

# Partner Small Cap Growth Portfolio

Schedule of Investments as of September 30, 2011

(unaudited)

Shares	Common Stock (95.6%)	Value
<b>Consumer Discretionary (16.0%)</b>		
1,550	7 Days Group Holdings, Ltd. ADR <sup>a</sup>	\$19,623
13,900	Ann, Inc. <sup>a</sup>	317,476
15,540	Asbury Automotive Group, Inc. <sup>a</sup>	256,255
22,790	BJ's Restaurants, Inc. <sup>a</sup>	1,005,267
16,300	Body Central Corporation <sup>a</sup>	296,008
48,340	Bravo Brio Restaurant Group, Inc. <sup>a</sup>	804,378
67,780	Brunswick Corporation	951,631
4,880	Buffalo Wild Wings, Inc. <sup>a</sup>	291,824
8,710	Children's Place Retail Stores, Inc. <sup>a</sup>	405,276
9,050	Cracker Barrel Old Country Store, Inc.	362,724
74,360	Crocs, Inc. <sup>a</sup>	1,760,101
16,730	Deckers Outdoor Corporation <sup>a</sup>	1,560,240
4,810	DineEquity, Inc. <sup>a</sup>	185,137
27,870	DSW, Inc.	1,287,037
33,920	Express, Inc.	688,237
106,570	Finish Line, Inc.	2,130,334
55,632	Gaylord Entertainment Company <sup>a,b</sup>	1,075,923
38,040	GNC Holdings, Inc. <sup>a,b</sup>	765,365
8,240	Imax Corporation <sup>a</sup>	119,315
6,070	Joseph A. Bank Clothiers, Inc. <sup>a,b</sup>	283,044
9,620	Krispy Kreme Doughnuts, Inc. <sup>a</sup>	65,608
5,140	Maidenform Brands, Inc. <sup>a</sup>	120,328
70,410	Meritage Homes Corporation <sup>a</sup>	1,066,007
8,440	Oxford Industries, Inc.	289,492
17,420	Polaris Industries, Inc.	870,477
125,460	Saks, Inc. <sup>a,b</sup>	1,097,775
170,360	Scientific Games Corporation <sup>a</sup>	1,212,963
17,690	Select Comfort Corporation <sup>a</sup>	247,129
9,640	Skullcandy, Inc. <sup>a,b</sup>	136,213
4,500	SodaStream International, Ltd. <sup>a,b</sup>	148,725
96,460	Sonic Automotive, Inc. <sup>b</sup>	1,040,803
47,780	Sotheby's Holdings, Inc.	1,317,295
44,460	Steven Madden, Ltd. <sup>a</sup>	1,338,246
42,520	Tenneco, Inc. <sup>a</sup>	1,088,937
46,910	True Religion Apparel, Inc. <sup>a</sup>	1,264,694
5,740	Ulta Salon Cosmetics & Fragrance, Inc. <sup>a</sup>	357,200
9,370	Vitamin Shoppe, Inc. <sup>a</sup>	350,813
232,380	Wet Seal, Inc. <sup>a</sup>	1,041,063
	<b>Total Consumer Discretionary</b>	<b>27,618,963</b>

## Consumer Staples (2.5%)

3,480	Boston Beer Company, Inc. <sup>a,b</sup>	252,996
42,080	Hain Celestial Group, Inc. <sup>a</sup>	1,285,544
13,290	TreeHouse Foods, Inc. <sup>a</sup>	821,854
54,390	United Natural Foods, Inc. <sup>a</sup>	2,014,605
	<b>Total Consumer Staples</b>	<b>4,374,999</b>

## Energy (7.1%)

14,160	Basic Energy Services, Inc. <sup>a</sup>	200,506
17,130	Brigham Exploration Company <sup>a</sup>	432,704
59,330	Carrizo Oil & Gas, Inc. <sup>a</sup>	1,278,561
38,240	CVR Energy, Inc. <sup>a</sup>	808,394
23,960	Dril-Quip, Inc. <sup>a</sup>	1,291,684
52,230	Energy XXI Ltd. <sup>a</sup>	1,120,333
8,930	GeoResources, Inc. <sup>a</sup>	158,865
58,830	Gulfport Energy Corporation <sup>a</sup>	1,422,509
19,570	James River Coal Company <sup>a,b</sup>	124,661
118,363	Key Energy Services, Inc. <sup>a</sup>	1,123,265
7,600	Kodiak Oil & Gas Corporation <sup>a</sup>	39,596

Shares	Common Stock (95.6%)	Value
<b>Energy (7.1%) - continued</b>		
7,290	Lufkin Industries, Inc.	\$387,901
80,010	Northern Oil and Gas, Inc. <sup>a,b</sup>	1,551,394
63,260	Patriot Coal Corporation <sup>a,b</sup>	535,180
21,990	Rex Energy Corporation <sup>a,b</sup>	278,173
60,187	Swift Energy Company <sup>a</sup>	1,464,951
	<b>Total Energy</b>	<b>12,218,677</b>

## Financials (7.3%)

46,126	Bank of the Ozarks, Inc. <sup>b</sup>	965,417
51,320	DFC Global Corporation <sup>a</sup>	1,121,342
27,360	Endurance Specialty Holdings, Ltd.	934,344
51,500	Extra Space Storage, Inc.	959,445
2,950	Harleysville Group, Inc.	173,637
3,850	IBERIABANK Corporation	181,181
99,659	Knight Capital Group, Inc. <sup>a</sup>	1,211,853
64,020	LaSalle Hotel Properties	1,229,184
16,480	MarketAxess Holdings, Inc.	428,810
40,371	Ocwen Financial Corporation <sup>a</sup>	533,301
60,190	Oritani Financial Corporation	774,043
20,250	Signature Bank <sup>a</sup>	966,533
5,930	Sovran Self Storage, Inc.	220,418
170,750	Strategic Hotel Capital, Inc. <sup>a</sup>	735,933
40,500	Tanger Factory Outlet Centers, Inc.	1,053,405
43,020	Texas Capital Bancshares, Inc. <sup>a</sup>	983,007
15,390	Umpqua Holdings Corporation	135,278
	<b>Total Financials</b>	<b>12,607,131</b>

## Health Care (20.0%)

24,110	Achillion Pharmaceuticals, Inc. <sup>a</sup>	113,799
6,470	Air Methods Corporation <sup>a</sup>	411,945
3,480	AMERIGROUP Corporation <sup>a</sup>	135,755
97,860	ARIAD Pharmaceuticals, Inc. <sup>a,b</sup>	860,189
22,980	ArthroCare Corporation <sup>a</sup>	661,135
13,900	Aveo Pharmaceuticals, Inc. <sup>a,b</sup>	213,921
38,730	Catalyst Health Solutions, Inc. <sup>a</sup>	2,234,334
51,320	Cepheid, Inc. <sup>a</sup>	1,992,756
24,940	Chemed Corporation	1,370,702
6,030	Computer Programs and Systems, Inc.	398,884
34,740	Cubist Pharmaceuticals, Inc. <sup>a</sup>	1,227,017
12,300	Cyberonics, Inc. <sup>a</sup>	348,090
42,760	Healthsouth Corporation <sup>a</sup>	638,407
49,650	Healthspring, Inc. <sup>a</sup>	1,810,239
66,161	HMS Holding Corporation <sup>a</sup>	1,613,667
6,710	ICON plc ADR <sup>a</sup>	107,897
77,930	Impax Laboratories, Inc. <sup>a</sup>	1,395,726
81,220	Incyte Corporation <sup>a,b</sup>	1,134,643
47,060	Ironwood Pharmaceuticals, Inc. <sup>a</sup>	508,248
40,000	Medicis Pharmaceutical Corporation	1,459,200
28,170	Medivation, Inc. <sup>a</sup>	478,327
14,140	Mednax, Inc. <sup>a</sup>	885,730
94,590	NPS Pharmaceuticals, Inc. <sup>a</sup>	615,781
24,410	NuVasive, Inc. <sup>a,b</sup>	416,679
24,120	NxStage Medical, Inc. <sup>a,b</sup>	503,143
52,760	Onyx Pharmaceuticals, Inc. <sup>a</sup>	1,583,328
28,630	Optimer Pharmaceuticals, Inc. <sup>a,b</sup>	396,239
8,750	Orthofix International NV <sup>a</sup>	301,962
11,740	PAREXEL International Corporation <sup>a</sup>	222,238
9,790	Pharmasset, Inc. <sup>a</sup>	806,402
42,300	PSS World Medical, Inc. <sup>a</sup>	832,887

The accompanying Notes to Schedule of Investments are an integral part of this schedule.

# Partner Small Cap Growth Portfolio

Schedule of Investments as of September 30, 2011  
(unaudited)

Shares	Common Stock (95.6%)	Value
<b>Health Care (20.0%) - continued</b>		
4,450	QLT, Inc. <sup>a</sup>	\$32,529
22,400	Quality Systems, Inc. <sup>b</sup>	2,172,800
64,710	Questcor Pharmaceuticals, Inc. <sup>a</sup>	1,763,995
29,560	Salix Pharmaceuticals, Ltd. <sup>a</sup>	874,976
24,290	Sirona Dental Systems, Inc. <sup>a</sup>	1,030,139
10,310	SXC Health Solutions Corporation <sup>a,b</sup>	574,267
26,350	Targacept, Inc. <sup>a</sup>	395,250
43,080	Volcano Corporation <sup>a</sup>	1,276,460
22,140	Wellcare Health Plans, Inc. <sup>a</sup>	840,877
<b>Total Health Care</b>		<b>34,640,563</b>

<b>Industrials (17.3%)</b>		
71,480	Actuant Corporation	1,411,730
25,150	Alaska Air Group, Inc. <sup>a</sup>	1,415,694
114,830	Avis Budget Group, Inc. <sup>a</sup>	1,110,406
44,560	Belden, Inc.	1,149,202
20,420	Chart Industries, Inc. <sup>a</sup>	861,111
49,670	Clean Harbors, Inc. <sup>a</sup>	2,548,071
30,790	Copa Holdings SA	1,886,503
11,720	EnPro Industries, Inc. <sup>a</sup>	347,850
5,890	ESCO Technologies, Inc.	150,195
47,990	Genesee & Wyoming, Inc. <sup>a</sup>	2,232,495
116,770	GrafTech International, Ltd. <sup>a</sup>	1,482,979
24,280	Greenbrier Companies, Inc. <sup>a</sup>	282,862
34,990	Herman Miller, Inc.	624,921
72,290	Hexcel Corporation <sup>a,b</sup>	1,601,946
57,040	Hub Group, Inc. <sup>a</sup>	1,612,521
15,440	Huron Consulting Group, Inc. <sup>a</sup>	480,647
24,550	Kforce, Inc. <sup>a</sup>	240,836
8,700	Middleby Corporation <sup>a</sup>	613,002
26,190	Polypore International, Inc. <sup>a</sup>	1,480,259
3,030	RBC Bearings, Inc. <sup>a</sup>	102,990
32,953	Robbins & Myers, Inc.	1,143,799
62,990	Titan International, Inc. <sup>b</sup>	944,850
41,790	Triumph Group, Inc.	2,036,845
106,980	TrueBlue, Inc. <sup>a</sup>	1,212,083
39,910	WESCO International, Inc. <sup>a</sup>	1,338,980
56,716	Woodward, Inc.	1,554,018
<b>Total Industrials</b>		<b>29,866,795</b>

<b>Information Technology (22.2%)</b>		
48,680	ADTRAN, Inc.	1,288,073
26,700	Ancestry.com, Inc. <sup>a,b</sup>	627,450
29,360	Anixter International, Inc.	1,392,838
9,980	ANSYS, Inc. <sup>a</sup>	489,419
67,770	Ariba, Inc. <sup>a</sup>	1,877,907
16,260	Bottomline Technologies, Inc. <sup>a</sup>	327,476
45,940	Broadsoft, Inc. <sup>a,b</sup>	1,394,279
63,060	Cavium, Inc. <sup>a,b</sup>	1,703,251
55,177	Ceva, Inc. <sup>a</sup>	1,341,353
122,300	Cirrus Logic, Inc. <sup>a</sup>	1,802,702
5,870	Coherent, Inc. <sup>a</sup>	252,175
26,590	Concur Technologies, Inc. <sup>a,b</sup>	989,680
20,380	Electronics for Imaging, Inc. <sup>a</sup>	274,518
58,530	Fairchild Semiconductor International, Inc. <sup>a</sup>	632,124
63,850	Finisar Corporation <sup>a,b</sup>	1,119,929
15,400	GSI Group, Inc. <sup>a</sup>	118,272
52,376	Heartland Payment Systems, Inc.	1,032,855
8,630	Hittite Microwave Corporation <sup>a</sup>	420,281
13,810	InterDigital, Inc. <sup>b</sup>	643,270
31,620	J2 Global Communication, Inc.	850,578
42,110	Jack Henry & Associates, Inc.	1,220,348

Shares	Common Stock (95.6%)	Value
<b>Information Technology (22.2%) - continued</b>		
14,180	Kenexa Corporation <sup>a</sup>	\$221,775
62,858	NETGEAR, Inc. <sup>a</sup>	1,627,394
11,150	Netlogic Microsystems, Inc. <sup>a</sup>	536,426
22,790	NetQin Mobile, Inc. ADR <sup>a</sup>	87,286
52,510	OmniVision Technologies, Inc. <sup>a</sup>	737,240
14,600	OpenTable, Inc. <sup>a,b</sup>	671,746
29,590	Plexus Corporation <sup>a</sup>	669,326
31,700	Power Integrations, Inc.	970,337
61,310	QLIK Technologies, Inc. <sup>a</sup>	1,327,975
34,930	RightNow Technologies, Inc. <sup>a</sup>	1,154,436
12,560	Rofin-Sinar Technologies, Inc. <sup>a</sup>	241,152
134,700	Sapient Corporation	1,365,858
46,280	Semtech Corporation <sup>a</sup>	976,508
78,390	SuccessFactors, Inc. <sup>a,b</sup>	1,802,186
51,300	Synchronoss Technologies, Inc. <sup>a,b</sup>	1,277,883
77,780	Taleo Corporation <sup>a</sup>	2,000,502
88,590	Teradyne, Inc. <sup>a</sup>	975,376
47,120	Ultratech, Inc. <sup>a</sup>	808,108
31,090	VeriFone Systems, Inc. <sup>a</sup>	1,088,772
<b>Total Information Technology</b>		<b>38,339,064</b>

<b>Materials (2.7%)</b>		
31,820	Allied Nevada Gold Corporation <sup>a</sup>	1,139,474
5,200	Domtar Corporation	354,484
14,750	KapStone Paper and Packaging Corporation <sup>a</sup>	204,878
138,450	Louisiana-Pacific Corporation <sup>a</sup>	706,095
15,590	LSB Industries, Inc. <sup>a</sup>	446,965
16,700	Noranda Aluminum Holding Corporation <sup>a</sup>	139,445
16,879	Rock-Tenn Company	821,670
141,790	Thompson Creek Metals Company, Inc. <sup>a</sup>	860,665
<b>Total Materials</b>		<b>4,673,676</b>

<b>Telecommunications Services (0.5%)</b>		
59,170	Cogent Communications Group, Inc. <sup>a</sup>	795,837
<b>Total Telecommunications Services</b>		<b>795,837</b>

<b>Utilities (&lt;0.1%)</b>		
5,532	Artesian Resources Corporation <sup>b</sup>	96,865
<b>Total Utilities</b>		<b>96,865</b>

<b>Total Common Stock (cost \$172,484,272)</b>		<b>165,232,570</b>
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<b>Collateral Held for Securities Loaned (13.8%)</b>		
Shares	Value	
23,815,974	Thrivent Financial Securities Lending Trust	23,815,974
<b>Total Collateral Held for Securities Loaned (cost \$23,815,974)</b>		<b>23,815,974</b>

The accompanying Notes to Schedule of Investments are an integral part of this schedule.

# Partner Small Cap Growth Portfolio

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(unaudited)

<b>Principal Amount</b>	<b>Short-Term Investments (1.2%)<sup>c</sup></b>	<b>Value</b>
2,000,000	Federal National Mortgage Association Discount Notes 0.020%, 12/21/2011 <sup>d</sup>	\$1,999,910
	<b>Total Short-Term Investments (at amortized cost)</b>	<b>1,999,910</b>
	<b>Total Investments (cost \$198,300,156) 110.6%</b>	<b>\$191,048,454</b>
	<b>Other Assets and Liabilities, Net (10.6%)</b>	<b>(18,237,850)</b>
	<b>Total Net Assets 100.0%</b>	<b>\$172,810,604</b>

- a Non-income producing security.
- b All or a portion of the security is on loan.
- c The interest rate shown reflects the yield, coupon rate or the discount rate at the date of purchase.
- d Denotes investments that benefit from credit enhancement or liquidity support provided by a third party bank, institution or government.

Definitions:

ADR - American Depositary Receipt, which are certificates for an underlying foreign security's shares held by an issuing U.S. depository bank.

**Unrealized Appreciation (Depreciation)**

Gross unrealized appreciation and depreciation of investments, based on cost for federal income tax purposes, were as follows:

Gross unrealized appreciation	\$ 17,532,382
Gross unrealized depreciation	(24,784,084)
Net unrealized appreciation (depreciation)	\$ (7,251,702)
 Cost for federal income tax purposes	 \$ 198,300,156

# Partner Small Cap Growth Portfolio

Schedule of Investments as of September 30, 2011  
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## Fair Valuation Measurements

The following table is a summary of the inputs used, as of September 30, 2011, in valuing Partner Small Cap Growth Portfolio's assets carried at fair value.

Investments in Securities	Total	Level 1	Level 2	Level 3
Common Stock				
Consumer Discretionary	27,618,963	27,618,963	-	-
Consumer Staples	4,374,999	4,374,999	-	-
Energy	12,218,677	12,218,677	-	-
Financials	12,607,131	12,607,131	-	-
Health Care	34,640,563	34,640,563	-	-
Industrials	29,866,795	29,866,795	-	-
Information Technology	38,339,064	38,339,064	-	-
Materials	4,673,676	4,673,676	-	-
Telecommunications Services	795,837	795,837	-	-
Utilities	96,865	96,865	-	-
Collateral Held for Securities Loaned	23,815,974	23,815,974	-	-
Short-Term Investments	1,999,910	-	1,999,910	-
<b>Total</b>	<b>\$191,048,454</b>	<b>\$189,048,544</b>	<b>\$1,999,910</b>	<b>\$-</b>

## Investment in Affiliates

Affiliated issuers, as defined under the Investment Company Act of 1940, include those in which the Portfolio's holdings of an issuer represent 5% or more of the outstanding voting securities of an issuer, or any affiliated mutual fund.

A summary of transactions for the fiscal year to date, in Partner Small Cap Growth Portfolio, is as follows:

Portfolio	Value December 31, 2010	Gross Purchases	Gross Sales	Shares Held at September 30, 2011	Value September 30, 2011	Income Earned January 1, 2011 - September 30, 2011
Thrivent Financial Securities Lending Trust	\$29,124,371	\$119,577,399	\$124,885,796	23,815,974	\$23,815,974	\$94,228
<b>Total Value and Income Earned</b>	<b>29,124,371</b>				<b>23,815,974</b>	<b>94,228</b>

The accompanying Notes to Schedule of Investments are an integral part of this schedule.

# Notes to Schedule of Investments

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## SIGNIFICANT ACCOUNTING POLICIES

**Valuation of Investments** – Securities traded on U.S. or foreign securities exchanges or included in a national market system are valued at the official closing price at the close of each business day unless otherwise stated below. Over-the-counter securities and listed securities for which no price is readily available are valued at the current bid price considered best to represent the value at that time. Security prices are based on quotes that are obtained from an independent pricing service approved by the Board of Directors. The pricing service, in determining values of fixed-income securities, takes into consideration such factors as current quotations by broker/dealers, coupon, maturity, quality, type of issue, trading characteristics, and other yield and risk factors it deems relevant in determining valuations. Securities which cannot be valued by the approved pricing service are valued using valuations obtained from dealers that make markets in the securities. Exchange listed options and futures contracts are valued at the last quoted sales price. Swaps are valued using pricing sources approved by the Board of Directors and the change in value, if any, is recorded as unrealized gains or losses. Mutual funds are valued at the net asset value at the close of each business day.

For all Portfolios, other than Money Market Portfolio, short-term securities with maturities of 60 days or less are valued at amortized cost. Securities held by Money Market Portfolio are valued on the basis of amortized cost (which approximates market value), whereby a portfolio security is valued at its cost initially and thereafter valued to reflect a constant amortization to maturity of any discount or premium. The market values of the securities held in Money Market Portfolio are determined once per week using prices supplied by the Portfolios' independent pricing service. Money Market Portfolio and the Portfolios' investment adviser follow procedures necessary to maintain a constant net asset value of \$1.00 per share.

All securities for which market values are not readily available or deemed unreliable are appraised at fair value as determined in good faith under the direction of the Board of Directors.

Generally Accepted Accounting Principles defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value requirements, which improve the consistency and comparability of fair value measurements used in financial reporting. Various inputs are summarized in three broad levels: Level 1 includes quoted prices in active markets for identical securities; Level 2 includes other significant observable inputs such as quoted prices for similar securities, interest rates, prepayment speeds and credit risk; and Level 3 includes significant unobservable inputs such as the Portfolio's own assumptions and broker evaluations in determining the fair value of investments.

**Fair Valuation of International Securities** – Because many foreign markets close before the U.S. markets, events may occur between the close of the foreign market and the close of

the U.S. markets that could have a material impact on the valuation of foreign securities. The Portfolios, under the supervision of the Board of Directors, evaluates the impacts of these events and may adjust the valuation of foreign securities to reflect the fair value as of the close of the U.S. markets. The Board of Directors has authorized the investment adviser to make fair valuation determinations pursuant to policies approved by the Board of Directors.

**Foreign Currency Forward Contracts** — In connection with purchases and sales of securities denominated in foreign currencies all Portfolios, except Money Market Portfolio, may enter into foreign currency forward contracts. Additionally, the Portfolios may enter into such contracts to hedge certain other foreign currency denominated investments. These contracts are recorded at value and the related realized and unrealized foreign exchange gains and losses are recorded. In the event that counterparties fail to settle these forward contracts, the Portfolios could be exposed to foreign currency fluctuations. Foreign currency contracts are valued daily and unrealized appreciation or depreciation is recorded daily as the difference between the contract exchange rate and the closing forward rate applied to the face amount of the contract. A realized gain or loss is recorded at the time a forward contract is closed. These contracts are over-the-counter and the Portfolio is exposed to counterparty risk equal to the discounted net amount of payments to the Portfolio. This risk is partially mitigated by the Portfolio's collateral posting requirements. As the foreign currency contract increases in value to the Portfolio, the Portfolio receives collateral from the counterparty.

**Options** — All Portfolios, with the exception of Money Market Portfolio, may buy put and call options and write put and covered call options. The Portfolios intend to use such derivative instruments as hedges to facilitate buying or selling securities or to provide protection against adverse movements in security prices or interest rates. The Portfolios may also enter into options contracts to protect against adverse foreign exchange rate fluctuations. Option contracts are valued daily and unrealized appreciation or depreciation is recorded. A Portfolio will realize a gain or loss upon expiration or closing of the option transaction. When an option is exercised, the proceeds upon sale for a written call option or the cost of a security for purchased put and call options is adjusted by the amount of premium received or paid.

Buying put options tends to decrease a Portfolio's exposure to the underlying security while buying call options tends to increase a Portfolio's exposure to the underlying security. The risk associated with purchasing put and call options is limited to the premium paid and has no significant counterparty risk as the exchange guarantees the contract against default. Writing put options tends to increase a Portfolio's exposure to the underlying security while writing call options tends to decrease a Portfolio's exposure to the underlying security. The writer of an option has no control over whether the underlying security may be bought or sold, and therefore bears the market risk of an

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unfavorable change in the price of the underlying security. The counterparty risk for written options arises when the Portfolio has purchased an option, exercised that option, and the counterparty does not buy or sell the Portfolio's underlying asset as required. In the case where the Portfolio has sold an option, the Portfolio does not have counterparty risk. Counterparty risk on written options is partially mitigated by the Portfolio's collateral posting requirements. As the written option increases in value to the Portfolio, the Portfolio receives collateral from the counterparty.

**Futures Contracts** — Certain Portfolios may use futures contracts to manage the exposure to interest rate, market and currency fluctuations. Gains or losses on futures contracts can offset changes in the yield of securities. When a futures contract is opened, cash or other investments equal to the required "initial margin deposit" are held on deposit with and pledged to the broker. Additional securities held by the Portfolios may be earmarked to cover open futures contracts. The futures contract's daily change in value ("variation margin") is either paid to or received from the broker, and is recorded as an unrealized gain or loss. When the contract is closed, the realized gain or loss is recorded equal to the difference between the value of the contract when opened and the value of the contract when closed. Futures contracts involve, to varying degrees, risk of loss in excess of the variation margin. Exchange-traded futures have no significant counterparty risk as the exchange guarantees the contracts against default.

**Swap Agreements** — Certain Portfolios enter into swap transactions, which involve swapping one or more investment characteristics of a security, or a basket of securities, with another party. Such transactions include market risk, risk of default by the other party to the transaction, risk of imperfect correlation and manager risk and may involve commissions or other costs. Swap transactions generally do not involve delivery of securities, other underlying assets or principal. Accordingly, the risk of loss with respect to swap transactions is generally limited to the net amount of payments that the Portfolio is contractually obligated to make, or in the case of the counterparty defaulting, the net amount of payments that the Portfolio is contractually entitled to receive. If there is a default by the counterparty, the Portfolio may have contractual remedies pursuant to the agreements related to the transaction. The contracts are valued daily and unrealized appreciation or depreciation is recorded. Swap agreements are valued at fair value of the contract as provided by an independent pricing service. The pricing service takes into account such factors as swap curves, default probabilities, recent trades, recovery rates and other factors it deems relevant in determining valuations. Periodic payments and receipts and payments received or made as a result of a credit event or termination of the contract are recognized as realized gains or losses. Collateral, in the form of cash or securities, may be required to be held with the Portfolio's custodian, or third party, in connection with these agreements. These swap agreements are over-the-counter and the Portfolio is exposed to counterparty risk, which is the

discounted net amount of payments owed to the Portfolio. This risk is partially mitigated by the Portfolio's collateral posting requirements. As the swap increases in value to the Portfolio, the Portfolio receives collateral from the counterparty.

**Credit Default Swaps** — A credit default swap is a swap agreement between two parties to exchange the credit risk of a particular issuer, basket of securities or reference entity. In a credit default swap transaction, a buyer pays periodic fees in return for payment by the seller which is contingent upon an adverse credit event occurring in the underlying issuer or reference entity. The seller collects periodic fees from the buyer and profits if the credit of the underlying issuer or reference entity remains stable or improves while the swap is outstanding, but the seller in a credit default swap contract would be required to pay the amount of credit loss, determined as specified in the agreement, to the buyer in the event of an adverse credit event in the reference entity. A buyer of a credit default swap is said to buy protection whereas a seller of a credit default swap is said to sell protection. The Portfolios may be either the protection seller or the protection buyer.

Certain Portfolios enter into credit default derivative contracts directly through credit default swaps (CDS) or through credit default swap indices (CDX Indices). CDX indices are static Portfolios of equally weighted credit default swaps referencing corporate bonds and/or loans designed to provide diversified credit exposure to these asset classes. Portfolios sell default protection and assume long-risk positions in individual credits or the indices. Index positions are entered into to gain exposure to the corporate bond and/or loan markets in a cost efficient and diversified structure. In the event that a position would default, by going into bankruptcy and failing to pay interest or principal on borrowed money, within any given CDX index held, the maximum potential amount of future payments required would be equal to the pro-rata share of that position within the index based on the notional amount of the index. In the event of a default under a CDS contract the maximum potential amount of future payments would be the notional amount. For CDS contracts, the default events could be bankruptcy and failing to pay interest or principal on borrowed money or a restructuring. A restructuring is a change in the underlying obligations which would include reduction in interest or principal, maturity extension and subordination to other obligations. Refer to the credit default swap tables located within the Portfolio's Schedule of Investments for additional information.

Additional information for the Portfolios' policy regarding valuation of investments and other significant accounting policies can be obtained by referring to the Portfolios' most recent annual or semiannual shareholder report.