

June 30, 2009

Oppenheimer  
**Main Street Small Cap  
Fund<sup>®</sup>/VA**

A Series of Oppenheimer Variable Account Funds

Semiannual  
Report

**SEMIANNUAL REPORT**

Investment Strategy Discussion

Listing of Top Holdings

Listing of Investments

Financial Statements



**OppenheimerFunds<sup>®</sup>**  
The Right Way to Invest

**Fund Objective.** The Fund seeks capital appreciation.

## Cumulative Total Returns

For the 6-Month Period Ended 6/30/09

Non-Service Shares	13.19%
Service Shares	13.11

## Average Annual Total Returns

For the Periods Ended 6/30/09

	1-Year	5-Year	10-Year
Non-Service Shares	-22.63%	-0.09%	4.61%
			Since Inception (7/16/01)
Service Shares	-22.79%	-0.32%	3.45%

## Expense Ratios

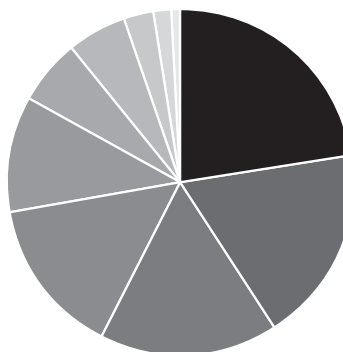
For the Fiscal Year Ended 12/31/08

	Gross Expense Ratios	Net Expense Ratios
Non-Service Shares	0.84%	0.80%
Service Shares	1.09	1.05

**The performance data quoted represents past performance, which does not guarantee future results.** *The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance and expense ratios may be lower or higher than the data quoted. For performance data current to the most recent month end, call us at 1.800.981.2871. The Fund's total returns should not be expected to be the same as the returns of other funds, whether or not both funds have the same portfolio managers and/or similar names. The Fund's total returns do not include the charges associated with the separate account products that offer this Fund. Performance would have been lower if such charges were taken into account.*

*The expense ratios in the table are based on the Fund's expenses during its fiscal year ended December 31, 2008, but have been restated as if the changes in the transfer agent fee structure and voluntary limits to the Fund's total annual operating expenses that went into effect May 1, 2009 had been in effect during that entire fiscal year. The net expense ratios take into account a voluntary fee waiver or expense reimbursement, without which performance would have been less. This undertaking may be modified or terminated at any time.*

## Sector Allocation



● Information Technology	22.5%
● Industrials	18.5
● Consumer Discretionary	16.6
● Financials	14.7
● Health Care	10.9
● Energy	5.9
● Materials	5.8
● Consumer Staples	2.8
● Telecommunication Services	1.5
● Utilities	0.8

Portfolio holdings and allocations are subject to change. Percentages are as of June 30, 2009, and are based on the total market value of common stocks.

## Top Ten Common Stock Holdings

TIBCO Software, Inc.	0.5%
MSCI, Inc., Cl. A	0.5
Savient Pharmaceuticals, Inc.	0.4
NuVasive, Inc.	0.4
Gardner Denver, Inc.	0.4
Phillips/Van Heusen Corp.	0.4
Skyworks Solutions, Inc.	0.3
CommScope, Inc.	0.3
AK Steel Holding Corp.	0.3
3Com Corp.	0.3

Portfolio holdings and allocations are subject to change. Percentages are as of June 30, 2009, and are based on net assets.

### ***Fund Performance Discussion***

Oppenheimer Main Street Small Cap Fund/VA's Non-Service shares returned 13.19% for the six-month period ended June 30, 2009. By comparison, the Russell 2000 Index (the "Index") returned 2.64%. During the first half of the period, as the significant market dislocations and historic market volatility in the 4th quarter of 2008 continued, Fund performance suffered. The Fund's performance was particularly strong in the last half of the reporting period, where it handily outperformed the Index as market conditions improved.

2008 was a historically volatile and unprecedented period in the financial markets and the volatility continued during the first quarter of 2009. Given this backdrop, Fund performance was negative in the 1st quarter of 2009. The Index's performance during the first quarter of 2009 also was negative, falling somewhat further than the Fund. However, in the second quarter of 2009, all sectors within the Index came roaring back and had double-digit returns for the Fund.

Overall for the reporting period, the Fund's stock selection within the consumer discretionary and information technology sectors and relative overweights benefited relative performance versus the Index. Stock selection within the financials sector outperformed versus the Index as did the Fund's allocation strategy within the sector. The Fund was underweight financials versus the Index, which helped relative performance as financials was by far the worst performing sector for the period. These three sectors primarily accounted for the Fund's outperformance versus the Index during the reporting period. Successful stock selection in the energy and materials sectors also helped Fund performance.

During the reporting period, the Fund did not underperform in any of the ten sectors of the Index. The Fund outperformed in eight of the ten sectors while relative performance was flat against the Index in two sectors, telecommunication services and consumer staples. The Fund outperformed overall in the industrials sector due to better relative stock selection than the Index. However, an overweight to industrials hurt Fund performance as industrials was the second worst performing sector.

At the end of the reporting period, the Fund maintained its relative overweights to consumer discretionary, energy, industrials, information technology and materials. The Fund at period end remained underweight consumer staples, with more significant relative underweights in the health care, financials and utilities sectors.

Effective May 19, 2009, Manind ("Mani") Govil was named Team Leader of the Main Street Team. He was joined by several colleagues consisting of portfolio managers, analysts and a trader from his previous employer, RS Investment Management Co. LLC. The new 12-person Main Street Team will apply their time-tested approach, which combines fundamental security analysis with robust quantitative tools, to the three Oppenheimer Main Street funds as well as their related accounts.

Oppenheimer Main Street Small Cap Fund/VA is co-managed by Matthew P. Ziehl, who is the lead portfolio manager, and Raman Vardharaj, who is primarily responsible for quantitative strategy. Prior to joining OppenheimerFunds, Mr. Ziehl was a portfolio manager with RS Investment Management Co. LLC from October 2006 to May 2009 and served as a managing director at The Guardian Life Insurance Company of America from December 2001 to October 2006. He was a team leader and co-portfolio manager with Salomon Brothers Asset Management, Inc. for small growth portfolios from January 2001 to December 2001.

Prior to joining OppenheimerFunds, Mr. Vardharaj was a sector manager and a senior quantitative analyst creating stock selection models, monitoring portfolio risks and analyzing portfolio performance across the RS Core Equity Team of RS Investment Management Co. LLC from October 2006 to May 2009. He served as a quantitative analyst at The Guardian Life Insurance Company of America from 1998 to October 2006.

# OPPENHEIMER MAIN STREET SMALL CAP FUND®/VA

The Fund's investment process will be driven by in-depth fundamental research, supported by quantitative screening and implemented by an experienced team of portfolio managers and sector managers. The resulting portfolio will be comprised of stocks that they believe are attractively priced relative to a company's underlying prospects.

Investors should consider the Fund's investment objectives, risks, and charges and expenses carefully before investing. The Fund's prospectus contains this and other information about the Fund, and may be obtained by asking your financial advisor or calling us at 1.800.981.2871. Read the prospectus carefully before investing.

Total returns include changes in share price and reinvestment of dividends and capital gains distributions in a hypothetical investment for the periods shown. Cumulative total returns are not annualized.

The Fund's investment strategy and focus can change over time. The mention of specific fund holdings does not constitute a recommendation by OppenheimerFunds, Inc.

Shares of Oppenheimer funds are not deposits or obligations of any bank, are not guaranteed by any bank, are not insured by the FDIC or any other agency, and involve investment risks, including the possible loss of the principal amount invested.

# FUND EXPENSES

**Fund Expenses.** As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, which may include redemption fees (if applicable); and (2) ongoing costs, including management fees; distribution and service fees; and other Fund expenses. These examples are intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The examples are based on an investment of \$1,000.00 invested at the beginning of the period and held for the entire 6-month period ended June 30, 2009.

**Actual Expenses.** The first section of the table provides information about actual account values and actual expenses. You may use the information in this section for the class of shares you hold, together with the amount you invested, to estimate the expense that you paid over the period. Simply divide your account value by \$1,000.00 (for example, an \$8,600.00 account value divided by \$1,000.00 = 8.60), then multiply the result by the number in the first section under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

**Hypothetical Example for Comparison Purposes.** The second section of the table provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio for each class of shares, and an assumed rate of return of 5% per year for each class before expenses, which is not the actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example for the class of shares you hold with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any charges associated with the separate accounts that offer this Fund. Therefore, the "hypothetical" lines of the table are useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these separate account charges were included your costs would have been higher.

	Beginning Account Value January 1, 2009	Ending Account Value June 30, 2009	Expenses Paid During 6 Months Ended June 30, 2009
<b>Actual</b>			
Non-Service shares	\$1,000.00	\$1,131.90	\$4.50
Service shares	1,000.00	1,131.10	5.77
<b>Hypothetical</b> (5% return before expenses)			
Non-Service shares	1,000.00	1,020.58	4.27
Service shares	1,000.00	1,019.39	5.47

Expenses are equal to the Fund's annualized expense ratio for that class, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period). Those annualized expense ratios, excluding indirect expenses from affiliated fund, based on the 6-month period ended June 30, 2009 are as follows:

Class	Expense Ratios
Non-Service shares	0.85%
Service shares	1.09

The expense ratios reflect voluntary waivers or reimbursements of expenses by the Fund's Manager that can be terminated at any time, without advance notice. The "Financial Highlights" tables in the Fund's financial statements, included in this report, also show the gross expense ratios, without such waivers or reimbursements and reduction to custodian expenses, if applicable.

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# STATEMENT OF INVESTMENTS

June 30, 2009 / Unaudited

	Shares	Value
<b>Common Stocks—95.7%</b>		
<b>Consumer Discretionary—15.9%</b>		
<b>Auto Components—0.9%</b>		
ArvinMeritor, Inc.	22,871	\$ 100,404
Autoliv, Inc.	14,200	408,534
Cooper Tire & Rubber Co.	130,275	1,292,328
Drew Industries, Inc. <sup>1</sup>	10,063	122,467
Exide Technologies <sup>1</sup>	78,600	293,178
Federal-Mogul Corp. <sup>1</sup>	1,691	15,980
Fuel Systems Solutions, Inc. <sup>1</sup>	8,379	169,172
Gentex Corp.	3,300	38,280
Modine Manufacturing Co.	14,274	68,515
Stoneridge, Inc. <sup>1</sup>	40,887	196,258
Superior Industries International, Inc.	12,600	177,660
Tenneco, Inc. <sup>1</sup>	49,679	526,597
TRW Automotive Holdings Corp. <sup>1</sup>	157,100	1,775,230
WABCO Holdings, Inc.	100,235	1,774,160
		6,958,763
<b>Automobiles—0.2%</b>		
Thor Industries, Inc.	66,000	1,212,420
Winnebago Industries, Inc.	19,600	145,628
		1,358,048
<b>Distributors—0.0%</b>		
Core-Mark Holding Co., Inc. <sup>1</sup>	7,124	185,651
<b>Diversified Consumer Services—0.6%</b>		
Capella Education Co. <sup>1</sup>	6,200	371,690
Career Education Corp. <sup>1</sup>	10,236	254,774
Corinthian Colleges, Inc. <sup>1</sup>	31,000	524,830
Hillenbrand, Inc.	9,900	164,736
Lincoln Educational Services <sup>1</sup>	5,300	110,929
Noah Education Holdings Ltd., ADR	15,900	61,692
Regis Corp.	95,860	1,668,923
Service Corp. International	24,600	134,808
Steiner Leisure Ltd. <sup>1</sup>	26,550	810,572
Stewart Enterprises, Inc.	98,068	472,688
		4,575,642
<b>Hotels, Restaurants &amp; Leisure—2.6%</b>		
AFC Enterprises, Inc. <sup>1</sup>	2,600	17,550
Ameristar Casinos, Inc.	19,900	378,697
Bally Technologies, Inc. <sup>1</sup>	55,700	1,666,544
Bj's Restaurants, Inc. <sup>1</sup>	18,155	306,275
Bob Evans Farms, Inc.	75,214	2,161,650
Boyd Gaming Corp. <sup>1</sup>	159,535	1,356,048
Brinker International, Inc.	75,420	1,284,403
Buffalo Wild Wings, Inc. <sup>1</sup>	9,300	302,436

	Shares	Value
<b>Hotels, Restaurants &amp; Leisure Continued</b>		
Burger King Holdings, Inc.	6,200	\$ 107,074
California Pizza Kitchen, Inc. <sup>1</sup>	33,800	449,202
CEC Entertainment, Inc. <sup>1</sup>	40,269	1,187,130
Churchill Downs, Inc.	2,800	94,248
CKE Restaurants, Inc.	53,400	452,832
Cracker Barrel Old Country Store, Inc.	37,450	1,044,855
Denny's Corp. <sup>1</sup>	170,600	366,790
DineEquity, Inc.	7,300	227,687
Dover Downs Gaming & Entertainment, Inc.	1,200	5,580
Gaylord Entertainment Co., Cl. A <sup>1</sup>	3,900	49,569
International Speedway Corp., Cl. A	14,800	379,028
Interval Leisure Group, Inc. <sup>1</sup>	16,825	156,809
Isle of Capri Casinos, Inc. <sup>1</sup>	15,100	201,132
Jack in the Box, Inc. <sup>1</sup>	17,819	400,037
Krispy Kreme Doughnuts, Inc. <sup>1</sup>	36,200	108,600
Life Time Fitness, Inc. <sup>1</sup>	13,321	266,553
Marcus Corp. (The)	12,600	132,552
O'Charley's, Inc.	4,400	40,700
Orient-Express Hotel Ltd., Cl. A	43,100	365,919
Panera Bread Co., Cl. A <sup>1</sup>	2,700	134,622
Papa John's International, Inc. <sup>1</sup>	26,938	667,793
Pinnacle Entertainment, Inc. <sup>1</sup>	45,375	421,534
Red Robin Gourmet Burgers, Inc. <sup>1</sup>	36,862	691,163
Ruby Tuesday, Inc. <sup>1</sup>	67,600	450,216
Shuffle Master, Inc. <sup>1</sup>	17,396	114,988
Sonic Corp. <sup>1</sup>	4,000	40,120
Speedway Motorsports, Inc.	38,679	532,223
Steak n Shake Co. (The) <sup>1</sup>	29,400	256,956
Texas Roadhouse, Inc., Cl. A <sup>1</sup>	32,700	356,757
Town Sports International Holdings, Inc. <sup>1</sup>	5,900	22,125
Vail Resorts, Inc. <sup>1</sup>	35,689	957,179
WMS Industries, Inc. <sup>1</sup>	44,414	1,399,485
Wyndham Worldwide Corp.	84,073	1,018,965
		20,574,026
<b>Household Durables—1.4%</b>		
American Greetings Corp., Cl. A	145,155	1,695,410
Blyth, Inc.	27,157	890,478
Brookfield Homes Corp. <sup>1</sup>	200	800
Centex Corp.	7,746	65,531

# STATEMENT OF INVESTMENTS

Unaudited / Continued

	Shares	Value
<b>Household Durables</b> Continued		
CSS Industries, Inc.	11,650	\$ 237,427
Ethan Allen Interiors, Inc.	13,400	138,824
Furniture Brands International, Inc.	53,100	160,893
Harman International Industries, Inc.	58,000	1,090,400
Helen of Troy Ltd. <sup>1</sup>	37,099	622,892
Hooker Furniture Corp.	8,210	94,251
Jarden Corp. <sup>1</sup>	76,300	1,430,625
La-Z-Boy, Inc.	79,449	374,999
Lennar Corp., Cl. A	39,560	383,336
M/I Homes, Inc. <sup>1</sup>	7,936	77,693
Meritage Homes Corp. <sup>1</sup>	38,493	725,978
National Presto Industries, Inc.	6,591	501,575
Palm Harbor Homes, Inc. <sup>1</sup>	4,600	9,890
Ryland Group, Inc. (The)	32,000	536,320
Sealy Corp. <sup>1</sup>	41,020	80,399
Tempur-Pedic International, Inc.	46,013	601,390
Tupperware Brands Corp.	43,300	1,126,666
		10,845,777
<b>Internet &amp; Catalog Retail—0.7%</b>		
1-800-FLOWERS.com, Inc. <sup>1</sup>	17,672	33,930
Bidz.com, Inc. <sup>1</sup>	3,400	9,588
Blue Nile, Inc. <sup>1</sup>	21,700	932,883
Gaiam, Inc. <sup>1</sup>	6,400	35,008
HSN, Inc. <sup>1</sup>	36,726	388,194
Liberty Media Corp.-Interactive, Series A <sup>1</sup>	4,900	24,549
NetFlix.com, Inc. <sup>1</sup>	37,200	1,537,848
NutriSystem, Inc.	51,488	746,576
Orbitz Worldwide, Inc. <sup>1</sup>	7,500	14,250
Overstock.com, Inc. <sup>1</sup>	27,489	328,768
PetMed Express, Inc. <sup>1</sup>	20,600	309,618
Shutterfly, Inc. <sup>1</sup>	25,600	357,120
Stamps.com, Inc. <sup>1</sup>	37,083	314,464
Ticketmaster Entertainment, Inc. <sup>1</sup>	60,220	386,612
		5,419,408
<b>Leisure Equipment &amp; Products—0.5%</b>		
Brunswick Corp.	183,200	791,424
Callaway Golf Co.	119,200	604,344
Hasbro, Inc.	4,000	96,960
JAKKS Pacific, Inc. <sup>1</sup>	56,000	718,480
Leapfrog Enterprises, Inc. <sup>1</sup>	66,300	151,827
Polaris Industries, Inc.	39,500	1,268,740
RC2 Corp. <sup>1</sup>	14,600	193,158
Smith & Wesson Holding Corp. <sup>1</sup>	42,400	240,832
		4,065,765

	Shares	Value
<b>Media—0.9%</b>		
Arbitron, Inc.	9,800	\$ 155,722
Belo Corp., Cl. A	113,800	203,702
Central European Media Enterprises Ltd., Cl. A <sup>1</sup>	2,997	59,011
CKX, Inc. <sup>1</sup>	1,500	10,635
Clear Channel Outdoor Holdings, Inc., Cl. A <sup>1</sup>	4,700	24,910
CTC Media, Inc. <sup>1</sup>	5,000	59,100
Entercom Communications Corp.	4,900	7,497
Entravision Communications Corp. <sup>1</sup>	125,215	60,103
EW Scripps Co. (The), Cl. A	60,700	126,863
Gannett Co., Inc.	16,800	59,976
Global Sources Ltd. <sup>1</sup>	55,779	402,167
Harte-Hanks, Inc.	50,775	469,669
Journal Communications, Inc.	11,900	12,495
Knology, Inc. <sup>1</sup>	5,100	44,013
Liberty Media Holding Corp.-Capital, Series A <sup>1</sup>	26,272	356,248
Live Nation, Inc. <sup>1</sup>	36,700	178,362
McClatchy Co., Cl. A	56,100	28,050
Mediacom Communications Corp. <sup>1</sup>	41,900	214,109
Meredith Corp.	83,900	2,143,645
National CineMedia, Inc.	23,010	316,618
Scholastic Corp.	80,200	1,587,158
Sinclair Broadcast Group, Inc., Cl. A	104,499	202,728
Warner Music Group Corp. <sup>1</sup>	68,000	397,800
		7,120,581
<b>Multiline Retail—0.6%</b>		
99 Cents Only Stores <sup>1</sup>	5,000	67,900
Big Lots, Inc. <sup>1</sup>	60,100	1,263,903
Dillard's, Inc., Cl. A	191,786	1,764,431
Fred's, Inc.	96,298	1,213,355
		4,309,589
<b>Specialty Retail—5.4%</b>		
Aaron Rents, Inc.	800	23,856
Advance Auto Parts, Inc.	2,700	112,023
Aeropostale, Inc. <sup>1</sup>	61,400	2,104,178
America's Car-Mart, Inc. <sup>1</sup>	13,230	271,215
AnnTaylor Stores Corp. <sup>1</sup>	168,100	1,341,438
Asbury Automotive Group, Inc.	86,412	884,859
AutoNation, Inc. <sup>1</sup>	200	3,470
Barnes & Noble, Inc.	52,400	1,081,012
bebe stores, inc.	28,489	196,004
Big 5 Sporting Goods Corp.	3,225	35,669
Blockbuster, Inc., Cl. A <sup>1</sup>	24,300	16,281

	Shares	Value
<b>Specialty Retail</b> Continued		
Books-A-Million, Inc.	780	\$ 5,546
Borders Group, Inc. <sup>1</sup>	31,092	114,419
Brown Shoe Co., Inc.	136,575	988,803
Buckle, Inc. (The)	64,200	2,039,634
Cabela's, Inc. <sup>1</sup>	56,093	689,944
Cato Corp., Cl. A	20,649	360,119
Charlotte Russe Holding, Inc. <sup>1</sup>	37,000	476,560
Charming Shoppes, Inc. <sup>1</sup>	117,627	437,572
Children's Place Retail Stores, Inc. <sup>1</sup>	77,000	2,035,110
Christopher & Banks Corp.	43,046	288,839
Citi Trends, Inc. <sup>1</sup>	46,027	1,191,179
Collective Brands, Inc. <sup>1</sup>	75,300	1,097,121
Conn's, Inc. <sup>1</sup>	26,571	332,138
Dress Barn, Inc. (The) <sup>1</sup>	138,604	1,982,037
Finish Line, Inc. (The), Cl. A	94,500	701,190
Foot Locker, Inc.	81,600	854,352
Genesco, Inc. <sup>1</sup>	53,039	995,542
Group 1 Automotive, Inc.	58,289	1,516,680
Guess?, Inc.	9,600	247,488
Gymboree Corp. <sup>1</sup>	33,579	1,191,383
Haverty Furniture Cos., Inc.	6,000	54,900
hhgregg, Inc. <sup>1</sup>	18,200	275,912
Hot Topic, Inc. <sup>1</sup>	41,020	299,856
Jo-Ann Stores, Inc. <sup>1</sup>	37,220	769,337
Jos. A. Banks Clothiers, Inc. <sup>1</sup>	5,100	175,746
Men's Wearhouse, Inc. (The)	129,536	2,484,500
Office Depot, Inc. <sup>1</sup>	324,600	1,480,176
OfficeMax, Inc.	4,600	28,888
Pacific Sunwear of California, Inc. <sup>1</sup>	65,900	222,083
Penske Automotive Group, Inc.	69,800	1,161,472
Pep Boys-Manny, Moe & Jack	71,888	728,944
RadioShack Corp.	14,100	196,836
Rent-A-Center, Inc. <sup>1</sup>	91,800	1,636,794
Sally Beauty Holdings, Inc. <sup>1</sup>	152,637	970,771
Signet Jewelers Ltd.	10,050	209,241
Sonic Automotive, Inc.	31,600	321,056
Stage Stores, Inc.	117,288	1,301,897
Systemax, Inc. <sup>1</sup>	54,727	651,799
Talbots, Inc. (The)	89,940	485,676
Tractor Supply Co. <sup>1</sup>	40,530	1,674,700
Wet Seal, Inc., Cl. A <sup>1</sup>	232,309	713,189
Williams-Sonoma, Inc.	199,636	2,369,679
Zale Corp. <sup>1</sup>	800	2,752
Zumiez, Inc. <sup>1</sup>	23,100	185,031
		42,016,896

	Shares	Value
<b>Textiles, Apparel &amp; Luxury Goods—2.1%</b>		
American Apparel, Inc. <sup>1</sup>	20,200	\$ 73,528
Carter's, Inc. <sup>1</sup>	59,770	1,470,940
Fossil, Inc. <sup>1</sup>	49,867	1,200,797
Iconix Brand Group, Inc. <sup>1</sup>	12,560	193,173
Jones Apparel Group, Inc.	131,739	1,413,559
K-Swiss, Inc., Cl. A	10,700	90,950
Liz Claiborne, Inc.	329,803	949,833
Maidenform Brands, Inc. <sup>1</sup>	25,800	295,926
Movado Group, Inc.	14,088	148,488
Oxford Industries, Inc.	34,048	396,659
Perry Ellis International, Inc. <sup>1</sup>	29,300	213,304
Phillips/Van Heusen Corp.	95,600	2,742,764
Quicksilver, Inc. <sup>1</sup>	340,391	629,723
Steven Madden Ltd. <sup>1</sup>	19,178	488,080
Timberland Co., Cl. A <sup>1</sup>	105,335	1,397,795
Unifi, Inc. <sup>1</sup>	57,800	82,076
UniFirst Corp.	13,554	503,802
Volcom, Inc. <sup>1</sup>	16,100	201,250
Warnaco Group, Inc. (The) <sup>1</sup>	74,104	2,400,970
Wolverine World Wide, Inc.	63,750	1,406,325
		16,299,942
<b>Consumer Staples—2.7%</b>		
<b>Beverages—0.1%</b>		
Boston Beer Co., Inc., Cl. A <sup>1</sup>	7,200	213,048
Central European Distribution Corp. <sup>1</sup>	17,951	476,958
		690,006
<b>Food &amp; Staples Retailing—0.5%</b>		
Andersons, Inc. (The)	11,871	355,418
Arden Group, Inc., Cl. A	1,405	175,766
Casey's General Stores, Inc.	38,200	981,358
Ingles Markets, Inc., Cl. A	7,500	114,300
Nash Finch Co.	11,500	311,190
Pantry, Inc. (The) <sup>1</sup>	64,260	1,066,716
PriceSmart, Inc.	5,600	93,800
Ruddick Corp.	4,800	112,464
Spartan Stores, Inc.	6,100	75,701
SUPERVALU, Inc.	300	3,885
United Natural Foods, Inc. <sup>1</sup>	1,200	31,500
Weis Markets, Inc.	7,762	260,182
Whole Foods Market, Inc.	2,400	45,552
Winn-Dixie Stores, Inc. <sup>1</sup>	22,600	283,404
		3,911,236

# STATEMENT OF INVESTMENTS

Unaudited / Continued

	Shares	Value
<b>Food Products—0.9%</b>		
Bunge Ltd.	2,200	\$ 132,550
Calavo Growers, Inc.	400	7,932
Chiquita Brands International, Inc. <sup>1</sup>	95,153	976,270
ConAgra Foods, Inc.	500	9,530
Darling International, Inc. <sup>1</sup>	210,500	1,389,300
Del Monte Foods Co.	38,500	361,130
Diamond Foods, Inc.	9,900	276,210
Fresh Del Monte Produce, Inc. <sup>1</sup>	39,200	637,392
J&J Snack Foods Corp.	7,500	269,250
J.M. Smucker Co. (The)	1,600	77,856
Lancaster Colony Corp.	8,300	365,781
Omega Protein Corp. <sup>1</sup>	36,622	148,685
Ralcorp Holdings, Inc. <sup>1</sup>	17,900	1,090,468
Sanderson Farms, Inc.	2,100	94,500
Smart Balance, Inc. <sup>1</sup>	4,100	27,921
Smithfield Foods, Inc. <sup>1</sup>	25,600	357,632
TreeHouse Foods, Inc. <sup>1</sup>	27,800	799,806
		7,022,213
<b>Household Products—0.2%</b>		
Central Garden & Pet Co., Cl. A <sup>1</sup>	113,154	1,114,567
WD-40 Co.	11,686	338,894
		1,453,461
<b>Personal Products—0.8%</b>		
American Oriental Bioengineering, Inc. <sup>1</sup>	138,700	733,723
Bare Escentuals, Inc. <sup>1</sup>	34,078	302,272
Chattem, Inc. <sup>1</sup>	2,300	156,630
Elizabeth Arden, Inc. <sup>1</sup>	27,835	243,000
Herbalife Ltd.	74,500	2,349,730
Inter Parfums, Inc.	33,750	247,725
NBTY, Inc. <sup>1</sup>	53,300	1,498,796
Nu Skin Asia Pacific, Inc., Cl. A	30,492	466,528
Prestige Brands Holdings, Inc. <sup>1</sup>	57,100	351,165
		6,349,569
<b>Tobacco—0.2%</b>		
Alliance One International, Inc. <sup>1</sup>	7,000	26,600
Universal Corp.	44,445	1,471,574
		1,498,174
<b>Energy—5.7%</b>		
<b>Energy Equipment &amp; Services—3.8%</b>		
Allis-Chalmers Energy, Inc. <sup>1</sup>	44,100	101,871
Basic Energy Services, Inc. <sup>1</sup>	57,100	389,993
Bristow Group, Inc. <sup>1</sup>	12,300	364,449
Bronco Drilling Co., Inc. <sup>1</sup>	22,134	94,734

	Shares	Value
<b>Energy Equipment &amp; Services Continued</b>		
Cal Dive International, Inc. <sup>1</sup>	18,700	\$ 161,381
Complete Production Services, Inc. <sup>1</sup>	132,500	842,700
Dawson Geophysical Co. <sup>1</sup>	13,722	409,602
Dresser-Rand Group, Inc. <sup>1</sup>	21,000	548,100
Dril-Quip, Inc. <sup>1</sup>	50,800	1,935,480
ENGlobal Corp. <sup>1</sup>	37,100	182,532
Exterran Holdings, Inc. <sup>1</sup>	98,500	1,579,940
Forbes Energy Services Ltd., Legend Shares <sup>1,2</sup>	101,800	100,649
Global Industries Ltd. <sup>1</sup>	174,400	987,104
Gulf Island Fabrication, Inc.	40,774	645,452
Gulfmark Offshore, Inc. <sup>1</sup>	48,701	1,344,148
Helix Energy Solutions Group, Inc. <sup>1</sup>	178,600	1,941,382
Helmerich & Payne, Inc.	3,700	114,219
Hercules Offshore, Inc. <sup>1</sup>	11,358	45,091
Hornbeck Offshore Services, Inc. <sup>1</sup>	11,100	237,429
Key Energy Services, Inc. <sup>1</sup>	263,677	1,518,780
Lufkin Industries, Inc.	1,800	75,690
Matrix Service Co. <sup>1</sup>	54,343	623,858
NATCO Group, Inc., Cl. A <sup>1</sup>	22,728	748,206
Natural Gas Services Group <sup>1</sup>	17,200	228,760
Newpark Resources, Inc. <sup>1</sup>	134,897	384,456
North American Energy Partners, Inc. <sup>1</sup>	18,900	115,101
Oceaneering International, Inc. <sup>1</sup>	1,770	80,004
Oil States International, Inc. <sup>1</sup>	89,300	2,161,953
Parker Drilling Co. <sup>1</sup>	245,872	1,067,084
Patterson-UTI Energy, Inc.	36,600	470,676
Pioneer Drilling Co. <sup>1</sup>	55,300	264,887
Precision Drilling Trust	231,567	1,130,047
RPC, Inc.	14,200	118,570
Seacor Holdings, Inc. <sup>1</sup>	29,900	2,249,676
Superior Energy Services, Inc. <sup>1</sup>	89,200	1,540,484
T-3 Energy Services, Inc. <sup>1</sup>	29,730	354,084
Tetra Technologies, Inc. <sup>1</sup>	181,050	1,441,158
Tidewater, Inc.	10,772	461,796
Union Drilling, Inc. <sup>1</sup>	30,948	204,876
Unit Corp. <sup>1</sup>	23,300	642,381
Willbros Group, Inc. <sup>1</sup>	96,124	1,202,511
		29,111,294
<b>Oil, Gas &amp; Consumable Fuels—1.9%</b>		
Abraxas Petroleum Corp. <sup>1</sup>	10,100	9,595
Arena Resources, Inc. <sup>1</sup>	600	19,110
Atlas America, Inc.	3,300	58,971

	Shares	Value
<b>Oil, Gas &amp; Consumable Fuels</b> Continued		
ATP Oil & Gas Corp. <sup>1</sup>	68,000	\$ 473,280
Berry Petroleum Co., Cl. A	58,600	1,089,374
Bill Barrett Corp. <sup>1</sup>	4,400	120,824
Brigham Exploration Co. <sup>1</sup>	50,400	175,896
Callon Petroleum Co. <sup>1</sup>	6,804	13,472
Cimarex Energy Co.	17,200	487,448
Clean Energy Fuels Corp. <sup>1</sup>	17,800	153,258
Comstock Resources, Inc. <sup>1</sup>	12,300	406,515
Contango Oil & Gas Co. <sup>1</sup>	9,900	420,651
Crosstex Energy, Inc.	38,700	160,992
CVR Energy, Inc. <sup>1</sup>	119,314	874,572
Delek US Holdings, Inc.	64,180	544,246
Denbury Resources, Inc. <sup>1</sup>	31,400	462,522
Encore Acquisition Co. <sup>1</sup>	15,255	470,617
EXCO Resources, Inc. <sup>1</sup>	300	3,876
Frontier Oil Corp.	49,953	654,884
Gasco Energy, Inc. <sup>1</sup>	86,000	24,080
General Maritime Corp.	24,886	246,123
GeoResources, Inc. <sup>1</sup>	8,400	85,680
Holly Corp.	19,391	348,650
International Coal Group, Inc. <sup>1</sup>	47,500	135,850
James River Coal Co. <sup>1</sup>	9,600	145,248
Knightsbridge Tankers Ltd.	22,240	303,354
Mariner Energy, Inc. <sup>1</sup>	100,500	1,180,875
MarkWest Energy Partners LP	8,100	147,420
McMoRan Exploration Co. <sup>1</sup>	4,700	28,012
Meridian Resource Corp. (The) <sup>1</sup>	9,300	3,255
Nordic American Tanker Shipping Ltd.	2,500	79,550
Oilsands Quest, Inc. <sup>1</sup>	17,700	16,992
Penn Virginia Corp.	20,800	340,496
PetroQuest Energy, Inc. <sup>1</sup>	2,000	7,380
Rentech, Inc. <sup>1</sup>	300	171
Rosetta Resources, Inc. <sup>1</sup>	109,500	958,125
Southern Union Co.	600	11,034
St. Mary Land & Exploration Co.	4,685	97,776
Stone Energy Corp. <sup>1</sup>	27,184	201,705
Swift Energy Co. <sup>1</sup>	22,100	367,965
Teekay Corp.	12,500	262,875
Teekay Tankers Ltd., Cl. A	13,100	121,699
Tesoro Corp.	29,396	374,211
USEC, Inc. <sup>1</sup>	139,800	743,736
VAALCO Energy, Inc. <sup>1</sup>	133,000	562,590
W&T Offshore, Inc.	41,900	408,106
Western Refining, Inc. <sup>1</sup>	121,314	856,477

	Shares	Value
<b>Oil, Gas &amp; Consumable Fuels</b> Continued		
Westmoreland Coal Co. <sup>1</sup>	2,600	\$ 21,060
Whiting Petroleum Corp. <sup>1</sup>	6,100	214,476
World Fuel Services Corp.	3,900	160,797
		15,055,871
<b>Financials—14.0%</b>		
<b>Capital Markets—1.3%</b>		
Ameriprise Financial, Inc.	300	7,281
BGC Partners, Inc., Cl. A	2,100	7,959
Cohen & Steers, Inc.	25,718	384,484
Eaton Vance Corp.	700	18,725
Evercore Partners, Inc., Cl. A	10,000	196,400
GAMCO Investors, Inc., Cl. A	8,540	414,190
GFI Group, Inc.	68,429	461,211
Greenhill & Co., Inc.	4,600	332,166
Investment Technology Group, Inc. <sup>1</sup>	22,200	452,658
Janus Capital Group, Inc.	68,000	775,200
KBW, Inc. <sup>1</sup>	9,400	270,344
Knight Capital Group, Inc., Cl. A <sup>1</sup>	85,626	1,459,923
LaBranche & Co., Inc. <sup>1</sup>	180,003	774,013
MF Global Ltd. <sup>1</sup>	118,313	701,596
Penson Worldwide, Inc. <sup>1</sup>	43,602	390,238
Piper Jaffray Cos., Inc. <sup>1</sup>	6,200	270,754
Sanders Morris Harris Group, Inc.	5,600	30,800
SEI Investments Co.	400	7,216
Stifel Financial Corp. <sup>1</sup>	12,750	613,148
SWS Group, Inc.	58,756	820,821
Teton Advisors, Inc. <sup>1,3</sup>	131	413
Thomas Weisel Partners Group, Inc. <sup>1</sup>	4,600	27,692
Tradestation Group, Inc. <sup>1</sup>	13,850	117,171
U.S. Global Investors, Inc., Cl. A	900	8,334
Virtus Investment Partners, Inc. <sup>1</sup>	4,349	63,887
W.P. Carey & Co. LLC	600	14,988
Waddell & Reed Financial, Inc., Cl. A	45,600	1,202,472
		9,824,084
<b>Commercial Banks—1.8%</b>		
1st Source Corp.	564	9,740
Amcore Financial, Inc.	1,634	1,340
BancFirst Corp.	2,800	96,824
Banco Macro SA, ADR <sup>1</sup>	4,100	66,379
Boston Private Financial Holdings, Inc.	32,478	145,501
CapitalSource, Inc.	193,680	945,158
Capitol Bancorp Ltd.	1,160	3,074
Cathay Bancorp, Inc.	32,200	306,222

# STATEMENT OF INVESTMENTS

Unaudited / Continued

	Shares	Value
<b>Commercial Banks</b> Continued		
Central Pacific Financial Corp.	58,900	\$ 220,875
Chemical Financial Corp.	9,500	189,145
City Holding Co.	24,800	752,928
CoBiz Financial, Inc.	9,500	60,895
Columbia Banking System, Inc.	11,900	121,737
Community Bank System, Inc.	30,600	445,536
Community Trust Bancorp, Inc.	13,500	361,125
East West Bancorp, Inc.	63,718	413,530
Encore Bancshares, Inc. <sup>1</sup>	8,400	60,900
F.N.B. Corp.	8,500	52,615
First BanCorp	10,400	41,080
First Citizens BancShares, Inc., Cl. A	1,650	220,523
First Community Bancshares, Inc.	6,500	83,460
First Financial Bancorp	9,800	73,696
First Financial Corp.	400	12,632
First Merchants Corp.	20,200	162,206
First Midwest Bancorp, Inc.	29,900	218,569
FirstMerit Corp.	25,587	434,467
Frontier Financial Corp. <sup>4</sup>	30,570	36,990
Glacier Bancorp, Inc.	11,100	163,947
Greene Bankshares, Inc.	7,450	33,376
Guaranty Bancorp <sup>1</sup>	11,100	21,201
Hancock Holding Co.	1,900	61,731
Hanmi Financial Corp.	6,000	10,500
IBERIABANK Corp.	900	35,469
Independent Bank Corp.	3,856	75,963
International Bancshares Corp.	22,516	232,140
MainSource Financial Group, Inc.	10,700	79,394
MB Financial, Inc.	12,100	123,299
National Penn Bancshares, Inc.	71,200	328,232
NBT Bancorp, Inc.	6,500	141,115
Old National Bancorp	39,090	383,864
Old Second Bancorp, Inc.	300	1,770
Oriental Financial Group, Inc.	24,661	239,212
Pacific Capital Bancorp	103,800	222,132
PacWest Bancorp	41,100	540,876
Park National Corp.	800	45,184
Popular, Inc.	191,700	421,740
Prosperity Bancshares, Inc.	8,700	259,521
Renasant Corp.	5,000	75,100
Republic Bancorp, Inc., Cl. A	8,500	192,015
Sandy Spring Bancorp, Inc.	9,100	133,770
Santander BanCorp <sup>1</sup>	6,200	43,152
Signature Bank <sup>1</sup>	4,300	116,616
Simmons First National Corp.	8,800	235,136

	Shares	Value
<b>Commercial Banks</b> Continued		
South Financial Group, Inc. (The)	21,100	\$ 25,109
Southside Bancshares, Inc.	8,185	187,191
Sterling Bancorp	33,300	278,055
Sterling Bancshares, Inc.	12,300	77,859
Susquehanna Bancshares, Inc.	59,100	288,999
TCF Financial Corp.	5,800	77,546
Tompkins Financial Corp.	7,230	346,679
TowneBank	6,500	91,000
Trustmark Corp.	11,900	229,908
UMB Financial Corp.	8,700	330,687
Umpqua Holdings Corp.	37,212	288,765
United Bankshares, Inc.	9,000	175,860
United Community Banks, Inc. <sup>1</sup>	37,105	222,259
Webster Financial Corp.	3,700	29,785
WesBanco, Inc.	13,800	200,652
West Coast Bancorp	3,408	6,952
Westamerica Bancorp	8,700	431,607
Western Alliance Bancorp <sup>1</sup>	19,308	132,067
Whitney Holding Corp.	26,600	243,656
Wintrust Financial Corp.	19,100	307,128
Zions Bancorp	8,800	101,728
		13,827,094
<b>Consumer Finance—0.9%</b>		
Advance America Cash Advance Centers, Inc.	7,100	31,453
Advanta Corp., Cl. B	31,650	13,293
AmeriCredit Corp. <sup>1</sup>	161,400	2,186,970
Cash America International, Inc.	77,707	1,817,567
Discover Financial Services	38,700	397,449
Dollar Financial Corp. <sup>1</sup>	20,285	279,730
EZCORP, Inc., Cl. A <sup>1</sup>	12,890	138,954
First Cash Financial Services, Inc. <sup>1</sup>	24,448	428,329
First Marblehead Corp. (The) <sup>1</sup>	24,100	48,682
Nelnet, Inc., Cl. A <sup>1</sup>	28,656	389,435
Student Loan Corp. (The)	5,544	206,237
World Acceptance Corp. <sup>1</sup>	59,981	1,194,222
		7,132,321
<b>Diversified Financial Services—1.0%</b>		
CIT Group, Inc.	258,987	556,822
Encore Capital Group, Inc. <sup>1</sup>	14,813	196,272
Financial Federal Corp.	24,386	501,132
Life Partners Holdings, Inc.	17,077	242,152
MarketAxess Holdings, Inc. <sup>1</sup>	14,700	140,091
MSCI, Inc., Cl. A <sup>1</sup>	144,700	3,536,468
NewStar Financial, Inc. <sup>1</sup>	2,800	5,348

	Shares	Value
<b>Diversified Financial Services</b> Continued		
PHH Corp. <sup>1</sup>	105,836	\$ 1,924,098
Pico Holdings, Inc. <sup>1</sup>	6,000	172,200
Portfolio Recovery Associates, Inc. <sup>1</sup>	4,500	174,285
		7,448,868
<b>Insurance—4.8%</b>		
Alleghany Corp. <sup>1</sup>	804	217,884
Allied World Assurance Holdings Ltd.	27,921	1,140,014
American Equity Investment Life Holding Co.	115,918	646,822
American Financial Group, Inc.	10,000	215,800
American National Insurance Co.	2,192	165,671
American Physicians Capital, Inc.	17,909	701,316
Amerisafe, Inc. <sup>1</sup>	61,704	960,114
AmTrust Financial Services, Inc.	76,328	870,139
Argo Group International Holdings Ltd. <sup>1</sup>	5,900	166,498
Aspen Insurance Holdings Ltd.	82,300	1,838,582
Assurant, Inc.	18,500	445,665
Assured Guaranty Ltd.	96,839	1,198,867
CNA Financial Corp.	13,900	215,033
CNA Surety Corp. <sup>1</sup>	51,796	698,728
Conseco, Inc. <sup>1</sup>	268,400	636,108
Crawford & Co. <sup>1</sup>	3,000	14,400
Delphi Financial Group, Inc., Cl. A	89,537	1,739,704
eHealth, Inc. <sup>1</sup>	3,400	60,044
EMC Insurance Group, Inc.	992	20,644
Employers Holdings, Inc.	42,600	577,230
Endurance Specialty Holdings Ltd.	40,461	1,185,507
Enstar Group Ltd. <sup>1</sup>	800	47,080
FBL Financial Group, Inc., Cl. A	28,110	232,189
Fidelity National Financial, Inc., Cl. A	400	5,412
First American Corp.	3,000	77,730
First Mercury Financial Corp.	12,203	168,035
FPIC Insurance Group, Inc. <sup>1</sup>	18,680	571,982
Gallagher (Arthur J.) & Co.	168	3,585
Genworth Financial, Inc., Cl. A	2,020	14,120
Greenlight Capital Re Ltd., Cl. A <sup>1</sup>	3,800	65,778
Hallmark Financial Services, Inc. <sup>1</sup>	7,400	52,910
Hanover Insurance Group, Inc.	27,100	1,032,781
Harleysville Group, Inc.	12,400	349,928
Hilltop Holdings, Inc. <sup>1</sup>	7,800	92,586
Horace Mann Educators Corp.	72,809	725,906
Infinity Property & Casualty Corp.	29,851	1,088,367
IPC Holdings Ltd.	58,000	1,585,720

	Shares	Value
<b>Insurance</b> Continued		
Lincoln National Corp.	11,900	\$ 204,799
Maiden Holdings Ltd.	3,880	25,453
Max Capital Group Ltd.	124,700	2,301,962
Meadowbrook Insurance Group, Inc.	33,005	215,523
Mercury General Corp.	4,200	140,406
Montpelier Re Holdings Ltd.	24,200	321,618
National Financial Partners Corp.	23,100	169,092
National Interstate Corp.	10,000	151,800
National Western Life Insurance Co., Cl. A	400	46,700
Navigators Group, Inc. (The) <sup>1</sup>	13,500	599,805
NYMAGIC, Inc.	200	2,776
Odyssey Re Holdings Corp.	16,122	644,558
Old Republic International Corp.	14,966	147,415
OneBeacon Insurance Group Ltd.	42,080	491,915
Phoenix Cos., Inc. (The) <sup>1</sup>	66,094	110,377
Platinum Underwriters Holdings Ltd.	50,000	1,429,500
PMA Capital Corp., Cl. A <sup>1</sup>	14,900	67,795
Presidential Life Corp.	13,259	100,371
ProAssurance Corp. <sup>1</sup>	29,972	1,385,006
Protective Life Corp.	157,800	1,805,232
RLI Corp.	5,800	259,840
Safety Insurance Group, Inc.	26,909	822,339
Seabright Insurance Holdings, Inc. <sup>1</sup>	30,891	312,926
Selective Insurance Group, Inc.	50,572	645,804
StanCorp Financial Group, Inc.	56,602	1,623,345
State Auto Financial Corp.	5,900	103,250
Stewart Information Services Corp.	19,974	284,630
Tower Group, Inc.	3,600	89,208
Transatlantic Holdings, Inc.	1,010	43,763
United America Indemnity Ltd., Cl. A <sup>1</sup>	67,444	323,057
United Fire & Casualty Co.	7,100	121,765
Unitrin, Inc.	80,400	966,408
UnumProvident Corp.	21,400	339,404
Validus Holdings Ltd.	48,353	1,062,799
White Mountains Insurance Group Ltd.	700	160,237
		37,349,757
<b>Real Estate Investment Trusts—3.3%</b>		
Acadia Realty Trust	10,192	133,006
Agree Realty Corp.	9,600	175,968
Alexander's, Inc.	300	80,880
Alexandria Real Estate Equities, Inc.	13,300	476,007
American Campus Communities, Inc.	10,000	221,800

# STATEMENT OF INVESTMENTS

Unaudited / Continued

	Shares	Value
<b>Real Estate Investment Trusts</b> Continued		
American Capital Agency Corp.	19,800	\$ 454,806
Arbor Realty Trust, Inc.	1,600	2,800
Ashford Hospitality Trust	51,800	145,558
Associated Estates Realty Corp.	6,500	38,740
BioMed Realty Trust, Inc.	52,530	537,382
Capital Lease Funding, Inc.	15,200	41,952
Capstead Mortgage Corp.	24,100	306,311
CBL & Associates Properties, Inc.	1,191	6,419
Cedar Shopping Centers, Inc.	11,900	53,788
Colonial Properties Trust	11,100	82,140
Corporate Office Properties Trust	34,020	997,807
DCT Industrial Trust, Inc.	43,600	177,888
DiamondRock Hospitality Co.	73,900	462,614
Digital Realty Trust, Inc.	21,100	756,435
EastGroup Properties, Inc.	19,700	650,494
Entertainment Properties Trust	36,140	744,484
Equity Lifestyle Properties, Inc.	16,600	617,188
Equity One, Inc.	4,200	55,692
Essex Property Trust, Inc.	9,213	573,325
Extra Space Storage, Inc.	87,100	727,285
FelCor Lodging Trust, Inc.	78,300	192,618
First Industrial Realty Trust, Inc.	33,500	145,725
First Potomac Realty Trust	5,500	53,625
Getty Realty Corp.	3,600	67,932
Glimcher Realty Trust	4,800	13,920
Hatteras Financial Corp.	24,500	700,455
Healthcare Realty Trust, Inc.	45,300	762,399
Hersha Hospitality Trust	11,800	29,264
Highwoods Properties, Inc.	31,000	693,470
Home Properties of New York, Inc.	37,756	1,287,480
Inland Real Estate Corp.	52,000	364,000
Investors Real Estate Trust	5,100	45,339
Kite Realty Group Trust	22,400	65,408
LaSalle Hotel Properties	26,200	323,308
Lexington Realty Trust	45,519	154,765
Liberty Property Trust	20,052	461,998
LTC Properties, Inc.	20,800	425,360
Medical Properties Trust, Inc.	67,900	412,153
Mid-America Apartment Communities, Inc.	45,700	1,677,647
National Health Investors, Inc.	13,851	369,960
National Retail Properties, Inc.	65,179	1,130,856
Nationwide Health Properties, Inc.	5,700	146,718
Omega Healthcare Investors, Inc.	47,590	738,597
Parkway Properties, Inc.	23,200	301,600

	Shares	Value
<b>Real Estate Investment Trusts</b> Continued		
Pennsylvania Real Estate Investment Trust	23,000	\$ 115,000
Post Properties, Inc.	5,600	75,264
Portlatch Corp.	16,010	388,883
PS Business Parks, Inc.	11,900	576,436
Ramco-Gershenson Properties Trust	7,400	74,074
Realty Income Corp.	31,558	691,751
Redwood Trust, Inc.	14,200	209,592
Saul Centers, Inc.	3,500	103,495
Senior Housing Properties Trust	72,400	1,181,568
SL Green Realty Corp.	39,900	915,306
Sovran Self Storage, Inc.	19,200	472,320
Strategic Hotels & Resorts, Inc.	39,700	44,067
Sunstone Hotel Investors, Inc.	35,225	188,454
Tanger Factory Outlet Centers, Inc.	18,390	596,388
Taubman Centers, Inc.	23,500	631,210
Universal Health Realty Income Trust	2,296	72,370
Urstadt Biddle Properties, Inc., Cl. A	10,296	144,968
Walter Investment Management Corp. <sup>1</sup>	3,725	49,468
Washington Real Estate Investment Trust	22,400	501,088
		26,117,068

## Real Estate Management & Development—0.1%

Avatar Holdings, Inc. <sup>1</sup>	2,746	49,895
Consolidated-Tomoka Land Co.	500	17,540
Forest City Enterprises, Inc., Cl. A	43,014	283,892
Forestar Group, Inc. <sup>1</sup>	37,862	449,801
Jones Lang LaSalle, Inc.	6,000	196,380
Tejon Ranch Co. <sup>1</sup>	1,400	37,086
		1,034,594

## Thriffs & Mortgage Finance—0.8%

Anchor Bancorp Wisconsin, Inc.	1,600	2,080
Bank Mutual Corp.	28,200	245,904
Dime Community Bancshares, Inc.	53,500	487,385
First Niagara Financial Group, Inc.	44,400	507,048
First Place Financial Corp.	4,648	14,455
Flushing Financial Corp.	27,300	255,255
Hudson City Bancorp, Inc.	700	9,303
MGIC Investment Corp.	54,999	241,996
NewAlliance Bancshares, Inc.	116,000	1,334,000
OceanFirst Financial Corp.	4,800	57,456
Ocwen Financial Corp. <sup>1</sup>	118,497	1,536,906
PMI Group, Inc. (The)	74,700	147,906
Provident Financial Services, Inc.	71,500	650,650

	Shares	Value
<b>Thriffs &amp; Mortgage Finance</b> Continued		
Provident New York Bancorp	31,300	\$ 254,156
Radian Group, Inc.	90,500	246,160
TierOne Corp. <sup>1</sup>	8,100	16,686
Tree.com, Inc. <sup>1</sup>	886	8,506
Trustco Bank Corp. NY	12,900	76,239
United Financial Bancorp., Inc.	23,300	322,006
WSFS Financial Corp.	4,500	122,895
		6,536,992

#### Health Care—10.4%

##### Biotechnology—2.1%

Abraxis BioScience, Inc. <sup>1</sup>	500	18,430
Acorda Therapeutics, Inc. <sup>1</sup>	17,000	479,230
Alexion Pharmaceuticals, Inc. <sup>1</sup>	28,600	1,176,032
Allos Therapeutics, Inc. <sup>1</sup>	41,670	345,444
Alnylam Pharmaceuticals, Inc. <sup>1</sup>	10,100	224,927
Anadys Pharmaceuticals, Inc. <sup>1</sup>	14,400	26,784
ArQule, Inc. <sup>1</sup>	17,203	105,626
Array BioPharma, Inc. <sup>1</sup>	18,400	57,776
Celldex Therapeutics, Inc. <sup>1</sup>	10,475	81,915
Cepheid, Inc. <sup>1</sup>	7,600	71,592
Cougar Biotechnology, Inc. <sup>1</sup>	1,400	60,144
Cubist Pharmaceuticals, Inc. <sup>1</sup>	57,500	1,053,975
Dendreon Corp. <sup>1</sup>	400	9,940
Emergent Biosolutions, Inc. <sup>1</sup>	39,210	561,879
Enzon Pharmaceuticals, Inc. <sup>1</sup>	70,700	556,409
Facet Biotech Corp. <sup>1</sup>	26,620	247,300
Genomic Health, Inc. <sup>1</sup>	1,500	25,995
Geron Corp. <sup>1</sup>	62,600	480,142
GTx, Inc. <sup>1</sup>	9,600	88,608
Human Genome Sciences, Inc. <sup>1</sup>	43,700	124,982
ImmunoGen, Inc. <sup>1</sup>	200	1,722
Incyte Corp. <sup>1</sup>	53,900	177,331
Indevus Pharmaceuticals, Inc. <sup>1,3</sup>	2,500	25
InterMune, Inc. <sup>1</sup>	9,700	147,440
Isis Pharmaceuticals, Inc. <sup>1</sup>	23,600	389,400
Ligand Pharmaceuticals, Inc., Cl. B <sup>1</sup>	40,600	116,116
MannKind Corp. <sup>1</sup>	12,492	103,809
Martek Biosciences Corp.	66,147	1,399,009
Medivation, Inc. <sup>1</sup>	27,900	625,239
Momenta Pharmaceuticals, Inc. <sup>1</sup>	53,200	639,996
Myriad Pharmaceuticals, Inc. <sup>1</sup>	10,350	48,128
Nabi Biopharmaceuticals, Inc. <sup>1</sup>	12,600	30,492
NPS Pharmaceuticals, Inc. <sup>1</sup>	2,000	9,320
Onyx Pharmaceuticals, Inc. <sup>1</sup>	7,900	223,254
OSI Pharmaceuticals, Inc. <sup>1</sup>	25,800	728,334

	Shares	Value
<b>Biotechnology</b> Continued		
Osiris Therapeutics, Inc. <sup>1</sup>	10,900	\$ 146,387
PDL BioPharma, Inc.	123,200	973,280
Progenics Pharmaceuticals, Inc. <sup>1</sup>	23,189	119,423
Protalix BioTherapeutics, Inc. <sup>1</sup>	700	3,164
Rigel Pharmaceuticals, Inc. <sup>1</sup>	27,800	336,936
RXi Pharmaceuticals Corp. <sup>1</sup>	3,885	17,638
Sangamo BioSciences, Inc. <sup>1</sup>	9,700	47,918
Savient Pharmaceuticals, Inc. <sup>1</sup>	233,085	3,230,558
Theravance, Inc. <sup>1</sup>	23,000	336,720
United Therapeutics Corp. <sup>1</sup>	5,700	474,981
ZymoGenetics, Inc. <sup>1</sup>	30,500	140,300
		16,264,050

##### Health Care Equipment & Supplies—2.5%

Abaxis, Inc. <sup>1</sup>	12,490	256,545
Align Technology, Inc. <sup>1</sup>	13,100	138,860
American Medical Systems Holdings, Inc. <sup>1</sup>	36,100	570,380
Analogic Corp.	37,800	1,396,710
AngioDynamics, Inc. <sup>1</sup>	13,800	183,126
Atrion Corp.	303	40,629
Cantel Medical Corp. <sup>1</sup>	4,800	77,904
Cardiac Science Corp. <sup>1</sup>	1,398	5,620
ConMed Corp. <sup>1</sup>	21,200	329,024
Cooper Cos., Inc. (The)	30,300	749,319
CryoLife, Inc. <sup>1</sup>	64,200	355,668
Cyberonics, Inc. <sup>1</sup>	33,803	562,144
ev3, Inc. <sup>1</sup>	14,800	158,656
Exactech, Inc. <sup>1</sup>	12,900	187,050
Greatbatch, Inc. <sup>1</sup>	2,800	63,308
Haemonetics Corp. <sup>1</sup>	7,600	433,200
Hill-Rom Holdings, Inc.	91,297	1,480,837
ICU Medical, Inc. <sup>1</sup>	200	8,230
Invacare Corp.	13,361	235,822
IRIS International, Inc. <sup>1</sup>	5,800	68,440
Kensey Nash Corp. <sup>1</sup>	32,481	851,327
Kinetic Concepts, Inc. <sup>1</sup>	32,654	889,822
Masimo Corp. <sup>1</sup>	15,200	366,472
Merit Medical Systems, Inc. <sup>1</sup>	32,100	523,230
Natus Medical, Inc. <sup>1</sup>	40,200	463,908
NuVasive, Inc. <sup>1</sup>	68,200	3,041,720
Orthofix International NV <sup>1</sup>	16,900	422,669
Palomar Medical Technologies, Inc. <sup>1</sup>	7,400	108,484
Quidel Corp. <sup>1</sup>	20,200	294,112
RTI Biologics, Inc. <sup>1</sup>	7,500	32,175
Sirona Dental Systems, Inc. <sup>1</sup>	10,300	205,897

# STATEMENT OF INVESTMENTS

Unaudited / Continued

	Shares	Value
<b>Health Care Equipment &amp; Supplies</b> Continued		
Somanetics Corp. <sup>1</sup>	21,800	\$ 359,918
SonoSite, Inc. <sup>1</sup>	17,817	357,409
Steris Corp.	70,000	1,825,600
SurModics, Inc. <sup>1</sup>	6,100	138,043
Symmetry Medical, Inc. <sup>1</sup>	12,800	119,296
Synovis Life Technologies, Inc. <sup>1</sup>	16,300	338,551
Thoratec Corp. <sup>1</sup>	19,800	530,244
Volcano Corp. <sup>1</sup>	22,400	313,152
West Pharmaceutical Services, Inc.	3,200	111,520
Wright Medical Group, Inc. <sup>1</sup>	19,900	323,574
Zoll Medical Corp. <sup>1</sup>	38,900	752,326
		19,670,921
<b>Health Care Providers &amp; Services—4.1%</b>		
Alliance HealthCare Services, Inc. <sup>1</sup>	28,700	210,371
Amedisys, Inc. <sup>1</sup>	9,700	320,294
AMERIGROUP Corp. <sup>1</sup>	56,200	1,508,970
AMN Healthcare Services, Inc. <sup>1</sup>	58,346	372,247
AmSurg Corp. <sup>1</sup>	12,800	274,432
Brookdale Senior Living, Inc.	42,700	415,898
Catalyst Health Solutions, Inc. <sup>1</sup>	11,248	280,525
Centene Corp. <sup>1</sup>	93,592	1,869,968
Chemed Corp.	33,152	1,308,841
Chindex International, Inc. <sup>1</sup>	4,750	58,758
CIGNA Corp.	500	12,045
Community Health Systems, Inc. <sup>1</sup>	21,382	539,896
CorVel Corp. <sup>1</sup>	6,100	138,897
Coventry Health Care, Inc. <sup>1</sup>	1,030	19,271
Cross Country Healthcare, Inc. <sup>1</sup>	15,700	107,859
Emergency Medical Services LP, Cl. A <sup>1</sup>	3,900	143,598
Enstar Group, Inc. (The)	1,100	15,653
Gentiva Health Services, Inc. <sup>1</sup>	37,196	612,246
Hanger Orthopedic Group, Inc. <sup>1</sup>	37,300	506,907
Health Management Associates, Inc., Cl. A <sup>1</sup>	222,000	1,096,680
Health Net, Inc. <sup>1</sup>	126,000	1,959,300
HEALTHSOUTH Corp. <sup>1</sup>	17,800	257,032
Healthspring, Inc. <sup>1</sup>	103,273	1,121,545
Healthways, Inc. <sup>1</sup>	70,001	941,513
HMS Holdings Corp. <sup>1</sup>	11,800	480,496
InVentiv Health, Inc. <sup>1</sup>	67,356	911,327
Kindred Healthcare, Inc. <sup>1</sup>	91,200	1,128,144
Laboratory Corp. of America Holdings <sup>1</sup>	1,800	122,022
Landauer, Inc.	14,900	913,966

	Shares	Value
<b>Health Care Providers &amp; Services</b> Continued		
LHC Group, Inc. <sup>1</sup>	23,700	\$ 526,377
LifePoint Hospitals, Inc. <sup>1</sup>	58,884	1,545,705
Lincare Holdings, Inc. <sup>1</sup>	62,244	1,463,979
Magellan Health Services, Inc. <sup>1</sup>	11,900	390,558
MedCath Corp. <sup>1</sup>	17,500	205,800
MEDNAX, Inc. <sup>1</sup>	29,822	1,256,401
Molina Healthcare, Inc. <sup>1</sup>	44,266	1,058,843
MWI Veterinary Supply, Inc. <sup>1</sup>	6,800	237,048
Odyssey Healthcare, Inc. <sup>1</sup>	30,400	312,512
Owens & Minor, Inc.	12,900	565,278
PharMerica Corp. <sup>1</sup>	67,963	1,334,114
Providence Service Corp. <sup>1</sup>	3,300	36,135
PSS World Medical, Inc. <sup>1</sup>	1,800	33,318
RehabCare Group, Inc. <sup>1</sup>	52,485	1,255,966
Res-Care, Inc. <sup>1</sup>	24,492	350,236
Skilled Healthcare Group, Inc., Cl. A <sup>1</sup>	8,200	61,500
Sun Healthcare Group, Inc. <sup>1</sup>	46,792	394,924
Triple-S Management Corp., Cl. B <sup>1</sup>	9,100	141,869
U.S. Physical Therapy, Inc. <sup>1</sup>	1,400	20,650
Universal American Corp. <sup>1</sup>	54,486	475,118
Universal Health Services, Inc., Cl. B	13,516	660,257
VCA Antech, Inc. <sup>1</sup>	12,446	332,308
WellCare Health Plans, Inc. <sup>1</sup>	78,209	1,446,084
		31,753,681
<b>Health Care Technology—0.1%</b>		
Computer Programs & Systems, Inc.	3,400	130,254
Omnicell, Inc. <sup>1</sup>	18,887	203,035
Quality Systems, Inc.	6,800	387,328
		720,617
<b>Life Sciences Tools &amp; Services—0.7%</b>		
Affymetrix, Inc. <sup>1</sup>	9,900	58,707
Albany Molecular Research, Inc. <sup>1</sup>	47,500	398,525
AMAG Pharmaceuticals, Inc. <sup>1</sup>	1,500	82,005
Bruker Corp. <sup>1</sup>	11,200	103,712
Dionex Corp. <sup>1</sup>	16,830	1,027,135
eResearch Technology, Inc. <sup>1</sup>	57,280	355,709
Exelixis, Inc. <sup>1</sup>	11,500	56,005
Kendle International, Inc. <sup>1</sup>	9,900	121,176
Life Sciences Research, Inc. <sup>1</sup>	6,600	47,322
Luminex Corp. <sup>1</sup>	30,100	558,054
Nektar Therapeutics <sup>1</sup>	17,400	112,752
Parexel International Corp. <sup>1</sup>	69,000	992,220
Varian, Inc. <sup>1</sup>	37,927	1,495,462
		5,408,784

	Shares	Value
<b>Pharmaceuticals—0.9%</b>		
Adolor Corp. <sup>1</sup>	47,440	\$ 83,494
Akorn, Inc. <sup>1</sup>	500	600
Auxilium Pharmaceuticals, Inc. <sup>1</sup>	21,000	658,980
BioMimetic Therapeutics, Inc. <sup>1</sup>	2,000	18,480
Cadence Pharmaceuticals, Inc. <sup>1</sup>	2,900	28,971
CPEX Pharmaceuticals, Inc. <sup>1</sup>	350	3,497
Cypress Bioscience, Inc. <sup>1</sup>	19,600	184,632
Endo Pharmaceuticals Holdings, Inc. <sup>1</sup>	36,302	650,532
Forest Laboratories, Inc. <sup>1</sup>	370	9,291
K-V Pharmaceutical Co., Cl. A <sup>1</sup>	12,813	41,130
King Pharmaceuticals, Inc. <sup>1</sup>	70,118	675,236
Medicis Pharmaceutical Corp., Cl. A	31,436	513,036
MiddleBrook Pharmaceuticals, Inc. <sup>1</sup>	8,500	11,475
Noven Pharmaceuticals, Inc. <sup>1</sup>	59,169	846,117
Obagi Medical Products, Inc. <sup>1</sup>	1,200	8,748
Optimer Pharmaceuticals, Inc. <sup>1</sup>	19,400	290,418
Pain Therapeutics, Inc. <sup>1</sup>	27,001	144,995
Perrigo Co.	11,100	308,358
Pozen, Inc. <sup>1</sup>	15,500	119,040
Questcor Pharmaceuticals, Inc. <sup>1</sup>	70,984	354,920
Salix Pharmaceuticals Ltd. <sup>1</sup>	27,600	272,412
Sepracor, Inc. <sup>1</sup>	34,387	595,583
Valeant Pharmaceuticals International, Inc. <sup>1</sup>	39,500	1,015,940
ViroPharma, Inc. <sup>1</sup>	14,100	83,613
Vivus, Inc. <sup>1</sup>	61,000	370,880
		7,290,378
<b>Industrials—17.7%</b>		
<b>Aerospace &amp; Defense—1.2%</b>		
AAR Corp. <sup>1</sup>	35,700	572,985
Aerovironment, Inc. <sup>1</sup>	1,668	51,474
American Science & Engineering, Inc.	1,600	110,592
Applied Signal Technology, Inc.	1,100	28,061
Argon ST, Inc. <sup>1</sup>	20,000	411,400
Astronics Corp. <sup>1</sup>	812	8,437
Axsys Technologies, Inc. <sup>1</sup>	713	38,245
BE Aerospace, Inc. <sup>1</sup>	72,199	1,036,778
Ceradyne, Inc. <sup>1</sup>	70,440	1,243,970
Cubic Corp.	21,630	774,138
Curtiss-Wright Corp.	5,700	169,461
Ducommun, Inc.	38,200	717,778
DynCorp International, Inc., Cl. A <sup>1</sup>	44,873	753,418
Esterline Technologies Corp. <sup>1</sup>	63,800	1,727,066
Gencorp, Inc. <sup>1</sup>	33,900	64,749
Herley Industries, Inc. <sup>1</sup>	678	7,438

	Shares	Value
<b>Aerospace &amp; Defense Continued</b>		
Ladish Co., Inc. <sup>1</sup>	6,600	\$ 85,602
Spirit Aerosystems Holdings, Inc., Cl. A <sup>1</sup>	2,100	28,854
Taser International, Inc. <sup>1</sup>	34,244	156,153
TransDigm Group, Inc. <sup>1</sup>	3,000	108,600
Triumph Group, Inc.	35,700	1,428,000
		9,523,199
<b>Air Freight &amp; Logistics—0.2%</b>		
Air Transport Services Group, Inc. <sup>1</sup>	11,100	25,752
Atlas Air Worldwide Holdings, Inc. <sup>1</sup>	40,300	934,557
Pacer International, Inc.	97,000	216,310
UTi Worldwide, Inc. <sup>1</sup>	9,326	106,316
		1,282,935
<b>Airlines—0.4%</b>		
Allegiant Travel Co. <sup>1</sup>	13,300	527,212
Continental Airlines, Inc., Cl. B <sup>1</sup>	27,010	239,309
Hawaiian Holdings, Inc. <sup>1</sup>	104,078	626,550
Republic Airways Holdings, Inc. <sup>1</sup>	76,500	499,545
SkyWest, Inc.	89,100	908,820
		2,801,436
<b>Building Products—1.2%</b>		
Aaon, Inc.	29,470	587,042
American Woodmark Corp.	10,135	242,733
Ameron International Corp.	23,114	1,549,563
Apogee Enterprises, Inc.	88,354	1,086,754
Armstrong World Industries, Inc. <sup>1</sup>	70,400	1,160,896
Gibraltar Industries, Inc.	94,800	651,276
Griffon Corp. <sup>1</sup>	36,219	301,342
Insteel Industries, Inc.	60,300	496,872
Lennox International, Inc.	7,800	250,458
NCI Building Systems, Inc. <sup>1</sup>	3,400	8,976
Quanex Building Products Corp.	94,430	1,059,505
Trex Co., Inc. <sup>1</sup>	28,960	387,195
Universal Forest Products, Inc.	38,420	1,271,318
USG Corp. <sup>1</sup>	18,299	184,271
		9,238,201
<b>Commercial Services &amp; Supplies—4.3%</b>		
ABM Industries, Inc.	6,000	108,420
Acco Brands Corp. <sup>1</sup>	39,913	112,555
Administaff, Inc.	13,200	307,164
Advisory Board Co. (The) <sup>1</sup>	6,400	164,480
American Ecology Corp.	43,100	772,352
American Reprographics Co. <sup>1</sup>	74,826	622,552
AMREP Corp. <sup>1</sup>	1,676	18,486

# STATEMENT OF INVESTMENTS

Unaudited / Continued

	Shares	Value
<b>Commercial Services &amp; Supplies</b> Continued		
ATC Technology Corp. <sup>1</sup>	32,140	\$ 466,030
Bowne & Co., Inc.	39,356	256,208
Brink's Co. (The)	7,100	206,113
Casella Waste Systems, Inc., Cl. A <sup>1</sup>	9,975	19,850
CBIZ, Inc. <sup>1</sup>	74,900	533,288
Cenveo, Inc. <sup>1</sup>	42,700	180,621
Comfort Systems USA, Inc.	107,472	1,101,588
COMSYS IT Partners, Inc. <sup>1</sup>	9,500	55,575
Consolidated Graphics, Inc. <sup>1</sup>	47,200	822,224
Copart, Inc. <sup>1</sup>	600	20,802
Cornell Corrections, Inc. <sup>1</sup>	20,200	327,442
Corporate Executive Board Co. (The)	10,400	215,904
CoStar Group, Inc. <sup>1</sup>	19,800	789,426
Courier Corp.	3,824	58,354
CRA International, Inc. <sup>1</sup>	23,900	663,464
Deluxe Corp.	154,916	1,984,474
EnergySolutions, Inc.	35,600	327,520
EnerNOC, Inc. <sup>1</sup>	3,900	84,513
Ennis, Inc.	27,000	336,420
Equifax, Inc.	3,300	86,130
First Advantage Corp., Cl. A <sup>1</sup>	18,900	287,469
G&K Services, Inc., Cl. A	22,600	477,990
GeoEye, Inc. <sup>1</sup>	3,300	77,748
Heidrick & Struggles International, Inc.	23,300	425,225
Hill International, Inc. <sup>1</sup>	45,100	193,930
HNI Corp.	90,300	1,630,818
Hudson Highland Group, Inc. <sup>1</sup>	29,000	56,840
ICF International, Inc. <sup>1</sup>	14,000	386,260
Interface, Inc., Cl. A	168,100	1,042,220
Kelly Services, Inc., Cl. A	53,585	586,756
Kforce, Inc. <sup>1</sup>	32,742	270,776
Kimball International, Inc., Cl. B	25,300	157,872
Knoll, Inc.	70,339	533,170
Korn-Ferry International <sup>1</sup>	98,600	1,049,104
M&F Worldwide Corp. <sup>1</sup>	7,712	154,240
Manpower, Inc.	8,500	359,890
McGrath Rentcorp	7,941	151,355
Metalico, Inc. <sup>1</sup>	37,700	175,682
Miller (Herman), Inc.	126,700	1,943,578
Mine Safety Appliances Co.	3,700	89,170
Monster Worldwide, Inc. <sup>1</sup>	96,040	1,134,232
MPS Group, Inc. <sup>1</sup>	255,300	1,950,492
On Assignment, Inc. <sup>1</sup>	36,900	144,279
PRG-Schultz International, Inc. <sup>1</sup>	500	1,350

	Shares	Value
<b>Commercial Services &amp; Supplies</b> Continued		
R.R. Donnelley & Sons Co.	1,100	\$ 12,782
Resources Connection, Inc. <sup>1</sup>	118,088	2,027,571
Rollins, Inc.	6,900	119,439
Schawk, Inc.	25,800	193,758
School Specialty, Inc. <sup>1</sup>	28,900	584,069
Spherion Corp. <sup>1</sup>	53,400	220,008
Standard Parking Corp. <sup>1</sup>	3,700	60,273
Standard Register Co. (The)	51,010	166,293
Steelcase, Inc., Cl. A	243,900	1,419,498
Sykes Enterprises, Inc. <sup>1</sup>	23,733	429,330
Team, Inc. <sup>1</sup>	17,675	276,967
Tetra Tech, Inc. <sup>1</sup>	11,000	315,150
TrueBlue, Inc. <sup>1</sup>	123,500	1,037,400
United Stationers, Inc. <sup>1</sup>	15,488	540,221
Viad Corp.	54,300	935,046
Volt Information Sciences, Inc. <sup>1</sup>	12,100	75,867
Waste Connections, Inc. <sup>1</sup>	10,300	266,873
Waste Services, Inc. <sup>1</sup>	9,400	48,692
Watson Wyatt & Co. Holdings	16,652	624,950
		<u>33,276,588</u>

## Construction & Engineering—1.5%

Aecom Technology Corp. <sup>1</sup>	4,200	134,400
Baker (Michael) Corp. <sup>1</sup>	26,873	1,138,340
Chicago Bridge & Iron Co. NV	35,580	441,192
Dycom Industries, Inc. <sup>1</sup>	126,600	1,401,462
EMCOR Group, Inc. <sup>1</sup>	107,800	2,168,936
Furmanite Corp. <sup>1</sup>	8,800	39,248
Granite Construction, Inc.	27,149	903,519
Insituform Technologies, Inc., Cl. A <sup>1</sup>	38,400	651,648
Integrated Electrical Services, Inc. <sup>1</sup>	16,186	126,413
Layne Christensen Co. <sup>1</sup>	18,970	387,937
MasTec, Inc. <sup>1</sup>	43,000	503,960
Northwest Pipe Co. <sup>1</sup>	20,700	719,532
Orion Marine Group, Inc. <sup>1</sup>	13,000	247,000
Pike Electric Corp. <sup>1</sup>	39,806	479,662
Shaw Group, Inc. (The) <sup>1</sup>	720	19,735
Tutor Perini Corp. <sup>1</sup>	134,873	2,341,395
		<u>11,704,379</u>

## Electrical Equipment—1.9%

Acuity Brands, Inc.	62,100	1,741,905
Advanced Battery Technologies, Inc. <sup>1,4</sup>	2,500	10,050
AZZ, Inc. <sup>1</sup>	18,200	626,262
Baldor Electric Co.	86,490	2,057,597
Belden, Inc.	104,800	1,750,160

	Shares	Value
<b>Electrical Equipment</b> Continued		
Brady Corp., Cl. A	26,695	\$ 670,578
C&D Technologies, Inc. <sup>1</sup>	19,000	38,000
Day4 Energy, Inc., Legend Shares <sup>1</sup>	82,300	54,482
Encore Wire Corp.	45,485	971,105
EnerSys, Inc. <sup>1</sup>	64,428	1,171,945
Franklin Electric Co., Inc.	1,500	38,880
GrafTech International Ltd. <sup>1</sup>	209,900	2,373,969
Hubbell, Inc., Cl. B	4,900	157,094
II-VI, Inc. <sup>1</sup>	2,000	44,340
LSI Industries, Inc.	14,900	81,205
Polypore International, Inc. <sup>1</sup>	10,954	121,808
Powell Industries, Inc. <sup>1</sup>	25,790	956,035
Regal-Beloit Corp.	2,200	87,384
Smith (A.O.) Corp.	29,200	951,044
Thomas & Betts Corp. <sup>1</sup>	37,239	1,074,718
Valence Technology, Inc. <sup>1</sup>	21,800	39,022
Vicor Corp.	17,370	125,411
Woodward Governor Co.	4,600	91,080
		15,234,074

#### Industrial Conglomerates—0.2%

Carlisle Cos., Inc.	7,200	173,088
Raven Industries, Inc.	15,100	386,560
Standex International Corp.	12,200	141,520
Tredegar Corp.	71,311	949,863
		1,651,031

#### Machinery—4.9%

3D Systems Corp. <sup>1</sup>	400	2,884
Actuant Corp., Cl. A	48,539	592,176
Altra Holdings, Inc. <sup>1</sup>	35,337	264,674
American Railcar Industries, Inc.	4,700	38,822
Ampco-Pittsburgh Corp.	28,700	673,015
Badger Meter, Inc.	34,020	1,394,820
Barnes Group, Inc.	79,600	946,444
Blount International, Inc. <sup>1</sup>	64,500	555,345
Briggs & Stratton Corp.	75,500	1,007,170
Bucyrus International, Inc., Cl. A	3,500	99,960
Cascade Corp.	10,546	165,889
Chart Industries, Inc. <sup>1</sup>	96,071	1,746,571
CIRCOR International, Inc.	46,299	1,093,119
Clarcor, Inc.	900	26,271
Colfax Corp. <sup>1</sup>	25,100	193,772
Columbus McKinnon Corp. <sup>1</sup>	62,170	786,451
Crane Co.	43,314	966,335
Cummins, Inc.	1,200	42,252
Dover Corp.	600	19,854

	Shares	Value
<b>Machinery</b> Continued		
EnPro Industries, Inc. <sup>1</sup>	78,463	\$ 1,413,119
Federal Signal Corp.	108,400	829,260
Force Protection, Inc. <sup>1</sup>	47,311	418,229
Freightcar America, Inc.	13,802	232,012
Gardner Denver, Inc. <sup>1</sup>	115,716	2,912,572
Gorman-Rupp Co. (The)	22,743	458,726
Graco, Inc.	22,400	493,248
Graham Corp.	14,332	190,616
Harsco Corp.	17,100	483,930
Hurco Cos., Inc. <sup>1</sup>	5,076	79,338
IDEX Corp.	4,600	113,022
John Bean Technologies Corp.	15,313	191,719
K-Tron International, Inc. <sup>1</sup>	1,634	130,197
Kadant, Inc. <sup>1</sup>	38,700	436,923
Kennametal, Inc.	65,000	1,246,700
L.B. Foster Co., Cl. A <sup>1</sup>	17,400	523,218
Lincoln Electric Holdings, Inc.	19,331	696,689
Lindsay Manufacturing Co.	14,600	483,260
Lydall, Inc. <sup>1</sup>	16,100	54,740
Manitowoc Co., Inc. (The)	120,178	632,136
McCoy Corp., Legend Shares <sup>2</sup>	46,600	50,080
Mueller Industries, Inc.	64,400	1,339,520
Mueller Water Products, Inc., Cl. A	128,300	479,842
NACCO Industries, Inc., Cl. A	5,600	160,832
NN, Inc.	11,000	18,480
Nordson Corp.	20,000	773,200
Oshkosh Corp.	156,000	2,268,240
RBC Bearings, Inc. <sup>1</sup>	3,000	61,350
Robbins & Myers, Inc.	69,849	1,344,593
Sauer-Danfoss, Inc.	21,437	131,409
Sun Hydraulics Corp.	46,450	751,097
Tecumseh Products Co., Cl. A <sup>1</sup>	45,600	442,776
Tennant Co.	17,600	323,664
Terex Corp. <sup>1</sup>	58,540	706,578
Thermadyne Holdings Corp. <sup>1</sup>	5,500	19,305
Timken Co.	111,745	1,908,605
Titan International, Inc.	124,149	927,393
Toro Co. (The)	60,500	1,808,950
Trinity Industries, Inc.	90,800	1,236,696
Twin Disc, Inc.	4,400	29,964
Wabash National Corp.	4,600	3,220
Wabtec Corp.	11,300	363,521
Watts Water Technologies, Inc., Cl. A	10,113	217,834
Xerium Technologies, Inc. <sup>1</sup>	34,952	38,447
		38,041,074

# STATEMENT OF INVESTMENTS

Unaudited / Continued

	Shares	Value
<b>Marine—0.5%</b>		
Alexander & Baldwin, Inc.	1,700	\$ 39,848
American Commercial Lines, Inc. <sup>1</sup>	28,841	446,459
Eagle Bulk Shipping, Inc.	53,700	251,853
Excel Maritime Carriers Ltd.	5,157	34,707
Genco Shipping & Trading Ltd.	61,600	1,337,952
Horizon Lines, Inc., Cl. A	6,700	25,862
Kirby Corp. <sup>1</sup>	30,900	982,311
Safe Bulkers, Inc.	60,700	398,192
Star Bulk Carriers Corp.	54,693	200,723
TBS International Ltd., Cl. A <sup>1</sup>	80,500	628,705
		4,346,612
<b>Road &amp; Rail—0.5%</b>		
Amerco <sup>1</sup>	6,000	222,900
Arkansas Best Corp.	58,000	1,528,300
Avis Budget Group, Inc. <sup>1</sup>	118,800	671,220
Celadon Group, Inc. <sup>1</sup>	15,800	132,562
Marten Transport Ltd. <sup>1</sup>	37,500	778,500
Ryder Systems, Inc.	9,994	279,032
		3,612,514
<b>Trading Companies &amp; Distributors—0.9%</b>		
Applied Industrial Technologies, Inc.	33,275	655,518
Beacon Roofing Supply, Inc. <sup>1</sup>	71,896	1,039,616
BlueLinx Holdings, Inc. <sup>1</sup>	3,300	9,900
DXP Enterprises, Inc. <sup>1</sup>	7,837	89,890
GATX Corp.	3,228	83,024
H&E Equipment Services, Inc. <sup>1</sup>	32,567	304,501
Houston Wire & Cable Co.	48,798	581,184
Interline Brands, Inc. <sup>1</sup>	7,300	99,864
Kaman Corp.	1,900	31,730
MSC Industrial Direct Co., Inc., Cl. A	6,900	244,812
Rush Enterprises, Inc., Cl. A <sup>1</sup>	69,400	808,510
Textainer Group Holdings Ltd.	8,668	99,595
Titan Machinery, Inc. <sup>1</sup>	3,600	45,684
United Rentals, Inc. <sup>1</sup>	63,743	413,692
Watsco, Inc.	12,600	616,518
WESCO International, Inc. <sup>1</sup>	90,200	2,258,608
		7,382,646
<b>Transportation Infrastructure—0.0%</b>		
CAI International, Inc. <sup>1</sup>	19,097	97,395
<b>Information Technology—21.5%</b>		
<b>Communications Equipment—3.4%</b>		
3Com Corp. <sup>1</sup>	546,430	2,573,685
Acme Packet, Inc. <sup>1</sup>	31,100	314,732

	Shares	Value
<b>Communications Equipment</b> Continued		
ADC Telecommunications, Inc. <sup>1</sup>	49,100	\$ 390,836
ADTRAN, Inc.	65,900	1,414,873
Arris Group, Inc. <sup>1</sup>	24,000	291,840
Avocent Corp. <sup>1</sup>	114,100	1,592,836
Bel Fuse, Inc., Cl. A	2,080	29,203
BigBand Networks, Inc. <sup>1</sup>	32,400	167,508
Black Box Corp.	16,920	566,312
Blue Coat Systems, Inc. <sup>1</sup>	34,200	565,668
Brocade Communications Systems, Inc. <sup>1</sup>	5,210	40,742
Ciena Corp. <sup>1</sup>	120,200	1,244,070
Cogo Group, Inc. <sup>1</sup>	18,300	109,251
CommScope, Inc. <sup>1</sup>	102,488	2,691,335
Comtech Telecommunications Corp. <sup>1</sup>	6,800	216,784
Digi International, Inc. <sup>1</sup>	23,300	227,175
EchoStar Holding Corp. <sup>1</sup>	8,100	129,114
EMS Technologies, Inc. <sup>1</sup>	29,100	608,190
Emulex Corp. <sup>1</sup>	175,238	1,713,828
Extreme Networks, Inc. <sup>1</sup>	19,120	38,240
Finisar Corp. <sup>1</sup>	137,500	78,375
Harris Stratex Networks, Inc., Cl. A <sup>1</sup>	18,185	117,839
InterDigital, Inc. <sup>1</sup>	55,419	1,354,440
Ixia <sup>1</sup>	59,500	401,030
JDS Uniphase Corp. <sup>1</sup>	379,714	2,171,964
Netgear, Inc. <sup>1</sup>	15,492	223,240
Oplink Communications, Inc. <sup>1</sup>	7,164	81,670
ParkerVision, Inc. <sup>1</sup>	12,900	39,474
Performance Technologies, Inc. <sup>1</sup>	3,200	9,440
Plantronics, Inc.	106,264	2,009,452
Polycom, Inc. <sup>1</sup>	28,600	579,722
Powerwave Technologies, Inc. <sup>1</sup>	148,100	238,441
SeaChange International, Inc. <sup>1</sup>	29,155	234,115
ShoreTel, Inc. <sup>1</sup>	10,500	84,000
Sonus Networks, Inc. <sup>1</sup>	110,900	178,549
Starent Networks Corp. <sup>1</sup>	69,790	1,703,574
Tekelec, Inc. <sup>1</sup>	57,676	970,687
Tellabs, Inc. <sup>1</sup>	44,566	255,363
UTStarcom, Inc. <sup>1</sup>	96,492	157,282
ViaSat, Inc. <sup>1</sup>	15,100	387,164
		26,202,043
<b>Computers &amp; Peripherals—1.4%</b>		
3PAR, Inc. <sup>1</sup>	3,260	40,424
Adaptec, Inc. <sup>1</sup>	101,800	269,770
Avid Technology, Inc. <sup>1</sup>	49,000	657,090

	Shares	Value
<b>Computers &amp; Peripherals</b> Continued		
Diebold, Inc.	3,600	\$ 94,896
Electronics for Imaging, Inc. <sup>1</sup>	69,000	735,540
Hypercom Corp. <sup>1</sup>	300	450
Imation Corp.	44,500	338,645
Lexmark International, Inc., Cl. A <sup>1</sup>	18,481	292,924
NCR Corp. <sup>1</sup>	23,700	280,371
Netezza Corp. <sup>1</sup>	37,000	307,840
Novatel Wireless, Inc. <sup>1</sup>	4,853	43,774
QLogic Corp. <sup>1</sup>	154,150	1,954,622
Seagate Technology	800	8,368
STEC, Inc. <sup>1</sup>	102,500	2,376,975
Sun Microsystems, Inc. <sup>1</sup>	2,100	19,362
Synaptics, Inc. <sup>1</sup>	61,450	2,375,043
Teradata Corp. <sup>1</sup>	15,300	358,479
Western Digital Corp. <sup>1</sup>	28,300	749,950
Xyratex Ltd. <sup>1</sup>	9,000	44,910
		10,949,433

#### **Electronic Equipment & Instruments—3.4%**

Acacia Research Corp. <sup>1</sup>	10,600	83,422
Agilent Technologies, Inc. <sup>1</sup>	900	18,279
Agilysys, Inc.	4,634	21,687
Amphenol Corp., Cl. A	1,200	37,968
Anixter International, Inc. <sup>1</sup>	45,520	1,711,097
Arrow Electronics, Inc. <sup>1</sup>	27,208	577,898
AVX Corp.	15,400	152,922
Benchmark Electronics, Inc. <sup>1</sup>	170,009	2,448,130
Brightpoint, Inc. <sup>1</sup>	88,400	554,268
Checkpoint Systems, Inc. <sup>1</sup>	10,800	169,452
China Security & Surveillance Technology, Inc. <sup>1</sup>	31,300	236,002
Cognex Corp.	13,100	185,103
Coherent, Inc. <sup>1</sup>	38,600	798,248
CPI International, Inc. <sup>1</sup>	100	869
CTS Corp.	75,300	493,215
Daktronics, Inc.	39,200	301,840
Dolby Laboratories, Inc., Cl. A <sup>1</sup>	3,500	130,480
DTS, Inc. <sup>1</sup>	18,800	508,916
Echelon Corp. <sup>1</sup>	5,800	49,184
Electro Scientific Industries, Inc. <sup>1</sup>	22,100	247,078
FARO Technologies, Inc. <sup>1</sup>	4,500	69,885
Gerber Scientific, Inc. <sup>1</sup>	9,300	23,250
Ingram Micro, Inc., Cl. A <sup>1</sup>	2,100	36,750
Insight Enterprises, Inc. <sup>1</sup>	74,657	721,187
Jabil Circuit, Inc.	180,850	1,341,907
L-1 Identity Solutions, Inc. <sup>1</sup>	16,112	124,707

	Shares	Value
<b>Electronic Equipment &amp; Instruments</b> Continued		
Littlefuse, Inc. <sup>1</sup>	38,963	\$ 777,701
Maxwell Technologies, Inc. <sup>1</sup>	8,900	123,087
Methode Electronics, Inc.	85,290	598,736
Molex, Inc.	11,200	174,160
MTS Systems Corp.	16,000	330,400
Multi-Fineline Electronix, Inc. <sup>1</sup>	61,052	1,306,513
NAM TAI Electronics, Inc.	9,300	39,618
National Instruments Corp.	5,900	133,104
OSI Systems, Inc. <sup>1</sup>	31,096	648,352
Park Electrochemical Corp.	20,700	445,671
PC Connection, Inc. <sup>1</sup>	7,100	37,275
Plexus Corp. <sup>1</sup>	34,290	701,573
RadiSys Corp. <sup>1</sup>	7,009	63,151
Rofin-Sinar Technologies, Inc. <sup>1</sup>	69,900	1,398,699
Rogers Corp. <sup>1</sup>	2,900	58,667
Sanmina-SCI Corp. <sup>1</sup>	454,500	199,980
ScanSource, Inc. <sup>1</sup>	41,028	1,006,007
SYNNEX Corp. <sup>1</sup>	77,523	1,937,300
Tech Data Corp. <sup>1</sup>	77,668	2,540,520
Technitrol, Inc.	58,900	381,083
Trimble Navigation Ltd. <sup>1</sup>	300	5,889
TTM Technologies, Inc. <sup>1</sup>	52,300	416,308
Vishay Intertechnology, Inc. <sup>1</sup>	317,640	2,156,776
		26,524,314

#### **Internet Software & Services—2.0%**

Akamai Technologies, Inc. <sup>1</sup>	400	7,672
Art Technology Group, Inc. <sup>1</sup>	102,500	389,500
AsiaInfo Holdings, Inc. <sup>1</sup>	30,300	521,463
comScore, Inc. <sup>1</sup>	6,300	83,916
DealerTrack Holdings, Inc. <sup>1</sup>	15,970	271,490
Digital River, Inc. <sup>1</sup>	32,100	1,165,872
EarthLink, Inc. <sup>1</sup>	156,917	1,162,755
InfoSpace, Inc. <sup>1</sup>	2,000	13,260
j2 Global Communications, Inc. <sup>1</sup>	62,200	1,403,232
Knot, Inc. (The) <sup>1</sup>	5,900	46,492
Liquidity Services, Inc. <sup>1</sup>	4,700	46,342
LoopNet, Inc. <sup>1</sup>	32,500	251,875
Mercadolibre, Inc. <sup>1</sup>	26,800	720,384
ModusLink Global Solutions, Inc. <sup>1</sup>	27,710	190,091
Move, Inc. <sup>1</sup>	20,300	43,848
National Information Consortium, Inc.	30,200	204,454
NaviSite, Inc. <sup>1</sup>	10,400	14,248
Open Text Corp. <sup>1</sup>	30,600	1,114,452
Perficient, Inc. <sup>1</sup>	10,000	69,900

# STATEMENT OF INVESTMENTS

Unaudited / Continued

	Shares	Value
<b>Internet Software &amp; Services</b> Continued		
S1 Corp. <sup>1</sup>	128,300	\$ 885,270
Savvis, Inc. <sup>1</sup>	2,300	26,358
Sohu.com, Inc. <sup>1</sup>	12,500	785,375
SonicWALL, Inc. <sup>1</sup>	82,660	452,977
TheStreet.com, Inc.	10,450	21,841
United Online, Inc.	89,342	581,616
ValueClick, Inc. <sup>1</sup>	177,400	1,866,248
Vignette Corp. <sup>1</sup>	35,040	460,776
VistaPrint Ltd. <sup>1</sup>	51,583	2,200,015
Vocus, Inc. <sup>1</sup>	20,900	412,984
Zix Corp. <sup>1</sup>	6,900	10,350
		15,425,056
<b>IT Services—2.6%</b>		
Axiom Corp.	191,800	1,693,594
Amdocs Ltd. <sup>1</sup>	5,400	115,830
Broadridge Financial Solutions, Inc.	42,988	712,741
CACI International, Inc., Cl. A <sup>1</sup>	11,600	495,436
CIBER, Inc. <sup>1</sup>	190,473	590,466
Convergys Corp. <sup>1</sup>	266,567	2,473,742
CSG Systems International, Inc. <sup>1</sup>	57,361	759,460
DST Systems, Inc. <sup>1</sup>	5,122	189,258
Euronet Worldwide, Inc. <sup>1</sup>	11,089	215,016
Exlservice Holdings, Inc. <sup>1</sup>	15,800	177,118
Fiserv, Inc. <sup>1</sup>	6,200	283,340
Forrester Research, Inc. <sup>1</sup>	10,974	269,412
Gartner, Inc. <sup>1</sup>	91,230	1,392,170
Global Cash Access, Inc. <sup>1</sup>	79,595	633,576
Hackett Group, Inc. (The) <sup>1</sup>	2,500	5,825
Heartland Payment Systems, Inc.	53,568	512,646
iGate Corp.	35,556	235,381
infoGROUP, Inc. <sup>1</sup>	16,300	93,073
Integral Systems, Inc. <sup>1</sup>	41,954	349,057
Lender Processing Services, Inc.	4,300	119,411
ManTech International Corp. <sup>1</sup>	8,900	383,056
Mastech Holdings, Inc. <sup>1</sup>	540	1,874
Maximus, Inc.	900	37,125
Metavante Technologies, Inc. <sup>1</sup>	240	6,206
NCI, Inc., Cl. A <sup>1</sup>	2,680	81,526
Ness Technologies, Inc. <sup>1</sup>	20,500	80,155
NeuStar, Inc., Cl. A <sup>1</sup>	92,048	2,039,784
Online Resources & Communications Corp. <sup>1</sup>	300	1,872
Perot Systems Corp., Cl. A <sup>1</sup>	96,600	1,384,278
RightNow Technologies, Inc. <sup>1</sup>	64,970	766,646
Sapient Corp. <sup>1</sup>	216,900	1,364,301

	Shares	Value
<b>IT Services</b> Continued		
Syntel, Inc.	17,868	\$ 561,770
TeleTech Holdings, Inc. <sup>1</sup>	132,166	2,002,315
Total System Services, Inc.	3,700	49,543
Unisys Corp. <sup>1</sup>	167,100	252,321
		20,329,324
<b>Office Electronics—0.0%</b>		
Xerox Corp.	4,300	27,864
Zebra Technologies Corp., Cl. A <sup>1</sup>	15,000	354,900
		382,764
<b>Semiconductors &amp; Semiconductor Equipment—5.1%</b>		
Actel Corp. <sup>1</sup>	47,740	512,250
Advanced Analog Technologies, Inc. <sup>1</sup>	15,300	70,227
Advanced Energy Industries, Inc. <sup>1</sup>	95,400	857,646
Advanced Micro Devices, Inc. <sup>1</sup>	28,200	109,134
Amkor Technology, Inc. <sup>1</sup>	342,400	1,619,552
Applied Micro Circuits Corp. <sup>1</sup>	119,900	974,787
Atmel Corp. <sup>1</sup>	266,700	994,791
ATMI, Inc. <sup>1</sup>	70,300	1,091,759
Brooks Automation, Inc. <sup>1</sup>	116,291	520,984
Cabot Microelectronics Corp. <sup>1</sup>	48,600	1,374,894
Cavium Networks, Inc. <sup>1</sup>	39,700	667,357
Cirrus Logic, Inc. <sup>1</sup>	124,455	560,048
Cohu, Inc.	16,400	147,272
Cypress Semiconductor Corp. <sup>1</sup>	11,300	103,960
Diodes, Inc. <sup>1</sup>	27,600	431,664
DSP Group, Inc. <sup>1</sup>	17,301	116,955
Entegris, Inc. <sup>1</sup>	317,600	863,872
Exar Corp. <sup>1</sup>	42,300	304,137
Fairchild Semiconductor International, Inc., Cl. A <sup>1</sup>	272,100	1,901,979
FEI Co. <sup>1</sup>	2,200	50,380
Hittite Microwave Corp. <sup>1</sup>	13,800	479,550
Integrated Device Technology, Inc. <sup>1</sup>	314,800	1,901,392
Intellon Corp. <sup>1</sup>	17,600	74,800
International Rectifier Corp. <sup>1</sup>	80,300	1,189,243
Intersil Corp., Cl. A	37,000	465,090
IXYS Corp.	27,200	275,264
Kulicke & Soffa Industries, Inc. <sup>1</sup>	20,100	68,943
Lattice Semiconductor Corp. <sup>1</sup>	235,889	443,471
LSI Corp. <sup>1</sup>	6,100	27,816
MEMC Electronic Materials, Inc. <sup>1</sup>	460	8,193
Micrel, Inc.	121,057	886,137
Microsemi Corp. <sup>1</sup>	40,200	554,760
Microtune, Inc. <sup>1</sup>	15,500	36,270

	Shares	Value
<b>Semiconductors &amp; Semiconductor Equipment</b> Continued		
MKS Instruments, Inc. <sup>1</sup>	116,100	\$ 1,531,359
Monolithic Power Systems, Inc. <sup>1</sup>	46,600	1,044,306
Novellus Systems, Inc. <sup>1</sup>	15,500	258,850
OmniVision Technologies, Inc. <sup>1</sup>	106,500	1,106,535
ON Semiconductor Corp. <sup>1</sup>	3,500	24,010
Pericom Semiconductor Corp. <sup>1</sup>	24,425	205,659
PMC-Sierra, Inc. <sup>1</sup>	37,800	300,888
Power Integrations, Inc.	3,200	76,128
RF Micro Devices, Inc. <sup>1</sup>	336,400	1,264,864
Semtech Corp. <sup>1</sup>	106,539	1,695,035
Sigma Designs, Inc. <sup>1</sup>	25,700	412,228
Silicon Image, Inc. <sup>1</sup>	182,000	418,600
Silicon Laboratories, Inc. <sup>1</sup>	7,300	276,962
Silicon Storage Technology, Inc. <sup>1</sup>	60,800	113,696
Skyworks Solutions, Inc. <sup>1</sup>	277,000	2,709,060
Standard Microsystems Corp. <sup>1</sup>	19,700	402,865
Supertex, Inc. <sup>1</sup>	18,466	463,681
Techwell, Inc. <sup>1</sup>	6,200	52,700
Teradyne, Inc. <sup>1</sup>	192,796	1,322,581
Tessera Technologies, Inc. <sup>1</sup>	44,611	1,128,212
TriQuint Semiconductor, Inc. <sup>1</sup>	123,400	655,254
Ultra Clean Holdings, Inc. <sup>1</sup>	2,900	6,960
Ultratech, Inc. <sup>1</sup>	63,575	782,608
Varian Semiconductor Equipment Associates, Inc. <sup>1</sup>	62,759	1,505,588
Veeco Instruments, Inc. <sup>1</sup>	95,600	1,108,004
Verigy Ltd. <sup>1</sup>	15,000	182,550
Volterra Semiconductor Corp. <sup>1</sup>	58,900	773,946
Xilinx, Inc.	5,600	114,576
Zoran Corp. <sup>1</sup>	24,236	264,172
		39,886,454
<b>Software—3.6%</b>		
ACI Worldwide, Inc. <sup>1</sup>	14,300	199,628
Actuate Corp. <sup>1</sup>	2,400	11,472
Advent Software, Inc. <sup>1</sup>	10,400	341,016
Aspen Technology, Inc. <sup>1</sup>	28,200	240,546
Blackbaud, Inc.	9,545	148,425
Blackboard, Inc. <sup>1</sup>	36,400	1,050,504
Bottomline Technologies, Inc. <sup>1</sup>	9,300	83,793
Cadence Design Systems, Inc. <sup>1</sup>	89,074	525,537
Commvault Systems, Inc. <sup>1</sup>	7,210	119,542
Compuware Corp. <sup>1</sup>	131,558	902,488
Double-Take Software, Inc. <sup>1</sup>	12,620	109,163
Epicor Software Corp. <sup>1</sup>	10,200	54,060
EPIQ Systems, Inc. <sup>1</sup>	13,676	209,927

	Shares	Value
<b>Software</b> Continued		
FactSet Research Systems, Inc.	5,200	\$ 259,324
Fair Isaac Corp.	120,531	1,863,409
FalconStor Software, Inc. <sup>1</sup>	12,500	59,375
Henry (Jack) & Associates, Inc.	20,904	433,758
i2 Technologies, Inc. <sup>1</sup>	5,200	65,260
Informatica Corp. <sup>1</sup>	8,600	147,834
Interactive Intelligence, Inc. <sup>1</sup>	12,400	152,024
JDA Software Group, Inc. <sup>1</sup>	45,700	683,672
Kenexa Corp. <sup>1</sup>	25,300	292,721
Manhattan Associates, Inc. <sup>1</sup>	48,575	885,037
Mentor Graphics Corp. <sup>1</sup>	124,800	682,656
MICROS Systems, Inc. <sup>1</sup>	48,700	1,233,084
MicroStrategy, Inc., Cl. A <sup>1</sup>	14,046	705,390
MSC Software Corp. <sup>1</sup>	10,600	70,596
Net 1 UEPS Technologies, Inc. <sup>1</sup>	99,100	1,346,769
NetScout Systems, Inc. <sup>1</sup>	15,800	148,204
Novell, Inc. <sup>1</sup>	30,400	137,712
Parametric Technology Corp. <sup>1</sup>	139,900	1,635,431
Phoenix Technologies Ltd. <sup>1</sup>	1,800	4,878
Progress Software Corp. <sup>1</sup>	36,100	764,237
PROS Holdings, Inc. <sup>1</sup>	1,650	13,398
Quest Software, Inc. <sup>1</sup>	65,500	913,070
Radiant Systems, Inc. <sup>1</sup>	43,900	364,370
Rosetta Stone, Inc. <sup>1</sup>	6,400	175,616
Smith Micro Software, Inc. <sup>1</sup>	4,200	41,244
Solera Holdings, Inc. <sup>1</sup>	14,500	368,300
SPSS, Inc. <sup>1</sup>	12,800	427,136
Sybase, Inc. <sup>1</sup>	30,500	955,870
Symyx Technologies, Inc. <sup>1</sup>	10,100	59,085
Synchronoss Technologies, Inc. <sup>1</sup>	45,000	552,150
Synopsys, Inc. <sup>1</sup>	480	9,365
Take-Two Interactive Software, Inc.	136,000	1,287,920
Taleo Corp., Cl. A <sup>1</sup>	44,790	818,313
TIBCO Software, Inc. <sup>1</sup>	580,600	4,162,902
Tyler Technologies, Inc. <sup>1</sup>	46,100	720,082
Ultimate Software Group, Inc. (The) <sup>1</sup>	12,245	296,819
Wind River Systems, Inc. <sup>1</sup>	107,900	1,236,534
		27,969,646
<b>Materials—5.5%</b>		
<b>Chemicals—2.3%</b>		
Arch Chemicals, Inc.	2,400	59,016
Ashland, Inc.	80,059	2,245,655
Balchem Corp.	4,730	115,980
Cabot Corp.	26,889	338,264

# STATEMENT OF INVESTMENTS

Unaudited / Continued

	Shares	Value
<b>Chemicals Continued</b>		
Celanese Corp., Series A	5,000	\$ 118,750
CF Industries Holdings, Inc.	5,800	430,012
Cytec Industries, Inc.	72,781	1,355,182
Ferro Corp.	54,438	149,705
Fuller (H.B.) Co.	40,900	767,693
GenTek, Inc. <sup>1</sup>	1,400	31,262
ICO, Inc. <sup>1</sup>	32,600	88,672
Innophos Holdings, Inc.	40,970	691,983
Innospec, Inc.	37,888	407,296
Koppers Holdings, Inc.	9,900	261,063
Landec Corp. <sup>1</sup>	21,400	145,306
LSB Industries, Inc. <sup>1</sup>	36,181	585,047
Minerals Technologies, Inc.	25,274	910,369
NewMarket Corp.	19,400	1,306,202
NOVA Chemicals Corp.	122,400	725,832
Olin Corp.	65,980	784,502
OM Group, Inc. <sup>1</sup>	62,440	1,812,009
PolyOne Corp. <sup>1</sup>	163,000	441,730
Quaker Chemical Corp.	15,300	203,337
Rockwood Holdings, Inc. <sup>1</sup>	62,852	920,153
Schulman (A.), Inc.	39,567	597,857
Sensient Technologies Corp.	10,000	225,700
Solutia, Inc. <sup>1</sup>	15,900	91,584
Spartech Corp.	50,131	460,704
Stepan Co.	9,500	419,520
Terra Industries, Inc.	16,403	397,281
Valhi, Inc.	1,200	8,916
W.R. Grace & Co. <sup>1</sup>	9,500	117,515
Westlake Chemical Corp.	3,400	69,326
Zep, Inc.	41,600	501,280
Zoltek Cos., Inc. <sup>1</sup>	44,200	429,624
		18,214,327
<b>Construction Materials—0.1%</b>		
Eagle Materials, Inc.	1,400	35,336
Headwaters, Inc. <sup>1</sup>	95,100	319,536
Texas Industries, Inc.	14,900	467,264
		822,136
<b>Containers &amp; Packaging—0.6%</b>		
Bway Holding Co. <sup>1</sup>	4,600	80,638
Myers Industries, Inc.	51,700	430,144
Packaging Corp. of America	52,800	855,360
Rock-Tenn Co., Cl. A	17,699	675,394
Sonoco Products Co.	7,900	189,205
Temple-Inland, Inc.	177,443	2,328,052
		4,558,793

	Shares	Value
<b>Metals &amp; Mining—2.2%</b>		
A. M. Castle & Co.	47,027	\$ 568,086
AK Steel Holding Corp.	137,100	2,630,949
Allied Nevada Gold Corp. <sup>1</sup>	4,400	35,464
AMCOL International Corp.	2,300	49,634
Brush Engineered Materials, Inc. <sup>1</sup>	47,100	788,925
Carpenter Technology Corp.	89,000	1,852,090
Commercial Metals Co.	62,700	1,005,081
Compass Minerals International, Inc.	15,200	834,632
General Steel Holdings, Inc. <sup>1</sup>	8,800	34,936
Haynes International, Inc. <sup>1</sup>	29,300	694,410
Hecla Mining Co. <sup>1</sup>	75,300	201,804
Horsehead Holding Corp. <sup>1</sup>	19,555	145,685
Kaiser Aluminum Corp.	15,443	554,558
Olympic Steel, Inc.	38,490	941,850
Reliance Steel & Aluminum Co.	1,800	69,102
Royal Gold, Inc.	12,800	533,760
RTI International Metals, Inc. <sup>1</sup>	63,800	1,127,346
Schnitzer Steel Industries, Inc.	38,955	2,059,161
Stillwater Mining Co. <sup>1</sup>	94,442	539,264
Titanium Metals Corp.	112,700	1,035,713
Universal Stainless & Alloy Products, Inc. <sup>1</sup>	4,700	76,469
Walter Industries, Inc.	4,100	148,584
Worthington Industries, Inc.	64,498	824,929
		16,752,432
<b>Paper &amp; Forest Products—0.3%</b>		
Buckeye Technologies, Inc. <sup>1</sup>	47,027	211,151
Clearwater Paper Corp. <sup>1</sup>	4,060	102,677
Deltic Timber Corp.	2,300	81,581
Domtar Corp. <sup>1</sup>	21,350	353,983
Glatfelter	51,945	462,311
Louisiana-Pacific Corp. <sup>1</sup>	104,370	356,945
MeadWestvaco Corp.	1,600	26,256
Mercer International, Inc. <sup>1</sup>	10,200	5,814
Neenah Paper, Inc.	4,800	42,288
Schweitzer-Mauduit International, Inc.	12,341	335,799
Wausau Paper Corp.	78,600	528,192
		2,506,997
<b>Telecommunication Services—1.5%</b>		
<b>Diversified Telecommunication Services—1.0%</b>		
Alaska Communications Systems Group, Inc.	1,100	8,052
Atlantic Tele-Network, Inc.	16,697	656,025
Cbeyond, Inc. <sup>1</sup>	20,400	292,740

	Shares	Value
<b>Diversified Telecommunication Services</b> Continued		
Cincinnati Bell, Inc. <sup>1</sup>	393,000	\$ 1,116,120
Cogent Communications Group, Inc. <sup>1</sup>	66,771	544,184
Embarq Corp.	1,700	71,502
Frontier Communications Corp.	300	2,142
General Communication, Inc., Cl. A <sup>1</sup>	4,200	29,106
Global Crossing Ltd. <sup>1</sup>	9,344	85,778
Iowa Telecommunications Services, Inc.	25,837	323,221
Neutral Tandem, Inc. <sup>1</sup>	12,100	357,192
NTELOS Holdings Corp.	39,000	718,380
PAETEC Holding Corp. <sup>1</sup>	1,700	4,590
Premiere Global Services, Inc. <sup>1</sup>	174,600	1,892,664
tw telecom, Inc. <sup>1</sup>	168,200	1,727,414
		7,829,110
<b>Wireless Telecommunication Services—0.5%</b>		
Centennial Communications Corp. <sup>1</sup>	212,000	1,772,320
iPCS, Inc. <sup>1</sup>	14,634	218,925
NII Holdings, Inc. <sup>1</sup>	300	5,721
Syniverse Holdings, Inc. <sup>1</sup>	86,600	1,388,198
USA Mobility, Inc.	20,302	259,054
		3,644,218
<b>Utilities—0.8%</b>		
<b>Electric Utilities—0.2%</b>		
Cleco Corp.	36,700	822,814
Empire District Electric Co.	1,900	31,388
Hawaiian Electric Industries, Inc.	5,800	110,548
IDACORP, Inc.	8,800	230,032
Portland General Electric Co.	18,800	366,224
UniSource Energy Corp.	2,700	71,658
Westar Energy, Inc.	12,400	232,748
		1,865,412
<b>Energy Traders—0.0%</b>		
Calpine Corp. <sup>1</sup>	9,100	101,465
RRI Energy, Inc. <sup>1</sup>	47,400	237,474
		338,939
<b>Gas Utilities—0.2%</b>		
Laclede Group, Inc. (The)	3,300	109,329
New Jersey Resources Corp.	10,600	392,624
Nicor, Inc.	7,200	249,264
Northwest Natural Gas Co.	2,380	105,482
Piedmont Natural Gas Co., Inc.	5,500	132,605
South Jersey Industries, Inc.	3,600	125,604

	Shares	Value
<b>Gas Utilities</b> Continued		
Southwest Gas Corp.	3,300	\$ 73,293
WGL Holdings, Inc.	6,900	220,938
		1,409,139
<b>Multi-Utilities—0.3%</b>		
Avista Corp.	47,170	840,098
Black Hills Corp.	12,200	280,478
CH Energy Group, Inc.	15,483	723,056
DTE Energy Co.	2,500	80,000
NorthWestern Corp.	1,600	36,416
PNM Resources, Inc.	22,271	238,522
		2,198,570
<b>Water Utilities—0.1%</b>		
California Water Service Group	1,500	55,260
Cascal NV	39,200	147,000
SJW Corp.	12,900	292,810
		495,070
Total Common Stocks (Cost \$779,615,867)		745,697,382

	Units	
<b>Rights, Warrants and Certificates—0.0%</b>		
Redcorp Ventures Ltd. Wts., Strike Price 0.65CAD, Exp. 7/5/09 <sup>13</sup> (Cost \$0)	333,200	—

	Principal Amount	
<b>Asset-Backed Securities—0.0%</b>		
GSAA Home Equity Trust 2005-15, Asset-Backed Certificates, Series 2005-15, Cl. 2A1, 0.404%, 1/25/36 <sup>5</sup> (Cost \$391,169)	\$391,169	327,550

	Shares	
<b>Investment Companies—4.7%</b>		
Allied Capital Corp.	86,300	300,324
Apollo Investment Corp.	141,900	851,400
Ares Capital Corp.	10,200	82,212
Gladstone Capital Corp.	2,800	21,084
Hercules Technology Growth Capital, Inc.	27,400	229,064
iShares Russell 2000 Index Fund	283,100	14,426,776
JPMorgan U.S. Treasury Plus Money Market Fund, Agency Shares, 0.00% <sup>69</sup>	143,643	143,643
MCG Capital Corp.	15,600	37,908
NGP Capital Resources Co.	5,200	30,524

# STATEMENT OF INVESTMENTS

Unaudited / Continued

	Shares	Value
<b>Investment Companies</b> Continued		
Oppenheimer Institutional Money Market Fund, Cl. E, 0.48% <sup>6,7</sup>	20,113,968	\$ 20,113,968
PennantPark Investment Corp.	1,800	12,780
Prospect Capital Corp.	26,300	241,960
Total Investment Companies (Cost \$35,296,921)		36,491,643
Total Investments, at Value (excluding Investments Purchased with Cash Collateral from Securities Loaned) (Cost \$815,303,957)		782,516,575

	Shares	Value
<b>Investments Purchased with Cash Collateral from Securities Loaned—0.0%<sup>8</sup></b>		
OFI Liquid Assets Fund, LLC, 1.02% <sup>6,7</sup> (Cost \$42,326)	42,326	\$ 42,326
<b>Total Investments, at Value (Cost \$815,346,283)</b>	100.4%	782,558,901
<b>Liabilities in Excess of Other Assets</b>	(0.4)	(3,358,324)
<b>Net Assets</b>	<b>100.0%</b>	<b>\$779,200,577</b>

## Footnotes to Statement of Investments

Strike Price is reported in U.S. Dollars, except for those denoted in the following currency:

CAD Canadian Dollar

1. Non-income producing security.
2. Represents securities sold under Rule 144A, which are exempt from registration under the Securities Act of 1933, as amended. These securities have been determined to be liquid under guidelines established by the Board of Trustees. These securities amount to \$150,729 or 0.02% of the Fund's net assets as of June 30, 2009.
3. Illiquid security. The aggregate value of illiquid securities as of June 30, 2009 was \$438, which represents less than 0.005% of the Fund's net assets. See Note 6 of accompanying Notes.
4. Partial or fully-loaned security. See Note 7 of accompanying Notes.
5. Represents the current interest rate for a variable or increasing rate security.
6. Rate shown is the 7-day yield as of June 30, 2009.
7. Is or was an affiliate, as defined in the Investment Company Act of 1940, at or during the period ended June 30, 2009, by virtue of the Fund owning at least 5% of the voting securities of the issuer or as a result of the Fund and the issuer having the same investment adviser. Transactions during the period in which the issuer was an affiliate are as follows:

	Shares December 31, 2008	Gross Additions	Gross Reductions	Shares June 30, 2009
OFI Liquid Assets Fund, LLC	65,710,173	292,363,967	358,031,814	42,326
Oppenheimer Institutional Money Market Fund, Cl. E	6,344,806	94,014,956	80,245,794	20,113,968
			<b>Value</b>	<b>Income</b>
OFI Liquid Assets Fund, LLC			\$ 42,326	\$ 799,113 <sup>a</sup>
Oppenheimer Institutional Money Market Fund, Cl. E			20,113,968	34,986
			<b>\$20,156,294</b>	<b>\$834,099</b>

a. Net of compensation to the securities lending agent and rebates paid to the borrowing counterparties.

8. The security/securities have been segregated to satisfy the forward commitment to return the cash collateral received in securities lending transactions upon the borrower's return of the securities loaned. See Note 7 of accompanying Notes.
9. Interest rate less than 0.0005%.

## Valuation Inputs

Various data inputs are used in determining the value of each of the Fund's investments as of the reporting period end. These data inputs are categorized in the following hierarchy under applicable financial accounting standards:

- 1) Level 1—unadjusted quoted prices in active markets for identical assets or liabilities (including securities actively traded on a securities exchange)
- 2) Level 2—inputs other than unadjusted quoted prices that are observable for the asset (such as unadjusted quoted prices for similar assets and market corroborated inputs such as interest rates, prepayment speeds, credit risks, etc.)
- 3) Level 3—unobservable inputs (including the Manager's own judgments about assumptions that market participants would use in pricing the asset).

The table below categorizes amounts that are included in the Fund's Statement of Assets and Liabilities as of June 30, 2009 based on valuation input level:

	Level 1— Unadjusted Quoted Prices	Level 2— Other Significant Observable Inputs	Level 3— Significant Unobservable Inputs	Value
<b>Assets Table</b>				
<b>Investments, at Value:</b>				
Common Stocks				
Consumer Discretionary	\$ 123,730,088	\$ —	\$ —	\$ 123,730,088
Consumer Staples	20,924,659	—	—	20,924,659
Energy	44,167,165	—	—	44,167,165
Financials	109,270,365	413	—	109,270,778
Health Care	81,108,406	—	25	81,108,431
Industrials	138,192,084	—	—	138,192,084
Information Technology	167,667,160	1,874	—	167,669,034
Materials	42,854,685	—	—	42,854,685
Telecommunication Services	11,473,328	—	—	11,473,328
Utilities	6,307,130	—	—	6,307,130
Rights, Warrants and Certificates	—	—	—	—
Asset-Backed Securities	—	327,550	—	327,550
Investment Companies	36,491,643	—	—	36,491,643
Investments Purchased with Cash Collateral from Securities Loaned	42,326	—	—	42,326
Total Investments, at Value	782,229,039	329,837	25	782,558,901
<b>Other Financial Instruments:</b>				
Foreign currency exchange contracts	—	260	—	260
Total Assets	<b>\$782,229,039</b>	<b>\$330,097</b>	<b>\$25</b>	<b>\$782,559,161</b>

Currency contracts and forwards, if any, are reported at their unrealized appreciation/depreciation at measurement date, which represents the change in the contract's value from trade date. Futures, if any, are reported at their variation margin at measurement date, which represents the amount due to/from the Fund at that date. All additional assets and liabilities included in the above table are reported at their market value at measurement date.

See the accompanying Notes for further discussion of the methods used in determining value of the Fund's investments, and a summary of changes to the valuation techniques, if any, during the reporting period.

**Foreign Currency Exchange Contracts as of June 30, 2009 are as follows:**

Counterparty/Contract Description	Sell	Contract Amount (000s)	Expiration Date	Value	Unrealized Appreciation
<b>JPMorgan</b>					
Canadian Dollar (CAD)	Sell	29 CAD	7/2/09	\$24,744	\$260

See accompanying Notes to Financial Statements.

# STATEMENT OF ASSETS AND LIABILITIES Unaudited

June 30, 2009

<b>Assets</b>	
Investments, at value—see accompanying statement of investments:	
Unaffiliated companies (cost \$795,189,989)	\$ 762,402,607
Affiliated companies (cost \$20,156,294)	20,156,294
	<u>782,558,901</u>
Cash	1,174
Unrealized appreciation on foreign currency exchange contracts	260
Receivables and other assets:	
Investments sold	55,257,324
Interest and dividends	492,300
Other	65,258
	<u>838,375,217</u>

<b>Liabilities</b>	
Return of collateral for securities loaned	43,500
Payables and other liabilities:	
Investments purchased	56,145,653
Shares of beneficial interest redeemed	2,446,528
Distribution and service plan fees	413,858
Transfer and shareholder servicing agent fees	65,220
Shareholder communications	21,132
Trustees' compensation	6,167
Other	32,582
	<u>59,174,640</u>

<b>Net Assets</b>	<b><u>\$779,200,577</u></b>
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<b>Composition of Net Assets</b>	
Par value of shares of beneficial interest	\$ 66,007
Additional paid-in capital	1,057,542,293
Accumulated net investment income	1,650,959
Accumulated net realized loss on investments and foreign currency transactions	(247,271,365)
Net unrealized depreciation on investments and translation of assets and liabilities denominated in foreign currencies	(32,787,317)

<b>Net Assets</b>	<b><u>\$779,200,577</u></b>
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## Net Asset Value Per Share

Non-Service Shares:	
Net asset value, redemption price per share and offering price per share (based on net assets of \$73,941,162 and 6,223,496 shares of beneficial interest outstanding)	\$11.88

Service Shares:	
Net asset value, redemption price per share and offering price per share (based on net assets of \$705,259,415 and 59,783,482 shares of beneficial interest outstanding)	\$11.80

See accompanying Notes to Financial Statements.

# STATEMENT OF OPERATIONS Unaudited

For the Six Months Ended June 30, 2009

<b>Investment Income</b>	
Dividends:	
Unaffiliated companies (net of foreign withholding taxes of \$3,049)	\$ 4,192,364
Affiliated companies	34,986
Income from investment of securities lending cash collateral, net:	
Unaffiliated companies	93,103
Affiliated companies	799,113
Interest	2,354
Total investment income	5,121,920
<b>Expenses</b>	
Management fees	2,326,796
Distribution and service plan fees—Service shares	734,342
Transfer and shareholder servicing agent fees:	
Non-Service shares	15,582
Service shares	120,162
Shareholder communications:	
Non-Service shares	23,336
Service shares	229,998
Trustees' compensation	12,246
Custodian fees and expenses	1,871
Other	37,699
Total expenses	3,502,032
Less waivers and reimbursements of expenses	(32,392)
Net expenses	3,469,640
<b>Net Investment Income</b>	<b>1,652,280</b>
<b>Realized and Unrealized Gain (Loss)</b>	
Net realized loss on:	
Investments from unaffiliated companies	(112,660,249)
Foreign currency transactions	(20,752)
Net realized loss	(112,681,001)
Net change in unrealized appreciation (depreciation) on:	
Investments	204,501,180
Translation of assets and liabilities denominated in foreign currencies	183,458
Net change in unrealized depreciation	204,684,638
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>\$ 93,655,917</b>

See accompanying Notes to Financial Statements.

# STATEMENTS OF CHANGES IN NET ASSETS

	Six Months Ended June 30, 2009 (Unaudited)	Year Ended December 31, 2008
<b>Operations</b>		
Net investment income	\$ 1,652,280	\$ 4,647,051
Net realized loss	(112,681,001)	(131,260,264)
Net change in unrealized depreciation	204,684,638	(252,725,263)
Net increase (decrease) in net assets resulting from operations	93,655,917	(379,338,476)
<b>Dividends and/or Distributions to Shareholders</b>		
Dividends from net investment income:		
Non-Service shares	(605,525)	(406,564)
Service shares	(4,276,612)	(2,093,583)
	(4,882,137)	(2,500,147)
Distributions from net realized gain:		
Non-Service shares	—	(4,514,393)
Service shares	—	(43,539,151)
	—	(48,053,544)
<b>Beneficial Interest Transactions</b>		
Net increase in net assets resulting from beneficial interest transactions:		
Non-Service shares	7,375,675	5,447,779
Service shares	72,928,641	118,985,953
	80,304,316	124,433,732
<b>Net Assets</b>		
Total increase (decrease)	169,078,096	(305,458,435)
Beginning of period	610,122,481	915,580,916
End of period (including accumulated net investment income of \$1,650,959 and \$4,880,816, respectively)	<b>\$779,200,577</b>	<b>\$610,122,481</b>

See accompanying Notes to Financial Statements.

# FINANCIAL HIGHLIGHTS

Non-Service Shares	Six Months Ended June 30, 2009 (Unaudited)	2008	2007	2006	Year Ended December 31,	
					2005	2004
<b>Per Share Operating Data</b>						
Net asset value, beginning of period	\$ 10.65	\$ 18.20	\$ 19.15	\$ 17.18	\$ 16.05	\$ 13.44
Income (loss) from investment operations:						
Net investment income <sup>1</sup>	.04	.12	.09	.08	.04	.01
Net realized and unrealized gain (loss)	1.30	(6.73)	(.30)	2.46	1.51	2.60
Total from investment operations	1.34	(6.61)	(.21)	2.54	1.55	2.61
Dividends and/or distributions to shareholders:						
Dividends from net investment income	(.11)	(.08)	(.06)	(.03)	—	—
Distributions from net realized gain	—	(.86)	(.68)	(.54)	(.42)	—
Total dividends and/or distributions to shareholders	(.11)	(.94)	(.74)	(.57)	(.42)	—
Net asset value, end of period	<b>\$11.88</b>	<b>\$10.65</b>	<b>\$18.20</b>	<b>\$19.15</b>	<b>\$17.18</b>	<b>\$16.05</b>
<b>Total Return, at Net Asset Value<sup>2</sup></b>						
	13.19%	(37.83)%	(1.21)%	15.00%	9.92%	19.42%
<b>Ratios/Supplemental Data</b>						
Net assets, end of period (in thousands)	\$73,941	\$58,478	\$93,939	\$81,405	\$44,820	\$38,636
Average net assets (in thousands)	\$61,591	\$80,406	\$94,815	\$62,659	\$39,708	\$30,871
Ratios to average net assets: <sup>3</sup>						
Net investment income	0.72%	0.80%	0.48%	0.46%	0.23%	0.06%
Total expenses	0.86% <sup>4</sup>	0.75% <sup>4</sup>	0.73% <sup>4</sup>	0.77% <sup>4</sup>	0.81%	0.83%
Expenses after payments, waivers and/or reimbursements and reduction to custodian expenses	0.85%	0.75%	0.73%	0.77%	0.81%	0.83%
Portfolio turnover rate	46%	130%	115%	110%	110%	147%

1. Per share amounts calculated based on the average shares outstanding during the period.

2. Assumes an investment on the business day before the first day of the fiscal period, with all dividends and distributions reinvested in additional shares on the reinvestment date, and redemption at the net asset value calculated on the last business day of the fiscal period. Total returns are not annualized for periods less than one full year. Total return information does not reflect expenses that apply at the separate account level or to related insurance products. Inclusion of these charges would reduce the total return figures for all periods shown. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

3. Annualized for periods less than one full year.

4. Total Expenses including indirect expenses from affiliated fund were as follows:

Six Months Ended June 30, 2009	0.86%
Year Ended December 31, 2008	0.75%
Year Ended December 31, 2007	0.73%
Year Ended December 31, 2006	0.77%

See accompanying Notes to Financial Statements.

# FINANCIAL HIGHLIGHTS Continued

Service Shares	Six Months Ended June 30, 2009 (Unaudited)	2008	2007	2006	Year Ended December 31,	
					2005	2004
<b>Per Share Operating Data</b>						
Net asset value, beginning of period	\$ 10.54	\$ 18.03	\$ 18.98	\$ 17.06	\$ 15.97	\$13.40
Income (loss) from investment operations:						
Net investment income (loss) <sup>1</sup>	.02	.08	.05	.04	— <sup>2</sup>	(.02)
Net realized and unrealized gain (loss)	1.31	(6.67)	(.29)	2.42	1.51	2.59
Total from investment operations	1.33	(6.59)	(.24)	2.46	1.51	2.57
Dividends and/or distributions to shareholders:						
Dividends from net investment income	(.07)	(.04)	(.03)	— <sup>2</sup>	—	—
Distributions from net realized gain	—	(.86)	(.68)	(.54)	(.42)	—
Total dividends and/or distributions to shareholders	(.07)	(.90)	(.71)	(.54)	(.42)	—
Net asset value, end of period	<b>\$11.80</b>	<b>\$10.54</b>	<b>\$18.03</b>	<b>\$18.98</b>	<b>\$17.06</b>	<b>\$15.97</b>
<b>Total Return, at Net Asset Value<sup>3</sup></b>						
	13.11%	(38.00)%	(1.39)%	14.66%	9.71%	19.18%
<b>Ratios/Supplemental Data</b>						
Net assets, end of period (in thousands)	\$705,260	\$551,644	\$821,642	\$636,430	\$314,868	\$173,612
Average net assets (in thousands)	\$596,625	\$769,150	\$766,102	\$479,456	\$221,324	\$112,279
Ratios to average net assets: <sup>4</sup>						
Net investment income (loss)	0.48%	0.52%	0.23%	0.23%	0.02%	(0.14)%
Total expenses	1.10% <sup>5</sup>	0.99% <sup>5</sup>	0.97% <sup>5</sup>	1.00% <sup>5</sup>	1.04%	1.06%
Expenses after payments, waivers and/or reimbursements and reduction to custodian expenses	1.09%	0.99%	0.97%	1.00%	1.04%	1.06%
Portfolio turnover rate	46%	130%	115%	110%	110%	147%

1. Per share amounts calculated based on the average shares outstanding during the period.

2. Less than \$0.005 per share.

3. Assumes an investment on the business day before the first day of the fiscal period, with all dividends and distributions reinvested in additional shares on the reinvestment date, and redemption at the net asset value calculated on the last business day of the fiscal period. Total returns are not annualized for periods less than one full year. Total return information does not reflect expenses that apply at the separate account level or to related insurance products. Inclusion of these charges would reduce the total return figures for all periods shown. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

4. Annualized for periods less than one full year.

5. Total expenses including indirect expenses from affiliated fund were as follows:

Six Months Ended June 30, 2009	1.10%
Year Ended December 31, 2008	0.99%
Year Ended December 31, 2007	0.97%
Year Ended December 31, 2006	1.00%

See accompanying Notes to Financial Statements.

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### 1. Significant Accounting Policies

Oppenheimer Main Street Small Cap Fund/VA (the “Fund”) is a separate series of Oppenheimer Variable Account Funds, an open-end management investment company registered under the Investment Company Act of 1940, as amended. The Fund’s investment objective is to seek capital appreciation. The Fund’s investment adviser is OppenheimerFunds, Inc. (the “Manager”).

The Fund offers two classes of shares. Both classes are sold at their offering price, which is the net asset value per share, to separate investment accounts of participating insurance companies as an underlying investment for variable life insurance policies, variable annuity contracts or other investment products. The class of shares designated as Service shares is subject to a distribution and service plan. Both classes of shares have identical rights and voting privileges with respect to the Fund in general and exclusive voting rights on matters that affect that class alone. Earnings, net assets and net asset value per share may differ due to each class having its own expenses, such as transfer and shareholder servicing agent fees and shareholder communications, directly attributable to that class.

The following is a summary of significant accounting policies consistently followed by the Fund.

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**Securities Valuation.** The Fund calculates the net asset value of its shares as of the close of the New York Stock Exchange (the “Exchange”), normally 4:00 P.M. Eastern time, on each day the Exchange is open for trading.

Effective for fiscal periods beginning after November 15, 2007, FASB Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*, establishes a hierarchy for measuring fair value of assets and liabilities. As required by the standard, each investment asset or liability of the Fund is assigned a level at measurement date based on the significance and source of the inputs to its valuation. Unadjusted quoted prices in active markets for identical securities are classified as “Level 1,” inputs other than unadjusted quoted prices for an asset that are observable are classified as “Level 2” and unobservable inputs, including the Manager’s judgment about the assumptions that a market participant would use in pricing an asset or liability are classified as “Level 3.” The inputs used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. A table summarizing the Fund’s investments under these levels of classification is included following the Statement of Investments.

Securities are valued using unadjusted quoted market prices, when available, as supplied primarily either by portfolio pricing services approved by the Board of Trustees or dealers. These securities are typically classified within Level 1 or 2; however, they may be designated as Level 3 if the dealer or portfolio pricing service values a security through an internal model with significant unobservable inputs.

Securities traded on a registered U.S. securities exchange are valued based on the last sale price of the security reported on the principal exchange on which traded, prior to the time when the Fund’s assets are valued. Securities whose principal exchange is NASDAQ® are valued based on the official closing prices reported by NASDAQ prior to the time when the Fund’s assets are valued. In the absence of a sale, the security is valued at the last sale price on the prior trading day, if it is within the spread of the current day’s closing “bid” and “asked” prices, and if not, at the current day’s closing bid price. A foreign security traded on a foreign exchange is valued based on the last sale price on the principal exchange on which the security is traded, as identified by the portfolio pricing service used by the Manager, prior to the time when the Fund’s assets are valued. In the absence of a sale, the security is valued at the most recent official closing price on the principal exchange on which it is traded.

Shares of a registered investment company that are not traded on an exchange are valued at that investment company’s net asset value per share.

Corporate, government and municipal debt instruments having a remaining maturity in excess of sixty days and all mortgage-backed securities, collateralized mortgage obligations and other asset-backed securities are valued at the mean between the “bid” and “asked” prices.

“Money market-type” debt instruments with remaining maturities of sixty days or less are valued at cost adjusted by the amortization of discount or premium to maturity (amortized cost), which approximates market value. These securities are typically designated as Level 2.

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**1. Significant Accounting Policies** Continued

In the absence of a readily available unadjusted quoted market price, including for securities whose values have been materially affected by what the Manager identifies as a significant event occurring before the Fund's assets are valued but after the close of the securities' respective exchanges, the Manager, acting through its internal valuation committee, in good faith determines the fair valuation of that asset using consistently applied procedures under the supervision of the Board of Trustees (which reviews those fair valuations by the Manager). Those procedures include certain standardized methodologies to fair value securities. Such methodologies include, but are not limited to, pricing securities initially at cost and subsequently adjusting the value based on: changes in company specific fundamentals, changes in an appropriate securities index, or changes in the value of similar securities which may be adjusted for any discounts related to resale restrictions. When possible, such methodologies use observable market inputs such as unadjusted quoted prices of similar securities, observable interest rates, currency rates and yield curves. The methodologies used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

Fair valued securities may be classified as "Level 3" if the Manager's own assumptions about the inputs that market participants would use in valuing such securities are significant to the fair value.

There have been no significant changes to the fair valuation methodologies during the period.

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**Foreign Currency Translation.** The Fund's accounting records are maintained in U.S. dollars. The values of securities denominated in foreign currencies and amounts related to the purchase and sale of foreign securities and foreign investment income are translated into U.S. dollars as of the close of the Exchange, normally 4:00 P.M. Eastern time, on each day the Exchange is open for trading. Foreign exchange rates may be valued primarily using a reliable bank, dealer or service authorized by the Board of Trustees.

Reported net realized gains and losses from foreign currency transactions arise from sales of portfolio securities, sales and maturities of short-term securities, sales of foreign currencies, exchange rate fluctuations between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized appreciation and depreciation on the translation of assets and liabilities denominated in foreign currencies arise from changes in the values of assets and liabilities, including investments in securities at fiscal period end, resulting from changes in exchange rates.

The effect of changes in foreign currency exchange rates on investments is separately identified from the fluctuations arising from changes in market values of securities held and reported with all other foreign currency gains and losses in the Fund's Statement of Operations.

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**Investment in Oppenheimer Institutional Money Market Fund.** The Fund is permitted to invest daily available cash balances in an affiliated money market fund. The Fund may invest the available cash in Class E shares of Oppenheimer Institutional Money Market Fund ("IMMF") to seek current income while preserving liquidity. IMMF is a registered open-end management investment company, regulated as a money market fund under the Investment Company Act of 1940, as amended. The Manager is also the investment adviser of IMMF. When applicable, the Fund's investment in IMMF is included in the Statement of Investments. As a shareholder, the Fund is subject to its proportional share of IMMF's Class E expenses, including its management fee. The Manager will waive fees and/or reimburse Fund expenses in an amount equal to the indirect management fees incurred through the Fund's investment in IMMF.

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**Investment in OFI Liquid Assets Fund, LLC.** The Fund is permitted to invest cash collateral received in connection with its securities lending activities. Pursuant to the Fund's Securities Lending Procedures, the Fund may invest cash collateral in, among other investments, an affiliated money market fund. OFI Liquid Assets Fund, LLC ("LAF") is a limited liability company whose investment objective is to seek current income and stability of principal. The Manager is also the investment adviser of LAF. LAF is not registered under the Investment Company Act of 1940. However, LAF

does comply with the investment restrictions applicable to registered money market funds set forth in Rule 2a-7 adopted under the Investment Company Act. When applicable, the Fund's investment in LAF is included in the Statement of Investments. As a shareholder, the Fund is subject to its proportional share of LAF's expenses, including its management fee of 0.08%.

**Allocation of Income, Expenses, Gains and Losses.** Income, expenses (other than those attributable to a specific class), gains and losses are allocated on a daily basis to each class of shares based upon the relative proportion of net assets represented by such class. Operating expenses directly attributable to a specific class are charged against the operations of that class.

**Federal Taxes.** The Fund intends to comply with provisions of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its investment company taxable income, including any net realized gain on investments not offset by capital loss carryforwards, if any, to shareholders. Therefore, no federal income or excise tax provision is required. The Fund files income tax returns in U.S. federal and applicable state jurisdictions. The statute of limitations on the Fund's tax return filings generally remain open for the three preceding fiscal reporting period ends.

During the fiscal year ended December 31, 2008, the Fund did not utilize any capital loss carryforward to offset capital gains realized in that fiscal year. As of December 31, 2008, the Fund had available for federal income tax purposes post-October losses of \$22,025,415, post-October foreign currency losses of \$57, post-October passive foreign investment company losses of \$1,382 and unused capital loss carryforward as follows:

<u>Expiring</u>	
2016	\$91,820,783

As of June 30, 2009, the Fund had available for federal income tax purposes an estimated capital loss carryforward of \$226,528,638 expiring by 2018. This estimated capital loss carryforward represents carryforward as of the end of the last fiscal year, increased for losses deferred under tax accounting rules to the current fiscal year and is increased or decreased by capital losses or gains realized in the first six months of the current fiscal year. During the six months ended June 30, 2009, it is estimated that the Fund will not utilize any capital loss carryforward to offset realized capital gains.

Net investment income (loss) and net realized gain (loss) may differ for financial statement and tax purposes. The character of dividends and distributions made during the fiscal year from net investment income or net realized gains may differ from their ultimate characterization for federal income tax purposes. Also, due to timing of dividends and distributions, the fiscal year in which amounts are distributed may differ from the fiscal year in which the income or net realized gain was recorded by the Fund.

The aggregate cost of securities and other investments and the composition of unrealized appreciation and depreciation of securities and other investments for federal income tax purposes as of June 30, 2009 are noted in the following table. The primary difference between book and tax appreciation or depreciation of securities and other investments, if applicable, is attributable to the tax deferral of losses or tax realization of financial statement unrealized gain or loss.

Federal tax cost of securities	<u>\$850,311,734</u>
Gross unrealized appreciation	\$ 89,641,324
Gross unrealized depreciation	(157,394,157)
Net unrealized depreciation	<u>\$ (67,752,833)</u>

**Trustees' Compensation.** The Board of Trustees has adopted a compensation deferral plan for independent trustees that enables trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from the Fund. For purposes of determining the amount owed to the Trustee under the plan, deferred amounts are treated as

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**1. Significant Accounting Policies** Continued

though equal dollar amounts had been invested in shares of the Fund or in other Oppenheimer funds selected by the Trustee. The Fund purchases shares of the funds selected for deferral by the Trustee in amounts equal to his or her deemed investment, resulting in a Fund asset equal to the deferred compensation liability. Such assets are included as a component of "Other" within the asset section of the Statement of Assets and Liabilities. Deferral of trustees' fees under the plan will not affect the net assets of the Fund, and will not materially affect the Fund's assets, liabilities or net investment income per share. Amounts will be deferred until distributed in accordance to the compensation deferral plan.

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**Dividends and Distributions to Shareholders.** Dividends and distributions to shareholders, which are determined in accordance with income tax regulations and may differ from U.S. generally accepted accounting principles, are recorded on the ex-dividend date. Income and capital gain distributions, if any, are declared and paid annually or at other times as deemed necessary by the Manager. The tax character of distributions is determined as of the Fund's fiscal year end. Therefore, a portion of the Fund's distributions made to shareholders prior to the Fund's fiscal year end may ultimately be categorized as a tax return of capital.

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**Investment Income.** Dividend income is recorded on the ex-dividend date or upon ex-dividend notification in the case of certain foreign dividends where the ex-dividend date may have passed. Non-cash dividends included in dividend income, if any, are recorded at the fair market value of the securities received. Interest income is recognized on an accrual basis. Discount and premium, which are included in interest income on the Statement of Operations, are amortized or accreted daily.

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**Custodian Fees.** "Custodian fees and expenses" in the Statement of Operations may include interest expense incurred by the Fund on any cash overdrafts of its custodian account during the period. Such cash overdrafts may result from the effects of failed trades in portfolio securities and from cash outflows resulting from unanticipated shareholder redemption activity. The Fund pays interest to its custodian on such cash overdrafts, to the extent they are not offset by positive cash balances maintained by the Fund, at a rate equal to the Federal Funds Rate plus 0.50%. The "Reduction to custodian expenses" line item, if applicable, represents earnings on cash balances maintained by the Fund during the period. Such interest expense and other custodian fees may be paid with these earnings.

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**Security Transactions.** Security transactions are recorded on the trade date. Realized gains and losses on securities sold are determined on the basis of identified cost.

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**Indemnifications.** The Fund's organizational documents provide current and former trustees and officers with a limited indemnification against liabilities arising in connection with the performance of their duties to the Fund. In the normal course of business, the Fund may also enter into contracts that provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would be dependent on future claims that may be made against the Fund. The risk of material loss from such claims is considered remote.

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**Other.** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

## 2. Shares of Beneficial Interest

The Fund has authorized an unlimited number of \$0.001 par value shares of beneficial interest of each class. Transactions in shares of beneficial interest were as follows:

	Six Months Ended June 30, 2009		Year Ended December 31, 2008	
	Shares	Amount	Shares	Amount
<b>Non-Service Shares</b>				
Sold	2,215,198	\$ 23,910,044	1,628,830	\$ 24,176,255
Dividends and/or distributions reinvested	83,752	605,525	326,974	4,920,957
Redeemed	(1,567,074)	(17,139,894)	(1,624,446)	(23,649,433)
Net increase	<b>731,876</b>	<b>\$ 7,375,675</b>	<b>331,358</b>	<b>\$ 5,447,779</b>
<b>Service Shares</b>				
Sold	11,347,662	\$113,709,369	14,415,062	\$ 222,143,048
Dividends and/or distributions reinvested	592,905	4,262,989	3,047,035	45,492,232
Redeemed	(4,492,933)	(45,043,717)	(10,696,966)	(148,649,327)
Net increase	<b>7,447,634</b>	<b>\$72,928,641</b>	<b>6,765,131</b>	<b>\$118,985,953</b>

## 3. Purchases and Sales of Securities

The aggregate cost of purchases and proceeds from sales of securities, other than short-term obligations and investments in IMMF and LAF, for the six months ended June 30, 2009, were as follows:

	Purchases	Sales
Investment securities	\$367,668,940	\$296,196,590

## 4. Fees and Other Transactions with Affiliates

**Management Fees.** Under the investment advisory agreement, the Fund pays the Manager a management fee based on the daily net assets of the Fund at an annual rate as shown in the following table:

Fee Schedule	
Up to \$200 million	0.75%
Next \$200 million	0.72
Next \$200 million	0.69
Next \$200 million	0.66
Over \$800 million	0.60

**Transfer Agent Fees.** OppenheimerFunds Services (“OFS”), a division of the Manager, acts as the transfer and shareholder servicing agent for the Fund. For the six months ended June 30, 2009, the Fund paid \$72,244 to OFS for services to the Fund.

**Distribution and Service Plan for Service Shares.** The Fund has adopted a Distribution and Service Plan (the “Plan”) in accordance with Rule 12b-1 under the Investment Company Act of 1940 for Service shares to pay OppenheimerFunds Distributor, Inc. (the “Distributor”), for distribution related services, personal service and account maintenance for the Fund’s Service shares. Under the Plan, payments are made periodically at an annual rate of up to 0.25% of the average annual net assets of Service shares of the Fund. The Distributor currently uses all of those fees to compensate sponsor(s) of the insurance product that offers Fund shares, for providing personal service and maintenance of accounts of their variable contract owners that hold Service shares. These fees are paid out of the Fund’s assets on an on-going basis and increase operating expenses of the Service shares, which results in lower performance compared to the Fund’s shares that are not subject to a service fee. Fees incurred by the Fund under the Plan are detailed in the Statement of Operations.

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**4. Fees and Other Transactions with Affiliates** Continued

**Waivers and Reimbursements of Expenses.** Effective May 1, 2009, the Manager has voluntarily undertaken to limit the Fund's total annual operating expenses so that those expenses, as percentages of daily net assets will not exceed the annual rate of 0.80% for Non-Service shares and 1.05% for Service shares. During the six months ended June 30, 2009, the Manager waived \$3,059 and \$24,884 for Non-Service and Service shares, respectively. This voluntary undertaking may be amended or withdrawn at any time.

Prior to May 1, 2009, OFS had voluntarily agreed to limit transfer and shareholder servicing agent fees for all classes to 0.35% of average annual net assets per class.

The Manager will waive fees and/or reimburse Fund expenses in an amount equal to the indirect management fees incurred through the Fund's investment in IMMF. During the six months ended June 30, 2009, the Manager waived \$4,449 for IMMF management fees.

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**5. Foreign Currency Exchange Contracts**

The Fund may enter into current and forward foreign currency exchange contracts for the purchase or sale of a foreign currency at a negotiated rate at a future date.

Foreign currency exchange contracts are reported on a schedule following the Statement of Investments. These contracts will be valued daily based upon the closing prices of the currency rates determined at the close of the Exchange as provided by a bank, dealer or pricing service. The resulting unrealized appreciation (depreciation) is reported in the Statement of Assets and Liabilities as a receivable or payable and in the Statement of Operations within the change in unrealized appreciation (depreciation). At contract close, the difference between the original cost of the contract and the value at the close date is recorded as a realized gain (loss) in the Statement of Operations.

The Fund has purchased and sold foreign currency exchange contracts of different currencies in order to acquire currencies to pay for related foreign securities purchase transactions, or to convert foreign currencies to U.S. dollars from related foreign securities sale transactions. These foreign currency exchange contracts are negotiated at the current spot exchange rate with settlement typically within two business days thereafter.

Additional associated risk to the Fund includes counterparty credit risk. Counterparty credit risk arises from the possibility that the counterparty will default. If the counterparty defaults, the Fund's loss will consist of the net amount of contractual payments that the Fund has not yet received.

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**6. Illiquid Securities**

As of June 30, 2009, investments in securities included issues that are illiquid. Investments may be illiquid because they do not have an active trading market, making it difficult to value them or dispose of them promptly at an acceptable price. The Fund will not invest more than 10% of its net assets (determined at the time of purchase and reviewed periodically) in illiquid securities. Securities that are illiquid are marked with an applicable footnote on the Statement of Investments.

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**7. Securities Lending**

The Fund lends portfolio securities from time to time in order to earn additional income in the form of fees or interest on securities received as collateral or the investment of any cash received as collateral. The loans are secured by collateral (either securities, letters of credit, or cash) in an amount not less than 100% of the market value of the loaned securities during the period of the loan. The market value of the loaned securities is determined at the close of each business day and any additional required collateral is delivered to the Fund on the next business day. If the borrower defaults on its obligation to return the securities loaned because of insolvency or other reasons, the Fund could experience delays and cost in recovering the securities loaned or in gaining access to the collateral. The Fund continues to receive the economic benefit of interest or dividends paid on the securities loaned in the form of a substitute payment received from the borrower and recognizes the gain or loss in the fair value of the securities

loaned that may occur during the term of the loan. The Fund has the right under the lending agreement to recover the securities from the borrower on demand. As of June 30, 2009, the Fund had on loan securities valued at \$41,101. Collateral of \$43,500 was received for the loans, all of which was received in cash and subsequently invested in approved instruments or held as cash.

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## 8. Subsequent Events Evaluation

The Fund has evaluated the need for disclosures and/or adjustments resulting from subsequent events through August 13, 2009, the date the financial statements were available to be issued. This evaluation determined that there were no subsequent events that necessitated disclosures and/or adjustments.

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## 9. Pending Litigation

During 2009, a number of complaints have been filed in federal courts against the Manager, the Distributor, and certain mutual funds (“Defendant Funds”) advised by the Manager and distributed by the Distributor—excluding the Fund. The complaints naming the Defendant Funds also name certain officers, trustees and former trustees of the respective Defendant Funds. The plaintiffs seek class action status on behalf of purchasers of shares of the respective Defendant Fund during a particular time period. The complaints against the Defendant Funds raise claims under federal securities laws alleging that, among other things, the disclosure documents of the respective Defendant Fund contained misrepresentations and omissions, that such Defendant Fund’s investment policies were not followed, and that such Defendant Fund and the other defendants violated federal securities laws and regulations. The plaintiffs seek unspecified damages, equitable relief and an award of attorneys’ fees and litigation expenses.

A complaint has been brought in state court against the Manager, the Distributor and another subsidiary of the Manager (but not against the Fund), on behalf of the Oregon College Savings Plan Trust. The complaint alleges breach of contract, breach of fiduciary duty, negligence and violation of state securities laws, and seeks compensatory damages, equitable relief and an award of attorneys’ fees and litigation expenses.

Other complaints have been filed in 2008 and 2009 in state and federal courts, by investors who made investments through an affiliate of the Manager, against the Manager and certain of its affiliates. Those complaints relate to the alleged investment fraud perpetrated by Bernard Madoff and his firm (“Madoff”) and allege a variety of claims, including breach of fiduciary duty, fraud, negligent misrepresentation, unjust enrichment, and violation of federal and state securities laws and regulations, among others. They seek unspecified damages, equitable relief and an award of attorneys’ fees and litigation expenses. None of the suits have named the Distributor, any of the Oppenheimer mutual funds or any of their independent Trustees or Directors. None of the Oppenheimer funds invested in any funds or accounts managed by Madoff.

The Manager believes that the lawsuits described above are without legal merit and intends to defend them vigorously. The Defendant Funds’ Boards of Trustees have also engaged counsel to defend the suits vigorously on behalf of those Funds, their boards and the Trustees named in those suits. While it is premature to render any opinion as to the likelihood of an outcome in these lawsuits, or whether any costs that the Defendant Funds may bear in defending the suits might not be reimbursed by insurance, the Manager believes that these suits should not impair the ability of the Manager or the Distributor to perform their respective duties to the Fund, and that the outcome of all of the suits together should not have any material effect on the operations of any of the Oppenheimer Funds.

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# PORTFOLIO PROXY VOTING POLICIES AND PROCEDURES; UPDATES TO STATEMENTS OF INVESTMENTS

Unaudited

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The Fund has adopted Portfolio Proxy Voting Policies and Procedures under which the Fund votes proxies relating to securities (“portfolio proxies”) held by the Fund. A description of the Fund’s Portfolio Proxy Voting Policies and Procedures is available (i) without charge, upon request, by calling the Fund toll-free at 1.800.525.7048, (ii) on the Fund’s website at [www.oppenheimerfunds.com](http://www.oppenheimerfunds.com), and (iii) on the SEC’s website at [www.sec.gov](http://www.sec.gov). In addition, the Fund is required to file Form N-PX, with its complete proxy voting record for the 12 months ended June 30th, no later than August 31st of each year. The Fund’s voting record is available (i) without charge, upon request, by calling the Fund toll-free at 1.800.525.7048, and (ii) in the Form N-PX filing on the SEC’s website at [www.sec.gov](http://www.sec.gov).

The Fund files its complete schedule of portfolio holdings with the SEC for the first quarter and the third quarter of each fiscal year on Form N-Q. The Fund’s Form N-Q filings are available on the SEC’s website at <http://www.sec.gov>. Those forms may be reviewed and copied at the SEC’s Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

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# OPPENHEIMER MAIN STREET SMALL CAP FUND®/VA

*A Series of Oppenheimer Variable Account Funds*

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<b>Trustees and Officers</b>	William L. Armstrong, Chairman of the Board of Trustees and Trustee George C. Bowen, Trustee Edward L. Cameron, Trustee Jon S. Fossel, Trustee Sam Freedman, Trustee Beverly L. Hamilton, Trustee Robert J. Malone, Trustee F. William Marshall, Jr., Trustee John V. Murphy, Trustee, President and Principal Executive Officer Matthew P. Ziehl, Vice President and Portfolio Manager Raman Vardharaj, Vice President and Portfolio Manager Mark S. Vandehey, Vice President and Chief Compliance Officer Brian W. Wixted, Treasurer and Principal Financial & Accounting Officer Robert G. Zack, Vice President and Secretary
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<b>Manager</b>	OppenheimerFunds, Inc.
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<b>Distributor</b>	OppenheimerFunds Distributor, Inc.
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<b>Transfer Agent</b>	OppenheimerFunds Services
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<b>Independent Registered Public Accounting Firm</b>	KPMG LLP
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<b>Counsel</b>	K&L Gates LLP
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**Before investing, investors should carefully consider a fund's investment objectives, risks, charges and expenses. Fund prospectuses contain this and other information about the funds, and may be obtained by asking your financial advisor, or calling us at 1.800.981.2871. Read prospectuses carefully before investing.**

The financial statements included herein have been taken from the records of the Fund without examination of those records by the independent registered public accounting firm.

