

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

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FILER

TMK UNITED FUNDS INC

CIK: **810016** | State of Incorporation: **MD** | Fiscal Year End: **1231**
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Mailing Address
P O BOX 29217
SHAWNEE MISSION KS
66201-9217

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SHAWNEE MISSION KS 66201
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TMK/UNITED FUNDS, INC.

SEMIANNUAL
REPORT

For the six months ended June 30, 1996

This report is submitted for the general information of the shareholders of TMK/United Funds, Inc. It is not authorized for distribution to prospective investors in the Fund unless accompanied with or preceded by the TMK/United Funds, Inc. current prospectus.

PRESIDENT'S LETTER

JUNE 30, 1996

Dear Policyholder:

As President of your Fund, I would like to thank you for your continued confidence in our products and services. Our goal to provide the best service possible to our shareholders has not changed since we opened our doors nearly 60 years ago. Waddell & Reed's team of professionals, including the Fund's

manager, our customer service representatives and your personal account representative continue to strive to meet your financial needs.

Waddell & Reed plays a special role in the investment industry. We take pride in being one of the few financial services firms committed to locally based account representatives who provide the personal service you need. When you're ready to evaluate your financial plan to keep up with life's changes, or to find an answer to a financial question that you may have, your representative is ready to assist you--when you need it. He or she is available to help you plan for your retirement, fund a child's education or make plans for other long-term financial goals.

All of us are committed to helping you meet the financial goals that are important to you. This is accomplished by our offering investment products to meet a variety of personal financial objectives, along with the personal service to make the investment process more convenient and accessible.

We want to continue to meet your financial needs for many years to come. Should you have any questions about your account or other financial issues that are important to you, contact your personal account representative or your local Waddell & Reed office. They're ready to help you make the most of your financial future.

Respectfully,
Keith A. Tucker
President

THE INVESTMENTS OF THE GROWTH PORTFOLIO
JUNE 30, 1996

	Shares	Value
COMMON STOCKS		
Apparel and Accessory Stores - 1.06%		
Gap, Inc. (The)	150,000	\$ 4,818,750
Business Services - 9.79%		
America Online, Inc.*	125,000	5,453,125
CUC International Inc.*	120,000	4,260,000
Cerner Corporation*	300,000	6,450,000
cisco Systems, Inc.*	200,000	11,337,400
Electronic Data Systems Corporation	250,000	13,437,500
Lycos, Inc.*	100,000	1,112,500
Physician Computer Network*	100,000	1,162,500
Sync Research, Inc.*	100,000	1,400,000
Total		44,613,025
Chemicals and Allied Products - 17.14%		
BioChem Pharma Inc.*	100,000	3,743,700

du Pont (E.I.) de Nemours and Company ..	70,000	5,538,750
Geon Company (The)	150,000	3,375,000
Georgia Gulf Corporation	100,000	2,925,000
IMC Global, Inc.	100,000	3,762,500
Lilly (Eli) and Company	250,000	16,250,000
Merck & Co., Inc.	200,000	12,925,000
Neurex Corporation*	118,800	2,606,116
Pfizer Inc.	150,000	10,706,250
SmithKline Beecham plc, ADR	300,000	16,312,500
Total		78,144,816

Communication - 0.79%

Tele-Communications, Inc., Class A*	200,000	3,612,400
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Depository Institutions - 8.52%

Boatmen's Bancshares, Inc.	100,000	4,000,000
Chase Manhattan Corporation (The)	200,000	14,125,000
Dime Bancorp, Inc.*	100,000	1,300,000
Great Western Financial Corporation	250,000	5,968,750
Long Island Bancorp, Inc.	125,000	3,820,250
Northern Trust Corporation	75,000	4,340,625
Roosevelt Financial Group, Inc.	274,400	5,299,213
Total		38,853,838

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE GROWTH PORTFOLIO
JUNE 30, 1996

	Shares	Value
COMMON STOCKS (Continued)		
Electric, Gas and Sanitary Services - 1.17%		
Coastal Corporation (The)	73,800	\$ 3,081,150
Sonat Inc.	50,000	2,250,000
Total		5,331,150
Electronic and Other Electric Equipment - 0.52%		
Xilinx, Inc.*	75,000	2,376,525
Engineering and Management Services - 0.23%		
Owen Healthcare, Inc.*	75,000	1,040,625
Fabricated Metal Products - 1.46%		
Parker Hannifin Corporation	125,000	5,296,875
TRINOVA Corporation	41,100	1,371,712
Total		6,668,587

Food and Kindred Products - 2.68%

CPC International Inc.	30,000	2,160,000
ConAgra, Inc.	63,100	2,863,162
Hart Brewing, Inc.*	100,000	1,050,000
Heinz (H. J.) Company	100,000	3,037,500
Ralcorp Holdings*	150,000	3,093,750
Total		12,204,412

General Merchandise Stores - 4.59%

Dillard Department Stores, Inc., Class A	150,000	5,475,000
Dollar General Corporation	128,500	3,758,625
Kohl's Corporation*	200,000	7,325,000
May Department Stores Company (The)	100,000	4,375,000
Total		20,933,625

Health Services - 2.76%

Beverly Enterprises, Inc.*	550,000	6,600,000
Manor Care, Inc.	125,000	4,921,875
MedPartners/Mullikin, Inc.*	50,000	1,043,750
Total		12,565,625

Industrial Machinery and Equipment - 2.41%

Baker Hughes Incorporated	100,000	3,287,500
Cooper Cameron Corporation*	8,500	371,875
Seagate Technology, Inc.*	100,000	4,500,000
Silicon Valley Group, Inc.*	150,000	2,821,800
Total		10,981,175

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE GROWTH PORTFOLIO
JUNE 30, 1996

	Shares	Value
COMMON STOCKS (Continued)		
Instruments and Related Products - 3.58%		
Boston Scientific Corporation*	60,000	\$ 2,700,000
Honeywell Inc.	100,000	5,450,000
Raytheon Company	125,000	6,453,125
Teradyne, Inc.*	100,000	1,725,000
Total		16,328,125
Insurance Carriers - 8.38%		
American International Group, Inc.	125,000	12,328,125
Berkley (W. R.) Corporation	111,000	4,675,875
Chubb Corporation (The)	120,000	5,985,000
Guarantee Life Companies Inc. (The)* ...	175,000	3,062,500
Humana Inc.*	170,000	3,038,750
Travelers Group, Inc.	200,000	9,125,000
Total		38,215,250

Miscellaneous Retail - 0.10%		
Alberto-Culver Company, Class A	11,500	460,000
Oil and Gas Extraction - 1.43%		
Noble Drilling Corporation*	150,000	2,081,250
Phillips Petroleum Company	50,000	2,093,750
Santa Fe Energy Resources, Inc.*	200,000	2,375,000
Total		6,550,000
Petroleum and Coal Products - 5.83%		
Chevron Corporation	50,000	2,950,000
Exxon Corporation	125,000	10,859,375
Lyondell Petrochemical Company	200,000	4,825,000
Texaco Inc.	75,000	6,290,625
Unocal Corporation	50,000	1,687,500
Total		26,612,500
Prepackaged Software - 4.18%		
Broderbund Software, Inc.*	125,000	4,046,875
DST Systems, Inc.*	125,000	4,000,000
Informix Corporation*	300,000	6,731,100
Netscape Communications Corporation* ...	30,000	1,871,250
Summit Medical Systems, Inc.*	125,000	2,406,250
Total		19,055,475
Printing and Publishing - 1.01%		
Berkshire Hathaway Inc.*	150	4,605,000
Railroad Transportation - 1.68%		
Conrail Inc.	30,000	1,991,250
Illinois Central Corporation, Class A	200,000	5,675,000
Total		7,666,250
Transportation by Air - 1.60%		
Southwest Airlines Co.	250,000	7,281,250

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE GROWTH PORTFOLIO
JUNE 30, 1996

	Shares	Value
COMMON STOCKS (Continued)		
Transportation Equipment - 5.11%		
Federal-Mogul Corporation	100,000	\$ 1,837,500
Ford Motor Company	250,000	8,093,750

General Motors Corporation	100,000	5,237,500
Lockheed Martin Corporation	75,000	6,300,000
Sundstrand Corporation	50,000	1,831,250
Total		23,300,000

Wholesale Trade -- Nondurable Goods - 0.53%

Sara Lee Corporation	75,000	2,428,125
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TOTAL COMMON STOCKS - 86.55% \$394,646,528

(Cost: \$390,069,877)

Principal
Amount in
Thousands

SHORT-TERM SECURITIES

Chemicals and Allied Products - 1.33%

Air Products and Chemicals, Inc., 5.43%, 8-12-96	\$ 4,565	4,536,081
Hercules, Inc., 5.37%, 7-23-96.....	1,510	1,505,045
Total		6,041,126

Communication - 0.66%

Bell Atlantic Financial Services Inc., 5.32%, 7-8-96.....	3,000	2,996,897
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Depository Institutions - 1.65%

Commonwealth Bank of Australia, 5.31%, 7-5-96	3,020	3,018,218
U.S. Bancorp, Master Note.....	4,514	4,514,000
Total.....		7,532,218

Electric, Gas and Sanitary Services - 3.57%

Dominion Resources Inc., 5.47%, 8-1-96	2,990	2,975,916
Georgia Power Co., 5.35%, 7-22-96.....	13,365	13,323,290
Total.....		16,299,206

See Notes to Schedule of Investments on page 53.

THE INVESTMENTS OF THE GROWTH PORTFOLIO
JUNE 30, 1996

Principal
Amount in
Thousands Value

SHORT-TERM SECURITIES (Continued)

Food and Kindred Products - 4.31%

ConAgra, Inc., 5.55%, 8-9-96	\$ 3,845	\$ 3,821,882
General Mills, Inc., Master Note.....	5,191	5,191,000
Quaker Oats Co., 5.62%, 7-9-96	3,540	3,535,579
Seagram (Joseph E.) & Sons Inc., 5.39%, 7-30-96	7,130	7,099,042
Total.....		19,647,503
Metal Mining - 0.44%		
BHP Finance (USA) Inc., 5.33%, 7-19-96	2,000	1,994,670
Tobacco Products - 1.07%		
B.A.T. Capital Corp., 5.33%, 7-9-96.....	4,900	4,894,196
Wholesale Trade - Nondurable Goods - 0.29%		
Sara Lee Corporation, Master Note.....	1,337	1,337,000
TOTAL SHORT-TERM SECURITIES - 13.32%		\$ 60,742,816
(Cost: \$60,742,816)		
TOTAL INVESTMENT SECURITIES - 99.87%		\$455,389,344
(Cost: \$450,812,693)		
CASH AND OTHER ASSETS, NET OF LIABILITIES - 0.13%		581,678
NET ASSETS - 100.00%		\$455,971,022

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE INCOME PORTFOLIO
JUNE 30, 1996

	Shares	Value
COMMON STOCKS		
Amusement and Recreation Services - 0.92%		
Walt Disney Company (The)	57,100	\$ 3,590,162
Apparel and Accessory Stores - 1.29%		
Gap, Inc. (The)	114,200	3,668,675
Nordstrom, Inc.	30,600	1,357,875
Total		5,026,550
Apparel and Other Textile Products - 1.56%		

Tommy Hilfiger Corporation*	113,200	6,070,350
Automotive Dealers and Service Stations - 0.50%		
AutoZone, Inc.*	56,300	1,956,425
Building Materials and Garden Supplies - 0.87%		
Home Depot, Inc. (The)	62,400	3,369,600
Business Services - 3.37%		
cisco Systems, Inc.*	147,700	8,372,670
Electronic Data Systems Corporation	88,200	4,740,750
Total		13,113,420
Chemicals and Allied Products - 13.85%		
Abbott Laboratories	93,900	4,084,650
Air Products and Chemicals, Inc.	93,800	5,416,950
Colgate-Palmolive Company	48,900	4,144,275
Crompton & Knowles Corporation	98,500	1,649,875
Dow Chemical Company (The)	46,900	3,564,400
du Pont (E.I.) de Nemours and Company ..	81,600	6,456,600
Eastman Chemical Company	15,000	913,125
Geon Company (The)	100,600	2,263,500
IMC Global, Inc.	51,500	1,937,687
Merck & Co., Inc.	60,200	3,890,425
PPG Industries, Inc.	101,900	4,967,625
Pfizer Inc.	54,700	3,904,213
Praxair, Inc.	81,600	3,447,600
Procter & Gamble Company (The)	48,900	4,431,563
Union Carbide Corporation	71,400	2,838,150
Total		53,910,638

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE INCOME PORTFOLIO
JUNE 30, 1996

	Shares	Value
COMMON STOCKS (Continued)		
Communication - 3.35%		
AT&T Corporation	40,800	\$ 2,529,600
MCI Communications Corporation	152,900	3,908,430
MFS Communications Company, Inc.*	59,800	2,246,208
360 Communications Company*	85,800	2,059,200
Vanguard Cellular Systems, Inc., Class A*	105,000	2,303,385
Total		13,046,823

Depository Institutions - 2.39%

Citicorp	61,200	5,056,650
First Bank System, Inc.	40,800	2,366,400
Norwest Corporation	54,500	1,900,687
Total		9,323,737
Eating and Drinking Places - 0.96%		
McDonald's Corporation	79,800	3,730,650
Electric, Gas and Sanitary Services - 0.41%		
WMX Technologies, Inc.	48,900	1,601,475
Electronic and Other Electric Equipment - 14.52%		
AMP Incorporated	89,700	3,599,212
Analog Devices, Inc.*	289,800	7,389,900
Duracell International Inc.	85,300	3,678,563
Emerson Electric Co.	32,600	2,946,225
General Electric Company	97,900	8,468,350
Harman International Industries, Incorporated	24,150	1,189,388
Intel Corporation	124,800	9,164,938
LSI Logic Corporation*	134,400	3,494,400
Molex Incorporated, Class A	78,187	2,316,290
Motorola, Inc.	108,400	6,815,650
Rival Company (The)	130,300	2,964,325
Texas Instruments Incorporated	28,500	1,421,438
Whirlpool Corporation	62,400	3,096,600
Total		56,545,279
Fabricated Metal Products - 2.26%		
Gillette Company (The)	81,600	5,089,800
Parker Hannifin Corporation	48,900	2,072,137
TRINOVA Corporation	48,900	1,632,038
Total		8,793,975
Food and Kindred Products - 2.46%		
CPC International Inc.	40,800	2,937,600
Pepsi-Cola Puerto Rico Bottling Company, Class B	105,600	884,400
PepsiCo, Inc.	163,200	5,773,200
Total		9,595,200

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE INCOME PORTFOLIO
JUNE 30, 1996

Shares Value

COMMON STOCKS (Continued)

Furniture and Home Furnishings Stores - 1.21%		
Circuit City Stores, Inc.	130,500	\$ 4,714,312
General Building Contractors - 0.51%		
Pulte Corporation	74,600	1,995,550
General Merchandise Stores - 3.62%		
Dayton Hudson Corporation	37,900	3,908,437
May Department Stores Company (The)	81,600	3,570,000
OfficeMax, Inc.*	69,750	1,665,281
Penney (J.C.) Company, Inc.	55,100	2,892,750
Wal-Mart Stores, Inc.	81,600	2,070,600
Total		14,107,068
Health Services - 0.87%		
Columbia/HCA Healthcare Corporation	30,600	1,633,275
Tenet Healthcare Corporation*	81,600	1,744,200
Total		3,377,475
Heavy Construction, Excluding Building - 0.92%		
Fluor Corporation	32,600	2,131,225
Foster Wheeler Corporation	32,600	1,462,925
Total		3,594,150
Hotels and Other Lodging Places - 0.95%		
ITT Corporation*	55,700	3,690,125
Industrial Machinery and Equipment - 8.67%		
Applied Materials, Inc.*	141,100	4,294,661
Case Corporation	146,200	7,017,600
Caterpillar Inc.	107,000	7,249,250
Ceridian Corporation*	36,400	1,838,200
Deere & Company	167,600	6,704,000
Harnischfeger Industries, Inc.	49,000	1,629,250
Hewlett-Packard Company	36,000	3,586,500
Ingersoll-Rand Company	32,600	1,426,250
Total		33,745,711
Instruments and Related Products - 3.14%		
Baxter International Inc.	85,300	4,030,425
General Motors Corporation, Class H	14,400	865,800
Medtronic, Inc.	65,200	3,651,200
Xerox Corporation	68,400	3,659,400
Total		12,206,825
Insurance Carriers - 0.69%		
United HealthCare Corporation	53,000	2,676,500

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE INCOME PORTFOLIO
 JUNE 30, 1996

	Shares	Value
COMMON STOCKS (Continued)		
Lumber and Wood Products - 0.63%		
Georgia-Pacific Corporation	34,700	\$ 2,463,700
Nondepository Institutions - 1.72%		
Federal Home Loan Mortgage Corporation .	40,800	3,488,400
Federal National Mortgage Association ..	96,300	3,226,050
Total		6,714,450
Paper and Allied Products - 2.55%		
Champion International Corporation	41,300	1,724,275
International Paper Company	97,900	3,610,062
Union Camp Corporation	40,800	1,989,000
Weyerhaeuser Company	61,200	2,601,000
Total		9,924,337
Petroleum and Coal Products - 0.51%		
Royal Dutch Petroleum Company	12,800	1,968,000
Prepackaged Software - 3.71%		
Broderbund Software, Inc.*	37,300	1,207,587
Computer Associates International, Inc.	30,550	2,176,688
Informix Corporation*	125,400	2,813,600
Microsoft Corporation*	24,500	2,941,519
Oracle Systems Corporation*	134,550	5,306,248
Total		14,445,642
Primary Metal Industries - 1.14%		
Aluminum Company of America	56,000	3,213,000
Nucor Corporation	24,500	1,240,312
Total		4,453,312
Railroad Transportation - 2.81%		
CSX Corporation	57,100	2,755,075
Conrail Inc.	48,900	3,245,737
Norfolk Southern Corporation	24,500	2,076,375
Union Pacific Corporation	40,800	2,850,900
Total		10,928,087
Rubber and Miscellaneous Plastics Products - 2.10%		
Armstrong World Industries, Inc.	73,400	4,229,675
Goodyear Tire & Rubber Company (The) ...	81,600	3,937,200
Total		8,166,875
Special Trade Contractors - 0.90%		
Telefonaktiebolaget LM Ericsson, Class B, ADR	163,100	3,496,375

Transportation by Air - 3.37%		
AMR Corporation*	32,600	2,966,600
Southwest Airlines Co.	201,900	5,880,338
USAir Group, Inc.*	236,500	4,257,000
Total		13,103,938

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE INCOME PORTFOLIO
JUNE 30, 1996

	Shares	Value
COMMON STOCKS (Continued)		
Transportation Equipment - 7.85%		
Boeing Company (The)	51,800	\$ 4,513,075
Chrysler Corporation	89,700	5,561,400
Dana Corporation	62,000	1,922,000
Eaton Corporation	40,800	2,391,900
Ford Motor Company	155,000	5,018,125
General Motors Corporation	81,600	4,273,800
Northrop Grumman Corporation	78,300	5,334,188
Sundstrand Corporation	42,000	1,538,250
Total		30,552,738
TOTAL COMMON STOCKS - 96.58%		\$375,999,454
(Cost: \$269,954,885)		
TOTAL SHORT-TERM SECURITIES - 3.23%		\$ 12,592,171
(Cost: \$12,592,171)		
TOTAL INVESTMENT SECURITIES - 99.81%		\$388,591,625
(Cost: \$282,547,056)		
CASH AND OTHER ASSETS, NET OF LIABILITIES - 0.19%		739,119
NET ASSETS - 100.00%		\$389,330,744

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE INTERNATIONAL PORTFOLIO
JUNE 30, 1996

	Shares	Value
COMMON STOCKS AND RIGHTS		
Argentina - 1.60%		
Disco S.A., Sponsored ADR*	46,700	\$ 1,033,238
Australia - 1.37%		

Westpac Banking Corp. (A)	200,000	884,586
Denmark - 3.82%		
Bang & Olufsen Holding A/S Class B (A) .	20,000	785,372
Neurosearch A/S (A)*	20,000	768,298
Tele Danmark A/S (A)	18,000	906,592
Total		2,460,262
Finland - 1.45%		
Nokia Corporation, Series K (A)	15,000	550,093
Tampella OY (A)*	200,000	382,504
Total		932,597
France - 4.96%		
But S.A. (A)	10,800	739,237
Christian Dior S.A. (A)	4,800	625,365
Lapeyre S.A. (A)	6,625	388,410
Societe Industrielle de Transports		
Automobiles S.A. (A)	3,500	865,029
Television Francaise 1-TF1 S.A. (A)	5,000	571,695
Total		3,189,736
Germany - 9.55%		
CKAG Colonia Konzern		
Aktiengesellschaft (A)	1,100	889,839
Daimler-Benz AG (A)*	3,150	1,687,389
Daimler-Benz AG, Rights (A)*	3,150	435
Depfa Bank (A)	7,000	276,685
GILDEMEISTER Aktiengesellschaft (A)* ...	13,750	587,800
Herlitz International Trading AG (A) ...	1,500	492,272
Mannesmann AG (A)	4,300	1,487,537
Metallgesellschaft AG (A)*	10,000	171,983
TRAUB AG (A)*	8,500	550,641
Total		6,144,581
Hong Kong - 5.35%		
Asia Satellite Telecommunications		
Holdings Limited ADS*	25,000	743,750
First Pacific Company Limited (A)	750,000	1,153,399
Guangdong Corporation Limited (A)	1,000,000	633,239
HSBC Holdings Plc (A)	60,000	907,211
Total		3,437,599
Indonesia - 2.99%		
PT Matahari Putra Prima, F (A)	573,750	1,048,119
PT Steady Safe Transportation		
Service, F (A)	400,000	550,185
PT United Tractors, F (A)	205,000	323,825
Total		1,922,129

THE INVESTMENTS OF THE INTERNATIONAL PORTFOLIO
JUNE 30, 1996

	Shares	Value
COMMON STOCKS AND RIGHTS (Continued)		
Italy - 2.10%		
Mediolanum S.p.A. (A)*	70,000	\$ 695,245
STET - Societa Finanziaria		
Telefonica p.a. (A)	250,000	658,067
Total		1,353,312
Japan - 6.93%		
Aloka Co. Ltd. (A)	13,000	207,933
Honda Motor Co., Ltd. (A)	25,000	648,935
Promise Co., Ltd. (A)	13,700	676,172
Sankyo Co., Ltd. (A)	50,000	1,297,870
Sony Corporation (A)	15,000	988,484
Xebio Co., Ltd. (A)	17,000	638,607
Total		4,458,001
Mexico - 9.98%		
Cemex, S.A., CPO Shares, Series A (A) ..	150,000	535,289
Corporacion Industrial Sanluis, S.A.		
de C.V., CPO (A)	75,500	465,015
Desc-Sociedad de Fomento Industrial,		
S.A. de C.V., Class B (A)*	200,000	1,081,153
Desc-Sociedad de Fomento Industrial,		
S.A. de C.V., Class C (A)*	1	3
Empresas ICA Sociedad Controladora,		
S.A. de C.V., ADS*	50,000	693,750
Grupo Carso, S.A. de C.V.,		
Series 1A (A)*	150,000	1,066,614
Grupo Financiero Bancomer, S.A. de		
C.V., B, CPO Shares (A)*	2,000,000	872,324
Grupo Financiero Inbursa S.A. de		
C.V., Class B (A)	170,000	705,525
Telefonos de Mexico, S.A. de C.V., ADR .	30,000	1,005,000
Total		6,424,673
Netherlands - 5.69%		
Baan Company N.V. (A)*	24,300	832,231
Koninklijke Boskalis		
Westminster N.V. (A)*	35,000	626,026
Koninklijke PTT Nederland NV (A)	25,000	947,103
Vendex International N.V. (A)	18,500	645,525
Verenigd Bezit VNU (A)*	39,400	612,304
Total		3,663,189

Norway - 1.99%		
Merkantildata A/S (A)	61,000	761,407
Schibsted AS (A)	40,000	517,775
Total		1,279,182
Phillipines - 1.41%		
Universal Robina Corporation (A)	1,700,000	908,744

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE INTERNATIONAL PORTFOLIO
JUNE 30, 1996

	Shares	Value
COMMON STOCKS AND RIGHTS (Continued)		
Spain - 2.99%		
Corporacion Bancaria de Espana, S.A. (A)	27,000	\$ 1,179,509
Sociedad General de Aguas de Barcelona, S.A. (A)	20,000	743,982
Total		1,923,491
Sweden - 8.39%		
Althin Medical AB, Class B (A)	13,000	304,362
Astra AB, Class A (A)	35,000	1,549,000
Celsius Industrier AB, Class B (A)*	20,000	262,824
Enator AB (A)*	10,000	230,349
Frontec AB, Class B (A)*	41,500	510,883
Kinnevik AB, Series B (A)	21,500	652,755
NetCom Systems AB, Class B (A)*	21,500	243,565
Skandia Enskilda Banken, Class A (A) ...	150,000	1,200,834
WM-data AB, Class B (A)	7,000	444,082
Total		5,398,654
Switzerland - 5.42%		
Adia SA, Bearer Shares (A)	3,500	879,270
Choco Lindt & Spru AG, Registered (A) ...	50	944,076
Ciba-Geigy AG, Registered (A)	850	1,037,083
SMH Swiss Corporation (A)	900	626,450
Total		3,486,879
United Kingdom - 5.12%		
Corporate Services Group plc (A)	375,000	1,054,777
Next plc (A)	150,000	1,312,352
Vodafone Group Plc (A)	250,000	930,457
Total		3,297,586

TOTAL COMMON STOCKS AND RIGHTS- 81.11% \$ 52,198,439
 (Cost: \$47,682,273)

PREFERRED STOCKS

Brazil - 0.95%
 Banco Itau S.A. (A) 1,500,000 608,068

Germany - 3.56%
 Hornbach Holding AG (A) 7,000 603,091
 Marschollek, Lautenschlager und
 Partner AG (A) 1,289 1,356,396
 STO AG (A) 666 332,891
 Total 2,292,378

TOTAL PREFERRED STOCKS - 4.51% \$ 2,900,446
 (Cost: \$2,495,186)

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE INTERNATIONAL PORTFOLIO
 JUNE 30, 1996

	Face Amount in Thousands	Value
UNREALIZED GAIN ON OPEN FORWARD		
CURRENCY CONTRACTS - 0.37%		
Deutsche Marks, 10-2-96 (B)	DM8,000 \$	192,151
Japanese Yen, 10-2-96 (B)	Y117,000	43,066
Total	\$	235,217

	Principal Amount in Thousands	
SHORT-TERM SECURITIES		
Communication - 4.88%		
Bell Atlantic Financial Services Inc., 5.37%, 7-9-96.....	\$3,145	3,141,247
Depository Institutions - 0.54%		
U.S. Bancorp, Master Note.....	346	346,000
Electric, Gas and Sanitary Services - 2.92%		
Public Service Electric & Gas Co., 5.5%, 7-11-96	1,885	1,882,120

Food and Kindred Products - 6.44%

General Mills, Inc., Master Note.....	1,543	1,543,000
Seagram (Joseph E.) & Sons Inc., 5.43%, 7-30-96	2,610	2,598,583
Total.....		4,141,583
Wholesale Trade - Nondurable Goods - 1.62% Sara Lee Corporation, Master Note.....	1,043	1,043,000
TOTAL SHORT-TERM SECURITIES - 16.40% (Cost: \$10,553,950)		\$10,553,950
TOTAL INVESTMENT SECURITIES - 102.39% (Cost: \$60,731,409)		\$65,888,052
LIABILITIES, NET OF CASH AND OTHER ASSETS - (2.39%)		(1,534,905)
NET ASSETS - 100.00%		\$64,353,147

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE SMALL CAP PORTFOLIO
JUNE 30, 1996

	Shares	Value
COMMON STOCKS		
Business Services - 23.23%		
Affinity Technology Group, Inc.*	56,000	\$ 465,472
America Online, Inc.*	22,000	959,750
APACHE Medical Systems, Inc.*	77,000	952,875
CKS Group, Inc.*	30,000	965,610
CMG Information Services, Inc.*	50,000	1,337,500
Cerner Corporation*	70,000	1,505,000
CyCare Systems, Inc.*	15,000	781,875
Documentum, Inc.*	20,000	615,000
Donna Karan International Inc.*	30,000	840,000
Eagle River Interactive, Inc.*	60,000	1,192,500
Mechanical Dynamics, Inc.*	70,500	1,057,500
Mecon, Inc.*	50,000	1,125,000
PHAMIS, Inc.*	50,000	734,350
Shiva Corporation*	30,000	2,400,000
Sync Research, Inc.*	90,000	1,260,000
VitalCom Inc.*	65,000	1,121,250
Workgroup Technology Corporation*	45,000	1,125,000
Xylan Corporation*	30,000	1,398,750
Total		19,837,432
Chemicals and Allied Products - 2.79%		
Dura Pharmaceuticals, Inc.*	10,000	560,620

Neurex Corporation*	40,000	877,480
Watson Pharmaceuticals Inc.*	25,000	946,875
Total		2,384,975
Communication - 3.21%		
Intermedia Communications of Florida, Inc.*	50,000	1,612,500
MFS Communications Company, Inc.*	30,000	1,126,860
Total		2,739,360
Eating and Drinking Places - 0.87%		
Longhorn Steaks, Inc.*	30,000	742,500
Electronic and Other Electric Equipment - 2.43%		
LSI Logic Corporation*	47,000	1,222,000
XeTel Corporation*	125,000	851,500
Total		2,073,500
Engineering and Management Services - 2.46%		
Owen Healthcare, Inc.*	70,000	971,250
Transition Systems, Inc.*	40,000	1,130,000
Total		2,101,250
Food and Kindred Products - 0.48%		
Lion Brewery, Inc. (The)*	75,000	412,500

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE SMALL CAP PORTFOLIO
JUNE 30, 1996

	Shares	Value
COMMON STOCKS (Continued)		
Health Services - 11.32%		
ARV Assisted Living, Inc.*	61,000	\$ 922,625
American Healthcorp, Inc.*	100,000	1,237,500
Emeritus Corporation*	50,000	881,250
Inphynet Medical Management Inc.*	70,000	1,330,000
Physicians Resource Group, Inc.*	60,000	2,002,500
Quorum Health Group, Inc.*	40,000	1,055,000
Renal Care Group, Inc.*	40,000	1,287,480
Sterling House Corporation*	50,000	950,000
Total		9,666,355
Industrial Machinery and Equipment - 3.53%		
DuPont Photomasks, Inc.*	80,000	1,660,000
Raptor Systems, Inc.*	30,000	791,250
Silicon Valley Group, Inc.*	30,000	564,360
Total		3,015,610

Instruments and Related Products - 12.40%		
Cardiac Pathways Corporation*	50,000	734,350
CardioThoracic Systems, Inc.*	9,000	119,808
ESC Medical Systems Ltd.*	45,000	1,231,875
Fusion Medical Technologies, Inc.*	112,500	815,625
Heartport, Inc.*	40,000	1,205,000
Imagyn Medical, Inc.*	100,000	1,081,200
Innovasive Devices, Inc.*	50,000	487,500
LUNAR CORPORATION*	40,000	1,405,000
St. Jude Medical, Inc.*	30,000	1,001,250
Ventritex, Inc.*	50,000	859,350
Waters Corporation*	50,000	1,650,000
Total		10,590,958

Insurance Agents, Brokers and Service - 1.06%		
CRA Managed Care, Inc.*	20,000	905,000

Miscellaneous Retail - 0.87%		
OmniCare, Inc.	28,000	742,000

Nondepository Institutions - 1.17%		
First USA Paymentech, Inc.*	25,000	1,000,000

Personal Services - 1.57%		
Equity Corporation International*	50,000	1,343,750

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE SMALL CAP PORTFOLIO
JUNE 30, 1996

	Shares	Value
COMMON STOCKS (Continued)		
Prepackaged Software - 18.64%		
AXENT Technologies, Inc.*	45,000	\$ 731,250
Cylink Corporation*	40,000	685,000
Datalogix International Inc.*	100,000	712,500
Edify Corporation*	11,000	288,750
Expert Software, Inc.*	125,000	976,500
GT Interactive Software Corp.*	50,000	843,750
Health Systems Design Corporation*	65,000	966,875
Inference Corporation, Class A*	95,000	2,256,250
Macromedia, Inc.*	15,000	330,000
Parametric Technology Corporation*	36,000	1,559,232
Pure Software Inc.*	25,000	840,625
Quarterdeck Corporation*	100,000	943,700
Segue Software, Inc.*	30,000	877,500
Summit Medical Systems, Inc.*	50,000	962,500
SystemSoft Corporation*	50,000	2,346,850
Synopsys, Inc.*	15,000	598,125

Total		15,919,407
Real Estate - 1.46%		
Stewart Enterprises, Inc., Class A	39,750	1,252,125
Wholesale Trade -- Durable Goods - 2.36%		
Conceptus, Inc.*	65,000	1,088,750
TESSCO Technologies Incorporated*	25,000	925,000
Total		2,013,750
TOTAL COMMON STOCKS - 89.85%		\$76,740,472
(Cost: \$65,086,899)		

Principal
Amount in
Thousands

CORPORATE DEBT SECURITIES - 1.17%		
Holding and Other Investment Offices		
LTC Properties, Inc., Convertible,		
7.75%, 1-1-2002	\$1,000	\$ 1,000,000
(Cost: \$1,000,000)		
SHORT-TERM SECURITIES		
Chemicals and Allied Products - 2.56%		
Procter & Gamble Company (The),		
5.35%, 8-12-96	2,200	2,186,269
Depository Institutions - 2.15%		
U.S. Bancorp,		
Master Note.....	1,838	1,838,000
Electric, Gas and Sanitary Services - 2.71%		
Georgia Power Co.,		
5.35%, 7-22-96.....	2,315	2,307,775

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE SMALL CAP PORTFOLIO
JUNE 30, 1996

	Principal Amount in Thousands	Value
SHORT-TERM SECURITIES (Continued)		
Food and Kindred Products - 0.09%		
General Mills, Inc.,		
Master Note.....	\$ 80	\$ 80,000
Wholesale Trade - Nondurable Goods - 3.11%		
Sara Lee Corporation,		
Master Note.....	2,655	2,655,000

TOTAL SHORT-TERM SECURITIES - 10.62%	\$ 9,067,044
(Cost: \$9,067,044)	
TOTAL INVESTMENT SECURITIES - 101.64%	\$86,807,516
(Cost: \$75,153,943)	
LIABILITIES, NET OF CASH AND OTHER ASSETS - (1.64%)	(1,403,711)
NET ASSETS - 100.00%	\$85,403,805

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE BALANCED PORTFOLIO
JUNE 30, 1996

	Shares	Value
COMMON STOCKS		
Apparel and Accessory Stores - 1.02%		
Gap, Inc. (The)	10,000	\$ 321,250
Apparel and Other Textile Products - 0.88%		
Tommy Hilfiger Corporation*	5,200	278,850
Business Services - 1.08%		
Cerner Corporation*	12,000	258,000
Electronic Data Systems Corporation	1,548	83,205
Total		341,205
Chemicals and Allied Products - 7.37%		
American Home Products Corporation	7,000	420,875
Crompton & Knowles Corporation	14,300	239,525
Dow Chemical Company (The)	5,500	418,000
du Pont (E.I.) de Nemours and Company ..	2,400	189,900
Pfizer Inc.	5,500	392,563
Praxair, Inc.	8,800	371,800
Warner-Lambert Company	5,400	297,000
Total		2,329,663
Communication - 4.19%		
AT&T Corporation	4,100	254,200
GTE Corporation	5,300	237,175
MCI Communications Corporation	3,000	76,686
Nokia Corporation, Series A, ADS	1,600	59,200
SBC Communications Inc.	6,300	310,275
Viacom Inc., Class B*	10,000	388,750
Total		1,326,286
Depository Institutions - 2.06%		

BankAmerica Corporation	4,500	340,875
Wells Fargo & Company	1,300	310,537
Total		651,412
Electric, Gas and Sanitary Services - 1.62%		
Baltimore Gas and Electric Company	7,600	215,650
Houston Industries Incorporated	12,000	295,500
Total		511,150
Electronic and Other Electric Equipment - 2.68%		
AVX Corporation	13,700	253,450
Duracell International Inc.	7,500	323,437
Emerson Electric Co.	3,000	271,125
Total		848,012
Fabricated Metal Products - 1.12%		
Keystone International, Inc.	17,000	352,750

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE BALANCED PORTFOLIO
JUNE 30, 1996

	Shares	Value
COMMON STOCKS (Continued)		
Food and Kindred Products - 2.23%		
ConAgra, Inc.	5,900	\$ 267,713
PepsiCo, Inc.	12,400	438,650
Total		706,363
General Merchandise Stores - 3.14%		
Dillard Department Stores, Inc., Class A	5,700	208,050
May Department Stores Company (The)	10,400	455,000
Wal-Mart Stores, Inc.	13,000	329,875
Total		992,925
Health Services - 1.32%		
Tenet Healthcare Corporation*	19,600	418,950
Heavy Construction, Excluding Building - 0.78%		
Foster Wheeler Corporation	5,500	246,813
Holding and Other Investment Offices - 2.18%		
LTC Properties, Inc.	18,000	297,000
National Health Investors, Inc.*	12,000	393,000
Total		690,000
Hotels and Other Lodging Places - 1.29%		

ITT Corporation*	4,100	271,625
Red Lion Hotels, Inc.*	6,500	136,500
Total		408,125
Industrial Machinery and Equipment - 3.39%		
Applied Materials, Inc.*	9,000	273,933
Deere & Company	6,000	240,000
Seagate Technology, Inc.*	8,500	382,500
York International Corporation	3,400	175,950
Total		1,072,383
Instruments and Related Products - 2.82%		
General Motors Corporation, Class H	6,600	396,825
St. Jude Medical, Inc.*	7,200	240,300
Teradyne, Inc.*	14,700	253,575
Total		890,700
Insurance Agents, Brokers and Service - 0.69%		
ITT Hartford Group, Inc.	4,100	218,325
Insurance Carriers - 1.68%		
Chubb Corporation (The)	6,200	309,225
United HealthCare Corporation	4,400	222,200
Total		531,425

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE BALANCED PORTFOLIO
JUNE 30, 1996

	Shares	Value
COMMON STOCKS (Continued)		
Nondepository Institutions - 1.02%		
Associates First Capital Corporation*	8,600	\$ 323,575
Oil and Gas Extraction - 1.01%		
Schlumberger Limited	3,800	320,150
Paper and Allied Products - 1.16%		
Champion International Corporation	5,800	242,150
Temple-Inland Inc.	800	37,400
Union Camp Corporation	1,800	87,750
Total		367,300
Petroleum and Coal Products - 0.53%		
Mobil Corporation	1,500	168,187
Prepackaged Software - 0.64%		

Broderbund Software, Inc.*	6,300	203,963
Printing and Publishing - 2.71%		
Belo (A. H.) Corporation, Class A	11,000	409,750
McGraw-Hill, Inc.	5,200	237,900
Time Warner Incorporated	5,300	208,025
Total		855,675
Railroad Transportation - 0.34%		
Conrail Inc.	1,600	106,200
Textile Mill Products - 0.83%		
Unifi, Inc.	9,300	261,563
Transportation by Air - 0.37%		
Southwest Airlines Co.	4,000	116,500
Wholesale Trade -- Nondurable Goods - 1.97%		
SYSCO Corporation	9,000	308,250
Sara Lee Corporation	9,700	314,037
Total		622,287
TOTAL COMMON STOCKS - 52.12%		\$16,481,987
(Cost: \$14,569,619)		
PREFERRED STOCK - 0.12%		
Transportation By Air		
Delta Air Lines, Incorporated,		
Convertible	600	\$ 37,800
(Cost: \$27,811)		

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE BALANCED PORTFOLIO
JUNE 30, 1996

	Principal Amount in Thousands	Value
CORPORATE DEBT SECURITIES		
Electronic and Other Electric Equipment - 1.00%		
Cooper Industries, Inc., 6.0%, 1-1-99 (Exchangeable)	\$ 257	\$ 318,250
Oil and Gas Extraction - 0.98%		
Enron Corp., 6.25%, 12-13-98 (Exchangeable)	261	310,500
Security and Commodity Brokers - 0.88%		

Salomon Inc.,		
7.625%, 5-15-99 (Exchangeable)	266	277,500
TOTAL CORPORATE DEBT SECURITIES - 2.86%		\$ 906,250
(Cost: \$783,750)		
UNITED STATES GOVERNMENT SECURITIES - 22.34%		
United States Treasury:		
6.875%, 8-31-99	250	253,555
7.75%, 11-30-99	1,500	1,561,875
7.125%, 2-29-2000	500	511,330
6.375%, 8-15-2002	1,100	1,091,233
7.5%, 2-15-2005	3,250	3,419,097
6.25%, 8-15-2023	250	226,640
Total		\$ 7,063,730
(Cost: \$7,153,842)		
SHORT-TERM SECURITIES		
Auto Repair, Services and Parking - 3.45%		
PHH Corporation,		
5.4%, 7-18-96	1,095	1,092,208
Chemicals and Allied Products - 3.14%		
Procter & Gamble Company (The),		
5.35%, 8-12-96	1,000	993,758
Depository Institutions - 3.07%		
U.S. Bancorp,		
Master Note.....	969	969,000
Food and Kindred Products - 4.35%		
General Mills, Inc.,		
Master Note.....	1,375	1,375,000
Security and Commodity Brokers - 3.65%		
Merrill Lynch & Co., Inc.,		
5.36%, 7-31-96	1,160	1,154,819
Wholesale Trade - Nondurable Goods - 3.79%		
Sara Lee Corporation,		
Master Note.....	1,198	1,198,000

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE BALANCED PORTFOLIO
JUNE 30, 1996

TOTAL SHORT-TERM SECURITIES - 21.45%		Value \$ 6,782,785
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(Cost: \$6,782,785)

TOTAL INVESTMENT SECURITIES - 98.89%	\$31,272,552
(Cost: \$29,317,807)	
CASH AND OTHER ASSETS, NET OF LIABILITIES - 1.11%	350,868
NET ASSETS - 100.00%	\$31,623,420

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE ASSET STRATEGY PORTFOLIO
JUNE 30, 1996

	Shares	Value
COMMON STOCKS		
Chemicals and Allied Products - 1.91%		
IMC Global, Inc.	4,000	\$ 150,500
Communication - 2.81%		
Nokia Corporation, Series A, ADS	2,400	88,800
360 Communications Company*	5,500	132,000
Total		220,800
Electronic and Other Electric Equipment - 4.96%		
Motorola, Inc.	2,000	125,750
QUALCOMM Incorporated*	5,000	265,310
Total		391,060
Food and Kindred Products - 4.00%		
Seagram Company Ltd. (The)	4,500	151,313
Tyson Foods, Inc.	6,000	163,872
Total		315,185
Health Services - 1.52%		
Beverly Enterprises, Inc.*	10,000	120,000
Holding and Other Investment Offices - 2.17%		
Grupo Financiero Banamex Accival, S.A. de C.V., B, CPO Shares (A)*	45,000	93,735
Grupo Financiero Banamex Accival, S.A. de C.V., L (A)*	1,350	2,570
LTC Properties, Inc.	4,500	74,250
Total		170,555
Industrial Machinery and Equipment - 1.48%		
Silicon Valley Group, Inc.*	6,200	116,634

Insurance Carriers - 2.56%		
United HealthCare Corporation	4,000	202,000
Oil and Gas Extraction - 1.49%		
Enron Oil & Gas Company	4,200	117,075
Petroleum and Coal Products - 2.70%		
Kerr-McGee Corporation	3,500	213,062
Prepackaged Software - 2.60%		
Broderbund Software, Inc.*	4,000	129,500
Intuit Inc.*	1,600	75,200
Total		204,700
TOTAL COMMON STOCKS - 28.20%		\$2,221,571
(Cost: \$2,199,511)		

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE ASSET STRATEGY PORTFOLIO
JUNE 30, 1996

	Principal Amount in Thousands	Value
CORPORATE DEBT SECURITIES		
Amusement and Recreation Services - 2.55%		
Trump Atlantic City Associates, 11.25%, 5-1-2006	\$200	\$ 201,000
Communication - 3.67%		
MFS Communications Company, Inc., 0.00%, 1-15-2006 (C)	225	136,125
Viacom International, Inc., 9.125%, 8-15-99	150	153,000
Total		289,125
Electronic and Other Electric Equipment - 1.46%		
VLSI Technology, Inc., Convertible, 8.25%, 10-1-2005	130	115,050
Health Services - 1.46%		
ARV Assisted Living, Inc., Convertible, 6.75%, 4-1-2006 (D)	120	115,200
Paper and Allied Products - 3.82%		
Buckeye Cellulose Corporation, 9.25%, 9-15-2008	300	300,375

Security and Commodity Brokers - 1.97%		
Salomon Inc.,		
7.625%, 5-15-99 (Exchangeable)	149	155,400
TOTAL CORPORATE DEBT SECURITIES - 14.93%		\$1,176,150
(Cost: \$1,193,582)		

UNITED STATES GOVERNMENT SECURITIES

United States Treasury:

6.875%, 2-28-97	40	40,312
6.125%, 5-31-97	400	401,248
7.25%, 2-15-98	60	61,059
7.125%, 2-29-2000	60	61,360
7.5%, 2-15-2005	130	136,764
9.125%, 5-15-2018	450	553,851

TOTAL UNITED STATES GOVERNMENT

SECURITIES - 15.93%		\$1,254,594
(Cost: \$1,324,126)		

SHORT-TERM SECURITIES

Auto Repair, Services and Parking - 4.43%

PHH Corporation,		
5.4%, 7-18-96	350	349,108

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE ASSET STRATEGY PORTFOLIO

JUNE 30, 1996

	Principal Amount in Thousands	Value
SHORT-TERM SECURITIES (CONTINUED)		
Chemicals and Allied Products - 8.20%		
Air Products and Chemicals, Inc.,		
5.38%, 8-12-96	\$300	\$ 298,117
Procter & Gamble Company (The),		
5.35%, 8-12-96	350	347,815
Total		645,932
Depository Institutions - 1.59%		
U.S. Bancorp,		
Master Note	125	125,000
Electric, Gas and Sanitary Services - 4.43%		
Northern Illinois Gas Company,		
5.38%, 7-23-96	350	348,849

Electronic and Other Electric Equipment - 3.80%		
TDK (USA) Corp.,		
5.35%, 7-17-96	300	299,287
Food and Kindred Products - 8.03%		
General Mills, Inc.,		
Master Note	284	284,000
Seagram (Joseph E.) & Sons Inc.,		
5.39%, 7-30-96	350	348,480
Total		632,480
Nondepository Institutions - 2.79%		
USL Capital Corp.,		
5.36%, 7-22-96	220	219,312
Security and Commodity Brokers - 4.44%		
Merrill Lynch & Co., Inc.,		
5.35%, 7-1-96	350	350,000
Tobacco Products - 3.80%		
B.A.T. Capital Corp.,		
5.33%, 7-9-96	300	299,645
Wholesale Trade - Nondurable Goods - 4.70%		
Sara Lee Corporation,		
Master Note	370	370,000
TOTAL SHORT-TERM SECURITIES - 46.21%		\$3,639,613
(Cost: \$3,639,613)		
TOTAL INVESTMENT SECURITIES - 105.27%		\$8,291,928
(Cost: \$8,356,832)		
LIABILITIES, NET OF CASH AND OTHER ASSETS - (5.27%)		(415,326)
NET ASSETS - 100.00%		\$7,876,602

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE MONEY MARKET PORTFOLIO
JUNE 30, 1996

	Principal Amount in Thousands	Value
BANK OBLIGATIONS		
Certificates of Deposit - 4.71%		
Yankee		

Creditanstalt - Bankverein, 5.38%, 3-7-97	\$1,000	\$ 1,000,000
Societe Generale - New York, 5.3%, 2-21-97	1,000	1,000,000
Total		2,000,000

Commercial Paper - 3.85% U.S. Bancorp, Master Note	1,635	1,635,000
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Commercial Paper (backed by irrevocable bank letter of credit) - 2.34% Banco Nacional de Mexico S.A. (Barclays Bank PLC), 5.12%, 7-24-96.....	1,000	996,729
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Notes - 7.08% Abbey National Treasury Services plc, 7.8%, 12-16-96.....	1,000	1,009,918
Comerica Bank, 5.4605%, 7-15-96.....	1,000	1,000,000
PNC Bank, N.A., 5.3992%, 7-22-96	1,000	999,816
Total		3,009,734

TOTAL BANK OBLIGATIONS - 17.98% \$ 7,641,463
(Cost: \$7,641,463)

CORPORATE OBLIGATIONS

Commercial Paper Chemicals and Allied Products - 8.70% Air Products and Chemicals, Inc., 5.37%, 8-12-96	1,210	1,202,419
Ciba-Geigy PLC, 5.35%, 7-10-96	1,200	1,198,395
Hercules Inc., 5.3%, 7-23-96	1,300	1,295,789
Total		3,696,603

Communication - 2.81% BellSouth Telecommunications Inc., 5.33%, 8-2-96	1,200	1,194,315
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See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE MONEY MARKET PORTFOLIO
JUNE 30, 1996

Principal
Amount in

	Thousands	Value
CORPORATE OBLIGATIONS (Continued)		
Commercial Paper (Continued)		
Electric, Gas and Sanitary Services - 6.33%		
Idaho Power Co.,		
5.36%, 7-22-96	\$1,200	\$ 1,196,248
Pacificorp,		
5.3%, 7-16-96	1,500	1,496,688
Total		2,692,936
Electronic and Other Electric Equipment - 2.35%		
TDK (USA) Corp.,		
5.35%, 7-17-96	1,000	997,622
Food and Kindred Products - 4.10%		
General Mills, Inc.,		
Master Note	1,745	1,745,000
Metal Mining - 2.34%		
BHP Finance (USA) Inc.,		
5.38%, 8-12-96	1,000	993,723
Nondepository Institutions - 2.96%		
Island Finance Puerto Rico Inc.,		
5.31%, 7-12-96	1,260	1,257,956
Petroleum and Coal Products - 2.35%		
Amoco Corporation,		
5.48%, 7-25-96	1,000	1,000,000
Printing and Publishing - 5.64%		
American Greetings Corp.,		
5.32%, 7-2-96	1,000	999,852
Gannett Co.,		
5.35%, 7-16-96	1,400	1,396,879
Total		2,396,731
Tobacco Products - 2.18%		
B.A.T. Capital Corp.,		
5.32%, 7-3-96	925	924,727
Wholesale Trade - Nondurable Goods - 4.09%		
Sara Lee Corporation,		
Master Note	1,739	1,739,000
Total Commercial Paper - 43.85%		18,638,613
Commercial Paper (backed by irrevocable bank letter of credit) - 2.35%		
Electric, Gas and Sanitary Services		
CommEd Fuel Co. Inc. (First National		

Bank of Chicago),		
5.29%, 7-23-96	1,000	996,767

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE MONEY MARKET PORTFOLIO
JUNE 30, 1996

	Principal Amount in Thousands	Value
CORPORATE OBLIGATIONS (Continued)		
Notes		
Auto Repair, Services and Parking - 2.35% PHH Corporation, 5.4451%, 7-26-96	\$1,000	\$ 999,568
Communication - 2.35% AT&T Capital Corp., 5.5344%, 7-18-96	1,000	1,000,149
Nondepository Institutions - 3.55% American Express Credit Corp., 7.875%, 12-1-96	500	504,935
Associates Corporation of North America, 6.02%, 8-19-96	1,000	1,000,727
Total		1,505,662
Security and Commodity Brokers - 2.35% Merrill Lynch & Co., Inc., 5.4197%, 5-29-97	1,000	1,000,000
Total Notes - 10.60%		4,505,379
TOTAL CORPORATE OBLIGATIONS - 56.80%		\$24,140,759
(Cost: \$24,140,759)		
MUNICIPAL OBLIGATIONS		
California - 5.65%		
City of Anaheim, California, Certificates of Participation (1993 Arena Financing Project), Municipal Adjustable Rate Taxable Securities (Credit Suisse), 5.5%, 8-1-96	1,000	1,000,000
Oakland-Alameda County Coliseum Lease Revenue Bonds (Oakland Coliseum Project), 1995 Series B-1 (Canadian Imperial Bank of Commerce), 5.43%, 8-7-96	1,400	1,400,000
Total		2,400,000

New York - 4.00%

Health Insurance Plan of Greater New York

(Morgan Guaranty Trust Company of New York),

5.55%, 7-3-96 1,700 1,700,000

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE MONEY MARKET PORTFOLIO

JUNE 30, 1996

	Principal Amount in Thousands	Value
MUNICIPAL OBLIGATIONS (Continued)		
Pennsylvania - 2.56%		
Montgomery County Industrial Development Authority, Taxable Fixed Rate/Variable Rate Demand Revenue Bonds (410 Horsham Associates Project), Series of 1995 (Meridian Bank), 5.55%, 7-3-96 \$ 200 \$ 200,000		
Schuylkill County Industrial Development Authority, Commercial Development Revenue Bonds (Midway Supermarket, Inc. Project), Taxable Series of 1995 (Meridian Bank), 5.55%, 7-3-96 890 890,000		
Total		1,090,000
Texas - 2.34%		
Metrocrest Hospital Authority, Series 1989A (The Bank of New York), 5.4689%, 8-1-96 1,000 995,291		
TOTAL MUNICIPAL OBLIGATIONS - 14.55%		\$ 6,185,291
(Cost: \$6,185,291)		
UNITED STATES GOVERNMENT OBLIGATIONS		
Federal Farm Credit Banks, 4.95%, 3-3-97..... 1,000 997,753		
Federal Home Loan Banks, 5.65%, 7-3-96 1,000 1,000,000		
Federal National Mortgage Association, 5.47%, 9-20-96..... 1,000 999,034		
Student Loan Marketing Association, 5.54%, 7-2-96 1,000 1,000,000		
TOTAL UNITED STATES GOVERNMENT OBLIGATIONS - 9.40%		\$ 3,996,787
(Cost: \$3,996,787)		

TOTAL INVESTMENT SECURITIES - 98.73% \$41,964,300
 (Cost: \$41,964,300)

CASH AND OTHER ASSETS,
 NET OF LIABILITIES - 1.27% 541,463

NET ASSETS - 100.00% \$42,505,763

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE LIMITED-TERM BOND PORTFOLIO
 JUNE 30, 1996

	Principal Amount in Thousands	Value
CORPORATE DEBT SECURITIES		
Chemicals and Allied Products - 5.76%		
American Home Products Corporation, 7.7%, 2-15-2000	\$100	\$ 103,032
ICI Wilmington, Inc., 9.5%, 11-15-2000	75	81,679
Total		184,711
Depository Institutions - 12.42%		
BankAmerica Corporation, 9.7%, 8-1-2000	100	109,951
Boatmen's Bancshares, Inc., 9.25%, 11-1-2001	50	54,602
First Chicago Corporation, 7.625%, 1-15-2003	125	127,866
Wells Fargo & Company, 8.375%, 5-15-2002	100	105,702
Total		398,121
Electric, Gas and Sanitary Services - 1.64%		
Consolidated Natural Gas Company, 8.75%, 6-1-99	50	52,522
General Merchandise Stores - 6.52%		
Penney (J.C.) Company, Inc., 10.0%, 10-15-97	100	104,471
Sears, Roebuck and Co., 9.25%, 4-15-98	100	104,629
Total		209,100
Industrial Machinery and Equipment - 1.57%		

Ingersoll-Rand Company, 8.25%, 11-1-96	50	50,316
Instruments and Related Products - 4.28%		
Baxter International Inc., 9.25%, 9-15-96	50	50,305
Polaroid Corporation, 8.0%, 3-15-99	85	87,005
Total		137,310
Insurance Agents, Brokers and Service - 1.56%		
ITT Hartford, 7.25%, 12-1-96	50	50,084

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE LIMITED-TERM BOND PORTFOLIO
JUNE 30, 1996

	Principal Amount in Thousands	Value
CORPORATE DEBT SECURITIES (Continued)		
Nondepository Institutions - 16.78%		
American General Finance Corporation, 8.25%, 1-15-98	\$ 50	\$ 51,317
Associates Corporation of North America, 7.875%, 9-30-2001	100	104,043
Avco Financial Services, Inc., 5.5%, 4-1-2000	50	47,646
Ford Motor Credit Company, 8.0%, 1-15-99	75	77,330
General Motors Acceptance Corporation, 7.75%, 1-15-99	100	102,347
Household Finance Corporation, 7.75%, 6-15-97	50	50,655
Norwest Financial, Inc., 7.75%, 8-15-2001	50	51,718
Transamerica Finance Corporation, 8.75%, 10-1-99	50	52,615
Total		537,671
Oil and Gas Extraction - 4.13%		
Burlington Resources Inc., 8.5%, 10-1-2001	125	132,480
Petroleum and Coal Products - 3.31%		
Chevron Corporation,		

8.11%, 12-1-2004	50	52,593
Texaco Capital Inc.,		
9.0%, 12-15-99	50	53,515
Total		106,108
Transportation by Air - 3.33%		
Federal Express Corporation,		
10.0%, 9-1-98	100	106,557
Transportation Equipment - 1.58%		
General Motors Corporation,		
7.625%, 2-15-97	50	50,520
TOTAL CORPORATE DEBT SECURITIES - 62.88%		\$2,015,500
(Cost: \$2,009,137)		

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE LIMITED-TERM BOND PORTFOLIO
JUNE 30, 1996

	Principal Amount in Thousands	Value
UNITED STATES GOVERNMENT SECURITIES		
Federal National Mortgage Association:		
6.0%, 11-1-2000	\$ 77	\$ 74,143
5.0%, 12-25-2001	71	70,760
6.5%, 12-1-2010	101	97,604
6.0%, 1-1-2011	96	90,453
6.5%, 2-1-2011	97	93,442
7.0%, 5-1-2011	101	99,642
11.0%, 10-1-2020	37	41,271
7.0%, 4-1-2026	101	97,584
Government National Mortgage Association,		
7.0%, 9-15-2008	83	82,570
United States Treasury:		
6.375%, 8-15-2002	100	99,203
6.25%, 2-15-2003.....	100	98,234
TOTAL UNITED STATES GOVERNMENT SECURITIES - 29.48%		\$ 944,906
(Cost: \$956,369)		
TOTAL SHORT-TERM SECURITIES - 5.80%		\$ 186,000
(Cost: \$186,000)		
TOTAL INVESTMENT SECURITIES - 98.16%		\$3,146,406
(Cost: \$3,151,506)		

CASH AND OTHER ASSETS, NET OF LIABILITIES - 1.84% 59,041

NET ASSETS - 100.00% \$3,205,447

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE BOND PORTFOLIO
JUNE 30, 1996

	Principal Amount in Thousands	Value
CORPORATE DEBT SECURITIES		
Chemicals and Allied Products - 3.23%		
Dow Capital BV, 9.0%, 5-15-2010	\$ 500	\$ 560,455
Procter & Gamble Company (The), 8.0%, 9-1-2024	2,000	2,225,560
Total		2,786,015
Communication - 9.70%		
Bell Telephone Company of Pennsylvania (The), 8.35%, 12-15-2030	1,000	1,140,420
BellSouth Telecommunications, Inc., 5.85%, 11-15-2045	1,000	972,850
Continental Cablevision, Inc., 8.5%, 9-15-2001	1,000	1,046,960
Infinity Broadcasting Corporation, 10.375%, 3-15-2002	250	266,250
Jones Intercable, Inc., 9.625%, 3-15-2002	500	502,500
Southwestern Bell Telephone Company, 7.0%, 8-26-2002	1,000	1,004,130
Tele-Communications, Inc., 6.58%, 2-15-2005	1,000	984,330
Turner Broadcasting System, Inc., 8.375%, 7-1-2013	1,000	958,140
U S WEST, Inc., 8.4%, 9-15-99	500	520,830
Viacom International Inc.:		
9.125%, 8-15-99	500	510,000
6.75%, 1-15-2003	500	471,755
Total		8,378,165
Depository Institutions - 14.52%		
AmSouth Bancorporation, 6.75%, 11-1-2025	1,500	1,447,830

BarclaysAmericanCorporation, 9.125%, 12-1-97	225	232,868
First Union Corporation, 6.55%, 10-15-2035	1,000	952,640
Kansallis-Osake-Pankki, 10.0%, 5-1-2002	1,000	1,128,070
NBD Bank, National Association, 8.25%, 11-1-2024	1,000	1,092,620
NationsBank Corporation, 8.57%, 11-15-2024	1,000	1,120,400

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE BOND PORTFOLIO
JUNE 30, 1996

	Principal Amount in Thousands	Value
CORPORATE DEBT SECURITIES (Continued)		
Depository Institutions (Continued)		
Riggs National Corporation, 8.5%, 2-1-2006	\$1,500	\$ 1,492,500
SouthTrust Bank of Alabama, N.A.:		
5.58%, 2-6-2006	500	475,905
7.69%, 5-15-2025	500	519,505
Wells Fargo & Company:		
5.632%, 9-5-97.....	3,000	2,999,790
8.75%, 5-1-2002	1,000	1,069,400
Total		12,531,528
Eating and Drinking Places - 2.28%		
Marriott International, Inc.:		
6.75%, 12-15-2003	1,000	954,010
7.875%, 4-15-2005	1,000	1,017,980
Total		1,971,990
Electric, Gas and Sanitary Services - 4.73%		
Arkla, Inc.,		
10.0%, 11-15-2019	975	1,066,592
Coastal Corporation (The),		
10.375%, 10-1-2000	500	560,690
El Paso Electric Company,		
7.25%, 2-1-99	250	246,150
Kansas Gas and Electric Company,		
7.6%, 12-15-2003	1,000	1,010,910
Seagull Energy Corporation,		
7.875%, 8-1-2003	1,250	1,203,125
Total		4,087,467

Electronic and Other Electric Equipment - 1.33%		
Motorola, Inc.,		
8.4%, 8-15-2031	1,000	1,151,230
Food and Kindred Products - 3.68%		
Coca-Cola Enterprises Inc.:		
8.0%, 1-4-2005	1,000	1,065,610
0.0%, 6-20-2020	10,000	1,765,100
Nabisco, Inc.,		
6.8%, 9-1-2001	345	347,553
Total		3,178,263
Forestry - 0.26%		
Doman Industries Limited,		
8.75%, 3-15-2004	250	225,000

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE BOND PORTFOLIO
JUNE 30, 1996

	Principal Amount in Thousands	Value
CORPORATE DEBT SECURITIES (Continued)		
General Building Contractors - 0.96%		
Del Webb Corporation,		
10.875%, 3-31-2000	\$ 800	\$ 826,000
Health Services - 0.59%		
Tenet Healthcare Corporation,		
8.625%, 12-1-2003	500	506,875
Hotels and Other Lodging Places - 0.60%		
RHG Finance Corporation,		
8.875%, 10-1-2005	500	516,955
Industrial Machinery and Equipment - 1.27%		
Joy Technologies Inc.,		
10.25%, 9-1-2003	1,000	1,100,000
Instruments and Related Products - 1.16%		
Mark IV Industries, Inc.,		
8.75%, 4-1-2003	1,000	1,000,000
Insurance Carriers - 1.83%		
Penn Central Corporation (The),		
10.625%, 4-15-2000	1,000	1,082,450

Reliance Group Holdings, Inc.,		
9.0%, 11-15-2000	500	495,000
Total		1,577,450
Metal Mining - 0.56%		
Noranda Inc.,		
7.0%, 7-15-2005	500	480,690
Nondepository Institutions - 8.85%		
Associates Corporation of North America,		
7.95%, 2-15-2010	500	529,205
Chevy Chase Savings Bank, F.S.B.,		
9.25%, 12-1-2005	500	480,000
Chrysler Financial Corporation,		
12.75%, 11-1-99	1,000	1,171,650
Countrywide Mortgage Backed Securities,		
Inc.,		
6.5%, 4-25-2024	2,000	1,925,000
DLJ Mortgage Acceptance Corp.,		
6.5%, 4-25-2024	965	889,140
General Electric Capital Corporation,		
8.3%, 9-20-2009	500	545,400

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE BOND PORTFOLIO
JUNE 30, 1996

	Principal Amount in Thousands	Value
CORPORATE DEBT SECURITIES (Continued)		
Nondepository Institutions (Continued)		
General Motors Acceptance Corporation,		
8.875%, 6-1-2010	\$1,000	\$ 1,115,530
Residential Asset Securities Corporation,		
Mortgage Pass-Through Certificates,		
1995-KS3 Class D,		
8.0%, 10-25-2024	1,000	984,380
Total		7,640,305
Oil and Gas Extraction - 2.81%		
Anadarko Petroleum Corporation,		
7.25%, 3-15-2025	1,000	1,022,890
Union Texas Petroleum Holdings, Inc.,		
8.25%, 11-15-99	500	512,650
YPF Sociedad Anonima,		
8.0%, 2-15-2004	1,000	886,250
Total		2,421,790

Paper and Allied Products - 1.84%		
Boise Cascade Office Products Corporation, 9.875%, 2-15-2001	500	531,690
Canadian Pacific Forest Products Ltd., 9.25%, 6-15-2002	1,000	1,059,450
Total		1,591,140
Printing and Publishing - 1.75%		
News America Holdings Incorporated, 9.125%, 10-15-99	500	532,155
Time Warner Incorporated, 7.75%, 6-15-2005	1,000	976,220
Total		1,508,375
Stone, Clay and Glass Products - 1.21%		
Owens-Corning Fiberglas Corporation, 8.875%, 6-1-2002	500	534,465
USG Corporation, 9.25%, 9-15-2001	500	512,500
Total		1,046,965
Transportation Equipment - 1.94%		
General Motors Corporation, 8.8%, 3-1-2021	1,000	1,120,690
McDonnell Douglas Corporation, 9.25%, 4-1-2002	500	550,110
Total		1,670,800
Wholesale Trade -- Durable Goods- 0.59%		
Lockheed Martin Corporation, 7.7%, 6-15-2008	500	509,355

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE BOND PORTFOLIO
JUNE 30, 1996

	Principal Amount in Thousands	Value
TOTAL CORPORATE DEBT SECURITIES - 65.69% (Cost: \$57,007,292)		\$56,706,358
OTHER GOVERNMENT SECURITIES		
Australia - 0.87%		
New South Wales Treasury Corporation, 7.0%, 2-1-2000 (B)	\$A 1,000	750,075

Canada - 3.73%

Hydro Quebec:		
8.05%, 7-7-2024	\$ 1,000	1,060,040
7.4%, 3-28-2025	1,000	1,085,490
Province of Nova Scotia,		
8.25%, 11-15-2019.....	1,000	1,077,340
Total		3,222,870
Supranationals - 1.30%		
Inter-American Development Bank,		
8.4%, 9-1-2009	1,000	1,118,960
TOTAL OTHER GOVERNMENT SECURITIES - 5.90%		\$ 5,091,905
(Cost: \$4,977,632)		
UNITED STATES GOVERNMENT SECURITIES		
Federal Home Loan Mortgage Corporation:		
6.83%, 7-3-2002	500	492,265
7.5%, 11-15-2017	1,538	1,552,888
7.5%, 4-15-2019	1,332	1,274,866
7.95%, 12-15-2020	3,000	3,061,860
7.0%, 1-15-2021	500	478,590
Federal National Mortgage Association,		
7.09%, 4-1-2004	500	490,860
Government National Mortgage Association:		
7.5%, 7-15-2023	2,286	2,271,660
7.5%, 12-15-2023	2,395	2,379,813
8.0%, 9-15-2025	2,012	2,045,354
United States Treasury:		
5.625%, 1-31-98	3,000	2,981,730
5.5%, 2-28-99	4,000	3,925,640
TOTAL UNITED STATES GOVERNMENT SECURITIES - 24.27%		\$20,955,526
(Cost: \$20,968,775)		
TOTAL SHORT-TERM SECURITIES - 3.17%		\$2,735,335
(Cost: \$2,735,335)		
TOTAL INVESTMENT SECURITIES - 99.03%		\$85,489,124
(Cost: \$85,689,034)		
CASH AND OTHER ASSETS, NET OF LIABILITIES - 0.97%		841,685
NET ASSETS - 100.00%		\$86,330,809

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE HIGH INCOME PORTFOLIO
JUNE 30, 1996

	Shares	Value
COMMON STOCKS AND WARRANTS		
Amusement and Recreation Services - 0.20%		
Trump Hotels & Casino Resorts, Inc.* ...	6,250	\$ 178,125
Business Services - 0.23%		
Bell & Howell Company*	6,250	203,906
Communication - 0.45%		
Heartland Wireless Communications, Inc., Warrants (D)*	3,000	21,750
Infinity Broadcasting Corporation, Class A*	12,625	378,750
Total		400,500
General Building Contractors - 0.37%		
Walter Industries, Inc.*	23,272	330,160
Holding and Other Investment Offices - 0.93%		
LTC Properties, Inc.	50,000	825,000
Hotels and Other Lodging Places - 0.59%		
Wyndham Hotel Corporation*	25,000	521,875
TOTAL COMMON STOCKS AND WARRANTS - 2.77%		\$ 2,459,566
(Cost: \$1,642,219)		
PREFERRED STOCKS		
Depository Institutions - 0.62%		
California Federal Bank, F.S.B.	5,000	547,500
Printing and Publishing - 0.52%		
K-III Communications Corporation (D)	5,000	460,000
TOTAL PREFERRED STOCKS - 1.14%	%	\$ 1,007,500
(Cost: \$1,000,000)		
	Principal Amount in Thousands	
CORPORATE DEBT SECURITIES		
Agricultural Services - 0.59%		
Hines Horticulture, Inc., 11.75%, 10-15-2005	\$ 500	520,000

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE HIGH INCOME PORTFOLIO
 JUNE 30, 1996

	Principal Amount in Thousands	Value
CORPORATE DEBT SECURITIES (Continued)		
Amusement and Recreation Services - 7.64%		
American Skiing Company, 12.0%, 7-15-2006 (D)	\$ 500	\$ 490,000
Argosy Gaming Company: 12.0%, 6-1-2001 (Convertible)	1,000	928,750
13.25%, 6-1-2004 (D)	500	506,250
GNS Finance Corp., 9.25%, 3-15-2003	1,500	1,582,500
Rio Hotel & Casino, Inc., 10.625%, 7-15-2005	1,000	1,052,500
Showboat Marina Casino Partnership, 13.5%, 3-15-2003 (D)	500	542,500
Trump Atlantic City Associates, 11.25%, 5-1-2006	500	502,500
Trump Hotels & Casino Resorts Holdings, L.P., 15.5%, 6-15-2005	1,000	1,177,500
Total		6,782,500
Business Services - 4.02%		
Adams Outdoor Advertising Limited Partnership, 10.75%, 3-15-2006 (D)	750	770,625
Bell & Howell Company, 10.75%, 10-1-2002	750	795,000
Heritage Media Corporation, 8.75%, 2-15-2006	500	465,000
Outdoor Systems, Inc., 10.75%, 8-15-2003	1,000	1,030,000
Scotsman Group, Inc., 9.5%, 12-15-2000	500	503,750
Total		3,564,375
Chemicals and Allied Products - 0.47%		
Revlon Worldwide Corporation, 0.0%, 3-15-98	500	415,625
Communication - 24.74%		
Adelphia Communications Corporation, 12.5%, 5-15-2002	500	507,500
Allbritton Communications Company, 9.75%, 11-30-2007_	500	457,500
American Radio Systems Corporation, 9.0%, 2-1-2006	750	706,875
Arch Communications Group, Inc., 0.0%, 3-15-2008 (C)	1,500	772,500

Argyle Television Operations, Inc., 9.75%, 11-1-2005	1,000	940,000
Cablevision Systems Corporation, 9.875%, 2-15-2013	1,450	1,344,875
Chancellor Broadcasting Company, 9.375%, 10-1-2004	1,000	945,000

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE HIGH INCOME PORTFOLIO
JUNE 30, 1996

	Principal Amount in Thousands	Value
CORPORATE DEBT SECURITIES (Continued)		
Communication (Continued)		
COMCAST CELLULAR CORPORATION, 0.0%, 3-5-2000	\$ 500	\$ 342,500
Continental Cablevision, Inc.: 10.625%, 6-15-2002	500	535,000
11.0%, 6-1-2007	500	561,250
Diamond Cable Communications Plc, 0.0%, 12-15-2005 (C)	500	293,750
EZ Communications, Inc., 9.75%, 12-1-2005	1,000	955,000
Granite Broadcasting Corporation, 10.375%, 5-15-2005	500	490,000
Heartland Wireless Communications, Inc., 13.0%, 4-15-2003	500	545,000
Infinity Broadcasting Corporation, 10.375%, 3-15-2002	500	532,500
InterCel, Inc., Units, 0.0%, 2-1-2006 (C) (E)	8	451,875
Intermedia Communications of Florida, Inc., 0.0%, 5-15-2006 (C)	750	408,750
MFS Communications Company, Inc.: 0.0%, 1-15-2004 (C)	500	375,000
0.0%, 1-15-2006 (C)	1,000	605,000
Marcus Cable Operating Company, 0.0%, 8-1-2004 (C)	1,500	1,072,500
Metrocall, Inc., 10.375%, 10-1-2007	500	462,500
Microcell Telecommunications Inc., Units, 0.0%, 6-1-2006 (C) (D) (F)	1,250	609,375
PanAmSat, L.P.: 9.75%, 8-1-2000	1,000	1,033,750
0.0%, 8-1-2003 (C)	1,000	870,000
Rogers Cantel Inc., 9.375%, 6-1-2008	500	485,000

Shared Technologies Fairchild Communications Corp., 0.0%, 3-1-2006 (C) (D)	500	375,000
Teleport Communications Group Inc., 0.0%, 7-1-2007 (C)	1,500	873,750
Turner Broadcasting System, Inc., 8.375%, 7-1-2013	1,000	958,140
USA Mobile Communications, Inc. II, 9.5%, 2-1-2004	500	475,000
United International Holdings, Inc., 0.0%, 11-15-99	1,000	655,000
Vanguard Cellular Systems, Inc., 9.375%, 4-15-2006	500	483,750
Viacom International, Inc., 8.0%, 7-7-2006	2,000	1,830,000
Total		21,953,640

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE HIGH INCOME PORTFOLIO
JUNE 30, 1996

	Principal Amount in Thousands	Value
CORPORATE DEBT SECURITIES (Continued)		
Eating and Drinking Places - 1.12%		
Foodmaker, Inc., 9.25%, 3-1-99	\$1,000	\$ 995,000
Electronic and Other Electric Equipment - 1.62%		
A+ Network, Inc., 11.875%, 11-1-2005	1,000	1,027,500
Exide Corporation, 0.0%, 12-15-2004 (C)	500	410,000
Total		1,437,500
Engineering and Management Services - 1.14%		
Essex Group, Inc., 10.0%, 5-1-2003	1,000	1,015,000
Fabricated Metal Products - 0.53%		
Nortek, Inc., 9.875%, 3-1-2004	500	475,000
Food and Kindred Products - 3.50%		
Dr Pepper Bottling Holdings, Inc., 0.0%, 2-15-2003 (C)	500	423,750
Keebler Corporation, 10.75%, 7-1-2006 (D)	500	516,250

Pilgrim's Pride Corporation, 10.875%, 8-1-2003	300	283,500
Specialty Foods Corporation: 10.25%, 8-15-2001	1,000	930,000
11.125%, 10-1-2002	1,000	950,000
Total		3,103,500
Food Stores - 6.08%		
Big V Supermarkets, Inc., 11.0%, 2-15-2004	500	467,500
Bruno's Inc., 10.5%, 8-1-2005	1,500	1,479,375
Kroger Co. (The), 9.75%, 2-15-2004	1,000	1,065,000
Penn Traffic Company, 10.375%, 10-1-2004	1,000	900,000
Ralphs Grocery Company, 10.45%, 6-15-2004	1,000	980,000
Smith's Food & Drug Centers, Inc., 11.25%, 5-15-2007	500	503,750
Total		5,395,625
Furniture and Fixtures - 1.61%		
Lear Seating Corporation, 8.25%, 2-1-2002	1,500	1,425,000

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE HIGH INCOME PORTFOLIO
JUNE 30, 1996

	Principal Amount in Thousands	Value
CORPORATE DEBT SECURITIES (Continued)		
General Building Contractors - 2.45%		
Beazer Homes USA, Inc., 9.0%, 3-1-2004	\$ 750	\$ 682,500
NVR L.P., 11.0%, 4-15-2003	1,000	1,010,000
U.S. Home Corporation, 9.75%, 6-15-2003	500	485,000
Total		2,177,500
General Merchandise Stores - 0.98%		
Kmart Corporation, 8.99%, 7-5-2010	1,000	870,000
Health Services - 4.78%		
Abbey Healthcare Group Incorporated,		

9.5%, 11-1-2002	500	512,500
General Medical Corporation, 12.125%, 8-15-2005	1,192	1,203,111
Quorum Health Group, Inc., 8.75%, 11-1-2005	1,000	980,000
Regency Health Services, Inc., 9.875%, 10-15-2002	500	480,000
Tenet Healthcare Corporation, 9.625%, 9-1-2002	1,000	1,062,500
Total		4,238,111
Holding and Other Investment Offices - 1.13%		
LTC Properties, Inc., Convertible, 8.5%, 1-1-2000	1,000	1,007,500
Hotels and Other Lodging Places - 4.97%		
GNF, CORP., 10.625%, 4-1-2003	500	543,750
HMC Acquisition Properties, Inc., 9.0%, 12-15-2007	500	455,000
Prime Hospitality Corp., 9.25%, 1-15-2006	1,500	1,426,875
Showboat, Inc., 9.25%, 5-1-2008	1,000	1,010,000
Station Casinos, Inc., 10.125%, 3-15-2006	1,000	975,000
Total		4,410,625
Industrial Machinery and Equipment - 1.73%		
American Standard Inc., 9.875%, 6-1-2001	1,000	1,030,000
Collins & Aikman Products Co., 11.5%, 4-15-2006	500	506,250
Total		1,536,250

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE HIGH INCOME PORTFOLIO
JUNE 30, 1996

	Principal Amount in Thousands	Value
CORPORATE DEBT SECURITIES (Continued)		
Instruments and Related Products - 2.84%		
Dade International Inc., 11.125%, 5-1-2006 (D)	\$ 500	\$ 517,500
IVAC Corporation, 9.25%, 12-1-2002	500	502,500
Mark IV Industries, Inc.,		

8.75%, 4-1-2003	1,500	1,500,000
Total		2,520,000
Lumber and Wood Products - 1.17%		
Triangle Pacific Corp.,		
10.5%, 8-1-2003	1,000	1,037,500
Metal Mining - 0.34%		
Ucar Global Enterprises Inc.,		
12.0%, 1-15-2005	265	300,775
Miscellaneous Manufacturing Industries - 0.11%		
MacAndrews & Forbes Group, Incorporated,		
13.0%, 3-1-99	100	102,000
Motion Pictures - 1.14%		
Plitt Theatres, Inc.,		
10.875%, 6-15-2004	1,000	1,010,000
Nondepository Institutions - 0.59%		
First Nationwide Holdings Inc.,		
12.5%, 4-15-2003	500	522,500
Paper and Allied Products - 4.80%		
Asia Pulp & Paper Company Ltd,		
11.75%, 10-1-2005	1,000	1,025,000
Container Corporation of America,		
11.25%, 5-1-2004	1,500	1,548,750
Fort Howard Corporation,		
11.0%, 1-2-2002	454	468,005
Mail-Well Corporation,		
10.5%, 2-15-2004	500	478,750
Sweetheart Cup Company, Inc.,		
10.5%, 9-1-2003	750	742,500
Total		4,263,005

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE HIGH INCOME PORTFOLIO
JUNE 30, 1996

	Principal Amount in Thousands	Value
CORPORATE DEBT SECURITIES (Continued)		
Printing and Publishing - 3.50%		
American Media Operations, Inc.,		
11.625%, 11-15-2004	\$1,000	\$ 1,020,000
Big Flower Press, Inc.,		
10.75%, 8-1-2003	666	679,320

Jordan Industries, Inc.,		
10.375%, 8-1-2003	1,000	950,000
K-III Communications Corporation,		
8.5%, 2-1-2006 (D)	500	457,500
Total		3,106,820
Railroad Transportation - 1.05%		
Southern Pacific Rail Corporation,		
9.375%, 8-15-2005	900	936,000
Rubber and Miscellaneous Plastics Products - 0.55%		
RBX Corporation,		
11.25%, 10-15-2005	500	485,000
Textile Mill Products - 2.68%		
Avondale Mills, Inc.,		
10.25%, 5-1-2006 (D)	500	491,875
CONSOLTEX GROUP INC.,		
11.0%, 10-1-2003	1,000	920,000
WestPoint Stevens Inc.,		
9.375%, 12-15-2005	1,000	965,000
Total		2,376,875
Transportation Equipment - 2.19%		
Greenwich Air Services, Inc.,		
10.5%, 6-1-2006	500	495,000
Silgan Corporation,		
13.25%, 12-15-2002	460	465,750
Walbro Corporation,		
9.875%, 7-15-2005	500	490,000
Westinghouse Air Brake Company,		
9.375%, 6-15-2005	500	495,000
Total		1,945,750
Wholesale Trade - Durable Goods - 1.17%		
Alvey Systems, Inc.,		
11.375%, 1-31-2003	1,000	1,035,000

See Notes to Schedules of Investments on page 53.

THE INVESTMENTS OF THE HIGH INCOME PORTFOLIO
JUNE 30, 1996

	Principal Amount in Thousands	Value
CORPORATE DEBT SECURITIES (Continued)		
Wholesale Trade - Nondurable Goods - 0.61%		
AmeriSource Distribution Corporation,		
11.25%, 7-15-2005	\$ 1	\$ 1,112

United Stationers Supply Co.,		
12.75%, 5-1-2005	500	538,750
Total		539,862

TOTAL CORPORATE DEBT SECURITIES - 91.84% \$81,503,838
(Cost: \$81,560,925)

TOTAL SHORT-TERM SECURITIES - 3.00% \$ 2,662,695
(Cost: \$2,662,695)

TOTAL INVESTMENT SECURITIES - 98.75% \$87,633,599
(Cost: \$86,865,839)

CASH AND OTHER ASSETS, NET OF LIABILITIES - 1.25% 1,111,537

NET ASSETS - 100.00% \$88,745,136

See Notes to Schedules of Investments on page 53.

TMK/UNITED FUNDS, INC.

Notes to Schedules of Investments

*No income dividends were paid during the preceding 12 months.

(A) Listed on an exchange outside of the United States.

(B) Principal amounts are denominated in the indicated foreign currency where applicable (DM - German Mark, Y - Japanese Yen, \$A - Australian Dollar).

(C) The security does not bear interest for an initial period of time and subsequently becomes interest bearing.

(D) As of June 30, 1996, the following restricted security was owned in the Asset

Strategy Portfolio:

Security	Acquisition Date	Shares	Acquisition Cost	Market Value
ARV Assisted Living, Inc., Convertible, 6.75%, 4-1-2006	3/28/96	120	\$120,000	\$115,200

The total market value of restricted securities represents approximately 1.46% of the total net assets in the Asset Strategy Portfolio at June 30, 1996.

As of June 30, 1996, the following restricted securities were owned in the High Income Portfolio:

Security	Acquisition Date	Principal Amount (in 000's)	Shares/ Acquisition Cost	Market Value
Heartland Wireless Communications,				

Inc., Warrants	4/20/95	3,000\$	18,500\$	21,750
K-III Communications Corporation, Preferred	1/19/96	5,000	500,000	460,000
Adams Outdoor Advertising Limited Partnership, 10.75%, 3-15-2006	3/5/96	\$ 750	750,000	770,625
American Skiing Company, 12.0%, 7-15-2006	6/25/96	500	485,825	490,000
Argosy Gaming Company, 13.25%, 6-1-2004	5/31/96	500	500,000	506,250
Avondale Mills, Inc., 10.25%, 5-1-2006	4/23/96	500	492,350	491,875
Dade International Inc., 11.125%, 5-1-2006	4/30/96	500	500,000	517,500
K-III Communications Corporation, 8.5%, 2-1-2006	1/19/96	500	497,890	457,500
Keebler Corporation, 10.75%, 7-1-2006	6/20/96	500	507,500	516,250
Microcell Telecommunications Inc., Units, 0.0%, 6-1-2006	6/13/96	1,250	598,125	609,375
Shared Technologies Fairchild Communications Corp., 0.0%, 3-1-2006	3/8/96	500	351,385	375,000
Showboat Marina Casino Partnership, 13.5%, 3-15-2003	3/21/96	500	500,000	542,500

			\$5,701,575	\$5,758,625
			=====	

The total market value of restricted securities represents approximately 6.49% of the total net assets in the High Income Portfolio at June 30, 1996.

(E) Each unit consists of ten senior discount notes due 2-1-2006 and 32 warrants.

(F) Each unit consists of \$1,000 principal amount at maturity of senior discount notes due 2006, four initial warrants to purchase Class B non-voting shares, and four conditional warrants to purchase Class B shares.

See Note 1 to financial statements for security valuation and other significant accounting policies concerning investments.

See Note 3 to financial statements for cost and unrealized appreciation and depreciation of investments owned for Federal income tax purposes.

TMK/UNITED FUNDS, INC.
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 1996
(Unaudited)

	Growth	Income	International
	Portfolio	Portfolio	Portfolio

Assets	-----	-----	-----
Investment securities--at value (Notes 1 and 3)	\$455,389,344	\$388,591,625	\$65,888,052
Cash	4,592	4,928	2,324
Receivables:			
Investment securities sold	5,850,866	---	---
Fund shares sold	425,857	420,639	162,461
Dividends and interest	427,002	391,169	177,940
Prepaid insurance premium	642	---	---
	-----	-----	-----
Total assets	462,098,303	389,408,361	66,230,777
Liabilities	-----	-----	-----
Payable for investment securities purchased .	6,028,974	---	1,837,254
Payable for Fund shares redeemed	63,883	48,955	20,300
Accrued accounting services fee	5,000	5,000	2,500
Dividends payable	---	---	---
Other	29,424	23,662	17,576
	-----	-----	-----
Total liabilities ..	6,127,281	77,617	1,877,630
	-----	-----	-----
Total net assets ..	\$455,971,022	\$389,330,744	\$64,353,147
Net Assets	=====	=====	=====
\$0.01 par value capital stock			
Capital stock	\$ 643,177	\$ 412,165	\$ 113,213
Additional paid-in capital	405,606,568	278,403,763	59,198,331
Accumulated undistributed gain (loss):			
Accumulated undistributed net investment income	2,872,526	1,803,134	631,623
Accumulated undistributed net realized gain (loss) on investment transactions	42,272,100	2,667,094	(738,622)
Net unrealized appreciation (depreciation) of investments at end of period ...	4,576,651	106,044,588	5,148,602
	-----	-----	-----
Net assets applicable to outstanding units of capital	\$455,971,022	\$389,330,744	\$64,353,147
	=====	=====	=====
Net asset value, redemption and offering price per share	\$7.0894	\$9.4460	\$5.6843
	=====	=====	=====
Capital shares outstanding	64,317,695	41,216,461	11,321,260
Capital shares authorized	100,000,000	50,000,000	100,000,000

TMK/UNITED FUNDS, INC.

STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 1996

(Unaudited)

	Small Cap Portfolio	Balanced Portfolio	Asset Strategy Portfolio
Assets	-----	-----	-----
Investment securities--at value (Notes 1 and 3).	\$86,807,516	\$31,272,552	\$8,291,928
Cash	4,345	5,996	4,655
Receivables:			
Investment securities sold	758,750	103,517	28,600
Fund shares sold	360,141	54,187	24,043
Dividends and interest	45,811	210,286	36,439
Prepaid insurance premium	---	---	---
Total assets	87,976,563	31,646,538	8,385,665
Liabilities	-----	-----	-----
Payable for investment securities purchased .	2,539,000	---	508,281
Payable for Fund shares redeemed	24,338	19,629	41
Accrued accounting services fee	2,500	1,667	---
Dividends payable	---	---	---
Other	6,920	1,822	741
Total liabilities ..	2,572,758	23,118	509,063
Total net assets ..	\$85,403,805	\$31,623,420	\$7,876,602
Net Assets	=====	=====	=====
\$0.01 par value capital stock			
Capital stock	\$ 95,325	\$ 51,213	\$ 15,289
Additional paid-in capital	66,737,502	28,079,812	7,744,897
Accumulated undistributed gain (loss):			
Accumulated undistributed net investment income	27,313	427,765	116,343
Accumulated undistributed net realized gain (loss) on investment transactions	6,890,092	1,109,885	64,977
Net unrealized appreciation (depreciation) of investments at end of period ...	11,653,573	1,954,745	(64,904)

Net assets applicable to outstanding units of capital	\$85,403,805 =====	\$31,623,420 =====	\$7,876,602 =====
Net asset value, redemption and offering price per share	\$8.9592 =====	\$6.1749 =====	\$5.1517 =====
Capital shares outstanding	9,532,534	5,121,315	1,528,930
Capital shares authorized	200,000,000	50,000,000	100,000,000

See notes to financial statements.

TMK/UNITED FUNDS, INC.
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 1996
(Unaudited)

	Money Market Portfolio	Limited-Term Bond Portfolio	Bond Portfolio
Assets	-----	-----	-----
Investment securities--at value (Notes 1 and 3).	\$41,964,300	\$3,146,406	\$85,489,124
Cash	2,405	3,207	2,656
Receivables:			
Investment securities sold	---	---	---
Fund shares sold	1,755,600	1,335	35,382
Dividends and interest	143,055	54,763	1,336,712
Prepaid insurance premium	603	---	401
Total assets	43,865,963	3,205,711	86,864,275
Liabilities	-----	-----	-----
Payable for investment securities purchased .	---	---	497,500
Payable for Fund shares redeemed	1,344,563	---	23,229
Accrued accounting services fee	1,667	---	2,500
Dividends payable	11,826	---	---
Other	2,144	264	10,237
Total liabilities ..	1,360,200	264	533,466
Total net assets ..	\$42,505,763	\$3,205,447	\$86,330,809
Net Assets	=====	=====	=====
\$0.01 par value capital stock			
Capital stock	\$ 425,058	\$ 6,119	\$ 164,243
Additional paid-in capital	42,080,705	3,116,207	86,232,241
Accumulated undistributed gain (loss): Accumulated undistributed			

net investment income	---	88,415	2,753,556
Accumulated undistributed net realized gain (loss) on investment transactions	---	(194)	(2,619,471)
Net unrealized appreciation (depreciation) of investments at end of period ...	---	(5,100)	(199,760)
	-----	-----	-----
Net assets applicable to outstanding units of capital	\$42,505,763	\$3,205,447	\$86,330,809
	=====	=====	=====
Net asset value, redemption and offering price per share	\$1.0000	\$5.2382	\$5.2563
	=====	=====	=====
Capital shares outstanding	42,505,763	611,937	16,424,314
Capital shares authorized	200,000,000	50,000,000	100,000,000

See notes to financial statements.

TMK/UNITED FUNDS, INC.
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 1996
(Unaudited)

	High Income Portfolio
Assets	-----
Investment securities--at value (Notes 1 and 3).	\$87,633,599
Cash	4,134
Receivables:	
Investment securities sold	253,750
Fund shares sold	61,857
Dividends and interest	1,958,092
Prepaid insurance premium	581

Total assets	89,912,013
Liabilities	-----
Payable for investment securities purchased .	1,123,225
Payable for Fund shares redeemed	35,907
Accrued accounting services fee	2,500
Dividends payable	---
Other	5,245

Total liabilities ..	1,166,877

Total net assets ..	\$88,745,136
Net Assets	=====
\$0.01 par value capital stock	
Capital stock	\$ 192,751
Additional paid-in capital	85,270,437
Accumulated undistributed gain (loss):	
Accumulated undistributed net investment income	3,929,684
Accumulated undistributed net realized gain (loss) on investment transactions	(1,415,496)
Net unrealized appreciation (depreciation) of investments at end of period ...	767,760

Net assets applicable to outstanding units of capital \$88,745,136
=====

Net asset value, redemption and offering price per share \$4.6041
=====

Capital shares outstanding 19,275,108
Capital shares authorized 100,000,000

See notes to financial statements.

TMK/UNITED FUNDS, INC.
STATEMENT OF OPERATIONS
For the Six Months Ended JUNE 30, 1996
(Unaudited)

	Growth Portfolio	Income Portfolio	International Portfolio
	-----	-----	-----
Investment Income			
Income:			
Interest	\$ 1,420,146	\$ 571,054	\$ 481,184
Dividends	3,067,858	2,573,112	462,616
	-----	-----	-----
Total income	4,488,004	3,144,166	943,800
	-----	-----	-----
Expenses (Note 2):			
Investment management fee	1,546,133	1,286,723	230,015
Accounting services fee	30,000	29,167	15,000
Custodian fees	14,147	3,875	28,979

Audit fees	11,296	9,119	5,051
Legal fees	2,941	2,452	418
Other	10,961	9,696	1,587
	-----	-----	-----
Total expenses	1,615,478	1,341,032	281,050
	-----	-----	-----
Net investment income	2,872,526	1,803,134	662,750
	-----	-----	-----
Realized and Unrealized Gain (Loss) on Investments			
Realized net gain (loss) on securities	42,272,100	2,668,858	(632,845)
Realized net loss on foreign currency transactions	---	---	(31,127)
	-----	-----	-----
Realized net gain (loss) on investments	42,272,100	2,668,858	(663,972)
Unrealized appreciation (depreciation) in value of investments during the period	(28,731,083)	25,692,603	4,143,470
	-----	-----	-----
Net gain (loss) on investments	13,541,017	28,361,461	3,479,498
	-----	-----	-----
Net increase (decrease) in net assets resulting from operations	\$16,413,543	\$30,164,595	\$4,142,248
	=====	=====	=====

See notes to financial statements.

TMK/UNITED FUNDS, INC.
STATEMENT OF OPERATIONS
For the Six Months Ended JUNE 30, 1996
(Unaudited)

	Small Cap Portfolio	Balanced Portfolio	Asset Strategy Portfolio
	-----	-----	-----
Investment Income			
Income:			
Interest	\$ 360,033	\$ 340,823	\$141,391
Dividends	3,991	184,874	7,725
	-----	-----	-----
Total income	364,024	525,697	149,116
	-----	-----	-----

Expenses (Note 2):			
Investment management fee	312,161	82,940	25,547
Accounting services fee	15,000	9,168	---
Custodian fees	2,211	1,559	1,793
Audit fees	5,062	4,998	4,959
Legal fees	500	154	46
Other	1,777	(887)	(26)
	-----	-----	-----
Total expenses	336,711	97,932	32,319
	-----	-----	-----
Net investment income	27,313	427,765	116,797
	-----	-----	-----
Realized and Unrealized Gain (Loss)			
on Investments			
Realized net gain (loss) on securities	6,890,092	1,109,885	64,977
Realized net loss on foreign currency transactions	---	---	(454)
	-----	-----	-----
Realized net gain (loss) on investments	6,890,092	1,109,885	64,523
Unrealized appreciation (depreciation) in value of investments during the period	2,701,983	(310,768)	(10,923)
	-----	-----	-----
Net gain (loss) on investments	9,592,075	799,117	53,600
	-----	-----	-----
Net increase (decrease) in net assets resulting from operations	\$9,619,388	\$1,226,882	\$170,397
	=====	=====	=====

See notes to financial statements.

TMK/UNITED FUNDS, INC.
STATEMENT OF OPERATIONS
For the Six Months Ended JUNE 30, 1996
(Unaudited)

	Money Market Portfolio	Limited-Term Bond Portfolio	Bond Portfolio
	-----	-----	-----
Investment Income			

Income:			
Interest	\$979,058	\$102,546	\$3,009,450
Dividends	---	---	---
	-----	-----	-----
Total income	979,058	102,546	3,009,450
	-----	-----	-----
Expenses (Note 2):			
Investment management fee	89,741	8,501	230,988
Accounting services fee	10,000	---	15,000
Custodian fees	1,077	550	800
Audit fees	5,024	4,956	5,629
Legal fees	240	21	571
Other	1,211	103	2,670
	-----	-----	-----
Total expenses	107,293	14,131	255,658
	-----	-----	-----
Net investment income	871,765	88,415	2,753,792
	-----	-----	-----
Realized and Unrealized Gain (Loss) on Investments			
Realized net gain (loss) on securities	---	(194)	(16,436)
Realized net loss on foreign currency transactions	---	---	(236)
	-----	-----	-----
Realized net gain (loss) on investments	---	(194)	(16,672)
Unrealized appreciation (depreciation) in value of investments during the period	---	(96,937)	(4,461,408)
	-----	-----	-----
Net gain (loss) on investments	---	(97,131)	(4,478,080)
	-----	-----	-----
Net increase (decrease) in net assets resulting from operations	\$871,765	\$ (8,716)	\$ (1,724,288)
	=====	=====	=====

See notes to financial statements.

TMK/UNITED FUNDS, INC.
STATEMENT OF OPERATIONS
For the Six Months Ended JUNE 30, 1996

(Unaudited)

	High Income Portfolio

Investment Income	
Income:	
Interest	\$4,168,564
Dividends	72,924

Total income	4,241,488

Expenses (Note 2):	
Investment management fee	287,245
Accounting services fee	15,000
Custodian fees	720
Audit fees	5,625
Legal fees	582
Other	2,632

Total expenses	311,804

Net investment income	3,929,684

Realized and Unrealized Gain (Loss) on Investments	
Realized net gain (loss) on securities	1,773,538
Realized net loss on foreign currency transactions	---

Realized net gain (loss) on investments	1,773,538
Unrealized appreciation (depreciation) in value of investments during the period	(2,603,915)

Net gain (loss) on investments	(830,377)

Net increase (decrease) in net assets resulting from operations	\$3,099,307
	=====

TMK/UNITED FUNDS, INC.
 STATEMENT OF CHANGES IN NET ASSETS
 For the Six Months Ended JUNE 30, 1996
 (Unaudited)

	Growth Portfolio -----	Income Portfolio -----	International Portfolio -----
Increase (Decrease) in Net Assets			
Operations:			
Net investment			
income	\$ 2,872,526	\$ 1,803,134	\$ 662,750
Realized net gain (loss)			
on investments	42,272,100	2,668,858	(663,972)
Unrealized appreciation			
(depreciation)	(28,731,083)	25,692,603	4,143,470
	-----	-----	-----
Net increase (decrease)			
in net assets			
resulting from			
operations.....	16,413,543	30,164,595	4,142,248
	-----	-----	-----
Dividends to shareholders:*			
From net investment			
income	---	---	---
From realized gains			
on securities			
transactions	---	---	---
In excess of realized			
gains	---	---	---
	-----	-----	-----
	---	---	---
	-----	-----	-----
Capital share			
transactions**	20,731,795	27,972,117	10,014,554
	-----	-----	-----
Total increase			
(decrease)	37,145,338	58,136,712	14,156,802
Net Assets			
Beginning of period ...	418,825,684	331,194,032	50,196,345
	-----	-----	-----
End of period	\$455,971,022	\$389,330,744	\$64,353,147
	=====	=====	=====
Undistributed net			
investment income ..	\$2,872,526	\$1,803,134	\$631,623
	=====	=====	=====

*See "Financial Highlights" on pages 62-71.

**Shares issued from sale

of shares	5,533,014	4,600,198	2,297,677
Shares issued from reinvest- ment of dividends	---	---	---
Shares redeemed	(2,572,588)	(1,559,230)	(485,158)
	-----	-----	-----
Increase (decrease) in outstanding capital shares	2,960,426	3,040,968	1,812,519
	=====	=====	=====
Value issued from sale of shares	\$38,821,746	\$42,386,810	\$12,692,954
Value issued from reinvest- ment of dividends	---	---	---
Value redeemed	(18,089,951)	(14,414,693)	(2,678,400)
	-----	-----	-----
Increase (decrease) in outstanding capital ...	\$20,731,795	\$27,972,117	\$10,014,554
	=====	=====	=====

See notes to financial statements.

TMK/UNITED FUNDS, INC.
STATEMENT OF CHANGES IN NET ASSETS
For the Six Months Ended JUNE 30, 1996
(Unaudited)

	Small Cap Portfolio	Balanced Asset Strategy Portfolio	Portfolio
	-----	-----	-----
Increase (Decrease) in Net Assets Operations:			
Net investment income	\$ 27,313	\$ 427,765	\$ 116,797
Realized net gain (loss) on investments	6,890,092	1,109,885	64,523
Unrealized appreciation (depreciation)	2,701,983	(310,768)	(10,923)
	-----	-----	-----
Net increase (decrease) in net assets resulting from operations.....	9,619,388	1,226,882	170,397
	-----	-----	-----
Dividends to shareholders:*			
From net investment income	---	---	---
From realized gains on securities transactions	---	---	---
In excess of realized gains	---	---	---

	-----	-----	-----
	---	---	---
	-----	-----	-----
Capital share transactions**	20,192,970	6,793,666	3,362,263
	-----	-----	-----
Total increase (decrease)	29,812,358	8,020,548	3,532,660
Net Assets			
Beginning of period ...	55,591,447	23,602,872	4,343,942
	-----	-----	-----
End of period	\$85,403,805	\$31,623,420	\$7,876,602
	=====	=====	=====
Undistributed net investment income .	\$27,313	\$427,765	\$116,343
	=====	=====	=====
*See "Financial Highlights" on pages 62-71.			
**Shares issued from sale of shares	2,644,116	1,305,926	723,580
Shares issued from reinvestment of dividends	---	---	---
Shares redeemed	(337,628)	(185,084)	(61,071)
	-----	-----	-----
Increase (decrease) in outstanding capital shares	2,306,488	1,120,842	662,509
	=====	=====	=====
Value issued from sale of shares	\$23,084,004	\$7,916,670	\$3,674,323
Value issued from reinvestment of dividends	---	---	---
Value redeemed	(2,891,034)	(1,123,004)	(312,060)
	-----	-----	-----
Increase (decrease) in outstanding capital ...	\$20,192,970	\$6,793,666	\$3,362,263
	=====	=====	=====

See notes to financial statements.

TMK/UNITED FUNDS, INC.
STATEMENT OF CHANGES IN NET ASSETS
For the Six Months Ended JUNE 30, 1996
(Unaudited)

	Money Market Portfolio	Limited-Term Bond Portfolio	Bond Portfolio
	-----	-----	-----
Increase (Decrease) in Net Assets Operations:			
Net investment			

Increase (decrease) in outstanding capital ...	\$5,633,519 =====	\$360,684 =====	\$ (514,410) =====
---	----------------------	--------------------	-----------------------

See notes to financial statements.

TMK/UNITED FUNDS, INC.
STATEMENT OF CHANGES IN NET ASSETS
For the Six Months Ended JUNE 30, 1996
(Unaudited)

	High Income Portfolio -----
Increase (Decrease) in Net Assets	
Operations:	
Net investment	
income	\$3,929,684
Realized net gain (loss)	
on investments	1,773,538
Unrealized appreciation	
(depreciation)	(2,603,915) -----
Net increase (decrease)	
in net assets	
resulting from	
operations.....	3,099,307 -----
Dividends to shareholders:*	
From net investment	
income	---
From realized gains	
on securities	
transactions	---
In excess of realized	
gains	---
	----- ---
Capital share	
transactions**	(1,040,364) -----
Total increase	
(decrease)	2,058,943
Net Assets	
Beginning of period ...	86,686,193 -----
.....	
End of period	\$88,745,136 =====
.....	

Undistributed net
investment income .. \$3,929,684
=====

*See "Financial Highlights" on pages 62-71.

**Shares issued from sale
of shares 1,101,530
Shares issued from reinvest-
ment of dividends ---
Shares redeemed (1,329,460)

Increase (decrease) in outstanding
capital shares (227,930)
=====

Value issued from sale
of shares \$5,008,360
Value issued from reinvest-
ment of dividends ---
Value redeemed (6,048,724)

Increase (decrease) in
outstanding capital ... \$(1,040,364)
=====

See notes to financial statements.

TMK/UNITED FUNDS, INC.
STATEMENT OF CHANGES IN NET ASSETS
For the Period Ended DECEMBER 31, 1995
(Unaudited)

	Growth Portfolio -----	Income Portfolio -----	International Portfolio -----
Increase in Net Assets Operations:			
Net investment income	\$ 4,620,896	\$ 3,112,227	\$ 791,682
Realized net gain (loss) on investments	64,283,233	5,870,913	(155,262)
Unrealized appreciation (depreciation)	42,925,336	63,977,939	1,669,228
	-----	-----	-----
Net increase in net assets resulting from operations....	111,829,465	72,961,079	2,305,648
	-----	-----	-----
Dividends to shareholders:*			
From net investment income	(4,621,508)	(3,112,674)	(721,188)
From realized gains			

on securities transactions	(64,282,621)	(5,407,615)	---
In excess of realized gains	----	(1,764)	---
	-----	-----	-----
	(68,904,129)	(8,522,053)	(721,188)
	-----	-----	-----
Capital share transactions**	99,163,713	47,981,404	22,592,251
	-----	-----	-----
Total increase	142,089,049	112,420,430	24,176,711
Net Assets			
Beginning of period ...	276,736,635	218,773,602	26,019,634
	-----	-----	-----
End of period	\$418,825,684	\$331,194,032	\$50,196,345
	=====	=====	=====
Undistributed net investment income ..	\$---	\$---	\$---
	=====	=====	=====
*See "Financial Highlights" on pages 62-71.			
**Shares issued from sale of shares	8,244,920	7,529,946	5,011,325
Shares issued from reinvestment of dividends and/or distributions	10,094,216	982,290	136,620
Shares redeemed	(3,897,735)	(2,657,368)	(850,796)
	-----	-----	-----
Increase in outstanding capital shares	14,441,401	5,854,868	4,297,149
	=====	=====	=====
Value issued from sale of shares	\$57,245,750	\$60,548,279	\$26,298,441
Value issued from reinvestment of dividends and/or distributions	68,904,129	8,522,053	721,188
Value redeemed	(26,986,166)	(21,088,928)	(4,427,378)
	-----	-----	-----
Increase in outstanding capital ...	\$99,163,713	\$47,981,404	\$22,592,251
	=====	=====	=====

See notes to financial statements.

TMK/UNITED FUNDS, INC.
STATEMENT OF CHANGES IN NET ASSETS
For the Period Ended DECEMBER 31, 1995
(Unaudited)

Small Cap

Balanced Asset Strategy

	Portfolio	Portfolio	Portfolio
	-----	-----	-----
Increase in Net Assets			
Operations:			
Net investment income	\$ 625,470	\$ 511,312	\$ 60,277
Realized net gain (loss)			
on investments	1,011,622	375,170	4,660
Unrealized appreciation			
(depreciation)	7,643,311	2,500,947	(53,981)
	-----	-----	-----
Net increase in net			
assets resulting			
from operations....	9,280,403	3,387,429	10,956
	-----	-----	-----
Dividends to shareholders:*			
From net investment			
income	(625,470)	(511,312)	(59,911)
From realized gains			
on securities			
transactions	(1,011,622)	(371,952)	(5,026)
In excess of realized			
gains	----	---	---
	-----	-----	-----
	(1,637,092)	(883,264)	(64,937)
	-----	-----	-----
Capital share			
transactions**	31,867,974	12,427,639	4,397,923
	-----	-----	-----
Total increase	39,511,285	14,931,804	4,343,942
Net Assets			
Beginning of period ...	16,080,162	8,671,068	---
	-----	-----	-----
End of period	\$55,591,447	\$23,602,872	\$4,343,942
	=====	=====	=====
Undistributed net			
investment income ..	\$---	\$---	\$---
	=====	=====	=====

*See "Financial Highlights" on pages 62-71.

**Shares issued from sale			
of shares	4,818,197	2,264,439	876,052
Shares issued from reinvest-			
ment of dividends and/or			
distributions	212,809	149,718	12,955
Shares redeemed	(488,640)	(170,404)	(22,586)
	-----	-----	-----
Increase in outstanding			
capital shares.....	4,542,366	2,243,753	866,421
	=====	=====	=====
Value issued from sale			
of shares	\$33,624,752	\$12,476,652	\$4,448,147
Value issued from reinvest-			

ment of dividends and/or distributions	1,637,092	883,263	64,938
Value redeemed	(3,393,870)	(932,276)	(115,162)
	-----	-----	-----
Increase in outstanding capital ...	\$31,867,974	\$12,427,639	\$4,397,923
	=====	=====	=====

See notes to financial statements.

TMK/UNITED FUNDS, INC.
STATEMENT OF CHANGES IN NET ASSETS
For the Period Ended DECEMBER 31, 1995
(Unaudited)

	Money Market Portfolio	Limited-Term Bond Portfolio	Bond Portfolio
	-----	-----	-----
Increase in Net Assets			
Operations:			
Net investment income	\$ 1,574,075	\$ 144,743	\$ 5,511,692
Realized net gain (loss) on investments	---	10,804	882,169
Unrealized appreciation (depreciation)	---	139,524	8,857,982
	-----	-----	-----
Net increase in net assets resulting from operations....	1,574,075	295,071	15,251,843
	-----	-----	-----
Dividends to shareholders:*			
From net investment income	(1,574,075)	(144,743)	(5,517,200)
From realized gains on securities transactions	---	(10,804)	---
In excess of realized gains	----	---	---
	-----	-----	-----
	(1,574,075)	(155,547)	(5,517,200)
Capital share transactions**.....	6,059,981	1,068,809	4,818,014
	-----	-----	-----
Total increase	6,059,981	1,208,333	14,552,657
Net Assets			
Beginning of period ...	30,812,263	1,645,146	74,016,850
	-----	-----	-----
End of period	\$36,872,244	\$2,853,479	\$88,569,507
	=====	=====	=====

Undistributed net investment income ..	\$---	\$---	\$---
	====	====	====

*See "Financial Highlights" on pages 62-71.

**Shares issued from sale of shares	169,760,641	294,605	1,918,955
Shares issued from reinvestment of dividends and/or distributions	1,573,890	29,626	1,029,828
Shares redeemed	(165,274,550)	(119,359)	(2,040,023)
	-----	-----	-----
Increase in outstanding capital shares	6,059,981	204,872	908,760
	=====	=====	=====
Value issued from sale of shares	\$169,760,641	\$1,551,139	\$9,976,902
Value issued from reinvestment of dividends and/or distributions	1,573,890	155,548	5,517,200
Value redeemed	(165,274,550)	(637,878)	(10,676,088)
	-----	-----	-----
Increase in outstanding capital ...	\$ 6,059,981	\$1,068,809	\$4,818,014
	=====	=====	=====

See notes to financial statements.

TMK/UNITED FUNDS, INC.
STATEMENT OF CHANGES IN NET ASSETS
For the Period Ended DECEMBER 31, 1995
(Unaudited)

	High Income Portfolio

Increase in Net Assets Operations:	
Net investment income	\$ 7,429,973
Realized net gain (loss) on investments	(1,443,930)
Unrealized appreciation (depreciation)	7,364,701

Net increase in net assets resulting from operations....	13,350,744

Dividends to shareholders:*	
From net investment income	(7,429,973)

From realized gains on securities transactions	---
In excess of realized gains	---

	(7,429,973)

Capital share transactions**.....	8,121,747

Total increase	14,042,518
Net Assets	
Beginning of period ...	72,643,675

End of period	\$86,686,193
	=====
Undistributed net investment income ..	\$---
	=====

*See "Financial Highlights" on pages 62-71.

**Shares issued from sale of shares	2,353,273
Shares issued from reinvest- ment of dividends and/or distributions	1,672,287
Shares redeemed	(2,189,523)

Increase in outstanding capital shares	1,836,037
	=====
Value issued from sale of shares	\$10,517,788
Value issued from reinvest- ment of dividends and/or distributions	7,429,973
Value redeemed	(9,826,014)

Increase in outstanding capital ...	\$ 8,121,747
	=====

See notes to financial statements.

FINANCIAL HIGHLIGHTS OF
THE GROWTH PORTFOLIO

For a Share of Capital Stock Outstanding Throughout Each Period:
(Unaudited)

	For the	For the fiscal year ended December 31,				
	six months ended 6/30/96	1995	1994	1993	1992	1991
Net asset value, beginning of period	\$6.8260	\$5.8986	\$6.1962	\$6.1505	\$5.5973	\$4.9479
Income from investment operations:						
Net investment income	0.0447	0.0903	0.1211	0.0537	0.1013	0.1229
Net realized and unrealized gain on investments ..	0.2187	2.1842	0.0268	0.8087	1.0653	1.6636
Total from investment operations	0.2634	2.2745	0.1479	0.8624	1.1666	1.7865
Less distributions:						
Dividends from net investment income	(0.0000)	(0.0903)	(0.1211)	(0.0537)	(0.1013)	(0.1229)
Distribution from capital gains ...	(0.0000)	(1.2568)	(0.3244)	(0.7569)	(0.5121)	(1.0142)
Distribution in excess of capital gains	(0.0000)	(0.0000)	(0.0000)	(0.0061)	(0.0000)	(0.0000)
Total distributions.	(0.0000)	(1.3471)	(0.4455)	(0.8167)	(0.6134)	(1.1371)
Net asset value, end of period	\$7.0894	\$6.8260	\$5.8986	\$6.1962	\$6.1505	\$5.5973
Total return	3.86%	38.57%	2.39%	14.02%	20.84%	36.10%
Net assets, end of period (000 omitted)	\$455,971	\$418,826	\$276,737	\$220,590	\$122,363	\$69,044
Ratio of expenses to average net assets	0.73%*	0.75%	0.77%	0.78%	0.80%	0.86%
Ratio of net investment income to average net assets	1.30%*	1.35%	2.07%	1.01%	2.00%	2.43%
Portfolio turnover rate	124.93%	245.80%	277.36%	297.81%	225.87%	316.72%

*Annualized.

FINANCIAL HIGHLIGHTS OF
THE INCOME PORTFOLIOFor a Share of Capital Stock Outstanding Throughout Each Period:
(Unaudited)

	For the	For the fiscal year ended December 31,				
	six months ended 6/30/96	1995	1994	1993	1992	1991*
Net asset value, beginning of period	\$8.6756	\$6.7689	\$6.9180	\$5.9530	\$5.3158	\$5.0000
Income from investment operations:						
Net investment income	0.0437	0.0839	0.0703	0.0651	0.0803	0.0633
Net realized and unrealized gain (loss) on investments ..	0.7267	2.0525	(0.1491)	0.9650	0.6496	0.3158
Total from investment operations	0.7704	2.1364	(0.0788)	1.0301	0.7299	0.3791
Less distributions:						
Dividends from net investment income	(0.0000)	(0.0839)	(0.0703)	(0.0651)	(0.0803)	(0.0633)
Distribution from capital gains....	(0.0000)	(0.1457)	(0.0000)	(0.0000)	(0.0124)	(0.0000)
Distribution in excess of capital gains	(0.0000)	(0.0001)	(0.0000)	(0.0000)	(0.0000)	(0.0000)
Total distributions.	(0.0000)	(0.2297)	(0.0703)	(0.0651)	(0.0927)	(0.0633)
Net asset value, end of period	\$9.4460	\$8.6756	\$6.7689	\$6.9180	\$5.9530	\$5.3158
Total return.....	8.88%	31.56%	-1.14%	17.30%	13.78%	17.43%
Net assets, end of period (000 omitted)	\$389,331	\$331,194	\$218,774	\$155,092	\$65,027	\$15,640
Ratio of expenses to average net assets	0.73%**	0.77%	0.77%	0.79%	0.85%	0.89%
Ratio of net investment income to average						

net assets	0.98%**	1.13%	1.16%	1.36%	1.78%	2.47%
Portfolio turnover rate	9.68%	15.00%	23.32%	18.38%	15.74%	4.41%

*The Income Portfolio's inception date is May 16, 1991; however, since this Portfolio did not have any investment activity or incur expenses prior to the date of initial offering, the per share information is for a capital share outstanding for the period from July 16, 1991 (initial offering) through December 31, 1991. Ratios and the portfolio turnover rate have been annualized.

**Annualized.

See notes to financial statements.

FINANCIAL HIGHLIGHTS OF
THE INTERNATIONAL PORTFOLIO

For a Share of Capital Stock Outstanding Throughout Each Period:
(Unaudited)

	For the six months ended 6/30/96 -----	For the fiscal year ended 12/31/95 -----	For the period ended 12/31/94* -----
Net asset value, beginning of period	\$5.2790 -----	\$4.9926 -----	\$5.0000 -----
Income from investment operations:			
Net investment income	0.0574	0.0846	0.0207
Net realized and unrealized gain (loss) on investments...	0.3479 -----	0.2790 -----	(0.0074) -----
Total from investment operations	0.4053	0.3636	0.0133
Less dividends from net investment income	(0.0000) -----	(0.0772) -----	(0.0207) -----
Net asset value, end of period	\$5.6843 =====	\$5.2790 =====	\$4.9926 =====
Total return.....	7.68%	7.28%	0.26%
Net assets, end of period (000 omitted)	\$64,353	\$50,196	\$26,020
Ratio of expenses			

to average net assets	0.98%**	1.02%	1.26%
Ratio of net investment income to average net assets	2.31%**	1.99%	1.36%
Portfolio turnover rate	35.95%	34.93%	23.23%

*The International Portfolio's inception date is April 28, 1994; however, since this Portfolio did not have any investment activity or incur expenses prior to the date of initial offering, the per share information is for a capital share outstanding for the period from May 3, 1994 (initial offering) through December 31, 1994. Ratios and the portfolio turnover rate have been annualized.

**Annualized.

See notes to financial statements.

FINANCIAL HIGHLIGHTS OF
THE SMALL CAP PORTFOLIO

For a Share of Capital Stock Outstanding Throughout Each Period:
(Unaudited)

	For the six months ended 6/30/96 -----	For the fiscal year ended 12/31/95 -----	For the period ended 12/31/94* -----
Net asset value, beginning of period	\$7.6932 -----	\$5.9918 -----	\$5.0000 -----
Income from investment operations:			
Net investment income	0.0029	0.0900	0.0376
Net realized and unrealized gain on investments ..	1.2631 -----	1.8470 -----	1.0086 -----
Total from investment operations	1.2660 -----	1.9370 -----	1.0462 -----
Less distributions:			
Dividends from net investment income	(0.0000)	(0.0900)	(0.0376)
Distribution from capital gains....	(0.0000) -----	(0.1456) -----	(0.0168) -----
Total distributions	(0.0000) -----	(0.2356) -----	(0.0544) -----

Net asset value, end of period	\$8.9592 =====	\$7.6932 =====	\$5.9918 =====
Total return.....	16.46%	32.32%	20.92%
Net assets, end of period (000 omitted)	\$85,404	\$55,591	\$16,080
Ratio of expenses to average net assets	0.92%**	0.96%	1.08%
Ratio of net investment income to average net assets	0.07%**	1.77%	2.35%
Portfolio turnover rate	63.81%	43.27%	21.61%

*The Small Cap Portfolio's inception date is April 28, 1994; however, since this Portfolio did not have any investment activity or incur expenses prior to the date of initial offering, the per share information is for a capital share outstanding for the period from May 3, 1994 (initial offering) through December 31, 1994. Ratios and the portfolio turnover rate have been annualized.

**Annualized.

See notes to financial statements.

FINANCIAL HIGHLIGHTS OF
THE BALANCED PORTFOLIO

For a Share of Capital Stock Outstanding Throughout Each Period:
(Unaudited)

	For the six months ended 6/30/96 -----	For the fiscal year ended 12/31/95 -----	For the period ended 12/31/94* -----
Net asset value, beginning of period	\$5.9000 -----	\$4.9359 -----	\$5.0000 -----
Income from investment operations:			
Net investment income	0.0835	0.1333	0.0460
Net realized and unrealized gain (loss) on investments ..	0.1914 -----	1.0611 -----	(0.0641) -----
Total from investment operations	0.2749 -----	1.1944 -----	(0.0181) -----
Less distributions:			

Dividends from net investment income	(0.0000)	(0.1333)	(0.0460)
Distribution from capital gains....	(0.0000)	(0.0970)	(0.0000)
	-----	-----	-----
Total distributions	(0.0000)	(0.2303)	(0.0460)
	-----	-----	-----
Net asset value, end of period	\$6.1749	\$5.9000	\$4.9359
	=====	=====	=====
Total return.....	4.66%	24.19%	-0.37%
Net assets, end of period (000 omitted)	\$31,623	\$23,603	\$8,671
Ratio of expenses to average net assets	0.71%**	0.72%	0.95%
Ratio of net investment income to average net assets	3.11%**	3.22%	3.14%
Portfolio turnover rate	31.97%	62.87%	19.74%

*The Balanced Portfolio's inception date is April 28, 1994; however, since this Portfolio did not have any investment activity or incur expenses prior to the date of initial offering, the per share information is for a capital share outstanding for the period from May 3, 1994 (initial offering) through December 31, 1994. Ratios and the portfolio turnover rate have been annualized.

**Annualized.

See notes to financial statements.

FINANCIAL HIGHLIGHTS OF
THE ASSET STRATEGY PORTFOLIO

For a Share of Capital Stock Outstanding Throughout Each Period:
(Unaudited)

	For the six months ended 6/30/96	For the period ended 12/31/95*
	-----	-----
Net asset value, beginning of period	\$5.0137	\$5.0000
	-----	-----
Income from investment operations:		
Net investment income	0.0766	0.0717

Net realized and unrealized gain on investments ..	0.0614	0.0193
	-----	-----
Total from investment operations	0.1380	0.0910
	-----	-----
Less distributions:		
Dividends from net investment income	(0.0000)	(0.0713)
Distribution from capital gains....	(0.0000)	(0.0060)
	-----	-----
Total distributions	(0.0000)	(0.0773)
	-----	-----
Net asset value, end of period	\$5.1517	\$5.0137
	=====	=====
Total return.....	2.76%	1.80%
Net assets, end of period (000 omitted)	\$7,877	\$4,344
Ratio of expenses to average net assets	1.01%**	0.91%
Ratio of net investment income to average net assets	3.67%**	4.42%
Portfolio turnover rate	23.17%	149.17%

*The Asset Strategy Portfolio's inception date is February 14, 1995; however, since this Portfolio did not have any investment activity or incur expenses prior to the date of initial offering, the per share information is for a capital share outstanding for the period from May 1, 1995 (initial offering) through December 31, 1995. Ratios have been annualized.

**Annualized.

See notes to financial statements.

FINANCIAL HIGHLIGHTS OF THE MONEY MARKET PORTFOLIO

For a Share of Capital Stock Outstanding Throughout Each Period:
(Unaudited)

For the six months ended 6/30/96	For the fiscal year ended December 31,				
	1995	1994	1993	1992	1991
	-----	-----	-----	-----	-----

Net asset value, beginning of period	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Net investment income	0.0243	0.0542	0.0368	0.0260	0.0324	0.0536
Less dividends declared	(0.0243)	(0.0542)	(0.0368)	(0.0260)	(0.0324)	(0.0536)
Net asset value, end of period	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Total return	2.45%	5.56%	3.72%	2.63%	3.29%	5.49%
Net assets, end of period (000 omitted)	\$42,506	\$36,872	\$30,812	\$26,000	\$23,995	\$19,797
Ratio of expenses to average net assets	0.60%*	0.62%	0.65%	0.65%	0.65%	0.76%
Ratio of net investment income to average net assets	4.88%*	5.42%	3.72%	2.61%	3.17%	5.33%

*Annualized.

See notes to financial statements.

FINANCIAL HIGHLIGHTS OF
THE LIMITED-TERM BOND PORTFOLIO

For a Share of Capital Stock Outstanding Throughout Each Period:
(Unaudited)

	For the six months ended 6/30/96	For the fiscal year ended 12/31/95	For the period ended 12/31/94*
	-----	-----	-----
Net asset value, beginning of period	\$5.2521	\$4.8611	\$5.0000
Income from investment operations:			
Net investment income	0.1445	0.2841	0.1507
Net realized and unrealized gain (loss) on investments ..	(0.1584)	0.4122	(0.1375)
Total from investment operations	(0.0139)	0.6963	0.0132

Less distributions:			
Dividends from net investment income	(0.0000)	(0.2841)	(0.1507)
Distribution from capital gains ...	(0.0000)	(0.0212)	(0.0014)
Total distributions	(0.0000)	(0.3053)	(0.1521)
Net asset value, end of period	\$5.2382	\$5.2521	\$4.8611
Total return.....	-0.27%	14.29%	0.26%
Net assets, end of period (000 omitted)	\$3,205	\$2,853	\$1,645
Ratio of expenses to average net assets	0.92%**	0.71%	0.93%
Ratio of net investment income to average net assets	5.74%**	6.22%	5.89%
Portfolio turnover rate	7.10%	18.16%	93.83%

*The Limited-Term Bond Portfolio's inception date is April 28, 1994; however, since this Portfolio did not have any investment activity or incur expenses prior to the date of initial offering, the per share information is for a capital share outstanding for the period from May 3, 1994 (initial offering) through December 31, 1994. Ratios and the portfolio turnover rate have been annualized.

**Annualized.

See notes to financial statements.

FINANCIAL HIGHLIGHTS OF THE BOND PORTFOLIO

For a Share of Capital Stock Outstanding Throughout Each Period:
(Unaudited)

	For the six months ended 6/30/96	For the fiscal year ended December 31,				
		1995	1994	1993	1992	1991
Net asset value, beginning of period	\$5.3592	\$4.7393	\$5.4045	\$5.2626	\$5.2661	\$4.9534
Income from investment						

operations:						
Net investment						
income	0.1677	0.3556	0.3507	0.3334	0.3643	0.3867
Net realized and						
unrealized gain						
(loss) on						
investments	(0.2706)	0.6202	(0.6652)	0.3046	0.0216	0.3771
	-----	-----	-----	-----	-----	-----
Total from investment						
operations	(0.1029)	0.9758	(0.3145)	0.6380	0.3859	0.7638
	-----	-----	-----	-----	-----	-----
Less distributions:						
Dividends from net						
investment						
income	(0.0000)	(0.3559)	(0.3507)	(0.3334)	(0.3643)	(0.3867)
Distribution from						
capital gains ...	(0.0000)	(0.0000)	(0.0000)	(0.1627)	(0.0251)	(0.0644)
	-----	-----	-----	-----	-----	-----
Total distributions.	(0.0000)	(0.3559)	(0.3507)	(0.4961)	(0.3894)	(0.4511)
	-----	-----	-----	-----	-----	-----
Net asset value,						
end of period	\$5.2563	\$5.3592	\$4.7393	\$5.4045	\$5.2626	\$5.2661
	=====	=====	=====	=====	=====	=====
Total return	-1.92%	20.56%	-5.90%	12.37%	7.67%	16.19%
Net assets, end of						
period (000						
omitted)	\$86,331	\$88,570	\$74,017	\$81,727	\$49,428	\$29,112
Ratio of expenses						
to average net						
assets	0.59%*	0.60%	0.62%	0.62%	0.64%	0.72%
Ratio of net investment						
income to average						
net assets	6.35%*	6.73%	6.73%	6.01%	6.91%	7.65%
Portfolio turnover						
rate	43.06%	71.17%	135.82%	68.75%	44.32%	52.50%

*Annualized.

See notes to financial statements.

FINANCIAL HIGHLIGHTS OF
THE HIGH INCOME PORTFOLIO

For a Share of Capital Stock Outstanding Throughout Each Period:
(Unaudited)

	For the	For the fiscal year ended December 31,				
	six months	-----				
	ended					
	6/30/96	1995	1994	1993	1992	1991
	-----	-----	-----	-----	-----	-----

Net asset value, beginning of period	\$4.4448	\$4.1118	\$4.6373	\$4.2886	\$4.0770	\$3.4067
	-----	-----	-----	-----	-----	-----
Income from investment operations: Net investment income	0.2039	0.4165	0.4106	0.3899	0.4050	0.4368
Net realized and unrealized gain (loss) on investments	(0.0446)	0.3330	(0.5255)	0.3487	0.2116	0.6703
	-----	-----	-----	-----	-----	-----
Total from investment operations	0.1593	0.7495	(0.1149)	0.7386	0.6166	1.1071
	-----	-----	-----	-----	-----	-----
Less dividends from net investment income	(0.0000)	(0.4165)	(0.4106)	(0.3899)	(0.4050)	(0.4368)
	-----	-----	-----	-----	-----	-----
Net asset value, end of period	\$4.6041	\$4.4448	\$4.1118	\$4.6373	\$4.2886	\$4.0770
	=====	=====	=====	=====	=====	=====
Total return	3.58%	18.19%	-2.55%	17.90%	15.70%	34.19%
Net assets, end of period (000 omitted)	\$88,745	\$86,686	\$72,644	\$71,265	\$41,456	\$24,394
Ratio of expenses to average net assets	0.71%*	0.72%	0.74%	0.75%	0.77%	0.87%
Ratio of net investment income to average net assets	8.92%*	9.25%	9.03%	8.66%	9.48%	11.32%
Portfolio turnover rate	31.21%	41.78%	37.86%	54.22%	60.79%	34.00%

*Annualized.

See notes to financial statements.

TMK/UNITED FUNDS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996

NOTE 1 -- Significant Accounting Policies

TMK/United Funds, Inc. (the "Fund") is registered under the Investment Company Act of 1940 as a diversified, open-end management investment company. Capital stock is currently divided into the ten classes that are designated the Growth Portfolio, the Income Portfolio, the International Portfolio, the Small

Cap Portfolio, the Balanced Portfolio, the Asset Strategy Portfolio, the Money Market Portfolio, the Limited-Term Bond Portfolio, the Bond Portfolio and the High Income Portfolio. The assets belonging to each Portfolio are held separately by the Custodian. The capital shares of each Portfolio represent a pro rata beneficial interest in the principal, net income, and realized and unrealized capital gains or losses of its respective investments and other assets. The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The policies are in conformity with generally accepted accounting principles.

- A. Security valuation -- Each stock and convertible bond is valued at the latest sale price thereof on the last business day of the fiscal period as reported by the principal securities exchange on which the issue is traded or, if no sale is reported for a stock, the average of the latest bid and asked prices. Bonds, other than convertible bonds, are valued using a pricing system provided by a pricing service or dealer in bonds. Convertible bonds are valued using this pricing system only on days when there is no sale reported. Stocks which are traded over-the-counter are priced using Nasdaq (National Association of Securities Dealers Automated Quotations System) which provides information on bid and asked or closing prices quoted by major dealers in such stocks. Securities for which quotations are not readily available are valued as determined in good faith in accordance with procedures established by and under the general supervision of the Fund's Board of Directors. Short-term debt securities are valued at amortized cost, which approximates market.
- B. Security transactions and related investment income -- Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Securities gains and losses are calculated on the identified cost basis. Original issue discount (as defined in the Internal Revenue Code), premiums on the purchase of bonds and post-1984 market discount are amortized for both financial and tax reporting purposes over the remaining lives of the bonds. Dividend income is recorded on the ex-dividend date except that certain dividends from foreign securities are recorded as soon as the Fund is informed of the ex-dividend date. Interest income is recorded on the accrual basis. For International Portfolio, dividend income is net of foreign withholding taxes of \$55,929. See Note 3 -- Investment Securities Transactions.
- C. Foreign currency translations -- All assets and liabilities denominated in foreign currencies are translated into U.S. dollars daily. Purchases and sales of investment securities and accruals of income and expenses are translated at the rate of exchange prevailing on the date of the transaction. For assets and liabilities other than investments in securities, net realized and unrealized gains and losses from foreign currency translations arise from changes in currency exchange rates. The Fund combines fluctuations from currency exchange rates and fluctuations in market value when computing net realized and unrealized gain or loss from investments.

- D. Federal income taxes -- It is the Fund's policy to distribute all of its taxable income and capital gains to its shareholders and otherwise qualify as a regulated investment company under the Internal Revenue Code. In addition, the Fund intends to pay distributions as required to avoid imposition of excise tax. Accordingly, provision has not been made for Federal income taxes. See Note 4 -- Federal Income Tax Matters.
- E. Dividends and distributions -- Dividends and distributions to shareholders are recorded by each Portfolio on the record date. Net investment income distributions and capital gains distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles. These differences are due to differing treatments for items such as deferral of wash sales and post-October losses, foreign currency transactions, net operating losses and expiring capital loss carryforwards.

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2 -- Investment Management And Payments To Affiliated Persons

The Fund pays a fee for investment management services. The fee is computed daily based on the net asset value at the close of business. The fee consists of two elements: (i) a "Specific" fee computed on net asset value as of the close of business each day at the following annual rates: Growth Portfolio - .20% of net assets; Income Portfolio - .20% of net assets; International Portfolio - .30% of net assets; Small Cap Portfolio - .35% of net assets; Balanced Portfolio - .10% of net assets; Asset Strategy Portfolio - .30% of net assets; Money Market Portfolio - none; Limited-Term Bond Portfolio - .05% of net assets; Bond Portfolio - .03% of net assets; High Income Portfolio - .15% of net assets and (ii) a base fee computed each day on the combined net asset values of all of the Portfolios (approximately \$1.3 billion of combined net assets at June 30, 1996) and allocated among the Portfolios based on their relative net asset size at the annual rates of .51% of the first \$750 million of combined net assets, .49% on that amount between \$750 million and \$1.5 billion, .47% between \$1.5 billion and \$2.25 billion, and .45% of that amount over \$2.25 billion. The Fund accrues and pays this fee daily.

Pursuant to assignment of the Investment Management Agreement between the Fund and Waddell & Reed, Inc. (W&R), Waddell & Reed Investment Management Company ("WRIMCO"), a wholly-owned subsidiary of W&R, serves as the Fund's investment manager.

The Fund has an Accounting Services Agreement with Waddell & Reed Services Company ("WARSCO"), a wholly-owned subsidiary of W&R. Under the agreement, WARSCO acts as the agent in providing accounting services and assistance to the Fund and pricing daily the value of shares of each Portfolio. For these services, each Portfolio pays WARSCO a monthly fee of one-twelfth of the annual fee shown in the following table.

Accounting Services Fee

Average Net Asset Level (all dollars in millions)	Annual Fee Rate for Each Portfolio
-----	-----
From \$ 0 to \$ 10	\$ 0
From \$ 10 to \$ 25	\$ 10,000
From \$ 25 to \$ 50	\$ 20,000
From \$ 50 to \$ 100	\$ 30,000
From \$ 100 to \$ 200	\$ 40,000
From \$ 200 to \$ 350	\$ 50,000
From \$ 350 to \$ 550	\$ 60,000
From \$ 550 to \$ 750	\$ 70,000
From \$ 750 to \$1,000	\$ 85,000
\$1,000 and Over	\$100,000

The Fund paid Directors' fees of \$21,458.

W&R is an indirect subsidiary of Torchmark Corporation, a holding company, and United Investors Management Company, a holding company, and a direct subsidiary of Waddell & Reed Financial Services, Inc., a holding company.

NOTE 3 -- Investment Security Transactions

Investment securities transactions for the period ended June 30, 1996 are summarized as follows:

	Growth Portfolio -----	Income Portfolio -----	International Portfolio -----
Purchases of investment securities, excluding short-term and U.S. Government securities	\$491,963,119	\$74,786,611	\$30,848,153
Purchases of U.S. Government securities	---	---	---
Purchases of short-term securities	430,492,002	150,666,231	85,979,705
Proceeds from maturities and sales of investment securities, excluding short-term and U.S. Government securities	512,726,852	33,459,705	14,623,240
Proceeds from maturities and sales of U.S. Government securities	---	---	---
Proceeds from maturities and sales of short-term securities	392,725,790	162,247,726	90,069,000

	Small Cap Portfolio	Balanced Asset Portfolio	Strategy Portfolio
	-----	-----	-----
Purchases of investment securities, excluding short-term and U.S. Government securities	\$71,149,763	\$8,358,673	\$3,340,778
Purchases of U.S. Government securities	---	3,038,203	1,329,183
Purchases of short-term securities	94,182,346	16,490,859	16,813,189
Proceeds from maturities and sales of investment securities, excluding short-term and U.S. Government securities	39,740,960	7,510,903	759,489
Proceeds from maturities and sales of U.S. Government securities	---	---	---
Proceeds from maturities and sales of short-term securities	103,994,135	13,301,000	16,822,554
	Limited- Term Bond Portfolio	Bond Portfolio	High Income Portfolio
	-----	-----	-----
Purchases of investment securities, excluding short-term and U.S. Government securities	\$135,862	\$20,126,421	\$33,116,610
Purchases of U.S. Government securities	547,470	18,100,521	---
Purchases of short-term securities	913,000	28,356,722	30,741,825
Proceeds from maturities and sales of investment securities, excluding short-term and U.S. Government securities	152,302	20,427,881	25,976,546
Proceeds from maturities and sales of U.S. Government securities	50,460	15,245,047	---
Proceeds from maturities and sales of short-term securities	915,000	28,165,432	33,365,783

For Federal income tax purposes, cost of investments owned at June 30, 1996 and the related unrealized appreciation (depreciation) were as follows:

	Cost	Appreciation	Depreciation (Depreciation)	Aggregate Appreciation
Growth Portfolio	\$450,812,693	\$24,171,088	\$(19,594,437)	\$4,576,651
Income Portfolio	282,548,820	109,593,424	(3,550,619)	106,042,805
International Portfolio	60,731,409	7,218,146	(2,296,720)	4,921,426
Small Cap Portfolio	75,153,943	17,734,603	(6,081,030)	11,653,573
Balanced Portfolio	29,317,807	2,716,017	(761,272)	1,954,745
Asset Strategy Portfolio	8,356,832	183,624	(248,528)	(64,904)
Money Market Portfolio	41,964,300	---	---	---
Limited-Term Bond Portfolio	3,151,506	25,882	(30,982)	(5,100)
Bond Portfolio	85,689,034	909,731	(1,109,641)	(199,910)
High Income Portfolio	86,865,839	2,664,142	(1,896,382)	767,760

NOTE 4 -- Federal Income Tax Matters

The Fund's income and expenses attributed to each Portfolio and the gains and losses on security transactions of each Portfolio have been attributed to that Portfolio for Federal income tax purposes as well as accounting purposes. For Federal income tax purposes, Asset Strategy, Small Cap, Limited-Term Bond and Growth Portfolios realized capital gain net income of \$5,026, \$1,041,204, \$10,804 and \$64,691,827, respectively, during the year ended December 31, 1995. For Federal income tax purposes, Bond Portfolio realized capital gains of \$876,661 during the year ended December 31, 1995. The capital gains were entirely offset by utilization of capital loss carryforwards. Remaining capital loss carryforwards of Bond Portfolio totaled \$2,603,035 at December 31, 1995, and are available to offset future realized capital gain net income through December 31, 2002. For Federal income tax purposes, Income, International and Balanced Portfolios realized capital gain net income of \$5,409,380, \$169,132 and \$371,952, respectively, which includes utilization of capital loss carryovers of \$459,928, \$21,009 and \$3,218, respectively. For Federal income tax purposes, High Income Portfolio realized capital losses of \$1,443,930 during the year ended December 31, 1995. These amounts are available to offset future realized capital gain net income through December 31, 2003. Remaining prior year capital loss carryforwards of High Income Portfolio aggregated \$1,745,105, which are available to offset future realized capital gain net income through December 31, 1999; \$1,428,392 is available through December 31, 2002. The capital gain net income of Asset Strategy, Limited-Term Bond, Income and Balanced Portfolios was paid to shareholders during the year ended December 31, 1995. A portion of the capital gain net income of Growth, Small Cap and International Portfolios was paid to shareholders during the period ended December 31, 1995. Remaining capital gain net income will be distributed to shareholders.

Internal Revenue Code regulations permit each Portfolio to defer into its next calendar year net capital losses or net long-term capital losses incurred between each November 1 and the end of its calendar year ("post-October losses"). From November 1, 1995 through December 31, 1995, Growth, International and Small Cap Portfolios incurred post-October losses of \$409,206, \$274,909 and \$29,582, respectively, which have been deferred to the calendar

year ending December 31, 1996.

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Dodds I. Buchanan, Boulder, Colorado
Jay B. Dillingham, Kansas City, Missouri
Linda Graves, Topeka, Kansas
John F. Hayes, Hutchinson, Kansas
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Doyle Patterson, Kansas City, Missouri
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GROWTH Portfolio

Objective: Capital growth with income as a secondary goal.

Invested In: Mainly common stocks of large, well-known companies representing major sectors of the economy.

INCOME Portfolio

Objective: Maintain current income, subject to market conditions.

Invested In: Primarily common stocks or securities convertible into common stocks.

INTERNATIONAL Portfolio

Objective: Long-term appreciation of capital with a secondary goal of current income.

Invested in: Securities issued by companies or governments of any nation.

SMALL CAP Portfolio

Objective: Capital growth.

Invested in: Common stocks of relatively new or unseasoned companies, or smaller companies positioned in new and emerging industries.

BALANCED Portfolio

Objective: Current income with a secondary goal of long-term appreciation of capital.

Invested in: A variety of securities including debt securities, common stocks and preferred stocks.

ASSET STRATEGY Portfolio

Objective: High total return with reduced risk over the long term.

Invested In: An allocation of its assets among stocks, bonds, and short-term instruments.

MONEY MARKET Portfolio

Objective: Maximum income consistent with stability of principal.

Invested In: Short-term securities including bank CD's, government securities, investment grade commercial paper and other corporate debt securities.

LIMITED-TERM BOND Portfolio

Objective: High level of current income consistent with the preservation of capital.

Invested in: Debt securities of investment grade, including debt securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities; the portfolio will maintain a dollar weighted average maturity of two to five years.

BOND Portfolio

Objective: Income with an emphasis on preservation of capital.

Invested In: High-quality bonds issued by companies in a variety of industries;
government securities.

HIGH INCOME Portfolio

Objective: High level of income with a secondary objective of capital
appreciation when consistent with its primary objective.

Invested In: Corporate bonds offering higher rates of return than investment-
grade bonds.

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