FORM 485BPOS

Post-effective amendments [Rule 485(b)]

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FILER

KEYNOTE SERIES ACCOUNT /NY/

CIK:**828684**| IRS No.: **123781854** | State of Incorp.:**NY** | Fiscal Year End: **1231**
Type: **485BPOS** | Act: **33** | File No.: **033-19836** | Film No.: **05790018**

Mailing Address
500 FRANK W BURR BLVD
MAIL STOP 73-12
TEANECK NJ 07666-6888

Business Address
4 MANHATTANVILLE RD
PURCHASE NY 10577
9146973848

KEYNOTE SERIES ACCOUNT /NY/

CIK:**828684**| IRS No.: **123781854** | State of Incorp.:**NY** | Fiscal Year End: **1231**
Type: **485BPOS** | Act: **40** | File No.: **811-05457** | Film No.: **05790019**

Mailing Address
500 FRANK W BURR BLVD
MAIL STOP 73-12
TEANECK NJ 07666-6888

Business Address
4 MANHATTANVILLE RD
PURCHASE NY 10577
9146973848

REGISTRATION NOS. 33-19836

811-05457

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MAY 2, 2005.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-4

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933	[ ]
PRE-EFFECTIVE AMENDMENT NO.	[ ]
POST-EFFECTIVE AMENDMENT NO. 25	[X]
REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940	[ ]
AMENDMENT NO. 25	[X]

(CHECK APPROPRIATE BOX OR BOXES)

Keynote Series Account

(EXACT NAME OF REGISTRANT)

MONY LIFE INSURANCE COMPANY

(EXACT NAME OF DEPOSITOR)

1290 Avenue of the Americas

New York, New York 10104

(ADDRESS OF DEPOSITOR'S PRINCIPAL EXECUTIVE OFFICES)

(212) 554-1234

(DEPOSITOR'S TELEPHONE NUMBER)

Dodie Kent

Vice President and Counsel

AXA Equitable

1290 Avenue of the Americas

New York, New York 10104

(NAME AND ADDRESS OF AGENT FOR SERVICE)

PLEASE SEND COPIES OF ALL COMMUNICATIONS TO:

Christopher E. Palmer

Goodwin Procter LLP

901 New York Avenue, NW

Washington, DC 20001

It is proposed that this filing will become effective (check appropriate box)

[ ] immediately upon filing pursuant to paragraph (b) of Rule 485

[X] on May 2, 2005 pursuant to paragraph (b) of Rule 485

[ ] 60 days after filing pursuant to paragraph (a)(1) of Rule 485

[ ] on pursuant to paragraph (a)(1) of Rule 485

[ ] 75 days after filing pursuant to paragraph (a)(2) of Rule 485

[ ] on pursuant to paragraph (a)(2) of Rule 485

If appropriate, check the following box:

[ ] this post-effective amendment designates a new effective date for a previously filed post-effective amendment

Title of Securities Being Registered: Group Variable Annuity Contracts

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KEYNOTE
SERIES ACCOUNT
("KEYNOTE")
GROUP VARIABLE ANNUITY CONTRACTS
SECTIONS 401(a), 401(k), 403(b), 408(IRA), 457 AND NQDC

ISSUED BY

MONY LIFE INSURANCE COMPANY("MONY")

1290 AVENUE OF THE AMERICAS, NEW YORK, NEW YORK 10104; (914) 697-8000

MONY Life Insurance Company was organized as a mutual life insurance company under the laws of the State of New York in 1842 under the name The Mutual Life Insurance Company of New York. In 1998 MONY converted to a stock company through demutualization and was renamed MONY Life Insurance Company ("MONY"). The demutualization did not have any material effect on the Group Variable Annuity Contracts. AXA Financial, Inc. is the parent company of MONY.

The Group Variable Annuity Contracts ("Contracts") described in this Prospectus are designed and offered as funding vehicles for retirement plans maintained by state educational organizations, certain tax-exempt organizations, IRA Contractholders, taxed organizations in the case of the Section 401(a) and/or Section 401(k) Contracts and corporate nonqualified deferred compensation contracts ("NQDC"). The Section 401(k) Contract will fund the benefits for tax qualified pension and profit-sharing plans from employee contributions of such organizations and employer contributions, if any. The Section 403(b) Contract will purchase tax-deferred annuities for the employees of these same organizations. The Section 457 Contract will provide deferred compensation eligible for deferred tax treatment. The Section 401(a) Contract will fund benefits for tax-qualified pension and profit-sharing plans of such organizations as well as taxed subsidiaries of such organizations and stand-alone taxed organizations. The Section 408 (Individual Retirement Account ("IRA")) Contract is a Group Variable Annuity Contract which will provide for on-going or rollover contributions, from employees of tax-exempt or taxed organizations and from members and employees of associations. The NQDC Contract will provide deferred compensation eligible for deferred tax treatment to employees of taxed organizations. Section references are to the Internal Revenue Code of 1986, as amended.

Insofar as possible, the provisions of the Contracts are identical, and the information provided in this Prospectus is generally applicable to all Contracts. However, whenever statutory or administrative considerations require significant differences among the Contracts, such differences are explained separately for each.

Purchase Payments under the Contracts are allocated to a segregated investment account of MONY Life Insurance Company ("MONY"), which account has been designated Keynote. Purchase Payments directed to Keynote may be allocated among such of the Subaccounts in Keynote as are made available under the Contracts. The assets in each Subaccount are invested in a series of Diversified Investors Portfolios or in the Calvert Social Balanced Portfolio ("Calvert Series") at their net asset value. (See "Diversified Investors Portfolios" at page 13 and Calvert Series at page 12.) The six currently available Series of Diversified Investors Portfolios are the Money Market Series, Intermediate Government Bond Series, Core Bond Series (formerly Government/Corporate Bond Series), Balanced Series, Value & Income Series, formerly Equity Income and Equity Growth Series. The Calvert Series is an actively managed, diversified portfolio of common and preferred stocks, bonds, and money market instruments which offer income and capital growth opportunity and which satisfy the social concern criteria established by the Calvert Series. A copy of the Calvert Series Prospectus appears at the end of this Keynote Prospectus.

KEYNOTE SUBACCOUNTS WHICH INVEST IN DIVERSIFIED INVESTORS PORTFOLIOS DO SO UNDER A CORE/FEEDER ARRANGEMENT. UNLIKE OTHER FUNDING VEHICLES INTO WHICH PURCHASE PAYMENTS MAY BE INVESTED THROUGH VARIABLE ANNUITY CONTRACTS ISSUED BY INSURANCE COMPANIES, DIVERSIFIED INVESTORS PORTFOLIOS OFFERS ITS INTERESTS FOR SALE TO OTHER TYPES OF COLLECTIVE INVESTMENT VEHICLES IN ADDITION TO INSURANCE COMPANY SEPARATE ACCOUNTS REGISTERED AS INVESTMENT COMPANIES UNDER THE INVESTMENT COMPANY ACT OF 1940. SUCH INVESTORS MAY INCLUDE MUTUAL FUNDS, BANK COLLECTIVE TRUSTS AND UNREGISTERED INSURANCE COMPANY SEPARATE ACCOUNTS. SEE "DIVERSIFIED INVESTORS PORTFOLIOS -- CORE/FEEDER STRUCTURE" ON PAGE 32 HEREIN.

The value of the Accumulation Accounts maintained in Keynote will vary based upon the investment experience of the Subaccounts to which Purchase Payments are allocated. The investment experience of the Subaccounts will vary based on the underlying investment performance of the series of Diversified Investors Portfolios and the Calvert Series.

This Prospectus sets forth the basic information that a prospective purchaser should know before investing. Please keep this Prospectus for future reference.

A Statement of Additional Information dated May 2, 2005 incorporated herein by reference, and containing additional information about the Contracts and Diversified Investors Portfolios, has been filed with the Securities and Exchange Commission. The Statement of Additional Information is available from MONY without charge upon written request to the above address or by telephoning (914) 697-8000. The Table of Contents of the Statement of Additional Information can be found on page 54 of this Prospectus.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy the Contracts in any jurisdiction in which such may not be lawfully made.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THIS PROSPECTUS IS VALID ONLY WHEN ACCOMPANIED (OR PRECEDED) BY A CURRENT PROSPECTUS FOR THE CALVERT SERIES.

DATED MAY 2, 2005

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DEFINITIONS

As used in this Prospectus, the following terms have the indicated meaning:

ACCUMULATION ACCOUNT: an account maintained for each Participant in which is recorded the number of Units held for his/her credit.

ACCUMULATION PERIOD: the accumulation period for each Participant is the period during which Purchase Payments may be made on his/her behalf. It begins when the Participant begins participation under the Plan and ends as of his/her Annuity Purchase Date (See "Annuity Purchase Date" page 22), or earlier termination of his/her Accumulation Account.

BALANCED SERIES: Diversified Investors Balanced Portfolio, a series of Diversified Investors Portfolios.

CALVERT SERIES: the Calvert Social Balanced Portfolio, a series of Calvert Variable Series, Inc., an open-end management investment company registered under the Investment Company Act of 1940, as amended.

CONTRACT(S): the group variable annuity contract(s) offered by MONY to Contractholders or IRA Contractholders as described in this Prospectus.

CONTRACTHOLDER: a state educational organization or certain tax-exempt organization employer or employer association for affiliated employers, taxed subsidiaries of tax-exempt organizations and taxed stand alone organizations.

CONTRACT YEAR: a period of 12 months measured from the date of the Contract issued to or adopted by the Contractholder, and anniversaries thereof.

DIVERSIFIED: Diversified Investment Advisors, Inc., a registered investment adviser under the Investment Advisers Act of 1940.

DIVERSIFIED INVESTORS PORTFOLIOS: Diversified Investors Portfolios, an open-end diversified management investment company registered under the Investment Company Act of 1940, as amended.

EQUITY GROWTH SERIES: Diversified Investors Equity Growth Portfolio, a series of Diversified Investors Portfolios.

FIXED ANNUITY: an annuity with payments which remain fixed throughout the payment period and which do not reflect the investment experience of a separate account.

CORE BOND SERIES: Diversified Investors Core Bond Portfolio, a series of Diversified Investors Portfolios.

INTERMEDIATE GOVERNMENT BOND SERIES: Diversified Investors Intermediate Government Bond Portfolio, a series of Diversified Investors Portfolios.

IRA CONTRACTHOLDER: a tax-exempt or taxed organization or an association of members who share a common interest.

MONEY MARKET SERIES: Diversified Investors Money Market Portfolio, a series of Diversified Investors Portfolios.

NQDC: Non-qualified deferred compensation arrangement available to taxed organizations only.

PARTICIPANT: an employee participating under a Contract issued to or adopted by his/her employer.

PLAN: a retirement plan or program under which benefits are to be provided pursuant to a Contract described herein.

PORTFOLIO BUSINESS DAY: each day during which the Advisers of a Series are open for business.

PURCHASE PAYMENT: the amount contributed and remitted to MONY by an employer on behalf of a Participant.

SUBSTITUTION: the investment by Keynote Subaccounts in corresponding series of Diversified Investors Portfolios of the proceeds received upon the redemption by each Subaccount of shares of MONY Series Fund, Inc. in accordance with an order of the Securities and Exchange Commission dated June 8, 1994.

SUBACCOUNT: a subdivision of Keynote which is available for the allocation of Purchase Payments under the Contracts. Six Subaccounts invest in a corresponding series of Diversified Investors Portfolios. The Calvert Series Subaccount invests in the Calvert Series.

UNIT: the measure by which the value of an investor's interest in each Subaccount is determined.

VALUATION DATE: each day at the close of business of the New York Stock Exchange (typically at 4:00 p.m. New York City time), that the New York Stock Exchange is open for trading or any other day on which there is sufficient trading in securities of a series of Diversified Investors Portfolios or the Calvert Series to affect materially the value of the Units of the corresponding Subaccount. If the New York Stock Exchange extends its closing beyond 4:00 p.m. New York City time, and continues to value after the time of closing of the NYSE, MONY reserves the right to treat any payment or communication received after 4:00 p.m. New York City time as being received as of the beginning of the next day.

VALUATION PERIOD: The period between the ending of two successive Valuation Dates.

VALUE & INCOME SERIES: Diversified Investors Equity Income Portfolio, a series of Diversified Investors Portfolios.

NO PERSON IS AUTHORIZED TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS.

SYNOPSIS

FEE TABLES

The following tables describe the various costs and expenses that you will pay, directly or indirectly, if you invest in Keynote.

The following table shows the fees and expenses that you will pay periodically during the time that you invest under a Contract, not including the fees and expenses of the underlying Portfolios (or the Calvert Series). In addition, in some jurisdictions premium taxes may be deducted from your annuity purchase payments or from your Accumulation Amount when it is applied to purchase an annuity.

KEYNOTE SERIES ACCOUNT

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ANNUAL CONTRACT FEE (MAXIMUM)...............................	$50(1)
ANNUAL CONTRACT FEE (CURRENT)...............................	NONE(1)
SEPARATE ACCOUNT ANNUAL EXPENSES	
(AS A PERCENTAGE OF AVERAGE ACCOUNT VALUE)	
Mortality and Expense Risk Fees (maximum)..............	1.25%(2)
Mortality and Expense Risk Fees (current)..............	1.10%(2)
Total Separate Account Annual Expenses (maximum).......	1.25%(2)
Total Separate Account Annual Expenses (current).......	1.10%(2)

</Table>

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(1) MONY reserves the right to deduct an annual contract charge from a Participant's Accumulation Account in accordance with the provisions of the Contracts. MONY has no present intention to impose such a charge, but it may do so in the future.

(2) MONY reserves the right to charge maximum mortality and expense risk fees of up to 1.25% upon notice.

The following table shows the minimum and maximum total operating expenses charged by the Diversified Investors Portfolios and the Calvert Series that you may pay periodically during the time that you invest under a Contract. More detail concerning the fees and changes of each Diversified Investors Portfolio and the Calvert Series is included in "Management of Diversified Investors Portfolios," on page 45, and in the prospectus for the Calvert Series.

TOTAL ANNUAL PORTFOLIO OPERATING EXPENSES

	MINIMUM	MAXIMUM
Expenses that are deducted from the assets of the Diversified Investors Portfolio or the Calvert Series, including management fees and other expenses.............	0.28	0.91

The following table shows the fees and expenses of each Portfolio. Your investment in each Keynote Subaccount will bear its pro rata share of the fees and expenses of the Portfolio or Calvert Series in which it invests.

	MONEY MARKET PORTFOLIO	INTERMEDIATE GOVERNMENT BOND PORTFOLIO	CORE BOND PORTFOLIO	BALANCED PORTFOLIO
Management Fees................................	0.25	0.35	0.35	0.45
Other Expenses.................................	0.03	0.07	0.04	0.07
Total Annual Portfolio Operating Expenses.......	0.28	0.42	0.39	0.52
Fee Waiver and/or Expense Reimbursement(1)......	--	0.02	--	0.02
Net Annual Portfolio Operating Expenses.........	0.28	0.40	0.39	0.50

	VALUE & INCOME PORTFOLIO	EQUITY GROWTH PORTFOLIO	CALVERT SERIES
Management Fees..	0.45	0.62	0.70
Other Expenses...	0.03	0.03	0.21
Total Annual Portfolio Operating Expenses.................	0.48	0.65	0.91
Fee Waiver and/or Expense Reimbursement(1)................	--	--	--
Net Annual Portfolio Operating Expenses...................	0.48	0.65	0.91

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(1) The investment adviser to each Diversified Investors Portfolio has contractually agreed to waive its fees or reimburse the Portfolio for its expenses to the extent the annual expenses of the Portfolio exceed the following limitations: Money Market Portfolio (0.30%); Intermediate

Government Bond Portfolio (0.40%); Core Bond Portfolio (0.40%); Balanced Portfolio (0.50%); Value & Income Portfolio (0.50%); and Equity Growth Portfolio (0.65%). Each of these agreements has a term of 10 years from the date of this prospectus.

Example

This Example is intended to help you compare the cost of investing in the Contract with the cost of investing in other variable annuity contracts. These costs include Contract fees and expenses and portfolio company fees and expenses.

If you (i) surrender your contract at the end of the applicable time period, (ii) annuitize at the end of the applicable time period or (iii) do not surrender your contract, you would pay the following expenses on a $10,000 investment, assuming a 5% annual rate of return.

The following examples assume a 5% return each year (the assumption of a 5% return is required by the SEC for these examples and is not a prediction of any subaccount's future performance). These examples should not be considered a representation of past or future expenses, and actual expenses may be greater or lesser than those shown. Premium taxes may also be applicable.

The following example is based on fees after contractual waivers and reimbursements and reflects the imposition of the maximum mortality and expense risk charge of 1.25% which may be imposed by MONY.

SUBACCOUNT	AFTER 1 YEAR	AFTER 3 YEARS	AFTER 5 YEARS	AFTER 10 YEARS
Money Market	$156	$483	$ 834	$1,824
Intermediate Government Bond	$168	$520	$ 897	$1,955
Core Bond	$167	$517	$ 892	$1,944
Balanced	$178	$551	$ 949	$2,062
Value & Income	$176	$545	$ 939	$2,041
Equity Growth	$193	$597	$1,026	$2,222
Calvert Series	$219	$676	$1,159	$2,493

The following example is based on fees after contractual waivers and reimbursements and reflect the imposition of the 1.10% mortality and expense risk charge presently in effect.

SUBACCOUNT	AFTER 1 YEAR	AFTER 3 YEARS	AFTER 5 YEARS	AFTER 10 YEARS
Money Market	$140	$437	$ 755	$1,657
Intermediate Government Bond	$153	$474	$ 818	$1,791
Core Bond	$152	$471	$ 813	$1,779
Balanced	$163	$505	$ 871	$1,900
Value & Income	$161	$499	$ 860	$1,878
Equity Growth	$178	$551	$ 949	$2,062
Calvert Series	$204	$630	$1,083	$2,338

CONDENSED FINANCIAL INFORMATION
KEYNOTE SERIES ACCOUNT
ACCUMULATION UNIT VALUES

KEYNOTE SUBACCOUNT

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	UNIT VALUE				
	DEC. 31, 1995	DEC. 31, 1996	DEC. 31, 1997	DEC. 31, 1998	DEC. 31, 1999
<S>	<C>	<C>	<C>	<C>	<C>
Equity Growth.........................	$25.58	$30.06	$37.99	$51.57	$70.57
Money Market..........................	14.35	15.00	15.71	16.45	17.18
Balanced..............................	21.25	24.62	29.12	32.46	35.91
Core Bond.............................	19.63	20.10	21.66	23.15	22.75
Value & Income........................	22.48	26.38	33.99	38.08	40.87
Intermediate Government Bond..........	13.84	14,21	15.13	16.07	16.18
Calvert Series........................	16.87	18.83	22.41	26.13	29.06

<Caption>

	UNIT VALUE					UNITS OUTSTANDING		
	DEC. 31, 2000	DEC. 31, 2001	DEC. 31, 2002	DEC. 31, 2003	DEC. 31, 2004	DEC. 31, 1995	DEC. 31, 1996	DEC. 31, 1997
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Equity Growth.........................	$58.57	$46.26	$35.00	$43.82	$46.70	201,470	237,959	242,846
Money Market..........................	18.11	18.67	$18.81	$18.84	18.91	58,026	56,311	47,018
Balanced..............................	34.75	32.55	$28.97	$33.73	36.13	145,593	156,241	163,289
Core Bond.............................	24.80	26.24	$28.36	$29.35	30.38	24,207	25,670	26,763
Value & Income........................	44.31	42.95	$36.00	$45.06	50.32	571,730	489,820	474,554
Intermediate Government Bond..........	17.53	18.52	$19.84	$19.94	20.03	50,325	47,901	14,366
Calvert Series........................	27.58	25.38	$22.05	$26.03	27.87	19,147	25,095	26,219

<Caption>

	UNITS OUTSTANDING						
	DEC. 31, 1998	DEC. 31, 1999	DEC. 31, 2000	DEC. 31, 2001	DEC. 31, 2002	DEC. 31, 2003	DEC. 31, 2004
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Equity Growth.........................	247,234	142,912	142,030	110,873	81,284	74,686	68,770
Money Market..........................	40,999	13,122	9,488	14,818	21,373	16,085	10,564
Balanced..............................	167,348	77,105	67,074	60,898	52,976	48,109	47,323
Core Bond.............................	39,571	16,207	11,172	14,282	13,580	9,898	8,726
Value & Income........................	434,610	266,130	219,973	200,912	159,138	147,238	139,062
Intermediate Government Bond..........	27,614	13,708	9,742	23,408	35,823	14,922	12,729
Calvert Series........................	31,111	15,386	12,809	10,518	11,098	12,036	12,993

</Table>

Further information about the performance of Keynote is contained in the Annual Report of Keynote which is available, free of charge, by contacting MONY at the address or at the telephone number set forth on the cover of this Prospectus. For more information about accumulation unit values, see "Determination of Unit Value," page 20.

THE CONTRACTS

The Group Variable Annuity Contract(s) ("Contract(s)") described in this Prospectus are designed and offered as funding vehicles for retirement Plans maintained by state educational organizations, certain tax-exempt organizations, IRA Contractholders and for taxed organizations for Section 401(a) and/or Section 401(k) Contracts and corporate nonqualified deferred compensation Contracts ("NQDC"). The Section 401(k) Contract will fund the benefits for tax-qualified pension and profit-sharing plans from employee/employer contributions of such organizations. The Section 403(b) Contract will purchase tax-deferred annuities for employees of these same organizations. The Section 457 Contract will provide deferred compensation eligible for deferred tax treatment. The Section 401(a) Contract will fund benefits for tax-qualified pension and profit-sharing Plans of such tax-exempt organizations as well as taxed subsidiaries of these organizations and stand-alone taxed organizations; the non-qualified deferred compensation Contracts ("NQDC") will fund benefits for taxed organizations. The Section 408 (Individual Retirement Account ("IRA")) Contract is a Group Variable Annuity Contract which will provide for on-going or rollover contributions from employees of tax-exempt or taxed organizations and from members and employees of associations. Section references are to the Internal Revenue Code of 1986, as amended (the "Code").

Insofar as possible, the provisions of the Contracts are identical, and the information provided in this Prospectus is generally applicable to all Contracts. However, whenever statutory or administrative considerations require significant differences among the Contracts, such differences are explained separately for each.

With respect to Section 401(a), Section 401 (k) and NQDC Contracts, the employer and/or the employee will make contributions pursuant to the terms and conditions of the underlying retirement Plan. As to the Section 403(b) and Section 457 Contracts, the employer will make Purchase Payments for each participating employee pursuant to either a salary reduction agreement or an agreement to forego a salary increase under which the employee decides the level and number of Purchase Payments to his/her Accumulation Account, except with respect to employer-sponsored Section 401(a) Plans under which the employer will make contributions pursuant to the underlying retirement Plan. In the case of the Section 408 IRA Contract, the employer will make Purchase Payments on behalf of and as determined by each participating employee pursuant to a salary deduction agreement.

KEYNOTE

Purchase Payments under the Contract(s) are allocated to Keynote which is a separate account of MONY. Keynote is divided into Subaccounts, six of which correspond to Diversified Investors Portfolios' Money Market, Intermediate Government Bond, Core Bond, Balanced, Value & Income, and Equity Growth Series, respectively. The Calvert Series Subaccount invests in the Calvert Series. The assets in each Subaccount are invested in the corresponding series of Diversified Investors Portfolios or the Calvert Series at their net asset value (See "Diversified Investors Portfolios" at page 14 and "Calvert Series" at page 13.) Each series of Diversified Investors Portfolios is managed by Diversified Investment Advisors, Inc. ("Diversified"). MONY Securities Corp., a wholly-owned subsidiary of MONY, is the principal underwriter and distributor. The Calvert Series is a series of Calvert Variable Series, Inc., (formerly, Acacia Capital Corporation,) (the "Fund") a diversified open-end management company whose investment adviser is Calvert Asset Management Company, Inc.

The value of a Participant's Accumulation Account maintained in Keynote will vary based upon the investment experience of the series of Diversified Investors Portfolios or the Calvert Series to which Purchase Payments are allocated.

The Calvert Series is an actively managed portfolio of common and preferred stocks, bonds, and money market instruments which offer income and capital growth opportunity and which satisfy the social concern criteria established by the Calvert Series. A copy of the Calvert Series Prospectus appears at the end of this Keynote Prospectus. Diversified Investors Portfolios is an open-end, diversified management investment company which has six series with differing investment objectives available under the Contracts. See "Diversified Investors Portfolios" at page 14 herein.

CHARGES

MONY makes daily charges against the net assets of Keynote at a maximum annual rate of 1.25%, consisting of 0.80% for mortality risks and 0.45% for administrative expense risks. The annual rate charged is 1.10% consisting of 0.70% for mortality risks and 0.40% for administrative expense risk. However, MONY reserves the right to charge a maximum fee of 1.25% upon notice thereafter. (See "Charges -- Charges for Mortality and Expense Risks" on page 16.) In addition, MONY reserves the right to deduct an annual contract charge, not to exceed $50, from a Participant's Accumulation Account (See "Charges -- Annual Contract Charge" on page 16.)

In addition to the charges set forth above, Diversified, which serves as an investment adviser to each series of Diversified Investors Portfolios, and Calvert Asset Management Company, Inc., which serves as investment adviser to the Calvert Series, impose a charge against the net asset value of each series of Diversified Investors Portfolios or the Calvert Series, as appropriate, computed daily, for investment advisory services and other expenses.

Premium taxes may be payable on annuity considerations. (See "Premium Tax" on page 17.)

CREDIT AND ALLOCATION OF PURCHASE PAYMENTS

Purchase Payments will be credited to the Subaccounts designated by the Participant in the form of Units. The number of Units credited will not change but the dollar value of a Unit will vary depending upon the investment experience of the series of Diversified Investors Portfolios or the Calvert Series, as appropriate. (See "Credit of Purchase Payments" on page 20.)

REDEMPTION

A Participant may redeem at any time prior to the time an annuity benefit takes effect and prior to his death all or a portion of the Units credited to his Accumulation Account without any charge, subject to any limitations in the underlying Plan. There are no redemption charges.

A penalty tax may be payable under the Code upon the redemption of amounts from an Accumulation Account under the Contract and other significant withdrawal restrictions may be imposed by the Code. (See, "Section 403(b) Annuities" on page 26 and "Section 408 IRA Contracts" on page 28.)

TRANSFERS

A Participant may transfer all or a portion of his/her Accumulation Account in Keynote among the various Subaccounts. No transfer charges are imposed, and there is no limit to the number of transfers, subject to the limitations described in the following section. While MONY has no present intention to do so, it reserves the right to impose transfer charges at a later date. Transfers may be made in writing or by telephone by calling (914) 697-8000. (See "Transfers" on page 19.) MONY reserves the right to discontinue allowing telephone transfers.

FREQUENT ALLOCATIONS OF PURCHASE PAYMENTS

Frequent purchases and redemptions of investment in Keystone (and therefore indirectly in the underlying mutual fund shares) may interfere with the efficient management of a mutual fund's portfolio by its portfolio manager, increase portfolio transaction costs, and may also have a negative effect on the long term investors in the Subaccounts and the underlying mutual funds. For example, in order to handle large flows of cash into and out of the underlying mutual fund, the portfolio manager may need to allocate more assets to cash or other short-term investments or sell securities, rather than maintaining full investment in securities selected to achieve the fund's investment objective. Frequent trading may cause a fund to sell securities at less favorable prices. Transaction costs, such as brokerage commissions and market spreads, can detract from a fund's performance. In addition, the return received by long term investors may be reduced when allocations by other investors are made in an effort to take advantage of certain pricing discrepancies, when, for example, it is believed that a fund's

share price, which is determined at the close of the NYSE on each trading day, does not accurately reflect the value of the fund's portfolio securities. Funds investing in foreign securities have been particularly susceptible to this form of arbitrage, but other funds could also be affected.

Because of the potential harm to the Subaccounts and their long term investors, MONY has implemented policies and procedures that are intended to discourage excessive trading and market timing abuses through the use of various surveillance techniques. Under these policies and procedures, a Subaccount may limit additional allocations of purchase payments directed to the Subaccount by Participants who are believed by the underlying fund manager to be engaged in these abusive trading activities. The intent of the policies and procedures is not to inhibit legitimate strategies, such as asset allocation, dollar cost averaging, or similar activities that may nonetheless result in frequent allocations of purchase payments. For this reason, MONY has not adopted any specific restrictions on allocations of purchase payments, but each Subaccount reserves the right to reject any allocation with or without prior notice to the Participant. It is the intent of these policies not to accommodate market timing. In cases where surveillance of a particular Participant account establishes what the underlying fund manager believes to be obvious market timing, MONY will seek to block future allocations of purchase payments by that Participant. Where surveillance of a particular Participant account indicates activity that the underlying fund manager believes could be either abusive or for legitimate purposes, the Subaccount may permit the Participant to justify the activity.

The Subaccounts' policies provide for ongoing assessment of the effectiveness of current policies and surveillance tools, and the Subaccounts reserve the right to modify these or adopt additional policies and restrictions in the future. Participants should be aware, however, that any surveillance techniques currently employed by the Subaccounts or other techniques that may be adopted in the future, may not be effective.

As noted above, if a Subaccount is unable to detect and deter trading abuses, the Subaccount's performance, and its long term investors, may be harmed. In addition, because the Subaccounts have not adopted any specific limitations or restrictions on allocations of purchase payments, investors may be harmed by the extra costs and portfolio management inefficiencies that result from frequent allocations of purchase payments, even when the allocations are not for abusive purposes. Because the Subaccounts apply their policies and procedures in a discretionary manner, different Participants may be treated differently. The Subaccounts will provide advance notice to Participants of any specific restrictions allocations of purchase payments that the Subaccounts may adopt in the future.

Additionally, the Diversified Investors Portfolios have adopted policies and procedures to prevent the selective release of non-public information about the portfolio holdings, as such information may be used for market-timing and similar abusive practices.

PAYMENT OPTIONS

Unless a Fixed Annuity is elected, a Participant will receive a lump sum payment at the end of the Accumulation Period. The Contracts may provide for several Fixed Annuity options: Life Annuity, Life Annuity With Period Certain, Specified Fixed Period Annuity, Contingent Annuity and Contingent Annuity With Period Certain. For NQDC, an installment payment option may also be available. (See "Payment Options" on page 22.)

VOTING RIGHTS

To the extent required by law, MONY will vote the interests in Diversified Investors Portfolios and the Calvert Series held in Keynote in accordance with the instructions received from Contractholders, IRA Contractholders and NQDC Contractholders; the Contractholders will instruct MONY in accordance with the instructions received from Participants. (See "Voting Rights" on page 24.)

DEATH BENEFIT

If a Participant dies before the Annuity Purchase Date, the Accumulation Account value will be paid to his/her beneficiary in a lump sum. (See "Death Benefit" on page 21.)

DISTRIBUTION OF THE CONTRACTS

MONY Securities Corporation ("MSC"), a wholly owned subsidiary of MONY, serves as the principal underwriter of the securities issued with respect to the Separate Account and distributor for the Contracts. The Contracts are no longer sold, but Purchase Payments may be made under existing Contracts. On or about June 6, 2005, subject to regulatory approval, AXA Advisors, LLC will replace MSC as principal underwriter of the Separate Account and distributor for the Contracts. (See "Distribution of the Contracts" on page 25.)

MONY

MONY Life Insurance Company ("MONY") is a stock life insurance company organized in 1998 under the laws of New York. Prior to 1998, the Company operated as The Mutual Life Insurance Company of New York, a mutual life insurance company. The Company is licensed to sell life insurance and annuities in 50 states (not including New York), the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. The principal office of MONY is located at 1290 Avenue of the Americas, New York, NY 10104. MONY is obligated to pay all amounts promised under the Contract.

AXA Financial, Inc. ("AXA Financial"), a diversified financial services company, is the parent company of MONY. AXA Financial is a wholly owned subsidiary of AXA, a French holding company for an international group of insurance and related financial services companies. AXA Financial, Inc. and its consolidated subsidiaries managed approximately $598 billion in assets as of December 31, 2004.

On July 8, 2004, AXA Financial completed its acquisition of the MONY Group Inc., which was, prior to that date, the parent company of MONY. The process of integrating the business operations of MONY with those of AXA Financial is expected to continue through 2005.

KEYNOTE SERIES ACCOUNT

Keynote was established by MONY under New York Insurance Law on December 16, 1987 as a separate account. Keynote will hold assets that are segregated from all of MONY's other assets and at present is used only to support the Contracts. MONY is the legal holder of the assets in Keynote and will at all times maintain assets in Keynote with a total market value at least equal to the contract liabilities for Keynote. The obligations under the Contracts are obligations of MONY. Income, gains, and losses, whether or not realized, from assets allocated to Keynote, are, in accordance with the Contracts, credited to or charged against Keynote without regard to other income, gains, or losses of MONY. The assets in Keynote may not be charged with liabilities which arise from any other business MONY conducts. Keynote assets may include accumulation of the charges MONY makes against a Contract participating in Keynote. From time to time, any such additional assets may be transferred in cash to MONY's general account.

Keynote is registered with the Securities and Exchange Commission ("SEC") under the Investment Company Act of 1940 ("1940 Act") as a unit investment trust, which is a type of investment company. This does not involve any supervision by the SEC of the management or investment policies or practices of Keynote. For state law purposes, Keynote is treated as a part or division of MONY.

There are currently seven Subaccounts within Keynote which are available for allocation of Purchase Payments under the Contracts. The Calvert Series Subaccount invests only in the Calvert Social Balanced Portfolio (the "Calvert Series"), a series of Calvert Variable Series, Inc. ("Calvert Variable"), an open-end management investment company registered with the SEC under the 1940 Act. The six other Subaccounts invest in six respective series of Diversified Investors Portfolios, an

open-end diversified management investment company registered with the SEC under the 1940 Act. Set forth below is a brief description of the Calvert Series and Diversified Investors Portfolios. A full description of the Calvert Series, its investment objectives, policies and restrictions, its expenses, the risks attendant in investing therein and other aspects of its operations is contained in the accompanying prospectus for the Calvert Series. Full descriptions of the six series of Diversified Investors Portfolios, their investment objectives, policies and restrictions, their expenses, the risks attendant to investing therein and other aspects of their operations are set forth herein under "Diversified Investors Portfolios" at page 14. Further disclosure appears in the Statement of Additional Information. Each Participant should periodically consider his/her allocation among the Subaccounts in light of current market conditions and the investment risks attendant to investment in the various series of Diversified Investors Portfolios and the Calvert Series.

CALVERT SERIES

The Calvert Series is a series of Calvert Variable Series, Inc. ("Calvert Inc."), a Maryland corporation registered with the SEC under the 1940 Act as an open-end management company, whose investment adviser is Calvert Asset Management Company, Inc. The shares of the Fund are currently sold only to insurance companies for allocation to their separate accounts to fund the benefits under certain variable annuity and variable life insurance policies issued by such companies. Because the Calvert Series sells its shares to insurance companies offering both variable annuity and variable life insurance policies, potential for conflict between the interests of Contractholders of these contracts may arise. The Board of Directors of the Fund will monitor the Calvert Series for the existence of any material irreconcilable conflict between interests of Contractholders of all separate accounts investing in the Calvert Series. If it is determined by a majority of the Board of the Fund that such conflict exists then MONY will take whatever steps are necessary to eliminate the material conflict, including withdrawing the assets allocable to some of the separate accounts from Calvert Series and reinvesting them in a different investment medium. For additional risk disclosure, see the Calvert Series prospectus which is contained in the last section of this Prospectus. Keynote will purchase and redeem shares from the Calvert Series at net asset value.

The investment objective of the Calvert Series is set forth in the prospectus for the Calvert Series which appears at the end of this Prospectus. Briefly, the objective is to achieve a total return above the rate of inflation through an actively managed, diversified portfolio of common and preferred stocks, bonds and money market instruments which offer income and capital growth opportunity and which satisfy the social concern criteria established for the Calvert Series. There can be no assurance that the objective of the Calvert Series will be realized.

DIVERSIFIED INVESTORS PORTFOLIOS

Each of the other six Subaccounts of Keynote listed below invests exclusively in the corresponding series of Diversified Investors Portfolios set forth below:

<Table>
<Caption>

DIVERSIFIED SUBACCOUNT	SERIES OF DIVERSIFIED INVESTORS PORTFOLIOS
<S>	<C>
Keynote Money Market Subaccount.............	Diversified Investors Money Market Portfolio (the "Money Market Series")
Keynote Intermediate Government Bond Subaccount................................	Diversified Investors Intermediate Government Bond Portfolio (the "Intermediate Government Bond Series")
Keynote Core Bond Subaccount (formerly the Keynote Long Term Bond Subaccount).........	Diversified Investors Core Bond Portfolio (the "Core Bond Series")
Keynote Balanced Subaccount (formerly the Keynote Diversified/Balanced Subaccount)...	Diversified Investors Balanced Portfolio (the "Balanced Series")
Keynote Value & Income Subaccount...........	Diversified Investors Value & Income Portfolio (the "Equity Income Series")
Keynote Equity Growth Subaccount............	Diversified Investors Equity Growth Portfolio (the "Equity Growth Series")

</Table>

Diversified Investors Portfolios is registered with the SEC under the 1940 Act as an open-end diversified management investment company. This registration does not involve supervision by the SEC of the management or investment practices or policies of Diversified Investors Portfolios.

Diversified acts as investment adviser and administrator to each series of Diversified Investors Portfolios. With respect to each series of Diversified Investors Portfolios, Diversified has contracted for certain investment advisory services with one or more subadvisers. Diversified and the subadviser or subadvisers for a particular series of Diversified Investors Portfolios are referred to herein collectively as the "Advisers". The investment objectives of the series of Diversified Investors Portfolios currently available under the Contracts through Subaccounts are described briefly below. There can be no assurance that the investment objectives of any of the series will be met. An investor's interest in a Keynote Subaccount is neither insured nor guaranteed by the U.S. Government.

Money Market Series: To provide liquidity and as high a level of current income as is consistent with the preservation of capital, primarily through investment in money market obligations with maturities of 397 days or less.

Intermediate Government Bond Series: To provide as high a level of current income as is consistent with the preservation of capital, primarily through investment in U.S. Government and U.S. Government agency and instrumentality securities with short and intermediate maturities and high quality short-term obligations.

Core Bond Series: To achieve the maximum total return, primarily through investment in investment grade debt securities, U.S. Government and U.S. Government agency and instrumentality securities, collateralized mortgage obligations guaranteed by these agencies and instrumentalities and high quality short-term obligations.

Balanced Series: To provide a high total return consistent through investment in a broadly diversified mix of stocks, bonds and money market instruments.

Value & Income Series: To provide a high level of current income through investment in a diversified portfolio of common stocks with relatively high current yields; capital appreciation is a secondary objective.

Equity Growth Series: To provide a high level of capital appreciation through investment in a diversified portfolio of common stocks with potential for above-average growth in earnings; current income is a secondary objective.

See "Diversified Investors Portfolios" at page 14 and the Statement of Additional Information for more information on each series.

CHARGES

CHARGES FOR MORTALITY AND EXPENSE RISKS

The maximum daily charges against Keynote for mortality and expense risks assumed by MONY are computed and deducted from the value of the net assets of Keynote. This maximum daily charge will be at the rate of 0.003425% (equivalent to an annual rate of 1.25%) of the average daily net assets of Keynote. The daily charge will be deducted from the net asset value of Keynote, and therefore the Subaccounts, on each Valuation Date. Where the previous day (or days) was not a Valuation Date, the deduction on the Valuation Date will be 0.003425% multiplied by the number of days since the last Valuation Date. The sum of these charges on an annual basis will not exceed 1.25% of the average net assets invested in Keynote. Of this charge, MONY estimates that 0.80% is for mortality risk and 0.45% is for expense risk. (The daily charge from Keynote based on an annual mortality and expense risk rate of 1.10% (0.70% for mortality risks and 0.40% for administrative expense risks), which was effective May 1, 1994, is 0.030139%.

The mortality risk is that individuals may live for a longer period of time than projected and therefore a greater amount of annuity benefits than projected will be payable. The expense risk is that expenses incurred in issuing and administering the Contract will exceed the administrative expense charge provided in the Contract. MONY believes that this level of charge is within the range of industry practice for comparable group variable annuity contracts.

Sales distribution expenses and any other expenses in excess of the described charges will be paid from MONY's general account and not directly from Keynote or from the mortality and expense risk charges. However, asset charges for MONY's assumption of mortality and expense risks might be a source of contribution to the surplus in MONY's general account.

ANNUAL CONTRACT CHARGE

MONY reserves the right to deduct an annual contract charge from a Participant's Accumulation Account to reimburse MONY for administrative expenses relating to the maintenance of the Contracts. MONY has no present intention to impose such a charge; however, MONY may, in the future, impose such a charge in accordance with the provisions of the Contracts. Any such annual charge will not exceed $50. MONY also reserves the right, if such a charge is imposed, to waive, on a temporary or permanent basis, all or part of such charge for certain classes of Contracts or for certain new classes of Contracts which may be sold in the future.

INVESTMENT MANAGEMENT FEE

Because Keynote purchases interests in certain series of Diversified Investors Portfolios and the Calvert Series, the net assets of Keynote will reflect the investment management fee and other expenses incurred by those series of Diversified Investors Portfolios and the Calvert Series.

Diversified serves as the investment adviser to each series of Diversified Investors Portfolios. For information with respect to the arrangements under which Diversified provides such advisory services, including charges and arrangements with subadvisers, reference is made to the information set forth under "Management of Diversified Investors Portfolios" at page 46.

Calvert Asset Management Company, Inc. ("CAMCO") (4550 Montgomery Avenue, Suite 1000N, Bethesda, Maryland 20814) is the investment adviser to the Calvert Series and provides day-to-day investment management services to the Calvert Series. It has been managing mutual funds since 1976. CAMCO is the investment adviser for over 25 mutual funds, including the first and largest family of socially screened funds. As of March 31, 2005, CAMCO had over $10 billion in assets under management.

CAMCO uses a team approach to its management of the Calvert Series. Reno J. Martini, Senior Vice President and Chief Investment Officer, heads this team and oversees the management of all Calvert Funds for CAMCO. Mr. Martini has over 15 years of experience in the investment industry and has been the head of CAMCO's asset management team since 1985.

Calvert, Inc. has obtained an exemptive order from the Securities and Exchange Commission to permit the Calvert Series, pursuant to approval by the Board of Directors, to enter into and materially amend contracts with subadvisers without shareholder approval.

PREMIUM TAX

Under the laws of certain jurisdictions, premium taxes are payable on annuity considerations which can include Purchase Payments or the Accumulation Account under the Contracts. Any applicable premium taxes will generally be deducted when the Accumulation Account under a Contract is applied to purchase an annuity. Under present laws, the range of premium taxes is from 0.5% to 3.5%. Attached as an Appendix to this Prospectus is a schedule of applicable premium taxes payable upon annuitization which are in effect as of the date of this Prospectus. The laws of the various jurisdictions relating to annuity taxes and the interpretations of such laws are subject to changes which may affect the deductions, if any, under the Contracts for such taxes.

SUMMARY OF THE CONTRACTS

ELIGIBLE PURCHASERS

State educational organizations and organizations that qualify for tax-exempt status under Code Section 501(c)(3), including associations thereof that qualify for tax-exempt status under Code Section 501(c)(3), are eligible purchasers. In addition, any organization qualifying as an IRA Contractholder may purchase an IRA Contract. Any type of non-profit organization as well as taxed subsidiaries of tax-exempt organizations and taxed stand-alone organizations may purchase a Section 401(a) and/or a Section 401(k) or an NQDC Contract(s).

OWNERSHIP

The employer or association purchasing a Contract is the owner of the Contract for the benefit of the Participants. The Contract will cover all eligible Participants under a Plan. Each Participant will receive a certificate at the time his/her first annuity payment becomes payable, or earlier, if required by applicable law. The certificate summarizes the Participant's benefits under the Contract.

PURCHASE PAYMENTS

With respect to the Section 401(a) Contract, the employer and/or employee will make contributions pursuant to the underlying retirement Plan. The Section 401(k) and NQDC Contracts will accept employer and/or employee contributions pursuant to the terms and conditions of the underlying Plan. As to the Section 403(b) Contract, the employer will make Purchase Payments in accordance with a salary reduction agreement or an agreement to forego a salary increase, except with respect to employer-sponsored Section 403(b) Plans under which the employer will make contributions pursuant to the underlying retirement Plan. In the case of the Section 408 IRA Contract, the employer will make Purchase Payments on behalf of and as determined by each participating employee pursuant to a salary reduction agreement. An Accumulation Account will be established for each Participant which will record the number of Units held in each Subaccount. Purchase Payments may be allocated among any of the Subaccounts.

All Purchase Payments in Keynote credited to an Accumulation Account are vested and nonforfeitable. However, Purchase Payments made by employers, including all such payments made under a Section 401(a) Contract, which are not the result of a reduction in salary or a give up in salary agreement, under an employer-sponsored Plan may be forfeitable but are generally subject to the vesting requirements, where applicable, of the Employee Retirement Income Security Act of 1974, as amended. In general, all Purchase Payments made to the NQDC and Section 457 Contracts may be forfeitable even though partially or fully vested.

EMPLOYER SPONSORED PLAN REQUIREMENTS

Since the Contracts are intended to implement the Plans of state educational organizations, organizations that qualify for tax-exempt status under Code Section 501(c)(3), IRA Contractholders and, in the case of Section 401(a) and/or Section 401(k) and NQDC Contracts, for taxed subsidiaries of such organizations and stand-alone taxed organizations and since such Plans may be sponsored by employers or associations who may have their own desires regarding certain Plan details and the manner in which the Plan is to be administered, there will be some variations in details in the Contract and Plan to reflect such desires. Reference to the provisions of the Plan in which the individual is a Participant must be made in all cases for particulars.

RIGHTS OF THE PARTICIPANT UNDER THE CONTRACT

There are no stipulated or required Purchase Payments to be made under the Contract. Except for the 15 days prior to a Participant's Annuity Purchase Date (See "Annuity Purchase Date" at page 21) during which no Purchase Payments will be accepted by MONY, an employer may make Purchase Payments during a Participant's Accumulation Period in the amount authorized by the Participant. The Contract permits the Participant to elect his/her Annuity Purchase Date, to allocate Purchase Payments, to redeem all or a portion of the Units in his/her Accumulation Account, to designate beneficiaries, and to elect Fixed Annuity options, except that employer-sponsored Plans may affect these rights.

During a Participant's Accumulation Period, one's rights and those of the Contractholder or IRA Contractholder shall be as set forth in the Contract and Plan. On and after the Annuity Purchase Date, or on the Participant's death, if earlier, all rights, as specified in the Contract and Plan, shall belong to the Participant or beneficiary as the case may be.

RIGHTS UPON SUSPENSION OF CONTRACT OR TERMINATION OF PLAN

403(b) Contract

In the event that the making or receipt of all Purchase Payments under certain 403(b) Contracts is discontinued or a Contractholder discontinues Purchase Payments for a Participant, MONY shall give written notice thereof to the appropriate Participant(s) together with notice of the right of the Participant to elect to have the value of his/her Accumulation Account applied under one of the following options: (1) to be held and distributed by MONY in accordance with the terms of the Contract, (2) to be paid to him/her in cash, or (3) in the event of suspension of the Contract or termination of the Plan, to be transferred to an alternate funding agency (e.g., another insurance company). Certain other 403(b) Contracts require the Contractholder, not MONY, to give written notice thereof to Participants.

401(a) Contract/401(k) Contract and NQDC Contracts

If the Contractholder terminates its Plan or discontinues Purchase Payments, it is the Contractholder's responsibility, and not MONY's, to give written notice thereof to the affected Participants. In such cases, the Contractholder shall elect to have the entire balance held under the Contract applied under one of the following options: (1) to be held and distributed by MONY in accordance with the terms of the Contract; (2) to be transferred to an alternate funding agency (e.g., another insurance company); or (3) to purchase deferred, paid-up life annuity benefits for Participants.

457 and 408(IRA) Contracts

If the Contractholder terminates its Plan or the Contractholder or IRA Contractholder discontinues purchase payments for a Participant or itself, MONY shall give written notice thereof to the appropriate Participant(s) together with notice of the right of the Participant to elect to have the value of his/her Accumulation Account applied under either of the following options: (1) to be held and distributed by MONY in accordance with the terms of the Contract or (2) to be paid to him/her in cash, except that, under the terms of certain 457 Contracts, the Contractholder, not AUSA, shall give notice to affected Participants.

FAILURE OF QUALIFICATION

In the event that a Plan, Contractholder or IRA Contractholder or a Participant thereunder becomes ineligible for any previously applicable tax benefits under the Code, MONY upon notice thereof may refuse during the period of such ineligibility to accept Purchase Payments with respect to that Plan or Participant. A failure of qualification under a particular Contract shall have no effect on other issued and outstanding Contracts.

TRANSFERS

No transfers may be made between any of the Contracts; however, the following transfers are permissible with respect to each Contract.

401(a), 401(k), 403(b), 457, 408(IRA) and NQDC Contracts

A Participant may transfer all or a portion of his/her Accumulation Account in Keynote among the various Subaccounts. No transfer charges are imposed, and there is no limit to the number of transfers permitted. While MONY has no present intention to do so, MONY reserves the right to impose transfer charges at a later date.

Transfers from the MONY Section 403(b), Section 401(a), Section 401(k) and NQDC Group Fixed Annuity and 408(IRA) Contracts to a Participant's Accumulation Account under the Keynote Contracts are permitted only to the Subaccounts which invest in the Balanced Series, Equity Income Series, Equity Growth Series or Calvert Series. Transfers from a Participant's Accumulation Account under the Keynote Contracts to the MONY Section 403(b), Section 401(a), Section 401(k) and NQDC Group

Fixed Annuity Contracts are permitted, subject to certain restrictions in both Contracts. Certain other restrictions which apply to transfers from the MONY Section 403(b), Section 401(a), Section 401(k) and NQDC Group Fixed Annuity and 408(IRA) Contracts to the Keynote Contracts are contained in the MONY Section 403(b), Section 401(a), Section 401(k) and NQDC Group Fixed Annuity and Section 408(IRA) Contracts.

Transfers may be made in writing or by telephoning (914) 697-8000. Transfers are effective within 48 hours of receipt of instructions. All Participants should be aware that a transfer authorized by telephone and reasonably believed to be genuine by MONY may subject the Participant to risk of loss if such instruction is subsequently found not to be genuine. MONY will employ reasonable procedures, including requiring Participants to give certain identification information and tape recording of telephone instructions, to confirm that instructions communicated by telephone are genuine. To the extent that MONY fails to use reasonable procedures to verify the genuineness of telephone instructions, MONY may be liable for any losses due to telephone instructions that prove to be fraudulent or unauthorized.

RIGHTS RESERVED BY MONY

Subject to compliance with applicable laws and, when required by law, approval of the Contractholders, IRA Contractholders, NQDC Contractholders and/or Participants and any appropriate regulatory authority, MONY reserves the right to make the following changes:

(1) To operate Keynote in any form permitted under the 1940 Act or in any other form permitted by law;

(2) To take any action necessary to comply with or obtain and continue any exemptions from the 1940 Act;

(3) To transfer any assets in a Subaccount of Keynote to another Subaccount of Keynote, or to one or more separate accounts, or to MONY's general account to the extent permitted by law or to add, combine or remove Subaccounts in a separate account;

(4) To substitute, for the interests in a series of Diversified Investors Portfolios or the Calvert Series held in any Subaccount, interests in another series of Diversified Investors Portfolios or interests in another investment company or any other investment permitted by law; and

(5) To make any necessary technical changes in the Contracts in order to conform with any of the above-described actions or as may be required or permitted by applicable laws affecting Keynote or the Contracts.

CREDIT OF PURCHASE PAYMENTS

A Participant's initial Purchase Payment will be credited to the Participant's Accumulation Account to provide Units as of a Valuation Date for the Valuation Period, not later than (1) two business days after receipt of the Purchase Payment by MONY at 4 Manhattanville Road, Purchase, New York 10577, if the contract application and/or Participant's enrollment form is complete upon receipt, or (2) two business days after an application and/or enrollment form which is incomplete upon receipt by MONY is made complete, provided that if such information is not made complete within five business days after receipt, (i) the prospective Participant will be informed of the reasons for the delay, and (ii) the initial Purchase Payment will be returned immediately and in full, unless the prospective Participant specifically consents to MONY retaining the

Purchase Payment until such information is made complete.

Subsequent Purchase Payments will be credited to the Participant's Accumulation Account to provide Units as of the Valuation Date for the Valuation Period in which the Purchase Payment is received in good order by MONY.

ALLOCATION OF PURCHASE PAYMENTS

Upon receipt of a Purchase Payment, it will be credited to the Subaccount designated by the Participant in the form of Units. The number of Units to be credited is determined by dividing the dollar amount allocated to the particular Subaccount(s) by the Unit value of that Subaccount for the

Valuation Date for the Valuation Period on which the Purchase Payment is received. The number of Units shall not be changed by any subsequent change in the value of a Unit, but the dollar allocation value of a Unit will vary in amount depending upon the investment experience of the applicable Subaccount.

Allocation instructions may be changed at any time by sending to MONY a correctly completed allocation form. Any change in allocations will be effective within 10 business days following receipt of the allocation form by MONY. If an allocation form is incorrectly completed, Purchase Payments will be credited in accordance with the most recent allocation form on record. MONY reserves the right to limit a Participant's right to change allocation instructions to four times a calendar year.

DETERMINATION OF UNIT VALUE

The Unit value for each of the Subaccounts was established at $10 for the first Valuation Date. The Unit value for a Subaccount for any subsequent Valuation Date is determined by subtracting (b) from (a) and dividing the result by (c), where

(a) is the aggregate net asset value on the Valuation Date of all investments by the Subaccount in the series of Diversified Investors Portfolios or the Calvert Series in which the Subaccount invests, and

(b) is the mortality and expense risk charge accrued as of that Valuation Date, and

(c) is the total number of Units held in the Subaccount on the Valuation Date before the purchase or redemption of any Units on that Date.

DEATH BENEFIT

Under a Section 403(b), Section 457 and Section 408(IRA) Contract, if a Participant dies before the Annuity Purchase Date (See "Annuity Purchase Date" on page 20), the value of his/her Accumulation Account will be paid to the beneficiary in a lump sum. If the beneficiary is under the age of 75 at the time of the Participant's death, the beneficiary may elect to have this lump sum applied to provide a Fixed Annuity. A lump sum payment to some extent may be taxed as ordinary income to the beneficiary in the year received. A beneficiary should consider the possible tax advantages to electing an annuity. (See "Section 403(b) Annuities" on page 24). Under a Section 401(a) and/or Section 401(k) Contract, however, the underlying tax-qualified Plan is generally required to provide that in the case of a married Participant, a survivorship annuity death benefit will be paid to the surviving spouse if the Participant dies prior to retirement. In each case involving a Section 401(a) and/or Section 401(k) Contract, reference must be made to the underlying Plan for particulars.

If the Participant dies before the Annuity Purchase Date, his/her entire interest must generally be distributed within five (5) years after the date of death, or if payable to a designated beneficiary must be annuitized over the life of that designated beneficiary or over a period not extending beyond the life expectancy of that beneficiary, within one year after the date of death. If the beneficiary is the Participant's spouse, distributions are not required to be made until the April 1st after the end of the calendar year in which the Participant would have attained age 70 1/2; if the spouse dies before distributions begin, the rules discussed above will apply as if the spouse were the Participant (owner).

If a lump sum payment is elected, the Accumulation Account value will be determined on the Valuation Date for the Valuation Period in which a certified copy of the death certificate evidencing the Participant's death is received by MONY. If a Fixed Annuity is elected, the Accumulation Account value will be determined on the Valuation Date for the Valuation Period of the beneficiary's Annuity Purchase Date. For Section 401(a) and/or Section 401(k) and NQDC Contracts, the underlying Plan should be consulted to determine the options available.

For NQDC Contracts, the remaining value will be paid to a designated beneficiary. If no such beneficiary is so designated or in existence, the remaining value will be paid in the following order: Participant's (1) spouse, (2) children, (3) parents, (4) siblings and (5) estate.

For all Contracts except NQDC Contracts, the death benefit is guaranteed to be not less than the total amount of all contributions, less any withdrawals, made by the Participant.

REDEMPTION DURING THE ACCUMULATION PERIOD

For Section 403(b), Section 457 and Section 408(IRA) Contracts and subject to applicable federal tax law restrictions, a Participant at any time during his/her Accumulation Period and prior to his/her death may redeem all or a portion of the Units credited to the Accumulation Account. There is no redemption charge. (See "Federal Income Tax Status" on page 26.)

The Accumulation Account value redeemed or the Units remaining after a partial redemption will be determined on the Valuation Date for the Valuation Period in which a written request for a redemption on a form approved by MONY is received by MONY. The Accumulation Account will be reduced by the lesser of the number of Units obtained by dividing the amount of the redemption request by the Unit value for that day or the number of Units remaining in the Accumulation Account.

A full or partial redemption payment will be made within seven days after receipt of the written request. A request for a partial redemption must specify the Subaccount(s) from which the partial withdrawal is to be made. Payment may be postponed as permitted by the 1940 Act. Currently, deferment is permissible only when the New York Stock Exchange is closed or trading is restricted, when an emergency exists as a result of which disposal of the interests in Diversified Investors Portfolios or Calvert Series held by Keynote is not reasonably practicable or it is not reasonably practicable to determine fairly the value of these assets, or when the SEC has provided for such deferment for the protection of Participants.

A withdrawal will generally have federal income tax consequences which may include penalties. (See "Federal Income Tax Status" on page 26.)

With respect to Section 401(a) and Section 401(k) or NQDC Contracts, the ability to withdraw funds during the Accumulation Period is generally more limited; however, in each instance the underlying Plan document should be consulted to determine what options, if any, are available.

PAYMENT OPTIONS

With respect to Section 403(b), Section 457 and Section 408(IRA) Contracts, unless a Fixed Annuity as described at page 23 is elected, payment to the Participant shall be made at the end of his/her Accumulation Period in a lump sum calculated in the same manner as if a total withdrawal request of one's Accumulation Account had been received by MONY on his/her Annuity Purchase Date. (See above for, "Redemption During the Accumulation Period".) However, Section 401(a) and Section 401(k) and NQDC Contracts provide the funding for the Plans and reference to the particular Plan must be made in each case for details. For example, tax-qualified Plans must generally provide by law that in the case of a married Participant who does not properly elect otherwise, retirement annuity benefits will be paid in the form of a contingent annuity with a survivorship annuity benefit for his surviving spouse at least equal to 50% of the amount which would have been payable if the Participant were living. For NQDC Contracts, the employer may also provide for installment payments without the purchase of an annuity.

ANNUITY PURCHASE DATE

The Annuity Purchase Date is the first day of the month coincident with or following the receipt by MONY of written notice, submitted through the Participant's employer, of the Participant's retirement (i.e., the termination of employment with his/her employer). Subject to the terms of the Plan, a Participant may elect to retire at any time and receive annuity benefits. As a general rule, benefits must begin no later than April 1 of the calendar year following the year in which the Participant attains age 70 at which time an election to receive an annuity or lump sum benefit must be made.

In the case of a beneficiary who elects a Fixed Annuity, the Annuity Purchase Date will be the first day of the month following receipt by MONY of the election of a Fixed Annuity; however, if any election is received during the last 15 days of a month, the Annuity Purchase Date will be the first day of the second month after receipt of the election.

For Section 408(IRA) Contracts, the Annuity Purchase Date is the date the annuity first begins under the terms of the IRA Contract.

FIXED ANNUITY

Fixed Annuity payments are not made from Keynote but are made from the general account of MONY which supports insurance and annuity obligations. Because of exemptive and exclusionary provisions, Fixed Annuity payments and interests in the general account have not been registered under the Securities Act of 1933, nor is the general account registered as an investment company under the 1940 Act. Accordingly, neither the general account nor any interests therein are generally subject to the provisions of the 1933 or 1940 Acts. The SEC staff has not reviewed the disclosures in this Prospectus that relate to the Fixed Annuity payments and interests in the general account. Disclosures regarding Fixed Annuity payments and the general account in this Prospectus, however, may be subject to certain generally applicable provisions of the federal securities laws relating to the accuracy and completeness of statements made in prospectuses.

A Fixed Annuity may not be elected if the initial monthly payment under the form elected would be less than $20. Fixed Annuity payments will be made monthly unless the annuitant elects to receive payments annually, semi-annually or quarterly. Any such election must be made at the same time that the annuitant elects to receive a Fixed Annuity and cannot be changed during the annuity period. Once a Fixed Annuity takes effect, it may not be redeemed, surrendered or changed to any other form of annuity.

FIXED ANNUITY OPTIONS

The following Fixed Annuity options may be available:

(i) Life Annuity -- Annuity payments will be made during the lifetime of the annuitant. It would be possible for the annuitant to receive no annuity payment if he/she died prior to the date of the first annuity payment.

(ii) Life Annuity With Period Certain -- Annuity payments will be made during the lifetime of the annuitant with the guarantee that if the annuitant dies before a period certain elected, the beneficiary will receive payments for the duration of the period. The period certain may be any number of years between 5 and 20 inclusive.

(iii) Specified Fixed Period Annuity -- Annuity payments will be made for a specified fixed period elected by the annuitant. If the annuitant dies during the specified fixed period, the annuity payments for the remainder of the period will be paid to the beneficiary. No annuity payments are made after the expiration of the specified fixed period even if the annuitant survives. The specified fixed period may be for any number of years between 10 and 30 years inclusive.

(iv) Contingent Annuity -- Annuity payments will be made during the joint lifetimes of the annuitant and a designated second person ("contingent annuitant") with payments continued during the remaining lifetime of the contingent annuitant. Annuity payments to the contingent annuitant may be made in the same amount paid while both annuitants lived or a lesser percentage of this amount. For Section 401(a) and/or Section 401(k) Contracts, in the absence of a proper election by the Participant, a contingent annuity with a survivorship annuity benefit for the surviving spouse at least equal to 50% of the amount which would have been payable if the Participant were living will be the normal form of benefit.

If the contingent annuitant dies before the first annuity payment to the annuitant, the contingent annuity election will be void and the annuitant will receive a Life Annuity. If the contingent annuitant dies after the first annuity payment to the annuitant, but before the death of the annuitant, annuity payments under the Contingent Annuity election will be made to the annuitant during his/her lifetime. If the annuitant and the contingent annuitant die before the date of the first annuity payment, no annuity payments will be made.

(v) Contingent Annuity With Period Certain -- Annuity payments will be made during the joint lifetimes of the annuitant and a designated second person ("contingent annuitant"). Annuity payments to the contingent annuitant may be in the same amount as paid to the annuitant or a lessor percentage of that amount and will be made for a period certain of any number of years between 5 and 20 years inclusive.

The Life Annuity With Period Certain and the Specified Fixed Period Annuity may only be elected for a number of years that will not exceed an annuitant's life expectancy. The annuity benefit option elected by the Participant will affect the level of annuity payments the Participant will receive. The longer annuity payments are projected to continue based upon actuarial possibilities, the lower annuity payments will be.

The annuity purchase rates for these Fixed Annuity benefits shall not exceed, during the first 10 years of the Contracts, the maximum rates set forth in the Contracts. Thereafter, the annuity purchase rate will be the rate declared by MONY for all Fixed Annuity benefits purchased under the applicable Contract in the same Contract Year in which the Annuity Purchase Date occurs. The guaranteed level of Fixed Annuity payments will be determined based upon (i) a Participant's Accumulation Account value on the Annuity Purchase Date, (ii) the applicable annuity purchase rate on the Annuity Purchase Date which will reflect the age of the Participant and (iii) the type of Fixed Annuity option elected.

PAYMENTS TO A BENEFICIARY FOLLOWING THE ANNUITANT'S DEATH

If any annuity payment is payable to the beneficiary after the death of an annuitant on or after his/her Annuity Purchase Date but during a period certain, it shall be payable as each payment becomes due to the beneficiary. If the benefit is payable to more than one beneficiary, it shall be paid in equal shares to such beneficiaries, the survivors or survivor, unless the annuitant has elected otherwise. Upon the death of the last surviving beneficiary, MONY shall pay the commuted value of any remaining payments in a lump sum cash payment to the estate of such last surviving beneficiary in lieu of any further income payments.

The annuitant's beneficiary may direct in writing to MONY that any income payable after the death of the annuitant or contingent annuitant be terminated and a single commuted value be paid to the beneficiary. The commuted values referred to above shall be based upon the value of the payments for the balance of the period certain determined as of the date MONY receives written notice of the beneficiary's election to receive the commuted value on the basis of the interest rate (compounded annually) inherent in the annuity purchase rate applied to provide the annuitant's Fixed Annuity.

VOTING RIGHTS

The assets held in the Subaccounts of Keynote will be invested in the corresponding series of Diversified Investors Portfolios or the Calvert Series. MONY is the legal holder of these interests and shares held in a Subaccount and as such has the right to vote to elect the governing Boards of Diversified Investors Portfolios and the Fund, to vote upon certain matters that are required by the 1940 Act to be approved or ratified by the shareholders of a mutual fund, and to vote upon any other matter that may be voted upon at a shareholders' meeting. To the extent required by law, MONY will vote at regular and special shareholder meetings in accordance with the instructions received from Contractholders, IRA Contractholders and NQDC Contractholders. The record date for any such vote shall be selected by the governing Boards of Diversified Investors Portfolios or the Calvert Series. MONY will furnish Contractholders, IRA Contractholders and NQDC Contractholders with the proper forms to enable them to give it these instructions.

Each Contractholder, IRA Contractholder and NQDC Contractholder will have the equivalent of one vote per $100 of the dollar value of the Accumulation Accounts in a Contract held in each Subaccount of Keynote, with fractional votes for amounts less than $100. These votes, represented as votes per $100 of Accumulation Account value in each Subaccount of Keynote, are converted into a proportionate number of votes in beneficial interests in a series of Diversified Investors Portfolios or shares of the Calvert Series. Interests held in each Subaccount for which no timely instructions from Contractholders, IRA Contractholders or NQDC Contractholders are received will be voted by MONY in the same proportion as those interests in that Subaccount for which instructions are received. Should applicable federal securities laws or regulations permit, MONY may elect to vote in its own right.

A Participant will have the right to instruct the Contractholder, IRA Contractholder or NQDC Contractholder with respect to interests in the series of Diversified Investors Portfolios or the Calvert Series attributable to his/her portion of the Accumulation Account held in each Subaccount of Keynote.

Each Participant under the Contract shall receive a statement of the amount attributable to his/her participation in each Subaccount of Keynote and stating his/her right to instruct the Contractholder as to how to vote such interest. MONY will provide voting instruction materials to the Contractholder, IRA Contractholder or NQDC Contractholder and to the Participants.

The Contractholder, IRA Contractholder and NQDC Contractholder shall provide voting instructions to MONY with respect to interests attributable to the Accumulation Account values held in a Subaccount in accordance with instructions received by Participants. For interests for which no timely instructions from Participants are received, the Contractholder, IRA Contractholder or NQDC Contractholder will instruct MONY to vote these interests in the same proportion as those shares for which instructions from Participants are received.

Matters on which the Contractholder, IRA Contractholder or NQDC Contractholder may give voting instructions include the following: (1) election of the governing Boards Diversified Investors Portfolios or the Fund; (2) ratification of the independent accountant of Diversified Investors Portfolios or the Calvert Series; (3) approval of any change in the Investment Advisory Agreement or any Subadvisory Agreement for a series of Diversified Investors Portfolios or the Calvert Series corresponding to the Contractholder's, IRA Contractholder's or NQDC Contractholder's selected Subaccount(s); (4) any change in the fundamental investment policies of a series of Diversified Investors Portfolios or the Calvert Series corresponding to the Contractholder's, IRA Contractholder's or NQDC Contractholder's selected Subaccount(s); and (5) any other matter requiring a vote of the shareholders of Diversified Investors Portfolios or the Calvert Series. With respect to approval of the Investment Advisory Agreements or Subadvisory Agreements or any change in a fundamental investment policy, Contractholders, IRA Contractholders and NQDC Contractholders participating in that Subaccount will vote separately on the matter pursuant to the requirements of Rule 18f-2 under the 1940 Act.

MONY may, if required by state insurance officials, disregard voting instructions if those instructions would require voting to cause a change in the subclassification or investment objectives or policies of one or more of the series of Diversified Investors Portfolios or the Calvert Series, or to approve or disapprove an investment adviser or principal underwriter for one or more series of Diversified Investors Portfolios or the Calvert Series. In addition, MONY may disregard voting instructions that would require changes in the investment objectives or policies of any series of Diversified Investors Portfolios or the Calvert Series or in an investment adviser or principal underwriter for Diversified Investors Portfolios or the Calvert Series, if MONY reasonably disapproves those changes in accordance with applicable federal regulations. If MONY disregards voting instructions, it will advise Contractholders, IRA Contractholders, NQDC Contractholders and Participants of that action and its reasons for the action in the next semiannual report to Contractholders, IRA Contractholders, NQDC Contractholders and Participants.

DISTRIBUTION OF THE CONTRACTS

MONY Securities Corporation ("MSC"), a wholly owned subsidiary of MONY, serves as the principal underwriter of the securities issued with respect to the Separate Account and distributor for the Contracts. MSC also acts as the distributor for other variable insurance products offered by MONY. MSC is registered as a broker-dealer with the SEC and is a member of the National Association of Securities Dealers, Inc. ("NASD"). The principal place of business of both MSC and MONY is 1290 Avenue of the Americas, New York, NY 10104.

The Contracts are no longer sold, but Purchase Payments may be made under existing Contracts. The Contracts were sold by registered representatives of MSC and by financial professionals of other broker-dealers that entered into selling agreements with MSC. The maximum commission currently paid is 1% of additional Purchase Payments.

On or about June 6, 2005, subject to regulatory approval, registered representatives of MSC will become registered representatives of AXA Advisors, LLC ("AXA Advisors"). Also, AXA Advisors will replace MSC as principal underwriter of the Separate Account and distributor for the Contracts. Accordingly, upon regulatory approval and implementation of the transactions described above, references in this prospectus to MSC shall thereafter be considered references to AXA Advisors. AXA

Advisors (the successor to EQ Financial Consultants, Inc.), an affiliate of MONY and AXA Equitable Life Insurance Company, is registered with the SEC as a broker-dealer and is a member of the NASD. Its principal business address is 1290 Avenue of the Americas, New York, NY 10104. AXA Advisors also acts and will act as distributor for other AXA Equitable and MONY annuity products.

FEDERAL INCOME TAX STATUS

The ultimate effect of federal income taxes on Fixed Annuity payments and on the economic benefit to the Participant, annuitant, payee and beneficiary depends on the tax and employment status of the individual concerned.

The discussion which follows on the treatment of MONY and of the Contracts under federal income tax law is general in nature, is based upon MONY's understanding of current federal income tax laws, and is not intended as tax advice. No representation is made regarding the likelihood of continuation of the present federal income tax law or of the current interpretations by the Internal Revenue Service. No attempt is made to consider any applicable state or other tax laws. Each Contractholder, IRA Contractholder, NQDC Contractholders and Participant contemplating investment in the Contracts should consult a qualified tax adviser.

Participants receiving large distributions (generally those in excess of $150,000 (as indexed) per year; or lump sum distributions in excess of $750,000 (as indexed)) from qualified retirement Plans, including those funded through Section 401(a), Section 408(IRA) and Section 403(b) Contracts, may be subject to a 15% excise tax on their distributions in excess of a specified amount. The Small Business Job Protection Act of 1996 suspended the imposition of the excess distribution excise tax in 1997, 1998 and 1999. Finally, the Taxpayer Relief Act of 1997 has repealed the excise tax (and a related estate tax on excess retirement accumulations) for all subsequent years.

TAX TREATMENT OF MONY

MONY is taxed as a life insurance company under Part I, Subchapter L of the Code. Investment income from the assets of Keynote are reinvested and taken into account in determining the value of Keynote. Under existing federal income tax law, the investment income of Keynote, including realized capital gains, is substantially not taxed to MONY.

TAXATION OF DIVERSIFIED INVESTORS PORTFOLIOS

Diversified Investors Portfolios is organized as a New York trust. None of its series are subject to any income or franchise tax in the State of New York. Each of its series, since it is taxed as a partnership, is not subject to federal income taxation. MONY, as an investor in a series of Diversified Investors Portfolios, will be taxable on its share (as determined in accordance with the governing instruments of Diversified Investors Portfolios) of such series' ordinary income and capital gain in determining its income tax liability. The determination of such share will be made in accordance with the Code and regulations promulgated thereunder. See "Tax Treatment of MONY" above.

SECTION 403(B) ANNUITIES

Purchase Payments made under a Contract meeting the requirements of Section 403(b) of the Code afford certain federal income tax benefits to employees of state educational organizations, and organizations which are tax-exempt under Section 501(c)(3) of the Code.

The employer may make contributions to the Contract or the employer may agree with the Participant that in return for employer contributions to the Contract, the Participant will take a reduction in salary or give up a salary increase. The agreement may not be changed with respect to earnings of the Participant while the agreement is in effect. The Participant can only make one agreement with his/her employer during the year, but the Participant may terminate the agreement at any time with respect to amounts not yet earned. No federal income tax is payable by the Participant on increases in the value of his/her Accumulation Account until payments are received by the Participant.

Purchase Payments meeting the requirements of Sections 402(g), 403(b) and 415 of the Code are not includable in the gross income of the Participant at the time they are made. Under Section 402(g) of the Code, Purchase Payments made under a reduction in salary or a give up in salary increase agreement ("elective deferrals") are excluded from a Participant's gross income to the extent

of $13,000 in 2004 (this limit is currently scheduled to increase $1,000 per year until 2006 and thereafter to be adjusted for inflation). The Section 402(g) limit will be reduced on a dollar for dollar basis by employee pre-tax elective deferrals made by that individual under a Section 401(k) Plan, a simplified employee pension plan, or other tax deferred annuity. All Purchase Payments under a Section 403(b) Contract are subject to the requirements of Section 415 of the Code, which in general limit contributions by or on behalf of a Participant to the lesser of $40,000 (an amount subject to indexation for inflation) or 100% of the Participant's compensation. Participants under a Section 403(b) Contract who have attained age 50 may be entitled to exceed the limits of Sections 402(g) and 415 by up to $1,000 in 2002 (an amount currently scheduled to increase $1,000 per year until 2006 and thereafter to be adjusted for inflation) and certain Participants with 15 or more years of service with their Plan sponsor may be eligible for an increase of up to $3,000 per year in the Section 415 limit (subject to a lifetime maximum of $15,000 or if less the amount by which they are deemed to have undercontributed in prior years). The availability of the foregoing increases in limits will be subject to and may be limited by the terms of any underlying retirement Plan.

When Fixed Annuity payments commence, or if the Participant obtains a partial or full redemption of the Units credited to his/her Accumulation Account under the Contract, the amount received will be includable as ordinary income in the year received, except that such portion of any amount received as is deemed to represent a return of Purchase Payments originally included as gross income made by the Participant will not be taxed. Full redemptions do not qualify for special capital gains treatment nor 5-year income averaging applicable to qualified plan lump sum distributions. However if a Participant makes a full redemption after attaining age 59 1/2 or on account of a separation from service, he/she may delay including the distribution in income by making a rollover transfer, subject to requirements set by the Code, to an Individual Retirement Account (IRA), Section 403(b) annuity or an employer's Section 401(a)/401(k) Plan or a governmental employer's Section 457 Plan eligible and willing to accept such a rollover. A partial redemption of at least 50% of the balance to the credit of a Participant on account of a separation from service may be rolled over to an Individual Retirement Account, subject to requirements set by the Code.

If the Participant receives any amount under the Contract that does not qualify under one of the exceptions listed in the next sentence, the Participant must pay an additional tax of 10% of the amount of the distribution includable in gross income for the taxable year. The additional tax shall not apply to distributions which are (1) made on or after the date on which the Participant attains age 59 1/2, (2) made to a beneficiary on or after the death of the Participant, (3) attributable to the Participant's becoming permanently disabled, (4) made after separation from service in a series of substantially equal periodic payments made for the life (or life expectancy) of the Participant or the joint lives (or joint life expectancies) of the Participant and his beneficiary, (5) made to a Participant after separation of service after attainment of age 55, (6) made to a Participant for medical care (not to exceed the amount deductible by the employee), or (7) paid to alternate payees under a qualified domestic relations order.

Restrictions on Withdrawals of Elective Contributions. Any funds in the Participant's account balance other than funds attributable to assets held at the close of the last year beginning before January 1, 1989 will be restricted from withdrawal except upon attainment of age 59 1/2, severance from employment, death, disability or hardship (hardship withdrawals are to be limited to the amount of the Participant's own contributions exclusive of earnings). However, any funds in the Participant's account balance attributable to employer contributions, if any, and the earnings thereon will not be restricted unless specifically provided for by the employer's plan.

In tax years beginning after 1988, Section 403(b) Plans (other than church plans) will be subject to nondiscrimination and coverage requirements, as well as special rules with respect to minimum distributions.

SECTION 401(A) PLANS

An employer maintaining a pension or profit sharing Plan which satisfies the requirements of Section 401(a) of the Code may make contributions to the Contract which are generally currently deductible by the employer and are not currently taxed to the Participants. The Code prescribes various limitations on the maximum amount which may be contributed on behalf of any Participant. Generally,

annual contributions on behalf of a Participant may not exceed the Section limits, i.e., the lesser of $40,000 (as indexed) or 100% of such Participant's compensation. In the case of a 401(k) plan, the annual deferral limit for the Participant's elective contributions under Section 402(g) of the Code is $12,000 in 2003 (this limit is currently scheduled to increase $1,000 per year until 2006 and thereafter to be adjusted for inflation). In addition, Participants may make after-tax contributions to the Contract if their Section 401(a) Plan permits subject to the Section 415 limits and Participants who have attained age 50 may be entitled to exceed the dollar limits of Section 402(g) and 415 by up to $1,000 in 2002 (an amount currently scheduled to increase $1,000 per year until 2006 and thereafter to be adjusted for inflation). The availability of the foregoing increases in limits will be subject to and may be limited by the terms of the underlying Section 401(a) Plan.

When Fixed Annuity payments commence, or if the Participant obtains a partial redemption of the units credited to his/her Accumulation Account under the Contract, the amount received will be includable as ordinary income in the year received, except that such portion of any amount received as is deemed to represent a return of Participant after-tax Purchase Payments will not be taxed. Full redemptions to participants born before 1936 may qualify for 10-year income averaging (using 1986 tax rates) and/or partial treatment as capital gains for amounts attributable to pre-1974 service if the payment constitutes a "lump sum distribution," as that term is defined in the Code and if certain conditions are met.

The rules governing rollovers of distributions from a Section 401(a) Plan are parallel to those dealing with distributions from Section 403(b) annuities. If the Participant receives a direct distribution from the plan, automatic withholding of 20% will be made on the distribution -- even though it is rendered not currently taxable by the Participant's subsequent rollover or transfer of the gross amount to an IRA, Section 403(b) annuity or an employer's Section 401(a)/401(k) Plan or a governmental employer's Section 457 Plan eligible and willing to accept such a rollover. Alternatively, the Participant may avoid the automatic 20% withholding by directing the plan to transfer the amount involved directly to an IRA, Section 403(b) annuity or an employer's Section 401(a)/401(k) Plan or a governmental employer's Section 457 Plan eligible and willing to accept such a rollover. See "Income Tax Withholding" below.) In addition, the 10% penalty on premature distributions from Section 403(b) annuities is also applicable to Section 401(a) Plan distributions.

SECTION 408 (IRA) CONTRACTS

An individual, participating under a Contract which satisfies the requirements of Section 408 of the Code, may make contributions to the Contract. The Code prescribes various limitations on the maximum amounts which may be contributed by or on behalf of the Participant and on the deductibility of the contributions for federal income tax purposes. No federal income tax is payable by the Participant on increases in the value of his/her Accumulation Account until payments are received by the Participant.

When Fixed Annuity payments commence, or if the Participant obtains a partial redemption of the units credited to his/her Accumulation Account under the Contract, the amount received will be includable as ordinary income in the year received, except that such portion of any amount received which is deemed to represent a return of Participant nondeductible Purchase Payments will not be taxed. Full or partial redemptions do not qualify for special capital gains treatment nor 10-year income averaging applicable to certain qualified plan distributions. Any full or partial redemption will not be includable in ordinary income if the Participant rolls over the distribution within 60 days to an IRA, Section 403(b) annuity or an employer's Section 401(a)/401(k) Plan or a governmental employer's Section 457 Plan eligible and willing to accept such a rollover.

If the Participant receives any amount under the Contract prior to attainment of age 59 1/2, the Participant must pay an additional excise tax of 10% of the amount of the distribution includable in gross income for the taxable year. The additional tax does not apply to distributions which are (1) made to a beneficiary on or after the death of the Participant, (2) attributable to the Participant's becoming permanently disabled, (3) made in a series of substantially equal periodic payments made for the life (or life expectancy) of the Participant or the joint lives (or joint life expectancies) of the

Participant and his/her beneficiary, and (4) in amounts not exceeding certain expenses in the year distributed, including deductible medical care expenses, qualified higher education expenses, qualified first-time home buyer costs (subject to a $10,000 maximum) and health insurance premiums paid by persons after receiving at least 12 weeks of unemployment compensation insurance payments.

MINIMUM DISTRIBUTION REQUIREMENTS

If the actual distributions from an IRA, Section 403(b) annuity or an employer's Section 401(a)/ 401(k) Plan or Section 457 Plan are less than the minimum required to be distributed commencing by April 1 in the calendar year following the year the Participant attains age 70 1/2 or, in any case other than an IRA distribution and if still employed at that age, the years in which he retires (see "Annuity Purchase Date", on page 20), the difference is considered to be an excess accumulation and the IRS may impose a 50% excise tax on this excess amount.

SECTION 457 PLANS

Section 457 of the Code allows employees of or independent contractors who furnish services to a state or local government or other tax exempt employer to establish an eligible deferred compensation plan allowing the deferral of certain limited amounts of compensation. Generally, the annual deferral limit is the lesser of $12,000 in 2003 (this limit is currently scheduled to increase $1,000 per year until 2006 and thereafter to be adjusted for inflation) or 100% of the Participant's includable compensation. There is a "catch-up" provision which may permit a Participant to defer a greater amount prior to retirement and Participants who have attained age 50 may be entitled to exceed the dollar limits of Sections 402(g) and 415 by up to $1,000 in 2002 (an amount currently scheduled to increase $1,000 per year until 2006 and thereafter to be adjusted for inflation. The available of the foregoing increases in limits will be subject to and may be limited by the terms of the underlying Section 457 Plan.

State and local government includes a state, a political subdivision of a state, any agency or instrumentality of either of them, a tax-exempt rural electric cooperative or its tax-exempt affiliates. All amounts deferred and property bought with those amounts or income earned on those amounts under Section 457 Plans of non-governmental tax-exempt employers must remain the property of the employer and are subject to the claims of its general creditors. The assets of Section 457 Plans of state and local governments must be held in trust for the "exclusive benefit" of the Participants (and their beneficiaries). Distributions from a Section 457 Plan are subject to Section 401(a)(9) of the Code in addition to the rules applicable under Section 457 of the Code and must begin no later than the April 1st of the calendar year following the year in which the participant attains age 70 1/2 or, if later, the year in which he retires. Distributions from Section 457 Plans are generally taxable as ordinary income when paid or, in the case of distributions from Section 457 Plans of non-governmental tax-exempt employers, when made available. Distributions may be directly transferred without tax to an Section 457 Plan or, if paid by the Section 457 Plan of a governmental employer, rolled over under the same rules as govern rollovers of distributions from Section 403(b) plans. Distributions from Section 457 Plans are not subject to the special 10% excise tax for early distribution unless attributable to amounts rolled into that Plan from another type of Plan (such as an employer's Section 401(a) Plan) the distributions would be subject to the excise tax.

NON-QUALIFIED DEFERRED COMPENSATION CONTRACTS

Taxed employers may establish a non-qualified deferred compensation arrangement funded by non-qualified deferred compensation contracts allowing the deferral of compensation. Such plans include, but are not limited to, excess benefit plans, plans maintained by an employer primarily for a select group of management or highly compensated employees, as well as rabbi and secular trusts. Taxed employers for these non-qualified deferred compensation plans include corporations, partnerships, S corporations and any of their affiliates or subsidiaries. Contributions are determined on the plan's definition of compensation. All amounts deferred by employees and any income earned thereon remain the property of the employer and are subject to the claims of its general creditors. In-service withdrawals from non-qualified deferred compensation plans may be permitted for reasons of hardship under certain conditions as specified in the plans. Distributions from these plans are permitted when the Participant terminates employment, becomes permanently disabled, retires, dies or as otherwise

specified in the plan. As a general rule, the Participant is subject to taxation upon receipt of the funds, and there is usually no tax consequences to the employer, i.e., no deduction is available until paid out.

Such non-qualified deferred compensation arrangements for taxable employers may be funded by either a Keynote Contract alone or by a Keynote Contract in combination with a Fixed Annuity Contract.

INCOME TAX WITHHOLDING

Unless the Participant or payee elects to have no withholding, the taxable portion of distributions under a Contract will be subject to income tax withholding under federal and certain state laws. MONY will notify recipients of taxable distributions under a Contract of their right to elect not to have withholding apply, if available.

For NQDC Contracts and Section 457 Plans of non-governmental tax-exempt employers Form W-2 withholding by the employer may be required.

For other Contracts other than under IRAs, mandatory 20% federal income tax withholding unless the distributions either are:

1. Part of a series of substantially equal periodic payments (at least annually) for the participant's life or life expectancy, the joint lives or life expectancies of the participant and his/her beneficiary, or a period certain of not less than 10 years, or

2. Required by the Code upon the participant's attainment of age 70 1/2 or death, or

3. Made on account of hardship.

Such withholding will apply even if the distribution is rolled over into another plan qualified to receive the same, including an IRA. The withholding can be avoided if the participant's interest is directly transferred to that other plan. A direct transfer to the new plan can be made only in accordance with the terms of the old plan. If withholding is not avoided, the amount withheld may be subject to income tax and penalties unless an equivalent amount is rolled over.

Pursuant to Revenue Ruling 90-24 of the Code, an exchange of a Section

403(b) annuity contract for another Section 403(b) annuity contract may qualify as a tax-free exchange.

PERFORMANCE DATA

From time to time the performance of one or more of the Subaccounts may be advertised. The performance data contained in these advertisements is based upon historical earnings and is not indicative of future performance. The data for each Subaccount reflects the results of the corresponding series of Diversified Investors Portfolios or the Calvert Series and recurring charges and deductions borne by or imposed on the Subaccount and on the corresponding series of the Diversified Investors Portfolios or the Calvert Series. Set forth below for each Subaccount is the manner in which the data contained in such advertisements will be calculated.

Money Market Subaccount. The performance data for this Subaccount will reflect the "yield", "effective yield" and "total return". The "yield" of the Subaccount refers to the income generated by an investment in the Subaccount over the seven day period stated in the advertisement. This income is "annualized", that is, the amount of income generated by the investment during that week is assumed to be generated each week over a 52-week period and is shown as a percentage of the investment. The "effective yield" is calculated similarly, but, when annualized, the income earned by an investment in the Subaccount is assumed to be reinvested. The "effective yield" will be slightly higher than the "yield" because of the compounding effect of this assumed reinvestment. The total return is calculated as shown below.

Intermediate Government Bond, Core Bond, Balanced, Value & Income, Equity Growth and Calvert Series Subaccounts. The performance data for these Subaccounts will reflect the "yield" and "total return". The "yield" of each of these Subaccounts refers to the income generated by an investment in that Subaccount over the 30 day period stated in the advertisement and is the result of dividing that income by the value of the Subaccount. The value of each Subaccount is the average daily number of Units outstanding multiplied by the Unit Value on the last day of the period. The "yield" reflects deductions for all charges, expenses, and fees of both the Series and the Subaccount Variable. "average annual total return" for each of these Subaccounts and the Money Market Subaccount refers to the return a Contractholder would receive during the period indicated if a $1,000 Purchase Payment was made the indicated number of years ago. It reflects historical investment results less charges and deductions of both the Series and the Subaccount, with the distribution being made in cash rather than in the form of one of the settlement options, at the close of the period for which the "annualized total return" data is given.

Total return is historical in nature and is not intended to indicate future performance. Total return will be quoted for the most recent one-year period, and the average annual total return will be quoted for the most recent five- and ten-year periods, or the period from the commencement of the public offering of the Contracts, if shorter. Actual total return quotations may also be advertised for other specified periods, such as calendar years and calendar quarters. Cumulative total return for periods of more than one year may also be quoted. These figures will be accompanied by the standard, average annual total return quotations.

From time to time, any series of Diversified Investors Portfolios or the Calvert Series may provide information concerning general economic conditions and supply comparative performance data and rankings, with respect to comparable investments for the same period, for unmanaged market indices such as the Dow Jones Industrial Average and the Standard and Poor's 500, and from recognized independent sources such as Bank Rate Monitor, Money, Forbes, Barron's, Lipper Analytical Services, Inc., CDA Investment Technologies, Inc., Frank Russell Universe Data, Wiesenberger Investment Companies Service, Mutual Fund Values, Mutual Fund Forecaster, VARDS and Morningstar.

In addition, reference may be made in advertisements to various indices including, without limitation, the Standard & Poor's 500 Stock Index, Salomon Brothers Broad Investment Grade Index and Lehman Brothers Government/Corporate Bond Index, and Russell Price Driven Index, in order to provide the reader a basis of comparison for performance.

DIVERSIFIED INVESTORS PORTFOLIOS

Six Subaccounts of Keynote invest exclusively in corresponding series of Diversified Investors Portfolios. Diversified Investors Portfolios is a trust organized on September 1, 1993 under the laws of the State of New York and is registered under the 1940 Act as an open-end, diversified management investment company. The investment objectives of the series of Diversified Investors Portfolios currently available under the Contracts through such Subaccounts are as follows:

Money Market Series: To provide liquidity and as high a level of income as is consistent with the preservation of capital, primarily through investment in money market obligations with maturities of 397 days or less. An investor's interest in any Series is neither insured nor guaranteed by the U.S. Government.

Intermediate Government Bond Series: To provide as high a level of current income as is consistent with preservation of capital, primarily through investment in U.S. Government and U.S. Government agency and instrumentality securities with short and intermediate maturities, and high quality short-term obligations.

Core Bond Series: To achieve the maximum total return, primarily through investment in investment grade debt securities, U.S. Government and U.S. Government agency and instrumentality securities, collateralized mortgage obligations guaranteed by these agencies or instrumentalities and high quality short-term obligations.

Balanced Series: To provide a high total return consistent with a broad diversified mix of stocks, bonds and money market instruments.

Value & Income Series: To provide a high level of current income through investment in a diversified portfolio of common stocks with relatively high current yields; capital appreciation is a secondary objective.

Equity Growth Series: To provide a high level of capital appreciation through investment in a diversified portfolio of common stocks with potential for above-average growth in earnings; current income is a secondary objective.

There can, of course, be no assurance that any series of Diversified Investors Portfolios will achieve its investment objectives.

CORE/FEEDER STRUCTURE

Each Subaccount which invests in Diversified Investors Portfolios does so through a two tier, core/feeder fund structure in which each Subaccount invests in a corresponding series of Diversified Investors Portfolios.

In addition to selling beneficial interests to such Subaccounts, Diversified Investors Portfolios may sell beneficial interests of its series to other insurance company separate accounts, mutual funds, collective investment vehicles or institutional investors. Such investors will invest in a series of Diversified Investors Portfolios on the same terms and conditions as the applicable Subaccount and will pay a proportionate share of the Series' expenses. However, the other investors investing in such series are not required to sell their shares at the same public offering price as the Subaccount due to variations in sales commissions and other operating expenses. Therefore, Contractholders should be aware that these differences may result in differences in returns experienced by investors in the different entities that invest in each series of Diversified Investors Portfolios.

Smaller entities investing in a series of Diversified Investors Portfolios may be materially affected by the actions of larger entities investing in that series. For example, if a large fund withdraws from a series of Diversified Investors Portfolios, the remaining investors may experience higher pro rata operating expenses, thereby producing lower returns. Additionally, the affected series may become less diverse, resulting in increased portfolio risk. (However, this possibility also exists for any type of collective investment vehicle which has institutional or other large investors.) Also, investors with a greater pro rata ownership in a series of Diversified Investors Portfolios could have effective voting

control of the operations of that series. Whenever a Subaccount is requested to vote on matters pertaining to a series of the Diversified Investors Portfolios (other than a vote to continue a series upon the withdrawal of an investor in the series), MONY, as the legal owner of all assets in the Subaccount, shall vote in accordance with the procedures set forth under "Voting Rights" at page 22, including, to the extent required by law, procedures through which MONY shall receive instructions with respect to such vote from Contractholders and/or Participants. Certain changes in the investment objectives, policies or restrictions of a series of Diversified Investors Portfolios may require that MONY withdraw a Subaccount's interest in that series. Any such withdrawal could result in a distribution "in kind" of portfolio securities (as opposed to a cash distribution from the series). If securities are distributed, the Subaccount could incur brokerage or other charges in converting the securities to cash. In addition, the distribution in kind may result in a less diversified portfolio of investments or adversely affect the liquidity of the Subaccount. Notwithstanding the above, there are other ways for Diversified Investors Portfolios to meet redemption requests from its investors, such as temporary borrowings.

INVESTMENT OBJECTIVES AND POLICIES

Each of the Subaccounts described above seeks to achieve its investment objective by investing all of its assets in a corresponding series of Diversified Investors Portfolios, which is a diversified, open-end management investment company. The investment objective of each series of Diversified Investors Portfolios may be changed without the approval of the investors in that series, but not without written notice thereof to its investors (including a Subaccount) 30 days prior to implementing the change. MONY may withdraw the investment of a Subaccount from its corresponding series of Diversified Investors Portfolios on any Portfolio Business Day (see page 48). Upon any such withdrawal, MONY would consider what action might be taken, including the investment of all the assets of the Subaccount in another pooled investment entity having the same investment objective.

Each series of Diversified Investors Portfolios has a different investment objective which it pursues primarily through the investment policies described below. Since each series of Diversified Investors Portfolios has a different investment objective, each can be expected to have different investment results and be subject to different market and financial risks. See "Investment Techniques and Restrictions" herein and in the Statement of Additional Information for a description of the fundamental policies of each series of Diversified Investors Portfolios that cannot be changed without approval by the holders of a "majority of the outstanding voting securities" (as defined in the 1940 Act) of such series. Except as stated otherwise, all investment guidelines, policies and restrictions of each series described herein and in the Statement of Additional Information are non-fundamental.

Each series of Diversified Investors Portfolios has a different portfolio turnover rate which is the percentage computed by dividing the lesser of portfolio purchases or sales by the average value of the series in each case excluding securities with maturities at the time of acquisition of one year or less. Brokerage expenses can be expected to be higher as a result of higher portfolio turnover rates. The rate of portfolio turnover is not a limiting factor when it is deemed appropriate to purchase or sell securities of a series.

With respect to each series of Diversified Investors Portfolios, Diversified has contracted for certain investment advisory services with one or more subadvisers. Diversified and the subadviser(s) for a particular series of Diversified Investors Portfolios are referred to herein collectively as the "Advisers". There can be no guarantee that the investment objective of any of the series of Diversified Investors Portfolios will be met. The following sections describe the investment objective and policies of each series of Diversified Investors Portfolio currently available under the Contracts through Subaccounts.

MONEY MARKET SERIES. The investment objective of the Money Market Series is to provide liquidity and as high a level of current income as is consistent with the preservation of capital. The Money Market Series invests primarily in high quality short-term money market instruments. Securities in which the Money Market Series invests may not earn as high a level of current income as long-term or lower quality securities which generally have less liquidity, greater market risk and more fluctuation in market value.

In attempting to achieve its investment objective, the Money Market Series invests in such securities as U.S. dollar-denominated short-term money market obligations, including securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities, certificates of deposit, time deposits, bankers' acceptances and other short-term obligations issued by domestic banks and domestic branches and subsidiaries of foreign banks, and high quality commercial paper and other short-term corporate obligations, including those with floating or variable rates of interest. In addition, the Money Market Series may lend its portfolio securities, enter into repurchase agreements and reverse repurchase agreements, and invest in securities issued by foreign banks and corporations outside the United States. The Money Market Series reserves the right to concentrate 25% or more of its total assets in obligations of banks.

In accordance with Rule 2a-7 under the 1940 Act, the Money Market Series will maintain a dollar-weighted average portfolio maturity of 90 days or less, purchase only instruments having remaining maturities of 397 days or less and invest only in U.S. dollar-denominated securities determined in accordance with procedures established by the Board of Trustees of Diversified Investors Portfolios (the "Board of Trustees") to present minimal credit risks and which are rated in one of the two highest rating categories for debt obligations by at least two nationally recognized statistical rating organizations (an "NRSRO") (or one NRSRO if the instrument was rated by only one such organization) or, if unrated, are of comparable quality as determined in accordance with procedures established by the Board of Trustees (collectively, "Eligible Securities").

Eligible Securities include "First Tier Securities" and "Second Tier Securities." First Tier Securities include those that possess a rating in the highest category in the case of a single-rated security or at least two ratings in the highest rating category in the case of multiple-rated securities or, if the securities do not possess a rating, are determined to be of comparable quality by the Advisers pursuant to the guidelines adopted by the Board of

Trustees. All other Eligible Securities are Second Tier Securities. The Money Market Series will invest at least 95% of its total assets in First Tier Securities.

The NRSROs currently rating instruments of the type the Money Market Series may purchase are Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Corporation ("S&P"), Duff & Phelps, Inc., Fitch Investors Service, Inc., IBCA Limited, IBCA Inc. and Thomson BankWatch, Inc., and their rating criteria are described in the Appendix to the Statement of Additional Information. The Statement of Additional Information contains further information concerning the rating criteria and other requirements governing the Money Market Series' investments, including information relating to the treatment of securities subject to a tender or demand feature and securities deemed to possess a rating based on comparable rated securities of the same issuer.

In addition, the Money Market Series will not invest more than 5% of its total assets in the securities (including the securities collateralizing a repurchase agreement) of, or subject to puts (including letters of credit, guaranties or other credit support) issued by, a single issuer, except that (i) the Money Market Series may invest more than 5% of its total assets in a single issuer for a period of up to three business days in certain limited circumstances, (ii) the Money Market Series may invest in obligations issued or guaranteed by the U.S. Government without any such limitation, and (iii) the limitation with respect to puts does not apply to unconditional puts if no more than 10% of the Money Market Series' total assets is invested in securities issued or guaranteed by the issuer of the unconditional put. Investments in Second Tier Securities will be limited to 5% of the Money Market Series' total assets, with the investment in any one such issuer being limited to no more than the greater of 1% of the Money Market Series' total assets or $1,000,000. As to each security, these percentages are measured at the time the Money Market Series purchases the security.

The Money Market Series seeks to achieve its investment objective through investments in the following types of U.S. dollar-denominated money market instruments.

BANK OBLIGATIONS. The Money Market Series may invest in U.S. dollar-denominated certificates of deposit, time deposits, bankers' acceptances and other short-term obligations issued by banks. Certificates of deposit are certificates evidencing the obligation of a bank to repay funds deposited with it for a specified period of time. Such instruments include Yankee Certificates of Deposit,

which are certificates of deposit denominated in U.S. dollars and issued in the United States by the domestic branch of a foreign bank. Time deposits are non-negotiable deposits maintained in a banking institution for a specified period of time at a stated interest rate. Time deposits which may be held by the Money Market Series are not insured by the Federal Deposit Insurance Corporation or any other agency of the U.S. Government. The Money Market Series will not invest more than 10% of the value of its net assets in time deposits maturing in longer than seven days and other instruments which are illiquid or not readily marketable. The Money Market Series may also invest in certificates of deposit and time deposits issued by foreign banks outside the United States.

The Money Market Series may also invest in bankers' acceptances and other short-term obligations. Bankers' acceptances are credit instruments evidencing the obligation of a bank to pay a draft drawn on it by a customer. These instruments reflect the obligation both of the bank and of the drawer to pay the face amount of the instrument upon maturity. The other short-term obligations may include uninsured, direct obligations which have either fixed, floating or variable interest rates.

To the extent the Money Market Series' investments are concentrated in the banking industry, the Money Market Series will have correspondingly greater exposure to the risk factors which are characteristic of such investments. Sustained increases in interest rates can adversely affect the availability or liquidity and cost of capital funds for a bank's lending activities, and a deterioration in general economic conditions could increase the exposure to credit losses. In addition, the value of and the investment return on investments in the Money Market Series could be affected by economic or regulatory developments in or related to the banking industry, which industry also is subject to the effects of the concentration of loan portfolios in leveraged transactions and in particular businesses, and competition within the banking industry, as well as with other types of financial institutions. The Money Market Series, however, will seek to minimize its exposure to such risks by investing only in debt securities which are determined to be of high quality.

U.S. GOVERNMENT AND AGENCY SECURITIES. Securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities include U.S. Treasury securities, which differ only in their interest rates, maturities and times of issuance. Treasury Bills have initial maturities of one year or less; Treasury Notes have initial maturities of one to ten years; and Treasury Bonds generally have initial maturities of greater than ten years. Some obligations issued or guaranteed by U.S. Government agencies and instrumentalities, for example, Government National Mortgage Association pass-through certificates, may be supported by the full faith and credit of the U.S. Treasury; others, such as those of the Federal Home Loan Banks, by the right of the issuer to borrow from the Treasury; others, such as those issued by the Federal National Mortgage Association, by discretionary authority of the U.S. Government to purchase certain obligations of the agency or instrumentality; and others, such as those issued by the Student Loan Marketing Association, only by the credit of the agency or instrumentality. While the U.S. Government provides financial support to such U.S. Government-sponsored agencies or instrumentalities, no assurance can be given that it will always do so, since it is not so obligated by law. The Money Market Series will invest in such securities only when the Advisers are satisfied that the credit risk with respect to the issuer is minimal. The Money Market Series itself, and its share price and yield, are not guaranteed by the U.S. Government. For additional information on U.S. Government securities, see "Diversified Investors Portfolios" in the Statement of Additional Information.

COMMERCIAL PAPER. Commercial paper consists of short-term, unsecured promissory notes issued to finance short-term credit needs. The commercial paper purchased by the Money Market Series will consist only of U.S. dollar-denominated direct obligations issued by domestic and foreign entities. The other corporate obligations in which the Money Market Series may invest consist of high quality, U.S. dollar-denominated short-term bonds and notes issued by domestic corporations.

The Money Market Series may invest in commercial paper issued by major corporations in reliance on the exemption from registration afforded by Section 3(a)(3) of the Securities Act of 1933, as

amended (the "1933 Act"). Such commercial paper may be issued only to finance current transactions and must mature in nine months or less. Trading of such commercial paper is conducted primarily by institutional investors through investment dealers, and individual investor participation in the commercial paper market is very limited.

UNSECURED PROMISSORY NOTES. The Money Market Series also may purchase unsecured promissory notes ("Notes") which are not readily marketable and have not been registered under the 1933 Act, provided such investments are consistent with the Money Market Series' investment objective. The Notes purchased by the Money Market Series will have remaining maturities of 13 months or less and will be deemed by the Board of Trustees of Diversified Investors Portfolios, or by the Advisers on its behalf, to present minimal credit risks and will meet the quality criteria set forth above. The Money Market Series will invest no more than 10% of its net assets in such Notes and in other securities that are not readily marketable (which securities would include floating and variable rate demand obligations as to which the Money Market Series cannot exercise the demand feature described in the Statement of Additional Information and as to which there is no secondary market).

RESTRICTED SECURITIES. The Money Market Series may invest in securities that are subject to legal or contractual restrictions on resale. These securities may be illiquid and, thus, the Money Market Series may not purchase them to the extent that more than 10% of the value of its net assets would be invested in illiquid securities. However, if a substantial market of qualified institutional buyers develops pursuant to Rule 144A under the 1933 Act for such securities held by the Money Market Series, the Money Market Series intends to treat such securities as liquid securities in accordance with procedures approved by the Board of Trustees of Diversified Investors Portfolios. To the extent that for a period of time, qualified institutional buyers cease purchasing such restricted securities pursuant to Rule 144A, the Money Market Series' investing in such securities may have the effect of increasing the level of illiquidity in the Money Market Series during such period.

REPURCHASE AGREEMENTS AND REVERSE REPURCHASE AGREEMENTS. Repurchase agreements involve the acquisition by the Money Market Series of an underlying debt instrument subject to an obligation of the seller to repurchase, and the Money Market Series to resell, the instrument at a fixed price, usually not more than one week after its purchase. The Money Market Series or a sub-custodian will have custody of securities acquired by the Money Market Series under a repurchase agreement.

Repurchase agreements may be entered into for the Series with sellers which are usually member banks of the Federal Reserve System or member firms of the New York Stock Exchange (or a subsidiary thereof). Such transactions afford an opportunity for the Series to earn a return on available cash with minimal market risk. Certain costs may be incurred by the Money Market

Series in connection with the sale of the securities if the seller does not repurchase them in accordance with the repurchase agreement. In addition, if bankruptcy proceedings are commenced with respect to the seller of the securities, realization on the securities by the Money Market Series may be delayed or limited. The Money Market Series will consider on an ongoing basis the creditworthiness of the institutions with which it enters into repurchase agreements. Repurchase agreements are considered collateralized loans under the 1940 Act.

The Money Market Series may borrow funds for temporary or emergency purposes, such as meeting larger than anticipated redemption requests, and not for leverage. One means of borrowing is by agreeing to sell portfolio securities to financial institutions such as banks and broker-dealers and to repurchase them at a mutually agreed date and price (a "reverse repurchase agreement"). At the time the Money Market Series enters into a reverse repurchase agreement it will place in a segregated custodial account cash, U.S. Government securities or high-grade debt obligations having a value equal to the repurchase price, including accrued interest. Reverse repurchase agreements involve the risk that the market value of the securities sold by the Money Market Series may decline below the repurchase price of those securities.

FOREIGN SECURITIES. The Money Market Series may invest in U.S. dollar-denominated foreign securities issued outside the United States, such as obligations of foreign branches and subsidiaries of domestic banks and foreign banks, including Eurodollar certificates of deposit, Eurodollar time deposits and Canadian time deposits, commercial paper of Canadian and other foreign issuers, and U.S. dollar-denominated obligations issued or guaranteed by one or more foreign governments or any of their agencies or instrumentalities. Foreign securities may represent a greater degree of risk than do securities of domestic issuers due to possible exchange rate fluctuations, possible exchange controls, less publicly available information, more volatile markets, less securities regulation, less favorable tax provisions (including possible withholding taxes), changes in governmental administration or economic or monetary policy (in the United States or abroad), war or expropriation. For a complete description of foreign securities the Money Market Series may purchase, see "Diversified Investors Portfolios -- Investment Policies" in the Statement of Additional Information.

CERTAIN OTHER OBLIGATIONS. In order to allow for investments in new instruments that may be created in the future, upon MONY supplementing this Prospectus, the Money Market Series may invest in obligations other than those listed previously, provided such investments are consistent with the investment objective, policies and restrictions of the Money Market Series.

The Statement of Additional Information includes a discussion of additional investment techniques such as zero coupon obligations, variable rate and floating rate securities, participation interests, guaranteed investment contracts and when-issued and forward commitment securities. The Statement of Additional Information also includes a discussion of non-fundamental investment policies, as well as a listing of specific investment restrictions which constitute fundamental policies of the Money Market Series and which cannot be changed without the approval of the holders of a "majority of the outstanding voting securities" (as defined in the 1940 Act) of the Money Market Series. See "Diversified Investors Portfolios -- Investment Restrictions" in the Statement of Additional Information.

INTERMEDIATE GOVERNMENT BOND SERIES. The investment objective of the Intermediate Government Bond Series is to provide as high a level of current income as is consistent with the preservation of capital. The yield of the Intermediate Government Bond Fund Series normally is expected to be higher than a money market fund but lower than a longer-term or lower quality bond fund. The Intermediate Government Bond Series pursues its investment objective primarily by investing in U.S. Government obligations and high quality short-term obligations (including corporate bonds and reverse repurchase agreements).

The Advisers attempt to maintain the Intermediate Government Bond Series' "duration" between one and five years, which means that the Intermediate Government Bond Fund Series' overall sensitivity to interest rates should be similar to that of bonds and notes with remaining average maturities from one to five years. The Intermediate Government Bond Series' dollar-weighted average maturity (or dollar-weighted average life in the case of mortgage-backed securities) is generally between three and ten years under normal conditions. The Intermediate Government Bond Series may hold individual securities with remaining maturities of up to thirty years.

Since the value of fixed income securities generally fluctuates inversely with changes in interest rates, the duration of the Intermediate Government Bond Series will vary to reflect the Advisers' assessments of prospective changes in interest rates. The Advisers' strategy will be to adjust the duration of the Intermediate Government Bond Fund Series so that the Intermediate Government

Bond Series may benefit from relative price appreciation when interest rates decline and may protect capital value when interest rates rise. The success of this strategy will depend on the Advisers' ability to manage the Intermediate Government Bond Fund Series through changes in interest rates, and there is a risk that the value of the securities held by the Intermediate Government Bond Series will decline.

The following is a discussion of the various investments of and techniques employed by the Intermediate Government Bond Series. Additional information about the investment policies of the

Intermediate Government Bond Series appears under "Diversified Investors Portfolios" in the Statement of Additional Information.

U.S. GOVERNMENT AND AGENCY SECURITIES. The Intermediate Government Bond Series may invest in U.S. Government securities. See "U.S. Government and Agency Securities" above under Money Market Series.

The Intermediate Government Bond Series may invest a portion of its assets in short-term U.S. Government securities with remaining maturities of one year or less and repurchase agreements relating thereto. When the Advisers believe market conditions warrant a temporary defensive position, the Intermediate Government Bond Series may invest up to 100% of its assets in these instruments.

SHORT-TERM INSTRUMENTS. Cash, commercial paper, short-term obligations, repurchase agreements or other forms of debt securities may be held to provide a reserve for future purchases of securities during periods of unusual market conditions or in order to reduce volatility, or as a temporary defensive measure when the Advisers determine securities markets to be overvalued. The Intermediate Government Bond Series limits its short-term investments to those U.S. dollar-denominated instruments which are determined by or on behalf of the Board of Trustees to present minimal credit risks and which are of "high quality" as determined by a major rating service or, in the case of instruments which are not rated, are of comparable quality pursuant to procedures established by the Board of Trustees. Investments in high quality short-term instruments may, in many circumstances, result in a lower yield than would be available from investments in instruments with a lower quality or longer term.

REPURCHASE AGREEMENTS AND REVERSE REPURCHASE AGREEMENTS. Repurchase agreements and reverse repurchase agreements may be entered into for the Intermediate Government Bond Series. See "Repurchase Agreements and Reverse Repurchase Agreements" under Money Market Series.

The Intermediate Government Bond Series may borrow funds for temporary or emergency purposes, such as meeting larger than anticipated redemption requests, and not for leverage.

RESTRICTED SECURITIES. The Intermediate Government Bond Series may not invest more than 15% of its net assets in securities that are subject to legal or contractual restrictions on resale unless a dealer or institutional trading market in such securities exists, in which case such restricted securities would be considered exempt from such 15% limit. Under the supervision of the Board of Trustees, the Advisers determine the liquidity of restricted securities and, through reports from the Advisers, the Board of Trustees will monitor trading activity in restricted securities. If institutional trading in restricted securities were to decline, the liquidity of the Intermediate Government Bond Series could be adversely affected. See "Restricted Securities" above under Money Market Series.

OPTIONS AND FUTURES CONTRACTS. The Intermediate Government Bond Series may buy and sell options and futures contracts to manage its exposure to changing interest rates and securities prices. Some options and futures strategies, including selling futures, buying puts, and writing calls, hedge the Intermediate Government Bond Series' investments against price fluctuations. Other strategies, including buying futures, writing puts and buying calls, tend to increase market exposure. The Intermediate Government Bond Series may invest in options (including over-the-counter options) and futures contracts based on any type of security or index related to its investments.

Options and futures can be volatile investments, and involve certain risks. If the Advisers apply a hedge at an inappropriate time or judge interest rates incorrectly, options and futures strategies may lower the Intermediate Government Bond Series' return. The costs of hedging are not reflected in the Intermediate Government Bond Series' yield but are reflected in the Intermediate Government Bond Series' total return. The Intermediate Government Bond Series' could also experience losses if its options and futures positions were poorly correlated with its other investments, or if it could not close out its positions because of an illiquid secondary market.

The Intermediate Government Bond Series currently does not intend to engage in the writing of options, except for the purpose of terminating an existing position or under the limited circumstances described under "Diversified Investors Portfolios" in the Statement of Additional Information. Nevertheless, the Intermediate Government Bond Series has the authority to write options and may do so in the future if the Advisers determine that such transactions are in the best interests of the Intermediate Government Bond Series.

DELAYED DELIVERY TRANSACTIONS. In order to help ensure the availability of suitable securities for the Intermediate Government Bond Series, the Advisers may purchase securities for the Intermediate Government Bond Series on a "when-issued" or on a "forward delivery" basis, which means that the obligations would be delivered to the Intermediate Government Bond Series at a future date beyond customary settlement time. Under normal circumstances, the Intermediate Government Bond Series would take delivery of such securities. In general, the Intermediate Government Bond Series would not pay for the securities until they are received, and would not start earning interest on the obligations until the contractual settlement date. While awaiting delivery of the obligations purchased on such basis, the Intermediate Government Bond Series would establish a segregated account consisting of cash, cash equivalents or high grade liquid debt securities equal to the amount of its commitments to purchase "when-issued" securities. An increase in the percentage of the Intermediate Government Bond Series' assets committed to the purchase of securities on a "when-issued" basis may increase the volatility of its net asset value.

OTHER INVESTMENTS AND INVESTMENT TECHNIQUES. The Intermediate Government Bond Series may also utilize the following investments and investment techniques and practices: investments in foreign securities, options on futures contracts, foreign currency exchange transactions, options on foreign currencies. The Intermediate Government Bond Series does not intend to utilize any of these investment practices to the extent of more than 5% of its assets. See "Diversified Investors Portfolios" in the Statement of Additional Information for further information.

CORE BOND SERIES. The investment objective of the Core Bond Series is to achieve the maximum total return. The Core Bond Series' yield normally is expected to be higher than a money market fund but lower than a longer-term or lower quality bond fund. The Core Bond Series pursues its investment objective by investing in investment grade debt securities, U.S. Government obligations, including U.S. Government agency and instrumentality obligations and collateralized mortgage obligations guaranteed by these agencies and high quality short-term obligations (including repurchase agreements and reverse repurchase agreements). At least 65% of the Series' assets is invested in U.S. Government securities, corporate bonds and short-term instruments.

The Advisers attempt to maintain the Core Bond Series' "duration" between three and ten years, which means that the Core Bond Series' overall sensitivity to interest rates should be slightly more then that of bonds and notes with remaining average maturities from three to fifteen years. The Core Bond Series' dollar-weighted average maturity (or dollar-weighted average life in the case of mortgage-backed securities) may be longer than fifteen years from time to time, but will not exceed thirty years under normal conditions.

Since the value of fixed income securities generally fluctuates inversely with changes in interest rates, the duration of the Core Bond Series will vary to reflect the Advisers' assessments of prospective changes in interest rates. The Advisers' strategy will be to adjust the duration of the Core Bond Series so that the Core Bond Series may benefit from relative price appreciation when interest rates decline and may protect capital value when interest rates rise. The success of this strategy will depend on the Advisers' ability to manage the Core Bond Series through changes in interest rates, and there is a risk that the value of the securities held by the Core Bond Series will decline.

The following is a discussion of the various investments of and techniques employed by the Core Bond Series. Additional information about the investment policies of the Core Bond Series appears under "Diversified Investors Portfolios" in the Statement of Additional Information.

U.S. GOVERNMENT AND AGENCY SECURITIES. The Core Bond Series may invest in U.S. Government securities. See "U.S. Government and Agency Securities" above under Money Market Series.

The Core Bond Series may invest a portion of its assets in short-term U.S. Government securities with remaining maturities of one year or less and repurchase agreements relating thereto. When the Advisers believe market conditions warrant a temporary defensive position, the Core Bond Series may invest up to 100% of its assets in these instruments.

CORPORATE BONDS. The Core Bond Series may purchase debt securities of United States corporations only if they carry a rating of at least Baa from Moody's or BBB from S&P or which, if not rated by these rating agencies, are judged by the Advisers to be of comparable quality. Securities rated Baa by Moody's or BBB by S&P may have speculative characteristics. Changes in economic conditions or other circumstances are more likely to lead to a weakened capacity to make principal and interest payments than is the case for higher grade securities. See the Appendix to the Statement of Additional Information for an explanation of these ratings.

FOREIGN SECURITIES. The Core Bond Series may invest in securities of foreign issuers. The Core Bond Series' investments in unlisted foreign securities are subject to the overall restrictions applicable to investments in illiquid securities. Foreign securities may represent a greater degree of risk than do securities of domestic issuers due to possible exchange rate fluctuations, possible exchange controls, less publicly available information, more volatile markets, less securities regulation, less favorable tax provisions (including possible withholding taxes), changes in governmental administration or economic or monetary policy (in the United States or abroad), war or expropriation. Forward foreign currency exchange contracts may also be entered into for the purchase or sale of foreign currency solely for hedging purposes against adverse rate changes. A currency exchange contract allows a definite price in dollars to be fixed for foreign securities that have been purchased or sold (but not settled) for the Core Bond Series. Entering into such exchange contracts may result in the loss of all or a portion of the benefits which otherwise could have been obtained from favorable movements in exchange rates. In addition, entering into such contracts means incurring certain transaction costs and bearing the risks of incurring losses if rates do not move in the direction anticipated.

SHORT-TERM INSTRUMENTS. Cash, commercial paper, short-term obligations, repurchase agreements, bank certificates of deposit or other forms of debt securities may be held to provide a reserve for future purchases of securities, during periods of unusual market conditions or in order to reduce volatility, or as a temporary defensive measure when the Advisers determine securities markets to be overvalued. See "Short-Term Instruments" above under Intermediate Government Bond Series.

REPURCHASE AGREEMENTS AND REVERSE REPURCHASE AGREEMENTS. The Core Bond Series may enter into repurchase agreements and reverse repurchase agreements. See "Repurchase Agreements and Reverse Repurchase Agreements" above under Money Market Series. The Core Bond Series may borrow Funds for temporary or emergency purposes, such as meeting larger then anticipated redemption requests, and not for leverage.

RESTRICTED SECURITIES. The Core Bond Series may not invest more than 15% of its net assets in securities that are subject to legal or contractual restrictions on resale. See "Restricted Securities" above under Money Market Series.

OPTIONS AND FUTURES CONTRACTS. The Core Bond Series may buy and sell options and futures contracts to manage its exposure to changing interest rates and securities prices. See "Options and Futures Contracts" above under Intermediate Government Bond Series. The Core Bond Series currently does not intend to engage in the writing of options, except for the purpose of terminating an existing position or under the limited circumstances described in the Statement of Additional Information. Nevertheless, the Core Bond Series has the authority to write options and may do so in the future if the Advisers determine that such transactions are in the best interests of the Core Bond Series.

DELAYED DELIVERY TRANSACTIONS. In order to help ensure the availability of suitable securities for the Core Bond Series, the Advisers may purchase securities for the Core Bond Series on a "when-issued" or on a "forward delivery" basis, which means that the Securities would be delivered to the Core Bond Series at a future date beyond customary settlement times. See "Delayed Delivery Transactions" above under Intermediate Government Bond Series.

OTHER INVESTMENTS AND INVESTMENT TECHNIQUES. The Core Bond Series may also utilize the following investments and investment techniques and practices: options on futures contracts and options on foreign currencies. The Core Bond Series does not intend to utilize any of these investments or techniques to the extent of more than 5% of its assets. See the Statement of Additional Information for further information.

BALANCED SERIES. The investment objective of the Balanced Series is to provide a high total investment return through investment in a broadly diversified portfolio of stocks, bonds and money market instruments. The Balanced Series pursues its investment objective by investing in a managed mix of common stocks (and/or equivalents including American Depository Receipts), preferred stocks, debt securities of U.S. domiciled corporations, U.S. government securities, commercial paper of U.S. corporations, and bank obligations. The Advisers will determine the proportions of each type of investment to achieve an asset mix they believe appropriate for an investor who desires diversification of investment. The Balanced Series will vary the proportion of each type of asset purchased according to the Advisers' interpretations of changes in economic conditions and the sensitivity of each type of investment to those changes. The Advisers seek to shift emphasis among stocks, bonds and short-term instruments to maximize participation in positive markets and preservation of capital in negative markets and otherwise in response to market conditions.

The Balanced Series policy is to invest its assets in a broad list of equity and fixed income securities, such as common stocks, preferred stocks and bonds, including short-term obligations. The list may be diversified not only by companies and industries, but also by type of security. Some fixed income securities may also have a right to purchase common stock by means of a conversion privilege or attached warrants. The Balanced Series may vary the percentage of assets invested in any one type of security in accordance with the Advisers' interpretation of economic and market conditions, fiscal and monetary policy, and underlying securities values. However, at least 25% of the total assets of the Balanced Series are always invested in fixed income senior securities including debt securities and preferred stock. In selecting common stocks, emphasis is placed on investing in established companies with market capitalizations of $100,000,000 or more and seasoned management teams. Most of the Balanced Series' non-convertible long-term debt investments consist of "investment grade" securities (rated Baa or better by Moody's or BBB or better by S&P), although unrated debt securities may be purchased and held if they are judged by the Advisers to be of equivalent quality. Securities rated Baa by Moody's or BBB by S&P may have speculative characteristics. Changes in economic conditions or other circumstances may weaken more severely the capacity of issuers of Baa or BBB securities to make principal and interest payments than in the case for issuers of higher grade bonds. Less than 5% of the Balanced Series investments consist of securities rated Baa by Moody's or BBB by S&P. For a description of these ratings, see the Appendix to the Statement of Additional Information.

The Balanced Series may invest a portion of its assets in short-term U.S. Government securities with remaining maturities of one year or less and repurchase agreements relating thereto. When the Advisers believe market conditions warrant a temporary defensive position, the Balanced Series may invest up to 100% of its assets in these instruments or other money market instruments.

VALUE & INCOME SERIES. The investment objective of the Value & Income Series is to provide a high level of current income through investment in a diversified portfolio of common stocks with relatively high current yields; capital appreciation is a secondary objective. The Value & Income Series seeks to achieve its investment objective by investing primarily in a diversified portfolio of stocks of companies which, in the opinion of the Advisers, are fundamentally sound financially and which pay relatively high dividends on a consistent basis. The Advisers attempt to manage the Value & Income Series so that it will out-perform other equity income funds in negative markets. As a result of

this objective, the Income Series may underperform relative to other equity income funds in positive markets. The Value & Income Series invests primarily in common stocks listed on the New York Stock Exchange and on other national securities exchanges and, to a lesser extent, in stocks that are traded over-the-counter. The Value & Income Series also invests in bonds and short-term obligations as well as securities convertible into common stocks, preferred stocks, debt securities and short-term obligations. The Value & Income Series allocates its investments among different industries and companies, and changes its portfolio securities for investment considerations and not for trading purposes.

The Value & Income Series' policy is to invest in a broad list of equity and fixed income securities, including short-term obligations. The list may be diversified not only by companies and industries, but also by type of security. Some fixed income securities may also have a call on common stock by means of a conversion privilege or attached warrants. The Value & Income Series may vary the percentage of assets invested in any one type of security in accordance with the Advisers' interpretation of economic and market conditions, fiscal and monetary policy, and underlying security values. It is contemplated that most of the Value & Income Series' non-convertible long-term debt investments will consist of "investment grade" securities (rated Baa or better by Moody's or BBB or better by S&P). However, the Value & Income Series may also invest not more than 25% of its assets in fixed income securities which either are rated in lower than "investment grade" categories by either Moody's or S&P or are unrated when, in the opinion of the Advisers, such an investment presents a greater opportunity to achieve the Value & Income Series' investment objective with comparable risk to an investment in "investment grade" securities. Securities rated Baa by Moody's or BBB by S&P may have speculative risk characteristics.

Non-Investment Grade Obligations. Non-investment grade obligations (those that are rated Ba or lower by Moody's or BB or lower by S&P or comparable unrated obligations), commonly referred to as "junk bonds", are speculative in nature. Risks associated with junk bonds are (a) the relative youth and growth of the market for such securities, (b) the sensitivity of such securities to interest rate and economic changes, (c) the lower degree of protection of principal and interest payments, (d) the relatively low trading market liquidity for the securities, (e) the impact that legislation may have on the high yield bond market (and, in turn, on the Value & Income Series' net asset value and investment practices), and (f) the creditworthiness of the issuers of such securities. During an economic downturn or substantial period of rising interest rates, highly leveraged issuers may experience financial stress which would adversely affect their ability to service their principal and interest payment obligations, to meet projected business goals and to obtain additional financing. An economic downturn could also disrupt the market for junk bonds and adversely effect the value of outstanding bonds and the ability of the issuers to repay principal and interest. If the issuer of a debt obligation held by the Value & Income Series defaulted, the Value & Income Series could incur additional expenses to seek recovery. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the values and liquidity of junk bonds held by the Value & Income Series, especially in a thinly traded market. For a description of ratings of debt obligations which may be purchased by the Value & Income Series, see the Appendix to the Statement of Additional Information.

EQUITY GROWTH SERIES. The investment objective of the Equity Growth Series is to provide a high level of capital appreciation through investment in a diversified portfolio of common stocks with potential for above average growth in earnings and dividends; current income is a secondary objective. The Equity Income seeks to achieve its investment objective by investing primarily in a diversified portfolio of common stocks, but may also invest in other types of securities such as preferred stocks, convertible and non-convertible bonds, warrants and foreign securities including American Depository Receipts. Under normal circumstances, at least 80% of the assets of the Equity Income are invested in equity securities and related investments. This is a fundamental investment policy and may not be changed without investor approval. The Equity Growth Series invests primarily in stocks of companies that have a market value of all their issued and outstanding common stock of $10 to $15 billion and preferred stocks and common stocks listed on the New York Stock Exchange and on other national securities exchanges and, to a lesser extent, in stocks that are traded over-the-counter. The Equity Growth Series also invests in bonds and short-term obligations as well as securities convertible into

common stocks, preferred stocks, debt securities and short-term obligations. The Equity Growth Series allocates its investments among different industries and companies, and changes its portfolio securities for investment considerations and not for trading purposes.

The Equity Growth Series' policy is to invest in a broad list of equity and fixed income securities, including short-term obligations. The list may be diversified not only by companies and industries, but also by type of security. Some fixed income securities may also have a call on common stock by means of a conversion privilege or attached warrants. The Equity Growth Series may vary the percentage of assets invested in any one type of security in accordance with the Adviser's interpretation of economic and market conditions, fiscal and monetary policy, and underlying security values. It is contemplated that most of the Equity Growth Series' non-convertible long-term debt investments will consist of "investment grade" securities (rated Baa or better by Moody's or BBB or better by S&P). However, the Equity Growth Series may also invest not more than 25% of its assets in fixed income securities which either are rated in lower than "investment grade" categories by either Moody's or S&P or are unrated when, in the opinion of the Adviser, such an investment presents a greater opportunity to achieve the Equity Growth Series' investment objective with comparable risk to an investment in "investment grade" securities. Such lower rated or unrated fixed income securities have speculative risk characteristics. See "Non-Investment Grade Obligations" above under Value & Income Series.

INVESTMENT TECHNIQUES AND RESTRICTIONS

INVESTMENT TECHNIQUES FOR THE BALANCED SERIES, VALUE & INCOME SERIES AND EQUITY GROWTH SERIES (COLLECTIVELY, THE "SERIES").

Foreign Securities. Each Series' current policy is not to invest more than 25% of its assets in securities of foreign issuers, including investments in sponsored American Depository Receipts ("ADRs"). ADRs are receipts typically issued by an American bank or trust company evidencing ownership of the underlying foreign securities. Each Series' investments in unlisted foreign securities, not including ADRs, are subject to the overall restrictions applicable to investments in illiquid securities. Foreign securities, including ADRs, may represent a greater degree of risk than do securities of domestic issuers due to possible exchange rate fluctuations, possible exchange controls, less publicly available information, more volatile markets, less securities regulation, less favorable tax provisions (including possible withholding taxes), changes in governmental administration or economic or monetary policy (in the United States or abroad), war or expropriation. Each Series may invest up to 5% of its assets in closed-end investment companies which primarily hold foreign securities. Forward foreign currency exchange contracts may also be entered into for the purchase or sale of foreign currency solely for hedging purposes against adverse rate changes. A currency exchange contract allows a definite price in dollars to be fixed for foreign securities that have been purchased or sold (but not settled) for each Series. Entering into such exchange contracts may result in the loss of all or a portion of the benefits which otherwise could have been obtained from favorable movements in exchange rates. In addition, entering into such contracts means incurring certain transaction costs and bearing the risk of incurring losses if rates do not move in the direction anticipated.

Options and Futures Contracts. Each Series may enter into transactions in futures contracts, options on futures contracts, options on securities indexes and options on securities, for the purpose of hedging each Series' securities, which would have the effect of reducing the volatility of its net asset value. In general, each such transaction involves the establishment of a position which is expected to move in a direction opposite to that of the security or securities being hedged.

For example, each Series may sell futures contracts, or purchase put options on futures contracts, securities indexes or securities for the purpose of protecting against an anticipated decline in the value of securities held by that Series. In the event that such decline occurs, and the hedging transaction is successful, the reduced value of portfolio securities will be offset, in whole or in part, by a corresponding gain on the futures or option position. Conversely, when the Series is not fully invested in the securities market, and it expects a significant market advance, it may purchase futures contracts or call options on futures contracts, securities indexes or securities in order to gain rapid market exposure that may in part or entirely offset increases in the cost of securities that that Series intends to purchase.

The Statement of Additional Information includes further information about the transactions in futures and option contracts that may be entered into by each Series.

Gain or loss to each Series on transactions in security index futures or options will depend on price movements in the stock market generally (or in a particular industry or segment of the market), rather than price movements of individual securities. A securities index assigns relative values to the securities included in the index and the index fluctuates with changes in the market values of the securities so included. Some securities index futures or options are based on broad market indexes, such as the Standard & Poor's 500 or the New York Stock Exchange Composite Index. In contrast, certain exchanges offer futures or options on narrower market indexes, such as the Standard & Poor's 100 or indexes based on an industry or market segment, such as oil and gas stocks. Options on indexes and options on securities are traded on securities exchanges regulated by the SEC. Futures contracts and options on futures contracts are traded only on designated contract markets regulated by the Commodity Futures Trading Commission and through a registered futures commission merchant which is a member of such contract market. A commission must be paid on each completed purchase and sale transaction. Transactions on such exchanges are cleared through a clearing corporation, which guarantees performance between the clearing members which are parties to each contract.

Each Series currently does not intend to engage in the writing of options, except for the purpose of terminating an existing position or under the limited circumstances described in the Statement of Additional Information. Nevertheless, each Series has the authority to write options and may do so in the future if the Advisers determine that such transactions are in the best interests of the Series.

Short-Term Instruments. Each of the Series may invest in cash, commercial paper, short-term obligations, repurchase agreements or other forms of debt securities. See "Short-Term Instruments" above under Intermediate Government Bond Series.

Repurchase Agreements and Reverse Repurchase Agreements. Each of the Series may enter into repurchase agreements and reverse repurchase agreements and may borrow funds for temporary or emergency purposes, such as meeting larger than expected redemption requests, and not for leverage. See "Repurchase Agreements and Reverse Repurchase Agreements" above under Intermediate

Government Bond Series.

Restricted Securities. Each of the Series may not invest more than 15% of its net assets in securities that are subject to legal or contractual restrictions on resale. See "Restricted Securities" above under Money Market Bond Series.

Delayed Delivery Transactions. In order to help insure the availability of suitable securities for each of the Series the Advisers may purchase securities for each such Series on a "when-issued" or on a "forward delivery" basis. See "Delayed Delivery Transactions" above under Intermediate Government Bond Series.

Changes to the securities of each Series are generally made without regard to the length of time a security has been held, or whether a sale would result in the recognition of a profit or loss. Therefore, the rate of portfolio turnover is not a limiting factor to trading when such trading is deemed appropriate. Each Series engages in trading if it believes a transaction net of costs (including custodian charges) will help it achieve its investment objectives. The amount of brokerage commissions and realized capital gains will tend to increase as the level of portfolio activity increases. The primary consideration in placing portfolio security transactions with broker-dealers for execution is to obtain, and maintain the availability of, execution at the most favorable prices and in the most effective manner possible. See "Portfolio Transactions and Brokerage Commissions" in the Statement of Additional Information.

INVESTMENT RESTRICTIONS FOR ALL SERIES OF DIVERSIFIED INVESTORS PORTFOLIOS

As "diversified" funds, no more than 5% of the assets of any series of Diversified Investors Portfolios may be invested in the securities of one issuer (other than U.S. Government securities), except that up to 25% of each series' assets may be invested without regard to this limitation. No series of Diversified Investors Portfolios will invest more than 25% of its assets in the securities of issuers in any one industry. These are fundamental investment policies which may not be changed without investor approval. As a nonfundamental operating policy, no more than 15% (10% in the case of the Money Market Series) of the net assets of any series may be invested in (i) securities the resale of which is restricted under federal securities laws and (ii) illiquid or not readily marketable securities (including repurchase agreements maturing in more than seven days). Additional fundamental and operating policies of Diversified Investors Portfolios are contained in the Statement of Additional Information.

LENDING OF PORTFOLIO SECURITIES

The Series have the authority to lend portfolio securities to brokers, dealers and other financial organizations. By lending its securities, a Series can increase its income by continuing to receive interest on the loaned securities as well as by either investing the cash collateral in short-term securities or obtaining yield in the form of interest paid when U.S. Government obligations are used as collateral. There may be risks of delay in receiving additional collateral or risks of delay in recovery of the securities or even loss of rights in the collateral should the borrower of the securities fail financially. A Series will adhere to the following conditions whenever its securities are loaned: (i) the Series must receive at least 100% cash collateral or equivalent securities from the borrower; (ii) the borrower must increase this collateral whenever the market value of the loaned securities including accrued interest exceeds the level of the collateral; (iii) the Series must be able to terminate the loan at any time; (iv) the Series must receive reasonable interest on the loan, as well as any dividends, interest or other

distributions on the loaned securities, and any increase in market value; (v) the Series may pay only reasonable custodian fees in connection with the loan; and (vi) voting rights on the loaned securities may pass to the borrower. However, if a material event adversely affecting the loaned securities were to occur, the Series would terminate the loan and regain the right to vote the securities.

MANAGEMENT OF DIVERSIFIED INVESTORS PORTFOLIOS

The Board of Trustees of Diversified Investors Portfolios provides broad supervision over the affairs of Diversified Investors Portfolios. For further information about the Trustees of Diversified Investors Portfolios, see "Diversified Investors Portfolios" in the Statement of Additional Information. A majority of the Trustees of Diversified Investors Portfolios are not affiliated with the Advisers.

INVESTMENT ADVISORY SERVICES. Diversified Investment Advisors, Inc. ("Diversified") manages the assets of each series of Diversified Investors Portfolios pursuant to an Investment Advisory Agreement (the "Advisory Agreement") with Diversified Investors Portfolios with respect to each series and in accordance with the investment policies described herein and in the

Statement of Additional Information. Subject to such further policies as the Board of Trustees of Diversified Investors Portfolios may determine, Diversified provides general investment advice to each series. For its services under the Advisory Agreement, Diversified receives from each series fees accrued daily and paid monthly at an annual rate equal to the percentages specified in the table below of the corresponding series' average daily net assets.

PORTFOLIO	COMPENSATION (%) TO ADVISER
Money Market Portfolio	0.25
Intermediate Government Bond Portfolio	0.35
Core Bond Portfolio	0.35
Balanced Portfolio	0.45(1)
Value & Income Portfolio	0.45
Equity Growth Portfolio	0.62

(1) The Adviser is waiving a portion of its investment advisory fee.

Diversified is an indirect, wholly-owned subsidiary of AEGON USA, Inc. ("AEGON") which is a financial services holding company whose primary emphasis is life and health insurance and annuity and investment products. AEGON is an indirect, wholly-owned subsidiary of AEGON N.V., a Netherlands corporation which is a publicly traded international insurance group. Diversified was incorporated in 1992 for the purpose of acting as investment adviser to Diversified Investors Portfolios.

Diversified Investors Portfolios has obtained an exemptive order from the Securities and Exchange Commission to permit the Series to obtain the services of one or more Subadvisers without investor approval under certain circumstances. The exemptive order also permits the terms of subadvisory agreements to be changed and the employment of subadvisers to be continued after events that would otherwise cause an automatic termination of a subadvisory agreement, in each case without the approval of the investors of the applicable Series, if those changes or continuation are approved by the Series' Board of Trustees. Investors in all the Series have approved the exemptive order.

Diversified has selected Subadvisers for each series which have been approved by the Trustees of Diversified Investors Portfolios and, except as permitted by the exemptive order described above, the investors in said series and has entered into an Investment Subadvisory Agreement with each Subadviser. It is the responsibility of a Subadviser to make the day-to-day investment decisions of the series and to place the purchase and sales orders for securities transactions of such series, subject in all cases to the general supervision of Diversified. Each Subadviser makes the investment selections for its respective series consistent with the guidelines and directions set by Diversified and the Board of Trustees of Diversified Investors Portfolios. Each Subadviser furnishes at its own expense all services, facilities and personnel necessary in connection with managing the corresponding series' investments and effecting securities transactions for a series.

Following is a brief description of the subadivisers, including information they have provided about certain of their investment personnel. The Statement of Additional Information contains additional information about the compensation of such persons, other accounts managed by each such

person, and each such person's ownership of securities of the Funds with respect to which such person has or shares management responsibility.

The subadvisers are as follows:

MONEY MARKET FUND: GE Asset Management, Incorporated ("GEAMI"). GEAMI was formed 1988 and has been a registered investment adviser since 1988. The principal business address of GEAMI is 3001 Summer Street, P.O. Box 120031, Stamford, Connecticut 06912-0031.

Donald Duncan, Richard Annunziato, and James Gannon are responsible for the day-to-day supervision of the Money Market Fund on behalf of GEAMI. Mr. Duncan is a Vice President and Portfolio Manager at GEAMI, and has been with the firm since 1990. Mr. Annunziato is an Assistant Portfolio Manager at GEAMI, and has been with the firm since 2002. Prior to joining GEAMI, Mr. Annunziato was employed by Credit Suisse Asset Management and Salomon Smith Barney as a fixed income credit analyst. Mr. Gannon is an Assistant Portfolio Manager at GEAMI, and has been at the firm since 1995.

Mr. Duncan is the lead portfolio manager with oversight over the Money Market Fund. Mr. Annunziato and Mr. Gannon work jointly and collaboratively with other members of the GEAMI team and each has discretionary authority with respect to portions of the Money Market Fund, although Mr. Duncan has the authority to veto certain investment decisions made by Mr. Annunziato and Mr. Gannon.

INTERMEDIATE GOVERNMENT BOND FUND:
ALLEGIANCE INVESTMENT MANAGEMENT, L.L.C.
STEPHENS CAPITAL MANAGEMENT

Allegiance Investment Management, L.L.C. Allegiance was formed in 2001. Its predecessor, Allegiance Capital, Inc., was formed in 1988. All of Allegiance Capital, Inc.'s assets were subsequently transferred to Allegiance. Allegiance has been a registered investment adviser since 2002. The principal business address of Allegiance is 300 Pacific Coast Highway, Suite 302, Huntington Beach, California 92648. William K. Mawhorter, Martin D. Standish, Bryan Scordamaglia, Ion Dan, and Ashley Mawhorter are the five individuals who have the most significant responsibility for the day-to-day supervision of the Intermediate Government Bond Fund on behalf of Allegiance.

Mr. Mawhorter is the Managing Director and Chief Investment Officer of Allegiance, and has been with the firm since 1988. Mr. Standish is the Director of Structured Products for Allegiance, and has been with the firm since 1998. Mr. Scordamaglia is a credit sector analysts and portfolio manager at Allegiance, and has been with the firm since 2002. Prior to joining Allegiance, Mr. Scordamaglia was a senior research associate for the Trust Company of the West. Mr. Dan and Ms. Mawhorter are analysts for Allegiance. Mr. Dan has been with the firm since 2001. Prior to joining Allegiance, Mr. Dan was a junior trader for PCX Options. Ms. Mawhorter has been with the firm since 2003. Ms. Mawhorter began her career in the financial services industry in 2001 at

Salomon Smith Barney, where she was a sales and trading analyst. Prior to joining Salomon Smith Barney, Ms. Mawhorter was a student at the University of Southern California. Allegiance makes all of its primary portfolio decisions through an Investment Committee and, therefore, decisions are made independent of the participation of any single investment professional. Each member of the Allegiance team is a voting member of the firm's Investment Committee.

Stephens Capital Management ("SCM"). SCM was formed in 1982 and has been a registered investment adviser since 1982. The principal business address of SCM is 111 Center Street, Little Rock, Arkansas 72203. William L. Tedford and Alan B. Tedford are responsible for the day-to-day supervision of the Intermediate Government Bond Fund on behalf of SCM.

William Tedford is an Executive Vice President and Director of Fixed Income Strategy for SCM, and has been with the firm since 1982. Alan Tedford is a Vice President and Lead Portfolio Manager at SCM, and has been with the firm since 1998.

William Tedford is a fixed income strategist for SCM and is responsible for maintaining the long-term outlook for inflation and interest rates. Alan Tedford focuses more heavily on day-to-day portfolio management and securities selection.

CORE BOND FUND:

BlackRock Advisors, Inc. BlackRock was formed in 1988 and was acquired by PNC Financial Services Group (formerly PNC Bank) in 1995. BlackRock has been a registered investment adviser since 1988. The principal business address of BlackRock is 100 Bellevue Parkway, Wilmington, Delaware 19809.

Scott Amero and Keith Anderson are responsible for the day-to-day supervision of the Core Bond Fund on behalf of BlackRock. Mr. Anderson is a Managing Director, the Chief Investment Officer for Fixed Income, a member of BlackRock's Management Committee and Chairman of the Investment Strategy Group at BlackRock, and has been with the firm since 1988. Mr. Amero is a Managing Director, head of Global Credit research and a member of BlackRock's Management Committee and Investment Strategy Group, and has been with the firm since 1990.

Mr. Anderson is responsible for global fixed income strategy, asset allocation and the overall management of client portfolios, including the Core Bond Fund. In this capacity, he coordinates BlackRock's team of portfolio managers and credit analysts who specialize in the government, agency, corporate and mortgage sectors and sub-sectors worldwide. Mr. Amero is a senior strategist and portfolio manager with responsibility for overseeing all fixed income sector strategy and the overall management of client portfolios, including the Core Bond Fund.

BALANCED FUND:
WESTERN ASSET MANAGEMENT COMPANY
GOLDMAN SACHS ASSET MANAGEMENT, L.P.

Western Asset Management Company. Western Asset was founded in 1971 and is a wholly-owned subsidiary of Legg Mason, Inc. The principal business address of Western Asset is 385 East Colorado Boulevard, Pasadena, California 91101. S. Kenneth Leech and Stephen A. Walsh are responsible for the day-to-day supervision of the Balanced Fund on behalf of Western Asset.

Mr. Leech is the Chief Investment Officer of Western Asset, and has been with the firm since 1993. Mr. Walsh is a Deputy Chief Investment Officer at Western Asset, and has been with the firm since 1992.

Mr. Leech and Mr. Walsh serve as co-team leaders responsible for day-to-day strategic oversight of the Balanced Fund's investments. Mr. Leech's focus is on portfolio structure, including sector allocation, duration weighting and term structure decisions. He is also primarily responsible for ensuring that the account complies with client objectives, guidelines and restrictions, and Western Asset's current investment strategies. Mr. Walsh acts as back-up portfolio manager and as part of the overall investment team for the Balanced Fund. He has secondary responsibility for ensuring that the account complies with client objectives, guidelines, restrictions, and Western Asset's current investment strategies.

Goldman Sachs Asset Management, L.P. Goldman Sachs Asset Management has been registered as an investment adviser with the Securities and Exchange Commission since 1990 and is an affiliate of Goldman, Sachs & Co. The principal business address of Goldman Sachs Asset Management, L.P. is 32 Old Slip, New York, New York 10005.

Melissa Brown and Gary Chropuvka are responsible for the day-to-day supervision of the Balanced Fund on behalf of Goldman Sachs Asset Management. Ms. Brown is a senior portfolio manager at Goldman Sachs Asset Management, and has been with the firm for over five years. Mr. Chropuvka is a portfolio manager at Goldman Sachs Asset Management, and has been with the firm for over five years. Ms. Brown and Mr. Chropuvka have joint responsibility with respect to all aspects of the Balanced Fund.

VALUE & INCOME FUND

TCW Investment Management Company ("TCW"). TCW was formed in 1987 and has been a registered investment advisor since 1987. TCW is an indirect subsidiary of The TCW Group, Inc. which is, in turn, and indirect subsidiary of Societe Generale, S.A. The principal business address of TCW is 865 South Figueroa Street, Los Angeles, California 90014.

Diane E. Jaffee, the Group Managing Director of TCW since 2001, is responsible for the day-to-day supervision and management of the Value & Income Fund. Prior to joining TCW, Ms. Jaffee was an investment officer at SG Cowen Asset Management, Inc.

EQUITY GROWTH FUND:
ARK ASSET MANAGEMENT CO., INC.
MARSICO CAPITAL MANAGEMENT, LLC

Ark Asset Management Co., Inc. Ark has been a registered investment adviser since July 10, 1989. Ark was formed in July 1989 and is owned by Ark Asset Holdings, Inc. Ark Asset Holdings, Inc. is owned by certain Ark employees. The principal business address of Ark is 125 Broad Street, 13th Floor, New York, New York, 10004.

Joel Kurth, and Nancy Peretz are responsible for the day-to-day supervision of the Equity Growth Fund on behalf of Ark. Mr. Kurth is a Managing Director at Ark, and has been with the firm since

1998. Ms. Peretz is a Managing Director at Ark, and has been with the firm since 2000.

Mr. Kurth is the lead member of the portfolio management team in Ark's Large Cap Growth Group, which is responsible for the Equity Growth Fund. Generally, Mr. Kurth makes the buy and sell decisions, while the other team members contribute ideas and analysis for securities in their specific industry sectors/groups. Mr. Kurth also is responsible for the overall portfolio construction for Ark's Large Cap Growth Group. Ms. Peretz acts as a lead member of the portfolio management team in Mr. Kurth's absence and also presents ideas and security analysis for stocks in her sector.

Marsico Capital Management, LLC. Marsico, a Delaware limited liability company, was formed in September 1997, and has been a registered investment adviser since September 26, 1997. Marsico is wholly owned by the Bank of America. The principal business address of Marsico is 1200 17th Street, Suite 1300, Denver, Colorado 80202.

Thomas F. Marsico, the Chairman and Chief Executive Officer of Marsico since 1997, is responsible for the day-to-day supervision and management of the Equity Growth Fund. From 1988 to 1997, Mr. Marsico was a portfolio manager for Janus Capital Corporation.

ADMINISTRATOR. Pursuant to an Administrative Services Agreement (and the Advisory Agreement), Diversified, as Administrator, provides Diversified Investors Portfolios with general office facilities and supervises the overall administration of Diversified Investors Portfolios, including, among other responsibilities, the negotiation of contracts and fees with, and the monitoring of performance and billings of, the independent contractors and agents of Diversified Investors Portfolios; the preparation and filing of all documents required for compliance by Diversified Investors Portfolios with applicable laws and regulations; providing equipment and clerical personnel necessary for maintaining the organization of Diversified Investors Portfolios; preparation of certain documents in connection with meetings of Trustees and investors of Diversified Investors Portfolios; and the maintenance of books and records of Diversified Investors Portfolios. Diversified provides persons satisfactory to the Board of Trustees of Diversified Investors Portfolios to serve as officers of Diversified Investors Portfolios. Such officers, as well as certain other employees and Trustees of Diversified Investors Portfolios, may be directors, officers or employees of Diversified or its affiliates. The Administrator receives no additional fee for its administrative services to Diversified Investors Portfolios.

EXPENSES. The expenses of Diversified Investors Portfolios include the compensation of its Trustees who are not affiliated with the Adviser or Diversified; governmental fees; interest charges; taxes; fees and expenses of independent auditors, of legal counsel and of any transfer agent, depository, registrar or dividend disbursing agent of Diversified Investors Portfolios; insurance premiums; and

expenses of calculating the net asset value of, and the net income on, beneficial interests in the series of Diversified Investors Portfolios. Expenses of Diversified Investors Portfolios also include the expenses connected with the execution, recording and settlement of securities transactions; fees and expenses of Diversified Investors Portfolios' custodian for all services to the series of Diversified Investors Portfolios, including safekeeping of funds and securities and maintaining required books and accounts; expenses of preparing and mailing reports to investors and to governmental officers and commissions; expenses of meetings of investors and Trustees of Diversified Investors Portfolios; and the advisory fees payable to Diversified under the Advisory Agreement.

CUSTODIAN, TRANSFER AGENT, AND DIVIDEND DISBURSING AGENT. Investors Bank & Trust Company is the custodian of the securities held by Diversified Investors Portfolios and is authorized to use the facilities of the Depository Trust Company and the facilities of the book-entry system for the Federal Reserve Bank. Investors Bank & Trust Company is the transfer agent and dividend-disbursing agent for Diversified Investors Portfolios.

EXCLUSIVE PLACEMENT AGENT. Diversified Investors Portfolios has retained the services of Diversified Investors Securities Corp., ("DISC") as Exclusive Placement Agent. The principal business address of DISC is 4 Manhattanville Road, Purchase, New York 10577. DISC receives no compensation as Exclusive Placement Agent.

LEGAL PROCEEDINGS. There are no legal proceedings to which Diversified Investors Portfolios or Diversified is a party and which are expected to have a material adverse effect on any Series or on Diversified's ability to perform its contractual obligations as investment adviser to the Series.

However, on February 18, 2005, Diversified Investors Securities Corp. ("DISC"), the Exclusive Placement Agent for the Diversified Investors Portfolios and a subsidiary of Diversified, was notified by the staff of the National Association of Securities Dealers, Inc. ("NASD") that it had made a preliminary determination to recommend disciplinary action against DISC based on claims of alleged market timing activity in the Diversified Investors International Equity Fund between July 1, 2003 and October 31, 2003. NASD staff contends that DISC facilitated certain shareholders' trading in the Diversified Investors International Equity Fund in contravention of prospectus provisions that took effect on or about July 1, 2003, and otherwise violated NASD rules. NASD staff also has alleged that DISC violated certain record retention rules relating to email communications.

DISC and Diversified have also responded to requests for information from various governmental and self-regulatory agencies in connection with investigations related to mutual fund trading activities. DISC and Diversified have cooperated fully with each request.

Although it is not anticipated that these developments will have an adverse effect on the Subaccounts, Diversified or DISC, there can be no assurance at this time.

Additionally, on or about December 1, 2003, a complaint styled Enron Corp. v. J.P. Morgan Securities, Inc., et al., Adversary Proceeding No. 03-92677 (AJG) was filed in the United States Bankruptcy Court for the Southern District of New York. The complaint, which relates to the pending Enron Corporation Chapter 11 bankruptcy proceedings, names as defendants those persons that held on October 30, 2001 certain commercial paper (notes) that had been issued by Enron. Among the named defendants are Diversified and two of the Series (the Intermediate Government Bond Series and the Value & Income Series ("Defendant Series")).

The complaint alleges that Enron sold commercial paper pursuant to an offering memorandum dated September 14, 2001 and that in a series of transactions between October 26, 2001 and November 6, 2001, Enron, at the urging of some or all of the defendants named in the complaint, transferred over $1 billion to the defendants for the purpose of prepaying the notes prior to their maturity. According to the complaint, among the transfers made by Enron during that period were transfers totaling $16,589,671.11 made either directly or indirectly to or for the benefit of a group of entities including the Defendant Series for the purpose of repurchasing the Enron commercial paper held by them. The complaint alleges that these transfers are avoidable under the bankruptcy code on

the ground that they were preferential and constructively fraudulent, and seeks to hold Diversified, the Defendant Series and certain other entities jointly and severally liable for these transfers.

Diversified and the Defendant Series deny the claims raised in the complaint and have asserted defenses to the allegations. However, only limited discovery has occurred, and Diversified and the Defendant Series are not in a position to predict the likelihood that Diversified or the Defendant Series will prevail in this matter, the extent of loss that any such party might suffer should it not prevail, or whether any such party might be entitled to indemnification or contribution from any third party to compensate any such loss. In any event, the proceedings are not expected to have a material adverse effect on Diversified or the Defendant Series.

OTHER INFORMATION REGARDING DIVERSIFIED INVESTORS PORTFOLIOS

PURCHASE AND REDEMPTION OF INTERESTS IN DIVERSIFIED INVESTORS PORTFOLIOS. Beneficial interests in the series of Diversified Investors Portfolios described in this Prospectus are currently being offered by DISC to MONY for allocation to Subaccounts to fund benefits payable under the Contracts. Investments in Diversified Investors Portfolios may only be made by investment companies, insurance company separate accounts, common or commingled trust funds or similar organizations or entities that are "accredited investors" within the meaning of Regulation D under the 1933 Act. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, any beneficial interests in the series of Diversified Investors Portfolios.

The net asset value of each series of Diversified Investors Portfolios is determined each day during which the Advisers of that series are open for business ("Portfolio Business Day"). This determination is made once each day as of the close of regular trading on the New York Stock Exchange, typically 4:00 p.m., New York time (the "Valuation Time").

Each investor in a series of Diversified Investors Portfolios may add to or reduce its investment in such series on each Portfolio Business Day. As of the Valuation Time on each such day, the value of each investor's beneficial interest in a series will be determined by multiplying the net asset value of the series by the percentage, effective for that day, which represents that investor's share of the aggregate beneficial interests in the series. Any additions or reductions, which are to be effected as of the Valuation Time on such day, will then be effected. The investor's percentage of the aggregate beneficial interests in a series will then be recomputed as the percentage equal to the fraction (i) the numerator of which is the value of such investor's investment in the series as of the Valuation Time on such day plus or minus, as the case may be, the amount of net additions to or reductions in the investor's investment in the series effected as of the Valuation Time, and (ii) the denominator of which is the aggregate net asset value of the series as of the Valuation Time on such day, plus or minus, as the case may be, the amount of net additions to or reductions in the aggregate net asset value of the series as of the Valuation Time on such day, plus or minus as the case may be, the amount of net additions to or reductions in the aggregate investments in the series by all investors in such series. The percentage so determined will then be applied to determine the value of the investor's interest in the series as of the Valuation time on the following Portfolio Business Day.

An investor in a series of Diversified Investors Portfolios may withdraw all or any portion of its investment at the net asset value next determined if a withdrawal request in proper form is furnished by the investor to Diversified Investors Portfolios by the designated cut-off time for each accredited investor. The proceeds of a reduction or a withdrawal will be paid by Diversified Investors Portfolios in federal funds normally on the Portfolio Business Day the withdrawal is effected, but in any event within seven days. Diversified Investors Portfolios, on behalf of each of its series, reserves the right to pay redemptions in kind. Unless requested by an investor, Diversified Investors Portfolios will not make a redemption in kind to the investor, except in situations where that investor may make redemptions in kind. Diversified Investors Portfolios, on behalf of each of its series, has elected,

however, to be governed by Rule 18f-1 under the 1940 Act, as a result of which Diversified Investors Portfolios is obligated to redeem beneficial interests in each series with respect to any one investor during any 90 day period, solely in cash up to the lesser of $250,000 or 1% of the net asset value of the series at the beginning of the period. Investments in a series may not be transferred.

The right to redeem beneficial interests or to receive payment with respect to any redemption may be suspended only (i) for any period during which trading on the New York Stock Exchange is restricted as determined by the Securities and Exchange Commission or when the New York Stock Exchange is closed (other than customary weekend and holiday closings), (ii) for any period during which an emergency exists as defined by the Securities and Exchange Commission as a result of which disposal of a series' securities or determination of the net asset value of each series is not reasonably practicable, and (iii) for such other periods as the Securities and Exchange Commission may by order permit for the protection of investors in any series of Diversified Investors Portfolios.

NET ASSET VALUE. Each Portfolio's net asset value is the value of its assets minus its liabilities. The price of a Portfolio's shares is based on its net asset value. Each Portfolio calculates its net asset value every day the New York Stock Exchange is open. The Exchange is closed on certain holidays listed in the Statement of Additional Information. This calculation is done when regular trading closes on the Exchange (normally 4:00 p.m., Eastern time). Trading may take place in foreign securities held by a Portfolio on days when the Fund is not open for business. As a result, a Portfolio 's NAV may be impacted on days on which it is not possible to purchase or sell shares of the Portfolio.

Each Portfolio generally values its portfolio securities based on market prices or quotations. When market prices or quotations are not readily available or are believed to be not reliable, a Portfolio may price those securities using fair value procedures approved by the Portfolio's Board of Trustees. A Portfolio may also use fair value procedures to price securities if it determines that a significant event has occurred between the time at which a market price is determined but prior to the time at which the Portfolio's net asset value is calculated (for example, where securities are primarily traded on a foreign exchange that has closed before the Portfolio's net asset value is calculated). When a Portfolio uses fair value procedures to price securities it may value those securities higher or lower than actual market quotations or higher or lower than other Funds using their own fair value procedures to price the same securities.

Short-term investments that have a maturity of more than 60 days generally are valued based on market prices or quotations. Short-term investments that have a maturity of 60 days or less are valued at amortized cost. Using this method, each Portfolio constantly amortizes over the remaining life of a security the difference between the principal amount due at maturity and the cost of the security to the Fund.

TAXATION OF DIVERSIFIED INVESTORS PORTFOLIOS. Diversified Investors Portfolios is organized as a New York trust. None of its series is subject to any income or franchise tax in the State of New York. However, each investor in a series will be taxable on its share (as determined in accordance with the governing instruments of Diversified Investors Portfolio) of the series' ordinary income and capital gain in determining its income tax liability. The determination of such share will be made in accordance with the Code, and regulations promulgated thereunder.

Diversified Investors Portfolios, since it is taxed as a partnership, is not subject to federal income taxation. Instead, any investor in Diversified Investors Portfolios must take into account, in computing its federal income tax liability, its share of Diversified Investors Portfolios' income, gains, losses, deductions, credits and tax preference items, without regard to whether it has received any cash distributions from Diversified Investors Portfolios.

Withdrawals by any investor in Diversified Investors Portfolios from its corresponding series generally will not result in recognizing any gain or loss for federal income tax purposes, except that (1) gain will be recognized to the extent that any cash distributed exceeds the basis of such investor's interest in the series prior to the distribution, (2) income or gain will be realized if the withdrawal is in

liquidation of such investor's entire interest in the series and includes a disproportionate share of any unrealized receivables held by the series and (3) loss will be recognized if the distribution is in liquidation of that entire interest and consists solely of cash and/or unrealized receivables. The basis of any investor's interest in Diversified Investors Portfolios generally equals the amount of cash and the basis of any property that such investor invests in a series, increased by such investor's share of income from that series and decreased by the amount of any cash distributions and the basis of any property distributed from that series.

DESCRIPTION OF BENEFICIAL INTERESTS, VOTING RIGHTS AND LIABILITIES. Diversified Investors Portfolios is organized as a series trust under the laws of the State of New York. Under the Declaration of Trust, the Trustees are authorized to issue beneficial interests in one or more series (each a "Series"). Investment in each series may not be transferred, but an investor may withdraw all or any portion of its investment at any time at net asset value. Investors in a series (e.g., investment companies, insurance company separate accounts and common and commingled trust funds) will each be liable for all obligations of that series (and of no other series). However, the risk of an investor in a series incurring financial loss on account of such liability is limited to circumstances in which both inadequate insurance existed and the series itself was unable to meet its obligations. Investments in each series have no preemptive or conversion rights and are fully paid and nonassessable, except as set forth below.

Each investor is entitled to a vote in proportion to the amount of its investment in each series. Investors in a series will vote as a separate class, except as to voting for election of Trustees of Diversified Investors Portfolios, as otherwise required by the 1940 Act, or if determined by the Trustees of Diversified Investors Portfolios to be a matter which affects all series. As to any matter which does not affect a particular series, only investors in the one or more affected series are entitled to vote. Diversified Investors Portfolios is not required and has no current intention of holding special meetings of investors, but special meetings of investors will be held when in the judgment of the Trustees of Diversified Investors Portfolios, it is necessary or desirable to submit matters for an investor vote. Changes in fundamental policies will be submitted to investors for approval. Investors under certain circumstances (e.g., upon application and submission of certain specified documents to the Trustees of Diversified Investors Portfolios by a specified number of investors) have the right to communicate with other investors in connection with requesting a meeting of investors for the purpose of removing one or more Trustees of Diversified Investors Portfolios. Investors also have the right to remove one or more Trustees of Diversified Investors Portfolios without a meeting by a declaration in writing by a specified number of investors. Upon liquidation of a series, investors would be entitled to share pro rata in the net assets of that series (and no other series) available for distribution to investors. See "Voting Rights" at page 24.

Each series determines its net income and realized capital gains, if any, on each Portfolio Business Day and allocates all such income and gain pro rata among the investors in such series at the time of such determination.

The "net income" of each series shall consist of (i) all income accrued, less the amortization of any premium, on the assets of the series, less (ii) all actual and accrued expenses of the series determined in accordance with generally accepted accounting principles. Interest income includes discount earned (including both original issue and market discount) on discount paper accrued ratably to the date of maturity and any net realized gains or losses on the assets of a series. All the net income of each series is allocated pro rata among the investors in the series (and no other series).

Inquiries regarding the Diversified Investors Portfolios may be directed to 4 Manhattanville Road, Purchase, New York 10577 (914-697-8000).

EXPERTS

The balance sheets of MONY as of December 31, 2004 and 2003 and the related statements of operations and cash flows for the years then ended, as well as the statements of assets and liabilities for Keynote Series Account as of December 31, 2004, and the related statements of operations for the year then ended and the statements of changes in net assets for the years ended December 31, 2004 and 2003 have been audited by PricewaterhouseCoopers LLP, independent registered public accounting firm, whose reports thereon are set forth in the Statement of Additional Information. These financial statements have been included in reliance on the report of the said firm, given on the authority of that firm as experts in auditing and accounting.

LEGAL PROCEEDINGS

MONY and its affiliates are parties to various legal proceedings. In our view, none of these proceedings would be considered material with respect to an interest in the Keynote Series Account, nor would any of these proceedings be likely to have a material adverse effect upon the Keynote Series Account, our ability to meet our obligations under the contracts, or the distribution of the contracts.

FINANCIAL STATEMENTS

The financial statements for MONY, included in the Statement of Additional Information, should be distinguished from the financial statements of Keynote, included in the Statement of Additional Information, and should be considered only as bearing on the ability of MONY to meet its obligations under the Contracts. The financial statements of MONY should not be considered as bearing on the investment performance of the assets held in Keynote.

ADDITIONAL INFORMATION

This Prospectus does not contain all the information set forth in the registration statement, certain portions of which have been omitted (including financial statements relating to MONY) pursuant to the rules and regulations of the SEC. The omitted information may be obtained from the SEC's principal office in Washington, D.C., upon payment of the fees prescribed by the Commission.

For further information with respect to MONY, the Contracts offered by this Prospectus and Diversified Investors Portfolios, including the Statement of Additional Information (which includes financial statements relating to MONY), contact MONY at its address or phone number set forth on the cover of this Prospectus for requesting such statement.

For further information with respect to the Calvert Series, Calvert Variable Series, Inc. or Calvert Asset Management Company, Inc., including a Statement of Additional Information, contact Calvert, Inc. at 4550 Montgomery Avenue, Suite 1000N, Bethesda, Maryland 20814, or call (301) 951-4820.

MISCELLANEOUS

The Accounts are separate registered accounts of MONY. There is a possibility that one Account might become liable for a misstatement in this

Prospectus about the other Account. MONY believes this possibility is remote.

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STATEMENT OF ADDITIONAL INFORMATION

REQUEST FOR KEYNOTE

STATEMENT OF ADDITIONAL INFORMATION

Detach and return in an envelope addressed:

MONY
c/o Diversified Investment Advisors, Inc.
4 Manhattanville Road
Purchase, New York 10577
Attn: Not-For-Profit Service

Please make sure that your name and the address to which you wish MONY to send the current Keynote Statement of Additional Information appears below:

Name

Address

Employer

APPENDIX

APPLICABLE PREMIUM TAX RATES

	PREMIUM TAX RATE PERCENT	
	QUALIFIED	NON QUALIFIED
California	.50%	2.35%
District of Columbia	--	--
Kentucky	--	--
Maine	--	2.00%
Nevada	--	3.50%
Puerto Rico	1.00%	1.00%
South Dakota	--	1.25%
West Virginia	1.00%	1.00%
Wyoming	--	1.00%

Information about contracts can also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. You can get information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Reports and other information about the Funds are available in the EDGAR database on the Commission's Internet site at http://www.sec.gov, and copies of this information may be obtained, after paying a duplicating fee, by electronic request at the following E-mail address: publicinfo@sec.gov, or by writing to the SEC's Public Reference Section, Washington, DC 20549-0102.

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STATEMENT OF ADDITIONAL INFORMATION

MAY 2, 2005

GROUP VARIABLE ANNUITY CONTRACTS

ISSUED BY

KEYNOTE SERIES ACCOUNT

AND

MONY LIFE INSURANCE COMPANY

1290 AVENUE OF THE AMERICAS, NEW YORK, N.Y. 10104;

THIS STATEMENT OF ADDITIONAL INFORMATION IS NOT A PROSPECTUS, BUT IT RELATES TO, AND SHOULD BE READ IN CONJUNCTION WITH, THE PROSPECTUS DATED MAY 2, 2005 FOR THE GROUP VARIABLE ANNUITY CONTRACTS ISSUED BY THE MUTUAL LIFE INSURANCE COMPANY OF NEW YORK ("MONY") WHICH INVEST IN THE KEYNOTE SERIES ACCOUNT ("KEYNOTE"). THE PROSPECTUS IS AVAILABLE, AT NO CHARGE, BY WRITING MONY AT 4 MANHATTANVILLE RD., PURCHASE, NEW YORK 10577 OR BY CALLING (914) 697-8000.

A SEPARATE STATEMENT OF ADDITIONAL INFORMATION IS AVAILABLE WITHOUT CHARGE FOR CALVERT VARIABLE SERIES, INC. OF WHICH THE CALVERT SOCIAL BALANCED PORTFOLIO IS A PART BY WRITING TO CALVERT VARIABLE SERIES, INC. AT 4550 MONTGOMERY AVENUE, SUITE 1000N, BETHESDA, MARYLAND 20814 OR BY TELEPHONING 301-951-4820.

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<Caption>

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INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The financial statements of Keynote and MONY appearing on the following pages have been audited by PricewaterhouseCoopers LLP, independent registered public accounting firm, and are included herein in reliance on the reports of

PricewaterhouseCoopers LLP given upon the authority of said firm as experts in accounting and auditing. PricewaterhouseCoopers LLP is located at 300 Madison Avenue, New York, New York 10017.

SALE OF CONTRACTS/PRINCIPAL UNDERWRITER

MONY Securities Corporation ("MSC"), a wholly owned subsidiary of MONY, serves as the principal underwriter of the securities issued with respect to the Separate Account and distributor for the Contracts. On or about June 6, 2005, subject to regulatory approval, registered representatives of MSC will become registered representatives of AXA Advisors, LLC ("AXA Advisors"). Also, AXA Advisors will replace MSC as principal underwriter of the Separate Account and distributor for the Contracts.

MSC does not receive underwriting commissions.

PERFORMANCE DATA

MONEY MARKET SUBACCOUNT

For the seven day period ended December 31, 2004, the yield for the Money Market Subaccount was 1.24% and the effective yield was 1.25%.

The yield is calculated by dividing the result of subtracting the value of one Unit at the end of the seven day period ("Seventh Day Value") from the value of one Unit at the beginning of the seven day period ("First Day Value") by the First Day Value (the resulting quotient being the "Base Period Return") and multiplying the Base Period Return by 365 divided by 7 to obtain the annualized yield.

The effective yield is calculated by compounding the Base Period Return calculated in accordance with the preceding paragraph, adding 1 to Base Period Return, raising that sum to a power equal to 365 divided by 7 and subtracting 1 from the result.

As the Money Market Subaccount invests only in the Money Market Series (the "Money Market Series") of Diversified Investors Portfolios, the First Day Value reflects the net asset value of the interest in the Money Market Series held in the Money Market Subaccount. The Seventh Day Value reflects increases or decreases in the net asset value of the interest in the Money Market Series held in the Money Market Subaccount due to the declaration of dividends, net investment income and the daily charges and deductions from the Subaccount for mortality and expense risk. Net investment income reflects earnings on investments less expenses of the Money Market Series including the investment management fee.

AVERAGE ANNUAL TOTAL RETURNS: The average annual total return for the Subaccounts is shown for the periods indicated in the table below.

<Table>
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<S>	FOR THE YEAR ENDED DEC. 31, 2004 <C>	FOR THE 3 YEARS ENDED DEC. 31, 2004 <C>	FOR THE 5 YEARS ENDED DEC. 31, 2004 <C>	FOR THE 10 YEARS ENDED DEC. 31, 2004 <C>	FOR THE PERIOD SINCE INCEPTION THROUGH DEC. 31, 2004 <C>
Subaccount:					
Money Market(1)	0.34%	0.43%	1.94%	3.31%	6.14%
Intermediate Government Bond(1)	0.48%	2.65%	4.37%	5.05%	5.44%
Core Bond(1)	3.50%	5.00%	5.95%	6.16%	7.48%
Balanced(1)	7.12%	3.54%	0.12%	8.05%	7.66%
Value & Income(1)	11.68%	5.42%	4.25%	11.56%	11.91%
Equity Growth(1)	6.59%	0.32%	-7.92%	7.99%	7.66%
Calvert Series(2)	7.09%	3.17%	-0.83%	7.85%	7.73%

</Table>

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(1) On January 3, 1994, each of the corresponding Pooled Separate Accounts of MONY set forth below contributed all of its assets to the corresponding Series of Diversified Investors Portfolios in which a corresponding Keynote

Subaccount invests its assets:

SERIES	MONY POOLED SEPARATE ACCOUNT
Money Market	Pooled Account No. 4
Intermediate Government Bond	Pooled Account No. 10d
Core Bond	Pooled Account No. 5
Balanced	Pooled Account No. 14
Value & Income	Pooled Account No. 6
Equity Growth	Pooled Account No. 1

Total returns calculated for any period for the Money Market, Intermediate Government Bond, Core Bond, Balanced, Value & Income Subaccounts reflect the performance of the corresponding Pooled Separate Account for any period prior to January 3, 1994 and the performance of the corresponding series of Diversified Investors Portfolios thereafter. Such total returns calculated for each of the Subaccounts reflect the performance of the corresponding Pooled Separate Account only from the date that such corresponding Pooled Separate Account utilized the services of the same investment adviser as is presently providing such advice to the corresponding Series of Diversified Investors Portfolios invested in by the Subaccount. Such commencement dates are November 1978 for the Money Market Subaccount, July 1990 for the Intermediate Government Bond Subaccount, January 1978 for the Core Bond Subaccount, December 1992 for the Balanced Subaccount and January 1978 for the Value & Income Subaccount, and February 1993 for the Equity Growth Subaccount. All total return percentages reflect the historical rates of return for such period adjusted to assume that all charges, expenses and fees of the applicable Subaccount and the corresponding series of Diversified Investors Portfolios which are presently in effect were deducted during such period.

(2) The average annual total returns for the Calvert Series Subaccount reflect the average annual total returns of the Calvert Series. The commencement date of the Calvert Series is September 30, 1986.

The table above assumes that a $1,000 payment was made to each Subaccount at the beginning of the period shown, that no further payments were made, that any distribution from the corresponding series (or its predecessor investment vehicle) were reinvested, and that a Contractholder surrendered the Contract for cash, rather than electing commencement of annuity benefits in the form of one of the Settlement Options available, at the end of the period shown. The annualized total return percentages shown in the table reflect the annualized historical rates of return and deductions for all charges, expenses, and fees which would be imposed on the payment assumed by both the corresponding series and Keynote.

DIVERSIFIED INVESTORS PORTFOLIOS

Six series of Diversified Investors Portfolios are presently available for investment under the Contracts through Subaccounts of Keynote. This section of the Statement of Additional Information describes each such series, including Diversified Investors Money Market Portfolio (the "Money Market Series"), Diversified Investors Intermediate Government Bond Portfolio (the "Intermediate Government Bond Series"), Diversified Investors Core Bond Portfolio (the "Core Bond Series"), Diversified Investors Balanced Portfolio (the "Balanced Series"), Diversified Investors Value & Income Portfolio (the "Equity Income Series") and Diversified Investors Equity Growth Portfolio (the "Equity Growth Series"). The series of Diversified Investors Portfolios available under the Contracts may be collectively referred to herein as the "Series".

INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS

INVESTMENT OBJECTIVES

The investment objective of each Series is described in the Prospectus of Keynote Series Account. There can, of course, be no assurance that a Series will achieve its investment objective.

INVESTMENT POLICIES

The following discussion supplements the information regarding the investment objective of each Series and the policies to be employed to achieve this objective as set forth in the Prospectus of Keynote Series Account.

BANK OBLIGATIONS

Domestic commercial banks organized under Federal law are supervised and examined by the Comptroller of the Currency and are required to be members of the Federal Reserve System. Domestic banks organized under state law are supervised and examined by state banking authorities but are members of the Federal Reserve System only if they elect to join. In addition, state banks are subject to Federal examination and to a substantial body of Federal law and regulation. As a result of Federal or state laws and regulations, domestic banks, among other things, generally are required to maintain specified levels of reserves, are limited in the amounts which they can loan to a single borrower, and are subject to other regulations designed to promote financial soundness. However, not all of such laws and regulations apply to the foreign branches of domestic banks.

Obligations of foreign branches and subsidiaries of domestic banks and domestic and foreign branches of foreign banks, such as Certificates of Deposit ("CDs") and time deposits ("TDs"), may be general obligations of the parent banks in addition to the issuing branch, or may be limited by the terms of a specific obligation and governmental regulation. Such obligations are subject to different risks than are those of domestic banks. These risks include foreign economic and political developments, foreign governmental restrictions that may adversely affect payment of principal and interest on the obligations, foreign exchange controls and foreign withholding and other taxes on interest income. These foreign branches and subsidiaries are not necessarily subject to the same or similar regulatory requirements that apply to domestic banks, such as mandatory reserve requirements, loan limitations, and accounting, auditing and financial record keeping requirements. In addition, less information may be publicly available about a foreign branch of a domestic bank or about a foreign bank than about a domestic bank.

Obligations of United States branches of foreign banks may be general obligations of the parent bank in addition to the issuing branch, or may be limited by the terms of a specific obligation and by Federal or state regulation as well as governmental action in the country in which the foreign bank has its head office. A domestic branch of a foreign bank with assets in excess of $1 billion may be subject to

reserve requirements imposed by the Federal Reserve System or by the state in which the branch is located if the branch is licensed in that state.

In addition, branches licensed by the Comptroller of the Currency and branches licensed by certain states may be required to: (1) pledge to the regulator, by depositing assets with a designated bank within the state, a certain percentage of their assets as fixed from time to time by the appropriate regulatory authority; and (2) maintain assets within the state in an amount equal to a specified percentage of the aggregate amount of liabilities of the foreign bank payable at or through all of its agencies or branches within the state.

In view of the foregoing factors associated with the purchase of CDs and TDs issued by foreign branches of domestic banks, by foreign subsidiaries of domestic banks, by foreign branches of foreign banks or by domestic branches of foreign banks, the Advisers carefully evaluate such investments on a case-by-case basis.

U.S. GOVERNMENT AND AGENCY SECURITIES

Securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities include U.S. Treasury securities, which differ only in their interest rates, maturities and times of issuance. Treasury Bills have initial maturities of one year or less; Treasury Notes have initial maturities of one to ten years; and Treasury Bonds generally have initial maturities of greater than ten years. Some obligations issued or guaranteed by U.S. Government agencies and instrumentalities, for example, Government National Mortgage Association pass-through certificates, are supported by the full faith and credit of the U.S. Treasury; others, such as those of the Federal Home Loan Banks, by the right of the issuer to borrow from the Treasury; others, such as those issued by the Federal National Mortgage Association, by discretionary authority of the U.S. Government to purchase certain obligations of the agency or instrumentality; and others, such as those issued by the Student Loan Marketing Association, only by the credit of the agency or instrumentality. While the U.S. Government provides financial support to such U.S. Government-sponsored agencies or instrumentalities, no assurance can be given that it will always do so, since it is not so obligated by law. A Series will invest in such securities only when the Advisers are satisfied that the credit risk with respect to the issuer is minimal.

COMMERCIAL PAPER

Commercial paper consists of short-term (usually from 1 to 270 days) unsecured promissory notes issued by corporations in order to finance their current operations. A variable amount master demand note (which is a type of commercial paper) represents a direct borrowing arrangement involving periodically fluctuating rates of interest under a letter agreement between a commercial paper issuer and an institutional lender pursuant to which the lender may determine to invest varying amounts.

Each Series may invest in commercial paper issued by major corporations in reliance on the exemption from registration afforded by Section 3(a)(3) of the Securities Act of 1933, as amended (the "1933 Act"). Such commercial paper may be issued only to finance current transactions and must mature in nine months or less. Trading of such commercial paper is conducted primarily by institutional investors through investment dealers, and individual investor participation in the commercial paper market is very limited.

LENDING OF PORTFOLIO SECURITIES

All Series have the authority to lend portfolio securities to brokers, dealers and other financial organizations. By lending its securities, a Series can increase its income by continuing to receive interest on the loaned securities as well as by either investing the cash collateral in short-term securities or obtaining yield in the form of interest paid by the borrower when U.S. Government obligations are used as collateral. There may be risks of delay in receiving additional collateral or risks of delay in recovery of the securities or even loss of rights in the collateral should the borrower of the securities fail financially. A Series will adhere to the following conditions whenever its securities are loaned: (i) the

Series must receive at least 100 percent cash collateral or equivalent securities from the borrower; (ii) the borrower must increase this collateral whenever the market value of the securities including accrued interest rises above the level of the collateral; (iii) the Series must be able to terminate the loan at any time; (iv) the Series must receive reasonable interest on the loan, as well as any dividends, interest or other distributions on the loaned securities, and any increase in market value; (v) the Series may pay only reasonable custodian fees in connection with the loan; and (vi) voting rights on the loaned securities may pass to the borrower. However, if a material event adversely affecting the investment were to occur, the Series would terminate the loan and regain the right to vote the securities.

VARIABLE RATE AND FLOATING RATE SECURITIES

Each Series may purchase floating and variable rate demand notes and bonds, which are obligations ordinarily having stated maturities in excess of 397 days, but which permit the holder to demand payment of principal at any time, or at specified intervals not exceeding 397 days, in each case upon not more than 30 days' notice. Variable rate demand notes include master demand notes which are obligations that permit a Series to invest fluctuating amounts, which may change daily without penalty, pursuant to direct arrangements between the Series, as lender, and the borrower. The interest rates on these notes fluctuate from time to time. The issuer of such obligations normally has a corresponding right, after a given period, to prepay in its discretion the outstanding principal amount of the obligations plus accrued interest upon a specified number of days' notice to the holders of such obligations. The interest rate on a floating rate demand obligation is based on a known lending rate, such as a bank's prime rate, and is adjusted automatically each time such rate is adjusted. The interest rate on a variable rate demand obligation is adjusted automatically at specified intervals. Frequently, such obligations are secured by letters of credit or other credit support arrangements provided by banks. Because these obligations are direct lending arrangements between the lender and borrower, it is not contemplated that such instruments generally will be traded, and there generally is no established secondary market for these obligations, although they are redeemable at face value. Accordingly, where these obligations are not secured by letters of credit or other credit support arrangements, a Series' right to redeem is dependent on the ability of the borrower to pay principal and interest on demand. Such obligations frequently are not rated by credit rating agencies and a Series may invest in obligations which are not so rated only if the Advisers determine that at the time of investment the obligations are of comparable quality to the other obligations in which the Series may invest. The Advisers, on behalf of a Series, will consider on an ongoing basis the creditworthiness of the issuers of the floating and variable rate demand obligations held by the Series. A Series will not invest more than 15% (10% in the case of the Money Market Series) of the value of its net assets in floating or variable rate demand obligations as to which it cannot exercise the demand feature on not more than seven days' notice if there is no secondary market available for these obligations, and in other securities that are not readily marketable. See "Investment Restrictions" below.

PARTICIPATION INTERESTS

A Series may purchase from financial institutions participation interests in securities in which such Series may invest. A participation interest gives a Series an undivided interest in the security in the proportion that the Series' participation interest bears to the total principal amount of the security. These instruments may have fixed, floating or variable rates of interest, with remaining maturities of 13 months or less. If the participation interest is unrated, or has been given a rating below that which is permissible for purchase by the Series, the participation interest will be backed by an irrevocable letter of credit or guarantee of a bank, or the payment obligation otherwise will be collateralized by U.S. Government securities, or, in the case of unrated participation interests, the Advisers must have determined that the instrument is of comparable quality to those instruments in which a Series may invest. For certain participation interests, a Series will have the right to demand payment, on not more than seven days' notice, for all or any part of the Series' participation interest in the security, plus accrued interest. As to these instruments, a Series intends to exercise its right to demand payment only

upon a default under the terms of the security, as needed to provide liquidity to meet redemptions, or to maintain or improve the quality of its investment portfolio. A Series will not invest more than 15% (10% in the case of the Money Market Series) of its net assets in participation interests that do not have this demand feature, and in other securities that are not readily marketable. See "Investment Restrictions" below.

ILLIQUID SECURITIES

Historically, illiquid securities have included securities subject to contractual or legal restrictions on resale because they have not been registered under the Securities Act of 1933, as amended (the "1933 Act"), securities which are otherwise not readily marketable and repurchase agreements having a maturity of longer than seven days. Securities which have not been registered under the 1933 Act are referred to as private placements or restricted securities and are purchased directly from the issuer or in the secondary market. Mutual funds do not typically hold a significant amount of these restricted or other illiquid securities because of the potential for delays on resale and uncertainty in valuation. Limitations on resale may have an adverse effect on the marketability of portfolio securities and a mutual fund might be unable to dispose of restricted or other illiquid securities promptly or at reasonable prices and might thereby experience difficulty satisfying redemptions within seven days. A mutual fund might also have to register such restricted securities in order to dispose of them resulting in additional expense and delay. Adverse market conditions could impede such a public offering of securities.

In recent years, however, a large institutional market has developed for certain securities that are not registered under the 1933 Act, including repurchase agreements, commercial paper, foreign securities, municipal securities and corporate bonds and notes. Institutional investors depend on an efficient institutional market in which the unregistered security can be readily resold or on an issuer's ability to honor a demand for repayment. The fact that there are contractual or legal restrictions on resale of such investments to the general public or to certain institutions may not be indicative of their liquidity.

Rule 144A under the 1933 Act allows broader institutional trading of securities otherwise subject to restriction on their resale to the general public. Rule 144A establishes a "safe harbor" from the registration requirements of the 1933 Act of resales of certain securities to qualified institutional buyers.

The Advisers will monitor the liquidity of Rule 144A securities for each Series under the supervision of the Diversified Investors Portfolio's Board of Trustees. In reaching liquidity decisions, the Advisers will consider, among other things, the following factors: (1) the frequency of trades and quotes for the security, (2) the number of dealers and other potential purchasers wishing to purchase or sell the security, (3) dealer undertakings to make a market in the security and (4) the nature of the security and of the marketplace trades (e.g., the time needed to dispose of the security, the method of soliciting offers and the mechanics of the transfer).

UNSECURED PROMISSORY NOTES

A Series also may purchase unsecured promissory notes ("Notes") which are not readily marketable and have not been registered under the 1933 Act, provided such investments are consistent with the Series' investment objective. The Notes purchased by a Series will have remaining maturities of 13 months or less and will be deemed by the Board of Trustees of Diversified Investors Portfolios to present minimal credit risks and will meet the quality criteria set forth above under "Investment Policies." A Series will invest no more than 15% (10% in the case of the Money Market Series) of its net assets in such Notes and in other securities that are not readily marketable(which securities would include floating and variable rate demand obligations as to which the Series cannot exercise the demand feature described above and as to which there is no secondary market). See "Investment Restrictions" below.

REPURCHASE AGREEMENTS AND REVERSE REPURCHASE AGREEMENTS

Repurchase agreements are agreements by which a person purchases a security and simultaneously commits to resell that security to the seller (which is usually a member bank of the Federal Reserve System or a member firm of the New York Stock Exchange (or a subsidiary thereof)) at an agreed-upon date within a number of days (usually not more than seven) from the date of purchase. The resale price reflects the purchase price plus an agreed-upon market rate of interest which is unrelated to the coupon rate or maturity of the purchased security. A repurchase agreement involves the obligation of the seller to pay the agreed-upon price, which obligation is in effect secured by the value of the underlying security, usually U.S. Government or Government agency issues. Under the Investment Company Act of 1940, as amended (the "1940 Act"), repurchase agreements may be considered to be loans by the buyer. A Series' risk is limited to the ability of the seller to pay the agreed upon amount on the delivery date. If the seller defaults, the underlying security constitutes collateral for the seller's obligation to pay although a Series may incur certain costs in liquidating this collateral and in certain cases may not be permitted to liquidate this collateral. All repurchase agreements entered into by a Series are fully collateralized, with such collateral being marked to market daily.

A Series may borrow funds for temporary or emergency purposes, such as meeting larger than anticipated redemption requests, and not for leverage, and by agreeing to sell portfolio securities to financial institutions such as banks and broker-dealers and to repurchase them at a mutually agreed date and price (a "reverse repurchase agreement"). At the time a Series enters into a reverse repurchase agreement it will place in a segregated custodial account cash, U.S. Government securities or high-grade debt obligations having a value equal to the repurchase price, including accrued interest. Reverse repurchase agreements involve the risk that the market value of the securities sold by the Series may decline below the repurchase price of those securities. Reverse repurchase agreements are considered to be borrowings by a Series.

FOREIGN SECURITIES - ALL SERIES

Each Series may invest its assets in securities of foreign issuers. Investing in securities issued by companies whose principal business activities are outside the United States may involve significant risks not present in domestic investments. For example, there is generally less publicly available information about foreign companies, particularly those not subject to the disclosure and reporting requirements of the U.S. securities laws. Foreign issuers are generally not bound by uniform accounting, auditing and financial reporting requirements comparable to those applicable to domestic issuers. Investments in foreign securities also involve the risk of possible adverse changes in investment or exchange control regulations, expropriation or confiscatory taxation, brokerage or other taxation, limitation on the removal of funds or other assets of a Series, political or financial instability or diplomatic and other developments which would affect such investments. Further, economies of particular countries or areas of the world may differ favorably or unfavorably from the economy of the U.S.

It is anticipated that in most cases the best available market for foreign securities would be on exchanges or in over-the-counter markets located outside the U.S. Foreign stock markets, while growing in volume and sophistication, are generally not as developed as those in the U.S., and securities of some foreign issuers (particularly those located in developing countries) may be less liquid and more volatile than securities of comparable U.S. companies. Foreign security trading practices, including those involving securities settlement where a Series' assets may be released prior to receipt of payment, may expose a Series to increased risk in the event of a failed trade or the insolvency of a foreign broker-dealer. In addition, foreign brokerage commissions are generally higher than commissions on securities traded in the U.S. and may be non-negotiable. In general, there is less overall governmental supervision and regulation of foreign securities exchanges, brokers and listed companies than in the U.S.

FOREIGN SECURITIES - MONEY MARKET SERIES

The Money Market Series may invest in foreign securities, including only U.S. dollar-denominated obligations of foreign branches and subsidiaries of domestic banks and foreign banks, such as Eurodollar certificates of deposit, which are U.S. dollar-denominated certificates of deposit issued by branches of foreign and domestic banks located outside the United States, and Yankee CDs, which are certificates of deposit issued by a U.S. branch of a foreign bank denominated in U.S. dollars and held in the United States; Eurodollar time deposits ("ETDs"), which are U.S. dollar-denominated deposits in a foreign branch of a foreign or domestic bank, and Canadian time deposits, which are essentially the same as ETDs except they are issued by branches of major Canadian banks; high quality, U.S. dollar-denominated short-term bonds and notes (including variable amount master demand notes) issued by foreign corporations, including Canadian commercial paper, which is commercial paper issued by a Canadian corporation or a Canadian counterpart of a U.S. corporation, and

Europaper, which is U.S. dollar-denominated commercial paper of a foreign issuer; and U.S. dollar-denominated obligations issued or guaranteed by one or more foreign governments or any of their political subdivisions, agencies or instrumentalities that are determined by the Adviser to be of comparable quality to the other obligations in which the Money Market Series may invest. Such securities also include debt obligations of supranational entities. Supranational entities include international organizations designated or supported by governmental entities to promote economic reconstruction or development and international banking institutions and related government agencies. Examples include the International Bank for Reconstruction and Development (the World Bank), the European Coal and Steel Community, the Asian Development Bank and the InterAmerican Development Bank.

FOREIGN SECURITIES - SERIES OTHER THAN MONEY MARKET SERIES

Each Series' policy is not to invest more than 25% of its assets in securities of foreign issuers; not more than 5% of a Series' assets may be invested in closed-end investment companies which primarily hold foreign securities. Investments in such companies may entail the risk that the market value of such investments may be substantially less than their net asset value and that there would be duplication of investment management and other fees and expenses. Securities of foreign issuers include investments in sponsored American Depository Receipts ("ADRs"). ADRs are depository receipts for securities of foreign issuers and provide an alternative method for a Series to make foreign investments. These securities will not be denominated in the same currency as the securities into which they may be converted. Generally, ADRs, in registered form, are designed for use in U.S. securities markets. ADRs are receipts typically issued by a U.S. bank or trust company evidencing ownership of the underlying securities.

Each Series may invest in foreign securities that impose restrictions on transfer within the United States or to United States persons. Although securities subject to such transfer restrictions may be marketable abroad, they may be less liquid than foreign securities of the same class that are not subject to such restrictions.

FORWARD FOREIGN CURRENCY EXCHANGE CONTRACTS

Because some Series may buy and sell securities denominated in currencies other than the U.S. dollar and receive interest, dividends and sale proceeds in currencies other than the U.S. dollar, such Series from time to time may enter into foreign currency exchange transactions to convert to and from different foreign currencies and to convert foreign currencies to and from the U.S. dollar. Such Series either enter into these transactions on a spot (i.e., cash) basis at the spot rate prevailing in the foreign currency exchange market or use forward contracts to purchase or sell foreign currencies.

A forward foreign currency exchange contract is an obligation by a Series to purchase or sell a specific currency at a future date, which may be any fixed number of days from the date of the contract. Forward foreign currency exchange contracts establish an exchange rate at a future date. These contracts are transferable in the interbank market conducted directly between currency traders (usually

large commercial banks) and their customers. A forward foreign currency exchange contract generally has no deposit requirement and is traded at a net price without commission. A Series maintains with its custodian a segregated account of high grade liquid assets in an amount at least equal to its obligations under each forward foreign currency exchange contract. Neither spot transactions nor forward foreign currency exchange contracts eliminate fluctuations in the prices of the Series' securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline.

The Series may enter into foreign currency hedging transactions in an attempt to protect against changes in foreign currency exchange rates between the trade and settlement dates of specific securities transactions or changes in foreign currency exchange rates that would adversely affect a portfolio position or an anticipated investment position. Since consideration of the prospect for currency parities will be incorporated into the Advisers' long-term investment decisions, the Series will not routinely enter into foreign currency hedging transactions with respect to security transactions; however, the Advisers believe that it is important to have the flexibility to enter into foreign currency hedging transactions when they determine that the transactions would be in a Series' best interest. Although these transactions tend to minimize the risk of loss due to a decline in the value of the hedged currency, at the same time they tend to limit any potential gain that might be realized should the value of the hedged currency increase. The precise matching of the forward contract amounts and the value of the securities involved will not generally be possible because the future value of such securities in foreign currencies will change as a consequence of market movements in the value of such securities between the date the forward contract is entered into and the date it matures. The projection of currency market movements is extremely difficult, and the successful execution of a hedging strategy is highly uncertain.

While these contracts are not presently regulated by the Commodity Futures Trading Commission ("CFTC"), the CFTC may in the future assert authority to regulate forward contracts. In such event a Series' ability to utilize forward contracts in the manner set forth herein and in the Prospectus may be restricted. Forward contracts may reduce the potential gain from a positive change in the relationship between the U.S. dollar and foreign currencies. Unanticipated changes in currency prices may result in poorer overall performance for a Series than if it had not entered into such contracts. The use of foreign currency forward contracts may not eliminate fluctuations in the underlying U.S. dollar equivalent value of the prices of or rates of return on a Series' foreign currency denominated portfolio securities and the use of such techniques will subject a Series to certain risks.

The matching of the increase in value of a forward contract and the decline in the U.S. dollar equivalent value of the foreign currency denominated asset that is the subject of the hedge generally will not be precise. In addition, a Series may not always be able to enter into foreign currency forward contracts at attractive prices and this will limit a Series' ability to use such contract to hedge or cross-hedge its assets. Also, with regard to a Series' use of cross-hedges, there can be no assurance that historical correlations between the movement of certain foreign currencies relative to the U.S. dollar will continue. Thus, at any time poor correlation may exist between movements in the exchange rates of the foreign currencies underlying a Series' cross-hedges and the movements in the exchange rates of the foreign currencies in which a Series' assets that are the subject of such cross-hedges are denominated.

GUARANTEED INVESTMENT CONTRACTS

Each Series may invest in guaranteed investment contracts ("GICs") issued by insurance companies. Pursuant to such contracts, a Series makes cash contributions to a deposit fund of the insurance company's general account. The insurance company then credits to the fund guaranteed interest. The GICs provide that this guaranteed interest will not be less than a certain minimum rate. The insurance company may assess periodic charges against a GIC for expenses and service costs allocable to it, and the charges will be deducted from the value of the deposit fund. Because a Series may not receive the principal amount of a GIC from the insurance company on seven days' notice or less, the GIC is considered an illiquid investment and, together with other instruments in a Series which are not readily marketable, will not exceed 15% (10% in the case of the Money Market Series) of

the Series' net assets. The term of a GIC will be thirteen months or less. In determining average weighted portfolio maturity, a GIC will be deemed to have a maturity equal to the longer of the period of time remaining until the next readjustment of the guaranteed interest rate or the period of time remaining until the principal amount can be recovered from the issuer through demand.

WHEN-ISSUED SECURITIES

Each Series may purchase securities on a "when-issued" or on a "forward delivery" basis. It is expected that, under normal circumstances, a Series would take delivery of such securities. When a Series commits to purchase a security on a "when-issued" or on a "forward delivery" basis, the Series establishes procedures consistent with the relevant policies of the Securities and Exchange Commission. Since those policies currently recommend that an amount of a Series' assets equal to the amount of the purchase be held aside or segregated to be used to pay for the commitment, the Series expects always to have cash, cash equivalents, or high quality debt securities sufficient to cover any commitments or to limit any potential risk. However, although a Series does not intend to make such purchases for speculative purposes and intends to adhere to the provisions of Securities and Exchange Commission policies, purchases of securities on such bases may involve more risk than other types of purchases. For example, a Series may have to sell assets which have been set aside in order to meet redemptions. Also, if a Series determines it is advisable as a matter of investment strategy to sell the "when-issued" or "forward delivery" securities, the Series would be required to meet its obligations from the then available cash flow or the sale of securities, or, although it would not normally expect to do so, from the sale of the "when-issued" or "forward delivery" securities themselves (which may have a value greater or less than the Series' payment obligation).

ZERO COUPON OBLIGATIONS

Each Series may acquire zero coupon obligations when consistent with its investment objective and policies. Such obligations have greater price volatility than coupon obligations and will not result in payment of interest until maturity. Since dividend income is accrued throughout the term of the zero coupon obligation but is not actually received until maturity, a Series may have to sell other securities to pay said accrued dividends prior to maturity of the zero coupon obligation.

FUTURES CONTRACTS AND OPTIONS ON FUTURES CONTRACTS - SERIES OTHER THAN MONEY MARKET SERIES

GENERAL. The successful use of such instruments draws upon the Advisers' skill and experience with respect to such instruments and usually depends on the Advisers' ability to forecast interest rate and currency exchange rate movements correctly. Should interest or exchange rates move in an unexpected manner, a Series may not achieve the anticipated benefits of futures contracts or options on futures contracts or may realize losses and thus will be in a worse position than if such strategies had not been used. In addition, the correlation between movements in the price of futures contracts or options on futures contracts and movements in the price of the securities and currencies hedged or used for cover will not be perfect and could produce unanticipated losses.

FUTURES CONTRACTS. A Series may enter into contracts for the purchase or sale for future delivery of fixed-income securities or foreign currencies, or contracts based on financial indices including any index of U.S. Government securities, foreign government securities or corporate debt securities. U.S. futures contracts have been designed by exchanges which have been designated "contracts markets" by the CFTC, and must be executed through a futures commission merchant, or brokerage firm, which is a member of the relevant contract market. Futures contracts trade on a number of exchange markets, and, through their clearing corporations, the exchanges guarantee performance of the contracts as between the clearing members of the exchange. A Series may enter into futures contracts which are based on debt securities that are backed by the full faith and credit of the U.S. Government, such as long-term U.S. Treasury Bonds, Treasury Notes, Government National Mortgage Association modified pass-through mortgage-backed securities and three-month U.S. Treasury Bills. A Series may also enter into futures contracts which are based on bonds issued by entities other than the U.S. Government.

At the same time a futures contract is purchased or sold, the Series must allocate cash or securities as a deposit payment ("initial deposit"). It is expected that the initial deposit would be approximately 1/2% to 5% of a contract's face value. Daily thereafter, the futures contract is valued and the payment of "variation margin" may be required, since each day the Series would provide or receive cash that reflects any decline or increase in the contract's value.

At the time of delivery of securities pursuant to such a contract, adjustments are made to recognize differences in value arising from the delivery of securities with a different interest rate from that specified in the contract. In some (but not many) cases, securities called for by a futures contract may not have been issued when the contract was written.

Although futures contracts by their terms call for the actual delivery or acquisition of securities, in most cases the contractual obligation is fulfilled before the date of the contract without having to make or take delivery of the securities. The offsetting of a contractual obligation is accomplished by buying (or selling, as the case may be) on a commodities exchange an identical futures contract calling for delivery in the same month. Such a transaction, which is effected through a member of an exchange, cancels the obligation to make or take delivery of the securities. Since all transactions in the futures market are made, offset or fulfilled through a clearinghouse associated with the exchange on which the contracts are traded, a Series will incur brokerage fees when it purchases or sells futures contracts.

The purpose of the acquisition or sale of a futures contract, in the case of a Series which holds or intends to acquire fixed-income securities, is to attempt to protect the Series from fluctuations in interest or foreign exchange rates without actually buying or selling fixed-income securities or foreign currencies. For example, if interest rates were expected to increase, a Series might enter into futures contracts for the sale of debt securities. Such a sale would have much the same effect as selling an equivalent value of the debt securities owned by the Series. If interest rates did increase, the value of the debt securities in a Series would decline, but the value of the futures contracts to the Series would increase at approximately the same rate, thereby keeping the net asset value of the Series from declining as much as it otherwise would have. The Series could accomplish similar results by selling debt securities and investing in bonds with short maturities when interest rates are expected to increase. However, since the futures market is more liquid than the cash market, the use of futures contracts as an investment technique allows a Series to maintain a defensive position without having to sell its portfolio securities.

Similarly, when it is expected that interest rates may decline, futures contracts may be purchased to attempt to hedge against anticipated purchases of debt securities at higher prices. Since the fluctuations in the value of futures contracts should be similar to those of debt securities, a Series could take advantage of the anticipated rise in the value of debt securities without actually buying them until the market had stabilized. At that time, the futures contracts could be liquidated and the Series could then buy debt securities on the cash market. To the extent a Series enters into futures contracts for this purpose, the assets in the segregated asset account maintained to cover the Series' obligations with respect to such futures contracts will consist of cash, cash equivalents or high quality liquid debt securities from its portfolio in an amount equal to the difference between the fluctuating market value of such futures contracts and the aggregate value of the initial and variation margin payments made by the Series with respect to such futures contracts.

The ordinary spreads between prices in the cash and futures market, due to differences in the nature of those markets, are subject to distortions. First, all participants in the futures market are subject to initial deposit and variation margin requirements. Rather than meeting additional variation margin requirements, investors may close futures contracts through offsetting transactions which could distort the normal relationship between the cash and futures markets. Second, the liquidity of the futures market depends on participants entering into offsetting transactions rather than making or taking delivery. To the extent participants decide to make or take delivery, liquidity in the futures market could be reduced, thus producing distortion. Third, from the point of view of speculators, the margin deposit requirements in the futures market are less onerous than margin requirements in the

securities market. Therefore, increased participation by speculators in the futures market may cause temporary price distortions. Due to the possibility of distortion, a correct forecast of general interest rate trends by the Advisers may still not result in a successful transaction.

In addition, futures contracts entail risks. Although the Advisers believe that use of such contracts will benefit the Series, if the Advisers' investment judgment about the general direction of interest rates is incorrect, a Series' overall performance would be poorer than if it had not entered into any such contract. For example, if a Series has hedged against the possibility of an increase in interest rates which would adversely affect the price of debt securities held by it and interest rates decrease instead, the Series will lose part or all of the benefit of the increased value of its debt securities which it has hedged because it will have offsetting losses in its futures positions. In addition, in such situations, if a Series has insufficient cash, it may have to sell debt securities to meet daily variation margin requirements. Such sales of bonds may be, but will not necessarily be, at increased prices which reflect the rising market. A Series may have to sell securities at a time when it may be disadvantageous to do so.

OPTIONS ON FUTURES CONTRACTS. The Series intend to purchase and write options on futures contracts for edging purposes. The purchase of a call option on a futures contract is similar in some respects to the purchase of a call option on an individual security. Depending on the pricing of the option compared to either the price of the futures contract upon which it is based or the price of the underlying debt securities, it may or may not be less risky than ownership of the futures contract or underlying debt securities. As with the purchase of futures contracts, when a Series is not fully invested it may purchase a call option on a futures contract to hedge against a market advance due to declining interest rates.

The writing of a call option on a futures contract constitutes a partial hedge against declining prices of the security or foreign currency which is deliverable upon exercise of the futures contract. If the futures price at expiration of the option is below the exercise price, a Series will retain the full amount of the option premium which provides a partial hedge against any decline that may have occurred in the Series' portfolio holdings. The writing of a put option on a futures contract constitutes a partial hedge against increasing prices of the security or foreign currency which is deliverable upon exercise of the futures contract. If the futures price at expiration of the option is higher than the exercise price, the Series will retain the full amount of the option premium which provides a partial hedge against any increase in the price of securities which the Series intends to purchase. If a put or call option the Series has written is exercised, the Series will incur a loss which will be reduced by the amount of the premium it receives. Depending on the degree of correlation between changes in the value of its portfolio securities and changes in the value of its futures positions, the Series' losses from existing options on futures may to some extent be reduced or increased by changes in the value of portfolio securities.

The Portfolios are not regulated as "commodity pools" for purposes of the Commodity Exchange Act, regulations and related positions of the Commodity Futures Trading Commission ("CFTC").

OPTIONS ON FOREIGN CURRENCIES. A Series may purchase and write options on foreign currencies for hedging purposes in a manner similar to that in which futures contracts on foreign currencies, or forward contracts, will be utilized. For example, a decline in the dollar value of a foreign currency in which portfolio securities are denominated will reduce the dollar value of such securities, even if their value in the foreign currency remains constant. In order to protect against such diminutions in the value of portfolio securities, a Series may purchase put options on the foreign currency. If the value of the currency does decline, the Series will have the right to sell such currency for a fixed amount in dollars and will thereby offset, in whole or in part, the adverse effect on its portfolio which otherwise would have resulted.

Conversely, where a rise in the dollar value of a currency in which securities to be acquired are denominated is projected, thereby increasing the cost of such securities, a Series may purchase call options thereon. The purchase of such options could offset, at least partially, the effects of the adverse

movements in exchange rates. As in the case of other types of options, however, the benefit to a Series deriving from purchases of foreign currency options will be reduced by the amount of the premium and related transaction costs. In addition, where currency exchange rates do not move in the direction or to the extent anticipated, a Series could sustain losses on transactions in foreign currency options which would require it to forego a portion or all of the benefits of advantageous changes in such rates.

A Series may write options on foreign currencies for the same types of hedging purposes. For example, where a Series anticipates a decline in the dollar value of foreign currency denominated securities due to adverse fluctuations in exchange rates it could, instead of purchasing a put option, write a call option on the relevant currency. If the expected decline occurs, the options will most likely not be exercised, and the diminution in value of portfolio securities will be offset by the amount of the premium received.

Similarly, instead of purchasing a call option to hedge against an anticipated increase in the dollar cost of securities to be acquired, the Series could write a put option on the relevant currency which, if rates move in the manner projected, will expire unexercised and allow the Series to hedge such increased cost up to the amount of the premium. As in the case of other types of options, however, the writing of a foreign currency option will constitute only a partial hedge up to the amount of the premium, and only if rates move in the expected direction. If this does not occur, the option may be exercised and the Series would be required to purchase or sell the underlying currency at a loss which may not be offset by the amount of the premium. Through the writing of options on foreign currencies, the Series also may be required to forego all or a portion of the benefits which might otherwise have been obtained from favorable movements in exchange rates.

The Series intend to write covered call options on foreign currencies. A call option written on a foreign currency by a Series is "covered" if the Series owns the underlying foreign currency covered by the call or has an absolute and immediate right to acquire that foreign currency without additional cash consideration (or for additional cash consideration held in a segregated account by its custodian) upon conversion or exchange of other foreign currency held in its portfolio. A call option is also covered if the Series has a call on the same foreign currency and in the same principal amount as the call written where the exercise price of the call held (a) is equal to or less than the exercise price of the call written or (b) is greater than the exercise price of the call written if the difference is maintained by the Series in cash, U.S. Government securities and other high quality liquid debt securities in a segregated account with its custodian.

The Series also intend to write call options on foreign currencies that are not covered for cross-hedging purposes. A call option on a foreign currency is for cross-hedging purposes if it is not covered, but is designed to provide a hedge against a decline in the U.S. dollar value of a security which the Series owns or has the right to acquire and which is denominated in the currency underlying the option due to an adverse change in the exchange rate. In such circumstances, a Series collateralizes the option by maintaining in a segregated account with its custodian, cash or U.S. Government securities or other high quality liquid debt securities in an amount not less than the value of the underlying foreign currency in U.S. dollars marked to market daily.

ADDITIONAL RISKS OF OPTIONS ON FUTURES CONTRACTS, FORWARD CONTRACTS AND OPTIONS ON FOREIGN CURRENCIES. Unlike transactions entered into by a Series in futures contracts, options on foreign currencies and forward contracts are not traded on contract markets regulated by the CFTC or (with the exception of certain foreign currency options) by the SEC. To the contrary, such instruments are traded through financial institutions acting as market-makers, although foreign currency options are also traded on certain national securities exchanges, such as the Philadelphia Stock Exchange and the Chicago Board Options Exchange, subject to SEC regulation. Similarly, options on currencies may be traded over-the-counter. In an over-the-counter trading environment, many of the protections afforded to exchange participants will not be available. For example, there are no daily price fluctuation limits, and adverse market movements could therefore continue to an unlimited extent over a period of time. Although the purchaser of an option cannot lose more than the amount of the premium plus related transaction costs, this entire amount could be lost. Moreover, the option writer and a trader of forward contracts could lose amounts substantially in excess of their initial investments, due to the margin and collateral requirements associated with such positions.

Options on foreign currencies traded on national securities exchanges are within the jurisdiction of the SEC, as are other securities traded on such exchanges. As a result, many of the protections provided to traders on organized exchanges will be available with respect to such transactions. In particular, all foreign currency option positions entered into on a national securities exchange are cleared and guaranteed by the Options Clearing Corporation ("OCC"), thereby reducing the risk of counterparty default. Further, a liquid secondary market in options traded on a national securities exchange may be more readily available than in the over-the-counter market, potentially permitting a Series to liquidate open positions at a profit prior to exercise or expiration, or to limit losses in the event of adverse market movements.

The purchase and sale of exchange-traded foreign currency options, however, is subject to the risks of the availability of a liquid secondary market described above, as well as the risks regarding adverse market movements, margining of options written, the nature of the foreign currency market, possible intervention by governmental authorities and the effects of other political and economic events. In addition, exchange-traded options on foreign currencies involve certain risks not presented by the over-the-counter market. For example, exercise and settlement of such options must be made exclusively through the OCC, which has established banking relationships in applicable foreign countries for this purpose. As a result, the OCC may, if it determines that foreign governmental restrictions or taxes would prevent the orderly settlement of foreign currency option exercises, or would result in undue burdens on the OCC or its clearing member, impose special procedures on exercise and settlement, such as technical changes in the mechanics of delivery of currency, the fixing of dollar settlement prices or prohibitions on exercise.

As in the case of forward contracts, certain options on foreign currencies are traded over-the-counter and involve liquidity and credit risks which may not be present in the case of exchange-traded currency options. A Series' ability to terminate over-the-counter options will be more limited than with exchange-traded options. It is also possible that broker-dealers participating in over-the-counter options transactions will not fulfill their obligations. Until such time as the staff of the SEC changes its position, each Series will treat purchased over-the-counter options and assets used to cover written over-the-counter options as illiquid securities. With respect to options written with primary dealers in U.S. Government Securities pursuant to an agreement requiring a closing purchase transaction at a formula price, the amount of illiquid securities may be calculated with reference to the repurchase formula.

In addition, futures contracts, options on futures contracts, forward contracts and options on foreign currencies may be traded on foreign exchanges. Such transactions are subject to the risk of governmental actions affecting trading in or the prices of foreign currencies or securities. The value of such positions also could be adversely affected by (i) other complex foreign political and economic factors, (ii) lesser availability than in the United States of data on which to make trading decisions, (iii) delays in the Series' ability to act upon economic events occurring in foreign markets during nonbusiness hours in the United States, (iv) the imposition of different exercise and settlement terms and procedures and margin requirements than in the United States, and (v) lesser trading volume.

OPTIONS ON SECURITIES - SERIES OTHER THAN MONEY MARKET SERIES

The Series may write (sell) covered call and put options to a limited extent on its portfolio securities ("covered options") in an attempt to increase income. However, a Series may forgo the benefits of appreciation on securities sold or may pay more than the market price on securities acquired pursuant to call and put options written by the Series.

When a Series writes a covered call option, it gives the purchaser of the option the right to buy the underlying security at the price specified in the option (the "exercise price") by exercising the option at

any time during the option period. If the option expires unexercised, the Series will realize income in an amount equal to the premium received for writing the option. If the option is exercised, a decision over which a Series has no control, the Series must sell the underlying security to the option holder at the exercise price. By writing a covered call option, a Series forgoes, in exchange for the premium less the commission ("net premium"), the opportunity to profit during the option period from an increase in the market value of the underlying security above the exercise price.

When a Series writes a covered put option, it gives the purchaser of the option the right to sell the underlying security to the Series at the specified exercise price at any time during the option period. If the option expires unexercised, the Series will realize income in the amount of the premium received for writing the option. If the put option is exercised, a decision over which a Series has no control, the Series must purchase the underlying security from the option holder at the exercise price. By writing a covered put option, a Series, in exchange for the net premium received, accepts the risk of a decline in the market value of the underlying security below the exercise price. A Series will only write put options involving securities for which a determination is made at the time the option is written that the Series wishes to acquire the securities at the exercise price.

A Series may terminate its obligation as the writer of a call or put option by purchasing an option with the same exercise price and expiration date as the option previously written. This transaction is called a "closing purchase transaction." Where a Series cannot effect a closing purchase transaction, it may be forced to incur brokerage commissions or dealer spreads in selling securities it receives or it may be forced to hold underlying securities until an option is exercised or expires.

When a Series writes an option, an amount equal to the net premium received by the Series is included in the liability section of the Series' Statement of Assets and Liabilities as a deferred credit. The amount of the deferred credit will be subsequently marked to market to reflect the current market value of the option written. The current market value of a traded option is the last sale price or, in the absence of a sale, the mean between the closing bid and asked price. If an option expires on its stipulated expiration date or if the Series enters into a closing purchase transaction, the Series will realize a gain (or loss if the cost of a closing purchase transaction exceeds the premium received when the option was sold), and the deferred credit related to such option will be eliminated. If a call option is exercised, the Series will realize a gain or loss from the sale of the underlying security and the proceeds of the sale will be increased by the premium originally received. The writing of covered call options may be deemed to involve the pledge of the securities against which the option is being written. Securities against which call options are written will be segregated on the books of the custodian for the Series.

A Series may purchase call and put options on any securities in which it may invest. A Series would normally purchase a call option in anticipation of an increase in the market value of such securities. The purchase of a call option would entitle the Series, in exchange for the premium paid, to purchase a security at a specified price during the option period. A Series would ordinarily have a gain if the value of the securities increased above the exercise price sufficiently to cover the premium and would have a loss if the value of the securities remained at or below the exercise price during the option period.

A Series would normally purchase put options in anticipation of a decline in the market value of securities in its portfolio ("protective puts") or securities of the type in which it is permitted to invest. The purchase of a put option would entitle a Series, in exchange for the premium paid, to sell a security, which may or may not be held in the Series' portfolio, at a specified price during the option period. The purchase of protective puts is designed merely to offset or hedge against a decline in the market value of the Series' portfolio securities. Put options also may be purchased by a Series for the purpose of affirmatively benefiting from a decline in the price of securities which the Series does not own. A Series would ordinarily recognize a gain if the value of the securities decreased below the exercise price sufficiently to cover the premium and would recognize a loss if the value of the securities

remained at or above the exercise price. Gains and losses on the purchase of protective put options would tend to be offset by countervailing changes in the value of underlying portfolio securities.

The Series have adopted certain other nonfundamental policies concerning option transactions which are discussed below. A Series' activities in options may also be restricted by the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), for qualification as a regulated investment company.

The hours of trading for options on securities may not conform to the hours during which the underlying securities are traded. To the extent that the option markets close before the markets for the underlying securities, significant price and rate movements can take place in the underlying securities markets that cannot be reflected in the option markets. It is impossible to predict the volume of trading that may exist in such options, and there can be no assurance that viable exchange markets will develop or continue.

The Series may engage in over-the-counter options transactions with broker-dealers who make markets in these options. At present, approximately ten broker-dealers, including several of the largest primary dealers in U.S. Government securities, make these markets. The ability to terminate over-the-counter option positions is more limited than with exchange-traded option positions because the predominant market is the issuing broker rather than an exchange, and may involve the risk that broker-dealers participating in such transactions will not fulfill their obligations. To reduce this risk, the Series will purchase such options only from broker-dealers who are primary government securities dealers recognized by the Federal Reserve Bank of New York and who agree to (and are expected to be capable of) entering into closing transactions, although there can be no guarantee that any such option will be liquidated at a favorable price prior to expiration. The Advisers will monitor the creditworthiness of dealers with whom a Series enters into such options transactions under the general supervision of the Trustees of Diversified Investors Portfolios.

From time to time, the Portfolio may use credit default swaps to buy or sell credit protection on an individual issuer or a "basket" of issuers, and may also purchase credit linked notes. In a credit default swap, the buyer of credit protection agrees to pay the seller a periodic premium payment in return for the seller paying the amount under par at which a bond is trading if an event occurs that impacts the payment ability of the issuer of the underlying bonds. If such a transaction is to be physically settled, the buyer of the protection delivers to the seller a credit instrument that satisfies the delivery conditions outlined in the trade confirmation. The seller of the credit protection then pays the buyer the par value of the delivered instrument. In a cash settled transaction, the buyer of protection receives from the seller the difference between the market value of the credit instrument and the par value. Credit linked notes can have one or more embedded credit default swaps relating to an individual issuer or a basket of issuers. Credit linked notes are collateralized with a portfolio of securities having an aggregate AAA rating. Credit linked notes are purchased from a trust or other special purpose vehicle that pays a fixed or floating coupon during the life of the note. At maturity, investors receive par unless the referenced credit defaults or declares bankruptcy, in which case they receive an amount equal to the recovery rate. The trust enters into a default swap with a counterparty, and in the event of default, the trust pays the counterparty par minus the recovery rate in exchange for an annual fee that is passed on to the investors in the form of a higher yield on the notes. These transactions involve certain risks, including the risk that the counterparty may be unable to fulfill the transaction.

OPTIONS ON SECURITIES INDICES - SERIES OTHER THAN MONEY MARKET SERIES

In addition to options on securities, the Series may also purchase and write (sell) call and put options on securities indices. Such options give the holder the right to receive a cash settlement during the term of the option based upon the difference between the exercise price and the value of the index. Such options will be used for the purposes described above under "Options on Securities."

Options on securities indices entail risks in addition to the risks of options on securities. The absence of a liquid secondary market to close out options positions on securities indices is more likely

to occur, although the Series generally will only purchase or write such an option if the Advisers believe the option can be closed out.

Use of options on securities indices also entails the risk that trading in such options may be interrupted if trading in certain securities included in the index is interrupted. The Series will not purchase such options unless the Advisers believe the market is sufficiently developed such that the risk of trading in such options is no greater than the risk of trading in options on securities.

Price movements in the Series may not correlate precisely with movements in the level of an index and, therefore, the use of options on indices cannot serve as a complete hedge. Because options on securities indices require settlement in cash, the Advisers may be forced to liquidate portfolio securities to meet settlement obligations.

SHORT SALES "AGAINST THE BOX" - SERIES OTHER THAN MONEY MARKET SERIES

In a short sale, a Series sells a borrowed security and has a corresponding obligation to the lender to return the identical security. A Series may engage in short sales only if at the time of the short sale it owns or has the right to obtain, at no additional cost, an equal amount of the security being sold short. This investment technique is known as a short sale "against the box".

In a short sale, the seller does not immediately deliver the securities sold and is said to have a short position in those securities until delivery occurs. If a Series engages in a short sale, the collateral for the short position will be maintained by its custodian or qualified sub-custodian. While the short sale is open, a Series maintains in a segregated account an amount of securities equal in kind and amount to the securities sold short or securities convertible into or exchangeable for such equivalent securities. These securities constitute the Series' long position.

The Series will not engage in short sales against the box for investment purposes. A Series may, however, make a short sale as a hedge, when it believes that the price of a security may decline, causing a decline in the value of a security (or a security convertible or exchangeable for such security), or when a Series wants to sell the security at an attractive current price, but also wishes to defer recognition of gain or loss for federal income tax purposes or for purposes of satisfying certain tests applicable to regulated investment companies under the Code. In such case, any future losses in a Series' long position should be reduced by a gain in the short position. Conversely, any gain in the long position should be reduced by a loss in the short position. The extent to which such gains or losses are reduced depends upon the amount of the security sold short relative to the amount a Series owns. There are certain additional transaction costs associated with short sales against the box, but the Series endeavor to offset these costs with the income from the investment of the cash proceeds of short sales.

As a non-fundamental operating policy, the Advisers do not expect that more than 40% of a Series' total assets would be involved in short sales against the box.

DOLLAR ROLLS AND TBA SECURITIES

Each Portfolio may enter into dollar roll transactions and purchase To Be Announced Securities ("TBAS"). Dollar rolls are transactions where a Portfolio sells securities (usually mortgage-backed securities) with a commitment to buy similar, but not identical, securities on a future date at a lower price. TBAS are a type of delayed delivery transaction where the seller agrees to issue a security at a future date. The seller does not specify the particular securities to be delivered. Instead, the Portfolio agrees to accept any security that meets specified terms.

LOANS AND OTHER DIRECT INDEBTEDNESS

A Portfolio may purchase loans and other direct indebtedness, although the Stock Portfolios currently do not intend to make such investments. In purchasing a loan, a Portfolio acquires some or all of the interest of a bank or other lending institution in a loan to a corporate, governmental or other

borrower. Loans may be secured or unsecured. Loans that are fully secured offer a Portfolio more protection than an unsecured loan in the event of non-payment of scheduled interest or principal. However, there is no assurance that the liquidation of collateral from a secured loan would satisfy the borrower's obligation.

These loans typically are made to finance internal growth, mergers, acquisitions, stock repurchases, leveraged buy-outs and other corporate activities. The loans typically are made by a syndicate of lending institutions, represented by an agent lending institution which has negotiated and structured the loan and is responsible for collecting for itself and for others in the syndicate interest, principal and other amounts due, and for enforcing its and their other rights against the borrower. A Portfolio's investment in loans may be structured as a novation, pursuant to which the Portfolio would assume all of the rights of the lending institution in a loan, or alternatively, as an assignment, pursuant to which the Portfolio would purchase an assignment of a portion of a lender's interest in a loan either directly from the lender or through an intermediary. A Portfolio may also purchase trade or other claims against companies, which generally represent money owned by the company to a supplier of goods or services.

Certain of the loans and the other direct indebtedness acquired by a Portfolio may involve revolving credit facilities or other standby financing commitments which obligate the Portfolio to pay additional cash on a certain date or on demand. These commitments may have the effect of requiring a Portfolio to increase its investment in a company at a time when the Portfolio might not otherwise decide to do so (including at a time when the company's financial condition makes it unlikely that such amounts will be repaid). To the extent that a Portfolio is committed to advance additional funds, it will at all times hold and maintain in a segregated account cash or other liquid securities in an amount sufficient to meet such commitments.

A Portfolio's ability to receive payment of principal, interest and other amounts due in connection with these investments will depend primarily on the financial condition of the borrower. In selecting the loans and other direct indebtedness which the Portfolio will purchase, a Portfolio's Subadviser will rely upon its own (and not the original lending institution's) credit analysis of the borrower. A Portfolio may purchase interests in loans where the borrower has experienced, or may be perceived to be likely to experience, credit problems, including involvement in or recent emergence from bankruptcy reorganization proceedings or other forms of debt restructuring. Some loans may be in default at time of purchase. The highly leveraged nature of many such loans and other direct indebtedness may make such loans and other direct indebtedness especially vulnerable to adverse changes in economic or market conditions.

As a Portfolio may be required to rely upon another lending institution to collect and pass on to the Portfolio amounts payable with respect to the loan and to enforce the Portfolio's rights under the loan and other direct indebtedness, an insolvency, bankruptcy or reorganization of the lending institution may delay or prevent the Portfolio from receiving such amounts. In such cases, a Portfolio may evaluate as well the creditworthiness of the lending institution and may treat both the borrower and the lending institution as an "issuer" of the loan for purposes of compliance with applicable law pertaining to the diversification of the Portfolio's investments.

Interests in loans or other direct indebtedness are generally illiquid, and there is a limited trading market in these investments. The limited trading market can make it difficult to ascertain a market value for these investments.

CERTAIN OTHER OBLIGATIONS

In order to allow for investments in new instruments that may be created in the future, a Series may, upon supplementing this Statement of Additional Information, invest in obligations other than those listed previously, provided such investments are consistent with a Series' investment objective, policies and restrictions.

RATING SERVICES

The ratings of rating services represent their opinions as to the quality of the securities that they undertake to rate. It should be emphasized, however, that ratings are relative and subjective and are not absolute standards of quality. Although these ratings are an initial criterion for selection of portfolio investments, the Advisers also make their own evaluations of these securities, subject to review by the Board of Trustees of Diversified Investors Portfolios. After purchase by a Series, an obligation may cease to be rated or its rating may be reduced below the minimum required for purchase by the Series. Neither event would require a Series to dispose of the obligation, but the Advisers will consider such an event in their determination of whether a Series should continue to hold the obligation. A description of the ratings used herein and in the Prospectus is set forth in the Appendix to this Statement of Additional Information.

Except as stated otherwise, all investment policies and restrictions described herein are non-fundamental, and may be changed without prior shareholder approval.

INVESTMENT RESTRICTIONS

The following investment restrictions are "fundamental policies" of each Series and may not be changed without the approval of a "majority of the outstanding voting securities" of the Series. "Majority of the outstanding voting securities" under the 1940 Act and as used in this Statement of Additional Information and the Prospectus, means, with respect to a Series, the lesser of (i) 67% or more of the total beneficial interests of the Series present at a meeting if the holders of more than 50% of the total beneficial interests of the Series are present or represented by proxy or (ii) more than 50% of the total beneficial interests of the Series. If a percentage or a rating restriction on investment or utilization of assets is adhered to at the time an investment is made or assets are so utilized, a later change in such percentage resulting from changes in a Series' total assets or the value of a Series' securities, or a later change in the rating of a portfolio security, will not be considered a violation of the relevant policy.

As a matter of fundamental policy, no Series may:

(1) borrow money or mortgage or hypothecate assets of the Series, except that in an amount not to exceed 1/3 of the current value of the Series' assets (including such borrowing) less liabilities (not including such borrowing), it may borrow money and enter into reverse repurchase agreements, and except that it may pledge, mortgage or hypothecate not more than 1/3 of such assets to secure such borrowings or reverse repurchase agreements, provided that collateral arrangements with respect to options and futures, including deposits of initial deposit and variation margin, are not considered a pledge of assets for purposes of this restriction and except that assets may be pledged to secure letters of credit solely for the purpose of participating in a captive insurance company sponsored by the Investment Company Institute;

(2) underwrite securities issued by other persons except insofar as Diversified Investors Portfolios or a Series may technically be deemed an underwriter under the 1933 Act in selling a portfolio security;

(3) make loans to other persons except (a) through the lending of portfolio securities and provided that any such loans not exceed 30% of the Series' total assets (taken at market value), (b) through the use of

repurchase agreements or the purchase of short-term obligations or (c) by purchasing debt securities of types distributed publicly or privately;

(4) purchase or sell real estate (including limited partnership interests but excluding securities secured by real estate or interests therein), interests in oil, gas or mineral leases, commodities or commodity contracts (except futures and option contracts), except in the ordinary course of business a Series may hold and sell portfolio real estate acquired as a result of a Series' ownership of securities;

(5) concentrate its investments in any particular industry (excluding U.S. Government Securities), but if it is deemed appropriate for the achievement of the Series' investment objective(s), up to 25% of its total assets may be invested in any one industry (except that the Money Market Series reserves the right to concentrate 25% or more of its assets in obligations of domestic branches of domestic banks); or

(6) issue any senior security (as that term is defined in the 1940 Act) if such issuance is specifically prohibited by the 1940 Act or the rules and regulations promulgated thereunder, provided that collateral arrangements with respect to options and futures, including deposits of initial deposit and variation margin, are not considered to be the issuance of a senior security for purposes of this restriction.

For purposes of restriction (1) above, arrangements with respect to securities lending are not treated as borrowing.

Non-Fundamental Policies.

Each Series will not, as a matter of operating policy, acquire any securities of registered open-end investment companies or registered unit investment trusts in reliance on Section 12(d)(1)(F) or 12(d)(1)(G) of the 1940 Act. This policy does not prevent a Series from investing in securities of registered open-end investment companies or registered unit investment trusts in reliance on any other provision of applicable law or regulation.

This policy may be changed by the Board of Trustees of Diversified Investors Portfolios.

PORTFOLIO TRANSACTIONS AND BROKERAGE COMMISSIONS

Except as may be required to ensure satisfaction of certain tests applicable to regulated investment companies under the Internal Revenue Code, portfolio changes are made without regard to the length of time a security has been held, or whether a sale would result in the recognition of a profit or loss. Therefore, the rate of portfolio turnover is not a limiting factor when changes are appropriate. Portfolio trading is engaged in for a Series if the Advisers believe that a transaction net of costs (including custodian charges) will help achieve the Series' investment objectives.

A Series' purchases and sales of securities may be principal transactions, that is, securities may be purchased directly from the issuer or from an underwriter or market maker for the securities. There usually are no brokerage commissions paid for such purchases and, therefore, the Series do not anticipate paying brokerage commissions in such transactions.

BROKERAGE TRANSACTIONS. Each Series' Subadvisers may use brokers or dealers for Series transactions who also provide brokerage and research services to the Series or other accounts over which the advisers exercise investment discretion. A Series may "pay up" for brokerage services, meaning that it is authorized to pay a broker or dealer who provides these brokerage and research services a commission for executing a portfolio transaction which is higher than the commission another broker or dealer would have charged. However, a Series will "pay up" only if the applicable adviser determines in good faith that the higher commission is reasonable in relation to the brokerage and research services provided, viewed in terms of either the particular transaction or all of the accounts over which the adviser exercises investment discretion.

Investment decisions for a Series will be made independently from those for any other account or investment company that is or may in the future become managed by the Advisers or their affiliates. If, however, a Series and other investment companies or accounts managed by the Subadvisers are contemporaneously engaged in the purchase or sale of the same security, the transactions may be averaged as to price and allocated equitably to each account. In some cases, this policy might adversely affect the price paid or received by a Series or the size of the position obtainable for the Series. In addition, when purchases or sales of the same security for a Series and for other investment companies managed by the Subadvisers occur contemporaneously, the purchase or sale orders may be aggregated in order to obtain any price advantages available to large denomination purchases or sales. Furthermore, in certain circumstances affiliates of the Subadvisers whose investment portfolios are managed

internally, rather than by the Subadvisers, might seek to purchase or sell the same type of investments at the same time as a Series. Such an event might also adversely affect that Series.

DETERMINATION OF NET ASSET VALUE; VALUATION OF SECURITIES

Beneficial interests in each Series of Diversified Investors Portfolios are issued solely in private placement transactions that do not involve any "public offering" within the meaning of Section 4(2) of the Act. of 1933 Act.

The net asset value per share of each Portfolio is determined on each day during which the NYSE is open for trading. As of the date of this Part B, the NYSE is open for trading every weekday except for the following holidays (or the days on which they are observed): New Year's Day, Martin Luther King Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas and during emergencies. This determination of net asset value is made once each day as of the close of regular trading on the New York Stock Exchange, normally 4:00 p.m., New York time, by dividing the total assets of a Portfolio or the total assets attributable to a class less all of the liabilities attributable to that Portfolio or class, by the total number of shares of that Fund or class outstanding at the time the determination is made. Purchases and redemptions will be effected at the time of determination of net asset value next following the receipt of any purchase or redemption order deemed to be in good order.

For purposes of calculating net asset value per share, all assets and liabilities initially expressed in non-U.S. currencies will be converted into U.S. dollars at the prevailing market rates or, if there are no market rates, at fair value at the time of valuation. Equity securities are valued at the last sale price on the exchange on which they are primarily traded or at the last quoted bid price for securities in which there were no sales during the day or for unlisted securities. Portfolio securities listed on the NASDAQ National Market and NASDAQ Small Cap Market for which reliable market quotations are available are valued at the official closing price or, if there is no official closing price on that day, at the last sale price. Securities listed on a non-U.S. exchange are normally valued at the last quoted sale price available before the time when net assets are valued. Bonds and other fixed income securities (other than short-term obligations) are valued on the basis of valuations furnished by a pricing service, the use of which has been approved by the Board of Trustees of the Trusts and Portfolio Trusts. In making such valuations, the pricing service utilizes both dealer-supplied valuations and electronic data processing techniques that take into account appropriate factors such as institutional-size trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics and other market data, without exclusive reliance upon quoted prices or exchange or over-the-counter prices, since such valuations are believed to reflect more accurately the value of such securities. If the pricing service is unable to supply a price, or if the price supplied is deemed by the manager to be unreliable, the market price may be determined by the manager, using quotations received from one or more brokers/dealers that make a market in the security. When such prices or quotations are not available or are believed to be unreliable, a Fund may price securities using fair value procedures approved by the Board of Trustees of the Trusts and Portfolio Trusts. Short-term obligations (maturing in 60 days or less) are valued at amortized cost, which fairly reflects the market value as determined by the Board of Trustees of the applicable Trust or Portfolio Trust. Securities for which there are no such valuations are valued using fair value procedures established by and under the general supervision of the Board of Trustees of the applicable Trust or Portfolio Trust.

Trading in securities on most foreign exchanges and over-the-counter markets is normally completed before the close of regular trading on the NYSE. Trading may also take place on days on which the NYSE is closed and on which it is not possible to purchase or redeem shares of a Fund. If events materially affecting the value of foreign securities occur between the time at which the market price is determined and the time when a Fund's net asset value is calculated, such securities may be valued using fair value procedures established by and under the general supervision of the Board of Trustees of the applicable Trust or Portfolio Trust.

Interest income on long-term obligations held for a Portfolio is determined on the basis of interest accrued plus amortization of "original issue discount" (generally, the difference between issue price and stated redemption price at maturity) and premiums (generally, the excess of purchase price over stated redemption price at maturity). Interest income on short-term obligations is determined on the basis of interest accrued plus amortization of any premiums.

Part A contains further information on the procedures, including the fair value procedures approved by the Board of Trustees of the Trusts and Portfolio Trusts, to be used to value each Fund's securities.

MANAGEMENT OF DIVERSIFIED INVESTORS PORTFOLIOS

The Trustees and officers of Diversified Investors Portfolios and their principal occupations during the past five years are set forth below. Their titles may have varied during that period. Asterisks indicate those Trustees who are "interested persons" (as defined in the 1940 Act) of Diversified Investors Portfolios. Unless otherwise indicated, the address of each Trustee and officer of Diversified Investors Portfolios is 4 Manhattanville Road, Purchase, New York 10577.

TRUSTEES AND OFFICERS OF DIVERSIFIED INVESTORS PORTFOLIOS

TRUSTEES

	AGE	
INTERESTED TRUSTEES:		
Mark Mullin*........................... (Managing Board Member)	42	6/2002 to present - President and Chief Executive Officer, Transamerica Financial Life Insurance Company; 4/1995 to 3/2005 - Vice President, Diversified Investment Advisors, Inc.; 4/2005 to present - President and Chief Executive Officer, Diversified Investment Advisors, Inc.
Peter G. Kunkel*.......................	54	1/1994 to present - Chief Operating Officer, Diversified Investment Advisors, Inc.; 6/2002 to present - Vice President and Director, Transamerica Financial Life Insurance Company.
DISINTERESTED TRUSTEES:		
Neal M. Jewell......................... (Managing Board Member)	70	11/1995 to 10/2004 - Independent Trustee, EACM Select Managers Equity Fund (a mutual fund).
Robert Lester Lindsay..................	70	7/1989 to present - Retired.
Eugene M. Mannella..................... (Managing Board Member)	51	8/1993 to present - President, International Fund Services (mutual fund administration).
Joyce Galpern Norden...................	65	6/2004 to present - Retired; 9/1996 to 6/2004 - Vice President, Institutional Advancement, Reconstructionist Rabbinical College.
Patricia L. Sawyer..................... (Managing Board Member)	54	1989 to present - President and Executive Search Consultant, Smith & Sawyer LLC.

OFFICERS

Mr. Mullin is President and Chairman of the Board of Diversified Investors Portfolios.

	AGE	
Robert F. Colby......................	49	1/1994 to present - Senior Vice President and General Counsel, Diversified Investment Advisors, Inc.; 1/1994 to present - Vice President and General Counsel, Diversified Investors Securities Corp.; 11/1993 to present - Vice President, Assistant Secretary, and Director, Transamerica Financial Life Insurance Company.
Joseph P. Carusone...................	39	6/2001 to present - Vice President, Diversified Investment Advisors, Inc.; 12/1999 to 6/2001 - Director, Diversified Investment Advisors, Inc.; 1999 to 2001 - Assistant Treasurer, Diversified Investors Fund Group; 2004 to present - Director, Transamerica Financial Life Insurance Company.
Quedel Principal.....................	39	1/1996 to present - Vice President and Senior Counsel,

		Diversified Investment Advisors, Inc.; 6/2002 to present - Director, Diversified Investors Securities Corp.
Suzanne Valerio-Montemurro...........	40	12/1998 to present - Director, Diversified Investment Advisors, Inc.
Richard Resnik.......................	38	6/1999 to present - Director, Vice President, and Chief Compliance Officer, Diversified Investors Securities Corp.; 8/2004 to present - Chief Compliance Officer, Diversified Investment Advisors, Inc.; 4/1998 to 3/2004 - Director of Compliance, Diversified Investment Advisors, Inc.; 4/2004 to present - Chief Compliance Officer, Diversified Investment Advisors, Inc.

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The address of each Trustee and officer of the Diversified Investors Portfolios is Four Manhattanville Road, Purchase, New York 10577. The Declaration of Trust provides that the Diversified Investors Portfolios will indemnify its Trustees and officers as described below under "Description of the Trust; Fund Shares."

INVESTMENT ADVISORY SERVICES

The Diversified Investment Advisors, Inc. ("Diversified") manages the assets of each Series pursuant to an Investment Advisory Agreement (the "Advisory Agreement") with Diversified Investors Portfolios with respect to that Series and the investment policies described herein and in the Prospectus. Subject to such further policies as the Diversified Investors Portfolios' Board of Trustees may determine, the Diversified provides general investment advice to each Series. For its services under each Advisory Agreement, Diversified receives from each Series fees accrued daily and paid monthly at an annual rate equal to the percentages specified in the table set forth in the Prospectus of the corresponding Series' average daily net assets.

For each Series of Diversified Investors Portfolios, Diversified has entered into an Investment Subadvisory Agreement (each a "Subadvisory Agreement") with one or more of the subadvisers (each "Subadviser," and collectively the "Subadvisers"). It is the responsibility of a Subadviser to make the day to day investment decisions for its Series and to place the purchase and sales orders for securities transactions of such Series, subject in all cases to the general supervision of Diversified. Each Subadviser furnishes at its own expense all services, facilities and personnel necessary in connection with managing the corresponding Series' investments and effecting securities transactions for a Series.

Each Advisory Agreement provides that Diversified or a Subadviser, as the case may be, may render services to others. Each agreement is terminable without penalty on not more than 60 days' nor less than 30 days' written notice by a Series when authorized either by majority vote of the investors in the Series (with the vote of each being in proportion to the amount of their investment) or by a vote of a majority of its Board of Trustees of Diversified Investors Portfolios, or by Diversified or a Subadviser on not more than 60 days' nor less than 30 days' written notice, as the case may be, and will automatically terminate in the event of its assignment. Each agreement provides that neither Diversified nor Subadviser nor their personnel shall be liable for any error of judgment or mistake of law or for any loss arising out of any investment or for any act or omission in the execution of security transactions for the corresponding Series, except for willful misfeasance, bad faith, gross negligence or reckless disregard of its or their obligations and duties under the Advisory Agreement and the Subadvisory Agreement, as the case may be.

Diversified's and Subadviser's fees are described in to the Prospectus. Diversified, if required by applicable state law, shall reimburse a Series or waive all or part of its fees up to, but not exceeding, its investment advisory fees from the Series. Such reimbursement, if required, will be equal to the combined aggregate annual expenses which exceed that expense limitation with the lowest threshold prescribed by any state in which such Series is qualified for offer or sale. Management of Diversified Investors Portfolios has been advised that the lowest such threshold currently in effect is 2 1/2% of net assets up to $30,000,000, 2% of the next $70,000,000 of net assets and 1/2% of net assets in excess of that amount.

SUBADVISERS

The Subadvisers make the day-to-day investment decisions for the Diversified Investors Portfolios, subject in all cases to the general supervision of Diversified. The Subadvisers are listed below, along with information they have provided regarding the compensation of certain investment management personnel, other accounts managed by each such person, and each such person's ownership of securities of the Funds the invest in the Portfolio with respect to which such person has or shares management responsibility.

MONEY MARKET SERIES

GE Asset Management, Incorporated. GE Asset Management was formed in 1988 and has been a registered investment adviser since 1988.

Donald Duncan, Richard Annunziato, and James Gannon (the "GE Asset Management Team") are responsible for the day-to-day supervision of the Money Market Series on behalf of GE Asset Management.

As of December 31, 2004, each member of the GE Asset Management Team managed assets for (i) five other registered investment companies having approximately $1.954 billion in total assets, (ii) four other pooled investment vehicles having approximately $9.674 billion in total assets, and (iii) two other accounts having approximately $903 million in total assets. GE Asset Management's advisory fee was not based on the performance of any of such registered investment companies, pooled investment vehicles or other accounts.

The compensation package of each member of the GE Asset Management Team includes both fixed base compensation and variable incentive compensation components. The base compensation of each member of the GE Asset Management Team is based on his professional experience and responsibilities relative to similarly situated GE Asset Management portfolio managers.

Each member of the GE Asset Management Team is also eligible to receive incentive compensation annually in the form of variable cash bonuses that are based on quantitative and qualitative factors. Generally, 60% of incentive compensation is quantitatively determined, based on the investment performance of each member of the GE Asset Management Team and, where applicable, the investment performance of the GE Asset Management Team as a whole, over both a one- and three-year time-frame relative to a variety of benchmarks generally applicable to money market funds. The remaining 40% of incentive compensation is based on several qualitative factors, including, but not limited to, (i) teamwork/leadership, (ii) marketing support, and (iii) effective communication.

In addition to the base compensation and incentive compensation, GE Asset Management's parent company, General Electric Co. ("GE"), periodically grants restricted stock units and options to purchase shares of GE common stock. GE determines the overall timing, frequency and size of such grants, which it distributes to its subsidiary businesses and provides guidelines for the subsequent grant to individual employees. The pool of GE Asset Management employees eligible for such grants could include members of the GE Asset Management Team; however, no special grants are guaranteed, allocated or anticipated specifically for such team members. The strike price of stock options is the selling price of GE common stock as of the grant date.

All GE employees, including members of the GE Asset Management Team, are also eligible to participate in GE's defined benefit plan and its defined contribution plan, which offers participating employees the tax benefits of deferring the receipt of a portion of their cash compensation. Aside from such plans, deferred compensation is not a regular component of a GE Asset Management Team member's compensation. In the past, GE has periodically offered the opportunity for certain executives (which may include certain members of the GE Asset Management Team) to defer portions of their base compensation and incentive compensation. These deferral programs are offered and administered at the discretion of GE and provide for the deferral of salary at a specific rate of return, payable upon retirement according to a predetermined payment schedule.

As of December 31, 2004, no member of the GE Asset Management Team beneficially owned securities in any of the Funds that invest in the Money Market Series.

INTERMEDIATE GOVERNMENT BOND SERIES

Allegiance Investment Management, L.L.C. Stephens Capital Management

Allegiance Investment Management, L.L.C. Allegiance was formed in 2001. Its predecessor, Allegiance Capital, Inc., was formed in 1988. 100% of Allegiance Capital, Inc.'s assets were subsequently transferred to Allegiance. Allegiance has been a registered investment adviser since 2002.

William K. Mawhorter, Martin D. Standish, Bryan Scordamaglia, Ion Dan, and Ashley Mawhorter (the "Allegiance Team") are responsible for the day-to-day supervision of the Intermediate Government Bond Series on behalf of Allegiance.

As of December 31, 2004, each member of the Allegiance Team managed assets for (i) one other registered investment company having approximately $5.9 million in total assets, (ii) no other pooled investment vehicles, and (iii) two hundred seventy-one other accounts having approximately $5.081 billion in total assets. Allegiance's advisory fee was not based on performance for such registered investment company or other accounts.

Members of the Allegiance Team are compensated with a combination of base salary and annual bonus. Factors that influence the bonus amount are the achievement of personal and professional goals. Compensation is not based on the number of assets managed, as the position of portfolio manager (responsible for specific, individual client accounts) per se does not exist at Allegiance. Additionally, employees have the option to purchase equity in Allegiance. Mr. Mawhorter, Mr. Standish, and Ms. Mawhorter are shareholders of Allegiance.

As of December 31, 2004, no member of the Allegiance Team beneficially owned securities in any of the Funds that invest in the Intermediate Government Bond.

Stephens Capital Management. Stephens was formed in 1982 and has been a registered investment adviser since 1982.

William L. Tedford and Alan B. Tedford are responsible for the day-to-day supervision of the Intermediate Government Bond Series on behalf of Stephens Capital Management.

As of December 31, 2004, William and Alan Tedford each managed assets for (i) one other registered investment company having approximately $38.831 million in total assets, (ii) no other pooled investment vehicles, and (iii) forty-two other accounts having approximately $637 million in total assets. Stephens Capital Management's advisory fee was not based on performance for such registered investment company or such other accounts.

William Tedford receives a base salary plus a discretionary bonus. Alan Tedford's compensation is set at a fixed percentage of Stephen's fee income.

As of December 31, 2004, neither William nor Alan Tedford beneficially owned securities in Funds that invest in the Intermediate Government Bond.

CORE BOND SERIES

BlackRock Advisors, Inc. BlackRock was formed in 1988 and was acquired by PNC Financial Services Group (formerly PNC Bank) in 1995. BlackRock has been a registered investment adviser since 1998.

Scott Amero and Keith Anderson are responsible for the day-to-day supervision of the Core Bond Series on behalf of BlackRock.

As of December 31, 2004, Mr. Amero managed assets for (i) thirty-five other registered investment companies having approximately $17.2 billion in total assets (BlackRock's advisory fee was not based on the performance of any of such registered investment companies), (ii) forty-two other pooled investment vehicles having approximately $11.5 billion in total assets (with BlackRock's advisory fee being based on performance for three of such pooled investment vehicles, which had approximately $2.6 billion in total assets), and (iii) three hundred eighty-four other accounts having approximately $96.3 billion in total assets (with BlackRock's advisory fee being based on performance for twenty of such accounts, which had approximately $5.9 billion in total assets).

As of December 31, 2004, Mr. Anderson managed assets for (i) thirty other registered investment companies having approximately $15 billion in total assets (BlackRock's advisory fee was not based on the performance of any of such registered investment companies), (ii) thirty-five other pooled

investment vehicles having approximately $10.3 billion in total assets (with BlackRock's advisory fee being based on performance for three of such pooled investment vehicles, which had approximately $2.6 billion in total assets), and (iii) three hundred sixty-six other accounts having approximately $90.7 billion in total assets (with BlackRock's advisory fee being based on performance for twenty of such accounts, which had approximately $5.9 billion in total assets).

BlackRock's compensation may include a variety of components and may vary from year to year based on a number of factors. The principal components of compensation include a base salary (based on seniority and/or position with the firm), a discretionary bonus (which can include a discretionary cash bonus and/or awards under or participation in a long-term incentive plan, a deferred compensation program, a restricted stock award program and/or incentive savings plan), and various retirement benefits.

Annual incentive compensation for Mr. Amero and Mr. Anderson is a function of two components: the investment performance of the firm's assets under management or supervision by that portfolio manager relative to predetermined benchmarks, and the individual's teamwork and contribution to the overall performance of these portfolios. In most cases, the benchmarks against which Mr. Amero and Mr. Anderson compete are the same as the benchmark or benchmarks against which the performance of the Core Bond Series or other accounts are measured. For Mr. Amero and Mr. Anderson, the relevant benchmark is a combination of market benchmarks (e.g. the Lehman Brothers Aggregate Index, Lehman Brothers Intermediate Aggregate Index and others) and client specific benchmarks (in this case, the Lehman Brothers Aggregate Index). In addition, some of the annual incentive compensation of Mr. Amero and Mr. Anderson may include a portion of the performance fees paid by certain accounts and funds that they manage.

Senior portfolio managers who perform additional management functions within BlackRock may receive additional compensation in these other capacities. Compensation is structured such that key professionals benefit from remaining with the firm. BlackRock's Management Committee determines all compensation matters for portfolio managers.

As of December 31, 2004, neither Mr. Amero nor Mr. Anderson beneficially owned securities in any of the Funds that invest in the Core Bond Series.

BALANCED SERIES

Western Asset Management Company

Goldman Sachs Asset Management, L.P.

Western Asset Management Company. Western Asset was founded in 1971 and is a wholly-owned subsidiary of Legg Mason, Inc.

S. Kenneth Leech and Stephen A. Walsh are responsible for the day-to-day supervision of the Balanced Series on behalf of Western Asset Management.

As of December 31, 2004, Mr. Leech and Mr. Walsh each managed assets for (i) thirty-three other registered investment companies having approximately $19.403 million in total assets, (ii) fifteen other pooled investment vehicles having approximately $6.763 million in total assets, and (iii) seven hundred sixteen other accounts having approximately $171.672 million in total assets (with Western Asset Management's advisory fee being based on performance for fifty-four of such accounts, which had approximately $15.835 million in total assets). Western Asset Management's advisory fee was not based on performance for any of the aforementioned registered investment companies or pooled investment vehicles. The number of accounts and assets under management listed above reflect the overall number of portfolios managed by Western Asset Management. Mr. Leech and Mr. Walsh are involved in the management of all of Western Asset Management's portfolios, but are not solely responsible for particular portfolios.

Western Asset Management's compensation system assigns each employee a total compensation "target" and a respective cap, which are derived from annual market surveys that benchmark each role with its job function and peer universe. This method is designed to reward employees with total compensation reflective of the external market value of their skills, experience, and ability to produce desired results. Standard compensation includes base salaries, employee benefits, and a retirement plan. In addition, employees are eligible for bonuses. These are structured to closely align the interests of employees with those of Western Asset Management, and are determined by the professional's job function and performance as measured by a formal review process. All bonuses are completely discretionary. The majority of a portfolio manager's bonus is tied directly to investment performance versus appropriate peer groups and benchmarks derived from salary and compensation surveys performed by third party providers. Because portfolio managers are generally responsible for multiple accounts (including funds) with similar investment strategies, they are compensated on the performance of the aggregate group of similar accounts, rather than a specific account. A smaller portion of a bonus payment is derived from factors that include client service, business development, length of service to Western Asset Management, management or supervisory responsibilities, contributions to developing business strategy and overall contributions to Western Asset Management's business. In order to attract and retain top talent, all professionals are eligible for additional incentives in recognition of outstanding performance. These are determined based upon the factors described above and include Legg Mason stock options and long-term incentives that vest over a set period of time past the award date.

As of December 31, 2004, neither Mr. Leech nor Mr. Walsh beneficially owned securities in any of the Funds that invest in the Balanced Series.

Goldman Sachs Asset Management, L.P. Goldman Sachs Asset Management has been registered as an investment adviser with the Securities and Exchange Commission since 1990 and is an affiliate of Goldman, Sachs & Co.

Melissa Brown and Gary Chropuvka are responsible for the day-to-day supervision of the Balanced Series on behalf of Goldman Sachs Asset Management.

As of December 31, 2004, Ms. Brown managed assets for (i) thirty-seven other registered investment companies having approximately $9.556 billion in total assets (Goldman Sachs Asset Management's advisory fee was not based on performance for such registered investment companies), (ii) five other pooled investment vehicles having approximately $2.516 billion in total assets (with Goldman Sachs Asset Management's advisory fee being based on performance for one such pooled investment vehicle, which had approximately $109.2 million in total assets), and (iii) ninety-four other accounts having approximately $16.675 billion in total assets (with Goldman Sachs Asset Management's advisory fee being based on performance for eighteen of such accounts, which had approximately $4.177 billion in total assets).

As of December 31, 2004, Mr. Chropuvka managed assets for (i) thirty-eight other registered investment companies having approximately $9.65 billion in total assets (Goldman Sachs Asset Management's advisory fee was not based on performance for such registered investment companies), (ii) five other pooled investment vehicles having approximately $2.516 billion in total assets (with Goldman Sachs Asset Management's advisory fee being based on performance for one such pooled investment vehicle, which had approximately $109.2 million in total assets), and (iii) two hundred forty-one other accounts having approximately $17.845 billion in total assets (with Goldman Sachs Asset Management's advisory fee being based on performance for eighteen of such accounts, which had approximately $4.177 billion in total assets).

The compensation packages for Ms. Brown and Mr. Chropuvka are comprised of a base salary and performance bonus. The performance bonus is a function of each portfolio manger's individual performance, his or her contribution to the overall performance of certain strategies and annual revenues in the investment strategy which in part is derived from advisory fees and for certain accounts, performance based fees.

The performance bonuses for Ms. Brown and Mr. Chropuvka are significantly influenced by the following criteria: (1) whether the teams' pre-tax performance exceeded performance benchmarks over one-, three-, and five-year periods, (2) whether the portfolio manger managed portfolios within a defined range around a targeted tracking error and risk budget; (3) consistency of performance across accounts with similar profiles; and (4) communication with other portfolio mangers within the research process. In addition the other factors that are also considered when the amount of performance bonus is determined: (1) whether the team performed consistently with objectives and client commitments; (2) whether the team achieved top tier rankings and ratings; and (3) whether the team managed all similarly mandated accounts in consistent manner. Benchmarks for measuring performance can either be broad based or more narrow indices which will vary based on client expectations. The benchmark for the Balanced Series is the S&P 500 Index.

Goldman Sachs Asset Management decision may also be influenced by the following: the performance of Goldman Sachs Asset Management; the profitability of Goldman, Sachs & Co.; and anticipated compensation levels among competitor firms.

In addition to base salary and performance bonus, Goldman Sachs Asset Management has a number of additional benefits/deferred compensation programs for all portfolio managers, including Ms. Brown and Mr. Chropuvka, in place including (i) a 401K program that enables employees to direct a percentage of their pretax salary and bonus income into a tax-qualified retirement plan; (ii) a profit sharing program to which Goldman Sachs & Co. makes a pretax contribution; and (ii) investment opportunity programs in which certain professionals are eligible to participate subject to certain net worth requirements. Ms. Brown and Mr. Chropuvka may also receive grants of restricted stock units and/or stock options as part of their compensation.

Certain Goldman Sachs Asset Management portfolio managers also may participate in the firm's Partner Compensation Plan, which covers many of the firm's senior executives. In general, under the Partner Compensation Plan, participants receive a base salary and a bonus (which may be paid in cash or in the form of an equity-based award) that is linked to Goldman Sachs' overall financial performance.

As of December 31, 2004, neither Ms. Brown nor Mr. Chropuvka beneficially owned securities in any of the Funds that invest in the Balanced Series.

TCW Investment Management Company ("TCW"). TCW was formed in 1971.

Diane E. Jaffee is responsible for the day-to-day supervision of the Value & Income Series on behalf of TCW.

As of December 31, 2004, Ms. Jaffee managed assets for (i) five other registered investment companies having approximately $682 million in total assets (TCW's advisory fee was not based on performance for such registered investment companies), (ii) eleven other pooled investment vehicles having approximately $934 million in total assets (with TCW's advisory fee being based on performance for two of such pooled investment vehicles, which had approximately $1.907 billion in total assets), and (iii) forty-seven other accounts having approximately $500 million in total assets (TCW's advisory fee was not based on the performance of any of such accounts).

Portfolio managers at TCW, including Ms. Jaffee, are generally compensated through a combination of base salary and fee sharing based compensation. Fee sharing generally represents most of the portfolio managers' total compensation and is linked quantitatively to a fixed percentage of fee revenues of accounts in the investment strategy area for which the managers are responsible. Fee sharing applies to all accounts of TCW and its affiliates and is paid quarterly.

In some cases, the fee sharing percentage is subject to increase based on the relative pre-tax performance of the investment strategy composite, net of fees and expenses, to that of a benchmark.

The benchmark varies from strategy to strategy but, within a given strategy, it applies to all accounts. The measurement of performance can be based on single year or multiple year metrics, or a combination thereof.

Fee sharing for portfolio managers, including Ms. Jaffee, may be determined on a gross basis, without the deduction of expenses. In other cases, fee sharing revenues are allocated to a pool and fee sharing compensation is paid out after the deduction of group expenses. Fee sharing revenues added to a pool will include those from the products managed by the portfolio manager, but may include those of products managed by other portfolio managers in the group. The fee sharing percentage used to compensate the portfolio managers for management of the Value & Income Series is the same as that used to compensate them for all other TCW client accounts they manage. In general, portfolio managers do not receive discretionary bonuses.

Certain accounts of TCW have a performance fee in addition to or in lieu of a flat asset-based fee. These performance fees can be (a) asset-based fees, the percentage of which is tied to the performance of the account relative to a benchmark or (b) a percentage of the net gains of the account over a threshold gain tied to a benchmark. For these accounts, the portfolio managers' fee sharing compensation will apply to such performance fees. The fee sharing percentage in the case of performance fees is generally the same as it is for the fee sharing compensation applicable to the Value & Income Series; however, in the case of certain alternative investment products managed by a portfolio manager, the fee sharing percentage may be higher.

Portfolio managers also participate in deferred compensation programs, the amount of which are tied to their tenure at TCW and are payable upon the reaching of certain time-based milestones. In addition, certain portfolio managers participate or are eligible to participate in stock option or stock appreciation plans of TCW and/or TCW's parent, Societe Generale. Certain portfolio managers participate in compensation plans that are allocated a portion of management fees, incentive fees or performance fees payable to TCW in its products, including those not managed by the portfolio managers. Some portfolio managers are stockholders of the parent company of the Adviser as well.

As of December 31, 2004, Ms. Jaffee did not beneficially own securities in any of the Funds that invest in the Value & Income Series.

EQUITY GROWTH SERIES

Ark Asset Management Co., Inc.
Marsico Capital Management, LLC

Ark Asset Management Co., Inc. Ark was formed in July 1989 and is owned by Ark Asset Holdings, Inc.; Ark Asset Holdings, Inc. is owned by certain Ark employees.

Joel Kurth and Nancy Peretz are responsible for the day-to-day supervision of the Equity Growth Series on behalf of Ark.

As of December 31, 2004, Mr. Kurth and Ms. Peretz each managed assets for (i) four other registered investment companies having approximately $430 million in total assets, (ii) ten other pooled investment vehicles having approximately $1.19 billion in total assets, and (iii) eighty-eight other accounts having approximately $4.085 billion in total assets. Ark's advisory fee was not based on the performance of any of such registered investment companies, pooled investments vehicles or other accounts.

The annual compensation of Mr. Kurth and Ms. Peretz is comprised of salary and incentive bonuses, which are based on (a) Ark's profitability; (b) each portfolio manager's group's profitability; and (c) each portfolio manager's (i) contribution to investment ideas and the investment process, (ii) skill as a professional, and (iii) effective interface with clients and other professional at Ark.

As of December 31, 2004, neither Mr. Kurth nor Ms. Peretz beneficially owned securities in any of the Funds that invest in the Equity Growth Series.

Marsico Capital Management, LLC. Marsico was formed in September 1997 and is wholly owned by the Bank of America.

Thomas F. Marisco is responsible for the day-to-day supervision of the Equity Growth Series on behalf of Marsico.

As of December 31, 2004, Mr. Marisco managed assets for (i) twenty-nine other registered investment companies having approximately $21.158 billion in total assets, (ii) eleven other pooled investment vehicles having approximately $1.045 billion in total assets, and (iii) one hundred sixty-seven other accounts having approximately $16.997 billion in total assets. Marsico's advisory fee was not based on the performance of any of such registered investment companies, pooled investments vehicles or other accounts.

Mr. Marsico's compensation consists of a base salary (reevaluated at least annually) and periodic cash bonuses. Bonuses are typically based on two primary factors: (1) Marsico's overall profitability for the period, and (2) individual achievement and contribution. Mr. Marsico's compensation is dependent upon, among other factors, the overall performance of all accounts for which he provides investment advisory services. Mr. Marsico does not receive special consideration based on the performance of particular accounts. Exceptional individual efforts by portfolio managers at Marsico are rewarded through greater participation in the firm's bonus pool. Mr. Marsico's compensation comes solely from Marsico. Although Marsico may compare account performance with relevant benchmark indices, Mr. Marsico's compensation is not directly tied to achieving any pre-determined or specified level of performance.

In order to encourage a long-term time horizon for managing portfolios, Marsico seeks to evaluate each portfolio manager's individual performance over periods longer than the immediate compensation period. In addition, portfolio managers are compensated based on other criteria, including effectiveness of leadership within Marsico's investment team, contributions to Marsico's overall investment performance, discrete securities analysis, and other factors. In addition to his salary and bonus, Mr. Marsico may participate in other Marsico's benefits to the same extent and on the same basis as other MCM employees.

As of December 31, 2004, Mr. Marsico did not beneficially own securities in any of the Funds that invest in the Equity Growth Series.

ADMINISTRATOR

The Administrative Services Agreement between Diversified, as Administrator, and Diversified Investors Portfolios is described in the Prospectus. The agreement provides that Diversified may render services to others as administrator. In addition, the agreement terminates automatically if it is assigned and may be terminated without penalty by majority vote of the investors in Diversified Investors Portfolios (with the vote of each being in proportion to the amount of their investment). The Administrative Services Agreement also provides that neither Diversified nor its personnel shall be liable for any error of judgment or mistake of law or for any act or omission in connection with any Series, except for willful misfeasance, bad faith or gross negligence in the performance of its or their duties or by reason of reckless disregard of its or their duties or obligations under said agreements.

CUSTODIAN AND TRANSFER AGENT

Pursuant to a Custodian Contract, Investors Bank & Trust Company acts as the custodian of each Series' assets (the "Custodian"). The Custodian's business address is 200 Clarendon Street, Boston, Massachusetts 02116. The Custodian's responsibilities include safeguarding and controlling cash and securities, handling the receipt and delivery of securities, determining income and collecting interest on the Series' investments, maintaining books of original entry for portfolio accounting and other required books and accounts, and calculating the daily net asset value of beneficial interests in each Series.

Securities held by a Series may be deposited into the Federal Reserve-Treasury Department Book Entry System or the Depository Trust Company and may be held by a subcustodian bank if such arrangements are reviewed and approved by the Board of Trustees of Diversified Investors Portfolios. The Custodian does not determine the investment policies of any Series or decide which securities any Series will buy or sell. A Series may, however, invest in securities of the Custodian and may deal with the Custodian as principal in securities and foreign exchange transactions. For its services, the Custodian will receive such compensation as may from time to time be agreed upon by it and Diversified Investors Portfolios.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP, serves as the independent registered public accounting firm for Diversified Investors Portfolios providing audit and accounting services including (i) audit of the annual financial statements, (ii) assistance and consultation with respect to the filings with the Securities and Exchange Commission and (iii) preparation of annual income tax returns.

The financial statements of Diversified Investors Portfolios included herein have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

CAPITAL STOCK AND OTHER SECURITIES

Diversified Investors Portfolios is organized as a trust under the law of the State of New York. Under Diversified Investors Portfolios Declaration of Trust, the Trustees are authorized to issue beneficial interest in one or more

Series. Currently there are nine active Series of Diversified Investors Portfolios. Investors in a Series will be held personally liable for the obligations and liabilities of that Series (and of no other Series), subject, however, to indemnification by Diversified Investors Portfolios in the event that there is imposed upon an investor a greater portion of the liabilities and obligations of the Series than its proportionate beneficial interest in the Series. The Declaration of Trust also provides that Diversified Investors Portfolios shall maintain appropriate insurance (for example, a fidelity bond and errors and omissions insurance) for the protection of Diversified Investors Portfolios, its investors, Trustees, officers, employees and agents, and covering possible tort and other liabilities. Thus, the risk of an investor incurring financial loss on account of investor liability is limited to circumstances in which both inadequate insurance existed and Diversified Investors Portfolios itself was unable to meet its obligations.

Investors in a Series are entitled to participate pro rata in distributions of taxable income, loss, gain and credit of their respective Series only. Upon liquidation or dissolution of a Series, investors are entitled to share pro rata in that Series' (and no other Series) net assets available for distribution to its investors. Diversified Investor Portfolios reserves the right to create and issue additional Series of beneficial interest, in which case the beneficial interests in each new Series would participate equally in the earnings, dividends and assets of that particular Series only (and no other Series). Any property of Diversified Investors Portfolios is allocated and belongs to a specific Series to the exclusion of all other Series. All consideration received by Diversified Investors Portfolios for the issuance and sale of beneficial interests in a particular Series, together with all assets in which such consideration is invested or reinvested, all income, earnings and proceeds thereof, and any funds or payments derived from any reinvestment of such proceeds, is held by the Trustees of Diversified Investors Portfolios in a separate subtrust (a Series) for the benefit of investors in that Series and irrevocably belongs to that Series for all purposes. Neither a Series no investors in that Series possess any right to or interest in the assets belonging to any other Series.

Investments in a Series have no preference, preemptive, conversion or similar rights and are fully paid and nonassessable, except as set forth below. Investments in a Series may not be transferred.

Each investor is entitled to a vote in proportion to the amount of its investment in each Series. Investors in a Series do not have cumulative voting rights, and investors holding more than 50% of the

aggregate beneficial interests in all outstanding Series may elect all of the Trustees if they choose to do so and in such event other investors would not be able to elect any Trustees. Investors in each Series will vote as a separate class except as to voting for the election of Trustees, as otherwise required by the 1940 Act, or if determined by the Trustees to be a matter which affects all Series. As to any matter which does not affect the interest of a particular Series, only investors in the one or more affected Series are entitled to vote. Diversified Investors Portfolios is not required and has no current intention of holding annual meetings of investors, but will hold special meetings of investors when in the judgment of Trustees it is necessary or desirable to submit matters for an investor vote. The Declaration of Trust may be amended without the vote of investors, except that investors have the right to approve by affirmative majority vote any amendment which would affect their voting rights, alter the procedures to amend the Declaration of Trust, or as required by law or by Diversified Investors Portfolios registration statement, or as submitted to them by the Trustees. Any amendment submitted to investors which the Trustees determine would affect the investors of any Series shall be authorized by vote of the investors of such Series and no vote will be required of investors in a Series not affected.

Diversified Investors Portfolios, or any Series, may merge or consolidate or may sell, lease or exchange substantially all of its assets when authorized at any meeting of investors by a majority of the outstanding interests of Diversified Investors Portfolios (or of the affected Series), or by written consent, without a meeting, of the holders of a majority of the outstanding interests voting as a single class. Diversified Investors Portfolios or any Series may reincorporate or reorganize (but not with another operating entity) without any investor vote. Diversified Investors Portfolios may be terminated at any time by the affirmative vote of investors holding not less than two-thirds of all outstanding interests, or by the Trustees by written notice to the investors. Any Series may be terminated at any time by the affirmative vote of investors holding not less than two-thirds of the interests in that Series, or by the Trustees by written notice to the investors of that Series. If not so terminated, Diversified Investors Portfolios will continue indefinitely.

The Declaration of Trust provides that obligations of Diversified Investors Portfolios are not binding upon the Trustees individually but only upon the property of Diversified Investors Portfolios and that the Trustees will not be liable for any action or failure to act, but nothing in the Declaration of Trust protects a Trustee against any liability to which he would otherwise be subject by reason of wilful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of his or her office.

The Declaration of Trust further provides that it will indemnify its Trustees and officers against liabilities and expenses incurred in connection with litigation in which they may be involved because of their offices with Diversified Investors Portfolios, unless, as to liability to Diversified Investors Portfolios or its investors, it is finally adjudicated that they engaged in wilful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in their offices, or unless with respect to any other matter it is finally adjudicated that they did not act in good faith in the reasonable belief that their actions were in the best interests of Diversified Investors Portfolios. In the case of settlement, such indemnification will not be provided unless it has been determined by a court or other body approving the settlement or other disposition, or by a reasonable determination, based upon a review of readily available facts, by vote of a majority of disinterested Trustees or in a written opinion of independent counsel, that such officers or Trustees have not engaged in wilful misfeasance, bad faith, gross negligence or reckless disregard of their duties.

TAXATION

Diversified Investors Portfolios is organized as a New York trust. The Trust and each Series are not subject to any income or franchise tax in the State of New York or the Commonwealth of Massachusetts. However, each investor in a Series will be taxable on its share (as determined in accordance with the governing instruments of the Trust) of the Series' ordinary income and capital gain in determining its income tax liability. The determination of such share will be made in accordance with the Code and regulations promulgated thereunder.

Each Series, since it is taxed as a partnership, is not subject to federal income taxation. Instead, and investor must take into account, in computing its federal income tax liability, its share of the Series' income, gains, losses, deductions, credits and tax preference items, without regard to whether it has received any cash distributions from the Series.

Withdrawals by investors from each Series generally will not result in their recognizing any gain or loss for federal income tax purposes, except that (1) gain will be recognized to the extent that any cash distributed exceeds the basis of the investor's interest in the Series prior to the distribution, (2) income or gain will be realized if the withdrawal is in liquidation of the investor's entire interest in the Series and includes a disproportionate share of any unrealized receivables held by the Series, and (3) loss will be recognized if the distribution is in liquidation of that entire interest and consists solely of cash and/or unrealized receivables. The basis of an investor's interest in a Series generally equals the amount of cash and the basis of any property that the investor invests in the Series, increased by the investor's share of income from the Series and decreased by the amount of any cash distributions and the basis of any property distributed from the Series.

Each Series' taxable year-end will be December 31. Although, as described above, the Series will not be subject to federal income tax, each will file appropriate income tax information returns.

It is intended that each Series' assets, income and distributions will be managed in such a way that an investor in each Series will be able to satisfy the requirements of Subchapter M of the Code.

HEDGING STRATEGIES

The use of hedging strategies, such as a Series' entering into interest rate futures contracts and purchasing options thereon, involves complex rules that will determine for income tax purposes the character and timing of recognition of the income received in connection therewith. Income from the disposition of futures contracts and options thereon will be subject to the limitation that a Series must derive less than 30% of its gross income from the sale or other disposition of securities, options or futures contracts held for less than three months (the "Short-Short Limitation").

If certain requirements are satisfied, any increase in value on a position that is part of a "designated hedge" will be offset by an decrease in value (whether realized or not) of the offsetting hedging position during the period of the hedge for purposes of determining whether the Short-Short Limitation is satisfied. Thus, only the net gain (if any) from the designated hedge will be included in gross income for purposes of that limitation. Each Series intends to qualify for this treatment when it engages in hedging transactions, but at the present time it is not clear whether this treatment will be available for all of a Series' hedging transactions. To the extent this treatment is not available, a Series may be forced to defer the closing out of certain options and futures contracts beyond the time when it otherwise would be advantageous to do so, in order for an investor in the Series to qualify as a Regulated Investment Company.

OTHER TAXATION

The investment by an investor in a Series does not cause the investor to be liable for any income or franchise tax in the State of New York. Investors are advised to consult their own tax advisers with respect to the particular tax consequences to them of an investment in a Series.

DISCLOSURE OF PORTFOLIO HOLDINGS

The Board of Trustees of Diversified Investors Portfolios has approved policies and procedures developed by Diversified with respect to the disclosure of the Portfolios' securities and any ongoing arrangements to make available information about the Portfolios' securities. The policy requires that disclosure of information about a Portfolio's portfolio holdings be in the best interests of the Portfolio's shareholders, and that any conflicts of interest between the interests of the Portfolio's shareholders and

those of Diversified or its affiliates be addressed in a manner that places the interests of Portfolio's shareholders first. This policy provides that information regarding the Portfolios' holdings may never be shared with non-Diversified employees, with retirement plan sponsors, with insurance companies, with investors and potential investors (whether individual or institutional), or with third parties unless it is done for legitimate business purposes and in accordance with the policy.

Subject to the provisions relating to "ongoing arrangements" discussed below, Diversified's policy generally provides for the release of details of securities positions once they are considered "stale." Data is considered stale once it is 25 days old after calendar quarter-end. This passage of time prevents a third party from benefiting from an investment decision made by a Portfolio that has not been fully reflected by the market. For the purposes of the policy, the term "ongoing arrangement" is interpreted to include any arrangement, whether oral or in writing, to provide portfolio holdings information to any person or entity more than once, but excluding any arrangement to provide such information once its considered stale under the policy.

Each Portfolio's complete list of holdings (including the size of each position) may be made available to retirement plan sponsors, insurance companies, investors, potential investors, third parties and non-CAM employees with simultaneous public disclosure at least 25 days after calendar quarter-end. Typically, simultaneous public disclosure is achieved by the filing of Form N-Q or Form N-CSR in accordance with SEC rules, posting the information to Diversified's internet site that is accessible by the public, or through public release by a third party vendor.

Under the policy, if portfolio holdings are released pursuant to an ongoing arrangement with any party, the Portfolio must have a legitimate business purpose for the release of the information, the release of the information must be subject to trading restrictions and confidential treatment to prohibit the entity from sharing with an unauthorized source or trading upon the information provided by Diversified on behalf of the Portfolio and neither the Portfolio, Diversified or any other affiliated party may receive compensation or any other consideration in connection with such arrangements.

The written approval of Diversified's Chief Compliance Officer must be obtained before entering into any new ongoing arrangement or altering any existing ongoing arrangement to make available portfolio holdings information, or with respect to any exceptions to the policy. Exceptions are granted only after a thorough examination and consultation with Diversified's Legal Department, as necessary. Any exceptions to the policies must be reported to the Board of Trustees of Diversified Investors Portfolios at its next regularly scheduled meeting.

All ongoing arrangements to make available information about a Portfolio's portfolio securities will be reviewed by the Board of Trustees of Diversified Investors Portfolios no less frequently than quarterly.

Set forth below is a list, as of the date of this Statement of Additional Information, of those parties with whom Diversified has authorized ongoing arrangements that include the release of portfolio holdings information, as well as the frequency of the release under such arrangements, and the length of the lag, if any, between the date of the information and the date on which the information is disclosed. Not all of the ongoing arrangements described below may be applicable to each Portfolio.

The Portfolios' auditor also has access from time to time to the Portfolios' holdings in connection with performing the audit and related functions.

<Table>
<Caption>

RECIPIENT (HOLDINGS)	FREQUENCY	DELAY BEFORE DISSEMINATION
Investors Bank & Trust Company	Daily	None
Institutional Shareholders Services	Monthly	1 day
Bowne & Co., Inc.	Quarterly	1-7 days
[Zotos International, Inc.	Quarterly	25 days]
Callan Associates, Inc.	Quarterly	15 days
Deloitte & Touche LLP	Quarterly	15 days
Evaluation Associates, Inc.	Quarterly	15 days
Marsh USA, Inc.	Quarterly	15 days
New England Pension Consultants	Quarterly	15 days
Plexus Group, Inc.	Quarterly	1-7 days
Rocaton Investment Advisors, LLC	Quarterly	15 days
Trainer Wortham and Company, Inc.	Quarterly	15 days
Watson Wyatt Investment Consulting	Quarterly	15 days
Yanni Partners, Inc.	Quarterly	15 days

</Table>

With respect to each such arrangement , the Portfolios have a legitimate business purpose for the release of information. The release of the information is subject to trading restrictions and/or confidential treatment to prohibit the entity from sharing with an unauthorized source or trading upon the information provided by Diversified on behalf of the Portfolios. Neither the Portfolios, Diversified or any other affiliated party receives compensation or any other consideration in connection with such arrangements.

Where a non-Diversified entity serves as a subadviser to a Portfolio advised by Diversified, the subadviser may release portfolio holdings information with respect to that Portfolio only with the prior consent of Diversified, provided however that the subadviser may, without such prior consent, disclose portfolio holdings information to Diversified, the Portfolio's Trustees and officers, custodian, administrator, accounting and pricing agents, legal advisers, compliance personnel, auditors and brokers solely in connection with the performance of its advisory duties for that Fund, or in response to legal or regulatory requirements.

FINANCIAL STATEMENTS OF MONY

The financial statements of MONY that are included in this Statement of Additional Information are different from the financial statements of Keynote. The financial statements of MONY should be considered only as bearing upon the ability of MONY to meet its obligations under the Contracts and should not be considered as bearing on the investment performance of the assets held in Keynote.

APPENDIX A

DESCRIPTION OF SECURITY RATINGS

STANDARD & POOR'S

CORPORATE AND MUNICIPAL BONDS

Issue credit ratings are based in varying degrees, on the following considerations: (1) likelihood of payment -- capacity and willingness of the obligor to meet its financial commitment on an obligation in accordance with the terms of the obligation; (2) nature of and provisions of the obligation; and (3) protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

The issue ratings definitions are expressed in terms of default risk. As such, they pertain to senior obligations of an entity. Junior obligations are typically rated lower than senior obligations, to reflect the lower priority in bankruptcy, as noted above.

AAA -- An obligation rated "AAA" has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

AA -- An obligation rated "AA" differs from the highest-rated obligations only in small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

A -- An obligation rated "A" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

BBB -- An obligation rated "BBB" exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

BB, B, CCC, CC, AND C -- Obligations rated "BB", "B", "CCC", "CC", and "C" are regarded as having significant speculative characteristics. "BB" indicates the least degree of speculation and "C" the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

BB -- An obligation rated "BB" is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

B -- An obligation rated "B" is more vulnerable to nonpayment than obligations rated "BB", but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.

CCC -- An obligation rated "CCC" is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

CC -- An obligation rated "CC" is currently highly vulnerable to nonpayment.

C -- The "C" rating may be used to cover a situation where a bankruptcy petition has been filed or similar action has been taken, but payments on this obligation are being continued.

D -- An obligation rated "D" is in payment default. The "D" rating category is used when payments on an obligation are not made on the date due even if the applicable grace period has not

expired, unless Standard & Poor's believes that such payments will be made during such grace period. The "D" rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action if payments on an obligation are jeopardized.

Plus (+) or Minus (-): The "AA" to "CCC" ratings may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

N.R.: Not rated.

I: The letter "i" subscript is used for issues in which the credit factors, terms, or both, that determine the likelihood of receipt of payment of interest are different from the credit factors, terms or both that determine the likelihood of receipt of principal on the obligation. The "i" subscript indicates that the rating addresses the interest portion of the obligation only. The "i" subscript will always be used in conjunction with the "p" subscript, which addresses likelihood of receipt of principal. For example, a rated obligation could be assigned ratings of "AAAp N.R.i" indicating that the principal portion is rated "AAA" and the interest portion of the obligation is not rated.

L: Ratings qualified with "L" apply only to amounts invested up to federal deposit insurance limits.

P: The letter "p" subscript is used for issues in which the credit factors, the terms, or both, that determine the likelihood of receipt of payment of principal are different from the credit factors, terms or both that determine the likelihood of receipt of interest on the obligation. The "p" subscript indicates that the rating addresses the principal portion of the obligation only. The "p" subscript will always be used in conjunction with the "i" subscript, which addresses likelihood of receipt of interest. For example, a rated obligation could be assigned ratings of "AAAp N.R.i" indicating that the principal portion is rated "AAA" and the interest portion of the obligation is not rated.

PI: Ratings with a "pi" subscript are based on an analysis of an issuer's published financial information, as well as additional information in the public domain. They do not, however, reflect in-depth meetings with an issuer's management and are therefore based on less comprehensive information than ratings without a "pi" subscript. Ratings with a "pi" subscript are reviewed annually based on a new year's financial statements, but may be reviewed on an interim basis if a major event occurs that may affect the issuer's credit quality.

PR: The letters "pr" indicate that the rating is provisional. A provisional rating assumes the successful completion of the project financed by the debt being rated and indicates that payment of debt service requirements is largely or entirely dependent upon the successful, timely completion of the project. This rating, however, while addressing credit quality subsequent to completion of the project, makes no comment on the likelihood of or the risk of default upon failure of such completion. The investor should exercise his own judgment with respect to such likelihood and risk.

T: This symbol indicates termination structures that are designed to honor their contracts to full maturity or, should certain events occur, to terminate and cash settle all their contracts before their final maturity date.

Debt obligations of issuers outside the United States and its territories are rated on the same basis as domestic corporate and municipal issues. The ratings measure the creditworthiness of the obligor but do not take into account currency exchange and related uncertainties.

Bond Investment Quality Standards: Under present commercial bank regulations issued by the Comptroller of the Currency, bonds rated in the top four categories ("AAA", "AA", "A", "BBB", commonly known as investment-grade ratings) generally are regarded as eligible for bank investment. Also, the laws of various states governing legal investments impose certain rating or other standards for obligations eligible for investment by savings banks, trust companies, insurance companies, and fiduciaries in general.

SHORT-TERM ISSUER CREDIT RATINGS

A-1 -- An obligor rated "A-1" has strong capacity to meet its financial commitments. It is rated in the highest category by Standard & Poor's. Within this category, certain obligors are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitments is extremely strong.

A-2 -- An obligor rated "A-2" has satisfactory capacity to meet its financial commitments. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the highest rating category.

A-3 -- An obligor rated "A-3" has adequate capacity to meet its financial obligations. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

B -- An obligor rated "B" is regarded as vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitments.

C -- An obligor rated "C" is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for it to meet its financial commitments.

R -- An obligor rated "R" is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision the regulators may have the power to favor one class of obligations over others or pay some obligations and not others. Please see Standard & Poor's issue credit ratings for a more detailed description of the effects of regulatory supervision on specific issues or classes of obligations.

SD AND D -- An obligor rated "SD" (selective default) or "D" has failed to pay one or more of its financial obligations (rated or unrated) when it came due. A "D" rating is assigned when Standard & Poor's believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due. An "SD" rating is assigned when Standard & Poor's believes that the obligor has selectively defaulted on a specific issue or class of obligations but it will continue to meet its payment obligations on other issues or classes of obligations in a timely manner. Please see Standard & Poor's issue credit ratings for a more detailed description of the effects of a default on specific issues or classes of obligations.

N.R. -- An issuer designated N.R. is not rated.

COMMERCIAL PAPER

A Standard & Poor's commercial paper rating is a current assessment of the likelihood of timely payment of debt having an original maturity of no more than 365 days. Ratings are graded into several categories, ranging from "A" for the highest-quality obligations to "D" for the lowest. These categories are as follows:

A-1 -- This designation indicates that the degree of safety regarding timely payment is strong. Those issues determined to possess extremely strong safety characteristics are denoted with a plus sign (+) designation.

A-2 -- Capacity for timely payment on issues with this designation is satisfactory. However, the relative degree of safety is not as high as for issues designated "A-1".

A-3 -- Issues carrying this designation have an adequate capacity for timely payment. They are, however, more vulnerable to the adverse effects of changes in circumstances than obligations carrying the higher designations.

B -- Issues rated "B" are regarded as having only speculative capacity for timely payment.

C -- This rating is assigned to short-term debt obligations with a doubtful capacity for payment.

D -- Debt rated "D" is in payment default. The "D" rating category is used when interest payments of principal payments are not made on the date due, even if the applicable grace period has not expired, unless Standard & Poor's believes such payments will be made during such grace period.

MOODY'S

LONG-TERM OBLIGATION RATINGS

Moody's long-term obligation ratings are opinions of the relative credit risk of fixed-income obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honored as promised. Such ratings reflect both the likelihood of default and any financial loss suffered in the event of default.

Aaa -- Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.

Aa -- Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

A -- Obligations rated A are considered upper-medium grade and are subject to low credit risk.

Baa -- Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.

Ba -- Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk.

B -- Obligations rated B are considered speculative and are subject to high credit risk.

Caa -- Obligations rated Caa are judged to be of poor standing and are subject to very high credit risk.

Ca -- Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

C -- Obligations rated C are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest.

Note: Moody's applies numerical modifiers "1", "2" and "3" in each generic rating classification from "Aa" through "Caa." The modifier "1" indicates that the obligation ranks in the higher end of its generic rating category; the modifier "2" indicates a mid-range ranking; and the modifier "3" indicates a ranking in the lower end of that generic rating category.

US MUNICIPAL AND TAX-EXEMPT RATINGS

Municipal Ratings are opinions of the investment quality of issuers and issues in the US municipal and tax-exempt markets. As such, these ratings incorporate Moody's assessment of the default probability and loss severity of these issuers and issues. The default and loss content for Moody's municipal long-term rating scale differs from Moody's general long-term rating scale.

Municipal Ratings are based upon the analysis of four primary factors relating to municipal finance: economy, debt, finances, and administration/management strategies. Each of the factors is evaluated individually and for its effect on the other factors in the context of the municipality's ability to repay its debt.

AAA -- Issuers or issues rated Aaa demonstrate the strongest creditworthiness relative to other US municipal or tax-exempt issuers or issues.

AA -- Issuers or issues rated Aa demonstrate very strong creditworthiness relative to other US municipal or tax-exempt issuers or issues.

A -- Issuers or issues rated A present above-average creditworthiness relative to other US municipal or tax-exempt issuers or issues.

BAA -- Issuers or issues rated Baa represent average creditworthiness relative to other US municipal or tax-exempt issuers or issues.

BA -- Issuers or issues rated Ba demonstrate below-average creditworthiness relative to other US municipal or tax-exempt issuers or issues.

B -- Issuers or issues rated B demonstrate weak creditworthiness relative to other US municipal or tax-exempt issuers or issues.

CAA -- Issuers or issues rated Caa demonstrate very weak creditworthiness relative to other US municipal or tax-exempt issuers or issues.

CA -- Issuers or issues rated Ca demonstrate extremely weak creditworthiness relative to other US municipal or tax-exempt issuers or issues.

C -- Issuers or issues rated C demonstrate the weakest creditworthiness relative to other US municipal or tax-exempt issuers or issues.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating category from Aa through Caa. The modifier 1 indicates that the issuer or obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

SHORT-TERM RATINGS

Moody's short-term ratings are opinions of the ability of issuers to honor short-term financial obligations. Ratings may be assigned to issuers, short-term programs or to individual short-term debt instruments. Such obligations generally have an original maturity not exceeding thirteen months, unless explicitly noted.

P-1 -- Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

P-2 -- Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

P-3 -- Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations.

NP -- Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of MONY Life Insurance Company and the

Contractholders of Keynote Series Account:

In our opinion, the accompanying statements of assets and liabilities and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of the Money Market, Intermediate Government Bond, Core Bond, Balanced, Value & Income, Equity Growth, and Calvert Subaccounts (constituting the "Keynote Series Account") at December 31, 2004, the results of each of their operations for the year then ended, the changes in each of their net assets for each of the two years in the period then ended and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2004 by correspondence with the custodian, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

New York, New York

February 22, 2005

KEYNOTE SERIES ACCOUNT

AN EXPLANATION OF FUND EXPENSES

(UNAUDITED)

As a shareholder in a unit investment trust ("Trust") invested in a corresponding series of the Diversified Investors Portfolios, you will bear the ongoing costs of managing the corresponding portfolio in which your Trust invests (such as the investment advisor's fee and other expenses). You will also bear the cost of operating the Trust.

The first line of each table shown below, based on an investment of $1,000, will show you how much of your investment (per $1,000) went to the ongoing costs of both your Trust and its corresponding portfolio. The figures are based on the actual total return and the actual expenses incurred for the period July 1, 2004 - December 31, 2004. In order to approximate how much you paid in expenses during the six months, divide your balance by 1,000, and multiply the result by the dollar amount shown under the heading "Expenses Paid During the Period".

The second line in each table shown below, also based on an investment of $1,000, is based on the actual expense ratio of your Trust, but assumes a total annual return rate of 5% before expenses. Since the 5% is hypothetical, the ending account values and the expenses paid for the period July 1, 2004 - December 31, 2004 will not be the actual values per $1,000 of your investment. This information is presented so you may compare the cost of owning a Keynote Series Account against the cost of owning other funds. Other funds should provide this information based on a hypothetical return of 5% before expenses in their most recent report in order for you to make a fair comparison.

<Table>
<Caption>

MONEY MARKET	Beginning Account Value July 1, 2004	Ending Account Value December 31, 2004	Expenses Paid During the Period July 1, 2004 - December 31, 2004(1)	Annualized Expense Ratio(1)(2)
<S>	<C>	<C>	<C>	<C>
Actual	$1,000	$1,003.18	$5.59	1.11%
Hypothetical	$1,000	$1,019.56	$5.63	1.11%

(5% annual return before expenses)
</Table>

<Table>
<Caption>

INTERMEDIATE GOVERNMENT BOND	Beginning Account Value July 1, 2004	Ending Account Value December 31, 2004	Expenses Paid During the Period July 1, 2004 - December 31, 2004(1)	Annualized Expense Ratio(1)(2)
<S>	<C>	<C>	<C>	<C>
Actual	$1,000	$1,015.72	$7.65	1.51%
Hypothetical (5% annual return before expenses)	$1,000	$1,017.55	$7.66	1.51%

</Table>

<Table>
<Caption>

CORE BOND	Beginning Account Value July 1, 2004	Ending Account Value December 31, 2004	Expenses Paid During the Period July 1, 2004 - December 31, 2004(1)	Annualized Expense Ratio(1)(2)
<S>	<C>	<C>	<C>	<C>
Actual	$1,000	$1,037.92	$7.68	1.50%
Hypothetical (5% annual return before expenses)	$1,000	$1,017.60	$7.61	1.50%

</Table>

<Table>
<Caption>

BALANCED	Beginning Account Value July 1, 2004	Ending Account Value December 31, 2004	Expenses Paid During the Period July 1, 2004 - December 31, 2004(1)	Annualized Expense Ratio(1)(2)
<S>	<C>	<C>	<C>	<C>
Actual	$1,000	$1,057.05	$8.27	1.60%
Hypothetical (5% annual return before expenses)	$1,000	$1,017.09	$8.11	1.60%

</Table>

<Table>
<Caption>

VALUE & INCOME	Beginning Account Value July 1, 2004	Ending Account Value December 31, 2004	Expenses Paid During the Period July 1, 2004 - December 31, 2004(1)	Annualized Expense Ratio(1)(2)
<S>	<C>	<C>	<C>	<C>
Actual	$1,000	$1,078.21	$8.31	1.59%
Hypothetical (5% annual return before expenses)	$1,000	$1,017.14	$8.06	1.59%

</Table>

<Table>
<Caption>

EQUITY GROWTH	Beginning Account Value July 1, 2004	Ending Account Value December 31, 2004	Expenses Paid During the Period July 1, 2004 - December 31, 2004(1)	Annualized Expense Ratio(1)(2)
<S>	<C>	<C>	<C>	<C>
Actual	$1,000	$1,058.48	$9.06	1.75%
Hypothetical (5% annual return before expenses)	$1,000	$1,016.34	$8.87	1.75%

</Table>

CALVERT	Beginning Account Value July 1, 2004	Ending Account Value December 31, 2004	Expenses Paid During the Period July 1, 2004 - December 31, 2004(1)	Annualized Expense Ratio(1)(2)
Actual	$1,000	$1,049.72	$5.67	1.10%
Hypothetical (5% annual return before expenses)	$1,000	$1,019.61	$5.58	1.10%

(1) These figures reflect the expenses of both the Trust and its corresponding portfolio, except for Calvert. The figures for Calvert do not include expenses incurred by the Calvert Social Balanced Portfolio.

(2) Please be aware that the expense ratios shown in this table may not match the ratios shown in each fund's financial highlights, as the ratios in the financial highlights reflect the actual ratios over the period January 1, 2004 - December 31, 2004.

KEYNOTE SERIES ACCOUNT

STATEMENTS OF ASSETS AND LIABILITIES

DECEMBER 31, 2004

	MONEY MARKET	INTERMEDIATE GOVERNMENT BOND	CORE BOND	BALANCED	VALUE & INCOME	EQUITY GROWTH
ASSETS:						
Investment in the Portfolios, at value (Notes 1 and 2)	$199,883	$255,248	$265,304	$1,711,194	$7,004,310	$3,214,792
Receivable for units sold	--	--	--	30	--	30
Total assets	199,883	255,248	265,304	1,711,224	7,004,310	3,214,822
LIABILITIES:						
Accrued mortality and expense risk	133	237	246	1,576	6,483	2,960
NET ASSETS ATTRIBUTABLE TO ANNUITY CONTRACTHOLDERS	$199,750	$255,011	$265,058	$1,709,648	$6,997,827	$3,211,862
ACCUMULATION UNITS	10,564	12,729	8,726	47,323	139,062	68,770
UNIT VALUE	$ 18.91	$ 20.03	$ 30.38	$ 36.13	$ 50.32	$ 46.70

See notes to financial statements.

KEYNOTE SERIES ACCOUNT

STATEMENTS OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2004

	MONEY MARKET	INTERMEDIATE GOVERNMENT BOND	CORE BOND	BALANCED	VALUE & INCOME	EQUITY GROWTH
INVESTMENT INCOME ALLOCATED FROM PORTFOLIOS (NOTE 2):						
Interest income	$3,439	$ 7,686	$ 9,913	$23,733	$ 1,318	$ 730
Securities lending income (net)	--	135	48	146	406	165
Dividend income	--	--	--	21,413	150,456	39,454
Expenses	(672)	(1,088)	(971)	(8,362)	(32,499)	(20,278)
Net investment income (loss) allocated from Portfolios	2,767	6,733	8,990	36,930	119,681	20,071
EXPENSES (NOTE 4):						
Mortality and expense risk	2,619	3,002	2,732	18,372	74,397	34,439
Less expenses reimbursed by MONY	(648)	--	--	--	--	--
Net expenses	1,971	3,002	2,732	18,372	74,397	34,439
NET INVESTMENT INCOME (LOSS)	796	3,731	6,258	18,558	45,284	(14,368)
REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS (NOTE 2):						
Net realized gains (losses) allocated from Portfolios on:						
Securities	(17)	(887)	2,754	111,225	390,462	49,674
Futures, written options and short sales	--	--	293	1,134	--	--
Foreign currency transactions	--	--	101	(2,964)	--	(310)
Change in net unrealized appreciation (depreciation) allocated from Portfolios on:						
Securities	--	(1,728)	(1,896)	(18,250)	302,572	155,121
Futures, written options and short sales	--	--	280	1,428	--	--
Foreign currency translations	--	--	614	1,153	--	408
Net realized and unrealized gains (losses) on investments	(17)	(2,615)	2,146	93,726	693,034	204,893
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	$ 779	$ 1,116	$ 8,404	$112,284	$738,318	$190,525

See notes to financial statements.

KEYNOTE SERIES ACCOUNT

STATEMENTS OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2004

	MONEY MARKET	INTERMEDIATE GOVERNMENT BOND	CORE BOND	BALANCED	VALUE & INCOME	EQUITY GROWTH
FROM OPERATIONS:						
Net investment income (loss)	$ 796	$ 3,731	$ 6,258	$ 18,558	$ 45,284	$ (14,368)
Net realized gains (losses) allocated from						

Portfolios on:						
Securities.............................	(17)	(887)	2,754	111,225	390,462	49,674
Futures, written options and short sales................................	--	--	293	1,134	--	--
Foreign currency transactions...........	--	--	101	(2,964)	--	(310)
Change in net unrealized appreciation (depreciation) allocated from Portfolios on:						
Securities.............................	--	(1,728)	(1,896)	(18,250)	302,572	155,121
Futures, written options and short sales................................	--	--	280	1,428	--	--
Foreign currency translations...........	--	--	614	1,153	--	408
Net increase (decrease) in net assets resulting from operations..............	779	1,116	8,404	112,284	738,318	190,525
FROM UNIT TRANSACTIONS (NOTE 5):						
Units sold...............................	272,466	6,321	74,048	106,617	325,352	242,439
Units redeemed...........................	(376,620)	(49,943)	(107,914)	(131,758)	(699,943)	(493,531)
Net increase (decrease) in net assets resulting from unit transactions........	(104,154)	(43,622)	(33,866)	(25,141)	(374,591)	(251,092)
Total increase (decrease) in net assets...	(103,375)	(42,506)	(25,462)	87,143	363,727	(60,567)
NET ASSETS:						
Beginning of year........................	303,125	297,517	290,520	1,622,505	6,634,100	3,272,429
End of year..............................	$ 199,750	$255,011	$ 265,058	$1,709,648	$6,997,827	$3,211,862
Units outstanding beginning of year.......	16,085	14,922	9,898	48,109	147,238	74,686
Units sold...............................	14,452	315	2,466	3,101	6,987	5,525
Units redeemed...........................	(19,973)	(2,508)	(3,638)	(3,887)	(15,163)	(11,441)
Units outstanding end of year............	10,564	12,729	8,726	47,323	139,062	68,770

</Table>

See notes to financial statements.

KEYNOTE SERIES ACCOUNT

STATEMENTS OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2003

<Table>
<Caption>

	MONEY MARKET	INTERMEDIATE GOVERNMENT BOND	CORE BOND	BALANCED	VALUE & INCOME	EQUITY GROWTH
<S>	<C>	<C>	<C>	<C>	<C>	<C>
FROM OPERATIONS:						
Net investment income (loss).............	$ 661	$ 10,603	$ 8,684	$ 16,299	$ 48,514	$ (21,700)
Net realized gains (losses) allocated from Portfolios on:						
Securities.............................	1	17,546	11,192	(11,751)	(61,620)	(121,525)
Futures, written options and short sales................................	--	--	(3,094)	(1,523)	--	--
Foreign currency transactions...........	--	--	(3,033)	(5,329)	--	(799)
Change in net unrealized appreciation (depreciation) allocated from Portfolios on:						
Securities.............................	--	(26,635)	(2,535)	234,826	1,356,182	826,688
Futures, written options and short sales................................	--	--	1,902	1,236	--	--
Foreign currency translations...........	--	--	(1,730)	(2,510)	--	(473)
Net increase (decrease) in net assets resulting from operations..............	662	1,514	11,386	231,248	1,343,076	682,191
FROM UNIT TRANSACTIONS (NOTE 5):						
Units sold...............................	28,242	22,822	103,997	66,746	347,504	336,983

Units redeemed	(127,878)	(437,588)	(209,957)	(210,129)	(785,281)	(591,924)
Net increase (decrease) in net assets resulting from unit transactions	(99,636)	(414,766)	(105,960)	(143,383)	(437,777)	(254,941)
Total increase (decrease) in net assets	(98,974)	(413,252)	(94,574)	87,865	905,299	427,250
NET ASSETS:						
Beginning of year	402,099	710,769	385,094	1,534,640	5,728,801	2,845,179
End of year	$ 303,125	$ 297,517	$ 290,520	$1,622,505	$6,634,100	$3,272,429
Units outstanding beginning of year	21,373	35,823	13,580	52,976	159,138	81,284
Units sold	1,500	1,145	3,612	2,135	8,573	8,539
Units redeemed	(6,788)	(22,046)	(7,294)	(7,002)	(20,473)	(15,137)
Units outstanding end of year	16,085	14,922	9,898	48,109	147,238	74,686

</Table>

See notes to financial statements.

KEYNOTE SERIES ACCOUNT

CALVERT SUBACCOUNT

STATEMENT OF ASSETS AND LIABILITIES

DECEMBER 31, 2004

<Table>

<S>	<C>
ASSETS:	
Investments at cost	$374,117
Investments at value (Note 6)	$362,498
LIABILITIES:	
Accrued mortality and expense risk	334
NET ASSETS ATTRIBUTABLE TO ANNUITY CONTRACTHOLDERS	$362,164
ACCUMULATION UNITS	12,993
UNIT VALUE	$ 27.87

</Table>

See notes to financial statements.

KEYNOTE SERIES ACCOUNT

CALVERT SUBACCOUNT

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2004

INVESTMENT INCOME (NOTE 2):	
Dividend income	$ 5,951
EXPENSES (NOTE 4):	
Mortality and expense risk	3,706
NET INVESTMENT INCOME (LOSS)	2,245
REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS (NOTE 2):	
Net realized gains (losses) from securities	(4,859)
Change in net unrealized appreciation (depreciation) on securities	26,478
Net realized and unrealized gains (losses) on investments	21,619
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	$23,864

See notes to financial statements.

KEYNOTE SERIES ACCOUNT

CALVERT SUBACCOUNT

STATEMENTS OF CHANGES IN NET ASSETS

	FOR THE YEAR ENDED DECEMBER 31, 2004	2003
FROM OPERATIONS:		
Net investment income (loss)	$ 2,245	$ 2,582
Net realized gains (losses) from securities	(4,859)	(12,827)
Change in net unrealized appreciation (depreciation) on securities	26,478	55,703
Net increase (decrease) in net assets resulting from operations	23,864	45,458
FROM UNIT TRANSACTIONS (NOTE 5):		
Units sold	44,365	52,880
Units redeemed	(19,350)	(29,792)
Net increase (decrease) in net assets from unit transactions	25,015	23,088
Total increase (decrease) in net assets	48,879	68,546
NET ASSETS:		
Beginning of year	313,285	244,739
End of year	$362,164	$313,285
Units outstanding beginning of year	12,036	11,098
Units sold	1,679	2,212
Units redeemed	(722)	(1,274)
Units outstanding end of year	12,993	12,036

See notes to financial statements.

KEYNOTE SERIES ACCOUNT

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND BUSINESS

Keynote Series Account ("Keynote") is a separate investment account established on December 16, 1987 by MONY Life Insurance Company ("MONY") under the laws of the State of New York.

Keynote operates as a unit investment trust under the Investment Company Act of 1940, as amended. Keynote holds assets that are segregated from all of MONY's other assets and, at present, is used as an investment vehicle under certain tax-deferred annuity contracts issued by MONY to fund retirement plans maintained by certain not-for-profit and other organizations ("Group Plans"). MONY is the legal holder of the assets in Keynote.

There are currently seven subaccounts within Keynote which are available to contractholders of Group Plans. Six of the subaccounts invest in a corresponding portfolio of Diversified Investors Portfolios (the "Portfolios") and the seventh subaccount invests in the Calvert Social Balanced Portfolio, a series of Calvert Variable Series, Inc. ("Calvert") (collectively, the "Funds"). The financial statements of the Funds accompany this report.

At December 31, 2004, each of the subaccounts' investment in the corresponding Portfolios was as follows:

SUBACCOUNT	PERCENTAGE INVESTMENT IN PORTFOLIO
Money Market	0.02
Intermediate Government Bond	0.10
Core Bond	0.02
Balanced	0.41
Value & Income	0.26
Equity Growth	0.14

For information regarding each Portfolio's investments, please refer to the Portfolio Composition section of the Portfolios' financial statements, which accompany this report.

2. SIGNIFICANT ACCOUNTING POLICIES

A. INVESTMENTS:

The investment by Keynote in the Portfolios reflects Keynote's proportionate interest in the net assets of each of the Portfolios. The Calvert subaccount is valued at the net asset value per share determined as of the close of business of the New York Stock Exchange (typically, 4:00 P.M. Eastern time) on the valuation date. Valuation of the securities held in each of the Portfolios is discussed in Note 2A of the Portfolios' Notes to Financial Statements which accompanies this report. A description of the portfolio valuation policy for Calvert can be found in Note A of Calvert's Notes to Financial Statements which accompanies this report.

B. INVESTMENT INCOME:

Each Keynote subaccount is allocated its share of income and expenses of its corresponding Portfolio. All of the investment income and expenses and realized and unrealized gains and losses from the security transactions of the corresponding Portfolios are allocated pro rata among the investors and are recorded by the subaccounts on a daily basis.

For the Calvert subaccount, dividend income is recorded on the ex-dividend date and realized gains and losses from the sale of investments are determined on the basis of identified cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. FEDERAL INCOME TAXES:

The operations of Keynote form a part of, and are taxed with, the operations of MONY. MONY does not expect, based upon current tax law, to incur any income tax upon the earnings or realized capital gains attributable to Keynote. Based upon this expectation, no charges are currently being deducted from Keynote for federal income tax purposes.

D. OTHER:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

3. INVESTMENT TRANSACTIONS

Purchases and sales of shares in Calvert were $48,767 and $21,483, respectively.

The U.S. federal income tax basis of Keynote's investment in the Calvert subaccount at December 31, 2004, was $374,117 and net unrealized depreciation for U.S. federal income tax purposes was $11,619 (gross unrealized depreciation was $11,619).

4. FEES AND TRANSACTIONS WITH AFFILIATES

Because certain subaccounts of Keynote purchase interests in the Portfolios, the net assets of those Keynote subaccounts reflect the investment management fee charged by Diversified Investment Advisors, Inc. ("Diversified"), the investment advisor, which provides investment advice and related services to the Portfolios. Diversified is an indirect, wholly-owned subsidiary of AEGON USA, Inc. ("AEGON"), a financial services holding company whose primary emphasis is life and health insurance and annuity and investment products. AEGON is an indirect, wholly-owned subsidiary of AEGON N.V., a corporation based in The Netherlands which is a publicly traded international insurance group.

MONY reserves the right to deduct an annual contract charge from a participant's account to reimburse MONY for administrative expenses relating to the maintenance of the Variable Annuity Contracts. MONY has no present intention to impose such a charge but may do so in the future. Any such annual charge will not exceed $50.

Daily charges to Keynote for mortality and expense risks assumed by MONY are computed at an annual rate of 1.10%; however, MONY reserves the right to charge maximum fees of 1.25% upon written notice.

Due to the current interest rate environment, MONY has elected to voluntarily waive a portion of its fees to maintain a positive yield in the Money Market subaccount. MONY reserves the right to terminate this waiver without notice.

5. GROUP PLAN ASSUMPTIONS

On December 31, 1993, MONY entered into an agreement with Transamerica Financial Life Insurance Company, Inc. ("TFLIC"), a wholly-owned subsidiary of AEGON which is an affiliate of the Portfolios, pursuant to which the Group Plans may be transferred through assumption reinsurance to TFLIC. Subject to receipt of any necessary state insurance department approvals and authorizations,

5. GROUP PLAN ASSUMPTIONS (CONTINUED)

each Group Plan contractholder receives materials relating to this assumption. The assumption reinsurance of any Group Plan to TFLIC will result in the transfer of the applicable assets out of Keynote and into a corresponding separate account of TFLIC. There were no assets transferred to TFLIC pursuant to this assumption reinsurance agreement for the years ended December 31, 2004 and December 31, 2003.

The amounts related to assumptions, if any, would be reflected in the net asset value of units redeemed in the Statements of Changes in Net Assets.

6. PORTFOLIO INVESTMENTS

Calvert invests in the Calvert Social Balanced Portfolio. At December 31, 2004, it holds 193,642 shares with a market value of $362,498.

7. SUBSEQUENT EVENTS

Diversified Investors Securities Corp. ("DISC") is the distributor for each of the Funds and a subsidiary of the Funds' investment advisor, Diversified Investment Advisors, Inc. ("DIA").

On February 18, 2005, DISC was notified by NASD staff that it had made a preliminary determination to recommend disciplinary action against DISC based on claims of alleged market timing activity in the Diversified Investors International Equity Fund and the Diversified Institutional International Equity Fund (collectively, the "International Equity Funds") between July 1, 2003 and October 31, 2003. NASD staff contends that DISC facilitated certain shareholders' trading in the International Equity Funds in contravention of prospectus provisions that took effect on or about July 1, 2003, and otherwise violated NASD rules. NASD staff also has alleged that DISC violated certain record retention rules relating to email communications.

Like many U.S. financial services companies, DISC and DIA have responded to requests for information from various governmental and self-regulatory agencies in connection with investigations related to mutual fund trading activities. DISC and DIA have cooperated fully with each request.

Although it is not anticipated that these developments will have an adverse effect on the Funds, there can be no assurance at this time.

8. CONCENTRATIONS AND INDEMNIFICATIONS

From time to time, the Funds may have a concentration of several shareholders holding a significant percentage of shares outstanding. Investment activities of these shareholders could have a material impact on the Funds.

In the normal course of business, the Funds enter into contracts that contain a variety of representations and warranties which provide general indemnifications. The Funds' maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred. However, based on experience, the Funds expect the risk of loss to be remote.

9. FINANCIAL HIGHLIGHTS

For an accumulation unit outstanding throughout the year:

<Table>
<Caption>

		INCOME (LOSS) FROM INVESTMENT OPERATIONS						RATIOS TO AVERAGE NET ASSETS	
FOR THE YEAR ENDED	UNIT VALUE, BEGINNING OF YEAR	NET INVESTMENT INCOME (LOSS)(#)	NET REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS	TOTAL INCOME (LOSS) FROM INVESTMENT OPERATIONS	UNIT VALUE, END OF YEAR	TOTAL RETURN	NET ASSETS, END OF YEAR	NET INVESTMENT INCOME (LOSS)	NET INVESTMENT INCOME (LOSS) (NET OF REIMBURSEMENTS)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
MONEY MARKET									
12/31/2004	$18.84	$ 0.06	$ 0.01	$ 0.07	$18.91	0.37%	$ 199,750	0.06%	0.33%
12/31/2003	18.81	0.03	(0.00)(b)	0.03	18.84	0.16	303,125	0.05	0.19
12/31/2002	18.67	0.15	(0.01)	0.14	18.81	0.75	402,099	0.60	0.77
12/31/2001	18.11	0.54	0.02	0.56	18.67	3.09	276,605	2.72	2.89
12/31/2000	17.18	0.93	(0.00)(b)	0.93	18.11	N/A	171,824	5.08	5.26
INTERMEDIATE GOVERNMENT BOND									
12/31/2004	19.94	0.27	(0.18)	0.09	20.03	0.45	255,011	1.35	1.37
12/31/2003	19.84	0.37	(0.27)	0.10	19.94	0.50	297,517	1.87	1.87
12/31/2002	18.52	0.53	0.79	1.32	19.84	7.13	710,769	2.74	2.74
12/31/2001	17.53	0.77	0.22	0.99	18.52	5.65	433,521	4.18	4.18
12/31/2000	16.18	0.79	0.56	1.35	17.53	N/A	170,751	4.72	4.72
CORE BOND									
12/31/2004	29.35	0.75	0.28	1.03	30.38	3.51	265,058	2.52	2.52
12/31/2003	28.36	0.71	0.28	0.99	29.35	3.49	290,520	2.45	2.45
12/31/2002	26.24	1.02	1.10	2.12	28.36	8.08	385,094	3.77	3.77
12/31/2001	24.80	1.10	0.34	1.44	26.24	5.81	374,813	4.25	4.25
12/31/2000	22.75	1.22	0.83	2.05	24.80	N/A	277,095	5.18	5.18
BALANCED									
12/31/2004	33.73	0.38	2.02	2.40	36.13	7.12	1,709,648	1.09	1.11
12/31/2003	28.97	0.33	4.43	4.76	33.73	16.43	1,622,505	1.06	1.07
12/31/2002	32.55	0.47	(4.05)	(3.58)	28.97	(11.00)	1,534,640	1.53	1.55
12/31/2001	34.75	0.57	(2.77)	(2.20)	32.55	(6.33)	1,982,330	1.72	1.72

12/31/2000	35.91	0.66	(1.82)	(1.16)	34.75	N/A	2,330,618	1.85	1.85
VALUE & INCOME									
12/31/2004	45.06	0.31	4.95	5.26	50.32	11.67	6,997,827	0.67	0.67
12/31/2003	36.00	0.32	8.74	9.06	45.06	25.17	6,634,100	0.83	0.83
12/31/2002	42.95	0.34	(7.29)	(6.95)	36.00	(16.18)	5,728,801	0.84	0.84
12/31/2001	44.31	0.42	(1.78)	(1.36)	42.95	(3.07)	8,629,202	0.98	0.98
12/31/2000	40.87	0.46	2.98	3.44	44.31	N/A	9,747,117	1.13	1.13
EQUITY GROWTH									
12/31/2004	43.82	(0.20)	3.08	2.88	46.70	6.57	3,211,862	(0.46)	(0.46)
12/31/2003	35.00	(0.28)	9.10	8.82	43.82	25.20	3,272,429	(0.76)	(0.71)
12/31/2002	46.26	(0.30)	(10.96)	(11.26)	35.00	(24.34)	2,845,179	(0.89)	(0.74)
12/31/2001	58.57	(0.43)	(11.88)	(12.31)	46.26	(21.02)	5,129,083	(1.02)	(0.87)
12/31/2000	70.57	(0.58)	(11.42)	(12.00)	58.57	N/A	8,318,129	(0.94)	(0.85)
CALVERT									
12/31/2004	26.03	0.18	1.66	1.84	27.87	7.07	362,164	0.67	0.67
12/31/2003	22.05	0.23	3.75	3.98	26.03	18.05	313,285	0.95	0.95
12/31/2002	25.38	0.41	(3.74)	(3.33)	22.05	(13.12)	244,739	0.84	0.84
12/31/2001	27.58	1.13	(3.33)	(2.20)	25.38	(7.98)	266,995	4.30	4.30
12/31/2000	29.06	0.87	(2.35)	(1.48)	27.58	N/A	353,300	2.96	2.96

<Caption>

	RATIOS TO AVERAGE NET ASSETS		
FOR THE YEAR ENDED	EXPENSES, INCLUDING EXPENSES OF THE PORTFOLIO	EXPENSES, INCLUDING EXPENSES OF THE PORTFOLIO (NET OF REIMBURSEMENTS)	PORTFOLIO TURNOVER(A)
<S>	<C>	<C>	<C>
MONEY MARK			
12/31/2004	1.38%	1.11%	N/A
12/31/2003	1.36	1.22	N/A
12/31/2002	1.37	1.20	N/A
12/31/2001	1.37	1.20	N/A
12/31/2000	1.30	1.12	N/A
INTERMEDIA			
12/31/2004	1.52	1.50(1)	554%
12/31/2003	1.49	1.49	392
12/31/2002	1.49	1.49	134
12/31/2001	1.48	1.48	40
12/31/2000	1.39	1.39	N/A
CORE BOND			
12/31/2004	1.49	1.49	885
12/31/2003	1.49	1.49(1)	922
12/31/2002	1.49	1.49	462
12/31/2001	1.48	1.48	547
12/31/2000	1.40	1.40	N/A
BALANCED			
12/31/2004	1.62	1.60(1)	338
12/31/2003	1.61	1.60(1)	377
12/31/2002	1.62	1.60(1)	289
12/31/2001	1.59	1.59	312
12/31/2000	1.51	1.51	N/A
VALUE & IN			
12/31/2004	1.58	1.58	44
12/31/2003	1.57	1.57	70
12/31/2002	1.58	1.58	31
12/31/2001	1.58	1.58	32
12/31/2000	1.48	1.48	N/A
EQUITY GRO			
12/31/2004	1.75	1.75	129
12/31/2003	1.75	1.70	61
12/31/2002	1.75	1.60	75
12/31/2001	1.75	1.60	63
12/31/2000	1.60	1.51	N/A
CALVERT			
12/31/2004	1.10(2)	1.10(2)	6
12/31/2003	2.03	2.03	374
12/31/2002	2.01	2.01	552
12/31/2001	1.97	1.97	751
12/31/2000	1.89	1.89	N/A

</Table>

(#) Calculated based upon average shares outstanding.

(a) Portfolio turnover of the Portfolio or the Calvert subaccount.

(b) Amount rounds to less than one penny per share.

(1) Reimbursement of fees occurs at the underlying Portfolio level.

(2) Ratios exclude expenses incurred by the Calvert Social Balanced Portfolio.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees and Owners of Beneficial Interests

of the Diversified Investors Portfolios:

In our opinion, the accompanying statements of assets and liabilities, including the portfolios of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of the Money Market Portfolio, High Quality Bond Portfolio, Intermediate Government Bond Portfolio, Core Bond Portfolio, Balanced Portfolio, Value & Income Portfolio, Growth & Income Portfolio, Equity Growth Portfolio, Mid-Cap Value Portfolio, Mid-Cap Growth Portfolio, Small-Cap Value Portfolio, Special Equity Portfolio, Small-Cap Growth Portfolio, Aggressive Equity Portfolio, High Yield Bond Portfolio and International Equity Portfolio (constituting the Diversified Investors Portfolios, hereafter referred to as the "Portfolios") at December 31, 2004, the results of each of their operations for the year then ended, the changes in each of their net assets for each of the two years in the period then ended and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Portfolios' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2004 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

New York, New York

February 22, 2005

DIVERSIFIED INVESTORS PORTFOLIOS

ANNUAL ECONOMIC OVERVIEW

DECEMBER 31, 2004

Investors seemed guarded about the prospects of finishing the year on a positive note, but as the markets cleared several hurdles of uncertainty, capped by the Bush reelection, the major stock indices surged during the last few months of 2004. And while the returns couldn't match the double-digit pace set in 2003, this marks the second straight year that equity markets have been positive -- welcome relief to investors who suffered through the bear market of 2000-2002.

Throughout 2004, investors seemed to be waiting for the "all clear." But, positive signals were clouded by less favorable news. The first quarter's "jobless recovery" quickly gave way to concerns about an overheated economy and higher energy prices did nothing to allay these worries. The Federal Reserve began raising interest rates at the end of June which continued during the third quarter. Their actions seemed to reduce inflation concerns, but the economic recovery slowed somewhat. Even as the economy appeared to be hitting its stride in the fourth quarter, the November presidential election loomed large. When the uncertainty was removed, investors expressed their satisfaction with the election results by bidding stock prices up quickly through year-end.

While inflation and higher interest rates appeared the biggest threats to the stock and bond markets, those fears were never fully realized. In this regard, 2004 defied history lessons, leaving many experts groping for explanations. It may be that the Federal Reserve tempered concerns by signaling its intentions well in advance of any action. But, most agree that the biggest factor was continued and even increased foreign demand of US bonds. With inflation and higher interest rates held at bay this year, pressure may be building for 2005.

Adding to that pressure are the Federal budget and trade deficits as well as the declining value of the dollar. The dollar's drop was significant in 2004, falling between 4% and 8% against other major currencies, and hitting record-lows against the euro. The weak dollar is bad news for other economies, because it hurts their exports to the US. So, foreign governments have an interest in buying the greenback, and with the notable exception of Japan, some have already started to do so. Of particular importance to many currency market observers, is that China has continued to peg its yuan to the dollar, causing it to be undervalued. Some fear that revaluation of the yuan could have considerable implications for the global markets. Whatever action the Chinese government takes, it seems clear that the dollar's relative value will be carefully watched in the year ahead.

EQUITY MARKET

After three choppy quarters, by September 30 most stock investors were not much further ahead than where they began the year. But, what a difference a quarter can make; for the indices made nearly all of their 2004 gains during the last three months of the year. The broad stock market, as measured by the S&P 500, edged up 9.2% for the quarter, bringing the full year returns to 10.9%. Mid-capitalization stocks did even better, with the Russell Midcap Index posting a 13.7% return for the quarter and finishing the year with a 20.2% return. Among domestic stocks, small-caps, as measured by the Russell 2000 Index, had the highest fourth quarter return of 14.1%, but with an 18.3% return for the year, fell short of the pace set by the mid-caps. Thanks to the declining dollar, international stocks had the best returns of all, with the MSCI EAFE Ex-US Index returning 15.2% in the last three months of 2004 alone, bringing the twelve-month return to 20.8%.

Among investment styles, the fourth quarter was fairly evenly split across the capitalization spectrum, with growth edging out value among mid- and small-cap stocks. For the year, value stocks fared better than growth stocks, so the long-awaited rotation to growth was still not fully evident. With oil prices topping $55 a barrel in October, the 2004 returns on energy stocks handsomely outpaced the returns of most other stock sectors. And while the technology sector surged in the fourth quarter, for the twelve months ended December, technology was one of the worst places to have been invested, particularly among semiconductors.

2004 saw some pick-up in IPO activity, including the long-awaited Google deal, and several mergers during the last quarter appeared to add to the overall buoyancy of investor sentiment. Consensus appears to be that corporate earnings will continue to grow, albeit at a subdued rate. Generally speaking, companies have strong balance sheets and excess cash that bode well for the year ahead.

FIXED INCOME MARKET

Anxious about the impact that rising interest rates might have on bond values, bond investors should be pleased to have seen positive returns for the year. Like stocks, bonds had a bumpy ride, but the fact that they survived unscathed -- and even ahead -- surprised even the most experienced investors. After a sharp decline in the third quarter, the yield on the benchmark 10-year Treasury note moved to 4.22% by December 31, up from 4.125% on September 30, but slightly down for the year overall.

As a measure of the broad bond market, the Lehman Aggregate Bond Index rose 0.95% during the quarter, adding to the gains earned during the first nine months, to finish the year with a very respectable 4.3% return. All sectors finished in positive territory for both the quarter and the year, with the riskiest and longest duration securities posting the best results. High yield bonds led the pack for the quarter and the year, finishing up 4.5% and 10.9% respectively as measured by the Merrill Lynch High Yield Master II Index.

MONEY MARKET SERIES

The Money Market Fund invests primarily in short-term, US dollar-denominated money market instruments. Although fixed income investors were not rewarded as much as most equity investors in 2004, a Citigroup Treasury Bill 3-Month Index return of 1.24% was welcomed in a year when the Federal Reserve hiked short rates 125 basis points. Fund returns were positive, and the manager's positioning along the yield curve was the primary driver behind the performance. The view that the Federal Reserve would begin raising the Federal funds target mid-year pointed the manager towards a shorter average maturity in the portfolio. This approach enabled reinvestments in higher rates as the Fed continued to raise rates at a measured pace. The portfolio duration was shortened by selling longer dated fixed rate notes. Currently, portfolio duration is moderately shorter than the benchmark. The treasury yield curve, that flattened dramatically in 2004, should continue on that path; however, trades taking advantage of further curve moves will be evaluated on an opportunistic basis.

HIGH QUALITY BOND SERIES

The Fund invests in debt issued by the US Government and its agencies as well as asset-backed and corporate fixed income securities, emphasizing short duration and high quality securities. Credit risk-taking was not rewarded early in the year with Treasuries and other high quality sectors faring best. The Fund was well positioned and holdings in the residential mortgage sector were the largest contributors to performance. During April, Treasury yields rose sharply and the portfolio posted negative absolute returns, but was in line with the benchmark. Additive performance was the result of holdings in the residential mortgage sector as well as allocations to the money market sector. Negative returns were primarily generated by the longer than benchmark duration stance of the portfolio early in the quarter. The third quarter found the portfolio ahead of the Merrill Lynch 1-3 year US Treasury Index. The best performing sectors for the portfolio were those with the longest durations, i.e. CMBS,

residential mortgage-backed and asset-backed. Furthermore, as spreads were fairly stable over the quarter, the largest contributor of return was the income component. This theme continued into the 4th quarter where the income component again was the main source of return, propelling the portfolio ahead of its benchmark for the quarter. This capped off a volatile 12 months with the Fund aligned with its benchmark, trailing by 2 basis points for the year. In addition to the income component, issue selection in the MBS and ABS sectors were additive during the fourth quarter.

INTERMEDIATE GOVERNMENT BOND SERIES

The Intermediate Government Bond Fund seeks high current income consistent with preservation of capital by investing primarily in intermediate-term US Government and Agency securities. The complementary investment approaches utilized by the two portfolio managers incorporate duration management, yield curve management and opportunistic investments in corporate, asset-backed and mortgage-backed securities. By positioning the portfolio in short maturities with lower coupons to avoid price depreciation, the portfolio lost ground to higher yielding, longer duration indexes in a year of flat ten-year interest rates. As a result, the Fund underperformed for the year.

Moving into 2005, the Fund maintains a short duration with an overweight in asset-backed and mortgage-backed securities.

CORE BOND SERIES

The Core Bond Fund seeks to maximize return through investment in US Government, asset-backed, mortgage-backed and corporate securities and to a lesser extent convertible, high yield and international fixed income securities.

The Fund performed in line with the benchmark for the year. Two major themes garnered the majority of the relative performance: yield curve and non-dollar securities. The sub-advisor positioned the portfolio to benefit from rising rates and a flatter yield curve by holding shorter duration securities and maintaining a barbelled position versus the index. Additionally, the manager's exposure to non-dollar securities, based on the belief that the yields on these securities would move lower than comparable US Treasuries, was rewarded. Allocations to spread sectors, primarily corporates and mortgages, were also additive.

BALANCED SERIES

The Balanced Fund seeks to provide a high total return consistent with a broad diversified mix of stocks, bonds and money market instruments and is managed by two sub-advisors: one overseeing the Fund's equity portion and one managing the Fund's fixed income portion. The equity sub-advisor uses a quantitative model that is designed to track the S&P 500 Index closely. Market volatility hampered the quantitative model utilized in the equity portion for the first half of the year. The second half of 2004 presented a slightly more stable environment which complemented the approach. For the year, the S&P 500 Index posted a solid 10.9% return which was matched by the equity portion of the portfolio. Returning just over 9%, the fourth quarter accounted for the bulk of the year's performance.

The Fund's fixed income sub-advisor uses an investment strategy that expands on the more traditional investable fixed income universe, creating a more diversified portfolio that includes some exposure to below-investment grade ("high yield"), non-dollar, and emerging market securities on an opportunistic basis. A shorter duration position relative to the benchmark was additive for the year and the non-dollar allocation was the other main contributor.

The Fund performance captured most of its 8.3% benchmark return, which is 60% S&P500/40% Lehman Aggregate Bond.

VALUE & INCOME SERIES

The Value & Income Fund seeks long-term capital appreciation primarily through investment in a diversified portfolio of common stocks selling at reasonable valuations relative to their future projected earnings. The Fund utilizes a combination of deep and relative value sub-styles. The portfolio delivered healthy absolute gains in 2004, outpacing the broad market but lagging its own Russell 1000 Value Index, which returned 16.5%. Stock selection in media and an overweight in pharmaceuticals detracted from relative returns for the year. These groups were hit by intense negative publicity throughout the year. In addition, the portfolio had a weighted average market capitalization above its benchmark. In an environment where small-capitalization stocks outperformed their mid- and large-capitalization counterparts, this higher market capitalization was a detractor.

GROWTH & INCOME SERIES

The Growth & Income Fund invests in a diversified portfolio of stocks which have the potential to generate long-term capital appreciation and current dividend income. The Fund was restructured in May to utilize three sub-advisors, each with a specific role. The structured core component, sub-advised by Goldman Sachs Asset Management, applies a quantitative model and tracks the benchmark risk closely, while the active value and growth components seek to add more value through fundamental stock selection. The complementary sub-advisors are Ark Asset Management (growth style) and Aronson+Johnson+Ortiz, LP (value style). The restructuring proved beneficial for 2004 as all three managers performed well relative to their respective style benchmarks. For the year, the Fund's performance was in line with the S&P 500 Index return of 10.9%. The Fund's stock selection in aggregate remained strong for the year, especially in the household durables industry of the consumer discretionary sector. Sector allocations, however, had less of an impact on relative performance. Among the top twenty-five holdings at the end of 2004, almost half of the names were also among the top performers in the Fund for the year, including Exxon Mobil Corp., General Electric Company, eBay, Inc. and Johnson & Johnson.

EQUITY GROWTH SERIES

The Equity Growth Fund seeks to provide a high level of capital appreciation through investment in a diversified portfolio of common stocks with the potential for above-average growth in earnings. The Fund utilizes a multi-managed approach with complementary large capitalization growth styles. During the year, the Fund was restructured and a sub-advisor was removed so that the Fund now has just two sub-advisors: Ark Asset Management and Marsico Capital Management.

The Fund outperformed its Russell 1000 Growth benchmark, which returned 6.3% for the year. The best performing sectors -- Utilities, Telecommunications and Energy -- also had the smallest weightings in the Index. As expected, stock selection was the main driver of the Fund's performance. Consumer Discretionary, Healthcare and Financial sectors and names were the main contributors while Information Technology -- a major growth sector -- was flat. The top five performing stocks in the portfolio were UnitedHealth Group Inc., eBay, Inc., QUALCOMM, Inc., General Electric Company and YAHOO!, Inc.

MID-CAP VALUE SERIES

The Mid-Cap Value Fund has a value-oriented investment philosophy grounded in identifying opportunities among companies undergoing material strategic change. The Mid-Cap Value Fund outperformed the Russell Mid Cap Value Index for the year. A large portion of the excess return was generated from stock selection in the Healthcare, Consumer Staples and Financial sectors. The portfolio

returned 37% vs. the Index return of 11% in Healthcare, 51% vs. 21% in Consumer Staples and 30% vs. 25% in Financials. In addition to strong stock selection in Healthcare, an overweight of 5% to the sector was also additive. From a security standpoint the top three contributors for the year were TXU Corp. (Utilities), Brascan Corp. (Financial Services) and CR Bard, Inc. (Healthcare). To close out the year, companies continued to build substantial liquidity positions and 2005 could become a notable year for capital redeployment via mergers and acquisitions, spin offs, large stock buybacks and meaningful dividend increases. The portfolio investment process is dedicated to discovering companies that are efficient in the execution of this process and given the current environment, should find interesting opportunities in the upcoming year.

MID-CAP GROWTH SERIES

The Mid-Cap Growth Fund seeks a high level of capital appreciation through investment in a diversified portfolio of medium size, growth-oriented companies. At the end of the third quarter, the incumbent sub-advisor was replaced by Columbus Circle Investors.

Equity performance during the fourth quarter was the strongest of the year, helping to generate 10% to 20% returns for 2004 and leaving stocks at the highest levels in three years despite continued Iraqi violence, resumed US dollar decline, and the Federal Reserve raising short-term interest rates twice. A confluence of positive events helped power the rally, including a $10 per barrel drop in the price of oil, a definitive outcome to the US Presidential election, and heightened merger and acquisition activity. During the fourth quarter, the mid-growth portfolio gained primarily due to the strength in telecommunication services, industrial, consumer discretionary and select technology stocks.

Strong fourth quarter returns helped the Fund's one year return. As we enter the new year, capital spending, energy services and export oriented industrial activity are areas of interest as are companies that benefit strong secular trends, such as satellite radio and internet telephony.

SMALL-CAP VALUE SERIES

The Small-Cap Value Fund's approach to small-cap equity management is fundamental, bottom-up and value oriented. The strategy identifies stocks of quality companies selling at large discounts to the underlying value of the business. Many small- and mid-capitalization stocks surged in price over the last two years. Most impressive have been the gains registered within the value category of the small-cap universe. Specifically, the Russell 2000 Value Index posted a gain of 22.3% for 2004, on the heels of a 46.0% rise in 2003.

The Small-Cap Value Fund posted strong returns for 2004. Given the more normal economic and investment environment, the sub-advisor's "normalized" free cash flow methodology was rewarded. Strong stock selection in telecommunication services, materials and information technology was the primary driver for the Fund's calendar year performance. For example, the Fund gained 31.7%, 43.5%, and 21.6%, respectively in these three sectors while the Russell 2000 Value Index only returned (19.6)%, 36.7% and 5.3% for the same three sectors. However, sector allocations, particularly a 3.3% overweight to the telecommunication services sector, which was the only major economic sector in the Russell 2000 Value Index to register a negative return for the year, offset partial gains from strong stock selection.

Given the portfolio's emphasis on free cash flow, below are highlighted two examples of how portfolio holdings are adding to intrinsic value. Delta & Pine Land Company (DLP) dominates the cotton seed industry with over 80% share of the market for genetically modified cotton seeds. Its business is stable domestically and claims growth potential overseas. The company has built up a cash balance of more than $150 million with no debt. The sub-advisor has actively worked with DLP's

management and board to encourage restructuring the company's balance sheet to return excess cash to shareholders and to introduce debt. The sub-advisor believes DLP's intrinsic value may improve 10-15% through a combination of a reduced share count and lowered weighted average cost of capital.

Another company that is restructuring its capital allocations is Post Properties, Inc. (PPS). Unlike many of its REIT counterparts, management of PPS has embarked on a strategy of downsizing the company and taking advantage of high valuations. In an environment where cap rates have reached historic lows of 5%, PPS is selling properties, reducing leverage, and returning capital to shareholders.

SPECIAL EQUITY SERIES

The Special Equity Fund is managed by five sub-advisors: two small-cap growth managers, two small-cap value managers, and one small-cap core manager. A multiple manager approach is utilized to assist in maximizing opportunities and dampening the volatility often associated with small-capitalization stocks. The Fund trailed the Russell 2000 Index for 2004. Stock selection was the primary driver for the underperformance, while sector allocations also had a small negative effect. Holdings that detracted from performance were primarily consumer discretionary names, such as Cox Radio Inc., Emmis Communications Corp., and Ruby Tuesday, Inc. In aggregate, stock selection in the consumer discretionary sector cost the Fund 2.5% in the relative performance, as the Fund returned 5.4% in this sector compared to the benchmark's 18.8%. Additionally, underweighted positions in the top-performing energy and materials sectors, which returned 56.7% and 34.6%, respectively, within the benchmark for the year, further detracted performance. Positive contributors to performance included Peoples Bank Bridgeport, InfoSpace Inc., and CNET Networks. Strong stock selection in the financial sector also added to performance.

SMALL-CAP GROWTH SERIES

The Small-Cap Growth Fund seeks a high level of capital appreciation through investment in a diversified portfolio of small-growth oriented or emerging growth companies that are believed to offer above average opportunities for long-term price appreciation. The Small-Cap Growth Fund finished the year with strong gains, but relative performance trailed that of the benchmark Russell 2000 Growth Index. The year's relative performance was largely due to stock selection in the technology and healthcare sectors as well as a relative underweight in the energy and basic industry/capital goods sectors. Strong performance in the consumer non-durables sector helped to offset these factors.

Among individual names, Urban Outfitters, Inc. was the biggest positive contributor to performance, rising more than 100% during the year as it continued to deliver strong earnings and sales growth. Coach, Inc. also continued to surpass expectations on earnings and sales growth and gained almost 50%. Travel-related firms also did well during the year with Four Seasons Hotels, Inc. delivering returns in excess of 50%.

Technology-related stocks comprised many of the worst performing stocks during the year as many companies failed to live up to lofty expectations. O2 Micro International, Ltd., Asyst Technology and Varian Semiconductor Equipment Associates, Inc. are three technology companies in the portfolio that performed poorly during the past year. The sub-advisor exited from Asyst Technology and Varian Semiconductor Equipment Associates, Inc., but opted to continue to hold O2 Micro International, Ltd.

For the coming year, the Fund will continue to seek out and hold those companies that have established market leadership and which the sub-advisor feels will be able to post superior earnings and sales growth.

(UNAUDITED)

AGGRESSIVE EQUITY SERIES

The Aggressive Equity Fund seeks to provide long-term capital appreciation through investment in large-capitalization, high-growth companies. The Fund invests in stocks which present an opportunity for significant increases in earnings, revenue and/or value. At the end of the third quarter, the Fund's objective was refined from one of all-capitalization growth to large-capitalization growth. Correspondingly, there was also a change in the Fund's sub-advisor, which is now Turner Investment Partners.

The Russell 1000 Growth Index posted 6.3% for the year. Growth lagged value in large part because the best performing sectors -- Utilities, Telecommunications and Energy -- had the smallest weightings in the Growth Index. The Fund relied on stock selection as the main driver of performance for these sectors. Consumer Discretionary, Financial and Information Technology sectors and names were the main contributors while Industrials failed to add value. The top performing stocks in the portfolio included Elan, Cooper Cos., Palmone, Urban Outfitters, Inc., XTO Energy and Apple Computer, Inc.

HIGH YIELD BOND SERIES

The High Yield Bond Fund seeks high current income as is consistent with providing reasonable safety of principal by investing in lower rated, high-yield corporate debt securities. Risk taking continued to be rewarded in 2004 in the high-yield space, as lower rated issues, such as B and CCC, benefited from improving credit ratings and better earnings fundamentals. In addition, such issues tend to be less sensitive to rising interest rates compared to higher rated credit sectors, such as BB. For the year, according to the Merrill Lynch High Yield Master II Index, CCC rated bonds gained 15.7%, followed by the B sector, which returned 10.4%. The BB sector only finished the year with a 9.3% return. The Fund's overweight to the CCC and B sectors at the expense of the BB sector contributed significantly to performance in 2004. Sector allocation decisions, however, had a slightly negative impact on relative performance, including an underweight to the strong energy industry and an overweight to the lagging cable/satellite TV industry. Energy issues in aggregate returned 12.3% for the Index, while cable/satellite TV trailed with a return of 8.3% for the year. In combination, these factors meant that the fund had strong absolute performance in line with the benchmark, but fell short of the 10.9% index return.

INTERNATIONAL EQUITY SERIES

The International Equity Fund provides access to international stock markets, which represent approximately two-thirds of the investment opportunities available worldwide. The International Equity Fund underwent a sub-advisory change in March as the incumbent was replaced with two style specific managers, Wellington Management Company and LSV Asset Management. The new structure pairs a growth manager, Wellington Management Company, with a value manager, LSV Asset Management. This coupling achieves the Fund objective which is an overall core approach in the international space.

The portfolio posted strong returns for the year, slightly trailing the MSCI World Ex-US Index return of 20.8%. Value outpaced growth for the second half of the year to bring it in firmly ahead of growth for 2004. As a result, the slight overweight to value within the portfolio was beneficial. From a cap size perspective, small and mid-caps led performance; therefore, the lower-than-benchmark average market cap for the portfolio was also additive. Looking at country selection, the overall contribution was slightly negative. The UK was the largest allocation (21%) at year end and largest overweight (7%) in the portfolio. Strong stock selection in the UK added to performance. Currency contribution was slightly negative, but is not an alpha generator and is expected to be neutral.

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DIVERSIFIED INVESTORS PORTFOLIOS

STATEMENTS OF ASSETS AND LIABILITIES

DECEMBER 31, 2004

	MONEY MARKET	HIGH QUALITY BOND	INTERMEDIATE GOVERNMENT BOND	CORE BOND	BALANCED	VALUE & INCOME
ASSETS:						
Securities, at cost	$748,623,310	$717,304,799	$350,694,701	$2,171,881,538	$418,696,867	$2,305,368,292
Securities, at value, including investments held as collateral for securities out on loan (Note 4)	$748,623,310	$710,319,325	$350,417,547	$2,180,919,786	$453,538,283	$2,744,291,344
Repurchase agreements (cost equals market)	60,216,832	698,287	6,103,722	46,075,207	8,603,926	66,108,926
Cash	--	--	--	--	19,097	--
Foreign currency holdings, at value (cost $31,058, $3,246 and $15,335,728, respectively)	--	--	--	31,276	3,281	--
Receivable for securities sold	--	--	10,312,500	236,270,070	24,248,450	996,418
Unrealized appreciation on foreign currency forward contracts	--	--	--	2,784,501	303,961	--
Variation margin	--	--	--	--	32,188	--
Interest receivable	752,643	4,296,758	1,630,660	14,357,614	1,262,549	10,224
Dividends receivable	--	--	--	--	370,179	4,138,415
Foreign tax reclaim receivable	--	--	--	--	--	1,879
Receivable from Advisor	--	--	20,940	--	5,991	--
Receivable from securities lending (net)	--	4,305	16,613	8,111	1,991	9,536
Total assets	809,592,785	715,318,675	368,501,982	2,480,446,565	488,389,896	2,815,556,742
LIABILITIES:						
Due to Advisor	3,362	--	--	1,220	--	--
Due to Custodian	--	--	--	--	--	--
Collateral for securities out on loan	--	24,475,000	64,248,067	357,709,666	24,760,913	108,351,744
Foreign currency due to Custodian, at value (cost $113,948)	--	--	--	--	--	--
Payable for securities purchased	--	--	47,617,584	290,105,164	27,991,206	599,598
Securities sold short, at value (proceeds $168,103,608 and $14,888,708, respectively)	--	--	--	167,792,788	14,856,967	--
Unrealized depreciation on foreign currency forward contracts	--	--	--	8,811,052	849,714	--
Variation margin	--	--	--	72,047	--	--
Investment advisory fees	177,743	204,564	77,951	493,237	159,974	1,020,983
Accrued expenses	59,295	44,733	55,729	93,506	44,433	121,095
Contingent liability (Note 6)	--	--	--	--	--	--
Total liabilities	240,400	24,724,297	111,999,331	825,078,680	68,663,207	110,093,420
NET ASSETS	$809,352,385	$690,594,378	$256,502,651	$1,655,367,885	$419,726,689	$2,705,463,322

See notes to financial statements.

<Table>
<Caption>
GROWTH & EQUITY MID-CAP MID-CAP SMALL-CAP SPECIAL SMALL-CAP

	INCOME	GROWTH	VALUE	GROWTH	VALUE	EQUITY	GROWTH
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
	$1,100,909,061	$2,134,500,942	$398,607,948	$224,614,152	$162,178,255	$1,176,986,716	$123,461,318
	$1,214,103,718	$2,459,214,200	$452,395,238	$255,104,120	$193,589,256	$1,362,672,110	$137,958,965
	7,071,418	41,295,933	22,804,390	5,082,338	1,367,599	26,260,855	1,887,631
	--	--	--	--	--	1,067,441	--
	--	--	--	--	--	--	--
	2,615,671	4,690,905	4,318,789	412,396	--	10,445,848	47,359
	--	--	--	--	--	--	--
	--	--	--	--	--	2,295	--
	5,683	14,872	4,854	3,415	1,448	12,059	2,059
	1,490,823	2,151,635	395,854	34,242	176,671	1,221,493	22,574
	934	654	4,788	--	--	1,257	214
	--	--	2,397	31,093	4,061	--	2,271
	37,589	13,295	7,426	11,006	1,188	47,078	3,731
	1,225,325,836	2,507,381,494	479,933,736	260,678,610	195,140,223	1,401,730,436	139,924,804
	6,673	4,920	--	--	--	--	--
	--	8,998	--	--	--	5,747	--
	85,014,118	203,440,449	58,613,178	50,393,267	22,031,456	171,006,787	31,366,433
	--	--	--	--	--	117,942	--
	3,719,182	12,057,374	6,351,818	--	227,162	2,052,639	22,745
	--	--	--	--	--	--	--
	--	--	--	--	--	2,369	--
	475	--	--	--	--	--	--
	579,529	1,194,720	228,378	125,524	117,192	895,583	77,619
	57,425	115,086	29,683	58,947	28,464	118,627	28,855
	--	--	--	--	--	--	--
	89,377,402	216,821,547	65,223,057	50,577,738	22,404,274	174,199,694	31,495,652
	$1,135,948,434	$2,290,559,947	$414,710,679	$210,100,872	$172,735,949	$1,227,530,742	$108,429,152

<Caption>

	AGGRESSIVE EQUITY	HIGH YIELD BOND	INTERNATIONAL EQUITY
<S>	<C>	<C>	<C>
	$384,745,597	$308,558,949	$1,262,989,346
	$438,572,257	$329,712,140	$1,494,028,564
	--	16,169,442	15,085,220
	--	--	--
	--	--	15,490,725
	3,187,268	1,725,550	17,063,507
	--	--	97,112
	--	--	--
	2,643	6,638,496	132,789
	83,911	--	1,255,943
	--	--	630,089
	25,897	811	--
	8,840	--	65,737
	441,880,816	354,246,439	1,543,849,686
	--	--	--
	856,129	--	--
	42,298,930	--	127,122,222
	--	--	--
	674,689	2,268,187	14,057,632
	--	--	--
	--	3,950	44,823
	--	--	--
	261,493	162,774	870,732
	62,708	38,992	136,333
	--	--	--

44,153,949	2,473,903	142,231,742
$397,726,867	$351,772,536	$1,401,617,944

</Table>

DIVERSIFIED INVESTORS PORTFOLIOS

STATEMENTS OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2004

<Table>
<Caption>

<S>	MONEY MARKET <C>	HIGH QUALITY BOND <C>	INTERMEDIATE GOVERNMENT BOND <C>	CORE BOND <C>	BALANCED <C>	VALUE & INCOME <C>
INVESTMENT INCOME:						
Interest income............................	$11,986,198	$22,311,088	$ 7,666,832	$61,599,370	$ 5,956,010	$ 479,807
Securities lending income (net)............	--	29,633	133,678	301,101	36,417	145,453
Dividend income............................	--	--	--	--	5,369,252	54,262,719
Less: foreign withholding taxes............	--	--	--	--	--	(204,499)
Total income...............................	11,986,198	22,340,721	7,800,510	61,900,471	11,361,679	54,683,480
EXPENSES:						
Investment advisory fees...................	2,056,993	2,341,487	948,718	5,404,392	1,887,638	10,846,077
Custody fees...............................	168,276	172,231	84,652	554,099	246,669	472,468
Audit fees.................................	23,901	28,147	28,494	32,663	27,984	28,851
Legal fees.................................	35,069	14,456	49,424	33,913	7,534	203,840
Reports to shareholders....................	35,191	5,627	28,969	13,284	2,564	20,110
Miscellaneous fees.........................	4,128	3,419	1,407	6,668	5,595	20,801
Total expenses.............................	2,323,558	2,565,367	1,141,664	6,045,019	2,177,984	11,592,147
Expenses reimbursed by the Advisor.........	--	--	(57,448)	--	(80,562)	--
Net expenses...............................	2,323,558	2,565,367	1,084,216	6,045,019	2,097,422	11,592,147
NET INVESTMENT INCOME (LOSS)...............	9,662,640	19,775,354	6,716,294	55,855,452	9,264,257	43,091,333
REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS:						
Net realized gains (losses) on transactions from:						
Securities................................	(68,909)	151,339	(958,216)	17,584,819	28,014,567	136,210,030
Futures, written options and short sales...	--	--	--	2,034,427	275,477	--
Foreign currency transactions.............	--	--	--	754,587	(797,829)	--
Change in net unrealized appreciation (depreciation) on:						
Securities................................	--	(10,070,723)	(1,623,256)	(9,954,093)	(4,120,704)	124,599,254
Futures, written options and short sales...	--	--	--	1,831,989	352,272	--
Foreign currency translations.............	--	--	--	3,018,058	326,110	--
Net realized and unrealized gains (losses) on investments............................	(68,909)	(9,919,384)	(2,581,472)	15,269,787	24,049,893	260,809,284
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS.................	$ 9,593,731	$ 9,855,970	$ 4,134,822	$71,125,239	$33,314,150	$303,900,617

</Table>

See notes to financial statements.

<Table>
<Caption>

GROWTH & INCOME	EQUITY GROWTH	MID-CAP VALUE	MID-CAP GROWTH	SMALL-CAP VALUE	SPECIAL EQUITY	SMALL-CAP GROWTH	AGGRESSIVE EQUITY	HIGH YIELD BOND

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
	$ 118,829	$ 486,864	$ 174,747	$ 37,887	$ 41,507	$ 305,771	$ 25,539	$ 103,517	$26,584,824
	77,418	110,292	54,391	47,417	32,477	435,904	27,965	114,805	--
	19,764,058	26,963,291	4,272,824	777,190	1,555,269	12,022,367	326,788	1,524,038	238,798
	(13,548)	(48,306)	(42,090)	(1,445)	--	(11,321)	(1,936)	(9,998)	--
	19,946,757	27,512,141	4,459,872	861,049	1,629,253	12,752,721	378,356	1,732,362	26,823,622
	6,428,226	12,888,076	2,004,782	1,349,517	1,150,035	10,328,852	836,819	3,401,765	1,702,720
	261,661	427,707	100,606	58,237	63,438	371,302	68,091	70,198	122,730
	28,263	31,675	22,262	22,178	27,196	29,777	27,172	27,027	29,020
	34,733	54,795	6,482	16,529	2,992	38,391	1,934	20,856	8,414
	77,203	47,239	2,378	31,075	1,084	40,371	795	32,846	2,650
	9,361	17,817	2,590	1,555	1,288	10,889	925	3,221	1,598
	6,839,447	13,467,309	2,139,100	1,479,091	1,246,033	10,819,582	935,736	3,555,913	1,867,132
	--	--	(42,344)	(72,900)	(53,146)	--	(69,756)	(43,307)	(8,915)
	6,839,447	13,467,309	2,096,756	1,406,191	1,192,887	10,819,582	865,980	3,512,606	1,858,217
	13,107,310	14,044,832	2,363,116	(545,142)	436,366	1,933,139	(487,624)	(1,780,244)	24,965,405
	115,263,875	31,940,963	42,407,767	12,882,888	11,963,670	237,402,239	8,624,552	53,282,314	2,115,482
	218,837	--	--	--	--	383,845	--	--	--
	--	(195,930)	--	--	--	(1,419)	--	--	(38,584)
	(14,746,118)	124,528,399	28,735,824	14,287,960	16,063,298	(94,435,273)	1,287,183	(6,938,097)	4,878,847
	(25,648)	--	--	--	--	(63,125)	--	--	--
	--	252,838	--	--	--	(128)	--	--	(2,274)
	100,710,946	156,526,270	71,143,591	27,170,848	28,026,968	143,286,139	9,911,735	46,344,217	6,953,471
	$113,818,256	$170,571,102	$73,506,707	$26,625,706	$28,463,334	$145,219,278	$9,424,111	$44,563,973	$31,918,876

<Caption>

	INTERNATIONAL EQUITY
<S>	<C>
	$ 342,745
	916,541
	34,265,596
	(3,475,347)
	32,049,535
	8,840,962
	1,236,229
	31,571
	41,346
	51,626
	10,146
	10,211,880
	--
	10,211,880
	21,837,655
	115,705,922
	--
	(1,206,452)
	90,404,364
	--
	1,402,931
	206,306,765
	$228,144,420

</Table>

DIVERSIFIED INVESTORS PORTFOLIOS

STATEMENTS OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2004

<Table>
<Caption>

	MONEY MARKET	HIGH QUALITY BOND	INTERMEDIATE GOVERNMENT BOND	CORE BOND	BALANCED	VALUE & INCOME
<S>	<C>	<C>	<C>	<C>	<C>	<C>
FROM OPERATIONS:						
Net investment income (loss)......................	$ 9,662,640	$ 19,775,354	$ 6,716,294	$ 55,855,452	$ 9,264,257	$ 43,091,333
Net realized gains (losses) on transactions from:						
Securities..................	(68,909)	151,339	(958,216)	17,584,819	28,014,567	136,210,030
Futures, written options and short sales...............	--	--	--	2,034,427	275,477	--
Foreign currency transactions..............	--	--	--	754,587	(797,829)	--
Change in net unrealized appreciation (depreciation) on:						
Securities..................	--	(10,070,723)	(1,623,256)	(9,954,093)	(4,120,704)	124,599,254
Futures, written options and short sales...............	--	--	--	1,831,989	352,272	--
Foreign currency translations..............	--	--	--	3,018,058	326,110	--
Net increase (decrease) in net assets resulting from operations..................	9,593,731	9,855,970	4,134,822	71,125,239	33,314,150	303,900,617
FROM TRANSACTIONS IN INVESTORS' BENEFICIAL INTERESTS:						
Contributions...............	2,390,217,896	297,813,199	108,850,896	481,906,477	80,900,947	698,778,362
Withdrawals.................	(2,390,031,840)	(239,823,125)	(122,003,055)	(366,450,838)	(128,574,240)	(495,301,392)
Net increase (decrease) in net assets resulting from transactions in investors' beneficial interests........	186,056	57,990,074	(13,152,159)	115,455,639	(47,673,293)	203,476,970
Net increase (decrease) in net assets..................	9,779,787	67,846,044	(9,017,337)	186,580,878	(14,359,143)	507,377,587
NET ASSETS:						
Beginning of year...........	799,572,598	622,748,334	265,519,988	1,468,787,007	434,085,832	2,198,085,735
End of year..................	$ 809,352,385	$ 690,594,378	$256,502,651	$1,655,367,885	$ 419,726,689	$2,705,463,322

</Table>

See notes to financial statements.

<Table>
<Caption>

	GROWTH & INCOME	EQUITY GROWTH	MID-CAP VALUE	MID-CAP GROWTH	SMALL-CAP VALUE	SPECIAL EQUITY	SMALL-CAP GROWTH	AGGRESSIVE EQUITY
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
	$ 13,107,310	$ 14,044,832	$ 2,363,116	$ (545,142)	$ 436,366	$ 1,933,139	$ (487,624)	$ (1,780,244)
	115,263,875	31,940,963	42,407,767	12,882,888	11,963,670	237,402,239	8,624,552	53,282,314
	218,837	--	--	--	--	383,845	--	--
	--	(195,930)	--	--	--	(1,419)	--	--
	(14,746,118)	124,528,399	28,735,824	14,287,960	16,063,298	(94,435,273)	1,287,183	(6,938,097)
	(25,648)	--	--	--	--	(63,125)	--	--
	--	252,838	--	--	--	(128)	--	--
	113,818,256	170,571,102	73,506,707	26,625,706	28,463,334	145,219,278	9,424,111	44,563,973
	240,606,463	588,107,212	187,619,787	70,645,237	81,981,796	387,584,089	48,004,475	134,545,173
	(281,865,617)	(443,755,067)	(62,608,934)	(52,917,945)	(38,596,639)	(575,873,750)	(32,589,077)	(152,715,289)
	(41,259,154)	144,352,145	125,010,853	17,727,292	43,385,157	(188,289,661)	15,415,398	(18,170,116)
	72,559,102	314,923,247	198,517,560	44,352,998	71,848,491	(43,070,383)	24,839,509	26,393,857

1,063,389,332	1,975,636,700	216,193,119	165,747,874	100,887,458	1,270,601,125	83,589,643	371,333,010
$1,135,948,434	$2,290,559,947	$414,710,679	$210,100,872	$172,735,949	$1,227,530,742	$108,429,152	$ 397,726,867

HIGH YIELD BOND	INTERNATIONAL EQUITY
$ 24,965,405	$ 21,837,655
2,115,482	115,705,922
--	--
(38,584)	(1,206,452)
4,878,847	90,404,364
--	--
(2,274)	1,402,931
31,918,876	228,144,420
119,654,473	363,246,391
(82,501,587)	(238,806,763)
37,152,886	124,439,628
69,071,762	352,584,048
282,700,774	1,049,033,896
$351,772,536	$1,401,617,944

DIVERSIFIED INVESTORS PORTFOLIOS

STATEMENTS OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2003

	MONEY MARKET	HIGH QUALITY BOND	INTERMEDIATE GOVERNMENT BOND	CORE BOND	BALANCED	VALUE & INCOME
FROM OPERATIONS:						
Net investment income (loss)...	$ 9,979,725	$ 17,159,281	$ 9,450,274	$ 44,628,727	$ 8,599,312	$ 34,499,497
Net realized gains (losses) on transactions from:						
Securities....................	2,502	1,053,699	9,090,837	33,834,691	(2,378,526)	(14,947,882)
Futures, written options and short sales.................	--	--	--	(7,377,329)	(381,773)	--
Foreign currency transactions................	--	--	--	(9,734,134)	(1,376,703)	--
Change in net unrealized appreciation (depreciation) on:						
Securities....................	--	(6,996,509)	(12,217,945)	(7,048,140)	61,359,689	432,326,774
Futures, written options and short sales.................	--	--	--	4,245,398	320,215	--
Foreign currency translations................	--	--	--	(8,285,094)	(677,257)	--
Net increase (decrease) in net assets resulting from operations....................	9,982,227	11,216,471	6,323,166	50,264,119	65,464,957	451,878,389
FROM TRANSACTIONS IN INVESTORS' BENEFICIAL INTERESTS:						
Contributions................	4,895,275,949	443,551,095	136,326,640	1,006,604,253	87,161,756	787,647,945
Withdrawals..................	(4,970,458,524)	(271,034,250)	(235,135,208)	(587,705,969)	(94,286,493)	(594,600,404)
Net increase (decrease) in net assets resulting from						

transactions in investors' beneficial interests..........	(75,182,575)	172,516,845	(98,808,568)	418,898,284	(7,124,737)	193,047,541
Net increase (decrease) in net assets........................	(65,200,348)	183,733,316	(92,485,402)	469,162,403	58,340,220	644,925,930
NET ASSETS:						
Beginning of year.............	864,772,946	439,015,018	358,005,390	999,624,604	375,745,612	1,553,159,805
End of year...................	$ 799,572,598	$ 622,748,334	$265,519,988	$1,468,787,007	$434,085,832	$2,198,085,735

</Table>

See notes to financial statements.

<Table>
<Caption>

<S>	GROWTH & INCOME	EQUITY GROWTH	MID-CAP VALUE	MID-CAP GROWTH	SMALL-CAP VALUE	SPECIAL EQUITY	SMALL-CAP GROWTH	AGGRESSIVE EQUITY
	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
	$ 9,209,845	$ 5,160,875	$ 630,628	$ (295,799)	$ 661,360	$ (259,523)	$ (78,423)	$ (1,976,889)
	(18,757,982)	(53,877,311)	16,382,379	7,924,068	3,460,669	93,446,698	3,962,414	28,566,283
	393,990	--	--	--	--	1,993,411	--	--
	--	(448,279)	12	--	--	--	--	--
	212,270,922	409,432,264	26,563,475	16,015,678	16,155,804	300,788,244	12,202,135	56,018,993
	183,859	--	--	--	--	229,855	--	--
	--	(253,185)	--	--	--	--	--	--
	203,300,634	360,014,364	43,576,494	23,643,947	20,277,833	396,198,685	16,086,126	82,608,387
	426,163,342	842,583,806	152,858,411	117,035,920	74,205,600	619,304,338	60,627,113	219,225,766
	(365,696,147)	(373,850,553)	(27,871,166)	(19,202,750)	(11,516,201)	(750,860,756)	(9,645,051)	(242,800,742)
		468,733,253	124,987,245	97,833,170	62,689,399	(131,556,418)	50,982,062	(23,574,976)
	60,467,195							
	263,767,829	828,747,617	168,563,739	121,477,117	82,967,232	264,642,267	67,068,188	59,033,411
	799,621,503	1,146,889,083	47,629,380	44,270,757	17,920,226	1,005,958,858	16,521,455	312,299,599
	$1,063,389,332	$1,975,636,700	$216,193,119	$165,747,874	$100,887,458	$1,270,601,125	$83,589,643	$ 371,333,010

<Caption>

<S>	HIGH YIELD BOND	INTERNATIONAL EQUITY
	<C>	<C>
	$ 21,480,918	$ 8,873,734
	14,222,810	(29,216,895)
	--	--
	--	4,292,233
	23,379,451	279,190,953
	--	--
	--	(2,877,612)
	59,083,179	260,262,413
	164,492,103	1,663,422,826
	(148,960,043)	(1,531,539,691)
	15,532,060	131,883,135
	74,615,239	392,145,548
	208,085,535	656,888,348
	$ 282,700,774	$ 1,049,033,896

</Table>

MONEY MARKET PORTFOLIO

PORTFOLIO OF INVESTMENTS

DECEMBER 31, 2004

PRINCIPAL		VALUE
	COMMERCIAL PAPER -- 43.2%	
$31,650,000	Abbey National NA LLC, 2.17%, 01/04/05	$ 31,644,277
18,960,000	Bank of America Corp., 2.11%, 02/02/05	18,924,440
32,380,000	Barclays US Funding LLC, 2.34%, 02/28/05	32,257,925
32,350,000	Calyon North America, Inc., 2.24%, 01/19/05	32,313,768
33,780,000	Credit Suisse First Boston NY, 1.95%, 01/03/05	33,776,341
34,990,000	HSBC Americas, Inc., 2.34%, 01/20/05	34,946,787
32,240,000	ING (US) Funding LLC, 2.28%, 02/04/05	32,170,577
35,100,000	Jupiter Securities Corp. -- 144A, 2.35%, 01/18/05	35,061,132
35,040,000	Morgan Stanley, 2.34%, 01/25/05	34,985,338
31,410,000	Rabobank USA Financial Corp., 2.16%, 01/18/05	31,377,962
31,920,000	UBS Finance (Delaware), Inc., 2.20%, 01/06/05	31,910,247
	TOTAL COMMERCIAL PAPER (Cost $349,368,794)	349,368,794
	DOMESTIC CERTIFICATES OF DEPOSIT -- 4.3%	
34,990,000	Wells Fargo Bank NA, 2.32%, 01/07/05 (Cost $34,990,000)	34,990,000
	YANKEE CERTIFICATES OF DEPOSIT -- 16.3%	
32,280,000	Bank of Montreal, 2.27%, 02/01/05	32,280,000
32,360,000	Dexia Bank, 2.24%, 01/05/05	32,360,000
32,320,000	HBOS Treasury Services PLC, 2.31%, 02/09/05	32,320,000
34,880,000	Toronto Dominion Holdings, 2.39%, 02/25/05	34,880,000
	TOTAL YANKEE CERTIFICATES OF DEPOSIT (Cost $131,840,000)	131,840,000
	MEDIUM TERM CORPORATE NOTES -- 1.6%	
13,000,000	Caterpillar Financial Service Corp., Floating Rate, 2.18%, 07/09/05(a) (Cost $13,000,000)	13,000,000

PRINCIPAL		VALUE
	SHORT TERM US GOVERNMENT AGENCY SECURITIES -- 23.3%	
	FANNIE MAE -- 11.7%	
$26,560,000	2.13%, 01/03/05	$ 26,556,857
9,260,000	1.87%, 02/23/05	9,234,507
20,200,000	Floating Rate, 1.50%, 02/14/05(a)	20,200,000
25,000,000	2.07%, 04/29/05	24,830,785
14,100,000	Floating Rate, 2.36%, 06/09/05(a)	14,098,258
		94,920,407

	FEDERAL HOME LOAN BANK -- 5.5%	
7,650,000	1.47%, 03/01/05.............	7,650,000
20,200,000	1.40%, 04/01/05.............	20,199,889
16,500,000	1.66%, 05/16/05.............	16,508,274
		44,358,163
	FREDDIE MAC -- 6.1%	
20,200,000	Floating Rate, 1.50%, 02/14/05(a)..........	20,200,000
15,000,000	2.34%, 03/08/05.............	14,935,733
14,100,000	Floating Rate, 2.00%, 10/07/05(a)..........	14,100,000
		49,235,733
	TOTAL SHORT TERM US GOVERNMENT AGENCY SECURITIES (Cost $188,514,303).........	188,514,303
	SHORT TERM CORPORATE NOTES -- 3.8%	
16,900,000	American Express Credit Company, Floating Rate, 2.38%, 04/05/05(a)..........	16,910,213
14,000,000	Merrill Lynch & Company, Floating Rate, 2.54%, 03/11/05(a)..........	14,000,000
	TOTAL SHORT TERM CORPORATE NOTES (Cost $30,910,213)..........	30,910,213
	TOTAL SECURITIES (Cost $748,623,310).........	748,623,310

</Table>

See notes to financial statements.

MONEY MARKET PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
<Caption>

PRINCIPAL		VALUE
<C>	<S>	<C>
	REPURCHASE AGREEMENTS -- 7.4%	
$60,210,000	With Barclays Bank PLC, dated 12/31/04, 2.25%, due 01/03/05, repurchase proceeds at maturity $60,221,289 (Collateralized by Fannie Mae Discount Note, zero coupon, due 02/07/05, with a value of $10,274,250, various Fannie Maes, 2.00% -- 3.88%, due 03/15/05-01/26/07, with a total value of $16,412,699, Federal Home Loan Bank, 2.38%, due 04/05/06, with a value of $10,514,554, Federal Home Loan Bank Discount Note, zero coupon, due 06/03/05, with a value of $3,405,727, Freddie Mac, 4.00%, due 08/10/09, with a value of $10,170,467, and Tennessee Valley Authority, 6.38%, due 06/15/05, with a value of	

	$10,636,804)	$ 60,210,000
6,832	With Investors Bank & Trust, dated 12/31/04, 1.88%, due 01/03/05, repurchase proceeds at maturity $6,833 (Collateralized by Freddie Mac, 2.95%, due 03/15/32, with a value of $7,210)	6,832
	TOTAL REPURCHASE AGREEMENTS (Cost $60,216,832)	60,216,832
	Total Investments -- 99.9% (Cost $808,840,142)	808,840,142
	Other assets less liabilities -- 0.1%	512,243
	NET ASSETS -- 100.0%	$809,352,385

</Table>

The aggregate cost of securities for federal income tax purposes at December 31, 2004 is $808,840,142.

See summary of footnotes and abbreviations to portfolios.

See notes to financial statements.

HIGH QUALITY BOND PORTFOLIO

PORTFOLIO OF INVESTMENTS

DECEMBER 31, 2004

<Table>
<Caption>

PRINCIPAL		VALUE
	CORPORATE BONDS AND NOTES -- 76.4%	
	BANKS -- 17.8%	
$ 1,000,000	Abbey National PLC, Series EMTN, 6.69%, 10/17/05	$ 1,025,126
6,490,000	ABN AMRO Bank NV (Chicago), 7.25%, 05/31/05	6,602,082
5,000,000	Amsouth Bank NA, Series BKNT, Floating Rate, 2.13%, 01/20/06(b)	5,004,810
1,000,000	Bank of America Corp., 6.20%, 02/15/06	1,032,705
4,000,000	Bank of America Corp., 7.13%, 03/01/09	4,471,824
1,500,000	Bank of America Corp., Series MTN1, Floating Rate, 2.63%, 08/26/05(b)	1,502,637
4,100,000	Bank of Montreal-Chicago, 6.10%, 09/15/05	4,185,690
3,000,000	Bank of Montreal-Chicago, 7.80%, 04/01/07	3,260,286
4,000,000	Bank of Scotland -- 144A, 3.50%, 11/30/07	3,988,860
2,000,000	BankBoston NA, Series BKNT, 6.38%, 04/15/08	2,157,862
1,000,000	Bayerische Landesbank, 4.13%, 01/14/05	1,000,358
2,500,000	Deutsche Bank Financial, 6.70%, 12/13/06	2,652,863

2,000,000	Fifth Third Bank, 6.75%, 07/15/05.............	2,040,112
2,000,000	HBOS Treasury Services PLC -- 144A, 3.75%, 09/30/08.............	1,998,392
5,333,000	HSBC Bank PLC, 7.63%, 06/15/06.............	5,690,823
1,000,000	HSBC Bank PLC, 6.95%, 03/15/11.............	1,152,514
2,650,000	Inter-American Development Bank, 8.40%, 09/01/09.............	3,143,099
5,000,000	KFW International Finance, Series DTC, 5.25%, 06/28/06.............	5,162,920
2,000,000	KFW International Finance, Series DTC, 4.75%, 01/24/07.............	2,063,306
5,000,000	National City Bank, Series BKNT, 2.70%, 08/24/09.............	4,872,050
1,000,000	National Westminster Bank, 7.38%, 10/01/09.............	1,139,590
6,115,000	Nordea Bank (Finland), 6.50%, 01/15/06.............	6,324,151
5,000,000	SouthTrust Bank NA, Series BKNT, Floating Rate, 2.43%, 12/14/05(b)..........	5,002,740

</Table>

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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	BANKS (CONTINUED)	
$ 4,000,000	SunTrust Banks, Inc., Series BKNT, Floating Rate, 2.56%, 10/03/05(b)..........	$ 4,003,076
3,000,000	Svenska Handelsbanken, 8.13%, 08/15/07.............	3,327,258
3,000,000	Swiss Bank Corp., 7.25%, 09/01/06.............	3,189,144
3,000,000	US Bancorp, Series MTNN, 5.10%, 07/15/07.............	3,104,679
2,145,000	US Bank NA (Minnesota), Series BKNT, 7.30%, 08/15/05.............	2,194,148
3,000,000	US Bank NA, Series BKNT, Floating Rate, 2.44%, 12/05/05(b)..........	3,001,110
3,500,000	US Central Credit Union, 2.75%, 05/30/08.............	3,390,338
1,500,000	Wachovia Corp., 7.55%, 08/18/05.............	1,542,872
7,000,000	Wachovia Corp., Floating Rate, 2.50%, 07/20/07(c)..........	7,003,170
3,166,000	Wells Fargo & Company, 6.88%, 04/01/06.............	3,301,951
2,000,000	Wells Fargo & Company, Floating Rate, 2.56%, 06/12/06(b)..........	2,003,318
4,000,000	Wells Fargo & Company, Floating Rate, 2.58%, 09/15/06(b)..........	4,006,836
6,000,000	Wells Fargo & Company, Floating Rate, 2.61%, 09/28/07(b)..........	6,005,784
1,000,000	Wells Fargo & Company, Series MTNH, 6.75%, 10/01/06.............	1,060,907
		122,609,391
	BUSINESS SERVICES AND SUPPLIES -- 0.4%	
2,500,000	First Data Corp., 6.75%, 07/15/05.............	2,551,328
	FINANCIAL SERVICES -- 9.0%	
4,000,000	Associates Corp. NA, Series MTNH, 7.63%, 04/27/05.............	4,060,384

5,000,000	Citigroup, Inc., 3.50%, 02/01/08.............	4,981,295
4,500,000	Citigroup, Inc., Floating Rate, 2.50%, 06/04/07(b)..........	4,504,068
3,570,000	General Electric Capital Corp., 8.30%, 09/20/09.............	4,175,433
1,000,000	General Electric Capital Corp., Series MTNA, 8.70%, 03/01/07.............	1,105,288
6,000,000	Goldman Sachs Group, Inc., Series MTN1, Floating Rate, 2.20%, 01/09/07(b)..........	6,010,860

</Table>

See notes to financial statements.

HIGH QUALITY BOND PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
<Caption>

PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	FINANCIAL SERVICES (CONTINUED)	
$ 8,000,000	Heller Financial, Inc., 8.00%, 06/15/05.............	$ 8,180,823
1,000,000	Heller Financial, Inc., 6.38%, 03/15/06.............	1,035,286
7,000,000	Lehman Brothers Holdings, Inc., 8.25%, 06/15/07.............	7,769,853
2,000,000	Lehman Brothers Holdings, Inc., 7.00%, 02/01/08.............	2,186,694
5,000,000	Morgan Stanley, 3.88%, 01/15/09.............	4,976,795
2,000,000	Morgan Stanley, Floating Rate, 2.24%, 07/27/07(b)..........	2,001,196
6,000,000	The Bear Stearns Companies, Inc., Series MTNB, Floating Rate, 2.76%, 06/19/06(b)..........	6,022,074
2,727,270	Toyota Motor Credit Corp., Series MTN, 2.75%, 08/06/09.............	2,672,002
2,500,000	Toyota Motor Credit Corp., Series MTN, Floating Rate, 2.42%, 09/09/05(c)..........	2,501,713
		62,183,764
	FOOD AND BEVERAGE -- 0.9%	
6,000,000	Kellogg Company, Series B, 6.00%, 04/01/06.............	6,187,968
	INSURANCE -- 0.3%	
2,000,000	Met Life Global Funding I -- 144A, 4.25%, 07/30/09.............	2,015,192
	OIL, COAL AND GAS -- 1.2%	
3,500,000	ConocoPhillips, 8.75%, 05/25/10.............	4,276,034
3,760,000	Tosco Corp., 7.25%, 01/01/07.............	4,012,924
		8,288,958
	PHARMACEUTICALS -- 0.4%	
3,000,000	Abbott Laboratories, 5.63%, 07/01/06.............	3,102,723

	PRIVATE ASSET BACKED: AUTOMOBILES/MOTOR VEHICLES -- 12.9%	
6,575,000	AmeriCredit Auto Receivables Trust, Series 2002-C, Class A4, 3.55%, 02/12/09.............	6,601,936
1,741,034	Capital One Auto Finance Trust, Series 2003-A, Class A3A, 1.83%, 10/15/07.............	1,732,896
3,500,000	Capital One Prime Auto Receivables Trust, Series 2004-3, Class A4, 3.69%, 06/15/10.............	3,492,344
4,500,000	Carmax Auto Owner Trust, Series 2004-2, Class A4, 3.46%, 09/15/11.............	4,462,112

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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	PRIVATE ASSET BACKED: AUTOMOBILES/MOTOR VEHICLES (CONTINUED)	
$ 2,113,988	Chevy Chase Auto Receivables Trust, Series 2001-2, Class A4, 4.44%, 04/16/07.............	$ 2,124,930
7,500,000	Fifth Third Auto Trust, Series 2004-A, Class A4, 3.70%, 10/20/11.............	7,516,116
4,525,000	Franklin Auto Trust, Series 2003-1, Class A4, 2.27%, 05/20/11.............	4,438,065
2,000,000	Franklin Auto Trust, Series 2004-1, Class A2, 3.57%, 03/16/09.............	1,985,655
3,000,000	Harley-Davidson Motorcycle Trust, Series 2004-1, Class A2, 2.53%, 11/15/11.............	2,939,590
2,000,000	Household Automotive Trust, Series 2003-1, Class A3, 1.73%, 12/17/07.............	1,988,050
1,597,989	Hyundai Auto Receivables Trust, Series 2002-A, Class A3, 2.80%, 02/15/07.............	1,597,347
942,161	Marshall & Ilsley Auto Loan Trust, Series 2002-1, Class A3, 2.49%, 10/22/07.............	942,029
3,500,000	National City Auto Receivables Trust, Series 2004-A, Class A3, 2.11%, 07/15/08.............	3,457,066
3,250,000	Onyx Acceptance Auto Trust, Series 2002-D, Class A4, 3.10%, 07/15/09.............	3,248,758
1,500,000	Onyx Acceptance Auto Trust, Series 2004-A, Class A3, 2.19%, 03/17/08.............	1,485,337
1,619,990	Provident Auto Lease ABS Trust, Series 1999-1, Class A2, 7.03%, 01/14/12.............	1,646,761
4,000,000	Regions Auto Receivables Trust, Series 2003-2, Class A3, 2.31%, 01/15/08.............	3,974,394
193,986	Ryder Vehicle Lease Trust, Series 2001-A, Class A4, 5.81%, 08/15/06.............	194,721
2,200,000	Ryder Vehicle Lease Trust, Series 2001-A, Class A5, 6.17%, 11/15/07.............	2,255,298
4,230,568	Susquehanna Auto Lease Trust, Series 2003-1, Class A3, 2.46%, 01/14/07.............	4,210,581
5,000,000	Triad Auto Receivables Owner Trust, Series 2002-A, Class A4, 3.24%, 08/12/09.............	5,006,253

8,000,000	Volkswagen Auto Loan Enhanced Trust, Series 2003-2, Class A3, 2.27%, 10/22/07.............	7,943,501
8,500,000	Wachovia Auto Owner Trust, Series 2004-A, Class A4, 3.66%, 07/20/10.............	8,514,448

</Table>

See notes to financial statements.

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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	PRIVATE ASSET BACKED: AUTOMOBILES/MOTOR VEHICLES (CONTINUED)	
$ 4,500,000	WFS Financial Owner Trust, Series 2004-1, Class A4, 2.81%, 08/22/11.............	$ 4,420,938
3,000,000	Whole Auto Loan Trust, Series 2003-1, Class A3B, 1.99%, 05/15/07.............	2,974,781
		89,153,907
	PRIVATE ASSET BACKED: BANKS -- 0.2%	
1,550,000	Bank One Issuance Trust, Series 2002-A2, Class A2, 4.16%, 01/15/08.............	1,559,338
	PRIVATE ASSET BACKED: CREDIT CARDS -- 5.1%	
1,625,000	Advanta Business Card Master Trust, Series 2000-C, Class B, Floating Rate, 3.11%, 04/20/08(c)...........	1,628,372
1,500,000	Chemical Master Credit Card Trust 1, Series 1996-2, Class A, 5.98%, 09/15/08.............	1,539,547
5,000,000	Citibank Credit Card Issuance Trust, Series 2000-A3, Class A3, 6.88%, 11/16/09.............	5,444,696
2,000,000	Citibank Credit Card Issuance Trust, Series 2003-A6, Class A6, 2.90%, 05/17/10.............	1,948,457
5,375,000	Citibank Omni-S Master Trust, Series 2000-2, Class A, 6.75%, 09/16/09.............	5,512,569
3,000,000	Fleet Credit Card Master Trust II, Series 2001-B, Class A, 5.60%, 12/15/08.............	3,097,309
1,700,000	Household Private Label Credit Card Master Note Trust I, Series 2002-2, Class A, Floating Rate, 2.57%, 01/18/11(c)...........	1,704,383
6,000,000	Nordstrom Private Label Credit Card, Series 2001-1A, Class A, 4.82%, 04/15/10.............	6,145,982
5,500,000	Prime Credit Card Master Trust, Series 2000-1, Class A, 6.70%, 10/15/09.............	5,670,721

2,570,000	Standard Credit Card Master Trust, Series 1994-2, Class A, 7.25%, 04/07/08.............	2,699,072
		35,391,108

</Table>

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PRINCIPAL		VALUE
	CORPORATE BONDS AND NOTES (CONTINUED)	
	PRIVATE ASSET BACKED: FINANCIAL SERVICES -- 5.4%	
$ 983,367	Caterpillar Financial Asset Trust, Series 2002-A, Class A3, 3.15%, 02/25/08.............	$ 985,437
2,358,489	Caterpillar Financial Asset Trust, Series 2003-A, Class A3, 1.66%, 12/26/07.............	2,336,123
4,500,000	Caterpillar Financial Asset Trust, Series 2004-A, Class A3, 3.13%, 01/26/09.............	4,484,888
3,765,695	Community Program Loan Trust, Series 1987-A, Class A4, 4.50%, 10/01/18.............	3,769,003
1,271,330	Distribution Financial Services Trust, Series 2001-1, Class A4, 5.67%, 01/17/17.............	1,285,799
3,000,000	First National Master Note Trust, Series 2003-1, Class A, Floating Rate, 2.50%, 08/15/08(c)...........	3,005,478
1,550,000	Morgan Stanley Capital I, Series 2001-IQA, Class A2, 5.33%, 12/18/32.............	1,603,900
237,309	Morgan Stanley Capital I, Series 2002-HQ, Class A1, 4.59%, 04/15/34.............	239,812
1,057,522	Morgan Stanley Capital I, Series 2002-IQ2, Class A1, 4.09%, 12/15/35.............	1,065,657
1,716,191	Morgan Stanley Capital I, Series 2003-T11, Class A1, 3.26%, 06/13/41.............	1,695,590
1,782,125	Morgan Stanley Capital I, Series 2004-T13, Class A1, 2.85%, 09/13/45.............	1,745,306
385,403	Morgan Stanley Capital, Series 1999-RM1, Class A1, 6.37%, 12/15/31.............	397,864
736,186	Morgan Stanley Capital, Series 2001-TOP3, Class A1, 5.31%, 07/15/33.............	747,635
468,847	Nations Credit Grantor Trust, Series 1997, Class A, 6.75%, 08/15/13.............	475,252
3,113,061	Navistar Financial Corp. Owner Trust, Series 2001-B, Class A4, 4.37%, 11/17/08.............	3,124,655
2,150,000	PSE&G Transition Funding LLC, Series 2001-1, Class A3, 5.98%, 06/15/08.............	2,209,422
3,550,000	PSE&G Transition Funding LLC, Series 2001-1, Class A5, 6.45%, 03/15/13.............	3,949,157
3,792,158	Public Service New Hampshire Funding LLC, Series 2001-1, Class A2, 5.73%, 11/01/10.............	3,943,347
		37,064,325

</Table>

See notes to financial statements.

PRINCIPAL		VALUE
	CORPORATE BONDS AND NOTES (CONTINUED)	
	PRIVATE ASSET BACKED: MORTGAGE AND HOME EQUITY -- 10.2%	
$ 4,007,984	Banc of America Commercial Mortgage, Inc., Series 2002-2, Class A1, 3.37%, 07/11/43.............	$ 3,998,223
2,714,041	Banc of America Commercial Mortgage, Inc., Series 2003-2, Class A1, 3.41%, 03/11/41.............	2,691,340
36,686	BankBoston Home Equity Loan Trust, Series 1998-1, Class A4, 6.42%, 01/25/21.............	36,637
2,187,194	Bear Stearns Commercial Mortgage Securities, Inc., Series 1998-C1, Class A1, 6.34%, 06/16/30.............	2,271,352
998,390	Bear Stearns Commercial Mortgage Securities, Inc., Series 1999-C1, Class A1, 5.91%, 02/14/31.............	1,037,329
1,730,871	Bear Stearns Commercial Mortgage Securities, Inc., Series 2001-TOP4, Class A1, 5.06%, 11/15/16.............	1,783,675
898,598	Bear Stearns Commercial Mortgage Securities, Inc., Series 2002-PBW1, Class A1, 3.97%, 11/11/35.............	897,941
1,957,711	Bear Stearns Commercial Mortgage Securities, Inc., Series 2004-PWR5, Class A1, 3.76%, 07/11/42.............	1,952,028
2,503,349	Commercial Mortgage Pass-Through Certificates, Series 2004-LB2A, Class A1, 2.96%, 03/10/39.............	2,453,793
2,221,437	Contimortgage Home Equity Loan Trust, Series 1998-2, Class A7, 6.57%, 03/15/23.............	2,275,880
522,527	Credit Suisse First Boston Mortgage Securities Corp., Series 2001-CF2, Class A1, 5.26%, 02/15/34.............	525,817
4,047,771	Credit Suisse First Boston Mortgage Securities Corp., Series 2003-C3, Class A1, 2.08%, 05/15/38.............	3,924,230
4,194,746	Credit Suisse First Boston Mortgage Securities Corp., Series 2004-C1, Class A1, 2.25%, 01/15/37.............	4,107,573
54,933	DLJ Commercial Mortgage Corp., Series 1998-CG1, Class A1A, 6.11%, 06/10/31.............	55,009
3,000,000	Equity One ABS, Inc., Series 2004-3, Class AF2, 3.80%, 07/25/34.............	2,989,562

</Table>

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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	PRIVATE ASSET BACKED: MORTGAGE AND HOME EQUITY (CONTINUED)	
$ 19,961	General Electric Capital Commercial Mortgage Corp., Series 2001-2, Class A1, 5.26%, 08/11/33.............	$ 19,973
853,188	General Electric Capital Commercial Mortgage Corp., Series 2001-3, Class A1, 5.56%, 06/10/38.............	893,688
597,248	General Electric Capital Commercial Mortgage Corp., Series 2002-1, Class A1, 5.03%, 12/10/35.............	609,780
3,737,611	General Electric Capital Commercial Mortgage Corp., Series 2002-3A, Class A1, 4.23%, 12/10/37.............	3,771,299
3,085,473	General Electric Capital Commercial Mortgage Corp., Series 2004-C3, Class A1, 3.75%, 07/10/39.............	3,080,434
2,200,000	GMAC Mortgage Corp. Loan Trust, Series 2004-GH1, Class A2, 4.39%, 12/25/25.............	2,213,258
655,629	IMC Home Equity Loan Trust, Series 1997-3, Class A7, 7.08%, 08/20/28.............	655,189
1,437,009	Interstar Millennium Trust, Series 2003-3G, Class A2, Floating Rate, 2.80%, 09/27/35(b)...........	1,437,974
2,292,596	Interstar Millennium Trust, Series 2004-2G, Class A, Floating Rate, 2.68%, 03/14/36(b)...........	2,294,907
865,125	JP Morgan Chase Commercial Mortgage Securities Corp., Series 2002-C2, Class A1, 4.33%, 12/12/34.............	871,893
1,935,311	LB-UBS Commercial Mortgage Trust, Series 2003-C1, Class A1, 2.72%, 03/15/27.............	1,900,120
1,850,000	LB-UBS Commercial Mortgage Trust, Series 2003-C1, Class A2, 3.32%, 03/15/27.............	1,821,275
2,938,600	LB-UBS Commercial Mortgage Trust, Series 2003-C3, Class A1, 2.60%, 05/15/27.............	2,862,214
3,000,000	LB-UBS Commercial Mortgage Trust, Series 2003-C5, Class A2, 3.48%, 07/15/27.............	2,954,589
1,987,297	LB-UBS Commercial Mortgage Trust, Series 2004-C8, Class A1, 3.94%, 12/15/29.............	1,993,865

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See notes to financial statements.

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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	PRIVATE ASSET BACKED: MORTGAGE AND HOME EQUITY (CONTINUED)	
$ 3,400,000	Residential Asset Mortgage Products, Inc., Series 2003-RS11, Class AI4, 4.26%, 06/25/29.............	$ 3,402,362
335,840	Travelers Mortgage Securities Corp., Series 1, Class Z2, 12.00%, 03/01/14............	340,085
3,446,632	Vendee Mortgage Trust, Series 1996-1, Class 1K, 6.75%, 11/15/12.............	3,508,689
5,124,704	Wachovia Bank Commercial Mortgage Trust, Series 2003-4, Class A1, 3.00%, 04/15/35.............	5,043,907
		70,675,890
	PRIVATE ASSET BACKED: OTHER -- 7.3%	
2,312,782	Bear Stearns Asset Backed Securities, Inc., Series 2003-AC3, Class A1, 4.00%, 07/25/33.............	2,287,021
4,672,000	California Infrastructure PG&E Corp., Series 1997-1, Class A8, 6.48%, 12/26/09.............	4,993,179
3,093,780	California Infrastructure SCE-1, Series 1997-1, Class A6, 6.38%, 09/25/08.............	3,191,597
459,777	CIT Equipment Collateral, Series 2002-VT1, Class A3, 4.03%, 01/20/06.............	461,061
2,500,000	CIT Equipment Collateral, Series 2003-VT1, Class A3B, 1.63%, 04/20/07.............	2,478,116
2,000,000	CIT Equipment Collateral, Series 2004-VT1, Class A3, 2.20%, 03/20/08.............	1,976,362
3,000,000	CIT RV Trust, Series 1998-A, Class A5, 6.12%, 11/15/13.............	3,092,782
5,000,000	CNH Equipment Trust, Series 2004-A, Class A3B, 2.94%, 10/15/08.............	4,953,920
2,000,000	CNH Wholesale Master Note Trust, Series 2003-1, Class A, Floating Rate, 2.60%, 08/15/08(c)..........	2,000,659
6,000,000	Connecticut RRB Special Purpose Trust CL&P1, Series 2001-1, Class A3, 5.73%, 03/30/09.............	6,202,822
2,449,043	Crusade Global Trust, Series 2004-2, Class A1, Floating Rate, 2.46%, 11/19/37(b)..........	2,448,859
4,000,000	GE Dealer Floorplan Master Note Trust, Series 2004-2, Class A, Floating Rate, 2.22%, 07/20/09(c)..........	4,009,355

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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	

	PRIVATE ASSET BACKED: OTHER (CONTINUED)	
$ 2,600,000	Illinois Power Special Purpose Trust, Series 1998-1, Class A6, 5.54%, 06/25/09.............	$ 2,686,997
4,837,875	Nelnet Student Loan Corp., Series 2001-A, Class A1, 5.76%, 07/01/12.............	5,000,753
2,221,186	PBG Equipment Trust, Series 1A, Class A, 6.27%, 01/20/12.............	2,257,174
2,400,000	Providian Gateway Master Trust, Series 2004-FA, Class A, 3.65%, 11/15/11.............	2,389,500
		50,430,157
	PRIVATE ASSET BACKED: RECEIVABLES -- 0.5%	
3,774,304	Alter Moneta Receivables LLC, Series 2003-1, 2.56%, 03/15/11.............	3,762,791
	PRIVATE ASSET BACKED: TRANSPORTATION -- 1.3%	
2,150,000	E-Trade RV and Marine Trust, Series 2004-1, Class A3, 3.62%, 10/08/18.............	2,139,922
1,452,531	Railcar Leasing LLC, Series 1, Class A1, 6.75%, 07/15/06.............	1,491,263
5,000,000	Railcar Leasing LLC, Series 1, Class A2, 7.13%, 01/15/13.............	5,518,275
		9,149,460
	PRIVATE ASSET BACKED: UTILITIES -- 1.1%	
5,000,000	PECO Energy Transition Trust, Series 1999-A, Class A6, 6.05%, 03/01/09.............	5,197,540
2,000,000	PECO Energy Transition Trust, Series 2001-A, Class A1, 6.52%, 12/31/10.............	2,223,373
		7,420,913
	REAL ESTATE INVESTMENT TRUSTS -- 0.1%	
875,000	AvalonBay Communities, 6.63%, 01/15/05.............	875,850
	SPECIAL PURPOSE ENTITY -- 1.1%	
2,500,000	New York Life Global Funding -- 144A, 3.88%, 01/15/09.............	2,488,623
5,000,000	New York Life Global Funding -- 144A, Floating Rate, 2.44%, 02/26/07(b)..........	5,003,420
		7,492,043
	TELECOMMUNICATIONS EQUIPMENT AND SERVICES -- 0.8%	
5,000,000	Verizon Wireless Capital, 5.38%, 12/15/06.............	5,181,410

</Table>

See notes to financial statements.

HIGH QUALITY BOND PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

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PRINCIPAL		VALUE
	CORPORATE BONDS AND NOTES (CONTINUED)	
	UTILITIES: ELECTRIC -- 0.4%	
$ 2,500,000	Atlantic City Electric, Series AMBC, 6.67%, 03/23/05.............	$ 2,520,823
	TOTAL CORPORATE BONDS AND NOTES (Cost $533,442,180)..........	527,617,339
	US TREASURY SECURITIES -- 3.4%	
	US TREASURY NOTES	
24,000,000	2.75%, 08/15/07(d) (Cost $24,008,465)...........	23,744,064
	US GOVERNMENT AGENCY SECURITIES -- 16.4%	
	FANNIE MAE -- 3.7%	
1,533,785	PL# 254062, 6.00%, 10/01/11....	1,611,464
2,899,615	PL# 254754, 4.50%, 05/01/10....	2,920,053
3,979,381	PL# 254758, 4.50%, 06/01/13....	4,006,187
2,041,156	PL# 254805, 5.00%, 06/01/13....	2,107,505
4,050,262	PL# 254807, 5.00%, 07/01/13....	4,181,918
1,010,633	PL# 323743, 5.00%, 04/01/14....	1,030,328
649,818	PL# 429168, 6.00%, 05/01/13....	682,580
611,001	PL# 50903, 6.00%, 09/01/08.....	636,479
768,288	PL# 50973, 6.00%, 01/01/09.....	800,325
652,578	PL# 517699, 6.00%, 07/01/14....	685,251
2,233,733	PL# 545038, 6.00%, 09/01/14....	2,346,917
3,640,714	PL# 555154, 5.50%, 12/01/22....	3,727,657
598,789	PL# 609771, 6.00%, 09/01/08....	627,497
		25,364,161
	FEDERAL FARM CREDIT BANK -- 1.2%	
8,500,000	2.50%, 11/15/05................	8,472,180
	FEDERAL HOME LOAN BANK -- 1.1%	
7,437,647	Series 6T-9009, 3.84%, 11/25/09.............	7,381,322
	FREDDIE MAC GOLD -- 0.7%	
7,966	PL# D06777, 7.50%, 03/01/08....	8,363
258,908	PL# E00532, 6.50%, 02/01/13....	274,499
446,075	PL# E00542, 6.50%, 04/01/13....	472,940
1,069,679	PL# E00676, 5.50%, 06/01/14....	1,107,880
1,551,942	PL# E89557, 5.50%, 04/01/17....	1,605,396
1,576,921	PL# M90802, 4.00%, 03/01/08....	1,583,986
		5,053,064

</Table>

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PRINCIPAL		VALUE
	US GOVERNMENT AGENCY SECURITIES (CONTINUED)	
	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION -- 0.4%	
$ 2,346,949	PL# 436708, 5.75%, 12/15/22....	$ 2,440,734
	PRIVATE ASSET BACKED: MORTGAGE AND HOME EQUITY -- 8.6%	
3,149,473	Fannie Mae -- ACES, Series 1998-M1, Class A2, 6.25%, 01/25/08.............	3,321,659
2,218,854	Fannie Mae, Series 1993-234, Class PC, 5.50%, 12/25/08.............	2,258,021
5,000,000	Fannie Mae, Series 2003-46, Class PQ, 3.00%, 06/25/19.............	4,929,068
2,550,000	Fannie Mae, Series 2003-62, Class OD, 3.50%, 04/25/26.............	2,480,019
3,727,069	Fannie Mae, Series 2003-63, Class GU,	

	4.00%, 07/25/33.............	3,718,720
1,500,000	Fannie Mae, Series 2003-67, Class GL, 3.00%, 01/25/25.............	1,469,460
5,566,165	Fannie Mae, Series 2003-69, Class GJ, 3.50%, 12/25/31.............	5,383,139
4,087,000	Fannie Mae, Series 2004-21, Class QA, 4.00%, 11/25/17.............	4,101,668
4,115,570	Fannie Mae, Series 2004-70, Class DN, 4.00%, 12/25/29.............	4,066,214
6,700,000	Fannie Mae, Series 2004-80, Class LG, 4.00%, 10/25/16.............	6,713,312
7,093,322	Federal Home Loan Bank, Series 1Y-9009, Class A, 4.06%, 08/25/09.............	7,093,613
3,678,201	Federal Home Loan Bank, Series 3Q-9009, Class 1, 3.92%, 09/25/09.............	3,663,639
1,416,456	Freddie Mac, Series 2557, Class MA, 4.50%, 07/15/16.............	1,420,966
3,108,702	Freddie Mac, Series 2614, Class JA, 3.76%, 03/15/29.............	3,055,438

</Table>

See notes to financial statements.

HIGH QUALITY BOND PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
<Caption>

PRINCIPAL		VALUE
<C>	<S>	<C>
	US GOVERNMENT AGENCY SECURITIES (CONTINUED)	
	PRIVATE ASSET BACKED: MORTGAGE AND HOME EQUITY (CONTINUED)	
$ 961,371	Freddie Mac, Series 2640, Class PA, 5.00%, 02/15/11.............	$ 963,230
5,000,000	Freddie Mac, Series 2760, Class EA, 4.50%, 04/15/13.............	5,072,252
		59,710,418
	PRIVATE ASSET BACKED: US GOVERNMENT AGENCIES -- 0.7%	
5,000,000	Student Loan Marketing Association Student Loan Trust, Series 2003-4, Class A5B, 3.39%, 03/15/33.............	4,908,075
	TOTAL US GOVERNMENT AGENCY SECURITIES (Cost $114,313,527)...............	113,329,954
	FOREIGN GOVERNMENT OBLIGATIONS -- 3.1%	
3,000,000	Hydro Quebec, Series MTNB, 7.00%, 04/12/05.............	3,034,674
5,000,000	Hydro Quebec, Series MTNB, 6.52%, 02/23/06.............	5,188,255
3,500,000	Province of British Columbia, 4.63%, 10/03/06.............	3,584,469

5,000,000	Province of Manitoba, 4.25%, 11/20/06.............	5,101,150
4,000,000	Province of Ontario, 5.50%, 10/01/08.............	4,244,420
	TOTAL FOREIGN GOVERNMENT OBLIGATIONS (Cost $21,065,627)................	21,152,968

PRINCIPAL		VALUE
	SECURITIES LENDING COLLATERAL -- 3.6%	
$24,475,000	Securities Lending Collateral Investment (Note 4) (Cost $24,475,000)..........	$ 24,475,000
	TOTAL SECURITIES (Cost $717,304,799)...............	710,319,325
	REPURCHASE AGREEMENTS -- 0.1%	
698,287	With Investors Bank and Trust, dated 12/31/04, 1.88%, due 01/03/05, repurchase proceeds at maturity $698,397 (Collateralized by Small Business Administration, 5.13%, due 11/25/15, with a value of $733,202) (Cost $698,287)..................	698,287
	Total Investments -- 103.0% (Cost $718,003,086)..........	711,017,612
	Liabilities less other assets -- (3.0)%............	(20,423,234)
	NET ASSETS -- 100.0%..........	$690,594,378

The aggregate cost of securities for federal income tax purposes at December 31, 2004 is $718,003,086.

The following amounts are based on cost for federal income tax purposes:

Gross unrealized appreciation..........	$ 1,352,114
Gross unrealized depreciation..........	(8,337,588)
Net unrealized depreciation............	$(6,985,474)

See summary of footnotes and abbreviations to portfolios.

See notes to financial statements.

INTERMEDIATE GOVERNMENT BOND PORTFOLIO

PORTFOLIO OF INVESTMENTS

DECEMBER 31, 2004

PRINCIPAL		VALUE
	US TREASURY SECURITIES -- 67.6%	
	US TREASURY NOTES	
$53,997,000	1.63%, 01/31/05(d)...........	$ 54,005,477
3,615,000	1.50%, 07/31/05..............	3,593,961
4,575,000	5.63%, 02/15/06..............	4,717,973
4,760,000	2.00%, 05/15/06..............	4,705,336
3,135,000	4.63%, 05/15/06..............	3,208,234
4,315,000	2.38%, 08/15/06(d)...........	4,275,393
2,300,000	6.50%, 10/15/06..............	2,438,541
2,175,000	3.25%, 08/15/07(d)...........	2,178,908
16,185,000	3.00%, 11/15/07(d)...........	16,090,172
2,325,000	3.00%, 02/15/08..............	2,306,746
2,855,000	2.63%, 05/15/08..............	2,792,102
2,300,000	3.13%, 09/15/08..............	2,277,810
2,500,000	3.13%, 10/15/08..............	2,474,123
1,700,000	4.75%, 11/15/08..............	1,781,083
2,142,000	3.38%, 12/15/08..............	2,135,893
2,000,000	3.25%, 01/15/09..............	1,983,282
2,250,000	3.00%, 02/15/09..............	2,209,309
2,545,000	3.13%, 04/15/09..............	2,507,225
16,237,000	4.00%, 06/15/09..............	16,550,959
1,995,000	3.38%, 09/15/09..............	1,977,388
7,494,000	3.50%, 11/15/09(d)...........	7,461,221
4,091,000	5.00%, 02/15/11..............	4,353,241
6,000,000	4.88%, 02/15/12..............	6,343,596
5,417,000	3.88%, 02/15/13..............	5,346,330
3,901,000	4.00%, 02/15/14..............	3,848,430
2,861,000	4.75%, 05/15/14..............	2,982,369
2,998,000	4.25%, 08/15/14(d)...........	3,005,615
5,854,000	4.25%, 11/15/14(d)...........	5,871,152
	TOTAL US TREASURY SECURITIES (Cost $173,573,532).........	173,421,869
	US GOVERNMENT AGENCY SECURITIES -- 27.6%	
	FANNIE MAE -- 19.3%	
3,514,389	PL# 648688, 6.50%, 07/01/32...	3,708,190
4,885,582	PL# 777050, 5.00%, 04/01/34...	4,851,353
6,128,639	PL# 798330, 5.00%, 09/01/34...	6,094,603
24,589,000	TBA, 5.00%, 01/01/35.........	24,396,911
10,000,000	TBA, 6.50%, 01/01/35.........	10,487,500
		49,538,557
	FREDDIE MAC -- 8.3%	
17,177,000	2.88%, 05/15/07(d)...........	17,011,396
4,350,000	4.50%, 07/15/13..............	4,376,061
		21,387,457
	TOTAL US GOVERNMENT AGENCY SECURITIES (Cost $70,893,203)..........	70,926,014

PRINCIPAL		VALUE
	CORPORATE BONDS AND NOTES -- 16.4%	
	PRIVATE ASSET BACKED: AUTOMOBILES/MOTOR VEHICLES -- 6.6%	
$ 4,418,000	Carmax Auto Owner Trust, Series 2004-2, Class A4, 3.46%, 09/15/11............	$ 4,380,803
1,651,000	Onyx Acceptance Auto Trust, Series 2003-C, Class A4, 2.66%, 05/17/10............	1,627,460
2,409,000	Wells Fargo Financial Auto	

	Owner Trust, Series 2004-A, Class A4, 2.67%, 08/16/10............	2,371,982
6,489,000	WFS Financial Owner Trust, Series 2003-1, Class A4, 2.74%, 09/20/10............	6,445,040
2,204,000	Whole Auto Loan Trust, Series 2004-1, Class A4, 3.26%, 03/15/11............	2,184,066
		17,009,351
	PRIVATE ASSET BACKED: CREDIT CARDS -- 2.0%	
5,000,000	Chase Credit Card Master Trust, Series 2002-6, Class A, Floating Rate, 2.46%, 01/15/08(c)..........	5,005,257
	PRIVATE ASSET BACKED: FINANCIAL SERVICES -- 1.3%	
1,794,000	Navistar Financial Corp. Owner Trust, Series 2004-A, Class A4, 2.59%, 03/15/11............	1,752,067
1,465,000	WFS Financial Owner Trust, Series 2004-4, Class A4, 3.44%, 05/17/12............	1,459,860
		3,211,927
	PRIVATE ASSET BACKED: MORTGAGE AND HOME EQUITY -- 4.3%	
2,656,000	Chase Funding Mortgage Loan, Series 2004-1, Class 1A2, 2.43%, 06/25/19............	2,622,674
4,690,678	Saxon Asset Securities Trust, Series 2004-1, Class A, Floating Rate, 2.69%, 03/25/35(c)..........	4,688,734
3,709,000	Wells Fargo Home Equity Trust, Series 2004-2, Class AI3, 3.97%, 09/25/24............	3,694,250
		11,005,658
	PRIVATE ASSET BACKED: OTHER -- 1.5%	
3,837,000	CNH Equipment Trust, Series 2003-B, Class A4B, 3.38%, 02/15/11............	3,821,424

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See notes to financial statements.

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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	PRIVATE ASSET BACKED: UTILITIES -- 0.7%	
$ 1,510,000	PSE&G Transition Funding LLC, Series 2001-1, Class A8, 6.89%, 12/15/17............	$ 1,767,980
	TOTAL CORPORATE BONDS AND NOTES (Cost $41,979,899)..........	41,821,597

	SECURITIES LENDING COLLATERAL -- 25.0%	
64,248,067	Securities Lending Collateral Investment (Note 4) (Cost $64,248,067)..........	64,248,067
	TOTAL SECURITIES (Cost $350,694,701).........	350,417,547
	REPURCHASE AGREEMENTS -- 2.4%	
6,103,722	With Investors Bank and Trust, dated 12/31/04, 1.88%, due 01/03/05, repurchase proceeds at maturity $6,104,678 (Collateralized by various Small Business Administrations, 5.13% -- 5.25%, due 11/25/15-04/25/28, with a total value of $6,408,908) (Cost $6,103,722)...........	6,103,722
	Total Investments -- 139.0% (Cost $356,798,423).........	356,521,269
	Liabilities less other assets -- (39.0)%...........	(100,018,618)
	NET ASSETS -- 100.0%..........	$ 256,502,651

The aggregate cost of securities for federal income tax purposes at December 31, 2004 is $356,911,054.

The following amounts are based on cost for federal income tax purposes:

Gross unrealized appreciation...........	$ 561,701
Gross unrealized depreciation...........	(951,486)
Net unrealized depreciation............	$(389,785)

See summary of footnotes and abbreviations to portfolios.

See notes to financial statements.

CORE BOND PORTFOLIO

PORTFOLIO OF INVESTMENTS

DECEMBER 31, 2004

PRINCIPAL		VALUE
	US TREASURY SECURITIES -- 27.3%	
	US TREASURY BONDS -- 10.4%	
$ 13,125,000	10.38%, 11/15/12(d).........	$ 15,652,599

12,395,000	12.00%, 08/15/13(d).........	15,978,903
14,770,000	8.13%, 08/15/19(d)..........	20,164,521
8,090,000	8.50%, 02/15/20............	11,420,176
4,600,000	6.00%, 02/15/26............	5,270,777
16,850,000	6.75%, 08/15/26(d)..........	21,023,020
21,590,000	6.13%, 11/15/27(d)..........	25,222,366
11,905,000	5.50%, 08/15/28............	12,889,032
41,580,000	5.38%, 02/15/31(d)..........	44,974,633
		172,596,027
	US TREASURY NOTES -- 16.9%	
50,755,000	2.38%, 08/31/06(d)..........	50,265,315
43,435,000	2.50%, 09/30/06(d)..........	43,073,621
64,985,000	2.50%, 10/31/06(d)..........	64,398,640
31,350,000	2.88%, 11/30/06............	31,261,844
71,800,000	3.00%, 11/15/07(d)..........	71,379,323
8,510,000	3.50%, 11/15/09(d)..........	8,472,777
9,795,000	3.50%, 12/15/09(d)..........	9,750,619
645,000	4.25%, 11/15/14(d)..........	646,890
		279,249,029
	TOTAL US TREASURY SECURITIES (Cost $451,580,634).......	451,845,056
	US GOVERNMENT AGENCY SECURITIES -- 43.3%	
	FANNIE MAE -- 28.2%	
2,760,000	1.75%, 06/16/06............	2,707,408
25,850,000	2.71%, 01/30/07............	25,570,665
14,090,000	2.35%, 04/05/07............	13,803,099
9,405,000	6.00%, 05/15/11............	10,361,141
10,060,000	5.50%, 07/18/12............	10,182,611
585,531	PL# 252571, 7.00%, 07/01/29.................	621,400
10,102	PL# 252716, 7.00%, 09/01/29.................	10,720
2,194	PL# 253264, 7.00%, 05/01/30.................	2,327
2,450	PL# 253346, 7.50%, 06/01/30.................	2,626
30,682	PL# 253479, 7.00%, 10/01/30.................	32,545
18,552	PL# 253698, 6.00%, 02/01/16(e)..............	19,464
70,130	PL# 253990, 7.00%, 09/01/16.................	74,373
56,987	PL# 254008, 7.00%, 10/01/31.................	60,430
275,605	PL# 254141, 6.00%, 01/01/17(e)..............	289,067
186,834	PL# 254342, 6.00%, 06/01/17.................	195,949
704,331	PL# 254346, 6.50%, 06/01/32.................	739,500
342,534	PL# 254403, 6.00%, 08/01/17.................	359,245
608,486	PL# 254406, 6.50%, 08/01/32.................	638,870
69,384	PL# 254623, 6.00%, 01/01/18(e)..............	72,768
272,962	PL# 254804, 5.50%, 06/01/18.................	282,423
93,855	PL# 255357, 5.50%, 08/01/19(e)..............	97,090
417,118	PL# 255559, 5.50%, 12/01/19(e)..............	431,495
1,962	PL# 259141, 7.50%, 12/01/30.................	2,103

</Table>

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PRINCIPAL		VALUE
<C>	<S>	<C>
	US GOVERNMENT AGENCY SECURITIES (CONTINUED)	
	FANNIE MAE (CONTINUED)	
$ 10,390	PL# 323250, 6.00%, 08/01/13.................	$ 10,916
1,631,909	PL# 323842, 5.50%, 07/01/14.................	1,691,700
102,846	PL# 323967, 7.00%,	

	10/01/29..................	109,146
48,471	PL# 357513, 5.50%, 02/01/34(e)...............	49,252
434,018	PL# 357605, 6.50%, 08/01/34..................	455,439
10,139	PL# 492742, 7.00%, 05/01/29..................	10,761
7,586	PL# 503916, 7.50%, 06/01/29..................	8,134
5,807	PL# 508415, 7.00%, 08/01/29..................	6,162
28,899	PL# 515946, 7.00%, 10/01/29..................	30,670
597	PL# 524164, 7.00%, 11/01/29..................	634
120,062	PL# 524657, 7.00%, 01/01/30..................	127,353
78,967	PL# 526053, 7.00%, 12/01/29..................	83,804
1,408	PL# 527717, 7.50%, 01/01/30..................	1,510
9,164	PL# 528107, 7.00%, 02/01/30..................	9,725
3,017	PL# 531092, 7.50%, 10/01/29..................	3,234
31,264	PL# 531497, 7.00%, 02/01/30..................	33,163
22,751	PL# 531735, 7.00%, 02/01/30..................	24,133
3,161	PL# 533841, 7.50%, 12/01/30..................	3,388
49,255	PL# 535030, 7.00%, 12/01/29..................	52,272
70,070	PL# 535103, 7.00%, 01/01/15..................	74,311
19,972	PL# 535159, 7.00%, 02/01/30..................	21,196
86,215	PL# 535195, 7.00%, 03/01/30..................	91,496
33,726	PL# 535277, 7.00%, 04/01/30..................	35,792
923,622	PL# 535675, 7.00%, 01/01/16..................	979,554
2,057	PL# 535722, 7.00%, 02/01/31..................	2,182
14,089	PL# 535723, 7.00%, 02/01/31..................	14,945
3,160	PL# 535811, 6.50%, 04/01/31..................	3,318
232,237	PL# 535880, 7.00%, 02/01/31..................	246,363
753	PL# 538314, 7.50%, 05/01/30..................	807
3,306	PL# 540211, 7.50%, 06/01/30..................	3,543
6,143	PL# 542999, 7.50%, 08/01/30..................	6,585
221,036	PL# 545194, 7.00%, 08/01/31..................	234,389
77,639	PL# 545477, 7.00%, 03/01/32..................	82,327
476,562	PL# 545759, 6.50%, 07/01/32..................	500,357
1,797,001	PL# 545760, 6.50%, 07/01/32..................	1,886,729
358,202	PL# 545762, 6.50%, 07/01/32..................	376,088
478,693	PL# 545814, 6.50%, 08/01/32..................	502,595
74,222	PL# 545815, 7.00%, 07/01/32..................	78,705
582,882	PL# 545967, 5.50%, 10/01/17(e)...............	603,231
70,650	PL# 548822, 7.00%, 08/01/30..................	74,941
58,763	PL# 549659, 7.00%, 02/01/16..................	62,318
31,835	PL# 549962, 7.00%, 10/01/30..................	33,768
55,213	PL# 549975, 7.00%, 10/01/30..................	58,566
24,347	PL# 550440, 7.00%, 02/01/16..................	25,820
1,701	PL# 550544, 7.50%, 09/01/30..................	1,824

8,069	PL# 552603, 7.00%, 10/01/30..................	8,559
90,012	PL# 554493, 7.00%, 10/01/30..................	95,479

</Table>

See notes to financial statements.

CORE BOND PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
<Caption>

PRINCIPAL		VALUE
<C>	<S>	<C>
	US GOVERNMENT AGENCY SECURITIES (CONTINUED)	
	FANNIE MAE (CONTINUED)	
$ 458,205	PL# 555114, 5.50%, 12/01/17(e)..............	$ 474,201
70,469	PL# 555144, 7.00%, 10/01/32..................	74,737
505,386	PL# 555229, 6.00%, 10/01/17(e)..............	530,070
866,866	PL# 555254, 6.50%, 01/01/33..................	910,285
486,931	PL# 555798, 6.50%, 05/01/33..................	511,320
721,388	PL# 555878, 6.00%, 03/01/18..................	756,622
424,522	PL# 555919, 5.50%, 10/01/18(e)..............	439,236
2,531	PL# 558362, 7.50%, 11/01/30..................	2,713
851	PL# 558519, 7.50%, 11/01/30..................	912
11,713	PL# 559277, 7.00%, 10/01/30..................	12,424
68,563	PL# 559313, 7.00%, 12/01/30..................	72,727
4,164	PL# 559741, 7.50%, 01/01/31..................	4,463
34,750	PL# 560384, 7.00%, 11/01/30..................	36,860
1,502	PL# 560596, 7.50%, 01/01/31..................	1,610
4,521	PL# 561678, 7.50%, 12/01/30..................	4,845
2,619	PL# 564080, 7.50%, 12/01/30..................	2,807
41,890	PL# 564183, 7.00%, 12/01/30..................	44,434
3,341	PL# 564529, 7.50%, 12/01/30..................	3,580
23,139	PL# 566658, 7.00%, 02/01/31..................	24,537
71,555	PL# 574885, 6.00%, 05/01/16..................	75,050
6,593	PL# 575285, 7.50%, 03/01/31..................	7,066
61,777	PL# 575515, 6.00%, 06/01/17..................	64,791
15,720	PL# 577525, 6.00%, 05/01/16(e)..............	16,488
16,466	PL# 579161, 6.50%, 04/01/31..................	17,291
226,872	PL# 579224, 6.00%, 04/01/16..................	237,953
565,014	PL# 580055, 5.50%, 07/01/16..................	585,049
46,534	PL# 580179, 7.00%,	

	10/01/16..................	49,350
2,966	PL# 580377, 7.50%, 04/01/31..................	3,179
31,650	PL# 584811, 7.00%, 05/01/31..................	33,562
284,335	PL# 585248, 7.00%, 06/01/31..................	301,602
67,509	PL# 589395, 6.00%, 07/01/16..................	70,806
7,379	PL# 589405, 7.50%, 06/01/31..................	7,909
23,297	PL# 589893, 7.00%, 06/01/31..................	24,705
4,816	PL# 592129, 7.50%, 06/01/31..................	5,161
12,668	PL# 596895, 6.50%, 07/01/31..................	13,303
172,753	PL# 596922, 6.00%, 08/01/16..................	181,190
37,646	PL# 598125, 7.00%, 09/01/16..................	39,924
512,823	PL# 598422, 5.50%, 01/01/17(e)...............	531,008
68,384	PL# 600259, 6.00%, 08/01/16..................	71,724
507,442	PL# 601426, 6.00%, 11/01/16(e)...............	532,227
604,432	PL# 602050, 6.00%, 09/01/16..................	633,954
16,653	PL# 606551, 6.50%, 10/01/31..................	17,487
8,064	PL# 606600, 7.00%, 10/01/31..................	8,552
83,153	PL# 607386, 5.50%, 11/01/16(e)...............	86,101
262,220	PL# 609539, 6.00%, 10/01/16(e)...............	275,027
26,412	PL# 610128, 7.00%, 10/01/31..................	28,008
302,925	PL# 610579, 5.50%, 12/01/16(e)...............	313,667

</Table>

<Table>
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PRINCIPAL		VALUE
<C>	<S>	<C>
	US GOVERNMENT AGENCY SECURITIES (CONTINUED)	
	FANNIE MAE (CONTINUED)	
$ 73,986	PL# 610599, 5.50%, 02/01/17(e)...............	$ 76,569
633,730	PL# 610759, 6.00%, 11/01/16(e)...............	664,683
66,691	PL# 610987, 6.00%, 10/01/16(e)...............	69,948
51,127	PL# 611323, 7.00%, 10/01/16..................	54,220
33,330	PL# 611695, 5.50%, 12/01/16(e)...............	34,512
274,213	PL# 614934, 6.00%, 12/01/16(e)...............	287,606
495,990	PL# 616908, 6.00%, 12/01/16..................	520,215
3,254,645	PL# 619054, 5.50%, 02/01/17..................	3,368,266
91,519	PL# 621656, 6.00%, 01/01/17(e)...............	95,984
11,730	PL# 622119, 6.50%, 01/01/32..................	12,318
365,670	PL# 624035, 6.50%, 01/01/32..................	385,257
487,177	PL# 625942, 5.50%, 03/01/17..................	504,185
18,224	PL# 629236, 6.50%, 02/01/32..................	19,134
91,239	PL# 629603, 5.50%, 02/01/17..................	94,474
65,966	PL# 630312, 6.00%, 03/01/17..................	69,184
464,744	PL# 630962, 6.50%, 02/01/32..................	487,950
633,469	PL# 631068, 6.00%,	

	03/01/17..................	664,373
648,480	PL# 631287, 6.00%, 03/01/17(e)...............	680,117
1,140,321	PL# 631321, 5.50%, 02/01/17..................	1,180,130
3,000,000	PL# 631323, 5.50%, 02/01/17..................	3,104,731
96,809	PL# 631606, 5.50%, 03/01/17..................	100,188
117,403	PL# 632269, 7.00%, 05/01/32..................	124,496
15,889	PL# 634563, 6.50%, 03/01/32..................	16,682
169,583	PL# 634949, 7.00%, 05/01/32..................	179,824
173,116	PL# 634985, 6.00%, 04/01/17..................	181,561
329,957	PL# 635014, 6.50%, 06/01/32..................	346,433
603,974	PL# 635164, 6.50%, 08/01/32..................	634,132
2,000,000	PL# 636691, 5.50%, 05/01/17..................	2,070,920
7,313	PL# 637270, 6.50%, 05/01/32..................	7,678
641,283	PL# 641795, 6.00%, 04/01/17..................	672,568
184,890	PL# 642325, 6.00%, 05/01/17..................	193,909
51,804	PL# 644646, 6.00%, 04/01/17..................	54,331
60,430	PL# 644743, 6.00%, 05/01/17..................	63,378
8,204	PL# 644932, 6.50%, 07/01/32..................	8,614
581,284	PL# 646396, 5.50%, 08/01/17..................	601,577
9,606	PL# 647556, 7.00%, 01/01/30..................	10,194
939,122	PL# 648795, 6.50%, 08/01/32..................	986,015
59,569	PL# 649170, 6.00%, 07/01/17..................	62,475
257,405	PL# 650206, 5.50%, 01/01/18(e)...............	266,392
109,413	PL# 650291, 6.50%, 07/01/32..................	114,876
22,348	PL# 650872, 7.00%, 07/01/32..................	23,697
248,715	PL# 650891, 6.50%, 07/01/32..................	261,134
665,289	PL# 650946, 6.50%, 07/01/32..................	698,508
460,792	PL# 651649, 6.50%, 08/01/32..................	483,801
1,851,181	PL# 652127, 6.50%, 06/01/32..................	1,943,615
94,618	PL# 653071, 6.50%, 07/01/32..................	99,343
2,000,000	PL# 660089, 5.50%, 09/01/17(e)...............	2,069,821

</Table>

See notes to financial statements.

CORE BOND PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
<Caption>

PRINCIPAL		VALUE

<C>	<S>	<C>
	US GOVERNMENT AGENCY SECURITIES (CONTINUED)	
	FANNIE MAE (CONTINUED)	
$ 354,654	PL# 662405, 5.50%, 12/01/17(e)..............	$ 367,035
627,099	PL# 662965, 6.50%, 09/01/32.................	658,411
9,717	PL# 663353, 6.50%, 09/01/32.................	10,202
61,925	PL# 664188, 5.50%, 09/01/17.................	64,086
112,994	PL# 664194, 5.50%, 09/01/17.................	116,938
965,783	PL# 670402, 6.50%, 06/01/32.................	1,014,007
325,331	PL# 671046, 6.50%, 01/01/33.................	341,576
2,000,000	PL# 671487, 5.50%, 11/01/17(e)..............	2,069,821
255,614	PL# 673079, 6.50%, 11/01/32.................	268,377
321,040	PL# 675314, 5.50%, 12/01/17(e)..............	332,247
57,487	PL# 675394, 5.50%, 02/01/18(e)..............	59,479
599,413	PL# 676800, 5.50%, 01/01/18(e)..............	620,339
410,515	PL# 677516, 5.50%, 01/01/18(e)..............	424,744
289,047	PL# 679430, 5.50%, 01/01/18(e)..............	299,138
199,980	PL# 681291, 5.50%, 02/01/18(e)..............	206,962
98,187	PL# 681390, 5.50%, 02/01/18.................	101,615
622,620	PL# 683199, 5.50%, 02/01/18(e)..............	644,201
460,554	PL# 684130, 5.50%, 01/01/18(e)..............	476,632
1,328,488	PL# 687929, 5.50%, 02/01/18.................	1,374,535
223,488	PL# 688000, 5.50%, 03/01/18.................	231,235
46,386	PL# 688312, 5.50%, 03/01/18.................	47,993
637,642	PL# 688785, 6.00%, 02/01/18.................	668,750
331,604	PL# 692252, 6.50%, 03/01/33.................	347,966
1,262,464	PL# 694200, 4.50%, 05/01/18(e)..............	1,263,101
8,905	PL# 694372, 6.50%, 11/01/32.................	9,350
151,914	PL# 695925, 5.50%, 05/01/18.................	157,179
706,020	PL# 698481, 6.00%, 02/01/18.................	740,463
353,944	PL# 698853, 5.50%, 03/01/18(e)..............	366,300
2,377,080	PL# 701161, 4.50%, 04/01/18(e)..............	2,375,609
63,296	PL# 704387, 5.50%, 05/01/18.................	65,490
3,229,708	PL# 705651, 5.50%, 06/01/18.................	3,341,655
374,742	PL# 711115, 6.50%, 09/01/33.................	393,232
294,965	PL# 711582, 5.50%, 04/01/18.................	305,424
747,479	PL# 711636, 4.50%, 05/01/18(e)..............	747,016
3,471,077	PL# 720317, 5.00%, 07/01/18.................	3,531,038
47,264	PL# 721897, 5.50%, 05/01/18.................	48,913
68,427	PL# 725135, 6.00%, 05/01/18.................	71,769
32,794,559	PL# 725232, 5.00%, 03/01/34(e)..............	32,612,433
21,331	PL# 725269, 5.50%, 03/01/19.................	22,076
171,552	PL# 725272, 6.00%, 01/01/19(e)..............	179,930
489,093	PL# 725407, 6.50%,	

	01/01/34	513,590
695,279	PL# 725418, 6.50%, 05/01/34	730,103
11,931,501	PL# 725603, 5.50%, 07/01/19	12,345,067
167,455	PL# 725747, 6.00%, 08/01/19	175,634
925,344	PL# 726747, 4.50%, 03/01/19(e)	923,269
3,615,889	PL# 729739, 4.00%, 08/01/18	3,537,673
3,100,437	PL# 730823, 4.00%, 08/01/18	3,033,371

</Table>

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PRINCIPAL		VALUE
	US GOVERNMENT AGENCY SECURITIES (CONTINUED)	
	FANNIE MAE (CONTINUED)	
$ 884,517	PL# 731682, 4.50%, 03/01/19(e)	$ 882,533
265,125	PL# 738632, 5.00%, 11/01/18	269,705
394,235	PL# 739284, 5.50%, 09/01/18	407,900
4,000,000	PL# 739339, 5.50%, 09/01/18	4,138,647
45,273	PL# 739417, 5.50%, 10/01/18	46,842
526,122	PL# 740512, 5.50%, 10/01/18(e)	544,358
57,131	PL# 741793, 5.50%, 10/01/18(e)	59,111
94,491	PL# 744728, 4.00%, 10/01/18	92,447
55,090	PL# 747773, 5.50%, 10/01/18(e)	57,000
418,716	PL# 747827, 5.50%, 11/01/18(e)	433,229
445,205	PL# 747880, 5.50%, 12/01/18(e)	460,637
806,730	PL# 748257, 4.50%, 10/01/18(e)	806,231
17,295	PL# 748655, 6.50%, 09/01/33	18,148
255,990	PL# 748917, 5.50%, 12/01/18(e)	264,863
70,133	PL# 750045, 5.50%, 12/01/18(e)	72,564
183,159	PL# 750057, 5.50%, 01/01/19(e)	189,508
270,726	PL# 753961, 5.50%, 12/01/18(e)	280,110
361,842	PL# 755813, 6.50%, 11/01/33	379,696
4,883,058	PL# 757687, 5.50%, 07/01/34(e)	4,961,768
825,037	PL# 759773, 5.50%, 05/01/18(e)	853,839
2,065,297	PL# 761173, 4.50%, 04/01/19(e)	2,060,665
4,670,627	PL# 761175, 4.50%, 04/01/19(e)	4,660,152
328,088	PL# 761256, 5.50%, 01/01/19(e)	339,460
24,280	PL# 761758, 5.50%, 01/01/19(e)	25,122
61,520	PL# 761808, 5.50%, 05/01/18	63,667
39,633	PL# 762307, 6.00%, 06/01/17	41,618
176,448	PL# 763249, 5.50%, 02/01/34(e)	179,292
327,855	PL# 764221, 5.50%, 05/01/34(e)	333,139
951,739	PL# 764800, 4.50%, 04/01/19(e)	949,605
821,006	PL# 766312, 5.50%, 03/01/19	849,303
880,714	PL# 766419, 4.50%,	

	03/01/19(e)..............	878,739
452,891	PL# 766823, 6.50%, 02/01/34.................	475,243
933,552	PL# 767073, 4.50%, 04/01/19(e)..............	931,459
95,578	PL# 767075, 4.50%, 04/01/19(e)..............	95,364
248,618	PL# 767172, 5.50%, 01/01/34(e)..............	252,694
130,514	PL# 767392, 5.50%, 04/01/34(e)..............	132,618
1,147,456	PL# 767395, 5.50%, 04/01/34(e)..............	1,165,952
523,236	PL# 768306, 6.00%, 12/01/18.................	548,736
426,349	PL# 768313, 5.50%, 01/01/19.................	441,127
534,717	PL# 768317, 5.50%, 01/01/19.................	553,251
1,133,212	PL# 768528, 5.50%, 05/01/34(e)..............	1,151,479
964,871	PL# 769006, 4.50%, 03/01/19(e)..............	962,707
768,258	PL# 770410, 5.50%, 04/01/34(e)..............	780,642
1,763,552	PL# 772651, 5.50%, 03/01/34(e)..............	1,791,978
1,169,842	PL# 772664, 5.50%, 03/01/34(e)..............	1,188,699
1,171,719	PL# 772805, 5.50%, 04/01/34(e)..............	1,190,606
475,215	PL# 773066, 5.50%, 03/01/34(e)..............	482,875

</Table>

See notes to financial statements.

CORE BOND PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
<Caption>

PRINCIPAL		VALUE
<C>	<S>	<C>
	US GOVERNMENT AGENCY SECURITIES (CONTINUED)	
	FANNIE MAE (CONTINUED)	
$ 305,705	PL# 773072, 5.50%, 04/01/34(e)..............	$ 310,632
1,797,216	PL# 773073, 5.50%, 04/01/34(e)..............	1,826,186
637,064	PL# 773488, 5.50%, 08/01/19.................	659,022
723,122	PL# 773532, 4.50%, 04/01/19(e)..............	721,500
1,649,536	PL# 773571, 5.50%, 05/01/34(e)..............	1,676,124
72,785	PL# 773588, 5.50%, 07/01/34(e)..............	73,958
459,732	PL# 773777, 5.50%, 04/01/34(e)..............	467,143
88,801	PL# 773911, 5.50%, 04/01/34(e)..............	90,257
929,099	PL# 774258, 4.50%, 03/01/19(e)..............	927,016
397,138	PL# 774338, 6.50%, 02/01/34.................	416,733
911,173	PL# 775316, 4.50%, 05/01/19(e)..............	909,130
533,420	PL# 775341, 6.00%, 05/01/19.................	559,473

1,161,938	PL# 775525, 5.50%, 05/01/34(e)..............	1,180,667
484,556	PL# 775794, 5.50%, 05/01/34(e)..............	492,367
459,897	PL# 776233, 5.50%, 04/01/34(e)..............	467,310
447,388	PL# 776440, 5.50%, 07/01/34(e)..............	454,600
792,065	PL# 776715, 5.50%, 05/01/34(e)..............	804,832
8,319,457	PL# 776983, 5.50%, 04/01/34(e)..............	8,453,558
92,493	PL# 777251, 4.50%, 04/01/19(e)..............	92,285
174,431	PL# 777263, 5.50%, 08/01/19(e)..............	180,443
96,056	PL# 777481, 5.50%, 06/01/34(e)..............	97,605
976,924	PL# 777677, 5.50%, 05/01/34(e)..............	992,671
99,658	PL# 777754, 5.50%, 05/01/34(e)..............	101,264
188,057	PL# 778219, 5.50%, 05/01/34(e)..............	191,088
71,755	PL# 778287, 5.50%, 05/01/34(e)..............	72,911
99,903	PL# 778619, 5.50%, 06/01/34(e)..............	101,513
1,161,664	PL# 779135, 5.50%, 06/01/34(e)..............	1,180,389
154,771	PL# 779520, 5.50%, 06/01/34(e)..............	157,266
479,727	PL# 780211, 5.50%, 05/01/34(e)..............	487,460
777,562	PL# 780698, 6.00%, 04/01/19.................	815,540
1,111,818	PL# 780901, 5.50%, 05/01/34(e)..............	1,129,739
430,818	PL# 782122, 5.50%, 07/01/34(e)..............	437,762
74,678	PL# 782571, 5.50%, 06/01/34(e)..............	75,882
319,175	PL# 782618, 5.50%, 07/01/34(e)..............	324,320
99,453	PL# 782707, 5.50%, 07/01/34(e)..............	101,056
454,335	PL# 782974, 5.50%, 06/01/34(e)..............	461,658
86,844	PL# 783017, 5.50%, 06/01/34(e)..............	88,244
103,947	PL# 783667, 5.50%, 06/01/34(e)..............	105,623
1,146,270	PL# 783813, 5.50%, 07/01/34(e)..............	1,164,747
1,795,962	PL# 783824, 5.50%, 07/01/34(e)..............	1,824,911
3,165,109	PL# 784017, 5.50%, 06/01/19.................	3,274,200
1,543,918	PL# 785226, 5.50%, 07/01/34(e)..............	1,568,804
1,235,153	PL# 786148, 5.50%, 07/01/34(e)..............	1,255,063
876,268	PL# 787817, 5.50%, 07/01/34(e)..............	890,392
331,387	PL# 789053, 5.50%, 07/01/34(e)..............	336,729
1,136,820	PL# 789432, 5.50%, 07/01/19.................	1,176,002
498,070	PL# 789545, 5.50%, 07/01/34(e)..............	506,099

</Table>

<Table>
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PRINCIPAL		VALUE
<C>	<S>	<C>
	US GOVERNMENT AGENCY SECURITIES (CONTINUED)	
	FANNIE MAE (CONTINUED)	
$ 53,054	PL# 789632, 5.50%, 08/01/19.................	$ 54,882
306,026	PL# 789634, 5.50%, 08/01/19.................	316,574

315,797	PL# 789873, 6.50%, 09/01/34..................	331,383
1,175,068	PL# 790929, 6.50%, 09/01/34..................	1,233,063
858,700	PL# 793193, 5.50%, 07/01/19..................	888,296
633,615	PL# 793680, 6.50%, 09/01/34..................	664,887
535,658	PL# 794206, 5.50%, 08/01/19..................	554,120
3,323,477	PL# 795118, 5.50%, 10/01/19(e)..............	3,438,027
541,458	PL# 798175, 6.50%, 09/01/34..................	568,182
6,999,999	PL# 800272, 5.50%, 12/01/19(e)..............	7,241,268
7,600,000	TBA, 4.00%, 01/01/20........	7,419,500
13,100,000	TBA, 4.50%, 01/01/20........	13,059,063
32,900,000	TBA, 5.00%, 01/01/20........	33,424,361
10,175,000	TBA, 4.56%, 12/01/34........	10,251,313
7,500,000	TBA, 4.50%, 01/01/35........	7,249,215
39,700,000	TBA, 5.00%, 01/01/35........	39,389,865
600,000	TBA, 5.50%, 01/01/35........	609,187
44,600,000	TBA, 6.00%, 01/01/35........	46,119,166
29,300,000	TBA, 6.50%, 01/01/35........	30,728,375
		467,369,241
	FREDDIE MAC -- 2.4%	
5,350,000	3.50%, 04/01/08............	5,323,651
13,080,000	3.88%, 11/10/08............	13,108,658
7,140,000	3.88%, 01/12/09............	7,117,102
1,560,000	4.75%, 12/08/10............	1,568,235
12,080,000	4.13%, 02/24/11(d)..........	11,909,757
		39,027,403
	FREDDIE MAC GOLD -- 6.0%	
11,345,000	4.50%, 12/16/10............	11,348,823
1,565,000	6.00%, 06/15/11............	1,727,500
51,300	6.00%, 02/01/13............	53,828
933,491	PL# A10807, 5.50%, 07/01/33(e)..............	949,480
217,967	PL# A12350, 5.50%, 08/01/33(e)..............	221,700
129,597	PL# A12533, 5.50%, 08/01/33(e)..............	131,817
350,635	PL# A12800, 5.50%, 08/01/33(e)..............	356,641
678,861	PL# A13289, 5.50%, 09/01/33(e)..............	690,489
135,512	PL# A13331, 5.50%, 09/01/33(e)..............	137,833
7,714,000	PL# A13669, 5.50%, 09/01/33(e)..............	7,846,128
269,926	PL# A16148, 6.00%, 11/01/33(e)..............	279,044

</Table>

See notes to financial statements.

CORE BOND PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
<Caption>

PRINCIPAL		VALUE
<C>	<S>	<C>
	US GOVERNMENT AGENCY SECURITIES (CONTINUED)	
	FREDDIE MAC GOLD (CONTINUED)	

$ 1,095,356	PL# A16728, 5.50%, 12/01/33(e)..............	$ 1,114,117
188,473	PL# B14156, 4.00%, 05/01/19.................	184,454
1,860,474	PL# C01271, 6.50%, 12/01/31.................	1,954,622
4,479,185	PL# C01623, 5.50%, 09/01/33(e)..............	4,555,906
5,520,592	PL# C57150, 6.00%, 05/01/31(e)..............	5,712,437
8,301	PL# C67653, 7.00%, 06/01/32.................	8,801
147,166	PL# C67868, 7.00%, 06/01/32.................	156,019
35,213	PL# C67999, 7.00%, 06/01/32.................	37,332
232,027	PL# C68001, 7.00%, 06/01/32.................	245,985
274,090	PL# C90229, 7.00%, 08/01/18.................	292,370
56,378	PL# E00418, 6.00%, 02/01/11.................	59,170
38,623	PL# E00570, 6.00%, 09/01/13.................	40,526
839,958	PL# E00592, 6.00%, 12/01/13.................	881,357
39,877	PL# E00720, 6.00%, 07/01/14.................	41,827
37,640	PL# E01007, 6.00%, 08/01/16.................	39,438
123,241	PL# E01095, 6.00%, 01/01/17.................	129,126
3,813,835	PL# E01638, 4.00%, 04/01/19.................	3,732,510
38,799	PL# E63016, 6.00%, 03/01/11.................	40,725
62,476	PL# E73319, 6.00%, 11/01/13.................	65,555
61,720	PL# E73769, 6.00%, 12/01/13.................	64,762
51,669	PL# E75990, 6.00%, 04/01/14.................	54,238
46,576	PL# E76341, 6.00%, 04/01/14.................	48,852
80,505	PL# E76730, 6.00%, 05/01/14.................	84,440
65,762	PL# E76731, 6.00%, 05/01/14.................	68,976
52,828	PL# E78995, 6.00%, 11/01/14.................	55,410
419,078	PL# E84191, 6.00%, 07/01/16.................	439,092
7,502	PL# E84758, 5.50%, 07/01/16.................	7,763
39,321	PL# E85885, 6.00%, 11/01/16.................	41,199
455,440	PL# E86502, 5.50%, 12/01/16.................	471,294
8,678	PL# E86565, 5.50%, 12/01/16.................	8,981
351,768	PL# E87961, 6.00%, 02/01/17.................	368,568
792,230	PL# E88001, 6.00%, 02/01/17.................	830,080
85,551	PL# E88452, 6.00%, 03/01/17.................	89,638
500,754	PL# E88749, 6.00%, 03/01/17.................	524,668
976,911	PL# E88789, 6.00%, 04/01/17.................	1,023,584
244,127	PL# E88979, 5.50%, 04/01/17.................	252,535
610,169	PL# E89282, 6.00%, 04/01/17.................	639,320
1,163,352	PL# E89336, 6.00%, 05/01/17.................	1,218,932
40,034	PL# E89653, 6.00%, 04/01/17.................	41,946
735,400	PL# E89913, 6.00%, 05/01/17.................	770,535
1,399,218	PL# E91644, 5.50%, 10/01/17.................	1,447,412
363,125	PL# E91754, 5.50%, 10/01/17.................	375,633
585,969	PL# E91774, 5.50%,	

	10/01/17.................	606,152
249,876	PL# E91968, 5.50%, 10/01/17.................	258,483
525,565	PL# E92113, 5.50%, 10/01/17.................	543,668

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PRINCIPAL		VALUE
<C>	<S>	<C>
	US GOVERNMENT AGENCY SECURITIES (CONTINUED)	
	FREDDIE MAC GOLD (CONTINUED)	
$ 136,767	PL# E93402, 6.00%, 09/01/12.................	$ 143,561
2,994,979	PL# G01391, 7.00%, 04/01/32.................	3,176,136
76,483	PL# G10558, 6.00%, 07/01/11.................	80,280
764,556	PL# G10937, 6.00%, 04/01/14.................	802,429
31,279	PL# G11111, 6.00%, 04/01/16.................	32,780
4,838,679	PL# M80813, 4.00%, 04/01/10.................	4,820,680
4,000,000	TBA, 4.50%, 01/01/20........	3,986,248
3,800,000	TBA, 5.50%, 01/01/20........	3,924,686
600,000	TBA, 5.50%, 01/01/35........	609,563
18,000,000	TBA, 6.00%, 01/01/35........	18,596,249
10,500,000	TBA, 5.00%, 01/01/35........	10,427,813
		99,972,146
	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION -- 3.5%	
271,962	PL# 3173, 6.50%, 12/20/31...	286,026
196,206	PL# 421352, 6.00%, 11/15/33.................	203,542
3,574	PL# 434615, 7.00%, 11/15/29.................	3,803
397,458	PL# 435071, 7.00%, 03/15/31.................	422,576
97,725	PL# 462559, 7.00%, 02/15/28.................	104,062
41,580	PL# 493966, 7.00%, 06/15/29.................	44,242
105,592	PL# 494742, 7.00%, 04/15/29.................	112,352
712,889	PL# 502998, 5.50%, 02/15/29.................	730,406
2,936	PL# 530260, 7.00%, 02/15/31.................	3,121
240,098	PL# 531025, 6.00%, 04/15/32.................	249,210
2,137	PL# 538271, 7.00%, 11/15/31.................	2,272
152,494	PL# 538312, 6.00%, 02/15/32.................	158,281
386,061	PL# 543989, 7.00%, 03/15/31.................	410,459
2,372	PL# 547545, 7.00%, 04/15/31.................	2,522
766,876	PL# 550985, 7.00%, 10/15/31.................	815,339
947	PL# 551549, 7.00%, 07/15/31.................	1,007
84,131	PL# 552413, 7.00%, 02/15/32.................	89,441
2,699,881	PL# 552942, 5.50%, 12/15/32(e)..............	2,762,995
194,123	PL# 554808, 6.00%, 05/15/31.................	201,593
170,721	PL# 555360, 6.00%, 06/15/31.................	177,290
166,024	PL# 555733, 6.00%, 03/15/32.................	172,325
2,222	PL# 557664, 7.00%, 08/15/31.................	2,362
337,379	PL# 557678, 7.00%, 08/15/31.................	358,700
6,548	PL# 561050, 7.00%, 05/15/31.................	6,962

2,099	PL# 561996, 7.00%, 07/15/31..................	2,232
27,309	PL# 563346, 7.00%, 09/15/31..................	29,035
175,207	PL# 563599, 7.00%, 06/15/32..................	186,266
258,413	PL# 564086, 7.00%, 07/15/31..................	274,743
57,498	PL# 564300, 6.00%, 08/15/31..................	59,710
18,731	PL# 564706, 7.00%, 07/15/31..................	19,915
149,242	PL# 565808, 6.00%, 11/15/31..................	154,985
273,643	PL# 567622, 6.00%, 04/15/32..................	284,028
152,054	PL# 567668, 6.00%, 05/15/32..................	157,824

</Table>

See notes to financial statements.

CORE BOND PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
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PRINCIPAL		VALUE
<C>	<S>	<C>
	US GOVERNMENT AGENCY SECURITIES (CONTINUED)	
	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (CONTINUED)	
$ 176,625	PL# 569567, 7.00%, 01/15/32..................	$ 187,773
149,254	PL# 570517, 6.00%, 01/15/32..................	154,918
121,111	PL# 572821, 6.00%, 12/15/31..................	125,771
148,614	PL# 574873, 6.00%, 12/15/31..................	154,332
138,989	PL# 575906, 6.00%, 01/15/32..................	144,263
82,343	PL# 576323, 6.00%, 12/15/31..................	85,511
2,648	PL# 579377, 7.00%, 04/15/32..................	2,816
525,127	PL# 581015, 7.00%, 02/15/32..................	558,270
166,418	PL# 581070, 6.00%, 02/15/32..................	172,734
78,985	PL# 581084, 7.00%, 02/15/32..................	83,970
200,439	PL# 582956, 7.00%, 02/15/32..................	213,089
358,271	PL# 585210, 6.00%, 03/15/33..................	371,666
561,593	PL# 587122, 7.00%, 06/15/32..................	597,037
146,049	PL# 587390, 6.00%, 11/15/32..................	151,591
58,899	PL# 587494, 7.00%, 06/15/32..................	62,616
1,612	PL# 589696, 7.00%, 05/15/32..................	1,714
209,018	PL# 592030, 6.00%, 02/15/32..................	216,950
13,662	PL# 593823, 6.00%, 10/15/32..................	14,180
251,115	PL# 596818, 6.00%, 12/15/32..................	260,645

447,817	PL# 598205, 6.00%, 05/15/33..................	464,560
220,045	PL# 598459, 6.00%, 11/15/32..................	228,396
132,440	PL# 603498, 6.00%, 03/15/33..................	137,392
202,350	PL# 611085, 6.00%, 05/15/33..................	209,916
294,940	PL# 615382, 6.00%, 07/15/33..................	305,968
4,918,032	PL# 618874, 5.50%, 08/15/33..................	5,029,271
857,686	PL# 625651, 5.50%, 01/15/34(e)..............	876,699
33,671	PL# 780802, 6.50%, 05/15/28..................	35,532
64,360	PL# 781113, 7.00%, 11/15/29..................	68,481
314,273	PL# 781148, 6.00%, 07/15/29..................	326,977
186,765	PL# 781276, 6.50%, 04/15/31..................	196,895
58,920	PL# 781287, 7.00%, 05/15/31..................	62,655
96,076	PL# 781324, 7.00%, 07/15/31..................	102,152
508,425	PL# 781328, 7.00%, 09/15/31..................	540,692
286,888	PL# 781330, 6.00%, 09/15/31..................	298,388
100,010	PL# 781496, 6.50%, 09/15/32..................	105,402
157,682	PL# 781548, 7.00%, 11/15/32..................	167,651
257,850	PL# 781566, 6.00%, 02/15/33..................	267,635
90,165	PL# 781584, 7.00%, 05/15/32..................	95,868
4,684,661	PL# 781689, 5.50%, 12/15/33(e)..............	4,793,912
5,283,030	PL# 781690, 6.00%, 12/15/33..................	5,483,594
5,632,221	PL# 781707, 5.50%, 02/15/34(e)..............	5,763,568
10,561,871	PL# 80916, 3.75%, 05/20/34..................	10,419,802
1,700,000	TBA, 5.50%, 01/01/35........	1,735,063
4,700,000	TBA, 6.00%, 01/01/35........	4,870,375
3,400,000	TBA, 6.50%, 01/01/35........	3,577,439

		58,213,755

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PRINCIPAL		VALUE
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<C>	<S>	<C>
	US GOVERNMENT AGENCY SECURITIES (CONTINUED)	
	PRIVATE ASSET BACKED: MORTGAGE AND HOME EQUITY -- 2.7%	
$ 4,047,588	Fannie Mae, Series 1999-7, Class AB, 6.00%, 03/25/29..........	$ 4,184,515
3,780,000	Fannie Mae, Series 2002-81, Class BR, 5.25%, 04/25/25..........	3,872,122
5,050,000	Fannie Mae, Series 2004-101, Class AR, 5.50%, 01/25/35..........	5,270,938
7,085,071	Fannie Mae, Series 2004-60, Class LB, 5.00%, 04/25/34..........	7,229,054
8,860,000	Fannie Mae, Series 2004-99, Class A0, 5.50%, 01/25/34..........	9,120,307
3,325,000	Freddie Mac, Series 2550, Class QP, 5.00%, 03/15/26..........	3,361,458
6,496,153	Freddie Mac, Series 2825, Class VP, 5.50%, 06/15/15..........	6,726,686

4,765,543	Freddie Mac, Series 2877, Class PA, 5.50%, 07/15/33..........	4,915,290
		44,680,370
	PRIVATE ASSET BACKED: US GOVERNMENT AGENCIES -- 0.4%	
3,423,225	Small Business Administration, Series 2002-P10B, Class 1, 5.20%, 08/01/12..........	3,498,964
2,940,700	Small Business Administration, Series 2004-P10A, 4.50%, 02/01/14..........	2,923,401
		6,422,365
	RESOLUTION FUNDING STRIPS -- 0.1%	
1,200,000	Zero coupon, 07/15/18.......	612,124
1,200,000	Zero coupon, 10/15/18.......	602,894
		1,215,018
	TOTAL US GOVERNMENT AGENCY SECURITIES (Cost $713,288,680).......	716,900,298
	CORPORATE BONDS AND NOTES -- 34.8%	
	AEROSPACE AND DEFENSE -- 0.4%	
320,000	B/E Aerospace, 8.50%, 10/01/10..........	353,600
1,545,000	Lockheed Martin Corp., 8.50%, 12/01/29..........	2,120,469
545,000	Lockheed Martin Corp., 7.20%, 05/01/36..........	664,001
2,390,000	Northrop Grumman Corp., 4.08%, 11/16/06..........	2,415,229

</Table>

See notes to financial statements.

CORE BOND PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
<Caption>

PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	AEROSPACE AND DEFENSE (CONTINUED)	
$ 35,000	Northrop Grumman Corp., 7.13%, 02/15/11..........	$ 40,217
940,000	Northrop Grumman Corp., 7.75%, 02/15/31..........	1,207,335
790,000	RC Trust I, 7.00%, 05/15/06..........	416,479
		7,217,330
	AUTOMOBILES/MOTOR VEHICLES -- 0.1%	
765,000	Daimler Chrysler AG Corp., 7.45%, 03/01/27..........	852,988
280,000	Daimler Chrysler NA Holding, 4.05%, 06/04/08..........	279,643
70,000	Daimler Chrysler NA Holding, 6.50%, 11/15/13..........	76,052
1,200,000	Daimler Chrysler NA Holding, Series MTND, Floating	

	Rate, 2.94%, 09/10/07(b)........	1,204,857
		2,413,540
	BANKS -- 6.7%	
5,575,000	American Express Bank FSB, Series BKNT, Floating Rate, 2.49%, 11/21/07(c)........	5,577,291
2,000,000	American Express Centurion Bank, Series BKNT, 4.38%, 07/30/09..........	2,033,936
1,404,000	Bank of America Corp., 5.25%, 02/01/07..........	1,454,145
3,550,000	Bank of America Corp., 3.88%, 01/15/08(f)........	3,580,221
1,425,000	Bank of America Corp., 3.25%, 08/15/08..........	1,401,877
2,000,000	Bank of America Corp., 3.38%, 02/17/09..........	1,961,586
425,000	Bank of America Corp., 5.38%, 06/15/14..........	444,340
1,250,000	Bank of Scotland -- 144A, 3.50%, 11/30/07..........	1,246,519
1,750,000	Bank One Corp., 6.00%, 08/01/08..........	1,874,500
2,000,000	BankBoston NA, Series BKNT, 6.38%, 03/25/08..........	2,153,982
2,850,000	HBOS Treasury Services PLC -- 144A, 3.75%, 09/30/08..........	2,847,709
3,850,000	HSBC Bank USA, Series BKNT, 3.88%, 09/15/09..........	3,820,490
4,350,000	HSBC Bank USA, Series BKNT, Floating Rate, 2.59%, 09/21/07(b)........	4,355,255
2,600,000	JP Morgan Chase & Company, 5.35%, 03/01/07..........	2,700,191
475,000	JP Morgan Chase & Company, 5.25%, 05/30/07..........	494,085

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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	BANKS (CONTINUED)	
$ 1,495,000	JP Morgan Chase & Company, 3.63%, 05/01/08(e)........	$ 1,485,556
2,100,000	JP Morgan Chase & Company, 5.75%, 10/15/08..........	2,229,856
935,000	JP Morgan Chase & Company, 3.50%, 03/15/09..........	916,969
1,100,000	JP Morgan Chase & Company, 7.00%, 11/15/09..........	1,228,708
580,000	JP Morgan Chase & Company, Floating Rate, 2.16%, 10/02/09(b)........	581,477
2,200,000	National City Bank, 3.38%, 10/15/07..........	2,189,422
2,705,000	National City Bank, Series BKNT, Floating Rate, 2.67%, 06/29/09(b)........	2,706,655
800,000	Rabobank Capital Funding II -- 144A, Variable Rate, 5.26%, perpetual(a).......	815,441
1,135,000	RBS Capital Trust I, Variable Rate, 4.71%, perpetual(a).......	1,107,620
3,600,000	State Street Bank & Trust, Series CD1, Floating Rate, 2.41%, 12/11/06(b)........	3,597,840
4,390,000	SunTrust Banks, Inc., 3.63%, 10/15/07..........	4,382,581
2,000,000	SunTrust Banks, Inc., 4.00%, 10/15/08..........	2,020,192
1,535,000	SunTrust Banks, Inc., 4.42%, 06/15/09..........	1,557,227
2,275,000	Swedish Export Credit, 2.88%, 01/26/07..........	2,253,294

980,000	UBS Preferred Funding Trust I, Variable Rate, 8.62%, perpetual(a).......	1,179,348
490,000	US Bancorp, Series MTNN, 3.95%, 08/23/07..........	495,016
3,040,000	US Bank NA, 2.40%, 03/12/07..........	2,984,760
8,275,000	US Bank NA, Series BKNT, Floating Rate, 2.04%, 10/01/07(b)........	8,281,008
1,140,000	Wachovia Corp., 3.63%, 02/17/09..........	1,127,941
2,340,000	Wachovia Corp., Variable Rate, 6.30%, 04/15/08(a)........	2,512,407
9,925,000	Wells Fargo & Company, 4.00%, 08/15/08..........	9,999,696
500,000	Wells Fargo & Company, 3.13%, 04/01/09..........	485,084
8,250,000	Wells Fargo & Company, 4.20%, 01/15/10..........	8,292,842

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See notes to financial statements.

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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	BANKS (CONTINUED)	
$ 10,030,000	Wells Fargo & Company, Floating Rate, 2.59%, 09/15/09(b)........	$ 10,031,394
2,150,000	Wells Fargo Bank NA, Series BKNT, Variable Rate, 7.80%, 06/15/10(a)........	2,195,238
		110,603,699
	BROADCAST SERVICES/MEDIA -- 1.4%	
1,395,000	Charter Communications Holdings LLC, 10.75%, 10/01/09.........	1,276,425
250,000	Comcast Cable Communications, Inc., 6.38%, 01/30/06..........	258,302
1,800,000	Comcast Cable Communications, Inc., 6.75%, 01/30/11..........	2,023,916
450,000	Comcast Corp., 7.05%, 03/15/33..........	516,598
2,020,000	Continental Cablevision, 8.30%, 05/15/06..........	2,146,559
465,000	Cox Communications, Inc., 7.75%, 11/01/10..........	533,289
370,000	Cox Communications, Inc., 4.63%, 06/01/13..........	354,554
2,300,000	Cox Communications, Inc. -- 144A, 4.63%, 01/15/10..........	2,297,246
330,000	CSC Holdings, Inc., 7.88%, 02/15/18..........	358,050
710,000	CSC Holdings, Inc. -- 144A, 6.75%, 04/15/12(d)........	734,850
675,000	EchoStar DBS Corp. -- 144A, 6.63%, 10/01/14..........	686,813

1,070,000	News America Holdings, 7.63%, 11/30/28..........	1,274,410
1,275,000	News America, Inc., 7.30%, 04/30/28..........	1,465,318
545,000	News America, Inc., 7.28%, 06/30/28..........	624,702
1,200,000	News America, Inc. -- 144A, 5.30%, 12/15/14..........	1,216,490
130,000	Rogers Cable, Inc. -- 144A (Canada), 6.75%, 03/15/15..........	133,575
650,000	TCI Communications, Inc., 7.88%, 02/15/26..........	800,470
1,675,000	TCI Communications, Inc., 7.13%, 02/15/28..........	1,898,532
700,000	Time Warner, Inc., 8.18%, 08/15/07..........	777,864
1,910,000	Time Warner, Inc., 7.57%, 02/01/24..........	2,252,883
610,000	Time Warner, Inc., 6.95%, 01/15/28..........	682,714

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PRINCIPAL		VALUE
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	CORPORATE BONDS AND NOTES (CONTINUED)	
	BROADCAST SERVICES/MEDIA (CONTINUED)	
$ 80,000	Time Warner, Inc., 7.63%, 04/15/31..........	$ 97,085
675,000	Walt Disney Company, Series MTNB, 6.20%, 06/20/14..........	748,571
		23,159,216
	CHEMICALS -- 0.1%	
365,000	Crown Euro Holdings SA (France), 9.50%, 03/01/11..........	417,925
425,000	Crown Euro Holdings SA (France), 10.88%, 03/01/13.........	504,688
220,000	Nalco Company, 7.75%, 11/15/11..........	238,700
		1,161,313
	CONSTRUCTION SERVICES AND SUPPLIES -- 0.0%	
600,000	D.R. Horton, Inc., 7.88%, 08/15/11..........	690,000
	FINANCIAL SERVICES -- 6.1%	
9,050,000	Citigroup, Inc., 3.50%, 02/01/08..........	9,016,144
14,330,000	Citigroup, Inc., 3.63%, 02/09/09..........	14,220,504
820,000	Citigroup, Inc., 6.20%, 03/15/09..........	892,035
11,200,000	Citigroup, Inc., Floating Rate, 2.59%, 06/09/09(b)........	11,231,024
160,000	E*TRADE Financial Corp. -- 144A, 8.00%, 06/15/11..........	172,800
8,225,000	Eksportfinans ASA, Series MTN, 3.38%, 01/15/08..........	8,188,399
2,000,000	General Electric Capital Corp., Series MTNA, 6.50%, 12/10/07..........	2,156,576
10,285,000	General Electric Capital Corp., Series MTNA, 4.25%, 01/15/08..........	10,455,206
5,045,000	General Electric Capital Corp., Series MTNA, 3.60%, 10/15/08..........	4,994,217
630,000	General Electric Capital Corp., Series MTNA, 4.38%, 11/21/11..........	627,181
5,000,000	General Electric Capital	

	Corp., Series MTNA, Floating Rate, 2.22%, 07/28/08(b)........	5,009,405
2,290,000	General Motors Acceptance Corp., 5.63%, 05/15/09..........	2,292,269
1,500,000	General Motors Acceptance Corp., 7.25%, 03/02/11..........	1,572,387

</Table>

See notes to financial statements.

CORE BOND PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
<Caption>

PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	FINANCIAL SERVICES (CONTINUED)	
$ 2,120,000	General Motors Acceptance Corp., 6.88%, 09/15/11..........	$ 2,175,455
1,100,000	General Motors Acceptance Corp., 6.75%, 12/01/14..........	1,103,473
1,560,000	General Motors Acceptance Corp., 8.00%, 11/01/31..........	1,607,989
450,000	Household Finance Corp., 7.20%, 07/15/06..........	475,370
2,925,000	Household Finance Corp., 6.50%, 11/15/08..........	3,183,889
1,500,000	Household Finance Corp., 4.13%, 12/15/08..........	1,507,493
1,590,000	Household Finance Corp., 7.00%, 05/15/12..........	1,818,400
1,575,000	HSBC Finance Corp., 4.13%, 11/16/09..........	1,568,240
440,000	HSBC Finance Corp., 6.75%, 05/15/11..........	494,424
1,583,000	Lehman Brothers Holdings, Inc., 7.00%, 02/01/08..........	1,730,768
4,000,000	Nationwide Building Society -- 144A, 3.50%, 07/31/07..........	3,984,268
430,000	REFCO Finance Holdings -- 144A, 9.00%, 08/01/12..........	473,000
4,550,000	SLM Corp., 4.00%, 01/15/10..........	4,519,861
545,000	SLM Corp., Series MTNA, 3.63%, 03/17/08..........	542,789
1,000,000	The Bear Stearns Companies, Inc., 2.88%, 07/02/08..........	967,960
2,475,000	TIAA Global Markets -- 144A, 3.88%, 01/22/08..........	2,492,120
1,955,000	USAA Capital Corp. -- 144A, Series MTNB, 4.00%, 12/10/07..........	1,978,693
		101,452,339
	FOOD AND BEVERAGE -- 0.2%	
1,915,000	Diageo Capital PLC, 3.38%, 03/20/08..........	1,898,288

1,100,000	General Mills, Inc., 5.13%, 02/15/07..........	1,129,951
		3,028,239

</Table>

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PRINCIPAL		VALUE
	CORPORATE BONDS AND NOTES (CONTINUED)	
	INSURANCE -- 1.3%	
$ 2,775,000	Allstate Financial Global Funding -- 144A, 6.15%, 02/01/06..........	$ 2,861,586
1,150,000	ASIF Global Financial XVIII -- 144A, 3.85%, 11/26/07..........	1,155,175
6,430,000	ASIF Global Financial XXIII -- 144A, 3.90%, 10/22/08..........	6,432,783
2,850,000	Berkshire Hathaway Finance Corp., 3.38%, 10/15/08..........	2,819,864
2,000,000	Berkshire Hathaway Finance Corp. -- 144A, 3.40%, 07/02/07..........	1,996,452
1,655,000	Liberty Mutual Group -- 144A, 5.75%, 03/15/14..........	1,629,935
1,000,000	Marsh & McLennan Companies, Inc., 5.38%, 07/15/14..........	978,859
2,060,000	Met Life Global Funding I -- 144A, 4.25%, 07/30/09..........	2,075,648
1,980,000	Protective Life Secured Trust, Series MTN, 3.70%, 11/24/08..........	1,975,959
		21,926,261
	LEISURE AND RECREATION -- 0.1%	
310,000	MGM MIRAGE, 6.00%, 10/01/09..........	319,300
795,000	Wynn Las Vegas LLC/Capital Corp. -- 144A, 6.63%, 12/01/14..........	791,025
		1,110,325
	MANUFACTURING -- 0.2%	
395,000	Briggs & Stratton Corp., 8.88%, 03/15/11..........	476,963
2,390,000	Tyco International Group SA, 6.13%, 11/01/08..........	2,577,182
		3,054,145
	MEDICAL AND OTHER HEALTH SERVICES -- 0.1%	
525,000	HCA, Inc., 5.50%, 12/01/09..........	525,730
1,300,000	WellPoint, Inc. -- 144A, 5.95%, 12/15/34..........	1,317,256
		1,842,986
	MEDICAL EQUIPMENT AND SUPPLIES -- 0.1%	
1,140,000	Boston Scientific Corp., 5.45%, 06/15/14..........	1,186,468

</Table>

See notes to financial statements.

PRINCIPAL		VALUE
	CORPORATE BONDS AND NOTES (CONTINUED)	
	METALS AND MINING -- 0.1%	
$ 210,000	International Steel Group, 6.50%, 04/15/14..........	$ 226,275
374,000	Ispat Inland ULC, 9.75%, 04/01/14..........	463,760
220,000	TriMas Corp., 9.88%, 06/15/12..........	234,300
		924,335
	OIL AND GAS: PIPELINES -- 0.2%	
1,425,000	Consolidated Natural Gas, Series A, 5.00%, 03/01/14..........	1,430,934
365,000	El Paso Natural Gas, 8.63%, 01/15/22..........	427,506
670,000	Transcontinental Gas Pipe Line Corp., Series B, 8.88%, 07/15/12..........	818,238
570,000	Williams Companies, Inc., 7.63%, 07/15/19..........	629,850
225,000	Williams Companies, Inc., 7.75%, 06/15/31..........	236,813
		3,543,341
	OIL, COAL AND GAS -- 1.2%	
840,000	Amerada Hess Corp., 7.30%, 08/15/31..........	940,018
2,480,000	Amerada Hess Corp., 7.13%, 03/15/33..........	2,735,638
295,000	Anadarko Finance Company, Series B, 7.50%, 05/01/31..........	366,664
255,000	Chesapeake Energy Corp. -- 144A, 6.38%, 06/15/15..........	263,288
2,500,000	Conoco Funding Company, 6.35%, 10/15/11..........	2,794,327
1,625,000	Devon Energy Corp., 7.95%, 04/15/32..........	2,083,070
435,000	Devon Financing Corp. ULC, 7.88%, 09/30/31..........	549,435
610,000	El Paso Production Holding Company, 7.75%, 06/01/13..........	642,025
2,160,000	EnCana Corp., 4.75%, 10/15/13..........	2,147,299
700,000	EnCana Corp., 6.50%, 08/15/34..........	771,114
1,225,000	Enterprise Products Operating LP -- 144A, 4.00%, 10/15/07..........	1,222,806
950,000	Gazprom OAO, 9.63%, 03/01/13..........	1,131,165
1,710,000	Gazprom OAO -- 144A, 9.63%, 03/01/13..........	2,026,350

PRINCIPAL		VALUE
	CORPORATE BONDS AND NOTES (CONTINUED)	
	OIL, COAL AND GAS (CONTINUED)	

$ 600,000	Hanover Equipment Trust, Series B, 8.75%, 09/01/11..........	$ 654,000
505,000	Occidental Petroleum, 8.45%, 02/15/29..........	686,154
700,000	Suncor Energy, Inc., 5.95%, 12/01/34..........	736,474
		19,749,827
	PAPER AND FOREST PRODUCTS -- 0.1%	
735,000	Georgia-Pacific Corp., 8.00%, 01/15/24..........	856,275
	PHARMACEUTICALS -- 0.3%	
1,100,000	Bristol-Myers Squibb, 6.88%, 08/01/97..........	1,267,019
815,000	Elan Finance PLC/Elan Finance Corp. -- 144A (Brazil), 7.75%, 11/15/11..........	872,050
865,000	Merck & Company, Inc., 5.95%, 12/01/28..........	898,168
1,685,000	Wyeth, 6.50%, 02/01/34..........	1,803,782
		4,841,019
	PRIVATE ASSET BACKED: AUTOMOBILES/MOTOR VEHICLES -- 0.3%	
4,329,260	Daimler Chrysler Auto Trust, Series 2001-C, Class A4, 4.63%, 12/06/06..........	4,353,046
	PRIVATE ASSET BACKED: BANKS -- 0.3%	
5,174,564	Bank of America Alternative Loan Trust, Series 2004-7, Class 4A1, 5.00%, 08/25/19..........	5,239,499
	PRIVATE ASSET BACKED: CREDIT CARDS -- 3.2%	
12,075,000	Chase Issuance Trust, Series 2004-A9, Class A9, 3.22%, 06/15/10..........	11,998,131
14,950,000	Citibank Credit Card Issuance Trust, Series 2004-A1, Class A1, 2.55%, 01/20/09..........	14,704,945
14,850,000	Citibank Credit Card Issuance Trust, Series 2004-A4, Class A4, 3.20%, 08/24/09..........	14,718,008
11,500,000	MBNA Credit Card Master Note Trust, Series 2003-A6, Class A6, 2.75%, 10/15/10..........	11,157,443
		52,578,527

</Table>

See notes to financial statements.

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PRINCIPAL		VALUE
<C>	<S>	<C>

PRINCIPAL		VALUE
	CORPORATE BONDS AND NOTES (CONTINUED)	
	PRIVATE ASSET BACKED: FINANCIAL SERVICES -- 1.0%	
$ 7,480,000	Greenwich Capital Commercial Funding Corp., Series 2004-GG1, Class A4, 4.76%, 06/10/36..........	$ 7,651,089
5,397,447	Morgan Stanley Capital I, Series 1998-WF1, Class A2, 6.55%, 03/15/30..........	5,760,775
2,980,000	Morgan Stanley Capital I, Series 1999-FNV1, Class A2, 6.53%, 03/15/31..........	3,236,757
		16,648,621
	PRIVATE ASSET BACKED: MORTGAGE AND HOME EQUITY -- 6.9%	
1,695,287	Bear Stearns Commercial Mortgage Securities, Series 2001, Class A1, 6.08%, 02/15/35..........	1,778,748
7,670,000	Chase Commercial Mortgage Securities Corp., Series 2000-3, Class A2, 7.32%, 10/15/32..........	8,768,392
12,725,000	Countrywide Asset-Backed Certificates, Series 2004-13, Class AV4, Floating Rate, 2.71%, 06/25/35(c)........	12,724,999
4,875,000	DLJ Commercial Mortgage Corp., Series 2000-CKP1, Class A1B, 7.18%, 11/10/33..........	5,529,630
6,150,000	GMAC Commercial Mortgage Securities, Inc., Series 1999-C2, Class A2, 6.95%, 09/15/33..........	6,807,030
7,715,596	GMAC Commercial Mortgage Securities, Inc., Series 1999-C3, Class A2, 7.18%, 08/15/36..........	8,619,821
12,737,013	GSR Mortgage Loan Trust, Series 2003-13, Class 1A1, 4.52%, 10/25/33..........	12,475,384
6,650,000	JP Morgan Chase Commercial Mortgage Securities Corp., Series 2001-CIB2, Class A3, 6.43%, 04/15/35..........	7,388,000
9,475,000	JP Morgan Chase Commercial Mortgage Securities Corp., Series 2001-CIBC, Class A3, 6.26%, 03/15/33..........	10,419,379
7,425,000	LB Commercial Conduit Mortgage Trust, Series 1998-C4, Class A1B, 6.21%, 10/15/35..........	7,971,997
6,900,000	LB-UBS Commercial Mortgage Trust, Series 2000-C3, Class A2, 7.95%, 01/15/10..........	8,015,690

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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	PRIVATE ASSET BACKED: MORTGAGE AND HOME EQUITY (CONTINUED)	
$ 6,830,000	LB-UBS Commercial Mortgage Trust, Series 2000-C4, Class A2, 7.37%, 08/15/26..........	$ 7,808,134
7,395,000	LB-UBS Commercial Mortgage Trust, Series 2003-C7, Class A3, 4.56%, 09/15/27..........	7,466,425

8,060,000	LB-UBS Commercial Mortgage Trust, Series 2004-C8, Class A2, 4.20%, 12/15/29..........	8,083,994
		113,857,623
	PRIVATE ASSET BACKED: OTHER -- 0.4%	
6,426,823	Structured Asset Securities Corp., Series 2003-AL2, Class A, 3.36%, 01/25/31..........	6,131,556
	PRIVATE ASSET BACKED: UTILITIES -- 0.6%	
8,000,000	Peco Energy Transition Trust, Series 2000-A, Class A4, 7.65%, 03/01/10..........	9,220,028
	REAL ESTATE -- 0.2%	
510,000	EOP Operating LP, 4.75%, 03/15/14..........	494,263
2,315,000	EOP Operating LP, 7.50%, 04/19/29..........	2,691,517
		3,185,780
	REAL ESTATE INVESTMENT TRUSTS -- 0.4%	
910,000	AvalonBay Communities, Series MTN, 6.63%, 09/15/11..........	1,008,495
2,300,000	Developers Diversified Realty Corp., 3.88%, 01/30/09..........	2,259,147
4,135,000	Rouse Company, 5.38%, 11/26/13..........	3,973,789
		7,241,431
	RESEARCH AND DEVELOPMENT -- 0.0%	
530,000	Bio-Rad Laboratories, Inc. -- 144A, 6.13%, 12/15/14..........	536,625
	SCIENTIFIC AND TECHNICAL INSTRUMENTS -- 0.0%	
175,000	Fisher Scientific International, Inc. -- 144A, 6.75%, 08/15/14..........	188,563
	SEMICONDUCTORS -- 0.0%	
125,000	Freescale Semiconductor, Inc., 6.88%, 07/15/11..........	134,688
245,000	Freescale Semiconductor, Inc., Floating Rate, 4.82%, 07/15/09(b)........	256,331

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See notes to financial statements.

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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	SEMICONDUCTORS (CONTINUED)	

$ 320,000	MagnaChip Semiconductor, Ltd. -- 144A, Floating Rate, 5.26%, 12/15/11(b)........	$ 330,400
		721,419
	SPECIAL PURPOSE ENTITY -- 0.2%	
1,000,000	California Preferred Fund Trust, 7.00%, perpetual..........	1,042,838
1,600,000	New York Life Global Funding -- 144A, 3.88%, 01/15/09..........	1,592,718
405,000	Rainbow National Services LLC -- 144A, 8.75%, 09/01/12..........	446,513
		3,082,069
	TELECOMMUNICATIONS EQUIPMENT AND SERVICES -- 1.4%	
2,175,000	BellSouth Corp., 4.20%, 09/15/09..........	2,182,984
775,000	BellSouth Corp., 6.55%, 06/15/34..........	847,357
80,000	British Telecom PLC, Variable Rate, 8.88%, 12/15/30(m)........	107,444
550,000	Cincinnati Bell, Inc., 8.38%, 01/15/14(d)........	559,625
860,000	Citizens Communications Company, 6.25%, 01/15/13..........	870,750
875,000	Deutsche Telekom International Corp., Variable Rate, 8.25%, 06/15/05(m)........	895,490
358,000	MCI, Inc., 6.91%, 05/01/07..........	367,398
258,000	MCI, Inc., 6.69%, 05/01/09..........	267,675
2,350,000	New England Telephone & Telegraph, 7.88%, 11/15/29..........	2,845,803
970,000	New Jersey Bell Telephone, 7.85%, 11/15/29..........	1,174,423
605,000	Nextel Communications, Inc., 5.95%, 03/15/14..........	629,200
535,000	Qwest Communications International -- 144A, 7.50%, 02/15/14..........	543,025
2,310,000	Qwest Corp. -- 144A, 7.88%, 09/01/11..........	2,517,900
400,000	Qwest Corp. -- 144A, 9.13%, 03/15/12..........	464,000
480,000	Rogers Wireless, Inc. (Canada), 6.38%, 03/01/14..........	477,600

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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	TELECOMMUNICATIONS EQUIPMENT AND SERVICES (CONTINUED)	
$ 350,000	Rogers Wireless, Inc. -- 144A (Canada), 7.25%, 12/15/12..........	$ 372,750
130,000	Rogers Wireless, Inc. -- 144A (Canada), 7.50%, 03/15/15..........	137,800
645,000	SBC Communications, Inc., 4.13%, 09/15/09..........	644,504
255,000	SBC Communications, Inc., 6.45%, 06/15/34..........	274,132
950,000	Telecom Italia Capital -- 144A, 4.00%, 01/15/10..........	932,511
655,000	Telecom Italia	

	Capital -- 144A, 4.95%, 09/30/14..........	642,953
2,785,000	Telecom Italia Capital -- 144A, 6.00%, 09/30/34..........	2,732,071
850,000	Telefonica Europe BV, 7.75%, 09/15/10..........	997,958
155,000	Verizon Global Funding Corp., 7.75%, 12/01/30..........	193,320
215,000	Verizon Maryland, Inc., 5.13%, 06/15/33..........	193,542
1,470,000	Vodafone Group PLC, 5.00%, 12/16/13..........	1,498,427
		23,370,642
	TRANSPORTATION -- 0.2%	
1,350,000	Burlington Northern Santa Fe Corp., 7.29%, 06/01/36..........	1,658,710
765,000	Canadian National Railway Company, 6.90%, 07/15/28..........	883,220
540,000	OMI Corp. (Marshall Island), 7.63%, 12/01/13..........	580,500
810,000	Overseas Shipholding Group, 7.50%, 02/15/24..........	830,250
		3,952,680
	UTILITIES -- 0.1%	
325,000	National Waterworks, Inc., Series B, 10.50%, 12/01/12.........	367,250
470,000	Orion Power Holdings, Inc., 12.00%, 05/01/10.........	599,250
		966,500
	UTILITIES: ELECTRIC -- 0.9%	
590,000	First Energy Corp., Series C, 7.38%, 11/15/31..........	675,886
224,753	Homer City Funding LLC, 8.73%, 10/01/26..........	262,960
1,000,000	Midwest Generation LLC, 8.75%, 05/01/34..........	1,140,000

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See notes to financial statements.

CORE BOND PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	UTILITIES: ELECTRIC (CONTINUED)	
$ 315,000	Midwest Generation LLC, Series B, 8.56%, 01/02/16..........	$ 349,847
2,725,000	Ohio Edison, 5.45%, 05/01/15..........	2,769,524
1,482,000	Ontario Electricity Finance, 6.10%, 01/30/08..........	1,587,775
1,940,000	Progress Energy, Inc., 7.75%, 03/01/31..........	2,335,465

160,000	Reliant Energy, Inc., 9.25%, 07/15/10(d)........	179,200
355,000	Reliant Energy, Inc., 6.75%, 12/15/14..........	354,556
300,000	SP PowerAssets, Ltd. -- 144A, 5.00%, 10/22/13..........	304,954
600,000	Texas Genco LLC/ Financing -- 144A, 6.88%, 12/15/14..........	623,250
3,750,000	TXU Corp. -- 144A, 4.80%, 11/15/09..........	3,760,747
		14,344,164
	TOTAL CORPORATE BONDS AND NOTES (Cost $572,771,188).......	574,379,431
	MUNICIPAL BONDS -- 0.1%	
	CALIFORNIA	
1,575,000	California State Department of Water Powersupply Revenue Bond, Series E, 3.98%, 05/01/05 (Cost $1,574,964).........	1,579,946
	FOREIGN GOVERNMENT OBLIGATIONS -- 2.9%	
9,700,000	AID-Israel, 5.50%, 09/18/23..........	10,164,543
75,228,000	Mexican Fixed Rate Bonds, Series M7, 8.00%, 12/24/08(l)........	6,552,590
49,121,000	Mexican Fixed Rate Bonds, Series MI7, 9.00%, 12/24/09(l)........	4,378,066
16,795,000	New Zealand Government, Series 415, 6.00%, 04/15/15(i)........	12,152,731
1,480,000	Quebec Province, 5.00%, 07/17/09..........	1,547,529
3,198,883	Republic of Colombia, 9.75%, 04/09/11..........	3,694,710
2,295,000	United Mexican States, 8.38%, 01/14/11..........	2,701,215

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PRINCIPAL		VALUE
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	FOREIGN GOVERNMENT OBLIGATIONS (CONTINUED)	
$ 4,045,000	United Mexican States, 8.13%, 12/30/19..........	$ 4,756,920
2,385,000	United Mexican States, 8.00%, 09/24/22..........	2,757,060
	TOTAL FOREIGN GOVERNMENT OBLIGATIONS (Cost $45,328,200).............	48,705,364
	PREFERRED CORPORATE BONDS & NOTES -- 0.1%	
	TELECOMMUNICATIONS EQUIPMENT AND SERVICES	
2,000,000	TCI Communications Financing III, 9.65%, 03/31/27 (Cost $2,151,273)..............	2,323,092
	SHORT TERM COMMERCIAL PAPER -- 0.7%	
7,500,000	HBOS Treasury Services PLC, 2.04%, 01/26/05..........	7,489,375
4,500,000	Santander Central Hispano Finance (Delaware), Inc., 2.01%, 01/14/05..........	4,496,734
	TOTAL SHORT TERM COMMERCIAL PAPER (Cost $11,986,109)........	11,986,109
	SHORT TERM US TREASURY SECURITY -- 0.9%	
15,500,000	US Treasury Bill,	

	1.78%, 01/13/05 (Cost $15,490,824)........	15,490,824
	SECURITIES LENDING COLLATERAL -- 21.6%	
357,709,666	Securities Lending Collateral Investment (Note 4) (Cost $357,709,666).......	357,709,666
	TOTAL SECURITIES (Cost $2,171,881,538).....	2,180,919,786
	REPURCHASE AGREEMENTS -- 2.8%	
46,075,207	With Investors Bank and Trust, dated 12/31/04, 1.88%, due 01/03/05, repurchase proceeds at maturity $46,082,425 (Collateralized by various Fannie Maes, 2.92%, due 01/25/33-02/25/33, with a total value of $21,003,463, and various Small Business Administrations, 5.03% -- 5.38%, due 07/25/16-02/25/28, with a total value of $27,378,967) (Cost $46,075,207)........	46,075,207
	SECURITIES SOLD SHORT -- (10.1)%	
20,200,000	Fannie Mae, TBA, 5.00%, 01/13/05..........	(20,042,198)
43,500,000	Fannie Mae, TBA, 5.50%, 01/13/05..........	(44,166,072)

</Table>

See notes to financial statements.

CORE BOND PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
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PRINCIPAL		VALUE
<C>	<S>	<C>
	SECURITIES SOLD SHORT (CONTINUED)	
$ 21,400,000	Fannie Mae, TBA, 4.50%, 01/19/05..........	$ (21,333,125)
23,200,000	Fannie Mae, TBA, 5.50%, 01/19/05..........	(23,975,762)
3,100,000	Fannie Mae, TBA, 6.00%, 01/19/05..........	(3,248,218)
16,300,000	Freddie Mac Gold, TBA, 5.50%, 01/13/05..........	(16,559,789)
23,700,000	Freddie Mac Gold, TBA, 6.00%, 01/13/05..........	(24,485,062)
13,700,000	Government National Mortgage Association, TBA, 5.50%, 01/20/05..........	(13,982,562)
	TOTAL SECURITIES SOLD SHORT (Proceeds $168,103,608)...	(167,792,788)
	Total Investments -- 124.4% (Cost $2,049,853,137).....	2,059,202,205
	Liabilities less other assets -- (24.4)%.........	(403,834,320)
	NET ASSETS -- 100.0%.......	$1,655,367,885

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</Table>

The aggregate cost of securities for federal income tax purposes at December 31, 2004 is $2,050,735,894.

The following amounts are based on cost for federal income tax purposes:

Gross unrealized appreciation...........	$16,686,024
Gross unrealized depreciation...........	(8,219,713)
Net unrealized appreciation.............	$ 8,466,311

See summary of footnotes and abbreviations to portfolios.

See notes to financial statements.

BALANCED PORTFOLIO

PORTFOLIO OF INVESTMENTS

DECEMBER 31, 2004

SHARES		VALUE
	COMMON STOCKS -- 63.6%	
	ADVERTISING -- 0.1%	
3,500	Interpublic Group of Companies, Inc.*........................	$ 46,900
4,350	Omnicom Group, Inc.	366,792
		413,692
	AEROSPACE AND DEFENSE -- 1.6%	
10,550	General Dynamics Corp.	1,103,530
2,800	Goodrich Corp.	91,392
2,250	L-3 Communications Holdings, Inc.	164,790
16,650	Lockheed Martin Corp.	924,908
7,700	Northrop Grumman Corp.	418,572
23,750	Raytheon Company..............	922,213
41,100	The Boeing Company............	2,127,746
11,300	United Technologies Corp.	1,167,855
		6,921,006
	AGRICULTURE -- 0.1%	
6,000	Monsanto Company..............	333,300
	APPAREL: MANUFACTURING -- 0.5%	
7,350	Coach, Inc.*..................	414,540
2,650	Jones Apparel Group, Inc.	96,911
2,650	Liz Claiborne, Inc.	111,857
13,250	Nike, Inc. -- Class B..........	1,201,642
2,200	Reebok International, Ltd.(d)......................	96,800

6,150	VF Corp.	340,587
		2,262,337
	APPAREL: RETAIL -- 0.3%	
14,900	Limited Brands, Inc.	342,998
33,450	The Gap, Inc.(d)..............	706,464
		1,049,462
	AUTOMOBILES/MOTOR VEHICLES -- 0.6%	
92,400	Ford Motor Company(d)..........	1,352,736
5,100	General Motors Corp.(d)........	204,306
6,750	Harley-Davidson, Inc.	410,063
9,250	PACCAR, Inc.(d)................	744,440
		2,711,545
	AUTOMOTIVE EQUIPMENT -- 0.1%	
6,650	Genuine Parts Company..........	292,999
4,200	Johnson Controls, Inc.	266,448
		559,447
	BANKS -- 3.9%	
7,700	AmSouth Bancorp(d)............	199,430
86,212	Bank of America Corp.	4,051,101
12,500	BB&T Corp.	525,625
6,700	Comerica, Inc.(d).............	408,834
5,300	Fifth Third Bancorp...........	250,584

</Table>

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SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	BANKS (CONTINUED)	
1,300	First Horizon National Corp.(d)....................	$ 56,043
6,900	Golden West Financial Corp. ...	423,798
5,450	Huntington Bancshares, Inc.(d)......................	135,051
15,900	KeyCorp.......................	539,010
2,750	M&T Bank Corp.	296,560
5,500	Marshall & Ilsley Corp.	243,100
10,400	Mellon Financial Corp.	323,544
23,950	National City Corp.(d).........	899,323
9,950	North Fork Bancorp, Inc.	287,058
1,950	Northern Trust Corp.	94,731
2,600	PNC Financial Services Group...	149,344
8,684	Regions Financial Corp.	309,064
3,200	Sovereign Bancorp, Inc.(d).....	72,160
7,950	State Street Corp.	390,504
7,200	SunTrust Banks, Inc.	531,936
2,850	Synovus Financial Corp.	81,453
15,400	The Bank of New York Company, Inc.	514,668
40,482	US Bancorp....................	1,267,896
34,753	Wachovia Corp.	1,828,007
36,100	Wells Fargo & Company..........	2,243,614
1,850	Zions Bancorp..................	125,856
		16,248,294
	BROADCAST SERVICES/MEDIA -- 1.7%	
48,600	Comcast Corp. -- Class A*......	1,617,408
6,050	Gannett Company, Inc.	494,285
9,550	McGraw-Hill Companies, Inc. ...	874,207
1,050	Meredith Corp.	56,910
45,000	The Walt Disney Company........	1,251,000
97,050	Time Warner, Inc.*............	1,886,652
3,000	Tribune Company................	126,420
24,850	Viacom, Inc. -- Class B........	904,292
		7,211,174
	BUSINESS SERVICES AND SUPPLIES -- 0.5%	
2,500	Avery Dennison Corp.	149,925
4,000	Cintas Corp.	175,440
3,350	Ecolab, Inc.(d)................	117,686
19,230	First Data Corp.	818,043

5,000	Fiserv, Inc.*..................	200,950
3,400	Moody's Corp.	295,290
8,700	Paychex, Inc.	296,496
4,850	Robert Half International, Inc.	142,736
		2,196,566
	CHEMICALS -- 0.9%	
5,450	Air Products and Chemicals, Inc.	315,937
1,750	Ashland, Inc.	102,165

</Table>

See notes to financial statements.

BALANCED PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
<Caption>

SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	CHEMICALS (CONTINUED)	
2,150	Eastman Chemical Company.......	$ 124,120
22,300	EI du Pont de Nemours and Company......................	1,093,814
2,650	Engelhard Corp.	81,276
2,500	International Flavors & Fragrances, Inc.	107,100
9,600	PPG Industries, Inc.	654,336
5,100	Rohm and Haas Company..........	225,573
2,300	Sigma-Aldrich Corp.	139,058
21,150	The Dow Chemical Company.......	1,047,136
		3,890,515
	COMMERCIAL SERVICES -- 0.1%	
23,150	Cendant Corp.	541,247
	COMPUTER SOFTWARE AND SERVICES -- 3.2%	
5,700	Adobe Systems, Inc.	357,618
3,050	Affiliated Computer Services, Inc. -- Class A*(d)..........	183,580
8,500	Autodesk, Inc.	322,575
13,200	Automatic Data Processing, Inc.	585,420
11,600	BMC Software, Inc.*............	215,760
3,500	Citrix Systems, Inc.*..........	85,855
13,000	Computer Associates International, Inc.(d).......	403,780
4,600	Computer Sciences Corp.*.......	259,302
21,300	Compuware Corp.*...............	137,811
2,650	Electronic Arts, Inc.*.........	163,452
11,350	Electronic Data Systems Corp.	262,185
4,500	Intuit, Inc.*..................	198,045
239,650	Microsoft Corp.	6,401,051
2,200	NCR Corp.*.....................	152,306
212,000	Oracle Corp.*..................	2,908,639
8,700	PeopleSoft, Inc.*..............	230,376
11,400	Siebel Systems, Inc.*..........	119,700
7,200	SunGard Data Systems, Inc.*....	203,976
9,150	Unisys Corp.*..................	93,147
10,100	VERITAS Software Corp.*(d).....	288,355
		13,572,933
	COMPUTERS AND OFFICE EQUIPMENT -- 3.4%	

20,000	Apple Computer, Inc.*..........	1,288,000
91,850	Dell, Inc.*...................	3,870,558
53,100	EMC Corp. (Massachusetts)*.....	789,597
3,550	Gateway, Inc.*................	21,336
64,187	Hewlett-Packard Company........	1,346,001
45,450	International Business Machines Corp.	4,480,460
2,950	Lexmark International Group, Inc.*.......................	250,750
8,000	Network Appliance, Inc.*.......	265,760

</Table>

<Table>
<Caption>

SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	COMPUTERS AND OFFICE EQUIPMENT (CONTINUED)	
5,550	Pitney Bowes, Inc.	$ 256,854
171,300	Sun Microsystems, Inc.*........	921,594
34,750	Xerox Corp.*..................	591,098
		14,082,008
	CONSTRUCTION SERVICES AND SUPPLIES -- 0.2%	
4,850	American Standard Companies, Inc.*.......................	200,402
1,150	Centex Corp.	68,517
9,500	Masco Corp.	347,035
2,200	Vulcan Materials Company.......	120,142
		736,096
	CONSUMER GOODS AND SERVICES -- 6.1%	
2,400	Alberto-Culver Company -- Class B..........................	116,568
43,950	Altria Group, Inc.	2,685,344
4,250	Avon Products, Inc.	164,475
5,950	Clorox Company................	350,634
11,850	Colgate-Palmolive Company......	606,246
10,700	Eastman Kodak Company(d).......	345,075
15,550	FedEx Corp.	1,531,520
3,250	Fortune Brands, Inc.	250,835
224,300	General Electric Company.......	8,186,949
49,250	Gillette Company..............	2,205,415
10,850	Kimberly-Clark Corp.	714,039
1,900	Leggett & Platt, Inc.	54,017
6,600	Newell Rubbermaid, Inc.(d).....	159,654
86,950	Procter & Gamble Company.......	4,789,205
3,550	Reynolds American, Inc.(d).....	279,030
4,150	The Black & Decker Corp.(d)....	366,570
8,100	The Sherwin-Williams Company...	361,503
24,050	United Parcel Service, Inc. -- Class B.....................	2,055,313
6,450	UST, Inc.	310,310
1,900	Whirlpool Corp.(d)............	131,499
		25,664,201
	CONTAINERS AND PACKAGING -- 0.1%	
2,600	Ball Corp.	114,348
900	Bemis Company, Inc.	26,181
3,550	Pactiv Corp.*.................	89,780
2,250	Sealed Air Corp.*.............	119,857
		350,166
	DISTRIBUTION -- 0.1%	
3,300	WW Grainger, Inc.	219,846
	EDUCATION -- 0.1%	
4,350	Apollo Group, Inc. -- Class A*..........................	351,089

</Table>

See notes to financial statements.

BALANCED PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

SHARES		VALUE
	COMMON STOCKS (CONTINUED)	
	ELECTRONICS -- 0.4%	
15,800	Emerson Electric Company.......	$ 1,107,580
4,550	Jabil Circuit, Inc.*...........	116,389
4,750	Rockwell Collins, Inc.	187,340
300	Sanmina-SCI Corp.*............	2,541
8,350	Solectron Corp.*..............	44,506
2,900	Tektronix, Inc.	87,609
		1,545,965
	ENVIRONMENTAL WASTE MANAGEMENT AND RECYCLING SERVICES -- 0.1%	
12,750	Waste Management, Inc.	381,735
	FINANCIAL SERVICES -- 5.0%	
27,050	American Express Company.......	1,524,808
12,650	Capital One Financial Corp.(d)....................	1,065,257
11,350	CIT Group, Inc.	520,057
111,749	Citigroup, Inc.	5,384,066
11,950	Countrywide Financial Corp. ...	442,270
8,900	E*TRADE Financial Corp.*.......	133,055
2,800	Equifax, Inc.	78,680
20,900	Fannie Mae....................	1,488,288
5,500	Franklin Resources, Inc.	383,075
15,500	Freddie Mac...................	1,142,350
11,000	Goldman Sachs Group, Inc.	1,144,440
6,000	H&R Block, Inc.	294,000
9,900	Lehman Brothers Holdings, Inc.	866,052
27,500	MBNA Corp.	775,225
20,100	Merrill Lynch & Company, Inc.	1,201,377
23,900	Morgan Stanley................	1,326,928
6,050	Providian Financial Corp.*.....	99,644
27,150	Prudential Financial, Inc.	1,492,163
9,600	SLM Corp.	512,544
3,850	The Bear Stearns Companies, Inc.	393,894
18,950	Washington Mutual, Inc.	801,206
		21,069,379
	FOOD AND BEVERAGE -- 2.3%	
7,000	Anheuser-Busch Companies, Inc.	355,110
13,900	Archer-Daniels-Midland Company.....................	310,109
1,200	Brown-Forman Corp. -- Class B..	58,416
9,250	Campbell Soup Company..........	276,483
52,550	Coca-Cola Company.............	2,187,656
10,300	Coca-Cola Enterprises, Inc. ...	214,755
12,850	ConAgra Foods, Inc.	378,433
8,900	General Mills, Inc.	442,419
6,100	Hershey Foods Corp.	338,794
8,450	HJ Heinz Company..............	329,466
9,250	Kellogg Company...............	413,105

SHARES		VALUE

SHARES		VALUE
	COMMON STOCKS (CONTINUED)	
	FOOD AND BEVERAGE (CONTINUED)	
3,600	McCormick & Company, Inc.	$ 138,960
50,700	PepsiCo, Inc.	2,646,539
17,350	Sara Lee Corp.	418,829
5,950	The Pepsi Bottling Group, Inc.	160,888
11,700	Wm Wrigley Jr. Company.........	809,523
		9,479,485
	INSURANCE -- 3.1%	
6,100	Ace, Ltd.	260,775
7,900	Aetna, Inc.	985,524
11,050	AFLAC, Inc.	440,232
14,750	Allstate Corp.	762,870
2,700	Ambac Financial Group, Inc. ...	221,751
55,653	American International Group, Inc.	3,654,732
6,950	Aon Corp.	165,827
9,850	Chubb Corp.	757,465
7,000	CIGNA Corp.	570,990
4,205	Cincinnati Financial Corp.	186,113
10,950	Hartford Financial Services Group, Inc.	758,945
5,550	Humana, Inc.*..................	164,780
1,400	Jefferson-Pilot Corp.	72,744
7,300	Lincoln National Corp.	340,764
10,100	Loews Corp.	710,030
4,700	Marsh & McLennan Companies, Inc.	154,630
3,300	MBIA, Inc.(d)..................	208,824
16,400	MetLife, Inc.	664,364
2,650	MGIC Investment Corp.	182,612
7,100	Principal Financial Group, Inc.	290,674
4,950	Progressive Corp.	419,958
6,950	SAFECO Corp.	363,068
2,500	The St. Paul Travelers Companies, Inc.	92,675
2,150	Torchmark Corp.	122,851
3,100	UnumProvident Corp.	55,614
3,300	XL Capital, Ltd. -- Class A(d).........................	256,245
		12,865,057
	INTERNET SERVICES -- 1.6%	
142,600	Cisco Systems, Inc.*...........	2,752,180
14,600	eBay, Inc.*....................	1,697,688
8,000	Novell, Inc.*(d)...............	54,000
32,100	Symantec Corp.*................	826,896
31,500	YAHOO!, Inc.*..................	1,186,920
		6,517,684

</Table>

See notes to financial statements.

BALANCED PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

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SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	LEISURE AND RECREATION -- 0.6%	
2,050	Brunswick Corp.	$ 101,475

14,350	Carnival Corp.	826,990
2,350	Harrah's Entertainment, Inc.	157,192
8,150	Hilton Hotels Corp.	185,331
8,900	International Game Technology..	305,982
8,700	Marriott International, Inc. -- Class A......................	547,926
5,000	Starwood Hotels & Resorts Worldwide, Inc.	292,000

		2,416,896

	MACHINERY -- 0.4%	
3,150	Caterpillar, Inc.	307,157
1,700	Cummins, Inc.	142,443
5,600	Deere & Company...............	416,640
1,900	Dover Corp.	79,686
4,000	Ingersoll-Rand Company, Ltd. -- Class A.....................	321,200
4,300	Rockwell Automation, Inc.	213,065

		1,480,191

	MANUFACTURING -- 1.5%	
25,500	3M Company....................	2,092,784
1,800	Cooper Industries, Ltd. -- Class A.....................	122,202
7,500	Danaher Corp.	430,575
3,800	Eaton Corp.	274,968
18,450	Honeywell International, Inc.	653,315
6,700	Illinois Tool Works, Inc.	620,956
2,250	ITT Industries, Inc.	190,013
2,850	Parker Hannifin Corp.	215,859
3,200	Textron, Inc.	236,160
43,250	Tyco International, Ltd.	1,545,755

		6,382,587

	MEDICAL AND OTHER HEALTH SERVICES -- 1.3%	
700	Express Scripts, Inc.*.........	53,508
4,950	IMS Health, Inc.	114,890
3,200	Laboratory Corp. of America Holdings*...................	159,424
3,550	Manor Care, Inc.	125,777
6,550	McKesson Corp.	206,063
4,808	Medco Health Solutions, Inc.*.......................	200,013
950	Quest Diagnostics, Inc.	90,773
29,650	UnitedHealth Group, Inc.	2,610,089
15,550	WellPoint, Inc.*..............	1,788,249

		5,348,786

	MEDICAL EQUIPMENT AND SUPPLIES -- 2.5%	
2,850	Allergan, Inc.	231,050
1,600	Bausch & Lomb, Inc.	103,136

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SHARES		VALUE
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<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	MEDICAL EQUIPMENT AND SUPPLIES (CONTINUED)	
5,400	Baxter International, Inc.	$ 186,516
12,700	Becton, Dickinson and Company..	721,360
5,700	Biomet, Inc.	247,323
18,550	Boston Scientific Corp.*.......	659,453
2,600	CR Bard, Inc.	166,348
2,800	Guidant Corp.	201,880
95,200	Johnson & Johnson.............	6,037,583
25,750	Medtronic, Inc.	1,279,003
8,100	St. Jude Medical, Inc.*........	339,633
5,550	Zimmer Holdings, Inc.*.........	444,666

		10,617,951

	METALS AND MINING -- 0.2%	
3,900	Nucor Corp.(d)................	204,126
4,050	Phelps Dodge Corp.	400,626
4,200	United States Steel Corp.	215,250

		820,002
	OIL AND GAS: PIPELINES -- 0.1%	
21,150	Dynegy, Inc. -- Class A*(d)....	97,713
12,650	El Paso Corp.	131,560
1,100	Kinder Morgan, Inc.	80,443
11,150	Williams Companies, Inc.	181,634
		491,350
	OIL, COAL AND GAS -- 4.9%	
3,750	Amerada Hess Corp.	308,925
9,300	Anadarko Petroleum Corp.	602,733
7,514	Apache Corp.	379,983
7,450	Baker Hughes, Inc.	317,892
3,600	BJ Services Company............	167,544
21,300	Burlington Resources, Inc.	926,550
61,450	ChevronTexaco Corp.	3,226,739
22,913	ConocoPhillips.................	1,989,535
25,600	Devon Energy Corp.	996,352
2,850	EOG Resources, Inc.	203,376
161,050	Exxon Mobil Corp.	8,255,422
9,650	Halliburton Company............	378,666
2,400	Kerr-McGee Corp.	138,696
7,450	Marathon Oil Corp.	280,195
1,350	Nabors Industries, Ltd.*.......	69,242
3,350	Noble Corp.*...................	166,629
8,450	Occidental Petroleum Corp.	493,142
7,600	Praxair, Inc.	335,540
3,100	Sunoco, Inc.	253,301
3,600	Transocean, Inc.*..............	152,604

</Table>

See notes to financial statements.

BALANCED PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
<Caption>

SHARES		VALUE
	COMMON STOCKS (CONTINUED)	
	OIL, COAL AND GAS (CONTINUED)	
5,600	Unocal Corp.	$ 242,144
13,200	Valero Energy Corp.	599,280
		20,484,490
	PAPER AND FOREST PRODUCTS -- 0.3%	
5,800	Georgia-Pacific Corp.	217,384
4,550	International Paper Company....	191,100
2,850	Louisiana-Pacific Corp.	76,209
4,950	MeadWestvaco Corp.	167,756
1,850	Plum Creek Timber Company, Inc.	71,114
1,300	Temple-Inland, Inc.	88,920
8,750	Weyerhauser Company............	588,175
		1,400,658
	PHARMACEUTICALS -- 3.2%	
34,100	Abbott Laboratories............	1,590,764
4,300	AmerisourceBergen Corp.	252,324
43,600	Bristol-Myers Squibb Company...	1,117,032
9,600	Cardinal Health, Inc.(d).......	558,240
23,550	Caremark Rx, Inc.*............	928,577
9,650	Eli Lilly and Company..........	547,638
8,350	Forest Laboratories,	

	Inc.*(d)....................	374,581
3,715	Hospira, Inc.*................	124,453
2,500	King Pharmaceuticals, Inc.*....	31,000
48,200	Merck & Company, Inc.	1,549,147
160,410	Pfizer, Inc.	4,313,424
31,750	Schering-Plough Corp.	662,940
29,800	Wyeth.........................	1,269,182
		13,319,302
	PRINTING AND PUBLISHING -- 0.1%	
800	Knight-Ridder, Inc.	53,552
3,300	New York Times Company -- Class A...........................	134,640
3,300	RR Donnelley & Sons Company....	116,457
		304,649
	REAL ESTATE INVESTMENT TRUSTS -- 0.1%	
3,850	Equity Office Properties Trust.......................	112,112
100	Equity Residential............	3,618
3,950	ProLogis......................	171,154
4,900	Simon Property Group, Inc.	316,883
		603,767
	RESEARCH AND DEVELOPMENT -- 0.6%	
26,834	Amgen, Inc.*..................	1,721,400
7,050	Biogen Idec, Inc.*............	469,601
2,150	Genzyme Corp.*................	124,851

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<Caption>

SHARES		VALUE
	COMMON STOCKS (CONTINUED)	
	RESEARCH AND DEVELOPMENT (CONTINUED)	
9,900	Gilead Sciences, Inc.*.........	$ 346,401
1,050	Millipore Corp.*(d)...........	52,301
		2,714,554
	RETAIL -- 3.9%	
6,800	Bed Bath & Beyond, Inc.*.......	270,844
7,450	Best Buy Company, Inc.	442,679
8,900	Circuit City Stores, Inc.	139,196
24,500	Costco Wholesale Corp.	1,186,044
9,500	CVS Corp.	428,165
3,900	Federated Department Stores, Inc.	225,381
82,650	Home Depot, Inc.	3,532,460
13,950	JC Penney Company, Inc. (Holding Company)...........	577,530
3,050	Kohl's Corp.*.................	149,969
16,400	Lowe's Companies, Inc.(d)......	944,476
6,650	May Department Stores Company.....................	195,510
3,100	Nordstrom, Inc.	144,863
14,850	Office Depot, Inc.*...........	257,796
3,500	RadioShack Corp.	115,080
25,850	Staples, Inc.	871,404
19,950	Target Corp.	1,036,004
11,600	TJX Companies, Inc.(d).........	291,508
4,250	Toys "R" Us, Inc.*............	86,998
91,220	Wal-Mart Stores, Inc.	4,818,239
21,950	Walgreen Company..............	842,222
		16,556,368
	RETAIL: RESTAURANTS -- 0.8%	
3,900	Darden Restaurants, Inc.	108,186
63,950	McDonald's Corp.	2,050,237
14,650	Starbucks Corp.*..............	913,574
2,550	Wendy's International, Inc. ...	100,113
6,450	YUM! Brands, Inc.	304,311
		3,476,421
	RETAIL: SUPERMARKETS -- 0.1%	
3,450	Albertson's, Inc.(d)..........	82,386

5,150	SUPERVALU, Inc.	177,778
6,600	The Kroger Company*...........	115,764

		375,928

	RUBBER PRODUCTS -- 0.0%	
3,900	The Goodyear Tire & Rubber Company*....................	57,174

</Table>

See notes to financial statements.

BALANCED PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
<Caption>

SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	SCIENTIFIC AND TECHNICAL INSTRUMENTS -- 0.3%	
11,000	Agilent Technologies, Inc.*....	$ 265,100
6,700	Applera Corp.-Applied Biosystems Group............	140,097
2,750	Fisher Scientific International, Inc.*.........	171,545
1,100	Pall Corp.(d)..................	31,845
2,450	PerkinElmer, Inc.	55,101
9,250	Thermo Electron Corp.*.........	279,257
2,650	Waters Corp.*..................	123,994

		1,066,939

	SEMICONDUCTORS -- 1.5%	
8,450	Altera Corp.*..................	174,915
8,400	Analog Devices, Inc.	310,128
36,700	Applied Materials, Inc.*.......	627,570
9,339	Freescale Semiconductor, Inc. -- Class B*............	171,464
137,850	Intel Corp.	3,224,312
4,800	KLA-Tencor Corp.*..............	223,584
7,550	Linear Technology Corp.	292,638
3,100	Maxim Integrated Products, Inc.	131,409
6,000	National Semiconductor Corp.	107,700
36,550	Texas Instruments, Inc.	899,861

		6,163,581

	TELECOMMUNICATIONS EQUIPMENT AND SERVICES -- 3.0%	
11,350	ALLTEL Corp.	666,926
6,760	AT&T Corp.	128,846
10,350	Avaya, Inc.*(d)................	178,020
39,500	BellSouth Corp.	1,097,705
3,950	CenturyTel, Inc.	140,107
7,300	Citizens Communications Company......................	100,667
3,850	Comverse Technology, Inc.*.....	94,133
11,850	Corning, Inc.*.................	139,475
91,850	Lucent Technologies, Inc.*(d).....................	345,356
85,900	Motorola, Inc.	1,477,479
25,600	Nextel Communications, Inc. -- Class A*....................	768,000
35,050	QUALCOMM, Inc.	1,486,119
16,500	Qwest Communications International, Inc.*.........	73,260

71,000	SBC Communications, Inc.	1,829,669
3,450	Scientific-Atlanta, Inc.	113,885
31,050	Sprint Corp. (FON Group).......	771,593
10,150	Tellabs, Inc.*................	87,189
78,950	Verizon Communications, Inc.	3,198,264
		12,696,693

</Table>

<Table>
<Caption>

SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	TOOLS -- 0.0%	
1,700	Snap-on, Inc.	$ 58,412
2,550	Stanley Works(d)..............	124,925
		183,337
	TOYS -- 0.1%	
3,750	Hasbro, Inc.	72,675
9,750	Mattel, Inc.	190,028
		262,703
	TRANSPORTATION -- 0.3%	
9,100	Burlington Northern Santa Fe Corp.	430,521
5,300	CSX Corp.	212,424
14,750	Norfolk Southern Corp.	533,802
1,250	Ryder System, Inc.	59,713
5,050	Sabre Holdings Corp. -- Class A...........................	111,908
		1,348,368
	UTILITIES: ELECTRIC -- 1.6%	
25,350	AES Corp.*....................	346,535
1,850	Ameren Corp.	92,759
9,540	American Electric Power Company, Inc.	327,604
4,050	Cinergy Corp.	168,602
5,800	Consolidated Edison, Inc.(d)...	253,750
4,000	Constellation Energy Group, Inc.	174,840
2,850	Dominion Resources, Inc. (Virginia)..................	193,059
3,350	DTE Energy Company............	144,486
48,400	Duke Energy Corp.	1,225,971
7,600	Edison International...........	243,428
4,950	Entergy Corp.	334,571
14,300	Exelon Corp.	630,200
8,350	FirstEnergy Corp.	329,909
4,250	FPL Group, Inc.	317,688
8,450	PG&E Corp.*...................	281,216
2,150	Pinnacle West Capital Corp. ...	95,482
7,050	PPL Corp.	375,624
16,050	Southern Company(d)...........	537,995
9,250	TXU Corp.(d)..................	597,179
9,550	Xcel Energy, Inc.	173,810
		6,844,708
	UTILITIES: GAS -- 0.1%	
4,550	KeySpan Corp.	179,498
2,300	NiSource, Inc.	52,394
9,200	Sempra Energy..................	337,456
		569,348
	TOTAL COMMON STOCKS (Cost $233,132,030)..........	267,160,980

</Table>

See notes to financial statements.

BALANCED PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

PRINCIPAL		
	US TREASURY SECURITIES -- 9.0%	
	US TREASURY BONDS -- 2.5%	
$ 2,345,000	10.38%, 11/15/12(d)...........	$ 2,796,598
1,150,000	12.00%, 08/15/13(d)...........	1,482,512
1,000,000	6.00%, 02/15/26...............	1,145,821
1,260,000	6.13%, 11/15/27...............	1,471,986
1,060,000	5.50%, 08/15/28...............	1,147,616
2,405,000	5.38%, 02/15/31(d)............	2,601,347
		10,645,880
	US TREASURY NOTES -- 6.5%	
14,120,000	2.38%, 08/31/06...............	13,983,771
4,130,000	2.50%, 09/30/06(d)............	4,095,638
4,370,000	2.50%, 10/31/06...............	4,330,569
4,280,000	3.00%, 11/15/07(d)............	4,254,924
545,000	3.50%, 12/15/09(d)............	542,531
		27,207,433
	TOTAL US TREASURY SECURITIES (Cost $38,048,417)..........	37,853,313
	US GOVERNMENT AGENCY SECURITIES -- 16.1%	
	FANNIE MAE -- 10.5%	
300,000	1.75%, 06/16/06...............	294,284
2,225,000	2.71%, 01/30/07...............	2,200,957
1,355,000	2.35%, 04/05/07...............	1,327,409
520,000	3.13%, 03/16/09...............	505,776
40,000	6.63%, 09/15/09...............	44,708
1,160,000	5.50%, 07/18/12...............	1,174,138
700,000	4.75%, 02/21/13...............	696,940
352,718	PL# 252345, 6.00%, 03/01/14(e).................	370,501
307,513	PL# 254346, 6.50%, 06/01/32....	322,868
181,523	PL# 255069, 5.00%, 01/01/34....	180,515
372,682	PL# 255225, 5.50%, 06/01/34(e).................	378,689
119,366	PL# 255269, 5.50%, 07/01/34(e).................	121,290
1,200,119	PL# 255452, 5.50%, 10/01/19(e).................	1,241,484
234,067	PL# 323842, 5.50%, 07/01/14(e).................	242,643
654,689	PL# 357414, 4.00%, 07/01/18....	640,528
300,992	PL# 406815, 7.00%, 07/01/28....	319,616
277,732	PL# 535675, 7.00%, 01/01/16....	294,551
983	PL# 549906, 7.50%, 09/01/30....	1,054
3,893	PL# 552549, 7.50%, 09/01/30....	4,173
775,293	PL# 555034, 6.00%, 09/01/17(e).................	813,116
30,482	PL# 555455, 6.00%, 04/01/18....	31,969
9,969	PL# 555514, 6.00%, 11/01/17....	10,456
473,802	PL# 555531, 5.50%, 06/01/33(e).................	481,569
1,295	PL# 558384, 7.50%, 01/01/31....	1,388
96,863	PL# 566031, 6.00%, 03/01/16....	101,594
4,236	PL# 568677, 7.50%, 01/01/31....	4,540
3,648	PL# 572762, 7.50%, 03/01/31....	3,910
23,642	PL# 575334, 6.00%, 04/01/16....	24,796

PRINCIPAL		VALUE
	US GOVERNMENT AGENCY SECURITIES (CONTINUED)	
	FANNIE MAE (CONTINUED)	
$ 38,629	PL# 577523, 6.00%, 05/01/16....	$ 40,516
12,029	PL# 578769, 6.00%, 05/01/16....	12,617
167,083	PL# 579234, 6.00%, 04/01/16....	175,244
5,222	PL# 581450, 6.50%, 06/01/31....	5,486
20,648	PL# 582178, 7.50%, 06/01/31....	22,129
85,193	PL# 582491, 6.00%, 05/01/16....	89,354
5,112	PL# 589433, 6.50%, 07/01/31....	5,368
13,627	PL# 594316, 6.50%, 07/01/31....	14,310
2,676	PL# 602859, 6.50%, 10/01/31....	2,810
68,821	PL# 614924, 7.00%, 12/01/16....	72,985
30,694	PL# 618454, 5.50%, 12/01/16(e).................	31,782
6,463	PL# 620174, 6.50%, 12/01/31....	6,786
142,925	PL# 627256, 6.50%, 03/01/32....	150,061
74,218	PL# 629167, 6.50%, 08/01/32....	77,924
300,970	PL# 635164, 6.50%, 08/01/32....	315,998
66,030	PL# 643361, 6.00%, 07/01/17....	69,252
176,367	PL# 650296, 6.50%, 08/01/32....	185,173
333,295	PL# 693252, 6.50%, 03/01/33....	349,741
44,218	PL# 701353, 5.50%, 04/01/18(e).................	45,761
183,337	PL# 725174, 5.50%, 01/01/19(e).................	189,692
3,342,696	PL# 725232, 5.00%, 03/01/34(e).................	3,324,133
305,811	PL# 725418, 6.50%, 05/01/34....	321,128
705,477	PL# 725464, 6.00%, 04/01/19....	740,798
468,066	PL# 725551, 5.50%, 06/01/19(e).................	484,290
917,808	PL# 725603, 5.50%, 07/01/19....	949,621
371,006	PL# 727361, 5.00%, 08/01/18....	377,415
2,000,000	PL# 739339, 5.50%, 09/01/18....	2,069,323
148,508	PL# 740491, 6.00%, 10/01/18....	155,746
45,861	PL# 744714, 4.50%, 10/01/18(e).................	45,832
94,347	PL# 748975, 4.00%, 10/01/18....	92,306
517,149	PL# 749105, 4.50%, 10/01/18(e).................	516,829
642,353	PL# 770052, 4.50%, 03/01/19(e).................	640,912
152,704	PL# 772962, 5.50%, 05/01/34(e).................	155,166
1,185,251	PL# 773068, 5.50%, 03/01/34(e).................	1,204,356
91,121	PL# 773100, 5.50%, 04/01/34(e).................	92,590
483,211	PL# 773177, 5.50%, 06/01/34(e).................	490,999
468,643	PL# 773385, 5.50%, 05/01/34(e).................	476,197
217,187	PL# 773589, 5.50%, 07/01/34(e).................	220,688
745,617	PL# 777336, 4.50%, 04/01/19(e).................	743,945
48,504	PL# 779556, 5.50%, 06/01/34(e).................	49,286
868,362	PL# 780899, 5.50%, 05/01/34(e).................	882,360
449,101	PL# 786388, 5.50%, 07/01/34(e).................	456,340
496,580	PL# 788262, 5.50%, 07/01/34(e).................	504,585
698,055	PL# 791674, 6.00%, 09/01/17....	732,149
111,703	PL# 792083, 6.50%, 10/01/34....	117,216
525,863	PL# 793193, 5.50%, 07/01/19....	543,988
700,000	TBA, 4.00%, 01/01/20..........	683,375

See notes to financial statements.

PRINCIPAL		VALUE
	US GOVERNMENT AGENCY SECURITIES (CONTINUED)	
	FANNIE MAE (CONTINUED)	
$ 600,000	TBA, 4.50%, 01/01/20..........	$ 598,125
3,200,000	TBA, 5.00%, 01/01/20..........	3,251,002
1,500,000	TBA, 4.56%, 12/01/34..........	1,511,250
700,000	TBA, 4.50%, 01/01/35..........	676,593
800,000	TBA, 5.00%, 01/01/35..........	793,750
100,000	TBA, 5.50%, 01/01/35..........	101,531
4,400,000	TBA, 6.00%, 01/01/35..........	4,549,874
2,000,000	TBA, 6.50%, 01/01/35..........	2,097,500
		44,349,649
	FREDDIE MAC -- 0.6%	
60,000	3.88%, 11/10/08...............	60,131
410,000	3.88%, 01/12/09...............	408,685
1,230,000	4.13%, 02/24/11...............	1,212,666
695,000	Series MTN, 3.01%, 04/19/07....	690,543
		2,372,025
	FREDDIE MAC GOLD -- 2.2%	
2,700,000	4.50%, 12/16/10...............	2,700,909
261,749	PL# A12447, 6.00%, 08/01/33(e).................	270,591
220,881	PL# A12800, 5.50%, 08/01/33....	224,665
487,537	PL# B13607, 4.50%, 04/01/19(e).................	486,363
471,182	PL# B14156, 4.00%, 05/01/19....	461,135
481,176	PL# B14794, 4.50%, 06/01/19(e).................	480,017
531,786	PL# C01623, 5.50%, 09/01/33(e).................	540,895
50,703	PL# C64741, 7.00%, 03/01/32....	53,753
496,395	PL# C75655, 6.00%, 01/01/33(e).................	513,646
189,159	PL# E90827, 5.50%, 08/01/17....	195,674
9,726	PL# G01309, 7.00%, 08/01/31....	10,311
97,915	PL# G01315, 7.00%, 09/01/31....	103,837
245,732	PL# G01391, 7.00%, 04/01/32....	260,595
372,206	PL# M80813, 4.00%, 04/01/10....	370,822
1,000,000	TBA, 5.50%, 01/01/20..........	1,032,812
600,000	TBA, 6.00%, 01/01/35..........	619,875
1,100,000	TBA, 5.00%, 01/01/35..........	1,092,438
		9,418,338
	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION -- 1.3%	
287,558	PL# 3161, 6.50%, 11/20/31......	302,429
9,677	PL# 461836, 7.00%, 01/15/28....	10,304
35,472	PL# 480112, 6.00%, 04/15/29....	36,878
31,735	PL# 499445, 6.00%, 04/15/29....	32,992
44,619	PL# 552851, 6.00%, 10/15/32....	46,312
103,347	PL# 555581, 7.00%, 10/15/31....	109,878
98,083	PL# 578249, 6.00%, 10/15/32....	101,805
297,321	PL# 590257, 6.00%, 10/15/32....	308,605
100,010	PL# 594411, 6.50%, 09/15/32....	105,402

PRINCIPAL		VALUE
	US GOVERNMENT AGENCY SECURITIES (CONTINUED)	
	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (CONTINUED)	
$ 2,941	PL# 596647, 7.00%, 09/15/32....	$ 3,127

169,549	PL# 607183, 6.00%, 11/15/33....	175,888
192,190	PL# 616026, 6.00%, 10/15/33....	199,376
857,686	PL# 625651, 5.50%, 01/15/34(e)..................	876,699
185,322	PL# 629348, 5.50%, 02/15/34(e)..................	189,430
88,645	PL# 780914, 6.00%, 11/15/28....	92,228
304,299	PL# 781328, 7.00%, 09/15/31....	323,611
1,368,242	PL# 80916, 3.75%, 05/20/34.....	1,349,838
1,100,000	TBA, 5.50%, 01/01/35...........	1,122,688
		5,387,490
	PRIVATE ASSET BACKED: MORTGAGE AND HOME EQUITY -- 1.1%	
600,000	Fannie Mae Grantor Trust, Series 2001-T2, Class B, 6.02%, 11/25/10.............	654,297
390,129	Fannie Mae, Series 1999-7, Class AB, 6.00%, 03/25/29.....................	403,327
365,000	Fannie Mae, Series 2002-81, Class BR, 5.25%, 04/25/25.....................	373,895
430,000	Fannie Mae, Series 2004-101, Class AR, 5.50%, 01/25/35.............	448,813
601,746	Fannie Mae, Series 2004-60, Class LB, 5.00%, 04/25/34.............	613,974
730,000	Fannie Mae, Series 2004-99, Class A0, 5.50%, 01/25/34.............	751,448
325,000	Freddie Mac, Series 2550, Class QP, 5.00%, 03/15/26.............	328,564
602,485	Freddie Mac, Series 2825, Class VP, 5.50%, 06/15/15.............	623,866
426,913	Freddie Mac, Series 2877, Class PA, 5.50%, 07/15/33.............	440,328
		4,638,512
	PRIVATE ASSET BACKED: US GOVERNMENT AGENCIES -- 0.3%	
472,946	Small Business Administration, Series 2002-P10B, Class 1, 5.20%, 08/01/12.............	483,410
637,152	Small Business Administration, Series 2004-P10A, 4.50%, 02/10/14.............	633,403
		1,116,813

</Table>

See notes to financial statements.

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PRINCIPAL		VALUE
<C>	<S>	<C>
	US GOVERNMENT AGENCY SECURITIES (CONTINUED)	
	RESOLUTION FUNDING STRIPS -- 0.1%	
$ 250,000	Zero coupon, 07/15/18..........	$ 127,526

250,000	Zero coupon, 10/15/18..........	125,603
		253,129
	TOTAL US GOVERNMENT AGENCY SECURITIES (Cost $67,141,801)................	67,535,956
	CORPORATE BONDS AND NOTES -- 12.0%	
	AEROSPACE AND DEFENSE -- 0.3%	
35,000	B/E Aerospace, 8.50%, 10/01/10.............	38,675
190,000	Lockheed Martin Corp., 7.65%, 05/01/16.............	233,258
80,000	Lockheed Martin Corp., 8.50%, 12/01/29.............	109,798
110,000	Lockheed Martin Corp., 7.20%, 05/01/36.............	134,019
220,000	Northrop Grumman Corp., 4.08%, 11/16/06.............	222,322
90,000	Northrop Grumman Corp., 7.13%, 02/15/11.............	103,415
20,000	Northrop Grumman Corp., 7.75%, 02/15/31.............	25,688
720,000	RC Trust I, 7.00%, 05/15/06.............	379,575
		1,246,750
	AUTOMOBILES/MOTOR VEHICLES -- 0.1%	
60,000	Daimler Chrysler AG Corp., 7.45%, 03/01/27.............	66,901
25,000	Daimler Chrysler NA Holding, 4.05%, 06/04/08.............	24,968
150,000	Daimler Chrysler NA Holding, Series MTND, Floating Rate, 2.94%, 09/10/07(b)..........	150,607
		242,476
	BANKS -- 2.2%	
400,000	American Express Bank FSB, Series BKNT, Floating Rate, 2.49%, 11/21/07(c)..........	400,164
250,000	American Express Centurion Bank, Series BKNT, 4.38%, 07/30/09.............	254,242
155,000	Bank of America Corp., 3.88%, 01/15/08.............	156,320
175,000	Bank of America Corp., 3.25%, 08/15/08.............	172,160
5,000	Bank of America Corp., 7.80%, 02/15/10.............	5,821
80,000	Bank of America Corp., 4.38%, 12/01/10.............	80,342
45,000	Bank of America Corp., 5.38%, 06/15/14.............	47,048
325,000	Bank One Corp., 6.00%, 08/01/08.............	348,121

</Table>

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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	BANKS (CONTINUED)	
$ 175,000	Chase Manhattan Corp., 7.13%, 06/15/09.............	$ 194,895
600,000	DEPFA ACS Bank, 3.63%, 10/29/08.............	596,249
190,000	FleetBoston Financial Corp., 3.85%, 02/15/08.............	191,020
260,000	HBOS Treasury Services PLC -- 144A, 3.75%, 09/30/08.............	259,791
575,000	HSBC Bank USA, Series BKNT, Floating Rate, 2.59%, 09/21/07(b)..........	575,695
175,000	JP Morgan Chase & Company, 5.35%, 03/01/07.............	181,744
50,000	JP Morgan Chase & Company,	

	5.25%, 05/30/07.............	52,009
75,000	JP Morgan Chase & Company, 3.63%, 05/01/08.............	74,526
50,000	JP Morgan Chase & Company, 3.50%, 03/15/09.............	49,036
85,000	JP Morgan Chase & Company, Floating Rate, 2.75%, 10/02/09(b)..........	85,217
250,000	National City Bank, Series BKNT, Floating Rate, 2.67%, 06/29/09(b)..........	250,153
115,000	RBS Capital Trust I, Variable Rate, 4.71%, perpetual(a)..........	112,226
300,000	State Street Bank & Trust, Series CD1, Floating Rate, 2.41%, 12/11/06(b)..........	299,820
290,000	SunTrust Banks, Inc., 3.63%, 10/15/07.............	289,510
150,000	SunTrust Banks, Inc., 4.00%, 10/15/08.............	151,514
215,000	SunTrust Banks, Inc., 4.42%, 06/15/09.............	218,113
250,000	Swedish Export Credit, 2.88%, 01/26/07.............	247,615
100,000	UBS Preferred Funding Trust I, Variable Rate, 8.62%, perpetual(a)..........	120,342
50,000	US Bancorp, Series MTNN, 3.95%, 08/23/07.............	50,512
475,000	US Bank NA, 2.87%, 02/01/07.............	471,123
275,000	US Bank NA, 2.40%, 03/12/07.............	270,003
275,000	US Bank NA, Series BKNT, Floating Rate, 2.59%, 10/01/07(b)..........	275,200
115,000	Wachovia Corp., 3.63%, 02/17/09.............	113,784

</Table>

See notes to financial statements.

BALANCED PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	BANKS (CONTINUED)	
$ 1,025,000	Wells Fargo & Company, 4.00%, 08/15/08.............	$ 1,032,713
625,000	Wells Fargo & Company, 4.20%, 01/15/10.............	628,245
200,000	Wells Fargo & Company, Floating Rate, 2.61%, 09/28/07(b)..........	200,193
725,000	Wells Fargo & Company, Floating Rate, 2.59%, 09/15/09(b)..........	725,101
100,000	Wells Fargo Bank NA, Series BKNT, Variable Rate, 7.80%, 06/15/10(a)..........	102,104
		9,282,671
	BROADCAST SERVICES/MEDIA -- 0.6%	
170,000	Charter Communications Holdings	

	LLC, 10.75%, 10/01/09.............	155,550
465,000	Comcast Cable Communications, Inc., 6.75%, 01/30/11.............	522,845
30,000	Comcast Corp., 5.50%, 03/15/11.............	31,750
50,000	Cox Communications, Inc., 7.75%, 11/01/10.............	57,343
200,000	Cox Communications, Inc. -- 144A, 4.63%, 01/15/10.............	199,760
40,000	CSC Holdings, Inc., 7.88%, 02/15/18.............	43,400
70,000	CSC Holdings, Inc. -- 144A, 6.75%, 04/15/12(d)..........	72,450
60,000	EchoStar DBS Corp. -- 144A, 6.63%, 10/01/14.............	61,050
20,000	News America Holdings, 7.63%, 11/30/28.............	23,821
75,000	News America, Inc., 7.30%, 04/30/28.............	86,195
175,000	News America, Inc., 7.28%, 06/30/28.............	200,593
100,000	News America, Inc. -- 144A, 5.30%, 12/15/14.............	101,374
10,000	Rogers Cable, Inc. -- 144A (Canada), 6.75%, 03/15/15.............	10,275
83,000	TCI Communications, Inc., 7.88%, 08/01/13.............	99,677
35,000	TCI Communications, Inc., 8.75%, 08/01/15.............	44,723
110,000	TCI Communications, Inc., 7.88%, 02/15/26.............	135,464

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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	BROADCAST SERVICES/MEDIA (CONTINUED)	
$ 380,000	Time Warner, Inc., 6.63%, 05/15/29.............	$ 410,733
50,000	Walt Disney Company, Series MTNB, 6.20%, 06/20/14.............	55,450
		2,312,453
	CHEMICALS -- 0.0%	
60,000	Crown Euro Holdings SA (France), 9.50%, 03/01/11.............	68,700
45,000	Nalco Company, 7.75%, 11/15/11.............	48,825
		117,525
	FINANCIAL SERVICES -- 2.2%	
130,000	Associates Corp. NA, 6.25%, 11/01/08.............	141,040
375,000	Citigroup, Inc., 3.50%, 02/01/08.............	373,597
1,565,000	Citigroup, Inc., 3.63%, 02/09/09(d)..........	1,553,041
100,000	Citigroup, Inc., 6.20%, 03/15/09.............	108,785
700,000	Citigroup, Inc., Floating Rate, 2.59%, 06/09/09(b)..........	701,939
30,000	E*TRADE Financial Corp. -- 144A, 8.00%, 06/15/11.............	32,400
710,000	Eksportfinans ASA, Series MTN, 3.38%, 01/15/08.............	706,841
175,000	General Electric Capital Corp., Series MTNA, 6.50%, 12/10/07.............	188,700
995,000	General Electric Capital Corp., Series MTNA, 4.25%, 01/15/08.............	1,011,465

610,000	General Electric Capital Corp., Series MTNA, 3.60%, 10/15/08.............	603,860
60,000	General Electric Capital Corp., Series MTNA, 4.38%, 11/21/11.............	59,732
650,000	General Electric Capital Corp., Series MTNA, Floating Rate, 2.22%, 07/28/08(b)...........	651,223
420,000	General Motors Acceptance Corp., 5.63%, 05/15/09.............	420,416
175,000	General Motors Acceptance Corp., 7.25%, 03/02/11.............	183,445
100,000	General Motors Acceptance Corp., 6.88%, 09/15/11.............	102,616

</Table>

See notes to financial statements.

BALANCED PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
<Caption>

PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	FINANCIAL SERVICES (CONTINUED)	
$ 25,000	General Motors Acceptance Corp., 8.00%, 11/01/31.............	$ 25,769
50,000	Household Finance Corp., 7.20%, 07/15/06.............	52,819
325,000	Household Finance Corp., 6.50%, 11/15/08.............	353,765
125,000	Household Finance Corp., 4.13%, 12/15/08.............	125,624
50,000	Household Finance Corp., 7.00%, 05/15/12.............	57,182
390,000	Household Finance Corp., 6.38%, 11/27/12.............	431,580
100,000	HSBC Finance Corp., 6.75%, 05/15/11.............	112,369
55,000	Lehman Brothers Holdings, Inc., 7.00%, 02/01/08.............	60,134
400,000	Nationwide Building Society -- 144A, 3.50%, 07/31/07.............	398,427
45,000	REFCO Finance Holdings -- 144A, 9.00%, 08/01/12.............	49,500
375,000	SLM Corp., 4.00%, 01/15/10.............	372,516
60,000	SLM Corp., Series MTNA, 3.63%, 03/17/08.............	59,757
220,000	TIAA Global Markets -- 144A, 3.88%, 01/22/08.............	221,522
175,000	USAA Capital Corp. -- 144A, Series MTNB, 4.00%, 12/10/07.............	177,121
		9,337,185
	FOOD AND BEVERAGE -- 0.1%	
195,000	Diageo Capital PLC, 3.38%, 03/20/08.............	193,298
125,000	General Mills, Inc., 5.13%, 02/15/07.............	128,404

		321,702
	INSURANCE -- 0.5%	
225,000	Allstate Financial Global Funding -- 144A, 6.15%, 02/01/06.............	232,020
125,000	ASIF Global Financial XVIII -- 144A, 3.85%, 11/26/07.............	125,563
610,000	ASIF Global Financial XXIII -- 144A, 3.90%, 10/22/08.............	610,265
225,000	Berkshire Hathaway Finance Corp., 3.38%, 10/15/08.............	222,621
195,000	Berkshire Hathaway Finance Corp. -- 144A, 3.40%, 07/02/07.............	194,654

</Table>

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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	INSURANCE (CONTINUED)	
$ 150,000	Liberty Mutual Group -- 144A, 5.75%, 03/15/14.............	$ 147,728
90,000	Marsh & McLennan Companies, Inc., 5.38%, 07/15/14.............	88,097
100,000	New York Life Insurance -- 144A, 5.88%, 05/15/33.............	103,826
210,000	Protective Life Secured Trust, Series MTN, 3.70%, 11/24/08.............	209,571
		1,934,345
	LEISURE AND RECREATION -- 0.0%	
25,000	MGM MIRAGE, 6.00%, 10/01/09.............	25,750
70,000	Wynn Las Vegas LLC/Capital Corp. -- 144A, 6.63%, 12/01/14.............	69,650
		95,400
	MANUFACTURING -- 0.0%	
50,000	Briggs & Stratton Corp., 8.88%, 03/15/11.............	60,375
	MEDICAL AND OTHER HEALTH SERVICES -- 0.0%	
40,000	HCA, Inc., 5.50%, 12/01/09.............	40,056
115,000	WellPoint, Inc. -- 144A, 5.95%, 12/15/34.............	116,526
		156,582
	MEDICAL EQUIPMENT AND SUPPLIES -- 0.0%	
95,000	Boston Scientific Corp., 5.45%, 06/15/14.............	98,872
	METALS AND MINING -- 0.0%	
20,000	International Steel Group, 6.50%, 04/15/14.............	21,550
33,000	Ispat Inland ULC, 9.75%, 04/01/14.............	40,920
25,000	TriMas Corp., 9.88%, 06/15/12.............	26,625
		89,095
	OIL AND GAS: PIPELINES -- 0.1%	
275,000	Consolidated Natural Gas, Series A, 5.00%, 03/01/14.............	276,145
100,000	El Paso Natural Gas, 8.63%, 01/15/22.............	117,125

60,000	Transcontinental Gas Pipe Line Corp., Series B, 8.88%, 07/15/12.............	73,275

See notes to financial statements.

BALANCED PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

PRINCIPAL		VALUE
	CORPORATE BONDS AND NOTES (CONTINUED)	
	OIL AND GAS: PIPELINES (CONTINUED)	
$ 60,000	Williams Companies, Inc., 7.63%, 07/15/19.............	$ 66,300
25,000	Williams Companies, Inc., 7.75%, 06/15/31.............	26,313
		559,158
	OIL, COAL AND GAS -- 0.4%	
80,000	Amerada Hess Corp., 7.30%, 08/15/31.............	89,526
235,000	Amerada Hess Corp., 7.13%, 03/15/33.............	259,223
130,000	Anadarko Finance Company, Series B, 7.50%, 05/01/31.............	161,581
20,000	Chesapeake Energy Corp. -- 144A, 6.38%, 06/15/15.............	20,650
140,000	Conoco Funding Company, 6.35%, 10/15/11.............	156,482
100,000	Devon Energy Corp., 7.95%, 04/15/32.............	128,189
50,000	Devon Financing Corp. ULC, 7.88%, 09/30/31.............	63,154
50,000	El Paso Production Holding Company, 7.75%, 06/01/13.............	52,625
230,000	EnCana Corp., 6.30%, 11/01/11.............	253,050
100,000	Enterprise Products Operating LP -- 144A, 4.00%, 10/15/07.............	99,821
75,000	Hanover Equipment Trust, Series B, 8.75%, 09/01/11.............	81,750
75,000	Suncor Energy, Inc., 5.95%, 12/01/34.............	78,908
		1,444,959
	PAPER AND FOREST PRODUCTS -- 0.0%	
70,000	Georgia-Pacific Corp., 8.00%, 01/15/24.............	81,550
	PHARMACEUTICALS -- 0.1%	
125,000	Bristol-Myers Squibb, 6.88%, 08/01/97.............	143,980
75,000	Elan Finance PLC/Elan Finance Corp. -- 144A (Brazil), 7.75%, 11/15/11.............	80,250
75,000	Merck & Company, Inc., 5.95%, 12/01/28.............	77,876
110,000	Wyeth, 6.50%, 02/01/34.............	117,754

		419,860

PRINCIPAL		VALUE
	CORPORATE BONDS AND NOTES (CONTINUED)	
	PRIVATE ASSET BACKED: AUTOMOBILES/MOTOR VEHICLES -- 0.2%	
$ 865,852	Daimler Chrysler Auto Trust, Series 2001-C, Class A4, 4.63%, 12/06/06.............	$ 870,609
	PRIVATE ASSET BACKED: BANKS -- 0.1%	
483,785	Bank of America Alternative Loan Trust, Series 2004-7, Class 4A1, 5.00%, 08/25/19.............	489,856
	PRIVATE ASSET BACKED: CREDIT CARDS -- 1.2%	
1,075,000	Chase Issuance Trust, Series 2004-A9, Class A9, 3.22%, 06/15/10.............	1,068,157
1,250,000	Citibank Credit Card Issuance Trust, Series 2003-A6, Class A6, 2.90%, 05/17/10(f)..........	1,217,786
1,475,000	Citibank Credit Card Issuance Trust, Series 2004-A1, Class A1, 2.55%, 01/20/09.............	1,450,822
1,200,000	MBNA Credit Card Master Note Trust, Series 2004-A4, Class A4, 2.70%, 09/15/09.............	1,180,632
		4,917,397
	PRIVATE ASSET BACKED: FINANCIAL SERVICES -- 0.3%	
740,000	Greenwich Capital Commercial Funding Corp., Series 2004-GG1, Class A4, 4.76%, 06/10/36.............	756,926
510,000	Morgan Stanley Capital I, Series 1999-FNV1, Class A2, 6.53%, 03/15/31.............	553,942
		1,310,868
	PRIVATE ASSET BACKED: MORTGAGE AND HOME EQUITY -- 2.0%	
322,912	Bear Stearns Commercial Mortgage Securities, Series 2001, Class A1, 6.08%, 02/15/35.............	338,809
720,000	Chase Commercial Mortgage Securities Corp., Series 2000-3, Class A2, 7.32%, 10/15/32.............	823,108
1,075,000	Countrywide Asset-Backed Certificates, Series 2004-13, Class AV4, Floating Rate, 2.71%, 06/25/35(c)..........	1,075,000
900,000	GMAC Commercial Mortgage Securities, Inc., Series 1999-C2, Class A2, 6.95%, 09/15/33.............	996,151

See notes to financial statements.

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

PRINCIPAL		VALUE
	CORPORATE BONDS AND NOTES (CONTINUED)	
	PRIVATE ASSET BACKED: MORTGAGE AND HOME EQUITY (CONTINUED)	
$ 712,277	GMAC Commercial Mortgage Securities, Inc., Series 1999-C3, Class A2, 7.18%, 08/15/36.............	$ 795,752
1,090,000	GMAC Commercial Mortgage Securities, Inc., Series 2000-C3, Class A2, 6.96%, 09/15/35.............	1,232,820
589,094	GS Mortgage Securities Corp., Series 1998-C1, Class A3, 6.14%, 10/18/30.............	627,378
680,000	JP Morgan Chase Commercial Mortgage Securities Corp., Series 2001-CIB2, Class A3, 6.43%, 04/15/35.............	755,465
605,000	LB-UBS Commercial Mortgage Trust, Series 2000-C4, Class A2, 7.37%, 08/15/26.............	691,643
900,000	LB-UBS Commercial Mortgage Trust, Series 2004-C6, Class A2, 4.19%, 08/15/29.............	904,547
		8,240,673
	PRIVATE ASSET BACKED: UTILITIES -- 0.6%	
2,000,000	Peco Energy Transition Trust, Series 2000-A, Class A4, 7.65%, 03/01/10.............	2,305,007
	REAL ESTATE -- 0.0%	
65,000	EOP Operating LP, 4.75%, 03/15/14.............	62,994
90,000	EOP Operating LP, 7.50%, 04/19/29.............	104,638
		167,632
	REAL ESTATE INVESTMENT TRUSTS -- 0.1%	
225,000	Developers Diversified Realty Corp., 3.88%, 01/30/09.............	221,004
325,000	Rouse Company, 5.38%, 11/26/13.............	312,329
		533,333
	RESEARCH AND DEVELOPMENT -- 0.0%	
45,000	Bio-Rad Laboratories, Inc. -- 144A, 6.13%, 12/15/14.............	45,563
	SCIENTIFIC AND TECHNICAL INSTRUMENTS -- 0.0%	
15,000	Fisher Scientific International, Inc. -- 144A, 6.75%, 08/15/14.............	16,163

PRINCIPAL		VALUE

PRINCIPAL		VALUE
	CORPORATE BONDS AND NOTES (CONTINUED)	
	SEMICONDUCTORS -- 0.0%	
$ 10,000	Freescale Semiconductor, Inc., 6.88%, 07/15/11.............	$ 10,775
25,000	Freescale Semiconductor, Inc., Floating Rate, 4.82%, 07/15/09(b)...........	26,156
25,000	MagnaChip Semiconductor, Ltd. -- 144A, Floating Rate, 5.76%, 12/15/11(b)...........	25,813

		62,744

	SPECIAL PURPOSE ENTITY -- 0.0%	
35,000	Rainbow National Services LLC -- 144A, 8.75%, 09/01/12.............	38,588

	TELECOMMUNICATIONS EQUIPMENT AND SERVICES -- 0.5%	
350,000	BellSouth Corp., 4.20%, 09/15/09.............	351,284
25,000	BellSouth Corp., 6.55%, 06/15/34.............	27,334
5,000	British Telecom PLC, Variable Rate, 8.88%, 12/15/30(m)...........	6,715
50,000	Cincinnati Bell, Inc., 8.38%, 01/15/14(d)...........	50,875
75,000	Citizens Communications Company, 6.25%, 01/15/13.............	75,938
75,000	Deutsche Telekom International Corp., Variable Rate, 8.25%, 06/15/05(m)...........	76,756
25,000	France Telecom, 9.25%, 03/01/31.............	33,990
80,000	MCI, Inc., 6.91%, 05/01/07.............	82,100
55,000	MCI, Inc., 6.69%, 05/01/09.............	57,063
65,000	New England Telephone & Telegraph, 7.88%, 11/15/29.............	78,714
210,000	New Jersey Bell Telephone, 7.85%, 11/15/29.............	254,256
50,000	Nextel Communications, Inc., 5.95%, 03/15/14.............	52,000
60,000	Qwest Communications International -- 144A, 7.50%, 02/15/14.............	60,900
155,000	Qwest Corp. -- 144A, 7.88%, 09/01/11.............	168,950
50,000	Qwest Corp. -- 144A, 9.13%, 03/15/12.............	58,000
40,000	Rogers Wireless, Inc. (Canada), 6.38%, 03/01/14.............	39,800
30,000	Rogers Wireless, Inc. -- 144A (Canada), 7.25%, 12/15/12.............	31,950

</Table>

See notes to financial statements.

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PRINCIPAL	VALUE
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	CORPORATE BONDS AND NOTES (CONTINUED)	
	TELECOMMUNICATIONS EQUIPMENT AND SERVICES (CONTINUED)	
$ 10,000	Rogers Wireless, Inc. -- 144A (Canada), 7.50%, 03/15/15	$ 10,600
65,000	SBC Communications, Inc., 4.13%, 09/15/09	64,950
35,000	SBC Communications, Inc., 6.45%, 06/15/34	37,626
285,000	Telecom Italia Capital -- 144A, 6.00%, 09/30/34	279,584
75,000	Telefonica Europe BV, 7.75%, 09/15/10	88,055
130,000	Vodafone Group PLC, 5.00%, 12/16/13	132,514
		2,119,954
	TRANSPORTATION -- 0.1%	
230,000	Burlington Northern Santa Fe Corp., 7.29%, 06/01/36	282,595
75,000	Canadian National Railway Company, 6.90%, 07/15/28	86,590
55,000	OMI Corp. (Marshall Island), 7.63%, 12/01/13	59,125
80,000	Overseas Shipholding Group, 7.50%, 02/15/24	82,000
		510,310
	UTILITIES -- 0.0%	
35,000	National Waterworks, Inc., Series B, 10.50%, 12/01/12	39,550
35,000	Orion Power Holdings, Inc., 12.00%, 05/01/10	44,625
		84,175
	UTILITIES: ELECTRIC -- 0.3%	
10,000	First Energy Corp., Series C, 7.38%, 11/15/31	11,456
110,000	Midwest Generation LLC, 8.75%, 05/01/34	125,400
15,000	Midwest Generation LLC, Series B, 8.56%, 01/02/16	16,659
275,000	Ohio Edison, 5.45%, 05/01/15	279,493
140,000	Ontario Electricity Finance, 6.10%, 01/30/08	149,992
165,000	Progress Energy, Inc., 7.75%, 03/01/31	198,635
30,000	Reliant Energy, Inc., 9.25%, 07/15/10(d)	33,600
30,000	Reliant Energy, Inc., 6.75%, 12/15/14	29,963

PRINCIPAL		VALUE
	CORPORATE BONDS AND NOTES (CONTINUED)	
	UTILITIES: ELECTRIC (CONTINUED)	
$ 55,000	Texas Genco LLC/Financing -- 144A, 6.88%, 12/15/14	$ 57,131
200,000	TXU Corp. -- 144A, 6.50%, 11/15/24	200,890
		1,103,219
	TOTAL CORPORATE BONDS AND NOTES (Cost $50,449,917)	50,617,049
	MUNICIPAL BONDS -- 0.1%	
	CALIFORNIA	

250,000	California State Department of Water Powersupply Revenue Bond, Series E, 3.98%, 05/01/05 (Cost $249,994)....................	250,785

	FOREIGN GOVERNMENT OBLIGATIONS -- 1.1%	
450,000	AID-Israel, 5.50%, 04/26/24.............	470,835
315,000	AID-Israel, 5.50%, 09/18/33.............	331,944
6,943,000	Mexican Fixed Rate Bonds, Series M7, 8.00%, 12/24/08(l)...........	604,757
4,526,000	Mexican Fixed Rate Bonds, Series MI7, 9.00%, 12/24/09(l)...........	403,394
1,555,000	New Zealand Government, Series 415, 6.00%, 04/15/15(i)...........	1,125,185
130,000	Quebec Province, 5.00%, 07/17/09.............	135,932
531,269	Republic of Colombia, 9.75%, 04/09/11.............	613,615
250,000	United Mexican States, 11.38%, 09/15/16............	369,625
367,000	United Mexican States, 8.13%, 12/30/19.............	431,592
150,000	United Mexican States, 8.00%, 09/24/22.............	173,400

	TOTAL FOREIGN GOVERNMENT OBLIGATIONS (Cost $4,214,787)............	4,660,279

	SHORT TERM COMMERCIAL PAPER -- 0.2%	
700,000	HBOS Treasury Services PLC, 2.04%, 01/26/05 (Cost $699,008)....................	699,008

	SECURITIES LENDING COLLATERAL -- 5.9%	
24,760,913	Securities Lending Collateral Investment (Note 4) (Cost $24,760,913)...........	24,760,913

	TOTAL SECURITIES (Cost $418,696,867)..........	453,538,283

</Table>

See notes to financial statements.

BALANCED PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
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PRINCIPAL		VALUE
<C>	<S>	<C>
	REPURCHASE AGREEMENTS -- 2.1%	
$ 8,603,926	With Investors Bank and Trust, dated 12/31/04, 1.88%, due 01/03/05, repurchase proceeds at maturity $8,605,274 (Collateralized by various Small Business Administrations, 4.63% -- 5.63%, due 11/25/16-05/25/27, with a total value of $9,034,120) (Cost	

	$8,603,926)	$ 8,603,926
	SECURITIES SOLD SHORT -- (3.5)%	
5,500,000	Fannie Mae, TBA, 5.50%, 01/13/05	(5,584,216)
2,500,000	Fannie Mae, TBA, 4.50%, 01/19/05	(2,492,188)
2,000,000	Fannie Mae, TBA, 5.50%, 01/19/05	(2,066,876)
800,000	Fannie Mae, TBA, 6.00%, 01/19/05	(838,250)
500,000	Freddie Mac Gold, TBA, 5.50%, 01/13/05	(507,970)
1,300,000	Freddie Mac Gold, TBA, 6.00%, 01/13/05	(1,343,062)
700,000	Freddie Mac Gold, TBA, 4.50%, 01/19/05	(697,593)
1,300,000	Government National Mortgage Association, TBA, 5.50%, 01/20/05	(1,326,812)
	TOTAL SECURITIES SOLD SHORT (Proceeds $14,888,708)	(14,856,967)
	Total Investments -- 106.6% (Cost $412,412,085)	447,285,242
	Liabilities less other assets -- (6.6)%	(27,558,553)
	NET ASSETS -- 100.0%	$419,726,689

</Table>

The aggregate cost of securities for federal income tax purposes at December 31, 2004 is $417,973,038.

The following amounts are based on cost for federal income tax purposes:

Gross unrealized appreciation	$34,510,709
Gross unrealized depreciation	(5,198,505)
Net unrealized appreciation	$29,312,204

See summary of footnotes and abbreviations to portfolios.

See notes to financial statements.

VALUE & INCOME PORTFOLIO

PORTFOLIO OF INVESTMENTS

DECEMBER 31, 2004

SHARES		VALUE
	COMMON STOCKS -- 97.4%	

	ADVERTISING -- 0.4%	
720,000	Interpublic Group of Companies, Inc.*	$ 9,648,000
	AEROSPACE AND DEFENSE -- 1.5%	
43,600	General Dynamics Corp.	4,560,560
180,000	Northrop Grumman Corp.	9,784,800
274,000	The Boeing Company	14,184,980
117,300	United Technologies Corp.	12,122,955
		40,653,295
	APPAREL: MANUFACTURING -- 0.9%	
341,600	Jones Apparel Group, Inc.	12,492,312
150,000	Liz Claiborne, Inc.	6,331,500
118,100	VF Corp.	6,540,378
		25,364,190
	AUTOMOBILES/MOTOR VEHICLES -- 0.3%	
150,000	Harley-Davidson, Inc.	9,112,500
	AUTOMOTIVE EQUIPMENT -- 1.4%	
104,000	BorgWarner, Inc.	5,633,680
163,700	Johnson Controls, Inc.	10,385,128
142,725	Lear Corp.(d)	8,707,652
173,900	Magna International, Inc. -- Class A(d)	14,355,445
		39,081,905
	BANKS -- 9.5%	
1,731,082	Bank of America Corp.	81,343,544
2,050,140	JP Morgan Chase & Company	79,975,961
397,300	National City Corp.(d)	14,918,615
382,100	North Fork Bancorp, Inc.	11,023,585
255,800	SunTrust Banks, Inc.	18,898,504
785,000	Wachovia Corp.	41,291,000
132,800	Wells Fargo & Company	8,253,520
		255,704,729
	BROADCAST SERVICES/MEDIA -- 6.2%	
283,100	Clear Channel Communications, Inc.	9,481,019
433,165	Comcast Corp. -- Class A*	14,415,731
970,000	Comcast Corp. -- Special Class A*	31,854,800
2,548,000	Time Warner, Inc.*	49,533,120
1,461,000	Viacom, Inc. -- Class B	53,165,790
386,500	Westwood One, Inc.*	10,408,445
		168,858,905
	BUSINESS SERVICES AND SUPPLIES -- 0.6%	
425,000	Fiserv, Inc.*	17,080,750

</Table>

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SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	CHEMICALS -- 0.9%	
200,565	Air Products and Chemicals, Inc.	$ 11,626,753
254,600	EI du Pont de Nemours and Company	12,488,130
		24,114,883
	COMPUTER SOFTWARE AND SERVICES -- 2.7%	
2,765,700	Microsoft Corp.	73,871,847
	COMPUTERS AND OFFICE EQUIPMENT -- 1.4%	
1,854,300	Hewlett-Packard Company	38,884,671
	CONSTRUCTION SERVICES AND SUPPLIES -- 1.0%	

257,400	American Standard Companies, Inc.*....................	10,635,768
119,800	DR Horton, Inc.	4,829,138
135,000	Martin Marietta Materials, Inc.	7,244,100
50,400	Pulte Homes, Inc.	3,215,520
		25,924,526
	CONSUMER GOODS AND SERVICES -- 10.5%	
1,298,500	Altria Group, Inc.	79,338,350
622,700	Avon Products, Inc.	24,098,490
118,400	Fortune Brands, Inc.	9,138,112
2,998,100	General Electric Company....	109,430,650
65,000	Kimberly-Clark Corp.	4,277,650
364,800	Loews Corp.-Carolina Group..	10,560,960
593,000	Procter & Gamble Company....	32,662,440
217,000	Unilever NV................	14,476,070
		283,982,722
	DISTRIBUTION -- 0.5%	
624,105	Ingram Micro, Inc. -- Class A*......................	12,981,384
	ELECTRONICS -- 1.9%	
422,200	Avnet, Inc.*...............	7,700,928
80,700	Emerson Electric Company....	5,657,070
981,400	Flextronics International, Ltd.*....................	13,562,948
1,450,000	Sanmina-SCI Corp.*.........	12,281,500
2,513,375	Solectron Corp.*...........	13,396,289
		52,598,735
	FINANCIAL SERVICES -- 9.6%	
2,434,200	Citigroup, Inc.	117,279,756
322,900	Fannie Mae.................	22,993,709
317,900	Freddie Mac................	23,429,230
93,000	Goldman Sachs Group, Inc.	9,675,720
209,800	Lehman Brothers Holdings, Inc.	18,353,304
555,100	MBNA Corp.	15,648,269

</Table>

See notes to financial statements.

VALUE & INCOME PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
<Caption>

SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	FINANCIAL SERVICES (CONTINUED)	
656,700	Merrill Lynch & Company, Inc.	$ 39,250,959
246,700	Morgan Stanley.............	13,696,784
		260,327,731
	FOOD AND BEVERAGE -- 0.7%	
153,200	Dean Foods Company*........	5,047,940
255,000	PepsiCo, Inc.	13,311,000
		18,358,940
	INSURANCE -- 8.7%	

736,400	Ace, Ltd.	31,481,100
107,100	AFLAC, Inc.	4,266,864
458,400	Allstate Corp.(d)...........	23,708,448
852,500	American International Group, Inc.	55,983,675
456,500	Axis Capital Holdings, Ltd.	12,489,840
198,700	Chubb Corp.(d)..............	15,280,030
240,000	Hartford Financial Services Group, Inc.	16,634,400
690,000	MetLife, Inc.	27,951,900
61,566	PartnerRE, Ltd.	3,813,398
268,438	The St. Paul Travelers Companies, Inc.	9,950,997
270,300	Torchmark Corp.	15,444,942
238,000	XL Capital, Ltd. -- Class A(d)......................	18,480,700
		235,486,294
	LEISURE AND RECREATION -- 0.1%	
52,200	Royal Caribbean Cruises, Ltd. (Liberia)(d).........	2,841,768
	MACHINERY -- 0.6%	
76,200	Deere & Company.............	5,669,280
143,800	Ingersoll-Rand Company, Ltd. -- Class A..........	11,547,140
		17,216,420
	MANUFACTURING -- 2.4%	
149,700	3M Company..................	12,285,879
204,000	Cooper Industries, Ltd. -- Class A...................	13,849,560
132,100	Parker Hannifin Corp.	10,005,254
592,950	Smurfit-Stone Container Corp.*(d)................	11,076,306
240,000	Textron, Inc.	17,712,000
		64,928,999
	MEDICAL AND OTHER HEALTH SERVICES -- 3.2%	
307,000	HCA, Inc.	12,267,720
236,000	Health Management Associates, Inc. -- Class A(d)......................	5,361,920

</Table>

<Table>
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SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	MEDICAL AND OTHER HEALTH SERVICES (CONTINUED)	
442,700	Medco Health Solutions, Inc.*.....................	$ 18,416,320
116,600	UnitedHealth Group, Inc. ...	10,264,298
354,500	WellPoint, Inc.*............	40,767,500
		87,077,758
	MEDICAL EQUIPMENT AND SUPPLIES -- 1.5%	
75,000	Beckman Coulter, Inc.	5,024,250
989,400	Boston Scientific Corp.*....	35,173,170
		40,197,420
	METALS AND MINING -- 0.7%	
590,200	Alcoa, Inc.	18,544,084
	OIL AND GAS: EQUIPMENT -- 0.2%	
147,600	FMC Technologies, Inc.*.....	4,752,720
	OIL, COAL AND GAS -- 10.6%	
227,800	Baker Hughes, Inc.	9,720,226
342,000	BP PLC (ADR)................	19,972,800
624,000	ChevronTexaco Corp.	32,766,240
829,000	ConocoPhillips..............	71,982,070
187,900	EnCana Corp. (Canada).......	10,721,574
1,409,800	Exxon Mobil Corp.	72,266,347

209,500	Nabors Industries, Ltd.*(d).................	10,745,255
150,000	Noble Energy, Inc.	9,249,000
615,500	Occidental Petroleum Corp.	35,920,580
187,600	Schlumberger, Ltd.	12,559,820

		285,903,912

	PAPER AND FOREST PRODUCTS -- 0.9%	
146,800	International Paper Company...................	6,165,600
319,702	MeadWestvaco Corp.	10,834,701
119,350	Temple-Inland, Inc.	8,163,540

		25,163,841

	PHARMACEUTICALS -- 2.2%	
191,900	Caremark Rx, Inc.*.........	7,566,617
168,700	Forest Laboratories, Inc.*....................	7,567,882
265,400	GlaxoSmithKline PLC (ADR)(d).................	12,577,306
858,400	Pfizer, Inc.	23,082,376
224,200	Wyeth......................	9,548,678

		60,342,859

	RETAIL -- 3.2%	
113,800	Bed Bath & Beyond, Inc.*....	4,532,654
215,700	Federated Department Stores, Inc.(d)..................	12,465,303
775,000	Home Depot, Inc.	33,123,500
151,800	Lowe's Companies, Inc.	8,742,162
755,000	Office Depot, Inc.*.........	13,106,800

</Table>

See notes to financial statements.

VALUE & INCOME PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
<Caption>

SHARES		VALUE
------		--------------
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	RETAIL (CONTINUED)	
255,000	Target Corp.	$ 13,242,150

		85,212,569

	RETAIL: RESTAURANTS -- 0.8%	
430,000	McDonald's Corp.	13,785,800
200,000	Wendy's International, Inc.	7,852,000

		21,637,800

	RETAIL: SUPERMARKETS -- 1.5%	
819,925	Safeway, Inc.*.............	16,185,320
295,700	SUPERVALU, Inc.	10,207,564
779,350	The Kroger Company*.........	13,669,799

		40,062,683

	RUBBER PRODUCTS -- 0.2%	
193,100	Cooper Tire & Rubber Company(d)...............	4,161,305

	SCIENTIFIC AND TECHNICAL INSTRUMENTS -- 0.2%	
270,000	Applera Corp.-Applied Biosystems Group..........	5,645,700
	TELECOMMUNICATIONS EQUIPMENT AND SERVICES -- 2.6%	
266,900	BellSouth Corp.	7,417,151
271,200	Corning, Inc.*.............	3,192,024
1,707,566	Nortel Networks Corp.*......	5,959,405
237,800	SBC Communications, Inc.(d)..................	6,128,106
605,700	Sprint Corp. (FON Group)....	15,051,645
964,950	Tellabs, Inc.*(d)..........	8,288,921
579,452	Verizon Communications, Inc.	23,473,600
		69,510,852
	TRANSPORTATION -- 3.9%	
706,900	Burlington Northern Santa Fe Corp.	33,443,439
398,100	CSX Corp.	15,955,848
525,300	Norfolk Southern Corp.	19,010,607
546,800	Union Pacific Corp.	36,772,300
		105,182,194
	UTILITIES: ELECTRIC -- 3.5%	
430,780	American Electric Power Company, Inc.(d).........	14,792,985
374,800	Constellation Energy Group, Inc.	16,382,508
50,000	Dominion Resources, Inc. (Virginia)...............	3,387,000
380,000	Entergy Corp.	25,684,200
258,800	Exelon Corp.	11,405,316

</Table>

<Table>
<Caption>

SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	UTILITIES: ELECTRIC (CONTINUED)	
249,450	Northeast Utilities.........	$ 4,702,133
175,000	PPL Corp.	9,324,000
305,800	Wisconsin Energy Corp.(d)...	10,308,518
		95,986,660
	UTILITIES: GAS -- 0.4%	
259,925	Sempra Energy..............	9,534,049
	TOTAL COMMON STOCKS (Cost $2,197,016,548)..........	2,635,939,600

<Caption>

PRINCIPAL		
<C>	<S>	<C>
	SECURITIES LENDING COLLATERAL -- 4.0%	
$108,351,744	Securities Lending Collateral Investment (Note 4) (Cost $108,351,744).......	108,351,744
	TOTAL SECURITIES (Cost $2,305,368,292).....	2,744,291,344
	REPURCHASE AGREEMENTS -- 2.5%	
66,108,926	With Investors Bank & Trust, dated 12/31/04, 1.88%, due 01/03/05, repurchase proceeds at maturity $66,119,283 (Collateralized by various Fannie Maes, 2.92% -- 3.75%, due 03/25/33-06/01/33, with a total value of $21,000,514, and various Small Business Administrations, 4.62% --	

5.38%, due 08/25/16-07/25/29, with a total value of $48,414,372) (Cost $66,108,926)........	66,108,926
Total Investments -- 103.9% (Cost $2,371,477,218).....	2,810,400,270
Liabilities less other assets -- (3.9)%.........	(104,936,948)
NET ASSETS -- 100.0%........	$2,705,463,322

</Table>

The aggregate cost of securities for federal income tax purposes at December 31, 2004 is $2,378,411,701.

The following amounts are based on cost for federal income tax purposes:

Gross unrealized appreciation..........	$476,179,739
Gross unrealized depreciation..........	(44,191,170)
Net unrealized appreciation...........	$431,988,569

See summary of footnotes and abbreviations to portfolios.

See notes to financial statements.

GROWTH & INCOME PORTFOLIO

PORTFOLIO OF INVESTMENTS

DECEMBER 31, 2004

SHARES		VALUE
	COMMON STOCKS -- 99.4%	
	AEROSPACE AND DEFENSE -- 1.8%	
137,400	Northrop Grumman Corp.	$ 7,469,064
71,300	Raytheon Company............	2,768,579
136,000	The Boeing Company..........	7,040,720
68,300	United Defense Industries, Inc.*(d)..................	3,227,175
		20,505,538
	AGRICULTURE -- 0.7%	
145,800	Monsanto Company............	8,099,190
	AIRLINES -- 0.5%	
349,700	Southwest Airlines Company...	5,693,116
	APPAREL: MANUFACTURING -- 0.5%	
57,800	Liz Claiborne, Inc.	2,439,738
22,300	Nike, Inc. -- Class B........	2,022,387
28,800	VF Corp.	1,594,944

		6,057,069
	APPAREL: RETAIL -- 1.0%	
60,000	Abercrombie & Fitch Company -- Class A.........	2,817,000
85,700	Aeropostale, Inc.*..........	2,522,151
52,100	American Eagle Outfitters, Inc.	2,453,910
30,600	Payless ShoeSource, Inc.*....	376,380
45,200	The Timberland Company -- Class A*(d)...............	2,832,684
		11,002,125
	ASSET MANAGEMENT -- 0.3%	
86,100	Brascan Corp. -- Class A (Canada)(d)...............	3,100,461
	AUTOMOBILE: RETAIL -- 0.2%	
53,100	AutoNation, Inc.*...........	1,020,051
59,000	Copart, Inc.*...............	1,552,880
		2,572,931
	AUTOMOBILES/MOTOR VEHICLES -- 1.4%	
557,000	Ford Motor Company(d).......	8,154,480
59,200	PACCAR, Inc.	4,764,416
44,500	Polaris Industries, Inc.	3,026,890
		15,945,786
	AUTOMOTIVE EQUIPMENT -- 0.4%	
16,800	American Axle & Manufacturing Holdings, Inc.	515,088
76,200	Autoliv, Inc.	3,680,460
59,100	Delphi Corp.(d).............	533,082
		4,728,630
	BANKS -- 7.0%	
105,150	Associated Banc-Corp.	3,492,032
24,400	Astoria Financial Corp.	975,268

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SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	BANKS (CONTINUED)	
180,100	Bank of America Corp.	$ 8,462,899
53,900	Bank of Hawaii Corp.	2,734,886
65,000	Comerica, Inc.	3,966,300
32,700	First BanCorp.	2,076,777
123,800	Fremont General Corp.(d).....	3,117,284
118,900	Hibernia Corp. -- Class A....	3,508,739
115,600	JP Morgan Chase & Company....	4,509,556
136,300	KeyCorp.....................	4,620,570
82,000	Marshall & Ilsley Corp.	3,624,400
42,900	National City Corp.	1,610,895
75,100	R&G Financial Corp. -- Class B.........................	2,919,888
85,600	UnionBanCal Corp.	5,519,488
373,600	US Bancorp..................	11,701,152
251,600	Wachovia Corp.	13,234,160
51,400	Wells Fargo & Company........	3,194,510
		79,268,804
	BROADCAST SERVICES/MEDIA -- 3.1%	
67,000	Comcast Corp. -- Class A*....	2,229,760
18,100	Hearst-Argyle Television, Inc. -- Class A...........	477,478
113,200	Liberty Media Corp. -- Class A*.......................	1,242,936
30,200	Liberty Media International, Inc. -- Class A*..........	1,396,146
64,000	McGraw-Hill Companies, Inc.	5,858,560
207,600	The Walt Disney Company......	5,771,280
514,000	Time Warner, Inc.*..........	9,992,160

116,065	Viacom, Inc. -- Class B......	4,223,605
98,100	XM Satellite Radio Holdings, Inc. -- Class A*(d)........	3,690,522
		34,882,447
	BUSINESS SERVICES AND SUPPLIES -- 0.7%	
37,400	Dun & Bradstreet Corp.*......	2,230,910
57,100	First Data Corp.	2,429,034
14,300	GTECH Holdings Corp.	371,085
30,800	Moody's Corp.	2,674,980
		7,706,009
	CHEMICALS -- 0.9%	
169,800	Agrium, Inc.(d).............	2,861,130
28,600	Eastman Chemical Company.....	1,651,078
9,700	PPG Industries, Inc.	661,152
10,500	Rohm and Haas Company........	464,415
66,100	The Dow Chemical Company.....	3,272,611
23,100	The Lubrizol Corp.	851,466
		9,761,852

</Table>

See notes to financial statements.

GROWTH & INCOME PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
<Caption>

SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	COMMERCIAL SERVICES -- 0.3%	
133,300	Cendant Corp.	$ 3,116,554
	COMPUTER SOFTWARE AND SERVICES -- 4.2%	
93,500	Activision, Inc.*...........	1,886,830
53,500	Autodesk, Inc.	2,030,325
123,250	BMC Software, Inc.*.........	2,292,450
92,900	Cadence Design Systems, Inc.*......................	1,282,949
44,000	Computer Sciences Corp.*.....	2,480,280
1,301,100	Microsoft Corp.	34,752,381
109,500	NVIDIA Corp.*...............	2,579,820
28,300	Oracle Corp.*...............	388,276
		47,693,311
	COMPUTERS AND OFFICE EQUIPMENT -- 2.8%	
293,400	Dell, Inc.*.................	12,363,876
344,100	Hewlett-Packard Company......	7,215,777
95,300	International Business Machines Corp.	9,394,674
118,400	Seagate Technology*.........	2,044,768
45,100	Xerox Corp.*................	767,151
		31,786,246
	CONSTRUCTION SERVICES AND SUPPLIES -- 1.9%	
87,100	DR Horton, Inc.	3,511,001
36,200	KB Home.....................	3,779,280
39,200	M.D.C. Holdings, Inc.	3,388,448
15,400	Masco Corp.	562,562
5,000	NVR, Inc.*..................	3,847,000
41,200	Standard Pacific Corp.	2,642,568
53,500	Toll Brothers, Inc.*........	3,670,635

		21,401,494
	CONSUMER GOODS AND SERVICES -- 5.5%	
107,700	Altria Group, Inc.	6,580,470
27,500	American Greetings Corp. -- Class A....................	697,125
38,900	Clorox Company..............	2,292,377
38,500	Colgate-Palmolive Company....	1,969,660
30,200	FedEx Corp.	2,974,398
559,300	General Electric Company.....	20,414,450
81,700	Gillette Company............	3,658,526
41,700	Kimberly-Clark Corp.	2,744,277
193,500	Procter & Gamble Company.....	10,657,980
28,100	Reynolds American, Inc.(d)...	2,208,660
13,100	The Black & Decker Corp.(d)..................	1,157,123
48,000	United Parcel Service, Inc. -- Class B...........	4,102,080
57,400	UST, Inc.	2,761,514
		62,218,640
	CONTAINERS AND PACKAGING -- 0.2%	
64,300	Ball Corp.	2,827,914

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SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	DISTRIBUTION -- 0.5%	
175,700	Ingram Micro, Inc. -- Class A*........................	$ 3,654,560
51,200	Tech Data Corp.*............	2,324,480
		5,979,040
	ELECTRONICS -- 0.4%	
23,600	Advanced Micro Devices, Inc.*......................	519,672
18,000	Emerson Electric Company.....	1,261,800
17,500	Harman International Industries, Inc.	2,222,500
134,400	Sanmina-SCI Corp.*..........	1,138,368
		5,142,340
	FINANCIAL SERVICES -- 8.2%	
140,200	American Express Company.....	7,903,074
72,700	AmeriCredit Corp.*..........	1,777,515
153,800	Ameritrade Holding Corp.*....	2,187,036
135,200	Capital One Financial Corp.(d)..................	11,385,192
123,000	CIT Group, Inc.	5,635,860
563,200	Citigroup, Inc.	27,134,975
45,800	Countrywide Financial Corp.	1,695,058
72,100	Doral Financial Corp.	3,550,925
32,000	Eaton Vance Corp.	1,668,800
4,900	Fannie Mae..................	348,929
53,700	Freddie Mac.................	3,957,690
36,200	Goldman Sachs Group, Inc. ...	3,766,248
58,700	Lehman Brothers Holdings, Inc.	5,135,076
109,500	MBNA Corp.	3,086,805
105,300	Merrill Lynch & Company, Inc.	6,293,781
116,600	Providian Financial Corp.*...	1,920,402
57,600	Prudential Financial, Inc.	3,165,696
24,300	The Bear Stearns Companies, Inc.	2,486,133
12,900	Washington Mutual, Inc.	545,412
		93,644,607
	FOOD AND BEVERAGE -- 2.9%	
22,500	Adolph Coors Company -- Class B..........................	1,702,575

83,600	Anheuser-Busch Companies, Inc.	4,241,028
141,200	Archer-Daniels-Midland Company....................	3,150,172
118,700	Coca-Cola Company............	4,941,481
7,000	Hershey Foods Corp.	388,780
61,500	Kraft Foods, Inc. -- Class A(d).......................	2,190,015
146,000	PepsiCo, Inc.	7,621,200
52,500	Pilgrim's Pride Corp.	1,610,700

</Table>

See notes to financial statements.

GROWTH & INCOME PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
<Caption>

SHARES		VALUE
	COMMON STOCKS (CONTINUED)	
	FOOD AND BEVERAGE (CONTINUED)	
57,800	Smithfield Foods, Inc.*......	$ 1,710,302
89,000	The Pepsi Bottling Group, Inc.(d)....................	2,406,560
149,600	Tyson Foods, Inc. -- Class A..........................	2,752,640
		32,715,453
	INSURANCE -- 4.6%	
9,300	Ace, Ltd.	397,575
50,200	Aetna, Inc.	6,262,450
104,200	Allstate Corp.	5,389,224
4,800	Ambac Financial Group, Inc.	394,224
128,900	American International Group, Inc.	8,464,863
8,600	Cincinnati Financial Corp.	380,636
18,600	Everest Re Group, Ltd. (Bermuda)..................	1,665,816
46,500	First American Corp.	1,634,010
73,000	IPC Holdings, Ltd.	3,176,230
82,900	Lincoln National Corp.	3,869,772
38,100	Loews Corp.	2,678,430
39,300	MBIA, Inc.(d)................	2,486,904
39,300	Mercury General Corp.	2,354,856
132,900	MetLife, Inc.	5,383,779
11,900	Nationwide Financial Services, Inc. -- Class A..........................	454,937
28,500	Principal Financial Group, Inc.	1,166,790
63,400	Radian Group, Inc.	3,375,416
40,100	StanCorp Financial Group, Inc.	3,308,250
		52,844,162
	INTERNET SERVICES -- 4.9%	
956,200	Cisco Systems, Inc.*.........	18,454,660
80,600	EarthLink, Inc.*............	928,512
105,500	eBay, Inc.*..................	12,267,540
10,100	Google, Inc. -- Class A*.....	1,950,310
253,869	Juniper Networks, Inc.*......	6,902,698
36,800	Symantec Corp.*..............	947,968
177,200	VeriSign, Inc.*(d)...........	5,939,744
218,300	YAHOO!, Inc.*................	8,225,544

		55,616,976
	LEISURE AND RECREATION -- 2.4%	
7,500	Brunswick Corp.	371,250
8,300	Carnival Corp.(d)...........	478,329
59,300	DreamWorks Animation SKG, Inc. -- Class A*..........	2,224,343
89,500	Hilton Hotels Corp.	2,035,230
128,500	Marriott International, Inc. -- Class A...........	8,092,930
23,500	Royal Caribbean Cruises, Ltd. (Liberia)(d)..............	1,279,340

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SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	LEISURE AND RECREATION (CONTINUED)	
157,200	Starwood Hotels & Resorts Worldwide, Inc.	$ 9,180,480
45,400	Wynn Resorts, Ltd.*(d).......	3,038,168
		26,700,070
	MACHINERY -- 0.5%	
19,500	Caterpillar, Inc.	1,901,445
21,300	Cummins, Inc.	1,784,727
24,200	Graco, Inc.	903,870
20,800	Terex Corp.*................	991,120
		5,581,162
	MANUFACTURING -- 1.7%	
44,400	3M Company..................	3,643,908
23,900	Eaton Corp.	1,729,404
39,900	Harsco Corp.	2,224,026
106,300	Honeywell International, Inc.	3,764,083
5,300	Illinois Tool Works, Inc. ...	491,204
9,200	ITT Industries, Inc.	776,940
27,400	Parker Hannifin Corp.	2,075,276
127,500	Tyco International, Ltd.	4,556,850
		19,261,691
	MEDICAL AND OTHER HEALTH SERVICES -- 1.2%	
95,500	IMS Health, Inc.	2,216,555
29,600	McKesson Corp.	931,216
95,000	Medco Health Solutions, Inc.*.....................	3,952,000
36,000	UnitedHealth Group, Inc.	3,169,080
27,700	WellPoint, Inc.*............	3,185,500
		13,454,351
	MEDICAL EQUIPMENT AND SUPPLIES -- 4.0%	
31,400	Allergan, Inc.	2,545,598
31,700	Bausch & Lomb, Inc.(d).......	2,043,382
31,100	Becton, Dickinson and Company...................	1,766,480
5,700	CR Bard, Inc.	364,686
7,422	Guidant Corp.	535,126
377,200	Johnson & Johnson...........	23,922,024
48,800	Kinetic Concepts, Inc.*......	3,723,440
6,700	Medtronic, Inc.	332,789
97,800	St. Jude Medical, Inc.*......	4,100,754
74,800	Zimmer Holdings, Inc.*.......	5,992,976
		45,327,255
	METALS AND MINING -- 1.1%	
50,900	Alcoa, Inc.	1,599,278
7,600	Newmont Mining Corp.(d)......	337,516
113,100	Nucor Corp.(d)..............	5,919,654
35,100	Southern Peru Copper Corp.(d)..................	1,657,071

</Table>

See notes to financial statements.

GROWTH & INCOME PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

SHARES		VALUE
	COMMON STOCKS (CONTINUED)	
	METALS AND MINING (CONTINUED)	
39,100	Steel Dynamics, Inc.	$ 1,481,108
70,700	Worthington Industries, Inc.	1,384,306
		12,378,933
	OIL, COAL AND GAS -- 6.6%	
26,800	Amerada Hess Corp.	2,207,784
41,200	Anadarko Petroleum Corp.	2,670,172
16,400	Apache Corp.	829,348
99,600	Burlington Resources, Inc.	4,332,600
272,900	ChevronTexaco Corp.	14,329,979
109,500	ConocoPhillips..............	9,507,885
11,400	Devon Energy Corp.	443,688
56,900	EOG Resources, Inc.	4,060,384
407,000	Exxon Mobil Corp.	20,862,820
9,600	Halliburton Company..........	376,704
29,200	Newfield Exploration Company*..................	1,724,260
49,800	Occidental Petroleum Corp.	2,906,328
75,000	PetroKazakhstan, Inc. -- Class A...................	2,782,500
9,900	Schlumberger, Ltd.	662,805
71,000	Sunoco, Inc.	5,801,410
49,800	Tesoro Corp.*...............	1,586,628
		75,085,295
	PAPER AND FOREST PRODUCTS -- 0.2%	
77,200	Louisiana-Pacific Corp.	2,064,328
	PHARMACEUTICALS -- 3.9%	
8,000	Abbott Laboratories..........	373,200
82,000	Cardinal Health, Inc.	4,768,300
190,100	Caremark Rx, Inc.*..........	7,495,643
129,200	Eli Lilly and Company........	7,332,100
86,125	IVAX Corp.*.................	1,362,498
120,100	Merck & Company, Inc.	3,860,014
553,600	Pfizer, Inc.	14,886,304
210,300	Schering-Plough Corp.	4,391,064
		44,469,123
	REAL ESTATE INVESTMENT TRUSTS -- 0.2%	
10,200	AMB Property Corp.	411,978
68,500	Equity Office Properties Trust......................	1,994,720
		2,406,698
	RESEARCH AND DEVELOPMENT -- 2.0%	
146,100	Amgen, Inc.*................	9,372,315
44,200	Biogen Idec, Inc.*..........	2,944,162
11,600	Chiron Corp.*(d)............	386,628
95,700	Genentech, Inc.*............	5,209,908
10,900	Genzyme Corp.*..............	632,963

SHARES		VALUE
	COMMON STOCKS (CONTINUED)	
	RESEARCH AND DEVELOPMENT (CONTINUED)	
53,200	Gilead Sciences, Inc.*.......	$ 1,861,468
58,400	ImClone Systems, Inc.*(d)....	2,691,072
		23,098,516
	RETAIL -- 5.2%	
44,400	7-Eleven, Inc.*.............	1,063,380
55,400	BJ'S Wholesale Club, Inc.*...	1,613,802
209,200	Circuit City Stores, Inc.(d)....................	3,271,888
24,500	Costco Wholesale Corp.	1,186,045
92,900	Dollar General Corp.	1,929,533
99,700	Federated Department Stores, Inc.	5,761,663
394,700	Home Depot, Inc.	16,869,478
113,600	JC Penney Company, Inc. (Holding Company)..........	4,703,040
14,232	Kmart Holding Corp.*(d)......	1,408,256
165,900	Staples, Inc.	5,592,489
31,100	Toys "R" Us, Inc.*..........	636,617
289,800	Wal-Mart Stores, Inc.	15,307,236
		59,343,427
	RETAIL: RESTAURANTS -- 1.2%	
96,400	Darden Restaurants, Inc.	2,674,136
245,600	McDonald's Corp.	7,873,936
18,700	Starbucks Corp.*............	1,166,132
37,000	YUM! Brands, Inc.	1,745,660
		13,459,864
	RETAIL: SUPERMARKETS -- 0.8%	
182,600	SUPERVALU, Inc.	6,303,352
175,900	The Kroger Company*.........	3,085,286
		9,388,638
	SCIENTIFIC AND TECHNICAL INSTRUMENTS -- 0.2%	
32,500	Fisher Scientific International, Inc.*.......	2,027,350
	SECURITY SERVICES -- 0.1%	
23,100	The Brink's Company.........	912,912
	SEMICONDUCTORS -- 3.3%	
181,600	Altera Corp.*...............	3,759,120
99,600	Applied Materials, Inc.*.....	1,703,160
117,700	Broadcom Corp. -- Class A*...	3,799,356
48,300	Cree, Inc.*(d)..............	1,935,864
21,299	Freescale Semiconductor, Inc. -- Class B*..........	391,050
251,800	Intel Corp.	5,889,602
183,000	Micron Technology, Inc.*.....	2,260,050
281,800	National Semiconductor Corp.	5,058,310

See notes to financial statements.

SHARES		VALUE
	COMMON STOCKS (CONTINUED)	
	SEMICONDUCTORS (CONTINUED)	
252,200	PMC-Sierra, Inc.*...........	$ 2,837,250
413,400	Texas Instruments, Inc.	10,177,908
		37,811,670
	TELECOMMUNICATIONS EQUIPMENT AND SERVICES -- 6.2%	
59,900	Amdocs, Ltd. (Guernsey)*.....	1,572,375
74,200	AT&T Corp.	1,414,252
44,800	BellSouth Corp.	1,244,992
99,800	CenturyTel, Inc.	3,539,906
133,700	Comverse Technology, Inc.*...	3,268,965
29,100	Harris Corp.	1,798,089
550,600	JDS Uniphase Corp.*(d).......	1,745,402
805,800	Motorola, Inc.	13,859,760
56,400	Nextel Communications, Inc. -- Class A*..........	1,692,000
299,000	QUALCOMM, Inc.	12,677,600
50,100	SBC Communications, Inc.	1,291,077
97,500	Sprint Corp. (FON Group).....	2,422,875
60,200	Telephone and Data Systems, Inc.(d)...................	4,632,390
473,500	Verizon Communications, Inc.	19,181,485
		70,341,168
	TRANSPORTATION -- 0.9%	
16,700	Burlington Northern Santa Fe Corp.	790,077
59,300	JB Hunt Transport Services, Inc.	2,659,605
54,667	Ryder System, Inc.	2,611,443
86,900	Teekay Shipping Corp.	3,659,359
		9,720,484
	UTILITIES: ELECTRIC -- 2.5%	
30,600	Alliant Energy Corp.	875,160
60,700	American Electric Power Company, Inc.	2,084,438
88,300	Constellation Energy Group, Inc.	3,859,593
201,900	Edison International.........	6,466,857
16,200	Entergy Corp.	1,094,958
87,500	Exelon Corp.	3,856,125
18,000	Northeast Utilities..........	339,300
74,700	Pepco Holdings, Inc.	1,592,604
33,100	PG&E Corp.*.................	1,101,568
47,400	SCANA Corp.	1,867,560
74,800	TXU Corp.(d)................	4,829,088
		27,967,251

SHARES		VALUE
	COMMON STOCKS (CONTINUED)	
	UTILITIES: GAS -- 0.3%	
104,400	Sempra Energy(d)............	$ 3,829,392
	TOTAL COMMON STOCKS (Cost $1,015,745,616)......	1,128,940,273

PRINCIPAL		
	SECURITIES LENDING COLLATERAL -- 7.5%	
$85,014,118	Securities Lending Collateral Investment (Note 4)	

	(Cost $85,014,118).........	85,014,118
	SHORT TERM US TREASURY SECURITY -- 0.0%	
150,000	US Treasury Bill, 2.16%, 03/17/05(f) (Cost $149,327)...........	149,327
	TOTAL SECURITIES (Cost $1,100,909,061)......	1,214,103,718
	REPURCHASE AGREEMENTS -- 0.6%	
7,071,418	With Investors Bank and Trust, dated 12/31/04, 1.88%, due 01/03/05, repurchase proceeds at maturity $7,072,526 (Collateralized by Fannie Mae, 2.92%, due 03/25/33, with a value of $3,345,100, and various Small Business Administrations, 5.13% -- 5.38%, due 11/25/15-10/25/16, with a total value of $4,082,935) (Cost $7,071,418)..........	7,071,418
	Total Investments -- 107.5% (Cost $1,107,980,479)......	1,221,175,136
	Liabilities less other assets -- (7.5)%..........	(85,226,702)
	NET ASSETS -- 100.0%.........	$1,135,948,434

</Table>

The aggregate cost of securities for federal income tax purposes at December 31, 2004 is $1,116,324,135.

The following amounts are based on cost for federal income tax purposes:

<Table>

<S>	<C>
Gross unrealized appreciation..........	$121,321,581
Gross unrealized depreciation..........	(16,470,580)
Net unrealized appreciation...........	$104,851,001

</Table>

See summary of footnotes and abbreviations to portfolios.

See notes to financial statements.

EQUITY GROWTH PORTFOLIO

PORTFOLIO OF INVESTMENTS

DECEMBER 31, 2004

<Table>
<Caption>

SHARES		VALUE

<C> <S> <C>

	COMMON STOCKS -- 98.5%	
	AEROSPACE AND DEFENSE -- 0.9%	
74,251	General Dynamics Corp.......	$ 7,766,655
257,000	The Boeing Company..........	13,304,890
		21,071,545
	AGRICULTURE -- 1.1%	
463,900	Monsanto Company...........	25,769,645
	AIRLINES -- 1.0%	
1,333,500	Southwest Airlines Company..	21,709,380
	APPAREL: MANUFACTURING -- 1.1%	
282,327	Nike, Inc. -- Class B.......	25,604,236
	BROADCAST SERVICES/MEDIA -- 1.9%	
538,200	The Walt Disney Company.....	14,961,960
801,700	Time Warner, Inc.*..........	15,585,048
369,100	XM Satellite Radio Holdings, Inc. -- Class A*(d).......	13,885,542
		44,432,550
	BUSINESS SERVICES AND SUPPLIES -- 0.4%	
216,600	First Data Corp.	9,214,164
	CHEMICALS -- 0.6%	
252,100	The Dow Chemical Company....	12,481,471
	COMPUTER SOFTWARE AND SERVICES -- 5.1%	
455,837	Electronic Arts, Inc.*......	28,116,026
2,987,270	Microsoft Corp.............	79,789,982
410,400	NVIDIA Corp.*..............	9,669,024
		117,575,032
	COMPUTERS AND OFFICE EQUIPMENT -- 2.8%	
1,348,022	Dell, Inc.*................	56,805,647
443,600	Seagate Technology*.........	7,660,972
		64,466,619
	CONSTRUCTION SERVICES AND SUPPLIES -- 0.5%	
186,627	Lennar Corp. -- Class A(d).....................	10,578,018
	CONSUMER GOODS AND SERVICES -- 8.8%	
144,900	Colgate-Palmolive Company...	7,413,084
337,400	FedEx Corp.(d).............	33,230,526
2,414,542	General Electric Company....	88,130,783
158,400	Kimberly-Clark Corp.........	10,424,304
929,904	Procter & Gamble Company....	51,219,112
140,600	United Parcel Service, Inc. -- Class B..........	12,015,676
		202,433,485
	ELECTRONICS -- 0.1%	
22,657	Harman International Industries, Inc.	2,877,439

</Table>

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<Caption>

SHARES		VALUE
	COMMON STOCKS (CONTINUED)	
	FINANCIAL SERVICES -- 10.2%	
504,300	American Express Company....	$ 28,427,391
580,300	Ameritrade Holding Corp.*...	8,251,866
515,600	Capital One Financial Corp.(d).................	43,418,675
456,611	Citigroup, Inc.............	21,999,518
1,093,363	Countrywide Financial Corp......................	40,465,365
329,777	Goldman Sachs Group, Inc....	34,309,999
841,607	SLM Corp...................	44,933,397
55,438	The Chicago Mercantile Exchange(d)..............	12,678,671

		234,484,882
	FOOD AND BEVERAGE -- 2.4%	
255,400	Anheuser-Busch Companies, Inc.	12,956,442
349,000	Coca-Cola Company	14,528,870
504,284	PepsiCo, Inc.	26,323,625
		53,808,937
	INSURANCE -- 0.9%	
295,500	American International Group, Inc.	19,405,485
	INTERNET SERVICES -- 8.4%	
2,669,340	Cisco Systems, Inc.*	51,518,262
564,022	eBay, Inc.*	65,584,478
38,300	Google, Inc. -- Class A*	7,395,730
845,300	Juniper Networks, Inc.*	22,983,707
674,000	VeriSign, Inc.*(d)	22,592,480
602,900	YAHOO!, Inc.*	22,717,272
		192,791,929
	LEISURE AND RECREATION -- 6.9%	
154,180	Carnival Corp.(d)	8,885,393
225,600	DreamWorks Animation SKG, Inc. -- Class A*	8,462,256
142,558	Four Seasons Hotels, Inc.(d)	11,659,819
336,200	Hilton Hotels Corp.	7,645,188
489,700	Marriott International, Inc. -- Class A	30,841,306
211,840	MGM MIRAGE*	15,409,242
598,000	Starwood Hotels & Resorts Worldwide, Inc.(d)	34,923,200
589,444	Wynn Resorts, Ltd.*(d)	39,445,592
		157,271,996
	MACHINERY -- 1.6%	
372,241	Caterpillar, Inc.(d)	36,297,220
	MANUFACTURING -- 0.6%	
402,500	Honeywell International, Inc.	14,252,525

</Table>

See notes to financial statements.

EQUITY GROWTH PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
<Caption>

SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	MEDICAL AND OTHER HEALTH SERVICES -- 4.9%	
358,800	Medco Health Solutions, Inc.*	$ 14,926,080
977,020	UnitedHealth Group, Inc.	86,007,071
103,900	WellPoint, Inc.*	11,948,500
		112,881,651
	MEDICAL EQUIPMENT AND SUPPLIES -- 6.0%	
774,200	Johnson & Johnson	49,099,765

185,900	Kinetic Concepts, Inc.*.....	14,184,170
260,284	Medtronic, Inc.............	12,928,306
327,100	St. Jude Medical, Inc.*.....	13,715,303
589,895	Zimmer Holdings, Inc.*......	47,262,387
		137,189,931
	OIL, COAL AND GAS -- 1.0%	
213,400	EOG Resources, Inc.........	15,228,224
111,540	Newfield Exploration Company*.................	6,586,437
		21,814,661
	PHARMACEUTICALS -- 4.0%	
491,400	Caremark Rx, Inc.*.........	19,375,902
205,300	Eli Lilly and Company.......	11,650,775
328,500	IVAX Corp.*(d).............	5,196,870
1,476,652	Pfizer, Inc................	39,707,172
790,400	Schering-Plough Corp.	16,503,552
		92,434,271
	RESEARCH AND DEVELOPMENT -- 4.4%	
484,169	Amgen, Inc.*...............	31,059,441
1,032,540	Genentech, Inc.*...........	56,211,478
200,400	Gilead Sciences, Inc.*......	7,011,996
135,800	ImClone Systems, Inc.*(d)...	6,257,664
		100,540,579
	RETAIL -- 8.5%	
643,400	Circuit City Stores, Inc.(d)..................	10,062,776
349,100	Dollar General Corp.	7,250,807
1,158,900	Home Depot, Inc.(d).........	49,531,386
433,200	JC Penney Company, Inc. (Holding Company).........	17,934,480
625,449	Lowe's Companies, Inc.(d)...	36,019,608
627,100	Staples, Inc...............	21,139,541
283,143	Target Corp................	14,703,616
701,518	Wal-Mart Stores, Inc.	37,054,181
		193,696,395

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SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	RETAIL: RESTAURANTS -- 1.9%	
580,300	McDonald's Corp............	$ 18,604,418
392,933	Starbucks Corp.*...........	24,503,302
		43,107,720
	RETAIL: SUPERMARKETS -- 0.7%	
170,987	Whole Foods Market, Inc.(d)..................	16,303,610
	SCIENTIFIC AND TECHNICAL INSTRUMENTS -- 0.3%	
122,800	Fisher Scientific International, Inc.*......	7,660,264
	SEMICONDUCTORS -- 4.5%	
690,200	Altera Corp.*..............	14,287,140
378,200	Applied Materials, Inc.*....	6,467,220
440,700	Broadcom Corp. -- Class A*(d)....................	14,225,796
1,073,200	National Semiconductor Corp.	19,263,940
955,200	PMC-Sierra, Inc.*..........	10,746,000
1,509,600	Texas Instruments, Inc.	37,166,352
		102,156,448
	TELECOMMUNICATIONS EQUIPMENT AND SERVICES -- 6.1%	
510,800	Comverse Technology, Inc.*....................	12,489,060

2,093,100	JDS Uniphase Corp.*(d)......	6,635,127
2,261,200	Motorola, Inc..............	38,892,640
1,744,407	QUALCOMM, Inc..............	73,962,857
196,820	Verizon Communications, Inc.	7,973,178
		139,952,862
	UTILITIES: ELECTRIC -- 0.9%	
332,569	TXU Corp.(d)...............	21,470,655
	TOTAL COMMON STOCKS (Cost $1,931,060,493).....	2,255,735,605
	WARRANTS -- 0.0%	
24,143	Lucent Technologies, Inc., expires 12/10/07* (Cost $0)......................	38,146

See notes to financial statements.

EQUITY GROWTH PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

PRINCIPAL		VALUE
	SECURITIES LENDING COLLATERAL -- 8.9%	
$203,440,449	Securities Lending Collateral Investment (Note 4) (Cost $203,440,449).......	$ 203,440,449
	TOTAL SECURITIES (Cost $2,134,500,942).....	2,459,214,200
	REPURCHASE AGREEMENTS -- 1.8%	
41,295,933	With Investors Bank and Trust, dated 12/31/04, 1.88%, due 01/03/05, repurchase proceeds at maturity $41,302,403 (Collateralized by various Small Business Administrations, 4.38% -- 5.63%, due 03/25/15- 03/25/29, with a total value of $43,360,730) (Cost $41,295,933)........	41,295,933
	Total Investments -- 109.2% (Cost $2,175,796,875).....	2,500,510,133
	Liabilities less other assets -- (9.2)%.........	(209,950,186)
	NET ASSETS -- 100.0%........	$2,290,559,947

The aggregate cost of securities for federal income tax purposes at December 31, 2004 is $2,226,733,418.

The following amounts are based on cost for federal income tax purposes:

Gross unrealized appreciation..........	$287,891,791
Gross unrealized depreciation..........	(14,115,076)
Net unrealized appreciation...........	$273,776,715

See summary of footnotes and abbreviations to portfolios.

See notes to financial statements.

MID-CAP VALUE PORTFOLIO

PORTFOLIO OF INVESTMENTS

DECEMBER 31, 2004

SHARES		VALUE
	COMMON STOCKS -- 95.0%	
	AEROSPACE AND DEFENSE -- 1.8%	
227,900	Goodrich Corp.	$ 7,438,656
	APPAREL: RETAIL -- 1.6%	
252,700	Foot Locker, Inc.	6,805,211
	ASSET MANAGEMENT -- 1.3%	
153,600	Brascan Corp. -- Class A (Canada)(d).................	5,531,136
	AUTOMOTIVE EQUIPMENT -- 2.5%	
88,800	Genuine Parts Company..........	3,912,528
104,000	Lear Corp.	6,345,040
		10,257,568
	BANKS -- 7.4%	
153,600	First Horizon National Corp.(d)....................	6,621,696
54,500	M&T Bank Corp.	5,877,280
304,700	North Fork Bancorp, Inc.	8,790,595
188,300	State Street Corp.	9,249,296
		30,538,867
	BROADCAST SERVICES/MEDIA -- 1.4%	
122,400	The E.W. Scripps Company -- Class A(d)..................	5,909,472
	BUSINESS SERVICES AND SUPPLIES -- 4.4%	
51,300	Avery Dennison Corp.	3,076,461
118,900	Diebold, Inc.	6,626,297
178,400	Manpower, Inc.	8,616,720
		18,319,478
	CHEMICALS -- 5.8%	
178,400	Cytec Industries, Inc.	9,173,328
168,400	International Flavors & Fragrances, Inc.	7,214,256
423,300	Methanex Corp. (Canada)........	7,729,458

		24,117,042
	CONSTRUCTION SERVICES AND SUPPLIES -- 3.1%	
153,600	American Standard Companies, Inc.*........................	6,346,752
185,800	York International Corp.	6,417,532
		12,764,284
	CONSUMER GOODS AND SERVICES -- 2.5%	
54,300	Fortune Brands, Inc.	4,190,874
133,700	The Sherwin-Williams Company...	5,967,031
		10,157,905
	CONTAINERS AND PACKAGING -- 2.5%	
157,900	Pactiv Corp.*..................	3,993,291
138,700	Rexam PLC (Great Britain) (ADR)(d)....................	6,260,918
		10,254,209

</Table>

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<Caption>

SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	DISTRIBUTION -- 0.9%	
59,200	CDW Corp.	$ 3,927,920
	ELECTRONICS -- 1.5%	
236,600	Thomson (France) (ADR).........	6,281,730
	FINANCIAL SERVICES -- 5.7%	
213,000	CIT Group, Inc.	9,759,660
500,400	E*TRADE Financial Corp.*.......	7,480,980
74,400	Legg Mason, Inc.	5,450,544
45,100	MoneyGram International, Inc.	953,414
		23,644,598
	FOOD AND BEVERAGE -- 2.8%	
182,500	Allied Domecq PLC (Great Britain) (ADR)(d)...........	7,283,575
113,500	Sysco Corp.	4,332,295
		11,615,870
	INSURANCE -- 5.6%	
218,000	Assurant, Inc.	6,659,900
94,100	Everest Re Group, Ltd. (Bermuda)....................	8,427,596
128,800	MBIA, Inc.(d)..................	8,150,464
		23,237,960
	LEISURE AND RECREATION -- 4.8%	
273,100	Hilton Hotels Corp.	6,210,294
610,989	InterContinental Hotels Group PLC (Great Britain) (ADR)....	7,710,681
109,000	Royal Caribbean Cruises, Ltd. (Liberia)(d)................	5,933,960
		19,854,935
	MANUFACTURING -- 1.6%	
79,300	ITT Industries, Inc.	6,696,885
	MEDICAL AND OTHER HEALTH SERVICES -- 3.3%	
128,300	Omnicare, Inc.(d)..............	4,441,746
79,300	WellPoint, Inc.*..............	9,119,500
		13,561,246
	MEDICAL EQUIPMENT AND SUPPLIES -- 1.1%	
69,100	CR Bard, Inc.	4,421,018
	OIL, COAL AND GAS -- 6.1%	

133,800	EnCana Corp. (Canada)..........	7,634,628
128,800	Praxair, Inc.	5,686,520
163,500	Questar Corp.	8,331,960
69,100	Weatherford International, Ltd. (Bermuda)*..................	3,544,830
		25,197,938

</Table>

See notes to financial statements.

MID-CAP VALUE PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
<Caption>

SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	PRINTING AND PUBLISHING -- 1.6%	
186,169	RR Donnelley & Sons Company(d)..................	$ 6,569,904
	RETAIL -- 3.1%	
89,200	CVS Corp.	4,020,244
307,200	Dollar Tree Stores, Inc.*(d)...	8,810,496
		12,830,740
	RETAIL: RESTAURANTS -- 1.2%	
104,600	YUM! Brands, Inc.	4,935,028
	TELECOMMUNICATIONS EQUIPMENT AND SERVICES -- 3.7%	
196,500	Amdocs, Ltd. (Guernsey)*.......	5,158,125
212,100	Corning, Inc.*.................	2,496,417
312,100	UNOVA, Inc.*(d)...............	7,893,009
		15,547,551
	TOOLS -- 1.0%	
83,900	Stanley Works.................	4,110,261
	TOYS -- 1.0%	
204,700	Mattel, Inc.(d)...............	3,989,603
	TRANSPORTATION -- 7.2%	
167,100	CNF, Inc.	8,371,710
188,300	CSX Corp.	7,547,064
181,200	Florida East Coast Industries, Inc.	8,172,120
163,500	Norfolk Southern Corp.	5,917,065
		30,007,959
	UTILITIES: ELECTRIC -- 6.3%	
574,700	CenterPoint Energy, Inc.(d)....	6,494,110
227,900	PG&E Corp.*...................	7,584,512
74,300	PPL Corp.	3,958,704
123,900	TXU Corp.(d)..................	7,998,984
		26,036,310
	UTILITIES: GAS -- 2.2%	
277,400	AGL Resources, Inc.	9,220,776
	TOTAL COMMON STOCKS (Cost $339,994,770)..........	393,782,060

PRINCIPAL		
	SECURITIES LENDING COLLATERAL -- 14.1%	
$58,613,178	Securities Lending Collateral Investment (Note 4) (Cost $58,613,178)..........	$ 58,613,178
	TOTAL SECURITIES (Cost $398,607,948)..........	452,395,238
	REPURCHASE AGREEMENTS -- 5.5%	
22,804,390	With Investors Bank and Trust, dated 12/31/04, 1.88%, due 01/03/05, repurchase proceeds at maturity $22,807,963 (Collateralized by various Small Business Administrations, 4.77% -- 5.77%, due 05/25/16 to 02/25/29, with a total value of $23,944,609) (Cost $22,804,390)................	22,804,390
	Total Investments -- 114.6% (Cost $421,412,338)..........	475,199,628
	Liabilities less other assets -- (14.6)%...........	(60,488,949)
	NET ASSETS -- 100.0%..........	$414,710,679

The aggregate cost of securities for federal income tax purposes at December 31, 2004 is $422,114,504.

The following amounts are based on cost for federal income tax purposes:

Gross unrealized appreciation..........	$54,444,932
Gross unrealized depreciation..........	(1,359,808)
Net unrealized appreciation............	$53,085,124

See summary of footnotes and abbreviations to portfolios.

See notes to financial statements.

MID-CAP GROWTH PORTFOLIO

PORTFOLIO OF INVESTMENTS

DECEMBER 31, 2004

SHARES		VALUE

	COMMON STOCKS -- 97.4%	
	ADVERTISING -- 2.0%	
62,300	Getty Images, Inc.*(d).........	$ 4,289,355
	APPAREL: RETAIL -- 3.2%	
89,400	American Eagle Outfitters, Inc.	4,210,740
55,700	Chico's FAS, Inc.*(d)..........	2,536,021
		6,746,761
	BROADCAST SERVICES/MEDIA -- 5.5%	
89,000	Cablevision Systems Corp. New York Group -- Class A*.......	2,216,100
23,800	Pixar*(d)......................	2,037,518
367,600	Sirius Satellite Radio, Inc.*(d)....................	2,812,140
120,300	XM Satellite Radio Holdings, Inc. -- Class A*(d)..........	4,525,686
		11,591,444
	BUSINESS SERVICES AND SUPPLIES -- 2.9%	
87,300	Alliance Data Systems Corp.*...	4,145,004
68,800	Robert Half International, Inc.	2,024,784
		6,169,788
	COMPUTER SOFTWARE AND SERVICES -- 3.8%	
126,900	Cognos, Inc.*..................	5,591,214
49,300	NAVTEQ Corp.*..................	2,285,548
		7,876,762
	COMPUTERS AND OFFICE EQUIPMENT -- 1.9%	
204,700	ATI Technologies, Inc.*........	3,969,133
	CONSUMER GOODS AND SERVICES -- 2.0%	
199,810	Tempur-Pedic International, Inc.*........................	4,235,972
	CONTAINERS AND PACKAGING -- 0.9%	
87,660	Owens-Illinois, Inc.*..........	1,985,499
	ELECTRONICS -- 4.0%	
32,000	Harman International Industries, Inc.	4,064,000
129,200	Trimble Navigation, Ltd.*......	4,268,768
		8,332,768
	FINANCIAL SERVICES -- 6.4%	
96,000	Doral Financial Corp.	4,728,000
63,700	Legg Mason, Inc.	4,666,662
64,300	T. Rowe Price Group, Inc.	3,999,460
		13,394,122
	INTERNET SERVICES -- 8.6%	
124,700	Juniper Networks, Inc.*........	3,390,593
82,300	Macromedia, Inc.*..............	2,561,176
159,700	Monster Worldwide, Inc.*(d)....	5,372,308
198,900	VeriSign, Inc.*................	6,667,128
		17,991,205

</Table>

<Table>
<Caption>

SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	LEISURE AND RECREATION -- 3.0%	
83,600	Brunswick Corp.	$ 4,138,200
89,000	Scientific Games Corp. -- Class A*..........................	2,121,760
		6,259,960
	MACHINERY -- 3.3%	

141,800	Rockwell Automation, Inc.	7,026,190
	MANUFACTURING -- 2.0%	
75,500	Zebra Technologies Corp. -- Class A*....................	4,249,140
	MEDICAL EQUIPMENT AND SUPPLIES -- 9.3%	
30,700	Beckman Coulter, Inc.	2,056,593
101,800	CR Bard, Inc.	6,513,164
88,300	Kinetic Concepts, Inc.*........	6,737,290
53,960	Zimmer Holdings, Inc.*.........	4,323,275
		19,630,322
	OIL, COAL AND GAS -- 11.2%	
68,424	Bill Barrett Corp.*(d).........	2,188,884
63,200	Chesapeake Energy Corp.	1,042,800
112,300	Diamond Offshore Drilling, Inc.(d).....................	4,497,615
62,300	EOG Resources, Inc.	4,445,728
93,900	Massey Energy Company..........	3,281,805
92,300	Noble Corp.*...................	4,591,002
92,200	Quicksilver Resources, Inc.*(d)....................	3,391,116
		23,438,950
	PHARMACEUTICALS -- 2.0%	
151,000	MGI Pharma, Inc.*(d)..........	4,229,510
	REAL ESTATE DEVELOPMENT AND MANAGEMENT SERVICES -- 1.2%	
71,940	CB Richard Ellis Group, Inc. -- Class A*....................	2,413,587
	RESEARCH AND DEVELOPMENT -- 2.3%	
106,900	Eyetech Pharmaceuticals, Inc.*(d)....................	4,863,950
	RETAIL -- 4.1%	
144,000	MSC Industrial Direct Company, Inc. -- Class A.............	5,181,120
99,700	Williams-Sonoma, Inc.*(d)......	3,493,488
		8,674,608
	SCIENTIFIC AND TECHNICAL INSTRUMENTS -- 1.5%	
50,000	Fisher Scientific International, Inc.*.........	3,119,000
	SEMICONDUCTORS -- 3.9%	
126,800	Broadcom Corp. -- Class A*.....	4,093,104
104,100	Cree, Inc.*(d)................	4,172,328
		8,265,432

</Table>

See notes to financial statements.

<Table>
<Caption>

SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	TELECOMMUNICATIONS EQUIPMENT AND SERVICES -- 12.4%	

429,700	Alamosa Holdings, Inc.*(d).....	$ 5,358,359
173,400	American Tower Corp. -- Class A*..........................	3,190,560
241,900	Comverse Technology, Inc.*.....	5,914,455
101,900	Harris Corp.	6,296,401
133,500	Polycom, Inc.*.................	3,113,220
36,000	SpectraSite, Inc.*............	2,084,400
		25,957,395
	TOTAL COMMON STOCKS (Cost $174,220,885)................	204,710,853

<Caption>

PRINCIPAL		
<C>	<S>	<C>
	SECURITIES LENDING COLLATERAL -- 24.0%	
$50,393,267	Securities Lending Collateral Investment (Note 4) (Cost $50,393,267)...........	50,393,267
	TOTAL SECURITIES (Cost $224,614,152)................	255,104,120
	REPURCHASE AGREEMENTS -- 2.4%	
5,082,338	With Investors Bank and Trust, dated 12/31/04, 1.88%, due 01/03/05, repurchase proceeds at maturity $5,083,134 (Collateralized by Freddie Mac, 3.49%, due 12/15/23, with a value of $5,339,288) (Cost $5,082,338)............	5,082,338
	Total Investments -- 123.8% (Cost $229,696,490)..........	260,186,458
	Liabilities less other assets -- (23.8)%...........	(50,085,586)
	NET ASSETS -- 100.0%...........	$210,100,872

</Table>

The aggregate cost of securities for federal income tax purposes at December 31, 2004 is $229,935,908.

The following amounts are based on cost for federal income tax purposes:

<Table>

<S>	<C>
Gross unrealized appreciation...........	$31,179,298
Gross unrealized depreciation...........	(928,748)
Net unrealized appreciation.............	$30,250,550

</Table>

See summary of footnotes and abbreviations to portfolios.

See notes to financial statements.

SMALL-CAP VALUE PORTFOLIO

PORTFOLIO OF INVESTMENTS

DECEMBER 31, 2004

SHARES		VALUE
	COMMON STOCKS -- 99.3%	
	ADVERTISING -- 5.5%	
322,650	Catalina Marketing Corp.	$ 9,560,120
	AGRICULTURE -- 4.3%	
268,950	Delta and Pine Land Company....	7,336,956
	AUTOMOTIVE EQUIPMENT -- 1.4%	
175,650	Exide Technologies*...........	2,420,457
	BANKS -- 5.3%	
137,225	Commercial Federal Corp.	4,076,954
54,975	First Financial Bancorp........	962,063
80,000	Provident Financial Services, Inc.	1,549,600
45,425	UMB Financial Corp.	2,573,781
		9,162,398
	BUSINESS SERVICES AND SUPPLIES -- 8.7%	
327,350	CSG Systems International, Inc.*.......................	6,121,445
349,500	Dendrite International, Inc.*.......................	6,780,299
104,700	FTI Consulting, Inc.*..........	2,206,029
		15,107,773
	CHEMICALS -- 3.8%	
35,000	Cabot Microelectronics Corp.*(d)...................	1,401,750
311,450	Tetra Tech, Inc.*.............	5,213,673
		6,615,423
	COMPUTER SOFTWARE AND SERVICES -- 3.5%	
266,325	Gartner, Inc. -- Class A*(d).......................	3,318,410
92,125	Gartner, Inc. -- Class B*.....	1,132,216
105,800	Keane, Inc.*..................	1,555,260
		6,005,886
	COMPUTERS AND OFFICE EQUIPMENT -- 1.8%	
65,600	Black Box Corp.	3,150,112
	CONSUMER GOODS AND SERVICES -- 2.2%	
131,425	Blyth, Inc.	3,884,923
	EDUCATION -- 1.7%	
167,200	DeVry, Inc.*(d)...............	2,902,592
	ELECTRONICS -- 2.0%	
146,750	Belden CDT, Inc.(d)...........	3,404,600
	FINANCIAL SERVICES -- 7.4%	
245,400	Investment Technology Group, Inc.*.......................	4,907,999
139,662	Raymond James Financial, Inc.	4,326,729
148,200	Waddell & Reed Financial, Inc. -- Class A.............	3,540,498
		12,775,226

SHARES		VALUE
	COMMON STOCKS (CONTINUED)	

	INSURANCE -- 6.9%	
155,100	Horace Mann Educators Corp. ...	$ 2,959,308
135,925	Infinity Property & Casualty Corp.	4,784,559
331,225	Phoenix Companies, Inc.(d).....	4,140,313
		11,884,180
	INTERNET SERVICES -- 2.8%	
415,875	EarthLink, Inc.*..............	4,790,880
	LEISURE AND RECREATION -- 4.4%	
193,550	Speedway Motorsports, Inc.	7,583,289
	MANUFACTURING -- 9.1%	
251,900	Acuity Brands, Inc.	8,010,419
145,750	Crane Company.................	4,203,430
171,175	Tredegar Corp.	3,459,447
		15,673,296
	MEDICAL AND OTHER HEALTH SERVICES -- 2.4%	
117,200	LifePoint Hospitals, Inc.*(d)....................	4,080,904
	OIL, COAL AND GAS -- 5.3%	
98,400	Forest Oil Corp.*.............	3,121,248
90,425	Oceaneering International, Inc.*.......................	3,374,661
76,150	Tidewater, Inc.(d)............	2,711,702
		9,207,611
	PAPER AND FOREST PRODUCTS -- 2.9%	
102,262	Rayonier, Inc.	5,001,634
	REAL ESTATE DEVELOPMENT AND SERVICES -- 0.1%	
2,525	Avatar Holdings, Inc.*(d)......	121,453
	REAL ESTATE INVESTMENT TRUSTS -- 1.6%	
76,850	Post Properties, Inc.	2,682,065
	RETAIL -- 2.6%	
214,725	Big Lots, Inc.*(d)............	2,604,614
92,900	Pier 1 Imports, Inc.	1,830,130
		4,434,744
	RUBBER PRODUCTS -- 1.7%	
16,250	Bandag, Inc.(d)...............	809,413
47,150	Bandag, Inc. -- Class A.......	2,184,459
		2,993,872
	SECURITY SERVICES -- 2.8%	
124,525	The Brink's Company...........	4,921,228
	SEMICONDUCTORS -- 1.9%	
413,050	Axcelis Technologies, Inc.*....	3,358,097
	SPORTING GOODS AND EQUIPMENT -- 2.7%	
351,475	Callaway Golf Company..........	4,744,913

</Table>

See notes to financial statements.

SMALL-CAP VALUE PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>

SHARES		VALUE
	COMMON STOCKS (CONTINUED)	
	TELECOMMUNICATIONS EQUIPMENT AND SERVICES -- 4.5%	
156,125	Commonwealth Telephone Enterprises, Inc.*(d)........	$ 7,753,168
	TOTAL COMMON STOCKS (Cost $140,146,799)..........	171,557,800

PRINCIPAL		
	SECURITIES LENDING COLLATERAL -- 12.8%	
$22,031,456	Securities Lending Collateral Investment (Note 4) (Cost $22,031,456)...........	22,031,456
	TOTAL SECURITIES (Cost $162,178,255)..........	193,589,256
	REPURCHASE AGREEMENTS -- 0.8%	
1,367,599	With Investors Bank and Trust, dated 12/31/04, 1.88%, due 01/03/05, repurchase proceeds at maturity $1,367,813 (Collateralized by Small Business Administration, 5.63%, due 09/25/15, with a value of $1,435,979) (Cost $1,367,599)..................	1,367,599
	Total Investments -- 112.9% (Cost $163,545,854)..........	194,956,855
	Liabilities less other assets -- (12.9)%...........	(22,220,906)
	NET ASSETS -- 100.0%...........	$172,735,949

The aggregate cost of securities for federal income tax purposes at December 31, 2004 is $163,686,491.

The following amounts are based on cost for federal income tax purposes:

Gross unrealized appreciation...........	$32,358,280
Gross unrealized depreciation...........	(1,087,916)
Net unrealized appreciation.............	$31,270,364

See summary of footnotes and abbreviations to portfolios.

See notes to financial statements.

SPECIAL EQUITY PORTFOLIO

PORTFOLIO OF INVESTMENTS

DECEMBER 31, 2004

SHARES		VALUE
	COMMON STOCKS -- 97.0%	
	ADVERTISING -- 0.7%	
86,200	ADVO, Inc.	$ 3,073,030
60,200	Catalina Marketing Corp. ...	1,783,726
50,500	R.H. Donnelley Corp.*(d)....	2,982,025
61,800	Ventiv Health, Inc.*........	1,255,776
		9,094,557
	AEROSPACE AND DEFENSE -- 0.9%	
6,600	ARGON ST, Inc.*............	233,970
41,300	B/E Aerospace, Inc.*........	480,732
58,700	Curtiss-Wright Corp. -- Class B..................	3,302,462
57,580	DRS Technologies, Inc.*.....	2,459,242
3,900	Ducommun, Inc.*............	81,315
2,800	Innovative Solutions and Support, Inc.*...........	93,408
57,200	Moog, Inc. -- Class A*......	2,594,020
162,000	Orbital Sciences Corp.*(d)................	1,916,460
		11,161,609
	AIRLINES -- 0.5%	
197,700	AirTran Holdings, Inc.*(d).................	2,115,390
12,100	Alaska Air Group, Inc.*.....	405,229
61,400	America West Holdings Corp. -- Class B*(d)......	404,012
169,600	ExpressJet Holdings, Inc.*....................	2,184,448
33,800	Pinnacle Airlines Corp.*....	471,172
		5,580,251
	APPAREL: MANUFACTURING -- 1.7%	
292,900	Ashworth, Inc.*............	3,189,681
83,200	Gildan Activewear, Inc. -- Class A*.................	2,827,968
46,900	Guess?, Inc.*..............	588,595
37,100	Hartmarx Corp.*............	288,267
15,000	Kellwood Company...........	517,500
76,400	Oxford Industries, Inc.	3,155,320
149,700	Phillips-Van Heusen Corp.	4,041,900
14,500	Skechers USA, Inc. -- Class A*.......................	187,920
238,230	The Warnaco Group, Inc.*....	5,145,768
38,400	Wolverine World Wide, Inc.	1,206,528
		21,149,447
	APPAREL: RETAIL -- 2.6%	
25,200	Aeropostale, Inc.*.........	741,636
268,875	Cache, Inc.*...............	4,845,128
103,300	Cato Corp. -- Class A.......	2,977,106
196,350	Charlotte Russe Holding, Inc.*....................	1,983,135
90,300	Claire's Stores, Inc.	1,918,875
7,300	Genesco, Inc.*.............	227,322

SHARES		VALUE
	COMMON STOCKS (CONTINUED)	
	APPAREL: RETAIL (CONTINUED)	
271,860	Jos. A. Bank Clothiers,	

	Inc.*(d)..................	$ 7,693,638
154,800	New York & Company, Inc.*...	2,557,296
84,600	Shoe Carnival, Inc.*........	1,099,800
133,600	Stage Stores, Inc.*(d)......	5,547,072
52,600	Stein Mart, Inc.*...........	897,356
59,100	The Men's Wearhouse, Inc.*.....................	1,888,836
		32,377,200
	AUTOMOBILES/MOTOR VEHICLES -- 0.4%	
3,800	Arctic Cat, Inc.	100,776
40,500	Monaco Coach Corp.	833,085
25,700	Polaris Industries, Inc. ...	1,748,114
61,900	Winnebago Industries, Inc.(d)..................	2,417,814
		5,099,789
	AUTOMOTIVE EQUIPMENT -- 1.1%	
64,800	Modine Manufacturing Company...................	2,188,296
176,000	O'Reilly Automotive, Inc.*(d)..................	7,928,800
190,600	Spartan Motors, Inc.	2,273,858
56,800	Tenneco Automotive, Inc.*...	979,232
31,100	Titan International, Inc.(d)..................	469,610
		13,839,796
	BANKS -- 5.6%	
7,000	ABC Bancorp.................	147,000
76,100	AMCORE Financial, Inc.	2,448,898
4,290	AmericanWest Bancorp*.......	86,873
97,900	Astoria Financial Corp.	3,913,062
1,400	BancFirst Corp.	110,572
17,500	BancorpSouth, Inc.	426,475
147,323	BankUnited Financial Corp. -- Class A*.........	4,706,969
104,906	Banner Corp.	3,272,018
5,400	Camden National Corp.	212,814
3,200	Capital Crossing Bank*......	98,208
139,900	Cathay General Bancorp......	5,246,249
15,900	City Holding Company........	576,216
16,200	Columbia Banking System, Inc.	404,838
27,800	Commercial Federal Corp. ...	825,938
8,000	Community Trust Bancorp, Inc.	258,880
17,700	Corus Bankshares, Inc.	849,777
23,000	First BanCorp.	1,460,730
7,800	First Charter Corp.	204,126
2,600	First Citizens Bancshares, Inc. -- Class A...........	385,450
15,300	First Financial Bancorp.....	267,750

</Table>

See notes to financial statements.

SPECIAL EQUITY PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
<Caption>

SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	BANKS (CONTINUED)	
2,500	First Financial Bankshares,	

	Inc.	$ 112,025
65,200	First Midwest Bancorp, Inc.	2,366,108
9,600	First Place Financial Corp.	214,944
6,700	First Republic Bank.........	355,100
21,600	FirstFed Financial Corp.*...	1,120,392
16,500	Flushing Financial Corp. ...	330,990
89,400	Fremont General Corp.(d)....	2,251,092
9,100	Frontier Financial Corp. ...	351,351
19,600	Hancock Holding Company.....	655,816
39,100	Hibernia Corp. -- Class A...	1,153,841
57,211	Hudson United Bancorp.......	2,252,969
3,200	Independent Bank Corp. (Massachusetts)...........	108,000
9,800	Independent Bank Corp. (Michigan)...............	292,334
28,100	IndyMac Bancorp, Inc.	968,045
24,500	Irwin Financial Corp.	695,555
5,500	ITLA Capital Corp.*.........	323,345
6,195	MainSource Financial Group, Inc.	147,937
3,200	MB Financial, Inc.	134,880
6,700	MBT Financial Corp.	155,909
4,400	Mid-State Bancshares........	126,060
117,400	Nara Bancorp, Inc.	2,497,098
5,300	NBC Capital Corp.	140,821
192,500	NewAlliance Bancshares, Inc.	2,945,250
8,000	Old Second Bancorp, Inc. ...	255,040
15,180	Oriental Financial Group, Inc.	429,746
5,100	People's Holding Company....	168,810
8,900	PFF Bancorp, Inc.	412,337
55,420	PrivateBancorp, Inc.	1,786,187
4,400	Provident Bankshares Corp.	160,028
50,100	R&G Financial Corp. -- Class B........................	1,947,888
2,100	S&T Bancorp, Inc.	79,149
3,700	Sandy Spring Bancorp, Inc.	141,821
8,900	Santander BanCorp...........	268,424
3,360	SCBT Financial Corp.	112,795
65,950	Signature Bank*.............	2,134,142
27,600	Silicon Valley Bancshares*..............	1,237,032
7,000	Simmons First National Corp. -- Class A..........	202,650
4,830	Southside Bancshares, Inc.	110,366
90,510	Southwest Bancorp of Texas, Inc.	2,107,978
3,465	State Bancorp, Inc.	95,288
3,600	State Financial Services Corp. -- Class A..........	108,360
7,950	Sterling Bancorp...........	224,588

</Table>

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<Caption>

SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	BANKS (CONTINUED)	
4,900	Sterling Financial Corp. (Pennsylvania)...........	$ 140,483
5,300	Suffolk Bancorp............	184,599
27,600	Susquehanna Bancshares, Inc.	688,620
276,150	Texas Capital Bancshares, Inc.*....................	5,970,362
14,700	Trustmark Corp.	456,729
2,000	Uninvest Corp. of Pennsylvania.............	92,040
2,100	Union Bankshares Corp.	80,703
21,500	United Community Financial Corp.	240,800
9,100	USB Holding Company, Inc. ..	226,590
13,600	WesBanco, Inc.	434,792
6,800	West Coast Bancorp.........	172,788
25,900	Westamerica Bancorp........	1,510,229

4,500	Western Sierra Bancorp*.....	172,598
6,300	WSFS Financial Corp.	380,016
		68,336,683
	BROADCAST SERVICES/MEDIA -- 0.3%	
8,700	Emmis Communications Corp. -- Class A*.........	166,953
66,400	Insight Communications Company, Inc. -- Class A*(d)....................	615,528
18,700	Journal Communications, Inc. -- Class A..........	337,909
9,900	Nexstar Broadcasting Group, Inc. -- Class A*.........	91,278
71,900	Sinclair Broadcast Group -- Class A..................	662,199
48,300	Spanish Broadcasting System, Inc. -- Class A*.........	510,048
8,700	The Liberty Corp.	382,452
13,200	World Wrestling Entertainment, Inc.	160,116
36,500	Young Broadcasting, Inc. -- Class A*.................	385,440
		3,311,923
	BUSINESS SERVICES AND SUPPLIES -- 3.2%	
44,200	Administaff, Inc.*.........	557,362
6,900	Ambassadors Group, Inc.	245,709
14,700	Angelica Corp.	397,635
48,600	Dendrite International, Inc.*....................	942,840
6,500	DiamondCluster International, Inc.*......	93,145
90,900	Gevity HR, Inc.	1,868,904
163,390	Global Payments, Inc.(d)....	9,564,851
180,640	Image Entertainment, Inc.*(d).................	1,073,002
20,300	John H. Harland Company.....	732,830

</Table>

See notes to financial statements.

SPECIAL EQUITY PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
<Caption>

SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	BUSINESS SERVICES AND SUPPLIES (CONTINUED)	
58,580	Kelly Services, Inc. -- Class A..........	$ 1,767,944
258,440	Kforce, Inc.*..............	2,868,684
255,510	Korn/Ferry International*(d).........	5,301,833
128,300	Labor Ready, Inc.*.........	2,170,836
106,400	MAXIMUS, Inc.*.............	3,311,168
97,820	Navigant Consulting, Inc.*....................	2,602,012
177,240	Niku Corp.*................	3,573,158
12,300	Pomeroy IT Solutions, Inc.*....................	187,083
20,000	SOURCECORP, Inc.*..........	382,200
78,300	TeleTech Holdings, Inc.*....	758,727
7,200	UniFirst Corp.	203,616
14,700	Vertrue, Inc.*.............	555,219

		39,158,758
	CHEMICALS -- 1.3%	
163,600	Airgas, Inc.	4,337,036
25,200	Albemarle Corp.	975,492
54,000	Compass Minerals International, Inc.	1,308,420
62,100	FMC Corp.*.................	2,999,430
28,500	Georgia Gulf Corp.	1,419,300
40,500	MacDermid, Inc.	1,462,050
19,400	NewMarket Corp.*...........	386,060
64,600	PolyOne Corp.*.............	585,276
86,000	Terra Industries, Inc.*(d).................	763,680
37,800	The Valspar Corp.	1,890,378
		16,127,122
	COLLECTIBLES -- 0.0%	
10,200	Department 56, Inc.*........	169,830
	COMMERCIAL SERVICES -- 0.5%	
53,470	Chemed Corp.	3,588,371
3,600	Euronet Worldwide, Inc.*....	93,672
118,180	Providence Service Corp.*...	2,478,235
		6,160,278
	COMPUTER SOFTWARE AND SERVICES -- 4.9%	
194,870	Activision, Inc.*..........	3,932,477
7,500	Ansoft Corp.*..............	151,500
33,300	ANSYS, Inc.*...............	1,067,598
99,550	Avid Technology, Inc.*......	6,147,212
376,800	Checkpoint Systems, Inc.*...	6,801,239
29,200	Covansys Corp.*............	446,760
275,350	Embarcadero Technologies, Inc.*....................	2,591,044
174,750	Epicor Software Corp.*......	2,462,228
51,900	FARO Technologies, Inc.*....	1,618,242
128,180	Infocrossing, Inc.*(d)......	2,170,087
74,400	Intergraph Corp.*(d)........	2,003,592

</Table>

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SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	COMPUTER SOFTWARE AND SERVICES (CONTINUED)	
117,300	Keane, Inc.*...............	$ 1,724,310
109,950	M-Systems Flash Disk Pioneers, Ltd.*(d)........	2,168,214
137,080	Macrovision Corp.*..........	3,525,698
90,250	Merge Technologies, Inc.*(d).................	2,008,063
28,300	MTS Systems Corp.	956,823
64,740	Open Solutions, Inc.*.......	1,680,650
5,400	Progress Software Corp.*....	126,090
12,600	Quest Software, Inc.*.......	200,970
5,000	Renaissance Learning, Inc.	92,800
29,400	SERENA Software, Inc.*......	636,216
181,730	Smith Micro Software, Inc.*(d).................	1,626,484
22,900	SS&C Technologies, Inc.	472,885
57,400	Sybase, Inc.*..............	1,145,130
350,450	Synplicity, Inc.*..........	2,074,664
234,600	THQ, Inc.*.................	5,381,724
16,600	Tier Technologies, Inc. -- Class B*.................	153,550
40,000	Transaction Systems Architects, Inc. -- Class A*.......................	794,000
48,300	Tyler Technologies, Inc.*...	403,788
421,060	Wind River Systems, Inc.*...	5,705,363
		60,269,401
	COMPUTERS AND OFFICE EQUIPMENT -- 1.4%	
102,300	Adaptec, Inc.*.............	776,457
77,900	Black Box Corp.	3,740,758
137,500	Electronics For Imaging,	

	Inc.*	2,393,875
792,130	Gateway, Inc.*	4,760,701
90,950	Knoll, Inc.*	1,591,625
103,470	Mercury Computer Systems, Inc.*(d)	3,070,990
30,100	RadiSys Corp.*	588,455
		16,922,861
	CONSTRUCTION SERVICES AND SUPPLIES -- 3.4%	
67,100	Agilysys, Inc.	1,150,094
45,700	Brookfield Homes Corp.	1,549,230
181,600	Dycom Industries, Inc.*	5,542,432
24,300	Eagle Materials, Inc.	2,098,305
9,100	Genlyte Group, Inc.*	779,688
188,600	Hovnanian Enterprises, Inc. -- Class A*	9,339,472
57,300	Meritage Corp.*	6,457,710
80,100	Simpson Manufacturing Company, Inc.	2,795,490
80,350	Standard Pacific Corp.	5,153,649
7,400	Universal Forest Products, Inc.	321,160
15,700	USG Corp.*(d)	632,239

</Table>

See notes to financial statements.

SPECIAL EQUITY PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
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SHARES		VALUE
	COMMON STOCKS (CONTINUED)	
	CONSTRUCTION SERVICES AND SUPPLIES (CONTINUED)	
53,700	Walter Industries, Inc.(d)	$ 1,811,301
13,100	Washington Group International, Inc.*	540,375
136,000	WCI Communities, Inc.*(d)	3,998,400
		42,169,545
	CONSUMER GOODS AND SERVICES -- 1.4%	
33,300	Chattem, Inc.*	1,102,230
6,000	CSS Industries, Inc.	190,560
188,020	Fossil, Inc.*	4,820,833
47,100	Herbalife, Ltd.*	765,375
128,100	NBTY, Inc.*	3,075,681
40,600	The Scotts Company -- Class A*	2,984,912
137,700	Yankee Candle Company, Inc.*	4,568,886
		17,508,477
	CONTAINERS AND PACKAGING -- 0.1%	
2,900	Greif, Inc. -- Class A	162,400
14,700	Silgan Holdings, Inc.	896,112
		1,058,512
	CORRECTIONAL FACILITIES -- 0.0%	
14,200	The Geo Group, Inc.*	377,436
	DISTRIBUTION -- 2.3%	
122,970	Beacon Roofing Supply,	

	Inc.*....................	2,442,184
8,000	Building Materials Holding Corp.	306,320
13,600	Handleman Company..........	292,128
175,040	Hughes Supply, Inc.	5,662,544
18,000	Nu Skin Enterprises, Inc. -- Class A..................	456,840
169,300	United Stationers, Inc.*....	7,821,660
90,900	Universal Corp.	4,348,656
130,500	Watsco, Inc.	4,596,210
71,700	WESCO International, Inc.*....................	2,125,188

		28,051,730

	DIVERSIFIED SERVICES -- 0.1%	
20,100	Resource America, Inc. -- Class A..................	653,250

	EDUCATION -- 0.2%	
58,410	Laureate Education, Inc.*...	2,575,297

	ELECTRONICS -- 3.4%	
247,050	Artesyn Technologies, Inc.*....................	2,791,665
73,770	BEI Technologies, Inc.	2,278,018
202,349	Belden CDT, Inc.(d)........	4,694,497

</Table>

<Table>
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SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	ELECTRONICS (CONTINUED)	
131,650	Benchmark Electronics, Inc.*....................	$ 4,489,265
16,600	Electro Scientific Industries, Inc.*........	328,016
2,700	Excel Technology, Inc.*.....	70,200
139,800	FLIR Systems, Inc.*........	8,917,842
23,600	Methode Electronics, Inc. -- Class A..................	303,260
63,900	Nam Tai Electronics, Inc.	1,230,075
56,800	Park Electrochemical Corp.	1,231,424
322,000	Sanmina-SCI Corp.*.........	2,727,340
120,600	Sonic Solutions*(d)........	2,706,264
360,200	SRS Labs, Inc.*............	2,251,610
15,000	Stoneridge, Inc.*..........	226,950
87,700	Technitrol, Inc.*..........	1,596,140
47,400	Thomas & Betts Corp.*(d)....	1,457,550
144,260	Trimble Navigation, Ltd.*...	4,766,350

		42,066,466

	ENVIRONMENTAL WASTE MANAGEMENT AND RECYCLING SERVICES -- 0.2%	
238,600	Allied Waste Industries, Inc.*....................	2,214,208
14,300	Duratek, Inc.*.............	356,213
3,600	Metal Management, Inc.	96,732

		2,667,153

	EQUIPMENT RENTAL AND LEASING -- 0.3%	
72,600	Aaron Rents, Inc.	1,815,000
9,700	Electro Rent Corp.*........	138,031
100,490	Marlin Business Services, Inc.*....................	1,909,310

		3,862,341

	FINANCIAL SERVICES -- 2.9%	
98,900	Accredited Home Lenders Holding Company*..........	4,913,352
101,900	American Capital Strategies, Ltd.(d)..................	3,398,365
268,400	AmeriCredit Corp.*.........	6,562,380
30,800	CompuCredit Corp.*.........	842,072
95,500	Eaton Vance Corp.	4,980,325

38,100	Financial Federal Corp.	1,493,520
130,500	Jefferies Group, Inc.	5,256,540
59,300	Metris Companies, Inc.*.....	756,075
17,700	Nelnet, Inc. -- Class A*....	476,661
128,900	Raymond James Financial, Inc.	3,993,322
14,800	The Student Loan Corp.	2,723,200
4,600	World Acceptance Corp.*.....	126,546
		35,522,358

</Table>

See notes to financial statements.

SPECIAL EQUITY PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
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SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	FOOD AND BEVERAGE -- 0.6%	
32,000	Boston Beer Company, Inc. -- Class A*.................	$ 680,640
44,600	Chiquita Brands International, Inc.	983,876
105,300	John B. Sanfilippo & Son, Inc.*....................	2,714,634
10,300	M&F Worldwide Corp.*........	140,286
11,000	Nash Finch Company..........	415,360
9,200	Sanderson Farms, Inc.	398,176
58,900	Sensient Technologies Corp.	1,413,011
		6,745,983
	FUNERAL SERVICES -- 0.1%	
62,700	Alderwoods Group, Inc.*.....	713,526
	INSURANCE -- 4.9%	
146,150	Affirmative Insurance Holdings, Inc.	2,461,166
2,100	AmerUs Group Company(d).....	95,130
264,000	Assured Guaranty, Ltd.	5,192,880
154,400	Delphi Financial Group, Inc. -- Class A..........	7,125,559
9,100	FPIC Insurance Group, Inc.*(d).................	321,958
107,060	Infinity Property & Casualty Corp.	3,768,512
108,700	IPC Holdings, Ltd.	4,729,537
54,700	LandAmerica Financial Group, Inc.(d)..................	2,949,971
88,800	Philadelphia Consolidated Holding Corp.*...........	5,873,232
143,700	Platinum Underwriters Holdings, Inc.	4,469,070
47,300	Protective Life Corp.	2,019,237
114,200	Reinsurance Group of America, Inc.	5,532,990
38,800	Stewart Information Services Corp.	1,616,020
68,600	The Commerce Group, Inc. ...	4,187,344
271,000	Tower Group, Inc.	3,252,000
64,500	UICI.......................	2,186,550
17,900	United Fire & Casualty Company..................	603,409
265,800	Universal American Financial	

	Corp.*	4,111,926
		60,496,491
	INTERNET SERVICES -- 4.8%	
68,500	Akamai Technologies, Inc.*(d)	892,555
95,200	Ask Jeeves, Inc.*(d)	2,546,600
124,960	Avocent Corp.*	5,063,379
617,510	CNET Networks, Inc.*(d)	6,934,637
380,445	Digitas, Inc.*	3,633,250
200,700	EarthLink, Inc.*	2,312,064

SHARES		VALUE
	COMMON STOCKS (CONTINUED)	
	INTERNET SERVICES (CONTINUED)	
55,900	Equinix, Inc.*	$ 2,389,166
6,000	F5 Networks, Inc.*	292,320
111,530	InfoSpace, Inc.*(d)	5,303,252
34,300	Internet Security Systems, Inc.*	797,475
85,510	j2 Global Communications, Inc.*(d)	2,950,095
56,674	Jupitermedia Corp.*	1,347,708
281,610	Keynote Systems, Inc.*	3,920,011
17,300	Priceline.com, Inc.*(d)	408,107
135,770	RADVision, Ltd.*(d)	1,832,895
72,620	RADWARE, Ltd.*	1,897,561
275,220	RSA Security, Inc.*	5,520,913
99,450	SafeNet, Inc.*	3,653,793
186,900	SonicWALL, Inc.*	1,181,208
175,580	ValueClick, Inc.*	2,340,481
15,700	Verity, Inc.*	205,984
59,600	Websense, Inc.*	3,022,912
		58,446,366
	LEISURE AND RECREATION -- 1.7%	
42,500	Choice Hotels International, Inc.	2,465,000
310,300	Interstate Hotels & Resorts, Inc.*	1,663,208
21,400	Mikohn Gaming Corp.*	218,708
220,950	Pinnacle Entertainment, Inc.*	4,370,391
207,640	Scientific Games Corp. -- Class A*	4,950,138
35,400	Shuffle Master, Inc.*(d)	1,667,340
55,400	Sunterra Corp.*(d)	777,816
129,600	WMS Industries, Inc.*(d)	4,346,784
		20,459,385
	MACHINERY -- 1.3%	
98,700	Albany International Corp. -- Class A	3,470,292
49,800	Applied Industrial Technologies, Inc.	1,364,520
20,500	Astec Industries, Inc.*	352,805
17,700	Blount International, Inc.*	308,334
109,440	Joy Global, Inc.(d)	4,752,979
149,100	Kadant, Inc.*	3,056,550
10,300	Middleby Corp.	522,416
45,100	Terex Corp.*	2,149,015
		15,976,911
	MANUFACTURING -- 2.7%	
91,300	Acuity Brands, Inc.	2,903,340
51,500	AptarGroup, Inc.	2,718,170

See notes to financial statements.

SPECIAL EQUITY PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

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SHARES		VALUE
	COMMON STOCKS (CONTINUED)	
	MANUFACTURING (CONTINUED)	
16,500	Briggs & Stratton Corp.(d)	$ 686,070
30,600	C&D Technologies, Inc.	521,424
70,100	Carlisle Companies, Inc.	4,550,891
24,280	Ceradyne, Inc.*(d)	1,389,059
7,300	CIRCOR International, Inc.	169,068
44,400	Coherent, Inc.*	1,351,536
97,500	Deswell Industries, Inc.	2,410,103
43,500	Engineered Support Systems, Inc.(d)	2,576,070
16,800	Griffon Corp.*	453,600
58,140	Harsco Corp.	3,240,724
14,700	II-VI, Inc.*	624,603
470,340	Jacuzzi Brands, Inc.*	4,091,958
105,110	Kaydon Corp.	3,470,732
22,200	Lincoln Electric Holdings, Inc.	766,788
4,800	Penn Engineering & Manufacturing Corp.	86,880
33,600	Rayovac Corp.*	1,026,816
9,200	Steinway Musical Instruments, Inc.*	266,248
14,300	TTM Technologies, Inc.*	168,740
16,400	Vicor Corp.	215,004
		33,687,824
	MEDICAL AND OTHER HEALTH SERVICES -- 3.3%	
132,500	Accredo Health, Inc.*	3,672,900
94,520	America Service Group, Inc.*	2,530,300
25,500	AMERIGROUP Corp.*	1,929,330
27,300	AMN Healthcare Services, Inc.*(d)	434,343
107,100	AmSurg Corp.*	3,163,734
17,500	Cambrex Corp.	474,250
46,200	CorVel Corp.*	1,237,236
128,700	Covance, Inc.*	4,987,124
150,560	Cypress Bioscience, Inc.*	2,116,874
31,500	ICON plc (ADR)*	1,217,475
79,500	Kindred Healthcare, Inc.*	2,381,025
107,340	LabOne, Inc.*(d)	3,439,174
116,460	LifePoint Hospitals, Inc.*(d)	4,055,137
22,000	PDI, Inc.*	490,160
11,600	Per-Se Technologies, Inc.*	183,628
99,760	Psychiatric Solutions, Inc.*	3,647,226
8,700	Quality Systems, Inc.*	520,260
36,000	RehabCare Group, Inc.*	1,007,640
16,100	Res-Care, Inc.*	245,042
54,700	Sierra Health Services, Inc.*(d)	3,014,517
		40,747,375

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SHARES VALUE

SHARES		VALUE
	COMMON STOCKS (CONTINUED)	
	MEDICAL EQUIPMENT AND SUPPLIES -- 6.5%	
155,200	Abaxis, Inc.*..............	$ 2,248,848
145,400	Advanced Medical Optics, Inc.*(d)..................	5,981,756
51,450	Advanced Neuromodulation Systems, Inc.*(d).........	2,030,217
117,700	Align Technology, Inc.*.....	1,265,275
20,000	American Medical Systems Holdings, Inc.*...........	836,200
203,510	ArthroCare Corp.*(d)........	6,524,530
59,800	Candela Corp.*..............	679,328
144,100	Closure Medical Corp.*......	2,809,950
173,040	Cooper Companies, Inc.(d)...	12,214,893
34,500	Dade Behring Holdings, Inc.*....................	1,932,000
41,200	Diagnostic Products Corp.	2,268,060
26,700	DJ Orthopedics, Inc.*.......	571,914
386,250	Encore Medical Corp.*.......	2,622,638
139,620	Gen-Probe, Inc.*............	6,312,219
76,400	Haemonetics Corp.*..........	2,766,444
20,300	Illumina, Inc.*............	192,444
42,200	Immucor, Inc.*.............	992,122
29,970	Intuitive Surgical, Inc.*...	1,199,399
21,600	Kensey Nash Corp.*(d).......	745,848
49,880	Laserscope*(d).............	1,791,191
106,900	Lifeline Systems, Inc.*.....	2,753,744
91	Lumenis, Ltd.*.............	177
34,300	Luminex Corp.*.............	304,584
41,300	Mentor Corp.	1,393,462
470,600	Orthovita, Inc.*...........	1,971,814
135,670	PolyMedica Corp.(d).........	5,059,134
15,500	Possis Medical, Inc.*.......	208,940
39,700	PSS World Medical, Inc.*....	496,846
70,800	Techne Corp.*...............	2,754,120
442,300	The Spectranetics Corp.*....	2,486,168
93,000	Third Wave Technologies*....	799,800
49,400	Urologix, Inc.*............	319,618
71,130	Ventana Medical Systems, Inc.*....................	4,551,609
3,600	Vital Signs, Inc.	140,112
		79,225,404
	METALS AND MINING -- 0.9%	
51,500	Aber Diamond Corp.(d).......	1,816,869
106,300	AK Steel Holding Corp.*.....	1,538,161
10,500	Carpenter Technology Corp.	613,830
78,400	Meridian Gold, Inc.*........	1,487,248
54,600	Mueller Industries, Inc.(d)..................	1,758,120
11,700	Olympic Steel, Inc.*(d).....	310,167
13,900	Oregon Steel Mills, Inc.*...	282,031
8,400	Reliance Steel & Aluminum Company..................	327,264

See notes to financial statements.

SHARES		VALUE

	COMMON STOCKS (CONTINUED)	
	METALS AND MINING (CONTINUED)	
24,100	RTI International Metals, Inc.*.....................	$ 495,014
6,900	Titanium Metals Corp.*......	166,566
175,200	Wolverine Tube, Inc.*.......	2,261,832
		11,057,102
	OIL AND GAS: EQUIPMENT -- 1.2%	
11,700	Dril-Quip, Inc.*...........	283,842
45,300	Energy Partners, Ltd.*......	918,231
210,420	Grant Prideco, Inc.*(d).....	4,218,921
12,500	Gulf Island Fabrication, Inc.	272,875
170,400	Key Energy Services, Inc.*....................	2,010,720
66,090	Maverick Tube Corp.*........	2,002,527
119,750	Oil States International, Inc.*....................	2,309,978
156,500	Superior Energy Services, Inc.*....................	2,411,665
25,000	Veritas DGC, Inc.*..........	560,250
		14,989,009
	OIL, COAL AND GAS -- 4.5%	
226,800	Cabot Oil & Gas Corp.	10,035,899
56,870	Cal Dive International, Inc.*....................	2,317,453
322,334	Chesapeake Energy Corp.	5,318,511
83,300	Encore Acquisition Company*.................	2,908,003
20,000	Giant Industries, Inc.*.....	530,200
448,280	Grey Wolf, Inc.*...........	2,362,436
28,000	Holly Corp.	780,360
219,300	Magnum Hunter Resources, Inc.*(d).................	2,828,970
110,500	ONEOK, Inc.(d).............	3,140,410
165,520	Patterson-UTI Energy, Inc.	3,219,364
2,100	Petroleum Development Corp.*...................	80,997
168,400	Plains Exploration & Production Company*.......	4,378,400
143,800	Swift Energy Company*.......	4,161,572
86,600	Tesoro Corp.*..............	2,759,076
58,650	Unit Corp.*................	2,241,017
275,100	Vintage Petroleum, Inc.	6,242,019
52,200	Whiting Petroleum Corp.*....	1,579,050
		54,883,737
	PAPER AND FOREST PRODUCTS -- 0.1%	
55,900	Pope & Talbot, Inc.	956,449
5,200	Potlatch Corp.	263,016
		1,219,465
	PHARMACEUTICALS -- 3.2%	
101,960	Alexion Pharmaceuticals, Inc.*....................	2,569,392
69,900	AtheroGenics, Inc.*(d)......	1,646,844
102,700	Connetics Corp.*(d).........	2,494,583
10,000	Enzon Pharmaceuticals, Inc.*....................	137,200

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SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	PHARMACEUTICALS (CONTINUED)	
55,100	First Horizon Pharmaceutical Corp.*(d)................	$ 1,261,239
13,600	Indevus Pharmaceuticals, Inc.*....................	81,056
125,830	Inspire Pharmaceuticals, Inc.*(d).................	2,110,169
131,900	K-V Pharmaceutical Company -- Class A*.......	2,908,395

336,150	Nabi Biopharmaceuticals*....	4,924,598
18,400	Noven Pharmaceuticals, Inc.*....................	313,904
9,300	Nutraceutical International Corp.*...................	143,313
13,500	Pharmion Corp.*(d)..........	569,835
167,690	QLT, Inc.*(d)..............	2,696,455
312,370	Salix Pharmaceuticals, Ltd.*....................	5,494,588
389,600	Serologicals Corp.*(d)......	8,617,952
27,400	Tanox, Inc.*...............	416,480
24,800	United Therapeutics Corp.*...................	1,119,720
77,100	VaxGen, Inc.*(d)...........	1,310,700
		38,816,423
	PRINTING AND PUBLISHING -- 0.5%	
35,900	Bowne & Company, Inc.	583,734
12,000	Consolidated Graphics, Inc.*....................	550,800
41,900	Courier Corp.	2,175,448
77,700	Scholastic Corp.*..........	2,871,792
3,700	Thomas Nelson, Inc.	83,620
6,300	Valassis Communications, Inc.*....................	220,563
		6,485,957
	REAL ESTATE DEVELOPMENT AND SERVICES -- 0.1%	
44,800	Getty Realty Corp.	1,287,104
	REAL ESTATE INVESTMENT TRUSTS -- 3.6%	
177,900	Acadia Realty Trust.........	2,899,770
36,600	Associated Estates Realty Corp.	374,052
4,000	BRT Realty Trust...........	97,360
11,500	Capital Trust, Inc. -- Class A........................	353,165
20,800	Corporate Office Properties Trust....................	610,480
46,000	Cousins Properties, Inc. ...	1,392,420
100,800	Entertainment Properties Trust....................	4,490,640
89,700	Equity Inns, Inc.	1,053,078
62,700	Equity One, Inc.	1,487,871
62,500	LaSalle Hotel Properties....	1,989,375
40,900	LTC Properties, Inc.	814,319
50,200	Maguire Properties, Inc. ...	1,378,492
31,500	Mid-America Apartment Communities, Inc.	1,298,430
35,100	National Health Realty, Inc.	1,024,218

</Table>

See notes to financial statements.

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SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	REAL ESTATE INVESTMENT TRUSTS (CONTINUED)	
6,000	New Century Financial Corp.(d).................	$ 383,460
70,500	Newcastle Investment Corp.	2,240,490

90,300	OMEGA Healthcare Investors, Inc.	1,065,540
44,900	PS Business Parks, Inc.	2,024,990
68,600	RAIT Investment Trust.......	1,918,742
17,300	Saul Centers, Inc.	661,725
139,150	Saxon Capital, Inc.	3,338,209
98,300	Senior Housing Properties Trust.....................	1,861,802
88,900	SL Green Realty Corp.(d)....	5,382,895
16,800	Sovran Self Storage.........	707,952
163,800	U-Store-It Trust............	2,841,930
68,700	Ventas, Inc.	1,883,067

		43,574,472

	RESEARCH AND DEVELOPMENT -- 0.9%	
50,300	Albany Molecular Research, Inc.*....................	560,342
23,200	Array BioPharma, Inc.*......	220,864
46,500	Encysive Pharmaceuticals, Inc.*....................	461,745
20,799	Enzo Biochem, Inc.*(d)......	404,957
17,900	Genencor International, Inc.*....................	293,560
53,400	Lexicon Genetics, Inc.*.....	414,117
145,636	Pharmaceutical Product Development, Inc.*........	6,013,310
36,500	Protein Design Labs, Inc.*....................	754,090
77,550	Rigel Pharmaceuticals, Inc.*(d).................	1,893,771
17,500	Valeant Pharmaceuticals International(d)..........	461,125

		11,477,881

	RETAIL -- 2.4%	
197,970	BJ'S Wholesale Club, Inc.*....................	5,766,865
9,000	Brookstone, Inc.*..........	175,950
187,200	Casey's General Stores, Inc.	3,397,680
70,720	Cost Plus, Inc.*(d).........	2,272,234
159,600	CSK Auto Corp.*............	2,671,704
23,700	Dillard's, Inc. -- Class A........................	636,819
147,110	EZCORP, Inc. -- Class A*....	2,266,965
6,700	Finlay Enterprises, Inc.*...	132,593
62,130	Guitar Center, Inc.*........	3,273,630
30,300	Pantry, Inc.*..............	911,727
14,300	Sonic Automotive, Inc.	354,640
6,600	The Bon-Ton Stores, Inc. ...	103,950
46,000	Trans World Entertainment Corp.*..................	573,620

</Table>

<Table>
<Caption>

SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	RETAIL (CONTINUED)	
127,530	Tuesday Morning Corp.*......	$ 3,906,244
96,100	Zale Corp.*................	2,870,507

		29,315,128

	RETAIL: RESTAURANTS -- 2.0%	
97,700	Brinker International, Inc.*....................	3,426,339
120,650	CEC Entertainment, Inc.*....	4,822,381
14,600	CKE Restaurants, Inc.*......	211,846
271,900	Cosi, Inc.*................	1,644,995
29,000	Dave & Buster's, Inc.*......	585,800
25,900	Jack in the Box, Inc.*......	954,933
36,100	Lone Star Steakhouse & Saloon, Inc.	1,010,800
34,700	Papa John's International, Inc.*(d).................	1,195,068
84,640	RARE Hospitality International, Inc.*......	2,696,630
148,500	Ruby Tuesday, Inc.(d).......	3,872,880

10,100	Ryan's Restaurant Group, Inc.*....................	155,742
142,816	Sonic Corp.*...............	4,355,888
		24,933,302
	RETAIL: SUPERMARKETS -- 0.0%	
25,900	Pathmark Stores, Inc.*......	150,479
15,600	Smart & Final, Inc.*........	224,484
		374,963
	RUBBER PRODUCTS -- 0.1%	
1,900	Bandag, Inc.(d)............	94,639
38,100	The Goodyear Tire & Rubber Company*(d)..............	558,546
		653,185
	SCIENTIFIC AND TECHNICAL INSTRUMENTS -- 0.5%	
147,010	Cymer, Inc.*(d)............	4,342,675
2,200	Dionex Corp.*..............	124,674
55,600	Hexcel Corp.*..............	806,200
11,900	Woodward Governor Company...	852,159
		6,125,708
	SECURITY SERVICES -- 0.5%	
48,500	The Brink's Company.........	1,916,720
458,080	Viisage Technology, Inc.*(d).................	4,127,301
		6,044,021
	SEMICONDUCTORS -- 2.2%	
136,300	Axcelis Technologies, Inc.*....................	1,108,119
168,700	Cirrus Logic, Inc.*.........	929,537
13,800	ESS Technology, Inc.*.......	98,118

</Table>

See notes to financial statements.

<Table>
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SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	SEMICONDUCTORS (CONTINUED)	
146,500	Integrated Device Technology, Inc.*.........	$ 1,693,540
46,500	Kulicke and Soffa Industries, Inc.*(d)......	400,830
112,800	Micrel, Inc.*..............	1,243,056
198,650	Microsemi Corp.*...........	3,448,564
248,620	O2Micro International, Ltd.*....................	2,844,213
164,700	Pericom Semiconductor Corp.*...................	1,553,121
58,800	Photronics, Inc.*..........	970,200
206,500	Semtech Corp.*.............	4,516,154
51,490	Sigmatel, Inc.*............	1,829,440
43,900	Silicon Image, Inc.*........	722,594
3,400	Siliconix, Inc.*...........	124,066
171,780	SiRF Technology Holdings, Inc.*....................	2,185,042
5,000	Tessera Technologies,	

	Inc.*....................	186,050
116,310	Ultratech, Inc.*...........	2,192,444
26,700	Veeco Instruments, Inc.*(d).................	562,569

		26,607,657

	SPORTING GOODS AND EQUIPMENT -- 0.7%	
213,900	Hibbett Sporting Goods, Inc.*....................	5,691,879
192,010	K2, Inc.*(d)...............	3,049,119
7,700	The Nautilus Group, Inc. ...	186,109

		8,927,107

	TELECOMMUNICATIONS EQUIPMENT AND SERVICES -- 3.6%	
29,700	Airspan Networks, Inc.*.....	161,271
95,100	Alamosa Holdings, Inc.*(d).................	1,185,897
568,700	American Tower Corp. -- Class A*.................	10,464,079
24,100	Anaren, Inc.*..............	312,336
7,600	Anixter International, Inc.*....................	273,524
67,960	Applied Signal Technology, Inc.	2,395,590
29,400	Boston Communications Group, Inc.*....................	271,656
25,900	Brightpoint, Inc.*.........	506,086
61,100	Commonwealth Telephone Enterprises, Inc.*........	3,034,226
218,230	CommScope, Inc.*...........	4,124,547
16,100	CT Communications, Inc.	198,030
49,600	Digi International, Inc.*...	852,624
248,040	Harmonic, Inc.*............	2,068,654
43,500	Intervoice, Inc.*..........	580,725
73,820	JAMDAT Mobile, Inc.*(d).....	1,524,383
6,700	Newport Corp.*.............	94,470
10,700	North Pittsburgh Systems, Inc.	264,611

</Table>

<Table>
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SHARES		VALUE
------		--------------
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	TELECOMMUNICATIONS EQUIPMENT AND SERVICES (CONTINUED)	
84,120	Novatel Wireless, Inc.*(d).................	$ 1,630,246
9,200	Plantronics, Inc.	381,524
328,420	Ptek Holdings, Inc.*.......	3,517,378
571,670	Symmetricom, Inc.*.........	5,550,916
28,200	TALK America Holdings, Inc.*(d).................	186,684
220,180	TNS, Inc.*.................	4,810,933

		44,390,390

	TOOLS -- 0.3%	
100,400	Snap-on, Inc.	3,449,744

	TRANSPORTATION -- 2.2%	
43,530	Forward Air Corp.*.........	1,945,791
148,350	Genesee & Wyoming, Inc. -- Class A*.................	4,173,086
15,600	Hub Group, Inc. -- Class A*.......................	814,632
69,940	Old Dominion Freight Line, Inc.*....................	2,433,912
63,600	Overnite Corp.	2,368,464
52,100	Overseas Shipholding Group, Inc.	2,875,920
77,370	Petroleum Helicopters, Inc.*....................	1,939,666
61,400	USF Corp.	2,330,130
71,890	UTI Worldwide, Inc.	4,889,957
168,950	Vitran Corp., Inc. -- Class A*.......................	2,889,045

		26,660,603
	UTILITIES: ELECTRIC -- 1.3%	
84,300	Avista Corp.	1,489,581
51,000	Black Hills Corp.	1,564,680
80,200	Cleco Corp.	1,624,852
16,300	El Paso Electric Company*...	308,722
25,300	IDACORP, Inc.	773,421
60,100	NorthWestern Corp.*.........	1,682,800
281,800	PNM Resources, Inc.	7,126,722
86,800	Westar Energy, Inc.	1,985,116
		16,555,894
	UTILITIES: GAS -- 0.9%	
79,200	Atmos Energy Corp.	2,166,120
14,900	Cascade Natural Gas Corp.	315,880
58,700	New Jersey Resources Corp.	2,544,058
51,900	Nicor, Inc.(d).............	1,917,186
133,800	WGL Holdings, Inc.	4,126,392
		11,069,636
	TOTAL COMMON STOCKS (Cost $1,004,984,429).....	1,190,669,823

</Table>

See notes to financial statements.

SPECIAL EQUITY PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
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PRINCIPAL		VALUE
<C>	<S>	<C>
	SECURITIES LENDING COLLATERAL -- 13.9%	
$171,006,787	Securities Lending Collateral Investment (Note 4) (Cost $171,006,787).......	$ 171,006,787
	SHORT TERM US TREASURY SECURITY -- 0.1%	
1,000,000	US Treasury Bill, 2.16%, 03/17/05(f) (Cost $995,500)..........	995,500
	TOTAL SECURITIES (Cost $1,176,986,716).....	1,362,672,110
	REPURCHASE AGREEMENTS -- 2.1%	
26,260,855	With Investors Bank and Trust, dated 12/31/04, 1.88%, due 01/03/05, repurchase proceeds at maturity $26,264,969 (Collateralized by Fannie Mae, 3.02%, due 08/25/33, with a value of $5,121,016 and various Small Business Administrations, 4.62% -- 5.38%, due 04/25/14- 07/25/29, with a total value of $22,457,983) (Cost $26,260,855)........	26,260,855
	Total Investments -- 113.1%	

(Cost $1,203,247,571).....	1,388,932,965
Liabilities less other assets -- (13.1)%.........	(161,402,223)
NET ASSETS -- 100.0%........	$1,227,530,742

The aggregate cost of securities for federal income tax purposes at December 31, 2004 is $1,207,880,906.

The following amounts are based on cost for federal income tax purposes:

Gross unrealized appreciation..........	$198,880,236
Gross unrealized depreciation..........	(17,828,177)
Net unrealized appreciation...........	$181,052,059

See summary of footnotes and abbreviations to portfolios.

See notes to financial statements.

SMALL-CAP GROWTH PORTFOLIO

PORTFOLIO OF INVESTMENTS

DECEMBER 31, 2004

SHARES		VALUE
	COMMON STOCKS -- 98.3%	
	APPAREL: MANUFACTURING -- 3.0%	
20,400	Carter's, Inc.*(d)............	$ 693,396
46,300	Coach, Inc.*..................	2,611,320
		3,304,716
	BANKS -- 5.5%	
63,600	Brookline Bancorp, Inc.	1,037,952
51,100	Downey Financial Corp.	2,912,700
43,800	Silicon Valley Bancshares*.....	1,963,116
		5,913,768
	BROADCAST SERVICES/MEDIA -- 2.8%	
97,900	Lin TV Corp. -- Class A*.......	1,869,890
181,000	Mediacom Communications Corp.*......................	1,131,250
		3,001,140
	BUSINESS SERVICES AND SUPPLIES -- 10.0%	
51,200	Advisory Board Company*........	1,888,256
40,400	Charles River Associates, Inc.*(d)....................	1,889,508
48,500	Gevity HR, Inc.	997,160

68,500	Intersections, Inc.*...........	1,181,625
38,300	iPayment Holdings, Inc.*.......	1,896,616
45,300	Navigant Consulting, Inc.*.....	1,204,980
33,700	Resources Connection, Inc.*(d)....................	1,830,247

		10,888,392

	COMPUTER SOFTWARE AND SERVICES -- 4.7%	
183,400	Agile Software Corp.*..........	1,498,378
66,400	Interwoven, Inc.*..............	722,432
52,900	Manhattan Associates, Inc.*....	1,263,252
241,400	MatrixOne, Inc.*...............	1,581,170

		5,065,232

	ELECTRONICS -- 0.7%	
64,500	Merix Corp.*...................	743,040

	FINANCIAL SERVICES -- 6.5%	
41,600	Advance America Cash Advance Centers, Inc.*(d)...........	952,640
105,800	CapitalSource, Inc.*(d)........	2,715,886
6,100	Greenhill & Company, Inc.	175,070
62,800	Westcorp(d)....................	2,884,404
12,400	World Acceptance Corp.*........	341,124

		7,069,124

	INSURANCE -- 3.2%	
53,000	Delphi Financial Group, Inc. -- Class A......................	2,445,950
24,900	Hub International, Ltd.	458,409

</Table>

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SHARES		VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	INSURANCE (CONTINUED)	
18,500	Primus Guaranty, Ltd.*.........	$ 303,215
11,200	PXRE Group, Ltd.	282,352

		3,489,926

	INTERNET SERVICES -- 6.5%	
102,500	Akamai Technologies, Inc.*.....	1,335,575
42,800	Ask Jeeves, Inc.*..............	1,144,900
41,400	Audible, Inc.*(d)..............	1,078,470
317,500	Corillian Corp.*...............	1,562,100
195,500	iVillage, Inc.*................	1,208,190
107,900	SupportSoft, Inc.*.............	718,614

		7,047,849

	LEISURE AND RECREATION -- 1.5%	
19,700	Four Seasons Hotels, Inc.(d)...	1,611,263

	MANUFACTURING -- 1.4%	
25,800	Engineered Support Systems, Inc.(d)......................	1,527,876

	MEDICAL EQUIPMENT AND SUPPLIES -- 4.3%	
113,300	Align Technology, Inc.*........	1,217,975
64,461	Animas Corp.*(d)...............	1,007,525
57,100	Conceptus, Inc.*(d)............	463,367
14,100	Conor Medsystems, Inc.*(d).....	195,285
74,175	Immucor, Inc.*.................	1,743,854

		4,628,006

	PHARMACEUTICALS -- 13.2%	
135,900	CV Therapeutics, Inc.*(d)......	3,125,699
114,800	Dyax Corp.*....................	828,856
113,700	Inspire Pharmaceuticals, Inc.*(d)....................	1,906,749
116,900	Isolagen, Inc.*(d).............	920,003
37,600	Medicis Pharmaceuticals Corp. -- Class A............	1,320,136
53,400	MGI Pharma, Inc.*(d)...........	1,495,734
95,000	Nektar Therapeutics*...........	1,922,800

101,400	POZEN, Inc.*..................	737,178
46,600	United Therapeutics Corp.*(d)...................	2,103,990

		14,361,145

	REAL ESTATE INVESTMENT TRUSTS -- 0.8%	
32,300	RAIT Investment Trust..........	903,431

	RESEARCH AND DEVELOPMENT -- 6.3%	
46,600	Digene Corp.*.................	1,218,590
139,900	Pain Therapeutics, Inc.*(d)....	1,008,679
95,600	Protein Design Labs, Inc.*(d)....................	1,975,096
39,900	Rigel Pharmaceuticals, Inc.*...	974,358
64,700	Transkaryotic Therapies, Inc.*.......................	1,642,733

		6,819,456

</Table>

See notes to financial statements.

SMALL-CAP GROWTH PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
<Caption>

SHARES		VALUE
------		------------
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	RETAIL -- 9.3%	
26,100	America's Car-Mart, Inc.*......	$ 991,800
45,000	Build-A-Bear-Workshop, Inc.*...	1,581,750
72,100	First Cash Financial Services, Inc.*.......................	1,925,791
32,400	Guitar Center, Inc.*..........	1,707,156
25,800	Tractor Supply Company*........	960,018
66,700	Urban Outfitters, Inc.*........	2,961,480

		10,127,995

	RETAIL: RESTAURANTS -- 4.4%	
40,700	RARE Hospitality International, Inc.*.......................	1,296,702
57,000	Sonic Corp.*..................	1,738,500
52,050	The Cheesecake Factory, Inc.*(d)....................	1,690,064

		4,725,266

	SCIENTIFIC AND TECHNICAL INSTRUMENTS -- 2.6%	
44,600	Cymer, Inc.*(d)...............	1,317,484
37,600	Varian, Inc.*.................	1,541,976

		2,859,460

	SECURITY SERVICES -- 0.4%	
54,000	Identix, Inc.*................	398,520

	SEMICONDUCTORS -- 6.3%	
147,300	O2Micro International, Ltd.*...	1,685,112
54,400	Power Integrations, Inc.*(d)...	1,076,032
223,500	Skyworks Solutions, Inc.*(d)...	2,107,605
51,500	Tessera Technologies, Inc.*....	1,916,315

		6,785,064

	SPORTING GOODS AND EQUIPMENT -- 2.0%	

81,575	Hibbett Sporting Goods, Inc.*	2,170,711
	TELECOMMUNICATIONS EQUIPMENT AND SERVICES -- 0.3%	
12,400	InPhonic, Inc.*	340,752
	TRANSPORTATION -- 2.6%	
64,350	Knight Transportation, Inc.	1,595,880
34,900	Old Dominion Freight Line, Inc.*	1,214,520
		2,810,400
	TOTAL COMMON STOCKS (Cost $92,094,885)	106,592,532

<Caption>

PRINCIPAL		VALUE
<C>	<S>	<C>
	SECURITIES LENDING COLLATERAL -- 28.9%	
$31,366,433	Securities Lending Collateral Investment (Note 4) (Cost $31,366,433)	$ 31,366,433
	TOTAL SECURITIES (Cost $123,461,318)	137,958,965
	REPURCHASE AGREEMENTS -- 1.8%	
1,887,631	With Investors Bank and Trust, dated 12/31/04, 1.88%, due 01/03/05, repurchase proceeds at maturity $1,887,927 (Collateralized by Small Business Administration, 6.13%, due 06/25/14, with a value of $1,982,013) (Cost $1,887,631)	1,887,631
	Total Investments -- 129.0% (Cost $125,348,949)	139,846,596
	Liabilities less other assets -- (29.0)%	(31,417,444)
	NET ASSETS -- 100.0%	$108,429,152

</Table>

The aggregate cost of securities for federal income tax purposes at December 31, 2004 is $125,815,650.

The following amounts are based on cost for federal income tax purposes:

<Table>

<S>	<C>
Gross unrealized appreciation	$18,791,893
Gross unrealized depreciation	(4,760,947)
Net unrealized appreciation	$14,030,946

</Table>

See summary of footnotes and abbreviations to portfolios.

See notes to financial statements.

AGGRESSIVE EQUITY PORTFOLIO

PORTFOLIO OF INVESTMENTS

DECEMBER 31, 2004

<Table>

SHARES		VALUE
	COMMON STOCKS -- 99.7%	
	ADVERTISING -- 0.9%	
42,000	Omnicom Group, Inc.(d).........	$ 3,541,440
	AGRICULTURE -- 1.7%	
123,100	Monsanto Company...............	6,838,205
	APPAREL: MANUFACTURING -- 2.1%	
146,800	Coach, Inc.*...................	8,279,520
	APPAREL: RETAIL -- 1.8%	
156,000	Chico's FAS, Inc.*(d)..........	7,102,680
	BROADCAST SERVICES/MEDIA -- 1.2%	
244,880	News Corp. -- Class B(d).......	4,701,696
	BUSINESS SERVICES AND SUPPLIES -- 3.1%	
122,440	Alliance Data Systems Corp.*...	5,813,451
194,080	Paychex, Inc.	6,614,247
		12,427,698
	COMPUTER SOFTWARE AND SERVICES -- 2.3%	
127,950	Cognizant Technology Solutions Corp. -- Class A*...........	5,416,124
146,940	Microsoft Corp.(d).............	3,924,767
		9,340,891
	COMPUTERS AND OFFICE EQUIPMENT -- 9.8%	
107,420	Apple Computer, Inc.*..........	6,917,848
318,400	Dell, Inc.*....................	13,417,376
697,800	EMC Corp. (Massachusetts)*.....	10,376,286
1,559,110	Sun Microsystems, Inc.*........	8,388,012
		39,099,522
	DISTRIBUTION -- 1.6%	
93,900	CDW Corp.	6,230,265
	ELECTRONICS -- 5.8%	
266,990	Advanced Micro Devices, Inc.*(d).....................	5,879,120
44,740	Harman International Industries, Inc.	5,681,980
68,810	Research In Motion, Ltd.*......	5,671,320
668,800	Sanmina-SCI Corp.*.............	5,664,736
		22,897,156
	FINANCIAL SERVICES -- 7.6%	
123,500	American Express Company.......	6,961,695
335,000	Ameritrade Holding Corp.*......	4,763,700
461,370	Charles Schwab Corp.	5,517,985
71,660	Goldman Sachs Group, Inc.	7,455,507
87,100	T. Rowe Price Group, Inc.	5,417,620
		30,116,507
	FOOD AND BEVERAGE -- 1.9%	
342,220	Archer-Daniels-Midland Company......................	7,634,928

</Table>

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<Caption>
SHARES VALUE

------		------------
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	INTERNET SERVICES -- 13.8%	
154,000	CheckFree Corp.*(d)...........	$ 5,864,320
621,060	Cisco Systems, Inc.*..........	11,986,457
78,490	eBay, Inc.*...................	9,126,817
46,500	Google, Inc. -- Class A*(d)....	8,979,150
243,910	Juniper Networks, Inc.*........	6,631,913
127,330	VeriSign, Inc.*...............	4,268,102
207,790	YAHOO!, Inc.*.................	7,829,527
		54,686,286
	LEISURE AND RECREATION -- 4.1%	
84,210	DreamWorks Animation SKG, Inc. -- Class A*............	3,158,717
146,390	International Game Technology..	5,032,888
111,300	MGM MIRAGE*...................	8,095,962
		16,287,567
	MACHINERY -- 3.4%	
83,740	Caterpillar, Inc.	8,165,487
109,340	Rockwell Automation, Inc.	5,417,797
		13,583,284
	MANUFACTURING -- 3.1%	
98,180	Danaher Corp.	5,636,514
186,100	Tyco International, Ltd.	6,651,214
		12,287,728
	MEDICAL AND OTHER HEALTH SERVICES -- 0.9%	
30,650	WellPoint, Inc.*..............	3,524,750
	MEDICAL EQUIPMENT AND SUPPLIES -- 5.0%	
82,660	CR Bard, Inc.	5,288,587
187,780	St. Jude Medical, Inc.*........	7,873,616
83,520	Zimmer Holdings, Inc.*.........	6,691,622
		19,853,825
	METALS AND MINING -- 1.2%	
158,500	Companhia Vale do Rio Doce (CVRD) (ADR)(d).............	4,598,085
	OIL, COAL AND GAS -- 1.7%	
135,480	Apache Corp.	6,851,224
	PHARMACEUTICALS -- 3.3%	
202,450	Caremark Rx, Inc.*............	7,982,603
125,750	Sanofi-Aventis (ADR)..........	5,036,288
		13,018,891
	RESEARCH AND DEVELOPMENT -- 4.9%	
62,500	Amgen, Inc.*..................	4,009,375
118,850	Biogen Idec, Inc.*............	7,916,599
214,460	Gilead Sciences, Inc.*.........	7,503,955
		19,429,929

</Table>

See notes to financial statements.

SHARES		VALUE
	COMMON STOCKS (CONTINUED)	
	RETAIL -- 2.8%	
106,730	Best Buy Company, Inc.	$ 6,341,896
137,790	Williams-Sonoma, Inc.*(d)......	4,828,162
		11,170,058
	RETAIL: RESTAURANTS -- 2.5%	
63,770	Starbucks Corp.*...............	3,976,697
130,600	YUM! Brands, Inc.	6,161,708
		10,138,405
	SCIENTIFIC AND TECHNICAL INSTRUMENTS -- 2.8%	
92,830	Fisher Scientific International, Inc.*.........	5,790,735
115,630	Waters Corp.*..................	5,410,328
		11,201,063
	SEMICONDUCTORS -- 8.9%	
324,510	Applied Materials, Inc.*.......	5,549,121
400,000	ASML Holding NV*...............	6,364,000
178,780	Marvell Technology Group, Ltd.*........................	6,341,327
404,070	Texas Instruments, Inc.	9,948,203
241,930	Xilinx, Inc.	7,173,225
		35,375,876
	TELECOMMUNICATIONS EQUIPMENT AND SERVICES -- 1.5%	
115,680	America Movil SA de CV -- Series L (ADR)...............	6,055,848
	TOTAL COMMON STOCKS (Cost $342,446,667)..........	396,273,327

PRINCIPAL		VALUE
	SECURITIES LENDING COLLATERAL -- 10.6%	
$42,298,930	Securities Lending Collateral Investment (Note 4) (Cost $42,298,930)...........	$ 42,298,930
	Total Investments -- 110.3% (Cost $384,745,597)..........	438,572,257
	Liabilities less other assets -- (10.3)%............	(40,845,390)
	NET ASSETS -- 100.0%...........	$397,726,867

The aggregate cost of securities for federal income tax purposes at December 31, 2004 is $385,186,143.

The following amounts are based on cost for federal income tax purposes:

Gross unrealized appreciation...........	$54,587,628
Gross unrealized depreciation...........	(1,201,514)
Net unrealized appreciation.............	$53,386,114

See summary of footnotes and abbreviations to portfolios.

See notes to financial statements.

HIGH YIELD BOND PORTFOLIO

PORTFOLIO OF INVESTMENTS

DECEMBER 31, 2004

<Table>
<Caption>

PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES -- 91.5%	
	ADVERTISING -- 0.8%	
$ 1,370,000	Advanstar Communications, Inc., 10.75%, 08/15/10............	$ 1,553,237
585,000	Vertis, Inc. -- 144A, 13.50%, 12/07/09............	619,369
455,000	WDAC Subsidiary Corp. -- 144A, 8.38%, 12/01/14.............	451,019
		2,623,625
	AEROSPACE AND DEFENSE -- 0.3%	
395,000	Argo-Tech Corp., 9.25%, 06/01/11.............	435,488
415,000	Armor Holdings, Inc., 8.25%, 08/15/13.............	466,874
210,000	B/E Aerospace, Series B, 8.00%, 03/01/08.............	211,313
		1,113,675
	AGRICULTURAL EQUIPMENT -- 0.2%	
755,000	Case New Holland, Inc. -- 144A, 9.25%, 08/01/11.............	843,713
	AIRLINES -- 1.8%	
920,000	American Airlines, Inc., 8.61%, 04/01/11.............	847,118
1,700,000	American Airlines, Inc., Series 2001-2, 7.80%, 10/01/06.............	1,557,098
295,000	American Airlines, Inc., Series 2001-2, 7.86%, 10/01/11.............	305,073
1,505,000	AMR Corp., 9.00%, 08/01/12.............	1,219,050
125,000	Continental Airlines, Inc., 8.00%, 12/15/05.............	122,500
1,635,754	Continental Airlines, Inc., Series 2001-1, 7.03%, 06/15/11.............	1,347,362
500,000	Delta Air Lines, Inc., 7.90%, 12/15/09.............	315,000
550,000	Delta Air Lines, Inc. -- 144A, 9.50%, 11/18/08.............	512,875
45,000	Delta Air Lines, Inc., Series 2000-1, 7.78%, 11/18/05.............	41,412
140,000	Northwest Airlines, Inc., 8.88%, 06/01/06.............	135,100
		6,402,588
	APPAREL: MANUFACTURING -- 2.6%	
1,330,000	GFSI, Inc., Series B, 9.63%, 03/01/07.............	1,296,750
885,000	Levi Strauss & Company, 7.00%, 11/01/06.............	933,675

1,035,000	Levi Strauss & Company, 11.63%, 01/15/08............	1,091,925
1,385,000	Oxford Industries, Inc., 8.88%, 06/01/11.............	1,494,069
2,300,000	Perry Ellis International, Inc., Series B, 8.88%, 09/15/13.............	2,426,500

</Table>

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PRINCIPAL		VALUE
	CORPORATE BONDS AND NOTES (CONTINUED)	
	APPAREL: MANUFACTURING (CONTINUED)	
$ 310,000	Phillips Van-Heusen Corp., 7.25%, 02/15/11.............	$ 327,050
620,000	Phillips Van-Heusen Corp., 8.13%, 05/01/13.............	675,800
875,000	William Carter, Series B, 10.88%, 08/15/11............	984,375
		9,230,144
	APPAREL: RETAIL -- 0.0%	
20,000	Mothers Work, Inc., 11.25%, 08/01/10............	19,500
	AUTOMOBILE: RENTAL -- 0.1%	
330,000	Williams Scotsman, Inc., 10.00%, 08/15/08............	367,950
	AUTOMOTIVE EQUIPMENT -- 3.0%	
2,540,000	Collins & Aikman Products Company, 10.75%, 12/31/11............	2,603,500
2,110,000	Collins & Aikman Products Company, Series B, 9.75%, 02/15/10.............	2,278,800
700,000	Dura Operating Corp., Series D, 9.00%, 05/01/09.............	696,500
235,000	Keystone Automotive Operations, Inc., 9.75%, 11/01/13.............	252,625
940,000	Metaldyne Corp., 11.00%, 06/15/12............	784,900
805,000	Metaldyne Corp. -- 144A, 10.00%, 11/01/13............	768,775
365,000	Rexnord Corp., 10.13%, 12/15/12............	414,275
1,000,000	Tenneco Automotive, Inc. -- 144A, 8.63%, 11/15/14.............	1,045,000
945,000	Tenneco Automotive, Inc., Series B, 10.25%, 07/15/13............	1,119,825
354,000	TRW Automotive, Inc., 11.00%, 02/15/13............	428,340
		10,392,540
	BROADCAST SERVICES/MEDIA -- 5.4%	
1,595,000	Adelphia Communications, 10.25%, 11/01/06(h)..........	1,559,113
305,000	Adelphia Communications, Series B, 9.25%, 10/01/02(h)(p)........	293,563
1,975,000	Charter Communications Holdings LLC, 10.25%, 01/15/10............	1,742,938
285,000	Charter Communications Holdings LLC, 10.00%, 05/15/11............	245,100
1,740,000	Coleman Cable, Inc. -- 144A, 9.88%, 10/01/12.............	1,857,450
2,175,000	CSC Holdings, Inc., 10.50%, 05/15/16............	2,479,499

</Table>

See notes to financial statements.

HIGH YIELD BOND PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
<Caption>

PRINCIPAL		VALUE
	CORPORATE BONDS AND NOTES (CONTINUED)	
	BROADCAST SERVICES/MEDIA (CONTINUED)	
$ 320,000	Fisher Communications, Inc. -- 144A, 8.63%, 09/15/14.............	$ 347,200
3,810,000	Insight Communications Company, Inc., zero coupon, 02/15/11(g).....	3,724,274
1,820,000	Kabel Deutschland GMBH -- 144A (Germany), 10.63%, 07/01/14............	2,102,100
570,000	LBI Media, Inc., zero coupon, 10/15/13(g).....	421,800
100,000	Nexstar Financial Holdings LLC, Inc., 12.00%, 04/01/08............	108,500
1,655,000	Nexstar Financial Holdings LLC, Inc., zero coupon, 04/01/13(g).....	1,315,725
360,000	Nextmedia Operating, Inc., 10.75%, 07/01/11............	405,000
430,000	ONO Finance PLC (Great Britain), 14.00%, 02/15/11(j)(q).......	697,968
900,000	ONO Finance PLC, (Great Britain), 14.00%, 02/15/11............	1,039,500
190,000	Paxson Communications, zero coupon, 01/15/09(g).....	178,600
535,000	Rogers Cable, Inc. -- 144A, (Canada), 6.75%, 03/15/15.............	549,713
		19,068,043
	BUSINESS SERVICES AND SUPPLIES -- 0.9%	
875,000	Affinity Group, Inc., 9.00%, 02/15/12.............	951,563
2,010,000	Quintiles Transnational Corp., 10.00%, 10/01/13............	2,261,250
		3,212,813
	CHEMICALS -- 7.2%	
260,000	Acetex Corp. (Canada), 10.88%, 08/01/09............	284,050
405,000	Avecia Group PLC (Great Britain), 11.00%, 07/01/09............	419,175
365,000	Crown Euro Holdings SA (France), 9.50%, 03/01/11.............	417,925
1,990,000	Crown Euro Holdings SA (France), 10.88%, 03/01/13............	2,363,125
655,000	Equistar Chemical/Funding, 10.63%, 05/01/11............	763,075
720,000	Hercules, Inc., 11.13%, 11/15/07............	860,400
140,000	Huntsman Advanced Materials -- 144A, 11.00%, 07/15/10............	167,300
1,685,000	Huntsman LLC, 11.63%, 10/15/10............	2,000,938

</Table>

PRINCIPAL		VALUE
	CORPORATE BONDS AND NOTES (CONTINUED)	
	CHEMICALS (CONTINUED)	
$ 760,000	IMC Global, Inc., 10.88%, 08/01/13	$ 953,800
1,675,000	IMC Global, Inc., Series B, 11.25%, 06/01/11	1,943,000
335,000	Innophos, Inc. -- 144A, 8.88%, 08/15/14	363,475
120,000	Lyondell Chemical Company, 9.50%, 12/15/08	130,800
320,000	Lyondell Chemical Company, 11.13%, 07/15/12	381,600
1,661,000	Lyondell Chemical Company, 10.50%, 06/01/13	1,984,895
695,000	Lyondell Chemical Company, Series A, 9.63%, 05/01/07	767,975
2,408,000	Nalco Company, 8.88%, 11/15/13	2,654,820
2,150,000	OM Group, Inc., 9.25%, 12/15/11	2,300,500
770,000	PolyOne Corp., 8.88%, 05/01/12	841,225
2,510,000	Rhodia SA (France), 10.25%, 06/01/10	2,836,299
1,575,000	Rockwood Specialties Corp., 10.63%, 05/15/11	1,819,125
1,455,000	UAP Holding Corp. -- 144A, zero coupon, 07/15/12(g)	1,149,450
		25,402,952
	COMMERCIAL SERVICES -- 0.1%	
151,000	Coinmach Corp., 9.00%, 02/01/10	158,550
	COMPUTER SOFTWARE AND SERVICES -- 0.3%	
610,000	Danka Business Systems (Great Britain), 11.00%, 06/15/10	649,650
360,000	Stratus Technologies, Inc., 10.38%, 12/01/08	326,700
		976,350
	COMPUTERS AND OFFICE EQUIPMENT -- 0.8%	
1,800,000	Interface, Inc., 10.38%, 02/01/10	2,079,000
170,000	Interface, Inc., 9.50%, 02/01/14	186,150
325,000	Xerox Corp., 9.75%, 01/15/09	383,500
10,000	Xerox Corp., 7.13%, 06/15/10	10,850
		2,659,500
	CONSTRUCTION SERVICES AND SUPPLIES -- 1.3%	
1,140,000	Dayton Superior Corp., 10.75%, 09/15/08	1,225,500
515,000	Owens Corning, 7.70%, 05/01/08(h)	419,725
560,000	Owens Corning, 7.50%, 08/01/18(h)	460,600

See notes to financial statements.

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	CONSTRUCTION SERVICES AND SUPPLIES (CONTINUED)	
$ 695,000	Ply Gem Industries, Inc., 9.00%, 02/15/12.............	$ 708,900
540,000	Ply Gem Industries, Inc. -- 144A, 9.00%, 02/15/12.............	550,800
1,100,000	RMCC Acquisition Company -- 144A, 9.50%, 11/01/12.............	1,102,750
		4,468,275
	CONSUMER GOODS AND SERVICES -- 0.6%	
695,000	Fedders North America, 9.88%, 03/01/14.............	569,900
515,000	Home Interiors & Gifts, 10.13%, 06/01/08............	427,450
295,000	Jostens Holding Corp., zero coupon, 12/01/13(g).....	210,925
215,000	Mobile Mini, Inc., 9.50%, 07/01/13.............	251,550
505,000	WH Holdings, Ltd. (Cayman Islands)/WH Capital Corp., 9.50%, 04/01/11.............	558,025
		2,017,850
	CONTAINERS AND PACKAGING -- 2.5%	
240,000	Hexcel Corp., 9.88%, 10/01/08.............	267,600
155,000	Hexcel Corp., 9.75%, 01/15/09.............	161,975
995,000	Intertape Polymer US, Inc. -- 144A (Canada), 8.50%, 08/01/14.............	1,016,144
300,000	Kappa Beheer BV (The Netherlands), 10.63%, 07/15/09............	319,500
430,000	Owens-Illinois, Inc., 8.10%, 05/15/07.............	460,100
1,185,000	Plastipak Holdings, Inc., 10.75%, 09/01/11............	1,339,050
950,000	Pliant Corp., zero coupon, 06/15/09(g).....	882,313
1,325,000	Pliant Corp., 11.13%, 09/01/09............	1,450,874
640,000	Smurfit-Stone Container Corp., 8.25%, 10/01/12.............	700,800
1,250,000	Stone Container Finance Company of Canada (Canada), 7.38%, 07/15/14.............	1,337,500
415,000	Tekni-Plex, Inc. -- 144A, 8.75%, 11/15/13.............	415,000
235,000	US Can Corp., 10.88%, 07/15/10............	250,275
		8,601,131
	DISTRIBUTION -- 0.2%	
485,000	Jafra Cosmetics International, 10.75%, 05/15/11............	550,475

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PRINCIPAL	VALUE

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<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	ELECTRONICS -- 0.3%	
$ 775,000	Muzak LLC, 10.00%, 02/15/09............	$ 725,593
530,000	Muzak LLC, 9.88%, 03/15/09.............	372,988

		1,098,581

	ENGINEERING -- 0.2%	
740,000	The Shaw Group, Inc., 10.75%, 03/15/10............	819,550

	ENVIRONMENTAL WASTE MANAGEMENT AND RECYCLING SERVICES -- 2.0%	
1,500,000	Allied Waste North America, Inc., Series B, 8.88%, 04/01/08.............	1,612,500
455,000	Allied Waste North America, Inc., Series B, 9.25%, 09/01/12.............	494,813
340,000	IMCO Recycling, Inc. -- 144A, 9.00%, 11/15/14.............	355,300
1,855,000	Synagro Technologies, Inc., 9.50%, 04/01/09.............	2,031,225
2,700,000	Waste Services, Inc. -- 144A (Canada), 9.50%, 04/15/14.............	2,700,000

		7,193,838

	EQUIPMENT RENTAL AND LEASING -- 0.6%	
1,070,000	Amerco, 9.00%, 03/15/09.............	1,139,550
235,000	United Rentals North America, Inc., 6.50%, 02/15/12.............	230,300
685,000	United Rentals North America, Inc., 7.00%, 02/15/14.............	643,900

		2,013,750

	FINANCIAL SERVICES -- 2.5%	
475,000	Alamosa Delaware, Inc., zero coupon, 07/31/09(g).....	517,750
715,000	Alamosa Delaware, Inc., 11.00%, 07/31/10............	845,488
80,000	Alamosa Delaware, Inc., 8.50%, 01/31/12.............	87,800
2,055,000	BCP Caylux Holdings Luxembourg SCA -- 144A (Luxembourg), 9.63%, 06/15/14.............	2,327,287
1,200,000	E*TRADE Financial Corp. -- 144A, 8.00%, 06/15/11.............	1,296,000
1,335,000	REFCO Finance Holdings -- 144A, 9.00%, 08/01/12.............	1,468,500
1,920,000	Trump Holdings & Funding, 12.63%, 03/15/10............	2,088,000

		8,630,825

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See notes to financial statements.

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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	FOOD AND BEVERAGE -- 1.1%	
$ 1,130,000	American Seafood Group LLC, 10.13%, 04/15/10............	$ 1,214,750
985,000	Pierre Foods, Inc. -- 144A, 9.88%, 07/15/12.............	1,024,400
1,355,000	Pinnacle Foods Holding Corp. -- 144A, 8.25%, 12/01/13.............	1,297,412
357,000	United Agriculture Products -- 144A, 8.25%, 12/15/11.............	384,668

		3,921,230

	FUNERAL SERVICES -- 0.1%	
330,000	Alderwoods Group, Inc. -- 144A, 7.75%, 09/15/12.............	358,050

	LEISURE AND RECREATION -- 6.2%	
700,000	AMC Entertainment, Inc., 9.88%, 02/01/12.............	766,500
350,000	Ameristar Casinos, Inc., 10.75%, 02/15/09............	392,000
215,000	Hollywood Casino Shreveport, 13.00%, 08/01/06(h)..........	183,019
2,025,000	Inn of The Mountain Gods, 12.00%, 11/15/10............	2,379,374
1,890,000	Kerzner International (Bahama Islands), 8.88%, 08/15/11.............	2,074,274
995,000	LCE Acquisition Corp. -- 144A, 9.00%, 08/01/14.............	1,082,063
1,460,000	Majestic Star Casino LLC, 9.50%, 10/15/10.............	1,554,900
1,810,000	Marquee Holdings, Inc. -- 144A, zero coupon, 08/15/14(g).....	1,230,800
335,000	MGM MIRAGE, 6.88%, 02/06/08.............	364,313
1,030,000	OED Corp./Diamond JO, 8.75%, 04/15/12.............	1,014,550
960,000	Penn National Gaming, Inc., Series B, 11.13%, 03/01/08............	1,029,600
120,000	Premier Entertainment LLC (Biloxi) Financial, 10.75%, 02/01/12............	131,700
1,420,000	Royal Caribbean Cruises, Ltd. (Liberia), 8.75%, 02/02/11.............	1,684,475
390,000	Royal Caribbean Cruises, Ltd., 7.25%, 03/15/18.............	430,950
680,000	Seneca Gaming Corp., 7.25%, 05/01/12.............	719,100
1,745,000	Trump Atlantic City Association/Funding, Inc., 11.25%, 05/01/06(h)..........	1,673,019
1,785,000	Venetian Casino Resort/Las Vegas Sands, 11.00%, 06/15/10............	2,046,056
1,882,000	Waterford Gaming LLC -- 144A, 8.63%, 09/15/12.............	2,023,150

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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	LEISURE AND RECREATION (CONTINUED)	
$ 1,005,000	WMG Holdings Corp. -- 144A, Floating Rate, 6.91%, 12/15/11(b)..........	$ 1,017,563

		21,797,406

	MACHINERY -- 1.4%	
635,000	Dresser-Rand Group, Inc. -- 144A, 7.38%, 11/01/14.............	650,875
725,000	Flowserve Corp., 12.25%, 08/15/10............	804,750
1,225,000	Terex Corp., Series B, 10.38%, 04/01/11............	1,378,125
470,000	The Manitowoc Company, Inc., 10.50%, 08/01/12............	542,850
1,570,000	Thermadyne Holdings Corp., 9.25%, 02/01/14.............	1,538,600

		4,915,200

	MANUFACTURING -- 2.3%	
455,000	Aearo Company I, 8.25%, 04/15/12.............	470,925
800,000	Amsted Industries, Inc. -- 144A, 10.25%, 10/15/11............	908,000
3,585,000	Dresser, Inc., 9.38%, 04/15/11.............	3,943,500
515,000	Goodman Global Holding Company -- 144A, Floating Rate, 5.76%, 06/15/12(n)...........	525,300
15,000	Koppers, Inc., 9.88%, 10/15/13.............	17,175
720,000	MAAX Corp. -- 144A (Canada), 9.75%, 06/15/12.............	765,000
180,000	Rayovac Corp., 8.50%, 10/01/13.............	200,700
975,000	Samsonite Corp., 8.88%, 06/01/11.............	1,060,313
720,000	Venture Holdings Trust, Series B, 9.50%, 07/01/05(h)...........	32,400

		7,923,313

	MEDICAL AND OTHER HEALTH SERVICES -- 3.3%	
870,000	Ardent Health Services, 10.00%, 08/15/13............	917,850
270,000	Concentra Operating Corp., 9.50%, 08/15/10.............	306,450
665,000	HCA, Inc., 5.50%, 12/01/09.............	665,924
1,690,000	HEALTHSOUTH Corp., 8.38%, 10/01/11.............	1,761,825
985,000	HEALTHSOUTH Corp., 7.63%, 06/01/12.............	994,850
527,609	Magellan Health Services, Inc., Series A, 9.38%, 11/15/08.............	577,072
405,000	National Mentor, Inc. -- 144A, 9.63%, 12/01/12.............	432,338

</Table>

See notes to financial statements.

HIGH YIELD BOND PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	MEDICAL AND OTHER HEALTH SERVICES (CONTINUED)	

$ 455,000	National Nephrology Association -- 144A, 9.00%, 11/01/11.............	$ 528,938
670,000	Pacificare Health Systems, Inc., 10.75%, 06/01/09............	777,200
2,155,000	Tenet Healthcare Corp. -- 144A, 9.88%, 07/01/14.............	2,359,724
670,000	US Oncology, Inc. -- 144A, 9.00%, 08/15/12.............	752,075
1,345,000	US Oncology, Inc. -- 144A, 10.75%, 08/15/14............	1,563,563

		11,637,809

	MEDICAL EQUIPMENT AND SUPPLIES -- 1.8%	
1,345,000	CDRV Investors, Inc. -- 144A, zero coupon, 01/01/15(g).....	842,306
870,000	Inverness Medical Innovations, Inc. -- 144A, 8.75%, 02/15/12.............	913,500
710,000	Medical Device Manufacture, Inc. -- 144A, 10.00%, 07/15/12............	768,575
1,375,000	Medquest, Inc., Series B, 11.88%, 08/15/12............	1,622,500
1,010,000	Norcross Safety Products LLC -- Series B, 9.88%, 08/15/11.............	1,121,100
175,000	Rotech Healthcare, Inc., 9.50%, 04/01/12.............	193,375
885,000	VWR International, Inc. -- 144A, 8.00%, 04/15/14.............	949,163

		6,410,519

	METALS AND MINING -- 1.5%	
1,349,000	Ispat Inland ULC, 9.75%, 04/01/14.............	1,672,760
1,635,000	Mueller Group, Inc., 10.00%, 05/01/12............	1,790,325
750,000	Mueller Holdings (NA), Inc., zero coupon, 04/15/14(g).....	517,500
375,000	Oregon Steel Mills, Inc., 10.00%, 07/15/09............	419,063
745,000	Ryerson Tull, Inc. -- 144A, 8.25%, 12/15/11.............	756,175

		5,155,823

	OIL AND GAS: PIPELINES -- 2.3%	
365,000	ANR Pipeline Company, 8.88%, 03/15/10.............	410,625
760,000	Dynegy Holdings, Inc., 7.63%, 10/15/26.............	664,050
2,675,000	Dynegy Holdings, Inc. -- 144A, 10.13%, 07/15/13............	3,076,250
110,000	El Paso CGP Company, 7.50%, 08/15/06.............	116,875
740,000	El Paso CGP Company, 9.63%, 05/15/12.............	825,100

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PRINCIPAL		VALUE
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<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	OIL AND GAS: PIPELINES (CONTINUED)	
$ 205,000	El Paso Corp., 7.00%, 05/15/11.............	$ 208,331
625,000	El Paso Corp., Series MTN, 6.95%, 12/15/07.............	657,813
380,000	Northwest Pipeline Corp., 8.13%, 03/01/10.............	422,275
275,000	Southern Natural Gas Company, 8.88%, 03/15/10.............	309,375
1,345,000	Transmontaigne, Inc., 9.13%, 06/01/10.............	1,466,050

		8,156,744

	OIL, COAL AND GAS -- 3.1%	
415,000	Alpha Natural Resources -- 144A, 10.00%, 06/01/12	475,175
715,000	El Paso Production Holding Company, 7.75%, 06/01/13	752,538
695,000	Giant Industries, Inc., 8.00%, 05/15/14	729,750
1,875,000	Hanover Compressor Company, zero coupon, 03/31/07(g)	1,640,624
355,000	Hanover Compressor Company, 8.63%, 12/15/10	389,613
525,000	Parker Drilling Company, 9.63%, 10/01/13	591,938
1,125,000	Petrobras International Finance (Cayman Islands), 9.13%, 07/02/13	1,282,500
175,000	Petrobras International Finance (Cayman Islands), 7.75%, 09/15/14	184,844
1,586,200	Port Arthur Finance Corp., 12.50%, 01/15/09	1,863,784
295,000	Premcor Refining Group, 7.75%, 02/01/12	326,713
440,000	Ram Energy, Inc., 11.50%, 02/15/08	451,000
1,295,000	Sesi LLC, 8.88%, 05/15/11	1,424,500
750,000	United Refining Company -- 144A, 10.50%, 08/15/12	796,875
		10,909,854
	PAPER AND FOREST PRODUCTS -- 3.0%	
470,000	Boise Cascade LLC -- 144A, Floating Rate, 5.01%, 10/15/12(b)	489,975
1,415,000	Caraustar Industries, Inc., 9.88%, 04/01/11	1,542,350
1,185,000	Georgia-Pacific Corp., 9.50%, 12/01/11	1,466,438
1,385,000	Georgia-Pacific Corp., 9.38%, 02/01/13	1,620,450
525,000	Longview Fibre Company, 10.00%, 01/15/09	576,188
350,000	Neenah Paper, Inc. -- 144A, 7.38%, 11/15/14	357,000

</Table>

See notes to financial statements.

<Table>
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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	PAPER AND FOREST PRODUCTS (CONTINUED)	
$ 1,100,000	Newark Group, Inc., 9.75%, 03/15/14	$ 1,177,000
3,300,000	Tembec Industries, Inc. (Canada), 8.50%, 02/01/11	3,332,999
		10,562,400

	PHARMACEUTICALS -- 0.4%	
1,270,000	Elan Finance PLC/Elan Finance Corp. -- 144A (Brazil), 7.75%, 11/15/11.............	1,358,900
	PRINTING AND PUBLISHING -- 5.7%	
270,000	Advertising Directory Solutions -- 144A, 9.25%, 11/15/12.............	284,850
3,535,000	American Media Operation, Series B, 10.25%, 05/01/09............	3,742,680
1,195,000	CanWest Media, Inc. (Canada), 10.63%, 05/15/11............	1,347,363
2,281,634	CanWest Media, Inc. -- 144A (Canada), 8.00%, 09/15/12.............	2,458,461
410,000	CBD Media LLC/CBD Finance, Inc., 8.63%, 06/01/11.............	435,625
245,000	Dex Media East LLC, 9.88%, 11/15/09.............	280,219
1,481,000	Dex Media West Finance Company, Series B, 9.88%, 08/15/13.............	1,714,258
1,850,000	Houghton Mifflin Company, 8.25%, 02/01/11.............	1,979,500
1,680,000	Houghton Mifflin Company, 9.88%, 02/01/13.............	1,848,000
835,000	Liberty Group Operating, 9.38%, 02/01/08.............	851,700
101,310	Merrill Corp., Series A, Variable Rate, 12.00%, 05/01/09(a)..........	107,895
185,000	Merrill Corp., Series B, Variable Rate, 12.00%, 05/01/09(a)..........	197,025
3,615,000	Primedia, Inc., 8.88%, 05/15/11.............	3,840,937
1,000,000	Primedia, Inc., Floating Rate, 7.67%, 05/15/10(b)...........	1,065,000
		20,153,513
	REAL ESTATE DEVELOPMENT AND SERVICES -- 0.3%	
315,000	CB Richard Ellis Services, Inc., 9.75%, 05/15/10.............	360,675
500,000	CB Richard Ellis Services, Inc., 11.25%, 06/15/11............	577,500
		938,175

</Table>

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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	REAL ESTATE INVESTMENT TRUSTS -- 0.6%	
$ 350,000	FelCor Lodging LP, Floating Rate, 6.87%, 06/01/11(n)...........	$ 369,250
150,000	Host Marriott LP, Series I, 9.50%, 01/15/07.............	165,000
1,295,000	Meristar Hospitality Operating Partnership LP/ MeriStar Hospitality Finance Corp., 10.50%, 06/15/09............	1,418,025
310,000	Omega Healthcare Investors, Inc., 7.00%, 04/01/14.............	320,075
		2,272,350
	RETAIL -- 0.1%	
430,000	General Nutrition Centers, Inc., 8.50%, 12/01/10.............	408,500

	RUBBER PRODUCTS -- 0.1%	
505,000	Cooper-Standard Automotive, Inc. -- 144A, 7.00%, 12/15/12.............	515,100
	SECURITY SERVICES -- 0.0%	
135,000	Allied Security, Inc. -- 144A, 11.38%, 07/15/11............	141,750
	SEMICONDUCTORS -- 2.0%	
2,495,000	Advanced Micro Devices, Inc. -- 144A, 7.75%, 11/01/12.............	2,610,394
724,000	AMI Semiconductor, Inc., 10.75%, 02/01/13............	854,320
265,000	Amkor Technologies, Inc., 7.13%, 03/15/11.............	250,425
2,915,000	Amkor Technologies, Inc., 7.75%, 05/15/13.............	2,754,675
730,000	STATS ChipPAC, Ltd. -- 144A (Singapore), 6.75%, 11/15/11.............	726,350
		7,196,164
	SPECIAL PURPOSE ENTITY -- 6.9%	
345,000	Affinia Group, Inc. -- 144A, 9.00%, 11/30/14.............	361,388
215,000	Altra Industrial Motion, Inc. -- 144A, 9.00%, 12/01/11.............	219,300
1,310,000	ASG Consolidated LLC/Finance, Inc. -- 144A, zero coupon, 11/01/11(g).....	841,675
455,000	Aventine Renewable Energy, Inc. -- 144A, Floating Rate, 8.50%, 12/15/11(b)...........	461,825
535,000	Borden US Finance/Nova Scotia -- 144A, 9.00%, 07/15/14.............	596,525
953,672	Caithness Coso Funding Corp., Series B, 9.05%, 12/15/09.............	1,053,808

</Table>

See notes to financial statements.

HIGH YIELD BOND PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	SPECIAL PURPOSE ENTITY (CONTINUED)	
$ 1,375,000	Chukchansi Economic Development Authority -- 144A, 14.50%, 06/15/09............	$ 1,739,375
1,625,000	Crystal US Holdings 3 LLC/ Crystal US Sub3 Corp. -- 144A, zero coupon, 10/01/14(g).....	1,121,250
990,000	Harvest Operations Corp. -- 144A, 7.88%, 10/15/11.............	1,002,375
1,035,000	Interline Brands, Inc., 11.50%, 05/15/11............	1,169,550
1,350,000	MDP Acquisitions PLC (Ireland),	

	9.63%, 10/01/12.............	1,512,000
1,750,000	Milacron Escrow Corp., 11.50%, 05/15/11............	1,863,750
370,000	NSP Holdings/Cap Corp. -- 144A, 11.75%, 01/01/12(o)..........	375,550
740,000	PCA LLC/PCA Finance Corp., 11.88%, 08/01/09............	654,900
555,000	Rainbow National Services LLC -- 144A, 8.75%, 09/01/12.............	611,888
2,155,000	Rainbow National Services LLC -- 144A, 10.38%, 09/01/14............	2,440,537
135,000	Riddell Bell Holdings, Inc. -- 144A, 8.38%, 10/01/12.............	140,400
230,000	Standard Aero Holdings, Inc. -- 144A, 8.25%, 09/01/14.............	249,550
2,550,000	UGS Corp. -- 144A, 10.00%, 06/01/12............	2,913,374
2,060,000	Universal City Development Partners, Ltd., 11.75%, 04/01/10............	2,443,674
300,000	Universal City Florida -- 144A, 8.38%, 05/01/10.............	312,750
595,000	Universal City Florida -- 144A, Floating Rate, 7.20%, 05/01/10(b)...........	621,775
1,530,000	Vanguard Health Holding Company II LLC -- 144A, 9.00%, 10/01/14.............	1,644,750

		24,351,969

	SPORTING GOODS AND EQUIPMENT -- 0.0%	
185,000	True Temper Sports, Inc., 8.38%, 09/15/11.............	172,975

	SYNDICATED BANK LOANS -- 0.1%	
500,000	Mirant Corp., 8.63%, 07/17/49(h)...........	355,250

</Table>

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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	TELECOMMUNICATIONS EQUIPMENT AND SERVICES -- 9.5%	
$ 345,000	AirGate PCS, Inc. -- 144A, Floating Rate, 5.85%, 10/15/11(b)...........	$ 356,213
125,000	American Tower Corp., 9.38%, 02/01/09.............	132,813
2,785,000	Centennial Cellular/Communications, 10.13%, 06/15/13............	3,140,087
505,000	Centennial Communications, 10.75%, 12/15/08............	526,463
190,000	Crown Castle International Corp., 10.75%, 08/01/11............	207,100
355,000	General Cable Corp., 9.50%, 11/15/10.............	402,925
1,310,000	Inmarsat Finance PLC (Great Britain), 7.63%, 06/30/12.............	1,368,950
1,000,000	Intelsat, Ltd., 7.63%, 04/15/12.............	973,836
185,000	IWO Escrow Company -- 144A, Floating Rate, 6.32%, 01/15/12(b)...........	187,313
1,000,000	IWO Holdings, Inc., 14.00%, 01/15/11(h)..........	655,000
2,620,000	LCI International, Inc., 7.25%, 06/15/07.............	2,561,049
855,000	New Skies Satellites NV -- 144A (The Netherlands), 9.13%, 11/01/12.............	876,375

645,000	New Skies Satellites NV -- 144A (The Netherlands), Floating Rate, 7.44%, 11/01/11(n)..........	667,575
450,000	Nextel Communications, 7.38%, 08/01/15.............	497,250
875,000	Nextel Partners, Inc., 12.50%, 11/15/09............	995,313
4,200,000	Nortel Networks Corp. (Canada), 4.25%, 09/01/08.............	4,105,499
675,000	Nortel Networks, Ltd., 6.13%, 02/15/06.............	690,188
2,005,000	PanAmSat Corp. -- 144A, 9.00%, 08/15/14.............	2,248,105
285,000	Qwest Capital Funding, Inc., 7.75%, 08/15/06.............	301,388
290,000	Qwest Capital Funding, Inc., 7.00%, 08/03/09.............	287,825
315,000	Qwest Capital Funding, Inc., 7.90%, 08/15/10.............	319,725
110,000	Qwest Corp., 7.20%, 11/10/26.............	106,150
1,035,000	Qwest Corp. -- 144A, 7.88%, 09/01/11.............	1,128,150
1,075,000	Qwest Services Corp. -- 144A (Canada), 14.00%, 12/15/10............	1,298,063

</Table>

See notes to financial statements.

HIGH YIELD BOND PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	TELECOMMUNICATIONS EQUIPMENT AND SERVICES (CONTINUED)	
$ 580,000	Rogers Wireless, Inc. -- 144A (Canada), 8.00%, 12/15/12.............	$ 616,250
2,150,000	Rogers Wireless, Inc. -- 144A (Canada), 7.50%, 03/15/15.............	2,278,999
1,065,000	Rogers Wireless, Inc. -- 144A (Canada), Floating Rate, 5.53%, 12/15/10(b)..........	1,120,913
60,000	SBA Telecommunications, Inc., zero coupon, 12/15/11(g).....	50,850
450,000	Telemig Celular Participacoes SA/Amazonia Cel -- 144A (Brazil), 8.75%, 01/20/09.............	469,125
600,000	Ubiquitel Operating Company, 9.88%, 03/01/11.............	676,500
1,390,000	US Unwired, Inc., Series B, 10.00%, 06/15/12............	1,574,175
2,460,000	Western Wireless Corp., 9.25%, 07/15/13.............	2,687,549
		33,507,716
	TRANSPORTATION -- 0.9%	
765,000	H-Lines Finance Holding -- 144A, zero coupon, 04/01/13(g).................	554,625

715,000	Horizon Lines LLC -- 144A, 9.00%, 11/01/12.............	772,200
910,000	OMI Corp. (Marshall Islands), 7.63%, 12/01/13.............	978,250
115,000	Petroleum Helicopters, 9.38%, 05/01/09.............	126,500
695,000	Quality Distribution Capital -- 144A, 9.00%, 11/15/10.............	696,738
		3,128,313
	UTILITIES -- 0.7%	
635,000	National Waterworks, Inc., Series B, 10.50%, 12/01/12............	717,550
1,325,000	Orion Power Holdings, Inc., 12.00%, 05/01/10............	1,689,375
		2,406,925
	UTILITIES: ELECTRIC -- 4.4%	
347,000	AES Corp., 8.50%, 11/01/07.............	353,940
553,000	AES Corp., 9.38%, 09/15/10.............	645,627
700,000	AES Corp. -- 144A, 8.75%, 05/15/13.............	798,875
310,000	AES Corp. -- 144A, 9.00%, 05/15/15.............	356,500
496,838	AES Eastern Energy, Series 99-A, 9.00%, 01/02/17.............	564,222

</Table>

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PRINCIPAL		VALUE
<C>	<S>	<C>
	CORPORATE BONDS AND NOTES (CONTINUED)	
	UTILITIES: ELECTRIC (CONTINUED)	
$ 750,000	Calpine Corp., 8.25%, 08/15/05.............	$ 761,250
1,575,000	Calpine Corp., 7.63%, 04/15/06.............	1,555,312
350,000	Calpine Corp., 10.50%, 05/15/06............	351,750
125,000	Calpine Corp., 8.75%, 07/15/07.............	110,000
450,000	Calpine Corp. -- 144A, 8.50%, 07/15/10.............	388,125
1,130,000	Calpine Corp. -- 144A, 8.75%, 07/15/13.............	937,900
1,305,000	Inergy LP/Inergy Finance Corp. -- 144A, 6.88%, 12/15/14.............	1,318,050
3,000,000	Mission Energy Holding Company, 13.50%, 07/15/08............	3,757,499
750,000	Nevada Power Company, 9.00%, 08/15/13.............	881,250
1,085,000	NRG Energy, Inc. -- 144A, 8.00%, 12/15/13.............	1,188,075
255,000	Reliant Energy, Inc., 9.25%, 07/15/10.............	285,600
915,000	Reliant Energy, Inc., 9.50%, 07/15/13.............	1,044,244
150,000	Texas Genco LLC/Financing -- 144A, 6.88%, 12/15/14.............	155,813
		15,454,032
	TOTAL CORPORATE BONDS AND NOTES (Cost $302,606,017)..........	321,976,198

<Caption>

SHARES		
<C>	<S>	<C>
	COMMON STOCKS -- 0.8%	
	BROADCAST SERVICES/MEDIA -- 0.3%	
54,651	Telewest Global, Inc. (Great	

	Britain)*....................	960,765
	LEISURE AND RECREATION -- 0.0%	
2,000	Las Vegas Sands Corp.*.........	96,000
	TELECOMMUNICATIONS EQUIPMENT AND SERVICES -- 0.5%	
7,533	Crown Castle International Corp.*.......................	125,349
20,340	NTL, Inc.*.....................	1,484,006
		1,609,355
	TOTAL COMMON STOCKS (Cost $1,906,825)..................	2,666,120
	CONVERTIBLE PREFERRED STOCKS -- 1.0%	
	OIL AND GAS: PIPELINES -- 0.3%	
11,465	Williams Companies, Inc. -- 144A, 5.50%..................	960,194

</Table>

See notes to financial statements.

HIGH YIELD BOND PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

<Table>
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SHARES		VALUE
<C>	<S>	<C>
	CONVERTIBLE PREFERRED STOCKS (CONTINUED)	
	OIL, COAL AND GAS -- 0.1%	
2,400	Chesapeake Energy Corp., 5.00%........................	$ 293,640
	TELECOMMUNICATIONS EQUIPMENT AND SERVICES -- 0.6%	
43,235	Crown Castle International Corp., 6.25%.................	2,107,706
	UTILITIES: ELECTRIC -- 0.0%	
245	NRG Energy, Inc. -- 144A, 4.00%........................	269,500
	TOTAL CONVERTIBLE PREFERRED STOCKS (Cost $3,003,931).....	3,631,040
	WARRANTS -- 0.1%	
1,125	American Tower Corp., Expires 08/01/08*............	258,750
1,000	IPCS, Inc. -- 144A, Expires 07/15/10*(q).........	--
1,000	IWO Holdings, Inc., Expires 01/15/11*(q).........	--
750	Mueller Holdings, Inc., Expires 04/15/14*............	52,500
84	New World Coffee, Expires 06/20/06*............	1
1,000	ONO Finance PLC (Great Britain), Expires 03/16/11*(q).........	--
250	Ubiquitel, Inc. -- 144A, Expires 04/15/10*(q).........	--
	TOTAL WARRANTS (Cost $75,402).....................	311,251

<Caption>

PRINCIPAL		
	CONVERTIBLE BONDS -- 0.3%	
	LEISURE AND RECREATION -- 0.2%	
$ 645,000	Kerzner International -- 144A (Bahama Islands), 2.38%, 04/15/24	787,706

PRINCIPAL		VALUE
	CONVERTIBLE BONDS (CONTINUED)	
	SEMICONDUCTORS -- 0.1%	
$ 345,000	Amkor Technologies, Inc., 5.75%, 06/01/06	$ 339,825
	TOTAL CONVERTIBLE BONDS (Cost $966,774)	1,127,531
	TOTAL SECURITIES (Cost $308,558,949)	329,712,140
	REPURCHASE AGREEMENTS -- 4.6%	
16,169,442	With Investors Bank and Trust, dated 12/31/04, 1.88%, due 01/03/05, repurchase proceeds at maturity $16,171,976 (Collateralized by various Small Business Administrations, 4.88% -- 5.13%, due 01/25/29 - 05/25/30, with a total value of $16,977,914) (Cost $16,169,442)	16,169,442
	Total Investments -- 98.3% (Cost $324,728,391)	345,881,582
	Other assets less liabilities -- 1.7%	5,890,954
	NET ASSETS -- 100.0%	$351,772,536

The aggregate cost of securities for federal income tax purposes at December 31, 2004 is $324,751,218.

The following amounts are based on cost for federal income tax purposes:

Gross unrealized appreciation	$23,835,148
Gross unrealized depreciation	(2,704,784)
Net unrealized appreciation	$21,130,364

See summary of footnotes and abbreviations to portfolios.

See notes to financial statements.

INTERNATIONAL EQUITY PORTFOLIO

PORTFOLIO OF INVESTMENTS

DECEMBER 31, 2004

<Table>
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SHARES		VALUE	COUNTRY
<C>	<S>	<C>	<C>
	COMMON STOCKS -- 97.5%		
	ADVERTISING -- 0.4%		
209,774	JC Decaux SA*.......	$ 6,118,173	FRA
	AEROSPACE AND DEFENSE -- 2.3%		
1,565,500	Bae Systems PLC.....	6,928,277	BRI
488,834	European Aeronautic Defense and Space Company(d)........	14,197,372	NET
2,473,290	Rolls-Royce Group PLC*.............	11,729,331	BRI
		32,854,980	
	AGRICULTURE -- 0.1%		
4,566,000	Chaoda Modern Agriculture (Holdings), Ltd.	1,689,001	HNG
	AIRLINES -- 0.4%		
1,710,200	Qantas Airways, Ltd.	4,958,494	AUS
	APPAREL: MANUFACTURING -- 0.8%		
65,400	Adidas-Salomon AG*..............	10,545,014	GER
12,800	Benetton Group SpA..	169,106	ITA
		10,714,120	
	AUTOMOBILES/MOTOR VEHICLES -- 4.6%		
147,200	DaimlerChrysler AG*..............	7,047,351	GER
51,700	Honda Motor Company, Ltd.	2,675,180	JPN
149,740	Hyundai Motor Company*..........	8,028,761	KOR
476,980	Kia Motors Corp.*...	5,022,782	KOR
1,122,800	Nissan Motor Company, Ltd.	12,188,649	JPN
299,000	Suzuki Motor Corp.	5,454,375	JPN
608,200	Toyota Motor Corp.	24,714,423	JPN
		65,131,521	
	AUTOMOTIVE EQUIPMENT -- 1.5%		
252,900	Aisin Seiki Company, Ltd.	6,395,201	JPN
127,500	Alpine Electronics, Inc.(d)..........	1,712,093	JPN
10,200	Georg Fischer AG*...	2,641,720	SWI
1,128,000	GKN PLC............	5,122,022	BRI
115,700	Valeo SA...........	4,838,602	FRA
		20,709,638	
	BANKS -- 19.0%		
589,000	ABN AMRO Holding NV................	15,587,014	NET
241,200	Allied Irish Banks PLC..............	5,000,946	IRE
1,023,700	Banca Intesa SpA....	4,920,529	ITA

</Table>

SHARES		VALUE	COUNTRY
	COMMON STOCKS (CONTINUED)		
	BANKS (CONTINUED)		
601,200	Banco Bilbao Vizcaya Argentaria SA.....	$ 10,652,837	SPA
709,400	Banco Comercial Portugues, SA -- Class R...........	1,820,492	POR
240,100	Banco Santander Central Hispano SA*(d)............	2,976,451	SPA
1,812,600	Barclays PLC........	20,393,924	BRI
618,900	Bayerische Hypo-und Vereinsbank AG (HVB Group)*......	14,033,718	GER
198,200	BNP Paribas SA......	14,343,881	FRA
179,200	Canadian Imperial Bank of Commerce(d).......	10,799,846	CDA
158,600	Commonwealth Bank of Australia.........	3,978,663	AUS
140,300	Danske Bank A/S.....	4,297,983	DEN
19,400	Deutsche Bank AG....	1,720,615	GER
365,900	Dexia*(d)...........	8,406,178	BEL
250,800	DNB NOR ASA.........	2,473,557	NOR
361,700	EFG Eurobank Ergasias..........	12,415,419	GRC
89,200	ForeningsSparbanken AB................	2,221,343	SWE
105,300	Fortis..............	2,909,569	BEL
126,100	HBOS PLC............	2,053,110	BRI
135,700	IKB Deutsche Industriebank AG..	3,753,243	GER
1,238,200	Joyo Bank, Ltd.	6,032,937	JPN
77,400	Laurentian Bank of Canada(d).........	1,554,458	CDA
1,834,700	Lloyds TSB Group PLC...............	16,662,011	BRI
456	Mitsubishi Tokyo Financial Group, Inc.	4,621,321	JPN
70,200	National Australia Bank, Ltd.	1,581,103	AUS
177,700	National Bank of Canada(d).........	7,348,195	CDA
60,100	National Bank of Greece SA.........	1,981,340	GRC
1,248,500	Nordea Bank AB......	12,586,822	SWE
234,700	SanPaolo IMI SpA*...	3,377,962	ITA
125,100	Societe Generale*...	12,646,135	FRA
745,200	Standard Chartered PLC...............	13,857,143	BRI
490,100	Suncorp-Metway, Ltd.	6,656,769	AUS
861,000	The Bank of Yokohama, Ltd. ...	5,420,055	JPN

See notes to financial statements.

SHARES	VALUE	COUNTRY

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<C>	<S>	<C>	<C>
	COMMON STOCKS (CONTINUED)		
	BANKS (CONTINUED)		
199,000	UBS AG.............	$ 16,686,878	SWI
1,739	UFJ Holdings, Inc.*............	10,523,475	JPN

		266,295,922	

	BROADCAST SERVICES/MEDIA -- 1.7%		
150,200	Grupo Televisa SA (ADR)............	9,087,100	MEX
883,200	Seven Network, Ltd.(d)..........	4,424,315	AUS
337,900	Vivendi Universal SA*..............	10,777,227	FRA

		24,288,642	

	BUSINESS SERVICES AND SUPPLIES -- 1.2%		
1,671,929	Capita Group PLC....	11,740,955	BRI
1,914,700	Marubeni Corp.	5,298,916	JPN

		17,039,871	

	CHEMICALS -- 0.9%		
45,100	Akzo Nobel NV*......	1,921,610	NET
39,100	Ciba Specialty Chemicals AG*.....	2,974,365	SWI
52,300	K+S AG.............	2,776,606	GER
1,680,600	Mitsubishi Chemical Corp.	5,109,600	JPN

		12,782,181	

	COMPUTER SOFTWARE AND SERVICES -- 1.8%		
129,200	Infosys Technologies, Ltd. (ADR)(d).........	8,954,852	IND
309,985	Trend Micro, Inc.*............	16,704,512	JPN

		25,659,364	

	COMPUTERS AND OFFICE EQUIPMENT -- 0.5%		
163,900	Creative Technology, Ltd.	2,449,865	SIN
203,900	Oce NV.............	3,117,392	NET
2,043,000	TPV Technology, Ltd.	1,222,299	HNG

		6,789,556	

	CONSTRUCTION SERVICES AND SUPPLIES -- 3.9%		
354,700	Autostrade SpA*.....	9,487,750	ITA
353,700	Barratt Developments PLC..............	4,037,273	BRI
159,300	Compagnie de Saint-Gobain......	9,586,308	FRA
644,700	George Wimpey PLC...	5,006,998	BRI
43,500	Lafarge SA*.........	4,193,565	FRA
260,000	Maeda Road Construction Company, Ltd.(d)..	2,042,097	JPN

</Table>

<Table>
<Caption>

SHARES		VALUE	COUNTRY
------		--------------	-------
<C>	<S>	<C>	<C>
	COMMON STOCKS (CONTINUED)		
	CONSTRUCTION SERVICES AND SUPPLIES (CONTINUED)		
2,189,400	Pilkington PLC......	$ 4,624,013	BRI
438,000	RMC Group PLC.......	7,139,750	BRI
484,000	Sekisui House, Ltd.	5,631,417	JPN
211,200	The Berkeley Group Holdings PLC......	3,280,527	BRI

		55,029,698	

SHARES		VALUE	COUNTRY
	CONSUMER GOODS AND SERVICES -- 1.8%		
376,500	Imperial Tobacco Group PLC.........	10,315,498	BRI
1,308	Japan Tobacco, Inc.	14,912,882	JPN
		25,228,380	
	DISTRIBUTION -- 0.9%		
2,054,000	Esprit Holdings, Ltd.	12,420,936	BER
	DIVERSIFIED SERVICES -- 0.7%		
142,100	BASF AG............	10,225,999	GER
	ELECTRONICS -- 2.9%		
56,100	Bang & Olufsen A/S -- Class B(d).............	4,190,161	DEN
209,000	Hosiden Corp.(d)....	2,311,586	JPN
39,200	Keyence Corp.	8,770,532	JPN
1,191,000	Minebea Company, Ltd.	5,187,848	JPN
286,000	Pioneer Corp.	5,573,962	JPN
130,800	Research In Motion, Ltd.*............	10,780,537	CDA
810,100	Toshiba Tec Corp.	3,836,568	JPN
		40,651,194	
	ENGINEERING -- 0.2%		
72,371	SNC-Lavalin Group, Inc.	3,502,310	CDA
	ENVIRONMENTAL WASTE MANAGEMENT AND RECYCLING SERVICES -- 0.3%		
224,700	Pennon Group PLC....	4,301,297	BRI
	FINANCIAL SERVICES -- 4.1%		
344,900	Alliance & Leicester PLC..............	6,039,337	BRI
800,900	Bradford & Bingley PLC..............	5,162,922	BRI
226,900	Hitachi Capital Corp.	4,676,413	JPN
155,500	Irish Life & Permanent PLC.....	2,913,703	IRE
235,389	Man Group PLC.......	6,652,658	BRI
124,000	Mitsubishi Securities Company, Ltd.	1,355,759	JPN
932,000	Nikko Cordial Corp.	4,931,553	JPN
96,700	Promise Company, Ltd.	6,897,720	JPN

</Table>

See notes to financial statements.

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SHARES		VALUE	COUNTRY
<C>	<S>	<C>	<C>
	COMMON STOCKS (CONTINUED)		
	FINANCIAL SERVICES (CONTINUED)		
225,700	Sampo Oyj -- Class		

	A................	$ 3,113,587	FIN
38,300	Sanyo Shinpan Finance Company, Ltd.	2,717,053	JPN
119,100	Sun Life Financial, Inc.(d)..........	3,989,875	CDA
65,500	Takefuji Corp.	4,423,261	JPN
1,386,000	Tokai Tokyo Securities Company, Ltd.	4,254,434	JPN
		57,128,275	
	FOOD AND BEVERAGE -- 3.4%		
464,700	Asahi Breweries, Ltd.	5,746,485	JPN
15,800	Coca-Cola West Japan Company, Ltd.	404,931	JPN
429,200	Fraser and Neave, Ltd.	4,285,690	SIN
345,300	Geest PLC..........	4,229,787	BRI
1,537,300	Northern Foods PLC..	5,054,642	BRI
48,600	Pernod Ricard(d)....	7,436,969	FRA
325,262	Royal Numico NV*....	11,716,729	NET
695,700	Tate & Lyle PLC.....	6,314,730	BRI
106,400	Wolverhampton & Dudley Breweries PLC..............	2,243,082	BRI
		47,433,045	
	INSURANCE -- 4.6%		
999,300	Aioi Insurance Company, Ltd.	4,606,012	JPN
105,700	Allianz AG.........	14,007,498	GER
1,052,600	Aviva PLC..........	12,691,830	BRI
516,700	Britannic Group PLC..............	4,523,812	BRI
105,800	CNP Assurances......	7,570,631	FRA
1,939,300	Friends Provident PLC..............	5,734,122	BRI
212,400	ING Groep NV*.......	6,419,711	NET
358,800	Pohjola Group PLC -- Class D....	4,136,147	FIN
31,400	Zurich Financial Services AG*......	5,235,635	SWI
		64,925,398	
	LEISURE AND RECREATION -- 3.1%		
143,511	Carnival PLC.......	8,756,697	BRI
88,128	Club Mediterranee SA*(d)...........	4,158,192	FRA
2,447,900	EMI Group PLC.......	12,454,916	BRI
703,971	InterContinental Hotels Group PLC..	8,751,767	BRI

</Table>

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SHARES		VALUE	COUNTRY
<C>	<S>	<C>	<C>
	COMMON STOCKS (CONTINUED)		
	LEISURE AND RECREATION (CONTINUED)		
261,000	NAMCO, Ltd.	$ 3,420,824	JPN
227,400	TUI AG(d)..........	5,378,664	GER
		42,921,060	
	MACHINERY -- 1.5%		
148,400	MAN AG*............	5,710,440	GER
15,900	Rieter Holding AG...	4,614,370	SWI
82,500	Saurer AG*.........	4,861,050	SWI
162,400	Stork NV*..........	5,589,845	NET
		20,775,705	
	MANUFACTURING -- 0.4%		
295,710	Assa Abloy AB -- Class B*.........	5,050,270	SWE
	MEDICAL EQUIPMENT AND SUPPLIES -- 0.8%		

134,730	Essilor International SA CIE Generale D'Optique.........	10,546,283	FRA
	METALS AND MINING -- 1.4%		
1,060,900	BlueScope Steel, Ltd.	6,840,020	AUS
308,300	Sims Group, Ltd. ...	4,288,669	AUS
396,900	ThyssenKrupp AG(d)............	8,730,355	GER
		19,859,044	
	OIL, COAL AND GAS -- 8.9%		
602,400	BP PLC.............	5,875,569	BRI
158,700	CNOOC, Ltd. (ADR)(d).........	8,599,953	HNG
2,182,200	Cosmo Oil Company, Ltd.	6,443,253	JPN
559,200	Eni SpA*...........	13,985,970	ITA
83,300	Fording Canadian Coal Trust........	6,440,894	CDA
76,800	Gazprom OAO -- 144A (ADR)(d).........	2,726,400	SUR
175,900	Hellenic Petroleum SA................	1,910,696	GRC
287,100	Husky Energy, Inc.	8,204,568	CDA
12,100	OMV AG.............	3,642,229	AST
104,212	Petro-Canada........	5,318,855	CDA
272,500	Repsol YPF SA.......	7,089,210	SPA
542,700	Saipem SpA.........	6,521,371	ITA
2,506,300	Shell Transport & Trading Company PLC...............	21,365,706	BRI
722,700	Snam Rete Gas SpA...	4,199,887	ITA
102,923	Total SA -- Class B.................	22,457,640	FRA
		124,782,201	

</Table>

See notes to financial statements.

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SHARES		VALUE	COUNTRY
<C>	<S>	<C>	<C>
	COMMON STOCKS (CONTINUED)		
	PAPER AND FOREST PRODUCTS -- 0.6%		
231,000	Billerud...........	$ 4,118,917	SWE
60,360	Fraser Papers, Inc.*............	783,648	CDA
301,800	Norbord, Inc.(d)....	3,122,503	CDA
		8,025,068	
	PHARMACEUTICALS -- 3.9%		
35,900	Dainippon Pharmaceutical Company, Ltd.	360,679	JPN
1,118,963	Elan Corp. PLC (ADR)*(d).........	30,491,742	IRE
160,800	GlaxoSmithKline PLC..............	3,772,754	BRI

218,200	Santen Pharmaceutical Company, Ltd.	4,762,892	JPN
115,855	Schering AG.........	8,653,509	GER
280,700	Taisho Pharmaceutical Company, Ltd.	6,099,795	JPN
		54,141,371	
	PRINTING AND PUBLISHING -- 0.6%		
1,772,900	CIR SpA............	5,247,792	ITA
126,000	Quebecor World, Inc.(d)..........	2,712,390	CDA
		7,960,182	
	REAL ESTATE DEVELOPMENT AND MANAGEMENT SERVICES -- 0.7%		
64,265	Unibail(d).........	10,104,594	FRA
	RETAIL -- 4.0%		
1,246,400	Big Food Group PLC..	2,249,503	BRI
4,077,782	Carphone Warehouse PLC..............	13,446,895	BRI
1,912,500	Dixons Group PLC....	5,581,440	BRI
30,100	Galeries Lafayette SA(d)............	7,724,388	FRA
521,389	GUS PLC............	9,395,013	BRI
168,300	Hudson's Bay Company..........	1,881,702	CDA
590,900	JJB Sports PLC......	2,005,278	BRI
279,448	Kingfisher PLC......	1,661,933	BRI
340,770	Swatch Group AG*....	10,129,299	SWI
10,300	Valora Holding AG...	2,536,276	SWI
		56,611,727	
	RETAIL: SUPERMARKETS -- 0.9%		
1,090,862	J Sainsbury PLC.....	5,665,501	BRI
809,200	Koninklijke Ahold NV*..............	6,262,771	NET
		11,928,272	

</Table>

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SHARES		VALUE	COUNTRY
<C>	<S>	<C>	<C>
	COMMON STOCKS (CONTINUED)		
	RUBBER PRODUCTS -- 0.2%		
150,000	Bridgestone Corp.	$ 2,981,875	JPN
	SEMICONDUCTORS -- 0.1%		
131,158	ASML Holding NV*....	2,086,724	NET
	TELECOMMUNICATIONS EQUIPMENT AND SERVICES -- 7.4%		
1,243,480	Alcatel SA*........	19,332,147	FRA
582,000	BT Group PLC........	2,268,403	BRI
159,600	Elcoteq Network Corp. -- Class A................	3,876,850	FIN
297,700	France Telecom SA*..	9,846,728	FRA
2,700	Nippon Telegraph and Telephone Corp.	12,102,904	JPN
298,500	Nokia Oyj (ADR).....	4,677,495	FIN
152,100	PT Telekomunikasi Indonesia (ADR)*..	3,197,142	IDN
820,429	Societe Europeenne des Satellites (FDR)*...........	10,582,796	LUX
20,800	Swisscom AG*........	8,194,882	SWI
566,450	Tandberg ASA........	7,035,978	NOR
318,556	Telefonaktiebolaget LM Ericsson (ADR)*(d)........	10,031,328	SWE
4,402,233	Vodafone Group		

	PLC..............	11,938,856	BRI
		103,085,509	
	TRANSPORTATION -- 1.3%		
144,432	Canadian National Railway Company...	8,805,712	CDA
28,610	Kuehne & Nagel International AG................	6,164,322	SWI
777,000	Orient Overseas International, Ltd.	2,944,166	BER
		17,914,200	
	UTILITIES -- 1.2%		
33,900	E.ON AG*...........	3,086,733	GER
576,700	Kelda Group PLC.....	7,003,445	BRI
548,800	United Utilities PLC..............	6,638,285	BRI
		16,728,463	
	UTILITIES: ELECTRIC -- 2.3%		
78,200	Chubu Electric Power Company, Inc.	1,874,605	JPN
553,600	Endesa SA..........	12,996,514	SPA
314,200	Hokkaido Electric Power Company, Inc.	6,169,489	JPN
245,100	Shikoku Electric Power Company, Inc.	4,776,847	JPN

</Table>

See notes to financial statements.

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SHARES		VALUE	COUNTRY
<C>	<S>	<C>	<C>
	COMMON STOCKS (CONTINUED)		
	UTILITIES: ELECTRIC (CONTINUED)		
239,900	Union Fenosa SA.....	$ 6,302,996	SPA
		32,120,451	
	UTILITIES: GAS -- 0.2%		
954,800	Toho Gas Company, Ltd.	3,405,348	JPN
	TOTAL COMMON STOCKS (Cost $1,135,867,124)...	1,366,906,342	

<Caption>

PRINCIPAL			
<C>	<S>	<C>	<C>
	SECURITIES LENDING COLLATERAL -- 9.1%		
$127,122,222	Securities Lending Collateral Investment (Note 4) (Cost $127,122,222).....	127,122,222	USA

	TOTAL SECURITIES (Cost $1,262,989,346)...	1,494,028,564	

SHARES			
	RIGHTS -- 0.0%		
	AUTOMOTIVE EQUIPMENT		
390,900	TI Automotive, Ltd. -- Class A* (Cost $0)(q)......	--	BRI

PRINCIPAL		VALUE	COUNTRY
	REPURCHASE AGREEMENTS -- 1.1%		
$ 15,085,220	With Investors Bank and Trust, dated 12/31/04, 1.88%, due 01/03/05, repurchase proceeds at maturity $15,087,583 (Collateralized by Freddie Mac, 2.95%, due 12/15/31, with a value of $10,500,147 and various Small Business Administrations, 4.88% -- 5.13%, due 11/25/22- 12/25/28, with a total value of $5,339,481) (Cost $15,085,220)......	$ 15,085,220	USA
	Total Investments -- 107.7% (Cost $1,278,074,566)...	1,509,113,784	
	Liabilities less other assets -- (7.7)%...	(107,495,840)	
	NET ASSETS -- 100.0%..	$1,401,617,944	

</Table>

The aggregate cost of securities for federal income tax purposes at December 31, 2004 is $1,282,950,703.

The following amounts are based on cost for federal income tax purposes:

Gross unrealized appreciation.........	$233,117,631
Gross unrealized depreciation.........	(6,954,550)
Net unrealized appreciation...........	$226,163,081

See summary of footnotes and abbreviations to portfolios.

See notes to financial statements.

INTERNATIONAL EQUITY PORTFOLIO

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2004

COUNTRY COMPOSITION	PERCENT OF TOTAL INVESTMENTS AT VALUE
Australia (AUS)	2.17%
Austria (AST)	0.24
Belgium (BEL)	0.75
Bermuda (BER)	1.02
Canada (CDA)	4.99
Denmark (DEN)	0.56
Finland (FIN)	1.05
France (FRA)	10.71
Germany (GER)	6.34
Great Britain (BRI)	20.85
Greece (GRC)	1.08
Hong Kong (HNG)	0.76
India (IND)	0.59
Indonesia (IDN)	0.21
Ireland (IRE)	2.55
Italy (ITA)	3.18
Japan (JPN)	16.40
Korea (KOR)	0.87
Luxembourg (LUX)	0.70
Mexico (MEX)	0.60
Netherlands (The) (NET)	4.43
Norway (NOR)	0.63
Portugal (POR)	0.12
Russia (SUR)	0.18
Singapore (SIN)	0.45
Spain (SPA)	2.65
Sweden (SWE)	2.26
Switzerland (SWI)	4.24
United States (USA)	9.42
TOTAL PERCENTAGE	100.00%

See notes to financial statements.

DIVERSIFIED INVESTORS PORTFOLIOS

PORTFOLIOS OF INVESTMENTS

SUMMARY OF FOOTNOTES AND ABBREVIATIONS TO PORTFOLIOS

DECEMBER 31, 2004

Footnotes:

*   Non-income producing security.

(a) Variable rate security. The rate shown was in effect at December 31, 2004.

(b) Quarterly reset provision. The rate shown was in effect at December 31, 2004.

(c) Monthly reset provision. The rate shown was in effect at December 31, 2004.

(d) All or part of this security is on loan.

(e) Security is segregated as collateral for written options and/or short sales.

(f) Security is segregated as initial margin for futures contracts.

(g) Represents a zero coupon bond which will convert to an interest bearing security at a later date.

(h) Bond is in default.

(i) Principal amount shown for this debt security is denominated in New Zealand Dollars.

(j) Principal amount shown for this debt security is denominated in Euros.

(k) Principal amount shown for this debt security is denominated in Swedish Krona.

(l) Principal amount shown for this debt security is denominated in Mexican Pesos.

(m) Variable rate security. The interest rate is based on the credit rating of the issuer. The rate shown was in effect at December 31, 2004.

(n) Floating rate security. The interest rate is subject to change semi-annually based on the London Interbank Offered Rate ("LIBOR"). The rate shown was in effect at December 31, 2004.

(o) PIK ("Payment-In-Kind") bond. These bonds pay interest in the form of additional bonds.

(p) Issuer was in bankruptcy reorganization at the time of maturity. Recovery will be determined at the conclusion of the bankruptcy.

(q) Fair valued at December 31, 2004.

Abbreviations:

ADR American Depository Receipt.

FDR Foreign Depository Receipt.

GDR Global Depository Receipt.

TBA To be assigned. Securities are purchased on a forward commitment basis with approximate principal amount (generally +/- 1.0%) and general stated maturity date. The actual principal amount and maturity date will be determined upon settlement when the specific mortgage pools are assigned.

See notes to financial statements.

DIVERSIFIED INVESTORS PORTFOLIOS

PORTFOLIO COMPOSITION

DECEMBER 31, 2004

The following charts summarize the portfolio composition of each Series by asset type.

MONEY MARKET SERIES	
Commercial Paper	43.2%
Domestic Certificates of Deposit	4.3
Yankee Certificates of Deposit	16.3
Medium Term Corporate Notes	1.6
Short Term US Government Agency Securities	23.3
Short Term Corporate Notes	3.8
Repurchase Agreements	7.4
Other assets less liabilities	0.1
	100.0%
HIGH QUALITY BOND SERIES	
Corporate Bonds and Notes	76.4%
US Treasury Securities	3.4
US Government Agency Securities	16.4
Foreign Government Obligations	3.1
Securities Lending Collateral	3.6
Repurchase Agreements	0.1
Liabilities less other assets	(3.0)
	100.0%
INTERMEDIATE GOVERNMENT BOND SERIES	
US Treasury Securities	67.6%
US Government Agency Securities	27.6
Corporate Bonds and Notes	16.4
Securities Lending Collateral	25.0
Repurchase Agreements	2.4
Liabilities less other assets	(39.0)
	100.0%
CORE BOND SERIES	
US Treasury Securities	27.3%
US Government Agency Securities	43.3
Corporate Bonds and Notes	34.7
Municipal Bonds	0.1
Foreign Government Obligations	3.0
Preferred Corporate Bonds and Notes	0.1

Short Term Commercial Paper....................	0.7
Short Term US Treasury Securities..............	0.9
Securities Lending Collateral..................	21.6
Repurchase Agreements..........................	2.8
Securities Sold Short..........................	(10.1)
Liabilities less other assets..................	(24.4)

	100.0%
	=====
BALANCED SERIES	
Common Stocks..................................	63.6%
US Treasury Securities.........................	9.0
US Government Agency Securities................	16.1
BALANCED SERIES (CONTINUED)	
Corporate Bonds and Notes......................	12.0%
Municipal Bonds................................	0.1
Foreign Government Obligations.................	1.1
Short Term Commercial Paper....................	0.2
Securities Lending Collateral..................	5.9
Repurchase Agreements..........................	2.1
Securities Sold Short..........................	(3.5)
Liabilities less other assets..................	(6.6)

	100.0%
	=====
VALUE & INCOME SERIES	
Common Stocks..................................	97.4%
Securities Lending Collateral..................	4.0
Repurchase Agreements..........................	2.5
Liabilities less other assets..................	(3.9)

	100.0%
	=====
GROWTH & INCOME SERIES	
Common Stocks..................................	99.4%
Securities Lending Collateral..................	7.5
Short Term US Treasury Securities..............	0.0
Repurchase Agreements..........................	0.6
Liabilities less other assets..................	(7.5)

	100.0%
	=====
EQUITY GROWTH SERIES	
Common Stocks..................................	98.5%
Warrants.......................................	0.0
Securities Lending Collateral..................	8.9
Repurchase Agreements..........................	1.8
Liabilities less other assets..................	(9.2)

	100.0%
	=====
MID-CAP VALUE SERIES	
Common Stocks..................................	95.0%
Securities Lending Collateral..................	14.1
Repurchase Agreements..........................	5.5
Liabilities less other assets..................	(14.6)

	100.0%
	=====
MID-CAP GROWTH SERIES	
Common Stocks..................................	97.4%
Securities Lending Collateral..................	24.0
Repurchase Agreements..........................	2.4
Liabilities less other assets..................	(23.8)

	100.0%
	=====

</Table>

See notes to financial statements.

The following charts summarize the portfolio composition of each Series by asset type.

SMALL-CAP VALUE SERIES	
Common Stocks	99.3%
Securities Lending Collateral	12.8
Repurchase Agreements	0.8
Liabilities less other assets	(12.9)
	100.0%
SPECIAL EQUITY SERIES	
Common Stocks	97.0%
Securities Lending Collateral	13.9
Short Term US Treasury Securities	0.1
Repurchase Agreements	2.1
Liabilities less other assets	(13.1)
	100.0%
SMALL-CAP GROWTH SERIES	
Common Stocks	98.3%
Securities Lending Collateral	28.9
Repurchase Agreements	1.8
Liabilities less other assets	(29.0)
	100.0%
AGGRESSIVE EQUITY SERIES	
Common Stocks	99.7%
Securities Lending Collateral	10.6
Liabilities less other assets	(10.3)
	100.0%
HIGH YIELD BOND SERIES	
Corporate Bonds and Notes	91.5%
Common Stocks	0.8
Convertible Preferred Stocks	1.0
Warrants	0.1
Convertible Bonds	0.3
Repurchase Agreements	4.6
Other assets less liabilities	1.7
	100.0%
INTERNATIONAL EQUITY SERIES	
Common Stocks	97.5%
Securities Lending Collateral	9.1
Rights	0.0
Repurchase Agreements	1.1
Liabilities less other assets	(7.7)
	100.0%

See notes to financial statements.

DIVERSIFIED INVESTORS PORTFOLIOS

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND BUSINESS

Diversified Investors Portfolios (the "Series Portfolio"), a series trust organized on September 1, 1993, under the laws of the State of New York, is composed of sixteen different series that are, in effect, separate investment funds: the Money Market Portfolio, the High Quality Bond Portfolio, the Intermediate Government Bond Portfolio, the Core Bond Portfolio, the Balanced Portfolio, the Value & Income Portfolio, the Growth & Income Portfolio, the Equity Growth Portfolio, the Mid-Cap Value Portfolio, the Mid-Cap Growth Portfolio, the Small-Cap Value Portfolio, the Special Equity Portfolio, the Small-Cap Growth Portfolio, the Aggressive Equity Portfolio, the High Yield Bond Portfolio, and the International Equity Portfolio (each a "Series"). The Declaration of Trust permits the Board of Trustees to issue an unlimited number of beneficial interests in each Series. Investors in a Series (e.g., investment companies, insurance company separate accounts and common and commingled trust funds) will each be liable for all obligations of that Series (and of no other Series).

2. SIGNIFICANT ACCOUNTING POLICIES

A. SECURITY VALUATION:

Short-term securities having remaining maturities of 60 days or less are valued at amortized cost, which approximates value. The amortized cost of a security is determined by valuing it at original cost and thereafter amortizing any discount or premium at a constant rate until maturity. Equity securities are valued at the last sale price on the exchange on which they are primarily traded or at the bid price on the Nasdaq system for unlisted national market issues, or at the last quoted bid price for securities not reported on the Nasdaq system. Bonds are valued at the mean of the last available bid and asked prices by an independent pricing service. Futures and option contracts that are traded on commodities or securities exchanges are normally valued at the last settlement price on the exchange on which they are traded. When valuations are not readily available, securities will be valued at their fair value as determined by the Board of Trustees.

Trading in securities on most foreign exchanges and over-the-counter markets is normally completed before the close of the domestic market and may also take place on days when the domestic market is closed. Events or circumstances affecting the values of portfolio securities that occur between the closing of their principal markets and the time the net asset value is determined may be reflected in the calculation of net asset value when the investment advisor deems that the particular event or circumstance would materially affect its asset value. In accordance with procedures adopted by the Board of Trustees, the International Equity Series applies fair value pricing procedures on a daily basis for all non-U.S. and non-Canadian equity securities held in its portfolio by utilizing the quotations of an independent pricing service, unless the Series' investment advisor determines that use of another valuation methodology is appropriate.

B. REPURCHASE AGREEMENTS:

Each Series, along with other affiliated entities of the investment advisor, may enter into repurchase agreements with financial institutions deemed to be creditworthy by the Series' investment advisor, subject to the seller's agreement to repurchase and the Series' agreement to resell such securities at a mutually agreed upon price. Securities purchased subject to repurchase agreements are segregated at the custodian and, pursuant to the terms of the repurchase agreements, must have an aggregate market value greater than or equal to 102% for domestic securities and 105% for international securities of the repurchase price at all times. If the value of the underlying securities falls below the value of the repurchase price, the Series will require the seller to deposit additional collateral by the next business day. If the request for additional collateral is not met or the seller defaults on its repurchase obligation, the Series maintains the right to sell the underlying securities at market value and may claim any resulting loss against the seller. However, in the event of default or bankruptcy by the seller, realization and/or retention of the collateral may be subject to legal proceedings.

C. FOREIGN CURRENCY TRANSLATION:

The accounting records of each Series are maintained in US dollars. The market values of foreign securities, currency holdings and other assets and liabilities denominated in a foreign currency are translated to US dollars based on the prevailing exchange rates each business day. Income, expenses, purchases and sales of investment securities denominated in foreign currencies are translated at prevailing exchange rates when accrued or incurred.

Each Series does not isolate realized gains and losses attributable to changes in exchange rates from gains and losses that arise from changes in the market value of investments. Such fluctuations are included with net realized and unrealized gains or losses on securities. Net realized gains and losses on foreign currency transactions represent net foreign exchange gains and losses on disposition of foreign currencies and foreign currency forward contracts, and the difference between the amount of investment income receivable and foreign withholding taxes payable recorded on each Series' books and the US dollar equivalent of amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities (other than investments in securities) and foreign currency forward contracts, resulting from changes in the prevailing exchange rates.

D. FOREIGN CURRENCY FORWARD CONTRACTS:

Each Series, with the exception of the Money Market Series, may enter into foreign currency forward contracts and forward cross currency contracts in connection with settling planned purchases or sales of securities or to hedge the currency exposure associated with some or all of the Series' portfolio securities. A foreign currency forward contract is an agreement between two parties to buy and sell a currency at a set price on a future date. The market value of a foreign currency forward contract fluctuates with changes in forward currency exchange rates. Foreign currency forward contracts are marked to market daily and the change in value is recorded by the Series as an unrealized foreign exchange gain or loss. When a foreign currency forward contract is extinguished, through delivery or by entering into another offsetting foreign currency forward contract, the Series records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value of the contract at the time it was extinguished. These contracts may involve market risk in excess of the unrealized gain or loss reflected in the Series' Statement of Assets and Liabilities and Statement of Operations. In addition, the Series could be exposed to risk if the counterparties are unable to meet the terms of the contracts or if the value of the currency changes unfavorably to the US dollar.

As of December 31, 2004, the Series had outstanding foreign currency forward contracts as listed in Note 10.

E. WRITTEN OPTIONS:

Each Series, with the exception of the Money Market Series, may write options. When a Series writes an option, an amount equal to the premium received by the Series is included in the Series' Statement of Assets and Liabilities as an asset and corresponding liability. The amount of the liability is adjusted daily to reflect the current market value of the written option and the change is recorded in a corresponding unrealized gain or loss account. When a written option expires on its stipulated expiration date, or when a closing transaction is entered into, the related liability is extinguished and

DIVERSIFIED INVESTORS PORTFOLIOS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the Series realizes a gain or loss contingent on whether the cost of the closing transaction exceeds the premium received when the option was written.

As of December 31, 2004, none of the Series had written options contracts outstanding.

Transactions in options written for the year ended December 31, 2004 were as follows:

	CORE BOND		BALANCED	
	NUMBER OF CONTRACTS	PREMIUMS	NUMBER OF CONTRACTS	PREMIUMS
Call options outstanding at December 31, 2003	--	$ --	--	$ --
Call options written	11,600,175	186,032	1,200,016	18,065
Call options terminated in closing purchase transactions	(11,600,175)	(186,032)	(1,200,016)	(18,065)
Call options expired	--	--	--	--
Call options outstanding at December 31, 2004	--	$ --	--	$ --
Put options outstanding at December 31, 2003	9,625,278	$ 444,723	1,050,030	$ 48,164
Put options written	793	867,505	78	84,094
Put options terminated in closing purchase transactions	(9,626,071)	(1,312,228)	(1,050,108)	(132,258)
Put options expired	--	--	--	--
Put options outstanding at December 31, 2004	--	$ --	--	$ --

F. FUTURES CONTRACTS:

Each Series may invest in futures contracts solely for the purpose of hedging its existing portfolio securities, or securities that the Series intends to purchase, against fluctuations in market value caused by changes in prevailing market or interest rates. During the period the futures contract is open, changes in the value of the contract are recognized as unrealized gains or losses by "marking to market" on a daily basis to reflect the daily market value of the contract.

Variation margin payments are received or made by each Series each day, depending upon the daily fluctuations in the fair value of the underlying instrument. Each Series recognizes an unrealized gain or loss equal to the daily variation margin. When the contract is closed, the Series records a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the basis in the contract.

Should market conditions move unexpectedly, the Series may not achieve the anticipated benefits of the futures contracts and may realize a loss. The use of futures transactions involves the risk of imperfect correlation in movements in the price of futures contracts, interest rates, and the underlying hedged assets. These contracts may involve market risk in excess of the unrealized gains or loss reflected in the Series' Statement of Assets and Liabilities.

Use of long futures contracts subjects the Series to risk of loss in excess of amounts shown on the Statement of Assets and Liabilities up to the notional value of the futures contracts. Use of short futures contracts subjects the Series to unlimited risk of loss. The Series may enter into futures contracts only on exchanges or boards of trade. The exchange or board of trade acts as the counterparty to each futures transaction; therefore, the Series' credit risk is limited to failure of the exchange or board of trade.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Open futures contracts as of December 31, 2004:

SERIES	NUMBER OF CONTRACTS	DESCRIPTION	EXPIRATION DATE	VALUE AS OF DECEMBER 31, 2004	NET UNREALIZED APPRECIATION/ (DEPRECIATION)
Core Bond..........	283 Long	US Long Bond Future	March 2005	$ 31,837,500	$ 245,885
	1,217 Short	US Treasury Notes 5 Year Future	March 2005	133,299,531	(62,542)
	426 Short	US Treasury Notes 10 Year Future	March 2005	47,685,375	(108,564)
					$ 74,779
Balanced..........	79 Long	US Long Bond Future	March 2005	$ 8,887,500	$ 133,179
	115 Short	US Treasury Notes 5 Year Future	March 2005	12,596,094	1,174
	41 Short	US Treasury Notes 10 Year Future	March 2005	4,589,438	(8,911)
					$ 125,442
Growth & Income....	10 Long	S&P 500 Future	March 2005	$ 606,875	$ 4,480
Special Equity.....	8 Long	Russell 2000 Future	March 2005	$ 2,615,800	$ 39,935

G. SHORT SALES:

Each Series, with the exception of the Money Market Series, may sell securities short. A short sale is a transaction in which the Series sells securities it does not own, but has borrowed, in anticipation of a decline in the market price of the securities. The Series is obligated to replace the borrowed securities at the market price at the time of replacement. The Series' obligation to replace the securities borrowed in connection with a short sale will be fully secured by collateral deposited with the custodian. In addition, the Series will consider the short sale to be a borrowing by the Series that is subject to the asset coverage requirements of the Investment Company Act of 1940, as amended. Short sales by the Series involve certain risks and special considerations. Possible losses from short sales differ from losses that could be incurred from a purchase of a security because losses from short sales may be unlimited, whereas losses from purchases cannot exceed the total amount invested. During the year ended December 31, 2004, the Core Bond Series and the Balanced Series had short sales.

H. DOLLAR ROLLS:

Each Series, with the exception of the Money Market Series, may enter into dollar rolls (principally using TBA's) in which the Series sell mortgage securities for delivery in the current month and simultaneously contract to repurchase similar, but not identical, securities at an agreed-upon price on a fixed date. The Series account for such dollar rolls as purchases and sales and receive compensation as consideration for entering into the commitment to repurchase. The Series must maintain liquid securities having a value not less than the repurchase price (including accrued interest) for such dollar rolls. The market value of the securities that the Series are required to purchase may decline below the agreed upon repurchase price of those securities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. FEDERAL INCOME TAXES:

It is the Series' intention to comply with the applicable provisions of the Internal Revenue Code. Therefore, no federal income tax provision is required.

J. SECURITY TRANSACTIONS AND INVESTMENT INCOME:

Security transactions are accounted for on a trade date basis (the date the order to buy or sell is executed). Dividend income less foreign taxes withheld, if any, is recorded on the ex-dividend date. Interest income is recorded on the accrual basis and includes amortization of premiums and accretion of discounts on investments. Realized gains and losses from securities transactions are recorded on the identified cost basis.

Purchases of TBA, when-issued or delayed delivery securities may be settled a month or more after the trade date. Interest income is not accrued until settlement date.

All of the net investment income and realized and unrealized gains and losses from security transactions are determined on each valuation day and allocated pro rata among the investors in a Series at the time of such determination.

K. OPERATING EXPENSES:

The Series Portfolio accounts separately for the assets, liabilities and operations of each Series. Expenses directly attributable to a Series are charged to that Series, while expenses attributable to all Series are allocated among the series based on their relative net assets, or another methodology that is appropriate based on the circumstances.

L. OTHER:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

3. FEES AND TRANSACTIONS WITH AFFILIATES

Transamerica Financial Life Insurance Company, Inc. ("TFLIC"), a wholly-owned subsidiary of AEGON USA, Inc. ("AEGON"), is an affiliate of Diversified Investment Advisors, Inc. (the "Advisor"). The Advisor is an indirect, wholly-owned subsidiary of AEGON, a financial services holding company whose primary emphasis is life and health insurance and annuity and investment products. AEGON is an indirect, wholly-owned subsidiary of AEGON N.V., a corporation based in The Netherlands which is a publicly traded international insurance group. TFLIC has sub-accounts which invest in the corresponding Series Portfolios as follows:

TFLIC SUB-ACCOUNT	INVESTMENT IN PORTFOLIO
Money Market	10.42%
High Quality Bond	13.82
Intermediate Government Bond	22.14
Core Bond	11.07
Balanced	35.80
Value & Income	25.44

3. FEES AND TRANSACTIONS WITH AFFILIATES (CONTINUED)

TFLIC SUB-ACCOUNT	INVESTMENT IN PORTFOLIO
Growth & Income	26.24%
Equity Growth	20.72
Mid-Cap Value	04.33
Mid-Cap Growth	00.32
Small-Cap Value	00.04
Special Equity	29.72
Small-Cap Growth	00.00
Aggressive Equity	24.39
High Yield Bond	08.89
International Equity	14.10

The Advisor manages the assets of each Series of the Series Portfolio pursuant to an Investment Advisory Agreement with the Series Portfolio. Subject to such further policies as the Board of Trustees may determine, the Advisor provides general investment advice to each Series. For its services, the Advisor receives from each Series fees, accrued daily and payable monthly, at an annual rate equal to the percentages specified in the table below of the corresponding Series' average daily net assets. The Advisor is currently waiving a portion of its investment advisory fees for certain Series.

For each Series, the Advisor has entered into Investment Subadvisory Agreements with the subadvisors listed in the table below (each a "Subadvisor", collectively the "Subadvisors"). It is the responsibility of each Subadvisor to make the day-to-day investment decisions of the Series and to place the purchase and sales orders for securities transactions of such Series, subject in all cases to the general supervision of the Advisor. Payment of fees to the Subadvisors is the responsibility of the Advisor, and is not an additional expense of a Series.

For its services, the Advisor receives a fee from each Series, and the Subadvisors receive a fee from the Advisor, at an annual rate equal to the percentages specified in the table below of the portion of the corresponding Series' average daily net assets which they subadvise.

3. FEES AND TRANSACTIONS WITH AFFILIATES (CONTINUED)

PORTFOLIO SERIES	PORTFOLIO SUBADVISOR	ADVISOR FEE (%)	SUBADVISOR FEE (%)
Money Market Series	GE Asset Management, Inc.*	0.25	0.05
High Quality Bond Series	Merganser Capital Management LP	0.35	(2)
Intermediate Government Bond Series	(3)	0.35(1)	(4)
Core Bond Series	BlackRock Advisors, Inc.	0.35	(5)
Balanced Series	(6)	0.45(1)	(7)
Value & Income Series	(8)	0.45	(9)
Growth & Income Series	(10)	0.60	(11)
Equity Growth Series	(12)	0.62	(13)
Mid-Cap Value Series	Cramer, Rosenthal, McGlynn LLC	0.67(1)	(14)
Mid-Cap Growth Series	Columbus Circle Investors**	0.72(1)	(15)
Small-Cap Value Series	Sterling Capital Management LLC	0.82(1)	0.50
Special Equity Series	(16)	0.80	(17)
Small-Cap Growth Series	Delaware Management Company	0.87(1)	0.50
Aggressive Equity Series	Turner Investment Partners, Inc.***	0.77(1)****	(18)
High-Yield Bond Series	Eaton Vance Management	0.55(1)	(19)
International Equity Series	(20)	0.75	(21)

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* Effective June 18, 2004, GE Asset Management, Inc. replaced Capital Management Group.

** Effective August 27, 2004, Columbus Circle Investors replaced Dresdner RCM Global Investors LLC.

*** Effective September 21, 2004, Turner Investment Partners, Inc. replaced McKinley Capital Management, Inc.

**** For the period January 1, 2004 to September 23, 2004, the Advisor fee was 0.97%.

(1) The Advisor is currently voluntarily waiving a portion of its fee.

(2) 0.20% on the first $100,000,000 in average daily net assets, 0.15% on the next $100,000,000 in average daily net assets, 0.10% on the next $100,000,000 in average daily net assets and 0.05% on all average daily net assets in excess of $300,000,000.

(3) The Intermediate Government Bond Series has two subadvisors: Allegiance Investment Management, LLC and Stephens Capital Management.

During the year ended December 31, 2004, the Intermediate Government Bond Series executed $370,672 of purchase transactions and $1,696,416 of sales transactions through Stephens Inc., an affiliate of the Portfolio's subadvisor. Commissions paid for such transactions amounted to $625.

(4) Allegiance Investment Management, LLC received 0.35% on the first $20,000,000 in average daily net assets, 0.25% on the next $30,000,000 in average daily net assets, 0.20% on the next $50,000,000 in average daily net assets and 0.05% on all average daily net assets in excess of $100,000,000. Stephens Capital Management received 0.10% on all average daily net assets.

(5) The market values of the fixed income securities of the Core Bond Series and Balanced Series were combined to determine the fee at the rate of 0.12% on the first $1,000,000,000 in average daily net assets and 0.05% on all average daily net assets in excess of $1,000,000,000.

(6) The Balanced Series has two subadvisors: Aeltus Investment Management, Inc. and BlackRock Advisors, Inc. for equity and fixed income securities, respectively.

(7) Aeltus Investment Management, Inc. received 0.15% on the first $300,000,000 in average daily net assets, 0.125% on the next $700,000,000 in average daily net assets and 0.10% on all average daily

3. FEES AND TRANSACTIONS WITH AFFILIATES (CONTINUED)

net assets in excess of $1,000,000,000. BlackRock Advisors, Inc. received 0.12% on the first $1,000,000,000 in average daily net assets and 0.05% on all average daily net assets in excess of $1,000,000,000 on the combined market values of the fixed income securities of the Core Bond Series and Balanced Series.

(8) The Value & Income Series has two subadvisors: Alliance Capital Management LP and AllianceBernstein.

During the year ended December 31, 2004, the Value & Income Series executed $520,246,721 of purchase transactions and $430,265,555 of sales transactions through Sanford C. Bernstein & Co. LLC, an affiliate of Alliance Capital Management LP and AllianceBernstein. Commissions paid for such transactions amounted to $1,356,078.

(9) Alliance Capital Management LP received 0.27% on the first $300,000,000 in average daily net assets, 0.15% on the next $700,000,000 in average daily net assets, 0.12% on the next $1,000,000,000 in average daily net assets and 0.11% on all average daily net assets in excess of $2,000,000,000. AllianceBernstein received 0.27% on the first $300,000,000 in average daily net assets, 0.16% on the next $700,000,000 in average daily net assets and 0.13% on all average daily net assets in excess of $1,000,000,000.

(10) The Growth & Income Series has three subadvisors: Effective May 4, 2004, Ark Asset Management Company, Inc., Goldman Sachs Asset Management, LP and Aronson + Johnson + Ortiz, LP replaced Aeltus Investment Management, Inc. and Credit Suisse Asset Management.

During the year ended December 31, 2004, the Growth & Income Series executed $43,672,966 of purchase transactions and $45,413,667 of sales transactions through Goldman Sachs Company, an affiliate of Goldman Sachs Asset Management, LP. Commissions paid for such transactions amounted to $49,542.

During the year ended December 31, 2004, the Growth & Income Series executed $91,609 of purchase transactions and $3,955,539 of sales transactions through Spear, Leeds & Kellogg, an affiliate of Goldman Sachs Asset Management, LP. Commissions paid for such transactions amounted to $2,018.

During the year ended December 31, 2004, the Growth & Income Series executed $121,045 of purchase transactions through Wave Securities LLC, an affiliate of Goldman Sachs Asset Management, LP. Commissions paid for such transactions amounted to $65.

(11) For the period January 1, 2004 to May 4, 2004, Aeltus Investment Management, Inc. received 0.15% on the first $300,000,000 in average daily net assets, 0.125% on the next $700,000,000 in average daily net assets and 0.10% on all average daily net assets in excess of $1,000,000,000. For the period January 1, 2004 to May 4, 2004, Credit Suisse Asset Management received 0.30% on the first $100,000,000 in average daily net assets, 0.20% on the next $200,000,000 in average daily net assets, 0.15% on the next $200,000,000 in average daily net assets and 0.10% on all average daily net assets in excess of $500,000,000. For the period May 5, 2004 to December 31, 2004, Ark Asset Management, Inc. received 0.20% on the first $750,000,000 in average daily net assets, 0.18% on the next $250,000,000 in average daily net assets and 0.15% on all average daily net assets in excess of $1,000,000,000. For the period May 5, 2004 to December 31, 2004, Goldman Sachs Asset Management, LP received 0.14% on the first $500,000,000 in average daily net assets, 0.12% on the next $1,000,000,000 in average daily net assets and 0.10% on all average daily net assets in excess of $1,500,000,000. For the period May 5, 2004 to December 31, 2004, Aronson + Johnson + Ortiz, LP received 0.30% on the first $250,000,000 in average daily net assets, 0.20% on the next $250,000,000 in average daily net assets and 0.15% on all average daily net assets in excess of $500,000,000. If assets are less than $100,000,000, then Aronson + Johnson + Ortiz, LP will receive

3. FEES AND TRANSACTIONS WITH AFFILIATES (CONTINUED)

0.55% on the first $50,000,000 in average daily net assets and 0.35% on all average daily net assets in excess of $50,000,000.

(12) The Equity Growth Series has two subadvisors: Ark Asset Management Company, Inc. and Marsico Capital Management LLC. Effective September 22, 2004, the

third subadvisor, Dresdner RCM Global Investors, LLC was terminated.

During the year ended December 31, 2004, the Equity Growth Series executed $16,664,388 of purchase transactions and $3,417,211 of sales transactions through Bank of America International, an affiliate of Marsico Capital Management LLC. Commissions paid for such transactions amounted to $24,051.

(13) For the period January 1, 2004 to September 23, 2004, Dresdner RCM Global Investors, LLC received 0.22% on the first $700,000,000 in average daily net assets and 0.15% on all average daily net assets in excess of $700,000,000. Ark Asset Management Company, Inc. received 0.20% of all average daily net assets. Marsico Capital Management LLC received 0.30% on the first $1,000,000,000 in average daily net assets and 0.25% on all average daily net assets in excess of $1,000,000,000. If assets are greater than $2,000,000,000, then Marsico Capital Management LLC will receive 0.27% on all average daily net assets.

(14) 0.70% on the first $25,000,000 in average daily net assets, 0.40% on the next $25,000,000 in average daily net assets, 0.35% on the next $50,000,000 in average daily net assets, 0.25% on the next $200,000,000 in average daily net assets and 0.20% on all average daily net assets in excess of $300,000,000.

(15) For the period January 1, 2004 to August 26, 2004, Dresdner RCM Global Investors, LLC received 0.82% on the first $25,000,000 in average daily net assets, 0.46% on the next $25,000,000 in average daily net assets, 0.35% on the next $50,000,000 in average daily net assets and 0.23% on all average daily net assets in excess of $100,000,000. For the period August 27, 2004 to December 31, 2004, Columbus Circle Investors received 0.40% on the first $135,000,000 in average daily net assets and 0.35% on all average daily net assets in excess of $135,000,000.

(16) The Special Equity Series has five subadvisors: EARNEST Partners, LLC, Wellington Management Company LLP, RS Investments Management LP, Seneca Capital Management LLC and INVESCO, Inc. Effective December 16, 2004, EARNEST Partners, LLC replaced Westport Asset Management, Inc.

(17) Wellington Management Company LLP received 0.45% on the first $200,000,000 of average daily net assets and 0.375% on average daily net assets in excess of $200,000,000. For the period January 1, 2004 to December 15, 2004, Westport Asset Management, Inc. received 0.50% of all average daily net assets. For the period December 16, 2004 to December 31, 2004, EARNEST Partners LLC received 0.50% of all average daily net assets. RS Investments Management LP received 0.50% on the first $100,000,000 in average daily net assets and 0.40% on all average daily net assets in excess of $100,000,000. Seneca Capital Management LLC received 0.43% on the first $200,000,000 in average daily net assets and 0.33% on all average daily net assets in excess of $200,000,000. INVESCO, Inc. received 0.55% on the first $100,000,000 in average daily net assets, 0.45% on the next $100,000,000 in average daily net assets, 0.30% on the next $100,000,000 in average daily net assets and 0.20% on all average daily net assets in excess of $300,000,000.

(18) For the period January 1, 2004 to September 20, 2004, McKinley Capital Management, Inc. received 45% on the first $100,000,000 in average daily net assets, 0.35% on the next $200,000,000 in average daily net assets and 0.25% on all average daily net assets in excess of $300,000,000. For the period September 21, 2004 to December 31, 2004, Turner Investment Partners, Inc. received 0.35% on the first $100,000,000 in average daily net assets, 0.30% on the next $200,000,000 in

average daily net assets, 0.25% on the next $200,000,000 in average daily net assets and 0.20% on all average daily net assets in excess of $500,000,000.

(19) 0.35% on the first $20,000,000 in average daily net assets, 0.25% on the next $20,000,000 in average daily net assets, 0.20% on the next $85,000,000 in average daily net assets and 0.15% on all average daily net assets in excess of $125,000,000.

(20) The International Equity Series has two subadvisors: LSV Asset Management and Wellington Management Company LLP. Effective March 18, 2004, LSV Asset Management and Wellington Management Company LLP replaced Capital Guardian Trust Company.

(21) For the period January 1, 2004 to March 17, 2004, Capital Guardian Trust Company received 0.75% on the first $25,000,000 in average daily net assets, 0.60% on the next $25,000,000 in average daily net assets, 0.425% on the next $200,000,000 in average daily net assets and 0.375% on all average daily net assets in excess of $250,000,000. The following fee discount was applied on the total eligible equity, convertible and balanced assets managed: Assets between $500,000,000 and $750,000,000 have a 5% fee reduction; assets between $750,000,000 and $1,000,000,000 have a 7.5% fee reduction and assets above $1,000,000,000 have a 10% fee reduction. For the period March 18, 2004 to December 31, 2004, LSV Asset Management received 0.45% on the first $100,000,000 in average daily net assets, 0.40% on the next $100,000,000 in average daily net assets, 0.37% on the next $400,000,000 in average daily net assets, 0.35% on the next $200,000,000 in average daily net assets and 0.33% on all average daily net assets in excess of $800,000,000. For the period March 18, 2004 to December 31, 2004, Wellington Management Company LLP received 0.375% on the first $400,000,000 in average daily net assets, 0.35% on the next $600,000,000 in average daily net assets and 0.325% on all average daily net assets in excess of $1,000,000,000.

For the year ended December 31, 2004, the Advisor has voluntarily undertaken to waive fees to the extent the expenses of a Series exceed the following expense caps (as a proportion of average daily net assets):

<Table>
<Caption>

FUND	EXPENSE CAP
Money Market Series	30 basis points (b.p.)
High Quality Bond Series	40 b.p.
Intermediate Government Bond Series	40 b.p.
Core Bond Series	40 b.p.
Balanced Series	50 b.p.
Value & Income Series	50 b.p.
Growth & Income Series	65 b.p.
Equity Growth Series	65 b.p.
Mid-Cap Value Series	70 b.p.
Mid-Cap Growth Series	75 b.p.
Small-Cap Value Series	85 b.p.
Special Equity Series	85 b.p.
Small-Cap Growth Series	90 b.p.
Aggressive Equity Series	80 b.p.*
High Yield Bond Series	60 b.p.
International Equity Series	90 b.p.

</Table>

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* For the period January 1, 2004 to September 23, 2004, the expense cap was 100 b.p.

Certain trustees and officers of the Series Portfolio and of the funds that invest in the Series Portfolio are also directors, officers or employees of the Advisor or its affiliates. None of the non-

3. FEES AND TRANSACTIONS WITH AFFILIATES (CONTINUED)

independent trustees so affiliated receive compensation for services as trustees of the Series Portfolio or the funds that invest in the Series Portfolio. Similarly, none of the Series Portfolio officers receive compensation from the Series Portfolio. Aggregate remuneration earned by non-affiliated trustees of the Series Portfolio from the Series Portfolio for the year ended December 31, 2004 amounted to $66,087.

4. SECURITIES LENDING

All Series may lend its securities to certain member firms of the New York Stock Exchange. The loans are collateralized at all times with cash or securities with a market value at least 102% of the market value of the securities on loan. Any deficiencies or excess of collateral must be delivered or transferred by the member firms no later than the close of business on the next business day. As with other extensions of credit, the Series may bear the risk of delay in recovery or even loss of rights in the collateral should the borrower of the securities fail financially.

Each Series receives compensation, net of related expenses, for lending its securities which is reported on the Statements of Operations. The reported compensation includes interest income on short term investments purchased with cash collateral received. At December 31, 2004, the Series loaned securities having market values as follows:

<Table>
<Caption>

<S>	MARKET VALUE <C>	CASH COLLATERAL RECEIVED <C>
High Quality Bond Series	$ 23,974,692	$ 24,475,000
Intermediate Government Bond Series	62,908,746	64,248,067
Core Bond Series	349,712,770	357,709,666
Balanced Series	24,076,226	24,760,913
Value & Income Series	104,493,829	108,351,744
Growth & Income Series	81,557,775	85,014,118
Equity Growth Series	195,850,405	203,440,449
Mid-Cap Value Series	56,892,110	58,613,178
Mid-Cap Growth Series	48,526,678	50,393,267
Small-Cap Value Series	21,217,862	22,031,456
Special Equity Series	164,266,229	171,006,787
Small-Cap Growth Series	30,242,966	31,366,433
Aggressive Equity Series	40,844,573	42,298,930
International Equity Series	120,660,011	127,122,222

</Table>

The cash collateral received by each Series was pooled and at December 31, 2004 was invested in the following securities:

<Table>

<S>	<C>
Bank of America Corp., Floating Rate Note, 2.27%(1), 01/18/05	

Bank of America Corp., Floating Rate Note, 2.26%(1), 02/15/05
Bank of Montreal, Time Deposit, 2.26%, 01/28/05
Bank of Nova Scotia, Time Deposit, 2.33%, 01/13/05
Bank of Nova Scotia, Time Deposit, 2.33%, 01/24/05
Bank of Nova Scotia, Time Deposit, 2.32%, 02/08/05
Barclays Global Investors Money Market Fund -- Institutional Shares
BNP Paribas, Time Deposit, 2.30%, 02/01/05
BNP Paribas, Time Deposit, 2.30%, 02/23/05
Calyon, Time Deposit, 2.27%, 01/20/05
</Table>

4. SECURITIES LENDING (CONTINUED)

<Table>
<S> <C>
Calyon, Time Deposit, 2.34%, 02/02/05
Calyon, Time Deposit, 2.44%, 03/16/05
Canadian Imperial Bank of Commerce, Floating Rate Note, 2.02%(1), 11/04/05
Citigroup, Inc. Time Deposit, 2.06%, 01/25/05
Credit Suisse First Boston Corp., Floating Rate Note, 2.33%(1), 09/09/05
Den Danske Bank, Time Deposit, 2.26%, 01/20/05
Dexia Bank, Time Deposit, 2.04%, 01/21/05
Dreyfus Cash Management Plus Fund -- Institutional Shares
Freddie Mac, US Government Agency Discount Note, 2.28%(2), 02/01/05
General Electric Capital Corp., Commercial Paper, 2.29%(2), 01/10/05
General Electric Capital Corp., Commercial Paper, 2.29%(2), 01/21/05
General Electric Capital Corp., Commercial Paper, 2.25%(2), 02/01/05
Goldman Sachs Financial Square Prime Obligations Fund -- Institutional Shares
Goldman Sachs Group, Inc., Floating Rate Note, 2.33%(1), 01/27/05
Goldman Sachs Group, Inc., Floating Rate Note, 2.34%(1), 03/29/05
Harris Trust & Savings Bank, Time Deposit, 2.23%, 01/03/05
Lloyds TSB Bank, Time Deposit, 2.28%, 02/02/05
Merrill Lynch Premier Institutional Fund -- Institutional Shares
Merrimac Cash Fund -- Premium Class
Morgan Stanley, Floating Rate Commercial Paper, 2.39%(1), 06/05/05
Morgan Stanley, Floating Rate Commercial Paper, 2.39%(1), 07/19/05
Royal Bank of Canada, Time Deposit, 2.25%, 01/19/05
Royal Bank of Canada, Time Deposit, 2.26%, 02/01/05
Royal Bank of Scotland, Time Deposit, 2.01%, 01/20/05
Royal Bank of Scotland, Time Deposit, 2.02%, 01/21/05
Royal Bank of Scotland, Time Deposit, 2.27%, 02/02/05
Svenska Handelsbanken, New York, Time Deposit, 2.25%, 01/10/05
The Bear Stearns Companies, Inc., Floating Rate Note, 2.45%(1), 06/05/05
The Bear Stearns Companies, Inc., Floating Rate Note, 2.45%(1), 09/08/05
Toronto Dominion Bank, Time Deposit, 2.42%, 03/01/05
Wells Fargo Bank, Time Deposit, 2.32%, 01/14/05
</Table>

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(1) Variable rate security. The rate shown was in effect at December 31, 2004.

(2) Represents yield to maturity at time of purchase.

Information pertaining to the investment of the cash collateral is shown on the Series' Portfolio of Investments.

5. PURCHASES AND SALES OF INVESTMENTS

The aggregate cost of investments purchased and proceeds from sales or maturities (excluding short-term securities) for the year ended December 31, 2004 were as follows:

		COST OF PURCHASES	PROCEEDS FROM SALES
High Quality Bond Series.............	Government Obligations	$ 126,006,380	$ 82,084,425
	Other	301,487,334	230,905,553
Intermediate Government Bond Series...	Government Obligations	1,486,752,661	1,435,241,541
	Other	50,028,213	90,558,517
Core Bond Series.....................	Government Obligations	13,040,591,255	12,682,493,110
	Other	972,266,984	1,000,006,684
Balanced Series......................	Government Obligations	1,155,881,776	1,128,940,993
	Other	267,168,809	322,143,570
Value & Income Series................	Other	1,266,327,595	1,026,332,876
Growth & Income Series...............	Other	1,940,368,092	1,960,453,610
Equity Growth Series.................	Other	2,768,331,582	2,600,896,047
Mid-Cap Value Series.................	Other	534,084,070	414,858,245
Mid-Cap Growth Series................	Other	426,921,301	406,458,366
Small-Cap Value Series...............	Other	102,907,717	57,136,725
Special Equity Series................	Other	1,278,890,895	1,444,778,369
Small-Cap Growth Series..............	Other	94,631,660	78,461,609
Aggressive Equity Series.............	Other	920,241,917	939,620,234
High Yield Bond Series...............	Other	291,830,050	230,886,598
International Equity Series..........	Other	2,132,546,125	1,952,609,860

6. LEGAL AND REGULATORY MATTERS

On December 12, 2003, the Series Portfolio received a copy of a complaint (the "Complaint") filed in the United States Bankruptcy Court for the Southern District of New York styled Enron Corp. v. J. P. Morgan Securities, Inc. et al. The Complaint names as defendants the Intermediate Government Bond Portfolio and the Value & Income Portfolio (the "Subject Portfolios") and alleges that Enron Corp. ("Enron") transferred to the defendants, including the Subject Portfolios, over $1 billion in the aggregate for the purpose of prepaying certain commercial paper issued by Enron (the "Notes") and held by the defendants prior to the filing by Enron for bankruptcy protection under Chapter 11 of Title 11 of the Bankruptcy Code (the "Bankruptcy Code"). The Complaint seeks to hold the defendants, including the Subject Portfolios, liable for these transfers as preferential transfers or as fraudulent transfers under the Bankruptcy Code. Although the Complaint does not specify the amount of each transfer in dispute, it appears that the sale by the Intermediate Government Bond Portfolio of approximately $2.4 million of the Notes on or about October 30, 2001 and the sale by the Value & Income Portfolio of approximately $10.3 million of the Notes on or about October 30, 2001 are in dispute. The Subject Portfolios joined other defendants in moving to dismiss all counts of the Complaint in 2004. The motion was heard in September 2004. As of February 15, 2005, no ruling had yet been issued. If the motion to dismiss is denied in whole or in part, the suit may proceed to the active discovery phase, but that has not yet occurred. The

Subject Portfolios and their counsel have reviewed the Subject Portfolios' records concerning the factual background of the allegations in the Complaint, defenses to the allegations in the Complaint and whether third parties might be partially or wholly liable to the Subject Portfolios for any loss sustained in connection with the Complaint. Only limited formal discovery has taken place. The Subject Portfolios are not in a position to predict the likelihood that Enron would prevail, in whole or in part, in its claims

6. LEGAL AND REGULATORY MATTERS (CONTINUED)

against the Subject Portfolios and whether, in such event, any third party might be liable to the Subject Portfolios.

SUBSEQUENT EVENTS

Diversified Investors Securities Corp. ("DISC") is the distributor for each of the Series and a subsidiary of the Series Portfolio's investment advisor, Diversified Investment Advisors, Inc. ("DIA").

On February 18, 2005, DISC was notified by NASD staff that it had made a preliminary determination to recommend disciplinary action against DISC based on claims of alleged market timing activity in the Diversified Investors International Equity Fund and the Diversified Institutional International Equity Fund (collectively, the "International Equity Funds") between July 1, 2003 and October 31, 2003. NASD staff contends that DISC facilitated certain shareholders' trading in the International Equity Funds in contravention of prospectus provisions that took effect on or about July 1, 2003, and otherwise violated NASD rules. NASD staff also has alleged that DISC violated certain record retention rules relating to email communications.

Like many U.S. financial services companies, DISC and DIA have responded to requests for information from various governmental and self-regulatory agencies in connection with investigations related to mutual fund trading activities. DISC and DIA have cooperated fully with each request.

Although it is not anticipated that these developments will have an adverse effect on the Series Portfolio, there can be no assurance at this time.

7. PROXY VOTING POLICIES AND PROCEDURES

A description of the Series Portfolio's proxy voting policies and procedures is included in the Statement of Additional Information ("SAI"), which is available without charge, upon request: (i) by calling 1-800-755-5803; (ii) on the Series Portfolio's website at www.divinvest.com (Click on the icon for Sponsors, then click on the icon for Corporate, then click on Investments) or (iii) on the SEC's website at www.sec.gov. In addition, the Series is required to file Form N-PX, with its complete proxy voting record for the twelve months ended June 30, no later than August 31 of each year. The Series' filing for the twelve months ended June 30, 2004, is available without charge, upon request: (i) by calling 1-800-755-5803; (ii) on the Series Portfolio's website at www.divinvest.com (Click on the icon for Sponsors, then click on the icon for Corporate, then click on Investments) or (iii) on the SEC's website at www.sec.gov.

8. QUARTERLY PORTFOLIOS

The Series Portfolio will file its portfolios of investments for the first and third quarters (March 31 and September 30, respectively) with the SEC by May 30 and November 29, respectively, each year on Form N-Q. The Series Portfolio's

Form N-Q is available on the SEC's website at www.sec.gov. You may also obtain a copy of Form N-Q without charge, upon request, by calling 1-800-755-5803.

9. CONCENTRATIONS AND INDEMNIFICATIONS

The Series may have elements of risk not typically associated with investments in the United States of America due to concentrated investments in a limited number of countries or regions, which may vary throughout the year. Such concentrations may subject the Series to additional risks resulting from political or economic conditions in such countries or regions and the possible imposition of adverse governmental laws or currency exchange restrictions could cause the securities and their markets to be less liquid and their prices more volatile than those of comparable US securities.

9. CONCENTRATIONS AND INDEMNIFICATIONS (CONTINUED)

As of December 31, 2004, the Mid-Cap Value Series and High Yield Bond Series invested approximately 15.80% and 13.75% of their respective portfolios in issuers outside the United States.

As of December 31, 2004, substantially all of the International Equity Series' net assets consist of securities of issuers denominated in foreign currencies. Changes in currency exchange rates will affect the value of, and investment income from, such securities.

As of December 31, 2004, the International Equity Series invested approximately 20.85%, 16.40% and 10.71%, of its respective portfolio in issuers in Great Britain, Japan and France, respectively.

In the normal course of business, the Series enter into contracts that contain a variety of representations and warranties which provide general indemnifications. The Series' maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Series that have not yet occurred. However, based on experience, the Series expects the risk of loss to be remote.

10. FOREIGN CURRENCY FORWARD CONTRACTS

At December 31, 2004, the Core Bond Series, Balanced Series, Special Equity Series, High Yield Bond Series, and International Equity Series had entered into foreign currency forward contracts which contractu-ally obligate each portfolio to deliver/receive currency at specified future dates. The open contracts were as follows:

<Table>
<Caption>

	FOREIGN CURRENCY	IN EXCHANGE FOR	SETTLEMENT DATE	VALUE AT 12/31/04	NET UNREALIZED APPRECIATION/ (DEPRECIATION)
<S>	<C>	<C>	<C>	<C>	<C>
CORE BOND					
PURCHASE CONTRACTS:					
Canadian Dollar..................	19,738,461	$16,644,498	01/28/05	$16,448,827	$ (195,671)
Euro.............................	40,463,982	53,755,712	01/25/05	54,915,406	1,159,694
Euro.............................	17,384,374	23,344,102	01/25/05	23,593,080	248,978
Euro.............................	980,608	1,313,612	01/25/05	1,330,825	17,213
Euro.............................	13,590,811	17,506,324	01/25/05	18,444,673	938,349
Swedish Krona....................	79,819,271	11,579,523	01/21/05	11,999,790	420,267

TOTAL............................					$ 2,588,830
SALE CONTRACTS:					
Canadian Dollar..................	19,738,461	$16,087,290	01/28/05	$16,448,827	$ (361,537)
Euro.............................	64,849,038	81,729,243	01/25/05	88,009,413	(6,280,170)
Euro.............................	7,570,737	9,835,826	01/25/05	10,274,572	(438,746)
New Mexico Peso..................	30,063,554	2,579,494	01/21/05	2,689,028	(109,534)
New Zealand Dollar...............	16,867,397	11,722,841	01/27/05	12,136,357	(413,516)
Swedish Krona....................	79,819,271	10,987,912	01/21/05	11,999,790	(1,011,878)
TOTAL............................					$(8,615,381)
BALANCED					
PURCHASE CONTRACTS:					
Canadian Dollar..................	1,827,900	$ 1,541,380	01/28/05	$ 1,523,260	$ (18,120)
Euro.............................	70,078	93,876	01/25/05	95,106	1,230
Euro.............................	2,094,779	2,698,285	01/25/05	2,842,914	144,629
Euro.............................	3,477,985	4,620,444	01/25/05	4,720,123	99,679
Euro.............................	1,589,484	2,134,393	01/25/05	2,157,157	22,764
Swedish Krona....................	6,772,401	982,484	01/21/05	1,018,143	35,659
TOTAL............................					$ 285,841

</Table>

10. FOREIGN CURRENCY FORWARD CONTRACTS (CONTINUED)

<Table>
<Caption>

<S>	FOREIGN CURRENCY <C>	IN EXCHANGE FOR <C>	SETTLEMENT DATE <C>	VALUE AT 12/31/04 <C>	NET UNREALIZED APPRECIATION/ (DEPRECIATION) <C>
SALE CONTRACTS:					
Canadian Dollar..................	1,827,900	$ 1,489,780	01/28/05	$ 1,523,260	$ (33,480)
Euro.............................	769,995	1,000,370	01/25/05	1,044,993	(44,623)
Euro.............................	6,220,145	7,839,249	01/25/05	8,441,626	(602,377)
Euro.............................	242,186	311,693	01/25/05	328,681	(16,988)
New Mexico Peso..................	2,740,117	235,106	01/21/05	245,089	(9,983)
New Zealand Dollar...............	1,561,772	1,085,431	01/27/05	1,123,719	(38,288)
Swedish Krona....................	6,772,401	932,288	01/21/05	1,018,143	(85,855)
TOTAL............................					$ (831,594)
SPECIAL EQUITY					
SALE CONTRACTS:					
Canadian Dollar..................	164,436	$ 135,707	01/04/05	$ 137,195	$ (1,488)
Canadian Dollar..................	97,784	81,209	01/05/05	81,580	(371)
Canadian Dollar..................	382,062	318,226	01/06/05	318,736	(510)
TOTAL............................					$ (2,369)
HIGH YIELD BOND					
SALE CONTRACTS:					
Euro.............................	518,714	$ 699,922	01/31/05	$ 703,872	$ (3,950)
INTERNATIONAL EQUITY					
PURCHASE CONTRACTS:					
Canadian Dollar..................	932,087	$ 769,874	01/04/05	$ 777,672	$ 7,798
Canadian Dollar..................	16,380	13,601	01/04/05	13,666	65
Euro.............................	2,037,416	2,770,885	01/03/05	2,766,403	(4,482)
Euro.............................	420,602	570,982	01/03/05	571,093	111
Euro.............................	1,463,482	1,996,043	01/04/05	1,987,116	(8,927)
Japanese Yen.....................	173,404,693	1,683,933	01/04/05	1,689,775	5,842
Japanese Yen.....................	192,278,458	1,850,932	01/05/05	1,873,753	22,821
Japanese Yen.....................	84,680,966	817,518	01/06/05	825,242	7,724
TOTAL............................					$ 30,952

SALE CONTRACTS:					
Canadian Dollar..................	658,479	$ 546,864	01/05/05	$ 549,364	$ (2,500)
Euro.............................	3,422,841	4,676,662	01/04/05	4,647,534	29,128
Euro.............................	537,956	735,020	01/05/05	730,419	4,601
Euro.............................	394,811	538,088	01/05/05	536,062	2,026
Euro.............................	112,829	124,056	12/29/05	151,972	(27,916)
Great British Pound..............	205,973	394,488	01/04/05	395,469	(981)
Great British Pound..............	2,779,462	5,349,798	01/05/05	5,336,233	13,565
Great British Pound..............	40,483	78,112	01/06/05	77,717	395
Hong Kong Dollar.................	3,356,710	431,870	01/04/05	431,887	(17)
Swedish Krona....................	1,164,500	176,066	01/05/05	175,215	851
Swiss Franc......................	646,946	571,128	01/04/05	568,943	2,185
TOTAL............................					$ 21,337

</Table>

11. FINANCIAL HIGHLIGHTS

<Table>
<Caption>

	RATIOS TO AVERAGE NET ASSETS						
FOR THE PERIOD/YEAR ENDED	NET EXPENSES	NET EXPENSES (NET OF REIMBURSEMENTS)	NET INVESTMENT INCOME (LOSS)	NET INVESTMENT INCOME (LOSS) (NET OF REIMBURSEMENTS)	PORTFOLIO TURNOVER	NET ASSETS, END OF PERIOD/YEAR	TOTAL RETURN
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
MONEY MARKET							
12/31/2004	0.28%	0.28%	1.17%	1.17%	N/A	$ 809,352,385	1.17%
12/31/2003	0.28	0.28	1.11	1.11	N/A	799,572,598	1.11
12/31/2002	0.28	0.28	1.70	1.70	N/A	864,772,946	1.72
12/31/2001	0.27	0.27	3.85	3.85	N/A	704,577,191	4.04
12/31/2000	0.28	0.28	6.18	6.18	N/A	492,136,376	N/A
HIGH QUALITY BOND							
12/31/2004	0.38	0.38	2.96	2.96	48%	690,594,378	1.48
12/31/2003	0.38	0.38	3.19	3.19	50	622,748,334	2.34
12/31/2002	0.38	0.38	4.36	4.36	54	439,015,018	6.21
12/31/2001	0.38	0.38	5.74	5.74	53	330,502,956	8.26
12/31/2000	0.38	0.38	6.21	6.21	73	228,391,465	N/A
INTERMEDIATE GOVERNMENT BOND							
12/31/2004	0.42	0.40	2.46	2.48	554	256,502,651	1.59
12/31/2003	0.38	0.38	2.91	2.91	392	265,519,988	1.60
12/31/2002	0.39	0.39	3.93	3.93	134	358,005,390	8.31
12/31/2001	0.38	0.38	5.25	5.25	40	260,795,117	6.83
12/31/2000	0.37	0.37	5.82	5.82	48	208,106,902	N/A
CORE BOND							
12/31/2004	0.39	0.39	3.62	3.62	885	1,655,367,885	4.65
12/31/2003	0.39	0.39	3.52	3.52	922	1,468,787,007	4.64
12/31/2002	0.39	0.39	4.85	4.85	462	999,624,604	9.24
12/31/2001	0.38	0.38	5.32	5.32	547	761,473,139	6.97
12/31/2000	0.38	0.38	6.28	6.28	521	641,903,354	N/A
BALANCED							
12/31/2004	0.52	0.50	2.19	2.21	338	419,726,689	8.31
12/31/2003	0.51	0.50	2.15	2.16	377	434,085,832	17.69
12/31/2002	0.52	0.50	2.63	2.65	289	375,745,612	(10.01)
12/31/2001	0.49	0.49	2.82	2.82	312	497,836,597	(5.27)
12/31/2000	0.49	0.49	2.93	2.93	286	512,675,482	N/A

</Table>

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* Annualized.

(1) Commencement of Operations, April 27, 2001.

(2) Commencement of Operations, April 15, 2002.

11. FINANCIAL HIGHLIGHTS (CONTINUED)

<Table>
<Caption>

FOR THE PERIOD/YEAR ENDED	RATIOS TO AVERAGE NET ASSETS: NET EXPENSES	NET EXPENSES (NET OF REIMBURSEMENTS)	NET INVESTMENT INCOME (LOSS)	NET INVESTMENT INCOME (LOSS) (NET OF REIMBURSEMENTS)	PORTFOLIO TURNOVER	NET ASSETS, END OF PERIOD/YEAR	TOTAL RETURN
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
VALUE & INCOME							
12/31/2004	0.48%	0.48%	1.79%	1.79%	44%	$2,705,463,322	12.91%
12/31/2003	0.47	0.47	1.91	1.91	70	2,198,085,735	26.52
12/31/2002	0.48	0.48	1.97	1.97	31	1,553,159,805	(15.25)
12/31/2001	0.48	0.48	2.07	2.07	32	1,653,702,046	(1.98)
12/31/2000	0.46	0.46	2.23	2.23	76	1,530,760,024	N/A
GROWTH & INCOME							
12/31/2004	0.64	0.64	1.22	1.22	184	1,135,948,434	10.79
12/31/2003	0.63	0.63	1.02	1.02	100	1,063,389,332	24.16
12/31/2002	0.66	0.65	0.77	0.78	115	799,621,503	(22.57)
12/31/2001	0.63	0.63	0.50	0.50	153	968,765,767	(22.31)
12/31/2000	0.62	0.62	0.07	0.07	80	1,172,093,970	N/A
EQUITY GROWTH							
12/31/2004	0.65	0.65	0.68	0.68	129	2,290,559,947	7.75
12/31/2003	0.65	0.65	0.34	0.34	61	1,975,636,700	26.48
12/31/2002	0.65	0.65	0.22	0.22	75	1,146,889,083	(23.60)
12/31/2001	0.64	0.64	0.09	0.09	63	1,230,944,333	(20.22)
12/31/2000	0.64	0.64	0.05	0.05	97	1,226,091,994	N/A
MID-CAP VALUE							
12/31/2004	0.71	0.70	0.78	0.79	147	414,710,679	25.47
12/31/2003	0.75	0.70	0.51	0.56	156	216,193,119	41.63
12/31/2002	1.02	0.70	0.20	0.52	156	47,629,380	(15.09)
12/31/2001(1)	1.91*	0.70*	(0.48)*	0.73*	87	13,632,294	8.28
MID-CAP GROWTH							
12/31/2004	0.79	0.75	(0.33)	(0.29)	223	210,100,872	15.38
12/31/2003	0.81	0.75	(0.37)	(0.31)	100	165,747,874	26.91
12/31/2002	0.96	0.75	(0.62)	(0.41)	138	44,270,757	(25.29)
12/31/2001(1)	1.93*	0.75*	(1.50)*	(0.32)*	63	15,562,948	(13.27)
SMALL-CAP VALUE							
12/31/2004	0.89	0.85	0.27	0.31	42	172,735,949	21.75
12/31/2003	0.94	0.85	1.19	1.28	40	100,887,458	41.10
12/31/2002(2)	1.39*	0.85*	(0.17)*	0.37*	26	17,920,226	(21.90)

</Table>

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*   Annualized.

(1) Commencement of Operations, April 27, 2001.

(2) Commencement of Operations, April 15, 2002.

11. FINANCIAL HIGHLIGHTS (CONTINUED)

<Table>
<Caption>

FOR THE PERIOD/YEAR ENDED	RATIOS TO AVERAGE NET ASSETS: NET EXPENSES	NET EXPENSES (NET OF REIMBURSEMENTS)	NET INVESTMENT INCOME (LOSS)	NET INVESTMENT INCOME (LOSS) (NET OF REIMBURSEMENTS)	PORTFOLIO TURNOVER	NET ASSETS, END OF PERIOD/YEAR	TOTAL RETURN
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
SPECIAL EQUITY							
12/31/2004	0.84%	0.84%	0.15%	0.15%	103%	$1,227,530,742	12.63%
12/31/2003	0.85	0.85	(0.02)	(0.02)	103	1,270,601,125	43.96
12/31/2002	0.84	0.84	0.05	0.05	109	1,005,958,858	(24.33)
12/31/2001	0.83	0.83	(0.02)	(0.02)	88	1,323,223,840	(3.09)
12/31/2000	0.82	0.82	0.10	0.10	77	1,311,523,517	N/A
SMALL-CAP GROWTH							
12/31/2004	0.97	0.90	(0.58)	(0.51)	84	108,429,152	11.94
12/31/2003	1.02	0.90	(0.29)	(0.17)	81	83,589,643	39.31
12/31/2002(2)	1.48*	0.90*	(1.03)*	(0.45)*	68	16,521,455	(15.98)
AGGRESSIVE EQUITY							
12/31/2004	0.95	0.94	(0.49)	(0.48)	252	397,726,867	12.14
12/31/2003	1.01	1.00	(0.61)	(0.60)	165	371,333,010	28.12
12/31/2002	1.01	1.00	(0.60)	(0.59)	87	312,299,599	(26.56)
12/31/2001	1.00	1.00	(0.72)	(0.72)	98	372,579,133	(31.15)
12/31/2000	0.98	0.98	(0.62)	(0.62)	62	435,760,615	N/A
HIGH YIELD BOND							
12/31/2004	0.60	0.60	8.06	8.06	80	351,772,536	10.32
12/31/2003	0.61	0.60	9.07	9.08	136	282,700,774	27.91
12/31/2002	0.61	0.60	9.15	9.16	95	208,085,535	2.19
12/31/2001	0.59	0.59	9.41	9.41	90	174,019,465	5.15
12/31/2000	0.65	0.60	9.17	9.22	105	139,986,593	N/A
INTERNATIONAL EQUITY							
12/31/2004	0.87	0.87	1.85	1.85	171	1,401,617,944	19.66
12/31/2003	0.86	0.86	1.11	1.11	23	1,049,033,896	33.52
12/31/2002	0.87	0.87	0.83	0.83	25	656,888,348	(16.90)
12/31/2001	0.88	0.88	0.67	0.67	28	632,888,725	(18.57)
12/31/2000	0.84	0.84	0.77	0.77	46	650,534,093	N/A

</Table>

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*   Annualized.

(1) Commencement of Operations, April 27, 2001.

(2) Commencement of Operations, April 15, 2002.

DIVERSIFIED INVESTORS PORTFOLIOS

TRUSTEES INFORMATION
(UNAUDITED)

Each portfolio is supervised by the Board of Trustees of Diversified Investors Portfolios. The respective Trustees and officers of each Portfolio and their principal occupations during the past five years are set forth below. Their titles may have varied during that period. Unless otherwise indicated, the address of each Trustee and officer of Diversified Investors Portfolios is Four

Manhattanville Road, Purchase, New York 10577. Additional information about Diversified Investors Portfolios' Trustees may be found in Diversified Investors Portfolios' Statement of Additional Information, which is available without charge upon request by calling 1-800-755-5801.

OFFICERS AND INTERESTED TRUSTEES:

NAME, ADDRESS AND AGE	POSITION(S), LENGTH OF TIME SERVED	PRINCIPAL OCCUPATIONS DURING PAST 5 YEARS, DIRECTORSHIPS HELD
Joseph P. Carusone, 39	Treasurer since 2001	Vice President and Director, Diversified Investment Advisors, Inc.
Robert F. Colby, 49	Secretary since 1993	Senior Vice President and General Counsel, Diversified Investment Advisors, Inc.; Vice President, Diversified Investors Securities Corp.; Vice President and Assistant Secretary, of Transamerica Financial Life Insurance Company, Inc.
Peter G. Kunkel, 54	Trustee since 2002	Senior Vice President, Chief Operating Officer, Diversified Investment Advisors, Inc.
Suzanne Montemurro, 40	Assistant Treasurer since 2002	Director, Diversified Investment Advisors, Inc.
Mark Mullin, 42	President since 2002 Trustee since 1995	President, Chairman of the Board, Chief Executive Officer, Vice President, Chief Investment Officer, Diversified Investment Advisors, Inc.

DISINTERESTED TRUSTEES:

NAME, ADDRESS AND AGE	POSITION(S), LENGTH OF TIME SERVED	PRINCIPAL OCCUPATIONS DURING PAST 5 YEARS, DIRECTORSHIPS HELD
Neal M. Jewell, 70 355 Thornridge Drive Stamford, CT 06903	Trustee since 1993	Consultant; Independent Trustee, EAI Select (a registered investment company)
Robert Lester Lindsay, 70 2 Huguenot Center Tenafly, NJ 07670	Trustee since 1993	Retired
Eugene M. Mannella, 51 2 Orchard Neck Road Center Moriches, NY 11934	Trustee since 1993	President, Investment Management Services, Inc.
Joyce Galpern Norden, 65 505 Redleaf Road Wynnewood, PA 19096	Trustee since 1993	Vice President, Institutional Advancement, Reconstructionist Rabbinical College

Patricia L. Sawyer, 54................. Smith & Sawyer LLP P.O. Box 8063 Vero Beach, FL 32963	Trustee since 1993, Chairperson of Audit Committee since 2003	President and Executive Search Consultant, Smith & Sawyer LLC

</Table>

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholder of
MONY Life Insurance Company:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statement of operations, of shareholder's equity and of cash flows present fairly, in all material respects, the financial position of MONY Life Insurance Company and Subsidiaries (the "Company") (Successor Company) at December 31, 2004 and the results of its operations and its cash flows for the period from July 1, 2004 through December 31, 2004, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
New York, New York

April 22, 2005

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholder of
MONY Life Insurance Company:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, of shareholder's equity and of cash flows present fairly, in all material respects, the financial position of MONY Life Insurance Company and Subsidiaries (the "Company") (Predecessor Company) at December 31, 2003, and the results of its operations and its cash flows for the period from January 1, 2004 through June 30, 2004 and for each of the years in the two year period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 3 to the consolidated financial statements, in 2004 the Company changed its method of accounting for variable interest entities and certain nontraditional long-duration contracts and for Separate Accounts, and in 2002 changed its method of accounting for intangibles and long-lived assets.

/s/ PricewaterhouseCoopers LLP
New York, New York

April 22, 2005

MONY LIFE INSURANCE COMPANY AND SUBSIDIARIES

BALANCE SHEETS

<TABLE>
<CAPTION>

<S>	DECEMBER 31, 2004 (SUCCESSOR) <C>	December 31, 2003 (PREDECESSOR) <C>
	(IN MILLIONS)	
ASSETS		
Investments:		
Fixed maturities available for sale, at estimated fair value	$ 8,380.0	$ 8,474.6
Mortgage loans on real estate	1,777.9	1,782.4
Policy loans	1,136.6	1,180.0
Real estate held for the production of income	147.9	174.1
Other invested assets	477.7	351.2
Total investments	11,920.1	11,962.3
Cash and cash equivalents	508.0	376.0
Accrued investment income	161.2	204.4
Amounts due from reinsurers	796.0	533.3
Deferred policy acquisition costs	71.0	1,325.4
Goodwill and other intangible assets, net	137.3	19.3
Value of business acquired	764.8	--
Income taxes receivable	80.0	--
Other assets	311.7	522.9
Separate Accounts' assets	4,852.3	4,854.9
TOTAL ASSETS	$ 19,602.4	$ 19,798.5
LIABILITIES		
Future policy benefits	$ 8,338.4	$ 8,041.5
Policyholders' account balances	3,459.3	3,265.8
Other policyholders' liabilities	227.2	268.0
Other liabilities	1,004.2	793.8
Long-term debt	216.9	216.9
Income taxes payable	-	321.6
Separate Accounts' liabilities	4,852.3	4,851.9
Total liabilities	18,098.3	17,759.5
Commitments and contingencies (Notes 14, 17, 18, 19 and 20)		
SHAREHOLDER'S EQUITY		
Common stock, $1.00 par value; 2.5 million shares authorized, 2.5 million issued and outstanding	2.5	2.5
Capital in excess of par value	1,868.6	1,796.7
(Accumulated deficit)/retained earnings	(407.1)	169.0
Accumulated other comprehensive income	40.1	70.8
Total shareholder's equity	1,504.1	2,039.0
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$ 19,602.4	$ 19,798.5

</TABLE>

See Notes to Consolidated financial statements.

MONY LIFE INSURANCE COMPANY AND SUBSIDIARIES
STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

	SIX MONTHS ENDED DECEMBER 31, 2004 (SUCCESSOR)	SIX MONTHS ENDED JUNE 30, 2004 (PREDECESSOR)	Year Ended December 31, 2003 (PREDECESSOR)	Year Ended December 31, 2002 (PREDECESSOR)
		(IN MILLIONS)		

<S>	<C>	<C>	<C>	<C>
REVENUES:				
Premiums..	$ 369.3	$ 346.9	$ 723.7	$ 705.4
Universal life and investment-type product policy fee income.......	101.8	107.5	210.9	200.5
Net investment income..	307.7	351.7	724.2	725.4
Investment gains (losses), net...................................	14.4	(5.1)	46.4	(151.1)
Group Pension Profits..	-	-	-	82.3
Commissions, fees and other income................................	113.5	106.2	208.1	154.3
	906.7	907.2	1,913.3	1,716.8
BENEFITS AND EXPENSES:				
Policyholders' benefits..	422.9	400.2	841.5	803.1
Interest credited to policyholders' account balances..............	73.6	77.5	139.4	119.3
Commissions..	107.7	106.1	200.5	169.4
Amortization of deferred sales commissions........................	5.3	6.4	13.3	13.1
Interest expense...	9.5	9.5	19.1	20.6
Amortization of deferred policy acquisition costs.................	4.9	68.3	120.0	156.1
Capitalization of deferred policy acquisition costs	(100.2)	(113.7)	(233.7)	(213.1)
Amortization of value of business acquired........................	57.3	--	--	--
Amortization of other intangible assets...........................	2.4	1.5	3.1	3.3
Impairment of goodwill...	425.8	--	--	--
Dividends to policyholders.......................................	85.6	96.6	224.3	188.0
Other operating costs and expenses................................	205.6	285.9	515.0	466.1
	1,300.4	938.3	1,842.5	1,725.9
(Loss)/earnings from continuing operations before income taxes.....	(393.7)	(31.1)	70.8	(9.1)
Income tax (expense)/benefit.....................................	(13.4)	9.3	(20.5)	6.0
Net (loss)/earnings from continuing operations....................	(407.1)	(21.8)	50.3	(3.1)
Earnings/(loss) from real estate to be disposed of, net of taxes...	--	--	5.9	(2.5)
Cumulative effect on prior periods of the adoption of SOP 03-1, net of taxes...	--	4.0	--	--
Net (Loss)/Earnings...	$ (407.1)	$ (17.8)	$ 56.2	$ (5.6)

</TABLE>

See Notes to Consolidated financial statements.

MONY LIFE INSURANCE COMPANY AND SUBSIDIARIES
STATEMENTS OF SHAREHOLDER'S EQUITY
YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002

<TABLE>
<CAPTION>

	COMMON STOCK	CAPITAL IN EXCESS OF PAR	(ACCUMULATED DEFICIT)/ RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)	TOTAL SHAREHOLDER'S EQUITY
			(IN MILLIONS)		
<S>	<C>	<C>	<C>	<C>	<C>
PREDECESSOR BALANCE, DECEMBER 31, 2001.....................	$ 2.5	$ 1,628.6	$ 233.4	$ 38.1	$ 1,902.6
Dividends..			(90.0)		(90.0)
Capital contributions......................................		125.0			125.0
Comprehensive income:					
Net loss..			(5.6)		(5.6)
Other comprehensive income...........................				43.8	43.8
Minimum pension liability............................				(1.9)	(1.9)
Comprehensive income..........................					36.3
PREDECESSOR BALANCE, DECEMBER 31, 2002.....................	2.5	1,753.6	137.8	80.0	1,973.9
Unamortized restricted stock compensation..................		3.1			3.1
Dividends..			(25.0)		(25.0)
Capital contributions......................................		40.0			40.0
Comprehensive income:					
Net earnings..			56.2		56.2
Other comprehensive loss.............................				(10.4)	(10.4)
Minimum pension liability............................				1.2	1.2
Comprehensive income..........................					47.0

PREDECESSOR BALANCE, DECEMBER 31, 2003	2.5	1,796.7	169.0	70.8	2,039.0
Unamortized restricted stock compensation		1.3			1.3
Comprehensive loss:					
Net loss			(17.8)		(17.8)
Other comprehensive loss				(49.0)	(49.0)
Minimum pension liability				1.4	1.4
Comprehensive loss					(65.4)
PREDECESSOR BALANCE, JUNE 30, 2004	2.5	1,798.0	151.2	23.2	1,974.9
Effect of push-down accounting of AXA Financial's purchase price on the Company's net assets	--	(171.4)	(151.2)	(23.2)	(345.8)
SUCCESSOR BALANCE, JULY 1, 2004	2.5	1,626.6	--	--	1,629.1
Capital contributions		275.0			275.0
Dividends		(33.0)			(33.0)
Comprehensive income:					
Net loss			(407.1)		(407.1)
Other comprehensive income				40.1	40.1
Comprehensive loss					(367.0)
SUCCESSOR BALANCE, DECEMBER 31, 2004	$ 2.5	$ 1,868.6	$ (407.1)	$ 40.1	$ 1,504.1

</TABLE>

See Notes to Consolidated financial statements.

MONY LIFE INSURANCE COMPANY AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

<S>	SIX MONTHS ENDED DECEMBER 31, 2004 (SUCCESSOR) <C>	SIX MONTHS ENDED JUNE 30, 2004 (PREDECESSOR) <C>	Year Ended December 31, 2003 (PREDECESSOR) <C>	Year Ended December 31, 2002 (PREDECESSOR) <C>
	(IN MILLIONS)			
Net (loss)/earnings	$ (407.1)	$ (17.8)	$ 56.2	$ (5.6)
Adjustments to reconcile net (loss)/earnings to net cash used in operating activities:				
Interest credited to policyholders' account balances	66.2	71.5	119.7	103.1
Universal life and investment-type product policy fee income	(65.2)	(64.0)	(117.2)	(112.4)
Change in accrued investment income	9.5	35.3	(0.4)	(11.1)
Investment (gains)/losses	(14.4)	5.1	(46.4)	151.1
Change in deferred policy acquisition costs and VOBA	(38.0)	(48.2)	(113.7)	(57.0)
Change in future policy benefits	54.7	26.4	91.6	79.9
Change in other policyholders' liabilities	(13.2)	(6.7)	(21.3)	8.1
Change in property and equipment	(1.9)	(9.6)	(24.3)	(25.5)
Amortization of deferred sales commissions	5.3	6.4	13.3	13.1
Other depreciation and amortization	7.5	9.0	19.3	20.0
Amortization of other intangible assets	2.4	1.5	3.1	3.3
Impairment of goodwill	425.8	--	--	--
Cumulative effect of the adoption of SOP 03-1	--	(6.2)	--	--
Loss on discontinued real estate operations	--	--	(9.0)	3.9
Other, net	(75.6)	80.1	133.1	(117.3)
Net cash (used in)/provided by operating activities	(44.0)	82.8	104.0	53.6
Cash flows from investing activities:				
Sales, maturities or repayments of:				
Fixed maturity securities	1,296.5	1,193.2	1,864.8	1,161.3
Mortgage loans on real estate	313.0	165.4	538.8	423.2
Other invested assets	37.2	62.5	132.5	50.4
Acquisitions of investments:				
Fixed maturity securities	(1,967.5)	(741.7)	(2,499.4)	(1,722.7)
Mortgage loans on real estate	(141.8)	(279.6)	(423.5)	(503.4)
Other invested assets	(43.1)	(46.0)	(96.1)	(47.0)

Policy loans, net	26.0	17.3	32.6	16.4
Net cash (used in)/provided by investing activities	(479.7)	371.1	(450.3)	(621.8)

</TABLE>

MONY LIFE INSURANCE COMPANY AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
(CONTINUED)

<TABLE>
<CAPTION>

	SIX MONTHS ENDED DECEMBER 31, 2004 (SUCCESSOR)	SIX MONTHS ENDED JUNE 30, 2004 (PREDECESSOR)	Year Ended December 31, 2003 (PREDECESSOR)	Year Ended December 31, 2002 (PREDECESSOR)
		(IN MILLIONS)		
<S>	<C>	<C>	<C>	<C>
Cash flows from financing activities:				
Policyholders' account balances:				
Deposits	372.3	578.2	1,219.6	1,179.2
Withdrawals and transfers to Separate Accounts	(332.2)	(425.1)	(736.0)	(727.3)
Proceeds of demand note payable to affiliate	-	-	-	121.0
Repayment of demand note payable to affiliate	-	-	-	(121.0)
Payment to AXA Bermuda relating to co-insurance agreement	(8.4)	-	-	-
Capital contribution	50.0	-	40.0	125.0
Dividends paid to shareholder	(33.0)	-	(25.0)	(90.0)
Net cash provided by financing activities	48.7	153.1	498.6	486.9
Net (decrease)/increase in cash and cash equivalents	(475.0)	607.0	152.3	(81.3)
Cash and cash equivalents, beginning of period	983.0	376.0	223.7	305.0
Cash and Cash Equivalents, End of Period	$ 508.0	$ 983.0	$ 376.0	$ 223.7
Supplemental cash flow information:				
Interest Paid	$ 9.5	$ 9.5	$ 19.4	$ 19.4
Income Taxes (Refunded) Paid	$ (39.0)	$ --	$ 30.6	$ (27.5)
Schedule of non-cash financing activities:				
Capital contribution of Alliance units from AXA Financial	$ 225.0	$ --	$ --	$ --
Transfer of bonds to AXA Bermuda relating to co-insurance agreement (Note 15)	$ (91.6)	$ --	$ --	$ --

</TABLE>

See Notes to Consolidated financial statements.

MONY LIFE INSURANCE COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

MONY Life Insurance Company ("MONY Life", and, collectively with its consolidated subsidiaries "the Company"), provides life insurance, annuities, corporate-owned and bank-owned life insurance ("COLI and BOLI"), mutual funds, securities brokerage and securities trading. MONY Life is a wholly-owned subsidiary of MONY Holdings, LLC ("MONY Holdings"), which is a downstream holding company of AXA Financial, Inc. ("the Holding

Company", and, together with its consolidated subsidiaries "AXA Financial") as a result of the acquisition of The MONY Group Inc. ("MONY") by the Holding Company.

MONY Life's direct and indirect wholly-owned operating subsidiaries include: (i) MONY Life Insurance Company of America ("MLOA"), an Arizona domiciled life insurance company, (ii) Enterprise Capital Management ("Enterprise"), a distributor of both proprietary and non-proprietary mutual funds, (iii) U.S. Financial Life Insurance Company ("USFL"), an Ohio domiciled insurer underwriting specialty risk life insurance business, (iv) MONY Securities Corporation ("MSC"), a registered securities broker-dealer and investment advisor whose products and services are distributed through MONY Life's career agency sales force as well as through a network of accounting professionals, and (v) MONY Brokerage, Inc. ("MBI"), a licensed insurance broker, which principally provides MONY Life's career agency sales force with access to life, annuity, small group health, and specialty insurance products written by other insurance companies so they can meet the insurance and investment needs of their customers.

2. MERGER OF MONY WITH AXA FINANCIAL

On July 8, 2004, the acquisition of MONY by the Holding Company was completed and, under the terms of the related merger agreement, the Holding Company paid or made provisions to pay MONY shareholders approximately $1.5 billion in cash, representing $31.00 for each share of MONY's common stock. MONY shareholders also received a dividend from MONY totaling $0.34755 per share.

The acquisition was accounted for using the purchase method under Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations", and SFAS No. 142, "Goodwill and Other Intangible Assets". In connection with the acquisition, the Company adjusted the cost basis of its assets and liabilities to fair value on the acquisition date (the "Purchase Adjustments"). AXA Financial is in the process of completing the valuations of a portion of the assets acquired and liabilities assumed; thus, the allocation of the purchase price is subject to refinement. References in these consolidated financial statements to "Predecessor" refer to the Company prior to July 1, 2004. References to "Successor" refer to the Company on and after July 1, 2004, after giving effect to the implementation of the Purchase Adjustments. For accounting purposes (due to convenience and immateriality of the results of MONY and its subsidiaries from July 1 through July 8), the Holding Company has consolidated MONY and its subsidiaries and reflected its results from July 1, 2004 in its consolidated Statements of Earnings and consolidated Cash Flows. The Company's activity for the period from July 1, 2004 through July 8, 2004 is therefore included in the Successor's consolidated statement of operations and excluded from the Predecessor's consolidated statement of operations. The Predecessor's consolidated statement of operations is presented using the Company's historical basis of accounting. In addition, as a result of the acquisition of MONY by the Holding Company the Company's operations are managed in one reportable segment and all predecessor period reporting segments have been combined for presentation purposes.

The determination of the Purchase Adjustments relating to investments reflects management's reliance on independent price quotes where available. Other Purchase Adjustments required significant management estimates and assumptions. The Purchase Adjustments related to Value of Business Acquired ("VOBA") and liabilities, including policyholder reserves, required management to exercise judgment to assess the value of these items. The Company's Purchase Adjustments resulted in a revalued balance sheet, which may result in future earnings trends which differ significantly from historical trends. The Company does not anticipate any material impact on its liquidity, or its ability to pay policyholders claims, arising out of the purchase accounting process related to the merger.

Goodwill of $425.8 million was recorded as a result of the acquisition, none of which is expected to be deductible for tax purposes. In addition to goodwill, intangible assets of $1,013.7 million were recorded as a result of the acquisition. Intangible assets subject to amortization include the following:

<TABLE>
<CAPTION>

	FAIR VALUE ASSIGNED AS OF JULY 1, 2004 (IN MILLIONS)	AMORTIZATION RANGE
VOBA	$ 868.8	10-30 years
Insurance distribution network	64.0	10-20 years
Mutual fund distribution fees	20.9	5-6 years

</TABLE>

In addition, mutual fund investment management contracts were assigned a fair value of $60.0 million as of July 1, 2004, which is not subject to amortization.

Included in the Company's Purchase Adjustments were liabilities for change in control and other employee agreements of $139.3 million, severance of $32.9 million, $88.7 million for vacating certain leases and $23.2 million for the future settlement of other miscellaneous contractual obligations. During 2004, total payments made related to these liabilities totaled $145.5 million. In addition, the Purchase Adjustments included write-offs of $45.6 million related to capitalized software and furniture, fixtures and equipment.

3) SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

The preparation of the accompanying consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions (including normal, recurring accruals) that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. The accompanying consolidated financial statements reflect all adjustments necessary in the opinion of management to present fairly the consolidated financial position of the Company and its consolidated results of operations and cash flows for the periods presented.

The accompanying consolidated financial statements include the accounts of MONY Life; those of its subsidiaries engaged in insurance related businesses; other subsidiaries, principally Enterprise, MSC and MBI; and those partnerships and joint ventures in which the Company has control and a majority economic interest as well as those variable interest entities ("VIEs") that meet the requirements for consolidation.

All significant intercompany transactions and balances have been eliminated in consolidation. The terms "six months ended December 31, 2004" and "six months ended June 30, 2004" refer to the 2004 Successor and Predecessor periods, respectively. The terms "full year 2003" and "full year 2002" refer to the years ended December 31, 2003 and 2002, respectively.

In second quarter 2004, the Company recorded adjustments principally related to prior quarters' calculations of reinsurance reserve credits and interest credited on certain life insurance and annuity products. The effect of these adjustments was to increase the Predecessor's net loss for the six months ended June 30, 2004 by $19.7 million.

Certain reclassifications have been made in the prior period amounts to conform to the current presentation.

CLOSED BLOCK

As a result of demutualization, the Closed Block was established in 1998 by the Company for the benefit of certain individuals' participating policies in force as of the date of demutualization. Assets, liabilities and earnings of the Closed Block are specifically identified to support its own participating policyholders.

Assets allocated to the Closed Block inure solely to the benefit of the Closed Block's policyholders and will not revert to the benefit of MONY Life. No reallocation, transfer, borrowing or lending of assets can be made between the Closed Block and other portions of the Company's General Account, any of its Separate Accounts or any affiliate of the Company without the approval of the New York Superintendent of Insurance (the "Superintendent"). Closed Block assets and liabilities are carried on the same basis as similar assets and liabilities held in the General Account. The excess of Closed Block liabilities over Closed Block assets represents the expected future post-tax contribution from the Closed Block that would be recognized in income over the period the policies and contracts in the Closed Block remain in force.

ACCOUNTING CHANGES

Effective January 1, 2004, the Company adopted SOP 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional

Long-Duration Contracts and for Separate Accounts". SOP 03-1 required a change in the Company's accounting policies relating to (a) assets and liabilities associated with market value adjusted fixed rate investment options available in certain variable annuity contracts issued by the Company, and (b) liabilities related to certain mortality and annuitization benefits, such as the no lapse guarantee feature contained in variable and interest-sensitive life policies.

The adoption of SOP 03-1 resulted in a change in the method of determining liabilities associated with the no lapse guarantee feature contained in variable and interest-sensitive life contracts. While both the Company's previous method of establishing the no lapse guarantee reserve and the SOP 03-1 method are based on accumulation of a portion of the charges for the no lapse guarantee feature, SOP 03-1 specifies a different approach for identifying the portion of the fee to be accrued and establishing the related reserve.

The adoption of SOP 03-1 as of January 1, 2004 resulted in a decrease in the six months ended June 30, 2004 (Predecessor) net loss of $4.0 million related to the cumulative effect of the required changes in accounting. The determination of liabilities associated with mortality and annuitization benefits, as well as related impacts on deferred acquisition costs, is based on models that involve numerous estimates and subjective judgments. There can be no assurance that the ultimate actual experience will not differ from management's estimates.

NEW ACCOUNTING PRONOUNCEMENTS

On December 16, 2004, the FASB issued SFAS Statement No. 123(R), "Share-Based Payment". SFAS Statement No. 123(R) eliminates the alternative to apply the intrinsic value method of accounting for employee stock-based compensation awards that was provided in FASB Statement No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123") as originally issued. SFAS No. 123(R) requires the cost of all share-based payments to employees, including stock options, stock appreciation rights, and most tax-qualified employee stock purchase plans, to be recognized in the consolidated financial statements based on the fair value of those awards. Under SFAS No. 123(R) the cost of equity-settled awards generally is based on fair value at date of grant, adjusted for subsequent modifications of terms or conditions, while cash-settled awards require remeasurement of fair value at the end of each reporting period. SFAS No. 123(R) does not prescribe or specify a preference for a particular valuation technique or model for estimating the fair value of employee stock options and similar awards but instead requires consideration of certain factors in selecting one that is appropriate for the unique substantive characteristics of the instruments awarded. SFAS No. 123(R) is effective as of the first annual reporting period beginning after June 15, 2005 and generally requires adoption using a modified version of prospective application. Under "modified prospective" application, SFAS No. 123(R) applies to new awards granted and to awards modified, repurchased, or cancelled after the required effective date. Additionally, compensation cost for unvested awards outstanding as of the required effective date must be recognized prospectively over the remaining requisite service/vesting period based on the fair values of those awards as already calculated under SFAS No. 123. Entities may further elect to apply SFAS No. 123(R) on a "modified retrospective" basis to give effect to the fair value based method of accounting for awards granted, modified, or settled in cash in earlier periods. The cumulative effect of initial application, if any, is recognized as of the required effective date.

As more fully described in Note 14, MONY Life and AXA Financial elected under SFAS No. 123 to continue to account for stock-based compensation using the intrinsic value method and instead to provide only pro-forma disclosure of the effect on net earnings from applying the fair value based method. Effective with the date of acquisition, the Company is charged for services including personnel services and employee benefits provided by AXA Equitable Life Insurance Company ("AXA Equitable") employees on the Company's behalf. Consequently, adoption of SFAS No. 123(R) would be expected to result in recognition of compensation expense for certain types of AXA Financial's equity-settled awards, such as options to purchase AXA ADRs, for which no cost previously would have been charged to net earnings under the intrinsic value method. Similarly, certain types of AXA Financial's cash-settled awards, such as stock appreciation rights, may be expected to result either in different amounts of compensation expense or different patterns of expense recognition under SFAS No. 123(R) as compared to the intrinsic value method. Management of AXA Financial currently is assessing the impact of adoption of SFAS No. 123(R), including measurement and reporting of related income tax effects, selection of an appropriate valuation model and determination of assumptions, as well as consideration of plan design issues.

On May 19, 2004, the FASB approved the issuance of FASB Staff Position ("FSP") No. 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003", effective for the first interim or annual period beginning after June 15, 2004. FSP 106-2 provides guidance on the accounting for the effects of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("MMA") for employers that sponsor postretirement health care plans that provide prescription drug benefits. MMA introduced a new prescription drug benefit under Medicare that will go into effect in 2006 and also includes a Federal subsidy payable to plan sponsors equal to 28% of certain prescription drug benefits payable to Medicare-eligible retirees. The subsidy only is available to an employer that sponsors a retiree medical plan that includes a prescription drug benefit that is at least as valuable as (i.e., actuarially equivalent to) the new Medicare coverage. The subsidy is not subject to Federal income tax.

Clarifying regulations are expected to be issued by the Centers for Medicare and Medicaid Services to address the interpretation and determination of actuarial equivalency under MMA. In accordance with the provisions of FSP 106-2, management and its actuarial advisors will re-evaluate actuarial equivalency as new information about its interpretation or determination become available. Management and its actuarial advisors have not as yet been able to conclude whether the prescription drug benefits provided under AXA Financial's and the Company's retiree medical plans are actuarially equivalent to the new Medicare

prescription drug benefits for 2006 and future years. Consequently, measurements of the accumulated postretirement benefit obligation and net periodic postretirement benefit cost for these plans at and for the six months ended December 31, 2004 do not reflect any amount associated with enactment of MMA, including the subsidy.

INVESTMENTS

The carrying values of fixed maturities identified as available for sale are reported at estimated fair value. Changes in estimated fair value are reported in comprehensive income. The amortized cost of fixed maturities is adjusted for impairments in value deemed to be other than temporary.

Mortgage loans on real estate are stated at unpaid principal balances, net of unamortized discounts and valuation allowances. Valuation allowances are based on the present value of expected future cash flows discounted at the loan's original effective interest rate or on its collateral value if the loan is collateral dependent. However, if foreclosure is or becomes probable, the collateral value measurement method is used.

Impaired mortgage loans without provision for losses are loans where the fair value of the collateral or the net present value of the expected future cash flows related to the loan equals or exceeds the recorded investment. Interest income earned on loans where the collateral value is used to measure impairment is recorded on a cash basis. Interest income on loans where the present value method is used to measure impairment is accrued on the net carrying value amount of the loan at the interest rate used to discount the cash flows. Changes in the present value attributable to changes in the amount or timing of expected cash flows are reported as investment gains or losses.

Real estate held for the production of income, including real estate acquired in satisfaction of debt, is stated at depreciated cost less valuation allowances. At the date of foreclosure (including in-substance foreclosure), real estate acquired in satisfaction of debt is valued at estimated fair value. Impaired real estate is written down to fair value with the impairment loss being included in investment gains (losses), net.

Depreciation of real estate held for production of income is computed using the straight-line method over the estimated useful lives of the properties, which generally range from 40 to 50 years.

Real estate investments meeting the following criteria are classified as real estate held-for-sale:

- Management having the authority to approve the action commits the organization to a plan to sell the property.

- The property is available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets.

- An active program to locate a buyer and other actions required to complete the plan to sell the asset have been initiated and are continuing.

- The sale of the asset is probable and transfer of the asset is expected to qualify for recognition as a completed sale within one year.

- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value.

- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Real estate held-for-sale is stated at depreciated cost less valuation allowances. Valuation allowances on real estate held-for-sale are computed using the lower of depreciated cost or current estimated fair value, net of disposition costs. Depreciation is discontinued on real estate held-for-sale.

Valuation allowances are netted against the asset categories to which they apply.

Policy loans are stated at unpaid principal balances.

Partnerships and joint venture interests in which the Company has control and a majority economic interest (that is, greater than 50% of the economic return generated by the entity) or those that meet FIN No. 46(R) requirements for consolidation are consolidated; those in which the Company does not have control and a majority economic interest and those that do not meet FIN No. 46(R) requirements for consolidation are reported on the equity basis of accounting and are included either with equity real estate or other equity investments, as appropriate.

Equity securities include common stock classified as available for sale securities, and are carried at estimated fair value. Equity securities are included in other invested assets.

Units held in Alliance Capital Management L.P. ("Alliance"), an affiliate, are carried on the equity method and reported in other invested assets.

Short-term investments are stated at amortized cost that approximates fair value and are included with other invested assets.

Cash and cash equivalents includes cash on hand, amounts due from banks and highly liquid debt instruments purchased with an original maturity of three months or less.

All securities owned including United States government and agency securities and mortgage-backed securities are recorded in the consolidated financial statements on a trade date basis.

NET INVESTMENT INCOME, INVESTMENT GAINS (LOSSES), NET AND UNREALIZED INVESTMENT GAINS (LOSSES)

Realized investment gains (losses) are determined by identification with the specific asset and are presented as a component of revenue. Changes in the valuation allowances are included in investment gains or losses.

Unrealized investment gains and losses on fixed maturities and equity securities available for sale held by the Company are accounted for as a separate component of accumulated comprehensive income, net of related deferred income taxes, amounts attributable to Closed Block policyholder dividend obligation, deferred policy acquisition costs ("DAC") and VOBA related to universal life and investment-type products and participating traditional life contracts.

RECOGNITION OF INSURANCE INCOME AND RELATED EXPENSES

Premiums from universal life and investment-type contracts are reported as deposits to policyholders' account balances. Revenues from these contracts consist of amounts assessed during the period against policyholders' account balances for mortality charges, policy administration charges and surrender charges. Policy benefits and claims that are charged to expense include benefit claims incurred in the period in excess of related policyholders' account balances.

Premiums from participating and non-participating traditional life and annuity policies with life contingencies generally are recognized as income when due. Benefits and expenses are matched with such income so as to result in the recognition of profits over the life of the contracts. This match is accomplished by means of the provision for liabilities for future policy benefits and the deferral and subsequent amortization of policy acquisition costs.

For contracts with a single premium or a limited number of premium payments due over a significantly shorter period than the total period over which benefits are provided, premiums are recorded as income when due with any excess profit deferred and recognized in income in a constant relationship to insurance in-force or, for annuities, the amount of expected future benefit payments.

Premiums from individual health contracts are recognized as income over the period to which the premiums related in proportion to the amount of reinsurance protection provided.

DAC AND VOBA

Acquisition costs that vary with and are primarily related to the acquisition of new and renewal insurance business, including commissions, underwriting, agency and policy issue expenses, are deferred. DAC is subject to recoverability testing at the time of policy issue and loss recognition testing at the end of each accounting period.

VOBA, which is established in accordance with business combination purchase accounting guidance, is based on the present value of future profits embedded in the acquired contracts. VOBA is determined by estimating the net present value of future cash flows expected to result from contracts in force at the date of the transaction. Future positive cash flows include investment spreads, and fees and other charges assessed to the contracts for as long as they remain in force, while future negative cash flows include costs to administer the contracts and taxes. Contract balances, from which the cash flows arise, are projected using assumptions for add-on deposits, participant withdrawals, contract surrenders, and investment returns. VOBA is further explicitly adjusted to reflect the cost associated with the capital invested in the business. VOBA will be amortized over the expected life of the contracts (approximately 10-30 years) according to the type of contract involved using the methods described below as applicable. VOBA is subject to loss recognition testing at the end of each accounting period.

For universal life products and investment-type products, DAC and VOBA are amortized over the expected total life of the contract group as a constant percentage of estimated gross profits arising principally from investment results, Separate Account fees, mortality and expense margins and surrender charges based on historical and anticipated future experience, updated at the end of each accounting period. The effect on the amortization of DAC and VOBA of revisions to estimated gross profits is reflected in earnings in the period such estimated gross profits are revised. A decrease in expected gross profits would accelerate DAC and VOBA amortization. Conversely, an increase in expected gross profits would slow DAC and VOBA amortization.

The effect on the DAC and VOBA assets that would result from realization of unrealized gains (losses) is recognized with an offset to accumulated comprehensive income in shareholder's equity as of the balance sheet date.

A significant assumption in the amortization of DAC and VOBA on variable and interest-sensitive life insurance and variable annuities relates to projected future Separate Account performance. Expected future gross profit assumptions related to Separate Account performance are set by management using a long-term view of expected average market returns by applying a reversion to the mean approach. In applying this approach to develop estimates of future returns, it is assumed that the market will return to an average gross long-term return estimate, developed with reference to historical long-term equity market performance and subject to assessment of the reasonableness of resulting estimates of future return assumptions. For purposes of making this reasonableness assessment, management has set limitations as to maximum and minimum future rate of return assumptions, as well as a limitation on the duration of use of these maximum or minimum rates of return. Currently, the average gross long-term annual return estimate is 9.0% (6.89% net of product weighted average Separate Account fees), and the gross maximum and minimum annual rate of return limitations are 15.0% (12.66% net of product weighted average Separate Account fees) and 0% (-2.34% net of product weighted average Separate Account fees), respectively. The maximum duration over which these rate limitations may be applied is 5 years. This approach will continue to be applied in future periods. If actual market returns continue at levels that would result in assuming future market returns of 9% for more than 5 years in order to reach the average gross long-term return estimate, the application of the 5 year maximum duration limitation would result in an acceleration of DAC and VOBA amortization. Conversely, actual market returns resulting in assumed future market returns of 0% for more than 5 years would result in a required deceleration of DAC and VOBA amortization. As of December 31, 2004, current projections of future average gross market returns assume a 2.3% return for 2005 which is within the maximum and minimum limitations and assume a reversion to the mean of 9% after 1.5 years.

In addition, projections of future mortality assumptions related to variable and interest-sensitive life products are based on a long-term average of actual experience. This assumption is updated quarterly to reflect recent experience as it emerges. Improvement of life mortality in future periods from that currently projected would result in future deceleration of DAC and VOBA amortization. Conversely, deterioration of life mortality in future periods from that currently projected would result in future acceleration of DAC and VOBA amortization. Generally, life mortality experience has been improving in recent years.

Other significant assumptions underlying gross profit estimates relate to contract persistency and general account investment spread.

For participating traditional life policies (substantially all of which are in the Closed Block), DAC and VOBA are amortized over the expected total life of the contract group as a constant percentage based on the present value of the estimated gross margin amounts expected to be realized over the life of the contracts using the expected investment yield. At December 31, 2004, the average rate of assumed investment yields, excluding policy loans is 5.0%. Estimated gross margin includes anticipated premiums and investment results less claims and administrative expenses, changes in the net level premium reserve and expected annual policyholder dividends. The effect on the amortization of DAC and VOBA of revisions to estimated gross margins is reflected in earnings in the period such estimated gross margins are revised. The effect on the DAC and VOBA assets that would result from realization of unrealized gains (losses) is recognized with an offset to accumulated comprehensive income in consolidated shareholder's equity as of the balance sheet date.

For non-participating traditional life policies, DAC and VOBA are amortized in proportion to anticipated premiums. Assumptions as to anticipated premiums are estimated at the date of policy issue and are consistently applied during the life of the contracts. Deviations from estimated experience are reflected in earnings in the period such deviations occur. For these contracts, the amortization periods generally are for the total life of the policy.

POLICYHOLDERS' ACCOUNT BALANCES AND FUTURE POLICY BENEFITS

Policyholders' account balances for universal life and investment-type contracts are equal to the policy account values. The policy account values represent an accumulation of gross premium payments plus credited interest less expense and mortality charges and withdrawals.

The Company issues certain variable annuity products with a Guaranteed Minimum Death Benefit ("GMDB") feature. The Company also issues certain variable annuity products that contain a Guaranteed Minimum Income Benefit ("GMIB") feature which, if elected by the policyholder after a stipulated waiting period from contract issuance, guarantees a minimum lifetime annuity based on predetermined annuity purchase rates that may be in excess of what the contract account value can purchase at then-current annuity purchase rates. This minimum lifetime annuity is based on predetermined annuity purchase rates applied to a guaranteed minimum income benefit base. The risk associated with the GMDB and GMIB features is that a protracted under-performance of the financial markets could result in GMDB and GMIB benefits being higher than what accumulated policyholder account balances would support. Reserves for GMDB and GMIB obligations are calculated on the basis of actuarial assumptions related to projected benefits and related contract charges generally over the lives of the contracts using

assumptions consistent with those used in estimating gross profits for purposes of amortizing DAC and VOBA. The determination of this estimated liability is based on models which involve numerous estimates and subjective judgments, including those regarding expected market rates of return and volatility, contract surrender rates, mortality experience, and, for GMIB, GMIB election rates. Assumptions regarding Separate Account performance used for purposes of this calculation are set using a long-term view of expected average market returns by applying a reversion to the mean approach, consistent with that used for DAC and VOBA amortization. There can be no assurance that ultimate actual experience will not differ from management's estimates.

For reinsurance contracts reinsurance recoverable balances are calculated using methodologies and assumptions that are consistent with those used to calculate the direct liabilities.

For participating traditional life policies, future policy benefit liabilities are calculated using a net level premium method on the basis of actuarial assumptions equal to guaranteed mortality and dividend fund interest rates. The liability for annual dividends represents the accrual of annual dividends earned. Terminal dividends are accrued in proportion to gross margins over the life of the contract.

For non-participating traditional life insurance policies, future policy benefit liabilities are estimated using a net level premium method on the basis of actuarial assumptions as to mortality, persistency and interest established at policy issue. Assumptions established at policy issue as to mortality and persistency are based on the Company's experience that, together with interest and expense assumptions, includes a margin for adverse deviation. When the liabilities for future policy benefits plus the present value of expected future gross premiums for a product are insufficient to provide for expected future policy benefits and expenses for that product, DAC and VOBA are written off and thereafter, if required, a premium deficiency reserve is established by a charge to earnings. Benefit liabilities for traditional annuities during the accumulation period are equal to accumulated contractholders' fund balances and, after annuitization, are equal to the present value of expected future payments. Interest rates used in establishing such liabilities range from 2.0% to 6.0% for life insurance liabilities and from 2.5% to 6.75% for annuity liabilities.

Individual health benefit liabilities for active lives are estimated using the net level premium method and assumptions as to future morbidity, withdrawals and interest. Benefit liabilities for disabled lives are estimated using the present value of benefits method and experience assumption as to claim terminations, expenses and interest. While management believes its disability income ("DI") reserves have been calculated on a reasonable basis and are adequate, there can be no assurance reserves will be sufficient to provide for future liabilities.

Claim reserves and associated liabilities net of reinsurance ceded for individual DI and major medical policies were $1.0 million and $0.7 million at December 31, 2004 and 2003, respectively. At December 31, 2004 and 2003, respectively, $353.0 million and $355.1 million of DI reserves and associated liabilities were ceded through indemnity reinsurance agreements with a singular reinsurance group (see Note 16). Incurred benefits (benefits paid plus changes in claim reserves) and benefits paid for individual DI and major medical policies are summarized as follows:

<TABLE>
<CAPTION>

	SIX MONTHS ENDED DECEMBER 31, 2004 (SUCCESSOR)	SIX MONTHS ENDED JUNE 30, 2004 (PREDECESSOR)	Year Ended December 31, 2003 (PREDECESSOR)	Year Ended December 31, 2002 (PREDECESSOR)
	(IN MILLIONS)			
<S>	<C>	<C>	<C>	<C>
Incurred benefits related to current year..............	$ 0.1	$ 0.1	$ 0.1	$ 0.1
Incurred benefits related to prior years...............	0.3	0.2	0.3	0.1
Total Incurred Benefits..........................	$ 0.4	$ 0.3	$ 0.4	$ 0.2
Benefits paid related to current year..................	$ 0.1	$ 0.1	$ 0.1	$ 0.1
Benefits paid related to prior years...................	0.2	0.1	0.2	0.2
Total Benefits Paid............................	$ 0.3	$ 0.2	$ 0.3	$ 0.3

</TABLE>

POLICYHOLDERS' DIVIDENDS

The amount of policyholders' dividends to be paid (including dividends on policies included in the Closed Block) is determined annually by the

Company's board of directors. The aggregate amount of policyholders' dividends is related to actual interest, mortality, morbidity and expense experience for the year and judgment as to the appropriate levels of statutory surplus to be retained by the Company.

At December 31, 2004, participating policies, including those in the Closed Block, represent approximately 20.5% ($23.4 billion) of directly written life insurance in-force, net of amounts ceded.

SEPARATE ACCOUNTS

Generally, Separate Accounts established under New York State and Arizona State Insurance Law are not chargeable with liabilities that arise from any other business of the Company. Separate Accounts' assets are subject to General Account claims only to the extent Separate Accounts' assets exceed Separate Accounts' liabilities. Assets and liabilities of the Separate Accounts represent the net deposits and accumulated net investment earnings less fees, held primarily for the benefit of contractholders, and for which the Company does not bear the investment risk. Separate Accounts' assets and liabilities are shown on separate lines in the balance sheets. Assets held in the Separate Accounts are carried at quoted market values or, where quoted values are not readily available, at estimated fair values as determined by the Company.

The investment results of Separate Accounts on which the Company does not bear the investment risk are reflected directly in Separate Accounts' liabilities and are not reported in revenues in the statements of operations. For the years ended December 31, 2004, 2003 and 2002, investment results of such Separate Accounts were gains (losses) of $522.9 million, $868.5 million and $(756.7) million, respectively.

Deposits to Separate Accounts are reported as increases in Separate Accounts' liabilities and are not reported in revenues. Mortality, policy administration and surrender charges on all Separate Accounts are included in revenues.

OTHER ACCOUNTING POLICIES

The Company, through Enterprise, sells Class B and C shares, which are subject to a contingent deferred sales charge ("CDSC"). At the time of sale, the Company pays commissions to brokers and dealers for sales of Enterprise Group of Funds Class B and C shares. Class B commissions paid are deferred and amortized on the lesser of six years straight-line, or the period during which the related distribution and CDSC revenues are earned. The Company evaluates the recoverability through ongoing estimates of future revenues from Class B shares. Class C share commissions are expensed when paid.

See Note 5 for a description of the Company's intangible assets related to the Holding Company's acquisition of MONY.

Capitalized internal-use software is amortized on a straight-line basis over the estimated useful life of the software.

In 2004, MONY Life filed a consolidated federal income tax return with its life and non-life subsidiaries for the predecessor period (January 1, 2004 through July 8, 2004). For the successor tax year beginning July 9, 2004 and ending December 31, 2004, MONY Life will file a consolidated federal income tax return with its life subsidiaries. MONY Life's non-life subsidiaries will file a separate consolidated federal income tax return for the same successor period. Under the provisions of the Internal Revenue Code, life insurance companies cannot be included with the consolidated return of their ultimate parent for a period of five years from the date of acquisition. Current federal income taxes are charged or credited to operations based upon amounts estimated to be payable or recoverable as a result of taxable operations for the current year. Deferred income tax assets and liabilities are recognized based on the difference between financial statement carrying amounts and income tax bases of assets and liabilities using enacted income tax rates and laws.

The Company and AXA Financial account for stock option and other stock-based compensation in accordance with the provisions of Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees," and related interpretations. In accordance with the opinion, stock option awards result in compensation expense only if the current market price of the underlying stock exceeds the option strike price at the grant date. See Note 14 for the pro forma disclosures required by SFAS No. 123, "Accounting for Stock-Based Compensation," and SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure".

4) INVESTMENTS

The following table provides additional information relating to fixed maturities and equity securities.

<TABLE>
<CAPTION>

<S>	AMORTIZED COST <C>	GROSS UNREALIZED GAINS <C>	GROSS UNREALIZED LOSSES <C>	ESTIMATED FAIR VALUE <C>
		(IN MILLIONS)		
DECEMBER 31, 2004				
Fixed Maturities:				
Available for Sale:				
Corporate....................	$ 7,031.1	$ 164.1	$ 14.7	$ 7,180.5
Mortgage-backed..............	377.0	5.5	-	382.5
U.S. Treasury, government and agency securities.......	530.1	17.4	0.1	547.4
States and political subdivisions	9.0	0.7	-	9.7
Foreign governments...........	98.4	1.5	0.6	99.3
Redeemable preferred stock....	152.3	8.9	0.6	160.6
Total Available for Sale....	$ 8,197.9	$ 198.1	$ 16.0	$ 8,380.0
Equity Securities:				
Available for Sale............	$ 48.2	$ 2.7	$ 1.8	$ 49.1
December 31, 2003				
Fixed Maturities:				
Available for Sale:				
Corporate....................	$ 6,136.4	$ 459.9	$ 26.9	$ 6,569.4
Mortgage-backed..............	357.6	2.9	4.0	356.5
U.S. Treasury, government and agency securities.......	1,333.0	37.7	13.2	1,357.5
States and political subdivisions	10.3	0.1	-	10.4
Foreign governments...........	128.9	10.9	0.2	139.6
Redeemable preferred stock....	37.0	4.2	-	41.2
Total Available for Sale....	$ 8,003.2	$ 515.7	$ 44.3	$ 8,474.6
Equity Securities:				
Available for Sale............	$ 243.6	$ 25.3	$ 17.2	$ 251.7

</TABLE>

For publicly traded fixed maturities and equity securities, estimated fair value is determined using quoted market prices. For fixed maturities without a readily ascertainable market value, the Company determines estimated fair values using a discounted cash flow approach, including provisions for credit risk, generally based on the assumption such securities will be held to maturity. Such estimated fair values do not necessarily represent the values for which these securities could have been sold at the dates of the balance sheets. At December 31, 2004 and 2003, securities without a readily ascertainable market value having an amortized cost of $2,165.7 million and $2,411.8 million, respectively, had estimated fair values of $2,221.9 million and $2,573.9 million, respectively.

The contractual maturity of bonds at December 31, 2004 is shown below:

<TABLE>
<CAPTION>

	AVAILABLE FOR SALE	
	AMORTIZED COST	ESTIMATED FAIR VALUE

	(IN MILLIONS)	
Due in one year or less	$ 333.7	$ 332.7
Due in years two through five	2,153.9	2,171.8
Due in years six through ten	3,070.5	3,159.7
Due after ten years	2,110.5	2,172.7
Mortgage-backed securities	377.0	382.5
Total	$ 8,045.6	$ 8,219.4

Bonds not due at a single maturity date have been included in the above table in the year of final maturity. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

The Company's management, with the assistance of its investment advisors, monitors the investment performance of its portfolio. This review process culminates with a quarterly review of certain assets by AXA Financial's Investments Under Surveillance Committee that evaluates whether any investments are other than temporarily impaired. The review considers an analysis of individual credit metrics of each issuer as well as industry fundamentals and the outlook for the future. Based on the analysis, a determination is made as to the ability of the issuer to service its debt obligations on an ongoing basis. If this ability is deemed to be impaired, then the appropriate provisions are taken.

The following table discloses fixed maturities (253 fixed maturities) that have been in a continuous unrealized loss position for less than a twelve month period as of December 31, 2004:

	LESS THAN 12 MONTHS	
	ESTIMATED FAIR VALUE	GROSS UNREALIZED LOSSES
Fixed Maturities:		
Corporate	$ 1,539.4	$ 14.7
Mortgage-backed	11.7	-
U.S. Treasury, government and agency securities	54.1	0.1
Foreign governments	39.9	0.6
Redeemable preferred stock	122.2	0.6
Total Temporarily Impaired Securities	$ 1,767.3	$ 16.0

There were no securities in a continuous unrealized loss position for more than a twelve month period at December 31, 2004.

The Company's fixed maturity investment portfolio includes corporate high yield securities consisting of public high yield bonds, redeemable preferred stocks and directly negotiated debt. These corporate high yield securities are classified as other than investment grade by the various rating agencies, i.e., a rating below Baa3/BBB- or National Association of Insurance Commissioners ("NAIC") designation of 3 (medium grade), 4 or 5 (below investment grade) or 6 (in or near default). At December 31, 2004, approximately $436.0 million, or 5.4%, of the $8,048.9 million aggregate amortized cost of bonds held by the Company was considered to be other than investment grade.

At December 31, 2004, the carrying value of fixed maturities which were non-income producing for the twelve months preceding that date was $4.7 million.

The Company holds equity in limited partnership interests and other equity method investments that primarily invest in securities considered to be other than investment grade. The carrying values at December 31, 2004 and 2003 were $154.8 million and $177.6 million, respectively.

At December 31, 2004, the Company held 5.6 million units in Alliance, an affiliate, with a carrying value of $225.0 million.

The payment terms of mortgage loans on real estate may from time to time be restructured or modified. The investment in restructured mortgage loans on real estate, based on amortized cost, amounted to $13.9 million and $15.3 million at December 31, 2004 and 2003, respectively. Gross interest income on these loans included in net investment income aggregated $0.2 million, $0.5 million, $1.3 million and $1.5 million for the six months ended December 31, 2004, six months ended June 30, 2004, and full years 2003 and 2002, respectively. Gross interest income on restructured mortgage loans on real estate that would have been recorded in accordance with the original terms of such loans amounted to $0.2 million, $0.7 million, $1.6 million and $4.0 million for the six months ended December 31, 2004, six months ended June 30, 2004, and full years 2003 and 2002, respectively.

Impaired mortgage loans along with the related investment valuation allowances follow:

<TABLE>
<CAPTION>

	DECEMBER 31, 2004 (SUCCESSOR) (IN MILLIONS)	DECEMBER 31, 2003 (PREDECESSOR) (IN MILLIONS)
<S>	<C>	<C>
Impaired mortgage loans with investment valuation allowances.......	$ 4.9	$ 14.3
Impaired mortgage loans without investment valuation allowances....	11.9	30.2
Recorded investment in impaired mortgage loans.....................	16.8	44.5
Investment valuation allowances....................................	(0.5)	(3.2)
Net Impaired Mortgage Loans..	$ 16.3	$ 41.3

</TABLE>

Interest income recognized on impaired mortgage loans totaled $0.4 million, $(0.1) million, $4.1 million and $11.3 million for the six months ended December 31, 2004, six months ended June 30, 2004, and full years 2003 and 2002, respectively.

Mortgage loans on real estate are placed on nonaccrual status once management believes the collection of accrued interest is doubtful. Once mortgage loans on real estate are classified as nonaccrual loans, interest income is recognized under the cash basis of accounting and the resumption of the interest accrual would commence only after all past due interest has been collected or the mortgage loan on real estate has been restructured to where the collection of interest is considered likely. At December 31, 2004 and 2003, there were no mortgage loans on real estate that had been classified as nonaccrual loans.

The Company's investment in equity real estate is through direct ownership and through investments in real estate joint ventures. At December 31, 2004 and 2003, there was no equity real estate held-for-sale. For 2004, 2003 and 2002, respectively, real estate of $0.0 million, $0.0 million and $12.0 million was acquired in satisfaction of debt. At December 31, 2004 and 2003, the Company owned $12.8 million and $23.2 million, respectively, of real estate acquired in satisfaction of debt.

Accumulated depreciation on real estate was $4.0 million and $85.6 million at December 31, 2004 and 2003, respectively. Depreciation expense on real estate totaled $4.0 million, $5.2 million, $10.3 million and $8.9 million for the six months ended December 31, 2004, six months ended June 30, 2004, and full years 2003 and 2002, respectively.

Investment valuation allowances for mortgage loans and equity real estate and changes thereto follow:

<TABLE>
<CAPTION>

	SIX MONTHS ENDED DECEMBER 31, 2004	SIX MONTHS ENDED JUNE 30, 2004	Year Ended December 31, 2003	Year Ended December 31, 2002

	(SUCCESSOR)	(PREDECESSOR)	(PREDECESSOR)	(PREDECESSOR)
		(IN MILLIONS)		
<S>	<C>	<C>	<C>	<C>
Balances, beginning of period....................	$ 22.2	$ 20.0	$ 22.7	$ 28.4
Additions charged to income......................	0.5	3.4	0.9	0.8
Deductions for writedowns and asset dispositions..	--	(1.2)	(3.6)	(2.1)
Transfer of real estate..........................	--	--	--	(4.4)
Effect of push-down accounting of AXA Financial's purchase price on the Company's net assets........	(22.2)	--	--	--
Balances, End of Period..........................	$ 0.5	$ 22.2	$ 20.0	$ 22.7
Balances, end of period comprise:				
Mortgage loans on real estate....................	$ 0.5	$ 22.2	$ 20.0	$ 22.7

</TABLE>

5) GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill of $425.8 million was recorded as a result of the acquisition of MONY by the Holding Company. Goodwill is not subject to amortization, therefore regular impairment testing is required. In connection with the acquisition of MONY, management continues to evaluate the products sold by the Company as part of an overall review of products offered by AXA Equitable and its other affiliates with a view towards reducing duplication of products, improving the quality of the product line-up and enhancing the overall profitability of AXA Financial. This evaluation has resulted in the recent discontinuation of new sales of certain insurance and annuity products offered by the Company, and it is contemplated that new sales of certain other life insurance and annuity products offered by the Company will be discontinued during 2005 and possibly thereafter. In addition, it is expected that in the first half of 2005 MONY Life financial professionals will become financial professionals of affiliates AXA Network, LLC and AXA Advisors, LLC. As a result of the expected reduction of the Company's profits from future sales and the transfer of the agency sales force to affiliates, a $425.8 million goodwill impairment charge was recorded in the last six months of 2004. Also, in connection with the transfer of MONY Life's sales force to affiliates in 2005, a non-cash dividend is expected to be made by MONY Life to AXA Financial to reflect the transfer of MONY Life's distribution network intangible asset to AXA Financial.

The following presents the Company's intangible assets, including VOBA, as of December 31, 2004, related to the Holding Company's acquisition of MONY:

<TABLE>
<CAPTION>

	GROSS CARRYING AMOUNT	LESS: ACCUMULATED AMORTIZATION(1)	LESS: IMPACT OF CO-INSURANCE(2)	NET
		(IN MILLIONS)		
<S>	<C>	<C>	<C>	<C>
Intangible assets subject to amortization:				
VOBA..	$ 868.8	$ (76.1)	$ (27.9)	$ 764.8
Insurance distribution network..................	64.0	(2.4)	--	61.6
Mutual fund distribution fees...................	20.9	(5.2)	--	15.7
Total intangible assets subject to amortization	953.7	(83.7)	(27.9)	842.1
Intangible assets not subject to amortization:				
Investment management contracts.................	60.0	--	--	60.0
Total Intangible Assets............................	$ 1,013.7	$ (83.7)	$ (27.9)	$ 902.1

</TABLE>

For the six months ended December 31, 2004, total amortization expense related to these intangible assets was $60.8 million. Intangible assets amortization expense is estimated to range from $75.1 million in 2005 to $60.8 million in 2009.

----

(1) Includes reactivity to unrealized investment gains and losses.

(2) The impact of co-insurance shown above relates to the co-insurance agreement entered into on December 31, 2004 between USFL and AXA Financial (Bermuda) Ltd., an affiliate, whereby AXA Financial (Bermuda) Ltd. assumed certain term life insurance contracts written by USFL as described further in Note 15.

6) EQUITY METHOD INVESTMENTS

Included in equity real estate or other equity investments, as appropriate, are interests in real estate joint ventures and limited partnership interests accounted for under the equity method with a total carrying value of $203.5 million and $344.2 million at December 31, 2004 and 2003, respectively. The Company's total equity in net (losses) earnings for these real estate joint ventures and limited partnership interests was $(2.8) million, $13.0 million, $15.0 million, and $12.2 million, respectively, for the six months ended December 31, 2004, six months ended June 30, 2004, and full years 2003 and 2002, respectively.

Summarized below is the combined financial information only for those real estate joint ventures and for those limited partnership interests accounted for under the equity method in which the Company has an investment of $10.0 million or greater and an equity interest of 10% or greater (6 and 4 individual ventures at December 31, 2004 and 2003, respectively) and the Company's carrying value and equity in net earnings for those real estate joint ventures and limited partnership interests:

<TABLE>
<CAPTION>

	DECEMBER 31, 2004 (SUCCESSOR)	DECEMBER 31, 2003 (PREDECESSOR)
	(IN MILLIONS)	
BALANCE SHEETS		
Investments in real estate, at depreciated cost	$ 42.6	$ 90.7
Investments in securities, generally at estimated fair value	197.1	191.3
Cash and cash equivalents	2.9	2.0
Other assets	13.1	12.9
Total Assets	$ 255.7	$ 296.9
Borrowed funds - third party	$ 133.4	$ 146.7
Other liabilities	4.5	9.8
Total liabilities	137.9	156.5
Partners' capital	117.8	140.4
Total Liabilities and Partners' Capital	$ 255.7	$ 296.9
The Company's Carrying Value in These Entities Included Above	$ 41.5	$ 40.5

</TABLE>

<TABLE>
<CAPTION>

	SIX MONTHS ENDED DECEMBER 31, 2004 (SUCCESSOR)	SIX MONTHS ENDED JUNE 30, 2004 (PREDECESSOR)	Year Ended December 31, 2003 (PREDECESSOR)	Year Ended December 31, 2002 (PREDECESSOR)
		(IN MILLIONS)		
STATEMENTS OF EARNINGS				
Revenues of real estate joint ventures	$ 12.8	$ 26.9	$ 37.2	$ 31.8
Interest expense - third party	(1.0)	(2.4)	(4.3)	(3.3)
Other expenses	(2.9)	(6.7)	(15.4)	(14.5)
Net Earnings	$ 8.9	$ 17.8	$ 17.5	$ 14.0
The Company's Equity in Net Earnings of These Entities Included Above	$ 2.2	$ 4.8	$ 5.3	$ 4.0

</TABLE>

7) NET INVESTMENT INCOME AND INVESTMENT GAINS (LOSSES)

The sources of net investment income follow:

<TABLE>
<CAPTION>

<S>	SIX MONTHS ENDED DECEMBER 31, 2004 (SUCCESSOR) <C>	SIX MONTHS ENDED JUNE 30, 2004 (PREDECESSOR) <C>	Year Ended December 31, 2003 (PREDECESSOR) <C>	Year Ended December 31, 2002 (PREDECESSOR) <C>
	(IN MILLIONS)			
Fixed maturities......................................	$ 202.3	$ 237.3	$ 498.9	$ 486.7
Mortgage loans on real estate.........................	78.9	69.4	143.4	138.9
Equity real estate....................................	11.3	16.0	5.5	28.6
Other equity investments..............................	(0.8)	7.0	12.7	7.8
Policy loans..	35.7	36.7	78.7	84.8
Other investment income...............................	4.2	2.6	20.0	12.9
Gross investment income............................	331.6	369.0	759.2	759.7
Investment expenses...................................	23.9	17.3	35.0	34.3
Net Investment Income.................................	$ 307.7	$ 351.7	$ 724.2	$ 725.4

</TABLE>

Investment Gains (Losses), including changes in the valuation allowances, follow:

<TABLE>
<CAPTION>

<S>	SIX MONTHS ENDED DECEMBER 31, 2004 (SUCCESSOR) <C>	SIX MONTHS ENDED JUNE 30, 2004 (PREDECESSOR) <C>	Year Ended December 31, 2003 (PREDECESSOR) <C>	Year Ended December 31, 2002 (PREDECESSOR) <C>
	(IN MILLIONS)			
Fixed maturities..................................	$ 8.2	$ (8.8)	$ 50.0	$ (79.5)
Mortgage loans on real estate.....................	7.3	(0.3)	18.6	(3.0)
Equity real estate................................	0.1	(0.4)	1.3	(31.1)
Other equity investments..........................	(1.1)	(1.9)	(9.1)	(38.7)
Other...	(0.1)	6.3	(14.4)	1.2
Investment Gains (Losses), Net....................	$ 14.4	$ (5.1)	$ 46.4	$ (151.1)

</TABLE>

Writedowns of fixed maturities amounted to $8.5 million, $2.1 million, $30.0 million and $115.5 million for the six months ended December 31, 2004, six months ended June 30, 2004, and full years 2003 and 2002, respectively. There were no writedowns of mortgage loans on real estate and equity real estate for the six months ended December 31, 2004, six months ended June 30, 2004, and full years 2003 and 2002.

For the six months ended December 31, 2004, six months ended June 30, 2004, and full years 2003 and 2002, respectively, proceeds received on sales of fixed maturities classified as available for sale amounted to $931.8 million, $857.1 million, $1,844.2 million and $468.1 million. Gross gains of $15.5 million, $21.3 million, $70.3 million and $35.1 million and gross losses of $1.7 million, $32.5 million, $0.4 million and $6.6 million, respectively, were realized on these sales. The change in unrealized investment gains (losses) related to fixed maturities classified as available for sale for the six months ended December 31, 2004, six months ended June 30, 2004, and full years 2003 and 2002 amounted to $182.1 million, $(41.5) million, $(43.2) million and $360.5 million, respectively.

The net unrealized investment gains (losses) included in the balance sheets as a component of accumulated other comprehensive income and the changes for the corresponding years, on a line by line basis, follow:

<TABLE>
<CAPTION>

	SIX MONTHS ENDED DECEMBER 31, 2004 (SUCCESSOR)	SIX MONTHS ENDED JUNE 30, 2004 (PREDECESSOR)	Year Ended December 31, 2003 (PREDECESSOR)	Year Ended December 31, 2002 (PREDECESSOR)
		(IN MILLIONS)		
<S>	<C>	<C>	<C>	<C>
Balance, beginning of period..........................	$ 35.6	$ 84.6	$ 95.0	$ 51.2
Changes in unrealized investment gains (losses)........	183.0	(243.9)	(30.3)	333.4
Changes in unrealized investment gains (losses) attributable to:				
Closed Block policyholder dividend obligation.......	(102.9)	78.2	17.0	(129.8)
DAC and VOBA.......................................	(19.6)	50.6	(12.2)	(67.4)
Deferred income taxes..............................	(20.4)	66.1	15.1	(92.4)
Effect of push-down accounting of AXA Financial's purchase price on the Company's net assets..........	(35.6)	--	--	--
Balance, end of period................................	$ 40.1	$ 35.6	$ 84.6	$ 95.0
Balance, end of period comprises:				
Unrealized investment gains on:				
Fixed maturities..................................	$ 182.1	$ 242.0	$ 471.4	$ 507.9
Other equity investments..........................	0.9	4.1	8.1	(5.0)
Other	--	1.1	11.6	18.5
Total......................................	183.0	247.2	491.1	521.4
Amounts of unrealized investment gains (losses) attributable to:				
Closed Block policyholder dividend obligation.......	(102.9)	(91.8)	(170.0)	(187.0)
DAC and VOBA.......................................	(19.6)	(55.7)	(106.3)	(94.1)
Deferred income taxes............................	(20.4)	(64.1)	(130.2)	(145.3)
Total...	$ 40.1	$ 35.6	$ 84.6	$ 95.0

</TABLE>

Changes in unrealized gains (losses) reflect changes in fair value of only those fixed maturities classified as available for sale and do not reflect any changes in fair value of policyholders' account balances and future policy benefits.

8) OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income represents cumulative gains and losses on items that are not reflected in earnings. The balances for the past three years follow:

<TABLE>
<CAPTION>

	SIX MONTHS ENDED DECEMBER 31, 2004 (SUCCESSOR)	SIX MONTHS ENDED JUNE 30, 2004 (PREDECESSOR)	Year Ended December 31, 2003 (PREDECESSOR)	Year Ended December 31, 2002 (PREDECESSOR)
		(IN MILLIONS)		
<S>	<C>	<C>	<C>	<C>
Unrealized gains on investments.........................	$ 40.1	$ 35.6	$ 84.6	$ 95.0
Minimum pension liability..............................	--	(12.4)	(13.8)	(15.0)
Total Accumulated Other Comprehensive Income...........	$ 40.1	$ 23.2	$ 70.8	$ 80.0

</TABLE>

The components of other comprehensive income (loss) for the past three years follow:

<TABLE>
<CAPTION>

	SIX MONTHS ENDED	SIX MONTHS ENDED	Year Ended	Year Ended

	DECEMBER 31, 2004 (SUCCESSOR)	JUNE 30, 2004 (PREDECESSOR)	December 31, 2003 (PREDECESSOR)	December 31, 2002 (PREDECESSOR)
	(IN MILLIONS)			
<S>	<C>	<C>	<C>	<C>
Net unrealized gains (losses) on investments:				
Net unrealized gains (losses) arising during the period.	$ 196.2	$ (241.1)	$ (41.1)	$ 373.3
(Gains) losses reclassified into net earnings during the period..	(13.2)	(2.8)	10.8	(39.9)
Net unrealized gains (losses) on investments..............	183.0	(243.9)	(30.3)	333.4
Adjustments for policyholders' liabilities, DAC and VOBA and deferred income taxes..............................	(142.9)	194.9	19.9	(289.6)
Change in unrealized gains (losses), net of adjustments....	40.1	(49.0)	(10.4)	43.8
Change in minimum pension liability........................	-	1.4	1.2	(1.9)
Total Other Comprehensive Income (Loss)....................	$ 40.1	$ (47.6)	$ (9.2)	$ 41.9

</TABLE>

9) CLOSED BLOCK

The excess of Closed Block liabilities over Closed Block assets (adjusted to exclude the impact of related amounts in accumulated other comprehensive income) represents the expected maximum future post-tax earnings from the Closed Block which would be recognized in income from continuing operations over the period the policies and contracts in the Closed Block remain in force. As of January 1, 2001, the Company had developed an actuarial calculation of the expected timing of its Closed Block's earnings. Further, in connection with the acquisition of MONY, AXA Financial has developed a revised actuarial calculation of the expected timing of the Company's Closed Block earnings as of July 1, 2004.

If the actual cumulative earnings from the Closed Block are greater than the expected cumulative earnings, only the expected earnings will be recognized in net income. Actual cumulative earnings in excess of expected cumulative earnings at any point in time are recorded as a policyholder dividend obligation because they will ultimately be paid to Closed Block policyholders as an additional policyholder dividend unless offset by future performance that is less favorable than originally expected. If a policyholder dividend obligation has been previously established and the actual Closed Block earnings in a subsequent period are less than the expected earnings for that period, the policyholder dividend obligation would be reduced (but not below zero). If, over the period the policies and contracts in the Closed Block remain in force, the actual cumulative earnings of the Closed Block are less than the expected cumulative earnings, only actual earnings would be recognized in income from continuing operations. If the Closed Block has insufficient funds to make guaranteed policy benefit payments, such payments will be made from assets outside the Closed Block.

Many expenses related to Closed Block operations, including amortization of DAC and VOBA, are charged to operations outside of the Closed Block; accordingly, net revenues of the Closed Block do not represent the actual profitability of the Closed Block operations. Operating costs and expenses outside of the Closed Block are, therefore, disproportionate to the business outside of the Closed Block.

Summarized financial information for the Closed Block is as follows:

<TABLE>
<CAPTION>

	DECEMBER 31, 2004 (SUCCESSOR)	December 31, 2003 (PREDECESSOR)
	(IN MILLIONS)	
<S>	<C>	<C>
CLOSED BLOCK LIABILITIES:		
Future policy benefits, policyholders' account balances and other.....................	$ 7,360.9	$ 7,362.0
Policyholder dividend obligation..	250.8	235.7
Other liabilities...	15.3	107.0
Total Closed Block liabilities..	$ 7,627.0	$ 7,704.7

ASSETS DESIGNATED TO THE CLOSED BLOCK:		
Fixed maturities, available for sale, at estimated fair value (amortized cost, $4,338.0 and $4,087.4)	$ 4,440.9	$ 4,348.9
Mortgage loans on real estate	592.5	593.6
Policy loans	1,025.0	1,078.0
Cash and other invested assets	84.3	54.1
Other assets	190.5	216.6
Total assets designated to the Closed Block	6,333.2	6,291.2
Excess of Closed Block liabilities over assets designated to the Closed Block	1,293.8	1,413.5
Amounts included in accumulated other comprehensive income:		
Net unrealized gains, net of deferred income tax expense of $0.0 and $75.3 million and policyholder dividend obligation of $102.9 million and $(170.0) million	--	76.8
Maximum Future Earnings To Be Recognized From Closed Block Assets and Liabilities	$ 1,293.8	$ 1,490.3

</TABLE>

Closed Block revenues and expenses were as follows:

<TABLE>
<CAPTION>

	SIX MONTHS ENDED DECEMBER 31, 2004 (SUCCESSOR)	SIX MONTHS ENDED JUNE 30, 2004 (PREDECESSOR)	Year Ended December 31, 2003 (PREDECESSOR)	Year Ended December 31, 2002 (PREDECESSOR)
		(IN MILLIONS)		
<S>	<C>	<C>	<C>	<C>
REVENUES:				
Premiums and other income	$ 230.8	$ 221.0	$ 481.1	$ 511.3
Investment income (net of investment expenses of $2.9, $2.8, $5.2 and $4.6)	175.0	184.2	393.5	396.5
Investment gains (losses), net	13.1	(2.4)	12.2	(51.4)
Total revenues	418.9	402.8	886.8	856.4
BENEFITS AND OTHER DEDUCTIONS:				
Policyholders' benefits and dividends	359.1	354.5	783.3	752.3
Other operating costs and expenses	9.9	5.2	15.3	14.7
Total benefits and other deductions	369.0	359.7	798.6	767.0
Net revenues before income taxes	49.9	43.1	88.2	89.4
Income tax expense	(17.4)	(15.1)	(30.9)	(31.3)
Net Revenues	$ 32.5	$ 28.0	$ 57.3	$ 58.1

</TABLE>

Reconciliation of the policyholder dividend obligation is as follows:

<TABLE>
<CAPTION>

	SIX MONTHS ENDED DECEMBER 31, 2004 (SUCCESSOR)	SIX MONTHS ENDED JUNE 30, 2004 (PREDECESSOR)	Year Ended December 31, 2003 (PREDECESSOR)
		(IN MILLIONS)	
<S>	<C>	<C>	<C>
Balance, beginning of period	$ 158.8	$ 235.7	$ 220.2
Applicable to Net Revenues	0.2	1.4	32.5
Unrealized investment gains	102.9	(78.3)	(17.0)
Effect of push-down accounting of AXA Financial's purchase price on the Company's net assets	(11.1)	--	--
Balance, End of Period	$ 250.8	$ 158.8	$ 235.7

</TABLE>

Closed Block valuation allowances on mortgage loans on real estate amounted to $0.2 million and $7.4 million at December 31, 2004 and 2003, respectively. Writedowns of fixed maturities amounted to $0.3 million for the six months ended December 31, 2004, $0.6 million for the six months ended June 30, 2004, and $16.5 million and $64.5 million for the full years 2003 and 2002, respectively.

10) GMDB, GMIB AND NO LAPSE GUARANTEE FEATURES

Variable Annuity Contracts - GMDB and GMIB

The Company issues certain variable annuity contracts with GMDB and GMIB features that guarantee either:

a) Return of Premium: the benefit is the greater of current account value or premiums paid (adjusted for withdrawals);

b) Ratchet: the benefit is the greatest of current account value, premiums paid (adjusted for withdrawals), or the highest account value on any anniversary up to contractually specified ages (adjusted for withdrawals); or

c) Roll-Up: the benefit is the greater of current account value or premiums paid (adjusted for withdrawals) accumulated at contractually specified interest rates up to specified ages.

The following table summarizes the GMDB and GMIB liabilities, before reinsurance ceded, reflected in the General Account in future policy benefits and other policyholders' liabilities in 2004:

<TABLE>
<CAPTION>

	GMDB	GMIB	TOTAL
		(IN MILLIONS)	
<S>	<C>	<C>	<C>
Balance at December 31, 2003	$ 4.0	$ -	$ 4.0
Impact of adoption of SOP 03-1	(3.2)	0.1	(3.1)
Paid guarantee benefits	(3.8)	-	(3.8)
Other changes in reserve	4.0	-	4.0
Balance at December 31, 2004	$ 1.0	$ 0.1	$ 1.1

</TABLE>

Related GMDB reinsurance ceded amounts were:

<TABLE>
<CAPTION>

	GMDB
	(IN MILLIONS)
<S>	<C>
Balance at December 31, 2003	$ --
Impact of adoption of SOP 03-1	0.4
Paid guarantee benefits ceded	(3.1)
Other changes in reserve	3.7
Balance at December 31, 2004	$ 1.0

</TABLE>

The December 31, 2004 values for those variable contracts with GMDB and GMIB features are presented in the following table. Since variable contracts with GMDB guarantees may also offer GMIB guarantees in each contract, the GMDB and GMIB amounts listed are not mutually exclusive:

<TABLE>
<CAPTION>

	RETURN OF PREMIUM	RATCHET	ROLL-UP	COMBO	TOTAL
			(DOLLARS IN MILLIONS)		
<S>	<C>	<C>	<C>	<C>	<C>
GMDB:					
Account value (1)	$ 1,382	$ 2,343	N.A.	$ 205	$ 3,930
Net amount at risk, gross	$ 20	$ 284	N.A.	$ 12	$ 316
Net amount at risk, net of amounts reinsured	$ 20	$ 267	N.A.	$ 0	$ 287
Average attained age of					

contractholders.............	60.9	60.4	N.A.	59.6	60.5
Percentage of contractholders over age 70..................	17.4%	14.6%	N.A.	11.3%	15.6%
Guaranteed minimum return rates	N.A.	N.A.	N.A.	5.0%	5.0%
GMIB:					
Account value (2).............	N.A.	N.A.	$ 208	N.A.	$ 208
Net amount at risk, gross......	N.A.	N.A.	$ 0	N.A.	$ 0
Net amount at risk, net of amounts reinsured...........	N.A.	N.A.	$ 0	N.A.	$ 0
Weighted average years remaining until earliest annuitization...............	N.A.	N.A.	7.3	N.A.	7.3
Guaranteed minimum return rates.......................	N.A.	N.A.	5.0%	N.A.	5.0%

</TABLE>

----

(1) Included General Account balances of $258 million, $390 million and $35 million, respectively, for a total of $683 million.

(2) Included General Account balances of $35 million.

For contracts with the GMDB feature, the net amount at risk in the event of death as of December 31, 2004 is the amount by which the GMDB benefits exceeds related account values.

For contracts with the GMIB feature, the net amount at risk in the event of annuitization as of December 31, 2004 is defined as the amount by which the present value of the GMIB benefits exceeds related account values, taking into account the relationship between current annuity purchase rates and the GMIB guaranteed annuity purchase rates.

The following table presents the aggregate fair value of assets, by major investment fund option, held by Separate Accounts that are subject to GMDB and GMIB benefits and guarantees. Since variable contracts with GMDB benefits and guarantees may also offer GMIB benefits and guarantees in each contract, the GMDB and GMIB amounts listed are not mutually exclusive:

INVESTMENT IN VARIABLE INSURANCE TRUST MUTUAL FUNDS

<TABLE>
<CAPTION>

<S>	DECEMBER 31, 2004 (SUCCESSOR) <C>	December 31, 2003 (PREDECESSOR) <C>
	(IN MILLIONS)	
GMDB:		
Equity...	$ 2,519	$ 2,356
Fixed income...	523	506
Balanced...	78	80
Other..	128	187
Total..	$ 3,248	$ 3,129
GMIB:		
Equity...	$ 128	$ 73
Fixed income...	38	27
Balanced...	3	2
Other..	4	5
Total..	$ 173	$ 107

</TABLE>

Variable and Interest-Sensitive Life Insurance Policies - No Lapse Guarantee

The no lapse guarantee feature contained in variable and interest-sensitive life insurance policies keeps them in force in situations where the policy value is not sufficient to cover monthly charges then due. The no lapse guarantee remains in effect so long as the policy meets a contractually specified premium funding test and certain other requirements. At December 31, 2004 the Company had liabilities of $0.5 million for no lapse guarantees reflected in the General Account in future policy benefits and other policyholders' liabilities.

11) LONG-TERM DEBT

The Company's long term debt consists of the following:

	DECEMBER 31, 2004	December 31, 2003
	(IN MILLIONS)	
Surplus notes, 11.25%, due 2024	$ 1.9	$ 1.9
Intercompany Surplus Note, 8.65%, due 2012	115.0	115.0
Intercompany Surplus Note, 8.65%, due 2024	100.0	100.0
Total long-term debt	$ 216.9	$ 216.9

At December 31, 2004, $1.9 million of the Company's 11.25% surplus notes remained outstanding.

At December 31, 2004 the Company had two separate surplus notes (the "Intercompany Surplus Notes") outstanding with the Holding Company. The Intercompany Surplus Notes have a par value of $115.0 million and $100.0 million, respectively. Principal on the Intercompany Surplus Notes is payable at maturity and interest is payable semi-annually.

12) INCOME TAXES

A summary of the income tax expense in the statements of operations follows:

	SIX MONTHS ENDED DECEMBER 31, 2004 (SUCCESSOR)	SIX MONTHS ENDED JUNE 30, 2004 (PREDECESSOR)	Year Ended December 31, 2003 (PREDECESSOR)	Year Ended December 31, 2002 (PREDECESSOR)
		(IN MILLIONS)		
Income tax expense (benefit):				
Current expense (benefit)	$ 0.3	$ 13.0	$ 68.3	$ (39.0)
Deferred expense (benefit)	13.1	(22.3)	(47.8)	33.0
Total	$ 13.4	$ (9.3)	$ 20.5	$ (6.0)

The Federal income taxes attributable to consolidated operations are different from the amounts determined by multiplying the earnings before income taxes by the expected Federal income tax rate of 35%. The sources of the difference and their tax effects follow:

	SIX MONTHS ENDED DECEMBER 31, 2004 (SUCCESSOR)	SIX MONTHS ENDED JUNE 30, 2004 (PREDECESSOR)	Year Ended December 31, 2003 (PREDECESSOR)	Year Ended December 31, 2002 (PREDECESSOR)
		(IN MILLIONS)		
Tax at statutory rate	$ (137.8)	$ (10.9)	$ 24.8	$ (7.4)
Goodwill impairment	149.1	--	--	--
Dividends received deduction	--	(1.8)	(6.0)	(1.2)
Foreign loss disallowance	1.2	--	4.3	--
Tax settlement/accrual adjustment	3.8	--	(4.2)	(11.9)
Officers life insurance	(2.8)	--	(2.5)	3.7
Meals and entertainment	0.2	0.3	1.3	1.5
Other	(0.3)	3.1	2.8	9.3
Federal income tax expense	$ 13.4	$ (9.3)	$ 20.5	$ (6.0)

</TABLE>

The components of the net deferred Federal income taxes are as follows:

<TABLE>
<CAPTION>

	DECEMBER 31, 2004		December 31, 2003	
	(SUCCESSOR)		(PREDECESSOR)	
	ASSETS	LIABILITIES	Assets	Liabilities
	(IN MILLIONS)			
<S>	<C>	<C>	<C>	<C>
Compensation and related benefits......	$ 71.9	$ --	$ 7.5	$ --
Reserves and reinsurance..............	297.9	--	110.6	--
DAC...................................	87.9	--	--	334.6
VOBA..................................	--	267.5	--	--
Investments...........................	--	116.3	--	47.1
Tax loss carryforwards................	9.6	--	--	--
Goodwill and intangibles..............	--	52.8	--	--
Fixed assets and software.............	79.3	--	--	23.9
Policyholder dividends................	41.4	--	35.0	--
Non-life subsidiaries.................	55.2	--	42.2	--
Other.................................	43.9	--	31.1	--
Total.................................	$ 687.1	$ 436.6	$ 226.4	$ 405.6

</TABLE>

At December 31, 2004, the Company had deferred tax loss carryforwards of $27.5 million. The loss carryforwards will begin to expire in 2020.

In 2003, the Internal Revenue Service ("IRS") commenced an examination of the Company's federal income tax returns for the years 1998 through 2001. The tax years 1994 through 1997 are currently under review by the Appeals Office of the IRS. Management believes the examinations of the Company's federal income tax returns will have no material adverse effect on the Company's consolidated results of operations or financial position.

13) GROUP PENSION TRANSACTION

On December 31, 1993 (the "Transaction Date"), the Company entered into an agreement (the "Agreement") with AEGON USA, Inc. ("AEGON") under which the Company transferred a substantial portion of its group pension business (hereafter referred to as the "Group Pension Transaction"), including its full service group pension contracts, consisting primarily of tax-deferred annuity, 401(k) and managed funds lines of business, to AEGON's wholly-owned subsidiary, AUSA Life Insurance Company, Inc. ("AUSA"). The Company also transferred to AUSA the corporate infrastructure supporting the group pension business, including data processing systems, facilities and regional offices. In connection with the transaction, the Company and AEGON entered into certain service agreements. These agreements, among other things, provided that the Company would continue to manage the transferred assets, and that AUSA would continue to provide certain administrative services to the Company's remaining group pension contracts not included in the transfer.

Pursuant to the Agreement, which expired on December 31, 2002, the Company received from AUSA: (i) payments on an annual basis through December 31, 2002 (the "Group Pension Payments") equal to all of the earnings from the Existing Deposits calculated on a basis hereafter referred to as the "Earnings Formula", (ii) a final payment (the "Final Value Payment") at December 31, 2002 based on the remaining fair value of the Existing Deposits, and (iii) a contingent payment (the "New Business Growth Payment") at December 31, 2002 based on new business growth subsequent to the Transaction Date.

For the full year 2002, AUSA reported earnings to the Company pursuant to the application of the Earnings Formula of $19.1 million, the Company recorded Group Pension Profits of $28.2 million, and the Company earned $12.8 million of interest income. In addition on December 31, 2002, the Company recorded earnings from the Final Value Payment of $54.1 million (before expenses of approximately $6.0 million relating thereto). As of December 31, 2002, the Company was not eligible for any New Business Growth payment.

The following sets forth certain summarized financial information relating to the Group Pension Transaction for full year 2002, including information regarding the components of revenue and expense comprising the Group Pension Profits.

	Year Ended December 31, 2002
	(IN MILLIONS)
REVENUES:	
Product policy fees	$ 18.3
Net investment income	88.2
Net realized gains (losses) on investments	0.8
Total revenues	107.3
BENEFITS AND EXPENSES:	
Interest credited to policyholders' account balances	63.5
Other operating costs and expenses	15.6
Total benefits and expenses	79.1
Group Pension Profits	28.2
Final Value Payment(1)	54.1
Total	$ 82.3

----

(1) Expenses of approximately $6.0 million relating to the Final Value Payment are recorded in "other operating costs and expenses" on the Company's consolidated statement of operations for 2002.

14) STOCK OPTIONS

In November 1998, MONY adopted the 1998 Stock Incentive Plan (the "1998 SIP") for employees of the Company and certain of its career financial professionals. As a condition for its approval by the New York Insurance Department, options awarded under the 1998 SIP were limited to no more than five percent of MONY's common shares outstanding as of the date of its initial public offering (2,361,908 shares). Options granted under the 1998 SIP included both Incentive Stock Options and Nonstatutory Stock Options ("NSOs") with exercise prices not less than 100% of the fair value of MONY's common stock as determined on

their date of grant. In addition, each award had a 10-year contractual term from the date of grant and one-third vested and became exercisable on each of the first three anniversaries of the grant. In May 2002, MONY's shareholders approved the 2002 Stock Option Plan (the "2002 SOP") and the allocation of 5,000,000 shares of MONY common stock for grants under that plan. Options granted under the 2002 SOP were NSOs with exercise prices not less than 100% of the fair value of MONY's common stock as determined on the date of grant and vesting provisions determined at the discretion of MONY's board of directors. However, all options granted under the plan could not be exercised, transferred or otherwise disposed of by the grantee prior to December 24, 2003.

On July 8, 2004, in connection with the acquisition of MONY by the Holding Company, each issued and outstanding unexercised stock option under the 1998 SIP and the 2002 SOP, whether vested or unvested, was cancelled and converted into the right to receive for each share covered by a stock option, the excess, if any, of $31.00 over the per share exercise price of the stock option, without interest, and net of applicable holding taxes. As further shown below in the summary of the Company's activity under its stock incentive plans, this resulted in the cash settlement of approximately 1.8 million stock options at a cost of $7.9 million. Each issued and outstanding unexercised stock option with a per share exercise price of $31.00 or more was cancelled without payment.

Prior to the acquisition of MONY by the Holding Company, the Company elected to account for stock-based compensation using the intrinsic value method prescribed in APB No. 25. The following table reflects the effect on net income of the Company as if the accounting prescribed by SFAS 123 had been applied by MONY Life to the options granted to employees and outstanding as at June 30, 2004, and December 31, 2003 and 2002:

<TABLE>
<CAPTION>

	SIX MONTHS ENDED	YEAR ENDED	YEAR ENDED

	JUNE 30, 2004	DECEMBER 31, 2003	DECEMBER 31, 2002
	(PREDECESSOR)	(PREDECESSOR) (IN MILLIONS)	(PREDECESSOR)
Net (Loss) Earnings as reported....................	$ (17.8)	$ 56.2	$ (5.6)
Less: total stock-based employee compensation expense determined under fair value method for all awards, net of income tax.....................................	(2.3)	(5.4)	(5.2)
Pro Forma Net (Loss) Earnings......................	$ (20.1)	$ 50.8	$ (10.8)

The Black-Scholes option pricing model was used in determining the fair value of option awards for purpose of the pro-forma disclosures above. The option pricing assumptions were as follows: exercise prices ranging from $20.90 to $44.25, dividend yields ranging from 1.02% to 2.37%, expected volatility ranging from 23.5% to 44.4%, and a range of interest rates from 3.3% to 6.7%.

A summary of the Company's activity under its stock incentive plans for the six months ended June 30, 2004 and the years ended December 31, 2003 and 2002 is presented below:

	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding, December 31, 2001 (Predecessor)	1,922,321	$32.02
Granted	1,405,495	$35.77
Exercised	(33,114)	$30.85
Forfeited, expired or cancelled	(166,319)	$33.68
Outstanding, December 31, 2002 (Predecessor)	3,128,383	$33.60
Granted	836,025	$21.96
Exercised	(327,327)	$30.19
Forfeited, expired or cancelled	(127,874)	$33.17
Outstanding, December 31, 2003 (Predecessor)	3,509,207	$31.17
Granted	-	$ --
Exercised	(90,758)	$28.12
Forfeited, expired or cancelled	(28,690)	$30.24
Outstanding, June 30, 2004 (Predecessor)	3,389,759	$31.26
Granted	--	$ --
Cash-settled in connection with the acquisition of MONY by the Holding Company	(1,791,955)	$26.60
Forfeited, expired or cancelled	(1,597,804)	$36.48
Outstanding, July 1, 2004 (Successor)	--	$ --

In May 2001, MONY shareholders approved The MONY Group Inc. Restricted Stock Ownership Plan (the "Plan"). Pursuant to the terms of the Plan, management had the authority to grant up to 1,000,000 restricted shares of MONY common stock to eligible employees, as defined in the Plan, and to establish vesting and forfeiture conditions relating thereto. During 2002 and 2001, MONY granted 97,143 and 352,050 restricted shares, respectively, to certain members of management pursuant to the Plan. These awards were conditioned on: (i) the expiration of a time-vesting period and (ii) an increase in the average per share price of MONY common stock above specified targets. In accordance with APB No. 25, compensation expense was recognized on the awards proportionally over the vesting period of the award provided that the condition with respect to the average price of MONY common stock was satisfied at the end of any period. In March 2003, MONY granted 334,050 restricted shares to certain members of management under the Plan. Vesting of the 2003 awards was conditioned only on the expiration of a time-vesting period. For the six months ended June 30, 2004 and the years ended December 31, 2003 and 2002, the Company recognized $1.7 million, $2.6 million and $0.0 million, respectively, of compensation expense relating to this program.

On July 8, 2004, in connection with the acquisition of MONY by the Holding Company, each outstanding share of restricted stock, whether vested or unvested, was converted into the right to receive $31.00 per share, resulting in a cash settlement of approximately $16.3 million.

15) RELATED PARTY TRANSACTIONS

Effective December 31, 2004, USFL entered into a co-insurance agreement with AXA Financial (Bermuda) Ltd. ("AXA Bermuda"), an affiliate, whereby AXA Bermuda agreed to reinsure certain term life insurance policies written by USFL. In connection with the co-insurance agreement with AXA Bermuda, USFL paid an initial premium of $144.2 million and ceded reserves of $176.1 million, deferring the $31.9 million net gain resulting from the transaction, which will be amortized over the remaining lives of the underlying reinsured contracts. In addition, USFL received a ceding commission of $51.5 million from AXA Bermuda, which was treated as a reduction of VOBA. Amortization of VOBA for the six months ended December 31, 2004 reflects a $24.7 million pre-tax write-off ($16.0 million after-tax) of VOBA that is no longer recoverable by USFL as a result of the co-insurance agreement with AXA Bermuda.

Effective July, 1, 2004, the Company participates in certain intercompany cost sharing and service agreements including personnel services, technology and professional development arrangements, with AXA Equitable, an affiliate. Expenses incurred under such agreements totaled approximately $2.3 million for the six months ended December 31, 2004.

In addition to the agreements discussed above, the Company has various other service and investment advisory agreements with affiliates. The amount of expenses incurred by the Company related to these agreements was $10.6 million, $10.6 million, $19.7 million, and $18.6 million for the six months ended December 31, 2004, six months ended June 30, 2004, and full years 2003 and 2002, respectively. In addition, the Company had an intercompany payable of $3.9 million and $5.4 million at December 31, 2004 and December 31, 2003, respectively, related to these agreements.

16) REINSURANCE

During the predecessor periods, the Company used a variety of indemnity reinsurance agreements with reinsurers to control its loss exposure. Under the terms of these reinsurance agreements, the reinsurer was liable to reimburse the Company for the portion of paid claims ceded to it in accordance with the applicable reinsurance agreement. However, the Company remains contingently liable for all benefits payable even if the reinsurers fail to meet their obligations to the Company. Life insurance business written by the Company was ceded under various reinsurance contracts. The Company's general practice was to retain no more than $4.0 million of risk on any one person for individual products and $6.0 million for last survivor products. The benefits in connection with guaranteed minimum death benefits in excess of the return of premium benefit, which are offered under certain of the Company's annuity contracts, were 100% reinsured up to specified limits. Benefits in connection with the earnings increase benefit rider under the new MONY variable annuity were similarly reinsured. The guaranteed minimum income benefit in the new variable annuity product was 100% reinsured up to individual and aggregate limits as well as limits which are based on benefit utilization.

During the successor period, the Company continued to reinsure most of its new variable life and universal life policies on an excess of retention basis, retaining up to a maximum of $4.0 million on single-life policies and $6.0 million on second-to-die policies. However, for amounts applied for in excess of those limits, reinsurance is ceded to AXA Equitable up to a combined maximum of $15.0 million on single-life policies and $20.0 million on second-to-die policies. Amounts in excess of those limits are reinsured with unaffiliated third parties. New term life policies continued to be coinsured on a first dollar basis, with the Company reinsuring up to 65% of each risk and any excess of its $4.0 million retention. A contingent liability exists with respect to reinsurance ceded should the reinsurers be unable to meet their obligations.

During the predecessor and successor periods the Company ceded reinsurance on a variety of bases, including co-insurance and excess of retention, but in no case does the Company retain in excess of $4.0 million of risk on any one person for individual products and $6.0 million for last survivor products.

At December 31, 2004 and 2003, respectively, reinsurance recoverables related to insurance contracts amounted to $796.0 million and $533.3 million, of which $383.4 million and $386.0 million relates to one specific reinsurer.

The following table summarizes the effect of reinsurance:

<TABLE>
<CAPTION>

	SIX MONTHS ENDED DECEMBER 31, 2004 (SUCCESSOR)	SIX MONTHS ENDED JUNE 30, 2004 (PREDECESSOR)	Year Ended December 31, 2003 (PREDECESSOR)	Year Ended December 31, 2002 (PREDECESSOR)
	(IN MILLIONS)			
Direct premiums	$ 439.6	$ 409.0	$ 840.1	$ 816.7
Reinsurance assumed	8.7	-	8.0	7.2
Reinsurance ceded	(79.0)	(62.1)	(124.4)	(118.5)
Premiums	$ 369.3	$ 346.9	$ 723.7	$ 705.4
Universal Life and Investment-type Product Policy Fee Income Ceded	$ 29.3	$ 19.5	$ 38.0	$ 34.5
Policyholders' Benefits Ceded	$ 84.8	$ 56.5	$ 150.5	$ 129.0
Interest Credited to Policyholders' Account Balances Ceded	$ 1.2	$ 1.1	$ 2.4	$ 2.9

</TABLE>

17) EMPLOYEE BENEFIT PLANS

The Company has a qualified pension plan covering substantially all of MONY Life's salaried employees. The provisions of the plan provide both (a) defined benefit accruals based on: (i) years of service, (ii) the employee's final average annual compensation and (iii) wage bases or benefits under Social Security, and (b) defined contribution accruals based on a Company matching contribution equal to 100% of the employee's elective deferrals under the incentive savings plan for employees up to 3% of the employee's eligible compensation and an additional 2% of eligible compensation for each active participant. Effective June 15, 1999, prospective defined contribution accruals in the defined benefit plan ceased and were redirected to the Investment Plan Supplement for Employees of MONY Life. The Company did not make any contribution in the current or prior year under Section 404 of the Internal Revenue Code ("IRC") because the plan was fully funded under Section 412 of the IRC. MONY Life uses a December 31 measurement date for its pension plans and other postretirement benefits.

During 2002, the Company amended its Qualified Pension plan, which increased certain benefit liabilities payable thereunder. The amendment resulted in an increase of $3.7 million in the plan's projected benefit obligation.

The assets of the qualified pension plan are primarily invested in MONY Pooled Accounts which include common stock, real estate, and public and private fixed maturity securities. At December 31, 2004 and 2003, $311.6 million and $312.0 million, respectively, were invested in the MONY Pooled Accounts. Benefits of $16.6 million, $15.5 million, $34.0 million and $30.2 million were paid by this plan for the six months ended December 31, 2004, the six months ended June 30, 2004, and full years 2003 and 2002, respectively.

MONY Life also sponsors a non-qualified employee excess pension plan, which provides both defined benefits and defined contribution accruals in excess of Internal Revenue Service ("IRS") limits to certain employees. The benefits are based on years of service and the employee's final average annual compensation. Pension benefits are paid from the Company's general account.

Components of net periodic expense (credit) for the Company's qualified and non-qualified plans were as follows:

<TABLE>
<CAPTION>

	SIX MONTHS ENDED DECEMBER 31, 2004 (SUCCESSOR)	SIX MONTHS ENDED JUNE 30, 2004 (PREDECESSOR)	Year Ended December 31, 2003 (PREDECESSOR)	Year Ended December 31, 2002 (PREDECESSOR)
	(IN MILLIONS)			

Service cost	$ 4.6	$ 4.1	$ 6.9	$ 5.9
Interest cost on projected benefit obligations	14.0	12.7	27.8	29.2
Expected return on assets	(16.3)	(15.1)	(26.9)	(39.8)
Recognized net actuarial loss/(gain)	-	6.5	17.2	4.6
Net Periodic Pension Expense	$ 2.3	$ 8.2	$ 25.0	$ (0.1)

</TABLE>

The projected benefit obligations under the Company's qualified and non-qualified plans were comprised of:

<TABLE>
<CAPTION>

	DECEMBER 31, 2004 (SUCCESSOR)	DECEMBER 31, 2003 (PREDECESSOR)
	(IN MILLIONS)	
<S>	<C>	<C>
Projected benefit obligations, beginning of year	$ 451.5	$ 431.4
Service cost	8.7	6.9
Interest cost	26.7	27.8
Actuarial losses	35.1	29.5
Benefits paid	(36.5)	(44.1)
Projected Benefit Obligations, End of Year	$ 485.5	$ 451.5

</TABLE>

The change in plan assets and the funded status of the Company's qualified pension plan was as follows:

<TABLE>
<CAPTION>

	SIX MONTHS ENDED DECEMBER 31, 2004 (SUCCESSOR)	SIX MONTHS ENDED JUNE 30, 2004 (PREDECESSOR)	Year Ended December 31, 2003 (PREDECESSOR)
		(IN MILLIONS)	
<S>	<C>	<C>	<C>
Plan assets at fair value, beginning of period	$ 389.1	$ 387.6	$ 354.9
Actual return on plan assets	30.6	18.2	68.2
Contributions	--	--	10.2
Benefits paid and fees	(17.6)	(16.7)	(45.7)
Plan assets at fair value, end of period	402.1	389.1	387.6
Projected benefit obligations	485.5	455.3	451.5
Underfunding of plan assets over projected benefit obligations	(83.4)	(66.2)	(63.9)
Unrecognized prior service cost	--	--	2.2
Unrecognized net loss from past experience different from that assumed	16.7	--	149.0
Unrecognized net asset at transition	--	--	1.0
(Accrued)/Prepaid Pension Cost, Net	$ (66.7)	$ (66.2)	$ 88.3

</TABLE>

The prepaid pension cost for pension plans with assets in excess of projected benefit obligations was $0.0 million and $132.5 million and the accrued liability for pension plans with accumulated benefit obligations in excess of plan assets was $4.6 million and $0.0 million at December 31, 2004 and 2003, respectively.

The following table discloses the estimated fair value of plan assets and the percentage of estimated fair value to total plan assets for the qualified plan of the Company.

<TABLE>
<CAPTION>

DECEMBER 31, 2004 (SUCCESSOR)	DECEMBER 31, 2003 (PREDECESSOR)
(IN MILLIONS)	

	ESTIMATED FAIR VALUE	%	Estimated Fair Value	%
Corporate and government debt securities..............	$ 109.0	27.1	$ 112.4	29.0
Equity securities....................................	288.3	71.7	238.3	61.5
Equity real estate	-	-	15.5	4.0
Cash and cash equivalents............................	4.8	1.2	21.4	5.5
Total Plan Assets....................................	$ 402.1		$ 387.6	

The primary investment objective of the Company's qualified plan is to maximize return on assets, giving consideration to prudent risk. Strategy with respect to asset mix is designed to meet, and, if possible, exceed the long-term rate-of-return assumptions for benefit obligations. The asset allocation is designed with a long-term investment horizon, based on target investment of 65% equities, 25% fixed income and 10% real estate. Emphasis is given to equity investments, given their high expected rate of return. Fixed income investments are included to provide less volatile return. Real Estate investments offer diversity to the total portfolio and long-term inflation protection.

A secondary investment objective of the Company's qualified plan is to minimize variation in annual net periodic pension cost over the long term and to fund as much of the future liability growth as practical. Specifically, a reasonable total rate of return is defined as income plus realized and unrealized capital gains and losses such that the growth in projected benefit obligation is less than the return on investments plus contributions.

The following table discloses the weighted-average assumptions used to measure the Company's pension benefit obligations and net periodic pension cost at and for the combined twelve months ended December 31, 2004 and the year ended December 31, 2003.

	2004	2003
Discount rate:		
Benefit obligation...	5.75%	6.1%
Periodic cost..	6.25%	--
Rate of compensation increase:		
Benefit obligation and periodic cost (1)........................	5.75%	--
Expected long-term rate of return on plan assets (periodic cost)...	8.5%	8.0%

----

(1) For MONY Life, no benefits bearing incentive compensation was assumed for 2003. Otherwise, benefits bearing compensation was assumed to increase by 4% for all participants eligible for incentive compensation and by 5% for all others.

As noted above, the qualified pension plan's target asset allocation is 65% equities, 25% fixed maturities, and 10% real estate. Management reviewed the historical investment returns and the future expectations for returns from these asset classes to conclude that a long-term rate of return of 8.5% is reasonable.

The Company also has a qualified money purchase pension plan covering substantially all career field underwriters. Company contributions of 5% of earnings plus an additional 2% of such earnings in excess of the social security wage base are made each year. At December 31, 2004 and 2003, the fair value of plan assets was $195.3 million and $188.2 million, respectively. For the six months ended December 31, 2004, the six months ended June 30, 2004, and full years 2003 and 2002, the Company contributed $0.4 million, $1.0 million, $2.2 million and $2.8 million to the plan, respectively, which amounts are reflected in "other operating costs and expenses" in the Company's consolidated statement of operations.

The Company has a non-qualified defined contribution plan, which is unfunded. The non-qualified defined contribution plan projected benefit obligation, which equaled the accumulated benefit obligation, was $50.6 million and $61.2 million as of December 31, 2004 and 2003, respectively. The non-qualified defined contribution plan's net periodic expense was $3.2 million,

$2.8 million, $11.1 million and $(2.7) million for the six months ended December 31, 2004, the six month ended June 30, 2004 and full years 2003 and 2002, respectively.

The Company also has incentive savings plans in which substantially all employees and career field underwriters of MONY Life are eligible to participate. The Company matches field underwriter contributions up to 2% of eligible compensation and may also make an additional profit sharing contribution for non-officer employees. As with the employee excess plan, the Company also sponsors non-qualified excess defined contribution plans for both the field underwriter retirement plan and the incentive savings plan for field underwriters of MONY Life. The Company also sponsors several other 401(k) plans for its smaller subsidiaries which the Company considers immaterial.

The Company provides certain health care and life insurance benefits for retired employees and field underwriters of MONY Life. Assumed health care cost trend rates typically have a significant effect on the amounts reported for health care plans, however, under the Company's postretirement healthcare plan, there is a per capita limit on the Company's healthcare costs. As a result, a one-percentage point change in the assumed healthcare cost trend rates would have an immaterial effect on amounts reported.

Components of the Company's net postretirement benefits costs follow:

<TABLE>
<CAPTION>

	SIX MONTHS ENDED DECEMBER 31, 2004 (SUCCESSOR)	SIX MONTHS ENDED JUNE 30, 2004 (PREDECESSOR)	Year Ended December 31, 2003 (PREDECESSOR)	Year Ended December 31, 2002 (PREDECESSOR)
	(IN MILLIONS)			
<S>	<C>	<C>	<C>	<C>
Service cost	$ 0.9	$ 0.9	$ 1.7	$ 1.5
Interest cost on projected benefit obligations	3.1	3.0	6.4	6.7
Expected return on assets	--	--	--	--
Net amortization and deferrals	--	1.4	3.0	3.0
Recognized net actuarial loss/(gain)	--	--	0.1	--
Net Periodic Pension Expense	$ 4.0	$ 5.3	$ 11.2	$ 11.2

</TABLE>

The following table sets forth the postretirement benefits plan's status, reconciled to amounts recognized in the Company's financial statements:

<TABLE>
<CAPTION>

	SIX MONTHS ENDED DECEMBER 31, 2004 (SUCCESSOR)	SIX MONTHS ENDED JUNE 30, 2004 (PREDECESSOR)	Year Ended December 31, 2003 (PREDECESSOR)
		(IN MILLIONS)	
<S>	<C>	<C>	<C>
Accumulated postretirement benefits obligation, beginning of period	$ 103.2	$ 106.9	$ 102.1
Service cost	0.9	0.9	1.7
Interest cost	3.1	3.1	6.4
Benefits paid	(3.5)	(5.8)	(7.7)
Actuarial losses	6.0	(1.9)	4.4
Accumulated postretirement benefits obligation, end of period ..	109.7	103.2	106.9
Unrecognized prior service cost	--	-	0.6
Unrecognized transition obligation	--	-	(27.5)
Unrecognized net loss from past experience different from that assumed and from changes in assumptions	(6.5)	-	(16.3)
Accrued Postretirement Benefits Cost	$ 103.2	$ 103.2	$ 63.7

</TABLE>

The following table discloses the weighted-average assumptions used to measure the Company's postretirement benefit obligation and related net periodic cost at and for the combined twelve months ended December 31, 2004 and the year ended December 31, 2003.

	2004	2003
Discount rate:		
Benefit obligation	5.75%	6.1%
Periodic cost	6.25%	5.0%

In 1993 the Company announced a limit on the amount that would be contributed toward retiree healthcare. The Company's limit was reached in 2002. As a result, no future health care cost trend rate was assumed in measuring any postretirement benefit obligation or related cost at and for the years ended December 31, 2004 and 2003, except for the Company's dental plan, for which an assumed medical cost trend rate of 5% was applied. Therefore an increase or decrease of 1% in the health care cost trend rate has no material impact on either the service or interest components of net periodic postretirement benefit costs or on the related accumulated postretirement benefit obligation.

The following table sets forth an estimate of future benefits expected to be paid in each of the next five years, beginning January 1, 2005, and in the aggregate for the five years thereafter. These estimates are based on the same assumptions used to measure the respective benefit obligations at December 31, 2004 and include benefits attributable to estimated future employee service.

	PENSION BENEFITS	OTHER BENEFITS
	(IN MILLIONS)	
2005	$ 24.4	$ 7.4
2006	$ 24.8	$ 7.5
2007	$ 25.2	$ 7.6
2008	$ 25.6	$ 7.7
2009	$ 26.2	$ 7.8
Years 2010 - 2014	$ 147.0	$ 39.4

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act") was signed into law. The Act introduces a prescription drug benefit under Medicare Part D as well as a Federal subsidy to employers who provide an "actuarial equivalent" prescription drug benefit to employees. The requirements under the Act are not expected to have a material impact on the Company's results of operations and financial position.

18) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company defines fair value as the quoted market prices for those instruments that are actively traded in financial markets. In cases where quoted market prices are not available, fair values are estimated using present value or other valuation techniques. The fair value estimates are made at a specific point in time, based on available market information and judgments about the financial instrument, including estimates of the timing and amount of expected future cash flows and the credit standing of counterparties. Such estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument, nor do they consider the tax impact of the realization of unrealized gains or losses. In many cases, the fair value estimates cannot be substantiated by comparison to independent markets, nor can the disclosed value be realized in immediate settlement of the instrument.

Certain financial instruments are excluded, particularly insurance liabilities other than financial guarantees and investment contracts. Fair market values of off-balance-sheet financial instruments were not material at December 31, 2004 and 2003.

Fair values for mortgage loans on real estate are estimated by discounting future contractual cash flows using interest rates at which loans with similar characteristics and credit quality would be made. Fair values for foreclosed mortgage loans and problem mortgage loans are limited to the estimated fair value of the underlying collateral if lower.

Fair values of policy loans are estimated by discounting the face value of the loans from the time of the next interest rate review to the present, at a rate equal to the excess of the current estimated market rates over the current interest rate charged on the loan.

The estimated fair values for the Company's supplementary contracts not involving life contingencies ("SCNILC") and certain annuities, which are included in policyholders' account balances, and guaranteed interest contracts are estimated using projected cash flows discounted at rates reflecting expected current offering rates.

The fair values for single premium deferred annuities, included in policyholders' account balances, are estimated as the discounted value of projected account values. Current account values are projected to the time of the next crediting rate review at the current crediting rates and are projected beyond that date at the greater of current estimated market rates offered on new policies or the guaranteed minimum crediting rate. Expected cash flows and projected account values are discounted back to the present at the current estimated market rates.

Fair values for long-term debt are determined using published market values, where available, or contractual cash flows discounted at market interest rates.

The carrying values and estimated fair values for financial instruments not previously disclosed in Notes 4 and 11 are presented below:

<TABLE>
<CAPTION>

	DECEMBER 31,			
	2004		2003	
	(SUCCESSOR)		(PREDECESSOR)	
	CARRYING VALUE	ESTIMATED FAIR VALUE	Carrying Value	Estimated Fair Value
	(IN MILLIONS)			
<S>	<C>	<C>	<C>	<C>
Consolidated MONY Life:				
Mortgage loans on real estate..........	$ 1,777.9	$ 1,815.5	$ 1,782.4	$ 1,926.9
Other limited partnership interests....	154.8	154.8	177.6	177.6
Policy loans...........................	1,136.6	1,192.0	1,180.0	1,246.4
Policyholders liabilities:				
Investment contracts................	1,785.6	1,776.2	1,727.4	1,701.1
Long-term debt.........................	216.9	218.1	216.9	217.8
Closed Block:				
Mortgage loans on real estate..........	$ 592.5	$ 612.7	$ 593.6	$ 647.5
Policy loans...........................	1,025.0	1,062.6	1,078.0	1,126.1

</TABLE>

19) COMMITMENTS AND CONTINGENT LIABILITIES

In addition to its debt and lease commitments discussed in Notes 11 and 21, from time to time, the Company has provided certain guarantees or commitments to affiliates, investors and others. At December 31, 2004, these arrangements include commitments by the Company, to provide equity financing of $65.1 million to certain limited partnerships under certain conditions. Management believes the Company will not incur material losses as a result of these commitments.

The Company had $0.6 million of undrawn letters of credit related to reinsurance at December 31, 2004. The Company had $86.3 million in commitments under existing mortgage loan agreements at December 31, 2004.

20) LITIGATION

(i) Since 1995 a number of purported class actions have been commenced in various state and federal courts against MONY Life and MLOA alleging that they engaged in deceptive sales practices in connection with the sale of whole and universal life insurance policies from the early 1980s through the mid 1990s. Although the claims asserted in each case are not identical, they seek substantially the same relief under essentially the same theories of recovery (i.e., breach of contract, fraud, negligent misrepresentation, negligent supervision and training, breach of fiduciary duty, unjust enrichment and/or violation of state insurance and/or deceptive business practice laws). Plaintiffs in these cases seek primarily equitable relief (e.g., reformation, an accounting, specific performance, mandatory injunctive relief prohibiting MONY Life and MLOA from canceling policies for failure to make required premium payments, imposition of a constructive trust and/or creation of a claims resolution facility to adjudicate any individual issues remaining after resolution of all class-wide issues) as opposed to compensatory damages, although they also seek compensatory damages in unspecified amounts. MONY Life and MLOA have answered the complaints in each action (except for one being voluntarily held in abeyance). MONY Life and MLOA have denied any wrongdoing and have asserted numerous affirmative defenses.

In June 1996, the New York State Supreme Court certified one of those cases, Goshen v. The Mutual Life Insurance Company of New York and MONY Life Insurance Company of America (now known as DeFillippo, et al. v. The Mutual Life Insurance Company of New York and MONY Life Company of America), a class action filed as a nationwide class consisting of all persons or entities who have, or at the time of the policy's termination had, an ownership interest in a whole or universal life insurance policy issued by MONY Life and MLOA and sold on an alleged "vanishing premium" basis during the period January 1, 1982 to December 31, 1995. In March 1997, MONY Life and MLOA filed a motion to dismiss or, alternatively, for summary judgment on all counts of the complaint. In October 1997, the New York State Supreme Court granted MONY Life's and MLOA's motion for summary judgment and dismissed all claims filed in the Goshen case against MONY Life and MLOA. In December 1999, the New York State Court of Appeals affirmed the dismissal of all but one of the claims in the Goshen case (a claim under the New York General Business Law ("GBL"), which was remanded back to the New York State Supreme Court for further proceedings consistent with the opinion. The New York State Supreme Court subsequently reaffirmed that, for purposes of the remaining New York GBL claim, only New York purchasers could proceed with such claims. In July 2002, the New York Court of Appeals affirmed the New York State Supreme Court's decision holding that only New York purchasers could assert GBL ss.349 claims (New York's Consumer Protection Statute). In September 2002 in light of the New York Court of Appeals' decision, MONY Life and MLOA filed a motion to decertify the class with respect to the sole remaining claim in the case. By orders entered in April and May 2003, the New York State Supreme Court denied preliminarily the motion for decertification, but held the issue of decertification in abeyance pending appeals by plaintiffs in related cases and a hearing on whether the class, or a modified class, could satisfy the requirements of the class action statute in New York. In December 2004, the Appellate Division, First Department unanimously reversed the denial of MONY Life's motion for decertification, and ordered decertification of the class with respect to the sole remaining GBL claim. In March 2005, the Appellate Division denied plaintiffs' motion for reargument or, alternatively, for leave to appeal that decision to the Court of Appeals.

With the exception of one putative class action currently pending in the Eastern District of Michigan (Stockler v. MONY Life Insurance Company of America), all other putative class actions have been consolidated and transferred by the Judicial Panel on Multidistrict Litigation to the United States District Court for the District of Massachusetts. While most of the cases before the District Court have been held in abeyance pending the outcome in Goshen, in June 2003, the Court granted plaintiffs in two of the constituent cases (the McLean and Snipes cases) leave to amend their complaints to delete all class action claims and allegations other than (in the case of McLean) those predicated on alleged violations of the Massachusetts and Illinois consumer protection statutes. In November 2003, the Court in McLean entered an order granting defendants' motion for summary judgment on res judicata grounds as to the individual claims of the proposed class representatives of the putative statewide class comprised of Massachusetts purchasers, but denied the motion on statute of limitations grounds as to the individual claims of the proposed class representatives of the putative state wide class of Illinois purchasers. An agreement in principle has been reached to settle the claims of the individual Illinois plaintiffs which, if consummated, will result in the dismissal of their claims under the Illinois consumer protection statute.

(ii) In January 2004 and March 2004, lawsuits entitled Davis v. MLOA, MONY Life and Dearing and Profit v. MLOA, MONY Life, and Dearing , respectively, were filed by the same counsel in Mississippi alleging fraud in connection with the sale of certain life policies. In April 2004, MONY Life removed these cases to Federal Court on diversity and ERISA grounds and moved to have them consolidated. Plaintiffs' counsel opposed the motion to consolidate and filed a motion for remand-based discovery. Both motions were granted. An agreement in principle has been reached to settle these and other related claims. Additionally, there are other potential claimants in Mississippi, who have raised concerns about certain MONY life insurance policies.

(iii) The ten similar and previously disclosed putative class action lawsuits, arising out of the Holding Company's acquisition of MONY, and filed between September and October 2003, against the Holding Company (and in some cases AIMA Acquisition Co., a wholly owned subsidiary of AXA Financial ("AIMA")), MONY and MONY's directors in the Court of Chancery of the State of Delaware in and for New Castle County, entitled Beakovitz v. AXA Financial, Inc., et al.; Belodoff v. The MONY Group Inc., et al.; Brian v. The MONY Group Inc. et al.; Bricklayers Local 8 and Plasterers Local 233 Pension Fund v. The MONY Group, Inc., et al.; Cantor v. The MONY Group, Inc., et al.; E.M. Capital, Inc. v. The MONY Group, Inc., et al.; Garrett v. The MONY Group, Inc., et al.; Lebedda v. The MONY Group, Inc., et al.; Martin v. Roth, et al.; and Muskal v. The MONY Group, Inc., et al. (collectively, the "MONY Stockholder Litigation") have been settled and dismissed with prejudice. The Company's management does not believe the outcome of this matter will have a material impact on the Company's consolidated financial position or results of operations.

Related to the MONY Stockholder Litigation, the Holding Company, MONY and MONY's directors were named in two putative class action lawsuits filed in New York State Supreme Court in Manhattan, entitled Laufer v. The MONY Group, Inc., et al. and North Border Investments v. Barrett, et al. A stipulation of discontinuance for the North Border action was filed with the New York State Supreme Court in November, 2004.

The previously disclosed lawsuit entitled The MONY Group Inc. v. Highfields Capital Management LP, Longleaf Partners Small-Cap Fund and Southeastern Asset Management, has been settled and dismissed without prejudice. The Company's management does not believe the outcome of this matter will have a material impact on the Company's consolidated financial position or results of operations.

(iv) In December 2003, Enron Corp., by its Bankruptcy Trustee commenced an action entitled Enron Corp. v. J.P. Morgan Securities, Inc., et al. against MONY Life and 119 other corporate defendants regarding alleged preferential transfers pertaining to the early payment or redemption by Enron of its short-term commercial paper held by MONY and the other corporate entities. In February 2004, MONY and all co-defendants moved to dismiss the complaint. In September 2004, oral argument was heard on the motions to dismiss. The motions are still pending a decision by the Court.

Although the outcome of litigation generally cannot be predicted with certainty, management believes that the ultimate resolution of the litigations described above should not have a material adverse effect on the financial position of the Company. Except as noted above, management cannot make an estimate of loss, if any, or predict whether or not any of such other litigations described above will have a material adverse effect on the Company's consolidated results of operations in any particular period.

In addition to the matters previously reported and those described above, MLOA is involved in various legal actions and proceedings in connection with its business. Some of the actions and proceedings have been brought on behalf of various alleged classes of claimants and certain of these claimants seek damages of unspecified amounts. While the ultimate outcome of such matters cannot be predicted with certainty, in the opinion of management no such matter is likely to have a material adverse effect on the Company's consolidated financial position or results of operations. However, it should be noted that the frequency of large damage awards, including large punitive damage awards that bear little or no relation to actual economic damages incurred by plaintiffs in some jurisdictions, continues to create the potential for an unpredictable judgment in any given matter.

21) LEASES

The Company has entered into operating leases for office space and certain other assets, principally information technology equipment and office furniture and equipment. Future minimum payments under noncancelable operating leases for 2005 and the four successive years are $26.5 million, $24.8 million, $23.0 million, $21.6 million, $11.6 million and $75.4 million thereafter. Minimum future sublease rental income on these noncancelable operating leases for 2005 and the four successive years is $4.6 million, $4.3 million, $3.6 million, $3.2 million, $0.8 million and $5.6 million thereafter.

At December 31, 2004, the minimum future rental income on noncancelable operating leases for wholly owned investments in real estate for 2005 and the four successive years is $5.5 million, $3.8 million, $0.6 million, $0.5 million, $0.5 million and $3.8 million thereafter.

22) STATUTORY FINANCIAL INFORMATION

MONY Life is restricted as to the amounts it may pay as dividends to MONY Holdings. Under New York Insurance Law, a domestic life insurer may without prior approval of the Superintendent, pay a dividend to its shareholders not exceeding an amount calculated based on a statutory formula. This formula would not permit MONY Life to pay any shareholder dividends during 2005. Payment of dividends exceeding this amount requires the insurer to file notice of its intent to declare such dividends with the Superintendent who then has 30 days to disapprove the distribution.

For 2004, 2003 and 2002, the Company's statutory net (loss) gain was $(307.2) million, $45.9 million and $13.1 million, respectively. Statutory surplus, capital stock and Asset Valuation Reserve ("AVR") totaled $911.4 million and $1,072.5 million at December 31, 2004 and 2003, respectively. In 2004, 2003 and 2002, respectively, dividends of $33.0 million, $25.0 million and $90.0 million were paid by MONY Life.

At December 31, 2004, the Company, in accordance with various government and state regulations, had $7.7 million of securities deposited with such government or state agencies.

At December 31, 2004 and for the year then ended, there was no difference in net income resulting from practices prescribed and permitted by the State of New York and those prescribed by NAIC Accounting Practices and Procedures effective at December 31, 2004. At December 31, 2004 there was a difference in capital and surplus of $12.3 million resulting from practices prescribed and permitted by the State of New York and those prescribed by NAIC Accounting Practices and Procedures. The difference in capital and surplus relates to goodwill arising from the purchase of a subsidiary, controlled or affiliated entity, which is written off directly to surplus in the year it originates by New York domiciled companies. In NAIC Accounting Practices and Procedures, goodwill in amounts not exceeding 10% of an insurer's capital and surplus may be capitalized and all amounts of goodwill are amortized to unrealized gains and losses on investments over periods not to exceed 10 years.

Accounting practices used to prepare statutory financial statements for regulatory filings of stock life insurance companies differ in certain instances from GAAP. The differences between statutory surplus and capital stock determined in accordance with Statutory Accounting Principles ("SAP") and total shareholder's equity under GAAP are primarily: (a) the inclusion in SAP of

an AVR intended to stabilize surplus from fluctuations in the value of the investment portfolio; (b) future policy benefits and policyholders' account balances under SAP differ from GAAP due to differences between actuarial assumptions and reserving methodologies; (c) certain policy acquisition costs are expensed under SAP but deferred under GAAP and amortized over future periods to achieve a matching of revenues and expenses; (d) under SAP, Federal income taxes are provided on the basis of amounts currently payable with provisions made for deferred amounts that reverse within one year while under GAAP, deferred taxes are recorded for temporary differences between the financial statements and tax basis of assets and liabilities where the probability of realization is reasonably assured; (e) the valuation of assets under SAP and GAAP differ due to different investment valuation and depreciation methodologies, as well as the deferral of interest-related realized capital gains and losses on fixed income investments; (f) the valuation of the investment in Alliance units under SAP reflects a portion of the market value appreciation rather than the equity in the underlying net assets as required under GAAP; (g) computer software development costs are capitalized under GAAP but expensed under SAP; (h) certain assets, primarily pre-paid assets, are not admissible under SAP but are admissible under GAAP and (i) the fair valuing of all acquired assets and liabilities, including VOBA assets, required for GAAP purchase accounting but not for SAP.

23) REORGANIZATION AND OTHER CHARGES

During 2003, the Company recorded charges aggregating $5.8 million as part of the Company's continuing initiative to enhance operating efficiency and effectively allocate resources. These charges consisted of: (i) severance and related benefits of $1.1 million incurred in connection with the merger of MONY Asset Management, Inc.'s ("MAM") operations into Boston Advisors, a subsidiary of The Advest Group, Inc., and the resulting termination of certain employees of MONY Life that provided professional services to MAM pursuant to a service agreement between MAM and MONY Life; (ii) losses from the abandonment of leased offices of $1.3 million; (iii) losses from the abandonment of leased space in the Company's home office of $2.0 million; (iv) write-offs of unused furniture and equipment in certain abandoned agency offices of $1.3 million; and (v) moving and alteration costs incurred in connection with the consolidation of leased space in the Company's home office of $0.2 million. The severance actions were substantially completed during the fourth quarter of 2003. The reserves established for the abandonment of leased agency offices and leased space in the Company's home office are expected to run-off through 2008 and 2016, respectively. See Note 2 for information regarding the liabilities established in 2004 in connection with the acquisition of MONY by the Holding Company. All of the charges recorded in 2003 represented "costs associated with exit or disposal activities" as described in Statement of Financial Accounting Standard 146, Accounting for Costs Associated with Exit or Disposal Activities ("SFAS 146").

During the fourth quarter of 2002, the Company recorded reorganization and other charges aggregating approximately $7.2 million as part of the Company's initiative to enhance operating efficiency, more effectively allocate resources and capital, and discontinue certain non-core operations. Of these charges, $7.2 million met the definition of "restructure charges" as defined by Emerging Issues Task Force Consensus 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)". The 2002 restructure charge consisted of severance and related benefits resulting from headcount reductions of 161 and 26 in the Company's home office and career agency system, respectively, as well as losses from the abandonment of certain leased offices and equipment. The remaining restructuring liabilities primarily relate to lease abandonment costs and are expected to run-off through 2007.

The following table summarizes the components of the aforementioned charges recorded in 2003 and 2002, respectively.

<TABLE>
<CAPTION>

<S>	<C> Year Ended December 31, 2003 (1)	<C> Year Ended December 31, 2002 (2)
	(IN MILLIONS)	
REORGANIZATION CHARGES:		
Severance benefits and incentive compensation	$ 1.1	$ 6.1
Leased offices and equipment	2.5	1.1
Lease abandonment and other	2.2	--
TOTAL REORGANIZATION CHARGES BEFORE TAX	$ 5.8	$ 7.2
TOTAL REORGANIZATION CHARGES AFTER TAX	$ 3.8	$ 4.7

</TABLE>

----

(1) All of the reorganization charges recorded in 2003 were "costs associated with exit or disposal activities" as described in SFAS 146.

(2) All of the reorganization charges recorded in 2002 met the definition of "restructuring charges" as defined by EITF 94-3.

Set forth below is certain information regarding the liability recorded in connection with the Company's restructuring actions, as well as the changes therein during the year ended December 31, 2003. Such liability is reflected in "other liabilities" on the Company's consolidated balance sheet.

<TABLE>
<CAPTION>

<S>	<C> Severance Benefits	<C> Other Restructure Charges	<C> Total Restructuring Charge Liability
		(IN MILLIONS)	
PREDECESSOR BALANCE, DECEMBER 31, 2002.......................	$ 7.8	$ 4.8	$ 12.6
Charges..	1.1	4.7	5.8
Payments (1)...	(7.3)	(5.5)	(12.8)
	(0.7)	--	(0.7)
Change in reserve estimates................................	0.9	4.0	4.9
PREDECESSOR BALANCE, DECEMBER 31, 2003.......................			
Charges..	1.0	0.1	1.1
Payments...	(0.9)	(1.6)	(2.5)
Change in reserve estimates................................	--	--	--

	1.0	2.5	3.5
PREDECESSOR BALANCE, JUNE 30, 2004			
Effect of push-down accounting of AXA Financial's purchase price on the Company's net assets	--	(1.2)	(1.2)
SUCCESSOR BALANCE, JULY 1, 2004	1.0	1.3	2.3
Charges	--	--	--
Payments	(1.0)	(1.1)	(2.1)
Change in reserve estimates	--	--	--
SUCCESSOR BALANCE, DECEMBER 31, 2004	$ --	$ 0.2	$ 0.2

</TABLE>

----

(1) Payments in 2003 included the non-cash write-off of $1.3 million in unused equipment in certain abandoned leased offices.

PART C
OTHER INFORMATION

ITEM 24. FINANCIAL STATEMENTS AND EXHIBITS

<Table>
<Caption>

</Table>

(b) Exhibits

(1) Resolution establishing Keynote Separate Account.(1)

(2) Not applicable.

(3) Principal underwriting agreement.(1)

(4) Form of annuity contract.(1)

(5) Form of application.(1)

(6) (a) Restated Charter of MONY Life Insurance company (as amended July 22, 2004).(2)

(6) (b) By-laws of MONY Life Insurance Company (as amended July 22, 2004).(2)

(7) Reinsurance contract.(1)

(8) Not applicable.

(9) Opinion of counsel.(1)

(10) (a) Consent of Independent Registered Public Accounting Firm.(4)

(10) (b) Powers of Attorney.(3)

(i) Power of Attorney for Christopher M. Condron, Chairman of the Board, President and Chief Executive Officer and Director

(ii) Power of Attorney for Stanley B. Tulin, Vice Chairman of the Board, Chief Financial Officer and Director

(iii) Power of Attorney for Alvin H. Fenichel, Senior Vice President and controller

(iv) Power of Attorney for Bruce W. Calvert, Director

(v) Power of Attorney for Henri de Castries, Director

(vi) Power of Attorney for Claus-Michael Dill, Director

(vii) Power of Attorney for Denis Duverne, Director

(viii) Power of Attorney for John C. Graves, Director

(ix) Power of Attorney for Mary R. (Nina) Henderson, Director

(x) Power of Attorney for James F. Higgins, Director

(xi) Power of Attorney for W. Edwin Jarmain, Director

(xii) Power of Attorney for Christina Johnson Wolff, Director

(xiii) Power of Attorney for Scott D. Miller, Director

(xiv) Power of Attorney for Joseph H. Moglia, Director

(xv) Power of Attorney for Peter J. Tobin, Director

(11) Not applicable.

(12) Not applicable.

Notes:

(1) Incorporated by reference in previous amendments to this registration statement on Form N-4.

(2) Incorporated by reference to post-effective amendment no. 16 to registration statement on Form N-4 (Reg. No. 333-72714) filed on April 22, 2005.

(3) Incorporated herein by reference to post-effective amendment No. 7 to the registration statement on Form N-4 (File No. 333-72714) filed on February 8, 2005.

(4) Filed herewith.

ITEM 25. DIRECTORS AND OFFICERS OF THE DEPOSITOR

*The business address for all officers and directors of MONY Life Insurance Company ("MONY") is 1290 Avenue of the Americas, New York, New York 10104.

<Table>
<Caption>

NAME AND PRINCIPAL BUSINESS ADDRESS	POSITIONS AND OFFICES WITH MONY
<S>	<C>
DIRECTORS	
Bruce W. Calvert Alliance Capital Management Corporation 1345 Avenue of the Americas New York, NY 10105	Director

</Table>

<Table>
<Caption>

NAME AND PRINCIPAL BUSINESS ADDRESS	POSITIONS AND OFFICES WITH MONY

------------------ -----------------
<S> <C>

Claus-Michael Dill AXA Konzern AG Colonia-Allee 10-20 D-51067 Cologne, Germany	Director
Henri de Castries AXA 25, Avenue Matignon 75008 Paris, France	Director
Denis Duverne AXA 25, Avenue Matignon 75008 Paris, France	Director
John C. Graves Graves Ventures, LLC 130 Fifth Avenue New York, NY 10011	Director
Mary R. (Nina) Henderson Henderson Advisory Consulting 425 East 86th Street Apt 12-C New York, NY 10028	Director
W. Edwin Jarmain Jarmain Group Inc. 77 King Street West Toronto, M5K 1K2 Canada	Director
James P. Higgins Morgan Stanley Harborside Financial Center Plaza Two, Second Floor Jersey City, NJ 07311	Director
Christina M. Johnson Christina Johnson and Associates 200 Railroad Avenue Greenwich, CT 06830	Director
Scott D. Miller Six Sigma Academy 315 East Hopkins Street Suite 401 Aspen, CO 81611	Director
Joseph H. Moglia Ameritrade Holding Corporation 4211 South 102nd Street Omaha, NE 68127	Director
Peter J. Tobin St. John's University 101 Murray Street New York, NY 10007	Director

</Table>

<Table>
<Caption>

NAME AND PRINCIPAL BUSINESS ADDRESS	POSITIONS AND OFFICES WITH MONY
<S>	<C>
OFFICER-DIRECTORS	
*Christopher M. Condron	Chairman of the Board, President, Chief Executive Officer and Director
*Stanley B. Tulin	Vice Chairman of the Board, Chief Financial Officer and Director
OTHER OFFICERS	
*Leon Billio	Executive Vice President and AXA Group Deputy Chief Information Officer
*Harvey Blitz	Senior Vice President
*Kevin R. Byrne	Senior Vice President, Chief Investment Officer and Treasurer
*Stuart L. Faust	Senior Vice President and Deputy General Counsel
*Alvin H. Fenichel	Senior Vice President and Controller
*Jennifer Blevina	Executive Vice President
*Mary Beth Farrell	Executive Vice President
*Jerald E. Hampton	Executive Vice President

*Robert S. Jones, Jr.	Executive Vice President
*Richard S. Dziadzio	Executive Vice President
*Paul J. Flora	Senior Vice President and Auditor
*James D. Goodwin	Senior Vice President
*Edward J. Hayes	Senior Vice President
*Kevin E. Murray	Executive Vice President and Chief Information Officer
*Anthony C. Pasquale	Senior Vice President
*Pauline Sherman	Senior Vice President, Secretary and Associate General Counsel
*Richard V. Silver	Executive Vice President and General Counsel
*Naomi J. Weinstein	Vice President
*Charles A. Marino	Senior Vice President and Actuary

</Table>

ITEM 26. PERSONS CONTROLLED BY OR UNDER COMMON CONTROL WITH THE DEPOSITOR OR REGISTRANT

No person is directly or indirectly controlled by the Registrant. The Registrant is a separate account of the Depositor.

Organizational charts showing the entities controlled by or under common control with the Registrant are included in Item 26 of and Exhibit 26 to the Registration Statement, File No. 333-05593, on Form N-4, filed April 20, 2005, and are incorporated herein by reference.

ITEM 27. NUMBER OF CONTRACTHOLDERS/PARTICIPANTS

As of March 31, 2005, there were 339 Contractholders.

ITEM 28. INDEMNIFICATION

(a) Indemnification of Officers and Directors

The by-laws of the MONY Life Insurance Company ("MONY") provide, in Article VII, as follows:

7.4 Indemnification of Directors, Officers and Employees.

(a) To the extent permitted by the law of the State of New York and subject to all applicable requirements thereof:

(i) Any person made or threatened to be made a party to any action or proceeding, whether civil or criminal, by reason of the fact that he or she, or his or her testator or intestate is or was a director, officer or employee of the Company shall be indemnified by the Company;

(ii) Any person made or threatened to be made a party to any action or proceeding, whether civil or criminal, by reason of the fact that he or she, or his or her testator or intestate serves or served any other organization in any capacity at the request of the Company may be indemnified by the Company; and

(iii) the related expenses of any such person in any of said categories may be advanced by the Company.

(b) To the extent permitted by the law of the State of New York, the Company or the Board of Directors, by amendment of these By-Laws, or by agreement. (Business Corporation Law sec.sec.721-726; Insurance Law sec.1216).

The directors and officers of MONY Life Insurance Company are insured under policies issued by X.L. Insurance Company, ACE Insurance, Arch Insurance Company and Lloyd's of London. The annual limit on such policies is $150 million, and the policies insure officers and directors against certain liabilities arising out of their conduct in such capacities.

(b) Indemnification of Principal Underwriter

To the extent permitted by law of the State of New York and subject to all applicable requirements thereof, MONY Securities Corporation, AXA Distributors, Inc. and AXA Advisors, LLC have undertaken to indemnify each of its respective directors and officers who is made or threatened to be made a party to any action or proceeding, whether civil or criminal, by reason of the fact the director or officer, or his or her testator or intestate, is or was a director or officer of AXA Distributors, Inc. and AXA Advisors, LLC.

(c) Undertaking

Insofar as indemnification for liability arising under the Securities Act of 1933 ("1933 Act") may be permitted to directors, officers and controlling persons, if any, of the Registrant pursuant to the above paragraph, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the 1933 Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person, if any, of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will (unless in the opinion of its counsel the matter has been settled by controlling precedent) submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the 1933 Act and will be governed by the final adjudication of such issue.

ITEM 29. PRINCIPAL UNDERWRITERS

(a) MONY Securities Corporation ("MSC") is currently the principal underwriter for the Registrant, MONY Variable Accounts A, L and S, and MONY America Variable Accounts A, L and S. Effective June 6, 2005, MSC will be integrated with AXA Advisors, LLC ("AXA Advisors"). As of the effective date, AXA Advisors will become the principal underwriter for the Registrant. AXA Advisors, LLC is principal underwriter for Separate Accounts A, 45, 301, I, 49 and FP of AXA Equitable, EQ Advisors Trust and AXA Premier VIP Trust, and will become principal underwriter of MONY Variable Accounts A, L and S, and MONY America Variable Accounts A, L and S. The principal business address of MSC and AXA Advisors, LLC is 1290 Avenue of the Americas, New York, NY 10104. Diversified Investment Advisors, Inc., formerly owned by MONY is now of an indirect, wholly-owned subsidiary of AEGON USA, Inc. MONY continues to act as investment adviser and administrator to each series of Diversified Investors Portfolios. With respect to each series of Diversified Investors Portfolios, Diversified contracted for certain investment advisory services with a subadviser.

(b) The names and addresses of the directors and principal officers of MSC and AXA Advisors are set forth in Item 29 in the Registration Statement on N-4 for MONY Variable Account A, Reg. No. 333-72714, filed April 22, 2005, and is incorporated herein by reference.

(c) The information under "Distribution of the Contracts" in the prospectus and "Sale of the Contracts/Principal Underwriter" in the Statement of Additional Information in this registration statement is incorporated herein by reference.

ITEM 30. LOCATION OF ACCOUNTS AND RECORDS

Accounts, books, and other documents required to be maintained by Section 31(a) of the Investment Company Act of 1940 and the Rules promulgated thereunder are primarily maintained by MONY Life Insurance Company, in whole or in part, at its principal offices at 1290 Avenue of the Americas, New York, New York 10104; and at its Operations Center at 1 MONY Plaza, Syracuse, New York 13202.

ITEM 31. MANAGEMENT SERVICES

Not applicable.

ITEM 32. UNDERTAKINGS

(a) Registrant hereby undertakes to file post-effective amendments to the Registration Statement as frequently as is necessary to ensure that the audited financial statements in the Registration Statement are never more than 16 months old for so long as payments under the group variable annuity contract may be accepted.

(b) Registrant hereby undertakes to include either (1) as part of any application to purchase a Contract offered by the prospectus, a space that an applicant can check to request a Statement of Additional Information, or (2) a post card or similar written communication affixed to or included in the prospectus that the applicant can remove to send for a Statement of Additional Information.

(c) Registrant hereby undertakes to deliver any Statement of Additional Information and any financial statements required to be made available under this Form promptly upon written or oral request.

(d) Registrant hereby undertakes to furnish each person to whom a prospectus is delivered with a copy of the Registrant's latest annual report to shareholders, upon request and without charge.

(e) Registrant hereby represents that the fees and charges deducted under the Contracts in the aggregate, are reasonable in relation to the services rendered, the expenses expected to be incurred and the risks assumed by the insurance company.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant certifies that it meets the requirements for effectiveness of this Post Effective Amendment to the Registration Statement under Rule 485(b) under the Securities Act and has duly caused this Post-Effective Amendment to its Registration Statement to be signed on its behalf by the undersigned thereunto duly authorized, in the City of New York, State of New York, on the 2nd day of May, 2005.

Keynote Series Account

(Registrant)

MONY Life Insurance Company

(Depositor)

By: /s/ DODIE KENT

Dodie Kent

Vice President and Counsel

MONY Life Insurance Company

As required by the Securities Act of 1933, this amendment to the Registration Statement has been signed by the following persons in the capacities and on the date indicated:

Principal Executive Officer:	
*Christopher M. Condron	Chairman of the Board, President, Chief Executive Officer and Director
Principal Financial Officer:	
*Stanley B. Tulin	Vice Chairman of the Board Chief Financial Officer and Director
Principal Accounting Officer:	
*Alvin H. Fenichel	Senior Vice President and Controller

*Directors		
Bruce W. Calvert	Mary R. (Nina) Henderson	Scott D. Miller
Christopher M. Condron	James F. Higgins	Joseph H. Moglia
Henri de Castries	W. Edwin Jarmain	Peter J. Tobin
Denis Duverne	Christina Johnson Wolff	Stanley B. Tulin
John C. Graves		

*By: /s/ DODIE KENT

Dodie Kent

Attorney-in-Fact

May 2, 2005

SIGNATURES

Diversified Investors Portfolios has duly caused this Post Effective Amendment to the Registration Statement on Form N-4 of Keynote Series Account to be signed on its behalf by the undersigned thereunto duly authorized, in the County of Westchester, State of New York, on the 2nd day of May, 2005.

DIVERSIFIED INVESTORS PORTFOLIOS

/s/ MARK MULLIN

Mark Mullin
Trustee, President, Chief Executive Officer and Chairman of the Board of Trustees of the Portfolios

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 25 to its Registration Statement has been signed below by the following persons in the capacities indicated on the 2nd day of May, 2005.

SIGNATURES	TITLE
/s/ MARK MULLIN	Trustee, President, Chief Executive Officer

Signature	Title
Mark Mullin	and Chairman of the Board of Trustees of the Portfolios
*/s/ JOSEPH P. CARUSONE Joseph P. Carusone	Treasurer, Chief Financial Officer and Principal Accounting Officer
*/s/ NEAL M. JEWELL Neal M. Jewell	Trustee of the Portfolios
*/s/ PETER G. KUNKEL Peter G. Kunkel	Trustee of the Portfolios
*/s/ ROBERT L. LINDSAY Robert L. Lindsay	Trustee of the Portfolios
*/s/ EUGENE M. MANNELLA Eugene M. Mannella	Trustee of the Portfolios
*/s/ JOYCE GALPERN NORDEN Joyce Galpern Norden	Trustee of the Portfolios
*/s/ PATRICIA L. SAWYER Patricia L. Sawyer	Trustee of the Portfolios
*By /s/ ROBERT F. COLBY Robert F. Colby Attorney-in-Fact	

</Table>

EXHIBIT INDEX

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EXHIBIT NO.	DESCRIPTION
(10)(a)	Consent of Independent Registered Public Accounting Firm

</Table>

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the inclusion in this Registration Statement of Keynote Series Account on Form N-4 of our reports dated February 22, 2005, relating to the financial statements and financial highlights of Keynote Series Account and Diversified Investors Portfolios, which appear in the 2004 Annual Report of Pension Investment Options - Keynote Series Account. We also consent to the inclusion of our report dated April 22, 2005 relating to the consolidated financial statements of MONY Life Insurance Company and Subsidiaries. We also consent to the references to us under the headings "Experts" and "Independent Registered Public Accounting Firm" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

New York, New York
April 27, 2005