Mizuho Financial Group, Inc.	2,808	5,832	TOTAL COMMON STOCKS – 82.6%		
			Nissin Kogyo Co., Ltd.	386	6,994	\$418,914		
			ORIX Corporation	666	9,096	(Cost: \$383,309)		
France – 13.5%			Sumitomo Corporation	379	4,721	PREFERRED STOCKS		
Alstom	126	4,111			<u>71,296</u>	Germany – 1.4%		
Cap Gemini S.A.	160	7,792	Luxembourg – 0.4%			Volkswagen AG, 2.260%		
Compagnie Generale des Etablissements Michelin, Class B	80	7,138	Acergy S.A.	105	1,840	35	7,095	
European Aeronautic Defence and Space Company	70	3,752				TOTAL PREFERRED STOCKS – 1.4%		
European Aeronautic Defence and Space Company (A)	72	3,859	Netherlands – 1.4%			\$ 7,095		
LVMH Moet Hennessy – Louis Vuitton	42	6,845	ASML Holding N.V., Ordinary Shares	88	6,980	(Cost: \$7,019)		
Safran	255	13,340	Norway – 2.7%			SHORT-TERM SECURITIES		
Sanofi-Aventis	95	9,828	Seadrill Limited	197	7,951	Principal		
Vinci	241	12,078	Yara International ASA	146	5,827	Commercial Paper – 10.6%		
		<u>68,743</u>			<u>13,778</u>	L Air Liquide S.A., 0.140%, 8-2-13 (C) . . . \$ 5,000		
			South Korea – 1.5%			4,999		
Germany – 12.2%			Samsung Electronics Co., Ltd.	7	7,732	Caterpillar Financial Services Corporation (GTD by Caterpillar Inc.), 0.120%, 7-25-13 (C) . . .		
adidas AG	55	5,915				3,000 3,000		
Bayer AG	113	12,089	Sweden – 2.6%			Exxon Mobil Corporation, 0.080%, 7-30-13 (C) . . .		
DaimlerChrysler AG, Registered Shares	169	10,230	AB Volvo, Class B	530	7,093	6,000 6,000		
Deutsche Lufthansa AG	320	6,499	Telefonaktiebolaget LM Ericsson, B Shares	541	6,132	Harley-Davidson Financial Services (GTD by Harley-Davidson Credit Corp.), 0.200%, 7-19-13 (C) . . .		
Fresenius SE & Co. KGaA	85	10,502			<u>13,225</u>	15,000 14,997		
Linde AG	28	5,159	Switzerland – 3.9%			Kellogg Co., 0.150%, 7-1-13 (C) . . .		
MTU Aero Engines Holding AG	92	8,919	Credit Suisse Group AG, Registered Shares	230	6,091	5,364 5,364		
SAP AG	35	2,531	Novartis AG, Registered Shares	119	8,469	Mondelez International, Inc., 0.150%, 7-1-13 (C) . . .		
		<u>61,844</u>	Swatch Group Ltd (The), Bearer Shares	10	5,479	4,347 4,347		
					<u>20,039</u>	Praxair, Inc., 0.050%, 7-2-13 (C) . . .		
Hong Kong – 3.3%			Taiwan – 1.9%			5,000 5,000		
Galaxy Entertainment Group Limited, ADR (B)	2,264	11,092	High Tech Computer Corp. (B)	542	4,322	Total Capital Canada Ltd. (GTD by Total S.A.), 0.090%, 7-10-13 (C) . . .		
Yue Yuen Industrial (Holdings) Limited	2,233	5,787	MediaTek Incorporation	446	5,186	10,000 10,000		
		<u>16,879</u>			<u>9,508</u>	<u>53,707</u>		
			United Kingdom – 12.5%			Master Note – 0.3%		
India – 0.7%			British American Tobacco plc	111	5,668	Toyota Motor Credit Corporation, 0.111%, 7-3-13 (D) . . .		
NMDC Limited (B)	227	403	Capita Group plc (The)	225	3,302	1,502 1,502		
NMDC Limited (A)(B)	1,689	2,998	Diageo plc	404	11,539			
		<u>3,401</u>	Experian plc	469	8,152			
			GlaxoSmithKline plc	419	10,514			
Ireland – 1.1%			Pearson plc	250	4,457			
Smurfit Kappa Group plc	330	5,402						
Israel – 2.2%								
Teva Pharmaceutical Industries Limited, ADR	280	10,957						

SCHEDULE OF INVESTMENTS

International Growth *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

SHORT-TERM SECURITIES

	Principal	Value
Municipal Obligations – Taxable – 0.9%		
MS Business Fin Corp, Gulf Opp Zone Indl Dev Rev Bonds (Chevron U.S.A. Inc. Proj), Ser 2007B (GTD by Chevron Corporation), 0.050%, 7-1-13 (D) . . .	\$4,588	\$ 4,588
NYC GO Bonds, Fiscal 2006 Ser E (GTD by Bank of America, N.A.), 0.070%, 7-7-13 (D) . . .	48	48
		<u>4,636</u>
United States Government Agency Obligations – 0.9%		
Overseas Private Investment Corporation (GTD by United States Government), 0.150%, 7-3-13 (D) . . .	4,712	4,712
		<u>4,712</u>
TOTAL SHORT-TERM SECURITIES – 12.7%		\$ 64,557
(Cost: \$64,558)		
TOTAL INVESTMENT SECURITIES – 96.7%		\$490,566
(Cost: \$454,886)		
CASH AND OTHER ASSETS, NET OF LIABILITIES – 3.3%		16,796
NET ASSETS – 100.0%		\$507,362

Notes to Schedule of Investments

(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. At June 30, 2013, the total value of these securities amounted to \$6,857 or 1.4% of net assets.

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

(C)Rate shown is the yield to maturity at June 30, 2013.

(D)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2013. Date shown represents the date the variable rate resets.

The following forward foreign currency contracts were outstanding at June 30, 2013:

Type	Currency	Counterparty	Principal Amount of Contract (Denominated in Indicated Currency)	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
Sell	Euro	Societe Generale Bank	82,900	7-22-13	\$3,268	\$ —
Sell	Japanese Yen	Goldman Sachs International	3,646,400	7-22-13	1,499	—
					<u>\$4,767</u>	<u>\$ —</u>

SCHEDULE OF INVESTMENTS

International Growth *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Common Stocks	\$ 418,914	\$ —	\$ —
Preferred Stocks	7,095	—	—
Short-Term Securities	—	64,557	—
Total	\$ 426,009	\$ 64,557	\$ —
Forward Foreign Currency Contracts	\$ —	\$ 4,767	\$ —

During the period ended June 30, 2013, securities totaling \$382,078 were transferred from Level 2 to Level 1 due to lack of significant market movements following the close of local trading.

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts

GTD = Guaranteed

Market Sector Diversification

(as a % of net assets)

Industrials	20.3%
Consumer Discretionary	17.4%
Health Care	14.4%
Information Technology	8.7%
Financials	6.8%
Consumer Staples	6.6%
Materials	4.7%
Energy	3.1%
Telecommunication Services	2.0%
Other+	16.0%

+ Includes cash and cash equivalents and other assets and liabilities

See Accompanying Notes to Financial Statements.

PORTFOLIO HIGHLIGHTS

Limited-Term Bond

ALL DATA IS AS OF JUNE 30, 2013 (UNAUDITED)

Asset Allocation

Bonds	68.9%
Corporate Debt Securities	51.6%
United States Government and Government Agency Obligations	17.3%
Cash and Cash Equivalents	31.1%

Quality Weightings

Investment Grade	63.1%
AA	20.2%
A	19.0%
BBB	23.9%
Non-Investment Grade	5.8%
BB	5.7%
B	0.1%
Cash and Cash Equivalents	31.1%

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

Limited-Term Bond *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

CORPORATE DEBT SECURITIES			CORPORATE DEBT SECURITIES (Continued)			CORPORATE DEBT SECURITIES (Continued)		
	Principal	Value		Principal	Value		Principal	Value
Aerospace & Defense – 1.3%			Consumer Finance (Continued)			Food Distributors – 0.7%		
Bombardier Inc., 7.500%, 3-15-18 (A)	\$2,000	\$2,220	Penske Truck Leasing Co., LP and PTL Finance Corp., 3.125%, 5-11-15 (A)	\$2,000	\$2,065	ConAgra Foods, Inc., 7.000%, 4-15-19	\$1,000	\$1,206
Apparel Retail – 1.4%					<u>6,371</u>	Forest Products – 0.7%		
Limited Brands, Inc., 8.500%, 6-15-19	2,000	2,320	Data Processing & Outsourced Services – 0.7%			Georgia-Pacific, LLC, 5.400%, 11-1-20 (A)	1,000	1,115
Apparel, Accessories & Luxury Goods – 0.6%			Fidelity National Financial, Inc., 6.600%, 5-15-17			Health Care Services – 0.6%		
LVMH Moët Hennessy – Louis Vuitton, 1.625%, 6-29-17 (A)	1,000	984	Department Stores – 0.7%			Quest Diagnostics Incorporated, 3.200%, 4-1-16	1,000	1,037
Automobile Manufacturers – 1.2%			Macy's Retail Holdings, Inc., 7.450%, 7-15-17			Health Care Supplies – 0.6%		
Nissan Motor Acceptance Corporation, 1.950%, 9-12-17 (A)	1,000	993	Distillers & Vintners – 1.6%			DENTSPLY International Inc., 2.750%, 8-15-16	1,000	1,027
Volkswagen International Finance N.V., 2.375%, 3-22-17 (A)	1,000	1,015	Beam Inc., 1.875%, 5-15-17	1,500	1,497	Health Care Supply – 1.4%		
		<u>2,008</u>	Diageo Capital plc, 5.750%, 10-23-17	1,000	1,150	Abbott Laboratories, 4.125%, 5-27-20	1,000	1,084
Banking – 0.6%					<u>2,647</u>	Express Scripts, Inc., 7.250%, 6-15-19	1,000	1,234
Commonwealth Bank of Australia New York, 1.950%, 3-16-15	1,000	1,018	Diversified Banks – 3.7%					<u>2,318</u>
Brewers – 2.5%			Bank of America Corporation, 5.650%, 5-1-18	1,000	1,111	Independent Finance – 0.6%		
Anheuser-Busch InBev SA/ NV, 1.250%, 1-17-18	2,000	1,941	Barclays Bank plc, 2.375%, 1-13-14	1,500	1,512	John Deere Capital Corporation, 1.200%, 10-10-17	1,000	973
Heineken N.V., 1.400%, 10-1-17 (A)	2,000	1,942	HSBC Bank plc, 3.100%, 5-24-16 (A)	1,000	1,049	Industrial Conglomerates – 1.0%		
SABMiller Holdings Inc., 1.850%, 1-15-15 (A)	500	507	U.S. Bancorp, 2.200%, 11-15-16	1,000	1,026	General Electric Capital Corporation, 5.625%, 5-1-18	1,500	1,720
		<u>4,390</u>	Wachovia Corporation, 5.750%, 2-1-18	1,500	1,726	Industrial Machinery – 0.6%		
Cable & Satellite – 1.7%					<u>6,424</u>	Ingersoll-Rand Global Holding Company Limited, 2.875%, 1-15-19 (A)	1,000	986
DIRECTV Holdings LLC and DIRECTV Financing Co., Inc., 5.875%, 10-1-19	1,000	1,125	Diversified Chemicals – 0.7%			Integrated Oil & Gas – 1.4%		
Time Warner Cable Inc., 6.750%, 7-1-18	1,562	1,788	Dow Chemical Company (The), 4.250%, 11-15-20	1,168	1,229	Petro-Canada, 6.050%, 5-15-18	1,130	1,309
		<u>2,913</u>	Diversified Metals & Mining – 0.9%			Shell International Finance B.V., 4.300%, 9-22-19	1,000	1,109
Coal & Consumable Fuels – 0.7%			Rio Tinto Finance (USA) Limited, 2.250%, 9-20-16	1,500	1,531			<u>2,418</u>
Joy Global Inc., 6.000%, 11-15-16	1,000	1,130	Electric Utilities – 0.6%			Integrated Telecommunication Services – 2.0%		
Computer & Electronics Retail – 0.6%			Great Plains Energy Incorporated, 2.750%, 8-15-13	1,000	1,002	AT&T Inc., 5.800%, 2-15-19	1,000	1,159
Best Buy Co., Inc., 7.250%, 7-15-13	1,000	1,002	Electronic Manufacturing Services – 1.3%			CC Holdings GS V LLC, 2.381%, 12-15-17	1,000	984
Consumer Finance – 3.7%			Jabil Circuit, Inc., 7.750%, 7-15-16	2,000	2,265	Verizon Communications Inc., 6.350%, 4-1-19	1,000	1,186
American Express Company, 7.000%, 3-19-18	1,000	1,203	Environmental & Facilities Services – 1.3%					<u>3,329</u>
Capital One Financial Corporation, 6.750%, 9-15-17	1,000	1,178	Republic Services, Inc., 3.800%, 5-15-18	1,000	1,056	Investment Banking & Brokerage – 1.3%		
Ford Motor Credit Company LLC, 2.375%, 1-16-18	2,000	1,925	Waste Management, Inc., 6.100%, 3-15-18	1,000	1,156	Goldman Sachs Group, Inc. (The), 7.500%, 2-15-19	1,000	1,187
					<u>2,212</u>			

SCHEDULE OF INVESTMENTS

Limited-Term Bond *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

CORPORATE DEBT

SECURITIES (Continued)

	Principal	Value
Investment Banking & Brokerage (Continued)		
Morgan Stanley, 4.100%, 1-26-15	\$1,000	\$1,043
		<u>2,230</u>
Leisure Products – 0.6%		
Mattel, Inc., 2.500%, 11-1-16	1,000	1,031
Life & Health Insurance – 1.4%		
MetLife, Inc., 6.817%, 8-15-18	1,058	1,281
Prudential Financial, Inc., 4.750%, 9-17-15	1,000	1,076
		<u>2,357</u>
Office Electronics – 0.7%		
Xerox Corporation, 6.350%, 5-15-18	1,000	1,146
Oil & Gas Equipment & Services – 1.3%		
Enterprise Products Operating LLC (GTD by Enterprise Products Partners L.P.), 6.500%, 1-31-19	1,000	1,192
Schlumberger Investment S.A. (GTD by Schlumberger Limited), 1.950%, 9-14-16 (A)	1,000	1,019
		<u>2,211</u>
Oil & Gas Exploration & Production – 1.3%		
EOG Resources, Inc., 4.100%, 2-1-21	1,000	1,062
Petrohawk Energy Corporation, 7.250%, 8-15-18	1,000	1,091
		<u>2,153</u>
Oil & Gas Storage & Transportation – 1.5%		
DCP Midstream Operating, LP (GTD by DCP Midstream Partners, LP), 3.250%, 10-1-15	1,500	1,555
Sunoco Logistics Partners Operations L.P., 8.750%, 2-15-14	1,000	1,047
		<u>2,602</u>
Other Diversified Financial Services – 2.1%		
Citigroup Inc., 1.250%, 1-15-16	1,000	988
ING Bank N.V., 2.375%, 6-9-14 (A)	1,000	1,014
JPMorgan Chase & Co., 6.000%, 1-15-18	1,416	1,615
		<u>3,617</u>
Restaurants – 0.7%		
YUM! Brands, Inc., 6.250%, 3-15-18	1,000	1,156
Retail Stores – 1.2%		
Dollar General Corporation, 4.125%, 7-15-17	2,000	2,109

CORPORATE DEBT

SECURITIES (Continued)

	Principal	Value
Semiconductors – 0.6%		
Broadcom Corporation, 2.700%, 11-1-18	\$1,000	\$ 1,023
Soft Drinks – 0.7%		
Bottling Group, LLC, 5.125%, 1-15-19	1,000	1,138
Systems Software – 1.4%		
CA, Inc., 6.125%, 12-1-14	1,000	1,067
Oracle Corporation, 5.000%, 7-8-19	1,150	1,314
		<u>2,381</u>
Wireless Telecommunication Service – 1.4%		
America Movil, S.A.B. de C.V., 5.000%, 3-30-20	1,000	1,073
American Tower Corporation, 5.900%, 11-1-21	1,000	1,112
Crown Castle International Corp., 5.250%, 1-15-23	200	192
		<u>2,377</u>
TOTAL CORPORATE DEBT SECURITIES – 51.6%		\$87,630
(Cost: \$87,870)		
UNITED STATES GOVERNMENT AGENCY OBLIGATIONS		
Agency Obligations – 0.6%		
Federal National Mortgage Association, 2.000%, 12-30-15	1,000	1,034
Mortgage-Backed Obligations – 13.8%		
Federal Home Loan Mortgage Corporation Agency REMIC/CMO, 2.500%, 12-15-41	2,570	2,591
Federal National Mortgage Association Agency REMIC/CMO: 2.000%, 4-25-39	1,904	1,876
4.000%, 5-25-39	552	583
3.000%, 11-25-39	710	728
2.500%, 9-20-40	2,527	2,582
Federal National Mortgage Association Fixed Rate Pass-Through Certificates: 3.680%, 2-1-21	1,960	2,067
4.374%, 6-1-21	1,981	2,181
5.500%, 10-1-21	1,849	1,994
5.500%, 11-1-22	700	755
5.000%, 4-1-24	526	571
4.000%, 12-1-31	4,701	4,909

UNITED STATES

GOVERNMENT AGENCY

	Principal	Value
OBLIGATIONS		
(Continued)		
Mortgage-Backed Obligations (Continued)		
Government National Mortgage Association Agency REMIC/CMO, 2.000%, 3-16-42	\$ 2,581	\$ 2,543
		<u>23,380</u>
TOTAL UNITED STATES GOVERNMENT AGENCY OBLIGATIONS – 14.4%		\$ 24,414
(Cost: \$24,627)		
UNITED STATES GOVERNMENT OBLIGATIONS		
Treasury Obligations – 2.9%		
United States Treasury Notes, 0.750%, 10-31-17	5,000	4,904
TOTAL UNITED STATES GOVERNMENT OBLIGATIONS – 2.9%		\$ 4,904
(Cost: \$5,009)		
SHORT-TERM SECURITIES		
Commercial Paper – 28.2%		
Exxon Mobil Corporation, 0.080%, 7-30-13 (B)	18,000	17,998
GlaxoSmithKline Finance plc (GTD by GlaxoSmithKline plc), 0.120%, 7-31-13 (B)	3,000	3,000
McCormick & Co. Inc., 0.130%, 7-1-13 (B)	4,986	4,986
Siemens Capital Corp. (GTD by Siemens AG), 0.090%, 7-26-13 (B)	9,952	9,951
Toronto-Dominion Holdings USA Inc. (GTD by Toronto Dominion Bank), 0.110%, 7-29-13 (B)	5,000	5,000
Total Capital Canada Ltd. (GTD by Total S.A.), 0.070%, 7-3-13 (B)	7,000	7,000
		<u>47,935</u>
Master Note – 2.2%		
Toyota Motor Credit Corporation, 0.111%, 7-3-13 (C)	3,761	3,761
TOTAL SHORT-TERM SECURITIES – 30.4%		\$ 51,696
(Cost: \$51,696)		
TOTAL INVESTMENT SECURITIES – 99.3%		\$168,644
(Cost: \$169,202)		
CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.7%		1,267
NET ASSETS – 100.0%		\$169,911

SCHEDULE OF INVESTMENTS

Limited-Term Bond *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

Notes to Schedule of Investments

(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. At June 30, 2013, the total value of these securities amounted to \$14,909 or 8.8% of net assets.

(B) Rate shown is the yield to maturity at June 30, 2013.

(C) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2013. Date shown represents the date that the variable rate resets.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Corporate Debt Securities	\$ —	\$ 87,630	\$ —
United States Government Agency Obligations	—	24,414	—
United States Government Obligations	—	4,904	—
Short-Term Securities	—	51,696	—
Total	<u>\$ —</u>	<u>\$168,644</u>	<u>\$ —</u>

As of June 30, 2013, there were no transfers between Level 1 and 2 during the period.

The following acronyms are used throughout this schedule:

CMO = Collateralized Mortgage Obligation

GTD = Guaranteed

REMIC = Real Estate Mortgage Investment Conduit

See Accompanying Notes to Financial Statements.

PORTFOLIO HIGHLIGHTS

Micro Cap Growth

ALL DATA IS AS OF JUNE 30, 2013 (UNAUDITED)

Asset Allocation

Stocks	97.2%
Information Technology	27.4%
Consumer Discretionary	20.3%
Health Care	19.7%
Industrials	16.2%
Consumer Staples	4.1%
Energy	3.9%
Financials	3.6%
Telecommunication Services	1.5%
Materials	0.5%
Cash and Cash Equivalents	2.8%

Top 10 Equity Holdings

Company	Sector
Pacira Pharmaceuticals, Inc.	Health Care
SPS Commerce, Inc.	Information Technology
Spectranetics Corporation (The)	Health Care
Quidel Corporation	Health Care
Clovis Oncology, Inc.	Health Care
DXP Enterprises, Inc.	Industrials
Multimedia Games Holding Company, Inc.	Consumer Discretionary
Natural Grocers by Vitamin Cottage, Inc.	Consumer Staples
WageWorks, Inc.	Industrials
Fiesta Restaurant Group, Inc.	Consumer Discretionary

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, 2013 (UNAUDITED)

COMMON STOCKS			COMMON STOCKS			COMMON STOCKS		
	Shares	Value	(Continued)	Shares	Value	(Continued)	Shares	Value
Air Freight & Logistics – 0.8%			Computer Storage & Peripherals – 0.7%			Human Resource & Employment Services – 1.7%		
Pacer International, Inc. (A) . . .	80	\$ 504	Datalink Corporation (A)	43	\$ 452	WageWorks, Inc. (A)	29	\$ 999
Alternative Carriers – 1.5%			Construction & Farm Machinery & Heavy Trucks – 2.7%			Internet Software & Services – 9.3%		
inContact, Inc. (A)	71	582	Commercial Vehicle Group, Inc. (A)	31	229	Boingo Wireless, Inc. (A)	40	251
Lumos Networks Corp.	18	304	Greenbrier Companies, Inc. (The) (A)	29	700	Envestnet, Inc. (A)	35	868
		<u>886</u>	Wabash National Corporation (A)	67	682	Gogo Inc. (A)	42	587
Apparel, Accessories & Luxury Goods – 1.4%			Consumer Finance – 1.3%			Move, Inc. (A)		
Movado Group, Inc.	26	863	Regional Management Corp. (A)	30	747	Responsys, Inc. (A)	37	531
Application Software – 1.8%			Electronic Equipment & Instruments – 0.6%			Responsys, Inc. (A)		
Callidus Software Inc. (A)	89	585	CUI Global, Inc. (A)	68	375	SciQuest, Inc. (A)	24	606
Model N, Inc. (A)	21	492	Electronic Manufacturing Services – 0.6%			SPS Commerce, Inc. (A)	26	1,442
		<u>1,077</u>	Fabrinet (A)	17	235	Tremor Video, Inc. (A)	16	141
Asset Management & Custody Banks – 0.6%			Uni-Pixel, Inc. (A)	8	121	Web.com Group, Inc. (A)	15	394
Internet Capital Group, Inc. (A)	32	368	Food Distributors – 0.7%			<u>5,667</u>		
Auto Parts & Equipment – 1.1%			Chefs' Warehouse Holdings, LLC (The) (A)	24	406	IT Consulting & Other Services – 2.1%		
Amerigon Incorporated (A) . . .	37	691	Food Retail – 1.9%			InterXion Holding N.V. (A) . . .	21	560
Automotive Retail – 1.2%			Natural Grocers by Vitamin Cottage, Inc. (A)	37	1,153	Official Payments Holdings, Inc. (A)	33	223
America's Car-Mart, Inc. (A) . .	6	246	Health Care Equipment – 2.7%			Virtusa Corporation (A)	21	463
TravelCenters of America LLC (A)	42	458	Cardiovascular Systems Inc. (A)	22	471	<u>1,246</u>		
		<u>704</u>	Cynosure, Inc., Class A (A) . . .	31	797	Leisure Facilities – 0.6%		
Biotechnology – 7.0%			Rockwell Medical, Inc. (A) . . .	43	156	Town Sports International Holdings, Inc.		
Achillion Pharmaceuticals, Inc. (A)	74	608	Syneron Medical Ltd. (A)	24	211	32		
Clovis Oncology, Inc. (A)	20	1,360	<u>1,635</u>			340		
Enanta Pharmaceuticals, Inc. (A)	44	770	Health Care Supplies – 4.6%			Leisure Products – 2.5%		
KaloBios Pharmaceuticals, Inc. (A)	35	198	Quidel Corporation (A)	54	1,366	Arctic Cat Inc.	21	949
LipoScience, Inc. (A)	48	337	Spectranetics Corporation (The) (A)	74	1,380	Black Diamond, Inc. (A)	36	339
NewLink Genetics Corporation (A)	30	590	<u>2,746</u>			Nautilus Group, Inc. (The) (A) . .	23	199
Synergy Pharmaceuticals Inc. (A)	82	352	Health Care Technology – 1.7%			<u>1,487</u>		
		<u>4,215</u>	HealthStream, Inc. (A)	30	767	Managed Health Care – 1.0%		
Building Products – 3.8%			Streamline Health Solutions, Inc. (A)	44	286	Molina Healthcare, Inc. (A) . . .		
American Woodmark Corporation (A)	20	704	<u>1,053</u>			16		
Builders FirstSource, Inc. (A) . .	118	705	Home Improvement Retail – 0.7%			Movies & Entertainment – 1.2%		
NCI Building Systems, Inc. (A) . .	33	503	Tile Shop Holdings, Inc. (A) . . .	16	452	Rentrak Corporation (A)		
PGT, Inc. (A)	45	391	<u>2,303</u>			35		
<u>2,303</u>			Homebuilding – 1.4%			Oil & Gas Drilling – 0.6%		
Casinos & Gaming – 1.9%			M/I Homes, Inc. (A)	25	579	Pioneer Drilling Company (A) . .		
Multimedia Games Holding Company, Inc. (A)	45	1,163	William Lyon Homes, Class A (A)	12	290	58		
Commercial Printing – 0.7%			<u>869</u>			Oil & Gas Equipment & Services – 2.8%		
InnerWorkings, Inc. (A)	41	446	Homefurnishing Retail – 0.9%			Basic Energy Services, Inc. (A) . .		
Communications Equipment – 2.9%			Kirkland's, Inc. (A)	30	519	RigNet, Inc. (A)		
Ixia (A)	27	500	<u>1,763</u>			Willbros Group, Inc. (A)		
Procera Networks, Inc. (A)	37	503	Homefurnishing Retail – 0.9%			55		
Ruckus Wireless, Inc (A)	21	264	<u>1,633</u>			<u>1,633</u>		
Ubiquiti Networks, Inc.	28	496	Oil & Gas Exploration & Production – 0.5%			Oil & Gas Exploration & Production – 0.5%		
		<u>1,763</u>	Homefurnishing Retail – 0.9%			Triangle Petroleum Corporation (A)		
Commercial Printing – 0.7%			Homefurnishing Retail – 0.9%			44		
InnerWorkings, Inc. (A)	41	446	Homefurnishing Retail – 0.9%			306		
Communications Equipment – 2.9%			Homefurnishing Retail – 0.9%			Packaged Foods & Meats – 0.5%		
Ixia (A)	27	500	Homefurnishing Retail – 0.9%			Inventure Foods, Inc. (A)		
Procera Networks, Inc. (A)	37	503	Homefurnishing Retail – 0.9%			35		
Ruckus Wireless, Inc (A)	21	264	Homefurnishing Retail – 0.9%			291		
Ubiquiti Networks, Inc.	28	496	Homefurnishing Retail – 0.9%			Personal Products – 1.0%		
		<u>1,763</u>	Homefurnishing Retail – 0.9%			Inter Parfums, Inc.		
Commercial Printing – 0.7%			Homefurnishing Retail – 0.9%			21		
InnerWorkings, Inc. (A)	41	446	Homefurnishing Retail – 0.9%			599		
Communications Equipment – 2.9%			Homefurnishing Retail – 0.9%			Pharmaceuticals – 2.7%		
Ixia (A)	27	500	Homefurnishing Retail – 0.9%			NuPathe Inc. (A)		
Procera Networks, Inc. (A)	37	503	Homefurnishing Retail – 0.9%			37		
Ruckus Wireless, Inc (A)	21	264	Homefurnishing Retail – 0.9%			113		
Ubiquiti Networks, Inc.	28	496	Homefurnishing Retail – 0.9%			Pacira Pharmaceuticals, Inc. (A)		
		<u>1,763</u>	Homefurnishing Retail – 0.9%			53		
Commercial Printing – 0.7%			Homefurnishing Retail – 0.9%			<u>1,531</u>		
InnerWorkings, Inc. (A)	41	446	Homefurnishing Retail – 0.9%			<u>1,644</u>		
Communications Equipment – 2.9%			Homefurnishing Retail – 0.9%			Pharmaceuticals – 2.7%		
Ixia (A)	27	500	Homefurnishing Retail – 0.9%			NuPathe Inc. (A)		
Procera Networks, Inc. (A)	37	503	Homefurnishing Retail – 0.9%			37		
Ruckus Wireless, Inc (A)	21	264	Homefurnishing Retail – 0.9%			113		
Ubiquiti Networks, Inc.	28	496	Homefurnishing Retail – 0.9%			Pacira Pharmaceuticals, Inc. (A)		
		<u>1,763</u>	Homefurnishing Retail – 0.9%			53		
Commercial Printing – 0.7%			Homefurnishing Retail – 0.9%			<u>1,531</u>		
InnerWorkings, Inc. (A)	41	446	Homefurnishing Retail – 0.9%			<u>1,644</u>		

SCHEDULE OF INVESTMENTS

Micro Cap Growth *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

COMMON STOCKS

(Continued)

	Shares	Value
Regional Banks – 0.9%		
TriState Capital Holdings, Inc. (A)	39	\$ 531
Restaurants – 7.2%		
Chuy's Holdings, Inc. (A)	25	954
Del Frisco's Restaurant Group, Inc. (A)	25	540
Diversified Restaurant Holdings, Inc. (A)	31	250
Fiesta Restaurant Group, Inc. (A)	28	976
Noodles & Company, Class A (A)	7	272
Red Robin Gourmet Burgers, Inc. (A)	14	795
Ruth's Hospitality Group, Inc.	42	506
		<u>4,293</u>
Semiconductor Equipment – 1.9%		
FormFactor, Inc. (A)	44	294
Nanometrics Incorporated (A)	28	403
Nova Measuring Instruments Ltd. (A)	48	433
		<u>1,130</u>
Semiconductors – 2.4%		
Exar Corporation (A)	37	401
MagnaChip Semiconductor Corporation (A)	31	566

COMMON STOCKS

(Continued)

	Shares	Value
Semiconductors (Continued)		
RDA Microelectronics, Inc., ADR	43	\$ 473
		<u>1,440</u>
Steel – 0.5%		
Universal Stainless & Alloy Products, Inc. (A)	11	315
Systems Software – 5.3%		
Fleetmatics Group plc (A)	16	545
Gigamon Inc. (A)	19	524
Imperva, Inc. (A)	13	568
Infolox Inc. (A)	26	758
Proofpoint, Inc. (A)	33	799
		<u>3,194</u>
Thriffs & Mortgage Finance – 0.8%		
PennyMac Financial Services, Inc., Class A (A)	24	500
Trading Companies & Distributors – 2.1%		
DXP Enterprises, Inc. (A)	19	1,272
Trucking – 4.4%		
Celadon Group, Inc.	47	865
Marten Transport, Ltd.	42	660
Roadrunner Transportation Systems, Inc. (A)	32	883

COMMON STOCKS

(Continued)

	Shares	Value
Trucking (Continued)		
Vitran Corporation Inc., Class A (A)	38	\$ 245
		<u>2,653</u>
TOTAL COMMON STOCKS – 97.2%		\$58,580
(Cost: \$41,471)		
SHORT-TERM SECURITIES		
	Principal	
Master Note – 3.7%		
Toyota Motor Credit Corporation, 0.111%, 7-3-13 (B) ...	\$ 2,244	<u>2,244</u>
TOTAL SHORT-TERM SECURITIES – 3.7%		\$ 2,244
(Cost: \$2,244)		
TOTAL INVESTMENT SECURITIES – 100.9%		\$60,824
(Cost: \$43,715)		
LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.9%)		(514)
NET ASSETS – 100.0%		\$60,310

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, 2013. Date shown represents the date that the variable rate resets.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Common Stocks	\$58,580	\$ —	\$—
Short-Term Securities	—	2,244	—
Total	\$58,580	\$2,244	\$—

As of June 30, 2013, there were no transfers between Level 1 and 2 during the period.

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, 2013 (UNAUDITED)

Asset Allocation

Stocks	95.0%
Consumer Discretionary	24.2%
Information Technology	19.7%
Industrials	15.0%
Health Care	11.2%
Financials	10.2%
Energy	7.0%
Consumer Staples	4.9%
Materials	2.8%
Purchased Options	0.1%
Cash and Cash Equivalents	4.9%

Top 10 Equity Holdings

Company	Sector
CarMax, Inc.	Consumer Discretionary
Microchip Technology Incorporated	Information Technology
Fastenal Company	Industrials
Northern Trust Corporation	Financials
Ulta Salon, Cosmetics & Fragrance, Inc.	Consumer Discretionary
Varian Medical Systems, Inc.	Health Care
Vantiv, Inc., Class A	Information Technology
Dunkin' Brands Group, Inc.	Consumer Discretionary
Pall Corporation	Industrials
Expeditors International of Washington, Inc.	Industrials

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, 2013 (UNAUDITED)

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
Air Freight & Logistics – 2.0%			Construction & Farm Machinery & Heavy Trucks – 0.0%			Household Products – 0.8%		
Expeditors International of Washington, Inc.	181	\$ 6,865	Toro Company (The)	1	\$ 45	Church & Dwight Co., Inc.	47	\$ 2,897
Apparel Retail – 1.1%			Construction Materials – 1.7%			Industrial Machinery – 4.4%		
DSW Inc., Class A	51	3,729	Martin Marietta Materials, Inc.	58	5,738	Graco Inc.	42	2,671
Apparel, Accessories & Luxury Goods – 5.9%			Consumer Electronics – 1.6%			IDEX Corporation	102	5,494
Burberry Group plc (A)	166	3,405	Harman International Industries, Incorporated ...	102	5,518	Pall Corporation	104	6,922
Michael Kors Holdings Limited (B)	59	3,634	Data Processing & Outsourced Services – 2.2%					15,087
Tumi Holdings, Inc. (B)	79	1,896	Vantiv, Inc., Class A (B)	278	7,673	Internet Software & Services – 1.8%		
Under Armour, Inc., Class A (B)	104	6,225	Department Stores – 1.5%			OpenTable, Inc. (B)	41	2,625
V.F. Corporation	26	5,106	Nordstrom, Inc.	83	5,002	Zillow, Inc. (B)	62	3,510
		20,266	Distillers & Vintners – 0.8%					6,135
Application Software – 3.9%			Brown-Forman Corporation, Class B	40	2,706	Investment Banking & Brokerage – 1.1%		
ANSYS, Inc. (B)	70	5,088	Distributors – 1.8%			Greenhill & Co., Inc.	83	3,794
Solera Holdings, Inc.	91	5,056	LKQ Corporation (B)	236	6,064	IT Consulting & Other Services – 1.9%		
Ultimate Software Group, Inc. (The) (B)	25	2,915	Electrical Components & Equipment – 2.9%			Teradata Corporation (B)	130	6,535
		13,059	Polypore International, Inc. (B)	157	6,321	Leisure Products – 0.8%		
Asset Management & Custody Banks – 3.3%			Roper Industries, Inc.	29	3,621	Mattel, Inc.	58	2,623
Northern Trust Corporation ..	142	8,208			9,942	Life Sciences Tools & Services – 1.2%		
Oaktree Capital Group, LLC	59	3,074	Electronic Manufacturing Services – 1.3%			Agilent Technologies, Inc. ...	99	4,229
		11,282	Trimble Navigation Limited (B)	169	4,403	Oil & Gas Drilling – 1.2%		
Auto Parts & Equipment – 1.0%			Environmental & Facilities Services – 1.5%			Patterson-UTI Energy, Inc. ...	204	3,945
Gentex Corporation	155	3,581	Stericycle, Inc. (B)	45	5,014	Oil & Gas Equipment & Services – 1.0%		
Automotive Retail – 2.8%			Fertilizers & Agricultural Chemicals – 1.1%			Dril-Quip, Inc. (B)	39	3,512
CarMax, Inc. (B)	205	9,442	Scotts Miracle-Gro Company (The)	78	3,783	Oil & Gas Exploration & Production – 4.0%		
Biotechnology – 1.3%			Health Care Distributors – 1.8%			Cabot Oil & Gas Corporation	58	4,137
Onyx Pharmaceuticals, Inc. (B)	53	4,575	Henry Schein, Inc. (B)	64	6,138	Continental Resources, Inc. (B)	53	4,531
Brewers – 1.0%			Health Care Equipment – 5.0%			Southwestern Energy Company (B)	132	4,833
Boston Beer Company, Inc. (The), Class A (B)	19	3,293	Intuitive Surgical, Inc. (B)	8	3,926			13,501
Broadcasting – 0.9%			Varian Medical Systems, Inc. (B)	116	7,848	Packaged Foods & Meats – 1.8%		
Discovery Holding Company, Class A (B)	41	3,196	Zimmer Holdings, Inc.	65	4,905	Hain Celestial Group, Inc. (The) (B)	22	1,449
Building Products – 1.8%					16,679	Mead Johnson Nutrition Company	58	4,584
Fortune Brands Home & Security, Inc.	161	6,229	Health Care Facilities – 1.9%					6,033
Coal & Consumable Fuels – 0.8%			Acadia Healthcare Company, Inc. (B)	50	1,650	Personal Products – 0.5%		
Joy Global Inc.	60	2,902	Hologic, Inc. (B)	259	4,991	Coty Inc., Class A (B)	105	1,803
Communications Equipment – 2.5%					6,641	Real Estate Services – 1.0%		
Aruba Networks, Inc. (B)	203	3,120	Homefurnishing Retail – 1.3%			CB Richard Ellis Group, Inc. (B)	150	3,499
F5 Networks, Inc. (B)	58	3,976	Williams-Sonoma, Inc.	77	4,315	Regional Banks – 4.8%		
Palo Alto Networks, Inc. (B)	33	1,402	Hotels, Resorts & Cruise Lines – 1.1%			First Republic Bank	175	6,743
		8,498	Norwegian Cruise Line Holdings Ltd. (B)	123	3,727	Signature Bank (B)	75	6,210
Computer Storage & Peripherals – 2.0%						UMB Financial Corporation	62	3,474
Fusion-io, Inc. (B)	193	2,751						16,427
NetApp, Inc.	111	4,203						
		6,954						

SCHEDULE OF INVESTMENTS

Mid Cap Growth *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

COMMON STOCKS

(Continued)	Shares	Value
Restaurants – 2.1%		
Dunkin' Brands Group, Inc.	169	\$ 7,219
Semiconductors – 3.5%		
Cavium Inc. (B)	81	2,853
Microchip Technology Incorporated	240	8,929
		<u>11,782</u>
Specialty Stores – 2.3%		
Ulta Salon, Cosmetics & Fragrance, Inc. (B)(C)	79	7,948
Systems Software – 0.6%		
ServiceNow, Inc. (B)	55	2,215
Trading Companies & Distributors – 2.4%		
Fastenal Company	180	8,239
TOTAL COMMON STOCKS – 95.0%		\$324,682
(Cost: \$271,680)		

PURCHASED OPTIONS	Number of Contracts (Unrounded)	Value
NASDAQ 100 Index, Put \$2,850.00, Expires 7-20-13	29	\$ 61
Russell 2000 Index, Put \$940.00, Expires 7-20-13	138	99
SPDR S&P MIDCAP 400 ETF Trust, Put \$205.00, Expires 7-20-13	549	86
TOTAL PURCHASED OPTIONS – 0.1%		\$ 246
(Cost: \$351)		
SHORT-TERM SECURITIES	Principal	
Commercial Paper – 2.3%		
Caterpillar Financial Services Corporation (GTD by Caterpillar Inc.), 0.100%, 8-2-13 (D)	\$ 4,986	4,985

SHORT-TERM SECURITIES

	Principal	Value
Commercial Paper (Continued)		
Virginia Electric and Power Company, 0.270%, 7-15-13 (D) ...	\$3,000	\$ 3,000
		<u>7,985</u>
Master Note – 1.6%		
Toyota Motor Credit Corporation, 0.111%, 7-3-13 (E) ...	\$5,477	\$ 5,477
TOTAL SHORT-TERM SECURITIES – 3.9%		\$ 13,462
(Cost: \$13,462)		
TOTAL INVESTMENT SECURITIES – 99.0%		\$338,390
(Cost: \$285,493)		
CASH AND OTHER ASSETS, NET OF LIABILITIES – 1.0%		3,532
NET ASSETS – 100.0%		\$341,922

Notes to Schedule of Investments

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

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

(C) All or a portion of the security position is held in collateralized accounts for OTC derivatives collateral as governed by International Swaps and Derivatives Association, Inc. Master Agreements.

(D) Rate shown is the yield to maturity at June 30, 2013.

(E) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2013. Date shown represents the date that the variable rate resets.

The following written options were outstanding at June 30, 2013 (contracts and exercise prices unrounded):

Underlying Security	Counterparty, if OTC	Type	Number of Contracts	Expiration Month	Exercise Price	Premium Received	Value
Ulta Salon, Cosmetics & Fragrance, Inc.	Deutsche Bank AG	Call	657	July 2013	\$102.00	\$112	\$(108)

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Common Stocks	\$324,682	\$ —	\$—
Purchased Options	246	—	—
Short-Term Securities	—	13,462	—
Total	<u>\$324,928</u>	<u>\$13,462</u>	<u>\$—</u>
Liabilities			
Written Options	\$ —	\$ 108	\$—

During the period ended June 30, 2013, securities totaling \$3,405 were transferred from Level 2 to Level 1 due to lack of significant market movements following the close of local trading.

The following acronyms are used throughout this schedule:

GTD = Guaranteed
OTC = Over the Counter

See Accompanying Notes to Financial Statements.

Asset Allocation

Corporate Obligations	81.9%
Commercial Paper	54.0%
Notes	17.1%
Certificate Of Deposit	10.8%
Municipal Obligations	16.3%
United States Government and Government Agency Obligations	1.1%
Cash and Other Assets, Net of Liabilities	0.7%

SCHEDULE OF INVESTMENTS

Money Market (in thousands)

JUNE 30, 2013 (UNAUDITED)

CORPORATE OBLIGATIONS	Principal	Value
Certificate Of Deposit		
Banco del Estado de Chile:		
0.980%, 7-19-13	\$ 4,500	\$ 4,500
0.420%, 7-22-13 (A) . . .	3,800	3,800
0.200%, 8-22-13	6,000	6,000
0.800%, 9-10-13	3,085	3,085
Bank of America, N.A.:		
0.230%, 7-18-13	5,300	5,300
0.220%, 8-19-13	7,000	7,000
Citibank, N.A.:		
0.220%, 8-1-13	2,600	2,600
0.270%, 9-25-13	5,641	5,641
0.270%, 9-26-13	6,900	6,900
Total Certificate Of Deposit – 10.8%		44,826
Commercial Paper		
American Honda Finance Corp. (GTD by Honda Motor Co.),		
0.120%, 8-23-13(B)	4,450	4,449
Anheuser-Busch InBev Worldwide Inc. (GTD by AB INBEV/BBR/COB):		
0.160%, 7-22-13 (B)	2,500	2,500
0.160%, 7-23-13 (B)	2,700	2,699
0.230%, 8-19-13 (B)	4,050	4,049
BHP Billiton Finance (USA) Limited (GTD by BHP Billiton Limited):		
0.100%, 7-22-13 (B)	16,000	15,999
0.120%, 8-19-13 (B)	4,000	3,999
Corporacion Andina de Fomento:		
0.430%, 10-8-13 (B)	4,000	3,995
0.390%, 10-28-13 (B) . . .	3,250	3,246
0.310%, 11-26-13 (B)	5,000	4,994
Exxon Mobil Corporation,		
0.080%, 7-30-13 (B)	5,000	5,000
General Electric Capital Corporation,		
0.090%, 7-10-13 (B)	299	299
GlaxoSmithKline Finance plc (GTD by GlaxoSmithKline plc),		
0.120%, 7-31-13 (B)	5,000	4,999
ICICI Bank Limited (GTD by Bank of America, N.A.):		
0.270%, 7-1-13 (B)	4,000	4,000
0.320%, 7-23-13 (B)	3,000	2,999
0.300%, 9-30-13 (B)	9,800	9,793
ICICI Bank Limited (GTD by Wells Fargo Bank, N.A.),		
0.220%, 7-24-13 (B)	2,500	2,500
J.P. Morgan Chase & Co.,		
0.360%, 7-22-13 (A)(B)	1,902	1,902
John Deere Canada ULC (GTD by Deere & Company),		
0.090%, 7-10-13 (B)	20,000	19,999
L Air Liquide S.A.:		
0.140%, 7-19-13 (B)	7,328	7,327

CORPORATE OBLIGATIONS (Continued)	Principal	Value
Commercial Paper (Continued)		
0.140%, 8-2-13 (B)	\$ 2,000	\$ 2,000
0.180%, 9-20-13(B) . . .	10,500	10,496
L Oreal USA, Inc.,		
0.100%, 7-23-13(B) . . .	11,700	11,699
Muni Elec Auth GA, Gen Resolution Proj Bond Anticipation Notes, Ser B (Taxable), (GTD by Wells Fargo Bank, N.A.),		
0.180%, 7-2-13 (B)	6,510	6,510
Muni Impvt Corp of Los Angeles, Lease Rev (GTD by JPMorgan Chase & Co.),		
0.140%, 8-8-13 (B)	2,500	2,500
PACCAR Financial Corp. (GTD by PACCAR Inc.),		
0.090%, 7-16-13 (B) . . .	16,600	16,599
River Fuel Trust #1 (GTD by Bank of Nova Scotia),		
0.160%, 7-31-13 (B) . . .	6,000	5,999
St. Jude Medical, Inc.:		
0.220%, 7-1-13 (B)	3,716	3,716
0.160%, 7-26-13 (B) . . .	11,500	11,499
Toronto-Dominion Holdings USA Inc. (GTD by Toronto Dominion Bank),		
0.100%, 7-25-13 (B) . . .	20,500	20,499
Wal-Mart Stores, Inc.,		
0.090%, 7-9-13 (B)	20,000	20,000
Wisconsin Electric Power Co.,		
0.110%, 7-10-13 (B) . . .	9,000	9,000
Total Commercial Paper – 54.0%		225,265
Notes		
American Honda Finance Corp. (GTD by Honda Motor Co.):		
0.350%, 8-2-13 (C) . . .	3,300	3,300
0.310%, 8-8-13 (C) . . .	5,035	5,035
0.290%, 9-12-13 (C) . .	3,450	3,450
Bank of Nova Scotia:		
0.310%, 7-1-13 (C) . . .	2,500	2,500
0.530%, 7-3-13 (C) . . .	3,500	3,505
0.530%, 7-19-13 (C) . .	1,700	1,700
Caterpillar Financial Services Corporation,		
6.125%, 2-17-14	2,075	2,150
General Electric Capital Corporation,		
2.100%, 1-7-14	4,370	4,408
IBM International Group Capital LLC (GTD by International Business Machines Corporation),		
0.570%, 8-27-13(C) . . .	1,500	1,500

CORPORATE OBLIGATIONS (Continued)	Principal	Value
Notes (Continued)		
J.P. Morgan Chase & Co.:		
0.360%, 7-22-13 (C) . .	\$1,650	\$ 1,650
1.070%, 7-24-13 (C) . .	1,300	1,306
0.350%, 9-7-13 (C) . . .	4,750	4,750
2.050%, 1-24-14	1,229	1,241
4.650%, 6-1-14	7,000	7,263
Kimberly-Clark Corporation,		
4.215%, 12-19-13	4,600	4,685
The Academy of the New Church, Var Rate Demand Bonds, Ser 2008 (GTD by Wachovia Bank, N.A.),		
0.200%, 7-7-13 (C) . . .	2,035	2,035
Toyota Motor Credit Corporation:		
0.320%, 7-1-13 (C) . . .	3,000	3,000
1.375%, 8-12-13	1,200	1,202
0.270%, 8-22-13 (C) . .	8,000	8,000
Trap Rock Industries, Inc., Var Demand Bonds, Ser 2005 (GTD by Wachovia Bank, N.A.),		
0.200%, 7-7-13 (C) . . .	1,087	1,087
Wells Fargo Bank, N.A.:		
0.330%, 7-22-13 (C) . .	3,000	3,000
0.320%, 9-17-13 (C) . .	4,500	4,500
Total Notes – 17.1%		71,267
TOTAL CORPORATE OBLIGATIONS – 81.9%		\$341,358
(Cost: \$341,358)		
MUNICIPAL OBLIGATIONS		
California – 3.4%		
CA Hlth Fac Fin Auth, Var Rate Hosp Rev Bonds (Adventist Hlth Sys/ West), Ser 1998B (GTD by Bank of America, N.A.),		
0.040%, 7-1-13 (C) . . .	1,000	1,000
CA Infra and Econ Dev Bank, Var Rate Dnd Rfdg Rev Bds (LA Cnty Mus of Nat Hist Fndtn), Ser 2008A (GTD by Wells Fargo Bank, N.A.),		
0.040%, 7-1-13 (C) . . .	1,900	1,900
CA Muni Fin Auth, Recovery Zone Fac Bonds (Chevron U.S.A. Inc. Proj), Ser 2010C (GTD by Chevron Corporation),		
0.040%, 7-1-13 (C) . . .	3,914	3,914

SCHEDULE OF INVESTMENTS

Money Market *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

MUNICIPAL OBLIGATIONS (Continued)			MUNICIPAL OBLIGATIONS (Continued)			MUNICIPAL OBLIGATIONS (Continued)		
	Principal	Value		Principal	Value		Principal	Value
California (Continued)			Illinois – 0.4%			Mississippi – 3.0%		
CA Pollutn Ctl Fin Auth, Pollutn Ctl Rfdg Rev Bonds (Pacific Gas and Elec Co), Ser C (GTD by JPMorgan Chase Bank, N.A.), 0.040%, 7-1-13 (C)	\$1,077	\$ 1,077	Elmhurst, IL, Adj Demand Rev Bonds, Joint Comsn on Accred of Hlthcare Org (GTD by JPMorgan Chase Bank, N.A.), 0.050%, 7-7-13 (C)	\$ 730	\$ 730	MS Business Fin Corp, Gulf Opp Zone Indl Dev Rev Bonds (Chevron U.S.A. Inc. Proj), Ser 2007B (GTD by Chevron Corporation), 0.050%, 7-1-13 (C)	\$1,500	\$ 1,500
CA Statewide Cmnty Dev Auth, Multifam Hsng Rev Bonds (The Crossings Sr Apts/Phase I), Ser 2005 I (GTD by United States Government), 0.060%, 7-7-13 (C)	6,200	6,200	IL Fin Auth, Var Rate Demand Rev Bonds (The Univ of Chicago Med Ctr), Ser D (GTD by JPMorgan Chase & Co.), 0.080%, 7-1-13 (C)	1,000	1,000	MS Business Fin Corp, Gulf Opp Zone Indl Dev Rev Bonds (Chevron U.S.A. Inc. Proj), Ser 2007D (GTD by Chevron Corporation), 0.050%, 7-1-13 (C)	4,820	4,820
		<u>14,091</u>			<u>1,730</u>	MS Business Fin Corp, Gulf Opp Zone Indl Dev Rev Bonds (Chevron U.S.A. Inc. Proj), Ser 2010J (GTD by Chevron Corporation), 0.060%, 7-1-13 (C)	4,332	4,332
Colorado – 2.0%			Iowa – 0.3%			MS Business Fin Corp, Gulf Opp Zone Indl Dev Var Rev Bonds (Chevron U.S.A. Inc. Proj), Ser 2007D (GTD by Chevron Corporation), 0.060%, 7-1-13 (C)		
Castle Rock, CO, Cert of Part, Ser 2008 (GTD by Wells Fargo Bank, N.A.), 0.140%, 7-7-13 (C)	4,220	4,220	IA Fin Auth, Var Rate Demand Hlth Fac Rev Bonds (Great River Med Ctr Proj), Ser 2008 (GTD by Great River Medical Center), 0.090%, 7-1-13 (C)	1,165	1,165	MS Business Fin Corp, Gulf Opp Zone Indl Dev Rev Bonds (Chevron U.S.A. Inc. Proj), Ser 2007D (GTD by Chevron Corporation), 0.060%, 7-1-13 (C)	1,800	1,800
CO Hsng and Fin Auth, Multifam Hsng Rev Bonds (Greentree Vlg Apts Proj), Ser 2007 (GTD by U.S. Bank, N.A.), 0.080%, 7-7-13 (C)	1,875	1,875	Louisiana – 1.4%			Missouri – 0.3%		
Exempla Gen Impvt Dist of Lafayette, CO, Spl Impvt Dist No. 02-01, Spl Assmt Rev Rfdg and Impvt Bonds, Ser 2002 (GTD by Wells Fargo Bank, N.A.), 0.060%, 7-7-13 (C)	250	250	LA Pub Fac Auth, Rev Bonds (Air Products and Chemicals Proj), Ser 2008A (GTD by Air Products and Chemicals, Inc.), 0.070%, 7-1-13 (C)	1,941	1,941	Kansas City, MO, Var Rate Demand Taxable Spl Oblig Rfdg Bonds (President Hotel Redev Proj), Ser 2009B (GTD by JPMorgan Chase & Co.), 0.200%, 7-7-13 (C)	1,340	1,340
Sheridan Redev Agy CO Tax, Var Rfdg S Santa Fe Dr Corridor Redev PJ-Ser A-1 (GTD by JPMorgan Chase & Co.): 0.150%, 7-7-13 (C)	1,500	1,500	LA Pub Fac Auth, Rev Bonds (Air Products and Chemicals Proj), Ser 2009A (GTD by Air Products and Chemicals, Inc.), 0.070%, 7-7-13 (C)	2,350	2,350	New York – 1.1%		
0.320%, 7-7-13 (C)	550	550	Parish of St. Bernard, LA, Exempt Fac Rev Bonds (Mobil Oil Corp Proj), Ser 1996 (GTD by Exxon Mobil Corporation), 0.040%, 7-1-13 (C)	1,600	1,600	NY Hsng Fin Agy, Clinton Park Phase II Hsng Rev Bonds, Ser 2011 A-1 (GTD by Wells Fargo Bank, N.A.), 0.060%, 7-7-13 (C)	2,000	2,000
		<u>8,395</u>			<u>5,891</u>	NY Hsng Fin Agy, Related West 30th Street Hsng Rev Bonds, Ser 2012 A-1 (GTD by Wells Fargo Bank, N.A.), 0.060%, 7-7-13 (C)	1,800	1,800
Georgia – 1.3%			Maryland – 0.1%			NY Hsng Fin Agy, Related- Caroline Apt Hsng Rev Bonds, Ser 2008A (GTD by Federal Home Loan Mortgage Corporation), 0.070%, 7-7-13 (C)		
Bartow, GA Dev Auth Pollutn Ctl Rev Bonds (GA Power Co Plant Proj), First Ser 1997, 0.080%, 7-1-13 (C)	3,000	3,000	MD Hlth and Higher Edu Fac Auth Rev Bonds, Anne Arundel Hlth Sys Issue, Ser 2009A (GTD by Toronto Dominion Bank), 0.160%, 7-7-13 (C)	530	530		900	900
Dev Auth of Monroe Cty, Pollutn Ctl Rev Bonds (GA Power Co Plant Scherer Proj), First Ser 2008 (GTD by Georgia Power Company), 0.080%, 7-1-13 (C)	2,275	2,275	Michigan – 0.4%			<u>4,700</u>		
		<u>5,275</u>	MI Strategic Fund, Var Rate Demand Ltd Oblig Rev Bonds (Air Products and Chemicals, Inc. Proj), Ser 2007 (GTD by Bank of New York (The)), 0.070%, 7-1-13 (C)	1,900	1,900			

SCHEDULE OF INVESTMENTS

Money Market *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

MUNICIPAL OBLIGATIONS (Continued)	Principal	Value
Oregon – 0.2%		
Hosp Fac Auth of		
Clackamas Cnty, OR, Rev Bonds (Legacy Hlth Sys), Ser 2008B (GTD by U.S. Bank, N.A.), 0.070%, 7-7-13 (C)	\$ 700	\$ 700
Texas – 2.1%		
Harris Cnty Hosp Dist, Sr Lien Rfdg Rev Bonds, Ser 2010 (GTD by JPMorgan Chase & Co.), 0.060%, 7-7-13 (C)		
	2,805	2,805
Port Arthur Nav Dist Indl Dev Corp, Exempt Fac Var Rate Rev Bnds (Air Prdts Proj), Ser 2005 (GTD by Air Products and Chemicals, Inc.), 0.070%, 7-1-13 (C)		
	2,250	2,250
Port Arthur Nav Dist Indl Dev Corp, Exempt Fac Var Rate Rev Bnds (Air Prdts Proj), Ser 2006 (GTD by Air Products and Chemicals, Inc.), 0.070%, 7-1-13 (C)		
	3,720	3,720
		<u>8,775</u>

MUNICIPAL OBLIGATIONS (Continued)	Principal	Value
Wyoming – 0.3%		
Uinta Cnty, WY, Pollutn Ctl Rfdg Rev Bonds (Chevron U.S.A. Inc. Proj), Ser 1992 (GTD by Chevron Corporation), 0.060%, 7-1-13 (C)		
	\$1,156	\$ 1,156
TOTAL MUNICIPAL OBLIGATIONS – 16.3%		
		\$68,100
(Cost: \$68,100)		
UNITED STATES GOVERNMENT AND GOVERNMENT AGENCY OBLIGATIONS		
United States Government Agency Obligations		
Overseas Private Investment Corporation (GTD by United States Government):		
0.140%, 7-3-13 (C)	1,694	1,694
0.140%, 7-7-13 (C)	1,917	1,916

UNITED STATES GOVERNMENT AND GOVERNMENT AGENCY OBLIGATIONS (Continued)	Principal	Value
United States Government Agency Obligations (Continued)		
Totem Ocean Trailer Express, Inc. (GTD by United States Government), 0.520%, 7-30-13 (C)		
	\$861	\$ 861
Total United States Government Agency Obligations – 1.1%		
		4,471
TOTAL UNITED STATES GOVERNMENT AND GOVERNMENT AGENCY OBLIGATIONS – 1.1%		
		\$ 4,471
(Cost: \$4,471)		
TOTAL INVESTMENT SECURITIES – 99.3%		
		\$413,929
(Cost: \$413,929)		
CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.7%		
		2,777
NET ASSETS – 100.0%		
		\$416,706

Notes to Schedule of Investments

(A) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2013.

(B) Rate shown is the yield to maturity at June 30, 2013.

(C) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2013. Date shown represents the date that the variable rate resets or the next demand date.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Corporate Obligations	\$—	\$341,358	\$—
Municipal Obligations	—	68,100	—
United States Government Agency Obligations	—	4,471	—
Total	\$—	\$413,929	\$—

As of June 30, 2013, there were no transfers between Level 1 and 2 during the period.

The following acronym is used throughout this schedule:

GTD = Guaranteed

PORTFOLIO HIGHLIGHTS

Real Estate Securities

ALL DATA IS AS OF JUNE 30, 2013 (UNAUDITED)

Asset Allocation

Stocks	98.7%
Financials	94.7%
Telecommunication Services	1.5%
Consumer Discretionary	1.4%
Health Care	0.7%
Industrials	0.4%
Cash and Cash Equivalents	1.3%

Top 10 Equity Holdings

Company	Sector	Industry
Simon Property Group, Inc.	Financials	Retail REITs
Public Storage, Inc.	Financials	Specialized REITs
Boston Properties, Inc.	Financials	Office REITs
Equity Residential	Financials	Residential REITs
AvalonBay Communities, Inc.	Financials	Residential REITs
ProLogis	Financials	Industrial REITs
Ventas, Inc.	Financials	Specialized REITs
Health Care REIT, Inc.	Financials	Specialized REITs
HCP, Inc.	Financials	Specialized REITs
Host Hotels & Resorts, Inc.	Financials	Specialized REITs

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

SCHEDULE OF INVESTMENTS

Real Estate Securities *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
Diversified REITs – 2.6%			Residential REITs – 18.6%			Specialized REITs (Continued)		
Spirit Realty Capital, Inc.	9	\$ 167	American Campus Communities, Inc.	14	\$ 549	Public Storage, Inc.	14	\$ 2,070
Vornado Realty Trust	11	927	Apartment Investment and Management Company, Class A	14	425	Rayonier Inc.	3	188
		<u>1,094</u>	AvalonBay Communities, Inc.	13	1,714	Sovran Self Storage, Inc.	7	460
Health Care Facilities – 0.7%			Camden Property Trust	12	857	Summit Hotel Properties, Inc.	43	402
Brookdale Senior Living, Inc. (A)	12	315	Campus Crest Communities, Inc.	11	121	Sunstone Hotel Investors, Inc. (A)	24	284
Homebuilding – 0.8%			Colonial Properties Trust ...	7	159	Ventas, Inc.	23	1,580
Lennar Corporation	4	133	Equity Residential	30	1,731			<u>9,801</u>
Toll Brothers, Inc. (A)	7	219	Essex Property Trust, Inc. ...	6	994	Wireless Telecommunication Service – 1.5%		
		<u>352</u>	Mid-America Apartment Communities, Inc.	9	623	American Tower Corporation, Class A ...	5	381
Hotels, Resorts & Cruise Lines – 0.6%			Post Properties	15	732	SBA Communications Corporation (A)	4	274
Starwood Hotels & Resorts Worldwide, Inc.	4	259			<u>7,905</u>			<u>655</u>
Industrial REITs – 5.3%			Retail REITs – 27.1%			TOTAL COMMON STOCKS – 98.1%		
EastGroup Properties, Inc. ...	8	429	Acadia Realty Trust	17	420			\$41,791
ProLogis	45	1,710	Agree Realty Corporation ...	12	363	(Cost: \$37,253)		
Pure Industrial Real Estate Trust (B)	30	130	AmREIT, Inc., Class B	8	145	PREFERRED STOCKS		
		<u>2,269</u>	CBL & Associates Properties, Inc.	31	673	Office REITs – 0.1%		
Mortgage REITs – 1.0%			DDR Corp.	50	834	Digital Realty Trust, Inc., 7.000%		
Blackstone Mortgage Trust, Inc., Class A	6	138	Federal Realty Investment Trust	4	415		2	49
Colony Financial, Inc.	14	283	General Growth Properties, Inc.	48	960	Specialized REITs – 0.5%		
		<u>421</u>	Kimco Realty Corporation ...	43	911	Pebblebrook Hotel Trust, Series B, 8.000%		
Office REITs – 15.6%			Kite Realty Group Trust	45	270		8	201
BioMed Realty Trust, Inc.	29	581	Macerich Company (The) ...	15	902	TOTAL PREFERRED STOCKS – 0.6%		
Boston Properties, Inc.	17	1,739	RioCan Real Estate Investment Trust (B)	15	360			\$ 250
Brandywine Realty Trust	21	280	Simon Property Group, Inc. ...	26	4,142	(Cost: \$241)		
Digital Realty Trust, Inc.	15	909	Tanger Factory Outlet Centers, Inc.	18	612	SHORT-TERM SECURITIES		
Duke Realty Corporation	37	580	Taubman Centers, Inc.	7	511	Principal		
Dundee Real Estate Investment Trust (B)	2	65			<u>11,518</u>	Master Note – 0.3%		
Hudson Pacific Properties, Inc.	17	356	Specialized REITs – 23.0%			Toyota Motor Credit Corporation, 0.111%, 7-3-13 (C) ... \$		
Kilroy Realty Corporation	14	753	CubeSmart	32	518		135	135
Parkway Properties, Inc.	23	389	Entertainment Properties Trust	3	146	TOTAL SHORT-TERM SECURITIES – 0.3%		
SL Green Realty Corp.	11	997	HCP, Inc.	28	1,254			\$ 135
		<u>6,649</u>	Health Care REIT, Inc.	21	1,394	(Cost: \$135)		
Office Services & Supplies – 0.4%			Hersha Hospitality Trust	33	184	TOTAL INVESTMENT SECURITIES – 99.0%		
CyrusOne Inc.	8	174	Host Hotels & Resorts, Inc.	59	997			\$42,176
Real Estate Operating Companies – 0.9%			LaSalle Hotel Properties	8	207	(Cost: \$37,629)		
Forest City Enterprises, Inc., Class A (A)	21	379	Plum Creek Timber Company, Inc.	3	117	CASH AND OTHER ASSETS, NET OF LIABILITIES – 1.0%		
		<u>379</u>						419
						NET ASSETS – 100.0%		
								\$42,595

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) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2013. Date shown represents the date that the variable rate resets.

SCHEDULE OF INVESTMENTS

Real Estate Securities *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Common Stocks	\$41,791	\$ —	\$—
Preferred Stocks	250	—	—
Short-Term Securities	—	135	—
Total	<u>\$42,041</u>	<u>\$135</u>	<u>\$—</u>

As of June 30, 2013, there were no transfers between Level 1 and 2 during the period.

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, 2013 (UNAUDITED)

Asset Allocation

Stocks	96.0%
Information Technology	61.0%
Health Care	20.2%
Industrials	5.9%
Telecommunication Services	3.1%
Consumer Discretionary	2.4%
Materials	2.3%
Consumer Staples	0.6%
Energy	0.5%
Warrants	0.0%
Bonds	0.3%
Corporate Debt Securities	0.3%
Cash and Cash Equivalents	3.7%

Country Weightings

North America	80.8%
United States	80.8%
Pacific Basin	8.1%
South Korea	3.5%
Other Pacific Basin	4.6%
Europe	3.9%
South America	1.6%
Bahamas/Caribbean	1.3%
Other	0.6%
Cash and Cash Equivalents	3.7%

Top 10 Equity Holdings

Company	Sector	Industry
Micron Technology, Inc.	Information Technology	Semiconductors
Cree, Inc.	Information Technology	Semiconductors
Aspen Technology, Inc.	Information Technology	Application Software
Alliance Data Systems Corporation	Information Technology	Data Processing & Outsourced Services
Vertex Pharmaceuticals Incorporated	Health Care	Biotechnology
Google Inc., Class A	Information Technology	Internet Software & Services
Axiom Corporation	Information Technology	IT Consulting & Other Services
UnitedHealth Group Incorporated	Health Care	Managed Health Care
ACI Worldwide, Inc.	Information Technology	Application Software
Samsung Electronics Co., Ltd.	Information Technology	Semiconductors

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, 2013 (UNAUDITED)

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
Agricultural Products – 0.6%			Health Care Equipment – 2.4%			Research & Consulting Services – 0.6%		
Darling International Inc. (A)	125	\$ 2,338	Boston Scientific Corporation (A)	638	\$ 5,911	Qualicorp S.A. (A)(B) . . .	79	\$ 598
			Volcano Corporation (A)	217	3,929	Qualicorp S.A. (A)(B)(C)	254	1,932
					9,840			2,530
Application Software – 9.0%			Health Care Facilities – 2.7%			Semiconductor Equipment – 1.3%		
ACI Worldwide, Inc. (A)	286	13,307	Tenet Healthcare Corporation (A)	245	11,309	Nanometrics Incorporated (A)	145	2,121
Aspen Technology, Inc. (A) . . .	759	21,858				Photronics, Inc. (A)	420	3,388
Silver Spring Networks, Inc. (A)	88	2,192						5,509
		37,357	Health Care Services – 0.4%			Semiconductors – 21.2%		
Biotechnology – 7.9%			Fleury S.A. (B)	85	698	Cree, Inc. (A)	400	25,518
ARIAD Pharmaceuticals, Inc. (A)	370	6,477	Fleury S.A. (B)(C)	131	1,076	Cypress Semiconductor Corporation	397	4,264
bluebird bio, Inc. (A)	36	891			1,774	Marvell Technology Group Ltd.	357	4,175
Ironwood Pharmaceuticals, Inc., Class A (A)	122	1,211	Health Care Technology – 1.9%			Micron Technology, Inc. (A)	2,210	31,668
Isis Pharmaceuticals, Inc. (A)	278	7,473	Cerner Corporation (A)	84	8,043	Rambus Inc. (A)	310	2,659
Vertex Pharmaceuticals Incorporated (A)	204	16,293				Samsung Electronics Co., Ltd. (B)	11	12,338
		32,345	Industrial Machinery – 4.7%			Spansion Inc. (A)	141	1,769
Commodity Chemicals – 0.3%			ESCO Technologies Inc.	238	7,713	Spreadtrum Communications, Inc., ADR	208	5,447
BioAmber Inc. (A)	201	1,368	Pentair, Inc.	210	12,110			87,838
					19,823	Systems Software – 0.6%		
Communications Equipment – 1.0%			Integrated Telecommunication Services – 3.1%			Allot Communications Ltd. (A)	169	2,317
Cisco Systems, Inc.	168	4,072	CenturyLink, Inc.	182	6,445			
			China Unicom Limited (B) . . .	3,044	4,042	TOTAL COMMON STOCKS – 96.0%		\$397,530
Computer Hardware – 2.7%			Windstream Corporation	285	2,199			(Cost: \$280,979)
Apple Inc.	28	11,090			12,686	WARRANTS		
			Internet Software & Services – 5.6%			Commodity Chemicals – 0.0%		
Computer Storage & Peripherals – 1.0%			21Vianet Group, Inc., ADR (A)	176	1,990	BioAmber Inc., Expires 5-9-17 (D)	201	\$ 111
EMC Corporation	172	4,053	Facebook, Inc., Class A (A) . .	263	6,538			
			Google Inc., Class A (A)	17	14,702	TOTAL WARRANTS – 0.0%		\$ 111
Construction & Engineering – 0.3%					23,230			(Cost: \$24)
Abengoa, S.A., Class B (B) . . .	592	1,194	IT Consulting & Other Services – 5.6%			CORPORATE DEBT SECURITIES	Principal	
			Axiom Corporation (A)	618	14,012	Semiconductors – 0.3%		
Consumer Electronics – 1.7%			iGATE Corporation (A)	427	7,011	JinkoSolar Holding Co., Ltd., Convertible, 4.000%, 5-15-16 (C) . . .	2,230	1,337
Harman International Industries, Incorporated . . .	129	7,008	SK C&C Co., Ltd. (B)	23	1,983			
					23,006	TOTAL CORPORATE DEBT SECURITIES – 0.3%		\$ 1,337
Data Processing & Outsourced Services – 11.0%			Life Sciences Tools & Services – 1.0%					(Cost: \$2,197)
Alliance Data Systems Corporation (A)	113	20,384	Agilent Technologies, Inc. . . .	97	4,135			
Euronet Worldwide, Inc. (A)	357	11,380	Managed Health Care – 3.9%					
EVERTEC, Inc. (A)	148	3,241	Odontoprev S.A. (B)	558	2,299			
QIWI plc, ADR	145	3,369	UnitedHealth Group Incorporated	214	14,006			
WNS (Holdings) Limited, ADR (A)	438	7,312			16,305			
		45,686	Movies & Entertainment – 0.7%					
Electronic Components – 1.0%			News Corporation Limited, Class A	92	2,999			
Universal Display Corporation (A)	147	4,132						
			Office Services & Supplies – 0.3%					
Electronic Equipment & Instruments – 1.0%			CyrusOne Inc.	52	1,072			
Itron, Inc. (A)	99	4,201						
			Oil & Gas Equipment & Services – 0.5%					
Fertilizers & Agricultural Chemicals – 2.0%			Forum Energy Technologies, Inc. (A)	68	2,060			
Monsanto Company	83	8,210						

SCHEDULE OF INVESTMENTS

Science and Technology *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

SHORT-TERM SECURITIES	Principal	Value	SHORT-TERM SECURITIES (Continued)	Principal	Value	SHORT-TERM SECURITIES (Continued)	Principal	Value
Commercial Paper – 2.7% Prudential Funding LLC (GTD by Prudential Financial Inc.), 0.070%, 7-1-13 (E)	\$2,983	\$ 2,983	Master Note – 0.4% Toyota Motor Credit Corporation, 0.111%, 7-3-13 (F)	\$1,652	\$1,652	TOTAL SHORT-TERM SECURITIES – 4.4%		\$ 18,096
Straight-A Funding, LLC (GTD by Federal Financing Bank), 0.080%, 7-3-13 (E)	4,000	4,000	Municipal Obligations - Taxable – 1.3% MS Business Fin Corp, Gulf Opp Zone Indl Dev Rev Bonds (Chevron U.S.A. Inc. Proj), Ser 2007B (GTD by Chevron Corporation), 0.050%, 7-1-13 (F)	5,461	5,461	(Cost: \$18,096)		
Total Capital Canada Ltd. (GTD by Total S.A.), 0.090%, 7-10-13 (E)	4,000	4,000				TOTAL INVESTMENT SECURITIES – 100.7%		\$417,074
		<u>10,983</u>				(Cost: \$301,296)		
						LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.7%)		(2,940)
						NET ASSETS – 100.0%		\$414,134

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. At June 30, 2013, the total value of these securities amounted to \$4,345 or 1.0% of net assets.

(D) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.

(E) Rate shown is the yield to maturity at June 30, 2013.

(F) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2013. Date shown represents the date that the variable rate resets.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Common Stocks	\$ 397,530	\$ —	\$ —
Warrants	111	—	—
Corporate Debt Securities	—	1,337	—
Short-Term Securities	—	18,096	—
Total	<u>\$ 397,641</u>	<u>\$19,433</u>	<u>\$ —</u>

During the period ended June 30, 2013, securities totaling \$16,381 were transferred from Level 2 to Level 1 due to lack of significant market movements following the close of local trading.

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts

GTD = Guaranteed

Country Diversification

(as a % of net assets)	
United States	80.8%
South Korea	3.5%
China	2.8%
Switzerland	2.8%
India	1.8%
Brazil	1.6%
Bermuda	1.0%
Other Countries	2.0%
Other+	3.7%

+Includes cash and cash equivalents and other assets and liabilities

See Accompanying Notes to Financial Statements.

PORTFOLIO HIGHLIGHTS

Small Cap Growth

ALL DATA IS AS OF JUNE 30, 2013 (UNAUDITED)

Asset Allocation

Stocks	97.1%
Information Technology	26.4%
Industrials	21.6%
Consumer Discretionary	18.6%
Health Care	14.3%
Energy	8.1%
Financials	5.1%
Consumer Staples	3.0%
Cash and Cash Equivalents	2.9%

Top 10 Equity Holdings

Company	Sector
Portfolio Recovery Associates, Inc.	Industrials
Lithia Motors, Inc.	Consumer Discretionary
IPG Photonics Corporation	Information Technology
Targa Resources Corp.	Energy
Infolox Inc.	Information Technology
Huntington Ingalls Industries, Inc.	Industrials
Westinghouse Air Brake Technologies Corporation	Industrials
Salix Pharmaceuticals, Ltd.	Health Care
BroadSoft, Inc.	Information Technology
Bally Technologies, Inc.	Consumer Discretionary

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, 2013 (UNAUDITED)

COMMON STOCKS	Shares	Value
Aerospace & Defense – 2.4%		
Huntington Ingalls Industries, Inc.	210	\$11,847
Apparel Retail – 3.3%		
Francesca's Holdings Corporation (A)	162	4,508
Stage Stores, Inc.	199	4,677
Zumiez Inc. (A)	266	7,651
		<u>16,836</u>
Apparel, Accessories & Luxury Goods – 1.8%		
Under Armour, Inc., Class A (A)	148	8,820
Application Software – 7.0%		
BroadSoft, Inc. (A)	391	10,783
Synchronoss Technologies, Inc. (A)	202	6,223
Tyler Technologies, Inc. (A)	125	8,568
Ultimate Software Group, Inc. (The) (A)	75	8,777
		<u>34,351</u>
Asset Management & Custody Banks – 1.3%		
WisdomTree Investment, Inc. (A)	581	6,724
Auto Parts & Equipment – 0.6%		
Amerigon Incorporated (A)	162	3,014
Automotive Retail – 2.9%		
Lithia Motors, Inc.	274	14,581
Biotechnology – 0.6%		
Ironwood Pharmaceuticals, Inc., Class A (A)	256	2,550
PTC Therapeutics, Inc. (A)	25	369
		<u>2,919</u>
Brewers – 1.1%		
Boston Beer Company, Inc. (The), Class A (A)	32	5,544
Broadcasting – 1.6%		
LIN TV Corp., Class A (A)	172	2,639
Nexstar Broadcasting Group, Inc. (A)	74	2,625
Sinclair Broadcast Group, Inc. (A)	88	2,573
		<u>7,837</u>
Building Products – 1.2%		
A. O. Smith Corporation	160	5,810
Casinos & Gaming – 2.2%		
Bally Technologies, Inc. (A)	191	10,751
Communications Equipment – 2.0%		
Aruba Networks, Inc. (A)	310	4,768
Finisar Corporation (A)	152	2,580
JDS Uniphase Corporation (A)	171	2,452
		<u>9,800</u>

COMMON STOCKS (Continued)	Shares	Value
Construction & Farm Machinery & Heavy Trucks – 5.6%		
Manitowoc Company, Inc. (The)	424	\$ 7,602
Wabash National Corporation (A)	830	8,450
Westinghouse Air Brake Technologies Corporation ..	220	11,751
		<u>27,803</u>
Consumer Electronics – 1.8%		
Hamman International Industries, Incorporated ...	165	8,934
Consumer Finance – 1.5%		
First Cash Financial Services, Inc. (A)	153	7,529
Data Processing & Outsourced Services – 0.8%		
Echo Global Logistics, Inc. (A)	214	4,178
Diversified Support Services – 3.8%		
Portfolio Recovery Associates, Inc. (A)	125	19,155
Electronic Components – 1.2%		
InvenSense, Inc. (A)	404	6,213
Electronic Equipment & Instruments – 1.7%		
OSI Systems, Inc. (A)	131	8,464
Electronic Manufacturing Services – 3.8%		
IPG Photonics Corporation ...	210	12,770
Sanmina-SCI Corporation (A)	437	6,266
		<u>19,036</u>
Food Retail – 0.8%		
Fresh Market, Inc. (The) (A) ..	80	3,987
Health Care Equipment – 3.5%		
Cyberonics, Inc. (A)	188	9,792
Heartware International, Inc. (A)	37	3,520
Volcano Corporation (A)	224	4,056
		<u>17,368</u>
Health Care Facilities – 3.6%		
Community Health Systems, Inc.	136	6,399
Hanger Orthopedic Group, Inc. (A)	245	7,763
Vanguard Health Systems, Inc. (A)	200	4,150
		<u>18,312</u>
Health Care Services – 1.2%		
Air Methods Corporation	172	5,844
Health Care Supplies – 2.1%		
Align Technology, Inc. (A) ...	182	6,738
Vascular Solutions, Inc. (A) ..	243	3,576
		<u>10,314</u>

COMMON STOCKS (Continued)	Shares	Value
Homefurnishing Retail – 1.3%		
Select Comfort Corporation (A)	253	\$ 6,343
Human Resource & Employment Services – 1.3%		
WageWorks, Inc. (A)	186	6,403
Industrial Machinery – 4.4%		
Chart Industries, Inc. (A)	76	7,135
Nordson Corporation	85	5,890
Proto Labs, Inc. (A)	136	8,804
		<u>21,829</u>
Internet Software & Services – 4.0%		
Demandware, Inc. (A)	217	9,222
Move, Inc. (A)	254	3,257
OpenTable, Inc. (A)	117	7,454
		<u>19,933</u>
Investment Banking & Brokerage – 0.7%		
Greenhill & Co., Inc.	80	3,642
IT Consulting & Other Services – 0.7%		
ServiceSource International, LLC (A)	401	3,734
Leisure Products – 1.2%		
Arctic Cat Inc.	132	5,919
Oil & Gas Equipment & Services – 5.6%		
Core Laboratories N.V.	27	4,140
Dril-Quip, Inc. (A)	96	8,640
Forum Energy Technologies, Inc. (A)	299	9,091
Superior Energy Services, Inc. (A)	233	6,043
		<u>27,914</u>
Oil & Gas Storage & Transportation – 2.5%		
Targa Resources Corp.	197	12,659
Packaged Foods & Meats – 1.1%		
Pinnacle Foods Inc.	95	2,285
WhiteWave Foods Company (The), Class A (A)	204	3,322
		<u>5,607</u>
Pharmaceuticals – 3.3%		
Akorn, Inc. (A)	400	5,404
Salix Pharmaceuticals, Ltd. (A)	170	11,234
		<u>16,638</u>
Regional Banks – 1.6%		
Signature Bank (A)	30	2,498
UMB Financial Corporation	94	5,255
		<u>7,753</u>

SCHEDULE OF INVESTMENTS

Small Cap Growth *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

COMMON STOCKS (Continued)

	Shares	Value
Restaurants – 1.9%		
DineEquity, Inc.	50	\$ 3,428
Noodles & Company, Class A (A)	15	551
Panera Bread Company, Class A (A)	30	5,597
		<u>9,576</u>
Semiconductors – 1.6%		
NeoPhotonics Corporation (A)	296	2,576
Semtech Corporation (A)	152	5,325
		<u>7,901</u>
Systems Software – 3.6%		
Infolox Inc. (A)	412	12,054
MICROS Systems, Inc. (A) ...	117	5,040
Tableau Software, Inc., Class A (A)	12	658
		<u>17,752</u>

COMMON STOCKS (Continued)

	Shares	Value
Trading Companies & Distributors – 1.5%		
Beacon Roofing Supply, Inc. (A)	201	\$ 7,599
Trucking – 1.4%		
Swift Transportation Company (A)	425	7,031
		<u>7,031</u>
TOTAL COMMON STOCKS – 97.1%		\$484,204
(Cost: \$396,031)		
SHORT-TERM SECURITIES		
	Principal	
Commercial Paper – 2.5%		
Mondelez International, Inc., 0.150%, 7-1-13 (B) ...	\$ 4,301	4,301
Praxair, Inc., 0.050%, 7-2-13 (B) ...	3,000	3,000

SHORT-TERM SECURITIES (Continued)

	Principal	Value
Commercial Paper (Continued)		
Total Capital Canada Ltd. (GTD by Total S.A.), 0.070%, 7-3-13 (B)	\$5,000	\$ 5,000
		<u>12,301</u>
Master Note – 0.7%		
Toyota Motor Credit Corporation, 0.111%, 7-3-13 (C) ...	3,661	3,661
		<u>3,661</u>
TOTAL SHORT-TERM SECURITIES – 3.2%		\$ 15,962
(Cost: \$15,962)		
TOTAL INVESTMENT SECURITIES – 100.3%		\$500,166
(Cost: \$411,993)		
LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.3%)		(1,320)
NET ASSETS – 100.0%		\$498,846

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, 2013.

(C) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2013. Date shown represents the date that the variable rate resets.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Common Stocks	\$484,204	\$ —	\$—
Short-Term Securities	—	15,962	—
Total	\$484,204	\$15,962	\$—

As of June 30, 2013, there were no transfers between Level 1 and 2 during the period.

The following acronym is used throughout this schedule:

GTD = Guaranteed

See Accompanying Notes to Financial Statements.

PORTFOLIO HIGHLIGHTS

Small Cap Value

ALL DATA IS AS OF JUNE 30, 2013 (UNAUDITED)

Asset Allocation

Stocks	92.0%
Consumer Discretionary	23.8%
Financials	21.8%
Energy	11.7%
Industrials	10.8%
Information Technology	7.7%
Materials	7.3%
Health Care	4.7%
Utilities	3.5%
Consumer Staples	0.7%
Cash and Cash Equivalents	8.0%

Top 10 Equity Holdings

Company	Sector
Visteon Corporation	Consumer Discretionary
Nexstar Broadcasting Group, Inc.	Consumer Discretionary
Argo Group International Holdings, Ltd.	Financials
Cinemark Holdings, Inc.	Consumer Discretionary
Dana Holding Corporation	Consumer Discretionary
Reinsurance Group of America, Incorporated	Financials
McDermott International, Inc.	Energy
Atlas Pipeline Partners, L.P.	Energy
HealthSouth Corporation	Health Care
Teradyne, Inc.	Information Technology

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

SCHEDULE OF INVESTMENTS

Small Cap Value *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
Aerospace & Defense – 1.8%			Homebuilding – 2.0%			Reinsurance – 4.5%		
Triumph Group, Inc.	61	\$ 4,852	M.D.C. Holdings, Inc.	103	\$ 3,338	Endurance Specialty Holdings Ltd.	113	\$ 5,819
Apparel Retail – 4.5%			Tri Pointe Homes, LLC (A) ...	129	2,136	Reinsurance Group of America, Incorporated	94	6,476
AnnTaylor Stores Corporation (A)	105	3,486			5,474			12,295
Express, Inc. (A)	166	3,481	Metal & Glass Containers – 1.2%			Semiconductor Equipment – 2.1%		
Stage Stores, Inc.	237	5,560	Owens-Illinois, Inc. (A)	116	3,235	Teradyne, Inc. (A)	335	5,893
		12,527				Semiconductors – 2.9%		
Apparel, Accessories & Luxury Goods – 0.7%			Movies & Entertainment – 2.5%			Freescall Semiconductor, Inc. (A)	312	4,222
Jones Apparel Group, Inc. ...	141	1,940	Cinemark Holdings, Inc.	247	6,899	Spansion Inc. (A)	324	4,055
Application Software – 1.4%								8,277
Synchronoss Technologies, Inc. (A)	121	3,732	Office REITs – 2.1%			Specialized REITs – 1.1%		
Auto Parts & Equipment – 5.4%			Corporate Office Properties Trust	20	502	Strategic Hotels & Resorts, Inc. (A)	357	3,162
Dana Holding Corporation ...	351	6,751	Lexington Corporation Properties Trust	461	5,390	Specialty Chemicals – 1.5%		
Visteon Corporation (A)	129	8,167			5,892	Cytec Industries Inc.	58	4,249
		14,918	Oil & Gas Equipment & Services – 6.0%			Steel – 1.7%		
Broadcasting – 6.1%			Basic Energy Services, Inc. (A)	155	1,874	SunCoke Energy Partners, L.P.	213	4,696
Entercom Communications Corp. (A)	389	3,674	GulfMark Offshore, Inc.	121	5,465	Technology Distributors – 0.7%		
Nexstar Broadcasting Group, Inc. (A)	229	8,114	Key Energy Services, Inc. (A) ..	474	2,821	Insight Enterprises, Inc. (A)	103	1,833
Sinclair Broadcast Group, Inc. (A)	166	4,880	McDermott International, Inc. (A)	781	6,390	Thrifts & Mortgage Finance – 2.0%		
		16,668			16,550	Capitol Federal Financial	444	5,391
Construction & Engineering – 2.1%			Oil & Gas Exploration & Production – 3.4%			Trucking – 3.8%		
Foster Wheeler Ltd. (A)	266	5,781	Berry Petroleum Company ...	114	4,811	Con-way Inc.	27	1,048
Construction & Farm Machinery & Heavy Trucks – 3.1%			LinnCo LLC	44	1,644	Marten Transport, Ltd. ...	271	4,252
Manitowoc Company, Inc. (The)	290	5,188	Petroleum Development Corporation (A)	57	2,919	Saia, Inc. (A)	175	5,247
Terex Corporation (A)	128	3,377			9,374			10,547
		8,565	Oil & Gas Storage & Transportation – 2.3%			TOTAL COMMON STOCKS – 90.6%		\$249,617
Data Processing & Outsourced Services – 0.6%			Atlas Pipeline Partners, L.P. ...	164	6,259	(Cost: \$218,587)		
CoreLogic, Inc. (A)	69	1,592	Paper Packaging – 2.2%			INVESTMENT FUNDS		
Electric Utilities – 1.5%			Boise Inc.	682	5,826	Asset Management & Custody Banks – 1.4%		
Great Plains Energy Incorporated	186	4,181	Personal Products – 0.7%			THL Credit, Inc.	249	3,787
Forest Products – 0.7%			Inter Parfums, Inc.	66	1,885	TOTAL INVESTMENT FUNDS – 1.4%		\$ 3,787
Boise Cascade Company (A)	81	2,053	Property & Casualty Insurance – 2.7%			(Cost: \$3,255)		
Gas Utilities – 2.0%			Argo Group International Holdings, Ltd.	177	7,517	SHORT-TERM SECURITIES	Principal	
Southwest Gas Corporation ...	117	5,462	Publishing – 2.6%			Commercial Paper – 7.8%		
Health Care Facilities – 4.7%			E. W. Scripps Company (The) (A)	253	3,945	Exxon Mobil Corporation, 0.050%, 7-24-13 (B)	\$ 1,000	1,000
Community Health Systems, Inc.	96	4,496	Valassis Communications, Inc.	127	3,113			
HealthSouth Corporation (A)	216	6,229			7,058			
LifePoint Hospitals, Inc. (A) ..	47	2,315	Real Estate Operating Companies – 1.7%					
		13,040	Forest City Enterprises, Inc., Class A (A)	256	4,583			
			Regional Banks – 6.3%					
			Bank of Marin Bancorp	52	2,072			
			First Horizon National Corporation	459	5,146			
			First Niagara Financial Group, Inc.	573	5,771			
			Zions Bancorporation	153	4,422			
					17,411			

SCHEDULE OF INVESTMENTS

Small Cap Value *(in thousands)*

JUNE 30, 2013 (UNAUDITED)

SHORT-TERM SECURITIES (Continued)	Principal	Value
Commercial Paper (Continued)		
General Mills, Inc., 0.170%, 7-15-13 (B) . . .	\$5,000	\$ 5,000
Prudential Funding LLC (GTD by Prudential Financial Inc.), 0.070%, 7-1-13 (B)	3,463	3,463
Straight-A Funding, LLC (GTD by Federal Financing Bank), 0.080%, 7-3-13 (B)	8,000	7,999
Total Capital Canada Ltd. (GTD by Total S.A.), 0.090%, 7-10-13 (B) . . .	4,000	4,000
		<u>21,462</u>

SHORT-TERM SECURITIES (Continued)	Principal	Value
Master Note – 0.6%		
Toyota Motor Credit Corporation, 0.111%, 7-3-13 (C)	\$1,743	\$1,743
Municipal Obligations – Taxable – 2.5%		
Franklin, OH, Var Rate Demand Hosp Fac Rfdg and Impvt Rev Bonds (U.S. Hlth Corp of Columbus), Ser 1996A (GTD by U.S. Bank, N.A.), 0.070%, 7-7-13 (C)	1,630	1,630
NYC GO Bonds, Fiscal 2006 Ser E (GTD by Bank of America, N.A.), 0.070%, 7-7-13 (C)	5,183	5,183
		<u>6,813</u>

SHORT-TERM SECURITIES (Continued)	Value
TOTAL SHORT-TERM SECURITIES – 10.9%	\$ 30,018
(Cost: \$30,019)	
TOTAL INVESTMENT SECURITIES – 102.9%	\$283,422
(Cost: \$251,861)	
LIABILITIES, NET OF CASH AND OTHER ASSETS – (2.9%)	(7,923)
NET ASSETS – 100.0%	\$275,499

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, 2013.

(C) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2013. Date shown represents the date that the variable rate resets.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Common Stocks	\$249,617	\$ —	\$—
Investment Funds	3,787	—	—
Short-Term Securities	—	30,018	—
Total	<u>\$253,404</u>	<u>\$30,018</u>	<u>\$—</u>

As of June 30, 2013, there were no transfers between Level 1 and 2 during the period.

The following acronyms are used throughout this schedule:

GTD = Guaranteed

REIT = Real Estate Investment Trust

Asset Allocation

Stocks	96.0%
Energy	26.7%
Financials	24.1%
Health Care	18.2%
Consumer Discretionary	10.7%
Information Technology	7.0%
Materials	3.9%
Consumer Staples	2.7%
Industrials	2.7%
Cash and Cash Equivalents	4.0%

Top 10 Equity Holdings

Company	Sector
JPMorgan Chase & Co.	Financials
Access Midstream Partners, L.P.	Energy
Citigroup Inc.	Financials
Target Corporation	Consumer Discretionary
Time Warner Cable Inc.	Consumer Discretionary
Aetna Inc.	Health Care
Capital One Financial Corporation	Financials
ACE Limited	Financials
Xerox Corporation	Information Technology
Teva Pharmaceutical Industries Limited, ADR	Health Care

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, 2013 (UNAUDITED)

COMMON STOCKS	Shares	Value
Aerospace & Defense – 0.7%		
General Dynamics Corporation	29	\$ 2,287
Biotechnology – 1.7%		
Amgen Inc.	60	5,929
Cable & Satellite – 3.5%		
Time Warner Cable Inc.	107	12,024
Consumer Finance – 3.4%		
Capital One Financial Corporation	187	11,771
Department Stores – 1.9%		
Macy's Inc.	137	6,566
Diversified Chemicals – 2.5%		
Dow Chemical Company (The)	261	8,383
Drug Retail – 2.7%		
CVS Caremark Corporation	165	9,412
Fertilizers & Agricultural Chemicals – 1.4%		
Mosaic Company (The)	92	4,967
General Merchandise Stores – 3.5%		
Target Corporation	179	12,306
Health Care Distributors – 1.9%		
McKesson Corporation	58	6,630
Health Care Facilities – 2.5%		
HCA Holdings, Inc.	239	8,629
Home Improvement Retail – 1.8%		
Lowe's Companies, Inc.	151	6,184
Industrial Machinery – 2.0%		
Parker Hannifin Corporation	75	7,146
Integrated Oil & Gas – 2.8%		
Occidental Petroleum Corporation	108	9,601
Investment Banking & Brokerage – 2.7%		
Goldman Sachs Group, Inc. (The)	62	9,347

COMMON STOCKS (Continued)	Shares	Value
Life & Health Insurance – 2.6%		
MetLife, Inc.	194	\$ 8,864
Managed Health Care – 8.6%		
Aetna Inc.	188	11,965
UnitedHealth Group Incorporated	151	9,907
WellPoint, Inc.	96	7,889
		29,761
Office Electronics – 3.2%		
Xerox Corporation	1,195	10,834
Oil & Gas Exploration & Production – 4.0%		
Berry Petroleum Company	207	8,776
Linn Energy, LLC	96	3,169
LinnCo LLC	54	2,013
		13,958
Oil & Gas Refining & Marketing – 5.0%		
Marathon Petroleum Corporation (B)	132	9,373
Phillips 66 (B)	134	7,876
		17,249
Oil & Gas Storage & Transportation – 14.9%		
Access Midstream Partners, L.P.	298	14,191
Atlas Pipeline Partners, L.P.	157	5,984
Kinder Morgan Management, LLC (A)	73	6,121
MarkWest Energy Partners, L.P.	133	8,911
Plains All American Pipeline, L.P.	125	6,960
Regency Energy Partners LP	334	9,013
		51,180
Other Diversified Financial Services – 8.7%		
Citigroup Inc.	287	13,767
JPMorgan Chase & Co.	317	16,745
		30,512
Pharmaceuticals – 3.5%		
Shire Pharmaceuticals Group plc, ADR	17	1,626
Teva Pharmaceutical Industries Limited, ADR (B)	268	10,518
		12,144

COMMON STOCKS (Continued)	Shares	Value
Property & Casualty Insurance – 3.3%		
ACE Limited	128	\$ 11,480
Regional Banks – 1.5%		
SunTrust Banks, Inc.	160	5,045
Reinsurance – 1.9%		
RenaissanceRe Holdings Ltd.	75	6,483
Semiconductor Equipment – 2.0%		
Lam Research Corporation (A)	155	6,851
Systems Software – 1.8%		
Oracle Corporation	208	6,396
TOTAL COMMON STOCKS – 96.0%		
\$331,939		
(Cost: \$272,904)		
SHORT-TERM SECURITIES		
	Principal	
Commercial Paper – 2.6%		
Prudential Funding LLC (GTD by Prudential Financial Inc.), 0.070%, 7-1-13 (C)		
\$3,120		3,120
Total Capital Canada Ltd. (GTD by Total S.A.), 0.090%, 7-10-13 (C)		
6,000		6,000
		9,120
Master Note – 0.5%		
Toyota Motor Credit Corporation, 0.111%, 7-3-13 (D)		
1,698		1,698
TOTAL SHORT-TERM SECURITIES – 3.1%		
\$ 10,818		
(Cost: \$10,818)		
TOTAL INVESTMENT SECURITIES – 99.1%		
\$342,757		
(Cost: \$283,722)		
CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.9%		
3,221		
NET ASSETS – 100.0%		
\$345,978		

Notes to Schedule of Investments

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

(B) All or a portion of the security position is held in collateralized accounts to cover potential obligations with respect to outstanding written options.

(C) Rate shown is the yield to maturity at June 30, 2013.

(D) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2013. Date shown represents the date that the variable rate resets.

SCHEDULE OF INVESTMENTS

Value (in thousands)

JUNE 30, 2013 (UNAUDITED)

The following written options were outstanding at June 30, 2013 (contracts and exercise prices unrounded):

Underlying Security	Counterparty, if OTC	Type	Number of Contracts	Expiration Month	Exercise Price	Premium Received	Value
Atlas Pipeline Partners, L.P.	Citibank N.A.	Put	459	August 2013	\$ 37.00	\$ 57	\$ (61)
HollyFrontier Corporation	N/A	Put	209	September 2013	42.00	57	(56)
Marathon Petroleum Corporation	N/A	Call	203	July 2013	97.50	18	(1)
	N/A	Call	203	July 2013	100.00	35	(1)
Mosaic Company	N/A	Put	429	July 2013	55.00	28	(92)
	N/A	Put	346	September 2013	50.00	28	(51)
Phillips 66	N/A	Call	514	August 2013	80.00	49	(4)
Shire Pharmaceuticals Group plc, ADR	N/A	Put	150	July 2013	90.00	24	(8)
Teva Pharmaceutical Industries Limited, ADR	N/A	Call	357	August 2013	40.00	15	(22)
						<u>\$311</u>	<u>\$(296)</u>

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2013. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
Assets			
Investments in Securities			
Common Stocks	\$331,939	\$ —	\$—
Short-Term Securities	—	10,818	—
Total	<u>\$331,939</u>	<u>\$10,818</u>	<u>\$—</u>
Liabilities			
Written Options	\$ 235	\$ 61	\$—

As of June 30, 2013, there were no transfers between Level 1 and 2 during the period.

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts
 GTD = Guaranteed
 OTC = Over the Counter

See Accompanying Notes to Financial Statements.

STATEMENTS OF ASSETS AND LIABILITIES

Ivy Funds VIP

AS OF JUNE 30, 2013 (UNAUDITED)

(In thousands, except per share amounts)	Pathfinder Aggressive	Pathfinder Conservative	Pathfinder Moderate	Pathfinder Moderately Aggressive	Pathfinder Moderately Conservative	Asset Strategy ⁽¹⁾	Balanced
ASSETS							
Investments in unaffiliated securities at market value+	\$ 523	\$ 575	\$ 678	\$ 497	\$ 816	\$1,265,698	\$374,405
Investments in affiliated securities at market value+	72,122	108,117	819,094	957,992	256,486	—	—
Bullion at market value+	—	—	—	—	—	115,749	—
Investments at Market Value	72,645	108,692	819,772	958,489	257,302	1,381,447	374,405
Cash	1	1	1	1	1	7,848	1
Cash denominated in foreign currencies at market value+	—	—	—	—	—	2,317	—
Restricted cash+	—	—	—	—	—	2,159	—
Investment securities sold receivable	76	—	—	102	—	21,616	—
Dividends and interest receivable	—*	—*	—*	1	—*	5,668	1,134
Capital shares sold receivable	—*	954	1,553	2	315	783	122
Unrealized appreciation on forward foreign currency contracts	—	—	—	—	—	2,435	—
Prepaid and other assets	—	—	—	—	—	—*	—
Total Assets	72,722	109,647	821,326	958,595	257,618	1,424,273	375,662
LIABILITIES							
Investment securities purchased payable	—	—	79	—	217	26,464	401
Capital shares redeemed payable	59	828	53	495	5	936	110
Trustees and Chief Compliance Officer fees payable	4	3	22	27	8	105	67
Service fee payable	—	—	—	—	—	29	8
Shareholder servicing payable	—*	—*	1	1	—*	2	—*
Investment management fee payable	—	—	—	—	—	78	22
Accounting services fee payable	2	3	12	13	5	21	10
Variation margin payable	—	—	—	—	—	917	—
Written options at market value+	—	—	—	—	—	3,128	—
Other liabilities	1	2	8	9	3	409	6
Total Liabilities	66	836	175	545	238	32,089	624
Total Net Assets	\$72,656	\$108,811	\$821,151	\$958,050	\$257,380	\$1,392,184	\$375,038
NET ASSETS							
Capital paid in (shares authorized – unlimited)	\$67,062	\$100,633	\$735,481	\$852,544	\$234,227	\$1,051,936	\$275,746
Undistributed net investment income	752	1,316	9,684	11,408	2,970	9,581	1,769
Accumulated net realized gain	2,784	3,013	23,026	28,328	6,981	92,923	22,706
Net unrealized appreciation	2,058	3,849	52,960	65,770	13,202	237,744	74,817
Total Net Assets	\$72,656	\$108,811	\$821,151	\$958,050	\$257,380	\$1,392,184	\$375,038
CAPITAL SHARES OUTSTANDING	14,305	20,673	151,560	172,655	47,511	126,520	40,780
NET ASSET VALUE PER SHARE	\$5.08	\$5.26	\$5.42	\$5.55	\$5.42	\$11.00	\$9.20
+COST							
Investments in unaffiliated securities at cost	\$ 523	\$ 575	\$ 678	\$ 497	\$ 816	\$1,039,144	\$299,588
Investments in affiliated securities at cost	70,064	104,268	766,134	892,222	243,284	—	—
Bullion at cost	—	—	—	—	—	105,614	—
Cash denominated in foreign currencies at cost	—	—	—	—	—	2,317	—
Written options premiums received at cost	—	—	—	—	—	2,886	—

*Not shown due to rounding.

(1) Consolidated Statement of Assets and Liabilities (See Note 6 in Notes to Financial Statements).

STATEMENTS OF ASSETS AND LIABILITIES

Ivy Funds VIP

AS OF JUNE 30, 2013 (UNAUDITED)

(In thousands, except per share amounts)	Bond	Core Equity	Dividend Opportunities	Energy	Global Bond	Global Natural Resources	Growth
ASSETS							
Investments in unaffiliated securities at market value+	\$319,531	\$422,581	\$416,077	\$78,304	\$14,204	\$165,695	\$1,046,605
Investments at Market Value	319,531	422,581	416,077	78,304	14,204	165,695	1,046,605
Cash	1	1	1	1	1	1	1
Investment securities sold receivable	—	3,594	—	—	4	23	8,083
Dividends and interest receivable	3,009	497	739	59	151	301	807
Capital shares sold receivable	236	172	50	132	3	152	42
Unrealized appreciation on forward foreign currency contracts	—	—	—	—	5	391	—
Variation margin receivable	—	—	—	—	—	119	—
Prepaid and other assets	—*	—	—	—	—	—	1
Total Assets	322,777	426,845	416,867	78,496	14,368	166,682	1,055,539
LIABILITIES							
Investment securities purchased payable	—	1,486	—	—	109	30	5,878
Capital shares redeemed payable	692	476	130	6	1	105	694
Trustees and Chief Compliance Officer fees payable	64	127	18	3	—*	13	189
Service fee payable	7	9	9	2	—*	3	21
Shareholder servicing payable	1	—*	1	—*	—*	1	1
Investment management fee payable	12	23	24	6	—	14	58
Accounting services fee payable	9	10	10	4	1	5	21
Unrealized depreciation on forward foreign currency contracts	—	—	—	—	—*	16	—
Variation margin payable	—	—	—	—	—	34	—
Other liabilities	9	8	6	2	4	13	13
Total Liabilities	794	2,139	198	23	115	234	6,875
Total Net Assets	\$321,983	\$424,706	\$416,669	\$78,473	\$14,253	\$166,448	\$1,048,664
NET ASSETS							
Capital paid in (shares authorized – unlimited)	\$303,566	\$308,680	\$327,213	\$72,967	\$14,411	\$200,875	\$ 793,524
Undistributed (distributions in excess of) net investment income	5,956	1,005	2,479	(102)	151	(459)	858
Accumulated net realized gain (loss)	11,564	39,742	8,714	(5,372)	(48)	(20,184)	70,148
Net unrealized appreciation (depreciation)	897	75,279	78,263	10,980	(261)	(13,784)	184,134
Total Net Assets	\$321,983	\$424,706	\$416,669	\$78,473	\$14,253	\$166,448	\$1,048,664
CAPITAL SHARES OUTSTANDING	58,948	33,630	53,487	11,951	2,846	33,880	97,833
NET ASSET VALUE PER SHARE	\$5.46	\$12.63	\$7.79	\$6.57	\$5.01	\$4.91	\$10.72
+COST							
Investments in unaffiliated securities at cost	\$318,634	\$347,302	\$337,814	\$67,324	\$14,470	\$179,937	\$ 862,471

*Not shown due to rounding.

See Accompanying Notes to Financial Statements.

STATEMENTS OF ASSETS AND LIABILITIES

Ivy Funds VIP

AS OF JUNE 30, 2013 (UNAUDITED)

(In thousands, except per share amounts)	High Income	International Core Equity	International Growth	Limited-Term Bond	Micro Cap Growth	Mid Cap Growth	Money Market
ASSETS							
Investments in unaffiliated securities at market value+	\$531,027	\$650,295	\$490,566	\$168,644	\$60,824	\$338,390	\$413,929
Investments at Market Value	531,027	650,295	490,566	168,644	60,824	338,390	413,929
Cash	265	1	8,065	2	1	1	1
Cash denominated in foreign currencies at market value+	5	1	—	—	—	—	—
Restricted cash+	—	—	1,586	—	—	—	—
Investment securities sold receivable	14,154	—	1,221	—	—	1,768	—
Dividends and interest receivable	9,098	3,293	1,232	1,146	3	112	340
Capital shares sold receivable	7,117	99	113	143	80	2,646	2,237
Receivable from affiliates	—	—	—	—	—	116	392
Unrealized appreciation on forward foreign currency contracts	103	3,176	4,767	—	—	—	—
Prepaid and other assets	1	—	—	—	—	—	1
Total Assets	561,770	656,865	507,550	169,935	60,908	343,033	416,900
LIABILITIES							
Investment securities purchased payable	27,071	—	—	—	563	726	—
Capital shares redeemed payable	380	134	66	1	17	224	143
Distributions payable	—	—	—	—	—	—	1
Trustees and Chief Compliance Officer fees payable	35	57	42	5	5	9	23
Service fee payable	11	14	11	3	1	7	—
Shareholder servicing payable	1	1	1	—*	—*	—*	—*
Investment management fee payable	25	46	34	7	5	23	13
Accounting services fee payable	12	13	11	5	4	8	9
Written options at market value+	—	—	—	—	—	108	—
Other liabilities	72	124	23	3	3	6	5
Total Liabilities	27,607	389	188	24	598	1,111	194
Total Net Assets	\$534,163	\$656,476	\$507,362	\$169,911	\$60,310	\$341,922	\$416,706
NET ASSETS							
Capital paid in (shares authorized – unlimited)	\$505,996	\$618,887	\$470,302	\$169,074	\$40,517	\$284,312	\$416,714
Undistributed (distributions in excess of) net investment income	18,420	6,073	3,977	847	(361)	(712)	—
Accumulated net realized gain (loss)	672	2,993	(7,453)	548	3,045	5,422	(8)
Net unrealized appreciation (depreciation)	9,075	28,523	40,536	(558)	17,109	52,900	—
Total Net Assets	\$534,163	\$656,476	\$507,362	\$169,911	\$60,310	\$341,922	\$416,706
CAPITAL SHARES OUTSTANDING	142,083	39,572	60,517	35,002	2,384	37,536	416,717
NET ASSET VALUE PER SHARE	\$3.76	\$16.59	\$8.38	\$4.85	\$25.30	\$9.11	\$1.00
+ COST							
Investments in unaffiliated securities at cost	\$522,043	\$624,887	\$454,886	\$169,202	\$43,715	\$285,493	\$413,929
Cash denominated in foreign currencies at cost	5	1	—	—	—	—	—
Written options premiums received at cost	—	—	—	—	—	112	—

*Not shown due to rounding.

See Accompanying Notes to Financial Statements.

STATEMENTS OF ASSETS AND LIABILITIES

Ivy Funds VIP

AS OF JUNE 30, 2013 (UNAUDITED)

(In thousands, except per share amounts)	Real Estate Securities	Science and Technology	Small Cap Growth	Small Cap Value	Value
ASSETS					
Investments in unaffiliated securities at market value+	\$42,176	\$417,074	\$500,166	\$283,422	\$342,757
Investments at Market Value	42,176	417,074	500,166	283,422	342,757
Cash	1	1	1	1	1
Investment securities sold receivable	286	—	3,245	26	4,130
Dividends and interest receivable	133	201	17	140	389
Capital shares sold receivable	104	644	153	94	186
Total Assets	42,700	417,920	503,582	283,683	347,463
LIABILITIES					
Investment securities purchased payable	78	3,497	4,388	8,077	913
Capital shares redeemed payable	12	181	206	48	196
Trustees and Chief Compliance Officer fees payable	4	54	78	21	40
Service fee payable	1	8	10	6	7
Shareholder servicing payable	—*	1	—*	—*	—*
Investment management fee payable	3	28	34	19	20
Accounting services fee payable	2	10	11	8	8
Written options at market value+	—	—	—	—	296
Other liabilities	5	7	9	5	5
Total Liabilities	105	3,786	4,736	8,184	1,485
Total Net Assets	\$42,595	\$414,134	\$498,846	\$275,499	\$345,978
NET ASSETS					
Capital paid in (shares authorized – unlimited)	\$36,558	\$272,754	\$391,434	\$218,363	\$265,387
Undistributed (distributions in excess of) net investment income	431	(911)	(2,116)	(1,797)	4,630
Accumulated net realized gain	1,060	26,496	21,355	27,372	16,911
Net unrealized appreciation	4,546	115,795	88,173	31,561	59,050
Total Net Assets	\$42,595	\$414,134	\$498,846	\$275,499	\$345,978
CAPITAL SHARES OUTSTANDING	5,232	20,042	44,677	15,951	50,854
NET ASSET VALUE PER SHARE	\$8.14	\$20.66	\$11.17	\$17.27	\$6.80
+ COST					
Investments in unaffiliated securities at cost	\$37,629	\$301,296	\$411,993	\$251,861	\$283,722
Written options premiums received at cost	—	—	—	—	311

* Not shown due to rounding.

See Accompanying Notes to Financial Statements.

STATEMENTS OF OPERATIONS

Ivy Funds VIP

FOR THE SIX MONTHS ENDED JUNE 30, 2013 (UNAUDITED)

(In thousands)	Pathfinder Aggressive	Pathfinder Conservative	Pathfinder Moderate	Pathfinder Moderately Aggressive	Pathfinder Moderately Conservative	Asset Strategy ⁽¹⁾	Balanced
INVESTMENT INCOME							
Dividends from unaffiliated securities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 11,501	\$ 2,136
Dividends from affiliated securities	787	1,359	9,855	11,591	3,042	—	—
Foreign dividend withholding tax	—	—	—	—	—	(476)	(29)
Interest and amortization from unaffiliated securities	—*	1	1	1	1	4,328	1,599
Foreign interest withholding tax	—	—	—	—	—	—*	—
Total Investment Income	787	1,360	9,856	11,592	3,043	15,353	3,706
EXPENSES							
Investment management fee	—	—	—	—	—	4,773	1,293
Service fee	—	—	—	—	—	1,741	461
Shareholder servicing	—*	—*	3	3	1	6	1
Custodian fees	1	2	1	1	1	50	4
Trustees and Chief Compliance Officer fees	3	3	23	28	8	50	18
Accounting services fee	13	18	70	77	28	124	60
Professional fees	12	13	22	24	15	101	23
Other	2	4	28	32	12	17	13
Total Expenses	31	40	147	165	65	6,862	1,873
Less:							
Expenses in excess of limit	—	—	—	—	—	(50)	—
Total Net Expenses	31	40	147	165	65	6,812	1,873
Net Investment Income	756	1,320	9,709	11,427	2,978	8,541	1,833
REALIZED AND UNREALIZED GAIN (LOSS)							
Net realized gain (loss) on:							
Investments in unaffiliated securities	—	—	—	—	—	130,170	22,779
Investments in affiliated securities	720	871	4,076	4,969	1,419	—	—
Distributions of realized capital gains from affiliated securities	2,066	2,144	18,973	23,380	5,566	—	—
Futures contracts	—	—	—	—	—	(428)	—
Written options	—	—	—	—	—	3,443	—
Forward foreign currency contracts	—	—	—	—	—	(3,677)	—
Foreign currency exchange transactions	—	—	—	—	—	(98)	(1)
Net change in unrealized appreciation (depreciation) on:							
Investments in unaffiliated securities	—	—	—	—	—	(87,157)	6,219
Investments in affiliated securities	2,314	661	16,780	28,036	3,611	—	—
Futures contracts	—	—	—	—	—	(1,077)	—
Written options	—	—	—	—	—	(533)	—
Forward foreign currency contracts	—	—	—	—	—	3,799	—
Foreign currency exchange transactions	—	—	—	—	—	(61)	—
Net Realized and Unrealized Gain	5,100	3,676	39,829	56,385	10,596	44,381	28,997
Net Increase in Net Assets Resulting from Operations	\$5,856	\$4,996	\$49,538	\$67,812	\$13,574	\$ 52,922	\$30,830

*Not shown due to rounding.

(1) Consolidated Statement of Operations (See Note 6 in Notes to Financial Statements).

See Accompanying Notes to Financial Statements.

STATEMENTS OF OPERATIONS

Ivy Funds VIP

FOR THE SIX MONTHS ENDED JUNE 30, 2013 (UNAUDITED)

(In thousands)	Bond	Core Equity	Dividend Opportunities	Energy	Global Bond	Global Natural Resources	Growth
INVESTMENT INCOME							
Dividends from unaffiliated securities	\$ —	\$ 3,201	\$ 4,230	\$ 366	\$ 16	\$ 1,250	\$ 6,172
Foreign dividend withholding tax	—	(78)	(50)	(7)	(1)	(61)	(112)
Interest and amortization from unaffiliated securities	7,977	3	10	2	190	6	19
Total Investment Income	7,977	3,126	4,190	361	205	1,195	6,079
EXPENSES							
Investment management fee	1,191	1,458	1,456	320	39	893	3,640
Service fee	627	521	520	94	16	223	1,305
Shareholder servicing	2	1	2	—*	—*	1	3
Custodian fees	5	5	4	2	4	19	8
Trustees and Chief Compliance Officer fees	22	28	13	2	—*	7	52
Accounting services fee	66	62	62	22	6	33	124
Professional fees	30	21	19	14	22	29	29
Other	17	15	12	20	1	16	40
Total Expenses	1,960	2,111	2,088	474	88	1,221	5,201
Less:							
Expenses in excess of limit	—	(104)	—	—	(40)	—	(148)
Total Net Expenses	1,960	2,007	2,088	474	48	1,221	5,053
Net Investment Income (Loss)	6,017	1,119	2,102	(113)	157	(26)	1,026
REALIZED AND UNREALIZED GAIN (LOSS)							
Net realized gain (loss) on:							
Investments in unaffiliated securities	12,005	39,801	8,736	(6)	(49)	(1,072)	70,259
Futures contracts	—	—	—	—	—	(2,024)	—
Forward foreign currency contracts	—	—	—	—	—	1,045	—
Foreign currency exchange transactions	—	(2)	—	—*	—*	(15)	—
Net change in unrealized appreciation (depreciation) on:							
Investments in unaffiliated securities	(29,272)	3,537	34,259	8,056	(306)	(2,360)	24,475
Futures contracts	—	—	—	—	—	83	—
Forward foreign currency contracts	—	—	—	—	7	430	—
Foreign currency exchange transactions	—	1	—	—*	(2)	(5)	—
Net Realized and Unrealized Gain (Loss)	(17,267)	43,337	42,995	8,050	(350)	(3,918)	94,734
Net Increase (Decrease) in Net Assets Resulting from Operations	\$(11,250)	\$44,456	\$45,097	\$7,937	\$(193)	\$(3,944)	\$95,760

*Not shown due to rounding.

See Accompanying Notes to Financial Statements.

STATEMENTS OF OPERATIONS

Ivy Funds VIP

FOR THE SIX MONTHS ENDED JUNE 30, 2013 (UNAUDITED)

(In thousands)	High Income	International Core Equity	International Growth	Limited-Term Bond	Micro Cap Growth	Mid Cap Growth	Money Market
INVESTMENT INCOME							
Dividends from unaffiliated securities	\$ 87	\$13,359	\$ 8,491	\$ —	\$ 16	\$ 980	\$ —
Foreign dividend withholding tax	—	(1,296)	(874)	—	—	(2)	—
Interest and amortization from unaffiliated securities	20,650	18	25	1,414	1	9	329
Foreign interest withholding tax	—	—	—*	—	—	—	—
Total Investment Income	20,737	12,081	7,642	1,414	17	987	329
EXPENSES							
Investment management fee	1,624	2,751	2,134	328	259	1,309	510
Service fee	651	809	627	164	68	385	—
Shareholder servicing	2	2	2	—*	—*	1	1
Custodian fees	6	47	48	3	4	6	4
Trustees and Chief Compliance Officer fees	18	24	18	4	2	9	10
Accounting services fee	71	80	66	31	20	47	45
Professional fees	35	30	28	23	17	18	16
Other	26	31	48	5	3	16	10
Total Expenses	2,433	3,774	2,971	558	373	1,791	596
Less:							
Expenses in excess of limit	(122)	—	(75)	—	—	(99)	(292)
Total Net Expenses	2,311	3,774	2,896	558	373	1,692	304
Net Investment Income (Loss)	18,426	8,307	4,746	856	(356)	(705)	25
REALIZED AND UNREALIZED GAIN (LOSS)							
Net realized gain (loss) on:							
Investments in unaffiliated securities	7,958	27,782	(3,751)	550	3,047	5,614	—*
Written options	—	—	—	—	—	443	—
Forward foreign currency contracts	(134)	2,085	(1,938)	—	—	—	—
Foreign currency exchange transactions	6	(87)	(11)	—	—	—*	—
Net change in unrealized appreciation (depreciation) on:							
Investments in unaffiliated securities	(7,238)	(8,994)	5,966	(3,283)	9,550	23,113	—
Written options	—	—	—	—	—	(1)	—
Forward foreign currency contracts	173	1,664	3,457	—	—	—	—
Foreign currency exchange transactions	(20)	(22)	108	—	—	—*	—
Net Realized and Unrealized Gain (Loss)	745	22,428	3,831	(2,733)	12,597	29,169	—
Net Increase (Decrease) in Net Assets Resulting from Operations	\$19,171	\$30,735	\$ 8,577	\$(1,877)	\$12,241	\$28,464	\$ 25

*Not shown due to rounding.

STATEMENTS OF OPERATIONS

Ivy Funds VIP

FOR THE SIX MONTHS ENDED JUNE 30, 2013 (UNAUDITED)

(In thousands)	Real Estate Securities	Science and Technology	Small Cap Growth	Small Cap Value	Value
INVESTMENT INCOME					
Dividends from unaffiliated securities	\$ 649	\$ 1,328	\$ 666	\$ 1,547	\$ 3,450
Foreign dividend withholding tax	(2)	(33)	(4)	—	(24)
Interest and amortization from unaffiliated securities	—*	60	13	15	8
Total Investment Income	647	1,355	675	1,562	3,434
EXPENSES					
Investment management fee	190	1,592	2,027	1,134	1,174
Service fee	53	468	596	334	419
Shareholder servicing	—*	2	2	1	1
Custodian fees	4	12	6	3	3
Trustees and Chief Compliance Officer fees	2	16	22	10	14
Accounting services fee	14	58	65	45	48
Professional fees	26	23	23	20	18
Other	3	18	30	8	11
Total Expenses	292	2,189	2,771	1,555	1,688
Less:					
Expenses in excess of limit	(19)	(37)	(48)	—	(17)
Total Net Expenses	273	2,152	2,723	1,555	1,671
Net Investment Income (Loss)	374	(797)	(2,048)	7	1,763
REALIZED AND UNREALIZED GAIN (LOSS)					
Net realized gain (loss) on:					
Investments in unaffiliated securities	1,662	26,463	25,374	25,356	18,795
Written options	8	—	—	—	(1,136)
Forward foreign currency contracts	—	614	—	—	—
Foreign currency exchange transactions	—*	—*	—	—	—
Net change in unrealized appreciation (depreciation) on:					
Investments in unaffiliated securities	(370)	46,304	48,890	13,380	34,469
Written options	(7)	—	—	—	230
Forward foreign currency contracts	—	(225)	—	—	—
Foreign currency exchange transactions	—*	16	—	—	—
Net Realized and Unrealized Gain	1,293	73,172	74,264	38,736	52,358
Net Increase in Net Assets Resulting from Operations	\$1,667	\$72,375	\$72,216	\$38,743	\$54,121

*Not shown due to rounding.

See Accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN NET ASSETS

Ivy Funds VIP

(In thousands)	Pathfinder Aggressive		Pathfinder Conservative		Pathfinder Moderate	
	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12
INCREASE (DECREASE) IN NET ASSETS						
Operations:						
Net investment income	\$ 756	\$ 962	\$ 1,320	\$ 1,574	\$ 9,709	\$ 9,494
Net realized gain on investments	2,786	4,481	3,015	4,673	23,049	30,255
Net change in unrealized appreciation	2,314	2,340	661	254	16,780	18,782
Net Increase in Net Assets Resulting from Operations	5,856	7,783	4,996	6,501	49,538	58,531
Distributions to Shareholders From:						
Net investment income	(963)	(625)	(1,576)	(900)	(9,499)	(6,228)
Net realized gains	(4,480)	(3,093)	(4,671)	(2,835)	(30,261)	(17,889)
Total Distributions to Shareholders	(5,443)	(3,718)	(6,247)	(3,735)	(39,760)	(24,117)
Capital Share Transactions	3,359	(650)	3,049	15,849	78,867	115,723
Net Increase in Net Assets	3,772	3,415	1,798	18,615	88,645	150,137
Net Assets, Beginning of Period	68,884	65,469	107,013	88,398	732,506	582,369
Net Assets, End of Period	\$ 72,656	\$ 68,884	\$ 108,811	\$ 107,013	\$ 821,151	\$ 732,506
Undistributed net investment income	\$ 752	\$ 959	\$ 1,316	\$ 1,572	\$ 9,684	\$ 9,474

(In thousands)	Pathfinder Moderately Aggressive		Pathfinder Moderately Conservative		Asset Strategy	
	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12	Six months ended 6-30-13 ⁽¹⁾ (Unaudited)	Year ended 12-31-12
INCREASE (DECREASE) IN NET ASSETS						
Operations:						
Net investment income	\$ 11,427	\$ 11,571	\$ 2,978	\$ 3,438	\$ 8,541	\$ 23,434
Net realized gain on investments	28,349	41,988	6,985	10,233	129,410	49,035
Net change in unrealized appreciation (depreciation)	28,036	27,991	3,611	3,535	(85,029)	151,567
Net Increase in Net Assets Resulting from Operations	67,812	81,550	13,574	17,206	52,922	224,036
Distributions to Shareholders From:						
Net investment income	(11,573)	(6,325)	(3,438)	(1,980)	(18,794)	(14,571)
Net realized gains	(42,000)	(20,770)	(10,234)	(6,091)	—	—
Total Distributions to Shareholders	(53,573)	(27,095)	(13,672)	(8,071)	(18,794)	(14,571)
Capital Share Transactions	70,499	95,633	17,044	37,613	12,910	(61,015)
Net Increase in Net Assets	84,738	150,088	16,946	46,748	47,038	148,450
Net Assets, Beginning of Period	873,312	723,224	240,434	193,686	1,345,146	1,196,696
Net Assets, End of Period	\$ 958,050	\$ 873,312	\$ 257,380	\$ 240,434	\$ 1,392,184	\$ 1,345,146
Undistributed net investment income	\$ 11,408	\$ 11,554	\$ 2,970	\$ 3,430	\$ 9,581	\$ 19,932

(1) Consolidated Statement of Changes in Net Assets (See Note 6 in Notes to Financial Statements).

STATEMENTS OF CHANGES IN NET ASSETS

Ivy Funds VIP

(In thousands)	Balanced		Bond		Core Equity	
	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12
INCREASE (DECREASE) IN NET ASSETS						
Operations:						
Net investment income	\$ 1,833	\$ 5,543	\$ 6,017	\$ 15,607	\$ 1,119	\$ 2,338
Net realized gain on investments	22,778	32,141	12,005	11,686	39,799	34,815
Net change in unrealized appreciation (depreciation)	6,219	1,756	(29,272)	6,540	3,538	29,079
Net Increase (Decrease) in Net Assets Resulting from Operations	30,830	39,440	(11,250)	33,833	44,456	66,232
Distributions to Shareholders From:						
Net investment income	(5,586)	(5,325)	(17,518)	(18,510)	(2,364)	(2,301)
Net realized gains	(32,110)	(19,283)	(8,285)	(4,695)	(34,808)	(38,524)
Total Distributions to Shareholders	(37,696)	(24,608)	(25,803)	(23,205)	(37,172)	(40,825)
Capital Share Transactions	27,185	(4,954)	(151,525)	(140,008)	26,622	(10,291)
Net Increase (Decrease) in Net Assets	20,319	9,878	(188,578)	(129,380)	33,906	15,116
Net Assets, Beginning of Period	354,719	344,841	510,561	639,941	390,800	375,684
Net Assets, End of Period	\$375,038	\$354,719	\$ 321,983	\$ 510,561	\$424,706	\$390,800
Undistributed net investment income	\$ 1,769	\$ 5,523	\$ 5,956	\$ 17,457	\$ 1,005	\$ 2,252

(In thousands)	Dividend Opportunities		Energy		Global Bond	
	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12
INCREASE (DECREASE) IN NET ASSETS						
Operations:						
Net investment income (loss)	\$ 2,102	\$ 7,298	\$ (113)	\$ (120)	\$ 157	\$ 278
Net realized gain (loss) on investments	8,736	14,034	(6)	(662)	(49)	85
Net change in unrealized appreciation (depreciation)	34,259	23,601	8,056	1,448	(301)	169
Net Increase (Decrease) in Net Assets Resulting from Operations	45,097	44,933	7,937	666	(193)	532
Distributions to Shareholders From:						
Net investment income	(6,900)	(4,039)	—	—	—	(290)
Net realized gains	(9,375)	—	(282)	—	—	(8)
Total Distributions to Shareholders	(16,275)	(4,039)	(282)	—	—	(298)
Capital Share Transactions	1,409	2,751	3,606	4,351	3,505	3,703
Net Increase in Net Assets	30,231	43,645	11,261	5,017	3,312	3,937
Net Assets, Beginning of Period	386,438	342,793	67,212	62,195	10,941	7,004
Net Assets, End of Period	\$416,669	\$386,438	\$ 78,473	\$ 67,212	\$ 14,253	\$ 10,941
Undistributed (distributions in excess of) net investment income	\$ 2,479	\$ 7,277	\$ (102)	\$ 11	\$ 151	\$ (6)

*Not shown due to rounding.

See Accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN NET ASSETS

Ivy Funds VIP

(In thousands)	Global Natural Resources		Growth		High Income	
	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12
INCREASE (DECREASE) IN NET ASSETS						
Operations:						
Net investment income (loss)	\$ (26)	\$ (246)	\$ 1,026	\$ 4,659	\$ 18,426	\$ 27,492
Net realized gain (loss) on investments	(2,066)	(17,115)	70,259	83,938	7,830	7,005
Net change in unrealized appreciation (depreciation)	(1,852)	20,431	24,475	25,195	(7,085)	23,375
Net Increase (Decrease) in Net Assets Resulting from Operations	(3,944)	3,070	95,760	113,792	19,171	57,872
Distributions to Shareholders From:						
Net investment income	—	—	(4,695)	(613)	(27,182)	(21,218)
Net realized gains	—	(10,947)	(83,930)	(72,631)	—	—
Total Distributions to Shareholders	—	(10,947)	(88,625)	(73,244)	(27,182)	(21,218)
Capital Share Transactions	(9,547)	4,184	49,529	92,558	93,177	140,007
Net Increase (Decrease) in Net Assets	(13,491)	(3,693)	56,664	133,106	85,166	176,661
Net Assets, Beginning of Period	179,939	183,632	992,000	858,894	448,997	272,336
Net Assets, End of Period	\$166,448	\$179,939	\$1,048,664	\$992,000	\$534,163	\$ 448,997
Undistributed (distributions in excess of) net investment income	\$ (459)	\$ (418)	\$ 858	\$ 4,527	\$ 18,420	\$ 27,151

(In thousands)	International Core Equity		International Growth		Limited-Term Bond	
	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12
INCREASE (DECREASE) IN NET ASSETS						
Operations:						
Net investment income	\$ 8,307	\$ 9,193	\$ 4,746	\$ 3,517	\$ 856	\$ 3,068
Net realized gain (loss) on investments	29,780	(26,621)	(5,700)	11,457	550	4,722
Net change in unrealized appreciation (depreciation)	(7,352)	88,572	9,531	37,407	(3,283)	478
Net Increase (Decrease) in Net Assets Resulting from Operations	30,735	71,144	8,577	52,381	(1,877)	8,268
Distributions to Shareholders From:						
Net investment income	(11,161)	(12,827)	(4,722)	(5,714)	—	(3,632)
Net realized gains	—	(4,653)	(10,102)	(18,662)	(134)	(2,978)
Total Distributions to Shareholders	(11,161)	(17,480)	(14,824)	(24,376)	(134)	(6,610)
Capital Share Transactions	15,044	46,747	35,554	183,632	49,306	(120,444)
Net Increase (Decrease) in Net Assets	34,618	100,411	29,307	211,637	47,295	(118,786)
Net Assets, Beginning of Period	621,858	521,447	478,055	266,418	122,616	241,402
Net Assets, End of Period	\$656,476	\$621,858	\$ 507,362	\$478,055	\$169,911	\$ 122,616
Undistributed (distributions in excess of) net investment income	\$ 6,073	\$ 9,014	\$ 3,977	\$ 3,964	\$ 847	\$ (9)

*Not shown due to rounding.

See Accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN NET ASSETS

Ivy Funds VIP

(In thousands)	Micro Cap Growth		Mid Cap Growth		Money Market	
	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12
INCREASE (DECREASE) IN NET ASSETS						
Operations:						
Net investment income (loss)	\$ (356)	\$ (448)	\$ (705)	\$ (581)	\$ 25	\$ 46
Net realized gain on investments	3,047	2,632	6,057	10,636	—*	3
Net change in unrealized appreciation	9,550	3,303	23,112	16,483	—	—
Net Increase in Net Assets Resulting from Operations	12,241	5,487	28,464	26,538	25	49
Distributions to Shareholders From:						
Net investment income	—	—	—	—	(25)	(46)
Net realized gains	(2,496)	(3,948)	(11,227)	(19,853)	—	—
Total Distributions to Shareholders	(2,496)	(3,948)	(11,227)	(19,853)	(25)	(46)
Capital Share Transactions	1,747	1,047	60,566	84,724	171,762	21,745
Net Increase in Net Assets	11,492	2,586	77,803	91,409	171,762	21,748
Net Assets, Beginning of Period	48,818	46,232	264,119	172,710	244,944	223,196
Net Assets, End of Period	\$60,310	\$48,818	\$341,922	\$264,119	\$416,706	\$244,944
Distributions in excess of net investment income	\$ (361)	\$ (5)	\$ (712)	\$ (7)	\$ —	\$ —

(In thousands)	Real Estate Securities		Science and Technology		Small Cap Growth	
	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12
INCREASE (DECREASE) IN NET ASSETS						
Operations:						
Net investment income (loss)	\$ 374	\$ 416	\$ (797)	\$ (2,159)	\$ (2,048)	\$ (3,098)
Net realized gain (loss) on investments	1,670	3,970	27,077	26,072	25,374	(3,861)
Net change in unrealized appreciation (depreciation)	(377)	2,132	46,095	51,878	48,890	21,872
Net Increase in Net Assets Resulting from Operations	1,667	6,518	72,375	75,791	72,216	14,913
Distributions to Shareholders From:						
Net investment income	(467)	(293)	—	—	—	—
Net realized gains	—	—	(24,421)	(22,380)	—	(8,258)
Total Distributions to Shareholders	(467)	(293)	(24,421)	(22,380)	—	(8,258)
Capital Share Transactions	987	(4,467)	32,056	1,884	(21,517)	91,348
Net Increase in Net Assets	2,187	1,758	80,010	55,295	50,699	98,003
Net Assets, Beginning of Period	40,408	38,650	334,124	278,829	448,147	350,144
Net Assets, End of Period	\$42,595	\$40,408	\$414,134	\$334,124	\$498,846	\$448,147
Undistributed (distributions in excess of) net investment income	\$ 431	\$ 524	\$ (911)	\$ (114)	\$ (2,116)	\$ (68)

*Not shown due to rounding.

See Accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN NET ASSETS
Ivy Funds VIP

(In thousands)	Small Cap Value		Value	
	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12	Six months ended 6-30-13 (Unaudited)	Year ended 12-31-12
INCREASE (DECREASE) IN NET ASSETS				
Operations:				
Net investment income	\$ 7	\$ 1,870	\$ 1,763	\$ 3,648
Net realized gain on investments	25,356	18,012	17,659	9,576
Net change in unrealized appreciation	13,380	21,344	34,699	39,161
Net Increase in Net Assets Resulting from Operations	38,743	41,226	54,121	52,385
Distributions to Shareholders From:				
Net investment income	(2,358)	(1,053)	(2,748)	(4,010)
Net realized gains	(17,437)	(15,410)	(8,829)	(24,625)
Total Distributions to Shareholders	(19,795)	(16,463)	(11,577)	(28,635)
Capital Share Transactions				
	11,024	(6,868)	(4,939)	(2,166)
Net Increase in Net Assets	29,972	17,895	37,605	21,584
Net Assets, Beginning of Period	245,527	227,632	308,373	286,789
Net Assets, End of Period	\$275,499	\$245,527	\$345,978	\$308,373
Undistributed (distributions in excess of) net investment income	\$ (1,797)	\$ 554	\$ 4,630	\$ 5,615

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
Pathfinder Aggressive							
Six-month period ended 6-30-2013 (unaudited)	\$ 5.04	\$0.06 ⁽³⁾	\$ 0.38	\$ 0.44	\$(0.07)	\$(0.33)	\$(0.40)
Year ended 12-31-2012	4.77	0.07 ⁽³⁾	0.48	0.55	(0.05)	(0.23)	(0.28)
Year ended 12-31-2011	5.16	0.04 ⁽³⁾	(0.24)	(0.20)	(0.06)	(0.13)	(0.19)
Year ended 12-31-2010	4.63	0.06	0.63	0.69	(0.05)	(0.11)	(0.16)
Year ended 12-31-2009	3.81	0.05	0.83	0.88	(0.02)	(0.04)	(0.06)
Year ended 12-31-2008 ⁽⁵⁾	5.00	0.01	(1.20)	(1.19)	—	—	—
Pathfinder Conservative							
Six-month period ended 6-30-2013 (unaudited)	5.33	0.06 ⁽³⁾	0.19	0.25	(0.08)	(0.24)	(0.32)
Year ended 12-31-2012	5.18	0.08 ⁽³⁾	0.27	0.35	(0.05)	(0.15)	(0.20)
Year ended 12-31-2011	5.32	0.06 ⁽³⁾	(0.02)	0.04	(0.07)	(0.11)	(0.18)
Year ended 12-31-2010	5.02	0.06	0.39	0.45	(0.05)	(0.10)	(0.15)
Year ended 12-31-2009	4.45	0.06	0.52	0.58	—*	(0.01)	(0.01)
Year ended 12-31-2008 ⁽⁶⁾	5.00	0.00	(0.55)	(0.55)	—	—	—
Pathfinder Moderate							
Six-month period ended 6-30-2013 (unaudited)	5.33	0.07 ⁽³⁾	0.30	0.37	(0.07)	(0.21)	(0.28)
Year ended 12-31-2012	5.06	0.07 ⁽³⁾	0.40	0.47	(0.05)	(0.15)	(0.20)
Year ended 12-31-2011	5.27	0.06 ⁽³⁾	(0.13)	(0.07)	(0.06)	(0.08)	(0.14)
Year ended 12-31-2010	4.76	0.06	0.53	0.59	(0.03)	(0.05)	(0.08)
Year ended 12-31-2009	4.06	0.03	0.70	0.73	(0.01)	(0.02)	(0.03)
Year ended 12-31-2008 ⁽⁵⁾	5.00	0.01	(0.95)	(0.94)	—	—	—
Pathfinder Moderately Aggressive							
Six-month period ended 6-30-2013 (unaudited)	5.45	0.07 ⁽³⁾	0.36	0.43	(0.07)	(0.26)	(0.33)
Year ended 12-31-2012	5.09	0.08 ⁽³⁾	0.46	0.54	(0.04)	(0.14)	(0.18)
Year ended 12-31-2011	5.37	0.05 ⁽³⁾	(0.21)	(0.16)	(0.04)	(0.08)	(0.12)
Year ended 12-31-2010	4.80	0.05	0.63	0.68	(0.04)	(0.07)	(0.11)
Year ended 12-31-2009	4.01	0.04	0.78	0.82	(0.01)	(0.02)	(0.03)
Year ended 12-31-2008 ⁽⁵⁾	5.00	0.01	(1.00)	(0.99)	—	—	—
Pathfinder Moderately Conservative							
Six-month period ended 6-30-2013 (unaudited)	5.41	0.07 ⁽³⁾	0.25	0.32	(0.08)	(0.23)	(0.31)
Year ended 12-31-2012	5.19	0.08 ⁽³⁾	0.34	0.42	(0.05)	(0.15)	(0.20)
Year ended 12-31-2011	5.34	0.06 ⁽³⁾	(0.06)	0.00	(0.06)	(0.09)	(0.15)
Year ended 12-31-2010	4.94	0.06	0.47	0.53	(0.05)	(0.08)	(0.13)
Year ended 12-31-2009	4.31	0.05	0.60	0.65	(0.01)	(0.01)	(0.02)
Year ended 12-31-2008 ⁽⁷⁾	5.00	0.01	(0.70)	(0.69)	—	—	—
Asset Strategy							
Six-month period ended 6-30-2013 (unaudited)	10.73	0.06 ⁽³⁾	0.36	0.43	(0.15)	—	(0.15)
Year ended 12-31-2012	9.11	0.18 ⁽³⁾	1.55	1.73	(0.11)	—	(0.11)
Year ended 12-31-2011	9.91	0.06 ⁽³⁾	(0.76)	(0.70)	(0.10)	—	(0.10)
Year ended 12-31-2010	9.23	0.09	0.69	0.78	(0.10)	—	(0.10)
Year ended 12-31-2009	8.27	0.08	1.82	1.90	(0.03)	(0.91)	(0.94)
Year ended 12-31-2008	12.32	0.10	(3.29)	(3.19)	(0.05)	(0.81)	(0.86)
Balanced							
Six-month period ended 6-30-2013 (unaudited)	9.37	0.05 ⁽³⁾	0.80	0.85	(0.15)	(0.87)	(1.02)
Year ended 12-31-2012	9.01	0.14 ⁽³⁾	0.88	1.02	(0.14)	(0.52)	(0.66)
Year ended 12-31-2011	9.59	0.14 ⁽³⁾	0.20	0.34	(0.15)	(0.77)	(0.92)
Year ended 12-31-2010	8.48	0.15	1.26	1.41	(0.17)	(0.13)	(0.30)
Year ended 12-31-2009	7.70	0.17	0.82	0.99	(0.16)	(0.05)	(0.21)
Year ended 12-31-2008	9.76	0.15	(2.20)	(2.05)	(0.01)	—*	(0.01)

* Not shown due to rounding.

(1) Based on net asset value. Total returns for periods less than one year are not annualized.

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

(3) Based on average weekly shares outstanding.

(4) Annualized.

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

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

(7) 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 ⁽¹⁾	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 ⁽²⁾	Ratio of Net Investment Income to Average Net Assets Excluding Expense Waiver ⁽²⁾	Portfolio Turnover Rate
Pathfinder Aggressive								
Six-month period ended 6-30-2013 (unaudited)	\$ 5.08	8.57%	\$ 73	0.08% ⁽⁴⁾	2.10% ⁽⁴⁾	—%	—%	17%
Year ended 12-31-2012	5.04	12.18	69	0.08	1.41	—	—	38
Year ended 12-31-2011	4.77	-4.15	65	0.07	0.85	—	—	18
Year ended 12-31-2010	5.16	15.53	72	0.08	1.35	—	—	24
Year ended 12-31-2009	4.63	23.32	61	0.10	1.40	—	—	22
Year ended 12-31-2008 ⁽⁵⁾	3.81	-23.82	43	0.10 ⁽⁴⁾	0.44 ⁽⁴⁾	—	—	3
Pathfinder Conservative								
Six-month period ended 6-30-2013 (unaudited)	5.26	4.69	109	0.07 ⁽⁴⁾	2.43 ⁽⁴⁾	—	—	31
Year ended 12-31-2012	5.33	6.95	107	0.07	1.57	—	—	36
Year ended 12-31-2011	5.18	0.75	88	0.07	1.17	—	—	24
Year ended 12-31-2010	5.32	9.38	71	0.08	1.65	—	—	26
Year ended 12-31-2009	5.02	12.95	44	0.12	1.66	—	—	27
Year ended 12-31-2008 ⁽⁶⁾	4.45	-10.94	12	0.39 ⁽⁴⁾	0.45 ⁽⁴⁾	—	—	2
Pathfinder Moderate								
Six-month period ended 6-30-2013 (unaudited)	5.42	6.70	821	0.04 ⁽⁴⁾	2.47 ⁽⁴⁾	—	—	13
Year ended 12-31-2012	5.33	9.53	733	0.04	1.43	—	—	24
Year ended 12-31-2011	5.06	-1.46	582	0.04	1.15	—	—	16
Year ended 12-31-2010	5.27	12.63	461	0.04	1.52	—	—	18
Year ended 12-31-2009	4.76	17.95	270	0.06	1.35	—	—	18
Year ended 12-31-2008 ⁽⁵⁾	4.06	-18.74	78	0.09 ⁽⁴⁾	0.64 ⁽⁴⁾	—	—	—
Pathfinder Moderately Aggressive								
Six-month period ended 6-30-2013 (unaudited)	5.55	7.73	958	0.04 ⁽⁴⁾	2.45 ⁽⁴⁾	—	—	13
Year ended 12-31-2012	5.45	10.82	873	0.04	1.42	—	—	25
Year ended 12-31-2011	5.09	-3.02	723	0.04	0.97	—	—	14
Year ended 12-31-2010	5.37	14.46	501	0.04	1.35	—	—	23
Year ended 12-31-2009	4.80	20.70	302	0.06	1.35	—	—	19
Year ended 12-31-2008 ⁽⁵⁾	4.01	-19.72	116	0.07 ⁽⁴⁾	0.61 ⁽⁴⁾	—	—	—
Pathfinder Moderately Conservative								
Six-month period ended 6-30-2013 (unaudited)	5.42	5.66	257	0.05 ⁽⁴⁾	2.38 ⁽⁴⁾	—	—	20
Year ended 12-31-2012	5.41	8.41	240	0.05	1.57	—	—	26
Year ended 12-31-2011	5.19	0.00	194	0.05	1.12	—	—	18
Year ended 12-31-2010	5.34	10.97	151	0.06	1.60	—	—	21
Year ended 12-31-2009	4.94	15.12	92	0.09	1.56	—	—	28
Year ended 12-31-2008 ⁽⁷⁾	4.31	-13.80	32	0.18 ⁽⁴⁾	0.63 ⁽⁴⁾	—	—	—
Asset Strategy								
Six-month period ended 6-30-2013 (unaudited)	11.00	3.93	1,392	0.98 ⁽⁴⁾	1.23 ⁽⁴⁾	0.99 ⁽⁴⁾	1.22 ⁽⁴⁾	30
Year ended 12-31-2012	10.73	19.18	1,345	1.00	1.83	1.01	1.82	49
Year ended 12-31-2011	9.11	-7.21	1,197	0.99	0.62	1.00	0.61	57
Year ended 12-31-2010	9.91	8.68	1,295	1.02	1.07	1.03	1.06	104
Year ended 12-31-2009	9.23	25.04	1,095	1.05	1.17	1.06	1.16	113
Year ended 12-31-2008	8.27	-25.79	678	1.04	1.02	1.05	1.01	190
Balanced								
Six-month period ended 6-30-2013 (unaudited)	9.20	8.78	375	1.01 ⁽⁴⁾	0.99 ⁽⁴⁾	—	—	24
Year ended 12-31-2012	9.37	11.75	355	1.01	1.55	—	—	43
Year ended 12-31-2011	9.01	3.31	345	1.01	1.46	—	—	32
Year ended 12-31-2010	9.59	17.11	375	1.01	1.52	—	—	48
Year ended 12-31-2009	8.48	13.23	361	1.03	1.95	—	—	46
Year ended 12-31-2008	7.70	-21.00	378	1.01	1.53	—	—	19

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FINANCIAL HIGHLIGHTS

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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
Bond							
Six-month period ended 6-30-2013 (unaudited)	\$ 5.90	\$ 0.07 ⁽³⁾	\$(0.21)	\$(0.14)	\$(0.20)	\$(0.10)	\$(0.30)
Year ended 12-31-2012	5.80	0.15 ⁽³⁾	0.18	0.33	(0.18)	(0.05)	(0.23)
Year ended 12-31-2011	5.60	0.17 ⁽³⁾	0.22	0.39	(0.15)	(0.04)	(0.19)
Year ended 12-31-2010	5.50	0.12	0.20	0.32	(0.22)	—	(0.22)
Year ended 12-31-2009	5.34	0.15	0.22	0.37	(0.21)	—	(0.21)
Year ended 12-31-2008	5.33	0.22	(0.20)	0.02	(0.01)	—	(0.01)
Core Equity							
Six-month period ended 6-30-2013 (unaudited)	12.38	0.04 ⁽³⁾	1.41	1.45	(0.07)	(1.13)	(1.20)
Year ended 12-31-2012	11.70	0.07 ⁽³⁾	1.96	2.03	(0.08)	(1.27)	(1.35)
Year ended 12-31-2011	11.91	0.07 ⁽³⁾	0.15	0.22	(0.04)	(0.39)	(0.43)
Year ended 12-31-2010	9.95	0.04	2.02	2.06	(0.10)	—	(0.10)
Year ended 12-31-2009	8.11	0.10	1.83	1.93	(0.09)	—	(0.09)
Year ended 12-31-2008	12.96	0.08	(4.60)	(4.52)	(0.02)	(0.31)	(0.33)
Dividend Opportunities							
Six-month period ended 6-30-2013 (unaudited)	7.24	0.04 ⁽³⁾	0.82	0.86	(0.13)	(0.18)	(0.31)
Year ended 12-31-2012	6.47	0.14 ⁽³⁾	0.71	0.85	(0.08)	—	(0.08)
Year ended 12-31-2011	6.86	0.09 ⁽³⁾	(0.41)	(0.32)	(0.07)	—	(0.07)
Year ended 12-31-2010	5.96	0.07	0.90	0.97	(0.07)	—	(0.07)
Year ended 12-31-2009	5.11	0.06	0.84	0.90	(0.05)	—	(0.05)
Year ended 12-31-2008	8.00	0.04	(2.91)	(2.87)	(0.01)	(0.01)	(0.02)
Energy							
Six-month period ended 6-30-2013 (unaudited)	5.89	(0.01) ⁽³⁾	0.71	0.70	—	(0.02)	(0.02)
Year ended 12-31-2012	5.81	(0.01) ⁽³⁾	0.09	0.08	—	—	—
Year ended 12-31-2011	6.39	(0.02) ⁽³⁾	(0.56)	(0.58)	—	—	—
Year ended 12-31-2010	5.26	(0.01)	1.16	1.15	(0.02)	—	(0.02)
Year ended 12-31-2009	3.74	0.02	1.50	1.52	—	—	—
Year ended 12-31-2008	6.97	(0.01)	(3.21)	(3.22)	—*	(0.01)	(0.01)
Global Bond							
Six-month period ended 6-30-2013 (unaudited)	5.07	0.06 ⁽³⁾	(0.12)	(0.06)	—	—	—
Year ended 12-31-2012	4.90	0.15 ⁽³⁾	0.16	0.31	(0.14)	—*	(0.14)
Year ended 12-31-2011	5.00	0.12 ⁽³⁾	(0.12)	0.00	(0.10)	—	(0.10)
Year ended 12-31-2010 ⁽⁵⁾	5.00	0.00	0.00	0.00	—	—	—
Global Natural Resources							
Six-month period ended 6-30-2013 (unaudited)	5.04	0.00 ⁽³⁾	(0.13)	(0.13)	—	—	—
Year ended 12-31-2012	5.29	(0.01) ⁽³⁾	0.07	0.06	—	(0.31)	(0.31)
Year ended 12-31-2011	6.73	(0.01) ⁽³⁾	(1.43)	(1.44)	—	—	—
Year ended 12-31-2010	5.75	(0.02)	1.00	0.98	—	—	—
Year ended 12-31-2009	3.31	(0.02)	2.46	2.44	—	—	—
Year ended 12-31-2008	10.08	0.01	(6.23)	(6.22)	(0.11)	(0.44)	(0.55)
Growth							
Six-month period ended 6-30-2013 (unaudited)	10.63	0.01 ⁽³⁾	1.05	1.06	(0.05)	(0.92)	(0.97)
Year ended 12-31-2012	10.19	0.05 ⁽³⁾	1.20	1.25	(0.01)	(0.80)	(0.81)
Year ended 12-31-2011	10.38	0.01 ⁽³⁾	0.22	0.23	(0.04)	(0.38)	(0.42)
Year ended 12-31-2010	9.28	0.04	1.12	1.16	(0.06)	—	(0.06)
Year ended 12-31-2009	7.55	0.06	1.93	1.99	(0.03)	(0.23)	(0.26)
Year ended 12-31-2008	12.02	0.03	(4.39)	(4.36)	—	(0.11)	(0.11)

* Not shown due to rounding.

(1) Based on net asset value. Total returns for periods less than one year are not annualized.

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

(3) Based on average weekly shares outstanding.

(4) Annualized.

(5) For the period from August 23, 2010 (commencement of operations of the Portfolio) through December 31, 2010.

	Net Asset Value, End of Period	Total Return ⁽¹⁾	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 ⁽²⁾	Ratio of Net Investment Income (Loss) to Average Net Assets Excluding Expense Waiver ⁽²⁾	Portfolio Turnover Rate
Bond								
Six-month period ended 6-30-2013 (unaudited)	\$ 5.46	-2.60%	\$ 322	0.78% ⁽⁴⁾	2.40% ⁽⁴⁾	—%	—%	20%
Year ended 12-31-2012	5.90	5.78	511	0.78	2.62	—	—	33
Year ended 12-31-2011	5.80	7.31	640	0.77	3.02	—	—	65
Year ended 12-31-2010	5.60	6.04	508	0.78	2.25	—	—	49
Year ended 12-31-2009	5.50	7.16	471	0.80	3.56	—	—	30
Year ended 12-31-2008	5.34	0.31	334	0.79	4.38	—	—	29
Core Equity								
Six-month period ended 6-30-2013 (unaudited)	12.63	11.42	425	0.96 ⁽⁴⁾	0.54 ⁽⁴⁾	1.01 ⁽⁴⁾	0.49 ⁽⁴⁾	40
Year ended 12-31-2012	12.38	18.60	391	0.97	0.60	1.02	0.55	53
Year ended 12-31-2011	11.70	1.66	376	0.96	0.57	1.01	0.52	70
Year ended 12-31-2010	11.91	20.89	429	0.96	0.33	1.01	0.28	100
Year ended 12-31-2009	9.95	24.02	415	0.98	1.01	1.03	0.96	101
Year ended 12-31-2008	8.11	-34.77	402	0.96	0.68	1.01	0.63	105
Dividend Opportunities								
Six-month period ended 6-30-2013 (unaudited)	7.79	11.65	417	1.00 ⁽⁴⁾	1.01 ⁽⁴⁾	—	—	16
Year ended 12-31-2012	7.24	13.18	386	1.01	1.95	—	—	43
Year ended 12-31-2011	6.47	-4.69	343	1.00	1.30	—	—	45
Year ended 12-31-2010	6.86	16.37	296	1.02	1.37	—	—	44
Year ended 12-31-2009	5.96	17.88	201	1.05	1.48	—	—	31
Year ended 12-31-2008	5.11	-35.91	123	1.07	0.92	—	—	35
Energy								
Six-month period ended 6-30-2013 (unaudited)	6.57	11.80	78	1.26 ⁽⁴⁾	-0.30 ⁽⁴⁾	—	—	11
Year ended 12-31-2012	5.89	1.38	67	1.25	-0.18	—	—	38
Year ended 12-31-2011	5.81	-9.08	62	1.24	-0.36	—	—	14
Year ended 12-31-2010	6.39	21.96	44	1.28	-0.25	—	—	27
Year ended 12-31-2009	5.26	40.48	31	1.01	0.35	1.33	0.03	15
Year ended 12-31-2008	3.74	-46.15	20	1.14	-0.15	1.31	-0.32	10
Global Bond								
Six-month period ended 6-30-2013 (unaudited)	5.01	-1.20	14	0.77 ⁽⁴⁾	2.51 ⁽⁴⁾	1.40 ⁽⁴⁾	1.88 ⁽⁴⁾	5
Year ended 12-31-2012	5.07	6.41	11	0.67	3.01	1.29	2.39	28
Year ended 12-31-2011	4.90	0.08	7	0.81	2.45	1.43	1.83	46
Year ended 12-31-2010 ⁽⁵⁾	5.00	-0.10	5	0.90 ⁽⁴⁾	0.09 ⁽⁴⁾	1.52 ⁽⁴⁾	-0.53 ⁽⁴⁾	28
Global Natural Resources								
Six-month period ended 6-30-2013 (unaudited)	4.91	-2.51	166	1.37 ⁽⁴⁾	-0.03 ⁽⁴⁾	—	—	68
Year ended 12-31-2012	5.04	1.89	180	1.36	-0.13	—	—	102
Year ended 12-31-2011	5.29	-21.45	184	1.37	-0.14	—	—	100
Year ended 12-31-2010	6.73	17.06	236	1.37	-0.31	—	—	117
Year ended 12-31-2009	5.75	73.64	192	1.45	-0.56	—	—	101
Year ended 12-31-2008	3.31	-61.46	69	1.43	-0.08	—	—	206
Growth								
Six-month period ended 6-30-2013 (unaudited)	10.72	9.71	1,049	0.97 ⁽⁴⁾	0.20 ⁽⁴⁾	1.00 ⁽⁴⁾	0.17 ⁽⁴⁾	24
Year ended 12-31-2012	10.63	12.75	992	0.97	0.47	1.00	0.44	47
Year ended 12-31-2011	10.19	2.12	859	0.97	0.07	1.00	0.04	42
Year ended 12-31-2010	10.38	12.58	917	0.97	0.42	1.00	0.39	64
Year ended 12-31-2009	9.28	27.07	881	0.99	0.67	1.02	0.64	59
Year ended 12-31-2008	7.55	-36.27	757	0.97	0.29	1.00	0.26	53

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	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
High Income							
Six-month period ended 6-30-2013 (unaudited)	\$ 3.80	\$ 0.13 ⁽³⁾	\$ 0.02	\$ 0.15	\$(0.19)	\$ —	\$(0.19)
Year ended 12-31-2012	3.42	0.29 ⁽³⁾	0.33	0.62	(0.24)	—	(0.24)
Year ended 12-31-2011	3.49	0.28 ⁽³⁾	(0.09)	0.19	(0.26)	—	(0.26)
Year ended 12-31-2010	3.30	0.27	0.19	0.46	(0.27)	—	(0.27)
Year ended 12-31-2009	2.48	0.25	0.84	1.09	(0.27)	—	(0.27)
Year ended 12-31-2008	3.20	0.28	(0.98)	(0.70)	(0.02)	—	(0.02)
International Core Equity							
Six-month period ended 6-30-2013 (unaudited)	16.07	0.21 ⁽³⁾	0.60	0.81	(0.29)	—	(0.29)
Year ended 12-31-2012	14.67	0.25 ⁽³⁾	1.64	1.89	(0.36)	(0.13)	(0.49)
Year ended 12-31-2011	17.29	0.32 ⁽³⁾	(2.68)	(2.36)	(0.26)	—	(0.26)
Year ended 12-31-2010	15.38	0.26	1.86	2.12	(0.21)	—	(0.21)
Year ended 12-31-2009	12.46	0.20	4.01	4.21	(0.49)	(0.80)	(1.29)
Year ended 12-31-2008	22.39	0.51	(9.99)	(9.48)	(0.09)	(0.36)	(0.45)
International Growth							
Six-month period ended 6-30-2013 (unaudited)	8.46	0.08 ⁽³⁾	0.09	0.17	(0.08)	(0.17)	(0.25)
Year ended 12-31-2012	7.86	0.09 ⁽³⁾	1.22	1.31	(0.17)	(0.54)	(0.71)
Year ended 12-31-2011	8.51	0.14 ⁽³⁾	(0.76)	(0.62)	(0.03)	—	(0.03)
Year ended 12-31-2010	7.49	0.08	1.01	1.09	(0.07)	—	(0.07)
Year ended 12-31-2009	6.01	0.07	1.51	1.58	(0.10)	—	(0.10)
Year ended 12-31-2008	10.75	0.11	(4.64)	(4.53)	(0.02)	(0.19)	(0.21)
Limited-Term Bond							
Six-month period ended 6-30-2013 (unaudited)	4.92	0.03 ⁽³⁾	(0.09)	(0.06)	—	(0.01)	(0.01)
Year ended 12-31-2012	5.03	0.07 ⁽³⁾	0.10	0.17	(0.15)	(0.13)	(0.28)
Year ended 12-31-2011	4.96	0.06 ⁽³⁾	0.09	0.15	(0.08)	—	(0.08)
Year ended 12-31-2010 ⁽⁵⁾	5.00	0.02	(0.06)	(0.04)	—	—	—
Micro Cap Growth							
Six-month period ended 6-30-2013 (unaudited)	21.13	(0.15) ⁽³⁾	5.41	5.26	—	(1.09)	(1.09)
Year ended 12-31-2012	20.56	(0.20) ⁽³⁾	2.57	2.37	—	(1.80)	(1.80)
Year ended 12-31-2011	22.11	(0.26) ⁽³⁾	(1.29)	(1.55)	—	—	—
Year ended 12-31-2010	15.70	(0.21)	6.62	6.41	—	—	—
Year ended 12-31-2009	11.11	(0.17)	4.76	4.59	—	—	—
Year ended 12-31-2008	21.38	(0.21)	(10.06)	(10.27)	—	—	—
Mid Cap Growth							
Six-month period ended 6-30-2013 (unaudited)	8.54	(0.02) ⁽³⁾	0.91	0.89	—	(0.32)	(0.32)
Year ended 12-31-2012	8.37	(0.02) ⁽³⁾	1.07	1.05	—	(0.88)	(0.88)
Year ended 12-31-2011	8.69	(0.03) ⁽³⁾	0.01	(0.02)	—*	(0.30)	(0.30)
Year ended 12-31-2010	6.61	0.00	2.08	2.08	—*	—	—*
Year ended 12-31-2009	4.51	0.00	2.10	2.10	—	—	—
Year ended 12-31-2008	7.21	0.00	(2.61)	(2.61)	—*	(0.09)	(0.09)
Money Market							
Six-month period ended 6-30-2013 (unaudited)	1.00	0.00* ⁽³⁾	0.00*	0.00*	—*	—	—*
Year ended 12-31-2012	1.00	0.00* ⁽³⁾	0.00*	0.00*	—*	—	—*
Year ended 12-31-2011	1.00	0.00* ⁽³⁾	0.00*	0.00*	—*	—	—*
Year ended 12-31-2010	1.00	0.00	0.00	0.00	—*	—*	—*
Year ended 12-31-2009	1.00	0.01	0.00	0.01	(0.01)	—*	(0.01)
Year ended 12-31-2008	1.00	0.02	0.00	0.02	(0.02)	—*	(0.02)

(1) Based on net asset value. Total returns for periods less than one year are not annualized.

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

(3) Based on average weekly shares outstanding.

(4) Annualized.

(5) For the period from August 23, 2010 (commencement of operations of the Portfolio) through December 31, 2010.

	Net Asset Value, End of Period	Total Return ⁽¹⁾	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 ⁽²⁾	Ratio of Net Investment Income (Loss) to Average Net Assets Excluding Expense Waiver ⁽²⁾	Portfolio Turnover Rate
High Income								
Six-month period ended 6-30-2013 (unaudited)	\$ 3.76	3.93%	\$534	0.89% ⁽⁴⁾	7.07% ⁽⁴⁾	0.93% ⁽⁴⁾	7.03% ⁽⁴⁾	47%
Year ended 12-31-2012	3.80	18.64	449	0.89	7.86	0.94	7.81	91
Year ended 12-31-2011	3.42	5.26	272	0.90	8.01	0.95	7.96	78
Year ended 12-31-2010	3.49	14.86	243	0.91	8.27	0.96	8.22	108
Year ended 12-31-2009	3.30	46.42	214	0.93	9.15	0.98	9.10	74
Year ended 12-31-2008	2.48	-21.82	147	0.91	8.72	0.96	8.67	37
International Core Equity								
Six-month period ended 6-30-2013 (unaudited)	16.59	4.93	656	1.17 ⁽⁴⁾	2.57 ⁽⁴⁾	—	—	44
Year ended 12-31-2012	16.07	13.33	622	1.17	1.64	—	—	85
Year ended 12-31-2011	14.67	-13.88	521	1.19	1.96	—	—	100
Year ended 12-31-2010	17.29	14.09	580	1.19	1.70	—	—	107
Year ended 12-31-2009	15.38	36.96	513	1.22	1.58	—	—	142
Year ended 12-31-2008	12.46	-42.26	379	1.18	3.07	—	—	20
International Growth								
Six-month period ended 6-30-2013 (unaudited)	8.38	1.85	507	1.15 ⁽⁴⁾	1.89 ⁽⁴⁾	1.18 ⁽⁴⁾	1.86 ⁽⁴⁾	16
Year ended 12-31-2012	8.46	18.05	478	1.15	1.09	1.18	1.06	44
Year ended 12-31-2011	7.86	-7.32	266	1.15	1.67	1.18	1.64	61
Year ended 12-31-2010	8.51	14.79	331	1.17	1.22	1.20	1.19	75
Year ended 12-31-2009	7.49	26.89	261	1.19	1.34	1.22	1.31	80
Year ended 12-31-2008	6.01	-42.15	159	1.18	1.27	1.21	1.24	96
Limited-Term Bond								
Six-month period ended 6-30-2013 (unaudited)	4.85	-1.23	170	0.85 ⁽⁴⁾	1.31 ⁽⁴⁾	—	—	22
Year ended 12-31-2012	4.92	3.37	123	0.81	1.33	0.82	1.32	60
Year ended 12-31-2011	5.03	3.17	241	0.76	1.27	0.84	1.19	55
Year ended 12-31-2010 ⁽⁵⁾	4.96	-0.85	142	0.76 ⁽⁴⁾	0.92 ⁽⁴⁾	0.84 ⁽⁴⁾	0.84 ⁽⁴⁾	15
Micro Cap Growth								
Six-month period ended 6-30-2013 (unaudited)	25.30	25.22	60	1.37 ⁽⁴⁾	-1.31 ⁽⁴⁾	—	—	29
Year ended 12-31-2012	21.13	11.84	49	1.35	-0.91	—	—	52
Year ended 12-31-2011	20.56	-7.01	46	1.34	-1.20	—	—	57
Year ended 12-31-2010	22.11	40.85	55	1.35	-1.15	—	—	77
Year ended 12-31-2009	15.70	41.29	38	1.42	-1.34	—	—	70
Year ended 12-31-2008	11.11	-48.04	28	1.36	-1.23	—	—	60
Mid Cap Growth								
Six-month period ended 6-30-2013 (unaudited)	9.11	10.37	342	1.10 ⁽⁴⁾	-0.46 ⁽⁴⁾	1.16 ⁽⁴⁾	-0.52 ⁽⁴⁾	14
Year ended 12-31-2012	8.54	13.56	264	1.12	-0.27	1.17	-0.32	35
Year ended 12-31-2011	8.37	-0.56	173	1.16	-0.32	1.18	-0.34	49
Year ended 12-31-2010	8.69	31.56	142	1.17	0.01	1.19	-0.01	44
Year ended 12-31-2009	6.61	46.66	92	1.21	0.03	1.23	0.01	33
Year ended 12-31-2008	4.51	-36.23	49	1.23	-0.06	1.24	-0.07	46
Money Market								
Six-month period ended 6-30-2013 (unaudited)	1.00	0.01	417	0.24 ⁽⁴⁾	0.02 ⁽⁴⁾	0.47 ⁽⁴⁾	-0.21 ⁽⁴⁾	—
Year ended 12-31-2012	1.00	0.02	245	0.30	0.02	0.47	-0.15	—
Year ended 12-31-2011	1.00	0.02	223	0.28	0.02	0.47	-0.17	—
Year ended 12-31-2010	1.00	0.08	178	0.42	0.06	0.49	-0.01	—
Year ended 12-31-2009	1.00	1.02	151	0.51	0.99	—	—	—
Year ended 12-31-2008	1.00	2.18	201	0.75	2.01	—	—	—

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	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
Real Estate Securities							
Six-month period ended 6-30-2013 (unaudited)	\$ 7.89	\$ 0.07 ⁽³⁾	\$ 0.27	\$ 0.34	\$(0.09)	\$ —	\$(0.09)
Year ended 12-31-2012	6.75	0.08 ⁽³⁾	1.11	1.19	(0.05)	—	(0.05)
Year ended 12-31-2011	6.48	0.06 ⁽³⁾	0.26	0.32	(0.05)	—	(0.05)
Year ended 12-31-2010	5.14	0.05	1.40	1.45	(0.11)	—	(0.11)
Year ended 12-31-2009	4.30	0.11	0.85	0.96	(0.12)	—	(0.12)
Year ended 12-31-2008	6.99	0.11	(2.65)	(2.54)	(0.04)	(0.11)	(0.15)
Science and Technology							
Six-month period ended 6-30-2013 (unaudited)	18.10	(0.04) ⁽³⁾	3.90	3.86	—	(1.30)	(1.30)
Year ended 12-31-2012	15.25	(0.12) ⁽³⁾	4.22	4.10	—	(1.25)	(1.25)
Year ended 12-31-2011	16.73	(0.13) ⁽³⁾	(0.75)	(0.88)	—	(0.60)	(0.60)
Year ended 12-31-2010	15.30	(0.08)	1.96	1.88	—	(0.45)	(0.45)
Year ended 12-31-2009	11.43	0.01	4.73	4.74	—	(0.87)	(0.87)
Year ended 12-31-2008	17.98	(0.03)	(6.08)	(6.11)	—	(0.44)	(0.44)
Small Cap Growth							
Six-month period ended 6-30-2013 (unaudited)	9.60	(0.04) ⁽³⁾	1.61	1.57	—	—	—
Year ended 12-31-2012	9.34	(0.08) ⁽³⁾	0.57	0.49	—	(0.23)	(0.23)
Year ended 12-31-2011	10.53	(0.10) ⁽³⁾	(1.00)	(1.10)	—	(0.09)	(0.09)
Year ended 12-31-2010	8.17	(0.07)	2.43	2.36	—	—	—
Year ended 12-31-2009	6.09	(0.06)	2.17	2.11	(0.03)	—	(0.03)
Year ended 12-31-2008	10.24	0.03	(4.05)	(4.02)	—	(0.13)	(0.13)
Small Cap Value							
Six-month period ended 6-30-2013 (unaudited)	16.04	0.00 ⁽³⁾	2.56	2.56	(0.16)	(1.17)	(1.33)
Year ended 12-31-2012	14.57	0.12 ⁽³⁾	2.44	2.56	(0.07)	(1.02)	(1.09)
Year ended 12-31-2011	16.78	0.08 ⁽³⁾	(2.21)	(2.13)	(0.08)	—	(0.08)
Year ended 12-31-2010	13.29	0.07	3.43	3.50	(0.01)	—	(0.01)
Year ended 12-31-2009	10.29	0.01	2.99	3.00	—	—	—
Year ended 12-31-2008	14.32	(0.02)	(3.74)	(3.76)	(0.02)	(0.25)	(0.27)
Value							
Six-month period ended 6-30-2013 (unaudited)	5.97	0.03 ⁽³⁾	1.03	1.06	(0.05)	(0.18)	(0.23)
Year ended 12-31-2012	5.57	0.07 ⁽³⁾	0.91	0.98	(0.08)	(0.50)	(0.58)
Year ended 12-31-2011	6.05	0.06 ⁽³⁾	(0.50)	(0.44)	(0.04)	—	(0.04)
Year ended 12-31-2010	5.14	0.03	0.93	0.96	(0.05)	—	(0.05)
Year ended 12-31-2009	4.15	0.07	1.01	1.08	(0.09)	—	(0.09)
Year ended 12-31-2008	6.36	0.08	(2.23)	(2.15)	(0.02)	(0.04)	(0.06)

(1) Based on net asset value. Total returns for periods less than one year are not annualized.

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

(3) Based on average weekly shares outstanding.

(4) Annualized.

	Net Asset Value, End of Period	Total Return ⁽¹⁾	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 ⁽²⁾	Ratio of Net Investment Income (Loss) to Average Net Assets Excluding Expense Waiver ⁽²⁾	Portfolio Turnover Rate
Real Estate Securities								
Six-month period ended 6-30-2013 (unaudited)	\$ 8.14	4.20%	\$ 43	1.29% ⁽⁴⁾	1.77% ⁽⁴⁾	1.38% ⁽⁴⁾	1.68% ⁽⁴⁾	21%
Year ended 12-31-2012	7.89	17.72	40	1.33	1.03	1.34	1.02	47
Year ended 12-31-2011	6.75	5.01	39	1.33	0.87	—	—	54
Year ended 12-31-2010	6.48	28.51	40	1.36	0.75	—	—	67
Year ended 12-31-2009	5.14	23.62	34	1.43	2.54	—	—	62
Year ended 12-31-2008	4.30	-36.04	29	1.31	1.73	—	—	45
Science and Technology								
Six-month period ended 6-30-2013 (unaudited)	20.66	21.56	414	1.15 ⁽⁴⁾	-0.43 ⁽⁴⁾	1.17 ⁽⁴⁾	-0.45 ⁽⁴⁾	26
Year ended 12-31-2012	18.10	27.83	334	1.15	-0.67	1.17	-0.69	44
Year ended 12-31-2011	15.25	-5.77	279	1.16	-0.77	1.18	-0.79	50
Year ended 12-31-2010	16.73	12.75	326	1.16	-0.48	1.18	-0.50	27
Year ended 12-31-2009	15.30	43.84	316	1.19	0.06	1.21	0.04	65
Year ended 12-31-2008	11.43	-33.89	226	1.16	-0.21	1.18	-0.23	62
Small Cap Growth								
Six-month period ended 6-30-2013 (unaudited)	11.17	16.36	499	1.14 ⁽⁴⁾	-0.86 ⁽⁴⁾	1.16 ⁽⁴⁾	-0.88 ⁽⁴⁾	39
Year ended 12-31-2012	9.60	5.17	448	1.14	-0.80	1.16	-0.82	85
Year ended 12-31-2011	9.34	-10.60	350	1.14	-0.95	1.16	-0.97	80
Year ended 12-31-2010	10.53	28.85	419	1.14	-0.83	1.16	-0.85	60
Year ended 12-31-2009	8.17	34.72	356	1.17	-0.88	1.19	-0.90	44
Year ended 12-31-2008	6.09	-39.18	290	1.14	0.32	1.16	0.30	82
Small Cap Value								
Six-month period ended 6-30-2013 (unaudited)	17.27	15.90	275	1.16 ⁽⁴⁾	0.01 ⁽⁴⁾	—	—	30
Year ended 12-31-2012	16.04	18.63	246	1.17	0.78	—	—	64
Year ended 12-31-2011	14.57	-12.79	228	1.17	0.50	—	—	59
Year ended 12-31-2010	16.78	26.41	244	1.17	0.54	—	—	78
Year ended 12-31-2009	13.29	29.15	197	1.21	0.05	—	—	100
Year ended 12-31-2008	10.29	-26.13	150	1.18	-0.14	—	—	110
Value								
Six-month period ended 6-30-2013 (unaudited)	6.80	17.81	346	1.00 ⁽⁴⁾	1.05 ⁽⁴⁾	1.01 ⁽⁴⁾	1.04 ⁽⁴⁾	23
Year ended 12-31-2012	5.97	18.88	308	1.00	1.20	1.02	1.18	67
Year ended 12-31-2011	5.57	-7.32	287	1.00	1.04	1.01	1.03	60
Year ended 12-31-2010	6.05	18.71	316	1.01	0.52	1.02	0.51	51
Year ended 12-31-2009	5.14	26.64	277	1.04	1.45	1.05	1.44	73
Year ended 12-31-2008	4.15	-33.81	231	1.01	1.52	1.02	1.51	48

See Accompanying Notes to Financial Statements.

1. ORGANIZATION

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 26 series (each a Portfolio). The assets belonging to each Portfolio, except Pathfinder Aggressive, Pathfinder Conservative, Pathfinder Moderate, Pathfinder Moderately Aggressive and Pathfinder Moderately Conservative (collectively, 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. Each Portfolio's investment adviser is Waddell & Reed Investment Management Company (WRIMCO).

2. SIGNIFICANT ACCOUNTING POLICIES

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

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. All or a portion of the distributions received from a real estate investment trust or publicly traded partnership may be designated as a reduction of cost of the related investment and/or realized gain.

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 of the Trust (the "Board"). 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 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 New York Stock Exchange ("NYSE"), normally 4:00 P.M. Eastern time, on each day the NYSE is open for trading.

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 ("U.S. GAAP"). If the total dividends and distributions made in any tax year exceeds net investment income and accumulated realized capital gains, a portion of the total distribution may be treated as a tax return of capital.

It is the policy of each Portfolio to distribute all of its taxable income and capital gains to its shareholders and otherwise qualify as a regulated investment company under Subchapter M of the Internal Revenue Code. In addition, each Portfolio intends to pay distributions as required to avoid imposition of excise tax. Accordingly, no provision has been made for Federal income taxes. Management of the Trust periodically reviews all tax positions to assess that it is more likely than not that the position would be sustained upon examination by the relevant tax authority based on the technical merits of each position. As of and for the period ended June 30, 2013, management believes that 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 2008.

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 deliver collateral or segregate 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 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. Certain countries require that cash reserves be held while investing in companies incorporated in that country. These cash reserves and cash collateral that has been pledged to cover obligations of the Portfolios under derivative contracts, if any, will be reported separately on the Statement of Assets and Liabilities as "Restricted cash." Securities collateral pledged for the same purpose, if any, is noted on the Schedule of Investments

Concentration of Market and Credit Risk. In the normal course of business, the Portfolios invest in securities and enter into transactions where risks exist due to fluctuations in the market (market risk) or failure of the issuer of a security to meet all its obligations (issuer credit risk). The value of securities held by the Portfolios may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Portfolios; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate and price fluctuations. Similar to issuer credit risk, the Portfolios may be exposed to counterparty credit risk, or the risk that an entity with which the Portfolios have unsettled or open transactions may fail to or be unable to perform on its commitments. The Portfolios manage counterparty credit risk by entering into transactions only with counterparties that they believe have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Portfolios to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Portfolios' exposure to market, issuer and counterparty credit risks with respect to these financial assets is generally approximated by their value recorded in the Portfolios' Statement of Assets and Liabilities, less any collateral held by the Portfolios.

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.

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 on the Statement of Assets and Liabilities.

If a Portfolio invests directly in foreign currencies or in securities that trade in, and receive revenues in, foreign currencies, or in financial derivatives that provide exposure to foreign currencies, it will be subject to the risk that those currencies will decline in value relative to the base currency of the Portfolio, or, in the case of hedging positions, that the Portfolio's base currency will decline in value relative to the currency being hedged. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by U.S. or foreign governments, central banks or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments in the United States or abroad.

Refer to the Portfolios' prospectus and statement of additional information regarding the risks associated with owning shares in the Portfolios.

Inflation-Indexed Bonds Certain Portfolios may invest in inflation-indexed bonds. Inflation-indexed bonds are fixed-income securities whose principal value is periodically adjusted to the rate of inflation. The interest rate on these bonds is generally fixed at issuance at a rate lower than typical bonds. Over the life of an inflation-indexed bond, however, interest will be paid based on a principal value, which is adjusted for inflation. Any increase or decrease in the principal amount of an inflation-indexed bond will be included as interest income on the Statement of Operations, even though investors do not receive their principal until maturity.

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.

Payment In-Kind Securities Certain Portfolios may invest in payment in-kind securities. Payment in-kind securities ("PIKs") give the issuer the option at each interest payment date of making interest payments in either cash or additional debt securities. Those additional debt securities usually have the same terms, including maturity dates and interest rates, and associated risks as the original bonds. The daily market quotations of the original bonds may include the accrued interest (referred to as a dirty price) and require a pro-rata adjustment from the unrealized appreciation or depreciation on investments to interest receivable on the Statement of Assets and Liabilities.

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 WRIMCO, or the Portfolio's investment subadviser, as applicable, consider advantageous. The Portfolio maintains internally designated assets with a 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 or delayed delivery basis prior to settlement of the original purchase.

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

Certain loans contain provisions that obligate a Portfolio to fund future commitments at the borrower's discretion. See Note 11 in the Notes to the Financial Statements for more information regarding commitments.

Custodian Fees. "Custodian fees" on 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. 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 the 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 indemnification. 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.

Estimates. The preparation of financial statements in accordance with U.S. GAAP 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.

Subsequent Events. As a result of the planned retirement of Frederick Sturm as portfolio manager of the sub advised Global Natural Resources Portfolio, WRIMCO will internalize the management of the portfolio effective July 2, 2013.

3. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

Each Portfolio's investments are reported at fair value. Fair value is defined as the price that each Portfolio would receive upon selling an asset or would pay upon satisfying a liability in an orderly transaction between market participants at the measurement date. Each Portfolio calculates the Net Asset Value ("NAV") of its shares as of the close of the NYSE, normally 4:00 P.M. Eastern time, on each day the NYSE is open for trading.

For purposes of calculating the NAV, the portfolio securities and other assets are valued on each business day using pricing and valuation methods as adopted by the Board. Where market quotes are readily available, fair value is generally determined on the basis of last reported sales prices, or if no sales are reported, based on quotes obtained from a quotation reporting system, established market makers, or pricing services.

Prices for fixed-income securities are typically based on quotes that are obtained from an independent pricing service authorized by the Board. 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 that cannot be valued by the independent pricing service may be valued using quotes obtained from dealers that make markets in the securities.

Short-term securities with maturities of 60 days or less are valued on the basis of amortized cost (which approximates 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. Waddell & Reed Services Company ("WRSCO"), pursuant to procedures adopted by the Board, evaluates the impact of these events 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 values are not readily available or are deemed unreliable are appraised at fair value as determined in good faith under the supervision of the Board.

Where market quotes are not readily available, portfolio securities or assets are valued at fair value, as determined in good faith by the Board or WRSCO pursuant to instructions from the Board.

Market quotes are considered not readily available in circumstances where there is an absence of current or reliable market-based data (e.g., trade information or broker quotes), including where events occur after the close of the relevant market, but prior to the NYSE close, that materially affect the values of a Portfolio's securities or assets. In addition, market quotes are considered not readily available when, due to extraordinary circumstances, the exchanges or markets on which the securities trade do not open for trading for the entire day and no other market prices are available.

The Board has delegated to WRSCO, the responsibility for monitoring significant events that may materially affect the values of a Portfolio's securities or assets and for determining whether the value of the applicable securities or assets should be re-evaluated in light of such significant events. WRSCO has established a Valuation Committee to administer and oversee the valuation process, including the use of third party pricing vendors.

The Board has adopted methods for valuing securities and other assets in circumstances where market quotes are not readily available. For instances in which daily market quotes are not readily available, investments may be valued, pursuant to guidelines established by the Board, with reference to other securities or indices. In the event that the security or asset cannot be valued pursuant to one of the valuation methods established by the Board, the value of the security or asset will be determined in good faith by the Valuation Committee and appropriate consultation with the Board.

When a Portfolio uses these fair valuation methods applied by WRSCO that use significant unobservable inputs to determine its NAV, securities will be priced by a method that the Board or persons acting at their direction believe accurately reflects fair value and are categorized as Level 3 of the fair value hierarchy. These methods may require subjective determinations about the value of a security. While the Trust's policy is intended to result in a calculation of a Portfolio's NAV that fairly reflects security values as of the time of pricing, the Trust cannot guarantee that values determined by the Board or persons acting at their direction would accurately reflect the price that a Portfolio could obtain for a security if it were to dispose of that security as of the time of pricing (for instance, in a forced or distressed sale). The prices used by a Portfolio may differ from the value that would be realized if the securities were sold.

WRSCO is responsible for monitoring the implementation of the pricing and valuation policies through a series of activities to provide reasonable comfort of the accuracy of prices including: 1) periodic vendor due diligence meetings to review methodologies, new developments, and process at vendors, 2) daily and monthly multi-source pricing comparisons reviewed and submitted to the Valuation Committee, and 3) daily review of unpriced, stale, and variance reports with exceptions reviewed by management and the Valuation Committee.

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 as follows:

Level 1 – Observable input such as quoted prices, available in active markets, for identical assets or liabilities.

Level 2 – Significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market corroborated inputs.

Level 3 – Significant unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available, which may include assumptions made by the Board or persons acting at their direction that are used in determining the fair value of investments.

A description of the valuation techniques applied to the Portfolios' major classes of assets and liabilities measured at fair value on a recurring basis follows:

Asset-Backed Securities and Mortgage-Backed Securities. The fair value of asset-backed securities and mortgage-backed securities are estimated using recently executed transactions and based on models that consider the estimated cash flows of each debt tranche of the issuer, establish a benchmark yield, and develop an estimated tranche specific spread to the benchmark yield based on the unique attributes of the tranche including, but not limited to, the prepayment speed assumptions and attributes of the collateral. To the extent the inputs are observable and timely, the values would be categorized in Level 2 of the fair value hierarchy, and otherwise they would be categorized as Level 3.

Loans. Loans are valued using a price or composite price from one or more brokers or dealers as obtained from an independent pricing service. The fair value of loans is estimated using recently executed transactions, market price quotations, credit/market events, and cross-asset pricing. Inputs are generally observable market inputs obtained from independent sources. Loans are generally categorized in Level 2 of the fair value hierarchy, unless key inputs are unobservable in which case they would be categorized as Level 3.

Bullion. The fair value of bullion is at the last settlement price at the end of each day on the board of trade or exchange upon which they are traded and are categorized in Level 1 of the fair value hierarchy.

Corporate Bonds. The fair value of corporate bonds is estimated using various techniques, which consider recently executed transactions in securities of the issuer or comparable issuers, market price quotations (where observable), bond spreads, fundamental data relating to the issuer, and credit default swap spreads adjusted for any basis difference between cash and derivative instruments. While most corporate bonds are categorized in Level 2 of the fair value hierarchy, in instances where lower relative weight is placed on transaction prices, quotations, or similar observable inputs, they are categorized in Level 3 of the fair value hierarchy.

Derivative Instruments. Forward foreign currency contracts are valued based upon the closing prices of the forward currency rates determined at the close of the NYSE. Swaps are valued by an independent pricing service unless the price is unavailable, in which case they are valued at the price provided by a dealer in that security. Futures contracts traded on an exchange are generally valued at the settlement price. Listed options are ordinarily valued at the mean of the last bid and ask price provided by an independent pricing service unless the price is unavailable, in which case they are valued at a quotation obtained from a broker-dealer. Over the counter ("OTC") options are ordinarily valued at the mean of the last bid and ask price provided by an independent pricing service for a comparable listed option unless such a price is unavailable, in which case they are valued at a quotation obtained from a broker-dealer. If no comparable listed option exists from which to obtain a price from an independent pricing service and a quotation cannot be obtained from a broker-dealer, the OTC option will be valued using a model reasonably designed to provide a current market price.

Listed derivatives that are actively traded are valued based on quoted prices from the exchange and are categorized in Level 1 of the fair value hierarchy. OTC derivative contracts include forward foreign currency contracts, swap agreements, and option contracts related to interest rates, foreign currencies, credit standing of reference entities, equity prices, or commodity prices. Depending on the product and the terms of the transaction, the fair value of the OTC derivative products are modeled taking into account the counterparties' creditworthiness and using a series of techniques, including simulation models. Many pricing models do not entail material subjectivity because the methodologies employed do not necessitate significant judgments and the pricing inputs are observed from actively quoted markets, as is the case with interest rate swap and option contracts. A substantial majority of OTC derivative products valued using pricing models fall into this category and are categorized within Level 2 of the fair value hierarchy.

Equity Securities. Equity 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. OTC equity securities and listed securities for which no price is readily available are valued at the average of the last bid and asked prices.

Mutual funds, including investment funds, typically are valued at the NAV reported as of the valuation date.

Securities that are stated at the last reported sales price or closing price on the day of valuation taken from the primary exchange where the security is principally traded and to the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy.

Foreign securities, for which the primary trading market closes at the same time or after the NYSE, are valued based on quotations from the primary market in which they are traded and categorized in Level 1. Because many foreign securities markets and exchanges close prior to the close of the NYSE, closing prices for foreign securities in those markets or on those exchanges do not reflect the events that occur after that close. Certain foreign securities may be fair valued using a pricing service that considers the correlation of the trading patterns of the foreign security to the intra-day trading in the U.S. markets for investments such as American Depositary Receipts, financial futures, Exchange Traded Funds, and the movement of certain indices of securities based on a statistical analysis of their historical relationship; such valuations generally are categorized in Level 2.

Preferred stock, repurchase agreements, and other equities traded on inactive markets or valued by reference to similar instruments are also generally categorized in Level 2.

Municipal Bonds. Municipal bonds are fair valued based on pricing models that take into account, among other factors, information received from market makers and broker-dealers, current trades, bid-wants lists, offerings, market movements, the callability of the bond, state of issuance, benchmark yield curves, and bond insurance. To the extent that these inputs are observable and timely, the fair values of municipal bonds would be categorized as Level 2; otherwise the fair values would be categorized as Level 3.

Restricted Securities. Restricted securities that are deemed to be both Rule 144A securities and illiquid, as well as restricted securities held in non-public entities are included in Level 3 of the fair value hierarchy because they trade infrequently, and, therefore, the inputs are unobservable. Restricted securities that are valued at a discount to similar publicly traded securities may be categorized as Level 2 of the fair value hierarchy to the extent that the discount is considered to be insignificant to the fair value measurement in its entirety; otherwise they may be categorized as Level 3.

U.S. Government and Agency Securities. U.S. government and agency securities are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, quoted market prices, and reference data. Accordingly, U.S. government and agency securities are normally categorized in Level 1 or 2 of the fair value hierarchy depending on the liquidity and transparency of the market.

There were no transfers between Levels 1 or 2 during the period ended June 30, 2013.

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. Transfers in and out of Level 3 represent the values as of the beginning of the reporting period.

For fair valuations using unobservable inputs, U.S. GAAP requires a reconciliation of the beginning to ending balances for reported fair values that presents changes attributable to total realized and unrealized gains or losses, purchases and sales, and transfers in or out of the Level 3 category during the period. The beginning of period timing recognition is used for the transfers between Levels of the Portfolios' assets and liabilities. In accordance with the requirements of U.S. GAAP, a fair value hierarchy and Level 3 reconciliation, if any, have been included in the Notes to the Schedule of Investments for each respective Portfolio.

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, 2013, if applicable, is included on the Statement of Operations in net change in unrealized appreciation (depreciation) on investments in unaffiliated securities.

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.

4. DERIVATIVE INSTRUMENTS (\$ amounts in thousands unless indicated otherwise)

The following disclosures contain information on why and how the Portfolios use derivative instruments, the associated risks of investing in derivative instruments, and how derivative instruments affect the Portfolios' financial positions and results of operations when presented by primary underlying risk exposure.

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 on the Statement of Assets and Liabilities as a receivable or payable and on 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) on the Statement of Operations.

Risks to a Portfolio related to the use of such contracts 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 aggregate unrealized gain on appreciated contracts that is not collateralized.

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 on 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 on the Statement of Assets and Liabilities. The net change in unrealized appreciation (depreciation) is reported on the Statement of Operations. Realized gains (losses) are reported on 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.

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 value of the option written. 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 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.

Swap Agreements. Each Portfolio, other than Money Market and the Pathfinder Portfolios, may invest in swap agreements.

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.

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. The maximum loss a Portfolio may incur consists of the aggregate unrealized gain on appreciated contracts that is not collateralized.

Collateral and rights of offset. A Portfolio may mitigate credit risk with respect to OTC derivative counterparties 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 and its counterparty to offset certain derivative financial instruments' payables and/or receivables against each other and/or 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 2 "Segregation and Collateralization" for additional information with respect to collateral practices.

Offsetting of Assets and Liabilities. Financial Accounting Standards Board ("FASB") Accounting Standards Update 2011-11, Disclosures about Offsetting Assets and Liabilities, requires an entity that has financial instruments that are either (1) offset or (2) subject to an enforceable master netting arrangement or similar agreement to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position.

The following tables present the offsetting of assets and liabilities as of June 30, 2013:

Assets

Portfolio	Gross Amounts of Recognized Assets	Gross Amounts Offset on the Statement of Assets and Liabilities	Net Amounts of Assets Presented on the Statement of Assets and Liabilities	Gross Amounts Not Offset on the Statement of Assets and Liabilities			Net Amount
				Financial Instruments and Derivatives Available for Offset	Non-Cash Collateral Received	Cash Collateral Received	
Asset Strategy Portfolio							
Investments in unaffiliated securities at value*	\$5,309	\$—	\$5,309	\$(1,516)	\$(300)	\$(883)	\$2,610
Unrealized appreciation on forward foreign currency	2,435	—	2,435	—	—	(2,151)	284
Total	\$7,744	\$—	\$7,744	\$(1,516)	\$(300)	\$(3,034)	\$2,894
Global Natural Resources Portfolio							
Unrealized appreciation on forward foreign currency	\$393	\$(2)	\$391	\$(16)	\$—	\$—	\$375
High Income Portfolio							
Unrealized appreciation on forward foreign currency	\$103	\$—	\$103	\$—	\$—	\$—	\$103
International Core Equity Portfolio							
Unrealized appreciation on forward foreign currency	\$3,176	\$—	\$3,176	\$—	\$—	\$—	\$3,176
International Growth Portfolio							
Unrealized appreciation on forward foreign currency	\$4,767	\$—	\$4,767	\$—	\$—	\$(970)	\$3,797

*Purchased options are reported as investments in unaffiliated securities on the Statement of Assets and Liabilities.

Liabilities

Portfolio	Gross Amounts of Recognized Liabilities	Gross Amounts Offset on the Statement of Assets and Liabilities	Net Amounts of Liabilities Presented on the Statement of Assets and Liabilities	Gross Amounts Not Offset on the Statement of Assets and Liabilities			Net Amount
				Financial Instruments and Derivatives Available for Offset	Non-Cash Collateral Pledged	Cash Collateral Pledged	
Asset Strategy Portfolio							
Written options at value	\$1,749	\$—	\$1,749	\$(1,516)	\$—	\$(233)	\$—
Global Natural Resources Portfolio							
Unrealized depreciation on forward foreign currency	\$46	\$(30)	\$16	\$(16)	\$—	\$—	\$—
Mid Cap Growth Portfolio							
Written options at value	\$108	\$—	\$108	\$—	\$—	\$—	\$108
Value Portfolio							
Written options at value	\$61	\$—	\$61	\$—	\$—	\$—	\$61

Additional Disclosure Related to Derivative Instruments

Fair values of derivative instruments as of June 30, 2013:

Portfolio	Type of Risk Exposure	Assets		Liabilities	
		Statement of Assets & Liabilities Location	Value	Statement of Assets & Liabilities Location	Value
Asset Strategy	Commodity			Unrealized depreciation on futures contracts**	\$1,077
	Equity	Investments in unaffiliated securities at value*	\$7,179	Written options at value	3,128
	Foreign currency	Unrealized appreciation on forward foreign currency contracts	2,435		
Global Bond	Foreign currency	Unrealized appreciation on forward foreign currency contracts	5		
Global Natural Resources	Equity	Investments in unaffiliated securities at value*	7,414		
	Equity	Unrealized appreciation on futures contracts**	86		
	Foreign currency	Unrealized appreciation on forward foreign currency contracts	391	Unrealized depreciation on forward foreign currency contracts	16
High Income	Foreign currency	Unrealized appreciation on forward foreign currency contracts	103		
International Core Equity	Foreign currency	Unrealized appreciation on forward foreign currency contracts	3,176		
International Growth	Foreign currency	Unrealized appreciation on forward foreign currency contracts	4,767		
Mid Cap Growth	Equity	Investments in unaffiliated securities at value*	246	Written options at value	108
Value	Equity			Written options at value	296

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

**The fair value presented represents the cumulative unrealized appreciation (depreciation) on open futures contracts; however, the value reflected on the accompanying Statement of Assets and Liabilities is only the unsettled variation margin receivable (payable) as of June 30, 2013.

Amount of realized gain (loss) on derivatives recognized on the Statement of Operations for the period ended June 30, 2013:

Portfolio	Type of Risk Exposure	Net realized gain (loss) on:						Total
		Investments in unaffiliated securities*	Swap agreements	Futures contracts	Written options	Forward foreign currency contracts		
Asset Strategy	Equity	\$9,389	\$—	\$—	\$3,443	\$—	\$12,832	
	Foreign currency	—	—	—	—	(3,677)	(3,677)	
	Interest rate	—	—	(428)	—	—	(428)	
Global Natural Resources	Commodity	(264)	—	—	—	—	(264)	
	Equity	451	—	(2,024)	—	—	(1,573)	
	Foreign currency	—	—	—	—	1,045	1,045	
High Income	Foreign currency	—	—	—	—	(134)	(134)	
International Core Equity	Foreign currency	—	—	—	—	2,085	2,085	
International Growth	Foreign currency	—	—	—	—	(1,938)	(1,938)	
Mid Cap Growth	Equity	(231)	—	—	443	—	212	
Real Estate Securities	Equity	—	—	—	8	—	8	
Science and Technology	Foreign currency	—	—	—	—	614	614	
Value	Equity	—	—	—	(1,136)	—	(1,136)	

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

Change in unrealized appreciation (depreciation) on derivatives recognized on the Statement of Operations for the period ended June 30, 2013:

Net change in unrealized appreciation (depreciation) on:

Portfolio	Type of Risk Exposure	Investments in unaffiliated securities*	Swap agreements	Futures contracts	Written options	Forward foreign currency contracts	Total
Asset Strategy	Commodity	\$—	\$—	\$(1,077)	\$—	\$—	\$(1,077)
	Equity	(3,678)	—	—	(533)	—	(4,211)
	Foreign currency	—	—	—	—	3,799	3,799
Global Bond	Foreign currency	—	—	—	—	7	7
Global Natural Resources	Commodity	74	—	—	—	—	74
	Equity	(2,354)	—	83	—	—	(2,271)
	Foreign currency	—	—	—	—	430	430
High Income	Foreign currency	—	—	—	—	173	173
International Core Equity	Foreign currency	—	—	—	—	1,664	1,664
International Growth	Foreign currency	—	—	—	—	3,457	3,457
Mid Cap Growth	Equity	(105)	—	—	(1)	—	(106)
Real Estate Securities	Equity	—	—	—	(7)	—	(7)
Science and Technology	Foreign currency	—	—	—	—	(225)	(225)
Value	Equity	—	—	—	230	—	230

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

During the period ended June 30, 2013, the average derivative volume was as follows:

Portfolio	Long forward contracts ⁽¹⁾	Short forward contracts ⁽¹⁾	Long futures contracts ⁽¹⁾	Short futures contracts ⁽¹⁾	Swap agreements ⁽²⁾	Purchased options ⁽¹⁾	Written options ⁽¹⁾
Asset Strategy	\$29,569	\$29,510	\$—	\$25,790	\$—	\$4,629	\$1,867
Global Bond	137	134	—	—	—	—	—
Global Natural Resources	26,313	26,050	—	24,410	—	8,517	—
High Income	3,681	3,685	—	—	—	—	—
International Core Equity	24,851	24,054	—	—	—	—	—
International Growth	61,126	60,222	—	—	—	—	—
Mid Cap Growth	—	—	—	—	—	95	169
Real Estate Securities	—	—	—	—	—	—	2
Science and Technology	2,332	2,036	—	—	—	—	—
Value	—	—	—	—	—	—	925

(1) Average value outstanding during the period.

(2) Average notional amount outstanding during the period.

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

Global Bond. The Portfolio's objective in using derivatives during the period was to manage the exposure to various foreign currencies. To achieve this objective, the Portfolio utilized forward contracts to either hedge a position held by the Portfolio, to gain exposure to a currency where a foreign bond is not available, or to take a fundamental position long or short in a particular currency.

Global Natural Resources. The Portfolio's objectives in using derivatives during the period included hedging market risk on equity securities, increasing exposure to specific sectors or companies, and managing the 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 and exchange-traded funds. To manage foreign currency exposure, the Portfolio utilized forward contracts to either increase or decrease exposure to a given currency.

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.

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

International Growth. The Portfolio's objectives in using derivatives during the period included managing the exposure to various foreign currencies and gaining 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.

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

Real Estate Securities. The Portfolio's objectives in using derivatives during the period included generating additional income from written option premiums and to facilitate trading in certain securities. To achieve these objectives, the Portfolio utilized written options on individual equity securities.

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 and on domestic equity indices.

Small Cap Value. The Portfolio's objectives in using derivatives during the period included generating additional income from written option premiums and gaining exposure to, or facilitate trading in, certain securities. To achieve these objectives, the Portfolio utilized written options on individual equity securities.

Value. The Portfolio's objectives in using derivatives during the period included generating additional income from written option premiums and gaining exposure to, or facilitate trading in, certain securities. To achieve these objectives, the Portfolio utilized written options on individual equity securities.

5. WRITTEN OPTION ACTIVITY (\$ amounts in thousands)

Transactions in written options were as follows:

Portfolio	Outstanding at 12-31-12	Options written	Options closed	Options exercised	Options expired	Outstanding at 6-30-13
Asset Strategy						
Number of Contracts	22,597	208,059	(14,159)	(189,171)	(23,355)	3,971
Premium Received	\$ 2,578	\$ 9,063	\$ (5,345)	\$ (459)	\$ (2,951)	\$ 2,886
Mid Cap Growth						
Number of Contracts	703	5,455	(2,018)	(299)	(3,184)	657
Premium Received	\$ 103	\$ 1,124	\$ (413)	\$ (154)	\$ (548)	\$ 112
Real Estate Securities						
Number of Contracts	179	74	—	(74)	(179)	—
Premium Received	\$ 9	\$ 5	\$ —	\$ (5)	\$ (9)	\$ —
Value						
Number of Contracts	1,831	7,826	(2,057)	(1,421)	(3,309)	2,870
Premium Received	\$ 552	\$ 2,255	\$ (2,158)	\$ (110)	\$ (228)	\$ 311

6. BASIS FOR CONSOLIDATION OF THE ASSET STRATEGY PORTFOLIO

The Ivy VIP ASF II, Ltd. (the "Subsidiary"), a Cayman Islands exempted company, was incorporated as a wholly owned subsidiary acting as an investment vehicle for the Asset Strategy Portfolio (referred to as "the Portfolio" in this sub-section) in order to effect certain investments for the Portfolio consistent with the Portfolio's investment objectives and policies as specified in its prospectus and statement of additional information. The Portfolio's investment portfolio has been consolidated and includes the portfolio holdings of the Portfolio and the Subsidiary. The consolidated financial statements include the accounts of the Portfolio and the Subsidiary. All inter-company transactions and balances have been eliminated. A subscription agreement was entered into between the Portfolio and the Subsidiary, comprising the entire issued share capital of the Subsidiary with the intent that the Portfolio will remain the sole shareholder and retain all rights. Under the Articles of Association, shares issued by the Subsidiary confer upon a shareholder the right to receive notice of, to attend and to vote at general meetings of the Subsidiary and shall confer upon the shareholder rights in a winding-up or repayment of capital and the right to participate in the profits or assets of the Subsidiary. See the table below for details regarding the structure, incorporation and relationship as of June 30, 2013 of the Subsidiary to the Portfolio (amounts in thousands).

Subsidiary	Date of Incorporation	Subscription Agreement	Portfolio Net Assets	Subsidiary Net Assets	Percentage of Portfolio Net Assets
Ivy VIP ASF II, Ltd.	1-31-13	4-10-13	\$1,392,184	\$60,591	4.35%

7. INVESTMENT MANAGEMENT AND PAYMENTS TO AFFILIATED PERSONS (\$ amounts in thousands unless indicated otherwise)

Management Fees. WRIMCO, a wholly owned subsidiary of Waddell & Reed, Inc. (W&R), serves as each Portfolio's investment adviser. The management fee is accrued daily by each Portfolio, except the Pathfinder Portfolios, at the following annual rates as a percentage of average daily net assets:

Portfolio (M - Millions)	\$0 to \$500M	\$500 to \$1,000M	\$1,000 to \$1,500M	\$1,500 to \$2,000M	\$2,000 to \$3,000M	Over \$3,000M
Asset Strategy	0.700%	0.700%	0.650%	0.650%	0.600%	0.550%
Balanced	0.700	0.700	0.650	0.650	0.600	0.550
Bond	0.525	0.500	0.450	0.400	0.400	0.400
Core Equity	0.700	0.700	0.650	0.650	0.600	0.550
Dividend Opportunities	0.700	0.700	0.650	0.650	0.600	0.550
Energy	0.850	0.850	0.830	0.830	0.800	0.760
Global Bond	0.625	0.600	0.550	0.500	0.500	0.500
Global Natural Resources	1.000	0.850	0.830	0.830	0.800	0.760
Growth	0.700	0.700	0.650	0.650	0.600	0.550
High Income	0.625	0.600	0.550	0.500	0.500	0.500
International Core Equity	0.850	0.850	0.830	0.830	0.800	0.760
International Growth	0.850	0.850	0.830	0.830	0.800	0.760
Limited-Term Bond	0.500	0.450	0.400	0.350	0.350	0.350
Micro Cap Growth	0.950	0.950	0.930	0.930	0.900	0.860
Mid Cap Growth	0.850	0.850	0.830	0.830	0.800	0.760
Money Market	0.400	0.400	0.400	0.400	0.400	0.400
Real Estate Securities	0.900	0.900	0.870	0.870	0.840	0.800
Science and Technology	0.850	0.850	0.830	0.830	0.800	0.760
Small Cap Growth	0.850	0.850	0.830	0.830	0.800	0.760
Small Cap Value	0.850	0.850	0.830	0.830	0.800	0.760
Value	0.700	0.700	0.650	0.650	0.600	0.550

Effective October 1, 2006, under terms of a settlement agreement, the fee is payable at the following annual rates for those Portfolios included in the settlement agreement until September 30, 2016:

Portfolio (M - Millions)	\$0 to \$500M	\$500 to \$1,000M	\$1,000 to \$1,500M	\$1,500 to \$2,000M	\$2,000 to \$3,000M	Over \$3,000M
Asset Strategy	0.690%	0.690%	0.650%	0.650%	0.600%	0.550%
Bond	0.485	0.500	0.450	0.400	0.400	0.400
Core Equity	0.650	0.650	0.650	0.650	0.600	0.550
Growth	0.670	0.670	0.650	0.650	0.600	0.550
High Income	0.575	0.600	0.550	0.500	0.500	0.500
International Growth	0.820	0.820	0.830	0.830	0.800	0.760
Mid Cap Growth	0.830	0.830	0.830	0.830	0.800	0.760
Science and Technology	0.830	0.830	0.830	0.830	0.800	0.760
Small Cap Growth	0.830	0.830	0.830	0.830	0.800	0.760
Value	0.690	0.690	0.650	0.650	0.600	0.550

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

Portfolio (M - Millions)	\$0 to \$500M	\$500 to \$1,000M	\$1,000 to \$1,500M	\$1,500 to \$2,000M	\$2,000 to \$3,000M	Over \$3,000M
Bond	0.475%	0.475%	0.450%	0.400%	0.400%	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 WRIMCO's right to change or modify this waiver. See Expense Reimbursements and/or Waivers for more information.

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 applicable of 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 based on the average net asset levels shown in the following table:

(M - Millions)	\$0 to \$10M	\$10 to \$25M	\$25 to \$50M	\$50 to \$100M	\$100 to \$200M	\$200 to \$350M	\$350 to \$550M	\$550 to \$750M	\$750 to \$1,000M	Over \$1,000M
Annual Fee Rate	\$0.00	\$11.50	\$23.10	\$35.50	\$48.40	\$63.20	\$82.50	\$96.30	\$121.60	\$148.50

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:

(M - Millions)	\$0 to \$10M	\$10 to \$25M	\$25 to \$50M	\$50 to \$100M	\$100 to \$200M	\$200 to \$350M	\$350 to \$550M	\$550 to \$750M	\$750 to \$1,000M	Over \$1,000M
Annual Fee Rate	\$0.00	\$5.75	\$11.55	\$17.75	\$24.20	\$31.60	\$41.25	\$48.15	\$60.80	\$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 and is included in "Accounting services fee" on the Statement of Operations.

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 1940 Act, each Portfolio, except Money Market and the Pathfinder Portfolios, 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 period ended June 30, 2013, the following amounts were waived as a result of the reduced management fees related to the settlement agreement:

Asset Strategy	\$ 50
Core Equity	104
Growth	148
High Income	122
International Growth	75
Mid Cap Growth	31
Science and Technology	37
Small Cap Growth	48
Value	17

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 period ended June 30, 2013, expenses in the amount of \$292 were reimbursed. This reimbursement serves to reduce shareholder servicing.

For the period from August 23, 2010 through August 31, 2011, W&R and/or WRSCO have contractually agreed to reimburse sufficient expenses of Limited-Term Bond to cap the expenses for the Portfolio at 0.76%. For the period from September 1, 2011 through January 31, 2012, W&R and/or WRSCO have voluntarily agreed to reimburse sufficient expenses of Limited-Term Bond to cap the expenses for the Portfolio at 0.76%. This reimbursement serves to reduce 12b-1 fees and/or accounting services fees.

Effective May 1 2012, W&R and/or WRSCO have voluntarily agreed to reimburse sufficient expenses of Mid Cap Growth to cap the expenses for the Portfolio at 1.10%. For the period ended June 30, 2013, expenses in the amount of \$68 were reimbursed. This reimbursement serves to reduce 12b-1 fees and/or accounting services fees.

Effective December 3, 2012, WRIMCO has contractually agreed to reduce the management fee computed and paid by Real Estate Securities Portfolio each day on net asset value by 0.09% on an annualized basis. For the period ended June 30, 2013, expenses in the amount of \$19 were reimbursed.

During the period ended June 30, 2013, the following amounts were waived as a result of the reduced management fees related to the voluntary waiver of management fee to any Portfolio, excluding Pathfinder Portfolios, having less than \$25 million in net assets:

Global Bond	\$40
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Any amounts due to the Portfolios as a reimbursement but not paid as of June 30, 2013 are shown as a receivable from affiliates on the Statement of Assets and Liabilities.

8. AFFILIATED COMPANY TRANSACTIONS (All amounts in thousands)

A summary of the transactions in affiliated companies during the period ended June 30, 2013 follows:

	12-31-12 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/(Loss) ⁽¹⁾	Distributions Received	6-30-13 Share Balance	6-30-13 Value
Pathfinder Aggressive							
Ivy Funds VIP Dividend Opportunities	656	\$ 235	\$5,214	\$ 346	\$ 83	N/A	N/A
Ivy Funds VIP Growth	1,282	1,329	601	1,220	64	1,341	14,376
Ivy Funds VIP International Core Equity	641	614	335	62	183	653	10,837
Ivy Funds VIP International Growth	1,618	1,323	446	368	133	1,709	14,325
Ivy Funds VIP Limited-Term Bond	698	219	3,726	(100)	—	N/A	N/A
Ivy Funds VIP Mid Cap Growth	797	323	234	341	—	795	7,244
Ivy Funds VIP Money Market	—	3,663	7	—	—*	3,656	3,656
Ivy Funds VIP Small Cap Growth ⁽²⁾	574	1,286	347	64	—	649	7,245
Ivy Funds VIP Small Cap Value	340	1,840	361	325	213	418	7,217
Ivy Funds VIP Value	795	2,305	358	160	110	1,061	7,222
				\$2,786	\$786		\$72,122

	12-31-12 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/(Loss) ⁽¹⁾	Distributions Received	6-30-13 Share Balance	6-30-13 Value
Pathfinder Conservative							
Ivy Funds VIP Bond	3,608	\$ 3,027	\$23,781	\$ (495)	\$ 719	N/A	N/A
Ivy Funds VIP Dividend Opportunities	2,468	1,920	2,127	1,234	301	2,336	18,196
Ivy Funds VIP Growth	1,191	1,947	1,491	1,382	58	1,202	12,887
Ivy Funds VIP International Core Equity	331	466	463	90	92	325	5,397
Ivy Funds VIP International Growth	1,253	1,210	931	282	100	1,276	10,702
Ivy Funds VIP Limited-Term Bond	1,080	17,080	503	7	—	4,477	21,731
Ivy Funds VIP Mid Cap Growth	247	216	218	155	—	238	2,165
Ivy Funds VIP Money Market	21,232	8,071	1,996	—	2	27,308	27,308
Ivy Funds VIP Small Cap Growth ⁽²⁾	667	427	1,199	139	—	582	6,495
Ivy Funds VIP Small Cap Value	66	150	160	90	40	62	1,078
Ivy Funds VIP Value	352	217	344	131	47	317	2,158
				\$3,015	\$1,359		\$108,117

	12-31-12 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/(Loss) ⁽¹⁾	Distributions Received	6-30-13 Share Balance	6-30-13 Value
Pathfinder Moderate							
Ivy Funds VIP Bond	12,436	\$11,316	\$82,245	\$ (1,456)	\$2,702	N/A	N/A
Ivy Funds VIP Dividend Opportunities	15,014	11,246	4,221	4,696	1,998	15,648	121,905
Ivy Funds VIP Growth	10,264	16,808	2,865	10,819	544	11,410	122,314
Ivy Funds VIP International Core Equity	4,558	6,820	280	102	1,381	4,940	81,962
Ivy Funds VIP International Growth	12,953	14,464	473	2,513	1,128	14,537	121,880
Ivy Funds VIP Limited-Term Bond	7,447	46,851	203	41	—	16,998	82,503
Ivy Funds VIP Mid Cap Growth	3,401	2,855	610	1,449	—	3,608	32,870
Ivy Funds VIP Money Market	73,187	51,621	394	—	8	124,414	124,414
Ivy Funds VIP Small Cap Growth ⁽²⁾	5,364	3,049	4,097	1,333	—	5,152	57,533
Ivy Funds VIP Small Cap Value	1,813	4,122	1,952	1,929	1,204	1,896	32,748
Ivy Funds VIP Value	6,058	3,577	2,743	1,623	890	6,021	40,965
				\$23,049	\$9,855		\$819,094

	12-31-12 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/(Loss) ⁽¹⁾	Distributions Received	6-30-13 Share Balance	6-30-13 Value
Pathfinder Moderately Aggressive							
Ivy Funds VIP Bond	7,439	\$ 5,663	\$48,457	\$ (1,180)	\$ 1,581	N/A	N/A
Ivy Funds VIP Dividend Opportunities	17,962	9,224	4,233	5,267	2,338	18,318	142,705
Ivy Funds VIP Growth	12,280	15,733	2,673	12,394	637	13,357	143,181
Ivy Funds VIP International Core Equity	6,544	7,567	646	238	1,940	6,940	115,135
Ivy Funds VIP International Growth	18,597	17,322	1,073	3,643	1,584	20,420	171,209
Ivy Funds VIP Limited-Term Bond	8,909	3,437	48,480	(1,560)	—	N/A	N/A
Ivy Funds VIP Mid Cap Growth	5,086	2,865	650	2,042	—	5,280	48,099
Ivy Funds VIP Money Market	43,781	102,342	474	—	5	145,650	145,650
Ivy Funds VIP Small Cap Growth ⁽²⁾	7,334	1,979	5,093	1,675	—	6,893	76,971
Ivy Funds VIP Small Cap Value	3,796	6,605	3,645	3,885	2,465	3,884	67,088
Ivy Funds VIP Value	7,248	2,924	2,927	1,944	1,042	7,048	47,954
				\$28,348	\$11,592		\$957,992

	12-31-12 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/(Loss) ⁽¹⁾	Distributions Received	6-30-13 Share Balance	6-30-13 Value
Pathfinder Moderately Conservative							
Ivy Funds VIP Bond	6,122	\$ 4,542	\$39,652	\$ (817)	\$1,270	N/A	N/A
Ivy Funds VIP Dividend Opportunities	4,927	2,932	2,188	1,814	626	4,894	38,128
Ivy Funds VIP Growth	3,144	4,363	1,712	3,408	159	3,331	35,705
Ivy Funds VIP International Core Equity	1,047	1,104	389	125	303	1,082	17,945
Ivy Funds VIP International Growth	3,684	3,090	706	779	306	3,940	33,038
Ivy Funds VIP Limited-Term Bond	2,444	27,340	343	14	—	7,975	38,707
Ivy Funds VIP Mid Cap Growth	1,116	737	411	552	—	1,129	10,281
Ivy Funds VIP Money Market	36,026	16,829	970	—	4	51,885	51,885
Ivy Funds VIP Small Cap Growth ⁽²⁾	1,509	582	1,601	346	—	1,381	15,424
Ivy Funds VIP Small Cap Value	149	283	216	170	94	148	2,561
Ivy Funds VIP Value	1,988	924	1,191	594	279	1,883	12,812
				\$6,985	\$3,041		\$256,486

*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.

9. INVESTMENT SECURITIES TRANSACTIONS (\$ amounts in thousands)

The cost of purchases and the proceeds from maturities and sales of investment securities (excluding short-term securities) for the period ended June 30, 2013, were as follows:

	Purchases		Sales	
	U.S. Government	Other Issuers	U.S. Government	Other Issuers
Pathfinder Aggressive	\$ —	\$ 13,137	\$ —	\$ 12,349
Pathfinder Conservative	—	34,731	—	34,083
Pathfinder Moderate	—	172,731	—	104,158
Pathfinder Moderately Aggressive	—	175,660	—	123,319
Pathfinder Moderately Conservative	—	62,726	—	50,799
Asset Strategy	—	337,519	111	509,185
Balanced	—	86,516	8,085	89,011
Bond	27,937	65,845	35,510	222,605
Core Equity	—	163,061	—	178,972
Dividend Opportunities	—	64,293	—	76,780
Energy	—	10,662	—	8,301
Global Bond	3,216	2,604	—	512
Global Natural Resources	—	108,538	—	122,987
Growth	—	248,040	—	267,044
High Income	—	300,882	—	229,912
International Core Equity	—	287,553	—	275,185
International Growth	—	71,532	—	109,592
Limited-Term Bond	2,295	39,325	4,602	20,592
Micro Cap Growth	—	15,156	—	16,468
Mid Cap Growth	—	81,042	—	42,882
Money Market	—	—	—	—

	Purchases		Sales	
	U.S. Government	Other Issuers	U.S. Government	Other Issuers
Real Estate Securities	\$ —	\$ 9,455	\$ —	\$ 8,552
Science and Technology	—	103,781	—	92,093
Small Cap Growth	—	179,408	—	190,199
Small Cap Value	—	73,682	—	85,457
Value	—	74,694	—	98,380

10. CAPITAL SHARE TRANSACTIONS *(All amounts in thousands)*

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

	Pathfinder Aggressive				Pathfinder Conservative			
	Six months ended 6-30-13		Year ended 12-31-12		Six months ended 6-30-13		Year ended 12-31-12	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	306	\$ 1,615	923	\$ 4,491	1,756	\$ 9,589	4,836	\$ 25,591
Shares issued in reinvestment of distributions to shareholders	1,045	5,442	814	3,719	1,163	6,248	738	3,735
Shares redeemed	(702)	(3,698)	(1,813)	(8,860)	(2,326)	(12,788)	(2,549)	(13,477)
Net increase (decrease)	649	\$ 3,359	(76)	\$ (650)	593	\$ 3,049	3,025	\$ 15,849
	Pathfinder Moderate				Pathfinder Moderately Aggressive			
	Six months ended 6-30-13		Year ended 12-31-12		Six months ended 6-30-13		Year ended 12-31-12	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	8,716	\$ 48,674	19,745	\$ 103,476	6,051	\$ 34,774	17,186	\$ 91,273
Shares issued in reinvestment of distributions to shareholders	7,168	39,760	4,873	24,117	9,423	53,573	5,421	27,094
Shares redeemed	(1,714)	(9,567)	(2,286)	(11,870)	(3,109)	(17,848)	(4,272)	(22,734)
Net increase	14,170	\$ 78,867	22,332	\$ 115,723	12,365	\$ 70,499	18,335	\$ 95,633
	Pathfinder Moderately Conservative				Asset Strategy			
	Six months ended 6-30-13		Year ended 12-31-12		Six months ended 6-30-13		Year ended 12-31-12	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	2,323	\$ 12,988	7,456	\$ 39,788	11,205	\$ 125,530	17,832	\$ 178,577
Shares issued in reinvestment of distributions to shareholders	2,468	13,672	1,589	8,071	1,627	18,794	1,527	14,571
Shares redeemed	(1,718)	(9,616)	(1,912)	(10,246)	(11,723)	(131,414)	(25,346)	(254,163)
Net increase (decrease)	3,073	\$ 17,044	7,133	\$ 37,613	1,109	\$ 12,910	(5,987)	\$ (61,015)
	Balanced				Bond			
	Six months ended 6-30-13		Year ended 12-31-12		Six months ended 6-30-13		Year ended 12-31-12	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	1,125	\$ 10,987	2,357	\$ 21,904	6,074	\$ 35,536	14,535	\$ 85,011
Shares issued in reinvestment of distributions to shareholders	4,012	37,696	2,782	24,607	4,581	25,803	4,062	23,206
Shares redeemed	(2,208)	(21,498)	(5,540)	(51,465)	(38,263)	(212,864)	(42,289)	(248,225)
Net increase (decrease)	2,929	\$ 27,185	(401)	\$ (4,954)	(27,608)	\$(151,525)	(23,692)	\$(140,008)

	Core Equity				Dividend Opportunities			
	Six months ended 6-30-13		Year ended 12-31-12		Six months ended 6-30-13		Year ended 12-31-12	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	1,465	\$ 19,195	1,617	\$ 19,735	2,168	\$ 16,960	7,021	\$ 49,313
Shares issued in reinvestment of distributions to shareholders	2,848	37,173	3,661	40,825	2,023	16,275	605	4,040
Shares redeemed	(2,248)	(29,746)	(5,820)	(70,851)	(4,045)	(31,826)	(7,236)	(50,602)
Net increase (decrease)	2,065	\$ 26,622	(542)	\$ (10,291)	146	\$ 1,409	390	\$ 2,751
	Energy				Global Bond			
	Six months ended 6-30-13		Year ended 12-31-12		Six months ended 6-30-13		Year ended 12-31-12	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	1,748	\$ 11,361	3,384	\$ 19,888	956	\$ 4,873	1,418	\$ 7,216
Shares issued in reinvestment of distributions to shareholders	42	282	—	—	—	—	59	300
Shares redeemed	(1,242)	(8,037)	(2,679)	(15,537)	(269)	(1,368)	(747)	(3,813)
Net increase	548	\$ 3,606	705	\$ 4,351	687	\$ 3,505	730	\$ 3,703
	Global Natural Resources				Growth			
	Six months ended 6-30-13		Year ended 12-31-12		Six months ended 6-30-13		Year ended 12-31-12	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	3,209	\$ 16,561	7,737	\$ 39,675	1,998	\$ 22,446	13,144	\$ 140,358
Shares issued in reinvestment of distributions to shareholders	—	—	2,403	10,947	7,954	88,626	7,326	73,244
Shares redeemed	(5,033)	(26,108)	(9,173)	(46,438)	(5,467)	(61,543)	(11,405)	(121,044)
Net increase (decrease)	(1,824)	\$ (9,547)	967	\$ 4,184	4,485	\$ 49,529	9,065	\$ 92,558
	High Income				International Core Equity			
	Six months ended 6-30-13		Year ended 12-31-12		Six months ended 6-30-13		Year ended 12-31-12	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	38,804	\$ 151,327	46,721	\$ 169,954	1,507	\$ 25,156	5,651	\$ 86,718
Shares issued in reinvestment of distributions to shareholders	7,054	27,182	6,100	21,218	636	11,160	1,239	17,481
Shares redeemed	(22,086)	(85,332)	(14,150)	(51,165)	(1,270)	(21,272)	(3,733)	(57,451)
Net increase	23,772	\$ 93,177	38,671	\$ 140,007	873	\$ 15,044	3,157	\$ 46,748
	International Growth				Limited-Term Bond			
	Six months ended 6-30-13		Year ended 12-31-12		Six months ended 6-30-13		Year ended 12-31-12	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	4,325	\$ 37,573	22,732	\$ 187,311	21,448	\$ 104,850	10,416	\$ 53,100
Shares issued in reinvestment of distributions to shareholders	1,643	14,824	3,287	24,376	27	134	1,345	6,610
Shares redeemed	(1,929)	(16,843)	(3,455)	(28,055)	(11,399)	(55,678)	(34,797)	(180,154)
Net increase (decrease)	4,039	\$ 35,554	22,564	\$ 183,632	10,076	\$ 49,306	(23,036)	\$ (120,444)

	Micro Cap Growth				Mid Cap Growth			
	Six months ended 6-30-13		Year ended 12-31-12		Six months ended 6-30-13		Year ended 12-31-12	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	161	\$ 3,825	256	\$ 5,526	6,994	\$ 64,016	11,043	\$ 92,672
Shares issued in reinvestment of distributions to shareholders	105	2,496	194	3,948	1,211	11,227	2,537	19,854
Shares redeemed	(193)	(4,574)	(387)	(8,427)	(1,605)	(14,677)	(3,284)	(27,802)
Net increase	73	\$ 1,747	63	\$ 1,047	6,600	\$ 60,566	10,296	\$ 84,724

	Money Market				Real Estate Securities			
	Six months ended 6-30-13		Year ended 12-31-12		Six months ended 6-30-13		Year ended 12-31-12	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	196,734	\$196,734	78,699	\$ 78,699	595	\$ 5,003	550	\$ 4,128
Shares issued in reinvestment of distributions to shareholders	29	29	45	45	52	467	40	293
Shares redeemed	(25,001)	(25,001)	(56,999)	(56,999)	(534)	(4,483)	(1,193)	(8,888)
Net increase (decrease)	171,762	\$171,762	21,745	\$ 21,745	113	\$ 987	(603)	\$ (4,467)

	Science and Technology				Small Cap Growth			
	Six months ended 6-30-13		Year ended 12-31-12		Six months ended 6-30-13		Year ended 12-31-12	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	2,439	\$ 48,899	2,981	\$ 51,510	1,740	\$ 18,241	13,587	\$ 135,063
Shares issued in reinvestment of distributions to shareholders	1,217	24,421	1,376	22,380	—	—	858	8,258
Shares redeemed	(2,066)	(41,264)	(4,193)	(72,006)	(3,753)	(39,758)	(5,239)	(51,973)
Net increase (decrease)	1,590	\$ 32,056	164	\$ 1,884	(2,013)	\$ (21,517)	9,206	\$ 91,348

	Small Cap Value				Value			
	Six months ended 6-30-13		Year ended 12-31-12		Six months ended 6-30-13		Year ended 12-31-12	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	697	\$ 12,213	1,067	\$ 16,157	2,039	\$ 13,668	2,868	\$ 16,654
Shares issued in reinvestment of distributions to shareholders	1,141	19,795	1,169	16,463	1,678	11,577	5,418	28,636
Shares redeemed	(1,192)	(20,984)	(2,554)	(39,488)	(4,506)	(30,184)	(8,122)	(47,456)
Net increase (decrease)	646	\$ 11,024	(318)	\$ (6,868)	(789)	\$ (4,939)	164	\$ (2,166)

11. COMMITMENTS

Bridge loan commitments may obligate a Portfolio to furnish temporary financing to a borrower until permanent financing can be arranged. In connection with these commitments, the Portfolio earns a commitment fee, typically set as a percentage of the commitment amount. Such fee income is included in interest and amortization from unaffiliated securities on the Statements of Operations. At June 30, 2013, there were no outstanding bridge loan commitments.

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

For Federal income tax purposes, cost of investments owned at June 30, 2013 and the related unrealized appreciation (depreciation) were as follows:

Fund	Cost of Investments	Gross Appreciation	Gross Depreciation	Net Unrealized Appreciation (Depreciation)
Pathfinder Aggressive	\$ 70,587	\$ 3,449	\$ 1,391	\$ 2,058
Pathfinder Conservative	104,843	4,170	321	3,849
Pathfinder Moderate	766,812	54,856	1,896	52,960
Pathfinder Moderately Aggressive	892,719	65,770	—	65,770
Pathfinder Moderately Conservative	244,100	13,824	622	13,202
Asset Strategy	1,149,233	259,613	27,399	232,214
Balanced	299,653	75,881	1,129	74,752
Bond	318,634	10,518	9,621	897
Core Equity	347,343	78,215	2,977	75,238
Dividend Opportunities	337,438	79,747	1,108	78,639
Energy	67,244	13,849	2,789	11,060
Global Bond	14,470	176	442	(266)
Global Natural Resources	180,544	7,782	22,631	(14,849)
Growth	862,574	191,757	7,726	184,031
High Income	522,063	14,927	5,963	8,964
International Core Equity	627,088	58,045	34,838	23,207
International Growth	455,775	55,750	20,959	34,791
Limited-Term Bond	169,202	1,283	1,841	(558)
Micro Cap Growth	43,715	19,134	2,025	17,109
Mid Cap Growth	285,862	62,258	9,730	52,528
Money Market	413,929	—	—	—
Real Estate Securities	37,785	5,700	1,309	4,391
Science and Technology	301,633	130,422	14,981	115,441
Small Cap Growth	412,140	100,210	12,184	88,026
Small Cap Value	251,710	38,886	7,174	31,712
Value	281,553	66,593	5,389	61,204

For Federal income tax purposes, the Portfolios' distributed and undistributed earnings and profit for the year ended December 31, 2012 and the post-October and late-year ordinary activity updated with information available through the date of this report were as follows:

Fund	Distributed Ordinary Income	Undistributed Ordinary Income	Distributed Long-Term Capital Gains	Undistributed Long-Term Capital Gains	Tax Return of Capital	Post-October Capital Losses Deferred	Late-Year Ordinary Losses Deferred
Pathfinder Aggressive	\$ 777	\$ 1,166	\$ 2,941	\$ 4,275	\$—	\$ —	\$ —
Pathfinder Conservative	900	1,673	2,835	4,571	—	—	—
Pathfinder Moderate	6,350	9,882	17,767	29,846	—	—	—
Pathfinder Moderately Aggressive	6,519	12,098	20,575	41,454	—	—	—
Pathfinder Moderately Conservative	2,031	3,451	6,040	10,215	—	—	—
Asset Strategy	14,571	18,736	—	—	—	370	214
Balanced	5,325	8,029	19,283	29,657	—	—	—
Bond	18,948	17,512	4,257	8,279	—	—	—
Core Equity	9,063	4,916	31,761	32,253	—	—	—
Dividend Opportunities	4,039	6,894	—	9,375	—	—	—
Energy	—	—	—	282	—	—	—
Global Bond	301	—	—	—	—	2	—
Global Natural Resources	—	—	10,947	—	—	—	255
Growth	13,997	4,694	59,247	83,922	—	—	—
High Income	21,218	27,180	—	—	—	—	—
International Core Equity	12,832	11,158	4,648	—	—	—	—
International Growth	5,714	4,722	18,662	10,100	—	—	—
Limited-Term Bond	3,627	—	2,984	132	—	—	—
Micro Cap Growth	—	—	3,948	2,495	—	—	—
Mid Cap Growth	907	—	18,946	11,231	—	—	—
Money Market	46	11	—	—	—	—	—
Real Estate Securities	293	466	—	—	—	—	—
Science and Technology	—	—	22,380	24,421	—	—	67
Small Cap Growth	8,258	—	—	—	—	—	—
Small Cap Value	1,053	10,011	15,409	9,782	—	—	—
Value	4,165	7,360	24,471	4,210	—	—	—

Internal Revenue Code regulations permit each Portfolio to elect to defer into its next fiscal year capital losses incurred between each November 1 and the end of its fiscal year. Each Portfolio is also permitted to defer into its next fiscal year late-year ordinary losses that arise from the netting of activity generated between each November 1 and the end of its fiscal year on certain specified ordinary items.

Accumulated capital losses represent net capital loss carryovers as of December 31, 2012 that may be available to offset future realized capital gains and thereby reduce future capital gains distributions. Under the Regulated Investment Company Modernization Act of 2010 (the “Modernization Act”), the Portfolio is permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010 for an unlimited period. Any losses incurred during those future taxable years will be required to be utilized prior to any losses incurred in pre-enactment taxable years which have only an eight year carryforward period. As a result of this ordering rule, pre-enactment capital loss carryovers may expire unused. Additionally, post-enactment capital losses that are carried forward will retain their character as either short-term or long-term capital losses rather than being considered all short-term as under the previous law. The Portfolio’s first fiscal year end subject to the Modernization Act is December 31, 2011. The following table shows the expiration dates for capital loss carryovers from pre-enactment taxable years and the amounts of capital loss carryovers, if any, by each of the applicable portfolios electing to be taxed as a RIC during the period ended December 31, 2012:

Fund	Pre-Enactment						Post-Enactment	
	2013	2014	2015	2016	2017	2018	Short-Term Capital Loss Carryover	Long-Term Capital Loss Carryover
Pathfinder Aggressive	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Pathfinder Conservative	—	—	—	—	—	—	—	—
Pathfinder Moderate	—	—	—	—	—	—	—	—
Pathfinder Moderately Aggressive	—	—	—	—	—	—	—	—
Pathfinder Moderately Conservative	—	—	—	—	—	—	—	—
Asset Strategy	—	—	—	—	—	31,809	—	—
Balanced	—	—	—	—	—	—	—	—
Bond	—	—	—	—	434	—	—	—
Core Equity	—	—	—	—	—	—	—	—
Dividend Opportunities	—	—	—	—	—	—	—	—
Energy	—	—	—	1,276	1,950	432	479	1,217
Global Bond	—	—	—	—	—	—	—	—
Global Natural Resources	—	—	—	—	—	—	3,416	13,897
Growth	—	—	—	—	—	—	—	—
High Income	—	—	—	—	7,178	—	—	—
International Core Equity	—	—	—	—	—	—	262	24,857
International Growth	—	—	—	—	—	—	—	—
Limited-Term Bond	—	—	—	—	—	—	—	—
Micro Cap Growth	—	—	—	—	—	—	—	—
Mid Cap Growth	—	—	—	—	—	—	—	—
Money Market	—	—	—	—	—	—	—	—
Real Estate Securities	—	—	—	—	485	—	—	—
Science and Technology	—	—	—	—	—	—	—	—
Small Cap Growth	—	—	—	—	—	—	3,924	—
Small Cap Value	—	—	—	—	—	—	—	—
Value	—	—	—	—	—	—	—	—

13. REGULATORY AND LITIGATION MATTERS

On July 24, 2006, WRIMCO, W&R and WRSCO (collectively, Waddell & Reed) reached a settlement with the SEC to resolve proceedings brought 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 agreed to pay \$40 million in disgorgement and \$10 million in civil money penalties.

The SEC Order further requires that the \$50 million in settlement amounts 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 Trustees. The SEC Order requires that the independent distribution consultant develop a methodology and distribution plan pursuant to which Fund shareholders shall receive their proportionate share of losses, if any, suffered by the Funds due to market timing. Therefore, it is not currently possible to specify which particular Fund shareholders or groups of Fund shareholders will receive distributions of those settlement monies or in what proportion and amounts.

The foregoing is only a summary of the SEC Order. A copy of the SEC Order is available on the SEC’s website at www.sec.gov.

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.

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 and on the SEC's website at www.sec.gov.

QUARTERLY PORTFOLIO SCHEDULE INFORMATION

Ivy Funds VIP

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

- On the SEC's website at www.sec.gov.
- 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.

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The Ivy Funds Variable Insurance Portfolios Family

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
Global Bond
High Income
Limited-Term Bond

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.

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