

# Semiannual Report

June 30, 2014

## **Ivy Funds Variable Insurance Portfolios**

Pathfinder Aggressive  
Pathfinder Conservative  
Pathfinder Moderate  
Pathfinder Moderately Aggressive  
Pathfinder Moderately Conservative  
Pathfinder Moderate – Managed Volatility  
Pathfinder Moderately Aggressive – Managed Volatility  
Pathfinder Moderately Conservative – Managed Volatility  
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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## Ivy Funds VIP

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Henry J. Herrmann, CFA

**Dear Shareholder,**

Over the past six months domestic equities exhibited the ability to shake off negative geopolitical headlines, as major stock indexes touched record high territory. Beyond potential headwinds on the global front — which included not only the continuing unrest in the Middle East but also Russia's push into Crimea — the markets were confronted by an exceptionally brutal winter in much of the U.S. that resulted in weaker-than-expected economic growth in the first half of calendar 2014.

Looking more broadly, markets moved in ways that were at odds with traditional patterns, as stocks and bonds rallied simultaneously. Although many investors expected yields to climb in 2014, the reverse occurred over the first six months of the calendar year. The yield on the benchmark 10-year Treasury, which had moved above 3% in December, ended June at 2.53%, or essentially where it stood a year ago. This move reflected slow economic improvement and continued very low inflation.

Internationally, the European Central Bank took the unprecedented step of imposing negative interest rates on short-term bank deposits. The move, which essentially charges lenders for holding their money, was one of several that European policymakers have taken in a bid to boost lackluster growth. In China, meanwhile, officials announced their own series of measures designed to boost slowing growth.

Looking ahead in the U.S., we expect economic improvement to continue. While some have argued that the equity gains have pushed stocks into bubble territory, we continue to feel this view is misplaced. Although there is always the potential for a bout of volatility, corporate earnings have continued to rise and moderate economic growth, low inflation and an improving jobs picture all provide a positive environment for stocks. Meanwhile, we expect interest rates to rise amid expected economic improvement and the Federal Reserve's unwinding of policies implemented during the financial crisis.

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

**Economic Snapshot**

	6/30/2014	12/31/2013
S&P 500 Index	1,960.23	1,848.36
MSCI EAFE Index	1,972.12	1,915.60
10-Year Treasury Yield	2.53%	3.04%
U.S. unemployment rate	6.10%	6.70%
30-year fixed mortgage rate	4.30%	4.54%
Oil price per barrel	\$105.37	\$98.42

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.*

Respectfully,

A handwritten signature in dark ink, appearing to read "Henry J. Herrmann", with a stylized flourish at the end.

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. As a shareholder in the underlying Ivy Funds VIP Portfolios, the Pathfinder Aggressive, Pathfinder Conservative, Pathfinder Moderate, Pathfinder Moderately Aggressive and Pathfinder Moderately Conservative Portfolios (collectively, the “Pathfinder Portfolios”) and the Pathfinder Moderate — Managed Volatility, Pathfinder Moderately Aggressive — Managed Volatility and Pathfinder Moderately Conservative — Managed Volatility Portfolios (collectively, the “Managed Volatility Portfolios”) will indirectly bear their pro rata share of the expenses incurred by the underlying funds. These expenses are not included in the Pathfinder Portfolios or Managed Volatility Portfolios annualized expense ratios or the expenses paid during the period. These expenses are, however, included in the effective expenses paid during the period. The example is based on an investment of \$1,000 invested at the beginning of the period and held for the six-month period ended June 30, 2014.

### 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 7 to the Financial Statements for further information.

# ILLUSTRATION OF PORTFOLIO EXPENSES

## Ivy Funds VIP

(UNAUDITED)

Portfolio	Actual <sup>(1)</sup>			Hypothetical <sup>(2)</sup>			Annualized Expense Ratio Based on the Six-Month Period
	Beginning Account Value 12-31-13	Ending Account Value 6-30-14	Expenses Paid During Period*	Beginning Account Value 12-31-13	Ending Account Value 6-30-14	Expenses Paid During Period*	
Pathfinder Aggressive	\$1,000	\$1,041.80	\$0.41	\$1,000	\$1,024.40	\$0.40	0.08%
Pathfinder Conservative	\$1,000	\$1,022.60	\$0.40	\$1,000	\$1,024.44	\$0.40	0.07%
Pathfinder Moderate	\$1,000	\$1,033.50	\$0.20	\$1,000	\$1,024.62	\$0.20	0.03%
Pathfinder Moderately Aggressive	\$1,000	\$1,040.00	\$0.20	\$1,000	\$1,024.62	\$0.20	0.03%
Pathfinder Moderately Conservative	\$1,000	\$1,028.20	\$0.20	\$1,000	\$1,024.55	\$0.20	0.05%
Pathfinder Moderate – Managed Volatility	\$1,000	\$1,032.80	\$1.83	\$1,000	\$1,023.01	\$1.82	0.36% <sup>(3)</sup>
Pathfinder Moderately Aggressive – Managed Volatility	\$1,000	\$1,037.90	\$2.85	\$1,000	\$1,021.95	\$2.83	0.57% <sup>(4)</sup>
Pathfinder Moderately Conservative – Managed Volatility	\$1,000	\$1,026.20	\$3.65	\$1,000	\$1,021.23	\$3.64	0.72% <sup>(5)</sup>
Asset Strategy	\$1,000	\$ 991.30	\$4.78	\$1,000	\$1,019.99	\$4.85	0.97%
Balanced	\$1,000	\$1,056.50	\$5.14	\$1,000	\$1,019.78	\$5.05	1.01%
Bond	\$1,000	\$1,035.20	\$3.97	\$1,000	\$1,020.88	\$3.94	0.79%
Core Equity	\$1,000	\$1,066.00	\$4.86	\$1,000	\$1,020.05	\$4.75	0.96%
Dividend Opportunities	\$1,000	\$1,070.70	\$5.18	\$1,000	\$1,019.84	\$5.05	1.00%
Energy	\$1,000	\$1,197.70	\$6.48	\$1,000	\$1,018.91	\$5.96	1.19%
Global Bond	\$1,000	\$1,039.50	\$3.16	\$1,000	\$1,021.70	\$3.13	0.62%
Global Natural Resources	\$1,000	\$1,143.60	\$7.07	\$1,000	\$1,018.16	\$6.66	1.34%
Growth	\$1,000	\$1,051.50	\$4.92	\$1,000	\$1,020.00	\$4.85	0.97%
High Income	\$1,000	\$1,049.90	\$4.51	\$1,000	\$1,020.40	\$4.44	0.89%
International Core Equity	\$1,000	\$1,084.10	\$6.04	\$1,000	\$1,019.03	\$5.86	1.16%
International Growth	\$1,000	\$1,066.20	\$5.89	\$1,000	\$1,019.12	\$5.75	1.15%
Limited-Term Bond	\$1,000	\$1,012.60	\$4.03	\$1,000	\$1,020.77	\$4.04	0.81%
Micro Cap Growth	\$1,000	\$ 990.80	\$6.57	\$1,000	\$1,018.20	\$6.66	1.33%
Mid Cap Growth	\$1,000	\$1,037.90	\$5.60	\$1,000	\$1,019.33	\$5.55	1.10%
Money Market	\$1,000	\$1,000.00	\$0.80	\$1,000	\$1,024.04	\$0.81	0.15%
Real Estate Securities	\$1,000	\$1,168.90	\$6.72	\$1,000	\$1,018.55	\$6.26	1.26%
Science and Technology	\$1,000	\$1,051.00	\$5.85	\$1,000	\$1,019.13	\$5.75	1.14%
Small Cap Growth	\$1,000	\$1,004.90	\$5.61	\$1,000	\$1,019.15	\$5.65	1.14%
Small Cap Value	\$1,000	\$1,061.10	\$5.98	\$1,000	\$1,019.03	\$5.86	1.16%
Value	\$1,000	\$1,064.40	\$5.06	\$1,000	\$1,019.86	\$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, 2014, 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.

(3) Annualized expense ratio based on the period excluding offering cost was 0.30%.

(4) Annualized expense ratio based on the period excluding offering cost was 0.40%.

(5) Annualized expense ratio based on the period excluding offering cost was 0.47%.

The above illustrations are based on ongoing costs only.

# PORTFOLIO HIGHLIGHTS

## Pathfinder Portfolios

ALL DATA IS AS OF JUNE 30, 2014 (UNAUDITED)

### Pathfinder Aggressive – Asset Allocation

Ivy Funds VIP Growth	17.2%
Ivy Funds VIP International Growth	15.2%
Ivy Funds VIP Limited-Term Bond	14.4%
Ivy Funds VIP International Core Equity	10.3%
Ivy Funds VIP Money Market	9.5%
Ivy Funds VIP Small Cap Value	9.0%
Ivy Funds VIP Value	8.0%
Ivy Funds VIP Mid Cap Growth	7.9%
Ivy Funds VIP Small Cap Growth	7.9%
Cash and Cash Equivalents	0.6%

### Pathfinder Conservative – Asset Allocation

Ivy Funds VIP Money Market	43.7%
Ivy Funds VIP Limited-Term Bond	19.7%
Ivy Funds VIP Dividend Opportunities	13.4%
Ivy Funds VIP Growth	11.4%
Ivy Funds VIP International Core Equity	5.2%
Ivy Funds VIP Small Cap Growth	3.0%
Ivy Funds VIP Value	2.1%
Ivy Funds VIP Mid Cap Growth	1.0%
Cash and Cash Equivalents	0.5%

### Pathfinder Moderate – Asset Allocation

Ivy Funds VIP Money Market	28.9%
Ivy Funds VIP Dividend Opportunities	15.4%
Ivy Funds VIP Limited-Term Bond	14.6%
Ivy Funds VIP Growth	12.3%
Ivy Funds VIP International Growth	10.3%
Ivy Funds VIP International Core Equity	5.2%
Ivy Funds VIP Small Cap Growth	5.0%
Ivy Funds VIP Value	3.1%
Ivy Funds VIP Small Cap Value	3.0%
Ivy Funds VIP Mid Cap Growth	2.0%
Cash and Cash Equivalents	0.2%

### Pathfinder Moderately Aggressive – Asset Allocation

Ivy Funds VIP Money Market	19.2%
Ivy Funds VIP Dividend Opportunities	15.3%
Ivy Funds VIP Limited-Term Bond	14.5%
Ivy Funds VIP Growth	12.3%
Ivy Funds VIP International Core Equity	10.4%
Ivy Funds VIP International Growth	10.2%
Ivy Funds VIP Small Cap Value	6.1%
Ivy Funds VIP Small Cap Growth	6.0%
Ivy Funds VIP Value	3.0%
Ivy Funds VIP Mid Cap Growth	3.0%
Cash and Cash Equivalents	0.0%

### Pathfinder Moderately Conservative – Asset Allocation

Ivy Funds VIP Money Market	33.8%
Ivy Funds VIP Limited-Term Bond	19.6%
Ivy Funds VIP Dividend Opportunities	13.4%
Ivy Funds VIP Growth	12.3%
Ivy Funds VIP International Core Equity	5.2%
Ivy Funds VIP International Growth	5.1%
Ivy Funds VIP Small Cap Growth	4.0%
Ivy Funds VIP Value	3.1%
Ivy Funds VIP Mid Cap Growth	2.0%
Ivy Funds VIP Small Cap Value	1.0%
Cash and Cash Equivalents	0.5%

*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, 2014 (UNAUDITED)

### Pathfinder Aggressive

AFFILIATED MUTUAL FUNDS	Shares	Value
Ivy Funds VIP Growth . . . .	1,339	\$15,216
Ivy Funds VIP International Core Equity . . . . .	473	9,089
Ivy Funds VIP International Growth . . . . .	1,440	13,446
Ivy Funds VIP Limited-Term Bond . . . . .	2,592	12,741
Ivy Funds VIP Mid Cap Growth . . . . .	672	7,009
Ivy Funds VIP Money Market . . . . .	8,409	8,409
Ivy Funds VIP Small Cap Growth . . . . .	579	6,964
Ivy Funds VIP Small Cap Value . . . . .	448	7,982
Ivy Funds VIP Value . . . .	1,003	7,113
<b>TOTAL AFFILIATED MUTUAL FUNDS – 99.4%</b>		<b>\$87,969</b>
(Cost: \$83,475)		
<b>SHORT-TERM SECURITIES – 0.7%</b>	<b>Principal</b>	
<i>Master Note</i>		
Toyota Motor Credit Corp., 0.104%, 7-2-14 (A) . . . .	\$ 578	\$ 578
(Cost: \$578)		
<b>TOTAL INVESTMENT SECURITIES – 100.1%</b>		<b>\$88,547</b>
(Cost: \$84,053)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.1%)</b>		<b>(19)</b>
<b>NET ASSETS – 100.0%</b>		<b>\$88,528</b>

#### Notes to Schedule of Investments

(A)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. 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, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in			
Securities			
Affiliated Mutual			
Funds . . . . .	\$87,969	\$ —	\$ —
Short-Term			
Securities . . . . .	—	578	—
Total . . . . .	\$87,969	\$578	\$ —

As of June 30, 2014, 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 . . . . .	1,877	\$ 16,553
Ivy Funds VIP Growth . . . .	1,232	14,000
Ivy Funds VIP International Core Equity . . . . .	336	6,461
Ivy Funds VIP Limited-Term Bond . . . . .	4,917	24,165
Ivy Funds VIP Mid Cap Growth . . . . .	119	1,246
Ivy Funds VIP Money Market . . . . .	53,830	53,830
Ivy Funds VIP Small Cap Growth . . . . .	309	3,714
Ivy Funds VIP Value . . . .	357	2,528
<b>TOTAL AFFILIATED MUTUAL FUNDS – 99.5%</b>		<b>\$122,497</b>
(Cost: \$117,763)		
<b>SHORT-TERM SECURITIES – 0.4%</b>	<b>Principal</b>	
<i>Master Note</i>		
Toyota Motor Credit Corp., 0.104%, 7-2-14 (A) . . . .	\$ 439	\$ 439
(Cost: \$439)		
<b>TOTAL INVESTMENT SECURITIES – 99.9%</b>		<b>\$122,936</b>
(Cost: \$118,202)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.1%</b>		<b>192</b>
<b>NET ASSETS – 100.0%</b>		<b>\$123,128</b>

#### Notes to Schedule of Investments

(A)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. 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, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in			
Securities			
Affiliated Mutual			
Funds . . . . .	\$122,497	\$ —	\$ —
Short-Term			
Securities . . . . .	—	439	—
Total . . . . .	\$122,497	\$439	\$ —

As of June 30, 2014, there were no transfers between Level 1 and 2 during the period.

### Pathfinder Moderate

AFFILIATED MUTUAL FUNDS	Shares	Value
Ivy Funds VIP Dividend Opportunities . . . . .	16,348	\$144,153
Ivy Funds VIP Growth . . . .	10,144	115,256
Ivy Funds VIP International Core Equity . . . . .	2,536	48,769
Ivy Funds VIP International Growth . . . . .	10,299	96,204
Ivy Funds VIP Limited-Term Bond . . . . .	27,823	136,747
Ivy Funds VIP Mid Cap Growth . . . . .	1,802	18,802
Ivy Funds VIP Money Market . . . . .	270,746	270,746
Ivy Funds VIP Small Cap Growth . . . . .	3,885	46,694
Ivy Funds VIP Small Cap Value . . . . .	1,602	28,553
Ivy Funds VIP Value . . . .	4,036	28,624
<b>TOTAL AFFILIATED MUTUAL FUNDS – 99.8%</b>		<b>\$934,548</b>
(Cost: \$867,953)		
<b>SHORT-TERM SECURITIES – 0.0%</b>	<b>Principal</b>	
<i>Master Note</i>		
Toyota Motor Credit Corp., 0.104%, 7-2-14 (A) . . . .	\$ 222	\$ 222
(Cost: \$222)		
<b>TOTAL INVESTMENT SECURITIES – 99.8%</b>		<b>\$934,770</b>
(Cost: \$868,175)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.2%</b>		<b>2,101</b>
<b>NET ASSETS – 100.0%</b>		<b>\$936,871</b>

#### Notes to Schedule of Investments

(A)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. 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, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in			
Securities			
Affiliated Mutual			
Funds . . . . .	\$934,548	\$ —	\$ —
Short-Term			
Securities . . . . .	—	222	—
Total . . . . .	\$934,548	\$222	\$ —

As of June 30, 2014, there were no transfers between Level 1 and 2 during the period.

# SCHEDULE OF INVESTMENTS

## Pathfinder Portfolios *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

### Pathfinder Moderately Aggressive

#### AFFILIATED MUTUAL FUNDS

	Shares	Value
Ivy Funds VIP Dividend Opportunities .....	19,409	\$ 171,146
Ivy Funds VIP Growth ..	12,043	136,839
Ivy Funds VIP International Core Equity .....	6,021	115,796
Ivy Funds VIP International Growth .....	12,227	114,216
Ivy Funds VIP Limited-Term Bond .....	33,033	162,353
Ivy Funds VIP Mid Cap Growth .....	3,209	33,486
Ivy Funds VIP Money Market .....	214,300	214,300
Ivy Funds VIP Small Cap Growth .....	5,536	66,541
Ivy Funds VIP Small Cap Value .....	3,804	67,802
Ivy Funds VIP Value ...	4,792	33,984

**TOTAL AFFILIATED MUTUAL FUNDS – 100.0%** **\$1,116,463**

(Cost: \$1,021,988)

#### SHORT-TERM

**SECURITIES – 0.1% Principal**

<b>Master Note</b>		
Toyota Motor Credit Corp., 0.104%, 7-2-14 (A) .....	\$ 631	\$ 631

(Cost: \$631)

**TOTAL INVESTMENT SECURITIES – 100.1%** **\$1,117,094**

(Cost: \$1,022,619)

**LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.1%)** **(603)**

**NET ASSETS – 100.0%** **\$1,116,491**

#### Notes to Schedule of Investments

(A) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. 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, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Affiliated Mutual Funds .....	\$1,116,463	\$ —	\$ —
Short-Term Securities .....	—	631	—
<b>Total .....</b>	<b>\$1,116,463</b>	<b>\$631</b>	<b>\$ —</b>

As of June 30, 2014, there were no transfers between Level 1 and 2 during the period.

See Accompanying Notes to Financial Statements.

### Pathfinder Moderately Conservative

#### AFFILIATED MUTUAL FUNDS

	Shares	Value
Ivy Funds VIP Dividend Opportunities .....	4,581	\$ 40,399
Ivy Funds VIP Growth ....	3,280	37,268
Ivy Funds VIP International Core Equity .....	820	15,770
Ivy Funds VIP International Growth ..	1,665	15,555
Ivy Funds VIP Limited-Term Bond .....	11,997	58,962
Ivy Funds VIP Mid Cap Growth .....	583	6,080
Ivy Funds VIP Money Market .....	102,147	102,147
Ivy Funds VIP Small Cap Growth .....	1,005	12,081
Ivy Funds VIP Small Cap Value .....	173	3,078
Ivy Funds VIP Value ....	1,305	9,256

**TOTAL AFFILIATED MUTUAL FUNDS – 99.5%** **\$300,596**

(Cost: \$284,454)

#### SHORT-TERM

**SECURITIES – 0.2% Principal**

<b>Master Note</b>		
Toyota Motor Credit Corp., 0.104%, 7-2-14 (A) ....	\$ 544	\$ 544

(Cost: \$544)

**TOTAL INVESTMENT SECURITIES – 99.7%** **\$301,140**

(Cost: \$284,998)

**CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.3%** **1,084**

**NET ASSETS – 100.0%** **\$302,224**

#### Notes to Schedule of Investments

(A) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. 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, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Affiliated Mutual Funds .....	\$300,596	\$ —	\$ —
Short-Term Securities .....	—	544	—
<b>Total .....</b>	<b>\$300,596</b>	<b>\$544</b>	<b>\$ —</b>

As of June 30, 2014, there were no transfers between Level 1 and 2 during the period.



# PORTFOLIO HIGHLIGHTS

## Managed Volatility Portfolios

ALL DATA IS AS OF JUNE 30, 2014 (UNAUDITED)

### Pathfinder Moderate – Managed Volatility – Asset Allocation

Ivy Funds VIP Money Market	28.0%
Ivy Funds VIP Dividend Opportunities	14.9%
Ivy Funds VIP Limited-Term Bond	14.1%
Ivy Funds VIP Growth	11.8%
Ivy Funds VIP International Growth	9.8%
Ivy Funds VIP International Core Equity	5.0%
Ivy Funds VIP Small Cap Growth	4.9%
Ivy Funds VIP Value	2.9%
Ivy Funds VIP Small Cap Value	2.9%
Ivy Funds VIP Mid Cap Growth	1.9%
Cash and Cash Equivalents	3.8%

### Pathfinder Moderately Aggressive – Managed Volatility – Asset Allocation

Ivy Funds VIP Money Market	18.5%
Ivy Funds VIP Dividend Opportunities	14.8%
Ivy Funds VIP Limited-Term Bond	14.0%
Ivy Funds VIP Growth	11.8%
Ivy Funds VIP International Core Equity	9.9%
Ivy Funds VIP International Growth	9.8%
Ivy Funds VIP Small Cap Growth	5.8%
Ivy Funds VIP Small Cap Value	5.8%
Ivy Funds VIP Mid Cap Growth	2.9%
Ivy Funds VIP Value	2.9%
Cash and Cash Equivalents	3.8%

### Pathfinder Moderately Conservative – Managed Volatility – Asset Allocation

Ivy Funds VIP Money Market	33.1%
Ivy Funds VIP Limited-Term Bond	19.0%
Ivy Funds VIP Dividend Opportunities	13.0%
Ivy Funds VIP Growth	12.0%
Ivy Funds VIP International Core Equity	5.0%
Ivy Funds VIP International Growth	5.0%
Ivy Funds VIP Small Cap Growth	3.9%
Ivy Funds VIP Value	3.0%
Ivy Funds VIP Mid Cap Growth	2.0%
Ivy Funds VIP Small Cap Value	1.0%
Cash and Cash Equivalents	3.0%

*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

## Managed Volatility Portfolios *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

### Pathfinder Moderate – Managed Volatility

AFFILIATED MUTUAL FUNDS	Shares	Value
Ivy Funds VIP Dividend Opportunities . . . . .	1,780	\$ 15,695
Ivy Funds VIP Growth . . . . .	1,106	12,570
Ivy Funds VIP International Core Equity . . . . .	275	5,289
Ivy Funds VIP International Growth . . . . .	1,121	10,469
Ivy Funds VIP Limited-Term Bond . . . . .	3,052	14,998
Ivy Funds VIP Mid Cap Growth . . . . .	198	2,061
Ivy Funds VIP Money Market . . . . .	29,769	29,769
Ivy Funds VIP Small Cap Growth . . . . .	432	5,196
Ivy Funds VIP Small Cap Value . . . . .	175	3,123
Ivy Funds VIP Value . . . . .	439	3,116
<b>TOTAL AFFILIATED MUTUAL FUNDS – 96.2%</b>		<b>\$102,286</b>
(Cost: \$104,385)		
<b>SHORT-TERM SECURITIES – 3.2%</b>	<b>Principal</b>	
<i>Master Note</i>		
Toyota Motor Credit Corp., 0.104%, 7-2-14 (A) . . .	\$ 3,391	<b>\$ 3,391</b>
(Cost: \$3,391)		
<b>TOTAL INVESTMENT SECURITIES – 99.4%</b>		<b>\$105,677</b>
(Cost: \$107,776)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.6%</b>		<b>675</b>
<b>NET ASSETS – 100.0%</b>		<b>\$106,352</b>

### Notes to Schedule of Investments

(A) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. Date shown represents the date that the variable rate resets.

The following futures contracts were outstanding at June 30, 2014 (contracts unrounded):

Description	Type	Expiration Date	Number of Contracts	Value	Unrealized Appreciation
E-mini S&P 500 Index	Long	9-19-14	4	\$1,771	\$9

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in			
Securities			
Affiliated Mutual Funds . . . . .	\$102,286	\$ —	\$ —
Short-Term Securities . . . . .	—	3,391	—
Total . . . . .	\$102,286	\$3,391	\$ —
Futures Contracts	\$ 9	\$ —	\$ —

As of June 30, 2014, there were no transfers between Level 1 and 2 during the period.

### Pathfinder Moderately Aggressive – Managed Volatility

AFFILIATED MUTUAL FUNDS	Shares	Value
Ivy Funds VIP Dividend Opportunities . . . . .	523	\$ 4,611
Ivy Funds VIP Growth . . . . .	325	3,692
Ivy Funds VIP International Core Equity . . . . .	162	3,113
Ivy Funds VIP International Growth . . . . .	329	3,078
Ivy Funds VIP Limited-Term Bond . . . . .	895	4,401
Ivy Funds VIP Mid Cap Growth . . . . .	87	906
Ivy Funds VIP Money Market . . . . .	5,819	5,819
Ivy Funds VIP Small Cap Growth . . . . .	151	1,816
Ivy Funds VIP Small Cap Value . . . . .	103	1,832
Ivy Funds VIP Value . . . . .	129	916
<b>TOTAL AFFILIATED MUTUAL FUNDS – 96.2%</b>		<b>\$30,184</b>
(Cost: \$30,880)		
<b>SHORT-TERM SECURITIES – 3.9%</b>	<b>Principal</b>	
<i>Master Note</i>		
Toyota Motor Credit Corp., 0.104%, 7-2-14 (A) . . . . .	\$1,209	<b>\$ 1,209</b>
(Cost: \$1,209)		
<b>TOTAL INVESTMENT SECURITIES – 100.1%</b>		<b>\$31,393</b>
(Cost: \$32,089)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.1%)</b>		<b>(18)</b>
<b>NET ASSETS – 100.0%</b>		<b>\$31,375</b>

See Accompanying Notes to Financial Statements.

# SCHEDULE OF INVESTMENTS

## Managed Volatility Portfolios *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

### Notes to Schedule of Investments

(A)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. Date shown represents the date that the variable rate resets.

The following futures contracts were outstanding at June 30, 2014 (contracts unrounded):

Description	Type	Expiration Date	Number of Contracts	Unrealized Value	Unrealized Appreciation
E-mini S&P 500 Index	Long	9-19-14	4	\$390	\$3

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Affiliated Mutual Funds	\$30,184	\$ —	\$ —
Short-Term Securities	—	1,209	—
Total	\$30,184	\$1,209	\$ —
Futures Contracts	\$ 3	\$ —	\$ —

As of June 30, 2014, there were no transfers between Level 1 and 2 during the period.

### Pathfinder Moderately Conservative – Managed Volatility

#### AFFILIATED MUTUAL FUNDS

	Shares	Value
Ivy Funds VIP Dividend Opportunities	311	\$ 2,739
Ivy Funds VIP Growth	223	2,529
Ivy Funds VIP International Core Equity	55	1,065
Ivy Funds VIP International Growth	113	1,054
Ivy Funds VIP Limited-Term Bond	819	4,025
Ivy Funds VIP Mid Cap Growth	40	414
Ivy Funds VIP Money Market	6,984	6,984
Ivy Funds VIP Small Cap Growth	69	833
Ivy Funds VIP Small Cap Value	12	209
Ivy Funds VIP Value	88	627

**TOTAL AFFILIATED MUTUAL FUNDS – 97.0%** **\$20,479**

(Cost: \$20,704)

#### SHORT-TERM SECURITIES – 2.9%

	Principal
Master Note	
Toyota Motor Credit Corp., 0.104%, 7-2-14 (A)	\$ 632

(Cost: \$632)

**TOTAL INVESTMENT SECURITIES – 99.9%** **\$21,111**

(Cost: \$21,336)

**CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.1%** **14**

**NET ASSETS – 100.0%** **\$21,125**

### Notes to Schedule of Investments

(A)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. 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, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Affiliated Mutual Funds	\$20,479	\$ —	\$ —
Short-Term Securities	—	632	—
Total	\$20,479	\$632	\$ —

As of June 30, 2014, there were no transfers between Level 1 and 2 during the period.

# PORTFOLIO HIGHLIGHTS

## Asset Strategy

ALL DATA IS AS OF JUNE 30, 2014 (UNAUDITED)

### Asset Allocation

<b>Stocks</b>	<b>61.6%</b>
Consumer Discretionary	20.0%
Financials	13.0%
Information Technology	11.6%
Industrials	6.2%
Energy	4.5%
Health Care	3.2%
Materials	2.4%
Telecommunication Services	0.7%
<b>Bullion (Gold)</b>	<b>6.3%</b>
<b>Purchased Options</b>	<b>0.1%</b>
<b>Bonds</b>	<b>4.0%</b>
Corporate Debt Securities	3.3%
Loans	0.7%
United States Government and Government Agency Obligations	0.0%
<b>Cash and Cash Equivalents</b>	<b>28.0%</b>

### Country Weightings

<b>North America</b>	<b>39.9%</b>
United States	39.9%
<b>Pacific Basin</b>	<b>14.5%</b>
Hong Kong	8.4%
Japan	4.4%
Other Pacific Basin	1.7%
<b>Europe</b>	<b>11.2%</b>
United Kingdom	6.5%
Other Europe	4.7%
<b>Bullion (Gold)</b>	<b>6.3%</b>
<b>Cash and Cash Equivalents and Options</b>	<b>28.1%</b>

### Top 10 Equity Holdings

Company	Country	Sector
Galaxy Entertainment Group	Hong Kong	Consumer Discretionary
Delta Topco Ltd.	United Kingdom	Consumer Discretionary
Las Vegas Sands, Inc.	United States	Consumer Discretionary
AIA Group Ltd.	Hong Kong	Financials
Media Group Holdings LLC	United States	Consumer Discretionary
Nielsen Holdings N.V.	United States	Industrials
Panasonic Corp.	Japan	Consumer Discretionary
Occidental Petroleum Corp.	United States	Energy
Applied Materials, Inc.	United States	Information Technology
Nomura Holdings, Inc.	Japan	Financials

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, 2014 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Aerospace &amp; Defense – 1.6%</b>		
Boeing Co. (The) (A) . . . . .	110	\$ 14,021
Precision Castparts Corp. . . . .	55	13,781
		<u>27,802</u>
<b>Airlines – 0.4%</b>		
Japan Airlines Corp. (B) . . . . .	129	7,109
		<u>7,109</u>
<b>Application Software – 1.9%</b>		
Adobe Systems, Inc. (A)(C) . . . . .	191	13,806
Intuit, Inc. (A) . . . . .	215	17,331
		<u>31,137</u>
<b>Asset Management &amp; Custody Banks – 0.8%</b>		
Apollo Global Management LLC . . . . .	44	1,214
Blackstone Group L.P. (The) . . . . .	119	3,986
KKR & Co. L.P. . . . .	339	8,241
		<u>13,441</u>
<b>Auto Parts &amp; Equipment – 0.9%</b>		
Continental AG (B) . . . . .	70	16,236
		<u>16,236</u>
<b>Automobile Manufacturers – 1.0%</b>		
Ford Motor Co. . . . .	1,013	17,469
		<u>17,469</u>
<b>Biotechnology – 2.1%</b>		
Amgen, Inc. . . . .	126	14,927
Biogen Idec, Inc. (C) . . . . .	40	12,675
Gilead Sciences, Inc. (A)(C) . . . . .	113	9,361
		<u>36,963</u>
<b>Casinos &amp; Gaming – 8.3%</b>		
Dynam Japan Holdings Co. Ltd. (B) . . . . .	861	2,572
Galaxy Entertainment Group (B) . . . . .	10,745	85,955
Las Vegas Sands, Inc. . . . .	656	49,983
Macau Legend Development Ltd. (B)(C) . . . . .	4,687	3,247
		<u>141,757</u>
<b>Construction Machinery &amp; Heavy Trucks – 1.0%</b>		
Caterpillar, Inc. . . . .	161	17,528
		<u>17,528</u>
<b>Consumer Electronics – 1.5%</b>		
Panasonic Corp. (B) . . . . .	1,959	23,859
Sony Corp. (B) . . . . .	128	2,117
		<u>25,976</u>
<b>Data Processing &amp; Outsourced Services – 1.3%</b>		
Alliance Data Systems Corp. (C) . . . . .	45	12,515
Visa, Inc., Class A . . . . .	50	10,578
		<u>23,093</u>
<b>Diversified Banks – 1.5%</b>		
Societe Generale (B) . . . . .	193	10,099
Wells Fargo & Co. . . . .	284	14,922
		<u>25,021</u>

COMMON STOCKS (Continued)	Shares	Value
<b>Diversified Chemicals – 0.8%</b>		
Dow Chemical Co. (The) (A) . . . . .	269	\$ 13,827
		<u>13,827</u>
<b>Diversified Metals &amp; Mining – 0.8%</b>		
Freeport-McMoRan Copper & Gold, Inc., Class B . . . . .	368	13,432
		<u>13,432</u>
<b>Electronic Equipment &amp; Instruments – 0.5%</b>		
FUJIFILM Holdings Corp. (B) . . . . .	332	9,250
		<u>9,250</u>
<b>Home Entertainment Software – 0.5%</b>		
Activision Blizzard, Inc. . . . .	377	8,405
		<u>8,405</u>
<b>Industrial Conglomerates – 0.8%</b>		
Hutchison Whampoa Ltd., Ordinary Shares (B) . . . . .	985	13,472
		<u>13,472</u>
<b>Integrated Oil &amp; Gas – 2.2%</b>		
Chevron Corp. . . . .	66	8,642
Exxon Mobil Corp. . . . .	83	8,397
Occidental Petroleum Corp. . . . .	213	21,892
		<u>38,931</u>
<b>Internet Retail – 0.8%</b>		
Amazon.com, Inc. (C) . . . . .	40	13,024
		<u>13,024</u>
<b>Internet Software &amp; Services – 1.6%</b>		
Facebook, Inc., Class A (C) . . . . .	134	9,030
Tencent Holdings Ltd. (B) . . . . .	1,241	18,919
		<u>27,949</u>
<b>Investment Banking &amp; Brokerage – 2.2%</b>		
Goldman Sachs Group, Inc. (The) . . . . .	102	17,146
Nomura Holdings, Inc. (B) . . . . .	2,957	20,931
		<u>38,077</u>
<b>IT Consulting &amp; Other Services – 1.0%</b>		
Cognizant Technology Solutions Corp., Class A (C) . . . . .	359	17,548
		<u>17,548</u>
<b>Life &amp; Health Insurance – 4.6%</b>		
AIA Group Ltd. (B) . . . . .	8,833	44,391
MetLife, Inc. (A) . . . . .	326	18,135
Prudential Financial, Inc. . . . .	193	17,124
		<u>79,650</u>
<b>Managed Health Care – 0.5%</b>		
Humana, Inc. . . . .	61	7,778
		<u>7,778</u>
<b>Movies &amp; Entertainment – 7.5%</b>		
Delta Topco Ltd. (C)(D) . . . . .	56,728	59,281
Legend Pictures LLC (C)(D)(M) . . . . .	10	18,250
Media Group Holdings LLC (C)(D)(E)(M) . . . . .	19	40,864
Twenty-First Century Fox, Inc., Class A (A) . . . . .	291	10,222
		<u>128,617</u>

COMMON STOCKS (Continued)	Shares	Value
<b>Multi-Line Insurance – 2.9%</b>		
Allianz AG, Registered Shares (B) . . . . .	124	\$ 20,663
American International Group, Inc. . . . .	322	17,580
Axa S.A. (B) . . . . .	522	12,474
		<u>50,717</u>
<b>Oil &amp; Gas Exploration &amp; Production – 1.1%</b>		
ConocoPhillips (A) . . . . .	213	18,222
		<u>18,222</u>
<b>Oil &amp; Gas Storage &amp; Transportation – 1.2%</b>		
Plains GP Holdings L.P., Class A . . . . .	651	20,809
		<u>20,809</u>
<b>Pharmaceuticals – 0.6%</b>		
Bristol-Myers Squibb Co. . . . .	90	4,366
Roche Holdings AG, Genusscheine (B) . . . . .	22	6,502
		<u>10,868</u>
<b>Railroads – 0.7%</b>		
Union Pacific Corp. . . . .	128	12,738
		<u>12,738</u>
<b>Reinsurance – 1.0%</b>		
Swiss Re Ltd. (B) . . . . .	199	17,679
		<u>17,679</u>
<b>Research &amp; Consulting Services – 1.7%</b>		
Nielsen Holdings N.V. . . . .	594	28,770
		<u>28,770</u>
<b>Semiconductor Equipment – 1.3%</b>		
Applied Materials, Inc. . . . .	959	21,621
		<u>21,621</u>
<b>Semiconductors – 1.5%</b>		
Advanced Micro Devices, Inc. (C) . . . . .	445	1,865
MediaTek, Inc. (B) . . . . .	76	1,285
Taiwan Semiconductor Manufacturing Co. Ltd. (B) . . . . .	1,408	5,965
Texas Instruments, Inc. . . . .	360	17,215
		<u>26,330</u>
<b>Specialty Chemicals – 0.8%</b>		
LyondellBasell Industries N.V., Class A . . . . .	136	13,271
		<u>13,271</u>
<b>Systems Software – 1.2%</b>		
Microsoft Corp. . . . .	242	10,075
Oracle Corp. . . . .	260	10,533
		<u>20,608</u>
<b>Technology Hardware, Storage &amp; Peripherals – 0.8%</b>		
Apple, Inc. (A) . . . . .	145	13,497
Hewlett-Packard Co. . . . .	19	626
		<u>14,123</u>
<b>Wireless Telecommunication Service – 0.7%</b>		
NTT DoCoMo, Inc. (B) . . . . .	693	11,853
		<u>11,853</u>
<b>TOTAL COMMON STOCKS – 61.6%</b>		<b>\$1,061,101</b>
(Cost: \$934,701)		

# CONSOLIDATED SCHEDULE OF INVESTMENTS

## Asset Strategy *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

PURCHASED OPTIONS		Number of Contracts (Unrounded)	Value	PURCHASED OPTIONS (Continued)		Number of Contracts (Unrounded)	Value	UNITED STATES GOVERNMENT AGENCY OBLIGATIONS			
								Principal	Value		
Adobe Systems, Inc., Call \$72.50, Expires 7-18-14, OTC (Ctrpty: Citibank N.A.) .....				261	\$ 33	S&P 500 Index, Put \$1,875.00, Expires 8-15-14 ..		353	\$ 326	Mortgage-Backed Obligations – 0.0%	
Apple, Inc.: Call \$92.86, Expires 7-18-14, OTC (Ctrpty: Bank of America N.A.) .....				658	113	Texas Instruments, Inc., Call \$47.00, Expires 7-18-14, OTC (Ctrpty: Deutsche Bank AG) .....		200	23	Federal Home Loan	
Caterpillar, Inc., Call \$110.00, Expires 8-15-14, OTC (Ctrpty: Citibank N.A.) .....				408	82	Wells Fargo & Co.: Call \$52.50, Expires 7-18-14, OTC (Ctrpty: Morgan Stanley & Co., Inc.) .....		858	62	Mortgage Corp. Agency REMIC/CMO: 5.500%, 9-15-17 (J) ... \$ 144 \$ 2 5.500%, 3-15-23 (J) ... 91 9 5.500%, 10-15-25 (J) ... 327 49 6.000%, 11-15-35 (J) ... 203 41	
ConocoPhillips, Call \$87.50, Expires 8-15-14, OTC (Ctrpty: Deutsche Bank AG) .....				1,471	154	Call \$55.00, Expires 8-15-14, OTC (Ctrpty: Morgan Stanley & Co., Inc.) .....		317	6	Federal National Mortgage Association Agency REMIC/CMO: 5.500%, 6-25-23 (J) ... 142 20 5.500%, 8-25-33 (J) ... 207 35 5.500%, 4-25-34 (J) ... 358 69 5.500%, 11-25-36 (J) ... 469 93	
DAX Index: Put EUR9,600.00, Expires 8-15-14, OTC (Ctrpty: Morgan Stanley & Co., Inc.) (F) .....				253	176	<b>TOTAL PURCHASED OPTIONS – 0.1%</b>			<b>\$ 1,949</b>	Government National Mortgage Association Agency REMIC/CMO: 5.500%, 3-20-32 (J) ... 101 4 5.000%, 7-20-33 (J) ... 30 1 5.500%, 11-20-33 (J) ... 175 7 5.500%, 7-20-35 (J) .... 166 32	
Put EUR9,600.00, Expires 8-15-14, OTC (Ctrpty: Societe Generale Bank) (F) ..				253	176	(Cost: \$2,858)				<b>TOTAL UNITED STATES GOVERNMENT AGENCY OBLIGATIONS – 0.0%</b>	
Dow Chemical Co. (The): Call \$52.50, Expires 7-18-14, OTC (Ctrpty: Citibank N.A.) .....				578	19	<b>CORPORATE DEBT SECURITIES</b>		<b>Principal</b>		<b>\$ 362</b>	
Call \$57.50, Expires 9-19-14, OTC (Ctrpty: Citibank N.A.) .....				578	15	Automobile Manufacturers – 0.4%					
EURO STOXX 50 Index: Put EUR3,150.00, Expires 8-15-14, OTC (Ctrpty: Bank of America N.A.) (F) ...				384	184	Aston Martin Holdings Ltd., 10.250%, 7-15-18 (G)(H) .....		\$ 6,294	6,406	(Cost: \$1,471)	
Put EUR3,175.00, Expires 8-15-14, OTC (Ctrpty: JPMorgan Chase Bank N.A.) (F) .....				384	219	Movies & Entertainment – 2.9%				<b>BULLION – 6.3%</b>	
Hewlett-Packard Co., Call \$36.00, Expires 7-18-14, OTC (Ctrpty: Societe Generale Bank) .....				1,414	8	Circuit of the Americas LLC, Series A, 16.000%, 7-31-18 ..		2,500	1,250	<b>Troy Ounces</b>	
iShares MSCI Emerging Markets ETF, Put \$41.00, Expires 8-15-14, OTC (Ctrpty: Morgan Stanley & Co., Inc.) .....				8,057	205	Circuit of the Americas LLC, Series B, 16.000%, 7-31-18 (H) .....		3,211	1,606	Gold .....	
						Delta Topco Ltd., 10.000%, 11-24-60 (D)(H) ....		47,573	47,573	82 <b>\$108,658</b>	
						<b>TOTAL CORPORATE DEBT SECURITIES – 3.3%</b>			<b>\$56,835</b>	(Cost: \$111,563)	
						<b>LOANS</b>				<b>SHORT-TERM SECURITIES</b>	
						Movies & Entertainment – 0.7%				<b>Principal</b>	
						Circuit of the Americas LLC, 6.000%, 6-30-17 (I) .		600	600	Commercial Paper – 27.0%	
						Formula One Holdings Ltd. and Alpha Topco Ltd., 9.250%, 10-16-19 (I) .....		10,400	10,829	American Honda Finance Corp. (GTD by Honda Motor Co.), 0.080%, 7-9-14 (K) ... \$10,000 10,000	
						<b>TOTAL LOANS – 0.7%</b>			<b>\$11,429</b>	Anheuser-Busch InBev Worldwide, Inc. (GTD by AB INBEV/BBR/COB), 0.090%, 7-10-14 (K) .. 5,000 5,000	
						(Cost: \$10,876)				Apple, Inc., 0.070%, 8-1-14 (K) ... 6,000 6,000	
										Army & Air Force Exchange Service, 0.110%, 8-18-14 (K) .. 5,000 4,999	
										Baxter International, Inc., 0.160%, 7-16-14 (K) .. 10,000 9,999	
										Becton Dickinson & Co.: 0.130%, 7-1-14 (K) ... 6,000 6,000 0.140%, 7-30-14 (K) .. 6,850 6,849	
										BMW U.S. Capital LLC (GTD by BMW AG): 0.090%, 7-10-14 (K) .. 8,000 8,000 0.170%, 8-14-14 (K) .. 5,800 5,799	
										BorgWarner, Inc., 0.270%, 7-16-14 (K) .. 5,000 4,999	

SHORT-TERM SECURITIES (Continued)	Principal	Value	SHORT-TERM SECURITIES (Continued)	Principal	Value	SHORT-TERM SECURITIES (Continued)	Principal	Value
Commercial Paper (Continued)			Commercial Paper (Continued)			Commercial Paper (Continued)		
Caterpillar Financial Services Corp. (GTD by Caterpillar, Inc.), 0.160%, 9-24-14 (K) . . . .	\$ 8,000	\$ 7,997	John Deere Capital Corp., 0.090%, 7-15-14 (K) . . . .	\$10,000	\$10,000	Wisconsin Electric Power Co., 0.180%, 7-7-14 (K) ..	\$18,361	\$ 18,360
Coca-Cola Co. (The): 0.090%, 7-25-14 (K) . . . .	3,500	3,500	Kellogg Co., 0.150%, 7-17-14 (K) . . . .	8,000	7,999	Wisconsin Gas LLC, 0.110%, 7-10-14 (K) ..	10,000	10,000
0.110%, 8-12-14 (K) . . . .	7,000	6,999	Kroger Co. (The): 0.190%, 7-1-14 (K) . . . .	1,533	1,533			466,691
0.110%, 8-13-14 (K) . . . .	5,000	4,999	0.230%, 7-25-14 (K) . . . .	8,000	7,999			
Corporacion Andina de Fomento: 0.110%, 7-18-14 (K) . . . .	5,000	5,000	L Oreal USA, Inc., 0.090%, 7-8-14 (K) . . . .	5,000	5,000	Master Note – 0.4%		
0.140%, 8-25-14 (K) . . . .	11,000	10,998	McCormick & Co., Inc., 0.240%, 8-5-14 (K) . . . .	10,000	9,998	Toyota Motor Credit Corp., 0.104%, 7-2-14 (L) . . .	6,419	6,419
Danaher Corp., 0.090%, 7-9-14 (K) . . . .	10,000	10,000	Microsoft Corp., 0.090%, 8-27-14 (K) . . . .	7,000	6,999			
Diageo Capital plc (GTD by Diageo plc), 0.250%, 7-3-14 (K) . . . .	5,000	5,000	NBCUniversal Enterprise, Inc., 0.230%, 7-7-14 (K) . . . .	5,000	5,000	Municipal Obligations – Taxable – 0.4%		
Ecolab, Inc., 0.240%, 7-14-14 (K) . . . .	5,000	5,000	PACCAR Financial Corp. (GTD by PACCAR, Inc.), 0.080%, 7-30-14 (K) . . . .	15,000	14,998	MS Business Fin Corp., Gulf Opp Zone Indl Dev Rev Bonds (Chevron USA, Inc. Proj), Ser 2007B (GTD by Chevron Corp.), 0.020%, 7-1-14 (L) ..	2,200	2,200
Essilor International S.A., 0.100%, 7-18-14 (K) . . . .	5,000	5,000	PepsiCo, Inc., 0.060%, 7-18-14 (K) . . . .	15,000	14,999	MS Business Fin Corp., Gulf Opp Zone Indl Dev Rev Bonds (Chevron USA, Inc. Proj), Ser 2007D (GTD by Chevron Corp.), 0.020%, 7-1-14 (L) ..	5,000	5,000
Exxon Mobil Corp., 0.060%, 7-10-14 (K) . . . .	5,000	5,000	Procter & Gamble Co. (The), 0.060%, 7-23-14 (K) . . . .	10,000	10,000			7,200
Fannie Mae Discount Notes: 0.040%, 7-14-14 (K) . . . .	11,000	11,000	Roche Holdings, Inc.: 0.120%, 7-14-14 (K) . . . .	6,000	6,000	<b>TOTAL SHORT-TERM SECURITIES – 27.8%</b>		<b>\$ 480,310</b>
0.030%, 7-28-14 (K) . . . .	22,000	21,998	0.080%, 7-15-14 (K) . . . .	30,000	29,998	(Cost: \$480,315)		
0.030%, 7-29-14 (K) . . . .	5,093	5,093	Siemens Capital Co. LLC (GTD by Siemens AG), 0.120%, 7-28-14 (K) . . . .	15,000	14,997	<b>TOTAL INVESTMENT SECURITIES – 99.8%</b>		<b>\$1,720,644</b>
Federal Home Loan Bank: 0.040%, 8-1-14 (K) . . . .	5,550	5,550	St. Jude Medical, Inc., 0.230%, 8-5-14 (K) . . . .	5,000	4,999	(Cost: \$1,601,852)		
0.030%, 8-29-14 (K) . . . .	5,000	5,000	Toronto-Dominion Holdings USA, Inc. (GTD by Toronto Dominion Bank): 0.140%, 7-8-14 (K) . . . .	4,000	4,000	<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.2%</b>		<b>4,015</b>
General Mills, Inc.: 0.130%, 7-1-14 (K) . . . .	9,000	9,000	0.100%, 7-22-14 (K) . . . .	5,000	5,000	<b>NET ASSETS – 100.0%</b>		<b>\$1,724,659</b>
0.160%, 7-11-14 (K) . . . .	5,590	5,590	Total Capital Canada Ltd. (GTD by Total S.A.), 0.160%, 8-19-14 (K) . . . .	10,000	9,998			
Google, Inc., 0.060%, 7-23-14 (K) . . . .	10,000	10,000	Virginia Electric and Power Co., 0.210%, 7-9-14 (K) . . . .	10,000	9,999			
Hewlett-Packard Co., 0.280%, 7-28-14 (K) . . . .	15,000	14,997	Wal-Mart Stores, Inc., 0.070%, 7-7-14 (K) . . . .	17,700	17,699			
Honeywell International, Inc., 0.090%, 7-18-14 (K) . . . .	5,000	5,000						
International Business Machines Corp.: 0.080%, 8-6-14 (K) . . . .	5,750	5,750						
0.080%, 8-13-14 (K) . . . .	5,000	5,000						

## Notes to Consolidated Schedule of Investments

(A) 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.

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

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

(D)Restricted securities. At June 30, 2014, the Portfolio owned the following restricted securities:

Security	Acquisition Date(s)	Shares	Cost	Market Value
Delta Topco Ltd.	1-23-12 to 5-1-12	56,728	\$ 38,396	\$ 59,281
Legend Pictures LLC	12-18-12	10	18,161	18,250
Media Group Holdings LLC	4-23-13	19	40,864	40,864
		Principal		
Delta Topco Ltd., 10.000%, 11-24-60	1-23-12 to 6-18-12	\$47,573	48,063	47,573
			\$145,484	\$165,968



# CONSOLIDATED SCHEDULE OF INVESTMENTS

## Asset Strategy *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

The total value of these securities represented 9.6% of net assets at June 30, 2014.

(E) Deemed to be an affiliate due to the Fund owning at least 5% of the voting securities.

(F) Principal amount and exercise prices are denominated in the indicated foreign currency, where applicable (EUR—Euro).

(G) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. At June 30, 2014, the total value of these securities amounted to \$6,406 or 0.4% of net assets.

(H) Payment-in-kind bonds.

(I) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014.

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

(K) Rate shown is the yield to maturity at June 30, 2014.

(L) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. Date shown represents the date that the variable rate resets.

(M) Investment is owned by an entity that is treated as a corporation for U.S. tax purposes and is owned by the Portfolio and consolidated as described in note 6 of the financial statements.

The following forward foreign currency contracts were outstanding at June 30, 2014:

Type	Currency	Counterparty	Principal Amount of Contract (Denominated in Indicated Currency)	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
Sell	Japanese Yen	UBS AG	1,275,017	7-29-14	\$ —	\$ 55
Sell	Japanese Yen	Citibank N.A.	2,049,838	7-29-14	—	90
Sell	Japanese Yen	Morgan Stanley International	2,983,714	7-29-14	—	119
Sell	Japanese Yen	Goldman Sachs International	1,344,068	7-29-14	—	52
					<u>\$ —</u>	<u>\$316</u>

The following total return swap agreements were outstanding at June 30, 2014:

Counterparty	# of Shares	Underlying Security	Termination Date	Notional Amount	Financing Fee#	Unrealized Appreciation (Depreciation)
Citibank N.A.	49,364	Apple, Inc.	05-23-15	\$ 4,587	USD LIBOR + 0.380%	\$ 99
Societe Generale Bank	167,500	CBS Corp., Class B	05-22-15	10,408	USD LIBOR + 0.340%	316
JPMorgan Chase Bank N.A.	351,100	CBS Corp., Class B	05-26-15	21,817	USD LIBOR + 0.340%	1,129
Deutsche Bank AG	124,450	ConocoPhillips	05-22-15	10,669	USD LIBOR + 0.980%	117
Deutsche Bank AG	248,901	Twenty-First Century Fox, Inc., Class A	05-22-15	8,749	USD LIBOR + 0.980%	(57)
Barclays Bank plc	307,900	Phillips 66	05-25-15	22,764	USD LIBOR + 0.400%	(289)
UBS AG	213,700	Wynn Resorts Ltd.	05-22-15	44,356	USD LIBOR + 1.050%	1,048
						<u>\$2,363</u>

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

The following written options were outstanding at June 30, 2014 (contracts and exercise prices unrounded):

Underlying Security	Counterparty, if OTC	Type	Number of Contracts	Expiration Month	Exercise Price	Premium Received	Value
Adobe Systems, Inc.	Citibank N.A.	Put	261	July 2014	\$ 60.00	\$ 39	\$ (1)
	Citibank N.A.	Call	261	July 2014	80.00	30	(1)
Apple, Inc.	UBS AG	Call	819	August 2014	107.14	28	(27)
Caterpillar, Inc.	Citibank N.A.	Put	408	August 2014	90.00	29	(6)
ConocoPhillips	Deutsche Bank AG	Put	981	August 2014	72.50	43	(12)
	Deutsche Bank AG	Call	1,471	August 2014	92.50	24	(35)
Dow Chemical Co. (The)	Citibank N.A.	Call	578	July 2014	55.00	24	(3)
Texas Instruments, Inc.	Deutsche Bank AG	Put	200	July 2014	38.00	6	—*
Wells Fargo & Co.	Morgan Stanley & Co., Inc.	Put	541	July 2014	49.00	11	(4)
						<u>\$234</u>	<u>\$(89)</u>



# CONSOLIDATED SCHEDULE OF INVESTMENTS

## Asset Strategy *(in thousands)*

JUNE 30, 2014 (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, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks	\$ 942,706	\$ —	\$ 118,395
Purchased Options	326	1,623	—
Corporate Debt Securities	—	6,406	50,429
Loans	—	—	11,429
United States Government Agency Obligations	—	362	—
Bullion	108,658	—	—
Short-Term Securities	—	480,310	—
Total	\$1,051,690	\$488,701	\$180,253
Swap Agreements	\$ —	\$ 2,709	\$ —
<b>Liabilities</b>			
Forward Foreign Currency Contracts	\$ —	\$ 316	\$ —
Swap Agreements	\$ —	\$ 346	\$ —
Written Options	\$ —	\$ 89	\$ —

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	Loans
Beginning Balance 1-1-14	\$129,492	\$50,731	\$11,479
Net realized gain (loss)	—	—	—
Net change in unrealized appreciation (depreciation)	(11,138)	(1,215)	(9)
Purchases	41	4,933	—
Sales	—	(4,020)	(50)
Amortization/Accretion of premium/discount	—	—	9
Transfers into Level 3 during the period	—	—	23
Transfers out of Level 3 during the period	—	—	(23)
Ending Balance 6-30-14	\$118,395	\$50,429	\$11,429
Net change in unrealized appreciation (depreciation) for all Level 3 investments still held as of 6-30-14	\$ (11,138)	\$ (1,215)	\$ (9)

Transfers from Level 2 to Level 3 occurred primarily 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 primarily 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, 2014.

Information about Level 3 fair value measurements:

	Fair Value at 6-30-14	Valuation Technique(s)	Unobservable Input(s)	Input Value(s)
<b>Assets</b>				
Common Stocks	\$118,395	Discounted cash flows model	Long-term growth rate	2.5%
			Weighted average cost of capital	8.8 to 9.5%
			Illiquidity discount	9.5 to 10%
Corporate Debt Securities	2,856	Broker quotes	Broker quotes	50
	47,573	Discounted cash flows model	Long-term growth rate	2.5%
			Weighted average cost of capital	8.8%
			Illiquidity discount	10%
Loans	11,429	Third-party valuation service	Broker quotes	100 to 104.125

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 of illiquidity discount inputs could result in a lower fair value measurement.

# CONSOLIDATED SCHEDULE OF INVESTMENTS

## Asset Strategy *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

The following acronyms are used throughout this schedule:

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	39.9%
Hong Kong	8.4%
United Kingdom	6.5%
Japan	4.4%
Germany	2.1%

### Country Diversification (Continued)

Switzerland	1.3%
France	1.3%
China	1.1%
Other Countries	0.6%
Other+	34.4%

+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, 2014 (UNAUDITED)

### Asset Allocation

<b>Stocks</b>	<b>73.4%</b>
Industrials	13.0%
Consumer Discretionary	12.9%
Information Technology	11.5%
Financials	10.6%
Energy	9.6%
Consumer Staples	8.4%
Materials	3.7%
Health Care	3.7%
<b>Bonds</b>	<b>25.7%</b>
Corporate Debt Securities	21.9%
United States Government and Government Agency Obligations	3.7%
Other Government Securities	0.1%
<b>Cash and Cash Equivalents</b>	<b>0.9%</b>

### Top 10 Equity Holdings

Company	Sector
Applied Materials, Inc.	Information Technology
PNC Financial Services Group, Inc. (The)	Financials
Union Pacific Corp.	Industrials
Limited Brands, Inc.	Consumer Discretionary
ConocoPhillips	Energy
Schlumberger Ltd.	Energy
Apple, Inc.	Information Technology
Anheuser-Busch InBev S.A. ADR	Consumer Staples
Rockwell Automation, Inc.	Industrials
JPMorgan Chase & Co.	Financials

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, 2014 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Aerospace &amp; Defense – 4.3%</b>		
Boeing Co. (The) . . . . .	42	\$ 5,382
Honeywell International, Inc. . . . .	66	6,097
Precision Castparts Corp. . . . .	23	5,704
		<u>17,183</u>
<b>Airlines – 0.9%</b>		
Southwest Airlines Co. . . . .	141	3,779
		<u>3,779</u>
<b>Apparel Retail – 1.8%</b>		
Limited Brands, Inc. . . . .	125	7,338
		<u>7,338</u>
<b>Application Software – 2.6%</b>		
Autodesk, Inc. (A) . . . . .	96	5,390
Intuit, Inc. . . . .	70	5,637
		<u>11,027</u>
<b>Asset Management &amp; Custody Banks – 1.5%</b>		
Northern Trust Corp. . . . .	94	6,042
		<u>6,042</u>
<b>Brewers – 1.6%</b>		
Anheuser-Busch InBev S.A. ADR . . . . .	59	6,804
		<u>6,804</u>
<b>Broadcasting – 1.5%</b>		
CBS Corp., Class B . . . . .	101	6,289
		<u>6,289</u>
<b>Cable &amp; Satellite – 2.3%</b>		
Comcast Corp., Class A . . . . .	102	5,496
Time Warner Cable, Inc. . . . .	27	4,036
		<u>9,532</u>
<b>Casinos &amp; Gaming – 0.7%</b>		
Las Vegas Sands, Inc. . . . .	40	3,041
		<u>3,041</u>
<b>Construction Machinery &amp; Heavy Trucks – 1.4%</b>		
Cummins, Inc. . . . .	38	5,878
		<u>5,878</u>
<b>Consumer Finance – 1.5%</b>		
American Express Co. . . . .	67	6,366
		<u>6,366</u>
<b>Data Processing &amp; Outsourced Services – 2.5%</b>		
Alliance Data Systems Corp. (A) . . . . .	23	6,384
FleetCor Technologies, Inc. (A) . . . . .	29	3,796
		<u>10,180</u>
<b>Distillers &amp; Vintners – 2.9%</b>		
Brown-Forman Corp., Class B . . . . .	70	6,607
Constellation Brands, Inc. (A) . . . . .	58	5,129
		<u>11,736</u>
<b>Diversified Chemicals – 3.0%</b>		
Dow Chemical Co. (The) . . . . .	119	6,134
PPG Industries, Inc. . . . .	30	6,368
		<u>12,502</u>
<b>Electrical Components &amp; Equipment – 1.6%</b>		
Rockwell Automation, Inc. . . . .	54	6,771
		<u>6,771</u>

COMMON STOCKS (Continued)	Shares	Value
<b>Home Improvement Retail – 1.4%</b>		
Home Depot, Inc. (The) . . . . .	72	\$ 5,797
		<u>5,797</u>
<b>Hotels, Resorts &amp; Cruise Lines – 0.9%</b>		
Hyatt Hotels Corp., Class A (A) . . . . .	59	3,580
		<u>3,580</u>
<b>Household Products – 1.5%</b>		
Colgate-Palmolive Co. . . . .	92	6,238
		<u>6,238</u>
<b>Industrial Conglomerates – 1.3%</b>		
3M Co. . . . .	38	5,372
		<u>5,372</u>
<b>Industrial Gases – 0.7%</b>		
Praxair, Inc. . . . .	22	2,962
		<u>2,962</u>
<b>Industrial Machinery – 1.7%</b>		
Pall Corp. . . . .	47	4,022
Pentair, Inc. (A) . . . . .	42	2,993
		<u>7,015</u>
<b>Internet Retail – 1.3%</b>		
Amazon.com, Inc. (A) . . . . .	17	5,424
		<u>5,424</u>
<b>IT Consulting &amp; Other Services – 1.5%</b>		
Cognizant Technology Solutions Corp., Class A (A) . . . . .	128	6,251
		<u>6,251</u>
<b>Managed Health Care – 0.9%</b>		
UnitedHealth Group, Inc. . . . .	46	3,744
		<u>3,744</u>
<b>Motorcycle Manufacturers – 1.5%</b>		
Harley-Davidson, Inc. . . . .	86	6,014
		<u>6,014</u>
<b>Movies &amp; Entertainment – 1.5%</b>		
Twenty-First Century Fox, Inc. . . . .	185	6,329
		<u>6,329</u>
<b>Multi-Line Insurance – 1.5%</b>		
American International Group, Inc. . . . .	117	6,375
		<u>6,375</u>
<b>Oil &amp; Gas Equipment &amp; Services – 3.2%</b>		
National Oilwell Varco, Inc. . . . .	74	6,094
Schlumberger Ltd. . . . .	58	6,841
		<u>12,935</u>
<b>Oil &amp; Gas Exploration &amp; Production – 3.1%</b>		
ConocoPhillips . . . . .	82	7,055
Noble Energy, Inc. . . . .	75	5,833
		<u>12,888</u>
<b>Oil &amp; Gas Refining &amp; Marketing – 1.5%</b>		
Phillips 66 . . . . .	78	6,310
		<u>6,310</u>
<b>Oil &amp; Gas Storage &amp; Transportation – 1.8%</b>		
Plains GP Holdings L.P., Class A . . . . .	102	3,269
Regency Energy Partners L.P. . . . .	131	4,223
		<u>7,492</u>

COMMON STOCKS (Continued)	Shares	Value
<b>Other Diversified Financial Services – 3.2%</b>		
Citigroup, Inc. . . . .	130	\$ 6,104
JPMorgan Chase & Co. . . . .	118	6,770
		<u>12,874</u>
<b>Packaged Foods &amp; Meats – 1.1%</b>		
Mead Johnson Nutrition Co. . . . .	49	4,528
		<u>4,528</u>
<b>Personal Products – 1.3%</b>		
Estee Lauder Co., Inc. (The), Class A . . . . .	74	5,473
		<u>5,473</u>
<b>Pharmaceuticals – 2.8%</b>		
GlaxoSmithKline plc ADR . . . . .	99	5,278
Johnson & Johnson . . . . .	61	6,362
		<u>11,640</u>
<b>Property &amp; Casualty Insurance – 1.1%</b>		
Travelers Co., Inc. (The) . . . . .	50	4,685
		<u>4,685</u>
<b>Railroads – 1.8%</b>		
Union Pacific Corp. . . . .	74	7,381
		<u>7,381</u>
<b>Regional Banks – 1.8%</b>		
PNC Financial Services Group, Inc. (The) . . . . .	86	7,632
		<u>7,632</u>
<b>Semiconductor Equipment – 1.9%</b>		
Applied Materials, Inc. . . . .	347	7,832
		<u>7,832</u>
<b>Semiconductors – 1.3%</b>		
Microchip Technology, Inc. . . . .	112	5,457
		<u>5,457</u>
<b>Technology Hardware, Storage &amp; Peripherals – 1.7%</b>		
Apple, Inc. . . . .	74	6,830
		<u>6,830</u>
<b>TOTAL COMMON STOCKS – 73.4%</b>		<b>\$303,526</b>
(Cost: \$197,005)		
<b>CORPORATE DEBT SECURITIES</b>	<b>Principal</b>	
<b>Aerospace &amp; Defense – 0.2%</b>		
General Dynamics Corp., 1.000%, 11-15-17 . . . . .	\$ 500	495
Northrop Grumman Corp., 1.750%, 6-1-18 . . . . .	250	249
		<u>744</u>
<b>Apparel Retail – 0.6%</b>		
Limited Brands, Inc.: 6.900%, 7-15-17 . . . . .	250	284
6.625%, 4-1-21 . . . . .	1,460	1,659
5.625%, 2-15-22 . . . . .	414	448
		<u>2,391</u>

# SCHEDULE OF INVESTMENTS

**Balanced** (in thousands)

JUNE 30, 2014 (UNAUDITED)

## CORPORATE DEBT

### SECURITIES (Continued)

	Principal	Value
<b>Apparel, Accessories &amp; Luxury Goods – 0.2%</b>		
LVMH Moët Hennessy – Louis Vuitton, 1.625%, 6-29-17 (B) . . . . .	\$1,000	\$1,011
<b>Asset Management &amp; Custody Banks – 0.3%</b>		
Ares Capital Corp., 4.875%, 11-30-18 . . . . .	1,200	1,275
<b>Auto Parts &amp; Equipment – 0.1%</b>		
Delphi Corp., 5.000%, 2-15-23 . . . . .	411	442
<b>Automobile Manufacturers – 1.6%</b>		
Ford Motor Co., Convertible, 4.250%, 11-15-16 . . . . .	2,000	3,996
Toyota Motor Credit Corp.: 0.516%, 5-17-16 (C) . . . . .	500	502
2.050%, 1-12-17 . . . . .	500	514
2.000%, 10-24-18 . . . . .	400	404
Volkswagen Group of America, Inc., 2.125%, 5-23-19 (B) . . . . .	1,250	1,251
		<u>6,667</u>
<b>Biotechnology – 0.5%</b>		
Amgen, Inc.: 2.125%, 5-15-17 . . . . .	750	769
2.200%, 5-22-19 . . . . .	1,300	1,298
		<u>2,067</u>
<b>Brewers – 0.2%</b>		
Heineken N.V., 1.400%, 10-1-17 (B) . . . . .	250	250
SABMiller Holdings, Inc., 2.200%, 8-1-18 (B) . . . . .	500	505
		<u>755</u>
<b>Broadcasting – 0.0%</b>		
Discovery Communications LLC, 3.300%, 5-15-22 . . . . .	200	199
<b>Cable &amp; Satellite – 0.1%</b>		
Pearson Funding Five plc, 3.250%, 5-8-23 (B) . . . . .	300	285
<b>Consumer Finance – 1.4%</b>		
American Express Credit Corp., 2.125%, 7-27-18 . . . . .	100	102
American Honda Finance Corp.: 0.602%, 5-26-16 (B)(C) . . . . .	500	502
2.125%, 10-10-18 . . . . .	150	152
Capital One Bank USA N.A.: 2.150%, 11-21-18 . . . . .	500	503
2.250%, 2-13-19 . . . . .	1,000	1,007
Charles Schwab Corp. (The), 2.200%, 7-25-18 . . . . .	300	305
Discover Bank, 2.000%, 2-21-18 . . . . .	250	251
Ford Motor Credit Co. LLC, 3.875%, 1-15-15 . . . . .	500	509

## CORPORATE DEBT

### SECURITIES (Continued)

	Principal	Value
<b>Consumer Finance (Continued)</b>		
General Motors Financial Co., Inc., 2.750%, 5-15-16 . . . . .	\$ 448	\$ 455
Hyundai Capital America, 2.875%, 8-9-18 (B) . . . . .	250	257
IntercontinentalExchange Group, Inc., 2.500%, 10-15-18 . . . . .	100	102
SLM Corp., 4.875%, 6-17-19 . . . . .	500	515
Total System Services, Inc., 2.375%, 6-1-18 . . . . .	1,100	1,101
		<u>5,761</u>
<b>Data Processing &amp; Outsourced Services – 0.2%</b>		
Fidelity National Financial, Inc., 6.600%, 5-15-17 . . . . .	800	901
<b>Distillers &amp; Vintners – 0.5%</b>		
Beam, Inc.: 1.875%, 5-15-17 . . . . .	300	301
1.750%, 6-15-18 . . . . .	250	246
Brown-Forman Corp., 1.000%, 1-15-18 . . . . .	1,000	976
Constellation Brands, Inc., 3.750%, 5-1-21 . . . . .	670	667
		<u>2,190</u>
<b>Distributors – 0.1%</b>		
LKQ Corp., 4.750%, 5-15-23 . . . . .	282	278
<b>Diversified Banks – 3.3%</b>		
ABN AMRO Bank N.V., 2.500%, 10-30-18 (B) . . . . .	800	812
Banco Hipotecario Nacional: 7.916%, 7-25-09 (B)(D) . . . . .	17	—
8.000%, 3-31-11 (B)(D) . . . . .	4	—
Bank of America Corp.: 1.050%, 3-22-16 (C) . . . . .	1,000	1,007
2.000%, 1-11-18 . . . . .	400	403
Bank of New York Mellon Corp. (The), 2.100%, 1-15-19 . . . . .	500	503
Bank of Nova Scotia (The): 1.450%, 4-25-18 . . . . .	500	496
2.050%, 10-30-18 . . . . .	200	201
Barclays Bank plc, 2.500%, 2-20-19 . . . . .	1,000	1,013
BNP Paribas, 2.450%, 3-17-19 . . . . .	1,600	1,610
BNP Paribas S.A., 5.186%, 6-29-49 (B) . . . . .	1,100	1,121
Commonwealth Bank of Australia, 2.250%, 3-13-19 . . . . .	1,350	1,361
HSBC USA, Inc., 1.625%, 1-16-18 . . . . .	200	200
National Australia Bank Ltd., 2.300%, 7-25-18 . . . . .	250	255
Nordea Bank AB, 1.625%, 5-15-18 (B) . . . . .	300	298

## CORPORATE DEBT

### SECURITIES (Continued)

	Principal	Value
<b>Diversified Banks (Continued)</b>		
Skandinaviska Enskilda Banken AB, 2.375%, 3-25-19 (B) . . . . .	\$1,000	\$ 1,009
Societe Generale N.A., 5.922%, 4-29-49 (B) . . . . .	1,000	1,068
Swedbank AB (publ), 1.750%, 3-12-18 (B) . . . . .	300	300
Wells Fargo & Co.: 1.500%, 1-16-18 . . . . .	250	250
2.150%, 1-15-19 . . . . .	500	504
Westpac Banking Corp., 2.250%, 7-30-18 . . . . .	1,000	1,019
		<u>13,430</u>
<b>Diversified Metals &amp; Mining – 0.3%</b>		
Anglo American plc, 4.125%, 4-15-21 (B) . . . . .	500	512
Freeport-McMoRan Copper & Gold, Inc., 2.375%, 3-15-18 . . . . .	150	152
Glencore Funding LLC, 3.125%, 4-29-19 (B) . . . . .	500	510
Teck Resources, 3.000%, 3-1-19 . . . . .	100	102
		<u>1,276</u>
<b>Electric Utilities – 0.1%</b>		
Electricite de France S.A., 2.150%, 1-22-19 (B) . . . . .	500	502
PPL Energy Supply LLC, 4.600%, 12-15-21 . . . . .	100	99
Southern Co. (The), 2.450%, 9-1-18 . . . . .	150	154
		<u>755</u>
<b>Environmental &amp; Facilities Services – 0.1%</b>		
Ecolab, Inc., 1.450%, 12-8-17 . . . . .	500	501
<b>Fertilizers &amp; Agricultural Chemicals – 0.3%</b>		
Monsanto Co.: 2.750%, 4-15-16 . . . . .	500	518
2.125%, 7-15-19 . . . . .	600	600
		<u>1,118</u>
<b>Food Distributors – 0.3%</b>		
Campbell Soup Co., 2.500%, 8-2-22 . . . . .	700	660
ConAgra Foods, Inc.: 1.300%, 1-25-16 . . . . .	250	252
1.900%, 1-25-18 . . . . .	200	200
General Mills, Inc., 0.527%, 1-29-16 (C) . . . . .	250	251
		<u>1,363</u>
<b>Food Retail – 0.1%</b>		
Kroger Co. (The), 2.300%, 1-15-19 . . . . .	500	505

# SCHEDULE OF INVESTMENTS

**Balanced** (in thousands)

JUNE 30, 2014 (UNAUDITED)

## CORPORATE DEBT

### SECURITIES (Continued)

	Principal	Value
<b>General Merchandise Stores – 0.1%</b>		
Dollar General Corp.:		
4.125%, 7-15-17 .....	\$ 100	\$ 107
1.875%, 4-15-18 .....	250	248
		<u>355</u>
<b>Health Care Supplies – 0.5%</b>		
C.R. Bard, Inc.,		
1.375%, 1-15-18 .....	500	496
Express Scripts Holding Co.,		
2.250%, 6-15-19 .....	1,500	1,493
Mallinckrodt International Finance S.A.,		
3.500%, 4-15-18 .....	250	249
		<u>2,238</u>
<b>Homebuilding – 0.1%</b>		
Toll Brothers Finance Corp.,		
4.375%, 4-15-23 .....	500	491
		<u>491</u>
<b>Hotels, Resorts &amp; Cruise Lines – 0.1%</b>		
Hyatt Hotels Corp.,		
3.375%, 7-15-23 .....	250	244
		<u>244</u>
<b>Household Products – 0.1%</b>		
Church & Dwight Co., Inc.,		
2.875%, 10-1-22 .....	250	242
		<u>242</u>
<b>Industrial Conglomerates – 0.1%</b>		
General Electric Capital Corp.,		
0.959%, 4-2-18 (C) .....	500	507
		<u>507</u>
<b>Industrial Gases – 0.3%</b>		
Airgas, Inc.,		
1.650%, 2-15-18 .....	500	496
Praxair, Inc.:		
1.250%, 11-7-18 .....	400	391
3.000%, 9-1-21 .....	500	511
		<u>1,398</u>
<b>Industrial Machinery – 0.6%</b>		
Eaton Corp.,		
1.500%, 11-2-17 .....	1,940	1,942
Ingersoll-Rand Global Holding Co. Ltd.,		
2.875%, 1-15-19 .....	350	359
		<u>2,301</u>
<b>Integrated Telecommunication Services – 0.9%</b>		
AT&T, Inc.,		
2.300%, 3-11-19 .....	3,750	3,785
Verizon Communications, Inc.,		
3.650%, 9-14-18 .....	100	107
		<u>3,892</u>
<b>Internet Retail – 0.1%</b>		
Amazon.com, Inc.,		
0.650%, 11-27-15 .....	250	250
		<u>250</u>

## CORPORATE DEBT

### SECURITIES (Continued)

	Principal	Value
<b>Investment Banking &amp; Brokerage – 0.8%</b>		
Goldman Sachs Group, Inc. (The):		
2.900%, 7-19-18 .....	\$ 450	\$ 464
2.625%, 1-31-19 .....	1,000	1,013
Morgan Stanley:		
2.125%, 4-25-18 .....	500	505
2.500%, 1-24-19 .....	1,500	1,517
		<u>3,499</u>
<b>Leisure Products – 0.1%</b>		
Mattel, Inc.,		
2.500%, 11-1-16 .....	250	258
		<u>258</u>
<b>Life &amp; Health Insurance – 0.2%</b>		
AIA Group Ltd.,		
2.250%, 3-11-19 (B) .....	800	800
Prudential Financial, Inc.,		
2.300%, 8-15-18 .....	100	102
		<u>902</u>
<b>Managed Health Care – 0.4%</b>		
Aetna, Inc.,		
2.200%, 3-15-19 .....	800	802
WellPoint, Inc.,		
1.875%, 1-15-18 .....	1,000	1,007
		<u>1,809</u>
<b>Metal &amp; Glass Containers – 0.1%</b>		
BlueScope Steel (Finance) Ltd. and BlueScope Steel Finance (USA) LLC,		
7.125%, 5-1-18 (B) .....	555	596
		<u>596</u>
<b>Movies &amp; Entertainment – 0.4%</b>		
News American, Inc.,		
3.000%, 9-15-22 .....	1,000	984
Viacom, Inc.:		
2.500%, 9-1-18 .....	100	102
2.200%, 4-1-19 .....	700	701
		<u>1,787</u>
<b>Multi-Utilities – 0.1%</b>		
Origin Energy Finance Ltd.,		
3.500%, 10-9-18 (B) .....	200	208
		<u>208</u>
<b>Oil &amp; Gas Drilling – 0.1%</b>		
Transocean, Inc.,		
2.500%, 10-15-17 .....	500	511
		<u>511</u>
<b>Oil &amp; Gas Equipment &amp; Services – 0.2%</b>		
National Oilwell Varco, Inc.,		
1.350%, 12-1-17 .....	250	250
Schlumberger Investment S.A. (GTD by Schlumberger Ltd.),		
1.250%, 8-1-17 (B) .....	500	499
		<u>749</u>
<b>Oil &amp; Gas Exploration &amp; Production – 0.6%</b>		
BP Capital Markets plc (GTD by BP plc),		
2.241%, 9-26-18 .....	400	407
		<u>407</u>

## CORPORATE DEBT

### SECURITIES (Continued)

	Principal	Value
<b>Oil &amp; Gas Exploration &amp; Production (Continued)</b>		
ConocoPhillips,		
1.050%, 12-15-17 .....	\$ 400	\$ 396
Devon Energy Corp.,		
2.250%, 12-15-18 .....	500	506
EOG Resources, Inc.,		
2.500%, 2-1-16 .....	1,000	1,028
ONEOK Partners L.P.,		
3.200%, 9-15-18 .....	100	104
		<u>2,441</u>
<b>Oil &amp; Gas Storage &amp; Transportation – 0.2%</b>		
Buckeye Partners L.P.,		
2.650%, 11-15-18 .....	400	407
Kinder Morgan Energy Partners L.P.,		
2.650%, 2-1-19 .....	500	506
		<u>913</u>
<b>Other Diversified Financial Services – 2.2%</b>		
BHP Billiton Finance (USA) Ltd. (GTD by BHP Billiton plc and BHP Billiton Ltd.),		
2.050%, 9-30-18 .....	100	101
CIT Group, Inc.,		
3.875%, 2-19-19 .....	1,000	1,016
Citigroup, Inc.,		
2.550%, 4-8-19 .....	3,250	3,276
Daimler Finance North America LLC,		
2.375%, 8-1-18 (B) .....	150	154
Fidelity National Information Services, Inc.,		
2.000%, 4-15-18 .....	250	249
Fifth Street Finance Corp.,		
4.875%, 3-1-19 .....	1,300	1,356
JPMorgan Chase & Co.:		
3.450%, 3-1-16 .....	1,000	1,043
3.150%, 7-5-16 .....	500	521
7.900%, 4-29-49 .....	500	560
Total Capital,		
2.125%, 8-10-18 .....	300	305
Total Capital Canada Ltd.,		
1.450%, 1-15-18 .....	200	200
		<u>8,781</u>
<b>Packaged Foods &amp; Meats – 0.3%</b>		
Kraft Foods, Inc.,		
4.125%, 2-9-16 .....	1,000	1,052
		<u>1,052</u>
<b>Personal Products – 0.2%</b>		
Estee Lauder Co., Inc. (The),		
2.350%, 8-15-22 .....	600	570
Kimberly-Clark Corp.,		
0.344%, 5-15-16 (C) .....	250	250
		<u>820</u>
<b>Pharmaceuticals – 0.6%</b>		
Forest Laboratories, Inc.,		
5.000%, 12-15-21(B) .....	1,258	1,379
Perrigo Co. Ltd.,		
2.300%, 11-8-18 (B) .....	945	944
		<u>2,323</u>

# SCHEDULE OF INVESTMENTS

**Balanced** (in thousands)

JUNE 30, 2014 (UNAUDITED)

## CORPORATE DEBT

### SECURITIES (Continued)

	Principal	Value
<b>Property &amp; Casualty Insurance – 0.1%</b>		
Berkshire Hathaway Finance Corp., 2.000%, 8-15-18 .....	\$ 250	\$ 254
Berkshire Hathaway, Inc., 1.550%, 2-9-18 .....	250	251
		<u>505</u>
<b>Railroads – 0.2%</b>		
Burlington Northern Santa Fe LLC, 3.050%, 3-15-22 .....	400	402
Kansas City Southern de Mexico S.A. de C.V., 2.350%, 5-15-20 .....	300	287
Union Pacific Corp., 2.250%, 2-15-19 .....	250	254
		<u>943</u>
<b>Regional Banks – 0.4%</b>		
BB&T Corp., 1.450%, 1-12-18 .....	300	299
PNC Bank N.A., 2.200%, 1-28-19 .....	750	757
SunTrust Banks, Inc., 2.350%, 11-1-18 .....	500	506
		<u>1,562</u>
<b>Semiconductors – 0.1%</b>		
Broadcom Corp., 2.700%, 11-1-18 .....	250	259
<b>Soft Drinks – 0.2%</b>		
PepsiCo, Inc., 2.250%, 1-7-19 .....	750	765
<b>Specialty Chemicals – 0.1%</b>		
RPM International, Inc., 3.450%, 11-15-22 .....	250	243
<b>Systems Software – 0.3%</b>		
CA, Inc., 2.875%, 8-15-18 .....	150	153
Oracle Corp., 2.250%, 10-8-19 .....	1,200	1,199
		<u>1,352</u>
<b>Trucking – 0.1%</b>		
Ryder System, Inc., 2.450%, 11-15-18 .....	100	102
2.350%, 2-26-19 .....	400	403
		<u>505</u>

## CORPORATE DEBT

### SECURITIES (Continued)

	Principal	Value
<b>Wireless Telecommunication Service – 0.5%</b>		
American Tower Corp., 4.700%, 3-15-22 .....	\$995	\$ 1,066
Crown Castle International Corp., 5.250%, 1-15-23 .....	623	649
Virgin Media Finance plc, 4.875%, 2-15-22 .....	200	189
		<u>1,904</u>
<b>TOTAL CORPORATE DEBT SECURITIES – 21.9%</b>		<b>\$90,519</b>
(Cost: \$87,030)		
<b>OTHER GOVERNMENT SECURITIES</b>		
<b>Canada – 0.1%</b>		
TransCanada PipeLines Ltd., 0.750%, 1-15-16 .....	250	251
<b>TOTAL OTHER GOVERNMENT SECURITIES – 0.1%</b>		<b>\$ 251</b>
(Cost: \$250)		
<b>UNITED STATES GOVERNMENT AGENCY OBLIGATIONS</b>		
<b>Mortgage-Backed Obligations – 0.8%</b>		
Federal National Mortgage Association Fixed Rate Pass-Through Certificates:		
6.000%, 9-1-17 .....	84	87
5.000%, 1-1-18 .....	34	36
5.500%, 4-1-18 .....	4	4
5.000%, 5-1-18 .....	26	28
4.500%, 7-1-18 .....	412	438
7.000%, 9-1-25 .....	60	66
6.500%, 10-1-28 .....	154	177
6.500%, 2-1-29 .....	77	88
7.500%, 4-1-31 .....	77	88
7.000%, 7-1-31 .....	97	113
7.000%, 9-1-31 .....	171	201
6.500%, 2-1-32 .....	341	391
7.000%, 2-1-32 .....	227	261
7.000%, 3-1-32 .....	87	102
7.000%, 7-1-32 .....	145	165
6.000%, 9-1-32 .....	663	758
6.000%, 2-1-33 .....	72	82
5.500%, 5-1-33 .....	182	204
5.500%, 6-1-33 .....	106	120

## UNITED STATES

### GOVERNMENT AGENCY

OBLIGATIONS (Continued)	Principal	Value
<b>Mortgage-Backed Obligations (Continued)</b>		
U.S. Department of Veterans Affairs, Guaranteed REMIC Pass-Through Certificates, Vendee Mortgage Trust, 1997-A, Class 3-A, 8.293%, 12-15-26 ....		
	\$ 50	\$ 60
		<u>3,469</u>
<b>TOTAL UNITED STATES GOVERNMENT AGENCY OBLIGATIONS – 0.8%</b>		<b>\$ 3,469</b>
(Cost: \$3,124)		
<b>UNITED STATES GOVERNMENT OBLIGATIONS</b>		
<b>Treasury Obligations – 2.9%</b>		
U.S. Treasury Notes:		
0.875%, 1-31-17 .....	1,250	1,255
0.625%, 2-15-17 .....	9,200	9,177
0.625%, 5-31-17 .....	1,500	1,490
		<u>11,922</u>
<b>TOTAL UNITED STATES GOVERNMENT OBLIGATIONS – 2.9%</b>		<b>\$ 11,922</b>
(Cost: \$11,912)		
<b>SHORT-TERM SECURITIES</b>		
<b>Commercial Paper – 0.7%</b>		
United Technologies Corp., 0.070%, 7-1-14 (E) ...		
	2,907	2,907
<b>Master Note – 0.3%</b>		
Toyota Motor Credit Corp., 0.104%, 7-2-14 (F) ...		
	1,246	1,246
<b>TOTAL SHORT-TERM SECURITIES – 1.0%</b>		<b>\$ 4,153</b>
(Cost: \$4,153)		
<b>TOTAL INVESTMENT SECURITIES – 100.1%</b>		<b>\$413,840</b>
(Cost: \$303,474)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.1%)</b>		<b>(225)</b>
<b>NET ASSETS – 100.0%</b>		<b>\$413,615</b>

## 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, 2014, the total value of these securities amounted to \$14,773 or 3.6% of net assets.

(C) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014.

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

(E) Rate shown is the yield to maturity at June 30, 2014.

# SCHEDULE OF INVESTMENTS

**Balanced** *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

(F)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. 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, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks	\$303,526	\$ —	\$ —
Corporate Debt Securities	—	90,519	—
Other Government Securities	—	251	—
United States Government Agency Obligations	—	3,469	—
United States Government Obligations	—	11,922	—
Short-Term Securities	—	4,153	—
Total	<u>\$303,526</u>	<u>\$110,314</u>	<u>\$ —</u>

As of June 30, 2014, 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

REMIC = Real Estate Mortgage Investment Conduit

See Accompanying Notes to Financial Statements.



# PORTFOLIO HIGHLIGHTS

## Bond

ALL DATA IS AS OF JUNE 30, 2014 (UNAUDITED)

### Asset Allocation

<b>Bonds</b>	<b>94.6%</b>
Corporate Debt Securities	55.1%
United States Government and Government Agency Obligations	34.1%
Municipal Bonds	2.7%
Other Government Securities	2.1%
Mortgage-Backed Securities	0.6%
<b>Cash and Cash Equivalents</b>	<b>5.4%</b>

### Quality Weightings

<b>Investment Grade</b>	<b>86.9%</b>
AAA	1.4%
AA	36.7%
A	16.6%
BBB	32.2%
<b>Non-Investment Grade</b>	<b>7.7%</b>
BB	5.3%
B	2.3%
Below CCC	0.1%
<b>Cash and Cash Equivalents</b>	<b>5.4%</b>

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

*We do not evaluate these ratings, but simply assign them to the appropriate credit quality category as determined by the rating agency.*

# SCHEDULE OF INVESTMENTS

**Bond** (in thousands)

JUNE 30, 2014 (UNAUDITED)

## CORPORATE DEBT SECURITIES

	Principal	Value
<b>Apparel Retail – 2.5%</b>		
Limited Brands, Inc.: . . . . .		
8.500%, 6-15-19 . . . . .	\$3,485	\$4,278
7.000%, 5-1-20 . . . . .	1,000	1,149
5.625%, 2-15-22 . . . . .	2,665	2,885
		<u>8,312</u>
<b>Automobile Manufacturers – 0.5%</b>		
General Motors Co.,		
3.500%, 10-2-18 (A) . . . . .	1,500	1,534
		<u>1,534</u>
<b>Brewers – 1.2%</b>		
SABMiller plc,		
6.500%, 7-15-18 (A) . . . . .	3,000	3,511
		<u>3,511</u>
<b>Broadcasting – 2.3%</b>		
CBS Corp.,		
8.875%, 5-15-19 . . . . .	3,500	4,537
Discovery Communications LLC,		
3.300%, 5-15-22 . . . . .	3,000	2,985
		<u>7,522</u>
<b>Cable &amp; Satellite – 1.9%</b>		
DIRECTV Holdings LLC and DIRECTV Financing Co., Inc.,		
3.800%, 3-15-22 . . . . .	2,500	2,580
Time Warner, Inc.,		
4.750%, 3-29-21 . . . . .	3,000	3,325
		<u>5,905</u>
<b>Coal &amp; Consumable Fuels – 0.6%</b>		
Peabody Energy Corp.,		
6.500%, 9-15-20 . . . . .	2,000	2,015
		<u>2,015</u>
<b>Consumer Finance – 2.3%</b>		
Ford Motor Credit Co. LLC,		
4.250%, 9-20-22 . . . . .	4,000	4,265
Hyundai Capital America,		
2.875%, 8-9-18 (A) . . . . .	3,000	3,086
		<u>7,351</u>
<b>Data Processing &amp; Outsourced Services – 1.5%</b>		
Alliance Data Systems Corp.,		
5.250%, 12-1-17 (A) . . . . .	4,500	4,703
		<u>4,703</u>
<b>Department Stores – 1.0%</b>		
Macy's Retail Holdings, Inc.,		
3.875%, 1-15-22 . . . . .	3,000	3,130
		<u>3,130</u>
<b>Distributors – 1.0%</b>		
QVC, Inc.,		
5.125%, 7-2-22 . . . . .	3,000	3,192
		<u>3,192</u>
<b>Diversified Banks – 2.4%</b>		
Bank of America Corp.: . . . . .		
5.650%, 5-1-18 . . . . .	2,000	2,266
7.625%, 6-1-19 . . . . .	2,000	2,470
HSBC Holdings plc,		
5.100%, 4-5-21 . . . . .	2,500	2,840
		<u>7,576</u>

## CORPORATE DEBT SECURITIES (Continued)

	Principal	Value
<b>Diversified Chemicals – 1.4%</b>		
Dow Chemical Co. (The),		
8.550%, 5-15-19 . . . . .	\$3,500	\$4,498
		<u>4,498</u>
<b>Diversified Metals &amp; Mining – 1.9%</b>		
Glencore Funding LLC,		
3.125%, 4-29-19 (A) . . . . .	2,500	2,550
Rio Tinto Finance (USA) Ltd.,		
3.750%, 9-20-21 . . . . .	3,500	3,684
		<u>6,234</u>
<b>Electric Utilities – 1.0%</b>		
Detroit Edison Co. (The),		
3.900%, 6-1-21 . . . . .	3,000	3,237
		<u>3,237</u>
<b>Electronic Equipment &amp; Instruments – 1.3%</b>		
Xerox Corp.,		
6.350%, 5-15-18 . . . . .	3,452	4,011
		<u>4,011</u>
<b>Electronic Manufacturing Services – 1.8%</b>		
Jabil Circuit, Inc.: . . . . .		
7.750%, 7-15-16 . . . . .	2,000	2,263
8.250%, 3-15-18 . . . . .	3,150	3,751
		<u>6,014</u>
<b>Environmental &amp; Facilities Services – 2.3%</b>		
Republic Services, Inc.,		
4.750%, 5-15-23 . . . . .	3,000	3,317
Waste Management, Inc.,		
4.600%, 3-1-21 . . . . .	3,600	3,982
		<u>7,299</u>
<b>Food Distributors – 0.3%</b>		
Wm. Wrigley Jr. Co.,		
3.375%, 10-21-20 (A) . . . . .	1,000	1,035
		<u>1,035</u>
<b>Food Retail – 0.8%</b>		
Kroger Co. (The),		
6.800%, 12-15-18 . . . . .	2,245	2,657
		<u>2,657</u>
<b>Forest Products – 1.5%</b>		
Georgia-Pacific LLC,		
5.400%, 11-1-20 (A) . . . . .	4,000	4,616
		<u>4,616</u>
<b>Health Care Services – 1.2%</b>		
Medco Health Solutions, Inc.,		
4.125%, 9-15-20 . . . . .	3,500	3,755
		<u>3,755</u>
<b>Health Care Supplies – 0.8%</b>		
DENTSPLY International, Inc.,		
4.125%, 8-15-21 . . . . .	2,500	2,593
		<u>2,593</u>
<b>Homebuilding – 1.3%</b>		
Toll Brothers Finance Corp.,		
4.375%, 4-15-23 . . . . .	4,055	3,984
		<u>3,984</u>
<b>Hotels, Resorts &amp; Cruise Lines – 0.4%</b>		
Marriott International, Inc.,		
3.375%, 10-15-20 . . . . .	1,277	1,324
		<u>1,324</u>
<b>Household Products – 0.9%</b>		
Procter & Gamble Co. (The),		
8.000%, 9-1-24 . . . . .	2,000	2,809
		<u>2,809</u>

## CORPORATE DEBT SECURITIES (Continued)

	Principal	Value
<b>Industrial Conglomerates – 0.8%</b>		
WESCO Distribution, Inc.,		
5.375%, 12-15-21 (A) . . . . .	\$2,375	\$2,428
		<u>2,428</u>
<b>Industrial Machinery – 1.3%</b>		
Ingersoll-Rand Global Holding Co. Ltd.,		
2.875%, 1-15-19 . . . . .	4,000	4,100
		<u>4,100</u>
<b>Integrated Telecommunication Services – 1.3%</b>		
Telefonos de Mexico S.A.B de C.V. (GTD by America Movil S.A.B. de C.V.),		
5.500%, 11-15-19 . . . . .	3,500	3,991
		<u>3,991</u>
<b>Investment Banking &amp; Brokerage – 1.3%</b>		
Goldman Sachs Group, Inc. (The),		
6.000%, 6-15-20 . . . . .	3,500	4,079
		<u>4,079</u>
<b>Leisure Products – 0.5%</b>		
Hasbro, Inc.,		
3.150%, 5-15-21 . . . . .	1,500	1,508
		<u>1,508</u>
<b>Multi-Utilities – 3.1%</b>		
Dominion Resources, Inc., Series F,		
5.250%, 8-1-33 . . . . .	2,500	2,810
Duke Energy Indiana, Inc.,		
3.750%, 7-15-20 . . . . .	3,000	3,207
NorthWestern Corp.,		
6.340%, 4-1-19 . . . . .	3,000	3,517
		<u>9,534</u>
<b>Oil &amp; Gas Equipment &amp; Services – 0.7%</b>		
Enterprise Products Operating LLC (GTD by Enterprise Products Partners L.P.),		
6.500%, 1-31-19 . . . . .	2,000	2,372
		<u>2,372</u>
<b>Oil &amp; Gas Exploration &amp; Production – 2.5%</b>		
EQT Corp.,		
8.125%, 6-1-19 . . . . .	3,494	4,371
Plains Exploration & Production Co.,		
6.125%, 6-15-19 . . . . .	3,000	3,315
		<u>7,686</u>
<b>Oil &amp; Gas Storage &amp; Transportation – 1.3%</b>		
Copano Energy LLC and Copano Energy Finance Corp.,		
7.125%, 4-1-21 . . . . .	984	1,115
Tennessee Gas Pipeline Co.,		
7.000%, 3-15-27 . . . . .	2,000	2,519
Williams Co., Inc. (The),		
4.550%, 6-24-24 . . . . .	460	464
		<u>4,098</u>
<b>Other Diversified Financial Services – 2.1%</b>		
Citigroup, Inc., . . . . .		
2.550%, 4-8-19 . . . . .	2,500	2,520
JPMorgan Chase & Co., . . . . .		
6.000%, 1-15-18 . . . . .	3,500	4,007
		<u>6,527</u>

# SCHEDULE OF INVESTMENTS

**Bond** (in thousands)

JUNE 30, 2014 (UNAUDITED)

## CORPORATE DEBT

### SECURITIES (Continued)

	Principal	Value
<b>Pharmaceuticals – 0.4%</b>		
Mylan, Inc., 2.550%, 3-28-19 .....	\$1,300	\$ 1,309

<b>Property &amp; Casualty Insurance – 1.0%</b>		
Berkshire Hathaway, Inc., 3.750%, 8-15-21 .....	3,000	3,211

<b>Railroads – 1.0%</b>		
Burlington Northern Santa Fe LLC, 3.050%, 3-15-22 .....	3,000	3,013

<b>Systems Software – 1.1%</b>		
CA, Inc., 5.375%, 12-1-19 .....	3,000	3,372

<b>Trucking – 0.6%</b>		
Penske Truck Leasing Co. L.P., 2.875%, 7-17-18 (A) ..	2,000	2,047

<b>Water Utilities – 0.7%</b>		
California Water Service Co., 5.875%, 5-1-19 .....	2,000	2,319

<b>Wireless Telecommunication Service – 1.3%</b>		
American Tower Corp., 4.700%, 3-15-22 .....	3,000	3,215
Crown Castle International Corp., 5.250%, 1-15-23 .....	1,027	1,071
		4,286

### TOTAL CORPORATE DEBT SECURITIES – 55.1%

\$174,697

(Cost: \$164,586)

## MORTGAGE-BACKED SECURITIES

<b>Non-Agency REMIC/CMO – 0.6%</b>		
MASTR Adjustable Rate Mortgage Trust 2005-1, 3.643%, 3-25-35 (B) ...	1,913	184

Merrill Lynch Mortgage Trust 2005-CIP1, 4.949%, 7-12-38 (B) ...	1,650	1,651
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Structured Adjustable Rate Mortgage Loan Trust, Mortgage Pass-Through Certificates, Series 2004-1, 2.457%, 2-25-34 (B) ...	463	54
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Structured Adjustable Rate Mortgage Loan Trust, Mortgage Pass-Through Certificates, Series 2004-3AC, 2.377%, 3-25-34 (B) ...	856	62
		1,951

### TOTAL MORTGAGE-BACKED SECURITIES – 0.6%

\$ 1,951

(Cost: \$4,835)

## MUNICIPAL BONDS

### Principal Value

<b>Massachusetts – 0.9%</b>		
Cmnwlth of MA, Fed Hwy Grant Anticipation Notes (Accelerated Bridge Prog), Ser 2010A, 4.285%, 12-15-18 .....	\$ 2,500	\$ 2,772

<b>New York – 1.8%</b>		
NYC Indl Dev Agy, Rental Rev Bonds (Yankee Stadium Proj), Ser 2009, 11.000%, 3-1-29 (A) ....	4,000	5,637

### TOTAL MUNICIPAL BONDS – 2.7%

\$ 8,409

(Cost: \$6,577)

## OTHER GOVERNMENT SECURITIES

<b>Canada – 1.1%</b>		
Province de Quebec, 7.140%, 2-27-26 (B) ....	2,500	3,312

<b>Israel – 1.0%</b>		
State of Israel, 4.000%, 6-30-22 .....	3,000	3,190

### TOTAL OTHER GOVERNMENT SECURITIES – 2.1%

\$ 6,502

(Cost: \$5,806)

## UNITED STATES GOVERNMENT AGENCY OBLIGATIONS

<b>Agency Obligations – 4.4%</b>		
Federal Home Loan Bank, 2.000%, 2-14-28 (B) ....	10,000	9,291
Federal National Mortgage Association, 1.500%, 4-25-28 .....	4,750	4,419
		13,710

### Mortgage-Backed Obligations – 25.0%

<b>Federal Home Loan Mortgage Corp. Agency REMIC/CMO:</b>		
4.000%, 6-15-26 .....	4,723	5,101
4.500%, 6-15-27 .....	510	523
4.000%, 11-15-36 .....	1,299	1,366
4.500%, 9-15-37 .....	1,234	1,271
4.500%, 8-15-39 .....	1,807	1,885

<b>Federal Home Loan Mortgage Corp. Fixed Rate Participation Certificates:</b>		
4.186%, 12-25-20 .....	4,000	4,441
5.000%, 6-1-23 .....	1,164	1,269
4.000%, 7-1-25 .....	1,778	1,905
3.000%, 1-1-33 .....	931	946

## UNITED STATES

### GOVERNMENT AGENCY

### OBLIGATIONS (Continued)

#### Principal Value

#### Mortgage-Backed Obligations (Continued)

<b>Federal Home Loan Mortgage Corp. Fixed Rate Pass-Through Certificates:</b>		
3.000%, 8-1-28 .....	\$ 4,733	\$ 4,869
3.000%, 9-1-28 .....	4,683	4,829
3.500%, 10-1-28 .....	5,144	5,399

<b>Federal National Mortgage Association Agency REMIC/CMO:</b>		
5.000%, 6-25-18 .....	791	837
3.000%, 2-25-25 .....	3,853	3,991
5.500%, 11-25-36 (C) ..	1,842	362
5.500%, 4-25-37 .....	959	1,033
4.000%, 5-25-39 .....	1,196	1,250
4.500%, 6-25-40 .....	1,091	1,163

<b>Federal National Mortgage Association Fixed Rate Pass-Through Certificates:</b>		
5.432%, 2-1-16 .....	1,878	1,989
5.508%, 4-1-17 .....	3,485	3,763
4.500%, 9-1-19 .....	884	938
4.530%, 12-1-19 .....	7,329	8,212
5.500%, 10-1-21 .....	1,657	1,798
6.000%, 6-1-22 .....	1,150	1,265
6.000%, 9-1-22 .....	1,922	2,144
5.000%, 9-1-23 .....	1,307	1,425
3.000%, 7-1-28 .....	4,666	4,818
5.500%, 2-1-35 .....	1,143	1,300

<b>Government National Mortgage Association Agency REMIC/CMO:</b>		
2.500%, 9-20-40 .....	4,261	4,310
2.000%, 3-16-42 .....	5,219	5,120
0.347%, 6-17-45 (B)(C) ..	105	1
		79,523

### TOTAL UNITED STATES GOVERNMENT AGENCY OBLIGATIONS – 29.4%

\$93,233

(Cost: \$94,897)

## UNITED STATES GOVERNMENT OBLIGATIONS

### Treasury Obligations – 4.7%

<b>U.S. Treasury Notes:</b>		
2.125%, 8-15-21 (D) ...	10,000	9,990
2.000%, 2-15-23 .....	5,000	4,852
		14,842

### TOTAL UNITED STATES GOVERNMENT OBLIGATIONS – 4.7%

\$14,842

(Cost: \$15,025)

# SCHEDULE OF INVESTMENTS

**Bond** (in thousands)

JUNE 30, 2014 (UNAUDITED)

## SHORT-TERM SECURITIES

	Principal	Value
<b>Commercial Paper – 2.8%</b>		
United Technologies Corp.,		
0.070%, 7-1-14 (E) . . .	\$5,966	\$ 5,966
USAA Capital Corp.,		
0.060%, 7-1-14 (E) . . .	3,000	3,000
		<u>8,966</u>
<b>Master Note – 2.0%</b>		
Toyota Motor Credit Corp.,		
0.104%, 7-2-14 (F) . . .	6,182	6,182
		<u>6,182</u>
<b>TOTAL SHORT-TERM SECURITIES – 4.8%</b>		<b>\$ 15,148</b>
(Cost: \$15,148)		
<b>TOTAL INVESTMENT SECURITIES – 99.4%</b>		<b>\$314,782</b>
(Cost: \$306,874)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.6%</b>		<b>1,766</b>
<b>NET ASSETS – 100.0%</b>		<b>\$316,548</b>

## 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, 2014, the total value of these securities amounted to \$31,147 or 9.8% of net assets.

(B)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014.

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

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

(E)Rate shown is the yield to maturity at June 30, 2014.

(F)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. Date shown represents the date that the variable rate resets.

The following futures contracts were outstanding at June 30, 2014 (contracts unrounded):

Description	Type	Expiration Date	Number of Contracts	Market Value	Unrealized Appreciation (Depreciation)
U.S. 10-Year Treasury Note	Short	9-30-14	162	\$(20,278)	\$ (9)
U.S. 2-Year Treasury Note	Short	10-3-14	29	(6,368)	4
U.S. 5-Year Treasury Note	Short	10-3-14	119	(14,216)	16
				<u>\$(40,862)</u>	<u>\$11</u>

# SCHEDULE OF INVESTMENTS

## Bond *(in thousands)*

JUNE 30, 2014 (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, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Corporate Debt Securities	\$—	\$174,697	\$—
Mortgage-Backed Securities	—	1,951	—
Municipal Bonds	—	8,409	—
Other Government Securities	—	6,502	—
United States Government Agency Obligations	—	93,233	—
United States Government Obligations	—	14,842	—
Short-Term Securities	—	15,148	—
Total	\$—	\$314,782	\$—
Futures Contracts	\$20	\$—	\$—
<b>Liabilities</b>			
Futures Contracts	\$ 9	\$—	\$—

As of June 30, 2014, 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

## Core Equity

ALL DATA IS AS OF JUNE 30, 2014 (UNAUDITED)

### Asset Allocation

<b>Stocks</b>	<b>96.8%</b>
Consumer Discretionary	21.1%
Industrials	18.5%
Information Technology	14.8%
Financials	10.0%
Health Care	9.0%
Consumer Staples	8.9%
Energy	8.5%
Materials	6.0%
<b>Cash and Cash Equivalents</b>	<b>3.2%</b>

### Top 10 Equity Holdings

<b>Company</b>	<b>Sector</b>
Canadian Pacific Railway Ltd.	Industrials
Applied Materials, Inc.	Information Technology
Bank of America Corp.	Financials
American International Group, Inc.	Financials
Shire Pharmaceuticals Group plc ADR	Health Care
Adobe Systems, Inc.	Information Technology
Anheuser-Busch InBev S.A. ADR	Consumer Staples
Noble Energy, Inc.	Energy
Citigroup, Inc.	Financials
CBS Corp., Class B	Consumer Discretionary

*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, 2014 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Application Software – 4.9%</b>		
Adobe Systems, Inc. (A) . . . . .	237	\$17,164
Autodesk, Inc. (A) . . . . .	141	7,961
		<u>25,125</u>
<b>Auto Parts &amp; Equipment – 1.4%</b>		
Delphi Automotive plc . . . . .	107	7,341
		<u>7,341</u>
<b>Automobile Manufacturers – 1.4%</b>		
Ford Motor Co. . . . .	425	7,330
		<u>7,330</u>
<b>Biotechnology – 3.4%</b>		
Alexion Pharmaceuticals, Inc. (A) . . . . .	49	7,719
Biogen Idec, Inc. (A) . . . . .	32	9,964
		<u>17,683</u>
<b>Brewers – 3.2%</b>		
Anheuser-Busch InBev S.A. ADR . . . . .	141	16,241
		<u>16,241</u>
<b>Broadcasting – 3.0%</b>		
CBS Corp., Class B . . . . .	252	15,642
		<u>15,642</u>
<b>Cable &amp; Satellite – 5.2%</b>		
Charter Communications, Inc., Class A (A) . . . . .	38	6,082
Comcast Corp., Class A . . . . .	199	10,654
Time Warner Cable, Inc. . . . .	68	10,046
		<u>26,782</u>
<b>Construction Machinery &amp; Heavy Trucks – 2.2%</b>		
Cummins, Inc. . . . .	74	11,448
		<u>11,448</u>
<b>Data Processing &amp; Outsourced Services – 3.8%</b>		
Alliance Data Systems Corp. (A) . . . . .	23	6,525
MasterCard, Inc., Class A . . . . .	176	12,909
		<u>19,434</u>
<b>Diversified Banks – 3.5%</b>		
Bank of America Corp. . . . .	1,160	17,834
		<u>17,834</u>
<b>Diversified Chemicals – 4.4%</b>		
Dow Chemical Co. (The) . . . . .	271	13,962
PPG Industries, Inc. . . . .	41	8,574
		<u>22,536</u>
<b>Home Improvement Retail – 1.6%</b>		
Home Depot, Inc. (The) . . . . .	99	8,023
		<u>8,023</u>

COMMON STOCKS (Continued)	Shares	Value
<b>Hypermarkets &amp; Super Centers – 1.5%</b>		
Costco Wholesale Corp. . . . .	67	\$ 7,701
		<u>7,701</u>
<b>Industrial Machinery – 8.2%</b>		
Flowserve Corp. . . . .	144	10,677
Pall Corp. . . . .	146	12,492
Parker Hannifin Corp. . . . .	44	5,570
Pentair, Inc. (A) . . . . .	182	13,154
		<u>41,893</u>
<b>Internet Retail – 0.6%</b>		
TripAdvisor, Inc. (A) . . . . .	27	2,923
		<u>2,923</u>
<b>Motorcycle Manufacturers – 2.4%</b>		
Harley-Davidson, Inc. . . . .	178	12,443
		<u>12,443</u>
<b>Movies &amp; Entertainment – 2.7%</b>		
Twenty-First Century Fox, Inc. . . . .	411	14,072
		<u>14,072</u>
<b>Multi-Line Insurance – 3.4%</b>		
American International Group, Inc. . . . .	323	17,635
		<u>17,635</u>
<b>Oil &amp; Gas Exploration &amp; Production – 4.3%</b>		
Cabot Oil & Gas Corp. . . . .	185	6,299
Noble Energy, Inc. . . . .	208	16,094
		<u>22,393</u>
<b>Oil &amp; Gas Refining &amp; Marketing – 2.8%</b>		
Phillips 66 . . . . .	180	14,503
		<u>14,503</u>
<b>Oil &amp; Gas Storage &amp; Transportation – 1.4%</b>		
MarkWest Energy Partners L.P. . . . .	99	7,101
		<u>7,101</u>
<b>Other Diversified Financial Services – 3.1%</b>		
Citigroup, Inc. . . . .	337	15,882
		<u>15,882</u>
<b>Packaged Foods &amp; Meats – 1.8%</b>		
Mead Johnson Nutrition Co. . . . .	101	9,438
		<u>9,438</u>
<b>Pharmaceuticals – 5.6%</b>		
Bristol-Myers Squibb Co. . . . .	229	11,094
Shire Pharmaceuticals Group plc ADR . . . . .	74	17,332
		<u>28,426</u>
<b>Railroads – 6.5%</b>		
Canadian Pacific Railway Ltd. . . . .	130	23,457
Kansas City Southern . . . . .	95	10,160
		<u>33,617</u>

COMMON STOCKS (Continued)	Shares	Value
<b>Research &amp; Consulting Services – 1.6%</b>		
Nielsen Holdings N.V. . . . .	175	\$ 8,477
		<u>8,477</u>
<b>Restaurants – 2.8%</b>		
Chipotle Mexican Grill, Inc., Class A (A) . . . . .	11	6,695
YUM! Brands, Inc. . . . .	96	7,796
		<u>14,491</u>
<b>Semiconductor Equipment – 3.9%</b>		
Applied Materials, Inc. . . . .	879	19,821
		<u>19,821</u>
<b>Semiconductors – 2.2%</b>		
Texas Instruments, Inc. . . . .	242	11,551
		<u>11,551</u>
<b>Specialty Chemicals – 1.6%</b>		
LyondellBasell Industries N.V., Class A . . . . .	83	8,124
		<u>8,124</u>
<b>Tobacco – 2.4%</b>		
Philip Morris International, Inc. . . . .	145	12,222
		<u>12,222</u>
<b>TOTAL COMMON STOCKS – 96.8%</b>		<b>\$498,132</b>
(Cost: \$368,319)		
<b>SHORT-TERM SECURITIES</b>	<b>Principal</b>	
<b>Commercial Paper – 1.1%</b>		
United Technologies Corp., 0.070%, 7-1-14 (B) . . . . .	\$5,545	5,545
		<u>5,545</u>
<b>TOTAL SHORT-TERM SECURITIES – 1.1%</b>		<b>\$ 5,545</b>
(Cost: \$5,545)		
<b>TOTAL INVESTMENT SECURITIES – 97.9%</b>		<b>\$503,677</b>
(Cost: \$373,864)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 2.1%</b>		<b>10,951</b>
<b>NET ASSETS – 100.0%</b>		<b>\$514,628</b>

# SCHEDULE OF INVESTMENTS

## Core Equity *(in thousands)*

JUNE 30, 2014 (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, 2014.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks . . . . .	\$498,132	\$ —	\$—
Short-Term Securities . . . . .	—	5,545	—
Total . . . . .	<u>\$498,132</u>	<u>\$5,545</u>	<u>\$—</u>

As of June 30, 2014, 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

## Dividend Opportunities

ALL DATA IS AS OF JUNE 30, 2014 (UNAUDITED)

### Asset Allocation

<b>Stocks</b>	<b>98.2%</b>
Industrials	15.7%
Consumer Discretionary	15.1%
Financials	12.7%
Information Technology	11.9%
Energy	11.7%
Health Care	10.9%
Consumer Staples	10.2%
Materials	6.8%
Telecommunication Services	1.7%
Utilities	1.5%
<b>Cash and Cash Equivalents</b>	<b>1.8%</b>

### Top 10 Equity Holdings

Company	Sector
JPMorgan Chase & Co.	Financials
Schlumberger Ltd.	Energy
Microchip Technology, Inc.	Information Technology
Anheuser-Busch InBev S.A. ADR	Consumer Staples
Union Pacific Corp.	Industrials
Wells Fargo & Co.	Financials
Home Depot, Inc. (The)	Consumer Discretionary
Limited Brands, Inc.	Consumer Discretionary
Applied Materials, Inc.	Information Technology
Wynn Resorts Ltd.	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, 2014 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Advertising – 1.8%</b>		
Omnicom Group, Inc. (A) . . . . .	127	\$ 9,009
<b>Aerospace &amp; Defense – 4.1%</b>		
Boeing Co. (The) . . . . .	76	9,714
Honeywell International, Inc. . . . .	118	11,010
		<u>20,724</u>
<b>Apparel Retail – 2.4%</b>		
Limited Brands, Inc. . . . .	203	11,934
<b>Asset Management &amp; Custody Banks – 1.2%</b>		
Northern Trust Corp. . . . .	98	6,312
<b>Automobile Manufacturers – 2.0%</b>		
Ford Motor Co. . . . .	594	10,246
<b>Brewers – 2.9%</b>		
Anheuser-Busch InBev S.A. ADR . . . . .	133	15,286
<b>Cable &amp; Satellite – 2.1%</b>		
Comcast Corp., Class A . . . . .	193	10,371
<b>Casinos &amp; Gaming – 2.3%</b>		
Wynn Resorts Ltd. . . . .	56	11,567
<b>Construction Machinery &amp; Heavy Trucks – 3.9%</b>		
Allison Transmission Holdings, Inc. . . . .	310	9,652
Caterpillar, Inc. . . . .	95	10,275
		<u>19,927</u>
<b>Consumer Electronics – 1.3%</b>		
Garmin Ltd. . . . .	109	6,611
<b>Data Processing &amp; Outsourced Services – 1.1%</b>		
Paychex, Inc. . . . .	131	5,457
<b>Distillers &amp; Vintners – 1.5%</b>		
Diageo plc ADR . . . . .	58	7,439
<b>Diversified Banks – 2.6%</b>		
Wells Fargo & Co. . . . .	253	13,321
<b>Diversified Chemicals – 4.0%</b>		
Dow Chemical Co. (The) . . . . .	180	9,263
PPG Industries, Inc. . . . .	53	11,044
		<u>20,307</u>
<b>Electric Utilities – 1.5%</b>		
PPL Corp. . . . .	217	7,721
<b>Home Improvement Retail – 2.4%</b>		
Home Depot, Inc. (The) . . . . .	157	12,723
<b>Household Products – 2.0%</b>		
Colgate-Palmolive Co. . . . .	146	9,953
<b>Industrial Conglomerates – 1.0%</b>		
3M Co. . . . .	35	4,956

COMMON STOCKS (Continued)	Shares	Value
<b>Industrial Gases – 1.0%</b>		
Airgas, Inc. . . . .	46	\$ 4,955
<b>Industrial Machinery – 2.2%</b>		
Eaton Corp. . . . .	145	11,180
<b>Industrial REITs – 1.2%</b>		
ProLogis . . . . .	152	6,233
<b>Integrated Oil &amp; Gas – 3.0%</b>		
Exxon Mobil Corp. . . . .	47	4,737
Occidental Petroleum Corp. . . . .	101	10,319
		<u>15,056</u>
<b>Integrated Telecommunication Services – 1.7%</b>		
Verizon Communications, Inc. . . . .	177	8,639
<b>Investment Banking &amp; Brokerage – 2.0%</b>		
Goldman Sachs Group, Inc. (The) . . . . .	59	9,954
<b>Oil &amp; Gas Equipment &amp; Services – 3.2%</b>		
Schlumberger Ltd. . . . .	139	16,412
<b>Oil &amp; Gas Storage &amp; Transportation – 5.5%</b>		
Energy Transfer Equity L.P. . . . .	142	8,393
MarkWest Energy Partners L.P. . . . .	132	9,457
Phillips 66 Partners L.P. . . . .	42	3,181
Plains GP Holdings L.P., Class A . . . . .	202	6,468
		<u>27,499</u>
<b>Other Diversified Financial Services – 3.5%</b>		
JPMorgan Chase & Co. . . . .	301	17,368
<b>Packaged Foods &amp; Meats – 1.7%</b>		
Mead Johnson Nutrition Co. . . . .	90	8,395
<b>Pharmaceuticals – 10.9%</b>		
Bristol-Myers Squibb Co. . . . .	226	10,949
GlaxoSmithKline plc ADR . . . . .	150	8,027
Johnson & Johnson . . . . .	109	11,367
Merck & Co., Inc. . . . .	135	7,798
Pfizer, Inc. . . . .	364	10,796
Teva Pharmaceutical Industries Ltd. ADR . . . . .	120	6,272
		<u>55,209</u>
<b>Property &amp; Casualty Insurance – 2.2%</b>		
ACE Ltd. . . . .	106	11,003
<b>Railroads – 3.0%</b>		
Union Pacific Corp. . . . .	152	15,126
<b>Research &amp; Consulting Services – 1.5%</b>		
Nielsen Holdings N.V. . . . .	155	7,508

COMMON STOCKS (Continued)	Shares	Value
<b>Semiconductor Equipment – 2.4%</b>		
Applied Materials, Inc. . . . .	527	\$ 11,894
<b>Semiconductors – 6.6%</b>		
Analog Devices, Inc. . . . .	143	7,756
Microchip Technology, Inc. . . . .	328	15,986
Texas Instruments, Inc. . . . .	201	9,627
		<u>33,369</u>
<b>Specialty Chemicals – 1.8%</b>		
LyondellBasell Industries N.V., Class A . . . . .	92	8,964
<b>Specialty Stores – 0.8%</b>		
Tiffany & Co. . . . .	41	4,060
<b>Technology Hardware, Storage &amp; Peripherals – 1.8%</b>		
Apple, Inc. . . . .	99	9,205
<b>Tobacco – 2.1%</b>		
Philip Morris International, Inc. . . . .	126	10,586
<b>TOTAL COMMON STOCKS – 98.2%</b>		<b>\$496,479</b>
(Cost: \$376,088)		
<b>SHORT-TERM SECURITIES</b>	<b>Principal</b>	
<b>Commercial Paper – 1.0%</b>		
Army & Air Force Exchange Service, 0.090%, 7-16-14 (B) . . . . .	\$2,000	2,000
United Technologies Corp., 0.070%, 7-1-14 (B) . . . . .	3,123	3,123
		<u>5,123</u>
<b>Master Note – 0.7%</b>		
Toyota Motor Credit Corp., 0.104%, 7-2-14 (C) . . . . .	3,739	3,739
<b>Municipal Obligations – Taxable – 0.2%</b>		
MS Business Fin Corp., Gulf Opp Zone Indl Dev Rev Bonds (Chevron USA, Inc. Proj), Ser 2007B (GTD by Chevron Corp.), 0.020%, 7-1-14 (C) . . . . .	315	315
MS Business Fin Corp., Gulf Opp Zone Indl Dev Var Rev Bonds (Chevron USA, Inc. Proj), Ser E (GTD by Chevron Corp.), 0.030%, 7-1-14 (C) . . . . .	379	379
		<u>694</u>

# SCHEDULE OF INVESTMENTS

## Dividend Opportunities *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

### SHORT-TERM SECURITIES

(Continued)

Value

<b>TOTAL SHORT-TERM SECURITIES – 1.9%</b>	<b>\$ 9,556</b>
---	-----------------

(Cost: \$9,556)

<b>TOTAL INVESTMENT SECURITIES – 100.1%</b>	<b>\$506,035</b>
---	------------------

(Cost: \$385,644)

<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.1%)</b>	<b>(665)</b>
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<b>NET ASSETS – 100.0%</b>	<b>\$505,370</b>
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### 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, 2014.

(C) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. 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, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks . . . . .	\$496,479	\$ —	\$—
Short-Term Securities . . . . .	—	9,556	—
Total . . . . .	<u>\$496,479</u>	<u>\$9,556</u>	<u>\$—</u>

As of June 30, 2014, 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

REIT = Real Estate Investment Trust

See Accompanying Notes to Financial Statements.

# PORTFOLIO HIGHLIGHTS

## Energy

ALL DATA IS AS OF JUNE 30, 2014 (UNAUDITED)

### Asset Allocation

<b>Stocks</b>	<b>96.0%</b>
Energy	89.4%
Industrials	5.9%
Financials	0.7%
<b>Cash and Cash Equivalents</b>	<b>4.0%</b>

### Country Weightings

<b>North America</b>	<b>88.2%</b>
United States	82.5%
Canada	5.7%
<b>Europe</b>	<b>5.8%</b>
Bahamas/Caribbean	1.3%
<b>Pacific Basin</b>	<b>0.7%</b>
<b>Cash and Cash Equivalents</b>	<b>4.0%</b>

### Top 10 Equity Holdings

Company	Sector	Industry
Schlumberger Ltd.	Energy	Oil & Gas Equipment & Services
Halliburton Co.	Energy	Oil & Gas Equipment & Services
Baker Hughes, Inc.	Energy	Oil & Gas Equipment & Services
Core Laboratories N.V.	Energy	Oil & Gas Equipment & Services
EOG Resources, Inc.	Energy	Oil & Gas Exploration & Production
Weatherford International Ltd.	Energy	Oil & Gas Equipment & Services
Cimarex Energy Co.	Energy	Oil & Gas Exploration & Production
Noble Energy, Inc.	Energy	Oil & Gas Exploration & Production
Continental Resources, Inc.	Energy	Oil & Gas Exploration & Production
Occidental Petroleum Corp.	Energy	Integrated Oil & Gas

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, 2014 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Coal &amp; Consumable Fuels – 1.6%</b>		
Cameco Corp. ....	40	\$ 788
Foresight Energy L.P. (A) ...	42	858
Peabody Energy Corp. ....	36	585
		<u>2,231</u>
<b>Construction &amp; Engineering – 2.1%</b>		
Fluor Corp. ....	39	2,969
		<u>2,969</u>
<b>Electrical Components &amp; Equipment – 0.6%</b>		
SolarCity Corp. (A) ....	12	879
		<u>879</u>
<b>Industrial Machinery – 1.7%</b>		
Flowsolve Corp. ....	32	2,368
		<u>2,368</u>
<b>Integrated Oil &amp; Gas – 5.9%</b>		
Chevron Corp. ....	9	1,149
Exxon Mobil Corp. ....	22	2,180
Occidental Petroleum Corp. ....	30	3,033
Royal Dutch Shell plc, Class A (B) ....	16	656
Suncor Energy, Inc. ....	34	1,460
		<u>8,478</u>
<b>Oil &amp; Gas Drilling – 5.0%</b>		
Helmerich & Payne, Inc. ...	21	2,462
Nabors Industries Ltd. ....	64	1,874
Patterson-UTI Energy, Inc. ...	79	2,758
		<u>7,094</u>
<b>Oil &amp; Gas Equipment &amp; Services – 28.1%</b>		
Baker Hughes, Inc. ....	56	4,203
Basic Energy Services, Inc. (A) ....	77	2,238
Cameron International Corp. (A) ....	28	1,913
Core Laboratories N.V. ....	24	3,959
Dril-Quip, Inc. (A) ....	23	2,545
FMC Technologies, Inc. (A) ....	27	1,640
Forum Energy Technologies, Inc. (A) ....	66	2,417
Halliburton Co. ....	89	6,299
National Oilwell Varco, Inc. ....	24	1,948
Oceaneering International, Inc. ....	9	664
Schlumberger Ltd. ....	57	6,693
Superior Energy Services, Inc. ....	59	2,134
Weatherford International Ltd. (A) ....	157	3,616
		<u>40,269</u>

COMMON STOCKS (Continued)	Shares	Value
<b>Oil &amp; Gas Exploration &amp; Production – 32.0%</b>		
Anadarko Petroleum Corp. ....	27	\$ 2,912
Antero Resources Corp. (A) ....	19	1,263
Athlon Energy, Inc. (A) ....	35	1,691
Bonanza Creek Energy, Inc. (A) ....	35	2,027
Cabot Oil & Gas Corp. ....	57	1,937
Canadian Natural Resources Ltd. ....	56	2,564
Cimarex Energy Co. ....	24	3,436
CNOOC Ltd. ADR ....	5	968
Concho Resources, Inc. (A) ....	9	1,308
ConocoPhillips ....	14	1,239
Continental Resources, Inc. (A) ....	20	3,098
Devon Energy Corp. ....	9	703
EOG Resources, Inc. ....	34	3,916
Gulfport Energy Corp. (A) ...	26	1,642
Memorial Resource Development Corp. (A) ...	58	1,405
Newfield Exploration Co. (A) ....	45	1,987
Noble Energy, Inc. ....	42	3,257
Oasis Petroleum LLC (A) ...	26	1,464
Parsley Energy, Inc., Class A (A) ....	116	2,790
Pioneer Natural Resources Co. ....	6	1,367
Rice Energy, Inc. (A) ....	51	1,564
RSP Permian, Inc. (A) ....	41	1,335
Southwestern Energy Co. (A) ....	44	2,008
		<u>45,881</u>
<b>Oil &amp; Gas Refining &amp; Marketing – 5.9%</b>		
Marathon Petroleum Corp. ....	26	1,991
Marathon Petroleum Corp. L.P. ....	34	2,160
Phillips 66 ....	22	1,778
Tesoro Corp. ....	25	1,455
Valero Energy Corp. ....	23	1,130
		<u>8,514</u>
<b>Oil &amp; Gas Storage &amp; Transportation – 10.9%</b>		
Enbridge, Inc. ....	29	1,358
Energy Transfer Equity L.P. ....	35	2,039
MarkWest Energy Partners L.P. ....	29	2,076
Phillips 66 Partners L.P. ....	37	2,796

COMMON STOCKS (Continued)	Shares	Value
<b>Oil &amp; Gas Storage &amp; Transportation (Continued)</b>		
Plains GP Holdings L.P., Class A ....	32	\$ 1,017
Targa Resources Corp. ....	19	2,666
Valero Energy Partners L.P. ....	22	1,107
Williams Co., Inc. (The) ....	45	2,590
		<u>15,649</u>
<b>Railroads – 1.4%</b>		
Canadian Pacific Railway Ltd. ....	11	1,956
		<u>1,956</u>
<b>Specialized Finance – 0.7%</b>		
CME Group, Inc. ....	14	1,007
		<u>1,007</u>
<b>Trading Companies &amp; Distributors – 0.1%</b>		
NOW, Inc. (A) ....	6	214
		<u>214</u>
<b>TOTAL COMMON STOCKS – 96.0%</b>		<b>\$137,509</b>
(Cost: \$100,374)		
<b>SHORT-TERM SECURITIES</b>	<b>Principal</b>	
<b>Commercial Paper – 0.9%</b>		
United Technologies Corp., 0.070%, 7-1-14 (C) ..	\$1,213	1,213
		<u>1,213</u>
<b>Master Note – 4.5%</b>		
Toyota Motor Credit Corp., 0.104%, 7-2-14 (D) ..	6,474	6,474
		<u>6,474</u>
<b>TOTAL SHORT-TERM SECURITIES – 5.4%</b>		<b>\$ 7,687</b>
(Cost: \$7,687)		
<b>TOTAL INVESTMENT SECURITIES – 101.4%</b>		<b>\$145,196</b>
(Cost: \$108,061)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (1.4%)</b>		<b>(1,967)</b>
<b>NET ASSETS – 100.0%</b>		<b>\$143,229</b>

## Notes to Schedule of Investments

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

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

(C)Rate shown is the yield to maturity at June 30, 2014.

(D)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. Date shown represents the date that the variable rate resets.

# SCHEDULE OF INVESTMENTS

**Energy** (in thousands)

JUNE 30, 2014 (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, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks	\$137,509	\$ —	\$—
Short-Term Securities	—	7,687	—
Total	\$137,509	\$7,687	\$—

As of June 30, 2014, 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

<b>(as a % of net assets)</b>	
United States	82.5%
Canada	5.7%
Netherlands	2.8%
Switzerland	2.5%
Bermuda	1.3%
Other Countries	1.2%
Other+	4.0%

+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, 2014 (UNAUDITED)

### Asset Allocation

<b>Bonds</b>	<b>87.4%</b>
Corporate Debt Securities	60.1%
United States Government and Government Agency Obligations	23.4%
Other Government Securities	3.9%
<b>Cash and Cash Equivalents and Equities</b>	<b>12.6%</b>

### Quality Weightings

<b>Investment Grade</b>	<b>53.8%</b>
AA	24.3%
A	0.3%
BBB	29.2%
<b>Non-Investment Grade</b>	<b>33.6%</b>
BB	20.5%
B	9.3%
CCC	2.5%
Non-rated	1.3%
<b>Cash and Cash Equivalents and Equities</b>	<b>12.6%</b>

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

*We do not evaluate these ratings, but simply assign them to the appropriate credit quality category as determined by the rating agency.*

### Country Weightings

<b>North America</b>	<b>36.6%</b>
United States	30.4%
Other North America	6.2%
<b>Europe</b>	<b>27.6%</b>
Luxembourg	5.8%
Netherlands	5.5%
United Kingdom	5.2%
Russia	4.2%
Other Europe	6.9%
<b>South America</b>	<b>18.9%</b>
Brazil	9.0%
Columbia	3.5%
Other South America	6.4%
<b>Pacific Basin</b>	<b>9.6%</b>
Singapore	4.0%
Other Pacific Basin	5.6%
<b>Bahamas/Caribbean</b>	<b>2.4%</b>
<b>Other</b>	<b>0.3%</b>
<b>Cash and Cash Equivalents</b>	<b>4.6%</b>

# SCHEDULE OF INVESTMENTS

## Global Bond (in thousands)

JUNE 30, 2014 (UNAUDITED)

COMMON STOCKS			CORPORATE DEBT SECURITIES (Continued)			CORPORATE DEBT SECURITIES (Continued)		
	Shares	Value		Principal	Value		Principal	Value
Consumer Finance – 1.4%			Broadcasting – 1.7%			Diversified Metals & Mining – 2.7%		
Banco Latinoamericano de Comercio Exterior S.A. . . .	9	\$ 264	Globo Comunicacoe e Participacoes S.A.,			Suzano Trading Ltd.,		
			6.250%, 12-20-49 (D) . . .	\$300	\$ 314	5.875%, 1-23-21 (B) . . \$	100	\$104
Diversified Chemicals – 0.5%			Cable & Satellite – 2.9%			Uralkali Finance Ltd.,		
Dow Chemical Co. (The) . . .	2	89	Net Servicos de Comunicacao S.A.,			3.723%, 4-30-18 (B) . .	200	194
			7.500%, 1-27-20 . . . . .	120	128	Vedanta Resources plc,		
Electric Utilities – 1.6%			Numericable Group S.A.,			6.000%, 1-31-19 (B) . .	200	207
Alupar Investimento S.A. (A) . . . . .	11	82	6.000%, 5-15-22 (B) . . . . .	200	208			505
PPL Corp. . . . .	4	127	VTR Finance B.V.,			Electric Utilities – 3.3%		
Transmissora Alianca de Energia Eletrica S.A. (A) . .	10	91	6.875%, 1-15-24 (B) . . . . .	200	214	Emgesa S.A. E.S.P.,		
		300			550	8.750%, 1-25-21 (F) . .	COP302,000	174
Integrated Oil & Gas – 1.0%			Coal & Consumable Fuels – 1.7%			Listrindo Capital B.V.,		
Royal Dutch Shell plc, Class A (A) . . . . .	5	196	PT Adaro Indonesia:			6.950%, 2-21-19 (B) . . \$	200	215
			7.625%, 10-22-19 (B) . . . .	200	210	Majapahit Holding B.V.,		
Oil & Gas Drilling – 0.7%			7.625%, 10-22-19 . . . . .	100	105	7.750%, 10-17-16 . . .	100	113
Seadrill Partners LLC . . . . .	4	126			315	Rural Electrification Corp. Ltd.,		
			Construction & Engineering – 2.8%			4.250%, 1-25-16 . . . . .	100	103
Pharmaceuticals – 2.0%			OAS Investments GmbH,					605
Bristol-Myers Squibb Co. . . . .	3	122	8.250%, 10-19-19 (B) . . . .	200	207	Food Distributors – 1.2%		
GlaxoSmithKline plc (A) . . . . .	9	235	Odebrecht Drilling Norbe VII/IX Ltd.,			Olam International Ltd.,		
		357	6.350%, 6-30-21 (B) . . . . .	109	118	7.500%, 8-12-20 . . . . .	100	111
Semiconductors – 0.7%			Odebrecht Offshore Drilling Finance,			Olam International Ltd.,		
Intel Corp. . . . .	4	139	6.750%, 10-1-22 (B) . . . . .	193	206	Convertible,		
					531	6.000%, 10-15-16 . . .	100	111
Water Utilities – 0.1%			Construction Materials – 2.8%					222
Aguas Andinas S.A. (A) . . . . .	34	22	C5 Capital (SPV) Ltd.,			Household Appliances – 0.4%		
			4.511%, 12-29-49 (B)(D) . .	150	129	Controladora Mabe S.A. de C.V.:		
TOTAL COMMON STOCKS – 8.0%			CEMEX S.A.B. de C.V.,			6.500%, 12-15-15 . . .	50	53
(Cost: \$1,254)		\$1,493	9.000%, 1-11-18 (B) . . . . .	350	376	6.500%, 12-15-15 (B) . .	25	26
CORPORATE DEBT SECURITIES			Hillman Group, Inc. (The),					79
	Principal		6.375%, 7-15-22 (B) . . . . .	25	25	Independent Power Producers & Energy Traders – 0.5%		
Aerospace & Defense – 1.0%					530	China Resources Power Holdings Co. Ltd.,		
Embraer Overseas Ltd.,			Consumer Finance – 1.7%			3.750%, 8-3-15 . . . . .	100	102
6.375%, 1-24-17 . . . . .	\$100	110	Banco Latinoamericano de Comercio Exterior S.A.,			Industrial Conglomerates – 0.6%		
TransDigm, Inc.,			3.750%, 4-4-17 (B) . . . . .	300	311	Rearden G Holdings EINS GmbH,		
6.000%, 7-15-22 (B) . . . . .	82	84				7.875%, 3-30-20 (B) . .	100	106
		194	Diversified Banks – 5.8%			Integrated Oil & Gas – 1.4%		
Agricultural Products – 0.5%			Banco Bradesco S.A.,			Petrobras Global Finance (GTD by Petroleo Brasileiro S.A.),		
Corporacion Pesquera Inca S.A.C.,			4.125%, 5-16-16 (B) . . . . .	200	209	4.875%, 3-17-20 . . . .	250	257
9.000%, 2-10-17 . . . . .	100	98	Banco Cruzeiro do Sul S.A.,			Integrated Telecommunication Services – 2.3%		
Airlines – 2.3%			7.000%, 7-8-13 (E) . . . . .	115	17	TBG Global Pte. Ltd.,		
Aeropuertos Argentina 2000 S.A.,			Bancolombia S.A.,			4.625%, 4-3-18 (B) . . .	200	203
10.750%, 12-1-20 (B) . . . .	50	52	4.250%, 1-12-16 . . . . .	100	104	Verizon Communications, Inc.,		
Guanay Finance Ltd.,			Caixa Economica Federal,			3.650%, 9-14-18 . . . .	200	213
6.000%, 12-15-20 (B) . . . .	250	264	4.250%, 5-13-19 (B) . . . . .	150	151			416
TAM Capital 2, Inc.,			Societe Generale N.A.,			TOTAL COMMON STOCKS – 8.0%		
9.500%, 1-29-20 (B) . . . . .	100	107	5.922%, 4-29-49 (B) . . . . .	100	107	(Cost: \$1,254)		\$1,493
		423	State Bank of India:			CORPORATE DEBT SECURITIES		
Auto Parts & Equipment – 1.1%			4.500%, 10-23-14 . . . . .	100	101		Principal	
Schaeffler Holding Finance B.V.,			3.622%, 4-17-19 (B) . . . . .	200	201	Aerospace & Defense – 1.0%		
6.875%, 8-15-18 (B)(C) . .	200	211	VTB Capital S.A.,			Embraer Overseas Ltd.,		
			6.000%, 4-12-17 (B) . . . . .	200	212	6.375%, 1-24-17 . . . . .	\$100	110
					1,102	TransDigm, Inc.,		
						6.000%, 7-15-22 (B) . . . . .	82	84
								194
						Agricultural Products – 0.5%		
						Corporacion Pesquera Inca S.A.C.,		
						9.000%, 2-10-17 . . . . .	100	98
						Airlines – 2.3%		
						Aeropuertos Argentina 2000 S.A.,		
						10.750%, 12-1-20 (B) . . . .	50	52
						Guanay Finance Ltd.,		
						6.000%, 12-15-20 (B) . . . .	250	264
						TAM Capital 2, Inc.,		
						9.500%, 1-29-20 (B) . . . . .	100	107
								423
						Auto Parts & Equipment – 1.1%		
						Schaeffler Holding Finance B.V.,		
						6.875%, 8-15-18 (B)(C) . .	200	211



# SCHEDULE OF INVESTMENTS

## Global Bond (in thousands)

JUNE 30, 2014 (UNAUDITED)

### CORPORATE DEBT

#### SECURITIES (Continued)

	Principal	Value
<b>IT Consulting &amp; Other Services – 1.1%</b>		
iGATE Corp., 4.750%, 4-15-19 (B) .. \$	200	\$204
<b>Marine – 1.1%</b>		
SCF Capital Ltd., 5.375%, 10-27-17 ..	200	202
<b>Oil &amp; Gas Drilling – 3.2%</b>		
Lancer Finance Co. (SPV) Ltd., 5.850%, 12-12-16 (B) ..	39	40
Noble Group Ltd., 4.875%, 8-5-15 ..	100	104
Oro Negro Drilling Pte. Ltd., 7.500%, 1-24-19 (B) ...	200	204
QOGG Atlantic/Alaskan Rigs Ltd., 5.250%, 7-30-18 (B) ..	243	252
		<u>600</u>
<b>Oil &amp; Gas Exploration &amp; Production – 3.3%</b>		
Novatek Finance Ltd., 5.326%, 2-3-16 (B) ..	200	209
Pacific Rubiales Energy Corp., 5.375%, 1-26-19 (B) ..	100	104
7.250%, 12-12-21 (B) ..	100	111
Pan American Energy LLC, 7.875%, 5-7-21 ..	100	105
YPF Sociedad Anonima, 8.875%, 12-19-18 (B) ..	80	84
		<u>613</u>
<b>Oil &amp; Gas Refining &amp; Marketing – 1.2%</b>		
Offshore Drilling Holding S.A., 8.375%, 9-20-20 (B) ..	200	222
<b>Oil &amp; Gas Storage &amp; Transportation – 0.8%</b>		
Empresas Publicas de Medellin E.S.P., 8.375%, 2-1-21 (F) .. COP274,000		155
<b>Other Diversified Financial Services – 2.3%</b>		
Citigroup, Inc., 8.400%, 4-29-49 ... \$	75	86
MTS International Funding Ltd., 5.000%, 5-30-23 (B) ..	350	339
		<u>425</u>
<b>Packaged Foods &amp; Meats – 3.5%</b>		
BFF International Ltd., 7.250%, 1-28-20 ...	100	116
8.500%, 4-27-71 ...	200	207
JBS Finance II Ltd., 8.250%, 1-29-18 (B) ..	100	106

### CORPORATE DEBT

#### SECURITIES (Continued)

	Principal	Value
<b>Packaged Foods &amp; Meats (Continued)</b>		
JBS Investments GmbH (GTD by JBS S.A. and JBS Hungary Holdings Kft.), 7.750%, 10-28-20 (B) .. \$	200	\$ 213
		<u>642</u>
<b>Paper Products – 1.2%</b>		
Inversiones CMPC S.A. (GTD by Empresas CMPC S.A.): 4.750%, 1-19-18 (B) ..	25	27
4.375%, 5-15-23 (B) ..	200	198
		<u>225</u>
<b>Regional Banks – 1.1%</b>		
OJSC Russian Agricultural Bank, 5.100%, 7-25-18 (B) ...	200	202
<b>Restaurants – 0.6%</b>		
Arcos Dorados Holdings, Inc., 10.250%, 7-13-16 (F) .. BRL250		107
<b>Specialized Consumer Services – 0.3%</b>		
B-Corp Merger Sub, Inc., 8.250%, 6-1-19 .... \$	50	52
<b>Steel – 1.7%</b>		
Evrax Group S.A., 7.400%, 4-24-17 ...	200	206
Steel Capital S.A., 6.700%, 10-25-17 ..	100	107
		<u>313</u>
<b>Wireless Telecommunication Service – 2.0%</b>		
American Tower Corp., 3.400%, 2-15-19 ...	125	131
Indosat Palapa Co. B.V., 7.375%, 7-29-20 (B) ..	100	108
VimpleCom Holdings B.V., 9.000%, 2-13-18 (B)(F) .. RUB5,000		142
		<u>381</u>
<b>TOTAL CORPORATE DEBT SECURITIES – 60.1%</b>		
		<b>\$11,214</b>
(Cost: \$11,023)		
<b>OTHER GOVERNMENT SECURITIES</b>		
<b>Argentina – 0.8%</b>		
City of Buenos Aires, 12.500%, 4-6-15 ... \$	150	153

### OTHER GOVERNMENT

#### SECURITIES (Continued)

	Principal	Value
<b>Luxembourg – 0.8%</b>		
BC Luxco 1 S.A., 7.375%, 1-29-20 ..... \$	150	\$ 155
<b>Russia – 1.1%</b>		
Russian Federation, 3.500%, 1-16-19 (B) ..... 200		203
<b>Supranational – 0.3%</b>		
Central American Bank for Economic Integration, 5.375%, 9-24-14 ..... 58		59
<b>Venezuela – 0.9%</b>		
Corporacion Andina de Fomento, 3.750%, 1-15-16 ..... 155		160
<b>TOTAL OTHER GOVERNMENT SECURITIES – 3.9%</b>		
		<b>\$ 730</b>
(Cost: \$724)		
<b>UNITED STATES GOVERNMENT OBLIGATIONS</b>		
<b>Treasury Obligations – 23.4%</b>		
U.S. Treasury Notes:		
0.875%, 2-28-17 ..... 1,500		1,505
0.625%, 8-31-17 ..... 1,500		1,483
0.750%, 12-31-17 ..... 1,250		1,234
1.750%, 5-15-22 ..... 145		140
		<u>4,362</u>
<b>TOTAL UNITED STATES GOVERNMENT OBLIGATIONS – 23.4%</b>		
		<b>\$ 4,362</b>
(Cost: \$4,397)		
<b>SHORT-TERM SECURITIES</b>		
<b>Master Note – 4.4%</b>		
Toyota Motor Credit Corp., 0.104%, 7-2-14 (G) ... 830		830
<b>TOTAL SHORT-TERM SECURITIES – 4.4%</b>		
		<b>\$ 830</b>
(Cost: \$830)		
<b>TOTAL INVESTMENT SECURITIES – 99.8%</b>		
		<b>\$18,629</b>
(Cost: \$18,228)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.2%</b>		
		<b>44</b>
<b>NET ASSETS – 100.0%</b>		
		<b>\$18,673</b>

# SCHEDULE OF INVESTMENTS

## Global Bond *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

### Notes to Schedule of Investments

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

(B) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. At June 30, 2014, the total value of these securities amounted to \$7,625 or 40.8% of net assets.

(C) Payment-in-kind bonds.

(D) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014.

(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, COP – Colombian Peso and RUB – Russian Ruble).

(G) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. 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, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks	\$1,493	\$ —	\$ —
Corporate Debt Securities	—	11,162	52
Other Government Securities	—	730	—
United States Government Obligations	—	4,362	—
Short-Term Securities	—	830	—
Total	\$1,493	\$17,084	\$52

During the period ended June 30, 2014, securities totaling \$152 were transferred from Level 3 to Level 2 primarily due to the increased availability of observable market data due to increased market activity or information for these securities. There were no transfers between Level 1 and 2 during the period.

The following acronym is used throughout this schedule:

GTD = Guaranteed

### Country Diversification

(as a % of net assets)	
United States	30.4%
Brazil	9.0%
Luxembourg	5.8%
Netherlands	5.5%
United Kingdom	5.2%
Russia	4.2%
Singapore	4.0%
Columbia	3.5%
Mexico	3.1%
Panama	3.1%

### Country Diversification (Continued)

Indonesia	2.9%
Argentina	2.8%
Chile	2.7%
Austria	2.3%
India	2.2%
Ireland	1.8%
France	1.7%
British Virgin Islands	1.3%
Cayman Islands	1.1%
Other Countries	2.8%
Other+	4.6%

+Includes cash and cash equivalents and other assets and liabilities

See Accompanying Notes to Financial Statements.

# PORTFOLIO HIGHLIGHTS

## Global Natural Resources

ALL DATA IS AS OF JUNE 30, 2014 (UNAUDITED)

### Asset Allocation

<b>Stocks</b>	<b>98.2%</b>
Energy	65.2%
Materials	20.4%
Industrials	11.7%
Financials	0.9%
Utilities	0.0%
<b>Cash and Cash Equivalents</b>	<b>1.8%</b>

### Country Weightings

<b>North America</b>	<b>83.8%</b>
United States	76.7%
Canada	7.1%
<b>Europe</b>	<b>13.2%</b>
United Kingdom	7.7%
Other Europe	5.5%
<b>Bahamas/Caribbean</b>	<b>1.2%</b>
<b>Pacific Basin</b>	<b>0.0%</b>
<b>Cash and Cash Equivalents</b>	<b>1.8%</b>

### Top 10 Equity Holdings

Company	Country	Sector	Industry
Halliburton Co.	United States	Energy	Oil & Gas Equipment & Services
Schlumberger Ltd.	United States	Energy	Oil & Gas Equipment & Services
Dow Chemical Co. (The)	United States	Materials	Diversified Chemicals
Baker Hughes, Inc.	United States	Energy	Oil & Gas Equipment & Services
Weatherford International Ltd.	Switzerland	Energy	Oil & Gas Equipment & Services
Rio Tinto plc	United Kingdom	Materials	Diversified Metals & Mining
BHP Billiton plc	United Kingdom	Materials	Diversified Metals & Mining
Suncor Energy, Inc.	Canada	Energy	Integrated Oil & Gas
Freeport-McMoRan Copper & Gold, Inc., Class B	United States	Materials	Diversified Metals & Mining
Continental Resources, Inc.	United States	Energy	Oil & Gas Exploration & Production

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

# SCHEDULE OF INVESTMENTS

## Global Natural Resources *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Bermuda – 1.2%</b>		
Nabors Industries Ltd. ....	76	\$ 2,245
<b>Canada – 7.1%</b>		
Canadian Natural Resources Ltd. ....	56	2,585
Canadian Pacific Railway Ltd. ....	27	4,936
Suncor Energy, Inc. ....	128	5,441
Yamana Gold, Inc. ....	95	778
		<u>13,740</u>
<b>China – 0.0%</b>		
China Metal Recycling (Holdings) Ltd. ....	1,900	—
<b>Netherlands – 2.5%</b>		
Chicago Bridge & Iron Co. N.V., NY Shares ....	30	2,077
Core Laboratories N.V. ....	16	2,748
		<u>4,825</u>
<b>Switzerland – 3.0%</b>		
Weatherford International Ltd. (A) ....	248	5,706
<b>United Kingdom – 7.7%</b>		
Anglo American plc ....	33	806
BHP Billiton plc ....	176	5,677
Pentair, Inc. (A) ....	22	1,551
Randgold Resources Ltd. ADR ....	13	1,083
Rio Tinto plc ....	107	5,681
		<u>14,798</u>
<b>United States – 76.7%</b>		
Anadarko Petroleum Corp. ....	36	3,908
Antero Resources Corp. (A) ....	33	2,159
Axiall Corp. ....	67	3,155
Baker Hughes, Inc. ....	78	5,788
Cabot Oil & Gas Corp. ....	52	1,779
Cameron International Corp. (A) ....	42	2,857
Caterpillar, Inc. ....	34	3,678
CME Group, Inc. ....	26	1,820
Concho Resources, Inc. (A) ....	24	3,461
ConocoPhillips ....	20	1,710
Continental Resources, Inc. (A) ....	32	5,089

COMMON STOCKS (Continued)	Shares	Value
<b>United States (Continued)</b>		
Devon Energy Corp. ....	12	\$ 965
Dow Chemical Co. (The) ...	126	6,463
Dril-Quip, Inc. (A) ....	19	2,108
Eastman Chemical Co. ....	21	1,865
Energy Transfer Equity L.P. ....	42	2,496
EOG Resources, Inc. ....	43	5,060
Exxon Mobil Corp. ....	9	856
Flowserve Corp. ....	52	3,859
Fluor Corp. ....	40	3,095
FMC Technologies, Inc. (A) ....	66	4,000
Forum Energy Technologies, Inc. (A) ....	62	2,259
Freeport-McMoRan Copper & Gold, Inc., Class B ....	143	5,212
Gulfport Energy Corp. (A) ...	19	1,171
Halliburton Co. ....	156	11,049
Joy Global, Inc. ....	49	2,987
LyondellBasell Industries N.V., Class A ....	47	4,619
Marathon Petroleum Corp. ....	30	2,311
MarkWest Energy Partners L.P. ....	25	1,807
National Oilwell Varco, Inc. ....	23	1,882
Newfield Exploration Co. (A) ....	24	1,052
Noble Energy, Inc. ....	65	5,019
NOW, Inc. (A) ....	6	207
Oasis Petroleum LLC (A) ...	36	2,018
Occidental Petroleum Corp. ....	18	1,868
Oceaneering International, Inc. ....	12	965
Patterson-UTI Energy, Inc. ....	63	2,213
Peabody Energy Corp. ....	48	781
Phillips 66 ....	34	2,710
Pioneer Natural Resources Co. ....	14	3,206
Plains GP Holdings L.P., Class A ....	54	1,734
PPG Industries, Inc. ....	10	2,007
Rice Energy, Inc. (A) ....	44	1,338
Schlumberger Ltd. ....	90	10,669
Southern Copper Corp. ....	62	1,871
Southwestern Energy Co. (A) ....	41	1,845

COMMON STOCKS (Continued)	Shares	Value
<b>United States (Continued)</b>		
Superior Energy Services, Inc. ....	77	\$ 2,767
Tesoro Corp. ....	14	816
Valero Energy Corp. ....	36	1,786
Valero Energy Partners L.P. ....	14	709
Williams Co., Inc. (The) ....	45	2,606
		<u>147,655</u>
<b>TOTAL COMMON STOCKS – 98.2%</b>		<b>\$188,969</b>
(Cost: \$155,518)		
<b>PREFERRED STOCKS</b>		
<b>United States – 0.0%</b>		
Konarka Technologies, Inc., 8.000% Cumulative (A)(B) ....	68	—
<b>TOTAL PREFERRED STOCKS – 0.0%</b>		<b>\$ —</b>
(Cost: \$211)		
<b>SHORT-TERM SECURITIES</b>	<b>Principal</b>	
<b>Commercial Paper – 1.9%</b>		
Medtronic, Inc., 0.080%, 7-16-14 (C) ..	\$3,621	3,621
<b>Master Note – 1.6%</b>		
Toyota Motor Credit Corp., 0.104%, 7-2-14 (D) ...	3,033	3,033
<b>TOTAL SHORT-TERM SECURITIES – 3.5%</b>		<b>\$ 6,654</b>
(Cost: \$6,654)		
<b>TOTAL INVESTMENT SECURITIES – 101.7%</b>		<b>\$195,623</b>
(Cost: \$162,383)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (1.7%)</b>		<b>(3,250)</b>
<b>NET ASSETS – 100.0%</b>		<b>\$192,373</b>

### Notes to Schedule of Investments

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

(B)Restricted security. At June 30, 2014, 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, 2014.

(C)Rate shown is the yield to maturity at June 30, 2014.

(D)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. Date shown represents the date the variable rate resets.

# SCHEDULE OF INVESTMENTS

## Global Natural Resources *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

The following forward foreign currency contracts were outstanding at June 30, 2014:

Type	Currency	Counterparty	Principal Amount of Contract (Denominated in Indicated Currency)	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
Sell	British Pound	State Street Global Markets	570	7-29-14	\$—	\$ 6
Sell	British Pound	UBS AG	4,267	7-29-14	—	50
Sell	Canadian Dollar	State Street Global Markets	589	7-29-14	—	3
Sell	Canadian Dollar	UBS AG	4,994	7-29-14	—	22
					<u>\$—</u>	<u>\$81</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, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks			
Energy	\$125,541	\$ —	\$—
Financials	1,820	—	—
Industrials	22,390	—	—
Materials	39,218	—	—
Total Common Stocks	<u>\$188,969</u>	<u>\$ —</u>	<u>\$—</u>
Short-Term Securities	—	6,654	—
Total	<u>\$188,969</u>	<u>\$6,654</u>	<u>\$—</u>
<b>Liabilities</b>			
Forward Foreign Currency Contracts	\$ —	\$ 81	\$—

As of June 30, 2014, there were no transfers between Level 1 and 2 during the period.

The following acronym is used throughout this schedule:

ADR = American Depositary Receipts

### Market Sector Diversification

(as a % of net assets)	
Energy	65.2%
Materials	20.4%
Industrials	11.7%
Financials	0.9%
Utilities	0.0%
Other+	1.8%

+Includes cash and cash equivalents and other assets and liabilities

See Accompanying Notes to Financial Statements.

# PORTFOLIO HIGHLIGHTS

## Growth

ALL DATA IS AS OF JUNE 30, 2014 (UNAUDITED)

### Asset Allocation

<b>Stocks</b>	<b>99.2%</b>
Consumer Discretionary	27.7%
Information Technology	24.0%
Health Care	17.6%
Industrials	17.5%
Consumer Staples	4.0%
Telecommunication Services	3.8%
Energy	3.0%
Materials	1.6%
<b>Cash and Cash Equivalents</b>	<b>0.8%</b>

### Top 10 Equity Holdings

Company	Sector
Gilead Sciences, Inc.	Health Care
Biogen Idec, Inc.	Health Care
MasterCard, Inc., Class A	Information Technology
Las Vegas Sands, Inc.	Consumer Discretionary
Apple, Inc.	Information Technology
Visa, Inc., Class A	Information Technology
Canadian Pacific Railway Ltd.	Industrials
Schlumberger Ltd.	Energy
Union Pacific Corp.	Industrials
Facebook, Inc., Class A	Information Technology

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, 2014 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Aerospace &amp; Defense – 4.4%</b>		
Boeing Co. (The) . . . . .	142	\$18,016
Precision Castparts Corp. . . . .	71	18,021
		<u>36,037</u>
<b>Apparel Retail – 0.7%</b>		
Limited Brands, Inc. . . . .	93	5,455
		<u>5,455</u>
<b>Apparel, Accessories &amp; Luxury Goods – 0.6%</b>		
Under Armour, Inc., Class A (A) . . . . .	79	4,724
		<u>4,724</u>
<b>Application Software – 1.8%</b>		
Adobe Systems, Inc. (A) . . . . .	202	14,588
		<u>14,588</u>
<b>Automotive Retail – 2.0%</b>		
AutoZone, Inc. (A) . . . . .	18	9,438
O'Reilly Automotive, Inc. (A) . . . . .	44	6,566
		<u>16,004</u>
<b>Biotechnology – 11.8%</b>		
Amgen, Inc. . . . .	76	9,043
Biogen Idec, Inc. (A) . . . . .	103	32,572
Celgene Corp. (A) . . . . .	205	17,571
Gilead Sciences, Inc. (A) . . . . .	446	36,953
		<u>96,139</u>
<b>Brewers – 2.3%</b>		
Anheuser-Busch InBev S.A. ADR . . . . .	166	19,103
		<u>19,103</u>
<b>Broadcasting – 2.4%</b>		
CBS Corp., Class B . . . . .	320	19,879
		<u>19,879</u>
<b>Cable &amp; Satellite – 1.8%</b>		
Comcast Corp., Class A . . . . .	275	14,735
		<u>14,735</u>
<b>Casinos &amp; Gaming – 6.3%</b>		
Las Vegas Sands, Inc. . . . .	418	31,821
Wynn Resorts Ltd. . . . .	94	19,448
		<u>51,269</u>
<b>Construction Machinery &amp; Heavy Trucks – 0.8%</b>		
Caterpillar, Inc. . . . .	62	6,781
		<u>6,781</u>
<b>Consumer Electronics – 2.2%</b>		
Harman International Industries, Inc. . . . .	169	18,199
		<u>18,199</u>
<b>Data Processing &amp; Outsourced Services – 7.2%</b>		
MasterCard, Inc., Class A . . . . .	440	32,319
Visa, Inc., Class A . . . . .	127	26,844
		<u>59,163</u>
<b>Diversified Chemicals – 1.6%</b>		
PPG Industries, Inc. . . . .	64	13,408
		<u>13,408</u>
<b>Electrical Components &amp; Equipment – 0.5%</b>		
Rockwell Automation, Inc. . . . .	32	3,943
		<u>3,943</u>

COMMON STOCKS (Continued)	Shares	Value
<b>Footwear – 1.5%</b>		
NIKE, Inc., Class B . . . . .	153	\$11,873
		<u>\$11,873</u>
<b>Health Care Facilities – 1.6%</b>		
HCA Holdings, Inc. (A) . . . . .	236	13,289
		<u>13,289</u>
<b>Home Improvement Retail – 2.4%</b>		
Home Depot, Inc. (The) . . . . .	246	19,876
		<u>19,876</u>
<b>Hotels, Resorts &amp; Cruise Lines – 1.2%</b>		
Hilton Worldwide Holdings, Inc. (A) . . . . .	175	4,073
Starwood Hotels & Resorts Worldwide, Inc. . . . .	74	5,961
		<u>10,034</u>
<b>Industrial Conglomerates – 0.8%</b>		
Danaher Corp. . . . .	79	6,243
		<u>6,243</u>
<b>Industrial Machinery – 4.2%</b>		
Flowserve Corp. . . . .	152	11,331
Pall Corp. . . . .	87	7,437
Pentair, Inc. (A) . . . . .	210	15,110
		<u>33,878</u>
<b>Internet Retail – 3.8%</b>		
Amazon.com, Inc. (A) . . . . .	45	14,583
Netflix, Inc. (A) . . . . .	11	4,758
priceline.com, Inc. (A) . . . . .	10	11,910
		<u>31,251</u>
<b>Internet Software &amp; Services – 6.5%</b>		
Facebook, Inc., Class A (A) . . . . .	311	20,954
Google, Inc., Class A (A) . . . . .	22	12,898
Google, Inc., Class C (A) . . . . .	22	12,691
LinkedIn Corp., Class A (A) . . . . .	37	6,311
		<u>52,854</u>
<b>IT Consulting &amp; Other Services – 1.2%</b>		
Cognizant Technology Solutions Corp., Class A (A) . . . . .	200	9,758
		<u>9,758</u>
<b>Motorcycle Manufacturers – 1.8%</b>		
Harley-Davidson, Inc. . . . .	206	14,368
		<u>14,368</u>
<b>Movies &amp; Entertainment – 1.0%</b>		
Twenty-First Century Fox, Inc., Class A . . . . .	225	7,905
		<u>7,905</u>
<b>Oil &amp; Gas Equipment &amp; Services – 3.0%</b>		
Schlumberger Ltd. . . . .	210	24,775
		<u>24,775</u>
<b>Pharmaceuticals – 4.2%</b>		
Bristol-Myers Squibb Co. . . . .	170	8,242
Johnson & Johnson . . . . .	112	11,676
Shire Pharmaceuticals Group plc ADR . . . . .	61	14,435
		<u>34,353</u>

COMMON STOCKS (Continued)	Shares	Value
<b>Railroads – 6.8%</b>		
Canadian Pacific Railway Ltd. . . . .	140	\$ 25,268
Kansas City Southern . . . . .	77	8,311
Union Pacific Corp. . . . .	220	21,965
		<u>55,544</u>
<b>Semiconductor Equipment – 2.1%</b>		
Applied Materials, Inc. . . . .	763	17,197
		<u>17,197</u>
<b>Semiconductors – 1.3%</b>		
Xilinx, Inc. . . . .	221	10,451
		<u>10,451</u>
<b>Technology Hardware, Storage &amp; Peripherals – 3.9%</b>		
Apple, Inc. . . . .	341	31,660
		<u>31,660</u>
<b>Tobacco – 1.7%</b>		
Philip Morris International, Inc. . . . .	161	13,582
		<u>13,582</u>
<b>Wireless Telecommunication Service – 3.8%</b>		
American Tower Corp., Class A . . . . .	157	14,136
Crown Castle International Corp. . . . .	136	10,129
SBA Communications Corp. (A) . . . . .	65	6,670
		<u>30,935</u>
<b>TOTAL COMMON STOCKS – 99.2%</b>		<b>\$809,253</b>
(Cost: \$565,640)		
<b>SHORT-TERM SECURITIES</b>	<b>Principal</b>	
<b>Commercial Paper – 0.4%</b>		
United Technologies Corp., 0.070%, 7-1-14 (B) . . . . .	\$3,629	3,629
		<u>3,629</u>
<b>Master Note – 0.4%</b>		
Toyota Motor Credit Corp., 0.104%, 7-2-14 (C) . . . . .	3,086	3,086
		<u>3,086</u>
<b>TOTAL SHORT-TERM SECURITIES – 0.8%</b>		<b>\$ 6,715</b>
(Cost: \$6,715)		
<b>TOTAL INVESTMENT SECURITIES – 100.0%</b>		<b>\$815,968</b>
(Cost: \$572,355)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – 0.0%</b>		<b>(361)</b>
<b>NET ASSETS – 100.0%</b>		<b>\$815,607</b>

# SCHEDULE OF INVESTMENTS

**Growth** (in thousands)

JUNE 30, 2014 (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, 2014.

(C) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. 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, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks	\$809,253	\$ —	\$—
Short-Term Securities	—	6,715	—
Total	<u>\$809,253</u>	<u>\$6,715</u>	<u>\$—</u>

As of June 30, 2014, 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

## High Income

ALL DATA IS AS OF JUNE 30, 2014 (UNAUDITED)

### Asset Allocation

<b>Bonds</b>	<b>96.7%</b>
Corporate Debt Securities	74.5%
Loans	22.1%
Municipal Bonds	0.1%
<b>Cash and Cash Equivalents and Equities</b>	<b>3.3%</b>

### Quality Weightings

<b>Investment Grade</b>	<b>1.5%</b>
A	0.0%
BBB	1.5%
<b>Non-Investment Grade</b>	<b>95.2%</b>
BB	18.4%
B	36.5%
CCC	40.1%
Non-rated	0.2%
<b>Cash and Cash Equivalents and Equities</b>	<b>3.3%</b>

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

*We do not evaluate these ratings, but simply assign them to the appropriate credit quality category as determined by the rating agency.*

# SCHEDULE OF INVESTMENTS

**High Income** (in thousands)

JUNE 30, 2014 (UNAUDITED)

COMMON STOCKS	Shares	Value
Casinos & Gaming – 0.0%		
New Cotai Participation Corp., Class B (A) . . . . .	—*	\$ 55
Consumer Finance – 0.1%		
JGWPT Holdings, Inc., Class A (A) . . . . .	82	919
Gas Utilities – 0.0%		
Suburban Propane Partners L.P. . . . .	4	163
Integrated Telecommunication Services – 0.3%		
Verizon Communications, Inc. . . . .	51	2,495
Oil & Gas Storage & Transportation – 0.1%		
Crestwood Midstream Partners L.P. . . . .	14	314
Inergy L.P. . . . .	33	489
		803
Railroads – 0.0%		
Kansas City Southern . . . . .	3	301
Renewable Electricity – 0.3%		
Abengoa Yield plc (A) . . . . .	75	2,837
Specialty Stores – 0.3%		
Michaels Co., Inc. (The) (A) . . . . .	126	2,148
Trading Companies & Distributors – 0.2%		
HD Supply Holdings, Inc. (A) . . . . .	60	1,703
<b>TOTAL COMMON STOCKS – 1.3%</b>		<b>\$11,424</b>
(Cost: \$9,802)		
<b>PREFERRED STOCKS</b>		
Consumer Finance – 0.1%		
Ally Financial, Inc., 8.125% . . . . .	22	601
Ally Financial, Inc., 8.500% . . . . .	18	487
		1,088
Steel – 0.1%		
ArcelorMittal, 6.000%, Convertible . . . . .	23	509
<b>TOTAL PREFERRED STOCKS – 0.2%</b>		<b>\$ 1,597</b>
(Cost: \$1,525)		
<b>WARRANTS</b>		
Agricultural Products – 0.0%		
ASG Consolidated LLC, Expires 5-15-18 (B) . . . . .	1	150
<b>TOTAL WARRANTS – 0.0%</b>		<b>\$ 150</b>
(Cost: \$72)		

CORPORATE DEBT SECURITIES	Principal	Value
Advertising – 0.2%		
Lamar Media Corp., 5.375%, 1-15-24 (C) . . . . .	\$1,376	\$ 1,424
Aerospace & Defense – 2.3%		
Silver II Borrower SCA and Silver II U.S. Holdings, 7.750%, 12-15-20 (C) . . . . .	5,011	5,361
TransDigm Group, Inc.: 5.500%, 10-15-20 . . . . .	550	559
7.500%, 7-15-21 . . . . .	4,206	4,658
TransDigm, Inc.: 6.000%, 7-15-22 (C) . . . . .	3,825	3,930
6.500%, 7-15-24 (C) . . . . .	4,115	4,285
		18,793
Agricultural Products – 0.6%		
American Seafoods Group LLC, 10.750%, 5-15-16 (C) . . . . .	1,716	1,712
ASG Consolidated LLC, 15.000%, 5-15-17 (C)(D) . . . . .	3,567	3,317
		5,029
Air Freight & Logistics – 0.2%		
TRAC Intermodal LLC and TRAC Intermodal Corp., 11.000%, 8-15-19 . . . . .	1,665	1,906
Aluminum – 0.8%		
Constellium N.V., 5.750%, 5-15-24 (C) . . . . .	1,887	1,981
Wise Metals Group LLC, 8.750%, 12-15-18 (C) . . . . .	1,606	1,743
Wise Metals Intermediate Holdings, 9.750%, 6-15-19 (C)(D) . . . . .	2,791	2,847
		6,571
Apparel Retail – 2.0%		
Bon-Ton Stores, Inc. (The), 8.000%, 6-15-21 . . . . .	4,274	4,072
Chinos Intermediate Holdings A, Inc., 7.750%, 5-1-19 (C)(D) . . . . .	2,586	2,592
Gymboree Corp. (The), 9.125%, 12-1-18 . . . . .	1,779	1,187
Hot Topic, Inc., 9.250%, 6-15-21 (C) . . . . .	1,445	1,604
HT Intermediate Holdings Corp., 12.000%, 5-15-19 (C)(D) . . . . .	391	416
Neiman Marcus Group Ltd., Inc., 8.000%, 10-15-21 (C) . . . . .	3,152	3,396
Nine West Holdings, Inc., 8.250%, 3-15-19 (C) . . . . .	4,281	4,303
		17,570
Application Software – 1.5%		
ACI Worldwide, Inc., 6.375%, 8-15-20 (C) . . . . .	1,813	1,908
Epicor Software Corp., 8.625%, 5-1-19 . . . . .	6,845	7,367

CORPORATE DEBT SECURITIES (Continued)	Principal	Value
Application Software (Continued)		
Infor Software Parent LLC and Infor Software Parent, Inc., 7.125%, 5-1-21 (C)(D) . . . . .	\$3,211	\$ 3,283
		12,558
Auto Parts & Equipment – 1.5%		
IDQ Acquisition Corp., 14.000%, 10-1-17 (C)(D) . . . . .	2,110	2,110
IDQ Holdings, Inc., 11.500%, 4-1-17 (C) . . . . .	4,021	4,433
Schaeffler Finance B.V.: 4.250%, 5-15-21 (C) . . . . .	2,196	2,196
4.750%, 5-15-21 (C) . . . . .	772	795
Schaeffler Holding Finance B.V., 6.875%, 8-15-18 (C)(D) . . . . .	2,903	3,059
		12,593
Automobile Manufacturers – 0.7%		
General Motors Co.: 4.875%, 10-2-23 (C) . . . . .	659	694
6.250%, 10-2-43 (C) . . . . .	1,098	1,257
Group 1 Automotive, Inc., 5.000%, 6-1-22 (C) . . . . .	658	658
Jaguar Land Rover plc, 5.625%, 2-1-23 (C) . . . . .	1,458	1,549
Navistar International Corp., 8.250%, 11-1-21 . . . . .	2,196	2,292
		6,450
Automotive Retail – 0.5%		
Sonic Automotive, Inc., 5.000%, 5-15-23 . . . . .	4,227	4,153
Biotechnology – 0.0%		
Emergent BioSolutions, Inc., Convertible, 2.875%, 1-15-21 (C) . . . . .	65	68
Broadcasting – 1.8%		
CBS Outdoor Americas, Inc.: 5.250%, 2-15-22 (C) . . . . .	500	514
5.625%, 2-15-24 (C) . . . . .	500	516
Clear Channel Outdoor Holdings, Inc.: 6.500%, 11-15-22 . . . . .	994	1,068
Clear Channel Worldwide Holdings, Inc., Series A, 7.625%, 3-15-20 . . . . .	221	236
Clear Channel Worldwide Holdings, Inc., Series B, 7.625%, 3-15-20 . . . . .	1,780	1,920
Cumulus Media, Inc., 7.750%, 5-1-19 . . . . .	3,815	4,006
WideOpenWest Finance LLC and WideOpenWest Capital Corp.: 10.250%, 7-15-19 . . . . .	5,170	5,811
13.375%, 10-15-19 . . . . .	1,584	1,833
		15,904

# SCHEDULE OF INVESTMENTS

## High Income *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

### CORPORATE DEBT

SECURITIES (Continued)	Principal	Value
<b>Building Products – 1.1%</b>		
CPG Merger Sub LLC, 8.000%, 10-1-21 (C) ... \$	2,577	\$ 2,712
Ply Gem Industries, Inc., 6.500%, 2-1-22 (C) ...	2,211	2,134
Roofing Supply Group, LLC and Roofing Supply Finance, Inc., 10.000%, 6-1-20 (C) ...	1,686	1,796
USG Corp., 5.875%, 11-1-21 (C) ...	2,772	2,938
		<u>9,580</u>
<b>Cable &amp; Satellite – 3.8%</b>		
Altice S.A.: 7.250%, 5-15-22 (C)(E) ...	EUR256	372
7.750%, 5-15-22 (C) ... \$	2,391	2,552
Cablevision Systems Corp., 5.875%, 9-15-22 ...	2,593	2,642
CCO Holdings LLC and CCO Holdings Capital Corp.: 5.250%, 3-15-21 ...	293	300
5.250%, 9-30-22 ...	390	396
5.125%, 2-15-23 ...	390	392
5.750%, 9-1-23 ...	98	102
5.750%, 1-15-24 ...	2,519	2,576
DISH DBS Corp.: 6.750%, 6-1-21 ...	836	953
5.000%, 3-15-23 ...	418	426
LYNX I Corp., 5.375%, 4-15-21 (C) ...	488	512
LYNX II Corp., 6.375%, 4-15-23 (C) ...	146	158
Numerical Group S.A.: 4.875%, 5-15-19 (C) ...	510	523
5.375%, 5-15-22 (C)(E) ...	EUR256	372
6.000%, 5-15-22 (C) ... \$	1,373	1,428
5.625%, 5-15-24 (C)(E) ...	EUR256	375
6.250%, 5-15-24 (C) ... \$	491	512
Sirius XM Radio, Inc.: 5.875%, 10-1-20 (C) ...	1,645	1,740
4.625%, 5-15-23 (C) ...	936	896
6.000%, 7-15-24 (C) ...	8,000	8,320
VTR Finance B.V., 6.875%, 1-15-24 (C) ...	5,285	5,673
Wave Holdco LLC and Wave Holdco Corp., 8.250%, 7-15-19 (C)(D) ...	553	568
WaveDivision Escrow LLC and WaveDivision Escrow Corp., 8.125%, 9-1-20 (C) ...	673	727
		<u>32,515</u>
<b>Casinos &amp; Gaming – 1.0%</b>		
Gateway Casinos & Entertainment Ltd., 8.500%, 11-26-20 (C)(E) ...	CAD1,276	1,221

### CORPORATE DEBT

SECURITIES (Continued)	Principal	Value
<b>Casinos &amp; Gaming (Continued)</b>		
MCE Finance Ltd., 5.000%, 2-15-21 (C) ...	\$3,074	\$ 3,105
Pinnacle Entertainment, Inc. and PNK Finance Corp., 6.375%, 8-1-21 ...	1,024	1,080
Wynn Macau Ltd., 5.250%, 10-15-21 (C) ...	3,529	3,626
		<u>9,032</u>
<b>Coal &amp; Consumable Fuels – 0.3%</b>		
Foresight Energy LLC and Foresight Energy Finance Corp., 7.875%, 8-15-21 (C) ...	2,703	2,892
<b>Commodity Chemicals – 0.6%</b>		
Orion Engineered Carbons Holdings GmbH, 9.250%, 8-1-19 (C)(D) ...	4,783	4,989
<b>Communications Equipment – 0.9%</b>		
Eagle Midco, Inc., 9.000%, 6-15-18 (C)(D) ...	7,432	7,674
<b>Construction Materials – 1.6%</b>		
Headwaters, Inc., 7.250%, 1-15-19 (C) ...	910	962
Hillman Group, Inc. (The): 10.875%, 6-1-18 ...	9,732	10,328
6.375%, 7-15-22 (C) ...	2,786	2,786
		<u>14,076</u>
<b>Consumer Finance – 1.3%</b>		
Creditcorp, 12.000%, 7-15-18 (C) ...	4,228	4,439
General Motors Financial Co., Inc., 4.250%, 5-15-23 ...	644	643
Speedy Cash Intermediate Holdings Corp., 10.750%, 5-15-18 (C) ...	5,523	5,606
Speedy Group Holdings Corp., 12.000%, 11-15-17 (C) ...	986	996
		<u>11,684</u>
<b>Data Processing &amp; Outsourced Services – 0.9%</b>		
Alliance Data Systems Corp., 6.375%, 4-1-20 (C) ...	7,733	8,236
<b>Distillers &amp; Vintners – 0.3%</b>		
Constellation Brands, Inc.: 3.750%, 5-1-21 ...	600	597
4.250%, 5-1-23 ...	1,628	1,630
		<u>2,227</u>
<b>Distributors – 0.6%</b>		
LKQ Corp., 4.750%, 5-15-23 ...	2,250	2,219
Pinnacle Operating Corp., 9.000%, 11-15-20 (C) ...	3,133	3,399
		<u>5,618</u>

### CORPORATE DEBT

SECURITIES (Continued)	Principal	Value
<b>Diversified Banks – 0.4%</b>		
Bank of America Corp.: 8.000%, 12-29-49 ...	\$ 1,450	\$ 1,605
8.125%, 12-29-49 ...	426	479
Barclays plc, 8.250%, 12-29-49 ...	1,009	1,070
		<u>3,154</u>
<b>Diversified Capital Markets – 0.8%</b>		
JLL /Delta Dutch Newco B.V., 7.500%, 2-1-22 (C) ...	1,037	1,073
Patriot Merger Corp., 9.000%, 7-15-21 (C) ...	5,196	5,664
		<u>6,737</u>
<b>Diversified Metals &amp; Mining – 2.2%</b>		
American Gilsonite Holding Co., 11.500%, 9-1-17 (C) ...	1,905	2,057
Artsonig Pty Ltd., 11.500%, 4-1-19 (C)(D) ...	1,884	1,858
Compass Minerals International, Inc., 4.875%, 7-15-24 (C) ...	2,566	2,566
Crystal Merger Sub, Inc., 7.625%, 10-15-21 (C) ...	489	522
FMG Resources Pty Ltd.: 8.250%, 11-1-19 (C) ...	7,039	7,664
6.875%, 4-1-22 (C) ...	3,567	3,826
Imperial Metals Corp., 7.000%, 3-15-19 (C) ...	314	322
		<u>18,815</u>
<b>Diversified Real Estate Activities – 0.1%</b>		
CBRE Services, Inc., 5.000%, 3-15-23 ...	1,053	1,064
<b>Diversified REITs – 0.1%</b>		
Rayonier A.M. Products, Inc., 5.500%, 6-1-24 (C) ...	847	862
<b>Diversified Support Services – 0.6%</b>		
Algeco Scotsman Global Finance plc: 8.500%, 10-15-18 (C) ...	1,500	1,594
10.750%, 10-15-19 (C) ...	1,821	1,876
Nexeo Solutions LLC, 8.375%, 3-1-18 ...	2,146	2,167
		<u>5,637</u>
<b>Education Services – 1.6%</b>		
Laureate Education, Inc., 9.250%, 9-1-19 (C) ...	13,103	13,496
<b>Electric Utilities – 0.3%</b>		
Alliant Holdings, 7.875%, 12-15-20 (C) ...	2,202	2,323
<b>Electronic Manufacturing Services – 0.6%</b>		
KEMET Corp., 10.500%, 5-1-18 ...	5,189	5,487

# SCHEDULE OF INVESTMENTS

## High Income *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

### CORPORATE DEBT

SECURITIES (Continued)	Principal	Value
<b>Food Distributors – 3.5%</b>		
Diamond Foods, Inc., 7.000%, 3-15-19 (C) . . . .	\$ 1,169	\$ 1,225
Simmons Foods, Inc., 10.500%, 11-1-17 (C) . . .	2,841	3,043
Sun Merger Sub, Inc., 5.875%, 8-1-21 (C) . . . . .	864	914
U.S. Foodservice, Inc., 8.500%, 6-30-19 . . . . .	24,332	26,046
		<u>31,228</u>
<b>Health Care Equipment – 0.1%</b>		
DJO Finance LLC and DJO Finance Corp., 9.750%, 10-15-17 . . . . .	420	440
<b>Health Care Facilities – 3.3%</b>		
Acadia Healthcare Co., Inc., 5.125%, 7-1-22 (C) . . . . .	276	277
AmSurg Corp., 5.625%, 11-30-20 . . . . .	897	906
Capsugel S.A., 7.000%, 5-15-19 (C)(D) . .	4,460	4,594
Catamaran Corp., 4.750%, 3-15-21 . . . . .	1,016	1,026
ConvaTec Finance International S.A., 8.250%, 1-15-19 (C)(D) . .	2,570	2,628
DaVita HealthCare Partners, Inc., 5.125%, 7-15-24 . . . . .	1,663	1,673
FWCT-2 Escrow Corp., 6.875%, 2-1-22 (C) . . . . .	1,752	1,857
HCA, Inc. (GTD by HCA Holdings, Inc.), 5.000%, 3-15-24 . . . . .	1,305	1,323
MPH Acquisition Holdings LLC, 6.625%, 4-1-22 (C) . . . . .	1,451	1,520
Tenet Healthcare Corp.: 5.000%, 3-1-19 (C) . . . . .	277	281
6.750%, 2-1-20 . . . . .	1,408	1,529
6.000%, 10-1-20 . . . . .	1,928	2,092
8.125%, 4-1-22 . . . . .	4,821	5,580
6.875%, 11-15-31 . . . . .	3,993	3,863
		<u>29,149</u>
<b>Health Care Services – 1.5%</b>		
Envision Healthcare Corp., 5.125%, 7-1-22 (C) . . . . .	830	837
MedImpact Holdings, Inc., 10.500%, 2-1-18 (C) . . . . .	6,790	7,367
Truven Health Analytics, 10.625%, 6-1-20 . . . . .	4,000	4,390
		<u>12,594</u>
<b>Health Care Supplies – 0.5%</b>		
Alere, Inc., 6.500%, 6-15-20 . . . . .	693	728
Ortho-Clinical Diagnostics, 6.625%, 5-15-22 (C) . . . .	3,612	3,585
		<u>4,313</u>

### CORPORATE DEBT

SECURITIES (Continued)	Principal	Value
<b>Home Furnishings – 0.5%</b>		
Empire Today LLC and Empire Today Finance Corp., 11.375%, 2-1-17 (C) . . . . .	\$4,026	\$4,147
<b>Hotels, Resorts &amp; Cruise Lines – 1.0%</b>		
Hilton Worldwide Finance LLC, 5.625%, 10-15-21 (C) . . . .	6,568	6,979
Ryman Hospitality Properties, Inc., 5.000%, 4-15-21 . . . . .	1,898	1,893
		<u>8,872</u>
<b>Industrial Conglomerates – 0.3%</b>		
WESCO Distribution, Inc., 5.375%, 12-15-21 (C) . . . .	2,424	2,479
<b>Industrial Machinery – 0.1%</b>		
Dynacast International LLC and Dynacast Finance, Inc., 9.250%, 7-15-19 . . . . .	941	1,035
<b>Integrated Telecommunication Services – 0.1%</b>		
BCP (Singapore) VI Cayman Financing Co. Ltd., 8.000%, 4-15-21 (C) . . . . .	629	643
Windstream Corp., 7.750%, 10-15-20 . . . . .	383	415
		<u>1,058</u>
<b>Internet Software &amp; Services – 0.4%</b>		
IAC/InterActiveCorp., 4.750%, 12-15-22 . . . . .	743	731
J2 Global, Inc., 8.000%, 8-1-20 . . . . .	1,502	1,626
VeriSign, Inc., 4.625%, 5-1-23 . . . . .	760	751
		<u>3,108</u>
<b>Investment Banking &amp; Brokerage – 0.2%</b>		
GFI Group, Inc., 9.625%, 7-19-18 (F) . . . . .	1,735	1,882
<b>IT Consulting &amp; Other Services – 0.5%</b>		
Akamai Technologies, Inc., Convertible, 0.000%, 2-15-19 (C)(G) . .	151	154
iGATE Corp., 4.750%, 4-15-19 (C) . . . . .	3,045	3,098
SRA International, Inc. and Sterling Merger, Inc., 11.000%, 10-1-19 . . . . .	1,089	1,168
		<u>4,420</u>
<b>Leisure Facilities – 0.6%</b>		
Palace Entertainment Holdings LLC, 8.875%, 4-15-17 (C) . . . . .	1,742	1,807

### CORPORATE DEBT

SECURITIES (Continued)	Principal	Value
<b>Leisure Facilities (Continued)</b>		
Regal Entertainment Group, 5.750%, 2-1-25 . . . . .	\$3,505	\$ 3,549
		<u>5,356</u>
<b>Metal &amp; Glass Containers – 2.0%</b>		
Ardagh Finance Holdings, 8.625%, 6-15-19 (C)(D) . .	3,370	3,471
Ardagh Packaging Finance plc and Ardagh Holdings USA, Inc., 6.000%, 6-30-21 (C) . . . .	275	275
BlueScope Steel (Finance) Ltd. and BlueScope Steel Finance (USA) LLC, 7.125%, 5-1-18 (C) . . . . .	2,746	2,949
BOE Intermediate Holding Corp., 9.000%, 11-1-17 (C)(D) . .	1,934	2,028
BOE Merger Corp., 9.500%, 11-1-17 (C)(D) . .	1,609	1,695
Consolidated Container Co. LLC and Consolidated Container Capital, Inc., 10.125%, 7-15-20 (C) . . .	3,672	3,691
Signode Industrial Group, 6.375%, 5-1-22 (C) . . . . .	3,371	3,413
		<u>17,522</u>
<b>Movies &amp; Entertainment – 0.2%</b>		
AMC Entertainment, Inc., 5.875%, 2-15-22 . . . . .	759	789
WMG Acquisition Corp.: 5.625%, 4-15-22 (C) . . . .	251	253
6.750%, 4-15-22 (C) . . . .	754	754
		<u>1,796</u>
<b>Oil &amp; Gas Drilling – 0.2%</b>		
KCA DEUTAG UK Finance plc, 7.250%, 5-15-21 (C) . . . .	1,981	2,050
<b>Oil &amp; Gas Equipment &amp; Services – 1.0%</b>		
Brand Energy & Infrastructure Services, 8.500%, 12-1-21 (C) . . . .	3,385	3,613
SESI LLC, 7.125%, 12-15-21 . . . . .	4,504	5,079
		<u>8,692</u>
<b>Oil &amp; Gas Exploration &amp; Production – 1.2%</b>		
Athlon Holdings L.P. and Athlon Finance Corp., 6.000%, 5-1-22 (C) . . . . .	356	368
Chesapeake Energy Corp.: 3.479%, 4-15-19 (F) . . . .	1,270	1,284
4.875%, 4-15-22 . . . . .	1,778	1,841
5.750%, 3-15-23 . . . . .	1,506	1,673
Chesapeake Oilfield Operating, LLC, 6.500%, 7-15-22 (C) . . . .	664	681
Sabine Pass Liquefaction LLC: 5.625%, 2-1-21 (F) . . . . .	1,010	1,068
5.625%, 4-15-23 . . . . .	359	374

# SCHEDULE OF INVESTMENTS

## High Income *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

### CORPORATE DEBT

SECURITIES (Continued)	Principal	Value
<b>Oil &amp; Gas Exploration &amp; Production</b> (Continued)		
Whiting Petroleum Corp.:		
5.000%, 3-15-19 .....	\$1,201	\$ 1,264
5.750%, 3-15-21 .....	1,569	1,718
		<u>10,271</u>
<b>Oil &amp; Gas Refining &amp; Marketing – 2.0%</b>		
Offshore Drilling Holding S.A.,		
8.375%, 9-20-20 (C) .....	5,070	5,615
Offshore Group Investment Ltd.:		
7.500%, 11-1-19 .....	3,850	4,071
7.125%, 4-1-23 .....	1,858	1,891
Samson Investment Co.,		
10.750%, 2-15-20 (C)(F) ..	1,964	2,070
Shelf Drilling Holdings Ltd.,		
8.625%, 11-1-18 (C) .....	2,827	3,025
		<u>16,672</u>
<b>Oil &amp; Gas Storage &amp; Transportation – 0.6%</b>		
Energy XXI Gulf Coast, Inc.:		
7.750%, 6-15-19 .....	2,500	2,675
6.875%, 3-15-24 (C) .....	1,203	1,227
Williams Co., Inc. (The),		
4.550%, 6-24-24 .....	1,254	1,266
		<u>5,168</u>
<b>Other Diversified Financial Services – 4.7%</b>		
AAF Holdings LLC and AAF Finance Co.,		
12.000%, 7-1-19 (C)(D) ..	1,657	1,700
Abengoa Finance SAU,		
7.750%, 2-1-20 (C) .....	3,849	4,287
Greektown Holdings LLC and Greektown Mothership Corp.,		
8.875%, 3-15-19 (C) .....	3,033	3,094
Icahn Enterprises L.P. and Icahn Enterprises Finance Corp.:		
3.500%, 3-15-17 .....	617	624
4.875%, 3-15-19 .....	2,499	2,574
6.000%, 8-1-20 .....	2,499	2,680
5.875%, 2-1-22 .....	1,503	1,574
Michaels FinCo Holdings LLC,		
7.500%, 8-1-18 (C)(D) ..	4,348	4,440
NCR Escrow Corp.:		
5.875%, 12-15-21 (C) ..	1,759	1,856
6.375%, 12-15-23 (C) ..	1,656	1,797
New Cotai LLC and New Cotai Capital Corp.,		
10.625%, 5-1-19 (C)(D) ..	7,554	8,687
PC Nextco Holdings LLC and PC Nextco Finance, Inc.,		
8.750%, 8-15-19 (C)(D) ..	1,492	1,524
TransUnion LLC and TransUnion Financing Corp.,		
9.625%, 6-15-18 (D) ...	5,430	5,718
		<u>40,555</u>

### CORPORATE DEBT

SECURITIES (Continued)	Principal	Value
<b>Packaged Foods &amp; Meats – 0.7%</b>		
Bumble Bee Foods LLC,		
9.625%, 3-15-18 (C)(D) ..	\$2,175	\$2,278
JBS USA LLC and JBS USA Finance, Inc.,		
5.875%, 7-15-24 (C) .....	3,882	3,873
		<u>6,151</u>
<b>Paper Packaging – 1.0%</b>		
Beverage Packaging Holdings II Issuer, Inc. and Beverage Packaging Holdings (Luxembourg) II S.A.:		
5.625%, 12-15-16 (C) .....	1,819	1,864
6.000%, 6-15-17 (C) .....	790	810
Exopack Holdings S.A.,		
7.875%, 11-1-19 (C) .....	610	653
Reynolds Group Holdings Ltd.:		
9.000%, 4-15-19 .....	1,953	2,068
9.875%, 8-15-19 .....	2,500	2,771
8.250%, 2-15-21 (F) .....	280	305
		<u>8,471</u>
<b>Personal Products – 0.2%</b>		
Elizabeth Arden, Inc.,		
7.375%, 3-15-21 .....	1,875	1,988
<b>Pharmaceuticals – 0.3%</b>		
Grifols Worldwide Operations Ltd.,		
5.250%, 4-1-22 (C) .....	525	545
Salix Pharmaceuticals Ltd.,		
6.000%, 1-15-21 (C) .....	2,252	2,415
		<u>2,960</u>
<b>Precious Metals &amp; Minerals – 0.2%</b>		
Prince Mineral Holding Corp.,		
11.500%, 12-15-19 (C) ..	1,792	2,020
<b>Property &amp; Casualty Insurance – 0.6%</b>		
Onex USI Acquisition Corp.,		
7.750%, 1-15-21 (C) .....	5,188	5,305
<b>Railroads – 0.4%</b>		
Florida East Coast Holdings Corp. and Florida East Coast Industries LLC:		
6.750%, 5-1-19 (C) .....	2,449	2,587
9.750%, 5-1-20 (C) .....	1,017	1,074
		<u>3,661</u>
<b>Real Estate Services – 0.5%</b>		
Stearns Holdings, Inc.,		
9.375%, 8-15-20 (C) .....	4,038	4,230
<b>Semiconductor Equipment – 0.0%</b>		
Photonics, Inc., Convertible,		
3.250%, 4-1-16 .....	170	183

### CORPORATE DEBT

SECURITIES (Continued)	Principal	Value
<b>Semiconductors – 0.3%</b>		
Canadian Solar, Inc., Convertible,		
4.250%, 2-15-19 (C) .. \$	101	\$ 104
Micron Technology, Inc.,		
5.875%, 2-15-22 (C) ..	2,517	2,699
		<u>2,803</u>
<b>Specialized Consumer Services – 3.0%</b>		
Ancestry.com Holdings LLC,		
9.625%, 10-15-18 (C)(D) .....	1,224	1,265
B-Corp Merger Sub, Inc.,		
8.250%, 6-1-19 .....	6,528	6,740
Carlson Travel Holdings,		
7.500%, 8-15-19 (C)(D) .....	1,390	1,418
Carlson Wagonlit B.V.:		
6.875%, 6-15-19 (C) ..	3,243	3,486
7.500%, 6-15-19 (C)(E) ....	EUR1,787	2,665
Emdeon, Inc.,		
11.000%, 12-31-19 .. \$	1,204	1,385
Lansing Trade Group,		
9.250%, 2-15-19 (C) ..	1,834	1,797
Nielsen Finance,		
5.500%, 10-1-21 (C) ..	2,871	2,964
Nielsen Finance LLC and Nielsen Finance Co.,		
5.000%, 4-15-22 (C) ..	4,385	4,418
		<u>26,138</u>
<b>Specialized Finance – 1.9%</b>		
Consolidated Communications Finance Co.,		
10.875%, 6-1-20 .....	1,710	1,996
Flexi-Van Leasing, Inc.,		
7.875%, 8-15-18 (C) ..	1,881	2,032
International Lease Finance Corp.:		
5.875%, 4-1-19 .....	815	897
4.625%, 4-15-21 .....	286	295
5.875%, 8-15-22 .....	1,234	1,348
TMX Finance LLC and TitleMax Finance Corp.,		
8.500%, 9-15-18 (C) ..	7,571	8,026
Westmoreland Escrow Corp.,		
10.750%, 2-1-18 (C) ..	1,403	1,506
		<u>16,100</u>
<b>Specialized REITs – 1.0%</b>		
Aircastle Ltd.,		
5.125%, 3-15-21 .....	2,728	2,823
CNL Lifestyles Properties, Inc.,		
7.250%, 4-15-19 .....	5,171	5,436
		<u>8,259</u>



# SCHEDULE OF INVESTMENTS

## High Income *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

### CORPORATE DEBT

SECURITIES (Continued)	Principal	Value
Specialty Stores – 3.5%		
Academy Ltd. and Academy Finance Corp.,		
9.250%, 8-1-19 (C) . . . . .	\$ 357	\$ 383
Central Garden & Pet Co.,		
8.250%, 3-1-18 . . . . .	977	1,014
Jo-Ann Stores Holdings, Inc.,		
9.750%, 10-15-19 (C)(D) . .	11,527	11,787
Jo-Ann Stores, Inc., 8.125%,		
3-15-19 (C) . . . . .	205	210
Michaels Stores, Inc.,		
5.875%, 12-15-20 (C) . . .	442	452
New Academy Finance Co. LLC,		
8.000%,		
6-15-18 (C)(D) . . . . .	10,461	10,683
PETCO Holdings, Inc.,		
8.500%,		
10-15-17 (C)(D) . . . . .	1,891	1,938
Spencer Spirit Holdings, Inc.,		
9.000%, 5-1-18 (C)(D) . . .	3,436	3,521
		<u>29,988</u>

### Technology Distributors – 0.7%

Sophia L.P. and Sophia Finance, Inc.:		
9.625%, 12-1-18 (C)(D) . . .	2,694	2,802
9.750%, 1-15-19 (C) . . . .	3,206	3,526
		<u>6,328</u>

### Textiles – 0.2%

Quiksilver, Inc. and QS Wholesale, Inc.:		
7.875%, 8-1-18 (C) . . . . .	546	554
10.000%, 8-1-20 . . . . .	907	912
		<u>1,466</u>

### Thriffs & Mortgage Finance – 0.5%

Provident Funding Associates L.P. and PFG Finance Corp.,		
6.750%, 6-15-21 (C) . . . .	4,573	4,630

### Tobacco – 0.3%

Prestige Brands, Inc.,		
5.375%, 12-15-21 (C) . . . .	2,358	2,405

### Trading Companies & Distributors – 0.8%

HD Supply, Inc.:		
7.500%, 7-15-20 . . . . .	2,072	2,264
11.500%, 7-15-20 . . . . .	4,116	4,929
		<u>7,193</u>

### Wireless Telecommunication Service – 2.7%

Crown Castle International Corp.,		
4.875%, 4-15-22 . . . . .	603	623
Digicel Group Ltd.,		
8.250%, 9-30-20 (C) . . . .	2,313	2,522
DigitalGlobe, Inc.,		
5.250%, 2-1-21 . . . . .	2,117	2,096

### CORPORATE DEBT

SECURITIES (Continued)	Principal	Value
Wireless Telecommunication Service (Continued)		
Sprint Corp.:		
7.250%, 9-15-21 (C) . .	\$2,137	\$ 2,356
7.875%, 9-15-23 (C) . .	2,137	2,377
7.125%, 6-15-24 (C) . .	7,811	8,281
Telecom Italia S.p.A.,		
5.303%, 5-30-24 (C) . .	1,374	1,379
T-Mobile USA, Inc.:		
6.542%, 4-28-20 . . . . .	980	1,058
6.633%, 4-28-21 . . . . .	492	533
6.125%, 1-15-22 . . . . .	791	839
6.731%, 4-28-22 . . . . .	196	211
6.836%, 4-28-23 . . . . .	196	213
6.500%, 1-15-24 . . . . .	1,091	1,166
		<u>23,654</u>

### TOTAL CORPORATE DEBT SECURITIES – 74.5%

(Cost: \$626,144)

### MUNICIPAL BONDS

Puerto Rico – 0.1%		
Cmnwlth of PR, GO Bonds of 2014, Ser A,		
8.000%, 7-1-35 . . . . .	1,470	1,296

### TOTAL MUNICIPAL BONDS – 0.1%

(Cost: \$1,367)

### LOANS

Air Freight & Logistics – 0.1%		
DAE Aviation Holdings, Inc.,		
7.750%, 7-29-19 (F) . . . .	1,016	1,031

### Apparel Retail – 1.8%

Gymboree Corp. (The),		
5.000%, 2-23-18 (F) . . . .	509	435
Hoffmaster Group, Inc.:		
5.250%, 5-6-20 (F) . . . .	1,094	1,093
10.000%, 5-6-21 (F) . . . .	2,188	2,188
Lands' End, Inc.,		
4.250%, 3-14-21 (F) . . . .	1,473	1,471
Nine West Holdings, Inc.,		
6.250%, 12-5-20 (F) . . . .	3,065	3,069
Talbots, Inc. (The):		
4.750%, 3-17-20 (F) . . . .	1,298	1,285
8.250%, 3-17-21 (F) . . . .	1,561	1,538
True Religion Apparel, Inc.:		
5.875%, 7-29-19 (F) . . . .	2,172	2,035
5.875%, 7-30-19 (F) . . . .	2,194	2,056
11.000%, 1-30-20 (F) . . . .	1,339	1,272
		<u>16,442</u>

### Application Software – 2.3%

Applied Systems, Inc.,		
7.500%, 1-15-22 (F) . . . .	2,311	2,353
Aptean Holdings, Inc.:		
5.250%, 2-6-20 (F) . . . .	1,530	1,536
8.500%, 2-21-21 (F) . . . .	1,022	1,033

### LOANS (Continued)

SECURITIES (Continued)	Principal	Value
Application Software (Continued)		
Misys plc and Magic Newco LLC,		
12.000%, 6-12-19 (F) . . . .	\$13,154	\$15,039
		<u>19,961</u>
Auto Parts & Equipment – 0.1%		
Direct ChassisLink, Inc.,		
8.250%, 11-7-19 (F) . . . . .	1,222	1,229
Building Products – 1.3%		
Continental Building Products LLC,		
4.250%, 8-28-20 (F) . . . . .	2,626	2,624
GYP Holdings III Corp.:		
4.750%, 3-27-21 (F) . . . . .	2,121	2,110
7.750%, 3-27-22 (F) . . . . .	3,358	3,388
Hampton Rubber Co. & SEI Holding Corp.,		
9.000%, 3-24-22 (F) . . . . .	2,678	2,682
		<u>10,804</u>
Casinos & Gaming – 0.2%		
Centaur Acquisition LLC,		
8.750%, 2-20-20 (F) . . . . .	675	685
Gateway Casinos & Entertainment Ltd.:		
6.250%, 11-4-19 (E)(F) . .	CAD2	2
5.598%, 11-26-19 (E)(F) . .	968	907
		<u>1,594</u>
Commodity Chemicals – 0.1%		
Kronos Worldwide, Inc.,		
4.750%, 1-31-20 (F) . . . . .	\$ 503	507
Construction Materials – 0.3%		
U.S. LBM Holdings LLC:		
0.000%, 4-25-20 (F) . . . . .	764	756
7.250%, 4-25-20 (F) . . . . .	2,285	2,263
		<u>3,019</u>
Data Processing & Outsourced Services – 0.4%		
Sedgwick Claims Management Services, Inc.,		
6.750%, 1-27-22 (F) . . . . .	3,395	3,386
Diversified Chemicals – 0.0%		
AI Chem & Cy S.C.A.,		
8.250%, 4-3-20 (F) . . . . .	354	363
Diversified Support Services – 1.1%		
Advantage Sales & Marketing, Inc.,		
8.250%, 6-18-18 (F) . . . . .	4,890	4,891
Omnitracs, Inc.:		
4.750%, 10-29-20 (F) . . . .	701	706
8.750%, 4-29-21 (F) . . . .	470	475
Sprint Industrial Holdings LLC:		
7.000%, 5-14-19 (F) . . . . .	2,170	2,176
11.250%, 5-14-19 (F) . . . .	1,222	1,228
		<u>9,476</u>

# SCHEDULE OF INVESTMENTS

## High Income *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

LOANS (Continued)	Principal	Value	LOANS (Continued)	Principal	Value	LOANS (Continued)	Principal	Value
<b>Environmental &amp; Facilities Services – 0.2%</b>			<b>Hotels, Resorts &amp; Cruise Lines (Continued)</b>			<b>Leisure Facilities – 0.3%</b>		
Brickman Group Ltd. (The):			Hilton Worldwide Finance			Northfield Park Associates		
4.000%, 12-11-20 (F) . . . . .	\$1,533	\$1,517	LLC:			LLC,		
7.500%, 12-11-21 (F) . . . . .	513	521	3.500%, 9-23-20 (F) . . . . .	\$ 67	\$ 67	9.000%, 12-10-18 (F) . . .	\$2,383	\$ 2,422
		<u>2,038</u>	3.500%, 10-15-20 (F) . . . . .	2,413	2,407			
					<u>6,708</u>			
<b>Fertilizers &amp; Agricultural Chemicals – 0.1%</b>			<b>Housewares &amp; Specialties – 0.5%</b>			<b>Life Sciences Tools &amp; Services – 0.4%</b>		
Verdesian Life Sciences LLC,			KIK Custom Products, Inc.:			Atrium Innovations, Inc.:		
0.000%, 6-25-20 (F) . . . . .	556	556	5.500%, 5-17-19 (F) . . . . .	2,443	2,450	4.250%, 1-29-21 (F) . . . .	405	401
			9.500%, 11-17-19 (F) . . . . .	2,105	2,129	7.750%, 7-29-21 (F) . . . .	2,893	2,890
<b>Food Distributors – 0.2%</b>					<u>4,579</u>			<u>3,291</u>
Performance Food Group, Inc.,			<b>Independent Power Producers &amp; Energy</b>			<b>Metal &amp; Glass Containers – 0.3%</b>		
6.250%, 11-14-19 (F) . . . . .	1,697	1,713	<b>Traders – 0.6%</b>			Consolidated Container Co.		
			Alinta Energy Finance PTY			LLC,		
<b>Food Retail – 0.3%</b>			Ltd.:			9.750%, 1-3-20 (F) . . . . .	830	818
Focus Brands, Inc.,			0.000%, 8-13-19 (F) . . . . .	135	137	Evergreen Tank Solution,		
10.250%, 8-21-18 (F) . . . . .	2,837	2,876	6.375%, 8-13-19 (F) . . . . .	2,048	2,079	Inc.,		
			<b>Texas Competitive Electric</b>			9.500%, 9-28-18 (F) . . . .	2,151	2,150
<b>General Merchandise Stores – 1.0%</b>			Holdings Co. LLC:					<u>2,968</u>
BJ's Wholesale Club, Inc.:			4.737%,			<b>Movies &amp; Entertainment – 0.9%</b>		
4.500%, 9-26-19 (F) . . . . .	2,014	2,015	10-10-17 (F)(H) . . . . .	3,291	2,689	Formula One Holdings Ltd.		
8.500%, 3-31-20 (F) . . . . .	2,817	2,882			<u>4,905</u>	and Alpha Topco Ltd.,		
Orchard Acquisition Co. LLC,			<b>Industrial Conglomerates – 0.4%</b>			9.250%, 10-16-19 (F) . . .	5,642	5,873
7.000%, 2-8-19 (F) . . . . .	4,020	4,015	Crosby Worldwide Ltd.:			Metro-Goldwyn-Mayer, Inc.,		
		<u>8,912</u>	3.196%, 11-22-20 (F) . . . .	601	600	0.000%, 6-4-20 (F) . . . . .	417	422
<b>Health Care Facilities – 0.2%</b>			7.000%, 11-22-21 (F) . . . .	2,768	2,773	Yonkers Racing Corp.,		
MPH Acquisition Holdings					<u>3,373</u>	8.750%, 8-20-20 (F) . . . .	1,324	1,298
LLC,			<b>Industrial Machinery – 0.5%</b>					<u>7,593</u>
4.000%, 3-21-21 (F) . . . . .	612	610	Capital Safety North America			<b>Oil &amp; Gas Drilling – 0.3%</b>		
Surgery Center Holdings,			Holdings, Inc.:			KCA Deutag Alpha Ltd.,		
Inc.,			4.000%, 3-26-21 (F) . . . . .	837	832	6.250%, 5-13-20 (F) . . . .	2,466	2,454
9.750%, 4-11-20 (F) . . . . .	1,144	1,161	6.500%, 3-26-22 (F) . . . . .	2,758	2,766			
		<u>1,771</u>	Husky Injection Moldings			<b>Oil &amp; Gas Exploration &amp; Production – 0.1%</b>		
<b>Health Care Services – 0.5%</b>			Systems Ltd.,			Sabine Oil & Gas LLC,		
Accellent, Inc.,			0.000%, 6-10-22 (F) . . . . .	557	559	8.750%, 12-31-18 (F) . . .	843	859
7.500%, 2-21-22 (F) . . . . .	1,414	1,402			<u>4,157</u>			
Ikaria, Inc.:			<b>Internet Software &amp; Services – 0.7%</b>			<b>Oil &amp; Gas Refining &amp; Marketing – 1.3%</b>		
5.000%, 2-4-21 (F) . . . . .	1,627	1,636	TravelCLICK, Inc. & TCH-2			Fieldwood Energy LLC,		
8.750%, 2-4-22 (F) . . . . .	1,525	1,551	Holdings LLC:			8.375%, 9-30-20 (F) . . . .	5,901	6,081
		<u>4,589</u>	5.500%, 5-8-21 (F) . . . . .	2,832	2,831	Samson Investment Co.,		
<b>Health Care Supplies – 0.5%</b>			8.750%, 11-8-21 (F) . . . . .	2,827	2,785	5.000%, 9-25-18 (F) . . . .	1,116	1,114
Sage Products Holdings III			W3 Co.,			Shelf Drilling Midco Ltd.,		
LLC,			9.250%, 9-1-20 (F) . . . . .	892	892	10.000%,		
9.250%, 6-13-20 (F) . . . . .	3,952	4,022			<u>6,508</u>	10-8-18 (D)(F) . . . . .	4,713	4,807
			<b>Investment Banking &amp; Brokerage – 0.2%</b>					<u>12,002</u>
<b>Health Care Technology – 0.6%</b>			Bats Global Markets, Inc.,			<b>Oil &amp; Gas Storage &amp; Transportation – 0.3%</b>		
Carestream Health, Inc.,			5.000%, 1-7-20 (F) . . . . .	1,844	1,824	Bowie Resources Holdings		
9.500%, 12-7-19 (F) . . . . .	3,447	3,515				LLC:		
Vitera Healthcare Solutions			<b>IT Consulting &amp; Other Services – 1.0%</b>			6.750%, 8-12-20 (F) . . . .	1,058	1,068
LLC:			Active Network, Inc. (The):			11.750%, 2-16-21 (F) . . .	1,099	1,121
6.000%, 11-4-20 (F) . . . . .	1,269	1,267	5.500%, 11-15-20 (F) . . . .	2,039	2,027			<u>2,189</u>
9.250%, 11-4-21 (F) . . . . .	765	768	9.500%, 11-15-21 (F) . . . .	2,583	2,583	<b>Other Diversified Financial Services – 0.5%</b>		
		<u>5,550</u>	Triple Point Group Holdings,			World Endurance Holdings,		
<b>Hotels, Resorts &amp; Cruise Lines – 0.8%</b>			Inc.:			Inc.,		
ESH Hospitality, Inc.,			5.250%, 7-13-20 (F) . . . . .	3,109	2,772	0.000%, 6-24-21 (F) . . . .	833	835
0.000%, 5-27-19 (F) . . . . .	1,108	1,117	9.250%, 7-13-21 (F) . . . . .	1,587	1,401	WP Mustang Holdings LLC:		
Four Seasons Hotels Ltd.,					<u>8,783</u>	5.500%, 5-29-21 (F) . . . .	1,713	1,728
6.250%, 12-27-20 (F) . . . . .	3,071	3,117				8.500%, 5-29-22 (F) . . . .	1,713	1,706
								<u>4,269</u>

# SCHEDULE OF INVESTMENTS

## High Income *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

LOANS (Continued)	Principal	Value
<b>Packaged Foods &amp; Meats – 0.2%</b>		
Shearer's Foods LLC, 0.000%, 6-19-22 (F) . . . .	\$1,386	\$1,396
<b>Paper Packaging – 0.4%</b>		
FPC Holdings, Inc., 9.250%, 5-27-20 (F) . . . .	1,740	1,705
Ranpak Corp., 8.500%, 4-10-20 (F) . . . .	1,358	1,383
		<u>3,088</u>
<b>Pharmaceuticals – 0.2%</b>		
Patheon, Inc., 4.250%, 1-23-21 (F) . . . .	1,560	1,546
<b>Research &amp; Consulting Services – 0.4%</b>		
AlixPartners LLP, 9.000%, 7-2-21 (D)(F) . . .	182	185
Larchmont Resources LLC, 8.250%, 8-7-19 (F) . . . . .	3,186	3,241
		<u>3,426</u>

LOANS (Continued)	Principal	Value
<b>Restaurants – 0.3%</b>		
TGI Friday's, Inc.: 0.000%, 6-20-20 (F) . . \$	694	\$ 694
0.000%, 6-20-21 (F) . .	1,971	1,964
		<u>2,658</u>
<b>Specialty Chemicals – 0.2%</b>		
Chromaflo Technologies Corp., 8.250%, 6-2-20 (F) . . .	1,394	1,404
<b>TOTAL LOANS – 22.1%</b>		<b>\$192,241</b>
(Cost: \$190,035)		
<b>SHORT-TERM SECURITIES</b>		
<b>Commercial Paper – 1.7%</b>		
DTE Energy Co. (GTD by Detroit Edison Co.), 0.180%, 7-2-14 (I) . . .	10,000	10,000

SHORT-TERM SECURITIES (Continued)	Principal	Value
<b>Commercial Paper (Continued)</b>		
Kellogg Co., 0.150%, 7-17-14 (I) . . .	\$4,000	\$ 4,000
United Technologies Corp., 0.070%, 7-1-14 (I) . . .	538	538
		<u>14,538</u>
<b>TOTAL SHORT-TERM SECURITIES – 1.7%</b>		<b>\$ 14,538</b>
(Cost: \$14,538)		
<b>TOTAL INVESTMENT SECURITIES – 99.9%</b>		<b>\$867,103</b>
(Cost: \$843,483)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.1%</b>		<b>1,228</b>
<b>NET ASSETS – 100.0%</b>		<b>\$868,331</b>

### 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, 2014, the total value of these securities amounted to \$423,731 or 48.8% of net assets.

(D)Payment-in-kind bonds.

(E)Principal amounts are denominated in the indicated foreign currency, where applicable (CAD – Canadian Dollar and EUR – Euro).

(F)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014.

(G)Zero coupon bond.

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

(I)Rate shown is the yield to maturity at June 30, 2014.

The following forward foreign currency contracts were outstanding at June 30, 2014:

Type	Currency	Counterparty	Principal Amount of Contract (Denominated in Indicated Currency)	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
Sell	Euro	Morgan Stanley International	2,847	7-29-14	\$—	\$14



# SCHEDULE OF INVESTMENTS

## High Income *(in thousands)*

JUNE 30, 2014 (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, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks	\$11,369	\$ —	\$ 55
Preferred Stocks	1,088	509	—
Warrants	—	—	150
Corporate Debt Securities	—	613,214	32,643
Municipal Bonds	—	1,296	—
Loans	—	148,724	43,517
Short-Term Securities	—	14,538	—
Total	\$12,457	\$778,281	\$76,365
<b>Liabilities</b>			
Forward Foreign Currency Contracts	\$ —	\$ 14	\$ —

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 1-1-14	\$49	\$150	\$15,286	\$ 40,917
Net realized gain (loss)	—	—	—*	15
Net change in unrealized appreciation (depreciation)	6	—	1,332	236
Purchases	—	—	5,582	17,383
Sales	—	—	(98)	(2,289)
Amortization/Accretion of premium/discount	—	—	(55)	10
Transfers into Level 3 during the period	—	—	20,036	1,767
Transfers out of Level 3 during the period	—	—	(9,440)	(14,522)
Ending Balance 6-30-14	\$55	\$150	\$32,643	\$ 43,517
Net change in unrealized appreciation (depreciation) for all Level 3 investments still held as of 6-30-14	\$ 6	\$ —	\$ 1,332	\$ 157

Transfers from Level 2 to Level 3 occurred primarily 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 primarily 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. During the period ended June 30, 2014, securities totaling \$583 were transferred from Level 1 to Level 2 due to the lack of observable market data due to decreased market activity or information for these securities.

Information about Level 3 fair value measurements:

	Fair Value at 6-30-14	Valuation Technique(s)	Unobservable Input(s)
<b>Assets</b>			
Common Stocks	\$ 55	Broker	Broker quotes
Warrants	150	Broker	Broker quotes
Corporate Debt Securities	32,643	Third-party valuation service	Broker quotes
Loans	43,517	Third-party valuation service	Broker quotes

The following acronyms are used throughout this schedule:

GTD = Guaranteed

REIT = Real Estate Investment Trusts

See Accompanying Notes to Financial Statements.

# PORTFOLIO HIGHLIGHTS

## International Core Equity

ALL DATA IS AS OF JUNE 30, 2014 (UNAUDITED)

### Asset Allocation

<b>Stocks</b>	<b>95.6%</b>
Financials	17.9%
Consumer Discretionary	14.9%
Health Care	14.0%
Consumer Staples	12.1%
Energy	10.4%
Information Technology	10.1%
Industrials	7.3%
Telecommunication Services	4.7%
Materials	3.0%
Utilities	1.2%
<b>Cash and Cash Equivalents</b>	<b>4.4%</b>

### Country Weightings

<b>Europe</b>	<b>52.8%</b>
United Kingdom	23.0%
France	11.0%
Germany	6.4%
Other Europe	12.4%
<b>Pacific Basin</b>	<b>32.4%</b>
Japan	16.8%
China	6.0%
Australia	3.9%
Other Pacific Basin	5.7%
<b>North America</b>	<b>4.6%</b>
<b>South America</b>	<b>3.7%</b>
Brazil	3.7%
<b>Other</b>	<b>2.1%</b>
<b>Cash and Cash Equivalents</b>	<b>4.4%</b>

### Top 10 Equity Holdings

Company	Country	Sector	Industry
Shire plc	United Kingdom	Health Care	Pharmaceuticals
Total S.A.	France	Energy	Integrated Oil & Gas
Teva Pharmaceutical Industries Ltd. ADR	Israel	Health Care	Pharmaceuticals
Royal Dutch Shell plc, Class A	United Kingdom	Energy	Integrated Oil & Gas
Nestle S.A., Registered Shares	Switzerland	Consumer Staples	Packaged Foods & Meats
Cheung Kong (Holdings) Ltd.	Hong Kong	Financials	Real Estate Development
Bayer AG	Germany	Health Care	Pharmaceuticals
Yahoo!, Inc.	United States	Information Technology	Internet Software & Services
Hypermarcas S.A.	Brazil	Consumer Staples	Personal Products
Daimler AG	Germany	Consumer Discretionary	Automobile Manufacturers

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, 2014 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Australia – 3.9%</b>		
Ancor Ltd. ....	968	\$ 9,516
Coca-Cola Amatil Ltd. ....	1,017	9,069
Stockland Corp. Ltd. ....	2,540	9,292
		<u>27,877</u>
<b>Brazil – 3.7%</b>		
Embraer-Empresa Brasileira de Aeronautica S.A. ....	149	5,420
Hypermarcas S.A. (A) ....	1,459	12,624
TIM Participacoes S.A. ....	1,322	7,689
TIM Participacoes S.A. ADR ....	14	417
		<u>26,150</u>
<b>China – 6.0%</b>		
Baidu.com, Inc. ADR (A) ....	43	8,106
China Construction Bank Corp. ....	10,708	8,096
China Unicom Ltd. ....	5,194	8,029
JD.com, Inc. ADR (A) ....	240	6,844
Kweichow Moutai Co. Ltd., Class A ....	229	5,242
Ping An Insurance (Group) Co. of China Ltd., A Shares ....	942	5,971
		<u>42,288</u>
<b>Denmark – 1.3%</b>		
TDC A/S ....	920	9,517
<b>France – 11.0%</b>		
Bouygues S.A. ....	229	9,532
Cap Gemini S.A. ....	107	7,642
European Aeronautic Defence and Space Co. ....	52	3,491
Gaz de France ....	311	8,562
L Air Liquide S.A. ....	56	7,496
Remy Cointreau S.A. ....	69	6,305
Sanofi-Aventis ....	109	11,582
Total S.A. ....	324	23,404
		<u>78,014</u>
<b>Germany – 5.0%</b>		
Bayer AG ....	98	13,819
Daimler AG ....	135	12,599
Fresenius SE & Co. KGaA ...	58	8,682
		<u>35,100</u>
<b>Hong Kong – 2.5%</b>		
Cheung Kong (Holdings) Ltd. ....	788	13,980
SJM Holdings Ltd. ....	1,612	4,039
		<u>18,019</u>
<b>Israel – 2.1%</b>		
Teva Pharmaceutical Industries Ltd. ADR ....	283	14,842
<b>Japan – 16.8%</b>		
Bridgestone Corp. ....	256	8,944
FamilyMart Co. Ltd. ....	184	7,920
Inpex Corp. ....	716	10,889
Isuzu Motors Ltd. ....	1,370	9,061

COMMON STOCKS			
(Continued)	Shares		Value
Japan (Continued)			
Komatsu Ltd. . . . .	349	\$	8,110
Millea Holdings, Inc. . . . .	378		12,417
Mitsubishi Corp. . . . .	427		8,881
Mitsubishi Heavy Industries, Ltd. . . . .	1,245		7,767
Nissin Kogyo Co. Ltd. . . . .	397		7,875
Seiko Epson Corp. . . . .	119		5,054
Softbank Corp. . . . .	117		8,689
Sumitomo Mitsui Trust Holdings, Inc. . . . .	2,599		11,878
Tokyo Electron Ltd. . . . .	168		11,363
			118,848
Luxembourg – 1.4%			
Acergy S.A. . . . .	513		9,563
Mexico – 1.3%			
Grupo Financiero Banorte S.A.B. de C.V. . . . .	1,314		9,398
Netherlands – 2.2%			
ASML Holding N.V., Ordinary Shares . . . . .	85		7,909
ING Groep N.V., Certicaaten Van Aandelen (A) . . . . .	528		7,411
			15,320
Singapore – 1.1%			
United Overseas Bank Ltd. . . . .	443		8,001
South Korea – 2.1%			
Hyundai Mobis . . . . .	27		7,509
Samsung Electronics Co. Ltd. . . . .	5		7,147
			14,656
Spain – 2.7%			
CaixaBank S.A. . . . .	1,563		9,647
Gestevisión Telecinco S.A. . . . .	804		9,374
			19,021
Sweden – 1.8%			
Investor AB, B Shares . . . . .	241		9,043
Svenska Cellulosa Aktiebolaget SCA (publ), Class B . . . . .	154		4,005
			13,048
Switzerland – 3.0%			
Credit Suisse Group AG, Registered Shares . . . . .	255		7,289
Nestle S.A., Registered Shares . . . . .	182		14,093
			21,382
United Kingdom – 23.0%			
AstraZeneca plc ADR . . . . .	111		8,241
BP plc . . . . .	875		7,710
British Sky Broadcasting Group plc . . . . .	622		9,619

COMMON STOCKS		Shares	Value
(Continued)			
United Kingdom (Continued)			
Burberry Group plc . . . . .	342	\$	8,670
GlaxoSmithKline plc . . . . .	349		9,341
Legal & General Group plc . . . . .	2,011		7,758
Petrofac Ltd. . . . .	347		7,147
Prudential plc . . . . .	354		8,119
Reckitt Benckiser Group plc . . . . .	95		8,327
Rolls-Royce Group plc . . .	445		8,139
Royal Dutch Shell plc, Class A . . . . .	354		14,655
SABMiller plc . . . . .	206		11,923
Shire plc . . . . .	416		32,533
Unilever plc . . . . .	217		9,861
WPP Group plc . . . . .	448		9,757
			<u>161,800</u>
United States – 3.3%			
Cognizant Technology Solutions Corp., Class A (A) . . . . .	205		10,037
Yahoo!, Inc. (A) . . . . .	382		13,426
			<u>23,463</u>
TOTAL COMMON STOCKS – 94.2%			\$666,307
(Cost: \$568,297)			
PREFERRED STOCKS			
Germany – 1.4%			
Volkswagen AG: 2.260% . . . . .	10		2,705
2.260% (B) . . . . .	27		7,030
			<u>9,735</u>
TOTAL PREFERRED STOCKS – 1.4%			\$ 9,735
(Cost: \$9,695)			
SHORT-TERM SECURITIES		Principal	
Commercial Paper – 4.4%			
Chevron Corp., 0.090%, 8-11-14 (C) . .	\$10,000		9,999
Diageo Capital plc (GTD by Diageo plc), 0.250%, 7-2-14 (C) . . .	3,000		3,000
United Technologies Corp., 0.070%, 7-1-14 (C) . . .	14,973		14,973
USAA Capital Corp., 0.060%, 7-1-14 (C) . . .	3,000		3,000
			<u>30,972</u>

# SCHEDULE OF INVESTMENTS

## International Core Equity *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

### SHORT-TERM

#### SECURITIES (Continued) Principal Value

Master Note- 0.5%	
Toyota Motor Credit Corp., 0.104%, 7-2-14 (D) . .	\$3,564 \$ 3,564
<b>TOTAL SHORT-TERM SECURITIES – 4.9%</b>	<b>\$ 34,536</b>
(Cost: \$34,536)	
<b>TOTAL INVESTMENT SECURITIES – 100.5%</b>	<b>\$710,578</b>
(Cost: \$612,528)	
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.5%)</b>	<b>(3,207)</b>
<b>NET ASSETS – 100.0%</b>	<b>\$707,371</b>

#### 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, 2014, the total value of these securities amounted to \$7,030 or 1.0% of net assets.

(C) Rate shown is the yield to maturity at June 30, 2014.

(D) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. Date shown represents the date the variable rate resets.

The following forward foreign currency contracts were outstanding at June 30, 2014:

Type	Currency	Counterparty	Principal Amount of Contract (Denominated in Indicated Currency)	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
Sell	Euro	Barclays Capital, Inc.	37,300	7-29-14	\$—	\$218

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks . . . . .	\$666,307	\$ —	\$—
Preferred Stocks . . . . .	9,735	—	—
Short-Term Securities . . . . .	—	34,536	—
Total . . . . .	\$676,042	\$ 34,536	\$—
<b>Liabilities</b>			
Forward Foreign Currency Contracts . . . . .	\$ —	\$ 218	\$—

As of June 30, 2014, 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

### Market Sector Diversification

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

Financials	17.9%
Consumer Discretionary	14.9%
Health Care	14.0%
Consumer Staples	12.1%
Energy	10.4%

### Market Sector Diversification (Continued)

Information Technology	10.1%
Industrials	7.3%
Telecommunication Services	4.7%
Materials	3.0%
Utilities	1.2%
Other+	4.4%

+Includes cash and cash equivalents and other assets and liabilities

# PORTFOLIO HIGHLIGHTS

## International Growth

ALL DATA IS AS OF JUNE 30, 2014 (UNAUDITED)

### Asset Allocation

<b>Stocks</b>	<b>95.6%</b>
Consumer Discretionary	25.8%
Health Care	16.3%
Information Technology	12.3%
Industrials	12.1%
Financials	12.1%
Energy	6.3%
Materials	5.3%
Consumer Staples	3.5%
Telecommunication Services	1.9%
<b>Cash and Cash Equivalents</b>	<b>4.4%</b>

### Country Weightings

<b>Europe</b>	<b>55.5%</b>
United Kingdom	18.3%
France	12.9%
Germany	10.1%
Switzerland	6.4%
Other Europe	7.8%
<b>Pacific Basin</b>	<b>29.0%</b>
Japan	16.5%
China	3.9%
Other Pacific Basin	8.6%
<b>North America</b>	<b>8.7%</b>
United States	6.4%
Other North America	2.3%
<b>Other</b>	<b>2.4%</b>
<b>Cash and Cash Equivalents</b>	<b>4.4%</b>

### Top 10 Equity Holdings

Company	Country	Sector	Industry
Shire plc	United Kingdom	Health Care	Pharmaceuticals
Fuji Heavy Industries Ltd.	Japan	Consumer Discretionary	Automobile Manufacturers
Vinci	France	Industrials	Construction & Engineering
Hyundai Motor Co.	South Korea	Consumer Discretionary	Automobile Manufacturers
Teva Pharmaceutical Industries Ltd. ADR	Israel	Health Care	Pharmaceuticals
Cognizant Technology Solutions Corp., Class A	United States	Information Technology	IT Consulting & Other Services
Tokyo Electron Ltd.	Japan	Information Technology	Semiconductor Equipment
Continental AG	Germany	Consumer Discretionary	Auto Parts & Equipment
Fresenius SE & Co. KGaA	Germany	Health Care	Health Care Services
InBev N.V.	United States	Consumer Staples	Brewers

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, 2014 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Australia – 1.9%</b>		
Telstra Corp. Ltd. ADR . . . . .	1,746	\$ 8,576
<b>Canada – 0.7%</b>		
Agrium, Inc. . . . .	35	3,197
<b>China – 3.9%</b>		
Baidu.com, Inc. ADR (A) . . .	40	7,429
Ctrip.com International Ltd. (A) . . . . .	65	4,151
JD.com, Inc. ADR (A) . . . . .	205	5,839
		<u>17,419</u>
<b>Finland – 1.0%</b>		
Nokia OYJ . . . . .	556	4,208
<b>France – 12.9%</b>		
Cap Gemini S.A. . . . .	116	8,276
Compagnie Generale des Etablissements Michelin, Class B . . . . .	58	6,889
European Aeronautic Defence and Space Co. . .	61	4,063
L Air Liquide S.A. . . . .	34	4,542
LVMH Moet Hennessy – Louis Vuitton . . . . .	31	5,892
Publicis Groupe S.A. (A) . . . .	47	4,013
Remy Cointreau S.A. . . . .	24	2,186
Safran . . . . .	130	8,490
Technip-Coflexip . . . . .	20	2,210
Vinci . . . . .	143	10,716
		<u>57,277</u>
<b>Germany – 10.1%</b>		
Bayer AG . . . . .	60	8,475
Bayerische Motoren Werke AG . . . . .	34	4,263
Continental AG . . . . .	44	10,175
Daimler AG . . . . .	92	8,647
Fresenius SE & Co. KGaA . . .	63	9,448
SAP AG . . . . .	51	3,912
		<u>44,920</u>
<b>Hong Kong – 1.8%</b>		
Galaxy Entertainment Group . . . . .	984	7,872
<b>India – 0.9%</b>		
NMDC Ltd. . . . .	1,345	4,080
<b>Ireland – 1.5%</b>		
Smurfit Kappa Group plc . . .	286	6,528
<b>Israel – 2.4%</b>		
Teva Pharmaceutical Industries Ltd. ADR . . . . .	202	10,597
<b>Japan – 16.5%</b>		
Daihatsu Motor Co. Ltd. . . . .	248	4,409
Fuji Heavy Industries Ltd. . . .	528	14,631

COMMON STOCKS (Continued)	Shares	Value
<b>Japan (Continued)</b>		
JGC Corp. . . . .	125	\$ 3,798
Komatsu Ltd. . . . .	306	7,114
Mitsubishi Electric Corp. . . . .	369	4,553
Mitsui & Co. Ltd. . . . .	178	2,855
Mizuho Financial Group, Inc. . . . .	2,032	4,173
Nissin Kogyo Co. Ltd. . . . .	230	4,567
ORIX Corp. . . . .	482	7,985
Sumitomo Corp. . . . .	274	3,700
Sumitomo Mitsui Trust Holdings, Inc. . . . .	1,050	4,799
Tokyo Electron Ltd. . . . .	154	10,403
		<u>72,987</u>
<b>Luxembourg – 0.5%</b>		
Acergy S.A. . . . .	109	2,028
<b>Mexico – 1.6%</b>		
Grupo Financiero Banorte S.A.B. de C.V. . . . .	980	7,008
<b>Netherlands – 1.3%</b>		
Koninklijke Philips Electronics N.V., Ordinary Shares . . .	188	5,963
<b>Norway – 1.2%</b>		
Yara International ASA . . . .	106	5,299
<b>Portugal – 0.5%</b>		
Galp Energia SGPS S.A., Class B . . . . .	120	2,194
<b>South Korea – 2.4%</b>		
Hyundai Motor Co. . . . .	47	10,620
<b>Spain – 1.8%</b>		
CaixaBank S.A. . . . .	1,270	7,840
<b>Switzerland – 6.4%</b>		
Compagnie Financiere Richemont S.A. . . . .	44	4,617
Credit Suisse Group AG, Registered Shares . . . . .	272	7,773
Novartis AG, Registered Shares . . . . .	86	7,812
Swatch Group Ltd. (The), Bearer Shares . . . . .	14	8,175
		<u>28,377</u>
<b>Taiwan – 1.6%</b>		
MediaTek, Inc. . . . .	427	7,222
<b>United Kingdom – 18.3%</b>		
AstraZeneca plc . . . . .	99	7,327
Aviva plc . . . . .	593	5,183
BG Group plc . . . . .	98	2,069
BP plc . . . . .	551	4,854

COMMON STOCKS (Continued)	Shares	Value
<b>United Kingdom (Continued)</b>		
Capita Group plc (The) . . . . .	163	\$ 3,188
Diageo plc . . . . .	136	4,333
Experian plc . . . . .	321	5,430
GlaxoSmithKline plc . . . .	304	8,127
Merlin Entertainments plc (A) . . . . .	638	3,911
Prudential plc . . . . .	364	8,355
Royal Dutch Shell plc, Class A . . . . .	182	7,546
Shire plc . . . . .	263	20,551
		<u>80,874</u>
<b>United States – 6.4%</b>		
Cognizant Technology Solutions Corp., Class A (A) . . . . .	215	10,533
InBev N.V. . . . .	78	8,909
Schlumberger Ltd. . . . .	57	6,722
Veeco Instruments, Inc. (A) . . . . .	54	2,026
		<u>28,190</u>
<b>TOTAL COMMON STOCKS – 95.6%</b>		<b>\$423,276</b>
(Cost: \$346,464)		
<b>SHORT-TERM SECURITIES</b>	<b>Principal</b>	
<b>Commercial Paper – 2.8%</b>		
United Technologies Corp., 0.070%, 7-1-14 (B) . . .	\$8,396	8,396
USAA Capital Corp., 0.060%, 7-1-14 (B) . . .	4,000	4,000
		<u>12,396</u>
<b>Master Note – 0.1%</b>		
Toyota Motor Credit Corp., 0.104%, 7-2-14 (C) . . .	331	331
<b>TOTAL SHORT-TERM SECURITIES – 2.9%</b>		<b>\$ 12,727</b>
(Cost: \$12,727)		
<b>TOTAL INVESTMENT SECURITIES – 98.5%</b>		<b>\$436,003</b>
(Cost: \$359,191)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 1.5%</b>		<b>6,719</b>
<b>NET ASSETS – 100.0%</b>		<b>\$442,722</b>

### Notes to Schedule of Investments

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

(B) Rate shown is the yield to maturity at June 30, 2014.

# SCHEDULE OF INVESTMENTS

## International Growth *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

(C)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. Date shown represents the date the variable rate resets.

The following forward foreign currency contracts were outstanding at June 30, 2014:

Type	Currency	Counterparty	Principal Amount of Contract (Denominated in Indicated Currency)	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
Sell	Japanese Yen	Goldman Sachs International	2,098,600	7-29-14	\$—	\$81

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks .....	\$423,276	\$ —	\$—
Short-Term Securities .....	—	12,727	—
Total .....	<u>\$423,276</u>	<u>\$12,727</u>	<u>\$—</u>
<b>Liabilities</b>			
Forward Foreign Currency Contracts .....	\$ —	\$ 81	\$—

As of June 30, 2014, there were no transfers between Level 1 and 2 during the period.

The following acronym is used throughout this schedule:

ADR = American Depositary Receipts

### Market Sector Diversification

<b>(as a % of net assets)</b>	
Consumer Discretionary	25.8%
Health Care	16.3%
Information Technology	12.3%
Industrials	12.1%
Financials	12.1%
Energy	6.3%
Materials	5.3%
Consumer Staples	3.5%
Telecommunication Services	1.9%
Other+	4.4%

+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, 2014 (UNAUDITED)

### Asset Allocation

<b>Bonds</b>	<b>93.8%</b>
Corporate Debt Securities	77.2%
United States Government and Government Agency Obligations	16.6%
<b>Cash and Cash Equivalents</b>	<b>6.2%</b>

### Quality Weightings

<b>Investment Grade</b>	<b>92.1%</b>
AA	24.2%
A	32.1%
BBB	35.8%
<b>Non-Investment Grade</b>	<b>1.7%</b>
BB	0.8%
B	0.9%
<b>Cash and Cash Equivalents</b>	<b>6.2%</b>

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

*We do not evaluate these ratings, but simply assign them to the appropriate credit quality category as determined by the rating agency.*



# SCHEDULE OF INVESTMENTS

## Limited-Term Bond (in thousands)

JUNE 30, 2014 (UNAUDITED)

### CORPORATE DEBT SECURITIES

	Principal	Value
<b>Air Freight &amp; Logistics – 0.6%</b>		
FedEx Corp., 8.000%, 1-15-19 .....	\$2,252	\$ 2,818
<b>Airlines – 0.5%</b>		
Southwest Airlines Co., 5.125%, 3-1-17 .....	2,263	2,467
<b>Apparel Retail – 0.5%</b>		
Limited Brands, Inc., 8.500%, 6-15-19 .....	2,000	2,455
<b>Apparel, Accessories &amp; Luxury Goods – 0.9%</b>		
LVMH Moët Hennessy – Louis Vuitton, 1.625%, 6-29-17 (A) ....	4,000	4,043
<b>Automobile Manufacturers – 3.6%</b>		
Borg Warner Automotive, Inc., 8.000%, 10-1-19 .....	2,000	2,471
General Motors Co., 3.500%, 10-2-18 (A) ....	1,500	1,534
Nissan Motor Acceptance Corp., 1.950%, 9-12-17 (A) ....	3,370	3,412
Toyota Motor Credit Corp., 2.000%, 9-15-16 .....	1,750	1,795
2.000%, 10-24-18 .....	4,000	4,043
Volkswagen Group of America, Inc., 2.125%, 5-23-19 (A) ....	4,000	4,002
		17,257
<b>Automotive Retail – 0.8%</b>		
AutoZone, Inc., 1.300%, 1-13-17 .....	3,500	3,508
<b>Biotechnology – 0.7%</b>		
Amgen, Inc., 6.150%, 6-1-18 .....	102	118
2.200%, 5-22-19 .....	3,000	2,996
		3,114
<b>Brewers – 2.6%</b>		
Anheuser-Busch InBev Worldwide, Inc. (GTD by AB INBEV/BBR/COB), 7.750%, 1-15-19 .....	3,250	4,015
Heineken N.V., 1.400%, 10-1-17 (A) ....	2,000	1,999
International CCE, Inc., 2.125%, 9-15-15 .....	1,075	1,095
SABMiller Holdings, Inc., 1.850%, 1-15-15 (A) ....	500	504
SABMiller plc, 6.500%, 7-15-18 (A) ....	3,500	4,095
		11,708
<b>Broadcasting – 1.2%</b>		
CBS Corp., 7.625%, 1-15-16 .....	1,000	1,101
8.875%, 5-15-19 .....	3,557	4,611
		5,712

### CORPORATE DEBT SECURITIES (Continued)

	Principal	Value
<b>Cable &amp; Satellite – 2.2%</b>		
DIRECTV Holdings LLC and DIRECTV Financing Co., Inc., 5.875%, 10-1-19 .....	\$3,984	\$ 4,633
TCI Communications, Inc., 8.750%, 8-1-15 .....	1,415	1,542
Time Warner Co., Inc. (GTD by Time Warner, Inc.), 7.250%, 10-15-17 .....	3,337	3,903
		10,078
<b>Construction Machinery &amp; Heavy Trucks – 0.2%</b>		
Joy Global, Inc., 6.000%, 11-15-16 .....	1,000	1,108
<b>Consumer Finance – 6.3%</b>		
American Express Co., 7.000%, 3-19-18 .....	3,000	3,568
American Express Credit Corp., 1.300%, 7-29-16 .....	1,500	1,512
American Honda Finance Corp., 7.625%, 10-1-18 (A) ....	1,000	1,232
2.125%, 10-10-18 .....	3,000	3,047
Capital One Bank USA N.A., 2.150%, 11-21-18 .....	2,000	2,011
Capital One Financial Corp., 2.150%, 3-23-15 .....	1,000	1,012
6.750%, 9-15-17 .....	1,000	1,164
Caterpillar Financial Services Corp., 1.000%, 11-25-16 .....	3,000	3,009
Ford Motor Credit Co. LLC: 1.500%, 1-17-17 .....	1,000	1,005
5.000%, 5-15-18 .....	3,626	4,034
Hyundai Capital America: 1.875%, 8-9-16 (A) ....	1,000	1,015
2.875%, 8-9-18 (A) ....	1,000	1,029
Hyundai Capital Services, Inc., 4.375%, 7-27-16 (A) ....	2,285	2,429
3.500%, 9-13-17 (A) ....	1,500	1,578
Western Union Co. (The), 5.930%, 10-1-16 .....	2,000	2,195
		29,840
<b>Data Processing &amp; Outsourced Services – 1.1%</b>		
Alliance Data Systems Corp., 5.250%, 12-1-17 (A) ....	3,000	3,135
6.375%, 4-1-20 (A) ....	1,000	1,065
Fidelity National Financial, Inc., 6.600%, 5-15-17 .....	1,000	1,126
		5,326
<b>Department Stores – 0.3%</b>		
Macy's Retail Holdings, Inc., 7.450%, 7-15-17 .....	1,000	1,174

### CORPORATE DEBT SECURITIES (Continued)

	Principal	Value
<b>Distillers &amp; Vintners – 1.5%</b>		
Beam, Inc., 1.875%, 5-15-17 .....	\$3,672	\$ 3,682
Diageo Capital plc, 5.750%, 10-23-17 .....	3,000	3,420
		7,102
<b>Diversified Banks – 4.5%</b>		
Bank of America Corp.: 5.650%, 5-1-18 .....	1,000	1,133
2.600%, 1-15-19 .....	2,000	2,023
Bank of Nova Scotia (The): 2.050%, 10-30-18 .....	2,500	2,511
2.050%, 6-5-19 .....	2,500	2,484
Bear Stearns Co., Inc. (The), 6.400%, 10-2-17 .....	2,000	2,305
Commonwealth Bank of Australia: 1.950%, 3-16-15 .....	1,000	1,011
2.250%, 3-13-19 .....	2,500	2,522
HSBC Bank plc, 3.100%, 5-24-16 (A) ....	1,000	1,045
U.S. Bancorp, 2.200%, 11-15-16 .....	1,000	1,031
Wachovia Corp., 5.750%, 2-1-18 .....	1,500	1,717
Wells Fargo & Co., 2.150%, 1-15-19 .....	2,000	2,018
2.125%, 4-22-19 .....	1,000	1,003
		20,803
<b>Diversified Chemicals – 0.7%</b>		
Dow Chemical Co. (The), 4.250%, 11-15-20 .....	1,168	1,269
E.I. du Pont de Nemours and Co., 6.000%, 7-15-18 .....	1,845	2,156
		3,425
<b>Diversified Metals &amp; Mining – 0.3%</b>		
Rio Tinto Finance (USA) Ltd., 2.250%, 9-20-16 .....	1,500	1,546
<b>Education Services – 0.6%</b>		
Cornell University, 5.450%, 2-1-19 .....	2,500	2,868
<b>Electric Utilities – 2.0%</b>		
Dayton Power & Light Co. (The), 1.875%, 9-15-16 (A) ....	1,000	1,017
Kansas City Power & Light Co., 7.150%, 4-1-19 .....	3,590	4,404
Mississippi Power Co., 2.350%, 10-15-16 .....	1,500	1,545
PacifiCorp, 5.500%, 1-15-19 .....	2,100	2,418
		9,384

# SCHEDULE OF INVESTMENTS

## Limited-Term Bond *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

### CORPORATE DEBT

#### SECURITIES (Continued) Principal Value

<b>Electronic Equipment &amp; Instruments – 0.6%</b>		
Xerox Corp., 6.350%, 5-15-18 .....	\$2,328	\$ 2,705
<b>Electronic Manufacturing Services – 0.2%</b>		
Jabil Circuit, Inc., 7.750%, 7-15-16 .....	1,000	1,131
<b>Environmental &amp; Facilities Services – 1.6%</b>		
Republic Services, Inc., 3.800%, 5-15-18 .....	4,000	4,285
Waste Management, Inc., 6.100%, 3-15-18 .....	1,000	1,154
Waste Management, Inc. (GTD by Waste Management Holdings, Inc.), 7.375%, 3-11-19 .....	1,700	2,077
		<u>7,516</u>
<b>Fertilizers &amp; Agricultural Chemicals – 1.0%</b>		
Potash Corp. of Saskatchewan, Inc., 6.500%, 5-15-19 .....	3,570	4,278
<b>Food Distributors – 2.4%</b>		
Bestfoods, 7.000%, 10-15-17 .....	2,500	2,941
Campbell Soup Co., 3.375%, 8-15-14 .....	2,000	2,007
ConAgra Foods, Inc.: 1.300%, 1-25-16 .....	1,000	1,008
5.819%, 6-15-17 .....	1,000	1,124
7.000%, 4-15-19 .....	1,000	1,202
Wm. Wrigley Jr. Co.: 2.000%, 10-20-17 (A) ..	1,000	1,015
2.400%, 10-21-18 (A) ..	2,000	2,031
		<u>11,328</u>
<b>Food Retail – 0.6%</b>		
Kroger Co. (The), 6.800%, 12-15-18 .....	2,245	2,657
<b>Forest Products – 0.2%</b>		
Georgia-Pacific LLC, 5.400%, 11-1-20 (A) ....	1,000	1,154
<b>General Merchandise Stores – 0.9%</b>		
Dollar General Corp., 4.125%, 7-15-17 .....	4,000	4,281
<b>Health Care Equipment – 0.3%</b>		
Stryker Corp., 4.375%, 1-15-20 .....	1,400	1,547
<b>Health Care Services – 1.7%</b>		
Medco Health Solutions, Inc., 7.125%, 3-15-18 .....	3,100	3,661
Quest Diagnostics, Inc.: 3.200%, 4-1-16 .....	1,000	1,038
6.400%, 7-1-17 .....	3,000	3,406
		<u>8,105</u>

### CORPORATE DEBT

#### SECURITIES (Continued) Principal Value

<b>Health Care Supplies – 2.0%</b>		
Abbott Laboratories, 4.125%, 5-27-20 .....	\$1,000	\$ 1,099
Catholic Health Initiatives, 2.600%, 8-1-18 .....	3,000	3,016
DENTSPLY International, Inc., 2.750%, 8-15-16 .....	1,000	1,036
Express Scripts, Inc., 7.250%, 6-15-19 .....	1,000	1,226
Laboratory Corp. of America Holdings, 2.500%, 11-1-18 .....	3,000	3,056
		<u>9,433</u>
<b>Home Improvement Retail – 0.4%</b>		
Lowe's Co., Inc., 2.125%, 4-15-16 .....	2,000	2,054
<b>Industrial Conglomerates – 1.9%</b>		
Danaher Corp., 5.400%, 3-1-19 .....	3,750	4,305
General Electric Capital Corp., 5.625%, 5-1-18 .....	3,500	4,010
		<u>8,315</u>
<b>Industrial Machinery – 0.9%</b>		
Ingersoll-Rand Global Holding Co. Ltd., 2.875%, 1-15-19 .....	4,028	4,128
<b>Integrated Oil &amp; Gas – 3.0%</b>		
Petro-Canada, 6.050%, 5-15-18 .....	1,130	1,308
Phillips Petroleum Co., 6.650%, 7-15-18 .....	3,000	3,576
Shell International Finance B.V., 4.300%, 9-22-19 .....	2,625	2,916
Statoil ASA (GTD by Statoil Petroleum AS), 1.950%, 11-8-18 .....	1,500	1,513
StatoilHydro ASA (GTD by StatoilHydro Petroleum AS), 5.250%, 4-15-19 .....	2,000	2,296
Suncor Energy, Inc., 6.100%, 6-1-18 .....	2,000	2,321
		<u>13,930</u>
<b>Integrated Telecommunication Services – 1.3%</b>		
AT&T, Inc., 5.800%, 2-15-19 .....	1,000	1,163
CC Holdings GS V LLC, 2.381%, 12-15-17 .....	1,000	1,018
Verizon Communications, Inc.: 6.350%, 4-1-19 .....	2,455	2,904
2.550%, 6-17-19 .....	1,000	1,014
		<u>6,099</u>

### CORPORATE DEBT

#### SECURITIES (Continued) Principal Value

<b>Investment Banking &amp; Brokerage – 2.3%</b>		
Goldman Sachs Group, Inc. (The):		
3.700%, 8-1-15 .....	\$1,000	\$ 1,031
7.500%, 2-15-19 .....	3,250	3,963
Morgan Stanley:		
6.000%, 4-28-15 .....	2,000	2,093
5.625%, 9-23-19 .....	3,000	3,450
		<u>10,537</u>
<b>Leisure Products – 0.8%</b>		
Hasbro, Inc., 3.150%, 5-15-21 .....	2,500	2,513
Mattel, Inc., 2.500%, 11-1-16 .....	1,000	1,033
		<u>3,546</u>
<b>Life &amp; Health Insurance – 2.2%</b>		
Aflac, Inc., 8.500%, 5-15-19 .....	2,917	3,761
MetLife, Inc.: 5.000%, 6-15-15 .....	1,553	1,622
6.817%, 8-15-18 .....	3,058	3,655
Prudential Financial, Inc., 4.750%, 9-17-15 .....	1,000	1,049
		<u>10,087</u>
<b>Metal &amp; Glass Containers – 0.2%</b>		
FBG Finance Ltd., 7.875%, 6-1-16 (A) .....	1,000	1,128
<b>Multi-Utilities – 0.8%</b>		
Dominion Resources, Inc., 6.400%, 6-15-18 .....	3,000	3,516
<b>Oil &amp; Gas Equipment &amp; Services – 1.0%</b>		
Enterprise Products Operating LLC (GTD by Enterprise Products Partners L.P.), 6.500%, 1-31-19 .....		
	3,000	3,559
Schlumberger Investment S.A. (GTD by Schlumberger Ltd.), 1.950%, 9-14-16 (A) ....	1,000	1,023
		<u>4,582</u>
<b>Oil &amp; Gas Exploration &amp; Production – 3.5%</b>		
BP Capital Markets plc (GTD by BP plc), 2.241%, 9-26-18 .....		
	3,000	3,053
EOG Resources, Inc., 4.100%, 2-1-21 .....	1,000	1,089
EQT Corp., 8.125%, 6-1-19 .....	3,900	4,878
Marathon Oil Corp., 0.900%, 11-1-15 .....	2,000	2,007
Petrohawk Energy Corp., 7.250%, 8-15-18 .....	1,000	1,045
Plains Exploration & Production Co.: 6.125%, 6-15-19 .....		
	2,000	2,210
8.625%, 10-15-19 .....	1,500	1,605
		<u>15,887</u>

# SCHEDULE OF INVESTMENTS

## Limited-Term Bond (in thousands)

JUNE 30, 2014 (UNAUDITED)

### CORPORATE DEBT

#### SECURITIES (Continued)

	Principal	Value
<b>Oil &amp; Gas Storage &amp; Transportation – 1.5%</b>		
Copano Energy LLC and Copano Energy Finance Corp., 7.125%, 4-1-21 .....	\$ 995	\$ 1,127
DCP Midstream Operating L.P. (GTD by DCP Midstream Partners L.P.): 3.250%, 10-1-15 .....	1,500	1,541
2.700%, 4-1-19 .....	1,000	1,013
Kinder Morgan Energy Partners L.P., 5.950%, 2-15-18 .....	3,000	3,423
		<u>7,104</u>
<b>Other Diversified Financial Services – 2.4%</b>		
Citigroup, Inc., 2.550%, 4-8-19 .....	4,500	4,536
Daimler Finance North America LLC, 1.300%, 7-31-15 (A) ....	1,760	1,774
John Deere Capital Corp., 1.200%, 10-10-17 .....	1,000	997
JPMorgan Chase & Co., 6.000%, 1-15-18 .....	3,316	3,796
		<u>11,103</u>
<b>Pharmaceuticals – 2.6%</b>		
AbbVie, Inc., 1.200%, 11-6-15 .....	1,500	1,510
Merck Sharp & Dohme Corp., 5.000%, 6-30-19 .....	3,000	3,413
Mylan, Inc., 7.875%, 7-15-20 (A) ....	3,000	3,320
Roche Holdings, Inc., 6.000%, 3-1-19 (A) ....	3,040	3,571
		<u>11,814</u>
<b>Railroads – 0.7%</b>		
Union Pacific Corp., 2.250%, 2-15-19 .....	3,000	3,052
<b>Regional Banks – 0.8%</b>		
PNC Bank N.A., 1.300%, 10-3-16 .....	2,000	2,019
PNC Funding Corp. (GTD by PNC Financial Services Group, Inc.), 6.700%, 6-10-19 .....	1,447	1,750
		<u>3,769</u>
<b>Semiconductors – 0.2%</b>		
Broadcom Corp., 2.700%, 11-1-18 .....	1,000	1,035
<b>Soft Drinks – 1.0%</b>		
Bottling Group LLC, 5.125%, 1-15-19 .....	3,995	4,532
<b>Specialty Chemicals – 1.3%</b>		
Methanex Corp., 3.250%, 12-15-19 .....	5,500	5,630

### CORPORATE DEBT

#### SECURITIES (Continued)

	Principal	Value
<b>Systems Software – 2.1%</b>		
CA, Inc.: 6.125%, 12-1-14 .....	\$1,000	\$ 1,023
5.375%, 12-1-19 .....	3,000	3,372
Oracle Corp., 5.000%, 7-8-19 .....	4,350	4,960
		<u>9,355</u>
<b>Technology Hardware, Storage &amp; Peripherals – 0.7%</b>		
Apple, Inc., 2.100%, 5-6-19 .....	3,000	3,014
<b>Trucking – 1.3%</b>		
Penske Truck Leasing Co. L.P. and PTL Finance Corp., 3.125%, 5-11-15 (A) ..	4,000	4,086
Ryder System, Inc., 2.450%, 11-15-18 .....	2,000	2,037
		<u>6,123</u>
<b>Wireless Telecommunication Service – 1.7%</b>		
America Movil S.A.B. de C.V.: 2.375%, 9-8-16 .....	3,000	3,084
5.000%, 3-30-20 .....	1,000	1,109
American Tower Corp.: 7.000%, 10-15-17 .....	2,000	2,327
5.900%, 11-1-21 .....	1,000	1,153
Crown Castle International Corp., 5.250%, 1-15-23 .....	200	209
		<u>7,882</u>
<b>TOTAL CORPORATE DEBT SECURITIES – 77.2%</b>		<b>\$358,093</b>
(Cost: \$353,576)		
<b>UNITED STATES GOVERNMENT AGENCY OBLIGATIONS</b>		
<b>Agency Obligations – 2.3%</b>		
Federal National Mortgage Association: 2.000%, 12-30-15 .....	1,000	1,024
5.450%, 10-18-21 .....	4,640	5,115
Ukraine Government AID Bond, 1.844%, 5-16-19 .....	4,500	4,495
		<u>10,634</u>
<b>Mortgage-Backed Obligations – 13.2%</b>		
Federal Home Loan Mortgage Corp. Agency REMIC/CMO: 4.000%, 6-15-26 .....	4,723	5,102
2.500%, 12-15-41 .....	2,251	2,238
Federal Home Loan Mortgage Corp. Fixed Rate Participation Certificates, 4.000%, 1-1-27 .....	4,900	5,202

### UNITED STATES

#### GOVERNMENT AGENCY

#### OBLIGATIONS (Continued)

	Principal	Value
<b>Mortgage-Backed Obligations (Continued)</b>		
<b>Federal Home Loan Mortgage Corp. Fixed Rate Pass-Through Certificates:</b>		
3.000%, 8-1-28 .....	\$4,733	\$ 4,869
3.000%, 9-1-28 .....	4,683	4,829
3.500%, 10-1-28 .....	5,143	5,398
<b>Federal National Mortgage Association Agency REMIC/CMO:</b>		
3.000%, 2-25-25 .....	2,831	2,932
2.000%, 4-25-39 .....	1,731	1,685
4.000%, 5-25-39 .....	1,714	1,792
3.000%, 11-25-39 .....	436	447
<b>Federal National Mortgage Association Fixed Rate Pass-Through Certificates:</b>		
4.580%, 6-1-19 .....	3,708	4,138
3.680%, 2-1-21 .....	1,742	1,831
4.375%, 6-1-21 .....	1,958	2,171
5.500%, 10-1-21 .....	1,291	1,400
5.500%, 11-1-22 .....	477	517
5.000%, 4-1-24 .....	380	423
3.000%, 7-1-28 .....	4,666	4,818
3.000%, 9-1-28 .....	2,517	2,590
4.000%, 12-1-31 .....	4,083	4,389
<b>Government National Mortgage Association Agency REMIC/CMO:</b>		
2.500%, 9-20-40 .....	2,131	2,155
2.000%, 3-16-42 .....	2,237	2,194
		<u>61,120</u>
<b>TOTAL UNITED STATES GOVERNMENT AGENCY OBLIGATIONS – 15.5%</b>		<b>\$71,754</b>
(Cost: \$71,538)		
<b>UNITED STATES GOVERNMENT OBLIGATIONS</b>		
<b>Treasury Obligations – 1.1%</b>		
U.S. Treasury Notes, 0.750%, 10-31-17 (B) ...	5,000	4,950
<b>TOTAL UNITED STATES GOVERNMENT OBLIGATIONS – 1.1%</b>		<b>\$ 4,950</b>
(Cost: \$5,007)		
<b>SHORT-TERM SECURITIES</b>		
<b>Commercial Paper – 4.7%</b>		
BMW U.S. Capital LLC (GTD by BMW AG), 0.090%, 7-14-14 (C) ...	3,000	3,000
Diageo Capital plc (GTD by Diageo plc), 0.250%, 7-2-14 (C) ....	2,000	2,000

# SCHEDULE OF INVESTMENTS

## Limited-Term Bond *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

### SHORT-TERM SECURITIES (Continued)

	Principal	Value
Commercial Paper (Continued)		
DTE Energy Co. (GTD by Detroit Edison Co.), 0.180%, 7-2-14 (C) . . . .	\$4,000	\$4,000
Exxon Mobil Corp., 0.060%, 7-10-14 (C) . . . .	4,000	4,000
Procter & Gamble Co. (The), 0.060%, 7-14-14 (C) . . . .	4,000	4,000

### SHORT-TERM SECURITIES (Continued)

	Principal	Value
Commercial Paper (Continued)		
United Technologies Corp., 0.070%, 7-1-14 (C) . . . .	\$4,571	\$ 4,571
		<u>21,571</u>
Master Note – 0.6%		
Toyota Motor Credit Corp., 0.104%, 7-2-14 (D) . . . .	2,782	<u>2,782</u>

### SHORT-TERM SECURITIES (Continued)

	Value
<b>TOTAL SHORT-TERM SECURITIES – 5.3%</b>	<b>\$ 24,353</b>
(Cost: \$24,353)	
<b>TOTAL INVESTMENT SECURITIES – 99.1%</b>	<b>\$459,150</b>
(Cost: \$454,474)	
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.9%</b>	<b>4,032</b>
<b>NET ASSETS – 100.0%</b>	<b>\$463,182</b>

### 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, 2014, the total value of these securities amounted to \$52,236 or 11.3% of net assets.

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

(C)Rate shown is the yield to maturity at June 30, 2014.

(D)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. Date shown represents the date that the variable rate resets.

The following futures contracts were outstanding at June 30, 2014 (contracts unrounded):

Description	Type	Expiration Date	Number of Contracts	Market Value	Unrealized Appreciation (Depreciation)
U.S. 10-Year Treasury Note . . . . .	Short	9-30-14	156	\$ (19,527)	\$ (9)
U.S. 2-Year Treasury Note . . . . .	Short	10-3-14	159	(34,915)	20
U.S. 5-Year Treasury Note . . . . .	Short	10-3-14	793	(94,733)	113
				<u>\$(149,175)</u>	<u>\$124</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, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Corporate Debt Securities . . . . .	\$ —	\$358,093	\$—
United States Government Agency Obligations . . . . .	—	71,754	—
United States Government Obligations . . . . .	—	4,950	—
Short-Term Securities . . . . .	—	24,353	—
Total . . . . .	<u>\$ —</u>	<u>\$459,150</u>	<u>\$—</u>
Futures Contracts . . . . .	<u>\$133</u>	<u>\$ —</u>	<u>\$—</u>
<b>Liabilities</b>			
Futures Contracts . . . . .	<u>\$ 9</u>	<u>\$ —</u>	<u>\$—</u>

As of June 30, 2014, there were no transfers between Level 1 and 2 during the period.

The following acronyms are used throughout this schedule:

AID = Agency International Development

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, 2014 (UNAUDITED)

### Asset Allocation

<b>Stocks</b>	<b>97.1%</b>
Health Care	27.6%
Information Technology	19.7%
Consumer Discretionary	16.0%
Industrials	12.7%
Energy	8.7%
Financials	6.9%
Consumer Staples	3.2%
Telecommunication Services	2.3%
<b>Cash and Cash Equivalents</b>	<b>2.9%</b>

### Top 10 Equity Holdings

Company	Sector
Basic Energy Services, Inc.	Energy
Enanta Pharmaceuticals, Inc.	Health Care
RigNet, Inc.	Energy
Repligen Corp.	Health Care
Callidus Software, Inc.	Information Technology
Aerie Pharmaceuticals, Inc.	Health Care
Rentrak Corp.	Consumer Discretionary
Quidel Corp.	Health Care
Move, Inc.	Information Technology
Spectranetics Corp. (The)	Health Care

*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, 2014 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Alternative Carriers – 0.8%</b>		
inContact, Inc. (A) . . . . .	71	\$ 654
<b>Apparel, Accessories &amp; Luxury Goods – 1.4%</b>		
Movado Group, Inc. . . . .	25	1,046
<b>Application Software – 3.2%</b>		
Callidus Software, Inc. (A) . . . .	108	1,293
Datawatch Corp. (A) . . . . .	27	396
Materialise N.V. ADR (A) . . . . .	33	380
Sapiens International Corp. N.V. (A) . . . . .	42	339
		<u>2,408</u>
<b>Asset Management &amp; Custody Banks – 1.9%</b>		
Hannon Armstrong Sustainable Infrastructure Capital, Inc. . . . .	42	599
Internet Capital Group, Inc. (A) . . . . .	39	803
		<u>1,402</u>
<b>Biotechnology – 10.9%</b>		
Accelaron Pharma, Inc. (A) . . . .	15	506
Ardelyx, Inc. (A) . . . . .	34	538
Argos Therapeutics, Inc. (A) . . . .	42	337
Cara Therapeutics, Inc. (A) . . . .	53	900
Concert Pharmaceuticals, Inc. (A) . . . . .	51	513
Enanta Pharmaceuticals, Inc. (A) . . . . .	36	1,530
KaloBios Pharmaceuticals, Inc. (A) . . . . .	53	120
NewLink Genetics Corp. (A) . . . .	24	627
Repligen Corp. (A) . . . . .	61	1,392
Synergy Pharmaceuticals, Inc. (A) . . . . .	77	313
Vanda Pharmaceuticals, Inc. (A) . . . . .	58	943
Verastem, Inc. (A) . . . . .	53	484
		<u>8,203</u>
<b>Broadcasting – 0.6%</b>		
Entravision Communications Corp. . . . .	77	480
<b>Building Products – 2.7%</b>		
Builders FirstSource, Inc. (A) . . .	125	934
NCI Building Systems, Inc. (A) . . . . .	54	1,052
		<u>1,986</u>
<b>Casinos &amp; Gaming – 1.4%</b>		
Multimedia Games Holding Co., Inc. (A) . . . . .	35	1,049
<b>Communications Equipment – 2.5%</b>		
Applied Optoelectronics, Inc. (A) . . . . .	33	756
Ruckus Wireless, Inc. (A) . . . . .	53	629
ShoreTel, Inc. (A) . . . . .	75	490
		<u>1,875</u>
<b>Construction &amp; Engineering – 0.8%</b>		
Orion Marine Group, Inc. (A) . . . . .	59	634

COMMON STOCKS (Continued)	Shares	Value
<b>Construction Machinery &amp; Heavy Trucks – 1.6%</b>		
Commercial Vehicle Group, Inc. (A) . . . . .	31	\$ 308
Wabash National Corp. (A) . . . .	63	899
		<u>1,207</u>
<b>Diversified Banks – 0.9%</b>		
Square 1 Financial, Inc., Class A (A) . . . . .	37	700
<b>Education Services – 0.5%</b>		
2U, Inc. (A) . . . . .	24	397
<b>Electrical Components &amp; Equipment – 1.4%</b>		
LSI Industries, Inc. . . . .	40	320
Orion Energy Systems, Inc. (A) . . . . .	85	344
TCP International Holdings Ltd. (A) . . . . .	41	424
		<u>1,088</u>
<b>Electronic Equipment &amp; Instruments – 0.8%</b>		
CUI Global, Inc. (A) . . . . .	69	580
<b>Food Distributors – 0.6%</b>		
Chefs' Warehouse Holdings LLC (The) (A) . . . . .	23	451
<b>Food Retail – 1.0%</b>		
Natural Grocers by Vitamin Cottage, Inc. (A) . . . . .	34	726
<b>Health Care Equipment – 5.7%</b>		
Cardiovascular Systems, Inc. (A) . . . . .	30	943
Cynosure, Inc., Class A (A) . . . .	29	606
K2M Group Holdings, Inc. (A) . . . . .	35	516
Oxford Immunotec Global plc (A) . . . . .	42	702
Rockwell Medical, Inc. (A) . . . .	55	661
Sunshine Heart, Inc. (A) . . . . .	59	333
Veracyte, Inc. (A) . . . . .	32	546
		<u>4,307</u>
<b>Health Care Facilities – 1.0%</b>		
Surgical Care Affiliates, Inc. (A) . . . . .	26	753
<b>Health Care Supplies – 3.5%</b>		
Quidel Corp. (A) . . . . .	52	1,157
Spectranetics Corp. (The) (A) . . . . .	48	1,091
TearLab Corp. (A) . . . . .	76	368
		<u>2,616</u>
<b>Health Care Technology – 1.4%</b>		
HealthStream, Inc. (A) . . . . .	23	554
Imprivata, Inc. (A) . . . . .	32	531
		<u>1,085</u>
<b>Home Entertainment Software – 0.6%</b>		
Glu Mobile, Inc. (A) . . . . .	89	445

COMMON STOCKS (Continued)	Shares	Value
<b>Homebuilding – 0.8%</b>		
M/I Homes, Inc. (A) . . . . .	25	\$ 607
<b>Homefurnishing Retail – 0.7%</b>		
Kirkland's, Inc. (A) . . . . .	30	560
<b>Integrated Telecommunication Services – 0.7%</b>		
Global Telecom & Technology, Inc. (A) . . . . .	50	507
<b>Internet Retail – 0.7%</b>		
RetailMeNot, Inc., Series 1 (A) . . . . .	20	522
<b>Internet Software &amp; Services – 7.3%</b>		
Amber Road, Inc. (A) . . . . .	54	873
Boingo Wireless, Inc. (A) . . . . .	40	276
Borderfree, Inc. (A) . . . . .	41	681
ChannelAdvisor Corp. (A) . . . . .	19	488
Marchex, Inc., Class B . . . . .	66	791
Move, Inc. (A) . . . . .	74	1,096
Q2 Holdings, Inc. (A) . . . . .	26	372
SPS Commerce, Inc. (A) . . . . .	16	1,011
		<u>5,588</u>
<b>Investment Banking &amp; Brokerage – 0.9%</b>		
Marcus & Millichap, Inc. (A) . . .	28	704
<b>IT Consulting &amp; Other Services – 1.0%</b>		
Virtusa Corp. (A) . . . . .	20	730
<b>Leisure Products – 3.6%</b>		
Arctic Cat, Inc. . . . .	21	824
Black Diamond, Inc. (A) . . . . .	34	379
Malibu Boats, Inc., Class A (A) . . . . .	36	716
Nautilus Group, Inc. (The) (A) . . . . .	69	767
		<u>2,686</u>
<b>Marine – 0.7%</b>		
Baltic Trading Ltd. . . . .	91	543
<b>Movies &amp; Entertainment – 1.6%</b>		
Rentrak Corp. (A) . . . . .	23	1,185
<b>Office REITs – 0.6%</b>		
City Office REIT, Inc. . . . .	35	449
<b>Office Services &amp; Supplies – 1.8%</b>		
ARC Document Solutions, Inc. (A) . . . . .	111	653
CyrusOne, Inc. . . . .	30	739
		<u>1,392</u>
<b>Oil &amp; Gas Drilling – 1.3%</b>		
Pioneer Drilling Co. (A) . . . . .	57	1,000
<b>Oil &amp; Gas Equipment &amp; Services – 5.7%</b>		
Basic Energy Services, Inc. (A) . .	64	1,855
RigNet, Inc. (A) . . . . .	27	1,459
Willbros Group, Inc. (A) . . . . .	76	941
		<u>4,255</u>



# SCHEDULE OF INVESTMENTS

## Micro Cap Growth *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

### COMMON STOCKS

(Continued)

	Shares	Value
<b>Oil &amp; Gas Exploration &amp; Production – 1.7%</b>		
Emerald Oil, Inc. (A) . . . . .	99	\$ 757
Triangle Petroleum Corp. (A) . . . . .	43	508
		<u>1,265</u>
<b>Packaged Foods &amp; Meats – 0.6%</b>		
Inventure Foods, Inc. (A) . . . . .	39	442
<b>Personal Products – 1.0%</b>		
Inter Parfums, Inc. . . . .	27	800
<b>Pharmaceuticals – 5.1%</b>		
Aerie Pharmaceuticals, Inc. (A) . . . . .	48	1,194
Intra-Cellular Therapies, Inc. (A) . . . . .	32	546
Pernix Therapeutics Holdings, Inc. (A) . . . . .	101	909
XenoPort, Inc. (A) . . . . .	89	430
ZS Pharma, Inc. (A) . . . . .	26	742
		<u>3,821</u>
<b>Regional Banks – 1.0%</b>		
TriState Capital Holdings, Inc. (A) . . . . .	54	766
<b>Restaurants – 4.7%</b>		
Chuy's Holdings, Inc. (A) . . . . .	23	831
Del Frisco's Restaurant Group, Inc. (A) . . . . .	32	877
Red Robin Gourmet Burgers, Inc. (A) . . . . .	10	705
Ruth's Hospitality Group, Inc. . . . .	39	482
Zoe's Kitchen, Inc. (A) . . . . .	19	646
		<u>3,541</u>

### COMMON STOCKS

(Continued)

	Shares	Value
<b>Semiconductor Equipment – 1.1%</b>		
Nanometrics, Inc. (A) . . . . .	27	\$ 491
Ultra Clean Holdings, Inc. (A) . . . . .	38	347
		<u>838</u>
<b>Semiconductors – 0.6%</b>		
Exar Corp. (A) . . . . .	37	415
<b>Specialized REITs – 1.0%</b>		
Ashford Hospitality Prime, Inc. . . . .	42	717
<b>Systems Software – 2.1%</b>		
A10 Networks, Inc. (A) . . . . .	43	571
Gigamon, Inc. (A) . . . . .	19	362
Mavenir Systems, Inc. (A) . . . . .	43	648
		<u>1,581</u>
<b>Technology Hardware, Storage &amp; Peripherals – 0.5%</b>		
Datalink Corp. (A) . . . . .	40	398
<b>Thriffs &amp; Mortgage Finance – 0.6%</b>		
PennyMac Financial Services, Inc., Class A (A) . . . . .	29	441
<b>Trading Companies &amp; Distributors – 1.1%</b>		
Stock Building Supply Holdings, Inc. (A) . . . . .	42	823
<b>Trucking – 2.6%</b>		
Celadon Group, Inc. . . . .	33	692
Marten Transport Ltd. . . . .	28	634
Roadrunner Transportation Systems, Inc. (A) . . . . .	22	607
		<u>1,933</u>

### COMMON STOCKS

(Continued)

	Shares	Value
<b>Wireless Telecommunication Service – 0.8%</b>		
RingCentral, Inc., Class A (A) . . . . .	38	\$ 581
<b>TOTAL COMMON STOCKS – 97.1%</b>		<b>\$73,182</b>
(Cost: \$56,890)		
<b>SHORT-TERM SECURITIES</b>	<b>Principal</b>	
<b>Master Note – 2.5%</b>		
Toyota Motor Credit Corp., 0.104%, 7-2-14 (B) . . . . .	\$1,908	1,908
<b>TOTAL SHORT-TERM SECURITIES – 2.5%</b>		<b>\$ 1,908</b>
(Cost: \$1,908)		
<b>TOTAL INVESTMENT SECURITIES – 99.6%</b>		<b>\$75,090</b>
(Cost: \$58,798)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.4%</b>		<b>278</b>
<b>NET ASSETS – 100.0%</b>		<b>\$75,368</b>

### Notes to Schedule of Investments

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

(B)Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. 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, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks . . . . .	\$73,182	\$ —	\$—
Short-Term Securities . . . . .	—	1,908	—
Total . . . . .	\$73,182	\$1,908	\$—

As of June 30, 2014, there were no transfers between Level 1 and 2 during the period.

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts  
REIT = Real Estate Investment Trust

See Accompanying Notes to Financial Statements.

# PORTFOLIO HIGHLIGHTS

## Mid Cap Growth

ALL DATA IS AS OF JUNE 30, 2014 (UNAUDITED)

### Asset Allocation

<b>Stocks</b>	<b>95.6%</b>
Consumer Discretionary	22.2%
Information Technology	19.7%
Industrials	17.2%
Health Care	15.0%
Financials	8.2%
Energy	6.4%
Consumer Staples	5.9%
Materials	1.0%
<b>Purchased Options</b>	<b>0.1%</b>
<b>Cash and Cash Equivalents</b>	<b>4.3%</b>

### Top 10 Equity Holdings

Company	Sector
Electronic Arts, Inc.	Information Technology
Northern Trust Corp.	Financials
Fastenal Co.	Industrials
Microchip Technology, Inc.	Information Technology
Signature Bank	Financials
Mead Johnson Nutrition Co.	Consumer Staples
Expeditors International of Washington, Inc.	Industrials
Varian Medical Systems, Inc.	Health Care
Pandora Media, Inc.	Information Technology
Vantiv, Inc., Class A	Information Technology

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, 2014 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Air Freight &amp; Logistics – 2.1%</b>		
Expeditors International of Washington, Inc. ....	219	\$ 9,686
<b>Apparel Retail – 5.3%</b>		
DSW, Inc., Class A .....	135	3,762
Limited Brands, Inc. ....	94	5,529
Ross Stores, Inc. ....	121	7,977
Urban Outfitters, Inc. (A) ....	199	6,733
		<u>24,001</u>
<b>Apparel, Accessories &amp; Luxury Goods – 2.5%</b>		
Burberry Group plc (B) .....	213	5,406
Carter's, Inc. ....	86	5,931
		<u>11,337</u>
<b>Application Software – 2.3%</b>		
ANSYS, Inc. (A) .....	68	5,141
Solera Holdings, Inc. ....	79	5,337
		<u>10,478</u>
<b>Asset Management &amp; Custody Banks – 3.1%</b>		
Northern Trust Corp. ....	174	11,182
Oaktree Capital Group LLC ..	56	2,807
		<u>13,989</u>
<b>Auto Parts &amp; Equipment – 1.4%</b>		
Gentex Corp. ....	210	6,107
<b>Biotechnology – 4.1%</b>		
ACADIA Pharmaceuticals, Inc. (A) .....	80	1,807
Alkermes plc (A) .....	92	4,619
BioMarin Pharmaceutical, Inc. (A) .....	76	4,716
Incyte Corp. (A) .....	44	2,463
Medivation, Inc. (A) .....	66	5,066
		<u>18,671</u>
<b>Building Products – 1.9%</b>		
Fortune Brands Home & Security, Inc. ....	214	8,551
<b>Communications Equipment – 2.2%</b>		
Aruba Networks, Inc. (A) ....	150	2,622
F5 Networks, Inc. (A) .....	66	7,355
		<u>9,977</u>
<b>Construction &amp; Engineering – 1.0%</b>		
Jacobs Engineering Group, Inc. (A) .....	83	4,424
<b>Construction Machinery &amp; Heavy Trucks – 2.5%</b>		
Allison Transmission Holdings, Inc. ....	153	4,768
Joy Global, Inc. ....	106	6,552
		<u>11,320</u>
<b>Data Processing &amp; Outsourced Services – 3.6%</b>		
Alliance Data Systems Corp. (A) .....	13	3,519

COMMON STOCKS (Continued)	Shares	Value
<b>Data Processing &amp; Outsourced Services (Continued)</b>		
Sabre Corp. (A) .....	171	\$ 3,427
Vantiv, Inc., Class A (A) ....	276	9,285
		<u>16,231</u>
<b>Department Stores – 1.5%</b>		
Nordstrom, Inc. ....	98	6,671
<b>Distillers &amp; Vintners – 1.0%</b>		
Brown-Forman Corp., Class B .....	48	4,493
<b>Distributors – 1.9%</b>		
LKQ Corp. (A) .....	317	8,451
<b>Electrical Components &amp; Equipment – 1.7%</b>		
Polypore International, Inc. (A) .....	160	7,642
<b>Electronic Equipment &amp; Instruments – 1.1%</b>		
FLIR Systems, Inc. ....	136	4,737
<b>Environmental &amp; Facilities Services – 1.3%</b>		
Stericycle, Inc. (A) .....	49	5,828
<b>Fertilizers &amp; Agricultural Chemicals – 1.0%</b>		
Scotts Miracle-Gro Co. (The) .....	76	4,296
<b>Health Care Distributors – 1.4%</b>		
Henry Schein, Inc. (A) .....	53	6,266
<b>Health Care Equipment – 3.6%</b>		
Intuitive Surgical, Inc. (A) ....	16	6,754
Varian Medical Systems, Inc. (A) .....	113	9,403
		<u>16,157</u>
<b>Health Care Facilities – 0.8%</b>		
Acadia Healthcare Co., Inc. (A) .....	80	3,647
<b>Health Care Services – 0.6%</b>		
Premier, Inc. (A) .....	90	2,600
<b>Health Care Supplies – 2.8%</b>		
Align Technology, Inc. (A) ...	110	6,169
DENTSPLY International, Inc. ....	138	6,522
		<u>12,691</u>
<b>Home Entertainment Software – 2.5%</b>		
Electronic Arts, Inc. (A) ....	319	11,426
<b>Hotels, Resorts &amp; Cruise Lines – 1.4%</b>		
Norwegian Cruise Line Holdings Ltd. (A) .....	200	6,338
<b>Industrial Machinery – 1.9%</b>		
Flowserve Corp. ....	116	8,622

COMMON STOCKS (Continued)	Shares	Value
<b>Internet Retail – 0.9%</b>		
HomeAway, Inc. (A) .....	111	\$ 3,877
<b>Internet Software &amp; Services – 3.2%</b>		
Pandora Media, Inc. (A) ....	318	9,388
WebMD Health Corp., Class A (A) .....	104	5,035
		<u>14,423</u>
<b>IT Consulting &amp; Other Services – 1.4%</b>		
Teradata Corp. (A) .....	156	6,259
<b>Leisure Products – 1.9%</b>		
Mattel, Inc. ....	224	8,741
<b>Managed Health Care – 1.2%</b>		
Humana, Inc. ....	42	5,371
<b>Oil &amp; Gas Equipment &amp; Services – 1.1%</b>		
Dril-Quip, Inc. (A) .....	47	5,156
<b>Oil &amp; Gas Exploration &amp; Production – 5.3%</b>		
Cabot Oil & Gas Corp. ....	160	5,470
Continental Resources, Inc. (A) .....	57	9,080
Oasis Petroleum LLC (A) ....	46	2,595
Southwestern Energy Co. (A) .....	147	6,664
		<u>23,809</u>
<b>Packaged Foods &amp; Meats – 3.9%</b>		
Hain Celestial Group, Inc. (The) (A) .....	88	7,804
Mead Johnson Nutrition Co. ....	104	9,704
		<u>17,508</u>
<b>Personal Products – 1.0%</b>		
Coty, Inc., Class A .....	256	4,379
<b>Pharmaceuticals – 0.5%</b>		
Zoetis, Inc. ....	70	2,259
<b>Regional Banks – 5.1%</b>		
First Republic Bank .....	167	9,186
Signature Bank (A) .....	80	10,139
UMB Financial Corp. ....	58	3,698
		<u>23,023</u>
<b>Research &amp; Consulting Services – 2.4%</b>		
CoStar Group, Inc. (A) .....	25	4,030
Verisk Analytics, Inc., Class A (A) .....	111	6,635
		<u>10,665</u>
<b>Restaurants – 2.8%</b>		
Dunkin' Brands Group, Inc. ....	174	7,978
Panera Bread Co., Class A (A) .....	31	4,615
		<u>12,593</u>

# SCHEDULE OF INVESTMENTS

## Mid Cap Growth *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

COMMON STOCKS (Continued)			PURCHASED OPTIONS (Continued)			SHORT-TERM SECURITIES		
	Shares	Value		Number of Contracts (Unrounded)	Value		Principal	Value
Semiconductors – 2.3%			Consumer Discretionary			Commercial Paper – 3.7%		
Microchip			Select Sector SPDR			BMW U.S. Capital LLC		
Technology,			Fund (Continued)			(GTD by BMW AG),		
Inc. ....			Put \$65.00, Expires			0.090%, 7-14-14 (C) ...		
215			7-18-14, OTC			\$2,000		
\$ 10,516			(Ctrpty: Credit Suisse			DTE Energy Co. (GTD by		
			(USA), Inc.) ....			Detroit Edison Co.),		
Specialty Stores – 2.6%			NASDAQ 100 Index,			0.180%, 7-2-14 (C) ...		
Tiffany & Co. ....			Put \$3,710.00, Expires			0.080%, 7-16-14 (C) ...		
48			7-18-14 ....			6,565		
4,802			Russell 2000 Index,			United Technologies		
Ultra Salon,			Put \$1,150.00, Expires			Corp.,		
Cosmetics &			7-18-14, OTC			0.070%, 7-1-14 (C) ...		
Fragrance,			(Ctrpty: Societe			4,300		
Inc. (A) ....			Generale Bank) ....			16,865		
77			SPDR S&P MIDCAP 400			Master Note – 0.5%		
11,850			ETF Trust:			Toyota Motor Credit		
Systems Software – 1.1%			Put \$250.00, Expires			Corp.,		
ServiceNow,			7-18-14, OTC			0.104%, 7-2-14 (D) ..		
Inc. (A) ....			(Ctrpty: Deutsche			2,275		
79			Bank AG) ....			TOTAL SHORT-TERM		
4,901			Put \$255.00, Expires			SECURITIES – 4.2%		
Trading Companies & Distributors – 2.4%			7-18-14, OTC			\$ 19,140		
Fastenal Co. ....			(Ctrpty: Deutsche			(Cost: \$19,140)		
220			Bank AG) ....			TOTAL INVESTMENT		
10,881			870			SECURITIES – 99.9%		
TOTAL COMMON			870			\$450,300		
STOCKS – 95.6%			85			(Cost: \$380,396)		
\$430,848			TOTAL PURCHASED			CASH AND OTHER ASSETS,		
(Cost: \$360,161)			OPTIONS – 0.1%			NET OF LIABILITIES – 0.1%		
			\$312			475		
			(Cost: \$1,095)			NET ASSETS – 100.0%		
						\$450,775		

# SCHEDULE OF INVESTMENTS

## Mid Cap Growth *(in thousands)*

JUNE 30, 2014 (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, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks	\$430,848	\$ —	\$—
Purchased Options	15	297	—
Short-Term Securities	—	19,140	—
Total	<u>\$430,863</u>	<u>\$19,437</u>	<u>\$—</u>
<b>Liabilities</b>			
Written Options	\$ —	\$ 7	\$—

As of June 30, 2014, there were no transfers between Level 1 and 2 during the period.

The following acronyms are used throughout this schedule:

GTD = Guaranteed

OTC = Over the Counter

See Accompanying Notes to Financial Statements.

## PORTFOLIO HIGHLIGHTS

### Money Market

ALL DATA IS AS OF JUNE 30, 2014 (UNAUDITED)

#### Asset Allocation

<b>Corporate Obligations</b>	<b>74.3%</b>
Commercial Paper	34.5%
Notes	24.3%
Certificate Of Deposit	13.3%
Master Note	2.2%
<b>Municipal Obligations</b>	<b>22.6%</b>
United States Government and Government Agency Obligations	2.7%
Cash and Other Assets, Net of Liabilities	0.4%

# SCHEDULE OF INVESTMENTS

## Money Market *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

### CORPORATE OBLIGATIONS

Principal Value

Certificate Of Deposit		
Banco del Estado de Chile:		
0.200%, 7-16-14 . . . . .	\$ 6,500	\$ 6,500
0.220%, 9-3-14 . . . . .	2,000	2,000
0.190%, 9-24-14 . . . . .	7,700	7,700
0.190%, 9-29-14 . . . . .	2,500	2,500
Bank of America N.A.:		
0.210%, 7-15-14 . . . . .	17,200	17,200
0.170%, 8-20-14 . . . . .	14,000	14,000
0.200%, 9-24-14 . . . . .	5,700	5,700
Citibank N.A.:		
0.160%, 8-14-14 . . . . .	13,700	13,700
0.170%, 9-4-14 . . . . .	14,500	14,500
0.170%, 10-1-14 . . . . .	5,000	5,000
JPMorgan Chase Bank N.A.,		
0.350%, 2-3-15 . . . . .	4,000	4,000
Toyota Motor Credit Corp.,		
0.200%, 7-25-14 (A) . .	8,000	8,000

**Total Certificate Of Deposit – 13.3% 100,800**

### Commercial Paper

Anheuser-Busch InBev Worldwide, Inc. (GTD by AB INBEV/BBR/COB):		
0.110%, 9-2-14 (B) . . . .	6,514	6,513
0.150%, 9-3-14 (B) . . . .	3,000	2,999
Army & Air Force Exchange Service:		
0.090%, 7-16-14 (B) . . .	1,800	1,800
0.110%, 8-18-14 (B) . . .	4,000	3,999
Bank of Nova Scotia (The),		
0.140%, 7-1-14 (B) . . . .	7,300	7,300
BMW U.S. Capital LLC (GTD by BMW AG),		
0.110%, 8-12-14 (B) . . .	4,850	4,849
COFCO Capital Corp. (GTD by Rabobank Nederland),		
0.170%, 7-15-14 (B) . . .	15,000	14,999
Corporacion Andina de Fomento:		
0.170%, 7-1-14 (B) . . . .	8,500	8,500
0.130%, 8-18-14 (B) . . .	1,500	1,500
0.140%, 8-25-14 (B) . . .	4,000	3,999
0.150%, 9-10-14 (B) . . .	6,000	5,998
Danaher Corp.,		
0.090%, 7-9-14 (B) . . . .	5,000	5,000
Essilor International S.A.:		
0.130%, 8-18-14 (B) . . .	10,000	9,998
0.130%, 9-15-14 (B) . . .	14,000	13,996
GlaxoSmithKline Finance plc (GTD by GlaxoSmithKline plc):		
0.170%, 9-3-14 (B) . . . .	16,700	16,696
0.200%, 10-2-14 (B) . . .	3,500	3,499
ICICI Bank Ltd. (GTD by Wells Fargo Bank N.A.):		
0.190%, 7-22-14 (B) . . .	4,500	4,499
0.180%, 7-28-14 (B) . . .	7,000	6,999
0.190%, 7-28-14 (B) . . .	9,400	9,399
0.190%, 9-25-14 (B) . . .	13,000	12,994

### CORPORATE OBLIGATIONS

(Continued)

Principal Value

Commercial Paper (Continued)		
Nestle Finance International Ltd. (GTD by Nestle S.A.),		
0.090%, 7-16-14 (B) . . .	\$ 2,000	\$ 2,000
River Fuel Co. #2, Inc. (GTD by Bank of Nova Scotia),		
0.170%, 7-15-14 (B) . . .	6,300	6,300
River Fuel Funding Co. #3, Inc. (GTD by Bank of Nova Scotia),		
0.190%, 7-31-14 (B) . . .	25,500	25,496
River Fuel Trust #1 (GTD by Bank of Nova Scotia),		
0.170%, 7-1-14 (B) . . . .	5,561	5,561
St. Jude Medical, Inc.:		
0.180%, 7-25-14 (B) . . .	3,000	2,999
0.250%, 8-25-14 (B) . . .	6,000	5,998
0.210%, 8-28-14 (B) . . .	15,500	15,495
0.230%, 9-4-14 (B) . . . .	8,100	8,097
0.250%, 12-17-14 (B) . .	4,600	4,595
Total Capital Canada Ltd. (GTD by Total S.A.),		
0.100%, 7-10-14 (B) . . .	4,500	4,500
Unilever N.V. (GTD by Unilever plc),		
0.180%, 9-8-14 (B) . . . .	4,400	4,399
United Technologies Corp.,		
0.070%, 7-1-14 (B) . . . .	6,314	6,314
USAA Capital Corp.,		
1.050%, 9-30-14 (B) . . .	1,500	1,503
Wisconsin Electric Power Co.,		
0.180%, 7-8-14 (B) . . . .	10,180	10,180
Wisconsin Gas LLC,		
0.110%, 7-10-14 (B) . . .	12,122	12,122
<b>Total Commercial Paper – 34.5% 261,095</b>		

### Master Note

Toyota Motor Credit Corp.,		
0.104%, 7-2-14 (A) . . . .	16,661	16,661

**Total Master Note – 2.2% 16,661**

### Notes

American Honda Finance Corp.:		
0.230%, 9-10-14 (A) . . .	1,300	1,300
0.230%, 9-12-14 (A) . . .	16,600	16,600
1.850%, 9-19-14 . . . . .	3,000	3,009
3.500%, 3-16-15 . . . . .	738	755
American Honda Finance Corp. (GTD by Honda Motor Co.),		
0.246%, 7-17-14 (A) . . .	7,300	7,300
Anheuser-Busch InBev Worldwide, Inc. (GTD by AB INBEV/BBR/COB):		
0.590%, 7-14-14 (A) . . .	9,004	9,005
1.500%, 7-14-14 . . . . .	10,000	10,005

### CORPORATE OBLIGATIONS

(Continued)

Principal Value

Notes (Continued)		
Banco del Estado de Chile:		
0.340%, 7-1-14 (A) . . . .	\$ 4,500	\$ 4,500
0.360%, 7-24-14 (A) . . .	10,000	10,000
0.370%, 9-21-14 (A) . . .	4,000	4,000
Bank of Nova Scotia (The):		
0.250%, 7-1-14 (A) . . . .	5,550	5,550
0.220%, 7-23-14 (A) . . .	10,000	10,000
0.220%, 7-23-14 (A) . . .	4,400	4,400
3.400%, 1-22-15 . . . . .	5,000	5,086
Baxter International, Inc.,		
0.400%, 9-11-14 (A) . . .	6,400	6,404
BHP Billiton Finance (USA) Ltd.,		
1.000%, 2-24-15 . . . . .	2,000	2,009
BHP Billiton Finance (USA) Ltd. (GTD by BHP Billiton Ltd.),		
1.125%, 11-21-14 . . . . .	4,500	4,514
Caterpillar Financial Services Corp.,		
1.125%, 12-15-14 . . . . .	1,060	1,064
Caterpillar, Inc.,		
0.950%, 6-26-15 . . . . .	2,400	2,415
Colgate-Palmolive Co.,		
0.600%, 11-15-14 . . . . .	1,950	1,953
General Electric Capital Corp.:		
0.620%, 7-1-14 (A) . . . .	1,400	1,404
1.000%, 7-30-14 (A) . . .	1,550	1,556
2.150%, 1-9-15 . . . . .	500	505
John Deere Capital Corp.,		
0.330%, 7-8-14 (A) . . . .	900	900
Johnson City, TN Hlth and Edu Fac, Hosp Rev Bonds (Mountain States Hlth Alliance), Ser 2013A (GTD by U.S. Bank N.A.),		
0.050%, 7-7-14 (A) . . . .	5,500	5,500
JPMorgan Chase & Co.:		
0.310%, 7-21-14 (A) . . . .	1,650	1,650
0.350%, 9-8-14 (A) . . . .	4,750	4,750
NY State Hsng Fin Agcy, Riverside Ctr 2 Hsng Rev Bonds, Ser 2013A-2 (GTD by Bank of America N.A.),		
0.060%, 7-7-14 (A) . . . .	5,000	5,000
PACCAR Financial Corp.,		
1.550%, 9-29-14 . . . . .	4,000	4,013
Rabobank Nederland:		
0.250%, 7-13-14 (A) . . . .	7,300	7,300
0.300%, 8-12-14 (A) . . . .	5,000	5,000
SD Hlth and Edu Fac Auth, Var Rate Demand Rev Bonds (Sioux Vly Hosp and Hlth Sys), Ser 2001C (GTD by U.S. Bank N.A.),		
0.050%, 7-7-14 (A) . . . .	5,000	5,000
Target Corp.,		
0.400%, 7-18-14 (A) . . . .	7,550	7,551
Toyota Motor Credit Corp.,		
0.400%, 7-23-14 (A) . . . .	2,500	2,502

# SCHEDULE OF INVESTMENTS

## Money Market *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

### CORPORATE OBLIGATIONS (Continued)

	Principal	Value
Notes (Continued)		
Trap Rock Industries, Inc., Var Demand Bonds, Ser 2005 (GTD by Wachovia Bank N.A.), 0.150%, 7-7-14 (A) . . .	\$ 822	\$ 822
Wells Fargo & Co.: 3.750%, 10-1-14 . . . . .	5,800	5,848
1.250%, 2-13-15 . . . . .	4,000	4,022
Wells Fargo Bank N.A.: 0.320%, 7-21-14 (A) . .	3,000	3,000
0.280%, 9-10-14 (A) . .	3,500	3,500
0.320%, 9-15-14 (A) . .	4,500	4,500
<b>Total Notes – 24.3%</b>		<b>184,192</b>

### TOTAL CORPORATE OBLIGATIONS – 74.3%

**\$562,748**

(Cost: \$562,748)

### MUNICIPAL OBLIGATIONS

<b>California – 4.1%</b>		
CA Hlth Fac Fin Auth, Var Rate Hosp Rev Bonds (Adventist Hlth Sys/ West), Ser 1998B (GTD by Bank of America N.A.), 0.030%, 7-1-14 (A) . . .	900	900
CA Hlth Fac Fin Auth, Var Rate Rev Bonds (Scripps Health), Ser 2008E, 0.060%, 7-7-14 (A) . . .	5,300	5,300
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.), 0.020%, 7-1-14 (A) . . .	1,900	1,900
CA Muni Fin Auth, Recovery Zone Fac Bonds (Chevron USA, Inc. Proj), Ser 2010C (GTD by Chevron Corp.), 0.010%, 7-1-14 (A) . . .	4,314	4,314
CA Pollutn Ctl Fin Auth, Pollutn Ctl Rfdg Rev Bonds (Pacific Gas and Elec Co.), Ser C (GTD by JPMorgan Chase Bank N.A.), 0.010%, 7-1-14 (A) . . .	2,979	2,979
CA Statewide Cmnty Dev Auth, Multifam Hsng Rev Bonds (The Crossings Sr Apts/Phase I), Ser 2005 I (GTD by U.S. Government), 0.070%, 7-7-14 (A) . . .	8,700	8,700

### MUNICIPAL OBLIGATIONS (Continued)

	Principal	Value
<b>California (Continued)</b>		
CA Statewide Cmnty Dev Auth, Multifam Hsng Rev Bonds (Wyndover Apts), Ser 2004 LL (GTD by U.S. Government), 0.070%, 7-7-14 (A) . . . . .	\$2,232	\$ 2,232
Fremont (Alameda Cnty, CA), Fremont Public Fin Auth (GTD by U.S. Bank N.A.), 0.050%, 7-7-14 (A) . . . . .	5,000	5,000
		<u>31,325</u>
<b>Colorado – 1.4%</b>		
Castle Rock, CO, Cert of Part, Ser 2008 (GTD by Wells Fargo Bank N.A.), 0.080%, 7-7-14 (A) . . . . .	5,450	5,450
CO Hsng and Fin Auth, Multifam Hsng Rev Bonds (Greentree Vlg Apts Proj), Ser 2007 (GTD by U.S. Bank N.A.), 0.080%, 7-7-14 (A) . . . . .	3,110	3,110
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.), 0.050%, 7-7-14 (A) . . . . .	250	250
Sheridan Redev Agy CO Tax, Var Rfdg S Santa Fe Dr Corridor Redev PJ, Ser A-1 (GTD by JPMorgan Chase & Co.): 0.090%, 7-7-14 (A) . . . . .	1,500	1,500
0.100%, 7-7-14 (A) . . . . .	550	550
		<u>10,860</u>
<b>Florida – 0.4%</b>		
FL Muni Power Agy, All- Requirements Power Supply Proj Var Rate Demand Rfdg Rev Bonds, Ser 2008C (GTD by Bank of America N.A.), 0.050%, 7-1-14 (A) . . . . .	3,060	3,060
<b>Georgia – 3.0%</b>		
Dev Auth of Monroe Cty, Pollutn Ctl Rev Bonds (GA Power Co. Plant Scherer Proj), First Ser 2008 (GTD by Georgia Power Co.), 0.050%, 7-1-14 (A) . . . . .	2,275	2,275
Muni Elec Auth GA, Gen Resolution Proj Bond Anticipation Notes, Ser B (Taxable), 0.110%, 7-15-14 . . . . .	4,000	4,000

### MUNICIPAL OBLIGATIONS (Continued)

	Principal	Value
<b>Georgia (Continued)</b>		
Muni Elec Auth GA, Gen Resolution Proj Bond Anticipation Notes, Ser B (Taxable), (GTD by Wells Fargo Bank N.A.), 0.150%, 7-28-14 . . . . .	\$16,007	\$16,007
		<u>22,282</u>
<b>Illinois – 0.2%</b>		
Elmhurst, IL, Adj Demand Rev Bonds, Joint Comsn on Accred of Hlthcare Org (GTD by JPMorgan Chase Bank N.A.), 0.060%, 7-7-14 (A) . . . . .	640	640
IL Fin Auth, Var Rate Demand Rev Bonds (The Univ of Chicago Med Ctr), Ser D (GTD by JPMorgan Chase & Co.), 0.040%, 7-1-14 (A) . . . . .	1,000	1,000
		<u>1,640</u>
<b>Iowa – 0.2%</b>		
IA Fin Auth, Var Rate Demand Hlth Fac Rev Bonds (Great River Med Ctr Proj), Ser 2008 (GTD by Great River Medical Center), 0.050%, 7-1-14 (A) . . . . .	1,165	1,165
<b>Louisiana – 1.0%</b>		
LA Pub Fac Auth, Rev Bonds (Air Products and Chemicals Proj), Ser 2008A (GTD by Air Products and Chemicals, Inc.), 0.040%, 7-1-14 (A) . . . . .	3,941	3,941
LA Pub Fac Auth, Rev Bonds (Air Products and Chemicals Proj), Ser 2009A (GTD by Air Products and Chemicals, Inc.), 0.050%, 7-7-14 (A) . . . . .	2,350	2,350
Parish of St. Bernard, LA, Exempt Fac Rev Bonds (Mobil Oil Corp. Proj), Ser 1996 (GTD by Exxon Mobil Corp.), 0.040%, 7-1-14 (A) . . . . .	1,600	1,600
		<u>7,891</u>
<b>Maryland – 0.1%</b>		
MD Hlth and Higher Edu Fac Auth Rev Bonds, Anne Arundel Hlth Sys Issue, Ser 2009A (GTD by Toronto Dominion Bank), 0.120%, 7-7-14 (A) . . . . .	525	525

# SCHEDULE OF INVESTMENTS

## Money Market *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

### MUNICIPAL OBLIGATIONS (Continued)

Principal	Value
Michigan – 0.3%	
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)), 0.040%, 7-1-14 (A) . . . . .	\$ 1,900 \$ 1,900

#### Mississippi – 4.1%

MS Business Fin Corp., Gulf Opp Zone Indl Dev Rev Bonds (Chevron USA, Inc. Proj), Ser 2007B (GTD by Chevron Corp.), 0.020%, 7-1-14 (A) . . . . .	15,237	15,237
MS Business Fin Corp., Gulf Opp Zone Indl Dev Rev Bonds (Chevron USA, Inc. Proj), Ser 2007D (GTD by Chevron Corp.), 0.020%, 7-1-14 (A) . . . . .	4,820	4,820
MS Business Fin Corp., Gulf Opp Zone Indl Dev Rev Bonds (Chevron USA, Inc. Proj), Ser 2010J (GTD by Chevron Corp.), 0.030%, 7-1-14 (A) . . . . .	4,332	4,332
MS Business Fin Corp., Gulf Opp Zone Indl Dev Var Rev Bonds (Chevron USA, Inc. Proj), Ser 2007D (GTD by Chevron Corp.), 0.030%, 7-1-14 (A) . . . . .	6,300	6,300
	<u>30,689</u>	

#### Missouri – 0.2%

Kansas City, MO, Var Rate Demand Taxable Spl Oblig Rfdg Bonds (President Hotel Redev Proj), Ser 2009B (GTD by JPMorgan Chase & Co.), 0.120%, 7-7-14 (A) . . . . .	1,340	1,340
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#### New Jersey – 0.4%

NJ Hlth Care Fac Fin Auth, Rev Bonds, AHS Hosp Corp. Issue, Ser 2008C (GTD by JPMorgan Chase & Co.), 0.040%, 7-7-14 (A) . . . . .	3,200	3,200
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#### New York – 3.2%

NY Hsng Fin Agy, Clinton Park Phase II Hsng Rev Bonds, Ser 2011 A-1 (GTD by Wells Fargo Bank N.A.), 0.060%, 7-7-14 (A) . . . . .	2,000	2,000
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### MUNICIPAL OBLIGATIONS (Continued)

New York (Continued)		
NY Hsng Fin Agy, Related West 30th Street Hsng Rev Bonds, Ser 2012 A-1 (GTD by Wells Fargo Bank N.A.), 0.060%, 7-7-14 (A) . . . . .	\$ 1,800	\$ 1,800

NY Hsng Fin Agy, Related-Caroline Apt Hsng Rev Bonds, Ser 2008A (GTD by Federal Home Loan Mortgage Corp.), 0.080%, 7-7-14 (A) . . . . .	900	900
NY State Hsng Fin Agy, Maestro West Chelsea Hsng Rev Bonds, Ser 2014A, 0.060%, 7-7-14 (A) . . . . .	2,250	2,250
NYC GO Bonds, Fiscal 2006 Ser E (GTD by Bank of America N.A.), 0.080%, 7-7-14 (A) . . . . .	14,600	14,600
NYC Hsng Dev Corp., Multi-Fam Mtg Rev Bonds (Target V Apt), Ser 2006A (GTD by Citibank N.A.), 0.080%, 7-7-14 (A) . . . . .	3,000	3,000
	<u>24,550</u>	

#### Ohio – 1.2%

Columbus Rgnl Arpt Auth, Cap Funding Rev Bonds (OASBO Expanded Asset Pooled Fin Prog), Sr Ser 2006, 0.050%, 7-7-14 (A) . . . . .	9,300	9,300
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#### Oregon – 0.1%

Hosp Fac Auth of Clackamas Cnty, OR, Rev Bonds (Legacy Hlth Sys), Ser 2008B (GTD by U.S. Bank N.A.), 0.050%, 7-7-14 (A) . . . . .	700	700
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#### Texas – 1.7%

Harris Cnty Hosp Dist, Sr Lien Rfdg Rev Bonds, Ser 2010 (GTD by JPMorgan Chase & Co.), 0.060%, 7-7-14 (A) . . . . .	1,600	1,600
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.), 0.040%, 7-1-14 (A) . . . . .	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.), 0.040%, 7-1-14 (A) . . . . .	9,220	9,220
	<u>13,070</u>	

### MUNICIPAL OBLIGATIONS (Continued)

Principal	Value
Wisconsin – 0.7%	
WI Hlth and Edu Fac Auth, Var Rate Demand Rev Bonds (Wausau Hosp, Inc.), Ser 1998B (GTD by JPMorgan Chase Bank N.A.), 0.050%, 7-7-14 (A) . . .	\$5,100 \$ 5,100

#### Wyoming – 0.3%

Uinta Cnty, WY, Pollutn Ctl Rfdg Rev Bonds (Chevron USA, Inc. Proj), Ser 1992 (GTD by Chevron Corp.), 0.030%, 7-1-14 (A) . . .	2,381	2,381
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**TOTAL MUNICIPAL OBLIGATIONS – 22.6%** **\$170,978**

(Cost: \$170,978)

### UNITED STATES GOVERNMENT AND GOVERNMENT AGENCY OBLIGATIONS

United States Government Agency Obligations		
Overseas Private Investment Corp. (GTD by U.S. Government):		
0.110%, 7-2-14 (A) . . .	3,000	3,000
0.110%, 7-2-14 (A) . . .	1,536	1,536
0.110%, 7-2-14 (A) . . .	1,500	1,500
0.110%, 7-4-14 (A) . . .	9,114	9,114
0.110%, 7-7-14 (A) . . .	1,583	1,584
0.110%, 7-7-14 (A) . . .	953	953
0.120%, 7-7-14 (A) . . .	2,250	2,250
Totem Ocean Trailer Express, Inc. (GTD by U.S. Government), 0.480%, 7-15-14 (A) . .	443	443

**Total United States Government Agency Obligations – 2.7%** **20,380**

**TOTAL UNITED STATES GOVERNMENT AND GOVERNMENT AGENCY OBLIGATIONS – 2.7%** **\$ 20,380**

(Cost: \$20,380)

**TOTAL INVESTMENT SECURITIES – 99.6%** **\$754,106**

(Cost: \$754,106)

**CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.4%** **3,157**

**NET ASSETS – 100.0%** **\$757,263**



# SCHEDULE OF INVESTMENTS

## Money Market *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

### Notes to Schedule of Investments

(A) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. Date shown represents the date that the variable rate resets or the next demand date.

(B) Rate shown is the yield to maturity at June 30, 2014.

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Corporate Obligations	\$—	\$562,748	\$—
Municipal Obligations	—	170,978	—
United States Government Agency Obligations	—	20,380	—
Total	\$—	\$754,106	\$—

As of June 30, 2014, 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

## Real Estate Securities

ALL DATA IS AS OF JUNE 30, 2014 (UNAUDITED)

### Asset Allocation

<b>Stocks</b>	<b>98.7%</b>
Financials	97.1%
Consumer Discretionary	0.9%
Health Care	0.7%
<b>Cash and Cash Equivalents</b>	<b>1.3%</b>

### Top 10 Equity Holdings

Company	Sector	Industry
Simon Property Group, Inc.	Financials	Retail REITs
AvalonBay Communities, Inc.	Financials	Residential REITs
Vornado Realty Trust	Financials	Diversified REITs
Boston Properties, Inc.	Financials	Office REITs
Ventas, Inc.	Financials	Specialized REITs
Essex Property Trust, Inc.	Financials	Residential REITs
Public Storage, Inc.	Financials	Specialized REITs
SL Green Realty Corp.	Financials	Office REITs
Equity Residential	Financials	Residential REITs
ProLogis	Financials	Industrial 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, 2014 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Diversified REITs – 6.3%</b>		
Cousins Properties, Inc. ....	56	\$ 696
Vornado Realty Trust .....	21	2,283
		<u>2,979</u>
<b>Health Care Facilities – 0.7%</b>		
Brookdale Senior Living, Inc. (A) .....	11	353
<b>Hotels, Resorts &amp; Cruise Lines – 0.9%</b>		
Marriott International, Inc., Class A .....	7	442
<b>Industrial REITs – 6.6%</b>		
DCT Industrial Trust, Inc. ....	110	904
EastGroup Properties, Inc. ....	10	644
ProLogis .....	38	1,554
		<u>3,102</u>
<b>Office REITs – 16.1%</b>		
Alexandria Real Estate Equities, Inc. ....	12	901
BioMed Realty Trust, Inc. ....	24	522
Boston Properties, Inc. ....	18	2,079
Douglas Emmett, Inc. ....	25	697
Duke Realty Corp. ....	68	1,229
Kilroy Realty Corp. ....	7	455
SL Green Realty Corp. ....	16	1,751
		<u>7,634</u>
<b>Residential REITs – 19.8%</b>		
AvalonBay Communities, Inc. ....	17	2,389
Camden Property Trust .....	17	1,224
Education Realty Trust, Inc. ....	41	440

COMMON STOCKS (Continued)	Shares	Value
<b>Residential REITs (Continued)</b>		
Equity Residential .....	25	\$ 1,562
Essex Property Trust, Inc. ....	10	1,933
Mid-America Apartment Communities, Inc. ....	13	958
UDR, Inc. ....	31	885
		<u>9,391</u>
<b>Retail REITs – 25.0%</b>		
Acadia Realty Trust .....	30	851
DDR Corp. ....	61	1,067
Federal Realty Investment Trust .....	9	1,076
General Growth Properties, Inc. ....	54	1,263
Glimcher Realty Trust .....	46	494
Kimco Realty Corp. ....	46	1,064
Kite Realty Group Trust .....	8	47
Macerich Co. (The) .....	3	193
Retail Properties of America, Inc. ....	32	486
Simon Property Group, Inc. ....	28	4,646
Taubman Centers, Inc. ....	8	606
		<u>11,793</u>
<b>Specialized REITs – 23.3%</b>		
CubeSmart .....	31	575
Extra Space Storage, Inc. ....	22	1,156
HCP, Inc. ....	22	898
Health Care REIT, Inc. ....	19	1,210
Host Hotels & Resorts, Inc. ....	58	1,275
LaSalle Hotel Properties ....	20	698
Pebblebrook Hotel Trust ....	14	532

COMMON STOCKS (Continued)	Shares	Value
<b>Specialized REITs (Continued)</b>		
Public Storage, Inc. ....	11	\$ 1,833
Sabra Health Care REIT, Inc. ....	16	468
Sunstone Hotel Investors, Inc. ....	24	357
Ventas, Inc. ....	31	2,009
		<u>11,011</u>
<b>TOTAL COMMON STOCKS – 98.7%</b>		<b>\$46,705</b>
(Cost: \$40,812)		
<b>SHORT-TERM SECURITIES</b>	<b>Principal</b>	
<b>Master Note – 1.2%</b>		
Toyota Motor Credit Corp., 0.104%, 7-2-14 (B) ....	\$586	586
<b>TOTAL SHORT-TERM SECURITIES – 1.2%</b>		<b>\$ 586</b>
(Cost: \$586)		
<b>TOTAL INVESTMENT SECURITIES – 99.9%</b>		<b>\$47,291</b>
(Cost: \$41,398)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.1%</b>		<b>31</b>
<b>NET ASSETS – 100.0%</b>		<b>\$47,322</b>

### Notes to Schedule of Investments

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

(B) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. 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, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks .....	\$46,705	\$ —	\$ —
Short-Term Securities .....	—	586	—
Total .....	\$46,705	\$586	\$ —

As of June 30, 2014, 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, 2014 (UNAUDITED)

### Asset Allocation

<b>Stocks</b>	<b>98.9%</b>
Information Technology	67.6%
Health Care	15.3%
Industrials	5.7%
Consumer Discretionary	4.3%
Materials	2.9%
Telecommunication Services	1.8%
Financials	0.8%
Utilities	0.5%
<b>Warrants</b>	<b>0.1%</b>
<b>Cash and Cash Equivalents</b>	<b>1.0%</b>

### Country Weightings

<b>North America</b>	<b>78.7%</b>
United States	78.7%
<b>Europe</b>	<b>9.7%</b>
<b>Pacific Basin</b>	<b>4.9%</b>
<b>Bahamas/Caribbean</b>	<b>2.8%</b>
<b>Other</b>	<b>2.3%</b>
<b>South America</b>	<b>0.6%</b>
<b>Cash and Cash Equivalents</b>	<b>1.0%</b>

### Top 10 Equity Holdings

Company	Sector	Industry
Micron Technology, Inc.	Information Technology	Semiconductors
Aspen Technology, Inc.	Information Technology	Application Software
Alliance Data Systems Corp.	Information Technology	Data Processing & Outsourced Services
Cree, Inc.	Information Technology	Semiconductors
Vertex Pharmaceuticals, Inc.	Health Care	Biotechnology
Euronet Worldwide, Inc.	Information Technology	Data Processing & Outsourced Services
iGATE Corp.	Information Technology	IT Consulting & Other Services
Pentair, Inc.	Industrials	Industrial Machinery
Facebook, Inc., Class A	Information Technology	Internet Software & Services
ACI Worldwide, Inc.	Information Technology	Application Software

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

# SCHEDULE OF INVESTMENTS

## Science and Technology *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
<b>Application Software – 9.8%</b>			<b>Health Care Equipment – 2.9%</b>			<b>Semiconductors – 24.8%</b>		
ACI Worldwide, Inc. (A) . . . . .	270	\$15,052	Boston Scientific Corp. (A) . . . . .	713	\$ 9,111	Advanced Micro Devices, Inc. (A) . . . . .	817	\$ 3,424
Aspen Technology, Inc. (A) . . . . .	672	31,158	Cardiovascular Systems, Inc. (A) . . . . .	76	2,368	Cree, Inc. (A) . . . . .	494	24,680
Qlik Technologies, Inc. (A) . . . . .	231	5,232	Volcano Corp. (A) . . . . .	325	5,716	Cypress Semiconductor Corp. . . . .	669	7,299
Silver Spring Networks, Inc. (A) . . . . .	552	7,362			17,195	Dialog Semiconductor plc (A)(B) . . . . .	269	9,332
		<u>58,804</u>	<b>Health Care Facilities – 1.1%</b>			Marvell Technology Group Ltd. . . . .	506	7,248
<b>Biotechnology – 5.5%</b>			Tenet Healthcare Corp. (A) . . . . .	136	6,398	Micron Technology, Inc. (A) . . . . .	1,733	57,107
Evogene Ltd. (A) . . . . .	145	2,357	<b>Health Care Technology – 1.6%</b>			Microsemi Corp. (A) . . . . .	378	10,107
Isis Pharmaceuticals, Inc. (A) . . . . .	311	10,714	Cerner Corp. (A) . . . . .	182	9,382	NXP Semiconductors N.V. (A) . . . . .	192	12,707
Vertex Pharmaceuticals, Inc. (A) . . . . .	216	20,489	<b>Industrial Conglomerates – 0.8%</b>			Rambus, Inc. (A) . . . . .	627	8,965
		<u>33,560</u>	Toshiba Corp. (B) . . . . .	1,075	5,019	Samsung Electronics Co. Ltd. (B) . . . . .	6	7,839
<b>Commodity Chemicals – 0.3%</b>			<b>Industrial Machinery – 2.8%</b>					<u>148,708</u>
BioAmber, Inc. (A) . . . . .	206	2,054	ESCO Technologies, Inc. . . . .	15	523	<b>Systems Software – 2.0%</b>		
<b>Communications Equipment – 0.7%</b>			Pentair, Inc. (A) . . . . .	227	16,393	Microsoft Corp. . . . .	281	11,726
Ruckus Wireless, Inc. (A) . . . . .	328	3,911			<u>16,916</u>	<b>Technology Hardware, Storage &amp; Peripherals – 0.9%</b>		
<b>Construction &amp; Engineering – 1.8%</b>			<b>Integrated Telecommunication Services – 0.7%</b>			Apple, Inc. . . . .	60	5,594
Abengoa S.A., Class B ADR . . . . .	395	10,519	Windstream Corp. . . . .	418	4,164	<b>Wireless Telecommunication Service – 1.1%</b>		
<b>Consumer Electronics – 3.9%</b>			<b>Internet Retail – 0.4%</b>			Sprint Nextel Corp. (A) . . . . .	807	6,880
Garmin Ltd. . . . .	159	9,671	Coupons.com, Inc. (A) . . . . .	88	2,313			
Harman International Industries, Inc. . . . .	129	13,890	<b>Internet Software &amp; Services – 6.4%</b>			<b>TOTAL COMMON STOCKS – 98.9%</b>		<b>\$592,696</b>
		<u>23,561</u>	21Vianet Group, Inc. ADR (A) . . . . .	176	5,263	(Cost: \$357,444)		
<b>Data Processing &amp; Outsourced Services – 12.4%</b>			Facebook, Inc., Class A (A) . . . . .	231	15,557	<b>WARRANTS</b>		
Alliance Data Systems Corp. (A) . . . . .	105	29,645	Google, Inc., Class A (A) . . . . .	15	8,770	<b>Commodity Chemicals – 0.1%</b>		
Euronet Worldwide, Inc. (A) . . . . .	389	18,751	Google, Inc., Class A (A) . . . . .	15	8,629	BioAmber, Inc., Expires 5-9-17 (C) . . . . .	201	506
EVERTEC, Inc. . . . .	241	5,844			<u>38,219</u>			
QIWI plc ADR . . . . .	223	8,977	<b>IT Consulting &amp; Other Services – 6.1%</b>			<b>TOTAL WARRANTS – 0.1%</b>		<b>\$ 506</b>
WNS (Holdings) Ltd. ADR (A) . . . . .	589	11,289	Axiom Corp. (A) . . . . .	618	13,400	(Cost: \$24)		
		<u>74,506</u>	EPAM Systems, Inc. (A) . . . . .	153	6,703	<b>SHORT-TERM SECURITIES</b>		
<b>Electrical Components &amp; Equipment – 0.3%</b>			iGATE Corp. (A) . . . . .	459	16,695	<b>Principal</b>		
SolarCity Corp. (A) . . . . .	23	1,624			<u>36,798</u>	<b>Commercial Paper – 0.9%</b>		
<b>Electronic Components – 1.8%</b>			<b>Managed Health Care – 2.3%</b>			United Technologies Corp., 0.070%, 7-1-14 (D) . . . . .	\$5,398	5,398
Universal Display Corp. (A) . . . . .	230	7,367	Odontoprev S.A. (B) . . . . .	794	3,423	<b>Master Note – 0.3%</b>		
Vishay Intertechnology, Inc. . . . .	213	3,302	UnitedHealth Group, Inc. . . . .	128	10,472	Toyota Motor Credit Corp., 0.104%, 7-2-14 (E) . . . . .	2,225	2,225
		<u>10,669</u>			<u>13,895</u>			
<b>Electronic Equipment &amp; Instruments – 1.0%</b>			<b>Office REITs – 0.8%</b>					
FLIR Systems, Inc. . . . .	175	6,092	QTS Realty Trust, Inc., Class A . . . . .	163	4,675			
<b>Fertilizers &amp; Agricultural Chemicals – 2.6%</b>			<b>Pharmaceuticals – 1.9%</b>					
Marrone Bio Innovations, Inc. (A) . . . . .	280	3,249	Teva Pharmaceutical Industries Ltd. ADR . . . . .	213	11,181			
Monsanto Co. . . . .	97	12,124	<b>Renewable Electricity – 0.5%</b>					
		<u>15,373</u>	Abengoa Yield plc (A) . . . . .	78	2,950			
			<b>Semiconductor Equipment – 1.7%</b>					
			Lam Research Corp. . . . .	46	3,136			
			Nanometrics, Inc. (A) . . . . .	154	2,809			
			Photronics, Inc. (A) . . . . .	473	4,065			
					<u>10,010</u>			

# SCHEDULE OF INVESTMENTS

## Science and Technology *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

### SHORT-TERM SECURITIES

(Continued)	Principal	Value
Municipal Obligations - Taxable – 0.1%		
MS Business Fin Corp., Gulf Opp Zone Indl Dev Rev Bonds (Chevron USA, Inc. Proj), Ser 2007B (GTD by Chevron Corp.), 0.020%, 7-1-14 (E) . .	\$300	\$ 300
<b>TOTAL SHORT-TERM SECURITIES – 1.3%</b>		<b>\$ 7,923</b>
(Cost: \$7,923)		
<b>TOTAL INVESTMENT SECURITIES – 100.3%</b>		<b>\$601,125</b>
(Cost: \$365,391)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.3%)</b>		<b>(1,873)</b>
<b>NET ASSETS – 100.0%</b>		<b>\$599,252</b>

### Notes to Schedule of Investments

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

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

(C) 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.

(D) Rate shown is the yield to maturity at June 30, 2014.

(E) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. 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, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks . . . . .	\$592,696	\$ —	\$—
Warrants . . . . .	—	506	—
Short-Term Securities . . . . .	—	7,923	—
Total . . . . .	<u>\$592,696</u>	<u>\$8,429</u>	<u>\$—</u>

During the period ended June 30, 2014, securities totaling \$147 were transferred from Level 1 to Level 2 due to the lack of observable market data due to decreased market activity or information for these securities.

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts  
GTD = Guaranteed  
REIT = Real Estate Investment Trust

# SCHEDULE OF INVESTMENTS

## Science and Technology *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

### Country Diversification

*(as a % of net assets)*

United States	78.7%
Bermuda	2.8%
United Kingdom	2.7%
Israel	2.3%
Netherlands	2.1%
India	1.9%
Spain	1.8%
Germany	1.6%
Cyprus	1.5%
South Korea	1.3%
Other Countries	2.3%
Other+	1.0%

*+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, 2014 (UNAUDITED)

### Asset Allocation

<b>Stocks</b>	<b>98.1%</b>
Information Technology	26.1%
Consumer Discretionary	23.3%
Industrials	20.7%
Health Care	18.3%
Energy	7.6%
Financials	1.8%
Materials	0.3%
<b>Cash and Cash Equivalents</b>	<b>1.9%</b>

### Top 10 Equity Holdings

Company	Sector
Portfolio Recovery Associates, Inc.	Industrials
Targa Resources Corp.	Energy
Harman International Industries, Inc.	Consumer Discretionary
Lithia Motors, Inc.	Consumer Discretionary
Amerigon, Inc.	Consumer Discretionary
Huntington Ingalls Industries, Inc.	Industrials
IPG Photonics Corp.	Information Technology
Demandware, Inc.	Information Technology
WageWorks, Inc.	Industrials
Swift Transportation Co.	Industrials

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, 2014 (UNAUDITED)

COMMON STOCKS	Shares	Value
<b>Aerospace &amp; Defense – 2.6%</b>		
Huntington Ingalls Industries, Inc. ....	103	\$ 9,746
<b>Air Freight &amp; Logistics – 1.5%</b>		
Hub Group, Inc. (A) .....	112	5,636
<b>Apparel Retail – 1.3%</b>		
Zumiez, Inc. (A) .....	182	5,031
<b>Apparel, Accessories &amp; Luxury Goods – 1.8%</b>		
Under Armour, Inc., Class A (A) .....	111	6,608
<b>Application Software – 6.3%</b>		
Synchronoss Technologies, Inc. (A) .....	224	7,822
Tyler Technologies, Inc. (A) .....	87	7,943
Ultimate Software Group, Inc. (The) (A) .....	54	7,482
		<u>23,247</u>
<b>Auto Parts &amp; Equipment – 3.6%</b>		
Amerigon, Inc. (A) .....	299	13,272
<b>Automotive Retail – 5.1%</b>		
Asbury Automotive Group, Inc. (A) .....	79	5,443
Lithia Motors, Inc. ....	146	13,725
		<u>19,168</u>
<b>Biotechnology – 1.2%</b>		
KYETHERA Biopharmaceuticals, Inc. (A) .....	115	4,410
<b>Broadcasting – 1.3%</b>		
Entravision Communications Corp. ....	788	4,904
<b>Building Products – 1.6%</b>		
Apogee Enterprises, Inc. ....	168	5,860
<b>Communications Equipment – 6.0%</b>		
Aruba Networks, Inc. (A) ....	252	4,424
Finisar Corp. (A) .....	221	4,358
Ruckus Wireless, Inc. (A) ....	563	6,710
ShoreTel, Inc. (A) .....	986	6,426
		<u>21,918</u>
<b>Computer &amp; Electronics Retail – 1.5%</b>		
Conn's, Inc. (A) .....	113	5,567
<b>Consumer Electronics – 3.8%</b>		
Harman International Industries, Inc. ....	133	14,240
<b>Consumer Finance – 1.2%</b>		
JGWPT Holdings, Inc., Class A (A) .....	392	4,410
<b>Data Processing &amp; Outsourced Services – 0.7%</b>		
EVERTEC, Inc. ....	114	2,762

COMMON STOCKS (Continued)	Shares	Value
<b>Diversified Metals &amp; Mining – 0.3%</b>		
Horsehead Holding Corp. (A) .....	66	\$ 1,211
<b>Diversified Support Services – 4.2%</b>		
Portfolio Recovery Associates, Inc. (A) .....	261	15,516
<b>Electrical Components &amp; Equipment – 1.0%</b>		
Acuity Brands, Inc. ....	28	3,892
<b>Electronic Components – 0.9%</b>		
Universal Display Corp. (A) ..	107	3,428
<b>Electronic Manufacturing Services – 3.6%</b>		
IPG Photonics Corp. (A) .....	135	9,309
Methode Electronics, Inc. ....	108	4,143
		<u>13,452</u>
<b>Footwear – 1.8%</b>		
Skechers USA, Inc. (A) .....	148	6,741
<b>Health Care Equipment – 3.3%</b>		
Cyberonics, Inc. (A) .....	114	7,096
DexCom, Inc. (A) .....	132	5,232
		<u>12,328</u>
<b>Health Care Facilities – 4.3%</b>		
Acadia Healthcare Co., Inc. (A) .....	115	5,236
Hanger Orthopedic Group, Inc. (A) .....	201	6,335
Surgical Care Affiliates, Inc. (A) .....	148	4,295
		<u>15,866</u>
<b>Health Care Services – 1.0%</b>		
Air Methods Corp. ....	70	3,627
<b>Health Care Supplies – 2.6%</b>		
Align Technology, Inc. (A) ...	109	6,084
Vascular Solutions, Inc. (A) ..	169	3,759
		<u>9,843</u>
<b>Human Resource &amp; Employment Services – 2.4%</b>		
WageWorks, Inc. (A) .....	186	8,980
<b>Industrial Machinery – 5.2%</b>		
Barnes Group, Inc. ....	134	5,149
Proto Labs, Inc. (A) .....	99	8,083
Rexnord Corp. (A) .....	218	6,145
		<u>19,377</u>
<b>Internet Software &amp; Services – 5.3%</b>		
Demandware, Inc. (A) .....	134	9,286
OpenTable, Inc. (A) .....	56	5,813
Textura Corp. (A) .....	203	4,807
		<u>19,906</u>
<b>Investment Banking &amp; Brokerage – 0.6%</b>		
Moelis & Co., Class A (A) ....	70	2,343

COMMON STOCKS (Continued)	Shares	Value
<b>Leisure Facilities – 1.0%</b>		
Vail Resorts, Inc. ....	48	\$ 3,722
<b>Oil &amp; Gas Equipment &amp; Services – 3.0%</b>		
Dril-Quip, Inc. (A) .....	56	6,140
Helix Energy Solutions Group, Inc. (A) .....	70	1,838
Nuverra Environmental Solutions, Inc. (A) .....	155	3,113
		<u>11,091</u>
<b>Oil &amp; Gas Exploration &amp; Production – 0.5%</b>		
Bonanza Creek Energy, Inc. (A) .....	31	1,759
<b>Oil &amp; Gas Storage &amp; Transportation – 4.1%</b>		
Targa Resources Corp. ...	110	15,356
<b>Pharmaceuticals – 5.9%</b>		
Akorn, Inc. (A) .....	184	6,114
Aratana Therapeutics, Inc. (A) .....	91	1,414
Revance Therapeutics, Inc. (A) .....	161	5,478
Salix Pharmaceuticals Ltd. (A) .....	63	7,787
ZS Pharma, Inc. (A) .....	50	1,438
		<u>22,231</u>
<b>Restaurants – 0.9%</b>		
Krispy Kreme Doughnuts, Inc. (A) .....	208	3,323
<b>Semiconductors – 3.3%</b>		
Atmel Corp. (A) .....	499	4,672
Canadian Solar, Inc. (A) .....	78	2,445
Integrated Device Technology, Inc. (A) ...	343	5,302
		<u>12,419</u>
<b>Specialized Consumer Services – 1.2%</b>		
LifeLock, Inc. (A) .....	324	4,528
<b>Trucking – 2.2%</b>		
Swift Transportation Co. (A) .....	326	8,224
<b>TOTAL COMMON STOCKS – 98.1%</b>		<b>\$365,942</b>
(Cost: \$264,249)		
<b>SHORT-TERM SECURITIES</b>	<b>Principal</b>	
<b>Commercial Paper – 1.3%</b>		
United Technologies Corp., 0.070%, 7-1-14 (B) ....	\$1,684	1,684
Wal-Mart Stores, Inc., 0.060%, 7-14-14 (B) ...	3,000	3,000
		<u>4,684</u>



# SCHEDULE OF INVESTMENTS

## Small Cap Growth *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

### SHORT-TERM

#### SECURITIES (Continued) Principal Value

Master Note – 0.4%		
Toyota Motor Credit Corp.,		
0.104%, 7-2-14 (C) . . .	\$1,579	\$ 1,579
<b>TOTAL SHORT-TERM SECURITIES – 1.7%</b>		<b>\$ 6,263</b>
(Cost: \$6,263)		
<b>TOTAL INVESTMENT SECURITIES – 99.8%</b>		<b>\$372,205</b>
(Cost: \$270,512)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.2%</b>		<b>914</b>
<b>NET ASSETS – 100.0%</b>		<b>\$373,119</b>

#### Notes to Schedule of Investments

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

(B) Rate shown is the yield to maturity at June 30, 2014.

(C) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. 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, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities . . . . .			
Common Stocks . . . . .	\$365,942	\$ —	\$—
Short-Term Securities . . . . .	—	6,263	—
Total . . . . .	<u>\$365,942</u>	<u>\$6,263</u>	<u>\$—</u>

As of June 30, 2014, there were no transfers between Level 1 and 2 during the period.

See Accompanying Notes to Financial Statements.

# PORTFOLIO HIGHLIGHTS

## Small Cap Value

ALL DATA IS AS OF JUNE 30, 2014 (UNAUDITED)

### Asset Allocation

<b>Stocks</b>	<b>90.2%</b>
Financials	25.7%
Industrials	18.3%
Consumer Discretionary	12.6%
Energy	10.2%
Information Technology	10.2%
Materials	7.1%
Health Care	5.0%
Utilities	1.1%
<b>Cash and Cash Equivalents</b>	<b>9.8%</b>

### Top 10 Equity Holdings

Company	Sector
Armstrong World Industries, Inc.	Industrials
Teradyne, Inc.	Information Technology
Matson, Inc.	Industrials
Saia, Inc.	Industrials
Atlas Pipeline Partners L.P.	Energy
Carmike Cinemas, Inc.	Consumer Discretionary
LifePoint Hospitals, Inc.	Health Care
Western Alliance Bancorporation	Financials
SunCoke Energy Partners L.P.	Materials
Marten Transport Ltd.	Industrials

*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, 2014 (UNAUDITED)

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
<b>Aerospace &amp; Defense – 0.5%</b>			<b>Health Care REITs – 0.4%</b>			<b>Regional Banks (Continued)</b>		
Triumph Group, Inc. ....	21	\$ 1,445	Titan International, Inc. ....	69	\$ 1,157	Texas Capital Bancshares, Inc. (A) .....	67	\$ 3,620
<b>Apparel Retail – 2.7%</b>			<b>Homebuilding – 0.5%</b>			Webster Financial Corp. ....	116	3,665
AnnTaylor Stores Corp. (A) ..	82	3,366	M.D.C. Holdings, Inc. ....	50	1,521	Western Alliance Bancorporation (A) .....	294	7,001
Express, Inc. (A) .....	101	1,713	<b>Life &amp; Health Insurance – 2.8%</b>			Zions Bancorporation .....	105	3,083
Stage Stores, Inc. ....	151	2,818	American Equity Investment Life Holding Co. ....	151	3,710			25,847
		7,897	Fidelity & Guaranty Life .....	197	4,713	<b>Reinsurance – 4.9%</b>		
<b>Application Software – 0.8%</b>					8,423	Endurance Specialty Holdings Ltd. ....	88	4,535
Synchronoss Technologies, Inc. (A) .....	72	2,503	<b>Marine – 2.6%</b>			Maiden Holdings Ltd. ....	369	4,464
<b>Auto Parts &amp; Equipment – 3.8%</b>			Matson, Inc. ....	290	7,787	Reinsurance Group of America, Inc. ....	71	5,570
Dana Holding Corp. ....	246	6,009	<b>Metal &amp; Glass Containers – 1.1%</b>					14,569
Visteon Corp. (A) .....	54	5,248	Owens-Illinois, Inc. (A) .....	94	3,246	<b>Semiconductor Equipment – 2.6%</b>		
		11,257	<b>Movies &amp; Entertainment – 3.6%</b>			Teradyne, Inc. ....	398	7,807
<b>Building Products – 4.7%</b>			Carmike Cinemas, Inc. (A) ...	209	7,328	<b>Semiconductors – 2.8%</b>		
Armstrong World Industries, Inc. (A) .....	140	8,057	Cinemark Holdings, Inc. ....	96	3,377	Freescall Semiconductor, Inc. (A) .....	192	4,505
Continental Building Products, Inc. (A) .....	146	2,250			10,705	Spansion, Inc. (A) .....	168	3,538
NCI Building Systems, Inc. (A) .....	192	3,723	<b>Office REITs – 2.7%</b>					8,043
		14,030	Corporate Office Properties Trust .....	164	4,567	<b>Specialized REITs – 1.4%</b>		
<b>Casinos &amp; Gaming – 2.0%</b>			Lexington Corp. Properties Trust .....	318	3,504	Strategic Hotels & Resorts, Inc. (A) .....	343	4,018
Pinnacle Entertainment, Inc. (A) .....	239	6,026	<b>Oil &amp; Gas Equipment &amp; Services – 4.0%</b>			<b>Specialty Chemicals – 2.8%</b>		
<b>Construction &amp; Engineering – 1.1%</b>			Basic Energy Services, Inc. (A) .....	135	3,942	Cytec Industries, Inc. ....	44	4,628
Foster Wheeler Ltd. (A) ....	99	3,387	GulfMark Offshore, Inc. ....	53	2,390	Kraton Performance Polymers, Inc. (A) .....	177	3,956
<b>Construction Machinery &amp; Heavy Trucks – 2.8%</b>			Key Energy Services, Inc. (A) .....	361	3,300			8,584
Manitowoc Co., Inc. (The) ...	130	4,271	McDermott International, Inc. (A) .....	270	2,180	<b>Steel – 2.2%</b>		
Terex Corp. ....	99	4,057			11,812	SunCoke Energy Partners L.P. ....	213	6,418
		8,328	<b>Oil &amp; Gas Exploration &amp; Production – 0.4%</b>			<b>Technology Distributors – 1.7%</b>		
<b>Consumer Finance – 0.5%</b>			RSP Permian, Inc. (A) ....	37	1,187	Insight Enterprises, Inc. (A) .....	165	5,072
JGWPT Holdings, Inc., Class A (A) .....	128	1,440	<b>Oil &amp; Gas Refining &amp; Marketing – 1.9%</b>			<b>Trucking – 6.6%</b>		
<b>Data Processing &amp; Outsourced Services – 2.3%</b>			Western Refining, Inc. ....	147	5,531	Con-way, Inc. ....	109	5,469
CoreLogic, Inc. (A) .....	97	2,945	<b>Oil &amp; Gas Storage &amp; Transportation – 3.9%</b>			Marten Transport Ltd. ....	278	6,208
EVERTEC, Inc. ....	163	3,958	Atlas Energy L.P. ....	99	4,421	Saia, Inc. (A) .....	172	7,563
		6,903	Atlas Pipeline Partners L.P. ...	217	7,461			19,240
<b>Forest Products – 1.0%</b>					11,882	<b>TOTAL COMMON STOCKS – 89.1%</b>		<b>\$264,760</b>
Boise Cascade Co. (A) ....	103	2,938	<b>Property &amp; Casualty Insurance – 1.8%</b>			(Cost: \$210,573)		
<b>Gas Utilities – 1.1%</b>			Argo Group International Holdings Ltd. ....	103	5,260	<b>INVESTMENT FUNDS</b>		
Southwest Gas Corp. ....	62	3,290	<b>Real Estate Operating Companies – 1.4%</b>			<b>Asset Management &amp; Custody Banks – 1.1%</b>		
<b>Health Care Facilities – 5.0%</b>			Forest City Enterprises, Inc., Class A (A) .....	216	4,284	THL Credit, Inc. ....	234	3,282
Community Health Systems, Inc. (A) .....	79	3,580	<b>Regional Banks – 8.7%</b>			<b>TOTAL INVESTMENT FUNDS – 1.1%</b>		<b>\$ 3,282</b>
HealthSouth Corp. ....	118	4,236	First Horizon National Corp. ....	407	4,829	(Cost: \$3,062)		
LifePoint Hospitals, Inc. (A) ..	113	7,036	Synovus Financial Corp. ....	150	3,649			
		14,852						

# SCHEDULE OF INVESTMENTS

## Small Cap Value *(in thousands)*

JUNE 30, 2014 (UNAUDITED)

### SHORT-TERM SECURITIES

	Principal	Value
Commercial Paper – 7.7%		
Army & Air Force Exchange Service, 0.090%, 7-16-14 (B) . . .	\$3,200	\$ 3,200
Exxon Mobil Corp., 0.060%, 7-10-14 (B) . . .	4,000	4,000
United Technologies Corp., 0.070%, 7-1-14 (B) . . . .	8,476	8,476
USAA Capital Corp., 0.060%, 7-1-14 (B) . . . .	7,000	7,000
		<u>22,676</u>
Master Note – 1.1%		
Toyota Motor Credit Corp., 0.104%, 7-2-14 (C) . . . .	3,279	3,279
Municipal Obligations – Taxable – 0.9%		
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.), 0.060%, 7-7-14 (C) . . . .	1,430	1,430

### SHORT-TERM SECURITIES (Continued)

Principal	Value
Municipal Obligations – Taxable (Continued)	
NYC GO Bonds, Fiscal 2006 Ser E (GTD by Bank of America N.A.), 0.080%, 7-7-14 (C) . . .	\$1,283 \$ 1,283
	<u>2,713</u>
<b>TOTAL SHORT-TERM SECURITIES – 9.7%</b>	<b>\$ 28,668</b>
(Cost: \$28,668)	
<b>TOTAL INVESTMENT SECURITIES – 99.9%</b>	<b>\$296,710</b>
(Cost: \$242,303)	
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.1%</b>	<b>297</b>
<b>NET ASSETS – 100.0%</b>	<b>\$297,007</b>

### Notes to Schedule of Investments

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

(B) Rate shown is the yield to maturity at June 30, 2014.

(C) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. Date shown represents the date that the variable rate resets.

The following written options were outstanding at June 30, 2014 (contracts and exercise prices unrounded):

Underlying Security	Counterparty, if OTC	Type	Number of Contracts	Expiration Month	Exercise Price	Premium Received	Value
Manitowoc Co., Inc. (The)	Societe Generale Bank	Call	650	August 2014	\$35.00	\$59	\$(49)

The following table is a summary of the valuation of the Portfolio's investments by the fair value hierarchy levels as of June 30, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks . . . . .	\$264,760	\$ —	\$—
Investment Funds . . . . .	3,282	—	—
Short-Term Securities . . . . .	—	28,668	—
Total . . . . .	<u>\$268,042</u>	<u>\$28,668</u>	<u>\$—</u>
<b>Liabilities</b>			
Written Options . . . . .	\$ —	\$ 49	\$—

As of June 30, 2014, 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

See Accompanying Notes to Financial Statements.

# PORTFOLIO HIGHLIGHTS

## Value

ALL DATA IS AS OF JUNE 30, 2014 (UNAUDITED)

### Asset Allocation

<b>Stocks</b>	<b>97.2%</b>
Financials	25.2%
Energy	20.4%
Health Care	13.1%
Information Technology	13.0%
Consumer Discretionary	10.6%
Consumer Staples	7.5%
Materials	6.3%
Industrials	1.1%
<b>Cash and Cash Equivalents</b>	<b>2.8%</b>

### Top 10 Equity Holdings

Company	Sector
Western Digital Corp.	Information Technology
Capital One Financial Corp.	Financials
JPMorgan Chase & Co.	Financials
Citigroup, Inc.	Financials
Time Warner Cable, Inc.	Consumer Discretionary
SanDisk Corp.	Information Technology
Xerox Corp.	Information Technology
Atlas Energy L.P.	Energy
Marathon Petroleum Corp.	Energy
Humana, Inc.	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, 2014 (UNAUDITED)

COMMON STOCKS	Shares	Value	COMMON STOCKS (Continued)	Shares	Value	COMMON STOCKS (Continued)	Shares	Value
Asset Management & Custody Banks – 1.8%			Investment Banking & Brokerage – 1.0%			Specialty Chemicals – 3.1%		
Blackstone Group L.P. (The) . . . . .	197	\$ 6,571	Goldman Sachs Group, Inc. (The) . . . . .	22	\$ 3,633	LyondellBasell Industries N.V., Class A . . . . .	113	\$ 11,015
Biotechnology – 1.9%			Life & Health Insurance – 2.5%			Technology Hardware, Storage & Peripherals – 9.0%		
Amgen, Inc. . . . .	58	6,877	MetLife, Inc. . . . .	162	8,990	SanDisk Corp. . . . .	141	14,683
Cable & Satellite – 4.0%			Managed Health Care – 4.4%			Western Digital Corp. . . . .	189	17,407
Time Warner Cable, Inc. . . . .	100	14,701	Humana, Inc. (B) . . . . .	91	11,674			32,090
Consumer Finance – 6.0%			WellPoint, Inc. . . . .	36	3,863			
Ally Financial, Inc. (A) . . . . .	205	4,892			15,537	Tobacco – 2.9%		
Capital One Financial Corp. . . . .	201	16,586	Oil & Gas Refining & Marketing – 7.2%			Philip Morris International, Inc. . . . .	123	10,327
		21,478	HollyFrontier Corp. . . . .	152	6,654			
Department Stores – 2.0%			Marathon Petroleum Corp. . . . .	152	11,844	<b>TOTAL COMMON STOCKS – 97.2%</b>		<b>\$349,045</b>
Macy's, Inc. . . . .	124	7,194	Phillips 66 . . . . .	92	7,383	(Cost: \$287,039)		
					25,881	<b>SHORT-TERM SECURITIES</b>	<b>Principal</b>	
Diversified Chemicals – 3.2%			Oil & Gas Storage & Transportation – 10.3%			Commercial Paper – 1.6%		
Dow Chemical Co. (The) . . . . .	226	11,609	Atlas Energy L.P. . . . .	309	13,885	United Technologies Corp., 0.070%, 7-1-14 (D) . . . . .	\$5,515	5,515
Drug Retail – 2.7%			Atlas Pipeline Partners L.P. . . . .	264	9,092	Master Note – 1.0%		
CVS Caremark Corp. . . . .	130	9,791	MarkWest Energy Partners L.P. . . . .	65	4,653	Toyota Motor Credit Corp., 0.104%, 7-2-14 (E) . . . . .	3,761	3,761
Electronic Equipment & Instruments – 4.0%			Regency Energy Partners L.P. . . . .	297	9,557			
Xerox Corp. . . . .	1,161	14,447			37,187	<b>TOTAL SHORT-TERM SECURITIES – 2.6%</b>		<b>\$ 9,276</b>
General Merchandise Stores – 2.8%			Other Diversified Financial Services – 8.6%			(Cost: \$9,276)		
Target Corp. . . . .	171	9,927	Citigroup, Inc. . . . .	324	15,275	<b>TOTAL INVESTMENT SECURITIES – 99.8%</b>		<b>\$358,321</b>
Health Care Distributors – 2.0%			JPMorgan Chase & Co. . . . .	266	15,316	(Cost: \$296,315)		
McKesson Corp. (B) . . . . .	39	7,169			30,591	<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.2%</b>		<b>764</b>
Health Care Facilities – 2.3%			Pharmaceuticals – 2.5%			<b>NET ASSETS – 100.0%</b>		<b>\$359,085</b>
HCA Holdings, Inc. (A) . . . . .	147	8,305	Teva Pharmaceutical Industries Ltd. ADR . . . . .	173	9,048			
Hotels, Resorts & Cruise Lines – 1.8%			Property & Casualty Insurance – 2.3%					
Wyndham Worldwide Corp. . . . .	84	6,368	ACE Ltd. . . . .	81	8,358			
Industrial Machinery – 1.1%			Reinsurance – 3.0%					
Parker Hannifin Corp. . . . .	31	3,885	Reinsurance Group of America, Inc. . . . .	136	10,754			
Integrated Oil & Gas – 2.9%			Soft Drinks – 1.9%					
Occidental Petroleum Corp. . . . .	101	10,355	Coca-Cola Enterprises, Inc. (C) . . . . .	146	6,957			

## 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) 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, 2014.

(E) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2014. Date shown represents the date that the variable rate resets.

# SCHEDULE OF INVESTMENTS

**Value** (in thousands)

JUNE 30, 2014 (UNAUDITED)

The following written options were outstanding at June 30, 2014 (contracts and exercise prices unrounded):

Underlying Security	Counterparty, if OTC	Type	Number of Contracts	Expiration Month	Exercise Price	Premium Received	Value
Coca-Cola Enterprises, Inc.	Morgan Stanley & Co., Inc.	Call	1,434	August 2014	\$ 49.00	\$ 90	\$(132)
Humana, Inc.	N/A	Call	286	August 2014	140.00	38	(35)
Limited Brands, Inc.	N/A	Put	239	August 2014	55.00	42	(14)
McKesson Corp.	N/A	Call	193	August 2014	200.00	46	(14)
						<u>\$216</u>	<u>\$(195)</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, 2014. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks	\$349,045	\$ —	\$—
Short-Term Securities	—	9,276	—
Total	<u>\$349,045</u>	<u>\$9,276</u>	<u>\$—</u>
<b>Liabilities</b>			
Written Options	\$ 63	\$ 132	\$—

As of June 30, 2014, there were no transfers between Level 1 and 2 during the period.

The following acronyms are used throughout this schedule:

ADR = American Depositary Receipts

OTC = Over the Counter

See Accompanying Notes to Financial Statements.

# STATEMENTS OF ASSETS AND LIABILITIES

## Ivy Funds VIP

AS OF JUNE 30, 2014 (UNAUDITED)

(In thousands, except per share amounts)	Pathfinder Aggressive	Pathfinder Conservative	Pathfinder Moderate	Pathfinder Moderately Aggressive	Pathfinder Moderately Conservative	Pathfinder Moderate – Managed Volatility	Pathfinder Moderately Aggressive – Managed Volatility
<b>ASSETS</b>							
Investments in unaffiliated securities at market value+	\$ 578	\$ 439	\$ 222	\$ 631	\$ 544	\$ 3,391	\$ 1,209
Investments in affiliated securities at market value+	87,969	122,497	934,548	1,116,463	300,596	102,286	30,184
<b>Investments at Market Value</b>	<b>88,547</b>	<b>122,936</b>	<b>934,770</b>	<b>1,117,094</b>	<b>301,140</b>	<b>105,677</b>	<b>31,393</b>
Cash	1	—*	1	1	1	1	—*
Restricted cash	—	—	—	—	—	52	17
Investment securities sold receivable	22	161	378	—	56	—	—
Dividends and interest receivable	—*	—*	1	—*	—*	—*	—*
Capital shares sold receivable	—*	48	1,884	43	1,086	857	241
Variation margin receivable	—	—	—	—	—	—*	—*
Prepaid and other assets	—	—	—	—	—	5	5
<b>Total Assets</b>	<b>88,570</b>	<b>123,145</b>	<b>937,034</b>	<b>1,117,138</b>	<b>302,283</b>	<b>106,592</b>	<b>31,656</b>
<b>LIABILITIES</b>							
Investment securities purchased payable	—	—	—	31	—	227	275
Capital shares redeemed payable	32	6	105	543	33	6	3
Trustees and Chief Compliance Officer fees payable	5	5	33	40	11	—*	—*
Shareholder servicing payable	—*	—*	3	4	1	—*	—*
Investment management fee payable	—	—	—	—	—	1	—*
Accounting services fee payable	2	3	13	15	5	2	1
Other liabilities	3	3	9	14	9	4	2
<b>Total Liabilities</b>	<b>42</b>	<b>17</b>	<b>163</b>	<b>647</b>	<b>59</b>	<b>240</b>	<b>281</b>
<b>Total Net Assets</b>	<b>\$88,528</b>	<b>\$123,128</b>	<b>\$936,871</b>	<b>\$1,116,491</b>	<b>\$302,224</b>	<b>\$106,352</b>	<b>\$31,375</b>
<b>NET ASSETS</b>							
Capital paid in (shares authorized – unlimited)	\$73,874	\$110,320	\$787,729	\$ 912,789	\$262,442	\$102,377	\$29,849
Undistributed net investment income	2,360	1,399	15,606	25,261	4,256	1,292	541
Accumulated net realized gain	7,800	6,675	66,941	83,966	19,384	4,773	1,678
Net unrealized appreciation (depreciation)	4,494	4,734	66,595	94,475	16,142	(2,090)	(693)
<b>Total Net Assets</b>	<b>\$88,528</b>	<b>\$123,128</b>	<b>\$936,871</b>	<b>\$1,116,491</b>	<b>\$302,224</b>	<b>\$106,352</b>	<b>\$31,375</b>
<b>CAPITAL SHARES OUTSTANDING</b>	15,552	22,473	160,946	183,043	52,603	19,190	5,596
<b>NET ASSET VALUE PER SHARE</b>	\$5.69	\$5.48	\$5.82	\$6.10	\$5.75	\$5.54	\$5.61
<b>+ COST</b>							
Investments in unaffiliated securities at cost	\$ 578	\$ 439	\$ 222	\$ 631	\$ 544	\$ 3,391	\$ 1,209
Investments in affiliated securities at cost	83,475	117,763	867,953	1,021,988	284,454	104,385	30,880

\*Not shown due to rounding.

See Accompanying Notes to Financial Statements.



# STATEMENTS OF ASSETS AND LIABILITIES

## Ivy Funds VIP

AS OF JUNE 30, 2014 (UNAUDITED)

(In thousands, except per share amounts)	Pathfinder Moderately Conservative – Managed Volatility	Asset Strategy <sup>(1)</sup>	Balanced	Bond	Core Equity	Dividend Opportunities	Energy
<b>ASSETS</b>							
Investments in unaffiliated securities at market value+	\$ 632	\$1,571,122	\$413,840	\$314,782	\$503,677	\$506,035	\$145,196
Investments in affiliated securities at market value+	20,479	40,864	—	—	—	—	—
Bullion at market value+	—	108,658	—	—	—	—	—
<b>Investments at Market Value</b>	<b>21,111</b>	<b>1,720,644</b>	<b>413,840</b>	<b>314,782</b>	<b>503,677</b>	<b>506,035</b>	<b>145,196</b>
Cash	—*	1,458	1	1	—*	1	—*
Cash denominated in foreign currencies at market value+	—	1,283	—	—	—	—	—
Restricted cash	9	—	—	—	—	—	—
Investment securities sold receivable	—	—	1,766	—	17,730	—	603
Dividends and interest receivable	—*	5,753	965	2,603	473	741	94
Capital shares sold receivable	3	1,961	29	—*	59	82	1,323
Unrealized appreciation on swap agreements	—	2,709	—	—	—	—	—
Prepaid and other assets	6	—	—	—*	—	—	—
<b>Total Assets</b>	<b>21,129</b>	<b>1,733,808</b>	<b>416,601</b>	<b>317,386</b>	<b>521,939</b>	<b>506,859</b>	<b>147,216</b>
<b>LIABILITIES</b>							
Investment securities purchased payable	—	6,796	2,531	—	6,609	1,226	3,964
Capital shares redeemed payable	1	1,241	340	715	506	204	5
Trustees and Chief Compliance Officer fees payable	—*	138	85	78	162	25	4
Service fee payable	—	12	3	2	3	3	1
Shareholder servicing payable	—*	6	2	1	2	2	1
Investment management fee payable	—*	32	8	4	9	10	3
Accounting services fee payable	1	21	10	8	11	11	5
Unrealized depreciation on forward foreign currency contracts	—	316	—	—	—	—	—
Unrealized depreciation on swap agreements	—	346	—	—	—	—	—
Variation margin payable	—	—	—	22	—	—	—
Written options at market value+	—	89	—	—	—	—	—
Other liabilities	2	152	7	8	9	8	4
<b>Total Liabilities</b>	<b>4</b>	<b>9,149</b>	<b>2,986</b>	<b>838</b>	<b>7,311</b>	<b>1,489</b>	<b>3,987</b>
<b>Total Net Assets</b>	<b>\$21,125</b>	<b>\$1,724,659</b>	<b>\$413,615</b>	<b>\$316,548</b>	<b>\$514,628</b>	<b>\$505,370</b>	<b>\$143,229</b>
<b>NET ASSETS</b>							
Capital paid in (shares authorized – unlimited)	\$20,280	\$1,334,813	\$279,206	\$306,370	\$354,873	\$357,933	\$108,047
Undistributed net investment income	195	15,996	1,736	3,666	831	3,098	36
Accumulated net realized gain (loss)	875	252,836	22,307	(1,407)	29,111	23,948	(1,989)
Net unrealized appreciation (depreciation)	(225)	121,014	110,366	7,919	129,813	120,391	37,135
<b>Total Net Assets</b>	<b>\$21,125</b>	<b>\$1,724,659</b>	<b>\$413,615</b>	<b>\$316,548</b>	<b>\$514,628</b>	<b>\$505,370</b>	<b>\$143,229</b>
<b>CAPITAL SHARES OUTSTANDING</b>	<b>3,883</b>	<b>151,656</b>	<b>41,312</b>	<b>59,731</b>	<b>37,351</b>	<b>57,311</b>	<b>16,435</b>
<b>NET ASSET VALUE PER SHARE</b>	<b>\$5.44</b>	<b>\$11.37</b>	<b>\$10.01</b>	<b>\$5.30</b>	<b>\$13.78</b>	<b>\$8.82</b>	<b>\$8.72</b>
<b>+COST</b>							
Investments in unaffiliated securities at cost	\$ 632	\$1,449,425	\$303,474	\$306,874	\$373,864	\$385,644	\$108,061
Investments in affiliated securities at cost	20,704	40,864	—	—	—	—	—
Bullion at cost	—	111,563	—	—	—	—	—
Cash denominated in foreign currencies at cost	—	1,284	—	—	—	—	—
Written options premiums received at cost	—	234	—	—	—	—	—

\*Not shown due to rounding.

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

See Accompanying Notes to Financial Statements.

# STATEMENTS OF ASSETS AND LIABILITIES

## Ivy Funds VIP

AS OF JUNE 30, 2014 (UNAUDITED)

(In thousands, except per share amounts)	Global Bond	Global Natural Resources	Growth	High Income	International Core Equity	International Growth	Limited- Term Bond
<b>ASSETS</b>							
Investments in unaffiliated securities at market value+	\$18,629	\$195,623	\$815,968	\$867,103	\$710,578	\$436,003	\$459,150
<b>Investments at Market Value</b>	<b>18,629</b>	<b>195,623</b>	<b>815,968</b>	<b>867,103</b>	<b>710,578</b>	<b>436,003</b>	<b>459,150</b>
Cash	8	1	—*	1,855	1	1	—*
Cash denominated in foreign currencies at market value+	—	—	—	4	819	1	—
Restricted cash	—	—	—	—	21	—	—
Investment securities sold receivable	—	—	—	5,421	547	5,536	—
Dividends and interest receivable	208	152	636	11,448	1,945	1,451	4,125
Capital shares sold receivable	2	102	69	1,322	116	86	123
Prepaid and other assets	—	—	1	—*	—	—	—
<b>Total Assets</b>	<b>18,847</b>	<b>195,878</b>	<b>816,674</b>	<b>887,153</b>	<b>714,027</b>	<b>443,078</b>	<b>463,398</b>
<b>LIABILITIES</b>							
Investment securities purchased payable	162	3,196	—	18,182	5,953	—	—
Capital shares redeemed payable	2	192	765	479	331	168	107
Trustees and Chief Compliance Officer fees payable	1	17	242	48	73	55	9
Service fee payable	—*	1	6	6	5	3	3
Shareholder servicing payable	—*	1	4	2	2	2	1
Investment management fee payable	—	5	15	14	16	10	6
Accounting services fee payable	1	6	17	17	14	11	11
Unrealized depreciation on forward foreign currency contracts	—	81	—	14	218	81	—
Variation margin payable	—	—	—	—	—	—	73
Other liabilities	8	6	18	60	44	26	6
<b>Total Liabilities</b>	<b>174</b>	<b>3,505</b>	<b>1,067</b>	<b>18,822</b>	<b>6,656</b>	<b>356</b>	<b>216</b>
<b>Total Net Assets</b>	<b>\$18,673</b>	<b>\$192,373</b>	<b>\$815,607</b>	<b>\$868,331</b>	<b>\$707,371</b>	<b>\$442,722</b>	<b>\$463,182</b>
<b>NET ASSETS</b>							
Capital paid in (shares authorized – unlimited)	\$18,131	\$184,849	\$510,827	\$812,685	\$565,959	\$347,157	\$458,822
Undistributed (distributions in excess of) net investment income	287	1	630	24,603	(548)	342	3,081
Accumulated net realized gain (loss)	(147)	(25,636)	60,537	7,437	44,113	18,461	(3,521)
Net unrealized appreciation	402	33,159	243,613	23,606	97,847	76,762	4,800
<b>Total Net Assets</b>	<b>\$18,673</b>	<b>\$192,373</b>	<b>\$815,607</b>	<b>\$868,331</b>	<b>\$707,371</b>	<b>\$442,722</b>	<b>\$463,182</b>
<b>CAPITAL SHARES OUTSTANDING</b>	<b>3,565</b>	<b>30,963</b>	<b>71,781</b>	<b>218,889</b>	<b>36,780</b>	<b>47,395</b>	<b>94,240</b>
<b>NET ASSET VALUE PER SHARE</b>	<b>\$5.24</b>	<b>\$6.21</b>	<b>\$11.36</b>	<b>\$3.97</b>	<b>\$19.23</b>	<b>\$9.34</b>	<b>\$4.91</b>
<b>+ COST</b>							
Investments in unaffiliated securities at cost	\$18,228	\$162,383	\$572,355	\$843,483	\$612,528	\$359,191	\$454,474
Cash denominated in foreign currencies at cost	—	—	—	4	825	1	—

\*Not shown due to rounding.

See Accompanying Notes to Financial Statements.

# STATEMENTS OF ASSETS AND LIABILITIES

## Ivy Funds VIP

AS OF JUNE 30, 2014 (UNAUDITED)

(In thousands, except per share amounts)	Micro Cap Growth	Mid Cap Growth	Money Market	Real Estate Securities	Science and Technology	Small Cap Growth	Small Cap Value
<b>ASSETS</b>							
Investments in unaffiliated securities at market value+	\$75,090	\$450,300	\$754,106	\$47,291	\$601,125	\$372,205	\$296,710
Investments at Market Value	75,090	450,300	754,106	47,291	601,125	372,205	296,710
Cash	100	1	1	1	1	—*	—*
Investment securities sold receivable	819	—	—	125	534	1,703	436
Dividends and interest receivable	21	181	369	155	285	20	193
Capital shares sold receivable	38	633	2,061	37	543	97	48
Receivable from affiliates	—	76	1,023	—	—	—	—
Prepaid and other assets	—	—	—*	—	—	—	—
<b>Total Assets</b>	<b>76,068</b>	<b>451,191</b>	<b>757,560</b>	<b>47,609</b>	<b>602,488</b>	<b>374,025</b>	<b>297,387</b>
<b>LIABILITIES</b>							
Investment securities purchased payable	656	—	—	255	2,824	698	159
Capital shares redeemed payable	27	362	229	20	296	77	121
Distributions payable	—	—	—*	—	—	—	—
Trustees and Chief Compliance Officer fees payable	7	14	32	5	70	100	27
Service fee payable	1	3	—	—*	4	3	2
Shareholder servicing payable	—*	1	2	—*	2	2	1
Investment management fee payable	2	10	8	1	14	8	7
Accounting services fee payable	4	11	17	2	13	8	8
Written options at market value+	—	7	—	—	—	—	49
Other liabilities	3	8	9	4	13	10	6
<b>Total Liabilities</b>	<b>700</b>	<b>416</b>	<b>297</b>	<b>287</b>	<b>3,236</b>	<b>906</b>	<b>380</b>
<b>Total Net Assets</b>	<b>\$75,368</b>	<b>\$450,775</b>	<b>\$757,263</b>	<b>\$47,322</b>	<b>\$599,252</b>	<b>\$373,119</b>	<b>\$297,007</b>
<b>NET ASSETS</b>							
Capital paid in (shares authorized – unlimited)	\$50,492	\$340,622	\$757,270	\$38,780	\$350,806	\$236,573	\$225,817
Undistributed (distributions in excess of) net investment income	(417)	(1,171)	—	481	(1,255)	(2,104)	404
Accumulated net realized gain (loss)	9,001	41,389	(7)	2,168	13,967	36,957	16,369
Net unrealized appreciation	16,292	69,935	—	5,893	235,734	101,693	54,417
<b>Total Net Assets</b>	<b>\$75,368</b>	<b>\$450,775</b>	<b>\$757,263</b>	<b>\$47,322</b>	<b>\$599,252</b>	<b>\$373,119</b>	<b>\$297,007</b>
<b>CAPITAL SHARES OUTSTANDING</b>	<b>2,796</b>	<b>43,201</b>	<b>757,273</b>	<b>5,487</b>	<b>23,449</b>	<b>31,040</b>	<b>16,664</b>
<b>NET ASSET VALUE PER SHARE</b>	<b>\$26.95</b>	<b>\$10.43</b>	<b>\$1.00</b>	<b>\$8.62</b>	<b>\$25.56</b>	<b>\$12.02</b>	<b>\$17.82</b>
<b>+COST</b>							
Investments in unaffiliated securities at cost	\$58,798	\$380,396	\$754,106	\$41,398	\$365,391	\$270,512	\$242,303
Written options premiums received at cost	—	38	—	—	—	—	59

\*Not shown due to rounding.

# STATEMENTS OF ASSETS AND LIABILITIES

## Ivy Funds VIP

AS OF JUNE 30, 2014 (UNAUDITED)

(In thousands, except per share amounts)

	Value
<b>ASSETS</b>	
Investments in unaffiliated securities at market value+	\$358,321
<b>Investments at Market Value</b>	<b>358,321</b>
Cash	—*
Investment securities sold receivable	2,188
Dividends and interest receivable	495
Capital shares sold receivable	69
<b>Total Assets</b>	<b>361,073</b>
<b>LIABILITIES</b>	
Investment securities purchased payable	1,488
Capital shares redeemed payable	229
Trustees and Chief Compliance Officer fees payable	51
Service fee payable	2
Shareholder servicing payable	1
Investment management fee payable	7
Accounting services fee payable	8
Written options at market value+	195
Other liabilities	7
<b>Total Liabilities</b>	<b>1,988</b>
<b>Total Net Assets</b>	<b>\$359,085</b>
<b>NET ASSETS</b>	
Capital paid in (shares authorized – unlimited)	\$256,673
Undistributed net investment income	4,239
Accumulated net realized gain	36,146
Net unrealized appreciation	62,027
<b>Total Net Assets</b>	<b>\$359,085</b>
<b>CAPITAL SHARES OUTSTANDING</b>	<b>50,637</b>
<b>NET ASSET VALUE PER SHARE</b>	<b>\$7.09</b>
<b>+ COST</b>	
Investments in unaffiliated securities at cost	\$296,315
Written options premiums received at cost	216

\* Not shown due to rounding.

See Accompanying Notes to Financial Statements.

# STATEMENTS OF OPERATIONS

## Ivy Funds VIP

FOR THE SIX MONTHS ENDED JUNE 30, 2014 (UNAUDITED)

(In thousands)	Pathfinder Aggressive	Pathfinder Conservative	Pathfinder Moderate	Pathfinder Moderately Aggressive	Pathfinder Moderately Conservative	Pathfinder Moderate – Managed Volatility	Pathfinder Moderately Aggressive – Managed Volatility
<b>INVESTMENT INCOME</b>							
Dividends from affiliated securities	\$ 2,399	\$ 1,446	\$ 15,798	\$ 25,482	\$ 4,343	\$ 1,414	\$ 607
Interest and amortization from unaffiliated securities	—*	—*	—*	—*	—*	1	—*
<b>Total Investment Income</b>	<b>2,399</b>	<b>1,446</b>	<b>15,798</b>	<b>25,482</b>	<b>4,343</b>	<b>1,415</b>	<b>607</b>
<b>EXPENSES</b>							
Investment management fee	—	—	—	—	—	66	22
Shareholder servicing	1	1	9	11	3	—*	—*
Offering Costs	—	—	—	—	—	19	19
Custodian fees	1	1	2	1	1	2	2
Trustees and Chief Compliance Officer fees	3	4	26	31	9	1	—*
Accounting services fee	13	18	76	88	31	12	5
Professional fees	12	12	23	27	15	13	12
Other	4	7	24	29	15	5	2
<b>Total Expenses</b>	<b>34</b>	<b>43</b>	<b>160</b>	<b>187</b>	<b>74</b>	<b>118</b>	<b>62</b>
<b>Net Investment Income</b>	<b>2,365</b>	<b>1,403</b>	<b>15,638</b>	<b>25,295</b>	<b>4,269</b>	<b>1,297</b>	<b>545</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS)</b>							
Net realized gain (loss) on:							
Investments in affiliated securities	1,624	2,510	18,727	21,062	6,411	247	112
Distributions of realized capital gains from affiliated securities	6,178	4,168	48,233	62,921	12,979	4,322	1,499
Futures contracts	—	—	—	—	—	239	77
Net change in unrealized appreciation (depreciation) on:							
Investments in affiliated securities	(6,584)	(5,346)	(52,204)	(66,234)	(15,373)	(3,033)	(1,117)
Futures contracts	—	—	—	—	—	(16)	(4)
<b>Net Realized and Unrealized Gain</b>	<b>1,218</b>	<b>1,332</b>	<b>14,756</b>	<b>17,749</b>	<b>4,017</b>	<b>1,759</b>	<b>567</b>
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>\$ 3,583</b>	<b>\$ 2,735</b>	<b>\$ 30,394</b>	<b>\$ 43,044</b>	<b>\$ 8,286</b>	<b>\$ 3,056</b>	<b>\$ 1,112</b>

\*Not shown due to rounding.

# STATEMENTS OF OPERATIONS

## Ivy Funds VIP

FOR THE SIX MONTHS ENDED JUNE 30, 2014 (UNAUDITED)

(In thousands)	Pathfinder Moderately Conservative – Managed Volatility	Asset Strategy <sup>(1)</sup>	Balanced	Bond	Core Equity	Dividend Opportunities	Energy
<b>INVESTMENT INCOME</b>							
Dividends from unaffiliated securities	\$ —	\$ 16,224	\$ 2,552	\$ —	\$ 3,358	\$ 5,351	\$ 573
Dividends from affiliated securities	253	—	—	—	—	—	—
Foreign dividend withholding tax	—	(813)	—	—	(25)	(14)	(14)
Interest and amortization from unaffiliated securities	—*	1,379	1,314	4,979	3	5	3
Foreign interest withholding tax	—	—*	—	—	—	—	—
Payment in-kind bond security income	—	2,361	—	—	—	—	—
<b>Total Investment Income</b>	<b>253</b>	<b>19,151</b>	<b>3,866</b>	<b>4,979</b>	<b>3,336</b>	<b>5,342</b>	<b>562</b>
<b>EXPENSES</b>							
Investment management fee	15	5,730	1,417	744	1,726	1,677	475
Service fee	—	2,109	506	392	617	599	140
Shareholder servicing	—*	19	4	4	5	5	1
Offering Costs	19	—	—	—	—	—	—
Custodian fees	2	53	3	4	5	5	5
Trustees and Chief Compliance Officer fees	—*	56	19	14	30	15	3
Accounting services fee	4	124	62	46	66	65	29
Professional fees	12	91	23	24	20	20	16
Other	2	78	14	9	14	8	(6)
<b>Total Expenses</b>	<b>54</b>	<b>8,260</b>	<b>2,048</b>	<b>1,237</b>	<b>2,483</b>	<b>2,394</b>	<b>663</b>
Less:							
Expenses in excess of limit	—	(50)	—	—	(124)	—	—
<b>Total Net Expenses</b>	<b>54</b>	<b>8,210</b>	<b>2,048</b>	<b>1,237</b>	<b>2,359</b>	<b>2,394</b>	<b>663</b>
<b>Net Investment Income (Loss)</b>	<b>199</b>	<b>10,941</b>	<b>1,818</b>	<b>3,742</b>	<b>977</b>	<b>2,948</b>	<b>(101)</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS)</b>							
Net realized gain (loss) on:							
Investments in unaffiliated securities	—	264,416	22,376	635	29,121	23,833	2,396
Investments in affiliated securities	79	—	—	—	—	—	—
Distributions of realized capital gains from affiliated securities	757	—	—	—	—	—	—
Futures contracts	43	(6,399)	—	(1,668)	—	—	—
Written options	—	3,225	—	—	—	—	—
Swap agreements	—	1,897	—	—	—	—	—
Forward foreign currency contracts	—	1,200	—	—	—	—	—
Foreign currency exchange transactions	—	(17)	(3)	—	—	1	—*
Net change in unrealized appreciation (depreciation) on:							
Investments in unaffiliated securities	—	(280,998)	(1,645)	8,564	2,077	6,588	19,476
Investments in affiliated securities	(567)	90	—	—	—	—	—
Futures contracts	(4)	(2,698)	—	(359)	—	—	—
Written options	—	(297)	—	—	—	—	—
Swap agreements	—	2,363	—	—	—	—	—
Forward foreign currency contracts	—	(8,460)	—	—	—	—	—
Foreign currency exchange transactions	—	(6)	—	—	—	—	—*
<b>Net Realized and Unrealized Gain (Loss)</b>	<b>308</b>	<b>(25,684)</b>	<b>20,728</b>	<b>7,172</b>	<b>31,198</b>	<b>30,422</b>	<b>21,872</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>\$ 507</b>	<b>\$ (14,743)</b>	<b>\$ 22,546</b>	<b>\$ 10,914</b>	<b>\$ 32,175</b>	<b>\$ 33,370</b>	<b>\$ 21,771</b>

\*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, 2014 (UNAUDITED)

(In thousands)	Global Bond	Global Natural Resources	Growth	High Income	International Core Equity	International Growth	Limited-Term Bond
<b>INVESTMENT INCOME</b>							
Dividends from unaffiliated securities	\$ 41	\$ 1,235	\$ 5,857	\$ 134	\$11,655	\$ 6,533	\$ —
Foreign dividend withholding tax	(1)	(40)	(15)	—	(1,137)	(720)	—
Interest and amortization from unaffiliated securities	323	2	6	27,781	9	8	4,921
Foreign interest withholding tax	—	—	—	—	—*	—*	—
<b>Total Investment Income</b>	<b>363</b>	<b>1,197</b>	<b>5,848</b>	<b>27,915</b>	<b>10,527</b>	<b>5,821</b>	<b>4,921</b>
<b>EXPENSES</b>							
Investment management fee	54	879	3,595	2,357	2,840	1,781	1,126
Service fee	21	220	1,294	956	835	524	563
Shareholder servicing	—*	2	12	7	8	5	3
Custodian fees	3	5	12	7	33	19	5
Trustees and Chief Compliance Officer fees	—*	6	55	23	25	16	12
Accounting services fee	7	33	115	93	82	62	64
Professional fees	19	23	31	37	39	35	25
Other	3	9	26	34	22	20	30
<b>Total Expenses</b>	<b>107</b>	<b>1,177</b>	<b>5,140</b>	<b>3,514</b>	<b>3,884</b>	<b>2,462</b>	<b>1,828</b>
Less:							
Expenses in excess of limit	(54)	—	(139)	(124)	—	(63)	—
<b>Total Net Expenses</b>	<b>53</b>	<b>1,177</b>	<b>5,001</b>	<b>3,390</b>	<b>3,884</b>	<b>2,399</b>	<b>1,828</b>
<b>Net Investment Income</b>	<b>310</b>	<b>20</b>	<b>847</b>	<b>24,525</b>	<b>6,643</b>	<b>3,422</b>	<b>3,093</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS)</b>							
Net realized gain (loss) on:							
Investments in unaffiliated securities	(12)	3,522	147,854	7,577	43,892	18,474	479
Futures contracts	—	—	—	—	—	—	(3,505)
Forward foreign currency contracts	(16)	(336)	—	(57)	410	30	—
Foreign currency exchange transactions	(2)	(3)	—	1	89	(29)	—
Net change in unrealized appreciation (depreciation) on:							
Investments in unaffiliated securities	399	20,965	(110,837)	4,617	4,449	5,706	5,959
Futures contracts	—	—	—	—	—	—	(357)
Written options	—	—	—	—	86	—	—
Forward foreign currency contracts	7	58	—	111	(361)	(63)	—
Foreign currency exchange transactions	2	(2)	—	(2)	(11)	(21)	—
<b>Net Realized and Unrealized Gain</b>	<b>378</b>	<b>24,204</b>	<b>37,017</b>	<b>12,247</b>	<b>48,554</b>	<b>24,097</b>	<b>2,576</b>
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>\$688</b>	<b>\$24,224</b>	<b>\$ 37,864</b>	<b>\$36,772</b>	<b>\$55,197</b>	<b>\$27,519</b>	<b>\$ 5,669</b>

\*Not shown due to rounding.

See Accompanying Notes to Financial Statements.

# STATEMENTS OF OPERATIONS

## Ivy Funds VIP

FOR THE SIX MONTHS ENDED JUNE 30, 2014 (UNAUDITED)

(In thousands)	Micro Cap Growth	Mid Cap Growth	Money Market	Real Estate Securities	Science and Technology	Small Cap Growth	Small Cap Value
<b>INVESTMENT INCOME</b>							
Dividends from unaffiliated securities	\$ 80	\$ 1,265	\$ —	\$ 706	\$ 2,121	\$ 697	\$ 1,285
Foreign dividend withholding tax	—	—	—	—	(44)	(4)	—
Interest and amortization from unaffiliated securities	2	6	589	—*	5	6	12
<b>Total Investment Income</b>	<b>82</b>	<b>1,271</b>	<b>589</b>	<b>706</b>	<b>2,082</b>	<b>699</b>	<b>1,297</b>
<b>EXPENSES</b>							
Investment management fee	362	1,820	1,362	197	2,425	2,027	1,206
Service fee	95	535	—	55	713	596	355
Shareholder servicing	1	4	5	—*	6	6	3
Custodian fees	4	7	9	3	22	6	5
Trustees and Chief Compliance Officer fees	4	12	20	2	22	24	10
Accounting services fee	22	63	90	14	78	66	46
Professional fees	16	18	21	22	26	23	18
Other	3	18	36	3	22	15	7
<b>Total Expenses</b>	<b>507</b>	<b>2,477</b>	<b>1,543</b>	<b>296</b>	<b>3,314</b>	<b>2,763</b>	<b>1,650</b>
Less:							
Expenses in excess of limit	—	(119)	(1,023)	(19)	(57)	(47)	—
<b>Total Net Expenses</b>	<b>507</b>	<b>2,358</b>	<b>520</b>	<b>277</b>	<b>3,257</b>	<b>2,716</b>	<b>1,650</b>
<b>Net Investment Income (Loss)</b>	<b>(425)</b>	<b>(1,087)</b>	<b>69</b>	<b>429</b>	<b>(1,175)</b>	<b>(2,017)</b>	<b>(353)</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS)</b>							
Net realized gain (loss) on:							
Investments in unaffiliated securities	9,003	42,927	—	2,276	13,908	69,116	16,843
Written options	—	(681)	—	1	148	—	—
Foreign currency exchange transactions	—	—*	—	—*	(8)	—	—
Net change in unrealized appreciation (depreciation) on:							
Investments in unaffiliated securities	(9,519)	(25,019)	—	4,097	15,982	(75,746)	653
Written options	—	42	—	2	(76)	—	10
Foreign currency exchange transactions	—	—*	—	(1)	—*	—	—
<b>Net Realized and Unrealized Gain (Loss)</b>	<b>(516)</b>	<b>17,269</b>	<b>—</b>	<b>6,375</b>	<b>29,954</b>	<b>(6,630)</b>	<b>17,506</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>\$ (941)</b>	<b>\$ 16,182</b>	<b>\$ 69</b>	<b>\$ 6,804</b>	<b>\$ 28,779</b>	<b>\$ (8,647)</b>	<b>\$ 17,153</b>

\*Not shown due to rounding.

See Accompanying Notes to Financial Statements.



# STATEMENTS OF OPERATIONS

## Ivy Funds VIP

FOR THE SIX MONTHS ENDED JUNE 30, 2014 (UNAUDITED)

(In thousands)

	Value
<b>INVESTMENT INCOME</b>	
Dividends from unaffiliated securities	\$ 3,176
Foreign dividend withholding tax	(9)
Interest and amortization from unaffiliated securities	7
<b>Total Investment Income</b>	<b>3,174</b>
<b>EXPENSES</b>	
Investment management fee	1,244
Service fee	444
Shareholder servicing	4
Custodian fees	5
Trustees and Chief Compliance Officer fees	15
Accounting services fee	54
Professional fees	21
Other	16
<b>Total Expenses</b>	<b>1,803</b>
Less:	
Expenses in excess of limit	(18)
<b>Total Net Expenses</b>	<b>1,785</b>
<b>Net Investment Income</b>	<b>1,389</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS)</b>	
Net realized gain (loss) on:	
Investments in unaffiliated securities	35,766
Written options	(576)
Net change in unrealized appreciation (depreciation) on:	
Investments in unaffiliated securities	(16,341)
Written options	1,813
<b>Net Realized and Unrealized Gain</b>	<b>20,662</b>
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>\$ 22,051</b>

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 6-30-14 (Unaudited)	Year ended 12-31-13	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income	\$ 2,365	\$ 731	\$ 1,403	\$ 1,290	\$ 15,638	\$ 9,583
Net realized gain on investments	7,802	6,253	6,678	7,314	66,960	65,667
Net change in unrealized appreciation (depreciation)	(6,584)	11,334	(5,346)	6,892	(52,204)	82,619
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>3,583</b>	<b>18,318</b>	<b>2,735</b>	<b>15,496</b>	<b>30,394</b>	<b>157,869</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	(732)	(963)	(1,290)	(1,576)	(9,590)	(9,499)
Net realized gains	(6,253)	(4,480)	(7,315)	(4,671)	(65,663)	(30,261)
<b>Total Distributions to Shareholders</b>	<b>(6,985)</b>	<b>(5,443)</b>	<b>(8,605)</b>	<b>(6,247)</b>	<b>(75,253)</b>	<b>(39,760)</b>
<b>Capital Share Transactions</b>	<b>6,073</b>	<b>4,098</b>	<b>7,778</b>	<b>4,958</b>	<b>60,131</b>	<b>70,984</b>
<b>Net Increase in Net Assets</b>	<b>2,671</b>	<b>16,973</b>	<b>1,908</b>	<b>14,207</b>	<b>15,272</b>	<b>189,093</b>
<b>Net Assets, Beginning of Period</b>	<b>85,857</b>	<b>68,884</b>	<b>121,220</b>	<b>107,013</b>	<b>921,599</b>	<b>732,506</b>
<b>Net Assets, End of Period</b>	<b>\$ 88,528</b>	<b>\$ 85,857</b>	<b>\$123,128</b>	<b>\$121,220</b>	<b>\$936,871</b>	<b>\$921,599</b>
Undistributed net investment income	\$ 2,360	\$ 727	\$ 1,399	\$ 1,286	\$ 15,606	\$ 9,558

  

(In thousands)	Pathfinder Moderately Aggressive		Pathfinder Moderately Conservative		Pathfinder Moderate – Managed Volatility	
	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13	Six months ended 6-30-14 (Unaudited)	Period from 8-1-13 to 12-31-13
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income (loss)	\$ 25,295	\$ 11,279	\$ 4,269	\$ 2,924	\$ 1,297	\$ (28)
Net realized gain on investments	83,983	76,002	19,390	18,973	4,808	110
Net change in unrealized appreciation (depreciation)	(66,234)	122,975	(15,373)	21,924	(3,049)	959
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>43,044</b>	<b>210,256</b>	<b>8,286</b>	<b>43,821</b>	<b>3,056</b>	<b>1,041</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	(11,294)	(11,573)	(2,929)	(3,438)	—	—
Net realized gains	(75,998)	(42,000)	(18,975)	(10,234)	(110)	(12)
<b>Total Distributions to Shareholders</b>	<b>(87,292)</b>	<b>(53,573)</b>	<b>(21,904)</b>	<b>(13,672)</b>	<b>(110)</b>	<b>(12)</b>
<b>Capital Share Transactions</b>	<b>71,265</b>	<b>59,479</b>	<b>16,026</b>	<b>29,233</b>	<b>69,445</b>	<b>32,932</b>
<b>Net Increase in Net Assets</b>	<b>27,017</b>	<b>216,162</b>	<b>2,408</b>	<b>59,382</b>	<b>72,391</b>	<b>33,961</b>
<b>Net Assets, Beginning of Period</b>	<b>1,089,474</b>	<b>873,312</b>	<b>299,816</b>	<b>240,434</b>	<b>33,961</b>	<b>—</b>
<b>Net Assets, End of Period</b>	<b>\$1,116,491</b>	<b>\$1,089,474</b>	<b>\$302,224</b>	<b>\$299,816</b>	<b>\$106,352</b>	<b>\$ 33,961</b>
Undistributed (distributions in excess of) net investment income	\$ 25,261	\$ 11,260	\$ 4,256	\$ 2,916	\$ 1,292	\$ (5)

See Accompanying Notes to Financial Statements.

# STATEMENTS OF CHANGES IN NET ASSETS

## Ivy Funds VIP

	Pathfinder Moderately Aggressive – Managed Volatility		Pathfinder Moderately Conservative – Managed Volatility		Asset Strategy <sup>(1)</sup>	
	Six months ended 6-30-14 (Unaudited)	Period from 8-1-13 to 12-31-13	Six months ended 6-30-14 (Unaudited)	Period from 8-1-13 to 12-31-13	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13
(In thousands)						
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income (loss)	\$ 545	\$ (22)	\$ 199	\$ (22)	\$ 10,941	\$ 12,076
Net realized gain on investments	1,688	49	879	54	264,322	237,268
Net change in unrealized appreciation (depreciation)	(1,121)	428	(571)	346	(290,006)	88,247
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>1,112</b>	<b>455</b>	<b>507</b>	<b>378</b>	<b>(14,743)</b>	<b>337,591</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	—	—	—	—	(8,178)	(18,794)
Net realized gains	(33)	(8)	(35)	(5)	(216,767)	—
<b>Total Distributions to Shareholders</b>	<b>(33)</b>	<b>(8)</b>	<b>(35)</b>	<b>(5)</b>	<b>(224,945)</b>	<b>(18,794)</b>
<b>Capital Share Transactions</b>	<b>19,929</b>	<b>9,920</b>	<b>10,833</b>	<b>9,447</b>	<b>259,874</b>	<b>40,530</b>
<b>Net Increase in Net Assets</b>	<b>21,008</b>	<b>10,367</b>	<b>11,305</b>	<b>9,820</b>	<b>20,186</b>	<b>359,327</b>
<b>Net Assets, Beginning of Period</b>	<b>10,367</b>	<b>—</b>	<b>9,820</b>	<b>—</b>	<b>1,704,473</b>	<b>1,345,146</b>
<b>Net Assets, End of Period</b>	<b>\$ 31,375</b>	<b>\$ 10,367</b>	<b>\$ 21,125</b>	<b>\$ 9,820</b>	<b>\$1,724,659</b>	<b>\$1,704,473</b>
Undistributed (distributions in excess of) net investment income	\$ 541	\$ (4)	\$ 195	\$ (4)	\$ 15,996	\$ 13,250
	Balanced		Bond		Core Equity	
	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13
(In thousands)						
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income	\$ 1,818	\$ 3,810	\$ 3,742	\$ 10,522	\$ 977	\$ 2,439
Net realized gain (loss) on investments	22,373	34,602	(1,033)	10,907	29,121	69,660
Net change in unrealized appreciation (depreciation)	(1,645)	43,413	8,205	(30,455)	2,077	55,995
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>22,546</b>	<b>81,825</b>	<b>10,914</b>	<b>(9,026)</b>	<b>32,175</b>	<b>128,094</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	(3,847)	(5,586)	(11,937)	(17,519)	(2,471)	(2,364)
Net realized gains	(34,579)	(32,109)	(9,440)	(8,284)	(69,613)	(34,808)
<b>Total Distributions to Shareholders</b>	<b>(38,426)</b>	<b>(37,695)</b>	<b>(21,377)</b>	<b>(25,803)</b>	<b>(72,084)</b>	<b>(37,172)</b>
<b>Capital Share Transactions</b>	<b>11,618</b>	<b>19,028</b>	<b>12,918</b>	<b>(161,639)</b>	<b>54,552</b>	<b>18,263</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>(4,262)</b>	<b>63,158</b>	<b>2,455</b>	<b>(196,468)</b>	<b>14,643</b>	<b>109,185</b>
<b>Net Assets, Beginning of Period</b>	<b>417,877</b>	<b>354,719</b>	<b>314,093</b>	<b>510,561</b>	<b>499,985</b>	<b>390,800</b>
<b>Net Assets, End of Period</b>	<b>\$413,615</b>	<b>\$417,877</b>	<b>\$316,548</b>	<b>\$ 314,093</b>	<b>\$ 514,628</b>	<b>\$ 499,985</b>
Undistributed net investment income	\$ 1,736	\$ 3,768	\$ 3,666	\$ 11,861	\$ 831	\$ 2,325

(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)	Dividend Opportunities		Energy		Global Bond	
	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income (loss)	\$ 2,948	\$ 5,366	\$ (101)	\$ (200)	\$ 310	\$ 413
Net realized gain (loss) on investments	23,834	37,682	2,396	4,936	(30)	(132)
Net change in unrealized appreciation (depreciation)	6,588	69,799	19,476	14,735	408	(45)
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>33,370</b>	<b>112,847</b>	<b>21,771</b>	<b>19,471</b>	<b>688</b>	<b>236</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	(5,596)	(6,899)	—	—	(415)	—
Net realized gains	(37,543)	(9,376)	(3,701)	(282)	—	—
<b>Total Distributions to Shareholders</b>	<b>(43,139)</b>	<b>(16,275)</b>	<b>(3,701)</b>	<b>(282)</b>	<b>(415)</b>	<b>—</b>
<b>Capital Share Transactions</b>	<b>30,674</b>	<b>1,455</b>	<b>25,967</b>	<b>12,791</b>	<b>2,567</b>	<b>4,656</b>
<b>Net Increase in Net Assets</b>	<b>20,905</b>	<b>98,027</b>	<b>44,037</b>	<b>31,980</b>	<b>2,840</b>	<b>4,892</b>
<b>Net Assets, Beginning of Period</b>	<b>484,465</b>	<b>386,438</b>	<b>99,192</b>	<b>67,212</b>	<b>15,833</b>	<b>10,941</b>
<b>Net Assets, End of Period</b>	<b>\$505,370</b>	<b>\$484,465</b>	<b>\$ 143,229</b>	<b>\$ 99,192</b>	<b>\$ 18,673</b>	<b>\$ 15,833</b>
Undistributed net investment income	\$ 3,098	\$ 5,745	\$ 36	\$ 137	\$ 287	\$ 405

  

(In thousands)	Global Natural Resources		Growth		High Income	
	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income (loss)	\$ 20	\$ (43)	\$ 847	\$ 3,221	\$ 24,525	\$ 39,696
Net realized gain (loss) on investments	3,183	(10,587)	147,854	145,325	7,521	13,402
Net change in unrealized appreciation (depreciation)	21,021	24,070	(110,837)	194,791	4,726	2,720
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>24,224</b>	<b>13,440</b>	<b>37,864</b>	<b>343,337</b>	<b>36,772</b>	<b>55,818</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	—	—	(3,270)	(4,695)	(39,918)	(27,182)
Net realized gains	—	—	(145,321)	(83,930)	(6,022)	—
<b>Total Distributions to Shareholders</b>	<b>—</b>	<b>—</b>	<b>(148,591)</b>	<b>(88,625)</b>	<b>(45,940)</b>	<b>(27,182)</b>
<b>Capital Share Transactions</b>	<b>(4,377)</b>	<b>(20,853)</b>	<b>(275,135)</b>	<b>(45,243)</b>	<b>188,208</b>	<b>211,658</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>19,847</b>	<b>(7,413)</b>	<b>(385,862)</b>	<b>209,469</b>	<b>179,040</b>	<b>240,294</b>
<b>Net Assets, Beginning of Period</b>	<b>172,526</b>	<b>179,939</b>	<b>1,201,469</b>	<b>992,000</b>	<b>689,291</b>	<b>448,997</b>
<b>Net Assets, End of Period</b>	<b>\$192,373</b>	<b>\$172,526</b>	<b>\$ 815,607</b>	<b>\$1,201,469</b>	<b>\$868,331</b>	<b>\$689,291</b>
Undistributed (distributions in excess of) net investment income	\$ 1	\$ (16)	\$ 630	\$ 3,053	\$ 24,603	\$ 39,872

See Accompanying Notes to Financial Statements.

# STATEMENTS OF CHANGES IN NET ASSETS

## Ivy Funds VIP

(In thousands)	International Core Equity		International Growth		Limited-Term Bond	
	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income	\$ 6,643	\$ 10,024	\$ 3,422	\$ 5,170	\$ 3,093	\$ 2,376
Net realized gain (loss) on investments	44,391	80,800	18,475	39,595	(3,026)	331
Net change in unrealized appreciation (depreciation)	4,163	57,809	5,622	40,135	5,602	(3,527)
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>55,197</b>	<b>148,633</b>	<b>27,519</b>	<b>84,900</b>	<b>5,669</b>	<b>(820)</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	(16,870)	(11,160)	(8,928)	(4,721)	(2,598)	—
Net realized gains	(52,403)	—	(36,409)	(10,103)	(604)	(135)
<b>Total Distributions to Shareholders</b>	<b>(69,273)</b>	<b>(11,160)</b>	<b>(45,337)</b>	<b>(14,824)</b>	<b>(3,202)</b>	<b>(135)</b>
<b>Capital Share Transactions</b>	<b>49,372</b>	<b>(87,256)</b>	<b>41,570</b>	<b>(129,161)</b>	<b>24,104</b>	<b>314,950</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>35,296</b>	<b>50,217</b>	<b>23,752</b>	<b>(59,085)</b>	<b>26,571</b>	<b>313,995</b>
<b>Net Assets, Beginning of Period</b>	<b>672,075</b>	<b>621,858</b>	<b>418,970</b>	<b>478,055</b>	<b>436,611</b>	<b>122,616</b>
<b>Net Assets, End of Period</b>	<b>\$707,371</b>	<b>\$672,075</b>	<b>\$442,722</b>	<b>\$ 418,970</b>	<b>\$463,182</b>	<b>\$436,611</b>
Undistributed (distributions in excess of) net investment income	\$ (548)	\$ 9,590	\$ 342	\$ 5,877	\$ 3,081	\$ 2,586
(In thousands)	Micro Cap Growth		Mid Cap Growth		Money Market	
	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income (loss)	\$ (425)	\$ (737)	\$ (1,087)	\$ (1,283)	\$ 69	\$ 72
Net realized gain on investments	9,003	10,502	42,246	27,540	—	1
Net change in unrealized appreciation (depreciation)	(9,519)	18,252	(24,977)	65,124	—	—
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>(941)</b>	<b>28,017</b>	<b>16,182</b>	<b>91,381</b>	<b>69</b>	<b>73</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	—	—	—	—	(69)	(72)
Net realized gains	(9,753)	(2,495)	(26,432)	(11,278)	—	—
<b>Total Distributions to Shareholders</b>	<b>(9,753)</b>	<b>(2,495)</b>	<b>(26,432)</b>	<b>(11,278)</b>	<b>(69)</b>	<b>(72)</b>
<b>Capital Share Transactions</b>	<b>6,886</b>	<b>4,836</b>	<b>35,253</b>	<b>81,550</b>	<b>152,567</b>	<b>359,751</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>(3,808)</b>	<b>30,358</b>	<b>25,003</b>	<b>161,653</b>	<b>152,567</b>	<b>359,752</b>
<b>Net Assets, Beginning of Period</b>	<b>79,176</b>	<b>48,818</b>	<b>425,772</b>	<b>264,119</b>	<b>604,696</b>	<b>244,944</b>
<b>Net Assets, End of Period</b>	<b>\$ 75,368</b>	<b>\$ 79,176</b>	<b>\$450,775</b>	<b>\$ 425,772</b>	<b>\$757,263</b>	<b>\$604,696</b>
Undistributed (distributions in excess of) net investment income	\$ (417)	\$ 8	\$ (1,171)	\$ (84)	\$ —	\$ —

See Accompanying Notes to Financial Statements.

# STATEMENTS OF CHANGES IN NET ASSETS

## Ivy Funds VIP

(In thousands)	Real Estate Securities		Science and Technology		Small Cap Growth	
	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>Operations:</b>						
Net investment income (loss)	\$ 429	\$ 422	\$ (1,175)	\$ (2,126)	\$ (2,017)	\$ (4,310)
Net realized gain on investments	2,277	3,123	14,048	47,326	69,116	51,993
Net change in unrealized appreciation (depreciation)	4,098	(3,128)	15,906	150,128	(75,746)	138,156
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>6,804</b>	<b>417</b>	<b>28,779</b>	<b>195,328</b>	<b>(8,647)</b>	<b>185,839</b>
<b>Distributions to Shareholders From:</b>						
Net investment income	(469)	(467)	—	—	—	—
Net realized gains	(2,580)	—	(46,853)	(24,421)	(43,759)	—
<b>Total Distributions to Shareholders</b>	<b>(3,049)</b>	<b>(467)</b>	<b>(46,853)</b>	<b>(24,421)</b>	<b>(43,759)</b>	<b>—</b>
<b>Capital Share Transactions</b>	<b>3,415</b>	<b>(206)</b>	<b>47,542</b>	<b>64,753</b>	<b>(134,863)</b>	<b>(73,598)</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>7,170</b>	<b>(256)</b>	<b>29,468</b>	<b>235,660</b>	<b>(187,269)</b>	<b>112,241</b>
<b>Net Assets, Beginning of Period</b>	<b>40,152</b>	<b>40,408</b>	<b>569,784</b>	<b>334,124</b>	<b>560,388</b>	<b>448,147</b>
<b>Net Assets, End of Period</b>	<b>\$ 47,322</b>	<b>\$ 40,152</b>	<b>\$599,252</b>	<b>\$569,784</b>	<b>\$ 373,119</b>	<b>\$560,388</b>
Undistributed (distributions in excess of) net investment income	\$ 481	\$ 521	\$ (1,255)	\$ (72)	\$ (2,104)	\$ (87)

  

(In thousands)	Small Cap Value		Value	
	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13	Six months ended 6-30-14 (Unaudited)	Year ended 12-31-13
<b>INCREASE (DECREASE) IN NET ASSETS</b>				
<b>Operations:</b>				
Net investment income (loss)	\$ (353)	\$ (239)	\$ 1,389	\$ 2,686
Net realized gain on investments	16,843	44,086	35,190	50,309
Net change in unrealized appreciation (depreciation)	663	35,573	(14,528)	52,204
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>17,153</b>	<b>79,420</b>	<b>22,051</b>	<b>105,199</b>
<b>Distributions to Shareholders From:</b>				
Net investment income	(253)	(2,358)	(3,627)	(2,749)
Net realized gains	(43,526)	(17,437)	(47,695)	(8,828)
<b>Total Distributions to Shareholders</b>	<b>(43,779)</b>	<b>(19,795)</b>	<b>(51,322)</b>	<b>(11,577)</b>
<b>Capital Share Transactions</b>	<b>34,490</b>	<b>(16,009)</b>	<b>16,740</b>	<b>(30,379)</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>7,864</b>	<b>43,616</b>	<b>(12,531)</b>	<b>63,243</b>
<b>Net Assets, Beginning of Period</b>	<b>289,143</b>	<b>245,527</b>	<b>371,616</b>	<b>308,373</b>
<b>Net Assets, End of Period</b>	<b>\$297,007</b>	<b>\$289,143</b>	<b>\$359,085</b>	<b>\$371,616</b>
Undistributed net investment income	\$ 404	\$ 1,010	\$ 4,239	\$ 6,477

See Accompanying Notes to Financial Statements.

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# FINANCIAL HIGHLIGHTS

## Ivy Funds VIP

FOR A SHARE OF CAPITAL STOCK OUTSTANDING THROUGHOUT EACH PERIOD

	Net Asset Value, Beginning of Period	Net Investment Income (Loss)	Net Realized and Unrealized Gain (Loss) on Investments	Total from Investment Operations	Distributions From Net Investment Income	Distributions From Net Realized Gains	Total Distributions
<b>Pathfinder Aggressive</b>							
Six-month period ended 6-30-2014 (unaudited)	\$5.95	\$ 0.16 <sup>(2)</sup>	\$ 0.07	\$ 0.23	\$(0.05)	\$(0.44)	\$(0.49)
Year ended 12-31-2013	5.04	0.05 <sup>(2)</sup>	1.27	1.32	(0.07)	(0.34)	(0.41)
Year ended 12-31-2012	4.77	0.07 <sup>(2)</sup>	0.48	0.55	(0.05)	(0.23)	(0.28)
Year ended 12-31-2011	5.16	0.04 <sup>(2)</sup>	(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)
<b>Pathfinder Conservative</b>							
Six-month period ended 6-30-2014 (unaudited)	5.77	0.07 <sup>(2)</sup>	0.05	0.12	(0.06)	(0.35)	(0.41)
Year ended 12-31-2013	5.33	0.06 <sup>(2)</sup>	0.70	0.76	(0.08)	(0.24)	(0.32)
Year ended 12-31-2012	5.18	0.08 <sup>(2)</sup>	0.27	0.35	(0.05)	(0.15)	(0.20)
Year ended 12-31-2011	5.32	0.06 <sup>(2)</sup>	(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)
<b>Pathfinder Moderate</b>							
Six-month period ended 6-30-2014 (unaudited)	6.14	0.10 <sup>(2)</sup>	0.09	0.19	(0.07)	(0.44)	(0.51)
Year ended 12-31-2013	5.33	0.07 <sup>(2)</sup>	1.02	1.09	(0.07)	(0.21)	(0.28)
Year ended 12-31-2012	5.06	0.07 <sup>(2)</sup>	0.40	0.47	(0.05)	(0.15)	(0.20)
Year ended 12-31-2011	5.27	0.06 <sup>(2)</sup>	(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)
<b>Pathfinder Moderately Aggressive</b>							
Six-month period ended 6-30-2014 (unaudited)	6.38	0.15 <sup>(2)</sup>	0.09	0.24	(0.07)	(0.45)	(0.52)
Year ended 12-31-2013	5.45	0.07 <sup>(2)</sup>	1.19	1.26	(0.07)	(0.26)	(0.33)
Year ended 12-31-2012	5.09	0.08 <sup>(2)</sup>	0.46	0.54	(0.04)	(0.14)	(0.18)
Year ended 12-31-2011	5.37	0.05 <sup>(2)</sup>	(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)
<b>Pathfinder Moderately Conservative</b>							
Six-month period ended 6-30-2014 (unaudited)	6.03	0.09 <sup>(2)</sup>	0.08	0.17	(0.06)	(0.39)	(0.45)
Year ended 12-31-2013	5.41	0.06 <sup>(2)</sup>	0.87	0.93	(0.08)	(0.23)	(0.31)
Year ended 12-31-2012	5.19	0.08 <sup>(2)</sup>	0.34	0.42	(0.05)	(0.15)	(0.20)
Year ended 12-31-2011	5.34	0.06 <sup>(2)</sup>	(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)
<b>Pathfinder Moderate – Managed Volatility</b>							
Six-month period ended 6-30-2014 (unaudited)	5.37	0.11 <sup>(2)</sup>	0.07	0.18	—	(0.01)	(0.01)
Year ended 12-31-2013 <sup>(5)</sup>	5.00	(0.01) <sup>(2)</sup>	0.38	0.37	—	—*	—*
<b>Pathfinder Moderately Aggressive – Managed Volatility</b>							
Six-month period ended 6-30-2014 (unaudited)	5.41	0.14 <sup>(2)</sup>	0.07	0.21	—	(0.01)	(0.01)
Year ended 12-31-2013 <sup>(5)</sup>	5.00	(0.02) <sup>(2)</sup>	0.43	0.41	—	—*	—*
<b>Pathfinder Moderately Conservative – Managed Volatility</b>							
Six-month period ended 6-30-2014 (unaudited)	5.31	0.07 <sup>(2)</sup>	0.07	0.14	—	(0.01)	(0.01)
Year ended 12-31-2013 <sup>(5)</sup>	5.00	(0.02) <sup>(2)</sup>	0.33	0.31	—	—*	—*

\*Not shown due to rounding.

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

(2) Based on average weekly shares outstanding.

(3) Annualized.

(4) Ratios of expenses to average net assets excluding offering cost was 0.30%.

(5) For the period from August 1, 2013 (commencement of operations of the Portfolio) through December 31, 2013.

(6) Ratios of expenses to average net assets excluding offering cost was 0.29%.

(7) Ratios of expenses to average net assets excluding offering cost was 0.40%.

(8) Ratios of expenses to average net assets excluding offering cost was 0.36%.

(9) Ratios of expenses to average net assets excluding offering cost was 0.47%.

(10) Ratios of expenses to average net assets excluding offering cost was 0.35%.



	Net Asset Value, End of Period	Total Return <sup>(1)</sup>	Net Assets, End of Period (in millions)	Ratio of Expenses to Average Net Assets Including Expense Waiver	Ratio of Net Investment Income (Loss) to Average Net Assets Including Expense Waiver	Portfolio Turnover Rate
<b>Pathfinder Aggressive</b>						
Six-month period ended 6-30-2014 (unaudited)	\$5.69	4.18%	\$ 89	0.08% <sup>(3)</sup>	5.54% <sup>(3)</sup>	8%
Year ended 12-31-2013	5.95	27.13	86	0.07	0.96	38
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
<b>Pathfinder Conservative</b>						
Six-month period ended 6-30-2014 (unaudited)	5.48	2.26	123	0.07 <sup>(3)</sup>	2.34 <sup>(3)</sup>	11
Year ended 12-31-2013	5.77	14.75	121	0.07	1.15	66
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
<b>Pathfinder Moderate</b>						
Six-month period ended 6-30-2014 (unaudited)	5.82	3.35	937	0.03 <sup>(3)</sup>	3.43 <sup>(3)</sup>	8
Year ended 12-31-2013	6.14	20.83	922	0.03	1.15	39
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
<b>Pathfinder Moderately Aggressive</b>						
Six-month period ended 6-30-2014 (unaudited)	6.10	4.00	1,116	0.03 <sup>(3)</sup>	4.68 <sup>(3)</sup>	7
Year ended 12-31-2013	6.38	23.81	1,089	0.03	1.15	33
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
<b>Pathfinder Moderately Conservative</b>						
Six-month period ended 6-30-2014 (unaudited)	5.75	2.82	302	0.05 <sup>(3)</sup>	2.89 <sup>(3)</sup>	9
Year ended 12-31-2013	6.03	17.71	300	0.05	1.09	46
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
<b>Pathfinder Moderate – Managed Volatility</b>						
Six-month period ended 6-30-2014 (unaudited)	5.54	3.28	106	0.36 <sup>(3)(4)</sup>	3.95 <sup>(3)</sup>	5
Year ended 12-31-2013 <sup>(5)</sup>	5.37	7.50	34	0.58 <sup>(3)(6)</sup>	-0.57 <sup>(3)</sup>	18
<b>Pathfinder Moderately Aggressive – Managed Volatility</b>						
Six-month period ended 6-30-2014 (unaudited)	5.61	3.79	31	0.57 <sup>(3)(7)</sup>	5.06 <sup>(3)</sup>	6
Year ended 12-31-2013 <sup>(5)</sup>	5.41	8.27	10	1.04 <sup>(3)(8)</sup>	-1.03 <sup>(3)</sup>	15
<b>Pathfinder Moderately Conservative – Managed Volatility</b>						
Six-month period ended 6-30-2014 (unaudited)	5.44	2.62	21	0.72 <sup>(3)(9)</sup>	2.65 <sup>(3)</sup>	5
Year ended 12-31-2013 <sup>(5)</sup>	5.31	6.29	10	0.98 <sup>(3)(10)</sup>	-0.97 <sup>(3)</sup>	21

See Accompanying Notes to Financial Statements.

# FINANCIAL HIGHLIGHTS

## Ivy Funds VIP

FOR A SHARE OF CAPITAL STOCK OUTSTANDING THROUGHOUT EACH PERIOD

	Net Asset Value, Beginning of Period	Net Investment Income (Loss)	Net Realized and Unrealized Gain (Loss) on Investments	Total from Investment Operations	Distributions From Net Investment Income	Distributions From Net Realized Gains	Total Distributions
<b>Asset Strategy</b>							
Six-month period ended 6-30-2014 (unaudited)	\$13.25	\$ 0.08 <sup>(3)</sup>	\$(0.24)	\$(0.16)	\$(0.06)	\$(1.66)	\$(1.72)
Year ended 12-31-2013	10.73	0.10 <sup>(3)</sup>	2.57	2.67	(0.15)	—	(0.15)
Year ended 12-31-2012	9.11	0.18 <sup>(3)</sup>	1.55	1.73	(0.11)	—	(0.11)
Year ended 12-31-2011	9.91	0.06 <sup>(3)</sup>	(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)
<b>Balanced</b>							
Six-month period ended 6-30-2014 (unaudited)	10.46	0.05 <sup>(3)</sup>	0.50	0.55	(0.10)	(0.90)	(1.00)
Year ended 12-31-2013	9.37	0.10 <sup>(3)</sup>	2.01	2.11	(0.15)	(0.87)	(1.02)
Year ended 12-31-2012	9.01	0.14 <sup>(3)</sup>	0.88	1.02	(0.14)	(0.52)	(0.66)
Year ended 12-31-2011	9.59	0.14 <sup>(3)</sup>	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)
<b>Bond</b>							
Six-month period ended 6-30-2014 (unaudited)	5.49	0.07 <sup>(3)</sup>	0.12	0.19	(0.21)	(0.17)	(0.38)
Year ended 12-31-2013	5.90	0.14 <sup>(3)</sup>	(0.26)	(0.12)	(0.20)	(0.09)	(0.29)
Year ended 12-31-2012	5.80	0.15 <sup>(3)</sup>	0.18	0.33	(0.18)	(0.05)	(0.23)
Year ended 12-31-2011	5.60	0.17 <sup>(3)</sup>	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)
<b>Core Equity</b>							
Six-month period ended 6-30-2014 (unaudited)	15.13	0.03 <sup>(3)</sup>	0.86	0.89	(0.08)	(2.16)	(2.24)
Year ended 12-31-2013	12.38	0.07 <sup>(3)</sup>	3.88	3.95	(0.07)	(1.13)	(1.20)
Year ended 12-31-2012	11.70	0.07 <sup>(3)</sup>	1.96	2.03	(0.08)	(1.27)	(1.35)
Year ended 12-31-2011	11.91	0.07 <sup>(3)</sup>	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)
<b>Dividend Opportunities</b>							
Six-month period ended 6-30-2014 (unaudited)	9.04	0.06 <sup>(3)</sup>	0.55	0.61	(0.11)	(0.72)	(0.83)
Year ended 12-31-2013	7.24	0.10 <sup>(3)</sup>	2.01	2.11	(0.13)	(0.18)	(0.31)
Year ended 12-31-2012	6.47	0.14 <sup>(3)</sup>	0.71	0.85	(0.08)	—	(0.08)
Year ended 12-31-2011	6.86	0.09 <sup>(3)</sup>	(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)
<b>Energy</b>							
Six-month period ended 6-30-2014 (unaudited)	7.50	(0.00) <sup>(3)</sup>	1.47	1.47	—	(0.25)	(0.25)
Year ended 12-31-2013	5.89	(0.02) <sup>(3)</sup>	1.65	1.63	—	(0.02)	(0.02)
Year ended 12-31-2012	5.81	(0.01) <sup>(3)</sup>	0.09	0.08	—	—	—
Year ended 12-31-2011	6.39	(0.02) <sup>(3)</sup>	(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	—	—	—
<b>Global Bond</b>							
Six-month period ended 6-30-2014 (unaudited)	5.16	0.09 <sup>(3)</sup>	0.11	0.20	(0.12)	—	(0.12)
Year ended 12-31-2013	5.07	0.15 <sup>(3)</sup>	(0.06)	0.09	—	—	—
Year ended 12-31-2012	4.90	0.15 <sup>(3)</sup>	0.16	0.31	(0.14)	—*	(0.14)
Year ended 12-31-2011	5.00	0.12 <sup>(3)</sup>	(0.12)	0.00	(0.10)	—	(0.10)
Year ended 12-31-2010 <sup>(5)</sup>	5.00	0.00	0.00	0.00	—	—	—

\* 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 <sup>(1)</sup>	Net Assets, End of Period (in millions)	Ratio of Expenses to Average Net Assets Including Expense Waiver	Ratio of Net Investment Income (Loss) to Average Net Assets Including Expense Waiver	Ratio of Expenses to Average Net Assets Excluding Expense Waiver <sup>(2)</sup>	Ratio of Net Investment Income (Loss) to Average Net Assets Excluding Expense Waiver <sup>(2)</sup>	Portfolio Turnover Rate
<b>Asset Strategy</b>								
Six-month period ended 6-30-2014 (unaudited)	\$11.37	-0.87%	\$1,725	0.97% <sup>(4)</sup>	1.30% <sup>(4)</sup>	0.98% <sup>(4)</sup>	1.29% <sup>(4)</sup>	60%
Year ended 12-31-2013	13.25	25.13	1,704	0.97	0.82	0.98	0.81	64
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
<b>Balanced</b>								
Six-month period ended 6-30-2014 (unaudited)	10.01	5.65	414	1.01 <sup>(4)</sup>	0.90 <sup>(4)</sup>	—	—	24
Year ended 12-31-2013	10.46	23.70	418	1.01	0.99	—	—	38
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
<b>Bond</b>								
Six-month period ended 6-30-2014 (unaudited)	5.30	3.52	317	0.79 <sup>(4)</sup>	2.39 <sup>(4)</sup>	—	—	3
Year ended 12-31-2013	5.49	-2.09	314	0.78	2.50	—	—	48
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
<b>Core Equity</b>								
Six-month period ended 6-30-2014 (unaudited)	13.78	6.60	515	0.96 <sup>(4)</sup>	0.40 <sup>(4)</sup>	1.01 <sup>(4)</sup>	0.35 <sup>(4)</sup>	21
Year ended 12-31-2013	15.13	33.51	500	0.96	0.55	1.01	0.50	70
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
<b>Dividend Opportunities</b>								
Six-month period ended 6-30-2014 (unaudited)	8.82	7.07	505	1.00 <sup>(4)</sup>	1.23 <sup>(4)</sup>	—	—	20
Year ended 12-31-2013	9.04	29.61	484	1.00	1.23	—	—	53
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
<b>Energy</b>								
Six-month period ended 6-30-2014 (unaudited)	8.72	19.77	143	1.19 <sup>(4)</sup>	-0.18 <sup>(4)</sup>	—	—	12
Year ended 12-31-2013	7.50	27.76	99	1.23	-0.24	—	—	33
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
<b>Global Bond</b>								
Six-month period ended 6-30-2014 (unaudited)	5.24	3.95	19	0.62 <sup>(4)</sup>	3.62 <sup>(4)</sup>	1.25 <sup>(4)</sup>	2.99 <sup>(4)</sup>	6
Year ended 12-31-2013	5.16	1.74	16	0.63	3.00	1.26	2.37	26
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 <sup>(5)</sup>	5.00	-0.10	5	0.90 <sup>(4)</sup>	0.09 <sup>(4)</sup>	1.52 <sup>(4)</sup>	-0.53 <sup>(4)</sup>	28

See Accompanying Notes to Financial Statements.

# FINANCIAL HIGHLIGHTS

## Ivy Funds VIP

FOR A SHARE OF CAPITAL STOCK OUTSTANDING THROUGHOUT EACH PERIOD

	Net Asset Value, Beginning of Period	Net Investment Income (Loss)	Net Realized and Unrealized Gain (Loss) on Investments	Total from Investment Operations	Distributions From Net Investment Income	Distributions From Net Realized Gains	Total Distributions
<b>Global Natural Resources</b>							
Six-month period ended 6-30-2014 (unaudited)	\$ 5.43	\$ 0.00 <sup>*(3)</sup>	\$ 0.78	\$ 0.78	\$ —	\$ —	\$ —
Year ended 12-31-2013	5.04	0.00 <sup>*(3)</sup>	0.39	0.39	—	—	—
Year ended 12-31-2012	5.29	(0.01) <sup>(3)</sup>	0.07	0.06	—	(0.31)	(0.31)
Year ended 12-31-2011	6.73	(0.01) <sup>(3)</sup>	(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	—	—	—
<b>Growth</b>							
Six-month period ended 6-30-2014 (unaudited)	13.33	0.01 <sup>(3)</sup>	0.56	0.57	(0.06)	(2.48)	(2.54)
Year ended 12-31-2013	10.63	0.03 <sup>(3)</sup>	3.65	3.68	(0.05)	(0.93)	(0.98)
Year ended 12-31-2012	10.19	0.05 <sup>(3)</sup>	1.20	1.25	(0.01)	(0.80)	(0.81)
Year ended 12-31-2011	10.38	0.01 <sup>(3)</sup>	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)
<b>High Income</b>							
Six-month period ended 6-30-2014 (unaudited)	4.00	0.13 <sup>(3)</sup>	0.07	0.20	(0.20)	(0.03)	(0.23)
Year ended 12-31-2013	3.80	0.27 <sup>(3)</sup>	0.12	0.39	(0.19)	—	(0.19)
Year ended 12-31-2012	3.42	0.29 <sup>(3)</sup>	0.33	0.62	(0.24)	—	(0.24)
Year ended 12-31-2011	3.49	0.28 <sup>(3)</sup>	(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)
<b>International Core Equity</b>							
Six-month period ended 6-30-2014 (unaudited)	19.75	0.19 <sup>(3)</sup>	1.37	1.56	(0.51)	(1.57)	(2.08)
Year ended 12-31-2013	16.07	0.27 <sup>(3)</sup>	3.70	3.97	(0.29)	—	(0.29)
Year ended 12-31-2012	14.67	0.25 <sup>(3)</sup>	1.64	1.89	(0.36)	(0.13)	(0.49)
Year ended 12-31-2011	17.29	0.32 <sup>(3)</sup>	(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)
<b>International Growth</b>							
Six-month period ended 6-30-2014 (unaudited)	9.81	0.08 <sup>(3)</sup>	0.52	0.60	(0.21)	(0.86)	(1.07)
Year ended 12-31-2013	8.46	0.09 <sup>(3)</sup>	1.51	1.60	(0.08)	(0.17)	(0.25)
Year ended 12-31-2012	7.86	0.09 <sup>(3)</sup>	1.22	1.31	(0.17)	(0.54)	(0.71)
Year ended 12-31-2011	8.51	0.14 <sup>(3)</sup>	(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)
<b>Limited-Term Bond</b>							
Six-month period ended 6-30-2014 (unaudited)	4.89	0.03 <sup>(3)</sup>	0.03	0.06	(0.03)	(0.01)	(0.04)
Year ended 12-31-2013	4.92	0.05 <sup>(3)</sup>	(0.08)	(0.03)	—	— <sup>*</sup>	— <sup>*</sup>
Year ended 12-31-2012	5.03	0.07 <sup>(3)</sup>	0.10	0.17	(0.15)	(0.13)	(0.28)
Year ended 12-31-2011	4.96	0.06 <sup>(3)</sup>	0.09	0.15	(0.08)	—	(0.08)
Year ended 12-31-2010 <sup>(5)</sup>	5.00	0.02	(0.06)	(0.04)	—	—	—
<b>Micro Cap Growth</b>							
Six-month period ended 6-30-2014 (unaudited)	31.78	(0.17) <sup>(3)</sup>	(0.59)	(0.76)	—	(4.07)	(4.07)
Year ended 12-31-2013	21.13	(0.31) <sup>(3)</sup>	12.05	11.74	—	(1.09)	(1.09)
Year ended 12-31-2012	20.56	(0.20) <sup>(3)</sup>	2.57	2.37	—	(1.80)	(1.80)
Year ended 12-31-2011	22.11	(0.26) <sup>(3)</sup>	(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	—	—	—

\* 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 <sup>(1)</sup>	Net Assets, End of Period (in millions)	Ratio of Expenses to Average Net Assets Including Expense Waiver	Ratio of Net Investment Income (Loss) to Average Net Assets Including Expense Waiver	Ratio of Expenses to Average Net Assets Excluding Expense Waiver <sup>(2)</sup>	Ratio of Net Investment Income to Average Net Assets Excluding Expense Waiver <sup>(2)</sup>	Portfolio Turnover Rate
<b>Global Natural Resources</b>								
Six-month period ended 6-30-2014 (unaudited)	\$6.21	14.36%	\$ 192	1.34% <sup>(4)</sup>	0.02% <sup>(4)</sup>	—%	—%	20%
Year ended 12-31-2013	5.43	7.80	173	1.35	-0.02	—	—	134
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
<b>Growth</b>								
Six-month period ended 6-30-2014 (unaudited)	11.36	5.15	816	0.97 <sup>(4)</sup>	0.16 <sup>(4)</sup>	0.99 <sup>(4)</sup>	0.14 <sup>(4)</sup>	9
Year ended 12-31-2013	13.33	36.46	1,201	0.96	0.30	0.99	0.27	43
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
<b>High Income</b>								
Six-month period ended 6-30-2014 (unaudited)	3.97	4.99	868	0.89 <sup>(4)</sup>	6.41 <sup>(4)</sup>	0.92 <sup>(4)</sup>	6.38 <sup>(4)</sup>	26
Year ended 12-31-2013	4.00	10.50	689	0.88	6.99	0.93	6.94	84
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
<b>International Core Equity</b>								
Six-month period ended 6-30-2014 (unaudited)	19.23	8.41	707	1.16 <sup>(4)</sup>	1.99 <sup>(4)</sup>	—	—	46
Year ended 12-31-2013	19.75	24.91	672	1.16	1.51	—	—	92
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
<b>International Growth</b>								
Six-month period ended 6-30-2014 (unaudited)	9.34	6.62	443	1.15 <sup>(4)</sup>	1.63 <sup>(4)</sup>	1.18 <sup>(4)</sup>	1.60 <sup>(4)</sup>	23
Year ended 12-31-2013	9.81	19.23	419	1.14	1.06	1.17	1.03	49
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
<b>Limited-Term Bond</b>								
Six-month period ended 6-30-2014 (unaudited)	4.91	1.26	463	0.81 <sup>(4)</sup>	1.37 <sup>(4)</sup>	—	—	12
Year ended 12-31-2013	4.89	-0.54	437	0.82	1.14	—	—	25
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 <sup>(5)</sup>	4.96	-0.85	142	0.76 <sup>(4)</sup>	0.92 <sup>(4)</sup>	0.84 <sup>(4)</sup>	0.84 <sup>(4)</sup>	15
<b>Micro Cap Growth</b>								
Six-month period ended 6-30-2014 (unaudited)	26.95	-0.92	75	1.33 <sup>(4)</sup>	-1.12 <sup>(4)</sup>	—	—	30
Year ended 12-31-2013	31.78	57.28	79	1.34	-1.19	—	—	61
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

See Accompanying Notes to Financial Statements.

# FINANCIAL HIGHLIGHTS

## Ivy Funds VIP

FOR A SHARE OF CAPITAL STOCK OUTSTANDING THROUGHOUT EACH PERIOD

	Net Asset Value, Beginning of Period	Net Investment Income (Loss)	Net Realized and Unrealized Gain (Loss) on Investments	Total from Investment Operations	Distributions From Net Investment Income	Distributions From Net Realized Gains	Total Distributions
<b>Mid Cap Growth</b>							
Six-month period ended 6-30-2014 (unaudited)	\$10.72	\$(0.03) <sup>(3)</sup>	\$ 0.40	\$ 0.37	\$ —	\$(0.66)	\$(0.66)
Year ended 12-31-2013	8.54	(0.04) <sup>(3)</sup>	2.54	2.50	—	(0.32)	(0.32)
Year ended 12-31-2012	8.37	(0.02) <sup>(3)</sup>	1.07	1.05	—	(0.88)	(0.88)
Year ended 12-31-2011	8.69	(0.03) <sup>(3)</sup>	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	—	—	—
<b>Money Market</b>							
Six-month period ended 6-30-2014 (unaudited)	1.00	0.00 <sup>*(3)</sup>	0.00*	0.00*	—*	—	—*
Year ended 12-31-2013	1.00	0.00 <sup>*(3)</sup>	0.00	0.00*	—*	—	—*
Year ended 12-31-2012	1.00	0.00 <sup>*(3)</sup>	0.00*	0.00*	—*	—	—*
Year ended 12-31-2011	1.00	0.00 <sup>(3)</sup>	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)
<b>Real Estate Securities</b>							
Six-month period ended 6-30-2014 (unaudited)	7.90	0.08 <sup>(3)</sup>	1.24	1.32	(0.09)	(0.51)	(0.60)
Year ended 12-31-2013	7.89	0.08 <sup>(3)</sup>	0.02	0.10	(0.09)	—	(0.09)
Year ended 12-31-2012	6.75	0.08 <sup>(3)</sup>	1.11	1.19	(0.05)	—	(0.05)
Year ended 12-31-2011	6.48	0.06 <sup>(3)</sup>	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)
<b>Science and Technology</b>							
Six-month period ended 6-30-2014 (unaudited)	26.58	(0.05) <sup>(3)</sup>	1.20	1.15	—	(2.17)	(2.17)
Year ended 12-31-2013	18.10	(0.11) <sup>(3)</sup>	9.89	9.78	—	(1.30)	(1.30)
Year ended 12-31-2012	15.25	(0.12) <sup>(3)</sup>	4.22	4.10	—	(1.25)	(1.25)
Year ended 12-31-2011	16.73	(0.13) <sup>(3)</sup>	(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)
<b>Small Cap Growth</b>							
Six-month period ended 6-30-2014 (unaudited)	13.76	(0.06) <sup>(3)</sup>	(0.06)	(0.12)	—	(1.62)	(1.62)
Year ended 12-31-2013	9.60	(0.10) <sup>(3)</sup>	4.26	4.16	—	—	—
Year ended 12-31-2012	9.34	(0.08) <sup>(3)</sup>	0.57	0.49	—	(0.23)	(0.23)
Year ended 12-31-2011	10.53	(0.10) <sup>(3)</sup>	(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)
<b>Small Cap Value</b>							
Six-month period ended 6-30-2014 (unaudited)	19.90	(0.02) <sup>(3)</sup>	1.04	1.02	(0.02)	(3.08)	(3.10)
Year ended 12-31-2013	16.04	(0.01) <sup>(3)</sup>	5.20	5.19	(0.16)	(1.17)	(1.33)
Year ended 12-31-2012	14.57	0.12 <sup>(3)</sup>	2.44	2.56	(0.07)	(1.02)	(1.09)
Year ended 12-31-2011	16.78	0.08 <sup>(3)</sup>	(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	—	—	—
<b>Value</b>							
Six-month period ended 6-30-2014 (unaudited)	7.82	0.03 <sup>(3)</sup>	0.42	0.45	(0.08)	(1.10)	(1.18)
Year ended 12-31-2013	5.97	0.05 <sup>(3)</sup>	2.03	2.08	(0.05)	(0.18)	(0.23)
Year ended 12-31-2012	5.57	0.07 <sup>(3)</sup>	0.91	0.98	(0.08)	(0.50)	(0.58)
Year ended 12-31-2011	6.05	0.06 <sup>(3)</sup>	(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)

\*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.

	Net Asset Value, End of Period	Total Return <sup>(1)</sup>	Net Assets, End of Period (in millions)	Ratio of Expenses to Average Net Assets Including Expense Waiver	Ratio of Net Investment Income (Loss) to Average Net Assets Including Expense Waiver	Ratio of Expenses to Average Net Assets Excluding Expense Waiver <sup>(2)</sup>	Ratio of Net Investment Income (Loss) to Average Net Assets Excluding Expense Waiver <sup>(2)</sup>	Portfolio Turnover Rate
<b>Mid Cap Growth</b>								
Six-month period ended 6-30-2014 (unaudited)	\$10.43	3.79%	\$451	1.10% <sup>(4)</sup>	-0.51% <sup>(4)</sup>	1.15% <sup>(4)</sup>	-0.56% <sup>(4)</sup>	33%
Year ended 12-31-2013	10.72	29.94	426	1.10	-0.36	1.16	-0.42	35
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
<b>Money Market</b>								
Six-month period ended 6-30-2014 (unaudited)	1.00	0.00	757	0.15 <sup>(4)</sup>	0.02 <sup>(4)</sup>	0.45 <sup>(4)</sup>	-0.28 <sup>(4)</sup>	—
Year ended 12-31-2013	1.00	0.02	605	0.19	0.02	0.45	-0.24	—
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	—	—	—
<b>Real Estate Securities</b>								
Six-month period ended 6-30-2014 (unaudited)	8.62	16.89	47	1.26 <sup>(4)</sup>	1.96 <sup>(4)</sup>	1.35 <sup>(4)</sup>	1.87 <sup>(4)</sup>	52
Year ended 12-31-2013	7.90	1.13	40	1.24	1.01	1.33	0.92	43
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
<b>Science and Technology</b>								
Six-month period ended 6-30-2014 (unaudited)	25.56	5.10	599	1.14 <sup>(4)</sup>	-0.41 <sup>(4)</sup>	1.16 <sup>(4)</sup>	-0.43 <sup>(4)</sup>	12
Year ended 12-31-2013	26.58	56.39	570	1.14	-0.49	1.16	-0.51	51
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
<b>Small Cap Growth</b>								
Six-month period ended 6-30-2014 (unaudited)	12.02	0.49	373	1.14 <sup>(4)</sup>	-0.85 <sup>(4)</sup>	1.16 <sup>(4)</sup>	-0.87 <sup>(4)</sup>	34
Year ended 12-31-2013	13.76	43.36	560	1.14	-0.84	1.16	-0.86	74
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
<b>Small Cap Value</b>								
Six-month period ended 6-30-2014 (unaudited)	17.82	6.11	297	1.16 <sup>(4)</sup>	-0.25 <sup>(4)</sup>	—	—	22
Year ended 12-31-2013	19.90	33.53	289	1.16	-0.09	—	—	54
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
<b>Value</b>								
Six-month period ended 6-30-2014 (unaudited)	7.09	6.44	359	1.00 <sup>(4)</sup>	0.78 <sup>(4)</sup>	1.01 <sup>(4)</sup>	0.77 <sup>(4)</sup>	38
Year ended 12-31-2013	7.82	35.34	372	1.00	0.76	1.01	0.75	63
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

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 29 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”) and Pathfinder Moderate — Managed Volatility, Pathfinder Moderately Aggressive — Managed Volatility and Pathfinder Moderately Conservative — Managed Volatility (collectively, the “Managed Volatility 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 (“SAI”). 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, 2014, 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 2009.

**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 on 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.

**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 ("PIKs"). 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 ("NAV") 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 loans, the interest rates of which float or adjust periodically based upon a specified adjustment schedule, benchmark indicator, or prevailing interest rates of domestic or foreign corporations, partnerships and other entities ("Borrower"). Loans generally pay interest at rates which are periodically redetermined by reference to a base lending rate plus a premium. These base lending rates generally include prime rates of one or more major U.S. banks, LIBOR rates or certificates of deposit rates. Loans often require prepayments from excess cash flow or permit the borrower to repay at its election. The degree to which borrowers repay cannot be predicted with accuracy. As a result, the actual maturity may be substantially less than the stated maturities. Loans are exempt from registration under the Securities Act of 1933, may contain certain restrictions on resale, and cannot be sold publicly. A Portfolio's investments in loans may be in the form of participations in loans or assignments of all or a portion of loans from third parties.

When a Portfolio purchases assignments, it acquires all the rights and obligations under the loan agreement of the assigning lender. Assignments may, however, be arranged through private negotiations between potential assignees and potential assignors, and the rights and obligations acquired by the purchaser of an assignment may differ from, and be more limited than those held by the assigning lender. When a Portfolio purchases a participation of a loan interest, the Portfolio typically enters into a contractual agreement with the lender or other third party selling the participation. A participation interest in loans includes the right to receive payments of principal, interest and any fees to which it is entitled from the lender and only upon receipt by the lender of payments from the Borrower, but not from the Borrower directly. When investing in a participation interest, if a Borrower is unable to meet its obligations under a loan agreement, a Portfolio generally has no right to enforce compliance with the terms of the loan agreement. As a result, the Portfolio assumes the credit risk of the Borrower, the selling participant, and any other persons that are interpositioned between the Portfolio and the Borrower. If the lead lender in a typical lending syndicate becomes insolvent, enters Federal Deposit Insurance Corporation ("FDIC") receivership or, if not FDIC insured, enters into bankruptcy, the Portfolio may incur certain costs and delays in receiving payment or may suffer a loss of principal and/or interest.

**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.

**Basis of Preparation.** Each Portfolio is an investment company and follows accounting and reporting guidance in the Financial Accounting Standards Board (“FASB”) *Accounting Standards Codification* Topic 946 (“ASC 946”). The accompanying financial statements were prepared in accordance with U.S. GAAP, including but not limited to ASC 946. U.S. GAAP requires the use of estimates made by management. Management believes that estimates and valuations are appropriate; however, actual results may differ from those estimates, and the valuations reflected in the accompanying financial statements may differ from the value ultimately realized upon sale or maturity.

**Subsequent Events.** Management has performed a review for subsequent events through the date this report was issued.

### 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 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.

Investments in Money Market Portfolio and 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. The prices used by a Portfolio may differ from the value that will ultimately be realized at the time 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.

Transfers from Level 2 to Level 3 occurred primarily 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 primarily due to the increased availability of observable market data due to increased market activity or information. Transfers between levels 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, 2014, 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 the counterparty 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.** 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 financial instruments subject to master netting agreements as of June 30, 2014:

## 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			
				Financial Instruments and Derivatives Available for Offset	Non-Cash Collateral Received	Cash Collateral Received	Net Amount Receivable
<b>Asset Strategy Portfolio</b>							
Investments in unaffiliated securities at value*	\$1,623	\$—	\$1,623	\$ (89)	\$ (776)	\$ (749)	\$ 9
Unrealized appreciation on swap agreements	2,709	—	2,709	(57)	(1,921)	(316)	415
Total	\$4,332	\$—	\$4,332	\$(146)	\$(2,697)	\$(1,065)	\$424
<b>High Income Portfolio</b>							
Unrealized appreciation on forward foreign currency contracts	\$ 537	\$—	\$ 537	\$ (44)	\$ —	\$ (417)	\$ 76
<b>Mid Cap Growth Portfolio</b>							
Investments in unaffiliated securities at value*	\$ 297	\$—	\$ 297	\$ (7)	\$ —	\$ (94)	\$196

\*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			
				Financial Instruments and Derivatives Available for Offset	Non-Cash Collateral Pledged	Cash Collateral Pledged	Net Amount Payable
<b>Asset Strategy Portfolio</b>							
Unrealized depreciation on forward foreign currency contracts	\$316	\$—	\$316	\$ —	\$ —	\$—	\$316
Unrealized depreciation on swap agreements	346	—	346	(57)	(289)	—	—
Written options at value	89	—	89	(89)	—	—	—
Total	\$751	\$—	\$751	\$(146)	\$(289)	\$—	\$316
<b>Global Natural Resources Portfolio</b>							
Unrealized depreciation on forward foreign currency contracts	\$ 81	\$—	\$ 81	\$ —	\$ —	\$—	\$ 81
<b>High Income Portfolio</b>							
Unrealized depreciation on forward foreign currency contracts	\$ 44	\$—	\$ 44	\$ (44)	\$ —	\$—	\$ —
<b>International Core Equity Portfolio</b>							
Unrealized depreciation on forward foreign currency contracts	\$218	\$—	\$218	\$ —	\$ (79)	\$—	\$139
<b>International Growth Portfolio</b>							
Unrealized depreciation on forward foreign currency contracts	\$ 81	\$—	\$ 81	\$ —	\$ —	\$—	\$ 81
<b>Mid Cap Growth Portfolio</b>							
Written options at value	\$ 7	\$—	\$ 7	\$ (7)	\$ —	\$—	\$ —
<b>Small Cap Value Portfolio</b>							
Written options at value	\$ 49	\$—	\$ 49	\$ —	\$ —	\$—	\$ 49
<b>Value Portfolio</b>							
Written options at value	\$132	\$—	\$132	\$ —	\$ —	\$—	\$132

## Additional Disclosure Related to Derivative Instruments

Fair values of derivative instruments as of June 30, 2014:

Portfolio	Type of Risk Exposure	Assets		Liabilities	
		Statement of Assets & Liabilities Location	Value	Statement of Assets & Liabilities Location	Value
Pathfinder Moderate – Managed Volatility	Equity	Unrealized appreciation on futures contracts**	\$9		—
Pathfinder Moderately Aggressive – Managed Volatility	Equity	Unrealized appreciation on futures contracts**	3		—
Asset Strategy	Equity	Investments in unaffiliated securities at value*	1,949	Written options at value	\$89
	Equity	Unrealized appreciation on swap agreements	2,709	Unrealized depreciation on swap agreements	346
	Foreign currency		—	Unrealized depreciation on forward foreign currency contracts	316
Bond	Interest rate	Unrealized appreciation on futures contracts**	20	Unrealized depreciation on futures contracts**	9
Global Natural Resources	Foreign currency		—	Unrealized depreciation on forward foreign currency contracts	81
High Income	Foreign currency		—	Unrealized depreciation on forward foreign currency contracts	14
International Core Equity	Foreign currency		—	Unrealized depreciation on forward foreign currency contracts	218
International Growth	Foreign currency		—	Unrealized depreciation on forward foreign currency contracts	81
Limited-Term Bond	Interest rate	Unrealized appreciation on futures contracts**	133	Unrealized depreciation on futures contracts**	9
Mid Cap Growth	Equity	Investments in unaffiliated securities at value*	312	Written options at value	7
Small Cap Value	Equity		—	Written options at value	49
Value	Equity		—	Written options at value	195

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

\*\*The value presented includes cumulative gain (loss) 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, 2014.

Amount of realized gain (loss) on derivatives recognized on the Statement of Operations for the period ended June 30, 2014:

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	
Pathfinder Moderate – Managed Volatility	Equity	\$—	\$—	\$239	\$—	\$—	\$239
Pathfinder Moderately Aggressive – Managed Volatility	Equity	—	—	77	—	—	77
Pathfinder Moderately Conservative – Managed Volatility	Equity	—	—	43	—	—	43
Asset Strategy	Commodity	(44)	—	(6,384)	(35)	—	(6,463)
	Equity	(277)	1,897	(15)	3,260	—	4,865
	Foreign currency	—	—	—	—	1,200	1,200
Bond	Interest rate	—	—	(1,668)	—	—	(1,668)
Global Bond	Foreign currency	—	—	—	—	(16)	(16)
Global Natural Resources	Foreign currency	—	—	—	—	(336)	(336)
High Income	Foreign currency	—	—	—	—	(57)	(57)
International Core Equity	Foreign currency	—	—	—	—	410	410
International Growth	Foreign currency	—	—	—	—	30	30
Limited-Term Bond	Interest rate	—	—	(3,505)	—	—	(3,505)
Mid Cap Growth	Equity	(312)	—	—	(681)	—	(993)
Real Estate Securities	Equity	—	—	—	1	—	1
Science and Technology	Equity	853	—	—	148	—	1,001
Value	Equity	—	—	—	(576)	—	(576)

\*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, 2014:

**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
Pathfinder Moderate – Managed Volatility	Equity	\$—	\$—	\$(16)	\$—	\$—	\$(16)
Pathfinder Moderately Aggressive – Managed Volatility	Equity	—	—	(4)	—	—	(4)
Pathfinder Moderately Conservative – Managed Volatility	Equity	—	—	(4)	—	—	(4)
Asset Strategy	Commodity	(3)	—	(2,698)	(12)	—	(2,713)
	Equity	(1,577)	2,363	—	(285)	—	501
	Foreign currency	—	—	—	—	(8,460)	(8,460)
Bond	Interest rate	—	—	(359)	—	—	(359)
Global Bond	Foreign currency	—	—	—	—	7	7
Global Natural Resources	Foreign currency	—	—	—	—	58	58
High Income	Foreign currency	—	—	—	—	111	111
International Core Equity	Equity	—	—	—	86	—	86
	Foreign currency	—	—	—	—	(361)	(361)
International Growth	Foreign currency	—	—	—	—	(63)	(63)
Limited-Term Bond	Interest rate	—	—	(357)	—	—	(357)
Mid Cap Growth	Equity	(731)	—	—	42	—	(689)
Real Estate Securities	Equity	—	—	—	2	—	2
Science and Technology	Equity	115	—	—	(76)	—	39
Small Cap Value	Equity	—	—	—	10	—	10
Value	Equity	—	—	—	1,813	—	1,813

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

During the period ended June 30, 2014, the average derivative volume was as follows:

Portfolio	Long forward contracts <sup>(1)</sup>	Short forward contracts <sup>(1)</sup>	Long futures contracts <sup>(1)</sup>	Short futures contracts <sup>(1)</sup>	Swap agreements <sup>(2)</sup>	Purchased options <sup>(1)</sup>	Written options <sup>(1)</sup>
Pathfinder Moderate – Managed Volatility	\$ —	\$ —	\$1,815	\$ —	\$ —	\$ —	\$ —
Pathfinder Moderately Aggressive – Managed Volatility	—	—	785	—	—	—	\$ —
Asset Strategy	174,423	90,345	—	—	34,879	2,541	1,044
Bond	—	—	—	35,117	—	—	—
Global Bond	248	249	—	—	—	—	—
Global Natural Resources	13,159	13,212	—	—	—	—	—
High Income	5,222	5,244	—	—	—	—	—
International Core Equity	55,441	55,442	—	—	—	—	21
International Growth	55,417	55,476	—	—	—	—	—
Limited Term Bond	—	—	—	95,870	—	—	—
Mid Cap Growth	—	—	—	—	—	76	317
Real Estate Securities	—	—	—	—	—	—	—*
Science and Technology	—	—	—	—	—	615	106
Small Cap Value	—	—	—	—	—	—	—*
Value	—	—	—	—	—	—	1,063

\*Not shown due to rounding.

(1)Average value outstanding during the period.

(2)Average notional amount outstanding during the period.

## Objectives and Strategies

**Pathfinder Moderate — Managed Volatility.** The Portfolio's objectives in using derivatives during the period were to manage the volatility of the Portfolio's equity returns in an attempt to stabilize the equity returns of the Portfolio. To achieve this objective, the Portfolio utilized long exchange traded futures contracts on certain equity indices.



**Pathfinder Moderately Aggressive — Managed Volatility.** The Portfolio's objectives in using derivatives during the period were to manage the volatility of the Portfolio's equity returns in an attempt to stabilize the equity returns of the Portfolio. To achieve this objective, the Portfolio utilized long exchange traded futures contracts on certain equity indices.

**Pathfinder Moderately Conservative — Managed Volatility.** The Portfolio's objectives in using derivatives during the period were to manage the volatility of the Portfolio's equity returns in an attempt to stabilize the equity returns of the Portfolio. To achieve this objective, the Portfolio utilized long exchange traded futures contracts on certain equity indices.

**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.

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

**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 generate additional income from written option premiums, and to facilitate trading in certain securities. To achieve this objective, the Portfolio utilized forward contracts to either increase or decrease exposure to a given currency and utilized written options on individual equity securities.

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

**Limited-Term Bond.** The Portfolio's objective in using derivatives during the period was to adjust the overall duration of the portfolio. To achieve this objective, the Portfolio primarily utilized Treasury futures contracts of varying lengths to either shorten or lengthen the duration of the Portfolio.

**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 12-31-13	Options written	Options closed	Options exercised	Options expired	Outstanding at 6-30-14
<b>Asset Strategy</b>						
Number of Contracts	5,327	715,037	(699,933)	—	(14,911)	5,520
Premium Received	\$ 984	\$ 5,822	\$ (3,693)	\$ —	\$ (2,879)	\$ 234
<b>International Core Equity</b>						
Number of Contracts	76,150	—	—	(76,150)	—	—
Premium Received	\$ 63	\$ —	\$ —	\$ (63)	\$ —	\$ —
<b>Mid Cap Growth</b>						
Number of Contracts	3,090	3,059	(872)	(1,842)	(3,155)	280
Premium Received	\$ 167	\$ 415	\$ (176)	\$ (221)	\$ (147)	\$ 38
<b>Real Estate Securities</b>						
Number of Contracts	20	—	—	—	(20)	—
Premium Received	\$ 1	\$ —	\$ —	\$ —	\$ (1)	\$ —
<b>Science and Technology</b>						
Number of Contracts	4,084	192	(3,454)	—	(822)	—
Premium Received	\$ 511	\$ 13	\$ (421)	\$ —	\$ (103)	\$ —
<b>Small Cap Value</b>						
Number of Contracts	—	650	—	—	—	650
Premium Received	\$ —	\$ 59	\$ —	\$ —	\$ —	\$ 59
<b>Value</b>						
Number of Contracts	4,856	9,371	(3,490)	(3,223)	(5,362)	2,152
Premium Received	\$ 637	\$ 1,920	\$ (834)	\$ (1,081)	\$ (426)	\$ 216

## 6. BASIS FOR CONSOLIDATION OF THE ASSET STRATEGY PORTFOLIO

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 Ivy Asset Strategy Portfolio (referred to as “the Portfolio” in this subsection). VIP ASF III (SBP), LLC and VIP ASF, LLC (each a “Company”, collectively “the Companies”), Delaware limited liability companies, were incorporated as wholly owned companies acting as investment vehicles for the Portfolio. Each Subsidiary and Company acts as an investment vehicle for the Portfolio, in order to effect certain investments for the Portfolio consistent with the Portfolio’s investment objectives and policies as specified in its prospectus and SAI.

The Portfolio’s investment portfolio has been consolidated and includes the portfolio holdings of the Portfolio, its Subsidiary and the Companies. The consolidated financial statements include the accounts of the Portfolio, its Subsidiary and the Companies. All inter-company transactions and balances have been eliminated. A subscription agreement was entered into between the Portfolio and its Subsidiary and each Company comprising the entire issued share capital of the Subsidiary and each Company 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 and each Company confer upon a shareholder the right to receive notice of, to attend and to vote at general meetings of the Subsidiary and each Company 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 and each Company.

See the table below for details regarding the structure, incorporation and relationship as of June 30, 2014 of each Subsidiary and Company to the Portfolio (amounts in thousands).

Subsidiary/Company	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	\$1,724,659	\$109,060	6.32%
VIP ASF III (SBP), LLC	4-9-13	4-23-13	1,724,659	40,868	2.37
VIP ASF, LLC	12-10-12	12-18-12	1,724,659	18,255	1.06

## 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

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
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

Each Managed Volatility Portfolio pays a management fee to WRIMCO for providing investment advice and supervising its investments at the following annual rates as a percentage of average daily net assets:

Portfolio (M – Millions)	\$0 to \$500M	\$500 to \$1,000M	Over \$1,000M
Pathfinder Moderate – Managed Volatility	0.200%	0.170%	0.150%
Pathfinder Moderately Aggressive – Managed Volatility	0.200	0.170	0.150
Pathfinder Moderately Conservative – Managed Volatility	0.200	0.170	0.150

WRIMCO uses all of the management fee it receives from the Managed Volatility Portfolios to pay Advantus Capital Management Inc. (“Advantus Capital”). Accordingly, Advantus Capital receives a fee based on the total assets of the Managed Volatility Portfolios.

Effective October 1, 2006, under terms of a settlement agreement, the management 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 and Managed Volatility 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: Wall Street Associates serves as subadvisor to Micro Cap Growth. Advantus Capital serves as subadvisor to Real Estate Securities and the Managed Volatility Portfolios. 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 and Administrative 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 and Managed Volatility 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 and Managed Volatility 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, the Pathfinder Portfolios and the Managed Volatility 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, 2014, the following amounts were waived as a result of the reduced management fees related to the settlement agreement:

Asset Strategy .....	\$ 50
Core Equity .....	124
Growth .....	139
High Income .....	124
International Growth .....	63
Mid Cap Growth .....	43
Science and Technology .....	57
Small Cap Growth .....	47
Value .....	18

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, 2014, expenses in the amount of \$1,023 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, 2014, expenses in the amount of \$76 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 NAV by 0.09% on an annualized basis. For the period ended June 30, 2014, expenses in the amount of \$19 were reimbursed.

During the period ended June 30, 2014, 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 and Managed Volatility Portfolios, having less than \$25 million in net assets:

Global Bond .....	\$54
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Any amounts due to the Portfolios as a reimbursement but not paid as of June 30, 2014 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, 2014 follows:

	12-31-13 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/(Loss) <sup>(1)</sup>	Distributions Received	6-30-14 Share Balance	6-30-14 Value
<b>Pathfinder Aggressive</b>							
Ivy Funds VIP Growth	1,234	\$ 3,031	\$ 1,820	\$ 2,896	\$ 289	1,339	\$ 15,216
Ivy Funds VIP International Core Equity	434	1,035	290	229	714	473	9,089
Ivy Funds VIP International Growth	1,311	1,601	402	1,186	273	1,440	13,446
Ivy Funds VIP Limited-Term Bond	2,540	599	342	19	72	2,592	12,741
Ivy Funds VIP Mid Cap Growth	712	604	688	666	137	672	7,009
Ivy Funds VIP Money Market	4,163	4,429	183	—	1	8,409	8,409
Ivy Funds VIP Small Cap Growth	550	1,088	646	837	224	579	6,964
Ivy Funds VIP Small Cap Value	391	1,308	276	901	398	448	7,982
Ivy Funds VIP Value	990	1,138	843	1,068	291	1,003	7,113
				\$ 7,802	\$ 2,399		\$ 87,969

	12-31-13 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/(Loss) <sup>(1)</sup>	Distributions Received	6-30-14 Share Balance	6-30-14 Value
<b>Pathfinder Conservative</b>							
Ivy Funds VIP Dividend Opportunities	2,034	\$ 2,185	\$ 2,548	\$ 2,293	\$ 292	1,877	\$ 16,553
Ivy Funds VIP Growth	1,115	3,163	1,691	2,746	264	1,232	14,000
Ivy Funds VIP International Core Equity	310	903	333	239	504	336	6,461
Ivy Funds VIP Limited-Term Bond	4,843	1,589	1,219	40	136	4,917	24,165
Ivy Funds VIP Mid Cap Growth	226	157	960	397	24	119	1,246
Ivy Funds VIP Money Market	47,611	8,787	2,568	—	5	53,830	53,830
Ivy Funds VIP Small Cap Growth	350	681	997	647	119	309	3,714
Ivy Funds VIP Value	314	468	132	316	102	357	2,528
				\$ 6,678	\$ 1,446		\$ 122,497

	12-31-13 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/(Loss) <sup>(1)</sup>	Distributions Received	6-30-14 Share Balance	6-30-14 Value
<b>Pathfinder Moderate</b>							
Ivy Funds VIP Dividend Opportunities	15,432	\$13,759	\$ 3,895	\$12,265	\$ 2,562	16,348	\$ 144,153
Ivy Funds VIP Growth	9,868	22,200	16,782	24,969	2,191	10,144	115,256
Ivy Funds VIP International Core Equity	2,356	5,227	1,620	1,332	3,833	2,536	48,769
Ivy Funds VIP International Growth	9,481	10,804	3,151	8,541	1,951	10,299	96,204
Ivy Funds VIP Limited-Term Bond	27,558	4,890	3,579	206	777	27,823	136,747
Ivy Funds VIP Mid Cap Growth	2,576	1,490	6,962	3,637	367	1,802	18,802
Ivy Funds VIP Money Market	225,790	51,622	6,666	—	25	270,746	270,746
Ivy Funds VIP Small Cap Growth	3,979	6,858	7,035	6,319	1,501	3,885	46,694
Ivy Funds VIP Small Cap Value	1,415	4,484	1,061	3,249	1,422	1,602	28,553
Ivy Funds VIP Value	4,773	4,421	7,292	6,442	1,169	4,036	28,624
				\$66,960	\$15,798		\$ 934,548

	12-31-13 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/(Loss) <sup>(1)</sup>	Distributions Received	6-30-14 Share Balance	6-30-14 Value
<b>Pathfinder Moderately Aggressive</b>							
Ivy Funds VIP Dividend Opportunities	18,231	\$15,194	\$ 3,424	\$13,819	\$ 3,033	19,409	\$ 171,146
Ivy Funds VIP Growth	11,658	25,300	19,102	28,656	2,594	12,043	136,839
Ivy Funds VIP International Core Equity	5,567	11,646	2,579	3,157	9,073	6,021	115,796
Ivy Funds VIP International Growth	11,201	12,060	2,663	9,923	2,309	12,227	114,216
Ivy Funds VIP Limited-Term Bond	32,559	5,175	2,844	233	919	33,033	162,353
Ivy Funds VIP Mid Cap Growth	4,058	2,394	8,036	4,924	652	3,209	33,486
Ivy Funds VIP Money Market	160,056	57,663	3,419	—	19	214,300	214,300
Ivy Funds VIP Small Cap Growth	5,484	9,341	7,755	8,389	2,132	5,536	66,541
Ivy Funds VIP Small Cap Value	3,343	10,178	1,959	7,488	3,367	3,804	67,802
Ivy Funds VIP Value	5,639	4,963	8,412	7,394	1,384	4,792	33,984
				\$83,983	\$25,482		\$1,116,463

	12-31-13 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/(Loss) <sup>(1)</sup>	Distributions Received	6-30-14 Share Balance	6-30-14 Value
<b>Pathfinder Moderately Conservative</b>							
Ivy Funds VIP Dividend Opportunities	5,033	\$ 4,021	\$5,354	\$ 5,777	\$ 715	4,581	\$ 40,399
Ivy Funds VIP Growth	2,988	7,250	3,664	7,242	705	3,280	37,268
Ivy Funds VIP International Core Equity	768	1,732	633	496	1,233	820	15,770
Ivy Funds VIP International Growth	1,546	1,788	677	1,383	314	1,665	15,555
Ivy Funds VIP Limited-Term Bond	11,983	2,130	2,055	94	333	11,997	58,962
Ivy Funds VIP Mid Cap Growth	840	487	2,392	1,117	118	583	6,080
Ivy Funds VIP Money Market	88,364	17,135	3,352	—	10	102,147	102,147
Ivy Funds VIP Small Cap Growth	1,081	1,794	2,355	1,818	386	1,005	12,081
Ivy Funds VIP Small Cap Value	154	491	135	363	153	173	3,078
Ivy Funds VIP Value	1,167	1,432	386	1,100	376	1,305	9,256
				\$19,390	\$4,343		\$300,596

	12-31-13 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/(Loss) <sup>(1)</sup>	Distributions Received	6-30-14 Share Balance	6-30-14 Value
<b>Pathfinder Moderate – Managed Volatility</b>							
Ivy Funds VIP Dividend Opportunities	541	\$11,180	\$ 133	\$ 898	\$ 229	1,780	\$ 15,695
Ivy Funds VIP Growth	344	10,497	1,046	1,809	196	1,106	12,570
Ivy Funds VIP International Core Equity	82	3,783	40	89	342	275	5,289
Ivy Funds VIP International Growth	332	7,599	50	716	174	1,121	10,469
Ivy Funds VIP Limited-Term Bond	967	10,241	—	16	70	3,052	14,998
Ivy Funds VIP Mid Cap Growth	90	1,726	575	92	33	198	2,061
Ivy Funds VIP Money Market	7,913	21,856	—	—	2	29,769	29,769
Ivy Funds VIP Small Cap Growth	140	4,152	493	386	136	432	5,196
Ivy Funds VIP Small Cap Value	49	2,392	34	253	127	175	3,123
Ivy Funds VIP Value	167	2,659	597	310	105	439	3,116
				\$ 4,569	\$1,414		\$102,286

	12-31-13 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/(Loss) <sup>(1)</sup>	Distributions Received	6-30-14 Share Balance	6-30-14 Value
<b>Pathfinder Moderately Aggressive – Managed Volatility</b>							
Ivy Funds VIP Dividend Opportunities	167	\$ 3,218	\$ 46	\$ 282	\$ 72	523	\$ 4,611
Ivy Funds VIP Growth	106	3,114	356	583	62	325	3,692
Ivy Funds VIP International Core Equity	51	2,181	28	57	216	162	3,113
Ivy Funds VIP International Growth	103	2,191	15	226	55	329	3,078
Ivy Funds VIP Limited-Term Bond	298	2,934	—	5	22	895	4,401
Ivy Funds VIP Mid Cap Growth	37	737	199	44	16	87	906
Ivy Funds VIP Money Market	1,464	4,355	—	—	—*	5,819	5,819
Ivy Funds VIP Small Cap Growth	50	1,456	158	153	51	151	1,816
Ivy Funds VIP Small Cap Value	31	1,385	23	160	80	103	1,832
Ivy Funds VIP Value	52	802	209	101	33	129	916
				\$ 1,611	\$ 607		\$ 30,184

	12-31-13 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/(Loss) <sup>(1)</sup>	Distributions Received	6-30-14 Share Balance	6-30-14 Value
<b>Pathfinder Moderately Conservative – Managed Volatility</b>							
Ivy Funds VIP Dividend Opportunities	157	\$ 1,690	\$ 297	\$ 194	\$ 42	311	\$ 2,739
Ivy Funds VIP Growth	93	1,725	131	373	41	223	2,529
Ivy Funds VIP International Core Equity	24	623	12	19	72	55	1,065
Ivy Funds VIP International Growth	48	626	9	75	18	113	1,054
Ivy Funds VIP Limited-Term Bond	373	2,189	—	5	19	819	4,025
Ivy Funds VIP Mid Cap Growth	26	285	134	24	7	40	414
Ivy Funds VIP Money Market	2,748	4,236	—	—	—*	6,984	6,984
Ivy Funds VIP Small Cap Growth	34	565	116	72	23	69	833
Ivy Funds VIP Small Cap Value	5	133	3	18	9	12	209
Ivy Funds VIP Value	36	397	9	56	22	88	627
				\$ 836	\$ 253		\$ 20,479



	12-31-13 Share Balance	Purchases at Cost	Sales at Cost	Realized Gain/(Loss)	Distributions Received	6-30-14 Share Balance	6-30-14 Value
<b>Asset Strategy</b>							
Media Group Holdings LLC <sup>(2)</sup>	19	\$—	\$—	\$—	\$—	19	\$40,864

\*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, 2014, were as follows:

	Purchases		Sales	
	U.S. Government	Other Issuers	U.S. Government	Other Issuers
Pathfinder Aggressive	\$ —	\$ 14,832	\$ —	\$ 7,114
Pathfinder Conservative	—	17,934	—	12,958
Pathfinder Moderate	—	125,755	—	76,770
Pathfinder Moderately Aggressive	—	153,915	—	81,254
Pathfinder Moderately Conservative	—	38,259	—	27,414
Pathfinder Moderate – Managed Volatility	—	76,086	—	3,215
Pathfinder Moderately Aggressive – Managed Volatility	—	22,374	—	1,145
Pathfinder Moderately Conservative – Managed Volatility	—	12,469	—	791
Asset Strategy	—	785,479	6	1,011,921
Balanced	9,178	86,971	10,940	95,551
Bond	12	8,393	5,642	15,867
Core Equity	—	102,058	—	133,451
Dividend Opportunities	—	93,170	—	93,688
Energy	—	33,609	—	13,501
Global Bond	799	2,809	—	966
Global Natural Resources	—	34,175	—	35,486
Growth	—	93,811	—	169,026
High Income	—	368,515	—	196,725
International Core Equity	—	302,426	—	322,446
International Growth	—	91,755	—	97,955
Limited-Term Bond	4,500	89,615	2,946	47,595
Micro Cap Growth	—	22,307	—	25,146
Mid Cap Growth	—	139,957	—	138,056
Money Market	—	—	—	—
Real Estate Securities	—	24,024	—	22,690
Science and Technology	—	87,102	—	68,780
Small Cap Growth	—	162,728	—	185,757
Small Cap Value	—	56,953	—	77,088
Value	—	129,517	—	156,317

## 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 6-30-14		Year ended 12-31-13		Six months ended 6-30-14		Year ended 12-31-13	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	358	\$ 2,100	1,112	\$ 6,069	983	\$ 5,562	3,330	\$ 18,341
Shares issued in reinvestment of distributions to shareholders	1,273	6,985	1,045	5,443	1,597	8,605	1,162	6,247
Shares redeemed	(515)	(3,012)	(1,377)	(7,414)	(1,118)	(6,389)	(3,561)	(19,630)
<b>Net increase</b>	<b>1,116</b>	<b>\$ 6,073</b>	<b>780</b>	<b>\$ 4,098</b>	<b>1,462</b>	<b>\$ 7,778</b>	<b>931</b>	<b>\$ 4,958</b>

	Pathfinder Moderate				Pathfinder Moderately Aggressive			
	Six months ended 6-30-14		Year ended 12-31-13		Six months ended 6-30-14		Year ended 12-31-13	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	1,513	\$ 9,165	10,828	\$ 60,932	1,193	\$ 7,512	7,454	\$ 43,164
Shares issued in reinvestment of distributions to shareholders	13,275	75,253	7,168	39,760	14,770	87,291	9,423	53,573
Shares redeemed	(4,042)	(24,287)	(5,186)	(29,708)	(3,748)	(23,538)	(6,339)	(37,258)
<b>Net increase</b>	<b>10,746</b>	<b>\$ 60,131</b>	<b>12,810</b>	<b>\$ 70,984</b>	<b>12,215</b>	<b>\$ 71,265</b>	<b>10,538</b>	<b>\$ 59,479</b>
	Pathfinder Moderately Conservative				Pathfinder Moderate – Managed Volatility			
	Six months ended 6-30-14		Year ended 12-31-13		Six months ended 6-30-14		Period from 8-1-13 to 12-31-13	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	909	\$ 5,387	5,868	\$ 33,093	13,110	\$ 70,750	6,375	\$ 33,213
Shares issued in reinvestment of distributions to shareholders	3,895	21,903	2,468	13,672	21	110	2	12
Shares redeemed	(1,881)	(11,264)	(3,094)	(17,532)	(262)	(1,415)	(56)	(293)
<b>Net increase</b>	<b>2,923</b>	<b>\$ 16,026</b>	<b>5,242</b>	<b>\$ 29,233</b>	<b>12,869</b>	<b>\$ 69,445</b>	<b>6,321</b>	<b>\$ 32,932</b>
	Pathfinder Moderately Aggressive – Managed Volatility				Pathfinder Moderately Conservative – Managed Volatility			
	Six months ended 6-30-14		Period from 8-1-13 to 12-31-13		Six months ended 6-30-14		Period from 8-1-13 to 12-31-13	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	3,782	\$ 20,489	1,969	\$ 10,193	2,150	\$ 11,455	1,873	\$ 9,571
Shares issued in reinvestment of distributions to shareholders	6	33	2	8	6	35	1	5
Shares redeemed	(109)	(593)	(54)	(281)	(122)	(657)	(25)	(129)
<b>Net increase</b>	<b>3,679</b>	<b>\$ 19,929</b>	<b>1,917</b>	<b>\$ 9,920</b>	<b>2,034</b>	<b>\$ 10,833</b>	<b>1,849</b>	<b>\$ 9,447</b>
	Asset Strategy				Balanced			
	Six months ended 6-30-14		Year ended 12-31-13		Six months ended 6-30-14		Year ended 12-31-13	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	11,636	\$ 147,604	23,733	\$ 279,518	1,069	\$ 11,027	2,732	\$ 26,790
Shares issued in reinvestment of distributions to shareholders	20,293	224,946	1,627	18,794	3,988	38,426	4,011	37,695
Shares redeemed	(8,926)	(112,676)	(22,118)	(257,782)	(3,702)	(37,835)	(4,637)	(45,457)
<b>Net increase</b>	<b>23,003</b>	<b>\$ 259,874</b>	<b>3,242</b>	<b>\$ 40,530</b>	<b>1,355</b>	<b>\$ 11,618</b>	<b>2,106</b>	<b>\$ 19,028</b>
	Bond				Core Equity			
	Six months ended 6-30-14		Year ended 12-31-13		Six months ended 6-30-14		Year ended 12-31-13	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	1,927	\$ 10,666	23,585	\$ 131,474	941	\$ 13,893	3,111	\$ 41,991
Shares issued in reinvestment of distributions to shareholders	4,054	21,376	4,581	25,803	5,503	72,084	2,848	37,173
Shares redeemed	(3,468)	(19,124)	(57,504)	(318,916)	(2,132)	(31,425)	(4,485)	(60,901)
<b>Net increase (decrease)</b>	<b>2,513</b>	<b>\$ 12,918</b>	<b>(29,338)</b>	<b>\$(161,639)</b>	<b>4,312</b>	<b>\$ 54,552</b>	<b>1,474</b>	<b>\$ 18,263</b>



	Dividend Opportunities				Energy			
	Six months ended 6-30-14		Year ended 12-31-13		Six months ended 6-30-14		Year ended 12-31-13	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	2,283	\$ 20,457	5,070	\$ 41,103	3,361	\$ 27,065	3,804	\$ 26,268
Shares issued in reinvestment of distributions to shareholders	5,114	43,139	2,023	16,275	464	3,701	42	282
Shares redeemed	(3,652)	(32,922)	(6,868)	(55,923)	(609)	(4,799)	(2,030)	(13,759)
<b>Net increase</b>	<b>3,745</b>	<b>\$ 30,674</b>	<b>225</b>	<b>\$ 1,455</b>	<b>3,216</b>	<b>\$ 25,967</b>	<b>1,816</b>	<b>\$ 12,791</b>
	Global Bond				Global Natural Resources			
	Six months ended 6-30-14		Year ended 12-31-13		Six months ended 6-30-14		Year ended 12-31-13	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	661	\$ 3,433	1,795	\$ 9,147	3,765	\$ 21,401	5,473	\$ 28,427
Shares issued in reinvestment of distributions to shareholders	80	415	—	—	—	—	—	—
Shares redeemed	(246)	(1,281)	(884)	(4,491)	(4,558)	(25,778)	(9,421)	(49,280)
<b>Net increase (decrease)</b>	<b>495</b>	<b>\$ 2,567</b>	<b>911</b>	<b>\$ 4,656</b>	<b>(793)</b>	<b>\$ (4,377)</b>	<b>(3,948)</b>	<b>\$ (20,853)</b>
	Growth				High Income			
	Six months ended 6-30-14		Year ended 12-31-13		Six months ended 6-30-14		Year ended 12-31-13	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	1,560	\$ 19,987	3,778	\$ 43,895	55,488	\$226,588	92,634	\$ 359,958
Shares issued in reinvestment of distributions to shareholders	13,698	148,591	7,954	88,625	11,698	45,940	7,054	27,182
Shares redeemed	(33,591)	(443,713)	(14,966)	(177,763)	(20,798)	(84,320)	(45,498)	(175,482)
<b>Net increase (decrease)</b>	<b>(18,333)</b>	<b>\$ (275,135)</b>	<b>(3,234)</b>	<b>\$ (45,243)</b>	<b>46,388</b>	<b>\$188,208</b>	<b>54,190</b>	<b>\$ 211,658</b>
	International Core Equity				International Growth			
	Six months ended 6-30-14		Year ended 12-31-13		Six months ended 6-30-14		Year ended 12-31-13	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	702	\$ 13,723	2,233	\$ 38,477	1,582	\$ 15,324	6,955	\$ 61,355
Shares issued in reinvestment of distributions to shareholders	3,766	69,273	636	11,160	5,097	45,337	1,643	14,824
Shares redeemed	(1,716)	(33,624)	(7,540)	(136,893)	(1,971)	(19,091)	(22,389)	(205,340)
<b>Net increase (decrease)</b>	<b>2,752</b>	<b>\$ 49,372</b>	<b>(4,671)</b>	<b>\$ (87,256)</b>	<b>4,708</b>	<b>\$ 41,570</b>	<b>(13,791)</b>	<b>\$ (129,161)</b>
	Limited-Term Bond				Micro Cap Growth			
	Six months ended 6-30-14		Year ended 12-31-13		Six months ended 6-30-14		Year ended 12-31-13	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	6,634	\$ 32,562	77,472	\$ 378,791	243	\$ 7,483	472	\$ 12,724
Shares issued in reinvestment of distributions to shareholders	653	3,203	27	135	403	9,753	105	2,495
Shares redeemed	(2,373)	(11,661)	(13,099)	(63,976)	(342)	(10,350)	(396)	(10,383)
<b>Net increase</b>	<b>4,914</b>	<b>\$ 24,104</b>	<b>64,400</b>	<b>\$ 314,950</b>	<b>304</b>	<b>\$ 6,886</b>	<b>181</b>	<b>\$ 4,836</b>

	Mid Cap Growth				Money Market			
	Six months ended 6-30-14		Year ended 12-31-13		Six months ended 6-30-14		Year ended 12-31-13	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	4,538	\$ 48,201	13,582	\$ 130,242	190,480	\$ 190,480	421,420	\$ 421,420
Shares issued in reinvestment of distributions to shareholders	2,653	26,432	1,216	11,278	78	78	72	72
Shares redeemed	(3,695)	(39,380)	(6,029)	(59,970)	(37,991)	(37,991)	(61,741)	(61,741)
<b>Net increase</b>	<b>3,496</b>	<b>\$ 35,253</b>	<b>8,769</b>	<b>\$ 81,550</b>	<b>152,567</b>	<b>\$ 152,567</b>	<b>359,751</b>	<b>\$ 359,751</b>
	Real Estate Securities				Science and Technology			
	Six months ended 6-30-14		Year ended 12-31-13		Six months ended 6-30-14		Year ended 12-31-13	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	606	\$ 5,182	969	\$ 8,005	2,747	\$ 72,250	5,970	\$ 132,226
Shares issued in reinvestment of distributions to shareholders	362	3,049	53	467	2,014	46,854	1,217	24,421
Shares redeemed	(563)	(4,816)	(1,059)	(8,678)	(2,745)	(71,562)	(4,206)	(91,894)
<b>Net increase (decrease)</b>	<b>405</b>	<b>\$ 3,415</b>	<b>(37)</b>	<b>\$ (206)</b>	<b>2,016</b>	<b>\$ 47,542</b>	<b>2,981</b>	<b>\$ 64,753</b>
	Small Cap Growth				Small Cap Value			
	Six months ended 6-30-14		Year ended 12-31-13		Six months ended 6-30-14		Year ended 12-31-13	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares issued from sale of shares	1,505	\$ 19,649	3,444	\$ 39,928	373	\$ 7,222	1,199	\$ 21,467
Shares issued in reinvestment of distributions to shareholders	4,049	43,759	—	—	2,615	43,779	1,141	19,795
Shares redeemed	(15,249)	(198,271)	(9,399)	(113,526)	(853)	(16,511)	(3,116)	(57,271)
<b>Net increase (decrease)</b>	<b>(9,695)</b>	<b>\$ (134,863)</b>	<b>(5,955)</b>	<b>\$ (73,598)</b>	<b>2,135</b>	<b>\$ 34,490</b>	<b>(776)</b>	<b>\$ (16,009)</b>
	Value							
	Six months ended 6-30-14		Year ended 12-31-13					
	Shares	Value	Shares	Value				
Shares issued from sale of shares	1,614	\$ 12,396	5,419	\$ 37,864				
Shares issued in reinvestment of distributions to shareholders	7,529	51,322	1,678	11,577				
Shares redeemed	(6,053)	(46,978)	(11,193)	(79,820)				
<b>Net increase (decrease)</b>	<b>3,090</b>	<b>\$ 16,740</b>	<b>(4,096)</b>	<b>\$ (30,379)</b>				

## 11. COMMITMENTS (\$ amounts in thousands)

Bridge loan commitments may obligate a Portfolio to furnish temporary financing to a borrower until permanent financing can be arranged. At period ended June 30, 2014, High Income had outstanding bridge loan commitments of \$17,384. 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 income on the Statements of Operations.

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

For Federal income tax purposes, cost of investments owned at June 30, 2014 and the related unrealized appreciation (depreciation) were as follows:

Fund	Cost of Investments	Gross Appreciation	Gross Depreciation	Net Unrealized Appreciation (Depreciation)
Pathfinder Aggressive	\$ 84,053	\$ 4,494	\$ —	\$ 4,494
Pathfinder Conservative	118,203	4,782	49	4,733
Pathfinder Moderate	868,177	67,134	541	66,593
Pathfinder Moderately Aggressive	1,022,619	94,475	—	94,475

Fund	Cost of Investments	Gross Appreciation	Gross Depreciation	Net Unrealized Appreciation (Depreciation)
Pathfinder Moderately Conservative	\$ 284,998	\$ 16,165	\$ 23	\$ 16,142
Pathfinder Moderate – Managed Volatility	107,776	23	2,122	(2,099)
Pathfinder Moderately Aggressive – Managed Volatility	32,090	36	733	(697)
Pathfinder Moderately Conservative – Managed Volatility	21,336	55	280	(225)
Asset Strategy	1,599,946	139,927	19,229	120,698
Balanced	303,539	110,947	646	110,301
Bond	306,874	13,839	5,931	7,908
Core Equity	373,866	131,023	1,212	129,811
Dividend Opportunities	385,342	120,842	149	120,693
Energy	107,943	38,634	1,381	37,253
Global Bond	18,228	648	247	401
Global Natural Resources	162,534	38,856	5,767	33,089
Growth	572,397	246,085	2,514	243,571
High Income	843,483	27,251	3,631	23,620
International Core Equity	619,749	98,624	7,795	90,829
International Growth	362,220	77,188	3,405	73,783
Limited-Term Bond	454,485	5,099	434	4,665
Micro Cap Growth	58,798	19,772	3,480	16,292
Mid Cap Growth	381,091	78,088	8,879	69,209
Money Market	754,106	—	—	—
Real Estate Securities	41,485	6,710	904	5,806
Science and Technology	365,408	242,907	7,190	235,717
Small Cap Growth	271,441	109,545	8,781	100,764
Small Cap Value	242,099	58,786	4,175	54,611
Value	292,469	70,371	4,519	65,852

For Federal income tax purposes, the Portfolios' distributed and undistributed earnings and profit for the year ended December 31, 2013 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	\$ 1,168	\$ 947	\$ 4,275	\$ 6,035	\$—	\$ —	\$—
Pathfinder Conservative	1,675	1,950	4,572	6,652	—	—	—
Pathfinder Moderate	9,901	11,312	29,860	63,917	—	—	—
Pathfinder Moderately Aggressive	12,112	12,268	41,461	75,003	—	—	—
Pathfinder Moderately Conservative	3,456	3,495	10,216	18,400	—	—	—
Pathfinder Moderate – Managed Volatility	10	91	2	8	—	—	—
Pathfinder Moderately Aggressive – Managed Volatility	6	28	2	2	—	—	—
Pathfinder Moderately Conservative – Managed Volatility	5	34	—	—	—	—	—
Asset Strategy	18,794	8,177	—	216,752	—	—	—
Balanced	8,035	7,917	29,661	30,502	—	—	—
Bond	17,518	11,932	8,284	9,436	—	—	—
Core Equity	4,917	15,328	32,256	56,751	—	—	—
Dividend Opportunities	6,899	8,902	9,375	34,228	—	—	—
Energy	—	232	282	3,468	—	—	—
Global Bond	—	411	—	—	—	—	—
Global Natural Resources	—	—	—	—	—	1,468	—
Growth	4,695	15,501	83,930	133,083	—	—	—
High Income	27,182	39,912	—	6,011	—	—	—
International Core Equity	11,160	55,557	—	13,713	—	—	—
International Growth	4,722	8,925	10,103	36,406	—	—	—
Limited-Term Bond	—	2,597	134	602	—	—	—
Micro Cap Growth	—	172	2,496	9,581	—	—	—
Mid Cap Growth	—	8,357	11,278	17,831	—	—	—
Money Market	72	19	—	—	—	—	—
Real Estate Securities	467	455	—	2,587	—	—	—
Science and Technology	—	—	24,421	46,851	—	—	30
Small Cap Growth	—	11,898	—	31,856	—	—	—
Small Cap Value	10,012	14,771	9,783	29,004	—	—	—
Value	7,365	14,661	4,212	36,652	—	—	—

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, 2013 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 was 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 end December 31, 2013:

Fund	Pre-Enactment					Post-Enactment	
	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	—	—	—	—	—	—	—
Pathfinder Moderate – Managed Volatility	—	—	—	—	—	—	—
Pathfinder Moderately Aggressive – Managed Volatility	—	—	—	—	—	—	—
Pathfinder Moderately Conservative – Managed Volatility	—	—	—	—	—	—	—
Asset Strategy	—	—	—	—	—	—	—
Balanced	—	—	—	—	—	—	—
Bond	—	—	—	—	—	—	—
Core Equity	—	—	—	—	—	—	—
Dividend Opportunities	—	—	—	—	—	—	—
Energy	—	—	1,276	1,950	432	479	227
Global Bond	—	—	—	—	—	44	93
Global Natural Resources	—	—	—	—	—	2,248	25,067
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	—	—	—	—	—	—	—

### 13. IN-KIND REDEMPTIONS

In certain circumstances, a Portfolio may distribute portfolio securities rather than cash as payment for redemption of Portfolio shares (“in-kind redemption”). For financial reporting purposes, a Portfolio recognizes a gain on the in-kind redemptions to the extent the value of the distributed securities on the date of redemption exceeds the cost of those securities; a Portfolio recognizes a loss if cost exceeds value. Gains and losses realized on the in-kind redemptions are not recognized for tax purposes, and are reclassified from accumulated net realized gains (losses) to paid-in capital. During the period ended June 30, 2014, the following Portfolios realized gains or losses from in-kind redemptions (\$ amounts in thousands) of approximately:

Portfolio	Realized Gains	Realized Losses
Growth	\$89,798	\$(2,588)
Small Cap Growth	39,468	(7,415)

### 14. 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.

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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](http://www.sec.gov).

## APPROVAL OF SUBADVISORY AGREEMENT FOR IVY FUNDS VIP MICRO CAP GROWTH

### Ivy Funds VIP

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At a meeting of the Board of Trustees on May 20-21, 2014 (“May Meeting”), the Board of Trustees, including the Independent Trustees, considered whether to approve a new subadvisory agreement (“New Agreement”) between Waddell & Reed Investment Management Company (“WRIMCO”) and Wall Street Associates, LLC (“WSA”) with respect to Ivy Funds VIP Micro Cap Growth (“Micro Cap Growth”) to enable WSA to continue to serve as the subadviser to Micro Cap Growth following a possible change of control of WSA if approved by shareholders of Micro Cap Growth. As part of that consideration, the Board of Trustees noted that, at a meeting on August 12-13, 2013 (the “August Meeting”), it had considered the renewal of the previous subadvisory agreement between WRIMCO and WSA with respect to Micro Cap Growth (“Previous Agreement”). The Board of Trustees considered that, at the August Meeting, it had reviewed and discussed extensively the information provided by WSA on, among other things: the nature, extent and quality of services WSA provides Micro Cap Growth; any benefits derived by WSA from its relationship to Micro Cap Growth; the fees charged by WSA for subadvisory services to Micro Cap Growth; WSA’s performance in advising Micro Cap Growth; whether there are economies of scale with respect to the management of Micro Cap Growth; and the anticipated profits to be realized by WSA in connection with the operation of Micro Cap Growth and whether the amount of profit is a fair entrepreneurial profit for the management of Micro Cap Growth, as disclosed in Micro Cap Growth’s Annual Report to shareholders dated December 31, 2013. The Board of Trustees then noted that, at the August Meeting, after extensive deliberation of the materials it had received from WSA that it believed to be reasonably necessary to evaluate the terms of the Previous Agreement, the Board of Trustees, including by separate vote the Independent Trustees, unanimously determined that approval of the continuation of the Previous Agreement was in the best interests of the Ivy Funds Variable Insurance Portfolios and the shareholders of Micro Cap Growth, and so it unanimously approved the renewal of the Previous Agreement.

During the May Meeting, a representative of WRIMCO discussed the possible change of control of WSA by virtue of the retirement of William Jeffery and Ken McCain, the controlling shareholders of WSA, which had necessitated approval of the New Agreement, and also explained that the change of control is not expected to impact or interfere with the management or the business of WSA with respect to its subadvisory services to Micro Cap Growth. The Board of Trustees then considered that the terms and conditions of the New Agreement were identical in all material respects to the terms and conditions of the Previous Agreement that it had approved at the August Meeting. The Board of Trustees also considered that the factors upon which it had based its conclusion to continue the Previous Agreement had not changed.

As a result of its considerations, the Board of Trustees, including all of the Independent Trustees, unanimously approved the New Agreement.

## SHAREHOLDER MEETING RESULTS

### Ivy Funds VIP

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On July 2, 2014, a special shareholder meeting (Meeting) for Ivy Funds VIP Micro Cap Growth was held at the offices of Waddell & Reed Financial, Inc., 6300 Lamar Avenue, Overland Park, Kansas, 66202. The Meeting was held for the following purpose (and with the following results):

**Proposal No. 1:** To approve a new investment subadvisory agreement between Wall Street Associates, LLC, the Fund's subadviser, and Waddell & Reed Investment Management Company ("WRIMCO"), the Fund's investment manager.

FUND NAME	FOR	AGAINST	ABSTAIN	TOTAL
Ivy Funds VIP Micro Cap Growth . . . . .	2,126,195	156,300	182,199	2,464,694

**Proposal No. 2:** To approve the use of a "manager of managers" structure, whereby WRIMCO will be able to hire and replace subadvisers for the fund without shareholder approval.

FUND NAME	FOR	AGAINST	ABSTAIN	TOTAL
Ivy Funds VIP Micro Cap Growth . . . . .	1,966,751	294,963	202,980	2,464,694

## PROXY VOTING INFORMATION

### Proxy Voting Guidelines

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

### Proxy Voting Records

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

## QUARTERLY PORTFOLIO SCHEDULE INFORMATION

### Ivy Funds VIP

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

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



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# The Ivy Funds Variable Insurance Portfolios Family

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## Global/International Portfolios

International Core Equity  
International Growth

## Domestic Equity Portfolios

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

## Fixed Income Portfolios

Bond  
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  
Pathfinder Moderate Managed Volatility  
Pathfinder Moderately Aggressive Managed Volatility  
Pathfinder Moderately Conservative Managed Volatility  
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.

SEMIANN-IVYVIP (6-14)