

Semiannual report to
contract holders for the six months
ended June 30, 2003

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

PROSPECTUS SUPPLEMENTS

This section includes supplements to your current Scudder Destinationssm prospectus dated May 1, 2003.

Please read these supplements carefully and retain with your current prospectus.

(Prospectus supplements are not part of this report.)

**SUPPLEMENT DATED SEPTEMBER 3, 2003
TO THE PROSPECTUS DATED MAY 1, 2003 FOR
KEMPER INVESTORS LIFE INSURANCE COMPANY**

**INDIVIDUAL AND GROUP VARIABLE, FIXED AND MARKET VALUE
ADJUSTED DEFERRED ANNUITY CONTRACTS**

SCUDDER DESTINATIONSSM ANNUITY
Issued By
KILICO VARIABLE ANNUITY SEPARATE ACCOUNT
and
KEMPER INVESTORS LIFE INSURANCE COMPANY

This Supplement amends information contained in your Scudder DestinationsSM Annuity Prospectus. Please read this Supplement carefully and keep it with your Prospectus for future reference.

1. The Section entitled "Kemper Investors Life Insurance Company" appearing on page 12 of the Prospectus is amended by adding the following to the end thereof:

"Effective September 3, 2003 (the "Closing Date"), Kemper Investors Life Insurance Company ("KILICO") transferred certain of its business, as well as the capital stock of its wholly-owned subsidiaries, to its former affiliate, Federal Kemper Life Assurance Company ("FKLA"). Prior to the Closing Date, KILICO, FKLA, Zurich Life Insurance Company of America ("ZLICA"), and Fidelity Life Association, a Mutual Legal Reserve Company, operated under the trade name "Zurich Life".

These transfers were part of a larger transaction pursuant to a Stock and Asset Purchase Agreement, dated as of May 29, 2003 (the "Purchase Agreement"), between Zurich Holding Company of America, Kemper Corporation, KILICO, Zurich Financial Services, Banc One Insurance Holdings, Inc. ("BOIH"), and Bank One Corporation. Under the Purchase Agreement, BOIH acquired the capital stock of FKLA, ZLICA, and certain KILICO subsidiaries, including Investors Brokerage Services, Inc. and PMG Asset Management, Inc.

In a contemporaneous transaction, FKLA and KILICO entered into a coinsurance agreement under which FKLA will administer and 100% reinsure certain lines of business currently underwritten by KILICO. FKLA will administer the Contracts for up to one year after the Closing Date. Otherwise, the Purchase Agreement and coinsurance agreement do not relate directly to the Contracts.

The benefits and provisions of the Contract are not changed by any of the transactions and agreements described above."

2. Effective September 3, 2003, Investors Brokerage Services, Inc. and PMG Asset Management, Inc. no longer are affiliated with Kemper Investors Life Insurance Company. Any reference in the Prospectus to affiliation between these companies is deleted. Specifically, the Section entitled "DISTRIBUTION OF CONTRACTS" appearing on page 37 of the Prospectus is amended by deleting the first sentence of the second paragraph thereof.

For use in all states

The Alger American Fund

**Alger American
Balanced Portfolio**

Semi-Annual Report

**June 30, 2003
(Unaudited)**



TABLE OF CONTENTS

- Letter to Our Shareholders 1
- Schedule of Investments 2
- Financial Highlights 6
- Statement of Assets and Liabilities 8
- Statement of Operations 9
- Statements of Changes in Net Assets 10
- Notes to Financial Statements..... 11

Dear Shareholders,

August 4, 2003

A period that began with slow, steady economic growth; tentative corporations; U.S. troops massing in Iraq; and public anxiety about the outcome of war ended with one of the better quarters for the stock market in the past five years. Both consumers and companies reacted to the uncertainty of January and February by paring back, and the economy grew less than 1.5% during the first quarter. But the fall of Saddam Hussein's regime helped shift public psychology.

By late spring, buoyed by historically low interest rates of well under 4% on the 10-year Treasury note and by federal spending and tax cuts, consumers began to increase personal consumption expenditures and companies showed signs of ramping up capital expenditures. Low interest rates also led to another wave of mortgage refinancing, which put more money into people's pockets, and the Federal Reserve cut short-term rates. The result by the end of June was that consumer spending buoyed the economy even in a time of weak employment and tumultuous international affairs. The economy grew 2.4% in the second quarter; the markets responded to the improved economic climate and to better second quarter earnings reported by companies. For the six months ended June 30, 2003, the Dow rose 9.0%, the S&P 500 was up 11.8%, and the NASDAQ gained 21.5%.

Now, for the first time in over two years, Wall Street has begun to look to the future. Companies that can show healthy balance sheets and an ability to improve productivity and expand their businesses are becoming attractive to investors. That is as it should be, but it has not been the case for quite a while. The markets and the country in general are beginning to emerge from two years that included a recession, terrorism, war, and corporate scandals. Sentiment has slowly been shifting away from fear and toward guarded hope. That shift should lead to support for higher levels for the equity markets. That does not mean a return to irrational exuberance, but we think it does mean a more balanced market where good companies and good stock picking are rewarded.

Respectfully submitted,



Dan C. Chung
Chief Investment Officer

THE ALGER AMERICAN FUND
ALGER AMERICAN BALANCED PORTFOLIO
SCHEDULE OF INVESTMENTS—JUNE 30, 2003 (UNAUDITED)

<u>Shares</u>	<u>COMMON STOCKS—51.6%</u>	<u>Value</u>	<u>Shares</u>	<u>Value</u>	
	BIOTECHNOLOGY—3.1%			INFORMATION TECHNOLOGY SERVICES—.5%	
48,796	Amgen Inc.*	\$ 3,242,006	101,450	Concord EFS, Inc.*	\$ 1,493,344
38,000	Genentech, Inc.*	2,740,560			
32,050	Genzyme Corp.-General Division*	1,339,690		INSURANCE—1.8%	
19,750	Gilead Sciences, Inc.*	1,097,705	54,700	American International Group, Inc.	3,018,346
19,950	IDEC Pharmaceuticals Corporation*	678,300	141,200	Travelers Property Casualty Corp. Cl. A	2,245,080
		<u>9,098,261</u>			<u>5,263,426</u>
	CAPITAL MARKETS—1.6%			INTERNET & CATALOG RETAIL—2.9%	
27,400	Affiliated Managers Group, Inc.*	1,670,030	43,950	Amazon.com, Inc.*	1,603,736
111,100	Mellon Financial Corporation	3,083,025	37,000	eBay Inc.*	3,854,660
		<u>4,753,055</u>	51,300	NetFlix Inc.*	1,310,715
			44,000	USA InterActiveCorp.*	1,741,080
					<u>8,510,191</u>
	COMMUNICATION EQUIPMENT—3.2%			INTERNET SOFTWARE & SERVICES—.6%	
277,750	Cisco Systems, Inc.*	4,635,648		Yahoo! Inc.*	1,772,316
840,900	Lucent Technologies Inc.*	1,707,027	54,100		
179,950	Nokia Corporation, ADR	2,956,578		MEDIA—2.7%	
		<u>9,299,253</u>		Disney (Walt) Company	2,308,775
				General Motors Corporation-Cl. H*	2,288,507
				Viacom Inc. Cl. B*	3,336,715
					<u>7,933,997</u>
	COMPUTERS & PERIPHERALS—2.2%		116,900		
117,200	Dell Computer Corporation*	3,745,712	178,650	OIL & GAS—1.2%	
146,350	EMC Corporation*	1,532,285	76,425	Devon Energy Corporation	3,652,026
248,200	Sun Microsystems, Inc.*	1,141,720			
		<u>6,419,717</u>		PHARMACEUTICALS—8.4%	
			68,390	Abbott Laboratories	4,072,962
	DIVERSIFIED FINANCIAL SERVICES—1.3%			AstraZeneca PLC Sponsored ADR	1,078,367
90,365	Citigroup Inc.	3,867,622		Barr Laboratories, Inc.*	1,237,950
				Bristol-Myers Squibb Company	3,783,353
	ENERGY EQUIPMENT & SERVICES—.4%		93,075	Johnson & Johnson	4,368,650
28,100	BJ Services Company*	1,049,816	26,450	Merck & Co., Inc.	3,075,940
			18,900	Pfizer Inc.	3,164,680
	FOOD & STAPLES RETAILING—1.2%		139,350	Teva Pharmaceutical Industries Ltd. ADR	819,792
67,850	Wal-Mart Stores, Inc.	3,641,509	84,500	Wyeth	3,016,549
			50,800		<u>24,618,243</u>
	FREIGHT & LOGISTICS—.8%		92,670		
12,825	FedEx Corp.	795,535	14,400	SEMICONDUCTORS & SEMICONDUCTOR	
24,400	United Parcel Service, Inc. Cl. B	1,554,280	66,225	EQUIPMENT—3.1%	
		<u>2,349,815</u>		Altera Corporation*	803,600
				Analog Devices, Inc.*	826,975
	HEALTH CARE EQUIPMENT & SUPPLIES—2.2%		188,700	Intel Corporation	3,921,941
36,600	Alcon, Inc.	1,672,620	16,500	KLA-Tencor Corporation*	767,085
70,000	Boston Scientific Corporation*	4,277,000	21,050	Linear Technology Corporation	678,020
13,600	Zimmer Holdings, Inc.*	612,680	192,975	Taiwan Semiconductor Manufacturing Company Ltd. ADR*	1,945,188
		<u>6,562,300</u>			<u>8,942,809</u>
	HEALTH CARE PROVIDERS & SERVICES—2.0%				
50,300	Aetna Inc.	3,028,060			
53,900	UnitedHealth Group Incorporated	2,708,475			
		<u>5,736,535</u>			
	INDUSTRIAL CONGLOMERATES—2.7%				
128,950	General Electric Company	3,698,286			
217,350	Tyco International Ltd.	4,125,303			
		<u>7,823,589</u>			

THE ALGER AMERICAN FUND
ALGER AMERICAN BALANCED PORTFOLIO
SCHEDULE OF INVESTMENTS—JUNE 30, 2003 (UNAUDITED) (Cont'd)

<u>Shares</u>	<u>COMMON STOCKS—(Cont'd)</u>	<u>Value</u>	<u>Principal Amount</u>	<u>Value</u>
	SOFTWARE—4.8%			
242,150	Microsoft Corporation	\$ 6,201,461	\$ 825,000	
209,500	Oracle Corporation*	2,518,190		
46,300	PeopleSoft, Inc.*	814,417	1,500,000	
37,600	Synopsys, Inc.*	2,325,560		
81,800	VERITAS Software Corporation*	2,345,206		
		<u>14,204,834</u>		
	SPECIALTY RETAIL—3.4%		695,000	
73,050	Best Buy Co., Inc.*	3,208,356		
201,550	Gap, Inc.	3,781,078		
92,250	Home Depot, Inc.	3,055,320		
		<u>10,044,754</u>	2,000,000	
	THRIFTS & MORTGAGE FINANCE—5%		850,000	
20,200	Countrywide Financial Corporation	1,405,314		
	WIRELESS TELECOMMUNICATION SERVICES—1.0%		2,000,000	
153,000	Vodafone Group PLC Sponsored ADR	3,006,450		
	Total Common Stocks (Cost \$132,840,549)	<u>151,449,176</u>	675,000	
<u>Principal Amount</u>	CORPORATE BONDS—18.6%			
	AEROSPACE & DEFENSE—4%		801,000	
\$ 555,000	Boeing Capital Corp., 6.50%, 2/15/12	626,936		
550,000	Northrop Grumman Corporation, 7.125%, 2/15/11	659,853	1,000,000	
		<u>1,286,789</u>		
	AUTOMOTIVE—1.1%		500,000	
790,000	Daimler Chrysler N.A. Holding Corp., 4.05%, 6/4/08	783,212	1,225,000	
1,500,000	Ford Motor Credit Company, 7.375%, 2/1/11	1,553,049		
1,000,000	General Motors Acceptance Corp., 4.50%, 7/15/06	999,230		
		<u>3,335,491</u>	490,000	
	BANKS—2.1%		555,000	
2,000,000	Associates Corp. North America, 6.95%, 11/1/18	2,460,232		
1,500,000	Bank of America Corp., 7.40%, 1/15/11	1,845,674	1,068,000	
551,000	US Bancorp National Association, Minneapolis, 6.50%, 2/1/08	635,888	1,250,000	
1,300,000	Washington Mutual, Inc., 4.375%, 1/15/08	1,377,148	1,000,000	
		<u>6,318,942</u>		
	BEVERAGES—0.9%			
	Anheuser-Busch Companies, Inc., 7.00%, 12/1/25			\$ 912,612
	Coca-Cola Enterprises Inc., 5.25%, 5/15/07			<u>1,638,099</u>
				<u>2,550,711</u>
	CABLE—0.3%			
	Cox Communications, Inc., 7.125%, 10/1/12			<u>831,376</u>
	CAPITAL MARKETS—1.9%			
	Goldman Sachs Group, Inc., 6.60%, 1/15/12			2,327,840
	J.P. Morgan Chase & Co., 3.625%, 5/1/08			875,731
	Morgan Stanley, 6.75%, 4/15/11			<u>2,342,986</u>
				<u>5,546,557</u>
	COMMUNICATION SERVICES—0.3%			
	AT&T Wireless Services Inc., 7.50%, 5/1/07			<u>778,874</u>
	COMPUTERS & PERIPHERALS—0.4%			
	IBM Corp., 8.375%, 11/1/19			<u>1,104,041</u>
	CONSUMER FINANCE—0.3%			
	American Express Credit, 3.00%, 5/16/08			<u>1,008,026</u>
	DIVERSIFIED FINANCIAL SERVICES—0.7%			
	Block Financial Corp., 8.50%, 4/15/07			591,508
	Household Finance Corp., 4.625%, 1/15/08			<u>1,308,467</u>
				<u>1,899,975</u>
	DIVERSIFIED TELECOMMUNICATION SERVICES—1.7%			
	Bell South Capital Funding Corp., 7.875%, 2/15/30			641,840
	Sprint Capital Corp., 6.00%, 1/15/07			597,003
	Verizon New York Inc. Series A, 6.875%, 4/1/12			1,259,760
	Verizon Wireless Capital LLC Note, 5.375%, 12/15/06			1,374,238
	Verizon Wireless Capital Floating Rate Note, 1.49%, 12/17/03			<u>999,815</u>
				<u>4,872,656</u>

THE ALGER AMERICAN FUND
ALGER AMERICAN BALANCED PORTFOLIO
SCHEDULE OF INVESTMENTS—JUNE 30, 2003 (UNAUDITED) (Cont'd)

<u>Principal Amount</u>	U.S. GOVERNMENT & AGENCY OBLIGATIONS—(Cont'd)	<u>Value</u>	<u>Principal Amount</u>	SHORT-TERM INVESTMENTS—7.1%	<u>Value</u>
\$ 50,000	Federal National Mortgage Association, 7.40%, 7/1/04	\$ 53,079		U.S. GOVERNMENT & AGENCY OBLIGATIONS—2.8%	
1,000,000	7.125%, 2/15/05	1,094,038	\$8,200,000	Federal National Mortgage Association, 0.70%, 7/1/03	
2,500,000	2.25%, 5/15/06	2,535,183		(Cost \$8,200,000)	\$ 8,200,000
500,000	6.96%, 4/2/07	585,785		SECURITIES HELD UNDER	
1,300,000	6.625%, 10/15/07	1,525,363		REPURCHASE AGREEMENTS—4.3%	
	Student Loan Marketing Association, 5.25%, 3/15/06	1,094,067		Securities Held Under Repurchase Agreements, 1.10%, 7/1/03, with Bear, Stearns & Co. Inc., dtd 6/30/03, repurchase price \$12,690,372; collateralized by \$28,615,000 U.S. Treasury Bond Strips, due 2/15/20	12,689,985
1,000,000	U.S. Treasury Notes, 3.625%, 8/31/03	1,004,727		Total Short-Term Investments	
1,000,000	4.25%, 11/15/03	1,012,501		(Cost \$20,889,985)	20,889,985
800,000	6.00%, 8/15/04	844,313		Total Investments	
2,719,000	1.875%, 9/30/04	2,746,617		(Cost \$278,936,985)(b)	103.7% 304,556,856
1,000,000	5.875%, 11/15/04	1,064,571		Liabilities in Excess of Other Assets	(3.7) (10,761,253)
2,300,000	2.00%, 11/30/04	2,328,032		Net Assets	100.0% <u>\$293,795,603</u>
1,145,000	1.75%, 12/31/04	1,155,288			
130,000	1.625%, 4/30/05	130,894			
3,000,000	6.75%, 5/15/05	3,304,806			
12,542,000	1.125%, 6/30/05	12,498,893			
1,550,000	6.50%, 8/15/05	1,717,958			
2,411,000	5.75%, 11/15/05	2,654,267			
560,000	2.00%, 5/15/06	566,125			
113,000	6.50%, 10/15/06	129,862			
946,000	2.625%, 5/15/08	954,943			
624,000	3.625%, 5/15/13	629,071			
	U.S. Treasury Bonds, 7.50%, 11/15/16	3,178,549			
2,341,000	8.875%, 8/15/17	1,513,125			
1,000,000	9.125%, 5/15/18	2,599,699			
1,676,000	8.125%, 8/15/19	478,825			
331,000	6.25%, 8/15/23	6,053,886			
4,941,000	6.00%, 2/15/26	7,594,864			
6,352,000	5.50%, 8/15/28	2,250,392			
2,000,000	5.25%, 11/15/28	1,205,377			
1,107,000	5.25%, 2/15/29	1,089,180			
1,000,000					
	Total U.S. Government & Agency Obligations				
	(Cost \$72,081,084)	<u>75,345,026</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, 2003, the net unrealized appreciation on investments, based on cost for federal income tax purposes of \$285,946,460, amounted to \$18,610,396 which consisted of aggregate gross unrealized appreciation of \$24,529,328 and aggregate gross unrealized depreciation of \$5,918,932.

See Notes to Financial Statements.

THE ALGER AMERICAN FUND
ALGER AMERICAN BALANCED PORTFOLIO
FINANCIAL HIGHLIGHTS

For a share outstanding throughout the period

	<u>Income from Investment Operations</u>					
	<u>Net Asset Value, Beginning of Period</u>	<u>Net Investment Income (Loss)</u>	<u>Net Realized and Unrealized Gain (Loss) on Investments</u>	<u>Total from Investment Operations</u>	<u>Dividends from Net Investment Income</u>	<u>Distributions from Net Realized Gains</u>
Alger American Balanced Portfolio						
Class O						
Six months ended 6/30/03(i)(ii)	\$11.29	\$ 0.10	\$ 1.10	\$ 1.20	\$ (0.26)	\$ —
Year ended 12/31/02	13.08	0.20	(1.79)	(1.59)	(0.20)	—
Year ended 12/31/01	13.77	0.18	(0.43)	(0.25)	(0.20)	(0.24)
Year ended 12/31/00	15.57	0.20	(0.61)	(0.41)	(0.13)	(1.26)
Year ended 12/31/99	12.98	0.15	3.45	3.60	(0.17)	(0.84)
Year ended 12/31/98	10.76	0.19	3.02	3.21	(0.18)	(0.81)
Class S						
Six months ended 6/30/03(i)(ii)	\$11.47	\$ 0.09	\$ 1.11	\$ 1.20	\$ (0.26)	\$ —
Eight months ended 12/31/02(i)(iii)	12.50	0.02	(1.05)	(1.03)	—	—

- (i) Ratios have been annualized; total return has not been annualized.
- (ii) Unaudited.
- (iii) Commenced operations May 1, 2002.
- (iv) Amount was computed based on average shares outstanding during the period.

Ratios/Supplemental Data

<u>Total Distributions</u>	<u>Net Asset Value, End of Period</u>	<u>Total Return</u>	<u>Net Assets, End of Period (000's omitted)</u>	<u>Ratio of Expenses to Average Net Assets</u>	<u>Ratio of Net Investment Income (Loss) to Average Net Assets</u>	<u>Portfolio Turnover Rate</u>
\$ (0.26)	\$12.23	10.62%	\$ 282,855	0.87%	1.77%	83.02%
(0.20)	11.29	(12.29)	254,290	0.87	2.16	188.76
(0.44)	13.08	(1.93)	224,959	0.85	2.53	62.93
(1.39)	13.77	(2.76)	115,894	0.88	2.40	63.37
(1.01)	15.57	29.21	56,327	0.93	1.66	118.74
(0.99)	12.98	31.51	28,208	0.92	2.09	94.64
\$ (0.26)	\$12.41	10.45%	\$ 10,941	1.11%	1.38%	83.02%
—	11.47	(8.24)	494	1.17	1.67	188.76

See Notes to Financial Statements.

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

June 30, 2003

Assets:	
Investments in securities, at value (identified cost*)—see accompanying schedules of investments	\$304,556,856
Receivable for investment securities sold	4,709,440
Receivable for shares of beneficial interest sold	418,020
Interest and dividends receivable	1,719,239
Other assets	7,279
Total Assets	311,410,834
Liabilities:	
Payable for investment securities purchased	17,054,215
Payable for shares of beneficial interest redeemed	314,066
Accrued investment management fees	180,465
Accrued expenses	66,485
Total Liabilities	17,615,231
Net Assets	\$293,795,603
Net Assets Consist of:	
Paid-in capital	\$313,176,309
Undistributed net investment income (accumulated loss)	2,061,331
Undistributed net realized gain (accumulated loss)	(47,061,908)
Net unrealized appreciation	25,619,871
Net Assets	\$293,795,603
Class O	
Net Asset Value Per Share	\$ 12.23
Class S	
Net Asset Value Per Share	\$ 12.41
Shares of beneficial interest outstanding—Note 6	
Class O	23,122,206
Class S	881,610
*Identified cost	\$278,936,985

See Notes to Financial Statements.

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

For the six months ended June 30, 2003

INVESTMENT INCOME	
Income:	
Interest	\$ 2,931,904
Dividends	531,790
Total Income	3,463,694
Expenses:	
Management fees—Note 3(a)	987,009
Custodian fees	48,875
Transfer agent fees	65,801
Professional fees	13,324
Trustees' fees	978
Miscellaneous	31,734
Total Expenses	1,147,721
Net Investment Income	2,315,973
REALIZED AND UNREALIZED GAIN ON INVESTMENTS	
Net realized gain on investments	4,981,679
Net change in unrealized appreciation (depreciation) on investments	20,039,998
Net realized and unrealized gain on investments	25,021,677
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$27,337,650

See Notes to Financial Statements.

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

For the year ended June 30, 2003

Net investment income	\$ 2,315,973
Net realized gain on investments	4,981,679
Net change in unrealized appreciation (depreciation) on investments	20,039,998
Net increase in net assets resulting from operations	27,337,650
Dividends to shareholders from:	
Net investment income	
Class O	(5,765,586)
Class S	(156,618)
Total dividends to shareholders	(5,922,204)
Increase from shares of beneficial interest transactions:	
Class O	7,493,340
Class S	10,103,276
Net increase from shares of beneficial interest transactions—Note 6	17,596,616
Total increase	39,012,062
Net Assets	
Beginning of period	254,783,541
End of period	\$293,795,603
Undistributed net investment income (accumulated loss)	\$ 2,061,331

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

For the year ended December 31, 2002

Net investment income	\$ 5,440,751
Net realized loss on investments	(38,391,132)
Net change in unrealized appreciation (depreciation) on investments	(616,081)
Net decrease in net assets resulting from operations	(33,566,462)
Dividends to shareholders—Class O:	
Net investment income	(4,212,264)
Increase from shares of beneficial interest transactions:	
Class O	67,104,186
Class S	499,543
Net increase from shares of beneficial interest transactions—Note 6	67,603,729
Total increase	29,825,003
Net Assets	
Beginning of year	224,958,538
End of year	\$254,783,541
Undistributed net investment income (accumulated loss)	\$ 5,667,562

See Notes to Financial Statements.

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

June 30, 2003

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. 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.

Premiums and discounts on debt securities purchased are amortized or accreted over the lives of the respective securities.

(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, 2002, the Portfolio reclassified \$384,440 from undistributed net investment income (accumulated loss) and \$19,725 from undistributed net realized gain (accumulated loss) to paid-in capital. Reclassifications result primarily from the difference in tax treatment of net operating losses. The reclassification had no

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

June 30, 2003

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, 2002, the net capital loss carryforward of the Portfolio which may be used to offset future net realized gains was \$38,641,762 and expires between 2009 and 2010.

Net capital losses incurred after October 31 and within the taxable year are deemed to arise on the first business day of the Portfolio's next taxable year. For the period ended December 31, 2002, the amount of deferral for the Portfolio was \$6,392,350.

(g) **Allocation Methods:** 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 portfolio to compensate the Distributor for its activities and expenses incurred in distributing the Class S shares. The fees paid may be more or less than the expenses incurred by the Distributor.

(c) **Brokerage Commissions:** During the six months ended June 30, 2003, the Portfolio paid the Distributor \$326,717 in connection with securities transactions.

(d) **Transfer Agency Fees:** The Fund 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) **Other:** Certain trustees and officers of the Fund 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, 2003, were \$222,429,717 and \$205,764,515, 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, 2003, transactions of shares of beneficial interest were as follows:

	<u>Shares</u>	<u>Amount</u>
American Balanced Portfolio:		
Class O:		
Shares sold	1,539,484	\$ 18,075,486
Dividends reinvested	474,924	5,765,586
Shares redeemed	(1,417,154)	(16,347,732)
Net increase	<u>597,254</u>	<u>\$ 7,493,340</u>
Class S:		
Shares sold	838,988	\$ 10,098,483
Dividends reinvested	12,712	156,618
Shares redeemed	(13,132)	(151,825)
Net increase	<u>838,568</u>	<u>\$10,103,276</u>

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

June 30, 2003

During the period ended December 31, 2002, transactions of shares of beneficial interest were as follows:

	<u>Shares</u>	<u>Amount</u>
Class O:		
Shares sold	8,764,536	\$107,315,310
Dividends reinvested	345,834	4,212,264
Shares redeemed	<u>(3,788,621)</u>	<u>(44,423,388)</u>
Net increase	<u>5,321,749</u>	<u>\$ 67,104,186</u>
Class S*:		
Shares sold	43,065	\$ 499,810
Shares redeemed	<u>(23)</u>	<u>(267)</u>
Net increase	<u>43,042</u>	<u>\$ 499,543</u>

* Initially offered May 1, 2002.

NOTE 6—Tax Character of Distributions to Shareholders:

Distributions paid by the Portfolio during the six months ended June 30, 2003, and the year ended December 31, 2002, consisted entirely of ordinary income.

As of December 31, 2002, the components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income	\$ 5,912,564
Undistributed long-term gain	—
Capital and other losses	45,034,112
Unrealized appreciation (depreciation)	(1,674,602)

The difference between book basis and tax-basis unrealized appreciation (depreciation) is attributable primarily to the tax deferral of losses on wash sales.

The Alger American Fund

**Alger American
Leveraged AllCap Portfolio**

Semi-Annual Report

**June 30, 2003
(Unaudited)**



TABLE OF CONTENTS

- Letter to Our Shareholders 1
- Schedule of Investments 2
- Financial Highlights 4
- Statement of Assets and Liabilities 6
- Statement of Operations 7
- Statements of Changes in Net Assets 8
- Notes to Financial Statements..... 9

Dear Shareholders,

August 4, 2003

A period that began with slow, steady economic growth; tentative corporations; U.S. troops massing in Iraq; and public anxiety about the outcome of war ended with one of the better quarters for the stock market in the past five years. Both consumers and companies reacted to the uncertainty of January and February by paring back, and the economy grew less than 1.5% during the first quarter. But the fall of Saddam Hussein's regime helped shift public psychology.

By late spring, buoyed by historically low interest rates of well under 4% on the 10-year Treasury note and by federal spending and tax cuts, consumers began to increase personal consumption expenditures and companies showed signs of ramping up capital expenditures. Low interest rates also led to another wave of mortgage refinancing, which put more money into people's pockets, and the Federal Reserve cut short-term rates. The result by the end of June was that consumer spending buoyed the economy even in a time of weak employment and tumultuous international affairs. The economy grew 2.4% in the second quarter; the markets responded to the improved economic climate and to better second quarter earnings reported by companies. For the six months ended June 30, 2003, the Dow rose 9.0%, the S&P 500 was up 11.8%, and the NASDAQ gained 21.5%.

Now, for the first time in over two years, Wall Street has begun to look to the future. Companies that can show healthy balance sheets and an ability to improve productivity and expand their businesses are becoming attractive to investors. That is as it should be, but it has not been the case for quite a while. The markets and the country in general are beginning to emerge from two years that included a recession, terrorism, war, and corporate scandals. Sentiment has slowly been shifting away from fear and toward guarded hope. That shift should lead to support for higher levels for the equity markets. That does not mean a return to irrational exuberance, but we think it does mean a more balanced market where good companies and good stock picking are rewarded.

Respectfully submitted,



Dan C. Chung
Chief Investment Officer

THE ALGER AMERICAN FUND
ALGER AMERICAN LEVERAGED ALLCAP PORTFOLIO
SCHEDULE OF INVESTMENTS—JUNE 30, 2003 (UNAUDITED)

<u>Shares</u>	<u>COMMON STOCKS—94.5%</u>	<u>Value</u>	<u>Shares</u>	<u>Value</u>
BIOTECHNOLOGY—7.9%				
129,300	Amgen Inc.*	\$ 8,590,692	76,350	
89,600	Genentech, Inc.*	6,461,952		
125,600	Genzyme Corp-General Division*	5,250,080		
82,000	Gilead Sciences, Inc.*	4,557,560	148,000	
46,600	ImClone Systems Incorporated*	1,473,492		
		<u>26,333,776</u>		
CAPITAL MARKETS—4.9%				
170,900	Bank of New York Company, Inc. (The)	4,913,375	443,000	
237,000	Mellon Financial Corporation	6,576,750	202,800	
105,000	Merrill Lynch & Co., Inc.	4,901,400	129,500	
		<u>16,391,525</u>	365,000	
			72,000	
COMMERCIAL SERVICES & SUPPLIES—1.0%				
55,550	Apollo Group, Inc. Cl. A*	3,430,768	147,000	
COMMUNICATION EQUIPMENT—4.0%				
500,500	Cisco Systems, Inc.*	8,353,345	88,700	
105,600	Comverse Technology, Inc.*	1,587,168	130,600	
268,000	Juniper Networks, Inc.*	3,315,160	166,000	
		<u>13,255,673</u>	120,400	
COMPUTERS & PERIPHERALS—4.3%				
140,500	Dell Computer Corporation*	4,490,380	358,500	
658,600	EMC Corporation*	6,895,542	96,300	
189,350	Network Appliance, Inc.*	3,069,363	108,800	
		<u>14,455,285</u>		
DIVERSIFIED FINANCIAL SERVICES—3.1%				
240,100	Citigroup Inc.	10,276,280	206,400	
ENERGY EQUIPMENT & SERVICES—3.7%				
231,100	Halliburton Company	5,315,300	158,095	
101,300	Smith International, Inc.*	3,721,762	35,300	
152,800	Transocean Inc.*	3,357,016	322,700	
		<u>12,394,078</u>	75,600	
FOOD & STAPLES RETAILING—2.2%				
139,700	Wal-Mart Stores, Inc.	7,497,699		
HEALTH CARE EQUIPMENT & SUPPLIES—4.1%				
51,500	Alcon, Inc.	2,353,550	234,800	
111,095	Boston Scientific Corporation*	6,787,905	147,500	
100,450	Guidant Corporation	4,458,975	560,400	
		<u>13,600,430</u>	122,200	
INDUSTRIAL CONGLOMERATES—2.8%				
325,900	General Electric Company	9,346,812	97,800	
INSURANCE—1.5%				
92,300	American International Group, Inc.	5,093,114		
INTERNET & CATALOG RETAIL—2.4%				
				\$ 7,954,143
INTERNET SOFTWARE & SERVICES—1.5%				
				4,848,480
MEDIA—6.7%				
				7,127,870
				6,120,504
				1,658,895
				4,219,400
				<u>3,143,520</u>
				22,270,189
PHARMACEUTICALS—17.6%				
				6,432,720
				6,838,770
				8,554,300
				10,051,300
				4,186,308
				12,242,775
				5,482,359
				<u>4,955,840</u>
				58,744,372
SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT—4.9%				
				5,141,424
				4,206,908
				1,641,097
				3,753,001
				<u>1,490,832</u>
				16,233,262
SOFTWARE—10.1%				
				15,453,074
				9,718,170
				5,050,089
				<u>3,345,789</u>
				33,567,122
SPECIALTY RETAIL—8.3%				
				6,670,668
				6,478,200
				10,513,104
				<u>4,047,264</u>
				27,709,236
TEXTILES, APPAREL & LUXURY GOODS—1.6%				
				5,231,322

THE ALGER AMERICAN FUND
ALGER AMERICAN LEVERAGED ALLCAP PORTFOLIO
SCHEDULE OF INVESTMENTS—JUNE 30, 2003 (UNAUDITED) (Cont'd)

<u>Shares</u>	COMMON STOCKS (Cont'd)	<u>Value</u>	<u>Principal Amount</u>	SHORT-TERM INVESTMENTS—6.8%	<u>Value</u>
	THRIFTS & MORTGAGE FINANCE—0.9%			U.S. GOVERNMENT & AGENCY OBLIGATIONS—6.8%	
42,600	Countrywide Financial Corporation	\$ 2,963,682		Federal National Mortgage Assoc., 0.70%, 7/1/03	
	WIRELESS TELECOMMUNICATION SERVICES—1.0%		\$22,600,000	(Cost \$22,600,000)	\$ 22,600,000
185,900	Nextel Communications Inc., Cl. A*	3,361,072		SECURITIES HELD UNDER REPURCHASE AGREEMENTS	
	Total Common Stocks (Cost \$272,063,098)	<u>314,958,320</u>		Securities Held Under Repurchase Agreements, 1.10%, 7/1/03, with Bear, Stearns & Co. Inc., dtd 6/30/03, repurchase price \$183,837; collateralized by \$415,000 U.S. Treasury Bond Strips, due 2/15/20	<u>183,832</u>
				Total Short-Term Investments (Cost \$22,783,832)	<u>22,783,832</u>
			Total Investments (Cost \$294,846,930)(a)	101.3%	337,742,152
			Liabilities in Excess of Other Assets	(1.3)	(4,343,824)
			Net Assets	<u>100.0%</u>	<u>\$333,398,328</u>

* Non-income producing security.

(a) At June 30, 2003, the net unrealized appreciation on investments, based on cost for federal income tax purposes of \$296,617,103, amounted to \$41,125,049 which consisted of aggregate gross unrealized appreciation of \$43,537,173 and aggregate gross unrealized depreciation of \$2,412,124.

See Notes to Financial Statements.

THE ALGER AMERICAN FUND
ALGER AMERICAN LEVERAGED ALLCAP PORTFOLIO
FINANCIAL HIGHLIGHTS

For a share outstanding throughout the period

Income from Investment Operations

	<u>Net Asset Value, Beginning of Period</u>	<u>Net Investment Income (Loss)</u>	<u>Net Realized and Unrealized Gain (Loss) on Investments</u>	<u>Total from Investment Operations</u>	<u>Dividends from Net Investment Income</u>	<u>Distributions from Net Realized Gains</u>
Class O						
Six months ended 6/30/03(i)(ii)	\$20.85	\$ (0.03)	\$ 4.30	\$ 4.27	\$ —	\$ —
Year ended 12/31/02	31.55	(0.14)	(10.56)	(10.70)	—	—
Year ended 12/31/01	38.80	0.00(iv)	(6.06)	(6.06)	—	(1.19)
Year ended 12/31/00	57.97	(0.02)(iv)	(13.77)	(13.79)	—	(5.38)
Year ended 12/31/99	34.90	(0.09)	25.93	25.84	—	(2.77)
Year ended 12/31/98	23.17	(0.05)	12.99	12.94	—	(1.21)
Class S						
Six months ended 6/30/03(i)(ii)	\$20.83	\$ (0.05)(iv)	\$ 4.25	\$ 4.20	\$ —	\$ —
Eight months ended 12/31/02(i)(iii)	28.46	(0.02)	(7.61)	(7.63)	—	—

- (i) Ratios have been annualized; total return has not been annualized.
- (ii) Unaudited.
- (iii) Commenced operations May 1, 2002.
- (iv) Amount was computed based on average shares outstanding during the period.

<u>Ratios/Supplemental Data</u>						
<u>Total Distributions</u>	<u>Net Asset Value, End of Period</u>	<u>Total Return</u>	<u>Net Assets, End of Period (000's omitted)</u>	<u>Ratio of Expenses to Average Net Assets</u>	<u>Ratio of Net Investment Income (Loss) to Average Net Assets</u>	<u>Portfolio Turnover Rate</u>
\$ —	\$25.12	20.48%	\$ 330,620	0.97%	(0.31)%	73.35%
—	20.85	(33.91)	271,373	0.96	(0.49)	203.05
(1.19)	31.55	(15.93)	443,209	0.92	0.00	103.03
(5.38)	38.80	(24.83)	476,517	0.90	(0.03)	132.28
(2.77)	57.97	78.06	362,500	0.93	(0.49)	155.74
(1.21)	34.90	57.83	101,710	0.96	(0.27)	143.59
\$ —	\$25.03	20.16%	\$ 2,778	1.21%	(0.51)%	73.55%
—	20.83	(26.81)	281	1.32	(0.92)	203.05

See Notes to Financial Statements.

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

June 30, 2003

Assets:	
Investments in securities, at value (identified cost*)—see accompanying schedules of investments	\$337,742,152
Receivable for investment securities sold	4,016,544
Receivable for shares of beneficial interest sold	212,780
Interest and dividends receivable	175,251
Other assets	8,712
Total Assets	342,155,439
Liabilities:	
Payable for investment securities purchased	7,838,109
Payable for shares of beneficial interest redeemed	600,867
Accrued investment management fees	232,201
Accrued expenses	85,934
Total Liabilities	8,757,111
Net Assets	\$333,398,328
Net Assets Consist of:	
Paid-in capital	\$570,363,861
Undistributed net investment income (accumulated loss)	(444,916)
Undistributed net realized gain (accumulated loss)	(279,415,839)
Net unrealized appreciation	42,895,222
Net Assets	\$333,398,328
Class O	
Net Asset Value Per Share	\$ 25.12
Class S	
Net Asset Value Per Share	\$ 25.03
Shares of beneficial interest outstanding—Note 6	
Class O	13,162,687
Class S	110,980
*Identified cost	\$294,846,930

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, 2003

INVESTMENT INCOME

Income:	
Interest	\$ 113,103
Dividends	840,979
Total Income	954,082
Expenses:	
Management fees—Note 3(a)	1,228,218
Custodian fees	46,150
Transfer agent fees	72,248
Professional fees	14,648
Trustees' fees	978
Miscellaneous	36,756
Total Expenses	1,398,998
Net Investment Loss	(444,916)
REALIZED AND UNREALIZED GAIN ON INVESTMENTS	
Net realized gain on investments	1,051,741
Net change in unrealized appreciation (depreciation) on investments	54,209,571
Net realized and unrealized gain on investments	55,261,312
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$54,816,396

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, 2003

Net investment loss	\$ (444,916)
Net realized gain on investments	1,051,741
Net change in unrealized appreciation (depreciation) on investments	54,209,571
Net increase in net assets resulting from operations	54,816,396
Increase from shares of beneficial interest transactions:	
Class O	4,590,421
Class S	2,337,749
Net increase from shares of beneficial interest transactions—Note 6	6,928,170
Total increase	61,744,566
Net Assets	
Beginning of period	271,653,762
End of period	\$333,398,328
Undistributed net investment income (accumulated loss)	\$ (444,916)

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

For the year ended December 31, 2002

Net investment loss	\$ (1,711,232)
Net realized loss on investments	(112,551,348)
Net change in unrealized appreciation (depreciation) on investments	(34,471,626)
Net decrease in net assets resulting from operations	(148,734,206)
Dividends to shareholders—Class O:	
Net investment income	(28,241)
Increase (decrease) from shares of beneficial interest transactions:	
Class O	(23,086,500)
Class S	293,689
Net decrease from shares of beneficial interest transactions—Note 6	(22,792,811)
Total decrease	(171,555,258)
Net Assets	
Beginning of year	443,209,020
End of year	\$ 271,653,762
Undistributed net investment income (accumulated loss)	\$ —

See Notes to Financial Statements.

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

June 30, 2003

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. 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.

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(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.

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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, 2002, the Portfolio reclassified \$1,720,618 from undistributed net investment income (accumulated loss) and \$12,326 from undistributed net realized gain (accumulated loss) to paid-in capital. Reclassifications result primarily from the difference in tax treatment of net operating losses. 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, 2003

(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, 2002, the net capital loss carryforward of the Portfolio which may be used to offset future net realized gains was \$263,951,002 and expires between 2009 and 2010.

Net capital losses incurred after October 31 and within the taxable year are deemed to arise on the first business day of the Portfolio's next taxable year. For the period ended December 31, 2002, the amount of deferral for the Portfolio was \$14,746,404.

(g) **Allocation Methods:** 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 portfolio to compensate the Distributor for its activities and expenses incurred

in distributing the Class S shares. The fees paid may be more or less than the expenses incurred by the Distributor.

(c) **Brokerage Commissions:** During the six months ended June 30, 2003, the Portfolio paid the Distributor \$387,303 in connection with securities transactions.

(d) **Transfer Agency Fees:** The Fund 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) **Other:** Certain trustees and officers of the Fund 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, 2003, were \$203,152,469 and \$200,490,996, 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. This line of credit was not utilized during the six months ended June 30, 2003.

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, 2003, transactions of shares of beneficial interest were as follows:

	<u>Shares</u>	<u>Amount</u>
American Leverage AllCap		
Class O:		
Shares sold	2,120,292	\$ 48,262,940
Shares redeemed	(1,970,444)	(43,672,519)
Net increase	<u>149,848</u>	<u>\$ 4,590,421</u>
Class S*:		
Shares sold	103,227	\$ 2,449,743
Shares redeemed	(5,313)	(111,994)
Net increase	<u>97,914</u>	<u>\$ 2,337,749</u>

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

June 30, 2003

During the year ended December 31, 2002, transactions of shares of beneficial interest were as follows:

	<u>Shares</u>	<u>Amount</u>
Class O:		
Shares sold	4,441,227	\$ 118,686,176
Dividends reinvested	1,029	28,241
Shares redeemed	<u>(5,478,468)</u>	<u>(141,800,917)</u>
Net decrease	<u>(1,036,212)</u>	<u>\$ (23,086,500)</u>
Class S*:		
Shares sold	14,226	\$ 309,589
Shares redeemed	<u>(760)</u>	<u>(15,900)</u>
Net increase	<u>13,466</u>	<u>\$ 293,689</u>

* Initially offered May 1, 2002.

NOTE 7—Tax Character of Distributions to Shareholders:

For the six months ended June 30, 2003, there were no distributions paid and for the year ended December 31, 2002, distributions paid by the Portfolio consisted entirely of ordinary income.

As of December 31, 2002, the components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income	—
Undistributed long-term gain	—
Capital and other losses	\$278,697,406
Unrealized appreciation (depreciation)	(13,084,523)

The difference between book basis and tax-basis unrealized appreciation (depreciation) is attributable primarily to the tax deferral of losses on wash sales.

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CREDIT SUISSE FUNDS

Semiannual Report

June 30, 2003
(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 55030, Boston, MA 02205-5030.

Credit Suisse Asset Management Securities, Inc., Distributor, is located at 466 Lexington Ave., New York, NY 10017-3140. 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, 2003, 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, 2003

July 22, 2003

Dear Shareholder:

For the six months ended June 30, 2003, Credit Suisse Trust — Emerging Markets Portfolio¹ (the "Portfolio") had a gain of 10.22%, versus an increase of 16.14% for the Morgan Stanley Capital International Emerging Markets Free Index.²

The period was generally a positive one for equity markets around the world. Stocks generally struggled in January and February, but market conditions improved when investors' appetite for risk returned in the wake of the swift and seemingly successful end to the Iraq war. With a major market overhang removed, asset classes associated with higher short-term risk and potentially higher long-term rewards were favored; emerging markets outperformed developed markets in this environment.

The Portfolio lagged its benchmark, which we attribute in part to our position in Asia. In early 2003, we were overweighted in certain Asian markets (e.g., South Korea), based largely on stock-specific factors. During this time, however, these markets were hurt by the emergence of SARS as a local threat, tensions regarding the Korean peninsula, and worries over the region's vulnerability to a weak global economy. While our Asian holdings had a collective gain, they trailed the benchmark's Asia component. Another factor that hampered the Portfolio was its underweighting in Israel. This stance hindered the Portfolio's relative performance, as Israel's market rallied strongly on optimism regarding the outcome of the U.S.-led war on Iraq.

We made some adjustments to the Portfolio in the period regarding its regional allocation. As noted, we had been overweighted in certain Asian markets in early spring, deeming specific stocks to be compelling in the wake of market declines. Currently, we view our Asian position as being more neutral and fairly diversified.

We became overweighted in Latin America during the period. While we are aware of the prospects for market disappointment over the reform agenda of the new Lula da Silva administration in Brazil, declining sovereign risks and inflows into Brazilian debt have supported and could continue to support Brazilian equities. We have consequently increased our overweight in Brazil and moved into higher beta stocks (i.e., stocks that tend to outperform in market rallies) in the banking sector. We ended the period with a neutral weighting in Mexico. We maintained a small position in Argentina, adding a steel pipe manufacturer that services the oil and gas sector. We view the company more as a global play, as it has manufacturing operations in other Latin American countries and in Europe.

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

June 30, 2003

We raised our exposure to the Europe, Middle East and African (EMEA) region in the period, though we remained underweighted. Our primary change was to narrow our underweighting in Israel. Much of this reflected our sector-specific views — in particular our enthusiasm for generic pharmaceutical companies — as well as our optimism regarding Israel's domestic environment.

In Russia, positive corporate news within the energy sector there and what we believe are attractive opportunities in other sectors have led us to maintain an overweight in the country. Finally, we were underweighted in South Africa at the end of the period. Our focus there was on resources and mining stocks, which we believe have the potential to benefit from a weaker Rand and rising export volume.

Yaroslav Aranowicz
Co-Portfolio Manager

Emily Alejos
Co-Portfolio Manager

Annabel Betz
Co-Portfolio Manager

Neil Gregson
Associate Portfolio Manager

The Portfolio may involve a greater degree of risk than other funds that seek capital growth by investing in larger, more-developed markets. 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.

In addition to historical information, this report contains forward-looking statements, which may concern, among other things, domestic and foreign market, industry and economic trends and developments and government regulation and their potential impact on the Portfolio's investments. These statements are subject to risks and uncertainties and actual trends, developments and regulations in the future and their impact on the Portfolio could be materially different from those projected, anticipated or implied. The Portfolio has no obligation to update or revise forward-looking statements.

Credit Suisse Trust — Emerging Markets Portfolio
Semiannual Investment Adviser's Report (concluded)
June 30, 2003

Average Annual Returns as of June 30, 2003¹

<u>1 Year</u>	<u>5 Years</u>	<u>Since Inception</u>	<u>Inception Date</u>
(3.67%)	(1.04%)	(1.81%)	12/31/97

Past performance is not predictive of future performance. Investment return and principal value of an investment will fluctuate so that an investor's shares upon redemption may be worth more or less than their original cost. The performance results do not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or the redemption of Portfolio shares. Performance includes the effect of deducting expenses, but does not include charges and expenses attributable to any particular variable contract or Plan. Accordingly, the Prospectus of the sponsoring Participating Insurance Company separate account or Plan documents or other informational materials supplied by Plan sponsors should be carefully reviewed for information on relevant charges and expenses. Excluding these charges and expenses from quotations of performance has the effect of increasing the performance quoted, and the effect of these charges should be considered when comparing performance to that of other mutual funds.

¹ Fee waivers and/or expense reimbursements reduced expenses for the Portfolio, without which performance would be lower. Waivers and/or reimbursements may be discontinued at any time.

² The Morgan Stanley Capital International EMF (Emerging Markets Free) Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. It is the exclusive property of Morgan Stanley Capital International Inc. Investors cannot invest directly in an index.

Credit Suisse Trust — Emerging Markets Portfolio
Schedule of Investments
June 30, 2003 (Unaudited)

	<u>Number of Shares</u>	<u>Value</u>
COMMON STOCKS (95.5%)		
Brazil (7.2%)		
<i>Aerospace & Defense (0.5%)</i>		
Empresa Brasileira de Aeronautica SA ADR	12,400	\$ 236,840
<i>Beverages (1.7%)</i>		
Companhia de Bebidas das Americas ADR	39,800	809,930
<i>Diversified Telecommunication Services (1.0%)</i>		
Brasil Telecom Participacoes SA ADR	6,600	247,170
Tele Norte Leste Participacoes SA ADR	21,200	247,616
		<u>494,786</u>
<i>Food & Drug Retailing (0.9%)</i>		
Companhia Brasileira de Distribuicao Grupo Pao de Acucar ADR	28,800	441,792
<i>Metals & Mining (1.1%)</i>		
Companhia Vale do Rio Doce ADR Class A	20,200	560,550
<i>Oil & Gas (2.0%)</i>		
Petroleo Brasileiro SA - Petrobras ADR	55,500	985,680
TOTAL BRAZIL		<u>3,529,578</u>
Chile (0.7%)		
<i>Diversified Telecommunication Services (0.7%)</i>		
Compania de Telecomunicaciones de Chile SA ADR	28,900	341,020
TOTAL CHILE		<u>341,020</u>
China (1.5%)		
<i>Diversified Telecommunication Services (1.0%)</i>		
China Telecom Corporation, Ltd.	2,071,000	475,381
<i>Oil & Gas (0.5%)</i>		
PetroChina Company, Ltd.	854,000	257,356
TOTAL CHINA		<u>732,737</u>
Czech Republic (0.7%)		
<i>Industrial Conglomerates (0.7%)</i>		
Cesky Telecom AS GDR	30,000	363,000
TOTAL CZECH REPUBLIC		<u>363,000</u>
Hong Kong (3.7%)		
<i>Computers & Peripherals (0.5%)</i>		
Legend Group, Ltd.	754,000	251,393
<i>Industrial Conglomerates (2.0%)</i>		
China Merchants Holdings International Company, Ltd.	1,088,000	976,642
<i>Oil & Gas (0.5%)</i>		
CNOOC, Ltd.	168,000	245,597
<i>Pharmaceuticals (0.7%)</i>		
China Pharmaceutical Group, Ltd.	979,000	329,549
TOTAL HONG KONG		<u>1,803,181</u>

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Emerging Markets Portfolio
Schedule of Investments (continued)
June 30, 2003 (Unaudited)

	<u>Number of Shares</u>	<u>Value</u>
COMMON STOCKS (continued)		
Hungary (2.2%)		
<i>Pharmaceuticals (2.2%)</i>		
Gedeon Richter Rt.	15,400	\$ 1,086,266
<i>TOTAL HUNGARY</i>		
		<u>1,086,266</u>
India (4.8%)		
<i>Banks (1.9%)</i>		
State Bank of India, Ltd. GDR	45,700	936,850
<i>Chemicals (0.6%)</i>		
Reliance Industries, Ltd. GDR*	19,200	279,360
<i>Pharmaceuticals (2.3%)</i>		
Dr. Reddy's Laboratories, Ltd. ADR	26,100	608,391
Ranbaxy Laboratories, Ltd. GDR	28,800	550,080
		<u>1,158,471</u>
<i>TOTAL INDIA</i>		
		<u>2,374,681</u>
Indonesia (0.2%)		
<i>Banks (0.2%)</i>		
PT Bank Mandiri*	1,415,000	116,930
<i>TOTAL INDONESIA</i>		
		<u>116,930</u>
Israel (3.6%)		
<i>Internet Software & Services (1.0%)</i>		
Check Point Software Technologies, Ltd.*	25,400	496,570
<i>Pharmaceuticals (2.6%)</i>		
Teva Pharmaceutical Industries, Ltd. ADR	22,300	1,269,539
<i>TOTAL ISRAEL</i>		
		<u>1,766,109</u>
Luxembourg (0.5%)		
<i>Energy Equipment & Services (0.5%)</i>		
Tenaris SA ADR	9,100	232,050
<i>TOTAL LUXEMBOURG</i>		
		<u>232,050</u>
Malaysia (4.7%)		
<i>Banks (2.5%)</i>		
Public Bank Berhad	1,567,915	1,246,080
<i>Hotels, Restaurants & Leisure (1.7%)</i>		
Genting Berhad	207,022	817,192
<i>Wireless Telecommunication Services (0.5%)</i>		
Maxis Communications Berhad	155,000	232,500
<i>TOTAL MALAYSIA</i>		
		<u>2,295,772</u>

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Emerging Markets Portfolio
Schedule of Investments (continued)
June 30, 2003 (Unaudited)

	<u>Number of Shares</u>	<u>Value</u>
COMMON STOCKS (continued)		
Mexico (8.9%)		
<i>Beverages (1.0%)</i>		
Fomento Economico Mexicano, SA de CV ADR	12,200	\$ 502,640
<i>Diversified Telecommunication Services (2.9%)</i>		
Telefonos de Mexico SA de CV ADR	45,200	1,420,184
<i>Media (0.7%)</i>		
Grupo Televisa SA ADR	10,600	365,700
<i>Multiline Retail (1.8%)</i>		
Wal-Mart de Mexico SA de CV ADR	29,400	868,967
<i>Wireless Telecommunication Services (2.5%)</i>		
America Movil SA de CV ADR, Series L	64,858	1,216,087
TOTAL MEXICO		<u>4,373,578</u>
Russia (8.4%)		
<i>Industrial Conglomerates (4.6%)</i>		
Mining and Metallurgical Company Norilsk Nickel ADR	13,800	480,240
YUKOS ADR	32,250	1,794,712
		<u>2,274,952</u>
<i>Oil & Gas (1.7%)</i>		
Gazprom ADR	45,300	851,640
<i>Wireless Telecommunication Services (2.1%)</i>		
AO VimpelCom ADR	21,700	1,007,748
TOTAL RUSSIA		<u>4,134,340</u>
South Africa (7.3%)		
<i>Banks (4.0%)</i>		
ABSA Group Ltd.	54,000	252,671
FirstRand, Ltd.	624,700	635,514
Standard Bank Group, Ltd.	245,189	1,070,865
		<u>1,959,050</u>
<i>Metals & Mining (1.7%)</i>		
Gold Fields, Ltd.	30,309	361,488
Harmony Gold Mining Company, Ltd.	35,300	462,990
		<u>824,478</u>
<i>Oil & Gas (0.4%)</i>		
Sasol, Ltd.	19,700	219,166
<i>Wireless Telecommunication Services (1.2%)</i>		
Telkom South Africa, Ltd.*	111,170	573,613
TOTAL SOUTH AFRICA		<u>3,576,307</u>

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Emerging Markets Portfolio
Schedule of Investments (continued)
June 30, 2003 (Unaudited)

	<u>Number of Shares</u>	<u>Value</u>
COMMON STOCKS (continued)		
South Korea (21.3%)		
<i>Automobiles (1.3%)</i>		
Hyundai Motor Company, Ltd.	23,320	\$ 616,921
<i>Chemicals (2.1%)</i>		
LG Chemical, Ltd.	25,480	1,023,893
<i>Diversified Telecommunication Services (1.0%)</i>		
KT Corp.	12,610	492,999
<i>Machinery (2.0%)</i>		
Daewoo Shipbuilding & Marine Engineering Company, Ltd.*	115,170	973,811
<i>Media (0.4%)</i>		
Cheil Communication, Inc.	2,060	202,637
<i>Multiline Retail (1.1%)</i>		
Shinsegae Company, Ltd.	3,300	515,236
<i>Semiconductor Equipment & Products (8.6%)</i>		
Samsung Electronics Company, Ltd.	14,216	4,224,931
<i>Tobacco (2.2%)</i>		
KT&G Corp.	66,540	1,097,395
<i>Wireless Telecommunication Services (2.6%)</i>		
SK Telecom Company, Ltd. ADR	67,700	1,276,822
TOTAL SOUTH KOREA		<u>10,424,645</u>
Taiwan (12.8%)		
<i>Banks (0.5%)</i>		
Chinatrust Financial Holding Company, Ltd.	296,923	239,357
<i>Computers & Peripherals (2.3%)</i>		
Compal Electronics, Inc.	823,000	1,103,358
<i>Diversified Financials (1.4%)</i>		
Fubon Financial Holding Company, Ltd.*	859,000	687,498
<i>Electronic Equipment & Instruments (0.7%)</i>		
Hon Hai Precision Industry Company, Ltd.	100,478	364,345
<i>Marine (1.3%)</i>		
Wan Hai Lines, Ltd.	714,000	631,274
<i>Semiconductor Equipment & Products (6.6%)</i>		
MediaTek, Inc.	101,000	1,012,627
Taiwan Semiconductor Manufacturing Company, Ltd.*	1,199,128	1,974,871
United Microelectronics Corp.*	394,000	253,863
		<u>3,241,361</u>
TOTAL TAIWAN		<u>6,267,193</u>

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Emerging Markets Portfolio
Schedule of Investments (concluded)
June 30, 2003 (Unaudited)

	<u>Number of Shares</u>	<u>Value</u>
COMMON STOCKS (concluded)		
Thailand (2.3%)		
<i>Banks (1.0%)</i>		
Siam Commercial Bank Public Company, Ltd.*	578,808	\$ 495,649
<i>Construction Materials (1.3%)</i>		
Siam Cement Public Company, Ltd.	154,400	617,012
TOTAL THAILAND		<u>1,112,661</u>
Turkey (0.7%)		
<i>Banks (0.7%)</i>		
Akbank T.A.S.	106,854,409	316,550
TOTAL TURKEY		<u>316,550</u>
United Kingdom (4.0%)		
<i>Metals & Mining (4.0%)</i>		
Anglo American PLC	128,300	1,979,852
TOTAL UNITED KINGDOM		<u>1,979,852</u>
TOTAL COMMON STOCKS (Cost \$38,470,884)		<u>46,826,450</u>
PREFERRED STOCK (1.2%)		
Brazil (1.2%)		
<i>Banks (1.2%)</i>		
Banco Itau Holding Financeira SA (Cost \$545,023)	8,520,000	565,783
RIGHTS (0.0%)		
Thailand (0.0%)		
<i>Diversified Telecommunication Services (0.0%)</i>		
TelecomAsia Corp. Public Company, Ltd.* (Cost \$0)	50,021	2,419
	Par (000)	
SHORT-TERM INVESTMENT (2.4%)		
State Street Bank and Trust Co. Euro Time Deposit, 1.063%, 7/01/03 (Cost \$1,191,000)	\$1,191	1,191,000
TOTAL INVESTMENTS AT VALUE (99.1%) (Cost \$40,206,907)		48,585,652
OTHER ASSETS IN EXCESS OF LIABILITIES (0.9%)		<u>432,561</u>
NET ASSETS (100.0%)		<u><u>\$49,018,213</u></u>

INVESTMENT ABBREVIATIONS

ADR = American Depository Receipt

GDR = Global Depository Receipt

* Non-income producing security.

† 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, 2003, these securities amounted to a value of \$279,360 or 0.6% of net assets.

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Emerging Markets Portfolio
Statement of Assets and Liabilities
June 30, 2003 (Unaudited)

Assets

Investments at value (Cost \$40,206,907) (Note 1)	\$ 48,585,652
Cash	818
Foreign currency at value (Cost \$422,326)	422,597
Receivable for portfolio shares sold	67,181
Dividend and interest receivable	100,979
Receivable for investments sold	894,999
Prepaid expenses	3,655
	<hr/>
Total Assets	50,075,881

Liabilities

Advisory fee payable (Note 2)	34,954
Administrative services fee payable (Note 2)	8,651
Payable for portfolio shares redeemed	26,949
Payable for investments purchased	906,685
Other accrued expenses payable	80,429
	<hr/>
Total Liabilities	1,057,668

Net Assets

Capital stock, \$0.001 par value (Note 5)	5,979
Paid-in capital (Note 5)	63,766,757
Undistributed net investment income	319,292
Accumulated net realized loss on investments and foreign currency transactions	(23,418,962)
Net unrealized appreciation from investments and foreign currency translations	8,345,147
	<hr/>
Net Assets	\$ 49,018,213
	<hr/>
Shares outstanding	5,978,619
	<hr/>
Net asset value, offering price, and redemption price per share	\$8.20
	<hr/>

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Emerging Markets Portfolio
Statement of Operations
For the Six Months Ended June 30, 2003 (Unaudited)

Investment Income (Note 1)	
Dividends	\$ 703,320
Interest	11,971
Foreign taxes withheld	<u>(80,038)</u>
Total investment income	<u>635,253</u>
Expenses	
Investment advisory fees (Note 2)	271,925
Administrative services fees (Note 2)	36,501
Printing fees (Note 2)	22,175
Custodian fees	19,886
Legal fees	16,828
Audit fees	9,248
Insurance expense	4,152
Transfer agent fees	2,933
Registration fees	1,547
Interest expense	935
Trustees' fees	792
Miscellaneous expense	<u>2,168</u>
Total expenses	389,090
Less: fees waived (Note 2)	<u>(84,535)</u>
Net expenses	<u>304,555</u>
Net investment income	<u>330,698</u>
Net Realized and Unrealized Gain (Loss) from Investments and Foreign Currency Related Items	
Net realized loss from investments	(2,173,293)
Net realized loss from foreign currency transactions	(158,933)
Net change in unrealized appreciation (depreciation) from investments	6,789,287
Net change in unrealized appreciation (depreciation) from foreign currency translations	<u>(26,033)</u>
Net realized and unrealized gain from investments and foreign currency related items	4,431,028
Net increase in net assets resulting from operations	<u><u>\$ 4,761,726</u></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, 2003 (Unaudited)	For the Year Ended December 31, 2002
<i>From Operations</i>		
Net investment income	\$ 330,698	\$ 58,993
Net realized loss from investments and foreign currency transactions	(2,332,226)	(6,268,685)
Net change in unrealized appreciation (depreciation) from investments and foreign currency translations	<u>6,763,254</u>	<u>(287,244)</u>
Net increase (decrease) in net assets resulting from operations	<u>4,761,726</u>	<u>(6,496,936)</u>
<i>From Dividends</i>		
Dividends from net investment income	<u>—</u>	<u>(92,763)</u>
<i>From Capital Share Transactions</i> (Note 5)		
Proceeds from sale of shares	27,683,192	129,411,936
Reinvestment of dividends	—	92,763
Net asset value of shares redeemed	<u>(27,294,112)</u>	<u>(117,378,658)</u>
Net increase in net assets from capital share transactions	<u>389,080</u>	<u>12,126,041</u>
Net increase in net assets	5,150,806	5,536,342
<i>Net Assets</i>		
Beginning of period	<u>43,867,407</u>	<u>38,331,065</u>
End of period	<u>\$ 49,018,213</u>	<u>\$ 43,867,407</u>
<i>Undistributed Net Investment Income (Loss)</i>	<u>\$ 319,292</u>	<u>\$ (11,406)</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, 2003 (Unaudited)	For the Year Ended December 31,				
		2002	2001	2000	1999	1998
Per share data						
Net asset value, beginning of period	\$ 7.44	\$ 8.43	\$ 9.33	\$ 14.18	\$ 8.19	\$ 10.00
INVESTMENT OPERATIONS						
Net investment income	0.06	0.01	0.06	0.23	0.05 ¹	0.10
Net gain (loss) on investments and foreign currency related items (both realized and unrealized)	0.70	(0.98)	(0.96)	(4.70)	6.56	(1.83)
Total from investment operations	0.76	(0.97)	(0.90)	(4.47)	6.61	(1.73)
LESS DIVIDENDS AND DISTRIBUTIONS						
Dividends from net investment income	—	(0.02)	—	(0.20)	(0.04)	(0.08)
Distributions from net realized gains	—	—	—	(0.15)	(0.58)	—
Return of capital	—	—	—	(0.03)	—	—
Total dividends and distributions	—	(0.02)	—	(0.38)	(0.62)	(0.08)
Net asset value, end of period	\$ 8.20	\$ 7.44	\$ 8.43	\$ 9.33	\$ 14.18	\$ 8.19
Total return ²	10.22%	(11.56)%	(9.65)%	(31.55)%	81.40%	(17.30)%
RATIOS AND SUPPLEMENTAL DATA						
Net assets, end of period (000s omitted)	\$49,018	\$43,867	\$38,331	\$32,604	\$16,781	\$ 2,696
Ratio of expenses to average net assets ³	1.40% ⁴	1.40%	1.40%	1.42%	1.42%	1.40%
Ratio of net investment income (loss) to average net assets	1.52% ⁴	0.13%	0.63%	2.45%	(0.19)%	2.09%
Decrease reflected in above operating expense ratios due to waivers/ reimbursements	0.39% ⁴	0.44%	0.49%	0.27%	1.73%	6.81%
Portfolio Turnover Rate	101%	128%	130%	208%	145%	21%

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

² Total returns are historical and assume changes in share price and reinvestment of all dividends and distributions. Had certain expenses not been reduced during the periods shown, total returns would have been lower. Total returns for periods 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%, .02%, .02%, and .00% for each of the years ended December 31, 2001, 2000, 1999 and 1998, respectively. The Portfolio's net operating expense ratio after reflecting these arrangements was 1.40% for each of the years ended December 31, 2001, 2000, 1999 and 1998, respectively. For the six months ended June 30, 2003 and the year ended December 31, 2002, there were no transfer agent credits.

⁴ Annualized.

See Accompanying Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

Credit Suisse Trust (the “Trust”) 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. The Trust was organized under the laws of the Commonwealth of Massachusetts as a business trust on March 15, 1995.

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 “Exchange”) on each day the Exchange is open for business. The Portfolio’s equity investments are valued at market value, which is generally determined using the closing price on the exchange or market on which the security is primarily traded at the time of valuation (the “Valuation Time”). If no sales are reported, equity investments are generally valued at the most recent bid quotation as of the Valuation Time or at the lowest asked quotation in the case of a short sale of securities. Debt securities with a remaining maturity greater than 60 days are valued in accordance with the price supplied by a pricing service, which may use a matrix, formula or other objective method that takes into consideration market indices, yield curves and other specific adjustments. Securities and other assets for which market quotations are not readily available are valued at fair value as determined in good faith by the Board of Trustees under procedures established by the Board of Trustees in the absence of readily ascertainable market values. Debt obligations that will mature in 60 days or less are valued on the basis of amortized cost, which approximates market value, unless it is determined that this method would not represent fair 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

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

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 carryover, 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 and disclosure of contingent 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 either a short-term variable rate time deposit issued

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

by State Street Bank and Trust Company (“SSB”), the Portfolio’s custodian, or a money market fund advised by CSAM. The short-term time deposit issued by SSB 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, 2003, the Portfolio had no open forward foreign currency contracts.

I) SECURITIES LENDING — Loans of securities are required at all times to be secured by collateral at least equal to 102% of the market value of domestic securities on loan including any accrued interest thereon and 105% of the market value of foreign securities on loan including any accrued interest thereon. Cash collateral received by the Portfolio in connection with securities lending activity may be invested in a variety of investments including certain CSAM — advised funds or the AIM Institutional Funds — Liquid Assets Portfolio. However, in the event of default or bankruptcy by the other party to the agreement, realization and/or retention of the collateral may be subject to legal proceedings. The Portfolio had no securities out on loan during the six months ended June 30, 2003.

Credit Suisse First Boston (“CSFB”), an affiliate of CSAM, has been engaged by the Portfolio to act as the Portfolio’s securities lending agent. Prior to April 1, 2003, CSFB had agreed to charge the Portfolio fees for its securities lending activities equal to its costs in providing services as securities lending agent and had voluntarily waived such fees through March 31, 2003. Effective April 1, 2003, the Portfolio and CSFB entered into an arrangement to share the income earned from securities lending activities, whereby, generally, the Portfolio will receive 75% and CSFB will receive 25% of the income, in accordance with the provisions of the securities lending agency agreement. If CSFB should enter into a securities lending agency agreement with another comparable investment company client under which it will receive a smaller proportion of the fees, its fee agreement with the Portfolio shall be reduced to such lower fee amount.

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

J) 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, nationalization or the imposition of capital or currency controls or punitive taxes). Other risks of investing in foreign securities include liquidity 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 investment 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.

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, 2003, investment advisory fees earned and voluntarily waived were \$271,925 and \$84,535, respectively.

Credit Suisse Asset Management Limited (CSAM U.K.) ("CSAM Ltd. U.K.") and Credit Suisse Asset Management Limited (CSAM Australia) ("CSAM Ltd. Australia"), affiliates of CSAM, are sub-investment advisers to the Portfolio. CSAM Ltd. U.K. and CSAM Ltd. Australia's sub-investment advisory fees are paid by CSAM out of CSAM's net advisory fee and are not paid by the Portfolio.

Credit Suisse Trust — Emerging Markets Portfolio
Notes to Financial Statements (continued)
June 30, 2003 (Unaudited)

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

Credit Suisse Asset Management Securities, Inc. (“CSAMSI”), an affiliate of CSAM, and SSB serve as co-administrators to the Portfolio.

For its co-administrative services, CSAMSI currently receives a fee calculated at an annual rate of 0.10% of the Portfolio’s average daily net assets. For the six months ended June 30, 2003, co-administrative services fees earned by CSAMSI were \$21,754.

For its co-administrative services, SSB receives a fee, exclusive of out-of-pocket expenses, based upon the following fee schedule calculated in total for all the Credit Suisse Funds/Portfolios co-administered by SSB and allocated based upon relative average net assets of each fund/portfolio subject to an annual minimum fee.

<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 six months ended June 30, 2003, co-administrative service fees earned by SSB (including out-of-pocket expenses) were \$14,747.

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

Merrill Corporation (“Merrill”), an affiliate of CSAM, has been engaged by the Portfolio to provide certain financial printing and fulfillment services. For the six months ended June 30, 2003, Merrill was paid \$8,305 for its services to the Portfolio.

Note 3. Line of Credit

The Portfolio, together with other funds/portfolios advised by CSAM (collectively, the “Participating Funds”), participated in a \$100 million committed, unsecured line of credit facility (“Credit Facility”) with Deutsche Bank, A.G. as administrative agent and syndication agent and SSB as operations agent for temporary or emergency purposes. Under the terms of the Credit Facility, the Participating Funds pay an aggregate commitment fee at a rate of 0.10% per annum on the average unused amount of the Credit Facility, which is allocated among the Participating Funds in such manner as is determined by the governing Boards of the Participating Funds. In addition, the Participating Funds pay interest on the borrowings at the Federal Funds rate plus 0.50%. At June 30, 2003, there were no loans outstanding for

Credit Suisse Trust — Emerging Markets Portfolio
Notes to Financial Statements (concluded)
June 30, 2003 (Unaudited)

Note 3. Line of Credit — (concluded)

the Portfolio under the Credit Facility. During the six months ended June 30, 2003, the Portfolio had borrowings under the Credit Facility as follows:

<u>Average Daily Loan Balance</u>	<u>Weighted Average Interest Rate%</u>	<u>Maximum Daily Loan Outstanding</u>
\$1,066,200	1.766%	\$1,376,000

Note 4. Purchases and Sales of Securities

For the six months ended June 30, 2003, purchases and sales of investment securities (excluding short-term investments) were \$42,928,202 and \$42,361,890, respectively.

At June 30, 2003, 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: \$40,206,907, \$8,440,018, \$(61,273) and \$8,378,745, respectively.

Note 5. Capital Share Transactions

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

	<u>For the Six Months Ended June 30, 2003 (Unaudited)</u>	<u>For the Year Ended December 31, 2002</u>
Shares sold	3,809,900	14,893,040
Shares issued in reinvestment of dividends	—	12,158
Shares redeemed	<u>(3,724,949)</u>	<u>(13,557,723)</u>
Net increase	<u>84,951</u>	<u>1,347,475</u>

On June 30, 2003, the number of shareholders that held 5% or more of the outstanding shares of the Portfolio were as follows:

<u>Number of Shareholders</u>	<u>Approximate Percentage of Outstanding Shares</u>
5	90%

Some of the shareholders are comprised of omnibus accounts, which are held on behalf of several individual shareholders.

Credit Suisse Trust — Emerging Markets Portfolio Shareholder Meeting Results (Unaudited)

A special meeting of shareholders of the Credit Suisse Trust — Emerging Markets Portfolio (the “Portfolio”) was held at 466 Lexington Avenue, 16th Floor, New York, NY 10017 on April 11, 2003. The following matters were voted upon by the shareholders of the Portfolio and the results are presented below. Shares delivered not voted are included in the total for the proposals. All proposals were approved.

1. To Elect the Following Nominees as Trustees:

	<u>For</u>	<u>Withheld</u>
Richard H. Francis	5,378,858	303,000
Jack W. Fritz	5,388,897	292,962
Joseph D. Gallagher	5,377,116	304,742
Jeffrey E. Garten	5,393,289	288,570
Peter F. Krogh	5,381,157	300,701
James S. Pasman, Jr.	5,362,784	319,074
Steven N. Rappaport	5,383,304	298,555
William W. Priest	5,384,608	297,250
Total Eligible Shares	5,856,635	
Total Shares Voted	5,681,858	
% of Shares Voted	97.02%	

2-A. To Modify the Fundamental Investment Restriction on Borrowing Money:

	<u>Shares</u>	<u>% of Total Shares Outstanding</u>	<u>% of Total Shares Voted</u>
For	4,786,602	81.73%	84.25%
Against	387,174	6.61%	6.81%
Abstain	508,083	8.68%	8.94%

2-B. To Modify the Fundamental Investment Restriction on Lending:

	<u>Shares</u>	<u>% of Total Shares Outstanding</u>	<u>% of Total Shares Voted</u>
For	4,783,981	81.69%	84.20%
Against	389,795	6.66%	6.86%
Abstain	508,083	8.68%	8.94%

**Credit Suisse Trust — Emerging Markets Portfolio
Shareholder Meeting Results (Unaudited) (continued)**

2-C. To Modify the Fundamental Investment Restriction on Real Estate Investments:

	<u>Shares</u>	<u>% of Total Shares Outstanding</u>	<u>% of Total Shares Voted</u>
For	4,814,669	82.21%	84.74%
Against	395,482	6.75%	6.96%
Abstain	471,708	8.05%	8.30%

2-D. To Remove the Fundamental Investment Restriction on Short Sales:

	<u>Shares</u>	<u>% of Total Shares Outstanding</u>	<u>% of Total Shares Voted</u>
For	4,783,066	81.67%	84.18%
Against	399,680	6.83%	7.04%
Abstain	499,113	8.52%	8.78%

2-E. To Remove the Fundamental Investment Restriction on Margin Transactions:

	<u>Shares</u>	<u>% of Total Shares Outstanding</u>	<u>% of Total Shares Voted</u>
For	4,783,231	81.67%	84.18%
Against	399,357	6.82%	7.03%
Abstain	499,270	8.53%	8.79%

2-F. To Remove the Fundamental Investment Restriction on Investments in Oil, Gas, and Mineral Programs:

	<u>Shares</u>	<u>% of Total Shares Outstanding</u>	<u>% of Total Shares Voted</u>
For	4,817,956	82.27%	84.80%
Against	392,195	6.70%	6.90%
Abstain	471,708	8.05%	8.30%

3. To Change the Portfolio's Investment Objective from Fundamental to Non-Fundamental:

	<u>Shares</u>	<u>% of Total Shares Outstanding</u>	<u>% of Total Shares Voted</u>
For	4,411,173	75.32%	77.63%
Against	621,457	10.61%	10.94%
Abstain	649,228	11.09%	11.43%

Credit Suisse Trust — Emerging Markets Portfolio
Shareholder Meeting Results (Unaudited) (concluded)

4-A. To Amend the Organizational Document to Allow Involuntary Redemptions:

	<u>Shares</u>	<u>% of Total Shares Outstanding</u>	<u>% of Total Shares Voted</u>
For	4,557,387	77.82%	80.21%
Against	600,767	10.26%	10.57%
Abstain	523,704	8.94%	9.22%

4-B. To Amend the Organizational Document to Allow Mergers Without Shareholder Approval:

	<u>Shares</u>	<u>% of Total Shares Outstanding</u>	<u>% of Total Shares Voted</u>
For	4,088,873	69.82%	71.96%
Against	1,108,244	18.92%	19.51%
Abstain	484,741	8.28%	8.53%

Credit Suisse Trust — Emerging Markets Portfolio Privacy Policy Notice

We are committed to maintaining the privacy of every current and prospective customer. We recognize that you entrust important personal information to us, and we wish to assure you that we take seriously our responsibilities in protecting and safeguarding this information.

In connection with making available investment products and services to current and potential customers, we may obtain nonpublic personal information about you. This information may include your name, address, e-mail address, social security number, account number, assets, income, financial situation, transaction history and other personal information.

We may collect nonpublic information about you from the following sources:

- Information we receive on applications, forms, questionnaires, web sites, agreements or in the course of establishing or maintaining a customer relationship; and
- Information about your transactions with us, our affiliates, or others.

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except with your consent or as otherwise permitted by law. In cases where we believe that additional products and services may be of interest to you, we may share the information described above with our affiliates. We may also disclose this information to firms that perform services on our behalf. These agents and service providers are required to treat the information confidentially and use it only for the purpose for which it is provided.

We restrict access to nonpublic personal information about you to those employees, agents or other parties who need to know that information to provide products or services to you or in connection with your investments with or through us. We maintain physical, electronic and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

Note: This Notice is provided to clients and prospective clients of Credit Suisse Asset Management, LLC ("CSAM"), CSAM Capital Inc., and Credit Suisse Asset Management Securities, Inc., and shareholders and prospective shareholders in CSAM sponsored and advised investment companies, including Credit Suisse Funds, and other consumers and customers, as applicable. This Notice is not intended to be incorporated in any offering materials but is merely a statement of our current Privacy Policy, and may be amended from time to time upon notice to you. This Notice is dated as of May 20, 2003.

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TREMK-3-0603

CREDIT SUISSE FUNDS

Semiannual Report

June 30, 2003
(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 55030, Boston, MA 02205-5030.

Credit Suisse Asset Management Securities, Inc., Distributor, is located at 466 Lexington Ave., New York, NY 10017-3140. 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, 2003; 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, 2003

July 22, 2003

Dear Shareholder:

For the six months ended June 30, 2003, Credit Suisse Trust — Global Post-Venture Capital Portfolio¹ (the "Portfolio") had a gain of 18.59%, versus increases of 9.95% for the Morgan Stanley Capital International World Index² and 18.76% for the Russell Midcap[®] Growth Index.³

The period was ultimately a positive one for most of the world's stock markets. Markets initially fell, and were highly volatile, in the early part of the period, due largely to shifting perceptions of how a war with Iraq might proceed. Stocks began to recover in late March, however, on progress made by the U.S. and its allies. When the war came to a swift and seemingly successful end in April, a major cloud of uncertainty lifted and investors embraced risk. Optimism over a potential recovery in the U.S. economy — and by extension, the global economy — also supported equities. Grounds for this optimism included historically low interest rates, a significant tax-reduction package, and an upturn in leading economic indicators in Europe and non-Japan Asia.

In this environment, a number of the Portfolio's holdings had good showings, with particularly good results from the Portfolio's technology, consumer-discretionary and healthcare holdings. On the negative side, the Portfolio's energy stocks underperformed, though these accounted for a small portion of the Portfolio's assets in the period.

We made no major changes in the Portfolio with regard to its sector allocation, remaining concentrated on the technology, financial, healthcare and consumer sectors. In terms of regional allocation, we continued to favor the U.S., which accounted for about 60% of the Portfolio's assets as of June 30, 2003. Europe represented about a quarter of the Portfolio, and we maintained exposure to Canada and certain Asian markets.

We think the U.S. economy has the potential to grow in the year's second half, aided by tax relief, ongoing improvements in corporate balance sheets and a favorable liquidity backdrop. Barring a return of heightened geopolitical risk, we think these factors augur well for growth, though the magnitude of any recovery remains an uncertainty. For our part, we will remain focused on companies we deem to have good business plans and the financial wherewithal to pursue their goals.

**Credit Suisse Trust — Global Post-Venture Capital Portfolio
Semiannual Investment Adviser's Report (continued)**
June 30, 2003

The Credit Suisse Global Post-Venture Capital Team

Elizabeth B. Dater
Robert S. Janis

Greg Norton-Kidd
Calvin E. Chung

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.

In addition to historical information, this report contains forward-looking statements, which may concern, among other things, domestic and foreign market, industry and economic trends and developments and government regulation and their potential impact on the Portfolio's investments. These statements are subject to risks and uncertainties and actual trends, developments and regulations in the future and their impact on the Portfolio could be materially different from those projected, anticipated or implied. The Portfolio has no obligation to update or revise forward-looking statements.

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

June 30, 2003

Average Annual Returns as of June 30, 2003¹

<u>1 Year</u>	<u>5 Years</u>	<u>Since Inception</u>	<u>Inception Date</u>
(9.10%)	(7.02%)	(2.04%)	9/30/1996

Past performance is not predictive of future performance. Investment return and principal value of an investment will fluctuate so that an investor's shares upon redemption may be worth more or less than their original cost. The performance results do not reflect the deduction of taxes that a shareholder would pay on portfolio distributions or the redemption of portfolio shares. Performance includes the effect of deducting expenses, but does not include charges and expenses attributable to any particular variable contract or Plan. Accordingly, the Prospectus of the sponsoring Participating Insurance Company separate account or Plan documents or other informational materials supplied by Plan sponsors should be carefully reviewed for information on relevant charges and expenses. Excluding these charges and expenses from quotations of performance has the effect of increasing the performance quoted, and the effect of these charges should be considered when comparing performance to that of other mutual funds.

¹ Fee waivers and/or expense reimbursements reduced expenses for the Portfolio, without which performance would be lower. Waivers and/or reimbursements may be discontinued at any time.

² The Morgan Stanley Capital International World Index is a free float-adjusted market capitalization index that is designed to measure global developed-market equity performance. It is the exclusive property of Morgan Stanley Capital International Inc. Investors cannot invest directly in an index.

³ The Russell Midcap[®] Growth Index measures the performance of those companies in the Russell Midcap[®] Index with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000[®] Growth Index. It is an unmanaged index of common stocks that 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
Schedule of Investments
June 30, 2003 (Unaudited)

	<u>Number of Shares</u>	<u>Value</u>
COMMON STOCKS (94.5%)		
Canada (5.8%)		
<i>Electronic Equipment & Instruments</i> (1.7%)		
Celestica, Inc.*	73,100	\$ 1,152,056
<i>Food & Drug Retailing</i> (1.8%)		
Shoppers Drug Mart Corp.*	64,460	1,233,457
<i>Leisure Equipment & Products</i> (2.3%)		
Hockey Company Holdings, Inc.	85,100	1,010,239
Mega Bloks, Rule 144A* [†]	37,100	573,395
		<u>1,583,634</u>
TOTAL CANADA		<u>3,969,147</u>
France (2.7%)		
<i>Office Electronics</i> (2.7%)		
Neopost SA*	43,750	1,858,891
TOTAL FRANCE		<u>1,858,891</u>
Ireland (2.7%)		
<i>Airlines</i> (2.7%)		
Ryanair Holdings PLC*	221,800	1,536,005
Ryanair Holdings PLC ADR*	7,000	314,300
TOTAL IRELAND		<u>1,850,305</u>
Japan (3.9%)		
<i>Diversified Financials</i> (1.3%)		
JAFCO Company, Ltd.	15,100	855,132
<i>Specialty Retail</i> (2.6%)		
USS Company, Ltd.	35,450	1,795,012
TOTAL JAPAN		<u>2,650,144</u>
Netherlands (1.9%)		
<i>Food Products</i> (1.9%)		
Nutreco Holdings NV	80,606	1,262,571
TOTAL NETHERLANDS		<u>1,262,571</u>
Norway (1.8%)		
<i>Electronic Equipment & Instruments</i> (1.8%)		
Tandberg ASA*	228,600	1,184,423
TOTAL NORWAY		<u>1,184,423</u>
Singapore (1.0%)		
<i>Electronic Equipment & Instruments</i> (1.0%)		
Flextronics International, Ltd.*	64,800	673,272
TOTAL SINGAPORE		<u>673,272</u>
Sweden (2.2%)		
<i>Healthcare Equipment & Supplies</i> (2.2%)		
Getinge AB Class B	57,400	1,523,745
TOTAL SWEDEN		<u>1,523,745</u>

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Global Post-Venture Capital Portfolio
Schedule of Investments (continued)
June 30, 2003 (Unaudited)

	<u>Number of Shares</u>	<u>Value</u>
COMMON STOCKS (continued)		
Switzerland (3.8%)		
<i>Computers & Peripherals (2.2%)</i>		
Logitech International SA*	40,600	\$ 1,522,631
<i>Healthcare Equipment & Supplies (1.6%)</i>		
Nobel Biocare Holding AG	16,020	1,069,735
TOTAL SWITZERLAND		
		<u>2,592,366</u>
Taiwan (2.1%)		
<i>Semiconductor Equipment & Products (2.1%)</i>		
MediaTek, Inc.	144,000	1,443,744
TOTAL TAIWAN		
		<u>1,443,744</u>
United Kingdom (10.5%)		
<i>Diversified Financials (2.5%)</i>		
3i Group PLC	182,250	1,699,179
<i>Hotels, Restaurants & Leisure (2.8%)</i>		
Enterprise Inns PLC	51,210	686,173
William Hill PLC	253,800	1,195,696
		<u>1,881,869</u>
<i>Household Durables (1.7%)</i>		
MFI Furniture Group PLC	428,280	1,183,765
<i>Software (3.5%)</i>		
Amdocs, Ltd*	59,000	1,416,000
Sage Group PLC	353,350	944,590
		<u>2,360,590</u>
TOTAL UNITED KINGDOM		
		<u>7,125,403</u>
United States (56.1%)		
<i>Banks (0.9%)</i>		
Mellon Financial Corp.	23,100	641,025
<i>Biotechnology (2.3%)</i>		
IDEC Pharmaceuticals Corp.*	14,700	499,800
MedImmune, Inc.*	28,800	1,047,456
		<u>1,547,256</u>
<i>Commercial Services & Supplies (2.5%)</i>		
BISYS Group, Inc.*	56,400	1,036,068
Education Management Corp.*	12,300	654,114
		<u>1,690,182</u>
<i>Diversified Financials (3.6%)</i>		
E*TRADE Group, Inc.*	247,000	2,099,500
Franklin Resources, Inc.	8,700	339,909
		<u>2,439,409</u>

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Global Post-Venture Capital Portfolio
Schedule of Investments (continued)
June 30, 2003 (Unaudited)

	<u>Number of Shares</u>	<u>Value</u>
COMMON STOCKS (continued)		
United States (continued)		
<i>Electronic Equipment & Instruments (4.0%)</i>		
Sanmina-SCI Corp.*	217,600	\$ 1,373,056
Solelectron Corp.*	361,000	1,350,140
		<u>2,723,196</u>
<i>Food & Drug Retailing (3.7%)</i>		
Whole Foods Market, Inc.*	24,100	1,145,473
Wild Oats Markets, Inc.*	122,700	1,337,430
		<u>2,482,903</u>
<i>Healthcare Equipment & Supplies (1.1%)</i>		
Wilson Greatbatch Technologies, Inc.*	19,800	714,780
<i>Healthcare Providers & Services (8.4%)</i>		
Accredo Health, Inc.*	61,350	1,337,430
AMERIGROUP Corp.*	18,900	703,080
Centene Corp.*	18,200	707,980
Pediatrix Medical Group, Inc.*	57,700	2,057,005
United Surgical Partners International, Inc.*	39,100	883,269
		<u>5,688,764</u>
<i>Household Durables (1.2%)</i>		
Yankee Candle Company, Inc.*	35,700	828,954
<i>Internet & Catalog Retail (1.1%)</i>		
InterActiveCorp*	19,600	775,572
<i>Media (3.4%)</i>		
Clear Channel Communications, Inc.*	16,200	686,718
Journal Register Co.*	32,600	589,734
Radio One, Inc. Class A*	59,500	1,062,670
		<u>2,339,122</u>
<i>Multiline Retail (1.3%)</i>		
Dollar Tree Stores, Inc.*	27,900	885,267
<i>Oil & Gas (2.0%)</i>		
Newfield Exploration Co.*	36,800	1,381,840
<i>Pharmaceuticals (2.9%)</i>		
Sepracor, Inc.*	71,100	1,281,933
SICOR, Inc.*	32,300	656,982
		<u>1,938,915</u>
<i>Semiconductor Equipment & Products (3.6%)</i>		
Applied Micro Circuits Corp.*	167,900	1,015,795
Cypress Semiconductor Corp.*	40,900	490,800
GlobespanVirata, Inc.*	114,800	947,100
		<u>2,453,695</u>

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Global Post-Venture Capital Portfolio
Schedule of Investments (continued)
June 30, 2003 (Unaudited)

	<u>Number of Shares</u>	<u>Value</u>
COMMON STOCKS (concluded)		
United States (concluded)		
<i>Software (10.5%)</i>		
Activision, Inc.*	111,000	\$ 1,434,120
Compuware Corp.*	113,600	655,472
JDA Software Group, Inc.*	119,700	1,339,443
Lawson Software, Inc.*	121,100	940,947
Micromuse, Inc.*	120,200	960,398
Siebel Systems, Inc.*	69,100	659,214
Take-Two Interactive Software, Inc.*	12,600	357,084
THQ, Inc.*	45,400	817,200
		<u>7,163,878</u>
<i>Specialty Retail (3.6%)</i>		
Gymboree Corp.*	43,800	734,964
Hot Topic, Inc.*	50,400	1,356,264
Urban Outfitters, Inc.*	10,000	359,000
		<u>2,450,228</u>
<i>TOTAL UNITED STATES</i>		<u>38,144,986</u>
TOTAL COMMON STOCKS (Cost \$56,329,033)		<u>64,278,997</u>
PREFERRED STOCKS (1.0%)		
United States (1.0%)		
<i>Consumer Services (1.0%)</i>		
PRN Corp.*††	79,000	711,000
<i>Internet Software & Services (0.0%)*††</i>		
Planetweb, Inc.*††	183,800	12,866
		<u>723,866</u>
TOTAL PREFERRED STOCKS (Cost \$1,709,331)		<u>723,866</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>0</u>
LIMITED PARTNERSHIPS (1.3%)		
United States (1.3%)		
<i>Venture Capital (1.3%)</i>		
Austin Ventures VIII L.P.*††	81,546	81,546
CVC European Equity III L.P.*††	322,897	322,897
Madison Dearborn Capital Partners, Inc.*††	155,002	155,002
Oak Investment Partners X LP*††	306,483	306,483
		<u>865,928</u>
TOTAL LIMITED PARTNERSHIPS (Cost \$1,134,123)		<u>865,928</u>

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Global Post-Venture Capital Portfolio
Schedule of Investments (concluded)
 June 30, 2003 (Unaudited)

	<u>Par (000)</u>	<u>Value</u>
SHORT-TERM INVESTMENT (3.1%)		
State Street Bank and Trust Co. Euro Time Deposit, 1.063%, 7/01/03 (Cost \$2,102,000)	\$2,102	<u>\$ 2,102,000</u>
TOTAL INVESTMENTS AT VALUE (99.9%) (Cost \$61,274,487)		67,970,791
OTHER ASSETS IN EXCESS OF LIABILITIES (0.1%)		<u>41,244</u>
NET ASSETS (100.0%)		<u><u>\$68,012,035</u></u>

INVESTMENT ABBREVIATIONS

ADR = American Depositary Receipt

* Non-income producing security.

† 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, 2003, these securities amounted to a value of \$573,395 or 0.8% of net assets.

†† Restricted security, not readily marketable; security is valued at fair value as determined in good faith by the Board of Trustees.

** This represents less than 0.0% of net assets.

See Accompanying Notes to Financial Statements.

Credit Suisse Trust — Global Post-Venture Capital Portfolio
Statement of Assets and Liabilities
June 30, 2003 (Unaudited)

Assets

Investments at value (Cost \$61,274,487) (Note 1)	\$ 67,970,791
Cash	388
Foreign currency at value (cost \$10,021)	10,038
Receivable for investments sold	216,930
Dividend and interest receivable	38,103
Receivable for portfolio shares sold	18,828
Prepaid expenses	3,028
	<hr/>
Total Assets	68,258,106

Liabilities

Advisory fee payable (Note 2)	53,450
Administrative services fee payable (Note 2)	12,234
Payable for portfolio shares redeemed	110,867
Other accrued expenses payable	69,520
	<hr/>
Total Liabilities	246,071

Net Assets

Capital stock, \$0.001 par value (Note 6)	8,962
Paid-in capital (Note 6)	146,547,488
Accumulated net investment loss	(199,556)
Accumulated net realized loss on investments and foreign currency transactions	(85,041,068)
Net unrealized appreciation from investments and foreign currency translations	6,696,209
	<hr/>
Net Assets	\$ 68,012,035
	<hr/>
Shares outstanding	8,961,663
	<hr/>
Net asset value, offering price, and redemption price per share	\$7.59
	<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, 2003 (Unaudited)

Investment Income (Note 1)	
Dividends	\$ 210,158
Interest	16,120
Foreign taxes withheld	(18,771)
Total investment income	<u>207,507</u>
Expenses	
Investment advisory fees (Note 2)	363,449
Administrative services fees (Note 2)	48,416
Printing fees (Note 2)	42,022
Legal fees	18,457
Custodian fees	10,788
Audit fees	9,449
Insurance expense	5,171
Transfer agent fees	3,628
Interest expense	981
Trustees' fees	793
Registration fees	490
Miscellaneous expense	2,264
Total expenses	505,908
Less: fees waived (Note 2)	(98,845)
Net expenses	<u>407,063</u>
Net investment loss	<u>(199,556)</u>
Net Realized and Unrealized Gain (Loss) from Investments and Foreign Currency Related Items	
Net realized loss from investments	(4,686,701)
Net realized loss on foreign currency transactions	(16,240)
Net change in unrealized appreciation (depreciation) from investments	15,342,130
Net change in unrealized appreciation (depreciation) from foreign currency translations	(515)
Net realized and unrealized gain from investments and foreign currency related items	<u>10,638,674</u>
Net increase in net assets resulting from operations	<u><u>\$10,439,118</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, 2003 (Unaudited)	For the Year Ended December 31, 2002
<i>From Operations</i>		
Net investment loss	\$ (199,556)	\$ (742,211)
Net realized loss on investments and foreign currency transactions	(4,702,941)	(19,610,320)
Net change in unrealized appreciation (depreciation) from investments and foreign currency translations	<u>15,341,615</u>	<u>(13,793,254)</u>
Net increase (decrease) in net assets resulting from operations	<u>10,439,118</u>	<u>(34,145,785)</u>
<i>From Capital Share Transactions</i>		
Proceeds from sale of shares	22,729,011	80,332,614
Net asset value of shares redeemed	<u>(25,788,692)</u>	<u>(92,211,758)</u>
Net decrease in net assets from capital share transactions	<u>(3,059,681)</u>	<u>(11,879,144)</u>
Net increase (decrease) in net assets	7,379,437	(46,024,929)
<i>Net Assets</i>		
Beginning of period	<u>60,632,598</u>	<u>106,657,527</u>
End of period	<u>\$ 68,012,035</u>	<u>\$ 60,632,598</u>
<i>Accumulated Net Investment Loss</i>	<u>\$ (199,556)</u>	<u>\$ —</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, 2003 (Unaudited)	For the Year Ended December 31,				
		2002	2001	2000 ¹	1999	1998
Per share data						
Net asset value, beginning of period	\$ 6.40	\$ 9.72	\$ 13.62	\$ 19.26	\$ 11.82	\$ 11.06
INVESTMENT OPERATIONS						
Net investment loss	(0.02)	(0.08)	(0.09)	(0.09)	(0.08)	(0.04)
Net gain (loss) on investments and foreign currency related items (both realized and unrealized)	1.21	(3.24)	(3.81)	(3.56)	7.52	0.80
Total from investment operations	1.19	(3.32)	(3.90)	(3.65)	7.44	0.76
LESS DISTRIBUTIONS						
Distributions from net realized gains	—	—	—	(1.99)	—	—
Net asset value, end of period	\$ 7.59	\$ 6.40	\$ 9.72	\$ 13.62	\$ 19.26	\$ 11.82
Total return ²	18.59%	(34.16)%	(28.63)%	(18.94)%	62.94%	6.87%
RATIOS AND SUPPLEMENTAL DATA						
Net assets, end of period (000s omitted)	\$68,012	\$60,633	\$160,658	\$168,034	\$151,784	\$62,055
Ratio of expenses to average net assets ³	1.40% ⁴	1.40%	1.40%	1.42%	1.41%	1.40%
Ratio of net investment loss to average net assets	(0.69)% ⁴	(0.90)%	(0.84)%	(0.75)%	(0.87)%	(0.83)%
Decrease reflected in above operating expense ratios due to waivers/ reimbursements	0.34% ⁴	0.31%	0.21%	0.11%	0.18%	0.30%
Portfolio turnover rate	52%	86%	121%	69%	44%	73%

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 and reinvestment of all dividends and distributions. Had certain expenses not been reduced during the periods shown, total returns would have been lower. Total returns for periods 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%, .02%, .01%, and .00% for each of the years ended December 31, 2001, 2000, 1999, and 1998, respectively. The Portfolio's net operating expense ratio after reflecting these arrangements was 1.40% for the years ended December 31, 2001, 2000, 1999, and 1998. For the six months ended June 30, 2003 and the year ended December 31, 2002, there were no transfer agent credits.

⁴ Annualized.

See Accompanying Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

Credit Suisse Trust (the “Trust”) 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. The Trust was organized under the laws of the Commonwealth of Massachusetts as a business trust on March 15, 1995.

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 “Exchange”) on each day the Exchange is open for business. The Portfolio’s equity investments are valued at market value, which is generally determined using the closing price on the exchange or market on which the security is primarily traded at the time of valuation (the “Valuation Time”). If no sales are reported, equity investments are generally valued at the most recent bid quotation as of the Valuation Time or at the lowest asked quotation in the case of a short sale of securities. Debt securities with a remaining maturity greater than 60 days are valued in accordance with the price supplied by a pricing service, which may use a matrix, formula or other objective method that takes into consideration market indices, yield curves and other specific adjustments. Securities and other assets for which market quotations are not readily available are valued at fair value as determined in good faith by the Board of Trustees under procedures established by the Board of Trustees in the absence of readily ascertainable market values. Debt obligations that will mature in 60 days or less are valued on the basis of amortized cost, which approximates market value, unless it is determined that this method would not represent fair value.

The Portfolio’s investments in Private Funds will be valued at the time of investment at the amount invested in the Private Fund, unless and until the Portfolio’s investment adviser, Credit Suisse Asset Management LLC (“CSAM”), determines that such value does not represent fair value, in which case fair value will be determined. Thereafter, investments in Private Funds held by the Portfolio are valued at their “fair values” using procedures approved by the Board of Trustees. CSAM shall review daily the

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

Global Post-Venture Capital Portfolio's fair valued securities. At June 30, 2003 the investments in Private Funds held by the Portfolio were \$865,928 or 1.3% of net assets.

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 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.

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

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 and disclosure of contingent 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 CSAM, an indirect, wholly-owned subsidiary of Credit Suisse Group, pool available cash into either a short-term variable rate time deposit issued by State Street Bank and Trust Company (“SSB”), the Portfolio’s custodian, or a money market fund advised by CSAM. The short-term time deposit issued by SSB 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 counter parties 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, 2003, the Portfolio had no open forward foreign currency contracts.

I) SECURITIES LENDING — Loans of securities are required at all times to be secured by collateral at least equal to 102% of the market value of domestic securities on loan including any accrued interest thereon and 105% of the market value of foreign securities on loan including any accrued interest thereon. Cash collateral received by the Portfolio in connection with securities lending activity may be invested in a variety of investments including certain CSAM — advised funds or the AIM Institutional Funds — Liquid Asset Portfolio. However, in the event of default or bankruptcy by the other party to the agreement, realization and/or retention of the collateral may be subject to legal proceedings. The Portfolio had no securities out on loan during the six months ended June 30, 2003.

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

Credit Suisse First Boston (“CSFB”), an affiliate of CSAM, has been engaged by the Portfolio to act as the Portfolio’s securities lending agent. Prior to April 1, 2003, CSFB had agreed to charge the Portfolio fees for its securities lending activities equal to its costs in providing services as securities lending agent and had voluntarily waived such fees through March 31, 2003. Effective April 1, 2003, the Portfolio and CSFB entered into an arrangement to share the income earned from securities lending activities, whereby, generally, the Portfolio will receive 75% and CSFB will receive 25% of the income, in accordance with the provisions of the securities lending agency agreement. If CSFB should enter into a securities lending agency agreement with another comparable investment company client under which it will receive a smaller proportion of the fees, its fee agreement with the Portfolio shall be reduced to such lower fee amount.

J) PARTNERSHIP ACCOUNTING POLICY — The Portfolio records its pro-rata share of the income/(loss) and capital gains/(losses) allocated from the underlying partnerships and adjusts the cost of the underlying partnerships accordingly. These amounts are included in the Portfolio’s Statement of Operations.

K) 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, nationalization or the imposition of capital or currency controls or punitive taxes). Other risks of investing in foreign securities include liquidity 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 gains are earned.

The Portfolio may invest up to 15% of its net assets in non-publicly traded securities. Non-publicly traded securities may be less liquid than publicly traded securities. 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.

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, 2003, investment advisory fees earned and voluntarily waived were \$363,449 and \$98,845, respectively.

Credit Suisse Asset Management Limited (CSAM U.K.) ("CSAM Ltd. U.K."), Credit Suisse Asset Management Limited (CSAM Japan) ("CSAM Ltd. Japan") and Credit Suisse Asset Management Limited (CSAM Australia) ("CSAM Ltd. Australia"), each an affiliate of CSAM, are sub-investment advisers to the Portfolio. CSAM Ltd. U.K., CSAM Ltd. Japan and CSAM Ltd. Australia's sub-investment advisory fees are paid by CSAM out of CSAM's net investment advisory fee and is not paid by the Portfolio.

Abbott Capital Management, LLC ("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-Equity Portfolios"). 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-Equity Portfolios 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 SSB, serve as co-administrators to the Portfolio.

For its co-administrative services, CSAMSI currently receives a fee calculated at an annual rate of 0.10% of the Portfolio's average daily net assets. For the six months ended June 30, 2003, co-administrative services fees earned by CSAMSI were \$29,076.

For its co-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/Portfolios co-administered by SSB and allocated based upon relative average net assets of each fund/portfolio subject to an annual minimum fee.

Average Daily Net Assets	Annual Rate
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

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

For the six months ended June 30, 2003, co-administrative service fees earned by SSB (including out-of-pocket expenses) were \$19,340.

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

Merrill Corporation ("Merrill"), an affiliate of CSAM, has been engaged by the Portfolio to provide certain financial printing and fulfillment services. For the six months ended June 30, 2003, Merrill was paid \$12,896 for its services to the Portfolio.

Note 3. Line of Credit

The Portfolio, together with other funds/portfolios advised by CSAM (collectively, the "Participating Funds"), participates in a \$100 million committed, unsecured line of credit facility ("Credit Facility") with Deutsche Bank, A.G. as administrative agent and syndication agent and SSB as operations agent for temporary or emergency purposes. Under the terms of the Credit Facility, the Participating Funds pay an aggregate commitment fee at a rate of 0.10% per annum on the average unused amount of the Credit Facility, which is allocated among the Participating Funds in such manner as is determined by the governing Boards of the Participating Funds. In addition, the Participating Funds pay interest on borrowings at the Federal Funds rate plus 0.50%. During the six months ended June 30, 2003, the Portfolio had no borrowings under the Credit Facility.

Note 4. Purchases and Sales of Securities

For the six months ended June 30, 2003, purchases and sales of investment securities (excluding short-term investments) were \$29,104,568 and \$30,761,820, respectively.

At June 30, 2003, 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 \$61,274,487, \$11,346,585, \$(4,650,281) and \$6,696,304, respectively.

Credit Suisse Trust — Global Post-Venture Capital Portfolio
Notes to Financial Statements (concluded)
June 30, 2003 (Unaudited)

Note 5. Restricted Securities

Certain of the Portfolio's investments are restricted as to resale, and are valued at fair value as determined in good faith by the Board of Trustees under procedures established by the Board of Trustees in the absence of readily ascertainable market values. The table below shows the number of shares held, the acquisition dates, aggregate cost, fair values as of June 30, 2003, value per share of such securities and percentage of net assets which the securities represent.

<u>Security Description</u>	<u>Security Type</u>	<u>Number of Shares</u>	<u>Acquisition Date</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Value per Share</u>	<u>Percentage of Net Assets</u>
Austin Ventures VIII L.P.	Ltd. Partnership	81,546	7/13/01	\$ 125,011	\$ 81,546	\$1.00	0.12%
CVC European Equity III L.P.	Ltd. Partnership	322,897	9/04/01	324,660	322,897	1.00	0.47%
Madison Dearborn Capital Partners, Inc.	Ltd. Partnership	155,002	4/02/01	186,733	155,002	1.00	0.23%
Oak Investment Partners X LP	Ltd. Partnership	306,483	1/18/01	497,719	306,483	1.00	0.45%
Planetweb, Inc.	Preferred Stock	183,800	9/08/00	998,331	12,866	0.07	0.02%
PRN Corp.	Preferred Stock	79,000	8/13/01	711,000	711,000	9.00	1.05%
PRN Corp.	Warrant	18,283	8/14/01	—	—	—	—
				<u>\$2,843,454</u>	<u>\$1,589,794</u>		<u>2.34%</u>

Note 6. Capital Share Transactions

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

	<u>For the Six Months Ended June 30, 2003 (Unaudited)</u>	<u>For the Year Ended December 31, 2002</u>
Shares sold	3,401,705	9,776,103
Shares redeemed	<u>(3,920,817)</u>	<u>(11,272,031)</u>
Net decrease	<u>(519,112)</u>	<u>(1,495,928)</u>

On June 30, 2003, the number of shareholders that held 5% or more of the outstanding shares of the Portfolio were as follows:

<u>Number of Shareholders</u>	<u>Approximate Percentage of Outstanding Shares</u>
5	78%

Some of the shareholders are comprised of omnibus accounts, which are held on behalf of several individual shareholders.

Credit Suisse Trust — Global Post-Venture Capital Portfolio Shareholder Meeting Results (Unaudited)

A special meeting of shareholders of the Credit Suisse Trust — Global Post-Venture Capital Portfolio (the “Portfolio”) was held at 466 Lexington Avenue, 16th Floor, New York, NY 10017 on April 11, 2003. The following matters were voted upon by the shareholders of the Portfolio and the results are presented below. Shares delivered not voted are included on the total for the proposals. All proposals were approved.

1. To Elect the Following Nominees as Trustees:

	<u>For</u>	<u>Withheld</u>
Richard H. Francis	8,272,523	682,404
Jack W. Fritz	8,282,548	672,379
Joseph D. Gallagher	8,272,055	682,871
Jeffrey E. Garten	8,281,837	673,089
Peter F. Krogh	8,289,575	665,351
James S. Pasman, Jr.	8,279,227	675,699
Steven N. Rappaport	8,287,573	667,354
William W. Priest	8,285,241	669,685
Total Eligible Shares	9,056,453	
Total Shares Voted	8,954,927	
% of Shares Voted	98.88%	

2-A. To Modify the Fundamental Investment Restriction on Borrowing Money:

	<u>Shares</u>	<u>% of Total Shares Outstanding</u>	<u>% of Total Shares Voted</u>
For	6,954,406	76.79%	77.66%
Against	750,380	8.29%	8.38%
Abstain	1,250,141	13.80%	13.96%

2-B. To Modify the Fundamental Investment Restriction on Lending:

	<u>Shares</u>	<u>% of Total Shares Outstanding</u>	<u>% of Total Shares Voted</u>
For	6,969,293	76.95%	77.83%
Against	741,017	8.18%	8.27%
Abstain	1,244,617	13.74%	13.90%

2-C. To Modify the Fundamental Investment Restriction on Real Estate Investments:

	<u>Shares</u>	<u>% of Total Shares Outstanding</u>	<u>% of Total Shares Voted</u>
For	6,969,659	76.96%	77.83%
Against	740,639	8.18%	8.27%
Abstain	1,244,628	13.74%	13.90%

**Credit Suisse Trust — Global Post-Venture Capital Portfolio
Shareholder Meeting Results (Unaudited) (concluded)**

2-D To Remove the Fundamental Investment Restriction on Margin Transactions:

	<u>Shares</u>	<u>% of Total Shares Outstanding</u>	<u>% of Total Shares Voted</u>
For	6,957,425	76.82%	77.69%
Against	751,467	8.30%	8.39%
Abstain	1,246,035	13.76%	13.92%

2-E. To Remove the Fundamental Investment Restriction on Investments in Oil, Gas and Mineral Programs:

	<u>Shares</u>	<u>% of Total Shares Outstanding</u>	<u>% of Total Shares Voted</u>
For	6,965,736	76.92%	77.79%
Against	745,191	8.23%	8.32%
Abstain	1,244,000	13.74%	13.89%

3. To Change the Portfolio's Investment Objective from Fundamental to Non-Fundamental:

	<u>Shares</u>	<u>% of Total Shares Outstanding</u>	<u>% of Total Shares Voted</u>
For	6,658,289	73.52%	74.35%
Against	981,531	10.84%	10.96%
Abstain	1,315,105	14.52%	14.69%

4-A. To Amend the Organizational Documents to Allow Involuntary Redemptions:

	<u>Shares</u>	<u>% of Total Shares Outstanding</u>	<u>% of Total Shares Voted</u>
For	6,640,561	73.32%	74.15%
Against	989,079	10.92%	11.05%
Abstain	1,325,287	14.63%	14.80%

4-B. To Amend the Organizational Documents to Allow Reorganizations of the Portfolio Without Shareholder Approval:

	<u>Shares</u>	<u>% of Total Shares Outstanding</u>	<u>% of Total Shares Voted</u>
For	6,159,125	68.01%	68.78%
Against	1,600,615	17.67%	17.87%
Abstain	1,195,187	13.20%	13.35%

Credit Suisse Trust — Global Post-Venture Capital Portfolio Privacy Policy Notice

We are committed to maintaining the privacy of every current and prospective customer. We recognize that you entrust important personal information to us, and we wish to assure you that we take seriously our responsibilities in protecting and safeguarding this information.

In connection with making available investment products and services to current and potential customers, we may obtain nonpublic personal information about you. This information may include your name, address, e-mail address, social security number, account number, assets, income, financial situation, transaction history and other personal information.

We may collect nonpublic information about you from the following sources:

- Information we receive on applications, forms, questionnaires, web sites, agreements or in the course of establishing or maintaining a customer relationship; and
- Information about your transactions with us, our affiliates, or others.

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except with your consent or as otherwise permitted by law. In cases where we believe that additional products and services may be of interest to you, we may share the information described above with our affiliates. We may also disclose this information to firms that perform services on our behalf. These agents and service providers are required to treat the information confidentially and use it only for the purpose for which it is provided.

We restrict access to nonpublic personal information about you to those employees, agents or other parties who need to know that information to provide products or services to you or in connection with your investments with or through us. We maintain physical, electronic and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

Note: This Notice is provided to clients and prospective clients of Credit Suisse Asset Management, LLC ("CSAM"), CSAM Capital Inc., and Credit Suisse Asset Management Securities, Inc., and shareholders and prospective shareholders in CSAM sponsored and advised investment companies, including Credit Suisse Funds, and other consumers and customers, as applicable. This Notice is not intended to be incorporated in any offering materials but is merely a statement of our current Privacy Policy, and may be amended from time to time upon notice to you. This Notice is dated as of May 20, 2003.

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Dreyfus Investment Portfolios, MidCap Stock Portfolio

SEMIANNUAL REPORT June 30, 2003



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.

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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
- 24** Proxy Results

FOR MORE INFORMATION

Back Cover



LETTER FROM THE CHAIRMAN

Dear Shareholder:

This semiannual report for Dreyfus Investment Portfolios, MidCap Stock Portfolio covers the six-month period from January 1, 2003, through June 30, 2003. 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 first half of 2003 was a time of long-awaited recovery for the U.S. stock market. Despite continued volatility leading up to the war in Iraq, stocks began to rally as the fighting wound down and investors turned their attention back to the prospects for the U.S. economy. Apparently, they liked what they saw. Despite current economic weakness, investors appear to be focused on the possibility of better economic times ahead.

If these trends persist, 2003 could mark the first positive calendar year for stocks since 1999. In our view, investors who have the potential to benefit most are those who steadfastly maintained their equity exposure during the bear market. In contrast, we believe investors who avoided stocks may have missed the market's recent gains, a timely reminder that patience, discipline and a long-term perspective are fundamental principles that may lead to successful investing.

Thank you for your continued confidence and support.

Sincerely,

Stephen E. Canter
Chairman and Chief Executive Officer
The Dreyfus Corporation
July 15, 2003



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, 2003, the portfolio's Initial shares produced a total return of 11.80%, and its Service shares produced a total return of 11.74%.¹ This compares with the total return of 12.41% provided by the portfolio's benchmark, the Standard & Poor's MidCap 400 Index, for the same period.²

These returns reflect a volatile market environment in which investor sentiment shifted sharply in favor of stocks as the war in Iraq came to an end. Midcap stock returns were in line with those of their large-cap counterparts, and the portfolio roughly matched the performance of its benchmark. Although the portfolio suffered a few individual disappointments among consumer cyclical stocks, these were offset by the portfolio's relatively strong gains in the technology and financial sectors.

What is the portfolio's investment approach?

The portfolio invests 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 on 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 input based on 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?

Stock prices generally declined during the commencement of the reporting period as investors weighed the uncertainties of a struggling economy and the impending conflict in Iraq. However, stocks rallied strongly from mid-March through the end of the reporting period, once a decision was made by the U.S. and the U.K. on the war in Iraq. Investors also became more optimistic about the economy, encouraged by the Bush Administration's stimulative fiscal policies and expectations. These policies began to affect the economy in late June, along with further interest-rate reductions by the Federal Reserve Board. During the second half of the reporting period, markets were led upward by relatively speculative, lower-quality technology issues. Nevertheless, virtually all stock sectors and industry sectors benefited to some degree from the market's upturn.

The portfolio enjoyed its strongest gains from investments in what we believed to be sound, reasonably priced technology companies. While such investments failed to rise as sharply as some other fundamentally weaker technology stocks, they enabled the portfolio to participate in the market's rise while avoiding many of the risks associated with more speculative names. Top-performing holdings during the reporting period included consumer-oriented technology companies, such as SanDisk, the nation's leading supplier of flash data storage products; semiconductor manufacturers, such as QLogic; and Internet access providers, such as United Online.

The portfolio's investment strategy also proved effective in identifying several financial services stocks that performed better than the averages. Some holdings, such as Doral Financial, benefited from high levels of mortgage refinancing driven by declining short-term interest rates.

Others, such as health insurer Aetna, produced better than expected earnings by managing costs while effectively exercising their pricing power. Finally, in the health care area, where biotechnology stocks provided a potent boost to the market's performance, holdings such as Gilead Sciences enabled the portfolio to share in the sector's broad rise.

On the other hand, some of the portfolio's investments proved disappointing. In particular, returns suffered from unfortunate timing in the purchase and sale of certain retailing stocks, such as Abercrombie & Fitch and J. C. Penney.

What is the portfolio's current strategy?

We remain focused on midcap stocks, which we believe are stocks with greater opportunities for capital appreciation than large-cap stocks, and lower risks of failure than small-cap stocks. Within the midcap marketplace, the portfolio's assets generally are balanced between value and growth stocks. Our company-by-company stock selection process has identified roughly equivalent investment opportunities among various growth- and value-oriented issues in today's market.

July 15, 2003

The portfolio is only available as a funding vehicle under various life insurance policies or variable annuity contracts issued by insurance companies. Individuals may not purchase shares of the portfolio directly. A variable annuity is an insurance contract issued by an insurance company that enables investors to accumulate assets on a tax-deferred basis for retirement or other long-term goals. The investment objective and policies of Dreyfus Investment Portfolios, MidCap Stock Portfolio made available through insurance products may be similar to other funds/portfolios managed or advised by Dreyfus. However, the investment results of the portfolio may be higher or lower than, and may not be comparable to, those of any other Dreyfus fund/portfolio.

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, 2003, 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, 2003 (Unaudited)

Common Stocks—97.7%	Shares	Value (\$)
Consumer Cyclical—12.7%		
Abercrombie & Fitch, Cl. A	51,100 ^a	1,451,751
Aztar	43,100 ^a	694,341
Bob Evans Farms	50,500	1,395,315
Borders Group	75,200 ^a	1,324,272
Brinker International	58,200 ^a	2,096,364
Chico's FAS	55,300 ^a	1,164,065
Claire's Stores	63,300	1,605,288
Coach	59,100 ^a	2,939,634
Columbia Sportswear	24,300 ^a	1,249,263
GTECH Holdings	34,600	1,302,690
Gentex	57,800 ^a	1,769,258
J. C. Penney (Holding Co.)	41,900 ^b	706,015
Magna International, Cl. A	16,700	1,123,409
Michaels Stores	59,200	2,253,152
Mohawk Industries	38,700 ^a	2,149,011
Pier 1 Imports	83,300	1,699,320
Ross Stores	61,700	2,637,058
Ruby Tuesday	48,100	1,189,513
Superior Industries International	22,700	946,590
Whole Foods Market	29,900 ^a	1,421,147
Williams-Sonoma	67,700 ^{a,b}	1,976,840
Zale	34,100 ^a	1,364,000
		34,458,296
Consumer Staples—2.8%		
Alberto-Culver, Cl. B	24,300 ^b	1,241,730
Dial	52,900	1,028,905
Fresh Del Monte Produce	28,300	727,027
J. M. Smucker	32,800	1,308,392
Pactiv	68,200 ^a	1,344,222
Pepsi Bottling Group	30,000	600,600
Sensient Technologies	59,900	1,366,319
		7,617,195
Energy Related—8.5%		
Energen	34,100	1,135,530
Equitable Resources	21,800	888,132
FMC Technologies	93,900 ^a	1,976,595
Houston Exploration	46,100 ^a	1,599,670

Common Stocks (continued)	Shares	Value (\$)
Energy Related (continued)		
Oil States International	121,600 ^a	1,471,360
Patina Oil & Gas	46,250	1,486,937
Pioneer Natural Resources	90,300 ^a	2,356,830
Questar	67,700	2,265,919
Sunoco	22,800	860,472
Unit	57,000 ^a	1,191,870
Valero Energy	89,000	3,233,370
Varco International	105,800 ^a	2,073,680
XTO Energy	130,800	2,630,388
		23,170,753
Health Care—13.8%		
Applera—Applied Biosystems Group	71,000	1,351,130
Apria Healthcare Group	67,600 ^a	1,681,888
Beckman Coulter	45,800	1,861,312
Chiron	32,400 ^a	1,416,528
Coventry Health Care	43,600 ^a	2,012,576
First Health Group	68,200 ^a	1,882,320
Gilead Sciences	88,400 ^a	4,913,272
Health Net	88,400 ^a	2,912,780
Henry Schein	37,700 ^a	1,973,218
Hillenbrand Industries	24,300	1,225,935
ICN Pharmaceuticals	104,600	1,753,096
Millipore	39,300 ^a	1,743,741
Mylan Laboratories	84,600	2,941,542
Oxford Health Plans	59,400 ^a	2,496,582
STERIS	66,800 ^a	1,542,412
Sunrise Senior Living	34,100 ^{a,b}	763,158
Techne	52,300 ^a	1,586,782
Universal Health Services, Cl. B	33,200 ^a	1,315,384
Varian Medical Systems	38,800 ^a	2,233,716
		37,607,372
Interest Sensitive—18.7%		
Aetna	30,100	1,812,020
Affiliated Managers Group	16,600 ^a	1,011,770
Bear Stearns Cos..	23,100	1,672,902
City National	52,000	2,317,120
Commerce Bancorp	57,000	2,114,700

STATEMENT OF INVESTMENTS (Unaudited) (continued)

Common Stocks (continued)	Shares	Value (\$)
Interest Sensitive (continued)		
Countrywide Financial	18,100	1,259,217
Dime Bancorp (Warrants)	19,900 ^a	2,985
Doral Financial	53,600	2,393,240
Everest Re Group	27,900	2,134,350
Fidelity National Financial	95,250	2,929,890
First American	80,600	2,123,810
First Tennessee National	41,100	1,804,701
GreenPoint Financial	62,100	3,163,374
Hilb, Rogal & Hamilton	40,800	1,388,832
IPC Holdings	36,700	1,229,450
Marshall & Ilsley	63,900	1,954,062
Mercantile Bankshares	40,900	1,610,642
National Commerce Financial	117,300	2,602,887
New Century Financial	22,800	995,220
New York Community Bancorp	68,400	1,989,756
Nuveen Investments	46,000	1,253,040
Old Republic International	77,100	2,642,217
Popular	39,400	1,520,446
Principal Financial Group	40,700	1,312,575
RenaissanceRe Holdings	27,400	1,247,248
South Financial Group	66,800	1,558,444
Sovereign Bancorp	110,200	1,724,630
TCF Financial	53,700	2,139,408
Wintrust Financial	31,200	923,520
		50,832,456
Internet Related—1.8%		
Check Point Software Technologies	61,400 ^a	1,200,370
E*TRADE Group	263,400 ^a	2,238,900
United Online	61,200 ^{a,b}	1,550,808
		4,990,078
Producer Goods—12.0%		
American Power Conversion	62,000	966,580
Bemis	26,300	1,230,840
C.H. Robinson Worldwide	48,200	1,713,992
Cooper Industries, Cl. A	26,800	1,106,840
Cytec Industries	46,400 ^a	1,568,320
Energizer Holdings	69,500 ^a	2,182,300

Common Stocks (continued)	Shares	Value (\$)
Producer Goods (continued)		
Fluor	39,100	1,315,324
Harsco	37,700	1,359,085
Hovnanian Enterprises, Cl. A	21,900 ^a	1,291,005
Hughes Supply	26,900	933,430
ITT Industries	18,000	1,178,280
Landstar System	13,300 ^a	835,905
Lennar, Cl. A	39,800	2,845,700
Lubrizol	53,700	1,664,163
MDU Resources Group	26,300	880,787
Monsanto	37,800	817,992
PPG Industries	17,600	893,024
Phelps Dodge	20,700 ^a	793,638
Precision Castparts	58,100	1,806,910
Rayonier	44,550	1,470,150
Sigma-Aldrich	28,500	1,544,130
SurModics	32,500 ^{a,b}	991,250
Timken	48,400	847,484
Werner Enterprises	44,900	951,880
York International	61,000	1,427,400
		32,616,409
Services—10.7%		
Apollo Group, Cl. A	29,900 ^{a,b}	1,846,624
ChoicePoint	56,600 ^a	1,953,832
Corinthian Colleges	52,400 ^a	2,545,068
Cox Radio, Cl. A	51,800 ^a	1,197,098
Deluxe	31,800	1,424,640
Entercom Communications	33,900 ^a	1,661,439
FTI Consulting	43,650 ^{a,b}	1,089,940
FactSet Research Systems	34,000	1,497,700
Jack Henry & Associates	48,800	868,152
Moody's	15,800	832,818
Pharmaceutical Product Development	41,000 ^a	1,177,930
Rent-A-Center	18,700 ^a	1,417,647
Republic Services	103,500 ^a	2,346,345
SunGard Data Systems	66,800 ^a	1,730,788
Valassis Communications	62,900 ^a	1,617,788
Washington Post, Cl. B	3,200	2,345,280

STATEMENT OF INVESTMENTS (Unaudited) (continued)

Common Stocks (continued)	Shares	Value (\$)
Services (continued)		
WebMD	121,300 ^a	1,313,679
Westwood One	65,800 ^a	2,232,594
		29,099,362
Technology—12.7%		
ADTRAN	29,900 ^a	1,533,571
Adobe Systems	21,000	673,470
Advanced Fibre Communications	87,700 ^a	1,426,879
Avid Technology	38,500 ^a	1,350,195
Cree	71,500 ^{a,b}	1,164,020
Electronic Arts	25,200 ^a	1,864,548
FLIR Systems	25,400 ^a	765,810
Garmin	34,800 ^a	1,387,476
Integrated Circuit Systems	43,300 ^a	1,360,919
Lexmark International	13,100 ^a	927,087
MEMC Electronic Materials	95,900 ^a	939,820
McDATA, Cl. A	101,300 ^a	1,486,071
Microchip Technology	68,100	1,677,303
Plantronics	71,800 ^a	1,555,906
QLogic	36,500 ^a	1,764,045
Reynolds & Reynolds, Cl. A	51,100	1,459,416
SanDisk	109,800 ^a	4,430,430
Semtech	50,600 ^a	720,544
Storage Technology	92,400 ^a	2,378,376
Symantec	17,100 ^a	750,006
Take-Two Interactive Software	35,300 ^a	1,000,402
UTStarcom	43,400 ^a	1,543,738
Western Digital	178,100 ^a	1,834,430
Zebra Technologies, Cl. A	9,400 ^a	706,786
		34,701,248
Utilities—4.0%		
Hawaiian Electric Industries	43,600	1,999,060
Level 3 Communications	192,700 ^a	1,279,528
Pepco Holdings	112,300	2,151,668

Common Stocks (continued)	Shares	Value (\$)
Utilities (continued)		
SCANA	67,700	2,320,756
Wisconsin Energy	103,600	3,004,400
		10,755,412
Total Common Stocks (cost \$236,423,375)		265,848,581
Short-Term Investments—2.2%	Principal Amount (\$)	Value (\$)
Repurchase Agreement;		
Greenwich Capital Markets, Tri-Party Repurchase Agreement, 1.10%, dated 6/30/2003, due 7/1/2003, in the amount of \$6,049,185 (fully collateralized by \$4,260,000 U.S. Treasury Bonds, 7.875%, 2/15/2021, value \$6,175,629) (cost \$6,049,000)	6,049,000	6,049,000
Investment of Cash Collateral for Securities Loaned—2.5%	Shares	Value (\$)
Registered Investment Company;		
Dreyfus Institutional Preferred Money Market Fund (cost \$6,878,256)	6,878,256	6,878,256
Total Investments (cost \$249,350,631)	102.4%	278,775,837
Liabilities, Less Cash and Receivables	(2.4%)	(6,540,417)
Net Assets	100.0%	272,235,420

^a Non-income producing.

^b All or a portion of these securities are on loan. At June 30, 2003, the total market value of the portfolio's securities on loan is \$6,658,051 and the total market value of the collateral held by the portfolio is \$6,878,256.

See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2003 (Unaudited)

	Cost	Value
Assets (\$):		
Investments in securities—See Statement of Investments (including securities loaned, valued at \$6,658,051)—Note 1(b)	249,350,631	278,775,837
Cash		754,858
Dividends and interest receivable		130,401
Receivable for shares of Beneficial Interest subscribed		243
Prepaid expenses		8,461
		279,669,800
Liabilities (\$):		
Due to The Dreyfus Corporation and affiliates		181,331
Liability for securities loaned—Note 1(b)		6,878,256
Payable for shares of Beneficial Interest redeemed		329,330
Accrued expenses		45,463
		7,434,380
Net Assets (\$)		272,235,420
Composition of Net Assets (\$):		
Paid-in capital		279,788,770
Accumulated undistributed investment income—net		406,346
Accumulated net realized gain (loss) on investments		(37,384,902)
Accumulated net unrealized appreciation (depreciation) on investments		29,425,206
Net Assets (\$)		272,235,420

Net Asset Value Per Share		
	Initial Shares	Service Shares
Net Assets (\$)	238,503,205	33,732,215
Shares Outstanding	17,715,333	2,512,274
Net Asset Value Per Share (\$)	13.46	13.43

See notes to financial statements.

STATEMENT OF OPERATIONS

Six Months Ended June 30, 2003 (Unaudited)

Investment Income (\$):	
Income:	
Cash dividends (net of \$847 foreign taxes withheld at source)	1,312,634
Income from securities lending	76,405
Interest	28,133
Total Income	1,417,172
Expenses:	
Investment advisory fee—Note 3(a)	900,032
Professional fees	41,613
Distribution fees—Note 3(b)	28,901
Prospectus and shareholders' reports	21,672
Custodian fees—Note 3(b)	11,005
Shareholder servicing costs—Note 3(b)	8,077
Trustees' fees and expenses—Note 3(c)	1,572
Registration fees	84
Miscellaneous	3,560
Total Expenses	1,016,516
Less—waiver of fees due to undertaking—Note 3(a)	(7,610)
Net Expenses	1,008,906
Investment Income—Net	408,266
Realized and Unrealized Gain (Loss) on Investments—Note 4 (\$):	
Net realized gain (loss) on investments	(4,304,517)
Net unrealized appreciation (depreciation) on investments	31,943,699
Net Realized and Unrealized Gain (Loss) on Investments	27,639,182
Net Increase in Net Assets Resulting from Operations	28,047,448

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended June 30, 2003 (Unaudited)	Year Ended December 31, 2002
Operations (\$):		
Investment income—net	408,266	710,573
Net realized gain (loss) on investments	(4,304,517)	(23,480,437)
Net unrealized appreciation (depreciation) on investments	31,943,699	(13,210,329)
Net Increase (Decrease) in Net Assets Resulting from Operations	28,047,448	(35,980,193)
Dividends to Shareholders from (\$):		
Investment income—net:		
Initial shares	(19,487)	(657,623)
Service shares	(2,003)	(41,127)
Total Dividends	(21,490)	(698,750)
Beneficial Interest Transactions (\$):		
Net proceeds from shares sold:		
Initial shares	13,909,379	101,318,850
Service shares	13,712,896	13,400,255
Dividends reinvested:		
Initial shares	19,487	657,623
Service shares	2,003	41,127
Cost of shares redeemed:		
Initial shares	(18,801,039)	(30,248,497)
Service shares	(1,340,193)	(2,575,825)
Increase (Decrease) in Net Assets from Beneficial Interest Transactions	7,502,533	82,593,533
Total Increase (Decrease) in Net Assets	35,528,491	45,914,590
Net Assets (\$):		
Beginning of Period	236,706,929	190,792,339
End of Period	272,235,420	236,706,929
Undistributed investment income—net	406,346	19,570

	Six Months Ended June 30, 2003 (Unaudited)	Year Ended December 31, 2002
Capital Share Transactions:		
Initial Shares		
Shares sold	1,127,519	7,374,719
Shares issued for dividends reinvested	1,660	54,017
Shares redeemed	(1,556,571)	(2,404,341)
Net Increase (Decrease) in Shares Outstanding	(427,392)	5,024,395
Service Shares		
Shares sold	1,097,894	1,006,141
Shares issued for dividends reinvested	171	3,385
Shares redeemed	(110,543)	(193,139)
Net Increase (Decrease) in Shares Outstanding	987,522	816,387

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, 2003 (Unaudited)	2002	2001	2000	1999	1998 ^a
Per Share Data (\$):						
Net asset value,						
beginning of period	12.04	13.80	14.29	13.44	12.16	12.50
Investment Operations:						
Investment income—net	.02 ^b	.04 ^b	.03 ^b	.05 ^b	.03 ^b	.02
Net realized and unrealized						
gain (loss) on investments	1.40	(1.76)	(.50)	1.05	1.28	(.34)
Total from Investment Operations	1.42	(1.72)	(.47)	1.10	1.31	(.32)
Distributions:						
Dividends from						
investment income—net	(.00) ^c	(.04)	(.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	(.04)	(.02)	(.25)	(.03)	(.02)
Net asset value, end of period	13.46	12.04	13.80	14.29	13.44	12.16
Total Return (%)	11.80^d	(12.49)	(3.26)	8.28	10.82	(2.53)^d
Ratios/Supplemental Data (%):						
Ratio of expenses						
to average net assets	.41 ^d	.85	.89	.98	.97	.67 ^d
Ratio of net investment income						
to average net assets	.18 ^d	.32	.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	42.36 ^d	69.15	76.37	102.89	77.73	75.74 ^d
Net Assets, end of period						
(\$ x 1,000)	238,503	218,387	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, 2003 (Unaudited)	2002	2001	2000 ^a
Per Share Data (\$):				
Net asset value, beginning of period	12.02	13.78	14.29	14.29
Investment Operations:				
Investment income—net	.01 ^b	.02 ^b	.01 ^b	—
Net realized and unrealized gain (loss) on investments	1.40	(1.75)	(.50)	—
Total from Investment Operations	1.41	(1.73)	(.49)	—
Distributions:				
Dividends from investment income—net	(.00) ^c	(.03)	(.02)	—
Net asset value, end of period	13.43	12.02	13.78	14.29
Total Return (%)	11.74 ^d	(12.64)	(3.36)	—
Ratios/Supplemental Data (%):				
Ratio of expenses to average net assets	.49 ^d	1.00	1.00	—
Ratio of net investment income to average net assets	.08 ^d	.15	.07	—
Decrease reflected in above expense ratios due to undertakings by The Dreyfus Corporation				
	.03 ^d	.10	.17	—
Portfolio Turnover Rate	42.36 ^d	69.15	76.37	102.89
Net Assets, end of period (\$ x 1,000)	33,732	18,320	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 twelve 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 (the “Manager”) serves as the portfolio’s investment adviser. The Manager is a wholly-owned 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 the Manager, 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. Effective April 14, 2003, the portfolio began pricing securities traded on the NASDAQ stock market using the NASDAQ official closing price. 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 \$120 during the period ended June 30, 2003 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 the Manager as shown in the portfolio's Statement of Investments. The portfolio will be entitled to receive all income on securities loaned, in addition to income earned as a result of the lending transaction.

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 the Manager, 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. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles.

(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 \$29,938,221 available for federal income tax purposes to be applied against future net securities profits, if any, realized subsequent to December 31, 2002. If not applied, \$7,978,482 of the carryover expires in fiscal 2009 and \$21,959,739 expires in fiscal 2010.

The tax character of distributions paid to shareholders during the fiscal year ended December 31, 2002 was as follows: ordinary income \$698,750. 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, 2003, 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 the Manager, 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.

The Manager has agreed, from January 1, 2003 to December 31, 2003, 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, 2003, the Manager waived receipt of fees of \$7,610, 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, 2003, Service shares were charged \$28,901 pursuant to the Plan.

The portfolio compensates Dreyfus Transfer, Inc., a wholly-owned subsidiary of the Manager, under a transfer agency agreement for providing personnel and facilities to perform transfer agency services for the portfolio. During the period ended June 30, 2003, the portfolio was charged \$319 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, 2003, the portfolio was charged \$11,005 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"). Through December 31, 2002, each Board member who is not an "affiliated person" as defined in the Act received an annual fee of \$25,000 and an attendance fee of \$4,000 for each in-person meeting and \$500 for telephone meetings. Effective January 1, 2003, the number of funds in the Fund Group comprising the fund increased, and the annual fee was increased to \$60,000 while the attendance fee was increased to \$7,500 for each in-person meeting. These fees are allocated among the funds in the Fund Group in proportion to each fund's relative net assets. 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, 2003, amounted to \$107,872,236 and \$101,234,016, respectively.

At June 30, 2003, accumulated net unrealized appreciation on investments was \$29,425,206, consisting of \$38,191,805 gross unrealized appreciation and \$8,766,599 gross unrealized depreciation.

At June 30, 2003, 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).

PROXY RESULTS (Unaudited)

Dreyfus Investment Portfolios held a special meeting of shareholders on December 18, 2002. The proposal considered at the meeting, and the results, are as follows:

	Shares	
	Votes For	Authority Withheld
To elect additional Trustees:		
David W. Burke	52,619,411	1,551,548
Whitney I. Gerard	52,648,375	1,522,584
Arthur A. Hartman	52,520,433	1,650,526
George L. Perry	52,560,201	1,610,758

Joseph S. DiMartino, Clifford L. Alexander, Jr. and Lucy Wilson Benson continued as Trustees of the fund after the shareholder meeting.

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**

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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.
200 Park Avenue
New York, NY 10166

Distributor

Dreyfus Service Corporation
200 Park Avenue
New York, NY 10166

The Dreyfus Socially Responsible Growth Fund, Inc.

SEMIANNUAL REPORT June 30, 2003



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.

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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
- 20** Proxy Results

FOR MORE INFORMATION

Back Cover



LETTER FROM THE CHAIRMAN

Dear Shareholder:

This semiannual report for The Dreyfus Socially Responsible Growth Fund, Inc. covers the six-month period from January 1, 2003, through June 30, 2003. Inside, you'll find valuable information about how the fund was managed during the reporting period, including a discussion with the fund's portfolio managers, L. Emerson Tuttle and Paul Hilton.

The first half of 2003 was a time of long-awaited recovery for the U.S. stock market. Despite continued volatility leading up to the war in Iraq, stocks began to rally as the fighting wound down and investors turned their attention back to the prospects for the U.S. economy. Apparently, they liked what they saw. Despite current economic weakness, investors appear to be focused on the possibility of better economic times ahead.

If these trends persist, 2003 could mark the first positive calendar year for stocks since 1999. In our view, investors who have the potential to benefit most are those who steadfastly maintained their equity exposure during the bear market. In contrast, we believe investors who avoided stocks may have missed the market's recent gains, a timely reminder that patience, discipline and a long-term perspective are fundamental principles that may lead to successful investing.

Thank you for your continued confidence and support.

Sincerely,

Stephen E. Canter
Chairman and Chief Executive Officer
The Dreyfus Corporation
July 15, 2003



DISCUSSION OF FUND PERFORMANCE

L. Emerson Tuttle and Paul Hilton, Portfolio Managers

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

For the six-month period ended June 30, 2003, the fund's Initial shares produced a 10.27% total return, and the fund's Service shares provided a 10.14% total return.¹ In contrast, the fund's benchmark, the Standard & Poor's 500 Composite Stock Price Index ("S&P 500 Index"), produced an 11.75% total return for the same period.²

We attribute the fund's and the market's positive returns to improving investor sentiment as market participants looked forward to stronger economic growth. The fund's returns trailed its benchmark's return, primarily due to its relatively light exposure to industrial stocks, which performed well during the reporting period.

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, under normal circumstances, invests at least 80% of its assets in 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?

The reporting period began on a negative note, with the stock market and the fund suffering from the effects of a weak economy, which was intensified by rising geopolitical tensions leading to the war in Iraq. As the war wound down in early April the market began to rebound, which benefited the fund's overall performance.

Despite a persistently lackluster economy, consumers continued to spend. As interest rates declined, homeowners refinanced their mortgages in record numbers, and many used the extra cash to purchase big-ticket items, such as cars, jewelry or new home furnishings. We positioned the fund to benefit from strong consumer spending by investing in a “barbell” of retail stores, with luxury goods providers, such as Tiffany & Co. and Coach, on one end and discount retailers, including TJX Cos. and Target, on the other. We also sold the fund’s holdings of Wal-Mart. Hotels and restaurants also benefited from strong consumer spending, and broadcast media stocks performed well amid rising advertising sales to retailers seeking their share of consumer spending.

Technology stocks provided the single greatest positive contribution to the fund’s performance during the reporting period. The technology group was one of the largest areas of concentration for the fund, which helped it produce modestly higher returns relative to the S&P 500 Index’s technology component. In addition, three of the fund’s top-ten contributors to portfolio returns were technology companies: Cisco Systems, Intel and Dell Computer.

On the other hand, the fund’s limited exposure to industrial stocks, such as construction and engineering companies, hurt its relative performance. Many of these stocks flourished in anticipation of post-war rebuilding efforts in Iraq. However, because many large industrial companies also have extensive financial services businesses, we successfully captured a portion of the industrial group’s gains by investing in diversified financial services companies. For example, holdings in financial companies such as Citigroup and American Express benefited during the reporting period from lower interest rates and improving business conditions, helping to boost the fund’s overall returns.

What is the fund’s current strategy?

As of the end of the reporting period, the fund’s largest areas of concentration were health care and technology, both traditional growth areas we have favored for some time now. Within health care, we currently are focusing on medical device companies, orthopedic replacement parts firms and managed care companies. Within the technology group, we

are concentrating on the largest, most dominant companies, primarily because we believe these companies are better able to weather difficult market environments.

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

In our last report we discussed Energy Star, a program run by the Environmental Protection Agency, that helps businesses and individuals protect the environment through superior energy efficiency. On April 15, 2003, Energy Star recognized a number of businesses for their outstanding contributions to reducing greenhouse gas emissions. We are pleased that Starwood Hotels & Resorts Worldwide, a fund holding, was one of this year's award recipients. Starwood's "Energy Management Is Good Business" strategy led the firm to invest approximately \$4.6 million in energy products in 2002. As a result, this enabled them to save \$1.3 million, the equivalent to renting 9,800 additional rooms, and also to reduce carbon dioxide by 18 million pounds. We believe Starwood Hotels exemplifies how companies and their shareholders can benefit from efforts to help preserve the environment. Past winners of these awards include Home Depot, Intel, International Business Machines, Johnson & Johnson and Staples, all of which are current fund holdings.

July 15, 2003

The portfolio is only available as a funding vehicle under various life insurance policies or variable annuity contracts issued by insurance companies. Individuals may not purchase shares of the portfolio directly. A variable annuity is an insurance contract issued by an insurance company that enables investors to accumulate assets on a tax-deferred basis for retirement or other long-term goals. The investment objective and policies of The Dreyfus Socially Responsible Growth Fund, Inc. made available through insurance products may be similar to other funds/portfolios managed or advised by Dreyfus. However, the investment results of the portfolio may be higher or lower than, and may not be comparable to, those of any other Dreyfus fund/portfolio.

- 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, 2003 (Unaudited)

Common Stocks-97.9%	Shares	Value (\$)
Consumer Discretionary-13.4%		
Bed Bath & Beyond	108,000 ^a	4,191,480
Coach	119,000 ^a	5,919,060
Comcast, Cl. A (Special)	197,000 ^a	5,679,510
Darden Restaurants	235,500	4,469,790
Home Depot	176,000	5,829,120
Staples	204,000 ^a	3,743,400
Starwood Hotels & Resorts Worldwide	179,000	5,117,610
TJX Cos.	221,000	4,163,640
Target	130,000	4,919,200
Tiffany & Co.	235,000	7,679,800
Univision Communications, Cl. A	267,000 ^a	8,116,800
Viacom, Cl. B	98,200 ^a	4,287,412
		64,116,822
Consumer Staples-7.6%		
Anheuser-Busch Cos.	69,000	3,522,450
Avon Products	90,000	5,598,000
CVS	245,000	6,867,350
Coca-Cola	149,500	6,938,295
Colgate-Palmolive	120,000	6,954,000
PepsiCo	150,000	6,675,000
		36,555,095
Energy-4.6%		
Anadarko Petroleum	134,500	5,981,215
Royal Dutch Petroleum (New York Shares), ADR	192,000	8,951,040
Weatherford International	168,000 ^a	7,039,200
		21,971,455
Financials-15.4%		
ACE	241,000	8,263,890
American Express	285,500	11,936,755
American International Group	120,500	6,649,190
Citigroup	344,500	14,744,600
Lehman Brothers Holdings	81,000	5,384,880
M&T Bank	45,000	3,789,900

Common Stocks (continued)	Shares	Value (\$)
Financials (continued)		
Principal Financial Group	218,500	7,046,625
Radian Group	139,000	5,094,350
U.S. Bancorp	261,000	6,394,500
Willis Group Holdings	137,100	4,215,825
		73,520,515
Health Care—22.6%		
Amgen	159,500 ^a	10,597,180
Boston Scientific	118,000 ^a	7,209,800
Cardinal Health	61,000	3,922,300
Forest Laboratories	156,000 ^a	8,541,000
Johnson & Johnson	290,000	14,993,000
Medtronic	242,000	11,608,740
Merck & Co.	128,000	7,750,400
Pfizer	706,500	24,126,975
Stryker	54,000	3,745,980
Varian Medical Systems	91,500 ^a	5,267,655
WellPoint Health Networks	89,000 ^a	7,502,700
Zimmer Holdings	63,000 ^a	2,838,150
		108,103,880
Industrials—7.5%		
Avery Dennison	79,000	3,965,800
Danaher	135,000	9,186,750
Emerson Electric	117,000	5,978,700
Grainger (W.W.)	112,000	5,237,120
Tyco International	593,000	11,255,140
		35,623,510
Information Technology—22.7%		
Analog Devices	200,000 ^a	6,964,000
Applied Materials	224,000 ^a	3,552,640
BEA Systems	574,500 ^a	6,239,070
Cisco Systems	892,000 ^a	14,887,480
Dell Computer	374,500 ^a	11,969,020
First Data	223,000	9,241,120

STATEMENT OF INVESTMENTS (Unaudited) (continued)

Common Stocks (continued)	Shares	Value (\$)
Information Technology (continued)		
Intel	519,000	10,786,896
International Business Machines	165,000	13,612,500
Microsoft	931,000	23,842,910
QLogic	56,000 ^a	2,706,480
Symantec	102,000 ^a	4,473,720
		108,275,836
Materials—1.0%		
Praxair	78,500	4,717,850
Telecommunication Services—2.0%		
ALLTEL	97,500	4,701,450
CenturyTel	137,000	4,774,450
		9,475,900
Utilities—1.1%		
Pinnacle West Capital	140,000	5,243,000
Total Common Stocks (cost \$447,398,132)		467,603,863
Short-Term Investments—1.9%		
	Principal Amount (\$)	Value (\$)
Certificates of Deposit—.0%		
Self Help Credit Union, 1.09%, 9/16/2003	100,000	100,000
U.S. Treasury Bills—1.9%		
.84%, 7/10/2003	684,000	683,877
.82%, 7/24/2003	7,613,000	7,609,270
.78%, 9/18/2003	560,000	558,975
		8,852,122
Total Short-Term Investments (cost \$8,951,933)		8,952,122
Total Investments (cost \$456,350,065)	99.8%	476,555,985
Cash and Receivables (Net)	.2%	967,157
Net Assets	100.0%	477,523,142

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

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2003 (Unaudited)

	Cost	Value
Assets (\$):		
Investments in securities—See Statement of Investments	456,350,065	476,555,985
Receivable for investment securities sold		6,539,478
Dividends and interest receivable		251,862
Receivable for shares of Common Stock subscribed		88,626
Prepaid expenses		129,092
		483,565,043
Liabilities (\$):		
Due to The Dreyfus Corporation and affiliates		312,005
Cash overdraft due to Custodian		5,395
Payable for investment securities purchased		5,385,763
Payable for shares of Common Stock redeemed		281,583
Accrued expenses		57,155
		6,041,901
Net Assets (\$)		477,523,142
Composition of Net Assets (\$):		
Paid-in capital		766,351,549
Accumulated undistributed investment income—net		519,737
Accumulated net realized gain (loss) on investments		(309,554,064)
Accumulated net unrealized appreciation (depreciation) on investments		20,205,920
Net Assets (\$)		477,523,142

Net Asset Value Per Share		
	Initial Shares	Service Shares
Net Assets (\$)	467,812,484	9,710,658
Shares Outstanding	22,452,957	467,959
Net Asset Value Per Share (\$)	20.84	20.75

See notes to financial statements.

STATEMENT OF OPERATIONS

Six Months Ended June 30, 2003 (Unaudited)

Investment Income (\$):	
Income:	
Cash dividends (net of \$35,110 foreign taxes withheld at source)	2,370,901
Interest	57,310
Total Income	2,428,211
Expenses:	
Investment advisory fee—Note 3(a)	1,705,956
Prospectus and shareholders' reports	89,775
Professional fees	36,781
Shareholder servicing costs—Note 3(c)	33,019
Custodian fees—Note 3(c)	18,735
Distribution fees—Note 3(b)	10,583
Directors' fees and expenses—Note 3(d)	6,453
Loan commitment fees—Note 2	2,000
Registration fees	326
Miscellaneous	3,678
Total Expenses	1,907,306
Investment Income—Net	520,905
Realized and Unrealized Gain (Loss) on Investments—Note 4 (\$):	
Net realized gain (loss) on investments	(5,205,464)
Net unrealized appreciation (depreciation) on investments	48,865,790
Net Realized and Unrealized Gain (Loss) on Investments	43,660,326
Net Increase in Net Assets Resulting from Operations	44,181,231

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended June 30, 2003 (Unaudited)	Year Ended December 31, 2002
Operations (\$):		
Investment income—net	520,905	1,211,428
Net realized gain (loss) on investments	(5,205,464)	(117,506,676)
Net unrealized appreciation (depreciation) on investments	48,865,790	(99,629,629)
Net Increase (Decrease) in Net Assets Resulting from Operations	44,181,231	(215,924,877)
Dividends to Shareholders from (\$):		
Investment income—net:		
Initial shares	(27,666)	(1,229,370)
Service shares	(523)	(1,294)
Total Dividends	(28,189)	(1,230,664)
Capital Stock Transactions (\$):		
Net proceeds from shares sold:		
Initial shares	27,431,537	60,389,408
Service shares	1,842,535	5,981,866
Dividends reinvested:		
Initial shares	27,666	1,229,370
Service shares	523	1,294
Cost of shares redeemed:		
Initial shares	(58,972,766)	(170,703,050)
Service shares	(1,088,835)	(2,952,051)
Increase (Decrease) in Net Assets from Capital Stock Transactions	(30,759,340)	(106,053,163)
Total Increase (Decrease) in Net Assets	13,393,702	(323,208,704)
Net Assets (\$):		
Beginning of Period	464,129,440	787,338,144
End of Period	477,523,142	464,129,440
Undistributed investment income—net	519,737	27,021

STATEMENT OF CHANGES IN NET ASSETS *(continued)*

	Six Months Ended June 30, 2003 (Unaudited)	Year Ended December 31, 2002
Capital Share Transactions:		
Initial Shares		
Shares sold	1,396,104	2,761,458
Shares issued for dividends reinvested	1,463	64,567
Shares redeemed	(3,078,061)	(7,902,162)
Net Increase (Decrease) in Shares Outstanding	(1,680,494)	(5,076,137)
Service Shares		
Shares sold	94,211	271,381
Shares issued for dividends reinvested	28	69
Shares redeemed	(56,945)	(151,974)
Net Increase (Decrease) in Shares Outstanding	37,294	119,476

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, 2003 (Unaudited)	2002	2001	2000	1999	1998
Per Share Data (\$):						
Net asset value, beginning of period	18.90	26.67	34.47	39.07	31.08	24.97
Investment Operations:						
Investment income-net	.02 ^a	.05 ^a	.02 ^a	.32 ^a	.01 ^a	.05
Net realized and unrealized gain (loss) on investments	1.92	(7.77)	(7.80)	(4.63)	9.34	7.28
Total from Investment Operations	1.94	(7.72)	(7.78)	(4.31)	9.35	7.33
Distributions:						
Dividends from investment income-net	(.00) ^b	(.05)	(.02)	(.29)	(.01)	(.05)
Dividends from net realized gain on investments	-	-	-	-	(1.35)	(1.17)
Total Distributions	(.00) ^b	(.05)	(.02)	(.29)	(1.36)	(1.22)
Net asset value, end of period	20.84	18.90	26.67	34.47	39.07	31.08
Total Return (%)	10.27 ^c	(28.94)	(22.57)	(11.03)	30.08	29.38
Ratios/Supplemental Data (%):						
Ratio of expenses to average net assets	.41 ^c	.80	.78	.78	.79	.80
Ratio of net investment income to average net assets	.12 ^c	.20	.06	.82	.04	.20
Portfolio Turnover Rate	33.32 ^c	90.07	110.82	63.60	70.84	67.60
Net Assets, end of period (\$ x 1,000)	467,812	456,014	779,063	1,075,089	897,539	477,797

^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, 2003 (Unaudited)	2002	2001	2000 ^a
Per Share Data (\$):				
Net asset value, beginning of period	18.84	26.59	34.47	34.47
Investment Operations:				
Investment (loss)–net	(.00) ^{b,c}	(.00) ^{b,c}	(.06) ^b	–
Net realized and unrealized gain (loss) on investments	1.91	(7.75)	(7.82)	–
Total from Investment Operations	1.91	(7.75)	(7.88)	–
Distributions:				
Dividends from investment income–net	(.00) ^c	(.00) ^c	(.00) ^c	–
Net asset value, end of period	20.75	18.84	26.59	34.47
Total Return (%)	10.14 ^d	(29.14)	(22.85)	–
Ratios/Supplemental Data (%):				
Ratio of expenses to average net assets	.54 ^d	1.03	1.09	–
Ratio of net investment (loss) to average net assets	(.01) ^d	(.01)	(.20)	–
Portfolio Turnover Rate	33.32 ^d	90.07	110.82	63.60
Net Assets, end of period (\$ x 1,000)	9,711	8,115	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 (the “Manager”) serves as the fund’s investment adviser. The Manager is a wholly-owned 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 the Manager, 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. Effective April 14, 2003, the fund began pricing securities traded on

the NASDAQ stock market using the NASDAQ official closing price. 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 receives net earnings credits based on available cash balances left on deposit.

(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. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles.

(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 \$283,900,362 available for federal income tax purposes to be applied against future net securities profits, if any, realized subsequent to December 31, 2002. If not

applied, \$7,523,105 of the carryover expires in fiscal 2008, \$172,543,524 expires in fiscal 2009 and \$103,833,733 expires in fiscal 2010.

The tax character of distributions paid to shareholders during the fiscal year ended December 31, 2002 was as follows: ordinary income \$1,230,664. 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, 2003, 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 the Manager, 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, 2003, Service shares were charged \$10,583 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, 2003, Initial shares were charged \$9,857 pursuant to the Shareholder Services Plan.

The fund compensates Dreyfus Transfer, Inc., a wholly-owned subsidiary of the Manager, under a transfer agency agreement for providing personnel and facilities to perform transfer agency services for the fund. During the period ended June 30, 2003, the fund was charged \$710 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, 2003, the fund was charged \$18,735 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"). Through December 31, 2002, each Board member who is not an "affiliated person" as defined in the Act received an annual fee of \$25,000 and an attendance fee of \$4,000 for each in-person meeting and \$500 for telephone meetings. Effective January 1, 2003, the number of funds in the Fund Group comprising the fund increased, and the annual fee was increased to \$60,000 while the attendance fee was increased to \$7,500 for each in-person meeting. These fees are allocated among the funds in the Fund Group in proportion to each fund's relative net assets. 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.

(e) During the period ended June 30, 2003, the fund incurred total brokerage commissions of \$489,734, of which \$90 was paid to Harborside Plus Inc., a wholly-owned subsidiary of Mellon Financial Corporation.

NOTE 4—Securities Transactions:

The aggregate amount of purchases and sales of investment securities, excluding short-term securities, during the period ended June 30, 2003, amounted to \$148,318,353 and \$177,572,138, respectively.

At June 30, 2003, accumulated net unrealized appreciation on investments was \$20,205,920, consisting of \$39,995,309 gross unrealized appreciation and \$19,789,389 gross unrealized depreciation.

At June 30, 2003, 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).

PROXY RESULTS (Unaudited)

The fund held a special meeting of shareholders on December 18, 2002. The proposals considered at the meeting, and the results, are as follows:

	Shares		
	For	Against	Abstained
To approve changes to certain of the fundamental policies and investment restrictions to permit participation in a portfolio securities lending program	21,281,998	2,989,673	1,690,092
To approve changes to certain of the fund's fundamental policies and investment restrictions to permit investment in other investment companies	21,772,473	2,593,050	1,596,240
	Shares		
	Votes For	Authority Withheld	
To elect additional Board members:†			
David W. Burke	24,196,608	1,765,155	
Whitney I. Gerard	24,144,809	1,816,954	
Arthur A. Hartman	24,117,433	1,844,330	
George L. Perry	24,176,347	1,785,416	

† Joseph S. DiMartino, Clifford L. Alexander, Jr. and Lucy Wilson Benson continued as directors of the fund after the shareholder meeting.

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.**

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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 2003

The first half of 2003 was comprised of two markedly disparate quarters: During the first three months of the year, stocks struggled and wary investors stuck to the sidelines, while in the second quarter, a sharp rally ensued and trading activity increased dramatically. Overall, the Dow Jones Industrial Average, S&P 500 Index,[®] and Nasdaq Composite Index finished the semiannual period with substantial gains, thanks to the second-quarter turnaround. Fixed-income markets also advanced, benefiting from low interest rates and investors' flight to quality during the first quarter. Nevertheless, bonds trailed stocks by a significant margin, as we saw a rotation back into equities in April, May, and June.

One key factor holding stocks back in the early part of the period was the threat — and eventual outbreak — of war in Iraq. When the year began, it was unclear whether a diplomatic resolution might be reached in ensuring that Iraq would not present a threat to other nations. However, as January and February progressed, it became increasingly clear that war would be the more likely outcome. This heightened investors' anxiety and also clouded the economic landscape, as most individuals and businesses were unwilling to make major financial decisions against such an uncertain geopolitical backdrop. In addition, oil prices surged, undermining consumers' and corporations' spending power.

When war broke out in March, investors initially welcomed an end to the waiting, sending stocks higher during the middle of the month. Yet uncertainty ensued as questions about how long the fighting would continue emerged, and weak economic data offered little consolation. Thus the first quarter of 2003 ended on a sour note.

April proved to be a turning point for the stock market. As it happened, the war came to a relatively swift conclusion, freeing investors to focus on some positive news, such as first-quarter corporate earnings reports that generally met or exceeded expectations. Stocks rallied, and in May conditions remained favorable, as Congress passed a tax relief package that included a reduction in the individual tax on dividend-paying stocks. Not surprisingly, dividend-paying utilities were among the best-performing stocks, along with surging technology issues. Meanwhile, energy companies were bolstered by comments from Federal Reserve Chairman Alan Greenspan about the issue of rising demand — and rising prices — for natural gas.

In June, the final month of the period, the spring rally continued, albeit at a more subdued pace. Although hopes for a second-half recovery endured, economic data were mixed. On the one hand, consumer sentiment and home sales held up, but on the other hand, manufacturing activity weakened and first-quarter gross domestic product growth was revised downward. Indicating that deflation may be a concern, the Federal Reserve opted to trim short-term interest rates to 1%, their lowest level since 1958, according to *The New York Times*. With the state of the economy still in question, investors will be watching second-quarter earnings reports closely, as these could dictate the market's next direction.

¹Total 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.

The industries and/or sectors used for portfolio securities classification that may be used throughout this report are the Global Industry Classification Standard which was developed by and is the exclusive property and a service mark of Morgan Stanley Capital International Inc. and Standard & Poor's.[®]

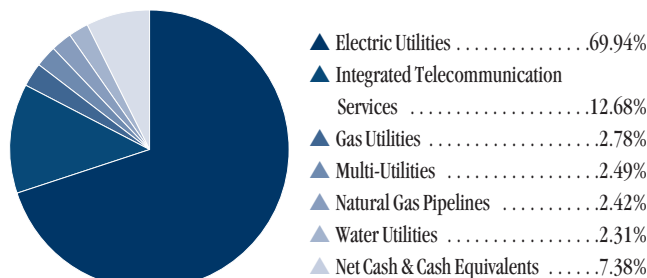
VIF-Utilities Fund

Average Annualized Total Return as of 6/30/03¹

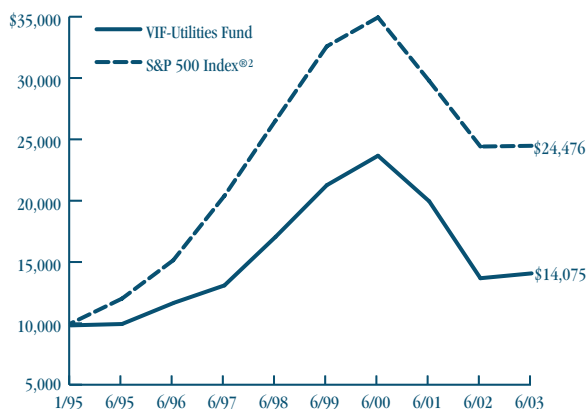
1 year	2.88%
5 years	(3.77%)
Since inception (1/95)	4.11%

Portfolio Industry Breakdown

% of Total Net Assets



Holdings and composition of holdings are subject to change.



The line graph above illustrates, for the period from inception through June 30, 2003, 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}

Fund Management

Jeffrey G. Morris, CFA

Vice President, INVESCO Funds Group. BS, Colorado State University; MS, University of Colorado-Denver. Joined INVESCO in 1991. Began investment career in 1991.

STATEMENT OF INVESTMENT SECURITIES

INVESCO Variable Investment Funds, Inc.

June 30, 2003

UNAUDITED

%	DESCRIPTION	SHARES OR PRINCIPAL AMOUNT	VALUE
Utilities Fund			
91.23	COMMON STOCKS		
69.11	ELECTRIC UTILITIES		
	Ameren Corp	33,900	\$ 1,494,990
	American Electric Power	21,500	641,345
	Cinergy Corp	52,700	1,938,833
	Consolidated Edison	44,800	1,938,944
	Dominion Resources	30,600	1,966,662
	DPL Inc	35,500	565,870
	DTE Energy	30,600	1,182,384
	Energy East	77,400	1,606,824
	Entergy Corp	37,400	1,973,972
	Exelon Corp	32,612	1,950,524
	FPL Group	30,500	2,038,925
	NiSource Inc	42,200	801,800
	Pinnacle West Capital	31,700	1,187,165
	PNM Resources	19,400	518,950
	PPL Corp	47,400	2,038,200
	Progress Energy	42,100	1,848,190
	Public Service Enterprise Group	36,900	1,559,025
	Puget Energy	56,400	1,346,268
	SCANA Corp	52,400	1,796,272
	Southern Co	51,100	1,592,276
	Xcel Energy	44,800	673,792
			30,661,211
2.78	GAS UTILITIES		
	KeySpan Corp	31,100	1,102,495
	Sempra Energy	4,500	128,385
			1,230,880
12.68	INTEGRATED TELECOMMUNICATION SERVICES		
	BellSouth Corp	47,140	1,255,338
	CenturyTel Inc	36,200	1,261,570
	SBC Communications	52,106	1,331,308
	Verizon Communications	45,033	1,776,552
			5,624,768
1.93	MULTI-UTILITIES		
	Utilities HOLDRs Trust ^(a)	11,500	857,900
2.42	NATURAL GAS PIPELINES		
	Kinder Morgan Management LLC	28,645	1,073,042
2.31	WATER UTILITIES		
	Philadelphia Suburban	42,100	1,026,398

%	DESCRIPTION	SHARES OR PRINCIPAL AMOUNT	VALUE
	TOTAL COMMON STOCKS (Cost \$36,864,690)		\$ 40,474,199
0.56	FIXED INCOME SECURITIES — CORPORATE BONDS		
0.56	MULTI-UTILITIES Mirant Americas Generation, Sr Notes, 8.300%, 5/1/2011 (Amortized Cost \$297,037)	\$ 400,000	248,000
8.26	SHORT-TERM INVESTMENTS		
0.83	Corporate Bonds — Electric Utilities Public Service Electric & Gas, 1st & Refunding Mortgage Notes, Series PP 6.500%, 5/1/2004 (Amortized Cost \$358,856)	\$ 352,000	367,247
7.43	Repurchase Agreements Repurchase Agreement with State Street dated 6/30/2003 due 7/1/2003 at 1.080%, repurchased at \$3,297,099 (Collateralized by Federal Home Loan Bank, Consolidated Bonds, Quarterly Floating Rate due 12/29/2003 at 0.935%, value \$3,450,179) (Cost \$3,297,000)	\$ 3,297,000	3,297,000
	TOTAL SHORT-TERM INVESTMENTS (Amortized Cost \$3,655,856)		3,664,247
100.05	TOTAL INVESTMENTS AT VALUE (Cost \$40,817,583)		44,386,446
(0.05)	OTHER ASSETS LESS LIABILITIES		(21,927)
100.00	NET ASSETS AT VALUE		\$ 44,364,519

(a) HOLDRs - Holding Company Depository Receipts.

See Notes to Financial Statements

STATEMENT OF ASSETS AND LIABILITIES

INVESCO Variable Investment Funds, Inc.

June 30, 2003

UNAUDITED

		UTILITIES FUND
ASSETS		
Investment Securities:		
At Cost ^(a)	\$	40,817,583
At Value ^(a)	\$	44,386,446
Cash		525
Receivables:		
Fund Shares Sold		41,078
Dividends and Interest		60,375
Prepaid Expenses and Other Assets		1,115
TOTAL ASSETS		44,489,539
LIABILITIES		
Payable for Fund Shares Repurchased		115,462
Accrued Expenses and Other Payables		9,558
TOTAL LIABILITIES		125,020
Net Assets at Value	\$	44,364,519
NET ASSETS		
Paid-in Capital ^(b)	\$	49,127,630
Accumulated Undistributed Net Investment Income		1,163,573
Accumulated Undistributed Net Realized Loss on Investment Securities		(9,495,547)
Net Appreciation of Investment Securities		3,568,863
Net Assets at Value	\$	44,364,519
Shares Outstanding		3,634,313
Net Asset Value, Offering and Redemption Price per Share	\$	12.21

(a) Investment securities at cost and value at June 30, 2003 includes a repurchase agreement of \$3,297,000.

(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, 2003

UNAUDITED

	UTILITIES FUND
INVESTMENT INCOME	
INCOME	
Dividends	\$ 651,190
Interest	27,551
TOTAL INCOME	678,741
EXPENSES	
Investment Advisory Fees	101,779
Administrative Services Fees	49,952
Custodian Fees and Expenses	5,785
Directors' Fees and Expenses	5,335
Professional Fees and Expenses	9,416
Registration Fees and Expenses	151
Reports to Shareholders	3,317
Transfer Agent Fees	2,500
Other Expenses	1,167
TOTAL EXPENSES	179,402
Fees and Expenses Absorbed/Reimbursed by Investment Adviser	5,254
Fees and Expenses Paid Indirectly	(114)
NET EXPENSES	184,542
NET INVESTMENT INCOME	494,199
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENT SECURITIES	
Net Realized Loss on Investment Securities	(752,429)
Change in Net Appreciation/Depreciation of Investment Securities	3,401,178
NET GAIN ON INVESTMENT SECURITIES	2,648,749
Net Increase in Net Assets from Operations	\$ 3,142,948

See Notes to Financial Statements

STATEMENT OF CHANGES IN NET ASSETS

Utilities Fund

	SIX MONTHS ENDED JUNE 30	YEAR ENDED DECEMBER 31
	2003	2002
	UNAUDITED	
OPERATIONS		
Net Investment Income	\$ 494,199	\$ 670,087
Net Realized Loss	(752,429)	(7,796,821)
Change in Net Appreciation/Depreciation	3,401,178	1,677,670
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	3,142,948	(5,449,064)
DISTRIBUTIONS TO SHAREHOLDERS		
Net Investment Income	0	(161,756)
FUND SHARE TRANSACTIONS		
Proceeds from Sales of Shares	19,548,709	25,731,149
Reinvestment of Distributions	0	161,756
	19,548,709	25,892,905
Amounts Paid for Repurchases of Shares	(9,531,129)	(10,025,484)
NET INCREASE IN NET ASSETS FROM FUND SHARE TRANSACTIONS	10,017,580	15,867,421
Total Increase in Net Assets	13,160,528	10,256,601
NET ASSETS		
Beginning of Period	31,203,991	20,947,390
End of Period (Including Accumulated Undistributed Net Investment Income of \$1,163,573 and \$669,374, respectively)	\$ 44,364,519	\$ 31,203,991
FUND SHARE TRANSACTIONS		
Shares Sold	1,692,286	2,154,461
Shares Issued from Reinvestment of Distributions	0	14,497
	1,692,286	2,168,958
Shares Repurchased	(854,256)	(859,909)
Net Increase in Fund Shares	838,030	1,309,049

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, 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 growth and current 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 — Domestic (U.S.) 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 closing bid price for 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.

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.

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

If market quotations or pricing service valuations are not readily available, or events or circumstances that may affect the value of portfolio securities are identified between the closing of their principal markets and the time that the net asset value per share is determined, securities are valued at fair value as determined in good faith under 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.

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.

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.

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. During the six months ended June 30, 2003, there were no such investments by the Fund.

The Fund may have elements of risk due to concentrated investments in specific industries. Such investments may subject the Fund to additional risks resulting from future political or economic conditions.

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. The tax composition of dividends was \$161,756 of ordinary income distributions declared for the year ended December 31, 2002.

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, 2003 include:

Cost of Investments for Tax Purposes	\$ 41,208,528
Gross Tax Unrealized Appreciation	\$ 3,886,223
Gross Tax Unrealized Depreciation	708,305
Net Tax Appreciation on Investments	\$ 3,177,918

The primary difference between book and tax appreciation/depreciation is wash sale loss deferrals.

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. Deferred post-October 31 capital losses at December 31, 2002, were \$598,226.

F. 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 and assume certain fees and expenses incurred by the Fund. For the six months ended June 30, 2003, IFG absorbed no expenses for the Fund. 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. For the six months ended June 30, 2003, the reimbursement made by the Fund to IFG was \$5,254.

NOTE 3 — Purchases And Sales Of Investment Securities. For the six months ended June 30, 2003, the aggregate cost of purchases and proceeds from sales of investment securities (excluding all U.S. Government securities and short-term securities) were \$18,672,211 and \$8,876,031, respectively. During that same period, the aggregate cost of purchases and proceeds from the sales of U.S. Government securities were \$0 and \$354,689, respectively.

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

The Fund has adopted a 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. Effective November 8, 2002, the plan provides that a director, prior to retirement, may elect to convert amounts accrued under this plan into a new deferred retirement plan.

Pension expenses for the six months ended June 30, 2003, included in Directors' Fees and Expenses in the Statement of Operations were \$224, and pension liability included in Accrued Expenses, in the Statement of Assets and Liabilities was \$396.

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 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, 2003, 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 permits 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 net assets for temporary or emergency purposes. During the six months ended June 30, 2003, 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, 2003, 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			
	2003	2002	2001	2000	1999	1998
	UNAUDITED					
PER SHARE DATA						
Net Asset Value — Beginning of Period	\$ 11.16	\$ 14.08	\$ 21.06	\$ 20.97	\$ 17.78	\$ 14.40
INCOME FROM INVESTMENT OPERATIONS						
Net Investment Income ^(a)	0.08	0.19	0.00	0.17	0.22	0.25
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	0.97	(3.05)	(6.83)	0.87	3.17	3.41
Total from Investment Operations	1.05	(2.86)	(6.83)	1.04	3.39	3.66
LESS DISTRIBUTIONS						
Dividends from Net Investment Income	0.00	0.06	0.07	0.03	0.20	0.24
Distributions from Capital Gains	0.00	0.00	0.08	0.92	0.00	0.04
Total Distributions	0.00	0.06	0.15	0.95	0.20	0.28
Net Asset Value — End of Period	\$ 12.21	\$ 11.16	\$ 14.08	\$ 21.06	\$ 20.97	\$ 17.78
TOTAL RETURN ^(b)	9.41% ^(c)	(20.32%)	(32.41%)	5.28%	19.13%	25.48%
RATIOS						
Net Assets — End of Period (\$000 Omitted)	\$ 44,365	\$ 31,204	\$ 20,947	\$ 12,300	\$ 9,137	\$ 6,993
Ratio of Expenses to Average Net Assets ^{(d)(e)}	0.54% ^(c)	1.15%	1.15%	1.22%	1.20%	1.08%
Ratio of Net Investment Income to Average Net Assets ^(e)	1.44% ^(c)	2.59%	1.13%	0.94%	1.15%	1.73%
Portfolio Turnover Rate	28% ^(c)	102%	33%	50%	40%	35%

(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, if applicable, 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 years ended December 31, 2002, 2001, 2000, 1999 and 1998. If such expenses had not been voluntarily absorbed, ratio of expenses to average net assets would have been 1.18%, 1.37%, 1.41%, 1.53% and 1.60%, respectively, and ratio of net investment income to average net assets would have been 2.56%, 0.91%, 0.75%, 0.82% and 1.21%, respectively.

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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.

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Scudder Variable Series I

Growth and Income Portfolio
Capital Growth Portfolio
21st Century Growth Portfolio
Global Discovery Portfolio
International Portfolio
Health Sciences Portfolio

Semiannual Report to Shareholders
June 30, 2003

Contents

Growth and Income Portfolio

- 3 Management Summary
- 4 Investment Portfolio
- 7 Financial Statements
- 10 Financial Highlights

Capital Growth Portfolio

- 11 Management Summary
- 12 Investment Portfolio
- 15 Financial Statements
- 18 Financial Highlights

21st Century Growth Portfolio

- 19 Management Summary
- 20 Investment Portfolio
- 23 Financial Statements
- 26 Financial Highlights

Global Discovery Portfolio

- 27 Management Summary
- 28 Investment Portfolio
- 31 Financial Statements
- 34 Financial Highlights

International Portfolio

- 35 Management Summary
- 36 Investment Portfolio
- 40 Financial Statements
- 43 Financial Highlights

Health Sciences Portfolio

- 44 Management Summary
- 45 Investment Portfolio
- 47 Financial Statements
- 50 Financial Highlights

- 51 Notes to Financial Statements

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Investments in variable portfolios involve risk. Some portfolios have more risk than others. These include portfolios 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 the prospectus for specific details regarding its investments and risk profile.

Growth and Income Portfolio

After struggling for more than three years, the US stock market produced strong gains for the first six months of 2003. Stocks struggled in the first half, but then rallied after war with Iraq ended, corporate earnings improved and a federal economic stimulus package was signed into law.

After relatively strong first quarter performance, the portfolio lost ground to its S&P 500 benchmark in the second quarter and lagged it for the full six-month period, returning 10.78% (Class A shares) for the semiannual period, while the S&P 500 index gained 11.76%. Early in the period, it was helped by strong stock selection in health care and technology. These are exactly the areas that, while gaining ground, underperformed the benchmark in the second half of the period. Likewise, consumer discretionary stocks held back performance in the first quarter and added to performance in the second quarter.

We've experienced a reversal effect, in which the stocks that performed most poorly over the past several quarters rallied strongly in April and May. Additionally, many of the strongest performers within the S&P 500 were smaller capitalization stocks — which are too small to meet our criteria.

We're keeping the portfolio well diversified and we continue to employ a blend of valuation screens, fundamental research and rigorous risk analysis to find the stocks that are most likely to outperform over time. We've closely examined the portfolio and remain confident in our holdings. By taking profits in strong performers and eliminating a few defensive names, we believe the portfolio is positioned to take advantage of an improving economy.

Kathleen T. Millard
Lead Manager

Gregory S. Adams
Portfolio Manager

Andrew Brudenell
Portfolio Manager

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.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

Growth and Income Portfolio

	Shares	Value (\$)
Common Stocks 98.9%		
Consumer Discretionary 14.4%		
Hotel Restaurants & Leisure 0.6%		
International Game Technology*	8,400	859,572
Internet & Catalog Retailing 1.0%		
Amazon.com, Inc.*	43,800	1,598,262
Media 6.0%		
AOL Time Warner, Inc.*	181,300	2,917,117
Comcast Corp. "A"*	51,000	1,470,330
Gannett Co., Inc.	12,200	937,082
McGraw-Hill, Inc.	18,200	1,128,400
Viacom, Inc. "B"*	61,800	2,698,188
		<u>9,151,117</u>
Multiline Retail 2.5%		
Target Corp.	42,400	1,604,416
Wal-Mart Stores, Inc.	40,900	2,195,103
		<u>3,799,519</u>
Specialty Retail 4.3%		
Home Depot, Inc.	41,500	1,374,480
InterActiveCorp.*	20,500	811,185
Staples, Inc.*	121,100	2,222,185
The Gap, Inc.	116,800	2,191,168
		<u>6,599,018</u>
Consumer Staples 6.9%		
Beverages 3.5%		
Anheuser-Busch Companies, Inc.	56,500	2,884,325
PepsiCo, Inc.	28,200	1,254,900
The Coca-Cola Co.	25,400	1,178,814
		<u>5,318,039</u>
Household Products 1.0%		
Clorox Co.	34,100	1,454,365
Personal Products 2.4%		
Avon Products, Inc.	59,100	3,676,020
Energy 5.6%		
Oil & Gas		
Anadarko Petroleum Corp.	26,900	1,196,243
ChevronTexaco Corp.	20,300	1,465,660
ExxonMobil Corp.	126,414	4,539,527
Total SA (ADR)	17,590	1,333,322
		<u>8,534,752</u>
Financials 18.9%		
Banks 5.4%		
Bank of America Corp.	64,400	5,089,532
Bank One Corp.	56,200	2,089,516
Comerica, Inc.	23,000	1,069,500
		<u>8,248,548</u>
Diversified Financials 8.9%		
Citigroup, Inc.	135,600	5,803,680
Fannie Mae	27,500	1,854,600
Lehman Brothers Holdings, Inc.	26,600	1,768,368

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

	Shares	Value (\$)
Morgan Stanley	97,300	4,159,575
		<u>13,586,223</u>
Insurance 4.6%		
Ambac Financial Group, Inc.	17,600	1,166,000
American International Group, Inc.	25,900	1,429,162
Hartford Financial Services Group, Inc.	20,100	1,012,236
Marsh & McLennan Companies, Inc.	39,100	1,996,837
MetLife, Inc.	48,300	1,367,856
		<u>6,972,091</u>
Health Care 16.2%		
Biotechnology 2.4%		
Amgen, Inc.*	54,900	3,620,106
Health Care Equipment & Supplies 2.6%		
Biomet, Inc.*	51,850	1,486,021
Guidant Corp.	55,700	2,472,523
		<u>3,958,544</u>
Health Care Providers & Services 1.7%		
Caremark Rx, Inc.*	58,300	1,497,144
Wellpoint Health Networks, Inc.*	13,700	1,154,910
		<u>2,652,054</u>
Pharmaceuticals 9.5%		
Allergan, Inc.	15,600	1,202,760
Biovail Corp.*	18,500	870,610
Eli Lilly & Co.	22,800	1,572,516
Johnson & Johnson	78,600	4,063,620
Merck & Co., Inc.	25,300	1,531,915
Pfizer, Inc.	154,300	5,269,345
		<u>14,510,766</u>
Industrials 11.5%		
Aerospace & Defense 3.4%		
Honeywell International, Inc.	27,800	746,430
United Technologies Corp.	62,900	4,455,207
		<u>5,201,637</u>
Industrial Conglomerates 5.9%		
3M Co.	30,300	3,908,094
General Electric Co.	175,500	5,033,340
		<u>8,941,434</u>
Machinery 2.2%		
Deere & Co.	33,600	1,535,520
Parker-Hannifin Corp.	44,200	1,855,958
		<u>3,391,478</u>
Information Technology 17.9%		
Communications Equipment 2.8%		
Cisco Systems, Inc.*	169,300	2,825,617
Nokia Oyj (ADR)	90,300	1,483,629
		<u>4,309,246</u>
Computers & Peripherals 5.5%		
Dell Computer Corp.*	55,700	1,780,172
EMC Corp.*	228,300	2,390,301
International Business Machines Corp.	30,400	2,508,000

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

	Shares	Value (\$)
Lexmark International, Inc.*	24,600	1,740,942
		8,419,415
Semiconductor Equipment & Products 3.3%		
Altera Corp.*	74,100	1,215,240
Intel Corp.	57,500	1,195,080
Texas Instruments, Inc.	152,600	2,685,760
		5,096,080
Software 6.3%		
Electronic Arts, Inc.*	19,900	1,472,401
Microsoft Corp.	212,600	5,444,686
Oracle Corp.*	219,400	2,637,188
		9,554,275
Materials 1.7%		
Chemicals 0.9%		
E.I. du Pont de Nemours & Co.	34,100	1,419,924
Paper & Forest Products 0.8%		
International Paper Co.	34,600	1,236,258
Telecommunication Services 4.5%		
Diversified Telecommunication Services 2.7%		
ALLTEL Corp.	38,500	1,856,470
Verizon Communications, Inc.	56,272	2,219,930
		4,076,400
Wireless Telecommunication Services 1.8%		
AT&T Wireless Services, Inc.*	335,400	2,753,634
Utilities 1.3%		
Electric Utilities		
FirstEnergy Corp.	24,800	953,560
FPL Group, Inc.	14,360	959,966
		1,913,526
Total Common Stocks (Cost \$145,233,575)		150,852,303
Cash Equivalents 1.1%		
Scudder Cash Management QP Trust, 1.15% (b) (Cost \$1,681,673)	1,681,673	1,681,673
Total Investment Portfolio — 100.0% (Cost \$146,915,248) (a)		152,533,976

* Non-income producing security.

(a) The cost for federal income tax purposes was \$149,063,064. At June 30, 2003, net unrealized appreciation for all securities based on tax cost was \$3,470,912. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$14,555,824 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$11,084,912.

(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, 2003, aggregated \$28,426,568 and \$31,116,889, respectively.

At December 31, 2002, the Growth and Income Portfolio had a net tax basis capital loss carryforward of approximately \$34,898,000 which may be applied against any realized net taxable capital gains of each succeeding year until fully utilized or until December 31, 2009 (\$12,650,000) and December 31, 2010 (\$22,248,000), the respective expiration dates, whichever occurs first.

In addition, from November 1, 2002 through December 31, 2002, the Growth and Income Portfolio incurred approximately \$5,221,000 of net realized capital losses. As permitted by tax regulations, the Portfolio intends to elect to defer these losses and treat them as arising in the fiscal year ending December 31, 2003.

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

Financial Statements

Growth and Income Portfolio

Statement of Assets and Liabilities as of June 30, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$145,233,575)	\$ 150,852,303
Investment in Scudder Cash Management QP Trust (cost \$1,681,673)	1,681,673
Cash	10,000
Receivable for investments sold	639,059
Dividends receivable	103,782
Receivable for Portfolio shares sold	114,920
Foreign taxes recoverable	7,351
Other assets	1,583
Total assets	153,410,671

Liabilities

Payable for investments purchased	449,140
Payable for Portfolio shares redeemed	62,187
Accrued management fee	64,668
Other accrued expenses and payables	35,580
Total liabilities	611,575
Net assets, at value	\$ 152,799,096

Net Assets

Net assets consist of:	
Undistributed net investment income	627,730
Net unrealized appreciation (depreciation) on investments	5,618,728
Accumulated net realized gain (loss)	(47,319,095)
Paid-in capital	193,871,733
Net assets, at value	\$ 152,799,096

Class A

Net Asset Value , offering and redemption price per share ($\$142,069,907 \div 19,109,920$ outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	\$ 7.43
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Class B

Net Asset Value , offering and redemption price per share ($\$10,729,189 \div 1,446,466$ outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	\$ 7.42
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)**Investment Income**

Income:	
Dividends (net of foreign taxes withheld of \$10,493)	\$ 1,122,022
Interest — Scudder Cash Management QP Trust	12,062
Total Income	1,134,084
Expenses:	
Management fee	337,410
Custodian fees	12,564
Accounting fees	33,496
Distribution service fees (Class B)	9,885
Record keeping fees (Class B)	211
Auditing	10,452
Legal	6,086
Trustees' fees and expenses	4,560
Reports to shareholders	7,166
Other	2,263
Total expenses, before expense reductions	424,093
Expense reductions	(9)
Total expenses, after expense reductions	424,084
Net investment income (loss)	710,000

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	(4,876,785)
Net unrealized appreciation (depreciation) during the period on investments	19,094,880
Net gain (loss) on investment transactions	14,218,095
Net increase (decrease) in net assets resulting from operations	\$ 14,928,095

Statement of Changes in Net Assets

Increase (Decrease) in Net Assets	Six Months Ended June 30, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ 710,000	\$ 1,549,481
Net realized gain (loss) on investment transactions	(4,876,785)	(27,315,158)
Net unrealized appreciation (depreciation) on investment transactions during the period	19,094,880	(20,815,347)
Net increase (decrease) in net assets resulting from operations	14,928,095	(46,581,024)
Distributions to shareholders from:		
Net investment income:		
Class A	(1,476,002)	(1,605,814)
Class B	(71,436)	(57,174)
Portfolio share transactions:		
Class A		
Proceeds from shares sold	10,244,916	49,741,869
Reinvestment of distributions	1,476,002	1,605,814
Cost of shares redeemed	(16,828,760)	(56,127,144)
Net increase (decrease) in net assets from Class A share transactions	(5,107,842)	(4,779,461)
Class B		
Proceeds from shares sold	3,985,202	1,117,081
Reinvestment of distributions	71,436	57,174
Cost of shares redeemed	(847,697)	(2,056,195)
Net increase (decrease) in net assets from Class B share transactions	3,208,941	(881,940)
Increase (decrease) in net assets	11,481,756	(53,905,413)
Net assets at beginning of period	141,317,340	195,222,753
Net assets at end of period (including undistributed net investment income of \$627,730 and \$1,465,168, respectively)	\$ 152,799,096	\$ 141,317,340

Other Information

Class A		
Shares outstanding at beginning of period	19,882,920	20,820,420
Shares sold	1,469,490	6,066,477
Shares issued to shareholders in reinvestment of distributions	208,181	195,355
Shares redeemed	(2,450,671)	(7,199,332)
Net increase (decrease) in Portfolio shares	(773,000)	(937,500)
Shares outstanding at end of period	19,109,920	19,882,920
Class B		
Shares outstanding at beginning of period	990,738	1,111,138
Shares sold	565,493	148,089
Shares issued to shareholders in reinvestment of distributions	10,104	6,972
Shares redeemed	(119,869)	(275,461)
Net increase (decrease) in Portfolio shares	455,728	(120,400)
Shares outstanding at end of period	1,446,466	990,738

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

Financial Highlights

Growth and Income Portfolio

Class A

Years Ended December 31,	2003 ^a	2002	2001	2000	1999	1998
Selected Per Share Data						
Net asset value, beginning of period	\$ 6.77	\$ 8.90	\$ 10.38	\$ 10.96	\$ 11.25	\$ 11.48
<i>Income (loss) from investment operations:</i>						
Net investment income ^b	.04	.07	.09	.11	.22	.27
Net realized and unrealized gain (loss) on investment transactions	.70	(2.12)	(1.23)	(.33)	.46	.54
Total from investment operations	.74	(2.05)	(1.14)	(.22)	.68	.81
<i>Less distributions from:</i>						
Net investment income	(.08)	(.08)	(.12)	(.15)	(.13)	(.25)
Net realized gains on investment transactions	—	—	(.22)	(.21)	(.84)	(.79)
Total distributions	(.08)	(.08)	(.34)	(.36)	(.97)	(1.04)
Net asset value, end of period	\$ 7.43	\$ 6.77	\$ 8.90	\$ 10.38	\$ 10.96	\$ 11.25
Total Return (%)	10.78**	(23.13)	(11.30)	(2.10)	5.80	7.18
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	142	135	185	185	200	184
Ratio of expenses before expense reductions (%)	.59*	.57	.57 ^c	.56	.55	.56
Ratio of expenses after expense reductions (%)	.59*	.57	.56 ^c	.56	.55	.56
Ratio of net investment income (loss) (%)	1.02*	.92	.94	1.06	2.01	2.41
Portfolio turnover rate (%)	41*	66	67	65	65	39

Class B

Years Ended December 31,	2003 ^a	2002	2001	2000	1999	1998
Selected Per Share Data						
Net asset value, beginning of period	\$ 6.75	\$ 8.87	\$ 10.35	\$ 10.93	\$ 11.24	\$ 11.47
<i>Income (loss) from investment operations:</i>						
Net investment income ^b	.03	.05	.06	.09	.19	.25
Net realized and unrealized gain (loss) on investment transactions	.70	(2.12)	(1.23)	(.33)	.46	.54
Total from investment operations	.73	(2.07)	(1.17)	(.24)	.65	.79
<i>Less distributions from:</i>						
Net investment income	(.06)	(.05)	(.09)	(.13)	(.12)	(.23)
Net realized gains on investment transactions	—	—	(.22)	(.21)	(.84)	(.79)
Total distributions	(.06)	(.05)	(.31)	(.34)	(.96)	(1.02)
Net asset value, end of period	\$ 7.42	\$ 6.75	\$ 8.87	\$ 10.35	\$ 10.93	\$ 11.24
Total Return (%)	10.86**	(23.40)	(11.56)	(2.33)	5.48	6.95
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	11	7	10	13	14	14
Ratio of expenses before expense reductions (%)	.84*	.82	.82 ^c	.81	.80	.79
Ratio of expenses after expense reductions (%)	.84*	.82	.81 ^c	.81	.80	.79
Ratio of net investment income (loss) (%)	.77*	.67	.69	.81	1.76	2.20
Portfolio turnover rate (%)	41*	66	67	65	65	39

^a For the six months ended June 30, 2003 (Unaudited).

^b Based on average shares outstanding during the period.

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

* Annualized

** Not annualized

Capital Growth Portfolio

Although apprehension over the war in Iraq and uncertainty about fiscal stimulus from Congress overshadowed the investment markets for the first several months of the year, the resolution of both issues contributed to positive performance for the stock market — and the portfolio — for the six-month period. The portfolio, which returned 12.01% (Class A shares), slightly outperformed the return of one key benchmark, the Standard & Poor's 500 (S&P 500) index, which gained 11.76%.

The market was led by strong performance in high-beta technology, telecommunications and utility stocks. The portfolio benefited from strong returns in its biotechnology and information technology stocks. An overweight in consumer discretionary stocks helped as consumer confidence improved in the period. An underweight position in consumer staples also helped relative performance as this area lagged the overall market. The portfolio was held back by its energy overweight. This defensive sector lagged the market due to crude oil and natural gas price concerns; specifically the impact of Iraqi crude oil returning to world markets and aggressive gas storage injections. While we're disappointed with the short-term performance in energy, we like the portfolio's energy position and believe it will return to favor. We don't own any utility stocks because they don't reconcile well with our growth investment discipline. Our lack of such holdings hurt this period, as they were one of the market's leaders.

While the US economy does not seem to be growing as fast as some analysts anticipated, we look for continued improvement in the stock market due to more economic stimulus, improving corporate profits, favorable monetary policy and, most important, attractive stock valuations.

Julie M. Van Cleave

Jack A. Zehner

Thomas J. Schmid

Portfolio Managers

The Standard & Poor's 500 (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.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

Capital Growth Portfolio

	Shares	Value (\$)
Common Stocks 97.3%		
Consumer Discretionary 18.3%		
Automobiles 1.2%		
Harley-Davidson, Inc.	185,400	7,390,044
Hotel Restaurants & Leisure 2.0%		
International Game Technology*	74,300	7,603,119
YUM! Brands, Inc.*	162,700	4,809,412
		<u>12,412,531</u>
Household Durables 0.8%		
Newell Rubbermaid, Inc.	181,600	5,084,800
Media 5.8%		
AOL Time Warner, Inc.*	446,500	7,184,185
Comcast Corp. "A"*	251,100	7,239,213
McGraw-Hill, Inc.	97,900	6,069,800
Omnicom Group, Inc.	114,700	8,223,990
Viacom, Inc. "B"*	165,400	7,221,364
		<u>35,938,552</u>
Multiline Retail 5.8%		
Kohl's Corp.*	122,000	6,268,360
Target Corp.	359,700	13,611,048
Wal-Mart Stores, Inc.	301,400	16,176,138
		<u>36,055,546</u>
Specialty Retail 2.7%		
Home Depot, Inc.	256,750	8,503,560
Staples, Inc.*	239,600	4,396,660
TJX Companies, Inc.	210,900	3,973,356
		<u>16,873,576</u>
Consumer Staples 8.3%		
Beverages 2.9%		
PepsiCo, Inc.	275,700	12,268,650
Coca-Cola Co.	128,700	5,972,967
		<u>18,241,617</u>
Food & Drug Retailing 1.0%		
Walgreen Co.	198,300	5,968,830
Household Products 4.4%		
Colgate-Palmolive Co.	268,400	15,553,780
Procter & Gamble Co.	130,600	11,646,907
		<u>27,200,687</u>
Energy 8.9%		
Energy Equipment & Services 4.7%		
Baker Hughes, Inc.	183,200	6,150,024
Nabors Industries Ltd.*	280,900	11,109,595
Noble Corp.*	80,700	2,768,010
Schlumberger Ltd.	197,700	9,404,589
		<u>29,432,218</u>
Oil & Gas 4.2%		
Anadarko Petroleum Corp.	155,500	6,915,085
ChevronTexaco Corp.	61,900	4,469,180
ConocoPhillips	116,300	6,373,240

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

	Shares	Value (\$)
EOG Resources, Inc.	195,700	8,188,088
		<u>25,945,593</u>
Financials 11.2%		
Banks 1.3%		
Bank of America Corp.	104,700	8,274,441
Diversified Financials 7.1%		
American Express Co.	254,500	10,640,645
Citigroup, Inc.	277,733	11,886,972
Fannie Mae	169,700	11,444,568
Morgan Stanley	139,500	5,963,625
State Street Corp.	102,500	4,038,500
		<u>43,974,310</u>
Insurance 2.8%		
American International Group, Inc.	184,502	10,180,820
Marsh & McLennan Companies, Inc.	142,100	7,257,047
		<u>17,437,867</u>
Health Care 20.3%		
Biotechnology 3.1%		
Genentech, Inc.*	174,700	12,599,364
Gilead Sciences, Inc.*	123,900	6,886,362
		<u>19,485,726</u>
Health Care Equipment & Supplies 3.5%		
Baxter International, Inc.	208,900	5,431,400
Medtronic, Inc.	245,100	11,757,447
Zimmer Holdings, Inc.*	107,090	4,824,405
		<u>22,013,252</u>
Health Care Providers & Services 1.6%		
UnitedHealth Group, Inc.	191,600	9,627,900
Pharmaceuticals 12.1%		
Abbott Laboratories	311,200	13,618,113
Eli Lilly & Co.	188,500	13,000,845
Johnson & Johnson	362,500	18,741,250
Merck & Co., Inc.	120,200	7,278,110
Pfizer, Inc.	657,675	22,459,601
		<u>75,097,919</u>
Industrials 7.7%		
Aerospace & Defense 1.9%		
United Technologies Corp.	166,900	11,821,527
Air Freight & Logistics 0.9%		
FedEx Corp.	91,300	5,663,339
Commercial Services & Supplies 1.0%		
Fiserv, Inc.*	178,200	6,345,702
Industrial Conglomerates 3.9%		
3M Co.	35,600	4,591,688
General Electric Co.	670,300	19,224,204
		<u>23,815,892</u>
Information Technology 20.0%		
Communications Equipment 2.2%		
Cisco Systems, Inc.*	822,500	13,727,525
Computers & Peripherals 4.3%		
EMC Corp.*	845,600	8,853,432

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

	Shares	Value (\$)
International Business Machines Corp.	216,800	17,886,000
		<u>26,739,432</u>
Semiconductor Equipment & Products 7.1%		
Applied Materials, Inc.*	648,500	10,285,210
Intel Corp.	941,700	19,572,293
Linear Technology Corp.	212,500	6,844,625
Texas Instruments, Inc.	419,300	7,379,680
		<u>44,081,808</u>
Software 6.4%		
Electronic Arts, Inc.*	76,000	5,623,240
Microsoft Corp.*	966,600	24,754,626
Oracle Corp.*	539,300	6,482,386
VERITAS Software Corp.*	107,700	3,087,759
		<u>39,948,011</u>
Materials 0.6%		
Chemicals		
Ecolab, Inc.	152,600	3,906,560
Telecommunication Services 2.0%		
Diversified Telecommunication Services 1.1%		
Verizon Communications, Inc.	179,600	7,085,220
Wireless Telecommunication Services 0.9%		
AT&T Wireless Services, Inc.*	681,300	5,593,473
Total Common Stocks (Cost \$634,118,608)		605,183,898

Cash Equivalents 2.7%

Scudder Cash Management QP Trust, 1.15% (b) (Cost \$16,788,618)	16,788,618	16,788,618
Total Investment Portfolio — 100.0% (Cost \$650,907,226) (a)		621,972,516

* Non-income producing security.

(a) The cost for federal income tax purposes was \$651,831,858. At June 30, 2003, net unrealized depreciation for all securities based on tax cost was \$29,859,342. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$67,035,362 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$96,894,704.

(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, 2003, aggregated \$20,538,061 and \$27,809,624 respectively.

At December 31, 2002 the Capital Growth Portfolio had a net tax basis capital loss carryforward of approximately \$139,068,000 which may be applied against any realized net taxable capital gains of each succeeding year until fully utilized or until December 31, 2009 (\$18,038,000) and December 31, 2010 (\$121,030,000), the respective expiration dates, whichever occurs first.

From November 1, 2002 through December 31, 2002, the Capital Growth Portfolio incurred approximately \$51,516,000 of net realized capital losses. As permitted by tax regulations, the Portfolio intends to elect to defer these losses and treat them as arising in the fiscal year ending December 31, 2003.

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, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$634,118,608)	\$ 605,183,898
Investment in Scudder Cash Management QP Trust (cost \$16,788,618)	16,788,618
Cash	10,000
Dividends receivable	316,232
Receivable for Portfolio shares sold	292,434
Other assets	680
Total assets	622,591,862

Liabilities

Payable for Portfolio shares redeemed	490,395
Accrued management fee	235,445
Other accrued expenses and payables	35,992
Total liabilities	761,832
Net assets, at value	\$ 621,830,030

Net Assets

Net assets consist of:	
Undistributed net investment income	1,557,735
Net unrealized appreciation (depreciation) on investments	(28,934,710)
Accumulated net realized gain (loss)	(202,326,125)
Paid-in capital	851,533,130
Net assets, at value	\$ 621,830,030

Class A

Net Asset Value , offering and redemption price per share (\$614,581,500 ÷ 47,700,504 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	\$ 12.88
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Class B

Net Asset Value , offering and redemption price per share (\$7,248,530 ÷ 564,351 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	\$ 12.84
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)**Investment Income**

Income:	
Dividends	\$ 3,084,885
Interest — Scudder Cash Management QP Trust	80,937
Total Income	3,165,822
Expenses:	
Management fee	1,343,088
Custodian fees	8,664
Accounting fees	45,442
Distribution fees (Class B)	4,102
Record keeping fees (Class B)	1,069
Auditing	9,683
Legal	6,418
Trustees' fees and expenses	10,160
Reports to shareholders	8,799
Other	23,882
Total expenses, before expense reductions	1,461,307
Expense reductions	(12)
Total expenses, after expense reductions	1,461,295
Net investment income (loss)	1,704,527

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	(10,801,065)
Net unrealized appreciation (depreciation) during the period on investments	75,267,717
Net gain (loss) on investment transactions	64,466,652
Net increase (decrease) in net assets resulting from operations	\$ 66,171,179

Statement of Changes in Net Assets

	Six Months Ended June 30, 2003 (Unaudited)	Year Ended December 31, 2002
Increase (Decrease) in Net Assets		
Operations:		
Net investment income (loss)	\$ 1,704,527	\$ 2,627,537
Net realized gain (loss) on investment transactions	(10,801,065)	(158,812,793)
Net unrealized appreciation (depreciation) on investment transactions during the period	75,267,717	(93,657,671)
Net increase (decrease) in net assets resulting from operations	66,171,179	(249,842,927)
Distributions to shareholders from:		
Net investment income:		
Class A	(2,595,329)	(2,359,009)
Class B	(8,219)	(321)
Portfolio share transactions:		
Class A		
Proceeds from shares sold	60,472,539	157,255,646
Reinvestment of distributions	2,595,329	2,359,009
Cost of shares redeemed	(69,456,845)	(215,777,844)
Net increase (decrease) in net assets from Class A share transactions	(6,388,977)	(56,163,189)
Class B		
Proceeds from shares sold	6,040,575	524,737
Reinvestment of distributions	8,219	321
Cost of shares redeemed	(162,394)	(117,694)
Net increase (decrease) in net assets from Class B share transactions	5,886,400	407,364
Increase (decrease) in net assets	63,065,054	(307,958,082)
Net assets at beginning of period	558,764,976	866,723,058
Net assets at end of period (including undistributed net investment income of \$1,557,735 and \$2,456,756, respectively)	\$ 621,830,030	\$ 558,764,976
Other Information		
Class A		
Shares outstanding at beginning of period	48,337,865	52,934,260
Shares sold	5,048,231	11,277,302
Shares issued to shareholders in reinvestment of distributions	211,174	160,695
Shares redeemed	(5,896,766)	(16,034,392)
Net increase (decrease) in Portfolio shares	(637,361)	(4,596,395)
Shares outstanding at end of period	47,700,504	48,337,865
Class B		
Shares outstanding at beginning of period	77,608	43,484
Shares sold	498,979	43,275
Shares issued to shareholders in reinvestment of distributions	670	22
Shares redeemed	(12,906)	(9,173)
Net increase (decrease) in Portfolio shares	486,743	34,124
Shares outstanding at end of period	564,351	77,608

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

Financial Highlights

Capital Growth Portfolio

Class A

Years Ended December 31,	2003 ^a	2002	2001	2000	1999	1998
Selected Per Share Data						
Net asset value, beginning of period	\$ 11.54	\$ 16.36	\$ 23.07	\$ 29.13	\$ 23.95	\$ 20.63
<i>Income (loss) from investment operations:</i>						
Net investment income ^b	.03	.05	.05	.08	.10	.16
Net realized and unrealized gain (loss) on investment transactions	1.37	(4.82)	(4.21)	(2.63)	7.64	4.46
Total from investment operations	1.40	(4.77)	(4.16)	(2.55)	7.74	4.62
<i>Less distributions from:</i>						
Net investment income	(.06)	(.05)	(.08)	(.07)	(.07)	(.17)
Net realized gains on investment transactions	—	—	(2.47)	(3.44)	(2.49)	(1.13)
Total distributions	(.06)	(.05)	(2.55)	(3.51)	(2.56)	(1.30)
Net asset value, end of period	\$ 12.88	\$ 11.54	\$ 16.36	\$ 23.07	\$ 29.13	\$ 23.95
Total Return (%)	12.01**	(29.18)	(19.36)	(9.90)	35.23	23.23
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	615	558	866	1,126	1,254	901
Ratio of expenses before expense reductions (%)	.51*	.51	.52 ^c	.49	.49	.50
Ratio of expenses after expense reductions (%)	.51*	.51	.50 ^c	.49	.49	.50
Ratio of net investment income (loss) (%)	.60*	.38	.27	.30	.43	.75
Portfolio turnover rate (%)	7*	25	33	55	66	55

Class B

Years Ended December 31,	2003 ^a	2002	2001	2000	1999	1998
Selected Per Share Data						
Net asset value, beginning of period	\$ 11.49	\$ 16.29	\$ 23.00	\$ 29.05	\$ 23.92	\$ 20.61
<i>Income (loss) from investment operations:</i>						
Net investment income ^b	.01	.02	.00 ^d	.01	.04	.11
Net realized and unrealized gain (loss) on investment transactions	1.36	(4.81)	(4.21)	(2.62)	7.62	4.45
Total from investment operations	1.37	(4.79)	(4.21)	(2.61)	7.66	4.56
<i>Less distributions from:</i>						
Net investment income	(.02)	(.01)	(.03)	—	(.04)	(.12)
Net realized gains on investment transactions	—	—	(2.47)	(3.44)	(2.49)	(1.13)
Total distributions	(.02)	(.01)	(2.50)	(3.44)	(2.53)	(1.25)
Net asset value, end of period	\$ 12.84	\$ 11.49	\$ 16.29	\$ 23.00	\$ 29.05	\$ 23.92
Total Return (%)	11.88**	(29.37)	(19.64)	(10.13)	34.88	22.94
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	7	.89	.71	1.16	1.28	.83
Ratio of expenses before expense reductions (%)	.83*	.76	.77 ^c	.74	.74	.75
Ratio of expenses after expense reductions (%)	.83*	.76	.75 ^c	.74	.74	.75
Ratio of net investment income (loss) (%)	.28*	.13	.02	.05	.18	.49
Portfolio turnover rate (%)	7*	25	33	55	66	55

^a For the six months ended June 30, 2003 (Unaudited).

^b Based on average shares outstanding during the period.

^c 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.

^d Less than \$.005 per share

* Annualized

** Not annualized

21st Century Growth Portfolio

Historically, coming out of market recessions, it's the small-cap stocks that lead the way. This proved to be the case in the second quarter, as small-cap stocks outperformed both the mid- and large-cap tiers. Scudder 21st Century Growth Portfolio posted a strong positive return of 15.85% (Class A shares) for the semiannual period, though it underperformed its benchmark, the Russell 2000 Growth Index, which gained 19.33%. Stock selection in the health care sector accounted for a large share of the underperformance. In particular, our underweight and stock picks in the medical device industry group detracted from performance. The portfolio's performance in the technology sector was also disappointing, due to stock selection. In addition, the portfolio was hurt by an underweight in consumer discretionary, which includes industries such as retail and media. On the positive side, Genta, a biotech company and one of our largest holding, provided a big gain for the quarter. After striking an agreement with a major airline to provide feeder service, SkyWest Inc. also added significantly to return. Strategically, we are going to make bolstering the health care sector a priority over the coming quarter. In addition, we are increasing our weighting in consumer discretionary to be more in line with the benchmark.

Audrey M.T. Jones

Samuel A. Dedio

Doris R. Klug

Co-Managers

The Russell 2000 Growth Index is an unmanaged capitalization-weighted measure of 2,000 of the smallest capitalized US 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.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

21st Century Growth Portfolio

	Shares	Value (\$)
Common Stocks 94.3%		
Consumer Discretionary 8.5%		
Auto Components 1.3%		
Keystone Automotive Industries, Inc.*	28,500	520,410
Hotel Restaurants & Leisure 4.4%		
Shuffle Master, Inc.*	39,900	1,172,661
The Cheesecake Factory, Inc.*	17,900	642,431
		<u>1,815,092</u>
Specialty Retail 1.8%		
Hancock Fabrics, Inc.	45,100	728,365
Textiles, Apparel & Luxury Goods 1.0%		
Gildan Activewear, Inc.*	15,600	410,592
Consumer Staples 4.8%		
Beverages 1.1%		
Constellation Brands, Inc. "A"*	14,000	439,600
Food & Drug Retailing 3.7%		
Performance Food Group Co.*	16,600	614,200
United Natural Foods, Inc.*	32,700	920,178
		<u>1,534,378</u>
Energy 6.2%		
Energy Equipment & Services 3.9%		
FMC Technologies, Inc.*	26,000	547,300
National-Oilwell, Inc.*	16,400	360,800
Unit Corp.*	34,500	721,395
		<u>1,629,495</u>
Oil & Gas 2.3%		
Western Gas Resources, Inc.	12,100	479,160
Westport Resources Corp.*	21,400	486,850
		<u>966,010</u>
Financials 14.6%		
Banks 7.6%		
First Niagara Financial Group	30,106	420,280
Investors Financial Services Corp.	33,600	974,736
Jefferies Group, Inc.	17,400	866,346
Texas Regional Bancshares, Inc. "A"	26,150	907,405
		<u>3,168,767</u>
Diversified Financials 4.2%		
Affiliated Managers Group, Inc.*	14,100	859,395
Labranche & Co., Inc.	42,800	885,532
		<u>1,744,927</u>
Insurance 2.8%		
Platinum Underwriters Holdings Ltd.*	13,400	363,676
Triad Guaranty, Inc.*	20,500	777,975
		<u>1,141,651</u>
Health Care 18.0%		
Biotechnology 4.8%		
Celgene Corp.*	26,900	817,760

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

	Shares	Value (\$)
Genta, Inc.*	87,500	1,165,500
		<u>1,983,260</u>
Health Care Equipment & Supplies 7.1%		
Cytoc Corp.*	51,100	537,572
Edwards Lifesciences Corp.*	26,100	838,854
Integra LifeSciences Holdings Corp.*	30,400	801,952
SurModics, Inc.*	24,700	753,350
		<u>2,931,728</u>
Health Care Providers & Services 1.8%		
Apria Healthcare Group, Inc.*	30,300	753,864
Pharmaceuticals 4.3%		
NPS Pharmaceuticals, Inc.*	38,900	946,826
SICOR, Inc.*	41,200	838,008
		<u>1,784,834</u>
Industrials 14.0%		
Airlines 4.5%		
JetBlue Airways Corp.*	19,350	818,312
SkyWest, Inc.	55,200	1,052,112
		<u>1,870,424</u>
Commercial Services & Supplies 6.1%		
ABM Industries, Inc.	29,700	457,380
Corinthian Colleges, Inc.*	17,700	859,689
CoStar Group, Inc.*	40,700	1,215,302
		<u>2,532,371</u>
Construction & Engineering 1.5%		
Insituform Technologies, Inc.*	34,500	609,960
Road & Rail 1.9%		
Heartland Express, Inc.*	35,964	800,199
Information Technology 26.6%		
Communications Equipment 8.0%		
Adaptec, Inc.*	130,500	1,015,290
Foundry Networks, Inc.*	41,600	599,040
Harris Corp.	28,100	844,405
NetScreen Technologies, Inc.*	38,800	874,940
		<u>3,333,675</u>
Electronic Equipment & Instruments 4.8%		
Identix, Inc.*	124,321	789,438
Vishay Intertechnology, Inc.*	90,200	1,190,640
		<u>1,980,078</u>
Semiconductor Equipment & Products 11.8%		
ATMI, Inc.*	34,500	861,465
Exar Corp.*	67,500	1,068,525
Lam Research Corp.*	32,600	593,646
RF Micro Devices, Inc.*	129,300	778,386
Semtech Corp.*	39,100	556,784
Varian Semiconductor Equipment Associates, Inc.*	34,600	1,029,696
		<u>4,888,502</u>
Software 2.0%		
NetIQ Corp.*	53,600	828,656
Materials 1.6%		
Containers & Packaging		
Packaging Corp. of America*	34,900	643,207
Total Common Stocks (Cost \$34,118,981)		<u>39,040,045</u>

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

	Shares	Value (\$)
Cash Equivalents 5.7%		
Scudder Cash Management QP Trust, 1.15% (b) (Cost \$2,371,376)	2,371,376	2,371,376
Total Investment Portfolio — 100.0% (Cost \$36,490,357) (a)		41,411,421

* *Non-income producing security.*

- (a) *The cost for federal income tax purposes was \$36,558,496. At June 30, 2003, net unrealized appreciation for all securities based on tax cost was \$4,852,925. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$5,349,554 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$496,629.*
- (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, 2003, aggregated \$22,950,300 and \$19,490,042, respectively.

At December 31, 2002, the 21st Century Growth Portfolio had a net tax basis capital loss carryforward of approximately \$22,643,000 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), December 31, 2009 (\$12,192,000) and December 31, 2010 (\$9,234,000), the respective expiration dates, whichever occurs first.

In addition, from November 1, 2002 through December 31, 2002, the Fund incurred approximately \$5,288,000 of net realized capital losses. As permitted by tax regulations, the Fund intends to elect to defer these losses and treat them as arising in the fiscal year ending December 31, 2003.

Financial Statements

21st Century Growth Portfolio

Statement of Assets and Liabilities as of June 30, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$34,118,981)	\$	39,040,045
Investment in Scudder Cash Management QP Trust (cost \$2,371,376)		2,371,376
Dividends receivable		9,376
Receivable for Portfolio shares sold		16,657
Other assets		709
Total assets		41,438,163

Liabilities

Payable for Portfolio shares redeemed		23,630
Accrued management fee		29,059
Other accrued expenses and payables		24,074
Total liabilities		76,763
Net assets, at value	\$	41,361,400

Net Assets

Net assets consist of:		
Accumulated net investment loss		(142,558)
Net unrealized appreciation (depreciation) on investment securities		4,921,064
Accumulated net realized gain (loss)		(31,258,154)
Paid-in capital		67,841,048
Net assets, at value	\$	41,361,400

Net Asset Value

Class A

Net Asset Value , offering and redemption price per share (\$39,113,786 ÷ 9,228,388 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	\$	4.24
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Class B

Net Asset Value , offering and redemption price per share (\$2,247,614 ÷ 537,397 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	\$	4.18
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)**Investment Income**

Income:		
Dividends	\$	37,948
Interest — Scudder Cash Management QP Trust		20,382
Total Income		58,330
Expenses:		
Management fee		154,049
Custodian fees		5,650
Accounting fees		20,692
Distribution service fees (Class B)		1,166
Record keeping fees (Class B)		455
Auditing		6,976
Legal		4,193
Trustees' fees and expenses		1,432
Reports to shareholders		4,941
Other		1,405
Total expenses, before expense reductions		200,959
Expense reductions		(71)
Total expenses, after expense reductions		200,888
Net investment income (loss)		(142,558)

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments		(3,195,964)
Net unrealized appreciation (depreciation) during the period on investments		8,984,519
Net gain (loss) on investment transactions		5,788,555
Net increase (decrease) in net assets resulting from operations	\$	5,645,997

Statement of Changes in Net Assets

Increase (Decrease) in Net Assets	Six Months Ended June 30, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ (142,558)	\$ (343,895)
Net realized gain (loss) on investment transactions	(3,195,964)	(13,981,457)
Net unrealized appreciation (depreciation) on investment transactions during the period	8,984,519	(7,611,269)
Net increase (decrease) in net assets resulting from operations	5,645,997	(21,936,621)
Portfolio share transactions:		
Class A		
Proceeds from shares sold	6,029,104	21,627,664
Cost of shares redeemed	(5,811,260)	(10,758,573)
Net increase (decrease) in net assets from Class A share transactions	217,844	10,869,091
Class B		
Proceeds from shares sold	1,924,280	171,863
Cost of shares redeemed	(99,212)	(6,118)
Net increase (decrease) in net assets from Class B share transactions	1,825,068	165,745
Increase (decrease) in net assets	7,688,909	(10,901,785)
Net assets at beginning of period	33,672,491	44,574,276
Net assets at end of period (including accumulated net investment loss of \$142,558 at June 30, 2003)	\$ 41,361,400	\$ 33,672,491

Other Information

Class A		
Shares outstanding at beginning of period	9,153,467	7,152,255
Shares sold	1,621,333	4,412,802
Shares redeemed	(1,546,412)	(2,411,590)
Net increase (decrease) in Portfolio shares	74,921	2,001,212
Shares outstanding at end of period	9,228,388	9,153,467
Class B		
Shares outstanding at beginning of period	44,351	101
Shares sold	520,089	45,909
Shares redeemed	(27,043)	(1,659)
Net increase (decrease) in Portfolio shares	493,046	44,250
Shares outstanding at end of period	537,397	44,351

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

Financial Highlights

21st Century Growth Portfolio

Class A

Years Ended December 31,	2003 ^a	2002	2001	2000	1999 ^b
Selected Per Share Data					
Net asset value, beginning of period	\$ 3.66	\$ 6.23	\$ 8.12	\$ 10.55	\$ 6.00 ^c
<i>Income (loss) from investment operations:</i>					
Net investment income (loss) ^d	(.01)	(.04)	(.04)	(.11)	(.04)
Net realized and unrealized gain (loss) on investment transactions	.59	(2.53)	(1.85)	(2.20)	4.59
Total from investment operations	.58	(2.57)	(1.89)	(2.31)	4.55
<i>Less distributions from:</i>					
Net realized gains on investment transactions	—	—	—	(.12)	—
Net asset value, end of period	\$ 4.24	\$ 3.66	\$ 6.23	\$ 8.12	\$ 10.55
Total Return (%)	15.85 ^{**}	(41.25)	(23.28) ^e	(22.39) ^e	75.83 ^{e**}
Ratios to Average Net Assets and Supplemental Data					
Net assets, end of period (\$ millions)	39	34	45	26	15
Ratio of expenses before expense reductions (%)	1.13 [*]	1.11	1.17 ^f	1.35	2.90 [*]
Ratio of expenses after expense reductions (%)	1.13 [*]	1.11	1.15 ^f	1.29	1.50 [*]
Ratio of net investment income (loss) (%)	(.80) [*]	(.88)	(.64)	(1.06)	(.95) [*]
Portfolio turnover rate (%)	119 [*]	72	103	109	61

Class B

Years Ended December 31,	2003 ^a	2002	2001	2000	1999 ^b
Selected Per Share Data					
Net asset value, beginning of period	\$ 3.62	\$ 6.15	\$ 8.04	\$ 10.51	\$ 6.00 ^c
<i>Income (loss) from investment operations:</i>					
Net investment income (loss) ^d	(.02)	(.05)	(.06)	(.13)	(.06)
Net realized and unrealized gain (loss) on investment transactions	.58	(2.48)	(1.83)	(2.22)	4.57
Total from investment operations	.56	(2.53)	(1.89)	(2.35)	4.51
<i>Less distributions from:</i>					
Net realized gains on investment transactions	—	—	—	(.12)	—
Net asset value, end of period	\$ 4.18	\$ 3.62	\$ 6.15	\$ 8.04	\$ 10.51
Total Return (%)	15.47 ^{**}	(41.14)	(23.51) ^e	(22.79) ^e	75.17 ^{e**}
Ratios to Average Net Assets and Supplemental Data					
Net assets, end of period (\$ millions)	2	.16	— ^{***}	— ^{***}	— ^{***}
Ratio of expenses before expense reductions (%)	1.47 [*]	1.36	1.42 ^f	1.60	3.15 [*]
Ratio of expenses after expense reductions (%)	1.47 [*]	1.36	1.40 ^f	1.54	1.75 [*]
Ratio of net investment income (loss) (%)	(1.14) [*]	(1.13)	(.89)	(1.31)	(1.20) [*]
Portfolio turnover rate (%)	119 [*]	72	103	109	61

^a For the six months ended June 30, 2003 (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 equities rebounded strongly in the first half of 2003, and market analysts now believe that the US economy — the engine of global growth — is recovering. For financial markets, at least, the war in the Middle East that dominated the first quarter is now a distant memory, and geopolitical issues have faded in importance. Against this backdrop, Scudder Global Discovery Portfolio returned 18.35% (Class A shares), outperforming its benchmark, the Citigroup World Equity Extended Market Index, which gained 16.57%.

The primary driver behind the portfolio's outperformance was its significant overweight stake in the health care sector, as well as stock selection within that sector. The portfolio's financials position also contributed to performance despite the fact that the sector as a whole underperformed for the period. In health care, top contributors included Fresenius Medical Care, which rallied during the period after resolving a lawsuit and reporting improved profits. Fresenius has a unique competitive advantage in US dialysis care which should allow it to take market share and improve profitability. Among financials, Deutsche Boerse was a top contributor and continues to benefit from structural changes within the derivatives market — one of its specialties. Additionally, a portfolio stalwart that helped us once again was Anglo Irish Bank Corp., which reported an exceptionally strong first fiscal half. Select technology and telecommunications names detracted from performance.

Joseph Axtell
Portfolio Manager

Citigroup World Equity Extended Market Index, formerly the Salmon 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 in an index.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

Global Discovery Portfolio

	Shares	Value (\$)
Common Stocks 94.2%		
Australia 1.5%		
Macquarie Bank Ltd.	78,711	1,524,362
QBE Insurance Group Ltd.	116,844	732,289
		<u>2,256,651</u>
Bermuda 0.8%		
Benfield Group PLC*	258,972	1,208,721
Brazil 1.5%		
Aracruz Celulose SA (preferred) (ADR)	76,300	1,606,878
Empresa Brasileira de Aeronautica SA (preferred) (ADR)	28,418	542,784
		<u>2,149,662</u>
Denmark 0.6%		
Group 4 Falck AS*	52,900	880,002
Finland 0.5%		
Tietoerator Oyj "B"	39,800	670,755
France 6.1%		
Autoroutes du Sud de la France*	73,765	2,158,166
Flamel Technologies SA (ADR)*	59,900	806,853
Galeries Lafayette SA	13,863	1,882,148
JC Decaux SA*	117,957	1,478,076
Vinci SA	41,084	2,774,772
		<u>9,100,015</u>
Germany 8.6%		
Deutsche Boerse AG	100,370	5,322,725
Fresenius Medical Care AG	87,495	4,335,180
Puma AG	17,385	1,720,777
Stada Arzneimittel AG*	23,216	1,467,901
		<u>12,846,583</u>
Greece 1.5%		
Coca-Cola Hellenic Bottling Co. SA	95,600	1,580,387
Greek Organization of Football Prognostics*	63,500	648,236
		<u>2,228,623</u>
Hong Kong 0.7%		
Legend Group Ltd.	2,887,000	962,537
Ireland 8.3%		
Anglo Irish Bank Corp., PLC	792,308	6,995,229
Irish Continental Group PLC	63,660	611,082
Irish Life & Permanent PLC	115,196	1,254,105
Jurys Doyle Hotel Group PLC	225,150	2,174,192
Ryanair Holdings PLC*	169,500	1,221,754
		<u>12,256,362</u>
Japan 5.3%		
AEON Credit Services Co., Ltd.	28,600	907,406
JAFCO Co., Ltd.	21,000	1,192,285
Nidec Corp.	35,700	2,363,705
Olympus Optical Co., Ltd.	162,000	3,361,192
		<u>7,824,588</u>

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

	Shares	Value (\$)
Netherlands 3.4%		
Chicago Bridge & Iron Co., N.V.	39,200	889,056
IHC Caland NV	47,285	2,416,793
Vedior NV	199,358	1,808,245
		<u>5,114,094</u>
Norway 0.5%		
Tandberg ASA*	143,400	742,080
Russia 1.1%		
Mobile Telesystems (ADR)*	27,900	1,646,100
Spain 0.9%		
Amadeus Global Travel Distribution SA "A"	239,900	1,376,187
Sweden 1.1%		
Eniro AB	192,100	1,644,589
Switzerland 2.5%		
Centerpulse AG (Registered)*	6,326	1,704,989
Converium Holding AG*	30,025	1,387,579
Logitech International SA*	17,536	658,702
		<u>3,751,270</u>
United Kingdom 6.7%		
Aegis Group PLC	1,164,554	1,527,506
ARM Holdings PLC*	719,913	798,324
Capita Group PLC*	496,696	1,857,905
Matalan PLC	225,290	644,146
Misys PLC	283,866	1,207,455
Taylor Nelson Sofres PLC	560,038	1,557,224
Viridian Group PLC	164,628	1,520,415
Wood Group (John) PLC*	289,313	861,916
		<u>9,974,891</u>
United States 42.6%		
Advance Auto Parts, Inc.*	11,900	724,710
Affiliated Computer Services, Inc. "A"*	31,400	1,435,922
Alexion Pharmaceuticals, Inc.*	10,300	175,615
Alkermes, Inc.*	58,300	626,725
Arthur J. Gallagher & Co.	49,400	1,343,680
Brinker International, Inc.*	103,500	3,728,070
Caremark Rx, Inc.*	154,100	3,957,288
Celgene Corp.*	40,300	1,225,120
Cephalon, Inc.*	11,400	469,224
Copart, Inc.*	150,300	1,420,335
Diebold, Inc.	38,600	1,669,450
Documentum, Inc.*	71,500	1,406,405
Energy East Corp.	110,000	2,283,600
EOG Resources, Inc.	51,700	2,163,128
Fiserv, Inc.*	100,300	3,571,683
FTI Consulting, Inc.	80,850	2,018,825
Garmin Ltd.*	22,300	889,101
Harman International Industries, Inc.	19,000	1,503,660
Invitrogen Corp.*	37,400	1,435,038
JetBlue Airways Corp.*	59,350	2,509,912
Laboratory Corp. of America Holdings*	104,400	3,147,660
Lam Research Corp.*	44,500	810,345
Legg Mason, Inc.	89,300	5,800,035
Mercury Interactive Corp.*	47,900	1,849,419
NetScreen Technologies, Inc.*	33,000	744,150
NPS Pharmaceuticals, Inc.*	31,100	756,974

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

	Shares	Value (\$)
Pharmaceutical Resources, Inc.*	52,300	2,544,918
Rowan Companies, Inc.*	42,300	947,520
Spinnaker Exploration Co.*	28,100	736,220
St. Jude Medical, Inc.*	46,700	2,685,250
Symbol Technologies, Inc.	115,993	1,509,069
THQ, Inc.*	91,700	1,650,600
Trimeris, Inc.*	13,600	621,248
Waters Corp.*	62,800	1,829,364
Zions Bancorp.	62,400	3,158,064
		63,348,327
Total Common Stocks (Cost \$128,412,371)		139,982,037

	Principal Amount (\$)	Value (\$)
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Convertible Bonds 0.4%

United States

Cephalon, Inc., Convertible, 5.25%, 5/1/2006 (Cost \$581,000)	581,000	597,733
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Shares	Value (\$)
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Cash Equivalents 5.4%

Scudder Cash Management QP Trust, 1.15% (b) (Cost \$8,078,626)	8,078,626	8,078,626
Total Investment Portfolio — 100.0% (Cost \$137,071,997) (a)		148,658,396

At June 30, 2003, the Global Discovery Portfolio had the following industry diversification:

Industry	Value	Percent
Financials	\$ 30,826,480	20.7%
Health Care	29,321,175	19.7%
Industrials	22,220,373	14.9%
Consumer Discretionary	21,542,770	14.5%
Information Technology	20,308,282	13.7%
Energy	7,125,577	4.8%
Utilities	3,804,015	2.6%
Communication Services	1,646,100	1.1%
Materials	1,606,878	1.1%
Consumer Staples	1,580,387	1.1%
Total Common and Preferred Stocks	139,982,037	94.2%
Convertible Bonds	597,733	0.4%
Cash Equivalents	8,078,626	5.4%
Total Investment Portfolio	\$ 148,658,396	100.0%

* Non-income producing security.

(a) The cost for federal income tax purposes was \$137,795,079. At June 30, 2003, net unrealized appreciation for all securities based on tax cost was \$10,863,317. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$26,391,336 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$15,528,019.

(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, 2003, aggregated \$18,635,080 and \$21,753,258, respectively.

At December 31, 2002, the Global Discovery Portfolio had a net tax basis capital loss carryforward of approximately \$50,485,000 which may be applied against any realized net taxable capital gains of each succeeding year until fully utilized or until December 31, 2009 (\$24,864,000) and December 31, 2010 (\$25,621,000), the respective expiration dates, whichever occurs first.

In addition, from November 1, 2002 through December 31, 2002, the Global Discovery Portfolio incurred approximately \$1,491,000 of net realized capital losses. As permitted by tax regulations, the Portfolio intends to elect to defer these losses and treat them as arising in the fiscal year ending December 31, 2003.

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

Financial Statements

Global Discovery Portfolio

Statement of Assets and Liabilities as of June 30, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$128,993,371)	\$ 140,579,770
Investment in Scudder Cash Management QP Trust (cost \$8,078,626)	8,078,626
Foreign currency, at value (cost \$392,937)	397,740
Receivable for investments sold	2,886,403
Dividends receivable	341,937
Interest receivable	5,084
Receivable for Portfolio shares sold	29,082
Foreign taxes recoverable	61,199
Other assets	1,356
Total assets	152,381,197

Liabilities

Payable for investments purchased	3,115,030
Payable for Portfolio shares redeemed	143,582
Accrued management fee	125,355
Other accrued expenses and payables	69,910
Total liabilities	3,453,877
Net assets, at value	\$ 148,927,320

Net Assets

Net assets consist of:	
Undistributed net investment income	428,109
Net unrealized appreciation (depreciation) on:	
Investments	11,586,399
Foreign currency related transactions	4,714
Accumulated net realized gain (loss)	(59,175,307)
Paid-in capital	196,083,405
Net assets, at value	\$ 148,927,320

Class A

Net Asset Value, offering and redemption price per share (\$141,045,857 ÷ 17,113,349 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized) **\$ 8.24**

Class B

Net Asset Value, offering and redemption price per share (\$7,881,463 ÷ 966,981 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized) **\$ 8.15**

Statement of Operations for the six months ended June 30, 2003 (Unaudited)**Investment Income**

Income:	
Dividends (net of foreign taxes withheld of \$106,819)	\$ 1,126,450
Interest	47,406
Interest — Scudder Cash Management QP Trust	31,886
Total Income	1,205,742
Expenses:	
Management fee	619,303
Custodian fees	46,378
Accounting fees	58,125
Distribution service fees (Class B)	6,885
Record keeping fees (Class B)	168
Auditing	12,829
Legal	6,450
Trustees' fees and expenses	4,025
Reports to shareholders	8,147
Other	3,816
Total expenses	766,126
Net investment income (loss)	439,616

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(6,517,886)
Foreign currency related transactions	107,707
	(6,410,179)
Net unrealized appreciation (depreciation) during the period on:	
Investments	28,467,940
Foreign currency related transactions	(6,570)
	28,461,370
Net gain (loss) on investment transactions	22,051,191
Net increase (decrease) in net assets resulting from operations	\$ 22,490,807

Statement of Changes in Net Assets

Increase (Decrease) in Net Assets	Six Months Ended June 30, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ 439,616	\$ (52,872)
Net realized gain (loss) on investment transactions	(6,410,179)	(22,711,667)
Net unrealized appreciation (depreciation) on investment transactions during the period	28,461,370	(9,589,493)
Net increase (decrease) in net assets resulting from operations	22,490,807	(32,354,032)
Distributions to shareholders from:		
Net investment income:		
Class A	(133,861)	—
Portfolio share transactions:		
Class A		
Proceeds from shares sold	12,288,227	66,936,815
Reinvestment of distributions	133,861	—
Cost of shares redeemed	(13,578,611)	(65,055,875)
Net increase (decrease) in net assets from Class A share transactions	(1,156,523)	1,880,940
Class B		
Proceeds from shares sold	2,904,971	616,165
Cost of shares redeemed	(595,763)	(1,766,874)
Net increase (decrease) in net assets from Class B share transactions	2,309,208	(1,150,709)
Increase (decrease) in net assets	23,509,631	(31,623,801)
Net assets at beginning of period	125,417,689	157,041,490
Net assets at end of period (including undistributed net investment income of \$428,109 and \$122,354, respectively)	\$ 148,927,320	\$ 125,417,689

Other Information

Class A		
Shares outstanding at beginning of period	17,358,587	17,267,802
Shares sold	1,613,487	8,265,963
Shares issued to shareholders in reinvestment of distributions	18,413	—
Shares redeemed	(1,877,138)	(8,175,178)
Net increase (decrease) in Portfolio shares	(245,238)	90,785
Shares outstanding at end of period	17,113,349	17,358,587
Class B		
Shares outstanding at beginning of period	645,610	795,058
Shares sold	404,266	84,878
Shares redeemed	(82,895)	(234,326)
Net increase (decrease) in Portfolio shares	321,371	(149,448)
Shares outstanding at end of period	966,981	645,610

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

Financial Highlights

Global Discovery Portfolio

Class A

Years Ended December 31,	2003 ^a	2002	2001	2000	1999	1998
Selected Per Share Data						
Net asset value, beginning of period	\$ 6.97	\$ 8.70	\$ 11.76	\$ 13.18	\$ 8.04	\$ 7.08
<i>Income (loss) from investment operations:</i>						
Net investment income (loss) ^b	.03	(.00) ^f	(.00) ^f	(.03)	(.06)	(.03)
Net realized and unrealized gain (loss) on investment transactions	1.25	(1.73)	(2.87)	(.62)	5.30	1.18
Total from investment operations	1.28	(1.73)	(2.87)	(.65)	5.24	1.15
<i>Less distributions from:</i>						
Net investment income	(.01)	—	—	(.11)	—	(.12)
Net realized gains on investment transactions	—	—	(.19)	(.66)	(.10)	(.07)
Total distributions	(.01)	—	(.19)	(.77)	(.10)	(.19)
Net asset value, end of period	\$ 8.24	\$ 6.97	\$ 8.70	\$ 11.76	\$ 13.18	\$ 8.04
Total Return (%)	18.35**	(19.89)	(24.59)	(5.29)	65.88	16.44 ^c
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	141	121	150	159	71	25
Ratio of expenses before expense reductions (%)	1.20*	1.19	1.23 ^d	1.28	1.63	1.79
Ratio of expenses after expense reductions (%)	1.20*	1.19	1.22 ^d	1.28	1.63	1.72
Ratio of net investment income (loss) (%)	.70*	(.03)	.00 ^e	(.25)	(.66)	(.40)
Portfolio turnover rate (%)	29*	47	56	66	70	54

Class B

Years Ended December 31,	2003 ^a	2002	2001	2000	1999	1998
Selected Per Share Data						
Net asset value, beginning of period	\$ 6.89	\$ 8.62	\$ 11.69	\$ 13.11	\$ 8.01	\$ 7.07
<i>Income (loss) from investment operations:</i>						
Net investment income (loss) ^b	.02	(.02)	(.02)	(.07)	(.08)	(.05)
Net realized and unrealized gain (loss) on investment transactions	1.24	(1.71)	(2.86)	(.61)	5.28	1.18
Total from investment operations	1.26	(1.73)	(2.88)	(.68)	5.20	1.13
<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	\$ 8.15	\$ 6.89	\$ 8.62	\$ 11.69	\$ 13.11	\$ 8.01
Total Return (%)	18.29**	(20.07)	(24.96)	(5.42)	65.63	16.18 ^c
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	8	4	7	11	7	4
Ratio of expenses before expense reductions (%)	1.45*	1.44	1.48 ^d	1.53	1.88	2.04
Ratio of expenses after expense reductions (%)	1.45*	1.44	1.47 ^d	1.53	1.88	1.98
Ratio of net investment income (loss) (%)	.45*	(.28)	(.25)	(.52)	(.91)	(.69)
Portfolio turnover rate (%)	29*	47	56	66	70	54

^a For the six months ended June 30, 2003 (Unaudited).

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

International Portfolio

International equities rebounded strongly in the first half of 2003, and market analysts now believe that the US economy — the engine of global growth — is recovering. For financial markets, at least, the war in the Middle East that dominated the first quarter is now a distant memory, and geopolitical issues have faded in importance. Against this improving backdrop, Scudder International Portfolio gained 5.63% (Class A shares), but lagged its benchmark, the MSCI EAFE & Canada Index, which returned 10.25%.

The underperformance for the period stems primarily from dramatic underperformance by a handful of our holdings within the financials and consumer discretionary sectors. We remained underweight in financials during the period, which in itself did not cost us, but stock selection was poor. Some financials holdings were impacted by Ahold contagion (Ahold, which was not a portfolio holding as of 6/30/03, announced it had overstated earnings and is now under investigation by the SEC). News of dividend cuts and negative earnings reports also weighed on select financials and consumer discretionary positions.

Not all financials holdings detracted from performance. For example, Royal Bank of Scotland was a strong contributor. The company continued to be very cash generative and continued to be able to deliver resilient growth numbers. Finally, select telecommunications holdings such as Vodafone also contributed to performance.

Alex Tedder
Lead Manager

Clare Gray
Marc J. Slendebroek
Co-Managers

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.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

International Portfolio

	Shares	Value (\$)
Common Stocks 99.4%		
Australia 2.5%		
Australia & New Zealand Banking Group Ltd.	311,590	3,899,330
Telstra Corp., Ltd.	1,233,640	3,650,070
Westpac Banking Corp., Ltd.	265,197	2,897,888
		<u>10,447,288</u>
Belgium 0.6%		
Dexia	206,600	2,614,955
Brazil 0.5%		
Companhia Vale do Rio Doce (ADR)	67,602	2,005,075
Canada 1.4%		
Bank of Nova Scotia	56,300	2,506,857
Royal Bank of Canada	34,970	1,486,630
Sun Life Financial, Inc.	96,900	2,008,714
		<u>6,002,201</u>
Finland 3.2%		
Nokia Oyj (ADR)	264,900	4,352,307
Nokia Oyj	374,340	6,171,092
Stora Enso Oyj "R"	241,850	2,705,239
		<u>13,228,638</u>
France 13.7%		
Autoroutes du Sud de la France	114,666	3,354,819
Aventis SA	92,129	5,074,219
BNP Paribas SA	150,562	7,659,057
Compagnie de Saint-Gobain	86,387	3,403,370
Compagnie Generale des Etablissements Michelin "B"	43,560	1,702,603
Dassault Systemes SA	30,819	1,013,284
France Telecom SA	155,900	3,828,195
Groupe Danone*	24,281	3,363,568
Lafarge SA	1,628	95,449
Lafarge SA (Rights)*	36,237	97,896
Orange SA*	247,400	2,198,497
Sanofi-Synthelabo SA	32,815	1,923,930
Schneider Electric SA*	159,171	7,491,321
Total Fina Elf SA	108,333	16,389,409
		<u>57,595,617</u>
Germany 8.4%		
Allianz AG (Registered)	28,400	2,363,108
BASF AG	88,877	3,800,835
Bayerische Motoren Werke AG	61,588	2,371,852
DaimlerChrysler AG	73,500	2,568,666
Deutsche Telekom AG (Registered)	460,327	7,032,959
E.ON AG	157,846	8,123,951
SAP AG	10,100	1,192,445
Schering AG	52,700	2,579,663
Siemens AG	112,807	5,540,053
		<u>35,573,532</u>

	Shares	Value (\$)
Hong Kong 0.8%		
CNOOC Ltd.	835,000	1,220,643
Hutchison Whampoa Ltd.	345,000	2,101,406
		3,322,049
Hungary 0.2%		
OTP Bank Rt. (GDR)	50,192	966,196
India 0.4%		
Infosys Technologies Ltd.	10,500	738,009
Ranbaxy Laboratories Ltd.	61,957	1,052,108
		1,790,117
Ireland 0.5%		
Bank of Ireland	173,100	2,099,405
Italy 3.4%		
Assicurazioni Generali SpA	75,200	1,744,559
Autostrade Concessioni e Costruzioni Autostrade SpA	148,000	2,068,912
Eni SpA	432,870	6,553,751
UniCredito Italiano SpA	839,240	4,003,879
		14,371,101
Japan 15.9%		
Bridgestone Corp.	391,000	5,321,282
Canon, Inc.	144,000	6,624,697
Dai Nippon Printing Co., Ltd.	241,145	2,557,019
Fuji Photo Film Co., Ltd.	189,000	5,475,745
Fujisawa Pharmaceutical Co., Ltd.	134,000	2,517,325
Honda Motor Co., Ltd.	52,089	1,978,834
Kao Corp.	114,000	2,127,327
KDDI Corp.	646	2,508,057
Mitsubishi Corp.	1,001,000	6,961,952
Mitsui & Co.	511,000	2,568,440
Mitsui Fudosan Co., Ltd.	506,000	3,240,394
Nippon Telegraph & Telephone Corp.	590	2,320,197
Nissan Motor Co., Ltd.	448,657	4,300,394
Nomura Holdings, Inc.	498,480	6,342,853
Sony Corp.	65,871	1,858,929
Takeda Chemical Industries, Ltd.	96,000	3,550,806
Toyota Motor Corp.	261,600	6,792,820
		67,047,071
Korea 2.2%		
Samsung Electronics Co., Ltd.	31,234	9,282,604
Mexico 1.1%		
Grupo Financiero BBVA Bancomer SA de CV "B"*	2,914,240	2,462,110
Telefonos de Mexico SA de CV "L" (ADR)	69,500	2,183,690
		4,645,800
Netherlands 4.0%		
ABN AMRO Holding NV*	111,528	2,134,739
ASML Holding NV*	160,640	1,527,235
ING Groep NV	74,800	1,301,030
Koninklijke (Royal) Philips Electronics NV	256,850	4,889,749

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

	Shares	Value (\$)
Reed Elsevier NV	194,030	2,290,794
TPG NV	145,970	2,537,243
Unilever NV	40,915	2,197,516
		16,878,306
Russia 0.6%		
LUKOIL (ADR)	33,300	2,630,700
South Africa 0.5%		
Harmony Gold Mining Co., Ltd. (ADR)	152,500	2,054,175
Spain 3.7%		
Banco Popular Espanol SA	50,660	2,562,504
Banco Santander Central Hispano SA	324,000	2,841,948
Iberdrola SA	181,100	3,139,543
Telefonica SA*	599,591	6,968,723
		15,512,718
Sweden 1.6%		
Sandvik AB	102,200	2,675,928
Skandinaviska Enskilda Banken "A"	198,800	2,024,946
Telefonaktiebolaget LM Ericsson "B"*	1,783,214	1,916,644
		6,617,518
Switzerland 11.8%		
Credit Suisse Group	257,400	6,785,204
Nestle SA (Registered)	53,124	10,979,117
Novartis AG (Registered)	239,765	9,502,665
Roche Holding AG	119,050	9,353,048
Swiss Re (Registered)*	91,616	5,084,133
Syngenta AG	61,568	3,091,147
UBS AG (Registered)	90,427	5,038,209
		49,833,523
Taiwan 0.0%		
Hon Hai Precision Industry Co., Ltd.	82	298
United Kingdom 22.4%		
AstraZeneca PLC	205,762	8,275,529
BAA PLC	319,895	2,596,993
BHP Billiton PLC	544,500	2,874,835
BP PLC	1,429,811	9,945,135
British Sky Broadcasting Group PLC*	196,473	2,183,601
GlaxoSmithKline PLC	318,706	6,451,207
Granada Compass PLC	1,183,814	1,782,991
HBOS PLC	163,614	2,124,407
Hilton Group PLC	839,400	2,556,296
HSBC Holdings PLC	965,857	11,445,906
National Grid Transco PLC	624,093	4,245,369
Royal Bank of Scotland Group PLC	380,630	10,709,674
Scottish & Southern Energy PLC	393,176	4,060,653
Shell Transport & Trading Co., PLC	1,589,847	10,525,425
Tesco PLC	584,888	2,122,446
Vodafone Group PLC	6,422,865	12,597,125
		94,497,592
Total Common Stocks (Cost \$385,662,134)		419,016,479

	Shares	Value (\$)
Preferred Stocks 0.6%		
Germany		
Henkel KGaA (Cost \$2,521,775)	40,117	2,486,248
Cash Equivalents 0.0%		
Scudder Cash Management QP Trust, 1.15% (b) (Cost \$196,377)	196,377	196,377
Total Investment Portfolio — 100.0% (Cost \$388,380,286) (a)		421,699,104

At June 30, 2003, the International Portfolio had the following industry diversification:

Industry	Value	Percent
Financials	\$ 98,348,635	23.3%
Health Care	50,280,500	11.9%
Energy	47,265,063	11.2%
Consumer Discretionary	46,074,556	10.9%
Industrials	43,857,456	10.5%
Telecommunication Services	43,287,513	10.3%
Information Technology	32,818,615	7.8%
Consumer Staples	23,276,222	5.5%
Utilities	19,569,516	4.6%
Other	16,724,651	4.0%
Total Common and Preferred Stocks	421,502,727	100.0%
Cash Equivalents	196,377	0.0%
Total Investment Portfolio	\$ 421,699,104	100.0%

* Non-income producing security.

(a) The cost for federal income tax purposes was \$394,830,601. At June 30, 2003, net unrealized appreciation for all securities based on tax cost was \$26,868,503. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$37,122,506 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$10,254,003.

(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, 2003, aggregated \$245,868,006 and \$246,931,631, respectively.

At December 31, 2002, the International Portfolio had a net tax basis capital loss carryforward of approximately \$238,434,000 which may be applied against any realized net taxable capital gains of each succeeding year until fully utilized or until December 31, 2009 (\$133,060,000) and December 31, 2010 (\$105,374,000), the respective expiration dates, whichever occurs first.

In addition, from November 1, 2002 through December 31, 2002, the International Portfolio incurred approximately \$5,017,000 of net realized capital losses. As permitted by tax regulations, the Portfolio intends to elect to defer these losses and treat them as arising in the fiscal year ending December 31, 2003.

Financial Statements

International Portfolio

Statement of Assets and Liabilities as of June 30, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$388,183,909)	\$ 421,502,727
Investment in Scudder Cash Management QP Trust (cost \$196,377)	196,377
Foreign currency, at value (cost \$13,149,349)	13,189,686
Receivable for investments sold	11,771,565
Dividends receivable	792,333
Receivable for Portfolio shares sold	524,507
Foreign taxes recoverable	542,626
Total assets	448,519,821

Liabilities

Payable for investments purchased	11,296,726
Payable for Portfolio shares redeemed	1,569,556
Accrued management fee	320,141
Other accrued expenses and payables	146,764
Total liabilities	13,333,187
Net assets, at value	\$ 435,186,634

Net Assets

Net assets consist of:	
Undistributed net investment income	5,011,959
Net unrealized appreciation (depreciation) on:	
Investments	33,318,818
Foreign currency related transactions	168,653
Accumulated net realized gain (loss)	(274,674,046)
Paid-in capital	671,361,250
Net assets, at value	\$ 435,186,634

Net Asset Value

Class A

Net Asset Value, offering and redemption price per share ($\$421,028,054 \div 61,643,155$ outstanding shares of beneficial interest, no par value, unlimited number of shares authorized) **\$ 6.83**

Class B

Net Asset Value, offering and redemption price per share ($\$14,158,580 \div 2,075,235$ outstanding shares of beneficial interest, no par value, unlimited number of shares authorized) **\$ 6.82**

Statement of Operations for the six months ended June 30, 2003 (Unaudited)**Investment Income**

Income:	
Dividends (net of foreign taxes withheld of \$1,092,905)	\$ 7,241,609
Interest	150,969
Interest — Scudder Cash Management QP Trust	22,323
Total Income	7,414,901
Expenses:	
Management fee	1,779,156
Custodian fees	144,353
Accounting fees	167,127
Distribution service fees (Class B)	12,623
Record keeping fees (Class B)	415
Auditing	12,055
Legal	14,513
Trustees' fees and expenses	7,436
Reports to shareholders	4,147
Other	16,878
Total expenses	2,158,703
Net investment income (loss)	5,256,198

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(22,703,634)
Foreign currency related transactions	321,444
	(22,382,190)
Net unrealized appreciation (depreciation) during the period on:	
Investments	40,877,349
Foreign currency related transactions	79,716
	40,957,065
Net gain (loss) on investment transactions	18,574,875
Net increase (decrease) in net assets resulting from operations	\$ 23,831,073

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ 5,256,198	\$ 3,622,445
Net realized gain (loss) on investment transactions	(22,382,190)	(94,462,069)
Net unrealized appreciation (depreciation) on investment transactions during the period	40,957,065	10,724,925
Net increase (decrease) in net assets resulting from operations	23,831,073	(80,114,699)
Distributions to shareholders from:		
Net investment income:		
Class A	(3,294,533)	(3,979,977)
Class B	(65,246)	(25,865)
Portfolio share transactions:		
Class A		
Proceeds from shares sold	85,429,542	3,252,979,447
Reinvestment of distributions	3,294,533	3,979,977
Cost of shares redeemed	(99,705,540)	(3,274,235,277)
Net increase (decrease) in net assets from Class A share transactions	(10,981,465)	(17,275,853)
Class B		
Proceeds from shares sold	6,016,695	6,033,545
Reinvestment of distributions	65,246	25,865
Cost of shares redeemed	(363,105)	(544,773)
Net increase (decrease) in net assets from Class B share transactions	5,718,836	5,514,637
Increase (decrease) in net assets	15,208,665	(95,881,757)
Net assets at beginning of period	419,977,969	515,859,726
Net assets at end of period (including undistributed net investment income of \$5,011,959 and \$3,115,540, respectively)	\$ 435,186,634	\$ 419,977,969

Other Information

Class A		
Shares outstanding at beginning of period	63,268,457	63,646,512
Shares sold	13,341,601	423,618,009
Shares issued to shareholders in reinvestment of distributions	522,046	507,650
Shares redeemed	(15,488,949)	(424,503,714)
Net increase (decrease) in Portfolio shares	(1,625,302)	(378,055)
Shares outstanding at end of period	61,643,155	63,268,457
Class B		
Shares outstanding at beginning of period	1,173,516	400,769
Shares sold	946,861	845,134
Shares issued to shareholders in reinvestment of distributions	10,356	3,303
Shares redeemed	(55,498)	(75,690)
Net increase (decrease) in Portfolio shares	901,719	772,747
Shares outstanding at end of period	2,075,235	1,173,516

Financial Highlights

International Portfolio

Class A

Years Ended December 31,	2003 ^a	2002	2001	2000	1999	1998
Selected Per Share Data						
Net asset value, beginning of period	\$ 6.52	\$ 8.05	\$ 14.26	\$ 20.34	\$ 14.56	\$ 14.11
<i>Income (loss) from investment operations:</i>						
Net investment income ^b	.08	.05	.06	.08	.12 ^c	.13
Net realized and unrealized gain (loss) on investment transactions	.28	(1.52)	(3.97)	(4.24)	7.17	2.29
Total from investment operations	.36	(1.47)	(3.91)	(4.16)	7.29	2.42
<i>Less distributions from:</i>						
Net investment income	(.05)	(.06)	(.05)	(.09)	(.02)	(.26)
Net realized gains on investment transactions	—	—	(2.25)	(1.83)	(1.49)	(1.71)
Total distributions	(.05)	(.06)	(2.30)	(1.92)	(1.51)	(1.97)
Net asset value, end of period	\$ 6.83	\$ 6.52	\$ 8.05	\$ 14.26	\$ 20.34	\$ 14.56
Total Return (%)	5.63 ^{**}	(18.37)	(30.86)	(21.70)	54.51	18.49
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	421	412	513	720	874	509
Ratio of expenses before expense reductions (%)	1.06 [*]	1.03	1.01 ^d	.96	1.03	1.04
Ratio of expenses after expense reductions (%)	1.06 [*]	1.03	1.00 ^d	.96	1.03	1.04
Ratio of net investment income (loss) (%)	.75 ^e	.73	.64	.48	.76	.90
Portfolio turnover rate (%)	125 [*]	123	105	79	86	71

Class B

Years Ended December 31,	2003 ^a	2002	2001	2000	1999	1998
Selected Per Share Data						
Net asset value, beginning of period	\$ 6.50	\$ 8.03	\$ 14.19	\$ 20.24	\$ 14.51	\$ 14.08
<i>Income (loss) from investment operations:</i>						
Net investment income ^b	.07	.04	.05	.04	.08 ^c	.10
Net realized and unrealized gain (loss) on investment transactions	.29	(1.53)	(3.94)	(4.22)	7.14	2.29
Total from investment operations	.36	(1.49)	(3.89)	(4.18)	7.22	2.39
<i>Less distributions from:</i>						
Net investment income	(.04)	(.04)	(.02)	(.04)	—	(.25)
Net realized gains on investment transactions	—	—	(2.25)	(1.83)	(1.49)	(1.71)
Total distributions	(.04)	(.04)	(2.27)	(1.87)	(1.49)	(1.96)
Net asset value, end of period	\$ 6.82	\$ 6.50	\$ 8.03	\$ 14.19	\$ 20.24	\$ 14.51
Total Return (%)	5.54 ^{**}	(18.62)	(30.81)	(21.89)	54.13	18.28
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	14	8	3	.77	.69	.37
Ratio of expenses before expense reductions (%)	1.32 [*]	1.28	1.26 ^d	1.21	1.28	1.28
Ratio of expenses after expense reductions (%)	1.32 [*]	1.28	1.25 ^d	1.21	1.28	1.28
Ratio of net investment income (loss) (%)	.49 ^e	.48	.39	.23	.53	.69
Portfolio turnover rate (%)	125 [*]	123	105	79	86	71

^a For the six months ended June 30, 2003 (Unaudited).

^b Based on average shares outstanding during the period.

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

^d The ratios of operating expenses excluding costs incurred in connection with a fund complex 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.

^e The ratio for the six months ended June 30, 2003 has not been annualized since the Portfolio believes it would not be appropriate because the Portfolio's income is not earned ratably throughout the fiscal year.

* Annualized ** Not annualized

Health Sciences Portfolio

Scudder Health Sciences Portfolio posted a strong positive return of 19.29% (Class A shares) for the semiannual period, outperforming both of its benchmarks, the Standard & Poor's 500 (S&P 500) index, which returned 11.76%, and the Goldman Sachs Healthcare Index, which gained 15.69%. The portfolio's biotechnology holdings, which included stocks such as Gilead Sciences and Amgen, provided solid gains for the period. Large-cap pharmaceutical giant Wyeth, one of the portfolio's biggest holdings, made a strong showing, and the portfolio's significant exposure to generic drug stocks also added nicely to performance. In the health care services area, pharmacy benefit management company Caremark Rx saw a healthy pickup in its stock. It benefited from the increased use of generics and mail-order drug services, and investors looked favorably on its biotechnology drug distribution business. Shares of health care services company McKesson also increased during the period. The portfolio was hurt by its exposure to hospitals, plagued by falling admission trends. Orthopedic stocks were another area of weakness. In addition, because the portfolio is diversified across the health care sector, it was not able to participate in the full upside of the biotechnology comeback that occurred in the second quarter. We believe a confluence of factors bodes well for health care, including a more favorable regulatory environment at the Food and Drug Administration, positive clinical results on many fronts and potential Medicare drug legislation that could be a boon for the generics industry.

James E. Fenger
Leefin Lai
Thomas Bucher
Co-Managers

The Standard & Poor's 500 (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.

The Goldman Sachs Healthcare Index is a market capitalization-weighted index of 114 stocks designed to measure the performance of companies in the health care sector.

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.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

Health Sciences Portfolio

	Shares	Value (\$)
Common Stocks 96.3%		
Health Care		
Biotechnology 19.8%		
Adolor Corp.*	57,300	703,071
Amgen, Inc.*	39,750	2,621,115
Amylin Pharmaceuticals, Inc.*	48,300	1,057,287
Atrix Laboratories, Inc.*	11,600	255,084
Biogen, Inc.*	15,400	585,200
Celgene Corp.*	40,700	1,237,280
Cephalon, Inc.*	7,300	300,468
Genentech, Inc.*	6,800	490,416
Gilead Sciences, Inc.*	36,500	2,028,670
IDEC Pharmaceuticals Corp.*	47,100	1,601,400
ILEX Oncology, Inc.*	73,700	1,430,517
Inspire Pharmaceuticals, Inc.*	61,450	663,660
InterMune, Inc.*	46,400	747,504
Medicines Co.*	40,300	802,776
MedImmune, Inc.*	17,700	643,749
MGI Pharma, Inc.*	22,500	576,675
Neurocrine Biosciences, Inc.*	15,800	789,052
NPS Pharmaceuticals, Inc.*	62,200	1,513,948
		18,047,872
Health Care Services 19.4%		
AdvancePCS*	22,000	841,060
Aetna, Inc.	8,200	493,640
AmerisourceBergen Corp.	29,000	2,011,150
Anthem, Inc.*	25,600	1,975,040
Cardinal Health, Inc.	11,900	765,170
Caremark Rx, Inc.*	140,700	3,613,176
First Health Group Corp.*	56,200	1,551,120
Health Management Associates, Inc.	31,500	581,175
McKesson Corp.	54,600	1,951,404
UnitedHealth Group, Inc.	38,500	1,934,625
Wellpoint Health Networks, Inc.*	24,000	2,023,200
		17,740,760
Hospital Management 5.1%		
HCA, Inc.	65,100	2,085,804
Laboratory Corp. of America Holdings*	24,900	750,735
Triad Hospitals, Inc.*	27,500	682,550
Universal Health Services, Inc. "B"*	28,100	1,113,322
		4,632,411
Life Science Equipment 2.2%		
Charles River Laboratories International, Inc.*	14,500	466,610
Fisher Scientific International, Inc.*	45,100	1,573,990
		2,040,600
Medical Supply & Specialty 13.0%		
Abbott Laboratories	26,500	1,159,640
Baxter International, Inc.	47,700	1,240,200
Biomet, Inc.	34,600	991,636
Boston Scientific Corp.*	28,400	1,735,240
Diagnostic Products Corp.	28,400	1,165,820
Guidant Corp.	11,800	523,802
Johnson & Johnson	16,800	868,560
Medtronic, Inc.	28,400	1,362,348

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

	Shares	Value (\$)
Smith & Nephew PLC	146,965	847,090
St. Jude Medical, Inc.*	18,000	1,035,000
Zimmer Holdings, Inc.*	20,900	941,545
		11,870,881
Pharmaceuticals 36.8%		
Alcon, Inc.	33,300	1,521,810
Allergan, Inc.	12,900	994,590
Alpharma, Inc.	27,900	602,640
Altana AG*	24,083	1,521,058
AstraZeneca PLC	12,511	503,179
Aventis SA	24,147	1,329,952
Barr Laboratories, Inc.*	12,000	786,000
Biovail Corp.*	20,500	964,730
Eli Lilly & Co.	26,400	1,820,808
Forest Laboratories, Inc.*	30,860	1,689,585
GlaxoSmithKline PLC (ADR)	35,400	1,435,116
King Pharmaceuticals, Inc.*	66,733	984,979
KYORIN Pharmaceutical Co., Ltd.	23,000	315,321
Merck & Co., Inc.	8,800	532,840
Mylan Laboratories, Inc.	24,550	853,604
Novartis AG (Registered)	34,096	1,351,335
Pfizer, Inc.	154,140	5,263,881
Pharmaceutical Resources, Inc.*	34,800	1,693,368
Roche Holding AG	19,948	1,567,195
Sanofi-Synthelabo SA	13,860	812,606
SICOR, Inc.*	33,700	685,458
Taro Pharmaceutical Industries Ltd.*	11,900	653,072
Teva Pharmaceutical Industries Ltd. (ADR)	30,200	1,719,286
Watson Pharmaceuticals, Inc.*	6,400	258,368
Wyeth	83,900	3,821,645
		33,682,426
Total Common Stocks (Cost \$77,748,471)		88,014,950

Cash Equivalents 3.7%

Scudder Cash Management QP Trust, 1.15% (b) (Cost \$3,424,071)	3,424,071	3,424,071
Total Investment Portfolio — 100.0% (Cost \$81,172,542) (a)		91,439,021

* Non-income producing security.

(a) The cost for federal income tax purposes was \$82,063,172. At June 30, 2003, net unrealized appreciation for all securities based on tax cost was \$9,375,849. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$14,130,472 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$4,754,623.

(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, 2003, aggregated \$30,910,094 and \$24,216,801, respectively.

At December 31, 2002, the Health Sciences Portfolio had a net tax basis capital loss carryforward of approximately \$7,821,000 which may be applied against any realized net taxable capital gains of each succeeding year until fully utilized or until December 31, 2009 (\$305,000) and December 31, 2010 (\$7,516,000), the respective expiration dates, whichever occurs first.

From November 1, 2002 through December 31, 2002, the Health Sciences Portfolio incurred approximately \$932,000 of net realized capital losses. As permitted by tax regulations, the Portfolio intends to elect to defer these losses and treat them as arising in the fiscal year ending December 31, 2003.

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

Financial Statements

Health Sciences Portfolio

Statement of Assets and Liabilities as of June 30, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$77,748,471)	\$ 88,014,950
Investment in Scudder Cash Management QP Trust (cost \$3,424,071)	3,424,071
Cash	10,000
Foreign currency, at value (cost \$1,401)	1,398
Dividends receivable	19,067
Receivable for Portfolio shares sold	56,316
Foreign taxes recoverable	9,068
Other assets	768
Total assets	91,535,638

Liabilities

Payable for Portfolio shares redeemed	42,037
Accrued management fee	55,089
Other accrued expenses and payables	29,942
Total liabilities	127,068
Net assets, at value	\$ 91,408,570

Net Assets

Net assets consist of:	
Accumulated net investment loss	(67,521)
Net unrealized appreciation (depreciation) on:	
Investments	10,266,479
Foreign currency related transactions	420
Accumulated net realized gain (loss)	(12,258,577)
Paid-in capital	93,467,769
Net assets, at value	\$ 91,408,570

Net Asset Value

Class A

Net Asset Value, offering and redemption price per share ($\$86,587,729 \div 8,862,589$ outstanding shares of beneficial interest, no par value, unlimited number of shares authorized) **\$ 9.77**

Class B

Net Asset Value, offering and redemption price per share ($\$4,820,841 \div 494,412$ outstanding shares of beneficial interest, no par value, unlimited number of shares authorized) **\$ 9.75**

Statement of Operations for the six months ended June 30, 2003 (Unaudited)**Investment Income**

Income:	
Dividends (net of foreign taxes withheld of \$11,937)	\$ 253,212
Interest — Scudder Cash Management QP Trust	20,355
Total Income	273,567
Expenses:	
Management fee	283,808
Custodian fees	6,970
Accounting fees	22,682
Distribution service fees (Class B)	2,489
Record keeping fees (Class B)	925
Auditing	11,308
Legal	2,121
Trustees' fees and expenses	2,857
Reports to shareholders	5,176
Other	2,752
Total expenses	341,088
Net investment income (loss)	(67,521)

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(2,407,962)
Foreign currency related transactions	18,038
	(2,389,924)
Net unrealized appreciation (depreciation) during the period on:	
Investments	16,427,088
Foreign currency related transactions	114
	16,427,202
Net gain (loss) on investment transactions	14,037,278
Net increase (decrease) in net assets resulting from operations	\$ 13,969,757

Statement of Changes in Net Assets

Increase (Decrease) in Net Assets	Six Months Ended June 30, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ (67,521)	\$ (265,275)
Net realized gain (loss) on investment transactions	(2,389,924)	(9,367,556)
Net unrealized appreciation (depreciation) on investment transactions during the period	16,427,202	(8,652,894)
Net increase (decrease) in net assets resulting from operations	13,969,757	(18,285,725)
Portfolio share transactions:		
Class A		
Proceeds from shares sold	10,438,732	42,730,716
Cost of shares redeemed	(6,320,761)	(11,443,796)
Net increase (decrease) in net assets from Class A share transactions	4,117,971	31,286,920
Class B		
Proceeds from shares sold	4,055,304	375,318
Cost of shares redeemed	(37,922)	(51,305)
Net increase (decrease) in net assets from Class B share transactions	4,017,382	324,013
Increase (decrease) in net assets	22,105,110	13,325,208
Net assets at beginning of period	69,303,460	55,978,252
Net assets at end of period (including accumulated net investment loss of \$67,521 at June 30, 2003)	\$ 91,408,570	\$ 69,303,460

Other Information

Class A		
Shares outstanding at beginning of period	8,419,124	5,257,558
Shares sold	1,199,136	4,518,361
Shares redeemed	(755,671)	(1,356,795)
Net increase (decrease) in Portfolio shares	443,465	3,161,566
Shares outstanding at end of period	8,862,589	8,419,124
Class B		
Shares outstanding at beginning of period	39,123	—
Shares sold	459,173	45,098
Shares redeemed	(3,884)	(5,975)
Net increase (decrease) in Portfolio shares	455,289	39,123
Shares outstanding at end of period	494,412	39,123

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

Financial Highlights

Health Sciences Portfolio

Class A

Years Ended December 31,	2003 ^a	2002	2001 ^b
Selected Per Share Data			
Net asset value, beginning of period	\$ 8.19	\$ 10.65	\$ 10.00
<i>Income (loss) from investment operations:</i>			
Net investment income (loss) ^d	(.01)	(.03)	(.02)
Net realized and unrealized gain (loss) on investment transactions	1.59	(2.43)	.67
Total from investment operations	1.58	(2.46)	.65
Net asset value, end of period	\$ 9.77	\$ 8.19	\$ 10.65
Total Return (%)	19.29 ^{**}	(23.10)	6.50 ^{e**}
Ratios to Average Net Assets and Supplemental Data			
Net assets, end of period (\$ millions)	87	69	56
Ratio of expenses before expense reductions (%)	.89 [*]	.91	1.40 [*]
Ratio of expenses after expense reductions (%)	.89 [*]	.91	.95 [*]
Ratio of net investment income (loss) (%)	(.17) [*]	(.38)	(.25) [*]
Portfolio turnover rate (%)	66 [*]	53	34 [*]

Class B

	2003 ^a	2002 ^c
Selected Per Share Data		
Net asset value, beginning of period	\$ 8.19	\$ 8.09
<i>Income (loss) from investment operations:</i>		
Net investment income (loss) ^d	(.02)	(.04)
Net realized and unrealized gain (loss) on investment transactions	1.58	.14
Total from investment operations	1.56	.10
Net asset value, end of period	\$ 9.75	\$ 8.19
Total Return (%)	19.05 ^{**}	1.24 ^{**}
Ratios to Average Net Assets and Supplemental Data		
Net assets, end of period (\$ millions)	5	.3
Ratio of expenses (%)	1.24 [*]	1.16 [*]
Ratio of net investment income (loss) (%)	(.52) [*]	(.92) [*]
Portfolio turnover rate (%)	66 [*]	53

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period May 1, 2001 (commencement of operations) to December 31, 2001.

^c For the period July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

^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

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 the 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 the Portfolios. Class B shares are subject to Rule 12b-1 fees under the 1940 Act and record keeping fees equal to an annual rate of up to 0.25% and up to 0.15%, respectively, of the average daily net assets of the Class B shares of the applicable Portfolio. Class A shares are not subject to such fees.

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 and record keeping fees). Differences in class-level expenses may result in payment of different per share dividends by class. All shares have equal rights with respect to voting subject to class-specific arrangements.

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

Net realized and unrealized gains and losses on foreign currency transactions represent net gains and losses between trade and settlement dates on securities transactions, the disposition of forward foreign currency exchange contracts and foreign currencies, and the difference between the amount of net investment income accrued and the US dollar amount actually received. That portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed but is included with net realized and unrealized 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 value is equal to at least the principal amount of the repurchase price plus accrued interest.

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 contracts during the six months ended June 30, 2003.

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 and certain securities sold at a loss. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. Accordingly, each Portfolio may periodically make reclassifications among certain of its capital accounts without impacting the net asset value of the Portfolio.

At December 31, 2002, the Portfolios' components of distributable earnings (accumulated losses) on a tax-basis are as follows:

Portfolio	Undistributed ordinary income*	Undistributed net long-term capital gains	Capital loss carryforwards	Net unrealized gain (loss) on investments
Growth and Income Portfolio	\$ 1,465,168	\$ —	\$ (34,898,000)	\$ (15,799,640)
Capital Growth Portfolio	2,456,756	—	(139,068,000)	(105,143,913)
21st Century Growth Portfolio	—	—	(22,643,000)	(4,193,741)
Global Discovery Portfolio	122,995	—	(50,485,000)	(17,671,464)
International Portfolio	3,157,149	—	(238,434,000)	(16,399,523)
Health Sciences Portfolio	—	—	(7,821,000)	(7,276,775)

In addition, the tax character of distributions paid by the Portfolios are summarized as follows:

Portfolio	Distributions from ordinary income*		Distributions from long-term capital gains	
	Years Ended December 31		Years Ended December 31	
	2002	2001	2002	2001
Growth and Income Portfolio	\$ 1,662,988	\$ 2,209,728	\$ —	\$ 4,219,419
Capital Growth Portfolio	2,359,330	3,674,000	—	116,417,367
21st Century Growth Portfolio	—	—	—	—
Global Discovery Portfolio	—	—	—	2,840,073
International Portfolio	4,005,842	2,534,966	—	118,912,248
Health Sciences Portfolio	—	—	—	—

* For tax purposes short-term capital gains distributions are considered ordinary income distributions.

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

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. Related Parties

Under the Management Agreement with Deutsche Investment Management Americas Inc. (“DeIM” or the “Advisor”), the Advisor directs the investments of the Fund 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 Fund. In addition to portfolio management services, the Advisor provides certain administrative services in accordance with the 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, 2003, the Capital Growth Portfolio incurred a management fee equivalent to an annualized effective rate of 0.472% of the Portfolio’s average 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, 2003, the International Portfolio incurred a management fee equivalent to an annualized effective rate of 0.875% of the Portfolio's average daily net assets. Deutsche Asset Management Investment Services Ltd. ("DeAMIS"), an affiliate of the Advisor, serves as subadvisor with respect to the investment and reinvestment of assets in the International Portfolio. The Advisor compensates DeAMIS out of the management fee it receives from the Fund.

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, 2003, the Health Sciences Portfolio incurred a management fee equivalent to an annualized effective rate of 0.75% of the Portfolio's average daily net assets.

Through May 1, 2003, the Advisor had agreed to maintain the expenses for the 21st Century Growth Portfolio, the Global Discovery Portfolio and the Health Sciences Portfolio to the extent necessary so that the Portfolios' expenses were maintained at 1.50%, 1.25% and 0.95%, respectively, of average daily net assets for Class A and 1.75%, 1.50% and 1.20%, respectively, of average daily net assets for Class B.

Effective May 1, 2003 until April 30, 2004, the Advisor has agreed to maintain the expenses for the 21st Century Growth Portfolio, the Global Discovery Portfolio and the Health Sciences Portfolio 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 for Class A and 1.75%, 1.65% and 1.35%, respectively, of average daily net assets for Class B.

The Trustees authorized the Fund on behalf of each Portfolio to pay Scudder Fund Accounting Corporation, 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 Investments Service Company, an affiliate of the Advisor, is the transfer and dividend paying agent of the Fund. These affiliated entities have in turn entered into various agreements with third-party service providers to provide these services.

Scudder Distributors, Inc. ("SDI"), also an affiliate of the Advisor, is the Fund's Distributor. In accordance with the Master Distribution Plan, SDI receives 12b-1 fees of up to 0.25% of average daily net assets of Class B shares. Pursuant to the Master Distribution Plan, SDI 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 Portfolios pay 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, 2003 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"), 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.

C. 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, 2003, the custodian fees were reduced as follows:

Portfolio	Custody Credits (\$)
Growth and Income Portfolio	9
Capital Growth Portfolio	12
21st Century Growth Portfolio	71

D. 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 28%, 24% and 23%, respectively. Two Participating Insurance Companies were owners of record of 58% and 38%, respectively, 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 58% and 13%, respectively. One Participating Insurance Company was owner of record of 92% 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 62%, 22% and 10%, 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 53%, 27% and 10%, respectively. Two Participating Insurance Companies were owners of record of 58% and 40%, respectively, 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 33%, 16% and 11%, respectively. Two Participating Insurance Companies were owners of record of 63% and 34%, respectively, 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 Class A shares of the Portfolio, each owning 72% and 27%, respectively. One Participating Insurance Company was owner of record of 99% of the total outstanding Class B shares of the Fund.

E. Line of Credit

The Fund and several other affiliated funds (the "Participants") share in a \$1.25 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. Each Portfolio may borrow up to a maximum of 33 percent of its net assets under the agreement.

About the Fund's Advisor

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 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' views are subject to change at any time, based on market and other conditions and should not be construed as a recommendation.

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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.

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Semiannual report to
shareholders for the six months
ended June 30, 2003

Scudder Variable Series II

Scudder Aggressive Growth Portfolio
Scudder Blue Chip Portfolio
Scudder Contrarian Value Portfolio
Scudder Fixed Income Portfolio
Scudder Global Blue Chip Portfolio
Scudder Government Securities Portfolio
Scudder Growth Portfolio
Scudder High Income Portfolio
Scudder International Select Equity Portfolio
Scudder Money Market 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

Management Summary, Portfolios of Investments, Financial Statements, Financial Highlights for:

3	Scudder Aggressive Growth Portfolio
9	Scudder Blue Chip Portfolio
16	Scudder Contrarian Value Portfolio
22	Scudder Fixed Income Portfolio (formerly Scudder Investment Grade Bond Portfolio)
33	Scudder Global Blue Chip Portfolio
40	Scudder Government Securities Portfolio
46	Scudder Growth Portfolio
52	Scudder High Income Portfolio (formerly Scudder High Yield Portfolio)
63	Scudder International Select Equity Portfolio (formerly Scudder International Research Portfolio)
69	Scudder Money Market Portfolio
74	Scudder Small Cap Growth Portfolio
80	Scudder Strategic Income Portfolio
86	Scudder Technology Growth Portfolio
92	Scudder Total Return Portfolio
102	SVS Davis Venture Value Portfolio (formerly SVS Venture Value Portfolio)
108	SVS Dreman Financial Services Portfolio
113	SVS Dreman High Return Equity Portfolio
118	SVS Dreman Small Cap Value Portfolio (formerly Scudder Small Cap Value Portfolio)
125	SVS Eagle Focused Large Cap Growth Portfolio (formerly SVS Focused Large Cap Growth Portfolio)
130	SVS Focus Value+Growth Portfolio
135	SVS Index 500 Portfolio
145	SVS INVESCO Dynamic Growth Portfolio (formerly SVS Dynamic Growth Portfolio)
152	SVS Janus Growth and Income Portfolio (formerly SVS Growth and Income Portfolio)
159	SVS Janus Growth Opportunities Portfolio (formerly SVS Growth Opportunities Portfolio)
165	SVS Oak Strategic Equity Portfolio (formerly SVS Strategic Equity Portfolio)
170	SVS Turner Mid Cap Growth Portfolio (formerly SVS Mid Cap Growth Portfolio)
176	Notes to Financial Statements
193	Shareholder Meeting Results

NOT FDIC/NCUA INSURED NO BANK GUARANTEE MAY LOSE VALUE

Investments in variable portfolios involve risk. Some portfolios have more risk than others. These include portfolios 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 the prospectus for specific details regarding its investments and risk profile.

Scudder Aggressive Growth Portfolio

Once war concerns were out of the way in early April, investors became decidedly upbeat and moved back into the equity market, sparking a rally that continued through most of the second quarter. The portfolio posted a strong positive return for the semiannual period, returning 16.01% (Class A shares), topping its benchmarks, the Russell 3000 Growth Index, which gained 13.49% and the Standard and Poor's 500 (S&P 500) index, which returned 11.76%. Holdings in the technology and financial services sectors were the leading contributors to performance.

At the time our team assumed management of the portfolio in November 2002, we made a strategic decision to overweight technology and tactically overweight asset managers and brokers in the financial services sector. In the second quarter of 2003, both of these decisions paid off. Within financial services, for example, Neuberger Berman contributed handsomely to return. The good news in these sectors was tempered somewhat by poor performance in the portfolio's consumer discretionary holdings due to stock selection and our being underweight vs. the benchmark. We have been steadily adding to consumer discretionary to help mitigate risk going forward. In terms of positioning, we want to maintain our overweight in technology. In financial services, we plan to tactically overweight companies that we believe can benefit the most from a recovery in the equity markets. In health care, we're going to maintain an equal weighting, and, as mentioned, we're attempting to increase our consumer discretionary weighting. All in all, the portfolio's positive performers outnumbered the detractors.

Audrey M.T. Jones
Samuel A. Dedio
Doris R. Klug
Co-Managers
Deutsche Investment Management Americas Inc.

The Russell 3000 Growth Index is an unmanaged capitalization-weighted index containing the growth stocks in the Russell 3000 Index. Index returns assume reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an 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 reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an index.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

Scudder Aggressive Growth Portfolio

	Shares	Value (\$)		Shares	Value (\$)
Common Stocks 97.6%					
Consumer Discretionary 9.3%					
Hotel Restaurants & Leisure 3.1%					
GTECH Holdings Corp.*	14,600	549,690			
The Cheesecake Factory, Inc.*	27,000	969,030			
		<u>1,518,720</u>			
Household Durables 3.3%					
Harman International Industries, Inc.	20,200	1,598,628			
Multiline Retail 1.3%					
Kohl's Corp.*	12,000	616,560			
Specialty Retail 1.6%					
Chico's FAS, Inc.*	37,900	797,795			
Consumer Staples 7.7%					
Beverages 2.2%					
Constellation Brands, Inc. "A"*	33,800	1,061,320			
Food & Drug Retailing 2.9%					
Performance Food Group Co.*	20,300	751,100			
United Natural Foods, Inc.*	23,700	666,918			
		<u>1,418,018</u>			
Food Products 2.6%					
Dean Foods Co.*	40,900	1,288,350			
Energy 5.0%					
Energy Equipment & Services 4.0%					
BJ Services Co.*	27,600	1,031,136			
Rowan Companies, Inc.*	40,300	902,720			
		<u>1,933,856</u>			
Oil & Gas 1.0%					
EOG Resources, Inc.	12,200	510,448			
Financials 12.9%					
Banks 2.5%					
Investors Financial Services Corp.	41,500	1,203,915			
Diversified Financials 9.1%					
Ameritrade Holding Corp.*	63,900	473,499			
Chicago Mercantile Exchange	5,400	376,002			
Citigroup, Inc.	11,100	475,080			
Investment Technology Group, Inc.*	46,000	855,600			
Labranche & Co., Inc.	52,800	1,092,432			
Neuberger Berman, Inc.	29,800	1,189,318			
		<u>4,461,931</u>			
Insurance 1.3%					
American International Group, Inc.	11,100	612,498			
Health Care 22.8%					
Biotechnology 6.2%					
Amgen, Inc.*	22,500	1,483,650			
IDEC Pharmaceuticals Corp.*	19,500	663,000			
MedImmune, Inc.*	24,800	901,976			
		<u>3,048,626</u>			
Health Care Equipment & Supplies 2.8%					
Medtronic, Inc.	28,498	1,367,049			
Health Care Providers & Services 2.6%					
Laboratory Corp. of America Holdings*	42,500	1,281,375			
Pharmaceuticals 11.2%					
Biovail Corp.*	24,800	1,167,088			
Eli Lilly & Co.	17,400	1,200,078			
Johnson & Johnson	16,500	853,050			
Pfizer, Inc.	37,600	1,284,040			
Teva Pharmaceutical Industries Ltd. (ADR)	16,800	956,424			
		<u>5,460,680</u>			
Industrials 11.6%					
Aerospace & Defense 1.7%					
Alliant Techsystems, Inc.*	16,700	866,897			
Air Freight & Logistics 1.0%					
Expeditors International of Washington, Inc.	14,300	495,352			
Airlines 2.6%					
SkyWest, Inc.	38,800	739,528			
Southwest Airlines Co.	30,500	524,600			
		<u>1,264,128</u>			
Commercial Services & Supplies 4.8%					
Corinthian Colleges, Inc.*	21,500	1,044,255			
Fiserv, Inc.*	15,400	548,394			
ITT Educational Services, Inc.*	24,900	728,325			
		<u>2,320,974</u>			
Road & Rail 1.5%					
Swift Transportation Co., Inc.*	38,500	716,870			
Information Technology 27.3%					
Communications Equipment 4.6%					
Adaptec, Inc.*	108,300	842,574			
Cisco Systems, Inc.*	83,200	1,388,608			
		<u>2,231,182</u>			
Computers & Peripherals 5.2%					
Dell Computer Corp.*	31,700	1,013,132			
EMC Corp.*	70,800	741,276			
Network Appliance, Inc.*	47,000	761,870			
		<u>2,516,278</u>			
Electronic Equipment & Instruments 4.8%					
Jabil Circuit, Inc.*	52,800	1,166,880			
Vishay Intertechnology, Inc.*	90,500	1,194,600			
		<u>2,361,480</u>			
Semiconductor Equipment & Products 8.5%					
Linear Technology Corp.	25,000	805,250			
Microchip Technology, Inc.	38,100	933,450			
National Semiconductor Corp.*	46,300	913,036			
Novellus Systems, Inc.*	20,200	739,744			
QLogic Corp.*	15,700	758,781			
		<u>4,150,261</u>			

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

	Shares	Value (\$)
Software 4.2%		
Cognos, Inc.*	31,700	855,900
Microsoft Corp.	47,100	1,206,231
		<u>2,062,131</u>
Materials 1.0%		
Containers & Packaging		
Packaging Corp. of America*	26,900	495,767
Total Common Stocks (Cost \$43,034,401)		47,661,089

	Shares	Value (\$)
Cash Equivalents 2.4%		
Scudder Cash Management QP Trust, 1.15% (b) (Cost \$1,192,461)	1,192,461	1,192,461
Total Investment Portfolio — 100.0% (Cost \$44,226,862) (a)		48,853,550

Notes to Scudder Aggressive Growth Portfolio of Investments

* Non-income producing security.

(a) The cost for federal income tax purposes was \$44,226,862. At June 30, 2003, net unrealized appreciation for all securities based on tax cost was \$4,626,688. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$5,420,319 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$793,631.

(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, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$43,034,401)	\$ 47,661,089
Investment in Scudder Cash Management QP Trust (cost \$1,192,461)	1,192,461
Cash	10,000
Receivable for investments sold	362,610
Dividends receivable	2,010
Total assets	49,228,170

Liabilities

Payable for Portfolio shares redeemed	30,873
Accrued management fee	31,599
Other accrued expenses and payables	21,922
Total liabilities	84,394
Net assets, at value	\$ 49,143,776

Net Assets

Net assets consist of:	
Accumulated net investment loss	(110,812)
Net unrealized appreciation (depreciation) on investments	4,626,688
Accumulated net realized gain (loss)	(43,688,208)
Paid-in capital	88,316,108
Net assets, at value	\$ 49,143,776

Class A

Net Asset Value , offering and redemption price per share (\$47,982,328 ÷ 5,857,320 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 8.19
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Class B

Net Asset Value , offering and redemption price per share (\$1,161,448 ÷ 142,104 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 8.17
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$473)	\$ 82,289
Interest — Scudder Cash Management QP Trust	18,228
Total Income	100,517
Expenses:	
Management fee	168,768
Custodian and accounting fees	25,868
Distribution service fees (Class B)	506
Record keeping fees (Class B)	202
Auditing	4,988
Legal	1,405
Trustees' fees and expenses	468
Reports to shareholders	6,050
Other	2,594
Total expenses before expense reductions	210,849
Expense reductions	(6)
Total expenses after expense reductions	210,843
Net investment income (loss)	(110,326)

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	(8,915,698)
Net unrealized appreciation (depreciation) during the period on investments	15,793,919
Net gain (loss) on investment transactions	6,878,221
Net increase (decrease) in net assets resulting from operations	\$ 6,767,895

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ (110,326)	\$ (99,515)
Net realized gain (loss) on investment transactions	(8,915,698)	(25,580,629)
Net unrealized appreciation (depreciation) on investment transactions during the period	15,793,919	4,021,333
Net increase (decrease) in net assets resulting from operations	6,767,895	(21,658,811)
Distributions to shareholders from:		
Net investment income		
Class A	—	(257,547)
Portfolio share transactions:		
Class A		
Proceeds from shares sold	9,462,177	16,785,284
Reinvestment of distributions	—	257,547
Cost of shares redeemed	(12,602,477)	(21,199,303)
Net increase (decrease) in net assets from Class A share transactions	(3,140,300)	(4,156,472)
Class B		
Proceeds from shares sold	1,106,859	85,623*
Cost of shares redeemed	(109,891)	(134)*
Net increase (decrease) in net assets from Class B share transactions	996,968	85,489
Increase (decrease) in net assets	4,624,563	(25,987,341)
Net assets at beginning of period	44,519,213	70,506,554
Net assets at end of period (including accumulated net investment loss of \$110,812 and \$486, respectively)	\$ 49,143,776	\$ 44,519,213

Other Information

Class A		
Shares outstanding at beginning of period	6,292,403	6,898,699
Shares sold	1,214,027	1,832,303
Shares issued to shareholders in reinvestment of distributions	—	26,632
Shares redeemed	(1,649,110)	(2,465,231)
Net increase (decrease) in Portfolio shares	(435,083)	(606,296)
Shares outstanding at end of period	5,857,320	6,292,403
Class B		
Shares outstanding at beginning of period	11,689	—
Shares sold	145,214	11,707*
Shares redeemed	(14,799)	(18)*
Net increase (decrease) in Portfolio shares	130,415	11,689
Shares outstanding at end of period	142,104	11,689

* For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001	2000 ^b	1999 ^{b,c}
Selected Per Share Data					
Net asset value, beginning of period	\$ 7.06	\$ 10.22	\$ 13.20	\$ 13.99	\$ 10.00
<i>Income (loss) from investment operations:</i>					
Net investment income (loss) ^d	(.02)	(.01)	.06	.18	.06
Net realized and unrealized gain (loss) on investment transactions	1.15	(3.11)	(2.92)	(.87)	3.93
Total from investment operations	1.13	(3.12)	(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	\$ 8.19	\$ 7.06	\$ 10.22	\$ 13.20	\$ 13.99
Total Return (%)	16.01 ^{**}	(30.66)	(21.76)	(4.96)	39.89 ^{e**}
Ratios to Average Net Assets and Supplemental Data					
Net assets, end of period (\$ millions)	48	44	71	66	12
Ratio of expenses before expense reductions (%)	.93 [*]	.81	.86	.95	2.66 [*]
Ratio of expenses after expense reductions (%)	.93 [*]	.81	.86	.94	.50 [*]
Ratio of net investment income (loss) (%)	(.49) [*]	(.19)	.58	1.22	.80 [*]
Portfolio turnover rate (%)	108 [*]	71	42	103	90 [*]

^a For the six months ended June 30, 2003 (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.

^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

Class B

	2003 ^a	2002 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 7.06	\$ 7.43
<i>Income (loss) from investment operations:</i>		
Net investment income (loss) ^c	(.03)	(.02)
Net realized and unrealized gain (loss) on investment transactions	1.14	(.35)
Total from investment operations	1.11	(.37)
Net asset value, end of period	\$ 8.17	\$ 7.06
Total Return (%)	15.72 ^{**}	(4.98) ^{**}
Ratios to Average Net Assets and Supplemental Data		
Net assets, end of period (\$ millions)	1	.1
Ratio of expenses (%)	1.28 [*]	1.06 [*]
Ratio of net investment income (loss) (%)	(.84) [*]	(.47) [*]
Portfolio turnover rate (%)	108 [*]	71

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

^c Based on average shares outstanding during the period.

* Annualized ** Not annualized

Scudder Blue Chip Portfolio

On May 16, 2003, Janet Campagna and Robert Wang assumed the lead management duties of the portfolio. Portfolio Manager Julie Abbett, a member of the prior management team, remains with the portfolio, as does its analyst team.

Although the management team has changed, the investment process has not. Management employs intensive quantitative analysis and fundamental research to identify stocks with strong cash flows, sound balance sheets and attractive valuations, and avoids making bets on industries, investment styles or the direction of the broader market. As a result, performance is largely the result of individual stock selection.

The portfolio lagged its unmanaged benchmark, returning 8.65% (Class A shares) versus a return of 12.34% for the Russell 1000 Index during the first half of the year, as individual stock price performance often was uncorrelated with the fundamentals of the underlying companies. In the first quarter, the most significant factor affecting individual stocks was the war in Iraq. And in the second quarter, market performance was driven largely by investors' preference for fast-moving stocks that could generate strong short-term returns. As a result, the types of fundamentally sound companies in which the portfolio is invested generally trailed the market as a whole. Performance was helped by stock selection within the telecom services, insurance and transportation sectors, and was hurt by selection within the materials, retail and capital goods sectors. Management expects that the market will once again begin to trade based on fundamentals in the second half of the year, a development that would have a positive impact on the portfolio's relative performance.

Janet Campagna
Robert Wang
Co-Managers
Deutsche Investment Management Americas Inc.

The Russell 1000 Index is an unmanaged capitalization-weighted price-only index composed of the largest-capitalized United States companies whose common stocks are traded in the US. This larger capitalization, market-oriented index is highly correlated with the S&P 500 index. Index returns assume reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an index.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

Scudder Blue Chip Portfolio

	Shares	Value (\$)		Shares	Value (\$)
Common Stocks 96.8%					
Consumer Discretionary 18.0%					
Auto Components 1.8%					
American Axle & Manufacturing Holdings, Inc.*	85,600	2,045,840			
Autoliv, Inc.	18,400	498,272			
Cooper Tire & Rubber Co.	28,600	503,074			
Delphi Corp.	103,000	888,890			
		3,936,076			
Hotel Restaurants & Leisure 1.5%					
GTECH Holdings Corp.*	5,100	192,015			
Outback Steakhouse, Inc.	11,400	444,600			
Starbucks Corp.*	108,900	2,670,228			
		3,306,843			
Household Durables 0.9%					
Centex Corp.	10,600	824,574			
Ryland Group, Inc.	8,800	610,720			
Toll Brothers, Inc.*	20,400	577,524			
		2,012,818			
Internet & Catalog Retailing 0.3%					
eBay, Inc.*	5,400	562,572			
Leisure Equipment & Products 1.6%					
Eastman Kodak Co.	90,500	2,475,175			
Mattel, Inc.	53,900	1,019,788			
		3,494,963			
Media 5.3%					
Cablevision Systems Corp. "A"*	15,700	325,932			
Clear Channel Communications, Inc.*	58,800	2,492,532			
Comcast Corp. "A"*	118,138	3,565,418			
Interpublic Group of Companies, Inc.	2,500	33,450			
McGraw-Hill, Inc.	54,200	3,360,400			
The Washington Post Co.	700	513,030			
Tribune Co.	18,300	883,890			
Viacom, Inc. "B"*	13,600	593,776			
		11,768,428			
Multiline Retail 0.5%					
Wal-Mart Stores, Inc.	20,100	1,078,767			
Specialty Retail 5.3%					
Abercrombie & Fitch Co. "A"*	40,000	1,136,400			
Barnes & Noble, Inc.*	16,900	389,545			
Chico's FAS, Inc.*	67,000	1,410,350			
Claire's Stores, Inc.	47,100	1,194,456			
Lowe's Companies, Inc.	13,600	584,120			
PETsMART, Inc.*	70,900	1,181,903			
Staples, Inc.*	102,200	1,875,370			
The Gap, Inc.	116,400	2,183,664			
TJX Companies, Inc.	97,200	1,831,248			
		11,787,056			
Textiles, Apparel & Luxury Goods 0.8%					
Jones Apparel Group, Inc.*	63,700	1,863,862			
Consumer Staples 6.1%					
Beverages 2.6%					
Coca-Cola Enterprises, Inc.	100,600	1,825,890			
Pepsi Bottling Group, Inc.	47,500	950,950			
PepsiCo, Inc.	66,700	2,968,150			
		5,744,990			
Food & Drug Retailing 0.4%					
Sysco Corp.	22,200	666,888			
Whole Foods Market, Inc.*	5,100	242,403			
		909,291			
Food Products 1.3%					
Dean Foods Co.	30,150	949,725			
Hershey Foods Corp.	27,100	1,887,786			
		2,837,511			
Household Products 1.6%					
Clorox Co.	18,400	784,760			
Colgate-Palmolive Co.	15,900	921,405			
Dial Corp.	39,100	760,495			
Procter & Gamble Co.	10,600	945,308			
		3,411,968			
Personal Products 0.2%					
Gillette Co.	14,800	471,528			
Energy 4.9%					
Oil & Gas					
Anadarko Petroleum Corp.	100	4,447			
Burlington Resources, Inc.	16,100	870,527			
Devon Energy Corp.	53,900	2,878,260			
EOG Resources, Inc.	7,400	309,616			
ExxonMobil Corp.	65,940	2,367,905			
Newfield Exploration Co.*	8,500	319,175			
Occidental Petroleum Corp.	56,300	1,888,865			
Pogo Producing Co.	10,200	436,050			
Sunoco, Inc.	45,900	1,732,266			
		10,807,111			
Financials 19.2%					
Banks 8.7%					
Bank of America Corp.	9,100	719,173			
Bank One Corp.	54,100	2,011,438			
GreenPoint Financial Corp.	3,800	193,572			
J.P. Morgan Chase & Co.	86,700	2,963,406			
National City Corp.	50,000	1,635,500			
US Bancorp.	36,000	882,000			
Wachovia Corp.	89,500	3,576,420			
Washington Mutual, Inc.	85,700	3,539,410			
Wells Fargo & Co.	73,400	3,699,360			
		19,220,279			
Diversified Financials 5.7%					
American Express Co.	34,400	1,438,264			
AmeriCredit Corp.*	86,700	741,285			
Citigroup, Inc.	84,400	3,612,320			
Countrywide Financial Corp.	39,100	2,720,187			

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

	Shares	Value (\$)		Shares	Value (\$)
Doral Financial Corp.	13,600	607,240			
Fannie Mae	29,400	1,982,736			
Goldman Sachs Group, Inc.	5,900	494,125			
Morgan Stanley	24,600	1,051,650			
		12,647,807			
Insurance 4.3%					
AFLAC, Inc.	96,100	2,955,075			
Allstate Corp.	8,400	299,460			
American International Group, Inc.	8,412	464,174			
Chubb Corp.	32,900	1,974,000			
Fidelity National Financial, Inc.	32,500	999,700			
Progressive Corp.	11,100	811,410			
W.R. Berkley Corp.	36,500	1,923,550			
		9,427,369			
Real Estate 0.5%					
Apartment Investment & Management Co. (REIT)	5,700	197,220			
Equity Office Properties Trust (REIT)	24,500	661,745			
Equity Residential (REIT)	9,700	251,715			
		1,110,680			
Health Care 15.2%					
Biotechnology 1.5%					
Amgen, Inc.*	14,500	956,130			
Charles River Laboratories International, Inc.*	22,500	724,050			
Genentech, Inc.*	18,700	1,348,644			
IDEXX Laboratories, Inc.*	6,800	229,024			
		3,257,848			
Health Care Equipment & Supplies 0.5%					
Guidant Corp.	23,500	1,043,165			
Health Care Providers & Services 2.5%					
HCA, Inc.	83,000	2,659,320			
Mid Atlantic Medical Services, Inc.*	14,600	763,580			
UnitedHealth Group, Inc.	42,400	2,130,600			
		5,553,500			
Pharmaceuticals 10.7%					
Abbott Laboratories	51,100	2,236,136			
Endo Pharmaceuticals Holdings, Inc.*	21,500	363,780			
Forest Laboratories, Inc.*	54,400	2,978,400			
Johnson & Johnson	114,982	5,944,569			
Merck & Co., Inc.	98,200	5,946,010			
Pfizer, Inc.	170,950	5,837,943			
Pharmaceutical Resources, Inc.*	9,500	462,270			
		23,769,108			
Industrials 10.2%					
Aerospace & Defense 1.2%					
Goodrich Corp.	74,900	1,572,900			
Honeywell International, Inc.	38,200	1,025,670			
		2,598,570			
Air Freight & Logistics 0.8%					
J.B. Hunt Transport Services, Inc.*	16,800	634,200			
Ryder System, Inc.	22,900	586,698			
United Parcel Service, Inc. "B"	7,900	503,230			
		1,724,128			
Commercial Services & Supplies 1.9%					
Allied Waste Industries, Inc.*	24,700	248,235			
Career Education Corp.*	8,900	608,938			
Convergys Corp.*	122,400	1,958,400			
University of Phoenix Online*	29,400	1,490,580			
		4,306,153			
Electrical Equipment 1.2%					
American Power Conversion Corp.*	131,200	2,045,408			
Energizer Holdings, Inc.*	18,600	584,040			
		2,629,448			
Industrial Conglomerates 2.5%					
3M Co.	9,000	1,160,829			
Carlisle Companies, Inc.	13,900	586,024			
General Electric Co.	135,400	3,883,272			
		5,630,125			
Machinery 1.4%					
Caterpillar, Inc.	14,600	812,636			
Eaton Corp.	30,300	2,381,883			
		3,194,519			
Road & Rail 1.2%					
Swift Transportation Co., Inc.*	93,900	1,748,418			
Werner Enterprises, Inc.	38,800	822,560			
		2,570,978			
Information Technology 13.5%					
Communications Equipment 0.8%					
Cisco Systems, Inc.*	59,100	986,379			
QUALCOMM, Inc.	22,600	807,950			
		1,794,329			
Computers & Peripherals 5.1%					
Dell Computer Corp.*	22,100	706,316			
EMC Corp.*	65,300	683,691			
Hewlett-Packard Co.	119,000	2,534,700			
International Business Machines Corp.	64,100	5,288,250			
Storage Technology Corp.*	68,600	1,765,764			
Western Digital Corp.*	24,700	254,410			
		11,233,131			
Internet Software & Services 0.2%					
Yahoo!, Inc.*	11,600	380,016			
IT Consulting & Services 0.4%					
Axiom Corp.*	59,000	890,310			
Semiconductor Equipment & Products 3.9%					
Altera Corp.*	31,200	511,680			
Intel Corp.	233,600	4,855,142			
MEMC Electronic Materials, Inc.*	42,000	411,600			
Silicon Laboratories, Inc.*	23,900	636,696			
Texas Instruments, Inc.	44,600	784,960			
Xilinx, Inc.*	56,900	1,440,139			
		8,640,217			

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

	Shares	Value (\$)
Software 3.1%		
Compuware Corp.*	95,800	552,766
Electronic Arts, Inc.*	10,700	791,693
Microsoft Corp.	185,300	4,745,533
Oracle Corp.*	59,500	715,190
		6,805,182
Materials 2.3%		
Chemicals 0.6%		
Praxair, Inc.	9,700	582,970
Sigma-Aldrich Corp.	14,000	758,520
		1,341,490
Containers & Packaging 1.7%		
Ball Corp.	57,400	2,612,274
Owens-Illinois, Inc.	85,900	1,182,843
		3,795,117

Telecommunication Services 5.0%		
Diversified Telecommunication Services 3.2%		
BellSouth Corp.	11,100	295,593
SBC Communications, Inc.	25,400	648,970
Sprint Corp.	117,400	1,690,560
Verizon Communications, Inc.	112,100	4,422,345
		7,057,468

	Shares	Value (\$)
Wireless Telecommunication Services 1.8%		
AT&T Wireless Services, Inc.*	238,200	1,955,622
Nextel Communications, Inc. "A"*	115,500	2,088,240
		4,043,862
Utilities 2.4%		
Electric Utilities		
Dominion Resources, Inc.	26,400	1,696,728
Edison International*	24,600	404,178
Entergy Corp.	22,100	1,166,438
Exelon Corp.	23,600	1,411,516
Southern Co.	18,400	573,344
		5,252,204
Total Common Stocks (Cost \$196,936,482)		213,910,787

	Principal Amount (\$)	Value (\$)
US Treasury Obligations 0.3%		
US Treasury Bill, 0.8%** 7/24/2003 (c) (Cost \$644,545)	645,000	644,658

	Shares	Value (\$)
Cash Equivalents 2.9%		
Scudder Cash Management QP Trust, 1.15% (b) (Cost \$6,516,866)	6,516,866	6,516,866
Total Investment Portfolio — 100.0% (Cost \$204,097,893) (a)		221,072,311

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 \$204,761,044. At June 30, 2003, net unrealized appreciation for all securities based on tax cost was \$16,311,267. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$21,133,160 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$4,821,893.

(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, 2003, this security, in part or in whole, has been segregated to cover initial margin requirements for open futures contracts.

At June 30, 2003, open futures contracts purchased were as follows:

Futures	Expiration Date	Contracts	Aggregate Face Value (\$)	Value (\$)	Unrealized Appreciation (Depreciation) (\$)
S&P 500 Index Future	9/19/2003	27	6,783,762	6,569,775	(213,987)
Total net unrealized depreciation on open futures contracts purchased					(213,987)

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

Financial Statements

Statement of Assets and Liabilities as of June 30, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$197,581,027)	\$ 214,555,445
Investment in Scudder Cash Management QP Trust (cost \$6,516,866)	6,516,866
Dividends receivable	10,000
Interest receivable	251,497
Receivable for Portfolio shares sold	88,444
Other assets	1,900
Total assets	221,424,152

Liabilities

Payable for Portfolio shares redeemed	156,001
Accrued management fee	121,187
Other accrued expenses and payables	30,167
Total liabilities	307,355
Net assets, at value	\$ 221,116,797

Net Assets

Net assets consist of:	
Undistributed net investment income	753,836
Net unrealized appreciation (depreciation) on:	
Investments	16,974,418
Futures	(213,987)
Accumulated net realized gain (loss)	(75,827,084)
Paid-in capital	279,429,614
Net assets, at value	\$ 221,116,797

Class A

Net Asset Value , offering and redemption price per share (\$214,733,506 ÷ 21,238,969 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 10.11
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Class B

Net Asset Value , offering and redemption price per share (\$6,383,291 ÷ 632,289 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 10.10
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$483)	\$ 1,481,493
Interest — Scudder Cash Management QP Trust	34,457
Interest	3,263
Total Income	1,519,213
Expenses:	
Management fee	628,470
Custodian fees	4,128
Distribution service fees (Class B)	3,058
Record keeping fees (Class B)	1,213
Auditing	14,741
Legal	3,208
Trustees' fees and expenses	2,240
Reports to shareholders	11,841
Other	6,586
Total expenses, before expense reductions	675,485
Expense reductions	(6)
Total expenses, after expense reductions	675,479
Net investment income (loss)	843,734

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(2,925,110)
Futures	(50,078)
	(2,975,188)
Net unrealized appreciation (depreciation) during the period on:	
Investments	22,031,985
Futures	(185,067)
	21,846,918
Net gain (loss) on investment transactions	18,871,730
Net increase (decrease) in net assets resulting from operations	\$ 19,715,464

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ 843,734	\$ 1,369,121
Net realized gain (loss) on investment transactions	(2,975,188)	(31,737,958)
Net unrealized appreciation (depreciation) on investment transactions during the period	21,846,918	(23,730,543)
Net increase (decrease) in net assets resulting from operations	19,715,464	(54,099,380)
Distributions to shareholders from:		
Net investment income		
Class A	(1,353,726)	(811,699)
Class B	(7,619)	—
Portfolio share transactions:		
Class A		
Proceeds from shares sold	44,719,393	30,297,497
Reinvestment of distributions	1,353,726	811,699
Cost of shares redeemed	(23,111,497)	(42,122,019)
Net increase (decrease) in net assets from Class A share transactions	22,961,622	(11,012,823)
Class B		
Proceeds from shares sold	5,659,869	390,999*
Reinvestment of distributions	7,619	—*
Cost of shares redeemed	(3,305)	(13)*
Net increase (decrease) in net assets from Class B share transactions	5,664,183	390,986
Increase (decrease) in net assets	46,979,924	(65,532,916)
Net assets at beginning of period	174,136,873	239,669,789
Net assets at end of period (including undistributed net investment income of \$753,836 and \$1,271,447, respectively)	\$ 221,116,797	\$ 174,136,873
Other Information		
Class A		
Shares outstanding at beginning of period	18,535,421	19,851,259
Shares sold	5,004,089	2,729,968
Shares issued to shareholders in reinvestment of distributions	150,749	66,642
Shares redeemed	(2,451,290)	(4,112,448)
Net increase (decrease) in Portfolio shares	2,703,548	(1,315,838)
Shares outstanding at end of period	21,238,969	18,535,421
Class B		
Shares outstanding at beginning of period	40,975	—
Shares sold	590,844	40,976*
Shares issued to shareholders in reinvestment of distributions	848	—*
Shares redeemed	(378)	(1)*
Net increase (decrease) in Portfolio shares	591,314	40,975
Shares outstanding at end of period	632,289	40,975

* For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001	2000 ^b	1999 ^b	1998 ^b
Selected Per Share Data						
Net asset value, beginning of period	\$ 9.37	\$ 12.07	\$ 14.41	\$ 15.69	\$ 12.60	\$ 11.15
<i>Income (loss) from investment operations:</i>						
Net investment income (loss)	.04 ^c	.07 ^c	.05 ^c	.07 ^c	.09 ^c	.10
Net realized and unrealized gain (loss) on investment transactions	.76	(2.73)	(2.33)	(1.29)	3.08	1.45
Total from investment operations	.80	(2.66)	(2.28)	(1.22)	3.17	1.55
<i>Less distributions from:</i>						
Net investment income	(.06)	(.04)	(.06)	(.06)	(.08)	(.10)
Net asset value, end of period	\$ 10.11	\$ 9.37	\$ 12.07	\$ 14.41	\$ 15.69	\$ 12.60
Total Return (%)	8.65 ^{**}	(22.11)	(15.81)	(7.84)	25.24	13.84

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	215	174	240	228	185	78
Ratio of expenses before expense reductions (%)	.69 [*]	.69	.69	.71	.71	.76
Ratio of expenses after expense reductions (%)	.69 [*]	.69	.69	.71	.70	.76
Ratio of net investment income (loss) (%)	.88 [*]	.65	.42	.44	.67	1.18
Portfolio turnover rate (%)	183 [*]	195	118	86	64	102

^a For the six months ended June 30, 2003 (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.

^c Based on average shares outstanding during the period.

* Annualized ** Not annualized

Class B

	2003 ^a	2002 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 9.35	\$ 10.28
<i>Income (loss) from investment operations:</i>		
Net investment income (loss) ^c	.02	.03
Net realized and unrealized gain (loss) on investment transactions	.77	(.96)
Total from investment operations	.79	(.93)
<i>Less distributions from:</i>		
Net investment income	(.04)	—
Net asset value, end of period	\$ 10.10	\$ 9.35
Total Return (%)	8.50 ^{**}	(9.05) ^{**}

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	6	.4
Ratio of expenses (%)	1.04 [*]	.94 [*]
Ratio of net investment income (loss) (%)	.53 [*]	.61 [*]
Portfolio turnover rate (%)	183 [*]	195

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

^c Based on average shares outstanding during the period.

* Annualized ** Not annualized

Scudder Contrarian Value Portfolio

Scudder Contrarian Value Portfolio gained 12.39% (Class A shares) over the last six months, advancing more than the broad market as measured by the S&P 500 index, an unmanaged group of stocks generally representative of the US stock market. The portfolio also fared better than its Russell 1000 Value Index benchmark, which measures the performance of large companies with lower price-to-book ratios and lower forecasted growth values than the overall market, which returned 11.57%.

Our active management style and low price-to-earnings (P/E) contrarian value discipline were important drivers of performance. Financial services stocks added to gains, as did the portfolio's well-diversified group of technology stocks. A lack of telecommunications exposure also helped performance on a relative basis, as that sector remained volatile.

Declining consumer confidence and poor winter weather caused retail stocks to struggle during much of the period. However, these stocks reversed course in May and June. On a relative basis, the portfolio lost ground to its benchmark by not owning any utility stocks — a sector that posted strong performance, but whose valuations do not generally fit out investment criteria.

The portfolio comprises solid companies with projected earnings growth that is faster than the market, valuations that are lower than the market and current dividend income that is materially higher. While the market has rallied strongly over the last several months, there remains a large pool of attractively valued, quality stocks that fit within contrarian philosophy. We will continue to be diligent and attempt to improve quality further, as well as seek to enhance earnings growth and dividend yield.

Thomas F. Sassi
Frederick L. Gaskin
Co-Managers
Deutsche Investment Management Americas Inc.

Russell 1000 Value Index is an unmanaged index, which consists of those stocks in the Russell 1000 Index with lower price-to-book ratios and lower forecasted-growth values. Index returns assume reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an 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 reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an index.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

Scudder Contrarian Value Portfolio

	Shares	Value (\$)		Shares	Value (\$)
Common Stocks 91.9%					
Consumer Discretionary 7.1%					
Multiline Retail 5.5%					
J.C. Penny Co., Inc.	83,000	1,398,550			
Nordstrom, Inc.	131,000	2,557,120			
Sears, Roebuck & Co.	151,500	5,096,460			
Target Corp.	94,000	3,556,960			
		12,609,090			
Textiles, Apparel & Luxury Goods 1.6%					
The Limited, Inc.	243,400	3,772,700			
Consumer Staples 3.4%					
Food Products					
ConAgra Foods, Inc.	70,000	1,652,000			
McDonald's Corp.	140,000	3,088,400			
Sara Lee Corp.	157,200	2,956,932			
		7,697,332			
Energy 8.3%					
Oil & Gas					
BP PLC (ADR)	96,644	4,060,981			
ChevronTexaco Corp.	49,600	3,581,120			
ConocoPhillips	94,400	5,173,120			
ExxonMobil Corp.	175,100	6,287,841			
		19,103,062			
Financials 32.0%					
Banks 24.0%					
AmSouth Bancorp.	190,000	4,149,600			
Bank of America Corp.	58,906	4,655,341			
BB&T Corp.	67,000	2,298,100			
Fifth Third Bancorp.	20,000	1,146,800			
FleetBoston Financial Corp.	206,400	6,132,144			
J.P. Morgan Chase & Co.	264,700	9,047,446			
KeyCorp.	74,000	1,869,980			
National City Corp.	107,900	3,529,409			
North Fork Bancorp., Inc.	35,000	1,192,100			
PNC Financial Services Group	137,400	6,706,494			
SunTrust Banks, Inc.	52,700	3,127,218			
US Bancorp.	222,000	5,439,000			
Wachovia Corp.	148,100	5,918,076			
		55,211,708			
Diversified Financials 5.0%					
Citigroup, Inc.	109,500	4,686,600			
Fannie Mae	52,000	3,506,880			
Freddie Mac	51,400	2,609,578			
Morgan Stanley	15,000	641,250			
		11,444,308			
Insurance 3.0%					
Allstate Corp.	32,000	1,140,800			
American International Group, Inc.	20,000	1,103,600			
Chubb Corp.	48,200	2,892,000			
Jefferson-Pilot Corp.	40,100	1,662,546			
		6,798,946			
Health Care 12.7%					
Health Care Equipment & Supplies 2.5%					
Baxter International, Inc.	219,500	5,707,000			
Pharmaceuticals 10.2%					
Abbott Laboratories	86,000	3,763,360			
Bristol-Myers Squibb Co.	248,900	6,757,635			
Johnson & Johnson	22,000	1,137,400			
Merck & Co., Inc.	76,200	4,613,910			
Pfizer, Inc.	90,000	3,073,500			
Wyeth	88,700	4,040,285			
		23,386,090			
Industrials 11.0%					
Aerospace & Defense 4.0%					
Honeywell International, Inc.	165,100	4,432,935			
Raytheon Co.	87,700	2,880,068			
United Technologies Corp.	24,900	1,763,667			
		9,076,670			
Commercial Services & Supplies 2.1%					
Automatic Data Processing, Inc.	87,000	2,945,820			
Pitney Bowes, Inc.	50,400	1,935,864			
		4,881,684			
Electrical Equipment 2.1%					
Emerson Electric Co.	96,000	4,905,600			
Industrial Conglomerates 2.8%					
General Electric Co.	94,800	2,718,864			
Textron, Inc.	96,600	3,769,332			
		6,488,196			
Information Technology 9.1%					
Communications Equipment 0.5%					
QUALCOMM, Inc.	35,000	1,251,250			
Computers & Peripherals 1.9%					
EMC Corp.*	101,000	1,057,470			
Hewlett-Packard Co.	77,297	1,646,426			
International Business Machines Corp.	19,200	1,584,000			
		4,287,896			
Electronic Equipment & Instruments 3.1%					
Diebold, Inc.	56,000	2,422,000			
Waters Corp.*	160,000	4,660,800			
		7,082,800			
Semiconductor Equipment & Products 3.6%					
Applied Materials, Inc.*	113,800	1,804,868			
Intel Corp.	232,700	4,836,437			
Texas Instruments, Inc.	89,000	1,566,400			
		8,207,705			

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

	Shares	Value (\$)
Materials 7.3%		
Chemicals 2.9%		
Dow Chemical Co.	172,300	5,334,408
Rohm & Haas Co.	43,000	1,334,290
		<u>6,668,698</u>
Containers & Packaging 2.7%		
Sonoco Products Co.	259,200	6,225,984
Metals & Mining 1.7%		
Alcoa, Inc.	148,100	3,776,550

	Shares	Value (\$)
Telecommunication Services 1.0%		
Diversified Telecommunication Services		
SBC Communications, Inc.	89,700	2,291,835
Total Common Stocks (Cost \$203,455,084)		210,875,104
Cash Equivalents 8.1%		
Scudder Cash Management QP Trust, 1.15% (b) (Cost \$18,630,886)	18,630,886	18,630,886
Total Investment Portfolio — 100.0% (Cost \$222,085,970) (a)		229,505,990

Notes to Scudder Contrarian Value Portfolio of Investments

* Non-income producing security.

(a) The cost for federal income tax purposes was \$223,830,715. At June 30, 2003, net realized appreciation for all securities based on tax cost was \$5,675,275. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$17,280,154 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$11,604,879.

(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, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$203,455,084)	\$ 210,875,104
Investment in Scudder Cash Management QP Trust (cost \$18,630,886)	18,630,886
Dividends receivable	409,772
Receivable for Portfolio shares sold	69,047
Total assets	229,984,809

Liabilities

Payable for investments purchased	1,084,491
Receivable for Portfolio shares redeemed	67,075
Accrued management fee	152,600
Other accrued expenses and payables	43,531
Total liabilities	1,347,697
Net assets, at value	\$ 228,637,112

Net Assets

Net assets consist of:	
Undistributed net investment income	\$ 1,955,411
Net unrealized appreciation (depreciation) on investments	7,420,020
Accumulated net realized gain (loss)	(46,781,395)
Paid-in capital	266,043,076
Net assets, at value	\$ 228,637,112

Class A

Net Asset Value , offering and redemption price per share (\$223,071,875 ÷ 18,068,533 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 12.35
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Class B

Net Asset Value , offering and redemption price per share (\$5,565,237 ÷ 450,541 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 12.35
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$9,137)	\$ 2,838,056
Interest — Scudder Cash Management QP Trust	66,099
Total Income	2,904,155
Expenses:	
Management fee	790,995
Custodian fees	6,721
Distribution service fees (Class B)	2,901
Record keeping fees (Class B)	1,076
Auditing	17,433
Legal	7,234
Trustees' fees and expenses	1,885
Reports to shareholders	14,923
Other	7,194
Total expenses, before expense reductions	850,362
Expense reductions	(7)
Total expenses, after expense reductions	850,355
Net investment income (loss)	2,053,800

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	(8,597,062)
Net unrealized appreciation (depreciation) during the period on investments	31,730,553
Net gain (loss) on investment transactions	23,133,491
Net increase (decrease) in net assets resulting from operations	\$ 25,187,291

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ 2,053,800	\$ 4,585,675
Net realized gain (loss) on investment transactions	(8,597,062)	(15,937,183)
Net unrealized appreciation (depreciation) on investment transactions during the period	31,730,553	(30,380,752)
Net increase (decrease) in net assets resulting from operations	25,187,291	(41,732,260)
Distributions to shareholders from:		
Net investment income		
Class A	(4,338,949)	(3,673,679)
Class B	(34,467)	—
Portfolio share transactions:		
Class A		
Proceeds from shares sold	10,276,469	51,424,489
Reinvestment of distributions	4,338,949	3,673,679
Cost of shares redeemed	(26,826,295)	(51,711,686)
Net increase (decrease) in net assets from Class A share transactions	(12,210,877)	3,386,482
Class B		
Proceeds from shares sold	4,657,100	516,615*
Reinvestment of distributions	34,467	—*
Cost of shares redeemed	(38,438)	(28)*
Net increase (decrease) in net assets from Class B share transactions	4,653,129	516,587
Increase (decrease) in net assets	13,256,127	(41,502,870)
Net assets at beginning of period	215,380,985	256,883,855
Net assets at end of period (including undistributed net investment income of \$1,955,411 and \$4,275,027, respectively)	\$ 228,637,112	\$ 215,380,985

Other Information

Class A		
Shares outstanding at beginning of period	19,122,645	19,168,291
Shares sold	900,833	4,009,357
Shares issued to shareholders in reinvestment of distributions	417,608	265,248
Shares redeemed	(2,372,553)	(4,320,251)
Net increase (decrease) in Portfolio shares	(1,054,112)	(45,646)
Shares outstanding at end of period	18,068,533	19,122,645
Class B		
Shares outstanding at beginning of period	44,927	—
Shares sold	405,398	44,930*
Shares issued to shareholders in reinvestment of distributions	3,314	—*
Shares redeemed	(3,098)	(3)*
Net increase (decrease) in Portfolio shares	405,614	44,927
Shares outstanding at end of period	450,541	44,927

* For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

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

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001	2000 ^b	1999 ^b	1998 ^b
Selected Per Share Data						
Net asset value, beginning of period	\$ 11.24	\$ 13.40	\$ 13.40	\$ 14.70	\$ 17.57	\$ 15.18
<i>Income (loss) from investment operations:</i>						
Net investment income (loss)	.11 ^c	.23 ^c	.23 ^c	.30 ^c	.37 ^c	.26
Net realized and unrealized gain (loss) on investment transactions	1.24	(2.20)	.01	1.40	(1.94)	2.63
Total from investment operations	1.35	(1.97)	.24	1.70	(1.57)	2.89
<i>Less distributions from:</i>						
Net investment income	(.24)	(.19)	(.24)	(.40)	(.30)	(.10)
Net realized gains on investment transactions	—	—	—	(2.60)	(1.00)	(.40)
Total distributions	(.24)	(.19)	(.24)	(3.00)	(1.30)	(.50)
Net asset value, end of period	\$ 12.35	\$ 11.24	\$ 13.40	\$ 13.40	\$ 14.70	\$ 17.57
Total Return (%)	12.39**	(14.98)	1.87	16.13	(10.21)	19.26
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	223	215	257	219	237	264
Ratio of expenses before expense reductions (%)	.80*	.79	.79	.80	.81	.78
Ratio of expenses after expense reductions (%)	.80*	.79	.79	.80	.80	.78
Ratio of net investment income (loss) (%)	1.95*	1.84	1.75	2.55	2.14	2.02
Portfolio turnover rate (%)	60*	84	72	56	88	57

^a For the six months ended June 30, 2003 (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.

^c Based on average shares outstanding during the period.

* Annualized

** Not annualized

Class B

	2003 ^a	2002 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 11.23	\$ 12.77
<i>Income (loss) from investment operations:</i>		
Net investment income (loss) ^c	.09	.15
Net realized and unrealized gain (loss) on investment transactions	1.24	(1.69)
Total from investment operations	1.33	(1.54)
<i>Less distributions from:</i>		
Net investment income	(.21)	—
Net asset value, end of period	\$ 12.35	\$ 11.23
Total Return (%)	12.20**	(12.06)**
Ratios to Average Net Assets and Supplemental Data		
Net assets, end of period (\$ millions)	6	.5
Ratio of expenses (%)	1.14*	1.04*
Ratio of net investment income (loss) (%)	1.61*	2.74*
Portfolio turnover rate (%)	60*	84**

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

^c Based on average shares outstanding during the period.

* Annualized ** Not annualized

Scudder Fixed Income Portfolio

The combination of a still-struggling US economy, war with Iraq and changes to the federal funds rate resulted in a volatile bond market in the first six months of the year. Although some investors expected the Federal Reserve Board to reduce the federal funds rate by 50 basis points at its June meeting, the reduction was only 25 basis points. This reduction was the thirteenth since the beginning of 2001 and brought the federal funds rate to 1% — a level not seen since the 1950s. In this environment, the portfolio returned 4.44% (Class A shares) versus its benchmark, the Lehman Brothers Aggregate Bond Index, which gained 3.93%.

Our bottom-up investment strategy, including the effective selection of strong-performing securities, led to strong absolute results for the period. The portfolio's percentage of assets in corporate bonds increased over the period, as did its exposure to the lower-quality portion of the investment-grade corporate sector. This move helped boost the portfolio's results, as investors in search of higher yields favored such bonds. Additionally, the portfolio's allocation to the high-yield corporate sector, which performed extremely well, aided results. The portfolio's stake in asset-backed securities also aided results, while mortgage-backed securities were fairly flat in the period. Additionally, the portfolio's overall allocation to US Treasury bonds experienced a corresponding decline simply as a function of the increase in corporate bonds. That reduction proved timely, since Treasury, though posting positive returns, trailed other areas of the bond market.

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Gary W. Bartlett	Warren S. Davis
Daniel R. Taylor	Thomas Flaherty
Andrew P. Cestone	Timothy C. Vile

Co-Managers
Deutsche Investment Management Americas Inc.

The Lehman Brothers Aggregate Bond Index is an unmanaged market value-weighted measure of treasury issues, agency issues, corporate bond issues and mortgage securities. Index returns assume reinvested dividends and capital gains and do not reflect any fees or expenses; investors cannot directly access an index.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

Scudder Fixed Income Portfolio

	Principal Amount (\$)	Value (\$)		Principal Amount (\$)	Value (\$)
Corporate Bonds 22.8%					
Consumer Discretionary 4.7%					
American Achieve Corp., 11.625%, 1/1/2007	50,000	53,500	Remington Arms Co., 10.5%, 2/1/2011	50,000	52,250
Boca Resorts, Inc., 9.875%, 4/15/2009	85,000	91,588	Schuler Homes, Inc.: 9.375%, 7/15/2009	135,000	152,550
Boyd Gaming Corp., 7.75%, 12/15/2012	50,000	53,063	10.5%, 7/15/2011	55,000	63,250
Buffets, Inc., 11.25%, 7/15/2010	50,000	49,500	Service Corp. International, 7.7%, 4/15/2009	50,000	51,000
Central Garden & Pet Co., 9.125%, 2/1/2013	50,000	53,250	Sinclair Broadcast Group, Inc.: 8.0%, 3/15/2012	50,000	52,875
Choctaw Resort Development Enterprises, 9.25%, 4/1/2009	80,000	86,300	8.0%, 3/15/2012	50,000	53,375
Chumash Casino & Resort Enterprise, 9.0%, 7/15/2010	55,000	59,400	8.75%, 12/15/2011	75,000	82,313
Circus & Eldorado, 10.125%, 3/1/2012	50,000	49,125	Six Flags, Inc., 8.875%, 2/1/2010	70,000	67,200
Comcast Cable Communications: 6.2%, 11/15/2008	570,000	641,856	Sonic Automotive, Inc., 11.0%, 8/1/2008	80,000	84,800
6.375%, 1/30/2006	375,000	409,216	Starwood Hotels, 7.875%, 5/1/2012	70,000	76,650
6.875%, 6/15/2009	620,000	716,803	Time Warner, Inc.: 7.57%, 2/1/2024	435,000	492,359
Comcast Corp.: 5.5%, 3/15/2011	90,000	96,219	7.75%, 6/15/2005	595,000	653,290
7.05%, 3/15/2033	650,000	721,921	8.11%, 8/15/2006	2,000,000	2,299,376
CSC Holdings, Inc., 7.875%, 12/15/2007	75,000	76,688	Transwestern Publishing, Series F, 9.625%, 11/15/2007	80,000	83,400
Dex Media East LLC/ Financial, 12.125%, 11/15/2012	70,000	82,775	Unisys Corp., 6.875%, 3/15/2010	55,000	57,200
DIMON, Inc., Series B, 9.625%, 10/15/2011	195,000	214,500	Wheeling Island Gaming, Inc., 10.125%, 12/15/2009	80,000	80,500
EchoStar Communications Corp., 9.375%, 2/1/2009	90,000	95,963	Worldspan LP/ WS Finance Corp., 9.625%, 6/15/2011	55,000	56,650
Eldorado Resorts LLC, 10.5%, 8/15/2006	50,000	51,000			12,578,420
Finlay Fine Jewelry Corp., 8.375%, 5/1/2008	55,000	56,925	Consumer Staples 0.1%		
General Motors Corp.: 8.25%, 7/15/2023	860,000	859,465	AgriLink Foods, Inc., 11.875%, 11/1/2008	65,000	70,038
8.375%, 7/15/2033	2,015,000	1,976,917	Elizabeth Arden, Inc., Series B, 11.75%, 2/1/2011	80,000	89,200
Herbst Gaming, Inc., 10.75%, 9/1/2008	125,000	137,813	Salton, Inc., 10.75%, 12/15/2005	50,000	50,250
Hines Horticulture, Inc., Series B, 12.75%, 10/15/2005	50,000	52,500	Stater Brothers Holdings, Inc., 10.75%, 8/15/2006	70,000	73,675
International Game Technology, 8.375%, 5/15/2009	135,000	165,619	Swift & Co., 10.125%, 10/1/2009	50,000	52,000
Intrawest Corp., 10.5%, 2/1/2010	55,000	59,125			335,163
Jacobs Entertainment Co., 11.875%, 2/1/2009	50,000	53,188	Energy 2.0%		
Jacuzzi Brands, Inc., 9.625%, 7/1/2010	50,000	50,000	Avista Corp., 9.75%, 6/1/2008	275,000	319,000
Jafrá Cosmetics International, Inc., 10.75%, 5/15/2011	50,000	52,250	Citgo Petroleum Corp., 11.375%, 2/1/2011	170,000	189,550
Laidlaw International, Inc., 10.75%, 6/15/2011	50,000	52,500	Devon Energy Corp., 7.95%, 4/15/2032	825,000	1,061,925
Lin Television Corp., 6.5%, 5/15/2013	50,000	49,875	Devon Financing Corp., 7.875%, 9/30/2031	220,000	279,358
MGM Mirage, Inc., 9.75%, 6/1/2007	135,000	153,225	Houston Exploration Co., 7.0%, 6/15/2013	50,000	51,625
Park Place Entertainment Corp.: 8.875%, 9/15/2008	575,000	633,938	National Fuel Gas Co., 5.25%, 3/1/2013	845,000	878,912
9.375%, 2/15/2007	100,000	110,750	Newpark Resources, Inc., 8.625%, 12/15/2007	50,000	51,250
Primedia, Inc., 8.875%, 5/15/2011	50,000	52,625	Panhandle Eastern Pipe Line, 7.95%, 3/15/2023	65,000	67,275
			Parker Drilling Co., Series B, 10.125%, 11/15/2009	70,000	75,600
			Pedernales Electric Coop, Series 02-A, 6.202%, 11/15/2032	1,715,000	1,848,924
			Pioneer Natural Resources Co.: 6.5%, 1/15/2008	105,000	114,358
			9.625%, 4/1/2010	80,000	99,190

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

	Principal Amount (\$)	Value (\$)
Southern Natural Gas, 8.875%, 3/15/2010	50,000	54,500
Stone Energy Corp., 8.75%, 9/15/2007	55,000	57,063
Trico Marine Services, 8.875%, 5/15/2012	50,000	43,000
Westar Energy, Inc., 7.875%, 5/1/2007	75,000	83,813
Westport Resources Corp., 8.25%, 11/1/2011	160,000	175,200
Williams Cos., Inc., 8.625%, 6/1/2010	60,000	62,700
		5,513,243

Financials 7.4%

Ahold Finance USA, Inc., 6.25%, 5/1/2009	90,000	83,925
Allstate Corp., 5.35%, 6/1/2033	1,805,000	1,763,411
American International Group, Inc., 4.25%, 5/15/2013	1,015,000	1,012,928
Americredit Corp., 9.875%, 4/15/2006	65,000	63,700
Arch Western Finance, 6.75%, 7/1/2013	50,000	51,250
ASIF Global Finance, 4.9%, 1/17/2013	2,425,000	2,525,252
CBRE Escrow, Inc., 9.75%, 5/15/2010	50,000	52,563
Citigroup, Inc., 6.875%, 2/15/2098	1,335,000	1,600,378
Enterprise Rent-A-Car USA Finance Co., 7.35%, 6/15/2008	1,250,000	1,462,861
ERP Operating LP, 6.63%, 4/13,2005	1,085,000	1,167,394
Farmers Insurance Exchange, 8.625%, 5/1/2024	50,000	48,750
Ford Motor Credit Co.:		
6.875%, 2/1/2006	1,215,000	1,288,629
7.5%, 3/15/2005	125,000	132,834
General Electric Capital Corp., 5.45%, 1/15/2013	155,000	167,887
General Motors Nova Finance, 6.85%, 10/15/2008	295,000	309,735
HSBC Holdings, Inc., 5.25%, 12/12/2012	875,000	933,203
IOS Capital LLC, 7.25%, 6/30/2008	50,000	48,875
LaBranche & Co., Inc., 12.0%, 3/2/2007	145,000	165,300
LNR Property Corp., 7.625%, 7/15/2013	50,000	50,572
Ohio National Life Insurance, 8.5%, 5/15/2026	275,000	337,437
PEI Holdings, Inc., 11.0%, 3/15/2010	50,000	55,125
PNC Funding Corp., 5.75%, 8/1/2006	870,000	959,910
Prudential Financial, Inc., 4.5%, 7/15/2013	1,930,000	1,926,738
R.H. Donnelly Finance Corp., 10.875%, 12/15/2012	50,000	58,250
Thornburg Mortgage, Inc., 8.0%, 5/15/2013	80,000	81,600
Verizon Global Funding Corp., 7.25%, 12/1/2010	1,840,000	2,209,720
Wachovia Corp., 7.5%, 7/15/2006	155,000	179,355
Wells Fargo & Co., 7.55%, 6/21/2010	1,000,000	1,232,726
		19,970,308

Health Care 1.1%

Amerisourcebergen Corp., 7.25%, 11/15/2012	95,000	103,075
Health Care Service Corp., 7.75%, 6/15/2011	2,330,000	2,778,777

Tenet Healthcare Corp.:		
6.375%, 12/1/2011	90,000	83,250
7.375%, 2/1/2013	75,000	72,375
		3,037,477

Industrials 2.7%

Allied Waste North America, Inc.:		
7.875%, 4/15/2013	60,000	62,775
Series B, 8.5%, 12/1/2008	85,000	91,375
Series B, 10.0%, 8/1/2009	185,000	196,563
AutoNation, Inc., 9.0%, 8/1/2008	120,000	133,200
Avondale Mills, Inc., 10.25%, 7/1/2013	70,000	70,000
Browning-Ferris Industries, 7.4%, 9/15/2035	50,000	46,000
Collins & Aikman Floor Cover, Series B, 9.75%, 2/15/2010	50,000	52,250
Corrections Corp. of America, 9.875%, 5/1/2009	50,000	55,813
CP Ships Ltd., 10.375%, 7/15/2012	60,000	66,975
Dana Corp.:		
7.0%, 3/1/2029	65,000	56,631
9.0%, 8/15/2011	50,000	54,125
10.125%, 3/15/2010	50,000	55,125
Day International Group, Inc., 11.125%, 6/1/2005	50,000	50,500
Delta Air Lines, Inc., Series 02-1, 6.417%, 7/2/2012	3,410,000	3,689,297
Esterline Technologies, 7.75%, 6/15/2013	50,000	51,250
Flextronics International Ltd., 6.5%, 5/15/2013	125,000	120,313
General Motors Corp., 7.2%, 1/15/2011	70,000	70,555
Golden State Petroleum Transportation, 8.04%, 2/1/2019	50,000	48,127
Hercules, Inc., 11.125%, 11/15/2007	175,000	203,875
Hornbeck Offshore Services, Inc., 10.625%, 8/1/2008	50,000	55,125
ISP Chemco, Inc., Series B, 10.25%, 7/1/2011	60,000	67,800
Kansas City Southern:		
7.5%, 6/15/2009	50,000	51,813
9.5%, 10/1/2008	70,000	77,788
Millennium America, Inc.:		
7.0%, 11/15/2006	220,000	222,200
9.25%, 6/15/2008	100,000	107,500
Mobile Mini, Inc., 9.5%, 7/1/2013	50,000	51,750
Overseas Shipholding Group, 8.75%, 12/1/2013	50,000	53,500
Raytheon Co., 8.2%, 3/1/2006	1,155,000	1,332,592
Tech Olympic USA, Inc., 10.375%, 7/1/2012	50,000	53,250
Xerox Corp., 9.75%, 1/15/2009	100,000	112,500
		7,360,567

Information Technology 0.0%

Cooperative Computing, 10.5%, 6/15/2011	50,000	51,250
Titan Corp., 8.0%, 5/15/2011	50,000	53,000
		104,250

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	Principal Amount (\$)	Value (\$)
Materials 0.9%		
Abitibi-Consolidated Finance, 7.875%, 8/1/2009	55,000	61,050
ARCO Chemical Co.: 9.8%, 2/1/2020	100,000	88,000
10.25%, 11/1/2010	55,000	52,800
Caraustar Industries, Inc., 9.875%, 4/1/2011	85,000	90,525
Cascades, Inc., 7.25%, 2/15/2013	105,000	110,513
CBD Media/CBD Finance, 8.625%, 6/1/2011	50,000	51,500
Equistar Chemical/ Funding Corp., 10.625%, 5/1/2011	50,000	51,250
Equistar Chemicals LP, 8.75%, 2/15/2009	395,000	383,150
Georgia-Pacific Corp.:		
7.7%, 6/15/2015	100,000	96,250
8.0%, 1/15/2014	50,000	50,938
8.875%, 2/1/2010	60,000	65,100
8.875%, 5/15/2013	200,000	196,000
9.375%, 2/1/2013	70,000	77,175
Louisiana Pacific Corp., 10.875%, 11/15/2008	50,000	57,000
Owens-Brockway Glass Container, 8.25%, 5/15/2013	70,000	73,150
Texas Industries, Inc., 10.25%, 6/15/2011	65,000	67,925
Toll Corp., 8.25%, 2/1/2011	60,000	66,900
United States Steel LLC, 9.75%, 5/15/2010	50,000	50,750
Weyerhaeuser Co., 7.375%, 3/15/2012	630,000	724,198
		2,414,174
Telecommunication Services 0.5%		
Nextel Communications, Inc., 9.5%, 2/1/2011	125,000	138,438
Qwest Services Corp., 5.625%, 11/15/2008	185,000	177,600
Shaw Communications, Inc., 8.25%, 4/11/2010	75,000	83,438
Sprint Capital Corp., 8.375%, 3/15/2012	80,000	95,785
Telecom de Puerto Rico, 6.8%, 5/15/2009	625,000	712,583
		1,207,844
Utilities 3.4%		
AEP Texas Central Co., 5.5%, 2/15/2013	1,105,000	1,178,875
Alabama Power Co., 7.125%, 8/15/2004	1,000,000	1,064,275
American Electric Power, 6.125%, 5/15/2006	860,000	942,691
Centerior Energy Corp., Series B, 7.13%, 7/1/2007	1,490,000	1,715,789
CMS Energy Corp.:		
7.5%, 1/15/2009	145,000	143,369
8.5%, 4/15/2011	90,000	93,938
Consumers Energy Co., 4.0%, 5/15/2010	1,175,000	1,171,222

	Principal Amount (\$)	Value (\$)
El Paso Production Holding Corp., 7.75%, 6/1/2013	75,000	74,813
PG&E Corp., 6.875%, 7/15/2008	50,000	51,875
Progress Energy, Inc., 6.75%, 3/1/2006	1,000,000	1,111,367
Reliant Resources, Inc.:		
9.25%, 7/15/2010	50,000	50,532
9.5%, 7/15/2013	50,000	50,625
TNP Enterprises, Inc., Series B, 10.25%, 4/1/2010	100,000	100,000
Western Resources, Inc., 9.75%, 5/1/2007	95,000	106,400
Xcel Energy, Inc., 7.0%, 12/1/2010	1,240,000	1,418,138
		9,273,909
Total Corporate Bonds (Cost \$58,213,480)		61,795,355

Convertible Bonds 0.1%

DIMON, Inc., 6.25%, 3/31/2007	50,000	46,500
Nortel Networks Corp., 4.25%, 9/1/2008	55,000	46,475
Parker Drilling Co., 5.5%, 8/1/2004	85,000	85,000
Total Convertible Bonds (Cost \$174,607)		177,975

Asset Backed 10.8%

Automobile Receivables 4.3%

AmeriCredit Automobile Receivables Trust: 4.23%, 10/6/2006	2,250,000	2,322,366
"A4", Series 2001-C, 5.01%, 7/14/2008	1,530,000	1,602,777
Household Automotive Trust "A4", Series 2003-1, 2.22%, 11/17/2002	2,315,000	2,324,844
MMCA Automobile Trust: "A4", Series 2002-4, 3.05%, 11/16/2009	1,150,000	1,175,892
"A4", Series 2002-2, 4.3%, 3/15/2010	2,385,000	2,425,049
WFS Financial Owner Trust "A4", Series 2002-2, 4.5%, 2/20/2010	1,540,000	1,619,820
		11,470,748

Home Equity Loans 1.2%

Oakwood Mortgage Investors, Inc. "A2", Series 2002-B, 5.19%, 9/15/2019	900,000	891,571
Residential Asset Securities Corp. "A16", Series 2000-KS1, 7.905%, 2/25/2011	2,219,158	2,404,918
		3,296,489

Manufactured Housing Receivables 0.8%

Conseco Finance Securitizations Corp. "A4", Series 2001-1, 6.21%, 7/1/2012	1,000,000	1,024,655
Green Tree Financial Corp. "A5", Series 1996-5, 7.05%, 1/15/2019	1,160,000	1,222,271
		2,246,926

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	Principal Amount (\$)	Value (\$)
Miscellaneous 4.5%		
Detroit Edison Securitization Funding LLC "A6", Series 2001-1, 6.62%, 3/1/2016	1,375,000	1,638,121
Federal Home Loan Mortgage Corp. "3A", Series T-41, 7.5%, 7/25/2032	615,655	686,648
PECO Energy Transition Trust "A1", Series 2001-A, 6.52%, 12/31/2010	1,790,000	2,118,024
PSE&G Transition Funding LLC: "A7", Series 2001-1, 6.75%, 6/15/2016	900,000	1,079,701
"A8", Series 2001-1, 6.89%, 12/15/2017	1,025,000	1,247,467
Systems 2001 Asset Trust LLC "G", Series 2001, 6.664%, 9/15/2013	2,691,486	3,030,024
US Airways Aircraft Certificate Owner Trust, 5.551%, 3/20/2012	2,245,000	2,352,760
		12,152,745
Total Asset Backed (Cost \$27,993,059)		29,166,908

Foreign Bonds — US\$ Denominated 4.6%

British Sky Broadcasting PLC: 6.875%, 2/23/2009	115,000	129,950
8.2%, 7/15/2009	115,000	136,275
Euramax International PLC, 11.25%, 10/1/2006	50,000	51,500
Fage Dairy Industry SA, 9.0%, 2/1/2007	75,000	74,250
Federative Republic of Brazil, 8.0%, 4/15/2014	116,982	103,237
France Telecom: 8.7%, 3/1/2006	640,000	730,029
9.25%, 3/1/2011	1,595,000	2,007,411
Grupo Elektra SA de CV, 12.0%, 4/1/2008	50,000	50,250
Inversiones CMPC SA, 4.875%, 6/18/2013	1,905,000	1,882,047
LeGrand SA, 8.5%, 2/15/2025	50,000	51,500
Luscar Coal Ltd., 9.75%, 10/15/2011	50,000	57,125
Norske Skog Canada, 8.625%, 6/15/2011	50,000	52,250
OAQ Gazprom, 9.625%, 3/1/2013	55,000	60,638
Petroleos Mexicanos, 9.5%, 9/15/2027	965,000	1,201,425
QBE Insurance Group Ltd., 5.647%, 7/1/2023	1,275,000	1,238,734
Royal Caribbean Cruises Ltd., 7.25%, 3/15/2018	50,000	45,125
Sappi Papier Holding AG, 7.5%, 6/15/2032	950,000	1,117,012
Stena AB, 9.625%, 12/1/2012	65,000	71,419
Stone Container Corp., 11.5%, 8/15/2006	50,000	53,375
Telus Corp., 8.0%, 6/1/2011	175,000	202,125
Tembec Industries, Inc.: 8.5%, 2/1/2011	95,000	94,050
8.625%, 6/30/2009	55,000	54,313
TFM SA de CV: 10.25%, 6/15/2007	95,000	97,138
12.5%, 6/15/2012	50,000	54,000
11.75%, 6/15/2009	120,000	122,400

Tyco International Group SA:

5.8%, 8/1/2006	1,275,000	1,316,438
6.125%, 11/1/2008	250,000	261,250
6.125%, 1/15/2009	155,000	161,200
6.375%, 2/15/2006	295,000	307,538
6.375%, 10/15/2011	65,000	68,575
Ukraine Government, 7.65%, 6/11/2013	50,000	49,750
United Mexican States, 6.375%, 1/16/2013	345,000	365,700
Vicap SA, 11.375%, 5/15/2007	85,000	76,500
Vivendi Universal SA, 9.25%, 4/15/2010	180,000	204,750

Total Foreign Bonds — US\$ Denominated (Cost \$12,025,088)

12,549,279

US Treasury Obligations 21.9%

US Treasury Bond:

5.375%, 2/15/2031	75,000	84,454
6.0%, 2/15/2026	7,220,000	8,630,441

US Treasury Note:

1.625%, 4/30/2005	33,180,000	33,397,727
2.125%, 10/31/2004	6,697,000	6,786,204
5.0%, 8/15/2011	75,000	84,129
6.125%, 8/15/2007	7,720,000	8,930,172

US Treasury STRIP:

Principal only, 3.88%*, 5/15/2013	140,000	95,801
Principal only, 5.12%*, 8/15/2026	3,811,000	1,200,168

Total US Treasury Obligations (Cost \$59,115,697)

59,209,096

US Government Agency Pass-Thrus 10.4%

Federal Home Loan Mortgage Corp., 5.0%, 7/1/2033 (e)	1,140,000	1,158,169
Federal National Mortgage Association: 4.5%, 7/1/2018 (d)	4,940,000	5,038,800
5.0%, 7/1/2018 (d)	1,035,000	1,068,960
5.0%, 7/1/2033 (e)	3,452,000	3,507,018
5.5%, 3/1/2018	428,971	445,618
5.5%, 3/1/2018	1,914,589	1,988,859
5.5%, 7/1/2033 (e)	2,560,000	2,645,601
5.78%, 10/1/2008	1,778,819	1,982,497
6.0%, 7/1/2017	1,205,317	1,258,052
6.0%, 11/1/2017	1,452,447	1,518,657
6.292%, 12/1/2008	1,796,298	2,028,006
6.31%, 6/1/2008	1,500,000	1,704,182
6.5%, 3/1/2017	423,588	446,860
6.5%, 5/1/2017	717,023	756,416
6.5%, 11/1/2024	861,649	903,674
6.5%, 8/1/2032	316,746	330,313
6.715%, 12/1/2007	1,054,459	1,203,082
8.0%, 9/1/2015	130,909	140,494

Total US Government Agency Pass-Thrus (Cost \$27,767,140)

28,125,258

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

	Principal Amount (\$)	Value (\$)		Principal Amount (\$)	Value (\$)
Collateralized Mortgage Obligations 18.7%					
ABN AMRO Mortgage Corp., Series 2002-3, 6.0%, 4/15/2017	615,876	623,965	"QN", Series 2001-51, 6.0%, 10/25/2016	1,550,000	1,655,129
Countrywide Home Loans, Series 2002-12, 6.0%, 8/25/2017	1,564,045	1,606,646	"VD", Series 2002-56, 6.0%, 4/25/2020	455,000	472,419
Federal Home Loan Mortgage Corp.:			"QE", Series 2001-64, 6.0%, 4/25/2027	1,640,000	1,669,984
"1A2B", Series T-48, 4.688%, 7/25/2022	940,000	979,380	"A", Series 2001-66, 6.0%, 6/25/2029	1,813,185	1,831,379
"HG", Series 2543, 4.75%, 9/15/2028	3,301,498	3,350,456	"B", Series 1999-32, 6.0%, 7/25/2029	595,000	617,380
"WM", Series 2391, 5.25%, 10/15/2019	1,572,220	1,572,151	"AN", Series 2000-27, 6.0%, 8/25/2030	490,000	503,535
"DB", Series 2483, 5.5%, 9/15/2012	1,985,000	2,001,872	"A2", Series 1998-M6, 6.32%, 8/15/2008	1,225,000	1,396,688
"PE", Series 2378, 5.5%, 11/15/2016	1,765,000	1,869,128	"HM", Series 2002-36, 6.5%, 12/25/2029	422,796	434,161
"CH", Series 2390, 5.5%, 12/15/2016	440,000	465,861	"A5", Series 2002-W4, 7.5%, 5/25/2042	606,670	677,006
"PE", Series 2512, 5.5%, 2/15/2022	45,000	48,552	"2A", Series 2002-W6, 7.5%, 6/25/2042	1,031,287	1,150,853
"PL", Series 2459, 5.5%, 6/15/2030	818,168	825,899	"1A3", Series 2003-W3, 7.5%, 8/25/2042	1,487,241	1,659,668
"PB", Series 2477, 5.5%, 8/15/2032	880,000	893,411	Master Asset Securitization Trust, Series 2003-6, 5.5%, 7/25/2033	2,345,000	2,388,969
"BD", Series 2453, 6.0%, 5/15/2017	1,050,000	1,115,876	Norwest Asset Securities Corp., "A4", Series 1999-26, 7.25%, 12/25/2029	355,256	356,083
"GA", Series 2366, 6.0%, 3/15/2029	3,609,688	3,645,335	PNC Mortgage Securities Corp., 6.75%, 5/25/2028	11,034	11,026
"DA", Series 2444, 6.5%, 2/15/2030	357,994	362,585	Residential Funding Mortgage Securities I, Series 2001-529, 5.5%, 12/26/2031	2,639,429	2,688,206
"PE", Series 2208, 7.0%, 12/15/2028	735,579	743,424	Wells Fargo Mortgage Backed Securities Trust, Series 2003-6, 5.0%, 6/25/2018	2,291,794	2,393,882
"A5", Series T-42, 7.5%, 2/25/2042	780,256	870,230	Total Collateralized Mortgage Obligations (Cost \$50,345,799)		50,484,672
Federal National Mortgage Association:					
"A2", Series 2003-63, 2.34%, 7/25/2044	330,000	328,350	Municipal Investments 4.1%		
"PU", Series 2003-33, 4.5%, 5/25/2033	1,919,135	1,976,092	Brockton, MA, Core City GO, Economic Development, Series A, 6.45%, 5/1/2017 (c)	1,530,000	1,768,252
"A2", Series 2002-W9, 4.7%, 8/25/2042	510,000	527,197	Illinois, Higher Education Revenue, 7.05%, 7/1/2009	1,410,000	1,686,064
"A2", Series 2002-W10, 4.7%, 8/25/2042	510,000	530,082	New York, State GO, Environmental Facilities Corp., Series B, 4.95%, 1/1/2013 (c)	1,500,000	1,578,990
"A2", Series 2002-W3, 5.5%, 10/25/2021	2,290,000	2,355,425	Oklahoma City Airport, Airport Revenue, 5.2%, 10/1/2012 (c)	1,430,000	1,526,168
"A2", Series 2002-60, 4.75%, 2/25/2044	500,000	519,444	Oregon, School District GO, School Board, Series A, Zero Coupon, 6/30/2017	3,830,000	1,870,764
5.0%, 7/1/2033	275,000	279,469	Trenton, NJ, School District GO, 4.3%, 4/1/2011	1,040,000	1,063,687
"PB", Series 2002-47, 5.5%, 9/25/2012	1,650,000	1,662,489	Portland, OR, Industrial Development Revenue, 3.35%, 6/15/2010	1,550,000	1,529,230
"PG", Series 2002-3, 5.5%, 2/25/2017	500,000	527,170	Total Municipal Investments (Cost \$10,406,712)		11,023,155
"QC", Series 2002-11, 5.5%, 3/15/2017	640,000	676,885			
"PA", Series 2001-48, 6.0%, 9/25/2013	220,944	220,930			

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	Shares	Value (\$)
Convertible Preferred Stocks 0.0%		
Hercules Trust II, 11.125% (Cost \$36,731)	60	38,360

	Shares	Value (\$)
Cash Equivalents 6.6%		
Scudder Cash Management QP Trust, 1.15% (b) (Cost \$17,918,333)	17,918,333	17,918,333
Total Investment Portfolio — 100.0% (Cost \$263,996,646) (a)		270,488,391

Notes to Scudder Fixed Income Portfolio of Investments

* Bond equivalent yield to maturity: not a coupon rate.

- (a) The cost for federal income tax purposes was \$264,041,427. At June 30, 2003, net unrealized appreciation for all securities based on tax cost was \$6,446,964. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$7,360,034 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$913,070.
- (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) Bond is insured by one of these companies:

AMBAC	AMBAC Assurance Corp.
	Capital Guaranty
FGIC	Financial Guaranty Insurance Company

(d) Mortgage dollar roll included.

(e) When-issued/delayed delivery securities (see Notes to Financial Statements).

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, 2003 (Unaudited)

Assets

Investment in securities, at value (cost \$246,078,313)	\$ 252,570,058
Investment in Scudder Cash Management QP Trust (cost \$17,918,333)	17,918,333
Receivable for investments sold	11,247,683
Dividend receivable	975
Interest receivable	2,192,558
Receivable for Portfolio shares sold	237,082
Other assets	2,208
Total assets	284,168,897

Liabilities

Payable for investments purchased	13,126,199
Payable for when-issued and forward delivery securities	7,623,205
Payable for investments purchased — mortgage dollar rolls	6,161,196
Deferred mortgage dollar roll income	9,084
Payable for Portfolio shares redeemed	31,628
Accrued management fee	123,302
Other accrued expenses and payables	15,034
Total liabilities	27,089,648
Net assets, at value	\$ 257,079,249

Net Assets

Net assets consist of:	
Undistributed net investment income	4,322,274
Net unrealized appreciation (depreciation) on investments	6,491,745
Accumulated net realized gain (loss)	2,892,732
Paid-in capital	243,372,498
Net assets, at value	\$ 257,079,249

Class A

Net Asset Value , offering and redemption price per share (\$227,647,665 ÷ 18,826,566 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 12.09
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Class B

Net Asset Value , offering and redemption price per share (\$29,431,584 ÷ 2,434,991 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 12.09
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Dividends	\$ 1,787
Interest	5,205,816
Interest — Scudder Cash Management QP Trust	92,676
Total Income	5,300,279
Expenses:	
Management fee	702,358
Custodian fees	9,798
Distribution service fees (Class B)	16,114
Record keeping fees (Class B)	5,906
Auditing	12,550
Legal	3,848
Trustees' fees and expenses	3,488
Reports to shareholders	8,308
Other	16,837
Total expenses	779,207
Net investment income	4,521,072

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	4,612,552
Net unrealized appreciation (depreciation) during the period on investments	1,250,377
Net gain (loss) on investment transactions	5,862,929
Net increase (decrease) in net assets resulting from operations	\$ 10,384,001

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ 4,521,072	\$ 8,062,442
Net realized gain (loss) on investment transactions	4,612,552	226,395
Net unrealized appreciation (depreciation) on investment transactions during the period	1,250,377	5,822,638
Net increase (decrease) in net assets resulting from operations	10,384,001	14,111,475
Distributions to shareholders from:		
Net investment income		
Class A	(7,642,555)	(5,123,396)
Class B	(352,039)	—
Portfolio share transactions:		
Class A		
Proceeds from shares sold	27,655,468	100,217,749
Reinvestment of distributions	7,642,555	5,123,396
Cost of shares redeemed	(25,959,234)	(31,852,501)
Net increase (decrease) in net assets from Class A share transactions	9,338,789	73,488,644
Class B		
Proceeds from shares sold	27,264,593	1,702,476*
Reinvestment of distributions	352,039	—*
Cost of shares redeemed	(177,701)	(637)*
Net increase (decrease) in net assets from Class B share transactions	27,438,931	1,701,839
Increase (decrease) in net assets	39,167,127	84,178,562
Net assets at beginning of period	217,912,122	133,733,560
Net assets at end of period (including undistributed net investment income of \$4,322,274 and \$7,795,796, respectively)	\$ 257,079,249	\$ 217,912,122
Other Information		
Class A		
Shares outstanding at beginning of period	18,049,005	11,645,925
Shares sold	2,299,573	8,685,540
Shares issued to shareholders in reinvestment of distributions	650,984	465,763
Shares redeemed	(2,172,996)	(2,748,223)
Net increase (decrease) in Portfolio shares	777,561	6,403,080
Shares outstanding at end of period	18,826,566	18,049,005
Class B		
Shares outstanding at beginning of period	144,625	—
Shares sold	2,274,974	144,674*
Shares issued to shareholders in reinvestment of distributions	29,986	—*
Shares redeemed	(14,594)	(49)*
Net increase (decrease) in Portfolio shares	2,290,366	144,625
Shares outstanding at end of period	2,434,991	144,625

* For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

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

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001 ^b	2000 ^c	1999 ^c	1998 ^c
Selected Per Share Data						
Net asset value, beginning of period	\$ 11.98	\$ 11.48	\$ 11.45	\$ 11.00	\$ 11.65	\$ 11.18
<i>Income from investment operations:</i>						
Net investment income	.23 ^d	.53 ^d	.62 ^d	.69 ^d	.60 ^d	.32
Net realized and unrealized gain (loss) on investment transactions	.29	.37	.01 ^e	.36	(.85)	.55
Total from investment operations	.52	.90	.63	1.05	(.25)	.87
<i>Less distributions from:</i>						
Net investment income	(.41)	(.40)	(.60)	(.60)	(.30)	(.30)
Net realized gains on investment transactions	—	—	—	—	(.10)	(.10)
Total distributions	(.41)	(.40)	(.60)	(.60)	(.40)	(.40)
Net asset value, end of period	\$ 12.09	\$ 11.98	\$ 11.48	\$ 11.45	\$ 11.00	\$ 11.65
Total Return (%)	4.44 ^{**}	8.01	5.71	9.90	(2.06)	7.93
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	228	216	134	78	71	52
Ratio of expenses before expense reductions (%)	.65 [*]	.65	.64	.68	.65	.67
Ratio of expenses after expense reductions (%)	.65 [*]	.65	.64	.67	.65	.67
Ratio of net investment income (loss) (%)	3.88 [*]	4.57	5.46	6.36	5.42	5.50
Portfolio turnover rate (%)	250 ^{f*}	267	176	311	131	130

^a For the six months ended June 30, 2003 (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.

^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.

^f The portfolio turnover rate including mortgage dollar roll transactions was 274% for the six months ended June 30, 2003.

^{*} Annualized

^{**} Not annualized

Class B

Years Ended December 31,	2003 ^a	2002 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 11.96	\$ 11.36
<i>Income from investment operations:</i>		
Net investment income ^c	.21	.27
Net realized and unrealized gain (loss) on investment transactions	.30	.33
Total from investment operations	.51	.60
<i>Less distributions from:</i>		
Net investment income	(.38)	—
Net realized gains on investment transactions	—	—
Total distributions	(.38)	—
Net asset value, end of period	\$ 12.09	\$ 11.96
Total Return (%)	4.33 ^{**}	5.28 ^{**}
Ratios to Average Net Assets and Supplemental Data		
Net assets, end of period (\$ millions)	29	2
Ratio of expenses (%)	1.00 [*]	.92 [*]
Ratio of net investment income (loss) (%)	3.53 [*]	4.69 [*]
Portfolio turnover rate (%)	250 ^{d*}	267

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

^c Based on average shares outstanding during the period.

^d The portfolio turnover rate including mortgage dollar roll transactions was 274% for the six months ended June 30, 2003.

^{*} Annualized

^{**} Not annualized

Scudder Global Blue Chip Portfolio

Global equities rebounded strongly in the first half of 2003, and market analysts now believe that the US economy — the engine of global growth — is recovering. For financial markets, at least, the war in the Middle East that dominated the first quarter is now a distant memory, and geopolitical issues have faded in importance. Against this improving backdrop, Scudder Global Blue Chip Portfolio performed solidly, returning 6.70% (Class A shares) for the six-month period ended June 30, 2003. It did, however, lag the benchmark, the MSCI World Index, which returned 11.12% for the period. The performance differential is attributable to our more tempered view of global economic recovery.

The portfolio is not weighted toward those stocks most sensitive to an accommodative central bank policy, notably European insurance companies and banks. Moreover, the portfolio is not heavily weighted in stocks seen by market analysts as likely to benefit from increased capital spending on technology. Our view is that the future of the global economy is uncertain, and that even if a recovery materializes, capital spending is unlikely to lead the way while excess capacity exists. Thus, the portfolio needs to be able to participate in a recovery, while being resilient in the event of a less positive outcome.

In an effort to achieve this, we focus on the corporations with strong industry positions and financial characteristics that we believe will be the long-term survivors (rather than the weaker participants that have been driving markets recently).

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.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

Scudder Global Blue Chip Portfolio

	Shares	Value (\$)		Shares	Value (\$)
Common Stocks 88.9%					
Australia 3.0%					
Alumina Ltd.	72,900	199,518	Mitsubishi Estate Co., Ltd.	69,000	468,373
BHP Billiton Ltd.	100,205	582,188	Mitsui Fudosan Co., Ltd.	67,000	429,064
Foster's Group Ltd.	152,700	432,296	Nikko Cordial Corp.	16,000	64,390
WMC Resources Ltd.*	72,900	172,066	Nomura Holdings, Inc.	34,000	432,629
			Teijin Ltd.	99,000	247,975
			Yamanouchi Pharmaceutical Co., Ltd.	12,000	313,601
		1,386,068			3,663,764
Brazil 0.6%					
Aracruz Celulose SA "B" (ADR)	13,600	286,416	Korea 1.0%		
Canada 7.0%					
Alean, Inc.	8,616	268,167	Kookmin Bank (ADR)	1,200	36,300
Barrick Gold Corp.	11,400	204,060	Kookmin Bank	6,600	198,912
Canadian National Railway Co.	9,100	438,769	SK Telecom Co., Ltd.	1,380	235,680
Encana Corp.	23,699	907,752			470,892
Goldcorp, Inc.	31,200	374,469	Netherlands 0.9%		
Inco Ltd.*	6,600	139,506	STMicroelectronics NV	9,667	202,927
Meridian Gold, Inc.*	21,900	249,868	TPG NV	13,300	231,180
Placer Dome, Inc.	55,100	673,569			434,107
		3,256,160	Peru 0.5%		
China 0.7%					
China Mobile Ltd.	129,600	305,788	Compania de Minas Buenaventura SA (ADR)	7,300	219,657
Denmark 0.5%					
Tele Danmark AS	7,500	224,575	Russia 1.1%		
France 3.8%					
Autoroutes du Sud de la France	15,679	458,725	Gazprom (ADR)	4,800	90,720
Aventis SA	7,076	389,727	GMK Norilsk Nickel (ADR)	8,300	289,129
Compagnie de Saint-Gobain	6,872	270,735	LUKOIL (ADR)	1,700	134,300
Suez SA	10,449	166,489			514,149
Vinci SA	6,922	467,505	Singapore 1.9%		
		1,753,181	DBS Group Holdings Ltd.	40,000	234,024
Germany 2.4%					
Bayer AG	11,822	274,258	Flextronics International Ltd.*	24,600	255,594
Deutsche Boerse AG	5,409	286,845	United Overseas Bank Ltd.	54,000	380,346
E.ON AG	3,986	205,150			869,964
Schering AG	7,400	362,230	South Africa 2.6%		
		1,128,483	Anglo American Platinum Corp. (ADR)	5,400	170,856
Hong Kong 3.5%					
Bank of East Asia Ltd.	122,000	238,576	Gold Fields Ltd. (ADR)	43,300	518,562
CLP Holdings Ltd.	102,500	445,575	Harmony Gold Mining Co., Ltd.	22,100	291,058
Hang Seng Bank Ltd.	21,800	229,927	Impala Platinum Holdings Ltd. (ADR)	7,700	229,691
Hutchison Whampoa Ltd.	80,000	487,283			1,210,167
Sun Hung Kai Properties Ltd.	50,000	251,976	Switzerland 3.3%		
		1,653,337	Nestle SA (Registered)	2,055	424,706
Japan 7.8%					
Canon, Inc.	12,000	552,058	Novartis AG (Registered)	9,498	376,437
Daiwa Securities Group, Inc.	26,000	149,787	Swiss Re (Registered)	6,047	335,572
FANUC Ltd.	10,500	521,625	Syngenta AG	8,085	405,924
Fuji Photo Film Co., Ltd.	14,000	405,611			1,542,639
Japan Retail Fund Investment Corp. (REIT)	15	78,651	United Kingdom 11.7%		
			BAA PLC	5,973	48,490
			BOC Group PLC	38,666	497,570
			British Sky Broadcasting Group PLC*	44,753	497,385
			Cable and Wireless PLC	196,843	368,148
			Diageo PLC	38,776	415,233
			GlaxoSmithKline PLC	10,667	215,920
			GUS PLC	46,754	525,428

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

	Shares	Value (\$)
Pearson PLC	47,230	442,444
Reed Elsevier PLC	59,030	492,655
Rio Tinto PLC	37,180	701,518
RT Group PLC*	54,206	42,167
Shell Transport & Trading Co., PLC	63,081	417,621
Unilever PLC	49,036	391,595
Vodafone Group PLC	206,692	405,384
		5,461,558

United States 36.6%

Accenture Ltd. "A"*	16,300	294,867
AFLAC, Inc.	6,500	199,875
Allegheny Energy, Inc.	11,700	98,865
Amgen, Inc.*	6,576	433,621
Anadarko Petroleum Corp.	16,300	724,861
Applied Materials, Inc.*	11,900	188,734
Automatic Data Processing, Inc.	4,000	135,440
Boston Properties, Inc. (REIT)	10,300	451,140
Burlington Resources, Inc.	11,000	594,770
Calpine Corp.*	17,500	115,500
Caremark Rx, Inc.*	11,600	297,888
Comcast Corp. "A"***	13,000	374,790
ConocoPhillips	9,700	531,560
Dow Chemical Co.	7,300	226,008
eBay, Inc.*	2,600	270,868
Entergy Corp.	9,800	517,244
Equity Residential (REIT)	16,900	438,555
Exelon Corp.	12,275	734,168
ExxonMobil Corp.	12,700	456,057
Genentech, Inc.*	4,500	324,540
Genzyme Corp. (General Division)*	5,100	213,180
Hewlett-Packard Co.	15,000	319,500
Human Genome Sciences, Inc.*	19,900	253,128
Intel Corp.	22,000	457,248
International Business Machines Corp.	7,100	585,750
International Paper Co.	10,100	360,873
Intuit, Inc.*	9,500	423,035
Liberty Media Corp. "A"***	31,800	367,608
Lockheed Martin Corp.	13,100	623,167
McGraw-Hill, Inc.	7,900	489,800
Merck & Co., Inc.	4,300	260,365
Microsoft Corp.	26,600	681,226
Newmont Mining Corp.	32,100	1,041,966
PeopleSoft, Inc.*	19,000	334,210
Pfizer, Inc.	10,800	368,820
ProLogis (REIT)	14,200	387,660
Schering-Plough Corp.	26,800	498,480
SLM Corp.	15,300	599,301
Unocal Corp.	15,900	456,171
VERITAS Software Corp.*	13,100	375,577
Verizon Communications, Inc.	8,000	315,600
Wyeth	6,000	273,298
		17,095,314

Total Common Stocks (Cost \$40,950,769) 41,476,219

Principal Amount (\$) Value (\$)

Convertible Bonds 4.6%

France 1.6%

France Telecom:		
2.0%, 1/1/2004	119,207	137,683
4.0%, 11/29/2005	115,000	133,856
Havas, 4.0%, 1/1/2009	279,027	322,858
Vivendi SA, 1.0%, 7/5/2003	149,583	179,122
		773,519

Netherlands 1.8%

ASM Lithography, 4.25%, 11/30/2004	280,000	277,200
Royal KPN NV, 3.5%, 11/24/2005	245,000	282,722
VNU NV, 1.75%, 11/15/2004	216,000	271,903
		831,825

United Kingdom 0.6%

Carlton Communications, 2.25%, 1/4/2007	250,000	276,278
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United States 0.6%

Nextel Communications, 4.75%, 7/1/2007	279,000	278,304
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Total Convertible Bonds (Cost \$1,671,653) 2,159,926

Foreign Bonds — US\$ Denominated 0.5%

Netherlands

Deutsche Telekom International Finance, 8.25%, 6/15/2030 (Cost \$200,850)	200,000	254,818
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Foreign Bonds — Non US\$ Denominated 2.0% (c)

Germany

Bundesobligation, Series 132, 4.125%, 8/27/2004 (Cost \$899,470)	EUR 800,000	941,752
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Shares Value (\$)

Cash Equivalents 4.0%

Scudder Cash Management QP Trust, 1.15% (b) (Cost \$1,846,194)	1,846,194	1,846,194
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Total Investment Portfolio — 100.0% (Cost \$45,568,936) (a) 46,678,909

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

At June 30, 2003, the Scudder Global Blue Chip Portfolio had the following industry diversification:

Industry	Value	Percent
Materials	\$ 8,624,872	18.5%
Financials	5,891,903	12.6%
Information Technology	4,670,726	10.0%
Health Care	4,581,237	9.8%
Energy	4,313,812	9.2%
Consumer Discretionary	3,866,589	8.3%
Industrials	3,725,086	8.0%
Utilities	2,282,991	4.9%
Other	3,519,003	7.6%
Total Common Stocks	41,476,219	88.9%
Convertible Bonds	2,159,926	4.6%
Foreign Bonds — Non US\$ Denominated	941,752	2.0%
Foreign Bonds — US\$ Denominated	254,818	0.5%
Cash Equivalents	1,846,194	4.0%
Total Investment Portfolio	\$ 46,678,909	100.0%

Notes to Scudder Global Blue Chip Portfolio of Investments

* Non-income producing security.

- (a) The cost for federal income tax purposes was \$45,593,356. At June 30, 2003, net unrealized appreciation for all securities based on tax cost was \$1,085,553. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$5,557,451 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$4,471,898.
- (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 US dollars unless otherwise noted.

Currency Abbreviation

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

Financial Statements

Statement of Assets and Liabilities as of June 30, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$43,722,742)	\$ 44,832,715
Investment in Scudder Cash Management QP Trust (cost \$1,846,194)	1,846,194
Foreign currency, at value (cost \$25,344)	25,382
Receivable for investments sold	177,547
Dividends receivable	55,253
Interest receivable	63,735
Receivable for Portfolio shares sold	101,928
Foreign taxes recoverable	32,604
Unrealized appreciation on forward foreign currency exchange contracts	26,919
Other assets	458
Total assets	47,162,735

Liabilities

Payable for investments purchased	161,835
Payable for Portfolio shares redeemed	17,095
Unrealized depreciation on forward foreign currency exchange contracts	1,540
Accrued management fee	40,228
Other accrued expenses and payables	41,683
Total liabilities	262,381
Net assets, at value	\$ 46,900,354

Net Assets

Net assets consist of:	
Undistributed net investment income	435,327
Net unrealized appreciation (depreciation) on:	
Investments	1,109,973
Foreign currency related transactions	31,566
Accumulated net realized gain (loss)	(11,681,052)
Paid-in capital	57,004,540
Net assets, at value	\$ 46,900,354

Class A

Net Asset Value , offering and redemption price per share (\$44,379,522 ÷ 5,132,531 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 8.65
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Class B

Net Asset Value , offering and redemption price per share (\$2,520,832 ÷ 291,122 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 8.66
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$40,668)	\$ 467,927
Interest	117,570
Interest — Scudder Cash Management QP Trust	3,737
Total Income	589,234
Expenses:	
Management fee	211,256
Custodian and accounting fees	71,897
Distribution service fees (Class B)	1,348
Record keeping fees (Class B)	496
Auditing	3,107
Legal	7,882
Trustees' fees and expenses	726
Reports to shareholders	3,392
Other	8,846
Total expenses, before expense reductions	308,950
Expense reductions	(142,979)
Total expenses, after expense reductions	165,971
Net investment income (loss)	423,263

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(2,645,950)
Foreign currency related transactions	(44,063)
	(2,690,013)
Net unrealized appreciation (depreciation) during the period on:	
Investments	5,407,365
Foreign currency related transactions	67,483
	5,474,848
Net gain (loss) on investment transactions	2,784,835
Net increase (decrease) in net assets resulting from operations	\$ 3,208,098

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ 423,263	\$ 359,985
Net realized gain (loss) on investment transactions	(2,690,013)	(5,433,666)
Net unrealized appreciation (depreciation) on investment transactions during the period	5,474,848	(2,788,015)
Net increase (decrease) in net assets resulting from operations	3,208,098	(7,861,696)
Distributions to shareholders from:		
Net investment income		
Class A	(164,671)	(282,572)
Class B	(1,208)	—
Portfolio share transactions:		
Class A		
Proceeds from shares sold	6,484,736	40,590,022
Reinvestment of distributions	164,671	282,572
Cost of shares redeemed	(7,677,494)	(34,633,900)
Net increase (decrease) in net assets from Class A share transactions	(1,028,087)	6,238,694
Class B		
Proceeds from shares sold	2,232,406	231,749*
Reinvestment of distributions	1,208	—*
Cost of shares redeemed	(96,637)	(34,683)*
Net increase (decrease) in net assets from Class B share transactions	2,136,977	197,066
Increase (decrease) in net assets	4,151,109	(1,708,508)
Net assets at beginning of period	42,749,245	44,457,753
Net assets at end of period (including undistributed net investment income of \$435,327 and \$177,943, respectively)	\$ 46,900,354	\$ 42,749,245

Other Information

Class A		
Shares outstanding at beginning of period	5,267,978	4,612,725
Shares sold	812,234	4,422,044
Shares issued to shareholders in reinvestment of distributions	21,782	29,191
Shares redeemed	(969,463)	(3,795,982)
Net increase (decrease) in Portfolio shares	(135,447)	655,253
Shares outstanding at end of period	5,132,531	5,267,978
Class B		
Shares outstanding at beginning of period	24,654	—
Shares sold	277,215	29,051*
Shares issued to shareholders in reinvestment of distributions	160	—*
Shares redeemed	(10,907)	(4,397)*
Net increase (decrease) in Portfolio shares	266,468	24,654
Shares outstanding at end of period	291,122	24,654

* For the period July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

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

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001	2000 ^b	1999 ^b	1998 ^{b,c}
Selected Per Share Data						
Net asset value, beginning of period	\$ 8.08	\$ 9.64	\$ 11.81	\$ 12.37	\$ 9.79	\$ 10.00
<i>Income (loss) from investment operations:</i>						
Net investment income (loss)	.08 ^d	.07 ^d	.08 ^d	.03 ^d	.04 ^d	.03
Net realized and unrealized gain (loss) on investment transactions	.52	(1.57)	(1.90)	(.44)	2.57	(.24)
Total from investment operations	.60	(1.50)	(1.82)	(.41)	2.61	(.21)
<i>Less distributions from:</i>						
Net investment income	(.03)	(.06)	—	—	(.03)	—
Net realized gains on investment transactions	—	—	(.35)	(.15)	—	—
Total distributions	(.03)	(.06)	(.35)	(.15)	(.03)	—
Net asset value, end of period	\$ 8.65	\$ 8.08	\$ 9.64	\$ 11.81	\$ 12.37	\$ 9.79
Total Return (%)	6.70 ^{e**}	(15.77)	(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)	44	43	44	33	17	4
Ratio of expenses before expense reductions (%)	1.45 [*]	1.32	1.24	1.78	3.47	12.32 [*]
Ratio of expenses after expense reductions (%)	1.11 [*]	1.32	1.24	1.50	1.56	1.56 [*]
Ratio of net investment income (loss) (%)	1.68 [*]	.79	.76	.28	.39	.91 [*]
Portfolio turnover rate (%)	33 [*]	41	52	54	65	67 [*]

^a For the six months ended June 30, 2003 (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.

^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

Class B

	2003 ^a	2002 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 8.06	\$ 8.98
<i>Income (loss) from investment operations:</i>		
Net investment income (loss) ^c	.08	.02
Net realized and unrealized gain (loss) on investment transactions	.53	(.94)
Total from investment operations	.61	(.92)
<i>Less distributions from:</i>		
Net investment income	(.01)	—
Net asset value, end of period	\$ 8.66	\$ 8.06
Total Return (%)	7.33 ^{**}	(10.24) ^{**}
Ratios to Average Net Assets and Supplemental Data		
Net assets, end of period (\$ millions)	3	.2
Ratio of expenses before expense reductions (%)	1.80 [*]	1.60 [*]
Ratio of expenses after expense reductions (%)	1.46 [*]	1.60 [*]
Ratio of net investment income (loss) (%)	1.33 [*]	.49 [*]
Portfolio turnover rate (%)	33 [*]	41

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

^c Based on average shares outstanding during the period.

* Annualized ** Not annualized

Scudder Government Securities Portfolio

Interest rates continued to decline for most of the period as markets became convinced that the US economy was recovering more slowly than anticipated. Consumer confidence did show signs of improvement, but there was little increase in business capital spending, and the job market remained weak. In this environment, the portfolio returned 1.20% (Class A shares), slightly lagging its benchmark, the Lehman Brothers GNMA Index, which gained 1.39%.

In spite of declining interest rates and continued high levels of refinancing, GNMA securities generally performed well during the period. The portfolio's exposure to GNMA's remained relatively high, but declined slightly from the beginning of the year, reflecting our view that GNMA's are becoming fully valued. The portfolio benefited by holding a relatively higher proportion of more recently issued mortgages, which are less likely to be refinanced. The portfolio's duration decreased during the period, due to our belief that, in coming months, interest rates may experience a small increase from their current levels.

We believe current conditions in the US financial markets are supportive of economic growth. Equity markets are up and the dollar is somewhat weaker. Also businesses have put off capital spending and they will need to replace deteriorated facilities and equipment. Still, we do not expect to see a pattern of strong growth before the end of this year, and maybe not even until the second quarter. In the meantime, we expect interest rates to trade in a broad range close to their current levels.

Sean McCaffrey
William Chepolis
Co-Managers
Deutsche Investment Management Americas Inc.

The unmanaged Lehman Brothers GNMA Index is a market-value-weighted measure of all fixed-rate securities backed by mortgage pools of the Government National Mortgage Association. Index returns assume reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an index.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

Scudder Government Securities Portfolio

	Principal Amount (\$)	Value (\$)		Principal Amount (\$)	Value (\$)
US Government Agency Pass-Thru 74.2%					
Federal Home Loan Bank, 2.623%, 7/15/2008	11,270,000	11,258,955	6.5%, with various maturities to 8/1/2033 (c) (d)	99,759,164	104,740,228
Federal Home Loan Mortgage Corp.:			7.0%, with various maturities to 9/15/2032	48,661,573	51,371,485
5.0%, 7/1/2033 (c)	3,000,000	3,047,814	7.5%, with various maturities to 8/15/2032	25,354,763	26,963,280
5.5%, 2/1/2017	247,008	256,230	8.0%, with various maturities to 11/15/2031	8,980,645	9,694,125
6.0%, with various maturities to 7/1/2033 (c)	13,118,298	13,608,431	8.5%, with various maturities to 3/15/2031	748,499	810,814
6.5%, with various maturities to 9/1/2032	15,232,673	15,851,863	9.0%, 8/15/2027	79,608	87,777
7.0%, with various maturities to 9/1/2032	23,419,036	24,558,494	9.5%, with various maturities to 12/15/2022	138,498	156,001
7.5%, with various maturities to 5/1/2032	4,436,949	4,717,572	10.0%, with various maturities to 3/15/2016	65,933	75,767
8.0%, 11/1/2030	36,155	38,754	Total US Government Agency Pass-Thru (Cost \$498,920,331)		502,316,498
8.5%, 7/1/2030	18,544	19,883	Federal National Mortgage Association 1.3%		
Federal Housing Authority, 8.5%, 3/15/2026	8,505	9,226	Federal National Mortgage Association, 3.0%, 7/29/2004 (e)	9,000,000	9,013,221
Federal National Mortgage Association:			(Cost \$9,001,756)		
6.0%, with various maturities to 3/1/2032	1,058,419	1,100,936	US Treasury Obligations 0.5%		
6.5%, with various maturities to 12/1/2032	23,078,942	24,069,074	US Treasury Bond, 3.25%, 15/15/2013	1,360,000	1,370,624
7.0%, with various maturities to 4/1/2032 (e)	5,474,785	5,766,970	US Treasury Note, 4.0%, 11/15/2011	1,690,000	1,758,591
7.5%, with various maturities to 3/1/2032	15,714,493	16,699,406	Total US Treasury Obligations (Cost \$ 3,146,734)		3,129,215
8.0%, 12/1/2024	70,163	76,437		Shares	Value (\$)
Government National Mortgage Association:			Cash Equivalents 24.0%		
4.5%, with various maturities to 7/1/2018 (c) (d)	12,812,910	13,179,393	Scudder Cash Management QP Trust, 1.15% (b)		
5.0%, with various maturities to 7/1/2033 (c) (d)	27,030,088	27,811,149	(Cost \$162,676,218)	162,676,218	162,676,218
5.5%, with various maturities to 8/1/2033 (c) (d)	62,400,000	64,913,879	Total Investment Portfolio — 100.0% (Cost \$673,745,039) (a)		677,135,152
6.0%, with various maturities to 7/1/2033 (c) (d)	77,817,152	81,432,555			

Notes to Scudder Government Securities Portfolio of Investments

- (a) The cost for federal income tax purposes was \$674,678,690. At June 30, 2003, net unrealized appreciation for all securities based on tax cost was \$2,456,462. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$2,983,842 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$527,380.
- (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) When-issued or forward delivery securities (see Notes to Financial Statements).
- (d) Mortgage dollar roll included.
- (e) At June 30, 2003, 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 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.

At June 30, 2003, open futures contracts sold short were as follows:

Futures	Expiration	Contracts	Aggregate Face Value (\$)	Market Value (\$)	Net Unrealized Appreciation/ (Depreciation) (\$)
5 year US Treasury Note	9/19/03	169	19,527,423	19,456,124	71,299
10 year US Treasury Note	9/19/03	115	13,600,482	13,505,313	95,169
Total unrealized appreciation on open futures contracts					166,468

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

Financial Statements

Statement of Assets and Liabilities as of June 30, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$511,068,821)	\$ 514,458,934
Investment in Scudder Cash Management QP Trust (cost \$162,676,218)	162,676,218
Cash	21,017,899
Receivable for investments sold	1,670,014
Interest receivable	2,510,059
Receivable for Portfolio shares sold	149,978
Other assets	5,722
Total assets	702,488,824

Liabilities

Payable for investments purchased	13,011,542
Payable for when-issued and forward delivery securities	58,418,211
Payable for investments purchased — mortgage dollar rolls	108,192,074
Deferred mortgage dollar roll income	272,830
Payable for Portfolio shares redeemed	433,942
Payable for daily variation margin on open futures contracts	88,016
Accrued management fee	241,549
Other accrued expenses and payables	82,191
Total liabilities	180,740,355
Net assets, at value	\$ 521,748,469

Net Assets

Net assets consist of:	
Undistributed net investment income	6,093,264
Net unrealized appreciation (depreciation) on:	
Investments	3,390,113
Futures	166,468
Accumulated net realized gain (loss)	2,619,283
Paid-in capital	509,479,341
Net assets, at value	\$ 521,748,469

Class A

Net Asset Value , offering and redemption price per share (\$473,992,864 ÷ 38,180,299 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 12.41
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Class B

Net Asset Value , offering and redemption price per share (\$47,755,605 ÷ 3,848,301 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 12.41
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Interest	\$ 6,049,018
Interest — Scudder Cash Management QP Trust	1,080,075
Mortgage dollar roll income	1,076,498
Total Income	8,205,591
Expenses:	
Management fee	1,509,515
Custodian fees	20,668
Distribution service fees (Class B)	35,684
Record keeping fees (Class B)	10,535
Auditing	30,735
Legal	10,160
Trustees' fees and expenses	10,898
Reports to shareholders	27,458
Other	44,298
Total expenses, before expense reductions	1,699,951
Expense reductions	(906)
Total expenses, after expense reductions	1,699,045
Net investment income	6,506,546

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	3,699,829
Futures	(866,522)
	2,833,307
Net unrealized appreciation (depreciation) during the period on:	
Investments	(3,437,863)
Futures	505,000
	(2,932,863)
Net gain (loss) on investment transactions	(99,556)
Net increase (decrease) in net assets resulting from operations	\$ 6,406,990

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ 6,506,546	\$ 21,027,204
Net realized gain (loss) on investment transactions	2,833,307	5,132,459
Net unrealized appreciation (depreciation) on investment transactions during the period	(2,932,863)	5,993,567
Net increase (decrease) in net assets resulting from operations	6,406,990	32,153,230
Distributions to shareholders from:		
Net investment income		
Class A	(14,733,066)	(11,715,627)
Class B	(755,454)	—
Net Realized Gains		
Class A	(9,005,857)	—
Class B	(509,269)	—
Portfolio share transactions:		
Class A		
Proceeds from shares sold	32,783,931	298,429,792
Reinvestment of distributions	23,738,923	11,715,627
Cost of shares redeemed	(115,969,796)	(84,769,500)
Net increase (decrease) in net assets from Class A share transactions	(59,446,942)	225,375,919
Class B		
Proceeds from shares sold	45,542,792	2,771,516*
Reinvestment of distributions	1,264,723	—*
Cost of shares redeemed	(803,363)	(20,523)*
Net increase (decrease) in net assets from Class B share transactions	46,004,152	2,750,993
Increase (decrease) in net assets	(32,039,446)	248,564,515
Net assets at beginning of period	553,787,915	305,223,400
Net assets at end of period (including undistributed net investment income of \$6,093,264 and \$15,075,238, respectively)	\$ 521,748,469	\$ 553,787,915

Other Information

Class A		
Shares outstanding at beginning of period	42,918,597	24,768,244
Shares sold	2,558,454	23,909,004
Shares issued to shareholders in reinvestment of distributions	1,917,523	978,749
Shares redeemed	(9,214,275)	(6,737,400)
Net increase (decrease) in Portfolio shares	(4,738,298)	18,150,353
Shares outstanding at end of period	38,180,299	42,918,597
Class B		
Shares outstanding at beginning of period	216,015	—
Shares sold	3,594,566	217,485*
Shares issued to shareholders in reinvestment of distributions	102,158	—*
Shares redeemed	(64,438)	(1,470)*
Net increase (decrease) in Portfolio shares	3,632,286	216,015
Shares outstanding at end of period	3,848,301	216,015

* For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

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

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001 ^b	2000 ^c	1999 ^c	1998 ^c
Selected Per Share Data						
Net asset value, beginning of period	\$ 12.84	\$ 12.32	\$ 11.96	\$ 11.56	\$ 12.08	\$ 12.07
<i>Income from investment operations:</i>						
Net investment income	.15 ^d	.62 ^d	.61 ^d	.75 ^d	.72 ^d	.62
Net realized and unrealized gain (loss) on investment transactions	—	.35	.25	.45	(.64)	.19
Total from investment operations	.15	.97	.86	1.20	.08	.81
<i>Less distributions from:</i>						
Net investment income	(.36)	(.45)	(.50)	(.80)	(.60)	(.80)
Net realized gain on investment transactions	(.22)					
Total distributions	(.58)	(.45)	(.50)	(.80)	(.60)	(.80)
Net asset value, end of period	\$ 12.41	\$ 12.84	\$ 12.32	\$ 11.96	\$ 11.56	\$ 12.08
Total Return (%)	1.20 ^{**}	8.05	7.48	10.93	.68	7.03
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	474	551	305	152	146	123
Ratio of expenses before expense reductions (%)	.60 [*]	.59	.60	.61	.63	.65
Ratio of expenses after expense reductions (%)	.60 [*]	.59	.60	.60	.63	.65
Ratio of net investment income (loss) (%)	2.39 [*]	4.96	5.06	6.60	6.13	6.27
Portfolio turnover rate (%)	384 ^{e*}	534 ^e	334	173	150	142

^a For the six months ended June 30, 2003 (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.

^d Based on average shares outstanding during the period.

^e The portfolio turnover rate including mortgage dollar roll transactions was 527% and 651% for the six months ended June 30, 2003 and the year ended December 31, 2002, respectively.

^{*} Annualized

^{**} Not annualized

Class B

Years Ended December 31,	2003 ^a	2002 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 12.82	\$ 12.36
<i>Income from investment operations:</i>		
Net investment income ^c	.13	.31
Net realized and unrealized gain (loss) on investment transactions	—	.15
Total from investment operations	.13	.46
<i>Less distributions from:</i>		
Net investment income	(.32)	—
Net realized gains on investment transactions	(.22)	—
Total distributions	(.54)	—
Net asset value, end of period	\$ 12.41	\$ 12.82
Total Return (%)	1.02 ^{**}	3.72 ^{**}
Ratios to Average Net Assets and Supplemental Data		
Net assets, end of period (\$ millions)	48	3
Ratio of expenses (%)	.94 [*]	.84 [*]
Ratio of net investment income (loss) (%)	2.05 [*]	4.95 [*]
Portfolio turnover rate (%)	384 ^{d*}	534 ^d

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

^c Based on average shares outstanding during the period.

^d The portfolio turnover rate including mortgage dollar roll transactions was 527% and 651% for the six months ended June 30, 2003 and the year ended December 31, 2002, respectively.

* Annualized

** Not annualized

Scudder Growth Portfolio

The portfolio (Class A shares) gained 10.23% in the semiannual period, but trailed its Russell 1000 Growth Index benchmark, which returned 13.09%. Although apprehension over the war in Iraq and uncertainty about fiscal stimulus from Congress overshadowed the investment markets for the first several months of the year, the resolution of both issues contributed to positive performance for the stock market for the full six-month period.

The portfolio's overweight in technology helped performance as the sector was bid up in anticipation of a recovering economy and, in turn, hopes for a rebound in capital spending. Many of the portfolio's technology holdings gained substantially. The fund's health care and energy stocks, while positive, lagged other market sectors. Pharmaceutical stocks weakened as the group came under pressure over concerns of pending Medicare drug reimbursement legislation. The portfolio's biotechnology names, however, posted strong returns. An overweight position in energy added to performance for the first three months of 2003. For the full six-month period, however, this defensive sector lagged the market due to crude oil and natural gas price concerns, specifically, the impact of Iraqi crude oil returning to world markets and aggressive gas storage injections. While we're disappointed with its short-term performance, we like the portfolio's energy position and believe it will return to favor.

We expect to see continued improvement in market conditions due to more economic stimulus, improving corporate profits, favorable monetary policy and, most importantly, attractive stock valuations.

Julie M. Van Cleave

Jack A. Zehner

Thomas J. Schmid

Co-Managers

Deutsche Investment Management Americas Inc.

The Russell 1000 Growth Index is an unmanaged group of stocks with greater-than-average growth orientation compared with the overall market. Index returns assume reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an index.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

Scudder Growth Portfolio

	Shares	Value (\$)		Shares	Value (\$)
Common Stocks 96.8%					
Consumer Discretionary 19.1%					
Automobiles 1.3%					
Harley-Davidson, Inc.	100,200	3,993,972			
Hotel Restaurants & Leisure 2.3%					
Brinker International, Inc.*	62,100	2,236,842			
International Game Technology*	44,600	4,563,918			
		6,800,760			
Media 6.4%					
Clear Channel Communications, Inc.*	77,250	3,274,628			
Comcast Corp. "A"*	128,700	3,710,421			
New York Times Co. "A"	59,500	2,707,250			
Omnicom Group, Inc.	60,940	4,369,398			
Viacom, Inc. "B"*	111,630	4,873,766			
		18,935,463			
Multiline Retail 6.8%					
Kohl's Corp.*	89,500	4,598,510			
Target Corp.	152,400	5,766,816			
Wal-Mart Stores, Inc.	180,190	9,670,797			
		20,036,123			
Specialty Retail 2.3%					
Bed Bath & Beyond, Inc.*	40,100	1,556,281			
Staples, Inc.*	198,600	3,644,310			
TJX Companies, Inc.	77,600	1,461,984			
		6,662,575			
Consumer Staples 9.9%					
Beverages 3.3%					
Anheuser-Busch Companies, Inc.	71,300	3,639,865			
PepsiCo, Inc.	135,350	6,023,075			
		9,662,940			
Food & Drug Retailing 1.3%					
Walgreen Co.	127,100	3,825,710			
Food Products 1.0%					
General Mills, Inc.	59,900	2,839,859			
Household Products 4.3%					
Colgate-Palmolive Co.	116,140	6,730,313			
Procter & Gamble Co.	66,700	5,948,306			
		12,678,619			
Energy 6.2%					
Energy Equipment & Services 3.6%					
Baker Hughes, Inc.	89,000	2,987,730			
Nabors Industries Ltd.*	68,200	2,697,310			
Noble Corp.*	99,100	3,399,130			
Schlumberger Ltd.	31,300	1,488,941			
		10,573,111			
Oil & Gas 2.6%					
Devon Energy Corp.	77,500	4,138,500			
EOG Resources, Inc.	84,100	3,518,744			
		7,657,244			
Financials 8.9%					
Banks 1.4%					
Fifth Third Bancorp.	74,500	4,271,830			
Diversified Financials 6.6%					
Citigroup, Inc.	96,700	4,138,760			
Fannie Mae	35,800	2,414,352			
Freddie Mac	58,500	2,970,045			
Lehman Brothers Holdings, Inc.	50,200	3,337,296			
Morgan Stanley	71,500	3,056,625			
SLM Corp.	39,000	1,527,630			
State Street Corp.	50,800	2,001,520			
		19,446,228			
Insurance 0.9%					
American International Group, Inc.	48,610	2,682,300			
Health Care 21.1%					
Biotechnology 3.4%					
Amgen, Inc.*	117,200	7,728,168			
IDEC Pharmaceuticals Corp.*	71,000	2,414,000			
		10,142,168			
Health Care Equipment & Supplies 5.0%					
Baxter International, Inc.	100,400	2,610,400			
Medtronic, Inc.	187,000	8,970,390			
Zimmer Holdings, Inc.*	69,300	3,121,965			
		14,702,755			
Health Care Providers & Services 0.8%					
UnitedHealth Group, Inc.	46,600	2,341,650			
Pharmaceuticals 11.9%					
Johnson & Johnson	217,786	11,259,536			
Merck & Co., Inc.	54,700	3,312,085			
Pfizer, Inc.	474,502	16,204,243			
Teva Pharmaceutical Industries Ltd. (ADR)	74,200	4,224,206			
		35,000,070			
Industrials 8.0%					
Aerospace & Defense 1.9%					
United Technologies Corp.	80,000	5,666,400			
Air Freight & Logistics 0.4%					
FedEx Corp.	20,100	1,246,803			
Commercial Services & Supplies 1.8%					
Fiserv, Inc.*	91,400	3,254,754			
Paychex, Inc.	69,000	2,022,390			
		5,277,144			
Industrial Conglomerates 3.9%					
3M Co.	21,400	2,760,172			
General Electric Co.	301,940	8,659,639			
		11,419,811			
Information Technology 23.0%					
Communications Equipment 2.7%					
Cisco Systems, Inc.*	469,020	7,827,944			

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

	Shares	Value (\$)
Computers & Peripherals 3.8%		
EMC Corp.*	520,100	5,445,447
International Business Machines Corp.	70,200	5,791,500
		11,236,947
Semiconductor Equipment & Products 8.0%		
Analog Devices, Inc.*	123,800	4,310,716
Applied Materials, Inc.*	285,560	4,528,982
Intel Corp.	300,040	6,236,031
Linear Technology Corp.	138,430	4,458,830
Texas Instruments, Inc.	119,100	2,096,160
Xilinx, Inc.*	75,300	1,905,843
		23,536,562

	Shares	Value (\$)
Software 8.5%		
Electronic Arts, Inc.*	39,000	2,885,610
Microsoft Corp.	579,680	14,845,605
Oracle Corp.*	266,600	3,204,532
VERITAS Software Corp.*	146,600	4,203,022
		25,138,769

Materials 0.6%		
Chemicals		
Ecolab, Inc.	74,200	1,899,520
Total Common Stocks (Cost \$268,149,731)		285,503,277

Cash Equivalents 3.2%

Scudder Cash Management QP Trust, 1.15% (b) (Cost \$9,360,233)	9,360,233	9,360,233
Total Investment Portfolio — 100.0% (Cost \$277,509,964) (a)		294,863,510

Notes to Scudder Growth Portfolio of Investments

* Non-income producing security.

(a) The cost for federal income tax purposes was \$278,781,519. At June 30, 2003, net unrealized appreciation for all securities based on tax cost was \$16,081,991. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$29,419,809 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$13,337,818.

(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, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$268,149,731)	\$ 285,503,277
Investment in Scudder Cash Management QP Trust (cost \$9,360,233)	9,360,233
Cash	10,000
Dividends receivable	140,667
Receivable for Portfolio shares sold	20,605
Other assets	2,685
Total assets	295,037,467

Liabilities

Payable for Portfolio shares redeemed	154,403
Accrued management fee	148,228
Other accrued expenses and payables	62,396
Total liabilities	365,027

Net assets, at value **\$ 294,672,440**

Net Assets

Net assets consist of:	
Undistributed net investment income	188,454
Net unrealized appreciation (depreciation) on investments	17,353,546
Accumulated net realized gain (loss)	(160,158,095)
Paid-in capital	437,288,535
Net assets, at value	\$ 294,672,440

Class A

Net Asset Value , offering and redemption price per share (\$292,100,837 ÷ 17,857,117 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 16.36
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Class B

Net Asset Value , offering and redemption price per share (\$2,571,603 ÷ 157,561 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 16.32
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$1,828)	\$ 1,154,954
Interest — Scudder Cash Management QP Trust	40,511
Total Income	1,195,465
Expenses:	
Management fee	801,694
Custodian fees	8,493
Distribution service fees (Class B)	1,350
Record keeping fees (Class B)	518
Auditing	29,354
Legal	4,503
Trustees' fees and expenses	3,909
Reports to shareholders	16,970
Other	12,006
Total expenses before expense reductions	878,797
Expense reductions	(33)
Total expenses after expense reductions	878,764
Net investment income (loss)	316,701

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	(12,013,040)
Net unrealized appreciation (depreciation) during the period on investments	40,469,188
Net gain (loss) on investment transactions	28,456,148
Net increase (decrease) in net assets resulting from operations	\$ 28,772,849

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ 316,701	\$ 252,479
Net realized gain (loss) on investment transactions	(12,013,040)	(51,145,776)
Net unrealized appreciation (depreciation) on investment transactions during the period	40,469,188	(66,147,811)
Net increase (decrease) in net assets resulting from operations	28,772,849	(117,041,108)
Distributions to shareholders from:		
Net investment income		
Class A	(328,128)	—
Portfolio share transactions:		
Class A		
Proceeds from shares sold	43,229,840	17,458,661
Reinvestment of distributions	328,128	—
Cost of shares redeemed	(25,652,462)	(74,105,054)
Net increase (decrease) in net assets from Class A share transactions	17,905,506	(56,646,393)
Class B		
Proceeds from shares sold	2,511,180	135,924*
Cost of shares redeemed	(198,203)	(55)*
Net increase (decrease) in net assets from Class B share transactions	2,312,977	135,869
Increase (decrease) in net assets	48,663,204	(173,551,632)
Net assets at beginning of period	246,009,236	419,560,868
Net assets at end of period (including undistributed net investment income of \$188,454 and \$199,881, respectively)	\$ 294,672,440	\$ 246,009,236

Other Information

Class A		
Shares outstanding at beginning of period	16,549,770	19,928,329
Shares sold	2,960,994	934,108
Shares issued to shareholders in reinvestment of distributions	22,156	—
Shares redeemed	(1,675,803)	(4,312,667)
Net increase (decrease) in Portfolio shares	1,307,347	(3,378,559)
Shares outstanding at end of period	17,857,117	16,549,770
Class B		
Shares outstanding at beginning of period	8,811	—
Shares sold	160,938	8,814*
Shares redeemed	(12,188)	(3)*
Net increase (decrease) in Portfolio shares	148,750	8,811
Shares outstanding at end of period	157,561	8,811

* For the period from July 1, 2002 (commencement of sales Class B shares) to December 31, 2002.

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001	2000 ^b	1999 ^b	1998 ^b
Selected Per Share Data						
Net asset value, beginning of period	\$ 14.86	\$ 21.05	\$ 30.12	\$ 40.54	\$ 29.57	\$ 30.01
<i>Income (loss) from investment operations:</i>						
Net investment income (loss)	.02 ^c	.01 ^c	.03 ^c	(.01) ^c	(.01) ^c	.07
Net realized and unrealized gain (loss) on investment transactions	1.50	(6.20)	(6.75)	(6.81)	10.98	4.59
Total from investment operations	1.52	(6.19)	(6.72)	(6.82)	10.97	4.66
<i>Less distributions from:</i>						
Net investment income	(.02)	—	(.03)	—	—	(.10)
Net realized gains on investment transactions	—	—	(2.31)	(3.60)	—	(5.00)
Return of capital	—	—	(.01)	—	—	—
Total distributions	(.02)	—	(2.35)	(3.60)	—	(5.10)
Net asset value, end of period	\$ 16.36	\$ 14.86	\$ 21.05	\$ 30.12	\$ 40.54	\$ 29.57
Total Return (%)	10.23 ^{**}	(29.41)	(22.34)	(19.06)	37.12	15.10

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	292	246	420	583	738	629
Ratio of expenses (%)	.66 [*]	.64	.63	.65	.66	.66
Ratio of net investment income (loss) (%)	.24 [*]	.07	.13	(.03)	(.04)	.28
Portfolio turnover rate (%)	33 [*]	38	73	65	87	109

^a For the six months ended June 30, 2003 (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.

^c Based on average shares outstanding during the period.

* Annualized ** Not annualized

Class B

	2003 ^a	2002 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 14.83	\$ 16.04
<i>Income (loss) from investment operations:</i>		
Net investment income (loss) ^c	(.01)	.06
Net realized and unrealized gain (loss) on investment transactions	1.50	(1.27)
Total from investment operations	1.49	(1.21)
Net asset value, end of period	\$ 16.32	\$ 14.83
Total Return (%)	10.05 ^{**}	(7.54) ^{**}

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	3	.1
Ratio of expenses (%)	1.01 [*]	.88 [*]
Ratio of net investment income (loss) (%)	(.12) [*]	.80 [*]
Portfolio turnover rate (%)	33 [*]	38

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

^c Based on average shares outstanding during the period.

* Annualized ** Not annualized

Scudder High Income Portfolio

High yield bonds performed very well in the first half of the year, as continued evidence of improving fundamentals prompted investors to pour cash into the market. The yield spread of the asset class (compared to Treasuries) fell to 6.76 percentage points from 9.47 at the end of 2002. Lower-quality, higher-yielding bonds generally outperformed higher-quality, lower-yielding issues over the six months. Scudder High Income Portfolio produced a strong absolute return during the first half of the year, with Class A shares returning 13.98%. In comparison, its benchmark, the CS First Boston High Yield Index, returned 17.32%. The primary reason for the portfolio's underperformance was an average underweight in lower-quality securities, coupled with an underweight in the utility and US cable sectors.

We hold a positive view on high yield even after its significant rally, and believe that high yield will likely outperform given a lower probability of a "double-dip" recession, defaults continuing to decline, and corporations taking steps to improve their financial health. Given our more positive outlook for the asset class as a whole, we have moved to become modestly more aggressive, continuing to add to B- and CCC-rated companies that we believe offer good relative value. However, at the close of the period, the portfolio remained underweight in the CC/defaulted segment of the market, as this segment's risk-adjusted performance has not been attractive versus the market on a historical basis. Diversification remains essential as a means to mitigate risk.

Andrew P. Cestone

Manager

Deutsche Investment Management Americas Inc.

The CSFB High Yield Index (formerly DLJ High Yield Index) is an unmanaged index that is market-weighted, including publicly traded bonds having a rating below BBB by Standard & Poor's and Moody's. Index returns assume reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an index.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

Scudder High Income Portfolio

	Principal Amount (\$)	Value (\$)		Principal Amount (\$)	Value (\$)
Corporate Bonds 77.0%					
Consumer Discretionary 23.6%					
Adelphia Communications Corp.:					
8.125%, 7/15/2003*	190,000	117,801	8.25%, 7/15/2023	1,245,000	1,244,226
10.25%, 6/15/2011*	695,000	444,800	8.375%, 7/15/2033	450,000	441,495
Advantica Restaurant Co.:					
11.25%, 1/15/2008	404,706	311,624	Hard Rock Hotel, Inc., 8.875%, 6/1/2013	360,000	376,200
12.75%, 9/30/2007	540,000	552,150	Herbst Gaming, Inc.:		
American Achieve Corp., 11.625%, 1/1/2007					
1,285,000	1,374,950		10.75%, 9/1/2008	535,000	589,838
			10.75%, 9/1/2008	2,213,000	2,439,833
American Lawyer Media, Inc., Series B, 9.75%, 12/15/2007					
1,615,000	1,453,500		Hines Horticulture, Inc., Series B, 12.75%, 10/15/2005	1,931,000	2,027,550
Ameristar Casino, Inc., 10.75%, 2/15/2009					
1,410,000	1,598,588		HLI Operating Co., Inc., 10.5%, 6/15/2010	550,000	577,500
Aviall, Inc., 7.625%, 7/1/2011					
270,000	273,713		Imperial Home Decor Group, Inc., Series B, 11.0%, 3/15/2008*	1,050,000	105
Bally Total Fitness Holdings, 10.5%, 7/15/2011					
240,000	240,600		Insight Communications, Step-up Coupon, 0% to 2/15/2006, 12.25% to 2/15/2011	530,000	439,900
Boca Resorts, Inc., 9.875%, 4/15/2009					
2,590,000	2,790,725		Interrep National Radio Sales, Inc., 10.0%, 7/1/2008	1,775,000	1,508,750
Boyd Gaming Corp., 7.75%, 12/15/2012					
50,000	53,063		International Game Technology, 8.375%, 5/15/2009	1,875,000	2,300,261
Buffets, Inc., 11.25%, 7/15/2010					
1,510,000	1,494,900		Intrawest Corp., 10.5%, 2/1/2010	1,170,000	1,257,750
Central Garden & Pet Co., 9.125%, 2/1/2013					
370,000	394,050		Jacobs Entertainment Co., 11.875%, 2/1/2009	1,055,000	1,122,256
Charter Communications Holdings LLC:					
8.25%, 4/1/2007	840,000	646,800	Jacuzzi Brands, Inc., 9.625%, 7/1/2010	715,000	715,000
8.625%, 4/1/2009	630,000	453,600	Jafra Cosmetics International, Inc., 10.75%, 5/15/2011	1,580,000	1,651,100
Step-up Coupon, 0% to 1/15/2006, 13.5% to 1/15/2011	1,665,000	865,800	Kellwood Co., 7.625%, 10/15/2017	595,000	574,175
Step-up Coupon, 0% to 1/15/2007, 12.125% to 1/15/2012	220,000	101,475	Kindercare Learning Centers, Inc., 9.5%, 2/15/2009	1,485,000	1,496,138
Choctaw Resort Development Enterprises, 9.25%, 4/1/2009					
1,375,000	1,483,281		Krystal, Inc., 10.25%, 10/1/2007	760,000	722,000
Chumash Casino & Resort Enterprise, 9.0%, 7/15/2010					
655,000	707,400		Laidlaw International, Inc., 10.75%, 6/15/2011	865,000	908,250
Cinemark USA, Inc.:					
8.5%, 8/1/2008	1,665,000	1,719,113	Levi Strauss & Co., 12.25%, 12/15/2012	935,000	778,388
9.0%, 2/1/2013	155,000	168,175	Lin Television Corp., 6.5%, 5/15/2013	410,000	408,975
9.0%, 2/1/2013	855,000	927,675	MGM Mirage, Inc., 9.75%, 6/1/2007	1,725,000	1,957,875
Circus & Eldorado, 10.125%, 3/1/2012					
1,635,000	1,606,388		Mortons Restaurant Group, 7.5%, 7/1/2010	420,000	363,300
CKE Restaurants, Inc., 9.125%, 5/1/2009					
655,000	635,350		MTR Gaming Group, 9.75%, 4/1/2010	330,000	339,900
CSC Holdings, Inc., 7.875%, 12/15/2007					
945,000	966,263		Old Evangeline Downs, 13.0%, 3/1/2010	520,000	530,400
Dex Media East LLC/ Financial, 12.125%, 11/15/2012					
1,640,000	1,939,300		Park Place Entertainment Corp.:		
DIMON, Inc.:					
7.75%, 6/1/2013	1,185,000	1,217,588	7.0%, 4/15/2013	365,000	390,550
Series B, 9.625%, 10/15/2011	2,450,000	2,695,000	8.875%, 9/15/2008	50,000	55,125
Dyersburg Corp., Series B, 9.75%, 9/1/2007*					
1,260,000	126		9.375%, 2/15/2007	2,205,000	2,442,038
EchoStar Communications Corp., 9.375%, 2/1/2009					
1,380,000	1,471,425		Petro Stopping Centers, 10.5%, 2/1/2007	3,480,000	3,462,600
Eldorado Resorts LLC, 10.5%, 8/15/2006					
1,950,000	1,989,000		PRIMEDIA, Inc.:		
Finlay Fine Jewelry Corp., 8.375%, 5/1/2008					
1,135,000	1,174,725		7.625%, 4/1/2008	330,000	333,300
General Motors Corp.:					
7.125%, 7/15/2013	360,000	359,064	8.875%, 5/15/2011	1,115,000	1,173,538
			Remington Arms Co., 10.5%, 2/1/2011	1,180,000	1,233,100
			Remington Product Co. LLC, Series D, 11.0%, 5/15/2006	595,000	597,975
			Renaissance Media Group, Step-up Coupon, 0% to 4/15/2003, 10.0% to 4/15/2008	1,640,000	1,619,500
			Rent-Way, Inc., 11.875%, 6/15/2010	655,000	674,650
			Restaurant Co., Step-up Coupon, 0% to 5/15/2003, 11.25% to 5/15/2008	1,163,933	1,105,736

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

	Principal Amount (\$)	Value (\$)		Principal Amount (\$)	Value (\$)
Rite Aid Corp.:			Energy 8.7%		
6.125%, 12/15/2008	625,000	562,500	ANR Pipeline Co., 8.875%, 3/15/2010	325,000	355,063
6.875%, 8/15/2013	1,820,000	1,574,300	Avista Corp., 9.75%, 6/1/2008	3,970,000	4,605,200
9.25%, 6/1/2013	135,000	133,650	Chesapeake Energy Corp., 8.125%, 4/1/2011	290,000	312,475
Samsonite Corp., 10.75%, 6/15/2008	3,215,000	3,287,338	Citgo Petroleum Corp., 11.375%, 2/1/2011	3,320,000	3,701,800
Schuler Homes, Inc.:			Coastal Corp., 6.5%, 6/1/2008	255,000	228,225
9.375%, 7/15/2009	895,000	1,011,350	Continental Resources, Inc., 10.25%, 8/1/2008	1,850,000	1,859,250
10.5%, 7/15/2011	1,525,000	1,753,750	Edison Mission Energy, 7.73%, 6/15/2009	3,340,000	2,855,700
Scientific Games Corp., 12.5%, 8/15/2010	609,000	700,350	El Paso Corp., 7.375%, 12/15/2012	445,000	398,275
Sealy Mattress Co.:			Frontier Escrow Corp., 8.0%, 4/15/2013	410,000	428,450
9.875%, 12/15/2007	410,000	407,950	Gulfterra Energy Partner, 6.25%, 6/1/2010	270,000	270,000
Series B, 10.875%, 12/15/2007	330,000	328,350	Houston Exploration Co., 7.0%, 6/15/2013	435,000	449,138
Service Corp. International, 7.7%, 4/15/2009	805,000	821,100	Key Energy Services, Inc., 6.375%, 5/1/2013	165,000	167,475
Sinclair Broadcast Group, Inc.:			Newpark Resources, Inc., 8.625%, 12/15/2007	1,055,000	1,081,375
8.0%, 3/15/2012	180,000	192,150	On Semiconductor Corp. 12.0%, 5/15/2008	1,205,000	1,217,050
8.0%, 3/15/2012	1,175,000	1,242,563	Panhandle Eastern Pipe Line: 7.2%, 8/15/2024	490,000	504,700
8.0%, 3/15/2012	1,045,000	1,115,538	7.95%, 3/15/2023	895,000	926,325
8.75%, 12/15/2011	545,000	598,138	Parker Drilling Co., Series B, 10.125%, 11/15/2009	1,655,000	1,787,400
Six Flags, Inc.:			Pen Holdings, Inc., Series B, 9.875%, 6/15/2008*	335,000	38,525
8.875%, 2/1/2010	1,895,000	1,819,200	Pioneer Natural Resources Co.:		
9.5%, 2/1/2009	575,000	566,375	6.5%, 1/15/2008	895,000	974,763
Sonic Automotive, Inc., 11.0%, 8/1/2008	1,855,000	1,966,300	7.5%, 4/15/2012	590,000	675,683
Starwood Hotels, 7.875%, 5/1/2012	440,000	481,800	9.625%, 4/1/2010	1,395,000	1,729,621
Transwestern Publishing, Series F, 9.625%, 11/15/2007	1,505,000	1,568,963	Southern Natural Gas, 8.875%, 3/15/2010	610,000	664,900
Unisys Corp., 6.875%, 3/15/2010	85,000	88,400	Stone Energy Corp.:		
Venetian Casino Resort LLC, 11.0%, 6/15/2010	1,435,000	1,617,963	8.25%, 12/15/2011	675,000	712,125
Wheeling Island Gaming, Inc., 10.125%, 12/15/2009	1,485,000	1,494,281	8.75%, 9/15/2007	955,000	990,813
Worldspan LP/ WS Finance Corp., 9.625%, 6/15/2011	1,065,000	1,096,950	Transocean, Inc., 9.5%, 12/15/2008	370,000	479,432
Wynn Las Vegas Corp., 12.0%, 11/1/2010	95,000	104,975	Trico Marine Services, 8.875%, 5/15/2012	1,645,000	1,414,700
XM Satellite Radio, Inc.:			Westar Energy, Inc., 7.875%, 5/1/2007	1,035,000	1,156,613
12.0%, 6/15/2010	285,000	279,300	Westport Resources Corp., 8.25%, 11/1/2011	2,395,000	2,622,525
Step-up Coupon, 0% to 12/31/2005, 14.0% to 12/31/2009	735,000	523,688	Williams Cos., Inc.:		
		95,424,511	8.625%, 6/1/2010	740,000	773,300
Consumer Staples 2.8%			8.75%, 3/15/2032	465,000	483,600
AgriLink Foods, Inc., 11.875%, 11/1/2008	2,290,000	2,467,449	Williams Holdings of Delaware, Inc., 6.5%, 12/1/2008	1,190,000	1,160,250
Dominos, Inc., 8.25%, 7/1/2011	190,000	196,175			35,024,751
Elizabeth Arden, Inc., Series B, 11.75%, 2/1/2011	1,770,000	1,973,550	Financials 5.2%		
La Petite Academy, Inc., 10.0%, 5/15/2008	1,530,000	918,000	Ahold Finance USA, Inc., 6.25%, 5/1/2009	2,135,000	1,990,888
Le-Natures, Inc., 9.0%, 6/15/2013	285,000	293,550	Americredit Corp.:		
Merisant Corp., 9.5%, 7/15/2013	740,000	747,978	9.25%, 5/1/2009	985,000	930,825
Michael Foods, Inc., Series B, 11.75%, 4/1/2011	335,000	385,250	9.875%, 4/15/2006	1,075,000	1,053,500
Royster-Clark, Inc., 10.25%, 4/1/2009	260,000	230,100	Arch Western Finance, 6.75%, 7/1/2013	700,000	717,500
Salton, Inc.:			Capster Hotel Co., 8.75%, 8/15/2007	310,000	280,550
10.75%, 12/15/2005	775,000	778,875			
12.25%, 4/15/2008	285,000	283,575			
Stater Brothers Holdings, Inc., 10.75%, 8/15/2006	2,330,000	2,452,325			
Swift & Co., 10.125%, 10/1/2009	730,000	759,200			
		11,486,027			

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

	Principal Amount (\$)	Value (\$)		Principal Amount (\$)	Value (\$)
CBRE Escrow, Inc., 9.75%, 5/15/2010	1,170,000	1,229,963	Ami Semiconductor, Inc., 10.75%, 2/1/2013	405,000	457,650
Farmers Exchange Capital:			AutoNation, Inc., 9.0%, 8/1/2008	1,695,000	1,881,450
7.05%, 7/15/2028	90,000	80,889	Avondale Mills, Inc., 10.25%, 7/1/2013	1,790,000	1,790,000
7.2%, 7/15/2048	235,000	193,772	Browning-Ferris Industries:		
Farmers Insurance Exchange, 8.625%, 5/1/2024	855,000	833,625	7.4%, 9/15/2035	765,000	703,800
FRD Acquisition Co., Series B, 12.5%, 7/15/2004*	210,000	0	9.25%, 5/1/2021	280,000	305,550
Global Exchange Services, 12.0%, 7/15/2008	1,170,000	1,111,500	Buckeye Technologies, Inc., 8.25%, 12/15/2005	955,000	950,225
IOS Capital LLC, 7.25%, 6/30/2008	350,000	342,125	Chukchansi Economic Development Authority, 14.5%, 6/15/2009	355,000	391,388
LaBranche & Co., Inc., 12.0%, 3/2/2007	2,030,000	2,314,200	Collins & Aikman Floor Cover, Series B, 9.75%, 2/15/2010	815,000	851,675
LNR Property Corp., 7.625%, 7/15/2013	790,000	799,030	Collins & Aikman Products, 10.75%, 12/31/2011	975,000	858,000
PCA LLC/ PCA Finance Corp., 11.875%, 8/1/2009	330,000	359,700	Corrections Corp. of America:		
PEI Holdings, Inc., 11.0%, 3/15/2010	970,000	1,069,425	7.5%, 5/1/2011	240,000	250,800
PXRE Capital Trust I, 8.85%, 2/1/2027	190,000	155,800	9.875%, 5/1/2009	1,125,000	1,255,781
Qwest Bank, 6.5%, 6/30/2007	1,000,000	1,012,000	CP Ships Ltd., 10.375%, 7/15/2012	1,015,000	1,132,994
Qwest Capital Funding, Inc.:			Dana Corp.:		
5.875%, 8/3/2004	795,000	761,213	7.0%, 3/1/2029	1,350,000	1,176,188
7.0%, 8/3/2009	355,000	291,988	9.0%, 8/15/2011	1,195,000	1,293,588
7.75%, 8/15/2006	980,000	911,400	10.125%, 3/15/2010	205,000	226,013
R.H. Donnelly Finance Corp., 10.875%, 12/15/2012	970,000	1,130,050	Day International Group, Inc.:		
TCI Communication Finance, 9.65%, 3/31/2027	155,000	184,450	9.5%, 3/15/2008	85,000	77,350
Thornburg Mortgage, Inc., 8.0%, 5/15/2013	1,560,000	1,591,200	11.125%, 6/1/2005	1,020,000	1,030,200
Trump Holdings & Funding, 11.625%, 3/15/2010	795,000	759,225	DeCrane Aircraft Holdings, Inc., Series B, 12.0%, 9/30/2008	1,890,000	888,300
Universal City Development, 11.75%, 4/1/2010	890,000	976,775	Delta Air Lines, Inc.:		
		21,081,593	7.7%, 12/15/2005	275,000	240,625
Health Care 1.4%			7.9%, 12/15/2009	500,000	397,500
AmerisourceBergen Corp., 7.25%, 11/15/2012	635,000	688,975	Eagle-Picher Industries, Inc., 9.375%, 3/1/2008	830,000	776,050
HEALTHSOUTH Corp., 7.625%, 6/1/2012	695,000	538,625	Esterline Technologies, 7.75%, 6/15/2013	615,000	630,375
HMP Equity Holdings Corp., Zero Coupon, 5/15/2008	845,000	426,725	Evergreen International Aviation, 12.0%, 5/15/2010	695,000	684,575
Magellan Health Services, Inc., 9.375%, 11/15/2007	285,000	285,000	Flextronics International Ltd., 6.5%, 5/15/2013	1,680,000	1,617,000
Psychiatric Solutions, Inc., 10.625%, 6/15/2013	380,000	391,400	Golden State Petroleum Transportation, 8.04%, 2/1/2019	770,000	741,148
Sybron Dental Specialties, 8.125%, 6/15/2012	340,000	358,700	Goodyear Tire & Rubber Co., 7.857%, 8/15/2011	370,000	270,100
Tenet Healthcare Corp.:			Grove Holdings LLC, Step-up Coupon, 0% to 5/1/2003, 11.625% to 5/1/2009*	310,000	31
6.375%, 12/1/2011	1,395,000	1,290,375	Grove Investors, Inc., 14.5%, 5/1/2010*	996,745	0
7.375%, 2/1/2013	1,235,000	1,191,775	GS Technologies:		
Vanguard Health Systems, Inc., 9.75%, 8/1/2011	375,000	373,125	12.0%, 9/1/2004*	352,022	19,361
		5,544,700	12.25%, 10/1/2005*	1,340,000	73,700
Industrials 13.1%			Hercules, Inc., 11.125%, 11/15/2007	2,784,000	3,243,360
Allied Waste North America, Inc.:			Hornbeck Offshore Services, Inc., 10.625%, 8/1/2008	480,000	529,200
7.875%, 4/15/2013	60,000	62,775	ISP Chemco, Inc., Series B, 10.25%, 7/1/2011	1,085,000	1,226,050
Series B, 8.5%, 12/1/2008	1,550,000	1,666,250	ISP Holdings, Inc., Series B, 10.625%, 12/15/2009	620,000	658,750
Series B, 8.875%, 4/1/2008	115,000	124,775	Kansas City Southern:		
9.25%, 9/1/2012	340,000	374,850	7.5%, 6/15/2009	555,000	575,119
Series B, 10.0%, 8/1/2009	4,200,000	4,462,500	9.5%, 10/1/2008	1,245,000	1,383,506
			Louisiana Pacific Corp., 10.875%, 11/15/2008	540,000	615,600

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	Principal Amount (\$)	Value (\$)		Principal Amount (\$)	Value (\$)
Lyondell Chemicals Co., 10.5%, 6/1/2013	405,000	405,000	Equistar Chemical Funding Corp., 10.625%, 5/1/2011	490,000	502,250
Meritage Corp., 9.75%, 6/1/2011	340,000	375,700	Equistar Chemicals LP, 8.75%, 2/15/2009	6,580,000	6,382,600
Metaldyne Corp., 11.0%, 6/15/2012	760,000	630,800	Fibermark, Inc., 10.75%, 4/15/2011	1,170,000	1,170,000
Millennium America, Inc.:			Foamex LP, 10.75%, 4/1/2009	1,330,000	1,064,000
7.0%, 11/15/2006	3,010,000	3,040,100	Fonda Group, 9.5%, 3/1/2007	1,085,000	607,600
7.625%, 11/15/2026	980,000	911,400	Georgia-Pacific Corp.:		
9.25%, 6/15/2008	1,235,000	1,327,625	7.375%, 7/15/2008	845,000	857,675
Mobile Mini, Inc., 9.5%, 7/1/2013	970,000	1,003,950	7.7%, 6/15/2015	2,495,000	2,401,438
Motors and Gears, Inc., 10.75%, 11/15/2006	520,000	455,000	8.0%, 1/15/2014	1,420,000	1,446,625
Overseas Shipholding Group, 8.75%, 12/1/2013	580,000	620,600	8.875%, 2/1/2010	1,320,000	1,432,200
Plainwell, Inc., Series B, 11.0%, 3/1/2008*	4,445,000	88,900	8.875%, 5/15/2031	2,490,000	2,440,200
Republic Engineered Products LLC, 10.0%, 8/16/2009*	530,823	130,052	9.375%, 2/1/2013	665,000	733,163
Resolution Performance Products LLC, 13.5%, 11/15/2010	3,185,000	3,185,000	Graham Packaging Co., 8.75%, 1/15/2008	185,000	184,075
Tech Olympic USA, Inc.:			Hexcel Corp., 9.75%, 1/15/2009	735,000	731,325
10.375%, 7/1/2012	745,000	793,425	Huntsman ADV Materials, 11.0%, 7/15/2010	400,000	416,000
10.375%, 7/1/2012	225,000	239,625	Huntsman ICI Chemical, 10.125%, 7/1/2009	185,000	177,600
Tenneco Automotive, Inc.:			Metals USA, Inc., 8.625%, 2/15/2008*	970,000	0
10.25%, 7/15/2013	850,000	860,625	MMI Products, Inc., Series B, 11.25%, 4/15/2007	1,790,000	1,257,475
11.625%, 10/15/2009	1,020,000	902,700	Omnova Solutions, Inc., 11.25%, 6/1/2010	465,000	492,900
The Brickman Group LTD., 11.75%, 12/15/2009	655,000	731,963	Owens-Brockway Glass Container, 8.25%, 5/15/2013	1,150,000	1,201,750
Travelcenters of America, Inc., 12.75%, 5/1/2009	50,000	57,500	Owens-Illinois, Inc., 7.5%, 5/15/2010	370,000	362,600
Xerox Corp.:			Pliant Corp.:		
7.125%, 6/15/2010	450,000	449,438	11.125%, 9/1/2009	1,035,000	1,099,688
7.625%, 6/15/2013	460,000	460,575	13.0%, 6/1/2010	285,000	267,900
9.75%, 1/15/2009	310,000	348,750	Sweetheart Cup Co., Inc., 12.0%, 7/15/2004	685,000	602,800
		52,912,880	Texas Industries, Inc., 10.25%, 6/15/2011	1,975,000	2,063,875
Information Technology 2.0%			Toll Corp.:		
Cooperative Computing, 10.5%, 6/15/2011	630,000	645,750	8.0%, 5/1/2009	630,000	674,888
Digitalnet, Inc., 9.0%, 7/15/2010	285,000	285,000	8.25%, 2/1/2011	350,000	390,250
Lucent Technologies, Inc.:			United States Steel LLC, 9.75%, 5/15/2010	885,000	898,275
5.5%, 11/15/2008	4,540,000	3,824,950	US Can Corp., Series B, 12.375%, 10/1/2010	905,000	628,975
6.45%, 3/15/2029	555,000	380,175			40,123,890
Riverwood International Corp., 10.875%, 4/1/2008	2,195,000	2,249,875			
Titan Corp., 8.0%, 5/15/2011	610,000	646,600			
		8,032,350	Telecommunication Services 6.0%		
Materials 9.9%			Alamosa Delaware, Inc., 13.625%, 8/15/2011	185,000	155,400
ARCO Chemical Co.:			Alamosa Holdings, Inc., Step-up Coupon, 0% to 2/15/2005, 12.875% to 2/15/2010	170,000	98,600
9.8%, 2/1/2020	2,630,000	2,314,400	American Tower Corp., 9.375%, 2/1/2009	1,665,000	1,673,325
10.25%, 11/1/2010	605,000	580,800	American Tower Escrow Corp., Zero Coupon, 8/1/2008	880,000	567,600
Caraustar Industries, Inc., 9.875%, 4/1/2011	1,770,000	1,885,050	Centennial Cellular, 10.125%, 6/15/2013	935,000	925,650
Cascades, Inc., 7.25%, 2/15/2013	765,000	805,163	Century Communications Corp.:		
CBD Media/CBD Finance, 8.625%, 6/1/2011	685,000	705,550	8.375%, 11/15/2017*	740,000	477,300
Crown Cork & Seal, 8.0%, 4/15/2023	920,000	740,600	8.75%, 10/1/2007*	50,000	32,250
Dan River, Inc., 12.75%, 4/15/2009	960,000	864,000	Crown Castle International Corp., 9.375%, 8/1/2011	1,315,000	1,367,600
Dayton Superior Corp.:			DirecTV Holdings, 8.375%, 3/15/2013	250,000	278,750
10.75%, 9/15/2008	845,000	836,550			
13.0%, 6/15/2009	1,045,000	888,250			
DIMAC Corp., 12.5%, 10/1/2008*	1,540,000	15,400			

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	Principal Amount (\$)	Value (\$)
LCI International, Inc., 7.25%, 6/15/2007	280,000	212,800
Level 3 Communications, Inc., 11.0%, 3/15/2008	640,000	620,800
Nextel Communications, Inc.:		
9.375%, 11/15/2009	50,000	53,688
9.5%, 2/1/2011	2,400,000	2,658,000
Nextel Partners, Inc.:		
8.125%, 7/1/2011	1,090,000	1,087,275
11.0%, 3/15/2010	375,000	405,000
12.5%, 11/15/2009	70,000	78,750
Nortel Networks Corp., 7.4%, 6/15/2006	1,250,000	1,228,125
Qwest Services Corp.:		
5.625%, 11/15/2008	2,275,000	2,184,000
6.95%, 6/30/2010	1,000,000	1,000,625
13.5%, 12/15/2010	1,200,000	1,356,000
14.0%, 12/15/2014	2,903,000	3,367,480
Shaw Communications, Inc., 8.25%, 4/11/2010	645,000	717,563
Sprint Capital Corp., 8.375%, 3/15/2012	1,290,000	1,544,539
Teligent, Inc., 11.5%, 3/1/2008*	690,000	69
Triton PCS, Inc., 8.5%, 6/1/2013	640,000	688,000
US West Communication, Inc., 7.25%, 9/15/2025	1,490,000	1,400,600
		24,179,789
Utilities 4.3%		
AES Corp.:		
9.0%, 5/15/2015	440,000	459,800
9.375%, 9/15/2010	183,000	183,915
Calpine Corp.:		
7.75%, 4/15/2009	225,000	166,500
8.5%, 2/15/2011	2,575,000	1,931,250
CMS Energy Corp.:		
7.5%, 1/15/2009	2,535,000	2,506,481
8.5%, 4/15/2011	3,135,000	3,272,156
8.9%, 7/15/2008	265,000	277,256
El Paso Production Holding Corp., 7.75%, 6/1/2013	1,320,000	1,316,700
MSW Energy Holdings/Finance, 8.5%, 9/1/2010	635,000	652,463
Nevada Power Co., Series E, 10.875%, 10/15/2009	330,000	369,600
PG&E Corp., 6.875%, 7/15/2008	900,000	933,750
Reliant Resources, Inc.:		
9.25%, 7/15/2010	895,000	904,514
9.5%, 7/15/2013	450,000	455,625
Sonat, Inc., 7.625%, 7/15/2011	460,000	418,600
TNP Enterprises, Inc., Series B, 10.25%, 4/1/2010	1,595,000	1,595,000
Western Resources, Inc., 9.75%, 5/1/2007	1,745,000	1,954,400
		17,398,010
Total Corporate Bonds (Cost \$312,360,428)		311,208,501

	Principal Amount (\$)	Value (\$)
Asset Backed 0.5%		
Golden Tree High Yield Opportunities LP "D1", Series 1, 13.054%, 10/31/2007 (Cost \$2,500,000)	2,500,000	2,200,000
Foreign Bonds — US\$ Denominated 14.0%		
Antenna TV SA, 9.0%, 8/1/2007	630,000	587,475
Avecia Group PLC, 11.0%, 7/1/2009	520,000	470,600
Bluewater Finance Ltd.:		
10.25%, 2/15/2012	405,000	400,950
10.25%, 2/15/2012	380,000	376,200
British Sky Broadcasting PLC:		
6.875%, 2/23/2009	615,000	694,950
8.2%, 7/15/2009	1,375,000	1,629,375
Burns, Philp & Co., Ltd.:		
9.5%, 11/15/2010	405,000	425,250
9.75%, 7/15/2012	1,220,000	1,189,500
10.75%, 2/15/2011	115,000	119,600
Central European Media Enterprises Ltd., 9.375%, 8/15/2004	1,320,000	1,323,300
Conproca SA de CV, 12.0%, 6/16/2010	520,000	676,000
Corp Durango SA de CV, 13.75%, 7/15/2009*	775,000	406,875
Crown Euro Holdings SA, 10.875%, 3/1/2013	930,000	1,013,700
Disco SA, 9.875%, 5/15/2008	370,000	381,100
Dolphin Telecom PLC, Series B, Step-up Coupon, 0% to 5/15/2004, 14.0% to 5/15/2009*	1,237,745	124
Esprit Telecom Group PLC:		
11.5%, 12/15/2007*	1,625,000	163
10.825%, 6/15/2008*	800,000	80
Euramax International PLC, 11.25%, 10/1/2006	1,365,000	1,405,950
Fage Dairy Industry SA, 9.0%, 2/1/2007	1,578,000	1,562,220
Federative Republic of Brazil, 8.0%, 4/15/2014	2,536,705	2,238,642
Gerdau Ameristeel Corp., 10.375%, 7/15/2011	190,000	185,725
Grupo Elektra SA de CV, 12.0%, 4/1/2008	970,000	974,850
Grupo Iusacell SA de CV, Series B, 10.0%, 7/15/2004	240,000	146,400
Innova S de R.L., 12.875%, 4/1/2007	1,770,000	1,805,400
IPSCO, Inc., 8.75%, 6/1/2013	365,000	372,300
LeGrand SA, 8.5%, 2/15/2025	585,000	602,550
Luscar Coal Ltd., 9.75%, 10/15/2011	685,000	782,613
Millicom International Cellular SA:		
11.0%, 6/1/2006	1,030,000	1,019,700
2.0%, 6/1/2006	661	1,642
Mobifon Holdings BV, 12.5%, 7/31/2010	1,530,000	1,587,375
Norske Skog Canada, 8.625%, 6/15/2011	640,000	668,800
Nortel Networks Corp., 6.125%, 2/15/2006	1,930,000	1,872,100
Gazprom OAO, 9.625%, 3/1/2013	1,165,000	1,284,413
Ocean Rig Norway AS, 10.25%, 6/1/2008	450,000	374,063

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	Principal Amount (\$)	Value (\$)
PTC International Finance II SA, 11.25%, 12/1/2009	215,000	242,950
Republic of Argentina:		
Series BGL4, 11.0%, 10/9/2006*	90,000	29,700
11.75%, 6/15/2015*	785,000	266,900
12.375%, 2/21/2012*	765,000	256,275
Series 2031, 12.0%, 6/19/2031*	376,300	115,148
Zero Coupon, 11/29/2049*	465,276	160,464
Republic of Bulgaria, 8.25%, 1/15/2015	345,000	407,100
Republic of Turkey, 11.0%, 1/14/2013	415,000	418,631
Royal Caribbean Cruises Ltd., 7.25%, 3/15/2018	1,085,000	979,213
Stena AB:		
8.75%, 6/15/2007	405,000	417,150
9.625%, 12/1/2012	860,000	944,925
Stone Container Corp., 11.5%, 8/15/2006	700,000	747,250
Telus Corp., 8.0%, 6/1/2011	1,340,000	1,547,700
Tembec Industries, Inc.:		
8.5%, 2/1/2011	1,180,000	1,168,200
8.625%, 6/30/2009	895,000	883,813
TFM SA de CV:		
10.25%, 6/15/2007	1,240,000	1,267,900
11.75%, 6/15/2009	1,815,000	1,851,300
12.5%, 6/15/2012	1,200,000	1,296,000
Tyco International Group SA:		
6.125%, 11/1/2008	4,850,000	5,068,250
6.125%, 1/15/2009	2,625,000	2,730,000
6.375%, 10/15/2011	1,765,000	1,862,075
6.75%, 2/15/2011	265,000	280,900
Ukraine Government, 7.65%, 6/11/2013	690,000	686,550
Vicap SA, 11.375%, 5/15/2007	2,975,000	2,677,500
Vivendi Universal SA, 9.25%, 4/15/2010	2,655,000	3,020,063
Yell Finance BV, Step-up Coupon, 0% to 8/1/2006, 13.5% to 8/1/2011	690,000	589,950
Total Foreign Bonds — US\$ Denominated (Cost \$55,580,098)		56,495,892

Foreign Bonds — Non US\$ Denominated 0.5% (c)		
Antenna TV SA, 9.75%, 7/1/2008	EUR 115,000	125,594
Ispat Europe Group SA, 11.875%, 2/1/2011	EUR 820,000	942,672
Prosieben Media AG, 11.25%, 7/31/2009	EUR 545,000	659,425
Republic of Argentina:		
10.25%, 2/6/2049*	DEM 956,116	302,266
11.25%, 4/10/2006*	DEM 46,016	17,060
12.0%, 9/19/2016*	DEM 5,790	13,681
Total Foreign Bonds — Non US\$ Denominated (Cost \$1,874,589)		2,060,698

	Units	Value (\$)
Other 0.1%		
SpinCycle, Inc.*	39,810	173,572
SpinCycle, Inc. "F"*	279	15
Total Other (Cost \$103,208)		173,587

	Shares	Value (\$)
Common Stocks 0.0%		
Catalina Restaurant Group, Inc.	3,870	6,192
ICG Communications, Inc.*	4,851	49
IMPSAT Fiber Networks, Inc.	31,334	36,034
The Manitowoc Co., Inc.	2,270	50,621
MEDIQ, Inc.	736	3,196
XO Communications, Inc.	2,847	20,641
Total Common Stocks (Cost \$5,581,543)		116,733

Warrants 0.0%		
Communication Cellular SA*	2,200	22
DeCrane Aircraft Holdings, Inc.*	1,350	14
Destia Communications, Inc.*	1,260	0
Empire Gas Corp.*	2,070	0
Hayes Lemmerz Intl, Inc.*	1,690	1,132
ICG Communications, Inc.*	1,839	512
Mariner Health Care, Inc.*	2,404	13
Republic Technologies International LLC*	2,820	28
Stations Holding Co., Inc.*	5,000	0
UIH Australia Pacific, Inc.*	750	0
Waxman Industries, Inc.*	52,274	523
XO Communications, Inc.*	5,695	18,794
XO Communications, Inc. "C"*	4,271	2,349
XO Communications, Inc. "B"*	4,271	6,834
Total Warrants (Cost \$2,314,052)		30,221

Preferred Stocks 0.5%		
Paxson Communications Corp.	165	1,641,750
TNP Enterprises, Inc.	2,637	197,775
Total Preferred Stocks (Cost \$1,796,648)		1,839,525

Convertible Preferred Stocks 0.3%		
Hercules Trust II	1,235	789,576
Lucent Technologies, Inc.	350	350,875
World Access, Inc. "D"*	933	0
Total Convertible Preferred Stocks (Cost \$2,440,337)		1,140,451

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	Principal Amount (\$)	Value (\$)
Convertible Bonds 1.8%		
Aether Systems, 6.0%, 3/22/2005	800,000	780,000
Aristocrat Leisure Ltd., 5.0%, 5/31/2006	305,000	269,163
Aspen Technology, Inc., 5.25%, 6/15/2005	480,000	456,000
Charming Shoppes, Inc., 4.75%, 6/1/2012	85,000	77,248
DIMON, Inc., 6.25%, 3/31/2007	905,000	841,650
Infineon Technologies AG, Series IFX, 4.25%, 2/6/2007	1,100,000	1,092,327
Nortel Networks Corp., 4.25%, 9/1/2008	815,000	688,675
Parker Drilling Co., 5.5%, 8/1/2004	2,050,000	2,050,000
Royal Numico NV:		
1.5%, 9/22/2004	510,000	628,802
4.25%, 6/26/2005	465,000	509,172
Total Convertible Bonds (Cost \$7,164,572)		7,393,037

	Principal Amount (\$)	Value (\$)
US Treasury Obligations 3.0%		
US Treasury Bond:		
5.375%, 2/15/2031	1,975,000	2,223,959
10.75%, 8/15/2005	6,515,000	7,794,331
US Treasury Note, 4.0%, 11/15/2002	1,140,000	1,186,268
US Treasury STRIP, Principal only, 3.88%**, 5/15/2013	1,130,000	773,248
Total US Treasury Obligations (Cost \$11,851,827)		11,977,806

	Shares	Value (\$)
Cash Equivalents 2.3%		
Scudder Cash Management QP Trust, 1.15% (b) (Cost \$9,448,954)	9,448,954	9,448,954
Total Investment Portfolio — 100.0% (Cost \$413,016,256) (a)		404,085,405

Notes to Scudder High Income 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.*

** *Bond equivalent yield to maturity; not a coupon rate.*

(a) *The cost for federal income tax purposes was \$413,241,307. At June 30, 2003, net unrealized depreciation for all securities based on tax cost was \$9,155,902. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$20,945,360 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$30,101,262.*

(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 stated in US dollars unless otherwise noted.*

Currency Abbreviation

EUR	Euro
DEM	Deutsche Mark

Financial Statements

Statement of Assets and Liabilities as of June 30, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$403,567,302)	\$ 394,636,451
Investment in Scudder Cash Management QP Trust (cost \$9,448,954)	9,448,954
Cash	9,936
Receivable for investments sold	9,676,610
Dividends receivable	20,069
Interest receivable	7,846,390
Receivable for Portfolio shares sold	201,992
Unrealized appreciation on forward currency exchange contracts	51,053
Other assets	29,666
Total assets	421,921,121

Liabilities

Payable for investments purchased	13,826,537
Payable for Portfolio shares redeemed	516,490
Unrealized depreciation on forward foreign currency exchange contracts	16,668
Accrued management fee	202,927
Other accrued expenses and payables	160,383
Total liabilities	14,723,005
Net assets, at value	\$ 407,198,116

Net Assets

Net assets consist of:	
Undistributed net investment income	15,510,636
Net unrealized appreciation (depreciation) on:	
Investments	(8,930,852)
Foreign currency related transactions	35,445
Accumulated net realized gain (loss)	(133,192,839)
Paid-in capital	533,775,726
Net assets, at value	\$ 407,198,116

Class A

Net Asset Value , offering and redemption price per share (\$388,996,969 ÷ 50,466,374 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 7.71
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Class B

Net Asset Value , offering and redemption price per share (\$18,201,147 ÷ 2,359,635 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 7.71
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Dividends	\$ 111,429
Interest (net of foreign taxes withheld of \$1,415)	16,975,139
Interest — Scudder Cash Management QP Trust	76,692
Total Income	17,163,260
Expenses:	
Management fee	1,073,872
Custodian fees	28,624
Distribution service fees (Class B)	8,841
Record keeping fees (Class B)	3,400
Auditing	22,665
Legal	8,418
Trustees' fees and expenses	5,608
Reports to shareholders	73,899
Other	24,018
Total expenses, before expense reductions	1,249,345
Expense reductions	(377)
Total expenses, after expense reductions	1,248,968
Net investment income	15,914,292

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(11,412,164)
Foreign currency related transactions	(340,279)
	(11,752,443)
Net unrealized appreciation (depreciation) during the period on:	
Investments	43,284,080
Foreign currency related transactions	148,975
	43,433,055
Net gain (loss) on investment transactions	31,680,612
Net increase (decrease) in net assets resulting from operations	\$ 47,594,904

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income	\$ 15,914,292	\$ 31,996,848
Net realized gain (loss) on investment transactions	(11,752,443)	(61,356,630)
Net unrealized appreciation (depreciation) on investment transactions during the period	43,433,055	30,737,286
Net increase (decrease) in net assets resulting from operations	47,594,904	1,377,504
Distributions to shareholders from:		
Net investment income		
Class A	(29,871,075)	(31,372,534)
Class B	(462,410)	—
Portfolio share transactions:		
Class A		
Proceeds from shares sold	53,089,877	148,152,496
Reinvestment of distributions	29,871,075	31,369,433
Cost of shares redeemed	(39,788,093)	(155,069,342)
Net increase (decrease) in net assets from Class A share transactions	43,172,859	24,452,587
Class B		
Proceeds from shares sold	16,294,234	998,401*
Reinvestment of distributions	462,410	—*
Cost of shares redeemed	(50,727)	(8,370)*
Net increase (decrease) in net assets from Class B share transactions	16,705,917	990,031
Increase (decrease) in net assets	77,140,195	(4,552,412)
Net assets at beginning of period	330,057,921	334,610,333
Net assets at end of period (including undistributed net investment income of \$15,510,636 and \$29,929,829, respectively)	\$ 407,198,116	\$ 330,057,921

Other Information

Class A		
Shares outstanding at beginning of period	44,487,776	41,133,893
Shares sold	7,050,579	19,652,874
Shares issued to shareholders in reinvestment of distributions	4,207,191	4,154,891
Shares redeemed	(5,279,172)	(20,453,882)
Net increase (decrease) in Portfolio shares	5,978,598	3,353,883
Shares outstanding at end of period	50,466,374	44,487,776
Class B		
Shares outstanding at beginning of period	136,396	—
Shares sold	2,164,801	137,574*
Shares issued to shareholders in reinvestment of distributions	65,037	—*
Shares redeemed	(6,599)	(1,178)*
Net increase (decrease) in Portfolio shares	2,223,239	136,396
Shares outstanding at end of period	2,359,635	136,396

* For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001 ^b	2000 ^c	1999 ^c	1998 ^c
Selected Per Share Data						
Net asset value, beginning of period	\$ 7.40	\$ 8.13	\$ 9.16	\$ 11.46	\$ 12.27	\$ 12.96
<i>Income from investment operations:</i>						
Net investment income	.33 ^d	.75 ^d	.84 ^d	1.14 ^d	1.22 ^d	1.06
Net realized and unrealized gain (loss) on investment transactions	.65	(.74)	(.59)	(2.04)	(.93)	(.85)
Total from investment operations	.98	.01	.25	(.90)	.29	.21
<i>Less distributions from:</i>						
Net investment income	(.67)	(.74)	(1.28)	(1.40)	(1.10)	(.90)
Total distributions	(.67)	(.74)	(1.28)	(1.40)	(1.10)	(.90)
Net asset value, end of period	\$ 7.71	\$ 7.40	\$ 8.13	\$ 9.16	\$ 11.46	\$ 12.27
Total Return (%)	13.98 ^{**}	(.30)	2.63	(8.68)	2.15	1.45
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	389	329	335	309	396	442
Ratio of expenses (%)	.69 [*]	.66	.70	.68	.67	.65
Ratio of net investment income (loss) (%)	8.90 [*]	10.07	9.89	11.23	10.40	9.36
Portfolio turnover rate (%)	153 [*]	138	77	54	42	74

^a For the six months ended June 30, 2003 (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

Class B

	2003 ^a	2002 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 7.39	\$ 7.21
<i>Income from investment operations:</i>		
Net investment income ^c	.32	.31
Net realized and unrealized gain (loss) on investment transactions	.65	(.13)
Total from investment operations	.97	.18
<i>Less distributions from:</i>		
Net investment income	(.65)	—
Total distributions	(.65)	—
Net asset value, end of period	\$ 7.71	\$ 7.39
Total Return (%)	13.81 ^{**}	2.50 ^{**}
Ratios to Average Net Assets and Supplemental Data		
Net assets, end of period (\$ millions)	18	1
Ratio of expenses (%)	1.05 [*]	.92 [*]
Ratio of net investment income (loss) (%)	8.54 [*]	8.78 [*]
Portfolio turnover rate (%)	153 [*]	138

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

^c Based on average shares outstanding during the period.

* Annualized ** Not annualized

Scudder International Select Equity Portfolio

International equities rebounded strongly in the first half of 2003, and market analysts now believe that the US economy — the engine of global growth — is recovering. For financial markets, at least, the war in the Middle East that dominated the first quarter is now a distant memory, and geopolitical issues have faded in importance. Against this improving backdrop, Scudder International Select Equity Portfolio returned 4.07% (Class A shares) for the six-month period ended June 30, 2003, lagging the benchmark, the MSCI EAFE + EMF Index, which returned 10.42% for the period. The underperformance for the period stems primarily from dramatic underperformance by a handful of our holdings within the financials and consumer discretionary sectors.

We remained underweight in financials during the period, which in itself did not cost us, but stock selection was poor. Some financials holdings were impacted by Ahold contagion (Ahold, which was not a portfolio holding as of June 30, 2003, announced it had overstated earnings and is now under investigation by the SEC). News of dividend cuts and negative earnings reports also weighed on select financials and consumer discretionary positions. Not all financials holdings detracted from performance. For example, Royal Bank of Scotland was a strong contributor. The company continued to be very cash generative and continues to deliver resilient growth numbers. Finally, select telecommunications holdings such as Vodafone and Telefonica also contributed to performance.

Alex Tedder, Lead Portfolio Manager

Clare Gray

Marc Slendebroek

Co-Managers

Deutsche Investment Management Americas Inc.

The MSCI EAFE + EMF Index (Morgan Stanley Capital International Europe, Australasia, Far East and Emerging Markets Free Index) is an unmanaged index generally accepted as a benchmark for major overseas markets plus emerging markets. Index returns assume reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access in an index.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

Scudder International Select Equity Portfolio

	Shares	Value (\$)		Shares	Value (\$)
Common Stocks 98.5%					
Australia 2.1%					
Telstra Corp., Ltd.	863,400	2,554,611			
Denmark 1.8%					
Group 4 Falck AS*	133,335	2,218,055			
Finland 0.9%					
Nokia Oyj	67,000	1,104,512			
France 10.0%					
Autoroutes du Sud de la France	45,200	1,322,431			
Aventis SA	49,200	2,709,804			
Groupe Danone	7,153	990,882			
Schneider Electric SA	49,900	2,348,524			
Total SA	32,261	4,880,680			
		12,252,321			
Germany 9.5%					
Allianz AG (Registered)	29,510	2,455,469			
Deutsche Telekom AG (Registered)*	194,900	2,977,717			
E.ON AG	63,000	3,242,457			
Metro AG	69,000	2,232,925			
SAP AG	5,600	661,158			
		11,569,726			
Hong Kong 3.4%					
Hong Kong Electric Holdings Ltd.	598,700	2,341,566			
Hutchison Whampoa Ltd.	302,000	1,839,492			
		4,181,058			
Ireland 3.6%					
Bank of Ireland	179,700	2,179,451			
CRH PLC	144,158	2,253,846			
		4,433,297			
Italy 2.8%					
Eni SpA	226,760	3,433,198			
Japan 20.4%					
Bridgestone Corp.	180,000	2,449,695			
Canon, Inc.	72,000	3,312,349			
Dai Nippon Printing Co., Ltd.	114,414	1,213,207			
Daito Trust Construction Co., Ltd.	121,000	2,550,931			
Fuji Photo Film Co., Ltd.	82,000	2,375,720			
Nomura Holdings, Inc.	237,900	3,027,132			
NTT DoCoMo, Inc.	600	1,302,496			
Sony Corp.	76,300	2,153,244			
Takeda Chemical Industries, Ltd.	73,000	2,700,092			
Toyota Motor Corp.	143,200	3,718,394			
		24,803,260			
Netherlands 7.4%					
ASML Holding NV*	137,167	1,304,073			
IHC Caland NV	32,800	1,676,447			
Reed Elsevier NV	260,500	3,075,564			
TPG NV	167,200	2,906,262			
		8,962,346			
Spain 2.9%					
Telefonica SA*	300,130	3,488,247			
Sweden 1.8%					
Telefonaktiebolaget LM Ericsson "B"*	2,029,761	2,181,639			
Switzerland 13.0%					
Credit Suisse Group*	101,900	2,686,139			
Nestle SA (Registered)	17,246	3,564,224			
Novartis AG (Registered)	112,227	4,447,920			
Roche Holding AG	16,180	1,271,166			
Swiss Re (Registered)	40,210	2,231,411			
Syngenta AG	32,700	1,641,770			
		15,842,630			
United Kingdom 18.9%					
AstraZeneca PLC	84,551	3,400,551			
BHP Billiton PLC	473,450	2,499,707			
Hilton Group PLC	69,547	211,797			
HSBC Holdings PLC	430,123	5,097,180			
National Grid Transco PLC	410,705	2,793,805			
Royal Bank of Scotland Group PLC	131,329	3,695,165			
Tesco PLC	363,815	1,320,218			
Vodafone Group PLC	2,015,321	3,952,637			
		22,971,060			
Total Common Stocks (Cost \$115,769,477)					119,995,960
Preferred Stocks 1.0%					
Germany					
Henkel KGaA (Cost \$1,269,640)	19,291	1,195,558			
Cash Equivalents 0.5%					
Scudder Cash Management QP Trust, 1.15% (b) (Cost \$662,278)	662,278	662,278			
Total Investment Portfolio — 100.0% (Cost \$117,701,395) (a)					121,853,796

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

At June 30, 2003, the Scudder International Select Equity Portfolio had the following industry diversification:

Industry	Value	Percent
Financials	\$ 21,371,947	17.6%
Industrials	11,847,971	9.7%
Consumer Staples	7,070,882	5.8%
Telecommunication Services	14,275,708	11.7%
Information Technology	8,563,731	7.0%
Consumer Discretionary	18,768,270	15.4%
Energy	9,990,325	8.2%
Utilities	8,377,828	6.9%
Health Care	14,529,533	11.9%
Other	6,395,323	5.3%
Total Common and Preferred Stocks	121,191,518	99.5%
Cash Equivalents	662,278	0.5%
Total Investment Portfolio	\$ 121,853,796	100.0%

Notes to Scudder International Select Equity Portfolio of Investments

* Non-income producing security.

- (a) The cost for federal income tax purposes was \$118,786,721. At June 30, 2003, net unrealized appreciation for all securities based on tax cost was \$3,067,075. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$9,302,418 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$6,235,343.
- (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, 2003 (Unaudited)

Assets

Investment in securities, at value (cost \$117,039,117)	\$ 121,191,518
Investment in Scudder Cash Management QP Trust (cost \$662,278)	662,278
Foreign currency, at value (cost \$956,990)	962,118
Receivable for investments sold	5,206,116
Dividends receivable	206,942
Receivable for Portfolio shares sold	67,015
Foreign taxes recoverable	453,642
Other assets	94,209
Total assets	128,843,838

Liabilities

Due to custodian bank	155,277
Payable for investments purchased	3,889,448
Payable for Portfolio shares redeemed	62,817
Accrued management fee	81,417
Other accrued expenses and payables	57,238
Total liabilities	4,246,197
Net assets, at value	\$ 124,597,641

Net Assets

Net assets consist of:	
Undistributed net investment income	1,414,137
Net unrealized appreciation (depreciation) on:	
Investments	4,152,401
Foreign currency related transactions	53,241
Accumulated net realized gain (loss)	(63,959,351)
Paid-in capital	182,937,213
Net assets, at value	\$ 124,597,641

Class A

Net Asset Value , offering and redemption price per share (\$117,140,425 ÷ 14,348,164 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 8.16
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Class B

Net Asset Value , offering and redemption price per share (\$7,457,216 ÷ 914,362 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 8.16
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$277,803)	\$ 2,017,907
Interest	25,081
Interest — Scudder Cash Management QP Trust	3,941
Total Income	2,046,929
Expenses:	
Management fee	426,105
Custodian fees	73,882
Distribution service fees (Class B)	3,880
Record keeping fees (Class B)	1,526
Auditing	11,306
Legal	2,121
Trustees' fees and expenses	860
Reports to shareholders	4,030
Other	7,687
Total expenses	531,397
Net investment income (loss)	1,515,532

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(6,301,411)
Foreign currency related transactions	213,756
	(6,087,655)
Net unrealized appreciation (depreciation) during the period on:	
Investments	9,152,327
Foreign currency related transactions	2,339
	9,154,666
Net gain (loss) on investment transactions	3,067,011
Net increase (decrease) in net assets resulting from operations	\$ 4,582,543

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ 1,515,532	\$ 1,615,013
Net realized gain (loss) on investment transactions	(6,087,655)	(19,097,740)
Net unrealized appreciation (depreciation) on investment transactions during the period	9,154,666	2,425,296
Net increase (decrease) in net assets resulting from operations	4,582,543	(15,057,431)
Distributions to shareholders from:		
Net investment income		
Class A	(1,518,587)	(514,449)
Class B	(31,424)	—
Portfolio share transactions:		
Class A		
Proceeds from shares sold	14,979,148	56,382,103
Reinvestment of distributions	1,518,587	514,449
Cost of shares redeemed	(21,541,487)	(70,184,555)
Net assets acquired in tax-free reorganization	—	27,341,143
Net increase (decrease) in net assets from Class A share transactions	(5,043,752)	14,053,140
Class B		
Proceeds from shares sold	6,573,124	385,924*
Reinvestment of distributions	31,424	—*
Cost of shares redeemed	(614)	(288)*
Net increase (decrease) in net assets from Class B share transactions	6,603,934	385,636
Increase (decrease) in net assets	4,592,714	(1,133,104)
Net assets at beginning of period	120,004,927	121,138,031
Net assets at end of period (including undistributed net investment income of \$1,414,137 and \$1,448,616, respectively)	\$ 124,597,641	\$ 120,004,927

Other Information

Class A		
Shares outstanding at beginning of period	15,029,877	13,109,975
Shares sold	1,960,250	6,521,261
Shares issued to shareholders in reinvestment of distributions	216,013	55,496
Shares redeemed	(2,857,976)	(8,099,173)
Shares issued in tax-free reorganization	—	3,442,318
Net increase (decrease) in Portfolio shares	(681,713)	1,919,902
Shares outstanding at end of period	14,348,164	15,029,877
Class B		
Shares outstanding at beginning of period	48,435	—
Shares sold	861,537	48,471*
Shares issued to shareholders in reinvestment of distributions	4,470	—*
Shares redeemed	(80)	(36)*
Net increase (decrease) in Portfolio shares	865,927	48,435
Shares outstanding at end of period	914,362	48,435

* For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

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

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001	2000 ^b	1999 ^b	1998 ^b
Selected Per Share Data						
Net asset value, beginning of period	\$ 7.96	\$ 9.24	\$ 14.73	\$ 21.45	\$ 17.00	\$ 16.15
<i>Income (loss) from investment operations:</i>						
Net investment income (loss)	.10 ^c	.12 ^c	.05 ^c	.08 ^c	.07 ^c	.17
Net realized and unrealized gain (loss) on investment transactions	.21	(1.36)	(3.46)	(3.90)	6.73	1.48
Total from investment operations	.31	(1.24)	(3.41)	(3.82)	6.80	1.65
<i>Less distributions from:</i>						
Net investment income	(.11)	(.04)	(.10)	—	(.20)	(.20)
Net realized gains on investment transactions	—	—	(1.98)	(2.90)	(2.15)	(.60)
Total distributions	(.11)	(.04)	(2.08)	(2.90)	(2.35)	(.80)
Net asset value, end of period	\$ 8.16	\$ 7.96	\$ 9.24	\$ 14.73	\$ 21.45	\$ 17.00
Total Return (%)	4.07 ^{**}	(13.48)	(24.43)	(20.49)	45.71	10.02
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	117	120	121	179	252	213
Ratio of expenses (%)	.93 [*]	.85	.92	.84	.94	.93
Ratio of net investment income (loss) (%)	.86 ^{d**}	1.46	.44	.47	.40	.96
Portfolio turnover rate (%)	180 [*]	190	145	87	136	90

^a For the six months ended June 30, 2003 (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.

^c Based on average shares outstanding during the period.

^d The ratio for the six months ended June 30, 2003 has not been annualized since the Portfolio believes it would not be appropriate because the Portfolio's dividend income is earned ratably throughout the fiscal year.

* Annualized ** Not annualized

Class B

	2003 ^a	2002 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 7.94	\$ 8.98
<i>Income (loss) from investment operations:</i>		
Net investment income (loss) ^c	.09	.02
Net realized and unrealized gain (loss) on investment transactions	.22	(1.06)
Total from investment operations	.31	(1.04)
<i>Less distributions from:</i>		
Net investment income	(.09)	—
Net realized gains on investment transactions	—	—
Total distributions	(.09)	(.80)
Net asset value, end of period	\$ 8.16	\$ 7.94
Total Return (%)	4.05 ^{**}	(11.58) ^{**}
Ratios to Average Net Assets and Supplemental Data		
Net assets, end of period (\$ millions)	7	.4
Ratio of expenses (%)	1.27 [*]	1.11 [*]
Ratio of net investment income (loss) (%)	.52 ^{d**}	.54 [*]
Portfolio turnover rate (%)	180 [*]	190

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

^c Based on average shares outstanding during the period.

^d The ratio for the six months ended June 30, 2003 has not been annualized since the Portfolio believes it would not be appropriate because the Portfolio's dividend income is earned ratably throughout the year.

* Annualized ** Not annualized

Scudder Money Market Portfolio

In the first half of the year, US economic activity was extremely subdued as the country and the world focused on the war with Iraq. Once the conclusion to the war became more apparent, consumer sentiment turned up, and hopes for economic recovery in the second half of 2003 or early 2004 were rekindled. In order to spur growth in the economy and minimize deflationary risks, it appeared that the Federal Reserve Board would lower its target interest rates again.

As the Fed's June meeting approached, the markets priced in a 50-basis-point cut, which we believed to be too aggressive. As a result, we built up a significant cash position and purchased both one-month securities and callable agency securities. In late June, the Fed decided to ease by 25 basis points, and the yields of all but the shortest-maturity money market securities rose sharply, enabling us to lock up higher yields for the fund. Going forward, we will continue our insistence on the highest credit quality. We also plan to maintain our conservative investment strategies.

A group of investment professionals is responsible for the day-to-day management of the portfolio. These investment professionals have a broad range of experience managing money market funds.

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.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

Scudder Money Market Portfolio

	Principal Amount (\$)	Value (\$)
Certificate of Deposit and Bank Notes 12.9%		
Credit Agricole Indosuez, 1.29%, 4/14/2004	15,000,000	14,998,225
Barclays Bank PLC, 1.24%, 7/14/2003	15,000,000	14,999,946
Societe Generale, 0.92%, 12/23/2003	10,000,000	10,000,000
Toronto Dominion Bank, 1.33%, 3/22/2004	6,000,000	5,999,782
Toronto Dominion Bank, 1.32%, 4/15/2004	5,000,000	4,999,703
Unicredito Italiano, 0.94%, 9/24/2003	10,000,000	10,000,000
Total Certificate of Deposit and Bank Notes (Cost \$60,997,656)		60,997,656

Commercial Paper 44.4%		
Asset Portfolio Funding Corp., 0.95%** , 9/22/2003	10,000,000	9,978,097

BlueRidge Asset Funding Corp., 1.0%** , 7/24/2003	10,000,000	9,993,611
CC (USA), Inc., 1.26%** , 7/22/2003	4,000,000	3,997,060
CIT Group Inc., 1.06%** , 9/16/2003	5,000,000	4,988,664
CAFCO, 1.18%** , 8/13/2003	7,500,000	7,489,429
GE Capital International Funding Corp., 1.03%** , 9/12/2003	20,000,000	19,958,228
Goldman Sachs Group, Inc., 0.94%** , 11/21/2003	7,000,000	6,973,863
Goldman Sachs Group, Inc., 1.38%** , 7/23/2003	15,000,000	15,000,000
Grampian Funding LLC, 1.24%** , 7/30/2003	12,000,000	12,487,514
Greyhawk Funding LLC, 1.25%** , 7/11/2003	8,000,000	7,997,222
Jupiter Securitization Corp., 1.0%** , 7/21/2003	5,000,000	4,997,222
K2 (USA) LLC, 0.92%** , 12/11/2003	10,000,000	9,958,344
K2 (USA) LLC, 1.29%** , 8/29/2003	10,000,000	9,480,071
KBC Financial Products Inc., 1.27%** , 9/3/2003	10,000,000	9,977,600
Lake Constance Funding LLC, 1.3%** , 8/26/2003	1,275,000	1,272,442
Liberty Street Funding Corp., 1.0%** , 7/18/2003	9,500,000	9,995,278
Northern Rock PLC, 1.05%** , 8/11/2003	5,000,000	4,994,021
Old Line Funding Corp., 1.07%** , 7/29/2003	1,000,000	9,991,678

	Principal Amount (\$)	Value (\$)
Perry Global Funding LLC, 1.05%** , 10/10/2003	16,323,000	16,279,355
RWE AG, 1.05%** , 9/26/2003	10,000,000	9,974,625
Scaldis Capital LLC, 0.96%** , 7/25/2003	10,000,000	9,993,600
Scaldis Capital LLC, 1.26%** , 11/3/2003	8,680,000	8,642,326
Spintab AB, 1.22%** , 8/1/2003	5,000,000	4,994,747
Total Commerical Paper (Cost \$209,414,997)		209,414,997

Short-Term Corporate Notes 3.2%		
Citigroup Inc., 5.7% , 2/6/2004	5,000,000	5,129,216
WAL-MART Stores, 4.38% , 8/1/2003	10,000,000	10,026,370
Total Short-Term Corporate Notes (Cost \$15,155,586)		15,155,586

Floating Rate Notes 17.5%		
American Honda Finance Corp., 1.23%* , 9/8/2003	25,000,000	25,000,000
Associates Corp. of North America, 1.22%* , 6/15/2004	5,000,000	5,000,000
Beta Finance, Inc., 1.24%* , 2/6/2004	7,500,000	7,499,774
Blue Heron Funding, 1.07%* , 5/19/2004	5,000,000	5,000,000
Morgan Stanley, 1.55%* , 7/21/2003	20,000,000	20,000,000
Nordea Bank Finland PLC, 1.19%* , 9/10/2003	20,000,000	19,998,829
Total Floating Rate Notes (Cost \$82,498,603)		82,498,603

US Government Agency Obligations 4.2%		
Federal Home Loan Bank, 1.23% , 7/6/2004	10,000,000	10,000,000
Federal Home Loan Mortgage Corp., 1.00%** , 11/21/2003	10,000,000	9,960,278
Total US Government Agency Obligations (Cost \$19,960,278)		19,960,278

Repurchase Agreements*** 17.8%		
Lehman Brothers, 1.35% , dated 6/30/03, to be repurchased at \$81,003,038 on 7/1/2003	81,000,000	81,000,000
State Street Bank and Trust Co., 1.10% , dated 6/30/03, to be repurchased at \$2,774,085 on 7/1/2003	2,774,000	2,774,000
Total Repurchase Agreements (Cost \$83,774,000)		83,774,000
Total Investment Portfolio — 100.0% (Cost \$471,801,120) (a)		471,801,120

Notes to Scudder Money Market Portfolio of Investments

* Floating rate notes are securities whose yields vary with a designated market index or market rate, such as the coupon-equivalent of the US Treasury bill rate. These securities are shown at their current rate as of June 30, 2003.

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

*** Repurchase agreements are fully collateralized by US Treasury or Government agency securities.

(a) Cost for federal income tax purposes was \$471,801,120.

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

Financial Statements

Statement of Assets and Liabilities as of June 30, 2003 (Unaudited)

Assets

Investments in securities, at amortized cost (cost \$388,027,120)	\$ 388,027,120
Repurchase agreements, at value (cost \$83,774,000)	83,774,000
Cash	87
Interest receivable	579,241
Other assets	6,468
Total assets	472,386,916

Liabilities

Dividends payable	109,024
Payable for Portfolio shares redeemed	3,162,666
Accrued management fee	193,694
Other accrued expenses and payables	138,426
Total liabilities	3,603,810
Net assets, at value	\$ 468,783,106

Net Assets

Net assets consist of:	
Accumulated distributions in excess of net investment income	(6,386)
Accumulated net realized gain (loss)	58
Paid-in capital	468,789,434
Net assets, at value	\$ 468,783,106

Class A

Net Asset Value , offering and redemption price per share (\$439,932,135 ÷ 439,941,330 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 1.00
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Class B

Net Asset Value , offering and redemption price per share (\$28,850,971 ÷ 28,850,972 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 1.00
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Interest	\$ 3,703,742
Expenses:	
Management fee	1,320,772
Custodian fees	14,886
Distribution service fees (Class B)	17,756
Record keeping fees (Class B)	6,836
Auditing	39,884
Legal	15,102
Trustees' fees and expenses	8,770
Reports to shareholders	36,224
Other	31,580
Total expenses, before expense reductions	1,491,810
Expense reductions	(4,160)
Total expenses, after expense reductions	1,487,650
Net investment income	2,216,092
Net realized gain (loss) from investments	58
Net increase (decrease) in net assets resulting from operations	\$ 2,216,150

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income	\$ 2,216,092	\$ 8,107,724
Net realized gain (loss) on investment transactions	58	2,726
Net increase (decrease) in net assets resulting from operations	2,216,150	8,110,450
Distributions to shareholders from:		
Net investment income		
Class A	(2,169,606)	(8,116,561)
Class B	(34,422)	(3,224)
Portfolio share transactions:		
Class A		
Proceeds from shares sold	144,066,900	1,680,167,086
Reinvestment of distributions	2,062,230	8,508,646
Cost of shares redeemed	(276,205,489)	(1,789,369,613)
Net increase (decrease) in net assets from Class A share transactions	(130,076,359)	(100,693,881)
Class B		
Proceeds from shares sold	33,283,624	3,226,564*
Reinvestment of distributions	32,741	2,368*
Cost of shares redeemed	(7,147,055)	(547,274)*
Net increase (decrease) in net assets from Class B share transactions	26,169,310	2,681,658
Increase (decrease) in net assets	(103,894,927)	(98,021,558)
Net assets at beginning of period	572,678,033	670,699,591
Net assets at end of period (including accumulated distributions in excess of net investment income of \$6,386 and \$18,450 at December 31, 2002)	\$ 468,783,106	\$ 572,678,033

Other Information

Class A		
Shares outstanding at beginning of period	570,017,689	670,711,571
Shares sold	144,066,900	1,680,167,085
Shares issued to shareholders in reinvestment of distributions	2,062,229	8,508,646
Shares redeemed	(276,205,488)	(1,789,369,613)
Net increase (decrease) in Portfolio shares	(130,076,359)	(100,693,882)
Shares outstanding at end of period	439,941,330	570,017,689
Class B		
Shares outstanding at beginning of period	2,681,662	—
Shares sold	33,283,626	3,226,568*
Shares issued to shareholders in reinvestment of distributions	32,740	2,368*
Shares redeemed	(7,147,056)	(547,274)*
Net increase (decrease) in Portfolio shares	26,169,310	2,681,662
Shares outstanding at end of period	28,850,972	2,681,662

* For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

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

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001	2000	1999	1998
Selected Per Share Data						
Net asset value, beginning of period	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000
<i>Income from investment operations:</i>						
Net investment income	.004	.013	.037	.059	.050	.050
Total from investment operations	.004	.013	.037	.059	.050	.050
<i>Less distributions from:</i>						
Net investment income	(.004)	(.013)	(.037)	(.059)	(.050)	(.050)
Total distributions	(.004)	(.013)	(.037)	(.059)	(.050)	(.050)
Net asset value, end of period	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000
Total Return (%)	.41**	1.35	3.75	6.10	4.84	5.15
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	440	570	671	279	231	152
Ratio of expenses (%)	.55*	.54	.55	.58	.54	.54
Ratio of net investment income (%)	.85*	1.35	3.39	5.94	4.77	5.02

Class B

	2003 ^a	2002 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 1.000	\$ 1.000
<i>Income from investment operations:</i>		
Net investment income	.003	.007
Total from investment operations	.003	.007
<i>Less distributions from:</i>		
Net investment income	(.003)	(.007)
Total distributions	(.003)	(.007)
Net asset value, end of period	\$1.000	\$ 1.000
Total Return (%)	.32**	.67**
Ratios to Average Net Assets and Supplemental Data		
Net assets, end of period (\$ millions)	29	3
Ratio of expenses before expense reductions (%)	.87*	.79*
Ratio of expenses after expense reductions (%)	.87*	.64*
Ratio of net investment income (%)	.53*	1.11*

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

* Annualized

** Not annualized

Scudder Small Cap Growth Portfolio

Historically, coming out of market recessions, it's the small- and mid-cap stocks that lead the way. This proved to be the case in the second quarter, as mid-cap stocks outperformed the large-cap segment.

The portfolio (Class A shares) posted a strong positive return of 17.12% for the semiannual period, though it underperformed its benchmark, the Russell 2000 Growth Index, which gained 19.33%. The portfolio's underperformance was strictly due to its underweight in the consumer discretionary sector. Consumer discretionary includes industries such as retailing and media. During the period, we began to add back to this weighting in an effort to get closer to the benchmark — we just didn't get there fast enough.

On the positive side, the portfolio's consumer staples holdings, which include food and restaurant companies, provided good returns. The portfolio also outperformed in technology thanks to stock selection and being overweight versus the benchmark. Stock selection in health care also contributed to the portfolio's outperformance relative to the benchmark. For example, Caremark Rx, a prescription benefits processor, did well during the second quarter.

In terms of positioning, we want to maintain our overweight in technology. In financial services, we plan to tactically overweight companies that we believe can benefit the most from a recovery in the equity markets. In health care, we're going to maintain an equal weighting, and, as mentioned, we're attempting to increase the consumer discretionary weighting. All in all, the fund's positive performers outnumbered the detractors.

Audrey M.T. Jones

Samuel A. Dedio

Doris R. Klug

Co-Managers

Deutsche Investment Management Americas Inc.

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. Index returns assume reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an index.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

Scudder Small Cap Growth Portfolio

	Shares	Value (\$)		Shares	Value (\$)
Common Stocks 91.5%					
Consumer Discretionary 8.4%					
Auto Components 1.3%					
Keystone Automotive Industries, Inc.*	127,300	2,324,498			
Hotel Restaurants & Leisure 4.4%					
Shuffle Master, Inc.*	178,700	5,251,993			
The Cheesecake Factory, Inc.*	78,000	2,799,420			
		8,051,413			
Specialty Retail 1.6%					
Hancock Fabrics, Inc.	185,500	2,995,825			
Textiles, Apparel & Luxury Goods 1.1%					
Gildan Activewear, Inc.*	79,000	2,079,280			
Consumer Staples 4.6%					
Beverages 1.1%					
Constellation Brands, Inc. "A"*	62,500	1,962,500			
Food & Drug Retailing 3.5%					
Performance Food Group Co.*	72,500	2,682,500			
United Natural Foods, Inc.*	135,000	3,798,900			
		6,481,400			
Energy 6.1%					
Energy Equipment & Services 3.8%					
FMC Technologies, Inc.*	112,500	2,368,125			
National-Oilwell, Inc.*	70,900	1,559,800			
Unit Corp.*	150,000	3,136,500			
		7,064,425			
Oil & Gas 2.3%					
Western Gas Resources, Inc.	52,500	2,079,000			
Westport Resources Corp.*	93,000	2,115,750			
		4,194,750			
Financials 14.4%					
Banks 7.6%					
First Niagara Financial Group, Inc.	133,518	1,863,911			
Investors Financial Services Corp.	149,300	4,331,193			
Jefferies Group, Inc.	77,400	3,853,746			
Texas Regional Bankshares, Inc. "A"	111,848	3,881,126			
		13,929,976			
Diversified Financials 4.1%					
Affiliated Managers Group, Inc.*	62,500	3,809,375			
Labranche & Co., Inc.	180,500	3,734,545			
		7,543,920			
Insurance 2.7%					
Platinum Underwriters Holdings Ltd.	58,100	1,576,834			
Triad Guaranty, Inc.*	88,800	3,369,960			
		4,946,794			
Health Care 17.5%					
Biotechnology 4.5%					
Celgene Corp.*	113,800	3,459,520			
Genta, Inc.*	362,600	4,829,832			
		8,289,352			
Health Care Equipment & Supplies 7.0%					
Cytoc Corp.*	218,100	2,294,412			
Edwards Lifesciences Corp.*	119,700	3,847,158			
Integra LifeSciences Holdings Corp.*	128,700	3,395,106			
SurModics, Inc.*	113,200	3,452,600			
		12,989,276			
Health Care Providers & Services 1.8%					
Apria Healthcare Group, Inc.*	135,200	3,363,776			
Pharmaceuticals 4.2%					
NPS Pharmaceuticals, Inc.*	169,174	4,117,695			
SICOR, Inc.*	174,400	3,547,296			
		7,664,991			
Industrials 13.0%					
Airlines 4.4%					
JetBlue Airways Corp.*	84,100	3,556,589			
SkyWest, Inc.	239,800	4,570,588			
		8,127,177			
Commercial Services & Supplies 5.2%					
ABM Industries, Inc.	122,100	1,880,340			
Corinthian Colleges, Inc.*	75,400	3,662,178			
CoStar Group, Inc.*	138,350	4,131,131			
		9,673,649			
Construction & Engineering 1.6%					
Insituform Technologies, Inc.*	164,000	2,899,520			
Road & Rail 1.8%					
Heartland Express, Inc.	153,000	3,404,250			
Information Technology 25.9%					
Communications Equipment 7.7%					
Adaptec, Inc.*	552,200	4,296,116			
Foundry Networks, Inc.*	185,600	2,672,640			
Harris Corp.	119,700	3,596,985			
NetScreen Technologies, Inc.*	164,200	3,702,710			
		14,268,451			
Electronic Equipment & Instruments 4.7%					
Identix, Inc.*	533,600	3,388,360			
Vishay Intertechnology, Inc.*	398,600	5,261,520			
		8,649,880			
Semiconductor Equipment & Products 11.5%					
ATMI, Inc.*	146,100	3,648,117			
Exar Corp.*	298,300	4,722,089			
Lam Research Corp.*	137,900	2,511,159			
RF Micro Devices, Inc.*	571,400	3,439,828			
Semtech Corp.*	172,000	2,449,280			
Varian Semiconductor Equipment Associates, Inc.*	146,700	4,365,792			
		21,136,265			

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

	Shares	Value (\$)
Software 2.0%		
NetIQ Corp.*	237,096	3,665,504
Materials 1.6%		
Containers & Packaging		
Packaging Corp. of America*	161,900	2,983,817
Total Common Stocks (Cost \$140,521,176)		168,690,689

	Shares	Value (\$)
Preferred Stocks 0.1%		
Convergent Networks, Inc* (c)	113,149	173,118
fusionOne* (c)	230,203	48,343
Planetweb, Inc. "E"* (c)	137,868	0
Total Preferred Stocks (Cost \$3,849,990)		221,461

Cash Equivalents 8.4%		
Scudder Cash Management QP Trust, 1.15% (b) (Cost \$15,463,985)	15,463,985	15,463,985
Total Investment Portfolio — 100.0% (Cost \$159,835,151) (a)		184,376,135

Notes to Scudder Small Cap Growth Portfolio of Investments

* Non-income producing security.

- (a) The cost for federal income tax purposes was \$159,169,571. At June 30, 2003, net unrealized appreciation for all securities based on tax cost was \$25,206,564. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$29,097,100 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$3,890,536.
- (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) Restricted securities are securities which have not been registered with the Securities and Exchange Commission under the Securities Act of 1933.

Schedule of Restricted Securities

Securities	Acquisition Date	Acquisition Cost (\$)	Value (\$)	Value as % of Net Assets
Convergent Networks, Inc.	September 2000	1,849,986	173,118	.09
fusionOne	October 2000	1,250,002	48,343	.03
Planetweb, Inc. "E"	September 2000	750,002	—	—
Total Restricted Securities			221,461	.12

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

Financial Statements

Statement of Assets and Liabilities as of June 30, 2003 (Unaudited)

Assets

Investment in securities, at value (cost \$144,371,166)	\$ 168,912,150
Investment in Scudder Cash Management QP Trust (cost \$15,463,985)	15,463,985
Dividends receivable	39,393
Interest receivable	13,048
Receivable for Portfolio shares sold	78,878
Other assets	1,617
Total assets	184,509,071

Liabilities

Payable for investments purchased	12,899
Payable for Portfolio shares redeemed	369,032
Accrued management fee	102,545
Other accrued expenses and payables	38,618
Total liabilities	523,094
Net assets, at value	\$ 183,985,977

Net Assets

Net assets consist of:	
Accumulated net investment loss	(279,223)
Net unrealized appreciation (depreciation) on investments	24,540,984
Accumulated net realized gain (loss)	(167,231,190)
Paid-in capital	326,955,406
Net assets, at value	\$ 183,985,977

Class A

Net Asset Value , offering and redemption price per share (\$178,432,543 ÷ 17,857,163 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 9.99
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Class B

Net Asset Value , offering and redemption price per share (\$5,553,434 ÷ 557,222 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 9.97
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Dividends	\$ 169,895
Interest — Scudder Cash Management QP Trust	111,010
Total Income	280,905
Expenses:	
Management fee	515,647
Custodian fees	4,142
Distribution service fees (Class B)	2,601
Record keeping fees (Class B)	1,021
Auditing	13,724
Legal	686
Trustees' fees and expenses	1,863
Other	3,476
Total expenses, before expense reductions	543,160
Expense reductions	(32)
Total expenses, after expense reductions	543,128
Net investment income (loss)	(262,223)

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	419,567
Net unrealized appreciation (depreciation) during the period on investments	26,089,936
Net gain (loss) on investment transactions	26,509,503
Net increase (decrease) in net assets resulting from operations	\$ 26,247,280

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ (262,223)	\$ (458,372)
Net realized gain (loss) on investment transactions	419,567	(69,437,686)
Net unrealized appreciation (depreciation) on investment transactions during the period	26,089,936	(11,286,940)
Net increase (decrease) in net assets resulting from operations	26,247,280	(81,182,998)
Portfolio share transactions:		
Class A		
Proceeds from shares sold	23,568,202	85,291,001
Cost of shares redeemed	(25,182,131)	(81,642,175)
Net increase (decrease) in net assets from Class A share transactions	(1,613,929)	3,648,826
Class B		
Proceeds from shares sold	4,585,045	459,851*
Cost of shares redeemed	(7,840)	(186)*
Net increase (decrease) in net assets from Class B share transactions	4,577,205	459,665
Increase (decrease) in net assets	29,210,556	(77,074,507)
Net assets at beginning of period	154,775,421	231,849,928
Net assets at end of period (including accumulated net investment loss of \$279,223 and \$17,000, respectively)	\$ 183,985,977	\$ 154,775,421

Other Information

Class A		
Shares outstanding at beginning of period	18,086,694	18,115,952
Shares sold	2,575,687	7,801,504
Shares redeemed	(2,805,218)	(7,830,762)
Net increase (decrease) in Portfolio shares	(229,531)	(29,258)
Shares outstanding at end of period	17,857,163	18,086,694
Class B		
Shares outstanding at beginning of period	52,833	—
Shares sold	505,191	52,851*
Shares redeemed	(802)	(18)*
Net increase (decrease) in Portfolio shares	504,389	52,833
Shares outstanding at end of period	557,222	52,833

* For the period July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001	2000 ^b	1999 ^b	1998 ^b
Selected Per Share Data						
Net asset value, beginning of period	\$ 8.53	\$ 12.80	\$ 21.64	\$ 26.54	\$ 19.71	\$ 19.69
<i>Income (loss) from investment operations:</i>						
Net investment income (loss)	(.01) ^c	(.02) ^c	(.02) ^c	(.09) ^c	(.06) ^c	—
Net realized and unrealized gain (loss) on investment transactions	1.47	(4.25)	(6.27)	(2.01)	6.89	3.42
Total from investment operations	1.46	(4.27)	(6.29)	(2.10)	6.83	3.42
<i>Less distributions from:</i>						
Net realized gains on investment transactions	—	—	(2.52)	(2.80)	—	(3.40)
Return of capital	—	—	(.03)	—	—	—
Total distributions	—	—	(2.55)	(2.80)	—	(3.40)
Net asset value, end of period	\$ 9.99	\$ 8.53	\$ 12.80	\$ 21.64	\$ 26.54	\$ 19.71
Total Return (%)	17.12 ^{**}	(33.36)	(28.91)	(10.71)	34.56	18.37

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	178	154	232	301	264	208
Ratio of expenses (%)	.68 [*]	.71	.68	.72	.71	.70
Ratio of net investment income (loss) (%)	(.33) [*]	(.24)	(.12)	(.34)	(.30)	(.01)
Portfolio turnover rate (%)	140 [*]	68	143	124	208	276

^a For the six months ended June 30, 2003 (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.

^c Based on average shares outstanding during the period.

^{*} Annualized

^{**} Not annualized

Class B

	2003 ^a	2002 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 8.52	\$ 9.39
<i>Income (loss) from investment operations:</i>		
Net investment income (loss) ^c	(.03)	(.02)
Net realized and unrealized gain (loss) on investment transactions	1.48	(.85)
Total from investment operations	1.45	(.87)
Net asset value, end of period	\$ 9.97	\$ 8.52
Total Return (%)	17.02 ^{**}	(9.27) ^{**}

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	6	.5
Ratio of expenses (%)	1.04 [*]	.96 [*]
Ratio of net investment income (loss) (%)	(.68) [*]	(.39) [*]
Portfolio turnover rate (%)	140 [*]	68

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

^c Based on average shares outstanding during the period.

^{*} Annualized

^{**} Not annualized

Scudder Strategic Income Portfolio

Historically low US interest rates, good performance by emerging markets and a rally by the euro contributed to strong portfolio performance for the reporting period. Also, we added high-yield bonds to the portfolio during the period. This added to returns as the high-yield market benefited from early signs of economic recovery in the US. In this environment, the portfolio (Class A shares) returned 6.66% versus 17.24% for its benchmark, the US High Yield Master Cash Pay Only Index.

Emerging markets began the year on a strong note, partly because of Brazil. The new government's prudent fiscal and political decisions helped attract investment. Meanwhile, an environment of relatively stable oil prices helped exporters, including Russia. In the past few months, however, some of these markets faced new challenges. In Brazil, the government found it hard to get important pension-reform proposals passed into law. And, a fiscal stimulus package that Turkey expected from the International Monetary Fund was greatly reduced after the Turkish government refused to let the US use Turkey as a staging area for the invasion of Iraq.

Given this environment, and the possibility that emerging markets may become less attractive as developed-market economies recover, we are looking for opportunities to further diversify the portfolio, with investments in Venezuela, for instance. Also, as noted, we added high-yield bonds to the portfolio.

Jan C. Faller
Lead Manager
Deutsche Investment Management Americas Inc.

Andrew P. Cestone
Sean P. McCaffrey
Portfolio Managers

Brett Diment
Edwin Gutierrez
Portfolio Managers
Deutsche Asset Management Investment Services, Ltd

US High Yield Master Cash Pay Only Index tracks the performance of below investment grade US dollar-denominated corporate bonds publicly issued in the US domestic market. Index returns assume reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an index.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

Scudder Strategic Income Portfolio

	Principal Amount (\$)(c)	Value (\$)
Foreign Bonds — US\$ Denominated 15.6%		
Banque Cent de Tunisie, 8.25%, 9/19/2027	30,000	35,400
Federative Republic of Brazil:		
8.0%, 4/15/2014	270,910	239,078
10.125%, 5/15/2027	500,000	436,250
Series L, LIBOR plus .875%, 4/15/2012	250,000	187,500
Government of Jamaica, 10.625%, 6/20/2017	100,000	83,000
Ivory Coast:		
Step-up Coupon, LIBOR plus .8125%, Series YR20, 3/29/2018*	95,000	18,620
Collateralized Discount Bond, Step-up Coupon, LIBOR plus .8125%, Series YR20, 2.0%, 3/29/2018*	600,000	112,500
Petronas Capital Ltd., 7.875%, 5/22/2022	240,000	284,697
Petronas Nasional Berhad, 7.625%, 10/15/2026	300,000	342,750
Republic of Argentina:		
Series BGL4, 11.0%, 10/9/2006*	50,000	16,500
9.75%, 9/19/2027*	470,000	145,700
11.375%, 3/15/2010*	580,000	197,200
11.75%, 4/7/2009*	800,000	272,000
11.75%, 3/15/2010*	150,000	51,000
11.75%, 6/15/2015*	510,000	168,300
Republic of Bulgaria:		
8.25%, 1/15/2015	980,000	1,156,400
Floating Rate Bond, LIBOR plus .8125%, 7/28/2011	72,000	68,760
Republic of El Salvador:		
Series REGS, 8.25%, 4/10/2032	70,000	68,250
8.25%, 4/10/2032	410,000	397,700
Republic of Philippines:		
8.375%, 3/12/2009	120,000	127,800
9.0%, 2/15/2013	400,000	428,000
9.375%, 1/18/2017	300,000	331,560
9.875%, 1/15/2019	40,000	44,150
10.625%, 3/16/2025	250,000	290,938
Republic of Turkey:		
11.0%, 1/14/2013	280,000	282,800
11.875%, 1/15/2030	280,000	289,450
12.375%, 6/15/2009	300,000	323,250
Republic of Venezuela:		
9.25%, 9/15/2027	900,000	666,000
Series DL, Floating Rate Debt Conversion Bond, LIBOR plus .875%, 12/18/2007	642,856	516,696
Russian Federation, Step-up Coupon, 5.0%, 3/31/2030	995,000	965,150
Russian Ministry of Finance:		
Series V, 3.0%, 5/14/2008	330,000	300,712
Series VI, 3.0%, 5/14/2006	810,000	790,155
Ukraine Government:		
7.65%, 6/11/2013	250,000	248,750
11.0%, 3/15/2007	134,401	147,706
United Mexican States:		

	Principal Amount (\$)(c)	Value (\$)
6.375%, 1/16/2013	130,000	137,800
8.0%, 9/24/2022	400,000	448,000
8.125%, 12/30/2019	300,000	342,000
11.375%, 9/15/2016	580,000	843,900
Total Foreign Bonds — US\$ Denominated (Cost \$11,187,843)		11,806,422

Foreign Bonds — Non US\$ Denominated 33.9%			
Banque Cent de Tunisie, 6.25%, 2/20/2013	EUR	300,000	358,675
Buoni Poliennali Del Tes, 4.75%, 3/15/2006	EUR	1,300,000	1,586,540
European Investment Bank, 2.125%, 9/20/2007	JPY	139,000,000	1,249,665
Federal Republic of Brazil, 11.0%, 2/4/2010	EUR	200,000	226,471
Federal Republic of Germany, 6.25%, 1/4/2024	EUR	1,030,000	1,442,692
Government of Spain, 5.15%, 7/30/2009	EUR	2,800,000	3,557,505
Hellenic Republic, 4.65%, 4/19/2007	EUR	1,635,000	2,010,603
Ivory Coast, Collateralized Discount Bond, Step-up Coupon, LIBOR plus .8125%, Series FRF, 3/29/2018*	EUR	198,184	43,015
KFW International Finance, 1.75%, 3/23/2010	JPY	337,000,000	3,051,768
Kredit Fuer Wiederaufbau, 5.0%, 7/4/2011	EUR	1,680,000	2,108,623
Pemex Project Funding Master Trust, 6.625%, 4/4/2010	EUR	90,000	107,603
Pfandbriefstelle Ost Land Hypo, 1.6%, 2/15/2011	JPY	339,000,000	3,025,441
Province of Ontario, 1.875%, 1/25/2010	JPY	300,000,000	2,723,220
Republic of Argentina:			
8.0%, 2/26/2008*	EUR	220,000	76,506
8.5%, 2/23/2005*	EUR	102,258	37,618
8.5%, 2/6/2049*	DEM	102,258	32,328
9.0%, 5/24/2005*	EUR	60,000	21,038
9.25%, 7/20/2004*	EUR	100,000	35,757
EURIBOR plus 5.1%, 12/22/2004*	EUR	200,000	62,078
Romania:			
5.75%, 7/2/2010	EUR	50,000	55,971
8.5%, 5/8/2012	EUR	440,000	567,636
Ukraine Government, 10.0%, 3/15/2007	EUR	186,668	227,898
United Kingdom Treasury Bond: 7.75%, 9/8/2006	GBP	50,000	92,959

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

		Principal Amount \$(c)	Value (\$)
8.75%, 8/25/2017	GBP	500,000	1,206,330
9.0%, 7/12/2011	GBP	785,000	1,731,645

Total Foreign Bonds — Non US\$ Denominated
(Cost \$23,558,359) **25,639,585**

Credit Linked Note 12.3%

JP Morgan HYDI — 100, 8.0%, 6/20/2008 (Cost \$9,263,870)		9,000,000	9,281,250
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US Treasury Obligations 29.8%

US Treasury Bond:			
5.25%, 2/15/2029		825,000	898,315
6.0%, 2/15/2026		2,150,000	2,570,007
7.25%, 5/15/2016		750,000	997,442
8.5%, 2/15/2020		1,285,000	1,924,438
10.375%, 11/15/2012		3,350,000	4,462,434
11.25%, 2/15/2015		575,000	979,836
11.75%, 11/15/2014		3,500,000	5,290,743
12.75%, 11/15/2010		500,000	629,961
US Treasury Note:			
1.625%, 1/31/2005		4,150,000	4,178,531
6.5%, 2/15/2010		500,000	606,582

Total US Treasury Obligations (Cost \$22,016,503) 22,538,289

Notes to Scudder Strategic Income 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 \$72,121,000. At June 30, 2003, net unrealized appreciation for all securities based on tax cost was \$3,500,204. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$3,760,205 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$260,001.*

(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.*

(c) *Principal amount stated in US dollars unless otherwise noted.*

Currency Abbreviation

EUR	Euro	JPY	Japanese Yen
DEM	Deutsche Mark	GBP	British Pounds

	Principal Amount \$(c)	Value (\$)
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US Agency Obligations 6.7%

Federal Home Loan Mortgage Corp.:		
2.875%, 9/15/2005	2,000,000	2,059,080
5.125%, 7/15/2012	2,700,000	2,978,764
Total US Agency Obligations (Cost \$4,743,301)		5,037,844

	Shares	Value (\$)
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Cash Equivalents 1.7%

Scudder Cash Management QP Trust, 1.15% (b) (Cost \$1,317,814)	1,317,814	1,317,814
Total Investment Portfolio — 100.0% (Cost \$72,087,690) (a)		75,621,204

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

Financial Statements

Statement of Assets and Liabilities as of June 30, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$70,769,876)	\$ 74,303,390
Investment in Scudder Cash Management QP Trust (cost \$1,317,814)	1,317,814
Cash	4,655
Foreign currency, at value (cost \$11,408)	11,472
Receivable for investments sold	2,771,281
Interest receivable	1,114,045
Receivable for Portfolio shares sold	5,048
Unrealized appreciation on forward foreign currency exchange contracts	221,194
Other assets	557
Total assets	79,749,456

Liabilities

Payable for investments purchased	642,607
Payable for Portfolio shares redeemed	99,877
Notes payable	1,450,000
Unrealized depreciation on forward foreign currency exchange contracts	693,161
Accrued management fee	37,567
Other accrued expenses and payables	4,502
Total liabilities	2,927,714
Net assets, at value	\$ 76,821,742

Net Assets

Net assets consist of:	
Undistributed net investment income	1,801,611
Net unrealized appreciation (depreciation) on:	
Investments	3,533,514
Foreign currency related transactions	(447,539)
Accumulated net realized gain (loss)	2,643,005
Paid-in capital	69,291,151
Net assets, at value	\$ 76,821,742

Class A Shares

Net asset value , offering and redemption price per share (\$75,475,885 ÷ 6,462,684 shares outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 11.68
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Class B Shares

Net asset value , offering and redemption price per share (\$1,345,857 ÷ 115,346 shares outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 11.67
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Dividends	\$ 8,585
Interest	1,650,240
Interest — Scudder Cash Management QP Trust	15,082
Total Income	1,673,907
Expenses:	
Management fee	218,716
Custodian fees	24,764
Distribution service fees (Class B)	220
Record keeping fees (Class B)	132
Auditing	3,331
Legal	5,066
Trustees' fees and expenses	982
Reports to shareholders	4,654
Interest expense	348
Other	4,059
Total expenses, before expense reductions	262,272
Expense reductions	(263)
Total expenses, after expense reductions	262,009
Net investment income	1,411,898

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	3,204,752
Foreign currency related transactions	(543,809)
	2,660,943
Net unrealized appreciation (depreciation) during the period on:	
Investments	193,148
Foreign currency related transactions	(12,557)
	180,591
Net gain (loss) on investment transactions	2,841,534
Net increase (decrease) in net assets resulting from operations	\$ 4,253,432

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income	\$ 1,411,898	\$ 1,679,236
Net realized gain (loss) on investment transactions	2,660,943	54,812
Net unrealized appreciation (depreciation) on investment transactions during the period	180,591	2,799,156
Net increase (decrease) in net assets resulting from operations	4,253,432	4,533,204
Distributions to shareholders from:		
Net investment income		
Class A	(853,600)	(775,880)
Net realized gains		
Class A	(28,838)	—
Portfolio share transactions:		
Class A		
Proceeds from shares sold	30,332,131	52,444,515
Reinvestment of distributions	882,438	775,880
Cost of shares redeemed	(18,820,198)	(18,007,287)
Net increase (decrease) in net assets from Class A share transactions	12,394,371	35,213,108
Class B*		
Proceeds from shares sold	1,563,938	—
Cost of shares redeemed	(208,670)	—
Net increase (decrease) in net assets from Class B share transactions	1,355,268	—
Increase (decrease) in net assets	17,120,633	38,970,432
Net assets at beginning of period	59,701,109	20,730,677
Net assets at end of period (including undistributed net investment income of \$1,801,611 and \$1,243,313, respectively)	\$ 76,821,742	\$ 59,701,109

Other Information

Class A		
Shares outstanding at beginning of period	5,379,967	2,018,991
Shares sold	2,669,629	4,981,682
Shares issued to shareholders in reinvestment of distributions	78,789	77,049
Shares redeemed	(1,665,701)	(1,697,755)
Net increase (decrease) in Portfolio shares	1,082,717	3,360,976
Shares outstanding at end of period	6,462,684	5,379,967
Class B*		
Shares outstanding at beginning of period	—	—
Shares sold	133,042	—
Shares redeemed	(17,696)	—
Net increase (decrease) in Portfolio shares	115,346	—
Shares outstanding at end of period	115,346	—

* For the period from May 1, 2003 (commencement of sales of Class B shares) to June 30, 2003.

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

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001 ^b	2000 ^c	1999 ^c	1998 ^c
Selected Per Share Data						
Net asset value, beginning of period	\$ 11.10	\$ 10.27	\$ 9.86	\$ 9.86	\$ 11.09	\$ 10.29
<i>Income (loss) from investment operations:</i>						
Net investment income	.24 ^d	.45 ^d	.48 ^d	.51 ^d	.47 ^d	.24
Net realized and unrealized gain (loss) on investment transactions	.50	.68	.03	(.26)	(1.10)	.86
Total from investment operations	.74	1.13	.51	.25	(.63)	1.10
<i>Less distributions from:</i>						
Net investment income	(.15)	(.30)	(.10)	(.25)	(.40)	(.20)
Net realized gains on investment transactions	(.01)	—	—	—	(.20)	(.10)
Total distributions	(.16)	(.30)	(.10)	(.25)	(.60)	(.30)
Net asset value, end of period	\$ 11.68	\$ 11.10	\$ 10.27	\$ 9.86	\$ 9.86	\$ 11.09
Total Return (%)	6.66**	11.30	5.23	2.57	(5.85)	10.98
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	75	60	21	9	6	5
Ratio of expenses before expense reductions (%)	.78*	.73	.66	1.14	1.03	1.08
Ratio of expenses after expense reductions (%)	.78*	.73	.65	1.10	1.01	1.08
Ratio of net investment income (%)	4.17*	4.26	4.76	5.26	4.57	4.32
Portfolio turnover rate (%)	168*	65	27	154	212	330

^a For the six months ended June 30, 2003 (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.

^d Based on average shares outstanding during the period.

* Annualized ** Not annualized

Class B

	2003 ^a
Selected Per Share Data	
Net asset value, beginning of period	\$ 11.44
<i>Income (loss) from investment operations:</i>	
Net investment income ^b	.06
Net realized and unrealized gain (loss) on investment transactions	.17
Total from investment operations	.23
Net asset value, end of period	\$ 11.67
Total Return (%)	2.01**
Ratios to Average Net Assets and Supplemental Data	
Net assets, end of period (\$ millions)	1
Ratio of expenses (%)	1.18*
Ratio of net investment income (%)	3.57*
Portfolio turnover rate (%)	168*

^a For the period May 1, 2003 (commencement of sales of Class B shares) to June 30, 2003 (Unaudited).

^b Based on average shares outstanding during the period.

* Annualized ** Not annualized

Scudder Technology Growth Portfolio

Scudder Technology Growth Portfolio (Class A shares) rose 18.24% during the first half of the year, outpacing its primary benchmark, the Russell 1000 Growth Index, which returned 13.09%, though slightly lagging its secondary index, the Goldman Sachs Technology Total Return Index, which gained 21.83%. The portfolio's underperformance compared with the latter index was due to its underweight exposure to communications equipment companies, which performed strongly during the second quarter after raising extra capital to reduce their debt and beating gross margin targets through cost cutting. In addition, these stocks performed strongly based on speculation that contracts issued by the regional Bell operating companies and the federal government to upgrade voice and data infrastructure may signal the start of a recovery in the equipment area. The portfolio's performance was helped by holdings in the electronic storage industry. Overweights in eBay and Yahoo, two Internet companies, also provided a solid contribution.

Jonathan Wild Stephen Scott
Lanette Donovan Anne Meisner
Co-Managers
Deutsche Investment Management Americas Inc.

The Russell 1000 Growth Index is an unmanaged index composed of common stocks of larger US companies with greater-than-average growth orientation. Index returns assume reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an index.

Goldman Sachs Technology Total Return Index is an unmanaged, capitalization-weighted index based on a universe of technology-related stocks. Index returns assume reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an index.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

Scudder Technology Growth Portfolio

	Shares	Value (\$)		Shares	Value (\$)
Common Stocks 92.4%					
Consumer Discretionary 8.9%					
Internet & Catalog Retailing 4.4%					
Amazon.com, Inc.*	67,600	2,466,724			
eBay, Inc.*	64,800	6,750,864			
		9,217,588			
Media 4.5%					
AOL Time Warner, Inc.*	588,700	9,472,183			
Industrials 3.6%					
Commercial Services & Supplies					
Automatic Data Processing, Inc.	63,000	2,133,180			
Concord EFS, Inc.*	65,500	964,160			
First Data Corp.	73,900	3,062,416			
Paychex, Inc.	48,800	1,430,328			
		7,590,084			
Information Technology 78.2%					
Communications Equipment 11.4%					
Brocade Communications Systems, Inc.*	53,800	316,882			
Cisco Systems, Inc.*	692,400	11,556,156			
Emulex Corp.*	51,500	1,172,655			
Lucent Technologies, Inc.*	1,256,000	2,549,680			
Motorola, Inc.	208,520	1,966,344			
Nokia Oyj (ADR)	146,400	2,405,352			
Nortel Networks Corp.*	399,100	1,077,570			
QUALCOMM, Inc.	80,800	2,888,600			
		23,933,239			
Computers & Peripherals 19.7%					
Dell Computer Corp.*	286,675	9,162,133			
EMC Corp.*	702,800	7,358,316			
Hewlett-Packard Co.	266,476	5,675,939			
International Business Machines Corp.	188,800	15,576,000			
Lexmark International, Inc.*	30,800	2,179,716			
Sun Microsystems, Inc.*	335,288	1,542,325			
		41,494,429			
Electronic Equipment & Instruments 1.9%					
Agilent Technologies, Inc.*	60,300	1,178,865			
Jabil Circuit, Inc.*	102,000	2,254,200			
Solectron Corp.*	176,200	658,988			
		4,092,053			
Internet Software & Services 1.5%					
Yahoo!, Inc.*	96,000	3,144,960			
IT Consulting & Services 5.0%					
Accenture Ltd. "A"*	83,700	1,514,132			
Affiliated Computer Services, Inc. "A"*	39,100	1,788,043			
Computer Sciences Corp.*	125,300	4,776,436			
Electronic Data Systems Corp.	47,500	1,018,875			
SunGard Data Systems, Inc.*	52,300	1,355,093			
		10,452,579			
Semiconductor Equipment & Products 19.7%					
Agere Systems, Inc. "A"*	442,283	1,030,519			
Agere Systems, Inc. "B"*	77,492	178,232			
Altera Corp.*	137,000	2,246,800			
Analog Devices, Inc.*	132,400	4,610,168			
Applied Materials, Inc.*	160,020	2,537,917			
ASML Holding NV *	84,300	805,908			
Broadcom Corp. "A"*	86,500	2,154,715			
Integrated Device Technology, Inc.*	83,200	919,360			
Intel Corp.	429,300	8,922,571			
KLA-Tencor Corp.*	58,600	2,724,314			
Linear Technology Corp.	52,700	1,697,467			
LSI Logic Corp.*	58,600	414,888			
Maxim Integrated Products, Inc.	48,137	1,645,804			
Microchip Technology, Inc.	38,700	948,150			
Micron Technology, Inc.*	97,000	1,128,110			
Novellus Systems, Inc.*	49,900	1,827,388			
STMicroelectronics NV (New York shares)	93,500	1,943,865			
Texas Instruments, Inc.	204,544	3,599,974			
Xilinx, Inc.*	83,100	2,103,261			
		41,439,411			
Software 19.0%					
Adobe Systems, Inc.	14,080	451,546			
BEA Systems, Inc.*	269,258	2,924,142			
BMC Software, Inc.*	61,800	1,009,194			
Computer Associates International, Inc.	83,800	1,867,064			
Electronic Arts, Inc.*	28,800	2,130,912			
Intuit, Inc.*	28,177	1,254,722			
Microsoft Corp.	593,146	15,190,469			
Oracle Corp.*	586,200	7,046,124			
Siebel Systems, Inc.*	67,800	646,812			
Symantec Corp.*	42,900	1,881,594			
Synopsys Ltd.*	16,300	1,008,155			
TIBCO Software, Inc.*	188,700	960,483			
VERITAS Software Corp.*	126,256	3,619,760			
		39,990,977			
Other 1.7%					
iShares Goldman Technology Index Fund*	95,100	3,471,150			
Total Common Stocks (Cost \$194,200,787)					194,298,653
Cash Equivalents 7.6%					
Scudder Cash Management QP Trust, 1.15% (b) (Cost \$15,987,284)	15,987,284	15,987,284			
Total Investment Portfolio — 100.0% (Cost \$210,188,071) (a)					210,285,937

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

Notes to Scudder Technology Growth Portfolio

* *Non-income producing security.*

(a) *The cost for federal income tax purposes was \$235,948,875. At June 30, 2003, net unrealized depreciation for all securities based on tax cost was \$25,662,938. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$16,830,886 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$42,493,824.*

(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.*

Written Options	Contracts	Expiration Date	Strike Price	Value (\$)
BEA Systems, Inc.	102	7/21/2003	10	1,530
Total outstanding written options (Premiums received \$4,896)				1,530

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

Financial Statements

Statement of Assets and Liabilities as of June 30, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$194,200,787)	\$ 194,298,653
Investment in Scudder Cash Management QP Trust (cost \$15,987,284)	15,987,284
Cash	10,000
Dividends receivable	42,362
Receivable for Portfolio shares sold	131,194
Foreign taxes recoverable	440
Other assets	4,390
Total assets	210,474,323

Liabilities

Payable for Portfolio shares redeemed	95,974
Written options at value (cost \$4,896)	1,530
Accrued management fee	126,545
Other accrued expenses and payables	37,551
Total liabilities	261,600
Net assets, at value	\$ 210,212,723

Net Assets

Net assets consist of:	
Accumulated net investment loss	\$ (407,986)
Net unrealized appreciation (depreciation) on:	
Investments	97,866
Written options	3,366
Accumulated net realized gain (loss)	(299,731,383)
Paid-in capital	510,250,860
Net assets, at value	\$ 210,212,723

Class A

Net Asset Value , offering and redemption price per share (\$206,428,380 ÷ 28,964,530 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 7.13
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Class B

Net Asset Value , offering and redemption price per share (\$3,784,343 ÷ 532,689 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 7.10
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$3,559)	\$ 299,170
Interest	203
Interest — Scudder Cash Management QP Trust	81,784
Total Income	381,157
Expenses:	
Management fee	708,732
Custodian and accounting fees	31,361
Distribution service fees (Class B)	1,905
Record keeping fees (Class B)	739
Auditing	15,816
Legal	3,483
Trustees' fees and expenses	2,260
Reports to shareholders	14,931
Other	7,582
Total expenses, before expense reductions	786,809
Expense reductions	(553)
Total expenses, after expense reductions	786,256
Net investment income (loss)	(405,099)

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(65,123,958)
Written options	83,641
	(65,040,317)
Net unrealized appreciation (depreciation) during the period on:	
Investments	98,045,686
Written options	3,366
	98,049,052
Net gain (loss) on investment transactions	33,008,735
Net increase (decrease) in net assets resulting from operations	\$ 32,603,636

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ (405,099)	\$ (1,033,084)
Net realized gain (loss)	(65,040,317)	(113,177,009)
Net unrealized appreciation (depreciation) on investment transactions during the period	98,049,052	(16,385,748)
Net increase (decrease) in net assets resulting from operations	32,603,636	(130,595,841)
Distributions to shareholders from:		
Net investment income		
Class A	—	(313,166)
Portfolio share transactions:		
Class A		
Proceeds from shares sold	25,183,964	49,377,515
Reinvestment of distributions	—	313,166
Cost of shares redeemed	(69,702,063)	(50,658,633)
Net increase (decrease) in net assets from Class A share transactions	(44,518,099)	(967,952)
Class B		
Proceeds from shares sold	3,190,616	314,849*
Cost of shares redeemed	(24,173)	(131)*
Net increase (decrease) in net assets from Class B share transactions	3,166,443	314,718
Increase (decrease) in net assets	(8,748,020)	(131,562,241)
Net assets at beginning of period	218,960,743	350,522,984
Net assets at end of period (including accumulated net investment loss of \$407,986 and \$2,887, respectively)	\$ 210,212,723	\$ 218,960,743
Other Information		
Class A		
Shares outstanding at beginning of period	36,318,161	37,439,839
Shares sold	3,729,470	5,869,117
Shares issued to shareholders in reinvestment of distributions	—	35,386
Shares redeemed	(11,083,101)	(7,026,181)
Net increase (decrease) in Portfolio shares	(7,353,631)	(1,121,678)
Shares outstanding at end of period	28,964,530	36,318,161
Class B		
Shares outstanding at beginning of period	51,379	—
Shares sold	484,636	51,400*
Shares redeemed	(3,326)	(21)*
Net increase (decrease) in Portfolio shares	481,310	51,379
Shares outstanding at end of period	532,689	51,379

* For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001	2000 ^b	1999 ^{b,c}
Selected Per Share Data					
Net asset value, beginning of period	\$ 6.02	\$ 9.36	\$ 13.87	\$ 17.77	\$ 10.00
<i>Income (loss) from investment operations:</i>					
Net investment income (loss) ^d	(.01)	(.03)	.01	.04	.05
Net realized and unrealized gain (loss) on investment transactions	1.12	(3.30)	(4.50)	(3.84)	7.72
Total from investment operations	1.11	(3.33)	(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	\$ 7.13	\$ 6.02	\$ 9.36	\$ 13.87	\$ 17.77
Total Return (%)	18.44 ^{**}	(35.52)	(32.39)	(21.57)	77.70 ^{e**}
Ratios to Average Net Assets and Supplemental Data					
Net assets, end of period (\$ millions)	206	219	351	270	84
Ratio of expenses before expense reductions (%)	.83 [*]	.80	.81	.82	1.19 [*]
Ratio of expenses after expense reductions (%)	.83 [*]	.80	.81	.82	.94 [*]
Ratio of net investment income (loss) (%)	(.43) [*]	(.37)	.12	.21	.60 [*]
Portfolio turnover rate (%)	48 [*]	64	56	107	34 [*]

^a For the six months ended June 30, 2003 (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.

^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

Class B

	2003 ^a	2002 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 6.01	\$ 6.32
<i>Income (loss) from investment operations:</i>		
Net investment income (loss) ^c	(.01)	(.02)
Net realized and unrealized gain (loss) on investment transactions	1.10	(.29)
Total from investment operations	1.09	(.31)
Net asset value, end of period	\$ 7.10	\$ 6.01
Total Return (%)	18.14 ^{**}	(4.75) ^{**}
Ratios to Average Net Assets and Supplemental Data		
Net assets, end of period (\$ millions)	4	.3
Ratio of expenses (%)	1.19 [*]	1.06 [*]
Ratio of net investment income (loss) (%)	(.79) [*]	(.79) [*]
Portfolio turnover rate (%)	48 [*]	64

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

^c Based on average shares outstanding during the period.

* Annualized

** Not annualized

Scudder Total Return Portfolio

The US stock market posted strong returns in the first half of 2003, thanks in part to the resolution of the war with Iraq, a \$350 billion fiscal stimulus package from Congress and continued low interest rates. The stock market was led by strong performance in high beta technology, telecommunications and utility stocks. The bond market was led by strong performance in corporate bonds and mortgages. The portfolio's stock and bond portfolios both gained substantial ground in the period, with the portfolio (Class A shares) returning 9.13% versus its benchmarks, the Lehman Brothers Aggregate Bond Index, which gained 3.93%, and the Standard and Poor's 500 (S&P 500) index, which returned 11.76%.

The stock portfolio benefited from strong returns in its biotechnology and information technology stocks. As consumer confidence improved, the portfolio's overweight in consumer discretionary stocks added to returns. An underweight position in consumer staples also helped relative performance as this area lagged the overall market. The stock portfolio was held back by its energy overweight. This defensive sector lagged the market due to crude oil and natural gas price concerns, specifically, the impact of Iraqi crude oil returning to world markets and aggressive gas storage injections. While we're disappointed with the short-term performance, we like the portfolio's energy position and believe it will perform well going forward. We don't own any utility stocks because they don't reconcile well with our growth investment discipline. Our lack of such holdings hurt this period, as utility stocks were some of the market's leaders.

The income managers continued to trim Treasuries in favor of corporate bonds and mortgages. As of June 30, 2003, the portfolio's allocation was at about 60% stocks and 40% bonds. This represents a neutral posture and reflects our belief that the US economy and stock market are on the road to a gradual recovery.

J. Christopher Gagnier	Warren S. Davis	Gary W. Bartlett	Julie M. Van Cleave
Daniel R. Taylor	David Baldt	Thomas Flaherty	Timothy C. Vile
Janet Campagna	Andrew P. Cestone	Thomas J. Schmid	Jack A. Zehner

Portfolio Managers
Deutsche Investment Management Americas Inc.

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 reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an index.

The Lehman Brothers Aggregate Bond Index is an unmanaged market value-weighted measure of treasury issues, agency issues, corporate bond issues and mortgage securities. Index returns assume reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an index.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

Scudder Total Return Portfolio

	Shares	Value (\$)		Shares	Value (\$)
Common Stocks 58.5%					
Consumer Discretionary 10.4%					
Automobiles 0.8%					
Harley-Davidson, Inc.	122,400	4,878,864			
Hotel Restaurants & Leisure 1.2%					
International Game Technology	49,800	5,096,034			
YUM! Brands, Inc.*	105,900	3,130,404			
		8,226,438			
Household Durables 0.5%					
Newell Rubbermaid, Inc.	120,000	3,360,000			
Media 2.9%					
Comcast Corp. "A"*	165,900	4,782,897			
McGraw-Hill, Inc.	64,700	4,011,400			
Omnicom Group, Inc.	75,800	5,434,860			
Viacom, Inc. "B"*	109,239	4,769,375			
		18,998,532			
Multiline Retail 3.6%					
Kohl's Corp.*	80,500	4,136,090			
Target Corp.	240,300	9,092,952			
Wal-Mart Stores, Inc.	202,600	10,873,542			
		24,102,584			
Specialty Retail 1.4%					
Home Depot, Inc.	175,400	5,809,248			
Staples, Inc.*	95,400	1,750,590			
TJX Companies, Inc.	100,300	1,889,652			
		9,449,490			
Consumer Staples 5.2%					
Beverages 1.8%					
PepsiCo, Inc.	185,120	8,237,840			
Coca-Cola Co.	85,000	3,944,850			
		12,182,690			
Food & Drug Retailing 0.6%					
Walgreen Co.	131,000	3,943,100			
Household Products 2.8%					
Colgate-Palmolive Co.	181,900	10,541,105			
Procter & Gamble Co.	90,700	8,088,626			
		18,629,731			
Energy 5.0%					
Energy Equipment & Services 2.6%					
Baker Hughes, Inc.	119,200	4,001,544			
Nabors Industries Ltd.*	182,800	7,229,740			
Noble Corp.*	53,300	1,828,190			
Schlumberger Ltd.	92,900	4,419,253			
		17,478,727			
Oil & Gas 2.4%					
Anadarko Petroleum Corp.	101,100	4,495,917			
Burlington Resources, Inc.	77,200	4,174,204			
ChevronTexaco Corp.	40,200	2,902,440			
ConocoPhillips	76,800	4,208,640			
		15,781,201			
Financials 6.4%					
Banks 0.8%					
Bank of America Corp.	69,100	5,460,973			
Diversified Financials 4.1%					
American Express Co.	170,300	7,120,233			
Citigroup, Inc.	183,399	7,849,477			
Fannie Mae	83,400	5,624,496			
Morgan Stanley	92,200	3,941,550			
State Street Corp.	67,500	2,659,500			
		27,195,256			
Insurance 1.5%					
American International Group, Inc.	89,637	4,946,170			
Marsh & McLennan Companies, Inc.	92,300	4,713,761			
		9,659,931			
Health Care 12.9%					
Biotechnology 2.1%					
Genentech, Inc.*	120,800	8,712,096			
Gilead Sciences, Inc.*	88,800	4,935,504			
		13,647,600			
Health Care Equipment & Supplies 2.2%					
Baxter International, Inc.	149,100	3,876,600			
Medtronic, Inc.	161,900	7,766,343			
Zimmer Holdings, Inc.*	69,700	3,139,985			
		14,782,928			
Health Care Providers & Services 0.9%					
UnitedHealth Group, Inc.	124,600	6,261,150			
Pharmaceuticals 7.7%					
Abbott Laboratories	221,300	9,684,088			
Eli Lilly & Co.	128,600	8,869,542			
Johnson & Johnson	245,666	12,700,932			
Merck & Co., Inc.	81,800	4,952,990			
Pfizer, Inc.	427,775	14,608,516			
		50,816,068			
Industrials 4.8%					
Aerospace & Defense 1.2%					
United Technologies Corp.	114,800	8,131,284			
Air Freight & Logistics 0.6%					
FedEx Corp.	60,200	3,734,206			
Commercial Services & Supplies 0.6%					
Fiserv, Inc.*	117,700	4,191,297			
Industrial Conglomerates 2.4%					
3M Co.	23,500	3,031,030			
General Electric Co.	442,700	12,696,636			
		15,727,666			
Information Technology 12.3%					
Communications Equipment 1.4%					
Cisco Systems, Inc.*	522,700	8,723,863			

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

	Shares	Value (\$)		Principal Amount (\$)	Value (\$)
Computers & Peripherals 2.6%					
EMC Corp.*	550,000	5,758,500	Ameristar Casino, Inc., 10.75%, 2/15/2009	50,000	56,688
International Business Machines Corp.	141,100	11,640,750	AOL Time Warner, Inc.:		
		17,399,250	6.125%, 4/15/2006	630,000	688,871
			6.75%, 4/15/2011	760,000	865,289
Semiconductor Equipment & Products 4.2%					
Applied Materials, Inc.*	428,300	6,792,838	Boca Resorts, Inc., 9.875%, 4/15/2009	85,000	91,588
Intel Corp.	538,500	11,192,184	Buffets, Inc., 11.25%, 7/15/2010	50,000	49,500
Linear Technology Corp.	150,600	4,850,826	Central Garden & Pet Co., 9.125%, 2/1/2013	50,000	53,250
Texas Instruments, Inc.	305,600	5,378,560	Choctaw Resort Development Enterprises, 9.25%, 4/1/2009	70,000	75,513
		28,214,408	Chumash Casino & Resort Enterprise, 9.0%, 7/15/2010	50,000	54,000
Software 4.1%					
Electronic Arts, Inc.*	50,200	3,714,298	Circus & Eldorado, 10.125%, 3/1/2012	50,000	49,125
Microsoft Corp.	652,800	16,718,208	Comcast Cable Communications:		
Microstrategy Inc.	22	783	6.375%, 1/30/2006	650,000	709,307
Oracle Corp.*	356,300	4,282,726	6.75%, 1/30/2011	1,055,000	1,211,004
VERITAS Software Corp.*	85,500	2,451,285	6.875%, 6/15/2009	425,000	491,357
		27,167,300	Comcast Corp., 7.05%, 3/15/2033	690,000	766,347
Materials 0.4%					
Chemicals					
Ecolab, Inc.	99,400	2,544,640	CSC Holdings, Inc., 7.875%, 12/15/2007	65,000	66,463
Telecommunication Services 1.1%					
Diversified Telecommunication Services 0.7%					
Verizon Communications, Inc.	120,300	4,745,835	Dex Media East LLC/ Financial, 12.125%, 11/15/2012	60,000	70,950
Wireless Telecommunication Services 0.4%					
AT&T Wireless Services, Inc.*	310,400	2,548,384	DIMON, Inc., Series B, 9.625%, 10/15/2011	165,000	181,500
Total Common Stocks (Cost \$368,124,950)		387,983,396	EchoStar Communications Corp., 9.375%, 2/1/2009	80,000	85,300
Warrants 0.0%					
MircoStrategy, Inc.* (Cost \$0)	96	19	Eldorado Resorts LLC, 10.5%, 8/15/2006	50,000	51,000
Convertible Preferred Stocks 0.0%					
Hercules Trust II (Cost \$33,738)	55	35,163	Finlay Fine Jewelry Corp., 8.375%, 5/1/2008	50,000	51,750
			General Motors Corp.:		
			8.25%, 7/15/2023	755,000	754,530
			8.375%, 7/15/2033	1,105,000	1,084,116
			Herbst Gaming, Inc., 10.75%, 9/1/2008	105,000	115,763
			Hines Horticulture, Inc., Series B, 12.75%, 10/15/2005	55,000	57,750
			International Game Technology, 8.375%, 5/15/2009	110,000	134,949
			Intrawest Corp., 10.5%, 2/1/2010	50,000	53,750
			Jacobs Entertainment Co., 11.875%, 2/1/2009	50,000	53,188
			Jacuzzi Brands, Inc., 9.625%, 7/1/2010	50,000	50,000
			Laidlaw International, Inc., 10.75%, 6/15/2011	50,000	52,500
			MGM Mirage, Inc., 9.75%, 6/1/2007	115,000	130,525
			Park Place Entertainment Corp.:		
			8.875%, 9/15/2008	435,000	479,588
			9.375%, 2/15/2007	120,000	132,900
			PRIMEDIA, Inc., 7.625%, 4/1/2008	50,000	50,500
			Remington Arms Co., 10.5%, 2/1/2011	50,000	52,250
			Schuler Homes, Inc.:		
			9.375%, 7/15/2009	160,000	180,800
			10.5%, 7/15/2011	50,000	57,500
			Scientific Games Corp., 12.5%, 8/15/2010	50,000	57,500
			Sinclair Broadcast Group, Inc.:		
			8.0%, 3/15/2012	50,000	52,875
			8.0%, 3/15/2012	70,000	74,725
			8.75%, 12/15/2011	50,000	54,875
Convertible Bonds 0.0%					
DIMON, Inc., 6.25%, 3/31/2007 (c)	50,000	46,500			
MicroStrategy, Inc., Series A, 7.5%, 6/24/2007	41	48			
Nortel Networks Corp., 4.25%, 9/1/2008	50,000	42,250			
Parker Drilling Co., 5.5%, 8/1/2004	75,000	75,000			
Total Convertible Bonds (Cost \$160,622)		163,798			
Corporate Bonds 9.8%					
Consumer Discretionary 1.5%					
American Achieve Corp., 11.625%, 1/1/2007	50,000	53,500			

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

	Principal Amount (\$)	Value (\$)		Principal Amount (\$)	Value (\$)
Six Flags, Inc., 8.875%, 2/1/2010	60,000	57,600	Citigroup, Inc., 6.875%, 2/15/2098	2,755,000	3,302,653
Sonic Automotive, Inc., 11.0%, 8/1/2008	65,000	68,900	Farmers Exchange Capital, 7.2%, 7/15/2048	50,000	41,228
Starwood Hotels, 7.875%, 5/1/2012	50,000	54,750	Ford Motor Credit Co., 6.875%, 2/1/2006	1,194,000	1,266,356
Transwestern Publishing, Series F, 9.625%, 11/15/2007	70,000	72,975	General Electric Capital Corp., 5.45%, 1/15/2013	770,000	834,019
Unisys Corp., 6.875%, 3/15/2010	50,000	52,000	General Motors Acceptance Corp., 4.5%, 7/15/2006	4,600,000	4,623,037
Wheeling Island Gaming, Inc., 10.125%, 12/15/2009	60,000	60,375	Household Finance Corp., 6.5%, 1/24/2006	1,765,000	1,957,639
Worldspan LP/ WS Finance Corp., 9.625%, 6/15/2011	50,000	51,500	LaBranche & Co., Inc., 12.0%, 3/2/2007	110,000	125,400
		9,820,986	LNR Property Corp., 7.625%, 7/15/2013	50,000	50,572
Consumer Staples 0.0%			New York Life Insurance Co., 5.875%, 5/15/2033	1,085,000	1,138,690
Agrilink Foods, Inc., 11.875%, 11/1/2008	60,000	64,650	Ohio National Financial Services, 6.35%, 4/1/2013	1,075,000	1,137,594
Elizabeth Arden, Inc., Series B, 11.75%, 2/1/2011	65,000	72,475	PEI Holdings, Inc., 11.0%, 3/15/2010	50,000	55,125
Stater Brothers Holdings, Inc., 10.75%, 8/15/2006	60,000	63,150	PNC Funding Corp., 5.75%, 8/1/2006	1,550,000	1,710,185
Swift & Co., 10.125%, 10/1/2009	50,000	52,000	Prudential Financial, Inc., 5.75%, 7/15/2033	1,960,000	1,942,360
		252,275	R.H. Donnelly Finance Corp., 10.875%, 12/15/2012	50,000	58,250
Energy 0.5%			Thornburg Mortgage, Inc., 8.0%, 5/15/2013	70,000	71,400
Avista Corp., 9.75%, 6/1/2008	225,000	261,000	Verizon Global Funding Corp., 7.25%, 12/1/2010	2,290,000	2,750,141
Chesapeake Energy Corp., 8.125%, 4/1/2011	50,000	53,875	Wachovia Corp., 7.5%, 7/15/2006	275,000	318,210
Citgo Petroleum Corp., 11.375%, 2/1/2011	145,000	161,675	Wells Fargo & Co., 7.55%, 6/21/2010	625,000	770,454
Houston Exploration Co., 7.0%, 6/15/2013	50,000	51,625			26,868,179
Newpark Resources, Inc., 8.625%, 12/15/2007	50,000	51,250	Health Care 0.5%		
Panhandle Eastern Pipe Line, 7.95%, 3/15/2023	80,000	82,800	AmerisourceBergen Corp., 7.25%, 11/15/2012	75,000	81,375
Parker Drilling Co., Series B, 10.125%, 11/15/2009	60,000	64,800	Health Care Service Corp., 7.75%, 6/15/2011	2,695,000	3,214,079
Pedernales Electric Cooperative, Series 02-A, 6.202%, 11/15/2032	2,090,000	2,253,208	Tenet Healthcare Corp.: 6.375%, 12/1/2011	85,000	78,625
Pioneer Natural Resources Co.: 7.5%, 4/15/2012	50,000	57,261	7.375%, 2/1/2013	60,000	57,900
9.625%, 4/1/2010	50,000	61,994			3,431,979
Southern Natural Gas, 8.875%, 3/15/2010	50,000	54,500	Industrials 1.0%		
Stone Energy Corp., 8.75%, 9/15/2007	50,000	51,875	Allied Waste North America, Inc.: Series B, 8.5%, 12/1/2008	155,000	166,625
Trico Marine Services, 8.875%, 5/15/2012	50,000	43,000	Series B, 10.0%, 8/1/2009	150,000	159,375
Westar Energy, Inc., 7.875%, 5/1/2007	60,000	67,050	AutoNation, Inc., 9.0%, 8/1/2008	105,000	116,550
Westport Resources Corp., 8.25%, 11/1/2011	115,000	125,925	Avondale Mills, Inc., 10.25%, 7/1/2013	60,000	60,000
Williams Cos., Inc., 8.625%, 6/1/2010	50,000	52,250	Corrections Corp. of America, 9.875%, 5/1/2009	50,000	55,813
		3,494,088	CP Ships Ltd., 10.375%, 7/15/2012	55,000	61,394
Financials 4.0%			Dana Corp.: 7.0%, 3/1/2029	50,000	43,563
Ahold Finance USA, Inc., 6.25%, 5/1/2009	80,000	74,600	10.125%, 3/15/2010	75,000	82,688
American International Group, Inc., 4.25%, 5/15/2013	1,930,000	1,926,061	Day International Group, Inc., 11.125%, 6/1/2005	50,000	50,500
Americredit Corp., 9.875%, 4/15/2006	55,000	53,900	Delta Airlines, Series 2002-1, 6.718%, 1/2/2023	627,241	679,712
Arch Western Finance, 6.75%, 7/1/2013	50,000	51,250	Esterline Technologies, 7.75%, 6/15/2013	50,000	51,250
ASIF Global Finance, 4.9%, 1/17/2013	2,455,000	2,556,492	Flextronics International Ltd., 6.5%, 5/15/2013	100,000	96,250
CBRE Escrow, Inc., 9.75%, 5/15/2010	50,000	52,563	Golden State Petroleum Transportation, 8.04%, 2/1/2019	50,000	48,127

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

	Principal Amount (\$)	Value (\$)
Hercules, Inc., 11.125%, 11/15/2007	145,000	168,925
Hornbeck Offshore Services, Inc., 10.625%, 8/1/2008	50,000	55,125
ISP Chemco, Inc., Series B, 10.25%, 7/1/2011	50,000	56,500
Kansas City Southern, 9.5%, 10/1/2008	90,000	100,013
Metaldyne Corp., 11.0%, 6/15/2012	50,000	41,500
Millennium America, Inc.:		
7.0%, 11/15/2006	210,000	212,100
9.25%, 6/15/2008	60,000	64,500
Mobile Mini, Inc., 9.5%, 7/1/2013	50,000	51,750
Plainwell, Inc., Series B, 11.0%, 3/1/2008*	1,020,000	20,400
Raytheon Co., 8.2%, 3/1/2006	425,000	490,348
Systems 2001 Asset Trust LLC "G", Series 2001, 6.664%, 9/15/2013	2,763,903	3,111,549
Tech Olympic USA, Inc., 10.375%, 7/1/2012	50,000	53,250
Xerox Corp., 9.75%, 1/15/2009	135,000	151,875
		6,249,682
Information Technology 0.0%		
Titan Corp., 8.0%, 5/15/2011	50,000	53,000
Materials 0.6%		
Abitibi-Consolidated Finance, 7.875%, 8/1/2009	50,000	55,500
ARCO Chemical Co.:		
9.8%, 2/1/2020	75,000	66,000
10.25%, 11/1/2010	55,000	52,800
Caraustar Industries, Inc., 9.875%, 4/1/2011	65,000	69,225
Cascades, Inc., 7.25%, 2/15/2013	80,000	84,200
CBD Media/CBD Finance, 8.625%, 6/1/2011	50,000	51,500
Dow Chemical Co., 7.0%, 8/15/2005	1,625,000	1,775,200
Equistar Chemical/ Funding Corp., 10.625%, 5/1/2011	50,000	51,250
Equistar Chemicals LP, 8.75%, 2/15/2009	310,000	300,700
Georgia-Pacific Corp.:		
8.875%, 2/1/2010	55,000	59,675
8.875%, 5/15/2031	335,000	328,300
Louisiana Pacific Corp., 10.875%, 11/15/2008	50,000	57,000
Owens-Brockway Glass Container, 8.25%, 5/15/2013	65,000	67,925
Texas Industries, Inc., 10.25%, 6/15/2011	55,000	57,475
Toll Corp.:		
8.0%, 5/1/2009	50,000	53,563
8.25%, 2/1/2011	70,000	78,050
Weyerhaeuser Co., 5.95%, 11/1/2008	625,000	699,275
		3,907,638
Telecommunication Services 0.2%		
Nextel Communications, Inc., 9.5%, 2/1/2011	110,000	121,825
Qwest Services Corp., 5.625%, 11/15/2008	170,000	163,200
Shaw Communications, Inc., 8.25%, 4/11/2010	60,000	66,750
Sprint Capital Corp., 8.375%, 3/15/2012	65,000	77,826

	Principal Amount (\$)	Value (\$)
Telecomunicaciones de Puerto Rico, Inc., 6.65%, 5/15/2006	910,000	1,006,619
		1,436,220
Utilities 1.5%		
AEP Texas Central Co., 5.5%, 2/15/2013	1,235,000	1,317,566
Alabama Power Co., 7.125%, 8/15/2004	800,000	851,420
American Electric Power, 6.125%, 5/15/2006	940,000	1,030,383
CMS Energy Corp., 7.5%, 1/15/2009	205,000	202,694
Consumers Energy Co., 4.0%, 5/15/2010	1,245,000	1,240,997
El Paso Production Holding Corp., 7.75%, 6/1/2013	65,000	64,838
PG&E Corp., 6.875%, 7/15/2008	50,000	51,875
Progress Energy, Inc., 6.75%, 3/1/2006	2,550,000	2,833,986
Reliant Resources, Inc., 9.25%, 7/15/2010	50,000	50,532
TNP Enterprises, Inc., Series B, 10.25%, 4/1/2010	85,000	85,000
Western Resources, Inc., 9.75%, 5/1/2007	75,000	84,000
Xcel Energy, Inc., 7.0%, 12/1/2010	1,780,000	2,035,715
		9,849,006
Total Corporate Bonds (Cost \$62,015,245)		65,363,053

Asset Backed 3.9%

	Principal Amount (\$)	Value (\$)
Automobile Receivables 1.2%		
Household Automotive Trust "A4", Series 2002-1, 4.39%, 5/18/2009	2,890,000	3,042,981
MMCA Automobile Trust:		
"A4", Series 2002-4, 3.05%, 11/16/2009	700,000	715,761
"B", Series 2002-1, 5.37%, 1/15/2010	2,487,446	2,521,164
WFS Financial Owner Trust "A4", Series 2002-2, 4.5%, 2/20/2010	1,590,000	1,672,412
		7,952,318

Home Equity Loans 0.4%

Residential Asset Securities Corp. "A16", Series 2000-KS1, 7.905%, 2/25/2031	2,345,300	2,541,619
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Manufactured Housing Receivables 0.2%

Conseco Finance Securitizations Corp. "A4", Series 2001-1, 6.21%, 7/1/2032	1,290,000	1,321,805
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Miscellaneous 2.1%

Americredit Automobile Receivables Trust, 4.23%, 10/6/2006	2,385,000	2,461,708
Detroit Edison Securitization Funding LLC "A6", Series 2001-1, 6.62%, 3/1/2016	2,990,000	3,562,169
Federal Home Loan Mortgage Corp. "3A", Series T-41, 7.5%, 7/25/2032	1,200,527	1,338,963
Northwest Airlines "G", Series 1999-3, 7.935%, 10/1/2020	893,019	959,797

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

	Principal Amount (\$)	Value (\$)
PSE&G Transition Funding LLC: "A7", Series 2001-1, 6.75%, 6/15/2016	2,300,000	2,759,235
"A8", Series 2001-1, 6.89%, 12/15/2017	380,000	462,475
US Airways Aircraft Certificate Owner Trust, Series 2003-1A, 5.551%, 3/20/2012	2,385,000	2,499,480
		14,043,827
Total Asset Backed (Cost \$24,539,748)		25,859,569

Foreign Bonds — US\$ Denominated 2.1%

Arcel Finance Ltd., 5.984%, 2/1/2009	2,170,000	2,351,629
British Sky Broadcasting PLC: 6.875%, 2/23/2009	75,000	84,750
8.2%, 7/15/2009	140,000	165,900
Esprit Telecom Group PLC, 11.5%, 12/15/2007*	630,000	63
Euramax International PLC, 11.25%, 10/1/2006	50,000	51,500
Fage Dairy Industry SA, 9.0%, 2/1/2007	65,000	64,350
Federative Republic of Brazil, 8.0%, 4/15/2014	98,513	86,938
France Telecom: 7.2%, 3/1/2006	760,000	866,910
7.75%, 3/1/2011	595,000	748,846
Grupo Elektra SA de CV, 12.0%, 4/1/2008	50,000	50,250
Ing Bank NV, 5.125%, 5/1/2015	425,000	445,004
LeGrand SA, 8.5%, 2/15/2025	50,000	51,500
Luscar Coal Ltd., 9.75%, 10/15/2011	50,000	57,125
Norske Skog Canada, 8.625%, 6/15/2011	50,000	52,250
OAO Gazprom, 9.625%, 3/1/2013	50,000	55,125
Petroleos Mexicanos, 9.5%, 9/15/2027	775,000	964,875
QBE Insurance Group Ltd., 5.647%, 7/1/2023	1,330,000	1,292,169
Royal Caribbean Cruises Ltd., 7.25%, 3/15/2018	50,000	45,125
Stena AB, 8.75%, 6/15/2007	50,000	51,500
Telus Corp., 8.0%, 6/1/2011	130,000	150,150
Tembec Industries, Inc.: 8.5%, 2/1/2011	55,000	54,450
8.625%, 6/30/2009	50,000	49,375
TFM SA de CV: 10.25%, 6/15/2007	120,000	122,700
12.5%, 6/15/2012	50,000	54,000
Step-up Coupon, 11.75%, 6/15/2009	50,000	51,000
Tyco International Group SA: 5.8%, 8/1/2006	1,375,000	1,419,688
6.125%, 1/15/2009	205,000	213,200
6.375%, 2/15/2006	1,270,000	1,323,975
6.375%, 10/15/2011	235,000	247,925
Ukraine Government, 7.65%, 6/11/2013	50,000	49,750
United Mexican States, 6.375%, 1/16/2013	410,000	434,600
Vicap SA, 11.375%, 5/15/2007	75,000	67,500

	Principal Amount (\$)	Value (\$)
Vivendi Universal SA, 9.25%, 4/15/2010	140,000	159,250
WMC Finance USA, 5.125%, 5/15/2013	2,075,000	2,142,213
Total Foreign Bonds — US\$ Denominated (Cost \$14,030,908)		14,025,585

US Treasury Obligations 6.7%

US Treasury Bond: 5.375%, 2/15/2031	65,000	73,194
6.0%, 2/15/2026	6,145,000	7,345,438
US Treasury Note: 1.625%, 4/30/2005	21,744,000	21,886,684
2.125%, 10/31/2004	671,000	679,938
5.0%, 8/15/2011	248,000	278,186
6.125%, 8/15/2007	11,768,000	13,612,728
US Treasury STRIP: Principal only, 3.88%**, 5/15/2013	120,000	82,115
Principal only, 5.12%**, 8/15/2026	1,140,000	359,011
Total US Treasury Obligations (Cost \$43,246,631)		44,317,294

US Government Agency Pass-Thrus 4.6%

Federal Home Loan Mortgage Corp., 5.0%, 7/1/2033	1,220,000	1,239,444
Federal National Mortgage Association: 4.5%, 7/1/2018 (e)	2,560,000	2,611,200
5.0%, 6/1/2018	1,469,055	1,519,340
5.0%, 6/1/2023	1,220,000	1,247,450
5.0%, 7/1/2023 (c)	730,000	746,881
5.0%, 7/1/2033 (c)	3,790,000	3,850,405
5.5%, 3/1/2018	1,348,664	1,400,981
5.5%, 7/1/2033 (c)	3,070,000	3,172,655
5.946%, 2/1/2012	4,107,121	4,679,551
6.0%, 11/1/2017	1,742,936	1,822,388
6.37%, 1/1/2008	3,000,000	3,393,933
6.5%, 5/1/2017	400,376	422,372
6.5%, 5/1/2017	490,600	517,554
6.5%, 8/1/2032	1,266,985	1,321,253
8.0%, 9/1/2015	595,861	639,489
Total US Government Agency Pass-Thrus (Cost \$29,839,244)		30,565,420

Collateralized Mortgage Obligations 8.4%

Bank of America Mortgage Securities, Series 1A34, 5.5%, 9/25/2032	1,445,182	1,452,720
CountryWide Home Loans, Series 2002-27, 5.5%, 12/25/2032	2,430,000	2,493,294
Federal Home Loan Mortgage Corp.: "WM", Series 2391, 5.25%, 10/15/2019	2,032,852	2,032,764
"DB", Series 2483, 5.5%, 9/15/2012	2,370,000	2,390,145
"PE", Series 2512, 5.5%, 2/15/2022	420,000	453,151
"BD", Series 2453, 6.0%, 5/15/2017	2,250,000	2,391,162

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

	Principal Amount (\$)	Value (\$)		Principal Amount (\$)	Value (\$)
"D", Series 2281, 6.0%, 3/15/2027	821,675	824,479	Wells Fargo Mortgage Backed Securities Trust:		
"DA", Series 2444, 6.5%, 2/15/2030	462,026	467,952	"1A1", Series 2003-6, 5.0%, 6/25/2018	3,019,660	3,154,171
Federal National Mortgage Association:			"2A2", Series 2002-4, 6.5%, 2/25/2032	1,579,430	1,580,758
"PU", Series 2003-33, 4.5%, 5/25/2033	2,026,842	2,086,995	Total Collateralized Mortgage Obligations		
"A2", Series 2002-60, 4.75%, 2/25/2044	600,000	623,333	(Cost \$54,912,910)		55,978,577
"PE", Series 2002-3, 5.5%, 8/25/2015	4,690,000	4,879,538			
"PM", Series 2002-21, 5.5%, 11/25/2022	423,865	423,661	Municipal Investments 2.0%		
"LN", Series 2001-56, 5.75%, 7/25/2026	941,351	941,331	Broward County, Airport Revenue, Airport Systems Revenue, Series J-2, 6.13%, 10/1/2007	1,000,000	1,133,870
"PA", Series 2001-48, 6.0%, 9/25/2013	247,695	247,680	Illinois, Higher Education Revenue, Educational Facilities Authority, Series C, 7.1%, 7/1/2012 (d)	1,000,000	1,217,210
"QN", Series 2001-51, 6.0%, 10/25/2016	3,110,000	3,320,936	Mashantucket, CT, Special Assessment Revenue, Western Pequot Tribe Special Revenue, Series A, 6.57%, 9/1/2013 (d)	1,285,000	1,487,580
"VD", Series 2002-56, 6.0%, 4/25/2020	560,000	581,439	New York, State GO, Environmental Facilities Corp., Series B, 4.95%, 1/1/2013 (d)	1,895,000	1,994,791
"PY", Series 2002-31, 6.0% with various maturities until 11/25/2021	11,500,000	11,934,419	Ohio, Sales & Special Tax Revenue, 7.6%, 10/1/2016 (d)	1,000,000	1,166,620
"B", Series 1999-32, 6.0%, 7/25/2029	900,000	933,852	Oregon, Higher Education Revenue, Community College District, Series A, Zero Coupon, 6/30/2023 (d)	3,685,000	1,198,620
"AN", Series 2000-27, 6.0%, 8/25/2030	605,000	621,712	Passaic County, County GO, 5.0%, 2/15/2017 (d)	1,735,000	1,792,151
"QN", Series 2001-38, 6.25%, 2/25/2027	471,755	472,065	Union County, Student Loans Revenue, Improvement Authority Revenue, 5.29%, 4/1/2018 (d)	1,185,000	1,250,933
"HM", Series 2002-36, 6.5%, 12/25/2029	548,201	562,938	Washington, Industrial Development Revenue, 3.5%, 10/1/2010 (d)	1,840,000	1,827,470
Federal National Mortgage Association Whole Loan:			Total Municipal Investments (Cost \$12,458,891)		13,069,245
"A2", Series 2002-W10, 4.7%, 8/25/2042	790,000	821,108		Shares	Value (\$)
Series 2003-W10, 3.056%, 7/25/2037	1,250,000	1,261,914			
"A2", Series 2002-W9, 4.7%, 8/25/2042	790,000	816,639	Cash Equivalents 4.0%		
"A5", Series 2002-W4, 7.5%, 5/25/2042	1,267,785	1,414,770	Scudder Cash Management QP Trust, 1.15% (b) (Cost \$26,649,962)	26,649,962	26,649,962
"2A", Series 2002-W6, 7.5%, 6/25/2042	3,093,862	3,452,558	Total Investment Portfolio — 100.0%		
Master Asset Securitization Trust, Series 2003-6, 5.5%, 7/25/2033	2,465,000	2,511,219	(Cost \$636,012,849) (a)		664,011,081
Norwest Asset Securities Corp., Series 1999-26, 7.25%, 12/25/2029	557,216	558,513			
Structured Asset Securities Corp., Series 2003-1, 6.0%, 2/25/2018	262,934	271,361			

Notes to Scudder Total Return Portfolio of Investments

* Non-income producing security.

** Bond equivalent yield to maturity; not a coupon rate.

(a) The cost for federal income tax purposes was \$647,502,369. At June 30, 2003, net unrealized appreciation for all securities based on tax cost was \$16,508,712. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$52,643,715 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$36,135,003.

(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) When-issued or forward delivery securities (see Notes to Financial Statements).

(d) Bond is insured by one of these companies:

AMBAC	AMBAC Assurance Corp.
	Capital Guaranty
FGIC	Financial Guaranty Insurance Company

(e) Mortgage dollar roll included.

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, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$609,362,887)	\$ 637,361,119
Investment in Scudder Cash Management QP Trust, (cost \$26,649,962)	26,649,962
Receivable for investments sold	19,643,811
Dividends receivable	215,606
Interest receivable	2,325,697
Receivable for Portfolio shares sold	150,452
Foreign taxes recoverable	3,527
Other assets	7,250
Total assets	686,357,424

Liabilities

Due to custodian bank	1,275,370
Payable for investments purchased	13,921,980
Payable for investments purchased — mortgage dollar rolls	2,635,520
Payable for when-issued securities	10,164,967
Payable for Portfolio shares redeemed	569,113
Deferred dollar roll income	4,023
Accrued management fee	315,583
Other accrued expenses and payables	46,841
Total liabilities	28,933,397
Net assets, at value	\$ 657,424,027

Net Assets

Net assets consist of:	
Undistributed net investment income	4,060,344
Net unrealized appreciation (depreciation) on:	
Investments	27,998,232
Foreign currency related transactions	452
Accumulated net realized gain (loss)	(118,719,889)
Paid-in capital	744,084,888
Net assets, at value	\$ 657,424,027

Class A

Net Asset Value , offering and redemption price per share (\$648,036,690 ÷ 32,891,846 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 19.70
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Class B

Net Asset Value , offering and redemption price per share (\$9,387,337 ÷ 476,249 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 19.71
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Dividends	\$ 2,076,662
Interest	5,400,034
Interest — Scudder Cash Management QP Trust	154,193
Total Income	7,630,889
Expenses:	
Management fee	1,734,465
Custodian	16,705
Distribution service fees (Class B)	4,819
Record keeping fees (Class B)	1,779
Auditing	53,097
Legal	1,415
Trustees' fees and expenses	5,335
Reports to shareholders	2,787
Other	18,506
Total expenses, before expense reductions	1,838,908
Expense reductions	(385)
Total expenses, after expense reductions	1,838,523
Net investment income (loss)	5,792,366

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(10,806,930)
Foreign currency related transactions	1,227
	(10,805,703)
Net unrealized appreciation (depreciation) during the period on:	
Investments	60,757,542
Foreign currency related transactions	(979)
	60,756,563
Net gain (loss) on investment transactions	49,950,860
Net increase (decrease) in net assets resulting from operations	\$ 55,743,226

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ 5,792,366	\$ 17,568,380
Net realized gain (loss) on investment transactions	(10,805,703)	(42,359,095)
Net unrealized appreciation (depreciation) on investment and foreign currency transactions during the period	60,756,563	(103,336,856)
Net increase (decrease) in net assets resulting from operations	55,743,226	(128,127,571)
Distributions to shareholders from:		
Net investment income		
Class A	(19,941,338)	(21,620,590)
Class B	(91,069)	—
Portfolio share transactions:		
Class A		
Proceeds from shares sold	6,299,472	33,792,802
Reinvestment of distributions	19,941,338	21,620,590
Cost of shares redeemed	(53,743,283)	(126,556,428)
Net increase (decrease) in net assets from Class A share transactions	(27,502,473)	(71,143,036)
Class B		
Proceeds from shares sold	8,340,843	824,035*
Reinvestment of distributions	91,069	—*
Cost of shares redeemed	(152,395)	(9,195)*
Net increase (decrease) in net assets from Class B share transactions	8,279,517	814,840
Increase (decrease) in net assets	16,487,863	(220,076,357)
Net assets at beginning of period	640,936,164	861,012,521
Net assets at end of period (including undistributed net investment income of \$4,060,344 and \$18,300,385, respectively)	\$ 657,424,027	\$ 640,936,164

Other Information

Class A		
Shares outstanding at beginning of period	34,306,666	38,151,295
Shares sold	331,413	1,590,630
Shares issued to shareholders in reinvestment of distributions	1,101,123	987,692
Shares redeemed	(2,847,356)	(6,422,951)
Net increase (decrease) in Portfolio shares	(1,414,820)	(3,844,629)
Shares outstanding at end of period	32,891,846	34,306,666
Class B		
Shares outstanding at beginning of period	43,090	—
Shares sold	436,564	43,573*
Shares issued to shareholders in reinvestment of distributions	5,023	—*
Shares redeemed	(8,428)	(483)*
Net increase (decrease) in Portfolio shares	433,159	43,090
Shares outstanding at end of period	476,249	43,090

* For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

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

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001 ^b	2000 ^c	1999 ^c	1998 ^c
Selected Per Share Data						
Net asset value, beginning of period	\$ 18.66	\$ 22.57	\$ 25.91	\$ 28.82	\$ 27.35	\$ 28.22
<i>Income (loss) from investment operations:</i>						
Net investment income (loss)	.17 ^d	.47 ^d	.61 ^d	.74 ^d	.84 ^d	.86
Net realized and unrealized gain (loss) on investment transactions	1.48	(3.81)	(2.20)	(1.40)	3.03	3.17
Total from investment operations	1.65	(3.34)	(1.59)	(.66)	3.87	4.03
<i>Less distributions from:</i>						
Net investment income	(.61)	(.57)	(.80)	(.90)	(.90)	(.90)
Net realized gains on investment transactions	—	—	(.95)	(1.35)	(1.50)	(4.00)
Total distributions	(.61)	(.57)	(1.75)	(2.25)	(2.40)	(4.90)
Net asset value, end of period	\$ 19.70	\$ 18.66	\$ 22.57	\$ 25.91	\$ 28.82	\$ 27.35
Total Return (%)	9.13 ^{**}	(15.17)	(6.09)	(2.63)	14.81	15.14
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	648	640	861	851	952	865
Ratio of expenses (%)	.58 [*]	.58	.58	.61	.61	.60
Ratio of net investment income (loss) (%)	1.84 [*]	2.32	2.63	2.75	3.12	3.33
Portfolio turnover rate (%)	111 ^{e*}	140	115	107	80	81

^a For the six months ended June 30, 2003 (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.

^d Based on average shares outstanding during the period.

^e The portfolio turnover rate including mortgage dollar roll transactions was 119% for the six months ended June 30, 2003.

* Annualized ** Not annualized

Class B

Years Ended December 31,	2003 ^a	2002 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 18.64	\$ 19.46
<i>Income (loss) from investment operations:</i>		
Net investment income (loss) ^c	.14	.18
Net realized and unrealized gain (loss) on investment transactions	1.49	(1.00)
Total from investment operations	1.63	(.82)
<i>Less distributions from:</i>		
Net investment income	(.56)	—
Net asset value, end of period	\$ 19.71	\$ 18.64
Total Return (%)	8.98 ^{**}	(4.21) ^{**}
Ratios to Average Net Assets and Supplemental Data		
Net assets, end of period (\$ millions)	9	.8
Ratio of expenses (%)	.92 [*]	.86 [*]
Ratio of net investment income (loss) (%)	1.50 [*]	1.96 [*]
Portfolio turnover rate (%)	111 ^{d*}	140

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

^c Based on average shares outstanding during the period.

^d The portfolio turnover rate including mortgage dollar roll transactions was 119% for the six months ended June 30, 2003.

* Annualized ** Not annualized

SVS Davis Venture Value Portfolio

For the six months ending June 30, 2003, the SVS Davis Venture Value Portfolio (Class A shares) returned 11.58%, in line with its benchmark, the Russell 1000 Value Index, which returned 11.57%.

In regards to allocation by sector, the portfolio maintained significant weightings at quarter end in financials, consumer staples, consumer discretionary and industrials. American Express, Wells Fargo, Citigroup, Altria Group, Costco Wholesale and Tyco were among the larger holdings in the portfolio, all of which contributed to performance during the first half of 2003.

American International Group (AIG) slightly detracted from performance during the period. AIG's shares declined on an unanticipated increase in reserves early in the year. We believed that the "extraordinary reserve adjustment" was the result of exceptional loss experience as opposed to mismanagement and that AIG's management had taken appropriate action by raising rates in the relevant product areas. During the first quarter, we took advantage of this decline to add to our position and were rewarded as AIG's shares were up in the second quarter.

Regarding our outlook, we anticipate that the US stock market will remain in a trading range for a number of years and believe that stock selection will be the key to generating above-average performance. We feel confident that the businesses we have chosen for the portfolio have the ability to grow shareholder value over time, given their strong balance sheets, competitive business models and above-average management teams.

Christopher C. Davis
Kenneth Charles Feinberg
Co-Managers
Davis Selected Advisors, L.P., Subadvisor to the Portfolio

In this report Davis Selected Advisors makes candid statements and observations regarding economic and market conditions; however, there is no guarantee that these statements, opinions or forecasts will prove to be correct. All investments involve some degree of risk, and there can be no assurance that the investment strategies will be successful. Market values will vary so that an investor may experience a gain or a loss.

Russell 1000 Value Index is an unmanaged index, which consists of those stocks in the Russell 1000 Index with lower price-to-book ratios and lower forecasted-growth values. Index returns assume reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an index.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

SVS Davis Venture Value Portfolio

	Shares	Value (\$)		Shares	Value (\$)
Common Stocks 94.2%					
Consumer Discretionary 6.5%					
Hotel Restaurants & Leisure 0.8%					
Marriott International, Inc. "A"	40,300	1,548,326			
Media 1.1%					
Gannett Co., Inc.	19,000	1,459,390			
WPP Group PLC (ADR)	17,200	689,204			
		<u>2,148,594</u>			
Multiline Retail 3.8%					
Costco Wholesale Corp.*	197,800	7,239,480			
Specialty Retail 0.8%					
RadioShack Corp.	54,200	1,426,002			
Consumer Staples 10.2%					
Beverages 1.6%					
Diageo PLC (ADR)	69,300	3,032,568			
Food & Drug Retailing 0.9%					
Safeway, Inc.*	81,000	1,657,260			
Food Products 1.6%					
Hershey Foods Corp.	25,600	1,783,296			
Kraft Foods, Inc. "A"	39,200	1,275,960			
		<u>3,059,256</u>			
Tobacco 6.1%					
Altria Group, Inc.	255,600	11,614,464			
Energy 5.7%					
Oil & Gas					
ConocoPhillips	84,160	4,611,968			
Devon Energy Corp.	75,400	4,026,360			
EOG Resources, Inc.	53,500	2,238,440			
		<u>10,876,768</u>			
Financials 52.2%					
Banks 15.2%					
Bank One Corp.	179,200	6,662,656			
Golden West Financial Corp.	73,900	5,912,739			
HSBC Holdings PLC	594,385	7,043,770			
Lloyds TSB Group PLC (ADR)	58,100	1,685,481			
Wells Fargo & Co.	149,700	7,544,880			
		<u>28,849,526</u>			
Diversified Financials 15.4%					
American Express Co.	356,700	14,913,627			
Citigroup, Inc.	190,000	8,132,000			
Janus Capital Group, Inc.	35,200	577,280			
Moody's Corp.	46,200	2,435,202			
Morgan Stanley	60,200	2,573,550			
Providian Financial Corp.*	18,500	171,310			
State Street Corp.	13,400	527,960			
		<u>29,330,929</u>			
Insurance 19.6%					
American International Group, Inc.	192,800	10,638,704			
			Aon Corp.	86,900	2,092,552
			Berkshire Hathaway, Inc. "B"*	3,284	7,980,120
			Chubb Corp.	11,500	690,000
			Loews Corp.	76,200	3,603,498
			Markel Corp.*	1,300	332,800
			Principal Financial Group, Inc.	26,300	848,175
			Progressive Corp.	97,700	7,141,870
			Sun Life Financial Services of Canada, Inc.	15,700	326,089
			Transatlantic Holdings, Inc.	47,250	3,267,338
			Travelers Property Casualty Corp. "A"	7,133	113,415
			Travelers Property Casualty Corp. "B"	14,655	231,109
				<u>37,265,670</u>	
			Real Estate 2.0%		
			Avalonbay Communities, Inc. (REIT)	2,900	123,656
			CenterPoint Properties Corp. (REIT)	60,800	3,724,000
				<u>3,847,656</u>	
			Health Care 3.4%		
			Pharmaceuticals		
			Eli Lilly & Co.	47,200	3,255,384
			Merck & Co., Inc.	16,600	1,005,130
			Pfizer, Inc.	64,700	2,209,505
				<u>6,470,019</u>	
			Industrials 6.8%		
			Air Freight & Logistics 1.1%		
			United Parcel Service, Inc. "B"	32,800	2,089,360
			Commercial Services & Supplies 1.1%		
			The Dun & Bradstreet Corp.*	49,900	2,050,890
			Industrial Conglomerates 3.6%		
			Tyco International Ltd.	359,462	6,822,589
			Machinery 1.0%		
			Dover Corp.	65,600	1,965,376
			Information Technology 4.1%		
			Computers & Peripherals 1.8%		
			Lexmark International, Inc.*	47,400	3,354,498
			Semiconductor Equipment & Products 0.8%		
			Agere Systems, Inc. "A"*	346,500	807,345
			Applied Materials, Inc.*	44,800	710,528
				<u>1,517,873</u>	
			Software 1.5%		
			BMC Software, Inc.*	56,600	924,278
			Microsoft Corp.	75,100	1,923,311
				<u>2,847,589</u>	
			Materials 5.3%		
			Construction Materials 1.4%		
			Martin Marietta Materials, Inc.	37,100	1,246,931
			Vulcan Materials Co.	37,800	1,401,246
				<u>2,648,177</u>	

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

	Shares	Value (\$)
Containers & Packaging 3.9%		
Sealed Air Corp.*	155,200	7,396,831
Total Common Stocks (Cost \$179,565,006)		179,059,701

	Shares	Value (\$)
Cash Equivalents 5.8%		
Scudder Cash Management QP Trust, 1.15% (b) (Cost \$11,020,799)	11,020,799	11,020,799
Total Investment Portfolio — 100.0% (Cost \$190,585,805) (a)		190,080,500

Notes to SVS Davis Venture Value Portfolio of Investments

* Non-income producing security.

- (a) The cost for federal income tax purposes was \$191,146,441. At June 30, 2003, net unrealized depreciation for all securities based on tax cost was \$1,065,941. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$14,648,463 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$15,714,404.
- (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, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$179,565,006)	\$ 179,059,701
Investment in Scudder Cash Management QP Trust (cost \$11,020,799)	11,020,799
Dividends receivable	232,575
Receivable for Portfolio shares sold	141,654
Other assets	1,616
Total assets	190,456,345

Liabilities

Payable for Portfolio shares redeemed	21,789
Accrued management fee	153,760
Other accrued expenses and payables	25,630
Total liabilities	201,179
Net assets, at value	\$ 190,255,166

Net Assets

Net assets consist of:	
Undistributed net investment income	512,924
Net unrealized appreciation (depreciation) on investments	(505,305)
Accumulated net realized gain (loss)	(6,053,272)
Paid-in capital	196,300,819
Net assets, at value	\$ 190,255,166

Class A

Net Asset Value , offering and redemption price per share (\$177,437,975 ÷ 20,027,711 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 8.86
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Class B

Net Asset Value , offering and redemption price per share (\$12,817,191 ÷ 1,446,829 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 8.86
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$14,724)	\$ 1,377,491
Interest — Scudder Cash Management QP Trust	70,938
Total Income	1,448,429
Expenses:	
Management fee	786,824
Custodian and accounting fees	33,399
Distribution service fees (Class B)	6,338
Record keeping fees (Class B)	2,483
Auditing	13,401
Legal	116
Trustees' fees and expenses	1,380
Reports to shareholders	11,316
Other	6,464
Total expenses, before expense reductions	861,721
Expense reductions	(15)
Total expenses, after expense reductions	861,706
Net investment income (loss)	586,723

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	(979,667)
Net unrealized appreciation (depreciation) during the period on investments	19,702,056
Net gain (loss) on investment transactions	18,722,389
Net increase (decrease) in net assets resulting from operations	\$ 19,309,112

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ 586,723	\$ 938,600
Net realized gain (loss) on investment transactions	(979,667)	(4,722,751)
Net unrealized appreciation (depreciation) on investment transactions during the period	19,702,056	(22,773,678)
Net increase (decrease) in net assets resulting from operations	19,309,112	(26,557,829)
Distributions to shareholders:		
From net investment income		
Class A	(926,268)	(189,351)
Class B	(13,751)	—
Portfolio share transactions:		
Class A		
Proceeds from shares sold	11,592,202	95,650,132
Reinvestment of distributions	926,268	189,351
Cost of shares redeemed	(12,517,640)	(17,854,770)
Net increase (decrease) in net assets from Class A share transactions	830	77,984,713
Class B		
Proceeds from shares sold	11,045,575	805,134*
Reinvestment of distributions	13,751	—*
Cost of shares redeemed	(1,634)	(1,019)*
Net increase (decrease) in net assets from Class B share transactions	11,057,692	804,115
Increase (decrease) in net assets	29,427,615	52,041,648
Net assets at beginning of period	160,827,551	108,785,903
Net assets at end of period (including undistributed net investment income of \$512,924 and \$866,220, respectively)	\$ 190,255,166	\$ 160,827,551
Other Information		
Class A		
Shares outstanding at beginning of period	20,031,383	11,449,266
Shares sold	1,440,021	10,701,222
Shares issued to shareholder in reinvestment of distributions	122,360	20,080
Shares redeemed	(1,566,053)	(2,139,185)
Net increase (decrease) in Portfolio shares	(3,672)	8,582,117
Shares outstanding at end of period	20,027,711	20,031,383
Class B		
Shares outstanding at beginning of period	100,387	—
Shares sold	1,344,826	100,507*
Shares issued to shareholder in reinvestment of distributions	1,817	—*
Shares redeemed	(201)	(120)*
Net increase (decrease) in Portfolio shares	1,346,442	100,387
Shares outstanding at end of period	1,446,829	100,387

* For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

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

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001 ^b
Selected Per Share Data			
Net asset value, beginning of period	\$ 7.99	\$ 9.50	\$ 10.00
<i>Income (loss) from investment operations:</i>			
Net investment income (loss) ^c	.03	.05	.03
Net realized and unrealized gain (loss) on investment transactions	.89	(1.55)	(.53) ^d
Total from investment operations	.92	(1.50)	(.50)
<i>Less distributions from:</i>			
Net investment income	(.05)	(.01)	—
Net asset value, end of period	\$ 8.86	\$ 7.99	\$ 9.50
Total Return (%)	11.58 ^{**}	(15.79)	(5.00) ^{**}

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	177	160	109
Ratio of expenses (%)	1.03 [*]	1.02	1.09 [*]
Ratio of net investment income (loss) (%)	.72 [*]	.62	.48 [*]
Portfolio turnover rate (%)	4 [*]	22	15 [*]

^a For the six months ended June 30, 2003 (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 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

Class B

	2003 ^a	2002 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 7.98	\$ 8.52
<i>Income (loss) from investment operations:</i>		
Net investment income (loss) ^c	.01	.04
Net realized and unrealized gain (loss) on investment transactions	.90	(.58)
Total from investment operations	.91	(.54)
<i>Less distributions from:</i>		
Net investment income	(.03)	—
Net asset value, end of period	\$ 8.86	\$ 7.98
Total Return (%)	11.43 ^{**}	(6.34) ^{**}

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	13	.8
Ratio of expenses (%)	1.39 [*]	1.27 [*]
Ratio of net investment income (loss) (%)	.36 [*]	1.06 [*]
Portfolio turnover rate (%)	4 [*]	22

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

^c Based on average shares outstanding during the period.

^{*} Annualized

^{**} Not annualized

SVS Dreman Financial Services Portfolio

Financial stocks gained ground during the period, keeping pace with the broader stock market. The portfolio (Class A shares) gained 11.30% and outperformed its benchmark, the Standard & Poor's Financial Index, a gauge of performance for the financial companies within the S&P 500 index, which returned 11.13%.

While the portfolio's defensive structure helped it outperform the benchmark in the first quarter, it was also responsible for underperforming it in the second quarter. As investors gained confidence, they favored more speculative stocks — consumer finance and investment banking stocks. Both are areas where the portfolio intentionally has almost no exposure. We are open to opportunities in those areas. However, we're uncertain that the current economy will continue to buoy consumer spending or merger and acquisition activity.

Top-10 holding Freddie Mac lost ground in the six-month period. In June, the company's board of directors dismissed three senior leaders after learning that the company's earnings had been understated. The stock declined on the news but since then, it has begun to make up lost ground. We believe this is a short-term issue and we remain committed to the stock, which has a lower price-to-earnings ratio and faster growth rate than many top-growth companies. Bank stocks, particularly the portfolio's large position in regional banks, helped performance. Money center banks also held up well.

Despite recent gains, many solid financial stocks are trading at levels that we believe are well below their true market value, which provides solid opportunities for our style.

David N. Dreman	F. James Hutchinson
Lead Manager	Portfolio Manager
Dreman Value Management, L.L.C., Subadvisor to the Portfolio	

The Standard & Poor's (S&P) Financial Index is an unmanaged index generally representative of the financial stock market. Index returns assume reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an 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 reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an index.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

SVS Dreman Financial Services Portfolio

	Shares	Value (\$)		Shares	Value (\$)
Common Stocks 97.1%					
Financials 97.1%					
Banks 48.6%					
Bank of America Corp.	90,693	7,167,468	Bear Stearns Companies, Inc.	17,740	1,284,731
Bank One Corp.	21,962	816,547	Charter Financial Corp.	18,800	531,100
Banknorth Group, Inc.	49,611	1,266,073	CIT Group, Inc.	55,690	1,372,758
Colonial BancGroup, Inc.	66,880	927,626	Citigroup, Inc.	125,200	5,358,560
First Niagara Financial Group	49,700	693,812	Fannie Mae	139,880	9,433,507
FleetBoston Financial Corp.	91,334	2,713,533	Franklin Resources, Inc.	21,210	828,675
Golden West Financial Corp.	13,550	1,084,135	Freddie Mac	222,705	11,306,733
J.P. Morgan Chase & Co.	139,935	4,782,978	Merrill Lynch & Co., Inc.	39,550	1,846,194
KeyCorp.	190,555	4,815,325	Morgan Stanley	37,580	1,606,545
Mercantile Bankshares Corp.	41,400	1,630,332	SLM Corp.	30,630	1,199,777
National Bank of Canada	138,750	3,787,035			41,196,185
PNC Financial Services Group	74,340	3,628,535	Insurance 17.0%		
Popular, Inc.	46,150	1,780,929	Allstate Corp.	37,595	1,340,262
Provident Financial Group, Inc.	32,115	823,107	American International Group, Inc.	236,673	13,059,616
Provident Financial Services, Inc.	36,600	697,230	Chubb Corp.	23,330	1,399,800
Sovereign Bancorp, Inc.	104,975	1,642,859	Jefferson-Pilot Corp.	11,532	478,117
Union Planters Corp.	82,172	2,549,797	Marsh & McLennan Companies, Inc.	32,190	1,643,943
US Bancorp.	184,220	4,513,390	Prudential Financial, Inc.	18,690	628,919
Wachovia Corp.	88,340	3,530,066	Safeco Corp.	50,790	1,791,871
Washington Mutual, Inc.	291,832	12,052,662	St. Paul Companies, Inc.	33,205	1,212,315
Wells Fargo & Co.	49,410	2,490,264	Torchmark Corp.	15,920	593,020
		63,393,703	Travelers Property Casualty Corp. "A"	1	16
			Travelers Property Casualty Corp. "B"	1	16
					22,147,895
			Total Common Stocks (Cost \$118,182,710)		126,737,783
Diversified Financials 31.5%					
Allied Capital Corp.	62,595	1,445,944	Cash Equivalents 2.9%		
American Express Co.	119,150	4,981,661	Scudder Cash Management QP Trust, 1.15% (b) (Cost \$3,746,862)	3,746,862	3,746,862
			Total Investment Portfolio — 100.0% (Cost \$121,929,572) (a)		130,484,645

Notes to SVS Dreman Financial Services Portfolio of Investments

- (a) The cost for federal income tax purposes was \$122,645,146. At June 30, 2003, net unrealized appreciation for all securities based on tax cost was \$7,839,499. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$15,939,249 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$8,099,750.
- (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, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$118,182,710)	\$ 126,737,783
Investment in Scudder Cash Management QP Trust (cost \$3,746,862)	3,746,862
Cash	10,000
Dividends receivable	138,290
Interest receivable	3,571
Receivable for Portfolio shares sold	79,546
Other assets	1,298
Total assets	130,717,350

Liabilities

Payable for investments purchased	286,152
Payable for Portfolio shares redeemed	60,074
Accrued management fee	80,308
Other accrued expenses and payables	21,044
Total liabilities	447,578
Net assets, at value	\$ 130,269,772

Net Assets

Net assets consist of:	
Undistributed net investment income	1,092,738
Net unrealized appreciation (depreciation) on:	
Investments	8,555,073
Foreign currency related transactions	188
Accumulated net realized gain (loss)	(7,613,751)
Paid-in capital	128,235,524
Net assets, at value	\$ 130,269,772

Class A

Net Asset Value , offering and redemption price per share (\$126,255,062 ÷ 11,789,723 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 10.71
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Class B

Net Asset Value , offering and redemption price per share (\$4,014,710 ÷ 374,961 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 10.71
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$13,714)	\$ 1,652,815
Interest — Scudder Cash Management QP Trust	8,602
Total Income	1,661,417
Expenses:	
Management fee	448,222
Custodian and accounting fees	25,143
Distribution service fees (Class B)	2,151
Record keeping fees (Class B)	751
Auditing	9,083
Legal	2,687
Trustees' fees and expenses	1,766
Reports to shareholders	6,815
Other	4,097
Total expenses, before expense reductions	500,715
Expense reductions	(19)
Total expenses, after expense reductions	500,696
Net investment income (loss)	1,160,721

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(2,045,254)
Foreign currency related transactions	734
	(2,044,520)
Net unrealized appreciation (depreciation) during the period on:	
Investments	13,538,353
Foreign currency related transactions	188
	13,538,541
Net gain (loss) on investment transactions	11,494,021
Net increase (decrease) in net assets resulting from operations	\$ 12,654,742

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ 1,160,721	\$ 1,859,190
Net realized gain (loss) on investment transactions	(2,044,520)	(2,469,879)
Net unrealized appreciation (depreciation) on investment transactions during the period	13,538,541	(11,896,212)
Net increase (decrease) in net assets resulting from operations	12,654,742	(12,506,901)
Distributions to shareholders from:		
Net investment income		
Class A	(1,844,106)	(1,016,304)
Class B	(20,489)	—
Portfolio share transactions:		
Class A		
Proceeds from shares sold	6,493,637	44,698,507
Reinvestment of distributions	1,844,106	1,016,304
Cost of shares redeemed	(12,889,109)	(29,037,952)
Net increase (decrease) in net assets from Class A share transactions	(4,551,366)	16,676,859
Class B		
Proceeds from shares sold	3,496,296	394,220*
Reinvestment of distribution	20,489	—*
Cost of shares redeemed	(80,929)	(117)*
Net increase (decrease) in net assets from Class B share transactions	3,435,856	394,103
Increase (decrease) in net assets	9,674,637	3,547,757
Net assets at beginning of period	120,595,135	117,047,378
Net assets at end of period (including undistributed net investment income of \$1,092,738 and \$1,796,612, respectively)	\$ 130,269,772	\$ 120,595,135

Other Information

Class A		
Shares outstanding at beginning of period	12,274,256	10,853,999
Shares sold	629,115	4,164,073
Shares issued to shareholders in reinvestment of distributions	200,228	91,807
Shares redeemed	(1,313,876)	(2,835,623)
Net increase (decrease) in Portfolio shares	(484,533)	1,420,257
Shares outstanding at end of period	11,789,723	12,274,256
Class B		
Shares outstanding at beginning of period	39,762	—
Shares sold	341,418	39,774*
Shares issued to shareholders in reinvestment of distributions	2,225	—*
Shares redeemed	(8,444)	(12)*
Net increase (decrease) in Portfolio shares	335,199	39,762
Shares outstanding at end of period	374,961	39,762

* For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

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

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001	2000 ^b	1999 ^b	1998 ^{b,c}
Selected Per Share Data						
Net asset value, beginning of period	\$ 9.79	\$ 10.78	\$ 11.53	\$ 9.24	\$ 9.78	\$ 10.00
<i>Income (loss) from investment operations:</i>						
Net investment income (loss)	.10 ^d	.15 ^d	.14 ^d	.19 ^d	.18 ^d	.04
Net realized and unrealized gain (loss) on investment transactions	.98	(1.06)	(.71)	2.27	(.67)	(.26)
Total from investment operations	1.08	(.91)	(.57)	2.46	(.49)	(.22)
<i>Less distributions from:</i>						
Net investment income	(.16)	(.08)	(.13)	(.15)	(.05)	—
Net realized gains on investment transactions	—	—	(.05)	(.02)	—	—
Total distributions	(.16)	(.08)	(.18)	(.17)	(.05)	—
Net asset value, end of period	\$ 10.71	\$ 9.79	\$ 10.78	\$ 11.53	\$ 9.24	\$ 9.78
Total Return (%)	11.30 ^{**}	(8.51)	(4.86)	27.04	(5.05) ^d	(2.20) ^{e**}
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	126	120	117	66	27	16
Ratio of expenses before expense reductions (%)	.83 [*]	.83	.86	.91	1.04	1.73 [*]
Ratio of expenses after expense reductions (%)	.83 [*]	.83	.86	.89	.99	.99 [*]
Ratio of net investment income (loss) (%)	1.95 [*]	1.44	1.31	2.01	1.75	1.29 [*]
Portfolio turnover rate (%)	15 [*]	13	22	13	13	6 [*]

^a For the six months ended June 30, 2003 (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.

^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

Class B

	2003 ^a	2002 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 9.78	\$ 10.57
<i>Income (loss) from investment operations:</i>		
Net investment income (loss) ^c	.08	.06
Net realized and unrealized gain (loss) on investment transactions	.99	(.85)
Total from investment operations	1.07	(.79)
<i>Less distributions from:</i>		
Net investment income	(.14)	—
Net asset value, end of period	\$ 10.71	\$ 9.78
Total Return (%)	11.12 ^{**}	(7.47) ^{**}
Ratios to Average Net Assets and Supplemental Data		
Net assets, end of period (\$ millions)	4	.4
Ratio of expenses (%)	1.17 [*]	1.08 [*]
Ratio of net investment income (loss) (%)	1.61 [*]	1.33 [*]
Portfolio turnover rate (%)	15 [*]	13

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

^c Based on average shares outstanding during the period.

* Annualized ** Not annualized

SVS Dreman High Return Equity Portfolio

The stock market posted strong gains for the six months ended June 30, 2003. Stocks rallied on the successful outcome of the war with Iraq, the passage of a federal stimulus package and improving economic news. We're pleased to announce that the portfolio (Class A shares) gained 13.45% and outperformed its benchmark, the Standard & Poor's 500 index, which returned 11.76%, in the semiannual period.

Financials, retailers and tobacco stocks were the most significant contributors to performance, but nearly every portfolio sector gained. In financials, the portfolio benefited from an overweight position and strong performance from its bank stocks and some of its diversified financial stocks. A few distressed retailers in the portfolio more than doubled in price. Finally, despite some extreme volatility, Altria Group, the parent company of tobacco producer Philip Morris, rallied when a Florida court dismissed a class action lawsuit against the tobacco companies. Pharmaceutical companies struggled, and the portfolio's overweight position hurt its relative performance. We remain confident, however, that these companies will improve over the longer term. Each has strong cash flows to fund research and development, capable marketing arms and large sales forces to drive earnings.

We expect slow to moderate economic growth over the next several years and believe that value stocks will continue to outperform growth stocks. This environment should continue to offer contrarian investors, like us, good investment opportunities.

David N. Dreman

F. James Hutchinson

Co-Managers

Dreman Value Management LLC, Subadvisor to the Portfolio

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 reinvested dividends and capital gains and do not reflect fees and expenses; investors cannot directly access an index.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

SVS Dreman High Return Equity Portfolio

	Shares	Value (\$)		Shares	Value (\$)
Common Stocks 96.3%					
Consumer Discretionary 12.1%					
Automobiles 0.6%					
Ford Motor Co.	345,000	3,791,550	Fannie Mae	420,873	28,383,675
Multiline Retail 0.8%			Freddie Mac	1,000,341	50,787,313
Federated Department Stores, Inc.	129,505	4,772,259			81,367,303
Specialty Retail 10.7%			Insurance 1.2%		
Best Buy Co., Inc.*	351,025	15,417,018	Ohio Casualty Corp.*	41,055	541,105
Borders Group, Inc.*	724,250	12,754,042	Safeco Corp.	80,815	2,851,153
Home Depot, Inc.	388,455	12,865,630	St. Paul Companies, Inc.	98,405	3,592,767
Lowe's Companies, Inc.	76,100	3,268,495			6,985,025
Staples, Inc.*	663,865	12,181,923	Health Care 13.9%		
The Gap, Inc.	376,885	7,070,363	Health Care Providers & Services 2.3%		
		63,557,471	HCA, Inc.	245,600	7,869,024
Consumer Staples 20.3%			Humana, Inc.*	369,730	5,582,923
Food & Drug Retailing 0.8%					13,451,947
Safeway, Inc.*	232,650	4,760,019	Pharmaceuticals 11.6%		
Tobacco 19.5%			Bristol-Myers Squibb Co.	1,012,060	27,477,429
Altria Group, Inc.	1,192,320	54,179,021	Merck & Co., Inc.	411,020	24,887,261
Imperial Tobacco Group (ADR)	95,145	3,445,200	Pfizer, Inc.	16,480	562,792
R. J. Reynolds Tobacco Holdings, Inc.	527,423	19,625,410	Schering-Plough Corp.	858,215	15,962,799
Universal Corp.	266,570	11,275,911			68,890,281
UST, Inc.	772,140	27,048,064	Industrials 3.8%		
		115,573,606	Electrical Equipment 1.5%		
Energy 9.2%			Emerson Electric Co.	172,600	8,819,860
Energy Equipment & Services 0.6%			Industrial Conglomerates 2.3%		
Transocean Sedco Forex, Inc.*	154,200	3,387,774	General Electric Co.	209,350	6,004,158
Oil & Gas 8.6%			Tyco International Ltd.	415,005	7,876,795
ChevronTexaco Corp.	227,105	16,396,992			13,880,953
ConocoPhillips	416,823	22,841,900	Information Technology 4.7%		
Devon Energy Corp.	126,475	6,753,765	Computers & Peripherals 0.4%		
Kerr-McGee Corp.	120,300	5,389,440	Apple Computer, Inc.*	114,225	2,183,982
		51,382,097	IT Consulting & Services 4.3%		
Financials 29.5%			Electronic Data Systems Corp.	1,198,640	25,710,828
Banks 14.6%			Utilities 2.8%		
Bank of America Corp.	92,700	7,326,081	Gas Utilities 1.2%		
Bank One Corp.	100,655	3,742,353	El Paso Corp.	846,510	6,839,801
FleetBoston Financial Corp.	174,413	5,181,810	NiSource, Inc.*	43,220	95,948
KeyCorp.	335,280	8,472,526			6,935,749
PNC Financial Services Group	236,014	11,519,843	Multi-Utilities & Unregulated Power 1.6%		
Sovereign Bancorp, Inc.	437,910	6,853,292	Williams Companies, Inc.	1,208,850	9,549,915
US Bancorp.	265,700	6,509,650	Total Common Stocks (Cost \$592,860,115)		
Wachovia Corp.	140,000	5,594,400			571,694,921
Washington Mutual, Inc.	762,575	31,494,347	Cash Equivalents 3.7%		
		86,694,302	Scudder Cash Management QP		
Diversified Financials 13.7%			Trust, 1.15% (b)		
CIT Group, Inc.	89,100	2,196,315	(Cost \$21,814,221)	21,814,221	21,814,221
			Total Investment Portfolio — 100.0%		
			(Cost \$614,674,336) (a)		
					593,509,142

Notes to SVS Dreman High Return Equity Portfolio of Investments

* Non-income producing security.

(a) The cost for federal income tax purposes was \$615,911,521. At June 30, 2003, net unrealized depreciation for all securities based on tax cost was \$22,402,379. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$49,162,561 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$71,564,940.

(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, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$592,860,115)	\$ 571,694,921
Investment in Scudder Cash Management QP Trust (cost \$21,814,221)	21,814,221
Cash	10,000
Receivable for investments sold	1,430,393
Dividends receivable	1,726,639
Receivable for Portfolio shares sold	411,574
Other assets	3,301
Total assets	597,091,049

Liabilities

Payable for Portfolio shares redeemed	249,851
Accrued management fee	352,988
Other accrued expenses and payables	120,185
Total liabilities	723,024
Net assets, at value	\$ 596,368,025

Net Assets

Net assets consist of:	
Undistributed net investment income	6,020,871
Net unrealized appreciation (depreciation) on investments	(21,165,194)
Accumulated net realized gain (loss)	(32,116,014)
Paid-in capital	643,628,362
Net assets, at value	\$ 596,368,025

Class A

Net Asset Value , offering and redemption price per share (\$565,013,982 ÷ 58,275,001 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 9.70
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Class B

Net Asset Value , offering and redemption price per share (\$31,354,043 ÷ 3,232,874 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 9.70
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$7,662)	\$ 8,310,418
Interest — Scudder Cash Management QP Trust	134,939
Total Income	8,445,357
Expenses:	
Management fee	1,905,193
Custodian and accounting fees	68,103
Distribution service fees (Class B)	15,865
Record keeping fees (Class B)	6,100
Auditing	60,190
Legal	331
Trustees' fees and expenses	6,914
Reports to shareholders	19,448
Other	26,069
Total expenses, before expense reductions	2,108,213
Expense reductions	(17)
Total expenses, after expense reductions	2,108,196
Net investment income (loss)	6,337,161

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	10,392,416
Net unrealized appreciation (depreciation) during the period on investments	52,568,563
Net gain (loss) on investment transactions	62,960,979
Net increase (decrease) in net assets resulting from operations	\$ 69,298,140

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ 6,337,161	\$ 11,554,422
Net realized gain (loss) on investment transactions	10,392,416	(40,336,810)
Net unrealized appreciation (depreciation) on investment transactions during the period	52,568,563	(84,690,960)
Net increase (decrease) in net assets resulting from operations	69,298,140	(113,473,348)
Distributions to shareholders from:		
Net investment income		
Class A	(11,229,274)	(4,712,145)
Class B	(193,827)	—
Net realized gains		
Class A	—	(1,736,054)
Portfolio share transactions:		
Class A		
Proceeds from shares sold	20,194,882	219,772,034
Reinvestment of distributions	11,229,274	6,448,199
Cost of shares redeemed	(31,410,271)	(39,721,921)
Net increase (decrease) in net assets from Class A share transactions	13,885	186,498,312
Class B		
Proceeds from shares sold	26,207,010	2,209,191*
Reinvestment of distributions	193,827	—*
Cost of shares redeemed	(91,884)	(12,261)*
Net increase (decrease) in net assets from Class B share transactions	26,308,953	2,196,930
Increase (decrease) in net assets	84,197,877	68,773,695
Net assets at beginning of period	512,170,148	443,396,453
Net assets at end of period (including undistributed net investment income of \$6,020,871 and \$11,106,811, respectively)	\$ 596,368,025	\$ 512,170,148
Other Information		
Class A		
Shares outstanding at beginning of period	58,214,359	41,005,810
Shares sold	2,294,248	21,036,800
Shares issued to shareholders in reinvestment of distributions	1,398,415	569,629
Shares redeemed	(3,632,021)	(4,397,880)
Net increase (decrease) in Portfolio shares	60,642	17,208,549
Shares outstanding at end of period	58,275,001	58,214,359
Class B		
Shares outstanding at beginning of period	251,123	—
Shares sold	2,968,252	252,553*
Shares issued to shareholders in reinvestment of distributions	24,108	—*
Shares redeemed	(10,609)	(1,430)*
Net increase (decrease) in Portfolio shares	2,981,751	251,123
Shares outstanding at end of period	3,232,874	251,123

* For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

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

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001	2000 ^b	1999 ^b	1998 ^{b,c}
Selected Per Share Data						
Net asset value, beginning of period	\$ 8.76	\$ 10.81	\$ 10.77	\$ 8.96	\$ 10.28	\$ 10.00
<i>Income (loss) from investment operations:</i>						
Net investment income (loss)	.11 ^d	.21 ^d	.19 ^d	.26 ^d	.26 ^d	.08
Net realized and unrealized gain (loss) on investment transactions	1.03	(2.13)	(.01)	2.25	(1.38)	.20
Total from investment operations	1.14	(1.92)	.18	2.51	(1.12)	.28
<i>Less distributions from:</i>						
Net investment income	(.20)	(.09)	(.14)	(.20)	(.10)	—
Net realized gains on investment transactions	—	(.04)	—	(.50)	(.10)	—
Total distributions	(.20)	(.13)	(.14)	(.70)	(.20)	—
Net asset value, end of period	\$ 9.70	\$ 8.76	\$ 10.81	\$ 10.77	\$ 8.96	\$ 10.28
Total Return (%)	13.45 ^{**}	(18.03)	1.69	30.52	(11.16)	2.80 ^{e**}
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	565	510	443	168	113	59
Ratio of expenses before expense reductions (%)	.80 [*]	.79	.82	.85	.86	1.20 [*]
Ratio of expenses after expense reductions (%)	.80 [*]	.79	.82	.84	.86	.87 [*]
Ratio of net investment income (loss) (%)	2.45 [*]	2.21	1.78	2.85	2.57	2.77 [*]
Portfolio turnover rate (%)	17 [*]	17	16	37	24	5 [*]

^a For the six months ended June 30, 2003 (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.

^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

Class B

	2003 ^a	2002 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 8.75	\$ 9.57
<i>Income (loss) from investment operations:</i>		
Net investment income (loss) ^c	.09	.18
Net realized and unrealized gain (loss) on investment transactions	1.03	(1.00)
Total from investment operations	1.12	(.82)
<i>Less distributions from:</i>		
Net investment income	(.17)	—
Net asset value, end of period	\$ 9.70	\$ 8.75
Total Return (%)	13.27 ^{**}	(8.57) ^{**}
Ratios to Average Net Assets and Supplemental Data		
Net assets, end of period (\$ millions)	31	2
Ratio of expenses (%)	1.15 [*]	1.05 [*]
Ratio of net investment income (loss) (%)	2.10 [*]	4.30 [*]
Portfolio turnover rate (%)	17 [*]	17

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

^c Based on average shares outstanding during the period.

^{*} Annualized

^{**} Not annualized

SVS Dreman Small Cap Value Portfolio

Despite a sluggish start, the stock market ended the six-month period with strong gains. A successful outcome of the war with Iraq, improving corporate earnings and the passage of a tax stimulus package led to renewed investor enthusiasm and higher stock prices. The portfolio (Class A shares) gained 15.07% in the period, but lagged the 16.49% return of its benchmark, the Russell 2000 Value Index.

The portfolio was helped by its independent power producer stocks, which rallied strongly during the period. An overweight position in banks vs. the Russell 2000 Value benchmark and strong individual financial stock performance also helped. Energy stocks contributed, with natural gas producers advancing solidly. The portfolio was held back by a decline in its health care sector. While most of the portfolio's health care stocks performed in line with the broad market, one issue declined significantly, and we removed it from the portfolio early in the period as soon as issues with its management surfaced.

We have built a portfolio focused on companies that we believe are financially solid but that are trading at low prices relative to their earnings (P/E), book value and cash flow. In anything other than a technology-led market rally, we believe this portfolio is poised to outperform its benchmark.

David N. Dreman
Nelson Woodard
Co-Managers
Dreman Value Management, L.L.C., Subadvisor to the Portfolio

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. Index returns assume reinvested dividends and capital gains and do not reflect fees and expenses; investors cannot directly access an index.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

SVS Dreman Small Cap Value Portfolio

	Shares	Value (\$)		Shares	Value (\$)
Common Stocks 95.0%					
Consumer Discretionary 8.5%					
Auto Components 0.3%					
American Axle & Manufacturing Holdings, Inc.*	34,700	829,330			
Hotel Restaurants & Leisure 4.2%					
Alliance Gaming Corp.*	154,400	2,919,704			
Argosy Gaming Co.*	122,100	2,553,111			
CBRL Group, Inc.	60,300	2,343,258			
Multimedia Games, Inc.*	162,400	4,141,200			
		11,957,273			
Household Durables 0.8%					
Standard Pacific Corp.	67,400	2,234,984			
Multiline Retail 0.9%					
Dillard's, Inc. "A"	182,500	2,458,275			
Specialty Retail 1.5%					
Borders Group, Inc.*	145,500	2,562,255			
Deb Shops, Inc.	32,500	611,000			
Dress Barn, Inc.*	92,700	1,174,509			
		4,347,764			
Textiles, Apparel & Luxury Goods 0.8%					
Phillips-Van Heusen Corp.	167,336	2,280,790			
Consumer Staples 6.3%					
Food Products 2.3%					
Fresh Del Monte Produce, Inc.	128,500	3,301,165			
J & J Snack Foods Corp.*	59,600	1,885,148			
Ralcorp Holdings, Inc.*	60,200	1,502,592			
		6,688,905			
Tobacco 4.0%					
Loew's Corp. — Carolina Group	194,300	5,246,100			
Universal Corp.	72,300	3,058,290			
Vector Group Ltd.	173,825	3,041,938			
		11,346,328			
Energy 11.4%					
Energy Equipment & Services 0.9%					
Matrix Service Co.*	8,400	142,800			
Oil States International, Inc.*	107,000	1,294,700			
Unit Corp.*	58,300	1,219,053			
		2,656,553			
Oil & Gas 10.5%					
Chesapeake Energy Corp.	369,800	3,734,980			
Comstock Resources, Inc.*	194,600	2,662,128			
Denbury Resources, Inc.*	219,200	2,943,856			
Frontier Oil Corp.	81,000	1,231,200			
Magnum Hunter Resources, Inc.*	95,800	765,442			
Penn Virginia Corp.	90,600	3,895,800			
Pioneer Natural Resources Co.*	105,400	2,750,940			
Pogo Producing Co.	40,800	1,744,200			
St. Mary Land & Exploration Co.	70,300	1,919,190			
Tesoro Petroleum Corp.*	405,000	2,786,400			
Ultra Petroleum Corp.*	368,700	4,759,917			
			Williams Energy Partners LP	18,800	890,368
					30,084,421
			Financials 32.4%		
			Banks 15.9%		
			BankAtlantic Bancorp., Inc. "A"	148,050	1,760,315
			BOK Financial Corp.	35,501	1,369,274
			Colonial BancGroup, Inc.	110,900	1,538,183
			Dime Community Bancshares	75,400	1,918,930
			Downey Financial Corp.	12,600	520,380
			First Federal Capital Corp.	104,400	2,072,340
			First Federal Financial Corp.*	81,650	2,881,429
			Flagstar Bancorp., Inc.	152,500	3,728,625
			Fulton Financial Corp.	114,424	2,273,600
			Glacier Bancorp., Inc.	114,345	2,815,174
			Greater Bay Bancorp.	143,800	2,953,652
			Independence Community Bank Corp.	67,400	1,902,028
			IndyMac Bancorp., Inc.	93,950	2,388,209
			International Bancshares Corp.	62,491	2,222,189
			Irwin Financial Corp.	79,350	2,055,165
			Midwest Banc Holdings, Inc.	72,000	1,398,240
			PFF Bancorp., Inc.	74,000	2,860,100
			Provident Bankshares Corp.	61,250	1,556,363
			Provident Financial Services, Inc.	93,100	1,773,555
			R & G Financial Corp. "B"	88,150	2,618,055
			Sterling Financial Corp.	22,820	555,895
			Webster Financial Corp.	52,700	1,992,060
					45,153,761
			Diversified Financials 3.2%		
			Accredited Home Lenders Holding Co.*	171,300	3,360,904
			Allied Capital Corp.	188,580	4,356,198
			San Juan Basin Royalty Trust	77,000	1,382,150
					9,099,252
			Insurance 3.0%		
			AmerUS Group, Inc.	123,800	3,489,922
			Ceres Group, Inc.*	293,190	844,387
			Fremont General Corp.	87,300	1,196,010
			Selective Insurance Group, Inc.	124,300	3,113,715
					8,644,034
			Real Estate 10.3%		
			American Financial Realty Trust (REIT)	414,000	6,172,740
			Anworth Mortgage Asset Corp. (REIT)	151,600	2,337,672
			Correctional Properties Trust (REIT)	44,400	1,243,200
			Friedman, Billings, Ramsey Group, Inc. (REIT)	215,205	2,883,747
			Healthcare Realty Trust, Inc. (REIT)	62,200	1,813,130
			Highwoods Properties, Inc. (REIT)	69,000	1,538,700
			HRPT Properties Trust (REIT)	154,400	1,420,480
			MFA Mortgage Investments, Inc. (REIT)	376,100	3,776,044
			Newcastle Investment Corp. (REIT)	150,500	2,946,790

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

	Shares	Value (\$)
Prentiss Properties Trust (REIT)	67,700	2,030,323
Redwood Trust, Inc. (REIT)	81,600	3,256,656
		<u>29,419,482</u>

Health Care 9.6%

Biotechnology 1.8%

Nabi Biopharmaceuticals*	152,250	1,044,435
Serologicals Corp.*	290,700	3,962,241
		<u>5,006,676</u>

Health Care Equipment & Supplies 2.0%

Conmed Corp.*	81,400	1,486,364
Cytoc Corp.*	404,800	4,258,496
		<u>5,744,860</u>

Health Care Providers & Services 5.8%

Cantel Industries, Inc.*	22,500	301,950
Coventry Health Care, Inc.*	63,700	2,940,392
LabOne, Inc.*	86,100	1,856,316
Oxford Health Plans*	63,900	2,685,717
Pediatrix Medical Group, Inc.*	42,600	1,518,690
Pharmaceutical Product Development, Inc.*	30,100	864,773
Triad Hospitals, Inc.*	207,570	5,151,887
US Oncology, Inc.*	166,700	1,231,913
		<u>16,551,638</u>

Industrials 10.5%

Aerospace & Defense 5.4%

CAE, Inc.	223,000	952,210
Curtiss-Wright Corp.	26,100	1,649,520
Goodrich Corp.	122,200	2,566,200
Herley Industries, Inc.*	46,100	782,778
Kaman Corp. "A"	185,700	2,170,833
Moog, Inc. "A"*	109,500	3,805,125
Precision Castparts Corp.	116,100	3,610,710
		<u>15,537,376</u>

Building Products 0.2%

York International Corp.	24,000	561,600
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Commercial Services & Supplies 1.0%

Concorde Career Colleges, Inc.*	22,900	458,252
Consolidated Graphics, Inc.*	63,100	1,443,728
John H. Harland Co.	37,400	978,384
		<u>2,880,364</u>

Construction & Engineering 1.0%

EMCOR Group, Inc.*	31,100	1,535,096
URS Corp.*	64,900	1,262,954
		<u>2,798,050</u>

Electrical Equipment 0.2%

Genlyte Group, Inc.*	18,500	646,945
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Machinery 1.5%

Harsco Corp.	44,400	1,600,620
Oshkosh Truck Corp.	42,750	2,535,930
		<u>4,136,550</u>

	Shares	Value (\$)
Road & Rail 1.2%		
Arkansas Best Corp.	84,800	2,017,392
Roadway Corp.	48,800	1,392,264
		<u>3,409,656</u>

Trading Companies & Distributors 0.0%

Vialta, Inc.*	150	50
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Information Technology 7.3%

Communications Equipment 2.1%

CyberGuard Corp.*	89,900	643,684
Luminent, Inc.*	135,000	2,072,250
PC-Tel, Inc.*	280,900	3,331,474
		<u>6,047,408</u>

Computers & Peripherals 1.6%

ATI Technologies, Inc.*	387,300	3,950,460
Imation Corp.	13,300	503,006
		<u>4,453,466</u>

Electronic Equipment & Instruments 0.4%

Anixter International, Inc.*	27,900	653,697
Scansource, Inc.*	13,800	369,150
Sonic Solutions*	19,300	166,366
		<u>1,189,213</u>

Internet Software & Services 0.3%

WebEx Communications, Inc.*	63,300	883,035
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IT Consulting & Services 0.7%

CACI International, Inc. "A"*	58,500	2,006,550
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Office Electronics 0.9%

Zebra Technologies Corp. "A"*	31,800	2,391,042
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Software 1.3%

Novell, Inc.*	465,400	1,433,432
Perot Systems Corp. "A"*	117,900	1,339,344
Transaction Systems Architects, Inc. "A"*	107,200	960,512
		<u>3,733,288</u>

Materials 1.7%

Chemicals 0.6%

Albermarle Corp.	62,200	1,739,734
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Construction Materials 0.7%

Florida Rock Industries, Inc.	49,130	2,028,086
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Containers & Packaging 0.4%

Myers Industries, Inc.	120,890	1,148,455
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Utilities 7.3%

Electric Utilities 0.8%

WPS Resources Corp.	56,000	2,251,200
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Gas Utilities 1.7%

Cascade Natural Gas Corp.	49,900	953,090
NUI Corp.	89,700	1,392,144
Peoples Energy Corp.	60,600	2,599,134
		<u>4,944,368</u>

Multi-Utilities & Unregulated Power 4.8%

Mirant Corp.*	1,556,000	4,512,400
Reliant Resources, Inc.*	778,400	4,771,592

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

	Shares	Value (\$)
Williams Companies, Inc.	566,600	4,476,140
		<u>13,760,132</u>
Total Common Stocks (Cost \$235,646,545)		271,050,894

Other 1.5%

iShares Russell 2000 Index Fund	15,200	1,351,280
iShares Russell 2000 Value Index Fund	22,700	2,919,220
		<u>4,270,500</u>
Total Other (Cost \$3,826,823)		4,270,500

	Shares	Value (\$)
Cash Equivalents 3.5%		
Scudder Cash Management QP Trust, 1.15% (b) (Cost \$9,910,813)	9,910,813	9,910,813
		<u>285,232,207</u>
Total Investment Portfolio — 100.0% (Cost \$249,384,181) (a)		285,232,207

Notes to SVS Dreman Small Cap Value Portfolio of Investments

* Non-income producing security.

(a) The cost for federal income tax purposes was \$249,741,544. At June 30, 2003, net unrealized appreciation for all securities based on tax cost was \$35,490,663. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$47,685,916 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$12,195,253.

(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, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$239,473,368)	\$ 275,321,394
Investment in Scudder Cash Management QP Trust (cost \$9,910,813)	9,910,813
Foreign currency, at value (cost \$3,221)	3,221
Receivable for investments sold	1,366,444
Dividends receivable	497,200
Receivable for Portfolio shares sold	141,074
Other assets	2,710
Total assets	287,242,856

Liabilities

Payable for investments purchased	1,541,919
Payable for Portfolio shares redeemed	135
Accrued management fee	173,072
Other accrued expenses and payables	73,661
Total liabilities	1,788,787
Net assets, at value	\$ 285,454,069

Net Assets

Net assets consist of:	
Undistributed net investment income	1,699,763
Net unrealized appreciation (depreciation) on investments	35,848,026
Accumulated net realized gain (loss)	(35,629,741)
Paid-in capital	283,536,021
Net assets, at value	\$ 285,454,069

Class A

Net Asset Value , offering and redemption price per share (\$271,326,838 ÷ 20,877,225 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 13.00
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Class B

Net Asset Value , offering and redemption price per share (\$14,127,231 ÷ 1,087,226 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 12.99
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$2,082)	\$ 2,621,898
Interest	2,261
Interest — Scudder Cash Management QP Trust	68,481
Total Income	2,692,640
Expenses:	
Management fee	927,166
Custodian fees	10,964
Distribution service fees (Class B)	7,293
Record keeping fees (Class B)	2,728
Auditing	22,379
Legal	7,190
Trustees' fees and expenses	1,450
Reports to shareholders	29,976
Other	8,538
Total expenses, before expense reductions	1,017,684
Expense reductions	(26)
Total expenses, after expense reductions	1,017,658
Net investment income (loss)	1,674,982

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	(22,585,767)
Net unrealized appreciation (depreciation) during the period on investments	57,017,591
Net gain (loss) on investment transactions	34,431,824
Net increase (decrease) in net assets resulting from operations	\$ 36,106,806

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ 1,674,982	\$ 3,300,403
Net realized gain (loss) on investment transactions	(22,585,767)	(5,468,654)
Net unrealized appreciation (depreciation) on investment transactions during the period	57,017,591	(41,748,182)
Net increase (decrease) in net assets resulting from operations	36,106,806	(43,916,433)
Distributions to shareholders from:		
Net investment income		
Class A	(2,962,486)	(910,198)
Class B	(46,780)	—
Net realized gains		
Class A	(3,977,031)	—
Class B	(77,506)	—
Portfolio share transactions:		
Class A		
Proceeds from shares sold	26,600,755	156,275,072
Reinvestment of distributions	6,939,517	910,198
Cost of shares redeemed	(39,987,160)	(55,977,524)
Net increase (decrease) in net assets from Class A share transactions	(6,446,888)	101,207,746
Class B		
Proceeds from shares sold	11,591,381	1,139,942*
Reinvestment of distributions	124,286	—*
Cost of shares redeemed	(108,686)	(4,325)*
Net increase (decrease) in net assets from Class B share transactions	11,606,981	1,135,617
Increase (decrease) in net assets	34,203,096	57,516,732
Net assets at beginning of period	251,250,973	193,734,241
Net assets at end of period (including undistributed net investment income of \$1,699,763 and \$3,034,047, respectively)	\$ 285,454,069	\$ 251,250,973

Other Information

Class A		
Shares outstanding at beginning of period	21,449,028	14,668,207
Shares sold	2,213,924	11,354,873
Shares issued to shareholders in reinvestment of distributions	650,376	61,046
Shares redeemed	(3,436,103)	(4,635,098)
Net increase (decrease) in Portfolio shares	(571,803)	6,780,821
Shares outstanding at end of period	20,877,225	21,449,028
Class B		
Shares outstanding at beginning of period	98,769	—
Shares sold	985,294	99,146*
Shares issued to shareholders in reinvestment of distributions	11,637	—*
Shares redeemed	(8,474)	(377)*
Net increase (decrease) in Portfolio shares	988,457	98,769
Shares outstanding at end of period	1,087,226	98,769

* For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

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

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001	2000 ^b	1999 ^b	1998 ^b
Selected Per Share Data						
Net asset value, beginning of period	\$ 11.66	\$ 13.21	\$ 11.23	\$ 10.85	\$ 10.65	\$ 12.27
<i>Income (loss) from investment operations:</i>						
Net investment income (loss)	.08 ^c	.17 ^c	.09 ^c	.02 ^c	.07 ^c	.09
Net realized and unrealized gain (loss) on investment transactions	1.61	(1.67)	1.89	.42	.23	(1.41)
Total from investment operations	1.69	(1.50)	1.98	.44	.30	(1.32)
<i>Less distributions from:</i>						
Net investment income	(.15)	(.05)	—	(.06)	(.10)	—
Net realized gains on investment transactions	(.20)	—	—	—	—	(.30)
Total distributions	(.35)	(.05)	—	(.06)	(.10)	(.30)
Net asset value, end of period	\$ 13.00	\$ 11.66	\$ 13.21	\$ 11.23	\$ 10.85	\$ 10.65
Total Return (%)	15.07 ^{**}	(11.43)	17.63	4.05	2.80	(11.25)
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	271	250	194	84	95	102
Ratio of expenses before expense reductions (%)	.82 [*]	.81	.79	.82	.84	.80
Ratio of expenses after expense reductions (%)	.82 [*]	.81	.79	.82	.83	.80
Ratio of net investment income (loss) (%)	1.36 [*]	1.28	.77	.15	.69	1.15
Portfolio turnover rate (%)	69 [*]	86	57	36	72	43

^a For the six months ended June 30, 2003 (Unaudited).

^b On June 18, 2001, the Portfolio implemented 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.

^c Based on average shares outstanding during the period.

* Annualized ** Not annualized

Class B

	2003 ^a	2002 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 11.65	\$ 13.86
<i>Income (loss) from investment operations:</i>		
Net investment income (loss) ^c	.06	.17
Net realized and unrealized gain (loss) on investment transactions	1.60	(2.38)
Total from investment operations	1.66	(2.21)
<i>Less distributions from:</i>		
Net investment income	(.12)	—
Net realized gains on investment transactions	(.20)	—
Total distributions	(.32)	—
Net asset value, end of period	\$ 12.99	\$ 11.65
Total Return (%)	14.78 ^{**}	(15.95) ^{**}
Ratios to Average Net Assets and Supplemental Data		
Net assets, end of period (\$ millions)	14	1
Ratio of expenses (%)	1.17 [*]	1.06 [*]
Ratio of net investment income (loss) (%)	1.01 [*]	3.01 [*]
Portfolio turnover rate (%)	69 [*]	86

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2003.

^c Based on average shares outstanding during the period.

* Annualized ** Not annualized

SVS Eagle Focused Large Cap Growth Portfolio

For the first half of 2003 the portfolio was up 11.73% (Class A shares), while its benchmark Russell 1000 Growth Index was up 13.09%. The portfolio outperformed its benchmark on a relative basis in the consumer discretionary and financial services sectors, but underperformed in the technology and health care sectors.

Performance in the consumer discretionary sector was boosted by strong returns in Home Depot, Carnival and media names Clear Channel Communications and Walt Disney. But poor relative performance in defensive consumer staples holdings offset some of these gains as investors rotated into higher beta sectors. American Express, Citigroup, Goldman Sachs and Lehman Brothers were positive contributors in the financial services sector.

Technology holdings outperforming included Cisco, Intel and Dell, while Microsoft declined. It appears that the technology industry's top players are increasing spending to position themselves for an uptick in demand. Our relative underperformance in the health care sector resulted from gains in pharmaceutical holdings Pfizer, Merck and Baxter being offset by losses in Johnson & Johnson and Genentech. We continue to be positive on the pharmaceutical group as these stocks are attractively priced and are expected to benefit from the proposed Medicare Prescription Drug Benefit.

Going forward, the lower cost of capital is expected to spur investment in capital equipment by businesses generally. Once business investment improves, the overall economy should benefit. Corporate profits will likely follow, especially after three years of cutting capacity, reducing inventories, increasing productivity, adjusting balance sheets and lowering expectations. As corporate profit growth improves, we believe equity prices should follow.

Ashi Parikh

Lead Manager

Eagle Asset Management, Inc., Subadvisor to the Portfolio

The Russell 1000 Growth Index is an unmanaged index composed of common stocks of larger US companies with greater-than-average growth orientation and represents the universe of stocks from which "earnings/growth" money managers typically select. Index returns assume reinvested dividends and capital gains and do not reflect fees and expenses; investors cannot directly access an index.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

SVS Eagle Focused Large Cap Growth Portfolio

	Shares	Value (\$)		Shares	Value (\$)
Common Stocks 99.0%					
Consumer Discretionary 20.7%					
Hotel Restaurants & Leisure 2.7%					
Carnival Corp. "A"	49,550	1,610,870			
Harrah's Entertainment, Inc.*	13,200	531,168			
		2,142,038			
Internet & Catalog Retailing 1.9%					
eBay, Inc.*	14,600	1,521,028			
Media 9.5%					
Clear Channel Communications, Inc.*	34,400	1,458,216			
EchoStar Communications Corp. "A"***	21,650	749,523			
Viacom, Inc. "B"***	54,150	2,364,189			
Walt Disney Co.	97,300	1,921,675			
Westwood One, Inc.*	27,250	924,593			
		7,418,196			
Multiline Retail 3.6%					
Wal-Mart Stores, Inc.	52,650	2,825,726			
Specialty Retail 3.0%					
Home Depot, Inc.	69,725	2,309,292			
Consumer Staples 4.3%					
Beverages 2.6%					
Anheuser-Busch Companies, Inc.	39,950	2,039,447			
Household Products 1.7%					
Colgate-Palmolive Co.	22,300	1,292,285			
Financials 15.6%					
Banks 1.5%					
Bank of America Corp.	15,000	1,185,450			
Diversified Financials 11.6%					
American Express Co.	63,100	2,638,211			
Citigroup, Inc.	79,916	3,420,405			
Fannie Mae	15,100	1,018,344			
Goldman Sachs Group, Inc.	14,500	1,214,375			
Lehman Brothers Holdings, Inc.	11,600	771,168			
		9,062,503			
Insurance 2.5%					
Travelers Property Casualty Corp.	52,098	828,358			
UnumProvident Corp.	82,300	1,103,643			
		1,932,001			
Health Care 21.4%					
Biotechnology 2.0%					
Genentech, Inc.*	10,750	775,290			
Gilead Sciences, Inc.*	14,350	797,573			
		1,572,863			
Health Care Equipment & Supplies 3.5%					
Baxter International, Inc.	75,450	1,961,700			
			Medtronic, Inc.	17,250	827,483
					2,789,183
			Health Care Providers & Services 1.1%		
			UnitedHealth Group, Inc.	16,800	844,200
			Pharmaceuticals 14.8%		
			Eli Lilly & Co.	15,250	1,051,792
			Johnson & Johnson	69,900	3,613,830
			Merck & Co., Inc.	43,800	2,652,090
			Pfizer, Inc.	124,800	4,261,920
					11,579,632
			Industrials 16.2%		
			Aerospace & Defense 4.2%		
			Lockheed Martin Corp.	36,900	1,755,333
			Raytheon Co.	46,050	1,512,282
					3,267,615
			Air Freight & Logistics 1.7%		
			United Parcel Service, Inc. "B"	21,150	1,347,255
			Commercial Services & Supplies 3.8%		
			Cendant Corp.*	107,250	1,964,820
			First Data Corp.	24,600	1,019,424
					2,984,244
			Industrial Conglomerates 6.5%		
			3M Co.	8,800	1,135,024
			General Electric Co.	138,250	3,965,010
					5,100,034
			Information Technology 20.8%		
			Communications Equipment 4.2%		
			Cisco Systems, Inc.*	196,850	3,285,426
			Computers & Peripherals 4.0%		
			Dell Computer Corp.*	97,500	3,116,100
			Semiconductor Equipment & Products 4.8%		
			Intel Corp.	142,650	2,964,838
			Linear Technology Corp.	6,550	210,976
			STMicroelectronics NV (New York shares)	30,600	636,174
					3,811,988
			Software 7.8%		
			Microsoft Corp.	177,400	4,543,214
			Oracle Corp.*	84,850	1,019,897
			VERITAS Software Corp.*	18,000	516,060
					6,079,171
			Total Common Stocks (Cost \$71,761,270)		
					77,505,677
			Cash Equivalents 1.0%		
			Scudder Cash Management QP Trust, 1.15% (Cost \$786,502)	786,502	786,502
			Total Investment Portfolio — 100.0%		
			(Cost \$72,547,772) (a)		
					78,292,179

Notes to SVS Eagle Focused Large Cap Growth Portfolio of Investments

* Non-income producing security.

(a) The cost for federal income tax purposes was \$76,641,396. At June 30, 2003, net unrealized appreciation for all securities based on tax cost was \$1,650,783. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$5,839,019 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$4,188,236.

(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, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$71,761,270)	\$ 77,505,677
Investment in Scudder Cash Management QP Trust (cost \$786,502)	786,502
Dividends receivable	52,171
Receivable for Portfolio shares sold	4,042
Total assets	78,348,392

Liabilities

Payable for investments purchased	719,567
Payable for Portfolio shares redeemed	62,238
Accrued management fee	67,465
Other accrued expenses and payables	22,384
Total liabilities	871,654
Net assets, at value	\$ 77,476,738

Net Assets

Net assets consist of:	
Accumulated net investment loss	(5,980)
Net unrealized appreciation (depreciation) on investments	5,744,407
Accumulated net realized gain (loss)	(30,148,714)
Paid-in capital	101,887,025
Net assets, at value	\$ 77,476,738

Class A

Net Asset Value , offering and redemption price per share (\$71,037,163 ÷ 9,322,817 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 7.62
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Class B

Net Asset Value , offering and redemption price per share (\$6,439,575 ÷ 847,248 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 7.60
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$477)	\$ 341,729
Interest — Scudder Cash Management QP Trust	15,044
Total Income	356,773
Expenses:	
Management fee	317,076
Custodian and accounting fees	22,271
Distribution service fees (Class B)	3,415
Record keeping fees (Class B)	1,284
Auditing	7,970
Legal	2,656
Trustees' fees and expenses	1,075
Reports to shareholders	3,249
Registration fees	189
Other	3,299
Total expenses, before expense reductions	362,484
Expense reductions	(22)
Total expenses, after expense reductions	362,462
Net investment income (loss)	(5,689)

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	(1,975,172)
Net unrealized appreciation (depreciation) during the period on investments	9,685,147
Net gain (loss) on investment transactions	7,709,975
Net increase (decrease) in net assets resulting from operations	\$ 7,704,286

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ (5,689)	\$ (47,565)
Net realized gain (loss) on investment transactions	(1,975,172)	(17,302,199)
Net unrealized appreciation (depreciation) on investment transactions during the period	9,685,147	(5,056,801)
Net increase (decrease) in net assets resulting from operations	7,704,286	(22,406,565)
Portfolio share transactions:		
Class A		
Proceeds from shares sold	7,012,237	35,550,657
Cost of shares redeemed	(5,275,158)	(11,232,095)
Net increase (decrease) in net assets from Class A share transactions	1,737,079	24,318,562
Class B		
Proceeds from shares sold	5,560,963	545,460*
Cost of shares redeemed	(90,250)	(492)*
Net increase (decrease) in net assets from Class B share transactions	5,470,713	544,968
Increase (decrease) in net assets	14,912,078	2,456,965
Net assets at beginning of period	62,564,660	60,107,695
Net assets at end of period (including accumulated net investment loss of \$5,980 and \$291, respectively)	\$ 77,476,738	\$ 62,564,660

Other Information

Class A		
Shares outstanding at beginning of period	9,100,995	6,353,061
Shares sold	987,504	4,226,797
Shares redeemed	(765,682)	(1,478,863)
Net increase (decrease) in Portfolio shares	221,822	2,747,934
Shares outstanding at end of period	9,322,817	9,100,995
Class B		
Shares outstanding at beginning of period	77,032	—
Shares sold	783,074	77,101*
Shares redeemed	(12,858)	(69)*
Net increase (decrease) in Portfolio shares	770,216	77,032
Shares outstanding at end of period	847,248	77,032

* For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

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

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001	2000 ^b	1999 ^{b,c}
Selected Per Share Data					
Net asset value, beginning of period	\$ 6.82	\$ 9.46	\$ 11.40	\$ 12.84	\$ 10.00
<i>Income (loss) from investment operations:</i>					
Net investment income (loss) ^d	— ^{***}	(.01)	(.02)	(.05)	— ^{***}
Net realized and unrealized gain (loss) on investment transactions	.80	(2.63)	(1.92)	(1.04)	2.84
Total from investment operations	.80	(2.64)	(1.94)	(1.09)	2.84
<i>Less distributions from:</i>					
Net realized gains on investment transactions	—	—	—	(.35)	—
Net asset value, end of period	\$ 7.62	\$ 6.82	\$ 9.46	\$ 11.40	\$ 12.84
Total Return (%)	11.73 ^{**}	(27.91)	(17.02)	(9.02) ^e	28.40 ^{e**}

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	71	62	60	28	3
Ratio of expenses before expense reductions (%)	1.07 [*]	1.03	1.13	1.33	7.49 [*]
Ratio of expenses after expense reductions (%)	1.07 [*]	1.03	1.11	1.02	1.10 [*]
Ratio of net investment income (loss) (%)	— ^{***}	(.08)	(.21)	(.37)	(.19) [*]
Portfolio turnover rate (%)	127 [*]	123	98	323	336 [*]

^a For the six months ended June 30, 2003 (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.

^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

^{***} Amount is less than \$.005

Class B

	2003 ^a	2002 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 6.81	\$ 7.61
<i>Income (loss) from investment operations:</i>		
Net investment income (loss) ^c	(.02)	.01
Net realized and unrealized gain (loss) on investment transactions	.81	(.81)
Total from investment operations	.79	(.80)
Net asset value, end of period	\$ 7.60	\$ 6.81
Total Return (%)	11.60 ^{**}	(10.51) ^{**}

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	6	.5
Ratio of expenses (%)	1.41 [*]	1.30 [*]
Ratio of net investment income (loss) (%)	(.34) [*]	.21 [*]
Portfolio turnover rate (%)	127 [*]	123

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

^c Based on average shares outstanding during the period.

^{*} Annualized

^{**} Not annualized

SVS Focus Value+Growth Portfolio

The portfolio (Class A shares) gained 12.78% in the semiannual period and outperformed its benchmark, the S&P 500 index, which returned 11.76%. The broader market and the portfolio have benefited from a post-war rally that allowed investors to focus more on improving economic and market fundamentals rather than on headlines.

The holdings in the value portion of the portfolio gained, helped mostly by the portfolio's financial, retail and tobacco stocks. Within the financial sector, performance of banks and savings and loans was strong, while performance of diversified financial stocks came under temporary pressure. A couple of the sleeve's retailers more than doubled in price. Despite volatility early in the period, Altria Group, the parent company of tobacco producer Philip Morris USA, rallied when a Florida court dismissed a class-action lawsuit against the tobacco companies. The pharmaceutical companies lagged, but Dreman, the portfolio's value subadvisor, believes that the recent setback is temporary.

Information technology and energy holdings in the growth portion of the portfolio contributed most to absolute performance. Information technology and consumer discretionary stocks represent two of the larger positions. Semiconductor stocks have performed exceptionally well as many companies have improved their competitive position by reducing costs. The managers expect that demand for semiconductors will rise due to lean inventory levels within the tech sector. Holdings in more defensive areas such as industrials and consumer staples represent smaller positions. Select holdings within the consumer staples and consumer discretionary areas held back performance.

Both management teams believe that the economy has begun to recover and expect moderate improvement over the course of the year.

David N. Dreman
F. James Hutchinson
Co-Managers
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 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 reinvested dividends and capital gains and do not reflect fees and expenses; investors cannot directly access an index.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

SVS Focus Value+Growth Portfolio

	Shares	Value (\$)		Shares	Value (\$)
Common Stocks 97.1%					
Consumer Discretionary 21.0%					
Hotel Restaurants & Leisure 4.6%					
Marriott International, Inc. "A"	56,900	2,186,098			
Starbucks Corp.*	112,300	2,753,596			
		<u>4,939,694</u>			
Media 2.8%					
Viacom, Inc. "B"*	69,600	3,038,736			
Multiline Retail 2.2%					
Kohl's Corp.*	45,000	2,312,100			
Specialty Retail 11.4%					
Bed Bath & Beyond, Inc.*	73,200	2,840,892			
Best Buy Co., Inc.*	56,500	2,481,480			
Borders Group, Inc.*	33,850	596,099			
Home Depot, Inc.	61,265	2,029,097			
Staples, Inc.*	65,440	1,200,824			
Tiffany & Co.	92,100	3,009,828			
		<u>12,158,220</u>			
Consumer Staples 8.7%					
Tobacco					
Altria Group, Inc.	106,300	4,830,272			
R.J. Reynolds Tobacco Holdings, Inc.	21,400	796,294			
UST, Inc.	103,820	3,636,815			
		<u>9,263,381</u>			
Energy 5.1%					
Energy Equipment & Services 3.4%					
BJ Services Co.*	97,200	3,631,392			
Oil & Gas 1.7%					
Devon Energy Corp.	20,895	1,115,793			
Kerr-McGee Corp.	16,550	741,440			
		<u>1,857,233</u>			
Financials 26.2%					
Banks 7.1%					
FleetBoston Financial Corp.	43,800	1,301,298			
PNC Financial Services Group	18,910	922,997			
Sovereign Bancorp, Inc.	52,610	823,347			
US Bancorp.	31,300	766,850			
Washington Mutual, Inc.	91,951	3,797,576			
		<u>7,612,068</u>			
Diversified Financials 17.0%					
American Express Co.	67,700	2,830,537			
Fannie Mae	89,050	6,005,532			
Freddie Mac	122,550	6,221,864			
Merrill Lynch & Co., Inc.	66,900	3,122,892			
		<u>18,180,825</u>			
Insurance 2.1%					
American International Group, Inc.	40,300	2,223,754			
Health Care 15.4%					
Biotechnology 3.5%					
Amgen, Inc.*	57,200	3,771,768			
Health Care Providers & Services 0.5%					
HCA, Inc.	16,575	531,063			
Pharmaceuticals 11.4%					
Allergan, Inc.	28,700	2,212,770			
AstraZeneca Group PLC	37,700	1,537,029			
Bristol-Myers Squibb Co.	134,050	3,639,458			
Merck & Co., Inc.	55,450	3,357,498			
Schering-Plough Corp.	74,900	1,393,140			
		<u>12,139,895</u>			
Industrials 2.7%					
Industrial Conglomerates					
3M Co.	18,100	2,334,534			
Tyco International Ltd.	28,150	534,287			
		<u>2,868,821</u>			
Information Technology 16.6%					
Communications Equipment 2.8%					
Cisco Systems, Inc.*	178,400	2,977,496			
Computers & Peripherals 3.4%					
Dell Computer Corp.*	112,500	3,595,500			
IT Consulting & Services 3.4%					
Electronic Data Systems Corp.	171,875	3,686,719			
Semiconductor Equipment & Products 3.8%					
Applied Materials, Inc.*	125,800	1,995,188			
Xilinx, Inc.*	82,600	2,090,606			
		<u>4,085,794</u>			
Software 3.2%					
Microsoft Corp.	134,100	3,434,301			
Utilities 1.4%					
Gas Utilities 0.9%					
El Paso Corp.	123,635	998,971			
Multi-Utilities & Unregulated Power 0.5%					
Mirant Corp.*	53,850	156,165			
Reliant Resources, Inc.*	54,050	331,327			
		<u>487,492</u>			
Total Common Stocks (Cost \$104,744,824)					103,795,223
Cash Equivalents 2.9%					
Scudder Cash Management QP					
Trust, 1.15% (b) (Cost \$3,100,643)	3,100,643	3,100,643			
Total Investment Portfolio — 100.0%					106,895,866
(Cost \$107,845,467) (a)					

Notes to SVS Focus Value+Growth Portfolio of Investments

- * Non-income producing security.
- (a) The cost for federal income tax purposes was \$109,801,737. At June 30, 2003, net unrealized depreciation for all securities based on tax cost was \$2,905,871. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$8,589,054 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$11,494,925.
- (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, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$104,744,824)	\$ 103,795,223
Investment in Scudder Cash Management QP Trust (cost \$3,100,643)	3,100,643
Cash	20,000
Dividends receivable	151,721
Receivable for Portfolio shares sold	55,641
Other assets	1,063
Total assets	107,124,291

Liabilities

Payable for investment purchased	122,152
Payable for Portfolio shares redeemed	63,422
Accrued management fee	71,642
Other accrued expenses and payables	26,491
Total liabilities	283,707
Net assets, at value	\$ 106,840,584

Net Assets

Net assets consist of:	
Undistributed net investment income	456,506
Net unrealized appreciation (depreciation) on investments	(949,601)
Accumulated net realized gain (loss)	(37,358,281)
Paid-in capital	144,691,960
Net assets, at value	\$ 106,840,584

Class A

Net Asset Value , offering and redemption price per share (\$103,283,350 ÷ 9,576,870 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 10.78
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Class B

Net Asset Value , offering and redemption price per share (\$3,557,234 ÷ 330,099 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 10.78
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Dividends	\$ 897,905
Interest — Scudder Cash Management QP Trust	11,482
Total Income	909,387
Expenses:	
Management fee	367,598
Custodian fees	5,504
Distribution service fees (Class B)	2,228
Record keeping fees (Class B)	768
Auditing	7,952
Legal	1,924
Trustees' fees and expenses	1,093
Reports to shareholders	6,736
Other	3,380
Total expenses, before expense reductions	397,183
Expense reductions	(3)
Total expenses, after expense reductions	397,180
Net investment income (loss)	512,207

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	(3,713,731)
Net unrealized appreciation (depreciation) during the period on investments	15,347,635
Net gain (loss) on investment transactions	11,633,904
Net increase (decrease) in net assets resulting from operations	\$ 12,146,111

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ 512,207	\$ 880,908
Net realized gain (loss) on investment transactions	(3,713,731)	(20,649,623)
Net unrealized appreciation (depreciation) on investment transactions during the period	15,347,635	(17,574,809)
Net increase (decrease) in net assets resulting from operations	12,146,111	(37,343,524)
Distributions to shareholders from:		
Net investment income		
Class A	(861,563)	(658,082)
Class B	(12,687)	—
Portfolio share transactions:		
Class A		
Proceeds from shares sold	3,147,411	16,876,950
Reinvestment of distributions	861,563	658,082
Cost of shares redeemed	(9,033,813)	(21,961,063)
Net increase (decrease) in net assets from Class A share transactions	(5,024,839)	(4,426,031)
Class B		
Proceeds from shares sold	3,051,633	389,225*
Reinvestment of distributions	12,687	—*
Cost of shares redeemed	(237,257)	(409)*
Net increase (decrease) in net assets from Class B share transactions	2,827,063	388,816
Increase (decrease) in net assets	9,074,085	(42,038,821)
Net assets at beginning of period	97,766,499	139,805,320
Net assets at end of period (including undistributed net investment income of \$456,506 and \$818,549, respectively)	\$ 106,840,584	\$ 97,766,499

Other Information

Class A		
Shares outstanding at beginning of period	10,089,997	10,690,065
Shares sold	315,341	1,436,043
Shares issued to shareholders in reinvestment of distributions	93,142	49,742
Shares redeemed	(921,610)	(2,085,853)
Net increase (decrease) in Portfolio shares	(513,127)	(600,068)
Shares outstanding at end of period	9,576,870	10,089,997
Class B		
Shares outstanding at beginning of period	39,304	—
Shares sold	311,998	39,344*
Shares issued to shareholders in reinvestment of distributions	1,371	—*
Shares redeemed	(22,574)	(40)*
Net increase (decrease) in Portfolio shares	290,795	39,304
Shares outstanding at end of period	330,099	39,304

* For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001	2000 ^b	1999 ^b	1998 ^b
Selected Per Share Data						
Net asset value, beginning of period	\$ 9.65	\$ 13.08	\$ 16.55	\$ 18.96	\$ 16.71	\$ 14.25
<i>Income (loss) from investment operations:</i>						
Net investment income (loss)	.05 ^c	.08 ^c	.09 ^c	.12 ^c	.08 ^c	.08
Net realized and unrealized gain (loss) on investment transactions	1.17	(3.45)	(2.41)	(.73)	2.62	2.78
Total from investment operations	1.22	(3.37)	(2.32)	(.61)	2.70	2.86
<i>Less distributions from:</i>						
Net investment income	(.09)	(.06)	(.10)	(.10)	(.10)	—
Net realized gains on investment transactions	—	—	(1.05)	(1.70)	(.35)	(.40)
Total distributions	(.09)	(.06)	(1.15)	(1.80)	(.45)	(.40)
Net asset value, end of period	\$ 10.78	\$ 9.65	\$ 13.08	\$ 16.55	\$ 18.96	\$ 16.71
Total Return (%)	12.78 ^{**}	(25.89)	(14.35)	(3.90)	16.52	20.17
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period (\$ millions)	103	97	140	153	172	152
Ratio of expenses before expense reductions (%)	.80 [*]	.81	.79	.81	.83	.78
Ratio of expenses after expense reductions (%)	.80 [*]	.81	.79	.81	.82	.78
Ratio of net investment income (loss) (%)	1.05 [*]	.73	.64	.66	.46	.80
Portfolio turnover rate (%)	57 [*]	109	180	39	102	102

^a For the six months ended June 30, 2003 (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.

^c Based on average shares outstanding during the period.

* Annualized ** Not annualized

Class B

	2003 ^a	2002 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 9.63	\$ 10.74
<i>Income (loss) from investment operations:</i>		
Net investment income (loss) ^c	.03	.08
Net realized and unrealized gain (loss) on investment transactions	1.18	(1.19)
Total from investment operations	1.21	(1.11)
<i>Less distributions from:</i>		
Net investment income	(.06)	—
Net asset value, end of period	\$ 10.78	\$ 9.63
Total Return (%)	12.73 ^{**}	(10.34) ^{**}
Ratios to Average Net Assets and Supplemental Data		
Net assets, end of period (\$ millions)	4	.4
Ratio of expenses (%)	1.15 [*]	1.06 [*]
Ratio of net investment income (loss) (%)	.71 [*]	1.64 [*]
Portfolio turnover rate (%)	57 [*]	109

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

^c Based on average shares outstanding during the period.

* Annualized

** Not annualized

SVS Index 500 Portfolio

SVS Index 500 Portfolio provided strong positive performance, though it slightly underperformed its benchmark, the Standard & Poor's 500 (S&P 500) index, for the six months ended June 30, 2003. In a welcome turnabout from the past three years, US equities gained ground for the six-month period. During the second quarter, the S&P 500 index was up 15.39%, marking the largest single quarterly gain for the index in four and a half years.

For the six months, sector performance within the S&P 500 index was positive across the board. Financials, information technology and consumer discretionary were the best-performing sectors. Telecommunications services, materials and consumer staples were the worst-performing sectors for the semiannual period. The financials sector continued to be the largest weight within the S&P 500 index through the period, accounting at June 30, 2003 for 20.1% of the index's market capitalization. However, the biggest changes in weighting within the index during the first half of the year came from the consumer staples, information technology and utilities sectors, which each grew in weighting, and from the consumer discretionary, industrials and telecommunication services sectors, which each declined in index weighting.

The best semiannual returns among the S&P 500 index stocks came from General Electric, Citigroup and Intel. The worst-performing individual stocks based on total return were AIG, SBC Communications and AT&T.

Patrick Cannon
Lead Manager
Northern Trust Investments, Inc., Subadvisor to the Portfolio

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 reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an index.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

SVS Index 500 Portfolio

	Shares	Value (\$)		Shares	Value (\$)
Common Stocks 98.7%					
Consumer Discretionary 13.3%					
Auto Components 0.2%					
Cooper Tire & Rubber Co.	2,149	37,801			
Dana Corp.	4,357	50,367			
Delphi Corp.	16,683	143,974			
Goodyear Tire & Rubber Co.	5,520	28,980			
Johnson Controls, Inc.	2,615	223,844			
Visteon Corp.	3,694	25,378			
		510,344			
Automobiles 0.6%					
AutoNation, Inc.*	8,900	139,908			
Ford Motor Co.	54,900	603,351			
General Motors Corp.	16,734	602,424			
Harley-Davidson, Inc.	9,530	379,866			
		1,725,549			
Hotel Restaurants & Leisure 0.9%					
Carnival Corp. "A"	19,347	628,971			
Darden Restaurants, Inc.	5,182	98,354			
Harrah's Entertainment, Inc.*	3,319	133,557			
Hilton Hotels Corp.	11,340	145,039			
International Game Technology*	2,540	259,918			
Marriott International, Inc. "A"	7,055	271,053			
Starbucks Corp.*	11,680	286,394			
Starwood Hotels & Resorts Worldwide, Inc.	5,963	170,482			
Wendy's International, Inc.	3,511	101,714			
YUM! Brands, Inc.*	8,854	261,724			
		2,357,206			
Household Durables 0.5%					
American Greeting Corp. "A"*	2,100	41,244			
Black & Decker Corp.	2,394	104,019			
Centex Corp.	1,884	146,556			
Fortune Brands, Inc.	4,509	235,370			
KB Home	1,427	88,445			
Leggett & Platt, Inc.	5,957	122,119			
Maytag Corp.	2,448	59,780			
Newell Rubbermaid, Inc.	8,046	225,288			
Pulte Homes, Inc.	1,795	110,680			
Snap-On, Inc.	1,793	52,051			
The Stanley Works	2,685	74,106			
Tupperware Corp.	1,809	25,977			
Whirlpool Corp.	2,099	133,706			
		1,419,341			
Internet & Catalog Retailing 0.4%					
eBay, Inc.*	9,400	979,292			
Leisure Equipment & Products 0.2%					
Brunswick Corp.	2,721	68,079			
Eastman Kodak Co.	8,759	239,559			
Hasbro, Inc.	5,127	89,671			
Mattel, Inc.	13,163	249,044			
		646,353			
Media 4.1%					
AOL Time Warner, Inc.*	137,340	2,209,801			
Clear Channel Communications, Inc.*	18,326	776,839			
Comcast Corp. "A"*	68,962	2,081,269			
Dow Jones & Co., Inc.	2,420	104,133			
Gannett Co., Inc.	8,032	616,938			
Interpublic Group of Companies, Inc.	11,699	156,533			
Knight-Ridder, Inc.	2,434	167,776			
McGraw-Hill, Inc.	5,827	361,274			
Meredith Corp.	1,500	66,000			
Monster Worldwide, Inc.*	3,456	68,187			
New York Times Co. "A"	4,561	207,526			
Omnicom Group, Inc.	5,631	403,743			
Tribune Co.	9,188	443,780			
Univision Communications, Inc. "A"*	6,800	206,720			
Viacom, Inc. "B"*	53,114	2,318,957			
Walt Disney Co.	62,246	1,229,359			
		11,418,835			
Multiline Retail 3.8%					
Big Lots, Inc.*	3,492	52,520			
Costco Wholesale Corp.*	14,203	519,830			
Dillard's, Inc. "A"	2,551	34,362			
Dollar General Corp.	10,012	182,819			
Family Dollar Stores, Inc.	5,179	197,579			
Federated Department Stores, Inc.*	5,728	211,077			
J.C. Penny Co., Inc.	8,067	135,929			
Kohl's Corp.*	10,141	521,045			
Nordstrom, Inc.	4,138	80,774			
Sears, Roebuck & Co.	9,523	320,354			
Target Corp.	27,229	1,030,345			
The May Department Stores Co.	8,600	191,436			
Wal-Mart Stores, Inc.	132,396	7,105,693			
		10,583,763			
Specialty Retail 2.2%					
AutoZone, Inc.*	2,909	220,997			
Bed Bath & Beyond, Inc.*	9,280	360,157			
Best Buy Co., Inc.*	9,684	425,321			
Circuit City Stores — Circuit City Group	6,323	55,642			
Home Depot, Inc.	69,755	2,310,286			
Lowe's Companies, Inc.	23,448	1,007,092			
Office Depot, Inc.*	9,303	134,987			
RadioShack Corp.	5,070	133,392			
Sherwin-Williams Co.	4,604	123,756			
Staples, Inc.*	14,493	265,947			
The Gap, Inc.	26,784	502,468			
Tiffany & Co.	4,400	143,792			
TJX Companies, Inc.	15,804	297,747			
Toys "R" Us, Inc.*	6,392	77,471			
		6,059,055			
Textiles, Apparel & Luxury Goods 0.4%					
Jones Apparel Group, Inc.*	3,966	116,045			
Liz Claiborne, Inc.	3,266	115,127			
NIKE, Inc. "B"	7,889	421,983			
Reebok International Ltd.*	1,818	61,139			
The Limited, Inc.	15,781	244,606			

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

	Shares	Value (\$)
VF Corp.	3,321	112,814
		1,071,714

Consumer Staples 9.1%

Beverages 2.8%

Adolph Coors Co. "B"	1,168	57,209
Anheuser-Busch Companies, Inc.	25,418	1,297,589
Brown-Forman Corp. "B"	1,790	140,730
Coca-Cola Enterprises, Inc.	13,476	244,589
Pepsi Bottling Group, Inc.	8,400	168,168
PepsiCo, Inc.	51,773	2,303,899
The Coca-Cola Co.	74,856	3,474,067
		7,686,251

Food & Drug Retailing 1.0%

CVS Corp.	11,784	330,306
Kroger Co.*	22,789	380,121
Safeway, Inc.*	13,271	271,525
Supervalu, Inc.	4,070	86,772
Sysco Corp.	19,624	589,505
Walgreen Co.	30,779	926,448
Winn-Dixie Stores, Inc.	4,257	52,404
		2,637,081

Food Products 1.6%

Albertson's, Inc.	11,404	218,957
Archer-Daniels-Midland Co.	19,371	249,305
Campbell Soup Co.	12,299	301,326
ConAgra Foods, Inc.	16,122	380,479
General Mills, Inc.	11,027	522,790
H.J. Heinz Co.	10,559	348,236
Hershey Foods Corp.	4,076	283,934
Kellogg Co.	12,282	422,132
McCormick & Co., Inc.	4,200	114,240
McDonald's Corp.	38,438	847,942
Sara Lee Corp.	23,506	442,148
William Wrigley Jr. Co.	6,770	380,677
		4,512,166

Household Products 2.0%

Clorox Co.	6,630	282,770
Colgate-Palmolive Co.	16,151	935,950
Kimberly-Clark Corp.	15,381	801,965
Procter & Gamble Co.	39,168	3,493,002
		5,513,687

Personal Products 0.6%

Alberto-Culver Co. "B"	1,800	91,980
Avon Products, Inc.	7,053	438,697
Gillette Co.	31,289	996,868
		1,527,545

Tobacco 1.1%

Altria Group, Inc.	61,558	2,797,196
R.J. Reynolds Tobacco Holdings, Inc.	2,500	93,025
UST, Inc.	4,911	172,032
		3,062,253

Energy 5.7%

Energy Equipment & Services 0.8%

Baker Hughes, Inc.	10,132	340,131
BJ Services Co.*	4,700	175,592
Halliburton Co.	13,091	301,093

	Shares	Value (\$)
Nabors Industries Ltd.*	4,298	169,986
Noble Corp.*	4,000	137,200
Rowan Companies, Inc.*	2,977	66,685
Schlumberger Ltd.	18,221	866,773
Transocean Sedco Forex, Inc.*	9,924	218,030
		2,275,490

Oil & Gas 4.9%

Amerada Hess Corp.	2,676	131,606
Anadarko Petroleum Corp.	7,888	350,779
Apache Corp.	4,756	309,425
Ashland, Inc.	2,115	64,888
Burlington Resources, Inc.	6,014	325,177
ChevronTexaco Corp.	32,252	2,328,594
ConocoPhillips	21,282	1,166,254
Devon Energy Corp.	6,831	364,775
EOG Resources, Inc.	3,439	143,888
ExxonMobil Corp.	201,856	7,248,649
Kerr-McGee Corp.	2,970	133,056
Marathon Oil Corp.	9,622	253,540
Occidental Petroleum Corp.	11,335	380,289
Sunoco, Inc.	2,402	90,651
Unocal Corp.	7,659	219,737
		13,511,308

Financials 20.2%

Banks 8.0%

AmSouth Bancorp.	10,545	230,303
Bank of America Corp.	45,959	3,632,140
Bank of New York Co., Inc.	22,879	657,771
Bank One Corp.	34,862	1,296,169
BB&T Corp.	14,042	481,641
Charter One Financial, Inc.	6,690	208,594
Comerica, Inc.	5,246	243,939
Fifth Third Bancorp.	18,024	1,033,496
First Tennessee National Corp.	3,700	162,467
FleetBoston Financial Corp.	33,180	985,778
Golden West Financial Corp.	4,603	368,286
Huntington Bancshares, Inc.	6,910	134,883
J.P. Morgan Chase & Co.	61,348	2,096,875
KeyCorp.	12,660	319,918
Marshall & Ilsley Corp.	6,500	198,770
Mellon Financial Corp.	12,817	355,672
National City Corp.	18,270	597,612
North Fork Bancorp., Inc.	4,800	163,488
Northern Trust Corp.	7,049	294,578
PNC Financial Services Group	8,437	411,810
Regions Financial Corp.	6,564	221,732
SouthTrust Corp.	10,238	278,474
SunTrust Banks, Inc.	8,395	498,159
Synovus Financial Corp.	9,082	195,263
Union Planters Corp.	5,826	180,781
US Bancorp.	57,346	1,404,977
Wachovia Corp.	40,776	1,629,409
Washington Mutual, Inc.	28,168	1,163,338
Wells Fargo & Co.	50,716	2,556,086
Zions Bancorp.	2,700	136,647
		22,139,056

Diversified Financials 7.2%

American Express Co.	39,375	1,646,269
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The accompanying notes are an integral part of the financial statements.

	Shares	Value (\$)
Bear Stearns Companies, Inc.	3,185	230,658
Capital One Finance Corp.	6,651	327,096
Charles Schwab Corp.	40,621	409,866
Citigroup, Inc.	154,888	6,629,206
Countrywide Financial Corp.	3,831	266,523
Fannie Mae	30,065	2,027,584
Federated Investors, Inc. "B"	3,400	93,228
Franklin Resources, Inc.	7,790	304,355
Freddie Mac	21,345	1,083,686
Goldman Sachs Group, Inc.	14,200	1,189,250
Janus Capital Group, Inc.	7,356	120,638
Lehman Brothers Holdings, Inc.	7,291	484,706
MBNA Corp.	38,271	797,568
Merrill Lynch & Co., Inc.	27,899	1,302,325
Moody's Corp.	4,594	242,150
Morgan Stanley	33,534	1,433,579
Provident Financial Corp.*	8,614	79,766
SLM Corp.	13,929	545,599
State Street Corp.	9,890	389,666
T. Rowe Price Group, Inc.	3,753	141,676
		19,745,394
Insurance 4.6%		
ACE Ltd.	7,800	267,462
AFLAC, Inc.	15,512	476,994
Allstate Corp.	22,224	792,286
AMBAC Financial Group, Inc.	3,167	209,814
American International Group, Inc.	78,452	4,328,981
Aon Corp.	9,283	223,535
Chubb Corp.	5,987	359,220
Cincinnati Financial Corp.	4,781	177,327
Hartford Financial Services Group, Inc.	9,064	456,463
Jefferson-Pilot Corp.	4,273	177,159
John Hancock Financial Services, Inc.	8,644	265,630
Lincoln National Corp.	5,301	188,875
Loews Corp.	5,534	261,703
Marsh & McLennan Companies, Inc.	16,122	823,351
MBIA, Inc.	4,325	210,844
MetLife, Inc.	22,800	645,696
MGIC Investment Corp.	2,977	138,847
Principal Financial Group, Inc.	9,600	309,600
Progressive Corp.	6,511	475,954
Prudential Financial, Inc.	17,000	572,050
Safeco Corp.	4,105	144,824
St. Paul Companies, Inc.	6,742	246,150
Torchmark Corp.	3,589	133,690
Travelers Property Casualty Corp. "B"	29,959	472,453
UnumProvident Corp.	8,616	115,541
XL Capital Ltd. "A"	4,000	332,000
		12,806,449
Real Estate 0.4%		
Apartment Investment & Management Co. (REIT)	2,800	96,880
Equity Office Properties Trust (REIT)	12,400	334,924
Equity Residential (REIT)	8,100	210,195
Plum Creek Timber Co., Inc. (REIT)	5,600	145,320
Simon Property Group, Inc. (REIT)	5,500	214,665
		1,001,984

Health Care 14.6%

Biotechnology 1.3%

	Shares	Value (\$)
Amgen, Inc.*	38,169	2,516,864
Biogen, Inc.*	4,525	171,950
Chiron Corp.*	5,600	244,832
Genzyme Corp. (General Division)*	6,400	267,520
MedImmune, Inc.*	7,548	274,521
		3,475,687

Health Care Equipment & Supplies 1.9%

	Shares	Value (\$)
Applera Corp. — Applied Biosystems Group	6,241	118,766
Bausch & Lomb, Inc.	1,682	63,075
Baxter International, Inc.	17,918	465,868
Becton, Dickinson & Co.	7,759	301,437
Biomet, Inc.	7,912	226,758
Boston Scientific Corp.*	12,677	774,565
C.R. Bard, Inc.	1,658	118,232
Guidant Corp.	9,267	411,362
Medtronic, Inc.	36,673	1,759,204
St. Jude Medical, Inc.*	5,430	312,225
Stryker Corp.	5,999	416,151
Zimmer Holdings, Inc.*	5,973	269,084
		5,236,727

Health Care Providers & Services 1.7%

	Shares	Value (\$)
Aetna, Inc.	4,750	285,950
AmerisourceBergen Corp.	3,244	224,971
Anthem, Inc.*	4,204	324,339
Cardinal Health, Inc.	13,493	867,600
CIGNA Corp.	4,184	196,397
HCA, Inc.	15,321	490,885
Health Management Associates, Inc.	7,200	132,840
Humana, Inc.*	4,900	73,990
IMS Health, Inc.	7,516	135,213
Manor Care, Inc.*	2,638	65,976
McKesson Corp.	8,590	307,007
Quest Diagnostics, Inc.*	3,191	203,586
Quintiles Transnational Corp.*	3,711	52,659
Tenet Healthcare Corp.*	14,222	165,686
UnitedHealth Group, Inc.	18,048	906,912
Wellpoint Health Networks, Inc.*	4,414	372,100
		4,806,111

Pharmaceuticals 9.7%

	Shares	Value (\$)
Abbott Laboratories	46,882	2,051,556
Allergan, Inc.	3,891	299,996
Bristol-Myers Squibb Co.	58,931	1,599,977
Eli Lilly & Co.	34,365	2,370,154
Forest Laboratories, Inc.*	10,820	592,395
Johnson & Johnson	89,244	4,613,915
King Pharmaceuticals, Inc.*	6,998	103,290
Merck & Co., Inc.	68,409	4,142,165
Pfizer, Inc.	239,070	8,164,241
Schering-Plough Corp.	45,647	849,034
Watson Pharmaceuticals, Inc.*	3,150	127,166
Wyeth	39,753	1,810,749
		26,724,638

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

	Shares	Value (\$)		Shares	Value (\$)
Industrials 11.3%					
Aerospace & Defense 1.7%					
Boeing Co.	25,968	891,222			
General Dynamics Corp.	5,980	433,550			
Goodrich Corp.	3,432	72,072			
Honeywell International, Inc.	25,596	687,253			
Lockheed Martin Corp.	13,644	649,045			
Northrop Grumman Corp.	5,414	467,174			
Raytheon Co.	12,197	400,549			
Rockwell Collins, Inc.	5,356	131,918			
United Technologies Corp.	14,057	995,657			
		4,728,440			
Air Freight & Logistics 1.0%					
FedEx Corp.	8,996	558,022			
Ryder System, Inc.	2,052	52,572			
United Parcel Service, Inc. "B"	34,046	2,168,730			
		2,779,324			
Airlines 0.2%					
Delta Air Lines, Inc.	3,694	54,228			
Southwest Airlines Co.	23,298	400,726			
		454,954			
Building Products 0.2%					
American Standard Companies, Inc.*	2,200	162,646			
Crane Co.	1,814	41,051			
Masco Corp.	14,426	344,060			
		547,757			
Commercial Services & Supplies 1.9%					
Allied Waste Industries, Inc.*	6,339	63,707			
Apollo Group, Inc. "A"*	5,500	339,680			
Automatic Data Processing, Inc.	18,056	611,376			
Avery Dennison Corp.	3,315	166,413			
Cendant Corp.*	30,866	565,465			
Cintas Corp.	5,200	184,288			
Concord EFS, Inc.*	15,214	223,950			
Convergys Corp.*	5,347	85,552			
Deluxe Corp.	1,809	81,043			
Equifax, Inc.	4,324	112,424			
First Data Corp.	22,580	935,715			
Fiserv, Inc.*	5,801	206,574			
H&R Block, Inc.	5,376	232,512			
Paychex, Inc.	12,148	356,058			
Pitney Bowes, Inc.	7,091	272,365			
R.R. Donnelley & Sons Co.	3,364	87,935			
Robert Half International, Inc.*	5,500	104,170			
Sabre Holdings Corp.	4,261	105,034			
Waste Management, Inc.	17,782	428,368			
		5,162,629			
Construction & Engineering 0.0%					
Fluor Corp.	2,425	81,577			
McDermott International, Inc.*	1,777	11,248			
		92,825			
Electrical Equipment 0.4%					
American Power Conversion Corp.*	6,023	93,899			
Cooper Industries, Inc. "A"	2,851	117,746			
Emerson Electric Co.	12,862	657,248			
Molex, Inc.	5,791	156,299			
		1,025,192			
Power-One, Inc.*	2,582	18,461			
Rockwell Automation, Inc.	5,656	134,839			
Thomas & Betts Corp.*	1,927	27,845			
		1,206,337			
Industrial Conglomerates 4.2%					
3M Co.	11,710	1,510,335			
General Electric Co.	301,472	8,646,217			
Textron, Inc.	4,043	157,758			
Tyco International Ltd.	59,842	1,135,801			
		11,450,111			
Machinery 1.2%					
Caterpillar, Inc.	10,517	585,376			
Cummins, Inc.	1,262	45,293			
Danaher Corp.	4,547	309,423			
Deere & Co.	7,158	327,121			
Dover Corp.	6,078	182,097			
Eaton Corp.	2,216	174,200			
Illinois Tool Works, Inc.	9,618	633,345			
Ingersoll-Rand Co. "A"	5,111	241,853			
ITT Industries, Inc.	2,719	177,986			
Navistar International Corp.*	2,021	65,945			
PACCAR, Inc.	3,623	244,263			
Pall Corp.	3,653	82,193			
Parker-Hannifin Corp.	3,598	151,080			
		3,220,175			
Road & Rail 0.4%					
Burlington Northern Santa Fe Corp.	11,279	320,775			
CSX Corp.	6,474	194,803			
Norfolk Southern Corp.	11,785	226,272			
Union Pacific Corp.	7,605	441,242			
		1,183,092			
Trading Companies & Distributors 0.1%					
Genuine Parts Co.	5,209	166,740			
W.W. Grainger, Inc.	2,774	129,712			
		296,452			
Information Technology 15.1%					
Communications Equipment 2.3%					
ADC Telecommunications, Inc.*	21,107	49,137			
Andrew Corp.*	3,480	32,016			
Avaya, Inc.*	11,204	72,378			
CIENA Corp.*	13,200	68,508			
Cisco Systems, Inc.*	213,349	3,560,795			
Comverse Technologies, Inc.*	5,673	85,265			
Corning, Inc.*	37,634	278,115			
JDS Uniphase Corp.*	46,732	164,029			
Lucent Technologies, Inc.*	123,169	250,033			
Motorola, Inc.	72,030	679,243			
QUALCOMM, Inc.	23,914	854,926			
Scientific-Atlanta, Inc.	4,668	111,285			
Tellabs, Inc.*	12,524	82,283			
		6,288,013			
Computers & Peripherals 3.9%					
Apple Computer, Inc.*	10,791	206,324			
Dell Computer Corp.*	77,347	2,472,010			
EMC Corp.*	65,948	690,476			
Gateway, Inc.*	8,277	30,211			
Hewlett-Packard Co.	93,519	1,991,955			

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

	Shares	Value (\$)
International Business Machines Corp.	51,963	4,286,948
Lexmark International, Inc.*	3,770	266,803
NCR Corp.*	3,094	79,268
Network Appliance, Inc.*	10,212	165,537
Sun Microsystems, Inc.*	100,382	461,757
		10,651,289
Electronic Equipment & Instruments 0.4%		
Agilent Technologies, Inc.*	14,048	274,638
Jabil Circuit, Inc.*	6,000	132,600
Millipore Corp.*	1,431	63,493
PerkinElmer, Inc.	3,920	54,135
Sanmina Corp.*	15,932	100,531
Soletron Corp.*	24,640	92,154
Symbol Technologies, Inc.	7,150	93,022
Tektronix, Inc.*	2,824	60,998
Thermo Electron Corp.*	5,105	107,307
Waters Corp.*	4,000	116,520
		1,095,398
Internet Software & Services 0.2%		
Yahoo!, Inc.*	18,666	611,498
IT Consulting & Services 0.3%		
Computer Sciences Corp.*	5,636	214,844
Electronic Data Systems Corp.	14,740	316,173
SunGard Data Systems, Inc.*	8,600	222,826
Unisys Corp.*	9,680	118,870
		872,713
Office Electronics 0.1%		
Xerox Corp.*	22,084	233,870
Semiconductor Equipment & Products 3.2%		
Advanced Micro Devices, Inc.*	10,295	65,991
Altera Corp.*	11,446	187,714
Analog Devices, Inc.*	10,928	380,513
Applied Materials, Inc.*	49,506	785,165
Applied Micro Circuits Corp.*	9,100	55,055
Broadcom Corp. "A"*	8,952	222,994
Intel Corp.	197,828	4,111,657
KLA-Tencor Corp.*	5,695	264,761
Linear Technology Corp.	9,400	302,774
LSI Logic Corp.*	11,213	79,388
Maxim Integrated Products, Inc.	9,690	331,301
Micron Technology, Inc.*	19,503	226,820
National Semiconductor Corp.*	5,501	108,480
Novellus Systems, Inc.*	4,701	172,155
NVIDIA Corp.*	4,700	108,147
PMC-Sierra, Inc.*	5,073	59,506
QLogic Corp.*	2,841	137,306
Teradyne, Inc.*	5,474	94,755
Texas Instruments, Inc.	51,895	913,352
Xilinx, Inc.*	10,130	256,390
		8,864,224
Software 4.7%		
Adobe Systems, Inc.	6,870	220,321
Autodesk, Inc.	3,318	53,619
BMC Software, Inc.*	6,908	112,808
Citrix Systems, Inc.*	5,064	103,103
Computer Associates International, Inc.	17,165	382,436
Compuware Corp.*	11,946	68,928

	Shares	Value (\$)
Electronic Arts, Inc.*	4,600	340,354
Intuit, Inc.*	6,100	271,633
Mercury Interactive Corp.*	2,490	96,139
Microsoft Corp.	324,148	8,301,430
Novell, Inc.*	9,975	30,723
Oracle Corp.*	160,125	1,924,703
Parametric Technology Corp.*	7,591	23,153
PeopleSoft, Inc.*	9,264	162,954
Siebel Systems, Inc.*	14,359	136,985
Symantec Corp.*	4,800	210,528
VERITAS Software Corp.*	13,080	375,004
		12,814,821
Materials 2.6%		
Chemicals 1.4%		
Air Products & Chemicals, Inc.	6,785	282,256
Dow Chemical Co.	28,291	875,889
E.I. du Pont de Nemours & Co.	29,890	1,244,620
Eastman Chemical Co.	2,343	74,203
Ecolab, Inc.	7,886	201,882
Engelhard Corp.	3,900	96,603
Great Lakes Chemicals Corp.	1,600	32,640
Hercules, Inc.*	3,407	33,729
International Flavors & Fragrances, Inc.	2,811	89,755
Monsanto Co.	7,920	171,389
PPG Industries, Inc.	5,105	259,028
Praxair, Inc.	4,834	290,523
Rohm & Haas Co.	6,626	205,605
Sigma-Aldrich Corp.	2,168	117,462
		3,975,584
Construction Materials 0.0%		
Vulcan Materials Co.	3,010	111,581
Containers & Packaging 0.2%		
Ball Corp.	1,700	77,367
Bemis Co., Inc.	1,656	77,501
Pactiv Corp.*	4,798	94,569
Sealed Air Corp.*	2,595	123,678
Temple-Inland, Inc.	1,668	71,574
		444,689
Metals & Mining 0.5%		
Alcoa, Inc.	25,697	655,274
Allegheny Technologies, Inc.	2,267	14,962
Freeport-McMoRan Copper & Gold, Inc. "B"	4,387	107,482
Newmont Mining Corp.	12,115	393,253
Nucor Corp.	2,376	116,068
Phelps Dodge Corp.*	2,654	101,754
United States Steel Corp.	3,061	50,109
Worthington Industries, Inc.	2,626	35,188
		1,474,090
Paper & Forest Products 0.5%		
Boise Cascade Corp.	1,769	42,279
Georgia-Pacific Corp.	7,541	142,902
International Paper Co.	14,652	523,516
Louisiana-Pacific Corp.*	3,280	35,555
MeadWestvaco Corp.	6,093	150,497
Weyerhaeuser Co.	6,532	352,728
		1,247,477

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

	Shares	Value (\$)
Telecommunication Services 3.8%		
Diversified Telecommunication Services 3.3%		
ALLTEL Corp.	9,547	460,356
AT&T Corp.	24,799	477,381
BellSouth Corp.	55,767	1,485,075
CenturyTel, Inc.	4,233	147,520
Citizens Communications Co.*	8,300	106,987
Qwest Communications International, Inc.*	48,396	231,333
SBC Communications, Inc.	101,783	2,600,556
Sprint Corp.	26,678	384,163
Verizon Communications, Inc.	82,510	3,255,020
		9,148,391
Wireless Telecommunication Services 0.5%		
AT&T Wireless Services, Inc.*	82,389	676,414
Nextel Communications, Inc. "A"*	31,346	566,736
Sprint Corp. (PCS Group)*	31,620	181,815
		1,424,965

Utilities 3.0%

Electric Utilities 2.3%

Allegheny Energy, Inc.	3,710	31,350
Ameren Corp.	4,797	211,548
American Electric Power Co.	11,680	348,414
CenterPoint Energy, Inc.	9,365	76,325
ClNergy Corp.	5,049	185,753
CMS Energy Corp.	4,556	36,904
Consolidated Edison, Inc.	6,344	274,568
Constellation Energy Group, Inc.	4,910	168,413
Dominion Resources, Inc.	10,122	650,541
DTE Energy Co.	5,046	194,977
Edison International*	9,767	160,472
Entergy Corp.	6,631	349,984
Exelon Corp.	10,602	634,106
FirstEnergy Corp.	8,862	340,744
FPL Group, Inc.	5,508	368,210
PG&E Corp.*	12,231	258,686
Pinnacle West Capital Corp.	2,708	101,415
PPL Corp.	4,879	209,797
Progress Energy, Inc.	7,123	312,700

	Shares	Value (\$)
Public Service Enterprise Group, Inc.	6,674	281,977
Southern Co.	21,398	666,762
TECO Energy, Inc.	5,400	64,746
TXU Corp.	9,626	216,104
Xcel Energy, Inc.	11,887	178,780
		6,323,276

Gas Utilities 0.4%

El Paso Corp.	17,841	144,155
KeySpan Corp.	4,732	167,749
Kinder Morgan, Inc.	3,764	205,703
NICOR, Inc.	1,406	52,177
NiSource, Inc.	7,851	149,169
Peoples Energy Corp.	1,128	48,380
Sempra Energy	6,276	179,054
		946,387

Multi-Utilities & Unregulated Power 0.3%

AES Corp.*	16,271	103,321
Calpine Corp.*	11,180	73,788
Duke Energy Corp.	26,728	533,224
Dynegy, Inc. "A"*	8,980	37,716
Mirant Corp.*	11,965	34,699
Williams Companies, Inc.	15,319	121,020
		903,768

Total Common Stocks (Cost \$305,783,802) 271,987,409

	Principal Amount (\$)	Value (\$)
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Short-Term Investments 0.1%

US Treasury Bill, 1.022%**, 7/24/2003 (c) (Cost \$349,751)	350,000	349,815
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	Shares	Value (\$)
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Cash Equivalents 1.2%

Scudder Cash Management QP Trust, 1.15% (b) (Cost \$3,220,406)	3,220,406	3,220,406
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Total Investment Portfolio — 100.0% (Cost \$309,353,959) (a) 275,557,630

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 \$318,567,708. At June 30, 2003, net unrealized depreciation for all securities based on tax cost was \$43,010,078. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$11,891,791 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$54,901,869.

(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, 2003, this security, in part or in whole, has been segregated to cover initial margin requirements for open futures contracts.

At June 30, 2003, open futures contracts purchased were as follows:

Futures	Expiration Date	Contracts	Aggregated Face Value (\$)	Value (\$)	Net Unrealized Appreciation (Depreciation) (\$)
S&P 500 Index Future	9/19/2003	15	3,672,290	3,649,875	(22,415)
Total net unrealized depreciation on open futures contracts					(22,415)

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

Financial Statements

Statement of Assets and Liabilities as of June 30, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$306,133,553)	\$ 272,337,224
Investment in Scudder Cash Management QP Trust (cost \$3,220,406)	3,220,406
Cash	10,000
Dividends receivable	330,318
Interest receivable	3,550
Receivable for Portfolio shares sold	297,727
Other assets	32
Total assets	276,199,257

Liabilities

Payable for Portfolio shares redeemed	451,425
Payable for daily variation margin on open futures contracts	3,950
Accrued management fee	78,725
Other accrued expenses and payables	28,181
Total liabilities	562,281
Net assets, at value	\$ 275,636,976

Net Assets

Net assets consist of:	
Undistributed net investment income	1,390,561
Net unrealized appreciation (depreciation) on:	
Investments	(33,796,329)
Futures	(22,415)
Accumulated net realized gain (loss)	(31,600,502)
Paid-in capital	339,665,661
Net assets, at value	\$ 275,636,976

Class A

Net Asset Value , offering and redemption price per share (\$261,097,242 ÷ 35,898,297 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 7.27
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Class B

Net Asset Value , offering and redemption price per share (\$14,539,734 ÷ 2,002,517 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 7.26
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$236)	\$ 2,164,236
Interest	2,024
Interest — Scudder Cash Management QP Trust	22,517
Total Income	2,188,777
Expenses:	
Management fee	450,432
Custodian and accounting fees	75,580
Distribution service fees (Class B)	6,890
Record keeping fees (Class B)	2,700
Auditing	21,524
Legal	3,603
Trustees' fees and expenses	2,201
Reports to shareholders	10,706
Registration fees	265
Other	11,450
Total expenses, before expense reductions	585,351
Expense reductions	(13)
Total expenses, after expense reductions	585,338
Net investment income (loss)	1,603,439

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(8,776,995)
Futures	524,166
	(8,252,829)
Net unrealized appreciation (depreciation) during the period on:	
Investments	34,546,359
Futures	11,113
	34,557,472
Net gain (loss) on investment transactions	26,304,643
Net increase (decrease) in net assets resulting from operations	\$ 27,908,082

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ 1,603,439	\$ 2,812,725
Net realized gain (loss) on investment transactions	(8,252,829)	(16,252,217)
Net unrealized appreciation (depreciation) on investment transactions during the period	34,557,472	(50,530,051)
Net increase (decrease) in net assets resulting from operations	27,908,082	(63,969,543)
Distributions to shareholders from:		
Net investment income		
Class A	(2,840,811)	(1,192,208)
Class B	(39,707)	—
Portfolio share transactions:		
Class A		
Proceeds from shares sold	29,500,614	119,237,391
Reinvestment of distributions	2,840,811	1,192,208
Cost of shares redeemed	(27,933,564)	(42,059,224)
Net increase (decrease) in net assets from Class A share transactions	4,407,861	78,370,375
Class B		
Proceeds from shares sold	12,519,123	1,181,765*
Reinvestment of distributions	39,707	—*
Cost of shares redeemed	(56,772)	(528)*
Net increase (decrease) in net assets from Class B share transactions	12,502,058	1,181,237
Increase (decrease) in net assets	41,937,483	14,389,861
Net assets at beginning of period	233,699,493	219,309,632
Net assets at end of period (including undistributed net investment income of \$1,390,561 and \$2,667,640, respectively)	\$ 275,636,976	\$ 233,699,493

Other Information

Class A		
Shares outstanding at beginning of period	35,202,430	25,657,004
Shares sold	4,451,616	15,320,978
Shares issued to shareholders in reinvestment of distributions	450,208	139,931
Shares redeemed	(4,205,957)	(5,915,483)
Net increase (decrease) in Portfolio shares	695,867	9,545,426
Shares outstanding at end of period	35,898,297	35,202,430
Class B		
Shares outstanding at beginning of period	175,906	—
Shares sold	1,828,318	175,980*
Shares issued to shareholders in reinvestment of distributions	6,293	—*
Shares redeemed	(8,000)	(74)*
Net increase (decrease) in Portfolio shares	1,826,611	175,906
Shares outstanding at end of period	2,002,517	175,906

* For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001	2000 ^b	1999 ^{b,c}
Selected Per Share Data					
Net asset value, beginning of period	\$ 6.61	\$ 8.55	\$ 9.78	\$ 10.96	\$ 10.00
<i>Income (loss) from investment operations:</i>					
Net investment income (loss) ^d	.04	.09	.08	.10	.10
Net realized and unrealized gain (loss) on investment transactions	.70	(1.99)	(1.26)	(1.18)	.86
Total from investment operations	.74	(1.90)	(1.18)	(1.08)	.96
<i>Less distributions from:</i>					
Net investment income	(.08)	(.04)	(.05)	(.05)	—
Net realized gains on investment transactions	—	—	—	(.05)	—
Total distributions	(.08)	(.04)	(.05)	(.10)	—
Net asset value, end of period	\$ 7.27	\$ 6.61	\$ 8.55	\$ 9.78	\$ 10.96
Total Return (%)	11.38 ^{**}	(22.34)	(12.05) ^e	(9.93) ^e	9.55 ^{e**}
Ratios to Average Net Assets and Supplemental Data					
Net assets, end of period (\$ millions)	261	233	219	102	32
Ratio of expenses before expense reductions (%)	.47 [*]	.48	.65	.88	.84 [*]
Ratio of expenses after expense reductions (%)	.47 [*]	.48	.55	.54	.55 [*]
Ratio of net investment income (loss) (%)	1.32 [*]	1.16	.88	.90	3.72 [*]
Portfolio turnover rate (%)	9 [*]	6	13	20	1 [*]

^a For the six months ended June 30, 2003 (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.

^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

Class B

	2003 ^a	2002 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 6.59	\$ 7.21
<i>Income (loss) from investment operations:</i>		
Net investment income (loss) ^c	.03	.05
Net realized and unrealized gain (loss) on investment transactions	.71	(.67)
Total from investment operations	.74	(.62)
<i>Less distributions from:</i>		
Net investment income	(.07)	—
Net asset value, end of period	\$ 7.26	\$ 6.59
Total Return (%)	11.32 ^{**}	(8.60) ^{**}
Ratios to Average Net Assets and Supplemental Data		
Net assets, end of period (\$ millions)	15	1
Ratio of expenses (%)	.82 [*]	.69 [*]
Ratio of net investment income (loss) (%)	.97 [*]	1.42 [*]
Portfolio turnover rate (%)	9 [*]	6

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

^c Based on average shares outstanding during the period.

* Annualized ** Not annualized

SVS INVESCO Dynamic Growth Portfolio

During the first three months of the year, stocks struggled and war-wary investors stuck to the sidelines. However, in the second quarter, a sharp rally ensued, fueled in part by a swifter-than-expected conclusion to the war in Iraq, Congress's passage of a tax relief package, and extremely low interest rates. Thanks to this turnaround in the second quarter, all of the major stock market indexes finished the semiannual period significantly higher.

Given the market's renewed appetite for more aggressive investments as the period progressed, SVS INVESCO Dynamic Growth Portfolio's emphasis on mid-cap growth stocks worked to its advantage. Indeed, the portfolio enjoyed a substantial gain of 15.13% (Class A shares) during the first half of 2003, versus an 18.74% return for its benchmark, the Russell Midcap Growth Index. While every market sector represented in the portfolio advanced, some areas were especially beneficial to performance. For example, the portfolio's wireless telecommunication services stocks demonstrated positive fundamental trends throughout the period, which aided their returns. Holdings in market-sensitive financial names and biotechnology stocks also outperformed.

Our technology holdings produced mixed results. On the one hand, the portfolio's software, communications equipment and Internet holdings all posted impressive gains. On the other hand, the portfolio's tech stocks failed to keep pace with their Russell Midcap Growth Index counterparts, which had a negative effect in terms of relative performance.

Looking ahead, we are confident the business environment will improve in the second half, and believe the portfolio is well-positioned should market conditions remain favorable.

Timothy J. Miller

Lead Manager

INVESCO, Subadvisor to the Portfolio

Russell Midcap Growth Index is an unmanaged index composed of common stocks of mid-cap companies with higher price-to-book ratios and higher forecasted growth values. Index returns assume reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an index.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

SVS INVESCO Dynamic Growth Portfolio

	Shares	Value (\$)		Shares	Value (\$)
Common Stocks 93.1%					
Consumer Discretionary 16.2%					
Hotel Restaurants & Leisure 3.8%					
CBRL Group, Inc.	9,600	373,056			
Harrah's Entertainment, Inc.*	4,500	181,080			
Hilton Hotels Corp.	13,800	176,502			
Outback Steakhouse, Inc.	4,100	159,900			
Starbucks Corp.*	10,300	252,556			
Wynn Resorts Ltd.*	600	10,614			
		1,153,708			
Household Durables 0.4%					
Garmin Ltd.*	3,000	119,610			
Leisure Equipment & Products 0.7%					
Mattel, Inc.	11,600	219,472			
Media 7.8%					
Cablevision Systems Corp. New York Group "A"*	8,000	166,080			
Cox Communications, Inc. "A"*	11,400	363,660			
Cox Radio, Inc. "A"*	4,100	94,751			
EchoStar Communications Corp. "A"*	11,550	399,861			
Entercom Communications Corp.*	3,900	191,139			
Lamar Advertising Co.*	11,900	418,999			
Marvel Enterprises, Inc.*	600	11,460			
Metro-Goldwyn-Mayer, Inc.*	3,000	37,260			
Omnicom Group, Inc.	3,200	229,440			
Univision Communications, Inc. "A"*	8,100	246,240			
Westwood One, Inc.*	6,100	206,973			
		2,365,863			
Multiline Retail 0.7%					
Dollar Tree Stores, Inc.*	1,400	44,422			
Family Dollar Stores, Inc.	4,800	183,120			
		227,542			
Specialty Retail 2.1%					
Advance Auto Parts, Inc.*	2,100	127,890			
AutoZone, Inc.*	800	60,776			
Chico's FAS, Inc.*	3,700	77,885			
InterActiveCorp.*	3,120	123,458			
Ross Stores, Inc.	2,500	106,850			
Tiffany & Co.	4,800	156,864			
		653,723			
Textiles, Apparel & Luxury Goods 0.7%					
NIKE, Inc. "B"	3,700	197,913			
Consumer Staples 1.4%					
Beverages 0.1%					
Constellation Brands, Inc. "A"*	1,000	31,400			
Food & Drug Retailing 0.4%					
United Natural Foods, Inc.*	1,400	39,396			
Whole Foods Market, Inc.*	1,600	76,048			
		115,444			
Food Products 0.9%					
Bunge Ltd.	4,800	137,280			
Dean Foods Co.*	4,350	137,025			
		274,305			
Energy 6.1%					
Energy Equipment & Services 2.6%					
BJ Services Co.*	1,800	67,248			
Cooper Cameron Corp.*	4,600	231,748			
Nabors Industries Ltd.*	1,900	75,145			
Noble Corp.*	1,200	41,160			
Smith International, Inc.*	8,400	308,616			
Weatherford International, Ltd.*	1,900	79,610			
		803,527			
Oil & Gas 3.5%					
Apache Corp.	4,451	289,582			
EOG Resources, Inc.	600	25,104			
Kerr-McGee Corp.	3,400	152,320			
Murphy Oil Corp.	6,200	326,120			
Pioneer Natural Resources Co.*	7,400	193,140			
Talisman Energy, Inc.	1,700	77,459			
		1,063,725			
Financials 8.1%					
Banks 1.6%					
M&T Bank Corp.	1,200	101,064			
Northern Trust Corp.	5,900	246,561			
Synovus Financial Corp.	6,200	133,300			
		480,925			
Diversified Financials 4.6%					
Bear Stearns Companies, Inc.	1,400	101,388			
Eaton Vance Corp.	3,900	123,240			
Federated Investors, Inc. "B"	2,200	60,324			
Franklin Resources, Inc.	1,500	58,605			
Legg Mason, Inc.	6,000	389,700			
Lehman Brothers Holdings, Inc.	2,600	172,848			
Neuberger Berman, Inc.	2,700	107,757			
SLM Corp.	6,000	235,020			
T. Rowe Price Group, Inc.	4,400	166,100			
		1,414,982			
Insurance 1.9%					
Ambac Financial Group, Inc.	4,000	265,000			
Nationwide Financial Services, Inc. "A"	4,700	152,750			
Safeco Corp.	2,800	98,784			
Willis Group Holding Ltd.	1,700	52,275			
		568,809			
Health Care 16.5%					
Biotechnology 2.2%					
Chiron Corp.*	1,300	56,836			
Genzyme Corp. (General Division)*	4,600	192,280			
Gilead Sciences, Inc.*	6,900	383,502			
MedImmune, Inc.*	1,300	47,281			
		679,899			

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

	Shares	Value (\$)
Health Care Equipment & Supplies 5.4%		
Alcon, Inc.	9,400	429,580
Biomet, Inc.	8,200	235,012
Boston Scientific Corp.*	3,700	226,070
C.R. Bard, Inc.	800	57,048
Stryker Corp.	1,100	76,307
Varian Medical Systems, Inc.*	7,300	420,261
Zimmer Holdings, Inc.*	4,400	198,220
		1,642,498
Health Care Providers & Services 3.8%		
AdvancePCS*	4,300	164,389
Anthem, Inc.*	3,600	277,740
Caremark Rx, Inc.*	7,700	197,736
Express Scripts, Inc. "A"*	1,700	115,957
First Health Group Corp.*	4,100	113,160
Health Management Associates, Inc. "A"	2,400	44,280
WellPoint Health Networks, Inc.*	2,800	236,040
		1,149,302
Pharmaceuticals 5.1%		
Barr Laboratories, Inc.*	4,700	307,850
Forest Laboratories, Inc.*	10,900	596,775
Teva Pharmaceutical Industries Ltd. (ADR)	11,200	637,616
		1,542,241
Industrials 14.6%		
Aerospace & Defense 0.5%		
L-3 Communications Holdings, Inc.*	3,500	152,215
Commercial Services & Supplies 9.0%		
Apollo Group, Inc. "A"*	3,600	222,336
Career Education Corp.*	4,100	280,522
ChoicePoint, Inc.	4,900	169,148
Cintas Corp.	2,700	95,688
Convergys Corp.*	4,500	72,000
DST Systems, Inc.*	6,900	262,200
Fiserv, Inc.*	6,700	238,587
ITT Educational Services, Inc.*	6,900	201,825
Manpower, Inc.	8,400	311,556
Paychex, Inc.	7,300	213,963
Republic Services, Inc.*	13,000	294,710
Robert Half International, Inc.*	16,750	317,245
The BISSYS Group, Inc.*	4,400	80,828
		2,760,608
Electrical Equipment 0.7%		
Molex, Inc.	7,600	205,124
Machinery 3.4%		
Cummins, Inc.	2,400	86,136
Danaher Corp.	1,400	95,270
Donaldson Co., Inc.	700	31,115
Eaton Corp.	1,300	102,193
Illinois Tool Works, Inc.	3,800	250,230
ITT Industries, Inc.	2,100	137,466
Navistar International Corp.*	3,900	127,257
SPX Corp.*	4,400	193,864
		1,023,531

	Shares	Value (\$)
Road & Rail 0.5%		
Arkansas Best Corp.	6,700	159,393
Trading Companies & Distributors 0.5%		
Fastenal Co.	4,500	152,730
Information Technology 24.6%		
Communications Equipment 3.8%		
ADC Telecommunications, Inc.*	37,600	87,533
Alcatel Alsthom (ADR)	16,900	151,255
Corning, Inc.*	21,700	160,363
Emulex Corp.*	7,000	159,390
JDS Uniphase Corp.*	20,500	71,955
Juniper Networks, Inc.*	8,300	102,671
Nortel Networks Corp.*	33,200	89,640
UTStarcom, Inc.*	9,800	348,586
		1,171,393
Computers & Peripherals 1.9%		
EMC Corp.*	9,900	103,653
Lexmark International, Inc. "A"*	3,700	261,849
Network Appliance, Inc.*	13,100	212,351
		577,853
Internet Software & Services 3.1%		
Check Point Software Technologies Ltd.*	12,100	236,555
Expedia, Inc.*	1,600	122,688
VeriSign, Inc.*	11,800	163,194
Yahoo!, Inc.*	12,500	409,500
		931,937
IT Consulting & Services 0.8%		
Affiliated Computer Services, Inc. "A"*	2,200	100,606
SunGard Data Systems, Inc.*	5,300	137,323
		237,929
Semiconductor Equipment & Products 6.7%		
Altera Corp.*	11,933	195,701
Applied Micro Circuits Corp.*	7,500	45,375
ASML Holding NV*	14,700	140,532
Broadcom Corp. "A"*	6,700	166,897
Conexant Systems, Inc.*	19,100	78,310
KLA-Tencor Corp.*	6,100	283,589
Lam Research Corp.*	8,330	151,689
Linear Technology Corp.	6,650	214,197
Maxim Integrated Products, Inc.	3,100	105,989
Microchip Technology, Inc.	11,550	282,975
Mindspeed Technologies, Inc.*	6,367	17,190
Novellus Systems, Inc.*	5,500	201,416
PMC-Sierra, Inc.*	6,000	70,380
Vitesse Semiconductor Corp.*	7,900	38,868
Xilinx, Inc.*	2,200	55,682
		2,048,790
Software 8.3%		
Adobe Systems, Inc.	6,200	198,834
Amdocs Ltd.*	15,800	379,200
Autodesk, Inc.	4,300	69,488
BEA Systems, Inc.*	11,300	122,718
Business Objects SA (ADR)*	3,200	70,240

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

	Shares	Value (\$)
CDW Corp.*	5,650	258,770
Cognos, Inc.*	3,500	94,500
Intuit, Inc.*	4,400	195,932
Mercury Interactive Corp.*	3,000	115,830
Network Associates, Inc.*	5,700	72,276
Siebel Systems, Inc.*	23,100	220,374
Symantec Corp.*	3,900	171,054
Synopsys Ltd.*	2,400	148,440
VERITAS Software Corp.*	13,869	397,624
	2,515,280	

Materials 0.9%

Chemicals 0.8%

Praxair, Inc.	4,200	252,420
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Containers & Packaging 0.1%

Ball Corp.	800	36,408
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Telecommunication Services 2.3%

Wireless Telecommunication Services

AT&T Wireless Services, Inc.*	17,000	139,570
Nextel Communications, Inc. "A"*	15,400	278,432
Nextel Partners, Inc. "A"*	16,600	121,180
Sprint Corp. (PCS Group)*	25,300	145,475
	684,657	

	Shares	Value (\$)
Other 2.4%		
Biotech HOLDRs Trust	2,600	320,450
iShares Russell Midcap Growth Index Fund	100	6,164
iShares S&P Midcap 400/BARRA Growth Index Fund	400	40,900
Semiconductor HOLDRs Trust	4,300	121,819
Software HOLDRs Trust	7,300	230,534
		719,867
Total Common Stocks (Cost \$23,926,102)		28,335,023

Warrants 0.2%

Expedia, Inc.* (Cost \$9,359)	1,220	66,539
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Cash Equivalents 6.7%

Scudder Cash Management QP Trust, 1.15% (b) (Cost \$2,025,749)	2,025,749	2,025,749
Total Investment Portfolio — 100.0% (Cost \$25,961,210) (a)		30,427,311

Notes to SVS INVESCO Dynamic Growth Portfolio of Investments

* Non-income producing security.

(a) The cost for federal income tax purposes was \$26,912,912. At June 30, 2003, net unrealized appreciation for all securities based on tax cost was \$3,514,399. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$4,434,608 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$920,209.

(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.

HOLDRs: Holding Company Depositary Receipts

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

Financial Statements

Statement of Assets and Liabilities as of June 30, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$23,935,461)	\$ 28,401,562
Investment in Scudder Cash Management QP Trust (cost \$2,025,749)	2,025,749
Cash	10,000
Receivable for investments sold	81,208
Dividends receivable	9,857
Receivable for Portfolio shares sold	62,187
Foreign taxes recoverable	654
Total assets	30,591,217

Liabilities

Payable for investments purchased	159,758
Payable for Portfolio shares redeemed	43
Accrued management fee	23,814
Other accrued expenses and payables	12,521
Total liabilities	196,136
Net assets, at value	\$ 30,395,081

Net Assets

Net assets consist of:	
Accumulated net investment loss	(109,130)
Net unrealized appreciation (depreciation) on investments	4,466,101
Accumulated net realized gain (loss)	(9,202,279)
Paid-in capital	35,240,389
Net assets, at value	\$ 30,395,081

Class A

Net Asset Value , offering and redemption price per share (\$28,007,469 ÷ 4,001,178 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 7.00
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Class B

Net Asset Value , offering and redemption price per share (\$2,387,612 ÷ 341,659 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 6.99
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$816)	\$ 52,378
Interest — Scudder Cash Management QP Trust	8,608
Total Income	60,986
Expenses:	
Management fee	129,857
Custodian and accounting fees	40,630
Distribution service fees (Class B)	1,085
Record keeping fees (Class B)	438
Auditing	1,310
Legal	473
Trustees' fees and expenses	362
Reports to shareholders	1,276
Other	1,644
Total expenses, before expense reductions	177,075
Expense reductions	(7,144)
Total expenses, after expense reductions	169,931
Net investment income (loss)	(108,945)

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(994,191)
Foreign related currency transactions	(45)
	(994,236)
Net unrealized appreciation (depreciation) during the period on investments	4,932,370
Net gain (loss) on investment transactions	3,938,134
Net increase (decrease) in net assets resulting from operations	\$ 3,829,189

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ (108,945)	\$ (181,519)
Net realized gain (loss) on investment transactions	(994,236)	(7,471,026)
Net unrealized appreciation (depreciation) on investment transactions during the period	4,932,370	(2,081,578)
Net increase (decrease) in net assets resulting from operations	3,829,189	(9,734,123)
Portfolio share transactions:		
Class A		
Proceeds from shares sold	1,796,503	19,978,320
Cost of shares redeemed	(2,764,220)	(8,084,086)
Net increase (decrease) in net assets from Class A share transactions	(967,717)	11,894,234
Class B		
Proceeds from shares sold	2,136,715	98,567*
Cost of shares redeemed	(33,875)	(140)*
Net increase (decrease) in net assets from Class B share transactions	2,102,840	98,427
Increase (decrease) in net assets	4,964,312	2,258,538
Net assets at beginning of period	25,430,769	23,172,231
Net assets at end of period (including accumulated net investment loss of \$109,130 and \$185, respectively)	\$ 30,395,081	\$ 25,430,769

Other Information

Class A		
Shares outstanding at beginning of period	4,165,073	2,632,079
Shares sold	277,803	2,642,531
Shares redeemed	(441,698)	(1,109,537)
Net increase (decrease) in Portfolio shares	(163,895)	1,532,994
Shares outstanding at end of period	4,001,178	4,165,073
Class B		
Shares outstanding at beginning of period	15,737	—
Shares sold	331,119	15,759*
Shares redeemed	(5,197)	(22)*
Net increase (decrease) in Portfolio shares	325,922	15,737
Shares outstanding at end of period	341,659	15,737

* For the period July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

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

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001 ^b
Selected Per Share Data			
Net asset value, beginning of period	\$ 6.08	\$ 8.80	\$ 10.00
<i>Income (loss) from investment operations:</i>			
Net investment income (loss) ^c	(.03)	(.05)	(.02)
Net realized and unrealized gain (loss) on investment transactions	.95	(2.67)	(1.18) ^d
Total from investment operations	.92	(2.72)	(1.20)
Net asset value, end of period	\$ 7.00	\$ 6.08	\$ 8.80
Total Return (%)	15.13 ^{e**}	(30.91)	(12.00) ^{e**}

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	28	25	23
Ratio of expenses before expense reductions (%)	1.35*	1.14	1.97*
Ratio of expenses after expense reductions (%)	1.30*	1.14	1.30*
Ratio of net investment income (loss) (%)	(.83)*	(.71)	(.40)*
Portfolio turnover rate (%)	88*	79	40*

^a For the six months ended June 30, 2003 (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 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

Class B

	2003 ^a	2002 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 6.07	\$ 6.51
<i>Income (loss) from investment operations:</i>		
Net investment income (loss) ^c	(.04)	(.03)
Net realized and unrealized gain (loss) on investment transactions	.96	(.41)
Total from investment operations	.92	(.44)
Net asset value, end of period	\$ 6.99	\$ 6.07
Total Return (%)	15.16 ^{d**}	(6.76) ^{**}

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	2	.1
Ratio of expenses before expense reductions (%)	1.69*	1.40*
Ratio of expenses after expense reductions (%)	1.62*	1.40*
Ratio of net investment income (loss) (%)	(1.15)*	(.82)*
Portfolio turnover rate (%)	88*	79

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

^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

SVS Janus Growth and Income Portfolio

For the six months ended June 30, 2003, the portfolio gained 9.21% (Class A shares), while the S&P 500 index gained 11.76%.

All three major stock market indices ended the period in positive territory, with the Dow Jones Industrial Average gaining 9.02%, the broad-based Standard & Poor's 500 index adding 11.76%, and the growth-oriented NASDAQ Composite Index climbing 21.51% for the six months. Although the indices performed solidly, most stocks struggled at the start of the year amid a slowing economic recovery and a looming war with Iraq. Hostilities began in mid-March and the market bounced back, followed by a rebound in consumer confidence, which had plunged to nine-year lows. Activity in the manufacturing and services sectors continued to produce mixed results, providing little in the way of clarity about the future direction of the economy as a whole. Meanwhile, the housing market remained robust, but unemployment inched higher as job growth remained elusive. Against this backdrop, the Federal Reserve cut short-term interest rates by 0.25%, stating the economy had grown at a "sub par" pace following the end to the war in Iraq.

The single biggest detractor from performance during the period was our position in tool maker Stanley Works. Meanwhile, property and casualty insurance specialist American International Group also declined, emerging as the second largest detractor from our results. Defense contractor General Dynamics, computerized transaction processor Automatic Data Processing and telecommunications provider SBC Communications rounded out our list of disappointments.

On the positive side, financial services giant Citigroup — one of our largest positions — was also our biggest contributor to performance. Three media companies, including cable and content specialist Liberty Media, interactive media company InterActiveCorp (formerly USA Interactive) and cable provider Comcast Corp. were also among our top performers. Canadian oil and gas producer Encana Corp. ranked fifth among our positive contributors.

On an absolute basis, the consumer discretionary and financial services sectors were our biggest positive contributors to performance. Both sectors represented a substantial portion of the portfolio's assets. Meanwhile, our much more modest exposure to the telecommunications services sector emerged as our only detractor from performance during the period as our lone position in the sector declined. Materials, where we also held a relatively small exposure, held back results while nonetheless providing a small positive contribution to results.

Declines by several individual technology stocks, together with our relative underweighting of this top-performing sector, caused information technology to rank as our worst-performing sector on a relative basis even as the sector contributed positively to absolute performance. Industrial stocks, an area in which we were slightly underweight relative to our benchmark, also held back performance as stocks such as General Dynamics and Automatic Data Processing — both of which are discussed above — worked against us. Meanwhile, our underweighting of consumer staples stocks — a poorly performing sector for the index — worked in our favor. Several individual stock picks in the sector also aided performance. Meanwhile, Citigroup's strong performance added to the favorable returns earned by several other financial stocks in the portfolio to lift the financial services sector to our second-best performing group overall when viewed on a relative basis. Consumer discretionary stocks, which represent the single largest exposure in the Portfolio, contributed significantly to our absolute returns but only modestly to our relative results.

David J. Corkins

Lead Manager, Janus Capital Management LLC, Subadvisor to the Portfolio

The Standard & Poor's 500 (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 reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an index.

The Dow Jones Industrial Average is an unmanaged index of common stocks comprised of major industrial companies. NASDAQ Composite Index is an unmanaged brand-based capitalization-weighted index of all NASDAQ National Market and Small Cap stocks.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

SVS Janus Growth and Income Portfolio

	Shares	Value (\$)		Shares	Value (\$)
Common Stocks 91.7%			US Bancorp.	134,002	3,283,049
Consumer Discretionary 20.3%					7,203,436
Hotel Restaurants & Leisure 2.6%			Diversified Financials 9.3%		
Fairmont Hotels & Resorts	65,356	1,496,688	CIT Group, Inc.	92,285	2,274,825
Four Seasons Hotels Ltd.	13,240	572,762	Citigroup, Inc.	203,368	8,704,155
Park Place Entertainment Corp.*	121,300	1,102,617	Fannie Mae	62,580	4,220,395
Starwood Hotels & Resorts Worldwide, Inc.	58,400	1,669,656	Goldman Sachs Group, Inc.	22,905	1,918,294
		4,841,723			17,117,669
Leisure Equipment & Products 1.1%			Insurance 8.1%		
Mattel, Inc.	108,760	2,057,739	AFLAC, Inc.	32,770	1,007,678
Media 14.3%			American International Group, Inc.	24,770	1,366,831
AOL Time Warner, Inc.*	51,950	835,875	Berkshire Hathaway, Inc. "B"*	1,461	3,550,230
Clear Channel Communications, Inc.*	60,585	2,568,198	John Hancock Financial Services, Inc.	53,415	1,641,443
Comcast Corp. "A"*	154,435	4,452,361	Marsh & McLennan Companies, Inc.	91,585	4,677,246
Cox Communications, Inc. "A"*	83,740	2,671,306	MGIC Investment Corp.	27,990	1,305,454
Gannett Co., Inc.	30,820	2,367,284	Travelers Property Casualty Corp. "B"	76,060	1,199,466
Lamar Advertising Co.*	42,255	1,487,798			14,748,348
Liberty Media Corp. "A"*	495,280	5,725,437	Health Care 8.6%		
Viacom, Inc. "B"*	105,930	4,624,904	Health Care Equipment & Supplies 1.9%		
Walt Disney Co.	75,580	1,492,705	C.R. Bard, Inc.	1,950	139,054
		26,225,868	INAMED Corp.*	3,830	205,633
Multiline Retail 0.8%			Medtronic, Inc.	67,725	3,248,768
Wal-Mart Stores, Inc.	24,990	1,341,213			3,593,455
Specialty Retail 1.5%			Health Care Providers & Services 1.5%		
AutoZone, Inc.*	655	49,760	Caremark Rx, Inc.*	41,585	1,067,903
Best Buy Co., Inc.*	1,340	58,853	UnitedHealth Group, Inc.	32,790	1,647,698
InterActiveCorp.*	67,710	2,679,285			2,715,601
		2,787,898	Pharmaceuticals 5.2%		
Consumer Staples 6.5%			Abbott Laboratories	32,460	1,420,449
Beverages 3.2%			Merck & Co., Inc.	25,695	1,555,832
Anheuser-Busch Companies, Inc.	71,635	3,656,967	Pfizer, Inc.	121,015	4,132,662
PepsiCo, Inc.	50,747	2,258,241	Roche Holding AG	30,008	2,357,550
		5,915,208			9,466,493
Food & Drug Retailing 0.5%			Industrials 11.8%		
Whole Foods Market, Inc.*	18,295	869,561	Aerospace & Defense 2.3%		
Household Products 2.8%			General Dynamics Corp.	9,340	677,150
Colgate-Palmolive Co.	26,145	1,515,103	Honeywell International, Inc.	50,670	1,360,489
Procter & Gamble Co.	36,200	3,228,316	Lockheed Martin Corp.	45,280	2,153,970
Reckitt Benkiser PLC	19,785	364,137			4,191,609
		5,107,556	Air Freight & Logistics 0.4%		
Energy 6.7%			C.H. Robinson Worldwide, Inc.	21,505	764,718
Oil & Gas			Airlines 0.4%		
Anadarko Petroleum Corp.	19,630	872,946	Southwest Airlines Co.	44,485	765,142
ConocoPhillips	39,085	2,141,858	Commercial Services & Supplies 3.5%		
Encana Corp.	83,744	3,207,679	Automatic Data Processing, Inc.	31,345	1,061,342
ExxonMobil Corp.	169,595	6,090,156	Ceridian Corp.*	93,110	1,580,077
		12,312,639	Paychex, Inc.	30,237	886,246
Financials 21.3%			Valassis Communications, Inc.*	37,810	972,473
Banks 3.9%			Waste Management, Inc.	79,190	1,907,687
Bank of America Corp.	33,020	2,609,570			6,407,825
J.P. Morgan Chase & Co.	30,715	1,049,839	Industrial Conglomerates 4.6%		
Northern Trust Corp.	6,245	260,978	3M Co.	15,420	1,988,872
			General Electric Co.	186,420	5,346,525
			Tyco International Ltd.	52,170	990,187
					8,325,584

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

	Shares	Value (\$)
Road & Rail 0.6%		
Canadian National Railway Co.	21,285	1,026,285
Information Technology 13.2%		
Communications Equipment 2.1%		
Cisco Systems, Inc.*	131,725	2,198,490
Nokia Oyj (ADR)	103,500	1,700,505
		3,898,995
Computers & Peripherals 3.3%		
Apple Computer, Inc.*	76,105	1,455,127
Dell Computer Corp.*	33,380	1,066,825
International Business Machines Corp.	25,675	2,118,188
Lexmark International, Inc.*	18,530	1,311,368
		5,951,508
IT Consulting & Services 0.4%		
Accenture Ltd. "A"*	41,695	754,263
Semiconductor Equipment & Products 3.5%		
Applied Materials, Inc.*	46,865	743,279
Linear Technology Corp.	45,825	1,476,023
Maxim Integrated Products, Inc.	83,000	2,837,770
NVIDIA Corp.*	14,095	324,326
Texas Instruments, Inc.	59,800	1,052,480
		6,433,878
Software 3.9%		
Electronic Arts, Inc.*	15,235	1,127,238
Microsoft Corp.	234,865	6,014,893
		7,142,131
Materials 2.1%		
Chemicals 1.7%		
E.I. du Pont de Nemours & Co.	73,595	3,064,496
Metals & Mining 0.4%		
Nucor Corp.	14,130	690,250
Telecommunication Services 0.4%		
Diversified Telecommunication Services		
SBC Communications, Inc.	25,370	648,203
Utilities 0.8%		
Gas Utilities		
Kinder Morgan, Inc.	27,250	1,489,212
Total Common Stocks (Cost \$164,003,018)		167,858,506

Preferred Stocks 1.2%

Porsche AG (Cost \$1,703,443)	5,333	2,245,105
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Convertible Preferred Stocks 2.3%

Allied Waste Industries, Inc.	4,285	251,530
Centerpoint Energy, Inc., 2.0%, 9/15/2029*	41,585	1,306,476

Notes to SVS Janus Growth and Income 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 \$181,809,936. At June 30, 2003, net unrealized appreciation for all securities based on tax cost was \$1,264,085. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$11,975,229 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$10,711,144.

(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.

	Shares	Value (\$)
General Motors	41,665	930,463
General Motors Corp., Series C*	52,855	1,312,918
State Street Corp., 6.75%, 2/15/2006*	2,000	412,254
Total Convertible Preferred Stocks (Cost \$4,802,732)		4,213,641

Principal Amount (\$)	Value (\$)
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Convertible Bonds 0.5%

Devon Energy Corp., Zero Coupon, 6/27/2020	215,000	116,638
Lamar Advertising Co.:		
2.875%, 12/31/2010*	175,000	176,617
5.25%, 9/15/2006*	185,000	190,550
Sealed Air Corp., 3.0%, 6/30/2033*	397,000	395,329
Total Convertible Bonds (Cost \$870,533)		879,134

Corporate Bonds 3.0%

Allied Waste North America, Inc., 7.875%, 4/15/2013	95,000	99,394
Canadian National Railway Co., 6.625%, 4/15/2008	700,000	806,516
CenturyTel, Inc., 8.375%, 10/15/2010	120,000	151,461
CMS Energy Corp., 7.625%, 11/15/2004	195,000	197,925
Cox Communications, Inc., 7.125%, 10/1/2012	870,000	1,038,896
El Paso Corp., 7.875%, 6/15/2012	140,000	129,675
Mattel, Inc.:		
6.0%, 7/15/2003	85,000	85,024
6.125%, 7/15/2005	155,000	164,659
Six Flags, Inc.:		
8.875%, 2/1/2010	225,000	216,000
9.5%, 2/1/2009	55,000	54,175
Wal-Mart Stores, Inc., 4.375%, 8/1/2003	1,575,000	1,579,021
USA Waste Services, Inc., 7.0%, 10/1/2004	300,000	318,157
Waste Management, Inc.:		
6.375%, 12/1/2003	505,000	514,049
7.0%, 5/15/2005	135,000	145,865
Total Corporate Bonds (Cost \$5,123,120)		5,500,817

Shares	Value (\$)
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Cash Equivalents 1.3%

Scudder Cash Management QP Trust, 1.15% (b) (Cost \$2,376,818)	2,376,818	2,376,818
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Total Investment Portfolio — 100.0%
(Cost \$178,879,664) (a) **183,074,021**

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

Financial Statements

Statement of Assets and Liabilities as of June 30, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$176,502,846)	\$ 180,697,203
Investment in Scudder Cash Management QP Trust (cost \$2,376,818)	2,376,818
Receivable for investments sold	1,083,523
Dividends receivable	92,116
Interest receivable	89,698
Receivable for Portfolio shares sold	138,590
Foreign taxes recoverable	8,294
Unrealized appreciation on forward foreign currency exchange contracts	44,002
Other assets	1,809
Total assets	184,532,053

Liabilities

Payable for investments purchased	3,036,545
Payable for Portfolio shares redeemed	46,713
Unrealized depreciation on forward foreign currency exchange contracts	83,409
Accrued management fee	141,343
Other accrued expenses and payables	37,700
Total liabilities	3,345,710
Net assets, at value	\$ 181,186,343

Net Assets

Net assets consist of:	
Undistributed net investment income	80,167
Net unrealized appreciation (depreciation) on:	
Investments	4,194,357
Foreign currency related transactions	(38,089)
Accumulated net realized gain (loss)	(58,989,212)
Paid-in capital	235,939,120
Net assets, at value	\$ 181,186,343

Class A

Net Asset Value , offering and redemption price per share (\$174,571,649 ÷ 22,433,591 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 7.78
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Class B

Net Asset Value , offering and redemption price per share (\$6,614,694 ÷ 850,275 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 7.78
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$15,734)	\$ 1,097,047
Interest	252,592
Interest — Scudder Cash Management QP Trust	24,818
Total Income	1,374,457
Expenses:	
Management fee	805,994
Custodian and accounting fees	49,655
Distribution service fees (Class B)	3,267
Record keeping fees (Class B)	1,275
Auditing	9,948
Legal	2,904
Trustees' fees and expenses	1,546
Reports to shareholders	11,616
Registration fees	50
Other	5,783
Total expenses, before expense reductions	892,038
Expense reductions	(16)
Total expenses, after expense reductions	892,022
Net investment income (loss)	482,435

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from:	
Investments	(4,985,480)
Foreign currency related transactions	(166,354)
	(5,151,834)
Net unrealized appreciation (depreciation) during the period on:	
Investments	20,184,815
Foreign currency related transactions	(122,255)
	20,062,560
Net gain (loss) on investment transactions	14,910,726
Net increase (decrease) in net assets resulting from operations	\$ 15,393,161

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, 2003 (Unaudited)	Year Ended December 31, 2002 (Restated)
Operations:		
Net investment income (loss)	\$ 482,435	\$ 979,739
Net realized gain (loss) on investment transactions	(5,151,834)	(26,556,230)
Net unrealized appreciation (depreciation) on investment transactions during the period	20,062,560	(16,745,804)
Net increase (decrease) in net assets resulting from operations	15,393,161	(42,322,295)
Distributions to shareholders from:		
Net investment income		
Class A	(1,260,686)	(1,106,501)
Class B	(10,289)	—
Portfolio share transactions:		
Class A		
Proceeds from shares sold	31,954,576	53,342,724
Reinvestment of distributions	1,260,686	1,106,501
Cost of shares redeemed	(39,924,841)	(22,409,232)
Net increase (decrease) in net assets from Class A share transactions	(6,709,579)	32,039,993
Class B		
Proceeds from shares sold	8,909,687	390,334*
Reinvestment of distributions	10,289	—*
Cost of shares redeemed	(2,995,804)	(699)*
Net increase (decrease) in net assets from Class B share transactions	5,924,172	389,635
Increase (decrease) in net assets	13,336,779	(10,999,168)
Net assets at beginning of period	167,849,564	178,848,732
Net assets at end of period (including undistributed net investment income of \$80,167 and \$868,707, respectively)	\$ 181,186,343	\$ 167,849,564

Other Information

Class A		
Shares outstanding at beginning of period	23,312,732	19,768,850
Shares sold	4,516,749	6,297,872
Shares issued to shareholders in reinvestment of distributions	180,614	123,081
Shares redeemed	(5,576,504)	(2,877,071)
Net increase (decrease) in Portfolio shares	(879,141)	3,543,882
Shares outstanding at end of period	22,433,591	23,312,732
Class B		
Shares outstanding at beginning of period	53,142	—
Shares sold	1,219,888	53,229*
Shares issued to shareholders in reinvestment of distributions	1,472	—*
Shares redeemed	(424,227)	(87)*
Net increase (decrease) in Portfolio shares	797,133	53,142
Shares outstanding at end of period	850,275	53,142

* For the period July 1, 2002 (commencement of Class B shares) to December 31, 2002.

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

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002 ^{***}	2001 ^b	2000 ^c	1999 ^{c,d}
Selected Per Share Data	(Restated)				
Net asset value, beginning of period	\$ 7.18	\$ 9.05	\$ 10.40	\$ 11.49	\$ 10.00
<i>Income (loss) from investment operations:</i>					
Net investment income (loss) ^e	.02	.04	.08	.12	—
Net realized and unrealized gain (loss) on investment transactions	.64	(1.86)	(1.36)	(1.16)	1.49
Total from investment operations	.66	(1.82)	(1.28)	(1.04)	1.49
<i>Less distributions from:</i>					
Net investment income	(.06)	(.05)	(.07)	—	—
Net realized gains on investment transactions	—	—	—	(.05)	—
Total distributions	(.06)	(.05)	(.07)	(.05)	—
Net asset value, end of period	\$ 7.78	\$ 7.18	\$ 9.05	\$ 10.40	\$ 11.49
Total Return (%)	9.21 ^{**}	(20.22)	(12.28)	(9.18) ^f	14.93 ^{f**}
Ratios to Average Net Assets and Supplemental Data					
Net assets, end of period (\$ millions)	175	167	179	104	16
Ratio of expenses before expense reductions (%)	1.05 [*]	1.04	1.05	1.10	2.58 [*]
Ratio of expenses after expense reductions (%)	1.05 [*]	1.04	1.05	1.01	1.10 [*]
Ratio of net investment income (loss) (%)	.57 [*]	.54	.90	1.07	(.05) [*]
Portfolio turnover rate (%)	34 [*]	57	48	39	53 [*]

^a For the six months ended June 30, 2003 (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.

^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

^{***} Subsequent to December 31, 2002, these numbers have been restated to reflect an adjustment to the value of a security as of December 31, 2002. The effect of this adjustment for the year ended December 31, 2002 was to increase the net asset value per share by \$0.03. The total return was also adjusted from -20.56% to -20.22% in accordance with this change (see Note L to Notes to Financial Statements).

Class B

	2003 ^a	2002 ^{b***}
Selected Per Share Data		(Restated)
Net asset value, beginning of period	\$ 7.17	\$ 7.96
<i>Income (loss) from investment operations:</i>		
Net investment income (loss) ^c	.01	.02
Net realized and unrealized gain (loss) on investment transactions	.64	(.81)
Total from investment operations	.65	(.79)
<i>Less distributions from:</i>		
Net investment income	(.04)	—
Net asset value, end of period	\$ 7.78	\$ 7.17
Total Return (%)	9.08 ^{**}	(9.92) ^{**}
Ratios to Average Net Assets and Supplemental Data		
Net assets, end of period (\$ millions)	7	.4
Ratio of expenses (%)	1.41 [*]	1.29 [*]
Ratio of net investment income (loss) (%)	.21 [*]	.48 [*]
Portfolio turnover rate (%)	34 [*]	57

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

^c Based on average shares outstanding during the period.

^{*} Annualized

^{**} Not annualized

^{***} Subsequent to December 31, 2002, these numbers have been restated to reflect an adjustment to the value of a security as of December 31, 2002. The effect of this adjustment for the year ended December 31, 2002 was to increase the net asset value per share by \$0.03. The total return was also adjusted from -10.30% to -9.92% in accordance with this change (see Note L to Notes to Financial Statements).

SVS Janus Growth Opportunities Portfolio

For the six months ended June 30, 2003, the portfolio gained 11.56% (Class A shares), while the S&P 500 index gained 11.76%.

All three major stock market indices ended the period in positive territory, with the Dow Jones Industrial Average gaining 9.02%, the broad-based Standard & Poor's 500 index adding 11.76%, and the growth-oriented NASDAQ Composite Index climbing 21.51% for the six months. Although the indices performed solidly, most stocks struggled at the start of the year amid a slowing economic recovery and a looming war with Iraq. Hostilities began in mid-March and the market bounced back, followed by a rebound in consumer confidence, which had plunged to nine-year lows. Activity in the manufacturing and services sectors continued to produce mixed results, providing little in the way of clarity about the future direction of the economy as a whole. Meanwhile, the housing market remained robust, but unemployment inched higher as job growth remained elusive. Against this backdrop, the Federal Reserve cut short-term interest rates by 0.25%, stating the economy had grown at a "sub-par" pace following the end to the war in Iraq.

The largest single detractor from performance was our position in payroll processor Automatic Data Processing. Also hurting our results was defense contractor General Dynamics (sold during the period). Other significant detractors were Anadarko Petroleum Corporation, an oil and gas exploration and production company, and mobile phone technology company Qualcomm (sold during the period). Our shares in financial services company Charles Schwab also declined during the period and subsequently detracted from the portfolio's return.

Topping our list of strong performers was our position in biotechnology company Genentech, which appreciated substantially during the period and contributed significantly to the portfolio's results. Media concern Liberty Media also helped us, as did Amgen, a global biotechnology company. Interactive entertainment software maker Electronic Arts was yet another positive contributor. Rounding out our list of top performers was VERITAS Software Corporation, a supplier of storage software products and services.

On an absolute basis the information technology and health care groups were our biggest positive contributors. A substantial portion of the portfolio's total assets under management were invested in both of these sectors during the period. The only area that detracted from the portfolio's absolute results was the industrials sector, which was a fairly small weighting in the portfolio. Although our modest exposure to energy stocks contributed a small gain to our absolute results, it, too, was among our weaker-performing sectors.

As a group, our health care stocks were also the single biggest contributors to the portfolio's *relative* performance. Although our exposure to the sector was very close to that of the S&P 500 index, individual stock picks significantly aided our results. Meanwhile, strong performance by individual stocks, as well as our underweight position in consumer staples, also worked in our favor. By contrast, select holdings and an overweighting in consumer discretionary stocks hurt our relative results. Our relative performance was also held back by our overweight position in energy stocks, a sector that lagged the overall market, as well as poor stock selection within this group.

Marc Pinto

Lead Manager, Janus Capital Management LLC, Subadvisor to the Portfolio

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 reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an index.

The Dow Jones Industrial Average is an unmanaged index of common stocks comprised of major industrial companies. NASDAQ Composite Index is an unmanaged brand-based capitalization-weighted index of all NASDAQ National Market and Small Cap stocks.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

SVS Janus Growth Opportunities Portfolio

	Shares	Value (\$)		Shares	Value (\$)
Common Stocks 97.3%					
Consumer Discretionary 20.6%					
Hotel Restaurants & Leisure 3.6%					
Hilton Hotels Corp.	204,225	2,612,038			
MGM Mirage, Inc.*	58,045	1,983,978			
		4,596,016			
Media 11.9%					
AOL Time Warner, Inc.*	139,200	2,239,728			
Cablevision Systems Corp. "A"*	120,292	2,497,262			
Liberty Media Corp. "A"*	427,823	4,945,634			
Metro-Goldwyn-Mayer, Inc.*	70,700	878,094			
Viacom, Inc. "B"*	107,515	4,694,105			
		15,254,823			
Multiline Retail 1.7%					
Costco Wholesale Corp.*	59,005	2,159,583			
Specialty Retail 3.4%					
Home Depot, Inc.	50,620	1,676,534			
Staples, Inc.*	81,310	1,492,039			
TJX Companies, Inc.	61,950	1,167,138			
		4,335,711			
Consumer Staples 4.7%					
Beverages 1.9%					
Anheuser-Busch Companies, Inc.	48,790	2,490,730			
Household Products 2.8%					
Colgate-Palmolive Co.	40,875	2,368,706			
Procter & Gamble Co.	13,235	1,180,297			
		3,549,003			
Energy 7.3%					
Energy Equipment & Services 1.0%					
Halliburton Co.	54,755	1,259,365			
Oil & Gas 6.3%					
Anadarko Petroleum Corp.	71,400	3,175,158			
ExxonMobil Corp.	135,225	4,855,930			
		8,031,088			
Financials 21.2%					
Banks 1.7%					
Bank of New York Co., Inc.	75,415	2,168,181			
Diversified Financials 15.9%					
American Express Co.	83,185	3,477,965			
Charles Schwab Corp.	188,097	1,897,899			
Citigroup, Inc.	38,713	1,656,916			
Fannie Mae	51,770	3,491,369			
Moody's Corp.	12,875	678,641			
Morgan Stanley	107,380	4,590,495			
SLM Corp.	117,060	4,585,240			
		20,378,525			
Insurance 3.6%					
Allstate Corp.	76,870	2,740,416			
Marsh & McLennan Companies, Inc.	37,180	1,898,783			
		4,639,199			
Health Care 14.6%					
Biotechnology 5.4%					
Amgen, Inc.*	51,210	3,376,787			
Genentech, Inc.*	42,735	3,082,048			
OSI Pharmaceuticals, Inc.*	11,775	379,273			
		6,838,108			
Health Care Providers & Services 3.5%					
McKesson Corp.	37,600	1,343,824			
Wellpoint Health Networks, Inc.*	37,335	3,147,341			
		4,491,165			
Pharmaceuticals 5.7%					
Forest Laboratories, Inc.*	16,895	925,001			
Johnson & Johnson	27,665	1,430,281			
Mylan Laboratories, Inc.	30,085	1,046,056			
Pfizer, Inc.	115,942	3,959,419			
		7,360,757			
Industrials 4.3%					
Airlines 1.2%					
Southwest Airlines Co.	86,835	1,493,562			
Commercial Services & Supplies 2.1%					
Automatic Data Processing, Inc.	19,295	653,329			
Weight Watchers International, Inc.*	45,570	2,072,979			
		2,726,308			
Industrial Conglomerates 1.0%					
General Electric Co.	42,390	1,215,745			
Information Technology 24.6%					
Communications Equipment 5.1%					
Cisco Systems, Inc.*	209,000	3,488,210			
Nokia Oyj (ADR)	188,170	3,091,633			
		6,579,843			
Computers & Peripherals 3.1%					
Dell Computer Corp.*	83,340	2,663,546			
Lexmark International, Inc.*	18,660	1,320,568			
		3,984,114			
Electronic Equipment & Instruments 1.1%					
Flextronics International Ltd.*	137,910	1,432,885			
Semiconductor Equipment & Products 5.2%					
Applied Materials, Inc.*	184,890	2,932,355			
Linear Technology Corp.	72,385	2,331,521			
Texas Instruments, Inc.	76,815	1,351,944			
		6,615,820			

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

	Shares	Value (\$)
Software 10.1%		
Electronic Arts, Inc.*	31,585	2,336,974
Intuit, Inc.*	36,030	1,604,416
Microsoft Corp.	209,530	5,366,063
Oracle Corp.*	140,255	1,685,865
VERITAS Software Corp.*	66,985	1,920,460
		12,913,778
Total Common Stocks (Cost \$130,863,931)		124,514,309

	Shares	Value (\$)
Cash Equivalents 2.7%		
Scudder Cash Management QP Trust, 1.15% (b) (Cost \$3,510,776)	3,510,776	3,510,776
Total Investment Portfolio — 100.0% (Cost \$134,374,707) (a)		128,025,085

Notes to SVS Janus Growth Opportunities Portfolio of Investments

* Non-income producing security.

- (a) The cost for federal income tax purposes was \$134,769,638. At June 30, 2003, net unrealized depreciation for all securities based on tax cost was \$6,744,553. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$9,776,290 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$16,520,843.
- (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, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$130,863,931)	\$ 124,514,309
Investment in Scudder Cash Management QP Trust (cost \$3,510,776)	3,510,776
Dividends receivable	33,574
Receivable for Portfolio shares sold	33,107
Other assets	1,283
Total assets	128,093,049

Liabilities

Payable for investments purchased	379,630
Payable for Portfolio shares redeemed	93,884
Accrued management fee	99,398
Other accrued expenses and payables	48,997
Total liabilities	621,909
Net assets, at value	\$ 127,471,140

Net Assets

Net assets consist of:	
Accumulated net investment loss	(35,655)
Net unrealized appreciation (depreciation) on investments	(6,349,622)
Accumulated net realized gain (loss)	(94,888,655)
Paid-in capital	228,745,072
Net assets, at value	\$ 127,471,140

Class A

Net Asset Value , offering and redemption price per share (\$124,193,361 ÷ 20,413,240 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 6.08
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Class B

Net Asset Value , offering and redemption price per share (\$3,277,779 ÷ 540,609 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 6.06
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$7,601)	\$ 570,938
Interest — Scudder Cash Management QP Trust	27,694
Total Income	598,632
Expenses:	
Management fee	558,773
Custodian and accounting fees	27,014
Distribution service fees (Class B)	1,650
Record keeping fees (Class B)	675
Auditing	21,955
Legal	2,085
Trustees' fees and expenses	1,720
Reports to shareholders	16,286
Other	3,040
Total expenses, before expense reductions	633,198
Expense reductions	(7)
Total expenses, after expense reductions	633,191
Net investment income (loss)	(34,559)

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	(14,432,369)
Net unrealized appreciation (depreciation) during the period on investments	27,610,488
Net gain (loss) on investment transactions	13,178,119
Net increase (decrease) in net assets resulting from operations	\$ 13,143,560

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ (34,559)	\$ (135,729)
Net realized gain (loss) on investment transactions	(14,432,369)	(38,279,099)
Net unrealized appreciation (depreciation) on investment transactions during the period	27,610,488	(15,437,773)
Net increase (decrease) in net assets resulting from operations	13,143,560	(53,852,601)
Portfolio share transactions:		
Class A		
Proceeds from shares sold	5,728,023	26,777,775
Cost of shares redeemed	(12,094,965)	(19,218,600)
Net increase (decrease) in net assets from Class A share transactions	(6,366,942)	7,559,175
Class B		
Proceeds from shares sold	2,989,377	179,925*
Cost of shares redeemed	(78,033)	(48)*
Net increase (decrease) in net assets from Class B share transactions	2,911,344	179,877
Increase (decrease) in net assets	9,687,962	(46,113,549)
Net assets at beginning of period	117,783,178	163,896,727
Net assets at end of period (including accumulated net investment loss of \$35,655 and \$1,096, respectively)	\$ 127,471,140	\$ 117,783,178
Other Information		
Class A		
Shares outstanding at beginning of period	21,572,540	20,845,925
Shares sold	990,513	3,881,549
Shares redeemed	(2,149,813)	(3,154,934)
Net increase (decrease) in Portfolio shares	(1,159,300)	726,615
Shares outstanding at end of period	20,413,240	21,572,540
Class B		
Shares outstanding at beginning of period	31,870	—
Shares sold	520,862	31,878*
Shares redeemed	(12,123)	(8)*
Net increase (decrease) in Portfolio shares	508,739	31,870
Shares outstanding at end of period	540,609	31,870

* For the period July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001	2000 ^b	1999 ^{b,c}
Selected Per Share Data					
Net asset value, beginning of period	\$ 5.45	\$ 7.86	\$ 10.31	\$ 11.64	\$ 10.00
<i>Income (loss) from investment operations:</i>					
Net investment income (loss) ^d	— ^{***}	(.01)	(.03)	(.02)	— ^{***}
Net realized and unrealized gain (loss) on investment transactions	.63	(2.40)	(2.42)	(1.31)	1.64
Total from investment operations	.63	(2.41)	(2.45)	(1.33)	1.64
Net asset value, end of period	\$ 6.08	\$ 5.45	\$ 7.86	\$ 10.31	\$ 11.64
Total Return (%)	11.56 ^{**}	(30.53)	(23.76)	(11.42) ^e	16.43 ^{e**}
Ratios to Average Net Assets and Supplemental Data					
Net assets, end of period (\$ millions)	124	118	164	139	17
Ratio of expenses before expense reductions (%)	1.07 [*]	1.01	1.11	1.06	2.60 [*]
Ratio of expenses after expense reductions (%)	1.07 [*]	1.01	1.10	1.01	1.10 [*]
Ratio of net investment income (loss) (%)	(.05) [*]	(.10)	(.31)	(.20)	(.34) [*]
Portfolio turnover rate (%)	59 [*]	48	34	14	1 [*]

^a For the six months ended June 30, 2003 (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.

^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

*** Amount is less than \$.005

Class B

	2003 ^a	2002 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 5.44	\$ 5.87
<i>Income (loss) from investment operations:</i>		
Net investment income (loss) ^c	(.01)	(.01)
Net realized and unrealized gain (loss) on investment transactions	.63	(.42)
Total from investment operations	.62	(.43)
Net asset value, end of period	\$ 6.06	\$ 5.44
Total Return (%)	11.40 ^{**}	(7.33) ^{**}
Ratios to Average Net Assets and Supplemental Data		
Net assets, end of period (\$ millions)	3	.2
Ratio of expenses (%)	1.43 [*]	1.29 [*]
Ratio of net investment income (loss) (%)	(.41) [*]	(.49) [*]
Portfolio turnover rate (%)	59 [*]	48

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

^c Based on average shares outstanding during the period.

* Annualized

** Not annualized

SVS Oak Strategic Equity Portfolio

Looking Back

Oak's portfolio continued to outperform in what proved to be a strong second quarter for the SVS Strategic Equity Portfolio. The portfolio gained 21.40% (Class A shares) during the period, outperforming its benchmarks, the Standard & Poor's 500 (S&P 500) index, which gained 11.76%, and the Russell 1000 Growth Index, which climbed 13.09%. Conclusion to the Iraq war, improving consumer confidence, lower interest rates and positive first quarter earnings reports worked together to set a positive tone. Investors are choosing to focus on the future, overlooking the negatives of the recent past. Unlike 2002, investors have not been as swayed by negative news stories about Martha Stewart and accounting irregularities at IBM and Freddie Mac.

The technology sector led the charge in the second quarter, with notable surges in the networking, storage and software subsectors, where gains of more than 35% were posted. Improving profit margins, stabilizing fundamentals and encouraging economic data contributed to investor appetite for the sector. Our financial services holdings also generated market-beating results. Market-sensitive names led the pack, supported by improving trading volumes and credit quality trends. Health care posted positive results, but slightly lagged the S&P 500 index, which has been typical in prior market recoveries.

Looking Forward

Our outlook remains positive. We believe we are in the early stages of a renewed bull market that will sustain its gains through year-end and beyond, similar to what occurred in the early 1990s. While recent gains have been driven to a certain extent by a "rush to get back in," a healthy amount of market skepticism remains. Valuations are favorable, particularly against the backdrop of declining interest rates and continued fiscal and monetary stimulus. Three years of belt-tightening have introduced considerable leverage into the financial models of most corporations. As sentiment improves, we expect capital spending to resume, resulting in sizeable improvements in the profit picture — the ultimate long-term driver of stock prices. Even the telecommunications sector — which some say accounts for over 40% of all IT spending — is showing signs of life. While there will be fits and starts in the market, we believe the overall trend is biased to the upside.

James D. Oelschlager
Portfolio Manager
Oak Associates, Ltd., Subadvisor to the Portfolio

The Russell 1000 Growth Index is an unmanaged group of stocks with greater-than-average growth orientation compared with the overall market. Index returns assume reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an 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 reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an index.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

Financial Statements

Statement of Assets and Liabilities as of June 30, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$60,916,615)	\$ 54,381,881
Investment in Scudder Cash Management QP Trust (cost \$3,199,542)	3,199,542
Cash	10,000
Dividends receivable	10,690
Receivable for Portfolio shares sold	111,988
Total assets	57,714,101

Liabilities

Payable for investments purchased	1,222,842
Payable for Portfolio shares redeemed	10,886
Accrued management fee	59,372
Other accrued expenses and payables	12,090
Total liabilities	1,305,190
Net assets, at value	\$ 56,408,911

Net Assets

Net assets consist of:	
Accumulated net investment loss	(98,973)
Net unrealized appreciation (depreciation) on investments	(6,534,734)
Accumulated net realized gain (loss)	(7,254,283)
Paid-in capital	70,296,901
Net assets, at value	\$ 56,408,911

Class A

Net Asset Value , offering and redemption price per share (\$52,786,394 ÷ 9,501,934 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 5.56
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Class B

Net Asset Value , offering and redemption price per share (\$3,622,517 ÷ 653,721 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 5.54
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Dividends	\$ 142,223
Interest — Scudder Cash Management QP Trust	15,428
Total Income	157,651
Expenses:	
Management fee	220,608
Custodian and accounting fees	23,370
Distribution service fees (Class B)	1,866
Record keeping fees (Class B)	708
Auditing	3,696
Legal	1,301
Trustees' fees and expenses	553
Reports to shareholders	2,066
Other	2,247
Total expenses, before expense reductions	256,415
Expense reductions	(8)
Total expenses, after expense reductions	256,407
Net investment income (loss)	(98,756)

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	(800,230)
Net unrealized appreciation (depreciation) during the period on investments	9,866,996
Net gain (loss) on investment transactions	9,066,766
Net increase (decrease) in net assets resulting from operations	\$ 8,968,010

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ (98,756)	\$ (131,581)
Net realized gain (loss) on investment transactions	(800,230)	(6,132,329)
Net unrealized appreciation (depreciation) on investment transactions during the period	9,866,996	(16,366,021)
Net increase (decrease) in net assets resulting from operations	8,968,010	(22,629,931)
Portfolio share transactions:		
Class A		
Proceeds from shares sold	8,331,639	34,556,591
Cost of shares redeemed	(4,885,866)	(15,042,811)
Net increase (decrease) in net assets from Class A share transactions	3,445,773	19,513,780
Class B		
Proceeds from shares sold	3,067,833	368,666*
Cost of shares redeemed	(109,759)	(441)*
Net increase (decrease) in net assets from Class B share transactions	2,958,074	368,225
Increase (decrease) in net assets	15,371,857	(2,747,926)
Net assets at beginning of period	41,037,054	43,784,980
Net assets at end of period (including accumulated net investment loss of \$98,973 and \$217, respectively)	\$ 56,408,911	\$ 41,037,054

Other Information

Class A		
Shares outstanding at beginning of period	8,877,415	5,764,587
Shares sold	1,599,430	5,561,607
Shares redeemed	(974,911)	(2,448,779)
Net increase (decrease) in Portfolio shares	624,519	3,112,828
Shares outstanding at end of period	9,501,934	8,877,415
Class B		
Shares outstanding at beginning of period	77,050	—
Shares sold	596,178	77,137*
Shares redeemed	(19,507)	(87)*
Net increase (decrease) in Portfolio shares	576,671	77,050
Shares outstanding at end of period	653,721	77,050

* For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

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

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001 ^b
Selected Per Share Data			
Net asset value, beginning of period	\$ 4.58	\$ 7.60	\$ 10.00
<i>Income (loss) from investment operations:</i>			
Net investment income (loss) ^c	(.01)	(.02)	(.02)
Net realized and unrealized gain (loss) on investment transactions	.99	(3.00)	(2.38)
Total from investment operations	.98	(3.02)	(2.40)
Net asset value, end of period	\$ 5.56	\$ 4.58	\$ 7.60
Total Return (%)	21.40 ^{**}	(39.74)	(24.00) ^{d**}

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	53	41	44
Ratio of expenses before expense reductions (%)	1.09*	.96	1.44*
Ratio of expenses after expense reductions (%)	1.09*	.96	1.15*
Ratio of net investment income (loss) (%)	(.41)*	(.30)	(.43)*
Portfolio turnover rate (%)	11*	16	3*

^a For the six months ended June 30, 2003 (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 Total return would have been lower had certain expenses not been reduced.

* Annualized

** Not annualized

Class B

	2003 ^a	2002 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 4.58	\$ 5.04
<i>Income (loss) from investment operations:</i>		
Net investment income (loss) ^c	(.02)	(.02)
Net realized and unrealized gain (loss) on investment transactions	.98	(.44)
Total from investment operations	.96	(.46)
Net asset value, end of period	\$ 5.54	\$ 4.58
Total Return (%)	20.96 ^{**}	(9.13) ^{**}

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	4	.4
Ratio of expenses (%)	1.44*	1.21*
Ratio of net investment income (loss) (%)	(.76)*	(.68)*
Portfolio turnover rate (%)	11*	16

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period May 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

^c Based on average shares outstanding during the period.

* Annualized

** Not annualized

SVS Turner Mid Cap Growth Portfolio

For the first half of 2003 the SVS Turner Mid Cap Growth Portfolio (Class A shares) returned 20.57% versus 18.74% for the Russell Mid Cap Growth Index.

The first quarter of 2003 was marked by wide fluctuations. Growing war concerns put downward pressure on the market the first two months, followed by a quick upswing at the start of the war. Unfortunately, concerns over a long and difficult involvement overseas quickly took back most of the gains. The second quarter of 2003 showed market sentiment swinging back towards optimism. Stocks posted their strongest gains since 1998. Every major market index experienced double-digit gains, and geopolitical concerns began to diminish.

The technology and health care sectors contributed positively to the portfolio's performance. Technology was the largest positive contributor, fueled by holdings in the telecommunications and Internet software/services industries. Gilead Sciences, a biotechnology company, was consistently part of the top 10 holdings for the portfolio throughout the first six months of the year and was a strong contributor to performance in the health care sector. Detracting from performance were holdings in the consumer staples and energy sectors.

The economic outlook for the second half of 2003 suggests an acceleration in the growth trend. We believe there are sufficiently strong fundamentals in that area to provide the necessary support for a sustained market rally. We continue to remain optimistic that we will experience a strong economic rebound in the second half of the year.

Christopher K. McHugh

William C. McVail

Robert E. Turner

Co-Managers

Turner Investment Partners, Inc., Subadvisor to the Portfolio

Russell Mid Cap Growth Index is an unmanaged index composed of common stocks of mid-cap companies with higher price-to-book ratios and higher forecasted growth values. Index returns assume reinvested dividends and capital gains and do not reflect fees or expenses; investors cannot directly access an index.

Past performance is not a guarantee of future results. Returns and principal value will fluctuate so that accumulation units, when redeemed, may be worth more or less than their original cost.

Total return measures net investment income and capital gain or loss from portfolio investments over the period specified, assuming reinvestment of all dividend and capital gain distributions. Total return reflects aggregate change. Performance is net of the portfolio's management fee and other operating expenses but does not include any deduction at the separate account or contract level for any insurance or surrender charge that may be incurred under a contract. Please see the prospectus for more details.

Portfolio management market commentary is as of June 30, 2003, and may not come to pass. This information is subject to change at any time, based on market and other conditions.

SVS Turner Mid Cap Growth Portfolio

	Shares	Value (\$)		Shares	Value (\$)
Common Stocks 95.7%					
Consumer Discretionary 15.9%					
Hotel Restaurants & Leisure 4.4%					
GTECH Holdings Corp.*	7,060	265,809			
International Game Technology*	6,170	631,376			
MGM Mirage, Inc.*	14,810	506,206			
Royal Caribbean Cruises Ltd.	22,080	511,373			
Starbucks Corp.*	40,070	982,516			
Starwood Hotels & Resorts Worldwide, Inc.	24,130	689,877			
		3,587,157			
Media 6.4%					
Cablevision Systems Corp. "A"*	18,260	379,078			
Getty Images, Inc.*	15,580	643,454			
Interpublic Group of Companies, Inc.	42,660	570,791			
Lamar Advertising Co.*	10,030	353,156			
Macrovision Corp.*	18,460	367,723			
Marvel Enterprises, Inc.*	31,420	600,122			
Monster Worldwide, Inc.*	29,150	575,130			
Pixar, Inc.*	10,470	636,995			
Univision Communications, Inc. "A"*	27,570	838,128			
Westwood One, Inc.*	9,080	308,084			
		5,272,661			
Multiline Retail 0.8%					
Dollar Tree Stores, Inc.*	20,660	655,542			
Specialty Retail 3.1%					
Chico's FAS, Inc.*	32,450	683,072			
Leapfrog Enterprises, Inc.*	16,580	527,410			
Pier 1 Imports, Inc.	18,930	386,172			
Priceline.com, Inc.	19,533	437,351			
Tiffany & Co.	16,770	548,044			
		2,582,049			
Textiles, Apparel & Luxury Goods 1.2%					
Coach, Inc.*	12,240	608,818			
Columbia Sportswear Co.*	7,210	370,666			
		979,484			
Consumer Staples 3.3%					
Beverages 1.3%					
Coca-Cola Enterprises, Inc.	57,690	1,047,073			
Food & Drug Retailing 0.9%					
Rite Aid Corp.*	103,500	460,575			
Whole Foods Market, Inc.*	5,650	268,545			
		729,120			
Food Products 0.6%					
Hershey Foods Corp.	7,300	508,518			
Personal Products 0.5%					
NBTY, Inc.*	19,400	408,564			
Energy 2.8%					
Energy Equipment & Services 1.6%					
BJ Services Co.*	13,450	502,492			
Patterson-UTI Energy, Inc.*	14,030	454,572			
Smith International, Inc.*	9,310	342,049			
		1,299,113			
Oil & Gas 1.2%					
Pogo Producing Co.	8,640	369,360			
XTO Energy, Inc.	31,730	638,090			
		1,007,450			
Financials 7.5%					
Banks 2.2%					
Commerce Bancorp, Inc.	9,800	363,580			
Investors Financial Services Corp.	24,350	706,394			
Silicon Valley Bancshares*	13,760	327,626			
Sovereign Bancorp, Inc.	26,670	417,386			
		1,814,986			
Diversified Financials 5.3%					
Affiliated Managers Group, Inc.*	12,860	783,817			
Ameritrade Holding Corp.*	52,150	386,431			
Bear Stearns Companies, Inc.	10,280	744,478			
Legg Mason, Inc.	15,540	1,009,323			
Providian Financial Corp.*	67,270	622,920			
SEI Investments Co.	26,480	847,360			
		4,394,329			
Health Care 20.9%					
Biotechnology 6.6%					
Gilead Sciences, Inc.*	30,010	1,667,956			
IDEC Pharmaceuticals Corp.*	12,660	430,440			
MedImmune, Inc.*	47,289	1,719,901			
Neurocrine Biosciences, Inc.*	11,370	567,818			
Trimeris, Inc.*	23,560	1,076,221			
		5,462,336			
Health Care Equipment & Supplies 4.1%					
Applera Corp. — Applied Biosystems Group	13,880	264,136			
Bio-Rad Laboratories, Inc. "A"*	6,500	359,775			
DENTSPLY International, Inc.	14,200	580,780			
St. Jude Medical, Inc.*	19,670	1,131,025			
STERIS Corp.*	18,850	435,247			
Varian Medical Systems, Inc.*	10,320	594,122			
		3,365,085			
Health Care Providers & Services 6.4%					
Aetna, Inc.	22,220	1,337,644			
AmerisourceBergen Corp.	10,060	697,661			
Caremark Rx, Inc.*	30,760	789,917			
Henry Schein, Inc.*	14,400	753,696			
Mid Atlantic Medical Services, Inc.*	19,220	1,005,206			
Omnicare, Inc.	20,000	675,800			
		5,259,924			
Pharmaceuticals 3.8%					
Allergan, Inc.	10,430	804,153			
King Pharmaceuticals, Inc.*	29,940	441,914			
Medicis Pharmaceutical Corp.	13,430	761,481			
Pharmaceutical Resources, Inc.*	14,960	727,954			
Taro Pharmaceutical Industries Ltd.*	7,010	384,709			
		3,120,211			
Industrials 10.4%					
Airlines 0.6%					
Delta Air Lines, Inc.	30,860	453,025			

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

Financial Statements

Statement of Assets and Liabilities as of June 30, 2003 (Unaudited)

Assets

Investments in securities, at value (cost \$66,790,991)	\$ 78,692,387
Investment in Scudder Cash Management QP Trust (cost \$3,507,743)	3,507,743
Receivable for investments sold	1,435,420
Dividends receivable	11,009
Interest receivable	3,437
Receivable for Portfolio shares sold	47,929
Other assets	631
Total assets	83,698,556

Liabilities

Payable for investments purchased	1,648,892
Payable for Portfolio shares redeemed	44,881
Accrued management fee	71,500
Other accrued expenses and payables	21,161
Total liabilities	1,786,434
Net assets, at value	\$ 81,912,122

Net Assets

Net assets consist of:	
Accumulated net investment loss	(320,541)
Net unrealized appreciation (depreciation) on investments	11,901,396
Accumulated net realized gain (loss)	(21,426,488)
Paid-in capital	91,757,755
Net assets, at value	\$ 81,912,122

Class A

Net Asset Value , offering and redemption price per share (\$76,301,993 ÷ 10,576,491 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 7.21
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Class B

Net Asset Value , offering and redemption price per share (\$5,610,129 ÷ 779,887 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$ 7.19
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Statement of Operations for the six months ended June 30, 2003 (Unaudited)

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$163)	\$ 57,081
Interest — Scudder Cash Management QP Trust	12,058
Total Income	69,139
Expenses:	
Management fee	336,928
Custodian and accounting fees	29,923
Distribution service fees (Class B)	3,010
Record keeping fees (Class B)	1,118
Auditing	1,747
Legal	2,881
Trustees' fees and expenses	437
Reports to shareholders	3,587
Other	9,862
Total expenses, before expense reductions	389,493
Expense reductions	(37)
Total expenses, after expense reductions	389,456
Net investment income (loss)	(320,317)

Realized and Unrealized Gain (Loss) on Investment Transactions

Net realized gain (loss) from investments	3,509,104
Net unrealized appreciation (depreciation) during the period on investments	9,984,848
Net gain (loss) on investment transactions	13,493,952
Net increase (decrease) in net assets resulting from operations	\$ 13,173,635

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, 2003 (Unaudited)	Year Ended December 31, 2002
Operations:		
Net investment income (loss)	\$ (320,317)	\$ (506,121)
Net realized gain (loss) on investment transactions	3,509,104	(21,909,720)
Net unrealized appreciation (depreciation) on investment transactions during the period	9,984,848	(2,467,410)
Net increase (decrease) in net assets resulting from operations	13,173,635	(24,883,251)
Portfolio share transactions:		
Class A		
Proceeds from shares sold	6,843,681	46,715,731
Cost of shares redeemed	(3,915,799)	(9,232,385)
Net increase (decrease) in net assets from Class A share transactions	2,927,882	37,483,346
Class B		
Proceeds from shares sold	4,634,065	597,955*
Cost of shares redeemed	(211,797)	(363)*
Net increase (decrease) in net assets from Class B share transactions	4,422,268	597,592
Increase (decrease) in net assets	20,523,785	13,197,687
Net assets at beginning of period	61,388,337	48,190,650
Net assets at end of period (including accumulated net investment loss of \$320,541 and \$224, respectively)	\$ 81,912,122	\$ 61,388,337

Other Information

Class A		
Shares outstanding at beginning of period	10,171,623	5,463,686
Shares sold	1,030,340	6,040,022
Shares redeemed	(625,472)	(1,332,085)
Net increase (decrease) in Portfolio shares	404,868	4,707,937
Shares outstanding at end of period	10,576,491	10,171,623
Class B		
Shares outstanding at beginning of period	96,707	—
Shares sold	716,597	96,763*
Shares redeemed	(33,417)	(56)*
Net increase (decrease) in Portfolio shares	683,180	96,707
Shares outstanding at end of period	779,887	96,707

* For the period from July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

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

Financial Highlights

Class A

Years Ended December 31,	2003 ^a	2002	2001 ^b
Selected Per Share Data			
Net asset value, beginning of period	\$ 5.98	\$ 8.82	\$ 10.00
<i>Income (loss) from investment operations:</i>			
Net investment income (loss) ^c	(.03)	(.06)	(.04)
Net realized and unrealized gain (loss) on investment transactions	1.26	(2.78)	(1.14) ^d
Total from investment operations	1.23	(2.84)	(1.18)
Net asset value, end of period	\$ 7.21	\$ 5.98	\$ 8.82
Total Return (%)	20.57 ^{**}	(32.20)	(11.80) ^{e**}

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	76	61	48
Ratio of expenses before expense reductions (%)	1.14 [*]	1.13	1.82 [*]
Ratio of expenses after expense reductions (%)	1.14 [*]	1.13	1.30 [*]
Ratio of net investment income (loss) (%)	(.94) [*]	(.82)	(.76) [*]
Portfolio turnover rate (%)	189 [*]	225	205 [*]

^a For the six months ended June 30, 2003 (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 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

Class B

	2003 ^a	2002 ^b
Selected Per Share Data		
Net asset value, beginning of period	\$ 5.97	\$ 6.60
<i>Income (loss) from investment operations:</i>		
Net investment income (loss) ^c	(.04)	(.02)
Net realized and unrealized gain (loss) on investment transactions	1.26	(.61)
Total from investment operations	1.22	(.63)
Net asset value, end of period	\$ 7.19	\$ 5.97
Total Return (%)	20.44 ^{**}	(9.55) ^{**}

Ratios to Average Net Assets and Supplemental Data

Net assets, end of period (\$ millions)	6	.6
Ratio of expenses (%)	1.48 [*]	1.38 [*]
Ratio of net investment income (loss) (%)	(1.28) [*]	(.81) [*]
Portfolio turnover rate (%)	189 [*]	225

^a For the six months ended June 30, 2003 (Unaudited).

^b For the period July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002.

^c Based on an average shares outstanding during the period.

^{*} Annualized

^{**} Not annualized

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. The Trust offers twenty-seven portfolios (the “portfolio(s)”). During the period, Scudder Investment Grade Bond Portfolio changed its name to Scudder Fixed Income Portfolio.

Multiple Classes of Shares of Beneficial Interest. The Trust offers two classes of shares (Class A shares and Class B shares). Sales of Class B shares commenced July 1, 2002 (except for Scudder Strategic Income Portfolio which commenced sales of Class B shares on May 1, 2003) and are subject to a Rule 12b-1 fees under the 1940 Act, and record keeping fees, equal to an annual rate of up to 0.25% and 0.15%, respectively, of the average daily net assets of the Class B shares of the applicable Portfolio. Class A shares are not subject to such fees.

Investment income, realized and unrealized gains and losses, and certain portfolio-level expenses and expense reductions, if any, are borne pro rata on the basis of relative net assets by the holders of all classes of shares except that each class bears certain expenses unique to that class (including the applicable 12b-1 fee and record keeping 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 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 (US 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 Portfolios. 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 US dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into US dollars at the prevailing exchange rates at period end. Purchases and sales of investment securities, income and expenses are translated into US dollars at the prevailing exchange rates on the respective dates of the transactions.

Net realized and unrealized gains and losses on foreign currency transactions represent net gains and losses between trade and settlement dates on securities transactions, the disposition of forward foreign currency exchange contracts and foreign currencies and the difference between the amount of net investment income accrued and the US dollar amount actually received. That portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed but is included with net realized and unrealized 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 Fixed Income Portfolio, Scudder Government Securities Portfolio and Scudder Total Return Portfolio entered into mortgage dollar rolls in which each 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. Each portfolio receives compensation as consideration for entering into the commitment to repurchase. The compensation is paid in the form of a lower price for this security upon its repurchases or, alternatively, a fee. 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, 2002, 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
	8,989,000	12/31/2010
Scudder Blue Chip Portfolio	2,007,000	12/31/2006
	2,837,000	12/31/2008
	33,492,000	12/31/2009
	21,980,000	12/31/2010
Scudder Contrarian Value Portfolio	19,935,000	12/31/2008
	11,765,000	12/31/2010
Scudder Fixed Income Portfolio	1,614,000	12/31/2008
Scudder Global Blue Chip Portfolio	2,711,000	12/31/2009
	4,724,000	12/31/2010
Scudder Growth Portfolio	127,000	12/31/2007
	94,268,000	12/31/2009
	39,545,000	12/31/2010
Scudder High Income Portfolio	2,026,000	12/31/2003
	12,052,000	12/31/2007
	16,114,000	12/31/2008
	22,935,000	12/31/2009
	55,108,000	12/31/2010
Scudder International Select Equity Portfolio	130,000	12/31/2007
	3,819,000	12/31/2008
	30,360,000	12/31/2009
	20,016,000	12/31/2010
Scudder Small Cap Growth Portfolio	87,907,000	12/31/2009
	62,668,000	12/31/2010
Scudder Technology Growth Portfolio	8,613,000	12/31/2008
	94,141,000	12/31/2009
	93,500,000	12/31/2010
Scudder Total Return Portfolio	57,276,000	12/31/2009
	8,813,000	12/31/2010
SVS Davis Venture Value Portfolio	127,000	12/31/2009
	4,386,000	12/31/2010
SVS Dreman Financial Services Portfolio	2,341,000	12/31/2009
	2,479,000	12/31/2010
SVS Dreman High Return Equity Portfolio	21,004,000	12/31/2010
SVS Eagle Focused Large Cap Growth Portfolio	1,336,000	12/31/2008
	7,025,000	12/31/2009
	13,889,000	12/31/2010

Portfolio	Capital Loss Carryforward (\$)	Expiration Date
SVS Focus Value+Growth Portfolio	9,619,000	12/31/2009
	15,209,000	12/31/2010
SVS Index 500 Portfolio	448,000	12/31/2008
	3,267,000	12/31/2009
	9,116,000	12/31/2010
SVS INVESCO Dynamic Growth Portfolio	317,000	12/31/2009
	6,175,000	12/31/2010
SVS Janus Growth and Income Portfolio	3,871,000	12/31/2008
	16,173,000	12/31/2009
	29,907,000	12/31/2010
SVS Janus Growth Opportunities Portfolio	2,379,000	12/31/2008
	31,299,000	12/31/2009
	42,499,000	12/31/2010
SVS Oak Strategic Equity Portfolio	322,000	12/31/2009
	4,400,000	12/31/2010
SVS Turner Mid Cap Growth Portfolio	2,384,000	12/31/2009
	21,233,000	12/31/2010

Scudder Growth Portfolio inherited approximately \$127,000 of capital losses from its merger with Scudder Variable Life Large Company Growth Portfolio on April 30, 2001, which may be applied against any realized net taxable capital gains in future years or until December 31, 2007, the respective dates, whichever occurs first, subject to certain limitations imposed by Section 382 of the Internal Revenue Code.

In addition, Scudder International Select Equity Portfolio inherited approximately \$10,886,000 of capital losses from its merger with Scudder New Europe Portfolio (see Note J), which may be applied against any realized net taxable capital gains in future years or until December 31, 2007 (\$130,000), December 31, 2008 (\$3,819,000), and December 31, 2009 (\$6,937,000), the respective expiration dates, whichever occurs first, subject to certain limitations imposed by Section 382 of the Internal Revenue Code.

For the period from November 1, 2002 through December 31, 2002, the following portfolios incurred approximate net realized capital losses as follows:

Portfolio	Net Realized Capital Loss (\$)
Scudder Aggressive Growth Portfolio	16,920,000
Scudder Blue Chip Portfolio	11,334,000
Scudder Contrarian Value Portfolio	3,818,000
Scudder Global Blue Chip Portfolio	1,515,000
Scudder Government Securities Portfolio	104,000
Scudder Growth Portfolio	12,553,000
Scudder High Income Portfolio	12,461,000
Scudder International Select Equity Portfolio	1,906,000
Scudder Small Cap Growth Portfolio	16,991,000
Scudder Technology Growth Portfolio	3,071,000
Scudder Total Return Portfolio	27,985,000
SVS Dreman Financial Services Portfolio	100
SVS Dreman High Return Equity Portfolio	20,268,000
SVS Dreman Small Cap Value Portfolio	12,566,000
SVS Eagle Focused Large Cap Growth Portfolio	1,830,000
SVS Focus Value+Growth Portfolio	6,189,000
SVS Index 500 Portfolio	1,337,000
SVS INVESCO Dynamic Growth Portfolio	765,000
SVS Janus Growth Opportunities Portfolio	3,466,000

Portfolio	Net Realized Capital Loss (\$)
SVS Oak Strategic Equity Portfolio	1,722,000
SVS Turner Mid Cap Growth Portfolio	164,000

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, 2003.

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.

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, 2002, the portfolios' components of distributable earnings on a tax basis were as follows:

Portfolio	Undistributed ordinary income (\$)	Undistributed net long-term capital gains (\$)	Capital loss carryforwards (\$)	Unrealized appreciation (depreciation) on investments (\$)
Scudder Aggressive Growth Portfolio	—	—	(17,631,000)	(11,388,813)
Scudder Blue Chip Portfolio	1,275,142	—	(60,316,000)	(6,288,396)
Scudder Contrarian Value Portfolio	4,285,708	—	(31,700,000)	(26,977,293)
Scudder Fixed Income Portfolio	7,798,154	—	(1,614,000)	5,135,027
Scudder Global Blue Chip Portfolio	136,960	—	(7,435,000)	(4,339,552)
Scudder Government Securities Portfolio	24,048,334	649,165	—	6,827,177
Scudder Growth Portfolio	247,291	—	(133,940,000)	(24,768,191)
Scudder High Income Portfolio	29,833,814	—	(108,235,000)	(52,960,018)
Scudder International Select Equity Portfolio	1,477,837	—	(54,325,000)	(6,640,650)
Scudder Money Market Portfolio	—	—	—	—
Scudder Small Cap Growth Portfolio	—	—	(150,575,000)	(1,633,374)
Scudder Strategic Income Portfolio	819,754	17,624	—	3,311,073
Scudder Technology Growth Portfolio	—	—	(196,254,000)	(133,313,518)
Scudder Total Return Portfolio	18,372,347	—	(66,089,000)	(46,599,528)
SVS Davis Venture Value Portfolio	866,534	—	(4,513,000)	(20,767,996)
SVS Dreman Financial Services Portfolio	1,797,871	—	(4,820,000)	(5,732,596)
SVS Dreman High Return Equity Portfolio	11,110,116	—	(21,004,000)	(74,970,942)
SVS Dreman Small Cap Value Portfolio	3,038,509	4,025,454	—	(21,618,901)
SVS Eagle Focused Large Cap Growth Portfolio	—	—	(22,250,000)	(8,034,364)
SVS Focus Value+Growth Portfolio	823,949	—	(24,828,000)	(18,924,646)
SVS Index 500 Portfolio	2,668,886	—	(12,831,000)	(77,556,437)
SVS INVESCO Dynamic Growth Portfolio	—	—	(6,492,000)	(1,417,971)
SVS Janus Growth and Income Portfolio	952,875	—	(49,951,000)	(20,762,943)
SVS Janus Growth Opportunities Portfolio	—	—	(76,177,000)	(34,773,049)
SVS Oak Strategic Equity Portfolio	—	—	(4,722,000)	(16,411,581)
SVS Turner Mid Cap Growth Portfolio	—	—	(23,617,000)	761,092

In addition, during the year ended December 31, 2002 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	257,547	—	—
Scudder Blue Chip Portfolio	811,699	—	—
Scudder Contrarian Value Portfolio	3,673,679	—	—
Scudder Fixed Income Portfolio	5,123,396	—	—
Scudder Global Blue Chip Portfolio	282,572	—	—
Scudder Government Securities Portfolio	11,715,627	—	—
Scudder High Income Portfolio	31,372,534	—	—
Scudder International Select Equity Portfolio	514,449	—	—
Scudder Money Market Portfolio	8,119,785	—	—
Scudder Strategic Income Portfolio	775,880	—	—
Scudder Technology Growth Portfolio	313,166	—	—
Scudder Total Return Portfolio	21,620,590	—	—
SVS Davis Venture Value Portfolio	189,351	—	—
SVS Dreman Financial Services Portfolio	1,016,304	—	—
SVS Dreman High Return Equity Portfolio	4,924,989	1,523,210	—
SVS Dreman Small Cap Value Portfolio	910,198	—	—
SVS Focus Value+Growth Portfolio	658,082	—	—
SVS Index 500 Portfolio	1,192,208	—	—
SVS Janus Growth and Income Portfolio	1,106,501	—	—

* For tax purposes short-term capital gains distributions are considered ordinary income distributions.

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

Expenses. Expenses arising in connection with a specific portfolio are allocated to that portfolio. Other Trust expenses are allocated between the portfolios in proportion to their relative net assets.

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.

B. Investment Transactions

During the six months ended June 30, 2003, purchases and sales of investment transactions (excluding short-term investments) were as follows:

Portfolio	Purchases (\$)	Proceeds from Sales (\$)
Scudder Aggressive Growth Portfolio	24,449,666	23,021,757
Scudder Blue Chip Portfolio	196,212,620	171,535,735
Scudder Contrarian Value Portfolio	60,573,467	78,845,685
Scudder Fixed Income Portfolio		
excluding US Treasury Securities and mortgage dollar roll transactions	161,943,278	128,502,298
US Treasury Securities	163,061,852	158,990,419
mortgage dollar roll transactions	27,351,085	27,439,293
Scudder Global Blue Chip Portfolio	6,899,716	7,353,384
Scudder Government Securities Portfolio		
excluding US Treasury Securities and mortgage dollar roll transactions	964,833,410	999,253,683
US Treasury Securities	56,831,259	73,598,495
mortgage dollar roll transactions	379,888,036	381,077,613
Scudder Growth Portfolio	55,569,445	43,243,300

Portfolio	Purchases (\$)	Proceeds from Sales (\$)
Scudder High Income Portfolio		
excluding US Treasury Securities	304,072,353	257,622,736
US Treasury Securities	8,059,152	7,015,513
Scudder International Select Equity Portfolio	101,241,306	101,482,741
Scudder Small Cap Growth Portfolio	111,033,694	100,094,419
Scudder Strategic Income Portfolio		
excluding US Treasury Securities	53,078,464	31,841,144
US Treasury securities	14,881,206	22,882,773
Scudder Technology Growth Portfolio	42,018,999	81,476,354
Scudder Total Return Portfolio		
excluding US Treasury Securities and mortgage dollar roll transactions	202,525,157	226,929,134
US Treasury Securities	143,254,156	160,869,216
mortgage dollar roll transactions	24,802,463	24,879,113
SVS Davis Venture Value Portfolio	18,547,414	3,386,847
SVS Dreman Financial Services Portfolio	9,074,981	14,279,019
SVS Dreman High Return Equity Portfolio	59,775,044	43,502,805
SVS Dreman Small Cap Value Portfolio	82,690,314	83,674,248
SVS Eagle Focused Large Cap Growth Portfolio	49,023,523	41,292,394
SVS Focus Value+Growth Portfolio	27,964,085	33,153,707
SVS Index 500 Portfolio	25,510,343	10,539,774
SVS INVESCO Dynamic Growth Portfolio	11,002,683	11,894,590
SVS Janus Growth and Income Portfolio		
excluding US Treasury securities	34,677,674	16,743,106
US Treasury securities	—	11,537,386
SVS Janus Growth Opportunities Portfolio	33,051,907	34,442,674
SVS Oak Strategic Equity Portfolio	8,764,512	2,472,531
SVS Turner Mid Cap Growth Portfolio	67,965,671	62,814,658

For the six months ended June 30, 2003, transactions for written options were as follows for the Scudder Technology Growth Portfolio:

	Contracts	Premium (\$)
Beginning of period	—	—
Written	2,526	164,838
Closed	(2,051)	(122,057)
Exercised	(292)	(28,788)
Expired	(81)	(9,097)
End of period	102	4,896

C. Related Parties

Management Agreement. Under the Management Agreement with Deutsche Investment Management Americas Inc., (“DeIM” or 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, 2003, the fees pursuant to the Management Agreement were equivalent to the annualized effective rates shown below of the portfolios’ average daily net assets:

Portfolio	Annualized Management Fee Rate
Scudder Blue Chip Portfolio	0.65%
Scudder Contrarian Value Portfolio	0.75%
Scudder Fixed Income Portfolio	0.60%

Portfolio	Annualized Management Fee Rate
Scudder Government Securities Portfolio	0.55%
Scudder Growth Portfolio	0.60%
Scudder High Income Portfolio	0.60%
Scudder International Select Equity Portfolio	0.75%
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 annualized rates shown below:

Average Daily Net Assets of the Portfolio	Annualized 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, 2003, 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	0.72%
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 annualized rates shown below:

Average Daily Net Assets of the Portfolio	Annualized 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, 2003, 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 annualized rates shown below:

Average Daily Net Assets of the Portfolio	Annualized Management Fee Rate
\$0–\$250 million	0.950%
next \$250 million	0.925%
next \$500 million	0.900%
next \$1.5 billion	0.875%
Over \$2.5 billion	0.850%

Accordingly, for the six months ended June 30, 2003, 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 annualized rates shown below:

Average Daily Net Assets of the Portfolio	Annualized 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, 2003, the fee pursuant to the Management Agreement was equivalent to an annualized effective rate of 0.37% of SVS Index 500 Portfolio's average daily net assets.

The Scudder Global Blue Chip 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 annualized rates shown below:

Average Daily Net Assets of the Portfolio	Annualized 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% for the Scudder Global Blue Chip Portfolio through April 30, 2003. Accordingly, for the six months ended June 30, 2003 the Advisor has waived \$142,979 of management fee and the fees pursuant to the Management Agreement were equivalent to an annualized effective rate of 0.66% for the Portfolio's average daily net assets.

Deutsche Asset Management Investment Services Limited ("DeAMIS") serves as sub-advisor to the Scudder International Select Equity and Scudder Strategic Income Portfolios and is paid by the Advisor for its services.

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 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.

Effective March 21, 2003, Northern Trust Investments, Inc. (“NTI”) serves as sub-advisor to SVS Index 500 Portfolio and is paid by the Advisor for its 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, 2003, SFAC received the following fee for its services for the following portfolios:

Portfolio	Total Aggregated (\$)	Fees Waived by Advisor (\$)	Unpaid at June 30, 2003 (\$)
Scudder Aggressive Growth Portfolio	20,375	—	5,071
Scudder Global Blue Chip Portfolio	29,143	—	5,895
Scudder Technology Growth Portfolio	24,540	—	2,195
SVS Davis Venture Value Portfolio	25,782	—	4,092
SVS Dreman Financial Services Portfolio	20,428	—	1,672
SVS Dreman High Return Equity Portfolio	57,676	—	24,571
SVS Eagle Focused Large Cap Growth Portfolio	14,637	—	9,151
SVS Index 500 Portfolio	64,358	—	5,072
SVS INVESCO Dynamic Growth Portfolio	29,784	7,027	5,246
SVS Janus Growth and Income Portfolio	38,142	—	8,722
SVS Janus Growth Opportunities Portfolio	22,608	—	3,173
SVS Oak Strategic Equity Portfolio	21,050	—	3,398
SVS Turner Mid Cap Growth Portfolio	23,582	—	8,383

Distribution Service Agreement. Under the Distribution Service Agreement, in accordance with Rule 12b-1 under the 1940 Act, Scudder Distributors, Inc. (“SDI”), a subsidiary of the Advisor, receives a fee (“Distribution Fee”) of up to 0.25% of average daily net assets of Class B shares. Pursuant to the agreement, SDI enters into related selling group agreements with various firms at various rates for sales of Class B shares. For the six months ended June 30, 2003, the Distribution Fee was as follows:

Portfolio	Total Aggregated (\$)	Fee Waived by Advisor (\$)	Unpaid at June 30, 2003 (\$)
Scudder Aggressive Growth Portfolio	506	—	208
Scudder Blue Chip Portfolio	3,058	—	1,166
Scudder Contrarian Value Portfolio	2,901	—	1,035
Scudder Fixed Income Portfolio	16,114	—	5,433
Scudder Global Blue Chip Portfolio	1,348	—	458
Scudder Government Securities Portfolio	35,684	—	9,329
Scudder Growth Portfolio	1,350	—	502
Scudder High Income Portfolio	8,841	—	3,306
Scudder International Select Equity Portfolio	3,880	—	1,454
Scudder Money Market	13,811	3,945	6,005

Portfolio	Total Aggregated (\$)	Fee Waived by Advisor (\$)	Unpaid at June 30, 2003 (\$)
Scudder Small Cap Growth Portfolio	2,601	—	1,024
Scudder Strategic Income Portfolio	220	—	220
Scudder Technology Growth Portfolio	1,905	—	687
Scudder Total Return Portfolio	4,819	—	1,747
SVS Davis Venture Value Portfolio	6,338	—	2,391
SVS Dreman Financial Services Portfolio	2,151	—	712
SVS Dreman High Return Equity Portfolio	15,865	—	5,876
SVS Dreman Small Cap Value Portfolio	7,293	—	2,601
SVS Eagle Focused Large Cap Growth Portfolio	3,415	—	1,193
SVS Focus Value+Growth Portfolio	2,228	—	702
SVS Index 500 Portfolio	6,890	—	2,598
SVS INVESCO Dynamic Growth Portfolio	1,085	100	421
SVS Janus Growth and Income Portfolio	3,267	—	1,213
SVS Janus Growth Opportunities Portfolio	1,650	—	649
SVS Oak Strategic Equity Portfolio	1,866	—	673
SVS Turner Mid Cap Growth Portfolio	3,010	—	1,060

For Scudder Money Market Portfolio, the Advisor agreed to waive 0.15% of the 12b-1 fee until April 30, 2003.

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.

D. Investing in High Yield Securities

The Scudder High Income Portfolio invests a substantial portion of its assets in high yield bonds. These bonds ordinarily are in the lower rating categories of recognized rating agencies or are non-rated, and thus involve more risk than higher rated bonds.

E. Investing in Emerging Markets

Investing in emerging markets may involve special risks and considerations not typically associated with investing in the United States of America. These risks include revaluation of currencies, high rates of inflation, repatriation restrictions on income and capital, and future adverse political and economic developments. Moreover, securities issued in these markets may be less liquid, subject to government ownership controls, delayed settlements and their prices more volatile than those of comparable securities in the United States of America.

F. 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, 2003, the portfolios' custodian fees were reduced under these arrangements as follows:

Portfolio	Amount (\$)
Scudder Aggressive Growth Portfolio	6
Scudder Blue Chip Portfolio	6
Scudder Contrarian Value Portfolio	7
Scudder Government Securities Portfolio	906
Scudder Growth Portfolio	33
Scudder High Income Portfolio	377
Scudder Money Market Portfolio	215
Scudder Small Cap Growth Portfolio	32
Scudder Strategic Income Portfolio	263
Scudder Technology Growth Portfolio	553

Portfolio	Amount (\$)
Scudder Total Return Portfolio	385
SVS Davis Venture Value Portfolio	15
SVS Dreman Financial Services Portfolio	19
SVS Dreman High Return Equity Portfolio	17
SVS Dreman Small Cap Value Portfolio	26
SVS Eagle Focused Large Cap Growth Portfolio	22
SVS Focus Value+Growth Portfolio	3
SVS Index 500 Portfolio	13
SVS INVESCO Dynamic Growth	17
SVS Janus Growth and Income Portfolio	16
SVS Janus Growth Opportunities Portfolio	7
SVS Oak Strategic Equity Portfolio	8
SVS Turner Mid Cap Growth Portfolio	37

G. Commitments

As of June 30, 2003, the following portfolios had entered into the following forward foreign currency exchange contracts resulting in the following:

Scudder High Income Portfolio

Contracts to Deliver	In Exchange For	Settlement Date	Unrealized Appreciation (US\$)
EUR 161,443	USD 188,000	9/12/2003	2,801
EUR 211,972	USD 248,728	9/12/2003	5,564
EUR 1,647,618	USD 1,932,755	9/12/2003	42,688
			51,053
Contracts to Deliver	In Exchange For	Settlement Date	Unrealized Depreciation (US\$)
USD 180,564	EUR 153,881	9/12/2003	(4,039)
EUR 2,451,686	USD 2,799,825	9/12/2003	(12,629)
			(16,668)

Scudder Strategic Income Portfolio

Contracts to Deliver	In Exchange For	Settlement Date	Unrealized Appreciation (US\$)
USD 315,000	BRC 1,093,837	7/2/2003	70,154
USD 315,000	ARA 957,600	7/2/2003	27,305
USD 305,000	BRC 951,905	8/8/2003	22,641
JPY 221,699,178	USD 1,870,879	7/16/2003	18,815
USD 105,000	BRC 353,955	7/15/2003	18,615
USD 271,203	ZAR 2,200,000	8/14/2003	18,483
USD 228,000	ARA 684,000	8/8/2003	14,060
USD 1,225,850	GBP 748,656	7/16/2003	11,933
USD 152,000	COP 448,248,000	8/8/2003	5,772
EUR 300,000	USD 349,650	7/31/2003	5,087
EUR 210,000	USD 244,146	7/31/2003	2,952
EUR 120,000	USD 139,962	7/31/2003	2,137
USD 194,063	EUR 170,000	7/31/2003	1,189
EUR 31,000	USD 36,385	7/31/2003	780
USD 263,419	EUR 230,000	7/31/2003	746

Contracts to Deliver		In Exchange For		Settlement Date	Unrealized Appreciation (US\$)
USD	131,558	EUR	115,000	7/31/2003	525
					221,194

Contracts to Deliver		In Exchange For		Settlement Date	Unrealized (Depreciation) (US\$)
EUR	11,201	USD	12,808	7/2/2003	(68)
EUR	30,000	USD	34,266	7/31/2003	(191)
EUR	60,000	USD	68,577	7/31/2003	(336)
EUR	25,000	USD	27,885	7/31/2003	(829)
ARA	537,856	USD	191,000	7/2/2003	(1,263)
USD	150,000	ARA	419,100	8/8/2003	(1,685)
COP	448,248,000	USD	156,075	8/8/2003	(1,697)
BRC	90,932	USD	30,130	7/2/2003	(1,888)
EUR	65,000	USD	71,526	7/31/2003	(3,129)
BRC	476,000	USD	160,000	8/8/2003	(3,837)
ZAR	2,200,000	USD	284,421	8/14/2003	(5,265)
JPY	996,968,110	USD	8,321,937	7/16/2003	(6,687)
BRC	353,955	USD	116,413	7/15/2003	(7,202)
ARA	419,744	USD	142,407	7/2/2003	(7,636)
BRC	144,093	USD	43,000	7/2/2003	(7,737)
BRC	144,093	USD	43,000	7/2/2003	(7,737)
USD	355,590	EUR	300,000	7/31/2003	(11,027)
BRC	714,720	USD	240,000	7/2/2003	(11,662)
GBP	748,656	USD	1,225,850	7/16/2003	(11,933)
EUR	1,560,000	USD	1,716,624	7/31/2003	(75,105)
GBP	1,105,621	USD	1,726,980	7/16/2003	(100,986)
EUR	5,981,998	USD	6,448,594	7/16/2003	(425,261)
					(693,161)

SVS Janus Growth and Income Portfolio

Contracts to Deliver		In Exchange For		Settlement Date	Unrealized Appreciation (US\$)
USD	487,122	EUR	460,000	8/8/2003	41,087
USD	78,499	EUR	70,000	8/8/2003	1,880
USD	67,862	EUR	60,000	8/8/2003	1,035
					44,002

Contracts to Deliver		In Exchange For		Settlement Date	Unrealized (Depreciation) (US\$)
USD	81,585	EUR	70,000	8/8/2003	(1,205)
EUR	50,000	USD	53,099	9/26/2003	(4,236)
EUR	1,100,000	USD	1,185,140	8/8/2003	(77,968)
					(83,409)

Scudder Global Blue Chip Portfolio

Contracts to Deliver		In Exchange For		Settlement Date	Unrealized Appreciation (US\$)
JPY	140,372,400	USD	1,200,200	7/25/2003	26,919

Contracts to Deliver		In Exchange For		Settlement Date	Unrealized (Depreciation) (US\$)
HKD	2,344,710	USD	300,000	10/22/2003	(630)
HKD	6,246,560	USD	800,000	10/22/2003	(910)
					(1,540)

Abbreviations:

ARA	Argentina Peso	GBP	British Pound
BRC	Brazilian Cruzeiro	HKD	Hong Kong Dollar
CAD	Canadian Dollar	JPY	Japanese Yen
COP	Colombian Peso	USD	United States Dollar
EUR	Euro	ZAR	South African Rand

H. Ownership of the Portfolios

At June 30, 2003, 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 Class A shares of the Portfolio, each owning 63% and 36%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 97%.

Scudder Blue Chip 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 54% and 42%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 97%.

Scudder Contrarian Value 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 44%, 36% and 19%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 99%.

Scudder Fixed Income 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 48% and 42%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 99%.

Scudder Global Blue Chip 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 42%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 99%.

Scudder Government Securities 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 47%, 33% and 17%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 99%.

Scudder 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 51%, 27% and 21%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 97%.

Scudder High 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 41%, 29% and 27%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 98%.

Scudder International Select Equity 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 34%, 34% and 30%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 99%.

Scudder Money Market 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 43%, 38% and 17%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 99%.

Scudder Small Cap 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 34%, 33% and 30%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 99%.

Scudder Strategic Income 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 50% and 44%, respectively. One participating Insurance Company was the owner of record of 10% or more of the outstanding Class B shares of the Portfolio, owning 94%.

Scudder Technology 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 57% and 39%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 99%.

Scudder Total Return 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 50%, 33% and 16%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 99%.

SVS Davis Venture Value 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 72% and 27%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 98%.

SVS Dreman Financial Services 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 50% and 47%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 99%.

SVS Dreman High Return Equity 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 64% and 33%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 99%.

SVS Dreman Small Cap Value 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 49%, 36% and 12%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 99%.

SVS Eagle Focused Large Cap 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 69% and 30%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 98%.

SVS Focus Value+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 56%, 28% and 15%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 99%.

SVS Index 500 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 65% and 34%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 99%.

SVS INVESCO Dynamic 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 74% and 23%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 99%.

SVS Janus Growth and Income 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 67% and 32%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 99%.

SVS Janus Growth Opportunities 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 66% and 33%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 99%.

SVS Oak Strategic Equity 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 77% and 22%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 98%.

SVS Turner Mid Cap Growth Portfolio: Two Participating Insurance Companies were owners of record of 10% or more of the total outstanding Class A shares of the Portfolio, owning 78% and 21%, respectively. One Participating Insurance Company was the owner of record of 10% or more of the total outstanding Class B shares of the Portfolio, owning 99%.

I. Line of Credit

The Trust and several other affiliated funds (the “Participants”) share in a \$1.25 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 facility borrowing limit for each portfolio is as follows:

Portfolio	Facility Borrowing Limit
Scudder Aggressive Growth Portfolio	33%
Scudder Blue Chip Portfolio	33%
Scudder Contrarian Value Portfolio	33%
Scudder Fixed Income Portfolio	33%
Scudder Global Blue Chip Portfolio	33%
Scudder Government Securities Portfolio	33%
Scudder Growth Portfolio	33%
Scudder High Income Portfolio	33%
Scudder International Select Equity Portfolio	33%
Scudder Money Market 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%

At the end of the period, Scudder Strategic Income Portfolio had \$1,450,000 as outstanding. Interest expense incurred on the borrowings amounted to \$348 for the six months ended June 30, 2003. The average dollar amount of the borrowings was \$980,000 and the weighted average interest rate on these borrowings was 1.75%.

J. Acquisition of Assets

On November 3, 2002, the Scudder International Select Equity Portfolio (“Acquiring Portfolio”) acquired all the net assets of the Scudder New Europe Portfolio (“Acquired Portfolio”) pursuant to a plan of reorganization approved by the shareholders. The acquisition was accomplished by a tax-free exchange of 5,317,510 shares of the Acquiring Portfolio for 3,442,318 shares of the Acquired Portfolio outstanding on November 3, 2002. The Acquired Portfolio’s net assets at that date (\$27,341,143), including 1,093,847 of net unrealized depreciation, were combined with those of Acquiring Portfolio. The aggregate net assets of Acquiring Portfolio immediately before the acquisition were \$93,636,672. The combined net assets of the Acquiring Portfolio immediately following the acquisition were \$120,977,815.

K. Other Information

On January 31, 2003, Deutsche Bank AG completed the sale of its global passive equity, enhanced equity and passive fixed income businesses to Northern Trust Investments, Inc. (“NTI”), an indirect subsidiary of Northern Trust Corporation. Under this agreement, it is proposed that Deutsche Investment Management Americas Inc. (“DeIM”) would remain the investment advisor to the SVS Index 500 Portfolio and that NTI would become sub-advisor to the SVS Index 500 Portfolio, subject to Board and shareholder approval and satisfaction of certain other conditions. On March 21, 2003, the shareholders approved the sub-advisory agreement.

L. Restatement

The annual financial statements as of and for the year ended December 31, 2002 for the SVS Janus Growth and Income Portfolio have been restated to reflect an adjustment to the value of a security held at December 31, 2002. The effect of this adjustment was to increase the net assets by \$885,456 or \$0.03 per share at December 31, 2002. The net asset value per share was adjusted from \$7.15 to \$7.18 for Class A and from \$7.14 to \$7.17 for Class B. In accordance with this adjustment, the one year total return was adjusted from -20.56% to -20.22% for Class A. The total return for Class B for the period July 1, 2002 (commencement of sales of Class B shares) to December 31, 2002 was also adjusted from -10.30% to -9.92%.

Shareholder Meeting Results

A Special Meeting of Shareholders of the SVS Index 500 Portfolio of Scudder Variable Series II was held on March 21, 2003. The following matters were voted upon by the shareholders of said portfolio (the resulting votes are presented below):

1. To approve a new investment advisory agreement between SVS Index 500 Portfolio and Deutsche Investment Management Americas Inc. (“DeIM”), as described in the Proxy Statement dated February 25, 2003.

Affirmative	Against	Abstain
31,041,345	1,110,818	2,903,661

2. To approve an investment sub-advisory agreement for SVS Index 500 Portfolio between DeIM and Northern Trust Investments, Inc., as described in the Proxy Statement dated February 25, 2003.

Affirmative	Against	Abstain
30,834,879	1,190,871	3,030,074

A Special Meeting of Shareholders of the Scudder Technology Growth Portfolio of Scudder Variable Series II was held on July 24, 2003. The following matters were voted upon by the shareholders of said portfolio (the resulting votes are presented below):

1. To approve a change to the portfolio’s sub-classification under the Investment Company Act of 1940 from a diversified to a non-diversified company, as detailed in the Proxy Statement dated June 10, 2003.

Affirmative	Against	Abstain
24,038,847	2,249,536	1,929,955

2. To approve a change in the concentration policy of the portfolio to require the portfolio to concentrate its assets in the group of industries constituting the technology sector and to permit the portfolio to concentrate its assets in one or more industries in the technology sector, as detailed in the Proxy Statement dated June 10, 2003.

Affirmative	Against	Abstain
24,591,383	2,077,116	1,549,840

About the Fund's Advisor

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 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' views are subject to change at any time, based on market and other conditions and should not be construed as a recommendation.

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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.

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This report must be preceded or accompanied by the current prospectus. Read it carefully before investing.

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 Bank Trust Company Americas, Deutsche Asset Management Inc., Deutsche Asset Management Investment Services Ltd., Deutsche Investment Management Americas Inc. and Scudder Trust Company.

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