

Semiannual report to
contract holders for the six months
ended June 30, 2002

Semiannual report

For contract holders of Scudder DestinationsSM

The Alger American Fund

Credit Suisse Trust

Dreyfus Investment Portfolios

The Dreyfus Socially Responsible Growth Fund, Inc.

INVESCO VIF — Utilities Fund

Scudder Variable Series I

Scudder Variable Series II

Janus Aspen Series

The Alger American Fund

**Alger American
Balanced Portfolio**

Semi-Annual Report

**June 30, 2002
(Unaudited)**



This page intentionally left blank

Dear Shareholders,

July 31, 2002

The six months ended June 30, 2002, were a roller-coaster in the markets and the period ended on a downswing. The Dow opened on January 1, 2002 at 10,022 and closed on June 30, 2002 at 9,243, while the Nasdaq began at 1,950 and closed on June 30, 2002 at 1,463. By the end of the period, both indices were largely where they stood in 1998. The month of July brought lows not seen since 1997.

The first quarter of 2002 saw continued economic recovery as the Gross Domestic Product grew at a 6.1% rate, which included strong consumer spending as well as some assistance from new government spending. As a result, the recession proved to be less severe than initially feared. The recession was largely the result of a halt in business spending and the need for companies to eliminate excess inventories. Consumers, who make up two-thirds of America's \$10 trillion economy, continued to spend during this period, and they took advantage of low-interest rates to purchase cars, refinance home mortgages and buy goods. Housing starts and home sales remained high and retail sales remained steady. In addition, productivity showed remarkable gains of 8.6%, in part due to increased efficiency brought about by the widespread integration of information technologies.

The second quarter saw a slowing of economic growth, with preliminary figures showing 1.1% growth during the period. With the end of the inventory correction, growth came from consumer spending; while corporate profits were not spectacular, they did rise quarter-over-quarter and more companies had earnings surprises on the upside. Manufacturing activity continued to expand and the housing market showed remarkable strength. While job growth was anemic, there has been comparatively strong employment coming out of this recession and consumer confidence remained stable. The major

issues have been the very weak performance of the stock market and the steady stream of corporate accounting scandals that have severely eroded investor confidence in companies and their balance sheets.

Going forward, the economic outlook is positive, even though U.S. equities markets are mired in gloom. The overwhelming majority of economic data suggests that the recession is over and that the economy is growing at a rate of about 3% a year, which is less than the heady days of the late 1990s, but very healthy nonetheless. The equity markets and Wall Street in general however, have been marching to the beat of a different drum and focusing instead on the negatives, which include an unstable international situation, corporate scandals, and less spectacular earnings than in past years. While the Wall Street mentality and economic reality may diverge for a while, in the end the stock market is a reflection of the economy and what companies are doing. Many companies have become more efficient and more productive and the overall economy is healthy; sooner rather than later, the stock market will reflect that fact. At Alger, we remain committed to identifying those companies that continue to carve out new markets and that innovatively recreate their businesses so that they can grow rapidly. This is a challenging market, no doubt, but one that can reward those who identify and invest in the best growth companies.

Respectfully submitted,



Dan C. Chung
Chief Investment Officer

TABLE OF CONTENTS

Schedule of Investments	3
Financial Highlights	6
Statement of Assets and Liabilities	7
Statement of Operations	8
Statements of Changes in Net Assets	9
Notes to Financial Statements	10

THE ALGER AMERICAN FUND
ALGER AMERICAN BALANCED PORTFOLIO
SCHEDULE OF INVESTMENTS—JUNE 30, 2002 (UNAUDITED)

<u>Shares</u>	COMMON STOCKS—44.7%	<u>Value</u>	<u>Shares</u>	<u>Value</u>
	AEROSPACE & DEFENSE—2.1%			HEALTHCARE PROVIDERS & SERVICES—3.3%
25,095	General Dynamics Corporation	\$ 2,668,853	50,100	HCA Inc.
40,600	Lockheed Martin Corporation	2,821,700	43,350	Tenet Healthcare Corporation*
		<u>5,490,553</u>	35,700	UnitedHealth Group Incorporated
	AIR TRANSPORT—0.5%			<u>8,749,777</u>
24,025	FedEx Corp.	<u>1,282,935</u>		HOTELS, RESTAURANTS & LEISURE—0.6%
	BANKS—1.7%		59,100	Carnival Corporation Cl. A
18,575	Fifth Third Bancorp	1,238,024		<u>1,636,479</u>
66,900	Mellon Financial Corporation	2,102,667		HOUSEHOLD PRODUCTS—1.2%
24,250	Wells Fargo & Company	1,213,955	34,700	Procter & Gamble Company (The)
		<u>4,554,646</u>		<u>3,098,710</u>
	BEVERAGES—0.6%			INDUSTRIAL CONGLOMERATES—0.7%
31,300	Anheuser-Busch Companies, Inc.	<u>1,565,000</u>	15,095	3M Co.
	BIOTECHNOLOGY—0.8%			<u>1,856,685</u>
34,390	IDEC Pharmaceuticals Corporation*	1,219,125		INSURANCE—2.4%
36,900	Immunex Corporation*	824,346	46,520	Chubb Corporation (The)
		<u>2,043,471</u>	34,725	XL Capital Ltd. Cl. A
	BUILDING & CONSTRUCTION—0.5%			<u>6,234,824</u>
47,640	Masco Corporation	<u>1,291,520</u>		INTERNET & CATALOG RETAIL—1.8%
	COMMERCIAL SERVICES & SUPPLIES—2.5%		79,150	eBay Inc.*
57,950	Cendant Corporation*	920,246		<u>4,877,223</u>
90,065	Concord EFS, Inc.*	2,714,559		MEDIA—0.8%
79,600	First Data Corporation	2,961,120	47,050	Viacom Inc. Cl. B*
		<u>6,595,925</u>		<u>2,087,609</u>
	COMPUTERS & PERIPHERALS—2.4%			MULTILINE RETAIL—2.9%
127,400	Dell Computer Corporation*	3,330,236	17,300	Sears, Roebuck and Co.
602,600	Sun Microsystems, Inc.*	3,019,026	81,100	Target Corporation
		<u>6,349,262</u>	64,875	Wal-Mart Stores, Inc.
	DIVERSIFIED FINANCIALS—2.0%			<u>3,568,774</u>
30,579	Capital One Financial Corporation	1,866,848		<u>7,598,074</u>
27,391	Citigroup Inc.	1,061,401		MULTI-UTILITIES UNREGULATED
14,725	Federal Home Loan Mortgage Corporation ..	901,170		POWER—0.3%
43,525	J.P. Morgan Chase & Co.	1,476,368	28,150	Duke Energy Corporation
		<u>5,305,787</u>		<u>875,465</u>
	DIVERSIFIED TELECOMMUNICATION			OIL & GAS—1.3%
	SERVICES—0.8%		18,100	Anadarko Petroleum Corporation
30,300	BellSouth Corporation	954,450	29,032	ChevronTexaco Corporation
30,400	Verizon Communications Inc.	1,220,560		<u>2,569,332</u>
		<u>2,175,010</u>		<u>3,461,662</u>
	ENERGY EQUIPMENT & SERVICES—0.1%			PERSONAL PRODUCTS—0.7%
7,470	Nabors Industries Ltd.*	<u>263,691</u>	36,730	Avon Products, Inc.
	FOOD & DRUG RETAILING—0.2%			<u>1,918,775</u>
15,650	Walgreen Co.	<u>604,560</u>		PHARMACEUTICALS—4.6%
	HEALTHCARE EQUIPMENT & SUPPLIES—2.3%		60,725	Johnson & Johnson
79,300	Baxter International Inc.	3,524,885	105,600	Pfizer Inc.
58,050	Medtronic, Inc.	2,487,442	63,650	Pharmacia Corporation
		<u>6,012,327</u>	57,763	Wyeth
				<u>12,210,647</u>
				SEMICONDUCTORS—2.9%
			127,850	Applied Materials, Inc.*
			82,600	Intel Corporation
			28,700	Maxim Integrated Products, Inc.*
			204,600	Taiwan Semiconductor Manufacturing
				Company Ltd.*
				<u>2,659,800</u>
				<u>7,700,680</u>

THE ALGER AMERICAN FUND
ALGER AMERICAN BALANCED PORTFOLIO
SCHEDULE OF INVESTMENTS—JUNE 30, 2002 (UNAUDITED) (Cont'd)

<u>Shares</u>	<u>COMMON STOCKS—(Cont'd)</u>	<u>Value</u>	<u>Principal Amount</u>	<u>Value</u>
	SOFTWARE—2.9%			
73,950	Microsoft Corporation*	\$ 4,045,065	\$ 500,000	
187,415	Siebel Systems, Inc.*	2,665,041		
48,100	VERITAS Software Corporation*	951,899	1,325,000	
		<u>7,662,005</u>		
	SPECIALTY RETAIL—1.8%		2,000,000	
16,575	Home Depot, Inc.	608,800		
69,225	Lowe's Companies, Inc.	3,142,815	1,250,000	
46,700	TJX Companies, Inc. (The)	915,787	1,000,000	
		<u>4,667,402</u>		
	Total Common Stocks			
	(Cost \$128,984,332)	<u>118,170,704</u>		
	CORPORATE BONDS—22.3%		2,750,000	
	AEROSPACE & DEFENSE—1.4%			
\$ 1,500,000	Boeing Capital Corp., 7.375%, 9/27/10	1,633,665	1,500,000	
2,000,000	United Technologies, 6.10%, 5/15/12	<u>2,048,740</u>	400,000	
		<u>3,682,405</u>		
	AUTOMOTIVE—1.5%		500,000	
2,000,000	Ford Motor Credit Company, 6.50%, 1/25/07	2,015,280		
2,000,000	General Motors Acceptance Corp., 6.125%, 2/1/07	<u>2,031,280</u>	1,500,000	
		<u>4,046,560</u>		
	BANKS—3.8%			
2,000,000	Associates Corp. North America, 6.95%, 11/1/18	2,111,420	1,875,000	
1,000,000	Bank of America Corp., 7.125%, 9/15/06	1,090,840		
1,000,000	Bank of America Corp., 7.40%, 1/15/11	1,106,810	2,000,000	
1,550,000	Bank One Arizona NA Sub Note, 6.00%, 9/15/05	1,624,260	2,000,000	
1,750,000	Regions Financial Corp., 6.375%, 5/15/12	1,766,712		
2,000,000	Wells Fargo Bank NA, 7.55%, 6/21/10	<u>2,247,600</u>	1,000,000	
		<u>9,947,642</u>		
	BEVERAGES—1.3%			
1,500,000	Anheuser-Busch Companies, Inc., 7.00%, 12/1/25	1,515,135	2,000,000	
2,000,000	Coca-Cola Company (The), 4.00%, 6/1/05	<u>2,008,900</u>		
		<u>3,524,035</u>	500,000	
	COMPUTERS & PERIPHERALS—0.8%			
1,000,000	IBM Corp., 5.50%, 1/15/09	1,009,050	1,000,000	
1,000,000	IBM Corp., 6.22%, 8/1/27	<u>1,067,240</u>	1,000,000	
		<u>2,076,290</u>		
	DIVERSIFIED FINANCIALS—2.4%			
	Block Financial Corp., 8.50%, 4/15/07			\$ 548,960
	Countrywide Home Loan Inc., 5.625%, 5/15/07			1,345,948
	Goldman Sachs Group, Inc. (The), 6.60%, 1/15/12			2,043,420
	Household Finance Corp., 5.75%, 1/30/07			1,246,988
	J.P. Morgan Chase & Co., 5.35%, 3/1/07			<u>1,022,080</u>
				<u>6,207,396</u>
	DIVERSIFIED TELECOMMUNICATION SERVICES—1.1%			
	SBC Communications Inc., 6.25%, 3/15/11			<u>2,838,908</u>
	ELECTRIC UTILITIES—0.9%			
	Consolidated Edison Company Of New York, 5.625%, 7/1/12			1,475,955
	Potomac Electric Power Co., 7.00%, 1/15/24			399,276
	Washington Gas Light Co., 6.51%, 8/18/08			<u>527,890</u>
				<u>2,403,121</u>
	ENERGY EQUIPMENT & SERVICES—0.6%			
	Baker Hughes Inc., 6.25%, 1/15/09			<u>1,551,090</u>
	FINANCIAL INFORMATION SERVICES—0.7%			
	Mellon Funding Corp., 4.875%, 6/15/07			<u>1,852,519</u>
	FOOD & BEVERAGES—1.5%			
	Best Foods Inc., 6.625%, 4/15/28			1,987,700
	Kraft Foods Inc., 6.25%, 6/1/12			<u>2,032,260</u>
				<u>4,019,960</u>
	FOOD & DRUG RETAILING—0.4%			
	Safeway Inc., 6.15%, 3/1/06			<u>1,046,170</u>
	FOOD PRODUCTS—0.8%			
	Sara Lee Corp., 6.25%, 9/15/11			<u>2,059,980</u>
	INSURANCE—0.2%			
	Loews Corp., 7.625%, 6/1/23			<u>492,765</u>
	LEASING—0.8%			
	International Lease Finance Corp., 6.00%, 6/15/03			1,029,720
	International Lease Finance Corp., 5.80%, 8/15/07			<u>1,014,400</u>
				<u>2,044,120</u>

THE ALGER AMERICAN FUND
ALGER AMERICAN BALANCED PORTFOLIO
SCHEDULE OF INVESTMENTS—JUNE 30, 2002 (UNAUDITED) (Cont'd)

Principal Amount	CORPORATE BONDS—(Cont'd)	Value	Principal Amount	Value
	MEDIA—1.2%			
\$ 1,500,000	Disney (Walt) Company, 4.875%, 7/2/04	\$ 1,531,455	\$ 1,000,000	Federal National Mortgage Association, 7.125%, 2/15/05
1,600,000	Viacom Inc., 7.875%, 7/30/30	1,704,208	500,000	6.96%, 4/2/07
		<u>3,235,663</u>	2,000,000	6.08%, 12/15/10
			400,000	6.75%, 2/4/28
	MULTILINE RETAIL—.6%		1,000,000	Student Loan Marketing Association, 5.25%, 3/15/06
1,500,000	Target Corporation, 7.50%, 8/15/10	1,691,700		U.S. Treasury Notes, 6.25%, 7/31/02
			2,000,000	4.25%, 5/31/03
	MULTI-UTILITIES UNREGULATED		1,000,000	3.625%, 8/31/03
	POWER—.3%		1,000,000	4.25%, 11/15/03
750,000	Duke Energy Corporation, 7.375%, 3/1/10	814,778	800,000	6.00%, 8/15/04
			1,000,000	5.875%, 11/15/04
	OIL & GAS—.4%		1,500,000	6.50%, 5/15/05
1,080,000	Chevron Corp., 6.625%, 10/1/04	1,152,565	3,000,000	6.75%, 5/15/05
			3,000,000	5.75%, 11/15/05
	PHARMACEUTICALS—.4%		800,000	6.50%, 10/15/06
1,000,000	Pharmacia Corporation, 6.50%, 12/1/18	1,032,930	1,125,000	3.50%, 11/15/06
			800,000	5.625%, 5/15/08
	TELEPHONES—.4%		1,500,000	5.00%, 8/15/11
1,250,000	Verizon Wireless Inc., 5.375%, 12/15/06(a)	1,165,862	4,000,000	4.875%, 2/15/12
			1,000,000	11.25%, 2/15/15
	WIRELESS TELECOMMUNICATION SERVICES—.8%		1,000,000	9.875%, 11/15/15
2,000,000	Vodafone Group PLC, 7.625%, 2/15/05	2,141,520	1,000,000	8.875%, 8/15/17
			1,000,000	9.25%, 2/15/16
	Total Corporate Bonds	<u>59,027,979</u>	1,000,000	7.25%, 5/15/16
	(Cost \$58,451,342)		1,000,000	7.50%, 11/15/16
	U.S. GOVERNMENT & AGENCY OBLIGATIONS—24.2%		2,000,000	5.50%, 8/15/28
2,000,000	Federal Farm Credit Banks, 5.87%, 9/2/08	2,109,720	2,000,000	5.25%, 11/15/28
1,000,000	5.75%, 1/18/11	1,032,770	2,000,000	5.25%, 2/15/29
	Federal Home Loan Banks, 5.765%, 3/18/03	1,293,680		Total U.S. Government & Agency Obligations (Cost \$62,353,956)
1,260,000	5.25%, 2/13/04	2,075,320		<u>63,926,819</u>
2,000,000	7.25%, 5/13/05	1,648,260		SHORT-TERM INVESTMENTS—8.7%
1,500,000	6.375%, 8/15/06	1,081,830		U.S. GOVERNMENT & AGENCY OBLIGATIONS—8.7%
1,000,000	6.75%, 8/15/07	1,101,760		Federal Home Loan Banks, 1.87%, 7/1/02
1,000,000	5.875%, 11/15/07	2,122,060		(Cost \$23,000,000)
2,000,000	5.89%, 6/30/08	1,059,540		<u>23,000,000</u>
1,000,000	6.73%, 6/22/09	2,205,700		SECURITIES HELD UNDER REPURCHASE AGREEMENTS
2,000,000	Federal Home Loan Mortgage Corporation, 5.125%, 11/4/04	1,011,640		Securities Held Under Repurchase Agreements, 1.92%, 7/1/02, with Bear, Stearns & Co. Inc., dtd 6/28/02, repurchase price \$90,496; collateralized by \$375,000 U.S. Treasury Bond Strips, due 2/15/26
1,000,000	5.65%, 4/25/06	1,024,990		90,482
1,115,000	7.10%, 4/10/07	1,243,649		Total Short-Term Investments (Cost \$23,090,482)
800,000	5.75%, 4/15/08	842,376		<u>23,090,482</u>
1,083,000	6.75%, 3/15/31	1,163,045		Total Investments (Cost \$272,880,112)(b)
457,000	6.25%, 7/15/32	459,641		99.9%
				264,215,984
				Other Assets in Excess of Liabilities
				0.1
				<u>297,456</u>
				Net Assets
				<u>100.0%</u>
				<u>\$264,513,440</u>

* Non-income producing security.

(a) Pursuant to Securities and Exchange Commission Rule 144A, these securities may be sold prior to their maturity only to qualified institutional buyers.

(b) At June 30, 2002, the net unrealized depreciation on investments, based on cost for federal income tax purposes of \$272,880,112, amounted to \$8,664,128 which consisted of aggregate gross unrealized appreciation of \$6,781,115 and aggregate gross unrealized depreciation of \$15,445,243.

See Notes to Financial Statements.

THE ALGER AMERICAN FUND
ALGER AMERICAN BALANCED PORTFOLIO
FINANCIAL HIGHLIGHTS

For a share outstanding throughout the period

	Class O						Class S(ii)
	Six Months Ended June 30, 2002(i)	2001	2000	Year Ended December 31,			Two Months Ended June 30, 2002(i)
				1999	1998	1997	
Net asset value, beginning of period	\$ 13.08	\$ 13.77	\$ 15.57	\$ 12.98	\$ 10.76	\$ 9.24	\$12.50
Net investment income	0.08	0.18	0.20	0.15	0.19	0.17	0.04
Net realized and unrealized gain (loss) on investments	(1.13)	(0.43)	(0.61)	3.45	3.02	1.63	(0.52)
Total from investment operations	(1.05)	(0.25)	(0.41)	3.60	3.21	1.80	(0.48)
Dividends from net investment income	(0.20)	(0.20)	(0.13)	(0.17)	(0.18)	(0.12)	—
Distributions from net realized gains	—	(0.24)	(1.26)	(0.84)	(0.81)	(0.16)	—
Total Distributions	(0.20)	(0.44)	(1.39)	(1.01)	(0.99)	(0.28)	—
Net asset value, end of period	\$ 11.83	\$ 13.08	\$ 13.77	\$ 15.57	\$ 12.98	\$ 10.76	\$12.02
Total Return	(8.09%)	(1.93%)	(2.76%)	29.21%	31.51%	19.82%	(3.84%)
Ratios and Supplemental Data:							
Net assets, end of period (000's omitted)	\$264,504	\$224,959	\$115,894	\$56,327	\$28,208	\$16,614	\$ 9
Ratio of expenses to average net assets	0.83%	0.85%	0.88%	0.93%	0.92%	1.01%	1.09%
Ratio of net investment income to average net assets	2.20%	2.53%	2.40%	1.66%	2.09%	2.14%	2.06%
Portfolio Turnover Rate	66.51%	62.93%	63.37%	118.74%	94.64%	105.01%	66.51%

(i) Unaudited. Ratios have been annualized; total return has not been annualized.

(ii) Initially offered May 1, 2002.

See Notes to Financial Statements.

THE ALGER AMERICAN FUND
ALGER AMERICAN BALANCED PORTFOLIO
STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)

June 30, 2002

Assets:	
Investments in securities, at value (identified cost*)—see accompanying schedule of investments	\$264,215,984
Receivable for investment securities sold	4,035,825
Receivable for shares of beneficial interest sold	462,912
Interest and dividends receivable	1,895,537
Other assets	2,775
Total Assets	270,613,033
Liabilities:	
Payable for investment securities purchased	5,637,653
Payable for shares of beneficial interest redeemed	245,143
Accrued investment management fees	163,372
Accrued expenses	53,425
Total Liabilities	6,099,593
Net Assets	\$264,513,440
Net Assets Consist of:	
Paid-in capital	\$293,444,481
Undistributed net investment income (accumulated loss)	2,560,367
Undistributed net realized gain (accumulated loss)	(22,827,280)
Net unrealized depreciation	(8,664,128)
Net Assets	\$264,513,440
Class O	
Net Asset Value Per Share	\$ 11.83
Class S	
Net Asset Value Per Share	\$ 12.02
Shares of beneficial interest outstanding—Note 5	
Class O	22,362,049
Class S	800
*Identified cost	\$272,880,112

See Notes to Financial Statements.

THE ALGER AMERICAN FUND
ALGER AMERICAN BALANCED PORTFOLIO
STATEMENT OF OPERATIONS (UNAUDITED)

For the six months ended June 30, 2002

INVESTMENT INCOME	
Income:	
Interest	\$ 3,328,878
Dividends	413,213
Total Income	3,742,091
Expenses:	
Management fees — Note 3(a)	924,541
Custodian fees	48,815
Transfer agent fees	15,606
Professional fees	7,155
Trustees' fees	1,488
Miscellaneous	26,490
Total Expenses	1,024,095
Net Investment Income	2,717,996
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	
Net realized loss on investments	(9,155,100)
Net change in unrealized appreciation (depreciation) on investments	(14,860,082)
Net realized and unrealized loss on investments	(24,015,182)
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$(21,297,186)

See Notes to Financial Statements.

THE ALGER AMERICAN FUND
ALGER AMERICAN BALANCED PORTFOLIO
STATEMENT OF CHANGES IN NET ASSETS (UNAUDITED)

For the six months ended June 30, 2002

Net investment income	\$ 2,717,996
Net realized loss on investments	(9,155,100)
Net change in unrealized appreciation (depreciation) on investments	(14,860,082)
Net decrease in net assets resulting from operations	(21,297,186)
Dividends to shareholders—Class O:	
Net investment income	(4,212,264)
Increase from shares of beneficial interest transactions:	
Class O	65,054,352
Class S	10,000
Net increase from shares of beneficial interest transactions—Note 5	65,064,352
Total increase	39,554,902
Net Assets	
Beginning of period	224,958,538
End of period	\$264,513,440
Undistributed net investment income (accumulated loss)	\$ 2,560,367

THE ALGER AMERICAN FUND
ALGER AMERICAN BALANCED PORTFOLIO
STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2001

Net investment income	\$ 4,056,867
Net realized loss on investments	(12,740,137)
Net change in unrealized appreciation (depreciation) on investments	6,282,853
Net decrease in net assets resulting from operations	(2,400,417)
Dividends to shareholders—Class O:	
Net investment income	(2,131,825)
Net realized gains	(2,594,824)
Net increase from shares of beneficial interest transactions—Note 5	116,191,618
Total increase	109,064,552
Net Assets	
Beginning of year	115,893,986
End of year	\$224,958,538
Undistributed net investment income (accumulated loss)	\$ 4,054,635

See Notes to Financial Statements.

THE ALGER AMERICAN FUND
ALGER AMERICAN BALANCED PORTFOLIO
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

June 30, 2002

NOTE 1—General:

The Alger American Fund (the “Fund”) is a diversified, open-end registered investment company organized as a business trust under the laws of the Commonwealth of Massachusetts. The Fund operates as a series company currently issuing six series of shares of beneficial interest: American Growth Portfolio, American Small Capitalization Portfolio, American Income and Growth Portfolio, American Balanced Portfolio, American MidCap Growth Portfolio and American Leveraged AllCap Portfolio. These financial statements include only the American Balanced Portfolio (the “Portfolio”). The Portfolio’s investment objectives are current income and long-term capital appreciation which it seeks to achieve through investing in equity and fixed income securities. Shares of the Portfolio are available and are being marketed exclusively as a pooled funding vehicle for qualified retirement plans and for life insurance companies writing all types of variable annuity contracts and variable life insurance policies.

The Portfolio offers Class O and Class S shares. Class S shares were first offered May 1, 2002. Each class has identical rights to assets and earnings except that only Class S shares have a plan of distribution and bear the related expenses.

NOTE 2—Significant Accounting Policies:

(a) **Investment Valuation:** Investments of the Portfolio are valued on each day the New York Stock Exchange (“NYSE”) is open as of the close of the NYSE (normally 4:00 p.m. Eastern time). Listed and unlisted securities for which such information is regularly reported are valued at the last reported sales price or, in the absence of reported sales, at the mean between the bid and the asked price, or, in the absence of a recent bid or asked price, the equivalent as obtained from one or more of the major market makers for the securities to be valued.

Securities for which market quotations are not readily available are valued according to procedures established by the Board of Trustees to determine fair value in good faith.

Securities having a remaining maturity of sixty days or less are valued at amortized cost which approximates market value.

(b) **Security Transactions and Investment Income:** Security transactions are recorded on a trade date basis. Resulting receivables and payables are carried at amounts which approximate fair value. Realized gains and losses from security transactions are recorded on the identified cost basis. Dividend income is recognized on the ex-dividend date and interest income is recognized on the accrual basis.

Effective January 1, 2001, premiums and discounts on debt securities purchased are amortized or accreted over the lives of the respective securities. This change in accounting policy which has

been applied retroactively had no material effect on the accompanying financial statements.

(c) **Repurchase Agreements:** The Portfolio enters into repurchase agreements with approved institutions. The repurchase agreements are collateralized by U.S. Government securities, which are either received and held in physical possession by the custodian or received by such custodian in book-entry form through the Federal Reserve book-entry system. The collateral is valued on a daily basis during the term of the agreement to ensure that its value equals or exceeds the agreed-upon repurchase price to be repaid to the Portfolio. Additional collateral is obtained when necessary.

(d) **Lending of Portfolio Securities:** The Portfolio lends its securities to financial institutions, provided that the market value of the securities loaned will not at any time exceed one-third of the Portfolio’s total assets, as defined. The Portfolio earns fees on the securities loaned, which are included in interest income in the accompanying Statement of Operations. In order to protect against the risk of failure by the borrower to return the securities loaned or any delay in the delivery of such securities, the loan is collateralized by cash, letters of credit or U.S. Government securities that are maintained in an amount equal to at least 100 percent of the current market value of the loaned securities. The market value of the loaned securities is determined at the close of business of the Portfolio and any required additional collateral is delivered to the Portfolio on the next business day.

(e) **Dividends to Shareholders:** Dividends and distributions payable to shareholders are recorded by the Portfolio on the ex-dividend date. Dividends from net investment income are declared and paid annually.

Dividends from net realized gains, offset by any loss carryforward, are declared and paid annually after the end of the fiscal year in which earned.

Each class is treated separately in determining the amounts of dividends of net investment income and distributions of capital gains payable to holders of its shares.

The characterization of dividends to shareholders for financial reporting purposes is determined in accordance with federal income tax rules. Therefore, the source of the Portfolio’s distributions may be shown in the accompanying financial statements as either from, or in excess of, net investment income or net realized gain on investment transactions, or from paid-in capital, depending on the type of book/tax differences that may exist.

At December 31, 2001, the Portfolio reclassified \$10,289 from undistributed net investment loss to either accumulated undistri-

THE ALGER AMERICAN FUND
ALGER AMERICAN BALANCED PORTFOLIO
NOTES TO FINANCIAL STATEMENTS (UNAUDITED) (Cont'd)

June 30, 2002

buted net realized gain or paid-in capital. The reclassification had no impact on the net asset value of the Portfolio and is designed to present the Portfolio's capital accounts on a tax basis.

(f) **Federal Income Taxes:** It is the Portfolio's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable income, including net realized capital gains, to its shareholders. Therefore, no federal income tax provision is required. The Portfolio is treated as a separate entity for the purpose of determining such compliance. At December 31, 2001, the net capital loss carryforward of the Portfolio, which may be used to offset future net realized gains was approximately \$13,306,000, and expires in 2009.

(g) **Expenses:** The Fund accounts separately for the assets, liabilities and operations of each Portfolio. Expenses directly attributable to each Portfolio are charged to that Portfolio's operations; expenses which are applicable to all Portfolios are allocated among them. Income, realized and unrealized gains and losses, and expenses of each Portfolio are allocated among the Portfolio's classes based on relative net assets, with the exception of distribution fees, which are only applicable to Class S shares.

(h) **Other:** These financial statements have been prepared using estimates and assumptions that affect the reported amounts therein. Actual results may differ from those estimates.

NOTE 3—Investment Management Fees and Other Transactions with Affiliates:

(a) **Investment Management Fees:** Fees incurred by the Portfolio, pursuant to the provisions of its Investment Management Agreement (the "Agreement") with Fred Alger Management, Inc. ("Alger Management"), are payable monthly and computed based on the average daily net assets of the Portfolio at the annual rate of .75%.

The Agreement further provides that if in any fiscal year the aggregate expenses, excluding interest, taxes, brokerage commissions, and extraordinary expenses, exceed 1.25% of the average daily net assets of the Portfolio, Alger Management will reimburse the Portfolio for the excess expenses.

(b) **Distribution Fees:** Class S shares—The Fund has adopted a Distribution Plan pursuant to which Class S shares of each Portfolio pay Fred Alger & Company, Incorporated, the Fund's distributor (the "Distributor"), a fee at the annual rate of .25% of the respective

average daily net assets of the Class S shares of the designated Portfolios to compensate the Distributor for its activities and expenses incurred in distributing the Class S shares. The fees charged may be more or less than the expenses incurred by the Distributor.

(c) **Brokerage Commissions:** During the six months ended June 30, 2002, the Portfolio paid the Distributor \$238,669 in connection with securities transactions.

(d) **Transfer Agency Fees:** The Portfolio has entered into a transfer agency agreement with Alger Shareholder Services, Inc. ("Services"), an affiliate of Alger Management, whereby Services will act as transfer agent for the Portfolio.

(e) Certain trustees and officers of the Portfolio are directors and officers of Alger Management, the Distributor and Services.

NOTE 4—Securities Transactions:

Purchases and sales of securities, other than short-term securities, of the Portfolio for the six months ended June 30, 2002, were \$217,226,291 and \$150,404,131, respectively.

NOTE 5—Share Capital:

The Fund has an unlimited number of authorized shares of beneficial interest of \$.001 par value.

During the six months ended June 30, 2002, transactions of shares of beneficial interest were as follows:

	<u>Shares</u>	<u>Amount</u>
Class O:		
Shares sold	6,151,288	\$ 77,551,934
Dividends reinvested	345,834	4,212,264
	<u>6,497,122</u>	<u>81,764,198</u>
Shares redeemed	(1,338,276)	(16,709,846)
Net increase	<u>5,158,846</u>	<u>\$ 65,054,352</u>
Class S*:		
Shares sold	<u>800</u>	<u>\$ 10,000</u>

* Initially offered May 1, 2002.

THE ALGER AMERICAN FUND
ALGER AMERICAN BALANCED PORTFOLIO
NOTES TO FINANCIAL STATEMENTS (UNAUDITED) (Cont'd)

June 30, 2002

During the year ended December 31, 2001, transactions of shares of beneficial interest were as follows:

	<u>Shares</u>	<u>Amount</u>
Shares sold	10,427,638	\$ 137,648,938
Dividends reinvested	348,830	4,726,649
	<u>10,776,468</u>	<u>142,375,587</u>
Shares redeemed	(1,990,212)	(26,183,969)
Net increase	<u>8,786,256</u>	<u>\$ 116,191,618</u>

NOTE 6—Distributions to Shareholders:

The tax character of distributions paid during the six months ended June 30, 2002 and the year ended December 31, 2001 was:

	<u>Six Months Ended June 30, 2002</u>	<u>Year Ended December 31, 2001</u>
Distributions paid from:		
Ordinary Income	\$ 4,212,264	\$ 2,131,825
Long-term capital gain	—	2,594,824
Total distributions paid	<u>\$ 4,212,264</u>	<u>\$ 4,726,649</u>

As of June 30, 2002 the components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income	\$ 2,560,367
Undistributed long-term gain	—
Capital loss carryforward	(22,461,537)
Unrealized appreciation (depreciation)	(8,664,128)

The difference between book basis and tax-basis undistributed long-term gain is attributable primarily to the tax deferral of losses on wash sales and net short-term capital gains taxed as ordinary income.

The Alger American Fund

**Alger American
Leveraged AllCap Portfolio**

Semi-Annual Report

**June 30, 2002
(Unaudited)**



This page intentionally left blank

Dear Shareholders,

July 31, 2002

The six months ended June 30, 2002, were a roller-coaster in the markets and the period ended on a downswing. The Dow opened on January 1, 2002 at 10,022 and closed on June 30, 2002 at 9,243, while the Nasdaq began at 1,950 and closed on June 30, 2002 at 1,463. By the end of the period, both indices were largely where they stood in 1998. The month of July brought lows not seen since 1997.

The first quarter of 2002 saw continued economic recovery as the Gross Domestic Product grew at a 6.1% rate, which included strong consumer spending as well as some assistance from new government spending. As a result, the recession proved to be less severe than initially feared. The recession was largely the result of a halt in business spending and the need for companies to eliminate excess inventories. Consumers, who make up two-thirds of America's \$10 trillion economy, continued to spend during this period, and they took advantage of low-interest rates to purchase cars, refinance home mortgages and buy goods. Housing starts and home sales remained high and retail sales remained steady. In addition, productivity showed remarkable gains of 8.6%, in part due to increased efficiency brought about by the widespread integration of information technologies.

The second quarter saw a slowing of economic growth, with preliminary figures showing 1.1% growth during the period. With the end of the inventory correction, growth came from consumer spending; while corporate profits were not spectacular, they did rise quarter-over-quarter and more companies had earnings surprises on the upside. Manufacturing activity continued to expand and the housing market showed remarkable strength. While job growth was anemic, there has been comparatively strong employment coming out of this recession and consumer confidence remained stable. The major

issues have been the very weak performance of the stock market and the steady stream of corporate accounting scandals that have severely eroded investor confidence in companies and their balance sheets.

Going forward, the economic outlook is positive, even though U.S. equities markets are mired in gloom. The overwhelming majority of economic data suggests that the recession is over and that the economy is growing at a rate of about 3% a year, which is less than the heady days of the late 1990s, but very healthy nonetheless. The equity markets and Wall Street in general however, have been marching to the beat of a different drum and focusing instead on the negatives, which include an unstable international situation, corporate scandals, and less spectacular earnings than in past years. While the Wall Street mentality and economic reality may diverge for a while, in the end the stock market is a reflection of the economy and what companies are doing. Many companies have become more efficient and more productive and the overall economy is healthy; sooner rather than later, the stock market will reflect that fact. At Alger, we remain committed to identifying those companies that continue to carve out new markets and that innovatively recreate their businesses so that they can grow rapidly. This is a challenging market, no doubt, but one that can reward those who identify and invest in the best growth companies.

Respectfully submitted,



Dan C. Chung
Chief Investment Officer

TABLE OF CONTENTS

Schedule of Investments	3
Financial Highlights	5
Statement of Assets and Liabilities	6
Statement of Operations	7
Statements of Changes in Net Assets	8
Notes to Financial Statements	9

THE ALGER AMERICAN FUND
ALGER AMERICAN LEVERAGED ALLCAP PORTFOLIO
SCHEDULE OF INVESTMENTS—JUNE 30, 2002 (UNAUDITED) (Cont'd)

<u>Shares</u>	<u>COMMON STOCKS (Cont'd)</u>	<u>Value</u>	<u>Principal Amount</u>	<u>SHORT-TERM INVESTMENTS—4.3%</u>	<u>Value</u>
	MULTILINE RETAIL—3.8%			U.S. GOVERNMENT & AGENCY OBLIGATIONS—4.3%	
82,400	Sears, Roebuck and Co.	\$ 4,474,320		Federal Home Loan Banks, 1.87%, 7/1/02	
158,950	Wal-Mart Stores, Inc.	8,743,840	\$14,900,000	(Cost \$14,900,000)	\$ 14,900,000
	PERSONAL PRODUCTS—1.3%			SECURITIES HELD UNDER REPURCHASE AGREEMENTS	
86,900	Avon Products, Inc.	4,539,656		Securities Held Under Repurchase Agreements, 1.92%, 7/1/02, with Bear, Stearns & Co. Inc., dtd 6/28/01, repurchase price \$258,671; collateralized by \$1,065,000 U.S. Treasury Bond Strips, due 2/15/26	258,630
	PHARMACEUTICALS—4.6%			Total Short-Term Investments (Cost \$15,158,630)	15,158,630
27,200	Allergan, Inc.	1,815,600		Total Investments (Cost \$364,702,692)(a)	344,433,924
52,100	Forest Laboratories, Inc.*	3,688,680		Liabilities in Excess of Other Assets	5,457,918
129,600	Johnson & Johnson	6,772,896		Net Assets	<u>\$349,891,842</u>
108,337	Pfizer Inc.	3,791,795			
	RETAIL—5%	16,068,971			
112,300	PETSMART, Inc.*	1,801,292			
	SEMICONDUCTORS—8.4%				
322,600	Applied Materials, Inc.*	6,135,852			
162,200	Fairchild Semiconductor Corporation*	3,941,460			
175,700	Intel Corporation	3,210,039			
156,495	Intersil Corporation Cl. A*	3,345,863			
83,000	Marvell Technology Group Ltd.*	1,650,870			
188,900	Maxim Integrated Products, Inc.*	7,240,537			
88,300	Micron Technology, Inc.*	1,785,426			
93,000	Teradyne, Inc.*	2,185,500			
		29,495,547			
	SOFTWARE—4.0%				
40,000	Intuit Inc.*	1,988,800			
171,000	Microsoft Corporation*	9,353,700			
187,900	Siebel Systems, Inc.*	2,671,938			
		14,014,438			
	SPECIALTY RETAIL—8.7%				
181,800	Abercrombie & Fitch Co. Cl. A*	4,385,016			
29,700	AutoZone, Inc.*	2,295,810			
80,800	Bed Bath & Beyond Inc.*	3,049,392			
85,500	Chico's FAS, Inc.*	3,105,360			
117,100	Limited Brands	2,494,230			
142,500	Lowe's Companies, Inc.	6,469,500			
114,600	Michaels Stores, Inc.*	4,469,400			
127,400	Office Depot, Inc.*	2,140,320			
86,800	Pier 1 Imports, Inc.	1,822,800			
		30,231,828			
	Total Common Stocks (Cost \$349,544,062)	329,275,294			

* Non-income producing security.

(a) At June 30, 2002, the net unrealized depreciation on investments, based on cost for federal income tax purposes of \$364,702,692, amounted to \$20,268,768 which consisted of aggregate gross unrealized appreciation of \$17,517,538 and aggregate gross unrealized depreciation of \$37,786,306.

See Notes to Financial Statements.

THE ALGER AMERICAN FUND
ALGER AMERICAN LEVERAGED ALLCAP PORTFOLIO
FINANCIAL HIGHLIGHTS

For a share outstanding throughout the period

	Six Months Ended June 30, 2002(i)	Class O					Class S(iii)
		Year Ended December 31,					Two Months Ended June 30, 2002(i)
		2001	2000	1999	1998	1997	
Net asset value, beginning of period	\$ 31.55	\$ 38.80	\$ 57.97	\$ 34.90	\$ 23.17	\$ 19.36	\$28.46
Net investment income (loss)	(0.07)(ii)	0.00(ii)	(0.02)(ii)	(0.09)	(0.05)	(0.03)	(0.03)(ii)
Net realized and unrealized gain (loss) on investments	(6.25)	(6.06)	(13.77)	25.93	12.99	3.84	(3.21)
Total from investment operations	(6.32)	(6.06)	(13.79)	25.84	12.94	3.81	(3.24)
Dividends from net investment income	—	—	—	—	—	—	—
Distributions from net realized gains	—	(1.19)	(5.38)	(2.77)	(1.21)	—	—
Total Distributions	—	(1.19)	(5.38)	(2.77)	(1.21)	—	—
Net asset value, end of period	\$ 25.23	\$ 31.55	\$ 38.80	\$ 57.97	\$ 34.90	\$ 23.17	\$25.22
Total Return	(20.03%)	(15.93%)	(24.83%)	78.06%	57.83%	19.68%	(11.38%)
Ratios and Supplemental Data:							
Net assets, end of period (000's omitted)	\$349,883	\$443,209	\$476,517	\$362,500	\$101,710	\$53,488	\$ 9
Ratio of expenses to average net assets	0.92%	0.92%	0.90%	0.93%	0.96%	1.00%	1.15%
Ratio of net investment income (loss) to average net assets	(0.46%)	0.00%	(0.03%)	(0.49%)	(0.27%)	(0.17%)	(0.65%)
Portfolio Turnover Rate	101.69%	103.03%	132.28%	155.74%	143.59%	164.27%	101.69%

(i) Unaudited. Ratios have been annualized; total return has not been annualized.

(ii) Amount was computed based on average shares outstanding during the period.

(iii) Initially offered May 1, 2002.

See Notes to Financial Statements.

THE ALGER AMERICAN FUND
ALGER AMERICAN LEVERAGED ALLCAP PORTFOLIO
STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)

June 30, 2002

Assets:	
Investments in securities, at value (identified cost*)—see accompanying schedule of investments	\$344,433,924
Receivable for investment securities sold	11,753,062
Receivable for shares of beneficial interest sold	328,772
Interest and dividends receivable	71,161
Other assets	4,733
Total Assets	356,591,652
Liabilities:	
Payable for investment securities purchased	5,854,342
Payable for shares of beneficial interest redeemed	517,840
Accrued investment management fees	256,695
Accrued expenses	70,933
Total Liabilities	6,699,810
Net Assets	\$349,891,842
Net Assets Consist of:	
Paid-in capital	\$583,727,784
Undistributed net investment income (accumulated loss)	(943,997)
Undistributed net realized gain (accumulated loss)	(212,623,177)
Net unrealized depreciation	(20,268,768)
Net Assets	\$349,891,842
Class O	
Net Asset Value Per Share	\$ 25.23
Class S	
Net Asset Value Per Share	\$ 25.22
Shares of beneficial interest outstanding—Note 6	
Class O	13,868,921
Class S	351
*Identified cost	\$364,702,692

See Notes to Financial Statements.

THE ALGER AMERICAN FUND
ALGER AMERICAN LEVERAGED ALLCAP PORTFOLIO
STATEMENT OF OPERATIONS (UNAUDITED)

For the six months ended June 30, 2002

INVESTMENT INCOME	
Income:	
Interest	\$ 257,702
Dividends	658,599
Total Income	916,301
Expenses:	
Management fees — Note 3(a)	1,717,876
Custodian fees	63,185
Transfer agent fees	11,601
Professional fees	7,707
Trustees' fees	1,488
Miscellaneous	49,055
Total Expenses	1,850,912
Net Investment Loss	(934,611)
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	
Net realized loss on investments	(44,694,619)
Net change in unrealized appreciation (depreciation) on investments	(43,426,045)
Net realized and unrealized loss on investments	(88,120,664)
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$(89,055,275)

See Notes to Financial Statements.

THE ALGER AMERICAN FUND
ALGER AMERICAN LEVERAGED ALLCAP PORTFOLIO
STATEMENT OF CHANGES IN NET ASSETS (UNAUDITED)

For the six months ended June 30, 2002

Net investment loss	\$ (934,611)
Net realized loss on investments	(44,694,619)
Net change in unrealized appreciation (depreciation) on investments	(43,426,045)
Net decrease in net assets resulting from operations	(89,055,275)
Dividends to shareholders—Class O:	
Net investment income	(28,241)
Increase (decrease) from shares of beneficial interest transactions:	
Class O	(4,243,662)
Class S	10,000
Net decrease from shares of beneficial interest transactions—Note 6	(4,233,662)
Total decrease	(93,317,178)
Net Assets	
Beginning of period	443,209,020
End of period	\$349,891,842
Undistributed net investment income (accumulated loss)	\$ (943,997)

THE ALGER AMERICAN FUND
ALGER AMERICAN LEVERAGED ALLCAP PORTFOLIO
STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2001

Net investment income	\$ 18,855
Net realized loss on investments	(141,288,267)
Net change in unrealized appreciation (depreciation) on investments	58,822,151
Net decrease in net assets resulting from operations	(82,447,261)
Dividends to shareholders—Class O:	
Net realized gains	(15,500,392)
Net increase from shares of beneficial interest transactions—Note 6	64,639,587
Total decrease	(33,308,066)
Net Assets	
Beginning of year	476,517,086
End of year	\$ 443,209,020
Undistributed net investment income (accumulated loss)	\$ 18,855

See Notes to Financial Statements.

THE ALGER AMERICAN FUND
ALGER AMERICAN LEVERAGED ALLCAP PORTFOLIO
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

June 30, 2002

NOTE 1—General:

The Alger American Fund (the “Fund”) is a diversified, open-end registered investment company organized as a business trust under the laws of the Commonwealth of Massachusetts. The Fund operates as a series company currently issuing six series of shares of beneficial interest: American Growth Portfolio, American Small Capitalization Portfolio, American Income and Growth Portfolio, American Balanced Portfolio, American MidCap Growth Portfolio and American Leveraged AllCap Portfolio. These financial statements include only the American Leveraged AllCap Portfolio (the “Portfolio”). The Portfolio invests primarily in equity securities and has an investment objective of long-term capital appreciation. Shares of the Portfolio are available and are being marketed exclusively as a pooled funding vehicle for qualified retirement plans and for life insurance companies writing all types of variable annuity contracts and variable life insurance policies.

The Portfolio offers Class O and Class S shares. Class S shares were first offered May 1, 2002. Each class has identical rights to assets and earnings except that only Class S shares have a plan of distribution and bear the related expenses.

NOTE 2—Significant Accounting Policies:

(a) **Investment Valuation:** Investments of the Portfolio are valued on each day the New York Stock Exchange (“NYSE”) is open as of the close of the NYSE (normally 4:00 p.m. Eastern time). Listed and unlisted securities for which such information is regularly reported are valued at the last reported sales price or, in the absence of reported sales, at the mean between the bid and the asked price, or, in the absence of a recent bid or asked price, the equivalent as obtained from one or more of the major market makers for the securities to be valued.

Securities for which market quotations are not readily available are valued according to procedures established by the Board of Trustees to determine fair value in good faith.

Securities having a remaining maturity of sixty days or less are valued at amortized cost which approximates market value.

(b) **Security Transactions and Investment Income:** Security transactions are recorded on a trade date basis. Resulting receivables and payables are carried at amounts which approximate fair value. Realized gains and losses from security transactions are recorded on the identified cost basis. Dividend income is recognized on the ex-dividend date and interest income is recognized on the accrual basis.

(c) **Repurchase Agreements:** The Portfolio enters into repurchase agreements with approved institutions. The repurchase agreements are collateralized by U.S. Government securities, which are either received and held in physical possession by the custodian or received by such custodian in book-entry form through the Federal Reserve book-entry system. The collateral is valued on a daily basis during the term of the agreement to ensure that its value equals or exceeds the agreed-upon repurchase price to be repaid to the Portfolio. Additional collateral is obtained when necessary.

(d) **Lending of Portfolio Securities:** The Portfolio lends its securities to financial institutions, provided that the market value of the securities loaned will not at any time exceed one-third of the Portfolio’s total assets, as defined. The Portfolio earns fees on the securities loaned, which are included in interest income in the accompanying Statement of Operations. In order to protect against the risk of failure by the borrower to return the securities loaned or any delay in the delivery of such securities, the loan is collateralized by cash, letters of credit or U.S. Government securities that are maintained in an amount equal to at least 100 percent of the current market value of the loaned securities. The market value of the loaned securities is determined at the close of business of the Portfolio and any required additional collateral is delivered to the Portfolio on the next business day.

(e) **Dividends to Shareholders:** Dividends and distributions payable to shareholders are recorded by the Portfolio on the ex-dividend date.

Dividends from net investment income are declared and paid annually.

Dividends from net realized gains, offset by any loss carryforward, are declared and paid annually after the end of the fiscal year in which earned.

Each class is treated separately in determining the amounts of dividends of net investment income and distributions of capital gains payable to holders of its shares.

The characterization of dividends to shareholders for financial reporting purposes is determined in accordance with federal income tax rules. Therefore, the source of the Portfolio’s distributions may be shown in the accompanying financial statements as either from, or in excess of, net investment income or net realized gain on investment transactions, or from paid-in capital, depending on the type of book/tax differences that may exist.

At December 31, 2001, the Portfolio reclassified \$1,388,994 from undistributed net investment loss to either accumulated undistributed net realized gain or paid-in capital. The reclassification had no impact on the net asset value of the Portfolio and is designed to present the Portfolio’s capital accounts on a tax basis.

THE ALGER AMERICAN FUND
ALGER AMERICAN LEVERAGED ALLCAP PORTFOLIO
NOTES TO FINANCIAL STATEMENTS (UNAUDITED) (Cont'd)

June 30, 2002

(f) **Federal Income Taxes:** It is the Portfolio's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of the taxable income, including net realized capital gains, to its shareholders. Therefore, no federal income tax provision is required. The Portfolio is treated as a separate entity for the purpose of determining such compliance. At December 31, 2001, the net capital loss carryforward of the Portfolio, which may be used to offset future net realized gains was approximately \$158,854,000 and expires in 2009.

(g) **Expenses:** The Fund accounts separately for the assets, liabilities and operations of each Portfolio. Expenses directly attributable to each Portfolio are charged to that Portfolio's operations; expenses which are applicable to all Portfolios are allocated among them. Income, realized and unrealized gains and losses, and expenses of each Portfolio are allocated among the Portfolio's classes based on relative net assets, with the exception of distribution fees, which are only applicable to Class S shares.

(h) **Other:** These financial statements have been prepared using estimates and assumptions that affect the reported amounts therein. Actual results may differ from those estimates.

NOTE 3—Investment Management Fees and Other Transactions with Affiliates:

(a) **Investment Management Fees:** Fees incurred by the Portfolio, pursuant to the provisions of its Investment Management Agreement (the "Agreement") with Fred Alger Management, Inc. ("Alger Management"), are payable monthly and computed based on the average daily net assets of the Portfolio at the annual rate of .85%.

The Agreement further provides that if in any fiscal year the aggregate expenses, excluding interest, taxes, brokerage commissions, and extraordinary expenses, exceed 1.50% of the average daily net assets of the Portfolio, Alger Management will reimburse the Portfolio for the excess expenses.

(b) **Distribution Fees:** Class S shares—The Fund has adopted a Distribution Plan pursuant to which Class S shares of each Portfolio pay Fred Alger & Company, Incorporated, the Fund's distributor (the "Distributor"), a fee at the annual rate of .25% of the respective average daily net assets of the Class S shares of the designated Portfolios to compensate the Distributor for its activities and expenses incurred in distributing the Class S shares. The fees charged may be more or less than the expenses incurred by the Distributor.

(c) **Brokerage Commissions:** During the six months ended June 30, 2002, the Portfolio paid the Distributor \$728,854 in connection with securities transactions.

(d) **Transfer Agency Fees:** The Portfolio has entered into a transfer agency agreement with Alger Shareholder Services, Inc. ("Services"), an affiliate of Alger Management, whereby Services will act as transfer agent for the Portfolio.

(e) Certain trustees and officers of the Portfolio are directors and officers of Alger Management, the Distributor and Services.

NOTE 4—Securities Transactions:

Purchases and sales of securities, other than short-term securities, of the Portfolio for the six months ended June 30, 2002, were \$392,594,804 and \$383,632,008, respectively.

NOTE 5—Line of Credit:

The Portfolio has a line of credit with its custodian bank whereby it may borrow up to one-third of the value of its assets, as defined, up to a maximum of \$25,000,000. Such borrowings have a variable interest rate and are payable on demand. To the extent the Portfolio borrows under this line, it must pledge securities with a total value of at least twice the amount borrowed. At June 30, 2002, the Portfolio had no such borrowings.

NOTE 6—Share Capital:

The Fund has an unlimited number of authorized shares of beneficial interest of \$.001 par value.

During the six months ended June 30, 2002, transactions of shares of beneficial interest were as follows:

	<u>Shares</u>	<u>Amount</u>
Class O:		
Shares sold	2,810,049	\$ 82,003,442
Dividends reinvested	1,029	28,241
	<u>2,811,078</u>	<u>82,031,683</u>
Shares redeemed	(2,991,208)	(86,275,345)
Net decrease	<u>(180,130)</u>	<u>\$ (4,243,662)</u>
Class S*:		
Shares sold	<u>351</u>	<u>\$ 10,000</u>

* Initially offered May 1, 2002.

THE ALGER AMERICAN FUND
ALGER AMERICAN LEVERAGED ALLCAP PORTFOLIO
NOTES TO FINANCIAL STATEMENTS (UNAUDITED) (Cont'd)

June 30, 2002

During the year ended December 31, 2001, transactions of shares of beneficial interest were as follows:

	Shares	Amount
Shares sold	7,085,585	\$ 233,714,872
Dividends reinvested	442,363	15,500,392
	<u>7,527,948</u>	<u>249,215,264</u>
Shares redeemed	(5,759,670)	(184,575,677)
Net increase	<u>1,768,278</u>	<u>\$ 64,639,587</u>

NOTE 7—Distributions to Shareholders:

The tax character of distributions paid during the six months ended June 30, 2002 and the year ended December 31, 2001 was:

	Six Months Ended June 30, 2002	Year Ended December 31, 2001
Distributions paid from:		
Ordinary Income	\$ 28,241	\$ —
Long-term capital gain	—	15,500,392
Total distributions paid	<u>\$ 28,241</u>	<u>\$ 15,500,392</u>

As of June 30, 2002 the components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income	—
Undistributed long-term gain	—
Capital loss carryforward	\$(203,548,395)
Unrealized appreciation (depreciation)	(20,268,768)

The difference between book basis and tax-basis undistributed long-term gain is attributable primarily to the tax deferral of losses on wash sales and net short-term capital gains taxed as ordinary income.

This page intentionally left blank

CREDIT SUISSE FUNDS

Semiannual Report

June 30, 2002
(Unaudited)

CREDIT SUISSE TRUST— ■ EMERGING MARKETS PORTFOLIO

Credit Suisse Trust (the "Trust") shares are not available directly to individual investors, but may be offered only through certain insurance products and pension and retirement plans.

More complete information about the Trust, including charges and expenses, is provided in the *Prospectus*, which must precede or accompany this document and which should be read carefully before investing. You may obtain additional copies by calling 800-222-8977 or by writing to Credit Suisse Trust, P.O. Box 9030, Boston, MA 02205-9030.

Credit Suisse Asset Management Securities, Inc., Distributor, is located at 466 Lexington Ave., New York, NY 10017-3147. The Trust is advised by Credit Suisse Asset Management, LLC.

The Portfolio's investment adviser and co-administrators may waive some fees and/or reimburse some expenses, without which performance would be lower. Waivers and/or reimbursements are subject to change.

*Returns include change in share price and reinvestment of dividends and capital gains. **Past performance cannot guarantee future results.** Returns and share price will fluctuate, and redemption value may be more or less than original cost.*

The views of the Portfolio's management are as of the date of the letter and the portfolio holdings described in this document are as of June 30, 2002; these views and portfolio holdings may have changed subsequent to these dates. Nothing in this document is a recommendation to purchase or sell securities.

Portfolio shares are not deposits or other obligations of Credit Suisse Asset Management, LLC ("CSAM") or any affiliate, are not FDIC-insured and are not guaranteed by CSAM or any affiliate.

Credit Suisse Trust — Emerging Markets Portfolio
Semiannual Investment Adviser's Report
June 30, 2002

July 22, 2002

Dear Shareholder:

For the six months ended June 30, 2002, Credit Suisse Trust — Emerging Markets Portfolio (the "Portfolio") had a gain of 1.19%, vs. an increase of 2.07% for the Morgan Stanley Capital International Emerging Markets Free Index.¹

Emerging stock markets collectively had a small gain in the period. The group started on a strong note, but fell back in the year's second quarter. The general aversion to risk that hampered these markets in late April and May only intensified in June. An uncertain economic and profit outlook in major economies, combined with stepped-up fears regarding corporate governance issues in the U.S., sparked a global sell off in equities, and emerging markets were not spared.

By region, Latin American markets declined as a group, hurt by the global uncertainty and by political and financial concerns in Brazil. With October's presidential election drawing nearer, there were heightened concerns that the left-leaning candidate could win, potentially upending eight years of free-market reform. On the financial front, Brazilian stocks fell partly on worries over the country's debt-servicing burden. Weakness in the country's currency greatly exacerbated the market's loss for dollar-based investors. Elsewhere of note in the area, Mexican stocks declined — with results also poorer in U.S. dollar terms — though this appeared to be largely driven by global factors. Chile struggled, as did Argentina, which remained mired in financial and political turmoil.

Within Asia, performance was mixed. Good performers included Indonesia, South Korea and Thailand. Losers included the Philippines, with investors drawing similarities between its and Brazil's debt structure. Most markets in the Middle East/European/Africa segment fell back, though Russia and South Africa rose, benefiting from higher commodity prices.

The Portfolio was hindered by the general decline in emerging stock markets and by weakness in certain areas, e.g., Brazil, where we were modestly overweighted in the latter part of the period. On the positive side, the Portfolio was aided by its meaningful exposure to Indonesia and Thailand in the period.

Within the Portfolio, we made a few adjustments, raising our exposure to higher-growth and more economically sensitive areas of the market late in the period. We added to such positions — e.g., certain Asian technology stocks — on price weakness, in specific cases where we felt we saw attractive valuations. Also late in the period, we raised our exposure to Brazil (after having lowered our position earlier in the period), and ended the period with a modest

Credit Suisse Trust — Emerging Markets Portfolio Semiannual Investment Adviser's Report (concluded)

June 30, 2002

overweighting. We pared the Portfolio's Mexico position, though we maintained an overweighting, reflecting our optimism over the country's longer-term economic prospects. Other country weightings we raised were South Korea and Turkey, ending the period with overweightings in both markets. We remained underweighted in the broad Europe/Middle East/Africa group, based on our reading of general risk-adjusted valuation factors.

Going forward, we continue to believe that some caution is warranted. Emerging markets could remain vulnerable to weakness in developed stock markets, especially if economic data from the U.S. and elsewhere disappoints. In addition, while we believe that corporate governance/accounting issues are less of a problem within emerging economies, any more visible revelations in the U.S. could have an indirect negative impact on emerging markets via heightened risk concerns.

In this environment, we do not intend to be aggressively positioned in terms of regional and industry allocation, but instead will remain focused on attempting to add value on the margin. Our efforts will continue to include looking for opportunities to add more growth and cyclical to the Portfolio by taking advantage of market volatility.

Richard Watt
Portfolio Manager

Emily Alejos
Associate
Portfolio Manager

Neil Gregson
Associate
Portfolio Manager

Summary of Annualized Total Returns (6/30/2002)

<u>One Year</u>	<u>Since Inception</u>	<u>Inception Date</u>
-7.88%	-1.39%	12/31/1997

International investing entails special risk considerations, including currency fluctuations, lower liquidity, economic and political risks, and differences in accounting methods; these risks are generally heightened for emerging-market investments. The Portfolio may involve a greater degree of risk than other mutual funds that seek capital growth by investing in larger, more developed countries.

¹ The Morgan Stanley Capital International Emerging Markets Free Index is an unmanaged capitalization-weighted index (with no defined investment objective) of emerging-market equity performance. The index is "free" because it only reflects active investable opportunities for global investors by taking into account local market restrictions on share ownership by foreigners. The index includes only those countries open to non-local investors. Investors cannot invest directly in an index.

Credit Suisse Trust — Emerging Markets Portfolio
Schedule of Investments
June 30, 2002 (Unaudited)

	<u>Number of Shares</u>	<u>Value</u>
COMMON STOCKS (95.8%)		
Australia (0.0%)		
<i>Oil & Gas (0.0%)</i>		
Novus Petroleum, Ltd.*	144	\$ 130
<i>TOTAL AUSTRALIA</i>		
		<u>130</u>
Brazil (7.5%)		
<i>Aerospace & Defense (0.8%)</i>		
Empresa Brasileira de Aeronautica SA ADR	20,000	428,000
<i>Beverages (1.1%)</i>		
Companhia de Bebidas das Americas ADR	34,800	540,792
<i>Diversified Telecommunication Services (0.8%)</i>		
Telecomunicacoes Brasileiras SA - Telebras ADR*	18,600	421,848
<i>Metals & Mining (1.9%)</i>		
Companhia Vale do Rio Doce ADR	37,800	980,910
<i>Oil & Gas (2.1%)</i>		
Petroleo Brasileiro SA - Petrobras ADR	63,098	1,097,905
<i>Paper & Forest Products (0.8%)</i>		
Aracruz Celulose SA ADR	19,500	390,000
<i>TOTAL BRAZIL</i>		
		<u>3,859,455</u>
Chile (2.1%)		
<i>Banks (0.7%)</i>		
Banco Santiago ADR	20,200	350,470
<i>Diversified Telecommunication Services (0.7%)</i>		
Compania de Telecomunicaciones de Chile SA ADR	31,100	380,975
<i>Electric Utilities (0.7%)</i>		
Empresa Nacional de Electricidad SA ADR*	46,500	371,535
<i>TOTAL CHILE</i>		
		<u>1,102,980</u>
China (1.3%)		
<i>Electric Utilities (1.0%)</i>		
Beijing Datang Power Generation Company, Ltd.	1,084,301	483,088
<i>Marine (0.3%)</i>		
China Shipping Development Company, Ltd.	766,000	164,991
<i>TOTAL CHINA</i>		
		<u>648,079</u>
Hong Kong (4.3%)		
<i>Distributors (1.4%)</i>		
China Resources Enterprise, Ltd.	608,000	713,257
<i>Oil & Gas (0.8%)</i>		
CNOOC, Ltd.	323,500	433,423
<i>Wireless Telecommunication Services (2.1%)</i>		
China Mobile, Ltd.*	366,500	1,083,095
<i>TOTAL HONG KONG</i>		
		<u>2,229,775</u>

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Emerging Markets Portfolio
Schedule of Investments (continued)
June 30, 2002 (Unaudited)

	<u>Number of Shares</u>	<u>Value</u>
COMMON STOCKS (continued)		
Hungary (0.1%)		
Diversified Telecommunication Services (0.1%) Matav Rt ADR	2,300	\$ 36,800
TOTAL HUNGARY		<u>36,800</u>
India (2.8%)		
<i>Banks (0.8%)</i>		
HDFC Bank, Ltd.*	10,600	136,740
State Bank of India, Ltd. GDR*	24,100	278,355
		<u>415,095</u>
<i>IT Consulting & Services (0.3%)</i>		
Infosys Technologies, Ltd. ADR	2,700	138,240
<i>Metals & Mining (0.2%)</i>		
Hindalco Industries, Ltd. GDR*	7,200	111,600
<i>Pharmaceuticals (1.5%)</i>		
Dr. Reddy's Laboratories, Ltd. ADR*	15,700	304,580
Ranbaxy Laboratories, Ltd. GDR*	24,000	468,000
		<u>772,580</u>
TOTAL INDIA		<u>1,437,515</u>
Indonesia (1.1%)		
<i>Automobiles (0.3%)</i>		
PT Astra International Tbk*	302,000	147,313
<i>Diversified Telecommunication Services (0.5%)</i>		
PT Telekomunikasi Indonesia	611,000	262,978
<i>Food Products (0.3%)</i>		
PT Indofood Sukses Makmur Tbk	1,136,000	140,163
TOTAL INDONESIA		<u>550,454</u>
Israel (0.4%)		
<i>Internet Software & Services (0.4%)</i>		
Check Point Software Technologies, Ltd.*	16,300	221,028
TOTAL ISRAEL		<u>221,028</u>
Malaysia (8.5%)		
<i>Banks (3.3%)</i>		
Malayan Banking Berhad	417,700	967,329
Public Bank Berhad	809,612	737,191
		<u>1,704,520</u>
CONSTRUCTION & ENGINEERING (1.2%)		
IJM Corp. Berhad	446,000	604,462
<i>Diversified Telecommunication Services (0.2%)</i>		
Maxis Communications Berhad*	84,000	108,285

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Emerging Markets Portfolio
Schedule of Investments (continued)
June 30, 2002 (Unaudited)

	<u>Number of Shares</u>	<u>Value</u>
COMMON STOCKS (continued)		
Malaysia (continued)		
<i>Hotels, Restaurants & Leisure (2.7%)</i>		
Genting Berhad	193,022	\$ 741,629
Resorts World Berhad*	235,000	655,542
		<u>1,397,171</u>
<i>Industrial Conglomerates (1.1%)</i>		
Sime Darby Berhad	454,176	597,614
TOTAL MALAYSIA		<u>4,412,052</u>
Mexico (9.0%)		
<i>Banks (1.2%)</i>		
Grupo Financiero BBVA Bancomer SA de CV Class O	733,600	599,733
<i>Beverages (1.3%)</i>		
Coca-Cola Femsá SA de CV ADR	9,000	216,000
Fomento Economico Mexicano SA de CV ADR	5,000	196,100
Grupo Modelo SA de CV Series C*	112,800	265,420
		<u>677,520</u>
<i>Construction Materials (1.2%)</i>		
Cemex SA de CV ADR	23,002	606,333
<i>Diversified Telecommunication Services (2.2%)</i>		
Telefonos de Mexico SA de CV ADR	35,258	1,131,077
<i>Media (1.0%)</i>		
Grupo Televisa SA ADR*	13,400	500,892
<i>Multiline Retail (0.9%)</i>		
Wal-Mart de Mexico SA de CV ADR	17,800	483,451
<i>Wireless Telecommunication Services (1.2%)</i>		
América Móvil SA de CV ADR	47,758	639,957
TOTAL MEXICO		<u>4,638,963</u>
Poland (0.1%)		
<i>Banks (0.0%)</i>		
Bank Pekao SA	1,222	28,071
<i>Diversified Telecommunication Services (0.1%)</i>		
Telekomunikacja Polska*	17,042	46,415
TOTAL POLAND		<u>74,486</u>
Russia (4.2%)		
<i>Electric Utilities (0.2%)</i>		
RAO Unified Energy System (UES) ADR*	12,166	121,417
<i>Industrial Conglomerates (0.8%)</i>		
YUKOS ADR*	3,000	414,621

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Emerging Markets Portfolio
Schedule of Investments (continued)
June 30, 2002 (Unaudited)

	<u>Number of Shares</u>	<u>Value</u>
COMMON STOCKS (continued)		
Russia (continued)		
<i>Oil & Gas (2.6%)</i>		
LUKOIL ADR*	13,600	\$ 884,680
Surgutneftegaz ADR*	22,800	445,740
		<u>1,330,420</u>
<i>Wireless Telecommunication Services (0.6%)</i>		
AO VimpelCom ADR*	11,100	282,606
		<u>2,149,064</u>
TOTAL RUSSIA		
South Africa (8.9%)		
<i>Banks (1.2%)</i>		
Standard Bank Group Ltd.	191,189	593,429
<i>Containers & Packaging (0.2%)</i>		
Nampak Ltd.*	72,170	95,903
<i>Food Products (0.0%)</i>		
Tiger Brands Ltd.*	2	14
<i>Industrial Conglomerates (0.6%)</i>		
Bidvest Group, Ltd.	66,126	295,044
<i>Insurance (1.2%)</i>		
Liberty Group, Ltd.	61,330	333,133
Sanlam, Ltd.	364,957	304,082
		<u>637,215</u>
<i>Metals & Mining (3.2%)</i>		
Anglo American Platinum Corporation, Ltd.	13,200	518,543
Gold Fields, Ltd.	84,278	995,675
Impala Platinum Holdings, Ltd.	2,700	149,749
		<u>1,663,967</u>
<i>Oil & Gas (1.0%)</i>		
Sasol, Ltd.	46,500	496,137
<i>Paper & Forest Products (1.0%)</i>		
Sappi, Ltd.	38,506	541,567
<i>Specialty Retail (0.0%)</i>		
Edgars Consolidated Stores Ltd.*	2,974	10,443
<i>Wireless Telecommunication Services (0.5%)</i>		
Johnnic Holdings, Ltd.*	61,987	252,526
		<u>4,586,245</u>
TOTAL SOUTH AFRICA		
South Korea (25.1%)		
<i>Banks (6.1%)</i>		
Hana Bank	49,400	706,324
Kookmin Bank	42,765	2,076,107
Shinhan Financial Group Company, Ltd.	26,048	368,105
		<u>3,150,536</u>

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Emerging Markets Portfolio
Schedule of Investments (continued)
June 30, 2002 (Unaudited)

	<u>Number of Shares</u>	<u>Value</u>
COMMON STOCKS (continued)		
South Korea (continued)		
<i>Beverages (0.9%)</i>		
Hite Brewery Company, Ltd.	7,300	\$ 450,273
<i>Electronic Equipment & Instruments (2.6%)</i>		
Samsung Electronics Company, Ltd.	11,560	560,241
Samsung SDI Company, Ltd.	10,040	777,854
		<u>1,338,095</u>
<i>Metals & Mining (2.2%)</i>		
POSCO ADR	10,397	1,153,819
<i>Multiline Retail (1.2%)</i>		
Shinsegae Company, Ltd.	3,730	632,539
<i>Semiconductor Equipment & Products (7.3%)</i>		
Samsung Electronics Co.	13,666	3,737,540
<i>Wireless Telecommunication Services (4.8%)</i>		
KT Freetel*	19,800	651,792
SK Telecom Company, Ltd.	7,862	1,761,328
SK Telecom Company, Ltd. ADR	3,200	79,328
		<u>2,492,448</u>
TOTAL SOUTH KOREA		<u>12,955,250</u>
Taiwan (14.3%)		
<i>Banks (2.6%)</i>		
Chinatrust Financial Holding Company, Ltd.*	1,095,923	967,698
SinoPac Holdings Co.*	885,453	386,951
		<u>1,354,649</u>
<i>Chemicals (1.4%)</i>		
Nan Ya Plastic Corp.	747,000	699,846
<i>Electronic Equipment & Instruments (1.4%)</i>		
Hon Hai Precision Industry Company, Ltd.	171,720	701,603
<i>Industrial Conglomerates (1.5%)</i>		
Far Eastern Textile, Ltd.	1,810,000	799,113
<i>Insurance (1.7%)</i>		
Cathay Financial Holdings Company, Ltd.	591,348	870,855
<i>Semiconductor Equipment & Products (5.7%)</i>		
MediaTek, Inc.	36,000	461,194
Taiwan Semiconductor Manufacturing Co.*	784,128	1,596,003
United Microelectronics Corp.*	751,442	901,940
		<u>2,959,137</u>
TOTAL TAIWAN		<u>7,385,203</u>
Thailand (1.1%)		
<i>Banks (0.7%)</i>		
Bangkok Bank Public Company, Ltd.*	207,905	342,932

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Emerging Markets Portfolio
Schedule of Investments (continued)
June 30, 2002 (Unaudited)

	<u>Number of Shares</u>	<u>Value</u>
COMMON STOCKS (continued)		
Thailand (continued)		
<i>Wireless Telecommunication Services (0.4%)</i>		
Advanced Info Service Public Company, Ltd.	211,000	\$ 203,233
<i>TOTAL THAILAND</i>		<u>546,165</u>
Turkey (1.3%)		
<i>Banks (0.2%)</i>		
Turkiye Is Bankasi Class C*	39,999,000	103,438
<i>Beverages (0.4%)</i>		
Anadolu Efes Biracilik ve Malt Sanayii AS*	11,398,000	222,863
<i>Diversified Financials (0.3%)</i>		
Haci Omer Sabanci Holdings AS*	70,143,998	172,546
<i>Wireless Telecommunication Services (0.4%)</i>		
Turkcell Iletisim Hizmetleri AS ADR*	14,400	175,680
<i>TOTAL TURKEY</i>		<u>674,527</u>
United Kingdom (3.3%)		
<i>Metals & Mining (3.3%)</i>		
Anglo American PLC	103,728	1,730,329
<i>TOTAL UNITED KINGDOM</i>		<u>1,730,329</u>
United States (0.4%)		
<i>Commingled Funds (0.3%)</i>		
iShares MSCI Brazil Index Fund	18,500	178,525
<i>Food & Drug Retailing (0.1%)</i>		
Companhia Brasileira de Distribuicao Grupo de Acucar	2,800	49,812
<i>TOTAL UNITED STATES</i>		<u>228,337</u>
TOTAL COMMON STOCKS (Cost \$46,661,296)		<u>49,466,837</u>
WARRANTS (1.9%)		
United Kingdom (1.9%)		
<i>Banks (1.9%)</i>		
UBS AG* (Exp-5/27/03) (Cost \$1,057,263)	256,585	1,001,006
RIGHTS (0.0%)		
Thailand (0.0%)		
<i>Diversified Telecommunication Services (0.0%)</i>		
TelecomAsia Corp. Public Company, Ltd.* (Cost \$0)	50,021	<u>0</u>

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Emerging Markets Portfolio
Schedule of Investments (concluded)
 June 30, 2002 (Unaudited)

	<u>Par (000)</u>	<u>Value</u>
SHORT-TERM INVESTMENT (1.5%)		
State Street Bank & Trust Co. Euro Time Deposit, 1.750%, 7/01/02 (Cost \$763,000)	\$763	\$ 763,000
TOTAL INVESTMENTS AT VALUE (99.2%) (Cost \$48,481,559)		51,230,843
OTHER ASSETS IN EXCESS OF LIABILITIES (0.8%)		428,574
NET ASSETS (100.0%)		<u>\$ 51,659,417</u>

INVESTMENT ABBREVIATIONS

ADR = American Depository Receipt

GDR = Global Depository Receipt

* Non-income producing security.

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Emerging Markets Portfolio
Statement of Assets and Liabilities
June 30, 2002 (Unaudited)

Assets

Investments at value (Cost \$48,481,559)	\$51,230,843
Cash	562
Foreign currency (Cost \$228,920)	229,559
Receivables for investments sold	1,143,973
Receivables for fund shares sold	30,469
Dividend and interest receivables	152,740
Prepaid expenses and other assets	3,761
Total assets	<u>52,791,907</u>

Liabilities

Advisory fee payable	36,662
Administrative services fee payable	18,276
Payables for investments purchased	962,910
Payables for fund shares redeemed	48,671
Payable for foreign taxes	13,045
Other accrued expenses payable	52,926
Total liabilities	<u>1,132,490</u>

Net Assets

Capital stock, \$0.001 par value	6,058
Paid-in capital	65,259,126
Accumulated Undistributed net investment income	215,821
Accumulated net realized loss from investments and foreign currency transactions	(16,552,005)
Net unrealized appreciation from investments and foreign currency translations	2,730,417
Net Assets	<u>\$51,659,417</u>
Shares outstanding	<u>6,058,123</u>
Net asset value, offering price and redemption price per share	<u>\$8.53</u>

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Emerging Markets Portfolio

Statement of Operations

For the Period Ended June 30, 2002 (Unaudited)

Investment Income

Dividends	\$ 525,021
Interest	23,367
Foreign taxes withheld	(46,230)
Total investment income	<u>502,158</u>

Expenses

Investment advisory fees	298,265
Administrative services fees	43,208
Printing fees	43,839
Custodian fees	17,320
Legal fees	8,026
Audit fees	6,558
Transfer agent fees	3,051
Insurance expense	1,752
Interest expense	981
Trustees fees	821
Registration fees	363
Miscellaneous expense	3,724
Total expenses	<u>427,908</u>
Less: fees waived	<u>(93,851)</u>
Net expenses	<u>334,057</u>
Net Investment income	<u>168,101</u>

Net Realized and Unrealized Gain (Loss) from Investments and Foreign Currency Related Items

Net realized loss from investments	(1,274,300)
Net realized loss from foreign currency transactions	(80,012)
Net change in unrealized appreciation (depreciation) from investments	873,762
Net change in unrealized appreciation (depreciation) from foreign currency translations	(12,482)
Net realized and unrealized loss from investments and foreign currency related items	<u>(493,032)</u>
Net decrease in net assets resulting from operations	<u>\$ (324,931)</u>

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Emerging Markets Portfolio
Statements of Changes in Net Assets

	For the Six Months Ended June 30, 2002 (Unaudited)	For the Year Ended December 31, 2001
<i>From Operations</i>		
Net investment income	\$ 168,101	\$ 230,216
Net realized loss on investments and foreign currency transactions	(1,354,312)	(9,058,391)
Net change in unrealized appreciation (depreciation) from investments and foreign currency translations	<u>861,280</u>	<u>5,884,035</u>
Net decrease in net assets resulting from operations	<u>(324,931)</u>	<u>(2,944,140)</u>
<i>From Capital Share Transactions</i>		
Proceeds from sale of shares	104,129,068	158,745,561
Net asset value of shares redeemed	<u>(90,475,785)</u>	<u>(150,074,287)</u>
Net increase in net assets from capital share transactions	<u>13,653,283</u>	<u>8,671,274</u>
Net increase in net assets	13,328,352	5,727,134
<i>Net Assets</i>		
Beginning of period	<u>38,331,065</u>	<u>32,603,931</u>
End of period	<u><u>\$ 51,659,417</u></u>	<u><u>\$ 38,331,065</u></u>
<i>Accumulated Undistributed Net Investment Income</i>	<u><u>\$ 215,821</u></u>	<u><u>\$ 47,720</u></u>

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Emerging Markets Portfolio

Financial Highlights

(For a Share of the Portfolio Outstanding Throughout Each Period)

	For the Six Months Ended June 30, 2002 (Unaudited)	For the Year Ended			
		2001	2000	1999	1998
Per share data					
Net asset value, beginning of period	\$ 8.43	\$ 9.33	\$ 14.18	\$ 8.19	\$ 10.00
INVESTMENT OPERATIONS					
Net investment income	0.03	0.06	0.23	0.05 ¹	0.10
Net gain (loss) on investments and foreign currency related items (both realized and unrealized)	0.07 ²	(0.96)	(4.70)	6.56	(1.83)
Total from investment operations	0.10	(0.90)	(4.47)	6.61	(1.73)
LESS DIVIDENDS AND DISTRIBUTIONS					
Dividends from net investment income	—	—	(0.20)	(0.04)	(0.08)
Distributions from net realized gains	—	—	(0.15)	(0.58)	—
Return of capital	—	—	(0.03)	—	—
Total dividends and distributions	—	—	(0.38)	(0.62)	(0.08)
Net asset value, end of period	\$ 8.53	\$ 8.43	\$ 9.33	\$ 14.18	\$ 8.19
Total return ³	1.19%	(9.65)%	(31.55)%	81.40%	(17.30)%
Ratios and Supplemental Data:					
Net assets, end of period (000s omitted)	\$51,659	\$38,331	\$32,604	\$16,781	\$ 2,696
Ratio of expenses to average net assets ⁴	1.40% ⁵	1.40%	1.42%	1.42%	1.40%
Ratio of net investment income (loss) to average net assets	0.70% ⁵	0.63%	2.45%	(0.19)%	2.09%
Decrease reflected in above operating expense ratios due to waivers/reimbursements	0.39% ⁵	0.49%	0.27%	1.73%	6.81%
Portfolio Turnover Rate	66%	130%	208%	145%	21%

¹ Per Share information is calculated using the average shares outstanding method.

² The amount shown for a share outstanding does not correspond with aggregate net gain/loss on investments for the period due to timing of sales and repurchases of Portfolio shares in relation to fluctuating market values of the investments of the Portfolio.

³ Total returns are historical and assume changes in share price, reinvestments of all dividends and distributions, and no sales charge. Had certain expenses not been reduced during the periods shown, total returns would have been lower. Total returns for periods of less than one year are not annualized.

⁴ Interest earned on uninvested cash balances is used to offset portions of the transfer agent expense. These arrangements resulted in a reduction to the Portfolio's net expense ratio by .00% for the six months ended June 30, 2002, and .00%, .02%, .02%, and .00% for each of the years ended December 31, 2001, 2000, 1999 and 1998, respectively. The Portfolio's operating expense ratio after reflecting these arrangements was 1.40% for the six months ended June 30, 2002 and for each of the years ended December 31, 2001, 2000, 1999 and 1998, respectively.

⁵ Annualized.

See Accompanying Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

Credit Suisse Trust (the “Trust”), a Massachusetts business trust incorporated on March 15, 1995, is an open-end management investment company registered under the Investment Company Act of 1940, as amended, and currently offers nine managed investment portfolios of which one, the Emerging Markets Portfolio (the “Portfolio”), is included in this report. The Portfolio is a non-diversified investment fund that seeks long-term growth of capital. Shares of the Portfolio are not available directly to individual investors but may be offered only through (a) variable annuity contracts and variable life insurance contracts offered by separate accounts of certain insurance companies and (b) tax-qualified pension and retirement plans. The Portfolio may not be available in connection with a particular contract or plan.

A) SECURITY VALUATION — The net asset value of the Portfolio is determined daily as of the close of regular trading on the New York Stock Exchange, Inc. The Portfolio’s investments are valued at market value, which is generally determined using the last reported sales price. If no sales are reported, investments are generally valued at the last reported bid price. Debt securities are valued on the basis of broker quotations or valuations provided by a pricing service which may use a matrix, formula or other objective method that takes into consideration market indices, matrices, yield curves and other specific adjustments. If market quotations are not readily available, securities and other assets are valued by another method that the Board of Trustees believe accurately reflects fair value. Debt obligations that will mature in 60 days or less are valued on the basis of amortized cost, which approximates market value, unless the Board determines that using this method would not reflect an investment’s value.

B) FOREIGN CURRENCY TRANSACTIONS — The books and records of the Portfolio are maintained in U.S. dollars. Transactions denominated in foreign currencies are recorded at the current prevailing exchange rates. All assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the current exchange rate at the end of the period. Translation gains or losses resulting from changes in the exchange rate during the reporting period and realized gains and losses on the settlement of foreign currency transactions are reported in the results of operations for the current period. The Portfolio does not isolate that portion of realized gains and losses on investments in equity securities which is due to changes in the foreign exchange rate from that which is due to changes in market prices of equity securities. The Portfolio isolates that portion of realized gains

Note 1. Summary of Significant Accounting Policies — (continued)

and losses on investments in debt securities which is due to changes in the foreign exchange rate from that which is due to changes in market prices of debt securities.

C) SECURITY TRANSACTIONS AND INVESTMENT INCOME — Security transactions are accounted for on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The cost of investments sold is determined by use of the specific identification method for both financial reporting and income tax purposes.

D) DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS — Dividends from net investment income and distributions of net realized capital gains, if any, are declared and paid at least annually. However, to the extent that a net realized capital gain can be reduced by a capital loss carry-over, such gain will not be distributed. Income and capital gain distributions are determined in accordance with federal income tax regulations which may differ from accounting principles generally accepted in the United States of America (“GAAP”).

E) FEDERAL INCOME TAXES — No provision is made for federal taxes as it is the Trust’s intention to have the Portfolio continue to qualify for and elect the tax treatment applicable to regulated investment companies under the Internal Revenue Code of 1986, as amended, and make the requisite distributions to its shareholders which will be sufficient to relieve it from federal income and excise taxes.

F) USE OF ESTIMATES — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

G) SHORT-TERM INVESTMENTS — The Portfolio, together with other funds/portfolios advised by Credit Suisse Asset Management, LLC (“CSAM”), an indirect, wholly-owned subsidiary of Credit Suisse Group, pool available cash into a short-term time deposit issued by State Street Bank & Trust, the Portfolio’s custodian. The short-term time deposit is a variable rate account classified as a short-term investment.

H) FORWARD FOREIGN CURRENCY CONTRACTS — The Portfolio may enter into forward foreign currency contracts for the purchase or sale of a

Note 1. Summary of Significant Accounting Policies — (continued)

specific foreign currency at a fixed price on a future date. Risks may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in the value of a foreign currency. The Portfolio will enter into forward foreign currency contracts primarily for hedging purposes. Forward foreign currency contracts are adjusted by the daily exchange rate of the underlying currency and any gains or losses are recorded for financial statement purposes as unrealized until the contract settlement date or an offsetting position is entered into. At June 30, 2002, the Portfolio had no open forward foreign currency contracts.

I) OTHER — The Portfolio may invest in securities of foreign countries and governments which involve certain risks in addition to those inherent in domestic investments. Such risks generally include, among others, currency risk (fluctuations in currency exchange rates), information risk (key information may be inaccurate or unavailable) and political risk (expropriation of assets, nationalization or the imposition of capital or currency controls or punitive taxes). Other risks of investing in foreign securities include liquidity, market, operational and valuation risks.

The Portfolio's investments in securities of issuers located in less developed countries considered to be "emerging markets" involve risks in addition to those generally applicable to foreign securities. Focusing on emerging (less developed) markets involves higher levels of risk, including increased currency, information, liquidity, market, political and valuation risks. Deficiencies in regulatory oversight, market infrastructure, shareholder protections and company laws could expose the Portfolio to operational and other risks as well. Some countries may have restrictions that could limit the Portfolio's access to attractive opportunities. Additionally, emerging markets often face serious economic problems (such as high external debt, inflation and unemployment) that could subject the Portfolio to increased volatility or substantial declines in value.

The Portfolio may be subject to taxes imposed by countries in which it invests, with respect to its investments in issuers existing or operating in such countries. Such taxes are generally based on income earned or repatriated and capital gains realized on the sale of such investments. The Portfolio accrues such taxes when the related income or capital gains are earned.

Credit Suisse Trust — Emerging Markets Portfolio
Notes to Financial Statements (continued)
June 30, 2002 (Unaudited)

Note 2. Transactions with Affiliates and Related Parties

CSAM serves as investment adviser for the Portfolio. For its investment advisory services, CSAM is entitled to receive a fee from the Portfolio at an annual rate of 1.25% of the Portfolio's average daily net assets. For the six months ended June 30, 2002, investment advisory fees earned, and voluntarily waived were \$298,265 and \$93,851, respectively.

Credit Suisse Asset Management Limited ("CSAM Ltd."), an affiliate of CSAM, serves as sub-investment adviser to the Portfolio. CSAM Ltd.'s sub-investment advisory fee is paid by CSAM out of CSAM's net investment advisory fee and is not paid by the Portfolio.

Credit Suisse Asset Management Securities, Inc. ("CSAMSI"), an affiliate of CSAM, and State Street Bank and Trust Company ("SSB"), serve as co-administrators to the Portfolio. At its meeting held on February 12, 2002 the Board of Trustees approved SSB to replace PFPC, Inc. ("PFPC") as co-administrator effective May 1, 2002.

For its administrative services, CSAMSI currently receives a fee calculated at an annual rate of .10% of the Portfolio's average daily net assets. For the six months ended June 30, 2002, administrative services fees earned by CSAMSI were \$23,861.

For its administrative services, PFPC was entitled to receive a fee, exclusive of out-of-pocket expenses, based on the following fee structure:

<u>Annual Rate</u>	<u>Average Daily Net Assets</u>
First \$500 million	.08% of average daily net assets
Next \$1 billion	.07% of average daily net assets
Over \$1.5 billion	.06% of average daily net assets

For the period January 1, 2002 through April 30, 2002, administrative service fees earned by PFPC (including out of pocket expenses) were \$14,985.

For its administrative services SSB receives a fee, exclusive of out-of-pocket expenses, based upon the following fee structure calculated in total for all the Credit Suisse Funds administered by SSB and allocated based upon relative average net assets of each fund.

<u>Average Daily Net Assets</u>	<u>Annual Rate</u>
First \$5 billion	.050% of average daily net assets
Next \$5 billion	.035% of average daily net assets
Over \$10 billion	.020% of average daily net assets

For the period May 1, 2002 to June 30, 2002, administrative service fees earned by SSB (including out-of-pocket fees) were \$4,362.

Note 2. Transactions with Affiliates and Related Parties — (continued)

In addition to serving as the Portfolio's co-administrator, CSAMSI currently serves as distributor of the Portfolio's shares without compensation.

Boston Financial Data Services, Inc. ("BFDS") serves as the Portfolio's transfer and dividend disbursement agent. The Portfolio has an arrangement with BFDS whereby interest earned on uninvested cash balances is used to offset a portion of its transfer agent expense. For the six months ended June 30, 2002, the Portfolio did not receive any credits or reimbursements under this arrangement.

Merrill Corporation ("Merrill"), an affiliate of CSAM, has been engaged by the Portfolio to provide certain financial printing services. For the six months ended June 30, 2002, Merrill was paid \$227 for its services by the Portfolio.

Note 3. Line of Credit

Through June 18, 2002, the Portfolio, together with other funds advised by CSAM (collectively, the "Participating Funds"), participated in a \$200 million committed, unsecured line of credit facility ("Prior Credit Facility") with Deutsche Bank, A.G. as administrative agent, State Street Bank and Trust Company as operations agent, BNP Paribas as syndication agent and certain other lenders for temporary or emergency purposes primarily relating to unanticipated Participating Funds' share redemptions. Under the terms of the Prior Credit Facility, the Participating Funds pay an aggregate commitment fee at a rate of .10% per annum on the average unused amount of the Prior Credit Facility, which is allocated among the Participating Funds in such a manner as was determined by the governing Boards of the Participating Funds. In addition, the Participating Funds paid interest on borrowings at the Federal funds rate plus .50%.

Effective June 19, 2002, the Participating Funds, together with additional funds advised by CSAM (collectively with the Participating Funds, the "New Participating Funds"), established a new \$150 million committed, unsecured, line of credit facility (the "New Credit Facility") with Deutsche Bank, A.G. as administrative agent and syndication agent and State Street Bank and Trust Company as operations agent for the same purposes as the Prior Credit Facility. Terms of the New Credit Facility remain the same as the Prior Credit Facility. The commitment fee rate and interest rate is unchanged. At June 30, 2002, there were no loans outstanding under the New Credit Facility.

Credit Suisse Trust — Emerging Markets Portfolio
Notes to Financial Statements (concluded)
 June 30, 2002 (Unaudited)

Note 3. Line of Credit — (continued)

During the six months ended June 30, 2002, the Portfolio had borrowings under the New Credit Facility as follows:

<u>Average Daily Loan Balance</u>	<u>Weighted Average Interest Rate %</u>	<u>Maximum Daily Loan Outstanding</u>
\$740,833	2.302%	\$1,177,000

Note 4. Purchases and Sales of Securities

For the six months ended June 30, 2002, purchases and sales of investment securities (excluding short-term investments) were \$43,447,170 and \$29,922,849, respectively.

At June 30, 2002, the identified cost for federal income tax purposes, as well as the gross unrealized appreciation from investments for those securities having an excess of value over cost, gross unrealized depreciation from investments for those securities having an excess of cost over value and the net unrealized appreciation (depreciation) from investments were \$48,481,559, \$5,678,662, (\$2,929,378) and \$2,749,284, respectively.

Note 5. Capital Share Transactions

The Portfolio is authorized to issue an unlimited number of full and fractional shares of beneficial interest, par value of \$.001 per share. Transactions in shares of the Portfolio were as follows:

	<u>For the Six Months Ended June 30, 2002(Unaudited)</u>	<u>For the Year Ended December 31, 2001</u>
Shares sold	11,623,395	18,757,687
Shares redeemed	<u>(10,111,465)</u>	<u>(17,704,414)</u>
Net increase	<u>1,511,930</u>	<u>1,053,273</u>

P.O. Box 9030, BOSTON, MA 02205-9030
800-222-8977 ■ www.CreditSuisseFunds.com

**CREDIT
SUISSE** | ASSET
MANAGEMENT

CREDIT SUISSE ASSET MANAGEMENT SECURITIES, INC., DISTRIBUTOR.

TREMK-3-0602

CREDIT SUISSE FUNDS

Semiannual Report

June 30, 2002
(Unaudited)

CREDIT SUISSE TRUST – ■ GLOBAL POST-VENTURE CAPITAL PORTFOLIO

Credit Suisse Trust (the "Trust") shares are not available directly to individual investors, but may be offered only through certain insurance products and pension and retirement plans.

More complete information about the Trust, including charges and expenses, is provided in the *Prospectus*, which must precede or accompany this document and which should be read carefully before investing. You may obtain additional copies by calling 800-222-8977 or by writing to Credit Suisse Trust, P.O. Box 9030, Boston, MA 02205-9030.

Credit Suisse Asset Management Securities, Inc., Distributor, is located at 466 Lexington Ave., New York, NY 10017-3147. The Trust is advised by Credit Suisse Asset Management, LLC.

The Portfolio's investment adviser and co-administrators may waive some fees and/or reimburse some expenses, without which performance would be lower. Waivers and/or reimbursements are subject to change.

*Returns include change in share price and reinvestment of dividends and capital gains. **Past performance cannot guarantee future results.** Returns and share price will fluctuate, and redemption value may be more or less than original cost.*

The views of the Portfolio's management are as of the date of the letter and the portfolio holdings described in this document are as of June 30, 2002; these views and portfolio holdings may have changed subsequent to these dates. Nothing in this document is a recommendation to purchase or sell securities.

Portfolio shares are not deposits or other obligations of Credit Suisse Asset Management, LLC ("CSAM") or any affiliate, are not FDIC-insured and are not guaranteed by CSAM or any affiliate.

Credit Suisse Trust — Global Post-Venture Capital Portfolio
Semiannual Investment Adviser's Report
June 30, 2002

July 22, 2002

Dear Shareholder:

For the six months ended June 30, 2002, Credit Suisse Trust — Global Post-Venture Capital Portfolio (the "Portfolio") had a loss of 14.09%, vs. declines of 17.35%, 19.09%, and 13.77%, respectively, for the Russell 2000 Growth Index,¹ the Russell 2500 Growth Index² and the Nasdaq Industrials Index.³

The period was a very difficult one for stocks globally. Weak corporate profits, threats of terrorism, geopolitical instability, and a stream of corporate scandals weighed heavily on virtually the entire global equity market, especially in late May and June.

The Portfolio was hurt by the broad decline in global markets and by weakness in certain holdings. Stocks that weighed on the Portfolio's return included a number of its technology and health-care names. On the positive side, the Portfolio maintained a sizable weighting in the consumer discretionary sector, which struggled but outperformed the broader equity universe.

We made no dramatic changes to the Portfolio's regional and sector emphasis. With regard to the former, we continued to favor the U.S., which accounted for about 54% of the Portfolio's assets as of the end of the quarter. We remain of the belief that the U.S. will lead a global economic recovery into next year. Europe and Asia/Pacific comprised about 32% and 10% of the portfolio, respectively.

Our technology weighting remained significant in absolute terms, though we considered it to be relatively light compared to technology's share of the post-venture capital universe. Until the earnings visibility within the technology area materially improves, we are likely to maintain this stance. Elsewhere of note, we continued to see what we view as a number of opportunities within the consumer, industrial, financial-services and health-care areas, which remained well represented in the Portfolio.

In terms of purchases and sales, there was some noteworthy activity. On the purchase side, our moves included establishing a position in one of the most recognized names in Canadian retailing. The company operates more than 830 licensed drug stores located in prime locations in every province and two territories.

One position we eliminated was a Japanese software/video game holding, strictly for valuation reasons. We saw little justification for changing our original price target, which was ultimately hit. The proceeds were reinvested

**Credit Suisse Trust — Global Post-Venture Capital Portfolio
Semiannual Investment Adviser's Report (continued)**

June 30, 2002

in what we deemed to be more attractively priced holdings, including another video game stock.

Looking ahead, we feel that risks are high that many of the major equity indices will finish down for the third year in a row, a streak unseen since the World War II era. The market seems to be warning that the earnings recovery later this year and into 2003 may be weaker than originally anticipated.

A positive consequence of recent market conditions in our view is that the Federal Reserve may not be in any hurry to shift away from its easing monetary stance. The tug of war between aggressive policy reflation and the deflationary forces unleashed by the bursting of the technology bubble could lead to further market turbulence in the months ahead. That said, many stocks appear oversold to us based on the long-term growth prospects for their underlying businesses. As always, our focus will remain on what we deem to be well-managed and well-financed companies with the best long-term potential.

Elizabeth B. Dater
Co-Portfolio Manager

Vincent J. McBride
Co-Portfolio Manager

Greg Norton-Kidd
Co-Portfolio Manager

Calvin E. Chung
Associate Portfolio Manager

Summary of Annualized Total Returns (6/30/02)

<u>One Year</u>	<u>Five Year</u>	<u>Since Inception</u>	<u>Inception Date</u>
-23.74%	-1.05%	-0.76%	9/30/1996

International investing entails special risk considerations, including currency fluctuations, lower liquidity, economic and political risks, and differences in accounting methods. Because of the nature of the Portfolio's post-venture capital investments and certain aggressive strategies it may use, an investment in the Portfolio may not be appropriate for all investors.

¹ The Russell 2000 Growth Index is an unmanaged index (with no defined investment objective) of those securities in the Russell 2000 Index with a greater-than-average growth orientation. It includes reinvestment of dividends, and is compiled by Frank Russell Company. Investors cannot invest directly in an index.

**Credit Suisse Trust — Global Post-Venture Capital Portfolio
Semiannual Investment Adviser’s Report (concluded)**

June 30, 2002

- ² The Russell 2500 Growth Index measures the performance of those companies in the Russell 2500 Index with higher price-to-book values and higher forecasted growth rates. The Russell 2500 Index is composed of the 2,500 smallest companies in the Russell 3000 Index, which measures the performance of the 3,000 largest U.S. companies based on total market capitalization. Investors cannot invest directly in an index.
- ³ The Nasdaq Industrials Index measures the stock price performance of more than 3,000 industrial issues included in the Nasdaq OTC Composite Index. The Nasdaq OTC Composite Index represents 4,500 stocks traded over the counter. Investors cannot invest directly in an index.

Credit Suisse Trust — Global Post-Venture Capital Portfolio
Schedule of Investments
June 30, 2002 (Unaudited)

	<u>Number of Shares</u>	<u>Value</u>
COMMON STOCKS (95.0%)		
Bermuda (1.3%)		
<i>Insurance</i> (1.3%)		
ACE, Ltd.*	36,500	\$ 1,153,400
<i>TOTAL BERMUDA</i>		<u>1,153,400</u>
Canada (2.1%)		
<i>Food & Drug Retailing</i> (2.1%)		
Shoppers Drug Mart Corp.#*	50,800	833,365
Shoppers Drug Mart Corp.*	59,900	982,648
		<u>1,816,013</u>
<i>TOTAL CANADA</i>		<u>1,816,013</u>
France (5.0%)		
<i>Industrial Conglomerates</i> (1.7%)		
Generale de Sante*	94,700	1,501,126
<i>Machinery</i> (0.7%)		
Pinguely-Haulotte	72,600	583,651
<i>Office Electronics</i> (2.6%)		
Neopost SA*	56,730	2,257,927
<i>TOTAL FRANCE</i>		<u>4,342,704</u>
Ireland (2.0%)		
<i>Airlines</i> (2.0%)		
Ryanair Holdings PLC*	288,600	1,764,051
<i>TOTAL IRELAND</i>		<u>1,764,051</u>
Italy (1.7%)		
<i>Food Products</i> (1.7%)		
Parmalat Finanziaria SpA	467,200	1,444,240
<i>TOTAL ITALY</i>		<u>1,444,240</u>
Japan (5.8%)		
<i>Commercial Services & Supplies</i> (2.7%)		
Venture Link Company, Ltd.*	169,300	2,365,984
<i>Household Durables</i> (3.1%)		
Nintendo Company, Ltd.	18,100	2,665,405
<i>TOTAL JAPAN</i>		<u>5,031,389</u>
Netherlands (2.0%)		
<i>Food Products</i> (2.0%)		
Nutreco Holdings NV	50,000	1,702,665
<i>TOTAL NETHERLANDS</i>		<u>1,702,665</u>
Norway (2.6%)		
<i>Electronic Equipment & Instruments</i> (2.6%)		
Tandberg ASA*	192,900	2,274,996
<i>TOTAL NORWAY</i>		<u>2,274,996</u>

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Global Post-Venture Capital Portfolio
Schedule of Investments (continued)
June 30, 2002 (Unaudited)

	<u>Number of Shares</u>	<u>Value</u>
COMMON STOCKS (continued)		
Spain (1.7%)		
<i>IT Consulting & Services (1.7%)</i>		
Indra Sistemas SA	173,300	\$ 1,497,610
<i>TOTAL SPAIN</i>		<u>1,497,610</u>
Sweden (1.3%)		
<i>Healthcare Equipment & Supplies (1.3%)</i>		
Getinge AB Class B	56,400	1,104,657
<i>TOTAL SWEDEN</i>		<u>1,104,657</u>
Switzerland (1.5%)		
<i>Computers & Peripherals (1.5%)</i>		
Logitech International SA*	27,400	1,274,112
<i>TOTAL SWITZERLAND</i>		<u>1,274,112</u>
Taiwan (4.5%)		
<i>Computers & Peripherals (1.2%)</i>		
Elitegroup Computer Systems Company, Ltd.	246,000	1,049,271
<i>Semiconductor Equipment & Products (3.3%)</i>		
Siliconware Precision Industries Co.*	1,407,000	985,480
United Microelectronics Corp.*	1,552,000	1,862,832
		<u>2,848,312</u>
<i>TOTAL TAIWAN</i>		<u>3,897,583</u>
United Kingdom (14.6%)		
<i>Commercial Services & Supplies (2.9%)</i>		
Amey PLC	337,500	923,440
Nestor Healthcare Group PLC	224,500	1,574,144
		<u>2,497,584</u>
<i>Diversified Financials (2.0%)</i>		
Amvescap PLC	217,300	1,770,426
<i>Energy Equipment & Services (1.2%)</i>		
Wood Group PLC*	335,000	1,072,345
<i>Household Durables (2.0%)</i>		
MFI Furniture Group PLC	894,500	1,738,445
<i>Industrial Conglomerates (1.5%)</i>		
Punch Taverns PLC*	271,400	984,594
William Hill PLC*	68,400	276,294
		<u>1,260,888</u>
<i>Software (3.6%)</i>		
Insignia Solutions, Inc. ADR*	163,200	171,360
Marlborough Stirling PLC	575,800	942,026
Sage Group PLC	784,700	2,027,420
		<u>3,140,806</u>

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Global Post-Venture Capital Portfolio
Schedule of Investments (continued)
June 30, 2002 (Unaudited)

	<u>Number of Shares</u>	<u>Value</u>
COMMON STOCKS (continued)		
United Kingdom (continued)		
<i>Specialty Retail (1.4%)</i>		
Game Group PLC	631,500	\$ 1,179,179
<i>TOTAL UNITED KINGDOM</i>		<u>12,659,673</u>
United States (48.9%)		
<i>Aerospace & Defense (0.4%)</i>		
MTC Technologies, Inc.*	22,500	<u>382,500</u>
<i>Banks (1.3%)</i>		
Mellon Financial Corp.	37,100	<u>1,166,053</u>
<i>Biotechnology (3.8%)</i>		
Affymetrix, Inc.*	40,900	981,191
Applera Corp. - Celera Genomics Group*	37,584	451,008
IDEC Pharmaceuticals Corp.*	30,700	1,088,315
MedImmune, Inc.*	28,800	<u>760,320</u>
		<u>3,280,834</u>
<i>Commercial Services & Supplies (1.7%)</i>		
Education Management Corp.*	36,200	<u>1,474,426</u>
<i>Diversified Financials (1.5%)</i>		
Gabelli Asset Management, Inc. Class A*	34,600	<u>1,262,900</u>
<i>Electronic Equipment & Instruments (1.2%)</i>		
Fisher Scientific International, Inc.*	38,000	<u>1,064,000</u>
<i>Food & Drug Retailing (1.2%)</i>		
Pathmark Stores, Inc.*	56,900	<u>1,070,289</u>
<i>Healthcare Providers & Services (8.2%)</i>		
AdvancePCS*	71,000	1,699,740
Anthem, Inc.*	27,600	1,862,448
Manor Care, Inc.*	55,700	1,281,100
Medical Staffing Network Holdings, Inc.*	36,100	884,450
Quest Diagnostics, Inc.*	16,200	<u>1,394,010</u>
		<u>7,121,748</u>
<i>Hotels Restaurants & Leisure (1.7%)</i>		
Six Flags, Inc.*	99,500	<u>1,437,775</u>
<i>Household Durables (3.4%)</i>		
Lennar Corp.	27,200	1,664,640
Yankee Candle Company, Inc.*	47,000	<u>1,273,230</u>
		<u>2,937,870</u>
<i>Insurance (2.0%)</i>		
Radian Group, Inc.	35,300	<u>1,724,405</u>

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Global Post-Venture Capital Portfolio
Schedule of Investments (continued)
June 30, 2002 (Unaudited)

	<u>Number of Shares</u>	<u>Value</u>
COMMON STOCKS (continued)		
United States (continued)		
<i>Internet & Catalog Retail (1.4%)</i>		
USA Networks, Inc.*	53,500	\$ 1,254,575
<i>Internet Software & Services (2.2%)</i>		
Ariba, Inc.*	229,400	731,786
Interwoven, Inc.*	98,600	300,730
Openwave Systems, Inc.*	158,900	891,429
		<u>1,923,945</u>
<i>Leisure Equipment & Products (2.1%)</i>		
Mattel, Inc.	84,300	1,777,044
<i>Media (3.4%)</i>		
Cablevision Systems New York Group Class A*	58,900	557,194
Insight Communications Company, Inc.*	76,500	897,345
Lin TV Corp.*	23,600	638,144
Regal Entertainment Group Class A*	35,600	830,192
		<u>2,922,875</u>
<i>Oil & Gas (3.1%)</i>		
Chaparral Resources, Inc.*	2,778	5,556
Newfield Exploration Co.*	40,500	1,505,385
Spinnaker Exploration Co.*	33,200	1,195,864
		<u>2,706,805</u>
<i>Real Estate (1.4%)</i>		
Istar Financial, Inc.	43,000	1,225,500
<i>Semiconductor Equipment & Products (1.1%)</i>		
Ultratech Stepper, Inc.*	59,100	956,829
<i>Software (3.4%)</i>		
BEA Systems, Inc.*	69,700	662,847
Convera Corp.*	267,700	650,511
Manugistics Group, Inc.*	88,400	540,124
NetIQ Corp.*	47,200	1,068,136
		<u>2,921,618</u>
<i>Specialty Retail (2.7%)</i>		
Barnes & Noble, Inc.*	36,800	972,624
Hot Topic, Inc.*	50,400	1,346,184
		<u>2,318,808</u>
<i>Textiles & Apparel (1.2%)</i>		
Polo Ralph Lauren Corp.*	47,200	1,057,280

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Global Post-Venture Capital Portfolio
Schedule of Investments (concluded)
June 30, 2002 (Unaudited)

	<u>Number of Shares</u>	<u>Value</u>
COMMON STOCKS (continued)		
United States (continued)		
<i>Venture Capital (0.5%)</i>		
Austin Ventures LP* ^	65,367	\$ 65,367
CVC Capital Partners* ^	44,763	44,763
Madison Dearborn Partners IV LP* ^	21,676	21,676
Oak Investment Partners X LP* ^	302,224	302,224
		<u>434,030</u>
<i>TOTAL UNITED STATES</i>		<u>42,422,109</u>
TOTAL COMMON STOCKS (Cost \$90,016,977)		<u>82,385,202</u>
PREFERRED STOCKS (0.9%)		
United States (0.9%)		
<i>Consumer Services (0.8%)</i>		
PRN Corp.* ^	79,000	711,000
<i>Internet Software & Services (0.1%)</i>		
Planetweb, Inc.* ^	183,800	71,682
		<u>782,682</u>
TOTAL PREFERRED STOCKS (Cost \$1,709,331)		<u>782,682</u>
WARRANTS (0.0%)		
United States (0.0%)		
<i>Consumer Services (0.0%)</i>		
PRN Corp. strike \$0.01, expires August 2011* ^ (Cost \$0)	18,283	0
	<u>Par (000)</u>	
SHORT-TERM INVESTMENT (5.0%)		
State Street Bank & Trust Co. Euro Time Deposit, 1.750%, 7/01/02 (Cost \$4,315,000)		
	\$4,315	<u>4,315,000</u>
TOTAL INVESTMENTS AT VALUE (100.9%) (Cost \$96,041,308)		87,482,884
LIABILITIES IN EXCESS OF OTHER ASSETS (-0.9%)		<u>(809,162)</u>
NET ASSETS (100.0%)		<u><u>\$86,673,722</u></u>

INVESTMENT ABBREVIATIONS

ADR = American Depository Receipt

* Non-income producing security.

^ Illiquid security that is restricted as to resale; security is valued in good faith by management and approved by the Board of Trustees.

Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At June 30, 2002, the security amounted to a value of \$833,365 or 0.96% of net assets.

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Global Post-Venture Capital Portfolio
Statement of Assets and Liabilities
June 30, 2002 (Unaudited)

Assets

Investments at value (Cost \$96,041,308)	\$ 87,482,884
Cash	468
Foreign currency (Cost \$571,557)	593,704
Dividends, interest, and reclaim receivable	25,737
Receivable for fund share sold	6,511
Prepaid expenses and other assets	4,970
	<hr/>
Total assets	88,114,274

Liabilities

Advisory fee payable	66,349
Administrative services fee payable	31,616
Payables for fund shares redeemed	901,957
Payables for investments purchased	382,500
Other accrued expenses payable	58,130
	<hr/>
Total liabilities	1,440,552

Net Assets

Capital stock, \$0.001 par value	10,393
Paid-in capital	157,451,359
Accumulated net investment loss	(470,269)
Accumulated net realized loss from investments and foreign currency transactions	(61,782,221)
Net unrealized depreciation from investments and foreign currency translations	(8,535,540)
	<hr/>
Net assets	\$ 86,673,722
	<hr/>
Shares outstanding	10,392,806
	<hr/>
Net asset value, offering price and redemption price per share	\$8.34
	<hr/>

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Global Post-Venture Capital Portfolio
Statement of Operations
For the Six Months Ended June 30, 2002 (Unaudited)

Investment Income	
Dividends	\$ 217,698
Interest	64,510
Foreign taxes withheld	(20,153)
Total investment income	<u>262,055</u>
Expenses	
Investment advisory fees	618,425
Administrative services fees	87,489
Printing fees	51,853
Custodian fees	12,827
Legal fees	9,084
Audit fees	7,513
Transfer agent fees	3,418
Insurance fees	2,842
Interest expense	998
Trustees fees	817
Registration fees	542
Miscellaneous expense	3,224
Total expenses	799,032
Less: fees waived	(106,397)
Net expenses	<u>692,635</u>
Net investment loss	<u>(430,580)</u>
Net Realized and Unrealized Gain (Loss) from Investments and Foreign Currency Related Items	
Net realized loss from investments	(267,820)
Net realized loss from foreign currency transactions	(417,483)
Net change in unrealized depreciation from investments	(13,706,197)
Net change in unrealized appreciation from foreign currency translations	22,809
Net realized and unrealized loss from investments and foreign currency related items	<u>(14,368,691)</u>
Net decrease in net assets resulting from operations	<u><u>\$(14,799,271)</u></u>

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Global Post-Venture Capital Portfolio
Statements of Changes in Net Assets

	For the Six Months Ended June 30, 2002 (Unaudited)	For the Year Ended December 31, 2001
<i>From Operations</i>		
Net investment loss	\$ (430,580)	\$ (1,017,571)
Net realized loss from investments and foreign currency transactions	(685,303)	(52,429,447)
Net change in unrealized appreciation (depreciation) from investments and foreign currency translations	<u>(13,683,388)</u>	<u>6,841,716</u>
Net decrease in net assets resulting from operations	<u>(14,799,271)</u>	<u>(46,605,302)</u>
<i>From Capital Share Transactions</i>		
Proceeds from sale of shares	54,939,530	128,517,444
Net asset value of shares redeemed	<u>(60,124,064)</u>	<u>(143,289,020)</u>
Net decrease in net assets from capital share transactions	<u>(5,184,534)</u>	<u>(14,771,576)</u>
Net decrease in net assets	(19,983,805)	(61,376,878)
<i>Net Assets</i>		
Beginning of period	<u>106,657,527</u>	<u>168,034,405</u>
End of period	<u>\$ 86,673,722</u>	<u>\$ 106,657,527</u>
<i>Accumulated net investment loss</i>	<u>\$ (470,269)</u>	<u>\$ (39,689)</u>

See Accompanying Notes to Financial Statements.

**Credit Suisse Trust — Global Post Venture Capital Portfolio
Financial Highlights**
(For a Share of the Portfolio Outstanding Throughout Each Period)

	For the Six Months Ended June 30, 2002 (Unaudited)	For the Year Ended December 31,				
		2001	2000 ¹	1999	1998	1997
Per share data						
Net asset value, beginning of period	\$ 9.72	\$ 13.62	\$ 19.26	\$ 11.82	\$ 11.06	\$ 9.76
INVESTMENT OPERATIONS						
Net investment loss	(0.04)	(0.09)	(0.09)	(0.08)	(0.04)	(0.08)
Net gain (loss) on investments and foreign currency related items (both realized and unrealized)	(1.34)	(3.81)	(3.56)	7.52	0.80	1.38
Total from investment operations	(1.38)	(3.90)	(3.65)	7.44	0.76	1.30
LESS DISTRIBUTIONS						
Distributions from net realized gains	—	—	(1.99)	—	—	—
Total distributions	—	—	(1.99)	—	—	—
Net asset value, end of period	\$ 8.34	\$ 9.72	\$ 13.62	\$ 19.26	\$ 11.82	\$ 11.06
Total return ²	(14.09)%	(28.63)%	(18.94)%	62.94%	6.87%	13.34%
RATIOS AND SUPPLEMENTAL DATA						
Net assets, end of period (000s omitted)	\$86,674	\$106,658	\$168,034	\$151,784	\$62,055	\$30,520
Ratio of expenses to average net assets ³	1.40% ⁴	1.40%	1.42%	1.41%	1.40%	1.40%
Ratio of net investment loss to average net assets	(0.87)% ⁴	(0.84)%	(0.75)%	(0.87)%	(0.83)%	(0.75)%
Decrease reflected in above operating expense ratios due to waivers/ reimbursements	0.22% ⁴	0.21%	0.11%	0.18%	0.30%	0.18%
Portfolio Turnover Rate	41%	121%	69%	44%	73%	238%

¹ Certain distribution amounts have been reclassified to conform to the current year presentation.

² Total returns are historical and assume changes in share price, reinvestments of all dividends and distributions, and no sales charge. Had certain expenses not been reduced during the periods shown, total returns would have been lower. Total returns for periods of less than one year are not annualized.

³ Interest earned on uninvested cash balances is used to offset portions of the transfer agent expense. These arrangements resulted in a reduction to the Portfolio's net expense ratio by .00%, for the six months ended June 30, 2002, and .00%, .02%, .01%, .00%, and .00% for each of the years ended December 31, 2001, 2000, 1999, 1998, and 1997, respectively. The Portfolio's operating expense ratio after reflecting these arrangements was 1.4% for the six months ended June 30, 2002, and for each of the years ended December 31, 2001, 2000, 1999, 1998, and 1997.

⁴ Annualized.

See Accompanying Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

Credit Suisse Trust, (the “Trust”), a Massachusetts business trust incorporated on March 15, 1995, is an open-end management investment company registered under the Investment Company Act of 1940, as amended, and currently offers nine managed investment portfolios of which one, the Global Post-Venture Capital Portfolio (the “Portfolio”), is included in this report. The Portfolio is a diversified investment fund that seeks long-term growth of capital. Shares of the Portfolio are not available directly to individual investors but may be offered only through (a) variable annuity contracts and variable life insurance contracts offered by separate accounts of certain insurance companies and (b) tax-qualified pension and retirement plans. The Portfolio may not be available in connection with a particular contract or plan.

A) SECURITY VALUATION — The net asset value of the Portfolio is determined daily as of the close of regular trading on the New York Stock Exchange, Inc. The Portfolio’s investments are valued at market value, which is generally determined using the last reported sales price. If no sales are reported, investments are generally valued at the last reported bid price. Debt securities are valued on the basis of broker quotations or valuations provided by a pricing service which may use a matrix, formula or other objective method that takes into consideration market indices, matrices, yield curves and other specific adjustments. If market quotations are not readily available, securities and other assets are valued by another method that the Board of Trustees believe accurately reflects fair value. Debt obligations that will mature in 60 days or less are valued on the basis of amortized cost, which approximates market value, unless the Board determines that using this method would not reflect an investment’s value.

The Portfolio initially values its investments in private-equity portfolios at cost. After that, the Portfolio values these investments at fair value typically based on reports from the private-equity portfolios that Abbott Capital Management, LLC (“Abbott”), the Portfolio’s sub-investment adviser, receives on a quarterly basis. The Portfolio’s net asset value typically will not reflect interim changes in the values of its private-equity-portfolio investments.

B) FOREIGN CURRENCY TRANSACTIONS — The books and records of the Portfolio are maintained in U.S. dollars. Transactions denominated in foreign currencies are recorded at the current prevailing exchange rates. All assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the current exchange rate at the end of the period.

Note 1. Summary of Significant Accounting Policies — (continued)

Translation gains or losses resulting from changes in the exchange rate during the reporting period and realized gains and losses on the settlement of foreign currency transactions are reported in the results of operations for the current period. The Portfolio does not isolate that portion of realized gains and losses on investments in equity securities which is due to changes in the foreign exchange rate from that which is due to changes in market prices of equity securities. The Portfolio isolates that portion of realized gains and losses on investments in debt securities which is due to changes in the foreign exchange rate from that which is due to changes in market prices of debt securities.

C) SECURITY TRANSACTIONS AND INVESTMENT INCOME — Security transactions are accounted for on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The cost of investments sold is determined by use of the specific identification method for both financial reporting and income tax purposes.

D) DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS — Dividends from net investment income and distributions of net realized capital gains, if any, are declared and paid at least annually. However, to the extent that a net realized capital gain can be reduced by a capital loss carry-over, such gain will not be distributed. Income and capital gain distributions are determined in accordance with federal income tax regulations which may differ from accounting principles generally accepted in the United States of America ("GAAP").

E) FEDERAL INCOME TAXES — No provision is made for federal taxes as it is the Trust's intention to have the Portfolio continue to qualify for and elect the tax treatment applicable to regulated investment companies under the Internal Revenue Code of 1986, as amended, and make the requisite distributions to its shareholders which will be sufficient to relieve it from federal income and excise taxes.

F) USE OF ESTIMATES — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Note 1. Summary of Significant Accounting Policies — (continued)

G) **SHORT-TERM INVESTMENTS** — The Portfolio, together with other funds/portfolios advised by Credit Suisse Asset Management, LLC (“CSAM”), an indirect, wholly-owned subsidiary of Credit Suisse Group, pool available cash into a short-term time deposit issued by State Street Bank & Trust, the Portfolio’s custodian. The short-term time deposit is a variable rate account classified as a short-term investment.

H) **FORWARD FOREIGN CURRENCY CONTRACTS** — The Portfolio may enter into forward foreign currency contracts for the purchase or sale of a specific foreign currency at a fixed price on a future date. Risks may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in the value of a foreign currency. The Portfolio will enter into forward foreign currency contracts primarily for hedging purposes. Forward foreign currency contracts are adjusted by the daily exchange rate of the underlying currency and any gains or losses are recorded for financial statement purposes as unrealized until the contract settlement date or an offsetting position is entered into. At June 30, 2002, the Portfolio had no open forward foreign currency contracts.

I) **OTHER** — The Portfolio may invest in securities of foreign countries and governments which involve certain risks in addition to those inherent in domestic investments. Such risks generally include, among other things, currency risk (fluctuations in currency exchange rates), information risk (key information may be inaccurate or unavailable) and political risk (expropriation of assets, nationalization or the imposition of capital or currency controls or punitive taxes). Other risks of investing in foreign securities include liquidity, market, operational and valuation risks.

The Portfolio may be subject to taxes imposed by countries in which it invests, with respect to its investments in issuers existing or operating in such countries. Such taxes are generally based on income earned or repatriated and capital gains realized on the sale of such investments. The Portfolio accrues such taxes when the related income or capital gains are earned.

Note 2. Transactions with Affiliates and Related Parties

CSAM serves as investment adviser for the Portfolio. For its investment advisory services, CSAM is entitled to receive a fee from the Portfolio at an annual rate of 1.25% of the Portfolio’s average daily net assets. For the six months ended June 30, 2002, investment advisory fees earned and voluntarily waived were \$618,425 and \$106,397, respectively.

Credit Suisse Trust — Global Post-Venture Capital Portfolio
Notes to Financial Statements (continued)
June 30, 2002 (Unaudited)

Note 2. Transactions with Affiliates and Related Parties — (continued)

Effective May 1, 2002, Credit Suisse Asset Management Limited (“CSAM Ltd.”), an affiliate of CSAM, became sub-investment adviser to the Portfolio. CSAM Ltd.’s sub-investment advisory fee is paid by CSAM out of CSAM’s net investment advisory fee and is not paid by the Portfolio.

Abbott serves as sub-investment adviser for the Portfolio’s assets invested in U.S. or foreign private limited partnerships or other investment funds (“Private Fund Investments”). Pursuant to the sub-advisory agreement between Abbott and CSAM, Abbott is entitled to a quarterly fee from CSAM at the annual rate of 1.00% of the value of the Portfolio’s Private Fund Investments as of the end of each calendar quarter, which fee amount or a portion thereof may be waived by Abbott. No compensation is paid by the Portfolio to Abbott for its sub-investment advisory services.

Credit Suisse Asset Management Securities, Inc. (“CSAMSI”), an affiliate of CSAM, and State Street Bank and Trust Company (“SSB”), serve as co-administrators to the Portfolio. At its meeting held on February 12, 2002 the Board of Trustees approved SSB to replace PFPC, Inc (“PFPC”), as co-administrators effective May 1, 2002.

For its administrative services, CSAMSI currently receives a fee calculated at an annual rate of .10% of the Portfolio’s average daily net assets. For the six months ended June 30, 2002, administrative services fees earned by CSAMSI were \$49,474.

For its administrative services, PFPC was entitled to receive a fee, exclusive of out-of-pocket expenses, based on the following fee structure:

<u>Average Daily Net Assets</u>	<u>Annual Rate</u>
First \$500 million	.08% of average daily net assets
Next \$1 billion	.07% of average daily net assets
Over \$1.5 billion	.06% of average daily net assets

For the period January 1, 2002 through April 30, 2002, administrative service fees earned by PFPC (including out of pocket expenses) were \$29,385.

Credit Suisse Trust — Global Post-Venture Capital Portfolio
Notes to Financial Statements (continued)
June 30, 2002 (Unaudited)

Note 2. Transactions with Affiliates and Related Parties — (continued)

For its administrative services, SSB receives a fee, exclusive of out-of-pocket expenses, based upon the following fee structure calculated in total for all the Credit Suisse Funds administered by SSB and allocated based upon relative average net assets of each fund.

<u>Average Daily Net Assets</u>	<u>Annual Rate</u>
First \$5 billion	.050% of average daily net assets
Next \$5 billion	.035% of average daily net assets
Over \$10 billion	.020% of average daily net assets

For the period May 1, 2002 to June 30, 2002, administrative service fees earned by SSB (including out-of-pocket fees) were \$8,630.

In addition to serving as the Portfolio's co-administrator, CSAMSI currently serves as distributor of the Portfolio's shares without compensation.

Boston Financial Data Services, Inc. ("BFDS") serves as the Portfolio's transfer and dividend disbursement agent. The Portfolio has an arrangement with BFDS whereby interest earned on uninvested cash balances is used to offset a portion of their transfer agent expense. For the six months ended June 30, 2002, the Portfolio did not receive any credits or reimbursements under this arrangement.

Merrill Corporation ("Merrill"), an affiliate of CSAM, has been engaged by the Portfolio to provide certain financial printing services. For the six months ended June 30, 2002, Merrill was paid \$6,008 for its services by the Portfolio.

Note 3. Line of Credit

Through June 18, 2002, the Portfolio, together with other funds advised by CSAM (collectively, the "Participating Funds"), participated in a \$200 million committed, unsecured line of credit facility ("Prior Credit Facility") with Deutsche Bank, A.G. as administrative agent, State Street Bank and Trust Company as operations agent, BNP Paribas as syndication agent and certain other lenders for temporary or emergency purposes primarily relating to unanticipated Participating Funds' share redemptions. Under the terms of the Prior Credit Facility, the Participating Funds pay an aggregate commitment fee at a rate of .10% per annum on the average unused amount of the Prior Credit Facility, which is allocated among the Participating Funds in such a manner as was determined by the governing Boards of the Participating Funds. In addition, the Participating Funds paid interest on borrowings at the Federal funds rate plus .50%.

Note 3. Line of Credit — (continued)

Effective June 19, 2002, the Participating Funds, together with additional funds advised by CSAM (collectively with the Participating Funds, the “New Participating Funds”), established a new \$150 million committed, unsecured, line of credit facility (the “New Credit Facility”) with Deutsche Bank, A.G. as administrative agent and syndication agent and State Street Bank and Trust Company as operations agent for the same purposes as the Prior Credit Facility. Terms of the New Credit Facility remain the same as the Prior Credit Facility. The commitment fee rate and interest rate is unchanged. For the six months ended June 30, 2002, the Portfolio had no borrowings under the Prior Credit Facility or the New Credit Facility.

Note 4. Purchases and Sales of Securities

For the six months ended June 30, 2002, purchases and sales of investment securities (excluding short-term investments) were \$39,113,989 and \$44,033,206, respectively. Sales of U.S. government and agency obligations were \$1,864,027.

At June 30, 2002, the identified cost for federal income tax purposes, as well as the gross unrealized appreciation from investments for those securities having an excess of value over cost, gross unrealized depreciation from investments for those securities having an excess of cost over value and the net unrealized appreciation (depreciation) from investments were \$96,041,308, \$8,927,210, \$(17,485,634) and \$(8,558,424), respectively.

Credit Suisse Trust — Global Post-Venture Capital Portfolio
Notes to Financial Statements (concluded)
 June 30, 2002 (Unaudited)

Note 5. Restricted Securities

Certain investments of the Portfolio are restricted as to resale and are valued as determined by or under the direction of the Board in good faith, at fair value. Although these securities may be resold in privately negotiated transactions, the prices realized from such sales could differ from the price originally paid by the Portfolio or the current carrying values, and the difference could be material. The table below shows the acquisition dates, aggregate cost, fair value as of June 30, 2002 and percent of net assets which such securities represent.

<u>Security Description</u>	<u>Acquisition Date</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Percentage of Net Assets</u>
Austin Ventures LP	7/13/01	\$ 90,001	\$ 65,367	0.08%
CVC Capital Partners	9/04/01	68,013	44,763	0.05%
Madison Dearborn Partners IV LP	4/02/01	53,734	21,676	0.03%
Oak Investment Partners X LP	1/18/01	362,721	302,224	0.35%
Planetweb, Inc.	9/08/00	998,331	71,682	0.08%
PRN Corp.	8/13/01	711,000	711,000	0.82%
PRN Corp. Warrants	8/14/01	—	—	—
		<u>\$2,283,800</u>	<u>\$1,216,712</u>	<u>1.41%</u>

Note 6. Capital Share Transactions

The Portfolio is authorized to issue an unlimited number of full and fractional shares of beneficial interest, par value of \$.001 per share. Transactions in shares of the Portfolio were as follows:

	<u>For the Six Months Ended June 30, 2002 (Unaudited)</u>	<u>For the Year Ended December 31, 2001</u>
Shares sold	6,011,510	12,089,897
Shares redeemed	<u>(6,595,407)</u>	<u>(13,450,827)</u>
Net decrease	<u>(583,897)</u>	<u>(1,360,930)</u>

P.O. Box 9030, BOSTON, MA 02205-9030
800-222-8977 ■ www.CreditSuisseFunds.com

**CREDIT
SUISSE** | ASSET
MANAGEMENT

CREDIT SUISSE ASSET MANAGEMENT SECURITIES, INC., DISTRIBUTOR.

TRGPV-3-0602

Dreyfus Investment Portfolios, MidCap Stock Portfolio

SEMIANNUAL REPORT June 30, 2002



YOU, YOUR ADVISOR AND

Dreyfus

A MELLON FINANCIAL COMPANY

The views expressed in this report reflect those of the portfolio manager only through the end of the period covered and do not necessarily represent the views of Dreyfus or any other person in the Dreyfus organization. Any such views are subject to change at any time based upon market or other conditions and Dreyfus disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Dreyfus portfolio are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Dreyfus portfolio.

Not FDIC-Insured • Not Bank-Guaranteed • May Lose Value

Contents

THE PORTFOLIO

- 2** Letter from the Chairman
- 3** Discussion of Performance
- 6** Statement of Investments
- 12** Statement of Assets and Liabilities
- 13** Statement of Operations
- 14** Statement of Changes in Net Assets
- 16** Financial Highlights
- 18** Notes to Financial Statements

FOR MORE INFORMATION

Back Cover

Dreyfus Investment Portfolios,
MidCap Stock Portfolio

The Portfolio



LETTER FROM THE CHAIRMAN

Dear Shareholder:

We present this semiannual report for Dreyfus Investment Portfolios, MidCap Stock Portfolio, covering the six-month period from January 1, 2002 through June 30, 2002. Inside, you'll find valuable information about how the portfolio was managed during the reporting period, including a discussion with the portfolio manager, John O'Toole.

The U.S. stock market confronted a number of formidable challenges during the first half of 2002. In addition to lackluster corporate earnings and the ongoing war on terrorism, investors have recently contended with questions regarding the accuracy of certain companies' financial statements. These and other influences drove the Standard & Poor's MidCap 400 Index, a widely accepted benchmark of domestic midcap stock performance, down during the first six months of the year.

Nonetheless, we are generally optimistic about the future. The economy has begun to recover, showing signs of sustained growth that should have a positive effect on corporate earnings. Recent market declines may have created attractive values in some stocks. At the same time, we believe that today's accounting scandals will likely lead to higher standards and stronger oversight of corporate behavior, which should give investors greater confidence in the future.

During turbulent times like these it is important to have an investment horizon that is measured in years, not weeks or months. Remember that over the long term, stocks have historically produced higher returns than other types of investments. For investors with a long-term perspective, stocks should continue to provide considerable potential for growth.

As always, we urge you to talk with your financial advisor if you have questions or concerns about the markets or your investment portfolio. For our part, we at The Dreyfus Corporation are ready to serve you with a full range of investment alternatives and experienced teams of portfolio managers.

Thank you for your continued confidence and support.

Sincerely,

Stephen E. Canter
Chairman and Chief Executive Officer
The Dreyfus Corporation
July 15, 2002



DISCUSSION OF PERFORMANCE

John O'Toole, Portfolio Manager

How did Dreyfus Investment Portfolios, MidCap Stock Portfolio perform relative to its benchmark?

For the six-month period ended June 30, 2002, the portfolio's Initial shares produced a -0.87% total return and its Service shares produced a -1.01% total return.¹ In comparison, the Standard & Poor's MidCap 400 Index (the "S&P 400 Index"), the portfolio's benchmark, returned -3.21% for the same period.²

Stocks produced generally negative returns during the first half of 2002, partly due to investor concerns over accounting irregularities at larger companies, such as Enron, WorldCom and Xerox. As a group, however, midcap stocks produced higher returns than large-cap stocks, partly because investors have viewed midcap stocks as less complicated businesses with more reliable accounting practices.

What is the portfolio's investment approach?

The portfolio invests primarily in a blend of growth and value stocks of mid-capitalization companies chosen through a disciplined process that combines computer modeling techniques, fundamental analysis and risk management.

The quantitatively driven valuation process identifies and ranks approximately 2,500 midcap stocks as attractive, neutral or unattractive investments, based upon more than a dozen different valuation inputs. Those inputs, which we believe can have an important influence on stock returns, include, among other things, earnings estimates, profit margins and growth in cash flow. We establish weightings for each factor based upon our analysis of which factors are being rewarded by investors, and make adjustments along the way for the uniqueness of various industries and economic sectors. For example, if the equity markets were rewarding companies with strong growth in cash flow, then we would add more weight to our growth-in-cash-flow factor.

Next, our investment management team conducts fundamental research on each stock, which ultimately results in the buy-and-sell recommendations. We seek to have the portfolio own the best-performing stocks within each economic sector of the midcap market. By maintaining an economic sector-neutral stance, we allow individual stock selection to drive the portfolio's performance.

What other factors influenced the portfolio's performance?

While large-cap stocks produced double-digit negative returns during the reporting period, the performance of midcap stocks was only slightly negative. A major reason is that the accounting irregularities in the headlines have involved mostly large-cap companies. Many large companies are conglomerates composed of dozens of businesses. In contrast, midcap companies tend to have fewer lines of business and less complicated structures.

In addition, the portfolio's performance relative to its benchmark benefited from its flexibility to favor one investment style over another, whenever we believe it is appropriate. Since March 2000, value-oriented stocks have posted substantially higher returns than growth stocks, and, for much of that time, we have focused the portfolio's investments on value companies. In contrast, our benchmark contains a blend of value and growth stocks.

We avoided growth stocks such as biotechnology companies because we believed that investors would favor companies with current earnings, not those that promise earnings in the future. Accordingly, we purchased shares of currently profitable health care management companies, such as PacifiCare Health Systems, Trigon Healthcare and Oxford Health Plans, which have benefited from higher levels of government reimbursement for health care expenses.

Another area that performed well related to consumer spending, a bright spot in the economy during the first half of 2002. Consumer-oriented holdings that have done well include Lennar, a homebuilder company; Williams-Sonoma, a home-oriented retailer that owns Pottery Barn; and American Axle & Manufacturing Holdings, an auto supplier that makes steering components, transmission parts and other products.

In the consumer staples category, one of the top performers during the reporting period was Fresh Del Monte Produce, a producer and marketer of bananas, apples and other fruits. The company has benefited from the worldwide trend toward free trade and the end of tariffs and import restrictions in large markets such as Europe. On the other hand, the portfolio's performance during the reporting period was hurt by the performance of Metris Companies, which provides credit card services to consumers with less than spotless credit histories. The company sustained a higher than expected number of credit card losses during the reporting period.

What is the portfolio's current strategy?

We have continued to search for companies in which we have a high degree of confidence that they can reach their stated earnings goals. We prefer not to own companies that have to "stretch" to make their numbers. Generally, that means we have continued to favor value stocks over growth stocks. However, many areas of the market that were formerly considered a part of the growth style became value-oriented investments after their stock prices declined sharply. That's particularly the case in the technology group, where many fundamentally sound companies can be found at what we believe are bargain prices.

July 15, 2002

- ¹ *Total return includes reinvestment of dividends and any capital gains paid. Past performance is no guarantee of future results. Share price and investment return fluctuate such that upon redemption, portfolio shares may be worth more or less than their original cost. The portfolio's performance does not reflect the deduction of additional charges and expenses imposed in connection with investing in variable insurance contracts, which will reduce returns. Return figures provided reflect the absorption of portfolio expenses by The Dreyfus Corporation pursuant to an agreement in effect through December 31, 2002, at which time it may be extended, terminated or modified. Had these expenses not been absorbed, the portfolio's returns would have been lower.*
- ² *SOURCE: LIPPER INC. — Reflects reinvestment of dividends and, where applicable, capital gain distributions. The Standard & Poor's MidCap 400 Index is a widely accepted, unmanaged total return index measuring the performance of the midsize company segment of the U.S. market.*

STATEMENT OF INVESTMENTS

June 30, 2002 (Unaudited)

Common Stocks—95.8%	Shares	Value (\$)
Alcohol & Tobacco—.7%		
R.J. Reynolds Tobacco Holdings	34,800	1,870,500
Consumer Cyclical—11.1%		
American Axle & Manufacturing Holdings	46,500 ^a	1,382,910
American Eagle Outfitters	47,300 ^a	999,922
ArvinMeritor	34,800	835,200
Aztar	39,700 ^a	825,760
Bob Evans Farms	46,500	1,463,820
Borders Group	66,400 ^a	1,221,760
Brinker International	51,500 ^a	1,635,125
Children's Place Retail Stores	23,300 ^a	617,473
Furniture Brands International	31,500 ^a	952,875
GTECH Holdings	30,600 ^a	781,524
Hollywood Entertainment	41,400 ^a	856,152
Jones Apparel Group	34,800 ^a	1,305,000
Lear	43,100 ^a	1,993,375
Magna International, Cl. A	14,900	1,025,865
Mohawk Industries	34,800 ^a	2,141,244
Nautilus Group	21,600 ^{a,b}	660,960
Neiman Marcus Group, Cl. A	26,500 ^a	919,550
Polaris Industries	21,600	1,404,000
REX Stores	34,800 ^a	476,760
Racing Champions Ertl	81,400 ^a	1,503,458
Ross Stores	34,800	1,418,100
Sonic Automotive	53,200 ^a	1,369,900
Williams-Sonoma	55,400 ^a	1,698,564
Zale	30,800 ^a	1,116,500
		28,605,797
Consumer Staples—3.4%		
Alberto-Culver, Cl. B	21,600	1,032,480
Dole Food	43,100	1,243,435
Fleming Cos.	69,700	1,265,055
Fresh Del Monte Produce	66,600	1,665,000
Smithfield Foods	59,700 ^a	1,107,435
Tyson Foods, Cl. A	159,400	2,472,294
		8,785,699

Common Stocks (continued)	Shares	Value (\$)
Energy Related—7.6%		
AGL Resources	46,500	1,078,800
BJ Services	58,400 ^a	1,978,592
Black Hills	31,500	1,090,215
ENSCO International	55,700	1,518,382
Energen	31,500	866,250
Equitable Resources	39,800	1,365,140
Helmerich & Payne	46,300	1,653,836
Houston Exploration	43,000 ^a	1,247,000
MDU Resources Group	23,300	612,557
Murphy Oil	18,100	1,493,250
Patina Oil & Gas	44,625	1,224,064
Pride International	42,000 ^a	657,720
Questar	59,700	1,474,590
Tidewater	51,500	1,695,380
Valero Energy	41,400	1,549,188
		19,504,964
Health Care—11.7%		
Apogent Technologies	71,400 ^a	1,468,698
Barr Laboratories	22,900 ^a	1,454,837
Beckman Coulter	28,200	1,407,180
Edwards Lifesciences	44,800 ^a	1,039,360
Express Scripts	25,500 ^a	1,277,805
Gilead Sciences	37,500 ^a	1,233,000
Health Net	78,000 ^a	2,088,060
Henry Schein	33,200 ^a	1,477,400
Hillenbrand Industries	21,600	1,212,840
ICN Pharmaceuticals	41,400	1,002,294
IVAX	43,100 ^a	465,480
Millipore	25,400	812,292
Mylan Laboratories	111,200	3,486,120
Oxford Health Plans	71,400 ^a	3,317,244
PacifiCare Health Systems	76,300 ^a	2,075,360
Quest Diagnostics	21,600 ^a	1,858,680
STERIS	36,400 ^a	695,604

STATEMENT OF INVESTMENTS (Unaudited) (continued)

Common Stocks (continued)	Shares	Value (\$)
Health Care (continued)		
Sunrise Assisted Living	31,500 ^{a,b}	844,200
Trigon Healthcare	28,200 ^a	2,836,356
		30,052,810
Interest Sensitive—19.6%		
AmeriCredit	82,400 ^a	2,311,320
Associated Banc-Corp	62,100	2,341,791
Astoria Financial	63,100	2,022,355
Banknorth Group	76,300	1,985,326
Bear Stearns Cos.	29,400	1,799,280
City National	46,500	2,499,375
Compass Bancshares	92,900	3,121,440
Dime Bancorp (Warrants)	19,900 ^a	1,990
Doral Financial	46,500	1,552,635
Downey Financial	18,100	856,130
Dun & Bradstreet	49,800 ^a	1,645,890
Everest Re Group	9,900	553,905
First Tennessee National	64,700 ^b	2,478,010
Flagstar Bancorp	68,300	1,577,730
GreenPoint Financial	54,800	2,690,680
Hudson United Bancorp	50,700	1,447,992
IPC Holdings	43,800	1,337,652
M&T Bank	13,300	1,140,608
Marshall & Ilsley	79,600	2,462,028
Nationwide Financial Services, Cl. A	34,800	1,374,600
North Fork Bancorporation	74,600	2,969,826
Old Republic International	68,000	2,142,000
PMI Group	59,800	2,284,360
R&G Financial, Cl. B	63,100	1,496,101
Radian Group	49,800	2,432,730
RenaissanceRe Holdings	35,200	1,288,320
StanCorp Financial Group	26,500	1,470,750
Wintrust Financial	28,700	992,159
		50,276,983
Internet Related—1.0%		
Check Point Software Technologies	33,200 ^a	450,192
E*TRADE Group	89,600 ^a	489,216
Expedia, Cl. A	16,900 ^a	1,002,001

Common Stocks (continued)	Shares	Value (\$)
Internet Related (continued)		
Overture Services	24,900 ^a	622,002
		2,563,411
Producer Goods—11.6%		
Alexander & Baldwin	36,400	929,292
American Standard Cos.	23,300 ^a	1,749,830
Ashland	34,800	1,409,400
Beazer Homes USA	9,900 ^a	792,000
Bemis	23,300	1,106,750
CONSOL Energy	38,200	811,750
Cabot	36,400	1,042,860
Cooper Industries, Cl. A	23,600	927,480
D. R. Horton	81,400	2,118,842
Foamex International	82,100 ^a	912,131
Harsco	33,200	1,245,000
Hughes Supply	24,700	1,109,030
Lennar	63,100	3,861,720
M.D.C. Holdings	21,900	1,138,800
Minerals Technologies	25,000	1,233,000
Moog, Cl. A	21,600 ^a	926,208
Precision Castparts	51,400	1,696,200
Sonoco Products	71,400	2,022,048
Teekay Shipping	36,400	1,343,524
Teleflex	26,500	1,514,475
York International	54,800	1,851,692
		29,742,032
Services—10.1%		
Affiliated Computer Services, Cl. A	56,500 ^a	2,682,620
Apollo Group, Cl. A	39,700 ^{a,b}	1,564,577
DST Systems	36,400 ^a	1,663,844
Education Management	21,600 ^a	879,768
eFunds	73,000 ^a	692,697
Harland (John H.)	23,300	657,060
Henry (Jack) & Associates	43,100	719,339
Lee Enterprises	20,200	707,000
Moody's	14,000	696,500
Navigant International	46,700 ^a	722,449
Pharmaceutical Product Development	36,400 ^a	958,776

STATEMENT OF INVESTMENTS (Unaudited) (continued)

Common Stocks (continued)	Shares	Value (\$)
Services (continued)		
Rent-A-Center	16,600 ^a	962,966
Republic Services	66,400 ^a	1,266,248
Right Management Consultants	69,700 ^a	1,833,040
Scholastic	24,900 ^a	943,710
SunGard Data Systems	117,900 ^a	3,121,992
United Rentals	39,800 ^a	867,640
Valassis Communications	33,200 ^a	1,211,800
Washington Post, Cl. B	3,300	1,798,500
Westwood One	58,100 ^a	1,941,702
		25,892,228
Technology—14.4%		
Black Box	18,300 ^a	745,359
Cabot Microelectronics	26,500 ^a	1,143,740
Cadence Design Systems	92,900 ^a	1,497,548
Diebold	33,200	1,236,368
ESS Technology	80,000 ^{a,b}	1,403,200
Electronic Arts	53,200 ^a	3,513,860
FEI	26,500 ^a	649,515
FLIR Systems	24,900 ^a	1,045,053
Garmin	61,500 ^a	1,356,075
HPL Technologies	64,700	974,382
Harris	28,200	1,021,968
IKON Office Solutions	97,900	920,260
Integrated Circuit Systems	38,200 ^a	771,258
Intersil, Cl. A	31,500 ^a	673,470
L-3 Communications Holdings	36,400 ^a	1,965,600
Mentor Graphics	68,000 ^a	966,960
Microchip Technology	124,400 ^a	3,412,292
National Semiconductor	32,500 ^a	948,025
Overland Storage	47,200 ^a	777,856
Plantronics	28,200 ^a	536,082
QLogic	18,300 ^a	697,230
Reynolds & Reynolds, Cl. A	64,700	1,808,365
SPX	19,900 ^a	2,338,250
Semtech	44,800 ^a	1,196,160
Storage Technology	63,100 ^a	1,007,707
Sybase	66,400 ^a	700,520

Common Stocks (continued)	Shares	Value (\$)
Technology (continued)		
Symantec	28,200 ^a	926,370
THQ	42,300 ^a	1,261,386
Vishay Intertechnology	38,200 ^a	840,400
VitalWorks	68,500 ^a	561,700
		36,896,959
Utilities—4.6%		
Alliant Energy	48,200	1,238,740
Conectiv	51,500	1,310,675
Energy East	65,800	1,487,080
IDACORP	41,400	1,138,914
PNM Resources	38,200	924,440
Pinnacle West Capital	16,600	655,700
SCANA	59,700	1,842,939
TECO Energy	39,800	985,050
Westar Energy	34,800	534,180
Wisconsin Energy	63,100	1,594,537
		11,712,255
Total Common Stocks (cost \$235,876,035)		245,903,638
	Principal Amount (\$)	Value (\$)
Short-Term Investments—3.9%		
Repurchase Agreement;		
Greenwich Capital Markets, Tri-Party Repurchase Agreement, 1.93%, dated 6/28/2002, due 7/1/2002, in the amount of \$10,071,620 (fully collateralized by \$10,350,000 U.S.Treasury Bills, 11/29/2002, value \$10,275,170) (cost \$10,070,000)		
	10,070,000	10,070,000
Total Investments (cost \$245,946,035)	99.7%	255,973,638
Cash and Receivables (Net)	.3%	820,978
Net Assets	100.0%	256,794,616

^a Non-income producing.

^b All or a portion of these securities are on loan. At June 30, 2002, the total market value of the portfolio's securities on loan is \$6,378,362 and the total market value of the collateral held by the portfolio is \$6,639,550.

See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2002 (Unaudited)

	Cost	Value
Assets (\$):		
Investments in securities— See Statement of Investments—Note 1(b)	245,946,035	255,973,638
Cash		409,344
Collateral for securities loaned—Note 1(b)		6,639,550
Receivable for investment securities sold		453,215
Dividends and interest receivable		144,618
Prepaid expenses		37,847
		263,658,212
Liabilities (\$):		
Due to The Dreyfus Corporation and affiliates		175,861
Liability for securities loaned—Note 1(b)		6,639,550
Payable for shares of Beneficial Interest redeemed		15,877
Accrued expenses		32,308
		6,863,596
Net Assets (\$)		256,794,616
Composition of Net Assets (\$):		
Paid-in capital		260,779,145
Accumulated undistributed investment income—net		247,827
Accumulated net realized gain (loss) on investments		(14,259,959)
Accumulated net unrealized appreciation (depreciation) on investments		10,027,603
Net Assets (\$)		256,794,616
Net Asset Value Per Share		
	Initial Shares	Service Shares
Net Assets (\$)	240,465,754	16,328,862
Shares Outstanding	17,582,283	1,196,043
Net Asset Value Per Share (\$)	13.68	13.65

See notes to financial statements.

STATEMENT OF OPERATIONS

Six Months Ended June 30, 2002 (Unaudited)

Investment Income (\$):	
Income:	
Cash dividends (net of \$1,885 foreign taxes withheld at source)	1,111,138
Interest	111,797
Total Income	1,222,935
Expenses:	
Investment advisory fee—Note 3(a)	860,895
Professional fees	39,904
Custodian fees—Note 3(b)	32,404
Prospectus and shareholders' reports	26,073
Distribution fees—Note 3(b)	17,632
Shareholder servicing costs—Note 3(b)	902
Trustees' fees and expenses—Note 3(c)	229
Miscellaneous	3,138
Total Expenses	981,177
Less—waiver of fees due to undertaking—Note 3(a)	(7,534)
Net Expenses	973,643
Investment Income—Net	249,292
Realized and Unrealized Gain (Loss) on Investments—Note 4 (\$):	
Net realized gain (loss) on investments	(4,660,011)
Net unrealized appreciation (depreciation) on investments	(664,233)
Net Realized and Unrealized Gain (Loss) on Investments	(5,324,244)
Net (Decrease) in Net Assets Resulting from Operations	(5,074,952)

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended June 30, 2002 (Unaudited)	Year Ended December 31, 2001
Operations (\$):		
Investment income—net	249,292	294,464
Net realized gain (loss) on investments	(4,660,011)	(9,119,810)
Net unrealized appreciation (depreciation) on investments	(664,233)	8,706,299
Net Increase (Decrease) in Net Assets Resulting from Operations	(5,074,952)	(119,047)
Dividends to Shareholders from (\$):		
Investment income—net:		
Initial shares	(4,500)	(291,394)
Service shares	(206)	(11,519)
Total Dividends	(4,706)	(302,913)
Beneficial Interest Transactions (\$):		
Net proceeds from shares sold:		
Initial shares	74,657,422	116,445,355
Service shares	8,598,847	11,203,275
Dividends reinvested:		
Initial shares	4,500	291,394
Service shares	206	11,519
Cost of shares redeemed:		
Initial shares	(10,471,389)	(11,777,128)
Service shares	(1,707,651)	(1,744,659)
Increase (Decrease) in Net Assets from Beneficial Interest Transactions	71,081,935	114,429,756
Total Increase (Decrease) in Net Assets	66,002,277	114,007,796
Net Assets (\$):		
Beginning of Period	190,792,339	76,784,543
End of Period	256,794,616	190,792,339
Undistributed investment income—net	247,827	3,241

	Six Months Ended June 30, 2002 (Unaudited)	Year Ended December 31, 2001
Capital Share Transactions:		
Initial Shares		
Shares sold	5,205,252	8,633,138
Shares issued for dividends reinvested	306	21,652
Shares redeemed	(741,605)	(910,014)
Net Increase (Decrease) in Shares Outstanding	4,463,953	7,744,776
Service Shares		
Shares sold	608,245	842,364
Shares issued for dividends reinvested	14	856
Shares redeemed	(120,581)	(134,890)
Net Increase (Decrease) in Shares Outstanding	487,678	708,330

See notes to financial statements.

FINANCIAL HIGHLIGHTS

The following tables describe the performance for each share class for the fiscal periods indicated. All information (except portfolio turnover rate) reflects financial results for a single portfolio share. Total return shows how much your investment in the portfolio would have increased (or decreased) during each period, assuming you had reinvested all dividends and distributions. These figures have been derived from the portfolio's financial statements.

Initial Shares	Six Months Ended	Year Ended December 31,			
	June 30, 2002 (Unaudited)	2001	2000	1999	1998 ^a
Per Share Data (\$):					
Net asset value, beginning of period	13.80	14.29	13.44	12.16	12.50
Investment Operations:					
Investment income—net	.02 ^b	.03 ^b	.05 ^b	.03 ^b	.02
Net realized and unrealized gain (loss) on investments	(.14)	(.50)	1.05	1.28	(.34)
Total from Investment Operations	(.12)	(.47)	1.10	1.31	(.32)
Distributions:					
Dividends from investment income—net	(.00) ^c	(.02)	(.03)	(.03)	(.02)
Dividends from net realized gain on investments	—	—	(.13)	—	—
Dividends in excess of net realized gain on investments	—	—	(.09)	—	—
Total Distributions	(.00) ^c	(.02)	(.25)	(.03)	(.02)
Net asset value, end of period	13.68	13.80	14.29	13.44	12.16
Total Return (%)	(.87) ^d	(3.26)	8.28	10.82	(2.53) ^d
Ratios/Supplemental Data (%):					
Ratio of expenses to average net assets	.42 ^d	.89	.98	.97	.67 ^d
Ratio of net investment income to average net assets	.11 ^d	.24	.34	.26	.18 ^d
Decrease reflected in above expense ratios due to undertakings by The Dreyfus Corporation	—	—	.06	.49	.60 ^d
Portfolio Turnover Rate	25.81 ^d	76.37	102.89	77.73	75.74 ^d
Net Assets, end of period (\$ x 1,000)	240,466	181,028	76,784	15,563	10,506

^a From May 1, 1998 (commencement of operations) to December 31, 1998.

^b Based on average shares outstanding at each month end.

^c Amount represents less than \$.01 per share.

^d Not annualized.

See notes to financial statements.

Service Shares	Six Months Ended	Year Ended December 31,	
	June 30, 2002 (Unaudited)	2001	2000 ^a
Per Share Data (\$):			
Net asset value, beginning of period	13.78	14.29	14.29
Investment Operations:			
Investment income—net	.00 ^{b,c}	.01 ^b	—
Net realized and unrealized gain (loss) on investments	(.13)	(.50)	—
Total from Investment Operations	(.13)	(.49)	—
Distributions:			
Dividends from investment income—net	(.00) ^c	(.02)	—
Net asset value, end of period	13.65	13.78	14.29
Total Return (%)	(1.01) ^d	(3.36)	—
Ratios/Supplemental Data (%):			
Ratio of expenses to average net assets	.48 ^d	1.00	—
Ratio of net investment income to average net assets	.03 ^d	.07	—
Decrease reflected in above expense ratios due to undertaking by The Dreyfus Corporation	.05 ^d	.17	—
Portfolio Turnover Rate	25.81 ^d	76.37	102.89
Net Assets, end of period (\$ x 1,000)	16,329	9,764	1

^a The portfolio commenced offering Service shares on December 31, 2000.

^b Based on average shares outstanding at each month end.

^c Amount represents less than \$.01 per share.

^d Not annualized.

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS (Unaudited)

NOTE 1—Significant Accounting Policies:

Dreyfus Investment Portfolios (the “fund”) is registered under the Investment Company Act of 1940, as amended (the “Act”), as an open-end management investment company, operating as a series company currently offering thirteen series, including the MidCap Stock Portfolio (the “portfolio”). The portfolio is only offered to separate accounts established by insurance companies to fund variable annuity contracts and variable life insurance policies. The portfolio is a diversified series. The portfolio’s investment objective is to provide investment results that are greater than the total return performance of publicly-traded common stocks of medium-size domestic companies in the aggregate, as represented by the Standard & Poor’s MidCap 400 Index. The Dreyfus Corporation (“Dreyfus”) serves as the portfolio’s investment adviser. Dreyfus is a direct subsidiary of Mellon Bank, N.A. (“Mellon”), which is a wholly-owned subsidiary of Mellon Financial Corporation.

Dreyfus Service Corporation (the “Distributor”), a wholly-owned subsidiary of Dreyfus, is the distributor of the portfolio’s shares, which are sold without a sales charge. The portfolio is authorized to issue an unlimited number of \$.001 par value shares of Beneficial Interest in each of the following classes of shares: Initial and Service. Each class of shares has identical rights and privileges, except with respect to the distribution plan and the expenses borne by each class and certain voting rights.

The fund accounts separately for the assets, liabilities and operations of each series. Expenses directly attributable to each series are charged to that series’ operations; expenses which are applicable to all series are allocated among them on a pro rata basis.

The portfolio’s financial statements are prepared in accordance with accounting principles generally accepted in the United States, which may require the use of management estimates and assumptions. Actual results could differ from those estimates.

(a) Portfolio valuation: Investments in securities (including options and financial futures) are valued at the last sales price on the securities

exchange on which such securities are primarily traded or at the last sales price on the national securities market. Securities not listed on an exchange or the national securities market, or securities for which there were no transactions, are valued at the average of the most recent bid and asked prices. Bid price is used when no asked price is available. Securities for which there are no such valuations are valued at fair value as determined in good faith under the direction of the Board of Trustees.

(b) Securities transactions and investment income: Securities transactions are recorded on a trade date basis. Realized gain and loss from securities transactions are recorded on the identified cost basis. Dividend income is recognized on the ex-dividend date and interest income, including, where applicable, amortization of discount and premium on investments, is recognized on the accrual basis. Under the terms of the custody agreement, the portfolio received net earnings credits of \$378 during the period ended June 30, 2002 based on available cash balances left on deposit. Income earned under this arrangement is included in interest income.

The portfolio may lend securities to qualified institutions. At origination, all loans are secured by cash collateral of at least 102% of the value of U.S. securities loaned and 105% of the value of foreign securities loaned. Collateral equivalent to at least 100% of the market value of securities on loan will be maintained at all times. Cash collateral is invested in certain money market mutual funds managed by Dreyfus. The portfolio will be entitled to receive all income on securities loaned, in addition to income earned as a result of the lending transaction. Such income earned is included in interest income. Although each security loaned is fully collateralized, the portfolio would bear the risk of delay in recovery of, or loss of rights in, the securities loaned should a borrower fail to return the securities in a timely manner.

The portfolio may enter into repurchase agreements with financial institutions, deemed to be creditworthy by Dreyfus, subject to the seller's agreement to repurchase and the portfolio's agreement to resell

such securities at a mutually agreed upon price. Securities purchased subject to repurchase agreements are deposited with the portfolio's custodian and, pursuant to the terms of the repurchase agreement, must have an aggregate market value greater than or equal to the repurchase price plus accrued interest at all times. If the value of the underlying securities falls below the value of the repurchase price plus accrued interest, the portfolio will require the seller to deposit additional collateral by the next business day. If the request for additional collateral is not met, or the seller defaults on its repurchase obligation, the portfolio maintains the right to sell the underlying securities at market value and may claim any resulting loss against the seller.

(c) Dividends to shareholders: Dividends are recorded on the ex-dividend date. Dividends from investment income-net and dividends from net realized capital gain, if any, are normally declared and paid annually, but the portfolio may make distributions on a more frequent basis to comply with the distribution requirements of the Internal Revenue Code of 1986, as amended (the "Code"). To the extent that net realized capital gain can be offset by capital loss carryovers, it is the policy of the portfolio not to distribute such gain.

(d) Federal income taxes: It is the policy of the portfolio to continue to qualify as a regulated investment company, if such qualification is in the best interests of its shareholders, by complying with the applicable provisions of the Code, and to make distributions of taxable income sufficient to relieve it from substantially all federal income and excise taxes.

The portfolio has an unused capital loss carryover of \$7,978,482 available for federal income tax purposes to be applied against future net securities profits, if any, realized subsequent to December 31, 2001. If not applied, the carryover expires in fiscal 2009.

The tax character of distributions paid to shareholders during the fiscal year ended December 31, 2001 was as follows: ordinary income \$302,913. The tax character of current year distributions will be determined at the end of the current fiscal year.

NOTE 2—Bank Line of Credit:

The portfolio participates with other Dreyfus-managed funds in a \$100 million unsecured line of credit primarily to be utilized for temporary or emergency purposes, including the financing of redemptions. Interest is charged to the portfolio based on prevailing market rates in effect at the time of borrowings. During the period ended June 30, 2002, the portfolio did not borrow under the line of credit.

NOTE 3—Investment Advisory Fee and Other Transactions With Affiliates:

(a) Pursuant to an Investment Advisory Agreement with Dreyfus, the investment advisory fee is computed at the annual rate of .75 of 1% of the value of the portfolio's average daily net assets and is payable monthly.

Dreyfus has agreed from January 1, 2002 to December 31, 2002, to waive receipt of its fees and/or assume the expenses of the portfolio so that the expenses of neither class, exclusive of taxes, brokerage fees, interest on borrowings and extraordinary expenses, exceed 1% of the value of the average daily net assets of their class. During the period ended June 30, 2002, Dreyfus waived receipt of fees of \$7,534, pursuant to the undertaking.

(b) Under the Distribution Plan (the "Plan") adopted pursuant to Rule 12b-1 under the Act, Service shares pay the Distributor for distributing their shares, for servicing and/or maintaining Service shares shareholder accounts and for advertising and marketing for Service shares. The Plan provides for payments to be made at an annual rate of .25 of 1% of the value of the Service shares' average daily net assets. The Distributor may make payments to Participating Insurance Companies and to brokers and dealers acting as principal underwriter for their variable insurance products. The fees payable under the Plan are payable without regard to actual expenses incurred. During the period ended June 30, 2002, Service shares were charged \$17,632 pursuant to the Plan.

The portfolio compensates Dreyfus Transfer, Inc., a wholly-owned subsidiary of Dreyfus, under a transfer agency agreement for providing personnel and facilities to perform transfer agency services for the portfolio. During the period ended June 30, 2002, the portfolio was charged \$178 pursuant to the transfer agency agreement.

The portfolio compensates Mellon under a custody agreement for providing custodial services for the portfolio. During the period ended June 30, 2002, the portfolio was charged \$32,404 pursuant to the custody agreement.

(c) Each Board member also serves as a Board member of other funds within the Dreyfus complex (collectively, the “Fund Group”). Each Board member who is not an “affiliated person” as defined in the Act receives an annual fee of \$25,000 and an attendance fee of \$4,000 for each in person meeting and \$500 for telephone meetings. These fees are allocated among the funds in the Fund Group. The Chairman of the Board receives an additional 25% of such compensation. Subject to the fund’s Emeritus Program Guidelines, Emeritus Board members, if any, receive 50% of the annual retainer fee and per meeting fee paid at the time the Board member achieves emeritus status.

NOTE 4—Securities Transactions:

The aggregate amount of purchases and sales of investment securities, excluding short-term securities, during the period ended June 30, 2002, amounted to \$125,136,320 and \$57,339,789, respectively.

At June 30, 2002, accumulated net unrealized appreciation on investments was \$10,027,603, consisting of \$25,257,562 gross unrealized appreciation and \$15,229,959 gross unrealized depreciation.

At June 30, 2002, the cost of investments for federal income tax purposes was substantially the same as the cost for financial reporting purposes (see the Statement of Investments).

For More Information

To obtain information:

By telephone

Call
1-800-554-4611 or
516-338-3300

By mail Write to:

The Dreyfus Family of Funds
144 Glenn Curtiss Boulevard
Uniondale, NY 11556-0144
Attn: Institutional Servicing

**Dreyfus
Investment Portfolios,
MidCap Stock Portfolio**

200 Park Avenue
New York, NY 10166

Investment Adviser

The Dreyfus Corporation
200 Park Avenue
New York, NY 10166

Custodian

Mellon Bank, N.A.
One Mellon Bank Center
Pittsburgh, PA 15258

**Transfer Agent &
Dividend Disbursing Agent**

Dreyfus Transfer, Inc.
P.O. Box 9263
Boston, MA 02205-8501

Distributor

Dreyfus Service Corporation
200 Park Avenue
New York, NY 10166

The Dreyfus Socially Responsible Growth Fund, Inc.

SEMIANNUAL REPORT June 30, 2002



YOU, YOUR ADVISOR AND

Dreyfus

A MELLON FINANCIAL COMPANY

The views expressed in this report reflect those of the portfolio manager only through the end of the period covered and do not necessarily represent the views of Dreyfus or any other person in the Dreyfus organization. Any such views are subject to change at any time based upon market or other conditions and Dreyfus disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Dreyfus fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Dreyfus fund.

Not FDIC-Insured • Not Bank-Guaranteed • May Lose Value

Contents

THE FUND

- 2** Letter from the Chairman
- 3** Discussion of Fund Performance
- 6** Statement of Investments
- 9** Statement of Assets and Liabilities
- 10** Statement of Operations
- 11** Statement of Changes in Net Assets
- 13** Financial Highlights
- 15** Notes to Financial Statements

FOR MORE INFORMATION

Back Cover



LETTER FROM THE CHAIRMAN

Dear Shareholder:

We present this semiannual report for The Dreyfus Socially Responsible Growth Fund, Inc., covering the six-month period from January 1, 2002 through June 30, 2002. Inside, you'll find valuable information about how the fund was managed during the reporting period, including commentary from the fund's investment adviser, The Dreyfus Corporation.

The U.S. stock market confronted a number of formidable challenges during the first half of 2002. In addition to lackluster corporate earnings and the ongoing war on terrorism, investors have recently contended with questions regarding the accuracy of certain companies' financial statements. These and other influences drove the Standard & Poor's 500 Composite Stock Price Index, a widely accepted benchmark of domestic large-cap stock performance, down during the first six months of the year.

Nonetheless, we are generally optimistic about the future. The economy has begun to recover, showing signs of sustained growth that should have a positive effect on corporate earnings. Recent market declines may have created attractive values in some stocks. At the same time, we believe that today's accounting scandals will likely lead to higher standards and stronger oversight of corporate behavior, which should give investors greater confidence in the future.

During turbulent times like these it is important to have an investment horizon that is measured in years, not weeks or months. Remember that over the long term, stocks have historically produced higher returns than other types of investments. For investors with a long-term perspective, stocks should continue to provide considerable potential for growth.

As always, we urge you to talk with your financial advisor if you have questions or concerns about the markets or your investment portfolio. For our part, we at The Dreyfus Corporation are ready to serve you with a full range of investment alternatives and experienced teams of portfolio managers.

Thank you for your continued confidence and support.

Sincerely,

Stephen E. Canter
Chairman and Chief Executive Officer
The Dreyfus Corporation
July 15, 2002



COMMENTARY ON FUND PERFORMANCE

The Dreyfus Corporation, Investment Adviser

How did The Dreyfus Socially Responsible Growth Fund, Inc. perform relative to its benchmark?

For the six-month period ended June 30, 2002, the fund produced a total return of -17.13% for its Initial shares and -17.22% for its Service shares.¹ In comparison, the fund's benchmark, the Standard & Poor's 500 Composite Stock Price Index ("S&P 500 Index"), produced a total return of -13.15% for the same period.²

We attribute the fund's performance during the reporting period to a sluggish economy. The fund's return trailed that of the S&P 500 Index, primarily because of our heavy emphasis in technology stocks. In addition, the fund's media-related holdings hurt its performance.

On May 22, 2002, The Dreyfus Corporation assumed day-to-day portfolio management responsibility for the fund and L. Emerson Tuttle became the fund's new primary portfolio manager with respect to selection of portfolio securities.

What is the fund's investment approach?

The fund seeks to provide capital growth, with current income as a secondary objective. The fund looks for growth-oriented companies that generally exhibit three characteristics: improving profitability measurements, a pattern of consistent earnings and reasonable prices. To pursue these goals, the fund invests primarily in the common stocks of companies that, in the opinion of the fund's management, meet traditional investment standards while simultaneously conducting their businesses in a manner that contributes to the enhancement of the quality of life in America.

What other factors influenced the fund's performance?

When the reporting period began, most economic data suggested that the U.S. economy had already begun to recover from the economic downturn of late 2001. As the pace of layoffs slowed and the unem-

ployment rate stabilized, consumers took advantage of low interest rates to buy homes and autos at a record pace.

Although consumer spending and confidence remained relatively high, corporate capital spending was anemic, contributing to a sluggish economic recovery and another round of downward earnings. Media-related holdings such as Clear Channel Communications were hurt by a slowdown in advertising spending. Two of the fund's largest investment areas, technology and telecommunications, suffered as lackluster customer demand forced hardware, software and service providers to revise their earnings forecasts downward. Overall, technology was the worst performing sector of the reporting period, and its effect on the fund was magnified by the fund's relatively heavy exposure to technology stocks.

During the second half of the reporting period, ongoing concerns regarding corporate accounting irregularities added to negative stock market performance. As the reporting period came to a close, the stock prices of several companies fell sharply in light of new disclosures of accounting irregularities and impending federal inquiries into allegations of fraud.

On a more positive note, several of the fund's holdings in more defensive-type growth areas performed well, including selected energy, materials, industrials and consumer staples stocks.

What is the fund's current strategy?

As of the end of the reporting period, we have made several changes to the fund that are designed to take advantage of what we believe are good investment opportunities. We have reduced the fund's exposure to certain industry groups, choosing instead to invest in other areas that previously have had less representation in the fund's portfolio. For example, we have modestly reduced the fund's financial services holdings, and we have begun to invest in a few utilities and industrial stocks.

In other cases, we have maintained the same general level of exposure to certain industry groups, but we are investing in other segments within those groups. For example, we have maintained the fund's sizeable technology position, but we have shifted away from the consumer-

oriented stocks within this group in favor of information technology security companies. As always, we plan to monitor the portfolio closely, and we are prepared to make changes as market conditions evolve.

Can you give us an update on the fund's socially responsible investing activities?

We'd like to take this opportunity to update shareholders on a socially responsible goal that we have been working on for some time now: the elimination of mercury in the environment. Mercury is a potent neurotoxin that can affect the brain, spinal cord, kidneys and liver. Mercury poisoning is most often contracted from the breakage of household mercury fever thermometers. These types of thermometers have a small glass tube that contains liquid mercury, and when broken, the mercury can evaporate and create a risk of exposure to mercury vapors in indoor air.

We have been working together with several public health coalitions, and we are pleased to report that as of the end of the reporting period, 71% of the country's pharmacy chains have stopped selling mercury fever thermometers, including several held by the fund. What's more, eight states and several major cities have banned or restricted their sale or use, and nearly 700 hospitals and clinics have voluntarily agreed to phase out mercury pollution from their waste streams by 2005. We believe these efforts signal a major step forward for the growing movement within the health care industry to stop mercury pollution at its source.

For more information or to find out if there is a hazardous waste collection site in your neighborhood for disposing of your mercury thermometer, call the EPA's hotline, 1-800-CLEANUP.

July 15, 2002

¹ Total return includes reinvestment of dividends and any capital gains paid. Past performance is no guarantee of future results. Share price and investment return fluctuate such that upon redemption, fund shares may be worth more or less than their original cost. The fund's performance does not reflect the deduction of additional charges and expenses imposed in connection with investing in variable insurance contracts, which will reduce returns.

² SOURCE: LIPPER INC. — Reflects reinvestment of dividends and, where applicable, capital gain distributions. The Standard & Poor's 500 Composite Stock Price Index is a widely accepted, unmanaged index of U.S. stock market performance.

STATEMENT OF INVESTMENTS

June 30, 2002 (Unaudited)

	Shares	Value (\$)
Common Stocks—98.3%		
Commercial Services—2.7%		
Equifax	387,000	10,449,000
Paychex	192,000	6,007,680
		16,456,680
Consumer Durables—1.4%		
Centex	148,000	8,552,920
Consumer Non-Durables—8.3%		
Coca-Cola	335,000	18,760,000
Colgate-Palmolive	326,000	16,316,300
Jones Apparel Group	210,700 ^a	7,901,250
PepsiCo	163,000	7,856,600
		50,834,150
Consumer Services—4.3%		
Clear Channel Communications	268,000 ^a	8,581,360
Darden Restaurants	282,000	6,965,400
Univision Communications, Cl. A	347,000 ^a	10,895,800
		26,442,560
Electronic Technology—12.3%		
Altera	166,000 ^a	2,257,600
Analog Devices	190,000 ^a	5,643,000
Applied Materials	422,000 ^a	8,026,440
Brocade Communications Systems	240,000 ^a	4,195,200
Cisco Systems	502,600 ^a	7,011,270
Flextronics International	694,000 ^a	4,948,220
Intel	490,800	8,966,916
International Business Machines	137,000	9,864,000
Linear Technology	185,000	5,814,550
National Semiconductor	225,000 ^a	6,563,250
QUALCOMM	140,000 ^a	3,848,600
Sun Microsystems	455,000 ^a	2,279,550
Texas Instruments	231,000	5,474,700
		74,893,296
Energy Minerals—4.8%		
Royal Dutch Petroleum (New York Shares), ADR	528,000	29,182,560
Finance—24.1%		
American International Group	202,375	13,808,046
Bank of America	295,000	20,756,200
Capital One Financial	119,000	7,264,950

Common Stocks (continued)	Shares	Value (\$)
Finance (continued)		
Citigroup	428,600	16,608,250
Fannie Mae	290,200	21,402,250
Fifth Third Bancorp	115,000	7,664,750
Lehman Brothers Holdings	92,000	5,751,840
MBNA	194,000	6,415,580
Marsh & McLennan Cos.	110,000	10,626,000
Merrill Lynch	155,000	6,277,500
State Street	200,000	8,940,000
Stilwell Financial	320,000	5,824,000
Wells Fargo	306,000	15,318,360
		146,657,726
Health Services—2.8%		
Cardinal Health	109,000	6,693,690
Tenet Healthcare	68,000 ^a	4,865,400
WellPoint Health Networks	74,000 ^a	5,757,940
		17,317,030
Health Technology—11.1%		
Baxter International	451,700	20,078,065
Johnson & Johnson	380,000	19,858,800
Pfizer	609,000	21,315,000
St. Jude Medical	90,000 ^a	6,646,500
		67,898,365
Industrial Services—2.0%		
Rowan Cos.	356,000	7,636,200
Weatherford International	102,000 ^a	4,406,400
		12,042,600
Non-Energy Minerals—1.1%		
Alcoa	203,000	6,729,450
Process Industries—2.7%		
Ecolab	205,000	9,477,150
Praxair	125,000	7,121,250
		16,598,400
Producer Manufacturing—3.4%		
Emerson Electric	120,000	6,421,200
Illinois Tool Works	96,000	6,556,800
Tyco International	558,000	7,538,580
		20,516,580

STATEMENT OF INVESTMENTS (Unaudited) (continued)

Common Stocks (continued)	Shares	Value (\$)
Retail Trade—8.6%		
Best Buy	280,500 ^a	10,182,150
CVS	294,000	8,996,400
Home Depot	420,900	15,459,657
Wal-Mart Stores	324,900	17,872,749
		52,510,956
Technology Services—6.5%		
First Data	292,000	10,862,400
Laboratory Corporation of America Holdings	123,000 ^a	5,614,950
Microsoft	381,000 ^a	20,619,720
VERITAS Software	130,000 ^a	2,572,700
		39,669,770
Utilities—2.2%		
ALLTEL	72,000	3,384,000
Pinnacle West Capital	84,000	3,318,000
SBC Communications	211,000	6,435,500
		13,137,500
Total Common Stocks (cost \$615,657,642)		599,440,543
	Principal Amount (\$)	Value (\$)
Short-Term Investments—1.9%		
Certificates of Deposit—0%		
Self Help Credit Union, 1.74%, 9/17/2002	100,000	100,000
U.S. Treasury Bills—1.9%		
1.65%, 7/5/2002	9,233,000	9,231,246
1.64%, 7/11/2002	2,149,000	2,148,054
		11,379,300
Total Short-Term Investments (cost \$11,479,327)		11,479,300
Total Investments (cost \$627,136,969)	100.2%	610,919,843
Liabilities, Less Cash and Receivables	(.2%)	(1,093,760)
Net Assets	100.0%	609,826,083

^a Non-income producing.
See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2002 (Unaudited)

	Cost	Value
Assets (\$):		
Investments in securities—See Statement of Investments	627,136,969	610,919,843
Cash		160,775
Dividends and interest receivable		246,495
Receivable for shares of Common Stock subscribed		46,903
Prepaid expenses		45,343
		611,419,359
Liabilities (\$):		
Due to The Dreyfus Corporation and affiliates		411,475
Payable for shares of Common Stock redeemed		1,145,268
Accrued expenses		36,533
		1,593,276
Net Assets (\$)		609,826,083
Composition of Net Assets (\$):		
Paid-in capital		856,028,849
Accumulated undistributed investment income—net		431,133
Accumulated net realized gain (loss) on investments		(230,416,773)
Accumulated net unrealized appreciation (depreciation) on investments		(16,217,126)
Net Assets (\$)		609,826,083

Net Asset Value Per Share		
	Initial Shares	Service Shares
Net Assets (\$)	600,485,562	9,340,521
Shares Outstanding	27,178,305	424,430
Net Asset Value Per Share (\$)	22.09	22.01

See notes to financial statements.

STATEMENT OF OPERATIONS

Six Months Ended June 30, 2002 (Unaudited)

Investment Income (\$):

Income:

Cash dividends (net of \$116,621 foreign taxes withheld at source)	3,052,269
Interest	243,796

Total Income **3,296,065**

Expenses:

Investment advisory fee—Note 3(a)	2,699,694
Prospectus and shareholders' reports	48,115
Professional fees	35,548
Custodian fees—Note 3(c)	33,898
Shareholder servicing costs—Note 3(c)	15,080
Directors' fees and expenses—Note 3(d)	12,627
Distribution fees—Note 3(b)	11,639
Loan commitment fees—Note 2	2,688
Miscellaneous	3,230

Total Expenses **2,862,519**

Investment Income—Net **433,546**

Realized and Unrealized Gain (Loss) on Investments—Note 4 (\$):

Net realized gain (loss) on investments	(43,574,849)
Net unrealized appreciation (depreciation) on investments	(87,186,885)

Net Realized and Unrealized Gain (Loss) on Investments **(130,761,734)**

Net (Decrease) in Net Assets Resulting from Operations **(130,328,188)**

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended June 30, 2002 (Unaudited)	Year Ended December 31, 2001
Operations (\$):		
Investment income—net	433,546	503,024
Net realized gain (loss) on investments	(43,574,849)	(156,204,953)
Net unrealized appreciation (depreciation) on investments	(87,186,885)	(91,700,949)
Net Increase (Decrease) in Net Assets Resulting from Operations	(130,328,188)	(247,402,878)
Dividends to Shareholders from (\$):		
Investment income—net:		
Initial shares	(48,670)	(562,335)
Service shares	—	(237)
Total Dividends	(48,670)	(562,572)
Capital Stock Transactions (\$):		
Net proceeds from shares sold:		
Initial shares	26,959,003	125,232,524
Service shares	3,212,860	9,161,263
Dividends reinvested:		
Initial shares	48,670	562,335
Service shares	—	237
Cost of shares redeemed:		
Initial shares	(77,003,163)	(174,535,116)
Service shares	(352,573)	(206,787)
Increase (Decrease) in Net Assets from Capital Stock Transactions	(47,135,203)	(39,785,544)
Total Increase (Decrease) in Net Assets	(177,512,061)	(287,750,994)
Net Assets (\$):		
Beginning of Period	787,338,144	1,075,089,138
End of Period	609,826,083	787,338,144
Undistributed investment income—net	431,133	46,257

STATEMENT OF CHANGES IN NET ASSETS *(continued)*

	Six Months Ended June 30, 2002 (Unaudited)	Year Ended December 31, 2001
Capital Share Transactions:		
Initial Shares		
Shares sold	1,067,114	4,094,068
Shares issued for dividends reinvested	1,864	20,766
Shares redeemed	(3,100,261)	(6,097,330)
Net Increase (Decrease) in Shares Outstanding	(2,031,283)	(1,982,496)
Service Shares		
Shares sold	127,922	319,159
Shares issued for dividends reinvested	–	8
Shares redeemed	(14,681)	(7,993)
Net Increase (Decrease) in Shares Outstanding	113,241	311,174

See notes to financial statements.

FINANCIAL HIGHLIGHTS

The following tables describe the performance for each share class for the fiscal periods indicated. All information (except portfolio turnover rate) reflects financial results for a single fund share. Total return shows how much your investment in the fund would have increased (or decreased) during each period, assuming you had reinvested all dividends and distributions. These figures have been derived from the fund's financial statements.

Initial Shares	Six Months Ended	Year Ended December 31,				
	June 30, 2002 (Unaudited)	2001	2000	1999	1998	1997
Per Share Data (\$):						
Net asset value, beginning of period	26.67	34.47	39.07	31.08	24.97	20.09
Investment Operations:						
Investment income-net	.02 ^a	.02 ^a	.32 ^a	.01 ^a	.05	.09
Net realized and unrealized gain (loss) on investments	(4.60)	(7.80)	(4.63)	9.34	7.28	5.63
Total from Investment Operations	(4.58)	(7.78)	(4.31)	9.35	7.33	5.72
Distributions:						
Dividends from investment income-net	(.00) ^b	(.02)	(.29)	(.01)	(.05)	(.10)
Dividends from net realized gain on investments	-	-	-	(1.35)	(1.17)	(.74)
Total Distributions	(.00) ^b	(.02)	(.29)	(1.36)	(1.22)	(.84)
Net asset value, end of period	22.09	26.67	34.47	39.07	31.08	24.97
Total Return (%)	(17.13) ^c	(22.57)	(11.03)	30.08	29.38	28.44
Ratios/Supplemental Data (%):						
Ratio of expenses to average net assets	.39 ^c	.78	.78	.79	.80	.82
Ratio of net investment income to average net assets	.06 ^c	.06	.82	.04	.20	.46
Portfolio Turnover Rate	48.38 ^c	110.82	63.60	70.84	67.60	58.50
Net Assets, end of period (\$ x 1,000)	600,486	779,063	1,075,089	897,539	477,797	275,887

^a Based on average shares outstanding at each month end.

^b Amount represents less than \$.01 per share.

^c Not annualized.

See notes to financial statements.

FINANCIAL HIGHLIGHTS (continued)

Service Shares	Six Months Ended	Year Ended December 31,	
	June 30, 2002 (Unaudited)	2001	2000 ^a
Per Share Data (\$):			
Net asset value, beginning of period	26.59	34.47	34.47
Investment Operations:			
Investment (loss)	(.01) ^b	(.06) ^b	–
Net realized and unrealized gain (loss) on investments	(4.57)	(7.82)	–
Total from Investment Operations	(4.58)	(7.88)	–
Distributions:			
Dividends from investment income–net	–	(.00) ^c	–
Net asset value, end of period	22.01	26.59	34.47
Total Return (%)	(17.22) ^d	(22.85)	–
Ratios/Supplemental Data (%):			
Ratio of expenses to average net assets	.49 ^d	1.09	–
Ratio of investment (loss) to average net assets	(.03) ^d	(.20)	–
Portfolio Turnover Rate	48.38 ^d	110.82	63.60
Net Assets, end of period (\$ x 1,000)	9,341	8,275	1

^a The fund commenced offering Service shares on December 31, 2000.

^b Based on average shares outstanding at each month end.

^c Amount represents less than \$.01 per share.

^d Not annualized.

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS (Unaudited)

NOTE 1—Significant Accounting Policies:

The Dreyfus Socially Responsible Growth Fund, Inc. (the “fund”) is registered under the Investment Company Act of 1940, as amended (the “Act”), as a diversified open-end management investment company. The fund’s investment objective is to provide capital growth, with current income as a secondary goal through equity investments in companies that not only meet traditional investment standards, but which also show evidence that they conduct their business in a manner that contributes to the enhancement of the quality of life in America. The fund is only offered to separate accounts established by insurance companies to fund variable annuity contracts and variable life insurance policies. The Dreyfus Corporation (“Dreyfus”) serves as the fund’s investment adviser. Dreyfus is a direct subsidiary of Mellon Bank, N.A. (“Mellon”), which is a wholly-owned subsidiary of Mellon Financial Corporation.

On May 22, 2002, the fund’s Board and Dreyfus notified NCM Capital Management Group, Inc. (“NCM”) of the termination of the Sub-Investment Advisory Agreement between Dreyfus and NCM, with respect to the fund, pursuant to the terms of the Agreement. Effective immediately, Dreyfus has assumed day-to-day portfolio management responsibility for the fund.

Dreyfus Service Corporation (the “Distributor”), a wholly-owned subsidiary of Dreyfus, is the distributor of the fund’s shares, which are sold without a sales charge. The fund is authorized to issue 300 million shares of \$.001 par value Common Stock in each of the following classes of shares: Initial shares (150 million shares authorized) and Service shares (150 million shares authorized). Initial shares are subject to a shareholder services fee and Service shares are subject to a distribution fee. Each class of shares has identical rights and privileges, except with respect to the shareholder services plan, the distribution plan, and the expenses borne by each class and certain voting rights.

The fund's financial statements are prepared in accordance with accounting principles generally accepted in the United States, which may require the use of management estimates and assumptions. Actual results could differ from those estimates.

(a) Portfolio valuation: Investments in securities are valued at the last sales price on the securities exchange on which such securities are primarily traded or at the last sales price on the national securities market. Securities not listed on an exchange or the national securities market, or securities for which there were no transactions, are valued at the average of the most recent bid and asked prices. Bid price is used when no asked price is available. Securities for which there are no such valuations are valued at fair value as determined in good faith under the direction of the Board of Directors.

(b) Securities transactions and investment income: Securities transactions are recorded on a trade date basis. Realized gain and loss from securities transactions are recorded on the identified cost basis. Dividend income is recognized on the ex-dividend date and interest income, including, where applicable, amortization of discount and premium on investments, is recognized on the accrual basis. Under the terms of the custody agreement, the fund received net earnings credits of \$303 during the period ended June 30, 2002, based on available cash balances left on deposit. Income earned under this arrangement is included in interest income.

(c) Dividends to shareholders: Dividends are recorded on the ex-dividend date. Dividends from investment income-net and dividends from net realized capital gain, if any, are normally declared and paid annually, but the fund may make distributions on a more frequent basis to comply with the distribution requirements of the Internal Revenue Code of 1986, as amended (the "Code"). To the extent that net realized capital gain can be offset by capital loss carryovers, it is the policy of the fund not to distribute such gain.

(d) Federal income taxes: It is the policy of the fund to continue to qualify as a regulated investment company, if such qualification is in the best interests of its shareholders, by complying with the applicable provisions of the Code, and to make distributions of taxable income sufficient to relieve it from substantially all federal income and excise taxes.

The fund has an unused capital loss carryover of \$180,066,629 available for federal income tax purposes to be applied against future net securities profits, if any, realized subsequent to December 31, 2001. If not applied, \$7,523,105 of the carryover expires in fiscal 2008 and \$172,543,524 expires in fiscal 2009.

The tax character of distributions paid to shareholders during the fiscal year ended December 31, 2001 was as follows: ordinary income \$562,572. The tax character of current year distributions will be determined at the end of the current fiscal year.

NOTE 2—Bank Line of Credit:

The fund participates with other Dreyfus-managed funds in a \$500 million redemption credit facility (the “Facility”) to be utilized for temporary or emergency purposes, including the financing of redemptions. In connection therewith, the fund has agreed to pay commitment fees on its pro rata portion of the Facility. Interest is charged to the fund based on prevailing market rates in effect at the time of borrowings. During the period ended June 30, 2002, the fund did not borrow under the Facility.

NOTE 3—Investment Advisory Fee and Other Transactions with Affiliates:

(a) Pursuant to an Investment Advisory Agreement with Dreyfus, the investment advisory fee is computed at the annual rate of .75 of 1% of the value of the fund’s average daily net assets and is payable monthly.

(b) Under the Distribution Plan (the “Plan”) adopted pursuant to Rule 12b-1 under the Act, Service shares pay the Distributor for distributing their shares, for servicing and/or maintaining Service shares shareholder accounts and for advertising and marketing for Service shares. The Plan provides for payments to be made at an annual rate of .25 of 1% of the value of the Service shares’ average daily net assets. The Distributor may make payments to Participating Insurance Companies and to brokers and dealers acting as principal underwriter for their variable insurance products. The fees payable under the Plan are payable without regard to actual expenses incurred. During the period ended June 30, 2002, Service shares were charged \$11,639 pursuant to the Plan.

(c) Under the Shareholder Services Plan, Initial shares reimburse the Distributor an amount not to exceed an annual rate of .25 of 1% of the value of Initial shares’ average daily net assets for certain allocated expenses with respect to servicing and/or maintaining Initial shares shareholder accounts. During the period ended June 30, 2002, Initial shares were charged \$10,450 pursuant to the Shareholder Services Plan.

The fund compensates Dreyfus Transfer, Inc., a wholly-owned subsidiary of Dreyfus, under a transfer agency agreement for providing personnel and facilities to perform transfer agency services for the fund. During the period ended June 30, 2002, the fund was charged \$595 pursuant to the transfer agency agreement.

The fund compensates Mellon under a custody agreement for providing custodial services for the fund. During the period ended June 30, 2002, the fund was charged \$33,898 pursuant to the custody agreement.

(d) Each Board member also serves as a Board member of other funds within the Dreyfus complex (collectively, the “Fund Group”). Each Board member who is not an “affiliated person” as defined in the Act receives an annual fee of \$25,000 and an attendance fee of \$4,000 for

each in person meeting and \$500 for telephone meetings. These fees are allocated among the funds in the Fund Group. The Chairman of the Board receives an additional 25% of such compensation. Subject to the fund's Emeritus Program Guidelines, Emeritus Board members, if any, receive 50% of the annual retainer fee and per meeting fee paid at the time the Board member achieves emeritus status.

NOTE 4—Securities Transactions:

The aggregate amount of purchases and sales of investment securities, excluding short-term securities, during the period ended June 30, 2002, amounted to \$332,467,533 and \$378,453,616, respectively.

At June 30, 2002, accumulated net unrealized depreciation on investments was \$16,217,126, consisting of \$48,554,349 gross unrealized appreciation and \$64,771,475 gross unrealized depreciation.

At June 30, 2002, the cost of investments for federal income tax purposes was substantially the same as the cost for financial reporting purposes (see the Statement of Investments).

For More Information

To obtain information:

By telephone

Call

1-800-554-4611 or
516-338-3300

By mail Write to:

The Dreyfus Family of Funds
144 Glenn Curtiss Boulevard
Uniondale, NY 11556-0144
Attn: Institutional Servicing

**The Dreyfus Socially Responsible
Growth Fund, Inc.**

200 Park Avenue
New York, NY 10166

Investment Adviser

The Dreyfus Corporation
200 Park Avenue
New York, NY 10166

Custodian

Mellon Bank, N.A.
One Mellon Bank Center
Pittsburgh, PA 15258

**Transfer Agent &
Dividend Disbursing Agent**

Dreyfus Transfer, Inc.
P.O. Box 9263
Boston, MA 02205-8501

Distributor

Dreyfus Service Corporation
200 Park Avenue
New York, NY 10166



Printed on recycled paper.
50% post-consumer
Process chlorine free.
Vegetable-based ink.

Printed in U.S.A.

© 2002 Dreyfus Service Corporation

111SA0602

This page intentionally left blank

INVESCO Variable Investment Funds, Inc.

*A mutual fund sold exclusively to insurance company separate accounts
for variable annuity and variable life insurance contracts.*

VIF-UTILITIES FUND

SEMI
ANNUAL
REPORT

Market Overview

June 2002

Stocks continued to decline during the first six months of 2002. Although the period's economic data revealed an improving business climate—at least insofar as consumer spending stayed strong and manufacturing picked up—corporations had yet to see the nascent expansion translate into higher profits.

As the period progressed, several negative developments hurt investor confidence. First, the geopolitical landscape grew increasingly uncertain. On top of the persistent threat of terrorist attacks, the first quarter saw tensions rise on the West Bank and nuclear rivals India and Pakistan on the brink of war. Repeated corporate accounting scandals also rocked Wall Street, as several former market-leading companies confessed they had employed fraudulent or dubious accounting practices. Combined, these developments unnerved investors, and stocks retested their September lows, with technology and telecommunications stocks bearing the brunt of the selling.

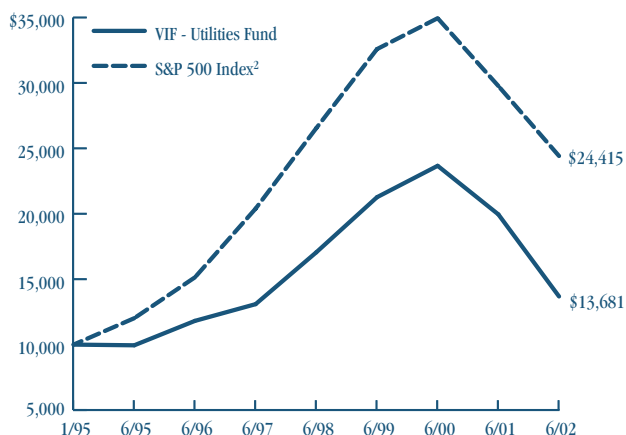
Meanwhile, the prevailing uncertainty in the broader market spurred investors to seek opportunities believed to be more defensive. Benefiting from this trend were investments tied to the price of gold, which rose above \$320 per ounce, and real estate investment trusts. Value stocks were also aided by this rotation.

Fixed-income markets also advanced, buoyed in part by the market's flight to investments perceived as safe havens. And the Federal Reserve's decision to leave interest rates unchanged near period end also supported bonds.

By the end of June, investors were still feeling exceptionally risk averse. But lost in the period's negative headlines were positive economic data. Historically, the market has factored in economic improvement long before it actually gained a foothold. This recovery has been starkly different, leading many market observers to wonder when the normal relationship between stock prices and the economy will reassert itself.

VIF-Utilities Fund

The line graph below illustrates, for the period from inception through June 30, 2002, the value of a \$10,000 investment in the fund, plus reinvested dividends and capital gain distributions. The charts and other total return figures cited reflect the fund's operating expenses, but the index does not have expenses, which would, of course, have lowered its performance. (Past performance is not a guarantee of future results.)^{1,2}



For the six-month period ended June 30, 2002, the value of your shares declined 15.27%, underperforming the 13.16% decline in the S&P 500 Index. (Of course, past performance is not a guarantee of future results.)^{1,2}

VIF-Utilities Fund Average Annualized Total Return as of 6/30/02¹

1 year	(31.43%)
5 years	0.88%
Since inception (1/95)	4.27%

Normally, the volatility in the broader market would have supported utilities stocks, as they have historically been regarded as more defensive investments. But sector-specific risk kept investors from rotating into the utilities sector. At the root of the problem were the merchant power generators, such as Mirant Corp, many of which operate in business lines that are similar to Enron Corp (not a fund holding during the six months ended 6/30/02). Although time will tell whether any other merchant power generators employed the same practices that Enron did, investors decided to sell first and ask questions later.

Poor investor sentiment was not limited to the merchant power generators. Any company that operated a trading desk, including gas utilities such as Duke Energy, was tarred with the same brush. Meanwhile, telecommunications did not offer a refuge, as even the incumbent service providers, such as BellSouth Corp, declined, partially in sympathy with the broader market, but also in response to persistently depressed corporate demand for telecom services.

We are fairly optimistic about the prospects for the utilities sector. If the pessimism that pervaded the first half of 2002 persists, investors could continue to favor more defensive investments, supporting utility stocks. Furthermore, if the economy continues to recover, then demand for power would likely intensify, providing a tailwind for the sector's fundamentals.

We believe the portfolio is well positioned to produce returns that are more in line with the sector overall. Furthermore, we will continue to look for ways to improve the dividend yield, while balancing growth potential with tempered volatility.

Fund Management

Jeff Morris is named VIF-Utilities Fund manager

Effective February 28, 2002, Vice President Jeffrey G. Morris, CFA, was named manager of VIF-Utilities Fund. Jeff had previously managed INVESCO Utilities Fund from March of 1996 to June of 1997. Due to their defensive nature, low volatility and history of paying dividends, utility equity securities have historically been classified as value stocks. This change in management realigns the fund with the INVESCO Value team.

Jeff has a BS from Colorado State University, and a Masters from the University of Colorado at Denver. He began his investment career in 1991 and joined INVESCO in 1991.

Total return assumes reinvestment of dividends and capital gain distributions for the periods indicated. Investment return and principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than when purchased. Fund returns are net of expenses, but do not reflect the additional fees and expenses of the variable annuity or variable life insurance contract. If those contract fees and expenses were included, the returns would be less than those shown.

²The S&P 500 Index is an unmanaged index of the 500 largest common stocks (in terms of market value), weighted by market capitalization and considered representative of the broad stock market. The index is not managed; therefore, its performance does not reflect management fees and other expenses associated with the fund. Investors cannot invest directly in any market index.

Sector funds may be more volatile than diversified equity funds, and are most suitable for the aggressive portion of your portfolio.

STATEMENT OF INVESTMENT SECURITIES

INVESCO Variable Investment Funds, Inc. June 30, 2002

UNAUDITED

%	DESCRIPTION	SHARES OR PRINCIPAL AMOUNT	VALUE
Utilities Fund			
84.65	COMMON STOCKS		
58.86	ELECTRIC UTILITIES		
	Alliant Energy	22,270	\$ 572,339
	American Electric Power	19,800	792,396
	Cinergy Corp	29,600	1,065,304
	Consolidated Edison	19,500	814,125
	Dominion Resources	18,700	1,237,940
	DTE Energy	24,000	1,071,360
	Duke Energy	22,700	705,970
	Energy East	35,200	795,520
	Entergy Corp	19,900	844,556
	Exelon Corp	20,212	1,057,088
	FPL Group	19,600	1,175,804
	Hawaiian Electric Industries	19,000	808,450
	Mirant Corp ^(a)	41,200	300,760
	Potomac Electric Power	6,900	148,212
	PPL Corp	23,900	790,612
	Progress Energy	16,100	837,361
	SCANA Corp	27,900	861,273
	Southern Co	38,800	1,063,120
	TXU Corp	22,800	1,175,340
			16,117,530
5.90	GAS UTILITIES		
	Nicor Inc	18,500	846,375
	ONEOK Inc	35,100	770,445
			1,616,820
16.53	INTEGRATED TELECOMMUNICATION SERVICES		
	AT&T Corp	34,700	371,290
	BellSouth Corp	36,640	1,154,160
	CenturyTel Inc	33,700	994,150
	SBC Communications	33,506	1,021,933
	Verizon Communications	24,533	985,000
			4,526,533
0.37	INTEGRATED TELECOMMUNICATION SERVICES — LONG DISTANCE		
	Qwest Communications International ^(a)	36,501	102,203
2.99	NATURAL GAS PIPELINES		
	Kinder Morgan Management LLC	26,801	817,430
	TOTAL COMMON STOCKS (Cost \$24,086,326)		23,180,516

%	DESCRIPTION	SHARES OR PRINCIPAL AMOUNT	VALUE
2.71	FIXED INCOME SECURITIES — CORPORATE BONDS		
1.98	ELECTRIC UTILITIES		
	Appalachian Power, 1st Mortgage Medium-Term Notes, 6.000%, 11/1/2003	\$ 200,000	\$ 199,075
	Duquesne Light, 1st Mortgage, Series O, 6.700%, 4/15/2012	\$ 125,000	130,170
	Kansas City Power & Light, Sr Notes ^(b) , Series A, 6.000%, 3/15/2007	\$ 100,000	102,173
	Public Service Electric & Gas, 1st & Refunding Mortgage, 9.125%, 7/1/2005	\$ 100,000	109,863
			541,281
0.73	GAS UTILITIES		
	Consolidated Natural Gas, Sr Notes, Series B, 5.375%, 11/1/2006	\$ 200,000	200,711
	TOTAL FIXED INCOME SECURITIES (Amortized Cost \$730,786)		741,992
12.64	SHORT-TERM INVESTMENTS — REPURCHASE AGREEMENTS		
	Repurchase Agreement with State Street dated 6/28/2002 due 7/1/2002 at 1.900%, repurchased at \$3,462,548 (Collateralized by Freddie Mac, Medium-Term Notes, due 4/30/2003 at 5.000%, value \$3,562,223) (Cost \$3,462,000)	\$ 3,462,000	3,462,000
100.00	TOTAL INVESTMENT SECURITIES AT VALUE		
	(Cost \$28,279,112)		\$ 27,384,508

(a) Security is non-income producing.

(b) Security acquired pursuant to Rule 144A. The Fund deems such securities to be “liquid” because an institutional market exists.

See Notes to Financial Statements

STATEMENT OF ASSETS AND LIABILITIES

INVESCO Variable Investment Funds, Inc.

June 30, 2002

UNAUDITED

		UTILITIES FUND
ASSETS		
Investment Securities:		
At Cost ^(a)	\$	28,279,112
At Value ^(a)	\$	27,384,508
Cash		451
Receivables:		
Investment Securities Sold		334,953
Fund Shares Sold		312,581
Dividends and Interest		61,680
Prepaid Expenses and Other Assets		371
TOTAL ASSETS		28,094,544
LIABILITIES		
Payables:		
Investment Securities Purchased		1,328,605
Fund Shares Repurchased		28,996
Accrued Expenses and Other Payables		8,680
TOTAL LIABILITIES		1,366,281
Net Assets at Value	\$	26,728,263
NET ASSETS		
Paid-in Capital ^(b)	\$	33,068,238
Accumulated Undistributed Net Investment Income		444,779
Accumulated Undistributed Net Realized Loss on Investment Securities and Foreign Currency Transactions		(5,890,150)
Net Depreciation of Investment Securities		(894,604)
Net Assets at Value	\$	26,728,263
Shares Outstanding		2,241,279
Net Asset Value, Offering and Redemption Price per Share	\$	11.93

(a) Investment securities at cost and value at June 30, 2002 includes a repurchase agreement of \$3,462,000.

(b) The INVESCO Variable Investment Funds, Inc. have 2 billion authorized shares of common stock, par value of \$0.01 per share. Of such shares, 100 million have been allocated to the Fund.

See Notes to Financial Statements

STATEMENT OF OPERATIONS

INVESCO Variable Investment Funds, Inc. Six Months Ended June 30, 2002

UNAUDITED

	UTILITIES FUND
INVESTMENT INCOME	
INCOME	
Dividends	\$ 391,379
Interest	34,872
Foreign Taxes Withheld	(1,031)
TOTAL INCOME	425,220
EXPENSES	
Investment Advisory Fees	73,757
Administrative Services Fees	37,576
Custodian Fees and Expenses	6,857
Directors' Fees and Expenses	5,448
Professional Fees and Expenses	8,438
Registration Fees and Expenses	72
Reports to Shareholders	8,198
Transfer Agent Fees	2,500
Other Expenses	722
TOTAL EXPENSES	143,568
Fees and Expenses Absorbed/Reimbursed by Investment Adviser	(1,731)
Fees and Expenses Paid Indirectly	(251)
NET EXPENSES	141,586
NET INVESTMENT INCOME	283,634
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENT SECURITIES	
Net Realized Loss on:	
Investment Securities	(4,935,727)
Foreign Currency Transactions	(8,024)
Total Net Realized Loss	(4,943,751)
Change in Net Appreciation/Depreciation of:	
Investment Securities	616,202
Foreign Currency Transactions	(821)
Total Change in Net Appreciation/Depreciation	615,381
NET LOSS ON INVESTMENT SECURITIES AND FOREIGN CURRENCY TRANSACTIONS	(4,328,370)
Net Decrease in Net Assets from Operations	\$ (4,044,736)

See Notes to Financial Statements

STATEMENT OF CHANGES IN NET ASSETS

Utilities Fund

	SIX MONTHS ENDED JUNE 30		YEAR ENDED DECEMBER 31
	2002		2001
	UNAUDITED		
OPERATIONS			
Net Investment Income	\$ 283,634	\$	161,367
Net Realized Loss	(4,943,751)		(878,097)
Change in Net Appreciation/Depreciation	615,381		(4,596,345)
NET DECREASE IN NET ASSETS FROM OPERATIONS	(4,044,736)		(5,313,075)
DISTRIBUTIONS TO SHAREHOLDERS			
Net Investment Income	0		(102,460)
Net Realized Gain on Investment Securities and Foreign Currency Transactions	0		(106,296)
TOTAL DISTRIBUTIONS	0		(208,756)
FUND SHARE TRANSACTIONS			
Proceeds from Sales of Shares	14,414,869		21,078,887
Reinvestment of Distributions	0		208,756
	14,414,869		21,287,643
Amounts Paid for Repurchases of Shares	(4,589,260)		(7,118,034)
NET INCREASE IN NET ASSETS FROM FUND SHARE TRANSACTIONS	9,825,609		14,169,609
Total Increase in Net Assets	5,780,873		8,647,778
NET ASSETS			
Beginning of Period	20,947,390		12,299,612
End of Period (Including Accumulated Undistributed Net Investment Income of \$444,779 and \$161,145, respectively)	\$ 26,728,263	\$	20,947,390

FUND SHARE TRANSACTIONS			
Shares Sold	1,115,131		1,315,091
Shares Issued from Reinvestment of Distributions	0		14,825
	1,115,131		1,329,916
Shares Repurchased	(361,086)		(426,823)
Net Increase in Fund Shares	754,045		903,093

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

INVESCO Variable Investment Funds, Inc.

UNAUDITED

NOTE 1 — Organization And Significant Accounting Policies. INVESCO Variable Investment Funds, Inc. is incorporated in Maryland and presently consists of thirteen separate Funds: Core Equity Fund (formerly Equity Income Fund), Dynamics Fund, Financial Services Fund, Growth Fund, Health Sciences Fund, High Yield Fund, Leisure Fund, Real Estate Opportunity Fund, Small Company Growth Fund, Technology Fund, Telecommunications Fund, Total Return Fund and Utilities Fund (the "Fund", presented herein). The investment objective of the Fund is to seek capital appreciation and income through investments in a specific business sector. INVESCO Variable Investment Funds, Inc. is registered under the Investment Company Act of 1940 (the "Act") as a diversified, open-end management investment company. The Fund's shares are not offered directly to the public but are sold exclusively to life insurance companies ("Participating Insurance Companies") as a pooled funding vehicle for variable annuity and variable life insurance contracts issued by separate accounts of the Participating Insurance Companies.

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

A. Security Valuation — Equity securities traded on national securities exchanges or in the over-the-counter market are valued at the last sales price at the close of the regular trading day on the exchange (generally 4:00 p.m. Eastern time) where such securities are primarily traded. If last sales prices are not available, securities are valued at the highest closing bid prices at the close of the regular trading day as obtained from one or more dealers making a market for such securities or by a pricing service approved by the Fund's board of directors.

Foreign securities are valued at the closing price on the principal stock exchange on which they are traded. In the event that closing prices are not available for foreign securities, prices will be obtained from the principal stock exchange at or prior to the close of the New York Stock Exchange. Foreign currency exchange rates are determined daily prior to the close of the New York Stock Exchange.

Investments in shares of investment companies are valued at the net asset value of the respective fund as calculated each day.

Debt securities are valued at evaluated bid prices as determined by a pricing service approved by the Fund's board of directors. If evaluated bid prices are not available, debt securities are valued by averaging the bid prices obtained from one or more dealers making a market for such securities.

If market quotations or pricing service valuations are not readily available, securities are valued at fair value as determined in good faith under procedures established by the Fund's board of directors. Restricted securities are valued in accordance with procedures established by the Fund's board of directors.

Short-term securities are stated at amortized cost (which approximates market value) if maturity is 60 days or less at the time of purchase, or market value if maturity is greater than 60 days.

Assets and liabilities initially expressed in terms of foreign currencies are translated into U.S. dollars at the prevailing market rates as quoted by one or more banks or dealers on the date of valuation.

B. Repurchase Agreements — Repurchase agreements held by the Fund are fully collateralized by securities issued by the U.S. Government, its agencies or instrumentalities and such collateral is in the possession of the Fund's custodian. The collateral is evaluated daily to ensure its market value exceeds the current market value of the repurchase agreements including accrued interest. In the event of default on the obligation to repurchase, the Fund has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. In the event of default or bankruptcy by the other party to the agreement, realization and/or retention of the collateral or proceeds may be subject to legal proceedings.

C. Security Transactions And Related Investment Income — Security transactions are accounted for on the trade date and dividend income is recorded on the ex-dividend date. Interest income, which may be comprised of stated coupon rate, market discount, original issue discount or amortized premium, is recorded on the accrual basis. Discounts or premiums on debt securities purchased are amortized over the life of the respective security as adjustments to interest income. Cost is determined on the specific identification basis. Certain dividends from foreign securities will be recorded as soon as the Fund is informed of the dividend if such information is obtained subsequent to the ex-dividend date. Investment

income received from foreign sources may be subject to foreign withholding taxes. Dividend and interest income is shown gross of foreign withholding taxes in the accompanying financial statements. Income and expenses on foreign securities are translated into U.S. dollars at rates of exchange prevailing when accrued. The cost of foreign securities is translated into U.S. dollars at the rates of exchange prevailing when such securities are acquired.

The Fund may invest in securities issued by other INVESCO investment companies that invest in short-term debt securities and seek to maintain a net asset value of one dollar per share.

The Fund may have elements of risk due to concentrated investments in specific industries or foreign issuers located in a specific country. Such investments may subject the Fund to additional risks resulting from future political or economic conditions and/or possible impositions of adverse foreign governmental laws or currency exchange restrictions. Net realized and unrealized gain or loss from investment securities includes fluctuations from currency exchange rates and fluctuations in market value.

The Fund's use of short-term forward foreign currency contracts may subject it to certain risks as a result of unanticipated movements in foreign exchange rates. The Fund does not hold short-term forward foreign currency contracts for trading purposes. The Fund may hold foreign currency in anticipation of settling foreign security transactions and not for investment purposes.

D. Dividends And Distributions To Shareholders — Dividends and distributions to shareholders are recorded by the Fund on the ex-dividend/distribution date. The Fund distributes net realized capital gains, if any, to its shareholders at least annually, if not offset by capital loss carryovers.

E. Tax Information — The Fund has complied, and continues to comply, with the provisions of the Internal Revenue Code applicable to regulated investment companies and, accordingly, has made or intends to make sufficient distributions of net investment income and net realized capital gains, if any, to relieve it from all federal and state income taxes and federal excise taxes.

Dividends paid by the Fund from net investment income and distributions of net realized short-term capital gains are, for federal income tax purposes, taxable as ordinary income to shareholders. Income and capital gain distributions are determined in accordance with income tax regulations which may differ from accounting principles generally accepted in the United States.

The tax components of the Fund at June 30, 2002 include:

Cost of Investments for Tax Purposes	\$ 28,676,286
Gross Tax Unrealized Appreciation on Investments	\$ 910,584
Gross Tax Unrealized Depreciation on Investments	(2,202,362)
Net Tax Depreciation on Investments	\$ (1,291,778)

The primary difference between book and tax appreciation/depreciation is wash sale loss deferrals. The net tax appreciation/depreciation on investments excludes the effect of foreign currency transactions.

The Fund has elected to defer post-October 31 capital losses of \$30,003 to the year ended December 31, 2002. To the extent future capital gains and income are offset by capital loss carryovers and deferred post-October 31 losses, such gains and income will not be distributed to shareholders.

F. Forward Foreign Currency Contracts — The Fund enters into short-term forward foreign currency contracts in connection with planned purchases or sales of securities as a hedge against fluctuations in foreign exchange rates pending the settlement of transactions in foreign securities. A forward foreign currency contract is an agreement between contracting parties to exchange an amount of currency at some future time at an agreed upon rate. These contracts are marked-to-market daily and the related appreciation or depreciation of the contracts is presented in the Statement of Assets and Liabilities. Any realized gain or loss incurred by the Fund upon the sale of securities is included in the Statement of Operations.

G. Expenses — The Fund bears expenses incurred specifically on its behalf and, in addition, the Fund bears a portion of general expenses, based on the relative net assets of the Fund.

Under an agreement between the Fund and the Fund's Custodian, certain Custodian Fees and Expenses are reduced by credits granted by the Custodian from any temporarily uninvested cash. Such credits are included in Fees and Expenses Paid Indirectly in the Statement of Operations.

NOTE 2 — Investment Advisory And Other Agreements. INVESCO Funds Group, Inc. ("IFG") serves as the Fund's investment adviser. As compensation for its services to the Fund, IFG receives an investment advisory fee which is accrued daily at the applicable rate and paid monthly. The fee is based on the annual rate of 0.60% of average net assets.

IFG receives a transfer agent fee of \$5,000 per year. The fee is paid monthly at one-twelfth of the annual fee.

In accordance with an Administrative Services Agreement, the Fund pays IFG an annual fee of \$10,000, plus an additional amount computed at an annual rate of 0.265% of average net assets to provide administrative, accounting and clerical services. The fee is accrued daily and paid monthly. IFG may pay all or a portion of the fee to other companies that assist in providing the services.

IFG has voluntarily agreed to absorb certain fees and expenses incurred by the Fund for the six months ended June 30, 2002. Effective June 1, 2002, IFG is entitled to reimbursement from the Fund for fees and expenses voluntarily absorbed pursuant to this arrangement if such reimbursements do not cause the fund to exceed voluntary expense limitations and the reimbursement is made within three years after IFG incurred the expense.

NOTE 3 — Purchases And Sales Of Investment Securities. For the six months ended June 30, 2002, the aggregate cost of purchases and proceeds from sales of investment securities (excluding all U.S. Government securities and short-term securities) were \$27,331,591 and \$17,128,142, respectively. There were no purchases or sales of U.S. Government securities.

NOTE 4 — Transactions With Affiliates. Certain of the Fund's officers and directors are also officers and directors of IFG.

The Fund has adopted an unfunded retirement plan covering all independent directors of the Fund who will have served as an independent director for at least five years at the time of retirement. Benefits under this plan are based on an annual rate as defined in the plan agreement, as amended March 1, 2001.

Pension expenses for the six months ended June 30, 2002, included in Directors' Fees and Expenses in the Statement of Operations were \$53. Unfunded accrued pension costs of \$0 and pension liability of \$473 are included in Prepaid Expenses and Accrued Expenses, respectively, in the Statement of Assets and Liabilities.

The independent directors have contributed to a deferred fee agreement plan, pursuant to which they have deferred receipt of a portion of the compensation which they would otherwise have been paid as directors of the INVESCO Funds. The deferred amounts may be invested in the shares of any of the INVESCO Funds, excluding the INVESCO Variable Investment Funds.

NOTE 5 — Securities Loaned. The Fund has entered into a securities lending agreement with the custodian. Under the terms of the agreement, the Fund receives annual income, recorded monthly, after deduction of other amounts payable to the custodian or to the borrower from lending transactions. In exchange for such fees, the custodian is authorized to loan securities on behalf of the Fund, against receipt of collateral at least equal in value to the value of securities loaned. Cash collateral is invested by the custodian in the INVESCO Treasurer's Series Money Market Reserve Fund or securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities. The Fund bears the risk of any deficiency in the amount of collateral available for return to a borrower due to a loss in an approved investment. During the six months ended June 30, 2002, there were no such securities lending arrangements for the Fund.

NOTE 6 — Interfund Borrowing And Lending. The Fund is party to an interfund lending agreement between the Fund and other INVESCO sponsored mutual funds, which permit it to borrow or lend cash, at rates beneficial to both the borrowing and lending funds. Loans totaling 10% or more of a borrowing Fund's total assets are collateralized at 102% of the value of the loan; loans of less than 10% are unsecured. The Fund may borrow up to 10% of its total assets for temporary or emergency purposes. During the six months ended June 30, 2002, there were no such borrowings and/or lendings for the Fund.

NOTE 7 — Line Of Credit. The Fund has available a Redemption Line of Credit Facility ("LOC"), from a consortium of national banks, to be used for temporary or emergency purposes to fund redemptions of investor shares. The LOC permits borrowings to a maximum of 10% of the net assets at value of the Fund. The Fund agrees to pay annual fees and interest on the unpaid principal balance based on prevailing market rates as defined in the agreement. During the six months ended June 30, 2002, there were no such borrowings for the Fund.

FINANCIAL HIGHLIGHTS

Utilities Fund (For a Fund Share Outstanding Throughout Each Period)

	SIX MONTHS ENDED JUNE 30		YEAR ENDED DECEMBER 31			
	2002	2001	2000	1999	1998	1997
	UNAUDITED					
PER SHARE DATA						
Net Asset Value — Beginning of Period	\$ 14.08	\$ 21.06	\$ 20.97	\$ 17.78	\$ 14.40	\$ 11.95
INCOME FROM INVESTMENT OPERATIONS						
Net Investment Income ^(a)	0.09	0.00	0.17	0.22	0.25	0.31
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	(2.24)	(6.83)	0.87	3.17	3.41	2.48
Total from Investment Operations	(2.15)	(6.83)	1.04	3.39	3.66	2.79
LESS DISTRIBUTIONS						
Dividends from Net Investment Income	0.00	0.07	0.03	0.20	0.24	0.29
Distributions from Capital Gains	0.00	0.08	0.92	0.00	0.04	0.05
Total Distributions	0.00	0.15	0.95	0.20	0.28	0.34
Net Asset Value — End of Period	\$ 11.93	\$ 14.08	\$ 21.06	\$ 20.97	\$ 17.78	\$ 14.40
TOTAL RETURN ^(b)	(15.27%) ^(c)	(32.41%)	5.28%	19.13%	25.48%	23.41%
RATIOS						
Net Assets — End of Period (\$000 Omitted)	\$ 26,728	\$ 20,947	\$ 12,300	\$ 9,137	\$ 6,993	\$ 4,588
Ratio of Expenses to Average Net Assets ^{(d)(e)}	0.57% ^(c)	1.15%	1.22%	1.20%	1.08%	0.99%
Ratio of Net Investment Income to Average Net Assets ^(e)	1.15% ^(c)	1.13%	0.94%	1.15%	1.73%	2.92%
Portfolio Turnover Rate	80% ^(c)	33%	50%	40%	35%	33%

(a) Net Investment Income aggregated less than \$0.01 on a per share basis for the year ended December 31, 2001.

(b) Total Return does not reflect expenses that apply to the related insurance policies, and inclusion of these charges would reduce the total return figures for the periods shown.

(c) Based on operations for the period shown and, accordingly, is not representative of a full year.

(d) Ratio is based on Total Expenses of the Fund, less Expenses Absorbed by Investment Adviser, which is before any expense offset arrangements (which may include custodian fees).

(e) Various expenses of the Fund were voluntarily absorbed by IFG for the six months ended June 30, 2002 and the years ended December 31, 2001, 2000, 1999, 1998 and 1997. If such expenses had not been voluntarily absorbed, ratio of expenses to average net assets would have been 0.58%, 1.37%, 1.41%, 1.53%, 1.60% and 2.07%, respectively, and ratio of net investment income to average net assets would have been 1.14%, 0.91%, 0.75%, 0.82%, 1.21% and 1.84%, respectively.

YOU SHOULD
KNOW WHAT
INVESCO KNOWS®



1-800-6-INVESCO
invescofunds.com

INVESCO Distributors, Inc.,SM Distributor
Post Office Box 173706
Denver, Colorado 80217-3706

This information must be preceded or accompanied by a current prospectus. We encourage you to obtain from your advisor a personal illustration of historical performance which reflects the cost of the insurance protection from the insurance company.

Scudder Variable Series I

Semiannual Report

June 30, 2002

An open-end management investment company that offers shares of beneficial interest in six types of diversified portfolios.

Contents

3	Letter from the Fund's President		
Growth and Income Portfolio			
4	Portfolio Management Discussion		
5	Performance Update		
6	Portfolio Summary		
7	Investment Portfolio		
11	Financial Statements		
14	Financial Highlights		
Capital Growth Portfolio			
15	Portfolio Management Discussion		
16	Performance Update		
17	Portfolio Summary		
18	Investment Portfolio		
21	Financial Statements		
24	Financial Highlights		
21st Century Growth Portfolio			
25	Portfolio Management Discussion		
26	Performance Update		
27	Portfolio Summary		
28	Investment Portfolio		
32	Financial Statements		
35	Financial Highlights		
Global Discovery Portfolio			
36	Portfolio Management Discussion		
37	Performance Update		
38	Portfolio Summary		
39	Investment Portfolio		
42	Financial Statements		
45	Financial Highlights		
International Portfolio			
46	Portfolio Management Discussion		
47	Performance Update		
48	Portfolio Summary		
49	Investment Portfolio		
53	Financial Statements		
56	Financial Highlights		
Health Sciences Portfolio			
57	Portfolio Management Discussion		
58	Performance Update		
59	Portfolio Summary		
60	Investment Portfolio		
62	Financial Statements		
65	Financial Highlights		
66	Notes to Financial Statements		
71	Shareholder Meeting Results		

Letter from the Fund's President



William F. Glavin, Jr.
President
Scudder Variable
Series I

Dear Shareholders,

These are times that test the principles of long-term investing. We applaud your patience and commitment to your annuity portfolios in a challenging market environment that has been characterized by emotion and irrational pessimism.

We'd be foolish if we tried to predict exactly when the tide will turn. What the market needs now — just as much as a sales and earnings recovery — is a restoration of confidence that a prudently balanced portfolio can offer solid opportunities for investors who are prepared to accept the stock and bond markets' short-term risks.

In managing your annuity portfolios, we seek the best potential return for your investment dollars — by exploring new ways to deliver value to your portfolio, and by providing you with the tools needed to make informed investment decisions.

Our alliance with Deutsche Bank since April has provided us with new resources as well as a new sense of energy and purpose. We're now part of the fourth largest asset management firm in the world, and we hope to leverage our global talents and size to efficiently offer you opportunities to meet your long-term goals.

As you review your personal investment and annuity strategy, we ask that you not give in to fear that the recent past will be repeated, but instead look to the potential for a brighter future. We believe you'll continue to see the long-term merits of owning variable and/or fixed annuity contracts as components of a well-diversified portfolio.

Thank you for your continued investment in Scudder Variable Series I.

Sincerely,

A handwritten signature in cursive script that reads "William F. Glavin, Jr." The ink is dark and the signature is fluid and legible.

William F. Glavin, Jr.
President
Scudder Variable Series I

Growth and Income Portfolio

The first half of 2002 continued to be quite difficult. The Growth and Income portfolio lost ground, as can be expected at the times when the market is falling sharply. However, we are encouraged to report that the portfolio outperformed the S&P 500 index for the period. In our view, this illustrates the effectiveness of our disciplined, three-step investment process that focuses on fundamentals, valuation, and risk management. Our analysis of company fundamentals includes an emphasis on management capability, earnings quality, free cash flow, and balance sheet strength. This approach has proven particularly helpful in the current environment, as it has helped us avoid the “land mines” that have plagued the stock market during 2002.

Performance was boosted by our stock selection within the technology, industrial, and utilities sectors. On the down side, performance was hurt by stock selection within the health care and financial sectors. The portfolio’s significant weighting in technology also was a drag on performance despite our favorable selection within the sector.

The portfolio remains tilted toward areas of the market that we expect will perform well in an environment of improved growth and stronger earnings. The portfolio has been positioned in this fashion throughout all of 2002, and this has provided a boost to performance as economically sensitive companies have beaten the market as a whole during this time. Looking ahead, we intend to maintain this positioning in order to capitalize on what we believe will be an improving investment environment in the second half of the year.

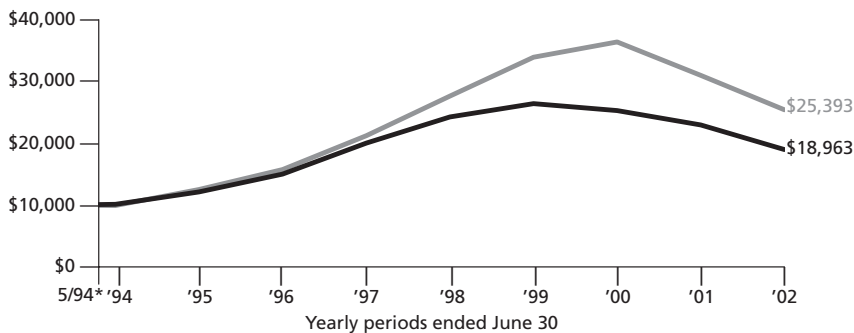
Kathleen T. Millard
Co-Manager

Gregory S. Adams
Co-Manager

Growth and Income Portfolio

Growth of an Assumed \$10,000 Investment

— Growth and Income Portfolio — Class A*
— S&P 500 Index



The Standard & Poor's (S&P) 500 Index is a 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.

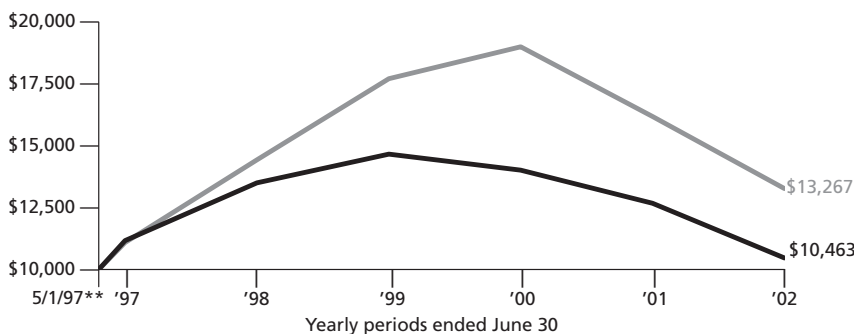
Comparative Results

		1-Year	3-Year	5-Year	Life of Portfolio*
Growth and Income Portfolio — Class A*	Growth of \$10,000	\$8,268	\$7,185	\$9,474	\$18,963
	Average annual total return	-17.32%	-10.43%	-1.08%	8.16%
S&P 500 Index	Growth of \$10,000	\$8,201	\$7,491	\$21,970	\$25,393
	Average annual total return	-17.99%	-9.18%	3.66%	12.09%

* The Portfolio commenced operations on May 2, 1994. Index comparisons begin April 30, 1994. On May 1, 1997, existing shares were redesignated as Class A shares. Total returns for the Life of Portfolio period for Class A would have been lower if the Portfolio's expenses were not maintained.

Growth of an Assumed \$10,000 Investment

— Growth and Income Portfolio — Class B**
— S&P 500 Index



The Standard & Poor's (S&P) 500 Index is a 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

		1-Year	3-Year	5-Year	Life of Portfolio**
Growth and Income Portfolio — Class B**	Growth of \$10,000	\$8,254	\$7,136	\$9,371	\$10,463
	Average annual total return	-17.46%	-10.64%	-1.29%	.88%
S&P 500 Index	Growth of \$10,000	\$8,201	\$7,491	\$11,970	\$13,267
	Average annual total return	-17.99%	-9.18%	3.66%	5.62%

** The Portfolio commenced selling Class B shares on May 1, 1997. Index comparisons begin April 30, 1997.

All performance is historical, assumes reinvestment of all dividends and capital gains, and is not indicative of future results. Investment return and principal value will fluctuate, so an investor's shares, when redeemed, may be worth more or less than when purchased.

Investments in funds involve risk. Some funds have more risk than others. These include funds that allow exposure to or otherwise concentrate investments in certain sectors, geographic regions, security types, market capitalization or foreign securities (e.g., political or economic instability, which can be accentuated in emerging market countries). Please read this fund's prospectus for specific details regarding its investments and risk profile.

Growth and Income Portfolio

Asset Allocation	6/30/02	12/31/01
Common Stocks	99%	95%
Cash Equivalents	1%	5%
	100%	100%

Sector Diversification (Excludes Cash Equivalents)	6/30/02	12/31/01
Financial	21%	19%
Technology	16%	17%
Health	11%	15%
Manufacturing	11%	9%
Consumer Staples	10%	7%
Energy	8%	8%
Consumer Discretionary	6%	8%
Durables	5%	—
Communications	4%	7%
Other	8%	10%
	100%	100%

Ten Largest Equity Holdings at June 30, 2002 (29.4% of Portfolio)

1. Bank of America Corp. Provider of commercial banking services	4.0%
2. Microsoft Corp. Developer of computer software	3.7%
3. Exxon Mobil Corp. Explorer and producer of oil and gas	3.3%
4. Johnson & Johnson Provider of health care products	3.3%
5. Citigroup, Inc. Provider of diversified financial services	3.0%
6. General Electric Co. Operator of an industrial conglomerate	2.8%
7. United Technologies Corp. Manufacturer of aerospace equipment, climate control systems and elevators	2.7%
8. Anheuser-Busch Companies, Inc. Producer and operator of brand name beers, cans and barley seed processing plants	2.4%
9. Bank One Corp. Provider of consumer and commercial banking services	2.1%
10. Avon Products, Inc. Manufacturer and retailer of cosmetics, jewelry and gift products	2.1%

Asset allocation, sector diversification and holdings are subject to change.
A quarterly Fund Summary and Portfolio Holdings are available upon request.

Investment Portfolio

as of June 30, 2002 (Unaudited)

Growth and Income Portfolio

	Shares	Value (\$)
Common Stocks 98.8%		
Communications 4.0%		
Cellular Telephone 1.5%		
AT&T Wireless Services, Inc.*	206,900	1,210,365
Nokia Oyj (ADR)	99,600	1,442,208
		2,652,573
Telephone/Communications 2.5%		
SBC Communications, Inc.	47,980	1,463,390
Sprint Corp.	105,000	1,114,050
Verizon Communications, Inc.	42,272	1,697,221
		4,274,661
Consumer Discretionary 5.8%		
Department & Chain Stores 3.0%		
Home Depot, Inc.	45,600	1,674,888
Wal-Mart Stores, Inc.	64,000	3,520,640
		5,195,528
Hotels & Casinos 1.0%		
MGM Mirage, Inc.*	52,700	1,778,625
Specialty Retail 1.8%		
Staples, Inc.*	158,300	3,118,510
Consumer Staples 9.8%		
Alcohol & Tobacco 2.4%		
Anheuser-Busch Companies, Inc.	83,700	4,185,000
Food & Beverage 4.0%		
Albertson's, Inc.	73,600	2,241,856
ConAgra, Inc.	72,400	2,001,860
PepsiCo, Inc.	55,300	2,665,460
		6,909,176
Package Goods/Cosmetics 3.4%		
Avon Products, Inc.	68,700	3,588,888
Clorox Co.	56,300	2,328,005
		5,916,893
Durables 5.3%		
Aerospace 3.8%		
Lockheed Martin Corp.	27,200	1,890,400
United Technologies Corp.	69,400	4,712,260
		6,602,660
Automobiles 1.5%		
Delphi Automotive Systems Corp.	76,800	1,013,760
General Motors Corp.	30,000	1,603,500
		2,617,260

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

	Shares	Value (\$)
Energy 7.5%		
Oil & Gas Production 1.5%		
ChevronTexaco Corp.	29,500	2,610,750
Oil Companies 6.0%		
Exxon Mobil Corp.	139,414	5,704,821
Royal Dutch Petroleum Co. (New York shares)	45,200	2,498,204
TotalFinaElf SA (ADR)	26,090	2,110,681
		10,313,706
Financial 20.6%		
Banks 6.7%		
Bank of America Corp.	99,100	6,972,676
Bank One Corp.	96,400	3,709,472
National City Corp.	28,000	931,000
		11,613,148
Consumer Finance 4.1%		
Citigroup, Inc.	134,500	5,211,875
Household International, Inc.	39,700	1,973,090
		7,184,965
Insurance 4.4%		
AMBAC Financial Group, Inc.	27,600	1,854,720
American International Group, Inc.	36,600	2,497,218
CIGNA Corp.	19,100	1,860,722
John Hancock Financial Services, Inc.	38,800	1,365,760
		7,578,420
Other Financial Companies 5.4%		
Fannie Mae	41,400	3,053,250
Lehman Brothers Holdings, Inc.	36,400	2,275,728
Marsh & McLennan Companies, Inc.	19,100	1,845,060
Morgan Stanley Dean Witter & Co.	51,200	2,205,696
		9,379,734
Health 11.1%		
Medical Supply & Specialty 5.0%		
Biomet, Inc.	50,550	1,370,916
Guidant Corp.*	52,100	1,574,983
Johnson & Johnson	108,400	5,664,984
		8,610,883
Pharmaceuticals 6.1%		
Abbott Laboratories	70,900	2,669,385
King Pharmaceuticals, Inc.*	68,400	1,521,900
Pfizer, Inc.	92,200	3,227,000
Wyeth	61,900	3,169,280
		10,587,565
Manufacturing 10.5%		
Chemicals 1.8%		
Dow Chemical Co.	91,100	3,132,018

	Shares	Value (\$)
Containers & Paper 1.9%		
International Paper Co.	76,700	3,342,586
Diversified Manufacturing 6.0%		
3M Co.	22,800	2,804,400
General Electric Co.	167,900	4,877,495
Illinois Tool Works, Inc.	39,900	2,725,170
		10,407,065
Machinery/Components/Controls 0.8%		
Ingersoll-Rand Co. "A"	29,900	1,365,234
Media 3.7%		
Broadcasting & Entertainment 2.1%		
Viacom, Inc. "B"*	38,000	1,686,060
Walt Disney Co.	103,600	1,958,040
		3,644,100
Print Media 1.6%		
Gannett Co., Inc.	36,900	2,800,710
Service Industries 2.4%		
Miscellaneous Consumer Services 1.0%		
Sabre Holdings Corp.*	50,100	1,793,580
Printing/Publishing 1.4%		
McGraw-Hill, Inc.	41,700	2,489,490
Technology 15.8%		
Computer Software 6.0%		
Intuit, Inc.*	52,700	2,620,244
Microsoft Corp.*	117,200	6,410,840
Oracle Corp.*	137,000	1,297,390
		10,328,474
Diverse Electronic Products 1.3%		
Applied Materials, Inc.*	114,200	2,172,084
Electronic Components/Distributors 1.2%		
Cisco Systems, Inc.*	150,800	2,103,660
Electronic Data Processing 2.7%		
Dell Computer Corp.*	74,700	1,952,658
International Business Machines Corp.	38,700	2,786,400
		4,739,058
Precision Instruments 0.8%		
Agilent Technologies, Inc.*	57,000	1,348,050
Semiconductors 3.8%		
Intel Corp.	147,500	2,694,825
SunGard Data Systems, Inc.*	64,200	1,700,016
Texas Instruments, Inc.	89,400	2,118,780
		6,513,621
Transportation 0.7%		
Railroads		
Union Pacific Corp.	20,300	1,284,584

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

	Shares	Value (\$)
Utilities 1.6%		
Electric Utilities		
Edison International*	48,900	831,300
FirstEnergy Corp.	27,300	911,274
FPL Group, Inc.	15,660	939,443
		2,682,017
Total Common Stocks (Cost \$184,852,562)		171,276,388

Cash Equivalents 1.2%

Scudder Cash Management QP Trust, 1.93% (b) (Cost \$2,056,435)	2,056,435	2,056,435
Total Investment Portfolio — 100.0% (Cost \$186,908,997) (a)		173,332,823

* Non-income producing security.

(a) The cost for federal income tax purposes was \$187,701,449. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$14,368,626. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$10,011,680 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$24,380,306.

(b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

Purchases and sales of investment securities (excluding short-term investments), for the six months ended June 30, 2002, aggregated \$76,871,744 and \$64,022,785, respectively.

At December 31, 2001, the Growth and Income Portfolio had a net tax basis capital loss carryforward of approximately \$12,650,000 which may be applied against any realized net taxable capital gains of each succeeding year until fully utilized or until December 31, 2009, the expiration date.

From November 1, 2001 through December 31, 2001, the Growth and Income Portfolio incurred approximately \$1,549,000 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 ended December 31, 2002.

Financial Statements

Growth and Income Portfolio

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$186,908,997)	\$ 173,332,823
Receivable for investments sold	1,405,943
Dividends receivable	146,322
Interest receivable	5,675
Receivable for Portfolio shares sold	365,738
Foreign taxes recoverable	10,206
Total assets	175,266,707

Liabilities

Payable for investments purchased	704,274
Payable for Portfolio shares redeemed	243,764
Accrued management fee	67,784
Other accrued expenses and payables	34,408
Total liabilities	1,050,230
Net assets, at value	\$ 174,216,477

Net Assets

Net assets consist of:	
Undistributed net investment income	726,328
Net unrealized appreciation (depreciation) on investments	(13,576,174)
Accumulated net realized gain (loss)	(20,459,241)
Paid-in capital	207,525,564
Net assets, at value	\$ 174,216,477

Class A

Net Asset Value , offering and redemption price per share (\$165,949,436 ÷ 21,517,765 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	\$ 7.71
--	----------------

Class B

Net Asset Value , offering and redemption price per share (\$8,267,041 ÷ 1,074,136 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	\$ 7.70
---	----------------

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

Statement of Operations for the six months ended June 30, 2002 (Unaudited)**Investment Income**

Income:	
Dividends (net of foreign taxes withheld of \$9,984)	\$ 1,286,584
Interest	59,153
Total Income	1,345,737
Expenses:	
Management fee	450,483
Custodian fees	7,055
Accounting fees	30,302
Distribution service fees (Class B)	11,450
Auditing	10,314
Legal	3,762
Trustees' fees and expenses	3,055
Reports to shareholders	5,332
Registration fees	5,147
Other	8,217
Total expenses, before expense reductions	535,117
Expense reductions	(21)
Total expenses, after expense reductions	535,096
Net investment income (loss)	810,641

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	(5,332,090)
Net unrealized appreciation (depreciation) during the period on investments	(20,915,369)
Net gain (loss) on investment transactions	(26,247,459)
Net increase (decrease) in net assets resulting from operations	\$ (25,436,818)

Statement of Changes in Net Assets

Increase (Decrease) in Net Assets	Six Months Ended June 30, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income (loss)	\$ 810,641	\$ 1,733,654
Net realized gain (loss) on investment transactions	(5,332,090)	(14,749,658)
Net unrealized appreciation (depreciation) on investment transactions during the period	(20,915,369)	(10,169,732)
Net increase (decrease) in net assets resulting from operations	(25,436,818)	(23,185,736)
Distributions to shareholders from:		
Net investment income:		
Class A	(1,605,814)	(2,100,713)
Class B	(57,174)	(109,015)
Net realized gains:		
Class A	—	(3,956,573)
Class B	—	(262,846)
Portfolio share transactions:		
Class A		
Proceeds from shares sold	37,947,142	72,967,624
Reinvestment of distributions	1,605,814	6,057,286
Cost of shares redeemed	(33,140,438)	(50,740,817)
Net increase (decrease) in net assets from Class A share transactions	6,412,518	28,284,093
Class B		
Proceeds from shares sold	437,498	614,981
Reinvestment of distributions	57,174	371,861
Cost of shares redeemed	(813,660)	(2,209,623)
Net increase (decrease) in net assets from Class B share transactions	(318,988)	(1,222,781)
Increase (decrease) in net assets	(21,006,276)	(2,553,571)
Net assets at beginning of period	195,222,753	197,776,324
Net assets at end of period (including undistributed net investment income of \$726,328 and \$1,578,675, respectively)	\$ 174,216,477	\$ 195,222,753

Other Information

Class A		
Shares outstanding at beginning of period	20,820,420	17,799,855
Shares sold	4,376,407	7,936,186
Shares issued to shareholders in reinvestment of distributions	195,355	629,903
Shares redeemed	(3,874,417)	(5,545,524)
Net increase (decrease) in Portfolio shares	697,345	3,020,565
Shares outstanding at end of period	21,517,765	20,820,420
Class B		
Shares outstanding at beginning of period	1,111,138	1,253,011
Shares sold	52,079	65,482
Shares issued to shareholders in reinvestment of distributions	6,972	38,776
Shares redeemed	(96,053)	(246,131)
Net increase (decrease) in Portfolio shares	(37,002)	(141,873)
Shares outstanding at end of period	1,074,136	1,111,138

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

Financial Highlights

Growth and Income Portfolio Class A^(a)

Years Ended December 31,	2002 ^b	2001	2000	1999	1998	1997
Selected Per Share Data						
Net asset value, beginning of period	\$ 8.90	\$ 10.38	\$ 10.96	\$ 11.25	\$ 11.48	\$ 9.37
<i>Income (loss) from investment operations:</i>						
Net investment income ^c	.04	.09	.11	.22	.27	.27
Net realized and unrealized gain (loss) on investment transactions	(1.15)	(1.23)	(.33)	.46	.54	2.47
Total from investment operations	(1.11)	(1.14)	(.22)	.68	.81	2.74
<i>Less distributions from:</i>						
Net investment income	(.08)	(.12)	(.15)	(.13)	(.25)	(.26)
Net realized gains on investment transactions	—	(.22)	(.21)	(.84)	(.79)	(.37)
Total distributions	(.08)	(.34)	(.36)	(.97)	(1.04)	(.63)
Net asset value, end of period	\$ 7.71	\$ 8.90	\$ 10.38	\$ 10.96	\$ 11.25	\$ 11.48
Total Return (%)	(12.58)**	(11.30)	(2.10)	5.80	7.18	30.47
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	166	185	185	200	184	157
Ratio of expenses before expense reductions (%)	.55*	.57 ^d	.56	.55	.56	.58
Ratio of expenses after expense reductions (%)	.55*	.56 ^d	.56	.55	.56	.58
Ratio of net investment income (loss) (%)	.87*	.94	1.06	2.01	2.41	2.54
Portfolio turnover rate (%)	70*	67	65	65	39	28

Class B

Years Ended December 31,	2002 ^b	2001	2000	1999	1998	1997 ^e
Selected Per Share Data						
Net asset value, beginning of period	\$ 8.87	\$ 10.35	\$ 10.93	\$ 11.24	\$ 11.47	\$ 9.44
<i>Income (loss) from investment operations:</i>						
Net investment income ^c	.03	.06	.09	.19	.25	.14
Net realized and unrealized gain (loss) on investment transactions	(1.15)	(1.23)	(.33)	.46	.54	2.02
Total from investment operations	(1.12)	(1.17)	(.24)	.65	.79	2.16
<i>Less distributions from:</i>						
Net investment income	(.05)	(.09)	(.13)	(.12)	(.23)	(.13)
Net realized gains on investment transactions	—	(.22)	(.21)	(.84)	(.79)	—
Total distributions	(.05)	(.31)	(.34)	(.96)	(1.02)	(.13)
Net asset value, end of period	\$ 7.70	\$ 8.87	\$ 10.35	\$ 10.93	\$ 11.24	\$ 11.47
Total Return (%)	(12.62)**	(11.56)	(2.33)	5.48	6.95	22.89**
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	8	10	13	14	14	7
Ratio of expenses before expense reductions (%)	.80*	.82 ^d	.81	.80	.79	.80*
Ratio of expenses after expense reductions (%)	.80*	.81 ^d	.81	.80	.79	.80*
Ratio of net investment income (loss) (%)	.62*	.69	.81	1.76	2.20	2.13*
Portfolio turnover rate (%)	70*	67	65	65	39	28

^a On May 1, 1997 existing shares were redesignated as Class A shares.

^b For the six months ended June 30, 2002 (Unaudited).

^c Based on average shares outstanding during the period.

^d The ratios of operating expenses excluding costs incurred in connection with the reorganization before and after expense reductions were .56% and .56%, and .81% and .81% for Class A and Class B, respectively.

^e For the period May 1, 1997 (commencement of sales of Class B shares) to December 31, 1997.

* Annualized ** Not annualized

Capital Growth Portfolio

In the face of growing concerns about accounting practices and the resulting impact on investor confidence, equity markets experienced one of their most difficult quarters in many years. And, as value stocks entered their third year of outperformance versus growth stocks, large-cap growth portfolios, such as this one, underperformed in the broad-based market decline. In this environment, the portfolio lost more ground than its benchmark, the S&P 500 index.

While investment style continues to be the biggest factor in the portfolio's underperformance, longer-term returns lie between those of the S&P 500 and the Russell 1000 Growth indices, which is consistent with our somewhat more conservative growth approach.

The portfolio's consumer discretionary and technology holdings detracted from performance. S&P technology stocks, for example, were the broad market's poorest performers, and the portfolio held an overweighting in this sector, compared to the index. However, the portfolio's medical device and medical service holdings outperformed the index. The portfolio also benefited from its underweighting in the highly troubled telecommunications industry.

The U.S. economy continues to rebound and appears to be on track for renewed growth in the second half. Although investment markets have not yet responded, we are confident that they will do so eventually, and that many companies will see improved earnings as the economy advances. In our view, a great deal of speculation has been wrung out of the market, and investors seem to be employing a more fundamentally-based approach to investing. We believe this favors our basic discipline, which is focused on higher-quality companies that have demonstrated strong competitive positions and earnings growth relative to their industry peers.

William F. Gadsden
Co-Manager

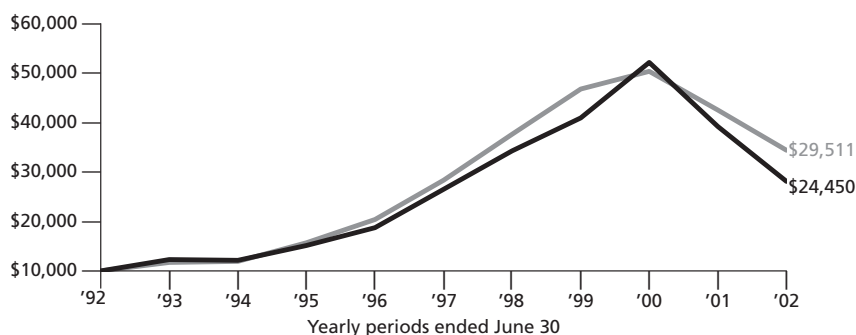
Jesse Stuart
Co-Manager

Russell 1000 Growth measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. These stocks are selected from the 1,000 largest companies in the Russell 3000 Index, which represents approximately 92% of the total market capitalization of the Russell 3000 Index. The stocks represented by this index involve investment risks which may include the loss of principal invested.

Capital Growth Portfolio

Growth of an Assumed \$10,000 Investment

— Capital Growth Portfolio — Class A*
— S&P 500 Index



The Standard & Poor's (S&P) 500 Index is a 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.

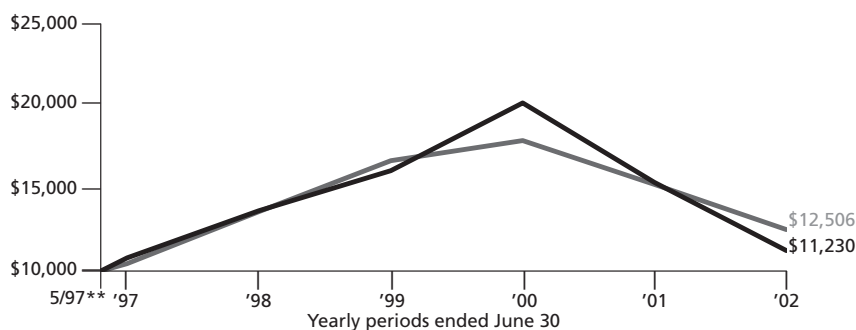
Comparative Results

		1-Year	3-Year	5-Year	10-Year
Capital Growth Portfolio — Class A*	Growth of \$10,000	\$7,335	\$7,042	\$10,548	\$24,450
	Average annual total return	-26.65%	-11.03%	1.07%	9.35%
S&P 500 Index	Growth of \$10,000	\$8,201	\$7,491	\$11,970	\$29,511
	Average annual total return	-17.99%	-9.18%	3.66%	11.43%

* On May 12, 1997, existing shares were redesignated as Class A shares.

Growth of an Assumed \$10,000 Investment

— Capital Growth Portfolio — Class B**
— S&P 500 Index



The Standard & Poor's (S&P) 500 Index is a 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

		1-Year	3-Year	5-Year	Life of Portfolio**
Capital Growth Portfolio — Class B**	Growth of \$10,000	\$7,306	\$6,979	\$10,405	\$11,230
	Average annual total return	-26.94%	-11.30%	.80%	2.29%
S&P 500 Index	Growth of \$10,000	\$8,201	\$7,491	\$11,970	\$12,506
	Average annual total return	-17.99%	-9.18%	3.66%	4.50%

** The Portfolio commenced selling Class B shares on May 12, 1997. Index comparisons begin May 31, 1997.

All performance is historical, assumes reinvestment of all dividends and capital gains, and is not indicative of future results. Investment return and principal value will fluctuate, so an investor's shares, when redeemed, may be worth more or less than when purchased.

Investments in funds involve risk. Some funds have more risk than others. These include funds that allow exposure to or otherwise concentrate investments in certain sectors, geographic regions, security types, market capitalization or foreign securities (e.g., political or economic instability, which can be accentuated in emerging market countries). Please read this fund's prospectus for specific details regarding its investments and risk profile.

Capital Growth Portfolio

Asset Allocation	6/30/02	12/31/01
Common Stocks	98%	96%
Cash Equivalents	2%	4%
	100%	100%

Sector Diversification (Excludes Cash Equivalents)	6/30/02	12/31/01
Health	23%	21%
Technology	21%	23%
Financial	13%	13%
Consumer Discretionary	11%	9%
Consumer Staples	9%	7%
Energy	8%	7%
Media	6%	8%
Manufacturing	5%	7%
Service Industries	2%	2%
Other	2%	3%
	100%	100%

Ten Largest Equity Holdings at June 30, 2002 (33.3% of Portfolio)

1. Microsoft Corp. Developer of computer software	4.9%
2. Pfizer, Inc. Manufacturer of prescription pharmaceuticals and non-prescription self-medications	4.2%
3. General Electric Co. Operator of an industrial conglomerate	3.8%
4. Wal-Mart Stores, Inc. Operator of discount stores	3.8%
5. Johnson & Johnson Provider of health care products	3.0%
6. Schlumberger Ltd. Producer of oil field services	2.9%
7. Tenet Healthcare Corp. Operator of specialty and general hospitals	2.8%
8. Intel Corp. Designer, manufacturer and seller of computer components and related products	2.7%
9. International Business Machines Corp. Manufacturer of computers and provider of information processing services	2.6%
10. Procter & Gamble Co. Manufacturer of diversified consumer products	2.6%

Asset allocation, sector diversification and holdings are subject to change.
A quarterly Fund Summary and Portfolio Holdings are available upon request.

Investment Portfolio

as of June 30, 2002 (Unaudited)

Capital Growth Portfolio

	Shares	Value (\$)
Common Stocks 98.5%		
Communications 0.6%		
Cellular Telephone		
AT&T Wireless Services, Inc.*	732,600	4,285,710
Consumer Discretionary 10.9%		
Department & Chain Stores 8.8%		
Home Depot, Inc.	469,950	17,261,264
Target Corp.	431,700	16,447,770
Wal-Mart Stores, Inc.	463,500	25,497,135
		59,206,169
Recreational Products 1.3%		
Acclaim Entertainment, Inc. (Warrants)*	10,284	6,652
Harley-Davidson, Inc.	176,200	9,033,774
		9,040,426
Specialty Retail 0.8%		
Staples, Inc.*	257,600	5,074,720
Consumer Staples 8.6%		
Food & Beverage 3.8%		
Coca-Cola Co.	204,500	11,452,000
PepsiCo, Inc.	296,500	14,291,300
		25,743,300
Package Goods/Cosmetics 4.8%		
Colgate-Palmolive Co.	288,600	14,444,430
Procter & Gamble Co.	195,600	17,467,080
		31,911,510
Durables 1.8%		
Aerospace		
United Technologies Corp.	179,400	12,181,260
Energy 7.5%		
Oil & Gas Production 4.6%		
Anadarko Petroleum Corp.	231,000	11,388,300
EOG Resources, Inc.	210,400	8,352,880
Nabors Industries Ltd.*	335,600	11,846,680
		31,587,860
Oilfield Services/Equipment 2.9%		
Schlumberger Ltd.	414,000	19,251,000
Financial 13.2%		
Banks 1.5%		
State Street Corp.	231,800	10,361,460

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

	Shares	Value (\$)
Consumer Finance 3.6%		
American Express Co.	194,600	7,067,872
Citigroup, Inc.	446,333	17,295,404
		24,363,276
Insurance 2.2%		
American International Group, Inc.	218,702	14,922,037
Other Financial Companies 5.9%		
Fannie Mae	236,800	17,464,000
Franklin Resources, Inc.	167,500	7,142,200
Marsh & McLennan Companies, Inc.	59,000	5,699,400
Merrill Lynch & Co., Inc.	227,900	9,229,950
		39,535,550
Health 23.0%		
Biotechnology 1.0%		
Genentech, Inc.*	205,400	6,880,900
Health Industry Services 2.0%		
Laboratory Corp. of America Holdings*	298,400	13,621,960
Hospital Management 2.8%		
Tenet Healthcare Corp.*	263,300	18,839,115
Medical Supply & Specialty 6.9%		
Baxter International, Inc.	224,700	9,987,915
Johnson & Johnson	389,800	20,370,948
Medtronic, Inc.	171,700	7,357,345
Zimmer Holdings, Inc.*	243,790	8,693,551
		46,409,759
Pharmaceuticals 10.3%		
Abbott Laboratories	334,600	12,597,690
Eli Lilly & Co.	202,700	11,432,280
Merck & Co., Inc.	204,900	10,376,136
Pfizer, Inc.	801,975	28,069,125
Wyeth	133,800	6,850,560
		69,325,791
Manufacturing 4.6%		
Diversified Manufacturing		
General Electric Co.	890,500	25,869,025
Tyco International Ltd.	355,500	4,802,805
		30,671,830
Media 5.5%		
Advertising 1.1%		
Omnicom Group, Inc.	163,400	7,483,720
Broadcasting & Entertainment 2.9%		
AOL Time Warner, Inc.*	480,100	7,062,271
Viacom, Inc. "B"*	278,500	12,357,045
		19,419,316
Cable Television 1.5%		
Comcast Corp. "A"*	419,200	9,993,728

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

	Shares	Value (\$)
Service Industries 1.9%		
EDP Services 1.2%		
Electronic Data Systems Corp.	224,200	8,329,030
Miscellaneous Commercial Services 0.7%		
Concord EFS, Inc.*	155,200	4,677,728
Technology 20.9%		
Computer Software 6.8%		
Microsoft Corp.*	603,100	32,989,570
Oracle Corp.*	844,100	7,993,627
PeopleSoft, Inc.*	165,500	2,462,640
VERITAS Software Corp.*	115,800	2,291,682
		45,737,519
EDP Peripherals 0.8%		
EMC Corp.*	666,200	5,029,810
Electronic Components/Distributors 1.8%		
Cisco Systems, Inc.*	884,400	12,337,380
Electronic Data Processing 2.6%		
International Business Machines Corp.	245,600	17,683,200
Semiconductors 8.9%		
Applied Materials, Inc.*	806,200	15,333,924
Intel Corp.	1,012,700	18,502,029
Linear Technology Corp.	228,500	7,181,755
Micron Technology, Inc.*	398,300	8,053,626
Texas Instruments, Inc.	450,800	10,683,960
		59,755,294
Total Common Stocks (Cost \$789,443,292)		663,660,358
Cash Equivalent 1.5%		
Scudder Cash Management QP Trust, 1.93% (b) (Cost \$10,118,489)	10,118,489	10,118,489
Total Investment Portfolio — 100.0% (Cost \$799,561,781) (a)		673,778,847

* Non-income producing security.

(a) The cost for federal income tax purposes was \$800,246,130. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$126,467,283. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$60,892,976 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$187,360,259.

(b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

Purchases and sales of investment securities (excluding short-term investments), for the six months ended June 30, 2002, aggregated \$66,457,747 and \$59,287,264, respectively.

At December 31, 2001 the Capital Growth Portfolio had a net tax basis capital loss carryforward of approximately \$18,038,000 which may be applied against any realized net taxable capital gains of each succeeding year until fully utilized or until December 31, 2009, the expiration date.

From November 1, 2001 through December 31, 2001, the Capital Growth Portfolio incurred approximately \$13,990,000 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 ended December 31, 2002.

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

Financial Statements

Capital Growth Portfolio

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$799,561,781)	\$ 673,778,847
Cash	10,000
Dividends receivable	450,232
Interest receivable	24,120
Receivable for Portfolio shares sold	6,487
Total assets	674,269,686

Liabilities

Payable for investments purchased	315,693
Payable for Portfolio shares redeemed	855,032
Accrued management fee	257,835
Other accrued expenses and payables	86,700
Total liabilities	1,515,260
Net assets, at value	\$ 672,754,426

Net Assets

Net assets consist of:	
Undistributed net investment income	970,450
Net unrealized appreciation (depreciation) on investments	(125,782,934)
Accumulated net realized gain (loss)	(94,221,411)
Paid-in capital	891,788,321
Net assets, at value	\$ 672,754,426

Class A

Net Asset Value , offering and redemption price per share (\$672,202,695 ÷ 51,799,770 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	\$ 12.98
--	-----------------

Class B

Net Asset Value , offering and redemption price per share (\$551,731 ÷ 42,645 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	\$ 12.94
--	-----------------

Statement of Operations for the six months ended June 30, 2002 (Unaudited)**Investment Income**

Income:	
Dividends	\$ 2,985,070
Interest	179,463
Total Income	3,164,533
Expenses:	
Management fee	1,869,748
Custodian fees	18,367
Accounting fees	62,223
Distribution fees (Class B)	823
Auditing	14,145
Legal	10,963
Trustees' fees and expenses	7,730
Reports to shareholders	11,559
Registration fees	5,823
Other	21,941
Total expenses, before expense reductions	2,023,322
Expense reductions	(21)
Total expenses, after expense reductions	2,023,301
Net investment income (loss)	1,141,232

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	(61,509,144)
Net unrealized appreciation (depreciation) during the period on investments	(115,238,178)
Net gain (loss) on investment transactions	(176,747,322)
Net increase (decrease) in net assets resulting from operations	\$ (175,606,090)

Statement of Changes in Net Assets

	Six Months Ended June 30, 2002 (Unaudited)	Year Ended December 31, 2001
Increase (Decrease) in Net Assets		
Operations:		
Net investment income (loss)	\$ 1,141,232	\$ 2,444,330
Net realized gain (loss) on investment transactions	(61,509,144)	(31,976,606)
Net unrealized appreciation (depreciation) on investment transactions during the period	(115,238,178)	(187,067,213)
Net increase (decrease) in net assets resulting from operations	(175,606,090)	(216,599,489)
Distributions to shareholders from:		
Net investment income:		
Class A	(2,359,010)	(3,672,763)
Class B	(321)	(1,237)
Net realized gains:		
Class A	—	(116,304,156)
Class B	—	(113,211)
Portfolio share transactions:		
Class A		
Proceeds from shares sold	94,368,719	227,496,956
Reinvestment of distributions	2,359,010	119,976,919
Cost of shares redeemed	(112,721,813)	(271,501,874)
Net increase (decrease) in net assets from Class A share transactions	(15,994,084)	75,972,001
Class B		
Proceeds from shares sold	32,919	89,688
Reinvestment of distributions	321	114,448
Cost of shares redeemed	(42,367)	(319,464)
Net increase (decrease) in net assets from Class B share transactions	(9,127)	(115,328)
Increase (decrease) in net assets	(193,968,632)	(260,834,183)
Net assets at beginning of period	866,723,058	1,127,557,241
Net assets at end of period (including undistributed net investment income of \$970,450 and \$2,188,549, respectively)	\$ 672,754,426	\$ 866,723,058

Other Information

Class A		
Shares outstanding at beginning of period	52,934,260	48,831,124
Shares sold	6,067,520	12,656,460
Shares issued to shareholders in reinvestment of distributions	160,695	6,460,793
Shares redeemed	(7,362,705)	(15,014,117)
Net increase (decrease) in Portfolio shares	(1,134,490)	4,103,136
Shares outstanding at end of period	51,799,770	52,934,260
Class B		
Shares outstanding at beginning of period	43,484	50,385
Shares sold	2,023	4,946
Shares issued to shareholders in reinvestment of distributions	22	6,170
Shares redeemed	(2,884)	(18,017)
Net increase (decrease) in Portfolio shares	(839)	(6,901)
Shares outstanding at end of period	42,645	43,484

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

Financial Highlights

Capital Growth Portfolio Class A^(a)

Years Ended December 31,	2002 ^b	2001	2000	1999	1998	1997
Selected Per Share Data						
Net asset value, beginning of period	\$ 16.36	\$ 23.07	\$ 29.13	\$ 23.95	\$ 20.63	\$ 16.50
<i>Income (loss) from investment operations:</i>						
Net investment income ^c	.02	.05	.08	.10	.16	.18
Net realized and unrealized gain (loss) on investment transactions	(3.35)	(4.21)	(2.63)	7.64	4.46	5.39
Total from investment operations	(3.33)	(4.16)	(2.55)	7.74	4.62	5.57
<i>Less distributions from:</i>						
Net investment income	(.05)	(.08)	(.07)	(.07)	(.17)	(.19)
Net realized gains on investment transactions	—	(2.47)	(3.44)	(2.49)	(1.13)	(1.25)
Total distributions	(.05)	(2.55)	(3.51)	(2.56)	(1.30)	(1.44)
Net asset value, end of period	\$ 12.98	\$ 16.36	\$ 23.07	\$ 29.13	\$ 23.95	\$ 20.63
Total Return (%)	(20.42)**	(19.36)	(9.90)	35.23	23.23	35.76
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	672	866	1,126	1,254	901	676
Ratio of expenses before expense reductions (%)	.50*	.52 ^d	.49	.49	.50	.51
Ratio of expenses after expense reductions (%)	.50*	.50 ^d	.49	.49	.50	.51
Ratio of net investment income (loss) (%)	.29*	.27	.30	.43	.75	.96
Portfolio turnover rate (%)	15*	33	55	66	55	42

Class B

Years Ended December 31,	2002 ^b	2001	2000	1999	1998	1997 ^e
Selected Per Share Data						
Net asset value, beginning of period	\$ 16.29	\$ 23.00	\$ 29.05	\$ 23.92	\$ 20.61	\$ 17.54
<i>Income (loss) from investment operations:</i>						
Net investment income ^c	.00***	.00***	.01	.04	.11	.08
Net realized and unrealized gain (loss) on investment transactions	(3.34)	(4.21)	(2.62)	7.62	4.45	3.08
Total from investment operations	(3.34)	(4.21)	(2.61)	7.66	4.56	3.16
<i>Less distributions from:</i>						
Net investment income	(.01)	(.03)	—	(.04)	(.12)	(.09)
Net realized gains on investment transactions	—	(2.47)	(3.44)	(2.49)	(1.13)	—
Total distributions	(.01)	(2.50)	(3.44)	(2.53)	(1.25)	(.09)
Net asset value, end of period	\$ 12.94	\$ 16.29	\$ 23.00	\$ 29.05	\$ 23.92	\$ 20.61
Total Return (%)	(20.53)**	(19.64)	(10.13)	34.88	22.94	18.00**
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	.55	.71	1.16	1.28	.83	.55
Ratio of expenses before expense reductions (%)	.75*	.77 ^d	.74	.74	.75	.75*
Ratio of expenses after expense reductions (%)	.75*	.75 ^d	.74	.74	.75	.75*
Ratio of net investment income (loss) (%)	.04*	.02	.05	.18	.49	.64*
Portfolio turnover rate (%)	15*	33	55	66	55	42

^a On May 12, 1997 existing shares were redesignated as Class A shares.

^b For the six months ended June 30, 2002 (Unaudited).

^c Based on average shares outstanding during the period.

^d The ratios of operating expenses excluding costs incurred in connection with the reorganization before and after expense reductions were .50% and .50%, and .75% and .75% for Class A and Class B, respectively.

^e For the period May 12, 1997 (commencement of sales of Class B shares) to December 31, 1997.

* Annualized ** Not annualized

*** Less than \$.005 per share

21st Century Growth Portfolio

Stock-specific setbacks and a higher-than-average weighting in health care stocks relative to the unmanaged Russell 2000 Growth Index led to sharp losses in the first half of 2002. The portfolio's performance was less than the overall stock market and that of the Russell 2000 Growth Index, the portfolio's benchmark. Weakness in biotechnology and educational services stocks within the portfolio contributed the most to the portfolio's results.

As the U.S. economic recovery sputtered, investors lost confidence in short-term earnings estimates. In addition, investors grew skeptical about corporate strategy and business forecasts amid increased scrutiny of corporate governance and management practices in many industries, including information technology, corporate and consumer services and biotechnology.

Market conditions continue to be difficult for small-cap growth style investments.

The portfolio's management team has become more sensitive to valuation when considering stocks for the fund's portfolio, and expects to look closely at the financial services sector as an area of potential increased investment in the coming months.

The team is also attempting to carefully redeploy assets into smaller stocks that the team sees as having the balance sheet strength and management skills for the long haul. In the team's view, the negative environment for the highest risk/highest potential return portion of the portfolio has reached an ebb phase. Losses in this area during the first half of 2002 reflected a level of despair that, in its view, is almost as unwarranted as was the market euphoria of two years earlier.

Sewall F. Hodges
Co-Manager

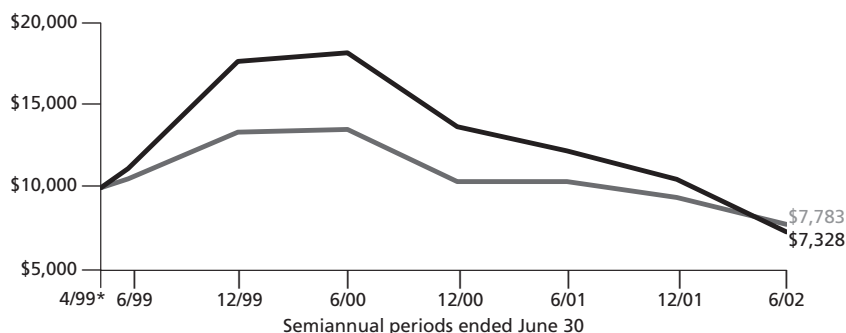
Peter Chin
Co-Manager

Roy C. McKay
Co-Manager

21st Century Growth Portfolio

Growth of an Assumed \$10,000 Investment

— 21st Century Growth Portfolio — Class A
— Russell 2000 Growth Index



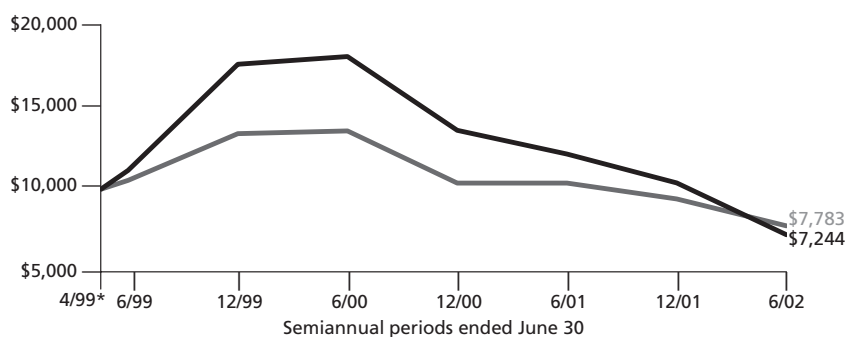
The Russell 2000 Growth Index is an unmanaged capitalization-weighted measure of 2,000 of the smallest capitalized U.S. companies with a greater-than-average growth orientation and whose common stocks trade on the NYSE, AMEX, and Nasdaq. Index returns assume reinvestment of dividends and, unlike Portfolio returns, do not reflect any fees or expenses. It is not possible to invest directly into an index.

Comparative Results

		1-Year	3-Year	Life of Portfolio*
21st Century Growth Portfolio — Class A	Growth of \$10,000	\$5,986	\$6,562	\$7,328
	Average annual total return	-40.14%	-13.10%	-9.39%
Russell 2000 Growth Index	Growth of \$10,000	\$7,500	\$7,381	\$7,783
	Average annual total return	-25.00%	-9.63%	-7.61%

Growth of an Assumed \$10,000 Investment

— 21st Century Growth Portfolio — Class B
— Russell 2000 Growth Index



The Russell 2000 Growth Index is an unmanaged capitalization-weighted measure of 2,000 of the smallest capitalized U.S. companies with a greater-than-average growth orientation and whose common stocks trade on the NYSE, AMEX, and Nasdaq. 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

		1-Year	3-Year	Life of Portfolio*
21st Century Growth Portfolio — Class B	Growth of \$10,000	\$5,967	\$6,497	\$7,244
	Average annual total return	-40.33%	-13.39%	-9.72%
Russell 2000 Growth Index	Growth of \$10,000	\$7,500	\$7,381	\$7,783
	Average annual total return	-25.00%	-9.63%	-7.61%

* The Portfolio commenced operations on May 3, 1999. Index comparisons begin April 30, 1999.

All performance is historical, assumes reinvestment of all dividends and capital gains, and is not indicative of future results. Investment return and principal value will fluctuate, so an investor's shares, when redeemed, may be worth more or less than when purchased. Total returns for the 3-year and Life of Portfolio periods for Class A and B shares would have been lower if the Portfolio's expenses were not maintained.

Investments in funds involve risk. Some funds have more risk than others. These include funds that allow exposure to or otherwise concentrate investments in certain sectors, geographic regions, security types, market capitalization or foreign securities (e.g., political or economic instability, which can be accentuated in emerging market countries). Please read this fund's prospectus for specific details regarding its investments and risk profile.

21st Century Growth Portfolio

Asset Allocation	6/30/02	12/31/01
Common Stocks	92%	86%
Cash Equivalents	8%	14%
	100%	100%

Sector Diversification (Excludes Cash Equivalents)	6/30/02	12/31/01
Health	28%	26%
Technology	17%	33%
Consumer Discretionary	14%	6%
Service Industries	11%	6%
Financial	6%	4%
Energy	5%	6%
Durables	5%	4%
Construction	4%	3%
Manufacturing	4%	5%
Other	6%	7%
	100%	100%

Ten Largest Equity Holdings at June 30, 2002 (27.0% of Portfolio)

1. Copart, Inc. Auctioneer of damaged vehicles for insurance companies	4.2%
2. Charles River Laboratories International, Inc. Provider of research tools and services for drug discovery	3.8%
3. UTStarcom, Inc. Provider of telecommunications equipment	3.0%
4. Too, Inc. Operator of clothing stores	2.8%
5. Pioneer Natural Resources Co. Exporter and producer of oil and gas	2.4%
6. UCBH Holdings, Inc. Provider of commercial banking services to small business owners	2.3%
7. American Medical Systems Holdings, Inc. Maker of surgical appliances and supplies	2.3%
8. Buca, Inc. Owner and operator of Italian restaurants	2.1%
9. Philadelphia Consolidated Holding Corp. Operator of a commercial property and casualty insurance company	2.1%
10. Advent Software, Inc. Provider of stand-alone and client/server software products	2.0%

Asset allocation, sector diversification and holdings are subject to change.
A quarterly Fund Summary and Portfolio Holdings are available upon request.

21st Century Growth Portfolio

	Shares	Value (\$)
Common Stocks 91.9%		
Communications 0.2%		
Telephone/Communications		
Triton PCS Holdings, Inc. "A"*	23,900	93,210
Construction 3.4%		
Building Materials 1.5%		
Simpson Manufacturing Co., Inc.*	10,500	599,865
Building Products 1.9%		
CoStar Group, Inc.*	34,900	716,497
Consumer Discretionary 12.6%		
Apparel & Shoes 3.8%		
American Eagle Outfitters, Inc.*	17,300	365,722
Too, Inc.*	35,300	1,087,240
		1,452,962
Department & Chain Stores 1.9%		
Hot Topic, Inc.*	27,850	743,874
Hotels & Casinos 1.1%		
Shuffle Master, Inc.*	23,600	433,532
Recreational Products 1.4%		
International Game Technology*	9,300	527,310
Restaurants 4.4%		
Buca, Inc.*	43,100	821,055
California Pizza Kitchen, Inc.*	22,100	548,080
Landry's Seafood Restaurants, Inc.	12,900	329,079
		1,698,214
Consumer Staples 0.4%		
Food & Beverage		
United Natural Foods, Inc.*	8,800	171,600
Durables 4.9%		
Telecommunications Equipment		
Harris Corp.	20,200	732,048
UTStarcom, Inc.*	56,900	1,147,673
		1,879,721
Energy 4.9%		
Oil & Gas Production 3.6%		
Pioneer Natural Resources Co.*	36,100	940,405
Unit Corp.*	27,000	468,450
		1,408,855
Oilfield Services/Equipment 1.3%		
Spinnaker Exploration Co.*	14,000	504,280

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

	Shares	Value (\$)
Financial 5.7%		
Banks 2.3%		
UCBH Holdings, Inc.	23,800	904,638
Insurance 3.4%		
Philadelphia Consolidated Holding Corp.*	17,900	811,586
Triad Guaranty, Inc.*	11,600	504,948
		1,316,534
Health 25.7%		
Biotechnology 4.5%		
CryoLife, Inc.*	36,500	586,190
Harvard Bioscience, Inc.*	87,300	488,007
ILEX Oncology, Inc.*	23,000	324,070
Integra LifeSciences Holdings Corp.*	15,300	332,775
		1,731,042
Health Industry Services 4.6%		
Accredo Health, Inc.*	15,700	724,398
Apria Healthcare Group, Inc.*	16,000	358,400
Omnicell, Inc.*	43,100	290,925
Unilab Corp.*	14,500	397,155
		1,770,878
Hospital Management 1.9%		
Province Healthcare Co.*	33,250	743,470
Medical Supply & Specialty 7.2%		
American Medical Systems Holdings, Inc.*	44,100	884,646
Cytoc Corp.*	31,600	240,792
Endocare, Inc.*	21,800	287,978
Kyphon, Inc.*	26,800	390,744
SurModics, Inc.*	17,500	454,825
Therasense, Inc.*	27,600	508,944
		2,767,929
Pharmaceuticals 7.5%		
American Pharmaceutical Partners, Inc.*	8,200	101,352
Aphton Corp.*	21,300	159,750
Celgene Corp.*	19,400	296,820
Charles River Laboratories International, Inc.*	42,000	1,472,100
Genta, Inc.*	39,400	326,626
NPS Pharmaceuticals, Inc.*	36,300	556,116
		2,912,764
Manufacturing 3.3%		
Electrical Products 1.0%		
ATMI, Inc.*	17,000	380,290
Industrial Specialty 0.8%		
Invision Technologies, Inc.*	12,800	307,584
Machinery/Components/Controls 0.8%		
Intier Automotive, Inc.	17,600	309,936

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

	Shares	Value (\$)
Office Equipment/Supplies 0.7%		
Polycom, Inc.*	23,500	281,765
Media 2.8%		
Broadcasting & Entertainment		
Alloy, Inc.*	28,500	411,540
Radio One, Inc. "D"*	44,300	658,741
		1,070,281
Service Industries 10.0%		
Miscellaneous Commercial Services		
Copart, Inc.*	100,600	1,632,738
Identix, Inc.*	63,821	465,829
Kinder Morgan Management LLC	22,142	675,335
Korn/Ferry International*	54,400	495,040
WebEx Communications, Inc.*	37,400	594,660
		3,863,602
Technology 15.6%		
Computer Software 7.9%		
Advent Software, Inc.*	30,700	788,990
I-many, Inc.*	92,700	254,832
Nassda Corp.*	34,600	428,002
Precise Software Solutions Ltd.*	25,300	241,615
SmartForce PLC (ADR)*	69,700	236,980
THQ, Inc.*	24,450	729,099
Witness Systems, Inc.*	52,800	389,664
		3,069,182
Diverse Electronic Products 0.4%		
NetScreen Technologies, Inc.*	16,900	155,142
Office/Plant Automation 1.6%		
CACI International, Inc. "A"*	16,000	611,040
Precision Instruments 0.3%		
Zygo Corp.*	12,300	99,015
Semiconductors 5.4%		
AstroPower, Inc.*	37,500	736,500
Cree, Inc.*	42,000	555,660
Genesis Microchip, Inc.*	37,400	311,916
Microsemi Corp.*	11,800	77,880
Veeco Instruments, Inc.*	17,000	392,870
		2,074,826
Transportation 2.4%		
Airlines 0.7%		
SkyWest, Inc.	11,800	276,002
Trucking 1.7%		
Heartland Express, Inc.	27,465	657,225
Total Common Stocks (Cost \$42,070,909)		35,533,065

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

	Shares	Value (\$)
Cash Equivalents 8.1%		
Scudder Cash Management QP Trust, 1.93% (b) (Cost \$3,117,698)	3,117,698	3,117,698
Total Investment Portfolio — 100.0% (Cost \$45,188,607) (a)		38,650,763

* Non-income producing security.

(a) The cost for federal income tax purposes was \$45,371,419. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$6,720,656. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$2,680,691 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$9,401,347.

(b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

Purchases and sales of investment securities (excluding short-term investments), for the six months ended June 30, 2002, aggregated \$23,187,169 and \$14,104,974, respectively.

At December 31, 2001, the 21st Century Growth Portfolio had a net tax basis capital loss carryforward of approximately \$13,382,000 which may be applied against any realized net taxable capital gains of each succeeding year until fully utilized or until December 31, 2008 (\$1,217,000) and December 31, 2009 (\$12,165,000), the respective expiration dates, whichever comes first.

From November 1, 2001 through December 31, 2001, the 21st Century Growth Portfolio incurred approximately \$336,000 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 ended December 31, 2002.

Financial Statements

21st Century Growth Portfolio

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$45,188,607)	\$ 38,650,763
Dividends receivable	1,426
Interest receivable	193
Receivable for Portfolio shares sold	46,854
Total assets	38,699,236

Liabilities

Payable for Portfolio shares redeemed	190
Accrued management fee	28,914
Other accrued expenses and payables	30,825
Total liabilities	59,929
Net assets, at value	\$ 38,639,307

Net Assets

Net assets consist of:	
Accumulated net investment loss	(201,997)
Net unrealized appreciation (depreciation) on investment securities	(6,537,844)
Accumulated net realized gain (loss)	(19,541,667)
Paid-in capital	64,920,815
Net assets, at value	\$ 38,639,307

Net Asset Value

Class A

Net Asset Value , offering and redemption price per share (\$38,638,872 ÷ 8,896,198 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	\$ 4.34
--	----------------

Class B

Net Asset Value , offering and redemption price per share (\$435 ÷ 101.3 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	\$ 4.29
---	----------------

Statement of Operations for the six months ended June 30, 2002 (Unaudited)**Investment Income**

Income:		
Dividends (net of foreign taxes withheld of \$252)	\$	6,309
Interest		39,313
Total Income		45,622
Expenses:		
Management fee		191,210
Custodian fees		6,222
Accounting fees		33,686
Distribution service fees (Class B)		1
Auditing		8,458
Legal		499
Trustees' fees and expenses		1,286
Reports to shareholders		4,501
Registration fees		806
Other		1,013
Total expenses, before expense reductions		247,682
Expense reductions		(63)
Total expenses, after expense reductions		247,619
Net investment income (loss)		(201,997)

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments		(5,460,934)
Net unrealized appreciation (depreciation) during the period on investments		(10,085,658)
Net gain (loss) on investment transactions		(15,546,592)
Net increase (decrease) in net assets resulting from operations	\$	(15,748,589)

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, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income (loss)	\$ (201,997)	\$ (199,240)
Net realized gain (loss) on investment transactions	(5,460,934)	(10,622,752)
Net unrealized appreciation (depreciation) on investment transactions during the period	(10,085,658)	3,751,550
Net increase (decrease) in net assets resulting from operations	(15,748,589)	(7,070,442)
Portfolio share transactions:		
Class A		
Proceeds from shares sold	15,821,395	49,939,921
Cost of shares redeemed	(6,007,775)	(24,704,439)
Net increase (decrease) in net assets from Class A share transactions	9,813,620	25,235,482
Increase (decrease) in net assets	(5,934,969)	18,165,040
Net assets at beginning of period	44,574,276	26,409,236
Net assets at end of period (including accumulated net investment loss of \$201,997 at June 30, 2002)	\$ 38,639,307	\$ 44,574,276

Other Information

Class A		
Shares outstanding at beginning of period	7,152,255	3,253,589
Shares sold	2,883,913	7,656,411
Shares redeemed	(1,139,970)	(3,757,745)
Net increase (decrease) in Portfolio shares	1,743,943	3,898,666
Shares outstanding at end of period	8,896,198	7,152,255
Class B		
Shares outstanding at beginning of period	101	101
Shares outstanding at end of period	101	101

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

Financial Highlights

21st Century Growth Portfolio Class A

Years Ended December 31,	2002 ^a	2001	2000	1999 ^b
Selected Per Share Data				
Net asset value, beginning of period	\$ 6.23	\$ 8.12	\$ 10.55	\$ 6.00 ^c
<i>Income (loss) from investment operations:</i>				
Net investment income (loss) ^d	(.02)	(.04)	(.11)	(.04)
Net realized and unrealized gain (loss) on investment transactions	(1.87)	(1.85)	(2.20)	4.59
Total from investment operations	(1.89)	(1.89)	(2.31)	4.55
<i>Less distributions from:</i>				
Net realized gains on investment transactions	—	—	(.12)	—
Net asset value, end of period	\$ 4.34	\$ 6.23	\$ 8.12	\$ 10.55
Total Return (%)	(30.34)**	(23.28) ^e	(22.39) ^e	75.83 ^{e**}
Ratios to Average Net Assets and Supplemental Data				
Net assets, end of period (\$ millions)	39	45	26	15
Ratio of expenses before expense reductions (%)	1.13 [*]	1.17 ^f	1.35	2.90 [*]
Ratio of expenses after expense reductions (%)	1.13 [*]	1.15 ^f	1.29	1.50 [*]
Ratio of net investment income (loss) (%)	(.92) [*]	(.64)	(1.06)	(.95) [*]
Portfolio turnover rate (%)	71 [*]	103	109	61

Class B

Years Ended December 31,	2002 ^a	2001	2000	1999 ^b
Selected Per Share Data				
Net asset value, beginning of period	\$ 6.15	\$ 8.04	\$ 10.51	\$ 6.00 ^c
<i>Income (loss) from investment operations:</i>				
Net investment income (loss) ^d	(.03)	(.06)	(.13)	(.06)
Net realized and unrealized gain (loss) on investment transactions	(1.83)	(1.83)	(2.22)	4.57
Total from investment operations	(1.86)	(1.89)	(2.35)	4.51
<i>Less distributions from:</i>				
Net realized gains on investment transactions	—	—	(.12)	—
Net asset value, end of period	\$ 4.29	\$ 6.15	\$ 8.04	\$ 10.51
Total Return (%)	(30.24)**	(23.51) ^e	(22.79) ^e	75.17 ^{e**}
Ratios to Average Net Assets and Supplemental Data				
Net assets, end of period (\$ millions)	— ^{***}	— ^{***}	— ^{***}	— ^{***}
Ratio of expenses before expense reductions (%)	1.38 [*]	1.42 ^f	1.60	3.15 [*]
Ratio of expenses after expense reductions (%)	1.38 [*]	1.40 ^f	1.54	1.75 [*]
Ratio of net investment income (loss) (%)	(1.17) [*]	(.89)	(1.31)	(1.20) [*]
Portfolio turnover rate (%)	71 [*]	103	109	61

^a For the six months ended June 30, 2002 (Unaudited).

^b For the period May 3, 1999 (commencement of operations) to December 31, 1999.

^c Original capital.

^d Based on average shares outstanding during the period.

^e Total return would have been lower had certain expenses not been reduced.

^f The ratios of operating expenses excluding costs incurred in connection with the reorganization before and after expense reductions were 1.16% and 1.15%, and 1.41% and 1.40% for Class A and Class B, respectively.

^{*} Annualized

^{**} Not annualized

^{***} Net assets less than one million

Global Discovery Portfolio

Global equity markets were dominated by uncertainty during the first half of 2002. Despite a brief reprieve early on, share prices throughout most of the developed world were generally weak as accounting scandals, renewed fears of terrorism, lackluster profits and concerns about slowing economies undermined investor confidence and weakened the U.S. dollar.

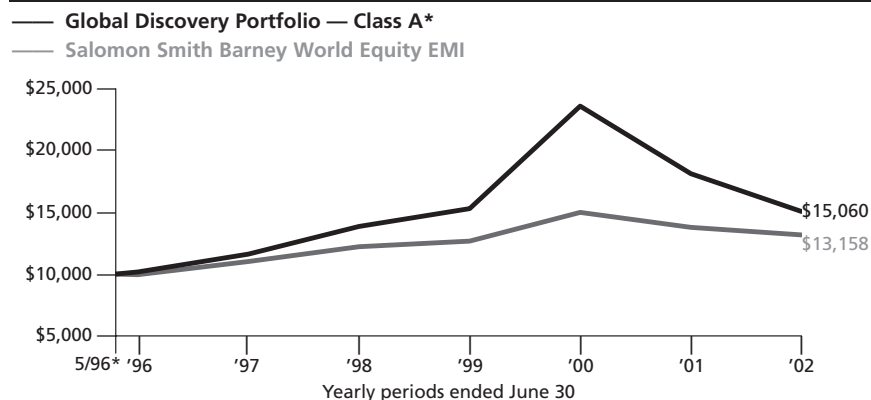
In this volatile market that was distinctly biased toward value stocks, Scudder Global Discovery Portfolio declined for the semiannual period, lagging its benchmark, the Salomon Smith Barney World Extended Market Index. In addition to being hampered by its growth bias, the portfolio was hurt by its relatively heavy exposure to health care stocks. That sector was hit hard by patent panic during the second quarter ending 6/30/02. On the flip side, financials, particularly Irish financials, continued to help offset losses. As a result of appreciation, financials have passed health care as the largest sector concentration in the portfolio. With respect to country exposure, our stocks in the United Kingdom had poor performance. They appear to be more sensitive to market volatility. Because of this, we are restructuring our analytic efforts here, separating analysis of European small caps into two groups: Continental Europe and the United Kingdom. With respect to the portfolio's building blocks, we have positioned the allocations so that the higher-growth (and higher-risk) stocks are at the lower end of their ranges while stable growth and growth-at-value-prices stocks are slightly more heavily weighted. These latter stocks have historically performed better in a value-biased environment.

Gerald J. Moran
Co-Manager

Sewall F. Hodges
Co-Manager

Global Discovery Portfolio

Growth of an Assumed \$10,000 Investment



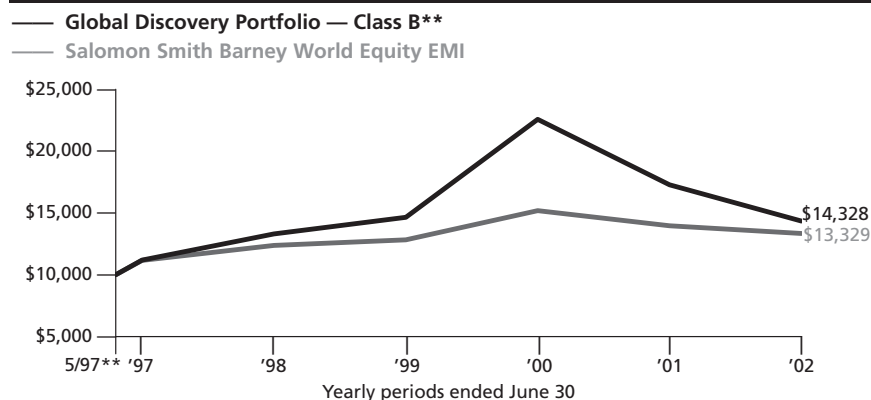
The Salomon Smith Barney World Equity Extended Market Index is an unmanaged small capitalization stock universe of 22 countries. Index returns assume reinvestment of dividends and, unlike Portfolio returns, do not reflect any fees or expenses. It is not possible to invest directly into an index.

Comparative Results

		1-Year	3-Year	5-Year	Life of Portfolio*
Global Discovery Portfolio — Class A*	Growth of \$10,000	\$8,318	\$9,849	\$12,977	\$15,060
	Average annual total return	-16.82%	-.51%	5.35%	6.88%
Salomon Smith Barney World Equity EMI	Growth of \$10,000	\$9,553	\$10,395	\$11,951	\$13,158
	Average annual total return	-4.47%	1.30%	3.63%	4.62%

* The Portfolio commenced operations on May 1, 1996. Index comparisons begin April 30, 1996. On May 2, 1997, existing shares were redesignated as Class A shares.

Growth of an Assumed \$10,000 Investment



The Salomon Smith Barney World Equity Extended Market Index is an unmanaged small capitalization stock universe of 22 countries. 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

		1-Year	3-Year	5-Year	Life of Portfolio**
Global Discovery Portfolio — Class B**	Growth of \$10,000	\$8,295	\$9,783	\$12,818	\$14,328
	Average annual total return	-17.05%	-.73%	5.09%	7.22%
Salomon Smith Barney World Equity EMI	Growth of \$10,000	\$9,553	\$10,395	\$11,951	\$13,329
	Average annual total return	-4.47%	1.30%	3.63%	5.80%

** The Portfolio commenced selling Class B shares on May 2, 1997. Index comparisons begin April 30, 1997.

All performance is historical, assumes reinvestment of all dividends and capital gains, and is not indicative of future results. Investment return and principal value will fluctuate, so an investor's shares, when redeemed, may be worth more or less than when purchased. Total returns for 5-year and Life of Portfolio periods for Class A and B shares would have been lower if the Portfolio's expenses were not maintained.

Investments in funds involve risk. Some funds have more risk than others. These include funds that allow exposure to or otherwise concentrate investments in certain sectors, geographic regions, security types, market capitalization or foreign securities (e.g., political or economic instability, which can be accentuated in emerging market countries). Please read this fund's prospectus for specific details regarding its investments and risk profile.

Global Discovery Portfolio

Geographical (Excludes Cash Equivalents)	6/30/02	12/31/01
U.S. & Canada	51%	56%
Europe	38%	34%
Japan	7%	5%
Other	4%	5%
	100%	100%

Sector Diversification (Excludes Cash Equivalents)	6/30/02	12/31/01
Financial	26%	21%
Health	20%	25%
Service Industries	16%	16%
Consumer Discretionary	11%	9%
Technology	9%	9%
Energy	6%	6%
Manufacturing	3%	4%
Transportation	3%	2%
Media	3%	2%
Other	3%	6%
	100%	100%

Ten Largest Equity Holdings at June 30, 2002 (32.6% of Portfolio)			
1. Anglo Irish Bank Corp., PLC		Ireland	6.3%
Provider of financial services for the business and private sectors			
2. Legg Mason, Inc.		United States	4.2%
Provider of various financial services			
3. Irish Life & Permanent PLC		Ireland	3.4%
Provider of diversified financial services			
4. Laboratory Corporation of America Holdings		United States	3.3%
Developer of medical tests used in patient diagnosis and treatment			
5. Deutsche Boerse AG		Germany	3.1%
Provider of financial services			
6. St. Jude Medical, Inc.		United States	2.6%
Manufacturer of heart valves			
7. Fiserv, Inc.		United States	2.6%
Provider of data processing services			
8. Biomet, Inc.		United States	2.5%
Manufacturer of surgical implant devices			
9. Zions Bancorp.		United States	2.5%
Provider of commercial banking services			
10. Matalan PLC		United Kingdom	2.1%
Retailer of clothing			

*Geographical, sector diversification and holdings are subject to change.
A quarterly Fund Summary and Portfolio Holdings are available upon request.*

Global Discovery Portfolio

	Shares	Value (\$)
Common Stocks 95.5%		
Australia 1.3%		
Aristocrat Leisure Ltd. (Manufacturer of gaming machines and table gaming equipment)	293,267	893,956
Macquarie Bank Ltd. (Provider of banking and financial services)	40,500	667,477
QBE Insurance Group Ltd. (Underwriter of commercial, industrial and individual insurance)	116,500	435,863
		1,997,296
Brazil 0.4%		
Empresa Brasileira de Aeronautica SA (ADR) (Manufacturer of aircraft)	29,018	620,985
France 5.3%		
Autoroutes du Sud de la France* (Developer and operator of toll roads)	85,555	2,334,528
Galeries Lafayette SA (Operator of department stores and supermarket chains)	14,155	1,796,393
JC Decaux SA* (Provider of advertising services)	120,447	1,637,335
Vinci SA (Builder of roads and provider of engineering and construction services)	31,558	2,149,666
		7,917,922
Germany 3.1%		
Deutsche Boerse AG (Provider of financial services)	109,627	4,650,231
Greece 1.0%		
Hellenic Bottling Co. SA (Distributor of soft drinks)	91,100	1,549,352
Hong Kong 2.2%		
Legend Group Ltd. (Manufacturer of computers and related products)	2,947,000	1,076,795
Li & Fung Ltd. (Operator of export trading business)	1,612,000	2,190,681
		3,267,476
Ireland 13.0%		
Anglo Irish Bank Corp., PLC (Provider of financial services for business and private sectors)	1,451,908	9,407,477
Irish Continental Group PLC (Provider of passenger transport and freight shipping)	65,060	516,446
Irish Life & Permanent PLC (Provider of diversified financial services)	349,928	5,086,713
Jurys Doyle Hotel Group PLC (Operator of hotels and inns)	229,950	2,327,311
Ryanair Holdings PLC* (Provider of passenger airline services)	339,500	2,105,429
		19,443,376
Japan 6.7%		
AEON Credit Service Co., Ltd. (Creditor that services loans and credit cards)	27,000	1,618,215
JAFCO Co., Ltd. (Operator of a venture capital company)	21,400	1,898,799
Nidec Corp. (Manufacturer of small-scale motors for hard disc drives)	36,400	2,647,771
Olympus Optical Co., Ltd. (Manufacturer of opto-electronic and related products)	165,000	2,312,058
Shinko Securities Co., Ltd.* (Provider of financial services)	772,000	1,473,369
		9,950,212
Netherlands 1.4%		
Vedior NV (Provider of temporary employment services)	153,415	2,131,163
Russia 0.6%		
Mobile Telesystems (ADR) (Provider of cellular phone services)	31,700	960,193
Spain 1.3%		
Amadeus Global Travel Distribution SA "A"* (Operator of a travel reservation system)	244,900	1,574,652
Sogecable SA* (Provider of cable television services)	16,340	312,269
		1,886,921

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

	Shares	Value (\$)
Sweden 0.3%		
Eniro AB* (Publisher of catalogs and telephone directories)	59,700	459,823
United Kingdom 10.4%		
Aegis Group PLC (Provider of independent media services)	1,289,214	1,770,722
Amey PLC (Holder of service and contracting companies that provide business outsourcing)	268,442	737,405
ARM Holdings PLC* (Designer of RISC microprocessors and related technology)	815,648	1,822,412
Capita Group PLC* (Provider of support services for both public and private sectors)	323,465	1,544,446
Friends Provident PLC (Manager of life insurance business)	394,505	873,901
Matalan PLC (Retailer of clothing)	642,401	3,067,268
Misys PLC (Provider of software and hardware computer solutions)	289,859	1,073,478
PizzaExpress PLC (Operator of pizza restaurants)	165,345	1,176,617
St. James's Place Capital PLC (New) (Provider of money management and insurance)	320,075	896,383
Taylor Nelson Sofres PLC (Provider of market research services)	571,861	1,671,532
Wood Group (John) PLC* (Provider of energy services)	295,422	949,408
		15,583,572
United States 48.5%		
Abercrombie & Fitch Co. "A"* (Retailer of casual apparel for men and women)	34,900	841,789
Affiliated Computer Services, Inc. "A" (Provider of information technology services and electronic funds transfer)	32,800	1,557,344
Alexion Pharmaceuticals, Inc.* (Developer of immunoregulatory compounds)	20,700	313,605
Alkermes, Inc.* (Developer of immunoregulatory compounds)	60,800	973,408
Allgheny Energy, Inc. (Provider of electric and gas power)	29,500	759,625
Applied Micro Circuits Corp.* (Designer and manufacturer of high-bandwidth silicon solutions)	112,600	532,598
Biomet, Inc. (Manufacturer of surgical implant devices)	138,725	3,762,222
Brinker International, Inc.* (Operator of limited menu restaurants)	74,100	2,352,675
Caremark Rx, Inc.* (Provider of pharmaceutical services)	184,200	3,039,300
Celgene Corp.* (Producer of pharmaceuticals)	42,000	642,600
Cephalon, Inc.* (Developer of biopharmaceutical products)	11,900	537,880
Copart, Inc. (Auctioneer of damaged vehicles for insurance companies)	85,800	1,392,534
Diamond Offshore Drilling, Inc. (Operator of offshore oil and gas well drilling business)	42,600	1,214,100
Diebold, Inc. (Provider of financial, educational and health care services)	28,400	1,057,616
Documentum, Inc.* (Developer of software products)	107,600	1,291,200
Energy East Corp. (Provider of electricity, natural gas and liquid petroleum gas)	114,800	2,594,480
EOG Resources, Inc. (Explorer and producer of oil and gas)	54,000	2,143,800
Fiserv, Inc. (Provider of data processing services)	104,700	3,843,537
Garmin Ltd.* (Provider of navigation, communication and information devices)	73,700	1,625,085
Genesis Microchip, Inc.* (Designer and developer of integrated circuits for digital video and graphics)	69,600	580,464
H&R Block, Inc. (Provider of tax consulting and preparation services)	55,100	2,542,865
Invitrogen Corp.* (Developer of research kits)	39,100	1,251,591
Laboratory Corporation of America Holdings* (Developer of medical tests used in patient diagnosis and treatment)	109,000	4,975,850
Lam Research Corp.* (Manufacturer of plasma etching equipment)	46,400	834,272
Legg Mason, Inc. (Provider of various financial services)	125,900	6,211,906
Medarex, Inc.* (Operator of a pharmaceutical company)	35,200	261,184
Mercury Interactive Corp.* (Producer of automated software testing tools)	33,500	769,160
NPS Pharmaceuticals, Inc.* (Developer of small molecule drugs)	45,900	703,188
Pharmaceutical Resources, Inc.* (Operator of a generic pharmaceutical company)	43,200	1,200,096
Polycom, Inc.* (Manufacturer of audio and data conferencing products)	83,500	1,001,165
Province Healthcare Co. (Acquirer and operator of rural hospitals)	80,850	1,807,806
Radio One, Inc. "D"* (Provider of radio broadcasting)	95,400	1,418,598

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

	Shares	Value (\$)
Sabre Holdings Corp.* (Provider of on-line travel reservation capabilities)	34,200	1,224,360
Shaw Group, Inc.* (Manufacturer of piping systems)	62,700	1,924,890
Spinnaker Exploration Co.* (Producer of oil and natural gas)	29,300	1,055,386
St. Jude Medical, Inc.* (Manufacturer of heart valves)	53,200	3,928,820
Symbol Technologies, Inc. (Manufacturer of bar code laser scanners)	306,393	2,604,341
Tiffany & Co. (Operator of jewelry and gift stores)	64,800	2,280,960
Waters Corp.* (Provider of high-performance liquid chromatography products and services)	65,500	1,748,850
Zions Bancorp. (Provider of commercial banking services)	70,400	3,667,840
		72,468,990
Total Common Stocks (Cost \$152,408,565)		142,887,512

	Principal Amount (\$)	Value (\$)
Convertible Bonds 0.4%		
Cephalon, Inc., Convertible, 5.25%, 5/1/2006 (Developer of biopharmaceutical products) (Cost \$581,000)	581,000	535,275

	Shares	Value (\$)
Cash Equivalents 4.1%		
Scudder Cash Management QP Trust, 1.93% (b) (Cost \$6,057,949)	6,057,949	6,057,949
Total Investment Portfolio — 100.0% (Cost \$159,047,514) (a)		149,480,736

* Non-income producing security.

(a) The cost for federal income tax purposes was \$159,776,644. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$10,295,908. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$20,115,231 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$30,411,139.

(b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

Purchases and sales of investment securities (excluding short-term investments), for the six months ended June 30, 2002, aggregated \$37,053,907 and \$38,513,688 respectively.

At December 31, 2001, the Global Discovery Portfolio had a net tax basis capital loss carryforward of approximately \$24,864,000 which may be applied against any realized net taxable capital gains of each succeeding year until fully utilized or until December 31, 2009, the expiration date.

From November 1, 2001 through December 31, 2001, the Global Discovery Portfolio incurred approximately \$3,960,000 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 ended December 31, 2002.

Financial Statements

Global Discovery Portfolio

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$159,047,514)	\$ 149,480,736
Cash	29,507
Foreign currency, at value, (cost \$1,987,773)	2,155,034
Receivable for investments sold	504,784
Dividends receivable	216,424
Interest receivable	13,023
Receivable for Portfolio shares sold	24,552
Foreign taxes recoverable	69,127
Total assets	152,493,187

Liabilities

Payable for investments purchased	1,100,974
Payable for Portfolio shares redeemed	246,881
Accrued management fee	154,267
Other accrued expenses and payables	79,624
Total liabilities	1,581,746
Net assets, at value	\$ 150,911,441

Net Assets

Net assets consist of:	
Undistributed net investment income	72,096
Net unrealized appreciation (depreciation) on:	
Investments	(9,566,778)
Foreign currency related transactions	179,863
Accumulated net realized gain (loss)	(40,360,373)
Paid-in capital	200,586,633
Net assets, at value	\$ 150,911,441

Class A

Net Asset Value , offering and redemption price per share (\$145,205,189 ÷ 18,125,652 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	\$ 8.01
--	----------------

Class B

Net Asset Value , offering and redemption price per share (\$5,706,252 ÷ 719,278 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	\$ 7.93
---	----------------

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$13,949)	\$ 917,355
Interest	86,345
Total Income	1,003,700
Expenses:	
Management fee	771,196
Custodian fees	66,065
Accounting fees	56,771
Distribution service fees	8,084
Auditing	11,050
Legal	2,696
Trustees' fees and expenses	3,220
Reports to shareholders	12,522
Total expenses	931,604
Net investment income (loss)	72,096

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(11,126,916)
Foreign currency related transactions	339,600
	(10,787,316)
Net unrealized appreciation (depreciation) during the period on:	
Investments	(1,983,711)
Foreign currency related transactions	(122,440)
	(2,106,151)
Net gain (loss) on investment transactions	(12,893,467)
Net increase (decrease) in net assets resulting from operations	\$ (12,821,371)

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, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income (loss)	\$ 72,096	\$ (21,635)
Net realized gain (loss) on investment transactions	(10,787,316)	(27,919,561)
Net unrealized appreciation (depreciation) on investment transactions during the period	(2,106,151)	(15,489,636)
Net increase (decrease) in net assets resulting from operations	(12,821,371)	(43,430,832)
Distributions to shareholders from:		
Net realized gains:		
Class A	—	(2,677,843)
Class B	—	(162,230)
Portfolio share transactions:		
Class A		
Proceeds from shares sold	51,223,355	161,605,840
Reinvestment of distributions	—	2,677,843
Cost of shares redeemed	(43,894,501)	(129,432,610)
Net increase (decrease) in net assets from Class A share transactions	7,328,854	34,851,073
Class B		
Proceeds from shares sold	194,498	1,138,358
Reinvestment of distributions	—	162,230
Cost of shares redeemed	(832,030)	(2,492,123)
Net increase (decrease) in net assets from Class B share transactions	(637,532)	(1,191,535)
Increase (decrease) in net assets	(6,130,049)	(12,611,367)
Net assets at beginning of period	157,041,490	169,652,857
Net assets at end of period (including undistributed net investment income of \$72,096 at June 30, 2002)	\$ 150,911,441	\$ 157,041,490
Other Information		
Class A		
Shares outstanding at beginning of period	17,267,802	13,514,198
Shares sold	5,989,474	17,691,979
Shares issued to shareholders in reinvestment of distributions	—	265,396
Shares redeemed	(5,131,624)	(14,203,771)
Net increase (decrease) in Portfolio shares	857,850	3,753,604
Shares outstanding at end of period	18,125,652	17,267,802
Class B		
Shares outstanding at beginning of period	795,058	921,916
Shares sold	23,110	125,458
Shares issued to shareholders in reinvestment of distributions	—	16,191
Shares redeemed	(98,890)	(268,507)
Net increase (decrease) in Portfolio shares	(75,780)	(126,858)
Shares outstanding at end of period	719,278	795,058

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

Financial Highlights

Global Discovery Portfolio Class A^(a)

Years Ended December 31,	2002 ^g	2001	2000	1999	1998	1997
Selected Per Share Data						
Net asset value, beginning of period	\$ 8.70	\$ 11.76	\$ 13.18	\$ 8.04	\$ 7.08	\$ 6.33
<i>Income (loss) from investment operations:</i>						
Net investment income (loss) ^b	.00***	(.00)***	(.03)	(.06)	(.03)	(.03)
Net realized and unrealized gain (loss) on investment transactions	(.69)	(2.87)	(.62)	5.30	1.18	.81
Total from investment operations	(.69)	(2.87)	(.65)	5.24	1.15	.78
<i>Less distributions from:</i>						
Net investment income	—	—	(.11)	—	(.12)	(.02)
Net realized gains on investment transactions	—	(.19)	(.66)	(.10)	(.07)	(.01)
Total distributions	—	(.19)	(.77)	(.10)	(.19)	(.03)
Net asset value, end of period	\$ 8.01	\$ 8.70	\$ 11.76	\$ 13.18	\$ 8.04	\$ 7.08
Total Return (%)	(7.93)**	(24.59)	(5.29)	65.88	16.44 ^c	12.38 ^c
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	145	150	159	71	25	18
Ratio of expenses before expense reductions (%)	1.17*	1.23 ^d	1.28	1.63	1.79	1.79
Ratio of expenses after expense reductions (%)	1.17*	1.22 ^d	1.28	1.63	1.72	1.50
Ratio of net investment income (loss) (%)	.10*	.00 ^e	(.25)	(.66)	(.40)	(.44)
Portfolio turnover rate (%)	49*	56	66	70	54	83

Class B

Years Ended December 31,	2002 ^g	2001	2000	1999	1998	1997 ^f
Selected Per Share Data						
Net asset value, beginning of period	\$ 8.62	\$ 11.69	\$ 13.11	\$ 8.01	\$ 7.07	\$ 6.20
<i>Income (loss) from investment operations:</i>						
Net investment income (loss) ^b	(.01)	(.02)	(.07)	(.08)	(.05)	(.04)
Net realized and unrealized gain (loss) on investment transactions	(.68)	(2.86)	(.61)	5.28	1.18	.91
Total from investment operations	(.69)	(2.88)	(.68)	5.20	1.13	.87
<i>Less distributions from:</i>						
Net investment income	—	—	(.08)	—	(.12)	—
Net realized gains on investment transactions	—	(.19)	(.66)	(.10)	(.07)	—
Total distributions	—	(.19)	(.74)	(.10)	(.19)	—
Net asset value, end of period	\$ 7.93	\$ 8.62	\$ 11.69	\$ 13.11	\$ 8.01	\$ 7.07
Total Return (%)	(8.00)**	(24.96)	(5.42)	65.63	16.18 ^c	14.03 ^{c**}
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	6	7	11	7	4	2
Ratio of expenses before expense reductions (%)	1.42*	1.48 ^d	1.53	1.88	2.04	2.00*
Ratio of expenses after expense reductions (%)	1.42*	1.47 ^d	1.53	1.88	1.98	1.75*
Ratio of net investment income (loss) (%)	(.15)*	(.25)	(.52)	(.91)	(.69)	(.89)*
Portfolio turnover rate (%)	49*	56	66	70	54	83

^a On May 2, 1997 existing shares were redesignated as Class A shares.

^b Based on average shares outstanding during the period.

^c Total returns would have been lower had certain expenses not been reduced.

^d The ratios of operating expenses excluding costs incurred in connection with the reorganization before and after expense reductions were 1.22% and 1.22%, and 1.47% and 1.47% for Class A and Class B, respectively.

^e Less than .005%

^f For the period May 2, 1997 (commencement of sales of Class B shares) to December 31, 1997.

^g For the six months ended June 30, 2002 (Unaudited).

* Annualized ** Not annualized *** Less than \$.005 per share

International Portfolio

International equity markets were dominated by uncertainty during the first half of 2002. Despite a brief reprieve early on, share prices throughout most of the developed world were generally weak as accounting scandals, renewed fears of terrorism, lackluster profits and concerns about slowing economies undermined investor confidence and weakened the U.S. dollar.

Scudder International Portfolio declined for the semiannual period, lagging its benchmark, the MSCI EAFE & Canada Index. Select holdings in health care combined with below-benchmark weightings in utilities and consumer staples had a negative impact on performance as market uncertainty prompted investors to seek out companies with relatively stable earnings streams. Solid stock selection across a broad range of other sectors — particularly energy, financials, industrials and information technology — helped to offset some of these losses. Additionally, an underweight position in Japan caused us to miss out on the rally in banks, utilities and other domestic-oriented companies.

Looking ahead, we are prepared for continued volatility and only modest progress with economic recovery, though we do not expect the U.S. dollar to weaken much further.

Please note that during the period under review, the portfolio experienced a change in investment advisor and portfolio management. Shifts in the portfolio have been limited with respect to this transition. The philosophy, objective and overall process remain intact. We have been consolidating the portfolio, focusing on stocks in which we have the strongest conviction, and the bulk of that process has now been completed.

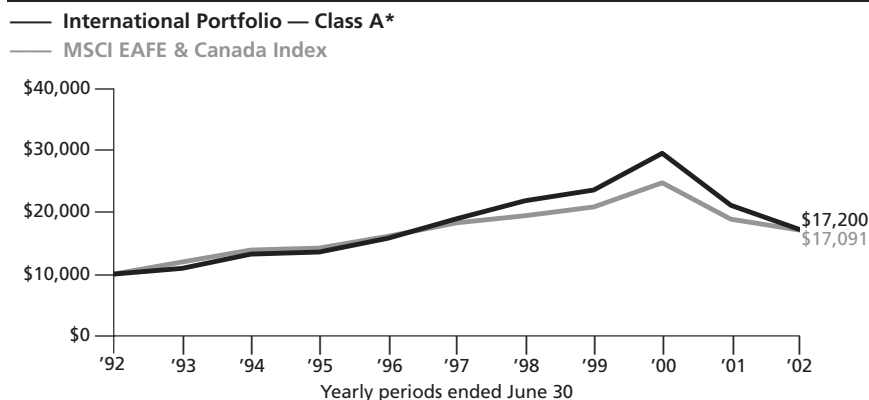
Clare Brody
Co-Manager

Marc J. Slendebroek
Co-Manager

Joseph DeSantis
Co-Manager

International Portfolio

Growth of an Assumed \$10,000 Investment



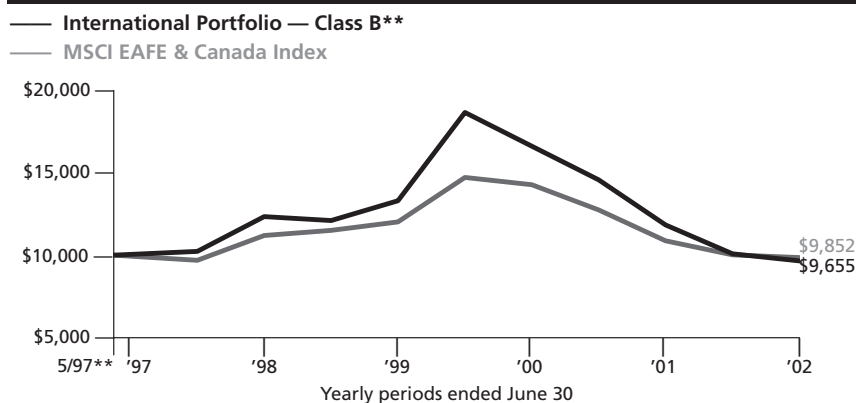
The Morgan Stanley Capital International (MSCI) Europe, Australia, the Far East (EAFE) & Canada Index is an unmanaged capitalization-weighted measure of stock markets in Europe, Australia, the Far East and Canada. Index returns assume reinvestment of dividends net of withholding tax and, unlike Portfolio returns, do not reflect any fees or expenses. It is not possible to invest directly into an index.

Comparative Results

		1-Year	3-Year	5-Year	10-Year
International Portfolio — Class A*	Growth of \$10,000	\$8,144	\$7,294	\$9,087	\$17,200
	Average annual total return	-18.56%	-9.99%	-1.90%	5.57%
MSCI EAFE & Canada Index	Growth of \$10,000	\$9,058	\$8,195	\$9,353	\$17,091
	Average annual total return	-9.42%	-6.42%	-1.33%	5.51%

* On May 8, 1997, existing shares were redesignated as Class A shares.

Growth of an Assumed \$10,000 Investment



The Morgan Stanley Capital International (MSCI) Europe, Australia, the Far East (EAFE) & Canada Index is an unmanaged capitalization-weighted measure of stock markets in Europe, Australia, the Far East and Canada. Index returns assume reinvestment of dividends net of withholding tax and, unlike Portfolio returns, do not reflect any fees or expenses. It is not possible to invest directly into an index.

Comparative Results

		1-Year	3-Year	5-Year	Life of Portfolio**
International Portfolio — Class B**	Growth of \$10,000	\$8,156	\$7,260	\$9,007	\$9,655
	Average annual total return	-18.44%	-10.12%	-2.07%	-68%
MSCI EAFE & Canada Index	Growth of \$10,000	\$9,058	\$8,195	\$9,353	\$9,852
	Average annual total return	-9.42%	-6.42%	-1.33%	-29%

** The Portfolio commenced selling Class B shares on May 8, 1997. Index comparisons begin May 31, 1997.

All performance is historical, assumes reinvestment of all dividends and capital gains, and is not indicative of future results. Investment return and principal value will fluctuate, so an investor's shares, when redeemed, may be worth more or less than when purchased.

Investments in funds involve risk. Some funds have more risk than others. These include funds that allow exposure to or otherwise concentrate investments in certain sectors, geographic regions, security types, market capitalization or foreign securities (e.g., political or economic instability, which can be accentuated in emerging market countries). Please read this fund's prospectus for specific details regarding its investments and risk profile.

International Portfolio

Geographical (Excludes Cash Equivalents)	6/30/02	12/31/01
Europe	74%	72%
Japan	18%	20%
Pacific Basin	6%	6%
Latin America	1%	—%
U.S. & Canada	1%	2%
	100%	100%

Sector Diversification (Excludes Cash Equivalents)	6/30/02	12/31/01
Financial	19%	17%
Energy	12%	7%
Manufacturing	12%	14%
Health	9%	8%
Consumer Staples	7%	5%
Communications	7%	12%
Service Industries	7%	6%
Technology	6%	9%
Durables	5%	4%
Other	16%	18%
	100%	100%

Ten Largest Equity Holdings at June 30, 2002 (23.8% of Portfolio)

1. TotalFinaELF SA Producer of oil and natural gas	France	3.3%
2. Novartis AG Manufacturer of pharmaceutical and nutrition products	Switzerland	3.2%
3. BP PLC Exporter and producer of oil and natural gas	United Kingdom	2.8%
4. Vodafone Group PLC Provider of mobile telecommunication services	United Kingdom	2.7%
5. Shell Transport & Trading PLC Provider of oil and gas	United Kingdom	2.5%
6. Royal Bank of Scotland Group PLC Provider of a wide range of financial services	United Kingdom	2.2%
7. Aventis SA Manufacturer of life science products	France	2.0%
8. GlaxoSmithKline PLC Developer of vaccines and health-related consumer products	United Kingdom	2.0%
9. ENI SpA Provider of oilfield and engineering services	Italy	1.6%
10. Schneider Electric SA Manufacturer of electronic components and automated manufacturing systems	France	1.5%

Geographical, sector diversification and holdings are subject to change.

A quarterly Fund Summary and Portfolio Holdings are available upon request.

International Portfolio

	Shares	Value (\$)
Common Stocks 87.7%		
Australia 1.4%		
BHP Billiton Ltd. (Producer of petroleum, mineral and steel products)	570,500	3,310,917
Brambles Industries Ltd. (Provider of logistical and waste management services)	520,400	2,767,992
WMC Ltd. (Developer of varied mineral products)	306,983	1,572,294
		7,651,203
Belgium 0.6%		
Interbrew (Operator of brewing business)	104,200	3,005,617
Brazil 0.4%		
Companhia Vale do Rio Doce* (ADR) (Operator of diverse mining and industrial complex)	72,000	1,992,240
Canada 1.0%		
Canadian National Railway Co. (Operator of railroads)	99,193	5,239,496
Denmark 1.0%		
Group 4 Falck S/A (Operator of rescue stations and provider of emergency services)	49,300	1,710,161
Henkel KGaA (Manufacturer of various chemical based products)	56,900	3,929,546
		5,639,707
Finland 1.8%		
Nokia Oyj (ADR) (Manufacturer of telecommunication networks and equipment)	281,000	4,068,880
Stora Enso Oyj "R" (Manufacturer of paper and paper products)	185,000	2,604,804
UPM-Kymmene Oyj* (Manufacturer of paper and paper products)	74,400	2,942,599
		9,616,283
France 15.3%		
Air Liquide SA (Producer of industrial gases)	16,880	2,609,521
Air Liquide SA (Rights) (Producer of industrial gases)	16,880	326,190
Autoroutes du Sud de la France* (Developer and operator of toll roads)	202,885	5,536,095
Aventis SA (Manufacturer of life science products)	151,073	10,755,477
Axa (Provider of insurance)	175,943	3,233,210
BNP Paribas SA (Provider of banking services)	141,557	7,865,753
Credit Lyonnais SA (Provider of diversified banking services)	121,367	5,226,504
Dassault Systemes SA (Designer, manufacturer and engineer of software products)	5,119	234,919
Groupe Danone* (Producer of food products worldwide)	49,091	6,780,505
Pechiney SA "A" (Manufacturer of aluminum products as well as other specialty metals)	31,595	1,449,943
Publicis Groupe* (Provider of various advertising services)	82,169	2,278,824
Sanofi-Synthelabo SA (Manufacturer of health care products and medical and surgical equipment)	61,948	3,786,421
Schneider Electric SA (Manufacturer of electronic components and automated manufacturing systems)	148,453	8,020,617
Suez SA (Builder of water treatment plants)	266,025	7,127,006
TotalFinaElf SA (Producer of oil and natural gas)	108,439	17,689,201
		82,920,186
Germany 4.7%		
Allianz AG (Provider of multi-line insurance services)	19,839	3,992,166
Altana AG (Developer and manufacturer of pharmaceutical, diagnostic and chemical products)	45,506	2,302,819
BASF AG (Producer of chemical products)	62,761	2,923,791
Bayer AG (Producer of chemical products)	116,190	3,700,792
Bayerische Hypo-Und Vereinsbank AG (Provider of banking services)	66,755	2,125,565
Deutsche Telekom AG (Registered) (Provider of telecommunication services)	236,416	2,233,237
E.On AG (Distributor of oil and chemicals)	47,708	2,792,956

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

	Shares	Value (\$)
SAP AG (Manufacturer of computer software)	24,954	2,476,060
Siemens AG (Manufacturer of electrical and electronic equipment)	48,864	2,945,481
		25,492,867
Italy 3.8%		
ENI SpA (Provider of oilfield and engineering services)	552,200	8,821,515
Riunione Adriatica di Sicurtà SpA (Provider of insurance services)	306,950	4,139,120
Telecom Italia SpA (Provider of telecommunication services)	517,550	4,072,362
UniCredito Italiano SpA (Provider of commercial banking services)	800,100	3,636,057
		20,669,054
Japan 15.7%		
Asahi Glass Co., Ltd. (Manufacturer of a variety of glass products)	392,000	2,516,754
Bridgestone Corp. (Manufacturer of automobile tires)	283,000	3,908,676
Canon, Inc. (Producer of visual image and information equipment)	169,000	6,408,320
Fujitsu Ltd. (Manufacturer of computers)	555,000	3,883,815
Honda Motor Co., Ltd. (Manufacturer of motorcycles, automobiles and power products)	134,300	5,463,508
Ito-Yokado Co., Ltd. (Operator of leading supermarkets)	52,000	2,611,644
Matsushita Electric Industrial Co., Ltd. (Manufacturer of consumer electronic products)	287,000	3,927,887
Mitsubishi Corp. (Operator of a general trading company)	485,000	3,519,818
Mitsui & Co., Ltd. (Operator of a general trading company)	610,000	4,095,091
Mitsui Fudosan Co., Ltd. (Provider of real estate services)	451,000	4,001,674
Nintendo Co., Ltd. (Manufacturer of game equipment)	28,000	4,136,776
Nissan Motor Co., Ltd. (Manufacturer of motor vehicles)	912,000	6,336,249
Nomura Holdings, Inc. (Provider of financial services)	452,000	6,659,021
Sankyo Co., Ltd. (Producer of ethical drugs)	174,000	2,374,084
Sega Corp.* (Maker of commercial amusement equipment)	130,000	3,133,972
Sharp Corp. (Manufacturer of consumer and industrial electronics)	196,000	2,497,066
Sony Corp. (Manufacturer of consumer electronic products)	118,300	6,268,271
Sumitomo Mitsui Banking Corp. (Provider of banking services)	511,000	2,502,281
Takeda Chemical Industries Ltd. (Manufacturer of pharmaceutical products)	69,000	3,038,045
Toyota Motor Corp. (Manufacturer of diversified automotive products)	209,600	5,579,274
Yamanouchi Pharmaceutical Co., Ltd. (Manufacturer of a wide variety of pharmaceuticals)	95,000	2,473,109
		85,335,335
Korea 2.9%		
Hyundai Motor Co., Ltd. (Manufacturer of automobiles)	32,880	988,040
Kookmin Bank (Provider of commercial banking services)	121,900	5,917,672
POSCO (Manufacturer of steel)	15,620	1,733,392
Samsung Electronics Co., Ltd. (Manufacturer of electronic parts)	26,300	7,192,602
		15,831,706
Mexico 0.7%		
Cemex SA de CV (ADR) (Producer of concrete and cement)	54,557	1,438,123
Grupo Financiero BBVA Bancomer SA de CV* (Provider of banking and financial services)	3,148,500	2,569,495
		4,007,618
Netherlands 4.8%		
ASML Holding NV* (Developer of photolithography projection systems)	103,700	1,649,427
DSM NV* (Manufacturer of chemicals)	57,200	2,666,996
Gucci Group NV (ADR) (Designer and producer of personal luxury accessories and apparel)	52,800	4,995,408
Heineken NV (Producer of alcoholic beverages)	35,000	1,543,345
Koninklijke Ahold NV (Operator of a major supermarket chain)	120,500	2,546,757

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

	Shares	Value (\$)
Reed Elsevier NV (Publisher of scientific, professional, business and consumer information books)	156,900	2,148,439
TPG NV (Provider of transportation services)	238,400	5,409,951
VNU NV (Provider of publishing services)	178,900	4,995,228
		25,955,551
Spain 3.8%		
Banco Bilbao Vizcaya Argentaria SA (Provider of commercial banking services)	463,500	5,265,943
Banco Popular Espanol SA (Provider of retail banking services)	127,600	5,668,376
Industria de Diseno Textil SA* (Manufacturer and retailer of apparel)	199,400	4,230,130
Telefonica SA* (Provider of telecommunication services)	668,856	5,641,212
		20,805,661
Sweden 0.3%		
Assa Abloy AB "B" (Manufacturer of security locks)	123,800	1,751,530
Switzerland 8.4%		
Adecco SA (Provider of personnel and temporary employment)	46,200	2,754,671
Credit Suisse Group* (Provider of universal banking services)	79,171	2,523,155
Holcim Ltd. "B"* (Producer of building materials)	10,817	2,491,573
Nestle SA (Registered) (Producer and seller of food products)	34,150	7,992,749
Novartis AG (Manufacturer of pharmaceutical and nutrition products)	390,789	17,251,545
Swiss Re (Registered) (Provider of reinsurance, insurance and banking services)	41,544	4,077,062
Syngenta AG* (Producer of seeds and chemicals)	58,408	3,523,941
UBS AG* (Registered) (Provider of commercial and investment banking services)	101,514	5,124,999
		45,739,695
Taiwan 0.9%		
Hon Hai Precision Industry Co., Ltd. (Manufacturer of electronic products)	72	294
Taiwan Semiconductor Manufacturing Co.* (Manufacturer of integrated circuits and other semiconductor devices)	1,138,940	2,318,106
United Microelectronics Corp. (Manufacturer of integrated circuits)	1,925,500	2,311,061
		4,629,461
United Kingdom 20.2%		
BAA PLC (Owner and operator of airports)	368,452	3,377,526
Barclays PLC (Provider of commercial and investment banking services)	681,594	5,757,790
BP PLC (Exporter and producer of oil and natural gas)	1,821,360	15,358,131
Brambles Industries PLC (Provider of material handling and industrial services)	854,840	4,294,183
British Sky Broadcasting Group PLC (Provider of broadcast and entertainment services)	518,493	4,990,965
Compass Group PLC (Operator of an international food service group)	352,158	2,144,922
GlaxoSmithKline PLC (Developer of vaccines and health-related consumer products)	489,396	10,620,076
National Grid Group PLC (Operator of electricity and telecom networks)	345,277	2,462,320
Reckitt Benkiser PLC (Manufacturer of household, toiletry, pharmaceutical and food products)	203,275	3,661,436
Reed Elsevier PLC (Publisher of scientific, professional, business and consumer information books)	296,680	2,830,842
Royal Bank of Scotland Group PLC (Provider of a wide range of financial services)	416,375	11,851,916
Scottish & Southern Energy PLC (Distributor of electric power)	712,688	7,078,400
Shell Transport & Trading PLC (Provider of oil and gas)	1,799,178	13,629,198
Six Continents PLC (Operator of an international hospitality and leisure group)	128,417	1,309,826
Tesco PLC (Operator of food stores)	1,491,701	5,444,539
Vodafone Group PLC (Provider of mobile telecommunication services)	10,668,601	14,694,031
		109,506,101
Total Common Stocks (Cost \$463,078,407)		475,789,311

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

	Shares	Value (\$)
Warrants 0.0%		
France		
Cap Gemini SA* (Provider of computer consulting services) (Cost \$78,236)	34,156	1,017
Cash Equivalents 12.3%		
Scudder Cash Management QP Trust, 1.93% (b) (Cost \$66,664,593)	66,664,593	66,664,593
Total Investment Portfolio — 100.0% (Cost \$529,821,236) (a)		542,454,921

* Non-income producing security.

(a) The cost for federal income tax purposes was \$532,395,433. At June 30, 2002, net unrealized appreciation for all securities based on tax cost was \$10,059,488. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$41,395,931 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$31,336,443.

(b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

Purchases and sales of investment securities (excluding short-term investments), for the six months ended June 30, 2002, aggregated \$316,714,492 and \$318,749,780, respectively.

At December 31, 2001, the International Portfolio had a net tax basis capital loss carryforward of approximately \$133,060,000 which may be applied against any realized net taxable capital gains of each succeeding year until fully utilized or until December 31, 2009, the expiration date.

From November 1, 2001 through December 31, 2001, the International Portfolio incurred approximately \$17,769,000 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 ended December 31, 2002.

Financial Statements

International Portfolio

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$529,821,236)	\$ 542,454,921
Receivable for investments sold	7,345,233
Dividends receivable	1,007,291
Interest receivable	69,446
Receivable for Portfolio shares sold	16,863
Foreign taxes recoverable	887,221
Total assets	551,780,975

Liabilities

Due to custodian bank	819,075
Payable for investments purchased	4,670,096
Payable for Portfolio shares redeemed	11,810,013
Accrued management fee	375,824
Other accrued expenses and payables	204,042
Total liabilities	17,879,050
Net assets, at value	\$ 533,901,925

Net Assets

Net assets consist of:	
Undistributed net investment income	1,786,847
Net unrealized appreciation (depreciation) on:	
Investments	12,633,685
Foreign currency related transactions	93,373
Accumulated net realized gain (loss)	(197,061,294)
Paid-in capital	716,449,314
Net assets, at value	\$ 533,901,925

Net Asset Value

Class A

Net Asset Value, offering and redemption price per share ($\$528,124,169 \div 68,938,054$ outstanding shares of beneficial interest, no par value, unlimited number of shares authorized) **\$ 7.66**

Class B

Net Asset Value, offering and redemption price per share ($\$5,777,756 \div 755,101$ outstanding shares of beneficial interest, no par value, unlimited number of shares authorized) **\$ 7.65**

Statement of Operations for the six months ended June 30, 2002 (Unaudited)**Investment Income**

Income:	
Dividends (net of foreign taxes withheld of \$815,727)	\$ 5,237,259
Interest	672,923
Total Income	5,910,182
Expenses:	
Management fee	2,342,564
Custodian fees	156,066
Accounting fees	198,112
Distribution service fees (Class B)	5,440
Auditing	14,080
Legal	11,145
Trustees' fees and expenses	6,071
Reports to shareholders	9,985
Registration fees	3,534
Other	18,032
Total expenses	2,765,029
Net investment income (loss)	3,145,153

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(41,530,160)
Foreign currency related transactions	1,447,250
	(40,082,910)
Net unrealized appreciation (depreciation) during the period on:	
Investments	31,989,842
Foreign currency related transactions	(1,068,265)
	30,921,577
Net gain (loss) on investment transactions	(9,161,333)
Net increase (decrease) in net assets resulting from operations	\$ (6,016,180)

Statement of Changes in Net Assets

	Six Months Ended June 30, 2002 (Unaudited)	Year Ended December 31, 2001
Increase (Decrease) in Net Assets		
Operations:		
Net investment income (loss)	\$ 3,145,153	\$ 4,018,092
Net realized gain (loss) on investment transactions	(40,082,910)	(154,544,615)
Net unrealized appreciation (depreciation) on investment transactions during the period	30,921,577	(35,945,231)
Net increase (decrease) in net assets resulting from operations	(6,016,180)	(186,471,754)
Distributions to shareholders from:		
Net investment income:		
Class A	(3,979,977)	(2,533,964)
Class B	(25,865)	(1,002)
Net realized gains:		
Class A	—	(118,779,550)
Class B	—	(132,698)
Portfolio share transactions:		
Class A		
Proceeds from shares sold	3,006,077,121	7,467,638,462
Reinvestment of distributions	3,979,977	121,313,514
Cost of shares redeemed	(2,984,744,899)	(7,488,719,564)
Net increase (decrease) in net assets from Class A share transactions	25,312,199	100,232,412
Class B		
Proceeds from shares sold	2,894,538	4,045,454
Reinvestment of distributions	25,865	133,700
Cost of shares redeemed	(168,381)	(1,183,287)
Net increase (decrease) in net assets from Class B share transactions	2,752,022	2,995,867
Increase (decrease) in net assets	18,042,199	(204,690,689)
Net assets at beginning of period	515,859,726	720,550,415
Net assets at end of period (including undistributed net investment income of \$1,786,847 and \$2,647,536, respectively)	\$ 533,901,925	\$ 515,859,726

Other Information

Class A		
Shares outstanding at beginning of period	63,646,512	50,467,229
Shares sold	387,446,351	781,961,786
Shares issued to shareholders in reinvestment of distributions	507,650	11,870,206
Shares redeemed	(382,662,459)	(780,652,709)
Net increase (decrease) in Portfolio shares	5,291,542	13,179,283
Shares outstanding at end of period	68,938,054	63,646,512
Class B		
Shares outstanding at beginning of period	400,769	53,819
Shares sold	372,131	462,331
Shares issued to shareholders in reinvestment of distributions	3,304	13,134
Shares redeemed	(21,103)	(128,515)
Net increase (decrease) in Portfolio shares	354,332	346,950
Shares outstanding at end of period	755,101	400,769

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

Financial Highlights

International Portfolio Class A^(a)

Years Ended December 31,	2002 ^b	2001	2000	1999	1998	1997
Selected Per Share Data						
Net asset value, beginning of period	\$ 8.05	\$ 14.26	\$ 20.34	\$ 14.56	\$ 14.11	\$ 13.25
<i>Income (loss) from investment operations:</i>						
Net investment income ^c	.04	.06	.08	.12 ^d	.13	.14
Net realized and unrealized gain (loss) on investment transactions	(.37)	(3.97)	(4.24)	7.17	2.29	1.04
Total from investment operations	(.33)	(3.91)	(4.16)	7.29	2.42	1.18
<i>Less distributions from:</i>						
Net investment income	(.06)	(.05)	(.09)	(.02)	(.26)	(.21)
Net realized gains on investment transactions	—	(2.25)	(1.83)	(1.49)	(1.71)	(.11)
Total distributions	(.06)	(2.30)	(1.92)	(1.51)	(1.97)	(.32)
Net asset value, end of period	\$ 7.66	\$ 8.05	\$ 14.26	\$ 20.34	\$ 14.56	\$ 14.11
Total Return (%)	(4.09)**	(30.86)	(21.70)	54.51	18.49	9.07
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	528	513	720	874	509	427
Ratio of expenses before expense reductions (%)	1.01*	1.01 ^f	.96	1.03	1.04	1.00
Ratio of expenses after expense reductions (%)	1.01*	1.00 ^f	.96	1.03	1.04	1.00
Ratio of net investment income (loss) (%)	1.16*	.64	.48	.76	.90	.94
Portfolio turnover rate (%)	135*	105	79	86	71	61

Class B

Years Ended December 31,	2002 ^b	2001	2000	1999	1998	1997 ^e
Selected Per Share Data						
Net asset value, beginning of period	\$ 8.03	\$ 14.19	\$ 20.24	\$ 14.51	\$ 14.08	\$ 13.76
<i>Income (loss) from investment operations:</i>						
Net investment income ^c	.03	.05	.04	.08 ^d	.10	.00 ^g
Net realized and unrealized gain (loss) on investment transactions	(.37)	(3.94)	(4.22)	7.14	2.29	.32
Total from investment operations	(.34)	(3.89)	(4.18)	7.22	2.39	.32
<i>Less distributions from:</i>						
Net investment income	(.04)	(.02)	(.04)	—	(.25)	—
Net realized gains on investment transactions	—	(2.25)	(1.83)	(1.49)	(1.71)	—
Total distributions	(.04)	(2.27)	(1.87)	(1.49)	(1.96)	—
Net asset value, end of period	\$ 7.65	\$ 8.03	\$ 14.19	\$ 20.24	\$ 14.51	\$ 14.08
Total Return (%)	(4.22)**	(30.81)	(21.89)	54.13	18.28	2.33**
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	6	3	.77	.69	.37	.35
Ratio of expenses before expense reductions (%)	1.26*	1.26 ^f	1.21	1.28	1.28	1.24*
Ratio of expenses after expense reductions (%)	1.26*	1.25 ^f	1.21	1.28	1.28	1.24*
Ratio of net investment income (loss) (%)	.91*	.39	.23	.53	.69	(.00) ^{h*}
Portfolio turnover rate (%)	135*	105	79	86	71	61

^a On May 8, 1997, existing shares were designated as Class A shares.

^b For the six months ended June 30, 2002 (Unaudited).

^c Based on average shares outstanding during the period.

^d Net investment income per share includes non-recurring dividend income amounting to \$.03 per share.

^e For the period May 8, 1997 (commencement of sales of Class B shares) to December 31, 1997.

^f The ratios of operating expenses excluding costs incurred in connection with the reorganization before and after expense reductions were 1.00% and 1.00%, and 1.25% and 1.25% for Class A and Class B, respectively.

^g Amount shown is less than \$.005.

^h Amount shown is less than .005%.

* Annualized ** Not annualized

Health Sciences Portfolio

While it was disappointing to see negative returns, the portfolio's diversified, defensive approach worked well in the first half of 2002 to reduce losses caused by an exceptionally volatile investing environment. Many biotechnology stocks suffered sharp declines as investor sentiment turned sour amid news about short-term earnings and regulatory setbacks at several high-profile firms. The Food and Drug Administration (FDA) generally:

- took more time to review new drugs, emphasizing safety first,
- rejected more applications and
- more thoroughly scrutinized drug manufacturing operations.

Overall, these actions raised concerns about growth prospects at biotechnology and drug discovery companies. During the first half, we boosted the portfolio's weighting in health care services stocks to the highest weighting since the portfolio began operations last year. In the coming months, we believe health care services, particularly hospitals, remain well positioned to provide stronger relative returns than the overall stock market.

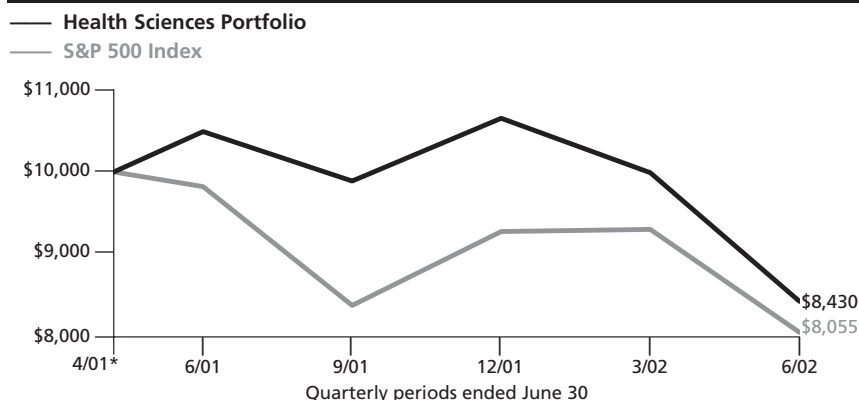
While the first six months of 2002 have been weak, over the long term the nation's demographic picture clearly favors health care investors. Between now and 2045, according to the U.S. Census Bureau, the number of people age 65 and older in the U.S. population is expected to more than double from less than 35 million (one in seven persons) to nearly 80 million (one in four persons). This will clearly be a catalyst for continued demand for hospitals, managed care, medical devices and supplies, pharmaceuticals and biotechnology products. Our goal will be to determine which companies are best prepared to profitably succeed in an increasingly competitive and global industry environment and an increasingly complex U.S. regulatory framework.

James E. Fenger
Co-Manager

Leefin Lai
Co-Manager

Health Sciences Portfolio

Growth of an Assumed \$10,000 Investment



The Standard & Poor's (S&P) 500 Index is a 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

		1-Year	Life of Portfolio*
Health Sciences Portfolio	Growth of \$10,000	\$8,036	\$8,430
	Average annual total return	-19.64%	-13.71%
S&P 500 Index	Growth of \$10,000	\$8,201	\$8,055
	Average annual total return	-17.99%	-16.92%

* The Fund commenced operations on May 1, 2001. Index comparisons begin April 30, 2001.

All performance is historical, assumes reinvestment of all dividends and capital gains, and is not indicative of future results. Investment return and principal value will fluctuate, so an investor's shares, when redeemed, may be worth more or less than when purchased. Total returns would have been lower if the Portfolio's expenses were not maintained.

Investments in funds involve risk. Some funds have more risk than others. These include funds that allow exposure to or otherwise concentrate investments in certain sectors, geographic regions, security types, market capitalization or foreign securities (e.g., political or economic instability, which can be accentuated in emerging market countries). Please read this fund's prospectus for specific details regarding its investments and risk profile.

Health Sciences Portfolio

Asset Allocation	6/30/02	12/31/01
Common Stocks	98%	89%
Cash Equivalents	2%	11%
	100%	100%

Diversification (Excludes Cash Equivalents)	6/30/02	12/31/01
Health Care Services	31%	20%
Major Pharmaceuticals	17%	16%
Medical Devices & Supplies	15%	15%
Large Cap Biotechnology	13%	14%
Small Cap Biotechnology	11%	16%
Specialty Pharmaceuticals	11%	12%
Life Science Instruments & Reagents	2%	6%
Diversified Manufacturing	—	1%
	100%	100%

Ten Largest Equity Holdings at June 30, 2002 (37.2% of Portfolio)

1. Pfizer, Inc. Manufacturer of prescription pharmaceuticals and non-prescription self-medications	5.6%
2. Abbott Laboratories Developer of health care products	5.1%
3. HCA, Inc. Operator of hospitals and health care facilities	4.9%
4. Wyeth Manufacturer of pharmaceuticals and health care products	4.7%
5. Tenet Healthcare Corp. Operator of specialty and general hospitals	3.6%
6. Caremark Rx, Inc. Provider of pharmaceutical services	2.9%
7. Genentech, Inc. Developer and discoverer of human pharmaceuticals	2.6%
8. Forest Laboratories, Inc. Developer, manufacturer, and seller of branded and generic forms of ethical drugs products	2.6%
9. Triad Hospitals, Inc. Provider of health care services through its ambulatory surgery centers	2.6%
10. Phaemacia Corp. Researcher of biotechnology developments	2.6%

Asset allocation, diversification and holdings are subject to change.

A quarterly summary and portfolio holdings are available upon request.

Health Sciences Portfolio

	Shares	Value (\$)
Common Stocks 98.3%		
Health 98.3%		
Health Care Services 30.5%		
Aetna, Inc.	7,500	359,775
AmerisourceBergen Corp.	16,100	1,223,600
Anthem, Inc.	15,400	1,039,192
Caremark Rx, Inc.*	122,600	2,022,900
HCA, Inc.	71,500	3,396,250
Laboratory Corp. of America Holdings	16,300	744,095
McKesson Corp.	37,200	1,216,440
Priority Health Corp. "B"*	27,300	641,550
Province Healthcare Co.*	69,550	1,555,138
Quest Diagnostics, Inc.	10,400	894,920
Tenet Healthcare Corp.*	34,900	2,497,095
Triad Hospitals, Inc.*	42,300	1,792,674
UnitedHealth Group, Inc.	9,600	878,880
Universal Health Services, Inc. "B"	35,700	1,749,300
Wellpoint Health Networks, Inc.	13,900	1,081,559
		21,093,368
Large Cap Biotechnology 12.9%		
Amgen, Inc.*	38,500	1,612,380
Biogen, Inc.*	23,600	977,748
Genentech, Inc.*	54,000	1,809,000
Genzyme Corp. (General Division)	31,300	602,212
Gilead Sciences, Inc.	47,900	1,574,952
IDEC Pharmaceuticals Corp.	37,700	1,336,465
MedImmune, Inc.*	37,700	995,280
		8,908,037
Life Science Instruments & Reagents 2.4%		
Charles River Laboratories International, Inc.*	46,700	1,636,835
Major Pharmaceuticals 16.8%		
Aventis SA	15,300	1,089,267
Eli Lilly & Co.	22,000	1,240,800
Pfizer, Inc.	111,600	3,906,000
Pharmacia Corp.	47,400	1,775,130
Sanofi-Synthelabo SA	5,500	336,174
Wyeth	63,800	3,266,560
		11,613,931
Medical Devices & Supplies 14.3%		
Abbott Laboratories	92,800	3,493,921
Baxter International, Inc.	28,800	1,280,160
Biomet, Inc.	44,900	1,217,688
Boston Scientific Corp.	11,600	340,112
Diagnostic Products Corp.	18,300	677,100
Johnson & Johnson	16,900	883,194
Medtronic, Inc.	21,300	912,705
Zimmer Holdings, Inc.*	30,700	1,094,762
		9,899,642

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

	Shares	Value (\$)
Small Cap Biotechnology 10.4%		
Celgene Corp.*	32,700	500,310
Celltech Group PLC*	65,200	518,850
Cephalon, Inc.*	25,000	1,130,000
Enzon, Inc.*	18,000	442,980
ICOS Corp.*	11,100	188,256
ILEX Oncology, Inc.	34,400	484,696
Inspire Pharmaceuticals, Inc.*	36,800	141,680
InterMune, Inc.	48,700	1,027,570
Neurocrine Biosciences, Inc.*	29,600	848,040
NPS Pharmaceuticals, Inc.*	52,200	799,704
OSI Pharmaceuticals, Inc.*	20,000	480,400
Transkaryotic Therapies, Inc.*	18,700	674,135
		7,236,621
Specialty Pharmaceuticals 11.0%		
Altana AG	16,100	814,736
Biovail Corp.	21,400	619,744
Forest Laboratories, Inc.	25,500	1,805,400
ICN Pharmaceuticals, Inc.	27,800	673,038
King Pharmaceuticals, Inc.	62,033	1,380,234
Kyorin Pharmaceutical Co., Ltd.	23,000	556,397
Pharmaceutical Resources, Inc.*	33,100	919,518
SICOR, Inc.*	44,400	823,176
		7,592,243
Total Common Stocks (Cost \$78,729,177)		67,980,677

Cash Equivalents 1.7%

Scudder Cash Management QP Trust, 1.93% (b) (Cost \$1,171,440)	1,171,440	1,171,440
Total Investment Portfolio — 100.0% (Cost \$79,900,617) (a)		69,152,117

* Non-income producing security.

(a) The cost for federal income tax purposes was \$79,930,759. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$10,778,642. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$3,070,852 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$13,849,494.

(b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

Purchases and sales of investment securities (excluding short-term investments), for the six months ended June 30, 2002, aggregated \$45,471,894 and \$13,415,720, respectively.

At December 31, 2001, the Health Sciences Portfolio had a net tax basis capital loss carryforward of approximately \$305,000 which may be applied against any realized net taxable capital gains of each succeeding year until fully utilized or until December 31, 2009, the expiration date.

From November 1, 2001 through December 31, 2001, the Health Sciences Portfolio incurred approximately \$22,400 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 ended December 31, 2002.

Financial Statements

Health Sciences Portfolio

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$79,900,617)	\$ 69,152,117
Cash	10,000
Receivable for investments sold	1,009,030
Dividends receivable	7,133
Interest receivable	3,384
Receivable for Portfolio shares sold	28,135
Other	3,608
Total assets	70,213,407

Liabilities

Payable for investments purchased	426,797
Payable for Portfolio shares redeemed	81
Accrued management fee	58,385
Other accrued expenses and payables	13,242
Total liabilities	498,505
Net assets, at value	\$ 69,714,902

Net Assets

Net assets consist of:	
Accumulated net investment loss	(101,421)
Net unrealized appreciation (depreciation) on:	
Investments	(10,748,500)
Foreign currency related transactions	1,585
Accumulated net realized gain (loss)	(3,303,071)
Paid-in capital	83,866,309
Net assets, at value	\$ 69,714,902

Net Asset Value

Net Asset Value , offering and redemption price per share ($\$69,714,902 \div 8,265,980$ outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	\$ 8.43
--	----------------

Statement of Operations for the six months ended June 30, 2002 (Unaudited)**Investment Income**

Income:		
Dividends (net of foreign taxes withheld of \$4,303)	\$	159,464
Interest		34,759
Total Income		194,223
Expenses:		
Management fee		257,054
Custodian fees		6,499
Accounting fees		17,864
Auditing		8,496
Legal		1,351
Trustees' fees and expenses		1,921
Reports to shareholders		2,459
Total expenses		295,644
Net investment income (loss)		(101,421)

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:		
Investments		(2,790,051)
Foreign currency related transactions		(7,026)
		(2,797,077)
Net unrealized appreciation (depreciation) during the period on:		
Investments		(13,243,710)
Foreign currency related transactions		4,204
		(13,239,506)
Net gain (loss) on investment transactions		(16,036,583)
Net increase (decrease) in net assets resulting from operations	\$	(16,138,004)

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, 2002 (Unaudited)	For the Period May 1, 2001 (commencement of operations) to December 31, 2001
Operations:		
Net investment income (loss)	\$ (101,421)	\$ (31,118)
Net realized gain (loss) on investment transactions	(2,797,077)	(508,855)
Net unrealized appreciation (depreciation) on investment transactions during the period	(13,239,506)	2,492,591
Net increase (decrease) in net assets resulting from operations	(16,138,004)	1,952,618
Portfolio share transactions:		
Proceeds from shares sold	33,581,352	54,604,262
Cost of shares redeemed	(3,706,698)	(1,078,628)
Net increase (decrease) in net assets from Portfolio share transactions	29,874,654	53,525,634
Increase (decrease) in net assets	13,736,650	55,478,252
Net assets at beginning of period	55,978,252	500,000
Net assets at end of period (including accumulated net investment loss of \$101,421 at June 30, 2002)	\$ 69,714,902	\$ 55,978,252
Other Information		
Shares outstanding at beginning of period	5,257,558	50,000
Shares sold	3,407,263	5,315,141
Shares redeemed	(398,841)	(107,583)
Net increase (decrease) in Portfolio shares	3,008,422	5,207,558
Shares outstanding at end of period	8,265,980	5,257,558

Financial Highlights

Health Sciences Portfolio

	2002 ^a	2001 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 10.65	\$ 10.00
<i>Income (loss) from investment operations:</i>		
Net investment income (loss) ^c	(.01)	(.02)
Net realized and unrealized gain (loss) on investment transactions	(2.21)	.67
Total from investment operations	(2.22)	.65
Net asset value, end of period	\$ 8.43	\$ 10.65
Total Return (%)	(20.85)**	6.50 ^{d**}

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	70	56
Ratio of expenses before expense reductions (%)	.86*	1.40*
Ratio of expenses after expense reductions (%)	.86*	.95*
Ratio of net investment income (loss) (%)	(.30)*	(.25)*
Portfolio turnover rate (%)	41*	34*

^a For the six months ended June 30, 2002 (Unaudited).

^b For the period May 1, 2001 (commencement of operations) to December 31, 2001.

^c Based on average shares outstanding during the period.

^d Total return would have been lower had certain expenses not been reduced.

* Annualized

** Not annualized

A. Significant Accounting Policies

Scudder Variable Series I (the “Fund”) is registered under the Investment Company Act of 1940 (the “1940 Act”), as amended, as an open-end, registered management investment company organized as a Massachusetts business trust. The Fund is a series fund consisting of eight diversified portfolios: Money Market Portfolio, Bond Portfolio, Balanced Portfolio, Growth and Income Portfolio, Capital Growth Portfolio, 21st Century Growth Portfolio, Global Discovery Portfolio and International Portfolio, and one non-diversified portfolio: Health Sciences Portfolio (individually or collectively hereinafter referred to as a “Portfolio” or the “Portfolios”). These financial statements report on six Portfolios which consist of Growth and Income Portfolio, Capital Growth Portfolio, 21st Century Growth Portfolio, Global Discovery Portfolio, International Portfolio and Health Sciences Portfolio. The Fund is intended to be the 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 Fund offers two classes of shares (Class A shares and Class B shares) for each of the Portfolios. Class B shares are subject to a Rule 12b-1 fees under the 1940 Act, equal to an annual rate of up to 0.25% of the average daily net assets value of the Class B shares of the applicable Portfolio. Class A shares are not subject to such fees. Class B shares for certain Portfolios have not been funded, and thus are not shown in these financial statements.

Investment income, realized and unrealized gains and losses, and certain fund-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 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 Fund’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 Fund in the preparation of the financial statements for its Portfolios.

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 reported on the exchange (U.S. or foreign) or over-the-counter market on which the security is traded most extensively. 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 Fund. If the pricing services are unable to provide valuations, securities are valued at the most recent bid quotation 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 Scudder 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.

Foreign Currency Translations. The books and records of the Portfolios are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the prevailing exchange rates at period end. Purchases and sales of investment securities, income and expenses are translated into U.S. 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 U.S. 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 gains and losses on investment securities.

Repurchase Agreements. Each Portfolio may enter into repurchase agreements with certain banks and broker/dealers whereby the Portfolio, through its custodian or sub-custodian bank, receives delivery of the underlying securities, the amount of which at the time of purchase and each subsequent business day is required to be maintained at such a level that the market value is equal to at least the principal amount of the repurchase price plus accrued interest.

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). A portfolio may enter into futures contracts as a hedge against anticipated

interest rate, currency or equity market changes, and for duration management, risk management and return enhancement purposes.

Upon entering into a futures contract, a portfolio is required to deposit with a financial intermediary an amount (“initial margin”) equal to a certain percentage of the face value indicated in the futures contract. Subsequent payments (“variation margin”) are made or received by a portfolio dependent upon the daily fluctuations in the value of the underlying security and are recorded for financial reporting purposes as unrealized gains or losses by a portfolio. When entering into a closing transaction, a portfolio will realize a gain or loss equal to the difference between the value of the futures contract to sell and the futures contract to buy. Futures contracts are valued at the most recent settlement price.

Certain risks may arise upon entering into futures contracts, including the risk that an illiquid secondary market will limit a 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 securities or currencies hedged. When utilizing futures contracts to hedge, a portfolio gives up the opportunity to profit from favorable price movements in the hedged positions during the term of the contract.

Forward Foreign Currency Exchange Contracts. A forward foreign currency exchange contract (“forward currency contract”) is a commitment to purchase or sell a foreign currency at the settlement date at a negotiated rate. A portfolio may enter into forward currency contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign currency denominated portfolio holdings and to facilitate transactions in foreign currency denominated securities.

Forward currency contracts are valued at the prevailing forward exchange rate of the underlying currencies and unrealized gain (loss) is recorded daily. Sales and purchases of forward currency contracts having the same settlement date and broker are offset and any gain (loss) is realized on the date of offset; otherwise, gain (loss) is realized on settlement date. Realized and unrealized gains and losses which represent the difference between the value of a forward currency contract to buy and a forward currency contract to sell are included in net realized and unrealized gain (loss) from foreign currency related transactions.

Certain risks may arise upon entering into forward currency contracts from the potential inability of counterparties to meet the terms of their contracts. Additionally, when utilizing forward currency contracts to hedge, a portfolio gives up the opportunity to profit from favorable exchange rate movements during the term of the contract.

The Global Discovery Portfolio and International Portfolio entered into forward currency exchange contracts during the six months ended June 30, 2002.

When-Issued/Delayed Delivery Securities. Each Portfolio may purchase securities with delivery or payment to occur at a later date beyond the normal settlement period. At the time a Portfolio enters into a commitment to purchase a security, the transaction is recorded and the value of the security is reflected in the net asset value. The price of such security and the date when the security will be delivered and paid for are fixed at the time the transaction is negotiated. The value of the security may vary with market fluctuations. No interest accrues to the Portfolio until payment takes place. At the time the Portfolio enters into this type of transaction it is required to segregate cash or other liquid assets at least equal to the amount of the commitment.

Certain risks may arise upon entering when-issued or delayed delivery securities from the potential inability of counterparties to meet the terms of their contracts or if the issuer does not issue the securities due to political, economic, or other factors. Additionally, losses may arise due to changes in the value of the underlying securities.

Federal Income Taxes. Each Portfolio is treated as a separate taxpayer as provided for in the Internal Revenue Code of 1986, as amended. It is each Portfolio’s policy to comply with the requirements of the Internal Revenue Code, which are applicable to regulated investment companies, and to distribute all of its taxable income to the separate accounts of the Participating Insurance Companies which hold its shares. Accordingly, the Portfolios paid no federal income taxes and no federal income tax provision was required.

Distribution of Income and Gains. All Portfolios will declare and distribute dividends from their net investment income, if any, in April, although additional distributions may be made if necessary. Net realized gains from investment transactions, in excess of available capital loss carryforwards, would be taxable to each 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 forward currency contracts, passive foreign investment companies, post October loss deferrals, non-taxable distributions, certain securities sold at a loss and premium amortization on debt securities. 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, each Portfolio may periodically make reclassifications among certain of its capital accounts without impacting the net asset value of the Portfolio.

At December 31, 2001, the Portfolios' components of distributable earnings on a tax-basis are as follows:

Portfolio	Undistributed ordinary income*	Undistributed net long-term capital gains	Capital loss carryforwards	Unrealized gain (loss) on investments
Growth and Income Portfolio	\$ 1,578,675	\$ —	\$ 12,650,000	\$ 6,411,255
Capital Growth Portfolio	2,188,549	—	18,038,000	(11,229,105)
21st Century Growth Portfolio	—	—	13,382,000	3,185,757
Global Discovery Portfolio	—	—	24,864,000	(8,339,149)
International Portfolio	3,818,719	—	133,060,000	(25,505,256)
Health Sciences Portfolio	—	—	305,000	2,316,422

In addition, during the year ended December 31, 2001 the tax character of distributions paid by the Portfolios are summarized as follows:

Portfolio	Distributions from ordinary income*	Distributions from long-term capital gains
Growth and Income Portfolio	\$ (2,209,728)	\$ (4,219,419)
Capital Growth Portfolio	(11,450,868)	(108,640,499)
21st Century Growth Portfolio	—	—
Global Discovery Portfolio	—	(2,840,073)
International Portfolio	(2,534,966)	(118,912,248)
Health Sciences Portfolio	—	—

* For tax purposes short-term capital gains distributions are considered ordinary income distributions.

Expenses. Each Portfolio is charged for those expenses which are directly attributable to it, such as management fees and custodian fees, while other expenses (reports to shareholders, legal and audit fees) are allocated among the Portfolios.

Other. Investment transactions are accounted for on the trade date. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date net of foreign withholding taxes. Certain dividends from foreign securities may be recorded subsequent to the ex-dividend date as soon as the Portfolio is informed of such dividends. Realized gains and losses from investment transactions are recorded on an identified cost basis.

All discounts and premiums are accreted/amortized for both tax and financial reporting purposes.

B. Ownership of the Portfolios

At the end of the period, the beneficial ownership in the Portfolios was as follows:

Growth and Income Portfolio: Three Participating Insurance Companies were owners of record of 10% or more of the total outstanding Class A shares of the Portfolio, each owning 27%, 24% and 24%, respectively. One Participating Insurance Company was owner of record of 95% of the total outstanding Class B shares of the Portfolio.

Capital Growth Portfolio: Two Participating Insurance Companies were owners of record of 10% or more of the total outstanding Class A shares of the Portfolio, each owning 56% and 14%, respectively. One Participating Insurance Company was owner of record of 100% of the total outstanding Class B shares of the Portfolio.

21st Century Growth Portfolio: Three Participating Insurance Companies were owners of record of 10% or more of the total outstanding Class A shares of the Portfolio, each owning 61%, 21% and 11%, respectively. One Participating Insurance Company was owner of record of 100% of the total outstanding Class B shares of the Portfolio.

Global Discovery Portfolio: Three Participating Insurance Companies were owners of record of 10% or more of the total outstanding Class A shares of the Portfolio, each owning 52%, 29% and 11%, respectively. One Participating Insurance Company was owner of record of 98% of the total outstanding Class B shares of the Portfolio.

International Portfolio: Three Participating Insurance Companies were owners of record of 10% or more of the total outstanding Class A shares of the Portfolio, each owning 30%, 18% and 11%, respectively. One Participating Insurance Company was owner of record of 90% of the total outstanding Class B shares of the Portfolio.

Health Sciences Portfolio: Two Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 72% and 27%, respectively.

C. Related Parties

On April 5, 2002, 100% of Zurich Scudder Investments, Inc. (“ZSI”), was acquired by Deutsche Bank AG with the exception of Threadneedle Investments in the U.K. Upon the closing of this transaction, ZSI became part of Deutsche Asset Management and changed its name to Deutsche Investment Management Americas Inc. (“DeIM” or the “Advisor”). Effective April 5, 2002, the investment management agreements with ZSI were terminated and DeIM became the investment advisor for the Fund. The Investment Management Agreement (the “Management Agreement”) is the same in all material respects as the corresponding previous Management Agreement.

Under the Trust’s management agreement with the Advisor, the Portfolios pay a monthly investment management fee, based on the average daily net assets of each Portfolio, payable monthly, at the annual rates shown below.

Portfolio	Annual Management Fee Rate
Growth and Income Portfolio	0.475%
21st Century Growth Portfolio	0.875%
Global Discovery Portfolio	0.975%

The Capital Growth Portfolio pays the Advisor a graduated investment management fee, based on the average daily net assets of the Portfolio, payable monthly, at the annual rates shown below:

Average Daily Net Assets of the Portfolio	Annual Management Fee Rate
first \$500 million	0.475%
next \$500 million	0.450%
over \$1 billion	0.425%

For the six months ended June 30, 2002, the Capital Growth Portfolio incurred a management fee equivalent to an annualized effective rate of 0.465% of the Portfolio’s average annual daily net assets.

The International Portfolio pays the Advisor a graduated investment management fee, based on the average daily net assets of the Portfolio, payable monthly, at the annual rates shown below:

Average Daily Net Assets of the Portfolio	Annual Management Fee Rate
first \$500 million	0.875%
over \$500 million	0.725%

For the six months ended June 30, 2002, the International Portfolio incurred a management fee equivalent to an annualized effective rate of 0.86% of the Portfolio’s average annual daily net assets.

The Health Sciences Portfolio pays the Advisor a graduated investment management fee, based on the average daily net assets of the Portfolio, payable monthly, at the annual rates shown below:

Average Daily Net Assets of the Portfolio	Annual Management Fee Rate
first \$250 million	0.750%
next \$750 million	0.725%
next \$1.5 billion	0.700%
next \$2.5 billion	0.680%
next \$2.5 billion	0.650%
next \$2.5 billion	0.640%
next \$2.5 billion	0.630%
over \$12.5 billion	0.620%

For the six months ended June 30, 2002, the Health Sciences Portfolio incurred a management fee equivalent to an annualized effective rate of 0.75% of the Portfolio’s average annual daily net assets.

Until May 1, 2003, the Advisor has agreed to maintain the expenses for the 21st Century Portfolio, the Global Discovery Portfolio and the Health Sciences Portfolio, excluding 12b-1 fees, to the extent necessary so that the Portfolios' expenses are maintained at 1.50%, 1.25% and 0.95%, respectively, of average daily net assets.

The Trustees authorized the Fund on behalf of each Portfolio to pay Scudder Fund Accounting Corp., a subsidiary of the Advisor, for determining the daily net asset value per share and maintaining the portfolio and general accounting records of the Fund. Scudder Service Corporation, a subsidiary of the Advisor, is the transfer and shareholder service agent of the Fund.

In accordance with the Master Distribution Plan, Scudder Investor Services, Inc. ("SIS"), a subsidiary of the Advisor, receives 12b-1 fees of 0.25% of average daily net assets of Class B shares. Pursuant to the Master Distribution Plan, SIS remits these fees to the Participating Insurance Companies for various costs incurred or paid by these companies in connection with marketing and distribution of Class B shares. These fees are detailed in each Portfolio's statement of operations.

The Fund pays each Trustee not affiliated with the Advisor retainer fees plus specified amounts for attended board and committee meetings. Allocated Trustees' fees and expenses for each Portfolio for the period ended June 30, 2002 are detailed in each Portfolio's statement of operations.

Scudder Cash Management QP Trust. Pursuant to an Exemptive Order issued by the SEC, the Fund may invest in the Scudder Cash Management QP Trust (the "QP Trust"), formerly Zurich Scudder Cash Management QP Trust, and other affiliated funds managed by the 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 Advisor a management fee for the affiliated Funds' investments in the QP Trust. Distributions from the QP Trust to the Portfolios are reflected as interest income on the Statement of Operations. The distributions for the six months ended June 30, 2002 were as follows:

Portfolio	Distribution (\$)
Growth and Income Portfolio	59,153
Capital Growth Portfolio	179,463
21st Century Growth Portfolio	39,313
Global Discovery Portfolio	13,677
International Portfolio	116,339
Health Sciences Portfolio	34,759

D. Line of Credit

The Fund and several other affiliated funds (the "Participants") share in a \$1.3 billion revolving credit facility administered by J.P. Morgan Chase Bank 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, pro rata based on net assets, among each of the Participants. Interest is calculated at the Federal Funds Rate plus 0.5 percent. Each Portfolio may borrow up to a maximum of 33 percent of its net assets under the agreement.

E. Expense Off-Set Arrangements

The Growth and Income Portfolio, Capital Growth Portfolio, 21st Century Growth Portfolio and Health Sciences Portfolio have entered into an arrangement with their custodian whereby credits realized as a result of uninvested cash balances were used to reduce a portion of the Portfolios' expenses. During the six months ended June 30, 2002, the custodian fees were reduced as follows:

Portfolio	Custody Credits (\$)
Growth and Income Portfolio	21
Capital Growth Portfolio	21
21st Century Growth Portfolio	63
Health Sciences Portfolio	—

Shareholder Meeting Results

A Special Meeting of Shareholders of each portfolio of Scudder Variable Series I was held on March 28, 2002, at the office of Deutsche Investment Management Americas Inc. (formerly Zurich Scudder Investments, Inc.), Two International Place, Boston, MA 02110. At the meeting, the following matter was voted upon by the shareholders of each portfolio, voting separately (the resulting votes for each matter are presented below):

1. To approve a new investment management agreement for the portfolio with Deutsche Investment Management, Inc.

Portfolio	Number of Votes:		
	Affirmative	Against	Abstain
Balanced Portfolio	13,683,797	321,602	466,107
Bond Portfolio	24,420,832	734,261	950,682
Capital Growth Portfolio	49,138,511	1,525,116	2,011,913
Global Discovery Portfolio	17,513,981	449,350	530,443
Growth and Income Portfolio	20,657,916	395,039	975,771
Health Sciences Portfolio	6,442,434	75,948	162,264
International Portfolio	54,093,540	1,349,260	2,335,108
Money Market Portfolio	128,972,748	12,147,102	2,702,336
21st Century Growth Portfolio	7,403,979	270,400	264,071

The following matter was voted upon the by the shareholders of International Portfolio only:

2. To approve a new sub-advisory agreement between the portfolio's investment manager and Deutsche Asset Management Investment Services Limited.

	Number of Votes:		
	Affirmative	Against	Abstain
	53,819,111	1,385,334	2,573,463

About the Fund's Advisor

On April 5, 2002, Zurich Scudder Investments (ZSI) was acquired by Deutsche Bank. Upon the closing of this transaction, ZSI became part of Deutsche Asset Management and changed its name to Deutsche Investment Management Americas Inc.

Deutsche Asset Management is the marketing name in the United States for the asset management activities of Deutsche Bank AG, Deutsche Investment Management Americas Inc., Deutsche Asset Management Inc., Deutsche Bank Securities Inc., Deutsche Asset Management Investment Services Ltd., Deutsche Bank Trust Company Americas and Scudder 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' view are subject to change at any time, based on market and other conditions and should not be construed as a recommendation.

Investment Manager:

Deutsche Investment Management Americas Inc.
Two International Place
Boston, MA 02110
1-800-778-1482

SCUDDER
INVESTMENTS

A Member of

Deutsche Asset Management



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

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

Printed on recycled paper.
SVS1-3 (8/31/02) 18196
Form V
Printed in the U.S.A.

Semiannual report to
shareholders for the six months
ended June 30, 2002

Scudder Variable Series II

Scudder Aggressive Growth Portfolio
Scudder Blue Chip Portfolio
Scudder Contrarian Value Portfolio
Scudder Global Blue Chip Portfolio
Scudder Government Securities Portfolio
Scudder Growth Portfolio
Scudder High Yield Portfolio
Scudder International Select Equity Portfolio
Scudder Investment Grade Bond Portfolio
Scudder Money Market Portfolio
Scudder New Europe Portfolio
Scudder Small Cap Growth Portfolio
Scudder Strategic Income Portfolio
Scudder Technology Growth Portfolio
Scudder Total Return Portfolio
SVS Davis Venture Value Portfolio
SVS Dreman Financial Services Portfolio
SVS Dreman High Return Equity Portfolio
SVS Dreman Small Cap Value Portfolio
SVS Eagle Focused Large Cap Growth Portfolio
SVS Focus Value+Growth Portfolio
SVS Index 500 Portfolio
SVS INVESCO Dynamic Growth Portfolio
SVS Janus Growth and Income Portfolio
SVS Janus Growth Opportunities Portfolio
SVS Oak Strategic Equity Portfolio
SVS Turner Mid Cap Growth Portfolio

Contents

3 Economic Overview

Management Summary, Portfolio Of Investments, Financial Statements, Financial Highlights For:

5	Scudder Aggressive Growth Portfolio
11	Scudder Blue Chip Portfolio
18	Scudder Contrarian Value Portfolio
24	Scudder Global Blue Chip Portfolio
33	Scudder Government Securities Portfolio
39	Scudder Growth Portfolio
45	Scudder High Yield Portfolio
56	Scudder International Select Equity Portfolio (formerly Scudder International Research Portfolio)
62	Scudder Investment Grade Bond Portfolio
70	Scudder Money Market Portfolio
76	Scudder New Europe Portfolio
83	Scudder Small Cap Growth Portfolio
89	Scudder Strategic Income Portfolio
95	Scudder Technology Growth Portfolio
101	Scudder Total Return Portfolio
110	SVS Davis Venture Value Portfolio (formerly SVS Venture Value Portfolio)
116	SVS Dreman Financial Services Portfolio
121	SVS Dreman High Return Equity Portfolio
127	SVS Dreman Small Cap Value Portfolio (formerly Scudder Small Cap Value Portfolio)
135	SVS Eagle Focused Large Cap Growth Portfolio (formerly SVS Focused Large Cap Growth Portfolio)
141	SVS Focus Value+Growth Portfolio
147	SVS Index 500 Portfolio
159	SVS INVESCO Dynamic Growth Portfolio (formerly SVS Dynamic Growth Portfolio)
166	SVS Janus Growth and Income Portfolio (formerly SVS Growth and Income Portfolio)
173	SVS Janus Growth Opportunities Portfolio (formerly SVS Growth Opportunities Portfolio)
178	SVS Oak Strategic Equity Portfolio (formerly SVS Strategic Equity Portfolio)
182	SVS Turner Mid Cap Growth Portfolio (formerly SVS Mid Cap Growth Portfolio)
189	Notes to Financial Statements
203	Shareholder Meeting Results

Economic Overview

Dear Shareholder:

After bolting out of the gates even faster than anticipated earlier this year, the economy cooled a bit this spring.

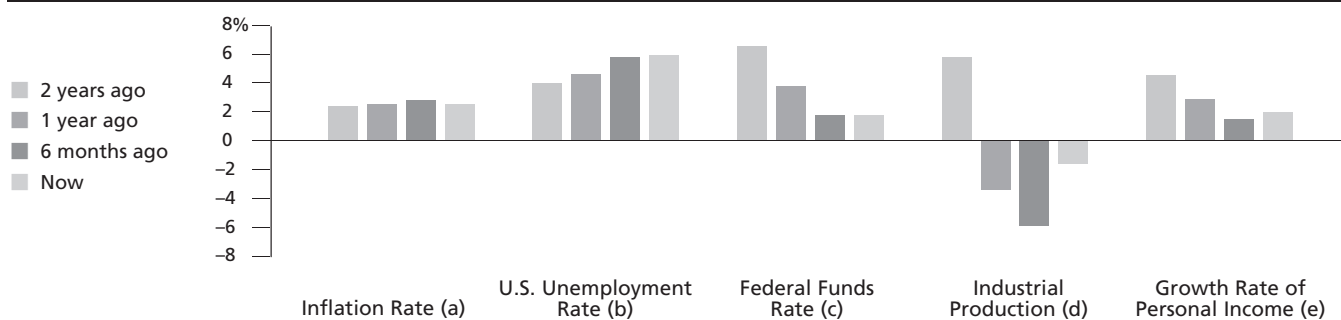
The economic recovery we have been hoping for and expecting is still on track. Early indicators — i.e., those that come before a recovery is in full swing — are good. Workweeks are lengthening, companies are rehiring temporary workers, and businesses are ordering more capital goods. This suggests that a revival in business investment and improvements in the labor market — sure signs of a recovery — are not far off. We expect companies to start hiring and investing in equipment later this year and in 2003.

The Federal Reserve is unlikely to begin reversing last year's rate cuts until it is more confident in the sustainability of the economic expansion. At a minimum, they'll want to see more concrete signs of a revival in business investment, and much greater improvement in the labor markets. We expect this evidence to emerge gradually in the second half of the year, and then continue to solidify in 2003. We see the funds rate rising from its current 1.75 percent to about 2.50 percent by the end of this year, and then to a more neutral level of roughly 4.50 percent by the end of 2003.

The economic recovery should drive a rebound in corporate profits, which would typically fuel the equity markets. However, we believe that equity markets have already factored this rebound in profits into stock prices — so a market recovery won't be huge. Still, recent sell-offs seem a bit overdone, and there is room for some rebound as the recovery solidifies. On balance, we expect annualized equity returns of 5 percent to 8 percent — better than in 2000 and 2001, but well below the average annual returns seen during the past few decades, and closer to what will likely be the long-term sustainable trend going forward.

As the economic recovery solidifies and the Fed begins reversing last year's rate cuts — perhaps by late summer or early fall — interest rates across the yield curve will increase. Short- and intermediate-term rates will increase the most, although even longer-term rates will probably retrace a bit of their recent declines.

Economic Guideposts Data as of 6/30/02



(a) The year-over-year percentage change in U.S. consumer prices.

(b) The percentage of adults out of work and looking for a job.

(c) The interest rate banks charge each other for overnight loans.

(d) Year-over-year percentage change.

(e) Growth rate of individual income from all sources.

Sources: Deutsche Asset Management

Internationally, the outlook is about the same. Economic activity decelerated in virtually all major economies, almost in unison with the United States, in the second half of 2000 and in 2001. But as signs of recovery began to emerge domestically, they did so internationally as well.

Everyone interested in the investment implications of a recession and recovery asks, “Where is the low point?” But investors shouldn’t try to look for the bottom, because no one can ever accurately predict that. The key is to pick the trends that will tell you in which direction the economy and markets are going. And now the direction is up. Although diversification does not eliminate the risk of potential loss, a diversified portfolio is now, as always, a good idea.

Deutsche Investment Management Americas Inc.
Economics Group

The sources, opinions and forecasts expressed are those of the economic advisors of Deutsche Investment Management Americas Inc. as of June 20, 2002, and may not actually come to pass.

Scudder Investments is part of Deutsche Asset Management, which is the marketing name in the US for the asset management activities of Deutsche Bank AG, Deutsche Investment Management Americas Inc., Deutsche Asset Management Inc., Deutsche Bank Securities Inc., Deutsche Asset Management Investment Services Ltd., Deutsche Bank Trust Company Americas and Scudder Trust Company.

Scudder Aggressive Growth Portfolio

The portfolio declined sharply in the first half of 2002, more than the unmanaged S&P 500 Index. Disappointing news regarding profits and continued volatility in the technology sector weighted on the market and the portfolio's results. The portfolio had a substantial cash equivalent position as of June 30.

As the U.S. economic recovery sputtered, investors lost confidence in short-term earnings estimates. In addition, investors grew skeptical about corporate strategy and business forecasts amid increased scrutiny of corporate governance and management practices in many industries, including telecom, corporate and consumer services and biotechnology.

Very little worked during the period but we stayed true to our mandate and we believe this leaves us well positioned as market confidence gradually recovers. We are moving to reduce some holdings that have been proven winners and grown to large cap status. We are also attempting to carefully re-deploy the profits into smaller stocks that we see as having the balance sheet strength and management skills for the long haul.

We're seeing some stocks trading well below book value or at a level that reflects only the cash on their balance sheets. Even so, we are beginning to have a more positive outlook based on stock valuations. Earnings may be poor. There is no short-term growth at many companies, but prices have dropped to the point where a lot of long-term opportunities are surfacing.

Sewall F. Hodges
Peter Chin
Roy C. McKay
Co-Managers
Deutsche Investment Management Americas Inc.

The S&P 500 Index is an unmanaged index, widely regarded as representative of the equity market in general. Index returns assume reinvestment of dividends and capital gains and, unlike fund returns, do not reflect fees or expenses. You cannot invest directly in the index.

Scudder Aggressive Growth Portfolio

	Shares	Value (\$)
Common Stocks 82.6%		
Communications 1.1%		
Telephone/Communications		
Time Warner Telecom, Inc. "A"	95,000	159,600
Triton PCS Holdings, Inc. "A"	109,900	428,610
		588,210
Consumer Discretionary 2.7%		
Apparel & Shoes 1.0%		
Brown Shoe Co., Inc.	17,700	497,370
Recreational Products 1.7%		
Harley-Davidson, Inc.	17,700	907,479
Durables 0.4%		
Telecommunications Equipment		
Amdocs Ltd.*	26,500	200,075
Energy 6.2%		
Oil & Gas Production 4.7%		
Anadarko Petroleum Corp.	11,100	547,230
EOG Resources, Inc.	18,800	746,360
Talisman Energy, Inc.	24,300	1,094,486
		2,388,076
Oilfield Services/Equipment 1.5%		
Precision Drilling Corp.*	22,500	781,650
Financial 6.0%		
Banks 2.2%		
State Street Corp.	25,200	1,126,440
Insurance 3.8%		
Everest Re Group Ltd.	9,500	531,525
Progressive Corp.	12,900	746,265
Renaissance Retail Group Ltd.	18,600	680,760
		1,958,550
Health 10.9%		
Health Industry Services 1.1%		
DaVita, Inc.*	23,500	559,300
Medical Supply & Specialty 5.9%		
Andrx Group*	34,800	938,556
Medtronic, Inc.	28,498	1,221,139
Waters Corp.*	33,100	883,770
		3,043,465
Pharmaceuticals 3.9%		
Biovail Corp.*	35,200	1,019,392
Teva Pharmaceutical Industries Ltd. (ADR)	6,700	447,426

	Shares	Value (\$)
Watson Pharmaceuticals, Inc.*	22,300	563,520
		2,030,338
Manufacturing 2.6%		
Diversified Manufacturing 0.8%		
Tyco International Ltd.	32,900	444,479
Electrical Products 0.8%		
Nanometrics, Inc.*	25,400	403,327
Office Equipment/Supplies 1.0%		
Polycom, Inc.*	42,900	514,371
Media 2.2%		
Broadcasting & Entertainment		
Univision Communications, Inc.*	19,100	599,740
Viacom, Inc. "B"	11,706	519,395
		1,119,135
Service Industries 10.7%		
EDP Services 4.4%		
Automatic Data Processing, Inc.	12,100	526,955
Fiserv, Inc.*	46,600	1,710,686
		2,237,641
Miscellaneous Commercial Services 4.3%		
Copart, Inc.*	19,600	318,108
Paychex, Inc.	50,000	1,564,500
Plexus Corp.*	19,600	354,760
		2,237,368
Printing/Publishing 2.0%		
Dow Jones & Co., Inc.	21,100	1,022,295
Technology 33.5%		
Computer Software 14.3%		
Advent Software, Inc.*	6,900	177,330
BEA Systems, Inc.*	23,900	224,899
Check Point Software Technologies Ltd.*	43,900	595,284
Comverse Technologies, Inc.*	12,500	115,750
Intuit, Inc.*	25,200	1,252,944
Mercury Interactive Corp.*	42,200	968,912
Microsoft Corp.*	29,700	1,624,590
PDF Solutions, Inc.*	31,700	231,727
PeopleSoft, Inc.*	38,600	574,368
RSA Security, Inc.*	38,950	187,350
SAP AG (ADR)	15,900	386,211
SmartForce PLC (ADR)*	46,900	159,460
THQ, Inc.*	9,600	286,272

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

	Shares	Value (\$)
Verity, Inc.*	50,000	554,500
		7,339,597
EDP Peripherals 5.0%		
Brocade Communications Systems, Inc.*	16,100	281,428
EMC Corp.*	34,500	260,475
Network Appliance, Inc.*	24,600	305,286
Symbol Technologies, Inc.	203,975	1,733,788
		2,580,977
Electronic Components/Distributors 3.7%		
Analog Devices, Inc.*	21,300	632,610
Applied Micro Circuits Corp.*	20,800	98,384
Cisco Systems, Inc.*	38,400	535,680
Sandisk Corp.*	13,000	161,200
Vishay Intertechnology, Inc.*	21,500	473,000
		1,900,874
Precision Instruments 0.6%		
Photon Dynamics, Inc.*	9,900	297,000
Semiconductors 9.9%		
Atmel Corp.*	112,900	706,754
Cirrus Logic, Inc.*	19,300	144,557
Genesis Microchip, Inc.*	24,400	203,496
Intersil Corp. "A"*	23,932	511,666
Linear Technology Corp.	25,900	814,037

	Shares	Value (\$)
Microchip Technology, Inc.*	30,300	831,129
Micron Technology, Inc.*	12,800	258,816
Pericom Semiconductor Corp.*	44,300	513,437
QLogic Corp.*	13,700	521,970
Silicon Storage Technology, Inc.*	60,700	473,460
Siliconix, Inc.*	2,000	55,400
Vitesse Semiconductor Corp.*	26,200	82,792
		5,117,514
Transportation 0.8%		
Air Freight		
EGL, Inc.*	24,700	418,912
Other 5.5%		
Midcap SPDR Trust	13,900	1,244,745
Standard & Poor's 500 Depository Receipt Trust (SPDRs)	16,200	1,603,152
		2,847,897
Total Common Stocks (Cost \$71,709,954)		42,562,340
Cash Equivalents 17.4%		
Scudder Cash Management QP Trust, 1.93% (b) (Cost \$8,963,964)	8,963,964	8,963,964
Total Investment Portfolio — 100.0% (Cost \$80,673,918) (a)		51,526,304

Notes to Scudder Aggressive Growth Portfolio of Investments

* Non-incomeproducing security.

(a) The cost for federal income tax purposes was \$80,768,451. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$29,242,147. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$2,064,440 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$31,306,587.

(b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$80,673,918)	\$ 51,526,304
Foreign currency, at value (cost \$4,089)	4,089
Receivable for investments sold	29,034
Dividends receivable	15,113
Interest receivable	14,886
Foreign taxes recoverable	127
Total assets	51,589,553

Liabilities

Payable for investments purchased	39,298
Payable for Portfolio shares redeemed	216,644
Accrued management fee	34,930
Other accrued expenses and payables	19,566
Total liabilities	310,438
Net assets, at value	\$ 51,279,115

Net Assets

Net assets consist of:	
Accumulated distributions in excess of net investment income	(89,327)
Net unrealized appreciation (depreciation) on investments	(29,147,614)
Accumulated net realized gain (loss)	(12,423,340)
Paid-in capital	92,939,396
Net assets, at value	\$ 51,279,115
Net Asset Value and redemption price per share (\$51,279,115 ÷ 6,652,490 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	
	\$ 7.71

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$1,397)	\$ 73,721
Interest	130,008
Total Income	203,729
Expenses:	
Management fee	239,848
Custodian and accounting fees	7,903
Auditing	3,113
Legal	843
Trustees' fees and expenses	507
Reports to shareholders	2,830
Other	2,637
Total expenses, before expense reductions	257,681
Expense reductions	(596)
Total expenses, after expense reductions	257,085
Net investment income (loss)	(53,356)

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(3,270,707)
Written options	39,183
Foreign currency related transactions	35
	(3,231,489)
Net unrealized appreciation (depreciation) during the period on investments	(13,959,050)
Net gain (loss) on investment transactions	(17,190,539)
Net increase (decrease) in net assets resulting from operations	\$ (17,243,895)

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, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income (loss)	\$ (53,356)	\$ 377,095
Net realized gain (loss) on investment transactions	(3,231,489)	(4,894,259)
Net unrealized appreciation (depreciation) on investment transactions during the period	(13,959,050)	(11,620,364)
Net increase (decrease) in net assets resulting from operations	(17,243,895)	(16,137,528)
Distributions to shareholders from:		
Net investment income	(257,527)	(652,558)
Portfolio share transactions:		
Proceeds from shares sold	14,438,211	32,965,142
Reinvestment of distributions	257,527	652,558
Cost of shares redeemed	(16,421,755)	(12,188,961)
Net increase (decrease) in net assets from Portfolio share transactions	(1,726,017)	21,428,739
Increase (decrease) in net assets	(19,227,439)	4,638,653
Net assets at beginning of period	70,506,554	65,867,901
Net assets at end of period (including accumulated distributions in excess of net investment income and undistributed net investment income of \$89,327 and \$221,556, respectively)	\$ 51,279,115	\$ 70,506,554
Other Information		
Shares outstanding at beginning of period	6,898,699	4,990,960
Shares sold	1,503,452	3,006,544
Shares issued to shareholders in reinvestment of distributions	26,632	62,858
Shares redeemed	(1,776,293)	(1,161,663)
Net increase (decrease) in Portfolio shares	(246,209)	1,907,739
Shares outstanding at end of period	6,652,490	6,898,699

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

Financial Highlights

Years Ended December 31,	2002 ^a	2001	2000 ^b	1999 ^{b,c}
Selected Per Share Data				
Net asset value, beginning of period	\$ 10.22	\$ 13.20	\$ 13.99	\$ 10.00
<i>Income (loss) from investment operations:</i>				
Net investment income (loss) ^d	(.01)	.06	.18	.06
Net realized and unrealized gain (loss) on investment transactions	(2.46)	(2.92)	(.87)	3.93
Total from investment operations	(2.47)	(2.86)	(.69)	3.99
<i>Less distributions from:</i>				
Net investment income	(.04)	(.12)	—	—
Net realized gains on investment transactions	—	—	(.10)	—
Total distributions	(.04)	(.12)	(.10)	—
Net asset value, end of period	\$ 7.71	\$ 10.22	\$ 13.20	\$ 13.99
Total Return (%)	(24.28)**	(21.76)	(4.96)	39.89 ^{e**}

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	51	71	66	12
Ratio of expenses before expense reductions (%)	.80*	.86	.95	2.66*
Ratio of expenses after expense reductions (%)	.80*	.86	.94	.50*
Ratio of net investment income (loss) (%)	(.16)*	.58	1.22	.80*
Portfolio turnover rate (%)	51*	42	103	90*

^a For the six months ended June 30, 2002 (Unaudited).

^b On June 18, 2001, the Portfolio implemented a 1 for 10 reverse stock split. Per share information, for the periods prior to December 31, 2001, has been restated to reflect the effect of the split. Shareholders received 1 share for every 10 shares owned and net asset value per share increased correspondingly (see Notes to Financial Statements).

^c For the period from May 1, 1999 (commencement of operations) to December 31, 1999.

^d Based on average shares outstanding during the period.

^e Total return would have been lower had certain expenses not been reduced.

* Annualized

** Not annualized

Scudder Blue Chip Portfolio

On April 8, 2002, Joshua Feuerman and Michael Patchen assumed management of Scudder Blue Chip Portfolio. Feuerman, who has more than 12 years of investment experience, also directs the firm's Global Quantitative Equities group — a team that manages a variety of investment products with both domestic and international exposure. Patchen is a senior portfolio manager and for the past six years has focused on managing assets on a wide variety of investment platforms.

The team is managing the portfolio much differently from the previous managers — now employing a quantitative investment style. As such, they have increased holdings to about 129 from 80 to better align the portfolio with their quantitative style. Their investment process allows them to analyze all securities thoroughly and equally. They place as much emphasis on portfolio construction as they do on stock evaluation in order to deliver a risk-controlled portfolio with the goal of consistently outperforming the S&P 500 Index over time.

While the team is not managing this as an index portfolio, it will have a high correlation to both the S&P 500 and the Russell 1000 Index, and will take only minimal deviations from the industry positions found in the S&P 500.

The managers use the Russell 1000 Index as their universe of stocks to consider for investment. The Russell 1000 Index is an unmanaged group of 1,000 large-cap stocks that is representative of the U.S. stock market. They look for companies that are undervalued relative to their industry peers, yet have earnings growth prospects that are better than the industry average. These selection criteria provide access to both value and growth stocks, which gives the portfolio the potential to perform well no matter which style of stocks is in fashion.

During the semiannual period, the portfolio lost ground, but lost less than its S&P 500 benchmark.

Joshua Feuerman
Michael Patchen
Co-Managers
Deutsche Investment Management Americas Inc.

Russell 1000 Index is an unmanaged index that measures the performance of the 1,000 largest companies in the Russell 3000 Index, which measures the performance of the 3,000 largest US companies based on total market capitalization. The Russell 1000 Index represents approximately 92% of the total market capitalization of the Russell 3000 Index.

The S&P 500 Index is an unmanaged index, widely regarded as representative of the equity market in general. Index returns assume reinvestment of dividends and capital gains and, unlike fund returns, do not reflect fees or expenses. You cannot invest directly in the index.

Scudder Blue Chip Portfolio

	Shares	Value (\$)
Common Stocks 96.3%		
Communications 4.9%		
Telephone/Communications		
ALLTEL Corp.	25,500	1,198,500
BellSouth Corp.	65,000	2,047,500
Sprint Corp.	374,400	3,972,384
Verizon Communications, Inc.	80,200	3,220,030
		10,438,414
Construction 0.1%		
Homebuilding		
Ryland Group, Inc.	4,900	243,775
Consumer Discretionary 8.0%		
Apparel & Shoes 0.3%		
Coach, Inc.*	10,900	598,410
Department & Chain Stores 3.3%		
Best Buy Co., Inc.*	48,750	1,769,625
Home Depot, Inc.	31,300	1,149,649
TJX Companies, Inc.	104,000	2,039,440
Wal-Mart Stores, Inc.	36,100	1,985,861
		6,944,575
Home Furnishings 0.8%		
Mohawk Industries, Inc.*	27,200	1,673,616
Hotels & Casinos 0.6%		
Hotels.com "A"*	31,300	1,321,799
Recreational Products 0.4%		
Gtech Holdings Corp.*	38,000	970,520
Specialty Retail 2.6%		
Office Depot, Inc.*	75,000	1,260,000
RadioShack Corp.	62,300	1,872,738
Whole Foods Market, Inc.*	50,700	2,444,754
		5,577,492
Consumer Staples 8.2%		
Alcohol & Tobacco 1.1%		
Philip Morris Companies, Inc.	35,900	1,568,112
R.J. Reynolds Tobacco Holdings, Inc.	14,100	757,875
		2,325,987
Consumer Electronic and Photographic 0.5%		
Whirlpool Corp.	16,000	1,045,760
Food & Beverage 4.1%		
ConAgra, Inc.	121,000	3,345,650
Hershey Foods Corp.	18,900	1,181,250
PepsiCo, Inc.	59,400	2,863,080
Performance Food Group Co.*	18,200	616,252

	Shares	Value (\$)
Safeway, Inc.*	20,700	604,233
		8,610,465
Package Goods/Cosmetics 2.5%		
Avon Products, Inc.	38,700	2,021,688
Procter & Gamble Co.	37,700	3,366,610
		5,388,298
Durables 1.5%		
Aerospace 0.9%		
Lockheed Martin Corp.	29,100	2,022,450
Construction/Agricultural Equipment 0.6%		
PACCAR, Inc.	27,450	1,218,506
Energy 6.7%		
Oil & Gas Production 3.7%		
Anadarko Petroleum Corp.	53,200	2,622,760
Devon Energy Corp.	90,500	4,459,840
Noble Energy, Inc.	18,300	659,715
		7,742,315
Oil Companies 3.0%		
Exxon Mobil Corp.	128,640	5,263,949
Unocal Corp.	30,600	1,130,364
		6,394,313
Financial 17.0%		
Banks 7.0%		
Bank of America Corp.	51,700	3,637,612
Bank One Corp.	61,800	2,378,064
Comerica, Inc.	27,300	1,676,220
Golden West Financial Corp.	14,000	962,920
Hudson City Bancorp., Inc.	18,000	358,200
J.P. Morgan Chase & Co.	4,300	145,856
Roslyn Bancorp., Inc.	61,600	1,344,728
SunTrust Banks, Inc.	5,200	352,144
Wachovia Corp.	55,400	2,115,172
Wells Fargo & Co.	38,900	1,947,334
		14,918,250
Consumer Finance 3.3%		
American Express Co.	10,300	374,096
AmeriCredit Corp.*	40,300	1,130,415
Citigroup, Inc.	130,300	5,049,125
Household International, Inc.	9,800	487,060
		7,040,696
Insurance 2.8%		
Allstate Corp.	14,100	521,418
American International Group, Inc.	30,412	2,075,011
CIGNA Corp.	5,900	574,778

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

	Shares	Value (\$)
Fidelity National Financial, Inc.	17,400	549,840
Progressive Corp.	21,900	1,266,915
Reinsurance Group of America, Inc.	13,800	425,316
W.R. Berkley Corp.	7,400	407,000
		5,820,278
Other Financial Companies 3.1%		
Fannie Mae	49,100	3,621,125
Freddie Mac	14,600	893,520
Washington Mutual, Inc.	56,900	2,111,559
		6,626,204
Real Estate 0.8%		
Apartment Investment & Management Co. (REIT)	10,900	536,280
Avalonbay Communities, Inc. (REIT)	4,300	200,810
Equity Office Properties Trust (REIT)	24,600	740,460
General Growth Properties, Inc. (REIT)	3,000	153,000
		1,630,550
Health 14.0%		
Biotechnology 0.1%		
Amgen, Inc.*	6,100	255,468
Health Industry Services 1.5%		
Cerner Corp.*	10,900	521,347
DaVita, Inc.*	18,200	433,160
Oxford Health Plans*	46,000	2,137,160
		3,091,667
Hospital Management 1.2%		
Tenet Healthcare Corp.*	34,200	2,447,010
Medical Supply & Specialty 3.5%		
Baxter International, Inc.	4,100	182,245
Cytoc Corp.*	19,000	144,780
Johnson & Johnson	128,982	6,740,599
Medtronic, Inc.	9,400	402,790
		7,470,414
Pharmaceuticals 7.7%		
Abbott Laboratories	86,600	3,260,490
Barr Laboratories, Inc.*	57,700	3,665,681
Bristol-Myers Squibb Co.	17,400	447,180
Eli Lilly & Co.	39,900	2,250,360
Forest Laboratories, Inc.*	15,500	1,097,400
Pfizer, Inc.	161,950	5,668,250
		16,389,361
Manufacturing 6.6%		
Diversified Manufacturing 4.0%		
3M Co.	13,700	1,685,100
Ball Corp.	4,000	165,920

	Shares	Value (\$)
General Electric Co.	150,200	4,363,310
Illinois Tool Works, Inc.	23,900	1,632,370
MKS Instruments, Inc.*	29,600	594,072
		8,440,772
Electrical Products 0.3%		
Hubbell, Inc. "B"	18,700	638,605
Hand Tools 0.1%		
Snap-On, Inc.	7,900	234,551
Industrial Specialty 0.5%		
Lear Corp.*	23,900	1,105,375
Machinery/Components/Controls 0.3%		
American Axle & Manufacturing Holdings, Inc.*	14,100	419,334
Polaris Industries, Inc.	3,700	240,500
		659,834
Wholesale Distributors 1.4%		
W.W. Grainger, Inc.	56,700	2,840,670
Media 2.4%		
Advertising 1.6%		
Getty Images, Inc.*	38,800	844,676
Interpublic Group of Companies, Inc.	71,600	1,772,816
Omnicom Group, Inc.	16,100	737,380
		3,354,872
Broadcasting & Entertainment 0.6%		
Pixar, Inc.*	7,500	330,750
UnitedGlobalCom, Inc. "A"*	128,800	354,200
Viacom, Inc. "B"*	13,551	601,258
		1,286,208
Print Media 0.2%		
Gannett Co., Inc.	6,400	485,760
Metals and Minerals 3.9%		
Precious Metals 1.2%		
Newmont Mining Corp.	92,500	2,435,525
Steel & Metals 2.7%		
Nucor Corp.	62,600	4,071,504
United States Steel Corp.	86,800	1,726,452
		5,797,956
Service Industries 5.0%		
Investment 0.7%		
Bear Stearns Companies, Inc.	24,400	1,493,280
Miscellaneous Commercial Services 0.7%		
KPMG Consulting, Inc.*	73,700	1,095,182
Viad Corp.	19,400	504,400
		1,599,582
Miscellaneous Consumer Services 1.0%		
eBay, Inc.*	3,100	191,022

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

	Shares	Value (\$)
H&R Block, Inc.	21,700	1,001,455
TXU Corp.	16,100	829,955
		2,022,432
Printing/Publishing 2.6%		
Dow Jones & Co., Inc.	48,500	2,349,825
McGraw-Hill, Inc.	54,400	3,247,680
		5,597,505
Technology 14.0%		
Computer Software 3.0%		
Microsoft Corp.*	84,000	4,594,800
Network Associates, Inc.*	91,300	1,759,351
		6,354,151
EDP Peripherals 1.4%		
Symantec Corp.*	41,800	1,373,130
VERITAS Software Corp.*	85,100	1,684,129
		3,057,259
Electronic Components/Distributors 5.2%		
Avnet, Inc.	27,100	595,929
Cisco Systems, Inc.*	451,000	6,291,450
Jabil Circuit, Inc.*	50,500	1,066,055
Tech Data Corp.*	82,800	3,133,980
		11,087,414
Electronic Data Processing 1.7%		
Dell Computer Corp.*	62,800	1,641,592
International Business Machines Corp.	27,300	1,965,600
		3,607,192
Semiconductors 2.7%		
Cypress Semiconductor Corp.*	8,000	121,440
Intel Corp.	108,200	1,976,814

	Shares	Value (\$)
Maxim Integrated Products, Inc.*	4,800	183,984
Micron Technology, Inc.*	72,600	1,467,972
Texas Instruments, Inc.	8,900	210,930
Xilinx, Inc.*	74,200	1,664,306
		5,625,446
Transportation 1.9%		
Air Freight 0.3%		
FedEx Corp.	14,300	763,620
Railroads 1.1%		
Union Pacific Corp.	36,600	2,316,048
Trucking 0.5%		
CNF Transportation, Inc.	27,400	1,040,652
Utilities 2.1%		
Electric Utilities		
Edison International*	130,800	2,223,600
Entergy Corp.	44,300	1,880,092
Southern Co.	14,400	394,560
		4,498,252
Total Common Stocks (Cost \$217,316,776)		204,549,554
	Principal Amount (\$)	Value (\$)
U.S. Treasury Obligations 0.2%		
U.S. Treasury Bill, 1.57%**, 7/25/2002 (c) (Cost \$489,482)	490,000	489,458
	Shares	Value (\$)
Cash Equivalents 3.5%		
Scudder Cash Management QP Trust, 1.93% (b) (Cost \$7,341,860)	7,341,860	7,341,860
Total Investment Portfolio — 100.0% (Cost \$225,148,118) (a)		212,380,872

Notes to Scudder Blue Chip Portfolio of Investments

* Non-income-producing security.

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

- (a) The cost for federal income tax purposes was \$226,486,865. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$14,105,993. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$8,064,166 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$22,170,159.
- (b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.
- (c) At June 30, 2002, these securities, in part or in whole, have been segregated to cover initial margin requirements for open futures contracts. At June 30, 2002, open futures contracts purchased were as follows:

Futures	Expiration Date	Contracts	Aggregate Face Value (\$)	Value (\$)
S&P 500 Index Future	9/19/2002	25	6,220,027	6,193,750
Total unrealized depreciation on open futures contracts purchased				(26,277)

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

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$225,148,118)	\$ 212,380,872
Dividends receivable	172,819
Interest receivable	468
Total assets	212,554,159

Liabilities

Payable for Portfolio shares redeemed	502,565
Payable for daily variation margin	5,397
Accrued management fee	121,025
Other accrued expenses and payables	37,703
Total liabilities	666,690
Net assets, at value	\$ 211,887,469

Net Assets

Net assets consist of:	
Undistributed net investment income	526,264
Net unrealized appreciation (depreciation) on:	
Investments	(12,767,246)
Futures	(26,277)
Accumulated net realized gain (loss)	(41,741,213)
Paid-in capital	265,895,941
Net assets, at value	\$ 211,887,469
Net Asset Value and redemption price per share (\$211,887,469 ÷ 20,191,507 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 10.49

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$2,151)	\$ 1,356,853
Interest	75,541
Total Income	1,432,394
Expenses:	
Management fee	765,396
Custodian fees	6,906
Auditing	13,258
Legal	6,524
Trustees' fees and expenses	2,265
Reports to shareholders	9,871
Other	7,322
Total expenses, before expense reductions	811,542
Expense reductions	(25)
Total expenses, after expense reductions	811,517
Net investment income (loss)	620,877

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(513,654)
Futures	(110,560)
	(624,214)
Net unrealized appreciation (depreciation) during the period on:	
Investments	(31,411,302)
Futures	(26,277)
	(31,437,579)
Net gain (loss) on investment transactions	(32,061,793)
Net increase (decrease) in net assets resulting from operations	\$ (31,440,916)

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, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income (loss)	\$ 620,877	\$ 940,922
Net realized gain (loss) on investment transactions	(624,214)	(34,639,379)
Net unrealized appreciation (depreciation) on investment transactions during the period	(31,437,579)	(4,738,753)
Net increase (decrease) in net assets resulting from operations	(31,440,916)	(38,437,210)
Distributions to shareholders from:		
Net investment income	(811,699)	(975,786)
Portfolio share transactions:		
Proceeds from shares sold	20,186,073	69,494,725
Reinvestment of distributions	811,699	975,786
Cost of shares redeemed	(16,527,477)	(19,446,054)
Net increase (decrease) in net assets from Portfolio share transactions	4,470,295	51,024,457
Increase (decrease) in net assets	(27,782,320)	11,611,461
Net assets at beginning of period	239,669,789	228,058,328
Net assets at end of period (including undistributed net investment income of \$526,264 and \$717,086, respectively)	\$ 211,887,469	\$ 239,669,789

Other Information

Shares outstanding at beginning of period	19,851,259	15,830,661
Shares sold	1,699,584	5,517,335
Shares issued to shareholders in reinvestment of distributions	66,642	78,578
Shares redeemed	(1,425,978)	(1,575,315)
Net increase (decrease) in Portfolio shares	340,248	4,020,598
Shares outstanding at end of period	20,191,507	19,851,259

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

Financial Highlights

Years Ended December 31,	2002 ^a	2001	2000 ^b	1999 ^b	1998 ^b	1997 ^{b,c}
Selected Per Share Data						
Net asset value, beginning of period	\$ 12.07	\$ 14.41	\$ 15.69	\$ 12.60	\$ 11.15	\$ 10.00
<i>Income (loss) from investment operations:</i>						
Net investment income	.03 ^d	.05 ^d	.07 ^d	.09 ^d	.10	.17
Net realized and unrealized gain (loss) on investment transactions	(1.57)	(2.33)	(1.29)	3.08	1.45	.98
Total from investment operations	(1.54)	(2.28)	(1.22)	3.17	1.55	1.15
<i>Less distributions from:</i>						
Net investment income	(.04)	(.06)	(.06)	(.08)	(.10)	—
Total distributions	(.04)	(.06)	(.06)	(.08)	(.10)	—
Net asset value, end of period	\$ 10.49	\$ 12.07	\$ 14.41	\$ 15.69	\$ 12.60	\$ 11.15
Total Return (%)	(12.80)**	(15.81)	(7.84)	25.24	13.84	11.54**
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	212	240	228	185	78	5
Ratio of expenses before expense reductions (%)	.69*	.69	.71	.71	.76	.95*
Ratio of expenses after expense reductions (%)	.69*	.69	.71	.70	.76	.95*
Ratio of net investment income (loss) (%)	.53*	.42	.44	.67	1.18	2.07*
Portfolio turnover rate (%)	184*	118	86	64	102	78*

^a For the six months ended June 30, 2002 (Unaudited).

^b On June 18, 2001, the Portfolio implemented a 1 for 10 reverse stock split. Per share information, for the periods prior to December 31, 2001, has been restated to reflect the effect of the split. Shareholders received 1 share for every 10 shares owned and net asset value per share increased correspondingly (see Notes to Financial Statements).

^c For the period May 1, 1997 (commencement of operations) to December 31, 1997.

^d Based on average shares outstanding during the period.

* Annualized

** Not annualized

Scudder Contrarian Value Portfolio

Scudder Contrarian Value Portfolio held up significantly better than the broad market during a dismal first half of the year. Although the portfolio lost ground, it lost much less than its benchmark, the S&P 500 Index. The portfolio also fared better than the Russell 1000 Value Index, which measures the performance of 1,000 large companies with lower price-to-book ratios and lower forecasted growth values than the overall market.

The financial and consumer discretionary sectors of the portfolio made the largest contributions to relative performance. Issue selection was the key driver in both areas, as the portfolio's holdings handily outperformed the sector averages on balance. The portfolio's underweight position in the highly troubled telecommunications area also added value.

Technology was one of the few areas where the portfolio lost ground relative to the Russell Index. Though the managers had reduced the portfolio's tech position from recent quarters, it was still slightly overweight compared to the Russell 1000 Value Index. This detracted from performance as technology stocks were generally the market's poorest performers.

We have been fortunate, as the portfolio has performed well, and our activity has added value on balance. We possess a quality portfolio with a projected earnings growth that is faster than the market, valuations that are lower than the market and current dividend income that is materially higher. The decline of the market has broadened the list of quality stocks we can view within the context of our philosophy. Indeed, it has been many years since we have had such a long, high-quality watch list. We will continue to be diligent and attempt to improve quality further, as well as enhance earnings growth and dividend yield.

Thomas F. Sassi
Frederick L. Gaskin
Co-Managers
Deutsche Investment Management Americas Inc.

The S&P 500 Index is an unmanaged index, widely regarded as representative of the equity market in general. Index returns assume reinvestment of dividends and capital gains and, unlike fund returns, do not reflect fees or expenses. You cannot invest directly in the index.

Russell 1000 Value measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. These stocks are selected from the 1,000 largest companies in the Russell 3000 Index, which represents approximately 92% of the total market capitalization of the Russell Index. The stocks represented by this index involve investment risks which may include the loss of principal invested.

Scudder Contrarian Value Portfolio

	Shares	Value (\$)
Common Stocks 90.7%		
Consumer Discretionary 7.0%		
Department & Chain Stores 2.5%		
Gap, Inc.	85,000	1,207,000
The Limited, Inc.	104,600	2,227,980
The May Department Stores Co.	100,000	3,293,000
		6,727,980
Home Furnishings 1.2%		
Newell Rubbermaid, Inc.	92,700	3,250,062
Restaurants 3.3%		
McDonald's Corp.	314,000	8,933,300
Consumer Staples 7.2%		
Food & Beverage		
Albertson's, Inc.	63,000	1,918,980
Campbell Soup Co.	110,000	3,042,600
ConAgra, Inc.	106,300	2,939,195
H.J. Heinz Co.	53,200	2,186,520
Safeway, Inc.*	101,600	2,965,704
Sara Lee Corp.	311,800	6,435,552
		19,488,551
Durables 0.6%		
Automobiles		
Dana Corp.	90,600	1,678,818
Energy 12.6%		
Oil & Gas Production 5.3%		
BP PLC (ADR)	140,644	7,101,116
ChevronTexaco Corp.	79,600	7,044,600
		14,145,716
Oil Companies 7.3%		
Exxon Mobil Corp.	279,200	11,424,864
Phillips Petroleum Co.	111,400	6,559,232
Royal Dutch Petroleum Co. (New York shares)	30,000	1,658,100
		19,642,196
Financial 30.4%		
Banks 20.8%		
AmSouth Bancorp.	240,000	5,371,200
Bank of America Corp.	79,906	5,622,186
FleetBoston Financial Corp.	134,000	4,334,900
J.P. Morgan Chase & Co.	189,700	6,434,624
KeyCorp	234,000	6,388,200
National City Corp.	134,900	4,485,425
PNC Financial Services Group	116,400	6,085,392

	Shares	Value (\$)
SunTrust Banks, Inc.	69,700	4,720,084
U.S. Bancorp.	202,000	4,716,700
Wachovia Corp.	206,100	7,868,898
		56,027,609
Consumer Finance 1.2%		
Citigroup, Inc.	84,500	3,274,375
Insurance 2.5%		
Allstate Corp.	56,000	2,070,880
Lincoln National Corp.	60,000	2,520,000
MGIC Investment Corp.	30,000	2,034,000
		6,624,880
Other Financial Companies 4.6%		
Fannie Mae	76,600	5,649,250
Freddie Mac	86,600	5,299,920
Washington Mutual, Inc.	40,000	1,484,400
		12,433,570
Real Estate 1.3%		
Post Properties, Inc. (REIT)	119,500	3,604,120
Health 5.6%		
Medical Supply & Specialty 1.9%		
Becton, Dickinson & Co.	77,500	2,669,875
Waters Corp.*	90,000	2,403,000
		5,072,875
Pharmaceuticals 3.7%		
Bristol-Myers Squibb Co.	152,900	3,929,530
Merck & Co., Inc.	121,200	6,137,568
		10,067,098
Manufacturing 12.9%		
Chemicals 3.4%		
Dow Chemical Co.	210,300	7,230,114
E.I. du Pont de Nemours & Co.	45,000	1,998,000
		9,228,114
Containers & Paper 3.0%		
Sonoco Products Co.	283,200	8,020,224
Diversified Manufacturing 2.8%		
Honeywell International, Inc.	113,100	3,984,513
Textron, Inc.	75,600	3,545,640
		7,530,153
Electrical Products 2.0%		
Emerson Electric Co.	100,000	5,351,000
Machinery/Components/Controls 1.7%		
Pitney Bowes, Inc.	112,400	4,464,528

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

	Shares	Value (\$)
Metals and Minerals 1.4%		
Steel & Metals		
Alcoa, Inc.	109,600	3,633,240
Service Industries 3.3%		
Miscellaneous Consumer Services 1.6%		
Diebold, Inc.	116,000	4,319,840
Printing/Publishing 1.7%		
Equifax, Inc.	170,700	4,608,900
Technology 8.1%		
Diverse Electronic Products 0.9%		
Applied Materials, Inc.*	130,000	2,472,600
Electronic Data Processing 2.7%		
Hewlett-Packard Co.	361,397	5,522,146
International Business Machines Corp.	23,000	1,656,000
		7,178,146

	Shares	Value (\$)
Military Electronics 1.4%		
Raytheon Co.	91,500	3,728,625
Semiconductors 3.1%		
Intel Corp.	330,000	6,029,100
Sanmina Corp.*	378,712	2,389,673
		8,418,773
Transportation 1.6%		
Railroads		
Burlington Northern Santa Fe Corp.	145,000	4,350,000
Total Common Stocks (Cost \$247,719,727)		244,275,293
Cash Equivalents 9.3%		
Scudder Cash Management QP Trust, 1.93% (b) (Cost \$24,970,609)	24,970,609	24,970,609
Total Investment Portfolio — 100.0% (Cost \$272,690,336) (a)		269,245,902

Notes to Scudder Contrarian Value Portfolio of Investments

* Non-income-producing security.

- (a) The cost for federal income tax purposes was \$273,081,672. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$3,835,770. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$20,947,340 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$24,783,110.
- (b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

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

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$272,690,336)	\$ 269,245,902
Dividends receivable	502,074
Interest receivable	2,616
Receivable for Portfolio shares sold	49,593
Total assets	269,800,185

Liabilities

Payable for Portfolio shares redeemed	611,099
Accrued management fee	172,838
Other accrued expenses and payables	41,788
Total liabilities	825,725
Net assets, at value	\$ 268,974,460

Net Assets

Net assets consist of:	
Undistributed net investment income	\$ 2,011,507
Net unrealized appreciation (depreciation) on investments	(3,444,434)
Accumulated net realized gain (loss)	(21,007,106)
Paid-in capital	291,414,493
Net assets, at value	\$ 268,974,460
Net Asset Value and redemption price per share, (\$268,974,460 ÷ 20,751,671 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 12.96

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$14,758)	\$ 2,837,450
Interest	284,754
Total Income	3,122,204
Expenses:	
Management fee	1,000,241
Custodian fees	4,656
Auditing	14,439
Legal	5,205
Trustees' fees and expenses	3,739
Reports to shareholders	17,688
Other	8,347
Total expenses, before expense reductions	1,054,315
Expense reductions	(23)
Total expenses, after expense reductions	1,054,292
Net investment income (loss)	2,067,912

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	1,494,287
Net unrealized appreciation (depreciation) during the period on investments	(9,514,653)
Net gain (loss) on investment transactions	(8,020,366)
Net increase (decrease) in net assets resulting from operations	\$ (5,952,454)

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, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income (loss)	\$ 2,067,912	\$ 3,987,152
Net realized gain (loss) on investment transactions	1,494,287	(1,618,134)
Net unrealized appreciation (depreciation) on investment transactions during the period	(9,514,653)	1,859,513
Net increase (decrease) in net assets resulting from operations	(5,952,454)	4,228,531
Distributions to shareholders from:		
Net investment income	(3,673,679)	(3,893,591)
Portfolio share transactions:		
Proceeds from shares sold	35,081,603	66,832,395
Reinvestment of distributions	3,673,679	3,893,591
Cost of shares redeemed	(17,038,544)	(33,531,994)
Net increase (decrease) in net assets from Portfolio share transactions	21,716,738	37,193,992
Increase (decrease) in net assets	12,090,605	37,528,932
Net assets at beginning of period	256,883,855	219,354,923
Net assets at end of period (including undistributed net investment income of \$2,011,507 and \$3,617,274, respectively)	\$ 268,974,460	\$ 256,883,855

Other Information

Shares outstanding at beginning of period	19,168,291	16,365,480
Shares sold	2,583,511	5,066,173
Shares issued to shareholders in reinvestment of distributions	265,248	307,046
Shares redeemed	(1,265,379)	(2,570,408)
Net increase (decrease) in Portfolio shares	1,583,380	2,802,811
Shares outstanding at end of period	20,751,671	19,168,291

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

Financial Highlights

Years Ended December 31,	2002 ^a	2001	2000 ^b	1999 ^b	1998 ^b	1997 ^b
Selected Per Share Data						
Net asset value, beginning of period	\$ 13.40	\$ 13.40	\$ 14.70	\$ 17.57	\$ 15.18	\$ 11.74
<i>Income (loss) from investment operations:</i>						
Net investment income	.11 ^c	.23 ^c	.30 ^c	.37 ^c	.26	.31
Net realized and unrealized gain (loss) on investment transactions	(.36)	.01	1.40	(1.94)	2.63	3.23
Total from investment operations	(.25)	.24	1.70	(1.57)	2.89	3.54
<i>Less distributions from:</i>						
Net investment income	(.19)	(.24)	(.40)	(.30)	(.10)	(.10)
Net realized gains on investment transactions	—	—	(2.60)	(1.00)	(.40)	—
Total distributions	(.19)	(.24)	(3.00)	(1.30)	(.50)	(.10)
Net asset value, end of period	\$ 12.96	\$ 13.40	\$ 13.40	\$ 14.70	\$ 17.57	\$ 15.18
Total Return (%)	(1.97)**	1.87	16.13	(10.21)	19.26	30.38

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	269	257	219	237	264	162
Ratio of expenses before expense reductions (%)	.79*	.79	.80	.81	.78	.80
Ratio of expenses after expense reductions (%)	.79*	.79	.80	.80	.78	.80
Ratio of net investment income (loss) (%)	1.55*	1.75	2.55	2.14	2.02	2.38
Portfolio turnover rate (%)	79*	72	56	88	57	46

^a For the six months ended June 30, 2002 (Unaudited).

^b On June 18, 2001, the Portfolio implemented a 1 for 10 reverse stock split. Per share information, for the periods prior to December 31, 2001, has been restated to reflect the effect of the split. Shareholders received 1 share for every 10 shares owned and net asset value per share increased correspondingly (see Notes to Financial Statements).

^c Based on average shares outstanding during the period.

* Annualized

** Not annualized

Scudder Global Blue Chip Portfolio

Global equity markets were dominated by uncertainty during the first half of 2002. Despite a brief reprieve early on, share prices throughout most of the developed world were generally weak as accounting scandals, renewed fears of terrorism, lackluster profits and concerns about slowing economies undermined investor confidence and weakened the U.S. dollar.

Scudder Global Blue Chip Portfolio declined but proved more resilient than its benchmark, the MSCI World Index. We continue to focus on a thematic structure that is, broadly speaking, conservative compared with the typical global portfolio. Not surprisingly, then, our theme of “safety assets,” namely gold and U.S. government bonds, contributed strongly to the portfolio’s relative sturdiness. Another theme added even more value during the period — darkside restructuring. Since this focus on structural reform is directed outside of the United States (in Continental Europe, China and particularly Japan), the portfolio is less exposed to the United States than its typical peer, an underweight that proved helpful during the period. Meanwhile, select stocks within the scale subcontractor theme were sensitive to the accounting scandals that clouded the markets and detracted from performance. Select virtuality (technology-related) holdings hurt as well. Looking ahead, we expect continued volatility, but more important, we see companies around the world entering into a paradigm shift, in which businesses and investors have less and less influence over the markets, and government, pensions and creditors have more. This suggests a conservative market environment for which the portfolio is well-positioned.

William E. Holzer Peter Crays
Steve Wreford Nicholas Bratt
Co-Managers
Deutsche Investment Management Americas Inc.

MSCI World Index is an unmanaged, capitalization-weighted measure of stock markets around the world, including North America, Europe, Australia and Asia. Index returns assume reinvested dividends and capital gains and, do not reflect fees or expenses; investors cannot directly access an index.

Scudder Global Blue Chip Portfolio

	Shares	Value (\$)		Shares	Value (\$)
Common Stocks 85.9%			Germany 8.2%		
Australia 1.7%			BASF AG (Producer of chemical products)		
BHP Billiton Ltd. (Producer of petroleum, mineral and steel products)	100,205	581,543	6,977	325,031	
Foster's Group Ltd. (Operator of a leading brewery)	92,700	246,534	16,265	518,060	
		828,077	6,792	95,699	
Brazil 0.8%			Deutsche Post AG (Provider of mail delivery services)		
Aracruz Celulose SA "B" (ADR) (Manufacturer of forest products and producer of bleached eucalyptus pulp)	13,600	272,000	29,271	373,217	
Companhia Vale do Rio Doce (ADR) (Operator of diverse mining and industrial complex)	5,500	142,725	10,196	596,902	
		414,725	Heidelberger Druckmaschinen AG (Manufacturer of commercial printing presses)		
Canada 6.2%			KarstadtQuelle AG (Operator of department stores)		
Alcan, Inc. (Manufacturer of aluminum and finished products)	8,581	326,750	13,106	342,016	
Barrick Gold Corp. (Explorer and producer of gold)	39,400	748,206	MAN AG (Operator of a commodities trading company)		
Canadian National Railway Co. (Operator of railroads)	11,200	591,598	6,171	130,301	
Encana Corp. (Explorer, producer and marketer of natural gas and crude oil)	23,699	730,379	Marschollek, Lautenschlaeger und Partner AG (Provider of investment services)		
Placer Dome, Inc. (Miner of gold, silver and copper)	34,300	384,808	Metro AG (Operator of building, clothing, electronic and food stores)		
Potash Corp. of Saskatchewan, Inc. (Producer of potash, phosphate and nitrogen)	3,315	222,050	Muenchener Rueckversicherungs-Gesellschaft AG (Registered) (Provider of financial services which offer insurance and asset management)		
		3,003,791	2,292	544,680	
France 5.4%			Schering AG (Producer of pharmaceuticals and industrial chemicals)		
Autoroutes du Sud de la France (Developer and operator of toll roads)	8,455	230,710	7,200	452,585	
Autoroutes du Sud de la France* (Developer and operator of toll roads)	2,246	61,286	3,977,931		
Aventis SA (Manufacturer of life science products)	10,201	726,249	Hong Kong 1.8%		
Compagnie de Saint-Gobain* (Manufacturer and producer of glass products)	11,128	501,848	Bank of East Asia Ltd. (Provider of banking services)		
Suez SA (Builder of water treatment plants)	16,587	444,378	122,000	244,784	
Vinci SA (Builder of roads and provider of engineering and construction services)	7,883	536,974	China Mobile Ltd.* (Provider of cellular telecommunication services)		
Vivendi Universal SA (Operator of music, television, film and telecommunication businesses)	6,971	151,343	129,600	382,987	
		2,652,788	60,500	240,450	
			CLP Holdings Ltd. (Generator and supplier of electricity)		
			868,221		
			Italy 0.3%		
			Mediobanca SpA (Provider of medium and long-term business loans and credit)		
			15,500	143,956	
			Japan 8.7%		
			Canon, Inc. (Producer of visual image and information equipment)		
			12,000	455,029	
			Chugai Pharmaceutical Co., Ltd. (Producer of pharmaceuticals)		
			7,000	84,025	

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

	Shares	Value (\$)
Daiwa Securities Group, Inc. (Provider of brokerage and other financial services)	26,000	169,104
Fanuc Ltd. (Manufacturer of numerically controlled equipment for machine tools)	6,400	322,505
KYORIN Pharmaceutical Co., Ltd. (Retailer of prescription medicines)	3,000	72,574
Matsushita Electric Industrial Co., Ltd. (Manufacturer of consumer electronic products)	19,000	260,034
Mitsubishi Estate Co., Ltd. (Provider of real estate services)	41,000	336,333
Mitsui Fudosan Co., Ltd. (Provider of real estate services)	40,000	354,916
NEC Corp. (Manufacturer of telecommunication and computer equipment)	7,000	48,868
Nikko Cordial Corp. (Provider of broker and dealer services)	16,000	81,028
Nomura Holdings, Inc. (Provider of financial services)	15,000	220,985
NTT DoCoMo, Inc. (Provider of telecommunication services and equipment)	95	234,588
Sankyo Co., Ltd. (Producer of ethical drugs)	14,000	191,018
Sony Corp. (Manufacturer of consumer electronic products)	8,500	450,383
Teijin Ltd. (Manufacturer of polyester products)	99,000	338,107
Yamada Denki Co., Ltd. (Operator of consumer electronic stores)	3,300	290,043
Yamanouchi Pharmaceutical Co., Ltd. (Manufacturer of a wide variety of pharmaceuticals)	12,000	312,393
		4,221,933
Korea 0.7%		
Kookmin Bank (ADR) (Provider of commercial banking services)	1,200	58,980
Kookmin Bank (Provider of commercial banking services)	5,400	262,145
		321,125
Netherlands 1.5%		
Koninklijke KPN NV (Provider of telecommunication services)	101,100	475,500
STMicroelectronics NV (Manufacturer of semiconductor integrated circuits)	9,667	242,200
		717,700

	Shares	Value (\$)
Peru 0.3%		
Compania de Minas Buenaventura SA (ADR) (Operator of silver mining, copper and gold exploration and development business)	5,700	145,920
Singapore 0.8%		
DBS Group Holdings Ltd. (Provider of banking and financing services)	31,000	217,790
Flextronics International Ltd. (Provider of contract services for manufacturers of communications equipment)	24,600	175,398
		393,188
South Africa 1.7%		
Anglo American Platinum Corp., Ltd. (ADR) (Producer of platinum)	5,400	199,800
Gold Fields Ltd. (ADR) (Miner and explorer of gold)	33,800	401,056
Impala Platinum Holdings Ltd. (ADR) (Miner of platinum)	4,700	251,450
		852,306
Switzerland 4.7%		
ABB Ltd.* (Manufacturer of equipment)	37,159	332,090
Nestle SA (Registered) (Producer and seller of food products)	2,053	480,501
Novartis AG (Manufacturer of pharmaceutical and nutrition products)	12,370	546,079
Swiss Re (Registered) (Provider of reinsurance, insurance and banking services)	4,617	453,105
Syngenta AG* (Producer of seeds and chemicals for crop protection)	8,085	487,794
		2,299,569
United Kingdom 9.6%		
ARM Holdings PLC* (Designer of RISC microprocessors and related technology)	61,010	136,315
BOC Group PLC (Producer of chemical products)	38,666	602,968
GlaxoSmithKline PLC (Developer of vaccines and health-related consumer products)	18,634	404,365
GUS PLC (Operator of catalog home shopping, retailing, finance and property investment services)	57,317	528,484
National Grid Group PLC (Operator of electricity and telecom networks)	69,292	494,151

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

	Shares	Value (\$)		Shares	Value (\$)
Pearson PLC (Operator of a diversified media and entertainment holding company)	38,274	382,186	EMC Corp. (Provider of enterprise storage systems, software, networks and services)	29,900	225,745
Railtrack Group PLC (Operator of railway infrastructure)	54,206	184,573	Equity Residential (REIT) (Operator of multifamily properties containing apartments)	16,900	485,875
Reuters Group PLC (Provider of international news and information)	60,906	324,362	Exelon Corp. (Distributor of electricity and gas)	12,275	641,983
Rio Tinto PLC (Operator of a mining, manufacturing and development company)	36,645	674,639	Exxon Mobil Corp. (Explorer and producer of oil and gas)	12,700	519,684
Scottish Power PLC (Operator of electric utility business)	37,173	200,671	FPL Group, Inc. (Provider of electric energy)	5,200	311,948
Shell Transport & Trading PLC (Provider of oil and gas)	63,081	477,853	Genentech, Inc. (Developer and discoverer of human pharmaceuticals)	3,800	127,300
Vodafone Group PLC (Provider of mobile telecommunication services)	206,692	284,680	Genzyme Corp.* (General Division) (Operator of diversified, integrated human health care company)	2,700	51,948
		4,695,247	Guidant Corp.* (Developer and manufacturer of products used in minimally invasive surgery)	5,900	178,357
United States 33.5%			Human Genome Sciences, Inc.* (Licensor of a proprietary database of genes and partial gene sequences)	11,700	156,780
Allegheny Energy, Inc. (Provider of electric and gas power)	11,700	301,275	Immunex Corp.* (Developer of biopharmaceutical products)	22,900	511,586
American International Group, Inc. (Provider of insurance services)	2,500	170,575	Intel Corp. (Designer, manufacturer and seller of computer components and related products)	15,200	277,704
Anadarko Petroleum Corp. (Explorer and producer of crude oil and natural gas)	16,300	803,590	International Paper Co. (Manufacturer of paper, pulp and wood products)	10,100	440,158
Automatic Data Processing, Inc. (Provider of various data processing services)	7,400	322,270	Intuit, Inc.* (Provider of financial software for households and small businesses)	9,500	472,340
Boston Properties, Inc. (REIT) (Developer of commercial and industrial real estate)	11,300	451,435	KPMG Consulting, Inc.* (Provider of Internet and system integration services as well as e-business strategies)	14,200	211,012
Burlington Resources, Inc. (Explorer and producer of crude oil and natural gas)	13,100	497,800	Liberty Media Corp. "A"* (Owner of video programming, communications and internet businesses)	31,800	317,998
Calpine Corp.* (Operator of power generation facilities)	38,400	269,952	Lockheed Martin Corp. (Manufacturer of aircraft, missiles and space equipment)	12,000	834,000
Chubb Corp. (Provider of property and casualty insurance services)	6,100	431,880	Merck & Co., Inc. (Provider of pharmaceuticals)	7,800	394,992
Comcast Corp. "A"* (Provider of cable television, sound and telecommunication systems)	13,200	314,688	Microsoft Corp.* (Developer of computer software)	6,400	350,080
Dow Chemical Co. (Producer of chemicals)	12,600	433,188	Nabors Industries Ltd.* (Producer of oil and gas through drilling)	5,000	176,500
eBay, Inc.* (Provider of online auction services)	800	49,296	Newmont Mining Corp. (Explorer and miner of gold)	25,600	674,048
Edison International* (Holder of an electric utility company)	27,700	470,900			
Electronic Arts, Inc.* (Developer and marketer of entertainment software)	1,700	112,285			
Electronic Data Systems Corp. (Provider of computer outsourcing and consulting services)	10,800	401,220			

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

	Shares	Value (\$)
PeopleSoft, Inc.* (Manufacturer of human resource management software)	25,500	379,440
Phillips Petroleum Co. (Explorer, producer and refiner of petroleum)	8,100	476,928
ProLogis (REIT) (Owner of global corporate distribution facilities)	18,500	481,000
Sabre Holdings Corp.* (Provider of online travel reservation capabilities)	18,600	665,880
St. Paul Companies, Inc. (Provider of insurance products and services)	6,300	245,196
Unocal Corp. (Explorer and producer of oil and gas)	6,800	251,192
UnumProvident Corp. (Provider of group disability and special risk insurance)	19,800	503,910
USEC, Inc. (Provider of enriched uranium products and services)	7,000	61,600
Verizon Communications, Inc. (Provider of wireline voice and data services)	10,200	409,530
Viacom, Inc. "B"* (Provider of entertainment and publishing services)	1,900	84,303
Wyeth (Manufacturer of pharmaceutical and health care products)	8,200	419,840
		16,369,211
Total Common Stocks (Cost \$45,145,774)		41,905,688

	Principal Amount (\$ (c))	Value (\$)
Foreign Bonds — Non U.S.\$ Denominated 3.7%		
Germany		
Bundesobligation, Series 137, 5.0%, 2/17/2006 (Cost \$1,639,802)	EUR 1,750,000	1,773,249
U.S. Treasury Obligations 2.6%		
United States		
U.S. Treasury Note:		
5.0%, 8/15/2011	500,000	506,945
5.25%, 5/15/2004	750,000	783,888
Total U.S. Treasury Obligations (Cost \$1,260,417)		1,290,833
	Shares	Value (\$)
Cash Equivalents 7.8%		
Scudder Cash Management QP Trust, 1.93% (b) (Cost \$3,825,614)	3,825,614	3,825,614
Total Investment Portfolio — 100.0% (Cost \$51,871,607) (a)		48,795,384

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

At June 30, 2002, the Scudder Global Blue Chip Portfolio had the following industry diversification:

Industry	Value	Percent
Financial	\$ 6,029,218	12.4%
Manufacturing	5,926,933	12.1%
Metals and Minerals	4,592,545	9.4%
Energy	4,575,909	9.4%
Health	3,451,257	7.1%
Utilities	3,330,627	6.8%
Technology	3,130,792	6.4%
Service Industries	3,064,082	6.3%
Miscellaneous	7,804,325	16.0%
Total Common Stocks	41,905,688	85.9%
Foreign Bonds — Non U.S.\$ Denominated	1,773,249	3.7%
U.S. Treasury Obligations	1,290,833	2.6%
Cash Equivalents	3,825,614	7.8%
Total Investment Portfolio	\$ 48,795,384	100.0%

Notes to Scudder Global Blue Chip Portfolio of Investments

* Non-incomeproducing security.

(a) The cost for federal income tax purposes was \$52,004,417. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$3,209,033. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$3,662,853 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$6,871,886.

(b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

(c) Principal amount in U.S. dollars unless otherwise noted.

Currency Abbreviation

EUR	Euro
-----	------

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$51,871,607)	\$ 48,795,384
Dividends receivable	78,852
Interest receivable	51,587
Receivable for Portfolio shares sold	82,897
Foreign taxes recoverable	30,376
Unrealized appreciation on forward foreign currency exchange contracts	15,659
Total assets	49,054,755

Liabilities

Due to custodian bank	1,410
Payable for Portfolio shares redeemed	37,949
Payable for investments purchased	151,523
Unrealized depreciation on forward foreign currency exchange contracts	220,310
Accrued management fee	43,313
Other accrued expenses and payables	38,414
Total liabilities	492,919
Net assets, at value	\$ 48,561,836

Net Assets

Net assets consist of:	
Undistributed net investment income	146,808
Net unrealized appreciation (depreciation) on:	
Investments	(3,076,223)
Foreign currency related transactions	(196,969)
Accumulated net realized gain (loss)	(4,451,384)
Paid-in capital	56,139,604
Net assets, at value	\$ 48,561,836
Net Asset Value and redemption price per share (\$48,561,836 ÷ 5,341,922 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 9.09

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$28,702)	\$ 417,471
Interest	77,009
Total Income	494,480
Expenses:	
Management fee	234,317
Custodian and accounting fees	82,848
Auditing	3,366
Legal	17,753
Trustees' fees and expenses	1,211
Reports to shareholders	3,924
Other	487
Total expenses, before expense reductions	343,906
Expense reductions	(35,148)
Total expenses, after expense reductions	308,758
Net investment income (loss)	185,722

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(934,411)
Foreign currency related transactions	62,342
	(872,069)
Net unrealized appreciation (depreciation) during the period on:	
Investments	(1,424,070)
Foreign currency related transactions	(303,828)
	(1,727,898)
Net gain (loss) on investment transactions	(2,599,967)
Net increase (decrease) in net assets resulting from operations	\$ (2,414,245)

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, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income (loss)	\$ 185,722	\$ 276,757
Net realized gain (loss) on investment transactions	(872,069)	(2,830,053)
Net unrealized appreciation (depreciation) on investment transactions during the period	(1,727,898)	(3,381,648)
Net increase (decrease) in net assets resulting from operations	(2,414,245)	(5,934,944)
Distributions to shareholders from:		
Net investment income	(282,572)	—
Net realized gains	—	(1,040,793)
Portfolio share transactions:		
Proceeds from shares sold	35,825,502	28,559,273
Reinvestment of distributions	282,572	1,040,793
Cost of shares redeemed	(29,307,174)	(11,551,197)
Net increase (decrease) in net assets from Portfolio share transactions	6,800,900	18,048,869
Increase (decrease) in net assets	4,104,083	11,073,132
Net assets at beginning of period	44,457,753	33,384,621
Net assets at end of period (including undistributed net investment income of \$146,808 and \$243,658, respectively)	\$ 48,561,836	\$ 44,457,753
Other Information		
Shares outstanding at beginning of period	4,612,725	2,826,231
Shares sold	3,834,166	2,838,959
Shares issued to shareholders in reinvestment of distributions	29,191	103,377
Shares redeemed	(3,134,160)	(1,155,842)
Net increase (decrease) in Portfolio shares	729,197	1,786,494
Shares outstanding at end of period	5,341,922	4,612,725

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

Financial Highlights

Years Ended December 31,	2002 ^a	2001	2000 ^b	1999 ^b	1998 ^{b,c}
Selected Per Share Data					
Net asset value, beginning of period	\$ 9.64	\$ 11.81	\$ 12.37	\$ 9.79	\$ 10.00
<i>Income (loss) from investment operations:</i>					
Net investment income	.04 ^d	.08 ^d	.03 ^d	.04 ^d	.03
Net realized and unrealized gain (loss) on investment transactions	(.53)	(1.90)	(.44)	2.57	(.24)
Total from investment operations	(.49)	(1.82)	(.41)	2.61	(.21)
<i>Less distributions from:</i>					
Net investment income	(.06)	—	—	(.03)	—
Net realized gains on investment transactions	—	(.35)	(.15)	—	—
Total distributions	(.06)	(.35)	(.15)	(.03)	—
Net asset value, end of period	\$ 9.09	\$ 9.64	\$ 11.81	\$ 12.37	\$ 9.79
Total Return (%)	(5.24) ^{e**}	(15.48)	(3.36) ^e	26.70 ^e	(2.10) ^{e**}

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	49	44	33	17	4
Ratio of expenses before expense reductions (%)	1.47 [*]	1.24	1.78	3.47	12.32 [*]
Ratio of expenses after expense reductions (%)	1.32 [*]	1.24	1.50	1.56	1.56 [*]
Ratio of net investment income (loss) (%)	.79 [*]	.76	.28	.39	.91 [*]
Portfolio turnover rate (%)	12 [*]	52	54	65	67 [*]

^a For the six months ended June 30, 2002 (Unaudited).

^b On June 18, 2001, the Portfolio implemented a 1 for 10 reverse stock split. Per share information, for the periods prior to December 31, 2001, has been restated to reflect the effect of the split. Shareholders received 1 share for every 10 shares owned and net asset value per share increased correspondingly (see Notes to Financial Statements).

^c For the period from May 5, 1998 (commencement of operations) to December 31, 1998.

^d Based on average shares outstanding during the period.

^e Total returns would have been lower had certain expenses not been reduced.

^{*} Annualized

^{**} Not annualized

Scudder Government Securities Portfolio

Interest rates moved higher in the first few months of the year as economic data firmed and bond market participants began to anticipate a less accommodative Federal Reserve Board. Mortgage prepayment concerns ebbed, and investors shed Treasuries in favor of higher-yielding bond-market sectors. GNMA (Government National Mortgage Association) securities fared well during the period, with strong performance in the second quarter. In June, in particular, investors' growing concerns about accounting practices among some companies in the United States undermined confidence in the U.S. equity markets. This risk aversion helped create a more favorable climate for high-quality fixed-income assets such as GNMA, government-agency and Treasury securities.

In this environment, the portfolio underperformed its benchmark, the Salomon Brothers Government National Mortgage Association (GNMA) Index, and outperformed the average fund in the Lipper GNMA Funds category. During the period, the fund's allocation to Treasuries was reduced in favor of GNMA's.

As a result of these sharp market declines, general market sentiment is indicating that it is unlikely the Federal Reserve Board will boost interest rates anytime soon. Although various economic measures, including retail and auto sales, as well as manufacturing, have been fairly strong, inflation has remained stable, giving the Fed little reason to raise interest rates. And, given the unsettled corporate bond and stock markets, we believe high-quality fixed-income securities such as GNMA's and Treasuries should continue to be attractive vehicles for portfolio diversification.

Scott E. Dolan
Lead Manager

John Dugenske
Sean McCaffrey
William Chepolis
Portfolio Managers

Deutsche Investment Management Americas Inc.

The Salomon Brothers 30-year GNMA Index is unmanaged, is on a total return basis with all dividends reinvested and is composed of GNMA 30-year pass-throughs of single family and graduated payment mortgages. In order for a GNMA coupon to be included in the index, it must have at least \$200 million of outstanding coupon product.

Scudder Government Securities Portfolio

	Principal Amount (\$)	Value (\$)
U.S. Treasury Obligations 1.9%		
U.S. Treasury Bond, 11.25%, 2/15/2015	3,350,000	5,204,539
U.S. Treasury Note:		
4.375%, 5/15/2007	3,000,000	3,041,250
4.875%, 2/15/2012 (f)	1,650,000	1,656,188
Total U.S. Treasury Obligations (Cost \$9,831,412)		9,901,977

Government National Mortgage Association 49.5%		
5.5%, 11/20/2031	1,902,510	1,829,229
6.0% with various maturities to 7/1/2032 (e)	45,666,351	45,561,440
6.5% with various maturities to 7/1/2032 (e)	18,564,195	19,044,362
7.0% with various maturities to 7/1/2032 (d) (e)	95,008,140	98,716,957
7.5% with various maturities to 8/1/2032	51,368,796	54,279,468
8.0% with various maturities to 7/1/2032	30,694,875	32,693,804
8.5% with various maturities to 2/15/2031	1,321,227	1,419,463
9.0%, 8/15/2027	145,146	158,177
9.5% with various maturities to 12/15/2022	174,643	195,565
10.0% with various maturities to 3/15/2016	103,592	116,359
Total Government National Mortgage Association (Cost \$249,587,300)		254,014,824

U.S. Government Agency Pass-Thrus 24.5%		
Federal Home Loan Mortgage Corporation 12.3%		
5.5%, 2/1/2017	2,125,308	2,132,134
6.0% with various maturities to 2/1/2032	2,225,443	2,267,443
6.5% with various maturities to 7/1/2032	53,994,136	55,160,088

	Principal Amount (\$)	Value (\$)
7.0% with various maturities to 11/1/2031	2,850,656	2,965,811
7.5% with various maturities to 12/1/2030	202,249	212,570
8.0% with various maturities to 11/1/2030	74,194	78,735
8.5% with various maturities to 7/1/2030	39,318	41,951
		62,858,732

Federal Housing Authority 0.0%		
8.5%, 3/15/2026	8,628	9,305

Federal National Mortgage Association 12.2%		
6.0% with various maturities to 4/1/2032	1,805,601	1,809,761
6.5% with various maturities to 7/1/2032	56,832,668	58,029,296
7.0% with various maturities to 3/1/2032	2,167,395	2,247,200
7.5% with various maturities to 6/1/2030	571,332	604,236
8.0%, 12/1/2024	122,287	131,298
		62,821,791

Total U.S. Government Agency Pass-Thrus (Cost \$125,334,352)		
		125,689,828

Repurchase Agreements 6.3%		
First Boston Government, 1.81% to be repurchased at \$16,004,023 on 7/3/2002	16,000,000	16,000,000
Goldman Sachs, 1.84% to be repurchased at \$16,004,089 on 7/3/2002	16,000,000	16,000,000
Total Repurchase Agreements (b) (Cost \$32,000,000)		32,000,000

	Shares	Value (\$)
Cash Equivalents 17.8%		
Scudder Cash Management QP Trust, 1.93% (c) (Cost \$91,342,372)	91,342,372	91,342,372
Total Investment Portfolio — 100.0% (Cost \$508,095,436) (a)		512,949,001

Notes to Scudder Government Securities Portfolio of Investments

- (a) The cost for federal income tax purposes was \$508,110,200. At June 30, 2002, net unrealized appreciation for all securities based on tax cost was \$4,838,801. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$5,050,647 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$211,846.
- (b) Repurchase agreements are fully collateralized by U.S. Treasury and Government agency securities.
- (c) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.
- (d) When-issued of forward delivery securities (see Notes to Financial Statements).
- (e) Mortgage dollar roll included.

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

(f) At June 30, 2002, these securities have been segregated, in part or in whole, to cover initial margin requirements for open futures contracts.

Included in the portfolio are investments in mortgage or asset-backed securities which are interests in separate pools of mortgages or assets. Effective maturities of these investments may be shorter than stated maturities due to prepayments. Some separate investments in the Government National Mortgage Association, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation issues which have similar coupon rates have been aggregated for presentation purposes in the investment portfolio.

At June 30, 2002, open futures contracts sold short were as follows:

Futures	Expiration	Contracts	Aggregate Face Value (\$)	Value (\$)
10 year U.S. Treasury Note	9/19/2002	85	9,077,545	9,114,922
Total unrealized depreciation on open futures contracts				(37,377)

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$508,095,436)	\$ 512,949,001
Cash	684,518
Receivable for investments sold	116,814,387
Interest receivable	2,216,969
Receivable for Portfolio shares sold	1,803,273
Total assets	634,468,148

Liabilities

Payable for investments purchased	222,188,325
Payable for when-issued and forward delivery securities	14,069,578
Payable for Portfolio shares redeemed	20,599
Payable for daily variation margin on open futures contracts	8,117
Accrued management fee	173,594
Other accrued expenses and payables	40,383
Total liabilities	236,500,596
Net assets, at value	\$ 397,967,552

Net Assets

Net assets consist of:	
Undistributed net investment income	7,368,593
Net unrealized appreciation (depreciation) on:	
Investments	4,853,565
Futures	(37,377)
Accumulated net realized gain (loss)	(33,442)
Paid-in capital	385,816,213
Net assets, at value	\$ 397,967,552
Net Asset Value and redemption price per share (\$397,967,552 ÷ 32,218,193 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	
	\$ 12.35

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Interest	\$ 9,095,047
Expenses:	
Management fee	927,871
Custodian fees	11,368
Auditing	17,385
Legal	4,712
Trustees' fees and expenses	3,887
Reports to shareholders	23,293
Registration fees	110
Other	12,084
Total expenses, before expense reductions	1,000,710
Expense reductions	(1,535)
Total expenses, after expense reductions	999,175
Net investment income	8,095,872

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	1,017,168
Futures	(7,031)
	1,010,137
Net unrealized appreciation (depreciation) during the period on:	
Investments	4,357,688
Futures	(37,377)
	4,320,311
Net gain (loss) on investment transactions	5,330,448
Net increase (decrease) in net assets resulting from operations	\$ 13,426,320

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, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income	\$ 8,095,872	\$ 11,860,030
Net realized gain (loss) on investment transactions	1,010,137	5,265,362
Net unrealized appreciation (depreciation) on investment transactions during the period	4,320,311	(1,657,525)
Net increase (decrease) in net assets resulting from operations	13,426,320	15,467,867
Distributions to shareholders from:		
Net investment income	(11,715,627)	(8,562,567)
Portfolio share transactions:		
Proceeds from shares sold	112,849,024	215,007,849
Reinvestment of distributions	11,715,627	8,562,567
Cost of shares redeemed	(33,531,192)	(77,005,299)
Net increase (decrease) in net assets from Portfolio share transactions	91,033,459	146,565,117
Increase (decrease) in net assets	92,744,152	153,470,417
Net assets at beginning of period	305,223,400	151,752,983
Net assets at end of period (including undistributed net investment income of \$7,368,593 and \$10,988,348, respectively)	\$ 397,967,552	\$ 305,223,400

Other Information

Shares outstanding at beginning of period	24,768,244	12,690,900
Shares sold	9,194,427	17,709,116
Shares issued to shareholders in reinvestment of distributions	978,749	729,095
Shares redeemed	(2,723,227)	(6,360,867)
Net increase (decrease) in Portfolio shares	7,449,949	12,077,344
Shares outstanding at end of period	32,218,193	24,768,244

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

Financial Highlights

Years Ended December 31,	2002 ^a	2001 ^b	2000 ^c	1999 ^c	1998 ^c	1997 ^c
Selected Per Share Data						
Net asset value, beginning of period	\$ 12.32	\$ 11.96	\$ 11.56	\$ 12.08	\$ 12.07	\$ 12.07
<i>Income (loss) from investment operations:</i>						
Net investment income	.29 ^d	.61 ^d	.75 ^d	.72 ^d	.62	.84
Net realized and unrealized gain (loss) on investment transactions	.19	.25	.45	(.64)	.19	.16
Total from investment operations	.48	.86	1.20	.08	.81	1.00
<i>Less distributions from:</i>						
Net investment income	(.45)	(.50)	(.80)	(.60)	(.80)	(1.00)
Total distributions	(.45)	(.50)	(.80)	(.60)	(.80)	(1.00)
Net asset value, end of period	\$ 12.35	\$ 12.32	\$ 11.96	\$ 11.56	\$ 12.08	\$ 12.07
Total Return (%)	3.93 ^{**}	7.48	10.93	.68	7.03	8.96
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	398	305	152	146	123	87
Ratio of expenses before expense reductions (%)	.59 [*]	.60	.61	.63	.65	.64
Ratio of expenses after expense reductions (%)	.59 [*]	.60	.60	.63	.65	.64
Ratio of net investment income (loss) (%)	4.69 [*]	5.06	6.60	6.13	6.27	7.12
Portfolio turnover rate (%)	468 [*]	334	173	150	142	179

^a For the six months ended June 30, 2002 (Unaudited).

^b As required, effective January 1, 2001, the Portfolio has adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies and began amortizing premium on debt securities. In addition, paydowns on mortgage-backed securities which were included in realized gain/loss on investment transactions prior to January 1, 2001 are included as interest income. The effect of this change for the year ended December 31, 2001 was to decrease net investment income per share by \$.08, increase net realized and unrealized gains and losses per share by \$.08 and decrease the ratio of net investment income to average net assets from 5.67% to 5.06%. Per share, ratios and supplemental data for periods prior to January 1, 2001 have not been restated to reflect this change in presentation.

^c On June 18, 2001, the Portfolio implemented a 1 for 10 reverse stock split. Per share information, for the periods prior to December 31, 2001, has been restated to reflect the effect of the split. Shareholders received 1 share for every 10 shares owned and net asset value per share increased correspondingly (see Notes to Financial Statements).

^d Based on average shares outstanding during the period.

^{*} Annualized

^{**} Not annualized

Scudder Growth Portfolio

In the face of growing concerns about accounting practices and the resulting impact on investor confidence, equity markets experienced one of their most difficult quarters in many years. And, as value stocks entered their third year of outperformance vs. growth stocks, large-cap growth portfolios, such as this one, underperformed in the broad-based market decline.

Scudder Growth Portfolio lost ground, falling further than its benchmark, the Russell 1000 Growth Index, which measures the performance of large companies with greater-than-average growth orientation compared with the overall market.

The main detractors from performance were the fund's technology and consumer discretionary holdings. The technology sector suffered from a series of disappointing earnings reports, broker downgrades and worries over the timing of a recovery in technology spending. The portfolio's overweight position in media companies, compared with its benchmark, had been a source of positive returns in the consumer discretionary sector, but lost significant ground late in the six-month period. Tyco International also caused considerable problems for the portfolio before it was eliminated early in May.

During a period when health care stocks as a whole struggled, the portfolio's strong stock selection in the sector added to performance. The portfolio also benefited from its minimal exposure to the poorest-performing pharmaceutical stocks, which helped mitigate declines in other areas of the portfolio. Good stock selection in financials, primarily in the area of regional banks, also helped the portfolio's performance.

The U.S. economy continues to rebound and appears to be on track for renewed growth in the second half of 2002. Although investment markets have not yet responded, we are confident that they will do so eventually, and that many companies will see improved earnings as the economy advances. In our view, a great deal of speculation has been wrung out of the market, and investors seem to be employing a more fundamentally-based approach to investing. We have continued to shift the portfolio to a more pro-cyclical posture, which should boost performance as the economy recovers.

William F. Gadsden
Jesse Stuart
Co-Managers
Deutsche Investment Management Americas Inc.

Russell 1000 Growth measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. These stocks are selected from the 1,000 largest companies in the Russell 3000 Index, which represents approximately 92% of the total market capitalization of the Russell 3000 Index. The stocks represented by this index involve investment risks which may include the loss of principal invested.

Scudder Growth Portfolio

	Shares	Value (\$)
Common Stocks 98.5%		
Consumer Discretionary 10.1%		
Department & Chain Stores 8.5%		
Home Depot, Inc.	229,625	8,434,126
Target Corp.	154,700	5,894,070
TJX Companies, Inc.	153,600	3,012,096
Wal-Mart Stores, Inc.	152,390	8,382,974
		25,723,266
Specialty Retail 1.6%		
Staples, Inc.*	244,800	4,822,560
Consumer Staples 5.7%		
Food & Beverage 3.2%		
PepsiCo, Inc.	200,450	9,661,690
Package Goods/Cosmetics 2.5%		
Colgate-Palmolive Co.	150,040	7,509,502
Durables 2.0%		
Aerospace		
United Technologies Corp.	87,500	5,941,250
Energy 4.2%		
Oil & Gas Production 2.1%		
Devon Energy Corp.	33,100	1,631,168
EOG Resources, Inc.	39,500	1,568,150
Noble Corp.*	83,500	3,223,100
		6,422,418
Oilfield Services/Equipment 2.1%		
Nabors Industries Ltd.*	89,300	3,152,290
Schlumberger Ltd.	65,500	3,045,750
		6,198,040
Financial 13.0%		
Banks 4.8%		
Fifth Third Bancorp.	114,800	7,651,420
State Street Corp.	150,200	6,713,940
		14,365,360
Consumer Finance 2.7%		
Citigroup, Inc.	126,700	4,909,625
Household International, Inc.	63,900	3,175,830
		8,085,455
Insurance 1.7%		
American International Group, Inc.	75,510	5,152,047
Other Financial Companies 3.8%		
Fannie Mae	33,900	2,500,125
Freddie Mac	78,300	4,791,960

	Shares	Value (\$)
Lehman Brothers Holdings, Inc.	69,900	4,370,148
		11,662,233
Health 25.6%		
Biotechnology 2.8%		
Amgen, Inc.*	122,600	5,134,488
Genentech, Inc.*	101,000	3,383,500
		8,517,988
Health Industry Services 3.1%		
Laboratory Corp. of America Holdings*	112,400	5,131,060
McKesson Corp.	130,200	4,257,540
		9,388,600
Hospital Management 4.3%		
HCA, Inc.	147,200	6,992,000
Tenet Healthcare Corp.*	82,400	5,895,720
		12,887,720
Medical Supply & Specialty 10.0%		
Baxter International, Inc.	165,000	7,334,250
Johnson & Johnson	268,286	14,020,626
Medtronic, Inc.	160,100	6,860,285
Zimmer Holdings, Inc.*	53,700	1,914,942
		30,130,103
Pharmaceuticals 5.4%		
Pfizer, Inc.	420,242	14,708,470
Teva Pharmaceutical Industries Ltd. (ADR)	20,900	1,395,702
		16,104,172
Manufacturing 5.9%		
Diversified Manufacturing 4.8%		
General Electric Co.	497,940	14,465,157
Machinery/Components/Controls 1.1%		
Johnson Controls, Inc.	39,400	3,215,434
Media 7.1%		
Advertising 1.1%		
Omnicom Group, Inc.	71,440	3,271,952
Broadcasting & Entertainment 4.8%		
AOL Time Warner, Inc.*	287,980	4,236,186
Clear Channel Communications, Inc.*	121,050	3,876,021
Viacom, Inc. "B"*	146,530	6,501,536
		14,613,743
Cable Television 1.2%		
Comcast Corp. "A"*	150,000	3,576,000

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

	Shares	Value (\$)
Service Industries 1.7%		
Miscellaneous Commercial Services		
Concord EFS, Inc.*	109,300	3,294,302
Paychex, Inc.	62,600	1,958,754
		5,253,056
Technology 23.2%		
Computer Software 8.7%		
BEA Systems, Inc.*	293,000	2,757,130
Microsoft Corp.*	385,040	21,061,688
PeopleSoft, Inc.*	159,400	2,371,872
		26,190,690
Diverse Electronic Products 3.3%		
Applied Materials, Inc.*	408,860	7,776,518
Molex, Inc.	65,700	2,202,921
		9,979,439
EDP Peripherals 0.9%		
EMC Corp.*	350,700	2,647,785

	Shares	Value (\$)
Electronic Components/Distributors 3.0%		
Analog Devices, Inc.*	88,100	2,616,570
Cisco Systems, Inc.*	457,820	6,386,589
		9,003,159
Electronic Data Processing 2.2%		
International Business Machines Corp.	92,700	6,674,400
Semiconductors 5.1%		
Intel Corp.	263,540	4,814,876
Linear Technology Corp.	130,130	4,089,986
Micron Technology, Inc.*	165,600	3,348,432
Xilinx, Inc.*	146,100	3,277,023
		15,530,317
Total Common Stocks (Cost \$321,973,971)		296,993,536
Cash Equivalents 1.5%		
Scudder Cash Management QP Trust, 1.93% (b) (Cost \$4,451,323)	4,451,323	4,451,323
Total Investment Portfolio — 100.0% (Cost \$326,425,294) (a)		301,444,859

Notes to Scudder Growth Portfolio of Investments

* Non-incomeproducing security.

(a) The cost for federal income tax purposes was \$326,818,056. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$25,373,197. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$21,342,138 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$46,715,335.

(b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$326,425,294)	\$ 301,444,859
Receivable investments sold	4,475,947
Dividends receivable	201,828
Interest receivable	632
Receivable for Portfolio shares sold	38,614
Total assets	306,161,880

Liabilities

Due to custodian bank	275
Due to Advisor	17,142
Payable for investments purchased	107,597
Payable for Portfolio shares redeemed	234,261
Accrued management fee	160,507
Other accrued expenses and payables	88,827
Total liabilities	608,609
Net assets, at value	\$ 305,553,271

Net Assets

Net assets consist of:	
Accumulated net investment loss	(42,210)
Net unrealized appreciation (depreciation) on investments	(24,980,435)
Accumulated net realized gain (loss)	(115,584,585)
Paid-in capital	446,160,501
Net assets, at value	\$ 305,553,271

Net Asset Value and redemption price per share
(\$305,553,271 ÷ 18,487,728 outstanding shares
of beneficial interest, \$.01 par value, unlimited
number of shares authorized) **\$ 16.53**

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends	\$ 1,128,796
Interest	57,287
Total Income	1,186,083
Expenses:	
Management fee	1,128,449
Custodian fees	9,225
Auditing	38,310
Legal	5,568
Trustees' fees and expenses	6,718
Reports to shareholders	28,169
Other	11,871
Total expenses, before expense reductions	1,228,310
Expense reductions	(17)
Total expenses, after expense reductions	1,228,293
Net investment income (loss)	(42,210)

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(18,586,426)
Foreign currency related transactions	560
	(18,585,866)
Net unrealized appreciation (depreciation) during the period on:	
Investments	(68,012,409)
Foreign currency related transactions	(195)
	(68,012,604)
Net gain (loss) on investment transactions	(86,598,470)
Net increase (decrease) in net assets resulting from operations	\$ (86,640,680)

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, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income (loss)	\$ (42,210)	\$ 590,063
Net realized gain (loss) on investment transactions	(18,585,866)	(82,895,818)
Net unrealized appreciation (depreciation) on investment transactions during the period	(68,012,604)	(47,491,840)
Net increase (decrease) in net assets resulting from operations	(86,640,680)	(129,797,595)
Distributions to shareholders from:		
Net investment income	—	(587,343)
Net realized gains	—	(43,022,245)
Return of capital	—	(217,806)
Portfolio share transactions:		
Proceeds from shares sold	13,335,503	51,049,322
Net assets acquired in tax-free reorganization	—	7,576,034
Reinvestment of distributions	—	43,827,394
Cost of shares redeemed	(40,702,420)	(91,817,139)
Net increase (decrease) in net assets from Portfolio share transactions	(27,366,917)	10,635,611
Increase (decrease) in net assets	(114,007,597)	(162,989,378)
Net assets at beginning of period	419,560,868	582,550,246
Net assets at end of period (including accumulated net investment loss of \$42,210 at June 30, 2002)	\$ 305,553,271	\$ 419,560,868
Other Information		
Shares outstanding at beginning of period	19,928,329	19,340,010
Shares sold	664,106	2,255,890
Shares issued in tax-free reorganization	—	318,053
Shares issued to shareholders in reinvestment of distributions	—	2,073,659
Shares redeemed	(2,104,707)	(4,059,283)
Net increase (decrease) in Portfolio shares	(1,440,601)	588,319
Shares outstanding at end of period	18,487,728	19,928,329

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

Financial Highlights

Years Ended December 31,	2002 ^a	2001	2000 ^b	1999 ^b	1998 ^b	1997 ^b
Selected Per Share Data						
Net asset value, beginning of period	\$ 21.05	\$ 30.12	\$ 40.54	\$ 29.57	\$ 30.01	\$ 33.71
<i>Income (loss) from investment operations:</i>						
Net investment income (loss)	— ^{c***}	.03 ^c	(.01) ^c	(.01) ^c	.07	.12
Net realized and unrealized gain (loss) on investment transactions	(4.52)	(6.75)	(6.81)	10.98	4.59	4.48
Total from investment operations	(4.52)	(6.72)	(6.82)	10.97	4.66	4.60
<i>Less distributions from:</i>						
Net investment income	—	(.03)	—	—	(.10)	(.20)
Net realized gains on investment transactions	—	(2.31)	(3.60)	—	(5.00)	(8.10)
Return of capital	—	(.01)	—	—	—	—
Total distributions	—	(2.35)	(3.60)	—	(5.10)	(8.30)
Net asset value, end of period	\$ 16.53	\$ 21.05	\$ 30.12	\$ 40.54	\$ 29.57	\$ 30.01
Total Return (%)	(21.47) ^{**}	(22.34)	(19.06)	37.12	15.10	21.34

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	306	420	583	738	629	563
Ratio of expenses (%)	.65 [*]	.63	.65	.66	.66	.65
Ratio of net investment income (loss) (%)	(.02) [*]	.13	(.03)	(.04)	.28	.42
Portfolio turnover rate (%)	20 [*]	73	65	87	109	170

^a For the six months ended June 30, 2002 (Unaudited).

^b On June 18, 2001, the Portfolio implemented a 1 for 10 reverse stock split. Per share information, for the periods prior to December 31, 2001, has been restated to reflect the effect of the split. Shareholders received 1 share for every 10 shares owned and net asset value per share increased correspondingly (see Notes to Financial Statements).

^c Based on average shares outstanding during the period.

^{*} Annualized

^{**} Not annualized

^{***} Amount is less than \$.005.

Scudder High Yield Portfolio

High-yield bonds started the year strong as defaults began to decline and new issuance came to market. However, in June, WorldCom's announcement of \$3.8 billion in accounting fraud shook the entire marketplace and caused high-yield prices to drop sharply. In this setting, investor interest in high-yield bonds declined significantly, as investors sought out higher-quality fare. The portfolio's three percent loss was better than that of the average peer in the Lipper High Yield Debt Funds category, which fell 3.54 percent. The management team, headed by Andrew Cestone, has worked to trim exposure to riskier, underperforming issues in sectors such as cable and wireless telecommunication. In this environment, diversification of holdings has never been more critical. Although management continues to look for attractive lower-rated securities, good risk-return opportunities lie in BB-rated and crossover securities. (Crossover securities are BB-rated by one rating agency and BBB-rated by another agency.) We continue to look for opportunities in utilities, where we believe continued economic growth and scaled back capital expenditures may lead to improvement in the cash flow generation for the sector during 2003. With a slow recovery underway along with uncertainty in many parts of the world, the increased potential for terrorist attacks and now accounting scandals, the market may continue to be volatile. Against that backdrop, the team remains focused on the longer-term valuation of the companies in which it invests.

Andrew Cestone
Harry Resis, Jr.
Co-Managers
Deutsche Investment Management Americas Inc.

Scudder High Yield Portfolio

	Principal Amount (\$)	Value (\$)		Principal Amount (\$)	Value (\$)
Corporate Bonds 81.4%					
Communications 8.4%					
AirGate PCS, Inc., Step-up Coupon, 0% to 10/1/2004, 13.5% to 10/1/2009	1,980,000	396,000	Step-up Coupon, 0% to 6/1/2004, 12.25% to 6/1/2009*	2,000,000	30,000
Alamosa Holdings, Inc., Step-up Coupon, 0% to 2/15/2005, 12.875% to 2/15/2010	695,000	104,250	Step-up Coupon, 0% to 4/15/2003, 9.45% to 4/15/2008*	920,000	13,800
Allegiance Telecom, Inc., Series B, Step-up Coupon, 0% to 2/15/2003, 11.75% to 2/15/2008	1,760,000	193,600	Panamsat Corp., 8.5%, 2/1/2012	315,000	289,800
American Tower Corp., 9.375%, 2/1/2009	3,180,000	1,749,000	Price Communications Wireless, 9.125%, 12/15/2006	2,490,000	2,592,713
Avaya, Inc., 11.125%, 4/1/2009	1,410,000	1,290,150	Qwest Capital Funding, Inc.: 7.0%, 8/3/2009	2,810,000	1,559,550
Celcaribe SA, Step-up Coupon, 0% to 3/15/1998, 14.5% to 3/15/2004	1,315,000	920,500	7.25%, 2/15/2011	125,000	70,000
Century Communications Corp.:			Qwest Corp., 5.625%, 11/15/2008	1,115,000	836,250
Series B, Zero Coupon, 1/15/2008*	310,000	57,350	Rural Cellular Corp., 9.75%, 1/15/2010	570,000	273,600
8.375%, 11/15/2017*	790,000	237,000	SBA Communications Corp.:		
8.75%, 10/1/2007	845,000	249,275	10.25%, 2/1/2009	1,020,000	612,000
9.5%, 3/1/2005*	245,000	73,500	Step-up Coupon, 0% to 3/1/2003, 12.0% to 3/1/2008	1,150,000	644,000
Crown Castle International Corp.:			Spectrasite Holdings, Inc., Step-up Coupon, 0% to 7/15/2003, 12.0% to 7/15/2008	3,220,000	998,200
9.375%, 8/1/2011	310,000	195,300	Sprint Capital Corp.:		
Step-up Coupon, 0% to 11/15/2002, 10.625% to 11/15/2007	3,080,000	2,063,600	7.125%, 1/30/2006	50,000	40,010
FairPoint Communications, Inc.:			8.375%, 3/15/2012	450,000	372,805
Series B, 9.5%, 5/1/2008	160,000	132,800	Telecorp PCS, Inc., Step-up-Coupon, 0% to 4/15/2004, 11.625% to 4/15/2009	117,000	88,920
12.5%, 5/1/2010	1,615,000	1,534,250	Teligent, Inc., Series B, Step-up Coupon, 0% to 3/1/2003, 11.5% to 3/1/2008*	690,000	69
ICG Holdings, Inc., 13.5%, 9/15/2005*	4,190,000	157,125	Tritel PCS, Inc.:		
Impsat Corp., 12.375%, 6/15/2008*	1,805,000	36,100	10.375%, 1/15/2011	643,000	585,130
Level 3 Communications, Inc., 11.0%, 3/15/2008	1,685,000	581,325	Step-up Coupon, 0% to 5/15/2004, 12.75% to 5/15/2009	806,000	632,710
MGC Communications, Inc., 13.0%, 10/1/2004	2,000,000	800,000	Triton PCS, Inc., Step-up Coupon, 0% to 5/1/2003, 11.0% to 5/1/2008	955,000	592,100
Motorola, Inc., 8.0%, 11/1/2011	435,000	424,503	TSI Telecommunication Services, Inc., 12.75%, 2/1/2009	185,000	179,450
Nextel Communications, Inc.:			US Unwired, Inc., Series B, Step-up Coupon, 0% to 11/1/2004, 13.375% to 11/1/2009	345,000	82,800
9.375%, 11/15/2009	500,000	253,750	WorldCom, Inc.:		
9.5%, 2/1/2011	1,000,000	492,500	6.95%, 8/15/2028*	1,145,000	171,750
Step-up Coupon, 0% to 9/15/2002, 10.65% to 9/15/2007	2,410,000	1,313,450	8.25%, 5/15/2031*	1,025,000	153,750
Nextlink Communications, Inc.:					
12.5%, 4/15/2006*	630,000	15,750			24,090,485

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

	Principal Amount (\$)	Value (\$)
Construction 4.5%		
Dayton Superior Corp., 13.0%, 6/15/2009	50,000	50,000
Dimac Corp., 12.5%, 10/1/2008*	1,540,000	15,400
Georgia-Pacific Corp., 8.125%, 5/15/2011	1,275,000	1,220,300
KB Home, 8.625%, 12/15/2008	685,000	691,850
Lennar Corp., 9.95%, 5/1/2010	1,550,000	1,705,000
Nortek, Inc., 9.125%, 9/1/2007	710,000	718,875
Ryland Group, Inc., 9.75%, 9/1/2010	370,000	400,525
Schuler Homes, Inc., 10.5%, 7/15/2011	1,050,000	1,123,500
Standard Pacific Corp., 8.5%, 4/1/2009	480,000	476,400
Terex Corp., 8.875%, 4/1/2008	2,980,000	3,024,700
Toll Corp.:		
7.75%, 9/15/2007	210,000	205,275
8.125%, 2/1/2009	100,000	99,750
8.75%, 11/15/2006	500,000	507,500
WCI Communities, Inc., 10.625%, 2/15/2011	2,490,000	2,602,042
		12,841,117
Consumer Discretionary 16.8%		
Advantica Restaurant Co., 11.25%, 1/15/2008	1,614,706	1,261,489
American Achieve Corp., 11.625%, 1/1/2007	600,000	618,750
Ameristar Casino, Inc., 10.75%, 2/15/2009	1,580,000	1,694,550
Avondale Mills, Inc., 10.25%, 5/1/2006	1,590,000	1,496,588
Boca Resorts, Inc., 9.875%, 4/15/2009	3,100,000	3,208,500
Buffets, Inc., 11.25%, 7/15/2010	480,000	481,200
Choctaw Resort Development Enterprises, 9.25%, 4/1/2009	1,240,000	1,283,400
Cinemark USA, Inc., 8.5%, 8/1/2008	1,170,000	1,123,200
D & B Acquisition Sun Inc., 12.25%, 7/15/2009	375,000	362,325
DIMON, Inc., Series B, 9.625%, 10/15/2011	1,005,000	1,052,738
Eldorado Resorts LLC, 10.5%, 8/15/2006	2,010,000	1,949,700
Finlay Enterprises, Inc., 9.0%, 5/1/2008	350,000	337,313
Finlay Fine Jewelry Corp., 8.375%, 5/1/2008	1,590,000	1,556,213
Guitar Center Management, 11.0%, 7/1/2006	1,810,000	1,846,200
Hasbro, Inc., 8.5%, 3/15/2006	430,000	440,750
Herbst Gaming, Inc., 10.75%, 9/1/2008	1,193,000	1,255,633
Hines Horticulture, Inc., Series B, 12.75%, 10/15/2005	2,096,000	2,137,920

	Principal Amount (\$)	Value (\$)
Imperial Home Decor Group, Inc., 11.0%, 3/15/2008*	1,050,000	1,050
International Game Technology, 8.375%, 5/15/2009	1,300,000	1,371,500
Krystal, Inc., 10.25%, 10/1/2007	2,050,000	1,578,500
Mandalay Resort Group, 10.125%, 3/1/2012	600,000	612,000
MGM Mirage, Inc.:		
8.5%, 9/15/2010	1,210,000	1,261,857
9.75%, 6/1/2007	2,310,000	2,437,050
Mohegan Tribal Gaming Authority, 8.0%, 4/1/2012	2,860,000	2,870,725
National Vision, Inc., 12.0%, 3/30/2009	1,647,775	1,244,070
Park Place Entertainment, Inc., 9.375%, 2/15/2007	1,065,000	1,112,925
Perkins Finance LP, 10.125%, 12/15/2007	1,190,000	1,190,000
Rent-A-Center, Inc., 11.0%, 8/15/2008	750,000	796,875
Restaurant Co., Step-up Coupon, 0% to 5/15/2003, 11.25% to 5/15/2008	1,705,726	1,586,325
Russell Corp., 9.25%, 5/1/2010	760,000	782,800
Scientific Games Corp., 12.5%, 8/15/2010	665,000	744,800
Sealy Mattress Co.:		
9.875%, 12/15/2007	1,200,000	1,206,000
Series B, Step-up Coupon, 0% to 12/15/2002, 10.875% to 12/15/2007	2,225,000	2,191,625
Six Flags, Inc., 9.5%, 2/1/2009	1,215,000	1,239,300
Station Casinos, Inc.:		
9.75%, 4/15/2007	680,000	703,800
9.875%, 7/1/2010	1,560,000	1,649,700
Venetian Casino Resort LLC, 11.0%, 6/15/2010	1,320,000	1,328,250
YUM! Brands, Inc., 7.7%, 7/1/2012	510,000	510,000
		48,525,621
Consumer Staples 2.5%		
AgriLink Foods, Inc., 11.875%, 11/1/2008	295,000	308,275
Collins & Aikman Floor Cover, 9.75%, 2/15/2010	340,000	346,800
Doane Pet Care Co., 9.75%, 5/15/2007	760,000	661,200
Dyersburg Corp., Series B, 9.75%, 9/1/2007*	1,260,000	1,260
Elizabeth Arden, Inc., Series B, 11.75%, 2/1/2011	590,000	604,750
Fleming Companies, Inc., 10.125%, 4/1/2008	1,290,000	1,309,350
Jafra Cosmetics International, Inc., 11.75%, 5/1/2008	1,710,000	1,778,400
Michael Foods, Inc., Series B, 11.75%, 4/1/2011	65,000	70,850

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

	Principal Amount (\$)	Value (\$)
Salton, Inc.:		
10.75%, 12/15/2005	240,000	241,200
12.25%, 4/15/2008	840,000	861,000
Smithfield Foods, Inc., 8.0%, 10/15/2009	165,000	167,475
Stater Brothers Holdings, 10.75%, 8/15/2006	355,000	365,650
U.S. Can Corp., Series B, 12.375%, 10/1/2010	600,000	504,000
		7,220,210

Durables 3.2%

DeCrane Aircraft Holdings, Inc., 12.0%, 9/30/2008	1,180,000	1,085,600
Fairchild Corp., 10.75%, 4/15/2009	1,500,000	855,000
Goodyear Tire & Rubber Co., 7.857%, 8/15/2011	1,370,000	1,263,409
Metaldyne Corp., 11.0%, 6/15/2012	795,000	775,125
Phelps Dodge Corp., 8.75%, 6/1/2011	180,000	185,693
Qwest Capital Funding, 7.625%, 8/2/2021	470,000	242,050
Sonic Automotive, Inc., 11.0%, 8/1/2008	670,000	703,500
United Rentals, Inc.:		
Series B, 9.0%, 4/1/2009	770,000	766,150
9.25%, 1/15/2009	2,235,000	2,246,175
10.75%, 4/15/2008	920,000	984,400
		9,107,102

Energy 6.9%

Allegheny Energy Supply, 8.25%, 4/15/2012	505,000	533,324
Avista Corp., 9.75%, 6/1/2008	1,370,000	1,437,568
Chesapeake Energy Corp., 8.125%, 4/1/2011	2,020,000	1,984,650
Consumer Energy Co., 6.0%, 3/15/2005	365,000	333,245
Continental Resources, Inc., 10.25%, 8/1/2008	640,000	572,800
Edison Mission Energy, 7.73%, 6/15/2009	270,000	247,050
Key Energy Services, Inc., 14.0%, 1/15/2009	472,000	552,240
Mariner Energy, Inc., 10.5%, 8/1/2006	1,130,000	1,062,200
Panhandle Eastern Pipe Line, 7.2%, 8/15/2024	150,000	108,195
Parker Drilling Co., Series A1, 10.125%, 11/15/2009	2,900,000	3,030,500
Pen Holdings, Inc., 9.875%, 6/15/2008*	335,000	103,850
Petro Stopping Centers, 10.5%, 2/1/2007	2,520,000	2,419,200
Pioneer Natural Resource, 7.5%, 4/15/2012	170,000	173,211
Pioneer Natural Resources Co., 6.5%, 1/15/2008	90,000	85,658

	Principal Amount (\$)	Value (\$)
Plains E&P Co., 8.75%, 7/1/2012	260,000	255,778
Pride International, Inc., 10.0%, 6/1/2009	1,080,000	1,155,600
Southwest Gas Corp., 7.625%, 5/15/2012	410,000	416,946
Stone Energy Corp.:		
8.25%, 12/15/2011	675,000	675,000
8.75%, 9/15/2007	870,000	887,400
Tesoro Petroleum Corp., Series B, 9.625%, 11/1/2008	395,000	365,375
Transocean, Inc., 9.5%, 12/15/2008	370,000	441,925
Trico Marine Services, Inc., 8.5%, 8/1/2005	1,400,000	1,435,000
Westport Resources Corp., 8.25%, 11/1/2011	1,550,000	1,588,750
		19,865,465

Financial 1.9%

CIT Group, Inc.:		
7.125%, 10/15/2004	155,000	152,496
7.375%, 4/2/2007	400,000	400,042
Corrections Corp. of America, 9.875%, 5/1/2009	550,000	566,500
FRD Acquisition, Series B, 12.5%, 7/15/2004*	210,000	25,200
HMH Properties, Inc., Series B, 7.875%, 8/1/2008	2,495,000	2,376,488
Meristar Hospitality Corp., 9.0%, 1/15/2008	610,000	582,550
PCA LLC/PCA Finance Corp., 11.875%, 8/1/2009	870,000	861,300
Vicap SA, 11.375%, 5/15/2007	380,000	330,600
Xerox Credit Corp., 7.0%, 6/9/2003	395,000	323,900
		5,619,076

Health 2.9%

Advanced Medical Optics, Inc., 9.25%, 7/15/2010	670,000	661,625
Dade International, Inc., Series B, 11.125%, 5/1/2006*	1,190,000	1,236,113
Extendicare, Inc., 9.5%, 7/1/2010	145,000	145,181
Healthsouth Corp.:		
7.0%, 6/15/2008	1,310,000	1,290,350
7.625%, 6/1/2012	995,000	985,666
lasis Healthcare Corp., 13.0%, 10/15/2009	860,000	903,000
Insight Health Services, Series B, 9.875%, 11/1/2011	745,000	748,725
Magellan Health Services, Inc., 9.0%, 2/15/2008	1,625,000	585,000
Mariner Post-Acute Network, Inc., Series B, Step-up Coupon, 0% to 11/1/2002, 10.5% to 11/1/2007*	4,340,000	21,700
Res-Care, Inc., 10.625%, 11/15/2008	225,000	208,125

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

	Principal Amount (\$)	Value (\$)		Principal Amount (\$)	Value (\$)
Sybron Dental Specialties, Inc., 8.125%, 6/15/2012	280,000	277,200	Lyondell Chemical Co., 9.5%, 12/15/2008	2,410,000	2,241,300
Vanguard Health Systems, Inc., 9.75%, 8/1/2011	1,360,000	1,417,800	Methanex Corp., 8.75%, 8/15/2012	865,000	882,300
		8,480,485	Millennium America, Inc.:		
Manufacturing 15.1%			7.0%, 11/15/2006	575,000	544,813
Atlantis Group, Inc., 11.0%, 2/15/2003	935,000	925,650	7.625%, 11/15/2026	85,000	69,700
Berry Plastics Corp., 12.25%, 4/15/2004	1,530,000	1,541,475	9.25%, 6/15/2008	3,565,000	3,636,300
BPC Holdings Corp., 12.5%, 6/15/2006	1,596,074	1,675,878	Motors and Gears, Inc., 10.75%, 11/15/2006	750,000	716,250
CSK Auto, Inc., 12.0%, 6/15/2006	470,000	502,313	Navistar International Corp., 9.375%, 6/1/2006	430,000	442,900
Dana Corp.:			NL Industries, Inc., 11.75%, 10/15/2003	2,271,000	2,271,000
9.0%, 8/15/2011	2,375,000	2,339,375	NMHG Holding Co., 10.0%, 5/15/2009	300,000	304,500
10.125%, 3/15/2010	300,000	306,000	Owens-Brockway, 8.875%, 2/15/2009	2,710,000	2,710,000
Day International Group, Inc., 11.125%, 6/1/2005	1,020,000	1,014,900	Plainwell, Inc., Series B, 11.0%, 3/1/2008*	4,445,000	44,450
Delco Remy International, Inc., 10.625%, 8/1/2006	440,000	369,600	Resolution Performance Products LLC, 13.5%, 11/15/2010	210,000	235,200
Dimon Subs, 6.25%, 3/31/2007	325,000	276,250	Riverwood International Corp., 10.875%, 4/1/2008	1,990,000	2,069,600
Eagle-Picher Industries, Inc., 9.375%, 3/1/2008	1,290,000	1,064,250	Samsonite Corp., 10.75%, 6/15/2008	1,135,000	913,675
Equistar Chemicals LP:			Stone Container Corp., 9.75%, 2/1/2011	470,000	502,900
8.75%, 2/15/2009	2,505,000	2,239,961	Terex Corp., Series B, 10.375%, 4/1/2011	365,000	392,375
10.125%, 9/1/2008	2,250,000	2,148,750	Terra Capital, Inc., 12.875%, 10/15/2008	1,005,000	1,030,125
Ferro Corp., 9.125%, 1/1/2009	365,000	392,201	Texas Petrochemicals Corp., 11.125%, 7/1/2006	670,000	529,300
Flowserve Corp., 12.25%, 8/15/2010	422,000	476,860	Venture Holdings, 9.5%, 7/1/2005	150,000	90,000
Foamex LP, 13.5%, 8/15/2005	1,130,000	1,141,300	Xerox Corp.:		
Fonda Group, 9.5%, 3/1/2007	1,340,000	1,139,000	5.5%, 11/15/2003	755,000	656,850
Fort James Corp., 6.875%, 9/15/2007	785,000	744,203	9.75%, 1/15/2009	1,350,000	1,107,000
Grove Holdings LLC, Step-up Coupon, 0% to 5/1/2003, 11.625% to 5/1/2009*	310,000	1,550			43,644,301
Grove Investors, Inc., 14.5%, 5/1/2010*	996,745	0	Media 9.3%		
GS Technologies:			Adelphia Communications Corp.:		
12.0%, 9/1/2004*	373,137	35,448	7.75%, 1/15/2009*	510,000	201,450
12.25%, 10/1/2005*	1,340,000	60,300	7.875%, 5/1/2009*	290,000	111,650
Hayes Lemmerz International, Inc., 11.875%, 6/15/2006*	670,000	527,625	8.125%, 7/15/2003*	390,000	154,050
Hayes Wheels International, Inc., 11.0%, 7/15/2006*	1,500,000	150,000	10.25%, 6/15/2011*	1,670,000	684,700
Hercules, Inc., 11.125%, 11/15/2007	150,000	168,000	American Lawyer Media, Inc., 9.75%, 12/15/2007	1,190,000	844,900
ISP Chemco, Inc., Series B, 10.25%, 7/1/2011	730,000	744,600	Avalon Cable Holding Finance, Step-up Coupon 0% to 12/1/2003, 11.875% to 12/1/2008	1,870,000	1,309,000
ISP Holdings, Inc., 10.625%, 12/15/2009	780,000	772,200	Charter Communications, Inc.:		
Kansas City Southern Railway, 9.5%, 10/1/2008	555,000	600,094	8.25%, 4/1/2007	2,120,000	1,420,400
Knoll, Inc., 10.875%, 3/15/2006	334,000	323,980	10.0%, 5/15/2011	160,000	108,000
Louisiana Pacific Corp., 10.875%, 11/15/2008	520,000	572,000			

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

	Principal Amount (\$)	Value (\$)
Step-up Coupon, 0% to 1/15/2005, 11.75% to 1/15/2010	160,000	72,000
Step-up Coupon, 0% to 1/15/2006, 13.5% to 1/15/2011	2,800,000	1,050,000
Step-up Coupon, 0% to 5/15/2006, 11.75% to 5/15/2011	140,000	49,000
Clear Channel Communication, Inc., 8.0%, 11/1/2008	1,900,000	1,881,000
CSC Holdings, Inc.:		
7.875%, 12/15/2007	770,000	644,650
9.875%, 2/15/2013	1,145,000	847,300
10.5%, 5/15/2016	1,640,000	1,230,000
EchoStar Communications Corp.:		
9.25%, 2/1/2006	1,510,000	1,389,200
9.375%, 2/1/2009	3,575,000	3,306,875
Frontiervision LP, 11.0%, 10/15/2006*	520,000	434,200
Insight Communications, Step-up Coupon, 0% to 2/15/2006, 12.25% to 2/15/2011	1,830,000	786,900
Interep National Radio Sales, Inc., 10.0%, 7/1/2008	2,050,000	1,804,000
Key3Media Group, Inc., 11.25%, 6/15/2011	485,000	218,250
Nextmedia Operating, Inc., 10.75%, 7/1/2011	500,000	505,000
NTL, Inc., Series B, 11.5%, 2/1/2006*	2,320,000	614,800
PRIMEDIA, Inc., 8.875%, 5/15/2011	1,090,000	817,500
Renaissance Media Group, Step-up Coupon, 0% to 4/15/2003, 10.0% to 4/15/2008	2,835,000	2,126,250
Rogers Cablesystems Ltd., 10.0%, 3/15/2005	630,000	655,200
Sinclair Broadcasting Group, Inc., 8.75%, 12/15/2007	550,000	547,250
TeleWest Communications PLC, 11.0%, 10/1/2007	2,895,000	1,158,000
Transwestern Publishing:		
Series F, 9.625%, 11/15/2007	950,000	988,000
Series B, Step-up Coupon, 0% to 11/15/2002, 11.875% to 11/15/2008	970,000	980,913
		26,940,438
Metals and Minerals 0.8%		
Metals USA, Inc., 8.625%, 2/15/2008*	970,000	339,500
MMI Products, Inc., 11.25%, 4/15/2007	1,405,000	1,433,100
Oregon Steel Mills, Inc., 11.0%, 6/15/2003	440,000	440,000

	Principal Amount (\$)	Value (\$)
Republic Technologies International LLC, 13.75%, 7/15/2009*	2,820,000	183,300
		2,395,900
Service Industries 4.2%		
Allied Waste North America, Inc.:		
7.625%, 1/1/2006	1,150,000	1,109,750
8.5%, 12/1/2008	750,000	723,750
10.0%, 8/1/2009	840,000	825,367
Avis Group Holdings, Inc., 11.0%, 5/1/2009	3,580,000	3,902,200
Coinmach Corp., 9.0%, 2/1/2010	1,620,000	1,644,300
Kindercare Learning Centers, Inc., 9.5%, 2/15/2009	1,550,000	1,534,500
La Petite Academy, Inc., 10.0%, 5/15/2008	1,890,000	1,001,700
Service Corp. International, 6.0%, 12/15/2005	1,350,000	1,235,250
		11,976,817
Technology 1.1%		
L-3 Communications Corp., 7.625%, 6/15/2012	755,000	756,888
Seagate Technology Holdings, 8.0%, 5/15/2009	1,105,000	1,105,000
Solectron Corp., 9.625%, 2/15/2009	1,445,000	1,314,950
		3,176,838
Transportation 0.7%		
CP Ships LTD, 10.375%, 7/15/2012	700,000	686,000
Golden State Petroleum Transport, 8.04%, 2/1/2019	90,000	81,217
Kansas City Southern Railway, 7.5%, 6/15/2009	1,040,000	1,041,300
Petroleum Helicopters, 9.375%, 5/1/2009	190,000	194,750
Stena AB, 8.75%, 6/15/2007	50,000	48,500
		2,051,767
Utilities 3.1%		
AES Corp., 9.375%, 9/15/2010	1,600,000	1,040,000
Calpine Corp.:		
7.75%, 4/15/2009	990,000	643,500
7.875%, 4/1/2008	690,000	455,400
8.25%, 8/15/2005	680,000	496,400
8.5%, 5/1/2008	3,100,000	2,123,500
8.5%, 2/15/2011	720,000	482,400
8.625%, 8/15/2010	410,000	266,500
CMS Energy Corp.:		
7.5%, 1/15/2009	560,000	386,400
8.5%, 4/15/2011	1,035,000	734,850
NRG Energy, Inc.:		
7.75%, 4/1/2011	365,000	290,175
8.25%, 9/15/2010	220,000	177,100

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

	Principal Amount (\$)	Value (\$)
PSEG Energy Holdings, 10.0%, 10/1/2009	200,000	201,212
TNP Enterprises, Inc., Series B, 10.25%, 4/1/2010	500,000	518,750
Western Resources, Inc.:		
7.875%, 5/1/2007	780,000	774,782
9.75%, 5/1/2007	470,000	450,201
		9,041,170
Total Corporate Bonds (Cost \$291,594,949)		234,976,792

Foreign Bonds — U.S.\$ Denominated 11.1%

Australis Holdings, 15.0%, 11/1/2002*	3,660,000	366
Bluewater Finance, Ltd., 10.25%, 2/15/2012	680,000	673,200
British Sky Broadcasting PLC, 6.875%, 2/23/2009	505,000	464,536
Call-Net Enterprises, Inc., 10.625%, 12/31/2008	302,152	87,624
Comcast UK Cable Partners Ltd., 11.2%, 11/15/2007	3,230,000	2,907,000
Conproca SA, 12.0%, 6/16/2010	410,000	475,600
Conproca SA de CV, 12.0%, 6/16/2010	110,000	127,600
Corp Durango SA, 13.75%, 7/15/2009	885,000	734,550
Diamond Cable Communications PLC, 10.75%, 2/15/2007	1,990,000	517,400
Dolphin Telecom PLC, Series B, Step-up-Coupon, 0% to 5/15/2004, 14% to 5/15/2009*	1,240,000	124
Euramax International PLC, 11.25%, 10/1/2006	1,930,000	1,930,000
Fage Dairy Industry SA, 9.0%, 2/1/2007	270,000	253,800
Federative Republic of Brazil C Bond, 8.0%, 4/15/2014	646,490	408,905
Global Crossing Holdings Ltd.:		
8.7%, 8/1/2007*	1,530,000	15,300
9.125%, 11/15/2006*	130,000	1,300
Global Telesystems, Inc.:		
10.875%, 6/15/2008*	800,000	2,000
11.5%, 12/15/2007*	1,625,000	4,063
Gruma SA, 7.625%, 10/15/2007	275,000	266,063
Grupo Iusacell SA De CV, 14.25%, 12/1/2006	1,620,000	1,215,000
Hurricane Hydrocarbons Ltd., 12.0%, 8/4/2006	840,000	831,600
Innova S de R.L., 12.875%, 4/1/2007	950,000	741,000
MetroNet Communications Corp.:		
12.0%, 8/15/2007	1,010,000	80,800
Step-up Coupon, 0% to 11/1/2002, 10.75% to 11/1/2007	1,780,000	178,000

	Principal Amount (\$)	Value (\$)
Step-up Coupon, 0% to 6/15/2003, 9.95% to 6/15/2008	750,000	75,000
Millicom International Cellular SA, 13.5%, 6/1/2006	2,390,000	836,500
Petroleum Geo-Services ASA, 7.125%, 3/30/2028	1,365,000	914,550
PTC International Finance, Step-up Coupon, 0% to 7/1/2002, 10.75% to 7/1/2007	2,490,000	2,539,800
PTC International Finance II, 11.25%, 12/1/2009	405,000	423,225
Rogers Cantel, Inc., 9.75%, 6/1/2016	2,125,000	1,487,500
Royal Caribbean Cruises Ltd.:		
6.75%, 3/15/2008	280,000	240,800
8.75%, 2/2/2011	2,420,000	2,274,800
Stagecoach Holdings PLC, 8.625%, 11/15/2009	1,650,000	1,593,529
Star Choice Communications, Inc., 13.0%, 12/15/2005	750,000	780,000
Stone Container Corp., 11.5%, 8/15/2006	1,585,000	1,711,800
TFM SA de CV:		
10.25%, 6/15/2007	870,000	813,450
10.25%, 6/15/2009	350,000	329,000
12.5%, 6/15/2012	1,800,000	1,701,000
Tyco International Group SA:		
5.8%, 8/1/2006	230,000	181,548
6.125%, 11/1/2008	2,485,000	1,911,785
6.125%, 1/15/2009	905,000	696,262
6.375%, 10/15/2011	1,625,000	1,243,954
Versatel Telecom NV, 13.25%, 5/15/2008*	910,000	227,499
Total Foreign Bonds — U.S.\$ Denominated (Cost \$46,844,005)		31,897,833

Convertible Bonds 0.6%

Corning, Inc., Zero Coupon, 11/8/2015	1,190,000	583,100
Tower Auto Group, 5.0%, 8/1/2004	1,170,000	1,107,171
Total Convertible Bonds (Cost \$1,697,301)		1,690,271

	Shares	Value (\$)
Common Stocks 0.2%		
AMF Bowling Worldwide, Inc.*	6,537	173,231
Call-Net Enterprises, Inc. "B"*	14,519	5,045
Capital Pacific Holdings, Inc.*	3,634	15,081
Grove Investors, Inc.*	5,244	18,878
ICG Communications, Inc.*	4,851	63
MEDIQ, Inc.*	736	3,196
Metal Management, Inc.*	83,423	283,638

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

	Shares	Value (\$)
National Vision, Inc.*	69,397	73,214
Song Networks Holdings AB (ADR)*	6,340	1,141
Total Common Stocks (Cost \$4,729,259)		573,487

Warrants 0.2%		
AMF Bowling Worldwide, Inc., "A"*	15,384	76,920
AMF Bowling Worldwide, Inc., "B"*	15,030	90,179
American Banknote Corp.*	1,200	0
Communication Cellular SA*	2,200	44
DeCrane Aircraft Holdings, Inc.*	1,350	14
Econophone, Inc.*	1,260	13
Empire Gas Corp.*	2,070	2,070
Grove Investors, Inc.*	2,914	56,678
KMC Telecom Holdings, Inc.*	1,950	20
McLeodUSA, Inc.*	22,071	2,759
Ono Finance PLC*	1,650	206
Republic Technologies International LLC*	2,820	28
Stage Stores, Inc.*	14,245	259,259
Stations Holding Co., Inc.*	5,000	0
UIH Australia Pacific, Inc.*	750	0
Waxman Industries, Inc.*	52,274	523
Total Warrants (Cost \$3,303,590)		488,713

Preferred Stocks 0.6%		
Dobson Communications Corp. (PIK)	1,123	494,288
Sinclair Capital	13,000	1,350,375
Total Preferred Stocks (Cost \$2,451,354)		1,844,663

Notes to Scudder High Yield Portfolio of Investments

* Non-income-producing security. In the case of a bond, generally denotes that the issuer has defaulted on the payment of principal or interest or has filed for bankruptcy.

(a) The cost for federal income tax purposes was \$370,043,138. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$81,562,973. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$4,398,039 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$85,961,012.

(b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

Included in the portfolio are investments in mortgage or asset-backed securities which are interests in separate pools of mortgages or assets. Effective maturities of these investments may be shorter than stated maturities due to prepayments. Some separate investments in the Federal National Mortgage Association and the Government National Mortgage Association issues which have similar coupon rates have been aggregated for presentation purposes in the investment portfolio.

PIK denotes that interest or dividend is paid in kind.

	Shares	Value (\$)
Convertible Preferred Stocks 0.0%		
McLeodUSA, Inc.	9,960	37,350
World Access, Inc. "D"	933	0
Total Convertible Preferred Stocks (Cost \$2,291,175)		37,350

	Units	Value (\$)
Other Investments 0.0%		
SpinCycle, Inc.*	39,810	97,278
SpinCycle, Inc. "F"*	279	15
Total Other Investments (Cost \$103,208)		97,293

	Principal Amount (\$)	Value (\$)
Asset Backed 0.9%		
Golden Tree High Yield Opportunities LP "D1", Series 1, 13.054%, 10/31/2007 (Cost \$2,500,000)	2,500,000	2,518,250
U.S. Treasury Obligations 3.6%		
U.S. Treasury Note, 3.625%, 3/31/2004 (Cost \$10,248,512)	10,230,000	10,388,156

	Shares	Value (\$)
Cash Equivalents 1.4%		
Scudder Cash Management QP Trust, 1.93% (b) (Cost \$3,967,357)	3,967,357	3,967,357
Total Investment Portfolio — 100.0% (Cost \$369,730,710) (a)		288,480,165

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

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$369,730,710)	\$ 288,480,165
Receivable for investments sold	5,114,204
Interest receivable	6,953,685
Receivable for Portfolio shares sold	115,697
Total assets	300,663,751

Liabilities

Payable for investments purchased	4,208,655
Payable for Portfolio shares redeemed	2,350,375
Accrued management fee	169,445
Other accrued expenses and payables	90,631
Total liabilities	6,819,106
Net assets, at value	\$ 293,844,645

Net Assets

Net assets consist of:	
Undistributed net investment income	14,552,148
Net unrealized appreciation (depreciation) on investments	(81,250,545)
Accumulated net realized gain (loss)	(94,335,042)
Paid-in capital	454,878,084
Net assets, at value	\$ 293,844,645

Net Asset Value and redemption price per share (\$293,844,645 ÷ 40,793,660 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 7.20
---	----------------

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends	\$ 133,235
Interest (net of foreign taxes withheld of \$1,013)	17,596,340
Total Income	17,729,575
Expenses:	
Management fee	1,003,947
Custodian fees	6,804
Auditing	19,276
Legal	21,030
Trustees' fees and expenses	4,620
Reports to shareholders	36,253
Other	14,590
Total expenses, before expense reductions	1,106,520
Expense reductions	(340)
Total expenses, after expense reductions	1,106,180
Net investment income	16,623,395

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(26,253,122)
Futures	(1,006,696)
	(27,259,818)
Net unrealized appreciation (depreciation) during the period on:	
Investments	1,490,143
Futures	325,060
	1,815,203
Net gain (loss) on investment transactions	(25,444,615)
Net increase (decrease) in net assets resulting from operations	\$ (8,821,220)

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, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income	\$ 16,623,395	\$ 29,970,880
Net realized gain (loss) on investment transactions	(27,259,818)	(26,134,600)
Net unrealized appreciation (depreciation) on investment transactions during the period	1,815,203	5,839,472
Net increase (decrease) in net assets resulting from operations	(8,821,220)	9,675,752
Distributions to shareholders from:		
Net investment income	(31,369,433)	(37,937,710)
Portfolio share transactions:		
Proceeds from shares sold	81,628,373	150,832,821
Reinvestment of distributions	31,369,433	37,937,710
Cost of shares redeemed	(113,572,841)	(134,904,420)
Net increase (decrease) in net assets from Portfolio share transactions	(575,035)	53,866,111
Increase (decrease) in net assets	(40,765,688)	25,604,153
Net assets at beginning of period	334,610,333	309,006,180
Net assets at end of period (including undistributed net investment income of \$14,552,148 and \$29,298,186, respectively)	\$ 293,844,645	\$ 334,610,333

Other Information

Shares outstanding at beginning of period	41,133,893	33,728,812
Shares sold	10,109,008	18,119,336
Shares issued to shareholders in reinvestment of distributions	4,154,892	4,563,112
Shares redeemed	(14,604,133)	(15,277,367)
Net increase (decrease) in Portfolio shares	(340,233)	7,405,081
Shares outstanding at end of period	40,793,660	41,133,893

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

Financial Highlights

Years Ended December 31,	2002 ^a	2001 ^b	2000 ^c	1999 ^c	1998 ^c	1997 ^c
Selected Per Share Data						
Net asset value, beginning of period	\$ 8.13	\$ 9.16	\$ 11.46	\$ 12.27	\$ 12.96	\$ 12.81
<i>Income (loss) from investment operations:</i>						
Net investment income	.39 ^d	.84 ^d	1.14 ^d	1.22 ^d	1.06	1.16
Net realized and unrealized gain (loss) on investment transactions	(.58)	(.59)	(2.04)	(.93)	(.85)	.19
Total from investment operations	(.19)	.25	(.90)	.29	.21	1.35
<i>Less distributions from:</i>						
Net investment income	(.74)	(1.28)	(1.40)	(1.10)	(.90)	(1.20)
Total distributions	(.74)	(1.28)	(1.40)	(1.10)	(.90)	(1.20)
Net asset value, end of period	\$ 7.20	\$ 8.13	\$ 9.16	\$ 11.46	\$ 12.27	\$ 12.96
Total Return (%)	(3.00)**	2.63	(8.68)	2.15	1.45	11.61

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	294	335	309	396	442	391
Ratio of expenses (%)	.66*	.70	.68	.67	.65	.65
Ratio of net investment income (loss) (%)	9.60*	9.89	11.23	10.40	9.36	9.20
Portfolio turnover rate (%)	159*	77	54	42	74	90

^a For the six months ended June 30, 2002 (Unaudited).

^b As required, effective January 1, 2001, the Portfolio has adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies and began amortizing premium on debt securities. The effect of this change for the year ended December 31, 2001 was to decrease net investment income per share by \$.08, increase net realized and unrealized gains and losses per share by \$.08 and decrease the ratio of net investment income to average net assets from 10.74% to 9.89%. Per share, ratios and supplemental data for periods prior to January 1, 2001 have not been restated to reflect this change in presentation.

^c On June 18, 2001, the Portfolio implemented a 1 for 10 reverse stock split. Per share information, for the periods prior to December 31, 2001, has been restated to reflect the effect of the split. Shareholders received 1 share for every 10 shares owned and net asset value per share increased correspondingly (see Notes to Financial Statements).

^d Based on average shares outstanding during the period.

* Annualized

** Not annualized

Scudder International Select Equity Portfolio

Global equity markets were dominated by uncertainty during the first half of 2002. Despite a brief reprieve early on, share prices throughout most of the developed world were generally weak as corporate accounting scandals, renewed fears of terrorist activities, lackluster corporate profits and concerns about the pace of global economic activity undermined investor confidence and weakened the U.S. dollar. European markets were hit especially hard, dragged down primarily by telecom and information technology stocks. Japan, by comparison, held up better. A combination of government market-boosting measures and indications that economic activity had bottomed enabled the market to rally for a while. As we approached the end of the first half, however, the impact of a stronger yen on corporate profits and fears about the U.S. economy prompted a modest pullback.

Against this backdrop, Scudder International Select Equity Portfolio declined for the period, essentially keeping pace with its benchmark, the MSCI EAFE Index. Please note that during the period under review, the portfolio experienced a change in investment advisor, portfolio management and portfolio strategy. Now concentrated among high-conviction names, the portfolio is focused on roughly 40 stocks that the team believes have the greatest upside potential on a rolling 12-month basis. The investment approach remains entirely bottom up but with no active allocation among countries, regions or industries and no exposure to emerging markets.

Clare Brody
Marc Slendebroek
Joseph DeSantis
Co-Managers
Deutsche Investment Management Americas Inc.

The MSCI EAFE unmanaged Index is a measure of stock market performance in Europe, Australia, and the Far East in U.S. dollar terms. Index returns assume reinvestment of dividends and capital gains and, unlike fund returns, do not reflect fees or expenses. You cannot invest directly in an index.

Scudder International Select Equity Portfolio

	Shares	Value (\$)		Shares	Value (\$)
Common Stocks 99.4%					
Australia 3.9%			Ireland 2.4%		
BHP Billiton Ltd. (Producer of petroleum, mineral and steel products)	367,100	2,130,478	Bank of Ireland (Provider of banking, life insurance and other financial services)	208,300	2,600,105
CSL Ltd. (Manufacturer and marketer of human and veterinary pharmaceuticals)	121,000	2,193,951	Italy 2.1%		
		4,324,429	ENI SpA (Provider of oilfield and engineering services)	147,500	2,356,345
Denmark 4.8%			Japan 18.9%		
Group 4 Falck AS (Operator of rescue stations and provider of emergency services)	78,000	2,705,732	Canon, Inc. (Producer of visual image and information equipment)	75,000	2,843,929
Henkel KGaA (Manufacturer of various chemical based products)	36,700	2,534,523	Daito Trust Construction Co., Ltd. (Provider of construction and building management services)	129,000	2,424,183
		5,240,255	Hitachi Ltd. (Manufacturer of general electronics)	375,000	2,432,721
Finland 1.1%			KAO Corp. (Manufacturer of household and chemical products)	102,000	2,356,506
Nokia Oyj (Manufacturer of telecommunication systems and equipment)	85,700	1,260,230	Nintendo Co., Ltd. (Manufacturer of game equipment)	17,700	2,615,034
France 18.6%			Nomura Holdings, Inc. (Provider of financial services)	177,000	2,607,626
Aventis SA (Manufacturer of life science products)	46,607	3,318,134	Promise Co., Ltd. (Operator of a consumer finance company)	45,400	2,295,367
BNP Paribas SA* (Provider of banking services)	53,178	2,954,887	Sony Corp. (Manufacturer of consumer electronic products)	62,500	3,311,639
Dassault Systemes SA (Designer, manufacturer and engineer of software products)	58,093	2,665,977			20,887,005
Schneider Electric SA (Manufacturer of electronic components and automated manufacturing systems)	44,266	2,391,603	Netherlands 8.2%		
TotalFinaElf SA "B" (Producer of oil and natural gas)	27,418	4,472,584	Gucci Group NV* (Designer and producer of personal luxury accessories and apparel)	24,200	2,281,182
Valeo SA* (Manufacturer of automobile components)	52,268	2,183,428	STMicroelectronics NV (Manufacturer of semiconductor integrated circuits)	87,989	2,204,503
Vinci SA (Builder of roads and provider of engineering and construction services)	37,640	2,563,959	TNT NV (Provider of transportation services)	101,400	2,301,045
		20,550,572	VNU NV (Provider of publishing services)	80,200	2,239,337
Germany 2.2%					9,026,067
Allianz AG (Provider of multi-line insurance services)	12,165	2,447,940	Spain 4.5%		
Hong Kong 4.1%			Banco Popular Espanol SA (Provider of retail banking services)	54,400	2,416,612
Hang Seng Bank Ltd. (Provider of commercial banking services)	209,200	2,232,822	Telefonica SA* (Provider of telecommunication services)	298,783	2,519,972
Hong Kong Electric Holdings Ltd. (Operator of a gas utility company)	620,500	2,318,935			4,936,584
		4,551,757	Switzerland 8.1%		
			Credit Suisse Group* (Provider of universal banking services)	83,504	2,661,246

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

	Shares	Value (\$)
Nestle SA (Registered) (Producer and seller of food products)	15,330	3,587,960
Swiss Re (Registered) (Provider of reinsurance, insurance and banking services)	27,715	2,719,906
		8,969,112
United Kingdom 20.5%		
Safeway PLC (Owner and operator of retail food supermarkets)	581,369	2,506,725
BAA PLC (Owner and operator of airports)	263,483	2,415,296
Brambles Industries PLC* (Provider of material handling and industrial services)	471,677	2,369,411
British Sky Broadcasting Group PLC* (Provider of broadcast and entertainment services)	228,704	2,201,483
Canary Wharf Group PLC (REIT)* (Operator of real estate development company)	343,576	2,339,773

	Shares	Value (\$)
Compass Group PLC (Operator of an international food service group)	369,414	2,250,025
P & O Princess Cruises PLC (Operator of an international cruise line)	319,036	2,026,183
Railtrack Group PLC (Operator of railway infrastructure)	86,603	294,886
Severn Trent PLC (Supplier of water and offerer of other related services)	219,793	2,431,885
Vodafone Group PLC (Provider of mobile telecommunication services)	2,751,065	3,789,085
		22,624,752
Total Common Stocks (Cost \$115,163,776)		109,775,153
Cash Equivalents 0.6%		
Scudder Cash Management QP Trust, 1.93%, (b) (Cost \$612,702)	612,702	612,702
Total Investment Portfolio — 100.0% (Cost \$115,776,478) (a)		110,387,855

At June 30, 2002, the Scudder International Select Equity Portfolio had the following industry diversification:

Industry	Value	Percent
Financial	\$ 25,276,284	22.9%
Manufacturing	15,855,224	14.3%
Service Industries	12,042,275	10.9%
Consumer Staples	9,406,324	8.5%
Communications	7,569,287	6.9%
Technology	7,262,083	6.6%
Consumer Discretionary	6,922,399	6.3%
Energy	6,828,929	6.2%
Construction	4,988,142	4.5%
Transportation	2,595,931	2.3%
Utilities	2,318,935	2.1%
Media	2,201,483	2.0%
Health	2,193,951	2.0%
Durables	2,183,428	2.0%
Metals and Minerals	2,130,478	1.9%
Total Common Stocks	109,775,153	99.4%
Cash Equivalents	612,702	0.6%
Total Investment Portfolio	\$ 110,387,855	100.0%

Notes to Scudder International Select Equity Portfolio of Investments

* Non-incomeproducing security.

(a) The cost for federal income tax purposes was \$116,050,516. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$5,662,661. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$2,659,667 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$8,322,328.

(b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

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

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$115,776,478)	\$ 110,387,855
Foreign currency, at value (cost \$549,286)	546,037
Receivable for investments sold	1,479,087
Dividends receivable	574,603
Interest receivable	1,170
Foreign taxes recoverable	309,733
Total assets	113,298,485

Liabilities

Payable for investments purchased	1,180,912
Payable for Portfolio shares redeemed	168,455
Accrued management fee	73,038
Other accrued expenses and payables	143,709
Total liabilities	1,566,114
Net assets, at value	\$ 111,732,371

Net Assets

Net assets consist of:	
Undistributed net investment income	855,130
Net unrealized appreciation (depreciation) on:	
Investments	(5,388,623)
Foreign currency related transactions	12,673
Accumulated net realized gain (loss)	(31,567,260)
Paid-in capital	147,820,451
Net assets, at value	\$ 111,732,371

Net Asset Value and redemption price per share
(\$111,732,371 ÷ 12,369,021 outstanding shares
of beneficial interest, \$.01 par value, unlimited
number of shares authorized) **\$ 9.03**

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$175,185)	\$ 1,455,705
Interest	44,097
Total Income	1,499,802
Expenses:	
Management fee	438,522
Custodian fees	67,608
Auditing	8,961
Legal	1,271
Trustees' fees and expenses	2,087
Reports to shareholders	16,572
Other	5,301
Total expenses, before expense reductions	540,322
Expense reductions	(136)
Total expenses, after expense reductions	540,186
Net investment income (loss)	959,616

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(3,864,392)
Foreign currency related transactions	40,521
	(3,823,871)
Net unrealized appreciation (depreciation) during the period on:	
Investments	848,352
Foreign currency related transactions	56,171
	904,523
Net gain (loss) on investment transactions	(2,919,348)
Net increase (decrease) in net assets resulting from operations	\$ (1,959,732)

Statement of Changes in Net Assets

Increase (Decrease) in Net Assets	Six Months Ended June 30, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income (loss)	\$ 959,616	\$ 637,808
Net realized gain (loss) on investment transactions	(3,823,871)	(26,266,426)
Net unrealized appreciation (depreciation) on investment transactions during the period	904,523	(13,923,323)
Net increase (decrease) in net assets resulting from operations	(1,959,732)	(39,551,941)
Distributions to shareholders from:		
Net investment income	(514,449)	(1,173,442)
Net realized gains	—	(23,234,143)
Portfolio share transactions:		
Proceeds from shares sold	37,107,290	409,942,834
Reinvestment of distributions	514,449	24,407,585
Cost of shares redeemed	(44,553,218)	(428,542,046)
Net increase (decrease) in net assets from Portfolio share transactions	(6,931,479)	5,808,373
Increase (decrease) in net assets	(9,405,660)	(58,151,153)
Net assets at beginning of period	121,138,031	179,289,184
Net assets at end of period (including undistributed net investment income of \$855,130 and \$409,963, respectively)	\$ 111,732,371	\$ 121,138,031
Other Information		
Shares outstanding at beginning of period	13,109,975	12,174,799
Shares sold	4,136,997	38,411,201
Shares issued to shareholders in reinvestment of distributions	55,496	2,398,827
Shares redeemed	(4,933,447)	(39,874,852)
Net increase (decrease) in Portfolio shares	(740,954)	935,176
Shares outstanding at end of period	12,369,021	13,109,975

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

Financial Highlights

Years Ended December 31,	2002 ^a	2001	2000 ^b	1999 ^b	1998 ^b	1997 ^b
Selected Per Share Data						
Net asset value, beginning of period	\$ 9.24	\$ 14.73	\$ 21.45	\$ 17.00	\$ 16.15	\$ 15.64
<i>Income (loss) from investment operations:</i>						
Net investment income (loss)	.08 ^c	.05 ^c	.08 ^c	.07 ^c	.17	.11
Net realized and unrealized gain (loss) on investment transactions	(.25)	(3.46)	(3.90)	6.73	1.48	1.30
Total from investment operations	(.17)	(3.41)	(3.82)	6.80	1.65	1.41
<i>Less distributions from:</i>						
Net investment income	(.04)	(.10)	—	(.20)	(.20)	(.20)
Net realized gains on investment transactions	—	(1.98)	(2.90)	(2.15)	(.60)	(.70)
Total distributions	(.04)	(2.08)	(2.90)	(2.35)	(.80)	(.90)
Net asset value, end of period	\$ 9.03	\$ 9.24	\$ 14.73	\$ 21.45	\$ 17.00	\$ 16.15
Total Return (%)	(1.85)**	(24.43)	(20.49)	45.71	10.02	9.46

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	112	121	179	252	213	200
Ratio of expenses (%)	.92*	.92	.84	.94	.93	.91
Ratio of net investment income (loss) (%)	1.65*	.44	.47	.40	.96	.71
Portfolio turnover rate (%)	226*	145	87	136	90	79

^a For the six months ended June 30, 2002 (Unaudited).

^b On June 18, 2001, the Portfolio implemented a 1 for 10 reverse stock split. Per share information, for the periods prior to December 31, 2001, has been restated to reflect the effect of the split. Shareholders received 1 share for every 10 shares owned and net asset value per share increased correspondingly (see Notes to Financial Statements).

^c Based on average shares outstanding during the period.

* Annualized

** Not annualized

Scudder Investment Grade Bond Portfolio

The bond market's results were mixed in the six-month period ended June 30, 2002. In the first quarter of 2002, overall market sentiment pointed to the Federal Reserve Board increasing short-term interest rates sometime later in 2002 as it appeared that the economy was strengthening. However, that sentiment shifted significantly during the second quarter with an interest rate increase becoming unlikely as investor confidence sharply declined, particularly following an announcement that WorldCom had committed massive accounting fraud. In that environment, investors flocked to higher-quality issues in the midst of more announcements of corporate accounting scandals. While that demand led higher-quality fare to outperform, certain corporate bonds and high-yield issues struggled in that environment. In the six-month period, the portfolio outperformed the return of the Lipper Corporate Debt Funds BBB Rated category. The significant reduction early in the quarter to the portfolio's stake in WorldCom bonds, however, did help returns, as an audit committee at WorldCom uncovered accounting fraud in late June. The portfolio's new management team, which took over after April 8, has been restructuring the portfolio to help reduce overall risk and create greater diversification. As a result, management has cut the portfolio's stake in investment-grade corporate bonds, while increasing its exposure to mortgage-backed securities — moves that aided absolute returns in the period. Also, the portfolio's corporate exposure has become more diversified across various sectors, and stakes in individual issues have decreased. Management expects the current market volatility to continue into the third quarter.

David Baldt	J. Christopher Gagnier
Gary Bartlett	Warren Davis
Thomas Flaherty	Andrew Cestone
Daniel Taylor	
Co-Managers	
Deutsche Investment Management Americas Inc.	

Scudder Investment Grade Bond Portfolio

	Principal Amount (\$)	Value (\$)
Corporate Bonds 26.9%		
Communications 2.0%		
Global Crossing Holdings Ltd., 9.5%, 11/15/2009*	375,000	3,750
Nextel Communications, Inc., 9.375%, 11/15/2009	125,000	63,438
Qwest Capital Funding, Inc., 7.0%, 8/3/2009	100,000	55,500
Qwest Corp., 5.625%, 11/15/2008	50,000	37,500
Sprint Capital Corp.: 5.7%, 11/15/2003	1,775,000	1,577,299
6.125%, 11/15/2008	725,000	554,793
Verizon Wireless, Inc., 5.375%, 12/15/2006	1,325,000	1,236,157
WorldCom, Inc., 6.95%, 8/15/2028*	50,000	7,500
		3,535,937
Construction 0.7%		
Georgia-Pacific Corp., 8.125%, 5/15/2011	70,000	66,997
Weyerhaeuser Co., 5.95%, 11/1/2008	1,150,000	1,162,131
		1,229,128
Consumer Discretionary 0.2%		
Chumash Casino & Resort, 9.0%, 7/15/2010	60,000	60,600
Dimon, Inc., Series B, 9.625%, 10/15/2011	50,000	52,375
Park Place Entertainment, Inc., 8.5%, 11/15/2006	200,000	211,500
YUM! Brands, Inc., 7.7%, 7/1/2012	75,000	75,000
		399,475
Durables 1.2%		
Arvinmeritor, 6.625%, 6/15/2007	470,000	469,333
Goodyear Tire & Rubber Co., 7.857%, 8/15/2011	55,000	50,721
Metaldyne Corp., 11.0%, 6/15/2012	50,000	48,750
Systems 2001 Asset Trust LLC, 6.664%, 9/15/2013	1,432,104	1,521,484
		2,090,288
Energy 2.0%		
Avista Corp., 9.75%, 6/1/2008	60,000	62,959
Devon Energy Corp., 7.95%, 4/15/2032	745,000	801,387
Devon Financing Corp., ULC, 7.875%, 9/30/2031	300,000	319,914
El Paso Corp., 7.875%, 6/15/2012	795,000	800,385

	Principal Amount (\$)	Value (\$)
Pioneer Natural Resources Co., 6.5%, 1/15/2008	400,000	380,700
Progress Energy, Inc., 6.85%, 4/15/2012	1,230,000	1,280,969
		3,646,314
Financial 12.4%		
CIT Group, Inc., 7.375%, 4/2/2007	825,000	825,087
Citigroup, Inc., 6.875%, 2/15/2098	1,335,000	1,320,474
ERAC USA Finance Co., 7.35%, 6/15/2008	950,000	1,022,819
ERP Operating LP, 6.63%, 4/13/2005	1,515,000	1,573,541
Ford Motor Credit Co., 6.875%, 2/1/2006	1,760,000	1,800,596
General Electric Capital Corp.: 6.0%, 6/15/2012	1,890,000	1,881,036
6.5%, 12/10/2007	750,000	805,232
General Motors Acceptance Corp.: 5.25%, 5/16/2005	1,205,000	1,212,388
7.0%, 2/1/2012	495,000	495,644
8.0%, 11/1/2031	1,150,000	1,176,162
Goldman Sachs Group, Inc., 6.6%, 1/15/2012	575,000	585,699
Household Finance Corp.: 5.75%, 1/30/2007	45,000	44,511
6.5%, 1/24/2006	105,000	107,351
Ohio National Life Insurance, 8.5%, 5/15/2026	825,000	873,980
Pacific Life Insurance Co., 7.9%, 12/30/2023	1,320,000	1,440,137
PCA LLC/PCA Finance Corp., 11.875%, 8/1/2009	50,000	49,500
PNC Funding Corp., 5.75%, 8/1/2006	1,025,000	1,056,512
Prudential Insurance Co., 6.375%, 7/23/2006	1,000,000	1,043,913
UnumProvident Corp., 7.375%, 6/15/2032	2,420,000	2,378,352
Wells Fargo & Co., 7.55%, 6/21/2010	1,000,000	1,114,194
Wells Fargo Financial, Inc., 4.875%, 6/12/2007	1,680,000	1,677,786
		22,484,914
Health 0.0%		
Magellan Health Services, Inc., 9.0%, 2/15/2008	50,000	18,000
Manufacturing 0.5%		
Dow Chemical Co., 7.0%, 8/15/2005	50,000	53,609
Equistar Chemicals LP, 8.75%, 2/15/2009	125,000	111,775

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

	Principal Amount (\$)	Value (\$)
International Paper Co., 8.125%, 7/8/2005	400,000	439,858
ISP Chemco, Inc., Series B, 10.25%, 7/1/2011	50,000	51,000
Millennium America, Inc.:		
7.0%, 11/15/2006	50,000	47,375
9.25%, 6/15/2008	120,000	122,400
Xerox Corp., 9.75%, 1/15/2009	75,000	61,500
		887,517
Media 1.4%		
Comcast Cable Communications, 6.375%, 1/30/2006	375,000	363,194
CSC Holdings, Inc., 7.875%, 12/15/2007	750,000	627,906
News America Holdings, Inc., 9.25%, 2/1/2013	225,000	259,085
Renaissance Media Group, Step-up Coupon, 0% to 4/15/2003, 10.0% to 4/15/2008	65,000	48,750
Time Warner, Inc., 9.125%, 1/15/2013	1,150,000	1,272,874
Transwestern Publishing, Series B, Step-up Coupon, 0% to 11/15/2002, 11.875% to 11/15/2008	50,000	50,562
		2,622,371
Service Industries 0.9%		
AIG Sunamerica Global Financing IV, 6.3%, 5/10/2011	1,475,000	1,526,677
Allied Waste North America, Inc., 7.625%, 1/1/2006	65,000	62,725
Service Corp. International, 6.0%, 12/15/2005	50,000	45,750
		1,635,152
Technology 0.8%		
L-3 Communications Corp., 7.625%, 6/15/2012	65,000	65,163
Raytheon Co., 6.3%, 3/15/2005	1,190,000	1,239,331
Seagate Technology Holdings, 8.0%, 5/15/2009	50,000	50,000
Solectron Corp., 9.625%, 2/15/2009	50,000	45,500
		1,399,994
Transportation 0.0%		
Kansas City Southern Railway, 7.5%, 6/15/2009	50,000	50,063
Utilities 4.8%		
Alabama Power Co., 7.125%, 8/15/2004	1,000,000	1,066,064
Calpine Corp.:		
7.875%, 4/1/2008	50,000	33,000
8.5%, 2/15/2011	460,000	308,200

	Principal Amount (\$)	Value (\$)
Cleveland Electric/Toledo Edison Co., Series B, 7.67%, 7/1/2004	1,050,000	1,109,175
CMS Energy Corp., 8.5%, 4/15/2011	55,000	39,050
KeySpan Corp.:		
6.15%, 6/1/2006	275,000	287,086
7.625%, 11/15/2010	1,075,000	1,203,113
Pacificorp, 6.9%, 11/15/2011	825,000	876,839
Progress Energy, Inc., 6.75%, 3/1/2006	1,000,000	1,050,638
PSE&G Power LLC, 6.95%, 6/1/2012	1,595,000	1,603,359
Texas Eastern Transmission Corp., 7.3%, 12/1/2010	1,100,000	1,177,552
		8,754,076
Total Corporate Bonds (Cost \$48,709,948)		48,753,229

Asset Backed 6.7%

Automobile Receivables 1.7%

AmeriCredit Automobile Receivables Trust "A4", Series 2001-C, 5.01%, 7/14/2008	1,530,000	1,570,898
WFS Financial Owner Trust "A4", Series 2002-2, 4.5%, 2/20/2010	1,540,000	1,556,175
		3,127,073

Home Equity Loans 2.1%

First Union National Bank Commercial Mortgage "A2", Series 2001-C3, 6.18%, 8/15/2033	1,890,000	1,981,991
Oakwood Mortgage Investors, Inc. "A2", Series 2002-B, 5.19%, 9/15/2019	900,000	922,788
Salomon Brothers Mortgage Securities VII "A2", Series 2001-C2, 6.168%, 2/13/2010	805,000	843,377
		3,748,156

Miscellaneous 2.9%

Detroit Edison Securitization Funding LLC "A6", Series 2001-1, 6.62%, 3/1/2016	1,375,000	1,467,987
PECO Energy Transition Trust "A1", Series 2001-A, 6.52%, 12/31/2010	1,790,000	1,920,945
PSE&G Transition Funding LLC:		
"A7", Series 2001-1, 6.75%, 6/15/2016	900,000	968,116
"A8", Series 2001-1, 6.89%, 12/15/2017	800,000	873,152
		5,230,200
Total Asset Backed (Cost \$11,869,226)		12,105,429

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

	Principal Amount (\$)	Value (\$)
Foreign Bonds — U.S.\$ Denominated 2.5%		
British Sky Broadcasting PLC, 6.875%, 2/23/2009	60,000	55,192
Euramax International PLC, 11.25%, 10/1/2006	50,000	50,000
Grupo Iusacell SA De CV, 14.25%, 12/1/2006	50,000	37,500
Pemex Finance Ltd., 9.14%, 8/15/2004	1,863,000	1,973,364
Petroleum Geo-Services ASA, 7.125%, 3/30/2028	50,000	33,500
PTC International Finance BV, Step-up Coupon, 0% to 7/1/2002, 10.75% to 7/1/2007	70,000	71,400
Royal Caribbean Cruises Ltd., 8.75%, 2/2/2011	65,000	61,100
Sappi Papier Holding AG, 7.5%, 6/15/2032	1,580,000	1,593,114
Stagecoach Holdings PLC, 8.625%, 11/15/2009	55,000	53,118
TFM SA de CV, 12.5%, 6/15/2012	85,000	80,325
Tyco International Group SA:		
6.125%, 11/1/2008	100,000	76,933
6.375%, 10/15/2011	50,000	38,276
6.75%, 2/15/2011	650,000	504,771
Total Foreign Bonds — U.S.\$ Denominated (Cost \$4,813,088)		4,628,593

U.S. Treasury Obligations 24.1%		
U.S. Treasury Bond:		
6.0%, 2/15/2026	3,310,000	3,442,906
7.25%, 5/15/2016	4,900,000	5,774,924
8.125%, 8/15/2019	475,000	608,426
U.S. Treasury Note:		
3.5%, 11/15/2006	1,285,000	1,262,112
5.875%, 11/15/2004	28,619,000	30,416,617
6.0%, 8/15/2009	211,000	229,207
6.125%, 8/15/2007	1,377,000	1,500,852
6.75%, 5/15/2005	455,000	496,590
Total U.S. Treasury Obligations (Cost \$43,175,078)		43,731,634

U.S. Agency Obligations 2.4%		
Federal National Mortgage Association:		
5.25%, 6/15/2006	650,000	676,475
5.625%, 5/14/2004	2,800,000	2,933,070
7.0%, 7/15/2005	675,000	738,179
Total U.S. Agency Obligations (Cost \$4,234,901)		4,347,724

	Principal Amount (\$)	Value (\$)
U.S. Government Agency Pass-Thrus 20.2%		
Federal Home Loan Mortgage Corp.:		
6.0%, 8/15/2016	500,000	507,622
6.5%, 7/1/2032	11,400,000	11,646,149
Federal National Mortgage Association:		
6.0%, 2/1/2032	1,212,811	1,211,381
6.31%, 6/1/2008	1,500,000	1,586,746
6.5% with various maturities until 7/1/2032	7,357,906	7,541,671
7.0% with various maturities until 7/1/2032	12,773,490	13,243,281
7.5% with various maturities until 8/1/2016	577,320	611,328
8.0%, 9/1/2015	255,563	272,176
Total U.S. Government Agency Pass-Thrus (Cost \$36,098,050)		36,620,354

Government National Mortgage Association 1.9%		
Government National Mortgage Association:		
6.5% with various maturities until 11/20/2031	1,894,684	1,934,428
7.0% with various maturities until 12/15/2028	1,526,132	1,588,857
Total Government National Mortgage Association (Cost \$3,385,897)		3,523,285

Collateralized Mortgage Obligations 4.2%		
Federal Home Loan Mortgage Corp.:		
6.0%, 9/15/2016	820,000	825,341
7.5%, 6/25/2032	800,000	848,123
Federal National Mortgage Association:		
5.5% with various maturities until 7/25/2017	2,150,000	2,185,328
6.0%, 10/25/2016	1,550,000	1,562,719
7.5% with various maturities until 8/25/2034	2,050,000	2,167,764
Total Collateralized Mortgage Obligations (Cost \$7,573,519)		7,589,275

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

	Principal Amount (\$)	Value (\$)
Long-Term Municipal Investments 0.9%		
Brockton, MA, Core City GO, Economic Development, Series A, 6.45%, 5/1/2017 (Cost \$1,537,082)	1,530,000	1,581,638

	Shares	Value (\$)
Cash Equivalents 10.2%		
Scudder Cash Management QP Trust, 1.93% (b) (Cost \$18,473,151)	18,473,151	18,473,151
Total Investment Portfolio — 100.0% (Cost \$179,869,940) (a)		181,354,312

Notes to Scudder Investment Grade Bond Portfolio of Investments

* *Non-income producing security. In the case of a bond, generally denotes the issuer has defaulted on payment of principal or interest or has filed for bankruptcy.*

(a) *The cost for federal income tax purposes was \$179,880,421. At June 30, 2002, net unrealized appreciation for all securities based on tax cost was \$1,473,891. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$2,715,752 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$1,241,861.*

(b) *Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.*

Included in the portfolio are investments in mortgage or asset-backed securities which are interests in separate pools of mortgages or assets. Effective maturities of these investments may be shorter than stated maturities due to prepayments. Some separate investments in the Federal National Mortgage Association and the Government National Mortgage Association issues which have similar coupon rates have been aggregated for presentation purposes in the investment portfolio.

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$179,869,940)	\$ 181,354,312
Cash	10,000
Receivable for investments sold	7,357,823
Interest receivable	1,566,969
Receivable for Portfolio shares sold	678,265
Total assets	190,967,369

Liabilities

Payable for investments purchased	19,947,523
Payable for Portfolio shares redeemed	11,049
Accrued management fee	83,316
Other accrued expenses and payables	20,074
Total liabilities	20,061,962
Net assets, at value	\$ 170,905,407

Net Assets

Net assets consist of:	
Undistributed net investment income	3,450,908
Net unrealized appreciation (depreciation) on investments	1,484,372
Accumulated net realized gain (loss)	(3,980,828)
Paid-in capital	169,950,955
Net assets, at value	\$ 170,905,407

Net Asset Value and redemption price per share (\$170,905,407 ÷ 15,047,679 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 11.36
---	-----------------

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Interest	\$ 4,151,925
Expenses:	
Management fee	446,810
Custodian fees	4,482
Auditing	6,526
Legal	1,875
Trustees' fees and expenses	1,300
Reports to shareholders	25,148
Other	3,834
Total expenses, before expense reductions	489,975
Expense reductions	(323)
Total expenses, after expense reductions	489,652
Net investment income	3,662,273

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	(1,979,252)
Net unrealized appreciation (depreciation) during the period on investments	2,065,642
Net gain (loss) on investment transactions	86,390
Net increase (decrease) in net assets resulting from operations	\$ 3,748,663

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, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income	\$ 3,662,273	\$ 5,630,267
Net realized gain (loss) on investment transactions	(1,979,252)	1,801,523
Net unrealized appreciation (depreciation) on investment transactions during the period	2,065,642	(2,467,539)
Net increase (decrease) in net assets resulting from operations	3,748,663	4,964,251
Distributions to shareholders from:		
Net investment income	(5,123,396)	(4,623,273)
Portfolio share transactions:		
Proceeds from shares sold	42,225,257	82,813,663
Reinvestment of distributions	5,123,396	4,623,273
Cost of shares redeemed	(8,802,073)	(31,584,271)
Net increase (decrease) in net assets from Portfolio share transactions	38,546,580	55,852,665
Increase (decrease) in net assets	37,171,847	56,193,643
Net assets at beginning of period	133,733,560	77,539,917
Net assets at end of period (including undistributed net investment income of \$3,450,908 and \$4,912,031, respectively)	\$ 170,905,407	\$ 133,733,560
Other Information		
Shares outstanding at beginning of period	11,645,925	6,770,947
Shares sold	3,709,316	7,217,533
Shares issued to shareholders in reinvestment of distributions	465,763	414,684
Shares redeemed	(773,325)	(2,757,259)
Net increase (decrease) in Portfolio shares	3,401,754	4,874,978
Shares outstanding at end of period	15,047,679	11,645,925

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

Financial Highlights

Years Ended December 31,	2002 ^a	2001 ^b	2000 ^c	1999 ^c	1998 ^c	1997 ^c
Selected Per Share Data						
Net asset value, beginning of period	\$ 11.48	\$ 11.45	\$ 11.00	\$ 11.65	\$ 11.18	\$ 10.36
<i>Income (loss) from investment operations:</i>						
Net investment income	.28 ^d	.62 ^d	.69 ^d	.60 ^d	.32	.66
Net realized and unrealized gain (loss) on investment transactions	—	.01 ^e	.36	(.85)	.55	.26
Total from investment operations	.28	.63	1.05	(.25)	.87	.92
<i>Less distributions from:</i>						
Net investment income	(.40)	(.60)	(.60)	(.30)	(.30)	(.10)
Net realized gains on investment transactions	—	—	—	(.10)	(.10)	—
Total distributions	(.40)	(.60)	(.60)	(.40)	(.40)	(.10)
Net asset value, end of period	\$ 11.36	\$ 11.48	\$ 11.45	\$ 11.00	\$ 11.65	\$ 11.18
Total Return (%)	2.42**	5.71	9.90	(2.06)	7.93	9.04

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	171	134	78	71	52	16
Ratio of expenses before expense reductions (%)	.66*	.64	.68	.65	.67	.80
Ratio of expenses after expense reductions (%)	.66*	.64	.67	.65	.67	.80
Ratio of net investment income (loss) (%)	4.87*	5.46	6.36	5.42	5.50	6.23
Portfolio turnover rate (%)	306*	176	311	131	130	311

^a For the six months ended June 30, 2002 (Unaudited).

^b As required, effective January 1, 2001, the Portfolio has adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies and began amortizing premium on debt securities. In addition, paydowns on mortgage-backed securities which were included in realized gain/loss on investment transactions prior to January 1, 2001 are included as interest income. The effect of this change for the year ended December 31, 2001 was to decrease net investment income per share by \$.01, increase net realized and unrealized gains and losses per share by \$.01 and decrease the ratio of net investment income to average net assets from 5.54% to 5.46%. Per share, ratios and supplemental data for periods prior to January 1, 2001 have not been restated to reflect this change in presentation.

^c On June 18, 2001, the Portfolio implemented a 1 for 10 reverse stock split. Per share information, for the periods prior to December 31, 2001, has been restated to reflect the effect of the split. Shareholders received 1 share for every 10 shares owned and net asset value per share increased correspondingly (see Notes to Financial Statements).

^d Based on average shares outstanding during the period.

^e The amount of net realized and unrealized gain shown for a share outstanding for the period ending December 31, 2001 does not correspond with the aggregate net loss on investments for the period due to the timing of sales and repurchases of Portfolio shares in relation to fluctuating market values of the investments of the Portfolio.

Scudder Money Market Portfolio

The market experienced a significant shift during the six-month period ended June 30, 2002. In the first quarter of 2002, overall market sentiment pointed to the Federal Reserve Board increasing short-term interest rates sometime later in 2002, as it appeared that the economy was on track to recovery. However, that sentiment shifted significantly during the second quarter with the rate increase becoming unlikely as investor confidence sharply declined, particularly following an announcement that WorldCom had committed massive accounting fraud. As a result, yields on money market securities declined further during the second quarter. Rates fell amid more reports of accounting scandals from some U.S. corporations, continued concerns about terrorist activity and the potential for war in the Middle East.

After April 8, the portfolio was restructured under a group led by Darlene Rasel, with a focus on creating a portfolio with strong potential for yield, while maintaining stability. To that end, the portfolio primarily was restructured to include a larger number of short-maturity issues to provide stability and a smaller amount of long-maturity securities to boost potential for yield. Overall, the weighted average maturity of Scudder's money funds is on the longer-end of maturity ranges, between 60 to 90 days. While it appears that the United States has rebounded from last year's economic downturn, management believes the acceleration in the economy will not likely be as strong as investors had hoped it would be earlier in 2002.

Darlene M. Rasel
Lead Manager
Deutsche Investment Management Americas Inc.

An investment in the Scudder Money Market Portfolio is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the portfolio seeks to preserve the value of your investment at \$1.00 per unit, it is possible to lose money by investing in the portfolio.

Scudder Money Market Portfolio

	Principal Amount (\$)	Value (\$)		Principal Amount (\$)	Value (\$)
Commercial Paper 61.1%					
American Honda Finance Corp., 1.9%*, 8/23/2002	7,000,000	6,999,898	Scaldis Capital LLC, 1.83%**, 7/9/2002	10,000,000	9,995,933
Apreco Inc., 1.79%**, 7/18/2002	10,000,000	9,991,547	Sheffield Receivables Corp., 1.79%**, 7/1/2002	10,000,000	10,000,000
Associates Corp of North America, 1.957%*, 6/15/2003	5,000,000	5,000,000	Sheffield Receivables Corp., 1.79%**, 7/18/2002	10,000,000	9,991,547
Atlantis One Funding Corp., 1.95%**, 8/16/2002	10,000,000	9,975,083	Sheffield Receivables Corp., 1.83%**, 7/23/2002	10,000,000	9,988,817
Barton Capital Corp., 1.84%**, 7/10/2002	10,000,000	9,995,400	Sheffield Receivables Corp., 1.82%**, 8/5/2002	10,000,000	9,982,306
Bavaria TRR Corp., 1.79%**, 7/8/2002	10,000,000	9,996,519	Sigma Finance Inc., 2.08%**, 7/11/2002	10,000,000	9,994,222
Bavaria TRR Corp., 1.81%**, 7/22/2002	10,000,000	9,989,442	Swedish National Housing Finance Corp., 1.95%**, 8/7/2002	10,000,000	9,979,958
Bayerische Hypo–Und Vereinsbank AG, 1.8%**, 7/24/2002	10,000,000	9,988,500	Sweetwater Capital Corp., 1.9%**, 7/8/2002	7,894,000	7,891,084
Blue Ridge Asset Funding Corp., 1.81%**, 7/24/2002	10,000,000	9,988,436	Verizon Communications Inc., 6.56% 8/14/2002	11,950,000	12,014,990
Danske Corp., 1.82%**, 7/18/2002	10,000,000	9,991,406	Westdeutsche Landesbank GZ, 2.06%*, 10/28/2002	10,000,000	9,931,905
Delaware Funding Corp., 1.8%**, 7/26/2002	10,000,000	9,987,500	Total Commercial Paper (Cost \$364,977,696)		364,977,696
Edison Asset Securities LLC, 1.96%**, 12/4/2002	10,000,000	9,915,067	Certificates of Deposit 18.3%		
Falcon Asset Securitization Corp., 1.8%**, 7/25/2002	11,000,000	10,986,800	American Express Centurian Bank, 1.834%*, 11/6/2002	10,000,000	10,000,000
General Electric Capital Corp., 2.04%**, 11/5/2002	10,000,000	9,928,033	Canadian Imperial Bank of Commerce, 2.71%*, 3/17/2003	10,000,000	10,032,297
Goldman Sachs Group Inc., 1.879%*, 10/16/2002	10,000,000	10,000,000	Comerica Bank, 1.8%*, 10/28/2002	10,000,000	10,000,000
Greyhawk Funding LLC, 1.68%**, 7/12/2002	10,000,000	9,994,867	Dresdner Bank AG, 2.58%*, 5/8/2003	10,000,000	10,012,037
Household Finance Corp., 1.91%*, 9/26/2002	5,000,000	5,000,000	Landesbank Baden–Wuerttemberg, 2.41%*, 6/16/2003	10,000,000	10,015,126
Household Finance Corp., 1.98%*, 12/20/2002	5,000,000	4,998,836	Svenska Handelsbanken, 2.5%*, 6/13/2003	12,000,000	11,997,180
ING (US) Funding LLC, 1.78%**, 7/22/2002	10,000,000	9,989,617	Toronto Dominion Bank, 2.49%*, 3/7/2003	7,000,000	7,009,955
Jupiter Securitization Corp., 1.79%**, 7/10/2002	10,000,000	9,995,525	UBS AG, 2.1%*, 2/13/2003	10,000,000	10,000,000
Jupiter Securitization Corp., 1.8%**, 7/15/2002	10,000,000	9,993,000	U.S. Bank N.A., 1.83%*, 1/10/2003	10,000,000	10,000,000
Kitty Hawk Funding Corp., 1.92%**, 7/26/2002	10,000,000	9,986,667	Westpac Banking Corp., 2.175%*, 1/24/2003	20,000,000	20,000,568
Moriarty LLC, 2.1%**, 11/22/2002	10,000,000	9,916,000	Total Certificates of Deposit (Cost \$109,067,163)		109,067,163
Park Avenue Receivables Corp., 1.8%**, 7/29/2002	10,000,000	9,986,000	Repurchase Agreements 20.6%		
Pennine Funding LLC, 2.15%**, 7/2/2002	10,000,000	9,999,403	J.P. Morgan Chase & Co., 1.98%*, to be repurchased at \$120,019,800 on 7/1/2002	120,000,000	120,000,000
Perry Global Funding LLC, 1.83%**, 7/16/2002	10,000,000	9,992,375	State Street Bank and Trust Company, 1.88%*, to be repurchased at \$2,643,414 on 7/1/2002	2,643,000	2,643,000
Preferred Receivable Funding Corp., 1.8%**, 8/6/2002	12,678,000	12,655,180			
Private Export Funding Corp., 2.05%**, 8/30/2002	10,000,000	9,965,833			

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

	Principal Amount (\$)	Value (\$)
Total Repurchase Agreements (b) (Cost \$122,643,000)		122,643,000
Total Investment Portfolio — 100.0% (Cost \$596,687,859) (a)		596,687,859

Notes to Scudder Money Market Portfolio of Investments

* Floating rate securities are securities whose yields vary with a designated market index or market rate, such as the coupon-equivalent of the U.S. Treasury bill rate. These securities are shown at their current rate as of June 30, 2002.

** Interest rates represent annualized yield to date of maturity.

(a) Cost for federal income tax purposes was \$596,687,859.

(b) Repurchase agreements are fully collateralized by U.S. Treasury or Government agency securities.

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$596,687,859)	\$ 596,687,859
Cash	841
Interest receivable	715,524
Receivable for Portfolio shares sold	6,923,766
Total assets	604,327,990

Liabilities

Dividends payable	281,558
Payable for Portfolio shares redeemed	1,475
Accrued management fee	236,406
Other accrued expenses and payables	100,581
Total liabilities	620,020
Net assets, at value	\$ 603,707,970

Net Assets

Net assets consist of:	
Accumulated net realized gain (loss)	5,013
Paid-in capital	603,702,957
Net assets, at value	\$ 603,707,970

Net Asset Value and redemption price per share (\$603,707,970 ÷ 603,690,711 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 1.00
--	----------------

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Interest	\$ 5,764,578
Expenses:	
Management fee	1,480,358
Custodian fees	14,424
Auditing	30,299
Legal	9,401
Trustees' fees and expenses	5,300
Reports to shareholders	40,039
Other	14,204
Total expenses, before expense reductions	1,594,025
Expense reductions	(217)
Total expenses, after expense reductions	1,593,808
Net investment income	4,170,770
Net realized gain (loss) from investments	1,822
Net increase (decrease) in net assets resulting from operations	\$ 4,172,592

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, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income	\$ 4,170,770	\$ 15,672,397
Net realized gain (loss) on investment transactions	1,822	9,357
Net increase (decrease) in net assets resulting from operations	4,172,592	15,681,754
Distributions to shareholders from:		
Net investment income	(4,143,353)	(15,691,810)
Portfolio share transactions:		
Proceeds from shares sold	1,316,325,253	4,484,819,119
Reinvestment of distributions	4,235,916	16,051,939
Cost of shares redeemed	(1,387,582,029)	(4,108,987,621)
Net increase (decrease) in net assets from Portfolio share transactions	(67,020,860)	391,883,437
Increase (decrease) in net assets	(66,991,621)	391,873,381
Net assets at beginning of period	670,699,591	278,826,210
Net assets at end of period	\$ 603,707,970	\$ 670,699,591
Other Information		
Shares outstanding at beginning of period	670,711,571	278,826,210
Shares sold	1,316,325,253	4,484,820,688
Shares issued to shareholders in reinvestment of distributions	4,235,916	16,051,939
Shares redeemed	(1,387,582,029)	(4,108,987,266)
Net increase (decrease) in Portfolio shares	(67,020,860)	391,885,361
Shares outstanding at end of period	603,690,711	670,711,571

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

Financial Highlights

Years Ended December 31,	2002 ^a	2001	2000	1999	1998	1997
Selected Per Share Data						
Net asset value, beginning of period	\$ 1.00	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000
<i>Income from investment operations:</i>						
Net investment income	.007	.037	.059	.050	.050	.050
Total from investment operations	.007	.037	.059	.050	.050	.050
<i>Less distributions from:</i>						
Net investment income	(.007)	(.037)	(.059)	(.050)	(.050)	(.050)
Total distributions	(.007)	(.037)	(.059)	(.050)	(.050)	(.050)
Net asset value, end of period	\$ 1.00	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000
Total Return (%)	.68 ^{**}	3.75	6.10	4.84	5.15	5.25

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	604	671	279	231	152	100
Ratio of expenses (%)	.54 [*]	.55	.58	.54	.54	.55
Ratio of net investment income (loss) (%)	1.41 [*]	3.39	5.94	4.77	5.02	5.14

^a For the six months ended June 30, 2002 (Unaudited).

* Annualized

** Not annualized

Scudder New Europe Portfolio

International equity markets were dominated by uncertainty during the first half of 2002. Despite a brief reprieve early on, share prices throughout most of the developed world were generally weak as accounting scandals, renewed fears of terrorism, lackluster profits and concerns about slowing economies undermined investor confidence and weakened the U.S. dollar. European markets were hit especially hard, dragged down primarily by telecommunications and information technology stocks.

Scudder New Europe Portfolio declined for the semiannual period, falling just short of its benchmark, the MSCI Europe Index. While technology and related holdings caused the most damage, the portfolio's losses were partly offset by holdings in such diverse sectors as materials, banks and oil. With respect to materials companies, we are in the process of trimming our exposure here and have used some of these proceeds to increase exposure to fundamentally strong pharmaceuticals that are now available at attractive prices as a result of patent panic. We've also added selectively to utilities, information technology and semiconductors to the point that we're now slightly more heavily weighted here than the index. Please note that during the period under review, the portfolio experienced a change in investment advisor and portfolio management. Shifts in the portfolio have been limited with respect to this transition. The philosophy, objective and overall process remain intact. We have been consolidating the portfolio, focusing on stocks in which we have the strongest conviction, but the bulk of that process has been completed.

Joseph Axtell
Portfolio Manager
Deutsche Investment Management Americas Inc.

MSCI Europe Index is an unmanaged, capitalization-weighted measure of 15 stock markets in Europe. Index returns assume reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an index.

Scudder New Europe Portfolio

	Shares	Value (\$)
Common Stocks 94.1%		
Belgium 0.4%		
Dexia* (Supplier of municipal lending services)	9,320	92
Interbrew (Operator of brewing business)	4,300	124,032
		124,124
Denmark 0.9%		
Novo Nordisk AS "B"* (Producer of pharmaceuticals with a specialty in diabetic treatment)	9,050	300,652
Finland 3.0%		
Fortum Corp.* (Provider of a full range of energy related services)	24,470	141,797
Nokia Oyj (Manufacturer of telecommunication systems and equipment)	57,700	848,486
		990,283
France 21.1%		
Altran Technologies SA (Provider of technology consulting services)	5,124	149,986
Aventis SA (Manufacturer of life science products)	13,206	940,187
BNP Paribas SA (Provider of banking services)	13,651	758,531
Credit Lyonnais SA (Provider of diversified banking services)	6,318	272,076
Groupe Danone (Producer of food products worldwide)	2,521	348,203
Lafarge SA (Supplier of various building materials)	2,232	223,685
Pechiney SA "A" (Manufacturer of aluminum products as well as other specialty metals)	7,624	349,877
PSA Peugeot Citroen* (Manufacturer of automobiles and commercial vehicles)	7,352	383,353
Sanofi-Synthelabo SA (Manufacturer of health care products and medical and surgical equipment)	3,017	184,407
Schneider Electric SA (Manufacturer of electronic components and automated manufacturing systems)	8,009	432,710
Societe Generale "A" (Provider of banking services)	9,909	655,808
Suez SA* (Builder of water treatment plants)	27,636	740,389

	Shares	Value (\$)
TotalFinaElf SA "B" (Producer of oil and natural gas)	6,583	1,073,857
Vinci SA (Builder of roads and provider of engineering and construction services)	4,589	312,593
Vivendi Universal SA (Operator of music, television, film and telecommunication businesses)	5,370	116,585
		6,942,247
Germany 19.4%		
Allianz AG (Provider of multi-line insurance services)	4,183	841,738
Altana AG (Developer and manufacturer of pharmaceutical, diagnostic and chemical products)	5,637	285,259
BASF AG (Producer of chemical products)	5,969	278,073
Danske Bank AS (Provider of financial services)	17,470	322,819
Deutsche Boerse AG (Provider of financial services)	6,606	280,218
Deutsche Telekom AG (Registered) (Provider of telecommunication services)	41,740	394,285
E.On AG (Distributor of oil and chemicals)	8,777	513,829
Fresenius Medical Care AG (Manufacturer that distributes equipment and products for dialysis patients)	4,590	205,860
Infineon Technologies AG* (Manufacturer and marketer of semiconductors)	29,740	467,135
KarstadtQuelle AG (Operator of department stores)	9,005	234,996
MAN AG (Operator of a commodities trading company)	16,680	352,199
Marschollek, Lautenschlaeger und Partner AG (Provider of investment services)	4,960	154,783
Metro AG (Operator of building, clothing, electronic and food stores)	10,896	335,158
Muenchener Rueckversicherungs-Gesellschaft AG (Registered) (Provider of financial services which offer insurance and asset management)	1,794	426,333
SAP AG (Manufacturer of computer software)	5,076	503,666
Schering AG (Producer of pharmaceuticals and industrial chemicals)	4,287	269,477

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

	Shares	Value (\$)
Siemens AG (Manufacturer of electrical and electronic equipment)	8,554	515,628
		6,381,456
Italy 3.7%		
ENI SpA* (Provider of oilfield and engineering services)	55,760	890,778
Saipem SpA (Provider of offshore and onshore drilling services)	43,800	316,393
		1,207,171
Netherlands 6.2%		
Akzo Nobel NV (Producer and marketer of health care products, coatings, chemicals and fibers)	8,400	367,486
ASML Holding NV* (Developer of photolithography projection systems)	26,020	413,870
Getronics NV* (Provider of computer consulting and solution design services)	53,200	101,880
Gucci Group NV* (Designer and producer of personal luxury accessories and apparel)	3,630	342,177
STMicroelectronics NV (Manufacturer of semiconductor integrated circuits)	12,380	310,172
VNU NV (Provider of publishing services)	17,930	500,640
		2,036,225
Portugal 0.5%		
Portugal Telecom SGPS SA (Registered) (Provider of telecommunication services)	23,400	166,013
Spain 6.2%		
Amadeus Global Travel Distribution SA "A"* (Operator of a travel reservation system)	31,800	204,467
Banco Popular Espanol SA (Provider of retail banking services)	16,510	733,424
Industria de Diseno Textil SA* (Manufacturer and retailer of apparel)	13,200	280,029
Telefonica SA* (Provider of telecommunication services)	78,386	661,117
Union Fenosa SA (Provider of electric utilities)	8,336	153,848
		2,032,885

	Shares	Value (\$)
Sweden 0.8%		
Assa Abloy AB "B" (Manufacturer of security locks)	17,430	246,601
Switzerland 10.0%		
Credit Suisse Group* (Provider of universal banking services)	21,259	677,518
Nestle SA* (Registered) (Producer and seller of food products)	2,247	525,907
Novartis AG (Manufacturer of pharmaceutical and nutrition products)	21,630	954,865
Swiss Re* (Registered) (Provider of reinsurance, insurance and banking services)	7,629	748,698
Syngenta AG (Producer of seeds and chemicals for crop protection)	6,020	363,206
		3,270,194
United Kingdom 21.6%		
Aegis Group PLC (Provider of independent media services)	269,872	370,666
BAA PLC (Owner and operator of airports)	30,000	275,004
Barclays PLC (Provider of commercial and investment banking services)	70,663	596,928
BP PLC (Exporter and producer of oil and natural gas)	89,950	758,479
Brambles Industries PLC (Provider of material handling and industrial services)	81,920	411,515
British Sky Broadcasting Group PLC* (Provider of broadcast and entertainment services)	40,480	389,657
GlaxoSmithKline PLC (Developer of vaccines and health-related consumer products)	53,693	1,165,158
GUS PLC (Operator of catalog home shopping, retailing, finance and property investment services)	13,696	126,282
J Sainsbury PLC (Distributor of food)	44,824	244,203
Misys PLC (Provider of software and hardware computer solutions)	41,381	153,252
Royal Bank of Scotland Group PLC (Provider of a wide range of financial services)	43,891	1,249,336
Shell Transport & Trading PLC (Provider of oil and gas)	21,250	160,974
Taylor Nelson Sofres PLC (Provider of market research services)	81,070	236,965

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

	Shares	Value (\$)
The Sage Group PLC (Distributor of accounting and payroll software)	97,840	253,792
Vodafone Group PLC (Provider of mobile telecommunication services)	389,235	536,099
Zeneca Group PLC (Manufacturer of pharmaceutical and agrochemical products)	4,780	198,677
		7,126,987

	Shares	Value (\$)
United States 0.3%		
mm02 PLC* (Provider of mobile communication services)	134,550	86,482
Total Common Stocks (Cost \$31,184,422)		30,911,320
Cash Equivalents 5.9%		
Scudder Cash Management QP Trust, 1.93% (b) (Cost \$1,946,978)	1,946,978	1,946,978
Total Investment Portfolio — 100.0% (Cost \$33,131,400) (a)		32,858,298

Notes to Scudder New Europe Portfolio of Investments

* Non-income producing security.

(a) The cost for federal income tax purposes was \$33,961,944. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$1,103,646. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$1,804,914 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$2,908,560.

(b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

At June 30, 2002, the Scudder New Europe Portfolio had the following industry diversification:

Industry	Value	Percent
Financial	\$ 7,718,302	23.5%
Manufacturing	4,158,242	12.7%
Energy	3,342,278	10.2%
Health	3,294,878	10.0%
Communications	2,692,482	8.2%
Technology	2,219,341	6.7%
Consumer Discretionary	1,562,845	4.7%
Service Industries	1,536,527	4.7%
Utilities	1,408,066	4.3%
Miscellaneous	2,978,359	9.1%
Total Common Stocks	30,911,320	94.1%
Cash Equivalents	1,946,978	5.9%
Total Investment Portfolio	\$ 32,858,298	100.0%

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$33,131,400)	\$ 32,858,298
Receivable for investments sold	286,785
Dividends receivable	73,783
Interest receivable	456
Receivable for Portfolio shares sold	7,383
Foreign taxes recoverable	50,393
Due from Advisor	1,066
Total assets	33,278,164

Liabilities

Payable for Portfolio shares redeemed	30,030
Other accrued expenses and payables	46,106
Total liabilities	76,136
Net assets, at value	\$ 33,202,028

Net Assets

Net assets consist of:	
Undistributed net investment income	219,376
Net unrealized appreciation (depreciation) on:	
Investments	(273,102)
Foreign currency related transactions	4,675
Accumulated net realized gain (loss)	(6,459,309)
Paid-in capital	39,710,388
Net assets, at value	\$ 33,202,028
Net Asset Value and redemption price per share (\$33,202,028 ÷ 5,300,182 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	
	\$ 6.26

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$40,411)	\$ 363,175
Interest	19,442
Total Income	382,617
Expenses:	
Management fee	145,966
Custodian and accounting fees	104,549
Auditing	972
Trustees' fees and expenses	187
Reports to shareholders	2,401
Other	37
Total expenses, before expense reductions	254,112
Expense reductions	(90,871)
Total expenses, after expense reductions	163,241
Net investment income (loss)	219,376

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(334,945)
Foreign currency related transactions	(18,262)
	(353,207)
Net unrealized appreciation (depreciation) during the period on:	
Investments	(1,175,205)
Foreign currency related transactions	11,129
	(1,164,076)
Net gain (loss) on investment transactions	(1,517,283)
Net increase (decrease) in net assets resulting from operations	\$ (1,297,907)

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, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income (loss)	\$ 219,376	\$ 91,545
Net realized gain (loss) on investment transactions	(353,207)	(5,886,163)
Net unrealized appreciation (depreciation) on investment transactions during the period	(1,164,076)	701,225
Net increase (decrease) in net assets resulting from operations	(1,297,907)	(5,093,393)
Distributions to shareholders from:		
Net investment income	—	(345,868)
Portfolio share transactions:		
Proceeds from shares sold	54,147,019	148,664,327
Reinvestment of distributions	—	345,868
Cost of shares redeemed	(42,818,713)	(133,885,378)
Net increase (decrease) in net assets from Portfolio share transactions	11,328,306	15,124,817
Increase (decrease) in net assets	10,030,399	9,685,556
Net assets at beginning of period	23,171,629	13,486,073
Net assets at end of period (including undistributed net investment income of \$219,376 at June 30, 2002)	\$ 33,202,028	\$ 23,171,629
Other Information		
Shares outstanding at beginning of period	3,512,413	1,397,393
Shares sold	8,430,022	20,719,356
Shares issued to shareholders in reinvestment of distributions	—	44,351
Shares redeemed	(6,642,253)	(18,648,687)
Net increase (decrease) in Portfolio shares	1,787,769	2,115,020
Shares outstanding at end of period	5,300,182	3,512,413

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

Financial Highlights

Years Ended December 31,	2002 ^a	2001	2000 ^b	1999 ^b	1998 ^{b,c}
Selected Per Share Data					
Net asset value, beginning of period	\$ 6.60	\$ 9.65	\$ 10.35	\$ 9.12	\$ 10.00
<i>Income (loss) from investment operations:</i>					
Net investment income	.05 ^d	.04 ^d	.31 ^d	.13 ^d	.03
Net realized and unrealized gain (loss) on investment transactions	(.39)	(2.89)	(.95)	1.15	(.91)
Total from investment operations	(.34)	(2.85)	(.64)	1.28	(.88)
<i>Less distributions from:</i>					
Net investment income	—	(.20)	(.03)	(.05)	—
Net realized gains on investment transactions	—	—	(.03)	—	—
Total distributions	—	(.20)	(.06)	(.05)	—
Net asset value, end of period	\$ 6.26	\$ 6.60	\$ 9.65	\$ 10.35	\$ 9.12
Total Return (%) ^e	(5.15)**	(29.86)	(6.17)	14.09	(8.80)**

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	33	23	13	7	3
Ratio of expenses before expense reductions (%)	1.74*	2.47	2.65	4.30	19.55*
Ratio of expenses after expense reductions (%)	1.12*	1.12	1.14	1.10	1.13*
Ratio of net investment income (loss) (%)	1.50*	.51	3.14	1.44	1.13*
Portfolio turnover rate (%)	166*	237	105	146	100*

^a For the six months ended June 30, 2002 (Unaudited).

^b On June 18, 2001, the Portfolio implemented a 1 for 10 reverse stock split. Per share information, for the periods prior to December 31, 2001, has been restated to reflect the effect of the split. Shareholders received 1 share for every 10 shares owned and net asset value per share increased correspondingly (see Notes to Financial Statements).

^c For the period from May 5, 1998 (commencement of operations) to December 31, 1998.

^d Based on average shares outstanding during the period.

^e Total return would have been lower had certain expenses not been reduced.

* Annualized

** Not annualized

Scudder Small Cap Growth Portfolio

The portfolio fell sharply in the first half of 2002. Health care stocks within the portfolio led the decline, which was greater than the drop in the Russell 2000 Growth Index for the period. The index tracks mid-cap, growth-oriented domestic stocks. For the quarter, biotechnology stocks in the portfolio fared poorly as increased regulatory and product concerns undermined investor confidence.

As the U.S. economic recovery sputtered, investors lost confidence in short-term earnings estimates. In addition, investors grew skeptical about corporate strategy and business forecasts amid increased scrutiny of corporate governance and management practices in many industries, including telecom, energy and consumer services.

We reduced the number of portfolio holdings and increased the portfolio's cash position as of June 30. It's been a tough environment in which to modify the portfolio to focus on a more concentrated mix of stocks. We are continuing to strive toward a long-term goal of significantly reducing the number of stocks in the portfolio to a size that we can monitor very closely.

There is plenty of grist for pessimists in the current investment picture. We believe the bright spot among these realities is the reversal of the sentiment of the investing public. There are plenty of good smaller companies with reasonable prices. It is a far better environment for investing in them than it has been for the past five years. We are therefore taking a somewhat contrarian and optimistic view regarding the task at hand.

Sewall F. Hodges
Peter Chin
Roy C. McKay
Co-Managers
Deutsche Investment Management Americas Inc.

Russell 2000 Growth Index is an unmanaged index that measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

Scudder Small Cap Growth Portfolio

	Shares	Value (\$)
Common Stocks 86.5%		
Communications 2.7%		
Telephone/Communications		
Entercom Communications Corp.*	51,600	2,368,440
Remec, Inc.*	153,700	862,257
Time Warner Telecom, Inc. "A"*	242,200	406,896
Triton PCS Holdings, Inc. "A"*	367,500	1,433,250
		5,070,843
Consumer Discretionary 10.3%		
Apparel & Shoes 6.5%		
Abercrombie & Fitch Co. "A"*	90,500	2,182,861
American Eagle Outfitters, Inc.*	105,200	2,223,928
Brown Shoe Co., Inc.	60,300	1,694,430
dELiA*s Corp. "A"*	221,200	1,128,120
Foot Locker, Inc.*	185,700	2,683,365
Talbots, Inc.	62,900	2,201,500
		12,114,204
Department & Chain Stores 1.7%		
Men's Wearhouse, Inc.*	122,200	3,116,100
Home Furnishings 2.1%		
Pier 1 Imports, Inc.	184,100	3,866,100
Consumer Staples 3.9%		
Food & Beverage		
Constellation Brands, Inc. "A"*	130,800	4,185,600
Performance Food Group Co.*	87,600	2,966,136
		7,151,736
Durables 2.2%		
Aerospace 0.9%		
United Defense Industries, Inc.*	70,800	1,628,400
Telecommunications Equipment 1.3%		
UTStarcom, Inc.*	117,800	2,376,026
Energy 4.3%		
Oil & Gas Production 3.5%		
Ocean Energy, Inc.	68,500	1,484,395
Patina Oil & Gas Corp.	82,875	2,273,261
Plains Resources, Inc.*	43,600	1,166,300
Talisman Energy, Inc.	35,800	1,612,453
		6,536,409
Oil/Gas Transmission 0.8%		
Western Gas Resources, Inc.	38,300	1,432,420
Financial 4.3%		
Banks 1.8%		
Texas Regional Bancshares, Inc. "A"	66,920	3,319,834

	Shares	Value (\$)
Insurance 2.5%		
Everest Re Group Ltd.	31,500	1,762,425
HCC Insurance Holdings, Inc.	110,200	2,903,770
		4,666,195
Health 17.9%		
Biotechnology 2.3%		
ILEX Oncology, Inc.*	66,500	936,985
Invitrogen Corp.*	28,800	921,888
Ligand Pharmaceuticals "B"*	116,600	1,690,700
MedImmune, Inc.*	29,700	784,080
		4,333,653
Health Industry Services 3.3%		
Covance, Inc.*	115,500	2,165,625
DaVita, Inc.*	169,700	4,038,860
		6,204,485
Medical Supply & Specialty 2.9%		
Edwards Lifesciences Corp.*	114,100	2,647,120
Renal Care Group, Inc.*	86,600	2,697,590
		5,344,710
Pharmaceuticals 9.4%		
Biovail Corp.*	145,700	4,219,472
Caremark Rx, Inc.*	167,000	2,755,500
Celgene Corp.*	83,100	1,271,430
Charles River Laboratories International, Inc.*	96,200	3,371,810
CV Therapeutics, Inc.*	59,400	1,106,028
ICN Pharmaceuticals, Inc.	120,000	2,905,200
NPS Pharmaceuticals, Inc.*	115,674	1,772,126
		17,401,566
Manufacturing 4.8%		
Containers & Paper 3.8%		
Packaging Corp. of America*	161,900	3,220,191
Pactiv Corp.*	160,400	3,817,520
		7,037,711
Office Equipment/Supplies 1.0%		
DDi Corp.*	249,700	249,450
Polycom, Inc.*	141,000	1,690,590
		1,940,040
Media 4.8%		
Advertising 1.1%		
Lamar Advertising Co.*	53,200	1,979,572
Broadcasting & Entertainment 3.7%		
Alloy, Inc.*	87,800	1,267,832
Emmis Communications Corp. "A"*	121,800	2,580,942
Hispanic Broadcasting Corp.*	87,300	2,278,530

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

	Shares	Value (\$)
Regent Communications, Inc.*	95,800	676,252
		6,803,556
Metals and Minerals 1.4%		
Steel & Metals		
Precision Castparts Corp.	78,400	2,587,200
Service Industries 3.2%		
EDP Services 2.3%		
ChoicePoint, Inc.*	94,066	4,277,181
Miscellaneous Commercial Services 0.9%		
Plexus Corp.*	88,200	1,596,420
Technology 15.3%		
Computer Software 7.4%		
Actuate Corp.*	385,900	1,736,550
Advent Software, Inc.*	25,200	647,640
Business Objects SA (ADR)*	65,600	1,843,360
Centillium Communications, Inc.*	196,000	1,709,120
Informatica Corp.*	233,300	1,654,097
IONA Technologies PLC (ADR)*	88,900	471,099
Mercury Interactive Corp.*	20,300	466,088
NetIQ Corp.*	30,796	696,913
Precise Software Solutions Ltd.*	129,900	1,240,545
Quest Software, Inc.*	83,000	1,205,990
Rational Software Corp.*	85,800	704,418
THQ, Inc.*	33,100	987,042
Vignette Corp.*	146,700	288,999
		13,651,861
Diverse Electronic Products 0.6%		
McDATA Corp. "A"*	129,700	1,142,657
EDP Peripherals 0.9%		
Symbol Technologies, Inc.	203,400	1,728,900
Electronic Components/Distributors 0.3%		
Applied Micro Circuits Corp.*	125,800	595,034
Precision Instruments 1.2%		
Coherent, Inc.*	72,700	2,147,485
Semiconductors 4.9%		
Conexant Systems, Inc.*	192,800	312,336
Cree, Inc.*	116,200	1,537,326
Emulex Corp.*	53,500	1,204,285

	Shares	Value (\$)
Fairchild Semiconductor Corp.*	77,700	1,888,110
Genesis Microchip, Inc.*	84,300	703,062
Pericom Semiconductor Corp.*	113,300	1,313,147
Skyworks Solutions, Inc.*	173,373	962,219
Vitesse Semiconductor Corp.*	84,100	265,756
Xilinx, Inc.*	38,500	863,555
		9,049,796
Utilities 1.7%		
Electric Utilities		
Great Plains Energy, Inc.	46,600	948,310
UIL Holdings Corp.	19,600	1,067,416
WPS Resources Corp.	29,900	1,220,817
		3,236,543
Other 9.7%		
iShares Russell 2000 Growth	197,100	9,401,670
iShares Russell 2000 Index Fund	95,700	8,675,205
		18,076,875
Total Common Stocks (Cost \$182,039,311)		160,413,512
Preferred Stocks 0.2%		
Communications 0.1%		
Telephone/Communications		
Convergent Networks, Inc.*	113,149	151,620
Technology 0.1%		
Computer Software		
Applianceware LP*	218,659	0
fusionOne*	230,203	170,350
Planetweb, Inc. "E"*	137,868	64,798
		235,148
Total Preferred Stocks (Cost \$4,599,990)		386,768
Cash Equivalents 13.3%		
Scudder Cash Management		
QP Trust, 1.93% (b) (Cost \$24,758,588)	24,758,588	24,758,588
Total Investment Portfolio — 100.0% (Cost \$211,397,889) (a)		185,558,868

Notes to Scudder Small Cap Growth Portfolio of Investments

* Non-income producing security.

(a) The cost for federal income tax purposes was \$212,090,049. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$26,531,181. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$20,985,901 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$47,517,082.

(b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$211,397,889)	\$ 185,558,868
Cash	10,000
Receivable for investments sold	96,785
Dividends receivable	48,363
Interest receivable	37,840
Receivable for Portfolio shares sold	7,907
Total assets	185,759,763

Liabilities

Payable for investments purchased	120,201
Payable for Portfolio shares redeemed	387,553
Accrued management fee	107,570
Other accrued expenses and payables	45,673
Total liabilities	660,997
Net assets, at value	\$ 185,098,766

Net Assets

Net assets consist of:	
Accumulated net investment loss	(282,223)
Net unrealized appreciation (depreciation) on investments	(25,839,021)
Accumulated net realized gain (loss)	(119,978,602)
Paid-in capital	331,198,612
Net assets, at value	\$ 185,098,766

Net Asset Value and redemption price per share (\$185,098,766 ÷ 18,951,635 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 9.77
---	----------------

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld \$1,051)	\$ 248,091
Interest	243,785
Total Income	491,876
Expenses:	
Management fee	702,330
Custodian fees	3,141
Auditing	13,690
Legal	15,705
Trustees' fees and expenses	2,147
Reports to shareholders	30,554
Other	6,997
Total expenses, before expense reductions	774,564
Expense reductions	(465)
Total expenses, after expense reductions	774,099
Net investment income (loss)	(282,223)

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(21,813,538)
Written options	47,913
Foreign currency related transactions	52
	(21,765,573)
Net unrealized appreciation (depreciation) during the period on investments	(35,577,009)
Net gain (loss) on investment transactions	(57,342,582)
Net increase (decrease) in net assets resulting from operations	\$ (57,624,805)

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, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income (loss)	\$ (282,223)	\$ (288,483)
Net realized gain (loss) on investment transactions	(21,765,573)	(79,443,167)
Net unrealized appreciation (depreciation) on investment transactions during the period	(35,577,009)	(7,240,482)
Net increase (decrease) in net assets resulting from operations	(57,624,805)	(86,972,132)
Distributions to shareholders from:		
Net realized gains	—	(34,633,203)
Return of capital	—	(365,607)
Portfolio share transactions:		
Proceeds from shares sold	66,566,733	349,551,936
Reinvestment of distributions	—	34,998,810
Cost of shares redeemed	(55,693,090)	(331,756,115)
Net increase (decrease) in net assets from Portfolio share transactions	10,873,643	52,794,631
Increase (decrease) in net assets	(46,751,162)	(69,176,311)
Net assets at beginning of period	231,849,928	301,026,239
Net assets at end of period (including accumulated net investment loss of \$282,223 at June 30, 2002)	\$ 185,098,766	\$ 231,849,928
Other Information		
Shares outstanding at beginning of period	18,115,952	13,908,178
Shares sold	5,598,856	25,358,987
Shares issued to shareholders in reinvestment of distributions	—	2,772,424
Shares redeemed	(4,763,173)	(23,923,637)
Net increase (decrease) in Portfolio shares	835,683	4,207,774
Shares outstanding at end of period	18,951,635	18,115,952

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

Financial Highlights

Years Ended December 31,	2002 ^a	2001	2000 ^b	1999 ^b	1998 ^b	1997 ^b
Selected Per Share Data						
Net asset value, beginning of period	\$ 12.80	\$ 21.64	\$ 26.54	\$ 19.71	\$ 19.69	\$ 16.77
<i>Income (loss) from investment operations:</i>						
Net investment income (loss)	(.01) ^c	(.02) ^c	(.09) ^c	(.06) ^c	—	.04
Net realized and unrealized gain (loss) on investment transactions	(3.02)	(6.27)	(2.01)	6.89	3.42	4.88
Total from investment operations	(3.03)	(6.29)	(2.10)	6.83	3.42	4.92
<i>Less distributions from:</i>						
Net investment income	—	—	—	—	—	(.10)
Net realized gains on investment transactions	—	(2.52)	(2.80)	—	(3.40)	(1.90)
Return of capital	—	(.03)	—	—	—	—
Total distributions	—	(2.55)	(2.80)	—	(3.40)	(2.00)
Net asset value, end of period	\$ 9.77	\$ 12.80	\$ 21.64	\$ 26.54	\$ 19.71	\$ 19.69
Total Return (%)	(23.67)**	(28.91)	(10.71)	34.56	18.37	34.20

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	185	232	301	264	208	137
Ratio of expenses (%)	.72*	.68	.72	.71	.70	.71
Ratio of net investment income (loss) (%)	(.26)*	(.12)	(.34)	(.30)	(.01)	.20
Portfolio turnover rate (%)	52*	143	124	208	276	330

^a For the six months ended June 30, 2002 (Unaudited).

^b On June 18, 2001, the Portfolio implemented a 1 for 10 reverse stock split. Per share information, for the periods prior to December 31, 2001, has been restated to reflect the effect of the split. Shareholders received 1 share for every 10 shares owned and net asset value per share increased correspondingly (see Notes to Financial Statements).

^c Based on average shares outstanding during the period.

* Annualized

** Not annualized

Scudder Strategic Income Portfolio

The market experienced a significant shift during the six-month period ended June 30, 2002. In the first quarter of 2002, overall market sentiment pointed to the Federal Reserve Board increasing short-term interest rates sometime later in 2002 as it appeared that the economy was on track to recovery. However, that sentiment shifted during the second quarter with that rate increase becoming unlikely as investor confidence sharply declined, particularly following an announcement that WorldCom had committed massive accounting fraud.

During this period, the portfolio outperformed its unmanaged benchmark, the Lehman Brothers Government/Corporate Bond Index.

The United States remains the portfolio's largest allocation, and all government bond indices advanced during the period. Thus, the portfolio's exposure to U.S. and non-U.S. government and government-agency securities helped provide price protection during a period of market volatility. The high-yield market sold off sharply at the end of the period, in the face of increasing concerns about accounting practices among some companies in the United States and the resulting impact on investor confidence. Since the portfolio held no high-yield securities, it avoided the impact of this event.

However, the portfolio's exposure to emerging markets detracted from performance as global investors' aversion to risk increased, particularly in June. Although our emerging-market holdings contributed to the portfolio's income, we reduced our exposure to Latin American markets, which were negatively impacted by election-year uncertainty in Brazil. Instead, we have favored Eastern Europe — particularly Russia — and Asian markets.

Going forward, it appears that the U.S. economic outlook is improving, although slowly. Economic growth reports have been positive and the job market has been stable. Should these trends continue, we would consider shifting a small portion of the portfolio's government and agency holdings into investment-grade credits. However given the ongoing uncertainty in the equity markets and lack of investor confidence, we do not expect to make any shifts into investment-grade securities for a few months, at least.

The outlook for emerging markets remains uncertain. Until investors have a clearer idea of the outcome of this fall's presidential election in Brazil, questions will remain about that country's commitment to service its external debt, and these questions may continue to have a spillover effect on other emerging markets.

Jan C. Faller Greg Boal
Lead Manager Portfolio Manager
Deutsche Investment Management Americas Inc.

The Lehman Brothers (LB) Government/Corporate Bond Index is composed of U.S. Government treasury and agency securities, and corporate Yankee bonds. Index returns assume reinvestment of dividends and capital gains and, unlike fund returns do not reflect fees or expenses. You cannot invest directly in an index.

Scudder Strategic Income Portfolio

	Principal Amount \$(c)	Value (\$)
Corporate Bonds 3.1%		
Financial		
KFW International Finance, 1.75%, 3/23/2010 (Cost \$1,190,935)	JPY 137,000,000	1,232,008

Foreign Bonds — U.S.\$ Denominated 17.8%		
Dominican Republic, 9.5%, 9/27/2006	600,000	640,232
Federative Republic of Brazil C Bond, 8.0%, 4/15/2014	738,846	467,320
Government of Jamaica:		
11.625%, 1/15/2022	900,000	1,044,000
11.75%, 5/15/2011	190,000	224,200
Petronas Nasional Berhad, 7.625%, 10/15/2026	300,000	289,500
Republic of Bulgaria:		
Series A, Collateralized Discount Bond, Floating Rate Bond, LIBOR plus .8125%, (2.813%), 7/28/2024	700,000	626,500
Series PDI, Interest Arrears Bond, Floating Rate Bond, LIBOR plus .8125%, (2.813%), 7/28/2011	51,940	45,707
Series RPD1, Floating Rate Bond, LIBOR plus .8125%, (2.813%), 7/28/2011	73,500	64,680
Republic of Colombia, 9.75%, 4/23/2009	182,000	176,995
Republic of Panama:		
10.75%, 5/15/2020	80,000	80,000
Interest Reduction Bond, Step-up Coupon 4.25% to 7/17/2000, LIBOR plus .8125%, (4.25%) to 7/17/2014	115,740	97,222
Republic of Peru, 9.125%, 2/21/2012	300,000	271,800
Republic of Philippines, 10.625%, 3/16/2025	730,000	754,455
Republic of Venezuela, 9.25%, 9/15/2027	150,000	96,000
Russian Federation:		
8.25%, 3/31/2010	100,000	98,750
10.0%, 6/26/2007	40,000	42,600
12.75%, 6/24/2028	550,000	658,350
Step-up Coupon, 5.0% to 3/31/2007, 7% to 3/31/2030	125,000	86,797
Step-up Coupon, 5.0% to 3/31/2007, 7.5% to 3/31/2030	180,000	125,100
Russian Ministry of Finance, 3.0%, 5/14/2006	170,000	132,600

	Principal Amount \$(c)	Value (\$)
United Mexican States:		
11.375%, 9/15/2016	725,000	893,563
11.5%, 5/15/2026	115,000	145,878
Total Foreign Bonds — U.S.\$ Denominated (Cost \$6,826,088)		7,062,249

Foreign Bonds — Non U.S.\$ Denominated 11.3%		
European Investment Bank, 2.125%, 9/20/2007	JPY 139,000,000	1,271,658
Federal Republic of Germany, 6.25%, 1/4/2024	EUR 180,000	199,180
Government of Canada, 7.25%, 6/1/2007	CAD 850,000	619,283
Government of France, 4.5%, 7/12/2003	EUR 950,000	949,895
Government of Spain, 5.15%, 7/30/2009	EUR 1,000,000	1,004,850
Kredit Fuer Wiederaufbau, 5.0%, 7/4/2011	EUR 180,000	177,223
United Kingdom Treasury Bond:		
7.75%, 9/8/2006	GBP 50,000	84,246
9.0%, 7/12/2011	GBP 85,000	167,101
Total Foreign Bonds — Non U.S.\$ Denominated (Cost \$4,228,846)		4,473,436

U.S. Treasury Obligations 53.8%		
U.S. Treasury Bond:		
6.0%, 2/15/2026	2,500,000	2,600,383
7.25%, 5/15/2016	2,000,000	2,357,112
8.5%, 2/15/2020	3,385,000	4,485,629
U.S. Treasury Note:		
5.5%, 3/31/2003	3,000,000	3,081,480
5.625%, 12/31/2002	325,000	331,230
6.5%, 10/15/2006	3,125,000	3,440,206
6.5%, 2/15/2010	1,600,000	1,788,608
7.25%, 5/15/2004	3,000,000	3,244,863
Total U.S. Treasury Obligations (Cost \$21,046,260)		21,329,511

U.S. Government Agency Pass-Thrus 2.1%		
Federal National Mortgage Association, 7.5%, 10/1/2030 (Cost \$781,886)	784,706	823,939

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

	Shares	Value (\$)
Cash Equivalents 11.9%		
Scudder Cash Management		
QP Trust, 1.93% (b)		
(Cost \$4,705,819)	4,705,819	4,705,819
<hr/>		
Total Investment Portfolio — 100.0%		
(Cost \$38,779,834) (a)		39,626,962

Notes to Scudder Strategic Income Portfolio of Investments

- (a) The cost for federal income tax purposes was \$38,805,143. At June 30, 2002, net unrealized appreciation for all securities based on tax cost was \$821,819. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$1,014,084 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$192,265.
- (b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.
- (c) Principal amount in U.S. dollars unless otherwise noted.

Currency Abbreviation

EUR	Euro	JPY	Japanese Yen	CAD	Canadian Dollars	GBP	British Pounds
-----	------	-----	--------------	-----	------------------	-----	----------------

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$38,779,834)	\$ 39,626,962
Cash	10,000
Receivable for investments sold	2,506,290
Dividends receivable	3,342
Interest receivable	661,150
Receivable for Portfolio shares sold	48,859
Unrealized appreciation on forward foreign currency exchange contracts	9,529
Total assets	42,866,132

Liabilities

Payable for investments purchased	2,516,084
Payable for Portfolio shares redeemed	17,996
Unrealized depreciation on forward foreign currency exchange contracts	261,156
Accrued management fee	20,493
Other accrued expenses and payables	5,318
Total liabilities	2,821,047
Net assets, at value	\$ 40,045,085

Net Assets

Net assets consist of:	
Undistributed net investment income	571,407
Net unrealized appreciation (depreciation) on:	
Investments	847,128
Foreign currency related transactions	(252,939)
Accumulated net realized gain (loss)	(462,593)
Paid-in capital	39,342,082
Net assets, at value	\$ 40,045,085
Net Asset Value and redemption price per share (\$40,045,085 ÷ 3,871,240 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	
	\$ 10.34

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends	\$ 19,481
Interest (net of foreign taxes withheld of \$724)	673,925
Total Income	693,406
Expenses:	
Management fee	91,819
Custodian fees	4,916
Auditing	1,038
Legal	285
Trustees' fees and expenses	299
Reports to shareholders	2,645
Other	588
Total expenses, before expense reductions	101,590
Expense reductions	(49)
Total expenses, after expense reductions	101,541
Net investment income	591,865

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(233)
Foreign currency related transactions	(2,982)
	(3,215)
Net unrealized appreciation (depreciation) during the period on:	
Investments	803,520
Foreign currency related transactions	(315,559)
	487,961
Net gain (loss) on investment transactions	484,746
Net increase (decrease) in net assets resulting from operations	\$ 1,076,611

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, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income	\$ 591,865	\$ 695,369
Net realized gain (loss) on investment transactions	(3,215)	(37,804)
Net unrealized appreciation (depreciation) on investment transactions during the period	487,961	26,603
Net increase (decrease) in net assets resulting from operations	1,076,611	684,168
Distributions to shareholders from:		
Net investment income	(775,881)	(110,157)
Portfolio share transactions:		
Proceeds from shares sold	24,264,247	20,261,132
Reinvestment of distributions	775,881	110,157
Cost of shares redeemed	(6,026,450)	(9,208,486)
Net increase (decrease) in net assets from Portfolio share transactions	19,013,678	11,162,803
Increase (decrease) in net assets	19,314,408	11,736,814
Net assets at beginning of period	20,730,677	8,993,863
Net assets at end of period (including undistributed net investment income of \$571,407 and \$755,423, respectively)	\$ 40,045,085	\$ 20,730,677
Other Information		
Shares outstanding at beginning of period	2,018,991	912,080
Shares sold	2,357,622	1,998,893
Shares issued to shareholders in reinvestment of distributions	77,049	11,091
Shares redeemed	(582,422)	(903,073)
Net increase (decrease) in Portfolio shares	1,852,249	1,106,911
Shares outstanding at end of period	3,871,240	2,018,991

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

Financial Highlights

Years Ended December 31,	2002 ^a	2001 ^b	2000 ^c	1999 ^c	1998 ^c	1997 ^{c,d}
Selected Per Share Data						
Net asset value, beginning of period	\$ 10.27	\$ 9.86	\$ 9.86	\$ 11.09	\$ 10.29	\$ 10.00
<i>Income (loss) from investment operations:</i>						
Net investment income	.21 ^e	.48 ^e	.51 ^e	.47 ^e	.24	.36
Net realized and unrealized gain (loss) on investment transactions	.16	.03	(.26)	(1.10)	.86	(.07)
Total from investment operations	.37	.51	.25	(.63)	1.10	.29
<i>Less distributions from:</i>						
Net investment income	(.30)	(.10)	(.25)	(.40)	(.20)	—
Net realized gains on investment transactions	—	—	—	(.20)	(.10)	—
Total distributions	(.30)	(.10)	(.25)	(.60)	(.30)	—
Net asset value, end of period	\$ 10.34	\$ 10.27	\$ 9.86	\$ 9.86	\$ 11.09	\$ 10.29
Total Return (%)	3.68 ^{**}	5.23	2.57	(5.85)	10.98	2.87 ^{**}

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	40	21	9	6	5	2
Ratio of expenses before expense reductions (%)	.72 [*]	.66	1.14	1.03	1.08	1.10 [*]
Ratio of expenses after expense reductions (%)	.72 [*]	.65	1.10	1.01	1.08	1.10 [*]
Ratio of net investment income (loss) (%)	4.18 [*]	4.76	5.26	4.57	4.32	5.36 [*]
Portfolio turnover rate (%)	6 [*]	27	154	212	330	290 [*]

^a For the six months ended June 30, 2002 (Unaudited).

^b As required, effective January 1, 2001, the Portfolio has adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies and began amortizing premium on debt securities. In addition, paydowns on mortgage-backed securities which were included in realized gain/loss on investment transactions prior to January 1, 2001 are included as interest income. The effect of this change for the year ended December 31, 2001 was to decrease net investment income per share by \$.04, increase net realized and unrealized gains and losses per share by \$.04 and decrease the ratio of net investment income to average net assets from 5.16% to 4.76%. Per share, ratios and supplemental data for periods prior to January 1, 2001 have not been restated to reflect this change in presentation.

^c On June 18, 2001, the Portfolio implemented a 1 for 10 reverse stock split. Per share information, for the periods prior to December 31, 2001, has been restated to reflect the effect of the split. Shareholders received 1 share for every 10 shares owned and net asset value per share increased correspondingly (see Notes to Financial Statements).

^d For the period from May 1, 1997 (commencement of operations) to December 31, 1997.

^e Based on average shares outstanding during the period.

^{*} Annualized

^{**} Not annualized

Scudder Technology Growth Portfolio

We are cautious about the technology sector's short-term recovery prospects. Analysts' earnings estimates for the balance of 2002 have been reduced. However, we believe more pruning needs to occur. In addition to a weak capital spending environment, investor sentiment has been challenged by a loss of faith in corporate balance sheets. This credibility gap will have to be bridged before investors commit any significant new money to technology stocks.

During the first six months of 2002, we focused on the highest quality, most well-capitalized companies — businesses that we believe are likely to be survivors five years from now. We retained Microsoft, IBM and Micron Technology among the portfolio's top 10 holdings. To help manage risk, we continue to maintain neutral weightings among different sub-sectors of technology.

A portfolio success during the period was KLA-Tencor, the world's largest manufacturer of semiconductor inspection tools. We expect long-term demand for such inspection tools to remain healthy. As chipmakers build smaller and faster semiconductors, they need more tools to locate defects and monitor manufacturing, and KLA-Tencor's tools provide a competitive advantage in a difficult industry environment.

Most semiconductor, personal computer and software markets remain lackluster. Two bright spots are color printers and computer video games. Consumer demand for products that can print digital photos and graphic-intense documents, as well as supplies for such products, appears robust. Game makers are benefiting from a new product cycle that we expect may lead to several years of strong growth.

Blair Treisman
Lead Manager
Deutsche Investment Management Americas Inc.

Scudder Technology Growth Portfolio

	Shares	Value (\$)
Common Stocks 85.1%		
Communications 1.7%		
Cellular Telephone 1.5%		
Nokia Oyj (ADR)*	106,300	1,539,224
QUALCOMM, Inc.*	90,200	2,479,598
		4,018,822
Telephone/Communications 0.2%		
JDS Uniphase Corp.*	163,540	439,923
Durables 0.8%		
Telecommunications Equipment		
Amdocs Ltd.*	176,100	1,329,555
Nortel Networks Corp.	406,600	589,570
Tellabs, Inc.*	180	1,138
		1,920,263
Manufacturing 1.2%		
Machinery/Components/Controls 0.6%		
Amphenol Corp. "A"*	39,900	1,436,400
Office Equipment/Supplies 0.6%		
Lexmark International, Inc.*	28,300	1,539,520
Media 2.5%		
Broadcasting & Entertainment		
AOL Time Warner, Inc.*	440,700	6,482,697
Service Industries 12.4%		
EDP Services 4.9%		
Automatic Data Processing, Inc.	72,500	3,157,375
Computer Sciences Corp.*	50,700	2,423,460
First Data Corp.	97,000	3,608,400
Fiserv, Inc.*	57,350	2,105,319
VeriSign, Inc.*	161,000	1,157,590
		12,452,144
Miscellaneous Commercial Services 3.2%		
Accenture Ltd. "A"*	129,700	2,464,300
Concord EFS, Inc.*	85,000	2,561,900
Paychex, Inc.	103,800	3,247,902
		8,274,102
Miscellaneous Consumer Services 4.3%		
eBay, Inc.*	78,200	4,818,684
Sabre Holdings Corp.*	125,000	4,475,000
Yahoo!, Inc.*	123,400	1,821,384
		11,115,068
Technology 66.5%		
Computer Software 20.8%		
Adobe Systems, Inc.	44,880	1,279,080

	Shares	Value (\$)
BEA Systems, Inc.*	478,358	4,501,349
Check Point Software Technologies Ltd.*	160,000	2,169,600
Computer Associates International, Inc.	86,800	1,379,252
DST Systems, Inc.*	38,000	1,736,980
Electronic Arts, Inc.*	65,600	4,332,880
Intuit, Inc.*	72,877	3,623,444
Mercury Interactive Corp.*	80,800	1,855,168
Microsoft Corp.*	417,973	22,863,123
Oracle Corp.*	510,700	4,836,329
PeopleSoft, Inc.*	141,600	2,107,008
Siebel Systems, Inc.*	69,400	986,868
TIBCO Software, Inc.*	263,400	1,464,504
		53,135,585
Diverse Electronic Products 3.1%		
Applied Materials, Inc.*	208,520	3,966,050
Motorola, Inc.	274,720	3,961,462
		7,927,512
EDP Peripherals 3.2%		
EMC Corp.*	771,200	5,822,560
VERITAS Software Corp.*	125,956	2,492,669
		8,315,229
Electronic Components/Distributors 8.0%		
Agere Systems, Inc. "A"*	4,583	6,416
Agere Systems, Inc. "B"*	112,492	168,738
Analog Devices, Inc.*	82,500	2,450,250
Broadcom Corp. "A"*	260,400	4,567,416
Celestica, Inc.*	49,600	1,126,416
Cisco Systems, Inc.*	764,000	10,657,800
Flextronics International Ltd.*	103,800	740,094
Lucent Technologies, Inc.	425,200	705,832
		20,422,962
Electronic Data Processing 12.0%		
Dell Computer Corp.*	269,675	7,049,305
Hewlett-Packard Co.	383,276	5,856,457
International Business Machines Corp.	224,000	16,128,000
Sun Microsystems, Inc.*	346,888	1,737,909
		30,771,671
Precision Instruments 1.4%		
Agilent Technologies, Inc.*	83,200	1,967,680
Lam Research Corp.*	90,400	1,625,392
		3,593,072
Semiconductors 18.0%		
Altera Corp.*	76,500	1,040,400
Integrated Device Technology, Inc.*	92,100	1,670,694
Intel Corp.	665,500	12,158,685

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

	Shares	Value (\$)
KLA-Tencor Corp.*	58,100	2,555,819
Linear Technology Corp.	63,300	1,989,519
LSI Logic Corp.*	119,600	1,046,500
Maxim Integrated Products, Inc.*	53,137	2,036,741
Micron Technology, Inc.*	356,900	7,216,518
National Semiconductor Corp.*	69,400	2,024,398
Novellus Systems, Inc.*	60,800	2,067,200
Sanmina Corp.*	94,300	595,033
STMicroelectronics NV (New York shares)	109,900	2,673,867

	Shares	Value (\$)
Texas Instruments, Inc.	202,044	4,788,443
United Microelectronics Corp. (ADR)	201,200	1,478,820
Xilinx, Inc.*	119,400	2,678,142
		46,020,779
Total Common Stocks (Cost \$360,753,987)		217,865,749

Cash Equivalents 14.9%

Scudder Cash Management QP Trust, 1.93% (b) (Cost \$38,117,331)	38,117,331	38,117,331
Total Investment Portfolio — 100.0% (Cost \$398,871,318) (a)		255,983,080

Notes to Scudder Technology Growth Portfolio of Investments

* Non-incomeproducing security.

(a) The cost for federal income tax purposes was \$407,839,930. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$151,856,850. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$4,633,150 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$156,490,000.

(b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$398,871,318)	\$ 255,983,080
Receivable for investments sold	981,860
Dividends receivable	55,961
Interest receivable	59,419
Receivable for Portfolio shares sold	6,661
Foreign taxes recoverable	440
Total assets	257,087,421

Liabilities

Payable for investments purchased	55,344
Payable for Portfolio shares redeemed	104,228
Accrued management fee	162,621
Other accrued expenses and payables	61,262
Total liabilities	383,455
Net assets, at value	\$ 256,703,966

Net Assets

Net assets consist of:	
Accumulated distributions in excess of net investment income	(678,214)
Net unrealized appreciation (depreciation) on investments	(142,888,238)
Accumulated net realized gain (loss)	(167,368,732)
Paid-in capital	567,639,150
Net assets, at value	\$ 256,703,966
Net Asset Value and redemption price per share (\$256,703,966 ÷ 38,894,813 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	
	\$ 6.60

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld \$3,530)	\$ 265,943
Interest	457,029
Total Income	722,972
Expenses:	
Management fee	1,196,112
Custodian and accounting fees	37,641
Auditing	22,036
Legal	4,336
Trustees' fees and expenses	1,752
Reports to shareholders	21,288
Other	10,403
Total expenses, before expense reductions	1,293,568
Expense reductions	(24)
Total expenses, after expense reductions	1,293,544
Net investment income (loss)	(570,572)

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(46,110,025)
Written options	255,350
	(45,854,675)
Net unrealized appreciation (depreciation) during the period on:	
Investments	(61,253,594)
Written options	(72,572)
	(61,326,166)
Net gain (loss) on investment transactions	(107,180,841)
Net increase (decrease) in net assets resulting from operations	\$ (107,751,413)

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, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income (loss)	\$ (570,572)	\$ 370,567
Net realized gain (loss) on investment transactions	(45,854,675)	(78,667,194)
Net unrealized appreciation (depreciation) on investment transactions during the period	(61,326,166)	(45,141,464)
Net increase (decrease) in net assets resulting from operations	(107,751,413)	(123,438,091)
Distributions to shareholders from:		
Net investment income	(313,166)	(547,146)
Portfolio share transactions:		
Proceeds from shares sold	42,592,622	284,035,950
Reinvestment of distributions	313,166	547,146
Cost of shares redeemed	(28,660,227)	(79,750,117)
Net increase (decrease) in net assets from Portfolio share transactions	14,245,561	204,832,979
Increase (decrease) in net assets	(93,819,018)	80,847,742
Net assets at beginning of period	350,522,984	269,675,242
Net assets at end of period (including accumulated distributions in excess of net investment income and undistributed net investment income of \$678,214 and \$205,524, respectively)	\$ 256,703,966	\$ 350,522,984
Other Information		
Shares outstanding at beginning of period	37,439,839	19,442,070
Shares sold	4,774,427	25,541,476
Shares issued to shareholders in reinvestment of distributions	35,386	54,906
Shares redeemed	(3,354,839)	(7,598,613)
Net increase (decrease) in Portfolio shares	1,454,974	17,997,769
Shares outstanding at end of period	38,894,813	37,439,839

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

Financial Highlights

Years Ended December 31,	2002 ^a	2001	2000 ^b	1999 ^{b,c}
Selected Per Share Data				
Net asset value, beginning of period	\$ 9.36	\$ 13.87	\$ 17.77	\$ 10.00
<i>Income (loss) from investment operations:</i>				
Net investment income (loss) ^d	(.01)	.01	.04	.05
Net realized and unrealized gain (loss) on investment transactions	(2.74)	(4.50)	(3.84)	7.72
Total from investment operations	(2.75)	(4.49)	(3.80)	7.77
<i>Less distributions from:</i>				
Net investment income	(.01)	(.02)	—	—
Net realized gains on investment transactions	—	—	(.10)	—
Total distributions	(.01)	(.02)	(.10)	—
Net asset value, end of period	\$ 6.60	\$ 9.36	\$ 13.87	\$ 17.77
Total Return (%)	(29.42) ^{**}	(32.39)	(21.57)	77.70 ^{e**}

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	257	351	270	84
Ratio of expenses before expense reductions (%)	.80 [*]	.81	.82	1.19 [*]
Ratio of expenses after expense reductions (%)	.80 [*]	.81	.82	.94 [*]
Ratio of net investment income (loss) (%)	(.35) [*]	.12	.21	.60 [*]
Portfolio turnover rate (%)	53 [*]	56	107	34 [*]

^a For the six months ended June 30, 2002 (Unaudited).

^b On June 18, 2001, the Portfolio implemented a 1 for 10 reverse stock split. Per share information, for the periods prior to December 31, 2001, has been restated to reflect the effect of the split. Shareholders received 1 share for every 10 shares owned and net asset value per share increased correspondingly (see Notes to Financial Statements).

^c For the period from May 1, 1999 (commencement of operations) to December 31, 1999.

^d Based on average shares outstanding during the period.

^e Total return would have been lower had certain expenses not been reduced.

^{*} Annualized

^{**} Not annualized

Scudder Total Return Portfolio

In the face of growing concerns about accounting practices and the resulting impact on investor confidence, equity markets experienced one of their most difficult quarters in many years. And, as value stocks entered their third year of outperformance versus growth stocks, portfolios such as this one, in which the equity portion concentrates on large-cap growth stocks, struggled.

While the portfolio's large-cap, growth-oriented investment style was the biggest factor in its underperformance versus the broad market, gains in the high-quality bond portfolio tempered its exposure to the equity market's volatility and helped mitigate losses from stock holdings.

The portfolio's consumer discretionary and technology holdings detracted from performance. S&P technology stocks, for example, were the broad market's poorest performers and the portfolio held an overweighting in this sector, compared to the index. However, the portfolio's medical device and medical services holdings outperformed the index. The portfolio also benefited from its underweighting in the highly troubled telecommunications industry. Meanwhile, the decline in stock prices and the strong performance of the portfolio's bond holdings resulted in a decrease in the portfolio's equity allocation and an increase in its bond position. We are in the process of rebalancing the portfolio back to its usual allocation of 60 percent stocks and 40 percent bonds.

The U.S. economy continues to rebound and appears to be on track for renewed growth in the second half of 2002. Although investment markets have not yet responded, we are confident that they will do so eventually, and that many companies will see improved earnings as the economy improves. In our view, a great deal of speculation has been wrung out of the market, and investors seem to be employing a more fundamentally based approach to investing. We believe this favors our basic discipline, which is focused on higher-quality companies that have demonstrated strong competitive positions and earnings growth relative to their industry peers.

William F. Gadsden
Lead Manager

J. Christopher Gagnier
Warren Davis
Gary Bartlett

Daniel Taylor
David Baldt
Thomas Flaherty

Janet Campagna
Andrew Cestone
Portfolio Managers

Deutsche Investment Management Americas Inc.

Scudder Total Return Portfolio

	Shares	Value (\$)
Common Stocks 54.2%		
Communications 1.0%		
Telephone/Communications		
Verizon Communications, Inc.	181,700	7,295,255
Consumer Discretionary 6.6%		
Department & Chain Stores 5.4%		
Home Depot, Inc.	297,000	10,908,810
Target Corp.	269,700	10,275,570
TJX Companies, Inc.	255,200	5,004,472
Wal-Mart Stores, Inc.	272,700	15,001,227
		41,190,079
Recreational Products 0.8%		
Harley-Davidson, Inc.	117,100	6,003,717
Specialty Retail 0.4%		
Staples, Inc.*	164,100	3,232,770
Consumer Staples 3.5%		
Food & Beverage 1.3%		
PepsiCo, Inc.	204,720	9,867,504
Package Goods/Cosmetics 2.2%		
Colgate-Palmolive Co.	183,400	9,179,170
Procter & Gamble Co.	86,400	7,715,520
		16,894,690
Durables 1.0%		
Aerospace		
United Technologies Corp.	115,800	7,862,820
Energy 4.6%		
Oil & Gas Production 0.4%		
Burlington Resources, Inc.	73,200	2,781,600
Oil Companies 2.2%		
Exxon Mobil Corp.	417,158	17,070,105
Oilfield Services/Equipment 2.0%		
Nabors Industries Ltd.*	195,700	6,908,210
Schlumberger Ltd.	178,800	8,314,200
		15,222,410
Financial 7.0%		
Banks 1.6%		
Fifth Third Bancorp.	81,700	5,445,305
State Street Corp.	154,000	6,883,800
		12,329,105
Consumer Finance 2.3%		
American Express Co.	167,400	6,079,968

	Shares	Value (\$)
Citigroup, Inc.	289,699	11,225,836
		17,305,804
Insurance 1.2%		
American International Group, Inc.	139,337	9,506,964
Other Financial Companies 1.9%		
Fannie Mae	151,600	11,180,500
Goldman Sachs Group, Inc.	47,700	3,498,795
		14,679,295
Health 11.0%		
Biotechnology 0.6%		
Genentech, Inc.*	130,500	4,371,750
Health Industry Services 1.1%		
Laboratory Corp. of America Holdings*	188,600	8,609,590
Hospital Management 1.6%		
Tenet Healthcare Corp.*	166,600	11,920,230
Medical Supply & Specialty 3.4%		
Johnson & Johnson	245,966	12,854,183
Medtronic, Inc.	114,000	4,884,900
Zimmer Holdings, Inc.*	221,300	7,891,558
		25,630,641
Pharmaceuticals 4.3%		
Abbott Laboratories	212,300	7,993,092
Eli Lilly & Co.	50,100	2,825,640
Pfizer, Inc.	451,075	15,787,625
Wyeth	122,700	6,282,240
		32,888,597
Manufacturing 2.7%		
Diversified Manufacturing		
General Electric Co.	332,900	9,670,745
Illinois Tool Works, Inc.	129,435	8,840,411
Tyco International Ltd.	164,600	2,223,746
		20,734,902
Media 4.2%		
Advertising 0.6%		
Omnicom Group, Inc.	104,600	4,790,680
Broadcasting & Entertainment 1.6%		
AOL Time Warner, Inc.*	308,400	4,536,564
Viacom, Inc. "B"*	174,239	7,730,984
		12,267,548
Cable Television 1.2%		
Comcast Corp. "A"*	270,100	6,439,184

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

	Shares	Value (\$)
Cox Communications, Inc. "A"*	107,000	2,947,850
		9,387,034
Print Media 0.8%		
Tribune Co.	138,900	6,042,150
Service Industries 0.9%		
EDP Services 0.5%		
Electronic Data Systems Corp.	108,700	4,038,205
Miscellaneous Commercial Services 0.4%		
Concord EFS, Inc.*	97,100	2,926,594
Technology 11.7%		
Computer Software 3.4%		
Microsoft Corp.*	371,400	20,315,580
Oracle Corp.*	385,600	3,651,632
PeopleSoft, Inc.*	145,200	2,160,576
		26,127,788
Diverse Electronic Products 1.3%		
Applied Materials, Inc.*	514,000	9,776,280
EDP Peripherals 0.6%		
EMC Corp.*	430,500	3,250,275
VERITAS Software Corp.*	76,100	1,506,019
		4,756,294
Electronic Components/Distributors 0.8%		
Cisco Systems, Inc.*	465,600	6,495,120
Electronic Data Processing 1.5%		
International Business Machines Corp.	154,500	11,124,000
Semiconductors 4.1%		
Intel Corp.	660,900	12,074,643
Linear Technology Corp.	134,200	4,217,906
Micron Technology, Inc.*	252,100	5,097,462
Novellus Systems, Inc.*	84,700	2,879,800
Texas Instruments, Inc.	297,000	7,038,900
		31,308,711
Total Common Stocks (Cost \$448,957,568)		414,438,232

	Principal Amount (\$)	Value (\$)
Corporate Bonds 11.9%		
Communications 0.4%		
Rogers Cantel, Inc., 8.8%, 10/1/2007	2,100,000	1,365,000
Verizon Wireless, Inc., 5.375%, 12/15/2006	1,675,000	1,562,690
WorldCom, Inc., 6.95%, 8/15/2028*	105,000	15,750
		2,943,440

	Principal Amount (\$)	Value (\$)
Consumer Discretionary 0.2%		
Avondale Mills, Inc., 10.25%, 5/1/2006	50,000	47,063
Buffets, Inc., 11.25%, 7/15/2010	50,000	50,125
Dimon, Inc., Series B, 9.625%, 10/15/2011	60,000	62,850
International Game Technology, 8.375%, 5/15/2009	50,000	52,750
Park Place Entertainment, Inc., 8.5%, 11/15/2006	1,000,000	1,057,501
Scientific Games Corp., 12.5%, 8/15/2010	55,000	61,600
YUM! Brands, Inc., 7.7%, 7/1/2012	140,000	140,000
		1,471,889
Consumer Staples 0.6%		
Willamette Industries, Inc., 7.85%, 7/1/2026	4,115,000	4,374,315
Durables 0.6%		
Arvinmeritor, 6.625%, 6/15/2007	895,000	893,730
Goodyear Tire & Rubber Co., 7.857%, 8/15/2011	75,000	69,165
Metaldyne Corp., 11.0%, 6/15/2012	50,000	48,750
Qwest Capital Funding, 7.625%, 8/2/2021	270,000	139,050
Systems 2001 Asset Trust LLC "G", Series 2001, 6.664%, 9/15/2013	3,113,466	3,307,784
		4,458,479
Energy 0.7%		
Avista Corp., 9.75%, 6/1/2008	75,000	78,699
Devon Energy Corp., 7.95%, 4/15/2032	795,000	855,171
Devon Financing Corp., 6.875%, 9/30/2011	1,800,000	1,874,585
Plains E&P Co., 8.75%, 7/1/2012	50,000	49,188
Progress Energy, Inc., 6.85%, 4/15/2012	2,245,000	2,338,028
		5,195,671
Financial 5.4%		
Citigroup, Inc., 6.875%, 2/15/2098	2,755,000	2,725,023
FleetBoston Financial Corp., 7.25%, 9/15/2005	265,000	288,179
Ford Motor Credit Co., 7.6%, 8/1/2005	1,450,000	1,522,351
General Electric Capital Corp.:		
6.0%, 6/15/2012	1,220,000	1,214,214
6.5%, 12/10/2007	1,625,000	1,744,670
6.75%, 3/15/2032	3,320,000	3,261,146

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

	Principal Amount (\$)	Value (\$)
General Motors Acceptance Corp.:		
5.25%, 5/16/2005	5,620,000	5,654,456
6.875%, 9/15/2011	2,550,000	2,531,683
7.0%, 2/1/2012	725,000	725,943
Goldman Sachs Group, Inc., 6.6%, 1/15/2012	850,000	865,816
Household Finance Corp.:		
6.5%, 1/24/2006	1,095,000	1,119,513
8.0%, 5/9/2005	1,610,000	1,734,240
Meristar Hospitality Corp., 9.0%, 1/15/2008	50,000	47,750
Newcourt Credit Group, 6.875%, 2/16/2005	3,580,000	3,443,029
Pacific Life Insurance Co., 7.9%, 12/30/2023	2,880,000	3,142,117
PCA LLC/PCA Finance Corp., 11.875%, 8/1/2009	50,000	49,500
PNC Funding Corp., 5.75%, 8/1/2006	1,825,000	1,881,106
UnumProvident Corp., 7.375%, 6/15/2032	3,505,000	3,444,679
Wells Fargo & Co.:		
7.25%, 8/24/2005	1,625,000	1,770,005
7.55%, 6/21/2010	625,000	696,371
Wells Fargo Financial, Inc., 4.875%, 6/12/2007	3,285,000	3,280,670
		41,142,461
Health 0.1%		
Advanced Medical Optics, Inc., 9.25%, 7/15/2010	55,000	54,313
Magellan Health Services, Inc., 9.0%, 2/15/2008	1,355,000	487,800
		542,113
Manufacturing 0.3%		
Dow Chemical Co., 7.0%, 8/15/2005	1,625,000	1,742,299
Equistar Chemicals LP, 8.75%, 2/15/2009	250,000	223,549
Millennium America, Inc., 9.25%, 6/15/2008	130,000	132,600
Plainwell, Inc., Series B, 11.0%, 3/1/2008*	1,020,000	10,200
Xerox Corp., 9.75%, 1/15/2009	140,000	114,800
		2,223,448
Media 0.8%		
Comcast Cable Communications, 6.375%, 1/30/2006	650,000	629,537
CSC Holdings, Inc., 7.875%, 12/15/2007	2,000,000	1,674,416
News America Holdings, Inc., 9.25%, 2/1/2013	800,000	921,190

	Principal Amount (\$)	Value (\$)
Sinclair Broadcasting Group, Inc., 8.75%, 12/15/2007	850,000	845,750
Time Warner, Inc., 9.125%, 1/15/2013	1,625,000	1,798,626
Transwestern Publishing, Series B, Step-up Coupon, 0% to 11/15/2002, 11.875% to 11/15/2008	70,000	70,788
		5,940,307
Service Industries 0.4%		
AIG Sunamerica Global Financing IV, 6.3%, 5/10/2011	3,180,000	3,291,411
Technology 0.4%		
L-3 Communications Corp., 7.625%, 6/15/2012	115,000	115,288
Raytheon Co.:		
6.3%, 3/15/2005	2,645,000	2,754,648
6.5%, 7/15/2005	645,000	676,485
		3,546,421
Transportation 0.4%		
CP Ships Ltd., 10.375%, 7/15/2012	50,000	49,000
Kansas City Southern Railway, 7.5%, 6/15/2009	50,000	50,063
U.S. Airways, Inc., Series 2000-2, 8.02%, 2/15/2019	3,120,000	3,297,965
		3,397,028
Utilities 1.6%		
Alabama Power Co., 7.125%, 8/15/2004	800,000	852,851
Calpine Corp., 7.875%, 4/1/2008	195,000	128,700
KeySpan Corp., 7.625%, 11/15/2010	1,750,000	1,958,556
Pacificorp, 6.9%, 11/15/2011	1,700,000	1,806,820
Progress Energy, Inc., 6.75%, 3/1/2006	2,550,000	2,679,127
PSE&G Power LLC, 6.95%, 6/1/2012	3,120,000	3,136,352
Texas Eastern Transmission Corp., 7.3%, 12/1/2010	1,625,000	1,739,566
		12,301,972
Total Corporate Bonds (Cost \$92,299,004)		90,828,955
Asset Backed 2.2%		
Automobile Receivables 1.2%		
AmeriCredit Automobile Receivables Trust "A4", Series 2001-C, 5.01%, 7/14/2008	3,050,000	3,131,530
Household Automotive Trust "A4", Series 2002-1, 4.39%, 5/18/2009	2,615,000	2,637,258

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

	Principal Amount (\$)	Value (\$)
WFS Financial Owner Trust "A4", Series 2002-2, 4.5%, 2/20/2010	3,090,000	3,122,455
		8,891,243
Home Equity Loans 0.2%		
Federal Home Loan Mortgage Corp. "3A", Series T-41, 7.5%, 7/25/2032	1,560,000	1,653,839
Miscellaneous 0.8%		
Detroit Edison Securitization Funding LLC "A6", Series 2001-1, 6.62%, 3/1/2016	2,990,000	3,192,205
PSE&G Transition Funding LLC:		
"A7", Series 2001-1, 6.75%, 6/15/2016	2,300,000	2,474,075
"A8", Series 2001-1, 6.89%, 7/25/2017	700,000	764,008
		6,430,288
Total Asset Backed (Cost \$16,706,165)		16,975,370
Foreign Bonds — U.S.\$ Denominated 1.2%		
British Sky Broadcasting PLC, 6.875%, 2/23/2009	50,000	45,994
Corp Durango SA, 13.75%, 7/15/2009	50,000	41,500
Euramax International PLC, 11.25%, 10/1/2006	50,000	50,000
Global Telesystems, Inc., 11.5%, 12/15/2007*	630,000	1,575
Grupo Iusacell SA De CV, 14.25%, 12/1/2006	80,000	60,000
MetroNet Communications Corp., Step-up Coupon, 0% to 6/15/2003, 9.95% to 6/15/2008	1,900,000	190,000
Pemex Finance Ltd., 9.14%, 8/15/2004	3,613,500	3,827,564
Royal Caribbean Cruises Ltd., 8.75%, 2/2/2011	115,000	108,100
Sappi Papier Holding AG:		
6.75%, 6/15/2012	2,065,000	2,090,986
7.5%, 6/15/2032	1,400,000	1,411,620
Stagecoach Holdings PLC, 8.625%, 11/15/2009	100,000	96,578
TFM SA de CV, 12.5%, 6/15/2012	50,000	47,250
Tyco International Group SA:		
6.125%, 1/15/2009	55,000	42,314
6.375%, 10/15/2011	1,935,000	1,481,262
Total Foreign Bonds — U.S.\$ Denominated (Cost \$12,227,543)		9,494,743

	Principal Amount (\$)	Value (\$)
U.S. Treasury Obligations 10.4%		
U.S. Treasury Bond:		
6.0%, 2/15/2026	5,725,000	5,954,876
7.25%, 5/15/2016	12,690,000	14,955,876
U.S. Treasury Note:		
3.5%, 11/15/2006	3,415,000	3,354,172
5.875%, 11/15/2004	49,140,000	52,226,582
6.0%, 8/15/2009	180,000	195,532
6.125%, 8/15/2007	1,696,000	1,848,543
6.75%, 5/15/2005	665,000	725,785
Total U.S. Treasury Obligations (Cost \$78,052,232)		79,261,366

	Principal Amount (\$)	Value (\$)
Collateralized Mortgage Obligations 3.9%		
Federal National Mortgage Association:		
"PE", Series 2002-3, 5.5%, 8/25/2015	4,690,000	4,697,328
"PB", Series 2002-47, 5.5%, 7/25/2017	3,150,000	3,234,656
"PY", Series 2002-31, 6.0%, 7/25/2014	5,000,000	5,210,740
"QN", Series 2002-51, 6.0%, 10/25/2016	3,110,000	3,135,521
"PD", Series 2002-31, 6.0%, 11/25/2021	6,500,000	6,508,820
"2A", Series 2002-W6, 7.5%, 8/25/2034	3,810,000	4,045,744
"A5", Series 2002-W4, 7.5%, 1/25/2028	1,630,000	1,711,882
Government National Mortgage Association "C", Series 2001-43, 5.0%, 10/17/2028	1,351,836	1,374,659
Total Collateralized Mortgage Obligations (Cost \$29,662,047)		29,919,350

	Principal Amount (\$)	Value (\$)
U.S. Government Agency Pass-Thrus 4.9%		
Federal National Mortgage Association:		
5.946%, 2/1/2012	4,158,967	4,289,584
6.0%, 2/1/2032	3,539,426	3,535,253
6.37%, 1/1/2008	3,000,000	3,188,472
6.5%, 7/1/2017	1,900,000	1,971,013
6.5%, 7/1/2030	5,287,884	5,408,104
6.5%, 11/1/2031	4,280,127	4,370,394
6.5%, 7/1/2032	2,200,000	2,246,127
7.0%, 1/1/2032	5,625,517	5,832,423
7.0%, 7/1/2032	1,480,680	1,535,135
7.0%, 7/1/2032	2,142,702	2,221,504
7.5%, 10/1/2015	1,325,251	1,402,287
8.0%, 9/1/2015	1,163,250	1,238,870
Total U.S. Government Agency Pass-Thrus (Cost \$36,469,339)		37,239,166

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

	Principal Amount (\$)	Value (\$)
Government National Mortgage Association 1.7%		
Government National Mortgage Association:		
6.5% with various maturities until 11/20/2031	5,909,524	6,042,045
7.0% with various maturities until 6/15/2028	6,505,600	6,772,986
Total Government National Mortgage Association (Cost \$12,207,047)		12,815,031
U.S. Agency Obligations 2.6%		
Federal National Mortgage Association:		
5.25%, 6/15/2006	2,875,000	2,992,099
5.75%, 6/15/2005	6,200,000	6,565,521
7.0%, 7/15/2005	9,480,000	10,367,319
Total U.S. Agency Obligations (Cost \$18,915,868)		19,924,939

	Principal Amount (\$)	Value (\$)
Federal Home Loan Mortgage Corp. 2.0%		
Federal Home Loan Mortgage Corp., 6.5%, 7/1/2032 (Cost \$15,568,438)		
	15,400,000	15,732,517
Cash Equivalents 5.0%		
Scudder Cash Management QP Trust, 1.93% (b) (Cost \$38,408,464)		
	38,408,464	38,408,464
Total Investment Portfolio — 100.0% (Cost \$799,473,715) (a)		765,038,133

Notes to Scudder Total Return Portfolio of Investments

* *Non-income producing security. In the case of a bond, generally denotes the issuer has defaulted on the payment of principal or interest or has filed for bankruptcy.*

(a) *The cost for federal income tax purposes was \$805,122,492. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$40,084,359. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$40,044,471 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$80,128,830.*

(b) *Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.*

Included in the portfolio are investments in mortgage or asset-backed securities which are interests in separate pools of mortgages or assets. Effective maturities of these investments may be shorter than stated maturities due to prepayments. Some separate investments in the Federal National Mortgage Association and the Government National Mortgage Association issues which have similar coupon rates have been aggregated for presentation purposes in the investment portfolio.

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

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$799,473,715)	\$ 765,038,133
Receivable for investments sold	29,601,802
Dividends receivable	304,848
Interest receivable	3,297,972
Foreign taxes recoverable	17,153
Total assets	798,259,908

Liabilities

Payable for investments purchased	40,601,759
Payable for Portfolio shares redeemed	956,277
Accrued management fee	367,832
Other accrued expenses and payables	104,990
Total liabilities	42,030,858
Net assets, at value	\$ 756,229,050

Net Assets

Net assets consist of:	
Undistributed net investment income	9,463,816
Net unrealized appreciation (depreciation) on:	
Investments	(34,435,582)
Foreign currency related transactions	1,558
Accumulated net realized gain (loss)	(57,257,809)
Paid-in capital	838,457,067
Net assets, at value	\$ 756,229,050
Net Asset Value and redemption price per share (\$756,229,050 ÷ 38,341,111 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	
	\$ 19.72

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$11,904)	\$ 2,169,186
Interest	10,037,280
Total Income	12,206,466
Expenses:	
Management fee	2,267,994
Custodian fees	13,388
Auditing	61,657
Legal	9,556
Trustees' fees and expenses	1,397
Reports to shareholders	19,349
Other	881
Total expenses, before expense reductions	2,374,222
Expense reductions	(209)
Total expenses, after expense reductions	2,374,013
Net investment income (loss)	9,832,453

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	7,198,321
Foreign currency related transactions	(1,681)
	7,196,640
Net unrealized appreciation (depreciation) during the period on:	
Investments	(105,016,232)
Foreign currency related transactions	3,231
	(105,013,001)
Net gain (loss) on investment transactions	(97,816,361)
Net increase (decrease) in net assets resulting from operations	\$ (87,983,908)

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, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income (loss)	\$ 9,832,453	\$ 22,360,504
Net realized gain (loss) on investment transactions	7,196,640	(56,870,277)
Net unrealized appreciation (depreciation) on investment transactions during the period	(105,013,001)	(21,279,820)
Net increase (decrease) in net assets resulting from operations	(87,983,908)	(55,789,593)
Distributions to shareholders from:		
Net investment income	(21,620,590)	(25,554,195)
Net realized gains	—	(30,345,606)
Portfolio share transactions:		
Proceeds from shares sold	28,533,425	64,222,667
Net assets acquired in tax-free reorganizations	—	109,998,831
Reinvestment of distributions	21,620,590	55,899,801
Cost of shares redeemed	(45,332,988)	(108,028,606)
Net increase (decrease) in net assets from Portfolio share transactions	4,821,027	122,092,693
Increase (decrease) in net assets	(104,783,471)	10,403,299
Net assets at beginning of period	861,012,521	850,609,222
Net assets at end of period (including undistributed net investment income of \$9,463,816 and \$21,251,953, respectively)	\$ 756,229,050	\$ 861,012,521

Other Information

Shares outstanding at beginning of period	38,151,295	32,828,444
Shares sold	1,315,044	2,830,464
Shares issued in tax-free reorganization	—	4,693,137
Shares issued to shareholders in reinvestment of distributions	987,693	2,497,199
Shares redeemed	(2,112,921)	(4,697,949)
Net increase (decrease) in Portfolio shares	189,816	5,322,851
Shares outstanding at end of period	38,341,111	38,151,295

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

Financial Highlights

Years Ended December 31,	2002 ^a	2001 ^b	2000 ^c	1999 ^c	1998 ^c	1997 ^c
Selected Per Share Data						
Net asset value, beginning of period	\$ 22.57	\$ 25.91	\$ 28.82	\$ 27.35	\$ 28.22	\$ 28.15
<i>Income (loss) from investment operations:</i>						
Net investment income	.26 ^d	.61 ^d	.74 ^d	.84 ^d	.86	.90
Net realized and unrealized gain (loss) on investment transactions	(2.54)	(2.20)	(1.40)	3.03	3.17	3.77
Total from investment operations	(2.28)	(1.59)	(.66)	3.87	4.03	4.67
<i>Less distributions from:</i>						
Net investment income	(.57)	(.80)	(.90)	(.90)	(.90)	(.90)
Net realized gains on investment transactions	—	(.95)	(1.35)	(1.50)	(4.00)	(3.70)
Total distributions	(.57)	(1.75)	(2.25)	(2.40)	(4.90)	(4.60)
Net asset value, end of period	\$ 19.72	\$ 22.57	\$ 25.91	\$ 28.82	\$ 27.35	\$ 28.22
Total Return (%)	(10.35)**	(6.09)	(2.63)	14.81	15.14	19.96
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	756	861	851	952	865	787
Ratio of expenses (%)	.58*	.58	.61	.61	.60	.60
Ratio of net investment income (loss) (%)	2.35*	2.63	2.75	3.12	3.33	3.32
Portfolio turnover rate (%)	157*	115	107	80	81	122

^a For the six months ended June 30, 2002 (Unaudited).

^b As required, effective January 1, 2001, the Portfolio adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies and began amortizing premium on debt securities. In addition, paydowns on mortgage-backed securities which were included in realized gain/loss on investment transactions prior to January 1, 2001 were included as interest income. The effect of this change for the year ended December 31, 2001 was to decrease net investment income per share by \$.03, increase net realized and unrealized gains and losses per share by \$.03 and decrease the ratio of net investment income to average net assets from 2.76% to 2.63%. Per share, ratios and supplemental data for periods prior to January 1, 2001 were not restated to reflect this change in presentation.

^c On June 18, 2001, the Portfolio implemented a 1 for 10 reverse stock split. Per share information, for the periods prior to December 31, 2001, has been restated to reflect the effect of the split. Shareholders received 1 share for every 10 shares owned and net asset value per share increased correspondingly (see Notes to Financial Statements).

^d Based on average shares outstanding during the period.

* Annualized

** Not annualized

SVS Davis Venture Value Portfolio

During the period from January 1, 2002–June 30, 2002, the SVS Davis Venture Value Portfolio outperformed the S&P 500 Index. The portfolio maintains strategic allocations to the financial, consumer staples and capital goods sectors. These allocations are based on our top-down analysis of long-term, measurable trends.

A number of our financial positions provided strong results during the period including Wells Fargo, Moody's and Golden West Financial. However, fears of the potential for rising consumer credit defaults and a softening in consumer spending contributed to the decline of our largest financial positions including American Express, Household International and Citigroup. Our conviction in these financial franchises remains strong and we believe these companies are well positioned to benefit from an economic recovery due to their executive leadership, brand name and healthy financial position.

The largest detractor from overall performance during the period was Tyco International. This company experienced declines due to the departure of its CEO and on-going liquidity concerns. We will continue to monitor this holding closely. Developments relating to the search for new management will be important to any future investment decision with respect to this position.

Our Senior Research Advisor, Shelby M.C. Davis continues to expect that the U.S. market will remain in a trading range for the next several quarters. In market environments such as these, the key to generating competitive long-term results is stock selection and a disciplined approach to research. At Davis we are committed to investing in well managed, financially sound companies with long-term sustainability and growth, and building positions in these companies when the market presents us with value prices.

Christopher C. Davis
Kenneth Charles Feinberg
Co-Managers
Davis Selected Advisers, L.P., Subadvisor to the Portfolio

The S&P 500 Index is an unmanaged index, widely regarded as representative of the equity market in general. Index returns assume reinvestment of dividends and capital gains and, unlike fund returns, do not reflect fees or expenses. You cannot invest directly in the index.

SVS Davis Venture Value Portfolio

	Shares	Value (\$)
Common Stocks 87.7%		
Construction 3.2%		
Building Materials 1.6%		
Martin Marietta Materials, Inc.	31,600	1,232,400
Vulcan Materials Co.	30,300	1,327,140
		2,559,540
Building Products 1.6%		
American Standard Companies, Inc.*	6,900	518,190
Masco Corp.	77,400	2,098,314
		2,616,504
Consumer Discretionary 4.7%		
Department & Chain Stores 3.1%		
Costco Wholesale Corp.*	118,300	4,568,746
J.C. Penny Co., Inc.	15,200	334,704
		4,903,450
Hotels & Casinos 0.8%		
Marriott International, Inc. "A"	33,300	1,267,065
Specialty Retail 0.8%		
RadioShack Corp.	44,900	1,349,694
Consumer Staples 10.2%		
Alcohol & Tobacco 7.2%		
Diageo PLC (ADR)	54,000	2,789,100
Philip Morris Companies, Inc.	202,800	8,858,304
		11,647,404
Food & Beverage 3.0%		
Albertson's, Inc.	16,900	514,774
Hershey Foods Corp.	13,600	850,000
Kraft Foods, Inc. "A"	33,900	1,388,205
Safeway, Inc.*	69,600	2,031,624
		4,784,603
Durables 0.3%		
Telecommunications Equipment		
Tellabs, Inc.*	84,100	531,512
Energy 6.4%		
Oil & Gas Production 3.3%		
Conoco, Inc.	13,600	378,080
Devon Energy Corp.	62,800	3,094,784
EOG Resources, Inc.	44,100	1,750,770
		5,223,634

	Shares	Value (\$)
Oil Companies 2.3%		
Phillips Petroleum Co.	62,600	3,685,888
Oil/Gas Transmission 0.8%		
Kinder Morgan, Inc.	35,100	1,334,502
Financial 39.0%		
Banks 9.6%		
Bank One Corp.	78,200	3,009,136
Golden West Financial Corp.	61,800	4,250,604
Lloyds TSB Group PLC (ADR)	49,400	1,978,470
Wells Fargo & Co.	122,400	6,127,344
		15,365,554
Consumer Finance 14.1%		
American Express Co.	290,400	10,547,328
Citigroup, Inc.	142,100	5,506,375
Household International, Inc.	129,700	6,446,090
Provident Financial Corp.	18,500	108,780
		22,608,573
Insurance 9.6%		
American International Group, Inc.	88,200	6,017,886
Aon Corp.	67,600	1,992,848
Chubb Corp.	9,600	679,680
Markel Corp.*	1,300	256,100
Principal Financial Group, Inc.*	21,100	654,100
Progressive Corp.	48,500	2,805,725
Transatlantic Holdings, Inc.	37,850	3,028,000
		15,434,339
Other Financial Companies 3.9%		
Berkshire Hathaway, Inc. "B"*	1,697	3,791,098
Morgan Stanley	50,500	2,175,540
Sun Life Financial Services of Canada, Inc.	13,700	299,482
		6,266,120
Real Estate 1.8%		
Avalonbay Communities, Inc. (REIT)	2,100	98,070
CenterPoint Properties Corp. (REIT)	47,300	2,743,873
		2,841,943
Health 5.1%		
Health Industry Services 0.4%		
IMS Health, Inc.	33,600	603,120

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

	Shares	Value (\$)
Pharmaceuticals 4.7%		
Bristol-Myers Squibb Co.	46,000	1,182,200
Eli Lilly & Co.	50,100	2,825,640
Merck & Co., Inc.	56,800	2,876,352
Pharmacia Corp.	18,300	685,335
		7,569,527
Manufacturing 10.7%		
Containers & Paper 2.4%		
Sealed Air Corp.*	96,000	3,865,920
Diversified Manufacturing 6.5%		
3M Co.	26,800	3,296,400
Dover Corp.	54,100	1,893,500
Loews Corp.	41,100	2,177,889
Tyco International Ltd.	227,762	3,077,065
		10,444,854
Office Equipment/Supplies 1.8%		
Lexmark International, Inc.*	53,000	2,883,200
Media 1.2%		
Advertising 0.4%		
WPP Group PLC (ADR)	14,400	634,766
Print Media 0.8%		
Gannett Co., Inc.	16,400	1,244,760

	Shares	Value (\$)
Service Industries 6.1%		
EDP Services 0.8%		
The New Dun & Bradstreet Corp.*	38,900	1,285,645
Investment 0.5%		
Stilwell Financial, Inc.	43,600	793,520
Miscellaneous Commercial Services 4.8%		
Moody's Corp.	45,500	2,263,625
United Parcel Service, Inc. "B"	88,600	5,471,050
		7,734,675
Technology 0.8%		
Computer Software 0.5%		
BMC Software, Inc.*	44,400	737,040
Electronic Components/Distributors 0.3%		
Agere Systems, Inc. "A"*	344,000	481,600
Total Common Stocks (Cost \$151,609,055)		140,698,952
Cash Equivalents 12.3%		
Scudder Cash Management QP Trust, 1.93% (b) (Cost \$19,675,271)	19,675,271	19,675,271
Total Investment Portfolio — 100.0% (Cost \$171,284,326) (a)		160,374,223

Notes to SVS Davis Venture Value Portfolio of Investments

* Non-income producing security.

- (a) The cost for federal income tax purposes was \$171,284,326. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$10,910,103. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$5,819,411 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$16,729,514.
- (b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

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

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$171,284,326)	\$ 160,374,223
Receivable for investments sold	158,417
Dividends receivable	202,497
Interest receivable	2,390
Receivable for Portfolio shares sold	16,450
Total assets	160,753,977

Liabilities

Payable for investments purchased	1,873,998
Payable for Portfolio shares redeemed	134,149
Accrued management fee	126,488
Other accrued expenses and payables	5,534
Total liabilities	2,140,169
Net assets, at value	\$ 158,613,808

Net Assets

Net assets consist of:	
Undistributed net investment income	282,678
Net unrealized appreciation (depreciation) on investments	(10,910,103)
Accumulated net realized gain (loss)	(2,547,031)
Paid-in capital	171,788,264
Net assets, at value	\$ 158,613,808
Net Asset Value and redemption price per share (\$158,613,808 ÷ 18,489,817 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	
	\$ 8.58

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$8,654)	\$ 899,472
Interest	156,339
Total Income	1,055,811
Expenses:	
Management fee	676,407
Custodian and accounting fees	20,411
Auditing	1,854
Legal	1,757
Trustees' fees and expenses	293
Reports to shareholders	3,259
Other	993
Total expenses, before expense reductions	704,974
Expense reductions	(45)
Total expenses, after expense reductions	704,929
Net investment income (loss)	350,882

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	(2,192,001)
Net unrealized appreciation (depreciation) during the period on investments	(13,476,420)
Net gain (loss) on investment transactions	(15,668,421)
Net increase (decrease) in net assets resulting from operations	\$ (15,317,539)

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, 2002 (Unaudited)	Period Ended December 31, 2001 ^b
Operations:		
Net investment income (loss)	\$ 350,882	\$ 132,234
Net realized gain (loss) on investment transactions	(2,192,001)	(366,117)
Net unrealized appreciation (depreciation) on investment transactions during the period	(13,476,420)	2,566,317
Net increase (decrease) in net assets resulting from operations	(15,317,539)	2,332,434
Distributions to shareholders:		
From net investment income	(189,351)	—
Portfolio share transactions:		
Proceeds from shares sold	72,169,055	108,920,748
Reinvestment of distributions	189,351	—
Cost of shares redeemed	(7,023,611)	(2,467,279)
Net increase (decrease) in net assets from Portfolio share transactions	65,334,795	106,453,469
Increase (decrease) in net assets	49,827,905	108,785,903
Net assets at beginning of period	108,785,903	—
Net assets at end of period (including undistributed net investment income of \$282,678 and \$121,147, respectively)	\$ 158,613,808	\$ 108,785,903
Other Information		
Shares outstanding at beginning of period	11,449,266	—
Shares sold	7,781,950	11,724,602
Shares issued to shareholder in reinvestment of distributions	20,080	—
Shares redeemed	(761,479)	(275,336)
Net increase (decrease) in Portfolio shares	7,040,551	11,449,266
Shares outstanding at end of period	18,489,817	11,449,266

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

Financial Highlights

	2002 ^a	2001 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 9.50	\$ 10.00
<i>Income (loss) from investment operations:</i>		
Net investment income ^c	.02	.03
Net realized and unrealized gain (loss) on investment transactions	(.93)	(.53) ^d
Total from investment operations	(.91)	(.50)
<i>Less distributions from:</i>		
Net investment income	(.01)	—
Total distributions	(.01)	—
Net asset value, end of period	\$ 8.58	\$ 9.50
Total Return (%)	(9.57)**	(5.00)**
Ratios to Average Net Assets and Supplemental Data		
Net assets, end of period (\$ millions)	159	109
Ratio of expenses (%)	.99*	1.09*
Ratio of net investment income (loss) (%)	.49*	.48*
Portfolio turnover rate (%)	23*	15*

^a For the six months ended June 30, 2002 (Unaudited).

^b For the period from May 1, 2001 (commencement of operations) to December 31, 2001.

^c Based on average shares outstanding during the period.

^d The amount of net realized and unrealized gain shown for a share outstanding for the period ending June 30, 2002 does not correspond with the aggregate net loss on investments for the period due to the timing of sales and repurchases of Portfolio shares in relation to fluctuating market values of the investments of the Portfolio.

* Annualized

** Not annualized

SVS Dreman Financial Services Portfolio

Fears of more terrorist attacks and accounting scandals caused nearly every segment of the stock market to decline over the past six months. Financial stocks, as a whole, weathered the storm better than most other segments of the market. The portfolio declined as well during the period, but fell much less than its benchmark, the S&P Financial Services Index, a gauge of performance for the financial companies within the S&P 500. We attribute the outperformance to our conservative portfolio which is not invested in many of the more speculative financial sub-sectors found within the benchmark. We intentionally kept the portfolio's exposure to brokerage and insurance stocks minimal, which helped performance as these types of stocks struggled in the difficult economic environment.

Our overweight position in regional banks helped performance as these stocks fared better than most other financials. Despite the tough environment, Fannie Mae and Freddie Mac, two of the portfolio's largest and longest-held names, continued to post strong, positive earnings, but their stock price performance slipped for the six-month period. We firmly believe that the setback is temporary and that these issues, which have lower price-to-earnings ratios and faster growth rates than many top-growth companies, will surge ahead once again.

We expect the markets to remain volatile as political and economic uncertainty remains. Although we're optimistic that we'll see more economic improvement in 2002, we believe the markets still have a long and volatile road to recovery. We intend to keep the portfolio defensively positioned until the timing of a full recovery becomes clearer. And as we find opportunities, we will continue to build our position in good financial stocks that we believe to be undervalued.

David N. Dreman
Lead Manager
Dreman Value Management LLC, Subadvisor to the Portfolio

S&P Financial Services Index, a capitalization-weighted price-only index representing nine financial groups and 53 financial companies.

SVS Dreman Financial Services Portfolio

	Shares	Value (\$)
Common Stocks 98.4%		
Financial 97.6%		
Banks 35.2%		
Bank of America Corp.	96,473	6,787,840
Bank One Corp.	22,952	883,193
Banknorth Group, Inc.	38,600	1,004,372
Colonial BancGroup, Inc.	69,850	1,047,750
First Tennessee National Corp.	37,700	1,443,910
FleetBoston Financial Corp.	90,249	2,919,555
Golden West Financial Corp.	14,200	976,676
J.P. Morgan Chase & Co.	204,795	6,946,646
KeyCorp	184,775	5,044,358
National Bank of Canada	144,900	2,897,426
PNC Financial Services Group	55,150	2,883,242
Popular, Inc.	48,200	1,623,376
Provident Financial Group	24,215	702,477
U.S. Bancorp	162,200	3,787,370
Union Planters Corp.	85,762	2,776,116
Wachovia Corp.	106,300	4,058,534
Wells Fargo & Co.	51,500	2,578,090
		48,360,931
Consumer Finance 7.6%		
American Express Co.	149,400	5,426,208
Citigroup, Inc.	130,600	5,060,750
		10,486,958
Insurance 22.1%		
Allstate Corp.	39,705	1,468,291
American International Group, Inc.	246,973	16,850,968
Chubb Corp.	40,450	2,863,860
Jefferson-Pilot Corp.	12,212	573,964
Ohio Casualty Corp.*	128,000	2,675,200
Prudential Financial, Inc.*	39,000	1,301,040
Safeco Corp.	83,750	2,587,038
St. Paul Companies, Inc.	35,050	1,364,146

	Shares	Value (\$)
Torchmark Corp.	16,850	643,670
		30,328,177
Other Financial Companies 32.7%		
Allied Capital Corp.	62,700	1,420,154
Corrections Corp. of America*	6,945	120,149
Fannie Mae	145,940	10,763,075
Franklin Resources, Inc.	22,450	957,268
Freddie Mac	178,195	10,905,534
Goldman Sachs Group, Inc.	26,400	1,936,440
Marsh & McLennan Companies, Inc.	19,650	1,898,190
Merrill Lynch & Co., Inc.	48,200	1,952,100
Morgan Stanley	54,900	2,365,092
SLM Corp.	13,250	1,283,925
Washington Mutual, Inc.	304,380	11,295,542
		44,897,469
Service Industries 0.8%		
Investment		
Bear Stearns Companies, Inc.	18,740	1,146,888
Total Common Stocks (Cost \$129,440,587)		135,220,423

Convertible Preferred Stocks 0.2%

Financial		
Other Financial Companies		
Corrections Corp. of America, PIK (Cost \$195,020)	11,366	268,583
Cash Equivalents 1.4%		
Scudder Cash Management QP Trust, 1.93% (b) (Cost \$1,923,136)	1,923,136	1,923,136
Total Investment Portfolio — 100.0% (Cost \$131,558,743) (a)		137,412,142

Notes to SVS Dreman Financial Services Portfolio of Investments

* Non-income producing security.

- (a) The cost for federal income tax purposes was \$132,131,724. At June 30, 2002, net unrealized appreciation for all securities based on tax cost was \$5,280,418. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$10,242,955 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$4,962,537.
- (b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.
PIK denotes that interest or dividends are paid in kind.

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$131,558,743)	\$ 137,412,142
Cash	10,000
Dividends receivable	138,304
Interest receivable	669
Receivable for Portfolio shares sold	217,615
Foreign taxes recoverable	561
Total assets	137,779,291

Liabilities

Payable for Portfolio shares redeemed	47,792
Accrued management fee	86,062
Other accrued expenses and payables	11,223
Total liabilities	145,077
Net assets, at value	\$ 137,634,214

Net Assets

Net assets consist of:	
Undistributed net investment income	788,886
Net unrealized appreciation (depreciation) on:	
Investments	5,853,399
Foreign currency related transactions	21
Accumulated net realized gain (loss)	(3,157,433)
Paid-in capital	134,149,341
Net assets, at value	\$ 137,634,214

Net Asset Value and redemption price per share
(\$137,634,214 ÷ 12,839,295 outstanding shares
of beneficial interest, \$.01 par value, unlimited
number of shares authorized) **\$ 10.72**

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$8,643)	\$ 1,339,695
Interest	44,234
Total Income	1,383,929
Expenses:	
Management fee	495,424
Custodian and accounting fees	20,772
Auditing	6,833
Legal	1,658
Trustees' fees and expenses	1,187
Reports to shareholders	4,551
Other	2,448
Total expenses, before expense reductions	532,873
Expense reductions	(159)
Total expenses, after expense reductions	532,714
Net investment income (loss)	851,215

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(58,174)
Foreign currency related transactions	341
	(57,833)
Net unrealized appreciation (depreciation) during the period on:	
Investments	(1,059,594)
Foreign currency related transactions	82
	(1,059,512)
Net gain (loss) on investment transactions	(1,117,345)
Net increase (decrease) in net assets resulting from operations	\$ (266,130)

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, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income (loss)	\$ 851,215	\$ 1,136,754
Net realized gain (loss) on investment transactions	(57,833)	(2,725,357)
Net unrealized appreciation (depreciation) on investment transactions during the period	(1,059,512)	(1,708,058)
Net increase (decrease) in net assets resulting from operations	(266,130)	(3,296,661)
Distributions to shareholders from:		
Net investment income	(1,016,304)	(854,423)
Net realized gains	—	(328,624)
Portfolio share transactions:		
Proceeds from shares sold	33,879,450	73,966,750
Reinvestment of distributions	1,016,304	1,183,047
Cost of shares redeemed	(13,026,484)	(19,481,552)
Net increase (decrease) in net assets from Portfolio share transactions	21,869,270	55,668,245
Increase (decrease) in net assets	20,586,836	51,188,537
Net assets at beginning of period	117,047,378	65,858,841
Net assets at end of period (including undistributed net investment income of \$788,886 and \$953,975, respectively)	\$ 137,634,214	\$ 117,047,378

Other Information

Shares outstanding at beginning of period	10,853,999	5,713,070
Shares sold	3,081,890	6,837,995
Shares issued to shareholders in reinvestment of distributions	91,807	114,361
Shares redeemed	(1,188,401)	(1,811,427)
Net increase (decrease) in Portfolio shares	1,985,296	5,140,929
Shares outstanding at end of period	12,839,295	10,853,999

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

Financial Highlights

Years Ended December 31,	2002 ^a	2001	2000 ^b	1999 ^b	1998 ^{b,c}
Selected Per Share Data					
Net asset value, beginning of period	\$ 10.78	\$ 11.53	\$ 9.24	\$ 9.78	\$ 10.00
<i>Income (loss) from investment operations:</i>					
Net investment income	.07 ^d	.14 ^d	.19 ^d	.18 ^d	.04
Net realized and unrealized gain (loss) on investment transactions	(.05)	(.71)	2.27	(.67)	(.26)
Total from investment operations	.02	(.57)	2.46	(.49)	(.22)
<i>Less distributions from:</i>					
Net investment income	(.08)	(.13)	(.15)	(.05)	—
Net realized gains on investment transactions	—	(.05)	(.02)	—	—
Total distributions	(.08)	(.18)	(.17)	(.05)	—
Net asset value, end of period	\$ 10.72	\$ 10.78	\$ 11.53	\$ 9.24	\$ 9.78
Total Return (%)	.18 ^{**}	(4.86)	27.04	(5.05) ^e	(2.20) ^{e**}

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	138	117	66	27	16
Ratio of expenses before expense reductions (%)	.81 [*]	.86	.91	1.04	1.73 [*]
Ratio of expenses after expense reductions (%)	.81 [*]	.86	.89	.99	.99 [*]
Ratio of net investment income (loss) (%)	1.29 [*]	1.31	2.01	1.75	1.29 [*]
Portfolio turnover rate (%)	16 [*]	22	13	13	6 [*]

^a For the six months ended June 30, 2002 (Unaudited).

^b On June 18, 2001, the Portfolio implemented a 1 for 10 reverse stock split. Share information, for the periods prior to December 31, 2001, has been restated to reflect the effect of the split. Shareholders received 1 share for every 10 shares owned and net asset value per share increased correspondingly (see Notes to Financial Statements).

^c For the period from May 4, 1998 (commencement of operations) to December 31, 1998.

^d Based on average shares outstanding during the period.

^e Total return would have been lower had certain expenses not been reduced.

^{*} Annualized

^{**} Not annualized

SVS Dreman High Return Equity Portfolio

The markets remained extremely volatile this period. While volatility can be unsettling, it provided a great opportunity for us to deploy our contrarian value investment strategy. The portfolio declined during the period, but lost less than its benchmark, the S&P 500 Index.

We believe our contrarian value investment philosophy is the reason for the outperformance. We found great companies to add that were trading at what we believed to be ridiculously low prices. While some of our new investments have gained, others continue to struggle. In each case, however, we remain enthusiastic. This is a great time for contrarian investors. We were also successful on the sell side, making timely liquidations in casino, technology and oil service stocks.

Many of the changes we made were wrapped around the Enron crisis — adding small positions in energy traders that were dragged down with Enron. Unlike Enron, trading is just part of their business. We also focused on adding to struggling pharmaceutical stocks. The portfolio's core sector concentration continues to be in financials, tobacco, energy and health care. However it is less concentrated than it has been in the recent past.

Although we've seen encouraging signs that the economy (and markets) may be recovering, we believe the road to recovery is going to be a long and volatile one. The good news is that this is the type of market where contrarian investors, like us, can find great opportunity. As investors remain risk averse, our low-P/E value style should continue to do well.

David N. Dreman
F. James Hutchinson
Co-Managers
Dreman Value Management LLC, Subadvisor to the Portfolio

The S&P 500 Index is an unmanaged index, widely regarded as representative of the equity market in general. Index returns assume reinvestment of dividends and capital gains and, unlike fund returns, do not reflect fees or expenses. You cannot invest directly in the index.

SVS Dreman High Return Equity Portfolio

	Shares	Value (\$)
Common Stocks 95.1%		
Consumer Discretionary 8.4%		
Department & Chain Stores 4.9%		
Federated Department Stores, Inc.*	124,505	4,942,849
Gap, Inc.	1,412,420	20,056,364
Nordstrom, Inc.	81,175	1,838,614
		26,837,827
Specialty Retail 3.5%		
Borders Group, Inc.*	478,950	8,812,680
Staples, Inc.*	332,425	6,548,773
Toys "R" Us, Inc.*	199,475	3,484,828
		18,846,281
Consumer Staples 22.3%		
Alcohol & Tobacco 21.5%		
Imperial Tobacco Group (ADR)	90,045	2,925,562
Philip Morris Companies, Inc.	1,192,320	52,080,538
R.J. Reynolds Tobacco Holdings, Inc.	481,423	25,876,486
Universal Corp.	261,570	9,599,619
UST, Inc.	764,440	25,990,960
		116,473,165
Food & Beverage 0.8%		
Safeway, Inc.*	147,650	4,309,904
Durables 1.1%		
Automobiles 1.0%		
Ford Motor Co.	341,800	5,468,800
Telecommunications Equipment 0.1%		
Nortel Networks Corp.*	181,670	263,422
Energy 15.6%		
Oil & Gas Production 12.7%		
BP PLC (ADR)	40,819	2,060,951
ChevronTexaco Corp.	211,505	18,718,206
Conoco, Inc.	882,520	24,534,056
Devon Energy Corp.	110,750	5,457,760
El Paso Corp.	595,550	12,274,286
Kerr-McGee Corp.	105,150	5,630,783
		68,676,042
Oil/Gas Transmission 2.6%		
Dynegy, Inc. "A"	1,064,045	7,661,124
Williams Companies, Inc.	1,104,400	6,615,356
		14,276,480
Oilfield Services/Equipment 0.3%		
GlobalSantaFe Corp.	37,700	1,031,095

	Shares	Value (\$)
Nabors Industries Ltd.*	17,050	601,865
		1,632,960
Financial 26.8%		
Banks 8.3%		
Bank of America Corp.	131,731	9,268,593
Bank One Corp.	210,855	8,113,700
FleetBoston Financial Corp.	101,788	3,292,842
KeyCorp	347,855	9,496,442
PNC Financial Services Group	120,784	6,314,588
Wachovia Corp.	220,186	8,406,701
		44,892,866
Consumer Finance 0.4%		
American Express Co.	60,800	2,208,256
Insurance 1.4%		
Ohio Casualty Corp.*	38,955	814,160
Phoenix Companies, Inc.	18,765	344,338
Principal Financial Group, Inc.*	2,400	74,400
Safeco Corp.	80,015	2,471,663
St. Paul Companies, Inc.	97,405	3,791,003
		7,495,564
Other Financial Companies 16.7%		
Corrections Corp. of America*	11,615	200,940
Fannie Mae	420,873	31,039,384
Freddie Mac	517,141	31,649,029
Washington Mutual, Inc.	762,575	28,299,158
		91,188,511
Health 13.8%		
Health Industry Services 1.0%		
Humana, Inc.*	366,030	5,721,049
Medical Supply & Specialty 0.2%		
Zimmer Holdings, Inc.*	30,573	1,090,233
Pharmaceuticals 12.6%		
Bristol-Myers Squibb Co.	899,085	23,106,485
Merck & Co., Inc.	397,820	20,145,605
Pharmacia Corp.	132,600	4,965,870
Schering-Plough Corp.	814,015	20,024,769
		68,242,729
Manufacturing 3.4%		
Diversified Manufacturing 1.8%		
Tyco International Ltd.	726,550	9,815,691
Electrical Products 1.6%		
Emerson Electric Co.	164,600	8,807,746

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

	Shares	Value (\$)
Service Industries 1.6%		
Environmental Services		
Transocean Sedco Forex, Inc.	154,200	4,803,330
Waste Management, Inc.	142,965	3,724,238
		8,527,568
Technology 2.1%		
Electronic Components/Distributors 0.1%		
Agere Systems, Inc. "A"*	3,400	4,761
Agere Systems, Inc. "B"*	83,456	125,179
Lucent Technologies, Inc.*	315,450	523,647
		653,587
Electronic Data Processing 2.0%		
Apple Computer, Inc.*	256,425	4,543,851
Hewlett-Packard Co.	394,680	6,030,710
		10,574,561

	Shares	Value (\$)
Utilities 0.0%		
Natural Gas Distribution		
NiSource, Inc.*	43,290	90,043
Total Common Stocks (Cost \$572,157,703)		516,093,285
Convertible Preferred Stocks 0.1%		
Financial		
Other Financial Companies		
Corrections Corp. of America, PIK (Cost \$234,950)	13,693	323,577
Cash Equivalents 4.8%		
Scudder Cash Management QP Trust, 1.93% (b) (Cost \$26,241,521)	26,241,521	26,241,521
Total Investment Portfolio — 100.0% (Cost \$598,634,174) (a)		542,658,383

Notes to SVS Dreman High Return Equity Portfolio of Investments

* Non-income producing security.

(a) The cost for federal income tax purposes was \$599,977,672. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$57,319,289. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$22,655,083 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$79,974,372.

(b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

At June 30, 2002, open futures contracts purchased were as follows:

Futures	Expiration Date	Contracts	Aggregate Face Value (\$)	Value (\$)
S&P 500 Index Future	9/19/2002	15	3,817,388	3,716,250
Total unrealized depreciation on open futures contracts purchased				(101,138)

PIK denotes that interest or dividends are paid in kind.

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$598,634,174)	\$ 542,658,383
Dividends receivable	1,503,298
Interest receivable	3,192
Receivable for Portfolio shares sold	601,546
Other assets — Margin Deposit	236,246
Total assets	545,002,665

Liabilities

Payable for Portfolio shares redeemed	760
Payable for daily variation margin on open futures contracts	3,825
Accrued management fee	341,847
Other accrued expenses and payables	47,591
Total liabilities	394,023
Net assets, at value	\$ 544,608,642

Net Assets

Net assets consist of:	
Undistributed net investment income	4,800,054
Net unrealized appreciation (depreciation) on:	
Investments	(55,975,791)
Futures	(101,138)
Accumulated net realized gain (loss)	(2,547,239)
Paid-in capital	598,432,756
Net assets, at value	\$ 544,608,642

Net Asset Value and redemption price per share (\$544,608,642 ÷ 56,466,043 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 9.64
---	----------------

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$14,740)	\$ 6,734,009
Interest	416,515
Total Income	7,150,524
Expenses:	
Management fee	1,972,745
Custodian and accounting fees	78,816
Auditing	21,380
Legal	6,734
Trustees' fees and expenses	3,738
Reports to shareholders	18,062
Other	14,422
Total expenses, before expense reductions	2,115,897
Expense reductions	(194)
Total expenses, after expense reductions	2,115,703
Net investment income (loss)	5,034,821

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	3,055,170
Futures	(3,217,945)
	(162,775)
Net unrealized appreciation (depreciation) during the period on:	
Investments	(66,719,874)
Futures	(314,258)
	(67,034,132)
Net gain (loss) on investment transactions	(67,196,907)
Net increase (decrease) in net assets resulting from operations	\$ (62,162,086)

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, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income (loss)	\$ 5,034,821	\$ 4,856,646
Net realized gain (loss) on investment transactions	(162,775)	1,147,360
Net unrealized appreciation (depreciation) on investment transactions during the period	(67,034,132)	(2,441,513)
Net increase (decrease) in net assets resulting from operations	(62,162,086)	3,562,493
Distributions to shareholders from:		
Net investment income	(4,712,145)	(2,559,657)
Net realized gains	(1,736,054)	—
Portfolio share transactions:		
Proceeds from shares sold	173,215,894	283,269,260
Reinvestment of distributions	6,448,199	2,559,657
Cost of shares redeemed	(9,841,619)	(11,369,786)
Net increase (decrease) in net assets from Portfolio share transactions	169,822,474	274,459,131
Increase (decrease) in net assets	101,212,189	275,461,967
Net assets at beginning of period	443,396,453	167,934,486
Net assets at end of period (including undistributed net investment income of \$4,800,054 and \$4,477,378, respectively)	\$ 544,608,642	\$ 443,396,453
Other Information		
Shares outstanding at beginning of period	41,005,810	15,588,218
Shares sold	15,791,838	26,260,433
Shares issued to shareholders in reinvestment of distributions	569,629	245,103
Shares redeemed	(901,234)	(1,087,944)
Net increase (decrease) in Portfolio shares	15,460,233	25,417,592
Shares outstanding at end of period	56,466,043	41,005,810

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

Financial Highlights

Years Ended December 31,	2002 ^a	2001	2000 ^b	1999 ^b	1998 ^{b,c}
Selected Per Share Data					
Net asset value, beginning of period	\$ 10.81	\$ 10.77	\$ 8.96	\$ 10.28	\$ 10.00
<i>Income (loss) from investment operations:</i>					
Net investment income	.10 ^d	.19 ^d	.26 ^d	.26 ^d	.08
Net realized and unrealized gain (loss) on investment transactions	(1.13)	(.01)	2.25	(1.38)	.20
Total from investment operations	(1.03)	.18	2.51	(1.12)	.28
<i>Less distributions from:</i>					
Net investment income	(.10)	(.14)	(.20)	(.10)	—
Net realized gains on investment transactions	(.04)	—	(.50)	(.10)	—
Total distributions	(.14)	(.14)	(.70)	(.20)	—
Net asset value, end of period	\$ 9.64	\$ 10.81	\$ 10.77	\$ 8.96	\$ 10.28
Total Return (%)	(9.80)**	1.69	30.52	(11.16)	2.80 ^{e**}

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	545	443	168	113	59
Ratio of expenses before expense reductions (%)	.79*	.82	.85	.86	1.20*
Ratio of expenses after expense reductions (%)	.79*	.82	.84	.86	.87*
Ratio of net investment income (loss) (%)	1.87*	1.78	2.85	2.57	2.77*
Portfolio turnover rate (%)	17*	16	37	24	5*

^a For the six months ended June 30, 2002 (Unaudited).

^b On June 18, 2001, the Portfolio implemented a 1 for 10 reverse stock split. Per share information, for the periods prior to December 31, 2001, have been restated to reflect the effect of the split. Shareholders received 1 share for every 10 shares owned and net asset value per share increased correspondingly (see Notes to Financial Statements).

^c For the period from May 4, 1998 (commencement of operations) to December 31, 1998.

^d Based on average shares outstanding during the period.

^e Total return would have been lower had certain expenses not been reduced.

* Annualized

** Not annualized

SVS Dreman Small Cap Value Portfolio

Dreman Value Management L.L.C. assumed management of the portfolio in mid-January. Since then we have reduced total holdings to about 165 names from about 330. Over the next quarter, we hope to complete the restructuring — bringing total holdings to between 100 and 120 stocks broadly diversified across market sectors.

While volatility can be unsettling, the tumultuous market environment provided a great opportunity for us to deploy our contrarian value investment strategy. We found companies that were trading at what we believed to be unsustainably low prices. While some of our new investments soared, others continue to struggle. In each case, however, we remain enthusiastic. The portfolio gained over the last six months, performing in line with its benchmark, the Russell 2000 Value Index. The Russell 2000 Value Index measures the performance of small companies with lower price-to-book ratios and lower forecasted growth values than the overall market.

We've found a great deal of value in independent power producers that had some exposure to energy trading and that have suffered in the wake of the Enron crisis. Although we fully recognize the short-run volatility here, when we look at the underlying assets of some of these companies and their earnings potential, we expect strong rebounds. We've also found opportunity in small bank stocks with strong earnings and no exposure to foreign debt. Consumer discretionary stocks is another area on which we've focused — increasing positions in retail, gaming and housing stocks.

We've seen encouraging signs that the economy (and broad markets) may be recovering. However, we believe the recovery is going to be a long volatile one. Small-cap value stocks have weathered the storm well — posting positive returns over the last two years. Some analysts believe the opportunity for continued outperformance of small value stocks is dwindling, but we believe there is still plenty of room for growth.

David N. Dreman
Nelson Woodward
Co-Managers
Dreman Value Management, LLC, Subadvisor to the Portfolio

Russell 2000 Value Index is an unmanaged index that measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

SVS Dreman Small Cap Value Portfolio

	Shares	Value (\$)
Common Stocks 97.4%		
Construction 3.0%		
Building Materials 0.8%		
Florida Rock Industries, Inc.	69,130	2,475,545
Building Products 0.6%		
EMCOR Group, Inc.*	22,800	1,338,360
Genlyte Group, Inc.*	15,400	625,702
		1,964,062
Homebuilding 1.6%		
Ryland Group, Inc.	50,000	2,487,500
Standard Pacific Corp.	70,900	2,487,172
		4,974,672
Consumer Discretionary 13.5%		
Apparel & Shoes 3.0%		
K-Swiss, Inc. "A"	66,800	1,735,464
Phillips-Van Heusen Corp.	173,836	2,711,842
Skechers USA, Inc. "A"*	113,100	2,444,091
Tommy Hilfiger Corp.*	160,700	2,301,224
		9,192,621
Department & Chain Stores 4.2%		
Burlington Coat Factory Warehouse Corp.	48,600	1,032,750
Cato Corp. "A"	58,900	1,313,470
Charming Shoppes, Inc.*	165,400	1,429,056
Deb Shops, Inc.	71,200	2,405,065
Dillard's, Inc.	25,200	662,508
Dress Barn, Inc.*	133,500	2,065,245
Longs Drug Stores Corp.	81,400	2,302,806
ShopKo Stores, Inc.*	82,000	1,656,400
		12,867,300
Hotels & Casinos 0.9%		
Alliance Gaming Corp.*	21,700	265,174
Argosy Gaming Co.*	86,700	2,462,280
		2,727,454
Recreational Products 1.9%		
Acclaim Entertainment, Inc.*	90,400	319,108
Multimedia Games, Inc.*	231,500	5,049,015
Winnebago Industries, Inc.	13,500	594,000
		5,962,123
Restaurants 1.0%		
CBRL Group, Inc.	49,600	1,513,792
Ruby Tuesday, Inc.	87,700	1,701,380
		3,215,172
Specialty Retail 2.5%		
Borders Group, Inc.*	201,100	3,700,240

	Shares	Value (\$)
Fossil, Inc.*	19,400	398,864
Loew's Corp. — Carolina Group	91,200	2,466,960
The Topps Co., Inc.*	51,900	522,114
Toro Co.	11,200	636,608
		7,724,786
Consumer Staples 5.0%		
Alcohol & Tobacco 0.8%		
Schweitzer-Mauduit International, Inc.	16,900	415,740
Universal Corp.	56,800	2,084,560
		2,500,300
Consumer Electronic and Photographic 0.6%		
York International Corp.	54,500	1,841,555
Food & Beverage 3.6%		
Fresh Del Monte Produce, Inc.	60,200	1,505,000
J & J Snack Foods Corp.*	58,700	2,639,152
Jack in the Box, Inc.*	71,400	2,270,520
Lance, Inc.	96,200	1,402,596
Nash-Finch Co.	77,300	2,470,508
Pilgrim's Pride Corp.	50,100	701,400
		10,989,176
Durables 4.1%		
Aerospace 2.4%		
Curtiss-Wright Corp.	45,300	3,624,000
Kaman Corp. "A"	224,700	3,765,972
		7,389,972
Automobiles 1.5%		
Borg-Warner Automotive, Inc.	47,300	2,732,048
Dura Automotive Systems, Inc.*	42,800	888,100
Oshkosh Truck Corp.	20,750	1,226,533
		4,846,681
Construction/Agricultural Equipment 0.2%		
Terex Corp.*	23,600	530,764
Energy 9.0%		
Engineering 1.0%		
McDermott International, Inc.*	380,700	3,083,670
Oil & Gas Production 6.0%		
Chesapeake Energy Corp.*	413,700	2,978,640
Denbury Resources, Inc.*	193,900	1,995,231
Noble Energy, Inc.	84,800	3,057,040
Ocean Energy, Inc.	10,900	236,203
Patina Oil & Gas Corp.	27,125	744,039
Penn Virginia Corp.	85,800	3,344,484

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

	Shares	Value (\$)
Pioneer Natural Resources Co.*	30,000	781,500
St. Mary Land & Exploration Co.	89,200	2,134,467
Tesoro Petroleum Corp.*	245,700	1,904,175
Ultra Petroleum Corp.*	162,700	1,234,893
		18,410,672
Oil Companies 0.6%		
Stone Energy Corp.*	46,999	1,891,710
Oil/Gas Transmission 1.4%		
Dynegy, Inc. "A"	395,600	2,848,320
Williams Companies, Inc.	261,400	1,565,786
		4,414,106
Financial 33.3%		
Banks 18.0%		
Astoria Financial Corp.	114,900	3,682,545
BankAtlantic Bancorp., Inc. "A"	109,000	1,351,600
BankUnited Financial Corp. "A"*	12,900	247,035
Banner Corp.	60,140	1,488,465
BOK Financial Corp.	73,617	2,463,225
Coastal Bancorp., Inc.	69,300	2,200,968
Cullen/Frost Bankers, Inc.	68,400	2,458,980
Downey Financial Corp.	55,700	2,634,610
First Federal Capital Corp.	107,700	2,380,170
First Federal Financial Corp.*	85,500	2,479,500
First Financial Holdings, Inc.	10,300	331,145
First Indiana Corp.	85,925	1,870,587
First Republic Bank*	73,111	2,010,553
Flagstar Bancorp., Inc.	81,950	1,893,045
Flushing Financial Corp.	34,500	706,905
Fulton Financial Corp.	100,625	1,904,831
Glacier Bancorp., Inc.	114,700	2,810,150
Greater Bay Bancorp.	67,500	2,076,300
Independence Community Bank Corp.	62,000	1,781,260
Independent Bank Corp.	10,300	235,767
IndyMac Bancorp., Inc.*	103,900	2,356,452
International Bancshares Corp.	46,844	1,978,680
Irwin Financial Corp.	155,500	3,125,550
MAF Bancorp., Inc.	39,900	1,500,240
PFF Bancorp., Inc.	63,700	2,446,080
Provident Bankshares Corp.	72,200	1,710,418
R & G Financial Corp. "B"	20,300	481,313
Republic Bancorp., Inc.	26,840	400,990
The Trust Co. of New Jersey	41,500	1,066,509
Webster Financial Corp.	69,900	2,672,976
WSFS Financial Corp.	39,800	1,029,626
		55,776,475

	Shares	Value (\$)
Insurance 4.5%		
Alfa Corp.	155,000	1,813,500
AmerUS Group, Inc.	128,500	4,767,350
Commerce Group, Inc.	49,100	1,941,905
Harleysville Group, Inc.	34,300	950,796
National Western Life Insurance Co. "A"*	300	34,485
RLI Corp.	49,200	2,509,200
Selective Insurance Group, Inc.	69,300	1,963,269
		13,980,505
Other Financial Companies 3.2%		
Allied Capital Corp.	227,700	5,157,405
NCO Group, Inc.*	79,400	1,729,332
Sky Financial Group, Inc.	94,900	2,007,135
SWS Group, Inc.	35,505	696,608
UMB Financial Corp.	9,240	433,079
		10,023,559
Real Estate 7.6%		
America First Mortgage Investments, Inc. (REIT)	52,600	518,110
Annaly Mortgage Management, Inc. (REIT)	84,000	1,629,600
Anthracite Capital, Inc. (REIT)	45,300	600,225
Anworth Mortgage Asset Corp.	51,500	720,485
Apex Mortgage Capital, Inc.	91,200	1,365,264
Brandywine Realty Trust (REIT)	30,000	777,000
CBL & Associates Properties, Inc. (REIT)	32,500	1,316,250
Crown American Realty Trust (REIT)	69,100	649,540
Health Care, Inc. (REIT)	105,900	3,171,705
Healthcare Realty Trust, Inc. (REIT)	94,300	3,017,600
Highwoods Properties, Inc. (REIT)	86,200	2,241,200
HRPT Properties Trust (REIT)	97,300	861,105
Meristar Hospitality Corp. (REIT)	43,400	661,850
Pan Pacific Retail Properties, Inc. (REIT)	29,500	1,008,310
Pennsylvania Real Estate Investment Trust (REIT)	20,100	544,911
Prentiss Properties Trust	97,900	3,108,325
Redwood Trust, Inc. (REIT)	42,500	1,338,750
		23,530,230
Health 4.2%		
Biotechnology 0.6%		
Bio-Rad Laboratories, Inc. "A"*	41,100	1,870,461

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

	Shares	Value (\$)
Health Industry Services 1.4%		
Mid Atlantic Medical Services, Inc.*	43,000	1,348,050
RehabCare Group, Inc.*	101,700	2,443,851
US Oncology, Inc.*	68,500	570,605
		4,362,506
Hospital Management 0.7%		
Coventry Health Care, Inc.*	58,500	1,662,570
Triad Hospitals, Inc.*	10,270	435,243
		2,097,813
Medical Supply & Specialty 1.5%		
Conmed Corp.*	38,100	850,773
Cooper Companies, Inc.	14,300	673,530
Dynacq International, Inc.*	116,700	1,644,303
INAMED Corp.*	16,100	430,192
Invacare Corp.	11,800	436,600
Polymedica Industries, Inc.*	24,300	620,622
		4,656,020
Manufacturing 5.7%		
Chemicals 0.9%		
Albermarle Corp.	90,800	2,792,100
Containers & Paper 0.6%		
Greif Brothers Corp. "A"	60,500	2,018,341
Diversified Manufacturing 1.0%		
Cascade Natural Gas Corp.	49,200	1,028,280
Myers Industries, Inc.	118,492	2,030,953
		3,059,233
Industrial Specialty 1.4%		
General Cable Corp.	85,500	538,650
JAKKS Pacific, Inc.*	101,800	1,802,878
JLG Industries, Inc.	135,300	1,898,259
		4,239,787
Machinery/Components/Controls 1.0%		
American Axle & Manufacturing Holdings, Inc.*	51,700	1,537,558
Asyst Technologies, Inc.*	56,200	1,143,670
CTB International Corp.	18,800	311,054
		2,992,282
Office Equipment/Supplies 0.7%		
Checkpoint Systems, Inc.*	31,800	372,060
United Stationers, Inc.*	55,900	1,699,360
		2,071,420
Wholesale Distributors 0.1%		
Owens & Minor, Inc.	28,100	555,256

	Shares	Value (\$)
Metals and Minerals 2.9%		
Steel & Metals		
Precision Castparts Corp.	119,700	3,950,100
Quanex Corp.	59,200	2,587,040
Steel Dynamics, Inc.*	141,400	2,328,858
		8,865,998
Service Industries 2.6%		
Environmental Services 0.3%		
Harsco Corp.	26,200	982,500
Investment 0.5%		
Raymond James Financial, Inc.	49,400	1,406,418
Miscellaneous Consumer Services 0.8%		
Sovran Self Storage, Inc.	71,200	2,432,904
Printing/Publishing 1.0%		
Consolidated Graphics, Inc.*	104,700	1,989,300
John H. Harland Co.	40,000	1,128,000
		3,117,300
Technology 3.3%		
Computer Software 0.3%		
Progress Software Corp.*	53,700	792,558
Diverse Electronic Products 0.1%		
Cable Design Technologies Corp.*	20,250	207,563
EDP Peripherals 0.3%		
Zoran Corp.*	45,300	1,037,823
Electronic Components/Distributors 0.5%		
Adaptec, Inc.*	35,100	276,939
Imation Corp.*	45,900	1,365,984
		1,642,923
Office/Plant Automation 0.5%		
CACI International, Inc. "A"*	36,500	1,393,935
Precision Instruments 1.6%		
Moog, Inc.*	96,400	4,133,632
Zebra Technologies Corp. "A"*	19,900	959,578
		5,093,210
Transportation 2.6%		
Trucking		
Arkansas Best Corp.*	116,600	2,970,968
Roadway Corp.	55,000	1,976,150
USFreightways Corp.	81,000	3,067,470
		8,014,588

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

	Shares	Value (\$)
Utilities 6.7%		
Electric Utilities 5.3%		
Anixter International, Inc.*	38,300	900,050
Black Hills Corp.	7,400	256,114
Cleco Corp.	10,200	223,380
Mirant Corp.*	936,600	6,837,180
PNM Resources, Inc.	10,500	254,100
Reliant Resources, Inc.*	664,400	5,813,500
WPS Resources Corp.	50,400	2,057,832
		16,342,156
Natural Gas Distribution 1.4%		
NUI Corp.	70,400	1,936,000
Peoples Energy Corp.	59,600	2,173,016
South Jersey Industries, Inc.	4,100	138,375
		4,247,391

	Shares	Value (\$)
Other 1.5%		
iShares Russell 2000 Index Fund	51,000	4,623,150
Total Common Stocks (Cost \$289,015,651)		301,228,746
Cash Equivalents 2.6%		
Scudder Cash Management QP Trust, 1.93% (b) (Cost \$7,924,657)	7,924,657	7,924,657
Total Investment Portfolio — 100.0% (Cost \$296,940,308) (a)		309,153,403

Notes to SVS Dreman Small Cap Value Portfolio of Investments

* Non-incomeproducing security.

(a) The cost for federal income tax purposes was \$297,243,724. At June 30, 2002, net unrealized appreciation for all securities based on tax cost was \$11,909,679. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$27,986,974 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$16,077,295.

(b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$296,940,308)	\$ 309,153,403
Receivable for investments sold	4,624,028
Dividends receivable	372,491
Interest receivable	739
Receivable for Portfolio shares sold	625,517
Total assets	314,776,178

Liabilities

Payable for investments purchased	5,809,734
Payable for Portfolio shares redeemed	7,169
Accrued management fee	187,593
Other accrued expenses and payables	22,652
Total liabilities	6,027,148
Net assets, at value	\$ 308,749,030

Net Assets

Net assets consist of:	
Undistributed net investment income	1,195,473
Net unrealized appreciation (depreciation) on investments	12,213,095
Accumulated net realized gain (loss)	14,247,426
Paid-in capital	281,093,036
Net assets, at value	\$ 308,749,030
Net Asset Value and redemption price per share (\$308,749,030 ÷ 21,922,519 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	
	\$ 14.08

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$791)	\$ 2,061,198
Interest	113,686
Total Income	2,174,884
Expenses:	
Management fee	953,363
Custodian fees	7,118
Auditing	6,577
Legal	3,948
Trustees' fees and expenses	2,106
Reports to shareholders	23,305
Other	5,320
Total expenses, before expense reductions	1,001,737
Expense reductions	(913)
Total expenses, after expense reductions	1,000,824
Net investment income (loss)	1,174,060

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	18,055,978
Net unrealized appreciation (depreciation) during the period on investments	(8,365,522)
Net gain (loss) on investment transactions	9,690,456
Net increase (decrease) in net assets resulting from operations	\$ 10,864,516

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, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income (loss)	\$ 1,174,060	\$ 935,250
Net realized gain (loss) on investment transactions	18,055,978	809,129
Net unrealized appreciation (depreciation) on investment transactions during the period	(8,365,522)	19,332,255
Net increase (decrease) in net assets resulting from operations	10,864,516	21,076,634
Distributions to shareholders from:		
Net investment income	(910,198)	—
Portfolio share transactions:		
Proceeds from shares sold	117,521,394	110,669,303
Reinvestment of distributions	910,198	—
Cost of shares redeemed	(13,371,121)	(21,981,570)
Net increase (decrease) in net assets from Portfolio share transactions	105,060,471	88,687,733
Increase (decrease) in net assets	115,014,789	109,764,367
Net assets at beginning of period	193,734,241	83,969,874
Net assets at end of period (including undistributed net investment income of \$1,195,473 and \$931,611, respectively)	\$ 308,749,030	\$ 193,734,241
Other Information		
Shares outstanding at beginning of period	14,668,207	7,479,350
Shares sold	8,127,339	9,043,257
Shares issued to shareholders in reinvestment of distributions	61,046	—
Shares redeemed	(934,073)	(1,854,400)
Net increase (decrease) in Portfolio shares	7,254,312	7,188,857
Shares outstanding at end of period	21,922,519	14,668,207

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

Financial Highlights

Years Ended December 31,	2001 ^a	2001	2000 ^b	1999 ^b	1998 ^b	1997 ^b
Selected Per Share Data						
Net asset value, beginning of period	\$ 13.21	\$ 11.23	\$ 10.85	\$ 10.65	\$ 12.27	\$ 10.19
<i>Income (loss) from investment operations:</i>						
Net investment income	.06 ^c	.09 ^c	.02 ^c	.07 ^c	.09	.12
Net realized and unrealized gain (loss) on investment transactions	.86	1.89	.42	.23	(1.41)	2.06
Total from investment operations	.92	1.98	.44	.30	(1.32)	2.18
<i>Less distributions from:</i>						
Net investment income	(.05)	—	(.06)	(.10)	—	(.10)
Net realized gains on investment transactions	—	—	—	—	(.30)	—
Total distributions	(.05)	—	(.06)	(.10)	(.30)	(.10)
Net asset value, end of period	\$ 14.08	\$ 13.21	\$ 11.23	\$ 10.85	\$ 10.65	\$ 12.27
Total Return (%)	6.96 ^{**}	17.63	4.05	2.80	(11.25)	21.73
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	309	194	84	95	102	76
Ratio of expenses before expense reductions (%)	.79 [*]	.79	.82	.84	.80	.84
Ratio of expenses after expense reductions (%)	.79 [*]	.79	.82	.83	.80	.84
Ratio of net investment income (loss) (%)	.92 [*]	.77	.15	.69	1.15	1.18
Portfolio turnover rate (%)	101 [*]	57	36	72	43	22

^a For the six months ended June 30, 2002 (Unaudited).

^b On June 18, 2001, the Portfolio implemented a 1 for 10 reverse stock split. Per share information, for the periods prior to December 31, 2001, has been restated to reflect the effect of the split. Shareholders received 1 share for every 10 shares owned and net asset value per share increased correspondingly (see Notes to Financial Statements).

^c Based on average shares outstanding during the period.

* Annualized

** Not annualized

SVS Eagle Focused Large Cap Growth Portfolio

The U.S. equity markets continued to struggle during the first half of the year as virtually every major sector was down during the first six months of the year. Prompted by increasing global turmoil and dramatic examples of corporate fraud, investors remain skeptical of any strength in earnings or the economy. At its late June meeting, the Federal Reserve decided to leave the federal funds rate unchanged at 1.75 percent indicating that the risks to the U.S. economy were evenly balanced between economic weakness and inflation.

During the first half of 2002 the portfolio was down, while our benchmarks, the Russell 1000 Growth Index and the S&P 500 Index, were down as well. First-half performance places the portfolio in the second quartile of all large-cap growth variable underlying funds, according to Lipper.

While underweight in the Russell 1000 Growth Index for most of the period, our holdings in technology and health care still had a strong negative impact on our performance. In health care, while services and HMO stocks have held up reasonably well, biotech and pharmaceutical stocks have suffered due to lingering concerns about drug pipelines and patent expirations. Valuations and investor sentiment are currently at an all-time low in technology stocks as they too sold off sharply.

The portfolio benefited from relative strength in its consumer holdings, as consumer confidence remained resilient despite the slumping stock market. Although the consumer has been largely responsible for the economy's recent strength, we believe now is a prudent time to take profits in this sector and we did so during the second quarter. We remain overweight in the financial sector because we believe a modest recovery and a benign rate environment bode well for the group.

We believe the cloud of uncertainty stemming from the recent accounting and corporate fraud scandals will dissipate as soon as tougher criminal penalties and disclosure requirements are in place. While investor confidence has been understandably rattled, an improving economy should translate into better corporate earnings which, in turn, should translate into higher stock prices, since the disconnect between an improving economy and better earnings will not continue for long. Thus, in our view, this is an opportune time to buy world-class, large-cap growth stocks at very attractive prices, as we expect them to lead the way once the modest recovery now underway strengthens and proves its durability.

Ashi Parikh

Lead Manager

Eagle Asset Management, Inc., Subadvisor to the Portfolio

Russell 1000 Growth measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. These stocks are selected from the 1,000 largest companies in the Russell 3000 Index, which represents approximately 92% of the total market capitalization of the Russell 3000 Index. The stocks represented by this index involve investment risks which may include the loss of principal invested.

The S&P 500 Index is an unmanaged index, widely regarded as representative of the equity market in general. Index returns assume reinvestment of dividends and capital gains and, unlike fund returns, do not reflect fees or expenses. You cannot invest directly in the index.

SVS Eagle Focused Large Cap Growth Portfolio

	Shares	Value (\$)
Common Stocks 94.8%		
Communications 1.9%		
Telephone/Communications		
ADC Telecommunications, Inc.*	580,700	1,329,800
Consumer Discretionary 8.3%		
Department & Chain Stores		
Home Depot, Inc.	68,975	2,533,452
Wal-Mart Stores, Inc.	57,200	3,146,572
		5,680,024
Consumer Staples 6.4%		
Alcohol & Tobacco 4.8%		
Anheuser-Busch Companies, Inc.	33,500	1,675,000
Philip Morris Companies, Inc.	36,850	1,609,608
		3,284,608
Food & Beverage 1.6%		
Kroger Co.*	56,050	1,115,395
Financial 19.8%		
Consumer Finance 6.8%		
American Express Co.	33,500	1,216,720
Capital One Finance Corp.	21,800	1,330,890
Citigroup, Inc.	54,266	2,102,808
		4,650,418
Insurance 1.2%		
Travelers Property Casualty Corp.*	47,800	846,060
Other Financial Companies 11.8%		
Fannie Mae	19,500	1,438,125
Freddie Mac	45,200	2,766,240
Goldman Sachs Group, Inc.	27,400	2,009,790
Lehman Brothers Holdings, Inc.	29,950	1,872,474
		8,086,629
Health 20.7%		
Hospital Management 2.6%		
HCA, Inc.	20,000	950,000
UnitedHealth Group, Inc.	9,000	823,950
		1,773,950
Medical Supply & Specialty 5.3%		
Baxter International, Inc.*	25,950	1,153,478
Johnson & Johnson	25,300	1,322,178
Medtronic, Inc.	26,900	1,152,665
		3,628,321

	Shares	Value (\$)
Pharmaceuticals 12.8%		
Eli Lilly & Co.	23,100	1,302,840
Merck & Co., Inc.	38,000	1,924,320
Pfizer, Inc.	90,400	3,164,000
Pharmacia Corp.	41,250	1,544,813
Wyeth	16,850	862,720
		8,798,693
Manufacturing 2.9%		
Diversified Manufacturing		
General Electric Co.	67,200	1,952,160
Media 2.3%		
Broadcasting & Entertainment 0.9%		
Viacom, Inc. "B"*	14,400	638,928
Cable Television 1.4%		
Comcast Corp. "A"*	39,700	946,448
Service Industries 3.2%		
EDP Services 0.2%		
Automatic Data Processing, Inc.	3,800	165,490
Miscellaneous Commercial Services 3.0%		
United Parcel Service, Inc. "B"	33,850	2,090,238
Technology 29.3%		
Computer Software 10.7%		
Electronic Arts, Inc.*	16,300	1,076,615
Intuit, Inc.*	21,900	1,088,868
Microsoft Corp.*	94,700	5,180,090
		7,345,573
Diverse Electronic Products 1.7%		
Applied Materials, Inc.*	60,800	1,156,416
EDP Peripherals 1.8%		
Brocade Communications Systems, Inc.*	70,350	1,229,718
Electronic Components/Distributors 3.4%		
Celestica, Inc.*	22,200	504,162
Cisco Systems, Inc.*	130,400	1,819,080
		2,323,242
Electronic Data Processing 3.0%		
Dell Computer Corp.*	78,150	2,042,841
Semiconductors 8.7%		
Intel Corp.	65,800	1,202,166
National Semiconductor Corp.*	44,650	1,302,441
Taiwan Semiconductor Manufacturing Co.	120,230	1,562,990

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

	Shares	Value (\$)
Texas Instruments, Inc.	79,300	1,879,410
		5,947,007
Total Common Stocks (Cost \$71,826,585)		65,031,959

	Shares	Value (\$)
Cash Equivalents 5.2%		
Scudder Cash Management QP Trust, 1.93% (b) (Cost \$3,531,078)	3,531,078	3,531,078
Total Investment Portfolio — 100.0% (Cost \$75,357,663) (a)		68,563,037

Notes to SVS Eagle Focused Large Cap Growth Portfolio of Investments

* Non-income producing security.

- (a) The cost for federal income tax purposes was \$77,581,849. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$9,018,812. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$1,220,537 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$10,239,349.
- (b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$75,357,663)	\$ 68,563,037
Receivable for investments sold	686,170
Dividends receivable	30,853
Interest receivable	475
Receivable for Portfolio shares sold	364,496
Total assets	69,645,031

Liabilities

Payable for investments purchased	1,952,294
Payable for Portfolio shares redeemed	150
Accrued management fee	59,683
Other accrued expenses and payables	11,915
Total liabilities	2,024,042
Net assets, at value	\$ 67,620,989

Net Assets

Net assets consist of:	
Accumulated net investment loss	(92,863)
Net unrealized appreciation (depreciation) on investments	(6,794,626)
Accumulated net realized gain (loss)	(16,236,475)
Paid-in capital	90,744,953
Net assets, at value	\$ 67,620,989
Net Asset Value and redemption price per share (\$67,620,989 ÷ 8,638,847 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	
	\$ 7.83

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$20,860)	\$ 233,381
Interest	30,547
Total Income	263,928
Expenses:	
Management fee	325,801
Custodian and accounting fees	21,186
Auditing	2,500
Legal	1,156
Trustees' fees and expenses	500
Reports to shareholders	4,000
Other	1,673
Total expenses, before expense reductions	356,816
Expense reductions	(25)
Total expenses, after expense reductions	356,791
Net investment income (loss)	(92,863)

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	(5,365,132)
Net unrealized appreciation (depreciation) during the period on investments	(7,910,687)
Net gain (loss) on investment transactions	(13,275,819)
Net increase (decrease) in net assets resulting from operations	\$ (13,368,682)

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, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income (loss)	\$ (92,863)	\$ (77,560)
Net realized gain (loss) on investment transactions	(5,365,132)	(8,258,294)
Net unrealized appreciation (depreciation) on investment transactions during the period	(7,910,687)	2,843,040
Net increase (decrease) in net assets resulting from operations	(13,368,682)	(5,492,814)
Portfolio share transactions:		
Proceeds from shares sold	25,726,191	40,803,744
Cost of shares redeemed	(4,844,215)	(3,343,405)
Net increase (decrease) in net assets from Portfolio share transactions	20,881,976	37,460,339
Increase (decrease) in net assets	7,513,294	31,967,525
Net assets at beginning of period	60,107,695	28,140,170
Net assets at end of period (including accumulated net investment loss of \$92,863 at June 30, 2002)	\$ 67,620,989	\$ 60,107,695
Other Information		
Shares outstanding at beginning of period	6,353,061	2,467,850
Shares sold	2,849,005	4,225,617
Shares redeemed	(563,219)	(340,406)
Net increase (decrease) in Portfolio shares	2,285,786	3,885,211
Shares outstanding at end of period	8,638,847	6,353,061

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

Financial Highlights

Years Ended December 31,	2002 ^a	2001	2000 ^b	1999 ^{b,c}
Selected Per Share Data				
Net asset value, beginning of period	\$ 9.46	\$ 11.40	\$ 12.84	\$ 10.00
<i>Income (loss) from investment operations:</i>				
Net investment income ^d	(.01)	(.02)	(.05)	—
Net realized and unrealized gain (loss) on investment transactions	(1.62)	(1.92)	(1.04)	2.84
Total from investment operations	(1.63)	(1.94)	(1.09)	2.84
<i>Less distributions from:</i>				
Net realized gains on investment transactions	—	—	(.35)	—
Total distributions	—	—	(.35)	—
Net asset value, end of period	\$ 7.83	\$ 9.46	\$ 11.40	\$ 12.84
Total Return (%)	(17.23)**	(17.02)	(9.02) ^e	28.40 ^{e**}
Ratios to Average Net Assets and Supplemental Data				
Net assets, end of period (\$ millions)	68	60	28	3
Ratio of expenses before expense reductions (%)	1.04*	1.13	1.33	7.49*
Ratio of expenses after expense reductions (%)	1.04*	1.11	1.02	1.10*
Ratio of net investment income (loss) (%)	(.27)*	(.21)	(.37)	(.19)*
Portfolio turnover rate (%)	112*	98	323	336*

^a For the six months ended June 30, 2002 (Unaudited).

^b On June 18, 2001, the Portfolio implemented a 1 for 10 reverse stock split. Per share information, for the periods prior to December 31, 2001, has been restated to reflect the effect of the split. Shareholders received 1 share for every 10 shares owned and net asset value per share increased correspondingly (see Notes to Financial Statements).

^c For the period from October 29, 1999 (commencement of operations) to December 31, 1999.

^d Based on average shares outstanding during the period.

^e Total return would have been lower had certain expenses not been reduced.

* Annualized

** Not annualized

SVS Focus Value+Growth Portfolio

Fears of more terrorist attacks and continued accounting scandals caused nearly all segments of the stock market to decline over the last six months. Scudder Focus Value+Growth Portfolio lost ground, falling further than its benchmark, the S&P 500 Index.

On April 8, 2002, Dreman Value Management, a firm specializing in contrarian value investing (buying out-of-favor stocks), took over management of the value portfolio. The team uses a disciplined investment strategy that emphasizes stocks of fundamentally sound companies with price-to-earnings ratios below that of the overall market. The team's approach also emphasizes stocks with below-average price-to-book and price-to-cash-flow ratios and those with above-average dividend yields. The new managers have completely restructured the value portfolio, choosing stocks that better complement their contrarian philosophy.

The portfolio's value managers used wild market volatility to build a portfolio of stocks beaten down by investor panic. The selection process led to concentrations in four market segments — financials, primarily Fannie Mae and Freddie Mac; health care, primarily large pharmaceutical stocks; energy and utilities companies, primarily those beaten down by the Enron crisis; and tobacco companies. Portfolio Manager David Dreman is enthusiastic about the portfolio, but over the last couple of months many of these new stocks struggled. He believes that when the market turns, this lineup should produce solid performance.

Concentration in the growth portfolio remains in consumer stocks, technology, health care and financials. Consumer cyclical stocks provided the strongest performance, with retailers leading the way. On the negative side, technology, health care and financials were among the hardest hit.

Both management teams believe that the economy has begun to recover, but don't expect a quick bounce-back. They believe it is unlikely the overall market will rebound until it is clear that corporate fundamentals and profitability are improving and that accounting and corporate governance issues have passed.

David N. Dreman
Lead Manager
F. James Hutchinson
Portfolio Manager
Dreman Value Management LLC
(Subadvisor for the Value Portion of the Portfolio)

Spiros Segalas
Kathleen McCarragher
Co-Managers
Jennison Associates LLC
(Subadvisor for the Growth Portion of the Portfolio)

The S&P 500 Index is an unmanaged index, widely regarded as representative of the equity market in general. Index returns assume reinvestment of dividends and capital gains and, unlike fund returns, do not reflect fees or expenses. You cannot invest directly in the index.

SVS Focus Value+Growth Portfolio

	Shares	Value (\$)
Common Stocks 96.9%		
Communications 0.8%		
Telephone/Communications		
BellSouth Corp.	30,150	949,725
Consumer Discretionary 15.8%		
Department & Chain Stores 6.5%		
Kohl's Corp.*	61,100	4,281,888
Lowe's Companies, Inc.	81,800	3,713,720
		7,995,608
Hotels & Casinos 2.7%		
Marriott International, Inc. "A"	86,200	3,279,910
Recreational Products 2.4%		
Harley-Davidson, Inc.	57,700	2,958,279
Specialty Retail 4.2%		
Borders Group, Inc.*	35,100	645,840
Tiffany & Co.	89,600	3,153,920
Toys "R" Us, Inc.*	74,650	1,304,136
		5,103,896
Consumer Staples 10.9%		
Alcohol & Tobacco 7.9%		
Philip Morris Companies, Inc.	110,050	4,806,984
R.J. Reynolds Tobacco Holdings, Inc.	22,200	1,193,250
UST, Inc.	107,520	3,655,680
		9,655,914
Food & Beverage 3.0%		
PepsiCo, Inc.	75,000	3,615,000
Energy 10.1%		
Oil & Gas Production 4.4%		
Devon Energy Corp.	64,800	3,193,344
El Paso Corp.	61,600	1,269,576
Kerr-McGee Corp.	17,200	921,060
		5,383,980
Oil/Gas Transmission 2.7%		
Dynegy, Inc. "A"	261,100	1,879,920
Williams Companies, Inc.	234,100	1,402,259
		3,282,179
Oilfield Services/Equipment 3.0%		
BJ Services Co.*	106,800	3,618,384

	Shares	Value (\$)
Financial 26.7%		
Banks 3.5%		
Bank of America Corp.	23,900	1,681,604
J.P. Morgan Chase & Co.	68,200	2,313,344
Wachovia Corp.	6,700	255,806
		4,250,754
Consumer Finance 2.6%		
Citigroup, Inc.	81,461	3,156,614
Insurance 2.8%		
American International Group, Inc.	50,600	3,452,437
Other Financial Companies 17.8%		
Fannie Mae	86,300	6,364,625
Freddie Mac	105,400	6,450,480
Merrill Lynch & Co., Inc.	134,400	5,443,200
Washington Mutual, Inc.	95,300	3,536,583
		21,794,888
Health 16.2%		
Biotechnology 2.3%		
Genentech, Inc.*	82,200	2,753,700
Medical Supply & Specialty 2.6%		
Johnson & Johnson	60,000	3,135,600
Pharmaceuticals 11.3%		
Bristol-Myers Squibb Co.	138,800	3,567,160
Merck & Co., Inc.	81,050	4,104,372
Pharmacia Corp.	31,900	1,194,655
Schering-Plough Corp.	77,700	1,911,420
Wyeth	60,300	3,087,360
		13,864,967
Manufacturing 2.4%		
Diversified Manufacturing		
Tyco International Ltd.	214,350	2,895,869
Media 2.8%		
Broadcasting & Entertainment		
Viacom, Inc. "B"*	78,300	3,474,171
Technology 10.5%		
Computer Software 3.1%		
Microsoft Corp.*	68,500	3,746,950
Electronic Components/Distributors 2.4%		
Cisco Systems, Inc.*	214,000	2,985,300

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

	Shares	Value (\$)
Electronic Data Processing 2.7%		
Dell Computer Corp.*	127,300	3,327,621
Semiconductors 2.3%		
Texas Instruments, Inc.	116,900	2,770,530
Utilities 0.7%		
Electric Utilities		
Mirant Corp.*	55,700	406,610
Reliant Resources, Inc.*	55,450	485,188
		891,798
Total Common Stocks (Cost \$137,985,055)		118,344,074

	Shares	Value (\$)
Cash Equivalents 3.1%		
Scudder Cash Management QP Trust, 1.93% (b) (Cost \$3,848,344)	3,848,345	3,848,344
Total Investment Portfolio — 100.0% (Cost \$141,833,399) (a)		122,192,418

Notes to SVS Focus Value+Growth Portfolio of Investments

* Non-income producing security.

(a) The cost for federal income tax purposes was \$143,145,785. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$20,953,367. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$1,648,801 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$22,602,168.

(b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$141,833,399)	\$ 122,192,418
Cash	10,000
Receivable for investments sold	212,880
Dividends receivable	112,234
Interest receivable	1,411
Receivable for Portfolio shares sold	87,261
Total assets	122,616,204

Liabilities

Payable for investments purchased	914,425
Payable for Portfolio shares redeemed	27,651
Accrued management fee	85,842
Other accrued expenses and payables	32,885
Total liabilities	1,060,803
Net assets, at value	\$ 121,555,401

Net Assets

Net assets consist of:	
Undistributed net investment income	242,543
Net unrealized appreciation (depreciation) on investments	(19,640,981)
Accumulated net realized gain (loss)	(15,250,415)
Paid-in capital	156,204,254
Net assets, at value	\$ 121,555,401

Net Asset Value and redemption price per share
(\$121,555,401 ÷ 11,097,662 outstanding shares
of beneficial interest, \$.01 par value, unlimited
number of shares authorized) **\$ 10.95**

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends	\$ 813,874
Interest	53,665
Total Income	867,539
Expenses:	
Management fee	511,804
Custodian fees	5,854
Auditing	7,231
Legal	2,166
Trustees' fees and expenses	2,435
Reports to shareholders	28,452
Other	4,723
Total expenses, before expense reductions	562,665
Expense reductions	(26)
Total expenses, after expense reductions	562,639
Net investment income (loss)	304,900

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	(2,255,487)
Net unrealized appreciation (depreciation) during the period on investments	(20,918,554)
Net gain (loss) on investment transactions	(23,174,041)
Net increase (decrease) in net assets resulting from operations	\$ (22,869,141)

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, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income (loss)	\$ 304,900	\$ 903,862
Net realized gain (loss) on investment transactions	(2,255,487)	(12,799,787)
Net unrealized appreciation (depreciation) on investment transactions during the period	(20,918,554)	(10,442,337)
Net increase (decrease) in net assets resulting from operations	(22,869,141)	(22,338,262)
Distributions to shareholders from:		
Net investment income	(658,082)	(914,441)
Net realized gains	—	(9,601,639)
Portfolio share transactions:		
Proceeds from shares sold	12,113,953	27,203,393
Reinvestment of distributions	658,082	10,516,080
Cost of shares redeemed	(7,494,731)	(18,238,788)
Net increase (decrease) in net assets from Portfolio share transactions	5,277,304	19,480,685
Increase (decrease) in net assets	(18,249,919)	(13,373,657)
Net assets at beginning of period	139,805,320	153,178,977
Net assets at end of period (including undistributed net investment income of \$242,543 and \$595,725, respectively)	\$ 121,555,401	\$ 139,805,320
Other Information		
Shares outstanding at beginning of period	10,690,065	9,252,858
Shares sold	957,564	1,952,649
Shares issued to shareholders in reinvestment of distributions	49,742	768,798
Shares redeemed	(599,709)	(1,284,240)
Net increase (decrease) in Portfolio shares	407,597	1,437,207
Shares outstanding at end of period	11,097,662	10,690,065

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

Financial Highlights

Years Ended December 31,	2002 ^a	2001	2000 ^b	1999 ^b	1998 ^b	1997 ^b
Selected Per Share Data						
Net asset value, beginning of period	\$ 13.08	\$ 16.55	\$ 18.96	\$ 16.71	\$ 14.25	\$ 11.46
<i>Income (loss) from investment operations:</i>						
Net investment income (loss)	.03 ^c	.09 ^c	.12 ^c	.08 ^c	.08	.12
Net realized and unrealized gain (loss) on investment transactions	(2.10)	(2.41)	(.73)	2.62	2.78	2.77
Total from investment operations	(2.07)	(2.32)	(.61)	2.70	2.86	2.89
<i>Less distributions from:</i>						
Net investment income	(.06)	(.10)	(.10)	(.10)	—	(.10)
Net realized gains on investment transactions	—	(1.05)	(1.70)	(.35)	(.40)	—
Total distributions	(.06)	(1.15)	(1.80)	(.45)	(.40)	(.10)
Net asset value, end of period	\$ 10.95	\$ 13.08	\$ 16.55	\$ 18.96	\$ 16.71	\$ 14.25
Total Return (%)	(15.90)**	(14.35)	(3.90)	16.52	20.17	25.47
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	122	140	153	172	152	69
Ratio of expenses before expense reductions (%)	.82*	.79	.81	.83	.78	.84
Ratio of expenses after expense reductions (%)	.82*	.79	.81	.82	.78	.84
Ratio of net investment income (loss) (%)	.45*	.64	.66	.46	.80	.95
Portfolio turnover rate (%)	140*	180	39	102	102	50

^a For the six months ended June 30, 2002 (Unaudited).

^b On June 18, 2001, the Portfolio implemented a 1 for 10 reverse stock split. Per share information, for the periods prior to June 30, 2001, has been restated to reflect the effect of the split. Shareholders received 1 share for every 10 shares owned and net asset value per share increased correspondingly (see Notes to Financial Statements).

^c Based on average shares outstanding during the period.

* Annualized

** Not annualized

SVS Index 500 Portfolio

The performance of the SVS Index 500 Portfolio was hampered by broad stock market weakness during the first half of 2002. Stock prices came under pressure due to continuing credit concerns and corporate accounting practices. In addition, positive economic news was overshadowed by fears of terrorism, geopolitical instability, and questions about the reliability of corporate earnings reports.

Sectors with the highest level of economic sensitivity generally performed well, as investors gravitated to defensive sectors amid a challenging environment. As a result, basic materials and consumer staples provided the strongest returns for the period. On the negative side, information technology was the worst performing sector, accounting for a third of the loss in the S&P 500 Index. Telecommunications services, a sector where many companies appeared to be teetering on the brink of bankruptcy, also sustained heavy losses. Value, as a group, outperformed growth for the period. At the close of the first half, financials held the S&P 500's largest sector weighting. Information technology remained second, just ahead of health care and consumer discretionary.

Management expects market volatility to remain high over the second half of the year, and believes that the S&P 500 Index has the potential to provide negative returns for the third consecutive calendar year. If this occurs, it would be the first time it has done so since the beginning of World War II. However, the favorable performance of the U.S. economy, an expected rebound in corporate earnings, and continued low interest rates should set the stage for a gradual, sustainable long-term recovery.

Patrick Cannon
Lead Manager
Deutsche Investment Management Americas Inc.

The S&P 500 Index is an unmanaged index, widely regarded as representative of the equity market in general. Index returns assume reinvestment of dividends and capital gains and, unlike fund returns, do not reflect fees or expenses. You cannot invest directly in the index.

SVS Index 500 Portfolio

	Shares	Value (\$)
Common Stocks 98.1%		
Communications 4.3%		
Cellular Telephone 0.5%		
AT&T Wireless Services, Inc.*	72,389	423,476
Nextel Communications, Inc. "A"*	23,346	74,941
QUALCOMM, Inc.*	20,414	561,181
Sprint Corp. (PCS Group)*	24,620	110,051
		1,169,649
Telephone/Communications 3.8%		
ADC Telecommunications, Inc.*	25,507	58,411
ALLTEL Corp.	8,947	420,509
AT&T Corp.	105,095	1,124,517
Avaya, Inc.*	7,237	35,823
BellSouth Corp.	51,867	1,633,811
CenturyTel, Inc.	3,933	116,024
Citizens Communications Co.*	5,700	47,652
JDS Uniphase Corp.*	40,132	107,955
Qwest Communications International, Inc.	47,396	132,709
SBC Communications, Inc.	90,883	2,771,932
Sprint Corp.	22,678	240,614
Verizon Communications, Inc.	73,310	2,943,397
		9,633,354
Construction 0.6%		
Building Materials 0.0%		
Vulcan Materials Co.	2,110	92,418
Building Products 0.3%		
American Standard Companies, Inc.*	1,900	142,690
Georgia-Pacific Corp.	5,941	146,030
Masco Corp.	13,826	374,823
		663,543
Forest Products 0.2%		
Louisiana-Pacific Corp.	1,880	19,909
Plum Creek Timber Co., Inc. (REIT)	4,000	122,800
Weyerhaeuser Co.	6,332	404,298
		547,007
Homebuilding 0.1%		
KB Home	1,727	88,958
Pulte Homes, Inc.	1,995	114,673
		203,631

	Shares	Value (\$)
Consumer Discretionary 9.0%		
Apparel & Shoes 0.3%		
Jones Apparel Group, Inc.*	3,766	141,225
Liz Claiborne, Inc.	2,466	78,419
NIKE, Inc. "B"	7,789	417,880
Reebok International Ltd.*	1,518	44,781
		682,305
Department & Chain Stores 6.5%		
Bed Bath & Beyond, Inc.*	8,480	320,035
Best Buy Co., Inc.*	8,184	297,079
Costco Wholesale Corp.*	12,903	498,314
CVS Corp.	10,484	320,810
Dillard's, Inc.	2,751	72,324
Dollar General Corp.	10,012	190,528
Federated Department Stores, Inc.*	5,328	211,522
Gap, Inc.	22,984	326,373
Home Depot, Inc.	63,455	2,330,702
J.C. Penny Co., Inc.	7,067	155,615
Kohl's Corp.*	8,841	619,577
Lowe's Companies, Inc.	20,748	941,959
Nordstrom, Inc.	2,738	62,016
Sears, Roebuck & Co.	8,723	473,659
Target Corp.	24,729	942,175
The Limited, Inc.	14,781	314,835
The May Department Stores Co.	8,600	283,198
TJX Companies, Inc.	15,504	304,033
Wal-Mart Stores, Inc.	120,496	6,628,485
Walgreen Co.	28,479	1,100,144
		16,393,383
Home Furnishings 0.1%		
Newell Rubbermaid, Inc.	7,246	254,045
Tupperware Corp.	909	18,898
		272,943
Hotels & Casinos 0.5%		
Carnival Corp. "A"	16,747	463,724
Harrah's Entertainment, Inc.*	3,419	151,633
Hilton Hotels Corp.	10,840	150,676
Marriott International, Inc. "A"	7,055	268,443
Starwood Hotels & Resorts Worldwide, Inc.	4,763	156,655
		1,191,131
Recreational Products 0.4%		
Brunswick Corp.	1,621	45,388
Harley-Davidson, Inc.	8,530	437,333
Hasbro, Inc.	3,827	51,894

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

	Shares	Value (\$)
International Game Technology*	2,540	144,018
Mattel, Inc.	11,863	250,072
		928,705
Restaurants 0.7%		
Darden Restaurants, Inc.	4,583	113,188
McDonald's Corp.	34,338	976,916
Starbucks Corp.*	11,380	282,793
Wendy's International, Inc.	3,311	131,877
YUM! Brands, Inc.	7,354	215,105
		1,719,879
Specialty Retail 0.5%		
AutoZone, Inc.*	2,909	224,866
Big Lots, Inc.	3,292	64,787
Circuit City Stores — Circuit City Group	5,523	103,556
Family Dollar Stores, Inc.	4,379	154,360
Office Depot, Inc.*	7,203	121,010
RadioShack Corp.	4,170	125,350
Staples, Inc.*	13,693	269,752
Tiffany & Co.	3,500	123,200
Toys "R" Us, Inc.*	6,492	113,415
		1,300,296
Consumer Staples 9.1%		
Alcohol & Tobacco 1.6%		
Adolph Coors Co. "B"	1,368	85,226
Anheuser-Busch Companies, Inc.	24,418	1,220,900
Brown-Forman Corp. "B"	1,390	95,910
Philip Morris Companies, Inc.	57,635	2,517,497
UST, Inc.	3,811	129,574
		4,049,107
Consumer Electronic and Photographic 0.2%		
Eastman Kodak Co.	7,159	208,828
Maytag Corp.	2,448	104,407
Whirlpool Corp.	1,899	124,119
		437,354
Consumer Specialties 0.0%		
American Greeting Corp. "A"	2,700	44,982
Farming 0.1%		
Archer Daniels Midland Co.	15,771	201,711
Food & Beverage 4.7%		
Albertson's, Inc.	11,104	338,228
Campbell Soup Co.	10,099	279,338
Coca-Cola Co.	66,956	3,749,536
Coca-Cola Enterprises, Inc.	12,576	277,678
ConAgra, Inc.	15,722	434,713
General Mills, Inc.	9,627	424,358
H.J. Heinz Co.	10,259	421,645
Hershey Foods Corp.	3,876	242,250

	Shares	Value (\$)
Kellogg Co.	11,982	429,675
Kroger Co.*	22,589	449,521
Pepsi Bottling Group, Inc.	8,300	255,640
PepsiCo, Inc.	47,440	2,286,608
Safeway, Inc.*	13,371	390,299
Sara Lee Corp.	22,806	470,716
Supervalu, Inc.	2,570	63,042
Unilever NV (New York shares)	16,126	1,044,965
William Wrigley Jr. Co.	5,570	308,300
Winn-Dixie Stores, Inc.	2,657	41,423
		11,907,935
Package Goods/Cosmetics 2.6%		
Alberto-Culver Co. "B"	1,100	52,580
Avon Products, Inc.	6,053	316,209
Clorox Co.	6,330	261,746
Colgate-Palmolive Co.	15,451	773,323
Gillette Co.	29,589	1,002,179
International Flavors & Fragrances, Inc.	1,711	55,590
Kimberly-Clark Corp.	14,681	910,222
Procter & Gamble Co.	34,991	3,124,696
		6,496,545
Textiles 0.0%		
VF Corp.	2,221	87,085
Durables 2.7%		
Aerospace 1.3%		
Boeing Co.	22,568	1,015,560
Goodrich Corp.	2,432	66,442
Lockheed Martin Corp.	12,244	850,958
Northrop Grumman Corp.	2,925	365,625
Rockwell Automation, Inc.	3,956	79,041
Rockwell Collins, Inc.	4,256	116,700
United Technologies Corp.	13,257	900,150
		3,394,476
Automobiles 0.8%		
Cummins, Inc.	1,562	51,702
Dana Corp.	3,657	67,764
Delphi Automotive Systems Corp.	14,783	195,136
Ford Motor Co.	49,800	796,800
General Motors Corp.	14,834	792,877
Genuine Parts Co.	3,809	132,820
Navistar International Corp.	1,921	61,472
		2,098,571
Construction/Agricultural Equipment 0.4%		
Caterpillar, Inc.	9,017	441,382
Deere & Co.	6,458	309,338
PACCAR, Inc.	3,723	165,264
		915,984

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

	Shares	Value (\$)
Leasing Companies 0.0%		
Ryder System, Inc.	2,252	61,007
Telecommunications Equipment 0.2%		
Andrew Corp.*	3,680	52,734
CIENA Corp.*	14,000	58,660
Nortel Networks Corp.	88,712	128,632
Palm, Inc.*	18,778	33,049
Scientific-Atlanta, Inc.	4,568	75,144
Tellabs, Inc.*	13,324	84,208
		432,427
Tires 0.0%		
Cooper Tire & Rubber Co.	1,149	23,612
Goodyear Tire & Rubber Co.	4,120	77,085
		100,697
Energy 7.9%		
Engineering 0.0%		
McDermott International, Inc.*	877	7,104
Oil & Gas Production 2.1%		
Anadarko Petroleum Corp.	6,088	300,138
Apache Corp.	3,444	197,978
Burlington Resources, Inc.	5,814	220,932
ChevronTexaco Corp.	28,653	2,535,753
Conoco, Inc.	18,138	504,236
Devon Energy Corp.	4,031	198,648
El Paso Corp.	14,941	307,934
EOG Resources, Inc.	3,339	132,558
Kerr-McGee Corp.	2,170	116,204
Marathon Oil Corp.	9,222	250,101
Nisource, Inc.	6,451	140,825
Noble Corp.*	4,300	165,980
Occidental Petroleum Corp.	11,035	330,940
		5,402,227
Oil Companies 4.8%		
Amerada Hess Corp.	2,376	196,020
Ashland, Inc.	1,115	45,158
Exxon Mobil Corp.	183,457	7,507,060
Phillips Petroleum Co.	10,919	642,923
Royal Dutch Petroleum Co. (New York shares)	58,485	3,232,466
Unocal Corp.	6,959	257,065
Xcel Energy, Inc.	12,287	206,053
		12,086,745
Oil/Gas Transmission 0.4%		
Dynegy, Inc. "A"	11,284	81,245
Exelon Corp.	8,502	444,655
Kinder Morgan, Inc.	3,264	124,097
Sempra Energy	5,076	112,332
Sunoco, Inc.	1,902	67,768

	Shares	Value (\$)
Williams Companies, Inc.	14,050	84,160
		914,257
Oilfield Services/Equipment 0.6%		
Baker Hughes, Inc.	8,132	270,714
BJ Services Co.*	4,700	159,236
Halliburton Co.	10,591	168,821
Nabors Industries Ltd.*	4,298	151,719
Rowan Companies, Inc.	3,277	70,292
Schlumberger Ltd.	15,721	731,027
		1,551,809
Financial 19.1%		
Banks 7.9%		
AmSouth Bancorp.	8,145	182,285
Bank of America Corp.	41,309	2,906,501
Bank of New York Co., Inc.	20,079	677,666
Bank One Corp.	32,462	1,249,138
BB&T Corp.	12,042	464,821
Comerica, Inc.	5,346	328,244
Fifth Third Bancorp.	16,624	1,107,990
First Tennessee National Corp.	3,600	137,880
FleetBoston Financial Corp.	29,780	963,383
Golden West Financial Corp.	4,603	316,594
Huntington Bancshares, Inc.	4,610	89,526
J.P. Morgan Chase & Co.	53,248	1,806,172
KeyCorp	12,460	340,158
Marshall & Ilsley Corp.	4,800	148,464
MBNA Corp.	23,914	790,836
Mellon Financial Corp.	10,917	343,121
National City Corp.	16,770	557,603
Northern Trust Corp.	6,649	292,955
PNC Financial Services Group	8,437	441,086
Regions Financial Corp.	5,164	181,515
SouthTrust Corp.	9,938	259,581
State Street Corp.	9,190	410,793
SunTrust Banks, Inc.	8,395	568,509
U.S. Bancorp.	53,246	1,243,294
Union Planters Corp.	4,326	140,033
Wachovia Corp.	38,176	1,457,560
Wells Fargo & Co.	45,816	2,293,549
Zions Bancorp.	3,000	156,300
		19,855,557
Consumer Finance 3.1%		
American Express Co.	35,475	1,288,452
Capital One Finance Corp.	5,651	344,994
Citigroup, Inc.	139,188	5,393,535
Household International, Inc.	11,999	596,350
Synovus Financial Corp.	6,982	192,145
		7,815,476
Insurance 4.4%		
Ace Ltd.	6,600	208,560

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

	Shares	Value (\$)
AFLAC, Inc.	14,412	461,184
Allstate Corp.	20,024	740,488
AMBAC Financial Group, Inc.	3,167	212,822
American International Group, Inc.	70,552	4,813,763
Aon Corp.	6,983	205,859
Chubb Corp.	4,687	331,840
CIGNA Corp.	4,084	397,863
Cincinnati Financial Corp.	3,781	175,930
Conseco, Inc.*	11,917	23,834
Hartford Financial Services Group, Inc.	7,064	420,096
Jefferson-Pilot Corp.	4,273	200,831
John Hancock Financial Services, Inc.	8,844	311,309
Lincoln National Corp.	5,801	243,642
MBIA, Inc.	4,025	227,533
MetLife, Inc.	20,300	584,640
MGIC Investment Corp.	2,477	167,941
Progressive Corp.	5,811	336,166
Provident Financial Corp.	8,314	48,886
Safeco Corp.	4,405	136,070
St. Paul Companies, Inc.	6,242	242,939
Torchmark Corp.	2,489	95,080
UnumProvident Corp.	5,716	145,472
XL Capital Ltd. "A"	3,400	287,980
		11,020,728
Other Financial Companies 3.4%		
Charter One Financial, Inc.	6,467	222,337
Countrywide Credit Industries, Inc.	2,831	136,596
Fannie Mae	26,965	1,988,669
Franklin Resources, Inc.	7,490	319,374
Freddie Mac	19,345	1,183,914
Lehman Brothers Holdings, Inc.	6,291	393,313
Marsh & McLennan Companies, Inc.	7,711	744,883
Merrill Lynch & Co., Inc.	22,899	927,410
Morgan Stanley	29,534	1,272,325
SLM Corp.	4,243	411,147
T. Rowe Price Group, Inc.	3,853	126,687
Washington Mutual, Inc.	25,968	963,672
		8,690,327
Real Estate 0.3%		
Equity Office Properties Trust (REIT)	11,900	358,190
Equity Residential (REIT)	6,900	198,375
Simon Property Group, Inc. (REIT)	3,200	117,888
		674,453

	Shares	Value (\$)
Health 13.4%		
Biotechnology 0.9%		
Amgen, Inc.*	28,314	1,185,790
Biogen, Inc.*	4,425	183,328
Chiron Corp.*	5,700	201,210
Genzyme Corp. (General Division)*	5,200	100,048
Immunex Corp.*	14,900	332,866
MedImmune, Inc.*	6,248	164,947
PPL Corp.	3,079	101,853
		2,270,042
Health Industry Services 0.8%		
Aetna, Inc.	3,550	170,294
Cardinal Health, Inc.	12,631	775,670
HEALTHSOUTH Corp.*	9,935	127,069
Humana, Inc.*	4,500	70,335
IMS Health, Inc.	7,316	131,322
McKesson Corp.	7,890	258,003
PerkinElmer, Inc.	3,520	38,896
Quintiles Transnational Corp.*	3,611	45,101
Wellpoint Health Networks, Inc.*	3,714	288,986
		1,905,676
Hospital Management 0.9%		
HCA, Inc.	14,521	689,748
Health Management Associates, Inc.*	6,800	137,020
Manor Care, Inc.*	3,138	72,174
Tenet Healthcare Corp.*	9,215	659,333
UnitedHealth Group, Inc.	8,024	734,597
		2,292,872
Medical Supply & Specialty 3.3%		
Applera Corp. — Applied Biosystems Group	4,941	96,300
Bausch & Lomb, Inc.	1,382	46,781
Baxter International, Inc.	16,918	752,005
Becton, Dickinson & Co.	6,659	229,403
Biomet, Inc.	8,012	217,285
Boston Scientific Corp.*	11,577	339,438
C.R. Bard, Inc.	1,558	88,152
Guidant Corp.*	7,567	228,750
Johnson & Johnson	81,344	4,251,037
Medtronic, Inc.	33,273	1,425,748
St. Jude Medical, Inc.*	2,115	156,193
Stryker Corp.	5,699	304,953
Waters Corp.*	3,000	80,100
Zimmer Holdings, Inc.*	4,673	166,639
		8,382,784

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

	Shares	Value (\$)
Pharmaceuticals 7.5%		
Abbott Laboratories	43,082	1,622,037
Allergan, Inc.	3,491	233,024
AmerisourceBergen Corp.	2,644	200,944
Bristol-Myers Squibb Co.	53,231	1,368,037
Eli Lilly & Co.	31,065	1,752,066
Forest Laboratories, Inc.*	4,510	319,308
King Pharmaceuticals, Inc.	6,398	142,356
Merck & Co., Inc.	61,009	3,089,496
Pfizer, Inc.	169,073	5,917,555
Pharmacia Corp.	35,905	1,344,642
Schering-Plough Corp.	40,847	1,004,836
Watson Pharmaceuticals, Inc.*	2,250	56,858
Wyeth	36,553	1,871,514
		18,922,673
Manufacturing 8.3%		
Chemicals 1.3%		
Dow Chemical Co.	24,491	842,001
E.I. du Pont de Nemours & Co.	28,090	1,247,196
Eastman Chemical Co.	2,243	105,197
Engelhard Corp.	2,600	73,632
Great Lakes Chemicals Corp.	800	21,192
Hercules, Inc.*	1,807	20,961
PPG Industries, Inc.	5,105	316,000
Praxair, Inc.	4,134	235,514
Rohm & Haas Co.	5,626	227,797
Sigma-Aldrich Corp.	2,368	118,755
		3,208,245
Containers & Paper 0.5%		
Bemis Company, Inc.	856	40,660
Boise Cascade Corp.	1,869	64,537
International Paper Co.	12,852	560,090
MeadWestvaco Corp.	5,494	184,372
Pactiv Corp.*	4,498	107,052
Sealed Air Corp.*	1,895	76,312
Temple-Inland, Inc.	1,868	108,082
		1,141,105
Diversified Manufacturing 5.1%		
3M Co.	10,410	1,280,417
Ball Corp.	1,600	66,368
Crane Co.	914	23,197
Dover Corp.	5,678	198,730
Eaton Corp.	2,116	153,939
Fortune Brands, Inc.	4,609	258,104
General Electric Co.	269,272	7,822,352
Honeywell International, Inc.	21,613	761,426
Illinois Tool Works, Inc.	8,818	602,269
ITT Industries, Inc.	2,919	206,081

	Shares	Value (\$)
Leggett & Platt, Inc.	4,157	97,274
Loews Corp.	5,734	303,845
Textron, Inc.	3,643	170,857
Thermo Electron Corp.*	3,705	61,133
TRW, Inc.	3,700	210,826
Tyco International Ltd.	53,342	720,650
		12,937,468
Electrical Products 0.3%		
American Power Conversion Corp.*	5,323	67,229
Cooper Industries, Inc. "A"	2,951	115,974
Emerson Electric Co.	12,062	645,438
Power-One, Inc.*	1,882	11,706
Thomas & Betts Corp.	1,227	22,822
		863,169
Hand Tools 0.2%		
Black & Decker Corp.	2,594	125,031
Danaher Corp.	3,847	255,248
Snap-On, Inc.	893	26,513
Stanley Works	2,285	93,708
		500,500
Industrial Specialty 0.2%		
Avery Dennison Corp.	3,215	201,741
Centex Corp.	1,984	114,655
Corning, Inc.	28,334	100,586
Pall Corp.	2,253	46,750
Sherwin-Williams Co.	4,604	137,798
		601,530
Machinery/Components/Controls 0.4%		
Ingersoll-Rand Co. "A"	4,611	210,538
Johnson Controls, Inc.	2,615	213,410
Millipore Corp.	831	26,575
Parker-Hannifin Corp.	3,598	171,948
Pitney Bowes, Inc.	7,191	285,627
Visteon Corp.	2,094	29,735
		937,833
Office Equipment/Supplies 0.1%		
Lexmark International, Inc.*	3,370	183,328
Xerox Corp.*	21,084	146,955
		330,283
Specialty Chemicals 0.1%		
Air Products & Chemicals, Inc.	6,585	332,345
Wholesale Distributors 0.1%		
W.W. Grainger, Inc.	2,674	133,967
Media 3.2%		
Advertising 0.2%		
Interpublic Group of Companies, Inc.	9,799	242,623
Omnicom Group, Inc.	5,531	253,320

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

	Shares	Value (\$)
TMP Worldwide, Inc.*	3,056	65,704
		561,647
Broadcasting & Entertainment 2.2%		
AOL Time Warner, Inc.*	120,040	1,765,788
Clear Channel Communications, Inc.*	16,226	519,557
Univision Communications, Inc. "A"*	5,500	172,700
Viacom, Inc. "B"*	48,214	2,139,255
Walt Disney Co.	56,746	1,072,499
		5,669,799
Cable Television 0.3%		
Comcast Corp. "A"*	26,640	635,098
Print Media 0.5%		
Gannett Co., Inc.	7,732	586,859
Knight-Ridder, Inc.	1,834	115,450
Meredith Corp.	800	30,680
New York Times Co. "A"	3,961	203,992
Tribune Co.	8,888	386,628
		1,323,609
Metals and Minerals 0.9%		
Precious Metals 0.3%		
Barrick Gold Corp.	15,674	297,641
Freeport McMoRan Copper & Gold, Inc. "B"*	4,087	72,953
Newmont Mining Corp.	10,015	263,695
Placer Dome, Inc.	6,946	77,926
		712,215
Steel & Metals 0.6%		
Alcan, Inc.	9,382	357,250
Alcoa, Inc.	23,497	778,926
Allegheny Technologies, Inc.	1,267	20,019
Inco Ltd.*	3,818	86,440
Nucor Corp.	2,176	141,527
Phelps Dodge Corp.	2,854	117,585
United States Steel Corp.	2,961	58,894
Worthington Industries, Inc.	1,426	25,811
		1,586,452
Service Industries 3.5%		
EDP Services 1.0%		
Automatic Data Processing, Inc.	17,438	759,425
Computer Sciences Corp.*	4,536	216,821
Electronic Data Systems Corp.	12,440	462,146
First Data Corp.	20,280	754,416
Fiserv, Inc.*	5,801	212,955
		2,405,763
Environmental Services 0.3%		
Allied Waste Industries, Inc.*	4,039	38,774
Transocean SedeoForex, Inc.	8,024	249,948

	Shares	Value (\$)
Waste Management, Inc.	17,182	447,591
		736,313
Investment 0.3%		
Bear Stearns Companies, Inc.	2,885	176,562
Charles Schwab Corp.	37,521	420,235
Stilwell Financial, Inc.	5,856	106,579
		703,376
Miscellaneous Commercial Services 1.1%		
Cendant Corp.*	27,166	431,396
Cintas Corp.	4,600	227,240
Concord EFS, Inc.*	14,514	437,452
Convergys Corp.*	4,647	90,524
Ecolab, Inc.	2,943	136,055
Fluor Corp.	1,825	71,084
Moody's Corp.	4,594	228,552
NCR Corp.*	2,494	86,292
Paychex, Inc.	10,848	339,434
Robert Half International, Inc.*	4,000	93,200
Sysco Corp.	18,824	512,389
Tektronix, Inc.*	1,524	28,514
		2,682,132
Miscellaneous Consumer Services 0.5%		
Apollo Group, Inc. "A"*	4,800	189,168
H&R Block, Inc.	4,976	229,642
Sabre Holdings Corp.*	3,661	131,064
TXU Corp.	7,126	367,345
Yahoo! Inc.*	16,566	244,514
		1,161,733
Printing/Publishing 0.3%		
Deluxe Corp.	2,009	78,130
Dow Jones & Co., Inc.	1,720	83,334
Equifax, Inc.	3,224	87,048
McGraw-Hill, Inc.	5,827	347,872
R.R. Donnelley & Sons Co.	2,064	56,863
		653,247
Technology 13.0%		
Computer Software 4.4%		
Adobe Systems, Inc.	6,970	198,645
Autodesk, Inc.	4,018	53,239
BMC Software, Inc.*	6,008	99,733
Citrix Systems, Inc.*	5,864	35,419
Computer Associates International, Inc.	15,365	244,150
Compuware Corp.*	11,946	72,512
Comverse Technologies, Inc.*	5,973	55,310
Intuit, Inc.*	6,000	298,320
Mercury Interactive Corp.*	2,790	64,058
Microsoft Corp.*	146,874	8,034,008
NVIDIA Corp.*	4,600	79,028

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

	Shares	Value (\$)
Oracle Corp.*	150,725	1,427,366
Parametric Technology Corp.*	7,591	27,168
PeopleSoft, Inc.*	9,064	134,872
Rational Software Corp.*	6,300	51,723
Siebel Systems, Inc.*	12,359	175,745
		11,051,296
Diverse Electronic Products 0.9%		
Applied Materials, Inc.*	43,706	831,288
Molex, Inc.	5,891	197,525
Motorola, Inc.	62,930	907,451
Solectron Corp.*	22,640	139,236
Teradyne, Inc.*	5,374	126,289
		2,201,789
EDP Peripherals 0.3%		
EMC Corp.*	62,348	470,727
Network Appliance, Inc.*	9,612	119,285
Symbol Technologies, Inc.	7,150	60,775
VERITAS Software Corp.*	11,280	223,231
		874,018
Electronic Components/Distributors 1.5%		
Advanced Micro Devices, Inc.*	10,895	105,899
Analog Devices, Inc.*	9,428	280,012
Applied Micro Circuits Corp.*	9,600	45,408
Broadcom Corp. "A"*	7,852	137,724
Cisco Systems, Inc.*	198,049	2,762,784
Gateway, Inc.*	8,277	36,750
Jabil Circuit, Inc.*	4,800	101,328
Lucent Technologies, Inc.*	93,169	154,661
PMC-Sierra, Inc.*	5,573	51,662
		3,676,228
Electronic Data Processing 2.8%		
Apple Computer, Inc.*	10,591	187,673
Dell Computer Corp.*	69,947	1,828,415
Hewlett-Packard Co.	82,019	1,253,250
International Business Machines Corp.	46,263	3,330,936
Sun Microsystems, Inc.*	86,082	431,271
Unisys Corp.*	7,080	63,720
		7,095,265
Military Electronics 0.4%		
General Dynamics Corp.	5,680	604,068
Raytheon Co.	10,597	431,828
		1,035,896
Office/Plant Automation 0.0%		
Novell, Inc.*	9,975	32,020
Precision Instruments 0.1%		
Agilent Technologies, Inc.*	12,148	287,300
Semiconductors 2.6%		
Altera Corp.*	11,146	151,586

	Shares	Value (\$)
Intel Corp.	180,728	3,301,901
KLA-Tencor Corp.*	5,295	232,927
Linear Technology Corp.	9,100	286,013
LSI Logic Corp.*	8,413	73,614
Maxim Integrated Products, Inc.*	8,190	313,923
Micron Technology, Inc.*	15,703	317,515
National Semiconductor Corp.*	5,301	154,630
Novellus Systems, Inc.*	4,401	149,634
QLogic Corp.*	2,841	108,242
Sanmina Corp.*	15,132	95,483
Texas Instruments, Inc.	46,395	1,099,562
Vitesse Semiconductor Corp.*	7,400	23,384
Xilinx, Inc.*	8,530	191,328
		6,499,742
Transportation 0.9%		
Air Freight 0.2%		
FedEx Corp.	8,096	432,326
Airlines 0.2%		
AMR Corp.*	4,047	68,232
Delta Air Lines, Inc.	2,694	53,880
Southwest Airlines Co.	22,098	357,104
		479,216
Railroads 0.5%		
Burlington Northern Santa Fe Corp.	9,279	278,370
CSX Corp.	6,574	230,419
Norfolk Southern Corp.	9,385	219,421
Union Pacific Corp.	7,405	468,588
		1,196,798
Utilities 2.2%		
Electric Utilities 2.1%		
AES Corp.*	15,171	82,227
Allegheny Energy, Inc.	2,610	67,208
Ameren Corp.	3,397	146,105
American Electric Power Co.	10,180	407,404
Calpine Corp.*	11,380	80,001
CINergy Corp.	4,349	156,521
CMS Energy Corp.	5,056	55,515
Consolidated Edison, Inc.	4,844	202,237
Constellation Energy Group, Inc.	3,610	105,917
Dominion Resources, Inc.	8,122	537,676
DTE Energy Co.	4,946	220,789
Duke Energy Corp.	22,528	700,621
Edison International*	10,067	171,139
Entergy Corp.	6,231	264,444
FirstEnergy Corp.	7,963	265,789
FPL Group, Inc.	5,408	324,426
Mirant Corp.*	12,465	90,995

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

	Shares	Value (\$)
PG&E Corp.*	9,431	168,721
Pinnacle West Capital Corp.	1,308	51,666
Progress Energy, Inc.	5,323	276,849
Public Service Enterprise Group, Inc.	6,074	263,004
Southern Co.	19,798	542,465
TECO Energy, Inc.	5,400	133,650
		5,315,369
Natural Gas Distribution 0.1%		
KeySpan Corp.	4,232	159,335
NICOR, Inc.	706	32,300
Peoples Energy Corp.	528	19,251

	Shares	Value (\$)
Reliant Energy, Inc.	9,365	158,269
		369,155
Total Common Stocks (Cost \$299,616,889)		247,183,102
	Principal Amount (\$)	Value (\$)
U.S. Treasury Obligations 0.2%		
U.S. Treasury Bill, 1.66%**, 7/18/2002 (c) (Cost \$619,513)	620,000	619,517
	Shares	Value (\$)
Cash Equivalents 1.7%		
Scudder Cash Management QP Trust, 1.93% (b) (Cost \$4,235,458)	4,235,458	4,235,458
Total Investment Portfolio — 100.0% (Cost \$304,471,860) (a)		252,038,077

Notes to SVS Index 500 Portfolio of Investments

* Non-income producing security.

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

(a) The cost for federal income tax purposes was \$307,498,482. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$55,460,405. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$10,888,905 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$66,349,310.

(b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

(c) At June 30, 2002, these securities, in part or in whole, have been segregated to cover initial margin requirements for open futures contracts. At June 30, 2002, open futures contracts purchased were as follows:

Futures	Expiration Date	Contracts	Aggregated Face Value (\$)	Value (\$)
S&P 500 Index Future	9/19/2002	19	4,775,477	4,707,250
Total unrealized depreciation on open futures contracts				(68,227)

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

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$304,471,860)	\$ 252,038,077
Cash	10,000
Dividends receivable	289,114
Interest receivable	12,764
Receivable for Portfolio shares sold	148,491
Total assets	252,498,446

Liabilities

Payable for Portfolio shares redeemed	77,612
Payable for daily variation margin on open futures contracts	9,400
Accrued management fee	74,454
Other accrued expenses and payables	78,495
Total liabilities	239,961
Net assets, at value	\$ 252,258,485

Net Assets

Net assets consist of:	
Undistributed net investment income	1,063,143
Net unrealized appreciation (depreciation) on:	
Investments	(52,433,783)
Futures	(68,227)
Accumulated net realized gain (loss)	(10,567,967)
Paid-in capital	314,265,319
Net assets, at value	\$ 252,258,485

Net Asset Value and redemption price per share (\$252,258,485 ÷ 34,219,245 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 7.37
---	----------------

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$10,019)	\$ 1,739,436
Interest	88,363
Total Income	1,827,799
Expenses:	
Management fee	497,970
Custodian and accounting fees	79,387
Auditing	24,922
Legal	4,016
Trustees' fees and expenses	3,410
Reports to shareholders	9,273
Registration fees	2,328
Other	5,799
Total expenses, before expense reductions	627,105
Expense reductions	(46)
Total expenses, after expense reductions	627,059
Net investment income (loss)	1,200,740

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(2,233,325)
Futures	(1,279,517)
	(3,512,842)
Net unrealized appreciation (depreciation) during the period on:	
Investments	(34,539,879)
Futures	(115,966)
	(34,655,845)
Net gain (loss) on investment transactions	(38,168,687)
Net increase (decrease) in net assets resulting from operations	\$ (36,967,947)

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, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income (loss)	\$ 1,200,740	\$ 1,225,136
Net realized gain (loss) on investment transactions	(3,512,842)	(5,793,468)
Net unrealized appreciation (depreciation) on investment transactions during the period	(34,655,845)	(11,091,590)
Net increase (decrease) in net assets resulting from operations	(36,967,947)	(15,659,922)
Distributions to shareholders from:		
Net investment income	(1,192,208)	(599,089)
Portfolio share transactions:		
Proceeds from shares sold	87,054,022	155,872,926
Reinvestment of distributions	1,192,208	599,089
Cost of shares redeemed	(17,137,222)	(23,292,796)
Net increase (decrease) in net assets from Portfolio share transactions	71,109,008	133,179,219
Increase (decrease) in net assets	32,948,853	116,920,208
Net assets at beginning of period	219,309,632	102,389,424
Net assets at end of period (including undistributed net investment income of \$1,063,143 and \$1,054,611, respectively)	\$ 252,258,485	\$ 219,309,632

Other Information

Shares outstanding at beginning of period	25,657,004	10,470,034
Shares sold	10,519,027	17,850,611
Shares issued to shareholders in reinvestment of distributions	139,930	70,710
Shares redeemed	(2,096,716)	(2,734,351)
Net increase (decrease) in Portfolio shares	8,562,241	15,186,970
Shares outstanding at end of period	34,219,245	25,657,004

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

Financial Highlights

Years Ended December 31,	2002 ^a	2001	2000 ^b	1999 ^{b,c}
Selected Per Share Data				
Net asset value, beginning of period	\$ 8.55	\$ 9.78	\$ 10.96	\$ 10.00
<i>Income (loss) from investment operations:</i>				
Net investment income ^d	.04	.08	.10	.10
Net realized and unrealized gain (loss) on investment transactions	(1.18)	(1.26)	(1.18)	.86
Total from investment operations	(1.14)	(1.18)	(1.08)	.96
<i>Less distributions from:</i>				
Net investment income	(.04)	(.05)	(.05)	—
Net realized gains on investment transactions	—	—	(.05)	—
Total distributions	(.04)	(.05)	(.10)	—
Net asset value, end of period	\$ 7.37	\$ 8.55	\$ 9.78	\$ 10.96
Total Return (%)	(13.41)**	(12.05) ^e	(9.93) ^e	9.55 ^{e**}

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	252	219	102	32
Ratio of expenses before expense reductions (%)	.51*	.65	.88	.84*
Ratio of expenses after expense reductions (%)	.51*	.55	.54	.55*
Ratio of net investment income (loss) (%)	.97*	.88	.90	3.72*
Portfolio turnover rate (%)	1*	13	20	1*

^a For the six months ended June 30, 2002 (Unaudited).

^b On June 18, 2001, the Portfolio implemented a 1 for 10 reverse stock split. Share information, for the periods prior to December 31, 2001, has been restated to reflect the effect of the split. Shareholders received 1 share for every 10 shares owned and net asset value per share increased correspondingly (see Notes to Financial Statements).

^c For the period from September 1, 1999 (commencement of operations) to December 31, 1999.

^d Based on average shares outstanding during the period.

^e Total return would have been lower had certain expenses not been reduced.

* Annualized

** Not annualized

SVS INVESCO Dynamic Growth Portfolio

For the six-month period ended June 30, 2002, the portfolio declined and underperformed its benchmark, the Russell Midcap Growth Index. We entered the period with the portfolio positioned somewhat aggressively, believing that investors would bid stocks higher as the economy improved. Although the economy has continued its recovery, investor sentiment remained extremely poor, and our strategy hindered performance. Rising uncertainty, whether its source was the economy, geopolitical tensions or corporate accounting fears, had investors feeling quite risk averse during the first half of the year. As such, money generally rotated out of investments believed to be more aggressive and into those deemed more defensive. This trend helped bonds at the expense of stocks, and value stocks at the expense of growth stocks.

Perhaps no sector was hurt more by the deteriorating sentiment than technology. During the period, the group's fundamentals remained depressed and negative earnings pre-announcements were common. Disappointments included Peoplesoft Inc. and Nvidia Corp. which we subsequently sold. The portfolio also experienced poor performance from its telecommunications stocks.

Meanwhile, the portfolio's consumer staples stocks performed well, benefiting from the market's preference for companies with relatively stable financial results. Energy also contributed positively to performance, supported by decreasing inventories of the underlying commodities.

While unnerving headlines dominated investor attention during the period, data revealed the economy continued to take steps toward recovery. Although risks exist, we continue to believe the economy is on track to record healthy growth during the year. We believe it is simply a matter of time before corporate profits start to reflect that improvement. Indeed, we think the second half of the year will witness upward corporate profit revisions and positive earnings surprises.

With this in mind, we continue to favor opportunities that we believe are best positioned to capitalize on the turn. We have maintained our overweight exposure to energy and consumer discretionary stocks, and have recalibrated our overweight financial services exposure, reducing the emphasis on market-sensitive financials. The portfolio also continues to be overweight in technology, as we believe the stronger companies in the sector continue to offer compelling long-term growth prospects, yet trade near the bottom of their historical price ranges. In our opinion, these values fully reflect extreme pessimism, and represent attractive risk/reward opportunities.

Timothy J. Miller
Lead Manager
INVESCO, Subadvisor to the Portfolio

Russell Midcap Growth Index is an index, including reinvested dividends, containing stocks from the Russell Midcap Index with a greater-than-average growth orientation. The stocks are also members of the Russell 1000 Growth Index. The stocks represented in this index may experience loss of invested principal and are subject to investment risk.

SVS INVESCO Dynamic Growth Portfolio

	Shares	Value (\$)
Common Stocks 92.7%		
Communications 1.0%		
Cellular Telephone 0.2%		
Nextel Partners, Inc.*	12,200	36,722
Telephone/Communications 0.8%		
Entercom Communications Corp.*	4,300	197,370
Time Warner Telecom, Inc. "A"*	8,300	13,944
		211,314
Consumer Discretionary 9.7%		
Apparel & Shoes 0.2%		
Polo Ralph Lauren Corp.*	1,500	33,600
Department & Chain Stores 2.1%		
Best Buy Co., Inc.*	5,200	188,760
Kohl's Corp.*	2,650	185,712
The Limited, Inc.	7,300	155,490
		529,962
Hotels & Casinos 2.9%		
Harrah's Entertainment, Inc.*	10,000	443,500
Hotels.com "A"*	2,300	97,129
MGM Mirage, Inc.*	5,450	183,938
		724,567
Restaurants 1.3%		
CBRL Group, Inc.	7,900	241,108
Starbucks Corp.*	3,800	94,430
		335,538
Specialty Retail 3.2%		
Alcon, Inc.*	5,100	174,675
Barnes & Noble, Inc.*	1,300	34,359
Blockbuster, Inc.	4,800	129,120
CDW Computer Centers, Inc.*	7,150	334,692
Office Depot, Inc.*	6,500	109,200
Staples, Inc.*	1,400	27,580
		809,626
Consumer Staples 0.2%		
Package Goods/Cosmetics		
Estee Lauder Companies, Inc. "A"	1,700	59,840
Energy 6.1%		
Oil & Gas Production 2.4%		
Apache Corp.	3,430	197,156
Kerr-McGee Corp.	2,700	144,585
Noble Corp.*	4,000	154,400

	Shares	Value (\$)
Pioneer Natural Resources Co.*	4,600	119,830
		615,971
Oil Companies 0.4%		
Murphy Oil Corp.	1,200	99,000
Oilfield Services/Equipment 3.3%		
BJ Services Co.*	7,900	267,652
GlobalSantaFe Corp.	1,700	46,495
Nabors Industries Ltd.*	3,400	120,020
Smith International, Inc.*	5,800	395,502
		829,669
Financial 11.6%		
Banks 1.3%		
Banknorth Group, Inc.	4,400	114,488
Northern Trust Corp.	4,600	202,676
		317,164
Consumer Finance 1.5%		
Capital One Finance Corp.	3,800	231,990
Synovus Financial Corp.	5,500	151,360
		383,350
Insurance 3.3%		
AMBAC Financial Group, Inc.	2,700	181,440
John Hancock Financial Services, Inc.	3,600	126,720
Nationwide Financial Services, Inc. "A"	7,100	280,450
Principal Financial Group, Inc.*	7,400	229,400
		818,010
Other Financial Companies 5.5%		
A.G. Edwards, Inc.	2,800	108,836
Investment Technology Group, Inc.*	2,850	93,195
Legg Mason, Inc.	5,600	276,304
Lehman Brothers Holdings, Inc.	2,900	181,308
National Commerce Financial Corp.	2,600	68,380
SLM Corp.	2,300	222,870
TCF Financial Corp.	2,400	117,840
The BISYS Group, Inc.*	9,800	326,340
		1,395,073
Health 13.2%		
Biotechnology 0.7%		
IDEC Pharmaceuticals Corp.*	4,700	166,615
Health Industry Services 1.5%		
First Health Group Corp.*	8,100	227,124

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

	Shares	Value (\$)
McKesson Corp.	1,900	62,130
Wellpoint Health Networks, Inc.*	1,200	93,372
		382,626
Medical Supply & Specialty 4.2%		
Laboratory Corp. of America Holdings*	7,900	360,635
St. Jude Medical, Inc.*	3,450	254,783
Varian Medical Systems, Inc.*	5,200	210,860
Zimmer Holdings, Inc.*	6,500	231,787
		1,058,065
Pharmaceuticals 6.8%		
Allergan, Inc.	4,500	300,375
AmerisourceBergen Corp.	4,690	356,440
Forest Laboratories, Inc.*	8,600	608,880
Gilead Sciences, Inc.*	5,600	184,128
Teva Pharmaceutical Industries Ltd. (ADR)	4,000	267,120
		1,716,943
Manufacturing 6.3%		
Chemicals 0.5%		
Praxair, Inc.	2,500	142,425
Diversified Manufacturing 2.4%		
Eaton Corp.	2,300	167,325
Illinois Tool Works, Inc.	2,500	170,750
ITT Industries, Inc.	1,600	112,960
SPX Corp.*	1,300	152,750
		603,785
Electrical Products 0.2%		
AVX Corp.	3,100	50,623
Hand Tools 0.8%		
Danaher Corp.	3,000	199,050
Machinery/Components/Controls 1.8%		
Cooper Cameron Corp.*	5,600	271,152
Parker-Hannifin Corp.	3,700	176,823
		447,975
Office Equipment/Supplies 0.6%		
Lexmark International, Inc.*	1,900	103,360
Polycom, Inc.*	4,200	50,358
		153,718
Media 7.0%		
Advertising 2.2%		
Lamar Advertising Co.*	8,600	320,006
Omnicom Group, Inc.	3,900	178,620
WPP Group PLC	5,600	47,478
		546,104

	Shares	Value (\$)
Broadcasting & Entertainment 3.9%		
Cox Radio, Inc. "A"*	3,800	91,580
Metro-Goldwyn-Mayer, Inc.*	10,300	120,510
Univision Communications, Inc. "A"*	7,400	232,360
USA Networks, Inc.*	16,100	377,545
Westwood One, Inc.*	4,500	150,390
		972,385
Cable Television 0.9%		
Cablevision Systems Corp. — Rainbow Media Group*	7,544	66,010
EchoStar Communications Corp. "A"*	9,150	169,824
		235,834
Service Industries 10.9%		
Asset Management 0.9%		
Eaton Vance Corp.	3,700	115,440
Federated Investors, Inc. "B"	3,200	110,624
		226,064
EDP Services 0.7%		
Affiliated Computer Services, Inc. "A"*	3,700	175,676
Investment 1.8%		
Bear Stearns Companies, Inc.	2,600	159,120
E*TRADE Group, Inc.*	17,600	96,096
Neuberger Berman, Inc.	3,300	120,780
SEI Investments Co.	2,900	81,693
		457,689
Miscellaneous Commercial Services 2.3%		
Accenture Ltd. "A"*	1,700	32,300
KPMG Consulting, Inc.*	20,700	307,602
Paychex, Inc.	7,400	231,546
		571,448
Miscellaneous Consumer Services 5.2%		
Apollo Group, Inc. "A"*	5,500	216,755
Career Education Corp.*	1,900	85,500
eBay, Inc.*	7,150	440,583
Expedia, Inc.*	4,800	284,592
Robert Half International, Inc.*	11,950	278,435
		1,305,865
Technology 26.5%		
Computer Software 7.0%		
Adobe Systems, Inc.	7,700	219,450
BEA Systems, Inc.*	21,600	203,256
Check Point Software Technologies Ltd.*	3,400	46,104
Extreme Networks, Inc.*	16,850	164,625
Intuit, Inc.*	7,400	367,928

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

	Shares	Value (\$)
Mercury Interactive Corp.*	6,800	156,128
Network Associates, Inc.*	2,600	50,102
PeopleSoft, Inc.*	11,200	166,656
Quest Software, Inc.*	5,400	78,462
Rational Software Corp.*	9,400	77,174
Siebel Systems, Inc.*	13,000	184,860
TIBCO Software, Inc.*	6,100	33,916
WebMethods, Inc.*	2,300	22,770
		1,771,431
Diverse Electronic Products 1.6%		
Molex, Inc.	5,600	187,768
RF Micro Devices, Inc.*	13,700	104,394
Teradyne, Inc.*	5,300	124,550
		416,712
EDP Peripherals 2.8%		
Brocade Communications Systems, Inc.*	12,300	215,004
Symantec Corp.*	8,100	266,085
VERITAS Software Corp.*	10,900	215,711
		696,800
Electronic Components/Distributors 2.5%		
Analog Devices, Inc.*	5,150	152,955
Applied Micro Circuits Corp.*	7,800	36,894
Broadcom Corp. "A"*	3,600	63,144
Celestica, Inc.*	4,400	99,924
Flextronics International Ltd.*	6,700	47,771
Tech Data Corp.*	6,100	230,885
		631,573
Military Electronics 0.9%		
L-3 Communications Holdings, Inc.*	4,100	221,400
Precision Instruments 0.8%		
ASML Holding NV*	5,300	80,136
Finisar Corp.*	7,700	18,249
Lam Research Corp.*	5,800	104,284
		202,669
Semiconductors 10.9%		
Altera Corp.*	12,600	171,360
Atmel Corp.*	8,300	51,958

	Shares	Value (\$)
Cypress Semiconductor Corp.*	8,500	129,030
Emulex Corp.*	4,200	94,542
Fairchild Semiconductor Corp.*	4,800	116,640
Integrated Device Technology, Inc.*	4,400	79,816
KLA-Tencor Corp.*	4,500	197,955
Linear Technology Corp.	8,250	259,298
LSI Logic Corp.*	5,300	46,375
Maxim Integrated Products, Inc.*	7,600	291,308
Microchip Technology, Inc.*	12,550	344,247
Micron Technology, Inc.*	3,450	69,759
National Semiconductor Corp.*	5,900	172,103
Network Appliance, Inc.*	14,900	184,909
Novellus Systems, Inc.*	4,400	149,600
QLogic Corp.*	3,700	140,970
SunGard Data Systems, Inc.*	3,900	103,272
Vitesse Semiconductor Corp.*	3,400	10,744
Xilinx, Inc.*	5,800	130,094
		2,743,980

Other 0.2%

iShares Russell Midcap Growth Index Fund	100	5,720
iShares S&P Midcap Index Fund	400	40,664
		46,384
Total Common Stocks (Cost \$25,432,961)		23,343,245

Warrants 0.1%

Service Industries

Miscellaneous Consumer Services

Expedia, Inc.* (Cost \$11,200)	710	20,590
--------------------------------	-----	--------

Cash Equivalents 7.2%

Scudder Cash Management QP Trust, 1.93% (b) (Cost \$1,818,487)	1,818,487	1,818,487
Total Investment Portfolio — 100.0% (Cost \$27,262,648) (a)		25,182,322

Notes to SVS INVESCO Dynamic Growth Portfolio of Investments

* Non-income producing security.

(a) The cost for federal income tax purposes was \$27,403,389. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$2,221,067. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$1,276,745 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$3,497,812.

(b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

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

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$27,262,648)	\$ 25,182,322
Cash	10,000
Receivable for investments sold	265,526
Dividends receivable	7,962
Interest receivable	2,470
Receivable for Portfolio shares sold	39,230
Total assets	25,507,510

Liabilities

Payable for investments purchased	196,280
Payable for Portfolio shares redeemed	42
Accrued management fee	47,847
Other accrued expenses and payables	17,702
Total liabilities	261,871

Net assets, at value **\$ 25,245,639**

Net Assets

Net assets consist of:	
Accumulated net investment loss	(115,075)
Net unrealized appreciation (depreciation) on:	
Investments	(2,080,326)
Foreign related currency transactions	12
Accumulated net realized gain (loss)	(4,068,128)
Paid-in capital	31,509,156
Net assets, at value	\$ 25,245,639

Net Asset Value and redemption price per share
(\$25,245,639 ÷ 3,729,630 outstanding shares of
beneficial interest, \$.01 par value, unlimited
number of shares authorized) **\$ 6.77**

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends (net foreign taxes withheld of \$152)	\$ 30,148
Interest	21,842
Total Income	51,990
Expenses:	
Management fee	133,547
Custodian and accounting fees	31,167
Auditing	524
Legal	1,729
Other	98
Total expenses	167,065
Net investment income (loss)	(115,075)

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(3,328,768)
Foreign related currency transactions	(1,178)
	(3,329,946)
Net unrealized appreciation (depreciation) during the period on:	
Investments	(3,695,635)
Foreign related currency transactions	12
	(3,695,623)
Net gain (loss) on investment transactions	(7,025,569)
Net increase (decrease) in net assets resulting from operations	\$ (7,140,644)

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, 2002 (Unaudited)	Period Ended December 31, 2001 ^a
Operations:		
Net investment income (loss)	\$ (115,075)	\$ (25,882)
Net realized gain (loss) on investment transactions	(3,329,946)	(738,182)
Net unrealized appreciation (depreciation) on investment transactions during the period	(3,695,623)	1,615,309
Net increase (decrease) in net assets resulting from operations	(7,140,644)	851,245
Portfolio share transactions:		
Proceeds from shares sold	14,673,694	79,265,918
Cost of shares redeemed	(5,459,642)	(56,944,932)
Net increase (decrease) in net assets from Portfolio share transactions	9,214,052	22,320,986
Increase (decrease) in net assets	2,073,408	23,172,231
Net assets at beginning of period	23,172,231	(56,944,932)
Net assets at end of period (including accumulated net investment loss of \$115,075 at June 30, 2002)	\$ 25,245,639	\$ 23,172,231
Other Information		
Shares outstanding at beginning of period	2,632,079	—
Shares sold	1,772,990	9,384,584
Shares redeemed	(675,439)	(6,752,505)
Net increase (decrease) in Portfolio shares	1,097,551	2,632,079
Shares outstanding at end of period	3,729,630	2,632,079

^a For the period from May 1, 2001 (commencement of operations) to December 31, 2001.

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

Financial Highlights

	2002 ^b	2001 ^a
Selected Per Share Data		
Net asset value, beginning of period	\$ 8.80	\$ 10.00
<i>Income (loss) from investment operations:</i>		
Net investment income ^c	(.03)	(.02)
Net realized and unrealized gain (loss) on investment transactions	(2.00)	(1.18) ^e
Total from investment operations	(2.03)	(1.20)
Net asset value, end of period	\$ 6.77	\$ 8.80
Total Return (%)	(23.07) ^{**}	(12.00) ^{d**}
Ratios to Average Net Assets and Supplemental Data		
Net assets, end of period (\$ millions)	25	23
Ratio of expenses before expense reductions (%)	1.25 [*]	1.97 [*]
Ratio of expenses after expense reductions (%)	1.25 [*]	1.30 [*]
Ratio of net investment income (loss) (%)	(.86) [*]	(.40) [*]
Portfolio turnover rate (%)	71 [*]	40 [*]

^a For the period from May 1, 2001 (commencement of operations) to December 31, 2001.

^b For the six months ended June 30, 2002 (Unaudited).

^c Based on average shares outstanding during the period.

^d Total return would have been lower had certain expenses not been reduced.

^e The amount of net realized and unrealized gain shown for a share outstanding for the period ending December 31, 2001 does not correspond with the aggregate net loss on investments for the period due to the timing of sales and repurchases of Portfolio shares in relation to fluctuating market values of the investments of the Portfolio.

^{*} Annualized

^{**} Not annualized

SVS Janus Growth and Income Portfolio

While mixed messages and a stabilizing economy attempting to find its footing produced a sideways market at the start of 2002, investor confidence took a turn for the worse later in the year, as corporate scandals and terrorist threats sent stocks sharply lower. Against this backdrop, the portfolio lost ground during the six months ended June 30, 2002, yet outpaced its benchmark, the S&P 500 Index.

Given the extreme negativity surrounding the market, we maintained a flat and highly diversified portfolio. Furthermore, we continued to use the ongoing rally in bonds to trim our fixed-income exposure and shift assets back into equities, which appeared to offer a more attractive risk/reward trade-off.

Still, some of our top holdings worked against us. Such was the case with General Electric, which gave ground as an uneven economy hampered sales at its short-cycle businesses. We were also disappointed with the performance of Comcast, which fell due to investor concerns surrounding its planned acquisition of AT&T Broadband.

Meanwhile, Anheuser-Busch moved along with nearly 50 percent of the U.S. beer market, having maintained substantial pricing power, marketing muscle and distribution strength amid a sluggish economy. U.S. Bancorp was another core holding that rewarded us with solid results. We bought shares in the stock after it slid in anticipation of rising credit defaults after September 11th. Since then, shares have bounced back nicely on the news that losses were less severe than initially expected.

Looking ahead, we are neither optimistic nor pessimistic regarding the market, only realistic. As a result, we'll continue to take it one day at a time, one company at a time.

E. Marc Pinto, Lead Manager

David J. Corkins, Lead Manager

Janus Capital Management LLC, Subadvisor to the Portfolio

The S&P 500 Index is an unmanaged index, widely regarded as representative of the equity market in general. Index returns assume reinvestment of dividends and capital gains and, unlike fund returns, do not reflect fees or expenses. You cannot invest directly in the index.

SVS Janus Growth and Income Portfolio

	Shares	Value (\$)
Common Stocks 78.3%		
Communications 0.2%		
Cellular Telephone		
Nokia Oyj (ADR)	31,225	452,138
Consumer Discretionary 3.5%		
Department & Chain Stores 0.6%		
Target Corp.	30,715	1,170,242
Hotels & Casinos 1.5%		
Fairmont Hotels & Resorts	46,826	1,205,176
Park Place Entertainment Corp.*	160,250	1,642,563
		2,847,739
Recreational Products 1.4%		
Harley-Davidson, Inc.	11,045	566,277
Mattel, Inc.	105,435	2,222,570
		2,788,847
Consumer Staples 7.7%		
Alcohol & Tobacco 1.7%		
Anheuser-Busch Companies, Inc.	68,050	3,402,500
Food & Beverage 4.4%		
Coca-Cola Enterprises, Inc.	100,415	2,217,163
H.J. Heinz Co.	17,850	733,635
Kroger Co.*	104,890	2,087,311
PepsiCo, Inc.	75,022	3,616,060
		8,654,169
Package Goods/Cosmetics 1.6%		
Colgate-Palmolive Co.	15,415	771,521
Procter & Gamble Co.	25,320	2,261,076
		3,032,597
Durables 1.4%		
Automobiles		
Bayerische Motoren Werke AG	24,051	996,347
Delphi Automotive Systems Corp.	133,635	1,763,982
		2,760,329
Energy 6.1%		
Oil & Gas Production 2.6%		
Conoco, Inc.	100,600	2,796,680
Encana Corp.	74,104	2,283,810
		5,080,490
Oil Companies 3.1%		
Exxon Mobil Corp.	146,040	5,975,957

	Shares	Value (\$)
Oil/Gas Transmission 0.4%		
Kinder Morgan, Inc.	22,090	839,862
Financial 23.9%		
Banks 5.9%		
Bank of America Corp.	25,890	1,821,620
J.P. Morgan Chase & Co.	129,725	4,400,272
U.S. Bancorp.	223,142	5,210,366
		11,432,258
Consumer Finance 6.1%		
Citigroup, Inc.	195,133	7,561,408
Household International, Inc.	89,005	4,423,549
		11,984,957
Insurance 6.1%		
AFLAC, Inc.	36,830	1,178,560
American International Group, Inc.	61,835	4,219,028
Chubb Corp.	2,685	190,098
CIGNA Corp.	15,645	1,524,136
John Hancock Financial Services, Inc.	47,120	1,658,624
MGIC Investment Corp.	27,415	1,858,737
Principal Financial Group, Inc.*	37,435	1,160,485
		11,789,668
Other Financial Companies 5.8%		
Berkshire Hathaway, Inc. "B"*	1,203	2,687,502
Goldman Sachs Group, Inc.	27,340	2,005,389
Lehman Brothers Holdings, Inc.	4,000	250,080
Marsh & McLennan Companies, Inc.	49,345	4,766,727
T. Rowe Price Group, Inc.	45,760	1,504,589
		11,214,287
Health 5.5%		
Medical Supply & Specialty 1.2%		
Medtronic, Inc.	53,895	2,309,401
Pharmaceuticals 4.3%		
Allergan, Inc.	30,570	2,040,548
Pfizer, Inc.	90,460	3,166,100
Wyeth	63,510	3,251,712
		8,458,360
Manufacturing 8.4%		
Chemicals 2.0%		
E.I. du Pont de Nemours & Co.	88,980	3,950,712

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

	Shares	Value (\$)
Diversified Manufacturing 5.6%		
3M Co.	14,980	1,842,542
General Electric Co.	156,780	4,554,459
Honeywell International, Inc.	125,965	4,437,747
		10,834,748
Hand Tools 0.8%		
Stanley Works	36,055	1,478,616
Media 11.3%		
Advertising 0.2%		
Lamar Advertising Co.*	11,295	420,287
Broadcasting & Entertainment 6.9%		
Clear Channel Communications, Inc.*	49,805	1,594,756
Liberty Media Corp. "A"*	480,490	4,804,900
USA Networks, Inc.*	70,805	1,660,377
Viacom, Inc. "B"*	94,115	4,175,883
Walt Disney Co.	60,540	1,144,206
		13,380,122
Cable Television 3.3%		
Comcast Corp. "A"*	159,770	3,808,917
Comcast Corp. "A"*	5,910	143,022
Cox Communications, Inc. "A"*	91,245	2,513,800
		6,465,739
Print Media 0.9%		
Gannett Co., Inc.	6,580	499,422
Valassis Communications, Inc.*	33,195	1,211,618
		1,711,040
Service Industries 2.9%		
EDP Services 0.2%		
Automatic Data Processing, Inc.	8,615	375,183
Investment 0.4%		
Charles Schwab Corp.	68,650	768,880
Miscellaneous Commercial Services 2.3%		
Accenture Ltd. "A"*	48,355	918,745
Fluor Corp.	61,795	2,406,915
Paychex, Inc.	38,987	1,219,903
		4,545,563
Technology 6.4%		
Computer Software 3.4%		
Ceridan Corp.*	72,150	1,369,407
Electronic Arts, Inc.*	16,290	1,075,955
Microsoft Corp.*	77,160	4,220,652
		6,666,014

	Shares	Value (\$)
Electronic Data Processing 0.5%		
Apple Computer, Inc.*	53,625	950,235
Military Electronics 0.5%		
General Dynamics Corp.	9,005	957,682
Semiconductors 2.0%		
Linear Technology Corp.	35,690	1,121,737
Maxim Integrated Products, Inc.*	70,420	2,699,199
		3,820,936
Utilities 1.0%		
Electric Utilities		
Duke Energy Corp.	59,720	1,857,292
Total Common Stocks (Cost \$162,906,271)		152,376,850
Preferred Stocks 0.8%		
Durables		
Automobiles		
Porsche AG, 0.0% (Cost \$992,032)	3,367	1,603,634
Convertible Preferred Stocks 2.4%		
Durables 1.1%		
Automobiles		
General Motors, 5.25%	83,205	2,173,148
Financial 1.3%		
Other Financial Companies		
Ford Cap Trust, 6.5%	46,320	2,598,089
Total Convertible Preferred Stocks (Cost \$4,532,121)		4,771,237
	Principal Amount (\$)	Value (\$)
Convertible Bonds 0.6%		
Media 0.1%		
Advertising		
Lamar Advertising Co., 5.25%, 9/15/2006*	125,000	125,908
Utilities 0.5%		
Natural Gas Distribution		
Reliant Energy, Inc., 2.0%, 9/15/2029*	36,887	937,999
Total Convertible Bonds (Cost \$1,897,692)		1,063,907

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

	Principal Amount (\$)	Value (\$)
Corporate Bonds 1.9%		
Communications 0.0%		
CenturyTel, Inc., 8.375%, 10/15/2010	120,000	124,944
Consumer Discretionary 0.9%		
Mattel, Inc.:		
6.0%, 7/15/2003	85,000	85,592
6.125%, 7/15/2005	155,000	154,585
Wal-Mart Stores, 4.375%, 8/1/2003	1,575,000	1,608,892
		1,849,069
Energy 0.1%		
Devon Energy Corp., Zero Coupon, 6/27/2020	215,000	106,705
Financial 0.5%		
Merrill Lynch & Co.:		
5.36%, 2/1/2007	340,000	343,808
6.15%, 1/26/2006	520,000	544,603
		888,411
Transportation 0.4%		
Canadian National Railway, 6.625%, 4/15/2008	700,000	732,927
Total Corporate Bonds (Cost \$3,598,877)		3,702,056

	Principal Amount (\$)	Value (\$)
U.S. Treasury Obligations 2.3%		
U.S. Treasury Note:		
3.0%, 1/31/2004	2,050,000	2,063,368
5.25%, 5/15/2004	2,370,000	2,477,086
Total U.S. Treasury Obligations (Cost \$4,450,373)		4,540,454

	Shares	Value (\$)
Cash Equivalents 13.7%		
Scudder Cash Management QP Trust, 1.93% (b) (Cost \$26,598,876)		
	26,598,876	26,598,876
Total Investment Portfolio — 100.0% (Cost \$204,976,242) (a)		194,657,014

Notes to SVS Janus Growth and Income Portfolio of Investments

* Non-incomeproducing security.

(a) The cost for federal income tax purposes was \$205,951,154. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$11,294,140. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$6,875,159 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$18,169,299.

(b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$204,976,242)	\$ 194,657,014
Receivable for investments sold	765,336
Dividends receivable	168,889
Interest receivable	114,761
Receivable for Portfolio shares sold	569,863
Foreign taxes recoverable	7,820
Total assets	196,283,683

Liabilities

Payable for investments purchased	3,100,295
Payable for Portfolio shares redeemed	133,517
Accrued management fee	153,899
Other accrued expenses and payables	20,778
Total liabilities	3,408,489
Net assets, at value	\$ 192,875,194

Net Assets

Net assets consist of:	
Undistributed net investment income	331,284
Net unrealized appreciation (depreciation) on:	
Investments	(10,319,228)
Foreign currency related transactions	1,015
Accumulated net realized gain (loss)	(36,337,574)
Paid-in capital	239,199,697
Net assets, at value	\$ 192,875,194

Net Asset Value and redemption price per share (\$192,875,194 ÷ 23,734,685 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 8.13
---	----------------

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$5,102)	\$ 935,658
Interest	481,506
Total Income	1,417,164
Expenses:	
Management fee	909,044
Custodian and accounting fees	38,037
Auditing	9,209
Legal	3,268
Trustees' fees and expenses	1,492
Reports to shareholders	12,184
Other	4,094
Total expenses, before expense reductions	977,328
Expense reductions	(36)
Total expenses, after expense reductions	977,292
Net investment income (loss)	439,872

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(9,054,124)
Foreign currency related transactions	142
	(9,053,982)
Net unrealized appreciation (depreciation) during the period on:	
Investments	(11,158,145)
Foreign currency related transactions	420
	(11,157,725)
Net gain (loss) on investment transactions	(20,211,707)
Net increase (decrease) in net assets resulting from operations	\$ (19,771,835)

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, 2002 (Unaudited)	Year Ended December 31, 2001
Operations:		
Net investment income (loss)	\$ 439,872	\$ 1,159,831
Net realized gain (loss) on investment transactions	(9,053,982)	(21,704,906)
Net unrealized appreciation (depreciation) on investment transactions during the period	(11,157,725)	5,649,609
Net increase (decrease) in net assets resulting from operations	(19,771,835)	(14,895,466)
Distributions to shareholders from:		
Net investment income	(1,106,501)	(764,939)
Portfolio share transactions:		
Proceeds from shares sold	43,533,258	96,689,692
Reinvestment of distributions	1,106,501	764,939
Cost of shares redeemed	(9,734,961)	(7,406,683)
Net increase (decrease) in net assets from Portfolio share transactions	34,904,798	90,047,948
Increase (decrease) in net assets	14,026,462	74,387,543
Net assets at beginning of period	178,848,732	104,461,189
Net assets at end of period (including undistributed net investment income of \$331,284 and \$997,913, respectively)	\$ 192,875,194	\$ 178,848,732
Other Information		
Shares outstanding at beginning of period	19,768,850	10,046,981
Shares sold	4,968,763	10,434,818
Shares issued to shareholders in reinvestment of distributions	123,081	83,812
Shares redeemed	(1,126,009)	(796,761)
Net increase (decrease) in Portfolio shares	3,965,835	9,721,869
Shares outstanding at end of period	23,734,685	19,768,850

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

Financial Highlights

Years Ended December 31,	2002 ^a	2001 ^b	2000 ^c	1999 ^{c,d}
Selected Per Share Data				
Net asset value, beginning of period	\$ 9.05	\$ 10.40	\$ 11.49	\$ 10.00
<i>Income (loss) from investment operations:</i>				
Net investment income ^e	.02	.08	.12	—
Net realized and unrealized gain (loss) on investment transactions	(.89)	(1.36)	(1.16)	1.49
Total from investment operations	(.87)	(1.28)	(1.04)	1.49
<i>Less distributions from:</i>				
Net investment income	(.05)	(.07)	—	—
Net realized gains on investment transactions	—	—	(.05)	—
Total distributions	(.05)	(.07)	(.05)	—
Net asset value, end of period	\$ 8.13	\$ 9.05	\$ 10.40	\$ 11.49
Total Return (%)	(9.67)**	(12.28)	(9.18) ^f	14.93 ^{f**}

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	193	179	104	16
Ratio of expenses before expense reductions (%)	1.02*	1.05	1.10	2.58*
Ratio of expenses after expense reductions (%)	1.02*	1.05	1.01	1.10*
Ratio of net investment income (loss) (%)	.46*	.90	1.07	(.05)*
Portfolio turnover rate (%)	37*	48	39	53*

^a For the six months ended June 30, 2002 (Unaudited).

^b As required, effective January 1, 2001, the Portfolio has adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies and began amortizing premium on debt securities. The effect of this change for the year ended December 31, 2001 was to decrease net investment income by \$.01, increase net realized and unrealized gains and losses by \$.01 and decrease the ratio of net investment income to average net assets from .92% to .90%. Per share, ratios and supplemental data for periods prior to January 1, 2001 have not been restated to reflect this change in presentation.

^c On June 18, 2001, the Portfolio implemented a 1 for 10 reverse stock split. Per share information, for the periods prior to December 31, 2001, has been restated to reflect the effect of the split. Shareholders received 1 share for every 10 shares owned and net asset value per share increased correspondingly (see Notes to Financial Statements).

^d For the period from October 29, 1999 (commencement of operations) to December 31, 1999.

^e Based on average shares outstanding during the period.

^f Total return would have been lower had certain expenses not been reduced.

* Annualized

** Not annualized

SVS Janus Growth Opportunities Portfolio

While many investors started the year encouraged that a recovery may already be under way, certain data points led some to believe the economy's recovery would be slow going. That sentiment continued into the second quarter as corporate spending remained restrained, and the recent stream of corporate misdeeds and fraudulent behavior heightened investor scrutiny.

Given this predominately negative bias, many stock prices, especially in the large-cap arena, dropped to lows not seen since September 21, soon after the stock markets reopened after the terrorist attacks. The portfolio also declined during the six months ended June 30, 2002, and underperformed its benchmark, the S&P 500 Index.

Among the portfolio's disappointments was Genentech, one of few profitable companies in the biotechnology industry. Shares of the biotech bellwether were punished when a couple of its drugs suffered setbacks in clinical trials. We sold our position in Comcast due to weakness we saw surrounding its planned acquisition of AT&T Broadband and weakness in the cable industry.

As company managements are likely to continue hoarding cash until some level of confidence is regained, we have consequently taken a slightly more defensive position over the last three months. Nonetheless, we believe the portfolio has solid upside exposure as well as the breadth and value to limit further losses.

E. Marc Pinto
Lead Manager
Janus Capital Management LLC, Subadvisor to the Portfolio

The S&P 500 Index is an unmanaged index, widely regarded as representative of the equity market in general. Index returns assume reinvestment of dividends and capital gains and, unlike fund returns, do not reflect fees or expenses. You cannot invest directly in the index.

SVS Janus Growth Opportunities Portfolio

	Shares	Value (\$)
Common Stocks 95.7%		
Communications 2.0%		
Cellular Telephone		
Nokia Oyj (ADR)	184,760	2,675,325
Consumer Discretionary 10.7%		
Department & Chain Stores 7.4%		
Costco Wholesale Corp.*	66,250	2,558,575
Home Depot, Inc.	112,090	4,117,066
Walgreen Co.	86,360	3,336,087
		10,011,728
Hotels & Casinos 2.3%		
MGM Mirage, Inc.*	94,190	3,178,913
Recreational Products 1.0%		
Harley-Davidson, Inc.	26,035	1,334,814
Consumer Staples 6.1%		
Alcohol & Tobacco 2.9%		
Anheuser-Busch Companies, Inc.	79,150	3,957,500
Food & Beverage 1.1%		
H.J. Heinz Co.	35,485	1,458,434
Package Goods/Cosmetics 2.1%		
Colgate-Palmolive Co.	57,340	2,869,867
Energy 2.8%		
Oil & Gas Production		
Anadarko Petroleum Corp.	77,220	3,806,946
Financial 19.0%		
Banks 3.1%		
Bank of New York Co., Inc.	124,725	4,209,469
Consumer Finance 4.9%		
Citigroup, Inc.	172,613	6,688,754
Other Financial Companies 11.0%		
Fannie Mae	87,525	6,454,969
Marsh & McLennan Companies, Inc.	18,590	1,795,794
Morgan Stanley	48,235	2,077,964
SLM Corp.	19,085	1,849,337
Washington Mutual, Inc.	76,440	2,836,688
		15,014,752
Health 17.0%		
Biotechnology 3.9%		
Amgen, Inc.*	28,840	1,207,814

	Shares	Value (\$)
Genentech, Inc.*	122,410	4,100,735
		5,308,549
Health Industry Services 4.2%		
McKesson Corp.	40,145	1,312,742
Wellpoint Health Networks, Inc.*	56,060	4,362,029
		5,674,771
Pharmaceuticals 8.9%		
Pfizer, Inc.	219,462	7,681,170
Schering-Plough Corp.	73,300	1,803,180
Wyeth	52,135	2,669,312
		12,153,662
Manufacturing 5.7%		
Diversified Manufacturing		
General Electric Co.	131,150	3,809,908
Honeywell International, Inc.	109,875	3,870,896
		7,680,804
Media 12.7%		
Broadcasting & Entertainment 11.3%		
AOL Time Warner, Inc.*	90,425	1,330,152
Liberty Media Corp. "A"*	603,180	6,031,800
Metro-Goldwyn-Mayer Inc.*	128,950	1,508,715
USA Networks, Inc.*	38,460	901,887
Viacom, Inc. "B"*	125,575	5,571,763
		15,344,317
Cable Television 1.4%		
Cablevision Systems Corp. "A"*	96,315	911,140
Cablevision Systems Corp. — Rainbow Media Group*	108,077	945,674
		1,856,814
Service Industries 5.6%		
EDP Services 2.0%		
Automatic Data Processing, Inc.	61,845	2,693,350
Investment 1.7%		
Charles Schwab Corp.	200,612	2,246,854
Miscellaneous Commercial Services 1.9%		
Fluor Corp.	67,650	2,634,968
Technology 14.1%		
Computer Software 5.1%		
Microsoft Corp.*	101,915	5,574,751

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

	Shares	Value (\$)
Oracle Corp.*	145,605	1,378,879
		6,953,630
Diverse Electronic Products 2.7%		
Applied Materials, Inc.*	192,060	3,652,981
Electronic Components/Distributors 1.5%		
Flextronics International Ltd.*	231,530	1,650,809
Lucent Technologies, Inc.*	268,340	445,444
		2,096,253
Precision Instruments 1.9%		
ASML Holding NV*	167,800	2,537,136

	Shares	Value (\$)
Semiconductors 2.9%		
Linear Technology Corp.	70,085	2,202,772
Texas Instruments, Inc.	75,350	1,785,795
		3,988,567
Total Common Stocks (Cost \$168,698,161)		130,029,158
Cash Equivalents 4.3%		
Scudder Cash Management QP Trust, 1.93% (b) (Cost \$5,868,080)	5,868,080	5,868,080
Total Investment Portfolio — 100.0% (Cost \$174,566,241) (a)		135,897,238

Notes to SVS Janus Growth Opportunities Portfolio of Investments

* Non-income producing security.

(a) The cost for federal income tax purposes was \$174,630,228. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$38,732,990. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$3,619,566 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$42,352,556.

(b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$174,566,241)	\$ 135,897,238
Cash	10,000
Receivable for investments sold	1,456,922
Dividends receivable	42,475
Interest receivable	614
Receivable for Portfolio shares sold	171,487
Total assets	137,578,736

Liabilities

Payable for investments purchased	1,565,880
Payable for Portfolio shares redeemed	216,607
Accrued management fee	125,215
Other accrued expenses and payables	42,065
Total liabilities	1,949,767
Net assets, at value	\$ 135,628,969

Net Assets

Net assets consist of:	
Accumulated net investment loss	(187,338)
Net unrealized appreciation (depreciation) on investments	(38,669,003)
Accumulated net realized gain (loss)	(62,462,667)
Paid-in capital	236,947,977
Net assets, at value	\$ 135,628,969

Net Asset Value and redemption price per share (\$135,628,969 ÷ 22,436,603 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 6.04
---	----------------

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$9,184)	\$ 599,181
Interest	78,610
Total Income	677,791
Expenses:	
Management fee	750,150
Custodian and accounting fees	87,557
Auditing	9,781
Legal	3,633
Trustees' fees and expenses	850
Reports to shareholders	8,830
Other	4,342
Total expenses, before expense reductions	865,143
Expense reductions	(14)
Total expenses, after expense reductions	865,129
Net investment income (loss)	(187,338)

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	(20,285,480)
Net unrealized appreciation (depreciation) during the period on investments	(20,146,666)
Net gain (loss) on investment transactions	(40,432,146)
Net increase (decrease) in net assets resulting from operations	\$ (40,619,484)

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

Statement of Changes in Net Assets

	Six Months Ended June 30, 2002 (Unaudited)	Year Ended December 31, 2001
Increase (Decrease) in Net Assets		
Operations:		
Net investment income (loss)	\$ (187,338)	\$ (464,002)
Net realized gain (loss) on investment transactions	(20,285,480)	(39,346,805)
Net unrealized appreciation (depreciation) on investment transactions during the period	(20,146,666)	7,844
Net increase (decrease) in net assets resulting from operations	(40,619,484)	(39,802,963)
Portfolio share transactions:		
Proceeds from shares sold	20,602,525	74,073,402
Cost of shares redeemed	(8,250,799)	(9,413,990)
Net increase (decrease) in net assets from Portfolio share transactions	12,351,726	64,659,412
Increase (decrease) in net assets	(28,267,758)	24,856,449
Net assets at beginning of period	163,896,727	139,040,278
Net assets at end of period (including accumulated net investment loss of \$187,338 at June 30, 2002)	\$ 135,628,969	\$ 163,896,727
Other Information		
Shares outstanding at beginning of period	20,845,925	13,481,590
Shares sold	2,764,831	8,512,723
Shares redeemed	(1,174,153)	(1,148,388)
Net increase (decrease) in Portfolio shares	1,590,678	7,364,335
Shares outstanding at end of period	22,436,603	20,845,925

Financial Highlights

Years Ended December 31,	2002 ^a	2001	2000 ^b	1999 ^{b,c}
Selected Per Share Data				
Net asset value, beginning of period	\$ 7.86	\$ 10.31	\$ 11.64	\$ 10.00
<i>Income (loss) from investment operations:</i>				
Net investment income ^d	(.01)	(.03)	(.02)	—
Net realized and unrealized gain (loss) on investment transactions	(1.81)	(2.42)	(1.31)	1.64
Total from investment operations	(1.82)	(2.45)	(1.33)	1.64
Net asset value, end of period	\$ 6.04	\$ 7.86	\$ 10.31	\$ 11.64
Total Return (%)	(23.16)**	(23.76)	(11.42) ^e	16.43 ^{e,**}
Ratios to Average Net Assets and Supplemental Data				
Net assets, end of period (\$ millions)	136	164	139	17
Ratio of expenses before expense reductions (%)	1.10*	1.11	1.06	2.60*
Ratio of expenses after expense reductions (%)	1.10*	1.10	1.01	1.10*
Ratio of net investment income (loss) (%)	(.21)*	(.31)	(.20)	(.34)*
Portfolio turnover rate (%)	47*	34	14	1*

^a For the six months ended June 30, 2002 (Unaudited).

^b On June 18, 2001, the Portfolio implemented a 1 for 10 reverse stock split. Share and per share information, for the periods prior to December 31, 2001, have been restated to reflect the effect of the split. Shareholders received 1 share for every 10 shares owned and net asset value per share increased correspondingly (see Notes to Financial Statements).

^c For the period from October 29, 1999 (commencement of operations) to December 31, 1999.

^d Based on average shares outstanding during the period.

^e Total return would have been lower had certain expenses not been reduced.

* Annualized ** Not annualized

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

SVS Oak Strategic Equity Portfolio

During the first half of 2002, the SVS Oak Strategic Equity Portfolio underperformed its benchmark, the S&P 500 Index. The portfolio remains primarily invested in three sectors; technology, health care and financials. We believe that remaining invested in concentrated sectors is one of the key ingredients for outperforming the benchmark in the long run.

On the economic front, economists generally expect 2–3 percent GDP growth for the second quarter, following a 6 percent gain in the first quarter, which was the fastest rate of growth in two years. Unemployment rates have likely stabilized at the 5.8 percent level, while recent payroll figures suggest that hiring has been increasing. Factory production activity improved at its fastest pace in more than two years. The consumer remains strong, illustrated by growth in home construction and related retail sales. Inflation is close to zero, providing excellent purchasing power, and productivity gains of 8.5 percent, well above historical norms. In spite of good news, the market declined.

Negative performance in the portfolio is attributed to overall market conditions rather than a specific sector. All primary sectors in the portfolio, health care, financial services and technology, showed negative returns. In each of these sectors there were companies within the portfolio that underperformed the index and also those that outperformed the index.

The company with the most significant decline was Advent Software which recently announced plans to offer their solutions on either a term or perpetual license basis. Although this announcement put significant downward pressure on Advent's stock price, we believe this is a positive decision, providing a more visible, recurring revenue stream going forward.

Juniper Networks has been under pressure due to the weak telecommunications environment, which was exacerbated by the WorldCom announcement. We believe Juniper is well positioned from a product and financial perspective. Their recently announced acquisition of Unisphere will add value by increasing distribution channels and expanding their products.

Companies in the portfolio that outperformed the index include Medtronic, AIG and Microsoft. These companies remain strong leaders within their markets.

In conclusion, pessimism abounds — for today. Eventually, there will be some good news, an overlooked point. We will return to a period of normalcy, marked by neither the excessive optimism of the late '90s nor the excessive pessimism of the current period. In a transition to normalcy, we expect the technology, financial services and health care sectors will out-perform as investors focus on growth opportunities rather than defensive safe havens.

James D. Oelschlager
Portfolio Manager, Oak Associates, Ltd.,
Subadvisor to the Portfolio

The S&P 500 Index is an unmanaged index, widely regarded as representative of the equity market in general. Index returns assume reinvestment of dividends and capital gains and, unlike fund returns, do not reflect fees or expenses. You cannot invest directly in the index.

SVS Oak Strategic Equity Portfolio

	Shares	Value (\$)
Common Stocks 97.0%		
Durables 1.2%		
Telecommunications Equipment		
CIENA Corp.*	116,000	486,040
Financial 18.5%		
Banks 4.7%		
MBNA Corp.	59,000	1,951,130
Consumer Finance 4.1%		
Citigroup, Inc.	44,000	1,705,000
Insurance 4.5%		
American International Group, Inc.	27,800	1,896,794
Other Financial Companies 5.2%		
Morgan Stanley	49,900	2,149,692
Health 18.9%		
Health Industry Services 4.4%		
Express Scripts, Inc. "A"*	37,000	1,854,070
Medical Supply & Specialty 5.2%		
Medtronic, Inc.	50,500	2,163,925
Pharmaceuticals 9.3%		
Eli Lilly & Co.	32,200	1,816,080
Pfizer, Inc.	58,700	2,054,500
		3,870,580
Manufacturing 1.8%		
Containers & Paper		
International Paper Co.	17,000	740,860
Service Industries 4.3%		
Investment		
Charles Schwab Corp.	160,000	1,792,000

	Shares	Value (\$)
Technology 52.3%		
Computer Software 6.3%		
Advent Software, Inc.*	27,000	693,900
Microsoft Corp.*	35,000	1,914,500
		2,608,400
Diverse Electronic Products 5.0%		
Applied Materials, Inc.*	110,400	2,099,808
EDP Peripherals 14.6%		
Brocade Communications Systems, Inc.*	111,800	1,954,264
EMC Corp.*	292,600	2,209,130
VERITAS Software Corp.*	95,800	1,895,882
		6,059,276
Electronic Components/Distributors 8.2%		
Cisco Systems, Inc.*	138,300	1,929,285
Juniper Networks, Inc.*	126,400	714,160
PMC-Sierra, Inc.*	82,700	766,629
		3,410,074
Semiconductors 18.2%		
Intel Corp.	98,000	1,790,460
Linear Technology Corp.	64,900	2,039,807
Maxim Integrated Products, Inc.*	51,350	1,968,246
Vitesse Semiconductor Corp.*	53,000	167,480
Xilinx, Inc.*	72,200	1,619,446
		7,585,439
Total Common Stocks (Cost \$53,983,927)		40,373,088
Cash Equivalents 3.0%		
Scudder Cash Management QP Trust, 1.93% (b)		
(Cost \$1,228,777)	1,228,777	1,228,777
Total Investment Portfolio — 100.0%		41,601,865
(Cost \$55,212,704) (a)		

Notes to SVS Oak Strategic Equity Portfolio of Investments

* Non-income producing security.

(a) The cost for federal income tax purposes was \$55,212,773. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$13,610,908. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$264,823 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$13,875,731.

(b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$55,212,704)	\$ 41,601,865
Cash	10,000
Dividends receivable	22,045
Interest receivable	1,511
Receivable for Portfolio shares sold	67,968
Total assets	41,703,389

Liabilities

Payable for investments purchased	741,031
Payable for Portfolio shares redeemed	87
Accrued management fee	48,959
Other accrued expenses and payables	23,621
Total liabilities	813,698
Net assets, at value	\$ 40,889,691

Net Assets

Net assets consist of:	
Accumulated net investment loss	(85,680)
Net unrealized appreciation (depreciation) on investments	(13,610,839)
Accumulated net realized gain (loss)	(3,982,519)
Paid-in capital	58,568,729
Net assets, at value	\$ 40,889,691

Net Asset Value and redemption price per share (\$40,889,691 ÷ 7,787,565 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 5.25
---	----------------

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends	\$ 128,473
Interest	16,888
Total Income	145,361
Expenses:	
Management fee	225,033
Custodian and accounting fees	3,853
Legal	2,186
Total expenses, before expense reductions	231,072
Expense reductions	(31)
Total expenses, after expense reductions	231,041
Net investment income (loss)	(85,680)

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	(3,660,795)
Net unrealized appreciation (depreciation) during the period on investments	(13,575,130)
Net gain (loss) on investment transactions	(17,235,925)
Net increase (decrease) in net assets resulting from operations	\$ (17,321,605)

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

Statement of Changes in Net Assets

	Six Months Ended June 30, 2002 (Unaudited)	Period Ended December 31, 2001 ^a
Increase (Decrease) in Net Assets		
Operations:		
Net investment income (loss)	\$ (85,680)	\$ (51,124)
Net realized gain (loss) on investment transactions	(3,660,795)	(321,724)
Net unrealized appreciation (depreciation) on investment transactions during the period	(13,575,130)	(35,709)
Net increase (decrease) in net assets resulting from operations	(17,321,605)	(408,557)
Portfolio share transactions:		
Proceeds from shares sold	26,465,089	44,874,963
Cost of shares redeemed	(12,038,773)	(681,426)
Net increase (decrease) in net assets from Portfolio share transactions	14,426,316	44,193,537
Increase (decrease) in net assets	(2,895,289)	43,784,980
Net assets at beginning of period	43,784,980	—
Net assets at end of period (including accumulated net investment loss of \$85,680 at June 30, 2002)	\$ 40,889,691	\$ 43,784,980
Other Information		
Shares outstanding at beginning of period	5,764,587	—
Shares sold	3,828,682	5,857,695
Shares redeemed	(1,805,704)	(93,108)
Net increase (decrease) in Portfolio shares	2,022,978	5,764,587
Shares outstanding at end of period	7,787,565	5,764,587

Financial Highlights

	2002 ^b	2001 ^a
Selected Per Share Data		
Net asset value, beginning of period	\$ 7.60	\$ 10.00
<i>Income (loss) from investment operations:</i>		
Net investment income ^c	(.01)	(.02)
Net realized and unrealized gain (loss) on investment transactions	(2.34)	(2.38)
Total from investment operations	(2.35)	(2.40)
Net asset value, end of period	\$ 5.25	\$ 7.60
Total Return (%)	(30.92)**	(24.00) ^{d**}
Ratios to Average Net Assets and Supplemental Data		
Net assets, end of period (\$ millions)	41	44
Ratio of expenses before expense reductions (%)	.98*	1.44*
Ratio of expenses after expense reductions (%)	.98*	1.15*
Ratio of net investment income (loss) (%)	(.37)*	(.43)*
Portfolio turnover rate (%)	27*	3*

^a For the period from May 1, 2001 (commencement of operations) to December 31, 2001.

^b For the six months ended June 30, 2002 (Unaudited).

^c Based on average shares outstanding during the period.

^d Total return would have been lower had certain expenses not been reduced.

* Annualized

** Not annualized

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

SVS Turner Mid Cap Growth Portfolio

With investor sentiment distinctly negative, the stock market is close to retracing the lows reached last September. During the six-month period ended June 30, 2002, several factors served to further weaken an already shaky market. Among the issues testing investors were disclosures of accounting improprieties and outright fraud, continued doubts about the objectivity of Wall Street analysts, faltering confidence in corporate leadership and governance and uncertainty surrounding terrorism threats and the conflict in the Middle East.

While all major market equity indexes posted negative returns for the quarter, growth stocks were the hardest hit. As a result, the SVS Turner Mid Cap Growth Portfolio fell and underperformed the Russell Midcap Growth Index. The portfolio continues to focus on companies that we believe will be earnings leaders over the long term, offering significant long-term growth potential. Those shares tend to have above-average valuations and have been largely out of favor. We think the environment for those stocks may improve, however, as the year progresses and it becomes more evident that earnings are gradually strengthening.

Much of the financial and economic news lately has been favorable and is cause for some optimism. For instance, the economy is growing, productivity is up, and many companies in the Russell Midcap Growth Index have reported first-quarter earnings that beat Wall Street analysts' consensus projections.

Contributing the most to performance were our health care holdings, with investments in specialty pharmaceutical, diagnostic services, and hospital management stocks performing well. Our holdings in consumer discretionary/services, technology and producer durables stocks detracted most from results. Technology-related consumer information services, broadband communications, data networking and semiconductor capital equipment stocks all dipped sharply. In absolute terms, our consumer staples holdings, part of a defensive sector that tends to do well in declining markets, generated the highest return, but a small weighting wasn't large enough to appreciably boost results.

The SVS Turner Mid Cap Growth Portfolio had limited exposure to consumer staples and was more heavily invested in technology because of its "sector-neutral" investment policy, which dictates that the portfolio's sector weightings closely resemble those of the target index, the Russell Midcap Growth Index. We adhere to this approach because the performance advantage in the market may shift swiftly and unpredictably from sector to sector. Our sector neutral approach helps us avoid attempts to time the market and positions the portfolio in line with the benchmark.

We are currently emphasizing stocks of companies whose earnings tend to pick up early in an economic recovery such as semiconductor, data storage, paper, software and retailing companies with strong brands.

Christopher K. McHugh
William C. McNeil
Robert E. Turner
Co-Managers
Turner Investment Partners, Inc., Subadvisor to the Portfolio

Russell Midcap Growth Index is an index, including reinvested dividends, containing stocks from the Russell Midcap Index with a greater-than-average growth orientation. The stocks are also members of the Russell 1000 Growth Index. The stocks represented in this index may experience loss of invested principal and are subject to investment risk.

SVS Turner Mid Cap Growth Portfolio

	Shares	Value (\$)
Common Stocks 92.6%		
Consumer Discretionary 16.6%		
Department & Chain Stores 2.6%		
Bed Bath & Beyond, Inc.*	19,910	751,403
Dollar Tree Stores, Inc.*	12,210	481,196
The Limited, Inc.	23,900	509,070
		1,741,669
Home Furnishings 0.7%		
Pier 1 Imports, Inc.	22,350	469,350
Hotels & Casinos 2.7%		
Hilton Hotels Corp.	32,670	454,113
Hotels.com "A"*	6,960	293,921
MGM Mirage, Inc.*	12,930	436,388
Starwood Hotels & Resorts Worldwide, Inc.	18,840	619,648
		1,804,070
Restaurants 1.5%		
Starbucks Corp.*	28,660	712,201
YUM! Brands, Inc.*	11,050	323,213
		1,035,414
Specialty Retail 9.1%		
Amazon.com, Inc.*	28,190	458,088
AutoZone, Inc.*	4,170	322,341
Big Lots, Inc.	18,170	357,586
CDW Computer Centers, Inc.*	10,050	470,441
Circuit City Stores — Circuit City Group	26,110	489,563
Family Dollar Stores, Inc.	19,670	693,368
Hollywood Entertainment Corp.*	26,786	553,934
Michaels Stores, Inc.*	11,220	437,580
Office Depot, Inc.*	26,810	450,408
Sonic Automotive, Inc.*	16,160	416,120
Tiffany & Co.	18,380	646,976
Whole Foods Market, Inc.*	6,210	299,446
Williams-Sonoma, Inc.*	16,860	516,928
		6,112,779
Consumer Staples 2.3%		
Food & Beverage		
Kellogg Co.	10,710	384,061
Krispy Kreme Doughnuts, Inc.*	9,240	297,436
Pepsi Bottling Group, Inc.	15,800	486,640
Tyson Foods, Inc. "A"	24,430	378,909
		1,547,046

	Shares	Value (\$)
Durables 0.5%		
Aerospace		
Alliant Techsystems, Inc.*	4,965	316,767
Energy 5.8%		
Oil & Gas Production 2.0%		
Burlington Resources, Inc.	8,060	306,280
Kerr-McGee Corp.	5,090	272,570
Pogo Producing Co.	11,230	366,323
XTO Energy, Inc.	18,080	372,448
		1,317,621
Oil Companies 0.9%		
Murphy Oil Corp.	7,480	617,100
Oilfield Services/Equipment 2.9%		
BJ Services Co.*	22,590	765,349
Nabors Industries Ltd.*	7,360	259,808
Tidewater, Inc.	10,770	354,548
Weatherford International Ltd.*	13,990	604,368
		1,984,073
Financial 6.7%		
Banks 2.1%		
Astoria Financial Corp.	9,430	302,232
Investors Financial Services Corp.	19,020	637,931
Zions Bancorp.	9,010	469,421
		1,409,584
Consumer Finance 1.0%		
AmeriCredit Corp.*	23,100	647,955
Insurance 1.0%		
Arthur J. Gallagher & Co.	9,780	338,877
Jefferson-Pilot Corp.	7,310	343,570
		682,447
Other Financial Companies 2.6%		
Certegy, Inc.*	8,520	316,177
Legg Mason, Inc.	12,880	635,499
The BISYS Group, Inc.*	23,440	780,552
		1,732,228
Health 22.8%		
Biotechnology 1.9%		
IDEC Pharmaceuticals Corp.*	8,870	314,442
MedImmune, Inc.*	35,749	943,774
		1,258,216
Health Industry Services 4.6%		
Anthem, Inc.*	13,820	932,574

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

	Shares	Value (\$)
Express Scripts, Inc. "A"*	12,260	614,349
Laboratory Corp. of America Holdings*	13,350	609,428
Wellpoint Health Networks, Inc.*	12,350	960,954
		3,117,305
Hospital Management 2.3%		
LifePoint Hospitals, Inc.*	8,680	315,171
Triad Hospitals, Inc.*	12,660	536,531
Universal Health Services, Inc. "B"*	14,030	687,470
		1,539,172
Medical Supply & Specialty 7.6%		
Biomet, Inc.	23,120	627,014
DENTSPLY International, Inc.	17,030	628,577
Henry Schein, Inc.*	14,930	664,385
NBTY, Inc.*	19,980	309,290
Quest Diagnostics, Inc.*	9,300	800,265
St. Jude Medical, Inc.*	13,340	985,159
Varian Medical Systems, Inc.*	11,870	481,329
Zimmer Holdings, Inc.*	18,060	644,020
		5,140,039
Pharmaceuticals 6.4%		
AmerisourceBergen Corp.	13,640	1,036,640
Caremark Rx, Inc.*	38,340	632,610
Cephalon, Inc.*	10,380	469,176
Gilead Sciences, Inc.*	23,550	774,324
King Pharmaceuticals, Inc.	25,173	560,099
Shire Pharmaceuticals Group PLC*	18,150	468,452
Trimeris, Inc.*	7,340	325,823
		4,267,124
Manufacturing 4.5%		
Containers & Paper 1.5%		
Boise Cascade Corp.	13,740	474,442
Bowater, Inc.	9,340	507,816
		982,258
Diversified Manufacturing 1.2%		
Ball Corp.	9,920	411,482
SPX Corp.*	3,630	426,525
		838,007
Industrial Specialty 0.8%		
Avery Dennison Corp.	8,130	510,158
Office Equipment/Supplies 1.0%		
Lexmark International, Inc.*	12,490	679,456
Media 2.2%		
Advertising 1.1%		
Getty Images, Inc.*	20,650	449,551

	Shares	Value (\$)
Lamar Advertising Co.*	8,440	314,052
		763,603
Broadcasting & Entertainment 1.1%		
Cumulus Media, Inc. "A"*	22,770	313,771
Lin TV Corp. "A"*	14,630	395,595
		709,366
Service Industries 6.6%		
EDP Services 1.7%		
Affiliated Computer Services, Inc. "A"*	13,520	641,917
Fiserv, Inc.*	13,750	504,763
		1,146,680
Investment 1.2%		
Bear Stearns Companies, Inc.	13,040	798,048
Miscellaneous Commercial Services 1.3%		
Ecolab, Inc.	12,850	594,056
KPMG Consulting, Inc.*	19,140	284,420
		878,476
Miscellaneous Consumer Services 2.4%		
Apollo Group, Inc. "A"*	20,155	794,309
Yahoo!, Inc.*	53,200	785,232
		1,579,541
Technology 23.7%		
Computer Software 4.8%		
DST Systems, Inc.*	10,060	459,843
Electronic Arts, Inc.*	12,050	795,903
Extreme Networks, Inc.*	44,710	436,817
Intuit, Inc.*	10,690	531,507
Mercury Interactive Corp.*	22,570	518,207
THQ, Inc.*	14,805	441,485
		3,183,762
Diverse Electronic Products 0.5%		
Molex, Inc.	9,660	323,900
EDP Peripherals 3.0%		
Brocade Communications Systems, Inc.*	56,690	990,941
Symantec Corp.*	19,250	632,363
VERITAS Software Corp.*	18,990	375,812
		1,999,116
Electronic Components/Distributors 5.6%		
Broadcom Corp. "A"*	59,390	1,041,701
Jabil Circuit, Inc.*	23,700	500,307
Marvell Technology Group Ltd.*	20,300	403,767
PMC-Sierra, Inc.*	57,570	533,674
Tech Data Corp.*	13,730	519,681

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

	Shares	Value (\$)
Vishay Intertechnology, Inc.*	35,670	784,740
		3,783,870
Military Electronics 0.6%		
L-3 Communications Holdings, Inc.*	7,510	405,540
Precision Instruments 0.7%		
Lam Research Corp.*	25,750	462,985
Semiconductors 8.5%		
Emulex Corp.*	21,440	482,614
Fairchild Semiconductor Corp.*	24,970	606,771
Integrated Device Technology, Inc.*	25,690	466,017
KLA-Tencor Corp.*	20,430	898,716
Microchip Technology, Inc.*	24,310	666,823
National Semiconductor Corp.*	17,500	510,475
Novellus Systems, Inc.*	18,330	623,220

	Shares	Value (\$)
QLogic Corp.*	20,990	799,719
SunGard Data Systems, Inc.*	25,140	665,707
		5,720,062
Utilities 0.9%		
Electric Utilities		
DTE Energy Co.	7,850	350,424
Edison International*	15,280	259,760
		610,184
Total Common Stocks (Cost \$65,207,639)		62,114,971

Cash Equivalents 7.4%

Scudder Cash Management QP Trust, 1.93% (b) (Cost \$4,954,010)	4,954,010	4,954,010
Total Investment Portfolio — 100.0% (Cost \$70,161,649) (a)		67,068,981

Notes to SVS Turner Mid Cap Growth Portfolio of Investments

* Non-income producing security.

(a) The cost for federal income tax purposes was \$70,481,020. At June 30, 2002, net unrealized depreciation for all securities based on tax cost was \$3,412,039. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$2,876,962 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$6,289,001.

(b) Scudder Cash Management QP Trust is also managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

Financial Statements

Statement of Assets and Liabilities as of June 30, 2002 (Unaudited)

Assets

Investments in securities, at value (cost \$70,161,649)	\$ 67,068,981
Cash	10,000
Receivable for investments sold	916,606
Dividends receivable	19,009
Interest receivable	362
Receivable for Portfolio shares sold	307,728
Total assets	68,322,686

Liabilities

Payable for investments purchased	3,399,312
Accrued management fee	72,431
Other accrued expenses and payables	51,084
Total liabilities	3,522,827
Net assets, at value	\$ 64,799,859

Net Assets

Net assets consist of:	
Accumulated net investment loss	(283,460)
Net unrealized appreciation (depreciation) on investments	(3,092,668)
Accumulated net realized gain (loss)	(11,481,750)
Paid-in capital	79,657,737
Net assets, at value	\$ 64,799,859

Net Asset Value and redemption price per share (\$64,799,859 ÷ 9,421,542 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 6.88
---	----------------

Statement of Operations for the six months ended June 30, 2002 (Unaudited)

Investment Income

Income:	
Dividends	\$ 63,072
Interest	37,019
Total Income	100,091
Expenses:	
Management fee	310,656
Custodian and accounting fees	62,645
Auditing	2,216
Legal	3,736
Reports to shareholders	3,635
Other	754
Total expenses, before expense reductions	383,642
Expense reductions	(91)
Total expenses, after expense reductions	383,551
Net investment income (loss)	(283,460)

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	(8,455,878)
Net unrealized appreciation (depreciation) during the period on investments	(7,476,626)
Net gain (loss) on investment transactions	(15,932,504)
Net increase (decrease) in net assets resulting from operations	\$ (16,215,964)

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

Statement of Changes in Net Assets

	Six Months Ended June 30, 2002 (Unaudited)	Period Ended December 31, 2001 ^a
Increase (Decrease) in Net Assets		
Operations:		
Net investment income (loss)	\$ (283,460)	\$ (86,000)
Net realized gain (loss) on investment transactions	(8,455,878)	(3,025,872)
Net unrealized appreciation (depreciation) on investment transactions during the period	(7,476,626)	4,383,958
Net increase (decrease) in net assets resulting from operations	(16,215,964)	1,272,086
Portfolio share transactions:		
Proceeds from shares sold	37,314,402	48,203,751
Cost of shares redeemed	(4,489,229)	(1,285,187)
Net increase (decrease) in net assets from Portfolio share transactions	32,825,173	46,918,564
Increase (decrease) in net assets	16,609,209	48,190,650
Net assets at beginning of period	48,190,650	—
Net assets at end of period (including accumulated net investment loss of \$283,460 at June 30, 2002)	64,799,859	\$ 48,190,650
Other Information		
Shares outstanding at beginning of period	5,463,686	—
Shares sold	4,506,162	5,595,450
Shares redeemed	(548,306)	(131,764)
Net increase (decrease) in Portfolio shares	3,957,856	5,463,686
Shares outstanding at end of period	9,421,542	5,463,686

^a For the period from May 1, 2001 (commencement of operations) to December 31, 2001.

Financial Highlights

	2002 ^b	2001 ^a
Selected Per Share Data		
Net asset value, beginning of period	\$ 8.82	\$ 10.00
<i>Income (loss) from investment operations:</i>		
Net investment income (loss) ^c	(.04)	(.04)
Net realized and unrealized gain (loss) on investment transactions	(1.90)	(1.14) ^d
Total from investment operations	(1.94)	(1.18)
Net asset value, end of period	\$ 6.88	\$ 8.82
Total Return (%)	(22.00)**	(11.80) ^{e**}

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	65	48
Ratio of expenses before expense reductions (%)	1.23*	1.82*
Ratio of expenses after expense reductions (%)	1.23*	1.30*
Ratio of net investment income (loss) (%)	(.91)*	(.76)*
Portfolio turnover rate (%)	218*	205*

^a For the period from May 1, 2001 (commencement of operations) to December 31, 2001.

^b For the six months ended June 30, 2002 (Unaudited).

^c Based on average shares outstanding during the period.

^d The amount of net realized and unrealized gain shown for a share outstanding for the period ending December 31, 2001 does not correspond with the aggregate net loss on investments for the period due to the timing of sales and repurchases of Portfolio shares in relation to fluctuating market values of the investments of the Portfolio.

^e Total return would have been lower had certain expenses not been reduced.

* Annualized ** Not annualized

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

A. Significant Accounting Policies

Scudder Variable Series II (the “Trust”) is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end, diversified management investment company organized as a Massachusetts business trust. Effective May 1, 2002, the Trust commenced offering SVS MFS Strategic Value Portfolio. The Trust offers twenty-eight portfolios (the “portfolio(s)”).

The Trust’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 Trust 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 reported on the exchange (U.S. or foreign) or over-the-counter market on which the security is traded most extensively. 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 most recent bid quotation 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 investments companies and Scudder 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.

Foreign Currency Translations. The books and records of the Trust are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the prevailing exchange rates at period end. Purchases and sales of investment securities, income and expenses are translated into U.S. 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 U.S. 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 gains and losses on investment securities.

Repurchase Agreements. The portfolios may enter into repurchase agreements with certain banks and broker/dealers whereby the portfolios, through their custodian or sub-custodian bank, receive delivery of the underlying securities, the amount of which at the time of purchase and each subsequent business day is required to be maintained at such a level that the value is equal to at least the principal amount of the repurchase price plus accrued interest.

Options. An option contract is a contract in which the writer of the option grants the buyer of the option the right to purchase from (call option), or sell to (put option), the writer a designated instrument at a specified price within a specified period of time. Certain options, including options on indices, will require cash settlement by the portfolio if the option is exercised. The portfolios may enter into option contracts in order to hedge against potential adverse price movements in the value of portfolio assets; as a temporary substitute for selling selected investments; to lock in the purchase price of a security or currency which it expects to purchase in the near future; as a temporary substitute for purchasing selected investments; and to enhance potential gain.

The liability representing the portfolio’s obligation under an exchange traded written option or investment in a purchased option is valued at the last sale price or, in the absence of a sale, the mean between the closing bid and asked prices or at the most recent asked price (bid for purchased options) if no bid and asked price are available. Over-the-counter written or purchased options are valued using dealer-supplied quotations. Gain or loss is recognized when the option contract expires or is closed.

If the portfolio writes a covered call option, the portfolio foregoes, in exchange for the premium, the opportunity to profit during the option period from an increase in the market value of the underlying security above the exercise price. If the portfolio writes a put option it accepts the risk of a decline in the value of the underlying security below the exercise price. Over-the-counter options have the risk of the potential inability of counterparties to meet the terms of their contracts. The portfolio’s maximum exposure to purchased options is limited to the premium initially paid. In addition, certain risks may arise upon entering into option contracts including the risk that an illiquid secondary market will limit the portfolio’s ability to close out an option contract prior to the

expiration date and that a change in the value of the option contract may not correlate exactly with changes in the value of the securities or currencies hedged.

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 portfolios may enter into futures contracts as a hedge against anticipated interest rate, currency or equity market changes and for duration management, risk management and return enhancement purposes.

Upon entering into a futures contract, the portfolio is required to deposit with a financial intermediary an amount (“initial margin”) 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 of the underlying security and are recorded for financial reporting purposes as unrealized gains or losses by the portfolio. When entering into a closing transaction, the portfolio will realize a gain or loss equal to the difference between the value of the futures contract to sell and the futures contract to buy. Futures contracts are valued at the most recent settlement price.

Certain risks may arise upon entering into futures contracts, including the risk that an illiquid secondary 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 securities or currencies hedged. When utilizing futures contracts to hedge, the portfolio gives up the opportunity to profit from favorable price movements in the hedged positions during the term of the contract.

Forward Foreign Currency Exchange Contracts. A forward foreign currency exchange contract (forward currency contract) is a commitment to purchase or sell a foreign currency at the settlement date at a negotiated rate. The portfolios may enter into forward currency contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign currency denominated portfolio holdings and to facilitate transactions in foreign currency denominated securities.

Forward currency contracts are valued at the prevailing forward exchange rate of the underlying currencies and unrealized gain (loss) is recorded daily. Sales and purchases of forward currency contracts having the same settlement date and broker are offset and any gain (loss) is realized on the date of offset; otherwise, gain (loss) is realized on settlement date. Realized and unrealized gains and losses which represent the difference between the value of a forward currency contract to buy and a forward currency contract to sell are included in net realized and unrealized gain (loss) from foreign currency related transactions.

Certain risks may arise upon entering into forward currency contracts from the potential inability of counterparties to meet the terms of their contracts. Additionally, when utilizing forward currency contracts to hedge, the portfolio gives up the opportunity to profit from favorable exchange rate movements during the term of the contract.

Mortgage Dollar Rolls. The Scudder Government Securities Portfolio may enter into mortgage dollar rolls in which the Portfolio sells mortgage-backed securities for delivery in the current month and simultaneously contracts to repurchase similar, but not identical, securities on a fixed date. The Portfolio receives compensation as consideration for entering into the commitment to repurchase. The compensation is paid in the form of a fee which is recorded as deferred income and amortized to income over the roll period, or alternatively, a lower price for the security upon its repurchase. Mortgage dollar rolls may be renewed with a new sale and repurchase price and a cash settlement made at each renewal without physical delivery of the securities subject to the contract.

Certain risks may arise upon entering into mortgage dollar rolls from the potential inability of counterparties to meet the terms of their commitments. Additionally, the value of such securities may change adversely before the Portfolio is able to repurchase them.

When-Issued/Delayed Delivery Securities. Several of the portfolios may purchase securities with delivery or payment to occur at a later date beyond the normal settlement period. At the time the portfolio enters into a commitment to purchase a security, the transaction is recorded and the value of the security is reflected in the net asset value. The price of such security and the date when the security will be delivered and paid for are fixed at the time the transaction is negotiated. The value of the security may vary with market fluctuations. No interest accrues to the portfolio until payment takes place. At the time the portfolio enters into this type of transaction it is required to segregate cash or other liquid assets at least equal to the amount of the commitment.

Certain risks may arise upon entering into when-issued or delayed delivery securities from the potential inability of counterparties to meet the terms of their contracts or if the issuer does not issue the securities due to political, economic, or other factors. Additionally, losses may arise due to changes in the value of the underlying securities.

Federal Income Taxes. The portfolios’ 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. Accordingly, the portfolios paid no federal income taxes and no federal income tax provision was required.

At December 31, 2001, the following portfolios had an approximate net tax basis capital loss carryforward which may be applied against any realized net taxable capital gains of each succeeding year until fully utilized or until the following expiration dates, whichever occurs first:

Portfolio	Capital Loss Carryforward (\$)	Expiration Date
Scudder Aggressive Growth Portfolio	3,153,000	12/31/2008
	5,489,000	12/31/2009
Scudder Blue Chip Portfolio	2,007,000	12/31/2006
	2,837,000	12/31/2008
	33,492,000	12/31/2009
Scudder Contrarian Value Portfolio	19,935,000	12/31/2008
Scudder Global Blue Chip Portfolio	2,711,000	12/31/2009
Scudder Government Securities Portfolio	896,000	12/31/2007
Scudder Growth Portfolio	94,268,000	12/31/2009
Scudder High Yield Portfolio	6,999,000	12/31/2002
	2,026,000	12/31/2003
	12,052,000	12/31/2007
	16,113,000	12/31/2008
	21,982,000	12/31/2009
Scudder International Select Equity Portfolio	23,423,000	12/31/2009
Scudder Investment Grade Bond Portfolio	1,832,000	12/31/2008
Scudder New Europe Portfolio	130,000	12/31/2008
	3,820,000	12/31/2009
Scudder Small Cap Growth Portfolio	87,908,000	12/31/2009
Scudder Strategic Income Portfolio	177,000	12/31/2007
	153,000	12/31/2008
	103,000	12/31/2009
Scudder Technology Growth Portfolio	8,613,000	12/31/2008
	94,142,000	12/31/2009
Scudder Total Return Portfolio	57,276,000	12/31/2009
SVS Davis Venture Value Portfolio	129,000	12/31/2009
SVS Dreman Financial Services Portfolio	2,341,000	12/31/2009
SVS Dreman Small Cap Value Portfolio	2,222,000	12/31/2007
SVS Eagle Focused Large Cap Growth Portfolio	1,336,000	12/31/2008
	7,025,000	12/31/2009
SVS Focus Value+Growth Portfolio	9,619,000	12/31/2009
SVS Index 500 Portfolio	448,000	12/31/2008
	3,267,000	12/31/2009
SVS INVESCO Dynamic Growth Portfolio	317,000	12/31/2009
SVS Janus Growth and Income Portfolio	3,871,000	12/31/2008
	16,179,000	12/31/2009
SVS Janus Growth Opportunities Portfolio	2,379,000	12/31/2008
	31,299,000	12/31/2009
SVS Oak Strategic Equity Portfolio	322,000	12/31/2009
SVS Turner Mid Cap Growth Portfolio	2,401,000	12/31/2009

In addition, the Scudder Growth Portfolio inherited approximately \$127,000 of capital losses from its merger with Scudder Variable Life Large Company Growth Portfolio, which may be applied against any realized net taxable capital gains in future years or until December 31, 2007, the respective date, whichever occurs first, subject to certain limitations imposed by Section 382 of the Internal Revenue Code.

In addition, from the period November 1, 2001 through December 31, 2001, the following portfolios incurred approximate net realized capital losses as follows:

Portfolio	Net Realized Capital Loss (\$)
Scudder Aggressive Growth Portfolio	456,000
Scudder Blue Chip Portfolio	512,000
Scudder Contrarian Value Portfolio	2,154,000
Scudder Global Blue Chip Portfolio	687,000
Scudder Growth Portfolio	2,103,000
Scudder High Yield Portfolio	6,509,000
Scudder International Select Equity Portfolio	2,750,000
Scudder New Europe Portfolio	988,000
Scudder Small Cap Growth Portfolio	5,840,000
Scudder Technology Growth Portfolio	8,267,000
SVS Davis Venture Value Portfolio	226,000
SVS Dreman Financial Services Portfolio	172,000
SVS Dreman High Return Equity Portfolio	371,000
SVS Dreman Small Cap Value Portfolio	1,211,000
SVS Eagle Focused Large Cap Growth Portfolio	3,800
SVS Focus Value+Growth Portfolio	1,947,000
SVS Index 500 Portfolio	258,000
SVS INVESCO Dynamic Growth Portfolio	62,000
SVS Janus Growth and Income Portfolio	5,715,000
SVS Janus Growth Opportunities Portfolio	8,403,000

As permitted by tax regulations, the portfolios intend to elect to defer these losses and treat them as arising in the fiscal year ended December 31, 2002.

Distribution of Income and Gains. Distributions of net investment income, if any, for all portfolios except the Scudder Money Market Portfolio, are made 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. All of the net investment income of the Scudder Money Market Portfolio is declared as a daily dividend and is distributed to shareholders monthly. For the purpose of the daily dividend, net investment income includes all realized gains (losses) on portfolio securities.

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. 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, a portfolio may periodically make reclassifications among certain of its capital accounts without impacting the net asset value of the portfolio.

At December 31, 2001, the portfolios' components of distributable earnings on a tax basis are as follows:

Portfolio	Undistributed ordinary income (\$)	Undistributed net long-term capital gains (\$)	Capital loss carryforwards (\$)	Unrealized appreciation (depreciation) on investments (\$)
Scudder Aggressive Growth Portfolio	222,093	—	8,642,000	(15,283,097)
Scudder Blue Chip Portfolio	721,603	—	38,336,000	16,373,801
Scudder Contrarian Value Portfolio	3,627,591	—	19,935,000	5,657,158
Scudder Global Blue Chip Portfolio	244,074	—	2,711,000	(1,834,012)
Scudder Government Securities Portfolio	11,004,884	—	896,000	708,472
Scudder Growth Portfolio	—	—	94,395,000	42,531,457
Scudder High Yield Portfolio	29,551,964	—	59,172,000	(84,459,754)
Scudder International Select Equity Portfolio	439,029	—	23,423,000	(7,807,964)
Scudder Investment Grade Bond Portfolio	4,940,352	—	1,832,000	(751,003)
Scudder Money Market Portfolio	5,516	—	—	—

Portfolio	Undistributed ordinary income (\$)	Undistributed net long-term capital gains (\$)	Capital loss carryforwards (\$)	Unrealized appreciation (depreciation) on investments (\$)
Scudder New Europe Portfolio	—	—	3,950,000	(266,608)
Scudder Small Cap Growth Portfolio	—	—	87,908,000	5,272,838
Scudder Strategic Income Portfolio	755,627	—	433,000	16,748
Scudder Technology Growth Portfolio	207,899	—	102,755,000	(92,126,755)
Scudder Total Return Portfolio	21,322,704	—	57,276,000	63,401,977
SVS Davis Venture Value Portfolio	121,297	—	129,000	2,566,317
SVS Dreman Financial Services Portfolio	955,065	—	2,341,000	6,326,059
SVS Dreman High Return Equity Portfolio	4,480,022	1,523,210	—	9,156,942
SVS Dreman Small Cap Value Portfolio	935,792	—	2,222,000	20,171,892
SVS Eagle Focused Large Cap Growth Portfolio	—	—	8,361,000	(1,390,845)
SVS Focus Value+Growth Portfolio	601,041	—	9,619,000	(151,457)
SVS Index 500 Portfolio	1,055,536	—	3,715,000	(20,975,822)
SVS INVESCO Dynamic Growth Portfolio	—	—	317,000	1,255,951
SVS Janus Growth and Income Portfolio	999,003	—	20,050,000	(680,278)
SVS Janus Growth Opportunities Portfolio	—	—	33,678,000	(18,618,693)
SVS Oak Strategic Equity Portfolio	—	—	322,000	(35,778)
SVS Turner Mid Cap Growth Portfolio	—	—	2,401,000	3,758,994

In addition, during the year ended December 31, 2001 the tax character of distributions paid to shareholders by the portfolios are summarized as follows:

Portfolio	Distributions from ordinary income* (\$)	Distributions from long-term capital gains (\$)	Distributions from return of capital (\$)
Scudder Aggressive Growth Portfolio	652,558	—	—
Scudder Blue Chip Portfolio	975,786	—	—
Scudder Contrarian Value Portfolio	3,893,591	—	—
Scudder Global Blue Chip Portfolio	297,369	743,424	—
Scudder Government Securities Portfolio	8,562,567	—	—
Scudder Growth Portfolio	587,343	43,022,245	217,806
Scudder High Yield Portfolio	37,937,710	—	—
Scudder International Select Equity Portfolio	13,846,611	10,560,974	—
Scudder Investment Grade Bond Portfolio	4,623,273	—	—
Scudder Money Market Portfolio	15,691,810	—	—
Scudder New Europe Portfolio	345,868	—	—
Scudder Small Cap Growth Portfolio	5,689,208	28,943,995	365,607
Scudder Strategic Income Portfolio	110,157	—	—
Scudder Technology Growth Portfolio	547,146	—	—
Scudder Total Return Portfolio	25,554,195	30,345,606	—
SVS Dreman Financial Services Portfolio	1,183,047	—	—
SVS Dreman High Return Equity Portfolio	2,559,657	—	—
SVS Focus Value+Growth Portfolio	914,441	9,601,639	—
SVS Index 500 Portfolio	599,089	—	—
SVS Janus Growth and Income Portfolio	764,939	—	—

* For tax purposes short-term capital gains distributions are considered ordinary income distributions.

Other. Investment transactions are accounted for on the trade date. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date net of foreign withholding taxes. Certain dividends from foreign securities may be recorded subsequent to the ex-dividend date as soon as the portfolio is informed of such dividends. Realized gains and losses from investment transactions are recorded on an identified cost basis. All discounts and premiums are accreted/amortized for both tax and financial reporting purposes for all portfolios except the Scudder Total Return Portfolio. All discounts and premiums for the Scudder Total Return Portfolio are accreted/amortized for financial reporting purposes only.

B. Investment Transactions

During the six months ended June 30, 2002, purchases and sales of investment transactions (excluding short-term investments) were as follows:

Portfolio	Purchases (\$)	Proceeds from Sales (\$)
Scudder Aggressive Growth Portfolio	21,815,044	12,431,449
Scudder Blue Chip Portfolio	216,073,316	209,881,471
Scudder Contrarian Value Portfolio	113,488,389	94,820,822
Scudder Global Blue Chip Portfolio	8,602,170	2,676,832
Scudder Government Securities Portfolio:		
excluding direct U.S. Government obligations, short-term investments and mortgage dollar roll transactions	617,723,231	515,492,346
direct U.S. Government obligations	67,318,520	82,147,252
mortgage dollar roll transactions	199,795,719	187,986,191
Scudder Growth Portfolio	49,589,035	78,586,313
Scudder High Yield Portfolio	249,537,918	269,831,622
Scudder International Select Equity Portfolio	125,924,079	129,307,139
Scudder Investment Grade Bond Portfolio	248,511,418	199,598,718
Scudder New Europe Portfolio	29,979,816	22,414,079
Scudder Small Cap Growth Portfolio	50,832,344	53,247,217
Scudder Strategic Income Portfolio	19,364,071	741,599
Scudder Technology Growth Portfolio	118,251,852	72,080,518
Scudder Total Return Portfolio	621,386,592	630,719,532
SVS Davis Venture Value Portfolio	69,053,167	14,419,954
SVS Dreman Financial Services Portfolio	36,096,065	10,441,840
SVS Dreman High Return Equity Portfolio	224,188,080	41,467,347
SVS Dreman Small Cap Value Portfolio	233,088,780	125,599,765
SVS Eagle Focused Large Cap Growth Portfolio	56,167,221	36,637,503
SVS Focus Value+Growth Portfolio	99,723,415	91,901,606
SVS Index 500 Portfolio	76,249,484	1,265,466
SVS INVESCO Dynamic Growth Portfolio	17,843,732	8,683,604
SVS Janus Growth and Income Portfolio	70,901,407	30,039,683
SVS Janus Growth Opportunities Portfolio	54,247,364	34,767,817
SVS Oak Strategic Equity Portfolio	21,660,975	6,101,048
SVS Turner Mid Cap Growth Portfolio	95,177,465	63,960,057

For the six months ended June 30, 2002, transactions for written options were as follows for the Scudder Aggressive Growth Portfolio:

	Contracts	Premium (\$)
Beginning of period	—	—
Written	1,231	90,211
Closed	—	—
Exercised	(541)	(51,028)
Expired	(690)	(39,183)
End of period	—	—

For the six months ended June 30, 2002, transactions for written options were as follows for the Scudder Small Cap Growth Portfolio:

	Contracts	Premium (\$)
Beginning of period	—	—
Written	650	47,913
Closed	—	—
Exercised	—	—
Expired	(650)	(47,913)
End of period	—	—

For the six months ended June 30, 2002, transactions for written options were as follows for the Scudder Technology Growth Portfolio:

	Contracts	Premium (\$)
Beginning of period	648	111,452
Written	—	—
Closed	—	—
Exercised	—	—
Expired	(648)	(111,452)
End of period	—	—

C. Related Parties

On April 5, 2002, Zurich Scudder Investments, Inc. (“ZSI”) was acquired by Deutsche Bank AG. Deutsche Bank AG acquired 100% of ZSI with the exception of Threadneedle Investments in the U.K. Upon the closing of this transaction, ZSI became part of Deutsche Asset Management and changed its name to Deutsche Investment Management Americas Inc. (“DeIM” or the “Advisor”). Effective April 5, 2002, the investment management agreements with ZSI were terminated and DeIM became the investment advisor for the portfolios. The Investment Management Agreement (the “Management Agreement”) is the same in all material respects as the corresponding previous Management Agreement.

Management Agreement. Under the Management Agreement the Advisor directs the investments of the portfolios in accordance with its investment objectives, policies and restrictions. The Advisor determines the securities, instruments and other contracts relating to investments to be purchased, sold or entered into by the portfolios. In addition to portfolio management services, the Advisor provides certain administrative services in accordance with the Management Agreement. Accordingly, for the six months ended June 30, 2002, the fees pursuant to the Management Agreement were equivalent to the annualized effective rates shown below of the portfolios’ average daily net assets:

Portfolio	Annual Management Fee Rate
Scudder Blue Chip Portfolio	0.65%
Scudder Contrarian Value Portfolio	0.75%
Scudder Government Securities Portfolio	0.55%
Scudder Growth Portfolio	0.60%
Scudder High Yield Portfolio	0.60%
Scudder International Select Equity Portfolio	0.75%
Scudder Investment Grade Bond Portfolio	0.60%
Scudder Money Market Portfolio	0.50%
Scudder Small Cap Growth Portfolio	0.65%
Scudder Strategic Income Portfolio	0.65%
Scudder Total Return Portfolio	0.55%
SVS Dreman Small Cap Value Portfolio	0.75%
SVS Focus Value+Growth Portfolio	0.75%

The Scudder Aggressive Growth Portfolio, Scudder Technology Growth Portfolio, SVS Dreman Financial Services Portfolio and SVS Dreman High Return Equity Portfolio each pay a monthly investment management fee, based on the average daily net assets of the portfolio, computed and accrued daily and payable monthly, of 1/12 of the annual rates shown below:

Average Daily Net Assets of the Portfolio	Annual Management Fee Rate
\$0–\$250 million	0.75%
next \$750 million	0.72%
next \$1.5 billion	0.70%
next \$2.5 billion	0.68%
next \$2.5 billion	0.65%
next \$2.5 billion	0.64%
next \$2.5 billion	0.63%
Over \$12.5 billion	0.62%

Accordingly, for the six months ended June 30, 2002, the fees pursuant to the Management Agreement were equivalent to the annualized effective rates shown below of the portfolios' average daily net assets:

Portfolio	Effective Rate
Scudder Aggressive Growth Portfolio	0.75%
Scudder Technology Growth Portfolio	0.75%
SVS Dreman Financial Services Portfolio	0.75%
SVS Dreman High Return Equity Portfolio	0.73%

SVS INVESCO Dynamic Growth Portfolio and SVS Turner Mid Cap Growth Portfolio each pay a monthly investment management fee, based on the average daily net assets of the portfolio, computed and accrued daily and payable monthly, of 1/12 of the annual rates shown below:

Average Daily Net Assets of the Portfolio	Annual Management Fee Rate
\$0–\$250 million	1.000%
next \$250 million	0.975%
next \$500 million	0.950%
next \$1.5 billion	0.925%
Over \$2.5 billion	0.900%

Accordingly, for the six months ended June 30, 2002, the fees pursuant to the Management Agreement were equivalent to the annualized effective rates shown below of the portfolios' average daily net assets:

Portfolio	Effective Rate
SVS INVESCO Dynamic Growth Portfolio	1.00%
SVS Turner Mid Cap Growth Portfolio	1.00%

SVS Davis Venture Value Portfolio, SVS Eagle Focused Large Cap Growth Portfolio, SVS Janus Growth and Income Portfolio, SVS Janus Growth Opportunities Portfolio and SVS Oak Strategic Equity Portfolio each pay a monthly investment management fee, based on the average daily net assets of the portfolio, computed and accrued daily and payable monthly, of 1/12 of the annual rates shown below:

Average Daily Net Assets of the Portfolio	Annual Management Fee Rate
\$0–\$250 million	0.950%
next \$250 million	0.925%
next \$500 million	0.900%

Average Daily Net Assets of the Portfolio	Annual Management Fee Rate
next \$1 billion	0.875%
Over \$2.5 billion	0.850%

Accordingly, for the six months ended June 30, 2002, the fees pursuant to the Management Agreement were equivalent to the annualized effective rates shown below of the portfolios' average daily net assets:

Portfolio	Effective Rate
SVS Davis Venture Value Portfolio	0.95%
SVS Eagle Focused Large Cap Growth Portfolio	0.95%
SVS Janus Growth and Income Portfolio	0.95%
SVS Janus Growth Opportunities Portfolio	0.95%
SVS Oak Strategic Equity Portfolio	0.95%

The SVS Index 500 Portfolio pays a monthly investment management fee, based on the average daily net assets of the portfolio, computed and accrued daily and payable monthly, of 1/12 of the annual rates shown below:

Average Daily Net Assets of the Portfolio	Annual Management Fee Rate
\$0-\$200 million	0.440%
\$200 million-\$750 million	0.400%
\$750 million-\$2 billion	0.380%
\$2 billion-\$5 billion	0.365%
Over \$5 billion	0.335%

Effective April 5, 2002, the sub-advisor agreement between the SVS Index 500 Portfolio and Deutsche Asset Management, Inc. was terminated and the investment management fee was lowered. The portfolio pays a monthly investment management fee, based on the average daily net assets of the portfolio, computed and accrued daily and payable monthly, of 1/12 of the annual rates shown below:

Average Daily Net Assets of the Portfolio	Annual Management Fee Rate
\$0-\$250 million	0.370%
next \$250 million	0.330%
next \$500 million	0.310%
next \$1.5 billion	0.295%
Over \$2.5 billion	0.270%

Accordingly, for the six months ended June 30, 2002, the fee pursuant to the Management Agreement was equivalent to an annualized effective rate of 0.40% of SVS Index 500 Portfolio's average daily net assets.

The Scudder Global Blue Chip Portfolio and Scudder New Europe Portfolio each pay a monthly investment management fee, based on the average daily net assets of the portfolio, computed and accrued daily and payable monthly, of 1/12 of the annual rates shown below:

Average Daily Net Assets of the Portfolio	Annual Management Fee Rate
\$0-\$250 million	1.00%
next \$500 million	0.95%
next \$750 million	0.90%
next \$1.5 billion	0.85%
Over \$3 billion	0.80%

The Advisor has agreed to limit its management fee to 0.85% and 0.70% for the Scudder Global Blue Chip Portfolio and Scudder New Europe Portfolio, respectively. Accordingly, for the six months ended June 30, 2002, the fees pursuant to the Management Agreement were equivalent to the annualized effective rates shown below of the portfolios' average daily net assets:

Portfolio	Total Aggregated (\$)	Not Imposed (\$)	Effective Rate
Scudder Global Blue Chip Portfolio	234,317	35,148	0.85%
Scudder New Europe Portfolio	145,966	43,790	0.70%

In addition, the Advisor has temporarily agreed to absorb certain operating expenses of the Scudder New Europe Portfolio. Under these arrangements, the Advisor waived and absorbed expenses of \$31,080, for the six months ended June 30, 2002.

Dreman Value Management, L.L.C. serves as sub-advisor to the SVS Dreman Financial Services, SVS Dreman High Return Equity and SVS Dreman Small Cap Value Portfolios and is paid by the Advisor for its services.

INVESCO serves as sub-advisor to the SVS INVESCO Dynamic Growth Portfolio and is paid by the Advisor for its services.

Eagle Asset Management, Inc. serves as sub-advisor to the SVS Eagle Focused Large Cap Growth Portfolio and is paid by the Advisor for its services.

Janus Capital Management, L.L.C., formerly Janus Capital Corporation, serves as sub-advisor to the SVS Janus Growth and Income and SVS Janus Growth Opportunities Portfolios and is paid by the Advisor for its services.

Turner Investment Partners, Inc. serves as sub-advisor to the SVS Turner Mid Cap Growth Portfolio and is paid by the Advisor for its services.

Oak Associates, Ltd. serves as sub-advisor to the SVS Oak Strategic Equity Portfolio and is paid by the Advisor for its services.

Davis Selected Advisors, L.P., serves as sub-advisor to the SVS Davis Venture Value Portfolio and is paid by the Advisor for its services.

Jennison Associates, L.L.C. serves as sub-advisor to the "growth" portion and, effective April 5, 2002, Dreman Value Management, L.L.C. serves as sub-advisor to the "value" portion of the of the SVS Focus Value+Growth Portfolio and are paid by the Advisor for their services.

Service Provider Fees. Scudder Fund Accounting Corporation ("SFAC"), a subsidiary of the Advisor, is responsible for determining the daily net asset value per share and maintaining the portfolio and general accounting records of each portfolio. For the six months ended June 30, 2002, SFAC received the following fee for its services for the following portfolios:

Portfolio	Total Aggregated (\$)	Fees Waived by Advisor (\$)	Unpaid at June 30, 2002 (\$)
Scudder Aggressive Growth Portfolio	4,854	—	6,584
Scudder Global Blue Chip Portfolio	44,913	—	25,310
Scudder New Europe Portfolio	16,001	16,001	—
Scudder Technology Growth Portfolio	31,782	—	13,443
SVS Davis Venture Value Portfolio	17,454	—	810
SVS Dreman Financial Services Portfolio	15,547	—	1,369
SVS Dreman High Return Equity Portfolio	63,893	—	4,841
SVS Eagle Focused Large Cap Growth Portfolio	18,376	—	3,900
SVS Index 500 Portfolio	46,999	—	27,818
SVS INVESCO Dynamic Growth Portfolio	24,154	—	3,468
SVS Janus Growth and Income Portfolio	28,466	—	4,087
SVS Janus Growth Opportunities Portfolio	84,413	—	16,943
SVS Oak Strategic Equity Portfolio	3,034	—	982
SVS Turner Mid Cap Growth Portfolio	43,218	—	19,306

Trustees' Fees and Expenses. The portfolios pay each Trustee not affiliated with the Advisor retainer fees plus specified amounts for attended board and committee meetings.

Scudder Cash Management QP Trust. Pursuant to an Exemptive Order issued by the SEC, the portfolios may invest in the Scudder Cash Management QP Trust (the "QP Trust") and other affiliated funds managed by the 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 Advisor a management fee for the affiliated funds' investments in the QP Trust. Distributions from the QP

Trust to the portfolios for the six months ended June 30, 2002 are reflected as interest income on the Statement of Operations as follows:

Portfolio	Amount (\$)
Scudder Aggressive Growth Portfolio	62,141
Scudder Blue Chip Portfolio	72,454
Scudder Contrarian Value Portfolio	284,754
Scudder Global Blue Chip Portfolio	6,690
Scudder Government Securities Portfolio	805,051
Scudder Growth Portfolio	57,287
Scudder High Yield Portfolio	121,961
Scudder International Select Equity Portfolio	2,955
Scudder Investment Grade Bond Portfolio	173,906
Scudder New Europe Portfolio	7,898
Scudder Small Cap Growth Portfolio	209,675
Scudder Strategic Income Portfolio	38,185
Scudder Technology Growth Portfolio	457,029
Scudder Total Return Portfolio	362,607
SVS Davis Venture Value Portfolio	156,332
SVS Dreman Financial Services Portfolio	44,234
SVS Dreman High Return Equity Portfolio	416,515
SVS Dreman Small Cap Value Portfolio	94,737
SVS Eagle Focused Large Cap Growth Portfolio	30,547
SVS Focus Value+Growth Portfolio	53,659
SVS Index 500 Portfolio	83,428
SVS INVESCO Dynamic Growth Portfolio	21,828
SVS Janus Growth and Income Portfolio	267,796
SVS Janus Growth Opportunities Portfolio	78,610
SVS Oak Strategic Equity Portfolio	16,888
SVS Turner Mid Cap Growth Portfolio	37,019

D. Expense Off-Set Arrangements

The portfolios have entered into arrangements with their custodian whereby credits realized as a result of uninvested cash balances were used to reduce a portion of the portfolio's expenses. During the six months ended June 30, 2002, the portfolios' custodian fees were reduced under these arrangements as follows:

Portfolio	Amount (\$)
Scudder Aggressive Growth Portfolio	596
Scudder Blue Chip Portfolio	25
Scudder Contrarian Value Portfolio	23
Scudder Government Securities Portfolio	1,535
Scudder Growth Portfolio	17
Scudder High Yield Portfolio	340
Scudder International Select Equity Portfolio	136
Scudder Investment Grade Bond Portfolio	323
Scudder Money Market Portfolio	217
Scudder Small Cap Growth Portfolio	465
Scudder Strategic Income Portfolio	49
Scudder Technology Growth Portfolio	24
Scudder Total Return Portfolio	209
SVS Davis Venture Value Portfolio	45
SVS Dreman Financial Services Portfolio	159
SVS Dreman High Return Equity Portfolio	194
SVS Dreman Small Cap Value Portfolio	913

Portfolio	Amount (\$)
SVS Eagle Focused Large Cap Growth Portfolio	25
SVS Focus Value+Growth Portfolio	26
SVS Index 500 Portfolio	46
SVS Janus Growth and Income Portfolio	36
SVS Janus Growth Opportunities Portfolio	14
SVS Oak Strategic Equity Portfolio	31
SVS Turner Mid Cap Growth Portfolio	91

E. Commitments

As of June 30, 2002, the following portfolios had entered into the following forward foreign currency exchange contracts resulting in the following:

Scudder Global Blue Chip Portfolio

Contracts to Deliver	In Exchange For	Settlement Date	Net Unrealized Appreciation (Depreciation) (U.S.\$)
JPY 390,921,000	USD 3,055,383	7/22/02	(220,310)

Contracts to Deliver	In Exchange For	Settlement Date	Net Unrealized Appreciation (Depreciation) (U.S.\$)
USD 1,023,901	JPY 124,061,000	7/22/02	15,659

Scudder Strategic Income Portfolio

Contracts to Deliver	In Exchange For	Settlement Date	Net Unrealized Appreciation (Depreciation) (U.S.\$)
EUR 404,209	USD 365,001	8/13/02	(35,314)
GBP 157,236	USD 228,778	7/31/02	(11,430)
EUR 386,473	USD 360,000	8/13/02	(22,750)
EUR 785,174	USD 734,138	8/13/02	(43,472)
EUR 784,719	USD 733,712	8/13/02	(43,447)
JPY 299,413,989	USD 2,408,801	7/2/02	(97,489)
CAD 941,514	USD 613,436	8/12/02	(7,254)
			(261,156)

Contracts to Deliver	In Exchange For	Settlement Date	Net Unrealized Appreciation (Depreciation) (U.S.\$)
JPY 299,413,989	USD 2,519,896	8/2/02	9,529

Abbreviations:

USD	United States Dollars	GBP	British Pound
CAD	Canadian Dollar	JPY	Japanese Yen
EUR	Euro		

F. Ownership of the Portfolios

At the end of the period, the beneficial ownership in the portfolios was as follows:

Scudder Aggressive Growth Portfolio: Two Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 60% and 38%, respectively.

Scudder Blue Chip Portfolio: Two Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 55% and 39%, respectively.

Scudder Contrarian Value Portfolio: One Participating Insurance Company was the owner of record of 10% or more of the total outstanding shares of the Portfolio, owning 91%.

Scudder Global Blue Chip Portfolio: Two Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 50% and 47%, respectively.

Scudder Government Securities Portfolio: Three Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 44%, 30% and 17%, respectively.

Scudder Growth Portfolio: Three Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 60%, 26% and 13%, respectively.

Scudder High Yield Portfolio: Three Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 42%, 34% and 22%, respectively.

Scudder International Select Equity Portfolio: Three Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 48%, 37% and 14%, respectively.

Scudder Investment Grade Bond Portfolio: Two Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 51% and 40%, respectively.

Scudder Money Market Portfolio: Three Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 38%, 37% and 23%, respectively.

Scudder New Europe Portfolio: Two Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 66% and 32%, respectively.

Scudder Small Cap Growth Portfolio: Three Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 36%, 32% and 29%, respectively.

Scudder Strategic Income Portfolio: Two Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 50% and 46%, respectively.

Scudder Technology Growth Portfolio: Two Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 63% and 35%, respectively.

Scudder Total Return Portfolio: Three Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 50%, 34% and 15%, respectively.

SVS Davis Venture Value Portfolio: Two Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 72% and 27%, respectively.

SVS Dreman Financial Services Portfolio: Two Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 51% and 45%, respectively.

SVS Dreman High Return Equity Portfolio: Two Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 61% and 35%, respectively.

SVS Dreman Small Cap Value Portfolio: Three Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 43%, 39% and 15%, respectively.

SVS Eagle Focused Large Cap Growth Portfolio: Two Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 64% and 33%, respectively.

SVS Focus Value+Growth Portfolio: Three Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 59%, 23% and 16%, respectively.

SVS Index 500 Portfolio: Two Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 63% and 35%, respectively.

SVS INVESCO Dynamic Growth Portfolio: Two Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 76% and 21%, respectively.

SVS Janus Growth and Income Portfolio: Two Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 62% and 36%, respectively.

SVS Janus Growth Opportunities Portfolio: Two Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 61% and 37%, respectively.

SVS Oak Strategic Equity Portfolio: Two Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 81% and 18%, respectively.

SVS Turner Mid Cap Growth Portfolio: Two Participating Insurance Companies were owners of record of 10% or more of the total outstanding shares of the Portfolio, each owning 78% and 21%, respectively.

G. Line of Credit

The Trust and several other affiliated funds (the “Participants”) share in a \$1.3 billion revolving credit facility administered by J.P. Morgan Chase Bank 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, pro rata based upon net assets, among each of the Participants. Interest is calculated at the Federal Funds Rate plus 0.5 percent. The following portfolios may borrow up to a maximum percentage of their net assets under the agreement:

Portfolio	Facility Borrowing Limit
Scudder Aggressive Growth Portfolio	33%
Scudder Blue Chip Portfolio	33%
Scudder Contrarian Value Portfolio	33%
Scudder Global Blue Chip Portfolio	33%
Scudder Government Securities Portfolio	33%
Scudder Growth Portfolio	33%
Scudder High Yield Portfolio	33%
Scudder International Select Equity Portfolio	33%
Scudder Investment Grade Bond Portfolio	33%
Scudder Money Market Portfolio	33%
Scudder New Europe Portfolio	33%
Scudder Small Cap Growth Portfolio	33%
Scudder Strategic Income Portfolio	33%
Scudder Technology Growth Portfolio	5%
Scudder Total Return Portfolio	33%
SVS Davis Venture Value Portfolio	33%
SVS Dreman Financial Services Portfolio	33%
SVS Dreman High Return Equity Portfolio	33%
SVS Dreman Small Cap Value Portfolio	33%
SVS Eagle Focused Large Cap Growth Portfolio	33%
SVS Focus Value+Growth Portfolio	33%
SVS Index 500 Portfolio	33%
SVS INVESCO Dynamic Growth Portfolio	33%
SVS Janus Growth and Income Portfolio	33%
SVS Janus Growth Opportunities Portfolio	33%
SVS Oak Strategic Equity Portfolio	33%
SVS Turner Mid Cap Growth Portfolio	33%

H. Subsequent Event

On July 24, 2002, the Board of Scudder Variable Series II approved an Agreement and Plan of Reorganization (the “Plan”) between the Scudder New Europe Portfolio (the “Portfolio”) and the Scudder International Select Equity Portfolio (the “Acquiring Portfolio”).

The Plan provides for the transfer of substantially all of the assets and the assumption of all of the liabilities of the Portfolio solely in exchange for shares of the Acquiring Portfolio.

The Reorganization can be consummated only if, among other things, it is approved by a majority vote of shareholders of the Portfolio. A Special Meeting (the “Meeting”) of the shareholders of the Portfolio will be held on or about October 29, 2002 and shareholders will be given the opportunity to vote on the Plan and any other matters affecting the Portfolio at that time.

If the Plan is approved at the Meeting and certain conditions required by the Plan are satisfied, the Reorganization is expected to become effective on or about November 4, 2002.

In the event shareholders of the Portfolio fail to approve the Plan, the Portfolio will continue to operate and the Board may resubmit the Plan for shareholder approval or consider other proposals.

Shareholder Meeting Results

A Special Meeting of Shareholders of each portfolio of Scudder Variable Series II was held on March 28, 2002, at the office of Deutsche Investment Management Americas Inc. (formerly Zurich Scudder Investments, Inc.), Two International Place, Boston, MA 02110. At the meeting, the following matter was voted upon by the shareholders of each portfolio, voting separately (the resulting votes are presented below):

- To approve a new investment management agreement for the portfolio with Deutsche Investment Management, Inc.

Portfolio	Number of Votes:		
	Affirmative	Against	Abstain
Scudder Aggressive Growth Portfolio	6,843,137	154,804	150,928
Scudder Blue Chip Portfolio	18,903,013	361,150	888,095
Scudder Contrarian Value Portfolio	18,097,607	413,992	718,712
Scudder Global Blue Chip Portfolio	4,688,975	82,606	197,955
Scudder Government Securities Portfolio	23,838,660	572,730	1,253,989
Scudder Growth Portfolio	18,050,127	817,223	805,044
Scudder High Yield Portfolio	34,165,775	692,029	1,352,969
Scudder International Select Equity Portfolio (formerly Scudder International Research Portfolio)	12,255,770	293,119	424,557
Scudder Investment Grade Bond Portfolio	11,939,070	96,570	539,368
Scudder Money Market Portfolio	664,095,031	10,771,384	28,412,878
Scudder New Europe Portfolio	3,939,282	37,710	70,756
Scudder Small Cap Growth Portfolio	17,347,970	403,293	840,925
Scudder Strategic Income Portfolio	2,235,365	16,783	68,142
Scudder Technology Growth Portfolio	36,661,537	750,175	1,203,151
Scudder Total Return Portfolio	35,446,184	978,249	1,653,614
SVS Davis Venture Value Portfolio (formerly SVS Venture Value Portfolio)	13,968,694	189,019	295,930
SVS Dreman Financial Services Portfolio	11,096,168	214,927	341,847
SVS Dreman High Return Equity Portfolio	44,199,392	748,064	1,717,488
SVS Dreman Small Cap Value Portfolio (formerly Scudder Small Cap Value Portfolio)	14,771,902	349,274	519,940
SVS Eagle Focused Large Cap Growth Portfolio (formerly SVS Focused Large Cap Growth Portfolio)	7,286,623	65,087	120,109
SVS Focus Value+Growth Portfolio	10,273,114	199,096	383,938
SVS Index 500 Portfolio	27,306,868	297,614	1,153,465
SVS INVESCO Dynamic Growth Portfolio (formerly SVS Dynamic Growth Portfolio)	3,064,929	19,102	153,440
SVS Janus Growth and Income Portfolio (formerly SVS Growth and Income Portfolio)	19,783,052	303,444	1,252,143
SVS Janus Growth Opportunities Portfolio (formerly SVS Growth Opportunities Portfolio)	20,365,637	573,552	890,221
SVS Oak Strategic Equity Portfolio (formerly SVS Strategic Equity Portfolio)	6,545,181	138,899	218,241
SVS Turner Mid Cap Growth Portfolio (formerly SVS Mid Cap Growth Portfolio)	6,740,047	89,373	198,744

The following matter was voted upon by the shareholders of SVS Focus Value+Growth Portfolio, SVS Dreman Small Cap Value Portfolio, SVS Dreman Financial Services Portfolio and SVS Dreman High Return Equity Portfolio, with each portfolio voting separately:

- To approve a new sub-advisory agreement between the portfolio's investment manager and Dreman Value Management, L.L.C.

Portfolio	Number of Votes:		
	Affirmative	Against	Abstain
SVS Dreman Financial Services Portfolio	11,080,073	148,512	424,357
SVS Dreman High Return Equity Portfolio	44,127,643	594,237	1,943,064
SVS Dreman Small Cap Value Portfolio (formerly Scudder Small Cap Value Portfolio)	14,628,197	304,115	708,804
SVS Focus Value+Growth Portfolio	10,283,486	159,075	413,587

The following matter was voted upon by the shareholders of SVS Focus Value+Growth Portfolio only:

- To approve a new sub-advisory agreement between the portfolio's investment manager and Jennison Associates LLC.

Affirmative	Against	Abstain
10,244,306	177,021	434,821

The following matter was voted upon by the shareholders of SVS Growth and Income Portfolio and SVS Growth Opportunities Portfolio, with each portfolio voting separately:

- To approve a new sub-advisory agreement between the portfolio's investment manager and Janus Capital Corporation.

Portfolio	Number of Votes:		
	Affirmative	Against	Abstain
SVS Growth and Income Portfolio	19,768,216	260,971	1,309,452
SVS Growth Opportunities Portfolio	20,267,337	552,259	1,009,814

The following matter was voted upon by the shareholders of Scudder International Research Portfolio, Scudder New Europe Portfolio and Scudder Strategic Income Portfolio, with each portfolio voting separately:

- To approve a new sub-advisory agreement between the portfolio's investment manager and Deutsche Asset Management Investment Services Limited.

Portfolio	Affirmative	Against	Abstain
Scudder International Research Portfolio	12,130,787	310,460	532,199
Scudder New Europe Portfolio	3,920,300	42,829	84,619
Scudder Strategic Income Portfolio	2,212,060	19,355	88,875

The following matter was voted upon by the shareholders of SVS Dynamic Growth Portfolio only:

- To approve a new sub-advisory agreement between the portfolio's investment manager and INVESCO Funds.

Affirmative	Against	Abstain
3,065,797	10,442	161,232

The following matter was voted upon by the shareholders of SVS Focused Large Cap Growth Portfolio only:

- To approve a new sub-advisory agreement between the portfolio's investment manager and Eagle Asset Management, Inc.

Affirmative	Against	Abstain
7,312,161	55,921	103,737

The following matter was voted upon by the shareholders of SVS Mid Cap Growth Portfolio only:

- To approve a new sub-advisory agreement between the portfolio's investment manager and Turner Investment Partners, Inc.

Affirmative	Against	Abstain
6,759,989	49,058	219,117

The following matter was voted upon by the shareholders of SVS Strategic Equity Portfolio only:

- To approve a new sub-advisory agreement between the portfolio's investment manager and Oak Associates, Ltd.

Affirmative	Against	Abstain
6,582,649	41,332	278,340

The following matter was voted upon by the shareholders of SVS Venture Value Portfolio only:

- To approve a new sub-advisory agreement between the portfolio's investment manager and Davis Selected Advisors, L.P.

Affirmative	Against	Abstain
13,972,065	60,997	420,581

A Special Meeting of Shareholders of SVS Growth and Income Portfolio and SVS Growth Opportunities Portfolio was held on February 14, 2002, at the office of Deutsche Investment Management Americas Inc. (formerly Zurich Scudder Investments, Inc.), Two International Place, Boston, MA 02110. At the meeting, the following matter was voted upon by the shareholders of each portfolio, voting separately:

- To approve a new sub-advisory agreement between the portfolio's investment manager and Janus Capital Corporation.

Portfolio	Affirmative	Against	Abstain
SVS Growth and Income Portfolio	17,314,548	307,995	960,931
SVS Growth Opportunities Portfolio	18,703,530	422,378	928,993

A Special Meeting of Shareholders of Scudder Small Cap Value Portfolio was held on January 17, 2002, at the office of Deutsche Investment Management Americas Inc. (formerly Zurich Scudder Investments, Inc.), Two International Place, Boston, MA 02110. At the meeting, the following matter was voted upon by the shareholders:

- To approve a new sub-advisory agreement between the portfolio's investment manager and Dreman Value Management, L.L.C.

Affirmative	Against	Abstain
10,950,235	282,737	714,762

About the Fund's Advisor

On April 5, 2002, Zurich Scudder Investments (ZSI) was acquired by Deutsche Bank. Upon the closing of this transaction, ZSI became part of Deutsche Asset Management and changed its name to Deutsche Investment Management Americas Inc.

Deutsche Asset Management is the marketing name in the United States for the asset management activities of Deutsche Bank AG, Deutsche Investment Management Americas Inc., Deutsche Asset Management Inc., Deutsche Bank Securities Inc., Deutsche Asset Management Investment Services Ltd., Deutsche Bank Trust Company Americas and Scudder Trust Company.

An investment in the Money Market Portfolio is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Money Market Portfolio seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Portfolio.

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' view are subject to change at any time, based on market and other conditions and should not be construed as a recommendation.

Investment Manager:

Deutsche Investment Management Americas Inc.
222 South Riverside Plaza Chicago, IL 60606
(Tel) 800-778-1482

SCUDDER
INVESTMENTS

A Member of

Deutsche Asset Management



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

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

Printed on recycled paper.
SV52-3 (8/31/02) 18197
Printed in the U.S.A.

Janus Aspen Series

Janus Aspen Growth Portfolio



Janus Aspen Growth Portfolio

Blaine Rollins, portfolio manager

For the six-month period ended June 30, 2002, Janus Aspen Growth Portfolio lost 15.59% for its Institutional Shares and declined 15.69% for its Service Shares while its benchmark, the S&P 500 Index, dropped 13.15%.⁽¹⁾

Stocks struggled early in the year as record-low interest rates, improving economic fundamentals and a robust housing market were eclipsed by growing accounting concerns. Although equity markets were able to recoup some losses by March, all that changed as the investing community became frustrated with corporate America's apparent lack of integrity and bid shares sharply lower. In the period's closing days, WorldCom Communications' acknowledgment of accounting fraud appeared to be the final straw for many investors. Broad sell-offs compounded the negative developments, dragging the S&P 500 to its worst quarterly performance since the early 1970s.



This pessimistic sentiment also tainted many of our stocks. Following the bankruptcy of cable television operator Adelphia Communications and the WorldCom debacle, the market punished nearly every holding that uses cash flow as its key measure. For us, that translated into large losses in cable operator Comcast and AOL Time Warner, which owns the second-largest cable franchise in the U.S. Ironically, the fundamentals in both companies are improving immensely as the capital expense-per-subscriber ratio is falling, but few investors want to acknowledge the progress, instead choosing to assign guilt by association.

AOL Time Warner was also pressured by its exposure to the advertising industry and issues within its America Online unit. Nevertheless, ad sales are starting to show signs of a recovery while America Online remains a high recurring-revenue division. From a valuation standpoint, its share price reached a level at which we were buying its cable business and some publishing assets – and, in my opinion, all of AOL's other businesses were essentially free. While there's definitely still room for improvement, and a few lingering questions in some of their units, AOL boasts a great mix of businesses that I want to continue to own.

Of course, even with all of our legwork, there's still a slight risk that a troublesome issue may surface. For us, that situation materialized at conglomerate Tyco International, where the former chief executive officer, Dennis Kozlowski, resigned amid tax evasion charges. Unfortunately, the matter added scrutiny to a company that didn't need it: Tyco is already dealing with significant debt issues, and its stock is down considerably. Frankly, I'm still comfortable with our position. The company controls some extremely strong franchises, and it spun off its CIT Group financial arm to help address short-term credit

questions. From a valuation standpoint, Tyco is extremely attractive, although I now view it as a turnaround story, not a rising growth star.

Meanwhile, we were pleased with the performance of Tenet Healthcare, a hospital chain that is realizing the benefits of scale. Through the second half of the 1990s, Tenet built up its portfolio by purchasing hospitals all over the country. Over the past couple of years, however, it has adopted a regional cluster strategy. This geographic focus gives the corporation increased leverage in pricing negotiations in addition to lower operating costs. Plus, Tenet is emphasizing collecting receivables more effectively, which has dramatically accelerated free cash flow.

MGIC Investment, the largest provider of private mortgage insurance, contributed to our results as well. The company benefited as historically low interest rates and rising home ownership bolstered the mortgage market. Although proposed regulations calling for higher capital reserves could impact profitability, we believe the tremendous growth in low-down-payment mortgages more than offsets the risk for MGIC, a well-managed, highly profitable and attractively valued company.

Over the last 18 months, we've made a concerted effort to find business models outside of our previous areas of focus and to increase the number of companies in the Portfolio. As a result, we've diversified into different industries and end markets and invested in what we believe are good companies that we want to own for the long haul. More and more, our conviction may set us apart from much of the investing community in that the market has become so focused on the short term that few long-term shareholders exist. Yet my goal remains to build a portfolio of the best businesses and best management teams, because those are the companies that we believe will thrive in the long run.

Thank you for your continued investment in Janus Aspen Growth Portfolio.

Portfolio Asset Mix

(% of Net Assets)	June 30, 2002	December 31, 2001
Equities	100.0%	96.6%
Foreign	6.8%	9.7%
Europe	1.7%	2.6%
Top 10 Equities	37.4%	38.8%
Number of Stocks	106	102
Cash and Cash Equivalents	0%	3.4%

(1) All returns include reinvested dividends and capital gains.

Past performance does not guarantee future results.

There is no assurance that the investment process will consistently lead to successful investing.

Average Annual Total Return

For the Periods Ended June 30, 2002

Institutional Shares (Inception Date 9/13/93)	
1 Year	(28.15)%
5 Year	2.82%
From Inception	9.00%
S&P 500 Index	
1 Year	(17.98)%
5 Year	3.67%
From Inception Date of Institutional Shares	11.08%
Service Shares (Inception Date 12/31/99)	
1 Year	(28.31)%
5 Year	2.53%
From Portfolio Inception	8.68%

Returns shown for Service Shares for periods prior to their inception are derived from the historical performance of Institutional Shares, adjusted to reflect the higher operating expenses of Service Shares.

Returns have sustained significant gains and losses due to market volatility in the consumer discretionary sector.

Due to market volatility, current performance may be higher or lower than the figures shown. Call 1-800-504-4440 or visit janus.com for more current performance information.

Past performance is no guarantee of future results and investment results and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Total return includes reinvestment of dividends and capital gains.

The S&P 500 is the Standard & Poor's Composite Index of 500 stocks, a widely recognized, unmanaged index of common stock prices. The Portfolio may differ significantly from the securities held in the index. The index is not available for direct investment; therefore its performance does not reflect the expenses associated with the active management of an actual portfolio.

These returns do not reflect the charges and expenses of any particular insurance product or qualified plan.

Schedule of Investments (unaudited)

Shares or Principal Amount	Market Value	Shares or Principal Amount	Market Value
Common Stock – 100.0%		Cable Television – 5.1%	
Advertising Sales – 0.6%		4,622,582 Comcast Corp. – Special Class A*	\$110,202,355
374,285 Lamar Advertising Co.*	\$13,927,145	Casino Hotels – 0.3%	
Aerospace and Defense – 3.2%		708,747 Park Place Entertainment Corp.*	7,264,657
412,735 General Dynamics Corp.	43,894,367	Casino Services – 0.3%	
373,820 Lockheed Martin Corp.	25,980,490	93,585 International Game Technology*	5,306,269
	69,874,857	Chemicals – Specialty – 1.3%	
Airlines – 1.3%		144,225 Ecolab, Inc.	6,667,522
473,960 Ryanair Holdings PLC (ADR)*	16,527,459	409,850 Sigma-Aldrich Corp.	20,553,977
676,830 Southwest Airlines Co.	10,937,573		27,221,499
	27,465,032	Commercial Banks – 0.5%	
Applications Software – 0.4%		117,735 M&T Bank Corp.	10,096,954
241,985 BARRA, Inc.*	8,997,002	Commercial Services – Finance – 1.3%	
Beverages – Non-Alcoholic – 1.8%		278,160 Concord EFS, Inc.*	8,383,742
709,690 Coca-Cola Co.	39,742,640	610,392 Paychex, Inc.	19,099,166
Broadcast Services and Programming – 1.1%			27,482,908
732,653 Clear Channel Communications, Inc.*	23,459,549	Computer Services – 0.5%	
Building – Mobile Home and Manufactured Housing – 0.6%		525,755 Ceridian Corp.*	9,978,830
714,260 Clayton Homes, Inc.	11,285,308	Containers – Metal and Glass – 0.3%	
33,840 Winnebago Industries, Inc.	1,488,960	153,155 Ball Corp.	6,352,869
	12,774,268	Containers – Paper and Plastic – 0.6%	
Building – Residential and Commercial – 0.3%		192,880 Bemis Company, Inc.	9,161,800
17,300 NVR, Inc.*	5,587,900	92,365 Sealed Air Corp.*	3,719,539
			12,881,339

See Notes to Schedules of Investments.

Janus Aspen Growth Portfolio

Schedule of Investments (unaudited)

Shares or Principal Amount	Market Value	Shares or Principal Amount	Market Value
Cosmetics and Toiletries – 4.8%		Industrial Gases – 0.2%	
1,459,483 Colgate-Palmolive Co.	\$ 73,047,124	92,265 Praxair, Inc.	\$ 5,256,337
348,383 Procter & Gamble Co.	31,110,602	Instruments – Scientific – 1.7%	
	104,157,726	1,071,413 Dionex Corp.*,#	28,703,154
Data Processing and Management – 1.4%		255,030 Millipore Corp.	8,155,859
166,545 Automatic Data Processing, Inc.	7,253,035		36,859,013
473,545 Fiserv, Inc.*	17,383,837	Insurance Brokers – 0.3%	
159,610 SEI Investments Co.	4,496,214	210,340 Arthur J. Gallagher & Co.	7,288,281
	29,133,086	Internet Brokers – 1.7%	
Distribution and Wholesale – 0.3%		3,348,006 Charles Schwab Corp.	37,497,667
138,545 W.W. Grainger, Inc.	6,941,104	Life and Health Insurance – 3.4%	
Diversified Operations – 4.8%		1,053,985 AFLAC, Inc.	33,727,520
190,350 3M Co.	23,413,050	726,380 StanCorp Financial Group, Inc.	40,314,090
329,350 ARAMARK Corp. – Class B*	8,233,750		74,041,610
22,992 Bombardier, Inc. – Class B	190,480	Machine Tools and Related Products – 0.6%	
1,805,720 Cendant Corp.*	28,674,834	323,915 Kennametal, Inc.	11,855,289
79,575 Honeywell International, Inc.	2,803,427	Medical – Biomedical and Genetic – 0.4%	
158,870 Illinois Tool Works, Inc.	10,850,821	281,806 Genentech, Inc.*	9,440,501
103,100 ITT Industries, Inc.	7,278,860	Medical – Drugs – 0.4%	
1,668,125 Tyco International, Ltd.	22,536,369	124,625 Forest Laboratories, Inc.*	8,823,450
	103,981,591	Medical – HMO – 0.7%	
E-Commerce/Products – 0.7%		157,725 UnitedHealth Group, Inc.	14,439,724
895,005 Amazon.com, Inc.*	14,543,831	Medical – Hospitals – 4.0%	
E-Commerce/Services – 0.7%		1,215,710 Tenet Healthcare Corp.*	86,984,051
247,402 eBay, Inc.*	15,244,911	Medical – Outpatient and Home Medical Care – 0.4%	
Electronic Components – Semiconductor – 0.6%		416,280 Apria Healthcare Group, Inc.*	9,324,672
270,625 National Semiconductor Corp.*	7,894,131	Medical – Wholesale Drug Distributors – 0.5%	
313,535 NVIDIA Corp.*	5,386,531	187,870 Cardinal Health, Inc.	11,537,097
	13,280,662	Medical Instruments – 1.0%	
Fiduciary Banks – 3.9%		676,110 Apogent Technologies, Inc.*	13,907,583
1,695,996 Bank of New York Company, Inc.	57,239,865	112,685 St. Jude Medical, Inc.*	8,321,787
594,537 Northern Trust Corp.	26,195,300		22,229,370
	83,435,165	Medical Labs and Testing Services – 0.5%	
Finance – Investment Bankers/Brokers – 0.9%		239,820 Laboratory Corporation of	
252,540 Goldman Sachs Group, Inc.	18,523,809	America Holdings*	10,947,783
Financial Guarantee Insurance – 2.8%		Medical Products – 0.8%	
720,185 MGIC Investment Corp.	48,828,543	222,295 Stryker Corp.	11,895,005
312,290 PMI Group, Inc.	11,929,478	9,411 Synthes-Stratec, Inc.	5,754,803
	60,758,021		17,649,808
Food – Confectionary – 0%		Metal Processors and Fabricators – 0.3%	
7,061 J.M. Smucker Co.*	240,992	206,160 Precision Castparts Corp.	6,803,280
Food – Retail – 0.8%		Motorcycle and Motor Scooter Manufacturing – 0.6%	
416,035 Safeway, Inc.*	12,144,062	258,320 Harley-Davidson, Inc.	13,244,066
93,630 Whole Foods Market, Inc.*	4,514,839	Multi-Line Insurance – 0.5%	
	16,658,901	220,430 PartnerRe, Ltd.	10,790,048
Food – Wholesale/Distribution – 0.8%		Multimedia – 9.0%	
635,070 Sysco Corp.	17,286,605	6,364,898 AOL Time Warner, Inc.*	93,627,650
Health Care Cost Containment – 0.3%		2,295,869 Viacom, Inc. – Class B*	101,867,708
234,720 First Health Group Corp.*	6,581,549		195,495,358
Hospital Beds and Equipment – 0.5%		Networking Products – 1.3%	
193,140 Hillenbrand Industries, Inc.	10,844,811	2,018,199 Cisco Systems, Inc.*	28,153,876
Hotels and Motels – 0.3%		Optical Supplies – 0.7%	
186,395 Starwood Hotels & Resorts Worldwide, Inc.	6,130,532	411,820 Alcon, Inc.*	14,104,835
Human Resources – 0.3%			
303,350 Robert Half International, Inc.*	7,068,055		

See Notes to Schedules of Investments.

Janus Aspen Growth Portfolio

Schedule of Investments (unaudited)

Shares or Principal Amount	Market Value
Property and Casualty Insurance – 2.2%	
162,095 W. R. Berkley Corp.	\$ 8,915,225
455,570 XL Capital, Ltd. – Class A	38,586,779
	47,502,004
Radio – 0.3%	
286,250 Hispanic Broadcasting Corp.*	7,471,125
Reinsurance – 2.1%	
34 Berkshire Hathaway, Inc. – Class A*	2,271,200
9,765 Berkshire Hathaway, Inc. – Class B*	21,815,010
172,865 Everest Re Group, Ltd.	9,671,797
345,720 RenaissanceRe Holdings, Ltd.	12,653,352
	46,411,359
Retail – Bookstore – 0.2%	
187,425 Barnes & Noble, Inc.*	4,953,643
Retail – Building Products – 1.9%	
1,116,535 Home Depot, Inc.	41,010,331
Retail – Consumer Electronics – 0.4%	
231,467 Best Buy Company, Inc.*	8,402,252
Retail – Discount – 0.6%	
326,259 Costco Wholesale Corp.*	12,600,123
Retail – Drug Store – 2.8%	
1,569,820 Walgreen Co.	60,642,147
Schools – 0.6%	
313,702 Apollo Group, Inc. – Class A*	12,362,996
Semiconductor Components/Integrated Circuits – 8.1%	
2,674,080 Linear Technology Corp.	84,046,334
2,401,086 Maxim Integrated Products, Inc.*	92,033,626
	176,079,960
Semiconductor Equipment – 2.6%	
1,737,660 Applied Materials, Inc.*	33,050,293
255,440 KLA-Tencor Corp.*	11,236,806
169,117 Mykrolis Corp.*	1,997,272
270,930 Novellus Systems, Inc.*	9,211,620
	55,495,991
Television – 1.8%	
1,230,691 Univision Communications, Inc. – Class A*	38,643,697
Textile – Home Furnishings – 0.1%	
32,210 Mohawk Industries, Inc.*	1,981,881
Tools – Hand Held – 0.8%	
424,270 Stanley Works Co.	17,399,313
Transportation – Railroad – 0.8%	
106,699 Canadian National Railway Co.	5,615,257
211,295 Canadian National Railway Co. – New York Shares	10,945,081
	16,560,338
Transportation – Services – 2.3%	
320,190 Expeditors International of Washington, Inc.	10,617,500
627,755 United Parcel Service, Inc. – Class B	38,763,871
	49,381,371
Total Common Stock (cost \$2,364,391,870)	2,163,092,071

Shares or Principal Amount	Market Value
Repurchase Agreement – 0.5%	
\$11,800,000 Deutsche Banc Alex. Brown, Inc., 1.96% dated 6/28/02, maturing 7/1/02 to be repurchased at \$11,801,927 collateralized by \$6,306,378 in Asset Backed Securities 0%-8.29%, 4/15/03-4/25/32 Aaa; \$1,646,614 in Certificates of Deposit, 1.89%, 12/27/02, P-1 \$82,731,934 in Collateralized Mortgage Obligations, 0.427%-7.6752% 6/7/09-9/15/41, Aaa; \$1,607,818 in Commercial Paper, 1.77%-5.00% 7/8/02-3/1/07, P-1; \$937,134 in Corporate Bonds, 1.965%-8.875% 8/23/02-3/15/32, Aaa; \$210,951 in U.S. Government Obligations 5.75%-6.25%, 1/15/12-3/5/12 Aaa-Aa2; with respective values of \$4,374,679, \$1,646,614, \$3,185,801 \$1,605,947, \$1,002,098 and \$220,861 (cost \$11,800,000)	\$ 11,800,000
Total Investments (total cost \$2,376,191,870) – 100.5%	2,174,892,071
Liabilities, net of Cash, Receivables and Other Assets – (0.5%)	(11,127,172)
Net Assets – 100%	\$2,163,764,899

Summary of Investments by Country, June 30, 2002

Country	% of Investment Securities	Market Value
Bermuda	4.3%	\$ 94,238,345
Canada	0.8%	16,750,818
Ireland	0.8%	16,527,459
Switzerland	0.9%	19,859,638
United States††	93.2%	2,027,515,811
Total	100.0%	\$2,174,892,071

†† Includes Short-Term Securities (92.7% excluding Short-Term Securities)

See Notes to Schedules of Investments.

Statement of Assets and Liabilities

Janus Aspen
Growth
Portfolio

As of June 30, 2002 (unaudited)
(all numbers in thousands except net asset value per share)

Assets:	
Investments at cost	\$2,376,192
Investments at value:	\$2,174,892
Cash	4,481
Receivables:	
Investments sold	16,902
Portfolio shares sold	1,607
Dividends	581
Interest	2
Other assets	3
Total Assets	2,198,468
Liabilities:	
Payables:	
Investments purchased	29,600
Portfolio shares repurchased	3,733
Advisory fees	1,221
Accrued expenses	149
Total Liabilities	34,703
Net Assets	\$2,163,765
Net Assets – Institutional Shares	\$1,938,422
Shares Outstanding, \$0.001 Par Value (unlimited shares authorized)	115,506
Net Asset Value Per Share	\$ 16.78
Net Assets – Service Shares	\$ 225,343
Shares Outstanding, \$0.001 Par Value (unlimited shares authorized)	13,527
Net Asset Value Per Share	\$ 16.66

See Notes to Financial Statements.

Statement of Operations

For the six months ended June 30, 2002 (unaudited)
(all numbers in thousands)

Janus Aspen
Growth
Portfolio

Investment Income:	
Interest	\$ 191
Dividends	6,886
Foreign tax withheld	(66)
Total Investment Income	7,011
Expenses:	
Advisory fees	8,263
Registration fees	62
System fees	8
Custodian fees	78
Insurance expense	4
Audit fees	10
Distribution fees – Service Shares	304
Other expenses	81
Total Expenses	8,810
Expense and Fee Offsets	(13)
Net Expenses	8,797
Excess Expense Reimbursement	—
Net Expenses After Reimbursement	8,797
Net Investment Income/(Loss)	(1,786)
Net Realized and Unrealized Gain/(Loss) on Investments:	
Net realized gain/(loss) from securities transactions	(159,063)
Net realized gain/(loss) from foreign currency translations	29
Change in net unrealized appreciation/(depreciation) of investments and foreign currency translations	(252,764)
Net Realized and Unrealized Gain/(Loss) on Investments and foreign currency translations	(411,798)
Net Increase/(Decrease) in Net Assets Resulting from Operations	\$(413,584)

See Notes to Financial Statements.

Statement of Changes in Net Assets

For the six months ended June 30 (unaudited)
and for the fiscal year ended December 31, 2001
(all numbers in thousands)

Janus Aspen
Growth
Portfolio
2002 2001

	2002	2001
Operations:		
Net investment income/(loss)	\$ (1,786)	\$ 1,846
Net realized gain/(loss) from investment transactions and foreign currency translations	(159,034)	(864,484)
Change in unrealized net appreciation/(depreciation) of investments and foreign currency translations	(252,764)	(57,057)
Net Increase/(Decrease) in Net Assets Resulting from Operations	(413,584)	(919,695)
Dividends and Distributions to Shareholders:		
Net investment income*	—	(1,848)
Net realized gain from investment transactions*	—	(6,012)
Tax Return of Capital*	—	(80)
Net Decrease from Dividends and Distributions	—	(7,940)
Capital Share Transactions:		
Shares sold		
Institutional Shares	234,691	477,755
Service Shares	52,669	192,816
Reinvested dividends and distributions		
Institutional Shares	—	7,645
Service Shares	—	295
Shares repurchased		
Institutional Shares	(415,052)	(634,488)
Service Shares	(22,925)	(22,885)
Net Increase/(Decrease) from Capital Share Transactions	(150,617)	21,138
Net Increase/(Decrease) in Net Assets	(564,201)	(906,497)
Net Assets:		
Beginning of period	2,727,966	3,634,463
End of period	\$ 2,163,765	\$ 2,727,966
Net Assets Consist of:		
Capital (par value and paid-in surplus)*	\$ 3,449,301	\$ 3,599,918
Undistributed net investment income/(loss)*	(1,787)	(1)
Undistributed net realized gain/(loss) from investments*	(1,082,449)	(923,415)
Unrealized appreciation/(depreciation) of investments and foreign currency translations	(201,300)	51,464
Total Net Assets	\$ 2,163,765	\$ 2,727,966
Transactions in Portfolio Shares – Institutional Shares		
Shares sold	12,193	21,018
Reinvested dividends and distributions	—	332
Total	12,193	21,350
Shares Repurchased	(21,954)	(29,402)
Net Increase/(Decrease) in Portfolio Shares	(9,761)	(8,052)
Shares Outstanding, Beginning of Period	125,267	133,319
Shares Outstanding, End of Period	115,506	125,267
Transactions in Portfolio Shares – Service Shares ⁽¹⁾		
Shares sold	2,769,274	9,086,376
Reinvested dividends and distributions	—	12,711
Total	2,769,274	9,099,087
Shares Repurchased	(1,234,801)	(1,076,388)
Net Increase/(Decrease) in Portfolio Shares	1,534,473	8,022,699
Shares Outstanding, Beginning of Period	11,992,889	3,970,190
Shares Outstanding, End of Period	13,527,362	11,992,889
Purchases and Sales of Investment Securities: (excluding short-term securities)		
Purchases of securities	\$ 523,859	\$ 1,557,267
Proceeds from sales of securities	584,456	1,395,245
Purchases of long-term U.S. government obligations	—	—
Proceeds from sales of long-term U.S. government obligations	—	—

*See Note 3 in Notes to Financial Statements.

(1) Transactions in Portfolio Shares – Service Shares numbers are not in thousands.

See Notes to Financial Statements.

Financial Highlights – Institutional Shares

For a share outstanding during the
six months ended June 30 (unaudited)
and through each fiscal year ended December 31

	Janus Aspen Growth Portfolio					
	2002	2001	2000	1999	1998	1997
Net Asset Value, Beginning of Period	\$19.89	\$26.48	\$33.65	\$23.54	\$18.48	\$15.51
Income from Investment Operations:						
Net investment income/(loss)	(.01)	.02	.05	.07	.05	.15
Net gain/(loss) on securities (both realized and unrealized)	(3.10)	(6.56)	(4.59)	10.24	6.36	3.34
Total from Investment Operations	(3.11)	(6.54)	(4.54)	10.31	6.41	3.49
Less Distributions:						
Dividends (from net investment income)*	—	(.01)	(.06)	(.06)	(.05)	(.15)
Distributions (from capital gains)*	—	(.04)	(2.57)	(.14)	(1.30)	(.37)
Total Distributions	—	(.05)	(2.63)	(.20)	(1.35)	(.52)
Net Asset Value, End of Period	\$16.78	\$19.89	\$26.48	\$33.65	\$23.54	\$18.48
Total Return**	(15.59)%	(24.73)%	(14.55)%	43.98%	35.66%	22.75%
Net Assets, End of Period (in thousands)	\$1,938,422	\$2,490,954	\$3,529,807	\$2,942,649	\$1,103,549	\$608,281
Average Net Assets for the Period (in thousands)	\$2,318,146	\$2,911,331	\$3,734,449	\$1,775,373	\$789,454	\$477,914
Ratio of Gross Expenses to Average Net Assets*** ⁽¹⁾	0.67%	0.66%	0.67%	0.67%	0.68%	0.70%
Ratio of Net Expenses to Average Net Assets*** ⁽¹⁾	0.67%	0.66%	0.67%	0.67%	0.68%	0.69%
Ratio of Net Investment Income to Average Net Assets***	(0.12)%	0.07%	0.19%	0.30%	0.26%	0.91%
Portfolio Turnover Rate***	42%	48%	47%	53%	73%	122%

*See Note 3 in Notes to Financial Statements.

**Total Return not annualized for periods of less than one full year.

***Annualized for periods of less than one full year.

(1) See Note 5 in Notes to Financial Statements.

See Notes to Financial Statements.

Financial Highlights – Service Shares

For a share outstanding during the
six months ended June 30 (unaudited)
and through each fiscal year ended December 31

Janus Aspen
Growth Portfolio

	2002	2001	2000
Net Asset Value, Beginning of Period	\$19.76	\$26.36	\$33.52
Income from Investment Operations:			
Net investment income/(loss)	(.03)	(.02)	(.01)
Net gain/(loss) on securities (both realized and unrealized)	(3.07)	(6.54)	(4.58)
Total from Investment Operations	(3.10)	(6.56)	(4.59)
Less Distributions:			
Distributions (from capital gains)*	—	(.04)	(2.57)
Total Distributions	—	(.04)	(2.57)
Net Asset Value, End of Period	\$16.66	\$19.76	\$26.36
Total Return**	(15.69)%	(24.90)%	(14.75)%
Net Assets, End of Period (in thousands)	\$225,343	\$237,012	\$104,656
Average Net Assets for the Period (in thousands)	\$245,437	\$160,200	\$ 29,782
Ratio of Gross Expenses to Average Net Assets*** ⁽¹⁾	0.92%	0.91%	0.92%
Ratio of Net Expenses to Average Net Assets*** ⁽¹⁾	0.92%	0.91%	0.92%
Ratio of Net Investment Income/(Loss) to Average Net Assets***	(0.37)%	(0.20)%	(0.07)%
Portfolio Turnover Rate***	42%	48%	47%

*See Note 3 in Notes to Financial Statements.

**Total return not annualized for periods of less than one full year.

***Annualized for periods of less than one full year.

(1) See Note 5 in Notes to Financial Statements.

Notes to Schedules of Investments

ADR American Depository Receipt

*Non-income-producing security

**A portion of this security has been segregated by the custodian to cover margin or segregation requirements on open futures contracts, forward currency contracts and/or swap spread lock agreements.

† Securities are exempt from the registration requirements of the Securities Act of 1933 and/or Section 4(2) of the Securities Act and may be deemed to be restricted for resale.

ΩRate is subject to change. Rate shown reflects current rate.

ΔSecurity is a defaulted security in Janus Aspen Global Technology Portfolio and Janus Aspen Flexible Income Portfolio with accrued interest in the amount of \$40,000 and \$39,840, respectively, that was written-off December 10, 2001.

π Security is a U.S. Treasury Inflation-Protected Security (TIPS).

The Investment Company Act of 1940 defines affiliates as those companies in which a Portfolio holds 5% or more of the outstanding voting securities. Following is a summary of the transactions with each such affiliate for the period ended June 30, 2002:

	Purchases		Sales		Realized Gain/(Loss)	Dividend Income	Market Value at 6/30/02
	Shares	Cost	Shares	Cost			
<i>Janus Aspen Growth Portfolio</i>							
Dionex Corp.	—	—	—	—	—	—	\$28,703,154

Variable Rate Notes. The interest rate, which is based on specific, or an index of, market interest rates, is subject to change. Rates in the security description are as of June 30, 2002.

Money market funds may hold securities with stated maturities of greater than 397 days when those securities have features that allow a fund to “put” back the security to the issuer or to a third party within 397 days of acquisition. The maturity dates shown in the security descriptions are the stated maturity dates.

Repurchase Agreements held by a Portfolio are fully collateralized, and such collateral is in the possession of the Portfolio’s custodian or subcustodian. The collateral is evaluated daily to ensure its market value equals or exceeds the current market value of the repurchase agreements including accrued interest. In the event of default on the obligation to repurchase, the Portfolio has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. In the event of default or bankruptcy by the other party to the agreement, realization and/or retention of the collateral or proceeds may be subject to legal proceedings.

Notes to Financial Statements

The following section describes the organization and significant accounting policies of the Portfolios and provides more detailed information about the schedules and tables that appear throughout this report. In addition, the Notes explain how the Portfolios operate and the methods used in preparing and presenting this report.

I. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Janus Aspen Series (the “Trust”) was organized as a Delaware Trust on May 20, 1993, and is registered under the Investment Company Act of 1940 (the “1940 Act”) as a no-load, open-end management investment company. The Trust offers fourteen Portfolios or series of shares with differing investment objectives and policies. Twelve Portfolios invest primarily in equity securities: Janus Aspen Growth Portfolio, Janus Aspen Aggressive Growth Portfolio, Janus Aspen Capital Appreciation Portfolio, Janus Aspen Core Equity Portfolio, Janus Aspen Balanced Portfolio, Janus Aspen Growth and Income Portfolio, Janus Aspen Strategic Value Portfolio, Janus Aspen International Growth Portfolio, Janus Aspen Worldwide Growth Portfolio, Janus Aspen Global Life Sciences Portfolio, Janus Aspen Global Technology Portfolio and Janus Aspen Global Value Portfolio. One Portfolio invests primarily in income-producing securities: Janus Aspen Flexible Income Portfolio. Janus Aspen Money Market Portfolio invests in short-term money market securities. Each Portfolio is diversified as defined in the 1940 Act, with the exception of the Janus Aspen Aggressive Growth Portfolio, Janus Aspen Capital Appreciation Portfolio, Janus Aspen Strategic Value Portfolio, Janus Aspen Global Life Sciences Portfolio, Janus Aspen Global Technology Portfolio and Janus Aspen Global Value Portfolio, which are nondiversified.

Institutional Shares of the Trust are issued and redeemed only in connection with investment in and payments under variable annuity contracts and variable life insurance contracts (collectively “variable insurance contracts”), as well as certain qualified retirement plans.

Effective December 31, 1999, the Trust issued a new class of shares, the Service Shares. Service Shares of the Trust are also issued and redeemed only in connection with investment in and payments under variable insurance contracts, as well as certain qualified retirement plans.

Effective December 31, 2001, the Trust issued a new class of shares, the Service II Shares in the Janus Aspen International Growth, Janus Aspen Worldwide Growth, and Janus Aspen Global Technology Portfolios. Janus Capital Management LLC (“Janus Capital”) invested \$10,000 of initial seed capital in each Portfolio of the Service II Shares.

Janus Aspen High-Yield Portfolio was liquidated on October 26, 2001. Regulatory approvals were obtained to substitute shares

of the Janus Aspen Flexible Income Portfolio for shares of the Janus Aspen High-Yield Portfolio. 60,319 shares in the amount of \$731,670 were exchanged into Janus Aspen Flexible Income Portfolio as a result of the substitution.

The following accounting policies have been consistently followed by the Trust and are in conformity with accounting principles generally accepted in the United States of America in the investment company industry.

Investment Valuation

Securities are valued at the closing price for securities traded on a principal securities exchange (U.S. or foreign) and on the NASDAQ National Market. Securities traded on over-the-counter markets and listed securities for which no sales are reported are valued at the latest bid price (or yield equivalent thereof) obtained from one or more dealers making a market for such securities or by a pricing service approved by the Trustees. Short-term investments maturing within 60 days and all money market securities in the Money Market Portfolio are valued at amortized cost, which approximates market value. Foreign securities are converted to U.S. dollars using exchange rates at the close of the New York Stock Exchange. When market quotations are not readily available, securities are valued at fair value as determined in good faith under procedures established by and under the supervision of the Portfolios’ Trustees.

Investment Transactions and Investment Income

Investment transactions are accounted for as of the date purchased or sold. Dividend income is recorded on the ex-dividend date. Certain dividends from foreign securities will be recorded as soon as the Trust is informed of the dividend if such information is obtained subsequent to the ex-dividend date. Interest income is recorded on the accrual basis and includes amortization of discounts and premiums. Gains and losses are determined on the identified cost basis, which is the same basis used for federal income tax purposes. Income, as well as, gains and losses are allocated daily to each class of shares based upon the ratio of net assets represented by each class as a percentage of total net assets.

Forward Currency Transactions and Futures Contracts

The Portfolios enter into forward currency contracts in order to reduce their exposure to changes in foreign currency exchange rates on their foreign portfolio holdings and to lock in the U.S. dollar cost of firm purchase and sales commitments for securities denominated in or exposed to foreign currencies. A forward currency exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated rate. The gain or loss arising from the difference between the U.S. dollar cost of the original contract and the value of the foreign currency in U.S. dollars upon closing of such contract is included in net realized gain or loss from foreign currency transactions.

Notes to Financial Statements (continued)

Forward currency contracts held by the Portfolios are fully collateralized by other securities, which are denoted in the accompanying Schedule of Investments. Such collateral is in the possession of the Portfolio's custodian. The collateral is evaluated daily to ensure its market value equals or exceeds the current market value of the corresponding forward currency contracts.

The Portfolios do not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held at the date of the financial statements. Net unrealized appreciation or depreciation on investments and foreign currency translation arise from changes in the value of assets and liabilities, including investments in securities at the date of the financial statements, resulting from changes in the exchange rates and changes in market prices of securities held.

Currency gain and loss are also calculated on payables and receivables that are denominated in foreign currencies. The payables and receivables are generally related to security transactions and income.

The Portfolios may enter into futures contracts and options on securities, financial indices and foreign currencies, forward contracts and interest-rate swaps and swap-related products. The Portfolios intend to use such derivative instruments primarily to hedge or protect from adverse movements in securities prices, currency rates or interest rates. The use of futures contracts and options may involve risks such as the possibility of illiquid markets or imperfect correlation between the value of the contracts and the underlying securities, or that the counterparty will fail to perform its obligations.

Futures contracts are marked to market daily, and the resultant variation margin is recorded as an unrealized gain or loss. When a contract is closed, a realized gain or loss is recorded equal to the difference between the opening and closing value of the contract. Generally, open forward and futures contracts are marked to market (i.e., treated as realized and subject to distribution) for federal income tax purposes at fiscal year-end.

Foreign-denominated assets and forward currency contracts may involve more risks than domestic transactions, including currency risk, political and economic risk, regulatory risk and market risk. Risks may arise from the potential inability of a counterparty to meet the terms of a contract and from unanticipated movements in the value of foreign currencies relative to the U.S. dollar.

Initial Public Offerings

The Portfolios may invest in initial public offerings (IPOs). IPOs and other investment techniques may have a magnified performance impact on a portfolio with a small asset base. The Portfolios may not experience similar performance as their assets grow.

Additional Investment Risk

A portion of the Janus Aspen Flexible Income Portfolio may be invested in lower-rated debt securities that have a higher risk of default or loss of value because of changes in the economy, or political environment, or adverse developments specific to the issuer.

Restricted Security Transactions

Restricted securities held by a Portfolio may not be sold except in exempt transactions or in a public offering registered under the Securities Act of 1933. The risk of investing in such securities is generally greater than the risk of investing in the securities of widely held, publicly traded companies. Lack of a secondary market and resale restrictions may result in the inability of a Portfolio to sell a security at a fair price and may substantially delay the sale of the security which each portfolio seeks to sell. In addition, these securities may exhibit greater price volatility than securities for which secondary markets exist.

Dividend Distributions

Each Portfolio, except the Money Market Portfolio, makes at least semiannual distributions of substantially all of its investment income and at least an annual distribution of its net realized capital gains, if any. Dividends are declared daily and distributed monthly for the Janus Aspen Money Market Portfolio. The majority of dividends and capital gains distributions from a Portfolio will be automatically reinvested into additional shares of that Portfolio.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Federal Income Taxes

No provision for income taxes is included in the accompanying financial statements as the Portfolios intend to distribute to shareholders all taxable investment income and realized gains and otherwise comply with the Internal Revenue Code applicable to regulated investment companies.

2. INVESTMENT ADVISORY AGREEMENTS AND OTHER TRANSACTIONS WITH AFFILIATES

Each equity Portfolio is subject to advisory fees payable to Janus Capital based upon an annual rate of .65% of average net assets. The Janus Aspen Flexible Income Portfolio is subject to advisory fees payable to Janus Capital based upon annual rates of .65% of the first \$300 million of average net assets plus .55% of average net assets in excess of \$300 million. The Janus Aspen Money Market Portfolio's advisory fee rate is .25% of average net assets.

Janus Capital has agreed to reduce its fee to the extent normal operating expenses exceed 1% of the average net assets of the Janus Aspen Flexible Income Portfolio and .50% of the average net assets of the Janus Aspen Money Market Portfolio for a fiscal year. Janus Capital has also agreed to reduce its fee to the extent that normal operating expenses exceed 1.25% of the average net assets of the Janus Aspen Core Equity, Janus Aspen Strategic Value, Janus Aspen Global Life Sciences, Janus Aspen Global Technology and Janus Aspen Global Value Portfolios.

Janus Capital has agreed to continue these fee waivers and reductions until at least the next annual renewal of the advisory contracts. The distribution fee applicable to the Service and Service II Shares is not included in these expense limits.

Janus Services LLC ("Janus Services"), a wholly owned subsidiary of Janus Capital, receives certain out-of-pocket expenses for transfer agent services.

Officers and trustees of the Portfolios may also be officers and/or directors of Janus Capital; however, such officers and trustees receive no compensation from the Portfolios.

Janus Distributors LLC, a wholly owned subsidiary of Janus Capital, is a distributor of the Portfolios. The Service and Service II Shares have each adopted a Distribution and Shareholder Servicing Plan (The "Plans") pursuant to Rule 12b-1 under The 1940 Act. The Plans authorize payments by the Portfolios in connection with the distribution of the Service and Service II Shares at an annual rate, as determined from time to time by the Board of Trustees, of up to .25% of the Service and Service II Shares' average daily net assets.

DST Systems, Inc. (DST), an affiliate of Janus Capital through a degree of common ownership, provides a shareholder accounting system to the Portfolios. DST Securities, Inc., a wholly owned subsidiary of DST, is designated as an introductory broker on certain portfolio transactions. Brokerage commissions paid to DST Securities, Inc. serve to reduce transfer agent fees and expenses. Brokerage commissions paid, fees reduced and the net fees paid to DST for the period ended June 30, 2002, are noted below.

<i>Portfolio</i>	<i>DST Securities, Inc. Commissions Paid*</i>	<i>Portfolio Expense Reduction*</i>	<i>DST Systems Costs</i>
Janus Aspen Growth Portfolio	\$4,608	\$3,457	\$(1,322)

*The difference between commissions paid to DST Securities, Inc. and expenses reduced constitute commissions paid to an unaffiliated clearing broker.

Notes to Financial Statements (continued)

3. FEDERAL INCOME TAX

Net investment income distributions and capital gains distributions are determined in accordance with income tax regulations that may differ from accounting principles generally accepted in the United States of America. These differences are due to differing treatments for items such as deferral of wash sales, foreign currency transactions, net operating losses and capital loss carryovers.

The Portfolios have elected to treat gains and losses on forward foreign currency contracts as capital gains and losses. Other foreign currency gains and losses on debt instruments are treated as ordinary income for federal income tax purposes pursuant to Section 988 of the Internal Revenue Code.

Accumulated capital losses noted below represent net capital loss carryovers, as of December 31, 2001, that may be available to offset future realized capital gains and thereby reduce future taxable gains distributions. These carryovers expire between December 1, 2008 and December 31, 2009.

The aggregate cost of investments and the composition of unrealized appreciation and depreciation of investment securities for federal income tax purposes as of June 30, 2002 are also noted below.

<i>Portfolio</i>	<i>Accumulated Capital Losses</i>	<i>Federal Tax Cost</i>	<i>Unrealized Appreciation</i>	<i>Unrealized (Depreciation)</i>	<i>Net Appreciation/ (Depreciation)</i>
Janus Aspen Growth Portfolio	\$(825,859,740)	\$2,384,111,867	\$246,035,371	\$(455,255,167)	\$(209,219,796)

4. EXPENSES

The Portfolios' expenses may be reduced through expense-reduction arrangements. Those arrangements include the use of broker commissions paid to DST Securities, Inc. and uninvested cash balances earning interest with the Portfolios' custodian. The Statements of Operations reflect the total expenses before any offset, the amount of the offset and the net expenses. The expense ratios listed in the Financial Highlights reflect expenses prior to any expense offset (gross expense ratio) and after expense offsets (net expense ratio). Both expense ratios reflect expenses after waivers.

Expenses are allocated daily to each class of shares based upon the ratio of net assets represented by each class as a percentage of total net assets. Expenses directly attributable to a specific class of shares are charged against the operations of such class.

Janus Aspen Service and Service II Shares each pay a distribution fee of up to .25% of average net assets.

5. EXPENSE RATIOS

Listed below are the gross expense ratios for the various Portfolios that would be in effect, absent the waiver of certain fees, and offsets.

<i>Portfolio</i>	<i>Institutional Shares</i>						<i>Service Shares</i>		
	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>	<i>1997</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>
Janus Aspen Growth Portfolio	0.67%	0.66%	0.67%	0.69%	0.75%	0.78%	0.92%	0.91%	0.92%

Explanations of Charts, Tables and Financial Statements

(unaudited)

1. PERFORMANCE OVERVIEWS

When comparing the performance of a Portfolio with an index, keep in mind that market indices do not include brokerage commissions that would be incurred if you purchased the individual securities in the index. They also do not include taxes payable on dividends and interest or operating expenses incurred if you maintained a Portfolio invested in the index.

Average annual total returns are quoted for each class of the Portfolio. Average annual total return is calculated by taking the growth or decline in value of an investment over a period of time, including reinvestment of dividends and distributions, then calculating the annual compounded percentage rate that would have produced the same result had the rate of growth been constant throughout the period.

2. SCHEDULES OF INVESTMENTS

Following the performance overview section is each Portfolio's Schedule of Investments. This schedule reports the industry concentrations and types of securities held in each Portfolio on the last day of the reporting period. Securities are usually listed by type (common stock, corporate bonds, U.S. government obligations, etc.) and by industry classification (banking, communications, insurance, etc.).

The market value of each security is quoted as of the last day of the reporting period. The values of securities denominated in foreign currencies are converted into U.S. dollars.

Portfolios that invest in foreign securities also provide a summary of investments by country. This summary reports the Portfolio's exposure to different countries by providing the percentage of securities invested in each country.

2A. FORWARD CURRENCY CONTRACTS

A table listing forward currency contracts follows each Portfolio's Schedule of Investments (if applicable). Forward currency contracts are agreements to deliver or receive a preset amount of currency at a future date. Forward currency contracts are used to hedge against foreign currency risk in the Portfolio's long-term holdings.

The table provides the name of the foreign currency, the settlement date of the contract, the amount of the contract, the value of the currency in U.S. dollars and the amount of unrealized gain or loss. The amount of unrealized gain or loss reflects the change in currency exchange rates from the time the contract was opened to the last day of the reporting period.

3. STATEMENT OF ASSETS AND LIABILITIES

This statement is often referred to as the "balance sheet." It lists the assets and liabilities of the Portfolios on the last day of the reporting period.

The Portfolios' assets are calculated by adding the value of the securities owned, the receivable for securities sold but not yet settled, the receivable for dividends declared but not yet received on stocks owned and the receivable for Portfolio shares sold to investors but not yet settled. The Portfolios' liabilities include payables for securities purchased but not yet settled, Portfolio shares redeemed but not yet paid and expenses owed but not yet paid. Additionally, there may be other assets and liabilities such as unrealized gain or loss on forward currency contracts.

The last section of this statement reports the net asset value (NAV) per share on the last day of the reporting period for each class of the Portfolio. The NAV is calculated by dividing the Portfolios' net assets (assets minus liabilities) by the number of shares outstanding.

4. STATEMENT OF OPERATIONS

This statement details the Portfolios' income, expenses, gains and losses on securities and currency transactions, and appreciation or depreciation of current Portfolio holdings.

The first section in this statement, entitled "Investment Income," reports the dividends earned from stocks and interest earned from interest-bearing securities in the Portfolio.

The next section reports the expenses and expense offsets incurred by the Portfolios, including the advisory fee paid to the investment adviser.

The last section lists the increase or decrease in the value of securities held in the Portfolios. Portfolios realize a gain (or loss) when they sell their position in a particular security. An unrealized gain (or loss) refers to the change in net appreciation or depreciation of the Portfolios during the period. "Net Realized and Unrealized Gain/ (Loss) on Investments" is affected both by changes in the market value of Portfolio holdings and by gains (or losses) realized during the reporting period.

Explanations of Charts, Tables and Financial Statements

(unaudited) (continued)

5. STATEMENT OF CHANGES IN NET ASSETS

This statement reports the increase or decrease in the Portfolios' net assets during the reporting period. Changes in the Portfolios' net assets are attributable to investment operations, dividends, distributions and capital share transactions. This is important to investors because it shows exactly what caused the Portfolios' net asset size to change during the period.

The first section summarizes the information from the Statement of Operations regarding changes in net assets due to the Portfolios' investment performance. The Portfolios' net assets may also change as a result of dividend and capital gains distributions to investors. If investors receive their dividends in cash, money is taken out of the Portfolio to pay the distribution. If investors reinvest their dividends, the Portfolios' net assets will not be affected. If you compare each Portfolio's "Net Decrease from Dividends and Distributions" to the "Reinvested dividends and distributions," you'll notice that dividend distributions had little effect on each Portfolio's net assets. This is because the majority of Janus investors reinvest their distributions.

The reinvestment of dividends is included under "Capital Share Transactions." "Capital Shares" refers to the money investors contribute to the Portfolios through purchases or withdrawal via redemptions. Each Portfolio's net assets will increase and decrease in value as investors purchase and redeem shares from a Portfolio.

The section entitled "Net Assets Consist of" breaks down the components of the Portfolios' net assets. Because Portfolios must distribute substantially all earnings, you'll notice that a significant portion of net assets is shareholder capital.

6. FINANCIAL HIGHLIGHTS

This schedule provides a per-share breakdown of the components that affect the net asset value (NAV) for current and past reporting periods for each class of the Portfolio. Not only does this table provide you with total return, it also reports total distributions, asset size, expense ratios and portfolio turnover rate.

The first line in the table reflects the NAV per share at the beginning of the reporting period. The next line reports the net investment income per share, which comprises dividends and interest income earned on securities held by the Portfolios. Following is the total of gains, realized and unrealized. Dividends and distributions are then subtracted to arrive at the NAV per share at the end of the period.

Also included are the expense ratios, or the percentage of net assets that was used to cover operating expenses during the period. Expense ratios vary across the Portfolios for a number of reasons, including the differences in management fees, the frequency of dividend payments and the extent of foreign investments, which entail greater transaction costs.

The Portfolios' expenses may be reduced through expense-reduction arrangements. These arrangements include the use of brokerage commissions, uninvested cash balances earning interest or balance credits. The Statement of Operations reflects total expenses before any such offset, the amount of offset and the net expenses. The expense ratios listed in the Financial Highlights reflect total expenses both prior to any expense offset and after the offsets.

The ratio of net investment income/(loss) summarizes the income earned less expenses divided by the average net assets of a Portfolio during the reporting period. Don't confuse this ratio with a Portfolio's yield. The net investment income ratio is not a true measure of a Portfolio's yield because it doesn't take into account the dividends distributed to the Portfolio's investors.

The next ratio is the portfolio turnover rate, which measures the buying and selling activity in a Portfolio. Portfolio turnover is affected by market conditions, changes in the size of a Portfolio, the nature of the Portfolio's investments and the investment style of the portfolio manager. A 100% rate implies that an amount equal to the value of the entire Portfolio is turned over in a year; a 50% rate means that an amount equal to the value of half the Portfolio is traded in a year; and a 200% rate means that an amount equal to the value of the Portfolio is sold every six months.

Shareholder Meeting

Each of the proposals described below were considered at a special meeting of the Portfolios' Shareholders. The meeting was held on January 31, 2002. Tabulations of the votes received on each of the proposals presented at the meetings appear below. Each vote represents a value held on the record date for each meeting.

Proposal 1

To elect a board of Trustees of the Trust.

Trustees	Number of Shares			Percentage of Outstanding Shares			Percentage of Shares Voted		
	Affirmative	Withheld	Total	Affirmative	Withheld	Total	Affirmative	Withheld	Total
Thomas H. Bailey	758,551,719	26,519,589	785,071,308	80.51%	2.81%	83.32%	96.62%	3.38%	100.00%
Dennis B. Mullen	759,975,400	25,095,908	785,071,308	80.66%	2.66%	83.32%	96.80%	3.20%	100.00%
James T. Rothe	760,225,395	24,845,913	785,071,308	80.68%	2.64%	83.32%	96.84%	3.16%	100.00%
William D. Stewart	760,355,853	24,715,455	785,071,308	80.70%	2.62%	83.32%	96.85%	3.15%	100.00%
Martin H. Waldinger	759,412,179	25,659,129	785,071,308	80.60%	2.72%	83.32%	96.73%	3.27%	100.00%

Shareholder Meeting (continued)

Proposal 2

To consider and approve new investment advisory agreements between Janus Aspen Series, on behalf of each Portfolio, and Janus Capital Corporation.

Portfolio	Record Total Shares	Number of Shares		
		Affirmative	Against	Abstain
Janus Aspen Growth Portfolio	135,882,166	92,726,202	2,578,879	5,594,573

Proposal 3a

To approve revisions to or rescission of the fundamental restriction concerning the diversification of a Portfolio's investments.

Portfolio	Record Total Shares	Number of Shares		
		Affirmative	Against	Abstain
Janus Aspen Growth Portfolio	135,882,166	91,603,148	3,424,671	5,871,835

Proposal 3b

To approve revisions to the fundamental restriction concerning a Portfolio's investments in commodities.

Portfolio	Record Total Shares	Number of Shares		
		Affirmative	Against	Abstain
Janus Aspen Growth Portfolio	135,882,166	89,992,567	4,799,552	6,107,535

Proposal 3c

To approve revisions to the fundamental restriction concerning the lending of a Portfolio's portfolio securities.

Portfolio	Record Total Shares	Number of Shares		
		Affirmative	Against	Abstain
Janus Aspen Growth Portfolio	135,882,166	89,492,745	5,269,411	6,137,498

Proposal 3d

To approve revisions to the fundamental restriction concerning borrowing money and issuing senior securities.

Portfolio	Record Total Shares	Number of Shares		
		Affirmative	Against	Abstain
Janus Aspen Growth Portfolio	135,882,166	91,837,123	3,445,586	5,616,945

Percentage of Outstanding Shares			Percentage of Shares Voted		
Affirmative	Against	Abstain	Affirmative	Against	Abstain
68.24%	1.90%	4.12%	91.90%	2.56%	5.54%

Percentage of Outstanding Shares			Percentage of Shares Voted		
Affirmative	Against	Abstain	Affirmative	Against	Abstain
67.42%	2.52%	4.32%	90.79%	3.39%	5.82%

Percentage of Outstanding Shares			Percentage of Shares Voted		
Affirmative	Against	Abstain	Affirmative	Against	Abstain
66.23%	3.53%	4.50%	89.19%	4.76%	6.05%

Percentage of Outstanding Shares			Percentage of Shares Voted		
Affirmative	Against	Abstain	Affirmative	Against	Abstain
65.86%	3.88%	4.52%	88.70%	5.22%	6.08%

Percentage of Outstanding Shares			Percentage of Shares Voted		
Affirmative	Against	Abstain	Affirmative	Against	Abstain
67.59%	2.54%	4.13%	91.02%	3.41%	5.57%

Janus Aspen Series

Janus Aspen Growth and Income Portfolio



Janus Aspen Growth and Income Portfolio

David Corkins,
portfolio manager

Janus Aspen Growth and Income Portfolio declined 10.49% for its Institutional Shares and 10.62% for its Service Shares for the six months ended June 30, 2002, outpacing its benchmark, the S&P 500 Index, which fell 13.15%.⁽¹⁾ This performance earned the Portfolio's Institutional Shares a top-decile ranking for the one-year period ended June 30, 2002, placing it 10th



out of 142 variable annuity large-cap growth funds tracked by Lipper, a Reuters Company and leading mutual fund rating company.⁽²⁾

At the start of 2002, mixed messages and a stabilizing economy produced a sideways market, but investor confidence took a turn for the worse later in the period, as accounting irregularities, corporate scandals, international unrest and terrorist threats sent stocks sharply lower. Given the extreme negativity surrounding the market, I maintained a flat and highly diversified portfolio, investing across a wide range of industries and holdings. Furthermore, I continued to use the ongoing rally in bonds to trim our fixed-income exposure and shift assets back into equities, which appeared to offer a more attractive risk/reward trade-off for the patient investor.

Contributing to our performance was U.S. Bancorp. Its stock slid late last year after the company boosted its loan loss reserves in anticipation of rising credit defaults after September 11th. I bought on the dip, taking the opportunity to add to our position at an attractive price. Since then, shares have bounced back nicely on the news that losses were less severe than initially expected. I am also pleased to see cost-cutting and other benefits of U.S. Bancorp's merger with Firststar begin to materialize and retail sales at the bank's newly acquired branches start to improve.

Meanwhile, Anheuser-Busch moved along with nearly 50% of the U.S. market. The world's largest brewer has maintained pricing power amid a sluggish economy, giving it substantial leverage in its marketing and distribution spending. This almost insurmountable competitive advantage translates into earnings power as the company announced in May that it was raising its 2002 growth target to 13% following 14 straight quarters of revenue growth as well as record beer sales. A move toward exclusive distributorships should also work to the company's benefit, ensuring prime product placement that could result in further share gains.

Elsewhere, Coca-Cola Enterprises, the largest bottler of Coca-Cola soft drink products, posted an impressive gain for the period. After several years of revenue and earnings disappointments, the company bounced back in 2002 with solid volume growth helped by the launch of Vanilla Coke. Late last year, Coca-Cola Enterprises also reached an agreement with one-time parent Coca-Cola Company to share jointly in improving

marketing, pricing and cost-cutting efficiencies while instituting performance-based funding initiatives. The agreement appears to have gone a long way toward shoring up a previously strained relationship and should continue to prove beneficial for both companies.

As I contemplated companies whose performance fell short of our expectations, I was reminded of an old adage: "The road to success is always under construction." Such is the case with Citigroup. The leading global services franchise and top holding suffered on concerns over its exposure to struggling Latin American economies, as well as scandal-ridden companies Enron and WorldCom. However, I believe the fears may have been overblown and the selling indiscriminate. The company's diverse business mix continues to fire on all cylinders and insulates it against weakness in any one area. We therefore expect Citigroup to reward our conviction over the longer term.

General Electric also gave ground as the weakening economy hampered sales at its short-cycle businesses including GE Plastics, Lighting, Appliances and NBC. Investors also took the industrial conglomerate to task for relying on short-term debt and acquisitions to drive its growth. Still, I continue to be impressed by GE's management and its diversified and well-balanced business mix – plus, the company generates substantial internal capital. For these reasons, GE remains among our top holdings.

In conclusion, we are neither optimistic nor pessimistic regarding the market, only realistic. To that end, we will continue to focus on companies that stick with basic blocking and tackling and can perform regardless of where the coming months lead us. While low rates and productivity gains could eventually get the economy moving again, there's a good chance it could come in fits and starts. As a result, we'll take it one day at a time, one company at a time.

Thank you for investing in Janus Aspen Growth and Income Portfolio.

Portfolio Asset Mix

(% of Net Assets)	June 30, 2002	December 31, 2001
Equities	89.0%	84.3%
Top 10 Equities	26.9%	27.2%
Number of Stocks	73	74
Fixed Income Securities	7.4%	6.9%
Cash and Cash Equivalents	3.6%	8.8%

(1) All returns include reinvested dividends and capital gains.

(2) Lipper, a Reuters Company, is a nationally recognized organization that ranks the performance of mutual funds within a universe of funds that have similar investment objectives. Rankings are historical and are based on total return with capital gains and dividends reinvested.

Past performance does not guarantee future results.

There is no assurance that the investment process will consistently lead to successful investing.

Average Annual Total Return

For the Periods Ended June 30, 2002

Institutional Shares (Inception Date 5/1/98)	
1 Year	(16.87)%
From Inception	8.20%
S&P 500 Index	
1 Year	(17.98)%
From Inception of Institutional Shares	(1.46)%
Service Shares (Inception Date 12/31/99)	
1 Year	(17.07)%
From Portfolio Inception	7.93%

Returns shown for Service Shares for periods prior to their inception are derived from the historical performance of Institutional Shares, adjusted to reflect the higher operating expenses of Service Shares.

Due to market volatility, current performance may be higher or lower than the figures shown. Call 1-800-504-4440 or visit janus.com for more current performance information.

Past performance is no guarantee of future results and investment results and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Total return includes reinvestment of dividends and capital gains.

The S&P 500 is the Standard & Poor's Composite Index of 500 stocks, a widely recognized, unmanaged index of common stock prices. The Portfolio may differ significantly from the securities held in the index. The index is not available for direct investment; therefore its performance does not reflect the expenses associated with the active management of an actual portfolio.

These returns do not reflect the charges and expenses of any particular insurance product or qualified plan.

Schedule of Investments (unaudited)

Shares or Principal Amount	Market Value	Shares or Principal Amount	Market Value
Common Stock – 84.2%		Cable Television – 3.4%	
Advertising Sales – 0.2%		5,380 Comcast Corp. – Class A*	\$ 130,196
9,210 Lamar Advertising Co.*	\$ 342,704	130,638 Comcast Corp. – Special Class A*	3,114,410
Aerospace and Defense – 0.6%		74,321 Cox Communications, Inc. – Class A*	2,047,544
7,980 General Dynamics Corp.	848,673		5,292,150
Applications Software – 2.4%		Casino Hotels – 0.9%	
66,785 Microsoft Corp.*	3,653,139	136,380 Park Place Entertainment Corp.*	1,397,895
Automotive – Cars and Light Trucks – 0.9%		Chemicals – Diversified – 2.3%	
33,315 BMW A.G.	1,373,689	78,893 E.I. du Pont de Nemours and Co.	3,502,849
Automotive – Truck Parts and Equipment – 1.0%		Commercial Services – Finance – 0.9%	
120,345 Delphi Corp.	1,588,554	44,762 Paychex, Inc.	1,400,603
Beverages – Non-Alcoholic – 3.4%		Computer Services – 0.9%	
99,620 Coca-Cola Enterprises, Inc.	2,199,610	72,570 Ceridian Corp.*	1,377,379
64,466 PepsiCo, Inc.	3,107,261	Computers – 0.5%	
	5,306,871	44,105 Apple Computer, Inc.*	781,541
Brewery – 1.8%		Consulting Services – 0.5%	
56,328 Anheuser-Busch Companies, Inc.	2,816,400	40,350 Accenture, Ltd. – Class A	
Broadcast Services and Programming – 3.2%		– New York Shares*	766,650
40,570 Clear Channel Communications, Inc.*	1,299,051	Cosmetics and Toiletries – 1.8%	
391,378 Liberty Media Corp. – Class A*	3,718,091	12,570 Colgate-Palmolive Co.	629,129
	5,017,142	24,735 Procter & Gamble Co.	2,208,835
			2,837,964

See Notes to Schedules of Investments.

Janus Aspen Growth and Income Portfolio

Schedule of Investments (unaudited)

Shares or Principal Amount	Market Value	Shares or Principal Amount	Market Value
Data Processing and Management – 0.2%		Multimedia – 3.2%	
7,015 Automatic Data Processing, Inc.	\$ 305,503	5,370 Gannett Company, Inc.	\$ 407,583
Diversified Financial Services – 4.0%		81,954 Viacom, Inc. – Class B*	3,636,299
159,095 Citigroup, Inc.	6,164,931	49,795 Walt Disney Co.	941,125
Diversified Operations – 5.9%			4,985,007
14,260 3M Co.	1,753,980	Oil Companies – Integrated – 6.0%	
130,433 General Electric Co.	3,789,079	84,480 Conoco, Inc.	2,348,544
102,605 Honeywell International, Inc.	3,614,774	64,024 EnCana Corp. – New York Shares	1,959,134
	9,157,833	123,570 Exxon Mobil Corp.	5,056,484
Electric – Integrated – 1.0%			9,364,162
49,900 Duke Energy Corp.	1,551,890	Pipelines – 0.5%	
Engineering – Research and Development – 1.4%		20,546 Kinder Morgan, Inc.	781,159
53,280 Fluor Corp.	2,075,256	Printing – Commercial – 0.6%	
Entertainment Software – 0.7%		27,036 Valassis Communications, Inc.*	986,814
15,505 Electronic Arts, Inc.*	1,024,105	Property and Casualty Insurance – 0.1%	
Finance – Consumer Loans – 2.3%		2,190 Chubb Corp.	155,052
72,495 Household International, Inc.	3,603,002	Reinsurance – 1.4%	
Finance – Investment Bankers/Brokers – 3.5%		985 Berkshire Hathaway, Inc. – Class B*	2,200,490
22,845 Goldman Sachs Group, Inc.	1,675,681	Retail – Discount – 0.6%	
105,760 J.P. Morgan Chase & Co.	3,587,379	25,015 Target Corp.	953,072
3,300 Lehman Brothers Holdings, Inc.	206,316	Semiconductor Components/Integrated Circuits – 2.0%	
	5,469,376	29,435 Linear Technology Corp.	925,142
Financial Guarantee Insurance – 1.1%		57,829 Maxim Integrated Products, Inc.*	2,216,586
23,920 MGIC Investment Corp.	1,621,776		3,141,728
Food – Diversified – 0.4%		Super-Regional Banks – 3.9%	
14,600 H.J. Heinz Co.	600,060	21,130 Bank of America Corp.	1,486,707
Food – Retail – 1.1%		196,590 U.S. Bancorp	4,590,376
87,645 Kroger Co.*	1,744,135		6,077,083
Hotels and Motels – 0.6%		Telecommunication Equipment – 0.4%	
38,182 Fairmont Hotels & Resorts, Inc.	984,332	44,145 Nokia Oyj (ADR)	639,220
Insurance Brokers – 2.5%		Tools – Hand Held – 0.8%	
40,229 Marsh & McLennan Companies, Inc.	3,886,121	29,395 Stanley Works Co.	1,205,489
Internet Brokers – 0.5%		Toys – 1.3%	
65,516 Charles Schwab Corp.	733,779	98,325 Mattel, Inc.	2,072,691
Investment Management and Advisory Services – 0.8%		Travel Services – 1.0%	
37,275 T. Rowe Price Group, Inc.	1,225,602	65,835 USA Interactive*	1,543,831
Life and Health Insurance – 3.2%		Total Common Stock (cost \$142,004,979)	130,664,041
33,170 AFLAC, Inc.	1,061,440	Corporate Bonds – 2.3%	
14,310 CIGNA Corp.	1,394,080	Advertising Sales – 0.1%	
39,659 John Hancock Financial Services, Inc.	1,395,997	\$ 115,000 Lamar Advertising Co., 5.25%	
34,255 Principal Financial Group, Inc.*	1,061,905	convertible notes, due 9/15/06	116,150
	4,913,422	Cellular Telecommunications – 0%	
Medical – Drugs – 4.4%		58,000 VoiceStream Wireless Corp., 10.375%	
23,762 Allergan, Inc.	1,586,114	senior notes, due 11/15/09	55,680
69,045 Pfizer, Inc.	2,416,575	Finance – Investment Bankers/Brokers – 0.3%	
55,200 Wyeth	2,826,240	Merrill Lynch & Company, Inc.:	
	6,828,929	200,000 6.15%, notes, due 1/26/06	209,500
Medical Instruments – 1.3%		300,000 5.36%, notes, due 2/1/07	303,375
45,314 Medtronic, Inc.	1,941,705		512,875
Motorcycle and Motor Scooter Manufacturing – 0.6%		Oil Companies – Exploration and Production – 0.1%	
18,963 Harley-Davidson, Inc.	972,233	363,000 Devon Energy Corp., 0%	
Multi-Line Insurance – 2.2%		convertible debentures, due 6/27/20	179,685
50,565 American International Group, Inc.	3,450,050	Retail – Discount – 1.1%	
		1,655,000 Wal-Mart Stores, Inc., 4.375%	
		notes, due 8/1/03	1,690,169

See Notes to Schedules of Investments.

Janus Aspen Growth and Income Portfolio

Schedule of Investments (unaudited)

Shares or Principal Amount	Market Value
Telephone – Integrated – 0.1%	
\$ 185,000 CenturyTel, Inc., 8.375% notes, due 10/15/10	\$ 192,631
Toys – 0.3%	
Mattel, Inc.:	
140,000 6.00%, notes, due 7/15/03	141,050
250,000 6.125%, notes, due 7/15/05	249,375
	390,425
Transportation – Railroad – 0.3%	
365,000 Wisconsin Central Transportation Corp. 6.625%, notes, due 4/15/08	382,338
Total Corporate Bonds (cost \$3,438,825)	3,519,953
Preferred Stock – 4.8%	
Automotive – Cars and Light Trucks – 4.3%	
40,490 Ford Motor Company Capital Trust II convertible, 6.50%	2,277,562
71,290 General Motors Corp. – Series B convertible, 5.25%	1,872,788
5,445 Porsche A.G.	2,581,257
	6,731,607
Electric – Integrated – 0.5%	
31,921 Reliant Energy, Inc., convertible, 2.00% (AOL Time Warner, Inc.) ^Ω	798,025
Total Preferred Stock (cost \$7,744,896)	7,529,632
U.S. Government Obligations – 5.1%	
U.S. Treasury Notes:	
\$3,765,000 3.00%, due 1/31/04	3,789,548
3,880,000 5.25%, due 5/15/04	4,055,298
Total U.S. Government Obligations (cost \$7,695,479)	7,844,846
Repurchase Agreement – 4.4%	
6,900,000 ABN AMRO Bank N.V., 1.97% dated 6/28/02, maturing 7/1/02 to be repurchased at \$6,901,133 collateralized by \$1,421,935 in Collateralized Mortgage Obligations 2.29%-6.50847%, 6/10/13-12/25/40 Aaa, \$6,515,836 in U.S. Government Obligations, 2.64%-7.30% 6/15/09-5/1/37; with respective values of \$635,762 and \$6,402,242 (cost \$6,900,000)	6,900,000
Total Investments (total cost \$167,784,179) – 100.8%	156,458,472
Liabilities, net of Cash, Receivables and Other Assets – (0.8)%	(1,291,996)
Net Assets – 100%	\$155,166,476

Summary of Investments by Country, June 30, 2002

Country	% of Investment Securities	Market Value
Bermuda	0.5%	\$ 766,650
Canada	1.9%	2,943,466
Finland	0.4%	639,220
Germany	2.5%	3,954,946
United States ^{††}	94.7%	148,154,190
Total	100.0%	\$156,458,472

^{††}Includes Short-Term Securities (90.3% excluding Short-Term Securities)

See Notes to Schedules of Investments.

Statement of Assets and Liabilities

Janus Aspen
Growth and
Income
Portfolio

As of June 30, 2002 (unaudited)
(all numbers in thousands except net asset value per share)

Assets:	
Investments at cost	\$ 167,784
Investments at value:	\$ 156,458
Cash	44
Receivables:	
Investments sold	682
Portfolio shares sold	1
Dividends	157
Interest	138
Other assets	1
Total Assets	157,481
Liabilities:	
Payables:	
Investments purchased	1,479
Portfolio shares repurchased	707
Advisory fees	86
Accrued expenses	42
Total Liabilities	2,314
Net Assets	\$155,167
Net Assets – Institutional Shares	\$ 72,707
Shares Outstanding, \$0.001 Par Value (unlimited shares authorized)	5,483
Net Asset Value Per Share	\$ 13.26
Net Assets – Service Shares	\$ 82,460
Shares Outstanding, \$0.001 Par Value (unlimited shares authorized)	6,218
Net Asset Value Per Share	\$ 13.26

See Notes to Financial Statements.

Statement of Operations

<i>For the six months ended June 30, 2002 (unaudited) (all numbers in thousands)</i>	<i>Janus Aspen Growth and Income Portfolio</i>
Investment Income:	
Interest	\$ 367
Dividends	912
Foreign tax withheld	(7)
Total Investment Income	1,272
Expenses:	
Advisory fees	561
Transfer agent expenses	2
Registration fees	33
System fees	7
Custodian fees	25
Audit fees	6
Distribution fees – Service Shares	110
Other expenses	9
Total Expenses	753
Expense and Fee Offsets	(1)
Net Expenses	752
Excess Expense Reimbursement	—
Net Expenses After Reimbursement	752
Net Investment Income/(Loss)	520
Net Realized and Unrealized Gain/(Loss) on Investments:	
Net realized gain/(loss) from securities transactions	(9,898)
Change in net unrealized appreciation/(depreciation) of investments and foreign currency translations	(9,468)
Net Realized and Unrealized Gain/(Loss) on Investments and foreign currency translations	(19,366)
Net Increase/(Decrease) in Net Assets Resulting from Operations	\$(18,846)

See Notes to Financial Statements.

Statement of Changes in Net Assets

For the six months ended June 30 (unaudited)
and for the fiscal year ended December 31, 2001
(all numbers in thousands)

Janus Aspen
Growth and Income
Portfolio
2002 2001

	2002	2001
Operations:		
Net investment income/(loss)	\$ 520	\$ 1,926
Net realized gain/(loss) from investment transactions and foreign currency translations	(9,898)	(28,735)
Change in unrealized net appreciation/(depreciation) of investments and foreign currency translations	(9,468)	(312)
Net Increase/(Decrease) in Net Assets Resulting from Operations	(18,846)	(27,121)
Dividends and Distributions to Shareholders:		
Net investment income*	(463)	(2,121)
Net realized gain from investment transactions*	—	—
Tax Return of Capital*	—	—
Net Decrease from Dividends and Distributions	(463)	(2,121)
Capital Share Transactions:		
Shares sold		
Institutional Shares	2,254	6,926
Service Shares	16,251	56,233
Reinvested dividends and distributions		
Institutional Shares	276	1,432
Service Shares	187	689
Shares repurchased		
Institutional Shares	(13,146)	(21,655)
Service Shares	(9,159)	(14,594)
Net Increase/(Decrease) from Capital Share Transactions	(3,337)	29,031
Net Increase/(Decrease) in Net Assets	(22,646)	(211)
Net Assets:		
Beginning of period	177,813	178,024
End of period	\$ 155,167	\$ 177,813
Net Assets Consist of:		
Capital (par value and paid-in surplus)*	\$ 209,300	\$ 212,637
Undistributed net investment income/(loss)*	141	84
Undistributed net realized gain/(loss) from investments*	(42,950)	(33,052)
Unrealized appreciation/(depreciation) of investments and foreign currency translations	(11,324)	(1,856)
Total Net Assets	\$ 155,167	\$ 177,813
Transactions in Portfolio Shares – Institutional Shares		
Shares sold	155	438
Reinvested dividends and distributions	21	92
Total	176	530
Shares Repurchased	(923)	(1,411)
Net Increase/(Decrease) in Portfolio Shares	(747)	(881)
Shares Outstanding, Beginning of Period	6,230	7,111
Shares Outstanding, End of Period	5,483	6,230
Transactions in Portfolio Shares – Service Shares ⁽¹⁾		
Shares sold	1,129,127	3,516,345
Reinvested dividends and distributions	14,220	44,389
Total	1,143,347	3,560,734
Shares Repurchased	(651,459)	(958,747)
Net Increase/(Decrease) in Portfolio Shares	491,888	2,601,987
Shares Outstanding, Beginning of Period	5,726,140	3,124,153
Shares Outstanding, End of Period	6,218,028	5,726,140
Purchases and Sales of Investment Securities: (excluding short-term securities)		
Purchases of securities	\$ 37,634	\$ 115,281
Proceeds from sales of securities	30,798	77,413
Purchases of long-term U.S. government obligations	3,772	5,900
Proceeds from sales of long-term U.S. government obligations	4,012	4,006

*See Note 3 in Notes to Financial Statements.

(1) Transactions in Portfolio Shares – Service Shares numbers are not in thousands.

Financial Highlights – Institutional Shares

For a share outstanding during the
six months ended June 30 (unaudited)
and through each fiscal year or period ended December 31

Janus Aspen Growth and Income Portfolio

	2002	2001	2000	1999	1998 ⁽²⁾
Net Asset Value, Beginning of Period	\$14.87	\$17.41	\$20.77	\$11.96	\$10.00
Income from Investment Operations:					
Net investment income/(loss)	.06	.20	.19	.04	.02
Net gain/(loss) on securities (both realized and unrealized)	(1.62)	(2.52)	(3.08)	8.81	1.96
Total from Investment Operations	(1.56)	(2.32)	(2.89)	8.85	1.98
Less Distributions:					
Dividends (from net investment income)*	(.05)	(.22)	(.16)	(.04)	(.02)
Distributions (from capital gains)*	—	—	(.31)	—	—
Total Distributions	(.05)	(.22)	(.47)	(.04)	(.02)
Net Asset Value, End of Period	\$13.26	\$14.87	\$17.41	\$20.77	\$11.96
Total Return**	(10.49)%	(13.37)%	(14.10)%	74.04%	19.80%
Net Assets, End of Period (in thousands)	\$72,707	\$ 92,659	\$123,812	\$84,480	\$6,413
Average Net Assets for the Period (in thousands)	\$85,408	\$105,243	\$124,282	\$28,838	\$2,883
Ratio of Gross Expenses to Average Net Assets*** ⁽¹⁾	0.74%	0.70%	0.78%	1.06%	1.25%
Ratio of Net Expenses to Average Net Assets*** ⁽¹⁾	0.74%	0.70%	0.78%	1.05%	1.25%
Ratio of Net Investment Income to Average Net Assets***	0.73%	1.19%	1.07%	0.56%	0.66%
Portfolio Turnover Rate***	44%	52%	37%	59%	62%

*See Note 3 in Notes to Financial Statements.

**Total return not annualized for periods of less than one full year.

***Annualized for periods of less than one full year.

(1) See Note 5 in Notes to Financial Statements.

(2) Period May 1, 1998 (inception) to December 31, 1998.

See Notes to Financial Statements.

Financial Highlights – Service Shares

For a share outstanding during the
six months ended June 30 (unaudited)
and through each fiscal year ended December 31

Janus Aspen
Growth and Income Portfolio
2002 2001 2000

Net Asset Value, Beginning of Period	\$14.87	\$17.35	\$20.63
Income from Investment Operations:			
Net investment income/(loss)	.03	.12	.07
Net gain/(loss) on securities (both realized and unrealized)	(1.61)	(2.47)	(2.99)
Total from Investment Operations	(1.58)	(2.35)	(2.92)
Less Distributions:			
Dividends (from net investment income)*	(.03)	(.13)	(.05)
Distributions (from capital gains)*	—	—	(.31)
Tax return of capital*	—	—	—
Total Distributions	(.03)	(.13)	(.36)
Net Asset Value, End of Period	\$13.26	\$14.87	\$17.35
Total Return**	(10.62)%	(13.58)%	(14.31)%
Net Assets, End of Period (in thousands)	\$82,460	\$85,154	\$54,212
Average Net Assets for the Period (in thousands)	\$88,571	\$73,705	\$12,868
Ratio of Gross Expenses to Average Net Assets*** ⁽¹⁾	1.00%	0.95%	1.11%
Ratio of Net Expenses to Average Net Assets*** ⁽¹⁾	1.00%	0.95%	1.10%
Ratio of Net Investment Income/(Loss) to Average Net Assets***	0.48%	0.91%	1.20%
Portfolio Turnover Rate***	44%	52%	37%

*See Note 3 in Notes to Financial Statements.

**Total return not annualized for periods of less than one full year.

***Annualized for periods of less than one full year.

(1) See Note 5 in Notes to Financial Statements.

Notes to Schedules of Investments

ADR American Depository Receipt

*Non-income-producing security

**A portion of this security has been segregated by the custodian to cover margin or segregation requirements on open futures contracts, forward currency contracts and/or swap spread lock agreements.

† Securities are exempt from the registration requirements of the Securities Act of 1933 and/or Section 4(2) of the Securities Act and may be deemed to be restricted for resale.

ΩRate is subject to change. Rate shown reflects current rate.

ΔSecurity is a defaulted security in Janus Aspen Global Technology Portfolio and Janus Aspen Flexible Income Portfolio with accrued interest in the amount of \$40,000 and \$39,840, respectively, that was written-off December 10, 2001.

π Security is a U.S. Treasury Inflation-Protected Security (TIPS).

Variable Rate Notes. The interest rate, which is based on specific, or an index of, market interest rates, is subject to change. Rates in the security description are as of June 30, 2002.

Money market funds may hold securities with stated maturities of greater than 397 days when those securities have features that allow a fund to “put” back the security to the issuer or to a third party within 397 days of acquisition. The maturity dates shown in the security descriptions are the stated maturity dates.

Repurchase Agreements held by a Portfolio are fully collateralized, and such collateral is in the possession of the Portfolio’s custodian or subcustodian. The collateral is evaluated daily to ensure its market value equals or exceeds the current market value of the repurchase agreements including accrued interest. In the event of default on the obligation to repurchase, the Portfolio has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. In the event of default or bankruptcy by the other party to the agreement, realization and/or retention of the collateral or proceeds may be subject to legal proceedings.

Notes to Financial Statements

The following section describes the organization and significant accounting policies of the Portfolios and provides more detailed information about the schedules and tables that appear throughout this report. In addition, the Notes explain how the Portfolios operate and the methods used in preparing and presenting this report.

I. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Janus Aspen Series (the “Trust”) was organized as a Delaware Trust on May 20, 1993, and is registered under the Investment Company Act of 1940 (the “1940 Act”) as a no-load, open-end management investment company. The Trust offers fourteen Portfolios or series of shares with differing investment objectives and policies. Twelve Portfolios invest primarily in equity securities: Janus Aspen Growth Portfolio, Janus Aspen Aggressive Growth Portfolio, Janus Aspen Capital Appreciation Portfolio, Janus Aspen Core Equity Portfolio, Janus Aspen Balanced Portfolio, Janus Aspen Growth and Income Portfolio, Janus Aspen Strategic Value Portfolio, Janus Aspen International Growth Portfolio, Janus Aspen Worldwide Growth Portfolio, Janus Aspen Global Life Sciences Portfolio, Janus Aspen Global Technology Portfolio and Janus Aspen Global Value Portfolio. One Portfolio invests primarily in income-producing securities: Janus Aspen Flexible Income Portfolio. Janus Aspen Money Market Portfolio invests in short-term money market securities. Each Portfolio is diversified as defined in the 1940 Act, with the exception of the Janus Aspen Aggressive Growth Portfolio, Janus Aspen Capital Appreciation Portfolio, Janus Aspen Strategic Value Portfolio, Janus Aspen Global Life Sciences Portfolio, Janus Aspen Global Technology Portfolio and Janus Aspen Global Value Portfolio, which are nondiversified.

Institutional Shares of the Trust are issued and redeemed only in connection with investment in and payments under variable annuity contracts and variable life insurance contracts (collectively “variable insurance contracts”), as well as certain qualified retirement plans.

Effective December 31, 1999, the Trust issued a new class of shares, the Service Shares. Service Shares of the Trust are also issued and redeemed only in connection with investment in and payments under variable insurance contracts, as well as certain qualified retirement plans.

Effective December 31, 2001, the Trust issued a new class of shares, the Service II Shares in the Janus Aspen International Growth, Janus Aspen Worldwide Growth, and Janus Aspen Global Technology Portfolios. Janus Capital Management LLC (“Janus Capital”) invested \$10,000 of initial seed capital in each Portfolio of the Service II Shares.

Janus Aspen High-Yield Portfolio was liquidated on October 26, 2001. Regulatory approvals were obtained to substitute shares

of the Janus Aspen Flexible Income Portfolio for shares of the Janus Aspen High-Yield Portfolio. 60,319 shares in the amount of \$731,670 were exchanged into Janus Aspen Flexible Income Portfolio as a result of the substitution.

The following accounting policies have been consistently followed by the Trust and are in conformity with accounting principles generally accepted in the United States of America in the investment company industry.

Investment Valuation

Securities are valued at the closing price for securities traded on a principal securities exchange (U.S. or foreign) and on the NASDAQ National Market. Securities traded on over-the-counter markets and listed securities for which no sales are reported are valued at the latest bid price (or yield equivalent thereof) obtained from one or more dealers making a market for such securities or by a pricing service approved by the Trustees. Short-term investments maturing within 60 days and all money market securities in the Money Market Portfolio are valued at amortized cost, which approximates market value. Foreign securities are converted to U.S. dollars using exchange rates at the close of the New York Stock Exchange. When market quotations are not readily available, securities are valued at fair value as determined in good faith under procedures established by and under the supervision of the Portfolios’ Trustees.

Investment Transactions and Investment Income

Investment transactions are accounted for as of the date purchased or sold. Dividend income is recorded on the ex-dividend date. Certain dividends from foreign securities will be recorded as soon as the Trust is informed of the dividend if such information is obtained subsequent to the ex-dividend date. Interest income is recorded on the accrual basis and includes amortization of discounts and premiums. Gains and losses are determined on the identified cost basis, which is the same basis used for federal income tax purposes. Income, as well as, gains and losses are allocated daily to each class of shares based upon the ratio of net assets represented by each class as a percentage of total net assets.

Forward Currency Transactions and Futures Contracts

The Portfolios enter into forward currency contracts in order to reduce their exposure to changes in foreign currency exchange rates on their foreign portfolio holdings and to lock in the U.S. dollar cost of firm purchase and sales commitments for securities denominated in or exposed to foreign currencies. A forward currency exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated rate. The gain or loss arising from the difference between the U.S. dollar cost of the original contract and the value of the foreign currency in U.S. dollars upon closing of such contract is included in net realized gain or loss from foreign currency transactions.

Notes to Financial Statements (continued)

Forward currency contracts held by the Portfolios are fully collateralized by other securities, which are denoted in the accompanying Schedule of Investments. Such collateral is in the possession of the Portfolio's custodian. The collateral is evaluated daily to ensure its market value equals or exceeds the current market value of the corresponding forward currency contracts.

The Portfolios do not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held at the date of the financial statements. Net unrealized appreciation or depreciation on investments and foreign currency translation arise from changes in the value of assets and liabilities, including investments in securities at the date of the financial statements, resulting from changes in the exchange rates and changes in market prices of securities held.

Currency gain and loss are also calculated on payables and receivables that are denominated in foreign currencies. The payables and receivables are generally related to security transactions and income.

The Portfolios may enter into futures contracts and options on securities, financial indices and foreign currencies, forward contracts and interest-rate swaps and swap-related products. The Portfolios intend to use such derivative instruments primarily to hedge or protect from adverse movements in securities prices, currency rates or interest rates. The use of futures contracts and options may involve risks such as the possibility of illiquid markets or imperfect correlation between the value of the contracts and the underlying securities, or that the counterparty will fail to perform its obligations.

Futures contracts are marked to market daily, and the resultant variation margin is recorded as an unrealized gain or loss. When a contract is closed, a realized gain or loss is recorded equal to the difference between the opening and closing value of the contract. Generally, open forward and futures contracts are marked to market (i.e., treated as realized and subject to distribution) for federal income tax purposes at fiscal year-end.

Foreign-denominated assets and forward currency contracts may involve more risks than domestic transactions, including currency risk, political and economic risk, regulatory risk and market risk. Risks may arise from the potential inability of a counterparty to meet the terms of a contract and from unanticipated movements in the value of foreign currencies relative to the U.S. dollar.

Initial Public Offerings

The Portfolios may invest in initial public offerings (IPOs). IPOs and other investment techniques may have a magnified performance impact on a portfolio with a small asset base. The Portfolios may not experience similar performance as their assets grow.

Additional Investment Risk

A portion of the Janus Aspen Flexible Income Portfolio may be invested in lower-rated debt securities that have a higher risk of default or loss of value because of changes in the economy, or political environment, or adverse developments specific to the issuer.

Restricted Security Transactions

Restricted securities held by a Portfolio may not be sold except in exempt transactions or in a public offering registered under the Securities Act of 1933. The risk of investing in such securities is generally greater than the risk of investing in the securities of widely held, publicly traded companies. Lack of a secondary market and resale restrictions may result in the inability of a Portfolio to sell a security at a fair price and may substantially delay the sale of the security which each portfolio seeks to sell. In addition, these securities may exhibit greater price volatility than securities for which secondary markets exist.

Dividend Distributions

Each Portfolio, except the Money Market Portfolio, makes at least semiannual distributions of substantially all of its investment income and at least an annual distribution of its net realized capital gains, if any. Dividends are declared daily and distributed monthly for the Janus Aspen Money Market Portfolio. The majority of dividends and capital gains distributions from a Portfolio will be automatically reinvested into additional shares of that Portfolio.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Federal Income Taxes

No provision for income taxes is included in the accompanying financial statements as the Portfolios intend to distribute to shareholders all taxable investment income and realized gains and otherwise comply with the Internal Revenue Code applicable to regulated investment companies.

2. INVESTMENT ADVISORY AGREEMENTS AND OTHER TRANSACTIONS WITH AFFILIATES

Each equity Portfolio is subject to advisory fees payable to Janus Capital based upon an annual rate of .65% of average net assets. The Janus Aspen Flexible Income Portfolio is subject to advisory fees payable to Janus Capital based upon annual rates of .65% of the first \$300 million of average net assets plus .55% of average net assets in excess of \$300 million. The Janus Aspen Money Market Portfolio's advisory fee rate is .25% of average net assets.

Janus Capital has agreed to reduce its fee to the extent normal operating expenses exceed 1% of the average net assets of the Janus Aspen Flexible Income Portfolio and .50% of the average net assets of the Janus Aspen Money Market Portfolio for a fiscal year. Janus Capital has also agreed to reduce its fee to the extent that normal operating expenses exceed 1.25% of the average net assets of the Janus Aspen Core Equity, Janus Aspen Strategic Value, Janus Aspen Global Life Sciences, Janus Aspen Global Technology and Janus Aspen Global Value Portfolios.

Janus Capital has agreed to continue these fee waivers and reductions until at least the next annual renewal of the advisory contracts. The distribution fee applicable to the Service and Service II Shares is not included in these expense limits.

Janus Services LLC ("Janus Services"), a wholly owned subsidiary of Janus Capital, receives certain out-of-pocket expenses for transfer agent services.

Officers and trustees of the Portfolios may also be officers and/or directors of Janus Capital; however, such officers and trustees receive no compensation from the Portfolios.

Janus Distributors LLC, a wholly owned subsidiary of Janus Capital, is a distributor of the Portfolios. The Service and Service II Shares have each adopted a Distribution and Shareholder Servicing Plan (The "Plans") pursuant to Rule 12b-1 under The 1940 Act. The Plans authorize payments by the Portfolios in connection with the distribution of the Service and Service II Shares at an annual rate, as determined from time to time by the Board of Trustees, of up to .25% of the Service and Service II Shares' average daily net assets.

DST Systems, Inc. (DST), an affiliate of Janus Capital through a degree of common ownership, provides a shareholder accounting system to the Portfolios. DST Securities, Inc., a wholly owned subsidiary of DST, is designated as an introductory broker on certain portfolio transactions. Brokerage commissions paid to DST Securities, Inc. serve to reduce transfer agent fees and expenses. Brokerage commissions paid, fees reduced and the net fees paid to DST for the period ended June 30, 2002, are noted below.

<i>Portfolio</i>	<i>DST Securities, Inc. Commissions Paid*</i>	<i>Portfolio Expense Reduction*</i>	<i>DST Systems Costs</i>
Janus Aspen Growth and Income Portfolio	—	—	\$1,912

*The difference between commissions paid to DST Securities, Inc. and expenses reduced constitute commissions paid to an unaffiliated clearing broker.

Notes to Financial Statements (continued)

3. FEDERAL INCOME TAX

Net investment income distributions and capital gains distributions are determined in accordance with income tax regulations that may differ from accounting principles generally accepted in the United States of America. These differences are due to differing treatments for items such as deferral of wash sales, foreign currency transactions, net operating losses and capital loss carryovers.

The Portfolios have elected to treat gains and losses on forward foreign currency contracts as capital gains and losses. Other foreign currency gains and losses on debt instruments are treated as ordinary income for federal income tax purposes pursuant to Section 988 of the Internal Revenue Code.

Accumulated capital losses noted below represent net capital loss carryovers, as of December 31, 2001, that may be available to offset future realized capital gains and thereby reduce future taxable gains distributions. These carryovers expire between December 1, 2008 and December 31, 2009.

The aggregate cost of investments and the composition of unrealized appreciation and depreciation of investment securities for federal income tax purposes as of June 30, 2002 are also noted below.

<i>Portfolio</i>	<i>Accumulated Capital Losses</i>	<i>Federal Tax Cost</i>	<i>Unrealized Appreciation</i>	<i>Unrealized (Depreciation)</i>	<i>Net Appreciation/ (Depreciation)</i>
Janus Aspen Growth and Income Portfolio	\$(24,326,987)	\$168,396,677	\$9,664,250	\$(21,602,455)	\$(11,938,205)

4. EXPENSES

The Portfolios' expenses may be reduced through expense-reduction arrangements. Those arrangements include the use of broker commissions paid to DST Securities, Inc. and uninvested cash balances earning interest with the Portfolios' custodian. The Statements of Operations reflect the total expenses before any offset, the amount of the offset and the net expenses. The expense ratios listed in the Financial Highlights reflect expenses prior to any expense offset (gross expense ratio) and after expense offsets (net expense ratio). Both expense ratios reflect expenses after waivers.

Expenses are allocated daily to each class of shares based upon the ratio of net assets represented by each class as a percentage of total net assets. Expenses directly attributable to a specific class of shares are charged against the operations of such class.

Janus Aspen Service and Service II Shares each pay a distribution fee of up to .25% of average net assets.

5. EXPENSE RATIOS

Listed below are the gross expense ratios for the various Portfolios that would be in effect, absent the waiver of certain fees, and offsets.

<i>Portfolio</i>	<i>Institutional Shares</i>						<i>Service Shares</i>		
	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>	<i>1997</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>
Janus Aspen Growth and Income Portfolio	0.74%	0.70%	0.78%	1.15%	3.06% ⁽¹⁾	N/A	1.00%	0.95%	1.11%

(1) Period May 1, 1998 (inception) to December 31, 1998.

Explanations of Charts, Tables and Financial Statements

(unaudited)

1. PERFORMANCE OVERVIEWS

When comparing the performance of a Portfolio with an index, keep in mind that market indices do not include brokerage commissions that would be incurred if you purchased the individual securities in the index. They also do not include taxes payable on dividends and interest or operating expenses incurred if you maintained a Portfolio invested in the index.

Average annual total returns are quoted for each class of the Portfolio. Average annual total return is calculated by taking the growth or decline in value of an investment over a period of time, including reinvestment of dividends and distributions, then calculating the annual compounded percentage rate that would have produced the same result had the rate of growth been constant throughout the period.

2. SCHEDULES OF INVESTMENTS

Following the performance overview section is each Portfolio's Schedule of Investments. This schedule reports the industry concentrations and types of securities held in each Portfolio on the last day of the reporting period. Securities are usually listed by type (common stock, corporate bonds, U.S. government obligations, etc.) and by industry classification (banking, communications, insurance, etc.).

The market value of each security is quoted as of the last day of the reporting period. The values of securities denominated in foreign currencies are converted into U.S. dollars.

Portfolios that invest in foreign securities also provide a summary of investments by country. This summary reports the Portfolio's exposure to different countries by providing the percentage of securities invested in each country.

2A. FORWARD CURRENCY CONTRACTS

A table listing forward currency contracts follows each Portfolio's Schedule of Investments (if applicable). Forward currency contracts are agreements to deliver or receive a preset amount of currency at a future date. Forward currency contracts are used to hedge against foreign currency risk in the Portfolio's long-term holdings.

The table provides the name of the foreign currency, the settlement date of the contract, the amount of the contract, the value of the currency in U.S. dollars and the amount of unrealized gain or loss. The amount of unrealized gain or loss reflects the change in currency exchange rates from the time the contract was opened to the last day of the reporting period.

3. STATEMENT OF ASSETS AND LIABILITIES

This statement is often referred to as the "balance sheet." It lists the assets and liabilities of the Portfolios on the last day of the reporting period.

The Portfolios' assets are calculated by adding the value of the securities owned, the receivable for securities sold but not yet settled, the receivable for dividends declared but not yet received on stocks owned and the receivable for Portfolio shares sold to investors but not yet settled. The Portfolios' liabilities include payables for securities purchased but not yet settled, Portfolio shares redeemed but not yet paid and expenses owed but not yet paid. Additionally, there may be other assets and liabilities such as unrealized gain or loss on forward currency contracts.

The last section of this statement reports the net asset value (NAV) per share on the last day of the reporting period for each class of the Portfolio. The NAV is calculated by dividing the Portfolios' net assets (assets minus liabilities) by the number of shares outstanding.

4. STATEMENT OF OPERATIONS

This statement details the Portfolios' income, expenses, gains and losses on securities and currency transactions, and appreciation or depreciation of current Portfolio holdings.

The first section in this statement, entitled "Investment Income," reports the dividends earned from stocks and interest earned from interest-bearing securities in the Portfolio.

The next section reports the expenses and expense offsets incurred by the Portfolios, including the advisory fee paid to the investment adviser.

The last section lists the increase or decrease in the value of securities held in the Portfolios. Portfolios realize a gain (or loss) when they sell their position in a particular security. An unrealized gain (or loss) refers to the change in net appreciation or depreciation of the Portfolios during the period. "Net Realized and Unrealized Gain/ (Loss) on Investments" is affected both by changes in the market value of Portfolio holdings and by gains (or losses) realized during the reporting period.

Explanations of Charts, Tables and Financial Statements

(unaudited) (continued)

5. STATEMENT OF CHANGES IN NET ASSETS

This statement reports the increase or decrease in the Portfolios' net assets during the reporting period. Changes in the Portfolios' net assets are attributable to investment operations, dividends, distributions and capital share transactions. This is important to investors because it shows exactly what caused the Portfolios' net asset size to change during the period.

The first section summarizes the information from the Statement of Operations regarding changes in net assets due to the Portfolios' investment performance. The Portfolios' net assets may also change as a result of dividend and capital gains distributions to investors. If investors receive their dividends in cash, money is taken out of the Portfolio to pay the distribution. If investors reinvest their dividends, the Portfolios' net assets will not be affected. If you compare each Portfolio's "Net Decrease from Dividends and Distributions" to the "Reinvested dividends and distributions," you'll notice that dividend distributions had little effect on each Portfolio's net assets. This is because the majority of Janus investors reinvest their distributions.

The reinvestment of dividends is included under "Capital Share Transactions." "Capital Shares" refers to the money investors contribute to the Portfolios through purchases or withdrawal via redemptions. Each Portfolio's net assets will increase and decrease in value as investors purchase and redeem shares from a Portfolio.

The section entitled "Net Assets Consist of" breaks down the components of the Portfolios' net assets. Because Portfolios must distribute substantially all earnings, you'll notice that a significant portion of net assets is shareholder capital.

6. FINANCIAL HIGHLIGHTS

This schedule provides a per-share breakdown of the components that affect the net asset value (NAV) for current and past reporting periods for each class of the Portfolio. Not only does this table provide you with total return, it also reports total distributions, asset size, expense ratios and portfolio turnover rate.

The first line in the table reflects the NAV per share at the beginning of the reporting period. The next line reports the net investment income per share, which comprises dividends and interest income earned on securities held by the Portfolios. Following is the total of gains, realized and unrealized. Dividends and distributions are then subtracted to arrive at the NAV per share at the end of the period.

Also included are the expense ratios, or the percentage of net assets that was used to cover operating expenses during the period. Expense ratios vary across the Portfolios for a number of reasons, including the differences in management fees, the frequency of dividend payments and the extent of foreign investments, which entail greater transaction costs.

The Portfolios' expenses may be reduced through expense-reduction arrangements. These arrangements include the use of brokerage commissions, uninvested cash balances earning interest or balance credits. The Statement of Operations reflects total expenses before any such offset, the amount of offset and the net expenses. The expense ratios listed in the Financial Highlights reflect total expenses both prior to any expense offset and after the offsets.

The ratio of net investment income/(loss) summarizes the income earned less expenses divided by the average net assets of a Portfolio during the reporting period. Don't confuse this ratio with a Portfolio's yield. The net investment income ratio is not a true measure of a Portfolio's yield because it doesn't take into account the dividends distributed to the Portfolio's investors.

The next ratio is the portfolio turnover rate, which measures the buying and selling activity in a Portfolio. Portfolio turnover is affected by market conditions, changes in the size of a Portfolio, the nature of the Portfolio's investments and the investment style of the portfolio manager. A 100% rate implies that an amount equal to the value of the entire Portfolio is turned over in a year; a 50% rate means that an amount equal to the value of half the Portfolio is traded in a year; and a 200% rate means that an amount equal to the value of the Portfolio is sold every six months.

Shareholder Meeting

Each of the proposals described below were considered at a special meeting of the Portfolios' Shareholders. The meeting was held on January 31, 2002. Tabulations of the votes received on each of the proposals presented at the meetings appear below. Each vote represents a value held on the record date for each meeting.

Proposal 1

To elect a board of Trustees of the Trust.

Trustees	Number of Shares			Percentage of Outstanding Shares			Percentage of Shares Voted		
	Affirmative	Withheld	Total	Affirmative	Withheld	Total	Affirmative	Withheld	Total
Thomas H. Bailey	758,551,719	26,519,589	785,071,308	80.51%	2.81%	83.32%	96.62%	3.38%	100.00%
Dennis B. Mullen	759,975,400	25,095,908	785,071,308	80.66%	2.66%	83.32%	96.80%	3.20%	100.00%
James T. Rothe	760,225,395	24,845,913	785,071,308	80.68%	2.64%	83.32%	96.84%	3.16%	100.00%
William D. Stewart	760,355,853	24,715,455	785,071,308	80.70%	2.62%	83.32%	96.85%	3.15%	100.00%
Martin H. Waldinger	759,412,179	25,659,129	785,071,308	80.60%	2.72%	83.32%	96.73%	3.27%	100.00%

Shareholder Meeting (continued)

Proposal 2

To consider and approve new investment advisory agreements between Janus Aspen Series, on behalf of each Portfolio, and Janus Capital Corporation.

Portfolio	Record Total Shares	Number of Shares		
		Affirmative	Against	Abstain
Janus Aspen Growth and Income Portfolio	11,507,874	10,662,289	250,579	460,101

Proposal 3a

To approve revisions to or rescission of the fundamental restriction concerning the diversification of a Portfolio's investments.

Portfolio	Record Total Shares	Number of Shares		
		Affirmative	Against	Abstain
Janus Aspen Growth and Income Portfolio	11,507,874	10,571,599	325,890	475,480

Proposal 3b

To approve revisions to the fundamental restriction concerning a Portfolio's investments in commodities.

Portfolio	Record Total Shares	Number of Shares		
		Affirmative	Against	Abstain
Janus Aspen Growth and Income Portfolio	11,507,874	10,433,810	439,716	499,443

Proposal 3c

To approve revisions to the fundamental restriction concerning the lending of a Portfolio's portfolio securities.

Portfolio	Record Total Shares	Number of Shares		
		Affirmative	Against	Abstain
Janus Aspen Growth and Income Portfolio	11,507,874	10,225,584	525,142	622,243

Proposal 3d

To approve revisions to the fundamental restriction concerning borrowing money and issuing senior securities.

Portfolio	Record Total Shares	Number of Shares		
		Affirmative	Against	Abstain
Janus Aspen Growth and Income Portfolio	11,507,874	10,454,188	363,423	555,358

Percentage of Outstanding Shares			Percentage of Shares Voted		
Affirmative	Against	Abstain	Affirmative	Against	Abstain
92.65%	2.18%	4.00%	93.75%	2.20%	4.05%

Percentage of Outstanding Shares			Percentage of Shares Voted		
Affirmative	Against	Abstain	Affirmative	Against	Abstain
91.87%	2.83%	4.13%	92.95%	2.87%	4.18%

Percentage of Outstanding Shares			Percentage of Shares Voted		
Affirmative	Against	Abstain	Affirmative	Against	Abstain
90.67%	3.82%	4.34%	91.74%	3.87%	4.39%

Percentage of Outstanding Shares			Percentage of Shares Voted		
Affirmative	Against	Abstain	Affirmative	Against	Abstain
88.86%	4.56%	5.41%	89.91%	4.62%	5.47%

Percentage of Outstanding Shares			Percentage of Shares Voted		
Affirmative	Against	Abstain	Affirmative	Against	Abstain
90.84%	3.16%	4.83%	91.92%	3.20%	4.88%

PROSPECTUS SUPPLEMENTS

This section includes supplements to
your current prospectus.

Please read these supplements carefully and retain
with your current prospectus.

(Prospectus Supplement documents are not part of this Report.)

Scudder Variable Series I

- International Portfolio

Supplement to Prospectus Dated May 1, 2002

The following supplements the information in "The Subadvisor" section of the prospectus:

In connection with the acquisition of Zurich Scudder by Deutsche Bank AG, Deutsche Bank AG will be consolidating its investment operations. In this regard, shareholders of the Portfolio recently approved a new subadvisory agreement between the advisor and Deutsche Asset Management Investment Services Ltd. ("DeAMIS"), One Appold Street, London, England, an affiliate of the advisor. As part of this consolidation process, investment personnel will be moved among Deutsche advisory affiliates and, in the future, the advisor will seek approval from the Portfolio's Board to implement this subadvisory relationship with DeAMIS. During the interim period prior to the implementation of the subadvisory relationship, certain of the portfolio managers will become employees of DeAMIS, and act as consultants to the Portfolio's advisor, under the supervision of the Portfolio's advisor.

The following replaces the information in "The Portfolio Managers" section of the Portfolio's prospectus:

The following people handle the day-to-day management of the Portfolio:

Clare Brody*

CFA, Director of Deutsche Asset Management and Co-Manager of the Portfolio.

- Joined Deutsche Asset Management in 1993 and the Portfolio in 2002.
- Portfolio manager with primary focus on European markets and senior analyst covering global telecommunications and pulp and paper.
- 10 years of investment industry experience.

Marc Slendebroek*

Vice President of Deutsche Asset Management and Co-Manager of the Portfolio.

- Joined Deutsche Asset Management in 1994 and the Portfolio in 1999.
- Over 13 years of investment industry experience.
- MA, University of Leiden (Netherlands).

Joseph DeSantis**

Managing Director of Deutsche Asset Management and Co-Manager of the Portfolio.

- Joined Deutsche Asset Management in 2000 and the Portfolio in 2002.
- Oversees all equity portfolio managers based in the Americas region.
- Chief Investment Officer at Chase Trust Bank in Tokyo, Japan, a division of Chase Global Asset Management and Mutual Funds (1996–2000).
- Head of International Equities at Chase in New York (1992–1996).
- Positions as a portfolio manager at Chase (1990–1992). Founding partner, investment strategist at Strategic Research International, Inc.

Alex Tedder+

Director of Deutsche Asset Management and Consultant to the Portfolio.

- Joined Deutsche Asset Management in 1994 and the Portfolio in 2002.
- Previously managed European equities and responsible for insurance sector with 4 years of experience at Schroder Investment Management.
- Head of International Select Equity strategy; portfolio manager and analyst for Core EAFE strategy: London.
- MA, Freiburg University.

Stuart Kirk**

Associate Director of Deutsche Asset Management and Consultant to the Portfolio.

- Joined Deutsche Asset Management in 1995 and the Portfolio in 2002.
- Analyst and fund manager in London, having since served as portfolio manager and analyst for International Equity in Sydney.
- Portfolio manager for EAFE Equity and global equity analyst for Business Services & Transport sector: London.
- MA, Cambridge University.

* *During the interim period, will become an employee of a Deutsche affiliate and serve as a Consultant to the Portfolio's advisor. Thereafter, will serve as a Co-Manager of the Portfolio.*

** *After the interim period, will no longer serve as a Co-Manager of the Portfolio.*

+ *Currently an employee of a Deutsche affiliate, serving as a Consultant to the Portfolio's advisor. After the interim period, will serve as Lead Manager of the Portfolio.*

++ *Currently an employee of a Deutsche affiliate, serving as a Consultant to the Portfolio's advisor. After the interim period, will serve as a Co-Manager of the Portfolio.*



Scudder Variable Series II

- Scudder International Select Equity Portfolio

Supplement to Prospectus Dated May 1, 2002

The following supplements the information in the "Portfolio Subadvisors" section of the prospectus:

Subadvisor for Scudder International Select Equity Portfolio

In connection with the acquisition of Zurich Scudder by Deutsche Bank AG, Deutsche Bank AG will be consolidating its investment operations. In this regard, shareholders of the Portfolio recently approved a new subadvisory agreement between the advisor and Deutsche Asset Management Investment Services Ltd. ("DeAMIS"), One Appold Street, London, England, an affiliate of the advisor. As part of this consolidation process, investment personnel will be moved among Deutsche advisory affiliates and, in the future, the advisor will seek approval from the Portfolio's Board to implement this subadvisory relationship with DeAMIS. During the interim period prior to the implementation of the subadvisory relationship, certain of the portfolio managers will become employees of DeAMIS, and act as consultants to the Portfolio's advisor, under the supervision of the Portfolio's advisor.

The following replaces the information in "The Portfolio Managers" section of the portfolio's prospectus:

The following people handle the day-to-day management of the portfolio:

Clare Brody*

CFA, Director of Deutsche Asset Management and Co-Manager of the Portfolio.

- Joined Deutsche Asset Management in 1993 and the Portfolio in 2002.
- Portfolio manager with primary focus on European markets and senior analyst covering global telecommunications and pulp and paper.
- 10 years of investment industry experience.

Marc Slendebroek*

Vice President of Deutsche Asset Management and Co-Manager of the Portfolio.

- Joined Deutsche Asset Management in 1994 and the Portfolio in 2002.
- Over 13 years of investment industry experience.
- MA, University of Leiden (Netherlands).

Joseph DeSantis**

Managing Director of Deutsche Asset Management and Co-Manager of the Portfolio.

- Joined Deutsche Asset Management in 2000 and the Portfolio in 2002.
- Oversees all equity portfolio managers based in the Americas region.
- Chief Investment Officer at Chase Trust Bank in Tokyo, Japan, a division of Chase Global Asset Management and Mutual Funds (1996–2000).
- Head of International Equities at Chase in New York (1992–1996).
- Positions as a portfolio manager at Chase (1990–1992). Founding partner, investment strategist at Strategic Research International, Inc.

Alex Tedder+

Director of Deutsche Asset Management and Consultant to the Portfolio.

- Joined Deutsche Asset Management in 1994 and the Portfolio in 2002.
- Previously managed European equities and responsible for insurance sector with 4 years of experience at Schroder Investment Management.
- Head of International Select Equity strategy; portfolio manager and analyst for Core EAFE strategy: London.
- MA, Freiburg University.

Stuart Kirk**

Associate Director of Deutsche Asset Management and Consultant to the Portfolio.

- Joined Deutsche Asset Management in 1995 and the Portfolio in 2002.
- Analyst and fund manager in London, having since served as portfolio manager and analyst for International Equity in Sydney.
- Portfolio manager for EAFE Equity and global equity analyst for Business Services & Transport sector: London.
- MA, Cambridge University.

James Pulsford

Director of Deutsche Asset Management and Consultant to the Portfolio.

- Joined Deutsche Asset Management in 1984 and the Portfolio in 2002.
- 17 years of investment industry experience including 12 years in Tokyo office specializing in small company investment.

* During the interim period, will become an employee of a Deutsche affiliate and serve as a Consultant to the Portfolio's advisor. Thereafter, will serve as a Co-Manager of the Portfolio.

** After the interim period, will no longer serve as a Co-Manager of the Portfolio.

+ Currently an employee of a Deutsche affiliate, serving as a Consultant to the Portfolio's advisor. After the interim period, will serve as Lead Manager of the Portfolio.

** Currently an employee of a Deutsche affiliate, serving as a Consultant to the Portfolio's advisor. After the interim period, will serve as a Co-Manager of the Portfolio.



May 22, 2002

THE DREYFUS SOCIALLY RESPONSIBLE GROWTH FUND, INC.

Supplement to Prospectus
dated May 1, 2002

On May 22, 2002, the Fund's Board of Directors and The Dreyfus Corporation ("Dreyfus"), the Fund's investment adviser, notified NCM Capital Management Group, Inc. ("NCM") of the termination of the Sub-Investment Advisory Agreement between Dreyfus and NCM, with respect to the Fund, pursuant to the terms of the Agreement. Effective immediately, Dreyfus has assumed day-to-day portfolio management responsibility for the Fund and Emerson Tuttle is the Fund's new primary portfolio manager with respect to selection of portfolio securities.

Mr. Tuttle has been employed by Dreyfus since January 2002. He also is senior vice president and chief investment officer of Mellon Growth Advisors, an affiliate of Dreyfus. Prior to joining Mellon Growth Advisors in September 2001, he was a principal at State Street Global Advisors where he was employed from April 1981 to September 2001.

Important Notice Regarding Change in Investment Policy

Scudder Variable Series II

- Scudder High Yield Portfolio

Supplement To Prospectus Dated May 1, 2002

On or about October 7, 2002, the Portfolio will be renamed “Scudder High Income Portfolio” and its current 80% investment policy will be revised. The Portfolio’s current policy states that, under normal circumstances, the Portfolio generally invests at least 80% of net assets, plus the amount of any borrowings for investment purposes, in lower rated, high yield/high risk fixed-income securities, often called junk bonds. This policy will be revised as follows: Under normal circumstances, the Portfolio generally invests at least 65% of net assets, plus the amount of any borrowings for investment purposes, in lower rated, high yield/high risk fixed-income securities, often called junk bonds. This policy may be changed without prior notice to shareholders.

Scudder Variable Series II

- Scudder New Europe Portfolio

Supplement to Prospectus Dated May 1, 2002

The Board of Scudder Variable Series II recently approved an Agreement and Plan of Reorganization (the “Plan”) between the above-noted Portfolio (the “Portfolio”) and Scudder Variable Series II — Scudder International Select Equity Portfolio (the “Acquiring Portfolio”).

The Plan provides for the transfer of substantially all of the assets and the assumption of all of the liabilities of the Portfolio solely in exchange for Class A voting shares of the Acquiring Portfolio. The shares received by the Portfolio would then be distributed to its shareholders as part of the Portfolio’s liquidation provided for in the Plan. (The transaction contemplated by the Plan is referred to as the “Reorganization.”)

The Reorganization can be consummated only if, among other things, it is approved by a majority vote of shareholders of the Portfolio. A Special Meeting (the “Meeting”) of the shareholders of the Portfolio will be held on or about October 29, 2002 and shareholders will be given the opportunity to vote on the Plan and any other matters affecting the Portfolio at that time. In connection with the Meeting, the Portfolio will deliver to its shareholders: (i) a Proxy Statement/Prospectus describing in detail the Reorganization and the Board’s considerations in recommending that shareholders approve the Reorganization, and (ii) a Prospectus for the Acquiring Portfolio.

If the Plan is approved at the Meeting and certain conditions required by the Plan are satisfied, the Reorganization is expected to become effective at 9:00 a.m. Eastern standard time on or about November 4, 2002. If shareholder approval of the Plan is delayed due to failure to obtain a quorum or otherwise, the Reorganization will become effective as soon as practicable after the receipt of shareholder approval.

In the event shareholders of the Portfolio fail to approve the Plan, the Portfolio will continue to operate and the Board may resubmit the Plan for shareholder approval or consider other proposals.

Scudder Variable Series II

- Scudder Strategic Income Portfolio

Supplement to Prospectus Dated May 1, 2002

Effective on or about September 2, 2002, the following information supplements the current disclosure in the "Portfolio Subadvisors" section of the portfolio's prospectus:

Subadvisor for Scudder Strategic Income Portfolio

Deutsche Asset Management Investments Services Ltd. ("DeAMIS"), One Appold Street, London, England, an affiliate of the advisor, is the subadvisor for Scudder Strategic Income Portfolio responsible for managing the portion of the portfolio's assets invested in emerging market debt securities. DeAMIS provides a full range of international investment advisory services to institutional and retail clients.

The Advisor pays DeAMIS for its services a sub-advisory fee, payable monthly, at the annual rate of 0.500% for the first \$250 million of average daily net assets allocated to DeAMIS for management, 0.490% of the next \$250 million of such net assets, 0.470% of the next \$500 million of such net assets, and 0.430% of such net assets in excess of \$1 billion.

Effective on or about September 2, 2002, the following replaces the information in "The Portfolio Managers" section of the portfolio's prospectus as it relates to the Strategic Income Portfolio:

The following people handle the day-to-day management of the portfolio:

Jan Faller

Managing Director of Deutsche Asset Management and Lead Manager of the portfolio.

- Joined Deutsche Asset Management in 1999 and the portfolio in 2000.
- Over 12 years of investment industry experience.
- PanAgora Asset Management, Bond and Currency Investment Manager from 1995 to 1999.
- MBA, Amos Tuck School, Dartmouth College.

Greg Boal

Managing Director of Deutsche Asset Management and Portfolio Manager of the portfolio.

- Joined Deutsche Asset Management in 2000 and the portfolio in 2002.
- Previously served as senior vice president and director of the Fixed Income Division of Chicago-based ABN AMRO Asset Management USA; manager of the corporate bond department at ABN AMRO from 1997 to 2000.
- MS, Finance, University of Wyoming.

Effective on or about September 2, 2002, the following people handle the day-to-day management of the emerging market debt securities held by the portfolio:

Brett Diment

Managing Director of Deutsche Asset Management.

- Joined Deutsche Asset Management in 1991.
- Over 12 years of investment industry experience.
- Head of Emerging Market Debt for London Fixed Income and responsible for coordinating research into Continental European markets and managing global fixed income, balanced and cash based portfolio: London.
- Joined the portfolio in 2002.

Edwin Gutierrez

Vice President of Deutsche Asset Management.

- Member of Emerging Debt team: London.
- Joined Deutsche Asset Management in 2000 after 5 years of experience including emerging debt portfolio manager at INVESCO Asset Management responsible for Latin America and Asia and economist responsible for Latin America at LGT Asset Management.
- Joined the portfolio in 2002.
- MsC, Georgetown University.

Ian Clarke

Managing Director of Deutsche Asset Management.

- Chief Investment Officer of Global Fixed Income and responsible for global asset allocation strategy: London.
- Joined Deutsche Asset Management in 1999 after 15 years of experience, previously serving The United Bank of Kuwait plc as a senior global fixed income portfolio manager and more recently as an executive director at Morgan Stanley Dean Witter.
- Joined the portfolio in 2002.
- BSc, the University of Salford.

Timothy C. Vile

Managing Director of Deutsche Asset Management.

- Joined Deutsche Asset Management in 1991 with 6 years of experience that included portfolio manager for fixed income portfolios at Equitable Capital Management.
- Joined the Portfolio in 2002.



SUPPLEMENT DATED JUNE 5, 2002
TO PROSPECTUS DATED MAY 1, 2002 FOR
KEMPER INVESTORS LIFE INSURANCE COMPANY

**INDIVIDUAL AND GROUP VARIABLE, FIXED AND MARKET
VALUE ADJUSTED DEFERRED ANNUITY CONTRACTS**

Issued By
KILICO VARIABLE ANNUITY SEPARATE ACCOUNT
and
KEMPER INVESTORS LIFE INSURANCE COMPANY

This Supplement amends certain information contained in your Scudder DestinationsSM Annuity Prospectus. Please read this Supplement carefully and keep it with your Prospectus for future reference.

The fourth sentence of the paragraph beginning with "Fred Alger Management, Inc...." on page 19 of the Prospectus, is hereby deleted in its entirety.

This Supplement must be accompanied by or read in conjunction with a current Prospectus dated May 1, 2002 for the Scudder DestinationsSM Variable Annuity.

**SUPPLEMENT DATED JUNE 11, 2002
TO PROSPECTUS DATED MAY 1, 2002 FOR
KEMPER INVESTORS LIFE INSURANCE COMPANY**

**INDIVIDUAL AND GROUP VARIABLE, FIXED AND MARKET VALUE
ADJUSTED DEFERRED ANNUITY CONTRACTS**

Issued By
KILICO VARIABLE ANNUITY SEPARATE ACCOUNT
and
KEMPER INVESTORS LIFE INSURANCE COMPANY

This Supplement amends certain information contained in your Scudder DestinationsSM Annuity Prospectus. Please read it carefully and keep it with your Prospectus for future reference.

The first paragraph under the section entitled “**Guaranteed Retirement Income Benefit: General**” appearing on page 44 of the Prospectus, is hereby modified to read as follows:

“Guaranteed Retirement Income Benefit (“GRIB”) was an optional Contract benefit available under Contracts issued before November 12, 2001. GRIB is not offered on Contracts issued on or after November 12, 2001. We reserve the right to begin offering GRIB at any time.”

* * * * *

This Supplement must be accompanied by or read in conjunction with a current Prospectus dated May 1, 2002 for the Scudder DestinationsSM Variable Annuity.

For use in all states

**SUPPLEMENT DATED AUGUST 14, 2002
TO PROSPECTUS DATED MAY 1, 2002 FOR
KEMPER INVESTORS LIFE INSURANCE COMPANY**

**INDIVIDUAL AND GROUP VARIABLE, FIXED AND MARKET
VALUE ADJUSTED DEFERRED ANNUITY CONTRACTS**

Issued By
KILICO VARIABLE ANNUITY SEPARATE ACCOUNT
and
KEMPER INVESTORS LIFE INSURANCE COMPANY

This Supplement amends the Transfer During Accumulation Period section contained in your Scudder Destinations Annuity prospectus. Please read this Supplement carefully and keep it with your Prospectus for future reference.

The following is added between the second and third full paragraphs to the section entitled "**6. Transfer During Accumulation Period.**" appearing on pages 24 and 25 of the Prospectus:

The following transfers must be requested through standard United States mail:

transfers in excess of \$250,000 per Contract, per day, and

transfers into and out of the Scudder International, the Scudder International Select Equity, the Scudder Global Discovery, the Scudder Global Blue Chip, Scudder New Europe, the Credit Suisse Trust-Emerging Markets, or the Credit Suisse Trust-Global Post-Venture Capital Subaccounts in excess of \$50,000, per Contract, per day.

These administrative procedures have been adopted under the Contract to protect the interests of the remaining Contract Owners from the adverse effects of frequent and large transfers into and out of variable annuity Subaccounts that can adversely affect the investment management of the underlying Portfolios.

We reserve the right to further amend the transfer procedures in the interest of protecting remaining Contract Owners.”

For use in all states

This report must be preceded or accompanied by the current prospectus.

Scudder DestinationsSM (policy form series L-8166 and L-1550) is a variable, fixed and market value-adjusted deferred annuity contract issued by Kemper Investors Life Insurance Company. Securities are distributed by Investors Brokerage Services, Inc., located at 1600 McConnor Parkway, Schaumburg, IL 60196. Scudder DestinationsSM may not be available in all states. The contract contains limitations and policy forms may vary by state.

Scudder Investments is part of Deutsche Asset Management, which is the marketing name in the US for the asset management activities of Deutsche Bank AG, Deutsche Investment Management Americas Inc., Deutsche Asset Management Inc., Deutsche Bank Securities Inc., Deutsche Asset Management Investment Services Ltd., Deutsche Bank Trust Company Americas and Scudder Trust Company

Investment Managers:

The Alger American Fund
30 Montgomery Street
Jersey City, NJ 07302
Tel (800) 992-3863

Credit Suisse Asset Management, LLC
P.O. Box 9030
Boston, MA 02205-9030
Tel (800) 222-8977

The Dreyfus Family of Funds
149 Glenn Curtiss Boulevard
Uniondale, NY 11556-0144
Tel (800) 554-4611

INVESCO Funds Group, Inc.
7800 East Union Avenue
Denver, CO 80217

Deutsche Investment Management Americas Inc
222 South Riverside Plaza
Chicago, IL 60606
Tel (800) 778-1482

Janus Capital Corporation
P.O. Box 173375
Denver, CO 80217-3375
Tel (800) 525-3713

SCUDDER
INVESTMENTS

A Member of

Deutsche Asset Management



ZURICH
LIFE

1600 McConnor Parkway
Schaumburg, IL 60196-6801

PRSRTPM
U.S. POSTAGE
PAID
ZURICH LIFE