

## **DWS Investments VIT Funds**

Semiannual fund reports included in this booklet:

**Equity 500 Index VIP**  
**Small Cap Index VIP**

**Availability of funds may vary by product. Please refer to your Product Prospectus.**

June 30, 2009

# SEMIANNUAL REPORT

DWS INVESTMENTS VIT FUNDS

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DWS Equity 500 Index VIP

RESHAPING INVESTING.



# Contents

3	Performance Summary
4	Information About Your Portfolio's Expenses
5	Portfolio Summary
6	Investment Portfolio
13	Financial Statements
15	Financial Highlights
17	Notes to Financial Statements
22	Proxy Voting
23	Summary of Management Fee Evaluation by Independent Fee Consultant
26	Summary of Administrative Fee Evaluation by Independent Fee Consultant

**This report must be preceded or accompanied by a prospectus. To obtain an additional prospectus, call (800) 778-1482 or your financial representative. We advise you to consider the portfolio's objectives, risks, charges and expenses carefully before investing. The prospectus contains this and other important information about the portfolio. Please read the prospectus carefully before you invest.**

The Portfolio may not be able to mirror the S&P 500<sup>®</sup> closely enough to track its performance for several reasons, including the Portfolio's cost to buy and sell securities, the flow of money into and out of the Portfolio, and the potential underperformance of stocks selected. This Portfolio is subject to stock market risk, meaning stocks in the Portfolio may decline in value for extended periods due to the activities and financial prospects of individual companies, or due to general market and economic conditions. Additionally, derivatives may be more volatile and less liquid than traditional securities, and the Portfolio could suffer losses on its derivatives positions. All of these factors may result in greater share price volatility. Please read the prospectus for specific details regarding the Portfolio's risk profile.

"Standard & Poor's," "S&P," "S&P 500," "Standard & Poor's 500" and "500" are trademarks of The McGraw-Hill Companies, Inc., and have been licensed for use by the Portfolio's advisor. DWS Equity 500 Index VIP is not sponsored, endorsed, sold, nor promoted by Standard & Poor's, and Standard & Poor's makes no representation regarding the advisability of investing in the Portfolio. There is no guarantee that the Portfolio will be able to mirror the S&P 500 index closely enough to track its performance.

*DWS Investments is part of Deutsche Bank's Asset Management division and, within the US, represents the retail asset management activities of Deutsche Bank AG, Deutsche Bank Trust Company Americas, Deutsche Investment Management Americas Inc. and DWS Trust Company.*

**NOT FDIC/NCUA INSURED NO BANK GUARANTEE MAY LOSE VALUE NOT A DEPOSIT  
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY**

# Performance Summary

June 30, 2009

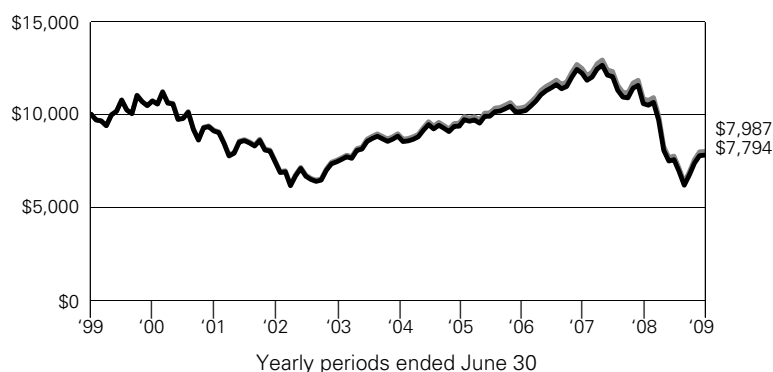
All performance shown is historical, assumes reinvestment of all dividend and capital gain distributions, and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so that, when sold, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please contact your participating insurance company for the Portfolio's most recent month-end performance. Performance figures for Classes A, B and B2 differ because each class maintains a distinct expense structure. Performance doesn't reflect charges and fees ("contract charges") associated with the separate account that invests in the Portfolio or any variable life insurance policy or variable annuity contract for which the Portfolio is an investment option. These charges and fees will reduce returns.

The total annual portfolio operating expense ratios, gross of any fee waivers or expense reimbursements, as stated in the fee table of the prospectus dated May 1, 2009 are .33%, .58% and .72% for Class A, Class B and Class B2 shares, respectively. Please see the Information About Your Portfolio's Expenses, the Financial Highlights and Notes to the Financial Statements (Note C, Related Parties) sections of this report for gross and net expense-related disclosure for the period ended June 30, 2009.

Portfolio returns during all periods shown reflect a fee waiver/and or reimbursement. Without this waiver/reimbursement, returns would have been lower.

## Growth of an Assumed \$10,000 Investment

- DWS Equity 500 Index VIP — Class A
- S&P 500® Index



The Standard & Poor's (S&P) 500® Index is an unmanaged, capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

Index returns assume reinvestment of dividends and, unlike portfolio returns, do not reflect any fees or expenses. It is not possible to invest directly into an index.

## Comparative Results (as of June 30, 2009)

DWS Equity 500 Index VIP		6-Month <sup>‡</sup>	1-Year	3-Year	5-Year	10-Year
Class A	Growth of \$10,000	\$10,320	\$7,377	\$7,693	\$8,842	\$7,794
	Average annual total return	3.20%	-26.23%	-8.37%	-2.43%	-2.46%
S&P 500 Index	Growth of \$10,000	\$10,316	\$7,379	\$7,730	\$8,928	\$7,987
	Average annual total return	3.16%	-26.21%	-8.22%	-2.24%	-2.22%
DWS Equity 500 Index VIP		6-Month <sup>‡</sup>	1-Year	3-Year	5-Year	Life of Class <sup>*</sup>
Class B	Growth of \$10,000	\$10,305	\$7,353	\$7,629	\$8,723	\$9,488
	Average annual total return	3.05%	-26.47%	-8.63%	-2.69%	-7.73%
S&P 500 Index	Growth of \$10,000	\$10,316	\$7,379	\$7,730	\$8,928	\$9,829
	Average annual total return	3.16%	-26.21%	-8.22%	-2.24%	-2.24%
DWS Equity 500 Index VIP		6-Month <sup>‡</sup>	1-Year	3-Year	5-Year	Life of Class <sup>**</sup>
Class B2	Growth of \$10,000	\$10,294	\$7,340	\$7,605	N/A	\$7,879
	Average annual total return	2.94%	-26.60%	-8.72%	N/A	-6.10%
S&P 500 Index	Growth of \$10,000	\$10,316	\$7,379	\$7,730	N/A	\$8,105
	Average annual total return	3.16%	-26.21%	-8.22%	N/A	-5.45%

The growth of \$10,000 is cumulative.

<sup>‡</sup> Total returns shown for periods less than one year are not annualized.

<sup>\*</sup> The Portfolio commenced offering Class B shares on April 30, 2002. Index returns began on April 30, 2002.

<sup>\*\*</sup> The Portfolio commenced offering Class B2 shares on September 16, 2005. Index returns began on September 30, 2005.

## Information About Your Portfolio's Expenses

As an investor of the Portfolio, you incur two types of costs: ongoing expenses and transaction costs. Ongoing expenses include management fees, distribution and service (12b-1) fees and other Portfolio expenses. Examples of transaction costs include contract charges, redemption fees and account maintenance fees, which are not shown in this section. The following tables are intended to help you understand your ongoing expenses (in dollars) of investing in the Portfolio and to help you compare these expenses with the ongoing expenses of investing in other mutual funds. In the most recent period, the Portfolio limited these expenses; had it not done so, expenses would have been higher. The example in the table is based on an investment of \$1,000 invested at the beginning of the six-month period and held for the entire period (January 1, 2009 to June 30, 2009).

The tables illustrate your Portfolio's expenses in two ways:

- Actual Portfolio Return.** This helps you estimate the actual dollar amount of ongoing expenses (but not transaction costs) paid on a \$1,000 investment in the Portfolio using the Portfolio's actual return during the period. To estimate the expenses you

paid over the period, simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the "Expenses Paid per \$1,000" line under the share class you hold.

- Hypothetical 5% Portfolio Return.** This helps you to compare your Portfolio's ongoing expenses (but not transaction costs) with those of other mutual funds using the Portfolio's actual expense ratio and a hypothetical rate of return of 5% per year before expenses. Examples using a 5% hypothetical Portfolio return may be found in the shareholder reports of other mutual funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

Please note that the expenses shown in these tables are meant to highlight your ongoing expenses only and do not reflect any transaction costs. The "Expenses Paid per \$1,000" line of the tables is useful in comparing ongoing expenses only and will not help you determine the relative total expense of owning different funds. If these transaction costs had been included, your costs would have been higher.

### Expenses and Value of a \$1,000 Investment for the six months ended June 30, 2009

Actual Portfolio Return	Class A	Class B	Class B2
Beginning Account Value 1/1/09	\$1,000.00	\$1,000.00	\$1,000.00
Ending Account Value 6/30/09	\$1,032.00	\$1,030.50	\$1,029.40
Expenses Paid per \$1,000*	\$ 1.51	\$ 2.77	\$ 3.37

Hypothetical 5% Portfolio Return	Class A	Class B	Class B2
Beginning Account Value 1/1/09	\$1,000.00	\$1,000.00	\$1,000.00
Ending Account Value 6/30/09	\$1,023.31	\$1,022.07	\$1,021.47
Expenses Paid per \$1,000*	\$ 1.51	\$ 2.76	\$ 3.36

\* Expenses are equal to the Portfolio's annualized expense ratio for each share class, multiplied by the average account value over the period, multiplied by the number of days in the most recent six-month period, then divided by 365.

Annualized Expense Ratios	Class A	Class B	Class B2
DWS Equity 500 Index VIP	.30%	.55%	.67%

For more information, please refer to the Portfolio's prospectus.

These tables do not reflect charges and fees ("contract charges") associated with the separate account that invests in the Portfolio or any variable life insurance policy or variable annuity contract for which the Portfolio is an investment option.

# Portfolio Summary

<b>Asset Allocation</b> (As a % of Investment Portfolio excluding Securities Lending Collateral)	<b>6/30/09</b>	<b>12/31/08</b>
Common Stocks	99%	100%
Cash Equivalents	1%	—
	100%	100%

<b>Sector Diversification</b> (As a % of Common Stocks)	<b>6/30/09</b>	<b>12/31/08</b>
Information Technology	18%	15%
Health Care	14%	15%
Financials	14%	13%
Energy	12%	14%
Consumer Staples	12%	13%
Industrials	10%	11%
Consumer Discretionary	9%	8%
Utilities	4%	4%
Telecommunication Services	4%	4%
Materials	3%	3%
	100%	100%

## Ten Largest Equity Holdings (20.1% of Net Assets)

<b>1. ExxonMobil Corp.</b> Explorer and producer of oil and gas	<b>4.2%</b>
<b>2. Microsoft Corp.</b> Developer of computer software	<b>2.3%</b>
<b>3. Johnson &amp; Johnson</b> Provider of health care products	<b>1.9%</b>
<b>4. Procter &amp; Gamble Co.</b> Manufacturer of diversified consumer products	<b>1.8%</b>
<b>5. AT&amp;T, Inc.</b> Provider of communications services	<b>1.8%</b>
<b>6. International Business Machines Corp.</b> Manufacturer of computers and provider of information processing services	<b>1.7%</b>
<b>7. Chevron Corp.</b> Operator of petroleum exploration, delivery and refining facilities	<b>1.7%</b>
<b>8. JPMorgan Chase &amp; Co.</b> Provider of global financial services	<b>1.6%</b>
<b>9. Apple, Inc.</b> Manufacturer of personal computers and communication solutions	<b>1.6%</b>
<b>10. General Electric Co.</b> A diversified company provider of services to the technology, media and financial industries	<b>1.5%</b>

Asset allocation, sector diversification, and holdings are subject to change.

For more complete details about the Portfolio's investment portfolio, see page 6. A complete list of portfolio holdings of the Portfolio is posted as of the month end on [www.dws-investments.com](http://www.dws-investments.com) on or about the 15th day of the following month. More frequent posting of portfolio holdings information may be made from time to time on [www.dws-investments.com](http://www.dws-investments.com).

Following the Portfolio's fiscal first and third quarter-end, a complete portfolio holdings listing is filed with the SEC on Form N-Q. The form will be available on the SEC's Web site at [www.sec.gov](http://www.sec.gov), and it also may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling (800) SEC-0330.

# Investment Portfolio

June 30, 2009 (Unaudited)

	Shares	Value (\$)
<b>Common Stocks 99.1%</b>		
<b>Consumer Discretionary 8.9%</b>		
<b>Auto Components 0.2%</b>		
Goodyear Tire & Rubber Co.*	19,094	214,999
Johnson Controls, Inc.	49,938	1,084,653
		<b>1,299,652</b>
<b>Automobiles 0.3%</b>		
Ford Motor Co.*	257,362	1,562,187
Harley-Davidson, Inc.	19,786	320,731
		<b>1,882,918</b>
<b>Distributors 0.1%</b>		
Genuine Parts Co.	12,609	<b>423,158</b>
<b>Diversified Consumer Services 0.2%</b>		
Apollo Group, Inc. "A"*	8,644	614,761
DeVry, Inc.	4,900	245,196
H&R Block, Inc.	26,596	458,249
		<b>1,318,206</b>
<b>Hotels Restaurants &amp; Leisure 1.5%</b>		
Carnival Corp. (Units) (a)	36,846	949,521
Darden Restaurants, Inc.	11,954	394,243
International Game Technology	23,256	369,770
Marriott International, Inc. "A" (a)	23,326	514,799
McDonald's Corp.	88,891	5,110,344
Starbucks Corp.*	58,028	806,009
Starwood Hotels & Resorts Worldwide, Inc.	15,025	333,555
Wyndham Worldwide Corp.	14,337	173,765
Wynn Resorts Ltd.* (a)	5,400	190,620
Yum! Brands, Inc.	36,516	1,217,444
		<b>10,060,070</b>
<b>Household Durables 0.4%</b>		
Black & Decker Corp. (a)	4,722	135,332
Centex Corp.	12,435	105,200
D.R. Horton, Inc. (a)	21,700	203,112
Fortune Brands, Inc.	12,755	443,109
Harman International Industries, Inc.	4,700	88,360
KB HOME (a)	5,992	81,971
Leggett & Platt, Inc.	12,264	186,781
Lennar Corp. "A" (a)	11,900	115,311
Newell Rubbermaid, Inc.	21,897	227,948
Pulte Homes, Inc. (a)	17,282	152,600
Snap-on, Inc.	4,493	129,129
The Stanley Works (a)	6,156	208,319
Whirlpool Corp. (a)	5,988	254,849
		<b>2,332,021</b>
<b>Internet &amp; Catalog Retail 0.4%</b>		
Amazon.com, Inc.*	25,928	2,169,136
Expedia, Inc.*	16,553	250,116
		<b>2,419,252</b>
<b>Leisure Equipment &amp; Products 0.1%</b>		
Eastman Kodak Co.	21,807	64,549
Hasbro, Inc.	9,786	237,212
Mattel, Inc. (a)	28,298	454,183
		<b>755,944</b>
<b>Media 2.5%</b>		
CBS Corp. "B"	55,087	381,202
Comcast Corp. "A"	232,387	3,367,288
Gannett Co., Inc.	18,542	66,195
Interpublic Group of Companies, Inc.*	38,897	196,430

	Shares	Value (\$)
McGraw-Hill Companies, Inc.	25,764	775,754
Meredith Corp. (a)	2,924	74,708
New York Times Co. "A"	9,510	52,400
News Corp. "A"	182,054	1,658,512
Omnicom Group, Inc. (a)	24,532	774,721
Scripps Networks Interactive "A"	7,100	197,593
The DIRECTV Group, Inc.* (a)	42,500	1,050,175
Time Warner Cable, Inc.	27,891	883,308
Time Warner, Inc.	96,376	2,427,711
Viacom, Inc. "B"*	49,587	1,125,625
Walt Disney Co.	148,580	3,466,371
Washington Post Co. "B"	518	182,429
		<b>16,680,422</b>
<b>Multiline Retail 0.8%</b>		
Big Lots, Inc.*	7,792	163,866
Family Dollar Stores, Inc.	11,070	313,281
J.C. Penney Co., Inc.	17,522	503,057
Kohl's Corp.*	24,978	1,067,809
Macy's, Inc.	33,608	395,230
Nordstrom, Inc. (a)	14,448	287,371
Sears Holdings Corp.* (a)	4,443	295,548
Target Corp.	60,610	2,392,277
		<b>5,418,439</b>
<b>Specialty Retail 1.9%</b>		
Abercrombie & Fitch Co. "A" (a)	7,400	187,886
AutoNation, Inc.* (a)	8,651	150,095
AutoZone, Inc.*	2,891	436,859
Bed Bath & Beyond, Inc.*	22,016	676,992
Best Buy Co., Inc.	26,836	898,737
GameStop Corp. "A"*	12,900	283,929
Home Depot, Inc.	136,085	3,215,688
Limited Brands, Inc. (a)	21,370	255,799
Lowe's Companies, Inc.	119,000	2,309,790
O'Reilly Automotive, Inc.* (a)	12,000	456,960
Office Depot, Inc.*	22,003	100,334
RadioShack Corp.	10,045	140,228
Staples, Inc.	57,589	1,161,570
The Gap, Inc.	36,832	604,045
The Sherwin-Williams Co.	7,689	413,284
Tiffany & Co. (a)	9,700	245,992
TJX Companies, Inc.	32,858	1,033,713
		<b>12,571,901</b>
<b>Textiles, Apparel &amp; Luxury Goods 0.5%</b>		
Coach, Inc.	25,600	688,128
NIKE, Inc. "B" (a)	31,950	1,654,371
Polo Ralph Lauren Corp. (a)	4,400	235,576
VF Corp.	6,887	381,196
		<b>2,959,271</b>
<b>Consumer Staples 11.9%</b>		
<b>Beverages 2.6%</b>		
Brown-Forman Corp. "B" (a)	7,750	333,095
Coca-Cola Co.	160,414	7,698,268
Coca-Cola Enterprises, Inc.	24,150	402,097
Constellation Brands, Inc. "A"*	15,400	195,272
Dr. Pepper Snapple Group, Inc.*	20,400	432,276
Molson Coors Brewing Co. "B"	11,984	507,283
Pepsi Bottling Group, Inc.	10,911	369,228
PepsiCo, Inc. (a)	125,446	6,894,512
		<b>16,832,031</b>

The accompanying notes are an integral part of the financial statements.

	Shares	Value (\$)
<b>Food &amp; Staples Retailing 3.0%</b>		
Costco Wholesale Corp.	35,045	1,601,557
CVS Caremark Corp. (a)	116,990	3,728,471
Kroger Co.	53,863	1,187,679
Safeway, Inc.	33,827	689,056
SUPERVALU, Inc.	16,648	215,592
Sysco Corp.	47,257	1,062,337
Wal-Mart Stores, Inc. (a)	179,827	8,710,820
Walgreen Co.	78,696	2,313,662
Whole Foods Market, Inc. (a)	11,100	210,678
		<b>19,719,852</b>
<b>Food Products 1.8%</b>		
Archer-Daniels-Midland Co.	50,907	1,362,780
Campbell Soup Co.	16,185	476,163
ConAgra Foods, Inc.	35,305	672,913
Dean Foods Co.*	14,400	276,336
General Mills, Inc.	27,728	1,553,323
H.J. Heinz Co.	24,879	888,180
Hormel Foods Corp.	5,500	189,970
Kellogg Co.	21,932	1,021,373
Kraft Foods, Inc. "A"	118,882	3,012,470
McCormick & Co., Inc.	10,214	332,261
Sara Lee Corp.	55,739	544,013
The Hershey Co.	13,046	469,656
The J.M. Smucker Co.	9,366	455,750
Tyson Foods, Inc. "A"	22,800	287,508
		<b>11,542,696</b>
<b>Household Products 2.6%</b>		
Clorox Co.	11,030	615,805
Colgate-Palmolive Co.	40,221	2,845,234
Kimberly-Clark Corp.	33,747	1,769,355
Procter & Gamble Co. (a)	234,841	12,000,375
		<b>17,230,769</b>
<b>Personal Products 0.2%</b>		
Avon Products, Inc.	33,670	868,013
Estee Lauder Companies, Inc. "A"	9,100	297,297
		<b>1,165,310</b>
<b>Tobacco 1.7%</b>		
Altria Group, Inc.	167,470	2,744,833
Lorillard, Inc.	13,702	928,585
Philip Morris International, Inc. (a)	158,070	6,895,014
Reynolds American, Inc.	13,328	514,727
		<b>11,083,159</b>
<b>Energy 12.3%</b>		
<b>Energy Equipment &amp; Services 1.8%</b>		
Baker Hughes, Inc.	24,271	884,435
BJ Services Co. (a)	23,086	314,662
Cameron International Corp.*	17,200	486,760
Diamond Offshore Drilling, Inc. (a)	5,900	489,995
ENSCO International, Inc.	11,200	390,544
FMC Technologies, Inc.*	10,200	383,316
Halliburton Co.	71,073	1,471,211
Nabors Industries Ltd.*	22,496	350,488
National-Oilwell Varco, Inc.*	33,000	1,077,780
Rowan Companies, Inc. (a)	11,182	216,036
Schlumberger Ltd. (a)	96,418	5,217,178
Smith International, Inc.	19,300	496,975
		<b>11,779,380</b>
<b>Oil, Gas &amp; Consumable Fuels 10.5%</b>		
Anadarko Petroleum Corp. (a)	39,814	1,807,157
Apache Corp.	27,053	1,951,874
Cabot Oil & Gas Corp.	8,200	251,248

	Shares	Value (\$)
Chesapeake Energy Corp. (a)	45,200	896,316
Chevron Corp.	161,582	10,704,808
ConocoPhillips	119,342	5,019,525
CONSOL Energy, Inc.	14,300	485,628
Denbury Resources, Inc.*	19,700	290,181
Devon Energy Corp. (a)	35,792	1,950,664
El Paso Corp.	55,354	510,917
EOG Resources, Inc.	19,757	1,341,895
ExxonMobil Corp. (a)	393,204	27,488,892
Hess Corp.	22,950	1,233,563
Marathon Oil Corp.	57,542	1,733,740
Massey Energy Co. (a)	8,300	162,182
Murphy Oil Corp.	15,000	814,800
Noble Energy, Inc.	14,700	866,859
Occidental Petroleum Corp. (a)	65,088	4,283,441
Peabody Energy Corp.	21,100	636,376
Pioneer Natural Resources Co.	9,300	237,150
Range Resources Corp.	12,268	508,018
Southwestern Energy Co.*	29,000	1,126,650
Spectra Energy Corp.	49,491	837,388
Sunoco, Inc.	10,516	243,971
Tesoro Corp. (a)	12,700	161,671
Valero Energy Corp.	44,804	756,740
Williams Companies, Inc.	45,687	713,174
XTO Energy, Inc.	46,985	1,792,008
		<b>68,806,836</b>

### Financials 13.5%

#### Capital Markets 3.0%

Ameriprise Financial, Inc.	20,705	502,510
Bank of New York Mellon Corp.	94,848	2,779,995
Charles Schwab Corp.	78,563	1,377,995
E*TRADE Financial Corp.*	39,900	51,072
Federated Investors, Inc. "B"	7,000	168,630
Franklin Resources, Inc.	12,252	882,267
Invesco Ltd.	31,092	554,060
Janus Capital Group, Inc.	12,271	139,889
Legg Mason, Inc. (a)	11,700	285,246
Morgan Stanley	107,840	3,074,518
Northern Trust Corp.	19,404	1,041,607
State Street Corp.	39,265	1,853,308
T. Rowe Price Group, Inc. (a)	21,720	905,072
The Goldman Sachs Group, Inc.	40,533	5,976,186
		<b>19,592,355</b>

#### Commercial Banks 2.7%

BB&T Corp.	53,434	1,174,479
Comerica, Inc. (a)	11,837	250,352
Fifth Third Bancorp.	62,106	440,953
First Horizon National Corp. (a)	14,872	178,459
Huntington Bancshares, Inc.	46,760	195,457
KeyCorp	61,329	321,364
M&T Bank Corp. (a)	7,550	384,521
Marshall & Ilsley Corp. (a)	28,652	137,530
PNC Financial Services Group, Inc. (a)	36,163	1,403,486
Regions Financial Corp.	98,561	398,186
SunTrust Banks, Inc. (a)	39,071	642,718
US Bancorp.	152,954	2,740,936
Wells Fargo & Co. (a)	373,810	9,068,631
Zions Bancorp.	9,011	104,167
		<b>17,441,239</b>

#### Consumer Finance 0.6%

American Express Co.	95,625	2,222,325
Capital One Financial Corp. (a)	36,402	796,476

The accompanying notes are an integral part of the financial statements.

	Shares	Value (\$)
Discover Financial Services	37,870	388,925
SLM Corp.* (a)	40,278	413,655
		<b>3,821,381</b>
<b>Diversified Financial Services 3.7%</b>		
Bank of America Corp. (a)	649,881	8,578,429
CIT Group, Inc. (a)	25,224	54,232
Citigroup, Inc. (a)	440,031	1,306,892
CME Group, Inc. (a)	5,300	1,648,883
IntercontinentalExchange, Inc.*	6,200	708,288
JPMorgan Chase & Co. (a)	312,991	10,676,123
Leucadia National Corp.*	14,000	295,260
Moody's Corp.	15,752	415,065
NYSE Euronext	22,000	599,500
The NASDAQ OMX Group, Inc.*	10,800	230,148
		<b>24,512,820</b>
<b>Insurance 2.3%</b>		
Aflac, Inc.	37,737	1,173,243
Allstate Corp.	42,256	1,031,046
American International Group, Inc. (a)	219,181	254,250
Aon Corp.	23,383	885,514
Assurant, Inc.	8,600	207,174
Chubb Corp.	28,070	1,119,432
Cincinnati Financial Corp.	12,809	286,281
Genworth Financial, Inc. "A"	34,900	243,951
Hartford Financial Services Group, Inc.	28,334	336,325
Lincoln National Corp.	22,569	388,413
Loews Corp.	28,582	783,147
Marsh & McLennan Companies, Inc.	40,613	817,540
MBIA, Inc.*	15,364	66,526
MetLife, Inc.	65,932	1,978,619
Principal Financial Group, Inc.	25,511	480,627
Progressive Corp.*	53,356	806,209
Prudential Financial, Inc.	37,063	1,379,485
The Travelers Companies, Inc.	48,871	2,005,666
Torchmark Corp. (a)	6,910	255,946
Unum Group	26,165	414,977
XL Capital Ltd. "A" (a)	27,677	317,178
		<b>15,231,549</b>
<b>Real Estate Investment Trusts 1.0%</b>		
Apartment Investment & Management Co. "A" (REIT)	9,297	82,278
AvalonBay Communities, Inc. (REIT) (a)	7,399	413,900
Boston Properties, Inc. (REIT) (a)	11,081	528,564
Equity Residential (REIT)	21,530	478,612
HCP, Inc. (REIT)	19,985	423,482
Health Care REIT, Inc. (REIT) (a)	8,300	283,030
Host Hotels & Resorts, Inc. (REIT)	48,100	403,559
Kimco Realty Corp. (REIT) (a)	24,800	249,240
Plum Creek Timber Co., Inc. (REIT) (a)	15,100	449,678
ProLogis (REIT) (a)	36,600	294,996
Public Storage (REIT) (a)	9,946	651,264
Simon Property Group, Inc. (REIT)	22,265	1,145,089
Ventas, Inc. (REIT) (a)	12,100	361,306
Vornado Realty Trust (REIT) (a)	12,929	582,193
		<b>6,347,191</b>
<b>Real Estate Management &amp; Development 0.0%</b>		
CB Richard Ellis Group, Inc. "A"* (a)	16,800	157,248

	Shares	Value (\$)
<b>Thriffs &amp; Mortgage Finance 0.2%</b>		
Hudson City Bancorp., Inc.	46,200	613,998
People's United Financial, Inc.	28,000	421,120
		<b>1,035,118</b>
<b>Health Care 13.8%</b>		
<b>Biotechnology 1.9%</b>		
Amgen, Inc.*	81,516	4,315,457
Biogen Idec, Inc.*	23,460	1,059,219
Celgene Corp.*	37,800	1,808,352
Cephalon, Inc.* (a)	5,500	311,575
Genzyme Corp.*	22,103	1,230,474
Gilead Sciences, Inc.* (a)	73,072	3,422,693
		<b>12,147,770</b>
<b>Health Care Equipment &amp; Supplies 2.0%</b>		
Baxter International, Inc. (a)	48,803	2,584,607
Becton, Dickinson & Co.	19,178	1,367,583
Boston Scientific Corp.*	118,865	1,205,291
C.R. Bard, Inc.	7,798	580,561
DENTSPLY International, Inc.	11,700	357,084
Hospira, Inc.*	12,620	486,122
Intuitive Surgical, Inc.*	3,300	540,078
Medtronic, Inc.	90,125	3,144,461
St. Jude Medical, Inc.*	27,188	1,117,427
Stryker Corp.	20,482	813,955
Varian Medical Systems, Inc.*	9,800	344,372
Zimmer Holdings, Inc.*	17,684	753,339
		<b>13,294,880</b>
<b>Health Care Providers &amp; Services 2.1%</b>		
Aetna, Inc.	35,972	901,099
AmerisourceBergen Corp.	24,764	439,313
Cardinal Health, Inc.	28,400	867,620
CIGNA Corp.	22,105	532,509
Coventry Health Care, Inc.*	11,895	222,555
DaVita, Inc.*	8,200	405,572
Express Scripts, Inc.*	21,868	1,503,425
Humana, Inc.*	13,675	441,156
Laboratory Corp. of America Holdings*	8,491	575,605
McKesson Corp.	21,715	955,460
Medco Health Solutions, Inc.*	38,928	1,775,506
Patterson Companies, Inc.* (a)	7,200	156,240
Quest Diagnostics, Inc.	12,316	694,992
Tenet Healthcare Corp.* (a)	33,700	95,034
UnitedHealth Group, Inc. (a)	95,808	2,393,284
WellPoint, Inc.*	39,088	1,989,188
		<b>13,948,558</b>
<b>Health Care Technology 0.0%</b>		
IMS Health, Inc.	14,430	183,261
<b>Life Sciences Tools &amp; Services 0.4%</b>		
Life Technologies Corp.* (a)	13,210	551,121
Millipore Corp.*	4,415	309,977
PerkinElmer, Inc.	9,336	162,447
Thermo Fisher Scientific, Inc.*	33,821	1,378,882
Waters Corp.*	7,800	401,466
		<b>2,803,893</b>
<b>Pharmaceuticals 7.4%</b>		
Abbott Laboratories (a)	124,582	5,860,337
Allergan, Inc.	24,324	1,157,336
Bristol-Myers Squibb Co. (a)	159,562	3,240,704
Eli Lilly & Co. (a)	81,737	2,831,370
Forest Laboratories, Inc.*	23,795	597,492
Johnson & Johnson (a)	222,034	12,611,531

The accompanying notes are an integral part of the financial statements.

	<b>Shares</b>	<b>Value (\$)</b>
King Pharmaceuticals, Inc.*	19,486	187,650
Merck & Co., Inc. (a)	169,959	4,752,054
Mylan, Inc.* (a)	26,636	347,600
Pfizer, Inc. (a)	543,689	8,155,335
Schering-Plough Corp.	131,150	3,294,488
Watson Pharmaceuticals, Inc.*	8,255	278,111
Wyeth (a)	107,476	4,878,336
		<b>48,192,344</b>

## **Industrials 9.7%**

### **Aerospace & Defense 2.7%**

Boeing Co. (a)	58,908	2,503,590
General Dynamics Corp.	31,234	1,730,051
Goodrich Corp.	10,061	502,748
Honeywell International, Inc.	58,347	1,832,096
ITT Corp.	14,394	640,533
L-3 Communications Holdings, Inc.	9,400	652,172
Lockheed Martin Corp.	26,293	2,120,531
Northrop Grumman Corp.	25,831	1,179,960
Precision Castparts Corp.	11,000	803,330
Raytheon Co.	31,996	1,421,582
Rockwell Collins, Inc.	12,431	518,746
United Technologies Corp.	76,000	3,948,960
		<b>17,854,299</b>

### **Air Freight & Logistics 1.0%**

C.H. Robinson Worldwide, Inc. (a)	13,700	714,455
Expeditors International of Washington, Inc. (a)	17,200	573,448
FedEx Corp.	25,065	1,394,115
United Parcel Service, Inc. "B"	80,058	4,002,100
		<b>6,684,118</b>

### **Airlines 0.1%**

Southwest Airlines Co.	59,695	<b>401,747</b>
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### **Building Products 0.1%**

Masco Corp. (a)	28,465	<b>272,695</b>
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### **Commercial Services & Supplies 0.5%**

Avery Dennison Corp.	8,386	215,352
Cintas Corp. (a)	10,342	236,211
Iron Mountain, Inc.* (a)	14,200	408,250
Pitney Bowes, Inc.	16,246	356,275
R.R. Donnelley & Sons Co.	17,329	201,363
Republic Services, Inc.	25,299	617,549
Stericycle, Inc.* (a)	6,700	345,251
Waste Management, Inc.	40,169	1,131,159
		<b>3,511,410</b>

### **Construction & Engineering 0.2%**

Fluor Corp.	14,450	741,140
Jacobs Engineering Group, Inc.*	9,700	408,273
Quanta Services, Inc.*	15,600	360,828
		<b>1,510,241</b>

### **Electrical Equipment 0.4%**

Cooper Industries Ltd. "A"	13,228	410,729
Emerson Electric Co.	60,604	1,963,570
Rockwell Automation, Inc. (a)	11,147	358,042
		<b>2,732,341</b>

### **Industrial Conglomerates 2.1%**

3M Co. (a)	55,936	3,361,754
General Electric Co. (a)	853,232	9,999,879
Textron, Inc.	23,882	230,700
		<b>13,592,333</b>

### **Machinery 1.4%**

Caterpillar, Inc. (a)	48,536	1,603,629
Cummins, Inc.	15,912	560,262

	<b>Shares</b>	<b>Value (\$)</b>
Danaher Corp.	21,765	1,343,771
Deere & Co.	33,824	1,351,269
Dover Corp.	14,702	486,489
Eaton Corp.	14,105	629,224
Flowserve Corp.	4,400	307,164
Illinois Tool Works, Inc. (a)	32,894	1,228,262
Manitowoc Co., Inc.	10,300	54,178
PACCAR, Inc.	29,001	942,822
Pall Corp.	9,353	248,416
Parker Hannifin Corp.	12,668	544,217
		<b>9,299,703</b>

### **Professional Services 0.2%**

Dun & Bradstreet Corp.	4,200	341,082
Equifax, Inc.	9,991	260,765
Monster Worldwide, Inc.* (a)	9,785	115,561
Robert Half International, Inc.	12,300	290,526
		<b>1,007,934</b>

### **Road & Rail 0.9%**

Burlington Northern Santa Fe Corp.	22,138	1,628,028
CSX Corp.	31,148	1,078,655
Norfolk Southern Corp.	29,586	1,114,505
Ryder System, Inc.	4,452	124,300
Union Pacific Corp.	40,562	2,111,658
		<b>6,057,146</b>

### **Trading Companies & Distributors 0.1%**

Fastenal Co. (a)	10,200	338,334
W.W. Grainger, Inc. (a)	5,109	418,325
		<b>756,659</b>

## **Information Technology 18.2%**

### **Communications Equipment 2.7%**

Ciena Corp.* (a)	7,465	77,263
Cisco Systems, Inc.* (a)	464,795	8,663,779
Harris Corp.	10,300	292,108
JDS Uniphase Corp.*	17,678	101,118
Juniper Networks, Inc.* (a)	42,100	993,560
Motorola, Inc.	179,280	1,188,626
QUALCOMM, Inc.	133,320	6,026,064
Tellabs, Inc.*	32,716	187,463
		<b>17,529,981</b>

### **Computers & Peripherals 5.4%**

Apple, Inc.* (a)	71,862	10,235,305
Dell, Inc.* (a)	140,109	1,923,697
EMC Corp.*	162,167	2,124,388
Hewlett-Packard Co. (a)	192,327	7,433,438
International Business Machines Corp. (a)	106,502	11,120,939
Lexmark International, Inc. "A"*	6,168	97,763
NetApp, Inc.* (a)	26,684	526,208
QLogic Corp.*	9,518	120,688
SanDisk Corp.*	19,500	286,455
Sun Microsystems, Inc.*	60,145	554,539
Teradata Corp.*	13,951	326,872
Western Digital Corp.*	17,800	471,700
		<b>35,221,992</b>

### **Electronic Equipment, Instruments & Components 0.5%**

Agilent Technologies, Inc.*	27,597	560,495
Amphenol Corp. "A"	13,900	439,796
Corning, Inc.	126,022	2,023,913
FLIR Systems, Inc.*	10,900	245,904
Jabil Circuit, Inc.	16,647	123,521
Molex, Inc. (a)	11,117	172,869
		<b>3,566,498</b>

The accompanying notes are an integral part of the financial statements.

	Shares	Value (\$)
<b>Internet Software &amp; Services 1.8%</b>		
Akamai Technologies, Inc.* (a)	13,500	258,930
eBay, Inc.*	88,368	1,513,744
Google, Inc. "A"* (a)	19,353	8,159,031
VeriSign, Inc.*	15,300	282,744
Yahoo!, Inc.* (a)	112,388	1,759,996
		<b>11,974,445</b>
<b>IT Services 1.0%</b>		
Affiliated Computer Services, Inc. "A"*	7,673	340,835
Automatic Data Processing, Inc.	40,408	1,432,060
Cognizant Technology Solutions Corp. "A"*	23,500	627,450
Computer Sciences Corp.*	11,944	529,119
Convergys Corp.*	10,072	93,468
Fidelity National Information Services, Inc. (a)	14,400	287,424
Fiserv, Inc.*	13,042	596,019
MasterCard, Inc. "A"	5,800	970,398
Paychex, Inc. (a)	27,911	703,357
Total System Services, Inc.	15,461	207,023
Western Union Co.	56,512	926,797
		<b>6,713,950</b>
<b>Office Electronics 0.1%</b>		
Xerox Corp.	68,288	<b>442,506</b>
<b>Semiconductors &amp; Semiconductor Equipment 2.5%</b>		
Advanced Micro Devices, Inc.* (a)	48,060	185,992
Altera Corp.	24,586	400,260
Analog Devices, Inc.	22,935	568,329
Applied Materials, Inc.	105,830	1,160,955
Broadcom Corp. "A"*	33,721	835,944
Intel Corp. (a)	449,145	7,433,350
KLA-Tencor Corp.	13,445	339,486
Linear Technology Corp. (a)	20,314	474,332
LSI Corp.* (a)	50,913	232,163
MEMC Electronic Materials, Inc.*	17,700	315,237
Microchip Technology, Inc. (a)	14,400	324,720
Micron Technology, Inc.* (a)	62,820	317,869
National Semiconductor Corp.	18,626	233,756
Novellus Systems, Inc.*	7,714	128,824
NVIDIA Corp.* (a)	44,021	496,997
Teradyne, Inc.* (a)	13,404	91,952
Texas Instruments, Inc.	100,979	2,150,853
Xilinx, Inc. (a)	22,246	455,153
		<b>16,146,172</b>
<b>Software 4.2%</b>		
Adobe Systems, Inc.*	42,210	1,194,543
Autodesk, Inc.*	19,848	376,715
BMC Software, Inc.*	14,806	500,295
CA, Inc.	31,459	548,330
Citrix Systems, Inc.* (a)	14,598	465,530
Compuware Corp.*	19,446	133,400
Electronic Arts, Inc.*	26,858	583,356
Intuit, Inc.*	25,970	731,315
McAfee, Inc.*	12,100	510,499
Microsoft Corp. (a)	616,671	14,658,270
Novell, Inc.*	27,236	123,379
Oracle Corp. (a)	305,178	6,536,913
Salesforce.com, Inc.* (a)	8,300	316,811
Symantec Corp.*	65,852	1,024,657
		<b>27,704,013</b>

	Shares	Value (\$)
<b>Materials 3.2%</b>		
<b>Chemicals 1.8%</b>		
Air Products & Chemicals, Inc.	16,539	1,068,254
CF Industries Holdings, Inc.	3,900	289,146
Dow Chemical Co.	85,861	1,385,797
E.I. du Pont de Nemours & Co.	74,612	1,911,559
Eastman Chemical Co.	5,730	217,167
Ecolab, Inc.	13,266	517,241
International Flavors & Fragrances, Inc.	6,243	204,271
Monsanto Co.	43,916	3,264,716
PPG Industries, Inc.	13,250	581,675
Praxair, Inc. (a)	24,785	1,761,470
Sigma-Aldrich Corp.	9,940	492,626
		<b>11,693,922</b>
<b>Construction Materials 0.1%</b>		
Vulcan Materials Co. (a)	9,022	<b>388,848</b>
<b>Containers &amp; Packaging 0.2%</b>		
Ball Corp.	7,436	335,810
Bemis Co., Inc.	7,872	198,374
Owens-Illinois, Inc.*	13,200	369,732
Pactiv Corp.*	10,819	234,772
Sealed Air Corp.	12,396	228,706
		<b>1,367,394</b>
<b>Metals &amp; Mining 0.9%</b>		
AK Steel Holding Corp.	10,400	199,576
Alcoa, Inc.	81,381	840,666
Allegheny Technologies, Inc. (a)	8,017	280,034
Freeport-McMoRan Copper & Gold, Inc.	33,199	1,663,602
Newmont Mining Corp.	40,032	1,636,108
Nucor Corp. (a)	24,830	1,103,197
Titanium Metals Corp.	6,700	61,573
United States Steel Corp.	11,859	423,840
		<b>6,208,596</b>
<b>Paper &amp; Forest Products 0.2%</b>		
International Paper Co.	37,472	566,952
MeadWestvaco Corp.	13,459	220,862
Weyerhaeuser Co.	16,798	511,163
		<b>1,298,977</b>
<b>Telecommunication Services 3.5%</b>		
<b>Diversified Telecommunication Services 3.1%</b>		
AT&T, Inc. (a)	475,436	11,809,830
CenturyTel, Inc. (a)	8,119	249,253
Embarq Corp.	11,198	470,988
Frontier Communications Corp.	24,590	175,573
Qwest Communications International, Inc. (a)	126,240	523,896
Verizon Communications, Inc. (a)	229,429	7,050,353
Windstream Corp.	34,659	289,749
		<b>20,569,642</b>
<b>Wireless Telecommunication Services 0.4%</b>		
American Tower Corp. "A"*	31,800	1,002,654
MetroPCS Communications, Inc.*	20,400	271,524
Sprint Nextel Corp.*	231,568	1,113,842
		<b>2,388,020</b>
<b>Utilities 4.1%</b>		
<b>Electric Utilities 2.3%</b>		
Allegheny Energy, Inc.	13,310	341,402
American Electric Power Co., Inc.	40,016	1,156,062
Duke Energy Corp. (a)	105,383	1,537,538
Edison International	28,467	895,572

The accompanying notes are an integral part of the financial statements.

	Shares	Value (\$)
Entergy Corp.	14,956	1,159,389
Exelon Corp. (a)	53,542	2,741,886
FirstEnergy Corp.	24,054	932,092
FPL Group, Inc.	34,284	1,949,388
Northeast Utilities	12,300	274,413
Pepco Holdings, Inc.	16,900	227,136
Pinnacle West Capital Corp.	7,608	229,381
PPL Corp.	29,628	976,539
Progress Energy, Inc.	21,874	827,493
Southern Co.	65,004	2,025,525

**15,273,816**

**Gas Utilities 0.2%**

EQT Corp.	10,300	359,573
Nicor, Inc.	3,584	124,078
Questar Corp.	13,700	425,522

**909,173**

**Independent Power Producers & Energy Traders 0.2%**

AES Corp.*	56,448	655,361
Constellation Energy Group, Inc.	14,410	383,018
Dynegy, Inc. "A"*	39,872	90,510

**1,128,889**

**Multi-Utilities 1.4%**

Ameren Corp.	16,669	414,891
CenterPoint Energy, Inc.	26,021	288,313
CMS Energy Corp. (a)	19,472	235,222
Consolidated Edison, Inc.	21,622	809,095
Dominion Resources, Inc. (a)	48,158	1,609,440
DTE Energy Co.	12,857	411,424
Integrus Energy Group, Inc.	6,000	179,940
NiSource, Inc.	22,008	256,613
PG&E Corp.	31,149	1,197,368
Public Service Enterprise Group, Inc.	39,950	1,303,569

	Shares	Value (\$)
SCANA Corp.	9,300	301,971
Sempra Energy	20,487	1,016,770
TECO Energy, Inc. (a)	16,800	200,424
Wisconsin Energy Corp.	9,200	374,532
Xcel Energy, Inc.	34,057	626,989

**9,226,561**

**Total Common Stocks** (Cost \$787,510,915) **648,424,915**

Principal Amount (\$)	Value (\$)
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**Government & Agency Obligation 0.1%**

**US Treasury Obligation**

US Treasury Bill, 0.28%** 11/19/2009 (b) (Cost \$874,043)	875,000	<b>874,126</b>
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Shares	Value (\$)
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**Securities Lending Collateral 37.9%**

Daily Assets Fund Institutional, 0.48% (c) (d) (Cost \$247,908,871)	247,908,871	<b>247,908,871</b>
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**Cash Equivalents 0.9%**

Cash Management QP Trust, 0.27% (c) (Cost \$5,571,119)	5,571,119	<b>5,571,119</b>
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% of Net Assets	Value (\$)
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**Total Investment Portfolio**

(Cost \$1,041,864,948) <sup>†</sup>	138.0	<b>902,779,031</b>
<b>Other Assets and Liabilities, Net (a)</b>	(38.0)	<b>(248,485,410)</b>
<b>Net Assets</b>	100.0	<b>654,293,621</b>

\* Non-income producing security.

\*\* Annualized yield at time of purchase; not a coupon rate.

† The cost for federal income tax purposes was \$1,064,195,213. At June 30, 2009, net unrealized depreciation for all securities based on tax cost was \$161,416,182. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$73,862,466 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$235,278,648.

(a) All or a portion of these securities were on loan amounting to \$239,726,585. In addition, included in other assets and liabilities, net is a pending sale, amounting to \$497,883, that is also on loan (see Notes to Financial Statements). The value of all securities loaned at June 30, 2009 amounted to \$240,224,468, which is 36.7% of net assets.

(b) At June 30, 2009, this security has been pledged, in whole or in part, to cover initial margin requirements for open futures contracts.

(c) Affiliated fund managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

(d) Represents collateral held in connection with securities lending. Income earned by the Portfolio is net of borrower rebates.

REIT: Real Estate Investment Trust

At June 30, 2009, open futures contracts purchased were as follows:

Futures	Expiration Date	Contracts	Aggregate Face Value (\$)	Value (\$)	Unrealized Depreciation (\$)
S&P 500 Index	9/17/2009	30	6,899,563	6,866,250	<b>(33,313)</b>

For information on the Portfolio's policy and additional disclosures regarding futures contracts, please refer to the Derivatives section of Note A in the accompanying Notes to Financial Statements.

The accompanying notes are an integral part of the financial statements.

## Fair Value Measurements

Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, "Fair Value Measurements," as amended, establishes a three-tier hierarchy for measuring fair value and requires additional disclosure about the classification of fair value measurements.

Various inputs are used in determining the value of the Portfolio's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, and credit risk). Level 3 includes significant unobservable inputs (including the Portfolio's own assumptions in determining the fair value of investments). The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of June 30, 2009 in valuing the Portfolio's investments. For information on the Portfolio's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to the Financial Statements.

<b>Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Common Stock and/or Other Equity Investments (e)	\$ 648,424,915	\$ —	\$ —
Short-Term Investments (e)	247,908,871	6,445,245	—
<b>Total</b>	<b>\$ 896,333,786</b>	<b>\$ 6,445,245</b>	<b>\$ —</b>
<b>Liabilities</b>			
Derivatives (f)	\$ (33,313)	\$ —	\$ —
<b>Total</b>	<b>\$ (33,313)</b>	<b>\$ —</b>	<b>\$ —</b>

(e) See Investment Portfolio for additional detailed categorizations.

(f) Derivatives include unrealized depreciation on open futures contracts.

The accompanying notes are an integral part of the financial statements.

# Financial Statements

## Statement of Assets and Liabilities

as of June 30, 2009 (Unaudited)

<b>Assets</b>	
Investments:	
Investments in securities, at value (cost \$788,384,958) — including \$239,726,585 of securities loaned	\$ 649,299,041
Investment in Daily Assets Fund Institutional (cost \$247,908,871)*	247,908,871
Investment in Cash Management QP Trust (cost \$5,571,119)	5,571,119
Total investments, at value (cost \$1,041,864,948)	902,779,031
Dividends receivable	898,291
Interest receivable	72,601
Receivable for investments sold	629,240
Receivable for Portfolio shares sold	33,105
Other assets	29,835
<b>Total assets</b>	<b>904,442,103</b>
<b>Liabilities</b>	
Cash overdraft	69,597
Payable upon return of securities loaned	247,908,871
Payable for investments purchased	1,122,948
Payable for Portfolio shares redeemed	739,379
Payable for daily variation margin on open futures contracts	42,750
Accrued management fee	110,293
Accrued expenses and payables	154,644
Total liabilities	250,148,482
<b>Net assets, at value</b>	<b>\$ 654,293,621</b>
<b>Net Assets Consist of</b>	
Undistributed net investment income	6,988,615
Net unrealized appreciation (depreciation) on:	
Investments	(139,085,917)
Futures	(33,313)
Accumulated net realized gain (loss)	(50,929,217)
Paid-in capital	837,353,453
<b>Net assets, at value</b>	<b>\$ 654,293,621</b>
<b>Class A</b>	
<b>Net Asset Value</b> , offering and redemption price per share (\$595,206,420 ÷ 62,345,953 outstanding shares of beneficial interest, \$.001 par value, unlimited number of shares authorized)	<b>\$ 9.55</b>
<b>Class B</b>	
<b>Net Asset Value</b> , offering and redemption price per share (\$41,256,459 ÷ 4,318,443 outstanding shares of beneficial interest, \$.001 par value, unlimited number of shares authorized)	<b>\$ 9.55</b>
<b>Class B2</b>	
<b>Net Asset Value</b> , offering and redemption price per share (\$17,830,742 ÷ 1,866,221 outstanding shares of beneficial interest, \$.001 par value, unlimited number of shares authorized)	<b>\$ 9.55</b>

\* Represents collateral on securities loaned.

## Statement of Operations

for the six months ended June 30, 2009 (Unaudited)

<b>Investment Income</b>	
Income:	
Dividends	\$ 7,818,624
Interest	1,535
Interest — Cash Management QP Trust	18,900
Securities lending income, including income from Daily Assets Fund Institutional, net of borrower rebates	360,226
<b>Total Income</b>	<b>8,199,285</b>
Expenses:	
Management fee	600,367
Administration fee	300,184
Custodian fee	18,806
Distribution service fees (Class B and Class B2)	68,165
Record keeping fee (Class B2)	12,735
Services to shareholders	4,961
Professional fees	37,394
Trustees' fees and expenses	13,669
Reports to shareholders	28,877
Other	28,192
Total expenses before expense reductions	1,113,350
Expense reductions	(134,386)
Total expenses after expense reductions	978,964
<b>Net investment income (loss)</b>	<b>7,220,321</b>
<b>Realized and Unrealized Gain (Loss) on Investment Transactions</b>	
Net realized gain (loss) from:	
Investments	(8,177,380)
Futures	928,991
	(7,248,389)
Change in net unrealized appreciation (depreciation)	
Investments	19,727,224
Futures	(90,071)
	19,637,153
<b>Net gain (loss)</b>	<b>12,388,764</b>
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$ 19,609,085</b>

The accompanying notes are an integral part of the financial statements.

## Statement of Changes in Net Assets

Increase (Decrease) in Net Assets	Six Months Ended June 30, 2009 (Unaudited)	Year Ended December 31, 2008
Operations:		
Net investment income (loss)	\$ 7,220,321	\$ 18,770,180
Net realized gain (loss)	(7,248,389)	(6,289,222)
Change in net unrealized appreciation (depreciation)	19,637,153	(415,936,682)
Net increase (decrease) in net assets resulting from operations	19,609,085	(403,455,724)
Distributions to shareholders from:		
Net investment income:		
Class A	(17,327,332)	(20,754,466)
Class B	(1,082,916)	(1,112,015)
Class B2	(464,083)	(765,628)
Total distributions	(18,874,331)	(22,632,109)
Portfolio share transactions:		
<b>Class A</b>		
Proceeds from shares sold	38,250,895	61,208,851
Reinvestment of distributions	17,327,332	20,754,466
Cost of shares redeemed	(45,577,560)	(154,585,231)
Net increase (decrease) in net assets from Class A share transactions	10,000,667	(72,621,914)
<b>Class B</b>		
Proceeds from shares sold	2,554,244	8,002,088
Reinvestment of distributions	1,082,916	1,112,015
Cost of shares redeemed	(2,915,910)	(9,476,800)
Net increase (decrease) in net assets from Class B share transactions	721,250	(362,697)
<b>Class B2</b>		
Proceeds from shares sold	133,095	2,162,449
Reinvestment of distributions	464,083	765,628
Cost of shares redeemed	(1,700,221)	(18,892,660)
Net increase (decrease) in net assets from Class B2 share transactions	(1,103,043)	(15,964,583)
<b>Increase (decrease) in net assets</b>	<b>10,353,628</b>	<b>(515,037,027)</b>
Net assets at beginning of period	643,939,993	1,158,977,020
Net assets at end of period (including undistributed net investment income of \$6,988,615 and \$18,642,625, respectively)	<b>\$ 654,293,621</b>	<b>\$ 643,939,993</b>

## Statement of Changes in Net Assets (continued)

Increase (Decrease) in Net Assets	Six Months Ended June 30, 2009 (Unaudited)	Year Ended December 31, 2008
<b>Class A</b>		
Shares outstanding at beginning of period	61,222,579	67,350,398
Shares sold	4,336,109	4,745,972
Shares issued to shareholders in reinvestment of distributions	1,969,015	1,446,304
Shares redeemed	(5,181,750)	(12,320,095)
Net increase (decrease) in Class A shares	1,123,374	(6,127,819)
Shares outstanding at end of period	<b>62,345,953</b>	<b>61,222,579</b>
<b>Class B</b>		
Shares outstanding at beginning of period	4,244,481	4,176,782
Shares sold	287,936	720,240
Shares issued to shareholders in reinvestment of distributions	122,919	77,384
Shares redeemed	(336,893)	(729,925)
Net increase (decrease) in Class B shares	73,962	67,699
Shares outstanding at end of period	<b>4,318,443</b>	<b>4,244,481</b>
<b>Class B2</b>		
Shares outstanding at beginning of period	1,992,383	3,113,678
Shares sold	14,466	180,545
Shares issued to shareholders in reinvestment of distributions	52,617	53,280
Shares redeemed	(193,245)	(1,355,120)
Net increase (decrease) in Class B2 shares	(126,162)	(1,121,295)
Shares outstanding at end of period	<b>1,866,221</b>	<b>1,992,383</b>

The accompanying notes are an integral part of the financial statements.

# Financial Highlights

## Class A

Years Ended December 31,	2009 <sup>a</sup>	2008	2007	2006	2005	2004
<b>Selected Per Share Data</b>						
<b>Net asset value, beginning of period</b>	<b>\$ 9.55</b>	<b>\$15.53</b>	<b>\$14.97</b>	<b>\$13.11</b>	<b>\$12.73</b>	<b>\$11.64</b>
<i>Income (loss) from investment operations:</i>						
Net investment income (loss) <sup>b</sup>	.11	.27	.27	.24	.21	.21
Net realized and unrealized gain (loss)	.17	(5.93)	.52	1.78	.37	1.01
<b>Total from investment operations</b>	.28	(5.66)	.79	2.02	.58	1.22
<i>Less distributions from:</i>						
Net investment income	(.28)	(.32)	(.23)	(.16)	(.20)	(.13)
<b>Net asset value, end of period</b>	<b>\$ 9.55</b>	<b>\$ 9.55</b>	<b>\$15.53</b>	<b>\$14.97</b>	<b>\$13.11</b>	<b>\$12.73</b>
Total Return (%)	3.20 <sup>c**</sup>	(37.15) <sup>c</sup>	5.30 <sup>c</sup>	15.52 <sup>c</sup>	4.68	10.59 <sup>c</sup>

### Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	595	584	1,046	1,412	1,102	790
Ratio of expenses before expense reductions and/or recoupments (%)	.34 <sup>*</sup>	.33	.33	.28	.27	.28
Ratio of expenses after expense reductions and/or recoupments (%)	.30 <sup>*</sup>	.28	.30	.27	.27	.29
Ratio of net investment income (loss) (%)	2.43 <sup>*</sup>	2.07	1.71	1.73	1.62	1.76
Portfolio turnover rate (%)	5 <sup>**</sup>	6	7 <sup>d</sup>	9	15	1

<sup>a</sup> For the six months ended June 30, 2009 (Unaudited).

<sup>b</sup> Based on average shares outstanding during the period.

<sup>c</sup> Total return would have been lower had certain expenses not been reduced.

<sup>d</sup> Excludes portfolio securities delivered as a result of processing redemption in-kind transactions.

\* Annualized

\*\* Not annualized

## Class B

Years Ended December 31,	2009 <sup>a</sup>	2008	2007	2006	2005	2004
<b>Selected Per Share Data</b>						
<b>Net asset value, beginning of period</b>	<b>\$ 9.54</b>	<b>\$15.52</b>	<b>\$14.96</b>	<b>\$13.10</b>	<b>\$12.72</b>	<b>\$11.63</b>
<i>Income (loss) from investment operations:</i>						
Net investment income (loss) <sup>b</sup>	.10	.24	.23	.21	.17	.20
Net realized and unrealized gain (loss)	.17	(5.94)	.52	1.78	.38	.99
<b>Total from investment operations</b>	.27	(5.70)	.75	1.99	.55	1.19
<i>Less distributions from:</i>						
Net investment income	(.26)	(.28)	(.19)	(.13)	(.17)	(.10)
<b>Net asset value, end of period</b>	<b>\$ 9.55</b>	<b>\$ 9.54</b>	<b>\$15.52</b>	<b>\$14.96</b>	<b>\$13.10</b>	<b>\$12.72</b>
Total Return (%)	3.05 <sup>c**</sup>	(37.34) <sup>c</sup>	5.03 <sup>c</sup>	15.24 <sup>c</sup>	4.42	10.32 <sup>c</sup>

### Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	41	40	65	84	68	53
Ratio of expenses before expense reductions and/or recoupments (%)	.59 <sup>*</sup>	.58	.58	.53	.52	.53
Ratio of expenses after expense reductions and/or recoupments (%)	.55 <sup>*</sup>	.53	.55	.52	.52	.54
Ratio of net investment income (loss) (%)	2.18 <sup>*</sup>	1.82	1.46	1.48	1.37	1.71
Portfolio turnover rate (%)	5 <sup>**</sup>	6	7 <sup>d</sup>	9	15	1

<sup>a</sup> For the six months ended June 30, 2009 (Unaudited).

<sup>b</sup> Based on average shares outstanding during the period.

<sup>c</sup> Total return would have been lower had certain expenses not been reduced.

<sup>d</sup> Excludes portfolio securities delivered as a result of processing redemption in-kind transactions.

\* Annualized

\*\* Not annualized

**Class B2**

Years Ended December 31,

2009<sup>a</sup>

2008

2007

2006

2005<sup>b</sup>**Selected Per Share Data**

	2009 <sup>a</sup>	2008	2007	2006	2005 <sup>b</sup>
<b>Net asset value, beginning of period</b>	<b>\$ 9.54</b>	<b>\$ 15.51</b>	<b>\$ 14.96</b>	<b>\$ 13.09</b>	<b>\$ 12.94</b>
<i>Income (loss) from investment operations:</i>					
Net investment income (loss) <sup>c</sup>	.09	.22	.21	.19	.05
Net realized and unrealized gain (loss)	.17	(5.93)	.52	1.79	.10
<b>Total from investment operations</b>	<b>.26</b>	<b>(5.71)</b>	<b>.73</b>	<b>1.98</b>	<b>.15</b>
<i>Less distributions from:</i>					
Net investment income	(.25)	(.26)	(.18)	(.11)	—
<b>Net asset value, end of period</b>	<b>\$ 9.55</b>	<b>\$ 9.54</b>	<b>\$ 15.51</b>	<b>\$ 14.96</b>	<b>\$ 13.09</b>
Total Return (%) <sup>d</sup>	2.94 <sup>**</sup>	(37.36)	4.85	15.20	1.16 <sup>**</sup>

**Ratios to Average Net Assets and Supplemental Data**

Net assets, end of period (\$ millions)	18	19	48	57	59
Ratio of expenses before expense reductions (%)	.74 <sup>*</sup>	.72	.72	.67	.66 <sup>*</sup>
Ratio of expenses after expense reductions (%)	.67 <sup>*</sup>	.63	.65	.63	.63 <sup>*</sup>
Ratio of net investment income (loss) (%)	2.06 <sup>*</sup>	1.72	1.36	1.37	1.34 <sup>*</sup>
Portfolio turnover rate (%)	5 <sup>**</sup>	6	7 <sup>e</sup>	9	15

<sup>a</sup> For the six months ended June 30, 2009 (Unaudited).

<sup>b</sup> For the period September 16, 2005 (commencement of operations) to December 31, 2005.

<sup>c</sup> Based on average shares outstanding during the period.

<sup>d</sup> Total return would have been lower had certain expenses not been reduced.

<sup>e</sup> Excludes portfolio securities delivered as a result of processing redemption in-kind transactions.

<sup>\*</sup> Annualized

<sup>\*\*</sup> Not annualized

## A. Organization and Significant Accounting Policies

DWS Investments VIT Funds (the "Trust") is registered under the Investment Company Act of 1940 as amended, (the "1940 Act"), as a diversified, open-end management investment company. The Trust is organized as a Massachusetts business trust. The Trust is comprised of two portfolios. DWS Equity 500 Index VIP (the "Portfolio") is one of the series the Trust offers to investors. The Portfolio is an underlying investment vehicle for variable annuity contracts and variable life insurance policies to be offered by the separate accounts of certain life insurance companies ("Participating Insurance Companies").

**Multiple Classes of Shares of Beneficial Interest.** The Portfolio offers three classes of shares to investors: Class A shares, Class B shares and Class B2 shares. Class B and Class B2 shares are subject to Rule 12b-1 distribution fees under the 1940 Act equal to an annual rate up to 0.25% of Class B and Class B2 shares average daily net assets. In addition, Class B2 shares are subject to record keeping fees equal to an annual rate of up to 0.15% of average daily net assets. Class A shares are not subject to such fees.

Investment income, realized and unrealized gains and losses, and certain Portfolio-level expenses and expense reductions, if any, are borne pro rata on the basis of relative net assets by the holders of all classes of shares, except that each class bears certain expenses unique to that class (including the applicable 12b-1 distribution fees and record keeping fees). Differences in class-level expenses may result in payment of different per share dividends by class. All shares have equal rights with respect to voting subject to class-specific arrangements.

The Portfolio's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America which require the use of management estimates. Actual results could differ from those estimates. The policies described below are followed consistently by the Portfolio in the preparation of its financial statements.

**Security Valuation.** Investments are stated at value determined as of the close of regular trading on the New York Stock Exchange on each day the exchange is open for trading. Equity securities are valued at the most recent sale price or official closing price reported on the exchange (US or foreign) or over-the-counter market on which they trade. Securities for which no sales are reported are valued at the calculated mean between the most recent bid and asked quotations on the relevant market or, if a mean cannot be determined, at the most recent bid quotation.

Debt securities are valued by independent pricing services approved by the Trustees of the Portfolio. If the pricing services are unable to provide valuations, the securities are valued at the average of the means based on the most recent bid or evaluated price, as applicable, obtained from one or more broker-dealers. Such services may use various pricing techniques which take into account appropriate factors such as yield, quality, coupon rate, maturity, type of issue, trading characteristics and other data, as well as broker quotes.

Money market instruments purchased with an original or remaining maturity of sixty days or less, maturing at par, are valued at amortized cost. Investments in open-end investment companies and Cash Management QP Trust are valued at their net asset value each business day.

Securities and other assets for which market quotations are not readily available or for which the above valuation procedures are deemed not to reflect fair value are valued in a manner that is intended to reflect their fair value as determined in accordance with procedures approved by the Trustees. In accordance with the Portfolio's valuation procedures, factors used in determining value may include, but are not limited to, the type of the security, the size of the holding, the initial cost of the security, the existence of any contractual restrictions on the security's disposition, the price and extent of public trading in similar securities of the issuer or of comparable companies, quotations or evaluated prices from broker-dealers and/or pricing services, information obtained from the issuer, analysts, and/or the appropriate stock exchange (for exchange-traded securities), an analysis of the company's financial statements, an evaluation of the forces that influence the issuer and the market(s) in which the security is purchased and sold and with respect to debt securities, the maturity, coupon, creditworthiness, currency denomination, and the movement of the market in which the security is normally traded. The value determined under these procedures may differ from published values for the same securities.

**Securities Lending.** The Portfolio may lend securities to financial institutions. The Portfolio retains beneficial ownership of the securities it has loaned and continues to receive interest and dividends paid by the issuer of securities and to participate in any changes in their market value. The Portfolio requires the borrowers of the securities to maintain collateral with the Portfolio consisting of liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agents will use their best efforts to obtain additional collateral on the next business day to meet required amounts under the security lending agreement. The Portfolio may invest the cash collateral into a joint trading account in an affiliated money market fund pursuant to Exemptive Orders issued by the SEC. The Portfolio

receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Portfolio or the borrower may terminate the loan. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. The Portfolio is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

**Derivatives.** The Portfolio has adopted the provisions of Statement of Financial Accounting Standard No. 161 ("FAS 161"), "Disclosures about Derivative Instruments and Hedging Activities," effective at the beginning of the Portfolio's fiscal year. FAS 161 requires enhanced disclosures about the Portfolio's derivative and hedging activities and derivatives accounted for as hedging instruments under FAS 133 must be disclosed separately from derivatives that do not qualify for hedge accounting under FAS 133. Because investment companies account for their derivatives at fair value and record any changes in fair value in current period earnings, the Portfolio's derivatives are not accounted for as hedging instruments under FAS 133. As such, even though the Portfolio may use derivatives in an attempt to achieve an economic hedge, the Portfolio's derivatives are not considered to be hedging instruments under FAS 133. The disclosure below is presented in accordance with FAS 161.

**Futures Contracts.** A futures contract is an agreement between a buyer or seller and an established futures exchange or its clearinghouse in which the buyer or seller agrees to take or make a delivery of a specific amount of a financial instrument at a specified price on a specific date (settlement date). The Portfolio is subject to equity risk. The Portfolio invests in futures to keep cash on hand to meet shareholder redemptions or other needs while maintaining exposure to the stock market.

Futures contracts are valued at the most recent settlement price. Upon entering into a futures contract, the Portfolio is required to deposit with a financial intermediary cash or securities ("initial margin") in an amount equal to a certain percentage of the face value indicated in the futures contract. Subsequent payments ("variation margin") are made or received by the Portfolio dependent upon the daily fluctuations in the value and are recorded for financial reporting purposes as unrealized gains or losses by the Portfolio. Gains or losses are realized when the contract expires or is closed. Since all futures contracts are exchange traded, counterparty risk is minimized as the exchange's clearinghouse acts as the counterparty, and guarantees the futures against default. Upon a futures contract close out or expiration, realized gain or loss is recognized.

Certain risks may arise upon entering into futures contracts, including the risk that an illiquid market will limit the Portfolio's ability to close out a futures contract prior to the settlement date and that a change in the value of a futures contract may not correlate exactly with the changes in the value of the underlying hedged security, index or currency. Risk of loss may exceed amounts recognized on the Statement of Assets and Liabilities.

The primary risk exposure of the futures contracts is equity contract risk. See Statement of Assets and Liabilities for net unrealized appreciation (depreciation) on futures. Payable for daily variation margin on open futures contracts reflects unsettled variation margin. See Statement of Operations for net realized gain (loss) from futures and for change in net unrealized appreciation (depreciation) on futures.

A summary of the open futures contracts as of June 30, 2009 is included in a table following the Portfolio's Investment Portfolio. The volume indicated is generally indicative of the volume throughout the period.

**Federal Income Taxes.** The Portfolio's policy is to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies, and to distribute all of its taxable and tax-exempt income to its shareholders.

At December 31, 2008, DWS Equity 500 Index VIP had a net tax basis capital loss carryforward of approximately \$16,672,000, which may be applied against any realized net taxable capital gains of each succeeding year until fully utilized or until December 31, 2012, whichever occurs first.

From November 1, 2008 through December 31, 2008, the Portfolio incurred approximately \$4,747,000 of net realized capital losses. As permitted by tax regulations, the Portfolio intends to elect to defer these losses and treat them as arising in the fiscal year ending December 31, 2009.

The Portfolio has reviewed the tax positions for the open tax years as of December 31, 2008 and has determined that no provision for income tax is required in the Portfolio's financial statements. The Portfolio's federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

**Distribution of Income and Gains.** Net investment income of the Portfolio, if any, is declared and distributed to shareholders annually. Net realized gains from investment transactions, in excess of available capital loss carryforwards, would be taxable to the Portfolio if not distributed, and, therefore, will be distributed to shareholders at least annually.

The timing and characterization of certain income and capital gains distributions are determined annually in accordance with federal tax regulations, which may differ from accounting principles generally accepted in the

United States of America. These differences primarily relate to investments in futures contracts and certain securities sold at a loss. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. Accordingly, the Portfolio may periodically make reclassifications among certain of its capital accounts without impacting the net asset value of the Portfolio.

The tax character of current year distributions will be determined at the end of the current fiscal year.

**Contingencies.** In the normal course of business, the Portfolio may enter into contracts with service providers that contain general indemnification clauses. The Portfolio's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Portfolio that have not yet been made. However, based on experience, the Portfolio expects the risk of loss to be remote.

**Expenses.** Expenses of the Trust arising in connection with a specific portfolio are allocated to that portfolio. Other Trust expenses which cannot be directly attributed to a portfolio are apportioned among the portfolios in the Trust.

**Other.** Investment transactions are accounted for on a trade date plus one basis for daily net asset valuation calculations. However, for financial reporting purposes, investment security transactions are reported on trade date. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date. Realized gains and losses from investment transactions are recorded on an identified cost basis.

## B. Purchases and Sales of Securities

During the six months ended June 30, 2009, purchases and sales of investment securities (excluding short-term investments) aggregated \$29,222,230 and \$33,429,079, respectively.

## C. Related Parties

**Management Agreement.** Under the Investment Management Agreement with Deutsche Investment Management Americas Inc. ("DIMA" or the "Advisor"), an indirect, wholly owned subsidiary of Deutsche Bank AG, the Advisor determines the securities, instruments and other contracts relating to investments to be purchased, sold, or entered into by the Portfolio or delegates such responsibility to the Portfolio's subadvisor. Pursuant to the Investment Management Agreement with the Advisor, the Portfolio pays an annual management fee based on the Portfolio's average daily net assets, computed and accrued daily and payable monthly, at the following annual rates:

First \$1 billion of the Portfolio's average daily net assets	.200%
Next \$1 billion of such net assets	.175%
Over \$2 billion of such net assets	.150%

Northern Trust Investments, N.A. ("NTI") acts as investment sub-advisor for the Portfolio. As the Portfolio's investment sub-advisor, NTI makes the Portfolio's investment decisions. It buys and sells securities for the Portfolio and conducts the research that leads to these purchase and sale decisions. NTI is paid by the Advisor for its services.

For the period from January 1, 2009 through April 30, 2009, the Advisor had contractually agreed to waive all or a portion of its management fee and reimburse or pay certain operating expenses of the Portfolio to the extent necessary to maintain operating expenses of each class (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest) as follows:

Class A	.28%
Class B	.53%
Class B2	.63%

For the period from May 1, 2009 through September 30, 2009, the Advisor has contractually agreed to waive all or a portion of its management fee and reimburse or pay certain operating expenses of the Portfolio to the extent necessary to maintain operating expenses of each class (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest) as follows:

Class A	.37%
Class B	.62%
Class B2	.77%

Accordingly, for the six months ended June 30, 2009, the Advisor waived a portion of its management fee aggregating \$131,153 and the amount charged aggregated \$469,214, which was equivalent to an annualized effective rate of 0.16% of the Portfolio's average daily net assets.

In addition, the Advisor reimbursed the Portfolio \$2,796 of record keeping fees for Class B2 shares for the six months ended June 30, 2009.

**Administration Fee.** Pursuant to the Administrative Services Agreement, DIMA provides most administrative services to the Portfolio. For all services provided under the Administrative Services Agreement, the Portfolio pays DIMA an annual fee ("Administration Fee") of 0.10% of the Portfolio's average daily net assets, computed and accrued daily and payable monthly. For the six months ended June 30, 2009, the Administration Fee was \$300,184, of which \$54,435 is unpaid.

**Distribution Service Agreement.** DWS Investments Distributors, Inc. ("DIDI"), an affiliate of the Advisor, is the Portfolio's distributor. In accordance with the Distribution Plan, DIDI receives 12b-1 fees of 0.25% of average daily net assets of Class B and B2 shares. For the six months ended June 30, 2009, the Distribution Service Fees were as follows:

<b>Distribution Service Fees</b>	<b>Total Aggregated</b>	<b>Unpaid at June 30, 2009</b>
Class B	\$ 46,939	\$ 8,512
Class B2	21,226	3,709
	<b>\$ 68,165</b>	<b>\$ 12,221</b>

**Service Provider Fees.** DWS Investments Service Company ("DISC"), an affiliate of the Advisor, is the transfer agent, dividend-paying agent and shareholder service agent of the Portfolio. Pursuant to a sub-transfer agency agreement among DISC and DST Systems, Inc. ("DST"), DISC has delegated certain transfer agent, dividend-paying agent and shareholder service agent functions to DST. DISC compensates DST out of the shareholder servicing fee they receive from the Portfolio. For the six months ended June 30, 2009, the amounts charged to the Portfolio by DISC were as follows:

<b>Services to Shareholders</b>	<b>Total Aggregated</b>	<b>Waived</b>
Class A	\$ 376	\$ 376
Class B	59	36
Class B2	24	24
	<b>\$ 459</b>	<b>\$ 436</b>

**Typesetting and Filing Service Fees.** Under an agreement with DIMA, DIMA is compensated for providing typesetting and certain regulatory filing services to the Portfolio. For the six months ended June 30, 2009, the amount charged to the Portfolio by DIMA included in the Statement of Operations under "reports to shareholders" aggregated \$6,951, of which \$2,117 is unpaid.

**Trustees' Fees and Expenses.** The Portfolio paid each Trustee not affiliated with the Advisor retainer fees plus specified amounts for various committee services and for the Board Chairperson.

**Cash Management QP Trust.** Pursuant to an Exemptive Order issued by the SEC, the Portfolio may invest in the Cash Management QP Trust (the "QP Trust") and other affiliated funds managed by the Manager or Advisor. The QP Trust seeks to provide as high a level of current income as is consistent with the preservation of capital and the maintenance of liquidity. The QP Trust does not pay the Manager or Advisor a management fee for the affiliated funds' investments in the QP Trust.

## D. Fee Reductions

The Portfolio has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Portfolio's custodian expenses. During the six months ended June 30, 2009, the Portfolio's custodian fee was reduced by \$1 for custody credits earned.

## E. Line of Credit

The Portfolio and other affiliated funds (the "Participants") share in a \$450 million revolving credit facility provided by a syndication of banks. The Portfolio may borrow for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities. The Participants are charged an annual commitment fee which is allocated based on net assets, among each of the Participants. Interest is calculated at a rate per annum equal to the sum of the Federal Funds Rate plus 1.25 percent plus if

LIBOR exceeds the Federal Funds Rate the amount of such excess. The Portfolio may borrow up to a maximum of 33 percent of its net assets under the agreement.

#### **F. Ownership of the Portfolio**

At June 30, 2009, two participating insurance companies were beneficial owners of record of 10% or more of the total outstanding Class A shares of the Portfolio, each owning 59% and 12%, respectively. At June 30, 2009, one participating insurance company was a beneficial owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 84%. At June 30, 2009, one participating insurance company was a beneficial owner of record of 10% or more of the total outstanding Class B2 shares of the Portfolio, owning 100%.

#### **G. Review for Subsequent Events**

In accordance with the provisions set forth in Financial Accounting Standards Board Statement of Financial Accounting Standards No. 165 "Subsequent Events," adopted by the Portfolio as of June 30, 2009, events and transactions from July 1, 2009 through August 13, 2009, the date the financial statements were available to be issued, have been evaluated by management for subsequent events. Management has determined that there were no material events that would require disclosure in the Portfolio's financial statements through this date.

## Proxy Voting

The Portfolio's policies and procedures for voting proxies for portfolio securities and information about how the Portfolio voted proxies related to its portfolio securities during the 12-month period ended June 30 are available on our Web site — [www.dws-investments.com](http://www.dws-investments.com) (click on "proxy voting" at the bottom of the page) — or on the SEC's Web site — [www.sec.gov](http://www.sec.gov). To obtain a written copy of the Portfolio's policies and procedures without charge, upon request, call us toll free at (800) 778-1482.

# Summary of Management Fee Evaluation by Independent Fee Consultant

October 24, 2008

Pursuant to an Order entered into by Deutsche Investment Management Americas and affiliates (collectively, "DeAM") with the Attorney General of New York, I, Thomas H. Mack, have been appointed the Independent Fee Consultant for the DWS Funds (formerly the DWS Scudder Funds). My duties include preparing an annual written evaluation of the management fees DeAM charges the Funds, considering among other factors the management fees charged by other mutual fund companies for like services, management fees DeAM charges other clients for like services, DeAM's costs of supplying services under the management agreements and related profit margins, possible economies of scale if a Fund grows larger, and the nature and quality of DeAM's services, including fund performance. This report summarizes my evaluation for 2008, including my qualifications, the evaluation process for each of the DWS Funds, consideration of certain complex-level factors, and my conclusions. I served in substantially the same capacity in 2007.

## Qualifications

For more than 35 years I have served in various professional capacities within the investment management business. I have held investment analysis and advisory positions, including securities analyst, portfolio strategist and director of investment policy with a large investment firm. I have also performed business management functions, including business development, financial management and marketing research and analysis.

Since 1991, I have been an independent consultant within the asset management industry. I have provided services to over 125 client organizations, including investment managers, mutual fund boards, product distributors and related organizations. Over the past ten years I have completed a number of assignments for mutual fund boards, specifically including assisting boards with management contract renewal.

I hold a Master of Business Administration degree, with highest honors, from Harvard University and Master of Science and Bachelor of Science (highest honors) degrees from the University of California at Berkeley. I am an independent director and audit committee financial expert for two closed-end mutual funds, serve on the board of directors of a private market research company, and have served in various leadership and financial oversight capacities with non-profit organizations.

## Evaluation of Fees for each DWS Fund

My work focused primarily on evaluating, fund-by-fund, the fees charged to each of the 129 Fund portfolios in the DWS Fund family. For each Fund, I considered each of the key factors mentioned above, as well as any other relevant information. In doing so I worked closely with the Funds' Independent Directors in their annual contract renewal process, as well as in their approval of contracts for several new funds (documented separately).

In evaluating each Fund's fees, I reviewed comprehensive materials provided by or on behalf of DeAM, including expense information prepared by Lipper Analytical, comparative performance information, profitability data, manager histories, and other materials. I also accessed certain additional information from the Lipper, Strategic Insight, and Morningstar databases and drew on my industry knowledge and experience.

To facilitate evaluating this considerable body of information, I prepared for each Fund a document summarizing the key data elements in each area as well as additional analytics discussed below. This made it possible to consider each key data element in the context of the others.

In the course of contract renewal, DeAM agreed to implement a number of fee and expense adjustments requested by the Independent Directors which will favorably impact future fees and expenses, and my evaluation includes the effects of these changes.

## Fees and Expenses Compared with Other Funds

The competitive fee and expense evaluation for each fund focused on two primary comparisons:

The Fund's contractual management fee (the advisory fee plus the administration fee where applicable) compared with those of a group of typically 12–15 funds in the same Lipper investment category (e.g. Large Capitalization Growth) having similar distribution arrangements and being of similar size.

The Fund's total expenses compared with a broader universe of funds from the same Lipper investment category and having similar distribution arrangements.

These two comparisons provide a view of not only the level of the fee compared with funds of similar scale but also the total expense the Fund bears for all the services it receives, in comparison with the investment choices available in the Fund's investment category and distribution channel. The principal figure-of-merit used in these comparisons was the subject Fund's percentile ranking against peers.

### **DeAM's Fees for Similar Services to Others**

DeAM provided management fee schedules for all of its US domiciled fund and non-fund investment management accounts in any of the investment categories where there is a DWS Fund. These similar products included the other DWS Funds, non-fund pooled accounts, institutional accounts and sub-advisory accounts. Using this information, I calculated for each Fund the fee that would be charged to each similar product, at the subject Fund's asset level.

Evaluating information regarding non-fund products is difficult because there are varying levels of services required for different types of accounts, with mutual funds generally requiring considerably more regulatory and administrative types of service as well as having more frequent cash flows than other types of accounts. Also, while mutual fund fees for similar fund products can be expected to be similar, there will be some differences due to different pricing conditions in different distribution channels (e.g. retail funds versus those used in variable insurance products), differences in underlying investment processes and other factors.

### **Costs and Profit Margins**

DeAM provided a detailed profitability analysis for each Fund. After making some adjustments so that the presentation would be more comparable to the available industry figures, I reviewed profit margins from investment management alone, from investment management plus other fund services (excluding distribution) provided to the Funds by DeAM (principally shareholder services), and DeAM profits from all sources, including distribution. A later section comments on overall profitability.

### **Economies of Scale**

Economies of scale — an expected decline in management cost per dollar of fund assets as fund assets grow — are very rarely quantified and documented because of inherent difficulties in collecting and analyzing relevant data. However, in virtually every investment category that I reviewed, larger funds tend to have lower fees and lower total expenses than smaller funds. To see how each DWS Fund compares with this industry observation, I reviewed:

The trend in Fund assets over the last five years and the accompanying trend in total expenses. This shows if the Fund has grown and, if so, whether total expense (management fees as well as other expenses) have declined as a percent of assets.

Whether the Fund has break-points in its management fee schedule, the extent of the fee reduction built into the schedule and the asset levels where the breaks take effect, and in the case of a sub-advised Fund how the Fund's break-points compare with those of the sub-advisory fee schedule.

How the Fund's contractual fee schedule compares with trends in the industry data. To accomplish this, I constructed a chart showing how actual latest-fiscal-year contractual fees of the Fund and of other similar funds relate to average fund assets, with the subject Fund's contractual fee schedule superimposed.

### **Quality of Service — Performance**

The quality-of-service evaluation focused on investment performance, which is the principal result of the investment management service. Each Fund's performance was reviewed over the past 1, 3, 5 and 10 years, as

applicable, and compared with that of other funds in the same investment category and with a suitable market index.

In addition, I calculated and reviewed risk-adjusted returns relative to an index of similar mutual funds' returns and a suitable market index. The risk-adjusted returns analysis provides a way of determining the extent to which the Fund's return comparisons are mainly the product of investment value-added (or lack thereof) or alternatively taking considerably more or less risk than is typical in its investment category.

I also received and considered the history of portfolio manager changes for each Fund, as this provided an important context for evaluating the performance results.

### **Complex-Level Considerations**

While this evaluation was conducted mainly at the individual fund level, there are some issues relating to the reasonableness of fees that can alternatively be considered across the whole fund complex:

I reviewed DeAM's profitability analysis for all DWS Funds, with a view toward determining if the allocation procedures used were reasonable and how profit levels compared with public data for other investment managers.

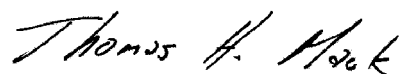
I considered whether DeAM and affiliates receive any significant ancillary or "fall-out" benefits that should be considered in interpreting the direct profitability results. These would be situations where serving as the investment manager of the Funds is beneficial to another part of the Deutsche Bank organization.

I considered how aggregated DWS Fund expenses had varied over the years, by asset class and in the context of trends in asset levels.

I reviewed the structure of the DeAM organization, trends in staffing levels, and information on compensation of investment management and other professionals compared with industry data.

### **Findings**

Based on the process and analysis discussed above, which included reviewing a wide range of information from management and external data sources and considering among other factors the fees DeAM charges other clients, the fees charged by other fund managers, DeAM's costs and profits associated with managing the Funds, economies of scale, possible fall-out benefits, and the nature and quality of services provided, in my opinion the management fees charged the DWS Funds are reasonable.



Thomas H. Mack

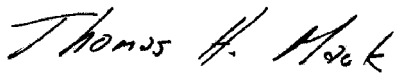
# Summary of Administrative Fee Evaluation by Independent Fee Consultant

September 29, 2008

Pursuant to an Order entered into by Deutsche Asset Management (DeAM) with the Attorney General of New York, I, Thomas H. Mack, have been appointed the Independent Fee Consultant for the DWS Funds and have as part of my duties evaluated the reasonableness of the proposed management fees to be charged by DeAM to the DWS Funds, taking into account a proposal to pass through to the funds certain fund accounting-related charges in connection with new regulatory requirements. My evaluation considered the following:

- While the proposal would alter the services to be provided under the Administration Agreement, which I consider to be part of fund management under the Order, it is my opinion that the change in services is slight and that the scope of prospective services under the combination of the Advisory and Administration Agreements continues to be comparable with those typically provided to competitive funds under their management agreements.
- While the proposal would increase fund expenses, according to a pro forma analysis performed by management, the prospective effect is less than .01% for all but seven of the DeAM Funds' 438 active share classes, and in all cases the effect is less than .03% and overall expenses would remain reasonable in my opinion.

Based on the foregoing considerations, in my opinion the fees and expenses for all of the DWS Funds will remain reasonable if the Directors adopt this proposal.



Thomas H. Mack

# Notes

Deutsche Investment Management Americas Inc. ("DIMA"), an indirect, wholly owned subsidiary of Deutsche Bank AG, is the Portfolio's Advisor.

DWS Investments is part of Deutsche Bank's Asset Management division and, within the US, represents the retail asset management activities of Deutsche Bank AG, Deutsche Bank Trust Company Americas, Deutsche Investment Management Americas Inc. and DWS Trust Company.

The views expressed in this report reflect those of the portfolio managers only through the end of the period of the report as stated on the cover. The managers' views are subject to change at any time based on market and other conditions and should not be construed as a recommendation.

This information must be preceded or accompanied by a current prospectus.

Portfolio changes should not be considered recommendations for action by individual investors.

DWS Investments Distributors, Inc.  
222 South Riverside Plaza  
Chicago, IL 60606  
(800) 778-1482

vit-equ500-3 (R-12540-1 8/09)



June 30, 2009

# SEMIANNUAL REPORT

DWS INVESTMENTS VIT FUNDS

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DWS Small Cap Index VIP

# Contents

- 3 Performance Summary
- 4 Information About Your Portfolio's Expenses
- 5 Portfolio Summary
- 6 Investment Portfolio
- 25 Financial Statements
- 27 Financial Highlights
- 28 Notes to Financial Statements
- 33 Proxy Voting
- 34 Summary of Management Fee Evaluation by Independent Fee Consultant
- 37 Summary of Administrative Fee Evaluation by Independent Fee Consultant

**This report must be preceded or accompanied by a prospectus. To obtain an additional prospectus, call (800) 778-1482 or your financial representative. We advise you to consider the Portfolio's objectives, risks, charges and expenses carefully before investing. The prospectus contains this and other important information about the Portfolio. Please read the prospectus carefully before you invest.**

The Portfolio is subject to investment risks, including possible loss of principal amount invested. The Portfolio may not be able to mirror the Russell 2000<sup>®</sup> Index closely enough to track its performance for several reasons, including the Portfolio's cost to buy and sell securities, the flow of money into and out of the Portfolio, and the potential underperformance of stocks selected. Stocks of small companies involve greater risk than securities of larger, more-established companies, as they often have limited product lines, markets or financial resources and may be subject to more erratic and abrupt market movements. All of these factors may result in greater share price volatility. Please read the Portfolio's prospectus for specific details regarding its investments and risk profile.

*Russell 2000 is a trademark of the Frank Russell Company and has been licensed for use by the Portfolio's investment advisor.*

*DWS Investments is part of Deutsche Bank's Asset Management division and, within the US, represents the retail asset management activities of Deutsche Bank AG, Deutsche Bank Trust Company Americas, Deutsche Investment Management Americas Inc. and DWS Trust Company.*

**NOT FDIC/NCUA INSURED NO BANK GUARANTEE MAY LOSE VALUE NOT A DEPOSIT  
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY**

# Performance Summary

June 30, 2009

All performance shown is historical, assumes reinvestment of all dividend and capital gain distributions, and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so that, when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please contact your participating insurance company for the Portfolio's most recent month-end performance. Performance figures for Classes A and B differ because each class maintains a distinct expense structure. Performance doesn't reflect charges and fees ("contract charges") associated with the separate account that invests in the Portfolio or any variable life insurance policy or variable annuity contract for which the Portfolio is an investment option. These charges and fees will reduce returns.

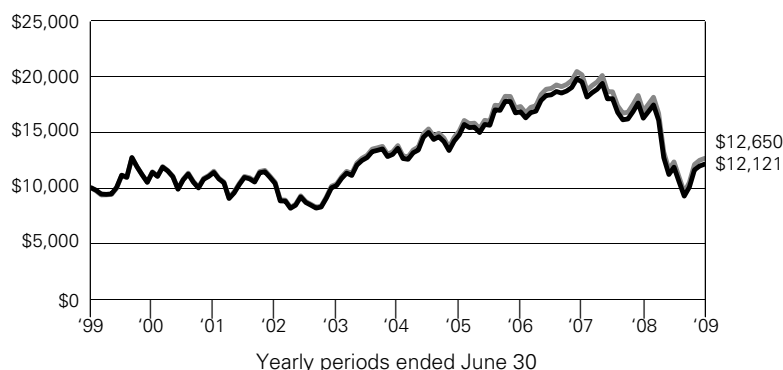
The total annual portfolio operating expense ratios, gross of any fee waivers or expense reimbursements, as stated in the fee table of the prospectus dated May 1, 2009 are .54% and .79% for Class A and Class B shares, respectively. Please see the Information About Your Portfolio's Expenses, the Financial Highlights and Notes to the Financial Statements (Note C, Related Parties) sections of this report for gross and net expense-related disclosure for the period ended June 30, 2009.

Returns and ranking during all periods shown reflect a fee waiver and/or expense reimbursement. Without this waiver/reimbursement, returns would have been lower.

## Growth of an Assumed \$10,000 Investment

■ DWS Small Cap Index VIP — Class A

■ Russell 2000® Index



Russell 2000® Index is an unmanaged, capitalization-weighted measure of approximately 2,000 small US stocks in the Russell 3000 Index.

Index returns assume reinvestment of dividends and, unlike portfolio returns, do not reflect any fees or expenses. It is not possible to invest directly into an index.

## Comparative Results (as of June 30, 2009)

DWS Small Cap Index VIP		6-Month <sup>‡</sup>	1-Year	3-Year	5-Year	10-Year
Class A	Growth of \$10,000	\$10,228	\$7,462	\$7,209	\$8,945	\$12,121
	Average annual total return	2.28%	-25.38%	-10.33%	-2.21%	1.94%
Russell 2000 Index	Growth of \$10,000	\$10,264	\$7,499	\$7,317	\$9,176	\$12,650
	Average annual total return	2.64%	-25.01%	-9.89%	-1.71%	2.38%
DWS Small Cap Index VIP		6-Month <sup>‡</sup>	1-Year	3-Year	5-Year	Life of Class <sup>*</sup>
Class B	Growth of \$10,000	\$10,227	\$7,446	\$7,158	\$8,841	\$10,409
	Average annual total return	2.27%	-25.54%	-10.55%	-2.43%	.56%
Russell 2000 Index	Growth of \$10,000	\$10,264	\$7,499	\$7,317	\$9,176	\$10,932
	Average annual total return	2.64%	-25.01%	-9.89%	-1.71%	1.25%

The growth of \$10,000 is cumulative.

<sup>‡</sup> Total returns shown for periods less than one year are not annualized.

<sup>\*</sup> The Portfolio commenced offering Class B shares on April 30, 2002. Index returns began on April 30, 2002.

## Information About Your Portfolio's Expenses

As an investor of the Portfolio, you incur two types of costs: ongoing expenses and transaction costs. Ongoing expenses include management fees, distribution and service (12b-1) fees and other Portfolio expenses. Examples of transaction costs include contract charges, redemption fees and account maintenance fees, which are not shown in this section. The following tables are intended to help you understand your ongoing expenses (in dollars) of investing in the Portfolio and to help you compare these expenses with the ongoing expenses of investing in other mutual funds. In the most recent six-month period, the Portfolio limited these expenses; had it not done so, expenses would have been higher. The example in the table is based on an investment of \$1,000 invested at the beginning of the six-month period and held for the entire period (January 1, 2009 to June 30, 2009).

The tables illustrate your Portfolio's expenses in two ways:

- Actual Portfolio Return.** This helps you estimate the actual dollar amount of ongoing expenses (but not transaction costs) paid on a \$1,000 investment in the Portfolio using the Portfolio's actual return during the period. To estimate the expenses you

paid over the period, simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the "Expenses Paid per \$1,000" line under the share class you hold.

- Hypothetical 5% Portfolio Return.** This helps you to compare your Portfolio's ongoing expenses (but not transaction costs) with those of other mutual funds using the Portfolio's actual expense ratio and a hypothetical rate of return of 5% per year before expenses. Examples using a 5% hypothetical Portfolio return may be found in the shareholder reports of other mutual funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

Please note that the expenses shown in these tables are meant to highlight your ongoing expenses only and do not reflect any transaction costs. The "Expenses Paid per \$1,000" line of the tables is useful in comparing ongoing expenses only and will not help you determine the relative total expense of owning different funds. If these transaction costs had been included, your costs would have been higher.

### Expenses and Value of a \$1,000 Investment for the six months ended June 30, 2009

<b>Actual Portfolio Return</b>	<b>Class A</b>	<b>Class B</b>
Beginning Account Value 1/1/09	\$1,000.00	\$1,000.00
Ending Account Value 6/30/09	\$1,022.80	\$1,022.70
Expenses Paid per \$1,000*	\$ 2.46	\$ 3.71

<b>Hypothetical 5% Portfolio Return</b>	<b>Class A</b>	<b>Class B</b>
Beginning Account Value 1/1/09	\$1,000.00	\$1,000.00
Ending Account Value 6/30/09	\$1,022.36	\$1,021.12
Expenses Paid per \$1,000*	\$ 2.46	\$ 3.71

\* Expenses are equal to the Portfolio's annualized expense ratio for each share class, multiplied by the average account value over the period, multiplied by the number of days in the most recent six-month period, then divided by 365.

<b>Annualized Expense Ratios</b>	<b>Class A</b>	<b>Class B</b>
DWS Small Cap Index VIP	.49%	.74%

For more information, please refer to the Portfolio's prospectus.

These tables do not reflect charges and fees ("contract charges") associated with the separate account that invests in the Portfolio or any variable life insurance policy or variable annuity contract for which the Portfolio is an investment option.

# Portfolio Summary

<b>Asset Allocation</b> (As a % of Investment Portfolio excluding Securities Lending Collateral)	<b>6/30/09</b>	<b>12/31/08</b>
Common Stocks	100%	96%
Cash Equivalents	—	3%
Government & Agency Obligations	—	1%
	100%	100%

<b>Sector Diversification</b> (As a % of Common Stocks and Rights)	<b>6/30/09</b>	<b>12/31/08</b>
Information Technology	20%	16%
Financials	19%	23%
Industrials	16%	17%
Health Care	15%	15%
Consumer Discretionary	13%	11%
Energy	5%	5%
Materials	4%	4%
Utilities	4%	4%
Consumer Staples	3%	4%
Telecommunication Services	1%	1%
	100%	100%

## Ten Largest Equity Holdings (2.4% of Net Assets)

<b>1. Palm, Inc.</b> Provides mobile computing products	<b>0.3%</b>
<b>2. Owens &amp; Minor, Inc.</b> Distributes medical/surgical supplies throughout the United States	<b>0.3%</b>
<b>3. 3Com Corp.</b> Manufacturer of data networking systems	<b>0.3%</b>
<b>4. VistaPrint Ltd.</b> Online supplier of graphic design	<b>0.3%</b>
<b>5. Piedmont Natural Gas Co., Inc.</b> An energy and services company that transports, distributes and sells natural gas	<b>0.2%</b>
<b>6. Solera Holdings, Inc.</b> Provides software and services to the automobile insurance claims processing industry	<b>0.2%</b>
<b>7. Jack Henry &amp; Associates, Inc.</b> Developer of integrated computer systems	<b>0.2%</b>
<b>8. Tetra Tech, Inc.</b> Provider of management consulting and technical services	<b>0.2%</b>
<b>9. Polycom, Inc.</b> Manufacturer of audio and data conferencing products	<b>0.2%</b>
<b>10. Skyworks Solutions, Inc.</b> Provider of front-end modules, radio frequency systems	<b>0.2%</b>

Asset allocation, sector diversification and holdings are subject to change.

For more complete details about the Portfolio's investment portfolio, see page 6. A complete list of portfolio holdings of the Portfolio is posted as of the month end on [www.dws-investments.com](http://www.dws-investments.com) on or about the 15th day of the following month. More frequent posting of portfolio holdings information may be made from time to time on [www.dws-investments.com](http://www.dws-investments.com).

Following the Portfolio's fiscal first and third quarter-end, a complete portfolio holdings listing is filed with the SEC on Form N-Q. The form will be available on the SEC's Web site at [www.sec.gov](http://www.sec.gov), and it also may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling (800) SEC-0330.

# Investment Portfolio

June 30, 2009 (Unaudited)

	Shares	Value (\$)		Shares	Value (\$)
<b>Common Stocks 98.4%</b>					
<b>Consumer Discretionary 12.8%</b>					
<b>Auto Components 0.6%</b>					
American Axle & Manufacturing Holdings, Inc.	15,173	52,195	BJ's Restaurants, Inc.* (a)	6,499	109,638
Amerigon, Inc.*	7,200	43,920	Bluegreen Corp.*	5,800	14,616
ArvinMeritor, Inc. (a)	25,572	112,261	Bob Evans Farms, Inc.	10,289	295,706
Cooper Tire & Rubber Co.	20,274	201,118	Buffalo Wild Wings, Inc.* (a)	6,006	195,315
Dana Holding Corp.*	33,666	43,092	California Pizza Kitchen, Inc.*	6,600	87,714
Dorman Products, Inc.*	3,710	51,309	Caribou Coffee Co., Inc.*	2,042	13,110
Drew Industries, Inc.*	6,300	76,671	Carrols Restaurant Group, Inc.*	3,474	23,137
Exide Technologies*	17,922	66,849	CEC Entertainment, Inc.*	7,731	227,910
Fuel Systems Solutions, Inc.* (a)	4,345	87,726	Churchill Downs, Inc.	3,319	111,718
Hawk Corp. "A"*	1,690	23,407	CKE Restaurants, Inc.	16,400	139,072
Lear Corp.*	20,200	10,100	Cracker Barrel Old Country Store, Inc.	7,604	212,152
Modine Manufacturing Co.	10,906	52,349	Denny's Corp.*	32,500	69,875
Raser Technologies, Inc.* (a)	17,916	50,165	DineEquity, Inc. (a)	6,044	188,512
Spartan Motors, Inc. (a)	11,150	126,330	Domino's Pizza, Inc.*	12,300	92,127
Standard Motor Products, Inc.	5,063	41,871	Dover Downs Gaming & Entertainment, Inc.	5,660	26,319
Stoneridge, Inc.*	5,500	26,400	Einstein Noah Restaurant Group, Inc.*	1,465	12,672
Superior Industries International, Inc.	8,071	113,801	Frisch's Restaurants, Inc.	655	19,349
Tenneco, Inc.*	16,272	172,483	Gaylord Entertainment Co.* (a)	12,002	152,545
Wonder Auto Technology, Inc.*	5,172	52,392	Great Wolf Resorts, Inc.*	11,156	22,758
		<b>1,404,439</b>	Interval Leisure Group, Inc.*	13,244	123,434
			Isle of Capri Casinos, Inc.*	5,511	73,406
<b>Automobiles 0.0%</b>			Jack in the Box, Inc.*	19,150	429,917
Winnebago Industries, Inc.	10,214	<b>75,890</b>	Krispy Kreme Doughnuts, Inc.*	20,100	60,300
<b>Distributors 0.0%</b>			Lakes Entertainment, Inc.*	5,819	16,933
Audiovox Corp. "A"*	5,400	31,644	Landry's Restaurants, Inc.*	2,760	23,736
Core-Mark Holding Co., Inc.*	3,199	83,366	LIFE TIME FITNESS, Inc.* (a)	13,528	270,695
		<b>115,010</b>	Luby's, Inc.*	6,500	26,390
			Marcus Corp.	6,608	69,516
<b>Diversified Consumer Services 1.3%</b>			McCormick & Schmick's Seafood Restaurants, Inc.*	4,794	36,482
American Public Education, Inc.*	6,062	240,116	Monarch Casino & Resort, Inc.*	3,312	24,178
Bridgepoint Education, Inc.*	4,882	82,994	Morgans Hotel Group Co.*	7,914	30,311
Capella Education Co.*	4,917	294,774	Multimedia Games, Inc.*	8,686	43,083
ChinaCast Education Corp.*	10,100	71,912	O'Charley's, Inc.	6,000	55,500
Coinstar, Inc.*	10,081	269,163	Orient-Express Hotels Ltd. "A"	25,907	219,950
Corinthian Colleges, Inc.*	26,882	455,112	P.F. Chang's China Bistro, Inc.*	7,979	255,807
CPI Corp.	1,624	27,592	Papa John's International, Inc.*	7,292	180,769
Grand Canyon Education, Inc.*	5,520	92,626	Peet's Coffee & Tea, Inc.* (a)	3,826	96,415
Jackson Hewitt Tax Service, Inc.	9,566	59,883	Pinnacle Entertainment, Inc.*	20,279	188,392
K12, Inc.* (a)	8,161	175,869	Red Lion Hotels Corp.*	4,093	19,646
Learning Tree International, Inc.*	2,700	27,810	Red Robin Gourmet Burgers, Inc.*	5,176	97,050
Lincoln Educational Services Corp.*	3,428	71,748	Ruby Tuesday, Inc.*	17,769	118,342
Mac-Gray Corp.*	3,732	49,412	Ruth's Hospitality Group, Inc.*	7,200	26,424
Matthews International Corp. "A"	10,200	317,424	Shuffle Master, Inc.*	17,930	118,517
Nobel Learning Communities, Inc.*	1,137	13,041	Sonic Corp.*	20,427	204,883
Pre-Paid Legal Services, Inc.* (a)	2,578	112,375	Speedway Motorsports, Inc.	4,154	57,159
Princeton Review, Inc.*	4,474	24,204	Texas Roadhouse, Inc. "A"*(a)	16,700	182,197
Regis Corp.	14,698	255,892	The Cheesecake Factory, Inc.*	20,133	348,301
Sotheby's (a)	22,498	317,447	The Steak n Shake Co.*	8,614	75,286
Steiner Leisure Ltd.*	5,000	152,650	Town Sports International Holdings, Inc.*	6,800	25,500
Stewart Enterprises, Inc. "A"	27,000	130,140	Universal Travel Group*	3,400	38,046
Universal Technical Institute, Inc.*	6,800	101,524	Vail Resorts, Inc.*	9,818	263,319
		<b>3,343,708</b>	Youbet.com, Inc.*	9,720	32,076
					<b>6,733,566</b>
<b>Hotels Restaurants &amp; Leisure 2.6%</b>			<b>Household Durables 1.1%</b>		
AFC Enterprises, Inc.*	9,100	61,425	American Greetings Corp. "A"	13,200	154,176
Ambassadors Group, Inc.	6,222	85,677	Beazer Homes USA, Inc.* (a)	14,028	25,671
Ameristar Casinos, Inc.	8,837	168,168	Blyth, Inc.	2,000	65,580
Bally Technologies, Inc.*	18,243	545,831			
Benihana, Inc. "A"*	4,155	26,260			

The accompanying notes are an integral part of the financial statements.

	<b>Shares</b>	<b>Value (\$)</b>
Brookfield Homes Corp.* (a)	3,184	12,736
Cavco Industries, Inc.*	2,000	50,660
CSS Industries, Inc.	2,429	49,503
Ethan Allen Interiors, Inc.	8,606	89,158
Furniture Brands International, Inc.	12,800	38,784
Helen of Troy Ltd.*	9,900	166,221
Hooker Furniture Corp.	3,500	40,180
Hovnanian Enterprises, Inc. "A"* (a)	18,267	43,110
iRobot Corp.*	6,600	85,668
La-Z-Boy, Inc.	17,809	84,058
M/I Homes, Inc.*	6,410	62,754
Meritage Homes Corp.*	10,482	197,691
National Presto Industries, Inc.	1,600	121,760
Ryland Group, Inc.	14,401	241,361
Sealy Corp.* (a)	13,900	27,244
Skyline Corp.	2,300	50,025
Standard Pacific Corp.*	34,800	70,644
Stanley Furniture Co., Inc.	3,296	35,564
Tempur-Pedic International, Inc.	25,083	327,835
Tupperware Brands Corp.	21,042	547,513
Universal Electronics, Inc.*	4,789	96,594
	<b>2,684,490</b>	

#### **Internet & Catalog Retail 0.4%**

1-800 FLOWERS.COM, Inc. "A"*	9,500	18,240
Blue Nile, Inc.* (a)	4,200	180,558
drugstore.com, Inc.*	28,601	52,054
Gaiam, Inc. "A"*	5,400	29,538
HSN, Inc.*	13,348	141,088
NutriSystem, Inc.	10,295	149,278
Orbitz Worldwide, Inc.* (a)	11,701	22,232
Overstock.com, Inc.* (a)	5,200	62,192
PetMed Express, Inc.*	7,700	115,731
Shutterfly, Inc.*	6,914	96,450
Stamps.com, Inc.*	4,017	34,064
Ticketmaster Entertainment, Inc.*	12,551	80,578
US Auto Parts Network, Inc.*	2,943	11,095
	<b>993,098</b>	

#### **Leisure Equipment & Products 0.6%**

Brunswick Corp.	30,311	130,944
Callaway Golf Co.	22,445	113,796
Eastman Kodak Co.	90,000	266,400
JAKKS Pacific, Inc.*	9,321	119,588
Leapfrog Enterprises, Inc.*	11,900	27,251
Marine Products Corp.	3,050	11,438
Polaris Industries, Inc. (a)	10,243	329,005
Pool Corp. (a)	16,186	268,040
RC2 Corp.*	5,819	76,985
Smith & Wesson Holding Corp.*	18,404	104,535
Sport Supply Group, Inc.	2,863	24,593
Steinway Musical Instruments, Inc.*	2,200	23,540
Sturm, Ruger & Co., Inc.	6,304	78,422
	<b>1,574,537</b>	

#### **Media 0.8%**

Arbitron, Inc.	8,900	141,421
Ascent Media Corp. "A"*	4,706	125,085
Belo Corp. "A"	28,100	50,299
Carmike Cinemas, Inc.	3,550	29,749
Cinemark Holdings, Inc.	10,723	121,384
CKX, Inc.*	19,464	138,000
Crown Media Holdings, Inc.* (a)	4,100	6,847
Dolan Media* (a)	10,066	128,744
E.W. Scripps Co. "A"	8,796	18,384
Fisher Communications, Inc.	2,000	25,580

	<b>Shares</b>	<b>Value (\$)</b>
Global Sources Ltd.*	4,880	35,186
Harte-Hanks, Inc.	12,603	116,578
Journal Communications, Inc. "A"	12,400	13,020
Knology, Inc.*	9,870	85,178
Lin TV Corp. "A"*	7,600	12,768
Live Nation, Inc.*	28,118	136,653
LodgeNet Interactive Corp.*	6,546	22,256
Martha Stewart Living Omnimedia, Inc. "A"*	9,422	28,831
Mediacom Communications Corp. "A"*	13,100	66,941
National CineMedia, Inc.	14,100	194,016
Outdoor Channel Holdings, Inc.*	4,600	27,140
Playboy Enterprises, Inc. "B"*	7,160	17,972
PRIMEDIA, Inc.	6,490	13,045
RCN Corp.*	12,300	73,431
Reading International, Inc. "A"*	5,337	24,283
Rentrak Corp.*	3,065	50,358
Scholastic Corp.	7,800	154,362
Sinclair Broadcast Group, Inc. "A"	15,691	30,441
Valassis Communications, Inc.*	16,144	98,640
Value Line, Inc.	300	9,861
World Wrestling Entertainment, Inc. (a)	7,722	96,988
	<b>2,093,441</b>	

#### **Multiline Retail 0.3%**

99 Cents Only Stores*	15,688	213,043
Dillard's, Inc. "A"	17,718	163,005
Fred's, Inc.	13,468	169,697
Retail Ventures, Inc.*	9,199	20,054
Saks, Inc.*	40,858	181,001
Tuesday Morning Corp.*	10,000	33,700
	<b>780,500</b>	

#### **Specialty Retail 3.1%**

America's Car-Mart, Inc.*	3,511	71,976
AnnTaylor Stores Corp.*	20,178	161,020
Asbury Automotive Group, Inc.	11,119	113,859
bebe stores, inc.	8,571	58,969
Big 5 Sporting Goods Corp.	7,146	79,035
Books-A-Million, Inc.	2,112	15,016
Borders Group, Inc.*	16,400	60,352
Brown Shoe Co., Inc.	14,625	105,885
Build-A-Bear Workshop, Inc.*	6,100	27,267
Cabela's, Inc. "A"* (a)	13,792	169,642
Cato Corp. "A"	9,150	159,576
Charlotte Russe Holding, Inc.*	7,000	90,160
Charming Shoppes, Inc.*	39,600	147,312
Children's Place Retail Stores, Inc.*	8,019	211,942
Christopher & Banks Corp.	11,902	79,862
Citi Trends, Inc.*	4,900	126,812
Coldwater Creek, Inc.*	19,100	115,746
Collective Brands, Inc.*	21,478	312,934
Conn's, Inc.* (a)	3,400	42,500
Destination Maternity Corp.*	1,506	25,120
Dress Barn, Inc.* (a)	15,080	215,644
DSW, Inc. "A"*	4,100	40,385
Gander Mountain Co.*	1,493	8,958
Genesco, Inc.*	6,427	120,635
Group 1 Automotive, Inc.	8,303	216,044
Gymboree Corp.*	9,813	348,165
Haverty Furniture Companies, Inc. (a)	5,900	53,985
hggregg, Inc.*	3,700	56,092
Hibbett Sports, Inc.* (a)	9,575	172,350

The accompanying notes are an integral part of the financial statements.

	Shares	Value (\$)
Hot Topic, Inc.*	15,280	111,697
J. Crew Group, Inc.* (a)	16,820	454,476
Jo-Ann Stores, Inc.*	8,891	183,777
Jos. A. Bank Clothiers, Inc.*	6,105	210,378
Kirkland's, Inc.*	4,038	48,496
Lithia Motors, Inc. "A"	5,499	50,811
Lumber Liquidators, Inc.*	4,777	75,286
Midas, Inc.*	4,700	49,256
Monro Muffler Brake, Inc.	5,802	149,169
New York & Co., Inc.*	8,045	24,859
OfficeMax, Inc.	26,275	165,007
Pacific Sunwear of California, Inc.*	21,100	71,107
Pier 1 Imports, Inc.*	30,167	60,032
Rent-A-Center, Inc.*	22,172	395,327
REX Stores Corp.*	2,400	24,144
Sally Beauty Holdings, Inc.* (a)	31,628	201,154
Shoe Carnival, Inc.*	3,258	38,868
Sonic Automotive, Inc. "A"	8,400	85,344
Stage Stores, Inc.	12,744	141,458
Stein Mart, Inc.*	8,896	78,819
Syms Corp.*	1,700	12,767
Systemax, Inc.*	3,400	40,494
Talbots, Inc.	8,000	43,200
The Buckle, Inc. (a)	8,574	272,396
The Finish Line, Inc. "A"	14,170	105,141
The Men's Wearhouse, Inc.	17,477	335,209
The Pep Boys- Manny, Moe & Jack	16,798	170,332
The Wet Seal, Inc. "A"*	32,460	99,652
Tractor Supply Co.*	12,016	496,501
Tween Brands, Inc.*	8,211	54,850
Ulta Salon, Cosmetics & Fragrance, Inc.*	9,190	102,193
West Marine, Inc.*	4,441	24,470
Zale Corp.*	8,000	27,520
Zumiez, Inc.* (a)	6,666	53,395
	<b>7,864,828</b>	

#### Textiles, Apparel & Luxury Goods 2.0%

American Apparel, Inc.*	10,700	38,948
Carter's, Inc.*	19,052	468,870
Cherokee, Inc.	2,500	49,550
Columbia Sportswear Co.	3,900	120,588
Crocs, Inc.*	28,131	95,645
Deckers Outdoor Corp.*	4,399	309,118
FGX International Holdings Ltd.*	4,797	54,590
Fossil, Inc.*	15,702	378,104
Fuqi International, Inc.* (a)	3,300	68,343
G-III Apparel Group Ltd.*	4,400	50,556
Iconix Brand Group, Inc.*	20,068	308,646
Jones Apparel Group, Inc.	28,679	307,726
K-Swiss, Inc. "A"	9,300	79,050
Kenneth Cole Productions, Inc. "A"	2,910	20,457
Liz Claiborne, Inc.	31,870	91,785
Lululemon Athletica, Inc.* (a)	13,994	182,342
Maidenform Brands, Inc.*	6,696	76,803
Movado Group, Inc.	5,700	60,078
Oxford Industries, Inc.	4,492	52,332
Perry Ellis International, Inc.*	3,100	22,568
Quiksilver, Inc.*	42,824	79,224
Skechers USA, Inc. "A"*	11,081	108,261
Steven Madden Ltd.*	5,438	138,397
The Warnaco Group, Inc.*	15,377	498,215
Timberland Co. "A"*	14,589	193,596
True Religion Apparel, Inc.*	8,724	194,545

	Shares	Value (\$)
Under Armour, Inc. "A"* (a)	11,094	248,284
Unifi, Inc.*	13,809	19,609
UniFirst Corp.	4,687	174,216
Volcom, Inc.*	6,235	77,937
Weyco Group, Inc.	2,300	53,107
Wolverine World Wide, Inc.	16,613	366,483
		<b>4,987,973</b>

#### Consumer Staples 3.5%

##### Beverages 0.1%

Boston Beer Co., Inc. "A"*	3,000	88,770
Coca-Cola Bottling Co.	1,376	75,859
Heckmann Corp.*	26,686	100,072
National Beverage Corp.*	3,820	40,683
		<b>305,384</b>

##### Food & Staples Retailing 1.0%

Arden Group, Inc. "A"	379	47,413
Casey's General Stores, Inc.	17,041	437,783
Diedrich Coffee, Inc.*	938	22,306
Great Atlantic & Pacific Tea Co., Inc.* (a)	11,140	47,345
Ingles Markets, Inc. "A"	4,300	65,532
Nash Finch Co.	4,400	119,064
Pantry, Inc.*	7,400	122,840
PriceSmart, Inc.	5,200	87,100
Ruddick Corp.	14,642	343,062
Spartan Stores, Inc.	7,400	91,834
Susser Holdings Corp.*	2,300	25,737
The Andersons, Inc. (a)	6,100	182,634
United Natural Foods, Inc.*	14,345	376,556
Village Super Market, Inc. "A"	2,000	59,500
Weis Markets, Inc.	3,639	121,979
Winn-Dixie Stores, Inc.*	18,394	230,661
		<b>2,381,346</b>

##### Food Products 1.4%

AgFeed Industries, Inc.* (a)	9,622	57,058
Alico, Inc. (a)	1,130	33,923
American Dairy, Inc.*	2,761	109,501
American Italian Pasta Co. "A"*	7,012	204,330
B&G Foods, Inc. "A"	5,933	49,897
Cal-Maine Foods, Inc.	4,716	117,711
Calavo Growers, Inc.	3,427	67,957
Chiquita Brands International, Inc.* (a)	15,376	157,758
Darling International, Inc.*	27,549	181,823
Diamond Foods, Inc.	5,701	159,058
Farmer Brothers Co.	2,144	49,055
Fresh Del Monte Produce, Inc.*	13,727	223,201
Griffin Land & Nurseries, Inc.	1,000	31,280
Hain Celestial Group, Inc.*	13,682	213,576
HQ Sustainable Maritime Industries, Inc.*	3,000	27,450
Imperial Sugar Co.	4,300	52,073
J & J Snack Foods Corp.	4,732	169,879
Lancaster Colony Corp.	6,400	282,048
Lance, Inc.	9,320	215,572
Lifeway Foods, Inc.*	1,481	19,105
Omega Protein Corp.*	6,600	26,796
Overhill Farms, Inc.*	5,050	26,613
Sanderson Farms, Inc.	6,950	312,750
Seneca Foods Corp. "A"*	2,099	70,149
Smart Balance, Inc.*	21,010	143,078
Synutra International, Inc.* (a)	5,903	64,933
Tootsie Roll Industries, Inc.	8,075	183,222

The accompanying notes are an integral part of the financial statements.

	Shares	Value (\$)
TreeHouse Foods, Inc.*	10,570	304,099
Zapata Corp.*	2,645	18,012
Zhongpin, Inc.*	6,900	71,484
		<b>3,643,391</b>
<b>Household Products 0.2%</b>		
Central Garden & Pet Co. "A"*	21,200	208,820
Oil-Dri Corp. of America	1,524	22,632
Orchids Paper Products Co.*	1,542	31,688
WD-40 Co.	5,488	159,152
		<b>422,292</b>
<b>Personal Products 0.6%</b>		
American Oriental Bioengineering, Inc.* (a)	21,000	111,090
Bare Escentuals, Inc.*	22,329	198,058
Chattem, Inc.* (a)	6,471	440,675
China Sky One Medical, Inc.* (a)	3,425	46,169
China-Biotics, Inc.*	2,500	26,950
Elizabeth Arden, Inc.*	7,957	69,465
Female Health Co.*	4,952	23,770
Inter Parfums, Inc.	5,250	38,535
Mannatech, Inc. (a)	6,100	20,130
Medifast, Inc.*	4,246	48,659
Nu Skin Enterprises, Inc. "A" (a)	16,607	254,087
Nutraceutical International Corp.*	3,491	36,271
Prestige Brands Holdings, Inc.*	11,860	72,939
Revlon, Inc. "A"*	6,257	34,038
Schiff Nutrition International, Inc.*	3,390	17,255
USANA Health Sciences, Inc.*	1,978	58,806
		<b>1,496,897</b>
<b>Tobacco 0.2%</b>		
Alliance One International, Inc.*	29,789	113,198
Star Scientific, Inc.* (a)	24,200	21,538
Universal Corp.	8,368	277,065
Vector Group Ltd.	12,529	179,039
		<b>590,840</b>
<b>Energy 4.5%</b>		
<b>Energy Equipment &amp; Services 1.6%</b>		
Allis-Chalmers Energy, Inc.*	19,438	44,902
Basic Energy Services, Inc.*	8,052	54,995
Bolt Technology Corp.*	2,900	32,596
Boots & Coots, Inc.*	25,346	35,231
Bristow Group, Inc.* (a)	9,845	291,707
Bronco Drilling Co., Inc.*	8,067	34,527
Cal Dive International, Inc.*	14,949	129,010
CARBO Ceramics, Inc. (a)	6,475	221,445
Complete Production Services, Inc.*	19,567	124,446
Dawson Geophysical Co.*	2,600	77,610
Dril-Quip, Inc.*	9,699	369,532
ENGlobal Corp.*	6,739	33,156
Geokinetics, Inc.*	1,900	25,935
Global Industries Ltd.*	33,583	190,080
Gulf Island Fabrication, Inc.	4,100	64,903
GulfMark Offshore, Inc.*	7,700	212,520
Hercules Offshore, Inc.*	29,481	117,040
Hornbeck Offshore Services, Inc.*	7,690	164,489
ION Geophysical Corp.*	30,700	78,899
Key Energy Services, Inc.*	41,602	239,627
Lufkin Industries, Inc.	4,993	209,956
Matrix Service Co.*	9,012	103,458
NATCO Group, Inc. "A"*	6,705	220,729
Natural Gas Services Group*	4,400	58,520
Newpark Resources, Inc.*	30,025	85,571

	Shares	Value (\$)
OYO Geospace Corp.*	1,400	35,924
Parker Drilling Co.*	39,057	169,507
PHI, Inc. (Non Voting)*	4,300	73,702
Pioneer Drilling Co.*	14,400	68,976
RPC, Inc.	9,150	76,402
SulphCo, Inc.* (a)	16,900	15,548
Superior Well Services, Inc.*	5,048	30,036
T-3 Energy Services, Inc.*	4,200	50,022
TETRA Technologies, Inc.*	25,217	200,727
TGC Industries, Inc.	4,074	19,840
Union Drilling, Inc.*	3,732	24,706
Willbros Group, Inc.*	13,275	166,070
		<b>4,152,344</b>

**Oil, Gas & Consumable Fuels 2.9%**

Alon USA Energy, Inc.	2,677	27,707
APCO Argentina, Inc.	2,989	57,478
Approach Resources, Inc.*	3,500	24,150
Arena Resources, Inc.*	12,809	407,967
Atlas America, Inc.	11,397	203,664
ATP Oil & Gas Corp.* (a)	10,142	70,588
Berry Petroleum Co. "A"	14,315	266,116
Bill Barrett Corp.*	12,899	354,207
BPZ Resources, Inc.*	26,647	130,304
Brigham Exploration Co.*	28,777	100,432
Carrizo Oil & Gas, Inc.* (a)	9,636	165,257
Cheniere Energy, Inc.*	17,800	52,332
Clayton Williams Energy, Inc.*	2,000	37,740
Clean Energy Fuels Corp.* (a)	9,972	85,859
Contango Oil & Gas Co.*	4,000	169,960
CREDO Petroleum Corp.*	2,114	22,578
Crosstex Energy, Inc.	13,600	56,576
Cubic Energy, Inc.*	7,838	8,465
CVR Energy, Inc.*	7,515	55,085
Delek US Holdings, Inc.	4,200	35,616
Delta Petroleum Corp.* (a)	61,227	118,168
DHT Maritime, Inc.	16,464	85,777
Endeavour International Corp.* (a)	38,200	51,952
Evergreen Energy, Inc.*	39,300	38,514
FX Energy, Inc.* (a)	14,700	55,713
General Maritime Corp.	16,358	161,781
GeoResources, Inc.*	2,400	24,480
GMX Resources, Inc.* (a)	8,515	90,600
Golar LNG Ltd.	11,000	94,050
Goodrich Petroleum Corp.*	8,451	207,810
Gran Tierra Energy, Inc.* (a)	68,340	235,773
Green Plains Renewable Energy, Inc.*	2,922	19,139
Gulfport Energy Corp.*	8,658	59,307
Harvest Natural Resources, Inc.*	12,100	53,361
International Coal Group, Inc.*	31,755	90,819
Isramco, Inc.*	336	35,794
James River Coal Co.*	9,528	144,159
Knightsbridge Tankers Ltd.	5,700	77,748
McMoRan Exploration Co.* (a)	21,568	128,545
Nordic American Tanker Shipping Ltd. (a)	14,193	451,621
Northern Oil and Gas, Inc.*	9,337	59,477
Oilsands Quest, Inc.* (a)	49,700	47,712
Panhandle Oil & Gas, Inc.	2,200	43,186
Parallel Petroleum Corp.*	13,200	25,608
Patriot Coal Corp.*	22,012	140,437
Penn Virginia Corp.	15,215	249,070
Petroleum Development Corp.*	5,078	79,674

The accompanying notes are an integral part of the financial statements.

	<b>Shares</b>	<b>Value (\$)</b>		<b>Shares</b>	<b>Value (\$)</b>
PetroQuest Energy, Inc.* (a)	15,011	55,391	Piper Jaffray Companies, Inc.*	6,571	286,956
PrimeEnergy Corp.*	209	7,484	Prospect Capital Corp.	14,784	136,013
Rex Energy Corp.*	8,363	47,669	Pzena Investment Management, Inc. "A"	2,800	21,224
Rosetta Resources, Inc.*	17,566	153,703	Riskmetrics Group, Inc.*	7,351	129,819
Ship Finance International Ltd.	14,573	160,740	Safeguard Scientifics, Inc.*	39,865	52,622
Stone Energy Corp.*	12,028	89,248	Sanders Morris Harris Group, Inc.	6,136	33,748
Swift Energy Co.*	10,766	179,254	Stifel Financial Corp.* (a)	9,193	442,091
Syntroleum Corp.*	20,697	45,740	SWS Group, Inc.	8,409	117,474
Teekay Tankers Ltd. "A" (a)	3,911	36,333	Teton Advisors, Inc.*	40	0
Toreador Resources Corp.*	6,681	44,763	Thomas Weisel Partners Group, Inc.*	6,721	40,460
Uranerz Energy Corp.*	14,427	27,123	TICC Capital Corp.	9,591	42,296
Uranium Energy Corp.*	15,302	44,376	TradeStation Group, Inc.*	11,500	97,290
USEC, Inc.*	38,295	203,729	Triangle Capital Corp.	2,500	27,300
VAALCO Energy, Inc.*	18,700	79,101	US Global Investors, Inc. "A"	4,700	43,522
Venoco, Inc.*	5,800	44,486	Virtus Investment Partners, Inc.*	1,760	25,854
W&T Offshore, Inc.	23,642	230,273	Westwood Holdings Group, Inc.	1,838	76,847
Warren Resources, Inc.*	19,323	47,341			
Western Refining, Inc.* (a)	10,384	73,311			
Westmoreland Coal Co.*	2,800	22,680			
World Fuel Services Corp.	9,967	410,939			
Zion Oil & Gas, Inc.*	3,778	40,122			
		<b>7,246,162</b>			
<b>Financials 19.0%</b>			<b>Commercial Banks 5.9%</b>		
<b>Capital Markets 2.2%</b>			1st Source Corp.	4,933	85,193
Allied Capital Corp.	60,249	209,667	Alliance Financial Corp.	1,287	36,499
American Capital Ltd.	72,287	232,041	American National Bankshares, Inc.	1,893	36,497
Ares Capital Corp.	32,601	262,764	Ameris Bancorp.	4,060	25,659
BGC Partners, Inc. "A"	16,416	62,217	Ames National Corp.	2,109	51,481
BlackRock Kelso Capital Corp.	3,800	23,674	Arrow Financial Corp.	2,900	78,300
Broadpoint Gleacher Securities, Inc.*	12,637	70,514	BancFirst Corp.	2,300	79,534
Calamos Asset Management, Inc. "A"	6,600	93,126	Banco Latinoamericano de Exportaciones SA "E"	9,200	114,356
Capital Southwest Corp.	1,000	72,350	Bancorp. Rhode Island, Inc.	1,041	20,518
Cohen & Steers, Inc.	6,037	90,253	Bank of Kentucky Financial Corp.	929	26,012
Diamond Hill Investment Group*	700	28,126	Bank of Marin Bancorp.	1,638	44,144
Duff & Phelps Corp. "A"	5,627	100,048	Bank of the Ozarks, Inc.	4,500	97,335
E*TRADE Financial Corp.*	165,833	212,266	Banner Corp. (a)	5,700	21,774
Epoch Holding Corp.	4,061	35,087	Bar Harbor Bankshares	868	26,778
Evercore Partners, Inc. "A"	3,500	68,740	Boston Private Financial Holdings, Inc.	23,599	105,724
FBR Capital Markets Corp.*	6,304	29,629	Bridge Bancorp., Inc.	2,006	54,603
FCStone Group, Inc.*	8,650	34,168	Bryn Mawr Bank Corp.	2,205	41,608
GAMCO Investors, Inc. "A"	2,495	121,008	Camden National Corp.	2,512	85,483
GFI Group, Inc.	22,425	151,144	Cape Bancorp., Inc.*	3,654	31,534
Gladstone Capital Corp. (a)	6,870	51,731	Capital City Bank Group, Inc. (a)	3,881	65,395
Gladstone Investment Corp.	6,600	31,878	Cardinal Financial Corp.	9,984	78,175
Harris & Harris Group, Inc.*	9,500	55,385	Cathay General Bancorp. (a)	17,036	162,012
Hercules Technology Growth Capital, Inc.	12,426	103,881	Center Bancorp., Inc.	3,385	27,588
International Assets Holding Corp.*	1,449	21,547	Centerstate Banks, Inc.	2,700	20,034
JMP Group, Inc.	4,691	36,074	Central Pacific Financial Corp. (a)	10,212	38,295
KBW, Inc.*	11,662	335,399	Century Bancorp., Inc. "A"	1,033	19,049
Knight Capital Group, Inc. "A"*	31,173	531,500	Chemical Financial Corp. (a)	7,070	140,764
Kohlberg Capital Corp.	6,800	42,976	Chicopee Bancorp., Inc.*	1,931	25,045
LaBranche & Co., Inc.*	19,418	83,497	Citizens & Northern Corp. (a)	2,800	57,596
Main Street Capital Corp.	2,400	32,856	Citizens Holdings Co.	1,400	43,680
MCG Capital Corp.*	23,194	56,361	Citizens Republic Bancorp., Inc.*	38,920	27,633
MF Global Ltd.*	33,275	197,321	City Holding Co.	5,300	160,908
MVC Capital, Inc.	7,300	61,758	CNB Financial Corp.	2,740	38,826
NGP Capital Resources Co.	8,200	48,134	CoBiz Financial, Inc.	5,700	36,537
Oppenheimer Holdings, Inc. "A"	3,342	70,750	Colonial BancGroup, Inc. (a)	65,000	40,300
optionsXpress Holdings, Inc.	14,161	219,920	Columbia Banking System, Inc.	6,118	62,587
PennantPark Investment Corp.	6,896	48,962	Community Bank System, Inc.	11,300	164,528
Penson Worldwide, Inc.*	6,835	61,173	Community Trust Bancorp., Inc.	5,088	136,104
			CVB Financial Corp. (a)	23,219	138,617
			Eagle Bancorp., Inc.	3,033	26,599
			East West Bancorp., Inc. (a)	22,000	142,780
			Enterprise Bancorp., Inc.	1,493	17,617

The accompanying notes are an integral part of the financial statements.

	<b>Shares</b>	<b>Value (\$)</b>		<b>Shares</b>	<b>Value (\$)</b>
Enterprise Financial Services Corp.	3,626	32,960	Pinnacle Financial Partners, Inc.*	8,200	109,224
Farmers Capital Bank Corp.	2,073	52,177	Porter Bancorp., Inc.	696	10,544
Financial Institutions, Inc.	3,400	46,444	PremierWest Bancorp.	6,833	23,164
First BanCorp. — North Carolina	4,816	75,515	PrivateBancorp., Inc. (a)	11,711	260,453
First BanCorp. — Puerto Rico	27,866	110,071	Prosperity Bancshares, Inc.	15,450	460,873
First Bancorp., Inc.	2,700	52,569	Renasant Corp.	7,379	110,833
First Busey Corp. (a)	8,518	62,607	Republic Bancorp., Inc. "A"	3,313	74,841
First California Financial Group, Inc.*	1,640	10,119	Republic First Bancorp., Inc.*	2,119	16,528
First Commonwealth Financial Corp.	28,491	180,633	S&T Bancorp., Inc.	8,260	100,442
First Community Bancshares, Inc.	3,472	44,580	S.Y. Bancorp., Inc.	3,860	93,296
First Financial Bancorp.	13,085	98,399	Sandy Spring Bancorp., Inc. (a)	5,500	80,850
First Financial Bankshares, Inc.	6,986	351,815	Santander BanCorp.*	884	6,153
First Financial Corp. — Indiana	3,923	123,888	SCBT Financial Corp.	4,446	105,326
First Merchants Corp.	6,928	55,632	Shore Bancshares, Inc.	2,600	46,644
First Midwest Bancorp., Inc. (a)	16,800	122,808	Sierra Bancorp. (a)	2,333	29,466
First of Long Island Corp.	1,711	39,593	Signature Bank*	11,894	322,565
First South Bancorp., Inc. (a)	2,400	27,840	Simmons First National Corp. "A"	4,709	125,824
FirstMerit Corp. (a)	27,457	466,222	Smithtown Bancorp., Inc.	4,793	61,302
FNB Corp. (a)	30,148	186,616	South Financial Group, Inc.	30,379	36,151
German American Bancorp., Inc.	3,537	50,968	Southside Bancshares, Inc.	4,631	105,911
Glacier Bancorp., Inc. (a)	20,580	303,967	Southwest Bancorp., Inc.	4,716	46,028
Great Southern Bancorp., Inc.	3,543	72,809	State Bancorp., Inc.	4,711	35,615
Guaranty Bancorp.*	16,300	31,133	StellarOne Corp.	7,497	97,086
Hampton Roads Bankshares, Inc.	5,915	48,799	Sterling Bancorp.	6,018	50,250
Hancock Holding Co.	7,948	258,231	Sterling Bancshares, Inc.	27,699	175,335
Harleysville National Corp.	13,830	65,001	Sterling Financial Corp. — Washington (a)	17,611	51,248
Heartland Financial USA, Inc. (a)	4,287	61,218	Suffolk Bancorp.	3,402	87,227
Heritage Financial Corp.	1,668	19,282	Sun Bancorp., Inc.*	4,438	22,989
Home Bancorp., Inc.*	2,819	33,659	Susquehanna Bancshares, Inc.	29,907	146,245
Home Bancshares, Inc.	4,939	94,039	SVB Financial Group* (a)	11,031	300,264
IBERIABANK Corp.	5,357	211,119	Texas Capital Bancshares, Inc.*	11,928	184,526
Independent Bank Corp. — Massachusetts	6,983	137,565	The Bancorp., Inc.*	3,467	20,802
International Bancshares Corp.	17,980	185,374	Tompkins Financial Corp.	2,888	138,480
Investors Bancorp., Inc.*	15,783	144,572	Tower Bancorp., Inc.	1,090	38,313
Lakeland Bancorp., Inc.	6,673	59,990	TowneBank	7,346	102,844
Lakeland Financial Corp.	4,051	76,969	TriCo Bancshares	4,571	70,850
MainSource Financial Group, Inc.	7,158	53,112	Trustmark Corp.	19,240	371,717
MB Financial, Inc.	12,281	125,143	UCBH Holdings, Inc. (a)	42,161	53,123
Merchants Bancshares, Inc.	1,476	32,752	UMB Financial Corp.	10,773	409,482
Metro Bancorp., Inc.*	1,500	28,890	Umpqua Holdings Corp.	20,165	156,480
MidSouth Bancorp., Inc.	1,407	23,638	Union Bankshares Corp. (a)	4,472	66,946
Nara Bancorp., Inc.	8,300	42,994	United Bankshares, Inc. (a)	12,757	249,272
National Bankshares, Inc.	2,224	53,376	United Community Banks, Inc. (a)	14,537	87,080
National Penn Bancshares, Inc. (a)	29,095	134,128	United Security Bancshares, Inc.	1,907	41,763
NBT Bancorp., Inc.	11,445	248,471	Univest Corp. of Pennsylvania	4,281	86,733
Northfield Bancorp., Inc.	6,235	72,451	Washington Banking Co.	2,905	27,365
Northrim BanCorp., Inc.	1,982	27,589	Washington Trust Bancorp., Inc.	4,587	81,786
Norwood Financial Corp.	531	16,652	Webster Financial Corp.	18,254	146,945
Ohio Valley Banc Corp.	1,246	36,558	WesBanco, Inc.	7,688	111,784
Old National Bancorp. (a)	22,702	222,934	West Bancorp., Inc.	5,400	27,000
Old Point Financial Corp.	515	9,528	Westamerica Bancorp.	9,735	482,953
Old Second Bancorp., Inc. (a)	4,094	24,155	Western Alliance Bancorp.*	15,938	109,016
Oriental Financial Group, Inc.	8,142	78,977	Wilber Corp.	1,688	18,737
Orrstown Financial Services, Inc.	1,658	61,744	Wilshire Bancorp., Inc.	7,300	41,975
Pacific Capital Bancorp.	16,668	35,670	Wintrust Financial Corp.	8,350	134,268
Pacific Continental Corp.	4,104	49,782	Yadkin Valley Financial Corp.	5,178	35,780
PacWest Bancorp.	8,593	113,084			<b>15,085,694</b>
Park National Corp. (a)	3,708	209,428	<b>Consumer Finance 0.4%</b>		
Peapack-Gladstone Financial Corp.	2,600	50,154	Advance America Cash Advance Centers, Inc.	14,750	65,343
Penns Woods Bancorp., Inc.	1,195	34,822	Cardtronics, Inc.*	3,300	12,573
Peoples Bancorp., Inc.	3,595	61,295	Cash America International, Inc.	9,868	230,813
Peoples Financial Corp.	1,094	20,786			

The accompanying notes are an integral part of the financial statements.

	Shares	Value (\$)		Shares	Value (\$)
CompuCredit Holdings Corp.*	5,893	13,554	Hilltop Holdings, Inc.*	13,263	157,432
Credit Acceptance Corp.* (a)	2,037	44,508	Horace Mann Educators Corp.	13,068	130,288
Dollar Financial Corp.*	8,100	111,699	Independence Holding Co.	1,640	10,430
EZCORP, Inc. "A"*	15,648	168,685	Infinity Property & Casualty Corp.	4,613	168,190
First Cash Financial Services, Inc.*	7,673	134,431	IPC Holdings Ltd.	18,806	514,156
Nelnet, Inc. "A"*	6,440	87,520	Kansas City Life Insurance Co.	1,400	37,674
QC Holdings, Inc.	832	4,276	Maiden Holdings Ltd. (a)	16,598	108,883
Rewards Network, Inc.*	6,019	22,752	Max Capital Group Ltd.	15,496	286,056
The First Marblehead Corp.*	22,000	44,440	Meadowbrook Insurance Group, Inc.	19,116	124,827
World Acceptance Corp.* (a)	5,629	112,073	Mercer Insurance Group, Inc.	1,702	27,062
		<b>1,052,667</b>	Montpelier Re Holdings Ltd.	29,167	387,629
<b>Diversified Financial Services 0.5%</b>			National Financial Partners Corp.	14,227	104,142
Ampal-American Israel Corp. "A"*	6,562	16,011	National Interstate Corp.	2,269	34,443
Asset Acceptance Capital Corp.*	4,934	37,942	National Western Life Insurance Co. "A"	745	86,979
California First National Bancorp.	432	4,925	Navigators Group, Inc.*	4,200	186,606
Compass Diversified Holdings	8,600	69,574	NYMAGIC, Inc.	1,455	20,195
Encore Capital Group, Inc.*	4,300	56,975	Phoenix Companies, Inc.*	39,800	66,466
Fifth Street Finance Corp.	6,800	68,272	Platinum Underwriters Holdings Ltd.	17,200	491,748
Financial Federal Corp.	8,750	179,812	PMA Capital Corp. "A"*	11,800	53,690
Life Partners Holdings, Inc.	2,325	32,969	Presidential Life Corp.	6,900	52,233
MarketAxess Holdings, Inc.*	10,600	101,018	ProAssurance Corp.*	11,074	511,730
Medallion Financial Corp.	4,500	34,425	RLI Corp.	6,255	280,224
NewStar Financial, Inc.*	8,756	16,724	Safety Insurance Group, Inc.	4,474	136,725
PHH Corp.* (a)	18,237	331,549	Seabright Insurance Holdings*	7,612	77,110
PICO Holdings, Inc.*	6,314	181,212	Selective Insurance Group, Inc.	17,700	226,029
Portfolio Recovery Associates, Inc.* (a)	5,153	199,576	State Auto Financial Corp.	4,690	82,075
Primus Guaranty Ltd.*	8,400	19,824	Stewart Information Services Corp.	5,600	79,800
Resource America, Inc.	4,300	23,134	Tower Group, Inc.	13,526	335,174
		<b>1,373,942</b>	United America Indemnity Ltd. "A"*	12,309	58,960
<b>Insurance 3.2%</b>			United Fire & Casualty Co.	7,400	126,910
Ambac Financial Group, Inc.	99,185	91,250	Universal Insurance Holdings, Inc.	4,094	20,552
American Equity Investment Life Holding Co.	17,872	99,726	Zenith National Insurance Corp.	12,586	273,620
American Physicians Capital, Inc.	2,365	92,613			<b>8,263,168</b>
American Physicians Service Group, Inc.	2,006	45,516	<b>Real Estate Investment Trusts 5.2%</b>		
American Safety Insurance Holdings Ltd.*	3,175	43,212	Acadia Realty Trust (REIT)	13,295	173,500
Amerisafe, Inc.*	6,300	98,028	Agree Realty Corp. (REIT)	2,597	47,603
AmTrust Financial Services, Inc.	7,492	85,409	Alexander's, Inc. (REIT)	700	188,720
Argo Group International Holdings Ltd.*	10,373	292,726	American Campus Communities, Inc. (REIT)	17,529	388,793
Assured Guaranty Ltd. (a)	20,400	252,552	American Capital Agency Corp.	3,281	75,365
Baldwin & Lyons, Inc.	2,625	51,712	Anthraxite Capital, Inc. (REIT) (a)	17,800	11,036
Citizens, Inc.* (a)	11,844	72,012	Anworth Mortgage Asset Corp. (REIT)	34,110	245,933
CNA Surety Corp.*	5,543	74,775	Ashford Hospitality Trust (REIT)	21,977	61,755
Conseco, Inc.*	62,120	147,224	Associated Estates Realty Corp. (REIT)	5,000	29,800
Crawford & Co. "B"*(a)	7,300	35,040	BioMed Realty Trust, Inc. (REIT)	32,953	337,109
Delphi Financial Group, Inc. "A"	14,490	281,541	CapLease, Inc. (REIT)	15,565	42,959
Donegal Group, Inc. "A"	3,566	54,239	Capstead Mortgage Corp. (REIT)	21,353	271,397
Eastern Insurance Holdings, Inc.	2,444	22,998	Care Investment Trust, Inc. (REIT)	3,700	19,240
eHealth, Inc.*	8,300	146,578	CBL & Associates Properties, Inc. (REIT)	24,543	132,287
EMC Insurance Group, Inc.	1,700	35,377	Cedar Shopping Centers, Inc. (REIT)	13,000	58,760
Employers Holdings, Inc.	16,000	216,800	Cogdell Spencer, Inc. (REIT)	8,988	38,559
Enstar Group Ltd.*	2,234	131,471	Colonial Properties Trust (REIT) (a)	16,293	120,568
FBL Financial Group, Inc. "A"	4,147	34,254	Cousins Properties, Inc. (REIT) (a)	13,027	110,729
First Acceptance Corp.*	4,205	8,957	DCT Industrial Trust, Inc. (REIT)	59,074	241,022
First Mercury Financial Corp.	5,118	70,475	Developers Diversified Realty Corp. (REIT)	46,117	225,051
Flagstone Reinsurance Holdings Ltd.	13,002	133,921	DiamondRock Hospitality Co. (REIT)	36,100	225,986
FPIC Insurance Group, Inc.*	2,500	76,550	DuPont Fabros Technology, Inc. (REIT)	8,813	83,018
Greenlight Capital Re Ltd. "A"*	9,400	162,714	Dynex Capital, Inc. (REIT)	3,434	28,159
Hallmark Financial Services, Inc.*	2,863	20,470			
Harleysville Group, Inc.	4,500	126,990			

The accompanying notes are an integral part of the financial statements.

	Shares	Value (\$)		Shares	Value (\$)
EastGroup Properties, Inc. (REIT)	8,418	277,962	U-Store-It Trust (REIT)	16,900	82,810
Education Realty Trust, Inc. (REIT)	9,590	41,141	UMH Properties, Inc. (REIT)	2,562	20,419
Entertainment Properties Trust (REIT)	11,749	242,029	Universal Health Realty Income Trust (REIT)	3,700	116,624
Equity Lifestyle Properties, Inc. (REIT)	7,038	261,673	Urstadt Biddle Properties "A" (REIT)	6,800	95,744
Equity One, Inc. (REIT) (a)	10,942	145,091	Walter Investment Management Corp. (REIT)*	5,975	79,348
Extra Space Storage, Inc. (REIT)	28,900	241,315	Washington Real Estate Investment Trust (REIT)	19,536	437,020
FelCor Lodging Trust, Inc. (REIT)	21,171	52,081	Winthrop Realty Trust (REIT)	3,661	32,693
First Industrial Realty Trust, Inc. (REIT) (a)	13,600	59,160			<b>13,333,981</b>
First Potomac Realty Trust (REIT)	9,200	89,700	<b>Real Estate Management &amp; Development 0.2%</b>		
Franklin Street Properties Corp. (REIT)	19,819	262,602	American Realty Investors, Inc.*	631	6,436
Getty Realty Corp. (REIT)	5,750	108,503	Avatar Holdings, Inc.*	2,200	39,974
Gladstone Commercial Corp. (REIT)	2,731	35,394	China Housing & Land Development, Inc.*	8,800	50,688
Glimcher Realty Trust (REIT)	12,600	36,540	Consolidated-Tomoka Land Co.	1,775	62,267
Gramercy Capital Corp. (REIT)*	13,553	21,820	Forestar Group, Inc.*	12,353	146,754
Hatteras Financial Corp. (REIT)	12,098	345,882	Tejon Ranch Co.*	3,600	95,364
Healthcare Realty Trust, Inc. (REIT)	19,842	333,941			<b>401,483</b>
Hersha Hospitality Trust (REIT)	16,000	39,680	<b>Thriffs &amp; Mortgage Finance 1.4%</b>		
Highwoods Properties, Inc. (REIT)	23,711	530,415	Abington Bancorp., Inc.	6,900	54,924
Home Properties, Inc. (REIT) (a)	11,021	375,816	Astoria Financial Corp.	28,758	246,744
Inland Real Estate Corp. (REIT)	23,300	163,100	Bank Mutual Corp.	15,731	137,174
Investors Real Estate Trust (REIT)	19,690	175,044	BankFinancial Corp.	6,991	61,940
iStar Financial, Inc. (REIT)	33,442	94,975	Beneficial Mutual Bancorp., Inc.*	10,900	104,640
Kilroy Realty Corp. (REIT)	12,064	247,795	Berkshire Hills Bancorp., Inc.	4,540	94,341
Kite Realty Group Trust (REIT)	14,993	43,780	Brookline Bancorp., Inc.	19,772	184,275
LaSalle Hotel Properties (REIT)	17,891	220,775	Brooklyn Federal Bancorp., Inc.	600	6,750
Lexington Realty Trust (REIT)	27,773	94,428	Cheviot Financial Corp.	616	4,928
LTC Properties, Inc. (REIT)	7,800	159,510	Clifton Savings Bancorp., Inc.	3,000	32,280
Medical Properties Trust, Inc. (REIT) (a)	26,821	162,803	Danvers Bancorp., Inc.	5,800	78,010
MFA Financial, Inc. (REIT)	74,748	517,256	Dime Community Bancshares	8,969	81,708
Mid-America Apartment Communities, Inc. (REIT)	9,420	345,808	ESB Financial Corp.	2,879	37,773
Mission West Properties, Inc. (REIT)	6,300	43,029	ESSA Bancorp., Inc.	4,800	65,616
Monmouth Real Estate Investment Corp. "A" (REIT)	5,900	34,574	First Defiance Financial Corp.	2,546	33,098
National Health Investors, Inc. (REIT)	8,689	232,083	First Financial Holdings, Inc.	3,500	32,900
National Retail Properties, Inc. (REIT)	26,850	465,847	First Financial Northwest, Inc.	6,400	50,048
NorthStar Realty Finance Corp. (REIT) (a)	20,824	58,932	First Financial Service Corp.	1,063	18,507
OMEGA Healthcare Investors, Inc. (REIT)	27,633	428,864	Flagstar Bancorp., Inc.*	12,550	8,534
Parkway Properties, Inc. (REIT) (a)	7,200	93,600	Flushing Financial Corp.	7,300	68,255
Pennsylvania Real Estate Investment Trust (REIT) (a)	11,883	59,415	Fox Chase Bancorp., Inc.*	1,600	15,344
Post Properties, Inc. (REIT)	14,934	200,713	Heritage Financial Group	350	3,000
Potlatch Corp. (REIT)	13,285	322,693	Home Federal Bancorp., Inc.	5,391	54,934
PS Business Parks, Inc. (REIT)	5,100	247,044	K-Fed Bancorp.	1,069	9,813
RAIT Financial Trust (REIT)	22,200	30,414	Kearny Financial Corp. (a)	5,796	66,306
Ramco-Gershenson Properties Trust (REIT)	5,800	58,058	Kentucky First Federal Bancorp.	719	8,736
Redwood Trust, Inc. (REIT)	26,001	383,775	Legacy Bancorp., Inc.	2,224	24,686
Resource Capital Corp. (REIT)	6,200	19,840	Meridian Interstate Bancorp., Inc.*	2,800	20,860
Saul Centers, Inc. (REIT)	2,316	68,484	MGIC Investment Corp.	43,057	189,451
Sovran Self Storage, Inc. (REIT)	7,572	186,271	NASB Financial, Inc.	1,000	28,600
Strategic Hotels & Resorts, Inc. (REIT)	28,800	31,968	NewAlliance Bancshares, Inc.	35,900	412,850
Sun Communities, Inc. (REIT)	5,900	81,302	Northeast Community Bancorp., Inc.	1,657	13,438
Sunstone Hotel Investors, Inc. (REIT)	25,273	135,211	Northwest Bancorp., Inc.	6,000	113,160
Tanger Factory Outlet Centers, Inc. (REIT)	12,364	400,965	OceanFirst Financial Corp.	2,797	33,480
Transcontinental Realty Investors, Inc. (REIT)*	238	2,873	Ocwen Financial Corp.*	12,957	168,052
			Oritani Financial Corp.*	3,700	50,727
			Provident Financial Services, Inc.	20,037	182,337
			Provident New York Bancorp.	11,624	94,387
			Prudential Bancorp., Inc. of Pennsylvania	1,086	12,826
			Radian Group, Inc.	27,250	74,120
			Rockville Financial, Inc.	2,500	27,375
			Roma Financial Corp.	2,900	36,946

The accompanying notes are an integral part of the financial statements.

	Shares	Value (\$)		Shares	Value (\$)
The PMI Group, Inc.	25,000	49,500	Molecular Insight		
Tree.com, Inc.*	2,019	19,382	Pharmaceuticals, Inc.* (a)	5,200	26,884
TrustCo Bank Corp.	26,283	155,333	Momenta Pharmaceuticals, Inc.*	11,797	141,918
United Financial Bancorp., Inc.	5,500	76,010	Myriad Pharmaceuticals, Inc.*	9,111	42,366
ViewPoint Financial Group	3,400	51,782	Nabi Biopharmaceuticals*	19,133	46,302
Waterstone Financial, Inc.*	3,020	8,969	Nanosphere, Inc.*	3,700	18,167
Westfield Financial, Inc. (a)	9,900	89,694	Neurocrine Biosciences, Inc.*	13,100	42,313
WSFS Financial Corp.	2,200	60,082	NeurogesX, Inc.*	3,322	18,736
		<b>3,554,625</b>	Novavax, Inc.*	21,587	70,805
<b>Health Care 14.9%</b>			NPS Pharmaceuticals, Inc.*	15,762	73,451
<b>Biotechnology 4.0%</b>			OncoGenex Pharmaceutical, Inc.*	1,430	31,288
Acorda Therapeutics, Inc.*	12,722	358,633	Onyx Pharmaceuticals, Inc.*	19,081	539,229
Affymax, Inc.*	4,579	84,391	Opko Health, Inc.* (a)	13,400	23,718
Alkermes, Inc.*	31,732	343,340	Orexigen Therapeutics, Inc.*	7,500	38,475
Allos Therapeutics, Inc.*	20,961	173,767	Osiris Therapeutics, Inc.* (a)	5,544	74,456
Alnylam Pharmaceuticals, Inc.*	12,084	269,111	OXIGENE, Inc.*	8,605	18,759
Amicus Therapeutics, Inc.*	4,973	56,941	PDL BioPharma, Inc.	40,071	316,561
Arena Pharmaceuticals, Inc.*	27,614	137,794	Pharmasset, Inc.*	6,940	78,075
ARIAD Pharmaceuticals, Inc.*	28,618	45,503	Poniard Pharmaceuticals, Inc.*	7,511	44,841
ArQule, Inc.*	14,500	89,030	Progenics Pharmaceuticals, Inc.*	9,000	46,350
Array BioPharma, Inc.*	15,833	49,716	Protalix BioTherapeutics, Inc.*	11,378	51,429
AVI BioPharma, Inc.*	25,167	39,764	Regeneron Pharmaceuticals, Inc.*	21,124	378,542
BioCryst Pharmaceuticals, Inc.*	6,971	28,093	Repligen Corp.*	9,600	52,800
Cardium Therapeutics, Inc.*	12,409	22,957	Rigel Pharmaceuticals, Inc.*	12,369	149,912
Celera Corp.*	27,580	210,435	Sangamo BioSciences, Inc.* (a)	13,584	67,105
Cell Therapeutics, Inc.*	155,019	266,633	Savient Pharmaceuticals, Inc.*	20,366	282,273
Celldex Therapeutics, Inc.* (a)	3,747	29,302	SciClone Pharmaceuticals, Inc.*	11,399	29,181
Cepheid, Inc.*	19,970	188,117	Seattle Genetics, Inc.* (a)	24,114	234,388
Chelsea Therapeutics International Ltd.*	7,764	32,686	SIGA Technologies, Inc.*	8,614	72,702
Cougar Biotechnology, Inc.*	5,120	219,955	Spectrum Pharmaceuticals, Inc.*	10,858	83,064
Cubist Pharmaceuticals, Inc.*	19,297	353,714	StemCells, Inc.*	34,035	57,860
Curis, Inc.*	20,390	32,420	Synta Pharmaceuticals Corp.*	5,100	11,781
Cytokinetics, Inc.*	14,310	40,497	Theravance, Inc.*	18,001	263,535
Cytori Therapeutics, Inc.* (a)	8,857	31,974	Vanda Pharmaceuticals, Inc.*	18,420	216,803
Dyax Corp.*	19,302	41,306	Vical, Inc.*	10,549	28,588
Emergent Biosolutions, Inc.*	5,719	81,953	ZymoGenetics, Inc.*	13,600	62,560
Enzon Pharmaceuticals, Inc.* (a)	15,131	119,081			<b>10,338,659</b>
Facet Biotech Corp.*	8,139	75,611	<b>Health Care Equipment &amp; Supplies 3.9%</b>		
Genomic Health, Inc.*	4,741	82,162	Abaxis, Inc.* (a)	7,589	155,878
Geron Corp.* (a)	29,822	228,735	ABIOMED, Inc.* (a)	10,300	90,846
GTx, Inc.* (a)	6,746	62,266	Accuray, Inc.*	13,189	87,971
Halozyme Therapeutics, Inc.* (a)	21,121	147,213	Align Technology, Inc.* (a)	20,000	212,000
Hemispherx Biopharma, Inc.*	38,323	97,340	Alphatec Holdings, Inc.*	9,553	31,716
Human Genome Sciences, Inc.* (a)	45,600	130,416	American Medical Systems Holdings, Inc.*	24,718	390,544
Idenix Pharmaceuticals, Inc.*	8,923	32,837	Analogic Corp.	4,300	158,885
Idera Pharmaceuticals, Inc.*	7,086	41,524	AngioDynamics, Inc.*	8,400	111,468
ImmunoGen, Inc.*	17,160	147,748	Aspect Medical Systems, Inc.*	5,536	32,718
Immunomedics, Inc.*	20,900	53,086	Atrion Corp.	492	65,972
Incyte Corp.* (a)	24,000	78,960	ATS Medical, Inc.*	15,355	50,518
Infinity Pharmaceuticals, Inc.*	5,685	33,200	Bovie Medical Corp.*	5,521	48,088
Insmed, Inc.*	41,835	41,835	Cantel Medical Corp.*	4,200	68,166
InterMune, Inc.*	12,775	194,180	Cardiac Science Corp.*	6,312	25,374
Isis Pharmaceuticals, Inc.* (a)	31,202	514,833	Cardiovascular Systems, Inc.*	2,805	21,627
Lexicon Pharmaceuticals, Inc.*	24,000	29,760	Conceptus, Inc.*	10,250	173,225
Ligand Pharmaceuticals, Inc. "B"*	37,947	108,528	CONMED Corp.*	10,068	156,255
MannKind Corp.* (a)	18,133	150,685	CryoLife, Inc.*	9,900	54,846
Martek Biosciences Corp.* (a)	11,129	235,378	Cutera, Inc.*	4,245	36,592
Maxygen, Inc.*	9,100	61,152	Cyberonics, Inc.*	9,261	154,010
Medarex, Inc.*	43,157	360,361	Cynosure, Inc. "A"*	3,600	27,540
Medivation, Inc.*	9,867	221,120	Delcath Systems, Inc.*	7,259	25,987
Metabolix, Inc.* (a)	7,000	57,540	Dexcom, Inc.*	15,389	95,258
Micromet, Inc.*	14,028	69,859	Electro-Optical Sciences, Inc.*	5,775	44,987

The accompanying notes are an integral part of the financial statements.

	<b>Shares</b>	<b>Value (\$)</b>		<b>Shares</b>	<b>Value (\$)</b>
Endologix, Inc.*	14,308	47,789	Amedisys, Inc.*	9,198	303,718
EnteroMedics, Inc.*	4,765	15,867	America Service Group, Inc.*	2,655	42,666
ev3, Inc.*	23,767	254,782	American Caresource Holding, Inc.*	3,071	11,486
Exactech, Inc.*	2,900	42,050	American Dental Partners, Inc.*	4,113	37,305
Greatbatch, Inc.*	7,732	174,821	AMERIGROUP Corp.*	17,731	476,077
Haemonetics Corp.*	8,609	490,713	AMN Healthcare Services, Inc.*	10,800	68,904
Hansen Medical, Inc.*	8,242	40,715	AmSurg Corp.*	10,300	220,832
HeartWare International, Inc.*	1,600	44,656	Assisted Living Concepts, Inc. "A"*	3,380	49,179
Home Diagnostics, Inc.*	3,542	21,748	Bio-Reference Laboratories, Inc.*	4,100	129,601
I-Flow Corp.*	7,300	50,662	BioScrip, Inc.*	13,912	82,359
ICU Medical, Inc.*	4,405	181,266	Capital Senior Living Corp.*	7,192	32,724
Immucor, Inc.*	23,661	325,575	CardioNet, Inc.*	8,231	134,330
Insulet Corp.* (a)	8,639	66,520	Catalyst Health Solutions, Inc.*	12,358	308,209
Integra LifeSciences Holdings*	6,327	167,729	Centene Corp.*	14,410	287,912
Invacare Corp.	9,668	170,640	Chemed Corp.	7,578	299,179
IRIS International, Inc.*	5,900	69,620	Chindex International, Inc.*	4,200	51,954
Kensey Nash Corp.*	2,700	70,767	Clariant, Inc.*	9,648	35,891
MAKO Surgical Corp.*	4,168	37,595	Continuare Corp.*	9,074	21,142
Masimo Corp.*	16,991	409,653	CorVel Corp.*	2,450	55,786
Medical Action Industries, Inc.*	5,100	58,395	Cross Country Healthcare, Inc.*	10,300	70,761
Meridian Bioscience, Inc.	13,546	305,869	Emergency Medical Services Corp. "A"*	3,309	121,837
Merit Medical Systems, Inc.*	9,544	155,567	Emeritus Corp.*	6,614	87,371
Micrus Endovascular Corp.*	5,800	52,432	Genoptix, Inc.*	5,625	179,944
Natus Medical, Inc.*	9,400	108,476	Gentiva Health Services, Inc.*	9,731	160,172
Neogen Corp.*	4,430	128,381	Hanger Orthopedic Group, Inc.*	8,843	120,176
NuVasive, Inc.* (a)	12,184	543,406	Health Grades, Inc.*	7,555	29,540
NxStage Medical, Inc.*	7,485	44,162	HEALTHSOUTH Corp.*	29,658	428,262
OraSure Technologies, Inc.*	16,342	40,365	Healthspring, Inc.*	16,497	179,157
Orthofix International NV*	5,900	147,559	Healthways, Inc.*	11,400	153,330
Orthovita, Inc.*	22,990	118,398	HMS Holdings Corp.*	8,694	354,020
Palomar Medical Technologies, Inc.*	6,329	92,783	inVentiv Health, Inc.*	11,233	151,982
Quidel Corp.*	8,600	125,216	IPC The Hospitalist Co.*	5,403	144,206
Rochester Medical Corp.*	3,230	43,282	Kindred Healthcare, Inc.*	13,111	162,183
Rockwell Medical Technologies, Inc.*	4,547	34,330	Landauer, Inc.	3,131	192,056
RTI Biologics, Inc.*	17,600	75,504	LCA-Vision, Inc.*	5,151	21,737
Sirona Dental Systems, Inc.*	5,649	112,924	LHC Group, Inc.*	5,278	117,224
Somanetics Corp.*	4,300	70,993	Magellan Health Services, Inc.*	11,866	389,442
SonoSite, Inc.*	5,928	118,916	MedCath Corp.*	5,282	62,116
Spectranetics Corp.*	11,100	54,723	Metropolitan Health Networks, Inc.*	12,654	25,435
Stereotaxis, Inc.* (a)	9,450	36,666	Molina Healthcare, Inc.*	4,400	105,248
STERIS Corp.	19,651	512,498	MWI Veterinary Supply, Inc.*	3,589	125,113
SurModics, Inc.*	5,144	116,409	National Healthcare Corp.	2,800	106,232
Symmetry Medical, Inc.*	11,941	111,290	National Research Corp.	400	9,760
Synovis Life Technologies, Inc.*	3,900	81,003	Nighthawk Radiology Holdings, Inc.*	7,773	28,760
Thoratec Corp.*	18,947	507,401	NovaMed, Inc.*	6,239	24,644
TomoTherapy, Inc.*	15,020	41,305	Odyssey HealthCare, Inc.*	10,952	112,587
TranS1, Inc.*	4,130	25,730	Owens & Minor, Inc.	13,988	612,954
Utah Medical Products, Inc.	959	25,615	PharMerica Corp.*	10,249	201,188
Vascular Solutions, Inc.*	5,235	40,938	Providence Service Corp.*	3,768	41,260
Volcano Corp.*	16,238	227,007	PSS World Medical, Inc.*	19,911	368,553
West Pharmaceutical Services, Inc. (a)	10,968	382,235	Psychiatric Solutions, Inc.*	18,879	429,308
Wright Medical Group, Inc.*	12,719	206,811	Radnet, Inc.*	9,308	20,943
Young Innovations, Inc.	1,729	37,675	RehabCare Group, Inc.*	6,300	150,759
Zoll Medical Corp.*	7,058	136,502	Res-Care, Inc.*	8,402	120,149
		<b>9,924,405</b>	Skilled Healthcare Group, Inc. "A"*	6,600	49,500
<b>Health Care Providers &amp; Services 3.7%</b>			Sun Healthcare Group, Inc.*	14,597	123,199
Air Methods Corp.*	3,700	101,232	Sunrise Senior Living, Inc.*	14,827	24,465
Alliance HealthCare Services, Inc.*	8,624	63,214	The Ensign Group, Inc.	3,567	50,758
Allied Healthcare International, Inc.*	14,314	31,061	Triple-S Management Corp. "B"*	6,843	106,682
Allion Healthcare, Inc.*	6,390	38,021	Universal American Financial Corp.* (a)	9,552	83,293
Almost Family, Inc.* (a)	2,521	65,823	US Physical Therapy, Inc.*	3,900	57,525

The accompanying notes are an integral part of the financial statements.

	Shares	Value (\$)		Shares	Value (\$)
Virtual Radiologic Corp.* (a)	2,413	21,789	Ista Pharmaceuticals, Inc.*	10,931	45,910
WellCare Health Plans, Inc.*	14,196	262,484	Javelin Pharmaceuticals, Inc.* (a)	14,900	18,327
		<b>9,336,709</b>	K-V Pharmaceutical Co. "A"*	12,950	41,570
<b>Health Care Technology 0.8%</b>			Lannett Co., Inc.*	3,149	21,571
AMICAS, Inc.*	11,146	30,986	MAP Pharmaceuticals, Inc.*	2,708	33,092
athenahealth, Inc.*	11,272	417,177	Matrixx Initiatives, Inc.*	3,744	20,929
Computer Programs & Systems, Inc.	3,300	126,423	Medicines Co.*	18,183	152,555
Eclipsys Corp.*	18,872	335,544	Medicis Pharmaceutical Corp. "A"	19,716	321,765
MedAssets, Inc.*	13,198	256,701	MiddleBrook Pharmaceuticals, Inc.*	14,000	18,900
MedQuist, Inc.	2,760	16,781	Noven Pharmaceuticals, Inc.*	8,500	121,550
Merge Healthcare, Inc.*	8,436	36,275	Obagi Medical Products, Inc.*	5,800	42,282
Omnicell, Inc.*	10,700	115,025	Optimer Pharmaceuticals, Inc.*	9,620	144,011
Phase Forward, Inc.*	14,532	219,579	Pain Therapeutics, Inc.*	12,000	64,440
Quality Systems, Inc. (a)	7,887	449,243	Par Pharmaceutical Companies, Inc.*	12,008	181,921
Transcend Services, Inc.*	1,972	31,256	POZEN, Inc.*	8,900	68,352
Vital Images, Inc.*	4,800	54,480	Questcor Pharmaceuticals, Inc.*	19,107	95,535
		<b>2,089,470</b>	Repros Therapeutics, Inc.*	2,944	21,167
<b>Life Sciences Tools &amp; Services 1.1%</b>			Salix Pharmaceuticals Ltd.*	16,550	163,348
Accelrys, Inc.*	8,800	52,008	Santarus, Inc.*	16,933	47,751
Affymetrix, Inc.*	23,747	140,820	Sucampo Pharmaceuticals, Inc. "A"*	3,421	21,108
Albany Molecular Research, Inc.*	7,400	62,086	SuperGen, Inc.*	19,104	38,399
AMAG Pharmaceuticals, Inc.*	5,741	313,861	ViroPharma, Inc.*	26,671	158,159
BioDelivery Sciences International, Inc.*	2,940	19,610	VIVUS, Inc.*	24,000	145,920
Bruker Corp.*	16,884	156,346	XenoPort, Inc.*	9,202	213,210
Cambrex Corp.*	10,303	42,448			<b>3,655,962</b>
Clinical Data, Inc.*	3,500	38,570	<b>Industrials 15.7%</b>		
Dionex Corp.*	5,880	358,856	<b>Aerospace &amp; Defense 1.8%</b>		
Enzo Biochem, Inc.* (a)	10,773	47,724	AAR Corp.*	13,009	208,794
eResearchTechnology, Inc.*	14,300	88,803	Aerovironment, Inc.*	4,432	136,772
Exelixis, Inc.* (a)	36,670	178,583	American Science & Engineering, Inc.	3,048	210,678
Harvard Bioscience, Inc.*	7,721	30,498	Applied Signal Technology, Inc.	4,301	109,719
Kendle International, Inc.*	5,212	63,795	Argon ST, Inc.*	4,683	96,329
Life Sciences Research, Inc.*	3,200	22,944	Ascent Solar Technologies, Inc.* (a)	5,087	39,780
Luminex Corp.*	13,910	257,891	Astronics Corp.*	2,973	30,890
Nektar Therapeutics* (a)	31,000	200,880	Axsys Technologies, Inc.*	3,214	172,399
PAREXEL International Corp.*	19,311	277,692	Ceradyne, Inc.*	8,575	151,435
Sequenom, Inc.* (a)	20,570	80,429	Cubic Corp.	5,372	192,264
Varian, Inc.*	9,696	382,313	Curtiss-Wright Corp.	15,121	449,547
		<b>2,816,157</b>	DigitalGlobe, Inc.*	5,165	99,168
<b>Pharmaceuticals 1.4%</b>			Ducommun, Inc.	3,300	62,007
Acura Pharmaceuticals, Inc.* (a)	2,300	13,754	DynCorp International, Inc. "A"*	8,600	144,394
Adolor Corp.*	17,000	29,920	Esterline Technologies Corp.*	9,930	268,805
Akorn, Inc.*	17,000	20,400	GenCorp, Inc.*	18,583	35,494
Ardea Biosciences, Inc.*	4,720	74,293	HEICO Corp.	7,797	282,719
ARYx Therapeutics, Inc.*	6,769	27,956	Herley Industries, Inc.*	4,387	48,125
Auxilium Pharmaceuticals, Inc.* (a)	14,325	449,518	Hexcel Corp.*	32,383	308,610
AVANIR Pharmaceuticals, Inc. "A"*	19,980	44,356	Ladish Co., Inc.*	5,400	70,038
Biodel, Inc.*	4,905	25,310	LMI Aerospace, Inc.*	2,600	26,312
BioMimetic Therapeutics, Inc.* (a)	4,737	43,770	Moog, Inc. "A"*	14,379	371,122
BioSpecifics Technologies Corp.*	1,133	26,999	Orbital Sciences Corp.*	18,960	287,623
BMP Sunstone Corp.*	10,642	50,443	Stanley, Inc.*	4,005	131,684
Cadence Pharmaceuticals, Inc.*	8,400	83,916	Taser International, Inc.*	21,700	98,952
Caraco Pharmaceutical Laboratories Ltd.*	3,300	10,131	Teledyne Technologies, Inc.*	12,059	394,932
Cornerstone Therapeutics, Inc.*	2,025	22,235	Todd Shipyards Corp.	1,795	29,887
Cypress Bioscience, Inc.*	13,200	124,344	Triumph Group, Inc.	5,606	224,240
DepoMed, Inc.*	16,100	52,325			<b>4,682,719</b>
Discovery Laboratories, Inc.*	39,186	40,362	<b>Air Freight &amp; Logistics 0.3%</b>		
Durect Corp.* (a)	26,400	62,832	Air Transport Services Group, Inc.*	18,361	42,598
Hi-Tech Pharmacal Co., Inc.*	2,511	22,348	Atlas Air Worldwide Holdings, Inc.*	5,727	132,809
Impax Laboratories, Inc.*	20,384	150,026	Dynamex, Inc.*	3,157	48,586
Inspire Pharmaceuticals, Inc.*	14,200	78,952	Forward Air Corp.	9,737	207,593
			Hub Group, Inc. "A"*	12,532	258,660

The accompanying notes are an integral part of the financial statements.

	Shares	Value (\$)
Pacer International, Inc.	11,700	26,091
		<b>716,337</b>
<b>Airlines 0.6%</b>		
AirTran Holdings, Inc.* (a)	40,271	249,277
Alaska Air Group, Inc.*	12,241	223,521
Allegiant Travel Co.* (a)	5,294	209,854
Hawaiian Holdings, Inc.*	17,208	103,592
JetBlue Airways Corp.*	77,236	329,798
Republic Airways Holdings, Inc.*	11,579	75,611
SkyWest, Inc.	18,700	190,740
UAL Corp.* (a)	49,684	158,492
US Airways Group, Inc.*	45,610	110,832
		<b>1,651,717</b>
<b>Building Products 0.6%</b>		
AAON, Inc.	4,153	82,728
American Woodmark Corp.	3,400	81,430
Ameron International Corp.	3,086	206,886
Apogee Enterprises, Inc.	9,343	114,919
Builders FirstSource, Inc.* (a)	4,500	18,720
Gibraltar Industries, Inc.	9,350	64,235
Griffon Corp.*	14,598	121,455
Insteel Industries, Inc.	6,400	52,736
NCI Building Systems, Inc.* (a)	5,900	15,576
Quanex Building Products Corp.	12,620	141,596
Simpson Manufacturing Co., Inc.	12,800	276,736
Trex Co., Inc.*	5,400	72,198
Universal Forest Products, Inc.	6,458	213,695
		<b>1,462,910</b>
<b>Commercial Services &amp; Supplies 2.6%</b>		
ABM Industries, Inc.	15,423	278,694
Acco Brands Corp.*	18,195	51,310
American Ecology Corp.	6,031	108,076
American Reprographics Co.*	12,149	101,080
AMREP Corp.*	800	8,824
APAC Customer Services, Inc.*	8,339	42,779
ATC Technology Corp.*	6,700	97,150
Bowne & Co., Inc.	9,880	64,319
Cenveo, Inc.* (a)	15,962	67,519
Clean Harbors, Inc.*	6,803	367,294
Comfort Systems USA, Inc.	13,425	137,606
Consolidated Graphics, Inc.*	3,300	57,486
Cornell Companies, Inc.*	4,000	64,840
Courier Corp.	3,250	49,595
Deluxe Corp.	17,223	220,627
EnergySolutions	25,503	234,628
EnerNOC, Inc.* (a)	3,960	85,813
Ennis, Inc.	8,596	107,106
Fuel Tech, Inc.* (a)	5,900	57,230
G & K Services, Inc. "A"	6,172	130,538
GeoEye, Inc.* (a)	6,222	146,590
Healthcare Services Group, Inc.	14,530	259,796
Heritage-Crystal Clean, Inc.*	637	7,740
Herman Miller, Inc.	18,000	276,120
HNI Corp.	15,032	271,478
ICT Group, Inc.*	3,400	29,682
Innerworkings, Inc.*	8,691	41,282
Interface, Inc. "A"	17,041	105,654
Kimball International, Inc. "B"	10,100	63,024
Knoll, Inc.	16,341	123,865
M&F Worldwide Corp.*	3,600	72,000
McGrath Rentcorp.	8,200	156,292
Metalico, Inc.*	8,400	39,144
Mine Safety Appliances Co.	8,948	215,647

	Shares	Value (\$)
Mobile Mini, Inc.*	12,251	179,722
Multi-Color Corp.	3,300	40,458
North American Galvanizing & Coatings, Inc.*	4,004	24,264
Perma-Fix Environmental Services, Inc.*	17,632	42,669
Rollins, Inc.	14,773	255,721
Schawk, Inc.	4,900	36,799
Standard Parking Corp.*	2,377	38,721
Standard Register Co.	5,456	17,787
Steelcase, Inc. "A"	24,798	144,324
Sykes Enterprises, Inc.*	11,635	210,477
Team, Inc.*	6,547	102,591
Tetra Tech, Inc.*	20,235	579,733
The Geo Group, Inc.*	17,169	319,000
United Stationers, Inc.*	8,051	280,819
Viad Corp.	6,881	118,491
Waste Services, Inc.*	6,668	34,540
		<b>6,566,944</b>
<b>Construction &amp; Engineering 0.9%</b>		
Argan, Inc.*	2,332	32,951
Dycom Industries, Inc.*	13,474	149,157
EMCOR Group, Inc.*	22,097	444,592
Furmanite Corp.*	12,033	53,667
Granite Construction, Inc. (a)	11,463	381,489
Great Lakes Dredge & Dock Co.	13,297	63,560
Insituform Technologies, Inc. "A"*	13,386	227,160
Integrated Electrical Services, Inc.*	2,254	17,604
Layne Christensen Co.*	6,738	137,792
MasTec, Inc.*	17,933	210,175
Michael Baker Corp.*	2,729	115,600
MYR Group, Inc.*	5,980	120,916
Northwest Pipe Co.*	3,200	111,232
Orion Marine Group, Inc.*	7,400	140,600
Pike Electric Corp.*	5,308	63,961
Sterling Construction Co., Inc.*	4,300	65,618
Tutor Perini Corp.*	1,268	22,012
		<b>2,358,086</b>
<b>Electrical Equipment 2.3%</b>		
A.O. Smith Corp. (a)	7,388	240,627
Acuity Brands, Inc. (a)	13,735	385,267
Advanced Battery Technologies, Inc.* (a)	15,400	61,908
American Superconductor Corp.* (a)	14,578	382,673
AZZ, Inc.*	4,216	145,073
Baldor Electric Co. (a)	15,579	370,624
Belden, Inc.	15,616	260,787
Brady Corp. "A"	16,100	404,432
Broadwind Energy, Inc.*	10,474	118,566
Chase Corp.	1,840	21,896
China BAK Battery, Inc.*	11,800	34,810
Encore Wire Corp.	6,127	130,811
Ener1, Inc.* (a)	15,938	87,021
Energy Conversion Devices, Inc.* (a)	15,310	216,637
EnerSys*	13,675	248,748
Evergreen Solar, Inc.* (a)	64,608	140,199
Franklin Electric Co., Inc.	7,800	202,176
FuelCell Energy, Inc.* (a)	21,900	91,542
Fushi Copperweld, Inc.*	5,100	42,177
GrafTech International Ltd.*	40,388	456,788
GT Solar International, Inc.* (a)	10,371	55,174
Harbin Electric, Inc.* (a)	3,716	58,118
II-VI, Inc.*	8,500	188,445

The accompanying notes are an integral part of the financial statements.

	<b>Shares</b>	<b>Value (\$)</b>		<b>Shares</b>	<b>Value (\$)</b>
LaBarge, Inc.*	4,103	38,035	Met-Pro Corp.	4,600	49,772
LSI Industries, Inc.	6,275	34,199	Middleby Corp.* (a)	5,427	238,354
Microvision, Inc.* (a)	22,519	69,133	Miller Industries, Inc.*	3,148	27,702
Orion Energy Systems, Inc.* (a)	5,446	20,423	Mueller Industries, Inc.	12,497	259,938
Polypore International, Inc.*	7,565	84,123	Mueller Water Products, Inc. "A"	38,954	145,688
Powell Industries, Inc.*	2,711	100,497	NACCO Industries, Inc. "A"	1,925	55,286
Power-One, Inc.* (a)	24,952	37,178	Nordson Corp.	11,237	434,422
PowerSecure International, Inc.*	5,412	23,055	Omega Flex, Inc.	800	12,128
Preformed Line Products Co.	800	35,248	PMFG, Inc.*	4,000	35,240
Regal-Beloit Corp. (a)	11,996	476,481	Portec Rail Products, Inc.	2,033	20,025
SatCon Technology Corp.*	16,612	29,902	RBC Bearings, Inc.*	7,245	148,160
Ultralife Corp.*	4,000	28,680	Robbins & Myers, Inc.	8,900	171,325
Valence Technology, Inc.*	16,500	29,535	Sauer-Danfoss, Inc.	4,188	25,673
Vicor Corp.	6,305	45,522	Sun Hydraulics Corp. (a)	4,050	65,489
Woodward Governor Co.	20,171	399,386	Tecumseh Products Co. "A"*	6,121	59,435
		<b>5,795,896</b>	Tennant Co.	6,217	114,331
<b>Industrial Conglomerates 0.3%</b>			The Eastern Co.	1,890	31,185
Otter Tail Corp.	11,928	260,508	Titan International, Inc. (a)	12,241	91,440
Raven Industries, Inc.	5,400	138,240	TriMas Corp.*	4,790	16,142
Seaboard Corp.	109	122,298	Twin Disc, Inc.	3,300	22,473
Standex International Corp.	4,008	46,493	Watts Water Technologies, Inc. "A"	9,801	211,114
Tredegar Corp.	9,870	131,468			<b>6,958,097</b>
United Capital Corp.*	400	7,328			
		<b>706,335</b>	<b>Marine 0.2%</b>		
<b>Machinery 2.7%</b>			American Commercial Lines, Inc.*	2,968	45,945
3D Systems Corp.*	5,900	42,539	Eagle Bulk Shipping, Inc. (a)	16,400	76,916
Actuant Corp. "A"	19,039	232,276	Genco Shipping & Trading Ltd.	8,866	192,570
Alamo Group, Inc.	1,800	18,180	Horizon Lines, Inc. "A"	9,164	35,373
Albany International Corp. "A"	9,452	107,564	International Shipholding Corp.	1,844	49,714
Altra Holdings, Inc.*	9,300	69,657	TBS International Ltd. "A"*	4,352	33,989
American Railcar Industries, Inc.	3,400	28,084	Ultrapetrol Bahamas Ltd.*	7,200	31,896
Ampco-Pittsburgh Corp.	3,000	70,350			<b>466,403</b>
Astec Industries, Inc.*	6,067	180,129	<b>Professional Services 1.6%</b>		
Badger Meter, Inc.	4,988	204,508	Acacia Research*	10,598	83,406
Barnes Group, Inc.	15,600	185,484	Administaff, Inc.	7,280	169,406
Blount International, Inc.*	12,802	110,225	Barrett Business Services, Inc.	2,358	24,759
Briggs & Stratton Corp.	16,900	225,446	CBIZ, Inc.*	14,728	104,863
Cascade Corp.	2,953	46,451	CDI Corp.	3,926	43,775
Chart Industries, Inc.*	9,500	172,710	COMSYS IT Partners, Inc.*	5,274	30,853
China Fire & Security Group, Inc.*	4,594	55,909	Corporate Executive Board Co.	11,467	238,055
CIRCOR International, Inc.	5,679	134,081	CoStar Group, Inc.*	6,656	265,375
CLARCOR, Inc.	17,078	498,507	CRA International, Inc.*	3,700	102,712
Colfax Corp.*	7,500	57,900	Diamond Management & Technology Consultants, Inc.	7,599	31,916
Columbus McKinnon Corp.*	6,600	83,490	Exponent, Inc.*	4,800	117,648
Dynamic Materials Corp.	4,500	86,760	First Advantage Corp. "A"*	3,300	50,193
Energy Recovery, Inc.* (a)	11,064	78,333	Franklin Covey Co.*	4,046	25,207
EnPro Industries, Inc.*	6,600	118,866	GP Strategies Corp.*	4,947	29,138
ESCO Technologies, Inc.*	8,799	394,195	Heidrick & Struggles International, Inc.	5,644	103,003
Federal Signal Corp.	16,269	124,458	Hill International, Inc.*	7,997	34,387
Flanders Corp.*	5,240	32,016	Huron Consulting Group, Inc.*	7,194	332,579
Flow International Corp.*	11,800	27,730	ICF International, Inc.*	2,898	79,956
Force Protection, Inc.*	24,030	212,425	Kelly Services, Inc. "A"	9,200	100,740
FreightCar America, Inc.	4,189	70,417	Kforce, Inc.*	10,000	82,700
Gorman-Rupp Co.	4,757	95,949	Korn/Ferry International*	15,465	164,548
Graham Corp.	3,600	47,880	MPS Group, Inc.*	31,016	236,962
Greenbrier Companies, Inc.	5,459	39,250	Navigant Consulting, Inc.*	16,774	216,720
Hurco Companies, Inc.*	2,400	37,512	Odyssey Marine Exploration, Inc.* (a)	16,500	26,400
John Bean Technologies Corp.	9,203	115,222	On Assignment, Inc.*	13,300	52,003
K-Tron International, Inc.*	800	63,744	Resources Connection, Inc.*	15,161	260,314
Kadant, Inc.*	4,480	50,579	School Specialty, Inc.*	6,500	131,365
Kaydon Corp.	11,190	364,346	Spherion Corp.*	18,043	74,337
L.B. Foster Co. "A"*	3,400	102,238	The Advisory Board Co.*	5,205	133,768
Lindsay Corp. (a)	4,150	137,365			

The accompanying notes are an integral part of the financial statements.

	Shares	Value (\$)		Shares	Value (\$)
TrueBlue, Inc.*	15,211	127,772	Communications Systems, Inc.	1,771	17,356
Volt Information Sciences, Inc.*	4,400	27,588	Comtech Telecommunications Corp.*	9,466	301,776
VSE Corp.	1,200	31,392	DG Fastchannel, Inc.*	6,313	115,528
Watson Wyatt Worldwide, Inc. "A"	14,297	536,566	Digi International, Inc.*	8,000	78,000
		<b>4,070,406</b>	EMCORE Corp.*	24,473	30,836
<b>Road &amp; Rail 1.0%</b>			EMS Technologies, Inc.*	5,000	104,500
AMERCO*	3,000	111,450	Emulex Corp.*	27,851	272,383
Arkansas Best Corp.	8,524	224,607	Extreme Networks, Inc.*	29,800	59,600
Avis Budget Group, Inc.*	34,934	197,377	Globecom Systems, Inc.*	6,761	48,612
Celadon Group, Inc.*	7,400	62,086	Harmonic, Inc.*	32,937	193,999
Dollar Thrifty Automotive Group, Inc.*	7,500	104,625	Harris Stratex Networks, Inc. "A"*	20,400	132,192
Genesee & Wyoming, Inc. "A"*	10,989	291,318	Hughes Communications, Inc.*	2,928	66,846
Heartland Express, Inc. (a)	16,881	248,488	Infinera Corp.*	28,164	257,137
Knight Transportation, Inc.	19,192	317,628	InterDigital, Inc.*	14,700	359,268
Marten Transport Ltd.*	5,083	105,523	Ixia*	11,211	75,562
Old Dominion Freight Line, Inc.*	9,382	314,954	KVH Industries, Inc.*	4,433	30,277
Patriot Transportation Holding, Inc.*	400	29,172	Loral Space & Communications, Inc.*	3,722	95,841
Saia, Inc.*	4,549	81,927	NETGEAR, Inc.*	11,500	165,715
Universal Truckload Services, Inc.	2,210	34,587	Network Equipment Technologies, Inc.*	9,355	39,852
USA Truck, Inc.*	2,424	32,797	Oplink Communications, Inc.*	7,250	82,650
Werner Enterprises, Inc. (a)	14,300	259,116	OpNext, Inc.*	7,700	16,478
YRC Worldwide, Inc.* (a)	18,500	32,005	Palm, Inc.* (a)	46,292	767,058
		<b>2,447,660</b>	ParkerVision, Inc.* (a)	9,458	28,941
<b>Trading Companies &amp; Distributors 0.8%</b>			PC-Tel, Inc.*	7,100	37,985
Aceto Corp.	8,081	53,900	Plantronics, Inc.	16,405	310,219
Aircastle Ltd.	16,279	119,651	Polycom, Inc.* (a)	28,158	570,763
Applied Industrial Technologies, Inc.	14,250	280,725	Powerwave Technologies, Inc.*	43,894	70,669
Beacon Roofing Supply, Inc.*	15,148	219,040	Riverbed Technology, Inc.* (a)	18,342	425,351
BlueLinx Holdings, Inc.*	3,450	10,350	SeaChange International, Inc.*	11,000	88,330
DXP Enterprises, Inc.*	2,600	29,822	ShoreTel, Inc.*	14,764	118,112
H&E Equipment Services, Inc.*	9,547	89,264	Sonus Networks, Inc.*	68,918	110,958
Houston Wire & Cable Co.	5,900	70,269	Starent Networks Corp.*	13,138	320,699
Interline Brands, Inc.*	10,875	148,770	Sycamore Networks, Inc.*	64,621	202,264
Kaman Corp.	8,700	145,290	Symmetricom, Inc.*	15,100	87,127
Lawson Products, Inc.	1,100	15,631	Tekelec*	22,291	375,158
RSC Holdings, Inc.* (a)	16,994	114,200	UTStarcom, Inc.*	37,400	60,962
Rush Enterprises, Inc. "A"*	11,140	129,781	ViaSat, Inc.*	8,800	225,632
TAL International Group, Inc.	4,924	53,672			<b>9,361,530</b>
Textainer Group Holdings Ltd.	2,700	31,023	<b>Computers &amp; Peripherals 1.1%</b>		
Titan Machinery, Inc.*	4,470	56,724	3PAR, Inc.*	9,155	113,522
United Rentals, Inc.*	20,784	134,888	ActivIdentity Corp.*	14,590	36,913
Watsco, Inc.	8,002	391,538	Adaptec, Inc.*	40,600	107,590
Willis Lease Finance Corp.*	1,424	18,683	Avid Technology, Inc.*	9,800	131,418
		<b>2,113,221</b>	Compellent Technologies, Inc.*	5,572	84,973
<b>Transportation Infrastructure 0.0%</b>			Cray, Inc.*	11,900	93,772
CAI International, Inc.*	2,942	<b>15,004</b>	Data Domain, Inc.*	15,908	530,532
<b>Information Technology 19.5%</b>			Electronics for Imaging, Inc.*	16,500	175,890
<b>Communications Equipment 3.7%</b>			Imation Corp.	9,500	72,295
3Com Corp.*	129,999	612,295	Immersion Corp.*	10,400	51,376
Acme Packet, Inc.*	13,023	131,793	Intermec, Inc.*	20,908	269,713
ADC Telecommunications, Inc.*	32,381	257,753	Intevac, Inc.*	7,800	67,938
ADTRAN, Inc.	18,506	397,324	Isilon Systems, Inc.*	8,304	35,209
Airvana, Inc.*	8,143	51,871	Netezza Corp.*	15,794	131,406
Anaren, Inc.*	4,870	86,102	Novatel Wireless, Inc.*	10,200	92,004
Arris Group, Inc.*	41,634	506,269	Quantum Corp.*	66,100	54,863
Aruba Networks, Inc.*	19,880	173,751	Rimage Corp.*	3,137	52,105
Avocent Corp.*	14,892	207,892	Silicon Graphics International Corp.*	10,300	46,762
Bel Fuse, Inc. "B"	3,688	59,155	STEC, Inc.* (a)	8,518	197,532
BigBand Networks, Inc.*	12,600	65,142	Stratasys, Inc.*	6,700	73,633
Black Box Corp.	5,874	196,603	Super Micro Computer, Inc.*	7,200	55,152
Blue Coat Systems, Inc.*	13,277	219,602			
Cogo Group, Inc.*	8,600	51,342			

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	Shares	Value (\$)		Shares	Value (\$)
Synaptics, Inc.* (a)	11,544	446,176	Digital River, Inc.*	12,773	463,915
		<b>2,920,774</b>	DivX, Inc.*	10,606	58,227
<b>Electronic Equipment, Instruments &amp; Components 2.1%</b>			EarthLink, Inc.*	35,500	263,055
Agilysys, Inc.	5,675	26,559	GSI Commerce, Inc.*	8,598	122,521
Anixter International, Inc.*	10,025	376,840	Imergent, Inc.	2,421	16,947
Benchmark Electronics, Inc.*	21,869	314,914	InfoSpace, Inc.*	12,100	80,223
Brightpoint, Inc.*	16,673	104,540	Innodata Isogen, Inc.*	6,834	29,933
Checkpoint Systems, Inc.*	13,069	205,053	Internap Network Services Corp.*	17,930	62,576
China Security & Surveillance Technology, Inc.*	10,899	82,178	Internet Brands, Inc. "A"*	9,030	63,210
Cogent, Inc.*	14,321	153,664	Internet Capital Group, Inc.*	12,300	82,779
Cognex Corp.	13,300	187,929	iPass, Inc.*	15,942	25,507
Coherent, Inc.*	7,300	150,964	j2 Global Communications, Inc.*	15,015	338,738
Comverge, Inc.*	6,718	81,288	Keynote Systems, Inc.*	4,200	32,088
CPI International, Inc.*	2,800	24,332	Limelight Networks, Inc.*	10,780	47,432
CTS Corp.	12,090	79,189	Liquidity Services, Inc.*	5,500	54,230
Daktronics, Inc.	11,000	84,700	LivePerson, Inc.*	13,480	53,920
DDi Corp.*	4,353	19,719	LoopNet, Inc.*	7,185	55,684
DTS, Inc.*	5,961	161,364	Marchex, Inc. "B"	6,600	22,242
Echelon Corp.* (a)	10,790	91,499	MercadoLibre, Inc.*	8,667	232,969
Electro Rent Corp.	6,400	60,736	ModusLink Global Solutions, Inc.*	15,310	105,027
Electro Scientific Industries, Inc.*	9,556	106,836	Move, Inc.*	51,757	111,795
FARO Technologies, Inc.*	5,800	90,074	NIC, Inc.	16,841	114,014
ICx Technologies, Inc.*	3,800	22,800	Omnicure, Inc.* (a)	22,675	284,798
Insight Enterprises, Inc.*	15,362	148,397	OpenTable, Inc.*	1,095	33,036
IPG Photonics Corp.*	7,645	83,866	Openwave Systems, Inc.*	27,507	61,616
L-1 Identity Solutions, Inc.*	25,196	195,017	Perficient, Inc.*	9,600	67,104
Littelfuse, Inc.*	7,286	145,428	Rackspace Hosting, Inc.*	22,277	308,759
Maxwell Technologies, Inc.*	7,476	103,393	RealNetworks, Inc.*	28,600	85,514
Measurement Specialties, Inc.*	4,637	32,691	Saba Software, Inc.*	7,942	30,577
Mercury Computer Systems, Inc.*	7,527	69,625	SAVVIS, Inc.*	12,000	137,520
Methode Electronics, Inc. "A"	12,556	88,143	Support.com, Inc.	13,900	30,302
MTS Systems Corp.	5,600	115,640	Switch & Data Facilities Co.*	6,600	77,418
Multi-Fineline Electronix, Inc.*	3,238	69,293	TechTarget, Inc.* (a)	3,400	13,600
Newport Corp.*	11,900	68,901	Terremark Worldwide, Inc.*	17,928	103,624
OSI Systems, Inc.*	5,100	106,335	The Knot, Inc.*	10,300	81,164
PAR Technology Corp.*	2,464	15,745	Travelzoo, Inc.*	1,743	19,086
Park Electrochemical Corp.	6,787	146,124	United Online, Inc.	28,237	183,823
PC Connection, Inc.*	2,400	12,600	ValueClick, Inc.*	29,141	306,563
PC Mall, Inc.*	3,500	23,660	Vignette Corp.*	7,940	104,411
Plexus Corp.*	13,256	271,218	VistaPrint Ltd.*	14,174	604,521
RadiSys Corp.*	7,474	67,341	Vocus, Inc.*	5,600	110,656
RAE Systems, Inc.*	12,612	17,405	Web.com Group, Inc.*	8,900	50,107
Rofin-Sinar Technologies, Inc.*	9,700	194,097	Zix Corp.*	20,485	30,727
Rogers Corp.*	5,200	105,196			<b>5,923,312</b>
ScanSource, Inc.* (a)	8,921	218,743	<b>IT Services 2.3%</b>		
Smart Modular Technologies (WWH), Inc.*	13,400	30,418	Axiom Corp.	22,769	201,050
Spectrum Control, Inc.*	4,034	35,499	CACI International, Inc. "A"*	9,996	426,929
SYNNEX Corp.*	6,452	161,235	Cass Information Systems, Inc.	2,724	89,184
Technitrol, Inc.	13,727	88,814	China Information Security Technology, Inc.*	8,580	24,539
TTM Technologies, Inc.*	14,700	117,012	CIBER, Inc.*	22,658	70,240
Universal Display Corp.*	9,815	95,991	Computer Task Group, Inc.*	4,676	28,524
X-Rite, Inc.*	7,808	11,712	CSG Systems International, Inc.*	11,723	155,213
Zygo Corp.*	4,200	19,572	CyberSource Corp.*	23,185	354,730
		<b>5,284,289</b>	eLoyalty Corp.*	2,008	15,823
<b>Internet Software &amp; Services 2.3%</b>			Euronet Worldwide, Inc.*	16,293	315,921
Art Technology Group, Inc.*	42,100	159,980	Exlservice Holdings, Inc.*	5,300	59,413
Bankrate, Inc.* (a)	4,300	108,532	Forrester Research, Inc.*	5,200	127,660
comScore, Inc.*	7,210	96,037	Gartner, Inc.*	19,862	303,094
Constant Contact, Inc.*	8,032	159,355	Global Cash Access Holdings, Inc.*	13,514	107,571
DealerTrack Holdings, Inc.*	12,600	214,200	Heartland Payment Systems, Inc.	12,530	119,912
Dice Holdings, Inc.*	5,000	23,250	iGATE Corp.	7,431	49,193
			infoGROUP, Inc.*	11,299	64,517

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	<b>Shares</b>	<b>Value (\$)</b>		<b>Shares</b>	<b>Value (\$)</b>
Information Services Group, Inc.*	7,395	22,259	NVE Corp.*	1,653	80,336
Integral Systems, Inc.*	6,270	52,166	OmniVision Technologies, Inc.*	16,841	174,978
Lionbridge Technologies, Inc.*	18,628	34,276	Pericom Semiconductor Corp.*	8,200	69,044
ManTech International Corp. "A"*	7,340	315,914	Photronics, Inc.*	13,946	56,481
MAXIMUS, Inc.	5,854	241,478	PLX Technology, Inc.*	10,985	41,413
MoneyGram International, Inc.*	26,867	47,823	Power Integrations, Inc.	7,995	190,201
NCI, Inc. "A"*	2,328	70,818	RF Micro Devices, Inc.*	89,189	335,351
Ness Technologies, Inc.*	14,100	55,131	Rubicon Technology, Inc.*	4,200	59,976
Online Resources Corp.*	8,500	53,040	Rudolph Technologies, Inc.*	10,155	56,056
Perot Systems Corp. "A"*	29,290	419,726	Semitoool, Inc.*	7,200	33,264
RightNow Technologies, Inc.*	7,620	89,916	Semtech Corp.*	20,443	325,248
Sapient Corp.*	28,286	177,919	Sigma Designs, Inc.* (a)	8,939	143,382
SRA International, Inc. "A"*	13,900	244,084	Silicon Image, Inc.*	25,100	57,730
StarTek, Inc.*	3,805	30,516	Silicon Storage Technology, Inc.*	28,000	52,360
Syntel, Inc. (a)	4,270	134,249	Skyworks Solutions, Inc.*	56,206	549,695
TeleTech Holdings, Inc.*	10,888	164,953	Standard Microsystems Corp.*	7,261	148,488
The Hackett Group, Inc.*	12,400	28,892	Supertex, Inc.*	3,648	91,601
Tier Technologies, Inc. "B"*	5,650	43,392	Techwell, Inc.*	5,800	49,300
TNS, Inc.*	8,684	162,825	Tessera Technologies, Inc.*	16,269	411,443
Unisys Corp.*	250,254	377,884	Trident Microsystems, Inc.*	22,400	38,976
VeriFone Holdings, Inc.*	24,829	186,466	TriQuint Semiconductor, Inc.*	49,970	265,341
Virtusa Corp.*	4,203	33,750	Ultratech, Inc.*	7,928	97,594
Wright Express Corp.*	12,871	327,824	Veeco Instruments, Inc.*	11,100	128,649
		<b>5,828,814</b>	Virage Logic Corp.*	4,937	22,217
<b>Semiconductors &amp; Semiconductor Equipment 3.5%</b>			Volterra Semiconductor Corp.*	7,600	99,864
Actel Corp.*	9,068	97,300	White Electronic Designs Corp.*	7,034	32,567
Advanced Analogic Technologies, Inc.*	15,554	71,393	Zoran Corp.*	17,375	189,388
Advanced Energy Industries, Inc.*	10,982	98,728			<b>9,027,533</b>
Amkor Technology, Inc.*	37,681	178,231	<b>Software 4.5%</b>		
ANADIGICS, Inc.*	21,044	88,174	ACI Worldwide, Inc.*	11,732	163,779
Applied Micro Circuits Corp.*	22,088	179,575	Actuate Corp.*	14,800	70,744
Atheros Communications*	20,454	393,535	Advent Software, Inc.*	5,100	167,229
ATMI, Inc.*	10,506	163,158	American Software, Inc. "A"	6,800	39,168
Brooks Automation, Inc.*	21,546	96,526	ArcSight, Inc.*	6,375	113,284
Cabot Microelectronics Corp.*	7,856	222,246	Ariba, Inc.*	29,329	288,597
Cavium Networks, Inc.*	12,113	203,620	AsialInfo Holdings, Inc.* (a)	9,788	168,451
CEVA, Inc.*	6,200	53,816	Blackbaud, Inc.	14,982	232,970
Cirrus Logic, Inc.*	23,000	103,500	Blackboard, Inc.*	10,674	308,052
Cohu, Inc.	7,483	67,197	Bottomline Technologies, Inc.*	8,300	74,783
Cymer, Inc.*	9,940	295,516	Callidus Software, Inc.*	9,100	25,935
Diodes, Inc.*	10,706	167,442	Chordiant Software, Inc.*	11,380	41,309
DSP Group, Inc.*	7,600	51,376	Commvault Systems, Inc.*	14,000	232,120
Entegris, Inc.*	38,060	103,523	Concur Technologies, Inc.* (a)	13,358	415,167
Entropic Communications, Inc.*	17,405	39,161	Deltek, Inc.* (a)	4,720	20,485
Exar Corp.*	11,876	85,388	DemandTec, Inc.*	6,500	57,200
FEI Co.*	12,570	287,853	Double-Take Software, Inc.*	6,200	53,630
FormFactor, Inc.*	16,591	286,029	Dynamics Research Corp.*	2,685	26,877
GSI Technology, Inc.*	5,571	21,504	Ebix, Inc.*	2,234	69,969
Hittite Microwave Corp.*	7,193	249,957	Entrust, Inc.*	18,300	33,123
Intellon Corp.*	6,869	29,193	Epicor Software Corp.*	16,615	88,059
IXYS Corp.	7,900	79,948	EPIQ Systems, Inc.* (a)	10,800	165,780
Kopin Corp.*	21,800	80,006	ePlus, Inc.*	1,066	15,532
Kulicke & Soffa Industries, Inc.*	20,382	69,910	Fair Isaac Corp. (a)	16,426	253,946
Lattice Semiconductor Corp.*	40,700	76,516	FalconStor Software, Inc.*	12,193	57,917
MEMSIC, Inc.*	4,655	19,737	GSE Systems, Inc.*	5,077	34,270
Micrel, Inc.	15,100	110,532	i2 Technologies, Inc.*	5,500	69,025
Microsemi Corp.*	27,288	376,574	Informatica Corp.*	29,280	503,323
Microtune, Inc.*	16,500	38,610	Interactive Intelligence, Inc.*	4,200	51,492
MIPS Technologies, Inc.*	16,000	48,000	Jack Henry & Associates, Inc.	28,068	582,411
MKS Instruments, Inc.*	16,557	218,387	JDA Software Group, Inc.*	8,807	131,753
Monolithic Power Systems, Inc.*	11,355	254,466	Kenexa Corp.*	7,933	91,785
Netlogic Microsystems, Inc.* (a)	6,033	219,963	Lawson Software, Inc.*	46,353	258,650
			Manhattan Associates, Inc.*	7,700	140,294

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	Shares	Value (\$)
Mentor Graphics Corp.*	31,733	173,579
MicroStrategy, Inc. "A"*	3,027	152,016
Monotype Imaging Holdings, Inc.*	7,097	48,331
MSC Software Corp.*	15,180	101,099
Net 1 UEPS Technologies, Inc.*	12,810	174,088
NetScout Systems, Inc.*	8,667	81,296
NetSuite, Inc.*	5,484	64,766
OpenTV Corp. "A"*	26,600	35,112
OPNET Technologies, Inc.	4,186	38,344
Parametric Technology Corp.*	38,824	453,853
Pegasystems, Inc.	5,017	132,348
Pervasive Software, Inc.*	4,735	28,836
Phoenix Technologies Ltd.*	10,100	27,371
Progress Software Corp.*	13,594	287,785
PROS Holdings, Inc.*	6,260	50,831
QAD, Inc.	3,400	11,050
Quest Software, Inc.*	21,984	306,457
Radiant Systems, Inc.*	9,097	75,505
Renaissance Learning, Inc.	2,200	20,262
Rosetta Stone, Inc.*	2,203	60,450
S1 Corp.*	17,650	121,785
Smith Micro Software, Inc.*	9,500	93,290
Solarwinds, Inc.*	4,121	67,955
Solera Holdings, Inc.*	23,308	592,023
SonicWALL, Inc.*	18,600	101,928
Sourcefire, Inc.*	7,366	91,265
SPSS, Inc.*	6,100	203,557
SRS Labs, Inc.*	3,541	23,548
SuccessFactors, Inc.* (a)	12,402	113,850
SumTotal Systems, Inc.*	10,313	49,605
Symyx Technologies, Inc.*	11,470	67,099
Synchronoss Technologies, Inc.*	6,700	82,209
Take-Two Interactive Software, Inc.* (a)	26,907	254,809
Taleo Corp. "A"*	10,518	192,164
TeleCommunication Systems, Inc. "A"*	12,735	90,546
THQ, Inc.*	23,281	166,692
TIBCO Software, Inc.*	58,887	422,220
TiVo, Inc.*	35,025	367,062
Tyler Technologies, Inc.*	10,514	164,229
Ultimate Software Group, Inc.* (a)	8,100	196,344
Unica Corp.*	4,100	22,468
VASCO Data Security International, Inc.*	8,822	64,489
Websense, Inc.*	14,834	264,639
Wind River Systems, Inc.*	22,870	262,090
		<b>11,446,354</b>

### Materials 3.7%

#### Chemicals 1.8%

A. Schulman, Inc.	7,804	117,918
American Vanguard Corp.	6,533	73,823
Arch Chemicals, Inc.	8,414	206,900
Balchem Corp.	6,114	149,915
Calgon Carbon Corp.* (a)	18,393	255,479
Ferro Corp.	15,432	42,438
GenTek, Inc.*	2,900	64,757
H.B. Fuller Co.	16,393	307,697
Hawkins, Inc.	2,826	63,811
ICO, Inc.* (a)	8,000	21,760
Innophos Holdings, Inc.	5,733	96,830
Innospec, Inc.	8,100	87,075

	Shares	Value (\$)
Koppers Holdings, Inc.	6,856	180,793
Landec Corp.*	8,547	58,034
LSB Industries, Inc.*	5,800	93,786
Minerals Technologies, Inc.	6,272	225,917
NewMarket Corp.	3,379	227,508
NL Industries, Inc.	1,832	13,520
Olin Corp.	26,088	310,186
OM Group, Inc.*	10,316	299,370
Omnova Solutions, Inc.*	14,403	46,954
PolyOne Corp.*	30,062	81,468
Quaker Chemical Corp.	3,900	51,831
Rockwood Holdings, Inc.*	16,537	242,102
Sensient Technologies Corp.	16,353	369,087
ShengdaTech, Inc.*	9,400	35,438
Solutia, Inc.*	32,377	186,492
Spartech Corp.	10,200	93,738
Stepan Co.	2,438	107,662
W.R. Grace & Co.*	24,243	299,886
Westlake Chemical Corp.	6,491	132,352
Zep, Inc.	7,176	86,471
Zoltek Companies, Inc.* (a)	9,700	94,284

**4,725,282**

#### Construction Materials 0.1%

Headwaters, Inc.* (a)	14,040	47,174
Texas Industries, Inc. (a)	7,922	248,434
United States Lime & Minerals, Inc.*	566	24,010
US Concrete, Inc.*	13,500	26,730

**346,348**

#### Containers & Packaging 0.5%

AEP Industries, Inc.*	1,734	45,760
Boise, Inc.*	12,300	21,156
Bway Holding Co.*	2,458	43,089
Graphic Packaging Holding Co.*	39,416	72,131
Myers Industries, Inc.	10,497	87,335
Rock-Tenn Co. "A"	12,854	490,509
Silgan Holdings, Inc.	9,003	441,417

**1,201,397**

#### Metals & Mining 0.9%

A.M. Castle & Co.	5,489	66,307
Allied Nevada Gold Corp.*	14,600	117,676
AMCOL International Corp. (a)	7,874	169,921
Brush Engineered Materials, Inc.*	6,600	110,550
Century Aluminum Co.*	15,755	98,154
China Precision Steel, Inc.*	9,934	24,636
Coeur d'Alene Mines Corp.*	22,971	282,543
General Moly, Inc.* (a)	21,500	47,730
General Steel Holdings, Inc.*	4,932	19,580
Haynes International, Inc.*	4,200	99,540
Hecla Mining Co.*	73,131	195,991
Horsehead Holding Corp.*	11,800	87,910
Kaiser Aluminum Corp.	5,200	186,732
Olympic Steel, Inc.	3,000	73,410
Paramount Gold and Silver Corp.*	20,369	30,961
RTI International Metals, Inc.*	8,015	141,625
Stillwater Mining Co.*	13,598	77,645
Sutor Technology Group Ltd.*	3,600	11,772
Universal Stainless & Alloy Products, Inc.*	2,400	39,048
US Gold Corp.*	26,225	69,234
Worthington Industries, Inc.	20,156	257,795

**2,208,760**

The accompanying notes are an integral part of the financial statements.

	Shares	Value (\$)
<b>Paper &amp; Forest Products 0.4%</b>		
Buckeye Technologies, Inc.*	12,398	55,667
Clearwater Paper Corp.*	3,806	96,254
Deltic Timber Corp.	3,700	131,239
Domtar Corp.*	13,954	231,357
Glatfelter	15,195	135,235
KapStone Paper and Packaging Corp.*	6,666	31,264
Louisiana-Pacific Corp.*	34,400	117,648
Neenah Paper, Inc.	4,900	43,169
Schweitzer-Mauduit International, Inc.	5,147	140,050
Wausau Paper Corp.	14,680	98,650
		<b>1,080,533</b>

### Telecommunication Services 1.3%

#### Diversified Telecommunication Services 0.9%

AboveNet, Inc.*	2,133	172,730
Alaska Communications Systems Group, Inc. (a)	15,200	111,264
Atlantic Tele-Network, Inc.	3,117	122,467
Cbeyond, Inc.*	7,800	111,930
Cincinnati Bell, Inc.*	73,400	208,456
Cogent Communications Group, Inc.*	15,294	124,646
Consolidated Communications Holdings, Inc.	8,250	96,607
D&E Communications, Inc.	4,707	48,153
FairPoint Communications, Inc.	28,090	16,854
FiberNet Telecom Group, Inc.*	1,828	22,704
General Communication, Inc. "A"*	14,100	97,713
Global Crossing Ltd.*	9,647	88,559
HickoryTech Corp.	4,042	31,043
iBasis, Inc.*	6,400	8,384
inContact, Inc.*	8,490	23,263
Iowa Telecommunications Services, Inc.	11,006	137,685
Neutral Tandem, Inc.*	10,969	323,805
NTELOS Holdings Corp.	10,068	185,452
PAETEC Holding Corp.*	41,166	111,148
Premiere Global Services, Inc.*	20,248	219,488
SureWest Communications*	4,597	48,131
		<b>2,310,482</b>

#### Wireless Telecommunication Services 0.4%

Centennial Communications Corp.*	28,523	238,452
iPCS, Inc.*	5,800	86,768
Shenandoah Telecommunications Co.	8,072	163,781
Syniverse Holdings, Inc.*	23,122	370,646
USA Mobility, Inc.	7,460	95,190
Virgin Mobile USA, Inc. "A"*	12,563	50,503
		<b>1,005,340</b>

### Utilities 3.5%

#### Electric Utilities 1.1%

ALLETE, Inc.	9,000	258,750
Central Vermont Public Service Corp.	3,900	70,590
Cleco Corp.	20,304	455,216
El Paso Electric Co.*	15,017	209,637
Empire District Electric Co.	11,342	187,370
IDACORP, Inc.	15,872	414,894
MGE Energy, Inc.	7,718	258,939
Portland General Electric Co.	25,155	490,019
UIL Holdings Corp.	9,793	219,853

	Shares	Value (\$)
Unisource Energy Corp.	11,918	316,304
Unitil Corp.	3,371	69,510
		<b>2,951,082</b>

### Gas Utilities 1.4%

Chesapeake Utilities Corp.	2,194	71,371
New Jersey Resources Corp.	14,092	521,968
Nicor, Inc.	15,149	524,458
Northwest Natural Gas Co.	8,840	391,789
Piedmont Natural Gas Co., Inc.	24,639	594,046
South Jersey Industries, Inc.	9,995	348,725
Southwest Gas Corp.	14,962	332,306
The Laclede Group, Inc.	7,398	245,096
WGL Holdings, Inc.	16,838	539,153
		<b>3,568,912</b>

### Independent Power Producers & Energy Traders 0.0%

US Geothermal, Inc.*	19,972	28,360
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#### Multi-Utilities 0.6%

Avista Corp.	18,538	330,162
Black Hills Corp. (a)	13,032	299,605
CH Energy Group, Inc.	5,271	246,156
Florida Public Utilities Co.	1,825	25,605
NorthWestern Corp.	12,100	275,396
PNM Resources, Inc.	29,125	311,929
		<b>1,488,853</b>

#### Water Utilities 0.4%

American States Water Co.	6,185	214,248
Artesian Resources Corp. "A"	1,786	28,451
Cadiz, Inc.*	4,016	38,674
California Water Service Group	6,530	240,565
Connecticut Water Service, Inc.	2,660	57,695
Consolidated Water Co., Ltd.	5,200	82,420
Middlesex Water Co.	4,231	61,138
Pennichuck Corp.	1,270	28,956
SJW Corp.	4,315	97,951
Southwest Water Co.	8,225	45,402
York Water Co.	3,576	54,820
		<b>950,320</b>

<b>Total Common Stocks</b> (Cost \$340,923,081)		<b>251,348,509</b>
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### Warrants 0.0%

#### Industrials

Pegasus Wireless Corp., Expiration Date 2/15/2020* (Cost \$0)	2,040	<b>0</b>
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### Rights 0.0%

#### Consumer Discretionary

Sealy Corp., Expiration Date 7/2/2009* (a) (Cost \$85,444)	13,900	<b>29,468</b>
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Principal Amount (\$)	Value (\$)
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### Government & Agency Obligation 0.3%

#### US Treasury Obligation

US Treasury Bill, 0.28%**, 11/19/2009 (b) (Cost \$734,196)	735,000	<b>734,266</b>
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The accompanying notes are an integral part of the financial statements.

	Shares	Value (\$)
<b>Closed-End Investment Companies 0.1%</b>		
Apollo Investment Corp.	47,746	286,476
Kayne Anderson Energy Development Co.	3,259	43,214
<b>Total Closed-End Investment Companies</b> (Cost \$878,223)		<b>329,690</b>

### Securities Lending Collateral 10.8%

Daily Assets Fund Institutional, 0.48% (c) (d) (Cost \$27,497,757)	27,497,757	<b>27,497,757</b>
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### Cash Equivalents 0.3%

Cash Management QP Trust, 0.27% (c) (Cost \$623,610)	623,610	<b>623,610</b>
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	% of Net Assets	Value (\$)
<b>Total Investment Portfolio</b> (Cost \$370,742,311) <sup>†</sup>	109.9	<b>280,563,300</b>
<b>Other Assets and Liabilities, Net (a)</b>	(9.9)	<b>(25,203,035)</b>
<b>Net Assets</b>	100.0	<b>255,360,265</b>

\* Non-income producing security.

\*\* Annualized yield at time of purchase; not a coupon rate.

† The cost for federal income tax purposes was \$371,996,503. At June 30, 2009, net unrealized depreciation for all securities based on tax cost was \$91,443,203. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$16,717,661 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$108,150,864.

- (a) All or a portion of these securities were on loan amounting to \$23,815,749 (see Notes to Financial Statements). In addition, included in other assets and liabilities, net are pending sales, amounting to \$2,606,769, that are also on loan. The value of all securities loaned at June 30, 2009 amounted to \$26,422,518, which is 10.3% of net assets.
- (b) At June 30, 2009, this security has been pledged, in whole or in part, to cover initial margin requirements for open futures contracts.
- (c) Affiliated fund managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.
- (d) Represents collateral held in connection with securities lending. Income earned by the Portfolio is net of borrower rebates.

REIT: Real Estate Investment Trust

At June 30, 2009, open futures contracts purchased were as follows:

Futures	Expiration Date	Contracts	Aggregated Face Value (\$)	Value (\$)	Unrealized Appreciation (\$)
Russell E Mini 2000 Index	9/18/2009	81	4,076,720	4,108,320	<b>31,600</b>

For information on the Portfolio's policy and additional disclosures regarding futures contracts, please refer to the Derivatives section of Note A in the accompanying Notes to Financial Statements.

### Fair Value Measurements

Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, "Fair Value Measurements," as amended, establishes a three-tier hierarchy for measuring fair value and requires additional disclosure about the classification of fair value measurements.

Various inputs are used in determining the value of the Portfolio's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, and credit risk). Level 3 includes significant unobservable inputs (including the Portfolio's own assumptions in determining the fair value of investments). The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of June 30, 2009 in valuing the Portfolio's investments. For information on the Portfolio's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to the Financial Statements.

Assets	Level 1	Level 2	Level 3
Common Stock and/or Other Equity Investments (e)	\$ 251,707,667	\$ —	0 <sup>†</sup>
Short-Term Investments (e)	27,497,757	1,357,876	—
Derivatives (f)	31,600	—	—
<b>Total</b>	<b>\$ 279,237,024</b>	<b>\$ 1,357,876</b>	<b>\$ 0</b>

(e) See Investment Portfolio for additional detailed categorizations.

(f) Derivatives include unrealized appreciation on open futures contracts.

† At December 31, 2008 market value of security was \$0.

The accompanying notes are an integral part of the financial statements.

# Financial Statements

## Statement of Assets and Liabilities

as of June 30, 2009 (Unaudited)

### Assets

Investments:

Investments in securities, at value (cost \$342,620,944) — including \$23,815,749 of securities loaned	\$ 252,441,933
Investment in Daily Assets Fund Institutional (cost \$27,497,757)*	27,497,757
Investment in Cash Management QP Trust (cost \$623,610)	623,610
<b>Total investments at value (cost \$370,742,311)</b>	<b>280,563,300</b>
Cash	50,709
Receivable for investments sold	33,657,826
Dividends receivable	231,812
Interest receivable	42,570
Receivable for Portfolio shares sold	61,721
Other assets	12,235
<b>Total assets</b>	<b>314,620,173</b>

### Liabilities

Payable for investments purchased	31,443,205
Payable upon return of securities loaned	27,497,757
Payable for Portfolio shares redeemed	112,157
Payable for daily variation margin on open futures contracts	6,480
Accrued management fee	72,487
Other accrued expenses and payables	127,822
<b>Total liabilities</b>	<b>59,259,908</b>
<b>Net assets, at value</b>	<b>\$ 255,360,265</b>

### Net Assets Consist of

Undistributed net investment income	1,540,118
Net unrealized appreciation (depreciation) on:	
Investments	(90,179,011)
Futures	31,600
Accumulated net realized gain (loss)	(22,440,880)
Paid-in capital	366,408,438
<b>Net assets, at value</b>	<b>\$ 255,360,265</b>

### Class A

<b>Net Asset Value</b> , offering and redemption price per share (\$213,596,828 ÷ 26,695,745 outstanding shares of beneficial interest, \$.001 par value, unlimited number of shares authorized)	<b>\$ 8.00</b>
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### Class B

<b>Net Asset Value</b> , offering and redemption price per share (\$41,763,437 ÷ 5,216,499 outstanding shares of beneficial interest, \$.001 par value, unlimited number of shares authorized)	<b>\$ 8.01</b>
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\* Represents collateral on securities loaned.

## Statement of Operations

for the six months ended June 30, 2009 (Unaudited)

### Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$425)	\$ 1,912,234
Interest — Cash Management QP Trust	9,862
Interest	513
Securities lending income, including income from Daily Assets Fund Institutional, net of borrower rebates	307,747
<b>Total Income</b>	<b>2,230,356</b>
Expenses:	
Management fee	395,601
Administration fee	113,029
Custodian fee	12,100
Distribution service fees (Class B)	47,531
Services to shareholders	3,104
Professional fees	33,804
Trustees' fees and expenses	6,097
Reports to shareholders	45,013
Other	29,780
<b>Total expenses before expense reductions</b>	<b>686,059</b>
Expense reductions	(89,015)
<b>Total expenses after expense reductions</b>	<b>597,044</b>
<b>Net investment income (loss)</b>	<b>1,633,312</b>

### Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(19,709,171)
Futures	1,068,427
Foreign currency	(199)
	(18,640,943)
Change in net unrealized appreciation (depreciation)	
Investments	23,961,207
Futures	(667,457)
Foreign currency	11
	23,293,761
<b>Net gain (loss)</b>	<b>4,652,818</b>
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$ 6,286,130</b>

The accompanying notes are an integral part of the financial statements.

## Statement of Changes in Net Assets

	Six Months Ended June 30, 2009 (Unaudited)	Year Ended December 31, 2008
<b>Increase (Decrease) in Net Assets</b>		
Operations:		
Net investment income (loss)	\$ 1,633,312	\$ 4,678,372
Net realized gain (loss)	(18,640,943)	14,901,111
Change in net unrealized appreciation (depreciation)	23,293,761	(143,865,318)
Net increase (decrease) in net assets resulting from operations	6,286,130	(124,285,835)
Distributions to shareholders from:		
Net investment income:		
Class A	(3,930,572)	(4,288,526)
Class B	(665,403)	(769,075)
Net realized gains:		
Class A	(14,741,493)	(27,269,429)
Class B	(2,865,686)	(5,881,158)
Total distributions	(22,203,154)	(38,208,188)
Portfolio share transactions:		
<b>Class A</b>		
Proceeds from shares sold	31,835,972	58,634,125
Reinvestment of distributions	18,672,065	31,557,955
Cost of shares redeemed	(21,420,904)	(64,335,261)
Net increase (decrease) in net assets from Class A share transactions	29,087,133	25,856,819
<b>Class B</b>		
Proceeds from shares sold	2,703,441	7,947,062
Reinvestment of distributions	3,531,089	6,650,233
Cost of shares redeemed	(3,922,427)	(16,386,534)
Net increase (decrease) in net assets from Class B share transactions	2,312,103	(1,789,239)
<b>Increase (decrease) in net assets</b>	<b>15,482,212</b>	<b>(138,426,443)</b>
Net assets at beginning of period	239,878,053	378,304,496
Net assets at end of period (including undistributed net investment income of \$1,540,118 and \$4,502,781, respectively)	<b>\$ 255,360,265</b>	<b>\$ 239,878,053</b>
<b>Other Information</b>		
<b>Class A</b>		
Shares outstanding at beginning of period	22,888,959	20,730,811
Shares sold	4,061,482	5,038,694
Shares issued to shareholders in reinvestment of distributions	2,547,349	2,603,792
Shares redeemed	(2,802,045)	(5,484,338)
Net increase (decrease) in Class A shares	3,806,786	2,158,148
Shares outstanding at end of period	<b>26,695,745</b>	<b>22,888,959</b>
<b>Class B</b>		
Shares outstanding at beginning of period	4,907,741	4,996,175
Shares sold	352,171	731,345
Shares issued to shareholders in reinvestment of distributions	481,731	548,246
Shares redeemed	(525,144)	(1,368,025)
Net increase (decrease) in Class B shares	308,758	(88,434)
Shares outstanding at end of period	<b>5,216,499</b>	<b>4,907,741</b>

The accompanying notes are an integral part of the financial statements.

# Financial Highlights

## Class A

Years Ended December 31,	2009 <sup>a</sup>	2008	2007	2006	2005	2004
<b>Selected Per Share Data</b>						
<b>Net asset value, beginning of period</b>	<b>\$ 8.63</b>	<b>\$14.71</b>	<b>\$16.12</b>	<b>\$14.40</b>	<b>\$14.35</b>	<b>\$12.24</b>
<i>Income (loss) from investment operations:</i>						
Net investment income (loss) <sup>b</sup>	.06	.18	.17	.14	.11	.11
Net realized and unrealized gain (loss)	.07	(4.77)	(.40)	2.34	.42	2.06
<b>Total from investment operations</b>	.13	(4.59)	(.23)	2.48	.53	2.17
<i>Less distributions from:</i>						
Net investment income	(.16)	(.20)	(.14)	(.10)	(.09)	(.06)
Net realized gains	(.60)	(1.29)	(1.04)	(.66)	(.39)	—
<b>Total distributions</b>	(.76)	(1.49)	(1.18)	(.76)	(.48)	(.06)
<b>Net asset value, end of period</b>	<b>\$ 8.00</b>	<b>\$ 8.63</b>	<b>\$14.71</b>	<b>\$16.12</b>	<b>\$14.40</b>	<b>\$14.35</b>
Total Return (%) <sup>c</sup>	2.28 <sup>**</sup>	(34.12)	(1.90)	17.49	4.26	17.76
<b>Ratios to Average Net Assets and Supplemental Data</b>						
Net assets, end of period (\$ millions)	214	198	305	536	449	450
Ratio of expenses before expense reductions (%)	.57 <sup>*</sup>	.54	.53	.47	.46	.48
Ratio of expenses after expense reductions (%)	.49 <sup>*</sup>	.47	.51	.45	.45	.45
Ratio of net investment income (loss) (%)	1.49 <sup>*</sup>	1.51	1.09	.93	.78	.87
Portfolio turnover rate (%)	18 <sup>**</sup>	25	24 <sup>d</sup>	42	26	22

<sup>a</sup> For the six months ended June 30, 2009 (Unaudited).

<sup>b</sup> Based on average shares outstanding during the period.

<sup>c</sup> Total return would have been lower had certain expenses not been reduced.

<sup>d</sup> Excludes portfolio securities delivered as a result of processing redemption in-kind transactions.

<sup>\*</sup> Annualized

<sup>\*\*</sup> Not annualized

## Class B

Years Ended December 31,	2009 <sup>a</sup>	2008	2007	2006	2005	2004
<b>Selected Per Share Data</b>						
<b>Net asset value, beginning of period</b>	<b>\$ 8.62</b>	<b>\$14.70</b>	<b>\$16.11</b>	<b>\$14.39</b>	<b>\$14.34</b>	<b>\$12.23</b>
<i>Income (loss) from investment operations:</i>						
Net investment income (loss) <sup>b</sup>	.05	.15	.13	.10	.07	.08
Net realized and unrealized gain (loss)	.08	(4.77)	(.40)	2.34	.43	2.05
<b>Total from investment operations</b>	.13	(4.62)	(.27)	2.44	.50	2.13
<i>Less distributions from:</i>						
Net investment income	(.14)	(.17)	(.10)	(.06)	(.06)	(.02)
Net realized gains	(.60)	(1.29)	(1.04)	(.66)	(.39)	—
<b>Total distributions</b>	(.74)	(1.46)	(1.14)	(.72)	(.45)	(.02)
<b>Net asset value, end of period</b>	<b>\$ 8.01</b>	<b>\$ 8.62</b>	<b>\$14.70</b>	<b>\$16.11</b>	<b>\$14.39</b>	<b>\$14.34</b>
Total Return (%) <sup>c</sup>	2.27 <sup>**</sup>	(34.33)	(2.16)	17.19	3.99	17.48
<b>Ratios to Average Net Assets and Supplemental Data</b>						
Net assets, end of period (\$ millions)	42	42	73	68	45	35
Ratio of expenses before expense reductions (%)	.82 <sup>*</sup>	.79	.78	.72	.71	.73
Ratio of expenses after expense reductions (%)	.74 <sup>*</sup>	.72	.76	.70	.70	.70
Ratio of net investment income (loss) (%)	1.24 <sup>*</sup>	1.26	.84	.68	.53	.66
Portfolio turnover rate (%)	18 <sup>**</sup>	25	24 <sup>d</sup>	42	26	22

<sup>a</sup> For the six months ended June 30, 2009 (Unaudited).

<sup>b</sup> Based on average shares outstanding during the period.

<sup>c</sup> Total return would have been lower had certain expenses not been reduced.

<sup>d</sup> Excludes portfolio securities delivered as a result of processing redemption in-kind transactions.

<sup>\*</sup> Annualized

<sup>\*\*</sup> Not annualized

## A. Organization and Significant Accounting Policies

DWS Investments VIT Funds (the "Trust") is registered under the Investment Company Act of 1940, as amended, (the "1940 Act") as a diversified, open-end management investment company. The Trust is organized as a Massachusetts business trust. The Trust is comprised of several portfolios. DWS Small Cap Index VIP (the "Portfolio") is one of the series the Trust offers to investors. The Portfolio is an underlying investment vehicle for variable annuity contracts and variable life insurance policies to be offered by the separate accounts of certain life insurance companies ("Participating Insurance Companies").

**Multiple Classes of Shares of Beneficial Interest.** The Portfolio offers two classes of shares to investors: Class A shares and Class B shares. Class B shares are subject to Rule 12b-1 distribution fees under the 1940 Act equal to an annual rate up to 0.25% of the Class B shares average daily net assets. Class A shares are not subject to such fees.

Investment income, realized and unrealized gains and losses, and certain Portfolio-level expenses and expense reductions, if any, are borne pro rata on the basis of relative net assets by the holders of all classes of shares, except that each class bears certain expenses unique to that class (including the applicable 12b-1 distribution fee). Differences in class-level expenses may result in payment of different per share dividends by class. All shares have equal rights with respect to voting subject to class-specific arrangements.

The Portfolio's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America which require the use of management estimates. Actual results could differ from those estimates. The policies described below are followed consistently by the Portfolio in the preparation of its financial statements.

**Security Valuation.** Investments are stated at value determined as of the close of regular trading on the New York Stock Exchange on each day the exchange is open for trading. Equity securities are valued at the most recent sale price or official closing price reported on the exchange (US or foreign) or over-the-counter market on which they trade. Securities for which no sales are reported are valued at the calculated mean between the most recent bid and asked quotations on the relevant market or, if a mean cannot be determined, at the most recent bid quotation.

Debt securities are valued by independent pricing services approved by the Trustees of the Portfolio. If the pricing services are unable to provide valuations, the securities are valued at the average of the means based on the most recent bid or evaluated price, as applicable, obtained from one or more broker-dealers. Such services may use various pricing techniques which take into account appropriate factors such as yield, quality, coupon rate, maturity, type of issue, trading characteristics and other data, as well as broker quotes.

Money market instruments purchased with an original or remaining maturity of sixty days or less, maturing at par, are valued at amortized cost. Investments in open-end investment companies and Cash Management QP Trust are valued at their net asset value each business day.

Securities and other assets for which market quotations are not readily available or for which the above valuation procedures are deemed not to reflect fair value are valued in a manner that is intended to reflect their fair value as determined in accordance with procedures approved by the Trustees. In accordance with the Portfolio's valuation procedures, factors used in determining value may include, but are not limited to, the type of the security, the size of the holding, the initial cost of the security, the existence of any contractual restrictions on the security's disposition, the price and extent of public trading in similar securities of the issuer or of comparable companies, quotations or evaluated prices from broker-dealers and/or pricing services, information obtained from the issuer, analysts, and/or the appropriate stock exchange (for exchange-traded securities), an analysis of the company's financial statements, an evaluation of the forces that influence the issuer and the market(s) in which the security is purchased and sold and with respect to debt securities, the maturity, coupon, creditworthiness, currency denomination, and the movement of the market in which the security is normally traded. The value determined under these procedures may differ from published values for the same securities.

**Foreign Currency Translations.** The books and records of the Portfolio are maintained in US dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into US dollars at the prevailing exchange rates at period end. Purchases and sales of investment securities, income and expenses are translated into US dollars at the prevailing exchange rates on the respective dates of the transactions.

Net realized and unrealized gains and losses on foreign currency transactions represent net gains and losses between trade and settlement dates on securities transactions, the disposition of forward foreign currency exchange contracts and foreign currencies, and the difference between the amount of net investment income accrued and the US dollar amount actually received. That portion of both realized and unrealized gains and losses

on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed but is included with net realized and unrealized gain/appreciation and loss/depreciation on investments.

**Securities Lending.** The Portfolio may lend securities to financial institutions. The Portfolio retains beneficial ownership of the securities it has loaned and continues to receive interest and dividends paid by the issuer of securities and to participate in any changes in their market value. The Portfolio requires the borrowers of the securities to maintain collateral with the Portfolio consisting of liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agents will use their best efforts to obtain additional collateral on the next business day to meet required amounts under the security lending agreement. The Portfolio may invest the cash collateral into a joint trading account in an affiliated money market fund pursuant to Exemptive Orders issued by the SEC. The Portfolio receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Portfolio or the borrower may terminate the loan. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. The Portfolio is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

**Derivatives.** The Portfolio has adopted the provisions of Statement of Financial Accounting Standard No. 161 ("FAS 161"), "Disclosures about Derivative Instruments and Hedging Activities," effective at the beginning of the Portfolio's fiscal year. FAS 161 requires enhanced disclosures about the Portfolio's derivative and hedging activities and derivatives accounted for as hedging instruments under FAS 133 must be disclosed separately from derivatives that do not qualify for hedge accounting under FAS 133. Because investment companies account for their derivatives at fair value and record any changes in fair value in current period earnings, the Portfolio's derivatives are not accounted for as hedging instruments under FAS 133. As such, even though the Portfolio may use derivatives in an attempt to achieve an economic hedge, the Portfolio's derivatives are not considered to be hedging instruments under FAS 133. The disclosure below is presented in accordance with FAS 161.

**Futures Contracts.** A futures contract is an agreement between a buyer or seller and an established futures exchange or its clearinghouse in which the buyer or seller agrees to take or make a delivery of a specific amount of a financial instrument at a specified price on a specific date (settlement date). The Portfolio is subject to equity risk. The Portfolio invests in futures to keep cash on hand to meet shareholder redemptions or other needs while maintaining exposure to the stock market.

Futures contracts are valued at the most recent settlement price. Upon entering into a futures contract, the Portfolio is required to deposit with a financial intermediary cash or securities ("initial margin") in an amount equal to a certain percentage of the face value indicated in the futures contract. Subsequent payments ("variation margin") are made or received by the Portfolio dependent upon the daily fluctuations in the value and are recorded for financial reporting purposes as unrealized gains or losses by the Portfolio. Gains or losses are realized when the contract expires or is closed. Since all futures contracts are exchange traded, counterparty risk is minimized as the exchange's clearinghouse acts as the counterparty, and guarantees the futures against default. Upon a futures contract close out or expiration, realized gain or loss is recognized.

Certain risks may arise upon entering into futures contracts, including the risk that an illiquid market will limit the Portfolio's ability to close out a futures contract prior to the settlement date and that a change in the value of a futures contract may not correlate exactly with the changes in the value of the underlying hedged security, index or currency. Risk of loss may exceed amounts recognized on the Statement of Assets and Liabilities.

The primary risk exposure of the futures contracts is equity contract risk. See Statement of Assets and Liabilities for net unrealized appreciation (depreciation) on futures. Payable for daily variation margin on open futures contracts reflects unsettled variation margin. See Statement of Operations for net realized gain (loss) from futures and for change in net unrealized appreciation (depreciation) on futures.

A summary of the open futures contracts as of June 30, 2009 is included in a table following the Portfolio's Investment Portfolio. The volume indicated is generally indicative of the volume throughout the period.

**Federal Income Taxes.** The Portfolio's policy is to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies, and to distribute all of its taxable and tax-exempt income to its shareholders.

From November 1, 2008 through December 31, 2008, the Portfolio incurred approximately \$1,846,000 of net realized capital losses. As permitted by tax regulations, the Portfolio intends to elect to defer these losses and treat them as arising in the fiscal year ending December 31, 2009.

The Portfolio has reviewed the tax positions for the open tax years as of December 31, 2008 and has determined that no provision for income tax is required in the Portfolio's financial statements. The Portfolio's federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

**Distribution of Income and Gains.** Net investment income of the Portfolio, if any, is distributed to shareholders annually. Net realized gains from investment transactions, in excess of available capital loss carryforwards, would be taxable to the Portfolio if not distributed, and, therefore, will be distributed to shareholders at least annually.

The timing and characterization of certain income and capital gains distributions are determined annually in accordance with federal tax regulations, which may differ from accounting principles generally accepted in the United States of America. These differences primarily relate to investments in futures contracts and certain securities sold at a loss. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. Accordingly, the Portfolio may periodically make reclassifications among certain of its capital accounts without impacting the net asset value of the Portfolio.

The tax character of current year distributions will be determined at the end of the current fiscal year.

**Contingencies.** In the normal course of business, the Portfolio may enter into contracts with service providers that contain general indemnification clauses. The Portfolio's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Portfolio that have not yet been made. However, based on experience, the Portfolio expects the risk of loss to be remote.

**Expenses.** Expenses of the Trust arising in connection with a specific portfolio are allocated to that portfolio. Other Trust expenses which cannot be directly attributed to a portfolio are apportioned among the portfolios in the Trust.

**Real Estate Investment Trusts.** The Portfolio periodically recharacterizes distributions received from a Real Estate Investment Trust ("REIT") investment based on information provided by the REIT into the following categories: ordinary income, long-term and short-term capital gains, and return of capital. If information is not available timely from a REIT, the recharacterization will be estimated and a recharacterization will be made in the following year when such information becomes available. Distributions received from REITs in excess of income are recorded as either a reduction of cost of investments or realized gains. The Portfolio distinguishes between dividends on a tax basis and a financial reporting basis and only distributions in excess of tax basis earnings and profits are reported in the financial statements as a tax return of capital.

**Other.** Investment transactions are accounted for on a trade date plus one basis for daily net asset valuation calculations. However, for financial reporting purposes, investment transactions are reported on trade date. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date net of foreign withholding taxes. Realized gains and losses from investment transactions are recorded on an identified cost basis. The Portfolio distinguishes between dividends on a tax basis and a financial reporting basis and only distributions in excess of tax basis earnings and profits are reported in the financial statements as a tax return of capital.

## **B. Purchases and Sales of Securities**

During the six months ended June 30, 2009, purchases and sales of investment securities (excluding short-term investments) aggregated \$59,094,031 and \$41,667,456, respectively.

## **C. Related Parties**

**Investment Management Agreement.** Under the Investment Management Agreement with Deutsche Investment Management Americas Inc. ("DIMA" or the "Advisor"), an indirect, wholly owned subsidiary of Deutsche Bank AG, the Advisor determines the securities, instruments and other contracts relating to investments to be purchased, sold, or entered into by the Portfolio or delegates such responsibility to the Portfolio's subadvisor. Pursuant to the Investment Management Agreement with the Advisor, the Portfolio pays the Advisor an annual fee based on its average daily net assets, computed and accrued daily and payable monthly at the annual rate of 0.35%.

Northern Trust Investments, N.A. ("NTI") acts as investment sub-advisor for the Portfolio. As the Portfolio's investment sub-advisor, NTI makes the Portfolio's investment decisions. It buys and sells securities for the Portfolio and conducts the research that leads to these purchase and sale decisions. NTI is paid by the Advisor for its services.

For the period from January 1, 2009 through April 30, 2009, the Advisor has contractually agreed to waive all or a portion of its management fee and pay certain operating expenses of the Portfolio (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest) to the extent necessary to maintain the operating expenses of 0.47% for Class A.

For the period from May 1, 2009 through September 30, 2009, the Advisor has contractually agreed to waive all or a portion of its management fee and pay certain operating expenses of the Portfolio (excluding certain

expenses such as extraordinary expenses, taxes, brokerage and interest) to the extent necessary to maintain the operating expenses of 0.51% for Class A.

Accordingly, for the six months ended June 30, 2009, the Advisor waived a portion of its management fee aggregating \$88,374 and the amount charged aggregated \$307,227, which was equivalent to an annualized effective rate of 0.27% of the Portfolio's average daily net assets.

**Administration Fee.** Pursuant to the Administrative Services Agreement, DIMA provides most administrative services to the Portfolio. For all services provided under the Administrative Services Agreement, the Portfolio pays DIMA an annual fee ("Administration Fee") of 0.10% of the Portfolio's average daily net assets, computed and accrued daily and payable monthly. For the six months ended June 30, 2009, the Administration Fee was \$113,029, of which \$21,356 is unpaid.

**Distribution Service Agreement.** DWS Investments Distributors, Inc. ("DIDI"), an affiliate of the Advisor, is the Portfolio's distributor. In accordance with the Distribution Plan, DIDI receives 12b-1 fees of 0.25% of average daily net assets of Class B shares. For the six months ended June 30, 2009, the Distribution Service Fee was as follows:

<b>Distribution Service Fee</b>	<b>Total Aggregated</b>	<b>Unpaid at June 30, 2009</b>
Class B	\$ 47,531	\$ 8,766

**Service Provider Fees.** DWS Investments Service Company ("DISC"), an affiliate of the Advisor, is the transfer agent, dividend-paying agent and shareholder service agent of the Portfolio. Pursuant to a sub-transfer agency agreement among DISC and DST Systems, Inc. ("DST"), DISC has delegated certain transfer agent, dividend-paying agent and shareholder service agent functions to DST. DISC compensates DST out of the shareholder servicing fee they receive from the Portfolio. For the six months ended June 30, 2009, the amounts charged to the Portfolio by DISC were as follows:

<b>Services to Shareholders</b>	<b>Total Aggregated</b>	<b>Waived</b>	<b>Unpaid at June 30, 2009</b>
Class A	\$ 639	\$ 639	\$ —
Class B	174	—	59
	<b>\$ 813</b>	<b>\$ 639</b>	<b>\$ 59</b>

**Typesetting and Filing Service Fees.** Under an agreement with DIMA, DIMA is compensated for providing typesetting and certain regulatory filing services to the Portfolio. For the six months ended June 30, 2009, the amount charged to the Portfolio by DIMA included in the Statement of Operations under "reports to shareholders" aggregated \$7,584, of which \$4,098 is unpaid.

**Trustees' Fees and Expenses.** The Portfolio paid each Trustee not affiliated with the Advisor retainer fees plus specified amounts for various committee services and for the Board Chairperson.

**Cash Management QP Trust.** Pursuant to an Exemptive Order issued by the SEC, the Portfolio may invest in the Cash Management QP Trust (the "QP Trust") and other affiliated funds managed by the Manager or Advisor. The QP Trust seeks to provide as high a level of current income as is consistent with the preservation of capital and the maintenance of liquidity. The QP Trust does not pay the Manager or Advisor a management fee for the affiliated funds' investments in the QP Trust.

## D. Fee Reductions

The Portfolio has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Portfolio's custodian expenses. During the six months ended June 30, 2009, the Portfolio's custodian fee was reduced by \$2 for custody credits earned.

## E. Line of Credit

The Portfolio and other affiliated funds (the "Participants") share in a \$450 million revolving credit facility provided by a syndication of banks. The Portfolio may borrow for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities. The Participants are charged an annual commitment fee which is allocated based on net assets, among each of the Participants. Interest is calculated at a rate per annum equal to the sum of the Federal Funds Rate plus 1.25 percent plus if LIBOR exceeds the Federal Funds Rate the amount of such excess. The Portfolio may borrow up to a maximum of 33 percent of its net assets under the agreement.

## **F. Ownership of the Portfolio**

At June 30, 2009, one participating insurance company was beneficial owner of record of 10% or more of the total outstanding Class A shares of the Portfolio, owning 56%. At June 30, 2009, two participating insurance companies were beneficial owners of record of 10% or more of the outstanding Class B shares of the Portfolio, each owning 49% and 23%, respectively.

## **G. Review for Subsequent Events**

In accordance with the provisions set forth in Financial Accounting Standards Board Statement of Financial Accounting Standards No. 165 "Subsequent Events," adopted by the Portfolio as of June 30, 2009, events and transactions from July 1, 2009 through August 13, 2009, the date the financial statements were available to be issued, have been evaluated by management for subsequent events. Management has determined that there were no material events that would require disclosure in the Portfolio's financial statements through this date.

## Proxy Voting

The Portfolio's policies and procedures for voting proxies for portfolio securities and information about how the Portfolio voted proxies related to its portfolio securities during the 12-month period ended June 30 are available on our Web site — [www.dws-investments.com](http://www.dws-investments.com) (click on "proxy voting" at the bottom of the page) — or on the SEC's Web site — [www.sec.gov](http://www.sec.gov). To obtain a written copy of the Portfolio's policies and procedures without charge, upon request, call us toll free at (800) 621-1048.

# Summary of Management Fee Evaluation by Independent Fee Consultant

October 24, 2008

Pursuant to an Order entered into by Deutsche Investment Management Americas and affiliates (collectively, "DeAM") with the Attorney General of New York, I, Thomas H. Mack, have been appointed the Independent Fee Consultant for the DWS Funds (formerly the DWS Scudder Funds). My duties include preparing an annual written evaluation of the management fees DeAM charges the Funds, considering among other factors the management fees charged by other mutual fund companies for like services, management fees DeAM charges other clients for like services, DeAM's costs of supplying services under the management agreements and related profit margins, possible economies of scale if a Fund grows larger, and the nature and quality of DeAM's services, including fund performance. This report summarizes my evaluation for 2008, including my qualifications, the evaluation process for each of the DWS Funds, consideration of certain complex-level factors, and my conclusions. I served in substantially the same capacity in 2007.

## Qualifications

For more than 35 years I have served in various professional capacities within the investment management business. I have held investment analysis and advisory positions, including securities analyst, portfolio strategist and director of investment policy with a large investment firm. I have also performed business management functions, including business development, financial management and marketing research and analysis.

Since 1991, I have been an independent consultant within the asset management industry. I have provided services to over 125 client organizations, including investment managers, mutual fund boards, product distributors and related organizations. Over the past ten years I have completed a number of assignments for mutual fund boards, specifically including assisting boards with management contract renewal.

I hold a Master of Business Administration degree, with highest honors, from Harvard University and Master of Science and Bachelor of Science (highest honors) degrees from the University of California at Berkeley. I am an independent director and audit committee financial expert for two closed-end mutual funds, serve on the board of directors of a private market research company, and have served in various leadership and financial oversight capacities with non-profit organizations.

## Evaluation of Fees for each DWS Fund

My work focused primarily on evaluating, fund-by-fund, the fees charged to each of the 129 Fund portfolios in the DWS Fund family. For each Fund, I considered each of the key factors mentioned above, as well as any other relevant information. In doing so I worked closely with the Funds' Independent Directors in their annual contract renewal process, as well as in their approval of contracts for several new funds (documented separately).

In evaluating each Fund's fees, I reviewed comprehensive materials provided by or on behalf of DeAM, including expense information prepared by Lipper Analytical, comparative performance information, profitability data, manager histories, and other materials. I also accessed certain additional information from the Lipper, Strategic Insight, and Morningstar databases and drew on my industry knowledge and experience.

To facilitate evaluating this considerable body of information, I prepared for each Fund a document summarizing the key data elements in each area as well as additional analytics discussed below. This made it possible to consider each key data element in the context of the others.

In the course of contract renewal, DeAM agreed to implement a number of fee and expense adjustments requested by the Independent Directors which will favorably impact future fees and expenses, and my evaluation includes the effects of these changes.

## Fees and Expenses Compared with Other Funds

The competitive fee and expense evaluation for each fund focused on two primary comparisons:

The Fund's contractual management fee (the advisory fee plus the administration fee where applicable) compared with those of a group of typically 12–15 funds in the same Lipper investment category (e.g. Large Capitalization Growth) having similar distribution arrangements and being of similar size.

The Fund's total expenses compared with a broader universe of funds from the same Lipper investment category and having similar distribution arrangements.

These two comparisons provide a view of not only the level of the fee compared with funds of similar scale but also the total expense the Fund bears for all the services it receives, in comparison with the investment choices available in the Fund's investment category and distribution channel. The principal figure-of-merit used in these comparisons was the subject Fund's percentile ranking against peers.

### **DeAM's Fees for Similar Services to Others**

DeAM provided management fee schedules for all of its US domiciled fund and non-fund investment management accounts in any of the investment categories where there is a DWS Fund. These similar products included the other DWS Funds, non-fund pooled accounts, institutional accounts and sub-advisory accounts. Using this information, I calculated for each Fund the fee that would be charged to each similar product, at the subject Fund's asset level.

Evaluating information regarding non-fund products is difficult because there are varying levels of services required for different types of accounts, with mutual funds generally requiring considerably more regulatory and administrative types of service as well as having more frequent cash flows than other types of accounts. Also, while mutual fund fees for similar fund products can be expected to be similar, there will be some differences due to different pricing conditions in different distribution channels (e.g. retail funds versus those used in variable insurance products), differences in underlying investment processes and other factors.

### **Costs and Profit Margins**

DeAM provided a detailed profitability analysis for each Fund. After making some adjustments so that the presentation would be more comparable to the available industry figures, I reviewed profit margins from investment management alone, from investment management plus other fund services (excluding distribution) provided to the Funds by DeAM (principally shareholder services), and DeAM profits from all sources, including distribution. A later section comments on overall profitability.

### **Economies of Scale**

Economies of scale — an expected decline in management cost per dollar of fund assets as fund assets grow — are very rarely quantified and documented because of inherent difficulties in collecting and analyzing relevant data. However, in virtually every investment category that I reviewed, larger funds tend to have lower fees and lower total expenses than smaller funds. To see how each DWS Fund compares with this industry observation, I reviewed:

The trend in Fund assets over the last five years and the accompanying trend in total expenses. This shows if the Fund has grown and, if so, whether total expense (management fees as well as other expenses) have declined as a percent of assets.

Whether the Fund has break-points in its management fee schedule, the extent of the fee reduction built into the schedule and the asset levels where the breaks take effect, and in the case of a sub-advised Fund how the Fund's break-points compare with those of the sub-advisory fee schedule.

How the Fund's contractual fee schedule compares with trends in the industry data. To accomplish this, I constructed a chart showing how actual latest-fiscal-year contractual fees of the Fund and of other similar funds relate to average fund assets, with the subject Fund's contractual fee schedule superimposed.

### **Quality of Service — Performance**

The quality-of-service evaluation focused on investment performance, which is the principal result of the investment management service. Each Fund's performance was reviewed over the past 1, 3, 5 and 10 years, as

applicable, and compared with that of other funds in the same investment category and with a suitable market index.

In addition, I calculated and reviewed risk-adjusted returns relative to an index of similar mutual funds' returns and a suitable market index. The risk-adjusted returns analysis provides a way of determining the extent to which the Fund's return comparisons are mainly the product of investment value-added (or lack thereof) or alternatively taking considerably more or less risk than is typical in its investment category.

I also received and considered the history of portfolio manager changes for each Fund, as this provided an important context for evaluating the performance results.

### **Complex-Level Considerations**

While this evaluation was conducted mainly at the individual fund level, there are some issues relating to the reasonableness of fees that can alternatively be considered across the whole fund complex:

I reviewed DeAM's profitability analysis for all DWS Funds, with a view toward determining if the allocation procedures used were reasonable and how profit levels compared with public data for other investment managers.

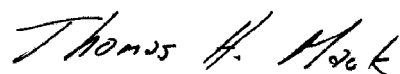
I considered whether DeAM and affiliates receive any significant ancillary or "fall-out" benefits that should be considered in interpreting the direct profitability results. These would be situations where serving as the investment manager of the Funds is beneficial to another part of the Deutsche Bank organization.

I considered how aggregated DWS Fund expenses had varied over the years, by asset class and in the context of trends in asset levels.

I reviewed the structure of the DeAM organization, trends in staffing levels, and information on compensation of investment management and other professionals compared with industry data.

### **Findings**

Based on the process and analysis discussed above, which included reviewing a wide range of information from management and external data sources and considering among other factors the fees DeAM charges other clients, the fees charged by other fund managers, DeAM's costs and profits associated with managing the Funds, economies of scale, possible fall-out benefits, and the nature and quality of services provided, in my opinion the management fees charged the DWS Funds are reasonable.



Thomas H. Mack

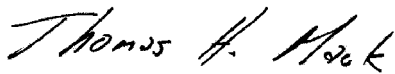
# Summary of Administrative Fee Evaluation by Independent Fee Consultant

September 29, 2008

Pursuant to an Order entered into by Deutsche Asset Management (DeAM) with the Attorney General of New York, I, Thomas H. Mack, have been appointed the Independent Fee Consultant for the DWS Funds and have as part of my duties evaluated the reasonableness of the proposed management fees to be charged by DeAM to the DWS Funds, taking into account a proposal to pass through to the funds certain fund accounting-related charges in connection with new regulatory requirements. My evaluation considered the following:

- While the proposal would alter the services to be provided under the Administration Agreement, which I consider to be part of fund management under the Order, it is my opinion that the change in services is slight and that the scope of prospective services under the combination of the Advisory and Administration Agreements continues to be comparable with those typically provided to competitive funds under their management agreements.
- While the proposal would increase fund expenses, according to a pro forma analysis performed by management, the prospective effect is less than .01% for all but seven of the DeAM Funds' 438 active share classes, and in all cases the effect is less than .03% and overall expenses would remain reasonable in my opinion.

Based on the foregoing considerations, in my opinion the fees and expenses for all of the DWS Funds will remain reasonable if the Directors adopt this proposal.



Thomas H. Mack

Deutsche Investment Management Americas Inc. ("DIMA"), an indirect, wholly owned subsidiary of Deutsche Bank AG, is the Portfolio's Advisor.

DWS Investments is part of Deutsche Bank's Asset Management division and, within the US, represents the retail asset management activities of Deutsche Bank AG, Deutsche Bank Trust Company Americas, Deutsche Investment Management Americas Inc. and DWS Trust Company.

The views expressed in this report reflect those of the portfolio managers only through the end of the period of the report as stated on the cover. The managers' views are subject to change at any time based on market and other conditions and should not be construed as a recommendation.

This information must be preceded or accompanied by a current prospectus.

Portfolio changes should not be considered recommendations for action by individual investors.

DWS Investments Distributors, Inc.  
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Chicago, IL 60606  
(800) 778-1482

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