

Variable Annuity Account A

Annual Report

December 31, 2002

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NORTHWESTERN mutual LIFE
INSURANCE CO

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Preparing for Retirement



**Are You Saving Enough
To Reach Your Goals?**

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Insurance with form numbers: RRVA-FR (032000), RRVB-FR (032000), RRVA-BKNGE (032000), RRVB-BKNGE (032000), RRVA-BK (032000), RRVB-BK (032000), QOV-ACCTA & QOV-ACCTB.

Northwestern Mutual Life Insurance Company, Milwaukee, WI
www.northwesternmutual.com

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Are You *Saving Enough* For Your *Retirement?*

Have you saved enough money to last you through retirement? For most people, retirement funds will come from several sources, including pension plans, social security, various tax-deferred savings strategies and other taxable savings vehicles.

Now may be a perfect time to examine your savings plan for a financially secure retirement. A change in careers, stock market losses, lifestyle changes – any one of these can trigger a need for you to adjust your retirement savings strategies.

Even if you think you are saving enough for retirement, it's a good idea to check how you are doing periodically. Just consider the findings from the 2002 Retirement Confidence Survey.¹ Nearly one quarter of retirees had to continue working after "retirement" because they had not saved enough. In fact, 19 percent of retirees are currently experiencing an overall lower standard of living since retiring.

This 12th annual survey, sponsored by the Employee Benefits Research Institute and the American Savings Education Council, gauges the view and attitudes of working and retired Americans regarding retirement, their preparations for retirement, their confidence with regard to various aspects of retirement, and other related issues.

According to the survey, the average working individual plans to retire at age 65. Yet, the average current retiree retired at age 62, often for health or economic reasons beyond their control (company downsizing or closure). If the trend continues, many Americans may experience financial difficulties as a result of not being financially prepared for an unplanned early retirement.

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IT'S NEVER TOO EARLY TO START SAVING

For many young people, retirement seems a long time away and there is no sense of urgency in planning for the future. Only about 32 percent of working individuals participating in the Retirement Confidence Survey said they have actually calculated how much money they will need to save by the time they retire so that they can live comfortably.

Research conducted by Harris Interactive in 2002, revealed that 64 percent of Americans age 45-65 with an income of \$75,000 or higher feel they are financially prepared for retirement.² This number drops to 32 percent, however, when they are given a more accurate and realistic look at what retirement actually costs.

The rule of thumb is that most people will need between 60 and 80 percent of the current income to live comfortably in retirement. Yet, the Retirement Confidence Survey shows that more than 40 percent of all workers surveyed expect they will need less than 60 percent of their pre-retirement income in order to live comfortably in retirement.

RETIREMENT PLANNING SOLUTIONS

Taking advantage of your company's 401(k) and establishing an IRA will help you build your savings, but with the increasing number of choices and ever-changing tax laws, many people are turning to financial professionals for help in planning for a financially secure retirement.

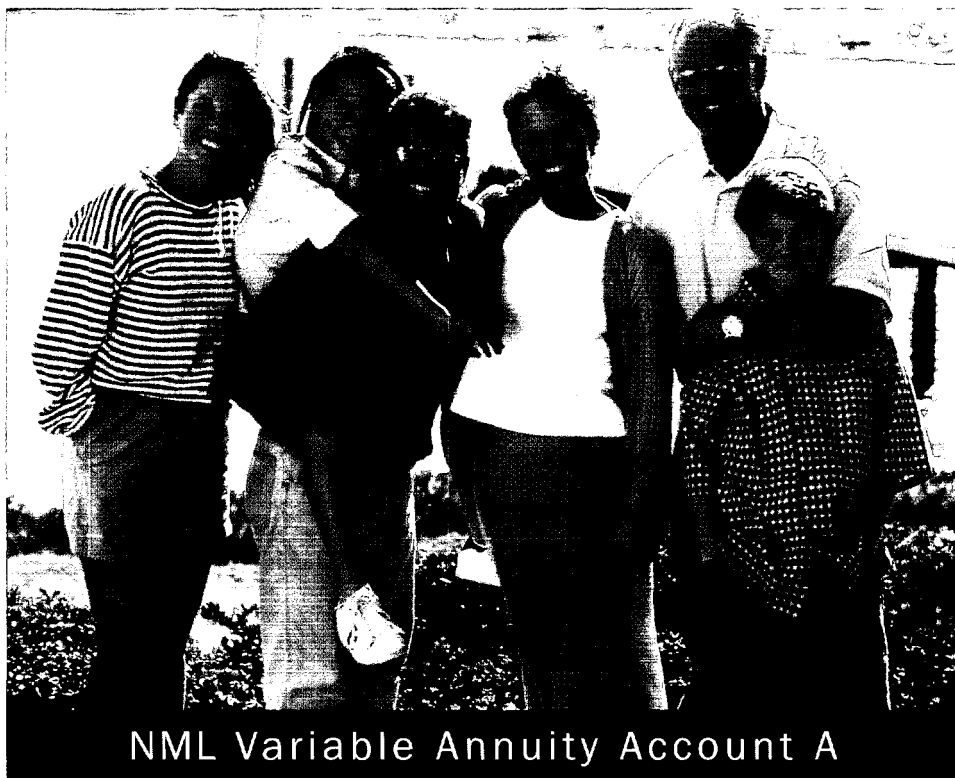
Pension plans, 401(k) and 403(b) plans, IRAs, annuities and mutual funds, as well as variable and portfolio-based life insurance, can all play a role in a well-balanced retirement plan. Your Northwestern Mutual Financial Network Representative can help you assess your current financial situation and determine your retirement lifestyle goals. He or she can also assist you in identifying appropriate retirement planning solutions to reach your goals and objectives.

¹ The 2002 Retirement Confidence Survey was conducted in January 2002 through 20-minute telephone interviews with 1,000 individuals (771 workers and 229 retirees) age 25 and older in the United States. In addition, an over sample of 116 individuals ages 20-24 was collected in order to provide supplemental data for the 20-39 age group analysis. Random digit dialing was used to obtain a representative cross section of the U.S. population.

² Source: Harris Interactive fielded this Internet-based study from July 12-July 17. Interviews were conducted with a randomly selected sample of 1,020 respondents, of whom 515 interviewed were with men and 505 with women. All respondents were 45-65 years old, had a household income of at least \$75,000 in 2001 and were working full-time or part-time and did not have a pension which makes/will make regular fixed monthly payments. Data were weighted to reflect the U.S. population.

December 31, 2002

Annual Report



Individual Variable Annuity Contracts for Retirement Plans:

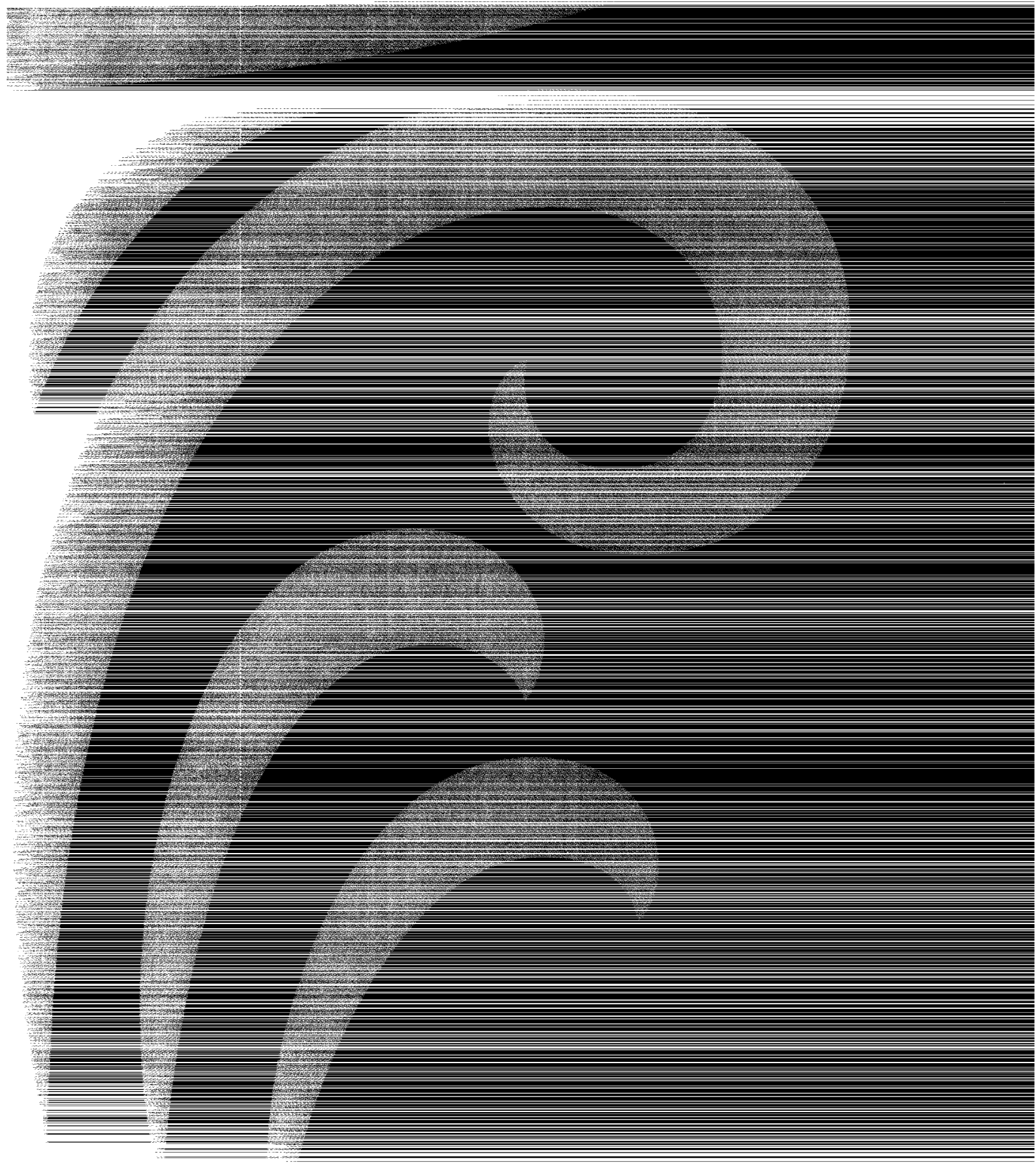
- Self-Employed Persons and Their Employees
- Qualified Corporate Retirement Plans

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Letter to Contract Owners

January 31, 2003

During 2002 the stock market was highly volatile within a generally downward trend. The broad S&P 500 Index was down more than 22% for the year, and all major equity indices, domestic and international, posted negative returns. For the third consecutive year, bonds substantially outperformed stocks: total return of the Merrill Lynch Domestic Master Index was 10.4%.

Many recent reports in the popular press give the impression that the U.S. economy is in a recession, but all indications are that economic growth was positive for all four quarters of 2002. Early reports indicate that the economy grew between two and three percent for the year, about average for the last 20 years.

While it is unusual for stock prices to fall when the economy is growing, there are credible explanations for the weakness in equity markets over the past year. Most individuals and business people would agree that the year just ended did not feel like a period of economic expansion. Growth in the economy has been powered almost entirely by consumer spending, as consumers have taken advantage of the low interest rates to refinance mortgages and take on additional debt. But the price discounting necessary to create demand, in categories ranging from clothing to durable goods such as cars and home furnishings, means that corporations have not been able to generate the earnings growth that is usual when the economy is growing. This lack of earnings growth, especially in the wake of a period of extraordinarily high stock valuations, has restrained stock prices.

The outlook for the immediate future is clouded by concerns about whether consumers can continue to spend. High debt levels and increasing unemployment are factors in recent drops in consumer confidence. On the positive side, near the end of 2002, there were early signs of a pick-up in business spending. Recent reports showed increasing investments in equipment and software, and new orders for durable goods are building, after several dismal years. Productivity gains continue, as stiff competition, including foreign competition, has forced companies to reduce costs. One positive result of these cost reductions is the potential for significant earnings gains when demand increases.

The Federal Reserve's monetary policy continues to be friendly, and it appears possible that interest rates could be cut even further from current levels, which are the lowest in several decades. The program of economic stimulus announced by President Bush in January should begin to take form in the coming months, and tax cuts, if approved, should bolster both consumer confidence and spending. If the tax on dividends is reduced or eliminated, as President Bush has proposed, that should help the stock market. With a new pro-growth economic team in Washington and a presidential election on the horizon, we can expect that the administration will do everything possible to keep the economy growing. While there is considerable divergence among economic forecasts, all the economists surveyed

recently by *The Wall Street Journal* and *Business Week* expect the U.S. economy to grow in 2003, and that should be positive for the stock market.

While we are fairly optimistic about the outlook for the economy and the markets in the year ahead, we think it is likely that we have entered a period of slower economic growth and lower returns compared with the decade of the 1990s. It is reasonable to expect that long-term returns from stocks will be above bond returns, as they have been historically, because stocks are a riskier asset class. But in a period of low inflation and moderate growth, it is almost inevitable that nominal returns from both stocks and bonds will be below those of the last 25 years. Nonetheless, real returns, meaning returns adjusted for inflation, can still be quite attractive, perhaps better than in the past. A closer examination of returns for the years from 1970 through 1990 helps illustrate this point. Total return from the S&P 500 index for that 20-year period averaged just over 12%. But when those returns are adjusted for inflation, which was quite high during many of those years, the average was below 6%.

This scenario is not necessarily negative, but it is different from what we experienced in the 1990s. Also, considering the prevailing elements of geopolitical and economic uncertainty, it seems probable that the volatility experienced in the last few years will continue. This environment may require many investors to adjust their expectations and their personal portfolios. With a solid plan and considerable patience, it is still quite possible to invest for a secure future. In a market that takes quality and value very seriously, selection of individual stocks and bonds will continue to be important. The expertise of the investment professionals who manage the portfolios underlying the Variable Annuities can be of particular value in this challenging market environment.

If you decide that you would like to reassess your goals and objectives, we urge you to take advantage of the considerable expertise available through the Northwestern Mutual Financial Network. As always, we are committed to helping our clients plan and invest to meet their goals.



Mark G. Doll

Mark G. Doll
President, Mason Street Advisors, LLC

 **Northwestern Mutual**[®]

How To Get More Information

Northwestern Mutual Express:

1-800-519-4665

The Express Line gives Trustees (or Owners) convenient up-to-date information about your contract with a contract number and a Personal Identification Number (PIN). Call toll-free to review contract values and unit values, transfer among portfolios, change the allocation and obtain fund performance information.

Information on the Internet:

Northwestern Mutual Financial Network
WWW.NMFN.COM

For information about Northwestern Mutual visit us on our Website. Included is information on Daily Variable Annuity Unit Value Prices, Quarterly Performance, and Fund Information. Contact Your Northwestern Mutual Investment Services representative if you have questions about your contract or any of the contract owner privileges.

Contract Owner Privileges

When the Owner is the Trustee of a qualified employee trust, the exercise of any contract owner privileges by the Trustee must be consistent with the terms and provisions of the qualified plan under which the contract is maintained. Northwestern Mutual shall have no duty to question any actions directed by the Trustee/Owner.

Free Transfers Among Portfolios

You can change your investment allocation or transfer values among the portfolios by calling the Northwestern Mutual Express line at 800-519-4665. Also, you can Mail or Fax the request forms to the Home Office for the same day changes.

Northwestern Mutual is not currently charging a fee for transfers, but reserves the right to charge \$25 for each transfer exceeding 12 in a contract year. The amount and timing restrictions discussed here do not apply to interest sweeps from the GIF to the variable funds. The GIF is not available in the back-load design in MA, NJ, OR, and WA.

Contract Owner Communications

Northwestern Mutual Express gives you 24-hour access to your contract. You receive Confirmation Statements on each transaction, VA Quarterly Summary Statements, and the Annuity Aspects Newsletter providing financial and annuity information.

Automatic Investment Plan

You can invest via the Electronic Funds Transfer (EFT) Plan. Your bank can transmit money safely and quickly from your bank checking or NOW account.

A program of regular investing cannot assure a profit or protect against a loss in a declining market.

Automatic Dollar Cost Averaging Plan

Your money is automatically transferred from the Money Market Portfolio to any of the variable portfolios on a monthly or quarterly basis.

Dollar cost averaging does not assure a profit or protect against (loss) in a declining market. Carefully consider your willingness to continue payments during periods of low prices.

Portfolio Rebalancing

To help maintain your asset allocation plan percentage over time, this service will automatically readjust the asset allocations back to the desired specified percentages.

Only contracts with accumulation value of \$10,000 or more are eligible. Portfolio rebalancing may only be used with the variable funds, not the Guaranteed Interest Fund, and may not be used in conjunction with dollar cost averaging.

A program of regular investing cannot assure a profit or protect against a loss in a declining market.

Interest Sweeps

The Interest Sweep service will automatically sweep or transfer interest earnings periodically from the Guaranteed Interest Fund (GIF) to any of the variable investment options.

Only contracts with \$10,000 or more in the GIF are eligible. The amount and timing restrictions that ordinarily apply to transfers between the GIF and the variable funds do not apply to interest sweeps. The GIF is not available in the back-load design in MA, NJ, OR, and WA.

Systematic Withdrawal Plan

While your contract is in the accumulation phase, you can arrange to automatically withdraw money to generate a payment stream.

Special Withdrawal Privilege

You can withdraw 10% of the contract's accumulation value without a surrender charge, if the contract has at least a \$10,000 balance, beginning on the first contract anniversary.

Terminal Illness Benefit*

Withdrawal charges are waived if the primary Annuitant is terminally ill and has a life expectancy of 12 months or less.

Nursing Home Benefit*

Withdrawal charges are waived after the first contract anniversary if the primary annuitant's confinement is medically necessary for at least 90 consecutive days in a licensed nursing facility or hospital.

*The benefit is not available in MA, NJ, and NY.

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Performance Summary

as of December 31, 2002

Front Load Contract (Series QQ)

Total return ✓ at unit value (as of 12/31/02)	Small Cap Growth Stock Division	T. Rowe Price Small Cap Value Division	Aggressive Growth Stock Division	International Growth Division	Franklin Templeton International Equity Division	Index 400 Stock Division	Growth Stock Division	J.P. Morgan Select Growth and Income Stock Division	Capital Guardian Domestic Equity Division
1 year	(22.01%)	(9.73%)	(24.62%)	(16.19%)	(21.03%)	(18.30%)	(24.31%)	(31.35%)	(24.70%)
5 years	—	—	(2.43%)	—	(14.61%)	—	(3.35%)	(23.31%)	—
Annualized	—	—	(0.49%)	—	(3.11%)	—	(0.68%)	(5.17%)	—
10 years	—	—	124.02%	—	—	—	—	—	—
Annualized	—	—	8.40%	—	—	—	—	—	—
10 Years**	—	—	—	—	—	—	—	—	—
Annualized	—	—	—	—	—	—	—	—	—
Since division inception in Account A	47.42%~	(8.28%)†	—	(24.15%)†	62.38%^	6.19%~	98.56%#	55.01%#	(26.43%)†
Annualized	11.15%	(5.92%)	—	(17.73%)	5.14%	1.65%	8.24%	5.19%	(19.48%)†
Since portfolio inception++	—	—	—	—	—	—	—	—	—
Annualized	—	—	—	—	—	—	—	—	—
Current Yield##	—	—	—	—	—	—	—	—	—

Front Load Contract (Series RR)

1 year	(22.49%)	(10.29%)	(25.08%)	(16.71%)	(21.52%)	(18.80%)	(24.78%)	(31.78%)	(25.17%)
5 years	—	—	(3.40%)	—	(15.49%)	—	(4.32%)	(24.08%)	—
Annualized	—	—	(0.69%)	—	(3.31%)	—	(0.88%)	(5.36%)	—
10 years	—	—	120.74%	—	—	—	—	—	—
Annualized	—	—	8.24%	—	—	—	—	—	—
10 Years**	—	—	—	—	—	—	—	—	—
Annualized	—	—	—	—	—	—	—	—	—
Since portfolio inception in Account A	46.15%	(8.89%)†	—	(24.65%)†	60.00%^	5.24%~	95.88%#	52.86%#	(26.92%)†
Annualized	10.89%	(6.36%)	—	(18.11%)	4.98%	1.40%	8.07%	5.02%	(19.86%)†
Since portfolio inception++	—	—	—	—	—	—	—	—	—
Annualized	—	—	—	—	—	—	—	—	—
Current Yield##	—	—	—	—	—	—	—	—	—

Back Load Contract Without Surrender (Series QQ/RR)

1 year	(19.60%)	(6.94%)	(22.29%)	(13.60%)	(18.59%)	(15.77%)	(21.97%)	(29.23%)	(22.38%)
5 years	—	—	(3.50%)	—	(15.58%)	—	(4.42%)	(24.16%)	—
Annualized	—	—	(0.71%)	—	(3.33%)	—	(0.90%)	(5.38%)	—
10 years	—	—	110.36%	—	—	—	—	—	—
Annualized	—	—	7.72%	—	—	—	—	—	—
10 years**	—	—	—	—	—	—	—	—	—
Annualized	—	—	—	—	—	—	—	—	—
Since portfolio inception in Account A	48.05%~	(5.79%)†	—	(22.09%)†	53.21%^	6.61%~	89.38%#	47.76%#	(24.43%)†
Annualized	11.28%	(4.12%)	—	(16.16%)	4.51%	1.76%	7.65%	4.61%	(17.94%)†
Since portfolio inception++	—	—	—	—	—	—	—	—	—
Annualized	—	—	—	—	—	—	—	—	—
Current Yield##	—	—	—	—	—	—	—	—	—

All total return figures are for divisions of NML Variable Annuity Account A and are based on the change in unit value, which reflects expenses, such as account charges and fees applied at the contract level; figures for the Front Load contract reflect a maximum sales load of 4% for the Series QQ and 4.5% for the Series RR; figures for the Series QQ Back Load contract with surrender reflect deductions for a maximum 8% withdrawal charge, declining at a rate of 1% per year; figures for the Series RR Back Load contract with surrender reflect deductions for a maximum 6% withdrawal charge for the first three years, declining at a rate of 1% per year thereafter. The data reflects an initial contract size of \$10,000 for the Front Load (minimum size) and \$1,000 for the Back Load. Performance data represents past results and is not a guarantee of future results. Future unit values and investment returns may vary so an investor's units, when redeemed, may be worth more or less than their original value. Performance for other separate accounts will differ.

++ Returns stated are as of the inception date of the portfolio which precedes availability in Account A. See the following footnotes for portfolio inception dates.

Inception date of 5/3/94.

^ Inception date of 4/30/93.

@ On April 30, 1993, the Index 500 Portfolio was indexed to approximate the performance of the Standard & Poor's 500 Composite Stock Price Index. Before then, the Portfolio was actively managed.

~ Inception date of 4/30/99.

† Inception date of 7/31/01.

+ Inception date of this division in Account A was 4/30/99. Actual fund inception was 1/2/97. Performance quoted prior to 4/30/99 is based on actual investment experience, adjusted for expenses of the product and premium charges.

^^ 10 year return for this division in Account A.

** 10 year return for this Portfolio of the Northwestern Mutual Series Fund, Inc. This Portfolio became available to this division on May 3, 1994. Performance quoted prior to May 3, 1994, is based on actual investment experience of the Portfolio, adjusted for expenses of the product and premium charges.

For the seven-day period ended December 31, 2002, the Money Market Portfolio's yield was 1.51% and was equivalent to a compound effective yield of 1.52%. The seven-day yield does not include deductions that are included in the separate accounts. The yield quotation more closely reflects the current earnings of the Money Market Portfolio than the total return quotation.

✓ Returns shown include any fee waivers in effect and deductions for all Fund expenses. In the absence of fee waivers, total return would be reduced.

Note: "Standard and Poor's 500" and "S&P 500" are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use by The Northwestern Mutual Life Insurance Company. The Series Fund and its Portfolios are not sponsored, endorsed, sold or promoted by Standard & Poor's, and Standard & Poor's makes no representation regarding the advisability of investing in them.

Index 500 Stock Division	Asset Allocation Division	Balanced Division	Yield High Bond Division	Select Bond Division	Money Market Division	Russell Multi-Style Equity Division+	Russell Aggressive Equity Division+	Russell Non-U.S. Division+	Russell Real Estate Securities Division	Russell Core Bond Division+
(25.50%)	(14.20%)	(11.60%)	(7.16%)	7.16%	(2.81%)	(26.57%)	(22.61%)	(18.88%)	(0.76%)	4.06%
(8.31%)	—	11.11%	(10.57%)	35.85%	17.00%	—	—	—	—	—
(1.72%)	—	2.13%	(2.21%)	6.32%	3.19%	—	—	—	—	—
124.02%^^	—	107.84%^^	—	92.17%^^	44.09%^^	—	—	—	—	—
8.40%	—	7.59%	—	6.75%	3.72%	—	—	—	—	—
124.27%@	—	108.84%	—	94.14%	44.17%	—	—	—	—	—
8.41%	—	7.64%	—	6.86%	3.73%	—	—	—	—	—
—	(16.12%)†	—	47.03%#	—	—	(41.16%)	(17.64%)	(32.91%)	24.93%~	20.54%
—	(11.67%)	—	4.55%	—	—	(13.45%)	(5.15%)	(10.30%)	6.25%	5.22%
—	—	—	—	—	—	4.98%	6.44%	(19.88%)	—	41.07%
—	—	—	—	—	—	0.81%	1.05%	(3.63%)	—	5.91%
					1.51%					

(25.96%)^^	(14.73%)	(12.15%)	(7.74%)	6.50%	(3.41%)	(27.02%)	(23.09%)	(19.38%)	(1.37%)	3.41%
(9.19%)	—	10.03%	(11.48%)	34.52%	15.81%	—	—	—	—	—
(1.91%)	—	1.93%	(2.41%)	6.11%	2.98%	—	—	—	—	—
120.53%^^	—	104.77%^^	—	89.31%^^	42.02%^^	—	—	—	—	—
8.23%	—	7.43%	—	6.59%	3.57%	—	—	—	—	—
120.89%@	—	105.72%	—	91.23%	42.01%	—	—	—	—	—
8.25%	—	7.48%	—	6.70%	3.57%	—	—	—	—	—
—	(16.67%)†	—	45.09%#	—	—	(41.68%)	(18.37%)	(33.48%)	23.81%~	19.49%
—	(12.08%)	—	4.39%	—	—	(13.66%)	(5.38%)	(10.51%)	5.99%	4.97%
—	—	—	—	—	—	3.82%	5.26%	(20.77%)	—	39.51%
—	—	—	—	—	—	0.63%	0.86%	(3.81%)	—	5.71%
					1.51%					

(23.19%)	(11.55%)	(8.87%)	(4.29%)	10.48%	0.19%	(24.30%)	(20.22%)	(16.37%)	2.31%	7.27%
(9.28%)	—	9.92%	(11.57%)	34.39%	15.70%	—	—	—	—	—
(1.93%)	—	1.91%	(2.43%)	6.09%	2.96%	—	—	—	—	—
110.36%^^	—	95.25%^^	—	80.44%^^	35.31%^^	—	—	—	—	—
7.72%	—	6.92%	—	6.08%	3.07%	—	—	—	—	—
111.65%@	—	97.10%	—	83.22%	36.06%	—	—	—	—	—
7.79%	—	7.02%	—	6.24%	3.13%	—	—	—	—	—
—	(13.84%)†	—	40.11%#	—	—	(40.93%)	(17.32%)	(32.63%)	25.40%~	21.04%
—	(9.98%)	—	3.97%	—	—	(13.36%)	(5.05%)	(10.20%)	6.36%	5.34%
—	—	—	—	—	—	2.95%	4.38%	(21.43%)	—	38.35%
—	—	—	—	—	—	0.49%	0.72%	(3.94%)	—	5.56%
					1.51%					

Performance Summary

as of December 31, 2002

Back Load Contract With Surrender (Series QQ)

Total return ✓ at unit value (as of 12/31/02)	Small Cap Growth Stock Division	T. Rowe Price Small Cap Value Division	Aggressive Growth Stock Division	International Growth Division	Franklin Templeton International Equity Division	Index 400 Stock Division	Growth Stock Division	J.P. Morgan Select Growth and Income Stock Division	Capital Guardian Domestic Equity Division
1 year	(27.60%)	(14.94%)	(30.29%)	(21.60%)	(26.59%)	(23.77%)	(29.97%)	(37.23%)	(30.38%)
5 years	—	—	(7.51%)	—	(19.56%)	—	(8.40%)	(28.16%)	—
Annualized	—	—	(1.55%)	—	(4.26%)	—	(1.74%)	(6.40%)	—
10 years	—	—	110.36%	—	—	—	—	—	—
Annualized	—	—	7.72%	—	—	—	—	—	—
10 years**	—	—	—	—	—	—	—	—	—
Annualized	—	—	—	—	—	—	—	—	—
Since division inception in Account A	43.03%~	(12.78%)†	—	(29.08%)†	53.21%^	1.59%~	89.38%#	47.76%#	(31.42%)†
Annualized	10.24%	(9.20%)	—	(21.54%)	4.51%	0.43%	7.65%	4.61%	(23.38%)
Since portfolio inception++	—	—	—	—	—	—	—	—	—
Annualized	—	—	—	—	—	—	—	—	—
Current Yield##	—	—	—	—	—	—	—	—	—

Back Load Contract With Surrender (Series RR)

1 year	(25.60%)	12.94%	(28.29%)	(19.60%)	(24.59%)	(21.77%)	(27.97%)	(35.23%)	(28.38%)
5 years	—	—	(7.51%)	—	(19.56%)	—	(8.40%)	(28.16%)	—
Annualized	—	—	(1.55%)	—	(4.26%)	—	(1.74%)	(6.40%)	—
10 years	—	—	110.36%	—	—	—	—	—	—
Annualized	—	—	7.72%	—	—	—	—	—	—
10 Years**	—	—	—	—	—	—	—	—	—
Annualized	—	—	—	—	—	—	—	—	—
Since portfolio inception in Account A	43.03%~	(11.78%)†	—	(28.08%)†	53.21%^	1.59%~	89.38%#	47.76%#	(30.42%)†
Annualized	10.24%	(8.47%)	—	(20.76%)	4.51%	0.43%	7.65%	4.61%	(22.59%)
Since portfolio inception++	—	—	—	—	—	—	—	—	—
Annualized	—	—	—	—	—	—	—	—	—
Current Yield##	—	—	—	—	—	—	—	—	—

All total return figures are for divisions of NML Variable Annuity Account A and are based on the change in unit value, which reflects expenses, such as account charges and fees applied at the contract level; figures for the Front Load contract reflect a maximum sales load of 4% for the Series QQ and 4.5% for the Series RR; figures for the Series QQ Back Load contract with surrender reflect deductions for a maximum 8% withdrawal charge, declining at a rate of 1% per year; figures for the Series RR Back Load contract with surrender reflect deductions for a maximum 6% withdrawal charge for the first three years, declining at a rate of 1% per year thereafter. The data reflects an initial contract size of \$10,000 for the Front Load (minimum size) and \$1,000 for the Back Load. Performance data represents past results and is not a guarantee of future results. Future unit values and investment returns may vary so an investor's units, when redeemed, may be worth more or less than their original value. Performance for other separate accounts will differ.

++ Returns stated are as of the inception date of the portfolio which precedes availability in Account A. See the following footnotes for portfolio inception dates.

Inception date of 5/3/94.

^ Inception date of 4/30/93.

@ On April 30, 1993, the Index 500 Portfolio was indexed to approximate the performance of the Standard & Poor's 500 Composite Stock Price Index. Before then, the Portfolio was actively managed.

~ Inception date of 4/30/99.

† Inception date of 7/31/01.

+ Inception date of this division in Account A was 4/30/99. Actual fund inception was 1/2/97. Performance quoted prior to 4/30/99 is based on actual investment experience, adjusted for expenses of the product and premium charges.

^^ 10 year return for this division in Account A.

** 10 year return for this Portfolio of the Northwestern Mutual Series Fund, Inc. This Portfolio became available to this division on May 3, 1994. Performance quoted prior to May 3, 1994, is based on actual investment experience of the Portfolio, adjusted for expenses of the product and premium charges.

For the seven-day period ended December 31, 2002, the Money Market Portfolio's yield was 1.51% and was equivalent to a compound effective yield of 1.52%. The seven-day yield does not include deductions that are included in the separate accounts. The yield quotation more closely reflects the current earnings of the Money Market Portfolio than the total return quotation.

✓ Returns shown include any fee waivers in effect and deductions for all Fund expenses. In the absence of fee waivers, total return would be reduced.

Note: "Standard and Poor's 500" and "S&P 500" are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use by The Northwestern Mutual Life Insurance Company. The Series Fund and its Portfolios are not sponsored, endorsed, sold or promoted by Standard & Poor's, and Standard & Poor's makes no representation regarding the advisability of investing in them.

Index 500 Stock Division	Asset Allocation Division	Balanced Division	Yield High Bond Division	Select Bond Division	Money Market Division	Russell Multi-Style Equity Division+	Russell Aggressive Equity Division+	Russell Non-U.S. Division+	Russell Real Estate Securities Division	Russell Core Bond Division+
(31.19%)	(19.55%)	(16.87%)	(12.29%)	2.48%	(7.81%)	(32.30%)	(28.22%)	(24.37%)	(5.69%)	(0.73%)
(13.28%)	—	5.94%	(15.58%)	30.39%	11.71%	—	—	—	—	—
(2.81%)	—	1.16%	(3.33%)	5.45%	2.24%	—	—	—	—	—
110.36%^^	—	95.25%^^	—	80.44%^^	35.31%^^	—	—	—	—	—
7.72%	—	6.92%	—	6.08%	3.07%	—	—	—	—	—
111.65%@	—	97.10%	—	83.22%	36.06%	—	—	—	—	—
7.79%	—	7.02%	—	6.24%	3.13%	—	—	—	—	—
—	(20.83%)†	—	40.11%#	—	—	(45.93%)	(22.32%)	(37.64%)	20.41%~	16.06%
—	(15.20%)	—	3.97%	—	—	(15.42%)	(6.65%)	(12.07%)	5.19%	4.14%
—	—	—	—	—	—	(0.05%)	1.38%	(24.43%)	—	35.35%
—	—	—	—	—	—	(0.01%)	0.23%	(4.56%)	—	5.18%
					1.51%					
(29.19%)	(17.55%)	(14.87%)	(10.29%)	4.48%	(5.81%)	(30.30%)	(26.22%)	(22.37%)	(3.69%)	1.27%
(13.28%)	—	5.94%	(15.58%)	30.39%	11.71%	—	—	—	—	—
(2.81%)	—	1.16%	(3.33%)	5.45%	2.24%	—	—	—	—	—
110.36%^^	—	95.25%^^	—	80.44%^^	35.31%^^	—	—	—	—	—
7.72%	—	6.92%	—	6.08%	3.07%	—	—	—	—	—
111.65%@	—	97.10%	—	83.22%	36.06%	—	—	—	—	—
7.79%	—	7.02%	—	6.24%	3.13%	—	—	—	—	—
—	(19.82%)†	—	40.11%#	—	—	(45.93%)	(22.32%)	(37.64%)	20.41%~	16.06%
—	(14.44%)	—	3.97%	—	—	(15.42%)	(6.65%)	(12.07%)	5.19%	4.14%
—	—	—	—	—	—	(0.05%)	1.38%	(24.43%)	—	35.35%
—	—	—	—	—	—	(0.01%)	0.23%	(4.56%)	—	5.18%
					1.51%					

Guaranteed Interest Fund (GIF)

Description:

Amounts you invest in the Guaranteed Interest Fund earn interest at rates we declare from time to time. We will guarantee the interest rate for each amount for at least one year. The interest rate will be at an annual effective rate of at least 3%. At the expiration of the period for which we guarantee the interest rate, we will declare a new interest rate. We credit interest and compound it daily.

Each purchase payment or amount transferred to the GIF becomes part of Northwestern Mutual's general assets, which are all of the Company's assets except those held in separate accounts.

The GIF is not available in the back-load design in MA, NJ, OR and WA.

Net Assets:
\$321.28 million

RR Series Historic Rates

Beginning of Month	Front-End		Back-End	
	New Money Rate	Renewal Rate	New Money Rate	Renewal Rate
12/1/02	3.00%	3.35%	3.00%	3.00%
11/1/02	3.00%	3.20%	3.00%	3.00%
10/1/02	3.00%	3.10%	3.00%	3.00%
9/1/02	3.05%	3.55%	3.00%	3.00%
8/1/02	3.55%	4.05%	3.00%	3.30%
7/1/02	3.95%	4.45%	3.20%	3.70%
6/1/02	4.20%	4.60%	3.45%	3.85%
5/1/02	4.35%	4.60%	3.60%	3.85%
4/1/02	4.70%	4.70%	3.95%	3.95%
3/1/02	4.00%	4.50%	3.25%	3.75%
2/1/02	4.15%	4.65%	3.40%	3.90%
1/1/02	4.45%	4.95%	3.70%	4.20%
12/1/01	4.25%	4.75%	3.50%	4.00%

The maximum transfer amount from the GIF to a variable fund cannot be less than \$1,000 or greater than \$50,000. The \$50,000 limit does not apply in New York. Investments in the GIF are subject to a maximum limit of \$1 million (\$250,000 in New York) without prior consent.

Overview and Outlook

The Economy

Economic growth was positive in all four quarters of 2002, but the recovery from the brief recession of the prior year was less robust than economists had forecast at the beginning of the year. Growth in real gross domestic product for the full year was approximately 2.4%. Inflation remained quite moderate, at a rate of approximately 1.6% for the year.

Consumer spending has been the main driver of the economy for several years now, and there are concerns about whether debt-ridden consumers will keep spending, especially as consumer confidence appears to be weakening. There are early signs of improving business investment, and productivity has continued to improve.

Monetary policy continues exceptionally stimulative, with one additional interest rate cut in November 2002, following 11 reductions during 2002. The tax cuts proposed by President Bush in January are intended to stimulate both the consumer and business sectors; even if some aspects of the program are trimmed, it appears certain that some form of fiscal stimulus will be passed. With both monetary and fiscal policy encouraging growth, it appears likely that the economy will strengthen in 2003. Surveys of business economists published in late December and early January by *The Wall Street Journal* and *Business Week* indicate a consensus estimate of real economic growth of approximately 3% for 2003, with the growth rate increasing as the year progresses.

The Equity Market

The year just ended was the third year of negative returns for all major equity indices. The S&P 500 Index posted a -22.1% return, and returns for each of the 10 industry sectors in the Index were negative. Both the S&P Midcap 400 and the S&P Smallcap 600 were off about 15% for the year. A rally that began in October moved broad indices up from five-year lows, but there is considerable uncertainty as to whether that rally is sustainable. International markets were also very weak: the EAFE Index (an unmanaged market-value weighted index designed to measure the overall condition of overseas markets) was down more than 15% for the year.

Investors should remember that the negative returns of the last three years have followed a lengthy period of extraordinarily high equity returns. In the 1990s, the total return of the S&P 500 Index was above 20% for five consecutive years, and the compound annual return for the decade was over 17%. That is very unusual: the total return from the S&P 500 was above 20% in just 10 of the 30 years from 1960 to 1990, and the compound annual return for that period was 10%.

By historical standards, it is unusual for the stock market to be down during the early stages of an economic recovery. But this has been an unusual recovery, in which corporations have found it very difficult to grow earnings in a situation of minimal pricing power combined with excess capacity in many industries. Historic returns are not necessarily a good predictor of the future, but if corporate earnings begin to show improvement in 2003, it seems likely that stock returns will also turn positive.

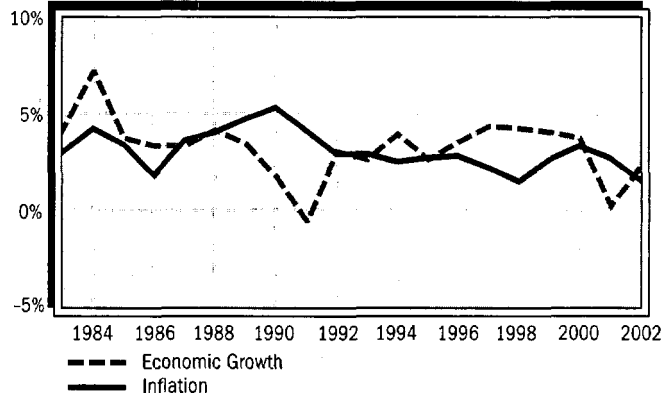
The Bond Market

For the third consecutive year bonds substantially outperformed stocks in 2002. Total return from the Merrill Lynch Domestic Master-Index was 10.4%, versus a loss of 22.1% in the S&P 500 Index.

Within the bond market, the most pronounced trend was a substantial decline in interest rates on U.S. Treasury bonds. There was also a dramatic steepening in the yield curve, which depicts the relationship between yields on short-term bonds and long-term bonds. Short-term yields remained very low, as the Federal Reserve maintained a stimulative monetary policy, and prices of short-term bonds reflected the expectation of further easing. In the first half of the year, yields on bonds with maturities of two to ten years moved up, creating a dramatic steepening in the short end of the curve. The short portion of the curve became somewhat flatter during the summer and early fall, then steepened again after the Federal Reserve cut interest rates in November. Yields on 30-year bonds, especially Treasury securities, fell much less than yields on bonds with shorter maturities because the falling value of the dollar made these bonds less attractive to foreign investors.

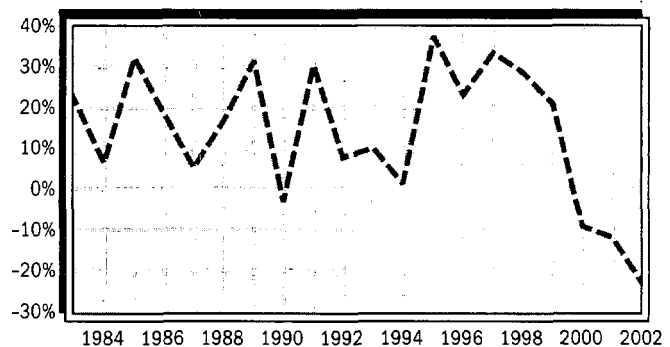
Among bond categories, mortgage-backed bonds delivered their best performance in many years, as volatility declined from the prior year, because the continued wave of refinancings was reflected in bond prices throughout the year. Treasury securities performed very well in the first nine months, as wary investors sought to avoid risk. Yield spreads between corporate bonds and riskless Treasury securities widened considerably early in the year, as investors responded to the additional risk created by corporate scandals, then became narrower in the fourth quarter, as corporate earnings began to stabilize, and more confident investors began to move money into both stock and bond markets. The net change in yield spreads over the year was therefore quite small.

Economic Growth and Inflation



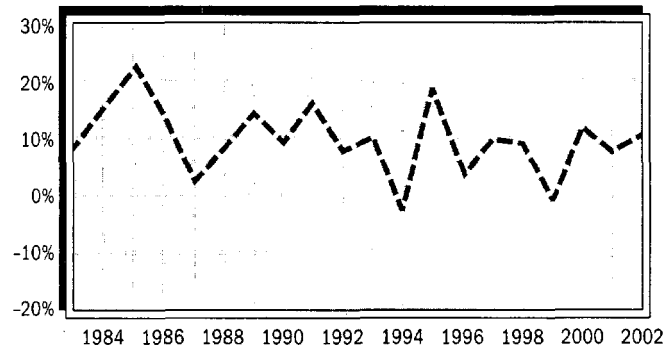
Source: U.S. Department of Commerce. Year-to-year percentage change in Real Gross Domestic Product is used for economic growth. December-to-December change in the Consumer Price Index-Urban is used for the inflation rate. Statistics for 2002 are preliminary.

Annual Total Returns from S&P 500 Index



Source: Standard & Poor's

Annual Total Returns from Merrill Lynch Domestic Master Index



Source: Merrill Lynch. The Merrill Lynch Domestic Master Index is an unmanaged market value weighted index comprised of U.S. Government, mortgage and investment-grade corporate bonds.

Small Cap Growth Stock Portfolio

Objective:
Maximum long-term appreciation of capital

Portfolio Strategy:
Strive for the highest possible rate of capital appreciation by investing in companies with potential for rapid growth.

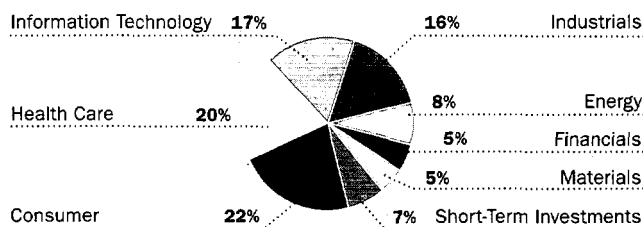
Net Assets:
\$254.88 million

The Small Cap Growth Stock Portfolio owns the stocks of emerging growth companies, with the objective of maintaining a median market capitalization of \$1 billion. The range of market capitalization is generally between \$200 million and \$3 billion. The investment process involves detailed studies of individual companies. Factors evaluated include the growth rates of revenues and earnings, opportunities for margin expansion, financial strength and quality of management. Since growth stock portfolios tend to react strongly to changes in financial and economic markets, as well as to changes in the prospects for individual companies, returns of this Portfolio can vary considerably from time to time. A higher level of risk (with risk defined as variability of returns over time) is accepted for the potential of greater long-term returns.

For 2002, a year in which few equity investors were able to achieve positive returns, the Small Cap Growth Stock Portfolio had a negative return of -18.4%, better than the Russell 2000 Index, but worse than the S&P 600 Index. Since the major focus in managing this portfolio is on stock selection, rather than industry weightings, differences in return relative to the indices resulted mainly from stock selection. In particular, the S&P 600 experienced a rally in the fourth quarter, led by the semiconductor and software categories within the technology sector. Although the Portfolio's representation in technology, at 17% of net assets, is slightly higher than the 15% for technology in the Index, our technology holdings are mainly in more stable categories, particularly technology consulting. A further disadvantage for performance, especially in the fourth quarter, was the Portfolio's concentration in less risky stocks whose performance does not correlate strongly with the market.

In the fourth quarter, poor performance of holdings in technology, health care and retail was partially offset by strength in energy, particularly Energy Partners, Ltd., and in materials and industrial stocks, which are considerably overweighted. The industrials category includes business services such as The Corporate Executive Board, which was especially strong in the fourth quarter. Among the best performing stocks in the fourth quarter was UT Starcom, though this holding was off for the full year.

Sector Allocation 12/31/02

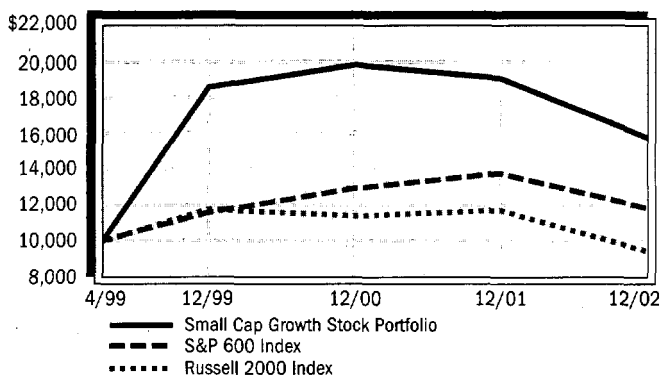


The Small Cap Growth Stock Portfolio's investment in Initial Public Offerings (IPO's) had a significant impact on its since inception performance. There can be no assurance that IPO's will continue to have a positive affect on the Portfolio's performance.

Top 10 Holdings 12/31/02

Company	% of Total Net Assets
O'Reilly Automotive, Inc.	4.2%
The Corporate Executive Board Co.	2.9%
UTStarcom, Inc.	2.9%
Varian, Inc.	2.7%
Lincare Holdings, Inc.	2.7%
DaVita, Inc.	2.6%
Westwood One, Inc.	2.6%
Renal Care Group, Inc.	2.5%
Patterson Dental Co.	2.5%
Coach, Inc.	2.2%

Relative Performance



Average Annual Total Return For Periods Ended December 31, 2002

	1 Year	Since Inception*
Small Cap Growth Stock Portfolio	-18.42%	12.86%
S&P 600 Index	-14.63%	4.57%
Russell 2000 Index	-20.48%	-1.96%

*inception date of 4/30/99

Since the Portfolio invests primarily in small capitalization issues, the indices that best reflect the Portfolio's performance are the Standard & Poor's (S&P) SmallCap 600 Index and Russell 2000 Index. The indices cannot be invested in directly and do not include sales charges.

The Standard & Poor's SmallCap 600 Index is an unmanaged index of 600 selected common stocks of smaller U.S.-based companies compiled by Standard & Poor's Corporation. As of December 31, 2002, the 600 companies in the composite had median market capitalization of \$428.8 million and total market value of \$321.9 billion. The SmallCap 600 represents approximately 2.8% of the market value of Compustat's database of over 11,418 equities.

The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index. The Russell 3000 Index measures the performance of the 3,000 largest US companies based on total market capitalization. These 3,000 companies represent approximately 98% of the investable US equity market. As of December 31, 2002, the average market capitalization of companies in the Russell 3000 was \$4.0 billion; the median market capitalization was \$700 million. Market capitalization of companies in the Index ranged from \$309 billion to \$128 million.

The Russell 2000 Index represents approximately 8% of the total market capitalization of the Russell 3000. As of December 31, 2002, the average market capitalization of companies in the Russell 2000 was approximately \$490 million; the median market capitalization was approximately \$395 million. The largest company in the index had a total market capitalization of approximately \$1.3 billion to \$128 million.

This chart assumes an initial investment of \$10,000 made on 4/30/99 (commencement of the Fund's operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the Separate account, are shown on page 4.

Small Cap Growth Stock Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2002

	Shares/ Par	Market Value (000's)		Shares/ Par	Market Value (000's)
Common Stock (93.3%)			Common Stock (93.3%)		
Consumer Discretionary (20.5%)			Health Care continued		
Aaron Rents, Inc.	118,000	\$ 2,582	*Patterson Dental Co.	145,600	\$ 6,369
*Aftermarket Technology Corp.	67,600	980	*Province Healthcare Co.	367,125	3,572
*Ann Taylor Stores Corp.	200,100	4,086	*Renal Care Group, Inc.	202,200	6,398
*Coach, Inc.	166,300	5,475	*Triad Hospitals, Inc.	83,000	2,476
Fred's, Inc.	107,650	2,767	*Ventana Medical Systems, Inc.	179,900	4,147
*Getty Images, Inc.	111,400	3,403	Total		51,145
*The Gymboree Corp.	256,800	4,073	Industrials (16.3%)		
*Lin TV Corp. — Class A	83,000	2,021	*Atlantic Coast Airlines Holdings, Inc.	160,700	1,933
*O'Reilly Automotive, Inc.	425,300	10,755	C.H. Robinson Worldwide, Inc.	151,900	4,739
*Orient-Express Hotel, Ltd. — Class A	238,300	3,217	*Charles River Associates Inc.	83,500	1,182
Polaris Industries, Inc.	65,900	3,862	*The Corporate Executive Board Co.	232,000	7,406
*Spanish Broadcasting System, Inc. — Class A	145,300	1,046	*Education Management Corp.	60,600	2,279
*Tommy Hilfiger Corp.	205,800	1,430	*Hewitt Associates, Inc. — Class A	47,100	1,493
*Westwood One, Inc.	175,500	6,556	*Integrated Defense Technologies, Inc.	200	3
Total		52,253	*Knight Transportation, Inc.	203,352	4,270
Consumer Staples (1.5%)			*MSC Industrial Direct Co., Inc. — Class A	121,700	2,160
*Peet's Coffee & Tea, Inc.	267,100	3,774	*P.A.M. Transportation Services, Inc.	107,100	2,700
Total		3,774	*Pacer International, Inc.	277,000	3,684
Energy (8.1%)			*Portfolio Recovery Associates, Inc.	127,200	2,322
*Cal Dive International, Inc.	181,200	4,258	*Resources Connection, Inc.	178,600	4,145
*Energy Partners, Ltd.	255,000	2,729	SkyWest, Inc.	193,900	2,534
*Forest Oil Corp.	83,900	2,320	*Tetra Tech, Inc.	67,175	820
*Grant Prideco, Inc.	237,000	2,759	Total		41,670
*National Oilwell, Inc.	168,400	3,678	Information Technology (16.9%)		
*Patterson-UTI Energy, Inc.	159,600	4,814	*Amphenol Corp. — Class A	68,700	2,611
Total		20,558	*Barra, Inc.	37,250	1,130
Financials (5.1%)			*Brooks-PRI Automation, Inc.	92,208	1,057
*Corrections Corporation of America	69,100	1,185	*CACI International, Inc. — Class A	101,700	3,625
Investors Financial Services Corp.	185,800	5,090	*EPIQ Systems, Inc.	206,150	3,158
*Platinum Underwriters Holdings, Ltd.	15,300	403	*Fargo Electronics, Inc.	343,500	2,995
Radian Group, Inc.	91,100	3,384	*Forrester Research, Inc.	144,100	2,244
W.P. Stewart & Co., Ltd.	97,300	1,744	*Inforte Corp.	227,400	1,762
Waddell & Reed Financial, Inc. — Class A	62,300	1,225	*MKS Instruments, Inc.	67,300	1,106
Total		13,031	*O2Micro International Ltd	111,300	1,085
Health Care (20.1%)			*Plexus Corp.	177,600	1,559
*Accredo Health, Inc.	112,200	3,955	*Renaissance Learning, Inc.	163,300	3,086
*The Advisory Board Co.	38,600	1,154	*TESSCO Technologies, Inc.	220,708	2,042
*AmSurg Corp.	61,500	1,256	*THQ, Inc.	84,350	1,118
*Apogent Technologies, Inc.	134,000	2,787	*UTStarcom, Inc.	367,000	7,277
*Bio-Rad Laboratories, Inc. — Class A	62,300	2,411	*Varian, Inc.	242,800	6,966
*CIMA Labs, Inc.	114,400	2,767	*Verint Systems, Inc.	17,400	351
*DaVita, Inc.	269,400	6,646	Total		43,172
*IMPAC Medical Systems, Inc.	15,400	285	Materials (4.8%)		
*Lincare Holdings, Inc.	218,900	6,922	*Airgas, Inc.	285,300	4,922
			Cambrex Corp.	93,900	2,837
			Minerals Technologies, Inc.	83,900	3,620

Small Cap Growth Stock Portfolio

Common Stock (93.3%)	Shares/ Par	Market Value (000's)	Money Market Investments (6.8%)	Shares/ Par	Market Value (000's)
Materials continued			Short Term Business Credit (3.0%)		
*Silgan Holdings, Inc.	33,600	\$ 829	Transamerica Financial Corp.,		
Total		<u>12,208</u>	1.34%, 1/21/03	\$5,000,000	\$ 4,996
Total Common Stock		<u>237,811</u>	UBS Finance LLC, 1.20%, 1/2/03	2,900,000	<u>2,900</u>
(Cost: \$253,937)			Total		<u>7,896</u>
Money Market Investments (6.8%)			Total Money Market		
Federal Government and Agencies (1.8%)			Investments (Cost: \$17,381)		<u>17,382</u>
Federal National Mortgage			Total Investments (100.1%)		
Association, 1.28%, 3/12/03	\$4,500,000	4,490	(Cost: \$271,318)^		<u>255,193</u>
Total		<u>4,490</u>	Other Assets, Less Liabilities		
Finance Lessors (2.0%)			(0.1%)		<u>(313)</u>
Receivables Capital Corp.,			Total Net Assets (100.0%)		<u>\$254,880</u>
1.35%, 1/21/03	5,000,000	4,996			
Total		<u>4,996</u>			

^ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$275,499 and the net unrealized depreciation of investments based on that cost was \$20,306 which is comprised of \$19,746 aggregate gross unrealized appreciation and \$40,052 aggregate gross unrealized depreciation.

* Non-Income Producing

The Accompanying Notes are an Integral Part of the Financial Statements

T. Rowe Price Small Cap Value Portfolio

Objective:

Long-term growth of capital

Portfolio Strategy:

Invest in small companies whose common stocks are believed to be undervalued.

Net Assets:

\$63.08 million

The T. Rowe Price Small Cap Value Portfolio invests primarily in small companies whose current stock prices do not appear to reflect their underlying value. For this Portfolio, value is defined broadly, with consideration given to stock price relative to long-term growth prospects and business franchises, in addition to typical value measures such as assets, current earnings and cash flow. The Portfolio typically holds approximately 100 stocks with market capitalizations within or below the range of companies in the Russell 2000 Value Index, as consideration of smaller companies often makes it possible to invest in higher quality companies without paying a premium. The average price-earnings ratio of stocks in the Portfolio is generally close to that of the Index, but quality measures such as return on equity and financial strength are higher. The major emphasis is on selection of individual stocks, with secondary consideration given to industry weightings in order to keep the Portfolio broadly diversified among economic sectors.

Although total return for 2002 was negative, as it was for virtually all equity funds, the T. Rowe Price Small Cap Value Portfolio significantly outperformed its benchmark, the Russell 2000 Index. The Portfolio's return was -5.6% versus -20.5% for the Index. Selection of individual stocks, especially within the materials, industrial, business services and financial sectors, was the major reason for the outperformance; sector weightings were generally a neutral factor in relative performance for the year.

We are well represented in the financial sector because many of the companies in this sector hold the fundamental characteristics we value. Nonetheless, our position, at 24% of assets, is below the benchmark's 30% weighting. Our consumer discretionary holdings (20% of assets) are significantly larger than the Russell benchmark's 14%, which hampered performance in the fourth quarter as investors shifted assets out of conservative investments into more growth-oriented names when the markets rallied in October and November.

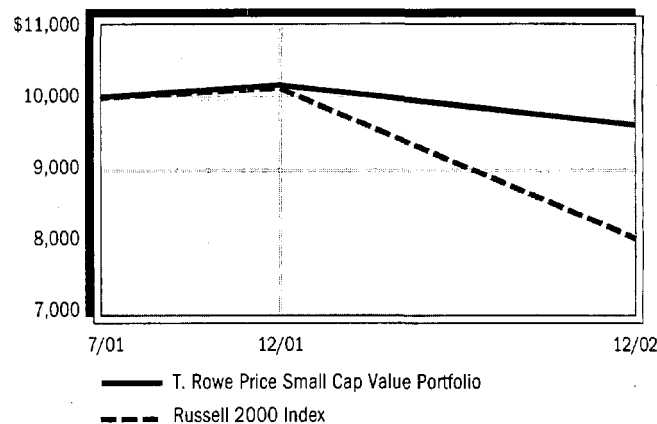
With over 100 stocks in the Portfolio, and positions ranging from quite small to over 2% of assets, very good performance of the largest holdings can contribute importantly to overall performance. This was the case in 2002 with XTO Energy, an independent oil and gas producer; Landstar System and UTI Worldwide, two freight and logistics companies. Other large holdings that were up significantly for the year are Brown & Brown, an insurance brokerage firm, and RARE Hospitality, which operates casual dining restaurants. The biggest performance detractor was Fred's, a value-oriented retailer that was off nearly 40% for the year. We have added to this position, as we have confidence in the company's management and strategic direction.

The T. Rowe Price Small Cap Value Portfolio is managed for Northwestern Mutual by T. Rowe Price.

Top 10 Holdings 12/31/02

Company	% of Total Net Assets
Brown & Brown, Inc.	2.5%
Texas Regional Bancshares, Inc. - Class A	2.4%
Landstar System, Inc.	2.4%
Ruby Tuesday, Inc.	2.1%
RARE Hospitality International, Inc.	1.9%
Fred's, Inc.	1.8%
XTO Energy, Inc.	1.8%
Community First Bankshares, Inc.	1.7%
Matthews International Corporation - Class A	1.7%
Allied Capital Corp.	1.6%

Relative Performance



Average Annual Total Return For Periods Ended December 31, 2002

	1 Year	Since Inception*
T. Rowe Price Small Cap Value Portfolio	-5.58%	-2.78%
Russell 2000 Index	-20.48%	-14.07%

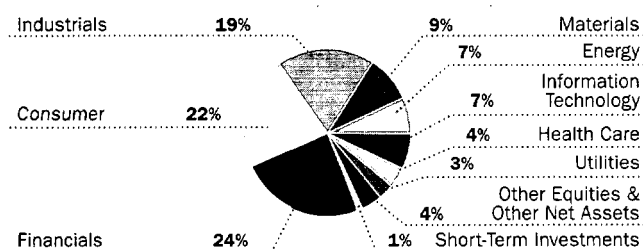
*inception date of 7/31/01

The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index. The Russell 3000 Index measures the performance of the 3,000 largest US companies based on total market capitalization. These 3,000 companies represent approximately 98% of the investable US equity market. As of December 31, 2002, the average market capitalization of companies in the Russell 3000 was \$4.0 billion; the median market capitalization was \$700 million. Market capitalization of companies in the Index ranged from \$309 billion to \$128 million. The index cannot be invested in directly and do not include sales charges.

The Russell 2000 Index represents approximately 8% of the total market capitalization of the Russell 3000. As of December 31, 2002, the average market capitalization of companies in the Russell 2000 was approximately \$490 million; the median market capitalization was approximately \$395 million. The largest company in the index had a total market capitalization of approximately \$1.3 billion to \$128 million.

This chart assumes an initial investment of \$10,000 made on 7/31/01 (commencement of the Fund's operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account, are shown on page 4.

Sector Allocation 12/31/02



T. Rowe Price Small Cap Value Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2002

	Shares/ Par	Market Value (000's)		Shares/ Par	Market Value (000's)
Common Stock (97.0%)			Common Stock (97.0%)		
Consumer Discretionary (19.6%)			Financials continued		
Aaron Rents, Inc.	37,100	\$ 812	Glenborough Realty Trust Inc.	37,900	\$ 675
Aaron Rents, Inc. — Class A	2,100	48	Innkeepers USA Trust	49,700	381
*CSS Industries, Inc.	12,000	397	Kilroy Realty Corp.	32,000	738
*Culp, Inc.	23,000	196	Lasalle Hotel Properties	25,800	361
Fred's, Inc.	44,900	1,154	*Markel Corp.	3,600	740
Hancock Fabrics, Inc.	32,000	488	*Ohio Casualty Corp.	17,900	232
Haverty Furniture Companies, Inc.	56,800	790	*ProAssurance Corp.	42,700	897
*Journal Register Co.	19,200	341	Scottish Annuity & Life Holdings, Ltd.	16,100	281
Matthews International Corp. — Class A	46,500	1,038	*Silicon Valley Bancshares	39,100	714
*Paxson Communications Corp.	4,000	8	Sun Communities, Inc.	24,900	911
*RARE Hospitality International, Inc.	42,700	1,179	Texas Regional Bancshares, Inc. — Class A	42,900	1,524
Ruby Tuesday, Inc.	76,900	1,330	*Triad Guaranty, Inc.	24,600	907
*Saga Communications, Inc. — Class A	49,000	931	Washington Real Estate Trust	21,400	546
*SCP Pool Corp.	26,400	771	Total		15,131
*Sinclair Broadcast Group, Inc. — Class A	19,200	223	Health Care (3.5%)		
Skyline Corp.	21,400	631	Arrow International, Inc.	7,100	289
*Stanley Furniture Co., Inc.	25,000	581	*Bone Care International, Inc.	33,800	329
*Stein Mart, Inc.	86,200	526	*Diversa Corp.	57,200	518
*TBC Corp.	44,200	531	*Guilford Pharmaceuticals, Inc.	55,400	220
*Unifi, Inc.	74,600	392	*Lexicon Genetics Inc.	10,000	47
Total		12,367	Owens & Minor, Inc.	50,100	823
Consumer Staples (2.3%)			Total		2,226
*American Italian Pasta Co. — Class A	15,600	561	Industrials (19.1%)		
Casey's General Stores, Inc.	50,000	610	Ameron International Corp.	7,200	397
*Wild Oats Markets, Inc.	27,100	280	C&D Technologies, Inc.	28,600	505
Total		1,451	*Casella Waste Systems, Inc. — Class A	60,700	540
Energy (7.4%)			EDO Corp.	21,400	445
*Atwood Oceanics, Inc.	13,800	415	*Electro Rent Corp.	55,850	677
CARBO Ceramics, Inc.	17,000	573	Franklin Electric Co., Inc.	18,500	888
*Forest Oil Corp.	21,350	590	G & K Services, Inc. — Class A	21,400	758
*Lone Star Technologies, Inc.	16,500	246	*Hub Group, Inc. — Class A	10,000	48
*Magnum Hunter Resources, Inc.	17,800	106	IDEX Corp.	20,200	661
Penn Virginia Corp.	17,850	649	*Insituform Technologies, Inc. — Class A	46,300	789
*TETRA Technologies, Inc.	27,100	579	*Kirby Corp.	4,800	131
*W-H Energy Services, Inc.	24,500	357	Landauer, Inc.	12,900	448
XTO Energy, Inc.	46,000	1,137	*Landstar System, Inc.	25,700	1,500
Total		4,652	*Layne Christensen Co.	12,400	102
Financials (23.9%)			*Littelfuse, Inc.	27,100	457
*Allied Capital Corp.	47,250	1,031	McGrath Rentcorp	19,000	442
*American Capital Strategies, Ltd.	16,000	345	*Midwest Express Holdings, Inc.	18,500	99
Bedford Property Investors, Inc.	21,400	550	Nordson Corp.	21,400	531
Brown & Brown, Inc.	47,900	1,547	*Right Management Consultants, Inc.	28,200	374
Community First Bankshares, Inc.	41,300	1,092	Thomas Industries, Inc.	29,100	758
East West Bancorp, Inc.	24,900	898	UTI Worldwide, Inc.	28,400	746
*First Republic Bank	33,600	672	*Waste Connections, Inc.	7,100	274
Gladstone Capital Corp.	5,400	89	Woodward Governor Co.	10,700	465
			Total		12,035

T. Rowe Price Small Cap Value Portfolio

Common Stock (97.0%)	Shares/ Par	Market Value (000's)	Money Market Investments (0.7%)	Shares/ Par	Market Value (000's)
Information Technology (7.1%)			Other Holdings (0.7%)		
Analogic Corp.	13,000	\$ 653	Reserve Investment Fund	\$421,816	\$ 422
*ATMI, Inc.	22,600	419	Total Money Market Investments		
*Cable Design Technologies Corp.	53,400	315			<u>422</u>
*Exar Corp.	38,000	471	Total Money Market Investments		
Methode Electronics, Inc. — Class A	24,500	269			<u>422</u>
*MPS Group, Inc.	78,400	434	Total Investments (97.7%)		
*Mykrolis Corp.	42,600	311			<u>61,653</u>
*Netegrity, Inc.	41,700	136	(Cost: \$65,987)^		
*Packeteer, Inc.	56,800	390	Other Assets, Less Liabilities		
*Progress Software Corp.	39,300	509			<u>1,430</u>
*SPSS, Inc.	35,750	500	(2.3%)		
*Stellent, Inc.	13,700	61	Total Net Assets (100.0%)		
		<u>4,468</u>			<u>\$63,083</u>
Total			^ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$66,017 and the net unrealized depreciation of investments based on that cost was \$4,364 which is comprised of \$2,684 aggregate gross unrealized appreciation and \$7,048 aggregate gross unrealized depreciation.		
Materials (9.1%)			* Non-Income Producing		
*Airgas, Inc.	49,700	858			
AptarGroup, Inc.	25,650	801			
Arch Chemicals, Inc.	28,500	520			
Carpenter Technology Corp.	17,800	222			
Deltic Timber Corp.	21,400	571			
Florida Rock Industries, Inc.	15,750	599			
Gibraltar Steel Corp.	28,500	543			
MacDermid, Inc.	14,200	324			
Myers Industries, Inc.	35,225	377			
*Symyx Technologies, Inc.	21,200	267			
Wausau-Mosinee Paper Corp.	56,800	637			
		<u>5,719</u>			
Total					
Utilities (3.1%)					
Black Hills Corp.	21,400	569			
Cleco Corp.	32,100	449			
Otter Tail Corp.	16,300	438			
Vectren Corp.	22,100	508			
		<u>1,964</u>			
Total					
Various Other Holdings (1.9%)					
First Financial Fund, Inc.	48,000	637			
Russell 2000 Value Index	5,200	581			
		<u>1,218</u>			
Total					
Total Common Stock					
(Cost: \$65,565)					
		<u>61,231</u>			

The Accompanying Notes are an Integral Part of the Financial Statements

Aggressive Growth Stock Portfolio

Objective:

Maximum long-term appreciation of capital

Portfolio Strategy:

Strive for the highest possible rate of capital appreciation by investing in companies with potential for rapid growth.

Net Assets:

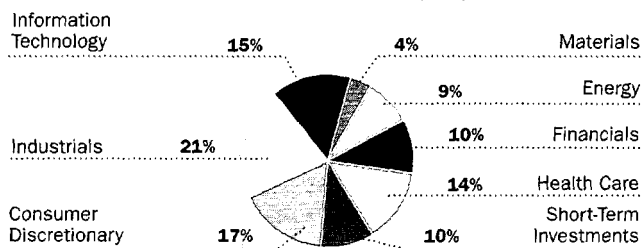
\$994.08 Million

The Aggressive Growth Stock Portfolio owns the stocks of emerging growth companies, generally with market capitalizations of less than \$10 billion. Since growth stock portfolios tend to react strongly to changes in financial and economic markets, as well as to changes in the prospects for individual companies, returns of this Portfolio can vary considerably from time to time. A higher level of risk (with risk defined as variability of returns over time) is accepted for the potential of greater long-term returns. The Portfolio's focus in stock selection is on the individual companies' ability to generate revenue, expand profit margins and maintain solid balance sheets; industry sector selection is of secondary importance.

For 2002, a year in which few equity investors were able to achieve positive returns, the Aggressive Growth Stock Portfolio had a negative return of -21.2%, underperforming the S&P MidCap 400 Index by 6.6 percentage points. Differences in return relative to the Index resulted mainly from stock selection, particularly within the technology sector, which rallied significantly in the fourth quarter. The Portfolio has 15% of assets in technology, compared with 13% for the Index, but we have limited holdings in semiconductors and software, the top-performing technology categories. Technology holdings that contributed to fourth quarter performance include Qlogic, Novellus and UTStarcom, though all these stocks were down for the year.

A positive influence on the Portfolio's performance for the year was relative strength in stocks we regard as defensive, such as Sigma-Aldrich, a supplier of specialty chemicals to the scientific community, and Ball Corp., which makes metal and plastic packaging. The Portfolio's holdings in the consumer discretionary sector had mixed results, with strength in holdings such as PETCO and Getty Images offset by weakness in some retail stocks including Kohl's and O'Reilly Automotive.

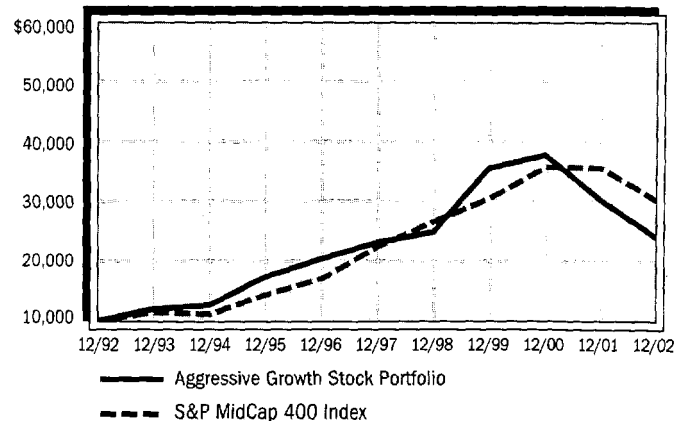
Sector Allocation 12/31/02



Top 10 Holdings 12/31/02

Company	% of Net Assets
Lincare Holdings, Inc.	3.5%
The Corporate Executive Board Co.	3.0%
Expeditors International of Washington, Inc.	2.7%
Patterson Dental Co.	2.7%
Investors Financial Services Corp.	2.6%
Old Republic International Corp.	2.6%
Fiserv, Inc.	2.5%
Lamar Advertising Company - Class A	2.1%
BJ Services Co.	1.8%
Swift Transportation Co., Inc.	1.8%

Relative Performance



Average Annual Total Return

For Periods Ended December 31, 2002

	1 Year	5 Years	10 Years
Aggressive Growth Stock Portfolio	-21.15%	0.74%	9.29%
S&P MidCap 400 Index	-14.51%	6.41%	11.96%

Since the Portfolio invests primarily in medium-capitalization (Mid Cap) issues, the index that best reflects the Portfolio's performance is the S&P MidCap 400 Index. This is a capitalization-weighted index that measures the performance of the midrange sector of the U.S. stock market. The index cannot be invested in directly and do not include sales charges.

As of December 31, 2002, the 400 companies in the composite had median market capitalization of \$1.5 billion and a total market value of \$690.7 billion. The MidCap 400 represents approximately 6.0% of the market value of Compustat's database of about 11,418 equities.

This chart assumes an initial investment of \$10,000 made on 12/31/92. Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account, are shown on page 4.

Aggressive Growth Stock Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2002

Common Stock (89.8%)	Shares/ Par	Market Value (000's)	Common Stock (89.8%)	Shares/ Par	Market Value (000's)
Consumer Discretionary (16.6%)			Industrials (21.6%)		
*CDW Computer Centers, Inc.	290,400	\$ 12,734	*Apollo Group, Inc. — Class A	369,550	\$ 16,260
*Dollar Tree Stores, Inc.	546,750	13,434	*ARAMARK Corp. — Class B	584,200	13,729
*Entercom Communications Corp. — Class A	271,200	12,725	*The BISYS Group, Inc.	556,100	8,842
Fairmont Hotels & Resorts, Inc.	488,700	11,509	*ChoicePoint, Inc.	124,700	4,924
*Getty Images, Inc.	547,200	16,717	Cintas Corp.	213,950	9,788
*Hispanic Broadcasting Corp. — Class A	335,400	6,892	*Concord EPS, Inc.	235,750	3,711
*Jones Apparel Group, Inc.	485,900	17,220	*The Corporate Executive Board Co.	943,600	30,120
*Kohl's Corp.	287,300	16,074	Deere & Co.	146,700	6,726
*Lamar Advertising Co. — Class A	616,125	20,733	Expeditors International of Washington, Inc.	810,200	26,453
*Michaels Stores, Inc.	219,200	6,861	Fastenal Co.	266,700	9,972
*O'Reilly Automotive, Inc.	469,900	11,884	*Fiserv, Inc.	725,565	24,633
*PETCO Animal Supplies, Inc.	729,000	17,087	Graco, Inc.	326,000	9,340
Total		163,870	*Hewitt Associates, Inc. — Class A	139,500	4,421
Energy (8.8%)			Manpower, Inc.	88,600	2,826
*BJ Services Co.	559,600	18,081	Paychex, Inc.	492,100	13,730
*Cooper Cameron Corp.	261,200	13,013	SkyWest, Inc.	518,300	6,774
GlobalSantaFe Corp.	422,101	10,265	*Swift Transportation Co., Inc.	869,500	17,406
*Grant Prideco, Inc.	679,425	7,909	*Tetra Tech, Inc.	359,197	4,382
*Nabors Industries, Ltd.	471,000	16,612	Total		214,037
Ocean Energy, Inc.	455,500	9,096	Information Technology (15.0%)		
*Weatherford International, Ltd.	312,925	12,495	*Brooks-PRI Automation, Inc.	380,008	4,355
Total		87,471	*Cadence Design Systems, Inc.	627,300	7,396
Financials (9.9%)			*Electronic Arts, Inc.	73,100	3,638
Eaton Vance Corp.	252,700	7,139	Fair, Issac and Co., Inc.	193,300	8,254
Investors Financial Services Corp.	956,700	26,204	*Integated Circuit Systems, Inc.	312,800	5,709
Northern Trust Corp.	177,100	6,207	*Intersil Corp. — Class A	574,400	8,007
Old Republic International Corp.	905,000	25,340	*Intuit, Inc.	311,971	14,638
Radian Group, Inc.	375,600	13,954	*Jabil Circuit, Inc.	611,500	10,958
RenaissanceRe Holdings Ltd.	135,500	5,366	*Keane, Inc.	506,700	4,555
SouthTrust Corp.	591,000	14,686	*Mettler — Toledo International, Inc.	209,000	6,701
Total		98,896	Microchip Technology, Inc.	683,275	16,705
Health Care (14.1%)			*Novellus Systems, Inc.	388,800	10,918
*Apogent Technologies, Inc.	521,400	10,845	*QLogic Corp.	257,800	8,897
Biomet, Inc.	490,900	14,069	*Semtech Corp.	411,200	4,490
*Biovail Corp.	400,100	10,567	*UTStarcom, Inc.	570,700	11,317
Health Management Associates, Inc.	374,700	6,707	*VeriSign, Inc.	110,300	885
*Lincare Holdings, Inc.	1,086,000	34,340	*Waters Corp.	286,000	6,229
*MedImmune, Inc.	346,600	9,417	*Zebra Tehnologies Corp. — Class A	278,100	15,934
*Patterson Dental Co.	601,750	26,321	Total		149,586
*Province Healthcare Co.	857,650	8,345	Materials (3.8%)		
*Shire Pharmaceuticals Group PLC, ADR	262,700	4,962	Ball Corp.	135,400	6,931
*St. Jude Medical, Inc.	113,300	4,500	Praxair, Inc.	297,700	17,198
*Universal Health Services, Inc. — Class B	229,600	10,355	Sigma-Aldrich Corp.	285,300	13,894
Total		140,428	Total		38,023
			Total Common Stock		
			(Cost: \$932,403)		
					892,311

Aggressive Growth Stock Portfolio

Money Market Investments (10.5%)	Shares/ Par	Market Value (000's)
Federal Government and Agencies (0.6%)		
Federal Home Loan Bank, 1.24%, 3/7/03	\$ 6,000,000	\$ 5,987
Total		<u>5,987</u>
Finance Lessors (2.0%)		
Receivables Capital Corp., 1.35%, 1/21/03	20,000,000	19,985
Total		<u>19,985</u>
Finance Services (1.9%)		
Preferred Receivable Funding, 1.35%, 1/9/03	18,600,000	18,594
Total		<u>18,594</u>
Miscellaneous Business Credit Institutions (2.0%)		
Quincy Capital Corp., 1.37%, 1/21/03	20,000,000	19,985
Total		<u>19,985</u>

Money Market Investments (10.5%)	Shares/ Par	Market Value (000's)
Personal Credit Institutions (4.0%)		
Salomon Smith Barney Hld, 1.325%, 1/24/03	\$20,000,000	\$ 19,984
Toyota Motor Credit Co., 1.31%, 1/27/03	20,000,000	19,981
Total		<u>39,965</u>
Total Money Market Investments (Cost: \$104,515)		<u>104,516</u>
Total Investments (100.3%) (Cost \$1,036,918)^		<u>996,827</u>
Other Assets, Less Liabilities (-0.3%)		<u>(2,752)</u>
Total Net Assets (100.0%)		<u>\$994,075</u>

^ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$1,051,359 and the net unrealized depreciation of investments based on that cost was \$54,532 which is comprised of \$85,872 aggregate gross unrealized appreciation and \$140,404 aggregate gross unrealized depreciation.

ADR — American Depository Receipt

* Non-Income Producing

The Accompanying Notes are an Integral Part of the Financial Statements

International Growth Portfolio

Objective:
Long-term capital appreciation

Portfolio Strategy:
Invest in stocks of companies outside the U.S. that are expected to experience above-average growth.

Net Assets:
\$35.37 million

The International Growth Stock Portfolio invests in common stocks of companies that are headquartered or trade primarily on exchanges outside the United States and that are expected to grow more rapidly than market averages. Holdings are selected for their individual characteristics and growth prospects, with only minor consideration given to size, geography, and industry group. Stocks are selected through fundamental analysis of their financial soundness and potential for growth, with emphasis on distinctiveness of products or services and strong market positions. Stocks under consideration are carefully analyzed to make sure the promise of growth is not already reflected in the stock price, with technical analysis used as a further check on the relationship between price, value and market trends.

In a year of negative returns for nearly all major international markets, the International Growth Portfolio produced a negative return, but outperformed its benchmark, the EAFE Index. Good relative performance resulted mainly from favorable stock selection, with some concentration in defensive industry groups that are not highly sensitive to economic conditions. Holdings in this category include large consumer products companies such as Reckitt Benckiser and Unilever. Since tobacco companies tend to be relatively immune to economic weakness, we have been successful with holdings Gallaher and Swedish Match.

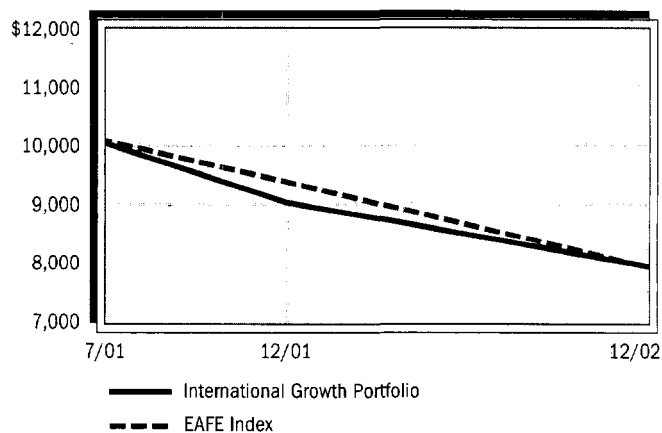
A notable industry weighting is in autos: BMW AG, Porsche AG and Honda all performed well during the year, though with some weakness at year end. Several Canadian companies contributed to performance, including Royal Bank of Canada and Cott, although both positions have been reduced somewhat. In anticipation of renewed economic growth in many international markets, we have begun adding or increasing positions in names with more cyclical exposure, such as Samsung Electronics, Atlas Copco, Daily Mail & General Trust, and BASF.

Because of the Portfolio's strong orientation to growth, we own stocks of many smaller companies, which often have greater growth potential than more mature, larger companies. In many cases these stocks are not widely followed, and their prices do not reflect their fundamental value and growth potential. Examples are Jarvis PLC, a British support services company, Neopost, a French mailing equipment manufacturer, and Medion, a German consumer electronics distributor.

Top 10 Holdings 12/31/02

Company	% of Total Net Assets
Anglo Irish Bank Corp PLC - Ireland	1.8%
Reckitt Benckiser PLC - U.K.	1.5%
Rank Group PLC - U.K.	1.5%
Swedish Match AB - Sweden	1.4%
Belluna Co., LTD. - Japan	1.4%
Saipem SPA - Italy	1.4%
Esprit Holdings Limited - Hong Kong	1.4%
ResMed, Inc. - Australia	1.3%
Corporacion Mapfre - Spain	1.3%
IHC Caland NV - Netherlands	1.2%

Relative Performance



Average Annual Total Return For Periods Ended December 31, 2002

	1 Year	Since Inception
International Growth Portfolio	-12.34%	-14.98%
EAFE Index	-15.66%	-15.25%

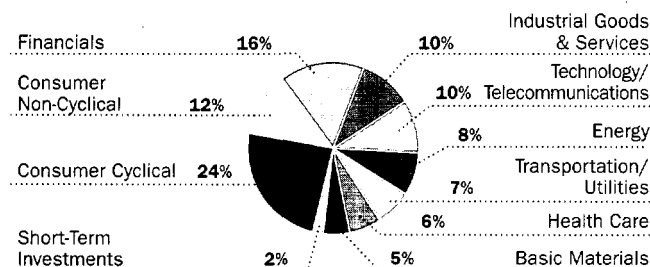
*inception date of 7/31/01

As depicted in the graph, the International Growth Portfolio is compared against the Morgan Stanley Capital International EAFE ("Europe-Australasia-Far East") Index. The index is composed of approximately 1,100 companies in 20 countries in Europe and the Pacific Basin. The objective of the index is to reflect the movements of stock markets in these countries by representing an unmanaged (indexed) portfolio within each country. The index is constructed so that companies chosen represent about 60% of market capitalization in each market; industry composition of the market is reflected; and a cross section of large, medium, and small capitalization stocks is included, taking into account liquidity concerns. The index is calculated in U.S. dollars. The Index cannot be invested in directly and does not include sales charges.

This chart assumes an initial investment of \$10,000 made on 7/31/01 (commencement of the Portfolio's operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account are shown on page 4.

Investors should be aware of the risks of investments in foreign securities, particularly investments in securities of companies in developing nations. These include the risks of currency fluctuation, of political and economic instability and of less well-developed government supervision and regulation of business and industry practices, as well as differences in accounting standards.

Sector Allocation 12/31/02



International Growth Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2002

Foreign Common Stock (97.7%)	Country	Shares/Par	Market Value (000's)	Foreign Common Stock (97.7%)	Country	Shares/Par	Market Value (000's)
Basic Materials (5.4%)				Consumer Cyclical continued			
*Arcelor	Luxembourg	18,700	\$ 230	*Hyundai Motor Co., Ltd.	Republic Of Korea	11,000	\$ 257
BASF AG	Germany	6,415	242	*Inditex	Spain	6,700	158
*Billerud Norske Skogindustrier	Sweden	16,498	180	Medion AG	Germany	6,050	211
ASA	Norway	8,575	121	MFI Furniture Group PLC	United Kingdom	110,760	197
*Novozymes A/S — B Shares	Denmark	11,200	234	*NCSOFT Corp.	Republic Of Korea	1,390	121
Rio Tinto Ltd.	Australia	12,200	233	Nintendo Co., Ltd.	Japan	1,900	178
*Solvay SA	Belgium	5,400	373	*Porsche AG	Germany	850	353
UPM-Kymmene OYJ	Finland	9,600	308	*PSA Peugeot Citroen	France	4,250	173
Total			1,921	Rank Group PLC	United Kingdom	121,400	520
Consumer Cyclical (24.1%)				*Swatch Group AG	Switzerland	2,850	237
Bayerische Motoren Werke AG	Germany	9,000	273	Vivendi Universal SA	France	14,250	230
*Belluna Co., Ltd.	Japan	14,520	504	*Volkswagen AG	Germany	6,300	228
Berkeley Group PLC	United Kingdom	27,975	267	*Walmart de Mexico — Series V	Mexico	104,000	237
Beru AG	Germany	9,300	415	Wolseley PLC	United Kingdom	31,770	267
Bridgestone Corp.	Japan	30,000	372	Total			8,512
*British Sky Broadcasting Group PLC	United Kingdom	30,695	316	Consumer Non-Cyclical (11.8%)			
Carnival Corp.	Panama	4,350	109	*Burberry Group PLC	United Kingdom	44,305	160
*Compass Group PLC	United Kingdom	51,275	272	Cadbury Schweppes PLC	United Kingdom	19,000	118
*Daily Mail and General Trust	United Kingdom	16,550	155	*Cott Corp.	Canada	16,700	298
*Denway Motors Limited	Hong Kong	1,000,000	340	*Gallaher Group PLC	United Kingdom	36,550	363
Electrolux AB — Series B	Sweden	20,000	316	*Interbrew	Belgium	5,500	130
*Esprit Holdings Ltd.	Hong Kong	284,500	478	*Kao Corp.	Japan	6,000	132
Folli-Folli SA	Greece	15,600	265	Kook Soon Dang Brewer Co., Ltd.	South Korea	8,400	189
*Fuji Heavy Industries, Ltd.	Japan	56,000	222	Luxottica Group SPA, ADR	Italy	20,900	285
Game Group PLC	United Kingdom	155,000	90	*Nestle SA	Switzerland	1,690	358
Greek Organization Of Football Prognostics	Greece	21,240	224	*Pernod-Ricard SA	France	1,200	116
*HMV Group PLC	United Kingdom	101,335	194	*Puma AG Rudolf Dassler Sport	Germany	1,790	122
*Honda Motor Co., Ltd.	Japan	9,000	333	Reckitt Benckiser PLC	United Kingdom	27,500	534
				Shiseido Co., Ltd	Japan	29,000	377
				Swedish Match AB	Sweden	65,000	511
				Unilever PLC	United Kingdom	35,500	338

International Growth Portfolio

Foreign Common Stock (97.7%)	Country	Shares/Par	Market Value (000's)
Consumer Non-Cyclical continued			
*Wella AG	Germany	2,200	\$ 133
Total			4,164
Energy (7.7%)			
*ENI SPA	Italy	16,000	254
*IHC Caland NV	Netherlands	8,000	422
*Precision Drilling Corp.	Canada	6,760	218
Royal Dutch Petroleum	Netherlands	6,500	286
Saipem SPA	Italy	71,800	481
Suncor Energy, Inc.	Canada	19,000	297
*Technip	France	2,205	158
*TGS Nopec Geophysical Co. ASA	Norway	24,000	189
Total Fina Elf SA	France	2,850	407
Total			2,712
Financials (16.3%)			
Aegon NV	Netherlands	21,250	273
*Anglo Irish Bank Co.	Ireland	90,000	640
*BNP Paribas SA	France	7,000	285
Cattles PLC	United Kingdom	26,200	122
*Converium Holding AG	Switzerland	3,500	170
*Corporacion Mapfre	Spain	57,000	462
*Danske Bank	Denmark	23,200	383
*Deutsche Boerse AG	Germany	8,600	343
*Grupo Financiero BBVA Bancomer	Mexico	266,320	201
*HSBC Holdings PLC	United Kingdom	22,400	245
ING Groep NV	Netherlands	13,500	229
*Intrum Justitia AB	Sweden	15,800	73
*Irish Life & Permanent Lloyds TSB Group PLC	United Kingdom	34,000	244
Man Group PLC	United Kingdom	25,000	357
Manulife Financial	Canada	8,000	174
Muenchener Rueckversicherungs-Gesellschaft AG	Germany	875	105
*OTP Bank RT	Hungary	27,600	271
Royal Bank of Canada	Canada	9,520	349

Foreign Common Stock (97.7%)	Country	Shares/Par	Market Value (000's)
Financials continued			
Royal Bank Of Scotland Group PLC	United Kingdom	13,190	\$ 316
Swiss Reinsurance Co.	Switzerland	4,000	262
Total			5,780
Healthcare (6.2%)			
*Elekta AB — Class B	Sweden	32,300	326
*Nobel Biocare Holding AG	Switzerland	2,695	173
*Novartis AG	Switzerland	5,700	208
*Perbio Science AB	Sweden	5,300	60
*Resmed	Australia	15,200	464
Synthes Stratec, Inc.	Switzerland	513	315
Takeda Chemical Industries	Japan	7,000	293
*Taro Pharmaceutical Industries, Ltd.	Israel	5,200	196
Teva Pharmaceutical Industries Ltd., ADR	Israel	3,755	145
Total			2,180
Industry Goods and Services (9.8%)			
*Alfa Laval AB	Sweden	12,040	97
*Amarco Ltd.	Australia	39,145	187
Atlas Copco AB — A shares	Sweden	13,650	266
BAE Systems PLC	United Kingdom	64,275	128
Group 4 Falck A/S	Denmark	7,800	165
*Grupo Ferrovial Huhtamaki OYJ	Spain	16,500	419
*Jarvis PLC	Finland	30,000	301
*Meggitt PLC	United Kingdom	22,490	101
*Neopost SA	United Kingdom	109,600	311
*Schindler Holdings	France	10,000	322
*Serco Group PLC	Switzerland	1,295	252
*SGS Societe Generale de Surveillance Holding SA	United Kingdom	59,750	147
Vestas Wind Systems A/S	Switzerland	1,140	343
	Denmark	8,100	81

International Growth Portfolio

Foreign Common Stock (97.7%)	Country	Shares/Par	Market Value (000's)
Industry Goods and Services continued			
Vinci SA	France	6,250	\$ 352
Total			3,472
Technology (6.5%)			
ASM Pacific			
Technology Ltd.	Hong Kong	62,500	123
*ASML Holding NV	Netherlands	9,900	83
Canon, Inc.	Japan	6,000	226
*INFOSYS Technologies Ltd.			
	India	2,250	224
*Logitech International-Reg			
	Switzerland	13,600	405
Nokia OYJ	Finland	14,000	223
*Riverdeep Group PLC			
	Ireland	96,450	142
Royal Philips Electronics NV			
	Netherlands	11,000	193
Samsung Electronics Co., Ltd.			
	South Korea	970	257
*Sap AG	Germany	2,520	198
Taiwan Semiconductor Manufacturing Co., Ltd.			
	Taiwan	67,100	82
*Tandberg ASA	Norway	27,100	156
Total			2,312
Telecommunications (2.5%)			
*KDDI Corp.	Japan	50	162
*Orange SA	France	40,000	277
Pt Telekomunikasi Indonesia			
	Indonesia	415,500	179
*Vodafone Group PLC			
	United Kingdom	153,350	279
Total			897
Transportation (4.0%)			
Brisa Auto Estradas de Portugal SA			
	Portugal	72,000	399
*EasyJet PLC	United Kingdom	48,545	214
Exel PLC	United Kingdom	26,015	288
Fraport AG	Germany	9,000	161
Macquarie Infrastructure Group			
	Australia	200,500	361
Total			1,423

Foreign Common Stock (97.7%)	Country	Shares/Par	Market Value (000's)
Utilities (3.4%)			
Centrica PLC			
	United Kingdom	104,900	\$ 289
Italgas S.P.A.	Italy	19,500	265
National Grid Group PLC			
	United Kingdom	46,180	339
*Snam Rete Gas	Italy	38,500	131
*Suez Lyonnaise des Eaux SA			
	France	10,700	186
Total			1,210
Total Foreign Common Stock (Cost: \$36,919)			34,583

Money Market Investments (2.3%)

Short Term Business Credit (2.3%)

Old Line Funding Corp., 1.38%, 1/15/03	\$800,000	800
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Total Money Market Investments (Cost: \$800)

800

Total Investments (100.0%) (Cost \$37,719)^

35,383

Other Assets, Less Liabilities (0.0%)

(10)

Total Net Assets (100.0%)

\$35,373

^ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$37,917 and the net unrealized depreciation of investments based on that cost was \$2,534 which is comprised of \$4,171 aggregate gross unrealized appreciation and \$6,705 aggregate gross unrealized depreciation.

* Non-Income Producing

Investment Percentage by Country:

United Kingdom	20.3%
Germany	7.9%
Japan	7.9%
Switzerland	7.7%
France	7.1%
Other	49.1%
Total	100.0%

The Accompanying Notes are an Integral Part of the Financial Statements

Franklin Templeton International Equity Portfolio

Objective:

Long-term appreciation of capital through diversification into markets outside the United States

Portfolio Strategy:

Participate in the growth of foreign economies by investing in securities with high long-term earnings potential relative to current market values.

Net Assets:

\$563.10 million

The Franklin Templeton International Equity Portfolio offers the opportunity to participate in the growth of companies in countries throughout the world, particularly those with expanding economies. In selecting investments, the principal focus is on identifying undervalued stocks of companies with strong finances and good long-term growth opportunities, rather than on choosing specific industry groups or regions of the world in which to invest. The Portfolio is normally fully invested in equity securities.

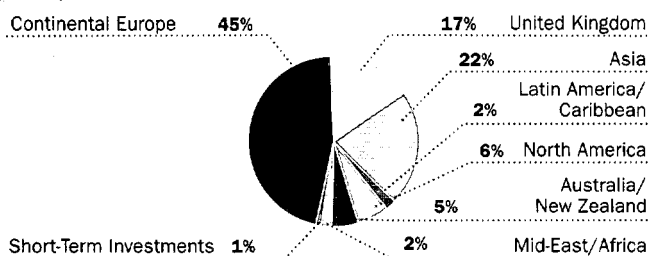
The Portfolio underperformed the EAFE Index by approximately two percentage points during 2002; most of this underperformance came in the fourth quarter of the year and resulted from extreme volatility of a few stocks. Total return for both the Portfolio and the Index was negative for the year, as world economies and equity markets trended generally down. Largely because of weakness in the U.S. dollar relative to other currencies, the EAFE index was down significantly less than the S&P 500 in 2002.

News about Asian markets tends to focus on Japan, a nation that has been in recession for a decade; the Portfolio's representation in Japan is half that of the EAFE Index. Other Asian economies are experiencing growth, and we are finding better opportunities in Hong Kong, which provides access to the rapidly growing Chinese market, and South Korea, with one of Asia's strongest economies. Two of the Portfolio's ten largest holdings, Samsung Electronics and KT Corp, South Korea's leading telephone company, are Korean companies.

European markets struggled during 2002; most were down more than 20% in local currency, and the German market was off more than 40%. As always, individual stock selection is the main focus of the Portfolio, and sharp drops in stocks of some quality companies have created significant buying opportunities. During the year we added to positions in several holdings including Aventis, a French pharmaceutical company; Shire Pharmaceuticals in the U.K., and E.ON and Deutsche Post in Germany. We reduced positions in Samsung Electronics and Australia & New Zealand Banking Group, which contributed to performance early in the year, and liquidated Elan Corp., which had hurt performance. A new investment in the second half of the year was Suez SA, a French power company that experienced a sharp price drop because of concerns about power holdings in the U.S. Another new holding is Atlas Copco, a leading global machinery company that has performed well; this is a premier company with excellent long-term prospects.

The Franklin Templeton International Equity Portfolio is managed for Northwestern Mutual by Templeton Investment Counsel, Inc.

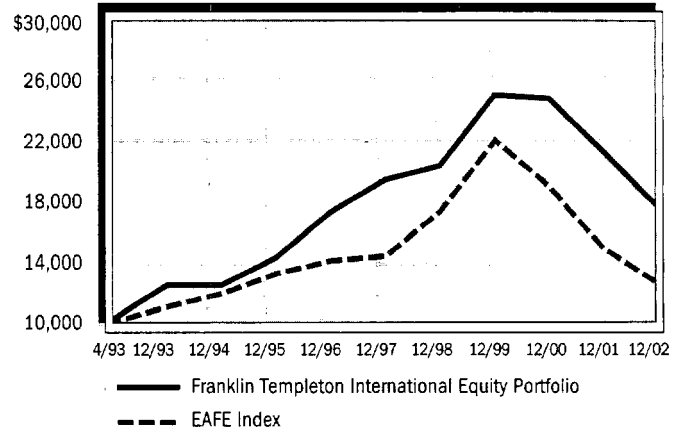
Asset Allocation 12/31/02



Top 10 Holdings 12/31/02

Company	% of Total Net Assets
Société Bic SA - France	2.1%
Suez SA - France	2.0%
Swiss Reinsurance Co. - Switzerland	2.0%
Riunione Adriatica di Sicurtà SPA - Italy	1.9%
Samsung Electronics Co. LTD - South Korea	1.9%
Nestlé SA - Switzerland	1.9%
KT Corp. South Korea	1.9%
Aventis SA - France	1.9%
Repsol YPF SA - Spain	1.8%
Atlas Copco AB - Sweden	1.8%

Relative Performance



Average Annual Total Return For Periods Ended December 31, 2002

	1 Year	5 Years	Since Inception*
Franklin Templeton International Equity Portfolio	-17.40%	-1.92%	6.02%
EAFE Index	-15.66%	-2.61%	2.40%

*inception date of 4/30/93

As depicted in the graph, the Franklin Templeton International Equity Portfolio is compared against the Morgan Stanley Capital International EAFE ("Europe-Australasia-Far East") Index. The index is composed of approximately 1,100 companies in 20 countries in Europe and the Pacific Basin. The objective of the index is to reflect the movements of stock markets in these countries by representing an unmanaged (indexed) portfolio within each country. The index is constructed so that companies chosen represent about 60% of market capitalization in each market; industry composition of the market is reflected; and a cross section of large, medium, and small capitalization stocks is included, taking into account liquidity concerns. The index is calculated in U.S. dollars. The Index cannot be invested in directly and does not include sales charges.

This chart assumes an initial investment of \$10,000 made on 4/30/93 (commencement of the Portfolio's operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account are shown on page 4.

Investors should be aware of the risks of investments in foreign securities, particularly investments in securities of companies in developing nations. These include the risks of currency fluctuation, of political and economic instability and of less well-developed government supervision and regulation of business and industry practices, as well as differences in accounting standards.

Franklin Templeton International Equity Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2002

Foreign Common Stock (98.7%)	Country	Shares/ Par	Market Value (000's)
Automobiles & Components (3.0%)			
Autoliv, Inc.	Sweden	169,780	\$ 3,553
GKN PLC	United Kingdom	2,091,540	6,760
Valeo SA	France	210,000	6,589
Total			16,902
Banks (7.9%)			
Australia & New Zealand Banking Group, Ltd.			
	Australia	888,221	8,678
Banca Nazionale Del Lavoro SPA			
	Italy	3,529,070	3,907
*Dbs Group Holdings, Ltd.			
	Singapore	1,192,000	7,560
HSBC Holdings PLC			
	United Kingdom	530,937	5,804
Lloyds TSB Group PLC			
	United Kingdom	1,165,150	8,366
Nordea AB			
	Sweden	1,793,590	8,037
Nordea AB (NDA)			
	Sweden	491,780	2,167
Total			44,519
Basic Materials (3.5%)			
BASF AG			
	Germany	258,500	9,739
Norske Skogindustrier			
	Norway	684,860	9,688
Total			19,427
Capital Goods (10.3%)			
Alstom SA			
	France	903,114	4,502
Atlas Copco AB— Class A			
	Sweden	523,450	10,212
BAE Systems PLC			
	United Kingdom	2,125,020	4,242
Hutchison Whampoa, Ltd.			
	Hong Kong	1,199,000	7,503
Invensys PLC			
	United Kingdom	4,527,820	3,845
KCI Konecranes International PLC			
	Finland	342,900	8,381
Kurita Water Industries, Ltd.			
	Japan	580,000	5,841
Rolls-Royce PLC			
	United Kingdom	2,061,590	3,551
Volvo AB — Class B			
	Sweden	608,220	9,911
Total			57,988
Commercial Services & Supplies (2.1%)			
Societe Bic SA			
	France	349,140	12,036
Total			12,036

Foreign Common Stock (98.7%)	Country	Shares/ Par	Market Value (000's)
Consumer Cyclical (1.5%)			
Volkswagen AG			
	Germany	230,450	\$ 8,343
Total			8,343
Consumer Durables & Apparel (2.4%)			
Royal Philips Electronics NV			
	Netherlands	576,875	10,110
Sony Corporation			
	Japan	77,300	3,231
Total			13,341
Diversified Financials (3.2%)			
ING Groep NV			
	Netherlands	436,000	7,384
Nomura Holdings, Inc.			
	Japan	332,400	3,737
Swire Pacific Limited — Class A			
	Hong Kong	1,260,500	4,825
Swire Pacific Limited — Class B			
	Hong Kong	3,534,200	2,255
Total			18,201
Energy (7.5%)			
CNOOC Limited			
	China	293,360	7,642
ENI SPA			
	Italy	416,325	6,619
Husky Energy, Inc.			
	Canada	485,610	5,063
Repsol Ypf SA			
	Spain	783,780	10,364
Shell Transport & Trading Company PLC			
	United Kingdom	1,428,430	9,405
Total Fina Elf SA			
	France	21,182	3,025
Total			42,118
Food & Drug Retailing (1.6%)			
J. Sainsbury PLC			
	United Kingdom	2,034,900	9,132
Total			9,132
Food Beverage & Tobacco (3.2%)			
Nestle SA			
	Switzerland	50,220	10,642
Unilever PLC			
	United Kingdom	773,990	7,364
Total			18,006
Health Care Equipment & Services (1.4%)			
Amersham PLC			
	United Kingdom	883,370	7,842
Mayne Nickless, Ltd.			
	Australia	10	0
Total			7,842

Franklin Templeton International Equity Portfolio

Foreign Common Stock (98.7%)	Country	Shares/Par	Market Value (000's)
Insurance (10.0%)			
ACE Ltd.	Bermuda	330,080	\$ 9,685
Axa SA	France	433,842	5,823
Riunione Adriatica Di Sicurta SPA	Italy	902,240	10,983
Sompo Japan Insurance, Inc.	Japan	1,586,000	9,262
Swiss Reinsurance	Switzerland	170,200	11,163
XL Capital, Ltd. — Class A	Bermuda	122,550	9,467
Total			56,383
Materials (6.9%)			
Akzo Nobel NV	Netherlands	316,250	10,033
AngloGold Limited, ADR	South Africa	113,870	3,901
Bayer AG	Germany	263,150	5,523
Broken Hill Property Billiton, Ltd.	Australia	1,743,580	9,965
Stora Enso OYJ — Class R	Finland	842,680	8,887
Stora Enso OYJ — R Shares	Finland	29,567	307
Total			38,616
Media (2.0%)			
United Business			
Media PLC	United Kingdom	1,463,910	6,835
Wolters Kluwer NV	Netherlands	252,530	4,399
Total			11,234
Pharmaceuticals & Biotechnology (4.7%)			
Aventis SA	France	194,710	10,585
*CK Life Sciences International, Inc.	Hong Kong	29,640	5
Ono Pharmaceutical Co., Ltd.	Japan	266,000	8,047
Shire Pharmaceuticals Group	United Kingdom	1,209,710	7,741
Total			26,378
Real Estate (0.5%)			
Cheung Kong Holdings, Ltd.	Hong Kong	441,000	2,870
Total			2,870
Retailing (1.7%)			
Marks & Spencer Group PLC	United Kingdom	1,891,701	9,593
Total			9,593

Foreign Common Stock (98.7%)	Country	Shares/Par	Market Value (000's)
Software and Computer Services (1.0%)			
Check Point Software Tech			
	Israel	442,150	\$ 5,735
Total			5,735
Technology Hardware & Equipment (3.2%)			
*Hitachi, Ltd.	Japan	1,973,000	7,565
Samsung Electronics	South Korea	40,200	10,643
Total			18,208
Telecommunication Services (9.5%)			
BCE, Inc.	Canada	380,910	6,872
Cable & Wireless PLC			
	United Kingdom	2,428,130	1,749
Compania de Telecomunicaciones de Chile SA, ADR			
	Chile	154,985	1,486
KT Corp. Spons, ADR			
	South Korea	491,440	10,590
Nippon Telegraph & Telephone Corporation			
	Japan	2,084	7,569
Philippine Long Distance Telephone, ADR			
	Philippines	309,100	1,555
PT Indosat, ADR Telecom Corporation of New Zealand Limited			
	New Zealand	2,907,170	6,888
*Telefonica SA, ADR	Spain	172,867	4,593
Telefonos de Mexico SA, ADR			
	Mexico	301,444	9,640
Total			53,307
Transportation (3.6%)			
British Airways PLC	United Kingdom	1,228,800	2,671
Deutsche Post AG	Germany	935,920	9,831
Nippon Express Co., Ltd.	Japan	2,026,000	7,939
Total			20,441

Franklin Templeton International Equity Portfolio

Foreign Common Stock (98.7%)	Country	Shares/ Par	Market Value (000's)
Utilities (8.0%)			
E.On AG	Germany	187,200	\$ 7,544
Endesa SA	Spain	574,510	6,722
Hong Kong Electric Holdings Limited	Hong Kong	1,794,500	6,800
Iberdrola SA	Spain	467,480	6,549
International Power PLC	United Kingdom	2,038,344	3,142
Korea Electric Power Corp.	South Korea	192,390	2,960
Suez Lyonnaise	France	657,010	11,404
Total			<u>45,121</u>
Total Foreign Common Stock			
(Cost: \$672,686)			<u>555,741</u>

Preferred Stock (0.6%)

Energy (0.6%)			
Petroleo Brasileiro SA	Brazil	274,860	3,603
Total Preferred Stock			
(Cost: \$5,746)			<u>3,603</u>

Money Market Investments (0.6%)	Country	Shares/ Par	Market Value (000's)
Short Term Business Credit (0.6%)			
UBS Finance LLC, 1.2%, 1/2/03	United States	\$3,200,000	\$ 3,200
Total Money Market Investments (Cost: \$3,200)			<u>3,200</u>
Total Investments (99.9%)			
(Cost \$681,632)^			<u>562,544</u>
Other Assets, Less Liabilities (0.1%)			<u>558</u>
Total Net Assets (100.0%)			<u>\$563,102</u>

^ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$682,917 and the net unrealized depreciation of investments based on that cost was \$120,373 which is comprised of \$45,026 aggregate gross unrealized appreciation and \$165,399 aggregate gross unrealized depreciation.

ADR — American Depository Receipt

* Non-Income Producing

Investment Percentage by Country:

United Kingdom	17.4%
France	9.6%
Japan	9.4%
Germany	7.3%
Sweden	6.0%
Other	50.3%
Total	<u>100.0%</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Index 400 Stock Portfolio

Objective:

Long-term capital appreciation through cost-effective participation in broad market performance

Portfolio Strategy:

Invest in a portfolio designed to approximate the composition and returns of the S&P MidCap 400 Index.

Net Assets:

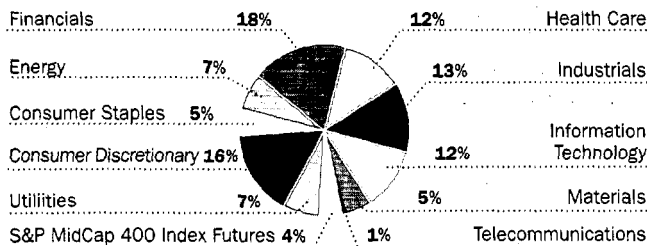
\$225.41 million

The Index 400 Stock Portfolio is designed to achieve results that approximate the performance of the Standard & Poor's MidCap 400 Composite Stock Price Index. This index is a capitalization-weighted index that measures the performance of the mid-range sector of the U.S. stock market. Of the 400 stocks, 281 are listed on the New York Stock Exchange, 116 on NASDAQ, and 3 on the American Stock Exchange.

As of December 31, 2002, the 400 companies in the index had a median market capitalization of \$1.5 billion and total market value of \$703 billion. For comparison, the 500 large stocks in the S&P 500 Index had a median market capitalization of \$6.8 billion and total market value of \$8,107 billion.

The Index 400 Portfolio provides participation in the performance of mid-sized companies in the U.S. equity market. The Portfolio continues to achieve its objective of matching the results of the S&P 400 MidCap Index before expenses.

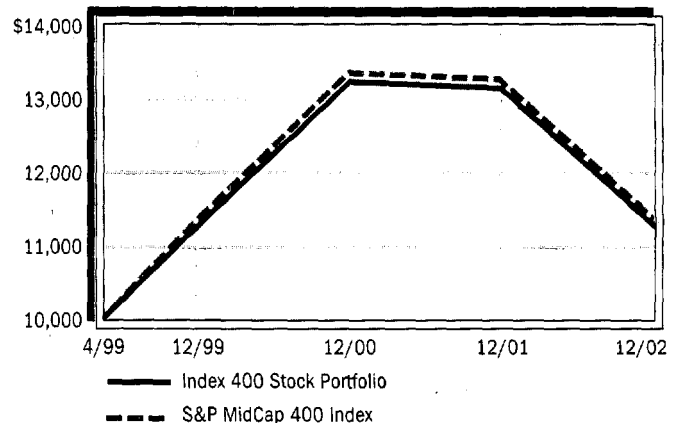
Sector Allocation 12/31/02



Top 10 Holdings 12/31/02

Company	% of Total Net Assets
M&T Bank Corp.	1.0%
The Washington Post Company - Class B	1.0%
Affiliated Computer Services, Inc. - Class A	0.9%
Gilead Sciences, Inc.	0.9%
Symantec Corp.	0.8%
Weatherford International, Ltd.	0.7%
IDEC Pharmaceuticals Corp.	0.7%
Microchip Technology Inc.	0.7%
National Commerce Financial Corp.	0.7%
American Water Works Company, Inc.	0.6%

Relative Performance



Average Annual Total Return For Periods Ended December 31, 2002

	1 Year	Since Inception*
Index 400 Stock Portfolio	-14.54%	3.21%
S&P MidCap 400 Index	-14.51%	3.49%

*inception date of 4/30/99

The S&P MidCap 400 Index is a capitalization-weighted index that measures the performance of the mid-range sector of the U.S. stock market. As of December 31, 2002, the 400 companies in the composite had median market capitalization of \$1.5 billion and a total market value of \$690.7 billion. The MidCap 400 represents approximately 6.0% of the market value of Compustat's database of about 11,418 equities. The index cannot be invested in directly and do not include sales charges.

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This chart assumes an initial investment of \$10,000 made on 4/30/99 (commencement of operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account are shown on page 4.

Index 400 Stock Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2002

Common Stock (95.7%)	Shares/ Par	Market Value (000's)	Common Stock (95.7%)	Shares/ Par	Market Value (000's)
Consumer Discretionary (16.0%)			Consumer Discretionary continued		
#*99 Cents Only Stores	21,533	\$ 578	*The Neiman Marcus Group, Inc. — Class A	14,700	\$ 447
*Abercrombie & Fitch Co. — Class A	30,400	622	Outback Steakhouse, Inc.	23,500	809
*American Eagle Outfitters, Inc.	22,150	305	*Papa John's International, Inc.	6,000	167
ArvinMeritor, Inc.	20,850	348	*Park Place Entertainment Corp.	92,500	777
Bandag Inc.	5,900	228	*Payless ShoeSource, Inc.	6,914	356
*Barnes & Noble, Inc.	20,700	374	*PETsMART, Inc.	41,400	709
Belo Corp.—Class A	34,400	733	Pier 1 Imports, Inc.	28,700	543
*BJ's Wholesale Club, Inc.	21,800	399	The Reader's Digest Association, Inc. — Class A	30,600	462
Blyth, Inc.	14,200	380	Ross Stores, Inc.	24,100	1,022
Bob Evans Farms, Inc.	10,900	255	*Saks, Inc.	43,700	513
*Borders Group, Inc.	25,100	404	*Scholastic Corp.	12,000	431
BorgWarner, Inc.	8,200	413	*Six Flags, Inc.	28,400	162
*Brinker International, Inc.	30,050	969	Superior Industries International, Inc.	8,100	335
*Callaway Golf Co.	23,300	309	*The Timberland Co. — Class A	11,500	410
*CarMax, Inc.	31,600	565	*Unifi, Inc.	16,500	87
*Catalina Marketing Corp.	16,800	311	*United Rentals, Inc.	23,500	253
CBRL Group, Inc.	16,100	485	The Washington Post Co. — Class B	2,900	2,141
*CDW Computer Centers, Inc.	25,800	1,131	*Westwood One, Inc.	32,800	1,225
*The Cheesecake Factory, Inc.	15,500	560	*Williams-Sonoma, Inc.	35,300	958
Claire's Stores, Inc.	15,000	331	Total		36,126
Clayton Homes, Inc.	42,200	514	Consumer Staples (5.4%)		
*Coach, Inc.	27,200	895	Church & Dwight Co., Inc.	12,200	371
*Copart, Inc.	27,900	330	*Constellation Brands, Inc. — Class A	27,400	650
D.R. Horton, Inc.	44,900	779	*Dean Foods Co.	27,776	1,030
*Dollar Tree Stores, Inc.	35,000	860	The Dial Corp.	29,100	593
*Emmis Communications Corp. — Class A	16,300	340	Dole Food Company, Inc.	17,200	560
*Entercom Communications Corp. — Class A	15,300	718	Dreyer's Grand Ice Cream, Inc.	10,700	759
*Extended Stay America, Inc.	28,800	425	Hormel Foods Corp.	42,600	994
Federal Signal Corp.	14,600	284	Interstate Bakeries Corp.	13,500	206
*Furniture Brands International, Inc.	17,300	413	The J.M. Smucker Co.	15,196	605
*Gentex Corp.	23,200	734	Lancaster Colony Corp.	11,200	438
*GTECH Holdings Corp.	17,600	490	Longs Drug Stores Corp.	11,700	243
Harte-Hanks, Inc.	28,250	527	McCormick & Company, Inc.	42,900	995
*Hispanic Broadcasting Corp. — Class A	33,300	684	PepsiAmericas, Inc.	47,200	634
International Speedway Corp. — Class A	16,300	608	Ruddick Corp.	14,200	194
*Krispy Kreme Doughnuts, Inc.	16,700	564	Sensient Technologies Corp.	14,500	326
*Lear Corp.	20,100	669	*Smithfield Foods, Inc.	33,500	665
Lee Enterprises, Inc.	13,600	456	Tootsie Roll Industries, Inc.	15,860	487
Lennar Corp.	19,800	1,022	Tyson Foods, Inc. — Class A	108,340	1,215
*Macrovision Corp.	15,600	250	Universal Corp.	8,000	296
*Mandalay Resort Group	21,000	643	*Whole Foods Market, Inc.	17,600	928
Media General, Inc. — Class A	7,100	426	Total		12,189
*Michaels Stores, Inc.	20,400	639	Energy (7.1%)		
Modine Manufacturing Co.	10,300	182	*Cooper Cameron Corp.	16,600	827
*Mohawk Industries, Inc.	20,500	1,167	ENSCO International, Inc.	45,600	1,343
			*FMC Technologies, Inc.	20,069	410

Index 400 Stock Portfolio

Common Stock (95.7%)	Shares/ Par	Market Value (000's)
Energy continued		
*Forest Oil Corp.	14,400	\$ 398
*Grant Prideco, Inc.	34,100	397
*Hanover Compressor Co.	20,100	185
Helmerich & Payne, Inc.	15,300	427
Murphy Oil Corp.	28,000	1,200
*National Oilwell, Inc.	24,800	542
Noble Energy, Inc.	17,600	661
Ocean Energy, Inc.	53,900	1,076
Overseas Shipholding Group, Inc.	10,600	190
*Patterson-UTI Energy, Inc.	24,200	730
*Pioneer Natural Resources Co.	35,600	899
*Pride International, Inc.	40,900	609
*Smith International, Inc.	31,100	1,014
Tidewater, Inc.	18,600	578
Valero Energy Corp.	32,400	1,197
*Varco International, Inc.	29,662	516
*Weatherford International, Ltd.	39,900	1,594
Western Gas Resources, Inc.	10,100	372
XTO Energy, Inc.	38,100	941
Total		16,106
Financials (18.2%)		
A.G. Edwards, Inc.	24,400	804
*Allmerica Financial Corp.	16,300	165
American Financial Group, Inc.	21,100	487
*AmeriCredit Corp.	46,800	362
AmerUs Group Co.	12,200	345
Arthur J. Gallagher & Co.	27,100	796
Associated Banc-Corp.	23,209	788
Astoria Financial Corp.	27,200	738
Bank of Hawaii Corp.	20,900	635
Banknorth Group, Inc.	45,500	1,028
Brown & Brown, Inc.	21,100	682
City National Corp.	15,300	673
The Colonial BancGroup, Inc.	37,900	452
Commerce Bancorp, Inc.	20,600	890
Compass Bancshares, Inc.	39,500	1,235
*E*TRADE Group, Inc.	112,100	545
Eaton Vance Corp.	21,300	602
Everest Re Group, Ltd.	15,700	868
Fidelity National Financial, Inc.	29,240	960
First Virginia Banks, Inc.	22,050	821
FirstMerit Corp.	26,000	563
Greater Bay Bancorp	15,700	271
GreenPoint Financial Corp.	30,400	1,373
HCC Insurance Holdings, Inc.	19,100	470
Hibernia Corp. — Class A	48,500	934
Horace Mann Educators Corp.	12,500	192
Hospitality Properties Trust	19,200	676
Independence Community Bank Corp.	17,500	444
*IndyMac Bancorp, Inc.	17,600	325
*Investment Technology Group, Inc.	14,800	331
Investors Financial Services Corp.	19,800	542
*LaBranche & Co., Inc.	18,100	482

Common Stock (95.7%)	Shares/ Par	Market Value (000's)
Financials continued		
Legg Mason, Inc.	19,900	\$ 966
Leucadia National Corp.	17,000	634
Liberty Property Trust	23,200	741
M&T Bank Corp.	28,200	2,237
Mercantile Bankshares Corp.	21,400	826
Metris Companies, Inc.	17,800	44
The MONY Group, Inc.	14,600	350
National Commerce Financial Corp.	63,225	1,508
Neuberger Berman, Inc.	21,400	717
New Plan Excel Realty Trust, Inc.	29,700	567
New York Community Bancorp, Inc.	33,000	953
*Ohio Casualty Corp.	18,600	241
Old Republic International Corp.	36,900	1,033
The PMI Group, Inc.	27,700	832
Protective Life Corp.	21,100	581
Provident Financial Group, Inc.	14,900	388
Radian Group, Inc.	29,100	1,081
Roslyn Bancorp, Inc.	25,700	463
SEI Investments Co.	33,200	902
*Silicon Valley Bancshares	13,600	248
Sovereign Bancorp, Inc.	80,000	1,124
StanCorp Financial Group, Inc.	9,100	445
TCF Financial Corp.	22,900	1,001
Unitrin, Inc.	20,800	608
Waddell & Reed Financial, Inc. — Class A	24,600	484
Webster Financial Corp.	14,700	512
Westamerica Bancorporation	10,300	414
Wilmington Trust Corp.	20,100	637
Total		41,016
Health Care (11.6%)		
*AdvancePCS	28,300	629
*Apogent Technologies, Inc.	32,800	682
*Apria Healthcare Group, Inc.	16,800	374
*Barr Laboratories, Inc.	13,400	872
Beckman Coulter, Inc.	19,000	561
*Charles River Laboratories	13,700	527
*Covance, Inc.	18,500	455
*Cytoc Corp.	37,700	385
DENTSPLY International, Inc.	23,950	892
*Edwards Lifesciences Corp.	18,300	466
*Express Scripts, Inc. — Class A	24,100	1,158
*First Health Group Corp.	31,100	757
*Gilead Sciences, Inc.	60,100	2,044
*Health Net, Inc.	38,400	1,014
*Henry Schein, Inc.	13,400	603
Hillenbrand Industries, Inc.	18,900	913
ICN Pharmaceuticals, Inc.	25,400	277
*IDEC Pharmaceuticals Corp.	46,800	1,553
*Incyte Genomics, Inc.	20,700	94
*IVAX Corp.	59,625	723
*LifePoint Hospitals, Inc.	12,100	362
*Lincare Holdings, Inc.	32,600	1,031

Index 400 Stock Portfolio

Common Stock (95.7%)	Shares/ Par	Market Value (000's)	Common Stock (95.7%)	Shares/ Par	Market Value (000's)
Health Care continued			Industrials continued		
*Millennium Pharmaceuticals, Inc.	87,200	\$ 692	Hubbell, Inc. — Class B	18,100	\$ 636
Mylan Laboratories, Inc.	38,400	1,340	*J.B. Hunt Transport Services, Inc.	12,000	352
Omnicare, Inc.	28,900	689	*Jacobs Engineering Group, Inc.	16,700	595
*Oxford Health Plans, Inc.	27,000	984	Kaydon Corp.	9,300	197
*PacifiCare Health Systems, Inc.	10,900	306	Kelly Services, Inc. — Class A	10,900	269
*Patterson Dental Co.	20,900	914	Kennametal, Inc.	10,600	365
*Perrigo Co.	22,200	270	*Korn/Ferry International	11,600	87
*Protein Design Labs, Inc.	27,300	232	*L-3 Communications Holdings, Inc.	28,800	1,293
*Sepracor, Inc.	25,800	249	Manpower, Inc.	23,500	750
*Sicor, Inc.	35,600	564	Nordson Corp.	10,300	256
*STERIS Corp.	21,100	512	Pentair, Inc.	15,100	522
*Triad Hospitals, Inc.	22,739	678	Pittston Brink's Group	16,600	307
*Universal Health Services, Inc. — Class B	18,400	830	Precision Castparts Corp.	16,000	388
*Varian Medical Systems, Inc.	20,900	1,037	*Quanta Services, Inc.	21,300	75
*Vertex Pharmaceuticals, Inc.	23,300	369	*Republic Services, Inc.	50,200	1,053
*VISX, Inc.	16,400	157	Rollins, Inc.	9,300	237
Total		26,195	*Sequa Corp. — Class A	3,200	125
Industrials (12.6%)			*Sotheby's Holdings, Inc. — Class A	18,900	170
*AGCO Corp.	22,900	506	*SPX Corp.	25,100	940
Airborne, Inc.	14,800	219	*Swift Transportation Co., Inc.	26,300	526
*Alaska Air Group, Inc.	8,100	175	*Sylvan Learning Systems, Inc.	12,319	202
*Albany International Corp. — Class A	9,926	205	Tecumseh Products Co. — Class A	5,700	252
Alexander & Baldwin, Inc.	12,600	325	Teleflex, Inc.	12,000	515
AMETEK, Inc.	10,100	389	Trinity Industries, Inc.	14,100	267
Banta Corp.	7,700	241	*Valassis Communications, Inc.	16,300	480
*The BISYS Group, Inc.	36,600	582	Viad Corp.	27,400	612
C.H. Robinson Worldwide, Inc.	25,900	808	Wallace Computer Services, Inc.	12,800	275
*Career Education Corp.	13,900	556	York International Corp.	12,100	309
Carlisle Companies, Inc.	9,300	385	Total		28,299
*Ceridian Corp.	45,500	656	Information Technology (12.0%)		
*Certegey, Inc.	21,200	520	*3Com Corp.	109,900	509
*CheckFree Corp.	23,900	382	*Activision, Inc.	20,500	299
*ChoicePoint, Inc.	26,300	1,039	*Acxiom Corp.	27,000	415
CNF, Inc.	15,100	502	*ADTRAN, Inc.	11,600	382
*CSG Systems International, Inc.	15,800	216	*Advanced Fibre Communications, Inc.	25,300	422
*DeVry, Inc.	21,400	355	*Advent Software, Inc.	10,000	136
Donaldson Company, Inc.	13,500	486	*Affiliated Computer Services, Inc. — Class A	40,400	2,126
*DST Systems, Inc.	36,800	1,309	*Arrow Electronics, Inc.	30,800	394
*The Dun & Bradstreet Corp.	22,800	786	*Ascential Software Corp.	76,100	183
*Dycom Industries, Inc.	14,700	195	*Atmel Corp.	143,200	319
*Education Management Corp.	10,700	402	*Avnet, Inc.	36,700	397
*EGL, Inc.	15,000	214	*Avocent Corp.	13,800	307
*Energizer Holdings, Inc.	27,000	753	*Cabot Microelectronics Corp.	7,392	349
Expeditors International of Washington, Inc.	31,900	1,042	*Cadence Design Systems, Inc.	81,400	960
Fastenal Co.	23,300	871	*Cirrus Logic, Inc.	25,600	74
*Flowserve Corp.	16,900	250	*CommScope, Inc.	18,900	149
GATX Corp.	15,000	342	*Credence Systems Corp.	18,600	174
Granite Construction, Inc.	12,700	197	*Cree, Inc.	22,300	365
Harsco Corp.	12,400	395	*Cypress Semiconductor Corp.	37,800	216
Herman Miller, Inc.	23,300	429	Diebold, Inc.	22,100	911
HON INDUSTRIES, Inc.	18,100	512	*Fairchild Semiconductor International, Inc. — Class A	35,900	384

Index 400 Stock Portfolio

Common Stock (95.7%)	Shares/ Par	Market Value (000's)
Information Technology continued		
*FEI Co.	9,900	\$ 151
*Gartner Group, Inc. — Class B	25,400	240
Harris Corp.	20,300	534
*Imation Corp.	10,700	375
*InFocus Corp.	12,100	75
*Integrated Device Technology, Inc.	31,700	265
*International Rectifier Corp.	19,500	360
*Internet Security Systems, Inc.	14,800	271
*Intersil Corp. — Class A	41,800	583
Jack Henry & Associates, Inc.	27,700	334
*Keane, Inc.	23,200	209
*KEMET Corp.	26,400	231
*Lam Research Corp.	39,100	422
*Lattice Semiconductor Corp.	33,600	295
*Legato Systems, Inc.	35,200	177
*LTX Corp.	15,100	91
*Macromedia, Inc.	18,300	195
*McDATA Corp. — Class A	34,800	247
*Mentor Graphics Corp.	20,300	160
*Micrel, Inc.	28,400	255
Microchip Technology, Inc.	61,912	1,514
*MPS Group, Inc.	31,500	175
*National Instruments Corp.	15,800	513
*Network Associates, Inc.	47,800	769
*Newport Corp.	11,700	147
*Overture Services, Inc.	17,900	489
*Plantronics, Inc.	14,100	213
*Plexus Corp.	12,900	113
*Polycom, Inc.	30,600	291
*Powerwave Technologies, Inc.	20,100	109
*Quantum Corporation — DLT & Storage Systems	48,300	129
*Retek, Inc.	16,200	44
The Reynolds and Reynolds Co. — Class A	21,300	543
*RF Micro Devices, Inc.	51,700	379
*RSA Security, Inc.	17,400	104
*SanDisk Corp.	21,100	428
*Semtech Corp.	22,400	245
*Storage Technology Corp.	32,500	696
*Sybase, Inc.	29,800	399
*Sykes Enterprises, Inc.	12,400	41
*Symantec Corp.	44,500	1,799
*Synopsys, Inc.	23,400	1,080
*Tech Data Corp.	17,300	466
*The Titan Corp.	23,900	249
*Transaction Systems Architects, Inc. — Class A	10,900	71
*TriQuint Semiconductor, Inc.	40,511	172
*Varian, Inc.	10,400	298
*Vishay Intertechnology, Inc.	48,987	548
*Wind River Systems, Inc.	24,200	99
Total		27,064

Common Stock (95.7%)	Shares/ Par	Market Value (000's)
Materials (4.8%)		
A. Schulman, Inc.	9,000	\$ 167
*Airgas, Inc.	21,900	378
*AK Steel Holding Corp.	33,100	265
Albemarle Corp.	12,800	364
Arch Coal, Inc.	16,100	348
Bowater, Inc.	16,900	708
Cabot Corp.	18,800	499
Carpenter Technology Corp.	6,800	85
Crompton Corp.	34,863	207
*Cytec Industries, Inc.	12,100	330
Ferro Corp.	12,400	303
*FMC Corp.	10,800	295
*GrafTech International, Ltd.	17,100	102
H.B. Fuller Co.	8,700	225
IMC Global, Inc.	35,300	377
*Longview Fibre Co.	15,700	114
The Lubrizol Corp.	15,800	482
Lyondell Chemical Co.	49,000	619
Martin Marietta Materials, Inc.	15,000	460
Minerals Technologies, Inc.	6,200	268
Olin Corp.	17,400	271
P.H. Glatfelter Co.	13,400	176
*Packaging Corporation of America	32,000	584
Peabody Energy Corp.	16,000	468
Potlatch Corp.	8,700	208
Rayonier, Inc.	8,500	385
RPM, Inc.	35,200	538
Solutia, Inc.	32,100	117
Sonoco Products Co.	29,600	678
The Valspar Corp.	15,400	679
Wausau-Mosinee Paper Corp.	15,800	177
Total		10,877
Telecommunication Services (0.6%)		
*Broadwing, Inc.	67,100	236
*Price Communications Corp.	16,700	231
Telephone and Data Systems, Inc.	18,000	847
Total		1,314
Utilities (7.4%)		
AGL Resources, Inc.	17,200	418
ALLETE, Inc.	26,100	592
Alliant Energy Corp.	27,900	462
American Water Works Company, Inc.	30,700	1,396
*Aquila, Inc.	55,300	98
Black Hills Corp.	8,200	217
Cleco Corp.	14,400	202
DPL, Inc.	38,800	595
DQE, Inc.	22,700	346
Energy East Corp.	44,300	979
Equitable Resources, Inc.	19,000	666
Great Plains Energy, Inc.	20,800	476
Hawaiian Electric Industries, Inc.	11,200	493

Index 400 Stock Portfolio

Common Stock (95.7%)	Shares/ Par	Market Value (000's)
Utilities continued		
IDACORP, Inc.	11,600	\$ 288
MDU Resources Group, Inc.	21,900	565
National Fuel Gas Co.	24,600	510
Northeast Utilities	41,900	636
NSTAR	16,300	724
OGE Energy Corp.	24,000	422
ONEOK, Inc.	18,500	355
Pepco Holdings, Inc.	50,100	971
PNM Resources, Inc.	12,000	286
Puget Energy, Inc.	28,400	626
Questar Corp.	25,100	698
SCANA Corp.	33,700	1,043
*Sierra Pacific Resources	31,281	203
Vectren Corp.	20,800	478
Westar Energy, Inc.	22,000	218
WGL Holdings, Inc.	14,900	356
Wisconsin Energy Corp.	35,300	890
WPS Resources Corp.	9,700	377
Total		16,586
Total Common Stock (Cost: \$248,668)		215,772

Money Market Investments (4.1%)	Shares/ Par	Market Value (000's)
Federal Government and Agencies (0.5%)		
#Federal Home Loan Bank, 1.24%, 3/7/03	\$1,200,000	\$ 1,197
Total		1,197
Personal Credit Institutions (2.7%)		
#Salomon Smith Barney Hld, 1.325%, 1/24/03	6,000,000	5,995
Total		5,995
Short Term Business Credit (0.9%)		
#UBS Finance LLC, 1.20%, 1/2/03	2,100,000	2,100
Total		2,100
Total Money Market Investments (Cost: \$9,292)		9,292
Total Investments (99.8%) (Cost \$257,960)^\		225,064
Other Assets, Less Liabilities (0.2%)		346
Total Net Assets (100.0%)		\$225,410

^\ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$260,227 and the net unrealized depreciation of investments based on that cost was \$35,163 which is comprised of \$19,478 aggregate gross unrealized appreciation and \$54,641 aggregate gross unrealized depreciation.

* Non-Income Producing

All or a portion of the securities have been committed as collateral for open futures positions. Information regarding open futures contracts as of period end is summarized below:

Issuer (000's)	Number of Contracts	Expiration Date	Unrealized Appreciation/ Depreciation (000's)
MidCap 400 Index Futures	43	3/03	\$(113)
(Total Notional Value at 12/31/02 \$9,356)			

Growth Stock Portfolio

Objective:

Long-term appreciation of capital with moderate risk

Portfolio Strategy:

Hold a diversified mix of high quality growth stocks of medium and large companies with above-average potential for earnings growth.

Net Assets:

\$551.42 million

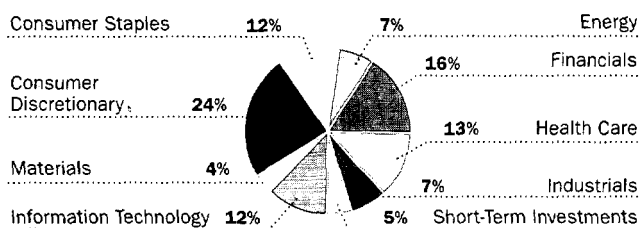
The Growth Stock Portfolio is invested in high quality companies of large to medium capitalization with strong financial characteristics and the ability to generate internal growth. A key factor in stock selection is the choice of industries with good earnings potential, based on analysis of economic trends to determine their impact on various sectors of the economy. Stock selection is made through "top down" analysis: first industry and market sector choices are made based on the economic environment, and then the most promising companies within each sector are selected as holdings. A strategy of this portfolio is to go beyond the most familiar "blue chip" names to seek out medium-sized companies with strong positions in their markets whose stock prices do not reflect their potential for growth. Diversification across 70 to 90 stocks in a wide range of industry groups reduces the Portfolio's risk profile.

Like essentially all equity funds, the Growth Stock Portfolio had negative total return for 2002, but the Portfolio outperformed the S&P 500 Index for the year and for the last five years. Relative to the Index, the Portfolio is most overweighted in the Consumer Discretionary and Consumer Staples sectors and underweighted in Financials, Industrials, Information Technology, Telecommunications and Utilities.

The relative performance of this high-quality portfolio was stronger for the first nine months of the year than in the fourth quarter, when a market rally that began in October was concentrated in riskier issues, particularly in the technology and telecommunications sectors, which had been extremely weak earlier in the year. Despite an underweight in technology, some holdings in this sector, such as Intel and Texas Instruments, had a negative impact on performance for the year. Also negative for performance was GE, a solid company that has been subject to problems in some of its industries; this position has been reduced, though we still have confidence in the company's long-term prospects. Some of the Portfolio's retail holdings, particularly Kohl's, were down in the fourth quarter, as concerns about consumer spending mounted.

For the year, the holdings that contributed most to performance were generally not the largest positions. These include Ecolab, a leader in premium commercial cleaning and sanitizing products and services; Tribune Company, a newspaper publisher and media company; consumer giant Kraft Foods; and Principal Financial Group, a provider of insurance and other financial services.

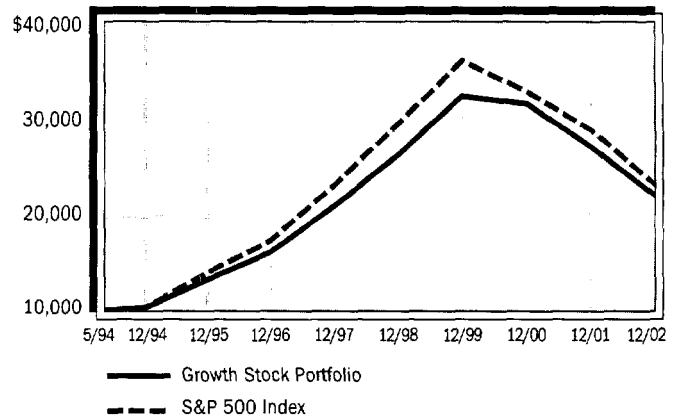
Sector Allocation 12/31/02



Top 10 Holdings 12/31/02

Company	% of Total Net Assets
Microsoft Corp.	3.8%
PepsiCo, Inc.	3.0%
Pfizer, Inc.	3.0%
Harley-Davidson, Inc.	2.7%
Kohl's Corp.	2.6%
Wal-Mart Stores, Inc.	2.4%
Johnson & Johnson	2.4%
The McGraw-Hill Companies, Inc.	2.4%
Medtronic, Inc.	2.3%
Exxon Mobil Corp.	2.3%

Relative Performance



Average Annual Total Return For Periods Ended December 31, 2002

	1 Year	5 Years	Since Inception*
Growth Stock Portfolio	-20.83%	0.55%	9.20%
S&P 500 Index	-22.10%	-0.58%	9.85%

*inception date of 5/03/94

The Standard & Poor's 500 Composite Stock Price Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The Index is heavily weighted toward stocks with large market capitalizations and represents approximately two-thirds of the total market value of all domestic common stocks. The index cannot be invested in directly and do not include sales charges.

This chart assumes an initial investment of \$10,000 made on 5/3/94 (commencement of operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account are shown on page 4.

Growth Stock Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2002

Common Stock (94.7%)	Shares/ Par	Market Value (000's)	Common Stock (94.7%)	Shares/ Par	Market Value (000's)
Consumer Discretionary (24.5%)			Financials continued		
*Bed Bath & Beyond, Inc.	147,400	\$ 5,090	Morgan Stanley	168,000	\$ 6,707
*Comcast Corp. — Class A	39,984	942	Northern Trust Corp.	130,800	4,585
Darden Restaurants, Inc.	267,500	5,470	Principal Financial Group, Inc.	372,200	11,214
Fortune Brands, Inc.	172,300	8,014	Prudential Financial, Inc.	111,800	3,549
Gannett Co., Inc.	35,000	2,513	Wells Fargo & Co.	194,800	9,130
Harley-Davidson, Inc.	320,800	14,822	Total		88,688
*Kohl's Corp.	255,800	14,313	Health Care (12.7%)		
Lowe's Companies, Inc.	127,600	4,785	Abbott Laboratories	66,000	2,640
The McGraw-Hill Companies, Inc.	216,000	13,055	*Amgen, Inc.	143,100	6,917
The New York Times Co. — Class A	195,900	8,959	Baxter International, Inc.	216,200	6,054
Newell Rubbermaid, Inc.	310,100	9,405	Eli Lilly and Co.	72,400	4,597
Target Corp.	268,500	8,055	Johnson & Johnson	246,300	13,229
Tiffany & Co.	71,200	1,702	Medtronic, Inc.	280,800	12,804
Tribune Co.	246,900	11,224	Merck & Co., Inc.	54,800	3,102
*Viacom, Inc. — Class B	172,700	7,039	Pfizer, Inc.	538,650	16,467
Wal-Mart Stores, Inc.	263,700	13,320	UnitedHealth Group, Inc.	48,500	4,050
Wendy's International, Inc.	229,200	6,204	Total		69,860
Total		134,912	Industrials (7.4%)		
Consumer Staples (11.7%)			*American Standard Companies, Inc.	106,900	7,605
Anheuser-Busch Companies, Inc.	209,200	10,125	Avery Dennison Corp.	117,700	7,189
Colgate-Palmolive Co.	114,400	5,998	FedEx Corp.	132,000	7,157
*Dean Foods Co.	49,500	1,836	*Fiserv, Inc.	365,362	12,404
General Mills, Inc.	146,500	6,878	General Electric Co.	260,600	6,346
Kellogg Co.	180,000	6,169	Total		40,701
Kraft Foods, Inc. — Class A	131,300	5,112	Information Technology (11.6%)		
PepsiCo, Inc.	396,200	16,727	*Applied Materials, Inc.	337,500	4,398
Walgreen Co.	395,200	11,536	*Cisco Systems, Inc.	262,800	3,443
Total		64,381	*Electronic Arts, Inc.	72,900	3,628
Energy (6.6%)			Intel Corp.	432,700	6,737
ChevronTexaco Corp.	83,800	5,571	International Business Machines Corp.	132,400	10,261
ConocoPhillips	172,908	8,367	*Microsoft Corp.	404,300	20,902
EOG Resources, Inc.	240,500	9,601	*NASDAQ-100 Trust, Series 1	72,500	1,769
Exxon Mobil Corp.	362,034	12,649	Nokia Corp., ADR	52,400	812
Total		36,188	*QUALCOMM, Inc.	89,000	3,239
Financials (16.1%)			*Semiconductor HOLDERS (SM) Trust	212,900	4,716
American Express Co.	160,000	5,656	Texas Instruments, Inc.	283,700	4,258
American International Group, Inc.	99,700	5,768	Total		64,163
The Bank of New York Company, Inc.	206,300	4,943	Materials (4.0%)		
The Charles Schwab Corp.	231,700	2,514	Air Products and Chemicals, Inc.	207,800	8,883
Citigroup, Inc.	107,600	3,786	Ecolab, Inc.	214,200	10,604
Fifth Third Bancorp	187,250	10,963	PPG Industries, Inc.	56,200	2,818
Freddie Mac	101,800	6,011	Total		22,305
Lehman Brothers Holdings, Inc.	146,700	7,818			
Marsh & McLennan Companies, Inc.	130,800	6,044			

Growth Stock Portfolio

	Shares/ Par	Market Value (000's)
Common Stock (94.7%)		
Telecommunication Services (0.1%)		
AT&T Corp.	24,720	\$ 645
Total		<u>645</u>
Total Common Stock (Cost: \$519,924)		
		<u>521,843</u>
Money Market Investments (5.4%)		
Federal Government and Agencies (0.7%)		
#Federal National Mortgage Association, 1.28%, 3/12/03		
	\$ 4,000,000	3,991
Total		<u>3,991</u>
Miscellaneous Business Credit Institutions (3.6%)		
Quincy Capital Corp., 1.37%, 1/21/03		
	20,000,000	19,984
Total		<u>19,984</u>
Short Term Business Credit (1.1%)		
UBS Finance LLC, 1.20%, 1/2/03		
	6,000,000	6,000
Total		<u>6,000</u>
Total Money Market Investments (Cost: \$29,975)		
		<u>29,975</u>
Total Investments (100.1%) (Cost \$549,899)^\		
		<u>551,818</u>
Other Assets, Less Liabilities (-0.1%)		
		<u>(397)</u>
Total Net Assets (100.0%)		
		<u>\$551,421</u>

^ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$550,482 and the net unrealized appreciation of investments based on that cost was \$1,336 which is comprised of \$72,519 aggregate gross unrealized appreciation and \$71,183 aggregate gross unrealized depreciation.

ADR — American Depository Receipt

* Non-Income Producing

All or a portion of the securities have been committed as collateral for open futures positions. Information regarding open futures contracts as of period end is summarized below:

Issuer (000's)	Number of Contracts	Expiration Date	Unrealized Appreciation/ (Depreciation) (000's)
S&P 500 Index			
Futures	17	3/03	\$(74)
(Total Notional Value at 12/31/02 \$3,809)			

The Accompanying Notes are an Integral Part of the Financial Statements

J.P. Morgan Select Growth and Income Stock Portfolio

Objective:

Long-term growth of capital and income, consistent with moderate investment risk

Portfolio Strategy:

Actively manage a portfolio of equity securities with a goal of exceeding the total return of the S&P 500 Index.

Net Assets:

\$365.94 million

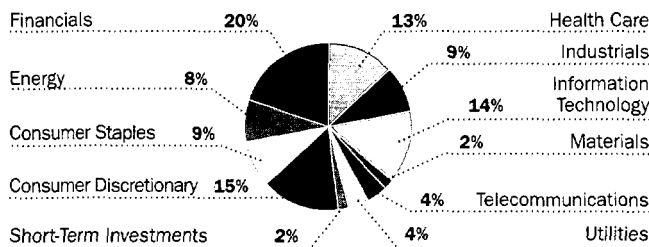
The J.P. Morgan Select Growth and Income Stock Portfolio invests mainly in large-capitalization stocks, with a focus on seeking the best values in the market based on long-term earnings forecasts. A sector balance very close to that of the S&P 500 Index is normally maintained, with the emphasis on undervalued stocks within each industry group; a valuation discipline mandates the sale of stocks regarded as overvalued. More focus is placed on capital appreciation and dividend growth than on current dividends. The Portfolio is normally fully invested in equity securities.

In a very challenging market environment, the J.P. Morgan Select Growth and Income Stock Portfolio underperformed its major benchmark, the S&P 500 Index, during 2002. The Portfolio's underperformance has resulted largely from several large holdings that have experienced major problems. The most costly has been Tyco International, a longtime holding that lost more than two-thirds of its value during 2002. Several other holdings that hurt performance earlier in the year have been sold, including Dynegy and Gemstar.

Price weakness has created opportunities to add to several large holdings, including General Electric, Citigroup and Microsoft. Some of the better performing stocks in the Portfolio, including Mattel and Kraft Foods, were smaller positions and therefore did not have a strongly positive effect on overall results.

The J.P. Morgan Select Growth and Income Stock Portfolio is managed for Northwestern Mutual by J.P. Morgan Fleming Asset Management. Effective January 31, 2003, the name of the Portfolio changed to Large Cap Core Stock, and the Portfolio is managed by Mason Street Advisors, LLC. These changes are subject to shareholder approval.

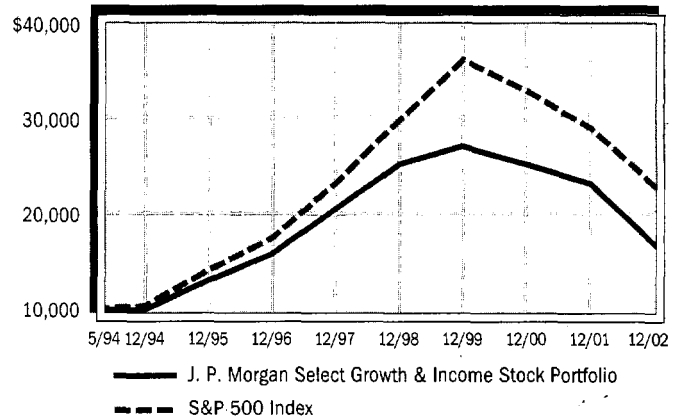
Sector Allocation 12/31/02



Top 10 Holdings 12/31/02

Company	% of Total Net Assets
Citigroup, Inc.	4.2%
Microsoft Corp.	3.9%
General Electric Co.	3.8%
Exxon Mobil Corp.	2.6%
U.S. Bancorp	2.3%
Pfizer, Inc.	2.3%
ChevronTexaco Corp.	2.2%
Tyco International, Ltd.	2.1%
Cisco Systems, Inc.	2.0%
The Procter & Gamble Co.	2.0%

Relative Performance



Average Annual Total Return For Periods Ended December 31, 2002

	1 Year	5 Years	Since Inception*
J. P. Morgan Select Growth & Income Stock Portfolio	-28.20%	-4.00%	6.12%
S&P 500 Index	-22.10%	-0.58%	9.85%

*inception date of 5/03/94

The Standard & Poor's 500 Composite Stock Price Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The index is heavily weighted toward stocks with large market capitalizations and represents approximately two-thirds of the total market value of all domestic common stocks. The index cannot be invested in directly and do not include sales charges.

This chart assumes an initial investment of \$10,000 made on 5/3/94 (commencement of operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account are shown on page 4.

J.P. Morgan Select Growth and Income Stock Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2002

Common Stock (97.8%)	Shares/ Par	Market Value (000's)	Common Stock (97.8%)	Shares/ Par	Market Value (000's)
Consumer Discretionary (15.2%)			Financials continued		
*Abercrombie & Fitch Co. — Class A	93,200	\$ 1,907	The Goldman Sachs Group, Inc.	49,200	\$ 3,351
*AOL Time Warner, Inc.	280,800	3,678	*Travelers Property Casualty Corp. — Class A	242,051	3,546
*Comcast Corp. — Class A	78,014	1,839	U.S. Bancorp	398,132	8,448
*Comcast Corp. — Class A	76,400	1,726	Washington Mutual, Inc.	99,900	3,450
*Costco Wholesale Corp.	41,900	1,176	Total		72,763
*Federated Department Stores, Inc. The Home Depot, Inc.	49,100 187,000	1,412 4,481	Health Care (12.7%)		
*Jones Apparel Group, Inc.	53,100	1,882	Abbott Laboratories	88,900	3,556
*Lear Corp.	59,600	1,983	*Amgen, Inc.	84,100	4,065
*Liberty Media Corp. — Class A	593,000	5,301	Baxter International, Inc.	77,400	2,167
Marriott International, Inc. — Class A	53,300	1,752	CIGNA Corp.	89,700	3,688
Mattel, Inc.	202,400	3,876	Eli Lilly and Co.	88,800	5,639
NIKE, Inc. — Class B	40,600	1,805	*Human Genome Sciences, Inc.	34,366	303
Target Corp.	175,600	5,268	Johnson & Johnson	115,150	6,185
The TJX Companies, Inc.	216,900	4,234	Pfizer, Inc.	274,900	8,404
Tribune Co.	57,300	2,605	Pharmacia Corp.	117,152	4,897
*Viacom, Inc. — Class B	85,200	3,473	Schering-Plough Corp.	67,800	1,505
Wal-Mart Stores, Inc.	144,100	7,279	*Tenet Healthcare Corp.	48,700	799
Total		55,677	Wyeth	144,600	5,408
Consumer Staples (8.8%)			Total		46,616
The Coca-Cola Co.	128,000	5,609	Industrials (9.4%)		
CVS Corp.	68,400	1,708	*Cendant Corp.	233,804	2,450
The Gillette Co.	191,800	5,823	General Electric Co.	564,300	13,741
Kraft Foods, Inc. — Class A	84,500	3,290	Lockheed Martin Corp.	42,600	2,460
Philip Morris Companies, Inc.	111,400	4,515	Tyco International, Ltd.	447,192	7,638
The Procter & Gamble Co.	84,900	7,296	United Technologies Corp.	46,300	2,868
Unilever NV, ADR	66,800	4,122	Waste Management, Inc.	226,917	5,201
Total		32,363	Total		34,358
Energy (7.5%)			Information Technology (14.4%)		
Anadarko Petroleum Corp.	24,700	1,183	*Accenture LTD — Class A	86,000	1,547
ChevronTexaco Corp.	119,000	7,911	*Altera Corp.	167,200	2,063
ConocoPhillips	58,544	2,833	*Analog Devices, Inc.	65,500	1,563
*Cooper Cameron Corp.	44,900	2,237	*Applied Materials, Inc.	67,200	876
Devon Energy Corp.	34,100	1,565	*CIENA Corp.	77,200	397
Exxon Mobil Corp.	267,954	9,362	*Cisco Systems, Inc.	561,200	7,352
GlobalSantaFe Corp.	94,151	2,290	*Dell Computer Corp.	108,500	2,901
Total		27,381	Hewlett-Packard Co.	178,002	3,090
Financials (19.9%)			Intel Corp.	345,000	5,372
Ambac Financial Group, Inc.	125,325	7,048	International Business Machines Corp.	77,000	5,968
American International Group, Inc.	45,900	2,655	*Microsoft Corp.	277,800	14,362
Aon Corp.	99,300	1,876	Motorola, Inc.	177,100	1,532
Bank One Corp.	140,300	5,128	*NCR Corp.	115,200	2,735
Capital One Financial Corp.	115,100	3,421	*Oracle Corp.	166,400	1,797
The Charles Schwab Corp.	129,800	1,408	*Sun Microsystems, Inc.	344,700	1,072
*CIT Group, Inc.	82,400	1,615	Total		52,627
Citigroup, Inc.	431,856	15,196			
Countrywide Credit Industries, Inc.	94,300	4,871			
*E*TRADE Group, Inc.	95,800	466			
Fannie Mae	51,100	3,287			
Freddie Mac	118,500	6,997			

J.P. Morgan Select Growth and Income Stock Portfolio

Common Stock (97.8%)	Shares/ Par	Market Value (000's)
Materials (2.0%)		
Alcoa, Inc.	145,864	\$ 3,322
Monsanto Co.	58,809	1,132
PPG Industries, Inc.	18,400	923
Temple-Inland, Inc.	46,900	2,102
Total		7,479
Telecommunication Services (4.3%)		
*American Tower Corp. — Class A	249,900	882
AT&T Corp.	23,440	612
*AT&T Wireless Services, Inc.	265,100	1,498
SBC Communications, Inc.	162,810	4,414
*Sprint Corp. (PCS Group)	426,500	1,868
Verizon Communications, Inc.	163,548	6,337
Total		15,611
Utilities (3.6%)		
Dominion Resources, Inc.	44,500	2,443
DTE Energy Co.	50,100	2,325
*Edison International	70,501	835
El Paso Corp.	156,800	1,091
*PG&E Corp.	178,600	2,483
Pinnacle West Capital Corp.	116,862	3,984
Total		13,161
Total Common Stock (Cost: \$487,362)		358,036

Money Market Investments (2.1%)	Shares/ Par	Market Value (000's)
Short Term Business Credit (2.1%)		
UBS Finance LLC, 1.20%, 1/2/03	\$7,700,000	\$ 7,700
Total Money Market Investments (Cost: \$7,700)		7,700
Total Investments (99.9%) (Cost \$495,062) [^]		365,736
Other Assets, Less Liabilities (0.1%)		208
Total Net Assets (100.0%)		\$365,944

[^] At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$498,712 and the net unrealized depreciation of investments based on that cost was \$132,976 which is comprised of \$13,770 aggregate gross unrealized appreciation and \$146,746 aggregate gross unrealized depreciation.

ADR—American Depository Receipt

* Non-Income Producing

The Accompanying Notes are an Integral Part of the Financial Statements

Capital Guardian Domestic Equity Portfolio

Objective:

Long-term growth of capital and income

Portfolio Strategy:

Invest in larger American companies that exhibit value characteristics relative to S&P 500 Index.

Net Assets:

\$74.27 million

The Capital Guardian Domestic Equity Portfolio invests mainly in large companies with well-known names, proven track records, and a history of dividends. This value-oriented Portfolio emphasizes stocks that have lower price-earnings ratios, lower price to book value ratios, and higher dividend yields than the S&P 500 Index. In a year of negative equity returns, the Portfolio modestly outperformed the S&P 500 Index.

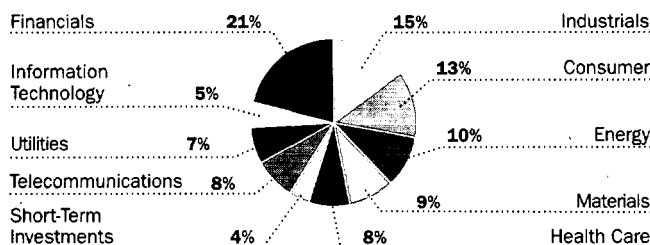
The selection process focuses on individual stocks that are underpriced relative to their inherent value and long-term prospects, based largely on Capital Guardian's solid research capabilities. Industry selection receives minor consideration, and industry weightings may diverge significantly from the major market indices. At the end of 2002, the Portfolio was overweighted relative to the Index in energy, industrials, materials, telecommunications and utilities, and underweighted in consumer stocks, health care and information technology. The overweighted positions in cyclical industries are held in the belief that these stocks stand to benefit as the economic recovery progresses. The largest holding in this broad category is Air Products and Chemicals, a supplier of specialty chemicals and gases that is well positioned to benefit from increased manufacturing activity.

The Portfolio's largest holding is Sprint Corporation, a leading provider of long-distance and local telephone service. This is a company in an out-of-favor industry with significant free cash flow, a good yield and sound management. The 2002 bankruptcy of its largest competitor places Sprint in a more favorable competitive situation, and earnings should increase significantly as industry pricing stabilizes. Another large holding, NiSource, is a well-positioned utility whose stock price recovered significantly in the last quarter of 2002.

A large bank holding, J.P. Morgan Chase, is a well-managed company with a high yield that is beginning to realize benefits from a 2000 merger and is well positioned to benefit from improving capital markets. A core holding that has underperformed this year is General Electric, a very solid company whose stock has been penalized by questions about accounting practices in its industry. We continue to have confidence in GE's long-term prospects, based not only on the company's business positions and strategies but also on a strong culture of integrity and competitiveness.

The Capital Guardian Domestic Equity Portfolio is managed for Northwestern Mutual by Capital Guardian Trust Company.

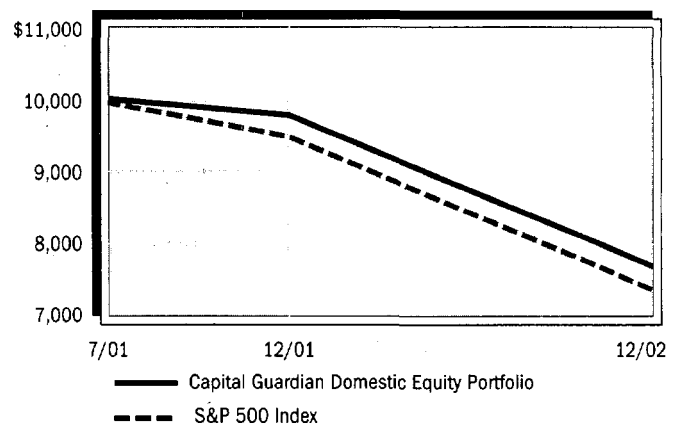
Sector Allocation 12/31/02



Top 10 Holdings 12/31/02

Company	% of Total Net Assets
Sprint Corp.	5.6%
J.P. Morgan Chase & Co.	4.8%
Air Products and Chemicals, Inc.	4.3%
Bank One Corp.	4.1%
General Electric Co.	2.9%
Becton, Dickinson and Co.	2.8%
United Technologies Corp.	2.8%
Philip Morris Companies, Inc.	2.6%
Washington Mutual, Inc.	2.3%
NiSource, Inc.	2.3%

Relative Performance



Average Annual Total Return

For Periods Ended December 31, 2002

	1 year	Since Inception*
Capital Guardian Domestic Equity Portfolio	-21.24%	-16.79%
S&P 500 Index	-22.10%	-19.23%

*inception date of 7/31/01

The Standard & Poor's 500 Composite Stock Price Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The Index is heavily weighted toward stocks with large market capitalizations and represents approximately two-thirds of the total market value of all domestic common stocks. The index cannot be invested in directly and do not include sales charges.

This chart assumes an initial investment of \$10,000 made on 7/31/01 (commencement of operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account are shown on page 4.

Capital Guardian Domestic Equity Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2002

	Shares/ Par	Market Value (000's)		Shares/ Par	Market Value (000's)
Common Stock (94.0%)			Common Stock (94.0%)		
Consumer Discretionary (7.0%)			Health Care continued		
*AOL Time Warner, Inc.	45,700	\$ 599	AstraZeneca PLC ADR	33,100	\$ 1,161
*AutoNation, Inc.	38,400	482	Becton, Dickinson and Co.	68,800	2,112
Carnival Corp.	60,700	1,514	Eli Lilly and Co.	19,800	1,258
Ford Motor Co.	21,300	198	*Lincare Holdings, Inc.	30,500	964
The Interpublic Group of Companies, Inc.	19,900	280	Pfizer, Inc.	1,400	43
Knight-Ridder, Inc.	25,700	1,626	Total		6,178
The Thomson Corp.	16,000	428	Industrials (15.0%)		
*TMP Worldwide, Inc.	8,300	94	Canadian National Railway Co.	4,500	187
Total		5,221	Dover Corp.	23,800	694
Consumer Staples (5.0%)			Emerson Electric Co.	10,900	554
Campbell Soup Co.	68,100	1,598	Fluor Corp.	24,100	675
Kraft Foods, Inc. — Class A	4,800	187	General Electric Co.	89,400	2,178
Philip Morris Companies, Inc.	48,100	1,950	Illinois Tool Works, Inc.	5,000	324
Total		3,735	Ingersoll-Rand Co. — Class A	30,700	1,322
Energy (9.5%)			*Navistar International Corp.	23,100	562
Baker Hughes, Inc.	37,300	1,201	*Sabre Holdings Corp. — Class A	78,700	1,425
*BJ Services Co.	13,900	449	Siemens AG ADR	5,700	240
ChevronTexaco Corp.	2,200	146	Southwest Airlines Co.	18,800	261
Exxon Mobil Corp.	16,900	590	Tyco International, Ltd.	20,100	343
Royal Dutch Petroleum Co., ADR	22,600	995	Union Pacific Corp.	4,600	275
Schlumberger Ltd.	4,400	185	United Technologies Corp.	33,900	2,100
Shell Transport & Trading Co., ADR	31,700	1,234	Total		11,140
Unocal Corp.	54,900	1,679	Information Technology (4.9%)		
*Weatherford International, Ltd.	14,200	567	*Amdocs Ltd.	79,000	776
Total		7,046	*Applied Materials, Inc.	62,800	819
Financials (20.8%)			Hewlett-Packard Co.	36,184	628
*AmeriCredit Corp.	82,100	635	*KLA-Tencor Corp.	20,000	707
Bank One Corp.	82,700	3,023	*Nortel Networks Corp.	84,000	135
Citigroup, Inc.	13,900	489	*Polycom, Inc.	36,700	349
Everest Re Group, Ltd.	25,400	1,405	*VeriSign, Inc.	29,200	234
General Growth Properties, Inc.	5,600	291	Total		3,648
The Goldman Sachs Group, Inc.	8,600	586	Materials (7.9%)		
The Hartford Financial Services Group, Inc.	23,500	1,068	Air Products and Chemicals, Inc.	74,400	3,180
Household International, Inc.	10,600	295	Alcoa, Inc.	8,600	196
J.P. Morgan Chase & Co.	147,500	3,539	The Dow Chemical Co.	13,800	410
The PMI Group, Inc.	23,900	718	E. I. du Pont de Nemours and Co.	20,700	878
*Travelers Property Casualty Corp. — Class A	18,010	264	Lyondell Chemical Co.	48,400	612
Washington Mutual, Inc.	49,700	1,716	Nucor Corp.	3,900	161
Wells Fargo & Co.	18,600	872	*Phelps Dodge Corp.	13,800	437
XL Capital, Ltd. — Class A	6,200	479	Total		5,874
Total		15,380	Telecommunication Services (8.4%)		
Health Care (8.3%)			AT&T Corp.	18,400	480
Applera Corp. — Applied Biosystems Group	36,500	640	CenturyTel, Inc.	13,700	403
			SBC Communications, Inc.	45,900	1,244
			Sprint Corp.	286,400	4,147
			Total		6,274

Capital Guardian Domestic Equity Portfolio

	Shares/ Par	Market Value (000's)
Common Stock (94.0%)		
Utilities (7.2%)		
*The AES Corp.	162,900	\$ 492
Duke Energy Corp.	31,700	619
El Paso Corp.	64,100	446
*Kinder Morgan Management, LLC.	19,628	620
NiSource, Inc.	84,200	1,684
Pinnacle West Capital Corp.	39,300	1,340
The Williams Companies, Inc.	40,700	110
Total		5,311
Total Common Stock (Cost: \$80,545)		
		69,807
Preferred Stock (1.8%)		
Consumer Discretionary (1.2%)		
Ford Motor Company Capital Trust II	22,500	919
Total		919
Materials (0.6%)		
Phelps Dodge Co.	5,000	427
Total		427
Total Preferred Stock Investments (Cost: \$1,616)		
		1,346

	Shares/ Par	Market Value (000's)
Money Market Investments (4.0%)		
Federal Government and Agencies (3.3%)		
Federal National Mortgage Association, 1.26%, 1/27/03	\$2,500,000	\$ 2,498
Total		2,498
Short Term Business Credit (0.7%)		
UBS Finance LLC, 1.20%, 1/2/03	500,000	500
Total		500
Total Money Market Investments (Cost: \$2,998)		
		2,998
Total Investments (99.8%) (Cost \$85,159)^		
		74,151
Other Assets, Less Liabilities (0.2%)		
		123
Total Net Assets (100.0%)		
		\$74,274

^ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$85,457 and the net unrealized depreciation of investments based on that cost was \$11,306 which is comprised of \$1,629 aggregate gross unrealized appreciation and \$12,935 aggregate gross unrealized depreciation.

ADR — American Depository Receipt

* Non-Income Producing

The Accompanying Notes are an Integral Part of the Financial Statements

Index 500 Stock Portfolio

Objective:
 Long-term capital appreciation through cost-effective participation in broad market performance

Portfolio Strategy:
 Invest in a portfolio designed to approximate the composition and returns of the S&P 500 Index.

Net Assets:
 \$1.36 billion

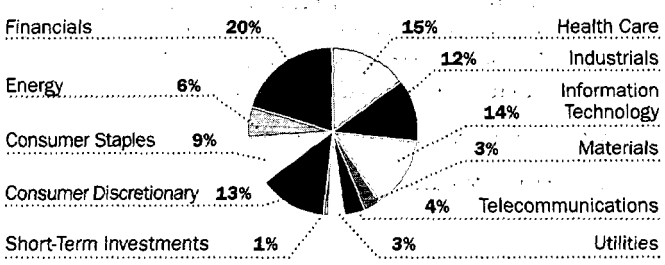
The Index 500 Stock Portfolio is designed to achieve results that approximate the performance of the Standard & Poor's 500 Composite Stock Price Index. As of December 31, 2002, the 500 stocks in the Index had a median market capitalization of \$6.8 billion and total market value of \$8,107 billion. Of the 500 stocks, 424 are listed on the New York Stock Exchange, 74 on NASDAQ, and 2 on the American Stock Exchange.

This composite of 500 stocks of large U.S.-based companies, compiled by Standard & Poor's Corporation, is generally regarded as a good proxy for the large-capitalization portion of the U.S. equity market; the Portfolio therefore provides participation in overall performance of the equity market. The Portfolio continues to achieve the objective of matching the results of the S&P 500 before expenses.

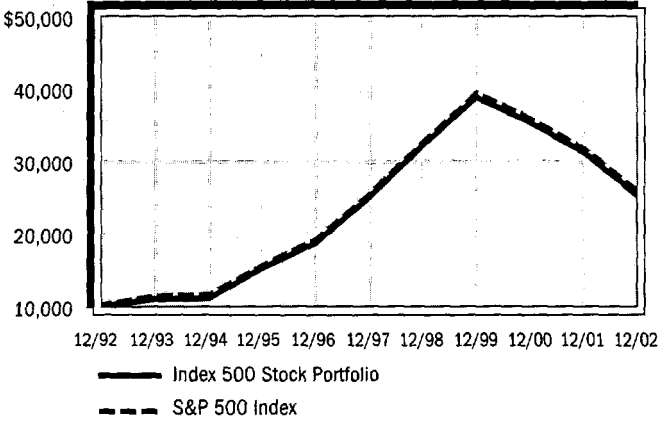
Top 10 Holdings 12/31/02

Company	% of Total Net Assets
Microsoft Corp.	3.4%
General Electric Co.	2.9%
Exxon Mobil Corp.	2.9%
Wal-Mart Stores, Inc.	2.7%
Pfizer, Inc.	2.3%
Citigroup, Inc.	2.2%
Johnson & Johnson	1.9%
American International Group, Inc.	1.8%
International Business Machines Corp.	1.6%
Merck & Co., Inc.	1.6%

Sector Allocation 12/31/02



Relative Performance



Average Annual Total Return
 For Periods Ended December 31, 2002

	1 Year	5 Years	10 Years
Index 500 Stock Portfolio	-22.07%	-0.50%	9.30%
S&P 500 Index	-22.10%	-0.58%	9.30%

On April 30, 1993, the Portfolio was indexed to approximate the performance of the Standard & Poor's 500 Composite Stock Price Index. Before that date, the Portfolio was actively managed. The index cannot be invested in directly and do not include sales charges.

The Standard & Poor's 500 Composite Stock Price Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The index is heavily weighted toward stocks with large market capitalizations and represents approximately two-thirds of the total market value of all domestic common stocks.

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This chart assumes an initial investment of \$10,000 made on 12/31/92. Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account are shown on page 4.

Index 500 Stock Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2002

Common Stock (98.8%)	Shares/ Par	Market Value (000's)	Common Stock (98.8%)	Shares/ Par	Market Value (000's)
Consumer Discretionary (13.3%)			Consumer Discretionary continued		
*American Greetings Corp. — Class A	10,900	\$ 172	Liz Claiborne, Inc.	17,700	\$ 525
*AOL Time Warner, Inc.	738,900	9,680	Lowe's Companies, Inc.	128,850	4,832
*AutoZone, Inc.	16,325	1,153	Marriott International, Inc. — Class A	40,000	1,315
*Bed Bath & Beyond, Inc.	48,400	1,671	Mattel, Inc.	72,288	1,384
*Best Buy Co., Inc.	53,250	1,286	The May Department Stores Co.	47,750	1,097
*Big Lots, Inc.	19,200	254	Maytag Corp.	12,933	369
The Black & Decker Corp.	13,300	570	McDonald's Corp.	211,078	3,394
Brunswick Corp.	14,900	296	The McGraw-Hill Companies, Inc.	32,160	1,944
Carnival Corp.	97,109	2,423	Meredith Corp.	8,200	337
Centex Corp.	10,200	512	The New York Times Co. — Class A	25,070	1,146
Circuit City Stores, Inc.	34,800	258	Newell Rubbermaid, Inc.	44,192	1,340
*Clear Channel Communications, Inc.	101,350	3,779	NIKE, Inc. — Class B	44,200	1,966
*Comcast Corp. — Class A	379,470	8,944	Nordstrom, Inc.	22,367	424
Cooper Tire & Rubber Co.	12,200	187	*Office Depot, Inc.	51,157	755
*Costco Wholesale Corp.	75,264	2,112	Omnicom Group, Inc.	31,100	2,009
Dana Corp.	24,550	289	Pulte Corp.	10,100	483
Darden Restaurants, Inc.	28,350	580	RadioShack Corp.	28,400	532
Delphi Automotive Systems Corp.	92,587	745	*Reebok International, Ltd.	9,900	291
Dillard's, Inc. — Class A	13,964	221	Sears, Roebuck & Co.	52,350	1,254
Dollar General Corp.	55,148	659	The Sherwin-Williams Co.	24,913	704
Dow Jones & Company, Inc.	13,920	602	Snap-On, Inc.	9,617	270
Eastman Kodak Co.	48,283	1,692	The Stanley Works	14,150	489
*eBay, Inc.	50,600	3,432	*Staples, Inc.	77,400	1,416
Family Dollar Stores, Inc.	28,700	896	*Starbucks Corp.	64,250	1,309
*Federated Department Stores, Inc.	33,351	959	Starwood Hotels & Resorts Worldwide, Inc.	33,000	783
Ford Motor Co.	301,794	2,807	Target Corp.	150,157	4,505
Fortune Brands, Inc.	24,867	1,157	Tiffany & Co.	24,167	578
Gannett Co., Inc.	44,150	3,170	The TJX Companies, Inc.	89,400	1,745
The Gap, Inc.	143,975	2,234	*TMP Worldwide, Inc.	18,467	209
General Motors Corp.	92,727	3,418	*Toys "R" Us, Inc.	35,150	352
Genuine Parts Co.	28,900	890	Tribune Co.	50,036	2,275
The Goodyear Tire & Rubber Co.	29,000	197	Tupperware Corp.	9,700	146
Harley-Davidson, Inc.	50,100	2,315	*Univision Communications, Inc. — Class A	37,900	929
*Harrish's Entertainment, Inc.	18,450	731	V. F. Corp.	18,157	655
Hasbro, Inc.	28,625	331	*Viacom, Inc. — Class B	292,148	11,909
Hilton Hotels Corp.	62,250	791	Visteon Corp.	21,683	151
The Home Depot, Inc.	390,094	9,347	Wal-Mart Stores, Inc.	736,400	37,197
*International Game Technology	14,300	1,086	The Walt Disney Co.	337,857	5,510
The Interpublic Group of Companies, Inc.	63,500	894	Wendy's International, Inc.	19,150	518
J. C. Penney Company, Inc.	44,250	1,018	Whirlpool Corp.	11,250	587
Johnson Controls, Inc.	14,700	1,178	*Yum! Brands, Inc.	49,180	1,191
*Jones Apparel Group, Inc.	21,300	755	Total		180,787
KB Home	8,200	351	Consumer Staples (9.4%)		
Knight-Ridder, Inc.	13,750	870	Adolph Coors Co. — Class B	6,000	368
*Kohl's Corp.	55,767	3,120	Alberto-Culver Co. — Class B	9,600	484
Leggett & Platt Inc.	32,433	728			
The Limited, Inc.	86,305	1,202			

Index 500 Stock Portfolio

Common Stock (98.8%)	Shares/ Par	Market Value (000's)	Common Stock (98.8%)	Shares/ Par	Market Value (000's)
Consumer Staples continued			Energy continued		
Albertson's, Inc.	67,354	\$ 1,499	*Rowan Companies, Inc.	15,550	\$ 353
Anheuser-Busch Companies, Inc.	143,849	6,962	Schlumberger Ltd.	95,567	4,022
Archer-Daniels-Midland Co.	107,903	1,338	Sunoco, Inc.	12,650	420
Avon Products, Inc.	39,100	2,106	*Transocean Sedco Forex, Inc.	52,851	1,226
Brown-Forman Corp. — Class B	11,300	739	Unocal Corp.	42,667	1,305
Campbell Soup Co.	67,922	1,594	Total		80,653
The Clorox Co.	38,150	1,574	Financials (20.2%)		
The Coca-Cola Co.	410,975	18,009	ACE Ltd.	43,400	1,273
Coca-Cola Enterprises, Inc.	74,200	1,612	AFLAC Inc.	85,650	2,580
Colgate-Palmolive Co.	89,822	4,709	The Allstate Corp.	116,828	4,321
ConAgra Foods, Inc.	88,967	2,225	Ambac Financial Group, Inc.	17,500	984
CVS Corp.	64,967	1,622	American Express Co.	219,975	7,776
*Del Monte Foods Co.	25,955	200	American International Group, Inc.	432,230	25,006
General Mills, Inc.	60,867	2,858	AmSouth Bancorporation	59,355	1,140
The Gillette Co.	175,135	5,317	Aon Corp.	50,500	954
H.J. Heinz Co.	58,117	1,910	Bank of America Corp.	248,801	17,309
Hershey Foods Corp.	22,650	1,528	The Bank of New York Company, Inc.	120,253	2,881
Kellogg Co.	67,857	2,325	Bank One Corp.	194,286	7,101
Kimberly-Clark Corp.	85,556	4,061	BB&T Corp.	80,000	2,959
*The Kroger Co.	130,605	2,018	The Bear Stearns Companies, Inc.	16,295	968
The Pepsi Bottling Group, Inc.	47,200	1,213	Capital One Financial Corp.	36,700	1,091
PepsiCo, Inc.	293,430	12,389	The Charles Schwab Corp.	225,939	2,451
Philip Morris Companies, Inc.	349,922	14,182	Charter One Financial, Inc.	38,020	1,092
The Procter & Gamble Co.	215,205	18,494	The Chubb Corp.	28,450	1,485
R.J. Reynolds Tobacco Holdings, Inc.	14,800	623	Cincinnati Financial Corp.	26,780	1,006
*Safeway, Inc.	73,000	1,705	Citigroup, Inc.	837,848	29,485
Sara Lee Corp.	129,835	2,923	Comerica, Inc.	28,950	1,252
SUPERVALU, Inc.	22,150	366	Countrywide Credit Industries, Inc.	20,800	1,074
SYSCO Corp.	109,825	3,272	Equity Office Properties Trust	69,300	1,731
UST, Inc.	28,067	938	Equity Residential Properties Trust	45,600	1,121
Walgreen Co.	169,646	4,952	Fannie Mae	164,748	10,598
Winn-Dixie Stores, Inc.	23,250	355	Fifth Third Bancorp	96,134	5,629
Wm. Wrigley Jr. Co.	37,367	2,051	First Tennessee National Corp.	20,900	751
Total		128,521	FleetBoston Financial Corp.	173,505	4,216
Energy (5.9%)			Franklin Resources, Inc.	43,050	1,467
Amerada Hess Corp.	14,800	815	Freddie Mac	115,186	6,802
Anadarko Petroleum Corp.	41,162	1,972	Golden West Financial Corp.	25,550	1,835
Apache Corp.	23,760	1,354	The Goldman Sachs Group, Inc.	79,700	5,428
Ashland, Inc.	11,400	325	The Hartford Financial Services Group, Inc.	41,050	1,865
Baker Hughes, Inc.	55,830	1,797	Household International, Inc.	75,285	2,094
*BJ Services Co.	26,000	840	Huntington Bancshares, Inc.	39,842	745
Burlington Resources, Inc.	33,283	1,420	J.P. Morgan Chase & Co.	330,048	7,921
ChevronTexaco Corp.	176,857	11,757	Jefferson-Pilot Corp.	24,434	931
ConocoPhillips	112,010	5,420	John Hancock Financial Services, Inc.	48,100	1,342
Devon Energy Corp.	25,900	1,189	KeyCorp	70,575	1,774
EOG Resources, Inc.	19,260	769	Lehman Brothers Holdings, Inc.	40,322	2,149
Exxon Mobil Corp.	1,118,756	39,089	Lincoln National Corp.	30,540	964
Halliburton Co.	72,269	1,352	Loews Corp.	30,767	1,368
Kerr-McGee Corp.	16,605	736			
Marathon Oil Corp.	51,309	1,092			
*Nabors Industries, Ltd.	23,950	845			
*Noble Corp.	22,250	782			
Occidental Petroleum Corp.	62,320	1,773			

Index 500 Stock Portfolio

Common Stock (98.8%)	Shares/ Par	Market Value (000's)	Common Stock (98.8%)	Shares/ Par	Market Value (000's)
Financials continued			Health Care continued		
Marsh & McLennan Companies, Inc.	88,680	\$ 4,098	Bausch & Lomb, Inc.	8,900	\$ 320
Marshall & Ilsley Corp.	34,800	953	Baxter International, Inc.	99,800	2,794
MBIA, Inc.	24,350	1,068	Becton, Dickinson and Co.	42,550	1,306
MBNA Corp.	211,515	4,023	*Biogen, Inc.	24,600	985
Mellon Financial Corp.	72,068	1,882	Biomet, Inc.	43,545	1,248
Merrill Lynch & Co., Inc.	143,300	5,438	*Boston Scientific Corp.	67,386	2,865
MetLife, Inc.	116,236	3,143	Bristol-Myers Squibb Co.	320,708	7,424
MGIC Investment Corp.	17,000	702	C. R. Bard, Inc.	8,550	496
Moody's Corp.	25,775	1,064	Cardinal Health, Inc.	74,825	4,429
Morgan Stanley	181,413	7,242	*Chiron Corp.	31,322	1,178
National City Corp.	101,197	2,765	CIGNA Corp.	23,229	955
North Fork Bancorporation, Inc.	27,100	914	Eli Lilly and Co.	186,006	11,811
Northern Trust Corp.	36,650	1,285	*Forest Laboratories, Inc.	29,733	2,920
Plum Creek Timber Company, Inc.	30,600	722	*Genzyme Corp.	35,500	1,050
The PNC Financial Services Group, Inc.	47,067	1,972	*Guidant Corp.	50,588	1,561
Principal Financial Group, Inc.	57,400	1,729	HCA, Inc.	85,811	3,561
The Progressive Corp.	36,000	1,787	Health Management Associates, Inc.	39,500	707
*Provident Financial Corp.	47,857	311	*HEALTHSOUTH Corp.	65,600	276
Prudential Financial, Inc.	96,100	3,050	*Humana, Inc.	28,100	281
Regions Financial Corp.	36,586	1,221	IMS Health, Inc.	46,967	751
SAFECO Corp.	22,650	785	Johnson & Johnson	492,637	26,460
Simon Property Group, Inc.	30,700	1,046	*King Pharmaceuticals, Inc.	40,366	694
SLM Corp.	25,614	2,660	*Manor Care, Inc.	16,300	303
SouthTrust Corp.	57,367	1,426	McKesson HBOC, Inc.	48,005	1,298
The St. Paul Companies, Inc.	37,472	1,276	*Medimmune, Inc.	41,500	1,128
State Street Corp.	53,600	2,090	Medtronic, Inc.	200,900	9,161
*Stilwell Financial, Inc.	36,829	481	Merck & Co., Inc.	372,420	21,083
SunTrust Banks, Inc.	47,233	2,689	*Millipore Corp.	8,000	272
Synovus Financial Corp.	49,050	952	Pfizer, Inc.	1,024,736	31,326
T. Rowe Price Group, Inc.	20,300	554	Pharmacia Corp.	213,570	8,927
Torchmark Corp.	19,750	721	*Quest Diagnostics, Inc.	16,100	916
*Travelers Property Casualty CL B	165,547	2,425	*Quintiles Transnational Corp.	19,500	236
U.S. Bancorp	316,921	6,725	Schering-Plough Corp.	242,750	5,389
Union Planters Corp.	33,137	932	*St. Jude Medical, Inc.	29,300	1,164
UnumProvident Corp.	39,931	700	Stryker Corp.	32,750	2,198
Wachovia Corp.	227,081	8,275	*Tenet Healthcare Corp.	80,950	1,328
Washington Mutual, Inc.	160,187	5,531	UnitedHealth Group, Inc.	50,186	4,191
Wells Fargo & Co.	281,280	13,184	*Watson Pharmaceuticals, Inc.	17,700	500
XL Capital, Ltd. — Class A	22,500	1,738	*Wellpoint Health Networks, Inc. — Class A	24,100	1,715
Zions Bancorporation	15,200	598	Wyeth	219,429	8,207
Total		275,076	*Zimmer Holdings, Inc.	32,237	1,338
Health Care (14.7%)			Industrials (11.4%)		
Abbott Laboratories	258,650	10,346	3M Co.	64,588	7,964
Aetna, Inc.	24,877	1,023	*Allied Waste Industries, Inc.	32,650	327
Allergan, Inc.	21,367	1,231	*American Power Conversion Corp.	32,450	492
AmerisourceBergen Corp.	17,500	950	*American Standard Companies, Inc.	11,900	847
*Amgen, Inc.	211,617	10,230	*AMR Corp.	25,700	170
*ANTHEM, INC.	23,300	1,466	*Apollo Group, Inc. — Class A	28,700	1,263
Applera Corp. — Applied Biosystems Group	35,133	616			

Index 500 Stock Portfolio

Common Stock (98.8%)	Shares/ Par	Market Value (000's)	Common Stock (98.8%)	Shares/ Par	Market Value (000's)
Industrials continued			Industrials continued		
Automatic Data Processing, Inc.	102,650	\$ 4,029	Textron, Inc.	22,850	\$ 982
Avery Dennison Corp.	18,150	1,109	*Thomas & Betts Corp.	9,700	164
The Boeing Co.	138,976	4,585	Tyco International, Ltd.	330,308	5,642
Burlington Northern Santa Fe Corp.	62,985	1,638	Union Pacific Corp.	41,860	2,506
Caterpillar, Inc.	56,988	2,605	United Parcel Service, Inc.	184,800	11,657
*Cendant Corp.	172,233	1,805	United Technologies Corp.	78,067	4,835
Cintas Corp.	28,133	1,287	W.W. Grainger, Inc.	15,400	794
*Concord EPS, Inc.	84,900	1,336	Waste Management, Inc.	101,285	2,321
*Convergys Corp.	28,650	434	Total		154,930
Cooper Industries, Ltd.	15,400	561	Information Technology (14.2%)		
Crane Co.	9,875	197	*ADC Telecommunications, Inc.	131,850	276
CSX Corp.	35,250	998	Adobe Systems, Inc.	39,725	990
Cummins, Inc.	6,800	191	*Advanced Micro Devices, Inc.	56,700	366
Danaher Corp.	25,000	1,643	*Agilent Technologies, Inc.	76,837	1,380
Deere & Co.	39,460	1,809	*Altera Corp.	63,211	780
Delta Air Lines, Inc.	20,367	246	*Analog Devices, Inc.	60,557	1,445
Deluxe Corp.	10,351	436	*Andrew Corp.	16,237	167
Dover Corp.	33,567	979	*Apple Computer, Inc.	59,400	851
Eaton Corp.	11,700	914	*Applied Materials, Inc.	272,300	3,548
Emerson Electric Co.	69,750	3,547	*Applied Micro Circuits Corp.	49,800	184
Equifax, Inc.	23,800	551	Autodesk, Inc.	19,034	272
FedEx Corp.	49,320	2,674	*Avaya, Inc.	59,916	147
First Data Corp.	125,326	4,438	*BMC Software, Inc.	39,960	684
*Fiserv, Inc.	31,825	1,080	*Broadcom Corp. — Class A	45,400	684
Fluor Corp.	13,400	375	*CIENA Corp.	71,500	368
General Dynamics Corp.	33,400	2,651	*Cisco Systems, Inc.	1,211,300	15,868
General Electric Co.	1,647,206	40,110	*Citrix Systems, Inc.	28,920	356
Goodrich Corp.	19,100	350	Computer Associates International, Inc.	95,592	1,290
H&R Block, Inc.	29,950	1,204	*Computer Sciences Corp.	28,450	980
Honeywell International, Inc.	135,650	3,256	*Compuware Corp.	62,257	299
Illinois Tool Works, Inc.	50,700	3,288	*Comverse Technology, Inc.	31,000	311
Ingersoll-Rand Co. — Class A	27,980	1,205	*Corning, Inc.	190,000	629
ITT Industries, Inc.	15,200	922	*Dell Computer Corp.	429,533	11,486
Lockheed Martin Corp.	75,308	4,349	*Electronic Arts, Inc.	23,100	1,150
Masco Corp.	82,100	1,728	Electronic Data Systems Corp.	79,567	1,466
*McDermott International, Inc.	10,500	46	*EMC Corp.	364,774	2,240
*Navistar International Corp.	10,050	244	*Gateway, Inc.	53,650	168
*Norfolk Southern Corp.	64,357	1,286	Hewlett-Packard Co.	505,226	8,771
Northrop Grumman Corp.	30,110	2,921	Intel Corp.	1,103,463	17,181
PACCAR, Inc.	19,205	886	International Business Machines Corp.	280,539	21,742
Pall Corp.	20,350	339	*Intuit, Inc.	35,000	1,642
Parker-Hannifin Corp.	19,575	903	*Jabil Circuit, Inc.	32,767	587
Paychex, Inc.	62,235	1,736	*JDS Uniphase Corp.	225,400	557
Pitney Bowes, Inc.	39,437	1,288	*KLA-Tencor Corp.	31,300	1,107
*Power-One, Inc.	13,200	75	*Lexmark International Group, Inc. — Class A	20,900	1,264
R. R. Donnelley & Sons Co.	18,734	408	Linear Technology Corp.	52,550	1,352
Raytheon Co.	66,700	2,051	*LSI Logic Corp.	61,600	355
*Robert Half International, Inc.	29,040	468	*Lucent Technologies, Inc.	568,236	716
Rockwell Automation, Inc.	30,750	637	Maxim Integrated Products, Inc.	53,500	1,768
Rockwell Collins, Inc.	30,250	704	*Mercury Interactive Corp.	13,900	412
Ryder System, Inc.	10,300	231			
*Sabre Holdings Corp. — Class A	23,967	434			
Southwest Airlines Co.	127,967	1,779			

Index 500 Stock Portfolio

Common Stock (98.8%)	Shares/ Par	Market Value (000's)	Common Stock (98.8%)	Shares/ Par	Market Value (000's)
Information Technology continued			Materials continued		
*Micron Technology, Inc.	99,950	\$ 974	*Hercules, Inc.	18,100	\$ 159
*Microsoft Corp.	896,600	46,354	International Flavors & Fragrances, Inc.	15,700	551
Molex, Inc.	32,050	738	International Paper Co.	79,766	2,789
Motorola, Inc.	380,577	3,292	*Louisiana-Pacific Corp.	17,300	139
*National Semiconductor Corp.	29,943	449	MeadWestvaco Corp.	33,079	817
*NCR Corp.	16,200	385	Monsanto Co.	43,253	833
*Network Appliance, Inc.	55,700	557	Newmont Mining Corp.	66,480	1,930
*Novell, Inc.	60,300	201	Nucor Corp.	12,933	534
*Novellus Systems, Inc.	24,000	674	*Pactiv Corp.	26,200	573
*Nvidia Corp.	25,300	291	*Phelps Dodge Corp.	14,724	466
*Oracle Corp.	899,525	9,715	PPG Industries, Inc.	28,067	1,408
*Parametric Technology Corp.	43,280	109	Praxair, Inc.	26,700	1,542
*PeopleSoft, Inc.	51,700	946	Rohm and Haas Co.	36,580	1,188
PerkinElmer, Inc.	20,700	171	*Sealed Air Corp.	13,921	519
*PMC-Sierra, Inc.	27,700	154	Sigma-Aldrich Corp.	12,100	589
*QLogic Corp.	15,450	533	Temple-Inland, Inc.	8,900	399
*QUALCOMM, Inc.	128,667	4,682	United States Steel Corp.	16,850	221
*Rational Software Corp.	32,000	332	Vulcan Materials Co.	16,800	630
*Sanmina-SCI Corp.	86,800	390	Weyerhaeuser Co.	36,280	1,785
Scientific-Atlanta, Inc.	25,900	307	Worthington Industries, Inc.	14,200	216
*Siebel Systems, Inc.	79,100	592	Total		37,998
*Solectron Corp.	136,400	484	Telecommunication Services (4.1%)		
*Sun Microsystems, Inc.	537,397	1,671	ALLTEL Corp.	51,457	2,624
*SunGard Data Systems, Inc.	46,800	1,103	AT&T Corp.	127,307	3,324
Symbol Technologies, Inc.	37,950	312	*AT&T Wireless Services, Inc.	448,197	2,532
*Tektronix, Inc.	14,760	268	BellSouth Corp.	309,865	8,016
*Tellabs, Inc.	68,092	495	CenturyTel, Inc.	23,500	690
*Teradyne, Inc.	30,350	395	*Citizens Communications Co.	46,700	493
Texas Instruments, Inc.	287,000	4,308	*Nextel Communications, Inc. — Class A	150,750	1,741
*Thermo Electron Corp.	27,600	555	*Qwest Communications International, Inc.	277,635	1,388
*Unisys Corp.	53,450	529	SBC Communications, Inc.	550,447	14,923
*VERITAS Software Corp.	67,932	1,061	Sprint Corp.	147,809	2,140
*Waters Corp.	21,700	473	*Sprint Corp. (PCS Group)	165,060	723
*Xerox Corp.	120,900	973	Verizon Communications, Inc.	451,742	17,506
*Xilinx, Inc.	55,900	1,152	Total		56,100
*Yahoo!, Inc.	99,400	1,625	Utilities (2.8%)		
Total		193,089	*The AES Corp.	89,800	271
Materials (2.8%)			*Allegheny Energy, Inc.	20,800	157
Air Products and Chemicals, Inc.	37,667	1,610	Ameren Corp.	23,967	996
Alcoa, Inc.	139,807	3,186	American Electric Power Company, Inc.	56,140	1,534
Allegheny Technologies, Inc.	13,317	83	*Calpine Corp.	62,360	203
Ball Corp.	9,366	479	CenterPoint Energy, Inc.	50,362	428
Bemis Company, Inc.	8,750	434	Cinergy Corp.	27,784	937
Boise Cascade Corp.	9,600	242	CMS Energy Corp.	23,800	225
The Dow Chemical Co.	150,809	4,480	Consolidated Edison, Inc.	35,250	1,509
E. I. du Pont de Nemours and Co.	164,428	6,973	Constellation Energy Group, Inc.	27,200	757
Eastman Chemical Co.	12,825	472	Dominion Resources, Inc.	50,395	2,767
Ecolab, Inc.	21,400	1,059	DTE Energy Co.	27,750	1,288
Engelhard Corp.	21,300	476	Duke Energy Corp.	146,930	2,871
*Freeport-McMoRan Copper & Gold, Inc. — Class B	23,981	402			
Georgia-Pacific Corp.	38,104	616			
Great Lakes Chemical Corp.	8,300	198			

Index 500 Stock Portfolio

Common Stocks (98.8%)	Shares/ Par	Market Value (000's)
Utilities continued		
*Dynergy, Inc. — Class A	61,100	\$ 72
*Edison International	53,920	639
El Paso Corp.	96,771	674
Entergy Corp.	37,109	1,692
Exelon Corp.	53,312	2,813
FirstEnergy Corp.	49,265	1,624
FPL Group, Inc.	30,157	1,813
KeySpan Corp.	23,400	825
Kinder Morgan, Inc.	20,167	852
*Mirant Corp.	66,526	126
Nicor, Inc.	7,250	247
NiSource, Inc.	40,373	807
Peoples Energy Corp.	5,900	228
*PG&E Corp.	65,125	905
Pinnacle West Capital Corp.	15,000	511
PPL Corp.	26,834	931
Progress Energy, Inc.	39,092	1,695
Public Service Enterprise Group, Inc.	36,736	1,179
Sempra Energy	33,902	802
The Southern Co.	117,300	3,330
TECO Energy, Inc.	28,700	444
TXU Corp.	51,165	956
The Williams Companies, Inc.	85,500	231
#Xcel Energy, Inc.	65,920	725
Total		38,064
Total Common Stock (Cost: \$1,320,019)		1,345,832
Money Market Investments (1.2%)		
Federal Government and Agencies (0.5%)		
#Federal Home Loan Bank, 1.24%, 3/7/03	\$ 6,400,000	6,386
Total		6,386
Finance Services (0.7%)		
#Preferred Receivable Funding, 1.28%, 1/17/03	10,000,000	9,995
Total		9,995

Money Market Investments (1.2%)	Shares/ Par	Market Value (000's)
Short Term Business Credit (0.0%)		
#UBS Finance LLC, 1.2%, 1/2/03	\$400,000	\$ 400
Total		400
Total Money Market Investments (Cost: \$16,780)		16,781
Total Investments (100.0%) (Cost \$1,336,799)^\		1,362,613
Other Assets, Less Liabilities (0.0%)		268
Total Net Assets (100.0%)		\$1,362,881

^\ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$1,340,508 and the net unrealized appreciation of investments based on that cost was \$22,105 which is comprised of \$297,918 aggregate gross unrealized appreciation and \$275,813 aggregate gross unrealized depreciation.

* Non-Income Producing

All or a portion of the securities have been committed as collateral for open futures positions. Information regarding open futures contracts as of period end is summarized below:

Issuer (000's)	Number of Contracts	Expiration Date	Unrealized Appreciation / (Depreciation) (000's)
S & P 500 Index			
Futures	76	3/03	\$(349)
(Total Notional Value at 12/31/02 \$17,048)			

The Accompanying Notes are an Integral Part of the Financial Statements

Asset Allocation Portfolio

Objective:

Realize highest total return, including current income and capital appreciation, consistent with reasonable investment risk

Portfolio Strategy:

Flexible policy of allocating assets among stocks, bonds and cash, with mix adjusted to capitalize on changing financial markets and economic conditions.

Net Assets:

\$87.26 million

The Asset Allocation Portfolio invests in seven categories of assets: large capitalization stocks, small capitalization stocks, foreign stocks, investment-grade bonds, below investment-grade bonds, convertible securities and cash equivalents. The proportion of investments in each category is adjusted as appropriate to take advantage of market trends and opportunities, and securities within each category are actively managed by a team of investment professionals. The Portfolio is managed to maintain broad diversification, while blending asset classes to achieve both capital appreciation and current income.

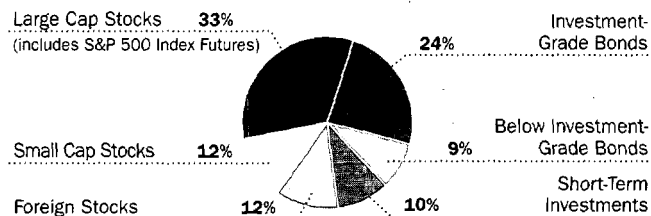
Comparison of returns of the Asset Allocation Portfolio with stock or bond indices is of limited usefulness because there is no index that includes both equity and debt securities. During 2002 the bond market performed significantly better than the stock market. As expected, the Portfolio's performance for the year was a blend of the two, with a total return of -10.3%, better than the return of -22.1% from the S&P 500 Index, but less than the return of the bond benchmark, the Merrill Lynch Domestic Master Index, which had a return of 10.41%.

The Portfolio has maintained a fairly defensive posture, with equity exposure near the low end of its normal range, which is 45% to 75% of assets, while taking advantage of market dips to selectively increase equity holdings. Equity exposure was increased as the market continued to move down during the second quarter of 2002; at mid-year, the equity exposure was a fairly neutral 60%. By the end of the third quarter, equity exposure was at 56%, and the cash position was 10% of assets. Throughout the first nine months of the year, the bond portion of the Portfolio outperformed stocks. The emphasis on high quality companies in both the equity and the fixed-income sectors of the Portfolio helped performance, as nervous markets reacted very negatively to any suggestion of financial problems. Bond performance benefited from emphasis on low-risk government securities and mortgage-backed securities and an underweighted position in corporate bonds.

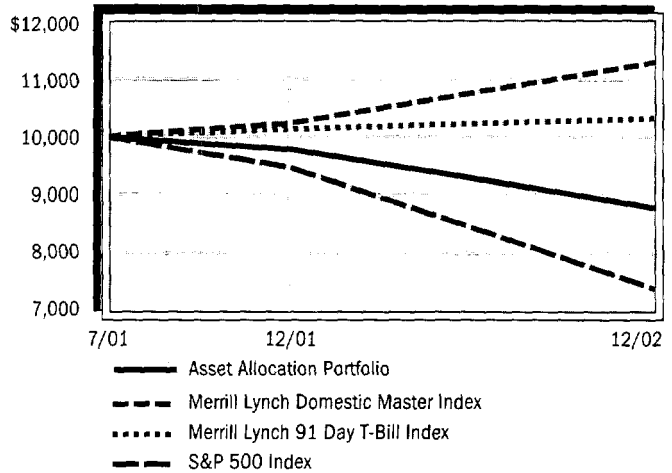
The fourth quarter of 2002 was quite different from the first three quarters: the stock market rallied, bond prices fell, and riskier issues outperformed higher quality securities in both stock and bond markets. As the market rallied beginning in October, we let cash build up as new money flowed into the Portfolio, in anticipation of better buying opportunities. The equity position was increased in December, as the stock market began to move back down. Within the equity segment of the Portfolio, none of the three equity categories — large cap stocks, small cap stocks, and foreign equities — is currently being particularly emphasized. In part as a more conservative substitute for greater equity exposure, we maintained holdings of below investment-grade bonds during the fourth quarter.

The year-end cash position, 10% of the Portfolio (net of Index futures), is somewhat higher than usual. With yields on three-year Treasury notes barely higher than money market instruments, this cash position does not significantly sacrifice income, and it provides the flexibility to add to equity or bond holdings at opportune times.

Sector Allocation 12/31/02



Relative Performance



Average Annual Total Return For Periods Ended December 31, 2002

	1 Year	Since Inception*
Asset Allocation Portfolio	-10.26%	-8.72%
S&P 500 Index	-22.10%	-19.23%
Merrill Lynch Domestic Master Index	10.41%	9.03%
Merrill Lynch 91 Day T-Bill Index	1.78%	2.24%

* inception date of 7/31/01

In the graph, the Fund is compared against three indices representing the three major components of the Fund: equities, fixed income and cash equivalent investments. The indices cannot be invested in directly and do not include sales charges.

The Standard & Poor's 500® Composite Stock Price Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The Index is heavily weighted toward stocks with large market capitalizations and represents approximately two-thirds of the total market value of all domestic common stocks.

The Merrill Lynch Domestic Master Index is an unmanaged market value weighted index comprised of U.S. government, mortgage and investment-grade corporate bonds. The Index measures the income provided by, and the price changes of, the underlying securities.

The Merrill Lynch 91-Day T-Bill Index is comprised of a single issue purchased at the beginning of each month and held for a full month. The issue selected at each month-end rebalancing is the outstanding Treasury bill that matures closest to, but not beyond, three months from the rebalancing date.

This chart assumes an initial investment of \$10,000 made on 7/31/01 (commencement of operations). Returns shown include fee waivers and deductions for all Fund expenses. In the absence of fee waivers, total return would be reduced. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account are shown on page 4.

Investors should be aware of the risks of investments in foreign securities, particularly investments in securities of companies in developing nations. These include the risks of currency fluctuation, of political and economic instability and of less well-developed government supervision and regulation of business and industry practices, as well as differences in accounting standards. Small-cap stocks also may carry additional risk. Small or newer issuers are more likely to realize more substantial growth as well as suffer more significant losses than larger or more established issuers. Investments in such companies can be both more volatile and more speculative.

Asset Allocation Portfolio

Northwestern Mutual Series Fund, Inc. Schedule of Investments December 31, 2002

Domestic Common Stocks & Warrants (34.6%)	Shares/ Par	Market Value (000's)	Large Cap Common Stock (22.7%)	Shares/ Par	Market Value (000's)
Large Cap Common Stock (22.7%)			Health Care (3.2%)		
Consumer Discretionary (5.9%)			Abbott Laboratories	4,000	\$ 160
*Bed Bath & Beyond, Inc.	4,000	\$ 138	*Amgen, Inc.	8,800	425
Carnival Corp.	1,335	33	Baxter International, Inc.	8,300	232
Darden Restaurants, Inc.	4,900	100	Eli Lilly and Co.	1,600	102
Fortune Brands, Inc.	8,200	381	Johnson & Johnson	9,300	500
Gannett Co., Inc.	4,900	352	Medtronic, Inc.	10,900	497
Harley-Davidson, Inc.	10,800	499	Pfizer, Inc.	20,800	635
*Kohl's Corp.	7,400	414	UnitedHealth Group, Inc.	3,300	276
The McGraw-Hill Companies, Inc.	7,100	429	Total		2,827
Newell Rubbermaid, Inc.	12,000	364	Industrials (2.1%)		
Omicom Group, Inc.	4,000	258	Canadian National Railway Co.	6,000	249
Target Corp.	7,700	231	*Fiserv, Inc.	12,800	436
Tribune Co.	9,300	423	General Electric Co.	15,900	387
*Viacom, Inc. — Class B	7,900	322	Lockheed Martin Corp.	2,700	156
Wal-Mart Stores, Inc.	12,300	621	Paychex, Inc.	3,800	106
Wendy's International, Inc.	9,700	263	Raytheon Co.	6,300	194
Weyerhaeuser Co.	5,200	256	Union Pacific Corp.	5,000	299
Total		5,084	Total		1,827
Consumer Staples (2.6%)			Information Technology (2.8%)		
Anheuser-Busch Companies, Inc.	9,400	455	*Cisco Systems, Inc.	8,900	117
Colgate-Palmolive Co.	5,700	299	*Electronic Arts, Inc.	1,700	85
General Mills, Inc.	4,400	207	Intel Corp.	16,000	249
Kellogg Co.	5,300	182	International Business Machines Corp.	5,200	403
Kraft Foods, Inc. — Class A	5,000	195	*Microsoft Corp.	15,100	780
PepsiCo, Inc.	11,800	497	*PeopleSoft, Inc.	5,800	106
Walgreen Co.	15,900	464	*QUALCOMM, Inc.	6,700	244
Total		2,299	*Semiconductor Holders Trust	10,000	222
Energy (1.4%)			Texas Instruments, Inc.	13,200	198
ChevronTexaco Corp.	4,700	312	Total		2,404
EOG Resources, Inc.	8,000	319	Materials (1.3%)		
Exxon Mobil Corp.	17,100	597	Air Products and Chemicals, Inc.	8,900	380
Total		1,228	Alcoa, Inc.	13,300	303
Financials (3.4%)			Ecolab, Inc.	8,700	431
American International Group, Inc.	6,900	399	Total		1,114
The Bank of New York Company, Inc.	8,300	199	Total Large Cap Common Stock		19,728
The Chubb Corp.	3,100	162	Small Cap Common Stock (11.9%)		
Citigroup, Inc.	4,000	141	Consumer Discretionary (2.7%)		
Fifth Third Bancorp	7,100	416	*AnnTaylor Stores Corp.	7,250	148
Freddie Mac	5,300	313	*CDW Computer Centers, Inc.	2,300	101
The Goldman Sachs Group, Inc.	3,600	245	*Coach, Inc.	6,000	198
Lehman Brothers Holdings, Inc.	3,000	160	*Entercom Communications Corp. — Class A	2,200	103
Marsh & McLennan Companies, Inc.	5,000	231	Fairmont Hotels & Resorts, Inc.	3,900	92
Morgan Stanley Dean Witter & Co.	6,100	244	*The Gymboree Corp.	9,600	152
Wells Fargo & Co.	9,300	435	*Hispanic Broadcasting Corp. — Class A	2,900	60
Total		2,945			

Asset Allocation Portfolio

	Shares/ Par	Market Value (000's)
Small Cap Common Stock (11.9%)		
Consumer Discretionary (continued)		
*Jones Apparel Group, Inc.	2,900	\$ 103
*Lamar Advertising Co. — Class A	3,200	108
Leggett & Platt, Inc.	10,600	238
*Lin TV Corp. — Class A	1,200	29
Manpower, Inc.	1,100	35
*Michaels Stores, Inc.	6,400	200
*O'Reilly Automotive, Inc.	13,800	349
*Orient-Express Hotel, Ltd. — Class A	5,500	74
*Platinum Underwriters Holdings, Ltd.	600	16
Polaris Industries, Inc.	2,300	135
*Stoneridge, Inc.	2,000	24
*Tommy Hilfiger Corp.	10,400	72
*Westwood One, Inc.	3,800	142
Total		2,379
Energy (0.9%)		
*BJ Services Co.	4,800	155
*Cal Dive International, Inc.	7,000	165
*Energy Partners, Ltd.	9,700	104
Ocean Energy, Inc.	2,800	56
*Patterson-UTI Energy, Inc.	6,600	199
*Weatherford International, Ltd.	3,200	128
Total		807
Financials (0.9%)		
GreenPoint Financial Corp.	1,500	68
Investors Financial Services Corp.	11,600	318
Old Republic International Corp.	3,800	106
Radian Group, Inc.	3,100	115
SouthTrust Corp.	5,400	134
*Trammell Crow Co.	9,000	81
Total		822
Health Care (3.2%)		
*AdvancePCS	6,700	149
*The Advisory Board Co.	1,700	51
*Apogent Technologies, Inc.	4,500	94
*Biovail Corp.	4,200	111
*Bio-Rad Laboratories, Inc. — Class A	2,600	101
*CIMA Labs, Inc.	3,000	73
D & K Healthcare Resources, Inc.	5,300	54
*DaVita, Inc.	24,200	597
Health Management Associates, Inc. — Class A	4,500	81
*IMPAC Medical Systems, Inc.	700	13
*Lincare Holdings, Inc.	16,700	528
*Patterson Dental Co.	6,700	293
*Province Healthcare Co.	17,950	175
*Renal Care Group, Inc.	6,400	202
*Triad Hospitals, Inc.	3,800	113
*Universal Health Services, Inc. — Class B	3,000	135
Total		2,770
Industrials (2.4%)		
*The BISYS Group, Inc.	5,400	86
C.H. Robinson Worldwide, Inc.	5,900	184

	Shares/ Par	Market Value (000's)
Small Cap Common Stock (11.9%)		
Industrials (continued)		
*Charles River Associates, Inc.	1,400	\$ 20
Cintas Corp.	2,200	101
*Concord EPS, Inc.	2,500	39
*The Corporate Executive Board Co.	6,400	204
Expeditors International of Washington, Inc.	5,200	170
*Hewitt Associates, Inc. — Class A	3,500	111
*Knight Transportation, Inc.	13,150	276
*MSC Industrial Direct Co., Inc. — Class A	6,400	114
*P.A.M. Transportation Services, Inc.	4,800	121
*Resources Connection, Inc.	4,800	111
SkyWest, Inc.	5,700	74
*Swift Transportation Co., Inc.	8,000	160
Teleflex, Inc.	7,600	326
*Tetra Tech, Inc.	1,664	20
Total		2,117
Information Technology (1.8%)		
*Brooks-PRI Automation, Inc.	6,180	71
*CACI International, Inc. — Class A	1,600	57
*EPIQ Systems, Inc.	8,050	123
*Intersil Corp. — Class A	6,400	89
*Keane, Inc.	8,900	80
*Mettler — Toledo International, Inc.	2,300	74
Microchip Technology, Inc.	6,800	166
*Novellus Systems, Inc.	4,600	129
*QLogic Corp.	2,500	86
*Renaissance Learning, Inc.	3,100	59
*Semtech Corp.	6,400	70
*UTStarcom, Inc.	6,400	127
*Varian, Inc.	8,400	241
*Verint Systems, Inc.	800	16
*Zebra Technologies Corp. — Class A	2,500	143
Total		1,531
Total Small Cap Common Stock		
10,426		
Total Domestic Common Stocks & Warrants		
(Cost: \$33,597)		
30,154		
Foreign Common Stock (12.3%)		
Basic Materials (0.7%)		
*Arcelor	Luxembourg	6,850 84
BASF AG	Germany	2,000 76
*Billerud	Sweden	4,862 53
Norske Skogindustrier		
ASA	Norway	2,285 32
*Novozymes A/S — B		
Shares	Denmark	3,450 72
Rio Tinto Ltd.	Australia	3,750 72
*Solvay SA	Belgium	2,210 152
UPM-Kymmene OYJ	Finland	3,420 111
Total		652

Asset Allocation Portfolio

Foreign Common Stock (12.3%)	Country	Shares/Par	Market Value (000's)	Foreign Common Stock (12.3%)	Country	Shares/Par	Market Value (000's)
Consumer Cyclical (2.9%)				Consumer Non-Cyclical (1.6%)			
Bayerische Motoren Werke AG	Germany	2,980	\$ 91	*Altadis, S.A.	Spain	3,500	\$ 80
*Belluna Co., Ltd.	Japan	3,070	107	*Burberry Group PLC	United Kingdom	16,250	59
Berkeley Group PLC	United Kingdom	8,350	80	Cadbury Schweppes PLC	United Kingdom	5,700	36
Beru AG	Germany	2,625	116	*Cott Corp.	Canada	5,300	94
Bridgestone Corp.	Japan	9,000	111	*Gallaher Group PLC	United Kingdom	11,175	111
*British Sky Broadcasting Group PLC	United Kingdom	9,610	99	*Interbrew	Belgium	2,730	64
*Compass Group PLC	United Kingdom	15,785	84	*Kao Corp.	Japan	2,000	44
*Daily Mail and General Trust	United Kingdom	4,900	46	Kook Soon Dang Brewer Co., Ltd.	South Korea	3,000	68
*Denway Motors Limited	Hong Kong	323,100	109	Luxottica Group SPA, ADR	Italy	6,385	87
Electrolux AB — Series B	Sweden	6,550	103	*Nestle SA	Switzerland	525	111
*Esprit Holdings Ltd.	Hong Kong	58,000	98	*Pernod-Ricard SA	France	375	36
Folli-Follie SA	Greece	4,100	70	*Puma AG Rudolf Dassler Sport	Germany	550	37
*Fuji Heavy Industries, Ltd.	Japan	11,000	44	Reckitt Benckiser PLC	United Kingdom	5,960	116
Game Group PLC	United Kingdom	61,450	36	Shiseido Co., Ltd.	Japan	10,000	130
Greek Organization of Football Prognostics	Greece	8,680	91	Swedish Match AB	Sweden	15,500	122
*HMV Group PLC	United Kingdom	29,800	57	Unilever PLC	United Kingdom	14,900	142
*Honda Motor Co., Ltd.	Japan	3,000	111	*Wella AG	Germany	675	41
*Hyundai Motor Co., Ltd.	Republic Of Korea	3,820	89	Total			1,378
*Inditex	Spain	2,200	52	Energy (1.0%)			
Medion AG	Germany	2,000	70	*ENI SPA	Italy	8,230	131
MFI Furniture Group PLC	United Kingdom	35,800	64	*IHC Caland NV	Netherlands	2,270	120
*NCsoft Corp.	Republic Of Korea	435	38	*Precision Drilling Corp.	Canada	2,080	67
Nintendo Co., Ltd.	Japan	700	65	Royal Dutch Petroleum	Netherlands	2,000	88
*Porsche AG	Germany	250	104	Saipem SPA	Italy	23,500	157
*PSA Peugeot Citroen	France	1,050	43	Suncor Energy, Inc.	Canada	5,670	89
Rank Group PLC	United Kingdom	34,600	147	*Technip	France	500	36
*Swatch Group AG	Switzerland	890	74	*TGS Nopec Geophysical Co.			
Vivendi Universal SA	France	4,340	70	ASA	Norway	6,800	53
*Volkswagen AG	Germany	2,145	78	Total Fina Elf SA	France	800	114
*Walmart de Mexico — Series V	Mexico	31,500	72	Total			855
Wolseley PLC	United Kingdom	10,250	86	Financials (2.1%)			
Total			2,505	Aegon NV	Netherlands	6,825	88
				*Anglo Irish Bank Co.	Ireland	23,650	167
				*BNP Paribas SA	France	2,260	92
				Cattles PLC	United Kingdom	10,500	49
				*Converium Holding AG	Switzerland	1,085	53
				*Corporacion Mapfre	Spain	15,150	123
				*Danske Bank	Denmark	7,875	130
				*Deutsche Boerse AG	Germany	2,750	110
				*Grupo Financiero BBVA Bancomer	Mexico	75,500	57

Asset Allocation Portfolio

Foreign Common Stock (12.3%)	Country	Shares/Par	Market Value (000's)
Financials continued			
*HSBC Holdings PLC	United Kingdom	6,400	\$ 70
ING Groep NV	Netherlands	4,200	71
*Intrum Justitia AB	Sweden	5,450	25
*Irish Life & Permanent	Ireland	7,810	84
Lloyds TSB Group PLC	United Kingdom	11,925	86
Man Group PLC	United Kingdom	8,245	118
Manulife Financial	Canada	2,520	55
Muenchener Rueckversicherungs-Gesellschaft AG	Germany	270	32
*OTP Bank RT	Hungary	12,775	126
Royal Bank of Canada	Canada	3,020	111
Royal Bank of Scotland Group PLC	United Kingdom	4,400	105
Swiss Reinsurance Co.	Switzerland	1,310	86
Total			1,838
Healthcare (0.7%)			
*Elekt AB — Class B	Sweden	10,725	108
*Nobel Biocare Holding AG	Switzerland	850	55
*Novartis AG	Switzerland	1,790	65
*Perbio Science AB	Sweden	1,600	18
*Resmed	Australia	2,700	83
Synthes Stratec, Inc.	Switzerland	100	61
Takeda Chemical Industries	Japan	2,200	92
*Taro Pharmaceutical Industries, Ltd.	Israel	2,875	108
Teva Pharmaceutical Industries Ltd., ADR	Israel	1,165	45
Total			635
Industry Goods and Services (1.2%)			
*Alfa Laval AB	Sweden	5,900	47
*Amcor Ltd.	Australia	12,025	57
Atlas Copco AB — A Shares	Sweden	4,330	84
BAE Systems PLC	United Kingdom	19,885	40
Group 4 Falck A/S	Denmark	2,600	55
*Grupo Ferrovial	Spain	5,695	145
Huhtamaki OYJ	Finland	9,540	96
*Jarvis PLC	United Kingdom	6,950	31
*Meggitt PLC	United Kingdom	22,700	64
*Neopost SA	France	3,410	111
*Schindler Holdings	Switzerland	400	78
*Serc Group PLC	United Kingdom	17,500	43

Foreign Common Stock (12.3%)	Country	Shares/Par	Market Value (000's)
Industry Goods and Services continued			
*SGS Societe Generale de Surveillance Holding SA	Switzerland	300	\$ 90
Vestas Wind Systems A/S	Denmark	2,570	26
Vinci SA	France	1,670	94
Total			1,061
Technology (0.8%)			
ASM Pacific Technology Ltd.	Hong Kong	22,000	42
*ASML Holding NV	Netherlands	5,975	50
Canon, Inc.	Japan	2,000	75
*INFOSYS Technologies Ltd.	India	690	69
*Logitech International-Reg	Switzerland	3,580	108
Nokia OYJ	Finland	4,350	68
*Riverdeep Group PLC	Ireland	26,250	33
Royal Philips Electronics NV	Netherlands	4,050	71
Samsung Electronics Co., Ltd.	South Korea	300	80
*Sap AG	Germany	610	48
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	24,600	30
*Tandberg ASA	Norway	5,800	33
Total			707
Telecommunication Services (0.3%)			
*KDDI Corp.	Japan	20	65
*Orange SA	France	14,280	98
PT Telekomunikasi Indonesia	Indonesia	120,000	52
*Vodafone Group PLC	United Kingdom	47,200	86
Total			301
Transportation (0.6%)			
Brisa-Auto Estradas de Portugal SA	Portugal	23,860	132
*EasyJet PLC	United Kingdom	18,875	83
Exel PLC	United Kingdom	7,150	79
Fraport AG	Germany	2,875	51
Macquarie Infrastructure Group	Australia	79,900	145
Total			490

Asset Allocation Portfolio

Foreign Common Stock (12.3%)	Country	Shares/ Par	Market Value (000's)	Investment-Grade Bonds (23.4%)	Shares/ Par	Market Value (000's)
Utilities (0.4%)				Consumer Cyclical (0.1%)		
Centrica PLC	United Kingdom	32,300	\$ 89	Royal Caribbean Cruises Ltd., 7.00%, 10/15/07	\$ 100,000	\$ 89
Italgas S.P.A.	Italy	6,000	82	Total		89
National Grid Group PLC	United Kingdom	12,580	92	Crude Petroleum and Natural Gas (0.5%)		
*Snam Rete Gas	Italy	11,850	40	Occidental Petroleum, 6.75%, 1/15/12	350,000	399
*Suez Lyonnaise des Eaux SA	France	2,600	45	Total		399
Total			348	Diversified Industrials (0.3%)		
Total Foreign Common Stock (Cost: \$11,638)			10,770	United Technologies Corp., 6.10%, 5/15/12	250,000	280
Preferred Stock (0.2%)				Total		280
Technology (0.2%)				Drilling Oil and Gas Wells (0.4%)		
Cable (0.2%)				Transocean, Inc., 7.50%, 4/15/31	300,000	344
CSC Holdings, Inc. — Series M		500	47	Total		344
CSC Holdings, Inc. — Series H		1,000	94	Electric and Other Services Combined (0.3%)		
Total			141	Wisconsin Public Service, 4.875%, 12/1/12	250,000	253
Telecommunications Wireless: Towers (0.0%)				Total		253
**Crown Castle International Corp.		2	0	Electrical Equipment and Supplies (0.6%)		
Total			0	Cooper Industries, Inc., 5.50%, 11/1/09	200,000	208
Telecommunications Wireline: CLEC (0.0%)				Hubbell Inc., 6.375%, 5/15/12	300,000	331
**Intermedia Communications, Inc.		2	0	Total		539
Total			0	Environmental Controls (0.1%)		
Total Technology			141	Pall Corp., 6.00%, 8/1/12 144A	95,000	102
Trucking (0.0%)				Total		102
**American Commercial Lines LLC		261	2	Finance Services (0.6%)		
Total Trucking			2	Credit Suisse First Boston USA Inc., 4.625%, 1/15/08	350,000	354
Total Preferred Stock (Cost: \$136)			143	General Motors Acceptance Corp., 6.875%, 8/28/12	300,000	296
Warrants (0.0%)				Total		650
Telecommunication Services (0.0%)				Fire, Marine and Casualty Insurance (0.3%)		
IWO Holdings, Inc. 144A		50	0	Allstate Corp., 6.125%, 12/15/32	135,000	138
Total Warrants (Cost: \$4)			0	Progressive Corp., 6.25%, 12/1/32	125,000	128
Investment-Grade Bonds (23.4%)				Total		266
Corporate Bonds Domestic (6.6%)				Food Retail (0.3%)		
Beverages, Malt Beverages (0.3%)				Delhaize America Inc., 8.125%, 4/15/11	250,000	242
Anheuser-Busch Companies, Inc., 7.50%, 3/15/12		\$ 23,000	28	Total		242
Coca-Cola Enterprises, Inc., 5.25%, 5/15/07		125,000	135	Motor Vehicle Parts/Accessories (0.2%)		
Coca-Cola Enterprises, Inc., 5.375%, 8/15/06		75,000	81	TRW, Inc., 7.125%, 6/1/09	48,000	54
Total			244	TRW, Inc., 7.75%, 6/1/29	72,000	85
Capital Goods (0.1%)				Total		139
Raytheon Co., 7.20%, 8/15/27		75,000	82	Motors and Generators (0.1%)		
Total			82	Emerson Electric Co., 5.75%, 11/1/11	48,000	52
				Total		52

Asset Allocation Portfolio

	Shares/ Par	Market Value (000's)
Investment-Grade Bonds (23.4%)		
National Commercial Banks (0.3%)		
Bank One Corp., 5.25%, 1/30/13	\$ 250,000	\$ 257
Total		257
News Dealers and Newsstands (0.1%)		
News America Holdings, 7.75%, 12/1/45	100,000	98
Total		98
Office Machines (0.1%)		
Pitney Bowes Credit Corp., 5.75%, 8/15/08	100,000	111
Total		111
Oil and Gas Field Machinery (0.3%)		
National-Oilwell, Inc., 5.65%, 11/15/12 144A	250,000	253
Total		253
Pharmaceuticals (0.3%)		
Eli Lilly & Company, 7.125%, 6/1/25	210,000	248
Total		248
Plastics Materials and Resins (0.3%)		
Eastman Chemical, 7.00%, 4/15/12	260,000	293
Total		293
Plumbing Fixture Fittings/Trim (0.3%)		
Masco Corp., 4.625%, 8/15/07	125,000	130
Masco Corp., 6.50%, 8/15/32	125,000	128
Total		258
Retail-Retail Stores (0.4%)		
Limited Brands, 6.125%, 12/1/12	300,000	316
Total		316
Search and Navigation Equipment (0.1%)		
Raytheon Co., 7.00%, 11/1/28	120,000	128
Total		128
Telephone Communications (0.2%)		
Alltel Corp., 7.00%, 7/1/12	120,000	138
Total		138
Total Corporate Bonds Domestic		5,781
Government (Domestic and Foreign) and Agency Bonds (16.8%)		
Federal Government and Agencies (16.8%)		
Government National Mortgage Association TBA, 5.50%, 12/1/25	150,000	151
Housing & Urban Development, 6.08%, 8/1/13	100,000	113
US Treasury, 2.125%, 10/31/04	550,000	556
US Treasury, 2.875%, 6/30/04	150,000	153
US Treasury, 3.00%, 1/31/04	165,000	168
US Treasury, 3.00%, 11/15/07	800,000	810
US Treasury, 3.25%, 8/15/07	189,000	194
US Treasury, 3.50%, 11/15/06	4,129,000	4,296

	Shares/ Par	Market Value (000's)
Investment-Grade Bonds (23.4%)		
Federal Government and Agencies continued		
US Treasury, 3.875%, 7/31/03	\$1,325,000	\$ 1,344
US Treasury, 4.375%, 5/15/07	427,000	459
US Treasury, 4.625%, 5/15/06	153,000	165
US Treasury, 5.375%, 2/15/31	215,000	234
US Treasury, 5.50%, 5/15/09	1,000,000	1,135
US Treasury, 6.125%, 8/15/07	550,000	632
US Treasury, 6.50%, 8/15/05	1,000,000	1,119
US Treasury, 6.50%, 5/15/05	2,370,000	2,630
US Treasury Inflation Index Bond, 3.375%, 1/15/07	223,129	242
US Treasury Stripped, 0.00%, 5/15/30	870,000	211
Total Government (Domestic and Foreign) and Agency Bonds		14,612
Total Investment-Grade Bonds (Cost: \$19,607)		20,393
Below Investment-Grade Bonds (9.4%)		
Basic Materials (0.2%)		
Chemicals (0.1%)		
Lyondell Chemical Co., 11.125%, 7/15/12	50,000	49
Total		49
Metals and Mining (0.0%)		
UCAR Finance, Inc., 10.25%, 2/15/12	100,000	79
Total		79
Paper (0.1%)		
Appleton Papers, Inc., 12.50%, 12/15/08	50,000	55
Total		55
Total Basic Materials		183
Cable and Other Pay Television Services (0.0%)		
Charter Communications Holdings, .10.75%, 10/1/09	25,000	11
Total Cable and Other Pay Television Services		11
Capital Goods (0.8%)		
Aerospace (0.1%)		
K & F Industries Inc., 9.625%, 12/15/10 144A	50,000	51
Total		51
Building and Construction (0.4%)		
Brickman Group Ltd., 11.75%, 12/15/09 144A	100,000	104
H & E Equipment/Finance, 11.125%, 6/15/12 144A	100,000	75
Integrated Electrical Services, Inc., 9.375%, 2/1/09	50,000	46
Integrated Electrical Services, Inc., Series B, 9.375%, 2/1/09	50,000	46
United Rentals, Inc., 10.375%, 4/15/08	100,000	100
Total		371

Asset Allocation Portfolio

	Shares/ Par	Market Value (000's)		Shares/ Par	Market Value (000's)
Below Investment-Grade Bonds (9.4%)			Below Investment-Grade Bonds (9.4%)		
Industrial Equipment (0.3%)			Lodging / Resorts (0.6%)		
Perkinelmer, Inc., 8.875%, 1/15/13 144A	\$ 50,000	\$ 49	Corrections Corporation of America, 9.875%, 5/1/09 144A	\$ 75,000	\$ 80
Rexnord Corp., 10.125%, 12/15/12 144A	100,000	103	Felcor Lodging LP, 9.50%, 9/15/08	100,000	101
Tyco International Group, 6.375%, 2/15/06	50,000	49	Hilton Hotels Corp., 7.625%, 12/1/12	100,000	101
Tyco International Group S.A., 6.375%, 6/15/05	25,000	24	John Q. Hammons, 8.875%, 5/15/12	100,000	100
Tyco International Group SA, 6.375%, 10/15/11	25,000	23	Meristar Hospitality Finance Corp., 9.00%, 1/15/08	50,000	44
Total		248	Lodging / Resorts continued		
Total Capital Goods		670	Meristar Hospitality Finance Corp., 9.125%, 1/15/11	50,000	44
			RFS Partnership LP, 9.75%, 3/1/12	25,000	26
			Total		496
Chemicals and Allied Products (0.1%)			Printing and Publishing (0.6%)		
Lyondell Chemical Co., 9.50%, 12/15/08 144A	75,000	70	American Achievement Corp., 11.625%, 1/1/07	100,000	105
Total Chemicals and Allied Products		70	DEX Media East LLC, 9.875%, 11/15/09 144A	50,000	54
			Mail-Well Corp., 9.625%, 3/15/12	75,000	67
Construction and Building Materials (0.0%)			RH Donnelley Fin Corp.,		
United Rentals, Inc., 10.75%, 4/15/08 144A	25,000	25	10.875%, 12/15/12 144A	100,000	108
Total Construction and Building Materials		25	Vertis Inc., 10.875%, 6/15/09	100,000	103
			Von Hoffman Corp., 10.25%, 3/15/09	100,000	94
			Total		531
Consumer Cyclical (2.6%)			Retail — General (0.6%)		
Apparel, Textile (0.1%)			Asbury Automotive Group, Inc., 9.00%, 6/15/12	50,000	44
Levi Strauss & Co., 11.625%, 1/15/08	75,000	73	Autonation, Inc., 9.00%, 8/1/08	25,000	25
Tommy Hilfiger USA, Inc., 6.85%, 6/1/08	50,000	47	Buhrmann U.S., Inc., 12.25%, 11/1/09	75,000	70
Total		120	CSK Auto, Inc, 12.00%, 6/15/06	50,000	54
			The Gap, Inc., 8.15%, 12/15/05	100,000	105
Auto Related (0.2%)			Hollywood Entertainment Inc.,		
Avis Group Holdings, Inc., 11.00%, 5/1/09	50,000	55	9.625%, 3/15/11	50,000	51
Collins & Aikman Products, Inc., 11.50%, 4/15/06	50,000	42	Saks, Inc., 8.25%, 11/15/08	50,000	50
Trimas Corp., 9.875%, 6/15/12 144A	100,000	99	Sonic Automotive, Inc., 11.00%, 8/1/08	50,000	51
Total		196	United Auto Group, Inc. 9.625%, 3/15/12 144A	50,000	49
			Total		499
Home Construction (0.2%)			Total Consumer Cyclical		
Beazer Homes USA, 8.875%, 4/1/08	50,000	52			2,264
K. Hovanian Enterprises, 10.50%, 10/1/07	50,000	54	Consumer Staples (2.5%)		
Schuler Homes, 9.375%, 7/15/09	50,000	51	Containers (0.3%)		
Tech Olympic USA, Inc., 9.00%, 7/1/10 144A	50,000	49	Applied Extrusion Tech., Inc., 10.75%, 7/1/11		
Total		206	25,000		
			104		
Household Appliances (0.1%)			Owens-Brockway Glass Container, Inc., 8.75%, 11/15/12 144A		
Rent-A-Center Inc., 11.00%, 8/15/08	50,000	54	125,000		
Total		54	Total		
			247		
Leisure Related (0.2%)			Food Service (0.1%)		
Bally Total Fitness Holdings, Series D, 9.875%, 10/15/07	75,000	65	Buffets, Inc., 11.25%, 7/15/10 144A		
Premier Parks, Inc., 9.50%, 2/1/09	100,000	97	50,000		
Total		162	75,000		
			Total		
			117		

Asset Allocation Portfolio

	Shares/ Par	Market Value (000's)
Below Investment-Grade Bonds (9.4%)		
Foods (0.1%)		
Corn Products International, Inc., 8.25%, 7/15/07	\$ 50,000	\$ 51
Swift & Co., 10.125%, 10/1/09 144A	50,000	47
Total		98
Gaming (1.4%)		
Aztar Corp., 8.875%, 5/15/07	25,000	26
Choctaw Resort Development, 9.25%, 4/1/09	100,000	105
Chumash Casino & Resort, 9.00%, 7/15/10 144A	100,000	105
Herbst Gaming, Inc., 10.75% 9/1/08	100,000	105
Hollywood Casino Shreveport, 13.00%, 8/1/06	50,000	50
Jacobs Entertainment, Inc. 11.875%, 02/01/09	100,000	104
Majestic Investment Holdings, Inc., 11.653%, 11/30/07	50,000	46
The Majestic Star Casino LLC, 10.875%, 7/1/06	100,000	102
Park Place Entertainment Corporation, 9.375%, 2/15/07	25,000	27
Resort International Hotel/Casino, 11.50%, 3/15/09	75,000	68
Riviera Holdings Corp., 11.00%, 6/15/10	100,000	90
Venetian Casino Resort LLC, 11.00%, 6/15/10 144A	100,000	105
Wheeling Island Gaming, 10.125%, 12/15/09	75,000	77
Wynn Las Vegas Corp., 12.00%, 11/1/10	125,000	125
Total		1,135
Healthcare (0.5%)		
AmerisourceBergen Corp., 7.25%, 11/15/12 144A	75,000	77
HEALTHSOUTH Corp., 8.50%, 2/1/08	100,000	86
InSight Health Services Corp., 9.875%, 11/1/11	100,000	96
Pacificare Health Systems, Inc., 10.75%, 6/1/09	50,000	54
Rotech Healthcare Inc., 9.50%, 4/1/12 144A	100,000	100
Ventas Realty, 9.00%, 5/1/12	50,000	52
Total		465
Retail - Food (0.1%)		
Fleming Companies, Inc., 10.125%, 4/1/08	50,000	43
Great Atlantic & Pacific Tea Co., Inc., 7.75%, 4/15/07	100,000	72
Total		115

	Shares/ Par	Market Value (000's)
Below Investment-Grade Bonds (9.4%)		
Soaps and Toiletries (0.0%)		
Elizabeth Arden, Inc., 11.75%, 2/1/11	\$ 25,000	\$ 26
Total		26
Total Consumer Staples		
		2,203
Energy (0.4%)		
Oil and Gas Independent (0.1%)		
PDVSA Finance, Ltd., 1999-I, 9.75%, 2/15/10	50,000	45
Total		45
Oil and Gas Integrated (0.1%)		
Compton Petroleum Corp., 9.90%, 5/15/09	50,000	52
Total		52
Oil Field Services (0.2%)		
BRL Universal Equipment, 8.875%, 2/15/08	50,000	52
Grant Prideco Escrow, 9.00%, 12/15/09 144A	100,000	103
Hanover Equipment Trust, 8.75%, 9/1/11 144A	100,000	97
Total		252
Refining (0.0%)		
Tesoro Petroleum Corp., 9.625%, 11/1/08	25,000	17
Total		17
Total Energy		
		366
Finance (0.3%)		
Banks (0.1%)		
Western Financial Bank-FSB, 9.625%, 5/15/12	50,000	49
Total		49
Finance Companies (0.1%)		
AmeriCredit Corp., 9.875%, 4/15/06	25,000	21
Americredit Corp., 9.25%, 5/1/09 144A	50,000	39
IOS Capital, Inc., 9.75%, 6/15/04	50,000	51
Metris Companies, Inc., 10.125%, 7/15/06	50,000	28
Total		139
Financial Services (0.1%)		
Labranche & Company, Inc., 12.00%, 3/2/07	50,000	55
Total		55
Total Finance		
		243

Asset Allocation Portfolio

	Shares/ Par	Market Value (000's)		Shares/ Par	Market Value (000's)
Below Investment-Grade Bonds (9.4%)			Below Investment-Grade Bonds (9.4%)		
<u>Miscellaneous (0.3%)</u>			Telecommunications Wireless: Cellular/PCS continued		
CB Richards Ellis Services, Inc., 11.25%, 6/15/11	\$ 75,000	\$ 69	+Triton PCS, Inc., 11.00%, 5/1/08	\$ 100,000	\$ 83
Crescent Real Estate Equities, 7.50%, 9/15/07	100,000	97	TSI Telecommunications Service, 12.75%, 2/1/09	100,000	89
Istar Financial, Inc., 8.75%, 8/15/08	50,000	53	+US Unwired, Inc., 13.375%, 11/1/09	125,000	8
Total Miscellaneous		219	Total		593
<u>Professional Services (0.1%)</u>			Telecommunications Wireless: Towers (0.1%)		
Kindercare Learning Centers, 9.50%, 2/15/09	90,000	87	+Crown Castle International Corp., 10.625%, 11/15/07	50,000	45
Total Professional Services		87	Total		45
<u>Real Estate (0.1%)</u>			Total Technology		
LNR Property Corp., 10.50%, 1/15/09	100,000	101			1,043
Total Real Estate		101	<u>Transport Services (0.4%)</u>		
<u>Technology (1.2%)</u>			Railroads (0.1%)		
Cable (0.3%)			Railamerica Transportation Corp., 12.875%, 8/15/10	50,000	50
Charter Communications Holdings LLC, 9.625%, 11/15/09	75,000	33	TFM SA DE CV, 12.50%, 6/15/12 144A	50,000	51
Echostar DBS Corp., 10.375%, 10/1/07	100,000	107	Total		101
Insight Midwest, 9.75%, 10/01/09 144A	50,000	48	Trucking and Shipping (0.3%)		
Rogers Communications, Inc., 8.875%, 7/15/07	50,000	48	American Commercial LLC, 11.25%, 1/1/08	29,794	10
++Telewest Communications PLC, 9.875%, 2/1/10	50,000	9	CP Ships Ltd., 10.375%, 7/15/12	50,000	53
Total		245	International Shipbuilding Corp., 7.75%, 10/15/07	35,000	28
<u>Electronics (0.1%)</u>			North American Van Lines, 13.375%, 12/1/09	100,000	97
Amkor Technology, Inc., 5.00%, 3/15/07	25,000	12	Stena AB, 9.625%, 12/1/12 144A	100,000	102
Sanmina-Sci Corporation, 10.375%, 1/15/10 144A	50,000	51	Total		290
Solectron Corp., 9.625%, 2/15/09	50,000	49	Total Transport Services		391
Total		112	<u>Utilities (0.4%)</u>		
<u>Office Equipment (0.1%)</u>			Utility — Electric (0.3%)		
Xerox Corp., 7.15%, 8/01/04	50,000	48	Calpine Canada Energy, 8.50%, 5/1/08	25,000	11
Total		48	Calpine Corp., 8.625%, 8/15/10	50,000	21
<u>Telecommunications Wireless: Cellular/PCS (0.6%)</u>			Calpine Corp., 8.75%, 7/15/07	50,000	22
Alamosa Delaware, Inc., 12.50%, 2/1/11	25,000	8	Edison Mission Energy, 10.00%, 8/15/08	100,000	48
Alamosa Delaware, Inc., 13.625%, 08/15/11	37,500	12	Orion Power Holdings, Inc., 12.00%, 5/1/10	100,000	72
+Alamosa PCS Holdings, Inc., 12.875%, 2/15/10	226,000	41	++PG&E National Energy Group, Inc., 10.375%, 5/16/11	50,000	19
Dobson Communications Corp., 10.875%, 7/1/10	50,000	42	Western Resources, 9.75%, 5/1/07	50,000	46
!Nextel Communications, Inc., 10.65%, 9/15/07	85,000	81	Total		239
Nextel Partners, Inc., 12.50%, 11/15/09	75,000	68	Utility — Garbage Disposal (0.1%)		
Qwest Services Corp., 12/15/10, 13.50% 144A	48,000	50	Allied Waste North America, Inc., 8.50%, 12/1/08	100,000	100
Rogers Cantel, Inc., 8.30%, 10/1/07	75,000	66	Total		100
Rogers Cantel, Inc., 9.75%, 6/1/16	50,000	45	Total Utilities		339
			Total Below Investment-Grade Bonds		
			(Cost: \$8,424)		
					8,215

Asset Allocation Portfolio

	Shares/ Par	Market Value (000's)
<u>Money Market Investments (19.9%)</u>		
<u>Federal and Federally-Sponsored Credit (3.6%)</u>		
#Federal Home Loan Mortgage Corporation, 1.10%, 1/8/03	\$3,100,000	\$ 3,099
Total Federal and Federally-Sponsored Credit		<u>3,099</u>
<u>Federal Government and Agencies (16.3%)</u>		
Federal Home Loan Bank, 1.24%, 3/7/03	1,000,000	998
#Federal National Mortgage Association, 1.26%, 1/27/03	8,600,000	8,593
Federal National Mortgage Association, 1.28%, 1/22/03	4,700,000	4,696
Total Federal Government and Agencies		<u>14,287</u>
Total Money Market Investments (Cost: \$17,386)		<u>17,386</u>
Total Investments (99.8%) (Cost \$90,792)^		<u>87,061</u>
Other Assets, Less Liabilities (0.2%)		<u>199</u>
Total Net Assets (100.0%)		<u>\$87,260</u>

^ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$91,184 and the net unrealized depreciation of investments based on that cost was \$4,123 which is comprised of \$2,275 aggregate gross unrealized appreciation and \$6,398 aggregate gross unrealized depreciation.

ADR — American Depository Receipt

144A after the name of a security represents a security exempt from registration under rule 144a of the Securities Act of 1933. These securities may be resold as transactions exempt from registration, normally to qualified institutional buyers.

* Non-Income Producing

+ Step bond security that presently receives no coupon payments. At the predetermined date the stated coupon rate becomes effective.

++ Defaulted Security

** PIK — Payment In Kind

All or a portion of the securities have been committed as collateral for open futures positions. Information regarding open futures contracts as of period end is summarized below:

Issuer (000's)	Number of Contracts	Expiration Date	Unrealized Appreciation/ (Depreciation) (000's)
S & P 500 INDEX FUTURES	40	3/03	\$(247)
(Total Notional Value at 12/31/02 \$9,037)			
US TEN YEAR TREASURY NOTE	3	3/03	\$(7)
(Total Notional Value at 12/31/02 \$339)			

The Accompanying Notes are an Integral Part of the Financial Statements

Balanced Portfolio

Objective:

A high level of current income and capital growth with a low risk profile

Portfolio Strategy:

Achieve consistent returns and low volatility by diversifying among assets.

Net Assets:

\$2.56 billion

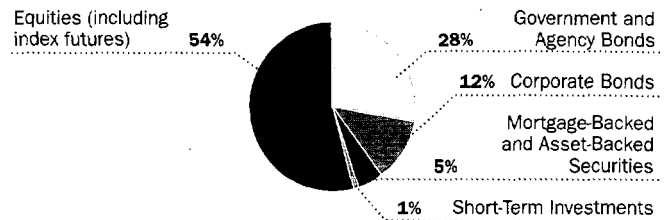
In order to capitalize on changing financial market and economic conditions, the Balanced Portfolio's asset allocation is adjusted as appropriate among three investment classes: stocks, bonds and money market instruments. The equity portion of the Portfolio is indexed, meaning that the Portfolio is designed to achieve results that approximate the performance of the Standard & Poor's 500 Composite Stock Price Index, which is generally regarded as a good proxy for the overall U.S. equity market. The bond portion of the Portfolio is actively managed, with investments in high quality bonds adjusted frequently as to maturity, market sectors and duration. Liquidity is maintained by holding a portion of the Portfolio in money market investments, which are high quality short-term debt securities.

Definition of an appropriate benchmark for comparison of returns of the Balanced Portfolio is difficult because there is no index that includes both equity and debt securities. Accordingly, comparisons are provided with three different indices: the S&P 500 Index for stocks, Merrill Lynch Domestic Master Index for bonds, and 91-day Treasury bills for short-term investments. As expected, the Portfolio's performance over the last year was between these measures, with a total return of -7.5%, better than the return of -22.1% from the S&P 500 Index, but less than the return of the Merrill Lynch Domestic Master Index, which had a return of 10.4%, or Treasury bills, which had a return of 1.8%.

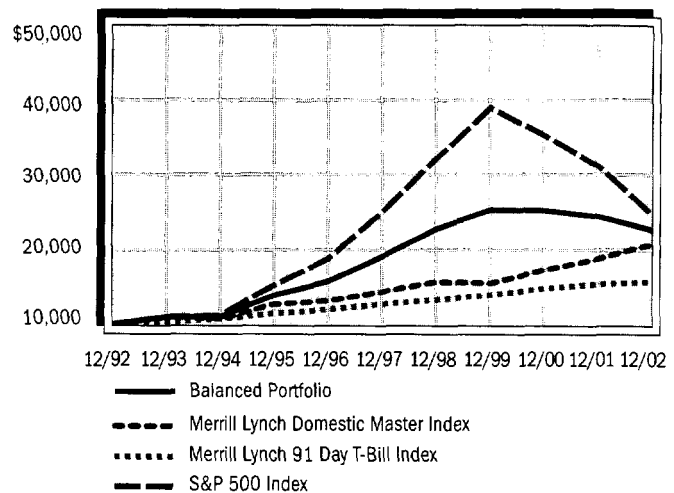
The target asset mix for the Balanced Portfolio is established and adjusted with input from an asset valuation model designed to gauge the relative attractiveness of stocks versus bonds. Changes are at the margin, so that there are always core positions in both stocks and bonds. The extreme volatility of the equity market over the last year has created many opportunities to sell on strength and buy on weakness. At the beginning of January 2002, the Portfolio was invested 54% in stocks, 42% in bonds, and 4% in cash equivalents. The equity position was increased in February, following a January market drop, then reduced in March after a rally. Modest additions were made to the equity position after a market drop in April, and stock exposure was further increased on the pronounced weakness near the end of June. A brief rally in August created an opportunity to reduce the equity position, which was then increased again on weakness in September and into early October. This decision proved sound, as the equity market continued to strengthen through much of the fourth quarter. Equity exposure was reduced in November on a market rebound and then increased in late December when the market weakened, to 54% of assets at year end.

Performance was boosted by excellent results from the bond portion of the Portfolio, which is managed actively, using a strategy very similar to that of the Select Bond Portfolio. Bonds as a whole have provided higher returns than stocks over the last year, and the Portfolio benefited from an emphasis on high quality securities and an overweighted position in low-risk government bonds and mortgage-backed securities.

Sector Allocation 12/31/02



Relative Performance



Average Annual Total Return For Periods Ended December 31, 2002

	1 Year	5 years	10 years
Balanced Portfolio	-7.54%	3.40%	8.53%
Merrill Lynch Domestic Master Index	10.41%	7.58%	7.57%
Merrill Lynch 91 Day T-Bill Index	1.78%	4.48%	4.64%
S&P 500 Index	-22.10%	-0.58%	9.30%

In the graph, the Portfolio is compared against three indices representing the three major components of the Portfolio: equities, fixed income, and cash equivalent investments. The indices cannot be invested in directly and do not include sales charges.

The Merrill Lynch Domestic Master Index is an unmanaged market value weighted index comprised of U.S. Government, mortgage and investment-grade corporate bonds. The index measures the income provided by, and the price changes of, the underlying securities.

The Merrill Lynch 91-Day T-Bill Index is comprised of a single issue purchased at the beginning of each month and held for a full month. The issue selected at each month-end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date.

The Standard & Poor's 500 Composite Stock Price Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The index is heavily weighted toward stocks with large market capitalizations and represents approximately two-thirds of the total market value of all domestic common stocks.

This chart assumes an initial investment of \$10,000 made on 12/31/92. Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account are shown on page 4.

Balanced Portfolio

Northwestern Mutual Series Fund, Inc. Schedule of Investments December 31, 2002

	Shares/ Par	Market Value (000's)		Shares/ Par	Market Value (000's)
Corporate Bonds (11.6%)			Corporate Bonds (11.6%)		
Aerospace — Defense (0.7%)			Electric and Other Services Combined (0.1%)		
Lockheed Martin Corp., 8.20%, 12/1/09	\$ 7,450,000	\$ 9,207	Wisconsin Public Service, 4.875%, 12/1/12	\$ 3,250,000	\$ 3,292
Raytheon Co., 7.20%, 8/15/27	8,705,000	9,515	Total		3,292
Total		18,722	Electric Services (1.2%)		
Auto Related (0.4%)			Atlantic City Electric, 6.625%, 8/1/13		
Toyota Motor Credit Corp., 5.65%, 1/15/07	9,750,000	10,594		4,000,000	4,395
Total		10,594	Exelon Generation Co. LLC, 6.95%, 6/15/11		
Beverages, Malt Beverages (1.3%)			Public Service Electric & Gas Co., 6.875%, 1/1/03		
Anheuser-Busch Companies, Inc., 7.00%, 12/1/25	4,800,000	5,154		9,000,000	9,000
Anheuser-Busch Companies, Inc., 7.50%, 3/15/12	910,000	1,121	South Carolina Electric & Gas, 6.125%, 3/1/09		
Coca-Cola Enterprises, Inc., 5.25%, 5/15/07	8,975,000	9,649		3,000,000	3,341
Coca-Cola Enterprises, Inc., 5.375%, 8/15/06	4,175,000	4,525	Total		29,479
Coca-Cola Enterprises, Inc., 5.75%, 3/15/11	10,000,000	10,971	Electrical Equipment and Supplies (0.2%)		
Total		31,420	Cooper Industries, Inc., 5.50%, 11/1/09		
Broad Woven Fabric Mills, Manmade (0.0%)				5,100,000	5,315
++Polysindo International Finance, 11.375%, 6/15/06	6,500,000	455	Total		5,315
Total		455	Environmental Controls (0.1%)		
Commercial Banks (0.4%)			Pall Corp., 6.00%, 8/1/12 144A		
++Banco Montevideo, 8.40%, 4/30/08 144A	6,250,000	1,125		2,500,000	2,673
Bank of America Corp., 7.40%, 1/15/11	2,668,000	3,143	Total		2,673
Wells Fargo Bank, 6.45%, 2/1/11	4,850,000	5,444	Finance Services (0.8%)		
Total		9,712	Credit Suisse First Boston USA, Inc., 4.625%, 1/15/08		
Crude Petroleum and Natural Gas (0.7%)			General Motors Acceptance Corp., 6.875%, 8/28/12		
Occidental Petroleum, 6.75%, 1/15/12	11,017,000	12,549		11,900,000	11,730
Occidental Petroleum, 8.45%, 2/15/29	4,751,000	6,095	Total		19,890
Total		18,644	Fire, Marine and Casualty Insurance (0.4%)		
Diversified Industrials (0.3%)			Allstate Corp., 6.125%, 12/15/32		
United Technologies Corp., 6.10%, 5/15/12	7,840,000	8,766		8,475,000	8,695
Total		8,766	Total		11,262
Drilling Oil and Gas Wells (0.3%)			Food Retailers (0.3%)		
Transocean, Inc., 7.50%, 4/15/31	5,844,000	6,704	Delhaize America Inc., 8.125%, 4/15/11		
Total		6,704		8,000,000	7,740
			Total		
			7,740		
			Foreign Government Bonds (0.3%)		
			Province of Quebec, 6.50%, 1/17/06		
				7,500,000	8,312
			Total		8,312
			Grocery Stores (0.2%)		
			The Kroger Co., 7.50%, 4/1/31		
				5,000,000	5,593
			Total		5,593
			Metal Mining (0.1%)		
			Rio Tinto Finance, Ltd., 5.75%, 7/3/06		
				2,500,000	2,731
			Total		2,731

Balanced Portfolio

	Shares/ Par	Market Value (000's)		Shares/ Par	Market Value (000's)
Corporate Bonds (11.6%)			Corporate Bonds (11.6%)		
Motor Vehicle Parts Accessories (0.4%)			Telephone Communications (0.3%)		
TRW, Inc., 7.125%, 6/1/09	\$ 3,047,000	\$ 3,407	Alltel Corp., 7.00%, 7/1/12	\$ 2,160,000	\$ 2,489
TRW, Inc., 7.75%, 6/1/29	6,591,000	7,774	Alltel Corp., 7.875%, 7/1/32	4,875,000	5,982
Total		11,181	Total		8,471
Motors and Generators (0.1%)			Total Corporate Bonds		
Emerson Electric Co., 5.75%, 11/1/11	1,918,000	2,060	(Cost: \$284,627)		
Total		2,060	295,977		
National Commercial Banks (0.2%)			Government (Domestic and Foreign) and Agency Bonds (28.3%)		
Bank One Corp., 5.25%, 1/30/13	5,000,000	5,147	Federal Government and Agencies (28.3%)		
Total		5,147	Aid-Israel, 0.00%, 11/15/22		
News Dealers and Newsstands (0.1%)			11,600,000 3,767		
News America Holdings, 7.75%, 12/1/45	3,050,000	2,997	Aid-Israel, 0.00%, 11/15/23		
Total		2,997	11,500,000 3,508		
Office Machines (0.2%)			Federal Home Loan Bank,		
Pitney Bowes Credit Corp., 5.75%, 8/15/08	5,000,000	5,534	5.54%, 1/8/09		
Total		5,534	5,000,000 5,556		
Oil and Gas Extraction (0.2%)			Federal Home Loan Mortgage		
Chevron Corp., 6.625%, 10/1/04	4,750,000	5,113	Corporation, 6.50%, 4/1/11		
Total		5,113	5,413,505 5,748		
Oil and Gas Field Machinery (0.2%)			Federal Home Loan Mortgage		
National-Oilwell, Inc., 5.65%, 11/15/12 144A	4,750,000	4,803	Corporation, 7.00%, 3/15/07		
Total		4,803	2,170,929 2,241		
Pharmaceuticals (1.3%)			Federal Home Loan Mortgage		
Eli Lilly & Co., 5.50%, 7/15/06	4,800,000	5,184	Corporation, 7.50%, 10/1/27		
Eli Lilly & Co., 7.125%, 6/1/25	5,180,000	6,114	3,890,402 4,159		
Johnson & Johnson, 6.625%, 9/1/09	2,800,000	3,264	Federal National Mortgage		
Merck & Co., Inc., 5.95%, 12/1/28	3,774,000	3,991	Association, 5.97%, 10/1/08		
Pfizer, Inc., 5.625%, 2/1/06	11,300,000	12,338	Federal National Mortgage		
Total		30,891	Association, 6.24%, 2/1/06		
Plastics Materials and Resins (0.3%)			4,639,725 5,021		
Eastman Chemical, 7.00%, 4/15/12	6,580,000	7,427	Federal National Mortgage		
Total		7,427	Association, 6.265%, 10/1/08		
Plumbing Fixture Fittings/Trim (0.1%)			5,458,292 6,072		
Masco Corp., 4.625%, 8/15/07	750,000	774	Federal National Mortgage		
Masco Corp., 6.50%, 8/15/32	1,250,000	1,285	Association, 6.315%, 3/1/06		
Total		2,059	4,903,013 5,324		
Retail — Retail Stores (0.3%)			Federal National Mortgage		
Limited Brands, 6.125%, 12/1/12	6,900,000	7,263	Association, 6.34%, 2/1/08		
Total		7,263	3,925,255 4,361		
Search and Navigation Equipment (0.1%)			Federal National Mortgage		
Raytheon Co., 6.75%, 3/15/18	1,648,000	1,727	Association, 6.43%, 6/1/08		
Total		1,727	6,920,635 7,730		
			Federal National Mortgage		
			Association, 6.75%, 11/1/07		
			2,953,722 3,327		
			Federal National Mortgage		
			Association, 6.75%, 4/25/18		
			4,661,753 4,976		
			Federal National Mortgage		
			Association, 6.75%, 12/25/23		
			6,500,000 6,781		
			Federal National Mortgage		
			Association, 6.835%, 7/1/03		
			1,960,881 1,965		
			Federal National Mortgage		
			Association, 6.895%, 5/1/06		
			5,758,273 6,356		
			Federal National Mortgage		
			Association, 6.90%, 4/1/06		
			2,322,728 2,560		
			Federal National Mortgage		
			Association, 7.00%, 6/1/03		
			551,124 560		
			Federal National Mortgage		
			Association, 7.00%, 6/25/10		
			1,080,100 1,078		
			Federal National Mortgage		
			Association, 7.00%, 4/1/26		
			4,963,174 5,250		
			Federal National Mortgage		
			Association, 7.025%, 9/1/05		
			1,845,033 2,009		
			Federal National Mortgage		
			Association, 7.25%, 5/1/04		
			1,501,550 1,569		
			Federal National Mortgage		
			Association, 8.40%, 2/25/09		
			966,350 966		

Balanced Portfolio

Government (Domestic and Foreign) and Agency Bonds (28.3%)	Shares/Par	Market Value (000's)
Federal Government and Agencies continued		
Federal National Mortgage Association, 11.00%, 12/1/12	\$ 34,223	\$ 40
Federal National Mortgage Association, 11.00%, 9/1/17	237,506	281
Federal National Mortgage Association, 11.00%, 12/1/17	25,249	30
Federal National Mortgage Association, 11.00%, 2/1/18	112,807	134
Federal National Mortgage Association, 11.50%, 4/1/18	173,177	208
Federal National Mortgage Association, 12.00%, 9/1/12	342,847	409
Federal National Mortgage Association, 12.00%, 12/1/12	80,253	96
Federal National Mortgage Association, 12.00%, 9/1/17	100,643	122
Federal National Mortgage Association, 12.00%, 10/1/17	73,964	90
Federal National Mortgage Association, 12.00%, 12/1/17	84,571	103
Federal National Mortgage Association, 12.00%, 2/1/18	122,197	148
Federal National Mortgage Association, 12.50%, 4/1/18	71,826	88
Federal National Mortgage Association, 13.00%, 11/1/12	60,792	74
Federal National Mortgage Association, 13.00%, 11/1/17	62,609	77
Federal National Mortgage Association, 13.00%, 12/1/17	65,732	81
Federal National Mortgage Association, 13.00%, 2/1/18	140,725	174
Federal National Mortgage Association, 14.00%, 12/1/17	32,641	41
Government National Mortgage Association, 5.50%, 1/15/32	967,638	995
Government National Mortgage Association, 5.50%, 2/15/32	7,024,162	7,220
Government National Mortgage Association, 5.50%, 9/15/32	243,855	251
Government National Mortgage Association, 7.00%, 5/15/23	3,606,366	3,850
Government National Mortgage Association, 7.00%, 6/15/23	340,038	363
Government National Mortgage Association, 7.00%, 7/15/23	422,002	451
Government National Mortgage Association, 7.00%, 8/15/23	6,562	7
Government National Mortgage Association, 7.00%, 9/15/23	161,956	173
Government National Mortgage Association, 7.00%, 10/15/23	148,758	159
Government National Mortgage Association, 7.00%, 11/15/23	736,475	786
Government National Mortgage Association, 7.00%, 12/15/27	174,249	185

Government (Domestic and Foreign) and Agency Bonds (28.3%)	Shares/Par	Market Value (000's)
Federal Government and Agencies continued		
Government National Mortgage Association, 7.00%, 1/15/28	\$ 221,293	\$ 235
Government National Mortgage Association, 7.00%, 2/15/28	49,997	53
Government National Mortgage Association, 7.00%, 3/15/28	53,450	57
Government National Mortgage Association, 7.00%, 4/15/28	331,515	352
Government National Mortgage Association, 7.00%, 5/15/28	472,319	502
Government National Mortgage Association, 7.00%, 6/15/28	1,347,094	1,429
Government National Mortgage Association, 7.00%, 7/15/28	1,928,235	2,048
Government National Mortgage Association, 7.50%, 1/15/23	263,626	284
Government National Mortgage Association, 7.50%, 6/15/23	142,271	153
Government National Mortgage Association, 7.50%, 6/15/24	2,872	3
Government National Mortgage Association, 7.50%, 7/15/24	117,817	126
Government National Mortgage Association, 7.50%, 8/15/25	5,109	5
Government National Mortgage Association, 7.50%, 9/15/25	67,300	72
Government National Mortgage Association, 7.50%, 11/15/25	2,203	2
Government National Mortgage Association, 7.50%, 12/15/25	153,010	164
Government National Mortgage Association, 7.50%, 1/15/26	5,369	6
Government National Mortgage Association, 7.50%, 3/15/26	218,553	234
Government National Mortgage Association, 7.50%, 6/15/26	230,598	247
Government National Mortgage Association, 7.50%, 9/15/26	4,294	5
Government National Mortgage Association, 7.50%, 10/15/26	26,720	29
Government National Mortgage Association, 7.50%, 12/15/26	309,303	331
Government National Mortgage Association, 7.50%, 1/15/27	10,199	11
Government National Mortgage Association, 7.50%, 2/15/27	144,645	155
Government National Mortgage Association, 7.50%, 3/15/27	13,027	14
Government National Mortgage Association, 7.50%, 4/15/27	508,878	544
Government National Mortgage Association, 7.50%, 5/15/27	179,000	191
Government National Mortgage Association, 7.50%, 7/15/27	141,036	151
Government National Mortgage Association, 7.50%, 12/15/27	29,900	32

Balanced Portfolio

Government (Domestic and Foreign) and Agency Bonds (28.3%)	Shares/ Par	Market Value (000's)
Federal Government and Agencies continued		
Government National Mortgage Association, 7.50%, 7/15/28	\$ 75,557	\$ 81
Government National Mortgage Association, 8.00%, 7/15/27	66,022	72
Government National Mortgage Association, 8.00%, 9/15/24	138,964	152
Government National Mortgage Association, 8.00%, 5/15/26	173,666	189
Government National Mortgage Association, 8.00%, 6/15/26	154,061	168
Government National Mortgage Association, 8.00%, 7/15/26	222,983	242
Government National Mortgage Association, 8.00%, 8/15/26	77,780	85
Government National Mortgage Association, 8.00%, 9/15/26	137,943	150
Government National Mortgage Association, 8.00%, 10/15/26	281,786	307
Government National Mortgage Association, 8.00%, 11/15/26	68,403	75
Government National Mortgage Association, 8.00%, 12/15/26	104,945	114
Government National Mortgage Association, 8.00%, 4/15/27	279,025	304
Government National Mortgage Association, 8.00%, 6/15/27	59,413	65
Government National Mortgage Association, 8.00%, 7/20/28	627,889	676
Government National Mortgage Association, 8.50%, 5/15/22	1,389	2
Government National Mortgage Association, 8.50%, 9/15/22	1,954	2
Government National Mortgage Association, 8.50%, 10/15/22	8,843	9
Government National Mortgage Association, 8.50%, 12/15/22	6,106	7
Government National Mortgage Association, 8.50%, 6/15/24	3,745	4
Government National Mortgage Association, 8.50%, 7/15/24	8,304	9
Government National Mortgage Association, 8.50%, 8/15/24	23,075	25
Government National Mortgage Association, 8.50%, 12/15/24	2,023	2
Government National Mortgage Association, 8.50%, 1/15/25	39,287	43
Government National Mortgage Association, 8.50%, 2/15/25	8,448	9
Government National Mortgage Association, 8.50%, 11/15/25	3,142	3
Government National Mortgage Association, 8.50%, 1/15/26	17,395	19
Government National Mortgage Association, 8.50%, 2/15/26	1,919	2
Government National Mortgage Association, 8.50%, 3/15/26	7,302	8

Government (Domestic and Foreign) and Agency Bonds (28.3%)	Shares/ Par	Market Value (000's)
Federal Government and Agencies continued		
Government National Mortgage Association, 8.50%, 4/15/26	\$ 34,281	\$ 37
Government National Mortgage Association, 8.50%, 5/15/26	4,061	4
Government National Mortgage Association, 11.00%, 1/15/18	2,795,351	3,242
Government National Mortgage Association TBA, 5.50%, 1/1/25	15,000,000	15,384
Government National Mortgage Association TBA, 5.50%, 12/1/25	15,900,000	15,997
Government National Mortgage Association TBA, 5.50%, 2/15/32	61,000,000	62,316
Housing & Urban Development, 6.17%, 8/1/14	14,981,000	16,927
Rural Housing Trust 1987-1, Series 1, Class D, 6.33%, 4/1/26	2,096,977	2,165
US Treasury, 2.125%, 10/31/04	1,025,000	1,036
US Treasury, 3.00%, 1/31/04	14,795,000	15,070
US Treasury, 3.25%, 12/31/03	51,900,000	52,938
US Treasury, 3.25%, 8/15/07	1,465,000	1,501
US Treasury, 3.50%, 11/15/06	11,250,000	11,707
US Treasury, 3.625%, 3/31/04	58,520,000	60,202
US Treasury, 3.875%, 6/30/03	18,827,000	19,075
US Treasury, 4.375%, 5/15/07	6,688,000	7,182
US Treasury, 4.625%, 2/28/03	13,022,000	13,091
US Treasury, 4.75%, 11/15/08	16,257,000	17,746
US Treasury, 5.25%, 5/15/04	25,875,000	27,255
US Treasury, 6.25%, 5/15/30	9,965,000	11,925
US Treasury Inflation Index Bond, 3.375%, 1/15/07	17,842,290	19,323
US Treasury Inflation Index Bond, 3.625%, 1/15/08	26,168,771	28,712
US Treasury Inflation Index Bond, 3.625%, 4/15/28	7,285,655	8,525
US Treasury Inflation Index Bond, 3.875%, 4/15/29	85,612,513	104,689
US Treasury Inflation Index Bond, 4.25%, 1/15/10	73,272,720	83,566
Vendee Mortgage Trust, Series 1998-3, Class E, 6.50%, 3/15/29	4,500,000	4,732
Total Government (Domestic and Foreign) and Agency Bonds (Cost: \$668,798)		723,951
Mortgage/Asset Backed Securities (5.4%)		
Auto Related (0.0%)		
Fleetwood Credit Corporation Grantor Trust, Series 1997-B, Class A, 6.40%, 5/15/13	603,600	624
Total		624

Balanced Portfolio

Mortgage/Asset Backed Securities (5.4%)	Shares/ Par	Market Value (000's)
Boat Dealers (0.0%)		
Nationscredit Grantor Trust, Series 1997-2, Class A1, 6.35%, 4/15/14	\$ 456,758	\$ 463
Total		463
Commercial Banks (0.1%)		
Nationsbank Lease Pass-Through Trust, Series 1997-A, Class 1, 7.442%, 1/10/11 144A	1,641,406	1,834
Total		1,834
Commercial Mortgages (4.0%)		
Asset Securitization Corp., Series 1996-MD6, Class CS1, 1.632%, 11/13/26 IO	5,177,199	31
Asset Securitization Corp., Series 1996-MD6, Class CS2, 1.098%, 11/13/26 IO	79,473,178	880
Asset Securitization Corp., Series 1997-D5, Class PS1, 1.616%, 2/14/41 IO	20,898,243	1,405
Chase Commercial Mortgage Securities Corp., Series 1997-2, Class A2, 6.60%, 11/19/07	8,500,000	9,484
Chase Commercial Mortgage Securities Corp., Series 1997-2, Class B, 6.60%, 11/19/07	2,500,000	2,797
Commercial Mortgage Acceptance Corp., Series 1997- ML1, Class B, 6.644%, 12/15/07	2,500,000	2,764
Credit Suisse First Boston Mortgage Securities Corp., Series 1997-C1, Class A2, 7.26%, 6/20/07 144A	2,883,950	3,212
Credit Suisse First Boston Mortgage Securities Corp., Series 1997-C1, Class B, 7.28%, 6/20/07 144A	3,250,000	3,689
Criimi Mae Commercial Mortgage Trust, Series 1998-C1, Class A1, 7.00%, 11/2/06 144A	6,500,000	7,029
Criimi Mae Commercial Mortgage Trust, Series 1998-C1, Class B, 7.00%, 11/2/11 144A	5,700,000	5,661
DLJ Commercial Mortgage Corp., Series 1998-CF1, Class S, 0.70%, 1/15/18 IO	237,037,014	7,311
DLJ Mortgage Acceptance Corp., Series 1997-CF2, Class S, 0.35%, 10/15/17 IO 144A	16,704,771	314
Midland Realty Acceptance Corp., Series 1996-C2, Class AEC, 1.35%, 1/25/29 IO 144A	20,874,068	920
Morgan Stanley Capital, Series 1998-WF2, Class A2, 6.54%, 5/15/08	15,000,000	16,939

Mortgage/Asset Backed Securities (5.4%)	Shares/ Par	Market Value (000's)
Commercial Mortgages continued		
Mortgage Capital Funding, Inc., Series 1997-MC1, Class A3, 7.28%, 3/20/07	\$19,000,000	\$ 21,595
Nomura Asset Securities Corporation, Series 1998-D6, Class A2, 6.99%, 3/17/28	15,000,000	17,309
RMF Commercial Mortgage Pass- Through, Series 1997-1, Class F, 7.47%, 1/15/19 144A	1,800,000	920
Total		102,260
Credit Card Asset Backed (0.6%)		
Citibank Credit Card Master Trust I, Series 1997-6, Class A, 0.00%, 8/15/06	17,000,000	16,534
Heilig-Meyers Master Trust, Series 1998-1A, Class A, 6.125%, 1/20/07 144A	2,771,293	14
Total		16,548
Franchise Loan Receivables (0.1%)		
Enterprise Mortgage Acceptance Co., Series 1998-1, Class IO, 1.37%, 1/15/23 IO 144A	32,707,836	1,063
Global Franchise Trust, Series 1998-1, Class A1, 6.35%, 4/10/04 144A	448,873	440
Total		1,503
Home Equity Loan (0.1%)		
Vanderbilt Mortgage Finance, Inc., Series 1997-B, Class 1A4, 7.19%, 2/7/14	2,096,751	2,164
Total		2,164
Residential Mortgages (0.0%)		
Blackrock Capital Finance LP, Series 1997-R1, Class B3, 7.75%, 3/25/37 144A	2,807,513	182
Blackrock Capital Finance LP, Series 1997-R3, Class B3, 7.25%, 11/25/28 144A	5,287,262	529
Total		711
Retail — Retail Stores (0.5%)		
LB Mortgage Trust, Series 1991-2, Class A3, 8.40%, 1/20/17	10,776,324	12,608
Total		12,608
Total Mortgage/Asset Backed Securities (Cost: \$138,452)		138,715
Common Stock (40.1%)		
Consumer Discretionary (5.4%)		
* American Greetings Corp. — Class A	8,300	131
* AOL Time Warner, Inc.	564,400	7,394
* AutoZone, Inc.	12,475	881

Balanced Portfolio

Common Stock (40.1%)	Shares/ Par	Market Value (000's)	Common Stock (40.1%)	Shares/ Par	Market Value (000's)
Consumer Discretionary continued			Consumer Discretionary continued		
* Bed Bath & Beyond, Inc.	36,900	\$ 1,274	The McGraw-Hill Companies, Inc.	24,540	\$ 1,483
* Best Buy Co., Inc.	40,600	980	Meredith Corp.	6,300	259
* Big Lots, Inc.	14,600	193	The New York Times Co. — Class A	19,192	878
The Black & Decker Corp.	10,200	437	Newell Rubbermaid, Inc.	33,811	1,025
Brunswick Corp.	11,400	226	NIKE, Inc. — Class B	33,700	1,499
Carnival Corp.	74,173	1,851	Nordstrom, Inc.	17,033	323
Centex Corp.	7,800	392	* Office Depot, Inc.	39,143	578
Circuit City Stores, Inc.	26,500	197	Omnicom Group, Inc.	23,800	1,537
*Clear Channel Communications, Inc.	77,450	2,888	Pulte Corp.	7,700	369
*Comcast Corp. — Class A	289,837	6,831	RadioShack Corp.	21,667	406
Cooper Tire & Rubber Co.	9,300	143	*Reebok International, Ltd.	7,600	223
*Costco Wholesale Corp.	57,552	1,615	Sears, Roebuck & Co.	39,950	957
Dana Corp.	18,815	221	The Sherwin-Williams Co.	19,060	538
Darden Restaurants, Inc.	21,649	443	Snap-On Inc.	7,417	208
Delphi Automotive Systems Corp.	70,769	570	The Stanley Works	10,850	375
Dillard's, Inc. — Class A	10,636	169	*Staples, Inc.	59,150	1,082
Dollar General Corp.	42,165	504	*Starbucks Corp.	49,150	1,002
Dow Jones & Company, Inc.	10,680	462	Starwood Hotels & Resorts Worldwide, Inc.	25,200	598
Eastman Kodak Co.	36,917	1,294	Target Corp.	114,743	3,442
*eBay, Inc.	38,600	2,618	Tiffany & Co.	18,433	441
Family Dollar Stores, Inc.	21,900	683	The TJX Companies, Inc.	68,300	1,333
*Federated Department Stores, Inc.	25,512	734	*TMP Worldwide, Inc.	14,133	160
Ford Motor Co.	230,507	2,144	*Toys "R" Us, Inc.	26,850	269
Fortune Brands, Inc.	18,933	881	Tribune Co.	38,231	1,738
Gannett Co., Inc.	33,750	2,423	Tupperware Corp.	7,400	112
The Gap, Inc.	110,025	1,708	*Univision Communications, Inc. — Class A	29,000	711
General Motors Corp.	70,825	2,611	V. F. Corp.	13,843	499
Genuine Parts Co.	22,075	680	*Viacom, Inc. — Class B	223,161	9,096
The Goodyear Tire & Rubber Co.	22,200	151	Visteon Corp.	16,512	115
Harley-Davidson, Inc.	38,275	1,768	Wal-Mart Stores, Inc.	562,433	28,407
*Harrah's Entertainment, Inc.	14,150	560	The Walt Disney Co.	258,033	4,209
Hasbro, Inc.	21,875	253	Wendy's International, Inc.	14,650	397
Hilton Hotels Corp.	47,550	604	Whirlpool Corp.	8,650	452
The Home Depot, Inc.	297,897	7,138	*Yum! Brands, Inc.	37,580	910
*International Game Technology	11,000	835	Total		138,112
The Interpublic Group of Companies, Inc.	48,500	683	Consumer Staples (3.8%)		
J. C. Penney Company, Inc.	33,825	778	Adolph Coors Co. — Class B	4,600	282
Johnson Controls, Inc.	11,200	898	Alberto-Culver Co. — Class B	7,300	368
*Jones Apparel Group, Inc.	16,300	578	Albertson's, Inc.	51,495	1,146
KB Home	6,300	270	Anheuser-Busch Companies, Inc.	109,819	5,315
Knight-Ridder, Inc.	10,550	667	Archer-Daniels-Midland Co.	82,375	1,021
*Kohl's Corp.	42,533	2,380	Avon Products, Inc.	29,875	1,609
Leggett & Platt, Inc.	24,767	556	Brown-Forman Corp. — Class B	8,600	562
The Limited, Inc.	65,913	918	Campbell Soup Co.	51,854	1,217
Liz Claiborne, Inc.	13,500	400	The Clorox Co.	29,150	1,202
Lowe's Companies, Inc.	98,450	3,692	The Coca-Cola Co.	313,900	13,755
Marriott International, Inc. — Class A	30,600	1,006	Coca-Cola Enterprises, Inc.	56,700	1,232
Mattel, Inc.	55,260	1,058	Colgate-Palmolive Co.	68,654	3,600
The May Department Stores Co.	36,400	836	ConAgra Foods, Inc.	67,933	1,699
Maytag Corp.	9,867	281	CVS Corp.	49,633	1,239
McDonald's Corp.	161,271	2,593	*Del Monte Foods Co.	19,821	153

Balanced Portfolio

Common Stock (40.1%)	Shares/ Par	Market Value (000's)	Common Stock (40.1%)	Shares/ Par	Market Value (000's)
Consumer Staples continued			Financials continued		
General Mills, Inc.	46,533	\$ 2,185	AmSouth Bancorporation	45,345	\$ 871
The Gillette Co.	133,765	4,061	Aon Corp.	38,575	729
H.J. Heinz Co.	44,383	1,459	Bank of America Corp.	190,020	13,220
Hershey Foods Corp.	17,250	1,163	The Bank of New York Company, Inc.	91,820	2,200
Kellogg Co.	51,843	1,777	Bank One Corp.	148,345	5,422
Kimberly-Clark Corp.	65,397	3,104	BB&T Corp.	61,100	2,260
*The Kroger Co.	99,773	1,541	The Bear Stearns Companies, Inc.	12,445	739
The Pepsi Bottling Group, Inc.	36,000	925	Capital One Financial Corp.	28,000	832
PepsiCo, Inc.	224,100	9,462	The Charles Schwab Corp.	172,586	1,873
Philip Morris Companies, Inc.	267,304	10,834	Charter One Financial, Inc.	29,071	835
The Procter & Gamble Co.	164,373	14,126	The Chubb Corp.	21,750	1,135
R.J. Reynolds Tobacco Holdings, Inc.	11,300	476	Cincinnati Financial Corp.	20,480	769
*Safeway, Inc.	55,800	1,303	Citigroup, Inc.	639,974	22,520
Sara Lee Corp.	99,184	2,233	Comerica, Inc.	22,100	956
SUPERVALU, Inc.	16,950	280	Countrywide Credit Industries, Inc.	15,900	821
SYSCO Corp.	83,850	2,498	Equity Office Properties Trust	53,000	1,324
UST, Inc.	21,433	717	Equity Residential Properties Trust	34,800	855
Walgreen Co.	129,554	3,782	Fannie Mae	125,829	8,095
Winn-Dixie Stores, Inc.	17,750	271	Fifth Third Bancorp	73,343	4,294
Wm. Wrigley Jr. Co.	28,533	1,566	First Tennessee National Corp.	16,000	575
Total		98,163	FleetBoston Financial Corp.	132,528	3,220
Energy (2.4%)			Franklin Resources, Inc.	32,850	1,120
Amerada Hess Corp.	11,300	622	Freddie Mac	88,014	5,197
Anadarko Petroleum Corp.	31,377	1,503	Golden West Financial Corp.	19,550	1,404
Apache Corp.	18,200	1,037	The Goldman Sachs Group, Inc.	60,900	4,147
Ashland, Inc.	8,700	248	The Hartford Financial Services Group, Inc.	31,350	1,424
Baker Hughes, Inc.	42,640	1,373	Household International, Inc.	57,525	1,600
*BJ Services Co.	19,800	640	Huntington Bancshares, Inc.	30,400	569
Burlington Resources, Inc.	25,486	1,087	J.P. Morgan Chase & Co.	252,062	6,049
ChevronTexaco Corp.	135,084	8,980	Jefferson-Pilot Corp.	18,653	711
ConocoPhillips	85,603	4,142	John Hancock Financial Services, Inc.	36,700	1,024
Devon Energy Corp.	19,800	909	KeyCorp	53,925	1,356
EOG Resources, Inc.	14,640	584	Lehman Brothers Holdings, Inc.	30,756	1,639
Exxon Mobil Corp.	854,471	29,855	Lincoln National Corp.	23,260	735
Halliburton Co.	55,185	1,033	Loews Corp.	23,533	1,046
Kerr-McGee Corp.	12,657	561	Marsh & McLennan Companies, Inc.	67,780	3,132
Marathon Oil Corp.	39,191	834	Marshall & Ilsley Corp.	26,600	728
*Nabors Industries, Ltd.	18,250	644	MBIA, Inc.	18,650	818
*Noble Corp.	16,950	596	MBNA Corp.	161,595	3,074
Occidental Petroleum Corp.	47,580	1,354	Mellon Financial Corp.	55,009	1,436
*Rowan Companies, Inc.	11,850	269	Merrill Lynch & Co., Inc.	109,400	4,152
Schlumberger Ltd.	73,033	3,074	MetLife, Inc.	88,715	2,399
Sunoco, Inc.	9,650	320	MGIC Investment Corp.	13,000	537
*Transocean Sedco Forex, Inc.	40,354	936	Moody's Corp.	19,600	809
Unocal Corp.	32,633	998	Morgan Stanley	138,531	5,530
Total		61,599	National City Corp.	77,279	2,111
Financials (8.2%)			North Fork Bancorporation, Inc.	20,700	698
ACE Ltd.	33,200	974	Northern Trust Corp.	28,050	983
AFLAC Inc.	65,450	1,971	Plum Creek Timber Company, Inc.	23,400	552
The Allstate Corp.	89,269	3,302			
Ambac Financial Group, Inc.	13,400	754			
American Express Co.	168,000	5,939			
American International Group, Inc.	330,090	19,095			

Balanced Portfolio

Common Stock (40.1%)	Shares/ Par	Market Value (000's)	Common Stock (40.1%)	Shares/ Par	Market Value (000's)
Financials continued			Health Care continued		
The PNC Financial Services Group, Inc.	35,900	\$ 1,504	*HEALTHSOUTH Corp.	50,100	\$ 210
Principal Financial Group, Inc.	43,900	1,323	*Humana, Inc.	21,400	214
The Progressive Corp.	27,500	1,365	IMS Health, Inc.	35,833	573
*Provident Financial Corp.	36,443	237	Johnson & Johnson	376,223	20,207
Prudential Financial, Inc.	73,400	2,330	*King Pharmaceuticals, Inc.	30,766	529
Regions Financial Corp.	27,990	934	*Manor Care, Inc.	12,400	231
SAFECO Corp.	17,350	602	McKesson HBOC, Inc.	36,693	992
Simon Property Group, Inc.	23,500	801	*MedImmune, Inc.	31,700	861
SLM Corp.	19,586	2,034	Medtronic, Inc.	153,400	6,995
SouthTrust Corp.	43,833	1,089	Merck & Co., Inc.	284,500	16,106
The St. Paul Companies, Inc.	28,620	975	*Millipore Corp.	6,100	207
State Street Corp.	41,000	1,599	Pfizer, Inc.	782,690	23,928
*Stilwell Financial, Inc.	28,071	367	Pharmacia Corp.	163,121	6,818
SunTrust Banks, Inc.	36,067	2,053	*Quest Diagnostics, Inc.	12,300	700
Synovus Financial Corp.	37,450	727	*Quintiles Transnational Corp.	14,900	180
T. Rowe Price Group, Inc.	15,500	423	Schering-Plough Corp.	185,450	4,117
Torchmark Corp.	15,050	550	*St. Jude Medical, Inc.	22,400	890
*Travelers Property Casualty CL B	126,430	1,852	Stryker Corp.	24,950	1,675
U.S. Bancorp	242,109	5,138	*Tenet Healthcare Corp.	61,850	1,014
Union Planters Corp.	25,312	712	UnitedHealth Group, Inc.	38,414	3,208
UnumProvident Corp.	30,506	535	*Watson Pharmaceuticals, Inc.	13,500	382
Wachovia Corp.	173,357	6,317	*Wellpoint Health Networks, Inc. — Class A	18,400	1,309
Washington Mutual, Inc.	122,338	4,224	Wyeth	167,571	6,267
Wells Fargo & Co.	214,785	10,067	*Zimmer Holdings, Inc.	24,673	1,024
XL Capital, Ltd. — Class A	17,200	1,329			
Zions Bancorporation	11,600	456	Total		153,228
Total		210,103	Industrials (4.6%)		
Health Care (6.0%)			3M Co.	49,312	6,080
Abbott Laboratories	197,525	7,901	*Allied Waste Industries, Inc.	24,950	250
Aetna, Inc.	18,979	780	*American Power Conversion Corp.	24,750	375
Allergan, Inc.	16,333	941	*American Standard Companies, Inc.	9,100	647
AmerisourceBergen Corp.	13,400	728	*AMR Corp.	19,600	129
*Amgen, Inc.	161,623	7,813	*Apollo Group, Inc. — Class A	21,900	964
*ANTHEM, INC.	17,800	1,120	Automatic Data Processing, Inc.	78,400	3,077
Applera Corp. — Applied Biosystems Group	26,867	471	Avery Dennison Corp.	13,850	846
Bausch & Lomb, Inc.	6,800	245	The Boeing Co.	106,118	3,501
Baxter International, Inc.	76,300	2,136	Burlington Northern Santa Fe Corp.	48,108	1,251
Becton, Dickinson and Co.	32,450	996	Caterpillar, Inc.	43,512	1,989
*Biogen, Inc.	18,800	753	*Cendant Corp.	131,573	1,379
Biomet, Inc.	33,255	953	Cintas Corp.	21,467	982
*Boston Scientific Corp.	51,490	2,189	*Concord EPS, Inc.	64,900	1,022
Bristol-Myers Squibb Co.	244,944	5,670	*Convergys Corp.	21,850	331
C. R. Bard, Inc.	6,550	380	Cooper Industries, Ltd.	11,800	430
Cardinal Health, Inc.	57,150	3,383	Crane Co.	7,525	150
*Chiron Corp.	23,878	898	CSX Corp.	26,950	763
CIGNA Corp.	17,671	727	Cummins, Inc.	5,200	146
Eli Lilly and Co.	142,066	9,021	Danaher Corp.	19,100	1,255
*Forest Laboratories, Inc.	22,767	2,236	Deere & Co.	30,140	1,382
*Genzyme Corp.	27,100	801	Delta Air Lines, Inc.	15,533	188
*Guidant Corp.	38,612	1,191	Deluxe Corp.	7,912	333
HCA, Inc.	65,515	2,719	Dover Corp.	25,633	747
Health Management Associates, Inc.	30,100	539	Eaton Corp.	8,900	695

Balanced Portfolio

Common Stock (40.1%)	Shares/ Par	Market Value (000's)	Common Stock (40.1%)	Shares/ Par	Market Value (000's)
Industrials continued			Information Technology continued		
Emerson Electric Co.	53,225	\$ 2,706	Autodesk, Inc.	14,466	\$ 207
Equifax, Inc.	18,200	421	*Avaya, Inc.	45,612	112
FedEx Corp.	37,640	2,041	*BMC Software, Inc.	30,440	521
First Data Corp.	95,722	3,390	*Broadcom Corp. — Class A	34,600	521
*Fiserv, Inc.	24,325	826	*CIENA Corp.	54,400	280
Fluor Corp.	10,200	286	*Cisco Systems, Inc.	925,167	12,119
General Dynamics Corp.	25,500	2,024	*Citrix Systems, Inc.	22,080	272
General Electric Co.	1,258,098	30,636	Computer Associates International, Inc.	73,032	986
Goodrich Corp.	14,600	267	*Computer Sciences Corp.	21,650	746
H&R Block, Inc.	22,850	919	*Compuware Corp.	47,543	228
Honeywell International, Inc.	103,550	2,485	*Comverse Technology, Inc.	23,600	236
Illinois Tool Works, Inc.	38,700	2,510	*Corning, Inc.	145,200	481
Ingersoll-Rand Co.—Class A	21,370	920	*Dell Computer Corp.	328,067	8,772
ITT Industries, Inc.	11,600	704	*Electronic Arts, Inc.	17,600	876
Lockheed Martin Corp.	57,522	3,322	Electronic Data Systems Corp.	60,700	1,119
Masco Corp.	62,700	1,320	*EMC Corp.	278,586	1,711
*McDermott International, Inc.	8,000	35	*Gateway, Inc.	40,950	129
*Navistar International Corp.	7,620	185	Hewlett-Packard Co.	385,867	6,698
*Norfolk Southern Corp.	49,143	982	Intel Corp.	842,743	13,121
Northrop Grumman Corp.	23,031	2,234	International Business Machines Corp.	214,210	16,600
PACCAR, Inc.	14,685	677	*Intuit, Inc.	26,800	1,257
Pall Corp.	15,516	259	*Jabil Circuit, Inc.	25,033	449
Parker-Hannifin Corp.	14,900	687	*JDS Uniphase Corp.	172,000	425
Paychex, Inc.	47,540	1,326	*KLA-Tencor Corp.	23,900	845
Pitney Bowes, Inc.	30,127	984	*Lexmark International Group, Inc. — Class A	16,000	968
*Power-One, Inc.	10,000	57	Linear Technology Corp.	40,150	1,033
R. R. Donnelley & Sons Co.	14,333	312	*LSI Logic Corp.	47,000	271
Raytheon Co.	50,900	1,565	*Lucent Technologies, Inc.	434,062	547
*Robert Half International, Inc.	22,160	357	Maxim Integrated Products, Inc.	40,800	1,348
Rockwell Automation, Inc.	23,450	486	*Mercury Interactive Corp.	10,600	314
Rockwell Collins, Inc.	23,150	538	*Micron Technology, Inc.	76,350	744
Ryder System, Inc.	7,900	177	*Microsoft Corp.	684,800	35,403
*Sabre Holdings Corp. — Class A	18,309	332	Molex, Inc.	24,475	564
Southwest Airlines Co.	97,695	1,358	Motorola, Inc.	290,719	2,515
Textron, Inc.	17,450	750	*National Semiconductor Corp.	22,843	343
*Thomas & Betts Corp.	7,400	125	*NCR Corp.	12,400	294
Tyco International, Ltd.	252,283	4,309	*Network Appliance, Inc.	42,600	426
Union Pacific Corp.	31,940	1,912	*Novell, Inc.	45,800	153
United Parcel Service, Inc.	141,200	8,908	*Novellus Systems, Inc.	18,300	514
United Technologies Corp.	59,633	3,694	*Nvidia Corp.	19,300	222
W.W. Grainger, Inc.	11,800	608	*Oracle Corp.	687,050	7,419
Waste Management, Inc.	77,297	1,772	*Parametric Technology Corp.	32,920	83
Total		118,318	*PeopleSoft, Inc.	39,500	723
Information Technology (5.8%)			PerkinElmer, Inc.	15,800	130
*ADC Telecommunications, Inc.	100,350	210	*PMC-Sierra, Inc.	21,000	117
Adobe Systems, Inc.	30,375	757	*QLogic Corp.	11,850	409
*Advanced Micro Devices, Inc.	43,300	280	*QUALCOMM, Inc.	98,233	3,575
*Agilent Technologies, Inc.	58,688	1,054	*Rational Software Corp.	24,400	254
*Altera Corp.	48,265	596	*Sanmina-SCI Corp.	66,200	297
*Analog Devices, Inc.	46,243	1,104	Scientific-Atlanta, Inc.	19,800	235
*Andrew Corp.	12,362	127	*Siebel Systems, Inc.	60,400	452
*Apple Computer, Inc.	45,400	651	*Solectron Corp.	104,000	369
*Applied Materials, Inc.	208,000	2,710	*Sun Microsystems, Inc.	410,454	1,277
*Applied Micro Circuits Corp.	38,100	141			

Balanced Portfolio

Common Stock (40.1%)	Shares/ Par	Market Value (000's)	Common Stock (40.1%)	Shares/ Par	Market Value (000's)
Information Technology continued			Telecommunication Services continued		
*SunGard Data Systems, Inc.	35,700	\$ 841	*AT&T Wireless Services, Inc.	342,416	\$ 1,935
Symbol Technologies, Inc.	28,950	238	BellSouth Corp.	236,635	6,122
*Tektronix, Inc.	11,240	204	CenturyTel, Inc.	17,900	526
*Tellabs, Inc.	51,908	377	*Citizens Communications Co.	35,600	376
*Teradyne, Inc.	23,150	301	*Nextel Communications, Inc. — Class A	115,133	1,330
Texas Instruments, Inc.	219,175	3,290	*Qwest Communications International, Inc.	212,020	1,060
*Thermo Electron Corp.	21,100	425	SBC Communications, Inc.	420,433	11,398
*Unisys Corp.	40,850	404	Sprint Corp.	112,891	1,635
*VERITAS Software Corp.	51,901	811	*Sprint Corp. (PCS Group)	126,040	552
*Waters Corp.	16,600	362	Verizon Communications, Inc.	345,038	13,369
*Xerox Corp.	92,300	743	Total		42,849
*Xilinx, Inc.	42,700	880	Utilities (1.1%)		
*Yahoo!, Inc.	75,900	1,241	*The AES Corp.	68,675	207
Total		147,457	*Allegheny Energy, Inc.	15,900	120
Materials (1.1%)			Ameren Corp.	18,333	762
Air Products and Chemicals, Inc.	28,733	1,228	American Electric Power Company, Inc.	42,820	1,170
Alcoa, Inc.	106,743	2,432	*Calpine Corp.	47,640	155
Allegheny Technologies, Inc.	10,131	63	CenterPoint Energy, Inc.	38,326	326
Ball Corp.	7,134	365	Cinergy Corp.	21,238	716
Bemis Company, Inc.	6,650	330	CMS Energy Corp.	18,200	172
Boise Cascade Corp.	7,400	187	Consolidated Edison, Inc.	26,925	1,153
The Dow Chemical Co.	115,124	3,419	Constellation Energy Group, Inc.	20,800	579
E. I. du Pont de Nemours and Co.	125,645	5,327	Dominion Resources, Inc.	38,525	2,115
Eastman Chemical Co.	9,775	359	DTE Energy Co.	21,150	981
Ecolab, Inc.	16,400	812	Duke Energy Corp.	112,242	2,193
Engelhard Corp.	16,300	364	*Dynegy, Inc. — Class A	45,600	54
*Freeport-McMoRan Copper & Gold, Inc. — Class B	18,319	307	*Edison International	41,180	488
Georgia-Pacific Corp.	29,058	470	El Paso Corp.	73,917	514
Great Lakes Chemical Corp.	6,300	150	Energy Corp.	28,291	1,290
*Hercules, Inc.	13,800	121	Exelon Corp.	40,762	2,151
International Flavors & Fragrances, Inc.	11,975	420	FirstEnergy Corp.	37,674	1,242
International Paper Co.	60,924	2,131	FPL Group, Inc.	23,043	1,386
*Louisiana-Pacific Corp.	13,200	106	KeySpan Corp.	17,900	631
MeadWestvaco Corp.	25,314	626	Kinder Morgan, Inc.	15,433	652
Monsanto Co.	33,078	637	*Mirant Corp.	50,784	96
Newmont Mining Corp.	50,730	1,473	Nicor, Inc.	5,550	189
Nucor Corp.	9,867	408	NiSource, Inc.	30,784	616
*Pactiv Corp.	20,000	437	Peoples Energy Corp.	4,500	174
*Phelps Dodge Corp.	11,210	355	*PG&E Corp.	49,675	690
PPG Industries, Inc.	21,433	1,075	Pinnacle West Capital Corp.	10,900	372
Praxair, Inc.	20,400	1,179	PPL Corp.	20,433	709
Rohm and Haas Co.	27,934	907	Progress Energy, Inc.	29,879	1,295
*Sealed Air Corp.	10,636	397	Public Service Enterprise Group, Inc.	28,040	900
Sigma-Aldrich Corp.	9,300	453	Sempra Energy	25,859	612
Temple-Inland, Inc.	6,800	305	The Southern Co.	89,600	2,544
United States Steel Corp.	12,850	169	TECO Energy, Inc.	21,900	339
Vulcan Materials Co.	12,800	480	TXU Corp.	39,015	729
Weyerhaeuser Co.	27,720	1,364	The Williams Companies, Inc.	65,200	176
Worthington Industries, Inc.	10,850	165	Xcel Energy, Inc.	50,370	554
Total		29,021	Total		29,052
Telecommunication Services (1.7%)			Total Common Stock		1,027,902
ALLTEL Corp.	39,343	2,006	(Cost: \$728,721)		
AT&T Corp.	97,274	2,540			

Balanced Portfolio

Money Market Investments (20.2%)	Shares/ Par	Market Value (000's)
Agricultural Services (1.2%)		
#Cargill Inc., 1.31%, 1/22/03	\$15,000,000	\$ 14,988
#Cargill Inc., 1.33%, 1/23/03	15,000,000	14,988
Total		29,976
Asset-Backed Securities (CMO'S) (0.6%)		
#Fcar Owner Trust 1, 1.35%, 2/4/03	15,000,000	14,981
Total		14,981
Auto Related (1.0%)		
#General Motors Corp., 1.95%, 1/9/03	10,000,000	9,996
#Toyota Motor Credit Co., 1.31%, 1/30/03	15,000,000	14,984
Total		24,980
Diversified Business Finance (0.6%)		
#General Electric Capital, 1.31%, 2/14/03	15,000,000	14,976
Total		14,976
Federal Government and Agencies (1.1%)		
#Federal National Mortgage Association, 1.275%, 3/5/03	28,500,000	28,441
Total		28,441
Finance Lessors (1.2%)		
#Receivables Capital Corp., 1.35%, 2/7/03	15,000,000	14,979
#Receivables Capital Corp., 1.35%, 1/21/03	15,000,000	14,989
Total		29,968
Finance Services (2.8%)		
#Asset Securitization, 1.32%, 1/21/03	15,000,000	14,989
#Ciesco LP, 1.32%, 1/16/03	15,000,000	14,991
#Ciesco LP, 1.34%, 2/6/03	15,000,000	14,980
#Preferred Receivable Funding, 1.34%, 1/23/03	15,000,000	14,988
#Preferred Receivable Funding, 1.35%, 1/10/03	14,700,000	14,695
Total		74,643
Machinery (0.4%)		
John Deere Capital Corp., 1.64%, 1/7/03	10,000,000	9,997
Total		9,997

Money Market Investments (20.2%)	Shares/ Par	Market Value (000's)
Miscellaneous Business Credit Institutions (1.7%)		
# National Rural Utility C, 1.40%, 1/21/03	\$15,000,000	\$ 14,988
#Quincy Capital Corp., 1.35%, 1/6/03	15,000,000	14,998
# Toyota Motor Credit Co., 1.32%, 2/13/03	15,000,000	14,976
Total		44,962
Nonclassifiable Establishments (1.2%)		
# Thunder Bay Funding, Inc., 1.34%, 1/21/03	15,000,000	14,989
# Thunder Bay Funding, Inc., 1.35%, 2/18/03	15,000,000	14,973
Total		29,962
Passenger Car Rental (0.6%)		
# Delaware Funding Corp., 1.35%, 2/13/03	15,000,000	14,976
Total		14,976
Personal Credit Institutions (0.6%)		
# Salomon Smith Barney Hld, 1.34%, 1/30/03	15,100,000	15,084
Total		15,084
Pharmaceutical Preparations (0.4%)		
# Wyeth, 1.85%, 1/6/03	10,000,000	9,998
Total		9,998
Security Brokers and Dealers (1.2%)		
# Goldman Sachs Group, Inc., 1.78%, 2/3/03	15,000,000	14,976
# Morgan St. Dean Witter, 1.32%, 2/4/03	15,000,000	14,981
Total		29,957
Short Term Business Credit (5.0%)		
CXC Inc., 1.34%, 2/6/03	15,000,000	14,980
CXC Inc., 1.76%, 1/17/03	15,000,000	14,988
Old Line Funding Corp., 1.38%, 1/15/03	30,000,000	29,984
Quincy Capital Corp., 1.35%, 1/23/03	15,000,000	14,988
Transamerica Financial Corporation, 1.76%, 2/7/03	15,000,000	14,973
UBS Finance LLC, 1.2%, 1/2/03	24,960,000	24,958

Balanced Portfolio

Money Market Investments (20.2%)	Shares/ Par	Market Value (000's)
Short Term Business Credit continued		
UBS Finance LLC, 1.3%, 1/28/03	\$15,000,000	\$ 14,985
Total		129,856
Tobacco Products (0.6%)		
Philip Morris Disc, 1.33%, 1/30/03	15,000,000	14,984
Total		14,984
Total Money Market Investments (Cost: \$517,737)		517,741
Total Investments (105.6%) (Cost \$2,338,335)^		2,704,286
Other Assets, Less Liabilities (-5.6%)		(142,757)
Total Net Assets (100.0%)		\$2,561,529

^ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$2,357,594 and the net unrealized appreciation of investments based on that cost was \$346,692 which is comprised of \$552,721 aggregate gross unrealized appreciation and \$206,029 aggregate gross unrealized depreciation.

144A after the name of a security represents a security exempt from registration under rule 144a of the Securities Act of 1933. These securities may be resold as transactions exempt from registration, normally to qualified institutional buyers.

IO — Interest Only Security

* Non-Income Producing

++ Defaulted Security

All or a portion of the securities have been committed as collateral for open futures positions. Information regarding open futures contracts as of period end is summarized below:

Issuer (000's)	Number of Contracts	Expiration Date	Unrealized Appreciation / (Depreciation) (000's)
S & P 500 Index Futures	1564	3/03	\$(9,466)
(Total Notional Value at 12/31/02 \$353,116)			

The Accompanying Notes are an Integral Part of the Financial Statements

High Yield Bond Portfolio

Objective:

High current income and capital appreciation with moderate risk.

Portfolio Strategy:

Generate superior performance by investing in a diversified mix of fixed income securities rated below investment grade.

Net Assets:

\$137.55 million

Investing in a portfolio of high yield bonds provides investors who can accept a moderate level of risk with a high level of current income, coupled with the opportunity for capital gains. Holdings of particular interest include investments in entities that have the possibility of a positive event, such as a significant improvement in credit rating or earnings or a change in ownership. In a high yield portfolio, some credit losses over time are inevitable; high coupons and diversification across many holdings mitigate the impact of individual securities on the performance of the total Portfolio.

For 2002, the High Yield Bond Portfolio had a return of -2.89%, versus -1.36% for its benchmark, the Lehman Brothers High Yield Intermediate Market Index. These returns were better than the stock market, but substantially below investment-grade bonds. In the current market environment, with many defaults and downgrades of high yield bonds, it is especially difficult for managed funds to outperform the Index because defaulted bonds are removed from the Index, but they affect portfolio performance whether held in hope of recovery or written off.

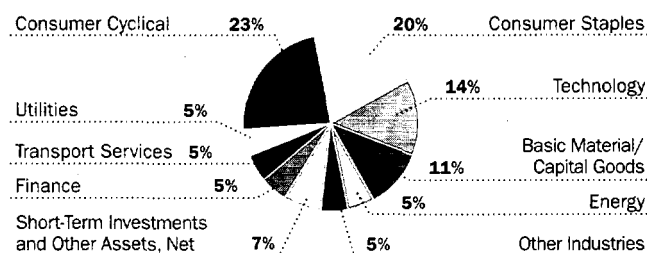
The high yield bond market was quite turbulent during the year, with many defaults and widespread downward credit rating migration in response to deterioration in the financial situation of issuers. Volatility increased greatly as investment-grade bond investors attempted to sell very large issues that were downgraded to below investment-grade status. After a period of dismal performance, high yield bonds recovered markedly in the fourth quarter of 2002, as investor fears subsided, the stock market recovered, and credit spreads narrowed on expectations of improving fundamentals.

The Portfolio's performance relative to the Index has been negatively affected by holdings in three industry sectors: cable television, wireless communication and electric power producers. Each of these industries has been affected by well-publicized financial problems experienced by highly visible participants. In these sectors, prices of some bonds held by the Portfolio have fallen significantly, as technical trading factors have compounded the problems caused by fundamental deterioration. We evaluate each issue on its own merits, often keeping those bonds for which an eventual workout may create more value than a sale at current distressed levels, even though such a sale might boost the Portfolio's short-term performance.

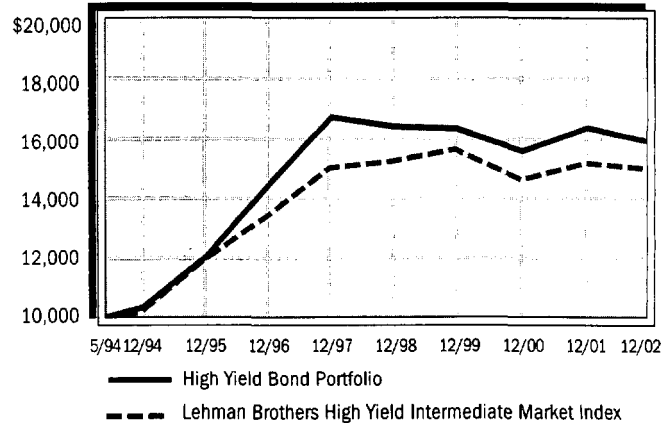
The Portfolio's current strategic direction is focused largely on reducing risk by improving credit quality and emphasizing industries that are relatively stable, such as gaming, health care, publishing, home building, real estate and oil field services. As market conditions permit, we are reducing exposure to more volatile industries such as electric utilities, cable and wireless. We have increased the number of holdings in the Portfolio, in order to spread risk among many issues.

Percentage Holdings by Industry Sector

12/31/02



Relative Performance



Average Annual Total Return

For Periods Ended December 31, 2002

	1 Year	5 Years	Since Inception*
High Yield Bond Portfolio	-2.89%	-1.00%	5.48%
Lehman Brothers High Yield Intermediate Market Index	-1.36%	-0.05%	4.78%

*inception date of 05/03/94

The total return performance for the High Yield Bond Portfolio is shown in comparison with the Lehman Brothers High Yield Intermediate Market Index. The Lehman Brothers index is an appropriate measure of portfolio performance since it has a quality and maturity profile that resembles the High Yield Bond Portfolio. The index cannot be invested in directly and do not include sales charges.

The Lehman Brothers High Yield Intermediate Market Index is made up of dollar-denominated, nonconvertible, SEC publicly registered fixed rate noninvestment grade issues. The bonds will have remaining maturities of between one and ten years and have an outstanding par value of at least \$100 million. Yankee and global bonds (SEC registered) of issuers in G-7 countries are included. Original issue zero coupon bonds and step-up coupon structures are also included; however, the index excludes pay-in-kind (PIK) bonds. Each bond must be rated Ba1 or lower by Moody's Investor Service. If a Moody's rating is unavailable, the bonds must be rated BB+ or lower by Standard & Poor's, or by Fitch if an S&P rating is unavailable. A few unrated bonds are included in the index; to be eligible they must have previously held a high yield rating or have been associated with a high yield issuer. The index is an unmanaged market value weighted index and measures the income provided by, and the price changes of, the underlying securities.

This chart assumes an initial investment of \$10,000 made on 5/3/94 (commencement of operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account are shown on page 4.

High Yield Bond Portfolio

Northwestern Mutual Series Fund, Inc. Schedule of Investments December 31, 2002

	Shares/ Par	Market Value (000's)
Bonds (90.5%)		
<u>Basic Materials (3.3%)</u>		
<u>Chemicals (0.5%)</u>		
Lyondell Chemical Co., 11.125%, 7/15/12	\$ 750,000	\$ 739
Total		739
<u>Metals and Mining (1.6%)</u>		
<u>Great Central Mines, Ltd., 8.875%, 4/1/08</u>		
	1,250,000	1,244
UCAR Finance, Inc., 10.25%, 2/15/12	1,125,000	894
Total		2,138
<u>Paper (1.2%)</u>		
<u>Appleton Papers, Inc., 12.50%, 12/15/08</u>		
	1,500,000	1,641
Total		1,641
Total Basic Materials		4,518
<u>Capital Goods (6.7%)</u>		
<u>Aerospace (0.6%)</u>		
K & F Industries Inc., 9.625%, 12/15/10 144A	750,000	763
Total		763
<u>Building — Forest Products (0.5%)</u>		
<u>Georgia-Pacific Corp., 8.125%, 5/15/11</u>		
	750,000	713
Total		713
<u>Building and Construction (3.5%)</u>		
<u>Brickman Group Ltd., 11.75%, 12/15/09 144A</u>		
	1,325,000	1,384
H & E Equipment / Finance, 11.125%, 6/15/12 144A	1,125,000	844
Integrated Electrical Services, Inc., 9.375%, 2/1/09	1,500,000	1,379
United Rentals, Inc., 10.75%, 4/15/08	1,250,000	1,243
Total		4,850
<u>Industrial (2.1%)</u>		
<u>Perkinelmer, Inc., 8.875%, 1/15/13 144A</u>		
	750,000	739
Rexnord Corp., 10.125%, 12/15/12 144A	750,000	769
Tyco International Group, 6.375%, 2/15/06	750,000	728
Tyco International Group S.A., 6.375%, 6/15/05	375,000	364
Tyco International Group SA, 6.375%, 10/15/11	375,000	351
Total		2,951
Total Capital Goods		9,277

	Shares/ Par	Market Value (000's)
Bonds (90.5%)		
<u>Chemicals and Allied Products (1.1%)</u>		
<u>FMC Corp., 10.25%, 11/1/09 144A</u>		
	\$ 750,000	\$ 810
Lyondell Chemical Co., 9.50%, 12/15/08 144A	750,000	698
Total Chemicals and Allied Products		1,508
<u>Construction and Building Materials (0.3%)</u>		
<u>United Rentals, Inc., 10.75%, 4/15/08 144A</u>		
	375,000	369
Total Construction and Building Materials		369
<u>Consumer Cyclical (22.9%)</u>		
<u>Apparel, Textile (1.6%)</u>		
Guess ?, Inc., 9.50%, 8/15/03	1,000,000	980
Levi Strauss & Co., 11.625%, 1/15/08	1,125,000	1,100
Tommy Hilfiger USA, Inc., 6.85%, 6/1/08	200,000	188
Total		2,268
<u>Auto Related (2.3%)</u>		
<u>Avis Group Holdings, Inc., 11.00%, 5/1/09</u>		
	1,250,000	1,368
Collins & Aikman Products, Inc., 11.50%, 4/15/06	750,000	630
Trimas Corp., 9.875%, 6/15/12 144A	1,125,000	1,113
Total		3,111
<u>Home Construction (3.1%)</u>		
<u>Beazer Homes USA, 8.875%, 4/1/08</u>		
	925,000	957
K Hovnanian Enterprises, 10.50%, 10/1/07	750,000	806
Schuler Homes, 9.375%, 7/15/09	725,000	740
Standard Pacific Corp., 9.50%, 9/15/10	1,025,000	1,074
Tech Olympic USA, Inc., 9.00%, 7/1/10 144A	750,000	728
Total		4,305
<u>Household Appliances (0.6%)</u>		
<u>Rent-A-Center, Inc., 11.00%, 8/15/08</u>		
	750,000	807
Total		807
<u>Leisure Related (2.1%)</u>		
<u>Bally Total Fitness Holdings, Series D, 9.875%, 10/15/07</u>		
	1,300,000	1,130
Premier Parks, Inc., 9.50%, 2/1/09	750,000	724
Royal Caribbean Cruises Ltd., 7.00%, 10/15/07	1,125,000	1,001
Total		2,855

High Yield Bond Portfolio

Bonds (90.5%)	Shares/ Par	Market Value (000's)
Lodging / Resorts (3.7%)		
Corrections Corporation of America, 9.875%, 5/1/09 144A	\$ 725,000	\$ 769
Felcor Lodging Limited Partnership, 9.50%, 9/15/08	1,350,000	1,376
Hilton Hotels Corp., 7.625%, 12/1/12	750,000	757
John Q. Hammons, 8.875%, 5/15/12	550,000	553
Meristar Hospitality Finance Corp., 9.00%, 1/15/08	450,000	396
Meristar Hospitality Finance Corp., 9.125%, 1/15/11	550,000	479
RFS Partnership LP, 9.75%, 3/1/12	750,000	766
Total		5,096
Printing and Publishing (4.0%)		
American Achievement Corp., 11.625%, 1/1/07	700,000	743
DEX Media East LLC, 9.875%, 11/15/09 144A	750,000	803
Mail-Well Corp., 9.625%, 3/15/12	1,125,000	1,001
RH Donnelley Fin Corp., 10.875%, 12/15/12 144A	950,000	1,036
Vertis Inc., 10.875%, 6/15/09	725,000	754
Vertis, Inc., 10.875%, 6/15/09 144A	425,000	442
Von Hoffman Corp., 10.25%, 3/15/09	750,000	701
Total		5,480
Retail — General (5.5%)		
Asbury Automotive Group, Inc., 9.00%, 6/15/12	750,000	653
Autonation, Inc., 9.00%, 8/1/08	725,000	732
Buhrmann US, Inc., 12.25%, 11/1/09	1,500,000	1,394
CSK Auto, Inc., 12.00%, 6/15/06	750,000	803
The Gap, Inc., 8.15%, 12/15/05	350,000	372
The Gap, Inc., 10.55%, 12/15/08	375,000	409
Hollywood Entertainment Inc., 9.625%, 3/15/11	950,000	969
Saks, Inc., 8.25%, 11/15/08	750,000	746
Sonic Automotive, Inc., 11.00%, 8/1/08	750,000	765
United Auto Group, Inc. 9.625%, 3/15/12 144A	750,000	728
Total		7,571
Total Consumer Cyclical		31,493
Consumer Staples (19.7%)		
Containers (1.6%)		
Applied Extrusion Tech., Inc., 10.75%, 7/1/11	375,000	242
BWAY Corp., 10.00%, 10/15/10 144A	750,000	778
Owens-Brockway Glass Container, Inc., 8.75%, 11/15/12 144A	1,125,000	1,142
Total		2,162

Bonds (90.5%)	Shares/ Par	Market Value (000's)
Food Service (1.3%)		
Buffets, Inc., 11.25%, 7/15/10 144A	\$ 750,000	\$ 709
Sbarro, Inc., 11.00%, 9/15/09	1,150,000	1,070
Total		1,779
Foods (0.9%)		
Corn Products International, Inc., 8.25%, 7/15/07	575,000	581
Swift & Co., 10.125%, 10/1/09 144A	750,000	709
Total		1,290
Gaming (10.8%)		
Aztar Corp., 8.875%, 5/15/07	150,000	153
Choctaw Resort Development, 9.25%, 4/1/09	1,400,000	1,480
Chumash Casino & Resort, 9.00%, 7/15/10 144A	750,000	795
Herbst Gaming, Inc., 10.75%, 9/1/08	1,125,000	1,176
Hollywood Casino Shreveport, 13.00%, 8/1/06	700,000	700
Jacobs Entertainment, Inc. 11.875%, 2/01/09	1,500,000	1,552
Majestic Investment Holdings, Inc., 11.653%, 11/30/07	900,000	833
The Majestic Star Casino LLC, 10.875%, 7/1/06	850,000	867
Mandalay Resort Group, 7.625%, 7/15/13	500,000	500
Park Place Entertainment Corporation, 9.375%, 2/15/07	150,000	160
Resort International Hotel/Casino, 11.50%, 3/15/09	1,000,000	905
Riviera Holdings Corp., 11.00%, 6/15/10	1,500,000	1,350
Venetian Casino Resort LLC, 11.00%, 6/15/10 144A	1,875,000	1,958
Wheeling Island Gaming, 10.125%, 12/15/09	950,000	979
Wynn Las Vegas Corp., 12.00%, 11/1/10	1,500,000	1,514
Total		14,922
Healthcare (4.1%)		
AmerisourceBergen Corp., 7.25%, 11/15/12 144A	550,000	564
Fresenius Medical Capital Trust II, 7.875%, 2/1/08	650,000	640
HEALTHSOUTH Corp., 8.50%, 2/1/08	1,125,000	968
InSight Health Services Corp., 9.875%, 11/1/11 144A	1,115,000	1,070
Pacificare Health Systems, Inc., 10.75%, 6/1/09	750,000	803
Rotech Healthcare Inc., 9.50%, 4/1/12 144A	750,000	751
Ventas Realty, 9.00%, 5/1/12	750,000	784
Total		5,580

High Yield Bond Portfolio

Bonds (90.5%)	Shares/ Par	Market Value (000's)
Retail — Food (0.7%)		
Fleming Companies, Inc., 10.125%, 4/1/08	\$ 350,000	\$ 301
Great Atlantic & Pacific Tea Co., Inc., 7.75%, 4/15/07	925,000	666
Total		967
Soaps and Toiletries (0.3%)		
Elizabeth Arden, Inc., 11.75%, 2/1/11	350,000	361
Total		361
Total Consumer Staples		
		27,061
Energy (4.7%)		
Oil and Gas Independent (0.9%)		
PDVSA Finance, Ltd., 1999-I, 9.75%, 2/15/10	1,325,000	1,179
Total		1,179
Oil and Gas Integrated (0.6%)		
Compton Petroleum Corp., 9.90%, 5/15/09 144A	750,000	780
Total		780
Oil Field Services (3.0%)		
BRL Universal Equipment, 8.875%, 2/15/08	1,400,000	1,456
El Paso Energy Partners, 8.50%, 6/1/11	1,125,000	1,043
Grant Prideco Escrow, 9.00%, 12/15/09 144A	1,050,000	1,092
Hanover Equipment Trust, 8.75%, 9/1/11 144A	725,000	700
Total		4,291
Refining (0.2%)		
Tesoro Petroleum Corp., 9.625%, 11/1/08	375,000	255
Total		255
Total Energy		
		6,505
Finance (5.6%)		
Banks (1.9%)		
Sovereign Real Estate Investment Trust, 12.00%, 5/16/20 144A	1,325,000	1,470
Western Financial Bank-FSB, 9.625%, 5/15/12	1,125,000	1,091
Total		2,561
Finance Companies (2.8%)		
AmeriCredit Corp., 9.875%, 4/15/06	1,100,000	924
Americredit Corp., 9.25%, 5/1/09 144A	450,000	351
IOS Capital, Inc., 9.75%, 6/15/04	1,225,000	1,246
Metris Companies, Inc., 10.125%, 7/15/06	2,600,000	1,430
Total		3,951

Bonds (90.5%)	Shares/ Par	Market Value (000's)
Financial Services (0.9%)		
Labranche & Company, Inc., 12.00%, 3/2/07	\$1,100,000	\$ 1,227
Total		1,227
Total Finance		
		7,739
Miscellaneous (2.0%)		
CB Richards Ellis Services, Inc., 11.25%, 6/15/11	1,400,000	1,287
Crescent Real Estate Equities, 7.50%, 9/15/07	650,000	631
Istar Financial, Inc., 8.75%, 8/15/08	725,000	772
Total Miscellaneous		2,690
Professional Services (1.8%)		
Kindercare Learning Centers, 9.50%, 2/15/09	1,880,000	1,824
Service Corp. International, 7.70%, 4/15/09	650,000	611
Total Professional Services		2,435
Real Estate (1.0%)		
LNR Property Corp., 10.50%, 1/15/09	1,350,000	1,364
Total Real Estate		1,364
Technology (11.2%)		
Cable (3.2%)		
Charter Communications Holdings LLC, 9.625%, 11/15/09	750,000	334
Charter Communications Holdings LLC, 10.75%, 10/1/09	850,000	385
Echostar DBS Corp., 10.375%, 10/1/07	1,150,000	1,244
Insight Midwest, 9.75%, 10/01/09	950,000	903
++NTL Communications Corp., 11.50%, 10/1/08	900,000	86
✓ NTL, Inc., 9.75%, 4/1/08	1,900,000	152
Rogers Communications, Inc., 8.875%, 7/15/07	1,000,000	954
✓Telewest Communications PLC, 9.25%, 4/15/09	1,000,000	140
++Telewest Communications PLC, 9.875%, 2/1/10	900,000	162
✓United Pan-Europe Communications NV, 13.75%, 2/1/10	600,000	36
Total		4,396
Electronics (1.1%)		
Amkor Technology, Inc., 5.00%, 3/15/07	475,000	232
Sanmina-Sci Corporation, 10.375%, 1/15/10 144A	750,000	758
Solectron Corp., 9.625%, 2/15/09	575,000	561
Total		1,551

High Yield Bond Portfolio

Bonds (90.5%)	Shares/ Par	Market Value (000's)
Office Equipment (0.5%)		
Xerox Corp., 7.15%, 8/01/04	\$ 750,000	\$ 724
Total		724
Telecommunications Wireless: Cellular /PCS (6.4%)		
Alamosa Delaware, Inc., 12.50%, 2/1/11	450,000	135
Alamosa Delaware, Inc., 13.625%, 8/15/11	1,262,500	417
+Alamosa PCS Holdings, Inc., 12.875%, 2/15/10	2,900,000	522
Dobson Communications Corp., 10.875%, 7/1/10	1,000,000	845
+Nextel Communications, Inc., 10.65%, 9/15/07	1,750,000	1,670
Nextel Partners Inc., 11.00%, 3/15/10	350,000	298
Nextel Partners, Inc., 12.50%, 11/15/09	775,000	698
Qwest Services Corp., 12/15/10, 13.50% 144A	720,000	749
Rogers Cantel, Inc., 8.30%, 10/1/07	650,000	575
Rogers Cantel, Inc., 9.75%, 6/1/16	300,000	271
Rogers Wireless Inc., 9.625%, 5/1/11	450,000	425
+Triton PCS, Inc., 11.00%, 5/1/08	1,050,000	874
TSI Telecommunications Service, 12.75%, 2/1/09	1,300,000	1,156
+US Unwired, Inc., 13.375%, 11/1/09	2,625,000	158
Total		8,793
Total Technology		15,464
Transport Services (4.9%)		
Railroads (1.6%)		
Railamerica Transportation Corp., 12.875%, 8/15/10	1,400,000	1,400
TFM SA DE CV, 12.50%, 6/15/12 144A	750,000	758
Total		2,158
Trucking — Shipping (3.3%)		
++American Commercial LLC, 11.25%, 1/1/08	551,186	176
CP Ships Ltd., 10.375%, 7/15/12	750,000	788
International Shipbuilding Corp., 7.75%, 10/15/07	700,000	560
North American Van Lines, 13.375%, 12/1/09	1,650,000	1,604
Stena AB, 9.625%, 12/1/12 144A	1,475,000	1,523
Total		4,651
Total Transport Services		6,809
Utilities (5.3%)		
Utility — Electric (4.4%)		
Calpine Canada Energy, 8.50%, 5/1/08	1,425,000	620
Calpine Corp., 8.625%, 8/15/10	1,000,000	425
Calpine Corp., 8.75%, 7/15/07	750,000	326

Bonds (90.5%)	Shares/ Par	Market Value (000's)
Utilities continued		
Edison Mission Energy, 10.00%, 8/15/08	\$ 1,500,000	\$ 720
Orion Power Holdings, Inc., 12.00%, 5/1/10	1,800,000	1,296
++PG&E National Energy Group, Inc., 10.375%, 5/16/11	1,500,000	570
USEC, Inc., 6.625%, 1/20/06	1,325,000	1,139
Western Resources, 9.75%, 5/1/07	1,125,000	1,024
Total		6,120
Utility — Garbage Disposal (0.9%)		
Allied Waste North America, Inc., 8.50%, 12/1/08	1,170,000	1,176
Total		1,176
Total Utilities		7,296
Total Bonds		124,528
(Cost: \$133,348)		
Preferred Stock (2.6%)		
Technology (2.6%)		
Broadcasting (0.7%)		
Sinclair Capital	9,500	1,007
Total		1,007
Cable (1.9%)		
CSC Holdings, Inc. — Series H	17,750	1,686
CSC Holdings, Inc. — Series M	8,708	810
++NTL Inc., 13.00%, 2/15/09	3	0
Total		2,496
Telecommunications Wireless: Towers (0.0%)		
**Crown Castle International Corp.	3	0
Total		0
Telecommunications Wireline: CLEC (0.0%)		
**Intermedia Communications, Inc.	1	0
Total		0
Total Technology		3,503
Trucking (0.0%)		
**American Commercial Lines LLC	4,948	28
Total Trucking		28
Total Preferred Stock		3,531
(Cost: \$4,122)		
Common Stocks and Warrants (0.1%)		
Consumer Cyclical (0.1%)		
Leisure Related (0.0%)		
*Hedstrom Holdings, Inc.	201,674	0
Total		0

High Yield Bond Portfolio

Common Stocks and Warrants (0.1%)	Shares/ Par	Market Value (000's)
<u>Printing and Publishing (0.1%)</u>		
*Jostens, Inc.	1,550	\$ 53
Total Consumer Cyclical		53
<u>Railroads (0.0%)</u>		
*Railamerica, Inc.	1,400	28
Total Railroads		28
<u>Real Estate Investment Trusts (0.0%)</u>		
*La Quinta Corporation	11,117	49
Total Real Estate Investment Trusts		49
<u>Telecommunication Services (0.0%)</u>		
Horizon PCS, Inc. — Warrant	2,000	0
IWO Holdings, Inc. 144A	1,150	0
Total Telecommunication Services		0
Total Common Stocks and Warrants (Cost: \$615)		130
<u>Money Market Investments (4.3%)</u>		
<u>Short Term Business Credit (4.3%)</u>		
Old Line Funding Corp., 1.38%, 1/15/03	\$5,900,000	5,897
Total Money Market Investments (Cost: \$5,897)		5,897
Total Investments (97.5%) (Cost \$143,982)^		134,086
Other Assets, Less Liabilities (2.5%)		3,467
Total Net Assets (100.0%)		\$137,553

^ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$144,255 and the net unrealized depreciation of investments based on that cost was \$10,169 which is comprised of \$5,111 aggregate gross unrealized appreciation and \$15,280 aggregate gross unrealized depreciation.

144A after the name of a security represents a security exempt from registration under rule 144A of the Securities Act of 1933. These securities may be resold as transactions exempt from registration, normally to qualified institutional buyers.

* Non-Income Producing

+ Step bond security that presently receives no coupon payments. At the predetermined date the stated coupon rate becomes effective.

++ Defaulted Security

✓ Defaulted security and step bond security that presently receives no coupon payments. At the predetermined date the stated coupon rate becomes effective.

** PIK — Payment In Kind

The Accompanying Notes are an Integral Part of the Financial Statements

Select Bond Portfolio

Objective:

A stable and relatively high level of long-term total return and preservation of capital

Portfolio Strategy:

Invest in high grade corporate bonds, U.S. government bonds and bonds of government agencies.

Net Assets:

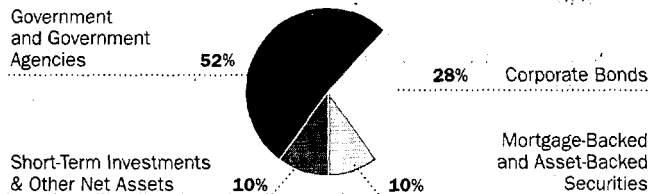
\$584.02 million

The Select Bond Portfolio invests primarily in high quality debt securities, mainly government bonds, corporate bonds and mortgage-backed securities. Exposure to market sectors is adjusted as yield spreads change among the various classes of securities. Duration and maturities are altered with moderate adjustments in recognition or anticipation of interest rate changes.

In the third consecutive year in which bonds provided significantly higher returns than equities, the Select Bond Portfolio substantially outperformed its major benchmark, the Merrill Lynch Domestic Master Index. The Portfolio's performance benefited from advantageous positioning with regard to credit risk, interest rate changes and bond sectors. Throughout the year, we were positioned defensively with regard to credit risk, with holdings concentrated in securities of very high quality, so we avoided losses when concerns about corporate scandals drove prices of riskier corporate bonds down. Careful credit analysis was of special benefit in a year when the credit quality of many issuers or corporate bonds deteriorated very swiftly. This defensive credit risk positioning hurt performance in the fourth quarter, as lower quality bonds outperformed high quality issues when investors fearful of missing a rally rushed into the market.

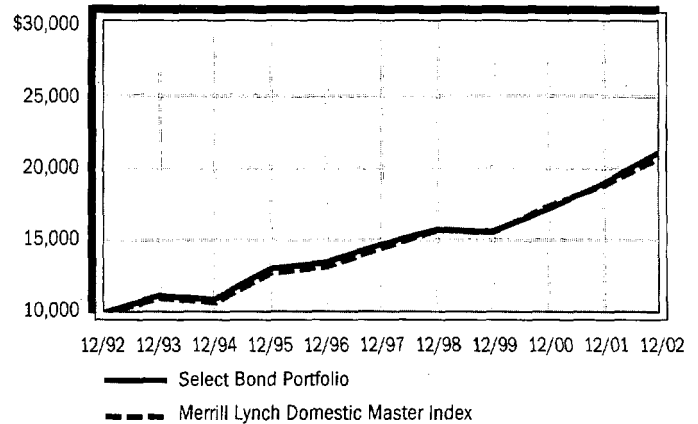
We began the year positioned for lower interest rates, which came about in response to a further rate cut by the Federal Reserve in November. We were also well positioned for a steeper Treasury yield curve. Performance also benefited from a large position early in the year in mortgage-backed securities; this position was reduced in the third and fourth quarters.

Percentage Holdings 12/31/02



The Corporate Bonds sector includes bonds of companies headquartered outside the United States. The Government and Government Agencies category includes taxable bonds of domestic and foreign governments. Consistent with the Portfolio's stated parameters, no more than 10% of the Portfolio is invested in foreign securities, and no more than 10% is invested in high-yield securities.

Relative Performance



Average Annual Total Return

For Periods Ended December 31, 2002

	1 Year	5 Years	10 Years
Select Bond Portfolio	12.09%	7.64%	7.74%
Merrill Lynch Domestic Master Index	10.41%	7.58%	7.57%

Since the Portfolio invests broadly in U.S. Government, mortgage and corporate bonds, a useful basis for comparing returns is the Merrill Lynch Domestic Master Index. The index is an unmanaged market value weighted index comprised of U.S. Government, mortgage and investment-grade corporate bonds. The index measures the income provided by, and the price changes of, the underlying securities. The index cannot be invested in directly and do not include sales charges.

This chart assumes an initial investment of \$10,000 made on 12/31/92. Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account are shown on page 4.

Select Bond Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2002

	Shares/ Par	Market Value (000's)		Shares/ Par	Market Value (000's)
Corporate Bonds (28.4%)			Corporate Bonds (28.4%)		
Aerospace — Defense (1.9%)			Electric Services (2.0%)		
Lockheed Martin Corp., 8.20%, 12/1/09	\$ 3,850,000	\$ 4,758	Exelon Generation Co. LLC, 6.95%, 6/15/11	\$ 6,788,000	\$ 7,338
Raytheon Co., 7.20%, 8/15/27	5,685,000	6,214	Public Service Electric & Gas Co., 6.875%, 1/1/03	2,250,000	2,250
Total		10,972	South Carolina Electric & Gas, 6.125%, 3/1/09	1,750,000	1,949
Auto Related (0.7%)			Total		11,537
Toyota Motor Credit Corp., 5.65%, 1/15/07	4,000,000	4,346	Electrical Equipment and Supplies (1.3%)		
Total		4,346	Cooper Industries, Inc., 5.50%, 11/1/09	4,000,000	4,169
Beverages, Malt Beverages (2.8%)			Hubbell Inc., 6.375%, 5/15/12	3,200,000	3,523
Anheuser-Busch Companies, Inc., 7.00%, 12/1/25	4,200,000	4,510	Total		7,692
Anheuser-Busch Companies, Inc., 7.50%, 3/15/12	378,000	466	Environmental Controls (0.4%)		
Coca-Cola Enterprises, Inc., 5.25%, 5/15/07	5,000,000	5,375	Pall Corp., 6.00%, 8/1/12 144A	2,105,000	2,250
Coca-Cola Enterprises, Inc., 5.375%, 8/15/06	1,500,000	1,626	Total		2,250
Coca-Cola Enterprises, Inc., 5.75%, 3/15/11	4,000,000	4,388	Finance Services (2.1%)		
Total		16,365	Credit Suisse First Boston USA, Inc., 4.625%, 1/15/08	6,000,000	6,082
Broad Woven Fabric Mills, Manmade (0.1%)			General Motors Acceptance Corp., 6.875%, 8/28/12	6,500,000	6,407
++Polysindo International Finance, 11.375%, 6/15/06	4,200,000	294	Total		12,489
Total		294	Fire, Marine and Casualty Insurance (0.8%)		
Commercial Banks (0.2%)			Allstate Corp., 6.125%, 12/15/32	1,575,000	1,604
Bank of America Corp., 7.40%, 1/15/11	1,133,000	1,335	Progressive Corp., 6.25%, 12/1/32	3,000,000	3,078
Total		1,335	Total		4,682
Crude Petroleum and Natural Gas (1.5%)			Food Retailers (0.9%)		
Occidental Petroleum, 6.75%, 1/15/12	3,417,000	3,892	Delhaize America Inc., 8.125%, 4/15/11	3,500,000	3,386
Occidental Petroleum, 8.45%, 2/15/29	3,579,000	4,592	Delhaize America, Inc., 9.00%, 4/15/31	2,000,000	1,840
Total		8,484	Total		5,226
Diversified Industrials (1.1%)			Metal Mining (0.4%)		
United Technologies Corp., 6.10%, 5/15/12	6,000,000	6,709	Rio Tinto Finance, Ltd., 5.75%, 7/3/06	2,000,000	2,185
Total		6,709	Total		2,185
Drilling Oil and Gas Wells (0.9%)			Motor Vehicle Parts/Accessories (0.8%)		
Transocean, Inc., 7.50%, 4/15/31	4,500,000	5,162	TRW, Inc., 7.125%, 6/1/09	1,000,000	1,118
Total		5,162	TRW, Inc., 7.75%, 6/1/29	3,113,000	3,672
Electric and Other Services Combined (0.4%)			Total		4,790
Wisconsin Public Service, 4.875%, 12/1/12	2,500,000	2,532	Motors and Generators (0.1%)		
Total		2,532	Emerson Electric Co., 5.75%, 11/1/11	796,000	855
			Total		855

Select Bond Portfolio

	Shares/ Par	Market Value (000's)		Shares/ Par	Market Value (000's)
Corporate Bonds (28.4%)			Government (Domestic and Foreign) and Agency Bonds (51.8%)		
National Commercial Banks (0.7%)			Federal Government and Agencies (51.8%)		
Bank One Corp., 5.25%, 1/30/13	\$ 4,000,000	\$ 4,117	Aid-Israel, 0.00%, 11/1/24	\$ 8,900,000	\$ 2,554
Total		4,117	Federal Home Loan Bank, 5.54%, 1/8/09	3,700,000	4,111
News Dealers and Newsstands (0.7%)			Federal Home Loan Mortgage Corporation, 7.50%, 10/1/27	2,277,308	2,434
News America Holdings, 7.75%, 12/1/45	4,000,000	3,931	Federal National Mortgage Association, 5.97%, 10/1/08	3,695,022	4,056
Total		3,931	Federal National Mortgage Association, 6.22%, 2/1/06	1,812,946	1,964
Office Machines (0.4%)			Federal National Mortgage Association, 6.24%, 1/1/06	5,107,234	5,519
Pitney Bowes Credit Corp., 5.75%, 8/15/08	2,250,000	2,490	Federal National Mortgage Association, 6.265%, 10/1/08	2,847,804	3,168
Total		2,490	Federal National Mortgage Association, 6.36%, 4/1/08	3,557,334	3,961
Oil and Gas Extraction (0.8%)			Federal National Mortgage Association, 6.39%, 4/1/08	1,355,462	1,510
Chevron Corp., 6.625%, 10/1/04	4,500,000	4,844	Federal National Mortgage Association, 6.75%, 4/25/18	1,997,894	2,133
Total		4,844	Federal National Mortgage Association, 6.75%, 12/25/23	3,500,000	3,651
Oil and Gas Field Machinery (0.7%)			Federal National Mortgage Association, 7.00%, 6/1/03	28,144	29
National-Oilwell, Inc., 5.65%, 11/15/12 144A	4,000,000	4,045	Federal National Mortgage Association, 7.36%, 4/1/11	3,004,284	3,545
Total		4,045	Federal National Mortgage Association, 8.40%, 2/25/09	221,437	221
Pharmaceuticals (3.3%)			Federal National Mortgage Association, 11.00%, 12/1/12	27,233	32
Eli Lilly & Co., 5.50%, 7/15/06	2,600,000	2,808	Federal National Mortgage Association, 11.00%, 9/1/17	189,782	225
Eli Lilly & Co., 7.125%, 6/1/25	1,400,000	1,653	Federal National Mortgage Association, 11.00%, 12/1/17	36,253	43
Johnson & Johnson, 6.625%, 9/1/09	2,750,000	3,206	Federal National Mortgage Association, 11.00%, 2/1/18	90,084	107
Johnson & Johnson, 6.95%, 9/1/29	2,200,000	2,640	Federal National Mortgage Association, 11.50%, 4/1/18	86,613	104
Merck & Co., Inc., 5.95%, 12/1/28	4,841,000	5,119	Federal National Mortgage Association, 12.00%, 9/1/12	274,624	328
Pfizer, Inc., 5.625%, 2/1/06	2,975,000	3,248	Federal National Mortgage Association, 12.00%, 12/1/12	64,250	77
Total		18,674	Federal National Mortgage Association, 12.00%, 9/1/17	80,515	97
Plastics Materials and Resins (0.9%)			Federal National Mortgage Association, 12.00%, 10/1/17	58,994	71
Eastman Chemical, 7.00%, 4/15/12	4,600,000	5,192	Federal National Mortgage Association, 12.00%, 12/1/17	67,643	82
Total		5,192	Federal National Mortgage Association, 12.00%, 2/1/18	97,698	119
Plumbing Fixture Fittings/Trim (0.4%)			Federal National Mortgage Association, 12.25%, 1/1/18	59,546	72
Masco Corp., 4.625%, 8/15/07	750,000	774	Federal National Mortgage Association, 12.50%, 4/1/18	35,824	44
Masco Corp., 6.50%, 8/15/32	1,250,000	1,285			
Total		2,059			
Retail — Retail Stores (0.8%)					
Limited Brands, 6.125%, 12/1/12	4,500,000	4,737			
Total		4,737			
Search and Navigation Equipment (0.4%)					
Raytheon Co., 7.00%, 11/1/28	2,310,000	2,471			
Total		2,471			
Telephone Communications (0.9%)					
Alltel Corp., 7.00%, 7/1/12	600,000	691			
Alltel Corp., 7.875%, 7/1/32	3,750,000	4,602			
Total		5,293			
Total Corporate Bonds (Cost: \$156,274)		165,758			

Select Bond Portfolio

Government (Domestic and Foreign) and Agency Bonds (51.8%)	Shares/ Par	Market Value (000's)
Federal Government and Agencies continued		
Federal National Mortgage Association, 13.00%, 11/1/12	\$ 48,557	\$ 59
Federal National Mortgage Association, 13.00%, 11/1/17	50,105	62
Federal National Mortgage Association, 13.00%, 12/1/17	52,642	65
Federal National Mortgage Association, 13.00%, 2/1/18	112,578	139
Federal National Mortgage Association, 14.00%, 12/1/17	26,112	33
Government National Mortgage Association, 5.50%, 10/15/31	148,230	152
Government National Mortgage Association, 5.50%, 11/15/31	35,329	36
Government National Mortgage Association, 5.50%, 12/15/31	793,793	816
Government National Mortgage Association, 5.50%, 1/15/32	1,112,980	1,144
Government National Mortgage Association, 5.50%, 2/15/32	472,007	485
Government National Mortgage Association, 5.50%, 2/15/32	84,856	87
Government National Mortgage Association, 5.50%, 3/15/32	912,865	938
Government National Mortgage Association, 5.50%, 4/15/32	41,952	43
Government National Mortgage Association, 5.50%, 7/15/32	73,828	76
Government National Mortgage Association, 5.50%, 9/15/32	15,797,321	16,238
Government National Mortgage Association, 7.00%, 5/15/23	111,340	119
Government National Mortgage Association, 7.50%, 4/15/22	84,383	91
Government National Mortgage Association, 7.50%, 10/15/23	245,317	264
Government National Mortgage Association, 7.50%, 10/15/25	3,319	4
Government National Mortgage Association, 7.50%, 11/15/25	4,416	5
Government National Mortgage Association, 7.50%, 5/15/26	5,092	5
Government National Mortgage Association, 7.50%, 1/15/27	110,903	119
Government National Mortgage Association, 7.50%, 2/15/27	132,608	142
Government National Mortgage Association, 7.50%, 3/15/27	22,065	24
Government National Mortgage Association, 7.50%, 4/15/27	30,531	33
Government National Mortgage Association, 7.50%, 8/15/27	4,064	4
Government National Mortgage Association, 7.50%, 6/15/28	192,170	205
Government National Mortgage Association, 8.00%, 1/15/26	119,937	131

Government (Domestic and Foreign) and Agency Bonds (51.8%)	Shares/ Par	Market Value (000's)
Federal Government and Agencies continued		
Government National Mortgage Association, 8.00%, 2/15/26	\$ 179,309	\$ 195
Government National Mortgage Association, 8.00%, 8/15/26	222,931	243
Government National Mortgage Association, 8.00%, 9/15/26	92,448	101
Government National Mortgage Association, 8.00%, 12/15/26	29,374	32
Government National Mortgage Association, 8.00%, 1/15/27	90,876	99
Government National Mortgage Association, 8.00%, 3/15/27	170,040	185
Government National Mortgage Association, 8.00%, 4/15/27	397,207	432
Government National Mortgage Association, 8.00%, 6/15/27	114,323	124
Government National Mortgage Association, 8.00%, 7/15/27	131,189	143
Government National Mortgage Association, 8.00%, 8/15/27	102,990	112
Government National Mortgage Association, 8.00%, 9/15/27	108,336	118
Government National Mortgage Association, 8.50%, 9/15/21	5,916	7
Government National Mortgage Association, 8.50%, 3/15/23	859	1
Government National Mortgage Association, 8.50%, 6/15/23	687	1
Government National Mortgage Association, 8.50%, 6/15/24	31,017	34
Government National Mortgage Association, 8.50%, 7/15/24	48,660	53
Government National Mortgage Association, 8.50%, 11/15/24	200,600	221
Government National Mortgage Association, 8.50%, 2/15/25	23,773	26
Government National Mortgage Association, 11.00%, 1/15/18	1,789,245	2,075
Government National Mortgage Association TBA, 5.50%, 12/1/25	11,000,000	11,067
Government National Mortgage Association TBA, 5.50%, 2/15/32	3,400,000	3,473
Housing & Urban Development, 6.08%, 8/1/13	4,000,000	4,512
Housing & Urban Development, 6.17%, 8/1/14	3,000,000	3,390
Rural Housing Trust 1987-1, Series 1, Class D, 6.33%, 4/1/26	565,851	584
US Treasury, 2.125%, 10/31/04	2,150,000	2,174
US Treasury, 3.00%, 1/31/04	2,700,000	2,750
US Treasury, 3.00%, 2/29/04	15,619,000	15,930
US Treasury, 3.25%, 5/31/04	25,000,000	25,666
US Treasury, 3.25%, 8/15/07	3,010,000	3,085
US Treasury, 3.50%, 11/15/06	944,000	982
US Treasury, 3.625%, 3/31/04	3,500,000	3,601
US Treasury, 4.375%, 5/15/07	8,400,000	9,020

Select Bond Portfolio

Government (Domestic and Foreign) and Agency Bonds (51.8%)	Shares/Par	Market Value (000's)
Federal Government and Agencies continued		
US Treasury, 4.625%, 2/28/03	\$ 4,145,000	\$ 4,167
US Treasury, 4.75%, 11/15/08	2,600,000	2,838
US Treasury, 5.375%, 2/15/31	21,956,000	23,935
US Treasury, 6.25%, 5/15/30	2,502,000	2,994
US Treasury Bond, 6.50%, 5/15/05	61,150,000	67,878
US Treasury Inflation Index Bond, 3.375%, 1/15/07	6,689,026	7,244
US Treasury Inflation Index Bond, 3.625%, 1/15/08	26,701,696	29,297
US Treasury Inflation Index Bond, 3.875%, 4/15/29	4,796,093	5,865
US Treasury Stripped, 0.00%, 5/15/30	25,820,000	6,250
Total Government (Domestic and Foreign) and Agency Bonds (Cost:3 \$290,608)		302,680

Mortgage/Asset Backed Securities (9.7%)

Auto Related (0.0%)		
Fleetwood Credit Corporation Grantor Trust, Series 1997-B, Class A, 6.40%, 5/15/13	258,686	267
Total		267
Boat Dealers (0.1%)		
Nationscredit Grantor Trust, Series 1997-2, Class A1, 6.35%, 4/15/14	456,759	463
Total		463
Commercial Banks (0.5%)		
Nationsbank Lease Pass-Through Trust, Series 1997-A, Class 1, 7.442%, 1/10/11 144A	2,462,108	2,750
Total		2,750
Commercial Mortgages (7.1%)		
Asset Securitization Corp., Series 1996-MD6, Class CS1, 1.632%, 11/13/26 IO	4,099,129	24
Asset Securitization Corp., Series 1996-MD6, Class CS2, 1.098%, 11/13/26 IO	85,000,000	941
Asset Securitization Corp., Series 1997-D5, Class PS1, 1.616%, 2/14/41 IO	11,252,900	756
Chase Commercial Mortgage Securities Corp., Series 1997-1, Class B, 7.37%, 4/19/07	1,000,000	1,151
Chase Commercial Mortgage Securities Corp., Series 1997-2, Class A2, 6.60%, 11/19/07	5,000,000	5,579
Chase Commercial Mortgage Securities Corp., Series 1997-2, Class B, 6.60%, 11/19/07	2,000,000	2,238
Commercial Mortgage Acceptance Corp., Series 1997-ML1, Class B, 6.644%, 12/15/07	2,000,000	2,211

Mortgage/Asset Backed Securities (9.7%)	Shares/Par	Market Value (000's)
Commercial Mortgages continued		
Credit Suisse First Boston Mortgage Securities Corp., Series 1997-C1, Class A2, 7.26%, 6/20/07 144A	\$ 1,331,054	\$ 1,483
Credit Suisse First Boston Mortgage Securities Corp., Series 1997-C1, Class B, 7.28%, 6/20/07 144A	1,500,000	1,702
Criimi Mae Commercial Mortgage Trust, Series 1998-C1, Class A1, 7.00%, 11/2/06 144A	3,000,000	3,244
Criimi Mae Commercial Mortgage Trust, Series 1998-C1, Class B, 7.00%, 11/2/11 144A	4,000,000	3,973
DLJ Commercial Mortgage Corp., Series 1998-CF1, Class S, 0.70%, 1/15/18 IO	111,970,014	3,454
DLJ Mortgage Acceptance Corp., Series 1997-CF2, Class S, 0.35%, 10/15/17 IO 144A	93,196,038	1,751
The Equitable Life Assurance Society, Series 174, Class C1, 7.52%, 5/15/06 144A	2,000,000	2,249
Midland Realty Acceptance Corp., Series 1996-C2, Class AEC, 1.35%, 1/25/29 IO 144A	10,437,034	460
Mortgage Capital Funding, Inc., Series 1997-MC1, Class A3, 7.28%, 3/20/07	5,323,000	6,050
Nomura Asset Securities Corporation, Series 1998-D6, Class A2, 6.99%, 3/17/28	2,800,000	3,231
RMF Commercial Mortgage Pass-Through, Series 1997-1, Class F, 7.47%, 1/15/19 144A	1,800,000	920
Total		41,417
Credit Card Asset Backed (0.0%)		
Heilig-Meyers Master Trust, Series 1998-1A, Class A, 6.125%, 1/20/07 144A	1,108,517	6
Total		6
Franchise Loan Receivables (0.2%)		
Enterprise Mortgage Acceptance Co., Series 1998-1, Class IO, 1.37%, 1/15/23 IO 144A	25,644,324	833
Global Franchise Trust, Series 1998-1, Class A1, 6.35%, 4/10/04 144A	233,414	229
Total		1,062
Home Equity Loan (0.4%)		
Vanderbilt Mortgage Finance, Inc., Series 1997-B, Class 1A4, 7.19%, 2/7/14	2,096,751	2,164
Total		2,164

Select Bond Portfolio

Mortgage/Asset Backed Securities (9.7%)	Shares/ Par	Market Value (000's)
Commercial Mortgages continued		
Manufactured Housing (0.1%)		
Mid-State Trust, Series 6, Class A3, 7.54%, 7/1/35	\$ 761,105	\$ 784
Total		784
Residential Mortgages (0.1%)		
Blackrock Capital Finance LP, Series 1997-R1, Class B3, 7.75%, 3/25/37 144A		
	2,246,011	146
Blackrock Capital Finance LP, Series 1997-R3, Class B3, 7.25%, 11/25/28 144A		
	3,965,446	397
Total		543
Retail-Retail Stores (1.2%)		
LB Mortgage Trust, Series 1991-2, Class A3, 8.40%, 1/20/17		
	6,083,409	7,118
Total		7,118
Total Mortgage/Asset Backed Securities (Cost: \$61,131)		
		56,574
Money Market Investments (17.9%)		
Asset-Backed Securities (CMO'S) (0.9%)		
# Fcar Owner Trust 1, 1.35%, 2/4/03	5,000,000	4,994
Total		4,994
Federal Government and Agencies (0.3%)		
Federal Home Loan Bank, 1.24%, 3/7/03		
	1,600,000	1,597
Total		1,597
Finance Lessors (0.9%)		
#Receivables Capital Corp., 1.35%, 1/21/03		
	5,000,000	4,996
Total		4,996
Finance Services (0.9%)		
Ciesco LP, 1.33%, 1/30/03		
	5,000,000	4,995
Total		4,995
Financials (0.8%)		
Salomon Smith Barney Holdings, 2.06%, 4/9/03		
	4,830,000	4,832
Total		4,832
Machinery (0.5%)		
John Deere Capital Corp., 1.64%, 1/7/03		
	3,000,000	2,999
Total		2,999
Miscellaneous Business Credit Institutions (1.5%)		
National Rural Utility Co., 1.38%, 1/13/03		
	5,000,000	4,998
Quincy Capital Corp., 1.35%, 1/6/03		
	4,400,000	4,399
Total		9,397

Money Market Investments (17.9%)	Shares/ Par	Market Value (000's)
Miscellaneous Manufacturing Industries (0.9%)		
Koch Industries, 1.20%, 1/2/03		
	\$ 5,880,000	\$ 5,880
Total		5,880
Nonclassifiable Establishments (0.8%)		
Thunder Bay Funding, Inc, 1.35%, 1/7/03		
	5,000,000	4,999
Total		4,999
Passenger Car Rental (0.9%)		
Delaware Funding Corp., 1.35%, 1/7/03		
	5,000,000	4,999
Total		4,999
Personal Credit Institutions (0.9%)		
Toyota Motor Credit Co., 1.32%, 1/23/03		
	5,000,000	4,996
Total		4,996
Pharmaceutical Preparations (0.9%)		
Wyeth, 1.85%, 1/7/03		
	5,000,000	4,998
Total		4,998
Security Brokers and Dealers (0.9%)		
Morgan St. Dean Witter, 1.32%, 2/4/03		
	5,000,000	4,994
Total		4,994
Short Term Business Credit (5.9%)		
American Express Credit, 1.25%, 2/4/03		
	5,000,000	4,994
Asset Securitization, 1.33%, 1/8/03		
	5,000,000	4,998
CXC Inc., 1.76%, 1/17/03		
	5,000,000	4,996
Old Line Funding Corp., 1.38%, 1/15/03		
	5,000,000	4,997
Preferred Receivable Funding, 1.35%, 1/27/03		
	5,000,000	4,995
Transamerica Financial Corp., 1.33%, 1/17/03		
	5,000,000	4,997
UBS Finance LLC, 1.32%, 2/10/03		
	5,000,000	4,993
Total		34,970
Tobacco Products (0.9%)		
Philip Morris Disc, 1.31%, 1/27/03		
	5,000,000	4,995
Total		4,995
Total Money Market Investments (Cost: \$104,641)		
		104,641
Total Investments (107.8%) (Cost \$612,654)^		
		629,653
Other Assets, Less Liabilities (-7.8%)		
		(45,635)
Total Net Assets (100.0%)		
		\$584,018

Select Bond Portfolio

^ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$621,308 and the net unrealized appreciation of investments based on that cost was \$8,345 which is comprised of \$30,096 aggregate gross unrealized appreciation and \$21,751 aggregate gross unrealized depreciation.

144A after the name of a security represents a security exempt from registration under rule 144a of the Securities Act of 1933. These securities may be resold as transactions exempt from registration, normally to qualified institutional buyers.

IO — Interest Only Security

++ Defaulted Security

All or a portion of the securities have been committed as collateral for open futures positions. Information regarding open futures contracts as of period end is summarized below:

Issuer (000's)	Number of Contracts	Expiration Date	Unrealized Appreciation / (Depreciation) (000's)
US TEN YEAR TREASURY NOTE	87	3/03	\$(190)
(Total Notional Value at 12/31/02 \$9,819)			

The Accompanying Notes are an Integral Part of the Financial Statements

Money Market Portfolio

Objective:

Maximum current income consistent with liquidity and stability of capital

Portfolio Strategy:

Achieve stability of capital by investing in short-term debt securities.

Net Assets:

\$501.31 million

The Money Market Portfolio, which invests only in high quality commercial paper and other short-term debt securities with maturities generally not exceeding one year, is the least risky of the Portfolios, providing a moderate return in line with prevailing short-term interest rates. In a year in which stock values declined significantly, the Money Market Portfolio has surpassed returns of most equity funds and indices, with a return of 1.65% for the 12 months ending December 2002.

The main determinant of returns from the Money Market Portfolio is short-term interest rates in general. After dropping significantly in 2001, short-term interest rates were fairly stable during 2002; the Fed reduced the targeted Federal Funds rate just once, in November, from 1.75% to 1.25%. Aware that rates could change in

either direction in the future, we have positioned the Portfolio for more nimble action. We now anticipate maintaining a maturity range of 30 to 80 days, versus 35 to 50 days in the past and an industry average of approximately 50 to 55 days.

During 2002, quality commercial paper became increasingly scarce, as the debt of many issuers was downgraded, and rating agencies pressured corporations to replace short-term debt with bonds with longer maturities. With fewer issuers, it has become more difficult to diversify risk in a money market portfolio. In order to maintain credit risk at the desired level, we are buying more Treasury bills and government-guaranteed agency discount notes. Although yields on these securities are below those on commercial paper, all short-term rates are so low now that the income sacrificed is minimal.

AN INVESTMENT IN THE MONEY MARKET PORTFOLIO IS NEITHER INSURED NOR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY. ALTHOUGH THE PORTFOLIO SEEKS TO PRESERVE THE VALUE OF YOUR INVESTMENT AT \$1.00 PER SHARE, THERE IS NO ASSURANCE THAT THE PORTFOLIO WILL BE ABLE TO MAINTAIN A STABLE NET ASSET VALUE SO IT IS POSSIBLE TO LOSE MONEY BY INVESTING IN THE PORTFOLIO.

Money Market Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2002

	Shares/ Par	Market Value (000's)
Short Term Paper (92.1%)		
Agricultural Services (1.9%)		
Cargill Inc., 1.32%, 3/21/03	\$ 9,740,000	\$ 9,712
Total		9,712
Asset Backed Security (5.5%)		
Fear Owner Trust I, 1.64%, 3/13/03	12,500,000	12,460
New Center Asset Trust, 1.34%, 2/18/03	15,000,000	14,973
Total		27,433
Auto Related (8.1%)		
BMW U.S. Capital Corp., 1.31%, 1/15/03	11,955,000	11,949
Daimler-Chrysler Na Hldg, 1.92%, 1/24/03	4,500,000	4,494
Ford Motor Credit, 1.96%, 1/21/03	4,500,000	4,495
General Motors Corp., 1.95%, 1/9/03	4,500,000	4,498
Toyota Motor Credit Co., 1.31%, 1/30/03	15,000,000	14,985
Total		40,421
Commercial Banks (7.5%)		
Dresdner, 1.32%, 2/11/03	12,500,000	12,481
Marshall & Ilsley Bank, 1.37%, 1/31/03	10,000,000	9,989
UBS Finance LLC, 1.3%, 3/18/03	15,000,000	14,959
Total		37,429
Diversified Business Finance (3.0%)		
General Electric, 1.84%, 7/9/03	5,000,000	5,000
General Electric Capital, 1.31%, 2/14/03	5,000,000	4,992
General Electric Capital, 1.77%, 6/16/03	5,000,000	4,959
Total		14,951
Finance Lessors (3.0%)		
Receivables Capital Corp., 1.32%, 1/17/03	6,000,000	5,996
Receivables Capital Corp., 1.77%, 1/27/03	9,220,000	9,209
Total		15,205
Finance Services (11.6%)		
American General, 1.37%, 2/6/03	13,000,000	12,981
Asset Securitization, 1.32%, 1/21/03	10,000,000	9,993
Asset Securitization, 1.34%, 1/17/03	5,000,000	4,997
Ciesco LP, 1.34%, 1/22/03	10,080,000	10,072
Ciesco LP, 1.77%, 1/10/03	5,190,000	5,188
Preferred Receivable Funding, 1.32%, 1/13/03	11,500,000	11,495

	Shares/ Par	Market Value (000's)
Short Term Paper (92.1%)		
Finance Services continued		
Preferred Receivable Funding, 1.35%, 1/24/03	\$ 4,000,000	\$ 3,997
Total		58,723
Government (8.1%)		
Federal Home Loan Bank, 1.53%, 3/26/03	15,925,000	15,868
Federal National Mortgage Association, 1.26%, 3/19/03	15,000,000	14,960
U.S. Treasury Bill, 1.515%, 4/10/03	10,000,000	9,958
Total		40,786
Machinery (3.5%)		
Catepillar Financial, 1.31%, 1/14/03	8,715,000	8,711
Caterpillar Financial Services Corp., 1.92%, 6/1/03	4,000,000	4,000
John Deere Capital Corp., 1.64%, 1/7/03	5,000,000	4,999
Total		17,710
Miscellaneous Business Credit Institutions (5.3%)		
Delaware Funding Corp., 1.31%, 2/3/03	12,900,000	12,885
Quincy Capital Corp., 1.35%, 1/31/03	13,772,000	13,756
Total		26,641
Miscellaneous Manufacturing Industries (3.5%)		
Koch Industries, 1.20%, 1/2/03	17,790,000	17,789
Total		17,789
National Commercial Banks (0.6%)		
Marshall & Ilsley Corp., 1.34%, 1/17/03	3,000,000	2,998
Total		2,998
Nonclassifiable Establishments (3.1%)		
Thunder Bay Funding, Inc., 1.33%, 1/24/03	9,535,000	9,527
Thunder Bay Funding, Inc., 1.35%, 1/10/03	6,000,000	5,998
Total		15,525
Personal Credit Institutions (8.1%)		
American Express Credit, 1.32%, 1/14/03	10,500,000	10,495
American Express Credit, 1.32%, 1/31/03	12,500,000	12,486
Associates First Capital Corp., 1.86%, 6/26/03	5,000,000	5,000

Money Market Portfolio

	Shares/ Par	Market Value (000's)
Short Term Paper (92.1%)		
Personal Credit Institutions continued		
Household Finance Corp., 1.55%, 1/21/03	\$ 6,200,000	\$ 6,195
Household Finance Corp., 1.60%, 2/5/03	6,200,000	6,190
Total		40,366
Pharmaceutical Preparations (2.5%)		
Wyeth, 1.78%, 2/4/03	6,200,000	6,190
Wyeth, 1.85%, 1/6/03	6,300,000	6,298
Total		12,488
Security Brokers and Dealers (6.2%)		
Goldman Sachs Group, Inc., 1.89%, 3/5/03	5,000,000	5,000
Goldman Sachs Group, Inc., 1.78%, 2/3/03	11,720,000	11,701
Morgan St. Dean Witter, 1.32%, 2/4/03	9,000,000	8,989
Salomon Smith Barney Hlds., 1.33%, 2/24/03	5,300,000	5,289
Total		30,979
Short Term Business Credit (5.7%)		
CXC Inc., 1.33%, 2/3/03	10,355,000	10,342
CXC Inc., 1.34%, 2/6/03	3,150,000	3,146
Old Line Funding Corp., 1.31%, 2/6/03	10,000,000	9,987
Old Line Funding Corp., 1.34%, 2/7/03	5,000,000	4,993
Total		28,468
Telephone Communications (1.0%)		
BellSouth Corp., 4.105%, 4/26/03	5,000,000	5,023
Total		5,023
Tobacco Products (2.6%)		
Philip Morris Companies, Inc., 1.32%, 2/4/03	10,000,000	9,987
Philip Morris Companies, Inc., 1.33%, 1/21/03	3,000,000	2,998
Total		12,985

	Shares/ Par	Market Value (000's)
Short Term Paper (92.1%)		
Utility — Electric (1.3%) National Rural Utility, 1.40%, 1/27/03	\$ 6,300,000	\$ 6,294
Total		6,294
Total Short Term Paper (Cost: \$461,926)		
		461,926
Corporate Bonds Domestic (7.9%)		
Security Brokers and Dealers (3.7%)		
Merrill Lynch Co., Inc., 4.97%, 4/30/03	2,500,000	2,518
Merrill Lynch Co., Inc., 7.18%, 2/11/03	3,100,000	3,116
Merrill Lynch Co., Inc., 7.85%, 3/01/03	4,000,000	4,083
Morgan Stanley Dean Witter, 6.875%, 3/1/03	3,700,000	3,728
Salomon Smith Barney Holdings, Inc., 7.50%, 2/1/03	5,000,000	5,024
Total		18,469
Short Term Business Credit (2.8%)		
Transamerica Financial Corp., 1.31%, 2/10/03	14,000,000	13,980
Total		13,980
Utility — Electric (1.4%)		
National Rural Utilities, 7.375%, 2/10/03	7,000,000	7,036
Total		7,036
Total Corporate Bonds Domestic (Cost: \$39,485)		
		39,485
Total Investments (100.0%) (Cost \$501,411)^		
		501,411
Other Assets, Less Liabilities (0.0%)		
		(98)
Total Net Assets (100.0%)		
		\$501,313

^ Also represents cost for federal income tax purposes.

The Accompanying Notes are an Integral Part of the Financial Statements



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100 E. Wisconsin Ave.
Suite 1500
Milwaukee WI 53202
Telephone (414) 212-1600
Facsimile (414) 212-1880

Report of Independent Accountants

To the Shareholders and Board of Directors of
Northwestern Mutual Series Fund, Inc.

In our opinion, the accompanying statements of assets and liabilities, including the schedules of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of the Small Cap Growth Stock Portfolio, T. Rowe Price Small Cap Value Portfolio, Aggressive Growth Stock Portfolio, International Growth Portfolio, Franklin Templeton International Equity Portfolio, Index 400 Stock Portfolio, Growth Stock Portfolio, J.P. Morgan Select Growth and Income Stock Portfolio, Capital Guardian Domestic Equity Portfolio, Index 500 Stock Portfolio, Asset Allocation Portfolio, Balanced Portfolio, High Yield Bond Portfolio, Select Bond Portfolio and Money Market Portfolio (constituting Northwestern Mutual Series Fund, Inc., hereafter referred to as the "Fund") at December 31, 2002 and the results of each of their operations, the changes in each of their net assets and their financial highlights for the periods indicated, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2002 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Milwaukee, Wisconsin
January 31, 2003

Statements of Assets and Liabilities

Northwestern Mutual Series Fund, Inc.

December 31, 2002

(in thousands, except per share amounts)

	Small Cap Growth Stock Portfolio	T. Rowe Price Small Cap Value Portfolio	Aggressive Growth Stock Portfolio	International Growth Portfolio	Franklin Templeton International Equity Portfolio	Index 400 Stock Portfolio
Assets						
Investments, at value (1)	\$ 255,193	\$ 61,653	\$ 996,827	\$ 35,383	\$ 562,544	\$ 225,064
Cash	—	1,725	—	116	97	207
Due from Futures Variation Margin	—	—	—	—	—	55
Due from Sale of Fund Shares	—	—	—	41	209	—
Due from Sale of Securities	—	26	—	5	—	—
Due from Sale of Foreign Currency	—	—	—	224	—	—
Dividends and Interest Receivable	18	90	227	93	1,164	153
Total Assets	<u>255,211</u>	<u>63,494</u>	<u>997,054</u>	<u>35,862</u>	<u>564,014</u>	<u>225,479</u>
Liabilities						
Due on Purchase of Securities and Securities Lending Collateral	185	309	2,496	221	—	—
Due on Purchase of Foreign Currency	—	—	—	228	—	—
Due on Redemption of Fund Shares	—	—	—	1	506	—
Due to Investment Advisor	133	82	467	14	353	50
Accrued Expenses	13	20	16	25	53	19
Due on Futures Variation Margin	—	—	—	—	—	—
Total Liabilities	<u>331</u>	<u>411</u>	<u>2,979</u>	<u>489</u>	<u>912</u>	<u>69</u>
Net Assets	<u>\$ 254,880</u>	<u>\$ 63,083</u>	<u>\$ 994,075</u>	<u>\$ 35,373</u>	<u>\$ 563,102</u>	<u>\$ 225,410</u>
Represented By:						
Aggregate Paid in Capital (2), (3)	\$ 316,909	\$ 67,686	\$1,251,056	\$ 42,335	\$ 746,099	\$ 260,933
Undistributed Accumulated Net Investment Income (Loss)	—	36	—	(5)	10,960	1,961
Undistributed Accumulated Net Realized Gain (Loss) on Investments	(45,904)	(305)	(216,890)	(4,623)	(74,953)	(4,475)
Net Unrealized Appreciation (Depreciation) of:						
Investment Securities	(16,125)	(4,334)	(40,091)	(2,336)	(119,088)	(32,896)
Futures Contracts	—	—	—	—	—	(113)
Foreign Currency Transactions	—	—	—	2	84	—
Net Assets for Shares Outstanding (2) ...	<u>\$ 254,880</u>	<u>\$ 63,083</u>	<u>\$ 994,075</u>	<u>\$ 35,373</u>	<u>\$ 563,102</u>	<u>\$ 225,410</u>
Net Asset Value, Offering and Redemption Price per Share	<u>\$ 1.46</u>	<u>\$ 0.95</u>	<u>\$ 2.18</u>	<u>\$ 0.79</u>	<u>\$ 1.02</u>	<u>\$ 0.95</u>
(1) Investments, at cost	\$ 271,318	\$ 65,987	\$1,036,918	\$ 37,719	\$ 681,632	\$ 257,960
(2) Shares outstanding	175,132	66,203	455,396	44,768	549,889	236,841
(3) Shares authorized, \$.01 par value	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000

The Accompanying Notes are an Integral Part of the Financial Statements.

Growth Stock Portfolio	J.P. Morgan Select Growth and Income Stock Portfolio	Capital Guardian Domestic Equity Portfolio	Index 500 Stock Portfolio	Asset Allocation Portfolio	Balanced Portfolio	High Yield Bond Portfolio	Select Bond Portfolio	Money Market Portfolio
\$ 551,818	\$ 365,736	\$ 74,151	\$1,362,613	\$ 87,061	\$2,704,286	\$ 134,086	\$ 629,653	\$ 501,411
—	—	228	—	137	—	240	664	—
6	—	—	27	11	369	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	1	2,300	14	—	—
—	—	—	—	1	—	—	—	—
450	485	167	2,116	443	14,107	3,289	5,605	740
<u>552,274</u>	<u>366,221</u>	<u>74,546</u>	<u>1,364,756</u>	<u>87,654</u>	<u>2,721,062</u>	<u>137,629</u>	<u>635,922</u>	<u>502,151</u>
631	77	220	1,604	301	158,860	—	51,648	838
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
211	190	42	243	61	673	61	152	—
11	10	10	28	32	—	15	1	—
—	—	—	—	—	—	—	103	—
853	277	272	1,875	394	159,533	76	51,904	838
<u>\$ 551,421</u>	<u>\$ 365,944</u>	<u>\$ 74,274</u>	<u>\$1,362,881</u>	<u>\$ 87,260</u>	<u>\$2,561,529</u>	<u>\$ 137,553</u>	<u>\$ 584,018</u>	<u>\$ 501,313</u>
\$ 662,923	\$ 572,953	\$ 89,159	\$1,310,825	\$ 96,076	\$2,179,629	\$ 231,614	\$ 538,100	\$ 501,313
4,774	3,769	17	21,934	(2)	85,237	159	24,109	—
(118,121)	(81,452)	(3,894)	4,657	(4,829)	(59,822)	(84,324)	5,000	—
1,919	(129,326)	(11,008)	25,814	(3,731)	365,951	(9,896)	16,999	—
(74)	—	—	(349)	(254)	(9,466)	—	(190)	—
—	—	—	—	—	—	—	—	—
<u>\$ 551,421</u>	<u>\$ 365,944</u>	<u>\$ 74,274</u>	<u>\$1,362,881</u>	<u>\$ 87,260</u>	<u>\$2,561,529</u>	<u>\$ 137,553</u>	<u>\$ 584,018</u>	<u>\$ 501,313</u>
\$ 1.59	\$ 0.87	\$ 0.76	\$ 2.17	\$ 0.86	\$ 1.62	\$ 0.56	\$ 1.27	\$ 1.00
\$ 549,899	\$ 495,062	\$ 85,159	\$1,336,799	\$ 90,792	\$2,338,335	\$ 143,982	\$ 612,654	\$ 501,411
347,218	421,624	97,978	629,065	101,691	1,579,113	244,296	459,566	501,334
2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	3,000,000	2,000,000	1,000,000	2,000,000

Statements of Operations

Northwestern Mutual Series Fund, Inc.

For the Year Ended December 31, 2002

(in thousands)

	Small Cap Growth Stock Portfolio	T. Rowe Price Small Cap Value Portfolio	Aggressive Growth Stock Portfolio	International Growth Portfolio	Franklin Templeton International Equity Portfolio	Index 400 Stock Portfolio
Investment Income						
Income						
Interest	\$ 652	\$ 37	\$ 2,271	\$ 23	\$ 817	\$ 256
Dividends (1)	272	707	2,484	534	15,441	2,342
Total Income	<u>924</u>	<u>744</u>	<u>4,755</u>	<u>557</u>	<u>16,258</u>	<u>2,598</u>
Expenses						
Management Fees	1,625	412	6,030	243	4,396	571
Custodian Expenses	23	67	24	102	475	45
Other Expenses	—	—	—	3	2	—
Audit Fees	18	13	19	18	23	18
Shareholder Reporting Expenses	2	1	1	—	—	5
Total Expenses	<u>1,668</u>	<u>493</u>	<u>6,074</u>	<u>366</u>	<u>4,896</u>	<u>639</u>
Less Waived Fees:						
Paid by Affiliate	—	(9)	—	(10)	—	—
Paid Indirectly	(4)	(1)	(5)	—	—	(4)
Total Net Expenses	<u>1,664</u>	<u>483</u>	<u>6,069</u>	<u>356</u>	<u>4,896</u>	<u>635</u>
Net Investment Income (Loss)	(740)	261	(1,314)	201	11,362	1,963
Realized and Unrealized Gain (Loss) on Investments and Foreign Currencies						
Net Realized Gain (Loss) on:						
Investment Securities	(17,952)	(107)	(186,384)	(3,545)	(59,141)	508
Futures Contracts	(598)	(128)	(10,475)	—	—	(1,958)
Foreign Currency Transactions	—	—	—	(4)	(323)	—
Net Realized Gain (Loss) on Investments	<u>(18,550)</u>	<u>(235)</u>	<u>(196,859)</u>	<u>(3,549)</u>	<u>(59,464)</u>	<u>(1,450)</u>
Net Unrealized Appreciation (Depreciation) of Investments for the Period:						
Investment Securities	(38,361)	(5,490)	(79,605)	(1,089)	(65,979)	(38,601)
Futures Contracts	(291)	—	(255)	—	—	(313)
Foreign Currency Transactions	—	—	—	(7)	46	—
Net Unrealized Appreciation (Depreciation) of Investments for the Period	<u>(38,652)</u>	<u>(5,490)</u>	<u>(79,860)</u>	<u>(1,096)</u>	<u>(65,933)</u>	<u>(38,914)</u>
Net Gain (Loss) on Investments	(57,202)	(5,725)	(276,719)	(4,645)	(125,397)	(40,364)
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>\$(57,942)</u>	<u>\$(5,464)</u>	<u>\$(278,033)</u>	<u>\$(4,444)</u>	<u>\$(114,035)</u>	<u>\$(38,401)</u>
(1) Less Foreign dividend tax	\$ —	\$ —	\$ 1	\$ 66	\$ 1,608	\$ —

The Accompanying Notes are an Integral Part of the Financial Statements.

Growth Stock Portfolio	J.P. Morgan Select Growth and Income Stock Portfolio	Capital Guardian Domestic Equity Portfolio	Index 500 Stock Portfolio	Asset Allocation Portfolio	Balanced Portfolio	High Yield Bond Portfolio	Select Bond Portfolio	Money Market Portfolio
\$ 997	\$ 164	\$ 64	\$ 404	\$ 1,563	\$ 75,118	\$14,591	\$25,689	\$8,907
<u>6,463</u>	<u>6,174</u>	<u>1,241</u>	<u>24,835</u>	<u>327</u>	<u>18,657</u>	<u>828</u>	<u>—</u>	<u>—</u>
<u>7,460</u>	<u>6,338</u>	<u>1,305</u>	<u>25,239</u>	<u>1,890</u>	<u>93,775</u>	<u>15,419</u>	<u>25,689</u>	<u>8,907</u>
2,655	2,542	380	3,142	387	8,318	716	1,452	1,401
14	8	17	69	146	—	18	—	—
—	—	—	—	—	—	—	—	—
19	19	9	19	15	—	21	—	—
<u>1</u>	<u>2</u>	<u>1</u>	<u>7</u>	<u>13</u>	<u>—</u>	<u>6</u>	<u>—</u>	<u>—</u>
<u>2,689</u>	<u>2,571</u>	<u>407</u>	<u>3,237</u>	<u>561</u>	<u>8,318</u>	<u>761</u>	<u>1,452</u>	<u>1,401</u>
—	—	—	—	(78)	—	—	—	(130)
<u>(3)</u>	<u>(3)</u>	<u>(1)</u>	<u>(4)</u>	<u>(1)</u>	<u>—</u>	<u>(1)</u>	<u>—</u>	<u>—</u>
<u>2,686</u>	<u>2,568</u>	<u>406</u>	<u>3,233</u>	<u>482</u>	<u>8,318</u>	<u>760</u>	<u>1,452</u>	<u>1,271</u>
4,774	3,770	899	22,006	1,408	85,457	14,659	24,237	7,636
(60,577)	(51,494)	(3,717)	10,195	(3,079)	30,825	(18,912)	10,356	—
(4,409)	—	—	(2,638)	(1,545)	(68,166)	—	182	—
—	—	—	—	—	—	—	74	—
<u>(64,986)</u>	<u>(51,494)</u>	<u>(3,717)</u>	<u>7,557</u>	<u>(4,624)</u>	<u>(37,341)</u>	<u>(18,912)</u>	<u>10,612</u>	<u>—</u>
(86,277)	(105,636)	(11,278)	(431,637)	(3,606)	(263,210)	(272)	20,663	—
(410)	—	—	(467)	(285)	(10,553)	—	(190)	—
—	—	—	—	—	—	—	—	—
<u>(86,687)</u>	<u>(105,636)</u>	<u>(11,278)</u>	<u>(432,104)</u>	<u>(3,891)</u>	<u>(273,763)</u>	<u>(272)</u>	<u>20,473</u>	<u>—</u>
<u>(151,673)</u>	<u>(157,130)</u>	<u>(14,995)</u>	<u>(424,547)</u>	<u>(8,515)</u>	<u>(311,104)</u>	<u>(19,184)</u>	<u>31,085</u>	<u>—</u>
<u>\$(146,899)</u>	<u>\$(153,360)</u>	<u>\$(14,096)</u>	<u>\$(402,541)</u>	<u>\$(7,107)</u>	<u>\$(225,647)</u>	<u>\$(4,525)</u>	<u>\$(55,322)</u>	<u>\$(7,636)</u>
\$ —	\$ 12	\$ 8	\$ 57	\$ 20	\$ 33	\$ —	\$ —	\$ —

Statement of Changes in Net Assets

Northwestern Mutual Series Fund, Inc.

	For the Year Ended December 31, 2002	For the Year Ended December 31, 2001
Small Cap Growth Stock Portfolio		
(in thousands)		
Changes in Net Assets		
Operations		
Net Investment Income (Loss)	\$ (740)	\$ 433
Net Realized Gain (Loss) on Investments	(18,550)	(22,674)
Net Unrealized Appreciation (Depreciation) of Investments for the Period	(38,652)	13,879
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>(57,942)</u>	<u>(8,362)</u>
Distributions to Shareholders from:		
Net Investment Income	(432)	(19)
Net Realized Gain on Investments	—	(5)
Net Decrease in Net Assets Resulting from Distributions to Shareholders	<u>(432)</u>	<u>(24)</u>
Fund Share Transactions		
Proceeds from Sale of 38,312 and 45,505 Shares	63,816	78,169
Proceeds from Shares Issued on Reinvestment of Distributions Paid (233 and 13 shares, respectively)	432	24
Payments for 26,639 and 17,164 Shares Redeemed	<u>(42,442)</u>	<u>(28,673)</u>
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (11,906 and 28,354 shares, respectively)	<u>21,806</u>	<u>49,520</u>
Total Increase (Decrease) in Net Assets	(36,568)	41,134
Net Assets		
Beginning of Period	<u>291,448</u>	<u>250,314</u>
End of Period (Includes undistributed net investment income of \$0 and \$433, respectively)	<u>\$254,880</u>	<u>\$291,448</u>

	For the Year Ended December 31, 2002	For the period July 31, 2001** through December 31, 2001
T. Rowe Price Small Cap Value Portfolio		
(in thousands)		
Changes in Net Assets		
Operations		
Net Investment Income (Loss)	\$ 261	\$ 52
Net Realized Gain (Loss) on Investments	(235)	12
Net Unrealized Appreciation (Depreciation) of Investments for the Period	(5,490)	1,156
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>(5,464)</u>	<u>1,220</u>
Distributions to Shareholders from:		
Net Investment Income	(330)	(51)
Net Realized Gain on Investments	(20)	—
Net Decrease in Net Assets Resulting from Distributions to Shareholders	<u>(350)</u>	<u>(51)</u>
Fund Share Transactions		
Proceeds from Sale of 55,011 and 22,033 Shares	57,721	21,131
Proceeds from Shares Issued on Reinvestment of Distributions Paid (358 and 50 shares, respectively)	350	51
Payments for 9,858 and 1,391 Shares Redeemed	<u>(10,177)</u>	<u>(1,348)</u>
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (45,511 and 20,692 shares, respectively)	<u>47,894</u>	<u>19,834</u>
Total Increase (Decrease) in Net Assets	42,080	21,003
Net Assets		
Beginning of Period	<u>21,003</u>	—
End of Period (Includes undistributed net investment income of \$36 and \$10, respectively)	<u>\$ 63,083</u>	<u>\$21,003</u>

**Portfolio commenced operations July 31, 2001.

The Accompanying Notes are an Integral Part of the Financial Statements.

Statement of Changes in Net Assets

Northwestern Mutual Series Fund, Inc.

Aggressive Growth Stock Portfolio

	For the Year Ended December 31, 2002	For the Year Ended December 31, 2001
	(in thousands)	
Changes in Net Assets		
Operations		
Net Investment Income (Loss)	\$ (1,314)	\$ 1,100
Net Realized Gain (Loss) on Investments	(196,859)	8,908
Net Unrealized Appreciation (Depreciation) of Investments for the Period	<u>(79,860)</u>	<u>(348,808)</u>
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>(278,033)</u>	<u>(338,800)</u>
Distributions to Shareholders from:		
Net Investment Income	(1,101)	(1,517)
Net Realized Gain on Investments	<u>(24,420)</u>	<u>(310,659)</u>
Net Decrease in Net Assets Resulting from Distributions to Shareholders	<u>(25,521)</u>	<u>(312,176)</u>
Fund Share Transactions		
Proceeds from Sale of 39,350 and 86,780 Shares	99,265	305,560
Proceeds from Shares Issued on Reinvestment of Distributions Paid (9,223 and 101,785 shares, respectively)	25,521	312,176
Payments for 68,530 and 92,520 Shares Redeemed	<u>(169,033)</u>	<u>(320,897)</u>
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions ((19,957) and 96,045 shares, respectively)	<u>(44,247)</u>	<u>296,839</u>
Total Increase (Decrease) in Net Assets	(347,801)	(354,137)
Net Assets		
Beginning of Period	<u>1,341,876</u>	<u>1,696,013</u>
End of Period (Includes undistributed net investment income of \$0 and \$1,100, respectively)	<u>\$ 994,075</u>	<u>\$1,341,876</u>

International Growth Portfolio

	For the Year Ended December 31, 2002	For the period July 31, 2001** through December 31, 2001
	(in thousands)	
Changes in Net Assets		
Operations		
Net Investment Income (Loss)	\$ 201	\$ 6
Net Realized Gain (Loss) on Investments	(3,549)	(1,110)
Net Unrealized Appreciation (Depreciation) of Investments for the Period	<u>(1,096)</u>	<u>(1,238)</u>
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>(4,444)</u>	<u>(2,342)</u>
Distributions to Shareholders from:		
Net Investment Income	(186)	—
Net Realized Gain on Investments	—	—
Net Decrease in Net Assets Resulting from Distributions to Shareholders	<u>(186)</u>	<u>—</u>
Fund Share Transactions		
Proceeds from Sale of 33,327 and 29,730 Shares	28,213	29,286
Proceeds from Shares Issued on Reinvestment of Distributions Paid (239 and 0 shares, respectively)	186	—
Payments for 18,478 and 50 Shares Redeemed	<u>(15,296)</u>	<u>(44)</u>
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (15,088 and 29,680 shares, respectively)	<u>13,103</u>	<u>29,242</u>
Total Increase (Decrease) in Net Assets	8,473	26,900
Net Assets		
Beginning of Period	<u>26,900</u>	—
End of Period (Includes undistributed net investment income of (\$5) and \$0, respectively)	<u>\$ 35,373</u>	<u>\$ 26,900</u>

**Portfolio commenced operations July 31, 2001.

The Accompanying Notes are an Integral Part of the Financial Statements.

Statement of Changes in Net Assets

Northwestern Mutual Series Fund, Inc.

Franklin Templeton International Equity Portfolio

	For the Year Ended December 31, 2002	For the Year Ended December 31, 2001
	(in thousands)	
Changes in Net Assets		
Operations		
Net Investment Income (Loss)	\$ 11,362	\$ 14,894
Net Realized Gain (Loss) on Investments	(59,464)	(16,599)
Net Unrealized Appreciation (Depreciation) of Investments for the Period	<u>(65,933)</u>	<u>(106,892)</u>
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>(114,035)</u>	<u>(108,597)</u>
Distributions to Shareholders from:		
Net Investment Income	(13,714)	(13,356)
Net Realized Gain on Investments	<u>—</u>	<u>(67,555)</u>
Net Decrease in Net Assets Resulting from Distributions to Shareholders	<u>(13,714)</u>	<u>(80,911)</u>
Fund Share Transactions		
Proceeds from Sale of 793,092 and 897,043 Shares	933,407	1,261,855
Proceeds from Shares Issued on Reinvestment of Distributions Paid (10,614 and 57,917 shares, respectively)	13,714	80,911
Payments for 821,108 and 883,476 Shares Redeemed	<u>(972,683)</u>	<u>(1,246,462)</u>
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions ((17,402) and 71,484 shares, respectively)	<u>(25,562)</u>	<u>96,304</u>
Total Increase (Decrease) in Net Assets	(153,311)	(93,204)
Net Assets		
Beginning of Period	<u>716,413</u>	<u>809,617</u>
End of Period (Includes undistributed net investment income of \$10,960 and \$13,635, respectively) ...	<u>\$ 563,102</u>	<u>\$ 716,413</u>

Index 400 Stock Portfolio

	For the Year Ended December 31, 2002	For the Year Ended December 31, 2001
	(in thousands)	
Changes in Net Assets		
Operations		
Net Investment Income (Loss)	\$ 1,963	\$ 1,833
Net Realized Gain (Loss) on Investments	(1,450)	(2,974)
Net Unrealized Appreciation (Depreciation) of Investments for the Period	<u>(38,914)</u>	<u>2,256</u>
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>(38,401)</u>	<u>1,115</u>
Distributions to Shareholders from:		
Net Investment Income	(1,830)	(21)
Net Realized Gain on Investments	<u>—</u>	<u>(2,155)</u>
Net Decrease in Net Assets Resulting from Distributions to Shareholders	<u>(1,830)</u>	<u>(2,176)</u>
Fund Share Transactions		
Proceeds from Sale of 74,689 and 77,185 Shares	80,833	84,032
Proceeds from Shares Issued on Reinvestment of Distributions Paid (1,547 and 1,962 shares, respectively)	1,830	2,176
Payments for 27,258 and 11,583 Shares Redeemed	<u>(27,756)</u>	<u>(12,029)</u>
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (48,978 and 67,564 shares, respectively)	<u>54,907</u>	<u>74,179</u>
Total Increase (Decrease) in Net Assets	14,676	73,118
Net Assets		
Beginning of Period	<u>210,734</u>	<u>137,616</u>
End of Period (Includes undistributed net investment income of \$1,961 and \$1,833, respectively)	<u>\$225,410</u>	<u>\$210,734</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

Statement of Changes in Net Assets

Northwestern Mutual Series Fund, Inc.

Growth Stock Portfolio

For the
Year Ended
December 31,
2002

For the
Year Ended
December 31,
2001

(in thousands)

Changes in Net Assets

Operations

Net Investment Income (Loss)	\$ 4,774	\$ 7,118
Net Realized Gain (Loss) on Investments	(64,986)	(49,900)
Net Unrealized Appreciation (Depreciation) of Investments for the Period	(86,687)	(69,647)
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>(146,899)</u>	<u>(112,429)</u>

Distributions to Shareholders from:

Net Investment Income	(7,118)	(5,419)
Net Realized Gain on Investments	—	(25,531)
Net Decrease in Net Assets Resulting from Distributions to Shareholders	<u>(7,118)</u>	<u>(30,950)</u>

Fund Share Transactions

Proceeds from Sale of 46,554 and 37,823 Shares	84,505	81,112
Proceeds from Shares Issued on Reinvestment of Distributions Paid (3,673 and 14,152 shares, respectively)	7,118	30,950
Payments for 46,693 and 20,655 Shares Redeemed	<u>(82,763)</u>	<u>(42,921)</u>
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (3,534 and 31,320 shares, respectively)	<u>8,860</u>	<u>69,141</u>

Total Increase (Decrease) in Net Assets	(145,157)	(74,238)
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Net Assets

Beginning of Period	<u>696,578</u>	<u>770,816</u>
End of Period (Includes undistributed net investment income of \$4,774 and \$7,118, respectively)	<u>\$ 551,421</u>	<u>\$ 696,578</u>

J.P. Morgan Select Growth and Income Stock Portfolio

For the
Year Ended
December 31,
2002

For the
Year Ended
December 31,
2001

(in thousands)

Changes in Net Assets

Operations

Net Investment Income (Loss)	\$ 3,770	\$ 4,120
Net Realized Gain (Loss) on Investments	(51,494)	(19,827)
Net Unrealized Appreciation (Depreciation) of Investments for the Period	(105,636)	(30,330)
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>(153,360)</u>	<u>(46,037)</u>

Distributions to Shareholders from:

Net Investment Income	(4,121)	(4,262)
Net Realized Gain on Investments	—	(15,376)
Net Decrease in Net Assets Resulting from Distributions to Shareholders	<u>(4,121)</u>	<u>(19,638)</u>

Fund Share Transactions

Proceeds from Sale of 39,423 and 39,693 Shares	41,359	49,815
Proceeds from Shares Issued on Reinvestment of Distributions Paid (3,763 and 15,282 shares, respectively)	4,121	19,638
Payments for 71,491 and 28,597 Shares Redeemed	<u>(70,727)</u>	<u>(35,087)</u>
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions ((28,305) and 26,378 shares, respectively)	<u>(25,247)</u>	<u>34,366</u>

Total Increase (Decrease) in Net Assets	(182,728)	(31,309)
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Net Assets

Beginning of Period	<u>548,672</u>	<u>579,981</u>
End of Period (Includes undistributed net investment income of \$3,769 and \$4,120, respectively)	<u>\$ 365,944</u>	<u>\$548,672</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

Statement of Changes in Net Assets

Northwestern Mutual Series Fund, Inc.

Capital Guardian Domestic Equity Portfolio

	For the Year Ended December 31, 2002	For the period July 31, 2001 ** through December 31, 2001
	(in thousands)	
Changes in Net Assets		
Operations		
Net Investment Income (Loss)	\$ 899	\$ 171
Net Realized Gain (Loss) on Investments	(3,717)	(183)
Net Unrealized Appreciation (Depreciation) of Investments for the Period	<u>(11,278)</u>	<u>270</u>
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>(14,096)</u>	<u>258</u>
Distributions to Shareholders from:		
Net Investment Income	(882)	(168)
Net Realized Gain on Investments	<u>—</u>	<u>—</u>
Net Decrease in Net Assets Resulting from Distributions to Shareholders	<u>(882)</u>	<u>(168)</u>
Fund Share Transactions		
Proceeds from Sale of 58,893 and 42,542 Shares	50,973	41,341
Proceeds from Shares Issued on Reinvestment of Distributions Paid (1,153 and 174 shares, respectively)	882	168
Payments for 3,873 and 911 Shares Redeemed	<u>(3,325)</u>	<u>(877)</u>
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (56,173 and 41,805 shares, respectively)	<u>48,530</u>	<u>40,632</u>
Total Increase (Decrease) in Net Assets	33,552	40,722
Net Assets		
Beginning of Period	<u>40,722</u>	<u>—</u>
End of Period (Includes undistributed net investment income of \$17 and \$3, respectively)	<u>\$ 74,274</u>	<u>\$40,722</u>

Index 500 Stock Portfolio

	For the Year Ended December 31, 2002	For the Year Ended December 31, 2001
	(in thousands)	
Changes in Net Assets		
Operations		
Net Investment Income (Loss)	\$ 22,006	\$ 21,311
Net Realized Gain (Loss) on Investments	7,557	32,819
Net Unrealized Appreciation (Depreciation) of Investments for the Period	<u>(432,104)</u>	<u>(302,274)</u>
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>(402,541)</u>	<u>(248,144)</u>
Distributions to Shareholders from:		
Net Investment Income	(21,302)	(24,105)
Net Realized Gain on Investments	<u>(35,471)</u>	<u>(59,088)</u>
Net Decrease in Net Assets Resulting from Distributions to Shareholders	<u>(56,773)</u>	<u>(83,193)</u>
Fund Share Transactions		
Proceeds from Sale of 69,220 and 47,523 Shares	173,178	142,837
Proceeds from Shares Issued on Reinvestment of Distributions Paid (21,521 and 26,836 shares, respectively)	56,773	83,193
Payments for 95,445 and 49,022 Shares Redeemed	<u>(229,631)</u>	<u>(145,755)</u>
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions ((4,704) and 25,337 shares, respectively)	<u>320</u>	<u>80,275</u>
Total Increase (Decrease) in Net Assets	(458,994)	(251,062)
Net Assets		
Beginning of Period	<u>1,821,875</u>	<u>2,072,937</u>
End of Period (Includes undistributed net investment income of \$21,934 and \$21,311, respectively)	<u>\$1,362,881</u>	<u>\$1,821,875</u>

**Portfolio commenced operations July 31, 2001.

The Accompanying Notes are an Integral Part of the Financial Statements.

Statement of Changes in Net Assets

Northwestern Mutual Series Fund, Inc.

Asset Allocation Portfolio

For the
Year Ended
December 31,
2002

For the period
July 31, 2001**
through
December 31,
2001

(in thousands)

Changes in Net Assets

Operations

Net Investment Income (Loss)	\$ 1,408	\$ 286
Net Realized Gain (Loss) on Investments	(4,624)	(202)
Net Unrealized Appreciation (Depreciation) of Investments for the Period	(3,891)	(94)
Net Increase (Decrease) in Net Assets Resulting from Operations	(7,107)	(10)

Distributions to Shareholders from:

Net Investment Income	(1,415)	(284)
Net Realized Gain on Investments	—	—
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(1,415)	(284)

Fund Share Transactions

Proceeds from Sale of 66,250 and 41,212 Shares	61,003	40,347
Proceeds from Shares Issued on Reinvestment of Distributions Paid (1,657 and 292 shares, respectively)	1,415	284
Payments for 7,491 and 229 Shares Redeemed	(6,752)	(221)
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (60,416 and 41,275 shares, respectively)	55,666	40,410

Total Increase (Decrease) in Net Assets

Net Assets

Beginning of Period	40,116	—
End of Period (Includes undistributed net investment income of (\$2) and \$2, respectively)	\$87,260	\$40,116

Balanced Portfolio

For the
Year Ended
December 31,
2002

For the
Year Ended
December 31,
2001

(in thousands)

Changes in Net Assets

Operations

Net Investment Income (Loss)	\$ 85,457	\$ 115,576
Net Realized Gain (Loss) on Investments	(37,341)	(11,248)
Net Unrealized Appreciation (Depreciation) of Investments for the Period	(273,763)	(207,767)
Net Increase (Decrease) in Net Assets Resulting from Operations	(225,647)	(103,439)

Distributions to Shareholders from:

Net Investment Income	(106,128)	(127,987)
Net Realized Gain on Investments	—	(112,544)
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(106,128)	(240,531)

Fund Share Transactions

Proceeds from Sale of 100,999 and 44,213 Shares	173,165	82,145
Proceeds from Shares Issued on Reinvestment of Distributions Paid (61,452 and 129,457 shares, respectively)	106,128	240,531
Payments for 237,957 and 118,592 Shares Redeemed	(397,126)	(220,768)
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions ((75,506) and 55,078 shares, respectively)	(117,833)	101,908

Total Increase (Decrease) in Net Assets

Net Assets

Beginning of Period	3,011,137	3,253,199
End of Period (Includes undistributed net investment income of \$85,237 and \$105,732, respectively)	\$2,561,529	\$3,011,137

**Portfolio commenced operations July 31, 2001.

The Accompanying Notes are an Integral Part of the Financial Statements.

Statement of Changes in Net Assets

Northwestern Mutual Series Fund, Inc.

High Yield Bond Portfolio

	For the Year Ended December 31, 2002	For the Year Ended December 31, 2001
	(in thousands)	
Changes in Net Assets		
Operations		
Net Investment Income (Loss)	\$ 14,659	\$ 15,629
Net Realized Gain (Loss) on Investments	(18,912)	(19,780)
Net Unrealized Appreciation (Depreciation) of Investments for the Period	(272)	10,959
Net Increase (Decrease) in Net Assets Resulting from Operations	(4,525)	6,808
Distributions to Shareholders from:		
Net Investment Income	(14,697)	(15,601)
Net Realized Gain on Investments	—	—
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(14,697)	(15,601)
Fund Share Transactions		
Proceeds from Sale of 34,172 and 35,236 Shares	21,670	25,721
Proceeds from Shares Issued on Reinvestment of Distributions Paid (26,069 and 24,080 shares, respectively)	14,697	15,601
Payments for 43,587 and 31,719 Shares Redeemed	(27,262)	(23,066)
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (16,654 and 27,597 shares, respectively)	9,105	18,256
Total Increase (Decrease) in Net Assets	(10,117)	9,463
Net Assets		
Beginning of Period	147,670	138,207
End of Period (Includes undistributed net investment income of \$159 and \$196, respectively)	\$ 137,553	\$147,670

Select Bond Portfolio

	For the Year Ended December 31, 2002	For the Year Ended December 31, 2001
	(in thousands)	
Changes in Net Assets		
Operations		
Net Investment Income (Loss)	\$ 24,237	\$ 21,595
Net Realized Gain (Loss) on Investments	10,612	10,082
Net Unrealized Appreciation (Depreciation) of Investments for the Period	20,473	1,654
Net Increase (Decrease) in Net Assets Resulting from Operations	55,322	33,331
Distributions to Shareholders from:		
Net Investment Income	(21,737)	(19,294)
Net Realized Gain on Investments	(3,098)	—
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(24,835)	(19,294)
Fund Share Transactions		
Proceeds from Sale of 155,728 and 87,848 Shares	189,851	104,150
Proceeds from Shares Issued on Reinvestment of Distributions Paid (21,354 and 16,955 shares, respectively)	24,835	19,294
Payments for 54,469 and 20,005 Shares Redeemed	(66,561)	(23,753)
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (122,613 and 84,798 shares, respectively)	148,125	99,691
Total Increase (Decrease) in Net Assets	178,612	113,728
Net Assets		
Beginning of Period	405,406	291,678
End of Period (Includes undistributed net investment income of \$24,109 and \$21,476, respectively)	\$584,018	\$405,406

The Accompanying Notes are an Integral Part of the Financial Statements.

Statement of Changes in Net Assets

Northwestern Mutual Series Fund, Inc.

Money Market Portfolio

For the
Year Ended
December 31,
2002

For the
Year Ended
December 31,
2001

	(in thousands)	
Changes in Net Assets		
Operations		
Net Investment Income (Loss)	\$ 7,636	\$ 15,878
Net Realized Gain (Loss) on Investments	—	—
Net Unrealized Appreciation (Depreciation) of Investments for the Period	—	—
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>7,636</u>	<u>15,878</u>
Distributions to Shareholders from:		
Net Investment Income	(7,657)	(15,878)
Net Realized Gain on Investments	—	—
Net Decrease in Net Assets Resulting from Distributions to Shareholders	<u>(7,657)</u>	<u>(15,878)</u>
Fund Share Transactions		
Proceeds from Sale of 1,171,850 and 1,720,066 Shares	1,171,850	1,720,084
Proceeds from Shares Issued on Reinvestment of Distributions Paid (7,657 and 15,879 shares, respectively)	7,657	15,879
Payments for 1,136,862 and 1,661,729 Shares Redeemed	<u>(1,136,862)</u>	<u>(1,661,729)</u>
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (42,645 and 74,216 shares, respectively)	<u>42,645</u>	<u>74,234</u>
Total Increase (Decrease) in Net Assets	42,624	74,234
Net Assets		
Beginning of Period	<u>458,689</u>	<u>384,455</u>
End of Period (Includes undistributed net investment income of \$0 and \$0, respectively)	<u>\$ 501,313</u>	<u>\$ 458,689</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

Financial Highlights

Northwestern Mutual Series Fund, Inc.

Small Cap Growth Stock Portfolio

(For a share outstanding throughout the period)

	For the Year Ended December 31,			For the Period April 30, 1999* through December 31, 1999
	2002	2001	2000	
Selected Per Share Data				
Net Asset Value, Beginning of Period	\$ 1.79	\$ 1.86	\$ 1.79	\$ 1.00
Income from Investment Operations:				
Net Investment Income	—	—	—	—
Net Realized and Unrealized Gains (Losses) on Investments	(0.33)	(0.07)	0.13	0.85
Total from Investment Operations	(0.33)	(0.07)	0.13	0.85
Less Distributions:				
Distributions from Net Investment Income	—	—	—	—
Distributions from Realized Gains on Investments	—	—	(0.06)	(0.06)
Total Distributions	—	—	(0.06)	(0.06)
Net Asset Value, End of Period	\$ 1.46	\$ 1.79	\$ 1.86	\$ 1.79
Total Return†	(18.42%)	(3.76%)	6.71%	86.09%
Ratios and Supplemental Data				
Net Assets, End of Period (in thousands)	\$ 254,880	\$ 291,448	\$ 250,314	\$ 71,483
Ratio of Gross Expenses to Average Net Assets	0.60%	0.60%	0.67%	1.03%***
Ratio of Net Expenses to Average Net Assets	0.60%	0.60%	0.67%	1.00%***
Ratio of Net Investment Income (Loss) to Average Net Assets	(0.26%)	0.17%	0.19%	(0.07%)***
Portfolio Turnover Rate	41.87%	70.58%	86.13%	70.72%

T. Rowe Price Small Cap Value Portfolio

(For a share outstanding throughout the period)

	For the Year Ended December 31, 2002	For the Period July 31, 2001** through December 31, 2001
	Selected Per Share Data	
Net Asset Value, Beginning of Period	\$ 1.02	\$ 1.00
Income from Investment Operations:		
Net Investment Income	0.01	—
Net Realized and Unrealized Gains (Losses) on Investments	(0.07)	0.02
Total from Investment Operations	(0.06)	0.02
Less Distributions:		
Distributions from Net Investment Income	(0.01)	—
Distributions from Realized Gains on Investments	—	—
Total Distributions	(0.01)	—
Net Asset Value, End of Period	\$ 0.95	\$ 1.02
Total Return†	(5.58%)	1.76%
Ratios and Supplemental Data		
Net Assets, End of Period (in thousands)	\$ 63,083	\$ 21,003
Ratio of Gross Expenses to Average Net Assets	1.02%	1.36%***
Ratio of Net Expenses to Average Net Assets	1.00%	1.00%***
Ratio of Net Investment Income (Losses) to Average Net Assets	0.54%	1.03%***
Portfolio Turnover Rate	28.26%	49.70%

* Portfolio commenced operations April 30, 1999.

** Portfolio commenced operations July 31, 2001.

*** Computed on an annualized basis.

† Total Return includes deductions for management and other fund expenses; excludes deductions for sales loads and account fees, not annualized for periods less than one year.

The Accompanying Notes are an Integral Part of the Financial Statements.

Financial Highlights

Northwestern Mutual Series Fund, Inc.

Aggressive Growth Stock Portfolio

<i>(For a share outstanding throughout the period)</i>	For the Year Ended December 31,				
	2002	2001	2000	1999	1998
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 2.82	\$ 4.47	\$ 4.81	\$ 3.46	\$ 3.34
Income from Investment Operations:					
Net Investment Income	—	—	—	—	—
Net Realized and Unrealized Gains (Losses) on Investments	(0.59)	(0.83)	0.29	1.48	0.24
Total from Investment Operations	(0.59)	(0.83)	0.29	1.48	0.24
Less Distributions:					
Distributions from Net Investment Income	—	—	—	—	—
Distributions from Realized Gains on Investments	(0.05)	(0.82)	(0.63)	(0.13)	(0.12)
Total Distributions	(0.05)	(0.82)	(0.63)	(0.13)	(0.12)
Net Asset Value, End of Period	\$ 2.18	\$ 2.82	\$ 4.47	\$ 4.81	\$ 3.46
Total Return†	(21.15%)	(19.87%)	6.18%	43.78%	7.56%
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$994,075	\$1,341,876	\$1,696,013	\$1,485,311	\$1,137,466
Ratio of Expenses to Average Net Assets	0.52%	0.52%	0.52%	0.51%	0.52%
Ratio of Net Investment Income (Loss) to Average Net Assets	(0.11%)	0.08%	0.09%	(0.02%)	0.04%
Portfolio Turnover Rate	43.37%	70.40%	63.18%	68.64%	50.43%

International Growth Portfolio

<i>(For a share outstanding throughout the period)</i>	For the Year	For the Period
	Ended December 31, 2002	July 31, 2001** through December 31, 2001
Selected Per Share Data		
Net Asset Value, Beginning of Period	\$ 0.91	\$ 1.00
Income from Investment Operations:		
Net Investment Income	—	—
Net Realized and Unrealized Gains (Losses) on Investments	(0.12)	(0.09)
Total from Investment Operations	(0.12)	(0.09)
Less Distributions:		
Distributions from Net Investment Income	—	—
Distributions from Realized Gains on Investments	—	—
Total Distributions	—	—
Net Asset Value, End of Period	\$ 0.79	\$ 0.91
Total Return†	(12.34%)	(9.40%)
Ratios and Supplemental Data		
Net Assets, End of Period (in thousands)	\$ 35,373	\$ 26,900
Ratio of Gross Expenses to Average Net Assets	1.15%	1.25%***
Ratio of Net Expenses to Average Net Assets	1.10%	1.10%***
Ratio of Net Investment Income (Loss) to Average Net Assets	0.62%	0.05%***
Portfolio Turnover Rate	27.28%	18.45%

** Portfolio commenced operations July 31, 2001.

*** Computed on an annualized basis.

† Total Return includes deductions for management and other fund expenses; excludes deductions for sales loads and account fees, not annualized for periods less than one year.

The Accompanying Notes are an Integral Part of the Financial Statements.

Financial Highlights

Northwestern Mutual Series Fund, Inc.

Franklin Templeton International Equity Portfolio

<i>(For a share outstanding throughout the period)</i>	For the Year Ended December 31,				
	2002	2001	2000	1999	1998
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 1.26	\$ 1.63	\$ 1.78	\$ 1.68	\$ 1.69
Income from Investment Operations:					
Net Investment Income	0.02	0.02	0.02	0.03	0.05
Net Realized and Unrealized Gains (Losses) on Investments	(0.24)	(0.23)	(0.04)	0.33	0.04
Total from Investment Operations	(0.22)	(0.21)	(0.02)	0.36	0.09
Less Distributions:					
Distributions from Net Investment Income	(0.02)	(0.03)	(0.04)	(0.05)	(0.04)
Distributions from Realized Gains on Investments	—	(0.13)	(0.09)	(0.21)	(0.06)
Total Distributions	(0.02)	(0.16)	(0.13)	(0.26)	(0.10)
Net Asset Value, End of Period	\$ 1.02	\$ 1.26	\$ 1.63	\$ 1.78	\$ 1.68
Total Return†	(17.40%)	(14.00%)	(0.79%)	22.88%	4.82%
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$ 563,102	\$ 716,413	\$ 809,617	\$ 772,170	\$ 671,106
Ratio of Gross Expenses to Average Net Assets	0.74%	0.74%	0.73%	0.74%	0.76%
Ratio of Net Investment Income (Loss) to Average Net Assets	1.72%	1.99%	1.77%	2.62%	3.38%
Portfolio Turnover Rate	30.94%	34.52%	26.95%	38.37%	30.41%

Index 400 Stock Portfolio

<i>(For a share outstanding throughout the period)</i>	For the Year Ended December 31,			For the Period April 30, 1999* through December 31, 1999
	2002	2001	2000	
Selected Per Share Data				
Net Asset Value, Beginning of Period	\$ 1.12	\$ 1.14	\$ 1.11	\$ 1.00
Income from Investment Operations:				
Net Investment Income	0.01	—	0.01	0.01
Net Realized and Unrealized Gains (Losses) on Investments	(0.17)	(0.01)	0.16	0.12
Total from Investment Operations	(0.16)	(0.01)	0.18	0.13
Less Distributions:				
Distributions from Net Investment Income	(0.01)	—	(0.02)	(0.01)
Distributions from Realized Gains on Investments	—	(0.01)	(0.13)	(0.01)
Total Distributions	(0.01)	(0.01)	(0.15)	(0.02)
Net Asset Value, End of Period	\$ 0.95	\$ 1.12	\$ 1.14	\$ 1.11
Total Return†	(14.54%)	(0.65%)	17.21%	12.83%
Ratios and Supplemental Data				
Net Assets, End of Period (in thousands)	\$ 225,410	\$ 210,734	\$ 137,616	\$ 59,644
Ratio of Gross Expenses to Average Net Assets	0.28%	0.31%	0.32%	0.46%***
Ratio of Net Expenses to Average Net Assets	0.28%	0.31%	0.32%	0.35%***
Ratio of Net Investment Income (Loss) to Average Net Assets	0.86%	1.06%	1.71%	1.69%***
Portfolio Turnover Rate	15.60%	19.06%	54.60%	26.51%

* Portfolio commenced operations April 30, 1999.

*** Computed on an annualized basis.

† Total Return includes deductions for management and other fund expenses; excludes deductions for sales loads and account fees, not annualized for periods less than one year.

The Accompanying Notes are an Integral Part of the Financial Statements.

Financial Highlights

Northwestern Mutual Series Fund, Inc.

Growth Stock Portfolio

(For a share outstanding throughout the period)

	For the Year Ended December 31,				
	2002	2001	2000	1999	1998
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 2.03	\$ 2.47	\$ 2.66	\$ 2.25	\$ 1.81
Income from Investment Operations:					
Net Investment Income	0.01	0.02	0.03	0.03	0.02
Net Realized and Unrealized Gains (Losses) on Investments	(0.43)	(0.36)	(0.09)	0.47	0.46
Total from Investment Operations	(0.42)	(0.34)	(0.06)	0.50	0.48
Less Distributions:					
Distributions from Net Investment Income	(0.02)	(0.02)	(0.02)	(0.03)	(0.02)
Distributions from Realized Gains on Investments	—	(0.08)	(0.11)	(0.06)	(0.02)
Total Distributions	(0.02)	(0.10)	(0.13)	(0.09)	(0.04)
Net Asset Value, End of Period	\$ 1.59	\$ 2.03	\$ 2.47	\$ 2.66	\$ 2.25
Total Return†	(20.83%)	(14.22%)	(2.49%)	22.50%	26.69%
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$ 551,421	\$ 696,578	\$ 770,816	\$ 676,134	\$ 421,282
Ratio of Expenses to Average Net Assets	0.43%	0.43%	0.43%	0.43%	0.46%
Ratio of Net Investment Income (Loss) to Average Net Assets	0.76%	1.01%	1.12%	1.22%	1.10%
Portfolio Turnover Rate	28.06%	27.98%	28.01%	27.26%	21.64%

J.P. Morgan Select Growth and Income Stock Portfolio

(For a share outstanding throughout the period)

	For the Year Ended December 31,				
	2002	2001	2000	1999	1998
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 1.22	\$ 1.37	\$ 1.56	\$ 1.62	\$ 1.33
Income from Investment Operations:					
Net Investment Income	0.01	0.01	0.01	0.01	0.01
Net Realized and Unrealized Gains (Losses) on Investments	(0.35)	(0.11)	(0.11)	0.12	0.29
Total from Investment Operations	(0.34)	(0.10)	(0.10)	0.13	0.30
Less Distributions:					
Distributions from Net Investment Income	(0.01)	(0.01)	(0.01)	—	(0.01)
Distributions from Realized Gains on Investments	—	(0.04)	(0.08)	(0.19)	—
Total Distributions	(0.01)	(0.05)	(0.09)	(0.19)	(0.01)
Net Asset Value, End of Period	\$ 0.87	\$ 1.22	\$ 1.37	\$ 1.56	\$ 1.62
Total Return†	(28.20%)	(7.77%)	(6.97%)	7.47%	23.14%
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$ 365,944	\$ 548,672	\$ 579,981	\$ 661,552	\$ 570,970
Ratio of Expenses to Average Net Assets	0.58%	0.58%	0.57%	0.57%	0.58%
Ratio of Net Investment Income (Loss) to Average Net Assets	0.85%	0.75%	0.68%	0.80%	1.00%
Portfolio Turnover Rate	29.20%	44.37%	47.67%	106.93%	160.40%

† Total Return includes deductions for management and other fund expenses; excludes deductions for sales loads and account fees, not annualized for periods less than one year.

The Accompanying Notes are an Integral Part of the Financial Statements.

Financial Highlights

Northwestern Mutual Series Fund, Inc.

Capital Guardian Domestic Equity Portfolio

(For a share outstanding throughout the period)

	For the Year Ended December 31, 2002	For the Period July 31, 2001** through December 31, 2001
Selected Per Share Data		
Net Asset Value, Beginning of Period	\$ 0.97	\$ 1.00
Income from Investment Operations:		
Net Investment Income	0.01	—
Net Realized and Unrealized Gains (Losses) on Investments	(0.21)	(0.03)
Total from Investment Operations	(0.20)	(0.03)
Less Distributions:		
Distributions from Net Investment Income	(0.01)	—
Distributions from Realized Gains on Investments	—	—
Total Distributions	(0.01)	—
Net Asset Value, End of Period	\$ 0.76	\$ 0.97
Total Return†	(21.24%)	(2.19%)
Ratios and Supplemental Data		
Net Assets, End of Period (in thousands)	\$ 74,274	\$ 40,722
Ratio of Gross Expenses to Average Net Assets	0.70%	0.90%***
Ratio of Net Expenses to Average Net Assets	0.70%	0.75%***
Ratio of Net Investment Income (Loss) to Average Net Assets	1.54%	1.32%***
Portfolio Turnover Rate	22.42%	18.98%

Index 500 Stock Portfolio

(For a share outstanding throughout the period)

	For the Year Ended December 31,				
	2002	2001	2000	1999	1998
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 2.87	\$ 3.41	\$ 3.89	\$ 3.29	\$ 2.64
Income from Investment Operations:					
Net Investment Income	0.03	0.03	0.04	0.04	0.04
Net Realized and Unrealized Gains (Losses) on Investments	(0.64)	(0.43)	(0.37)	0.64	0.71
Total from Investment Operations	(0.61)	(0.40)	(0.33)	0.68	0.75
Less Distributions:					
Distributions from Net Investment Income	(0.03)	(0.04)	(0.04)	(0.03)	(0.04)
Distributions from Realized Gains on Investments	(0.06)	(0.10)	(0.11)	(0.05)	(0.06)
Total Distributions	(0.09)	(0.14)	(0.15)	(0.08)	(0.10)
Net Asset Value, End of Period	\$ 2.17	\$ 2.87	\$ 3.41	\$ 3.89	\$ 3.29
Total Return†	(22.07%)	(11.88%)	(8.75%)	20.91%	28.72%
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$1,362,881	\$1,821,875	\$2,072,937	\$2,271,956	\$1,690,680
Ratio of Expenses to Average Net Assets	0.21%	0.21%	0.20%	0.20%	0.21%
Ratio of Net Investment Income (Loss) to Average Net Assets	1.40%	1.13%	1.08%	1.16%	1.40%
Portfolio Turnover Rate	6.55%	2.92%	6.47%	5.65%	3.03%

** Portfolio commenced operations July 31, 2001.

*** Computed on an annualized basis.

† Total Return includes deductions for management and other fund expenses; excludes deductions for sales loads and account fees, not annualized for periods less than one year.

The Accompanying Notes are an Integral Part of the Financial Statements.

Financial Highlights

Northwestern Mutual Series Fund, Inc.

Asset Allocation Portfolio

(For a share outstanding throughout the period)

	For the Year Ended December 31, 2002	For the Period July 31, 2001** through December 31, 2001
Selected Per Share Data		
Net Asset Value, Beginning of Period	\$ 0.97	\$ 1.00
Income from Investment Operations:		
Net Investment Income	0.01	0.01
Net Realized and Unrealized Gains (Losses) on Investments	(0.11)	(0.03)
Total from Investment Operations	(0.10)	(0.02)
Less Distributions:		
Distributions from Net Investment Income	(0.01)	(0.01)
Distributions from Realized Gains on Investments	—	—
Total Distributions	(0.01)	(0.01)
Net Asset Value, End of Period	<u>\$ 0.86</u>	<u>\$ 0.97</u>
Total Return†	<u>(10.26%)</u>	<u>(2.10%)</u>
Ratios and Supplemental Data		
Net Assets, End of Period (in thousands)	<u>\$ 87,260</u>	<u>\$ 40,116</u>
Ratio of Gross Expenses to Average Net Assets	<u>0.87%</u>	<u>0.92%***</u>
Ratio of Net Expenses to Average Net Assets	<u>0.75%</u>	<u>0.75%***</u>
Ratio of Net Investment Income (Loss) to Average Net Assets	<u>2.18%</u>	<u>2.19%***</u>
Portfolio Turnover Rate	<u>112.73%</u>	<u>55.88%</u>

Balanced Portfolio

(For a share outstanding throughout the period)

	For the Year Ended December 31,				
	2002	2001	2000	1999	1998
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 1.82	\$ 2.03	\$ 2.22	\$ 2.22	\$ 1.99
Income from Investment Operations:					
Net Investment Income	0.06	0.08	0.08	0.07	0.07
Net Realized and Unrealized Gains (Losses) on Investments	(0.20)	(0.13)	(0.09)	0.17	0.29
Total from Investment Operations	(0.14)	(0.05)	(0.01)	0.24	0.36
Less Distributions:					
Distributions from Net Investment Income	(0.06)	(0.08)	(0.07)	(0.07)	(0.07)
Distributions from Realized Gains on Investments	—	(0.08)	(0.11)	(0.17)	(0.06)
Total Distributions	(0.06)	(0.16)	(0.18)	(0.24)	(0.13)
Net Asset Value, End of Period	<u>\$ 1.62</u>	<u>\$ 1.82</u>	<u>\$ 2.03</u>	<u>\$ 2.22</u>	<u>\$ 2.22</u>
Total Return†	<u>(7.54%)</u>	<u>(3.15%)</u>	<u>(0.17%)</u>	<u>11.18%</u>	<u>18.88%</u>
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	<u>\$2,561,529</u>	<u>\$3,011,137</u>	<u>\$3,253,199</u>	<u>\$3,557,900</u>	<u>\$3,282,071</u>
Ratio of Expenses to Average Net Assets	<u>0.30%</u>	<u>0.30%</u>	<u>0.30%</u>	<u>0.30%</u>	<u>0.30%</u>
Ratio of Net Investment Income (Loss) to Average Net Assets	<u>3.08%</u>	<u>3.75%</u>	<u>3.47%</u>	<u>3.36%</u>	<u>3.48%</u>
Portfolio Turnover Rate	<u>53.12%</u>	<u>50.37%</u>	<u>24.36%</u>	<u>27.16%</u>	<u>44.18%</u>

** Portfolio commenced operations July 31, 2001.

*** Computed on an annualized basis.

† Total Return includes deductions for management and other fund expenses; excludes deductions for sales loads and account fees, not annualized for periods less than one year.

The Accompanying Notes are an Integral Part of the Financial Statements.

Financial Highlights

Northwestern Mutual Series Fund, Inc.

High Yield Bond Portfolio

<i>(For a share outstanding throughout the period)</i>	For the Year Ended December 31,				
	2002	2001	2000	1999	1998
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 0.65	\$ 0.69	\$ 0.82	\$ 0.94	\$ 1.06
Income from Investment Operations:					
Net Investment Income	0.07	0.08	0.09	0.11	0.10
Net Realized and Unrealized Gains (Losses) on Investments	(0.09)	(0.04)	(0.13)	(0.12)	(0.12)
Total from Investment Operations	(0.02)	0.04	(0.04)	(0.01)	(0.02)
Less Distributions:					
Distributions from Net Investment Income	(0.07)	(0.08)	(0.09)	(0.11)	(0.10)
Distributions from Realized Gains on Investments	—	—	—	—	—
Total Distributions	(0.07)	(0.08)	(0.09)	(0.11)	(0.10)
Net Asset Value, End of Period	\$ 0.56	\$ 0.65	\$ 0.69	\$ 0.82	\$ 0.94
Total Return†	(2.89%)	5.03%	(4.60%)	(0.44%)	(1.84%)
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$137,553	\$147,670	\$ 138,207	\$ 161,424	\$ 184,782
Ratio of Gross Expenses to Average Net Assets	0.54%	0.53%	0.53%	0.50%	0.50%
Ratio of Net Expenses to Average Net Assets	0.54%	0.53%	0.52%	0.50%	0.50%
Ratio of Net Investment Income (Loss) to Average Net Assets	10.37%	10.48%	10.90%	11.15%	10.85%
Portfolio Turnover Rate	89.20%	96.41%	124.91%	139.87%	153.71%

Select Bond Portfolio

<i>(For a share outstanding throughout the period)</i>	For the Year Ended December 31,				
	2002	2001	2000	1999	1998
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 1.20	\$ 1.16	\$ 1.13	\$ 1.25	\$ 1.26
Income from Investment Operations:					
Net Investment Income	0.05	0.06	0.08	0.08	0.08
Net Realized and Unrealized Gains (Losses) on Investments	0.09	0.05	0.03	(0.09)	—
Total from Investment Operations	0.14	0.11	0.11	(0.01)	0.08
Less Distributions:					
Distributions from Net Investment Income	(0.06)	(0.07)	(0.08)	(0.08)	(0.08)
Distributions from Realized Gains on Investments	(0.01)	—	—	(0.03)	(0.01)
Total Distributions	(0.07)	(0.07)	(0.08)	(0.11)	(0.09)
Net Asset Value, End of Period	\$ 1.27	\$ 1.20	\$ 1.16	\$ 1.13	\$ 1.25
Total Return†	12.09%	10.37%	10.21%	(1.00%)	7.07%
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$ 584,018	\$ 405,406	\$ 291,678	\$286,493	\$ 298,034
Ratio of Expenses to Average Net Assets	0.30%	0.30%	0.30%	0.30%	0.30%
Ratio of Net Investment Income (Loss) to Average Net Assets	5.01%	6.15%	6.84%	6.56%	6.87%
Portfolio Turnover Rate	184.37%	151.27%	139.89%	76.65%	161.79%

† Total Return includes deductions for management and other fund expenses; excludes deductions for sales loads and account fees, not annualized for periods less than one year.

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Financial Highlights

Northwestern Mutual Series Fund, Inc.

Money Market Portfolio

<i>(For a share outstanding throughout the period)</i>	For the Year Ended December 31,				
	2002	2001	2000	1999	1998
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Income from Investment Operations:					
Net Investment Income	0.02	0.04	0.06	0.05	0.05
Total from Investment Operations	0.02	0.04	0.06	0.05	0.05
Less Distributions:					
Distributions from Net Investment Income	(0.02)	(0.04)	(0.06)	(0.05)	(0.05)
Total Distributions	(0.02)	(0.04)	(0.06)	(0.05)	(0.05)
Net Asset Value, End of Period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Total Return†	1.65%	3.91%	6.28%	5.10%	5.43%
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$501,313	\$458,689	\$384,455	\$404,284	\$291,464
Ratio of Gross Expenses to Average Net Assets	0.30%	0.30%	0.30%	0.30%	0.30%
Ratio of Net Expenses to Average Net Assets	0.27%	0.30%	0.30%	0.30%	0.30%
Ratio of Net Investment Income (Loss) to Average Net Assets	1.63%	3.76%	6.08%	4.99%	5.26%

† Total Return includes deductions for management and other fund expenses; excludes deductions for sales loads and account fees, not annualized for periods less than one year.

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Notes to Financial Statements

Northwestern Mutual Series Fund, Inc.

December 31, 2002

Note 1 — Northwestern Mutual Series Fund, Inc. (the “Series Fund”) is registered as a diversified open-end investment company under the Investment Company Act of 1940. The Series Fund consists of the Small Cap Growth Stock Portfolio, T. Rowe Price Small Cap Value Portfolio, Aggressive Growth Stock Portfolio, International Growth Stock Portfolio, Franklin Templeton International Equity Portfolio, Index 400 Stock Portfolio, Growth Stock Portfolio, J.P. Morgan Select Growth & Income Stock Portfolio, Capital Guardian Domestic Equity Portfolio, Index 500 Stock Portfolio, Asset Allocation Portfolio, Balanced Portfolio, High Yield Bond Portfolio, Select Bond Portfolio and the Money Market Portfolio (the “Portfolios”). Shares are presently offered only to The Northwestern Mutual Life Insurance Company (“Northwestern Mutual”) and its segregated asset accounts.

Note 2 — The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principal accounting policies are summarized below.

Note 3 — Stocks listed on a national or foreign stock exchange are valued at the final sale price, or final bid price in absence of a sale. Stocks not listed on a national or foreign stock exchange are valued at the closing bid price on the over-the-counter market. Stocks for which current market quotations are not readily available are valued at fair value determined by procedures approved by the Board of Directors. The fair value procedure is used if a significant event that is likely to have affected the value of the securities takes place after the time of the most recent market quotations or the market quotations for other reasons do not reflect information material to the value of those securities. Bonds are valued on the basis of prices furnished by a service which determines prices for normal institutional size trading units of bonds. Money market investments, other than in the Money Market Portfolio, with maturities exceeding sixty days but generally not exceeding one year are valued by marking to market on the basis of an average of the most recent bid prices or yields. Money market investments with maturities of sixty days or less and all securities in the Money Market Portfolio are valued on an amortized cost basis or, if the current market value differs substantially from the amortized cost, by marking to market. When quotations for bonds or money market instruments are

not readily available, these securities are valued at fair value determined by procedures approved by the Board of Directors.

Note 4 — Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated in U.S. dollar amounts on the respective dates of such transactions. When the International Growth Stock Portfolio, Franklin Templeton International Equity Portfolio, Asset Allocation Portfolio, Balanced Portfolio and Select Bond Portfolio purchases or sells a foreign security they may enter into a foreign exchange currency contract to minimize market risk from the trade date to the settlement date of such transaction. Such foreign exchange currency contracts are marked to market daily.

The Portfolios may enter into forward foreign currency contracts to hedge against exchange rate risk arising from investments in securities denominated in foreign currencies. Contracts valued at the contractual forward rate are marked to market daily, with the change in market value recorded as an unrealized gain or loss. When the contracts are closed, a realized gain or loss is incurred. Risks may arise from changes in market value of the underlying instruments and from the possible inability of counterparties to meet the terms of their contracts.

The International Growth Stock Portfolio, Franklin Templeton International Equity Portfolio, Asset Allocation Portfolio, Balanced Portfolio and Select Bond Portfolio do not separately report the results of operations due to changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized or unrealized gain or loss from investments.

Net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade date and the settlement date on security transactions, and the differences between the amounts of dividends and foreign withholding taxes recorded on a Portfolio’s books, and the U.S. dollar equivalent of the amounts actually received or paid.

Note 5 — The Small Cap Growth Stock, Aggressive Growth Stock, Index 400 Stock, Growth Stock, Index 500 Stock, Asset Allocation, Balanced and Select Bond Portfolios invest in futures contracts as an alternative to investing in individual securities. The Small Cap Growth Stock,

Notes to Financial Statements

Aggressive Growth Stock, Index 400 Stock, Growth Stock, Index 500 Stock, Asset Allocation, Balanced and Select Bond Portfolios could be exposed to market risk due to changes in the value of the underlying securities or due to an illiquid secondary market. Futures contracts are marked to market daily based upon quoted settlement prices. The Portfolios receive from or pay to brokers an amount of cash equal to the daily fluctuation in the value of the contracts. Such receipts or payments, known as the "variation margin", are recorded by the Portfolios as unrealized gains or losses. When the contract is closed, the Portfolios record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

For Federal income tax purposes, net unrealized appreciation (depreciation) on open futures contracts is generally required to be treated as realized gains (losses).

Note 6 — The Series Fund has a securities lending program that enables each Portfolio, except the Money Market Portfolio, to loan securities to approved broker-dealers. The Portfolio receives cash (U.S. currency), U.S. Government or U.S. Government agency obligations as collateral against the loaned securities. To the extent that a loan is collateralized by cash, such collateral shall be invested by the Portfolio to earn interest in accordance with the Portfolio's investment

Note 7 — Interest income is recorded daily on the accrual basis and dividend income is recorded on the ex-dividend date or as soon as information from foreign issuers is available. Where applicable, dividends are recorded net of foreign dividend tax. Discounts and premiums on securities purchased are amortized over the life of the respective

policies. The collateral received under the securities lending program is recorded on the Portfolio's statement of assets and liabilities along with the related obligation to return the collateral.

Income generated from the investment of cash collateral, less negotiated rebate fees paid to participating brokers and transaction costs, is recorded as income for the Portfolio. All collateral received will be in an amount at least equal to 102% (for loans of U.S. securities) or 105% (for non-U.S. securities) of the market value of the loaned securities at the inception of each loan. Thereafter, each loan must be continuously secured by collateral at least equal at all times to the value of the securities lent. In addition, the Portfolio is entitled to terminate any securities loan at any time. As of December 31, 2002, the value of outstanding securities on loan and the value of collateral amounted to the following:

	<u>Value of Securities on Loan</u>	<u>Value of Collateral</u>
Balanced	\$59,351,321	\$61,267,250
Select Bond	35,968,870	37,117,875

As of December 31, 2002, collateral received for securities on loan is invested in money market instruments and included in Investments on the Portfolio's Statement of Assets and Liabilities.

securities using the effective interest method. Securities transactions are accounted for on trade date. The basis for determining cost on sale of securities is identified cost. For the year ended December 31, 2002, transactions in securities other than money market investments were:

<u>Portfolios</u>	<u>Total Security Purchases</u>	<u>U.S. Govt. Security Purchases</u>	<u>Total Security Sales/ Maturities</u>	<u>U.S. Govt. Security Sales/ Maturities</u>
			<i>(Amounts in thousands)</i>	
Small Cap Growth Stock	\$ 152,502		\$ 103,166	
T. Rowe Price Small Cap Value	60,082		13,541	
Aggressive Growth Stock	452,368		499,231	
International Growth Stock	21,474		8,468	
Franklin Templeton International Equity	190,692		193,661	
Index 400 Stock	86,735		33,731	
Growth Stock	221,300		160,997	
J.P. Morgan Select Growth & Income Stock	127,298		145,565	
Capital Guardian Domestic Equity	61,139		12,419	
Index 500 Stock	101,729		135,299	
Asset Allocation	102,857	\$ 30,207	57,769	\$ 22,123
Balanced	1,256,969	620,109	1,373,782	762,494
High Yield Bond	126,591		116,400	
Select Bond	947,579	654,076	779,918	520,550

Notes to Financial Statements

Note 8 — The Series Fund and its Portfolios are parties to annually renewable contracts pursuant to which each Portfolio pays a charge for investment management and administrative services. Each Portfolio pays at an annual rate based on the average daily net asset values of each Portfolio. For the T. Rowe Price Small Cap Value Portfolio the rate is .85%, for the Index 500 Stock Portfolio the rate is .20%, for the Index 400 Stock Portfolio the rate is .25%, and for the Balanced, Select Bond and Money Market Portfolios the rate is .30%. For the other Portfolios the rate for the investment advisory fee is graded by the asset size of the Portfolio according to the following schedule:

Portfolios	First \$50 Million	Next \$50 Million	Excess
Small Cap Growth Stock	.80%	.65%	.50%
Aggressive Growth Stock	.80%	.65%	.50%
Franklin Templeton International Equity	.85%	.65%	.65%
Growth Stock	.60%	.50%	.40%
J.P. Morgan Select Growth & Income Stock	.70%	.60%	.55%
High Yield Bond	.60%	.50%	.40%

Portfolios	First \$100 Million	Next \$150 Million	Excess
International Growth Stock	.75%	.65%	.55%
Capital Guardian Domestic Equity	.65%	.55%	.50%
Asset Allocation	.60%	.50%	.40%

These amounts are paid to Mason Street Advisors, a wholly owned subsidiary of Northwestern Mutual, which is the manager and investment adviser of the Series Fund. Northwestern Mutual is also a party to the agreement. Other costs for each Portfolio are paid either by the Portfolios, Northwestern Mutual, or Mason Street Advisors depending upon the applicable agreement in place.

The Small Cap Growth Stock Portfolio, T. Rowe Price Small Cap Value Portfolio, Aggressive Growth Stock Portfolio, International Growth Stock Portfolio, Franklin Templeton International Equity Portfolio, Index 400 Stock Portfolio, Growth Stock Portfolio, J.P. Morgan Select Growth & Income Stock Portfolio, Capital Guardian Domestic Equity Portfolio, Index 500 Stock Portfolio, Asset Allocation Portfolio, and High Yield Bond Portfolio pay their own custodian fees. In addition, certain Portfolios pay a portion of their custodian fees indirectly through expense offset arrangements. Custodian fees are reduced for Portfolios that maintain compensating balances in non-interest bearing accounts. The Portfolios could have invested the assets used to pay for the custodian fees, had the assets not been used in the expense offset arrangements. For the year ended December 31, 2002, the amounts paid through expense offset arrangements are \$4,015 in the Small Cap Growth Stock Portfolio, \$1,460 in the T. Rowe Price

Small Cap Value Portfolio, \$4,745 in the Aggressive Growth Stock Portfolio, \$3,650 in the Index 400 Stock Portfolio, \$3,285 in the Growth Stock Portfolio, \$2,555 in the J.P. Morgan Select Growth & Income Stock Portfolio, \$730 in the Capital Guardian Domestic Equity Portfolio, \$4,356 in the Index 500 Stock Portfolio, \$1,095 in the Asset Allocation Portfolio, and \$1,460 in the High Yield Bond Portfolio.

J.P. Morgan Fleming Asset Management, ("J.P. Morgan"), Templeton Investment Counsel, Inc. ("Templeton Counsel"), T. Rowe Price Associates, Inc. ("T. Rowe Price") and Capital Guardian Trust Company ("Capital Guardian") have been retained under investment subadvisory agreements to provide investment advice and, in general, to conduct the management investment program of the J.P. Morgan Select Growth & Income Stock Portfolio, the Franklin Templeton International Equity Portfolio, the T. Rowe Price Small Cap Value Portfolio and the Capital Guardian Domestic Equity Portfolio, respectively. Mason Street Advisors pays J.P. Morgan .45% on the first \$100 million of combined net assets for all funds managed for Northwestern Mutual by J.P. Morgan, .40% on the next \$100 million, .35% on the next \$200 million and .30% in excess of \$400 million. Mason Street Advisors pays Templeton Counsel .50% on the first \$100 million of combined net assets for all funds managed for Northwestern Mutual by Templeton Counsel and .40% in excess of \$100 million. Mason Street Advisors pays T. Rowe Price an annual rate of .60% of the Portfolio's average daily net assets. Mason Street Advisors pays Capital Guardian a flat annual fee of \$375,000 on the Portfolio's assets of \$100 million or less and .275% on net assets in excess of \$100 million.

The Small Cap Growth Stock, T. Rowe Small Cap Value, and Aggressive Growth Stock Portfolios paid commissions on Fund transactions to an affiliated broker in the amounts of \$11,428, \$845, and \$180,690, respectively, for the year ended December 31, 2002.

Note 9 — Each of the Portfolios of the Series Fund has elected to be taxed as a regulated investment company meeting certain requirements under the Internal Revenue Code. Since each expects to distribute all net investment income and net realized capital gains, the Portfolios anticipate incurring no federal income taxes.

Taxable distributions from net investment income and realized capital gains in the Portfolios may differ from book amounts earned during the period due to differences in the timing of capital recognition and due to the reclassification of certain gains or losses between capital and income. The differences between cost amounts for book purposes and tax purposes are primarily due to treatment of deferred losses.

Notes to Financial Statements

It is the policy of the Portfolios to reclassify the net effect of permanent differences between book and taxable income to capital accounts on the statements of assets and liabilities.

Certain losses incurred by the Portfolios after October 31st are deferred and deemed to have occurred in the next fiscal

year for income tax purposes. Net realized capital losses for Federal income tax purposes are carried forward to offset future net realized gains. A summary of the Portfolios' post October losses and capital loss carryovers as of December 31, 2002 is provided below:

Portfolio	Post October	Capital Loss	
	Losses	Carryovers	
	Capital	Amount	Expiration
	<i>(Amounts in Thousands)</i>		
Small Cap Growth Stock	\$ —	\$ 41,724	2009-2010
T. Rowe Price Small Cap Value	140	98	2010
Aggressive Growth Stock	10,137	192,312	2010
International Growth Stock	620	3,805	2009-2010
Franklin Templeton International Equity	—	73,668	2009-2010
Index 400 Stock	142	2,153	2009-2010
Growth Stock	1,983	115,629	2009-2010
J.P. Morgan Select Growth & Income Stock	4,543	73,258	2009-2010
Capital Guardian Domestic Equity	1,186	2,410	2009-2010
Index 500 Stock	—	—	—
Asset Allocation	289	4,396	2009-2010
Balanced	—	50,014	2009-2010
High Yield Bond	6,888	77,164	2006-2010
Select Bond	251	—	—
Money Market	—	—	—

Note 10 — Dividends from net investment income and net realized capital gains are declared at least annually for the Small Cap Growth Stock, T. Rowe Price Small Cap Value, Aggressive Growth Stock, International Growth Stock, Franklin Templeton International Equity, Index 400 Stock, Growth Stock, J.P. Morgan Select Growth & Income Stock, Capital Guardian Domestic Equity, Index 500 Stock, Asset Allocation, Balanced, High Yield Bond and Select Market Portfolios and each business day for the Money Market Portfolio.

Note 11 — Northwestern Mutual voluntarily reimburses the Franklin Templeton International Equity and International Growth Stock Portfolios for the benefit Northwestern Mutual receives from foreign dividend taxes charged against the Portfolios. The amounts reimbursed represent approximately 65% of the foreign dividend taxes withheld from the Portfolios. Reimbursements are recorded when foreign dividend taxes are accrued. Voluntary reimbursements amounted to \$1,045,186 and \$1,296,498 for the Franklin Templeton International Equity Portfolio and \$41,412 and \$0 for the International Growth Stock Portfolio for the years ended December 31, 2002 and December 31, 2001, respectively.

Notes to Financial Statements

Note 12

Distributions to Shareholders

When applicable, each of the Portfolios made distributions during the year of ordinary income and long-term capital gains. The tax character of distributions paid for the years ended December 31, 2002 and 2001 was as follows:

Portfolio	2002 Distributions Paid From:		2001 Distributions Paid From:	
	Ordinary Income	Long-term Capital Gain	Ordinary Income	Long-term Capital Gain
	<i>(Amounts in Thousands)</i>			
Small Cap Growth Stock	\$ 432	\$ —	\$ 24	\$ —
T. Rowe Price Small Cap Value	337	13	51	—
Aggressive Growth Stock	1,101	24,420	1,517	310,659
International Growth Stock	186	—	—	—
Franklin Templeton International Equity	13,714	—	26,699	54,212
Index 400 Stock	1,830	—	969	1,207
Growth Stock	7,118	—	5,419	25,531
J.P. Morgan Select Growth & Income Stock	4,121	—	7,206	12,432
Capital Guardian Domestic Equity	882	—	168	—
Index 500 Stock	21,302	35,471	24,105	59,088
Asset Allocation	1,415	—	284	—
Balanced	106,128	—	127,987	112,544
High Yield Bond	14,697	—	15,601	—
Select Bond	24,835	—	19,294	—
Money Market	7,657	—	15,878	—

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

Portfolio	Undistributed Ordinary Income	Undistributed Long-term Gains	Accumulated Losses	Unrealized Appreciation (Depreciation)*
	<i>(Amounts in Thousands)</i>			
Small Cap Growth Stock	\$ —	\$ —	\$ (41,724)	\$ (20,305)
T. Rowe Price Small Cap Value	—	—	(238)	(4,365)
Aggressive Growth Stock	—	—	(202,449)	(54,532)
International Growth Stock	2	—	(4,425)	(2,539)
Franklin Templeton International Equity	11,039	—	(73,668)	(120,368)
Index 400 Stock	1,934	—	(2,295)	(35,162)
Growth Stock	4,774	—	(117,612)	1,336
J.P. Morgan Select Growth & Income Stock	3,770	—	(77,801)	(132,978)
Capital Guardian Domestic Equity	14	—	(3,596)	(11,303)
Index 500 Stock	21,914	8,036	—	22,106
Asset Allocation	4	—	(4,685)	(4,135)
Balanced	85,974	—	(50,014)	345,940
High Yield Bond	364	—	(84,052)	(10,373)
Select Bond	38,274	—	(251)	7,895
Money Market	—	—	—	—

* Differs from disclosures on Schedules of Investments due primarily to timing of recognition of certain gains and losses for tax purposes.

Note 13 — Effective January 31st, 2003 the J.P. Morgan Select Growth and Income Stock Portfolio will experience name and manager changes. The Large Cap Core Stock Fund, formerly known as the J.P. Morgan Select Growth and Income Stock Portfolio, will be managed by Mason Street Advisors, LLC. The management fee will be decreased effective with the change in investment advisers. Effective January 31, 2003, the management fee will be calculated at an annual rate of 0.60% on the first \$50 million in net assets, 0.50% on the next \$50 million in net assets and 0.40% on net assets greater than \$100 million. The annual fee will be based on the average daily net assets and payable on a monthly basis.



Report of Independent Accountants

To The Northwestern Mutual Life Insurance Company and
Contract Owners of NML Variable Annuity Account A

In our opinion, the accompanying statement of assets and liabilities and the related statements of operations and of changes in equity and the financial highlights present fairly, in all material respects, the financial position of NML Variable Annuity Account A and its Small Cap Growth Stock Division, T. Rowe Price Small Cap Value Division, Aggressive Growth Stock Division, International Growth Stock Division, Franklin Templeton International Equity Division, Index 400 Stock Division, Growth Stock Division, J.P. Morgan Select Growth and Income Stock Division, Capital Guardian Domestic Equity Division, Index 500 Stock Division, Asset Allocation Division, Balanced Division, High Yield Bond Division, Select Bond Division, Money Market Division, Russell Multi-Style Equity Division, Russell Aggressive Equity Division, Russell Non-U.S. Division, Russell Core Bond Division, and Russell Real Estate Securities Division at December 31, 2002, and the results of each of their operations, the changes in each of their equity and their financial highlights for the periods indicated, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of The Northwestern Mutual Life Insurance Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included direct confirmation of securities owned at December 31, 2002 with Northwestern Mutual Series Fund, Inc. and the Russell Insurance Funds, provide a reasonable basis for our opinion.

A handwritten signature in cursive script that reads "Price Waterhouse Coopers LLP".

Milwaukee, Wisconsin
January 30, 2003

Account A Financial Statements

NML Variable Annuity Account A Statement of Assets and Liabilities December 31, 2002 (in thousands)

Assets

Investments at Market Value:

Northwestern Mutual Series Fund, Inc.		
Small Cap Growth Stock		
9,912 shares (cost \$18,759)		\$ 14,422
T. Rowe Price Small Cap Value		
2,825 shares (cost \$2,981)		2,692
Aggressive Growth Stock		
23,805 shares (cost \$81,640)		51,966
International Growth Stock		
758 shares (cost \$666)		598
Franklin Templeton International Equity		
22,001 shares (cost \$34,441)		22,529
Index 400 Stock		
8,750 shares (cost \$9,843)		8,330
Growth Stock		
14,790 shares (cost \$33,032)		23,486
J.P. Morgan Select Growth and Income Stock		
15,786 shares (cost \$22,115)		13,703
Capital Guardian Domestic Equity		
2,203 shares (cost \$1,904)		1,670
Index 500 Stock		
32,083 shares (cost \$81,840)		69,524
Asset Allocation		
3,263 shares (cost \$3,031)		2,800
Balanced		
111,967 shares (cost \$194,101)		181,610
High Yield Bond		
7,602 shares (cost \$5,620)		4,280
Select Bond		
24,737 shares (cost \$29,435)		31,441
Money Market		
26,634 shares (cost \$26,634)		26,634
Russell Insurance Funds		
Multi-Style Equity		
336 shares (cost \$4,489)		3,042
Aggressive Equity		
247 shares (cost \$2,928)		2,283
Non-U.S.		
317 shares (cost \$3,341)		2,284
Core Bond		
224 shares (cost \$2,275)		2,331
Real Estate Securities		
291 shares (cost \$3,120)		3,056
Due from Northwestern Mutual Life Insurance Company		211
Total Assets		\$468,892

Liabilities

Due to Participants	\$ 597
Due to Northwestern Mutual Life Insurance Company	223
Total Liabilities	820

Equity (Note 8)

Contracts Issued Prior to December 17, 1981	35,373
Contracts Issued After December 16, 1981 and Prior to March 31, 1995	320,815
Contracts Issued On or After March 31, 1995 and Prior to March 31, 2000:	
Front Load Version	15,937
Back Load Version	79,380
Contracts Issued On or After March 31, 2000:	
Front Load Version	2,529
Back Load Version	14,038
Total Equity	468,072
Total Liabilities and Equity	\$468,892

The Accompanying Notes are an Integral Part of the Financial Statements

NML Variable Annuity Account A
Statements of Operations
(in thousands)

	Combined		Small Cap Growth Stock Division		T. Rowe Price Small Cap Value Division#		Aggressive Growth Stock Division		International Growth Stock Division#		Franklin Templeton International Equity Division		Index 400 Stock Division	
	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001
Investment Income														
Dividend Income	\$ 12,796	\$ 53,045	\$ 26	\$ 1	\$ 14	\$ 1	\$ 61	\$ 19,094	\$ 3	\$ —	\$ 574	\$ 3,729	\$ 76	\$ 97
Annuity Rate and Expense	(6,269)	(7,425)	(198)	(179)	(26)	(1)	(766)	(1,021)	(5)	—	(327)	(415)	(109)	(94)
Guarantees														
Net Investment Income (Loss)	6,527	45,620	(172)	(178)	(12)	—	(705)	18,073	(2)	—	247	3,314	(33)	3
Realized and Unrealized Gain (Loss) on Investments														
Realized Gain (Loss) on Investments	(14,549)	15,197	(785)	(343)	(73)	—	(4,414)	906	(3)	(8)	(2,073)	(245)	(352)	(41)
Unrealized Appreciation (Depreciation) of Investments During the Period	(74,854)	(124,257)	(2,610)	(338)	(329)	41	(10,937)	(40,892)	(59)	—	(3,472)	(8,897)	(1,217)	(36)
Net Gain (Loss) on Investments	(89,403)	(109,060)	(3,395)	(681)	(402)	41	(15,351)	(39,986)	(62)	(8)	(5,545)	(9,142)	(1,569)	(77)
Increase (Decrease) in Equity Derived from Investment Activity	\$ (82,876)	\$ (63,440)	\$ (3,567)	\$ (859)	\$ (414)	\$ 41	\$ (16,056)	\$ (21,913)	\$ (64)	\$ (8)	\$ (5,298)	\$ (5,828)	\$ (1,602)	\$ (74)

The initial investment in this Division was made on July 31, 2001.

The Accompanying Notes are an Integral Part of the Financial Statements

NML Variable Annuity Account A
Statements of Operations
(in thousands)

	Growth Stock Division		J.P. Morgan Select Growth and Income Stock Division		Capital Guardian Domestic Equity Division#		Index 500 Stock Division		Asset Allocation Division#		Balanced Division		High Yield Bond Division	
	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001
Investment Income														
Dividend Income	\$ 324	\$ 1,497	\$ 170	\$ 876	\$ 20	\$ 1	\$ 1,197	\$ 5,168	\$ 45	\$ 6	\$ 7,949	\$ 19,440	\$ 456	\$ 529
Annuity Rate and Expense			(212)	(286)	(12)		(976)	(1,297)	(22)	(2)	(2,466)	(2,955)	(55)	(62)
Guarantees	(337)	(403)												
Net Investment Income (Loss)	(13)	1,094	(42)	590	8	1	221	3,871	23	4	5,483	16,485	401	467
Realized and Unrealized Gain (Loss) on Investments														
Realized Gain (Loss) on Investments														
Unrealized Appreciation (Depreciation) of Investments During the Period	(1,842)	464	(2,738)	(278)	(54)		483	8,880	(35)		(1,610)	6,981	(439)	(655)
Net Gain (Loss) on Investments	(5,170)	(7,478)	(3,694)	(2,664)	(248)	12	(23,945)	(29,565)	(244)	11	(23,128)	(34,686)	(179)	381
Increase (Decrease) in Equity Derived from Investment Activity	(7,012)	(7,014)	(6,432)	(2,942)	(302)	12	(23,462)	(20,685)	(279)	11	(24,738)	(27,705)	(618)	(274)
	<u>\$ (7,025)</u>	<u>\$ (5,920)</u>	<u>\$ (6,474)</u>	<u>\$ (2,352)</u>	<u>\$ (294)</u>	<u>\$ 13</u>	<u>\$ (23,241)</u>	<u>\$ (16,814)</u>	<u>\$ (256)</u>	<u>\$ 15</u>	<u>\$ (19,255)</u>	<u>\$ (11,220)</u>	<u>\$ (217)</u>	<u>\$ 193</u>

The initial investment in this Division was made on July 31, 2001.

The Accompanying Notes are an Integral Part of the Financial Statements

NML Variable Annuity Account A
Statements of Operations
(in thousands)

	Select Bond Division		Money Market Division		Russell Multi-Style Equity Division		Russell Aggressive Equity Division		Russell Non-U.S. Division		Russell Core Bond Division		Russell Real Estate Securities Division	
	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001
Investment Income														
Dividend Income	\$1,181	\$1,067	\$ 440	\$ 91	\$ 22	\$ 91	\$ —	\$ 3	\$ 41	\$ 17	\$ 55	\$ 78	\$ 142	\$ 93
Annuity Rate and Expense														
Guarantees	(299)	(318)	(304)	(44)	(41)	(44)	(29)	(29)	(32)	(34)	(23)	(16)	(30)	(21)
Net Investment Income (Loss)	882	749	136	47	(19)	47	(29)	(26)	9	(17)	32	62	112	72
Realized and Unrealized Gain (Loss) on Investments														
Realized Gain (Loss) on Investments	437	—	—	(154)	(547)	(154)	(133)	(69)	(459)	(287)	85	16	3	95
Unrealized Appreciation (Depreciation) of Investments During the Period	1,426	—	—	(517)	(495)	(517)	(409)	6	(80)	(480)	26	(13)	(90)	(61)
Net Gain (Loss) on Investments	1,863	—	—	(671)	(1,042)	(671)	(542)	(63)	(539)	(767)	111	3	(87)	34
Increase (Decrease) in Equity Derived from Investment Activity	\$2,745	\$ 749	\$ 136	\$(624)	\$(1,061)	\$(624)	\$(571)	\$(89)	\$(530)	\$(784)	\$143	\$65	\$ 25	\$106

The Accompanying Notes are an Integral Part of the Financial Statements

NML Variable Annuity Account A

Statements of Changes in Equity

(in thousands)

	Combined		Small Cap Growth Stock Division		T. Rowe Price Small Cap Value Division#		Aggressive Growth Stock Division		International Growth Stock Divisions#		Franklin Templeton International Equity Division		Index 400 Stock Division	
	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001
Operations														
Net Investment Income (Loss)	\$ 6,527	\$ 45,620	\$ (172)	\$ (178)	\$ (12)	\$ (705)	\$ 18,073	\$ (2)	\$ --	\$ 247	\$ 3,314	\$ (33)	\$ 3	
Net Realized Gain														
(Loss)	(14,549)	15,197	(785)	(343)	(73)	(4,414)	906	(3)	(8)	(2,073)	(245)	(352)	(41)	
Net Changes in Unrealized Appreciation (Depreciation)	(74,854)	(124,257)	(2,610)	(338)	(329)	(10,937)	(40,892)	(59)	--	(3,472)	(8,897)	(1,217)	(36)	
Increase (Decrease) in Equity Derived from Investment Activity	(82,876)	(63,440)	(3,567)	(859)	(414)	(16,056)	(21,913)	(64)	(8)	(5,298)	(5,828)	(1,602)	(74)	
Equity Transactions														
Contract Owners' Net Payments	46,938	46,213	1,990	1,932	744	5,565	6,978	198	24	2,567	2,894	1,618	1,347	
Annuity Payments	(1,186)	(1,316)	(2)	(7)	(21)	(30)	(37)	--	--	(14)	(17)	(14)	(16)	
Surrenders and Other (net)	(86,526)	(83,649)	(1,772)	(1,362)	(399)	(9,556)	(10,388)	(15)	--	(4,346)	(4,910)	(1,479)	(708)	
Transfers from Other Divisions or Sponsor	89,970	83,322	5,993	4,029	4,185	5,187	7,243	678	154	3,446	3,316	4,135	4,453	
Transfers to Other Divisions or Sponsor	(91,980)	(84,772)	(3,844)	(4,403)	(1,985)	(10,758)	(10,995)	(356)	(13)	(4,630)	(4,969)	(3,493)	(3,006)	
Increase (Decrease) in Equity Derived from Equity Transactions	(42,764)	(40,202)	2,365	189	2,524	(9,592)	(7,199)	505	165	(2,977)	(3,686)	767	2,070	
Net Increase (Decrease) in Equity	(125,640)	(103,642)	(1,202)	(670)	2,110	(25,648)	(29,112)	441	157	(8,275)	(9,514)	(835)	1,996	
Equity														
Beginning of Period	593,712	697,354	15,623	16,293	584	77,631	106,743	157	--	30,784	40,298	9,158	7,162	
End of Period	\$ 468,072	\$ 593,712	\$ 14,421	\$ 15,623	\$ 2,694	\$ 51,983	\$ 77,631	\$ 598	\$ 157	\$ 22,509	\$ 30,784	\$ 8,323	\$ 9,158	

The initial investment in this Division was made on July 31, 2001.

The Accompanying Notes are an Integral Part of the Financial Statements

NML Variable Annuity Account A

Statements of Changes in Equity

(in thousands)

	Growth Stock Division		J.P. Morgan Select Growth and Income Stock Division		Capital Guardian Domestic Equity Division#		Index 500 Stock Division		Asset Allocation Division#		Balanced Division		High Yield Bond Division	
	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001
Operations														
Net Investment Income (Loss)	\$ (13)	\$ 1,094	\$ (42)	\$ 590	\$ 8	\$ 1	\$ 221	\$ 3,871	\$ 23	\$ 4	\$ 5,483	\$ 16,485	\$ 401	\$ 467
Net Realized Gain														
(Loss)	(1,842)	464	(2,738)	(278)	(54)	—	483	8,880	(35)	—	(1,610)	6,981	(439)	(655)
Net Changes in Unrealized Appreciation (Depreciation)	(5,170)	(7,478)	(3,694)	(2,664)	(248)	12	(23,945)	(29,565)	(244)	11	(23,128)	(34,686)	(179)	381
Increase (Decrease) in Equity Derived from Investment Activity	(7,025)	(5,920)	(6,474)	(2,352)	(294)	13	(23,241)	(16,814)	(256)	15	(19,255)	(11,220)	(217)	193
Equity Transactions														
Contract Owners' Net Payments	3,233	3,713	2,184	2,138	449	25	6,935	7,565	578	86	11,208	12,043	633	523
Annuity Payments	(4)	(5)	(51)	(66)	—	—	(273)	(337)	—	—	(640)	(684)	(4)	(11)
Surrenders and Other (net)	(3,860)	(3,538)	(3,074)	(3,087)	(121)	(2)	(14,951)	(15,093)	(147)	2	(31,038)	(32,253)	(895)	(888)
Transfers from Other Divisions or Sponsor	3,299	5,424	2,022	3,370	2,055	254	8,032	9,028	2,148	699	8,932	9,588	1,378	1,921
Transfers to Other Divisions or Sponsor	(4,869)	(4,981)	(3,947)	(3,033)	(709)	—	(12,115)	(12,955)	(326)	(2)	(16,839)	(14,552)	(1,636)	(1,860)
Increase (Decrease) in Equity Derived from Equity Transactions	(2,201)	613	(2,866)	(678)	1,674	277	(12,372)	(11,792)	2,253	785	(28,377)	(25,858)	(524)	(315)
Net Increase (Decrease) in Equity	(9,226)	(5,307)	(9,340)	(3,030)	1,380	290	(35,613)	(28,606)	1,997	800	(47,632)	(37,078)	(741)	(122)
Equity														
Beginning of Period	32,717	38,024	23,057	26,087	290	—	104,907	133,513	800	—	228,923	266,001	5,008	5,130
End of Period	\$23,491	\$32,717	\$13,717	\$23,057	\$1,670	\$290	\$69,294	\$104,907	\$2,797	\$800	\$181,291	\$228,923	\$4,267	\$5,008

The initial investment in this Division was made on July 31, 2001.

The Accompanying Notes are an Integral Part of the Financial Statements

NML Variable Annuity Account A
Statements of Changes in Equity
(in thousands)

	Select Bond Division		Money Market Division		Russell Multi-Style Equity Division		Russell Aggressive Equity Division		Russell Non-U.S. Division		Russell Core Bond Division		Russell Real Estate Securities Division	
	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001
Operations														
Net Investment Income (Loss) ...	\$ 882	\$ 1,009	\$ 136	\$ 749	\$ (19)	\$ 47	\$ (26)	\$ (17)	\$ 9	\$ (17)	\$ 32	\$ 62	\$ 112	\$ 72
Net Realized Gain														
(Loss)	437	(65)	—	—	(547)	(154)	(69)	(287)	(459)	(287)	85	16	3	95
Net Changes in Unrealized Appreciation (Depreciation)	1,426	919	—	—	(495)	(517)	6	(480)	(80)	(480)	26	(13)	(90)	(61)
Increase (Decrease) in Equity Derived from Investment Activity	2,745	1,863	136	749	(1,061)	(624)	(89)	(784)	(530)	(784)	143	65	25	106
Equity Transactions														
Contract Owners' Net Payments	2,605	1,760	4,308	2,973	566	675	447	505	361	505	299	182	597	316
Annuity Payments	(82)	(84)	(34)	(42)	(7)	(6)	—	(2)	(2)	—	—	—	(8)	(4)
Surrenders and Other (net) ..	(4,465)	(3,070)	(8,347)	(7,417)	(651)	(216)	(200)	(270)	(356)	(270)	(469)	(122)	(375)	(127)
Transfers from Other Divisions or Sponsor	11,827	5,887	17,060	19,263	2,286	2,557	1,011	1,782	1,492	1,782	1,570	814	2,817	2,039
Transfers to Other Divisions or Sponsor	(4,953)	(2,868)	(13,683)	(13,859)	(2,140)	(2,372)	(792)	(1,616)	(1,516)	(1,616)	(739)	(624)	(1,819)	(1,838)
Increase (Decrease) in Equity Derived from Equity Transactions	4,932	1,625	(696)	918	54	638	466	401	(21)	401	661	250	1,212	386
Net Increase (Decrease) in Equity	7,677	3,488	(560)	1,667	(1,007)	14	377	(383)	(551)	(383)	804	315	1,237	492
Equity														
Beginning of Period	23,757	20,269	27,147	25,480	4,111	4,097	2,498	3,245	2,862	3,245	1,501	1,186	1,820	1,328
End of Period	\$31,434	\$23,757	\$ 26,587	\$ 27,147	\$ 3,104	\$ 4,111	\$2,875	\$2,862	\$2,311	\$2,862	\$2,305	\$1,501	\$3,057	\$1,820

The Accompanying Notes are an Integral Part of the Financial Statements

Financial Highlights

NML Variable Annuity Account A (For a unit outstanding during the period)

Division	Unit Value, Lowest to Highest	Dividend Income as a % of Average Net Assets	Expense Ratio, Lowest to Highest	Total Return (2), Lowest to Highest
Small Cap Growth Stock				
Year Ended 12/31/02	\$0.702869 to \$ 1.536295	0.16%	0.40% to 1.25%	(19.44%) to (18.75%)
Year Ended 12/31/01	\$0.865935 to \$ 1.890848	0.01%	0.40% to 1.25%	(4.97%) to (4.15%)
T. Rowe Price Small Cap Value (1)				
Year Ended 12/31/02	\$0.943905 to \$ 0.955324	0.57%	0.40% to 1.25%	(6.75%) to (5.96%)
Period Ended 12/31/01	\$1.012260 to \$ 1.015860	0.44%	0.40% to 1.25%	1.23% to 1.59%
Aggressive Growth Stock				
Year Ended 12/31/02	\$0.564112 to \$ 3.711325	0.10%	0.40% to 1.25%	(22.13%) to (21.47%)
Year Ended 12/31/01	\$0.719033 to \$ 4.742335	22.82%	0.40% to 1.25%	(20.88%) to (20.20%)
International Growth Stock (1)				
Year Ended 12/31/02	\$0.780276 to \$ 0.789715	0.73%	0.40% to 1.25%	(13.42%) to (12.69%)
Period Ended 12/31/01	\$0.901258 to \$ 0.904464	0.00%	0.40% to 1.25%	(9.87%) to (9.55%)
Franklin Templeton International Equity				
Year Ended 12/31/02	\$0.700185 to \$ 1.636881	2.12%	0.40% to 1.25%	(18.43%) to (17.73%)
Year Ended 12/31/01	\$0.851962 to \$ 1.996677	10.94%	0.40% to 1.25%	(15.07%) to (14.35%)
Index 400 Stock				
Year Ended 12/31/02	\$0.870423 to \$ 1.106344	0.82%	0.40% to 1.25%	(15.60%) to (14.88%)
Year Ended 12/31/01	\$1.023646 to \$ 1.299809	1.20%	0.40% to 1.25%	(1.90%) to (1.06%)
Growth Stock				
Year Ended 12/31/02	\$0.616498 to \$ 2.006974	1.16%	0.40% to 1.25%	(21.81%) to (21.15%)
Year Ended 12/31/01	\$0.782628 to \$ 2.554121	4.47%	0.40% to 1.25%	(15.29%) to (14.56%)
J.P. Morgan Select Growth and Income Stock				
Year Ended 12/31/02	\$0.581563 to \$ 1.566688	0.96%	0.40% to 1.25%	(29.09%) to (28.49%)
Year Ended 12/31/01	\$0.814020 to \$ 2.198364	3.66%	0.40% to 1.25%	(8.92%) to (8.14%)
Capital Guardian Domestic Equity (1)				
Year Ended 12/31/02	\$0.756787 to \$ 0.765966	1.82%	0.40% to 1.25%	(22.22%) to (21.56%)
Period Ended 12/31/01	\$0.973004 to \$ 0.976476	0.72%	0.40% to 1.25%	(2.70%) to (2.35%)
Index 500 Stock				
Year Ended 12/31/02	\$0.604035 to \$ 3.089894	1.40%	0.40% to 1.25%	(23.04%) to (22.38%)
Year Ended 12/31/01	\$0.779001 to \$ 3.994853	4.55%	0.40% to 1.25%	(12.98%) to (12.23%)
Asset Allocation (1)				
Year Ended 12/31/02	\$0.863125 to \$ 0.873571	2.26%	0.40% to 1.25%	(11.37%) to (10.62%)
Period Ended 12/31/01	\$0.973862 to \$ 0.977328	1.20%	0.40% to 1.25%	(2.61%) to (2.27%)
Balanced				
Year Ended 12/31/02	\$0.862735 to \$ 7.112654	3.92%	0.40% to 1.25%	(8.68%) to (7.91%)
Year Ended 12/31/01	\$0.937735 to \$ 7.750204	8.01%	0.40% to 1.25%	(4.36%) to (3.54%)
High Yield Bond				
Year Ended 12/31/02	\$0.972766 to \$ 1.487426	9.94%	0.40% to 1.25%	(4.10%) to (3.28%)
Year Ended 12/31/01	\$1.006773 to \$ 1.543249	10.16%	0.40% to 1.25%	3.72% to 4.61%
Select Bond				
Year Ended 12/31/02	\$1.321394 to \$10.108841	4.40%	0.40% to 1.25%	10.70% to 11.64%
Year Ended 12/31/01	\$1.184790 to \$ 9.086342	5.71%	0.40% to 1.25%	8.99% to 9.92%
Money Market				
Year Ended 12/31/02	\$1.092171 to \$ 3.030949	1.65%	0.40% to 1.25%	0.39% to 1.25%
Year Ended 12/31/01	\$1.079788 to \$ 3.004024	3.80%	0.40% to 1.25%	2.62% to 3.50%
Russell Multi-Style Equity				
Year Ended 12/31/02	\$0.574187 to \$ 0.613006	0.60%	0.40% to 1.25%	(24.14%) to (23.50%)
Year Ended 12/31/01	\$0.751294 to \$ 0.801293	2.33%	0.40% to 1.25%	(15.28%) to (14.55%)
Russell Aggressive Equity				
Year Ended 12/31/02	\$0.727980 to \$ 0.857996	0.00%	0.40% to 1.25%	(20.06%) to (19.38%)
Year Ended 12/31/01	\$0.903873 to \$ 1.064253	0.11%	0.40% to 1.25%	(3.58%) to (2.76%)
Russell Non-U.S.				
Year Ended 12/31/02	\$0.557227 to \$ 0.699179	1.48%	0.40% to 1.25%	(16.20%) to (15.49%)
Year Ended 12/31/01	\$0.659991 to \$ 0.827309	0.60%	0.40% to 1.25%	(23.00%) to (22.34%)
Russell Core Bond				
Year Ended 12/31/02	\$1.217720 to \$ 1.256188	2.87%	0.40% to 1.25%	7.49% to 8.40%
Year Ended 12/31/01	\$1.132872 to \$ 1.158815	5.90%	0.40% to 1.25%	6.07% to 6.97%
Russell Real Estate Securities				
Year Ended 12/31/02	\$1.261665 to \$ 1.375137	5.39%	0.40% to 1.25%	2.51% to 3.39%
Year Ended 12/31/01	\$1.230726 to \$ 1.331406	5.13%	0.40% to 1.25%	6.49% to 7.40%

(1) Portfolio commenced operations on July 31, 2001.

(2) Total Return includes deductions for management and other expenses; excludes deductions for sales loads and other charges. Returns are not annualized for periods less than one year.

The Accompanying Notes are an Integral Part of the Financial Statements

Notes to Financial Statements

Northwestern Mutual Variable Annuity Account A

December 31, 2002

Note 1 — NML Variable Annuity Account A (the "Account") is a segregated asset account of The Northwestern Mutual Life Insurance Company ("Northwestern Mutual") used to fund variable annuity contracts ("contracts") for HR-10 and corporate pension and profit-sharing plans which qualify for special tax treatment under the Internal Revenue Code. Currently, two versions of the contract are offered: Front Load contracts with a sales charge up to 4.5% of purchase payments and Back Load contracts with a withdrawal charge of 0-6%.

Note 2 — The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Principal accounting policies are summarized below.

Note 3 — All assets of each Division of the Account are invested in shares of the corresponding Portfolio of Northwestern Mutual Series Fund, Inc. and the Russell Insurance Funds (collectively known as "the Funds"). The shares are valued at the Funds' offering and redemption prices per share. The Funds are diversified open-end investment companies registered under the Investment Company Act of 1940.

Note 4 — Annuity reserves are based on published annuity tables with age adjustment and benefit payments which reflect actual investment experience. For variable payment plans issued prior to January 1, 1974, annuity reserves are based on the 1955 American Annuity Table with assumed interest rates of 3% or 5%. For variable payment plans issued on or after January 1, 1974 and before January 1, 1985, annuity reserves are based on the 1971 Individual Annuity Mortality Table with assumed interest rates of 3½% or 5%. For variable payment plans issued on or after January 1, 1985, annuity reserves are based on the 1983 Annuity Table adjusted with assumed interest rates of 3½% or 5%.

Note 5 — Dividend income and distributions of net realized gains from the Funds are recorded on the ex-date of the dividends. Transactions in the Funds' shares are accounted for on the trade date. The basis for determining cost on sale of the Funds' shares is identified cost. Purchases and sales of

the Funds' shares for the period ended December 31, 2002 by each Division are shown below:

Division	Purchases	Sales
Small Cap Growth Stock	\$ 4,461,452	\$ 2,267,772
T. Rowe Price Small Cap Value	3,056,595	544,753
Aggressive Growth Stock	7,414,573	16,374,895
International Growth Stock	519,948	15,440
Franklin Templeton International Equity	3,334,140	6,070,557
Index 400 Stock	2,397,162	1,666,098
Growth Stock	3,786,154	6,005,545
J.P. Morgan Select Growth and Income		
Stock	2,595,415	5,518,037
Capital Guardian Domestic Equity	1,827,157	145,921
Index 500 Stock	10,496,270	20,459,679
Asset Allocation	2,448,370	169,149
Balanced	19,743,059	42,633,986
High Yield Bond	1,107,893	1,228,005
Select Bond	11,093,552	5,331,758
Money Market	8,251,938	8,777,655
Russell Multi-Style Equity	814,757	841,367
Russell Aggressive Equity	343,250	465,120
Russell Non-U.S.	474,958	512,890
Russell Core Bond	1,316,732	562,906
Russell Real Estate Securities	1,982,942	645,240

Note 6 — A deduction for annuity rate and expense guarantees is determined daily and paid to Northwestern Mutual as compensation for assuming the risk that annuity payments will continue for longer periods than anticipated because the annuitants as a group live longer than expected, and the risk that the charges made by Northwestern Mutual may be insufficient to cover the actual costs incurred in connection with the contracts.

For contracts issued prior to December 17, 1981, the deduction is at an annual rate of ¾ of 1% of the net assets of each Division attributable to these contracts. For these contracts, the rate may be increased or decreased by the Board of Trustees of Northwestern Mutual not to exceed a 1% annual rate.

For contracts issued after December 16, 1981 and prior to March 31, 1995, the deduction is at an annual rate of 1¼% of the net assets of each Division attributable to these contracts. For these contracts, the rate may be increased or decreased by the Board of Trustees of Northwestern Mutual not to exceed a 1½% annual rate.

For contracts issued on or after March 31, 1995 and prior to March 31, 2000, for the Front Load version and the Back Load version, the deduction for annuity rate and expense guarantees is determined daily at annual rates of 4/10 of 1%

Notes to Financial Statements

and 1¼%, respectively, of the net assets of each Division attributable to these contracts and is paid to Northwestern Mutual. For these contracts, the rates may be increased or decreased by the Board of Trustees of Northwestern Mutual not to exceed ¾ of 1% and 1½%, respectively.

For contracts issued on or after March 31, 2000, for the Front Load version and the Back Load version, the deduction for annuity rate and expense guarantees is determined daily at annual rates of 5/10 of 1% and 1¼%, respectively, of the net assets of each Division attributable to these contracts and is paid to Northwestern Mutual. For these contracts, the rates may be increased or decreased by the Board of Trustees of Northwestern Mutual not to exceed ¾ of 1% and 1½% annual rate, respectively. The current charges will not be

increased for five years from the date of the most recent Prospectus.

Since 1995, Northwestern Mutual has paid a dividend to certain contracts. The dividend is reinvested in the Account and has been reflected as a Contract Owners' Net Payment in the accompanying financial statements.

Note 7 — Northwestern Mutual is taxed as a "life insurance company" under the Internal Revenue Code and the operations of the Account form a part of and are taxed with those of Northwestern Mutual. Under current law, no federal income taxes are payable with respect to the Account. Accordingly, no provision for any such liability has been made.

Note 8 — Equity Values by Division are shown below:
(in thousands, except accumulation unit values)

Division	Contracts Issued: Prior to December 17, 1981			Contracts Issued: After December 16, 1981 and Prior to March 31, 1995		
	Accumulation Unit Value	Units Outstanding	Equity	Accumulation Unit Value	Units Outstanding	Equity
Small Cap Growth Stock	\$ 1.516823	196	\$ 297	\$1.489185	6,573	\$ 9,788
T. Rowe Price Small Cap Value	0.950636	230	219	0.943905	1,401	1,322
Aggressive Growth Stock	3.711325	256	950	3.494085	10,045	35,098
International Growth Stock	0.785836	13	10	0.780276	317	247
Franklin Templeton International Equity	1.636881	326	534	1.559571	9,896	15,434
Index 400 Stock	1.092338	243	265	1.072428	4,143	4,443
Growth Stock	2.006974	313	628	1.921805	6,983	13,420
J.P. Morgan Select Growth and Income Stock	1.566688	125	196	1.500218	5,160	7,741
Capital Guardian Domestic Equity	0.762191	107	82	0.756787	1,190	901
Index 500 Stock	3.089894	3,965	12,251	2.909123	12,908	37,551
Asset Allocation	0.869281	41	36	0.863125	2,124	1,833
Balanced	7.112654	1,322	9,403	6.403383	22,433	143,647
High Yield Bond	1.487426	69	103	1.424293	1,461	2,081
Select Bond	10.108841	603	6,096	9.098961	1,840	16,742
Money Market	3.030949	460	1,394	2.728924	6,073	16,573
Russell Multi-Style Equity	0.605230	6	4	0.594202	2,539	1,509
Russell Aggressive Equity	0.847132	113	96	0.831686	1,279	1,064
Russell Non-U.S.	0.690333	33	23	0.677755	1,927	1,306
Russell Core Bond	1.240286	11	14	1.217720	996	1,213
Russell Real Estate Securities	1.285091	55	71	1.261665	1,199	1,513
Equity			32,672			313,426
Annuity Reserves			2,701			7,389
Total Equity			<u>\$35,373</u>			<u>\$320,815</u>

Notes to Financial Statements

Division	Contracts Issued: On or After March 31, 1995 and Prior to March 31, 2000 Front Load Version			Contracts Issued: On or After March 31, 1995 and Prior to March 31, 2000 Back Load Version		
	Accumulation Unit Value	Units Outstanding	Equity	Accumulation Unit Value	Units Outstanding	Equity
Small Cap Growth Stock	\$1.536295	323	\$ 496	\$1.489185	1,965	\$ 2,926
T. Rowe Price Small Cap Value	0.955324	272	260	0.943905	591	558
Aggressive Growth Stock	1.764232	1,184	2,089	3.494085	3,455	12,072
International Growth Stock	0.789715	6	5	0.780276	214	167
Franklin Templeton International Equity	1.367662	870	1,190	1.559571	2,870	4,476
Index 400 Stock	1.106344	344	381	1.072428	2,052	2,201
Growth Stock	1.896210	591	1,121	1.921805	3,629	6,974
J.P. Morgan Select Growth and Income Stock	1.479747	641	949	1.500218	2,625	3,938
Capital Guardian Domestic Equity	0.765966	37	28	0.756787	409	310
Index 500 Stock	1.936439	1,084	2,099	2.909123	4,606	13,399
Asset Allocation	0.873571	107	93	0.863125	584	504
Balanced	1.870656	1,610	3,012	6.403383	2,544	16,290
High Yield Bond	1.425787	138	197	1.424293	1,056	1,504
Select Bond	1.793220	482	864	9.098961	605	5,505
Money Market	1.397113	1,308	1,827	2.728924	1,724	4,705
Russell Multi-Style Equity	0.613006	634	389	0.594202	1,405	835
Russell Aggressive Equity	0.857996	281	241	0.831686	714	594
Russell Non-U.S.	0.699179	256	179	0.677755	818	554
Russell Core Bond	1.256188	66	83	1.217720	599	729
Russell Real Estate Securities	1.301549	153	199	1.261665	656	828
Equity			15,702			79,069
Annuity Reserves			235			311
Total Equity			<u>\$15,937</u>			<u>\$79,380</u>

Division	Contracts Issued: On or After March 31, 2000 Front Load Version			Contracts Issued: On or After March 31, 2000 Back Load Version		
	Accumulation Unit Value	Units Outstanding	Equity	Accumulation Unit Value	Units Outstanding	Equity
Small Cap Growth Stock	\$0.702869	154	\$ 108	\$1.489185	522	\$ 777
T. Rowe Price Small Cap Value	0.953992	28	27	0.943905	328	310
Aggressive Growth Stock	0.564112	222	125	3.494085	412	1,440
International Growth Stock	0.788618	23	18	0.780276	193	151
Franklin Templeton International Equity	0.700185	133	93	1.559571	403	629
Index 400 Stock	0.870423	181	158	1.072428	740	794
Growth Stock	0.616498	140	86	1.921805	635	1,220
J.P. Morgan Select Growth and Income Stock	0.581563	206	120	1.500218	244	366
Capital Guardian Domestic Equity	0.764893	44	34	0.756787	418	316
Index 500 Stock	0.604035	281	170	2.909123	653	1,900
Asset Allocation	0.872356	131	114	0.863125	251	217
Balanced	0.862735	829	715	6.403383	329	2,107
High Yield Bond	0.972766	60	58	1.424293	197	281
Select Bond	1.321394	183	242	9.098961	106	964
Money Market	1.092171	197	215	2.728924	513	1,400
Russell Multi-Style Equity	0.574187	72	41	0.594202	403	239
Russell Aggressive Equity	0.727980	52	38	0.831686	226	188
Russell Non-U.S.	0.557227	94	52	0.677755	258	175
Russell Core Bond	1.243794	42	52	1.217720	173	211
Russell Real Estate Securities	1.375137	46	63	1.261665	280	353
Equity			2,529			14,038
Annuity Reserves			—			—
Total Equity			<u>\$ 2,529</u>			<u>\$14,038</u>

Director Information (Unaudited)

Northwestern Mutual Series Fund, Inc.

The name, age and address of the directors, as well as their affiliations, positions held with the Fund, principal occupations during the past five years and the number of portfolios overseen in the Northwestern Mutual fund complex, are shown below. Each director will serve until that person's successor is elected and qualified.

Independent Directors

Name Age and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held
William J. Blake (69) 731 North Jackson St. Milwaukee, WI 53202	Director	Since 1988	26	None
Principal Occupation During Past 5 Years: Chairman, Blake Investment Corp. (real estate investments and venture capital)				
William A. McIntosh (63) 525 Sheridan Road Kenilworth, IL 60043	Director	Since 1997	26	MGIC Investment Corporation
Principal Occupation During Past 5 Years: Retired Division Head, U.S. Fixed Income of Salomon Brothers (investment securities)				
Martin F. Stein (65) 1800 East Capitol Drive Milwaukee, WI 53211	Director	Since 1995	26	Koss Corporation
Principal Occupation During Past 5 Years: Founder of Stein Optical (retail sales of eyewear)				

Other Directors

Name Age and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held
Stephen N. Graff (67) 805 Lone Tree Road Elm Grove, WI 53122	Director	Since 1995	26	Regal-Beloit Corporation Trustee of Northwestern Mutual
Principal Occupation During Past 5 Years: Retired Partner, Arthur Andersen LLP (public accountants)				
Edward J. Zore (56) 720 East Wisconsin Avenue Milwaukee, WI 53202	President and Director	Since 2000	26	Manpower, Inc. Trustee of Northwestern Mutual
Principal Occupation During Past 5 Years: President and Chief Executive Officer of Northwestern Mutual since 2001; President, 2000-2001; prior thereto, Executive Vice President				

Directors and Officers

Northwestern Mutual Series Fund, Inc.

Directors

Edward J. Zore President and Chief Executive Officer, Northwestern Mutual Life,
..... Milwaukee
Martin F. Stein Founder, Stein Optical,
..... Milwaukee
Stephen N. Graff Retired Partner, Arthur Andersen LLP
..... Milwaukee
William J. Blake Chairman, Blake Investment Corp.,
..... Milwaukee
William A. McIntosh Retired Division Head — U.S. Fixed Income, Salomon Brothers,
..... Chicago

Officers

Edward J. Zore President
Mark G. Doll Vice President & Treasurer
Merrill C. Lundberg Secretary
Barbara E. Courtney Controller

2002 Annual Report

MULTI-STYLE EQUITY FUND

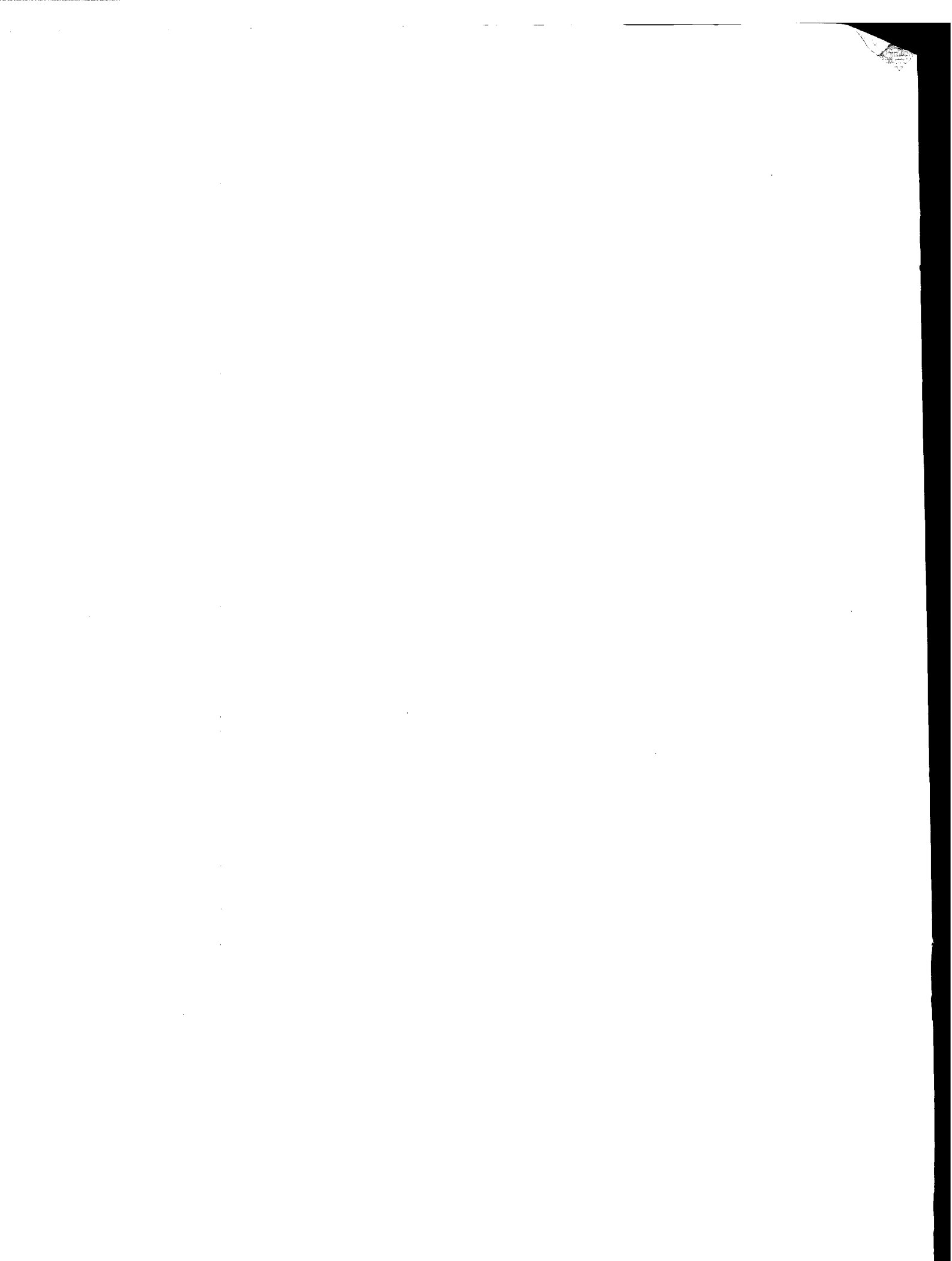
AGGRESSIVE EQUITY FUND

NON-U.S. FUND

CORE BOND FUND

REAL ESTATE SECURITIES FUND

DECEMBER 31, 2002



Russell Insurance Funds

Russell Insurance Funds is a “series mutual fund” with five different investment portfolios. These financial statements report on five Funds, each of which has distinct investment objectives and strategies.

Frank Russell Investment Management Company

Responsible for overall management and administration of the Funds.

Frank Russell Company

Consultant to Frank Russell Investment Management Company.

Russell Insurance Funds

Annual Report

December 31, 2002

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Russell Insurance Funds

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To Our Clients

As we present Russell Insurance Funds' 2002 Annual Report, we would like to thank you for choosing Russell's MULTI ASSET MULTI STYLE MULTI MANAGER™ investment solution.

This annual report is being delivered against the backdrop of continued, uncertain markets. As the third year of a bear market passes we would like to take a moment to reflect on our investment process and how it has performed in this volatile environment.

Overall, Russell's focus on diversity and risk management has been accomplished through the use of multiple asset classes, where applicable, and multiple style differentiated money managers. This process ensures that investors are participating in a broad range of asset classes and investment styles, which is supported by money manager diversification.

As we move into 2003, we remain committed to our strategically diversified investment philosophy based on world class independent manager research. As a global leader in multi-manager investing, Russell continues to have a worldwide network of manager research analysts conducting ongoing reviews of the managers in your portfolios, ensuring that the most appropriate managers and strategies are employed.

You have put your financial security in our hands and we take that responsibility very seriously. Thank you for your investment with Russell Insurance Funds. We look forward to 2003 and continuing to earn your support.

Warm Regards,

A handwritten signature in black ink, appearing to be 'LB' with a horizontal line extending to the right.

Len Brennan
President and Chief Executive Officer

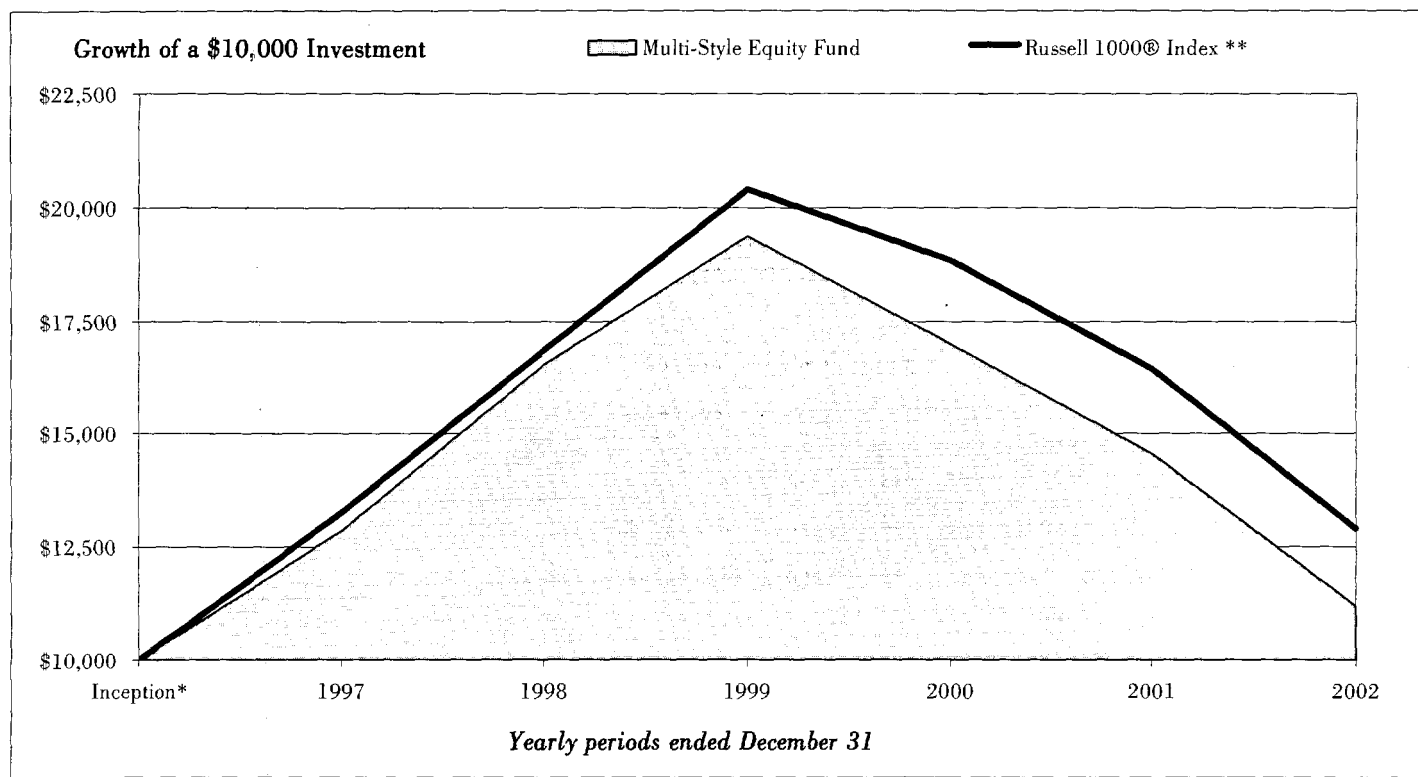
Multi-Style Equity Fund

Portfolio Management Discussion — December 31, 2002 (Unaudited)

Objective: To provide income and capital growth by investing principally in equity securities.

Invests in: Primarily US equity securities.

Strategy: The Fund uses a multi-style, multi-manager strategy intended to achieve higher returns with moderate risk. The Fund employed the investment management services of eight managers with three separate and distinct investment styles.



Multi-Style Equity Fund

Periods Ended 12/31/02	Growth of \$10,000	Total Return
1 Year	\$ 7,681	(23.19)%
5 Years	\$ 8,719	(2.70)%§
Inception	\$ 11,207	1.92%§

Russell 1000® Index

Periods Ended 12/31/02	Growth of \$10,000	Total Return
1 Year	\$ 7,835	(21.65)%
5 Years	\$ 9,714	(0.58)%§
Inception	\$ 12,906	4.34%§

Performance Review

For the year ended December 31, 2002, the RIF Multi-Style Equity Fund lost 23.19%. This compared to a loss of 21.65% for the Fund's benchmark, the Russell 1000® Index.

Market and Portfolio Highlights

Stocks fell precipitously in 2002 as investors lost confidence in the integrity of corporate America's management and accounting practices, credit rating agencies lowered ratings, geopolitical risks heightened, and corporate profit growth was far short of expectations due to weak pricing and higher labor and energy costs. The market experienced many high profile corporate scandals (Worldcom, Global Crossing, UAL, Kmart, and Tenet) with relatively few positive surprises. US equity large cap indices fell for the third consecutive year, with the S&P 500® Index posting the worst returns since 1974.

The twelve months ended December 31, 2002 provided a somewhat challenging environment for active managers as stocks that led US equity market leadership shifted rapidly between the first three quarters of the year and the fourth quarter. Market leaders in the first nine months of the year included companies considered defensive, such as undervalued, anti-cyclical companies with histories of predictable, current earnings and low debt levels. Conversely, market leaders in the fourth quarter were more speculative companies, such as ones with only forward projected earnings growth. For the year, value indices outpaced growth by more than 12%. Sectors such as consumer staples led market returns, while technology and telecom companies trailed.

Multi-Style Equity Fund

Portfolio Management Discussion—December 31, 2002 (Unaudited)

The Fund performed relatively well in the first nine months of 2002 in an environment that generally did not reward superior fundamentals. The fourth quarter, however, reversed this trend as speculative low quality shares with weak fundamentals led the market. Eight of the eleven managers in the Fund during the year beat their growth, value or market-oriented style benchmarks. The managers within the value style (those seeking undervalued companies combined with positive future growth potential) fared particularly well during the period. Yet Suffolk Capital Management and Peachtree Capital Management both underperformed, offsetting some of the positive returns contributed by other managers in the Fund.

The Fund's sector positioning was favorable to performance, aided by an underweight in technology shares and an overweight in materials and processing shares. However, specific stock selection hurt performance as the drop in Tyco's share price removed approximately 50 basis points from the Fund's results, and the well-performing regional bank sector was underrepresented. Generally, stock selection was favorable in most sectors, especially among healthcare issues (including overweights in Boston Scientific and United Health), and the multi-industry other sector (with an underweight in General Electric). The Fund's aggregate bias throughout 2002 favored companies with above-average earnings potential, which detracted from returns during the fourth quarter.

The Fund's multi-manager investment approach added value by remaining risk controlled in a highly volatile market. The Fund benefited from risk control enhancements at Turner Investment Partners, Westpeak Global Advisors defensive strategy, and from two managers changes implemented during the year. Alliance Capital Management was replaced with Montag & Caldwell in October 2002. This change more fully diversifies the growth allocation of the Fund. Peachtree Asset Management was terminated in December, with its 5% weight allocated to Jacobs Levy Equity Management, Montag & Caldwell, and Strong Capital Management. Significant organizational changes within Peachtree caused the Fund to withdraw assets from this manager.

Top Ten Equity Holdings (as a percent of Total Investments)

December 31, 2002

Pfizer, Inc.	2.8%
Citigroup, Inc.	2.4
Exxon Mobil Corp.	1.9
Procter & Gamble Co.	1.9
Microsoft Corp.	1.8
American International Group	1.6
Amgen, Inc.	1.5
Johnson & Johnson	1.4
Medtronic, Inc.	1.4
Bank of America Corp.	1.3

Portfolio Characteristics

December 31, 2002

Current P/E Ratio	19.6x
Portfolio Price/Book Ratio	2.58x
Market Capitalization - \$-Weighted Average	64.42 Bil
Number of Holdings	618

Money Managers

Styles

Alliance Capital Management, LP - Bernstein Investment Research and Management Unit	Value
Barclays Global Fund Advisors	Value
Brandywine Asset Management, LLC	Value
Jacobs Levy Equity Management, Inc.	Market-Oriented
Montag & Caldwell, Inc.	Growth
Strong Capital Management, Inc.	Growth
Turner Investment Partners, Inc.	Growth
Westpeak Global Advisors, LP	Market-Oriented

* The Fund commenced operations on January 2, 1997. Index comparison began January 1, 1997.

** Russell 1000[®] Index includes the 1,000 largest companies in the Russell 3000[®] Index. The Russell 1000[®] Index represents the universe of stocks from which most active money managers typically select. The Russell 1000[®] Index return reflects adjustments for income dividends and capital gains distributions reinvested as of the ex-dividend dates.

§ Annualized.

Multi-Style Equity Fund

Statement of Net Assets — December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Common Stocks - 93.4%					
Auto and Transportation - 2.1%					
American Axle & Manufacturing Holdings, Inc. (Æ)	970	23	Colgate-Palmolive Co.	26,800	1,405
ArvinMeritor, Inc.	1,664	28	Corinthian Colleges, Inc. (Æ)	4,200	159
Autoliv, Inc.	4,400	92	Costco Wholesale Corp. (Æ)	10,200	286
Burlington Northern Santa Fe Corp.	21,750	566	Darden Restaurants, Inc.	1,775	36
Continental Airlines, Inc. Class B (Æ)	9,000	65	Dollar General Corp.	2,300	27
Cooper Tire & Rubber Co.	3,570	55	DoubleClick, Inc. (Æ)	1,380	8
CSX Corp.	900	25	Eastman Kodak Co.	5,700	200
Dana Corp.	12,600	148	eBay, Inc. (Æ)	14,710	998
Delphi Corp.	13,270	107	EchoStar Communications Corp. (Æ)	12,790	285
FedEx Corp.	2,730	148	Electronic Arts, Inc. (Æ)	21,130	1,052
Ford Motor Co.	32,749	305	Estee Lauder Cos., Inc. (The) Class A	4,000	106
General Motors Corp.	16,958	625	Expedia, Inc. Class A (Æ)	40	3
Genuine Parts Co.	5,200	160	Family Dollar Stores	1,970	61
Goodyear Tire & Rubber Co. (The)	14,700	100	Fastenal Co.	6,500	243
Harley-Davidson, Inc.	4,700	217	Federated Department Stores (Æ)	10,666	307
JB Hunt Transport Services, Inc. (Æ)	1,500	44	Fisher Scientific International (Æ)	500	15
JetBlue Airways Corp. (Æ)	1,970	53	Fortune Brands, Inc.	8,070	375
Norfolk Southern Corp.	9,400	188	Fox Entertainment Group, Inc. Class A (Æ)	110	3
Paccar, Inc.	1,120	52	Gannett Co., Inc.	17,110	1,228
Skywest, Inc.	2,020	26	Gap, Inc. (The)	16,300	253
Southwest Airlines Co.	15,145	211	Gemstar-TV Guide International, Inc. (Æ)	9,840	32
Swift Transportation Co., Inc. (Æ)	140	3	Gillette Co. (The)	50,150	1,523
Union Pacific Corp.	3,890	233	GTECH Holdings Corp. (Æ)	760	21
United Parcel Service, Inc. Class B	12,600	795	Harrah's Entertainment, Inc. (Æ)	1,910	76
Visteon Corp.	8,400	58	Hearst-Argyle Television, Inc. (Æ)	230	6
		<u>4,327</u>	Hilton Hotels Corp.	2,100	27
			Hollywood Entertainment Corp. (Æ)	2,100	32
			Home Depot, Inc.	16,490	395
			International Game Technology (Æ)	5,500	418
			Interpublic Group Cos., Inc.	8,600	121
			ITT Educational Services, Inc. (Æ)	1,800	42
			JC Penney Co., Inc. Holding Co.	3,500	81
			Jones Apparel Group, Inc. (Æ)	2,300	82
			Kimberly-Clark Corp.	6,300	299
			Knight-Ridder, Inc.	3,210	203
			Kohl's Corp. (Æ)	32,170	1,800
			Landry's Restaurants, Inc.	1,400	30
			Leggett & Platt, Inc.	4,500	101
			Limited Brands	9,690	135
			Liz Claiborne, Inc.	690	20
			Lowe's Cos., Inc.	13,660	512
			Manpower, Inc.	9,100	290
			Marriott International, Inc. Class A	17,800	585
			Mattel, Inc.	4,360	83
			May Department Stores Co. (The)	7,930	182
			McDonald's Corp.	33,320	536
			McGraw-Hill Cos., Inc. (The)	1,500	91
			Media General, Inc. Class A	50	3
			Meredith Corp.	1,480	61
			Metro-Goldwyn-Mayer, Inc. (Æ)	280	4
			MGM Mirage (Æ)	2,300	76
			New York Times Co. Class A	500	23
			Newell Rubbermaid, Inc.	21,500	652
			Nordstrom, Inc.	1,100	21
Consumer Discretionary - 17.4%					
AOL Time Warner, Inc. (Æ)	22,430	294			
Apollo Group, Inc. Class A (Æ)	17,800	783			
Applebees International, Inc.	1,750	41			
Avon Products, Inc.	8,100	436			
Banta Corp.	560	18			
BearingPoint, Inc. (Æ)	13,800	95			
Bed Bath & Beyond, Inc. (Æ)	8,000	276			
Belo Corp. Class A	590	13			
Big Lots, Inc. (Æ)	1,700	22			
BJ's Wholesale Club, Inc. (Æ)	9,370	171			
Black & Decker Corp.	3,290	141			
Blyth, Inc.	1,350	36			
Brunswick Corp.	3,400	68			
Callaway Golf Co.	4,000	53			
Carnival Corp.	11,500	287			
CBRL Group, Inc.	1,700	51			
Cendant Corp. (Æ)	36,900	387			
Cheesecake Factory (The) (Æ)	3,500	127			
Chico's FAS, Inc. (Æ)	20,100	380			
Claire's Stores, Inc.	2,400	53			
Clear Channel Communications, Inc. (Æ)	34,640	1,292			
Clorox Co.	3,950	163			
Coach, Inc. (Æ)	6,500	214			

Multi-Style Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Office Depot, Inc. (Æ)	6,130	90	Coca-Cola Enterprises, Inc.	5,800	126
Omnicom Group	10,430	674	ConAgra Foods, Inc.	25,320	633
Pacific Sunwear of California (Æ)	4,350	77	Constellation Brands, Inc. Class A (Æ)	110	3
Park Place Entertainment Corp. (Æ)	11,640	98	Coors (Adolph) Class B	400	25
PEP Boys-Manny Moe & Jack	2,700	31	CVS Corp.	10,600	265
Petsmart, Inc. (Æ)	13,710	235	Dean Foods Co. (Æ)	1,900	70
PF Chang's China Bistro, Inc. (Æ)	2,300	83	Del Monte Foods Co. (Æ)	22,006	169
Pier 1 Imports, Inc.	1,400	27	Dial Corp. (The)	2,990	61
Pittston Brink's Group	1,620	30	Dole Food Co.	290	9
Procter & Gamble Co.	46,080	3,960	General Mills, Inc.	3,000	141
RadioShack Corp.	2,250	42	Hershey Foods Corp.	1,300	88
Ross Stores, Inc.	1,100	47	HJ Heinz Co.	2,700	89
RR Donnelley & Sons Co.	6,300	137	Hormel Foods Corp.	2,130	50
Scripps Co. (E.W.) Class A	900	69	Kellogg Co.	17,170	588
Sears Roebuck and Co.	10,500	251	Kraft Foods, Inc. Class A	6,500	253
Service Corp. International (Æ)	28,300	94	Kroger Co. (Æ)	5,310	82
ServiceMaster Co. (The)	9,830	109	Monsanto Co.	11,872	229
Stanley Works (The)	1,000	35	Pepsi Bottling Group, Inc.	1,240	32
Staples, Inc. (Æ)	10,810	198	PepsiAmericas, Inc.	1,890	25
Starwood Hotels & Resorts Worldwide, Inc.	2,200	52	PepsiCo, Inc.	42,132	1,779
Take-Two Interactive Software (Æ)	3,200	75	Performance Food Group Co. (Æ)	1,200	41
Talbots, Inc.	960	26	Philip Morris Cos., Inc.	39,850	1,615
Target Corp.	2,000	60	RJ Reynolds Tobacco Holdings, Inc.	7,390	311
Tech Data Corp. (Æ)	1,210	33	Sara Lee Corp.	37,280	839
Ticketmaster Class B (Æ)	320	7	Supervalu, Inc.	16,440	271
TJX Cos., Inc.	8,700	170	Systemco Corp.	12,920	385
Toys R Us, Inc. (Æ)	2,200	22	Tyson Foods, Inc. Class A	5,260	59
Tribune Co.	4,000	182	Unilever NV	2,100	130
University of Phoenix Online (Æ)	3,200	115	UST, Inc.	500	17
Univision Communications, Inc. Class A (Æ)	10,300	252	Walgreen Co.	9,500	277
USA Interactive (Æ)	35,320	810	Whole Foods Market, Inc. (Æ)	4,000	211
VF Corp.	7,500	270	WM Wrigley Jr. Co.	1,900	104
Viacom, Inc. Class B (Æ)	21,309	869			<u>12,261</u>
Wal-Mart Stores, Inc.	47,010	2,374	Financial Services - 20.0%		
Wallace Computer Services, Inc.	900	19	ACE, Ltd.	900	26
Walt Disney Co.	92,760	1,513	Aetna, Inc.	5,940	244
Washington Post Class B	60	44	Aflac, Inc.	10,300	310
Waste Connections, Inc. (Æ)	1,800	69	AG Edwards, Inc.	450	15
Waste Management, Inc.	13,710	314	Allmerica Financial Corp.	6,050	61
Weight Watchers International, Inc. (Æ)	3,000	138	Allstate Corp. (The)	17,190	636
Wendy's International, Inc.	1,200	32	American Express Co.	25,460	900
Westwood One, Inc. (Æ)	9,000	336	American Financial Group, Inc.	620	14
Whirlpool Corp.	800	42	American International Group	58,676	3,394
Williams-Sonoma, Inc. (Æ)	3,500	95	AmeriCredit Corp. (Æ)	13,300	103
Yahoo, Inc. (Æ)	36,640	599	AmSouth Bancorp	16,950	325
Yum! Brands, Inc. (Æ)	1,740	42	Annaly Mortgage Management, Inc.	2,640	50
		<u>35,861</u>	AON Corp.	2,890	55
Consumer Staples - 5.9%			Apartment Investment & Management Co. Class A (ö)	1,180	44
Albertson's, Inc.	9,160	204	Arden Realty, Inc. (ö)	770	17
Anheuser-Busch Cos., Inc.	8,550	414	Associated Banc-Corp	166	6
Campbell Soup Co.	1,800	42	Astoria Financial Corp.	480	13
Coca-Cola Co. (The)	59,870	2,624	Bank of America Corp.	39,119	2,722

Multi-Style Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Bank of New York Co., Inc. (The)	870	21	Lehman Brothers Holdings, Inc.	8,240	439
Bank One Corp.	34,820	1,273	Liberty Property Trust (ö)	80	3
Banknorth Group, Inc.	1,150	26	Lincoln National Corp.	3,540	112
BB&T Corp.	3,780	140	Loews Corp.	2,210	98
Bear Stearns Cos., Inc. (The)	2,300	137	Macerich Co. (The) (ö)	1,100	34
Berkshire Hathaway, Inc. Class B (Æ)	220	533	Marsh & McLennan Cos., Inc.	17,000	786
CarrAmerica Realty Corp. (ö)	2,727	68	MBIA, Inc.	1,925	84
Charles Schwab Corp. (The)	56,820	616	MBNA Corp.	35,890	683
Charter One Financial, Inc.	2,660	76	Merrill Lynch & Co., Inc.	24,840	943
Chelsea Property Group, Inc. (ö)	1,100	37	Metlife, Inc.	9,590	259
Chubb Corp.	3,100	162	Moody's Corp.	1,200	50
Cigna Corp.	6,250	257	Morgan Stanley	26,820	1,071
Citigroup, Inc.	143,891	5,064	National City Corp.	17,900	489
CNA Financial Corp. (Æ)	1,320	34	National Commerce Financial Corp.	560	13
Colonial BancGroup, Inc. (The)	190	2	Old National Bancorp	120	3
Comerica, Inc.	2,100	91	Old Republic International Corp.	2,560	72
Compass Bancshares, Inc.	600	19	Paychex, Inc.	6,000	167
Countrywide Financial Corp.	3,200	165	Platinum Underwriters Holdings, Ltd. (Æ)	10,600	279
Deluxe Corp.	3,015	127	PMI Group, Inc. (The)	1,850	56
Doral Financial Corp.	5,500	157	PNC Financial Services Group, Inc.	4,850	203
Duke Realty Corp. (ö)	2,960	75	Popular, Inc.	270	9
E*TRADE Group, Inc. (Æ)	18,000	87	Post Properties, Inc. (ö)	1,500	36
Equifax, Inc.	1,200	28	Principal Financial Group	7,090	214
Equity Office Properties Trust (ö)	12,744	318	Progressive Corp. (The)	1,830	91
Equity Residential (ö)	8,030	197	Protective Life Corp.	390	11
Fannie Mae	16,560	1,065	Providian Financial Corp. (Æ)	750	5
Federated Investors, Inc. Class B	4,380	111	Prudential Financial, Inc.	3,530	112
Fidelity National Financial, Inc.	1,494	49	Regions Financial Corp.	6,880	230
First Data Corp.	30,300	1,073	RenaissanceRe Holdings, Ltd.	3,500	139
First Tennessee National Corp.	160	6	Rouse Co. (The) (ö)	640	20
FirstMerit Corp.	110	2	Safeco Corp.	4,800	166
FleetBoston Financial Corp.	36,820	895	Simon Property Group, Inc. (ö)	7,990	272
Freddie Mac	17,230	1,017	SLM Corp.	3,800	395
Fulton Financial Corp.	665	12	SouthTrust Corp.	4,410	110
Golden West Financial Corp.	4,630	332	St. Paul Cos.	8,000	272
Goldman Sachs Group, Inc.	20,050	1,365	State Street Corp.	150	6
Greater Bay Bancorp	1,200	21	Sungard Data Systems, Inc. (Æ)	1,180	28
Greenpoint Financial Corp.	1,410	64	SunTrust Banks, Inc.	2,200	125
H&R Block, Inc.	3,180	128	TCF Financial Corp.	2,680	117
Hartford Financial Services Group, Inc.	1,950	89	Torchmark Corp.	2,750	100
Health Care REIT, Inc. (ö)	900	24	Travelers Property Casualty Corp. Class A (Æ)	4,605	67
Hibernia Corp. Class A	4,220	81	Travelers Property Casualty Corp. Class B (Æ)	18,858	276
Highwoods Properties, Inc. (ö)	1,470	32	Trizec Properties, Inc. (ö)	600	6
Hilb Rogal & Hamilton Co.	1,100	45	Union Planters Corp.	1,875	53
Household International, Inc.	10,040	279	UnionBanCal Corp.	2,550	100
HRPT Properties Trust (ö)	2,600	21	United Rentals, Inc. (Æ)	4,900	53
Huntington Bancshares, Inc.	10,400	195	UnumProvident Corp.	6,520	114
iStar Financial, Inc. (ö)	1,110	31	US Bancorp	33,873	719
Jefferson-Pilot Corp.	790	30	Wachovia Corp.	43,130	1,572
John Hancock Financial Services, Inc.	10,900	304	Washington Mutual, Inc.	40,652	1,404
John Nuveen Co. (The) Class A	700	18	Wells Fargo & Co.	22,838	1,070
JP Morgan Chase & Co.	50,280	1,207	WR Berkley Corp.	1,890	75
Keycorp	17,400	437			
Landamerica Financial Group, Inc.	600	21			

Multi-Style Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
XL Capital, Ltd. Class A	330	25	Wyeth	32,540	1,217
Zions BanCorp.	70	3	Zimmer Holdings, Inc. (Æ)	900	37
		<u>41,438</u>			<u>30,499</u>
Health Care - 14.8%			Integrated Oils - 3.8%		
Abbott Laboratories	5,500	220	Amerada Hess Corp.	1,780	98
Alcon, Inc. (Æ)	7,500	296	BP PLC - ADR	11,000	447
Allergan, Inc.	4,400	254	ChevronTexaco Corp.	21,935	1,458
AmerisourceBergen Corp.	2,800	152	ConocoPhillips	21,296	1,031
Amgen, Inc. (Æ)	62,960	3,043	Exxon Mobil Corp.	113,930	3,981
Amylin Pharmaceuticals, Inc. (Æ)	6,000	97	Marathon Oil Corp.	11,150	237
Anthem, Inc. (Æ)	1,500	94	Occidental Petroleum Corp.	18,800	535
Baxter International, Inc.	1,200	34	Unocal Corp.	2,030	62
Becton Dickinson & Co.	4,120	126			<u>7,849</u>
Biomet, Inc.	4,000	115			
Boston Scientific Corp. (Æ)	37,060	1,576	Materials and Processing - 3.8%		
Bristol-Myers Squibb Co.	24,860	576	Air Products & Chemicals, Inc.	6,060	259
Caremark Rx, Inc. (Æ)	390	6	Alcoa, Inc.	9,800	223
Chiron Corp. (Æ)	40	2	Allegheny Technologies, Inc.	1,650	10
CR Bard, Inc.	970	56	American Standard Cos., Inc. (Æ)	2,200	157
CuraGen Corp. (Æ)	530	2	Archer-Daniels-Midland Co.	20,954	260
DaVita, Inc. (Æ)	346	9	Ashland, Inc.	6,200	177
Eli Lilly & Co.	21,800	1,384	Avery Dennison Corp.	1,200	73
Forest Laboratories, Inc. (Æ)	16,360	1,607	Ball Corp.	1,810	93
Genentech, Inc. (Æ)	700	23	Bemis Co.	750	37
Gilead Sciences, Inc. (Æ)	7,500	255	Boise Cascade Corp.	1,200	30
Guidant Corp. (Æ)	1,780	55	Catellus Development Corp. (Æ)	660	13
HCA, Inc.	19,920	827	Cytec Industries, Inc. (Æ)	120	3
Health Management Associates, Inc. Class A	4,300	77	Dow Chemical Co. (The)	29,171	866
Humana, Inc. (Æ)	16,400	164	Du Pont EI de Nemours & Co.	18,204	772
ICOS Corp. (Æ)	480	11	Eastman Chemical Co.	3,380	124
Johnson & Johnson	55,200	2,965	Ecolab, Inc.	4,300	213
King Pharmaceuticals, Inc. (Æ)	280	5	Engelhard Corp.	5,727	128
McKesson Corp.	3,900	105	Genzyme Corp.-General Division (Æ)	9,000	266
Medimmune, Inc. (Æ)	19,350	526	Georgia-Pacific Corp.	6,930	112
Medtronic, Inc.	64,570	2,944	Grant Prideco, Inc. (Æ)	530	6
Merck & Co., Inc.	28,380	1,607	International Paper Co.	11,270	394
Mid Atlantic Medical Services (Æ)	160	5	Kaydon Corp.	1,340	28
Novartis AG - ADR	9,100	334	Lafarge North America, Inc.	1,920	63
Oxford Health Plans (Æ)	1,560	57	Lubrizol Corp.	1,440	44
Pfizer, Inc.	187,817	5,743	Masco Corp.	53,500	1,126
Pharmacia Corp.	31,604	1,321	MeadWestvaco Corp.	8,900	220
Renal Care Group, Inc. (Æ)	70	2	Newmont Mining Corp.	120	3
Schering-Plough Corp.	16,620	369	Nucor Corp.	5,400	223
St. Jude Medical, Inc. (Æ)	6,730	267	Pactiv Corp. (Æ)	7,050	154
Stericycle, Inc. (Æ)	1,700	55	PPG Industries, Inc.	5,700	286
Steris Corp. (Æ)	4,380	106	Praxair, Inc.	5,960	344
Stryker Corp.	4,000	268	Precision Castparts Corp.	2,820	68
Teva Pharmaceutical Industries - ADR	10,280	397	Rohm & Haas Co.	2,340	76
UnitedHealth Group, Inc.	9,420	787	Schulman (A.), Inc.	1,467	27
Watson Pharmaceuticals, Inc. (Æ)	2,060	58	Sealed Air Corp. (Æ)	2,300	86
WellPoint Health Networks (Æ)	3,700	263	Sherwin-Williams Co. (The)	9,260	262
			Sigma-Aldrich Corp.	560	27

Multi-Style Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Smurfit-Stone Container Corp. (Æ)	15,900	245	Boeing Co. (The)	12,200	402
Sonoco Products Co.	950	22	Caterpillar, Inc.	7,800	357
Temple-Inland, Inc.	1,100	49	Centex Corp.	460	23
United States Steel Corp.	13,740	180	Clayton Homes, Inc.	22,250	271
Worthington Industries	160	2	Cooper Industries, Ltd. Class A	2,130	78
York International Corp.	1,840	47	Cummins, Inc.	6,000	169
		<u>7,798</u>	Danaher Corp.	2,800	184
			Deere & Co.	5,560	255
Miscellaneous - 1.4%			Dover Corp.	4,600	134
Carlisle Cos., Inc.	1,424	59	DR Horton, Inc.	5,400	94
Crane Co.	420	8	Emerson Electric Co.	3,120	159
Eaton Corp.	3,700	289	General Dynamics Corp.	900	71
FMC Corp. (Æ)	3,000	82	Goodrich Corp.	4,370	80
General Electric Co.	68,500	1,668	Honeywell International, Inc.	20,265	486
Illinois Tool Works, Inc.	3,500	227	Hovnanian Enterprises, Inc. Class A (Æ)	2,500	79
ITT Industries, Inc.	1,990	121	Hubbell, Inc. Class B	2,250	79
Johnson Controls, Inc.	1,400	112	Ingersoll-Rand Co. Class A	3,100	133
St. Joe Co. (The)	2,228	67	Kla-Tencor Corp. (Æ)	4,500	159
Textron, Inc.	4,070	175	Lexmark International, Inc. (Æ)	50	3
		<u>2,808</u>	Lockheed Martin Corp.	12,300	710
			Molex, Inc. Class A	370	7
Other Energy - 2.4%			Motorola, Inc.	5,600	48
Anadarko Petroleum Corp.	1,100	53	Northrop Grumman Corp.	4,257	413
Apache Corp.	8,430	480	NVR, Inc. (Æ)	100	33
Aquila, Inc.	1,120	2	Pentair, Inc.	1,220	42
Baker Hughes, Inc.	27,990	901	PerkinElmer, Inc.	340	3
Calpine Corp. (Æ)	33,100	108	Raytheon Co.	7,990	246
Cooper Cameron Corp. (Æ)	500	25	Rockwell Collins, Inc.	3,050	71
Devon Energy Corp.	2,000	92	Steelcase, Inc. Class A	800	9
Dynegy, Inc. Class A	10,000	12	Tektronix, Inc. (Æ)	1,290	23
EL Paso Corp.	16,462	115	Toll Brothers, Inc. (Æ)	3,000	61
ENSCO International, Inc.	6,500	191	Tyco International, Ltd.	11,750	201
GlobalSantaFe Corp.	8,500	207	United Defense Industries, Inc. (Æ)	1,500	35
Halliburton Co.	18,530	347	United Technologies Corp.	9,080	562
Nabors Industries, Ltd. (Æ)	3,500	123	WW Grainger, Inc.	2,980	154
Noble Corp. (Æ)	80	3	Xerox Corp. (Æ)	16,700	134
Ocean Energy, Inc.	300	6			<u>8,249</u>
Patina Oil & Gas Corp.	1,000	32	Technology - 11.2%		
PNM Resources, Inc.	970	23	3Com Corp. (Æ)	18,750	87
Schlumberger, Ltd.	22,640	953	Accenture, Ltd. Class A (Æ)	22,540	405
Smith International, Inc. (Æ)	7,500	245	Acxiom Corp. (Æ)	710	11
Tidewater, Inc.	8,160	254	ADC Telecommunications, Inc. (Æ)	25,400	53
Transocean, Inc.	15,330	356	Adobe Systems, Inc.	11,000	273
Williams Cos., Inc.	45,050	122	Adtran, Inc. (Æ)	1,000	33
XTO Energy, Inc.	15,720	388	Advanced Micro Devices, Inc. (Æ)	26,000	168
		<u>5,038</u>	Affiliated Computer Services, Inc. Class A (Æ)	6,800	358
Producer Durables - 4.0%			Agere Systems, Inc. Class A (Æ)	94,850	137
3M Co.	13,570	1,673	Agilent Technologies, Inc. (Æ)	7,000	126
Allied Waste Industries, Inc. (Æ)	2,280	23	Altera Corp. (Æ)	1,130	14
American Power Conversion (Æ)	2,308	35	Amkor Technology, Inc. (Æ)	5,000	24
Andrew Corp. (Æ)	1,146	12	Analog Devices, Inc. (Æ)	17,600	420
Applied Materials, Inc. (Æ)	41,320	538	Applied Micro Circuits Corp. (Æ)	8,000	30

Multi-Style Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Automatic Data Processing	500	20	Taiwan Semiconductor Manufacturing		
Avnet, Inc.	2,500	27	Co., Ltd. - ADR (Æ)	41,200	290
Avocent Corp. (Æ)	730	16	Tellabs, Inc. (Æ)	1,940	14
BEA Systems, Inc. (Æ)	22,500	258	Texas Instruments, Inc.	550	8
BMC Software, Inc. (Æ)	9,800	168	TIBCO Software, Inc. (Æ)	10,950	68
Cisco Systems, Inc. (Æ)	156,890	2,055	UniSystem Corp. (Æ)	3,800	38
Citrix Systems, Inc. (Æ)	4,000	49	Utstarcom, Inc. (Æ)	260	5
Cognizant Technology Solutions Corp. (Æ)	2,000	144	VeriSign, Inc. (Æ)	4,900	39
CommScope, Inc. (Æ)	1,600	13	Vishay Intertechnology, Inc. (Æ)	300	3
Computer Associates International, Inc.	20,790	281	Xilinx, Inc. (Æ)	6,780	140
Computer Sciences Corp. (Æ)	2,930	101			<u>23,178</u>
Compuware Corp. (Æ)	3,950	19			
Conexant Systems, Inc. (Æ)	22,500	36	Utilities - 6.6%		
Corning, Inc. (Æ)	58,200	193	Allegheny Energy, Inc.	20,930	158
Dell Computer Corp. (Æ)	38,300	1,024	Alliant Energy Corp.	3,540	59
Electronic Data Systems Corp.	2,300	42	Alltel Corp.	2,610	133
Electronics for Imaging (Æ)	8,300	135	Ameren Corp.	6,090	253
EMC Corp. (Æ)	13,830	85	American Electric Power Co., Inc.	11,710	320
Harris Corp.	2,590	68	AT&T Corp.	22,539	588
Hewlett-Packard Co.	129,723	2,252	AT&T Wireless Services, Inc. (Æ)	33,097	187
Hughes Electronics Corp. Class H (Æ)	12,409	133	Avista Corp.	1,300	15
i2 Technologies, Inc. (Æ)	16,200	19	BellSouth Corp.	31,760	822
Ingram Micro, Inc. Class A (Æ)	14,610	180	Cablevision Systems Corp. Class A (Æ)	450	8
Intel Corp.	136,070	2,119	Centerpoint Energy, Inc.	15,210	129
International Business Machines Corp.	25,380	1,967	CenturyTel, Inc.	2,600	76
Intuit, Inc. (Æ)	5,140	241	CMS Energy Corp.	4,100	39
Jabil Circuit, Inc. (Æ)	3,050	55	Comcast Corp. Class A (Æ)	14,720	333
JD Edwards & Co. (Æ)	240	3	Comcast Corp. Class A (Æ)	42,396	999
JDS Uniphase Corp. (Æ)	32,300	80	Consolidated Edison, Inc.	5,420	232
LSI Logic Corp. (Æ)	6,500	38	COX Communications, Inc. Class A (Æ)	6,390	181
Lucent Technologies, Inc. (Æ)	76,800	97	Dominion Resources, Inc.	1,490	82
Macromedia, Inc. (Æ)	3,100	33	DPL, Inc.	1,880	29
Maxim Integrated Products	13,450	444	DTE Energy Co.	712	33
Mercury Interactive Corp. (Æ)	4,700	139	Duke Energy Corp.	5,510	108
Microchip Technology, Inc.	25,300	619	Edison International (Æ)	27,310	324
Micron Technology, Inc. (Æ)	8,800	86	Entergy Corp.	5,360	244
Microsoft Corp. (Æ)	70,210	3,630	Exelon Corp.	2,962	156
National Semiconductor Corp. (Æ)	280	4	FirstEnergy Corp.	2,400	79
Oracle Corp. (Æ)	61,230	661	FPL Group, Inc.	1,810	109
Palm, Inc. (Æ)	1,600	25	KeySpan Corp.	1,370	48
PanAmSat Corp. (Æ)	1,180	17	Liberty Media Corp. Class A (Æ)	65,420	585
Plexus Corp. (Æ)	410	4	Mirant Corp. (Æ)	3,651	7
QLogic Corp. (Æ)	6,500	224	Nextel Communications, Inc. Class A (Æ)	33,700	389
Qualcomm, Inc. (Æ)	37,900	1,379	Nicor, Inc.	280	10
Quantum Corp. (Æ)	14,600	39	NiSource, Inc.	410	8
Rockwell Automation, Inc.	5,150	107	Nokia OYJ - ADR	27,500	426
Sandisk Corp. (Æ)	2,900	59	Northeast Utilities	5,000	76
SAP AG - ADR	20,510	400	NSTAR	90	4
Scientific-Atlanta, Inc.	2,000	24	Peoples Energy Corp.	130	5
Soletron Corp. (Æ)	26,560	94	Pepco Holdings, Inc.	1,390	27
Storage Technology Corp. (Æ)	2,680	57	PG&E Corp. (Æ)	28,490	396
Sun Microsystems, Inc. (Æ)	1,680	5	Pinnacle West Capital Corp.	3,360	115
Symantec Corp. (Æ)	11,500	466	Progress Energy, Inc. - CVO (Æ)(Y)	1,300	—
			Public Service Enterprise Group, Inc.	2,320	74

Multi-Style Equity Fund

Statement of Net Assets, continued – December 31, 2002

	Number of Shares	Market Value (000) \$	Futures Contracts (Number of Contracts)	Notional Amount (000) \$	Unrealized Appreciation (Depreciation) (000) \$
Puget Energy, Inc.	10,800	238	Long Positions		
Quintiles Transnational Corp. (Æ)	300	4	S&P Midcap 400 Index		
Qwest Communications International	20,197	101	expiration date 03/03 (17)	3,654	(27)
Reliant Resources, Inc. (Æ)	23,515	75			
SBC Communications, Inc.	79,723	2,161	S&P 500 Index		
Sempra Energy	2,930	69	expiration date 03/03 (45)	9,888	(256)
Southern Co. (The)	8,020	228			
Sprint Corp.-FON Group	28,300	410	Total Unrealized Appreciation		
TECO Energy, Inc.	3,400	53	(Depreciation) on Open Futures		
TXU Corp.	3,290	61	Contracts Purchased		(283)
Verizon Communications, Inc.	48,652	1,885			
Vodafone Group PLC - ADR	10,000	181			
Westar Energy, Inc.	13,300	132			
Wisconsin Energy Corp.	5,470	138			
Xcel Energy, Inc.	9,580	105			
		<u>13,707</u>			
Total Common Stocks (cost \$201,723)		<u>193,013</u>			
	<u>Principal Amount (000) \$</u>				
Short-Term Investments - 6.7%					
Frank Russell Investment Company Money Market Fund (Ç)	12,911	12,911			
United States Treasury Bill 1.180% due 3/20/03 (ç)(Ÿ)(§)	1,000	<u>997</u>			
Total Short-Term Investments (cost \$13,908)		<u>13,908</u>			
Total Investments - 100.1% (identified cost \$215,631)		206,921			
Other Assets and Liabilities, Net - (0.1%)		<u>(127)</u>			
Net Assets - 100.0%		<u><u>206,794</u></u>			

See accompanying notes which are an integral part of the financial statements.

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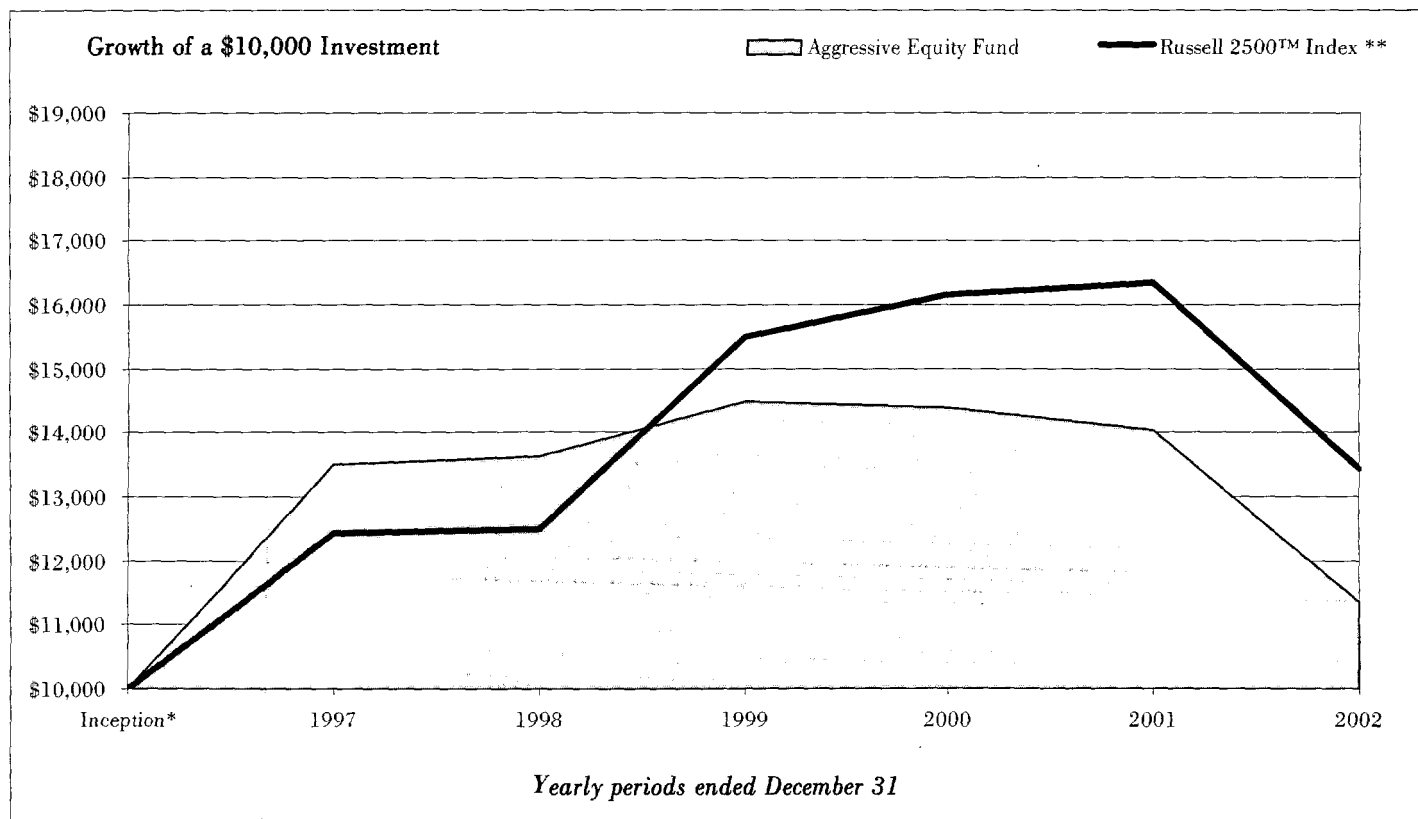
Aggressive Equity Fund

Portfolio Management Discussion—December 31, 2002 (Unaudited)

Objective: To provide capital appreciation by assuming a higher level of volatility than is ordinarily expected from the Multi-Style Equity Fund by investing in equity securities.

Invests in: Primarily common stocks of small and medium capitalization US companies.

Strategy: The Fund uses a multi-style, multi-manager strategy intended to achieve higher returns with moderate risk. The Fund employed the investment management services of eight small capitalization stock fund managers with distinct investment styles.



Aggressive Equity Fund

Periods Ended 12/31/02	Growth of \$10,000	Total Return
1 Year	\$ 8,094	(19.06)%
5 Years	\$ 8,413	(3.40)%§
Inception	\$ 11,363	2.15%§

Russell 2500™ Index

Periods Ended 12/31/02	Growth of \$10,000	Total Return
1 Year	\$ 8,220	(17.80)%
5 Years	\$ 10,812	1.58%§
Inception	\$ 13,446	5.06%

Performance Review

For the year ended December 31, 2002, the Aggressive Equity Fund lost 19.06%, as compared to the Russell 2500™ Index which dropped 17.80%.

Market and Portfolio Highlights

Stocks fell precipitously in 2002 as investors lost confidence in the integrity of corporate America's management and accounting practices, credit rating agencies lowered ratings, geopolitical risks heightened, and corporate profit growth was far short of expectations due to weak pricing and higher labor and energy costs. The market experienced many high profile corporate scandals (Worldcom, Global Crossing, UAL, Kmart, and Tenet) with relatively few positive surprises. US equity large and small cap

indices fell for the third consecutive year, with small caps holding slightly firmer than large caps.

Corporate accounting and earnings remained under scrutiny throughout the year, though most of the negative impact was felt in the large cap sector. While small cap companies are required to generate the same quantitative financial information as large cap companies, they often do not complement this with the qualitative attributes that help facilitate an understanding of their businesses. As a result, small cap managers are accustomed to delving deeper into small company accounts in order to gain confidence in these investments. This increased scrutiny and analysis benefited small cap managers' results. Where large cap sell-offs rippled into smaller stocks, some managers perceived this as a buying opportunity.

Aggressive Equity Fund

Portfolio Management Discussion—December 31, 2002 (Unaudited)

The market environment for active management was fairly neutral during most of the year, with each quarter producing both successes and failures. The Fund seeks to be fully invested at all times, which resulted in little or no cash in the portfolio during the period. This was a detriment to Fund performance during the year, as markets declined. Small cap growth managers that invested in companies with aggressive earnings growth projections were hurt during the year, as were small cap value managers that emphasized cyclically-oriented stocks whose prices had become depressed. Managers betting on technology shares saw these prices drop sharply in 2002. Managers using a strategy of following market trends also fared poorly as market trends reversed each quarter.

Fourth quarter 2002 was a difficult market environment for active managers due to several factors. The quarter witnessed a rally in lower quality/higher risk issues (stocks with no earnings, high prices relative to earnings, stock price volatility and high debt levels). The smallest cap companies within the small cap index outperformed all other small cap issues. Since active managers generally underweight the smallest companies, performance suffered as a result. Lastly, active managers generally retain an allocation to cash, which after helping performance earlier in the year, dampened results as markets rallied.

For the year, the Fund's managers that focused generally on stocks with consistent, visible and predictable earnings combined with quality financial statements produced the best returns. These managers overweighted companies with the ability to internally finance growth and underweighted those whose cash outflows exceeded their earnings inflows. TimesSquare, as the top performing manager in the Fund, demonstrated these successful techniques. This firm's investment approach significantly underweighted technology issues and overweighted consumer finance companies with consistent and visible earnings. Goldman, Systematic and CapitalWorks underperformed, yet were all within expectations given the unfriendly market environment.

Managers that struggled in this market environment included Suffolk and David J. Greene. These firms' investment approaches generally favored companies with attractive share prices relative to balance sheet cash, but with little or no current earnings. They overweighted technology and other more cyclical companies, while avoiding financial companies. Technology and other cyclical shares are usually among the first to benefit from an economic and market recovery.

In May 2002, Goldman Sachs Asset Management was retained by the Fund, replacing Westpeak Global Advisors L.P. Goldman is rated very highly by the Fund's management research team and will provide small cap core exposure to the Fund's strategy. Westpeak's investment processes and staffing experienced changes during the period which made them unattractive to the Fund.

Top Ten Equity Holdings (as a percent of Total Investments) December 31, 2002

Getty Images, Inc.	0.6%
Annaly Mortgage Management, Inc.	0.5
Doral Financial Corp.	0.5
Dial Corp. (The)	0.5
First American Corp.	0.5
Omnicare, Inc.	0.5
Fidelity National Financial, Inc.	0.5
3Com Corp.	0.4
DaVita, Inc.	0.4
Lincare Holdings, Inc.	0.4

Portfolio Characteristics December 31, 2002

Current P/E Ratio	15.9x
Portfolio Price/Book Ratio	1.72x
Market Capitalization - \$-Weighted Average	1.54 Bil
Number of Holdings	902

Money Managers Styles

CapitalWorks Investment Partners, LLC	Growth
David J. Greene & Co., LLC	Value
Geewax, Terker & Co.	Growth
Goldman Sachs Asset Management	Market-Oriented
Jacobs Levy Equity Management, Inc.	Value
Suffolk Capital Management, Inc.	Growth
Systematic Financial Management, LP	Value
TimesSquare Capital Management, Inc.	Growth

* The Fund commenced operations on January 2, 1997. Index comparison began January 1, 1997.

** Russell 2500™ Index is composed of the bottom 500 stocks in the Russell 1000® Index and all the stocks in the Russell 2000® Index. The Russell 2500™ Index return reflects adjustments for income dividends and capital gains distributions reinvested as of the ex-dividend dates.

§ Annualized.

Aggressive Equity Fund

Statement of Net Assets—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Common Stocks - 92.3%			American Eagle Outfitters (Æ)	2,400	33
Auto and Transportation - 3.9%			Ameristar Casinos, Inc. (Æ)	500	7
AAR Corp.	2,000	10	AnnTaylor Stores Corp. (Æ)	18,426	376
Aftermarket Technology Corp. (Æ)	1,700	25	Applebees International, Inc.	1,800	42
Airborne, Inc.	2,900	43	Applica, Inc. (Æ)	1,700	9
Alaska Air Group, Inc. (Æ)	10,600	229	Argosy Gaming Co. (Æ)	2,400	45
AMR Corp. (Æ)	2,700	18	Asbury Automotive Group, Inc. (Æ)	4,500	38
AO Smith Corp.	11,600	313	BearingPoint, Inc. (Æ)	9,700	67
Atlantic Coast Airlines Holdings, Inc. (Æ)	2,400	29	Belo Corp. Class A	3,000	64
Aviall, Inc. (Æ)	9,800	79	Big Lots, Inc. (Æ)	16,910	224
BorgWarner, Inc.	5,198	262	BJ's Wholesale Club, Inc. (Æ)	2,600	48
CH Robinson Worldwide, Inc.	1,900	59	Bob Evans Farms	3,900	91
CNF, Inc.	8,900	296	Bombay Co., Inc. (The) (Æ)	5,100	26
Continental Airlines, Inc. Class B (Æ)	3,300	24	Boyd Gaming Corp. (Æ)	900	13
Delta Air Lines, Inc.	15,600	189	Brinker International, Inc. (Æ)	5,200	168
Dura Automotive Systems, Inc. Class A (Æ)	8,100	81	Brown Shoe Co., Inc.	2,500	60
EGL, Inc. (Æ)	4,900	70	Brunswick Corp.	12,500	248
Expeditors International Washington, Inc.	2,400	78	Callaway Golf Co.	13,900	184
ExpressJet Holdings, Inc. (Æ)	1,400	14	Career Education Corp. (Æ)	1,700	68
Fleetwood Enterprises, Inc. (Æ)	10,100	79	Casella Waste Systems, Inc. Class A	2,900	26
Frontier Airlines, Inc. (Æ)	790	5	Catalina Marketing Corp. (Æ)	3,700	68
Genesee & Wyoming, Inc. Class A (Æ)	600	12	CBRL Group, Inc.	6,600	199
Gentex Corp. (Æ)	5,200	165	CDI Corp. (Æ)	2,200	59
Heartland Express, Inc. (Æ)	439	10	Central Garden and Pet Co. (Æ)	8,800	163
JB Hunt Transport Services, Inc. (Æ)	9,500	278	Central Parking Corp.	2,000	38
JetBlue Airways Corp. (Æ)	300	8	Charming Shoppes (Æ)	15,800	66
Kansas City Southern (Æ)	4,000	48	Chattem, Inc. (Æ)	1,800	37
Keystone Automotive Industries, Inc. (Æ)	270	4	Choice Hotels International, Inc. (Æ)	3,762	85
Landstar System, Inc. (Æ)	800	47	ChoicePoint, Inc. (Æ)	7,799	308
Lear Corp. (Æ)	3,600	120	Claire's Stores, Inc.	8,100	179
Navistar International Corp. (Æ)	3,100	75	Clear Channel Communications, Inc. (Æ)	2,900	108
Offshore Logistics, Inc. (Æ)	200	4	Coach, Inc. (Æ)	2,290	75
OMI Corp. (Æ)	23,200	95	Coinstar, Inc. (Æ)	800	18
Oshkosh Truck Corp.	1,300	80	Columbia Sportswear Co. (Æ)	2,600	115
Overseas Shipholding Group	2,800	50	Consolidated Graphics, Inc. (Æ)	1,000	22
Pacer International, Inc. (Æ)	1,900	25	Corinthian Colleges, Inc. (Æ)	2,600	98
Polaris Industries, Inc.	600	35	Corporate Executive Board Co. (Æ)	7,300	233
Roadway Corp.	2,800	103	COX Radio, Inc. Class A (Æ)	7,539	172
Skywest, Inc.	8,000	105	Cumulus Media, Inc. Class A (Æ)	5,544	82
TBC Corp. (Æ)	1,500	18	Dave & Buster's, Inc. (Æ)	5,400	47
Tenneco Automotive, Inc. (Æ)	3,500	14	Dillard's, Inc. Class A	13,400	213
USFreightways Corp.	2,900	83	Dollar Tree Stores, Inc. (Æ)	2,365	58
Visteon Corp.	41,900	292	Earthlink, Inc. (Æ)	11,700	64
Wabtec Corp.	8,700	122	Education Management Corp. (Æ)	7,800	293
Werner Enterprises, Inc.	5,466	118	Electronic Arts, Inc. (Æ)	1,500	75
		<u>3,814</u>	Electronics Boutique Holdings Corp. (Æ)	5,300	84
			Elizabeth Arden, Inc. (Æ)	1,400	21
Consumer Discretionary - 19.2%			Entercom Communications Corp. (Æ)	4,900	230
Abercrombie & Fitch Co. Class A (Æ)	11,137	228	Ethan Allen Interiors, Inc.	2,582	89
AC Moore Arts & Crafts, Inc. (Æ)	380	5	Fisher Scientific International (Æ)	3,690	111
Advance Auto Parts (Æ)	4,000	196	Footstar, Inc. (Æ)	8,900	62
Advo, Inc. (Æ)	2,200	72	Freemarkets, Inc. (Æ)	11,881	77
Alberto-Culver Co. Class B	5,168	260	FTI Consulting, Inc. (Æ)	1,250	50
Alliance Gaming Corp. (Æ)	200	3	Furniture Brands International, Inc. (Æ)	1,200	29

Aggressive Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
G&K Services, Inc. Class A	1,000	35	PDI, Inc. (Æ)	2,800	30
Gart Sports Co. (Æ)	480	9	Penn National Gaming, Inc. (Æ)	1,100	17
Genesco, Inc. (Æ)	10,000	186	PEP Boys-Manny Moe & Jack	20,132	234
Getty Images, Inc. (Æ)	20,476	625	Petsmart, Inc. (Æ)	7,000	120
Group 1 Automotive, Inc. (Æ)	3,796	91	PF Chang's China Bistro, Inc. (Æ)	600	22
GTECH Holdings Corp. (Æ)	6,100	170	Pier 1 Imports, Inc.	17,349	328
Guitar Center, Inc. (Æ)	800	13	Pinnacle Entertainment, Inc. (Æ)	2,900	20
Gymboree Corp. (Æ)	3,900	62	Pittston Brink's Group	6,400	118
Harman International Industries, Inc.	3,400	202	Playtex Products, Inc. (Æ)	12,500	124
Harte-Hanks, Inc.	5,100	95	Pre-Paid Legal Services, Inc. (Æ)	4,000	105
Hearst-Argyle Television, Inc. (Æ)	12,300	297	Priceline.com, Inc. (Æ)	5,700	9
Hollinger International, Inc.	5,300	54	ProQuest Co. (Æ)	7,100	139
Hollywood Casino Corp. Class A (Æ)	400	5	Pulitzer, Inc.	5,100	229
Hollywood Entertainment Corp. (Æ)	4,600	69	Quanta Services, Inc. (Æ)	4,300	15
Hotels.com Class A (Æ)	2,100	115	Quiksilver, Inc. (Æ)	15,397	410
Insight Communications (Æ)	4,400	54	Racing Champions Ertl Corp. (Æ)	500	7
Iron Mountain, Inc. (Æ)	5,600	185	Radio One, Inc. Class D (Æ)	13,165	190
Isle of Capri Casinos, Inc. (Æ)	2,300	30	Rare Hospitality International, Inc. (Æ)	3,900	108
ITT Educational Services, Inc. (Æ)	3,600	85	Reader's Digest Association, Inc. (The)		
Jo-Ann Stores, Inc. Class A (Æ)	3,100	71	Class A	1,400	21
K-Swiss, Inc. Class A	2,000	43	Reebok International, Ltd. (Æ)	6,500	191
Kelly Services, Inc. Class A	900	22	Regal Entertainment Group Class A	6,400	137
Kroll, Inc. (Æ)	3,800	73	Regis Corp.	6,800	177
La-Z-Boy, Inc.	5,000	120	Rent-A-Center, Inc. (Æ)	7,200	360
Labor Ready, Inc. (Æ)	4,600	30	Republic Services, Inc. (Æ)	6,000	126
Lamar Advertising Co. (Æ)	7,964	268	Rex Stores Corp. (Æ)	1,400	14
Landry's Restaurants, Inc.	6,500	138	Ross Stores, Inc.	1,000	42
Lexar Media, Inc. (Æ)	3,700	23	Royal Caribbean Cruises, Ltd.	13,941	233
Lightridge, Inc. (Æ)	1,300	8	Ruby Tuesday, Inc.	2,200	38
Lin TV Corp. Class A (Æ)	5,700	139	Saks, Inc. (Æ)	22,100	259
Linens 'N Things, Inc. (Æ)	1,600	36	Salton, Inc. (Æ)	1,900	18
Lithia Motors, Inc. Class A (Æ)	1,600	25	Scholastic Corp. (Æ)	3,600	129
Liz Claiborne, Inc.	4,600	136	Scientific Games Corp. Class A (Æ)	8,700	63
M T R Gaming Group, Inc. (Æ)	1,100	9	SCP Pool Corp. (Æ)	12,100	353
Mandalay Resort Group (Æ)	1,500	46	Sharper Image Corp. (Æ)	1,400	24
Manpower, Inc.	5,800	185	Shoe Carnival, Inc. (Æ)	1,200	17
Maytag Corp.	2,900	83	ShopKo Stores, Inc. (Æ)	26,500	330
McClatchy Co. Class A	1,600	91	Sinclair Broadcast Group, Inc. Class A (Æ)	7,900	92
Media General, Inc. Class A	4,100	246	Skechers U.S.A., Inc. Class A (Æ)	17,900	152
Mobile Mini, Inc. (Æ)	3,400	53	Sonic Automotive, Inc. (Æ)	2,600	39
Mothers Work, Inc. (Æ)	400	14	Sonic Corp. (Æ)	1,350	28
Movado Group, Inc.	5,000	94	Spherion Corp. (Æ)	23,800	159
MPS Group, Inc. (Æ)	18,300	101	Sports Authority, Inc. (Æ)	5,000	35
Multimedia Games, Inc. (Æ)	700	19	Stage Stores, Inc. (Æ)	3,451	73
Navigant International, Inc. (Æ)	1,500	18	Station Casinos, Inc. (Æ)	4,400	78
Neiman-Marcus Group, Inc. Class A (Æ)	4,800	146	Steak N Shake Co. (The) (Æ)	2,000	20
Nu Skin Enterprises, Inc.	11,300	135	Steiner Leisure, Ltd. (Æ)	7,082	99
O'Charleys, Inc. (Æ)	800	16	Stride Rite Corp.	3,000	22
OfficeMax, Inc. (Æ)	3,900	20	Take-Two Interactive Software (Æ)	3,100	73
On Assignment, Inc. (Æ)	1,700	14	Tech Data Corp. (Æ)	3,300	89
Outback Steakhouse, Inc.	4,500	155	TeleTech Holdings, Inc. (Æ)	1,900	14
Pacific Sunwear of California (Æ)	8,700	154	Tetra Tech, Inc. (Æ)	4,325	53
Park Place Entertainment Corp. (Æ)	30,500	256	Ticketmaster Class B (Æ)	1,100	23
Payless Shoesource, Inc. (Æ)	800	41	Tiffany & Co.	3,100	74

Aggressive Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Timberland Co. Class A (Æ)	1,000	36	Financial Services - 20.1%		
Toro Co.	2,500	160	AG Edwards, Inc.	6,133	202
Tuesday Morning Corp. (Æ)	1,000	17	American Financial Group, Inc.	3,500	81
United Auto Group, Inc. (Æ)	8,600	107	American Financial Holdings, Inc.	800	24
United Stationers, Inc. (Æ)	1,700	49	American Home Mortgage Holdings, Inc.	1,340	15
Urban Outfitters, Inc. (Æ)	500	12	AmeriCredit Corp. (Æ)	2,600	20
Valassis Communications, Inc. (Æ)	3,800	112	Ameritrade Holding Corp. (Æ)	4,900	28
Valuevision Media, Inc. Class A (Æ)	5,918	89	AmerUs Group Co.	2,800	79
VCA Antech, Inc. (Æ)	12,900	194	Annaly Mortgage Management, Inc.	28,500	535
Waste Connections, Inc. (Æ)	3,700	143	Anthracite Capital, Inc.	8,500	93
West Corp. (Æ)	5,000	83	Arthur J Gallagher & Co.	2,300	68
Williams-Sonoma, Inc. (Æ)	6,243	169	Associated Banc-Corp	5,411	184
World Fuel Services Corp.	900	18	Astoria Financial Corp.	14,900	405
Zale Corp. (Æ)	2,009	64	Bancorpsouth, Inc.	2,000	39
		<u>18,772</u>	Bank of Hawaii Corp.	7,500	228
Consumer Staples - 3.7%			BankAtlantic Bancorp, Inc. Class A	10,600	100
7-Eleven, Inc. (Æ)	2,000	15	Banknorth Group, Inc.	5,600	127
American Italian Pasta Co. Class A (Æ)	4,000	144	BankUnited Financial Corp. Class A (Æ)	9,500	154
Boston Beer Co, Inc.	3,100	44	Bear Stearns Cos., Inc. (The)	2,600	154
Chiquita Brands International, Inc. (Æ)	2,300	30	Bedford Property Investors (ö)	2,700	69
Church & Dwight, Inc.	4,800	146	BISystem Group, Inc. (The) (Æ)	11,500	183
Constellation Brands, Inc. Class A (Æ)	13,520	321	Blackrock, Inc. (Æ)	500	20
Coors (Adolph) Class B	3,700	227	BOK Financial Corp. (Æ)	600	19
Corn Products International, Inc.	2,400	72	Boykin Lodging Co. (ö)	2,200	21
Dean Foods Co. (Æ)	3,100	115	Brandywine Realty Trust (ö)	1,000	22
Del Monte Foods Co. (Æ)	4,700	36	Brown & Brown, Inc.	8,500	275
Dial Corp. (The)	25,100	510	Capital Automotive REIT (ö)	3,300	78
DIMON, Inc.	5,500	33	Capitol Federal Financial	500	14
Dole Food Co.	12,600	411	Capstead Mortgage Corp.	900	22
Dreyer's Grand Ice Cream, Inc.	300	21	Cash America International, Inc.	4,900	47
Duane Reade, Inc. (Æ)	700	12	Cathay Bancorp, Inc.	500	19
Fleming Cos., Inc.	3,600	24	CBL & Associates Properties, Inc. (ö)	8,100	324
Flowers Foods, Inc.	5,900	115	CCC Information Services Group (Æ)	6,600	117
Great Atlantic & Pacific Tea Co. (Æ)	6,700	54	Certegy, Inc. (Æ)	3,900	96
International Multifoods Corp. (Æ)	1,200	25	City Holding Co.	2,100	59
Interstate Bakeries	900	14	City National Corp.	2,800	123
J&J Snack Foods Corp. (Æ)	300	11	Clark/Bardes, Inc. (Æ)	400	8
JM Smucker Co. (The)	600	24	Cobalt Corp. (Æ)	8,700	120
Nash Finch Co.	5,500	43	Colonial BancGroup, Inc. (The)	8,100	97
NBTY, Inc. (Æ)	1,500	26	Commerce Bancorp, Inc.	900	39
Pathmark Stores, Inc. (Æ)	19,000	96	Commerce Bancshares, Inc.	525	21
PepsiAmericas, Inc.	14,800	199	Commerce Group, Inc.	2,400	90
Performance Food Group Co. (Æ)	6,600	224	Commercial Federal Corp.	9,200	215
Ralcorp Holdings, Inc. (Æ)	2,300	58	Commercial Net Lease Realty (ö)	1,700	26
Ruddick Corp.	1,400	19	Community Bank System, Inc.	700	22
Schweitzer-Mauduit International, Inc.	800	20	Cornerstone Realty Income Trust, Inc. (ö)	700	6
Sensient Technologies Corp.	5,000	112	Corus Bankshares, Inc.	500	22
Smithfield Foods, Inc. (Æ)	1,200	24	Cullen/Frost Bankers, Inc.	6,000	196
Standard Commercial Corp.	1,200	22	Delphi Financial Group Class A	500	19
Tootsie Roll Industries, Inc.	2,900	89	Deluxe Corp.	5,500	232
Tyson Foods, Inc. Class A	5,700	64	Dime Bancorp, Inc. 2050 Warrants (Æ)	36,300	4
United Natural Foods, Inc. (Æ)	2,110	53	Dime Community Bancshares	10,025	192
Universal Corp.	3,200	118	Doral Financial Corp.	17,900	511
		<u>3,571</u>	Dun & Bradstreet Corp. (Æ)	1,200	41

Aggressive Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
E*TRADE Group, Inc. (Æ)	29,000	141	John Nuveen Co. (The) Class A	4,700	119
East-West Bancorp, Inc.	3,100	112	Koger Equity, Inc. (ö)	3,500	55
Eaton Vance Corp.	1,600	45	La Quinta Corp. (Æ)	10,000	44
eFunds Corp. (Æ)	8,100	74	LaBranche & Co., Inc. (Æ)	12,700	338
Entertainment Properties Trust (ö)	2,100	49	Landamerica Financial Group, Inc.	8,700	308
Equity Inns, Inc. (ö)	6,900	42	Legg Mason, Inc.	6,200	301
Equity One, Inc. (ö)	900	12	LendingTree, Inc. (Æ)	3,400	44
Factset Research Systems, Inc.	2,700	76	Local Financial Corp. (Æ)	1,100	16
Fair Isaac & Co., Inc.	3,425	146	MAF Bancorp, Inc.	400	14
Federal Agricultural Mortgage Corp. Class C (Æ)	1,000	31	Markel Corp. (Æ)	1,650	339
FelCor Lodging Trust, Inc. (ö)	9,600	110	Mercantile Bankshares Corp.	1,200	46
Fidelity National Financial, Inc.	13,749	451	Metris Cos., Inc.	31,100	77
First American Corp.	22,700	504	MFA Mortgage Investments, Inc.	11,300	95
First Bancorp Puerto Rico	1,850	42	Mid-America Apartment Communities, Inc. (ö)	1,400	34
First Commonwealth Financial Corp.	1,000	12	Mony Group, Inc.	5,000	120
First Republic Bank (Æ)	1,200	24	Moody's Corp.	3,200	132
First Virginia Banks, Inc.	3,000	112	National Commerce Financial Corp.	10,800	258
FirstFed Financial Corp. (Æ)	3,600	104	National Health Investors, Inc. (ö)	2,500	40
Flagstar Bancorp, Inc.	4,500	97	New Century Financial Corp.	12,300	312
Fremont General Corp.	7,100	32	New York Community Bancorp, Inc.	8,500	245
Fulton Financial Corp.	1,525	27	Novastar Financial, Inc.	3,300	102
Gabelli Asset Management, Inc. Class A (Æ)	1,300	39	OceanFirst Financial Corp.	4,350	98
GATX Corp.	4,000	91	Ocwen Financial Corp. (Æ)	3,400	10
Glenborough Realty Trust, Inc. (ö)	3,100	55	Pacific Northwest Bancorp	700	18
Global Payments, Inc.	5,900	189	Parkway Properties, Inc. (ö)	800	28
Great Lakes REIT, Inc. (ö)	1,000	17	PFF Bancorp, Inc.	1,000	31
Greater Bay Bancorp	5,000	86	Philadelphia Consolidated Holding Co. (Æ)	550	19
Group 1 Software, Inc. (Æ)	1,600	19	Phoenix Cos., Inc. (The)	7,700	59
Hancock Holding Co.	1,000	45	PMA Capital Corp. Class A	500	7
Harbor Florida Bancshares, Inc.	800	18	Post Properties, Inc. (ö)	5,100	122
Health Care REIT, Inc. (ö)	3,000	81	ProAssurance Corp. (Æ)	800	17
Healthcare Realty Trust, Inc. (ö)	4,000	117	Protective Life Corp.	7,300	201
Henry (Jack) & Associates	8,600	104	Provident Bankshares Corp.	1,500	35
Hibernia Corp. Class A	7,400	143	Providian Financial Corp. (Æ)	39,940	259
Hospitality Properties Trust (ö)	1,900	67	PS Business Parks, Inc. (ö)	1,000	32
HRPT Properties Trust (ö)	40,700	335	R&G Financial Corp. Class B	6,800	158
Hudson United Bancorp	2,700	84	Radian Group, Inc.	3,200	119
IberiaBank Corp.	500	20	Raymond James Financial, Inc.	9,600	284
IMPAC Mortgage Holdings, Inc.	3,000	35	Realty Income Corp. (ö)	2,200	77
Independence Community Bank	5,300	135	Reckson Associates Realty Corp. (ö)	1,000	21
IndyMac Bancorp, Inc. (Æ)	11,808	218	Redwood Trust, Inc.	5,300	147
Innkeepers USA Trust (ö)	24,800	190	RenaissanceRe Holdings, Ltd.	3,800	150
Interactive Data Corp. (Æ)	12,756	175	Republic Bancorp, Inc.	24,711	291
Investment Technology Group, Inc. (Æ)	9,600	215	RLI Corp.	1,200	33
Investors Financial Services Corp.	10,800	296	Roslyn Bancorp, Inc.	7,650	138
IRT Property Co. (ö)	2,800	33	Ryder System, Inc.	14,700	330
Irwin Financial Corp.	2,700	45	Sandy Spring Bancorp, Inc.	2,700	85
iShares S&P MidCap 400/ BARRA Growth Index Fund	700	64	Seacoast Financial Services Corp.	1,600	32
iStar Financial, Inc. (ö)	4,000	112	Selective Insurance Group	600	15
JDN Realty Corp. (ö)	3,000	33	Senior Housing Properties Trust (ö)	9,900	105
Jefferies Group, Inc.	6,300	264	Shurgard Storage Centers, Inc. Class A (ö)	1,300	41
			Silicon Valley Bancshares (Æ)	2,400	44
			Southwest Bancorp of Texas, Inc. (Æ)	2,200	63

Aggressive Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Sovereign Bancorp, Inc.	20,700	291	Connetics Corp. (Æ)	2,000	24
Stancorp Financial Group, Inc.	2,600	127	Corixa Corp. (Æ)	5,400	35
Staten Island Bancorp, Inc.	7,400	149	Coventry Health Care, Inc. (Æ)	1,000	29
Sterling Bancorp	792	21	Cyberonics (Æ)	1,700	31
Sterling Bancshares, Inc.	1,100	13	Cytyc Corp. (Æ)	11,685	119
Stewart Information Services Corp. (Æ)	3,400	73	DaVita, Inc. (Æ)	17,381	429
Susquehanna Bancshares, Inc.	1,200	25	Dentsply International, Inc.	2,550	95
SWS Group, Inc.	1,400	19	Diversa Corp. (Æ)	600	5
TCF Financial Corp.	3,300	144	Edwards Lifesciences Corp. (Æ)	8,200	209
Texas Regional Bancshares, Inc. Class A	750	27	Enzon Pharmaceuticals, Inc. (Æ)	2,400	40
Thornburg Mortgage, Inc.	8,400	169	Express Scripts, Inc. Class A (Æ)	900	43
Triad Guaranty, Inc. (Æ)	4,900	181	First Health Group Corp. (Æ)	10,300	251
Trizec Properties, Inc. (ö)	3,800	36	Gen-Probe, Inc. (Æ)	1,100	26
UMB Financial Corp.	1,000	38	Genencor International, Inc. (Æ)	5,400	53
Unitrin, Inc.	1,400	41	Gentiva Health Services, Inc.	11,000	97
Universal Health Realty Income (ö)	900	24	Guilford Pharmaceuticals, Inc. (Æ)	3,100	12
W Holding Co., Inc.	8,200	135	Haemonetics Corp. (Æ)	700	15
Watson Wyatt & Co. Holdings (Æ)	900	20	Hanger Orthopedic Group, Inc. (Æ)	3,700	49
Webster Financial Corp.	3,000	104	Health Net, Inc. (Æ)	5,600	148
Weingarten Realty Investors (ö)	2,250	83	Healthsouth Corp. (Æ)	30,400	128
Whitney Holding Corp.	6,100	203	Henry Schein, Inc. (Æ)	1,800	81
Wilmington Trust Corp.	2,200	70	Hologic, Inc. (Æ)	2,400	29
Wintrust Financial Corp.	1,700	53	Humana, Inc. (Æ)	19,800	198
WSFS Financial Corp.	500	16	Idexx Laboratories, Inc. (Æ)	6,700	223
		19,643	Immucor, Inc. (Æ)	1,600	32
			Inhale Therapeutic Systems, Inc. (Æ)	4,700	38
Health Care - 11.3%			Inveresk Research Group, Inc. (Æ)	1,200	26
Accredo Health, Inc. (Æ)	2,350	83	Invitrogen Corp. (Æ)	11,647	364
AdvancePCS (Æ)	14,900	331	K-V Pharmaceutical Co. Class A (Æ)	1,600	37
Advisory Board Co. (The) (Æ)	1,030	31	Kindred Healthcare, Inc. (Æ)	1,600	29
Affymetrix, Inc. (Æ)	1,100	25	Kos Pharmaceuticals, Inc. (Æ)	10,100	192
Alexion Pharmaceuticals, Inc. (Æ)	1,600	23	LabOne, Inc. (Æ)	400	7
Alpharma, Inc. Class A	10,700	127	Lincare Holdings, Inc. (Æ)	13,500	427
American Healthcorp, Inc.	1,000	18	Martek Biosciences Corp. (Æ)	7,600	191
American Medical Security Group, Inc. (Æ)	1,900	27	Maxygen (Æ)	1,000	8
American Pharmaceutical Partners, Inc. (Æ)	900	16	Medcath Corp. (Æ)	100	1
AMERIGROUP Corp. (Æ)	970	29	Medicines Co. (Æ)	900	14
AmerisourceBergen Corp.	2,100	114	Medicis Pharmaceutical Class A (Æ)	7,170	356
Amylin Pharmaceuticals, Inc. (Æ)	5,800	94	MGI Pharma, Inc. (Æ)	900	7
Anthem, Inc. (Æ)	106	7	Mid Atlantic Medical Services (Æ)	9,100	295
Applera Corp. -			Myriad Genetics, Inc. (Æ)	3,800	55
Celera Genomics Group (Æ)	30,600	292	NDCHHealth Corp.	7,100	141
Apria Healthcare Group, Inc. (Æ)	1,600	36	Neurocrine Biosciences, Inc. (Æ)	2,800	128
ArQule, Inc. (Æ)	5,700	17	NPS Pharmaceuticals, Inc. (Æ)	3,800	96
Barr Laboratories, Inc. (Æ)	1,400	91	Odyssey HealthCare, Inc. (Æ)	2,821	98
Bausch & Lomb, Inc.	2,600	94	Omnicare, Inc.	19,300	460
Bio-Rad Laboratories, Inc. Class A (Æ)	2,100	81	Orthodontic Centers Of America (Æ)	1,200	13
Celgene Corp. (Æ)	2,700	58	Owens & Minor, Inc.	3,800	62
Cell GeneSystem, Inc. (Æ)	3,800	42	Oxford Health Plans (Æ)	3,100	113
Centene Corp. (Æ)	320	11	Pacificare Health Systems (Æ)	4,100	115
Cephalon, Inc. (Æ)	5,200	253	Parexel International Corp. (Æ)	4,200	46
Charles River Laboratories International, Inc. (Æ)	7,200	277	Patterson Dental Co. (Æ)	4,000	175
Cima Labs, Inc. (Æ)	800	19	Pediatrix Medical Group, Inc. (Æ)	700	28
			Perrigo Co. (Æ)	1,500	18

Aggressive Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Pharmaceutical Product					
Development, Inc. (Æ)	6,009	176	Chesapeake Corp.	2,200	39
Pharmaceutical Resources, Inc. (Æ)	4,700	140	Cleveland-Cliffs, Inc.	1,400	28
Pharmacopeia, Inc. (Æ)	9,600	86	Commercial Metals Co.	1,100	18
Priority Healthcare Corp. Class B (Æ)	7,500	174	CoorsTek, Inc. (Æ)	6,100	156
PSS World Medical, Inc. (Æ)	2,900	20	Cytec Industries, Inc. (Æ)	4,700	128
Quality Systems, Inc. (Æ)	1,000	20	DHB Industries, Inc. (Æ)	4,600	8
Renal Care Group, Inc. (Æ)	1,900	60	Eastman Chemical Co.	7,500	276
Resmed, Inc. (Æ)	1,000	31	EMCOR Group, Inc. (Æ)	3,600	191
Respironics, Inc. (Æ)	5,100	155	Energizer Holdings, Inc. (Æ)	3,600	100
Sepracor, Inc. (Æ)	13,500	131	FBR Asset Investment Corp.	4,900	166
Serologicals Corp. (Æ)	6,200	68	Grant Prideco, Inc. (Æ)	7,833	91
SICOR, Inc. (Æ)	15,215	241	Greif Brothers Corp. Class A	100	2
Stericycle, Inc. (Æ)	5,500	178	HB Fuller Co.	1,800	47
Steris Corp. (Æ)	6,300	153	Hughes Supply, Inc.	5,400	148
Sybron Dental Specialties, Inc. (Æ)	2,166	32	IMC Global, Inc.	5,000	53
Taro Pharmaceuticals Industries (Æ)	3,200	120	International Flavors & Fragrances, Inc.	1,000	35
Technic Corp. (Æ)	3,900	111	Lennox International, Inc.	29,800	374
Triad Hospitals, Inc. (Æ)	13,900	415	LNR Property Corp.	1,500	53
Trimeris, Inc. (Æ)	600	26	Longview Fibre Co.	3,800	27
Unilab Corp. (Æ)	500	9	Louisiana-Pacific Corp. (Æ)	10,600	85
United Surgical Partners			Lubrizol Corp.	7,500	229
International, Inc. (Æ)	2,300	36	Material Sciences Corp. (Æ)	1,300	17
United Therapeutics Corp. New (Æ)	1,700	28	Maverick Tube Corp. (Æ)	6,855	89
US Oncology, Inc. (Æ)	7,000	61	Minerals Technologies, Inc.	2,300	99
US Physical Therapy, Inc. (Æ)	600	7	Myers Industries, Inc.	1,875	20
Varian Medical Systems, Inc. (Æ)	1,400	69	NCI Building Systems, Inc. (Æ)	800	17
Varian, Inc. (Æ)	1,900	55	Pactiv Corp. (Æ)	10,600	232
Visx, Inc. (Æ)	6,900	66	PolyOne Corp.	4,000	16
WebMD Corp. (Æ)	15,027	128	Potlatch Corp.	2,400	57
WellPoint Health Networks (Æ)	86	6	Precision Castparts Corp.	9,500	230
Wilson Greatbatch Technologies, Inc. (Æ)	5,400	158	Rogers Corp. (Æ)	900	20
		<u>11,097</u>	Royal Gold, Inc.	800	20
			RTI International Metals, Inc. (Æ)	2,100	21
Integrated Oils - 0.2%			Schulman (A.), Inc.	17,600	328
Great Plains Energy, Inc.	9,600	220	Scotts Co. (The) Class A (Æ)	2,900	142
Holly Corp.	1,000	22	Sealed Air Corp. (Æ)	4,800	179
		<u>242</u>	Shaw Group, Inc. (The) (Æ)	2,000	33
			Silgan Holdings, Inc. (Æ)	7,100	175
Materials and Processing - 6.5%			Simpson Manufacturing Co., Inc. (Æ)	1,200	39
Airgas, Inc. (Æ)	7,900	136	Standard Register Co. (The)	3,400	61
Allegheny Technologies, Inc.	11,400	71	Steel Dynamics, Inc. (Æ)	5,900	71
Applied Films Corp. (Æ)	2,925	58	Temple-Inland, Inc.	6,600	296
Aptargroup, Inc.	5,500	172	Timken Co.	9,200	176
Arch Chemicals, Inc.	3,600	66	Tractor Supply Co. (Æ)	400	15
Armor Holdings, Inc. (Æ)	1,000	14	Trex Co., Inc. (Æ)	600	21
Ball Corp.	400	20	Unifi, Inc. (Æ)	5,900	31
Bemis Co.	3,000	149	United States Steel Corp.	7,000	92
Boise Cascade Corp.	3,200	81	Universal Forest Products, Inc.	2,700	58
Cabot Corp.	9,900	263	USEC, Inc.	9,300	56
Cabot Microelectronics Corp. (Æ)	1,300	61	USG Corp. (Æ)	18,300	155
Calgon Carbon Corp.	18,500	91	Valspar Corp.	600	27
Cambrex Corp.	2,230	67	Watsco, Inc.	2,900	48
Centex Construction Products, Inc.	500	18	Wausau-Mosinee Paper Corp.	2,500	28
				<u>6,390</u>	

Aggressive Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Miscellaneous - 0.7%			Producer Durables - 5.7%		
Carlisle Cos., Inc.	5,700	236	Advanced Energy Industries, Inc. (Æ)	8,900	113
FMC Technologies, Inc. (Æ)	500	10	AGCO Corp.	5,900	130
GenCorp, Inc.	6,000	48	Allen Telecom, Inc. (Æ)	16,900	160
Kaman Corp. Class A	2,600	29	Allied Waste Industries, Inc. (Æ)	4,400	44
SPX Corp. (Æ)	340	13	American Power Conversion (Æ)	2,400	36
Thermo Electron Corp. (Æ)	1,900	38	Ametek, Inc.	1,500	58
US Industries, Inc. (Æ)	18,000	47	Applied Industrial Technologies, Inc.	3,900	74
Walter Industries, Inc.	20,300	220	ASystemt Technologies, Inc. (Æ)	16,101	118
		<u>641</u>	Audiovox Corp. Class A (Æ)	3,600	37
			Belden, Inc.	1,300	20
Other Energy - 3.8%			Brooks-PRI Automation, Inc. (Æ)	600	7
Apache Corp.	2,900	165	C&D Technologies, Inc.	1,200	21
Aquila, Inc.	13,800	24	Cascade Corp.	900	14
Arch Coal, Inc.	1,350	29	CNH Global NV	7,800	30
Atwood Oceanics, Inc. (Æ)	1,200	36	Crown Castle International Corp. (Æ)	21,900	82
BJ Services Co. (Æ)	3,700	120	CTS Corp.	3,400	26
Cooper Cameron Corp. (Æ)	5,200	259	Curtiss-Wright Corp.	2,100	134
ENSCO International, Inc.	6,300	186	Cymer, Inc. (Æ)	6,941	224
Equitable Resources, Inc.	500	18	Dupont Photomasks, Inc. (Æ)	2,800	65
Evergreen Resources, Inc. (Æ)	4,100	184	Electro Scientific Industries, Inc. (Æ)	5,935	119
Frontier Oil Corp.	3,000	52	Engineered Support Systems, Inc.	450	16
FuelCell Energy, Inc. (Æ)	1,500	10	Esterline Technologies Corp. (Æ)	2,700	48
Gulfmark Offshore, Inc. (Æ)	1,700	25	FEI Co. (Æ)	5,341	82
Houston Exploration Co. (Æ)	1,000	31	Flir Systems, Inc. (Æ)	900	44
Hydril Co. (Æ)	5,900	139	Hovnanian Enterprises, Inc. Class A (Æ)	1,100	35
Key Energy Services, Inc. (Æ)	19,870	178	IKON Office Solutions, Inc.	44,100	315
Massey Energy Co.	3,600	35	Ionics, Inc. (Æ)	500	11
National-Oilwell, Inc. (Æ)	17,200	376	Itron, Inc. (Æ)	5,162	99
Newfield Exploration Co. (Æ)	500	18	Kadant, Inc. (Æ)	2,700	41
Oceaneering International, Inc. (Æ)	700	17	Lennar Corp.	4,100	212
Octel Corp.	400	6	LTX Corp. (Æ)	5,000	30
Oil States International, Inc. (Æ)	4,400	57	MI Schottenstein Homes, Inc.	7,200	200
Parker Drilling Co. (Æ)	12,100	27	Mettler Toledo International, Inc. (Æ)	6,200	199
Patina Oil & Gas Corp.	3,900	123	Milacron, Inc.	3,000	18
Patterson-UTI Energy, Inc. (Æ)	6,175	186	Millipore Corp.	6,400	218
Pioneer Natural Resources Co. (Æ)	4,100	104	MKS Instruments, Inc. (Æ)	6,380	105
Plains Exploration & Production Co. (Æ)	1,100	11	NACCO Industries, Inc. Class A	500	22
Plains Resources, Inc. (Æ)	1,100	13	Novellus Systems, Inc. (Æ)	9,800	275
Pogo Producing Co.	2,500	93	NVR, Inc. (Æ)	500	163
Smith International, Inc. (Æ)	7,500	245	Orbital Sciences Corp. (Æ)	19,300	81
St. Mary Land & Exploration Co.	4,400	110	Photon Dynamics, Inc. (Æ)	4,029	92
Stone Energy Corp. (Æ)	1,080	36	Photonics, Inc. (Æ)	11,900	163
Tidewater, Inc.	6,400	199	Plantronics, Inc. (Æ)	4,900	74
Unit Corp. (Æ)	1,400	26	Power-One, Inc. (Æ)	2,500	14
Universal Compression Holdings, Inc. (Æ)	4,900	94	Pulte Homes, Inc.	500	24
Valero Energy Corp.	3,000	111	Rayovac Corp. (Æ)	1,200	16
Varco International, Inc. (Æ)	3,100	54	RF Micro Devices, Inc. (Æ)	11,331	83
Veritas DGC, Inc. (Æ)	6,800	54	Rudolph Technologies, Inc. (Æ)	5,569	107
Vintage Petroleum, Inc.	11,840	125	Ryland Group, Inc.	6,600	220
Westport Resources Corp. (Æ)	4,600	96	Spectralink Corp. (Æ)	800	6
		<u>3,672</u>	Steelcase, Inc. Class A	5,400	59
			Tecumseh Products Co. Class A	600	26
			Teledyne Technologies, Inc. (Æ)	7,400	116

Aggressive Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Teradyne, Inc. (Æ)	9,400	122	CSG Systems International (Æ)	2,800	38
Thomas & Betts Corp. (Æ)	1,200	20	Digex, Inc. (Æ)	32,000	14
Toll Brothers, Inc. (Æ)	8,100	164	Digital River, Inc. (Æ)	5,000	60
Triumph Group, Inc. (Æ)	2,200	70	Documentum, Inc. (Æ)	18,525	290
United Defense Industries, Inc. (Æ)	16,300	380	Dynamics Research Corp. (Æ)	1,200	17
Veeco Instruments, Inc. (Æ)	1,400	16	E.piphany, Inc. (Æ)	7,900	33
Wavecom SA - ADR (Æ)	1,200	17	EDO Corp.	6,800	141
William Lyon Homes, Inc. (Æ)	700	15	Embrex, Inc. (Æ)	5,300	59
		<u>5,530</u>	EMS Technologies, Inc. (Æ)	4,790	75
			EnteraSystem Networks, Inc. (Æ)	10,000	16
			ESCO Technologies, Inc. (Æ)	1,100	41
Technology - 13.3%			eSpeed, Inc. Class A	5,560	94
3Com Corp. (Æ)	94,700	438	Exar Corp. (Æ)	4,600	57
Acxiom Corp. (Æ)	12,800	197	Fairchild Semiconductor International, Inc. Class A (Æ)	8,300	89
ADC Telecommunications, Inc. (Æ)	24,800	52	Fidelity National Information Solutions, Inc. (Æ)	3,200	55
Affiliated Computer Services, Inc. Class A (Æ)	4,900	258	Foundry Networks, Inc. (Æ)	12,708	89
Agile Software Corp. (Æ)	3,900	30	GameStop Corp. (Æ)	6,900	68
Alliance Data Systems Corp. (Æ)	12,500	222	Harris Corp.	5,000	132
American Management Systems (Æ)	1,700	20	Hyperion Solutions Corp. (Æ)	5,400	139
Amkor Technology, Inc. (Æ)	15,400	73	Identix, Inc. (Æ)	1,208	6
Amphenol Corp. Class A (Æ)	2,300	87	IDX Systems Corp. (Æ)	2,000	34
Anixter International, Inc. (Æ)	5,800	135	Ii-Vi, Inc. (Æ)	8,213	132
AnSystem, Inc. (Æ)	700	14	Imation Corp. (Æ)	6,000	210
Apogent Technologies, Inc. (Æ)	1,600	33	Informatica Corp. (Æ)	21,400	123
Arbitron, Inc. (Æ)	10,400	348	Ingram Micro, Inc. Class A (Æ)	23,600	291
Ariba, Inc. (Æ)	34,301	85	Integrated Circuit Systems, Inc. (Æ)	5,619	103
Arris Group, Inc. (Æ)	11,200	40	Inter-Tel, Inc.	2,500	52
Arrow Electronics, Inc. (Æ)	24,100	308	Intergraph Corp. (Æ)	6,300	112
Ascential Software Corp. (Æ)	13,400	32	Internet Security Systems (Æ)	6,900	126
ASM International NV (Æ)	11,600	150	Intersil Corp. Class A (Æ)	2,600	36
ATI Technologies, Inc. (Æ)	8,800	41	Intrado, Inc. (Æ)	6,234	62
Atmel Corp. (Æ)	29,117	65	Invision Technologies, Inc. (Æ)	600	16
Autodesk, Inc.	7,157	102	Iomega Corp. (Æ)	1,800	14
Avaya, Inc. (Æ)	20,700	51	Keynote Systems, Inc. (Æ)	5,200	40
Avid Technology, Inc. (Æ)	8,800	202	L-3 Communications Holdings, Inc. (Æ)	2,900	130
Avnet, Inc.	27,500	298	Lawson Software, Inc. (Æ)	10,600	61
Avocent Corp. (Æ)	5,700	127	Legato Systems, Inc. (Æ)	11,900	60
BEA Systems, Inc. (Æ)	10,100	116	Loral Space & Communications (Æ)	27,500	12
Bell Microproducts, Inc. (Æ)	11,500	64	Macromedia, Inc. (Æ)	6,400	68
Benchmark Electronics, Inc. (Æ)	5,800	166	Macrovision Corp. (Æ)	6,100	98
BMC Software, Inc. (Æ)	9,400	161	Manhattan Associates, Inc. (Æ)	1,000	24
Borland Software Corp. (Æ)	2,700	33	Marvell Technology Group, Ltd. (Æ)	9,600	181
Business Objects SA - ADR (Æ)	5,000	75	Maxtor Corp. (Æ)	63,400	321
ChipPAC, Inc. Class A (Æ)	2,600	9	Mentor Graphics Corp. (Æ)	2,800	22
Citrix Systems, Inc. (Æ)	22,700	280	Mercury Computer Systems, Inc. (Æ)	4,100	125
Cognos, Inc. (Æ)	10,400	244	Mercury Interactive Corp. (Æ)	2,600	77
Coherent, Inc. (Æ)	3,733	74	Merix Corp. (Æ)	600	5
Compucom Systems, Inc. (Æ)	8,300	47	Methode Electronics Class A	2,700	30
Compuware Corp. (Æ)	4,500	22	Microchip Technology, Inc.	11,469	280
Comverse Technology, Inc. (Æ)	6,300	63	Microsemi Corp. (Æ)	1,500	9
Concord Communications, Inc. (Æ)	640	6	MicroStrategy, Inc. Class A (Æ)	6,981	105
Conexant Systems, Inc. (Æ)	30,100	48	Microtune, Inc. (Æ)	19,217	60
Cray, Inc. (Æ)	8,200	63			
Cree, Inc. (Æ)	5,090	83			

Aggressive Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Mykrolis Corp. (Æ)	2,773	20	Cascade Natural Gas Corp.	13,500	270
National Instruments Corp. (Æ)	4,100	133	CMS Energy Corp.	22,800	215
NetFlix, Inc. (Æ)	2,100	23	COX Communications, Inc. Class A (Æ)	700	20
NetScreen Technologies, Inc. (Æ)	4,979	84	Energen Corp.	5,700	166
Network Appliance, Inc. (Æ)	4,300	43	Energy East Corp.	4,600	102
Network Associates, Inc. (Æ)	11,700	188	General Communication Class A (Æ)	1,200	8
Novell, Inc. (Æ)	11,600	39	Idacorp, Inc.	4,100	102
O2Micro International, Ltd. (Æ)	8,800	86	IDT Corp. (Æ)	11,900	206
Openwave Systems, Inc. (Æ)	22,200	44	KeySpan Corp.	6,000	211
Optic Net, Inc. (Æ)(ÿ)	1,400	—	New Jersey Resources Corp.	2,100	66
Optimal Robotics Corp. Class A (Æ)	1,800	11	Nextel Communications, Inc. Class A (Æ)	11,500	133
Overture Services, Inc. (Æ)	3,920	107	Nicor, Inc.	600	20
ParthusCeva, Inc. (Æ)	3,099	18	Northeast Utilities	5,500	83
Pinnacle Systems, Inc. (Æ)	5,200	71	Northwest Natural Gas Co.	1,700	46
Pioneer Standard Electronics	9,400	86	Oneok, Inc.	9,900	190
Planar Systems, Inc. (Æ)	2,217	46	Otter Tail Corp.	7,600	204
Precise Software Solutions, Ltd. (Æ)	6,300	104	Pinnacle West Capital Corp.	6,400	218
Progress Software Corp. (Æ)	900	12	Puget Energy, Inc.	2,600	57
Quantum Corp. (Æ)	29,500	79	Quintiles Transnational Corp. (Æ)	2,000	24
Quest Software, Inc. (Æ)	11,700	121	SEMCO Energy, Inc.	1,600	10
Sandisk Corp. (Æ)	11,900	242	Southern Union Co. (Æ)	2,700	45
ScanSoft, Inc. (Æ)	3,600	19	Southwest Gas Corp.	1,900	45
Scansource, Inc. (Æ)	500	25	SureWest Communications	2,100	78
Serena Software, Inc. (Æ)	5,552	88	Telephone & Data Systems, Inc.	1,800	85
Skyworks Solutions, Inc. (Æ)	14,831	128	UGI Corp.	500	19
Standard Microsystems Corp. (Æ)	1,300	25	UIL Holdings Corp.	2,000	70
Storage Technology Corp. (Æ)	12,300	263	US Cellular Corp. (Æ)	6,500	163
Sybase, Inc. (Æ)	10,500	141	Wisconsin Energy Corp.	8,700	219
SYKES Enterprises, Inc. (Æ)	3,700	12	WPS Resources Corp.	700	27
Systems & Computer Technology Corp. (Æ)	1,600	14			<u>3,859</u>
Tekelec (Æ)	9,296	97			
TIBCO Software, Inc. (Æ)	14,300	88	Total Common Stocks		
Titan Corp. (Æ)	2,800	29	(cost \$93,505)		<u>90,275</u>
Transaction Systems Architects, Inc. Class A (Æ)	3,100	20			
Trimble Navigation, Ltd. (Æ)	3,300	41		Principal Amount (000) \$	
UniSystem Corp. (Æ)	12,600	125	Short-Term Investments - 8.0%		
UNOVA, Inc. (Æ)	13,600	82	Frank Russell Investment Company		
Utstarcom, Inc. (Æ)	3,400	67	Money Market Fund (Ç)	7,312	7,312
Verity, Inc. (Æ)	6,630	89	United States Treasury Bill		
webMethods, Inc. (Æ)	11,491	94	1.180% due 03/20/03 (ç)(ÿ)(š)	500	499
WebSense, Inc. (Æ)	3,956	85	Total Short-Term Investments		
Western Digital Corp. (Æ)	41,300	264	(cost \$7,811)		<u>7,811</u>
Zebra Technologies Corp. Class A (Æ)	600	34			
Zoran Corp. (Æ)	11,552	163			
		<u>13,044</u>	Total Investments - 100.3%		
			(identified cost \$101,316)		98,086
Utilities - 3.9%			Other Assets and Liabilities,		
AES Corp. (The) (Æ)	52,800	159	Net - (0.3%)		<u>(292)</u>
AGL Resources, Inc.	5,700	139			
Alliant Energy Corp.	6,600	109	Net Assets - 100.0%		<u>97,794</u>
Amdocs, Ltd. (Æ)	16,500	162			
AT&T Wireless Services, Inc. (Æ)	7,200	41			
Avista Corp.	12,700	147			

Aggressive Equity Fund

Statement of Net Assets, continued – December 31, 2002

Futures Contracts (Number of Contracts)	Notional Amount (000) \$	Unrealized Appreciation (Depreciation) (000) \$
Long Positions		
Russell 2000 Index expiration date 03/03 (28)	5,365	(106)
S&P 500 Index expiration date 03/03 (10)	2,197	<u>(56)</u>
Total Unrealized Appreciation (Depreciation) on Open Futures Contracts Purchased		<u><u>(162)</u></u>

See accompanying notes which are an integral part of the financial statements.

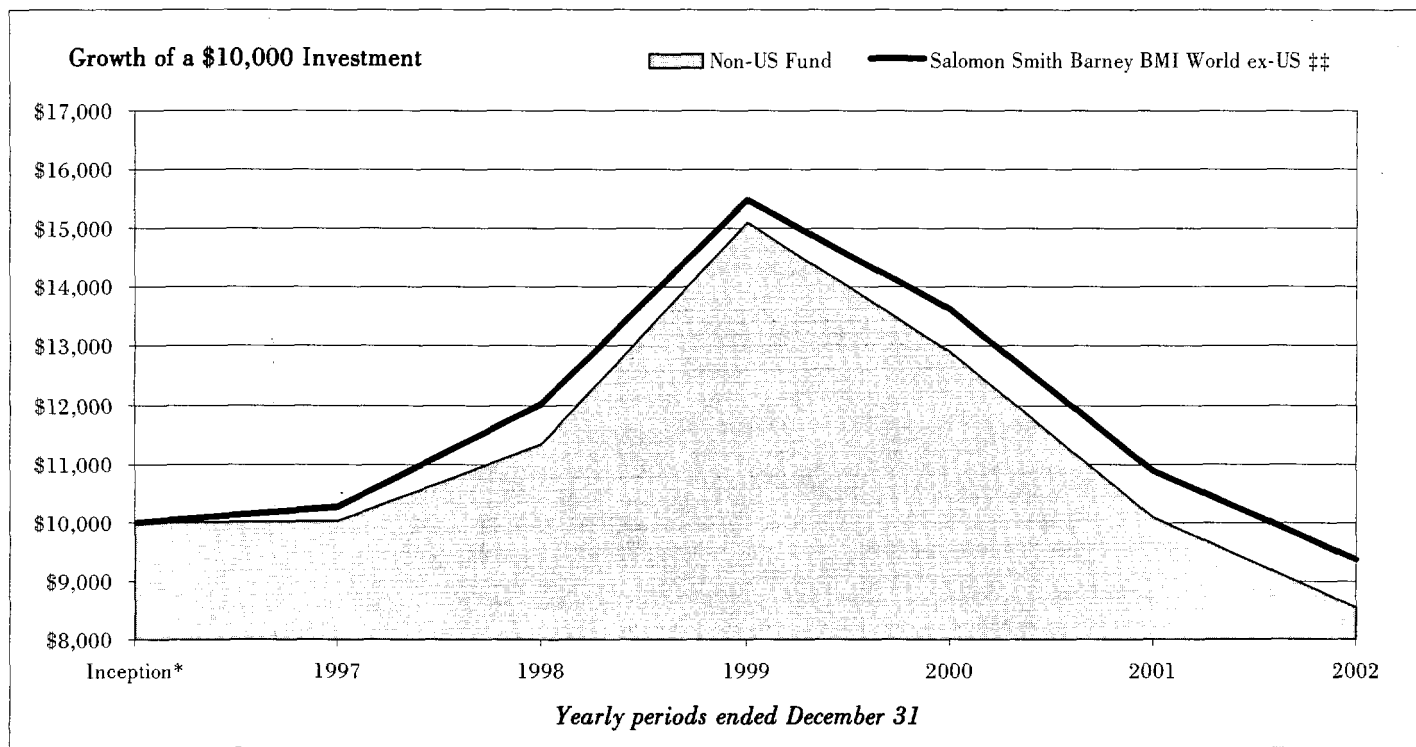
Non-U.S. Fund

Portfolio Management Discussion—December 31, 2002 (Unaudited)

Objective: To provide favorable total return and additional diversification for US investors by investing primarily in equity and fixed-income securities of non-US companies, and securities issued by non-US governments.

Invests in: Primarily the equity securities of non-US companies in developed foreign markets.

Strategy: The Fund uses a multi-manager strategy intended to achieve higher returns with moderate risk by employing the investment management services of four managers with three separate and distinct investment approaches. The Fund's primary source of added value is intended to be stock selection with only moderate country allocations relative to the index to capture the diversification benefits of international investment in an asset allocation context.



Non-U.S. Fund

Periods Ended 12/31/02	Growth of \$10,000	Total Return
1 Year	\$ 8,485	(15.15)%
5 Years	\$ 8,528	(3.13)%§
Inception	\$ 8,553	(2.57)%§

Salomon Smith Barney Broad Market Index (BMI) ex-US

Periods Ended 12/31/02	Growth of \$10,000	Total Return
1 Year	\$ 8,619	(13.81)%
5 Years	\$ 9,144	(1.77)%§
Inception	\$ 9,383	(1.06)%§

Performance Review

For the year ended December 31, 2002, the Non-US Fund fell 15.15%, lagging the benchmark Salomon Smith Barney BMI World ex-US Index (BMI ex-US) which lost 13.81%.

Market and Portfolio Highlights

Non-US equity prices weakened during the fiscal year. Investors continued to focus their attention on the US, reflecting their expectations that a US economic recovery would be needed in order to stimulate global economies. News of accounting irregularities among several large US corporations had significant ramifications for global capital markets, as doubt was cast on the veracity of US accounting standards and on US corporations' reported earnings. Combined with continued disappointment in the face of economic

recovery, geopolitical concerns with Iraq, and a lack of decisive action by either Japan or Europe to address problems within their local economies, investor sentiment was negatively impacted.

Financial markets globally struggled during 2002, yet the fourth quarter produced positive changes in some international markets. For example, the BMI Europe Index posted a strong gain of 10.71% during the fourth quarter, though it was down 16.58% for the year. Low interest rates coupled with high demand fueled the housing market in the UK. This, in conjunction with a surprisingly robust consumer sector, made the UK economy more resilient than its continental European peers, but did little to spare its stock market, which fell 14.2% in 2002.

Non-U.S. Fund

Portfolio Management Discussion—December 31, 2002 (Unaudited)

Japan's economy continued to suffer, but its stock market fared well relative to other developed markets. The Japanese market outperformed European markets for most of 2002, however, in the fourth quarter, the SSB BMI Japan Index was down 6.35%. Japan's long-term economic prospects remained hampered by the country's troubled financial services sector.

Value stocks dominated growth issues during the fiscal year. AQR and The Boston Company, for example, both outperformed the benchmark. Market-oriented managers performed better at times due to their constant exposure to countries and sectors otherwise under- or overweighted by active managers. However, the Fund's slight bias towards companies whose share prices are more volatile than the index resulted in a marginal lag.

The performance of the Fund's more aggressive growth manager, Oechsle, trailed the benchmark as the market favored the more defensive companies preferred by the value managers.

While the Fund enjoyed generally effective security selection by its value managers, this was offset by several large sell offs of underperforming stocks held by the Fund's growth managers including Vivendi, Elan, and KPN. These losses contributed to a material portion of the Fund's underperformance in the period.

During second quarter 2002, some mandates were modified, allowing the Fund's managers to invest in emerging markets. Though investment in emerging markets was limited to 5% of the Fund's net assets, this contributed to positive performance as emerging markets provided some of the highest returns of any asset class over this time period.

AQR Capital Management, LLC was hired in June to replace a product being discontinued by JP Morgan. AQR's approach is quantitatively driven and introduced a marginally higher emphasis on country allocation, as well as the use of currency hedging.

Top Ten Equity Holdings

(as a percent of Total Investments)

December 31, 2002

Shell Transport & Trading Co. PLC	1.9%
Vodafone Group PLC	1.7
GlaxoSmithKline PLC	1.6
Total Fina Elf SA	1.5
Novartis AG	1.4
ENI-Ente Nazionale Idrocarburi SpA	1.4
Canon, Inc.	1.2
Nestle SA	1.2
HSBC Holdings PLC	1.2
BP PLC	1.0

Portfolio Characteristics

**September 30, 2002

Current P/E Ratio	14.82x
Portfolio Price/Book Ratio	1.60x
Market Capitalization - \$-Weighted Average	26.5 Bil
Number of Holdings	650

Money Managers

Styles

AQR Capital Management, LLC	Value
Fidelity Management & Research Co.	Growth
Oechsle International Advisors, LLC	Growth
The Boston Company Asset Management, LLC	Value

* The Fund commenced operations on January 2, 1997. Index comparison began January 1, 1997.

** As of the date of publishing, the portfolio characteristics as of December 31, 2002 were not available.

‡ Salomon Smith Barney BMI Index ex-US is a comprehensive float-weighted equity index consisting of every company with an investable market capitalization of over \$100 million in 22 countries. This Index has broader representation than the MSCI EAFE Index.

§ Annualized.

Non-U.S. Fund

Statement of Net Assets—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Common Stocks - 90.3%					
Australia - 3.0%					
Alumina, Ltd.	900	2	Telstra Corp., Ltd.	23,200	58
Ampcor, Ltd.	15,900	76	Wesfarmers, Ltd.	4,600	69
AMP, Ltd.	15,800	99	Westfield America Trust	15,000	18
Australia & New Zealand Banking Group, Ltd. (Æ)	65,759	642	Westfield Holdings, Ltd.	7,800	59
Australian Stock Exchange, Ltd.	1,600	10	Westfield Trust	9,800	19
BHP Billiton, Ltd.	137,308	785	Westpac Banking Corp.	19,300	149
BHP Steel, Ltd. (Æ)	12,332	22	WMC Resources, Ltd. (Æ)	4,600	11
Billabong International, Ltd.	16,900	66	Woodside Petroleum, Ltd.	1,700	12
Boral, Ltd.	16,000	39	Woolworths, Ltd.	10,700	69
BRL Hardy, Ltd.	1,400	6			4,228
CFS Gandel Retail Trust	20,970	16	Austria - 0.0%		
Coca-Cola Amatil, Ltd.	13,783	41	Telekom Austria AG (Æ)	1,300	13
Coles Myer, Ltd.	2,500	9	Belgium - 1.3%		
Commonwealth Bank of Australia	11,200	170	Delhaize Group	900	17
Commonwealth Property Office Fund	12,062	8	Dexia	30,310	376
CSR, Ltd.	15,600	56	Dexia	22,500	276
David Jones, Ltd.	10,200	6	Electrabel	113	27
Deutsche Office Trust	11,100	7	Fortis	3,800	67
Foodland Associated, Ltd.	1,400	14	Fortis	48,281	844
Foster's Group, Ltd.	19,780	50	KBC Bancassurance Holding	900	29
Futuris Corp., Ltd.	1,700	1	Solvay SA Class A (Æ)	2,220	153
General Property Trust	12,200	20			1,789
Goodman Fielder, Ltd.	5,000	5	Brazil - 0.2%		
Harvey Norman Holdings, Ltd.	13,600	20	Petroleo Brasileiro SA - Petrobras - ADR	14,320	214
Iluka Resources, Ltd.	2,100	5	Canada - 0.8%		
Insurance Australia Group, Ltd.	22,200	34	Abitibi-Consolidated, Inc.	2,700	21
John Fairfax Holdings, Ltd.	15,300	28	Alcan, Inc.	1,400	41
Leighton Holdings, Ltd.	9,100	52	Bank of Montreal	2,000	53
Macquarie Bank, Ltd.	2,600	35	Bank of Nova Scotia	2,300	77
Macquarie Infrastructure Group	6,900	12	Barrick Gold Corp.	2,100	32
Metcash Trading, Ltd.	21,189	24	BCE, Inc.	901	16
MIM Holdings, Ltd.	4,700	4	Biovail Corp. (Æ)	100	3
National Australia Bank, Ltd.	21,300	381	Bombardier, Inc. Class B	4,900	17
Newcrest Mining, Ltd.	2,000	8	Brascan Corp.	500	10
News Corp., Ltd.	23,679	153	CAE, Inc.	1,100	3
OneSteel, Ltd.	8,100	8	Canada Life Financial Corp.	200	5
Orica, Ltd.	3,000	18	Canadian Imperial Bank of Commerce	1,800	50
Origin Energy, Ltd.	1,800	4	Canadian National Railway Co.	800	33
PaperlinX, Ltd.	3,400	10	Canadian Natural Resources, Ltd.	600	18
Patrick Corp., Ltd. (Æ)	6,300	46	Canadian Pacific Railway, Ltd.	700	14
Perpetual Trustees Australia, Ltd.	1,600	29	Canadian Tire Corp. Class A	600	12
Publishing & Broadcasting, Ltd.	5,100	25	Celestica, Inc. (Æ)	400	6
Qantas Airways, Ltd.	8,600	19	CP Ships, Ltd.	600	8
QBE Insurance Group, Ltd.	18,700	86	Descartes Systems Group, Inc. (The)	500	2
Rio Tinto, Ltd.	4,400	84	Dofasco, Inc.	900	16
Santos, Ltd.	143,600	487	Domtar, Inc.	1,200	12
Southcorp, Ltd.	1,200	3	Enbridge, Inc.	400	11
Stockland Trust Group	3,400	9	Encana Corp.	1,900	59
Suncorp-Metway, Ltd.	3,400	21	Fairmont Hotels & Resorts, Inc.	400	9
TABCORP Holdings, Ltd.	1,500	9			

Non-U.S. Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Falconbridge, Ltd.	500	5	Finland - 1.7%		
Fording, Inc.	200	4	Fortum Oyj	41,200	270
George Weston, Ltd.	200	11	Nokia OYJ	69,970	1,112
Hudson's Bay Co.	2,400	14	Nokia OYJ - ADR	21,708	336
Husky Energy, Inc.	1,400	15	Sampo Oyj Class A	69,594	529
Imperial Oil, Ltd.	700	20	Stora Enso Oyj Class R	2,700	28
Inco, Ltd. (Æ)	1,000	21	UPM-Kymmene Oyj	1,600	51
Intrawest Corp.	200	2			2,326
Investors Group, Inc.	600	10			
Loblaw Cos., Ltd.	200	7	France - 8.5%		
Magna International, Inc. Class A	300	17	Accor SA	11,481	348
Manulife Financial Corp.	1,801	39	Air France	24,284	235
Molson, Inc. Class A	300	6	Air Liquide	91	12
National Bank of Canada	1,100	22	Alstom (Æ)	3,000	15
Nexen, Inc.	600	13	Aventis SA	19,929	1,083
Noranda, Inc.	1,400	13	AXA	29,140	391
Nortel Networks Corp.	14,500	23	BNP Paribas	22,984	937
Nova Chemicals Corp.	300	5	Carrefour SA	12,174	542
Onex Corp.	200	2	Casino Guichard Perrachon SA	650	48
Petro-Canada	900	28	Christian Dior SA	4,200	141
Placer Dome, Inc.	400	5	Cie de Saint-Gobain	5,228	153
Potash Corp. of Saskatchewan	200	13	Cie Generale D'Optique Essilor International SA	6,191	255
Power Corp. Of Canada	500	11	CNP Assurances (Æ)	3,610	134
Power Financial Corp.	600	14	Credit Lyonnais SA	300	17
Precision Drilling Corp. (Æ)	200	6	L'Oreal SA	4,108	313
Quebecor World, Inc.	200	4	Lafarge SA	675	51
Quebecor, Inc. Class B (Æ)	900	8	Lagardere S.C.A.	500	20
Royal Bank of Canada	3,000	110	LVMH Moet Hennessy Louis Vuitton SA	11,605	477
Royal Group Technologies, Ltd. (Æ)	800	8	Michelin (C.G.D.E.) Class B	12,273	423
Shell Canada, Ltd.	500	16	Pechiney SA Class A	8,750	307
Sun Life Financial Services of Canada, Inc.	2,700	46	Pernod-Ricard	7,600	736
Suncor Energy, Inc.	1,900	30	Peugeot SA (Æ)	1,800	73
Talisman Energy, Inc.	600	22	Sanofi-Synthelabo SA	400	24
Thomson Corp. (The)	900	24	Schneider Electric SA (Æ)	8,033	380
TransCanada PipeLines, Ltd.	2,000	29	Societe Assurances Generales de France (Æ)	9,074	304
		1,151	Societe Generale Class A	2,050	119
China - 0.2%			Societe Television Francaise 1	4,240	113
Byd Co., Ltd. (Æ)	8,500	17	Suez SA	10,920	190
China Oilfield Services, Ltd. (Æ)	46,000	11	Thomson/ex-TMM (Æ)	15,000	256
PetroChina Co., Ltd.	1,014,400	202	Total Fina Elf SA	14,902	2,127
		230	Total Fina Elf SA - ADR	10,816	773
			Valeo SA	3,536	111
Denmark - 0.4%			Vivendi Universal SA	34,272	554
Dampskibsselskab AF 1912 Class B	1	7			11,662
Danske Bank A/S	11,900	197	Germany - 3.8%		
DSV DE Sammenslut Vogn A/S	250	6	Adidas-Salomon AG (Æ)	500	43
FLS Industries A/S Class B (Æ)	1,200	10	Allianz AG	1,100	105
ISS A/S (Æ)	8,250	297	Altana AG	2,200	100
Novo-Nordisk A/S Class B	1,800	52	BASF AG	6,500	246
TDC A/S (Æ)	1,200	29	Bayer AG	24,792	532
		598			

Non-U.S. Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Beiersdorf AG	700	78	Television Broadcasts, Ltd.	2,000	6
Continental AG	600	9	Wharf Holdings, Ltd.	25,000	47
DaimlerChrysler AG	4,500	139	Wing Hang Bank, Ltd.	3,500	11
Deutsche Bank AG	5,200	240			2,476
Deutsche Boerse AG	5,380	215			
Deutsche Lufthansa AG (Æ)	23,823	219	Ireland - 1.0%		
Deutsche Post AG	48,990	514	Bank of Ireland	112,688	1,158
Deutsche Telekom AG	800	10	CRH PLC	15,800	196
E.ON AG	13,569	548			1,354
Gehe AG	1,500	58			
KarstadtQuelle AG	25,600	443	Italy - 4.5%		
Linde AG	600	22	Autostrade Concessioni e Costruzioni Autostrade SpA	32,400	322
MAN AG (Æ)	4,100	57	Banca Popolare di Bergamo Credito Varesino SCRL	15,602	278
Merck KGaA	600	16	Banca Popolare di Milano SCRL	14,300	52
Metro AG	600	14	Banco Popolare di Verona e Novara SCRL (Æ)	27,870	311
Muenchener Rueckversicherungs AG	1,852	222	Benetton Group SpA (Æ)	6,200	55
Schering AG	7,500	326	Enel SpA	17,300	90
Siemens AG	4,800	204	ENI-Ente Nazionale Idrocarburi SpA	120,945	1,923
Volkswagen AG	25,795	940	Fiat SpA	1,800	15
		5,300	Finmeccanica SpA	730,740	405
			IntesaBci SpA (Æ)	176,397	372
Greece - 0.3%			Italcementi SpA	7,400	75
Hellenic Telecommunications Organization SA	4,000	44	Luxottica Group SpA	200	3
Hellenic Telecommunications Organization SA - ADR	67,305	359	Mediaset SpA	85,193	649
		403	Parmalat Finanziaria SPA (Æ)	25,000	60
			Riunione Adriatica di Sicurtà SpA (Æ)	11,090	135
Hong Kong - 1.8%			Sanpaolo IMI SpA	35,205	229
Bank of East Asia	5,000	9	Telecom Italia SpA	144,272	728
Cathay Pacific Airways, Ltd.	12,000	16	Telecom Italia SpA	18,600	141
Cheung Kong Holdings, Ltd.	22,000	143	TIM SpA	56,929	260
Cheung Kong Infrastructure Holdings, Ltd.	7,000	12	UniCredito Italiano SpA	13,700	55
China Mobile, Ltd. (Æ)	100,000	239			6,158
CLP Holdings, Ltd.	20,200	81			
Dairy Farm International Holdings, Ltd. (Æ)	9,000	9	Japan - 19.6%		
Esprit Holdings, Ltd.	28,500	48	77 Bank, Ltd. (The)	69,000	283
Giordano International, Ltd. (Æ)	8,000	3	Acom Co., Ltd.	420	14
Hang Lung Properties, Ltd.	9,000	9	Aeon Co., Ltd. (Æ)	2,100	50
Hang Seng Bank, Ltd.	7,900	84	Aiful Corp.	8,600	323
Henderson Land Development	9,000	27	Alps Electric Co., Ltd.	4,000	44
Hong Kong & China Gas	66,700	86	Amano Corp.	1,000	6
Hong Kong Electric Holdings	8,500	32	Aoyama Trading Co., Ltd.	2,600	37
Hong Kong Exchanges and Clearing, Ltd.	202,000	254	Asahi Kasei Corp.	7,000	17
Hutchison Whampoa, Ltd.	56,000	350	Autobaes Seven Co., Ltd.	800	16
JCG Holdings, Ltd.	14,000	7	Bank of Yokohama, Ltd. (The)	23,000	91
Johnson Electric Holdings	20,000	22	Bridgestone Corp.	45,000	557
MTR Corp.	219,192	232	Brother Industries, Ltd.	3,000	19
New World Development, Ltd.	5,000	2	Canon, Inc.	45,000	1,695
Shangri-La Asia, Ltd. (Æ)	4,000	3	Central Glass Co., Ltd.	8,000	36
SmarTone Telecommunications Holding, Ltd.	11,094	12	Central Japan Railway Co.	7	44
Sun Hung Kai Properties, Ltd.	74,000	437	Chubu Electric Power Co., Inc.	3,800	68
Swire Pacific, Ltd. Class A	77,000	295	Citizen Watch Co., Ltd.	10,000	45

Non-U.S. Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Credit Saison Co., Ltd.	40,200	686	Mabuchi Motor Co., Ltd.	7,000	644
CSK Corp.	3,400	71	Makita Corp.	4,000	29
Dai Nippon Printing Co., Ltd.	4,000	44	Matsumotokiyoshi Co., Ltd.	12,400	579
Daikin Industries, Ltd.	5,000	79	Matsushita Electric Industrial Co., Ltd.	52,000	513
Daimaru, Inc.	5,000	15	Meitec Corp.	1,300	32
Dainippon Ink and Chemicals, Inc.	2,000	3	Millea Holdings, Inc. (Æ)	7	50
Dainippon Screen Manufacturing Co., Ltd.	3,000	10	Minebea Co., Ltd.	70,000	244
Daito Trust Construction Co., Ltd.	3,800	84	Minolta Co., Ltd.	19,000	82
Daiwa House Industry Co., Ltd.	1,000	6	Mitsubishi Corp.	3,000	18
Daiwa Securities Group, Inc.	20,000	89	Mitsubishi Electric Corp.	16,000	37
Denki Kagaku Kogyo K K	26,000	57	Mitsubishi Estate Co., Ltd.	5,000	38
Denso Corp.	4,400	72	Mitsubishi Heavy Industries, Ltd.	24,000	59
Dowa Mining Co.	16,000	67	Mitsubishi Tokyo Financial Group, Inc.	49	266
East Japan Railway Co.	128	635	Mitsui & Co., Ltd.	35,000	163
Eisai Co., Ltd.	21,600	485	Mitsui Chemicals, Inc.	25,000	111
FamilyMart	1,300	25	Mitsui Engineering & Shipbuilding	9,000	7
Fast Retailing Co., Ltd.	2,600	92	Mitsui Fudosan Co., Ltd.	1,000	6
Fuji Electric Co., Ltd.	17,000	30	Mitsui O.S.K. Lines, Ltd.	58,000	120
Fuji Heavy Industries, Ltd.	24,900	99	Mitsui Sumitomo Insurance Co., Ltd.	10,000	46
Fuji Machine Manufacturing Co., Ltd.	16,000	151	Mitsui Trust Holdings, Inc. (Æ)	9,000	15
Fuji Photo Film Co., Ltd.	9,000	294	Mitsumi Electric Co., Ltd.	1,300	12
Fujitsu Support and Service, Inc.	700	8	Mizuho Holdings, Inc.	54	51
Funai Electric Co., Ltd.	500	58	Murata Manufacturing Co., Ltd.	8,400	329
Gunze, Ltd.	12,000	44	Namco, Ltd.	1,300	22
Hankyu Department Stores	1,000	5	NGK Insulators, Ltd.	5,000	27
Heiwa Corp.	3,900	57	Nichicon Corp.	6,700	78
Hino Motors, Ltd.	16,000	55	Nichirei Corp.	1,000	3
Hitachi Chemical Co., Ltd.	6,100	52	Nidec Corp.	300	19
Hitachi, Ltd.	9,000	35	Nikko Cordial Corp.	26,000	88
Honda Motor Co., Ltd.	28,200	1,043	Nikon Corp. (Æ)	12,000	90
Hosiden Corp.	3,000	23	Nintendo Co., Ltd.	1,500	140
Hoya Corp.	2,800	196	Nippon Express Co., Ltd.	153,000	600
Ibiden Co., Ltd.	2,300	25	Nippon Meat Packers, Inc.	1,000	10
Ito-Yokado Co., Ltd.	9,000	265	Nippon Oil Corp.	8,000	36
Itochu Corp.	35,000	76	Nippon Sanso Corp.	8,000	24
Jafco Co., Ltd.	1,400	61	Nippon Shokubai Kagaku Kogyo Co.	4,000	17
Japan Tobacco, Inc.	9	60	Nippon Steel Corp. (Æ)	2,000	2
JFE Holdings, Inc. (Æ)	1,000	12	Nippon Telegraph & Telephone Corp.	99	360
JGC Corp.	13,000	73	Nippon Yusen Kabushiki Kaisha	12,000	40
JSR Corp.	5,000	50	Nishimatsu Construction Co., Ltd.	38,000	112
Kansai Electric Power Co., Inc. (The)	2,500	38	Nishimatsuya Chain Co., Ltd.	700	17
Kao Corp.	32,000	702	Nissan Motor Co., Ltd.	135,300	1,056
Kawasaki Heavy Industries, Ltd.	16,000	13	Nisshin Seifun Group, Inc.	1,000	7
Kawasaki Kisen Kaisha, Ltd.	12,000	21	Nitto Denko Corp.	2,400	68
KDDI Corp.	39	127	NOK Corp.	16,000	177
Keyence Corp.	500	87	Nomura Holdings, Inc.	40,000	450
Kobayashi Pharmaceutical Co., Ltd.	900	31	NTN Corp.	6,000	21
Konami Corp.	13,800	319	NTT DoCoMo, Inc.	60	111
Konica Corp.	1,000	7	Olympus Optical Co., Ltd.	2,000	33
Koyo Seiko Co., Ltd.	7,000	31	ORIX Corp.	4,900	316
Kubota Corp.	2,000	5	Pioneer Corp.	7,200	135
Kyocera Corp.	3,100	181	Promise Co., Ltd.	100	4
Kyushu Electric Power Co., Inc.	1,600	23	Resona Holdings, Inc. (Æ)	16,000	9
Lawson, Inc.	11,600	280	Ricoh Co., Ltd.	12,000	197
			Rinnai Corp.	20,000	456

Non-U.S. Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Rohm Co., Ltd.	3,800	484	Yakult Honsha Co., Ltd.	9,000	103
Sammy Corp.	1,300	26	Yamaha Corp.	1,300	12
Sankyo Co., Ltd.	1,600	40	Yamaha Motor Co., Ltd.	79,000	652
Seino Transportation Co., Ltd.	8,000	47	Yamanouchi Pharmaceutical Co., Ltd.	1,800	52
Seven - Eleven Japan	2,000	61	Yokogawa Electric Corp.	9,000	56
SFCG Co., Ltd.	2,900	210			26,958
Sharp Corp.	2,000	19			
Shimachu Co., Ltd.	7,100	144	Luxembourg - 0.2%		
Shin-Etsu Chemical Co., Ltd.	33,800	1,108	Arcelor (Æ)	26,872	330
Shionogi & Co., Ltd.	2,000	28			
Shiseido Co., Ltd.	3,000	39	Mexico - 0.2%		
Showa Shell Sekiyu KK	700	5	Telefonos de Mexico SA de CV - ADR	8,550	273
Skylark Co., Ltd.	25,100	333			
SMC Corp.	1,000	94	Netherlands - 5.1%		
Sompo Japan Insurance, Inc.	7,000	41	ABN Amro Holding NV	43,335	709
Sony Corp.	9,000	376	Aegon NV	2,700	35
Stanley Electric Co., Ltd.	15,000	167	Akzo Nobel NV	17,803	565
Sumisho Lease Co., Ltd.	3,000	35	ASML Holding NV (Æ)	11,260	94
Sumitomo Bakelite Co., Ltd.	50,000	206	Buhrmann NV	35,872	157
Sumitomo Chemical Co., Ltd.	26,000	103	DSM NV	1,500	68
Sumitomo Corp.	6,000	26	Euronext NV	17,430	379
Sumitomo Electric Industries, Ltd.	15,000	97	European Aeronautic Defense and Space Co. (Æ)	9,000	93
Sumitomo Heavy Industries, Ltd.	22,000	12	Hagemeyer	1,500	11
Sumitomo Mitsui Financial Group, Inc.	29	91	Heineken NV	5,894	230
Sumitomo Trust & Banking Co., Ltd. (The)	19,000	77	Hunter Douglas NV	10,764	322
Suzuken Co., Ltd.	700	17	ING Groep NV	30,350	514
Taiyo Yuden Co., Ltd.	4,000	42	KLM-Koninklijke Luchtvaart Mij NV	1,500	14
Takeda Chemical Industries, Ltd.	29,300	1,225	Koninklijke Ahold NV (Æ)	49,142	624
Takefuji Corp.	440	25	Koninklijke Philips Electronics NV	18,600	329
TDK Corp.	5,400	218	Koninklijke Philips Electronics NV	23,219	407
Terumo Corp.	6,000	83	OCE NV	1,500	17
THK Co., Ltd.	5,000	55	Royal Dutch Petroleum Co.	5,550	244
TIS, Inc.	1,900	28	Royal KPN NV (Æ)	65,401	426
Tohoku Electric Power Co., Inc.	4,200	62	Stork NV	20,438	124
Tokyo Broadcasting System, Inc.	100	1	TPG NV	2,700	44
Tokyo Electric Power Co., Inc.	12,800	243	Unilever NV	8,623	530
Tokyo Electron, Ltd.	2,800	127	Vedior NV	29,714	170
Tokyo Gas Co., Ltd.	72,000	226	VNU NV (Æ)	15,415	402
Tokyo Seimitsu Co., Ltd.	200	5	Wolters Kluwer NV	28,989	505
TonenGeneral Sekiyu KK (Æ)	3,000	20			7,013
Toppan Printing Co., Ltd.	6,000	45	New Zealand - 0.3%		
Toshiba Corp. (Æ)	11,000	34	Telecom Corp. of New Zealand, Ltd.	183,696	435
Tosoh Corp. (Æ)	35,000	84	Warehouse Group, Ltd.	9,600	37
Tostem Inax Holding Corp.	1,000	15			472
Toyo Seikan Kaisha, Ltd.	3,000	36	Norway - 0.8%		
Toyoda Gosei Co., Ltd.	4,400	83	DnB Holding ASA	59,400	280
Toyota Motor Corp.	20,000	538	Gjensidige NOR ASA (Æ)	3,110	102
Trend Micro, Inc. (Æ)	500	9	Statoil ASA	71,240	602
UMC Japan (Æ)	34	22	Tandberg ASA (Æ)	14,428	83
Uni-Charm Corp.	2,800	111			1,067
UNY Co., Ltd.	8,000	78			
Victor Co. of Japan, Ltd.	3,000	20			
West Japan Railway Co.	8	28			
World Co., Ltd.	1,600	31			
Yahoo Japan Corp. (Æ)	2	25			

Non-U.S. Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Portugal - 0.5%			Sweden - 2.6%		
Electricidade de Portugal SA	185,980	310	Assa Abloy AB Class B	35,200	402
Portugal Telecom SGPS SA	65,065	447	Atlas Copco AB Class A	1,600	31
		<u>757</u>	Atlas Copco AB Class B	1,300	23
			Autoliv, Inc.	14,071	288
Singapore - 1.4%			Electrolux AB Series B	2,500	39
CapitaLand, Ltd.	23,000	15	Hennes & Mauritz AB Class B (Æ)	22,010	424
City Developments, Ltd.	9,000	22	Investor AB Class B	49,820	297
Creative Technology, Ltd.	22,950	162	Nordea AB (Æ)	65,169	287
Cycle & Carriage, Ltd.	1,900	4	Sandvik AB (Æ)	2,000	45
DBS Group Holdings, Ltd.	117,825	747	Securitas AB Class B	14,230	170
Fraser & Neave, Ltd. (Æ)	3,000	13	Skandinaviska Enskilda Banken AB		
Great Eastern Holdings, Ltd.	2,000	10	Class A	2,400	20
Haw Par Brothers International, Ltd.	713	1	Skanska AB Class B (Æ)	2,000	12
Keppel Corp., Ltd.	13,000	28	Svenska Cellulosa AB Class B (Æ)	8,270	279
MobileOne Asia, Ltd. (Æ)	437,000	307	Svenska Handelsbanken Class A	21,700	289
NatSteel, Ltd. (Æ)	12,000	14	Swedish Match AB	30,500	240
Oversea-Chinese Banking Corp.	10,000	56	Telefonaktiebolaget LM Ericsson		
Overseas Union Enterprise, Ltd.	2,000	7	Class B (Æ)	440,416	308
SembCorp Logistics, Ltd. (Æ)	12,000	11	TeliaSonera AB	96,298	363
SembCorp Marine, Ltd.	8,000	4	Volvo AB Series A	1,800	28
Singapore Airlines, Ltd.	6,000	35	Volvo AB Series B	2,200	36
Singapore Exchange, Ltd.	7,000	5			<u>3,581</u>
Singapore Land, Ltd.	2,000	4	Switzerland - 5.7%		
Singapore Press Holdings, Ltd.	6,000	63	Adecco SA	8,793	345
Singapore Telecommunications, Ltd.	34,000	24	Barry Callebaut AG	2,113	246
United Overseas Bank, Ltd.	62,600	426	Ciba Specialty Chemicals AG	250	17
United Overseas Land, Ltd. (Æ)	7,000	6	Clariant AG	28,470	455
Venture Corp., Ltd. (Æ)	2,000	16	Credit Suisse Group (Æ)	3,400	74
		<u>1,980</u>	Givaudan	579	260
South Korea - 0.4%			Holcim, Ltd.	2,335	424
Korea Electric Power Corp. - ADR	30,900	263	Nestle SA	7,862	1,666
Samsung Electronics Co., Ltd. -			Novartis AG	53,021	1,934
GDR (144A)	1,672	223	PubliGroupe SA (Æ)	35	6
		<u>486</u>	Roche Holding AG	9,930	692
			Sulzer AG	283	38
Spain - 3.5%			Swiss Reinsurance	3,487	229
Acerinox SA	7,358	270	Swisscom AG	1,046	303
Altadis SA	38,400	876	Syngenta AG (Æ)	4,139	240
Banco Bilbao Vizcaya Argentaria SA	18,100	173	Synthes-Stratec, Inc. (Æ)	281	172
Banco Popular Espanol	4,600	188	UBS AG	14,760	717
Banco Santander Central Hispano SA	76,885	528	Valora Holding AG	119	23
Cia Espanola de Petroleos	400	7	Zurich Financial Services AG	207	19
Corp Mapfre SA	17,730	144			<u>7,860</u>
Endesa SA	65,002	761	Taiwan - 0.2%		
Fomento de Construcciones Y Contratas SA	8,000	180	United Microelectronics Corp. - ADR (Æ)	63,450	213
Grupo Dragados SA	15,000	255			
NH Hoteles SA (Æ)	1,400	12			
Repsol YPF SA - ADR	40,439	529			
Telefonica SA (Æ)	105,993	949			
		<u>4,872</u>			

Non-U.S. Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
United Kingdom - 22.3%					
3i Group PLC	71,180	636	Johnston Press PLC	6,100	36
Abbey National PLC	700	6	Kelda Group PLC	18,700	128
Alliance & Leicester PLC (Æ)	800	10	Kingfisher PLC	123,213	441
Allied Domecq PLC	130,950	837	Land Securities Group PLC	900	11
Amersham PLC	10,450	94	Lloyds TSB Group PLC	32,600	234
Amvescap PLC	700	4	Man Group PLC	9,470	135
Anglo American PLC	14,000	208	Marks & Spencer Group PLC	98,258	498
AstraZeneca PLC	10,893	389	Morgan Crucible Co.	187,592	151
AstraZeneca PLC	14,800	520	MyTravel Group PLC	21,000	7
Aviva PLC	15,800	113	National Grid Transco PLC	28,109	207
BAA PLC	28,498	231	Northern Foods PLC	1,800	5
BAE Systems PLC	268,346	536	Northern Rock PLC	11,320	120
Barclays PLC	213,634	1,324	Old Mutual PLC	179,000	254
Barratt Developments PLC	11,800	74	P&O Princess Cruises PLC	2,100	15
BBA Group PLC	30,880	92	Peninsular and Oriental Steam Navigation Co. (The) (Æ)	400	1
BG Group PLC	99,100	428	Pennon Group PLC	4,300	45
BHP Billiton PLC	26,300	140	Pilkington PLC	34,900	33
BOC Group PLC	48,481	693	Prudential PLC	37,000	261
Boots Co. PLC	13,500	127	Rank Group PLC	6,900	30
BP PLC	198,900	1,367	Reed Elsevier PLC	93,440	800
Brambles Industries PLC	7,500	18	Reuters Group PLC (Æ)	1,800	5
British Airways PLC (Æ)	11,900	26	Rexam PLC	15,300	104
British American Tobacco PLC	13,520	135	Rio Tinto PLC	30,524	609
British Land Co. PLC	500	4	RMC Group PLC	1,900	11
British Sky Broadcasting PLC (Æ)	84,387	868	Rolls-Royce PLC	9,200	16
BT Group PLC	108,479	341	Royal & Sun Alliance Insurance Group	33,200	65
Bunzl PLC	76,544	468	Royal Bank of Scotland Group PLC	24,723	592
Burberry Group PLC (Æ)	74,732	270	Safeway PLC	13,100	45
Cable & Wireless PLC	4,700	3	Scottish & Southern Energy PLC	45,905	503
Cadbury Schweppes PLC	116,463	726	Severn Trent PLC	1,600	18
Centrica PLC	180,000	496	Shell Transport & Trading Co. PLC	389,106	2,561
Compass Group PLC	56,380	300	Signet Group PLC	19,900	22
Corus Group PLC (Æ)	50,000	22	Six Continents PLC	11,800	95
Davis Service Group PLC	1,300	6	South African Breweries PLC	1,100	8
Debenhams PLC	55,600	249	Stagecoach Group PLC	44,800	21
Diageo PLC	49,878	542	Tate & Lyle PLC	17,100	87
Dixons Group PLC	3,300	8	Taylor Woodrow PLC (Æ)	6,000	16
EMI Group PLC	500	1	TI Automotive, Ltd., (Æ)(Y)	19,900	—
Exel PLC	1,400	16	Tomkins PLC	21,900	67
FirstGroup PLC	15,600	59	Trinity Mirror PLC	8,400	58
Gallaher Group PLC	7,150	71	Unilever PLC	120,920	1,150
GKN PLC	170,950	552	United Business Media PLC	28,861	135
GlaxoSmithKline PLC	117,588	2,256	United Utilities PLC	12,200	123
Granada PLC	2,800	4	Vodafone Group PLC	1,276,077	2,326
HBOS PLC	55,500	585	Whitbread PLC	4,800	42
Hilton Group PLC	4,200	11	Wimpey George PLC	14,600	63
HSBC Holdings PLC	145,655	1,610	Wolseley PLC	500	4
HSBC Holdings PLC	8,400	92	WPP Group PLC	3,200	24
IMI PLC	16,700	71			
Imperial Chemical Industries PLC	10,700	40			30,721
Imperial Tobacco Group PLC	14,851	252			
J Sainsbury PLC	135,500	608			
			Total Common Stocks		
			(cost \$142,166)		124,485

Non-U.S. Fund

Statement of Net Assets, continued – December 31, 2002

	Notional Amount (000) \$	Market Value (000) \$	Futures Contracts (Number of Contracts)	Notional Amount (000) \$	Unrealized Appreciation (Depreciation) (000) \$
Options Purchased - 0.5% (Number of Contracts)			Long Positions		
Luxembourg - 0.4%			CAC-40 Index (France)		
Amsterdam Exchanges Index Futures			expiration date 03/03 (36)	1,160	(26)
Jan 2003 328.60 Call (4)	276	420	DAX Index (Germany)		
Bel20 Index Futures			expiration date 03/03 (10)	762	(65)
Jan 2003 1,996.01 Call (12)	503	133	EUR STOXX 50 Index (EU)		
Switzerland - 0.1%			expiration date 03/03 (70)	1,759	(122)
Swiss Market Index Futures			FTSE-100 Index (UK)		
Mar 2003 4,865.00 Put (14)	493	74	expiration date 03/03 (74)	4,663	(69)
Total Options Purchased (cost \$583)		627	Hang Seng Index (Hong Kong)		
			expiration date 01/03 (20)	1,191	(29)
	Number of Shares		TOPIX Index (Japan)		
Preferred Stocks - 0.5%			expiration date 03/03 (65)	4,570	(147)
Australia - 0.0%			Short Positions		
News Corp., Ltd.	14,591	78	CAC-40 Index (France)		
Brazil - 0.2%			expiration date 01/03 (12)	386	13
Telecomunicacoes Brasileiras SA - ADR	12,100	226	IBEX Plus Index (Spain)		
Germany - 0.3%			expiration date 01/03 (3)	189	9
Hugo Boss AG	8,850	93	MIB 30 Index (Italy)		
ProSieben SAT.1 Media AG (Æ)	14,800	101	expiration date 03/03 (5)	627	23
Wella AG (Æ)	3,870	231	SPI 200 Index (Australia)		
		425	expiration date 03/03 (6)	255	(2)
Total Preferred Stocks (cost \$942)		729	TSE-60 Index (Canada)		
	Principal Amount (000) \$		expiration date 03/03 (9)	427	1
Short-Term Investments - 8.6%			Total Unrealized Appreciation (Depreciation) on Open Futures Contracts Purchased		(414)
United States - 8.6%					
Frank Russell Investment Company					
Money Market Fund (C)	9,057	9,057			
United States Treasury Bills					
1.630% due 03/20/03 (y)(s)	1,300	1,296			
United States Treasury Bills					
1.180% due 03/20/03 (y)(s)	1,500	1,496			
Total Short-Term Investments (cost \$11,849)		11,849			
Total Investments - 99.9% (identified cost \$155,540)		137,690			
Other Assets and Liabilities, Net - 0.1%		150			
Net Assets - 100.0%		137,840			

See accompanying notes which are an integral part of the financial statements.

Non-U.S. Fund

Statement of Net Assets, continued—December 31, 2002

Options Written (Number of Contracts)	Notional Amount (000) \$	Market Value (000) \$	Industry Diversification (Unaudited)	% of Net Assets	Market Value (000) \$
Luxembourg			Auto and Transportation	7.5	10,345
Amsterdam Exchanges Index Futures			Consumer Discretionary	11.9	16,460
Jan 2003 328.60 Put (4)	276	(424)	Consumer Staples	8.7	12,003
Bel20 Index Futures			Financial Services	18.2	25,173
Jan 2003 1,996.01 Put (12)	503	(126)	Health Care	6.8	9,399
Switzerland			Integrated Oils	5.9	8,135
Swiss Market Index Futures			Materials and Processing	8.8	12,097
Mar 2003 4,865.00 Call (14)	493	(51)	Miscellaneous	1.6	2,196
Total Liability for Options Written (premiums received \$583)		<u>(601)</u>	Options	0.5	627
			Other Energy	3.4	4,713
			Producer Durables	4.3	5,910
			Technology	3.1	4,225
			Utilities	10.6	14,558
			Short-Term Investments	8.6	11,849
			Total Investments	99.9	137,690
			Other Assets and Liabilities, Net	0.1	150
			Net Assets	100.0	137,840

Geographic Diversification (Unaudited)	% of Net Assets	Market Value (000) \$
Asia	7.4	10,168
Europe	40.2	55,513
Japan	19.6	26,958
Latin America	0.5	713
Options	0.5	627
Other	0.8	1,141
United Kingdom	22.3	30,721
Short-Term Investments	8.6	11,849
Total Investments	99.9	137,690
Other Assets and Liabilities, Net	0.1	150
Net Assets	100.0	137,840

See accompanying notes which are an integral part of the financial statements.

Non-U.S. Fund

Statement of Net Assets, continued—December 31, 2002

Forward Foreign Currency Exchange Contracts					Forward Foreign Currency Exchange Contracts						
Amount Sold (000)	Amount Bought (000)	Settlement Date	Unrealized Appreciation (Depreciation) (000) \$	Amount Sold (000)	Amount Bought (000)	Settlement Date	Unrealized Appreciation (Depreciation) (000) \$				
USD	112	AUD	200	03/19/03	—	USD	43	GBP	27	01/07/03	—
USD	703	CAD	1,100	03/19/03	(10)	USD	44	GBP	28	01/07/03	—
USD	30	CHF	42	01/07/03	—	USD	55	GBP	34	01/07/03	—
USD	31	CHF	43	01/07/03	—	USD	62	GBP	38	01/07/03	—
USD	31	CHF	43	01/07/03	—	USD	66	GBP	41	01/07/03	—
USD	43	CHF	59	01/07/03	—	USD	91	GBP	57	01/07/03	—
USD	46	CHF	64	01/07/03	—	USD	92	GBP	58	01/07/03	—
USD	77	CHF	107	01/07/03	—	USD	114	GBP	71	01/07/03	—
USD	31	DKK	222	01/07/03	—	USD	135	GBP	84	01/07/03	—
USD	2	EUR	2	01/07/03	—	USD	641	GBP	400	03/19/03	—
USD	29	EUR	27	01/07/03	—	USD	626	GBP	400	03/19/03	14
USD	30	EUR	29	01/07/03	—	USD	2,690	GBP	1,700	03/19/03	32
USD	30	EUR	29	01/07/03	—	USD	38	JPY	4,441	01/08/03	—
USD	30	EUR	29	01/07/03	—	USD	29	JPY	3,423	01/08/03	—
USD	30	EUR	29	01/07/03	—	USD	25	JPY	2,933	01/08/03	—
USD	30	EUR	29	01/07/03	—	USD	24	JPY	2,856	01/08/03	—
USD	31	EUR	29	01/07/03	—	USD	22	JPY	2,649	01/08/03	—
USD	31	EUR	29	01/07/03	—	USD	21	JPY	2,498	01/08/03	—
USD	31	EUR	29	01/07/03	—	USD	20	JPY	2,334	01/08/03	—
USD	31	EUR	29	01/07/03	—	USD	19	JPY	2,235	01/08/03	—
USD	31	EUR	30	01/07/03	—	USD	18	JPY	2,089	01/08/03	—
USD	31	EUR	30	01/07/03	—	USD	17	JPY	2,067	01/08/03	—
USD	31	EUR	30	01/07/03	—	USD	17	JPY	1,955	01/08/03	—
USD	32	EUR	30	01/07/03	—	USD	16	JPY	1,938	01/08/03	—
USD	32	EUR	31	01/07/03	—	USD	15	JPY	1,781	01/08/03	—
USD	33	EUR	32	01/07/03	—	USD	14	JPY	1,650	01/08/03	—
USD	33	EUR	32	01/07/03	—	USD	13	JPY	1,525	01/08/03	—
USD	36	EUR	34	01/07/03	—	USD	11	JPY	1,318	01/08/03	—
USD	37	EUR	35	01/07/03	—	USD	507	JPY	60,000	03/19/03	—
USD	41	EUR	39	01/07/03	—	USD	417	JPY	50,000	03/19/03	6
USD	52	EUR	50	01/07/03	—	USD	2,483	JPY	300,000	03/19/03	50
USD	62	EUR	59	01/07/03	—	USD	1,547	JPY	190,000	03/19/03	57
USD	65	EUR	62	01/07/03	—	USD	12	NOK	85	01/07/03	—
USD	71	EUR	68	01/07/03	—	USD	30	NOK	205	01/07/03	—
USD	85	EUR	81	01/07/03	—	USD	33	NOK	228	01/07/03	—
USD	209	EUR	200	03/19/03	—	USD	31	SEK	267	01/07/03	—
USD	510	EUR	500	03/19/03	13	USD	31	SEK	270	01/07/03	—
USD	806	EUR	800	03/19/03	32	USD	34	SEK	294	01/07/03	—
USD	3,565	EUR	3,500	03/19/03	95	USD	37	SEK	325	01/07/03	—
USD	31	GBP	19	01/07/03	—	USD	41	SEK	358	01/07/03	—
USD	31	GBP	19	01/07/03	—	USD	44	SEK	386	01/07/03	—
USD	31	GBP	19	01/07/03	—	USD	56	SEK	490	01/07/03	—
USD	31	GBP	19	01/07/03	—	CAD	2,000	USD	1,262	03/19/03	—
USD	31	GBP	19	01/07/03	—	CHF	1,300	USD	894	03/19/03	(48)
USD	31	GBP	19	01/07/03	—	SEK	1,500	USD	165	03/19/03	(7)
USD	32	GBP	20	01/07/03	—	SGD	100	USD	57	03/19/03	(1)
USD	34	GBP	21	01/07/03	—						
USD	42	GBP	26	01/07/03	—						
											233

See accompanying notes which are an integral part of the financial statements.

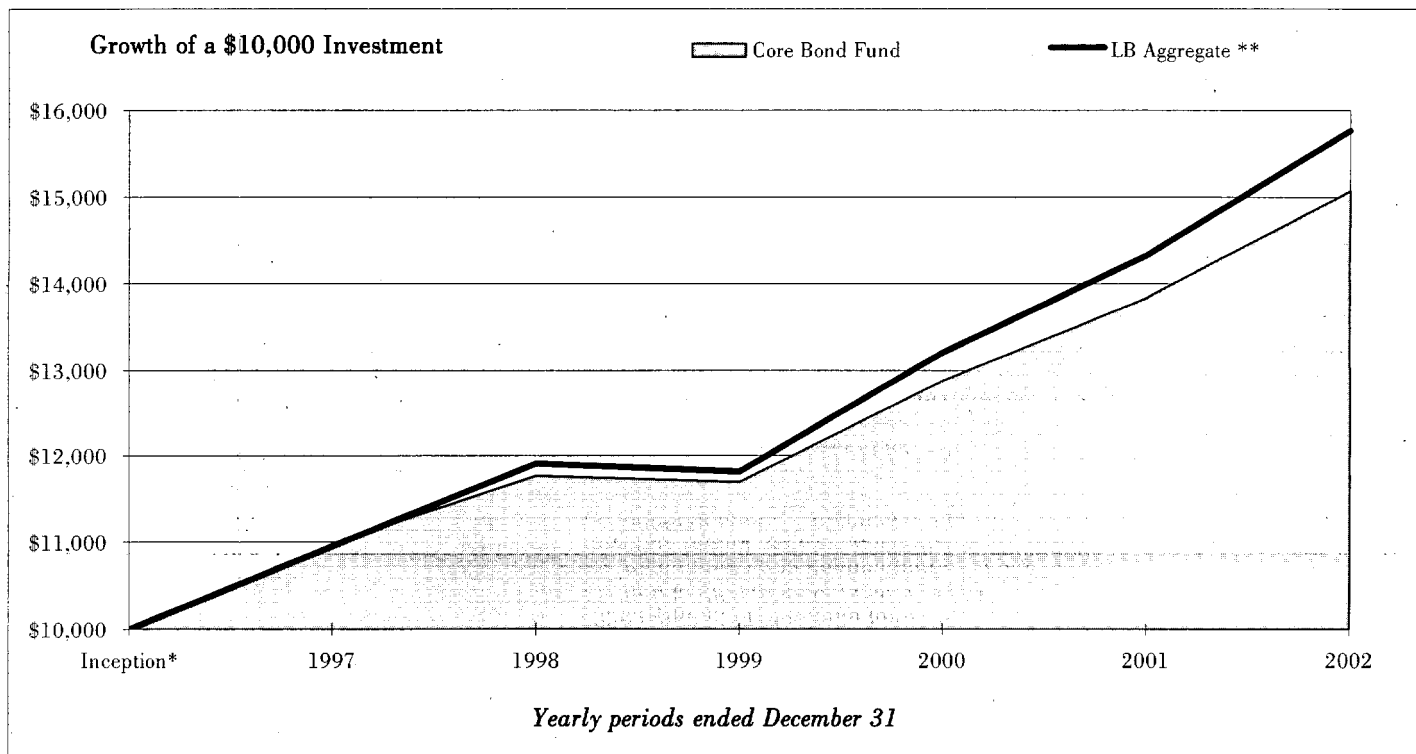
Core Bond Fund

Portfolio Management Discussion—December 31, 2002 (Unaudited)

Objective: To maximize total return through capital appreciation and income by assuming a level of volatility consistent with the broad fixed-income market, by investing in fixed-income securities.

Invests in: Fixed-income securities.

Strategy: The Fund uses a multi-style, multi-manager strategy and employed two managers with distinct approaches to managing portfolios of intermediate-maturity fixed income securities.



Core Bond Fund

Periods Ended 12/31/02	Growth of \$10,000	Total Return
1 Year	\$ 10,884	8.84%
5 Years	\$ 13,724	6.53%§
Inception	\$ 15,060	7.07%§

Lehman Brothers Aggregate Bond Index

Periods Ended 12/31/02	Growth of \$10,000	Total Return
1 Year	\$ 11,026	10.26%
5 Years	\$ 14,387	7.55%§
Inception	\$ 15,776	7.89%§

Performance Review

For the year ended December 31, 2002, the RIF Core Bond Fund posted a gain of 8.84%. This compared to a 10.26% return for the Lehman Brothers Aggregate Bond Index.

Fixed income markets responded to investors' changing perceptions of the macro-economic environment during this period. From January 2002 to March 2002, rates rose causing credit sectors to outperform in reaction to initial positive economic indicators and statements from Federal Reserve Chairman Alan Greenspan. The latter half of the fiscal year was the opposite, during which rates fell and investors favored ratings quality. This caused non-treasury sectors to underperform relative to equivalent treasuries.

Portfolio Highlights

During most of the fiscal year under review, active managers had a difficult time outperforming the benchmark Lehman Brothers' Aggregate Bond Index. While moderately underperforming the benchmark, the Fund's managers nevertheless outperformed peers. This environment was hostile for active managers for several reasons: rates were volatile, non-treasury sectors (investment grade corporate bonds, mortgages, asset-backed securities) underperformed—active managers tend to use these sectors as a source of excess return over treasuries; and high numbers of corporate bonds were downgraded as economic growth was uncertain and corporations' ability to service their debt was questioned.

Core Bond Fund

Portfolio Management Discussion—December 31, 2002 (Unaudited)

The market was not favorable to the Fund's strategy of overweighting non-treasury sectors. Corporate bonds underperformed during the fiscal period, and the Fund's overweight to this sector resulted in benchmark-relative underperformance. While the portfolio's overweight in the mortgage sector helped reduce the negative impact of its exposure to corporate issues, the outperformance of mortgages was less than the Fund's corporate sector underperformance. The Fund's multi-manager strategy had a positive effect on returns since holdings were more diversified than those of the average single-manager fund as determined by comparison to other funds with similar investment goals in the industry.

The Fund's strong performance in the fourth quarter contrasted with second and third quarter results. Fund returns were enhanced by good issue selection and its exposure to high yield and corporate bonds. The Fund's short duration position relative to the benchmark also added to performance.

In the fourth quarter of 2002, the market environment was generally friendly to active management. Yield spreads tightened in most sectors which resulted in good performance in non-treasury sectors. High yield issues outperformed equivalent treasuries by roughly 600 basis points, one of the best quarters on record. Emerging market debt also recovered after returning dismal results in the second and third quarters. With elections over in Brazil, markets settled down, and Brazilian emerging markets debt outperformed the Lehman Brothers Aggregate Bond Index by more than 12%. Although the Fund's exposure to emerging markets debt is small, these results still added to the portfolio's performance.

The Fund remained consistent with its investment strategy by overweighting non-treasury sectors. The Fund's managers performed within expectations given their overweight to corporate issues.

PIMCo performed well compared to peers during most of the period. The firm favored treasuries, a strategy which was rewarded in the market's flight to quality. Yet, this manager underperformed the benchmark mostly due to particular holdings in corporate issues within the utility and energy sectors.

TimesSquare Capital Management made positive contributions to performance by using derivatives as a hedge to lengthen the average maturity of the Fund during the last few months of the fiscal period. Since the firm increased exposure to corporate bonds early in the period, this strategy enabled it to continue holding issues it deemed a good value that were not favored by the market at the time.

* The Fund commenced operations on January 2, 1997. Index comparison began January 1, 1997.

** Lehman Brothers Aggregate Bond Index is composed of securities from Lehman Brothers Government/Corporate Bond Index, Mortgage-Backed Securities Index, and the Asset-Backed Securities Index. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. Indexes are rebalanced monthly by market capitalization.

§ Annualized.

Performance is historical and assumes reinvestment of all dividends and capital gains. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than when purchased. Past performance is not indicative of future results.

Top Ten Issuers (as a percent of Total Investments) December 31, 2002

Federal National Mortgage Association	17.2%
Federal Home Loan Mortgage Corp.	9.6
United States Treasury	5.7
Government National Mortgage Association	4.4
Deutsche Bundesrepublik	3.2
ANZ Delaware, Inc.	1.5
BP America, Inc.	1.5
General Motors Acceptance Corp.	1.4
Ford Motor Credit Co.	1.0
Lloyds Bank PLC	0.9

Portfolio Characteristics December 31, 2002

Weighted Average Quality Diversification	Aa1
Weighted Average Years-to-Maturity	6.2 Years
Weighted Average Duration	3.6 Years
Current Yield (SEC 30-day standardized)	3.25%
Number of Issues	309
Number of Issuers	175

Money Managers Styles

Pacific Investment Management Co., LLC	Sector Rotation
TimesSquare Capital Management, Inc.	Sector Rotation

Core Bond Fund

Statement of Net Assets—December 31, 2002

	Principal Amount (000) \$	Market Value (000) \$		Principal Amount (000) \$	Market Value (000) \$
Long-Term Investments - 79.0%					
Asset-Backed Securities - 1.7%					
Advanta Equipment Receivables					
Series 2000-1 Class B					
7.560% due 02/15/07	214	220			
Citibank Credit Card Issuance Trust					
Series 2001-A6 Class A6					
5.650% due 06/16/08	475	518			
Continental Airlines, Inc.					
6.900% due 01/02/18	74	65			
6.545% due 02/02/19	67	58			
Fleet Credit Card Master Trust II					
Series 2001-C Class A					
3.860% due 03/15/07	375	388			
General Motors Acceptance Corp.					
2.178% due 07/30/04 (É)	400	388			
Niagara Mohawk Power Corp.					
7.625% due 10/01/05	132	147			
Parker Hannifin Employee Stock Ownership Trust					
6.340% due 07/15/08	320	350			
Small Business Administration					
7.449% due 08/01/10	90	102			
Systems 2001 AT LLC					
7.156% due 12/15/11	157	167			
		<u>2,403</u>			
Corporate Bonds and Notes - 16.5%					
Ahold Finance USA, Inc.					
8.250% due 07/15/10	100	110			
Amerada Hess Corp.					
7.300% due 08/15/31	70	76			
AOL Time Warner, Inc.					
7.625% due 04/15/31	720	740			
7.700% due 05/01/32	600	624			
AT&T Corp.					
8.500% due 11/15/31	640	705			
AT&T Wireless Services, Inc.					
8.125% due 05/01/12	20	20			
BAE Systems Holdings, Inc.					
6.400% due 12/15/11	380	395			
Bank of America Corp.					
7.800% due 02/15/10	15	18			
Series MTNI					
2.108% due 10/22/04 (É)	250	251			
BankBoston Corp.					
Series B					
8.250% due 12/15/26	80	85			
Boeing Capital Corp.					
5.800% due 01/15/13	100	101			
Burlington Northern Santa Fe Corp.					
6.875% due 12/01/27	125	139			
Campbell Soup Co.					
5.875% due 10/01/08	70	78			
CIT Group, Inc.					
5.625% due 05/17/04	1,100	1,131			
6.500% due 02/07/06	95	100			
6.875% due 11/01/09	35	38			
Citigroup, Inc.					
7.250% due 10/01/10	195	226			
6.500% due 01/18/11	1,000	1,122			
5.625% due 08/27/12	170	179			
Clear Channel Communications, Inc.					
6.000% due 11/01/06	30	32			
Comcast Cable Communications					
8.375% due 05/01/07	195	219			
Countrywide Home Loans, Inc.					
Series MTNK					
5.500% due 02/01/07	50	53			
Credit Suisse First Boston USA, Inc.					
4.625% due 01/15/08	70	71			
Dana Corp.					
6.250% due 03/01/04	50	50			
Detroit Edison Co.					
6.350% due 10/15/32	90	95			
Eastman Chemical Co.					
7.000% due 04/15/12	30	33			
EL Paso Corp.					
7.000% due 05/15/11	20	14			
8.050% due 10/15/30	1,000	620			
Eli Lilly & Co.					
6.770% due 01/01/36	235	263			
FedEx Corp.					
7.600% due 07/01/97 (p)	65	70			
Fifth Third Bank Michigan					
7.750% due 08/15/10	155	174			
First Union Capital I					
Series A					
7.935% due 01/15/27	55	60			
FirstEnergy Corp.					
Series C					
7.375% due 11/15/31	195	189			
Ford Motor Co.					
6.375% due 02/01/29	70	54			
Ford Motor Credit Co.					
6.875% due 02/01/06	305	306			
7.375% due 02/01/11	345	335			
Foster's Finance Corp.					
6.875% due 06/15/11	120	137			
General Motors Acceptance Corp.					
2.560% due 01/20/04 (É)	100	99			
2.270% due 07/20/04 (É)	900	873			
6.125% due 09/15/06	100	102			
6.875% due 09/15/11	330	329			
7.000% due 02/01/12	190	191			
Golden West Financial Corp.					
4.125% due 08/15/07	110	113			
4.750% due 10/01/12	95	96			

Core Bond Fund

Statement of Net Assets, continued—December 31, 2002

	Principal Amount (000) \$	Market Value (000) \$		Principal Amount (000) \$	Market Value (000) \$
Goldman Sachs Group, Inc. 6.875% due 01/15/11	225	251	News America Holdings 7.750% due 12/01/45	190	187
HJ Heinz Co. 6.375% due 07/15/28	20	21	News America, Inc. 6.750% due 01/09/38	20	20
HJ Heinz Finance Co. Step Up Bond 7.250% due 03/15/32	105	116	Nisource Finance Corp. 7.875% due 11/15/10	120	132
Household Finance Corp. 6.375% due 10/15/11	115	120	Norfolk Southern Corp. 7.700% due 05/15/17	115	141
6.375% due 11/27/12	115	120	7.900% due 05/15/97 (p)	65	76
International Lease Finance Corp. 6.375% due 03/15/09	100	107	North Fork BanCorp., Inc. 5.875% due 08/15/12	140	152
International Paper Co. 5.850% due 10/30/12	30	31	Occidental Petroleum Corp. 9.250% due 08/01/19	95	124
ITT Industries, Inc. 7.400% due 11/15/25	150	160	Oncor Electric Delivery Co. 7.250% due 01/15/33	110	113
John Deere Capital Corp. 7.000% due 03/15/12	135	157	Pinnacle Partners 8.830% due 08/15/04	100	94
JP Morgan & Co., Inc. Series MTNA 6.000% due 01/15/09	120	126	Progress Energy, Inc. 7.000% due 10/30/31	130	135
Kellogg Co. Series B 7.450% due 04/01/31	140	171	Progressive Corp. (The) 6.250% due 12/01/32	60	62
KeySpan Corp. 7.250% due 11/15/05	50	56	Prudential Funding LLC 6.600% due 05/15/08	80	89
7.625% due 11/15/10	150	178	Qwest Capital Funding, Inc. 7.000% due 08/03/09	25	16
Kroger Co. 8.000% due 09/15/29	100	118	Raytheon Co. 8.200% due 03/01/06	100	112
7.500% due 04/01/31	30	34	Safeway, Inc. 7.250% due 02/01/31	95	107
Lehman Brothers Holdings, Inc. 6.625% due 01/18/12	135	149	Sears Roebuck Acceptance 7.000% due 06/01/32	40	34
Lockheed Martin Corp. 8.200% due 12/01/09	400	494	Sprint Capital Corp. 6.125% due 11/15/08	50	46
8.500% due 12/01/29	120	161	7.625% due 01/30/11	600	570
Manufacturers & Traders Trust Co. 8.000% due 10/01/10	75	90	8.375% due 03/15/12	410	408
Marshall & Isley bank 5.250% due 09/04/12	50	52	6.875% due 11/15/28	410	330
Mizuho Preferred Capital Co. LLC Step Up Bond 8.790% due 12/29/49	320	271	8.750% due 03/15/32	100	95
Morgan Stanley 5.625% due 01/20/04	225	234	Supervalu, Inc. 7.500% due 05/15/12	75	81
6.750% due 04/15/11	115	128	TCI Communications, Inc. 8.000% due 08/01/05	265	275
Natexis Ambs Co. LLC 8.440% due 12/29/49	120	140	Tele-Communications-TCI Group 9.800% due 02/01/12	70	84
National City Corp. 6.875% due 05/15/19	125	136	7.875% due 08/01/13	190	209
National Rural Utilities Cooperative Finance 5.750% due 08/28/09	60	64	Time Warner Cos. 7.570% due 02/01/24	65	65
Series MTNC 7.250% due 03/01/12	1,000	1,147	Toys R US, Inc. 7.625% due 08/01/11	60	59
NB Capital Trust IV 8.250% due 04/15/27	90	104	Union Pacific Corp. 5.750% due 10/15/07	270	295
			6.125% due 01/15/12	115	126
			Union Planters Corp. 7.750% due 03/01/11	50	59

Core Bond Fund

Statement of Net Assets, continued—December 31, 2002

	Principal Amount (000) \$	Market Value (000) \$		Principal Amount (000) \$	Market Value (000) \$
US Bancorp/First Bank			Den Norske Bank ASA		
Series MTNJ			7.729% due 06/29/49	260	295
6.875% due 12/01/04	275	300	Deutsche Telekom International Finance BV		
USX Corp./Consolidated			8.750% due 06/15/30	825	953
8.500% due 03/01/23	140	165	France Telecom		
Verizon Florida, Inc.			8.700% due 03/01/06	400	438
6.125% due 01/15/13	70	75	9.250% due 03/01/11	380	439
Wachovia Corp.			Korea Development Bank		
7.550% due 08/18/05	50	56	4.250% due 11/13/07	50	51
7.500% due 07/15/06	150	170	5.500% due 11/13/12	40	42
Waste Management, Inc.			Kyivstar GSM Bonds		
6.500% due 05/15/04	1,000	1,031	12.750% due 11/21/05	90	91
Wells Fargo Bank NA			Laidlaw, Inc.		
7.550% due 06/21/10	50	60	7.875% due 04/15/05 (Ø)	130	62
Weyerhaeuser Co.			Mexico (United Mexican States)		
5.250% due 12/15/09	70	71	Series B		
Williams Cos., Inc.			6.250% due 12/31/19	400	389
8.750% due 03/15/32	1,100	721	Mexico Government International Bond		
Wisconsin Central Transport			8.375% due 01/14/11	100	113
6.625% due 04/15/08	325	367	8.000% due 09/24/22	700	725
WorldCom, Inc. - WorldCom Group			8.300% due 08/15/31	160	169
8.250% due 05/15/31 (Ø)	120	28	Pearson PLC		
Zions Bancorp.			7.000% due 06/15/11	50	57
6.500% due 10/15/11	110	116	Petroleos Mexicanos		
		<u>23,108</u>	9.500% due 09/15/27	170	190
Emerging Markets Debt - 0.7%			Poland Government International Bond		
Brazilian Government International Bond			4.500% due 10/27/24	200	182
2.563% due 04/15/06 (€)	56	43	Province of Quebec		
11.000% due 01/11/12	500	334	7.500% due 07/15/23	460	561
11.000% due 08/17/40	400	249	Royal Bank of Scotland Group PLC		
Panama Government International Bond			7.648% due 08/31/49 (b)	125	145
9.375% due 07/23/12	100	108	Series 1		
Russia Government International Bond			9.118% due 03/31/49 (b)	650	802
5.000% due 03/31/30	245	194	Royal KPN NV		
		<u>928</u>	8.000% due 10/01/10	555	650
International Debt - 6.5%			Santander Financial Issuances		
Abbey National PLC Step Up Bond			6.800% due 07/15/05	45	48
6.700% due 06/29/49 (b)	150	168	6.375% due 02/15/11	110	112
AES Drax Energy, Ltd.			Sappi Papier Holding AG		
Series B			6.750% due 06/15/12	195	214
11.500% due 08/30/10	190	2	Standard Chartered Bank		
Amvescap PLC			8.000% due 05/30/31	175	201
5.900% due 01/15/07	155	164	Stora Enso Oyj		
AXA			7.375% due 05/15/11	185	214
8.600% due 12/15/30	130	149	TPSA Finance BV		
British Telecommunications PLC			7.750% due 12/10/08	65	66
8.375% due 12/15/10	110	132	UPM-Kymmene Oyj		
8.875% due 12/15/30	375	478	5.625% due 12/01/14	90	93
Conoco Funding Co.			XL Capital Europe PLC		
6.350% due 10/15/11	445	497	6.500% due 01/15/12	130	139
Corp Nacional del Cobre de Chile - CODELCO					<u>9,157</u>
6.375% due 11/30/12	120	126			

Core Bond Fund

Statement of Net Assets, continued—December 31, 2002

	Principal Amount (000) \$	Market Value (000) \$		Principal Amount (000) \$	Market Value (000) \$
Mortgage-Backed Securities - 38.2%			Government National Mortgage Association		
Chase Mortgage Finance Corp.			6.000% 30 Year TBA (δ)	725	751
Series 1993-N Class A9			Series 2000-29 Class F		
6.750% due 11/25/24	850	875	1.920% due 09/20/30 (Ê)	355	357
Series 2002-A1 Class 1A1			Government National Mortgage		
6.214% due 12/25/29 (Ê)	119	125	Association I		
CS First Boston Mortgage Securities Corp.			6.500% 30 Year TBA (δ)	1,125	1,180
Series 2001-AR24 Class 3A			6.000% due 2029	86	90
6.154% due 12/25/31	504	518	6.500% due 2029	179	188
Series 2001-S18 Class A2			7.000% due 2029	177	188
1.770% due 08/25/31 (Ê)	297	296	6.500% due 2031	892	937
Series 2002-10 Class 2A1			7.000% due 2031	905	961
7.500% due 05/25/32	256	269	6.500% due 2032	690	725
Series 2002-18 Class 1A1O			Government National Mortgage		
7.500% due 06/25/32	400	52	Association II		
Series 2002-22 Class 1A1O			5.375% due 2026 (Ê)	1,118	1,150
8.000% due 07/25/32	550	76	5.750% due 2027 (Ê)	96	99
Federal Home Loan Mortgage Corp.			6.000% due 2028	334	348
5.000%15 Year Gold TBA (δ)	495	505	4.500% due 2032 (Ê)	807	824
5.500%15 Year Gold TBA (δ)	1,300	1,342	Norwest Asset Securities Corp.		
6.000% 15 Year Gold TBA (δ)	100	105	Series 1998-14 Class A2		
5.500%30 Year Gold TBA (δ)	765	777	6.500% due 06/25/13	16	16
6.500% 30 Year Gold TBA (δ)	7,960	8,258	Residential Asset Mortgage Products, Inc.		
6.000% due 2016	400	419	Series 2002-RZ4 Class A1O		
7.853% due 2030 (Ê)	26	27	5.750% due 04/25/05	1,250	91
7.500% due 2032	446	475	Salomon Brothers Mortgage Securities VII		
Series 2000-2266 Class F			Series 1999-NC4 Class A		
1.870% due 11/15/30 (Ê)	278	279	1.820% due 09/25/29 (Ê)	94	94
Federal National Mortgage Association			Sequoia Mortgage Trust		
5.500%15 Year TBA (δ)	2,300	2,382	Series 2001-5 Class A		
6.000%15 Year TBA (δ)	7,925	8,281	1.770% due 10/19/26 (Ê)	438	436
6.000% 30 Year TBA (δ)	1,675	1,725	Vendee Mortgage Trust		
7.000% 30 Year TBA (δ)	2,775	2,916	Series 2002-1 Class 21O		
7.500% 30 Year TBA (δ)	1,835	1,948	0.250% due 08/15/31	10,905	128
6.000% due 2016	324	340	Wells Fargo Mortgage Backed		
3.913% due 2017 (Ê)	148	149	Securities Trust		
5.500% due 2017	1,982	2,057	Series 2001-34 Class 3A		
6.000% due 2017	5,573	5,832	6.083% due 01/25/32 (Ê)	510	514
6.500% due 2032	503	524			<u>53,576</u>
7.000% due 2032	257	272	Municipal Bonds - 0.4%		
4.450% due 2036 (Ê)	1,505	1,545	Clark County Nevada General		
Series 1992-10 Class ZD			Obligation Limited, weekly demand		
8.000% due 11/25/21	1,186	1,311	5.000% due 06/01/32 (μ)	600	607
Federal National Mortgage Association			Non-US Bonds - 4.1%		
Whole Loan			Deutsche Bundesrepublik		
Series 2002-W1, Class 2A1O			5.250% due 07/04/10	EUR 5,000	5,678
0.641% due 04/25/42	5,523	167	Mexico Government International Bond		
Series 2002-W6 Class 2A1O			Value Recovery Rights		
0.411% due 06/25/42	5,190	97	Series B		
FHA VA Reperforming Pass Thru			0.000% due 06/30/04 (Æ)(Ê)	MXN 1,100	4
Class A1					<u>5,682</u>
6.500% due 01/30/43	200	211			
First Nationwide Trust					
Series 2001-4 Class 3A5					
2.020% due 09/25/31 (Ê)	343	344			

Core Bond Fund

Statement of Net Assets, continued—December 31, 2002

	Principal Amount (000) \$	Market Value (000) \$		Number of Shares	Market Value (000) \$
United States Government			Preferred Stocks - 0.3%		
Agencies - 4.0%			California Federal Preferred Capital (Æ)	8,250	215
Federal Home Loan Mortgage Corp.			Centaur Funding Corp.	265,000	262
3.250% due 01/15/04	500	510			
6.625% due 09/15/09	530	622	Total Preferred Stocks		
6.875% due 09/15/10	845	1,008	(cost \$470)		477
6.750% due 03/15/31	405	484			
Federal National Mortgage Association					
5.000% due 01/20/07	280	291			
6.250% due 03/22/12	425	459			
6.250% due 05/15/29	255	284			
Financing Corp. Principal STRIP					
0.000% due 05/11/18	480	206	Short-Term Investments - 48.0%		
0.000% due 12/06/18	520	214	American General Finance Corp.		
0.000% due 12/27/18	1,775	729	Series MTNE		
0.000% due 04/05/19	420	169	6.170% due 05/06/03	400	406
0.000% due 09/26/19	290	113	ANZ Delaware, Inc.		
Series 15P			1.310% due 03/06/03 (¥)	2,700	2,691
0.000% due 03/07/19	240	97	Associates Corp. Of North America		
Residual Funding Principal STRIP			1.860% due 05/08/03 (Ê)	700	701
0.000% due 10/15/20	600	226	BP America, Inc.		
United States Treasury Principal STRIP			1.320% due 03/05/03	2,600	2,592
0.000% due 05/15/17	400	197	British Telecommunications PLC		
		5,609	2.705% due 12/15/03 (Ê)	900	906
			Bundesschatzanweisungen		
			4.250% due 03/14/03	EUR 1,488	1,566
United States Government			CBA Delaware Finance, Inc.		
Treasuries - 6.9%			1.310% due 02/18/03 (ç)(¥)	1,500	1,497
United States Treasury			DaimlerChrysler NA Holding Corp.		
Inflation Indexed Bonds			Series MTNC		
3.375% due 01/15/07 (§)	114	124	1.650% due 08/21/03 (Ê)	1,500	1,497
3.875% due 01/15/09	221	246	Danske Corp. Commercial Paper		
3.375% due 01/15/12	102	112	1.325% due 02/27/03 (ç)(¥)	1,000	998
3.000% due 07/15/12	100	106	Federal Home Loan Mortgage Corp.		
3.625% due 04/15/28	336	393	Discount Note		
3.875% due 04/15/29	1,103	1,348	1.280% due 04/09/03 (ç)(¥)	2,300	2,291
United States Treasury Note			Federal National Mortgage Association		
7.875% due 11/15/04	650	726	Discount Note		
4.625% due 05/15/06	2,515	2,711	1.257% due 02/12/03 (ç)(¥)(§)	40	40
6.000% due 08/15/09	290	337	Ford Motor Credit Co.		
5.000% due 02/15/11	465	511	1.920% due 06/23/03 (Ê)	250	249
7.250% due 05/15/16	200	256	1.684% due 11/24/03 (Ê)	1,000	976
7.500% due 11/15/16	1,400	1,831	Frank Russell Investment Company		
8.750% due 05/15/17	300	434	Money Market Fund (Ç)	42,740	42,740
6.000% due 02/15/26	130	149	French Treasury Note		
5.500% due 08/15/28	300	324	5.000% due 01/12/03 (ç)	EUR 1,488	1,562
United States Treasury Principal STRIP			General Motors Acceptance Corp.		
0.000% due 05/15/17	250	123	1.920% due 11/07/03 (Ê)	600	592
		9,731	Hbos Treasury Services PLC		
			1.350% due 03/05/03 (Ê)	1,000	997
Total Long-Term Investments			Household Finance Corp.		
(cost \$107,605)		110,801	6.125% due 02/27/03 (ç)	1,000	1,004
			Italy Buoni Poliennali Del Tesoro		
			4.500% due 01/15/03 (ç)	EUR 1,488	1,562

Core Bond Fund

Statement of Net Assets, continued—December 31, 2002

	Principal Amount (000) \$	Market Value (000) \$	Futures Contracts (Number of Contracts)	National Amount (000) \$	Unrealized Appreciation (Depreciation) (000) \$
Lloyds Bank PLC			Long Positions		
1.300% due 03/11/03	1,600	1,595	Euribor Futures		
Niagara Mohawk Power Corp.			expiration date 03/03 (160)	2	(1)
6.875% due 04/01/03	75	76			
Philip Morris Cos., Inc.			Eurodollar Futures		
7.250% due 01/15/03 (c)	500	501	expiration date 06/03 (5)	1,233	25
United States Treasury Bill					
1.615% due 01/16/03 (c)(y)(s)	50	50	Eurodollar Futures		
1.620% due 01/23/03 (c)(y)(s)	25	25	expiration date 09/03 (18)	4,431	159
1.470% due 01/30/03 (c)(y)(s)	25	25			
1.206% due 02/13/03 (c)(y)(s)	65	65	United States Agency Notes		
1.209% due 02/13/03 (c)(y)(s)	25	25	10 Year Futures		
1.154% due 02/20/03 (c)(y)	25	25	expiration date 03/03 (11)	1,226	37
Total Short-Term Investments			United States Treasury Bonds		
(cost \$66,767)		67,254	expiration date 03/03 (20)	2,254	95
Total Investments - 127.3%			United States Treasury Notes		
(identified cost \$174,842)		178,532	2 Year Futures		
			expiration date 03/03 (6)	1,291	15
Other Assets and Liabilities,			United States Treasury Notes		
Net - (27.3%)		(38,252)	10 Year Futures		
			expiration date 03/03 (37)	4,257	64
Net Assets - 100.0%		140,280	Short Positions		
			Euribor Futures (UK)		
			expiration date 03/03 (153)	3	44
			Euribor Futures (UK)		
			expiration date 06/03 (4)	—	2
			Euribor Futures (Luxembourg)		
			expiration date 12/03 (4)	1	3
			United States Treasury Bonds		
			expiration date 03/03 (7)	789	(26)
			United States Treasury 5 Year Notes		
			expiration date 03/03 (46)	5,210	(106)
			United States Treasury 10 Year Notes		
			expiration date 03/03 (18)	2,071	(64)
			Total Unrealized Appreciation		
			(Depreciation) on Open Futures		
			Contracts Purchased		247

See accompanying notes which are an integral part of the financial statements.

Core Bond Fund

Statement of Net Assets, continued—December 31, 2002

Options Written (Number of Contracts)	Notional Amount (000) \$	Market Value (000) \$	Forward Foreign Currency Exchange Contracts				Unrealized Appreciation (Depreciation) (000) \$
			Amount Sold (000)	Amount Bought (000)	Settlement Date		
Eurodollar Futures							
Jun 2003 98.75 Call (19)	48	(6)					
Jun 2003 97.50 Put (9)	23	—					
Jun 2003 98.00 Put (4)	10	(1)					
			USD 38	EUR 38	02/10/03		2
			EUR 110	USD 110	02/10/03		(5)
Interest Rate Swap							
May 2003 3.25 Call (1)	300	(4)					
May 2003 3.25 Call (1)	300	(3)					
May 2003 3.25 Call (2)	1,200	(14)					
Jun 2003 4.00 Call (1)	900	(12)					(3)
Three Month LIBOR Swap							
Dec 2003 3.50 Call (1)	300	(5)					
Dec 2003 3.50 Call (2)	1,700	(28)					
Aug 2003 4.00 Call (1)	900	(13)					
Jul 2003 4.00 Call (2)	1,800	(26)					
United States Treasury Notes							
10 Year Futures							
Feb 2003 117.00 Call (5)	5	(3)					
Total Liability for Options Written							
(premiums received \$80)							(115)

See accompanying notes which are an integral part of the financial statements.

Core Bond Fund

Statement of Net Assets, continued—December 31, 2002

Index Swaps

Underlying Security	Counter Party	Notional Amount (000) \$	Fund Pays Floating Rate	Termination Date	Unrealized Appreciation (Depreciation) (000) \$
Bear Stearns High Yield Index	Bear Stearns	940	1 Month USD LIBOR-BBA plus 2.25%	12/31/02	6
Bear Stearns High Yield Index	Bear Stearns	390	1 Month USD LIBOR-BBA plus 0.50%	01/01/03	3
Bear Stearns High Yield Index	Bear Stearns	370	1 Month USD LIBOR-BBA plus 2.07%	02/01/03	3
Bear Stearns High Yield Index	Bear Stearns	350	1 Month USD LIBOR-BBA plus 0.35%	04/30/03	3
Bear Stearns High Yield Index	Bear Stearns	870	1 Month USD LIBOR-BBA plus 0.58%	08/31/03	7
Bear Stearns High Yield Index	Bear Stearns	600	1 Month USD LIBOR-BBA plus 1.85%	10/31/03	4
Lehman Brothers CMBS ERISA Eligible Index	Lehman Brothers	860	1 Month USD LIBOR-BBA minus 0.35%	01/21/03	24
Lehman Brothers CMBS ERISA Eligible Index	Lehman Brothers	720	1 Month USD LIBOR-BBA minus 0.35%	04/30/03	20
Lehman Brothers High Yield Index	Lehman Brothers	260	1 Month USD LIBOR-BBA plus 0.65%	06/30/03	3
Lehman Brothers High Yield Index	Lehman Brothers	380	1 Month USD LIBOR-BBA plus 0.75%	08/31/03	5
					78

Interest Rate Swaps

	Notional Amount (000)	Fund Receives	Fund Pays	Termination Date	Market Value (000) \$
USD	2,100	Three Month LIBOR	5.00%	06/18/13	(88)
USD	100	Three Month LIBOR	6.00%	06/18/23	(7)
Total Market Value of Interest Rate Swaps premiums paid (received) - (\$33)					(95)

See accompanying notes which are an integral part of the financial statements.

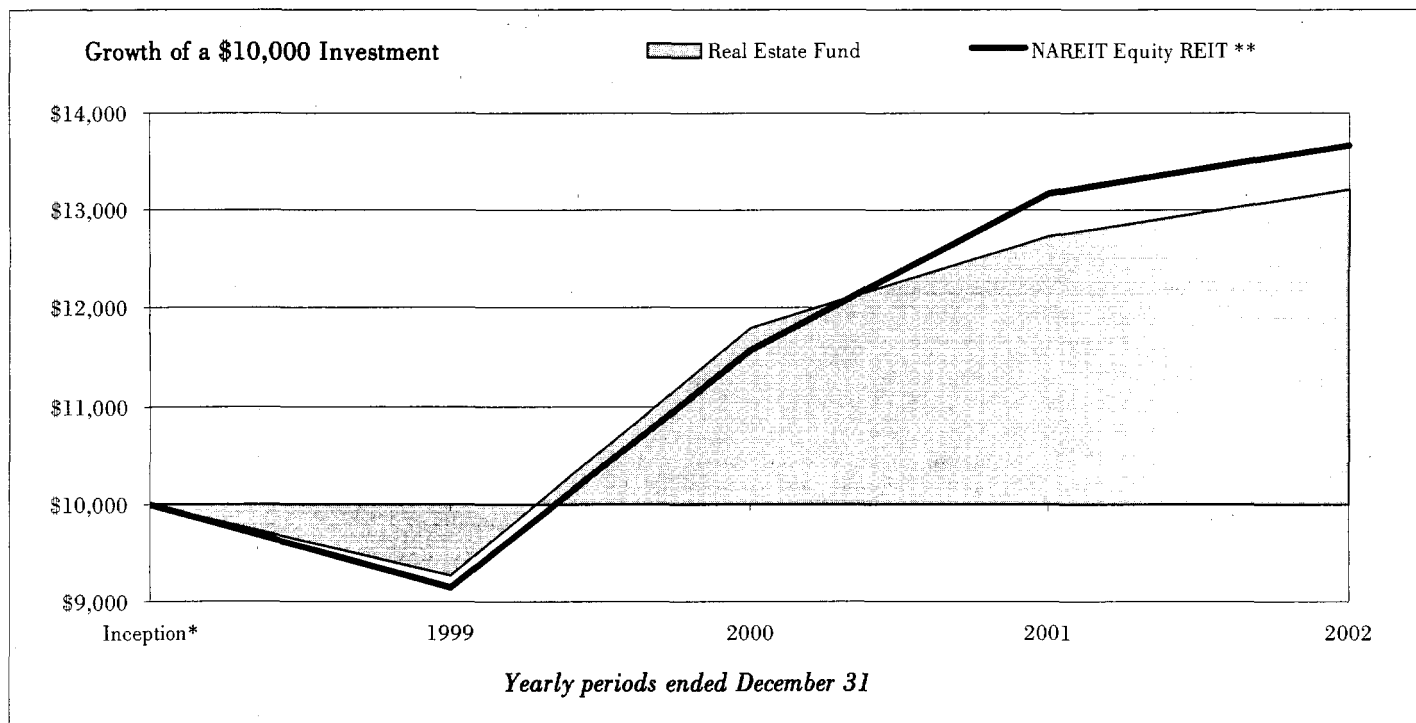
Real Estate Securities Fund

Portfolio Management Discussion—December 31, 2002 (Unaudited)

Objective: To generate a high level of total return through above-average current income, while maintaining the potential for capital appreciation.

Invests in: Primarily the equity securities of US real estate investment trusts and real estate operating companies.

Strategy: The Fund uses a multi-manager strategy intended to achieve higher returns with moderate risk. The Fund employed the investment management services of three managers with distinct approaches to investing in real estate equity securities.



Real Estate Securities Fund

Periods Ended 12/31/02	Growth of \$10,000	Total Return
1 Year	\$ 10,380	3.80%
Inception*	\$ 13,209	7.85%§

NAREIT Equity REIT Index

Periods Ended 12/31/02	Growth of \$10,000	Total Return
1 Year	\$ 10,381	3.81%
Inception*	\$ 13,678	8.92%§

Performance Review

For the year ended December 31, 2002, the Real Estate Securities Fund returned 3.80%, compared to its benchmark, the NAREIT Equity REIT Index, which gained 3.81%.

Market and Portfolio Highlights

The twelve months ended December 31, 2002 provided a challenging environment for active management due to the wide dispersion of returns by property sector over the year. Managers that track closely to the benchmark sector weights were less challenged than those that explicitly emphasize property sector selection in the portfolio construction process.

REITs, as well as small cap and value stocks, performed well at the beginning of 2002. High dividend yield and the perceived defensive orientation of the asset class continued to attract investors. Additionally the relative ease in understanding REIT company earnings was an attractive feature in an environment marred by

perceptions of corporate misdeeds. The best performing sectors during the period were lodging/resorts, diversified, and shopping centers.

Strong returns continued through the end of June, with second quarter returns driven by the regional malls, shopping centers and industrial sectors. Although real estate typically lags other sectors of the economy, it seemed to benefit as the economy appeared to enter the early stages of a recovery phase.

By the third quarter, broad-based selling pressure contributed to a reversal in REIT performance. While there were modest net inflows to dedicated REIT mutual funds during the quarter, this was more than offset by redemptions from small cap stock mutual funds that hold REITs within their portfolios. Many of these funds were forced to liquidate their best performing stocks to meet redemptions. Concerns over earnings continued to weigh on office, apartment, and hotel companies.

Real Estate Securities Fund

Portfolio Management Discussion—December 31, 2002 (Unaudited)

Performance was relatively flat in the fourth quarter as funds flows stabilized. The strongest performing sectors were specialty and shopping centers.

For the full year, the retail and industrial sectors were strong performers, driven in large part by resilient consumer spending. Regional malls, in particular, were viewed as a safe haven as investors remained confident in market fundamentals and earnings prospects. The office, apartments, and lodging/resorts sectors posted negative returns for the year. These sectors suffered from weak job growth, which translated into weaker than expected demand and earnings growth. Apartment companies also suffered from strong single-family home demand resulting from historically low mortgage interest rates.

The REIT market generally favored market-oriented styles. This was the dominant style in the Fund and contributed to positive performance results. Market-oriented manager RREEF substantially outperformed the benchmark, adding value from both sector selection including overweight positions in the regional malls and industrial sectors and stock selection. RREEF was also underweight in the lodging sector at times during the period when this sector performed poorly. Value manager AEW slightly underperformed the benchmark. Positive stock selection was offset by poor sector selection, including slight overweight positions in the apartments and office sectors which struggled over the year due to concerns for earnings in the midst of a slow economy. Growth manager Security Capital underperformed the benchmark, primarily due to an overweight position in the apartments sector. Security Capital also suffered from an overweight in the lodging sector during this sector's underperformance. Fund management monitored Security Capital following GE Capital's acquisition of this firm in May 2002. A lower target weight was adopted for this manager to reflect these concerns.

The Fund's underweight position in three of the largest companies in the benchmark (Equity Office Properties Trust, Equity Residential Properties Trust and Plum Creek Timber Company) helped performance as all three companies underperformed the benchmark. The replacement of Cohen & Steers with RREEF was deemed a success, based on RREEF's strong performance since they were hired in March 2002. RREEF is a core manager that has demonstrated consistent performance in both up and down markets due to effective sector and stock selection. RREEF completed the repositioning of the Cohen & Steers portfolio in early April, which resulted in a significant reduction in office company exposure and increase to retail sector companies. Both changes helped performance for the balance of the year.

Top Ten Equity Holdings (as a percent of Total Investments) December 31, 2002

Simon Property Group, Inc.	6.0%
General Growth Properties, Inc.	4.7
Archstone-Smith Trust	4.6
Boston Properties, Inc.	4.1
Prologis	3.9
Equity Residential	3.8
AvalonBay Communities, Inc.	3.3
Apartment Investment & Management Co. Class A	3.2
Starwood Hotels & Resorts Worldwide, Inc.	3.0
Vornado Realty Trust	2.8

Portfolio Characteristics December 31, 2002

Current P/E Ratio	19.8x
Portfolio Price/Book Ratio	1.65x
Market Capitalization - \$-Weighted Average	3.03 Bil
Number of Holdings	60

Money Managers Styles

AEW Capital Management, LP	Value
RREEF America, LLC	Market-Oriented
Security Capital Research & Management, Inc.	Growth

* Real Estate Securities Fund assumes initial investment on April 30, 1999. NAREIT Index comparison for the initial investment began May 1, 1999.

** National Association of Real Estate Investment Trusts (NAREIT) Equity REIT Index is an index composed of all the data based on the last closing price of the month for all tax-qualified REITs listed on the New York Stock Exchange, American Stock Exchange, and the NASDAQ National Market System. The data is market value-weighted. The total-return calculation is based upon whether it is 1-month, 3-months or 12-months. Only those REITs listed for the entire period are used in the total return calculation.

§ Annualized.

Performance is historical and assumes reinvestment of all dividends and capital gains. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than when purchased. Past performance is not indicative of future results.

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Statement of Assets and Liabilities—December 31, 2002

Amounts in thousands (except per share amounts)

	Multi-Style Equity Fund
Assets	
Investments, at identified cost	\$ 215,631
Investments, at market***	206,921
Foreign currency holdings*	—
Unrealized appreciation on forward foreign currency exchange contracts	—
Unrealized appreciation on foreign currency exchange spot contracts	—
Receivables:	
Dividends and interest	271
Investments sold (regular settlement)	2,054
Investments sold (delayed settlement)	—
Fund shares sold	44
Foreign taxes recoverable	—
Daily variation margin on futures contracts	38
Investment of securities lending collateral in money market funds, at cost and market value	874
Unrealized appreciation on index swap contracts	—
Total assets	210,202
Liabilities	
Payables:	
Investments purchased (regular settlement)	2,334
Investments purchased (delayed settlement)	—
Fund shares redeemed	6
Accrued fees to affiliates	138
Other accrued expenses	56
Daily variation margin on futures contracts	—
Unrealized depreciation on forward foreign currency exchange contracts	—
Unrealized depreciation on foreign currency exchange spot contracts	—
Options written, at market value**	—
Payable upon return of securities loaned	874
Interest rate swap contracts, at market value****	—
Total liabilities	3,408
Net Assets	\$ 206,794
Net Assets Consist of:	
Undistributed net investment income	\$ 415
Accumulated net realized gain (loss)	(115,899)
Unrealized appreciation (depreciation) on:	
Investments	(8,710)
Futures contracts	(283)
Options written	—
Index swap contracts	—
Interest rate swap contracts	—
Foreign currency-related transactions	—
Shares of beneficial interest	229
Additional paid-in capital	331,042
Net Assets	\$ 206,794
Net Asset Value, offering and redemption price per share:	
Net asset value per share*****	\$ 9.04
Net assets	\$ 206,794,035
Shares outstanding (\$.01 par value)	22,884,262
* Foreign currency holdings - cost	\$ —
** Premiums received on options written	\$ —
*** Securities on loan included in investments	\$ 819
**** Interest rate swap contracts - premiums paid (received)	\$ —
***** Net asset value per share equals net assets divided by shares of beneficial interest outstanding.	

See accompanying notes which are an integral part of the financial statements.

Aggressive Equity Fund	Non-U.S. Fund	Core Bond Fund	Real Estate Securities Fund
\$ 101,316	\$ 155,540	\$ 174,842	\$ 155,358
98,086	137,690	178,532	160,534
—	1,228	68	—
—	299	2	—
—	3	—	—
119	204	1,410	1,107
227	2,010	10	566
—	—	10,853	—
11	27	206	45
—	145	—	—
6	39	12	—
3,112	—	—	—
—	—	78	—
<u>101,561</u>	<u>141,645</u>	<u>191,171</u>	<u>162,252</u>
523	2,963	532	1,880
—	—	50,010	—
8	2	7	43
80	91	77	117
44	81	33	36
—	—	17	—
—	66	5	—
—	1	—	—
—	601	115	—
3,112	—	—	—
—	—	95	—
<u>3,767</u>	<u>3,805</u>	<u>50,891</u>	<u>2,076</u>
<u>\$ 97,794</u>	<u>\$ 137,840</u>	<u>\$ 140,280</u>	<u>\$ 160,176</u>
\$ —	\$ (300)	\$ (173)	\$ (66)
(23,968)	(59,993)	469	(2,429)
(3,230)	(17,850)	3,690	5,176
(162)	(414)	247	—
—	(18)	(35)	—
—	—	78	—
—	—	(62)	—
—	278	(361)	—
106	191	135	152
125,048	215,946	136,292	157,343
<u>\$ 97,794</u>	<u>\$ 137,840</u>	<u>\$ 140,280</u>	<u>\$ 160,176</u>
\$ 9.26	\$ 7.20	\$ 10.43	\$ 10.51
\$ 97,793,748	\$ 137,839,738	\$ 140,280,000	\$ 160,175,590
10,555,924	19,131,582	13,454,455	15,244,224
\$ —	\$ 1,201	\$ 66	\$ —
\$ —	\$ 583	\$ 80	\$ —
\$ 2,990	\$ —	\$ —	\$ —
\$ —	\$ —	\$ (33)	\$ —

See accompanying notes which are an integral part of the financial statements.

Statement of Operations—For the Year Ended December 31, 2002

Amounts in thousands

	Multi-Style Equity Fund
Investment Income	
Dividends	\$ 3,232
Dividends from Money Market Fund	219
Interest	27
Securities lending income	6
Less foreign taxes withheld	—
Total investment income	<u>3,484</u>
Expenses	
Management fees	1,774
Custodian fees	345
Transfer agent fees	12
Professional fees	31
Trustees' fees	21
Miscellaneous	67
Expenses before reductions	<u>2,250</u>
Expense reductions	<u>(153)</u>
Net expenses	2,097
Net investment income (loss)	<u>1,387</u>
Net Realized and Unrealized Gain (Loss)	
Net realized gain (loss) on:	
Investments	(36,911)
Futures contracts	(2,657)
Options written	—
Index swap contracts	—
Interest rate swap contracts	—
Foreign currency-related transactions	—
Net realized gain (loss)	<u>(39,568)</u>
Net change in unrealized appreciation (depreciation) on:	
Investments	(22,328)
Futures contracts	(498)
Options written	—
Index swap contracts	—
Interest rate swap contracts	—
Foreign currency-related transactions	—
Net change in unrealized appreciation (depreciation)	<u>(22,826)</u>
Net realized and unrealized gain (loss)	<u>(62,394)</u>
Net Increase (Decrease) in Net Assets from Operations	<u>\$ (61,007)</u>

See accompanying notes which are an integral part of the financial statements.

Aggressive Equity Fund	Non-U.S. Fund	Core Bond Fund	Real Estate Securities Fund
\$ 1,025	\$ 3,216	\$ 45	\$ 8,316
105	169	566	157
15	37	4,629	—
3	—	—	—
—	(326)	—	—
<u>1,148</u>	<u>3,096</u>	<u>5,240</u>	<u>8,473</u>
1,011	1,419	720	1,198
332	694	180	125
10	9	9	9
23	31	19	22
17	17	17	17
53	41	30	23
<u>1,446</u>	<u>2,211</u>	<u>975</u>	<u>1,394</u>
(113)	(266)	(5)	—
<u>1,333</u>	<u>1,945</u>	<u>970</u>	<u>1,394</u>
<u>(185)</u>	<u>1,151</u>	<u>4,270</u>	<u>7,079</u>
(6,741)	(17,031)	3,969	1,709
(1,192)	(3,181)	556	—
—	(85)	394	—
—	—	49	—
—	—	(129)	—
—	1,410	(744)	—
<u>(7,933)</u>	<u>(18,887)</u>	<u>4,095</u>	<u>1,709</u>
(14,157)	(5,143)	2,540	(5,630)
(365)	(635)	292	—
—	(18)	(313)	—
—	—	78	—
—	—	(62)	—
—	440	(288)	—
<u>(14,522)</u>	<u>(5,356)</u>	<u>2,247</u>	<u>(5,630)</u>
(22,455)	(24,243)	6,342	(3,921)
<u>\$ (22,640)</u>	<u>\$ (23,092)</u>	<u>\$ 10,612</u>	<u>\$ 3,158</u>

See accompanying notes which are an integral part of the financial statements.

Statement of Changes in Net Assets—For the Years Ended December 31,

Amounts in thousands

	Multi-Style Equity Fund	
	2002	2001
Increase (Decrease) in Net Assets		
Operations		
Net investment income (loss)	\$ 1,387	\$ 1,391
Net realized gain (loss)	(39,568)	(36,118)
Net change in unrealized appreciation (depreciation)	(22,826)	(3,402)
Net increase (decrease) in net assets from operations	<u>(61,007)</u>	<u>(38,129)</u>
Distributions		
From net investment income	(1,354)	(1,122)
From net realized gain	—	(4,575)
Tax return of capital	—	—
Net decrease in net assets from distributions	<u>(1,354)</u>	<u>(5,697)</u>
Share Transactions		
Net increase (decrease) in net assets from share transactions	<u>17,425</u>	<u>32,892</u>
Total Net Increase (Decrease) in Net Assets	(44,936)	(10,934)
Net Assets		
Beginning of period	<u>251,730</u>	<u>262,664</u>
End of period	<u>\$ 206,794</u>	<u>\$ 251,730</u>
Undistributed net investment income included in net assets	\$ 415	\$ 382

See accompanying notes which are an integral part of the financial statements.

Statement of Changes in Net Assets—For the Years Ended December 31,

Amounts in thousands

Aggressive Equity Fund		Non-U.S. Fund		Core Bond Fund		Real Estate Securities Fund	
2002	2001	2002	2001	2002	2001	2002	2001
\$ (185)	\$ 14	\$ 1,151	\$ 1,033	\$ 4,270	\$ 5,226	\$ 7,079	\$ 5,213
(7,933)	(7,355)	(18,887)	(26,432)	4,095	1,212	1,709	402
(14,522)	4,947	(5,356)	(15,940)	2,247	474	(5,630)	1,610
<u>(22,640)</u>	<u>(2,394)</u>	<u>(23,092)</u>	<u>(41,339)</u>	<u>10,612</u>	<u>6,912</u>	<u>3,158</u>	<u>7,225</u>
—	(14)	(2,455)	(660)	(3,487)	(5,842)	(7,692)	(5,096)
—	—	—	—	(3,690)	(680)	(871)	(1,815)
—	(100)	—	(278)	—	—	—	—
<u>—</u>	<u>(114)</u>	<u>(2,455)</u>	<u>(938)</u>	<u>(7,177)</u>	<u>(6,522)</u>	<u>(8,563)</u>	<u>(6,911)</u>
<u>8,741</u>	<u>7,536</u>	<u>8,893</u>	<u>11,127</u>	<u>26,874</u>	<u>21,067</u>	<u>53,599</u>	<u>22,955</u>
(13,899)	5,028	(16,654)	(31,150)	30,309	21,457	48,194	23,269
<u>111,693</u>	<u>106,665</u>	<u>154,494</u>	<u>185,644</u>	<u>109,971</u>	<u>88,514</u>	<u>111,982</u>	<u>88,713</u>
<u>\$ 97,794</u>	<u>\$ 111,693</u>	<u>\$ 137,840</u>	<u>\$ 154,494</u>	<u>\$ 140,280</u>	<u>\$ 109,971</u>	<u>\$ 160,176</u>	<u>\$ 111,982</u>
\$ —	\$ —	\$ (300)	\$ (445)	\$ (173)	\$ 388	\$ (66)	\$ 404

See accompanying notes which are an integral part of the financial statements.

Financial Highlights—For the Years Ended December 31,

For a Share Outstanding Throughout each Period.

	\$ Net Asset Value, Beginning of Period	\$ Net Investment Income (Loss)(a)	\$ Net Realized and Unrealized Gain (Loss)	\$ Total Income From Operations	\$ Distributions from Net Investment Income	\$ Distributions from Net Realized Gain	\$ Return of Capital
Multi-Style Equity Fund							
2002	11.84	.06	(2.80)	(2.74)	(.06)	—	—
2001	14.13	.07	(2.06)	(1.99)	(.06)	(.24)	—
2000	16.79	.08	(2.10)	(2.02)	(.08)	(.56)	—
1999	16.02	.12	2.41	2.53	(.12)	(1.64)	—
1998	12.78	.10	3.49	3.59	(.08)	(.27)	—
Aggressive Equity Fund							
2002	11.44	(.02)	(2.16)	(2.18)	—	—	—
2001	11.73	— (d)	(.28)	(.28)	— (d)	—	(.01)
2000	13.36	.04	(.16)	(.12)	(.05)	(1.46)	—
1999	12.70	.05	.71	.76	(.04)	(.06)	—
1998	13.45	.02	.13	.15	(.02)	(.88)	—
Non-U.S. Fund							
2002	8.64	.06	(1.37)	(1.31)	(.13)	—	—
2001	11.15	.06	(2.52)	(2.46)	(.04)	—	(.01)
2000	14.19	.10	(2.11)	(2.01)	—	(1.00)	(.03)
1999	11.09	.10	3.53	3.63	(.23)	(.30)	—
1998	10.03	.08	1.21	1.29	(.18)	(.05)	—
Core Bond Fund							
2002	10.13	.36	.52	.88	(.30)	(.28)	—
2001	10.07	.54	.18	.72	(.60)	(.06)	—
2000	9.64	.61	.33	.94	(.51)	—	—
1999	10.68	.59	(.65)	(.06)	(.61)	(.16)	(.21)
1998	10.45	.56	.19	.75	(.47)	(.05)	—
Real Estate Securities Fund							
2002	10.75	.54	(.13)	.41	(.57)	(.08)	—
2001	10.67	.57	.24	.81	(.55)	(.18)	—
2000	8.81	.54	1.81	2.35	(.49)	—	—
1999 (1)	10.00	.35	(1.08)	(.73)	(.34)	—	(.12)

See accompanying notes which are an integral part of the financial statements.

\$ Total Distributions	\$ Net Asset Value, End of Period	% Total Return (b)	\$ Net Assets, End of Period (000)	% Ratio of Expenses to Average Net Assets, Net (c)	% Ratio of Expenses to Average Net Assets, Gross (c)	% Ratio of Net Investment Income to Average Net Assets (c)	% Portfolio Turnover Rate
(.06)	9.04	(23.19)	206,794	.92	.99	.61	145.90
(.30)	11.84	(14.21)	251,730	.92	.99	.57	131.67
(.64)	14.13	(12.26)	262,664	.92	.93	.51	161.09
(1.76)	16.79	17.17	285,877	.92	.96	.74	67.67
(.35)	16.02	28.71	73,998	.92	1.21	.70	78.89
—	9.26	(19.06)	97,794	1.25	1.36	(.17)	139.24
(.01)	11.44	(2.36)	111,693	1.25	1.38	.01	180.38
(1.51)	11.73	(.66)	106,665	1.25	1.28	.27	203.48
(.10)	13.36	6.08	99,150	1.25	1.34	.37	111.46
(.90)	12.70	1.02	24,607	1.25	1.67	.19	79.88
(.13)	7.20	(15.15)	137,840	1.30	1.48	.77	60.98
(.05)	8.64	(22.03)	154,494	1.30	1.43	.64	79.79
(1.03)	11.15	(14.43)	185,644	1.30	1.37	.78	86.06
(.53)	14.19	33.36	195,519	1.30	1.50	.80	83.45
(.23)	11.09	12.96	21,420	1.30	2.37	.77	50.36
(.58)	10.43	8.84	140,280	.80	.80	3.52	207.60
(.66)	10.13	7.41	109,971	.80	.88	5.25	205.62
(.51)	10.07	10.00	88,514	.80	.84	6.20	171.48
(.98)	9.64	(.61)	83,620	.80	.86	5.77	139.06
(.52)	10.68	7.38	32,305	.80	1.28	5.34	75.95
(.65)	10.51	3.80	160,175	.99	.99	5.01	55.43
(.73)	10.75	7.84	111,982	1.06	1.06	5.35	55.13
(.49)	10.67	27.24	88,713	1.08	1.08	5.58	45.79
(.46)	8.81	(7.26)	55,318	1.15	1.15	5.84	23.98

See accompanying notes which are an integral part of the financial statements.

Footnotes to Financial Highlights—December 31, 2002

- (1) For the period April 30, 1999 (commencement of operations) to December 31, 1999.
- (a) Average month-end shares outstanding were used for this calculation.
- (b) Periods less than one year are not annualized.
- (c) The ratios for periods less than one year are annualized.
- (d) Less than \$.01 per share for the period.

See accompanying notes which are an integral part of the financial statements.

Russell Insurance Funds

Notes to Statement of Net Assets — December 31, 2002

Footnotes:

- (Æ) Nonincome-producing security.
- (ö) Real Estate Investment Trust (REIT).
- (§) Held as collateral in connection with futures contracts purchased (sold), options written, or swaps entered into by the Fund.
- (Ÿ) Rate noted is yield-to-maturity from date of acquisition.
- (ç) At amortized cost, which approximates market.
- (Ê) Adjustable or floating rate security. Rate shown reflects rate in effect at period end.
- (ð) Forward commitment.
- (þ) Perpetual floating rate security.
- (µ) Bond is insured by a guarantor.
- (Ÿ) This security has been valued by the Security Valuation Committee, delegated by the Board of Trustees. It is possible that the estimated value may differ significantly from the amount that might ultimately be realized.
- (æ) Pre-refunded: These bonds are collateralized by US Treasury securities, which are held in escrow by a trustee and used to pay principal and interest in the tax-exempt issue and to retire the bonds in full at the earliest refunding date. The rate noted is for descriptive purposes; effective yield may vary.
- (Ø) In default.
- (†) The cost for federal income tax purposes is the same as shown above.
- (Ç) At net asset value.

Abbreviations:

ADR - American Depositary Receipt
GDR - Global Depositary Receipt
ADS - American Depositary Share
CMO - Collateralized Mortgage Obligation
CVO - Contingent Value Obligation
144A - Represents private placement security for qualified buyers according to rule 144A of the Securities Act of 1933.
GDS - Global Depositary Share
LIBOR - London Interbank Offered Rate
PIK - Payment in Kind
FDIC - Federal Deposit Insurance Company
REMIC - Real Estate Mortgage Investment Conduit
STRIP - Separate Trading of Registered Interest and Principal of Securities
TBA - To Be Announced Security

Foreign Currency Abbreviations:

ARS - Argentine peso	GBP - British pound sterling	PHP - Philippine peso
AUD - Australian dollar	HKD - Hong Kong dollar	PLN - Polish zloty
BRL - Brazilian real	HUF - Hungarian forint	RUB - Russian ruble
CAD - Canadian dollar	IDR - Indonesian rupiah	SEK - Swedish krona
CHF - Swiss franc	ILS - Israeli shekel	SGD - Singapore dollar
CLP - Chilean peso	INR - Indian rupee	SKK - Slovakian koruna
CNY - Chinese renminbi yuan	ITL - Italian lira	THB - Thai baht
COP - Columbian peso	JPY - Japanese yen	TRL - Turkish lira
CRC - Costa Rica colon	KES - Kenyan shilling	USD - United States dollar
CZK - Czech koruna	KRW - South Korean won	VEB - Venezuelan bolivar
DKK - Danish krone	MXN - Mexican peso	VND - Vietnam dong
EGP - Egyptian pound	MYR - Malaysian ringgit	ZAR - South African rand
EUR - Euro	PEN - Peruvian nuevo sol	

Russell Insurance Funds

Notes to Financial Statements—December 31, 2002

1. Organization

Russell Insurance Funds (the “Investment Company”) is a series mutual fund with five investment portfolios, referred to as “Funds.” These financial statements report on the Funds, each of which has distinct investment objectives and strategies. These Funds are offered at net asset value to qualified insurance company separate accounts offering variable insurance products. The Investment Company is registered under the Investment Company Act of 1940, as amended, as a diversified, open-end management investment company. It is organized and operates as a Massachusetts business trust under a master trust agreement dated July 11, 1996. The Investment Company’s master trust agreement permits the Board of Trustees to issue an unlimited number of full and fractional shares of beneficial interest at a \$.01 par value.

2. Significant Accounting Policies

The Funds’ financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) which require the use of management estimates. The following is a summary of the significant accounting policies consistently followed by the Funds in the preparation of these financial statements.

Security valuation

United States equity securities listed and traded principally on any national securities exchange or over-the-counter are valued on the basis of the last sale price or, lacking any sale, at the closing bid price, on the primary exchange on which the security is traded. Fixed-income securities and options are valued on the basis of the closing bid price. Futures contracts are valued on the basis of the last sale price. Many fixed-income securities do not trade each day and, thus, last sale or bid prices are frequently not available. Fixed income securities, therefore, may be valued using prices provided by a pricing service when such prices are believed to reflect the fair market value of such securities. The value of swap agreements are equal to the Funds’ obligation (or rights) under swap contracts which will generally be equal to the net amounts to be paid or received under the contracts based upon the relative values of the positions held by each party to the contracts.

International equity and fixed-income securities traded on a national securities exchange are valued on the basis of the last sale price. International securities traded over the counter are valued on the basis of the mean of bid prices. In the absence of a last sale or mean bid price, respectively, such securities may be valued on the basis of prices provided by a pricing service if those prices are believed to reflect the fair market value of such securities.

Long-term investments purchased by the Funds and maturing within 60 days of the valuation date and short-term investments are valued at “amortized cost” unless the Board of Trustees determines that amortized cost does not represent fair value.

The Funds may value certain securities for which market quotations are not readily available at “fair value,” as determined in good faith pursuant to procedures established by the Board of Trustees.

Investment transactions

Securities transactions are recorded on a trade date basis. Realized gains and losses from securities transactions are recorded on the basis of specific identified cost incurred by each money manager within a particular fund.

Investment income

Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis. The Core Bond Fund classifies gains and losses realized on prepayments received on mortgage-backed securities as part of interest income. All premiums and discounts, including original issue discounts, are amortized/accreted using the interest method.

Federal income taxes

As a Massachusetts business trust, each Fund is a separate corporate taxpayer and determines its net investment income and capital gains (or losses) and the amounts to be distributed to each Fund’s shareholders without regard to the income and capital gains (or losses) of the other Funds.

It is each Fund’s intention to qualify as a regulated investment company and distribute all of its taxable income and capital gains. Therefore, no federal income tax provision was required for the Funds.

Dividends and distributions to shareholders

For all Funds, income dividends and capital gain distributions, if any, are recorded on the ex-dividend date. Dividends are generally declared and paid quarterly, except for the Non-U.S. Fund, which generally declares and pays dividends annually. Capital gain distributions are generally declared and paid annually. An additional distribution may be paid by the funds to avoid imposition of federal income and excise tax on any remaining undistributed capital gains and net investment income.

Russell Insurance Funds

Notes to Financial Statements, continued—December 31, 2002

The timing and characterization of certain income and capital gain distributions are determined in accordance with federal tax regulations which may differ from GAAP. As a result, net investment income and net realized gain (or loss) on investment and foreign currency-related transactions for a reporting period may differ significantly from distributions during such period. The differences between tax regulations and GAAP primarily relate to investments in options, futures, forward contracts, passive foreign investment companies, foreign-denominated investments, mortgage-backed securities, certain securities sold at a loss and by recording gains and losses from securities transactions on the basis of specific identified cost incurred by each money manager for financial reporting purposes and on the basis of specific identified cost incurred by each Fund for tax purposes.

Expenses

The Funds will pay their own expenses other than those expressly assumed by Frank Russell Investment Management Company (“FRIMCo” or “Advisor”). Most expenses can be directly attributed to the individual Funds. Expenses which cannot be directly attributed are allocated among all Funds principally based on their relative net assets.

Foreign currency translations

The books and records of the Funds are maintained in US dollars. Foreign currency amounts and transactions of the Funds are translated into US dollars on the following basis:

- (a) Market value of investment securities, other assets and liabilities at the closing rate of exchange on the valuation date.
- (b) Purchases and sales of investment securities and income at the closing rate of exchange prevailing on the respective trade dates of such transactions.

Reported net realized gains or losses from foreign currency-related transactions arise from: sales and maturities of short-term securities; sales of foreign currencies; currency gains or losses realized between the trade and settlement dates on securities transactions; the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Non-U.S. Fund's books and the US dollar equivalent of the amounts actually received or paid. Net unrealized gains or losses from foreign currency-related transactions arise from changes in the value of assets and liabilities, other than investments in securities, at year-end, as a result of changes in the exchange rates.

The Non-U.S. Fund does not isolate that portion of the results of operations of the Fund that arises as a result of changes in exchange rates from that portion that arises from changes in market prices of investments during the year. Such fluctuations are included with the net realized and unrealized gain or loss from investments. However, for federal income tax purposes the Non-U.S. Fund does isolate the effects of changes in foreign exchange rates from the fluctuations arising from changes in market prices for realized gain (or loss) on debt obligations.

Derivatives

To the extent permitted by the investment objectives, restrictions and policies set forth in the Funds' Prospectus and Statement of Additional Information, the Funds may participate in various derivative-based transactions. Derivative securities are instruments or agreements whose value is derived from an underlying security or index. They include options, futures, swaps, forwards, structured notes and stripped securities. These instruments offer unique characteristics and risks that assist the Funds in meeting their investment strategies.

The Funds typically use derivatives in three ways: cash equitization, hedging, and return enhancement. Cash equitization is a technique that may be used by certain Funds through the use of options and futures to earn “market-like” returns with their excess and liquidity reserve cash balances. Hedging is used by some Funds to limit or control risks, such as adverse movements in exchange rates and interest rates. Return enhancement can be accomplished through the use of derivatives in a Fund. By purchasing certain instruments, Funds may more effectively achieve the desired portfolio characteristics that assist them in meeting their investment objectives. Depending on how the derivatives are structured and utilized, the risks associated with them may vary widely. These risks are generally categorized as market risk, liquidity risk and counterparty or credit risk.

Foreign currency exchange contracts

In connection with portfolio purchases and sales of securities denominated in a foreign currency, the Non-U.S. Fund may enter into foreign currency exchange spot contracts and forward foreign currency exchange contracts (“contracts”). Contracts are recorded at market value. Certain risks may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts and are generally limited to the amount of unrealized gain on the contracts, if any, that is recognized in the Statement of Assets and Liabilities. Realized gains or losses arising from such transactions are included in net realized gain (or loss) from foreign currency-related transactions. Open contracts at December 31, 2002 are presented on the Statement of Net Assets for the Non-U.S. Fund.

Russell Insurance Funds

Notes to Financial Statements, continued—December 31, 2002

Forward commitments

The Funds may contract to purchase securities for a fixed price at a future date beyond customary settlement time (not to exceed 120 days)(i.e., a “forward commitment,” “delayed settlement” or “when issued” transaction, e.g., to be announced (“TBA”)) consistent with a Fund’s ability to manage its investment portfolio and meet redemption requests. The price of the underlying securities and the date when the securities will be delivered and paid for are fixed at the time the transaction is negotiated. The Funds may dispose of a forward commitment transaction prior to settlement if it is appropriate to do so and realize short-term gains (or losses) upon such sale. When effecting such transactions, cash or liquid high-grade debt obligations of the Fund in a dollar amount sufficient to make payment for the portfolio securities to be purchased will be segregated on the Fund’s records at the trade date and maintained until the transaction is settled. A forward commitment transaction involves a risk of loss if the value of the security to be purchased declines prior to the settlement date or the other party to the transaction fails to complete the transaction.

Options

The Funds may purchase and sell (write) call and put options on securities and securities indices, provided such options are traded on a national securities exchange or in an over-the-counter market. These Funds may also purchase and sell call and put options on foreign currencies. The domestic equity Funds may utilize options to equitize liquidity reserve balances.

When a Fund writes a covered call or a put option, an amount equal to the premium received by the Fund is included in the Fund’s Statement of Assets and Liabilities as an asset and as an equivalent liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option written. The Fund receives a premium on the sale of a call option but gives up the opportunity to profit from any increase in stock value above the exercise price of the option, and when the Fund writes a put option it is exposed to a decline in the price of the underlying security.

If an option which the Fund has written either expires on its stipulated expiration date or the Fund enters into a closing purchase transaction, the Fund realizes a gain (or loss, if the cost of a closing purchase transaction exceeds the premium received when the option was sold) without regard to any unrealized gain or loss on the underlying security, and the liability related to such option is extinguished. If a call option which the Fund has written is exercised, the Fund realizes a capital gain or loss from the sale of the underlying security, and the proceeds from such sale are increased by the premium originally received. When a put option which a Fund has written is exercised, the amount of the premium originally received will reduce the cost of the security which a Fund purchases upon exercise of the option. Realized gains (losses) on purchased options are included in net realized gain (loss) from investments.

The Funds’ use of written options involves, to varying degrees, elements of market risk in excess of the amount recognized in the Statement of Assets and Liabilities. The face or contract amounts of these instruments reflect the extent of the Funds’ exposure to off balance sheet risk. The risks may be caused by an imperfect correlation between movements in the price of the instrument and the price of the underlying securities and interest rates.

Futures Contracts

The Funds utilize futures to equitize liquidity reserve balances. The face or contract amounts of these instruments reflect the extent of the Funds’ exposure to off balance sheet risk. The primary risks associated with the use of futures contracts are an imperfect correlation between the change in market value of the securities held by the Fund and the prices of futures contracts, and the possibility of an illiquid market. Changes in the initial settlement values of futures contracts are accounted for as unrealized appreciation (depreciation) until the contracts are terminated, at which time realized gains and losses are recognized.

Investment in international markets

Investing in international markets may involve special risks and considerations not typically associated with investing in the United States markets. These risks include revaluation of currencies, high rates of inflation, repatriation, restrictions on income and capital, and future adverse political and economic developments. Moreover, securities issued in these markets may be less liquid, subject to government ownership controls, delayed settlements, and their prices more volatile than those of comparable securities in the United States.

Swap Agreements

The Funds may enter into swap agreements as an additional equitization vehicle for uninvested cash balances held by the Funds or to effect investment transactions consistent with this Fund’s investment objectives and strategies. Swap agreements are two party contracts entered into primarily by institutional investors for periods ranging from a few weeks to more than one year. In a standard swap transaction, the two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular investments or instruments. The returns to be exchanged between the parties are calculated with respect to a “notional amount” (i.e. a specified dollar amount that is hypothetically invested in a “basket” of securities representing a particular index).

Russell Insurance Funds

Notes to Financial Statements, continued—December 31, 2002

3. Investment Transactions

Securities

During year ended December 31, 2002, purchases and sales of investment securities (excluding US Government and Agency obligations, short-term investments, options, futures and repurchase agreements) were as follows:

	Purchases	Sales
Multi-Style Equity	\$ 327,558,841	\$ 309,016,722
Aggressive Equity	148,212,638	139,692,814
Non-U.S.	91,863,726	83,297,222
Core Bond	125,666,950	132,587,048
Real Estate Securities	126,870,535	73,933,269

Purchases and sales of US Government and Agency obligations (excluding short-term investments, options, futures and repurchase agreements) were as follows:

	Purchases	Sales
Core Bond	\$ 109,706,212	\$ 102,914,177

Written Options Contracts

Fund transactions in written options for the year ended December 31, 2002 were as follows:

	Non-U.S. Fund		Core Bond Fund	
	Number of Contracts	Premiums Received	Number of Contracts	Premiums Received
Outstanding December 31, 2001	—	\$ —	511	\$ 325
Opened	151	3,594	232	198
Closed	(121)	(3,011)	(62)	(54)
Expired	—	—	(633)	(389)
Outstanding December 31, 2002	30	\$ 583	48	\$ 80

Securities Lending

The Investment Company has a securities lending program whereby each Fund can loan securities with a value up to 33 1/3% of its total assets to certain brokers. The Fund receives cash (US currency), US Government or US Government agency obligations as collateral against the loaned securities. To the extent that a loan is collateralized by cash, such collateral shall be invested by the securities lending agent in money market mutual funds and such other short-term investments, provided the investments meet certain quality and diversification requirements. The collateral received is recorded on the Fund's statement of assets and liabilities along with the related obligation to return the collateral.

Income generated from the investment of cash collateral, less negotiated rebate fees paid to participating brokers and transaction costs, is divided between the Fund and the securities lending agent and is recorded as income for the Fund. All collateral received will be in an amount at least equal to 102% (for loans of US securities) or 105% (for non-US securities) of the market value of the loaned securities at the inception of each loan. Should the borrower of the securities fail financially, there is a risk of delay in recovery of the securities or loss of rights in the collateral. Consequently, loans are made only to borrowers which are deemed to be of good financial standing. As of December 31, 2002, the value of outstanding securities on loan and the value of collateral amounted to as follows:

	Value of Securities on Loan	Value of Collateral
Multi-Style Equity	\$ 819,008	\$ 874,220
Aggressive Equity	2,989,746	3,111,691

As of December 31, 2002, the cash collateral received for the securities on loan are invested as follows:

	Deutsche Bank IDA Fund (1)
Multi-Style Equity	\$ 877,482
Aggressive Equity	3,123,303

- (1) The Deutsche Bank IDA Fund investment balance includes pending items that account for the difference between the total amount invested and the total cash collateral amount.

Russell Insurance Funds

Notes to Financial Statements, continued—December 31, 2002

4. Related Parties

Manager

FRIMCo advises and administers all of the Funds which comprise the Investment Company. FRIMCo is a wholly-owned subsidiary of Frank Russell Company, a wholly-owned subsidiary of The Northwestern Mutual Life Insurance Company. Frank Russell Company researches and recommends to FRIMCo, and to the Investment Company, one or more investment management organizations to manage the portfolio of each Fund.

The Funds are permitted to invest their cash reserves (i.e., monies awaiting investment in portfolio securities suitable for the Funds' objectives) in the Frank Russell Investment Company Money Market Fund. As of December 31, 2002, \$80,354,000 of the Money Market Fund's net assets represents investments by the Funds.

For the year ended December 31, 2002, the management fee paid to FRIMCo, for the Funds listed below, in accordance with the Investment Company's Management Agreement with that firm, amounted to \$6,121,439 before waivers and/or reimbursements. Such fee is payable monthly and is equal to the annual rate, by Fund, shown in the following table, of the average daily net assets of the applicable Fund.

Prior to April 8, 2002, FRIMCo reduced its management fees for each Fund by management fees incurred on assets invested in the Frank Russell Investment Company Money Market Fund thereby eliminating any duplication of fees.

	Annual Rate		Annual Rate
Multi-Style Equity	0.78%	Core Bond	0.60%
Aggressive Equity	0.95	Real Estate Securities	0.85
Non-U.S.	0.95		

FRIMCo has contractually agreed to waive a portion of its management fee for each Fund, up to the full amount of its fee, to the extent the Fund's operating expenses exceed specified limits imposed by FRIMCo on an annual basis. Additionally, FRIMCo has contractually agreed to reimburse each Fund for all remaining expenses, after fee waivers, that still exceed their respective expense caps. There were no reimbursements for the year ended December 31, 2002.

The expense caps and waivers as of December 31, 2002 were as follows:

	Expense Cap	Advisory Fees Waived
Multi-Style Equity	0.92%	\$ 152,437
Aggressive Equity	1.25	112,476
Non-U.S.	1.30	265,864
Core Bond	0.80	2,766
Real Estate Securities	1.15	—

Custodian

The Funds have entered into arrangements with their Custodian whereby custody credits realized as a result of uninvested cash balances were used to reduce a portion of the Funds' expenses. For the year ended December 31, 2002 the Funds' custodian fees were reduced by the following amounts under these arrangements:

	Amount Paid
Multi-Style Equity	\$ 207
Aggressive Equity	176
Non-U.S.	493
Core Bond	1,968
Real Estate Securities	121

Transfer agent

The Funds have a contract with FRIMCo to provide transfer agent services to the Investment Company. Total fees for the year ended December 31, 2002 were \$48,885.

Russell Insurance Funds

Notes to Financial Statements, continued—December 31, 2002

Distributor

Russell Fund Distributors, Inc. (the "Distributor"), a wholly-owned subsidiary of FRIMCo, is the principal Distributor for Investment Company shares. The Distributor receives no compensation from the Investment Company for its services.

Brokerage commissions

The Funds may effect portfolio transactions through Frank Russell Securities, Inc., an affiliate of the Advisor, when a money manager determines that the Fund will receive competitive execution, price and commissions. Amounts retained by Frank Russell Securities, Inc. for the year ended December 31, 2002 were as follows:

	Amount
Multi-Style Equity	\$ 21,068
Aggressive Equity	6,892
Non-U.S.	9,598
Real Estate Securities	5,718

Additionally, the Funds paid brokerage commissions to non-affiliated brokers who provided brokerage and research services to the Advisor.

Board of Trustees

The Russell Fund Complex consists of Frank Russell Investment Company ("FRIC"), which has 31 funds, and Russell Insurance Funds ("RIF"), which has 5 funds. Each of the trustees is a trustee of both FRIC and RIF. The Russell Fund Complex pays each of its Trustees not affiliated with FRIMCo a retainer of \$52,000 per year, \$5,000 for each regular quarterly meeting attended in person, \$2,000 for each special meeting attended in person, and \$2,000 for each Joint Audit Committee meeting or nominating and Governance Committee meeting attended in person. The Trustee will receive a \$500 fee for attending the meetings by phone instead of receiving the full fee had the member attended in person. Out of pocket expenses are also paid by the Russell Fund Complex. The Lead Trustee is paid a fee of \$10,000 per year, and each Committee Chair is paid a fee of \$6,000 per year.

5. Federal Income Taxes

From November 1, 2002 to December 31, 2002, the Multi-Style Equity, Aggressive Equity, Non-U.S., and Real Estate Securities Funds incurred net realized capital losses of \$6,168,501, \$1,662,018, \$2,107,464, and \$638,641, respectively. From November 1, 2002, to December 31, 2002, the Core Bond Fund incurred net currency losses of \$97,782. As permitted by tax regulations, these Funds have elected to defer these losses and treat them as arising in the year ending December 31, 2003.

At December 31, 2002, the following Funds had net tax basis capital loss carryforwards which may be applied against any net realized taxable gains in each succeeding year or until their respective expiration dates, whichever occurs first. Available capital loss carryforwards and expiration dates are as follows:

	12/31/09	12/31/10	Totals
Multi-Style Equity	\$ 45,480,975	\$ 42,503,096	\$ 87,984,071
Aggressive Equity	11,446,597	8,621,006	20,067,603
Non-U.S.	26,643,305	25,583,592	52,226,897

As of December 31, 2002, the cost of investments, net unrealized appreciation, undistributed ordinary income and undistributed long-term capital gains for income tax purposes were as follows:

	Multi-Style Equity	Aggressive Equity	Non-U.S.	Core Bond	Real Estate Securities
Cost of Investments	\$ 237,660,822	\$ 103,715,199	\$ 161,309,938	\$ 174,211,458	\$ 157,147,795
Unrealized Appreciation	5,606,464	6,867,737	5,041,503	5,954,212	8,737,363
Unrealized Depreciation	(36,346,022)	(12,496,742)	(28,661,630)	(1,633,915)	(5,351,559)
Net Unrealized Appreciation	\$ (30,739,558)	\$ (5,629,005)	\$ (23,620,127)	\$ 4,320,297	\$ 3,385,804
Undistributed Ordinary Income	\$ 415,302	\$ —	\$ 47,104	\$ —	\$ —
Undistributed Long-Term Capital Gains (Capital Loss Carryforwards)	\$ (87,984,071)	\$ (20,067,603)	\$ (52,226,897)	\$ —	\$ —
Tax Composition of Distributions:					
Ordinary Income	\$ 1,354,416	\$ —	\$ 2,455,250	\$ 6,374,179	\$ 7,496,406
Long-Term Capital Gains	\$ —	\$ —	\$ —	\$ 801,579	\$ 1,000,943
Tax Return of Capital	\$ —	\$ —	\$ —	\$ —	\$ —

Russell Insurance Funds

Notes to Financial Statements, continued—December 31, 2002

6. Fund Share Transactions

Share transactions for the year ended December 31, 2002 and December 31, 2001, were as follows:

	Shares		Dollars (000)	
	2002	2001	2002	2001
Multi-Style Equity				
Proceeds from shares sold	3,249,226	4,599,577	\$ 33,496	\$ 56,717
Proceeds from reinvestment of distributions	132,702	437,867	1,354	5,697
Payments for shares redeemed	(1,756,694)	(2,373,084)	(17,425)	(29,522)
Total net increase (decrease)	<u>1,625,234</u>	<u>2,664,360</u>	<u>\$ 17,425</u>	<u>\$ 32,892</u>
Aggressive Equity				
Proceeds from shares sold	1,859,186	1,940,748	\$ 19,608	\$ 21,313
Proceeds from reinvestment of distributions	—	10,601	—	114
Payments for shares redeemed	(1,070,851)	(1,276,500)	(10,867)	(13,891)
Total net increase (decrease)	<u>788,335</u>	<u>674,849</u>	<u>\$ 8,741</u>	<u>\$ 7,536</u>
Non-U.S.				
Proceeds from shares sold	10,286,424	5,742,086	\$ 80,040	\$ 54,173
Proceeds from reinvestment of distributions	341,481	109,957	2,455	938
Payments for shares redeemed	(9,377,382)	(4,618,879)	(73,602)	(43,984)
Total net increase (decrease)	<u>1,250,523</u>	<u>1,233,164</u>	<u>\$ 8,893</u>	<u>\$ 11,127</u>
Core Bond				
Proceeds from shares sold	3,385,111	3,251,892	\$ 34,958	\$ 33,231
Proceeds from reinvestment of distributions	699,012	645,318	7,176	6,523
Payments for shares redeemed	(1,481,599)	(1,831,680)	(15,260)	(18,687)
Total net increase (decrease)	<u>2,602,524</u>	<u>2,065,530</u>	<u>\$ 26,874</u>	<u>\$ 21,067</u>
Real Estate Securities				
Proceeds from shares sold	5,031,761	3,555,196	\$ 55,527	\$ 37,911
Proceeds from reinvestment of distributions	795,477	651,129	8,563	6,911
Payments for shares redeemed	(998,282)	(2,102,841)	(10,491)	(21,867)
Total net increase (decrease)	<u>4,828,956</u>	<u>2,103,484</u>	<u>\$ 53,599</u>	<u>\$ 22,955</u>

7. Beneficial Interest

As of December 31, 2002, the following table includes each shareholder with shares of beneficial interest greater than 10% of the total outstanding shares of each respective Fund. Northwestern Mutual Life Insurance Company was the largest client in each Fund.

	Client Relationship Percentages			
	30.0%	28.4%	18.0%	12.7%
Multi-Style Equity	30.8	29.2	20.0	—
Aggressive Equity	31.6	25.8	25.8	10.5
Non-U.S.	40.7	24.8	24.1	—
Core Bond	43.4	28.9	18.1	—
Real Estate Securities				

Report of Independent Accountants

To the Board of Trustees and Shareholders
of Russell Insurance Funds:

In our opinion, the accompanying statements of assets and liabilities, including the statements of net assets, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of each of the series of Russell Insurance Funds (comprised of Multi-Style Equity, Aggressive Equity, Non-U.S., Core Bond, and Real Estate Securities (the "Funds")) at December 31, 2002, the results of each of their operations, the changes in each of their net assets and the financial highlights for the periods indicated therein, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Funds' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2002 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.



Seattle, Washington
January 28, 2003

Russell Insurance Funds

Tax Information — December 31, 2002 (Unaudited)

Pursuant to Section 852 of the Internal Revenue Code, the Funds designate the following amounts as long-term capital gain dividends for their taxable year ended December 31, 2002:

	<u>Total Long-Term Capital Gains</u>
Core Bond	\$ 823,752
Real Estate Securities	870,847

The Non-U.S. Fund paid foreign taxes of \$326,319 and recognized \$3,204,875 of foreign source income during the taxable year ended December 31, 2002. Pursuant to Section 853 of the Internal Revenue Code, the Fund designates \$0.0171 per share of foreign taxes paid and \$0.1675 of gross income earned from foreign sources in the taxable year ended December 31, 2002.

Please consult a tax advisor for questions about federal or state income tax laws.

Russell Insurance Funds

Disclosure of Information about Fund Directors—December 31, 2002 (Unaudited)

The following tables provide information for each officer and trustee of the Russell Fund Complex. The Russell Fund Complex consists of Frank Russell Investment Company (“FRIC”), which has 31 funds, and Russell Insurance Funds (“RIF”), which has 5 funds. Each of the trustees is a trustee of both FRIC and RIF. The first table provides information for trustees who are interested trustees. The second table provides information for the independent trustees. The third table provides information for the officers.

Name, Age, Address	Position(s) Held with Fund and Length of Time Served	Term of Office	Principal Occupation(s) During the Past 5 Years	No. of Portfolios in Russell Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
INTERESTED TRUSTEES					
*George F. Russell, Jr., Born July 3, 1932 909 A Street Tacoma, Washington 98402-1616	Trustee Emeritus and Chairman Emeritus since 1999	Appointed until successor is duly elected and qualified	<ul style="list-style-type: none"> • Currently, Chairman Emeritus, FRC • Currently, Chairman Emeritus, FRIC and RIF • From 1984 to December 1998, Chairman of the Board of FRIC and RIF 	36	None
*Lynn L. Anderson, Born April 22, 1939 909 A Street Tacoma, Washington 98402-1616	Trustee since 1987 Chairman of the Board since 1999	Appointed until successor is duly elected and qualified Until successor is chosen and qualified by trustees	<ul style="list-style-type: none"> • Vice Chairman, FRC; • Chairman of the Board, Trustee, FRIC and RIF; • CEO and Chairman of the Board, Russell Fund Distributors, Inc. and FRIMCo; • Trustee, President and Chairman of the Board, SSgA Funds (investment company) Trustee and Chairman of the Board, Frank Russell Trust Company • Until October 2002, President and CEO, FRIC and RIF 	36	• Trustee, The SSgA Funds (investment company);
*Michael J.A. Phillips, Born January 20, 1948 909 A Street Tacoma, Washington 98402-1616	Trustee since January 2, 2002	Appointed until successor is duly elected and qualified	<ul style="list-style-type: none"> • Chairman of the Board, President and CEO, FRC • Trustee, FRIC and RIF 	36	None
INDEPENDENT TRUSTEES					
Paul E. Anderson, Born October 15, 1931 909 A Street Tacoma, Washington 98402-1616	Trustee since 1984	Appointed until successor is duly elected and qualified	<ul style="list-style-type: none"> • 1996 to present, President, Anderson Management Group LLC (private investments consulting) 	36	None
Paul Anton, Ph.D., Born December 1, 1919 909 A Street Tacoma, Washington 98402-1616	Trustee since 1985	Appointed until successor is duly elected and qualified	<ul style="list-style-type: none"> • Retired since 1997 • Until 1997, President, Paul Anton and Associates (Marketing Consultant on emerging international markets for small corporations) 	36	None

* Each of Messrs. Russell, Anderson and Phillips is also an officer of an affiliate of FRIC and RIF and is therefore an interested trustee.

Russell Insurance Funds

Disclosure of Information about Fund Directors, continued — December 31, 2002 (Unaudited)

Name, Age, Address	Position(s) Held with Fund and Length of Time Served	Term of Office	Principal Occupation(s) During the Past 5 Years	No. of Portfolios in Russell Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
INDEPENDENT TRUSTEES (continued)					
William E. Baxter, Born June 8, 1925 909 A Street Tacoma, Washington 98402-1616	Trustee since 1984	Appointed until successor is duly elected and qualified	• Retired since 1986	36	None
Kristianne Blake, Born January 22, 1954 909 A Street Tacoma, Washington 98402-1616	Trustee since 2000	Appointed until successor is duly elected and qualified	• President, Kristianne Gates Blake, P.S. (accounting services)	36	• Trustee, WM Group of Funds (investment company); • Director, Avista Corp.
Lee C. Gingrich, Born October 6, 1930 909 A Street Tacoma, Washington 98402-1616	Trustee since 1984	Appointed until successor is duly elected and qualified	• Retired since 1995	36	None
Eleanor W. Palmer, Born May 5, 1926 909 A Street Tacoma, Washington 98402-1616	Trustee since 1984	Appointed until successor is duly elected and qualified	• Retired since 1981	36	None
Raymond P. Tennison, Jr. Born December 21, 1955 909 A Street Tacoma, Washington 98402-1616	Trustee since 2000	Appointed until successor is duly elected and qualified	• Currently, President, Simpson Investment Company and several additional subsidiary companies, including Simpson Timber Company, Simpson Paper Company and Simpson Tacoma Kraft Company	36	None
Julie W. Weston Born October 2, 1943 909 A Street Tacoma, Washington 98402-1616	Trustee since 2002	Appointed until successor is duly elected and qualified	• Retired since 2000 1997 to 2000, Arbitrator, The American Arbitration Association Commercial Panel 1995 to 1999, Hearing Officer, University of Washington 1987 to 1997, Consulting Attorney	36	None

Russell Insurance Funds

Disclosure of Information about Fund Directors, continued – December 31, 2002 (Unaudited)

Name, Age, Address	Position(s) Held with Fund and Length of Time Served	Term of Office	Principal Occupation(s) During the Past 5 Years
OFFICERS			
<p>Leonard P. Brennan, Born October 11, 1959</p> <p>909 A Street Tacoma, Washington 98402-1616</p>	<p>President and Chief Executive Officer since 2002</p>	<p>Until successor is chosen and qualified by Trustees</p>	<ul style="list-style-type: none"> • President and COO, FRIC • President and CEO, RIF • Director, Russell Fund Distributors, Inc., Frank Russell Company, S.A., Frank Russell Investments (Singapore) Private Limited and Frank Russell Investments (UK) Limited • Director, President and CEO, FRIMCo • Director and COO, Frank Russell Company Limited and Russell Systems Limited • President, Russell Insurance Agency, Inc. 1995 to present, Managing Director of International Operations
<p>Mark E. Swanson, Born November 26, 1963</p> <p>909 A Street Tacoma, Washington 98402-1616</p>	<p>Treasurer and Chief Accounting Officer since 1998</p>	<p>Until successor is chosen and qualified by Trustees</p>	<ul style="list-style-type: none"> • Treasurer and Chief Accounting Officer, FRIC and RIF 1996 to present, • Director, Funds Administration, FRIMCo and Frank Russell Trust Company • Treasurer, SSgA Funds (investment company); • Manager, Funds Accounting and Taxes, Russell Fund Distributors, Inc. • April 1996 to August 1998, Assistant Treasurer, FRIC and RIF; November 1995 to July 1998, Assistant Secretary, SSgA Funds; February 1997 to July 1998, Manager, Funds Accounting and Taxes, FRIMCo
<p>Randall P. Lert, Born October 3, 1953</p> <p>909 A Street Tacoma, Washington 98402-1616</p>	<p>Director of Investments since 1991</p>	<p>Until removed by Trustees</p>	<ul style="list-style-type: none"> • Director of Investments, FRIC and RIF • Chief Investment Officer, Frank Russell Trust Company • Director, FRIMCo and Russell Fund Distributors, Inc.
<p>Karl J. Ege, Born October 8, 1941</p> <p>909 A Street Tacoma, Washington 98402-1616</p>	<p>Secretary and General Counsel since 1994</p>	<p>Until removed by Trustees</p>	<ul style="list-style-type: none"> • Secretary and General Counsel, FRIC, RIF, FRIMCo • Frank Russell Trust Company and Russell Fund Distributors, Inc. • Director, Secretary and General Counsel, Frank Russell Capital Inc. • Director and Secretary, Russell 20-20 Association
<p>Mark D. Amberson Born July 20, 1960</p> <p>909 A Street Tacoma, Washington 98402-1616</p>	<p>Director of Short-Term Investment Funds since 2001</p>	<p>Until removed by Trustees</p>	<ul style="list-style-type: none"> • Director of Short-Term Investment Funds, FRIC, RIF, FRIMCo and Frank Russell Trust Company • From 1991 to 2001, Portfolio Manager, FRIC, RIF, FRIMCo and Frank Russell Trust Company

Russell Insurance Funds

909 A Street, Tacoma, Washington 98402
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In Washington (253) 627-7001

Trustees

Lynn L. Anderson, Chairman
Paul E. Anderson
Paul Anton, PhD
William E. Baxter
Kristianne Blake
Lee C. Gingrich
Eleanor W. Palmer
Michael J.A. Phillips
Raymond P. Tennison, Jr.
Julie W. Weston

Trustees Emeritus

George F. Russell, Jr.

Officers

Lynn L. Anderson, Chairman of the Board
Leonard P. Brennan, President and Chief Executive Officer
Karl Ege, Secretary and General Counsel
Mark E. Swanson, Treasurer and Chief Accounting Officer
Mark Amberson, Director of Short Term Investment Funds
Randall P. Lert, Director of Investments
Sharon L. Hammel, Director of Portfolio Implementation
Gregory J. Lyons, Assistant Secretary and Associate
General Counsel
Deedra S. Walkey, Assistant Secretary
Mary Beth Rhoden, Assistant Secretary
Greg S. Korte, Assistant Treasurer
David J. Craig, Assistant Treasurer
Stephen J. Meyer, Assistant Treasurer
Amy L. Osler, Assistant Secretary

Manager, Transfer and Dividend Paying Agent

Frank Russell Investment Management Company
909 A Street
Tacoma, WA 98402

Consultant

Frank Russell Company
909 A Street
Tacoma, WA 98402

Custodian

State Street Bank and Trust Company
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Russell Fund Distributors, Inc.
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Tacoma, WA 98402

Independent Accountants

PricewaterhouseCoopers, LLP
1420 Fifth Avenue
Suite 1900
Seattle, WA 98101

Money Managers

Multi-Style Equity Fund

Alliance Capital Management L.P., through its Bernstein
Investment Research and Management Unit, New York, NY
Barclays Global Fund Advisors, San Francisco, CA
Brandywine Asset Management, LLC, Wilmington, DE
Jacobs Levy Equity Management, Inc., Florham Park, NJ
Montag & Caldwell, Inc., Atlanta, GA
Strong Capital Management, Inc., Menomonee Falls, WI
Turner Investment Partners, Inc., Berwyn, PA
Westpeak Global Advisors, L.P., Boulder, CO

Aggressive Equity Fund

CapitalWorks Investment Partners, LLC, San Diego, CA
David J. Greene and Company, LLC, New York, NY
Geewax, Terker & Company, Chadds Ford, PA
Goldman Sachs Asset Management, a unit of the Investment
Management Division of Goldman Sachs & Co., New York, NY
Jacobs Levy Equity Management, Inc., Florham Park, NJ
Suffolk Capital Management, LLC, New York, NY
Systematic Financial Management, L.P., Teaneck, NJ
TimesSquare Capital Management, Inc., New York, NY

Non-U.S. Fund

AQR Capital Management, LLC, New York, NY
Fidelity Management & Research Company, Boston, MA
Oechsle International Advisors, LLC, Boston, MA
The Boston Company Asset Management, LLC, Boston, MA

Core Bond Fund

Pacific Investment Management Company LLC,
Newport Beach, CA
TimesSquare Capital Management, Inc., New York, NY

Real Estate Securities Fund

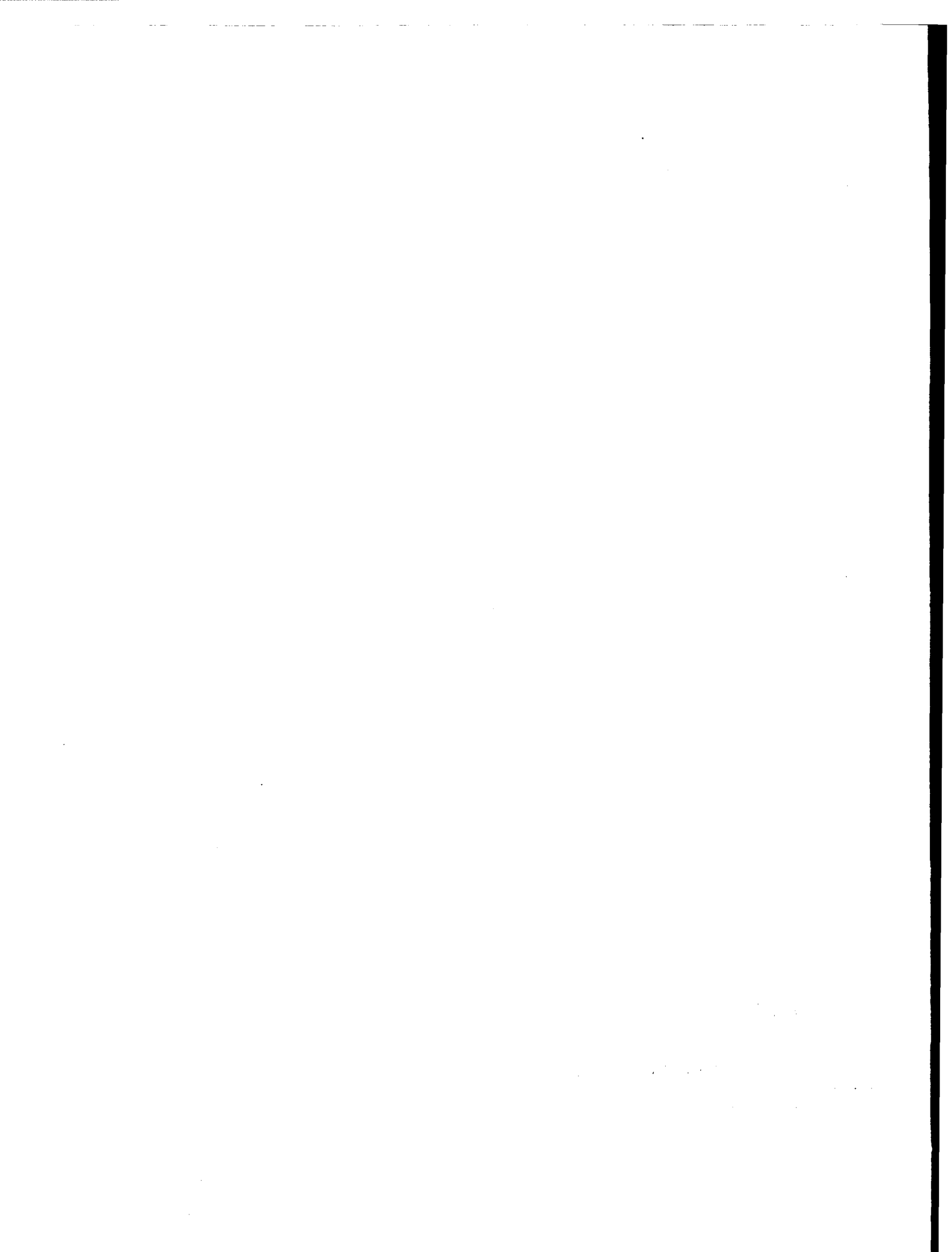
AEW Management and Advisors, L.P., Boston, MA
RREEF America L.L.C., Chicago, IL
Security Capital Research & Management Incorporated,
Chicago, IL

This report is prepared from the books and records of the Funds and is submitted for the general information of shareholders and is not authorized for distribution to prospective investors unless accompanied or preceded by an effective Prospectus. Nothing herein contained is to be considered an offer of sale or a solicitation of an offer to buy shares of. Such offering is made only by Prospectus, which includes details as to offering price and other material information.



Frank Russell Investment Company

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NMI Variable Annuity Account A contracts. This report is not authorized
distribution to prospective purchasers of variable annuity contracts
IR-10 plans unless accompanied by an effective prospectus;
qualified corporate pension or profit sharing plans unless
accompanied by an offering circular. Northwestern Mutual variable
annuity contracts are sold through individuals who, in addition to being
insurance agents of Northwestern Mutual, are Registered
representatives of Northwestern Mutual Investment Services, LLC, a
owned subsidiary of Northwestern Mutual, a registered broker-
dealer under the Securities Exchange Act of 1934 and a member of the
National Association of Securities Dealers, Inc.~~

~~#####(0723817)REV (0109)~~

How Much Will You Need for Retirement?

Tax Rate – It's difficult to avoid paying taxes, even in retirement. While it's likely you may be in a lower income tax bracket in retirement, you should anticipate taxes continually reducing the amount of money you have available to you.

Inflation Rate – Inflation has been relatively low in recent years, but it's likely that inflation may continue to eat away at your retirement savings. One dollar in 1982 is only worth 53¢ today.¹ You'll need more money in today's dollars to maintain your standard of living during retirement.

Life Expectancy – To know how much money you will need in retirement, you need to know how long you may live in retirement. Most statistics have shown that people will live about 20 years in retirement. To get an idea of how long you may live, try Northwestern Mutual's Longevity Game located on their Web site, www.nmfn.com.

Spending Rate – Most people will need about 60 to 80 percent of their current income to live comfortably in retirement. To figure out how much you will need in retirement, you will need to clearly plan out your retirement goals and then determine how much you will need to reach them.

HOW MUCH WILL YOU NEED IN RETIREMENT?

If you aren't sure how much you should be saving for retirement, there are several resources that can help. The Northwestern Mutual Financial Network Web site www.nmfn.com features an entire section on retirement solutions.

Here you will find articles on retirement planning and calculators to help you determine how much you need to save to fund a comfortable retirement. The site also features information to help you assess your financial situation and plan for your retirement income needs.

As always, your Northwestern Mutual Financial Network Representative is available to work with you, and for you, to help accomplish your retirement savings goals.

¹ Decreased dollar value is based upon annual changes in the consumer price index, as reported by the U.S. Bureau of Labor Statistics, for all urban consumers from 1982 to 2002. See chart below. Compiled by Northwestern Mutual.

WHAT DO I NEED IN THE FUTURE TO EQUAL A DOLLAR TODAY?

Inflation Rate	3%	4%	5%	6%
5	\$1.16	\$1.22	\$1.28	\$1.34
10	\$1.34	\$1.48	\$1.63	\$1.79
15	\$1.56	\$1.80	\$2.08	\$2.40
20	\$1.81	\$2.19	\$2.65	\$3.21
25	\$2.09	\$2.67	\$3.39	\$4.29

SelectTM Variable Annuity

Northwestern Mutual is dedicated to low expenses

Not all variable annuities are alike. That's important to know, especially when comparing the expenses and fees you may incur. Those with higher annual fees and charges will reduce your returns and could impact the length of the investment period.

When it comes to total asset-based expenses, Northwestern Mutual is dedicated to maintaining low expenses. Being different is a key factor in Northwestern Mutual comparing favorably on a total expense basis for the SelectTM Variable Annuity (see chart). It should be noted that differences in expenses compound over time and their impact on performance increases in relation to the length of the investment period.

Northwestern Mutual is structured as a mutual life insurance company and is run by and for the benefit of our contract owners. A stock life insurance company, in contrast, is typically structured to seek profits for its shareholders.

Following are several examples of how Northwestern Mutual applies the "mutuality" approach to make the Northwestern Mutual RR series SelectTM Variable Annuity different:

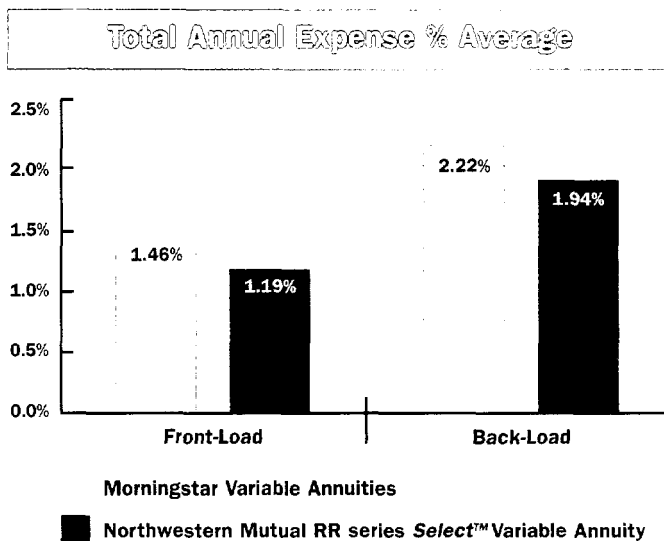
Northwestern Mutual is one among very few companies that offer clients purchase choices.¹ Clients can choose between a front-load or back-load design contract. With a front-load, the sales charge is paid up front and, as a result, annual expenses are less than our back-load purchase design.

Unlike most other variable annuities in the marketplace, the back-load design RR series SelectTM Variable Annuity enhances long-term value when Class B assets convert to Class A assets.

Purchase payments that reach the zero percent withdrawal charge category, and a proportionate share of earnings, automatically convert to Class A assets on contract anniversaries if the total contract value is at least \$25,000.

In the variable funds, amounts that convert will receive a lower mortality and expense charge. In the Guaranteed Interest Fund (GIF), amounts that convert will receive the interest rate credited to the GIF in the front-end design contract.

¹Morningstar Principia Pro for Variable Annuities/Life, based on 12/31/01 review of all 526 variable annuity contracts that Morningstar tracks. Of the 526 variable annuity contracts, 12 offer a front-load design. A minimum \$10,000 investment is required to purchase the Northwestern Mutual front-load design.



Source: Morningstar[®] Principia Pro for Variable Annuities/Life, based on 12/31/01 review of all 174 front-load, 10,631 back-load and 2,410 no-load variable annuity funds (excludes money market funds). The total annual expense % averages for Morningstar[®] Variable Annuities and the Northwestern Mutual SelectTM Variable Annuity reflects the cost to manage the funds and the mortality and expense charge, which includes the cost for distribution.

Now is the time to review

It's never too early to start planning for your retirement. And if you already have a retirement plan in place, it's a good idea to review it periodically to ensure your saving strategies are in tune with your retirement goals. Your Northwestern Mutual Financial Network Representative suggests that you review the following to ensure your retirement plan is still on course.



RETIREMENT GOALS

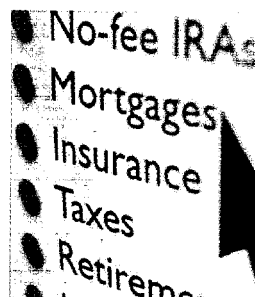
Have your retirement goals changed since you last reviewed them? Do you still plan on settling down in your hometown or are you hoping to travel more in retirement? Do you still plan to retire at 65, or maybe sooner because of health reasons? Changes in your retirement goals and timetable can make a significant difference in how much you are saving for retirement today and what saving vehicles you are using.

PERSONAL CHANGES

Changes in your lifestyle might affect your retirement plans. For instance, maybe you have recently changed jobs, moved or bought a new home, got married or divorced, experienced change in your health, or given birth to a new child. Any one of these changes could result in having more or less money available to save for your retirement. They could also significantly affect your retirement goals.



FINANCIAL SITUATION



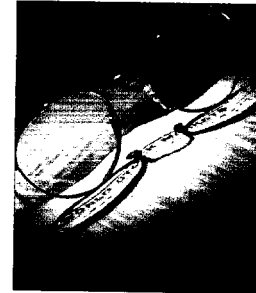
Changes in your financial situation may allow you to save more for retirement. For example, now that you may have reduced your home mortgage payment by refinancing, you may be able to save a little more for retirement. Even the smallest amount adds up over time. Review your finances to see if you can put away a few dollars more each month for retirement.

your retirement plan.

INVESTMENT PORTFOLIO

With the market's volatility, your investments may have significantly changed your overall portfolio mix. You may want to meet with your financial representative to rebalance your portfolio to bring it back in alignment with your retirement goals and objectives. It might also be a good time to again evaluate your risk tolerance. Don't forget to ask your representative about Northwestern Mutual's automatic portfolio rebalancing and dollar-cost averaging services.

If assets are not held in a tax-qualified account, there could be tax cost ramifications to buying and selling during rebalancing. Dollar-cost averaging does not assure a profit or protect against a loss in a declining market. Carefully consider your willingness to continue payments during periods of low prices.



EMPLOYER-SPONSORED RETIREMENT PLAN

Are you maximizing your contribution to your employer-sponsored retirement plan? Has the plan changed or are new investment options available? How well is the plan doing in comparison to the market index? Have the plan fees increased? Are you paying too much? At least once a year, review your retirement plan vehicles for changes that could help or hinder your retirement savings plan.

OTHER RETIREMENT SAVINGS VEHICLES



Is it beneficial for you to open a Roth IRA? Should you roll over money from a traditional IRA to a Roth? The rules can be very complicated, but it may be worth it to meet with your Northwestern Mutual Financial Network Representative to see if you can benefit from a Roth IRA and other retirement saving vehicles available.

Saving for retirement is one of the most important financial decisions you will ever make. Take the time now to review your retirement plan. Your financial network representative has several retirement planning tools to help you achieve your retirement goals.

Keep your retirement
plan on track with
Portfolio Rebalancing

Since different asset classes perform differently, over time your *Select*[™] Variable Annuity portfolio can stray from its original asset allocation. Portfolio rebalancing is the practice of adjusting your portfolio back to its original allocation percentage to maintain your desired balance between stock, bond and cash holdings.

Typically, you should rebalance your portfolio every year or two, but with the market's continued volatility you may want to take advantage of Northwestern Mutual's automatic portfolio rebalancing.

Select[™] Variable Annuity owners with contract values of \$10,000 or more, can have their portfolio automatically rebalanced either monthly, quarterly, semi-annually or annually to match their original allocation.

For more information on portfolio rebalancing, contact your Northwestern Mutual Financial Network Representative. For the latest information about contract values and performance data, call the toll-free Northwestern Mutual Express Line any time at **1-800-519-4665**. Or visit our Web site at www.nmmfn.com.



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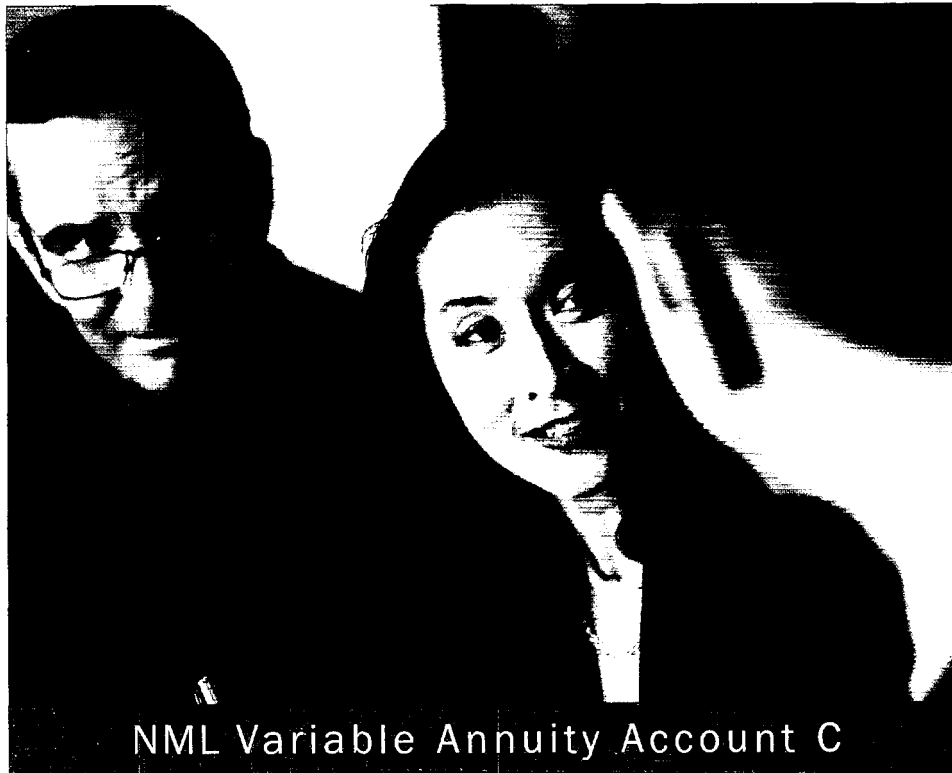
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MILWAUKEE WI 53201-3095

11/03 (REV 01/03)

December 31, 2002

Annual Report



Group Combination Annuity Contracts For Retirement Plans:

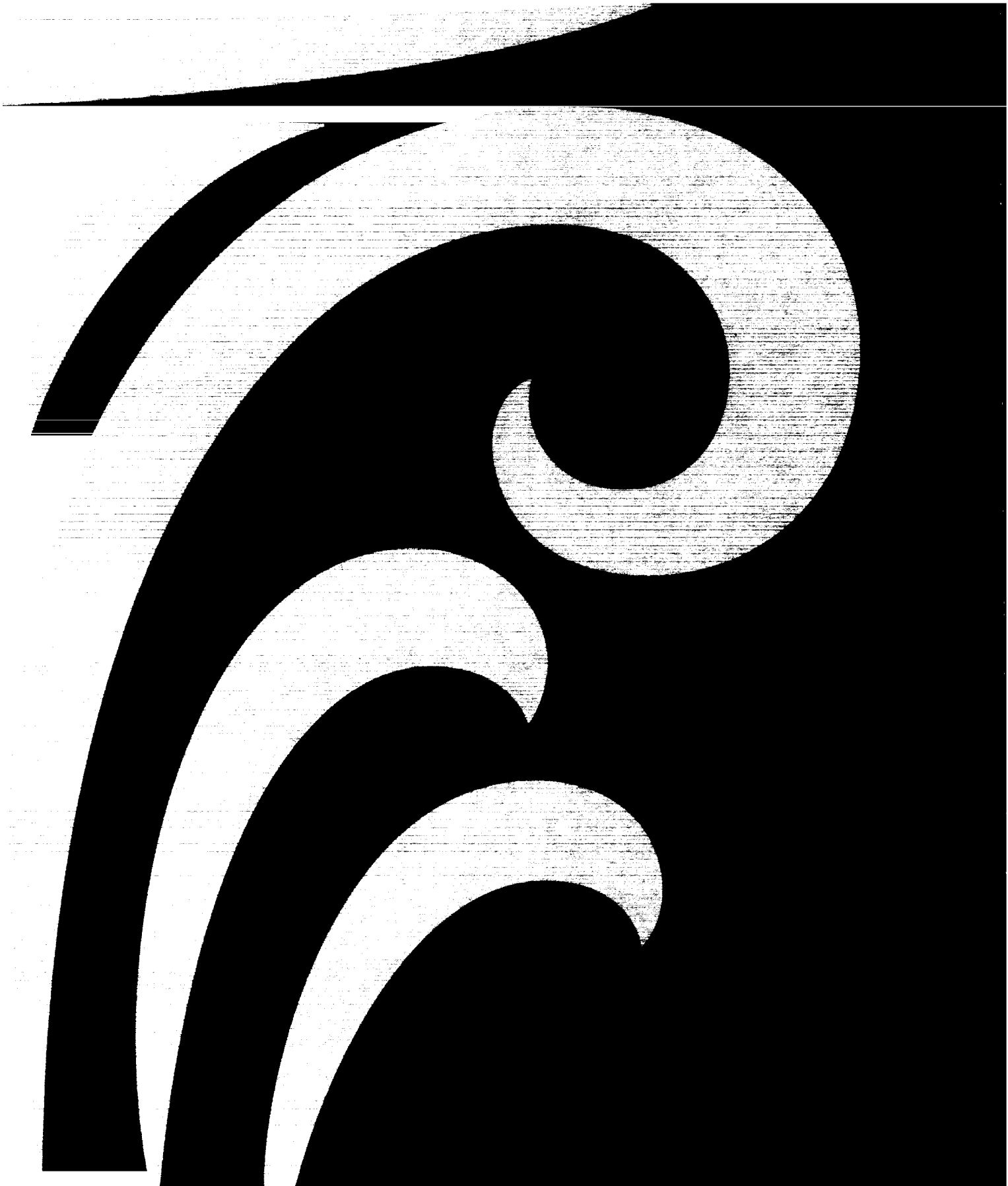
- Self-Employed Persons and Their Employees
- Qualified Corporate Retirement Plans

**Northwestern Mutual
Series Fund, Inc. and
Russell Insurance Funds**

The Northwestern Mutual
Life Insurance Company
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Milwaukee, WI 53202
(414) 271-1444
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90-1836 (0786) (REV 0103)

 **Northwestern Mutual®**



Letter to Contract Owners

January 31, 2003

During 2002 the stock market was highly volatile within a generally downward trend. The broad S&P 500 Index was down more than 22% for the year, and all major equity indices, domestic and international, posted negative returns. For the third consecutive year, bonds substantially outperformed stocks: total return of the Merrill Lynch Domestic Master Index was 10.4%.

Many recent reports in the popular press give the impression that the U.S. economy is in a recession, but all indications are that economic growth was positive for all four quarters of 2002. Early reports indicate that the economy grew between two and three percent for the year, about average for the last 20 years.

While it is unusual for stock prices to fall when the economy is growing, there are credible explanations for the weakness in equity markets over the past year. Most individuals and business people would agree that the year just ended did not feel like a period of economic expansion. Growth in the economy has been powered almost entirely by consumer spending, as consumers have taken advantage of the low interest rates to refinance mortgages and take on additional debt. But the price discounting necessary to create demand, in categories ranging from clothing to durable goods such as cars and home furnishings, means that corporations have not been able to generate the earnings growth that is usual when the economy is growing. This lack of earnings growth, especially in the wake of a period of extraordinarily high stock valuations, has restrained stock prices.

The outlook for the immediate future is clouded by concerns about whether consumers can continue to spend. High debt levels and increasing unemployment are factors in recent drops in consumer confidence. On the positive side, near the end of 2002, there were early signs of a pick-up in business spending. Recent reports showed increasing investments in equipment and software, and new orders for durable goods are building, after several dismal years. Productivity gains continue, as stiff competition, including foreign competition, has forced companies to reduce costs. One positive result of these cost reductions is the potential for significant earnings gains when demand increases.

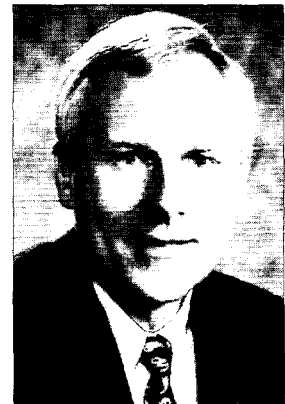
The Federal Reserve's monetary policy continues to be friendly, and it appears possible that interest rates could be cut even further from current levels, which are the lowest in several decades. The program of economic stimulus announced by President Bush in January should begin to take form in the coming months, and tax cuts, if approved, should bolster both consumer confidence and spending. If the tax on dividends is reduced or eliminated, as President Bush has proposed, that should help the stock market. With a new pro-growth economic team in Washington and a presidential election on the horizon, we can expect that the administration will do everything possible to keep the economy growing. While there is considerable divergence among economic forecasts, all the economists surveyed

recently by *The Wall Street Journal* and *Business Week* expect the U.S. economy to grow in 2003, and that should be positive for the stock market.

While we are fairly optimistic about the outlook for the economy and the markets in the year ahead, we think it is likely that we have entered a period of slower economic growth and lower returns compared with the decade of the 1990s. It is reasonable to expect that long-term returns from stocks will be above bond returns, as they have been historically, because stocks are a riskier asset class. But in a period of low inflation and moderate growth, it is almost inevitable that nominal returns from both stocks and bonds will be below those of the last 25 years. Nonetheless, real returns, meaning returns adjusted for inflation, can still be quite attractive, perhaps better than in the past. A closer examination of returns for the years from 1970 through 1990 helps illustrate this point. Total return from the S&P 500 index for that 20-year period averaged just over 12%. But when those returns are adjusted for inflation, which was quite high during many of those years, the average was below 6%.

This scenario is not necessarily negative, but it is different from what we experienced in the 1990s. Also, considering the prevailing elements of geopolitical and economic uncertainty, it seems probable that the volatility experienced in the last few years will continue. This environment may require many investors to adjust their expectations and their personal portfolios. With a solid plan and considerable patience, it is still quite possible to invest for a secure future. In a market that takes quality and value very seriously, selection of individual stocks and bonds will continue to be important. The expertise of the investment professionals who manage the portfolios underlying the Variable Annuities can be of particular value in this challenging market environment.

If you decide that you would like to reassess your goals and objectives, we urge you to take advantage of the considerable expertise available through the Northwestern Mutual Financial Network. As always, we are committed to helping our clients plan and invest to meet their goals.



Mark G. Doll

Mark G. Doll
President, Mason Street Advisors, LLC

 **Northwestern Mutual®**

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How To Get More Information

Northwestern Mutual Express:

1-800-519-4665

Contact Your Northwestern Mutual Investment Services representative, if you have questions about your contract or any of the contract owner privileges.

Information on the Internet:

Northwestern Mutual Financial Network
WWW.NMFN.COM

For information about Northwestern Mutual visit us on our Website.

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Performance Summary

as of December 31, 2002

Front Load Contract

Total return at unit value (as of 12/31/02) ✓	Small Cap Growth Stock Division	T. Rowe Price Small Cap Value Division	Aggressive Growth Stock Division	International Growth Division	Franklin Templeton International Equity Division	Index 400 Stock Division	Growth Stock Division	J.P. Morgan Select Growth and Income Stock Division	Capital Guardian Domestic Equity Division
1 year	(22.60%)	(10.41%)	(25.19%)	(16.82%)	(21.63%)	(18.92%)	(24.88%)	(31.87%)	(25.27%)
5 years	—	—	(4.08%)	—	(16.06%)	—	(5.00%)	(24.64%)	—
Annualized	—	—	(0.83%)	—	(3.44%)	—	(1.02%)	(5.50%)	—
10 years ^ ^	—	—	117.50%	—	—	—	—	—	—
Annualized	—	—	8.08%	—	—	—	—	—	—
10 years	—	—	—	—	—	—	—	—	—
Annualized	—	—	—	—	—	—	—	—	—
Since division inception in Account C	45.38%~	(9.07%)†	—	(24.80%)†	57.81%^	4.70%~	93.54%#	51.10%#	(27.06%)†
Annualized	10.73%	(6.49%)	—	(18.23%)	4.83%	1.26%	7.92%	4.88%	(19.97%)
Since portfolio inception ++	—	—	—	—	—	—	—	—	—
Annualized	—	—	—	—	—	—	—	—	—
Current Yield###	—	—	—	—	—	—	—	—	—

Simplified Load Contract

1 year	(19.54%)	(6.87%)	(22.23%)	(13.54%)	(18.54%)	(15.71%)	(21.92%)	(29.18%)	(22.32%)
5 years	—	—	(2.67%)	—	(14.83%)	—	(3.60%)	(23.51%)	—
Annualized	—	—	(0.54%)	—	(3.16%)	—	(0.73%)	(5.22%)	—
10 years ^ ^	—	—	114.30%	—	—	—	—	—	—
Annualized	—	—	7.92%	—	—	—	—	—	—
10 years	—	—	—	—	—	—	—	—	—
Annualized	—	—	—	—	—	—	—	—	—
Since division inception in Account C	48.73%~	(5.72%)†	—	(22.04%)†	55.78%^	7.12%~	92.14%#	49.98%#	(24.37%)†
Annualized	11.42%	(4.07%)	—	(16.12%)	4.69%	1.89%	7.83%	4.79%	(17.90%)
Since portfolio inception ++	—	—	—	—	—	—	—	—	—
Annualized	—	—	—	—	—	—	—	—	—
Current Yield###	—	—	—	—	—	—	—	—	—

All total return figures are for divisions of NML Variable Annuity Account C and are based on the change in unit value, which reflects expenses, such as account charges and fees applied at the contract level. The data reflects an initial contract value of \$25,000, the minimum size. Performance data represents past results and is not a guarantee of future results. Future unit values and investment returns may vary so an investor's units, when redeemed, may be worth more or less than their original value. Performance for other separate accounts will differ.

++ Returns stated are as of the inception date of the portfolio which precedes availability in Account C. See the following footnotes for portfolio inception dates:

^ ^ 10 year return for this division in Account C.

* These Portfolios of the Northwestern Mutual Series Fund, Inc. became available to this division on May 3, 1994. Performance quoted prior to May 3, 1994, is based on actual investment experience, adjusted for expenses of the product and premium charges.

Inception date of 5/3/94.

^ Inception date of 4/30/93.

~ Inception date of 4/30/99.

† Inception date of 7/31/01.

+ Inception date of this division in Account C was 4/30/99. Actual fund inception was 1/2/97. Performance quoted prior to 4/30/99 is based on actual investment experience of the fund, adjusted for expenses of the product and premium charges.

@ On April 30, 1993, the Index 500 Portfolio was indexed to approximate the performance of the Standard & Poor's 500 Composite Stock Price Index. Before then, the Portfolio was actively managed.

Inception date of this division in Account C was 1/16/91.

For the seven-day period ended December 31, 2002, the Money Market Portfolio's yield was 1.51% and was equivalent to a compound effective yield of 1.52%. The seven-day yield does not include deductions that are included in the separate accounts. The yield quotation more closely reflects the current earnings of the Money Market Portfolio than the total return quotation.

✓ Returns shown include any fee waivers in effect and deductions for all Fund expenses. In the absence of fee waivers, total return would be reduced.

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Index 500 Stock Division	Asset Allocation Division	Balanced Division	High Yield Bond Division	Select Bond Division	Money Market Division	Russell Multi-Style Equity Division+	Russell Aggressive Equity Division+	Russell Non-U.S. Division+	Russell Real Estate Securities Division	Russell Core Bond Division+
(26.06%)	(14.85%)	(12.27%)	(7.86%)	6.35%	(3.55%)	(27.12%)	(23.20%)	(19.49%)	(1.51%)	3.27%
(9.84%)	—	9.28%	(12.12%)	33.57%	15.03%	—	—	—	—	—
(2.05%)	—	1.79%	(2.55%)	5.96%	2.84%	—	—	—	—	—
117.50%	—	101.92%	—	86.66%	39.97%	—	—	—	—	—
8.08%	—	7.28%	—	6.44%	3.42%	—	—	—	—	—
117.85% [@]	—	102.86%*	—	88.58%*	40.04%*	—	—	—	—	—
8.10%*	—	7.33%	—	6.55%	3.43%	—	—	—	—	—
—	(16.84%) [†]	—	43.30%#	—	—	(42.00%)	(18.82%)	(33.83%)	23.17%~	18.87%
—	(12.21%)	—	4.24%	—	—	(13.79%)	(5.52%)	(10.64%)	5.84%	4.82%
—	—	—	—	—	—	2.94%	4.37%	(21.44%)	—	38.33%
—	—	—	—	—	—	0.48%	0.72%	(3.95%)	—	5.56%
					1.51%					
(23.14%)	(11.49%)	(8.80%)	(4.22%)	10.55%	0.26%	(24.24%)	(20.17%)	(16.31%)	2.38%	7.35%
(8.50%)	—	10.90%	(10.80%)	35.54%	16.72%	—	—	—	—	—
(1.76%)	—	2.09%	(2.26%)	6.27%	3.14%	—	—	—	—	—
114.30%	—	98.93%	—	83.87%	37.96%	—	—	—	—	—
7.92%	—	7.12%	—	6.28%	3.27%	—	—	—	—	—
114.52% [@]	—	99.76%*	—	85.70%*	37.90%*	—	—	—	—	—
7.93%*	—	7.16%	—	6.39%	3.27%	—	—	—	—	—
—	(13.78%) [†]	—	42.23%#	—	—	(40.66%)	(16.94%)	(32.33%)	26.01%~	21.59%
—	(9.94%)	—	4.15%	—	—	(13.25%)	(4.93%)	(10.09%)	6.50%	5.47%
—	—	—	—	—	—	3.83%	5.28%	(20.76%)	—	39.53%
—	—	—	—	—	—	0.63%	0.86%	(3.81%)	—	5.71%
					1.51%					

Overview and Outlook

The Economy

Economic growth was positive in all four quarters of 2002, but the recovery from the brief recession of the prior year was less robust than economists had forecast at the beginning of the year. Growth in real gross domestic product for the full year was approximately 2.4%. Inflation remained quite moderate, at a rate of approximately 1.6% for the year.

Consumer spending has been the main driver of the economy for several years now, and there are concerns about whether debt-ridden consumers will keep spending, especially as consumer confidence appears to be weakening. There are early signs of improving business investment, and productivity has continued to improve.

Monetary policy continues exceptionally stimulative, with one additional interest rate cut in November 2002, following 11 reductions during 2002. The tax cuts proposed by President Bush in January are intended to stimulate both the consumer and business sectors; even if some aspects of the program are trimmed, it appears certain that some form of fiscal stimulus will be passed. With both monetary and fiscal policy encouraging growth, it appears likely that the economy will strengthen in 2003. Surveys of business economists published in late December and early January by *The Wall Street Journal* and *Business Week* indicate a consensus estimate of real economic growth of approximately 3% for 2003, with the growth rate increasing as the year progresses.

The Equity Market

The year just ended was the third year of negative returns for all major equity indices. The S&P 500 Index posted a -22.1% return, and returns for each of the 10 industry sectors in the Index were negative. Both the S&P Midcap 400 and the S&P Smallcap 600 were off about 15% for the year. A rally that began in October moved broad indices up from five-year lows, but there is considerable uncertainty as to whether that rally is sustainable. International markets were also very weak: the EAFE Index (an unmanaged market-value weighted index designed to measure the overall condition of overseas markets) was down more than 15% for the year.

Investors should remember that the negative returns of the last three years have followed a lengthy period of extraordinarily high equity returns. In the 1990s, the total return of the S&P 500 Index was above 20% for five consecutive years, and the compound annual return for the decade was over 17%. That is very unusual: the total return from the S&P 500 was above 20% in just 10 of the 30 years from 1960 to 1990, and the compound annual return for that period was 10%.

By historical standards, it is unusual for the stock market to be down during the early stages of an economic recovery. But this has been an unusual recovery, in which corporations have found it very difficult to grow earnings in a situation of minimal pricing power combined with excess capacity in many industries. Historic returns are not necessarily a good predictor of the future, but if corporate earnings begin to show improvement in 2003, it seems likely that stock returns will also turn positive.

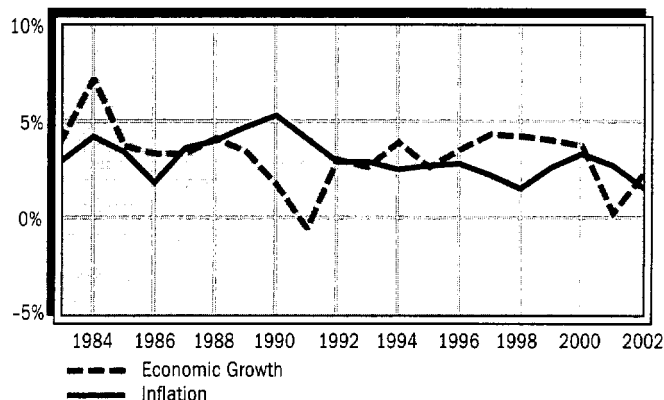
The Bond Market

For the third consecutive year bonds substantially outperformed stocks in 2002. Total return from the Merrill Lynch Domestic Master Index was 10.4%, versus a loss of 22.1% in the S&P 500 Index.

Within the bond market, the most pronounced trend was a substantial decline in interest rates on U.S. Treasury bonds. There was also a dramatic steepening in the yield curve, which depicts the relationship between yields on short-term bonds and long-term bonds. Short-term yields remained very low, as the Federal Reserve maintained a stimulative monetary policy, and prices of short-term bonds reflected the expectation of further easing. In the first half of the year, yields on bonds with maturities of two to ten years moved up, creating a dramatic steepening in the short end of the curve. The short portion of the curve became somewhat flatter during the summer and early fall, then steepened again after the Federal Reserve cut interest rates in November. Yields on 30-year bonds, especially Treasury securities, fell much less than yields on bonds with shorter maturities because the falling value of the dollar made these bonds less attractive to foreign investors.

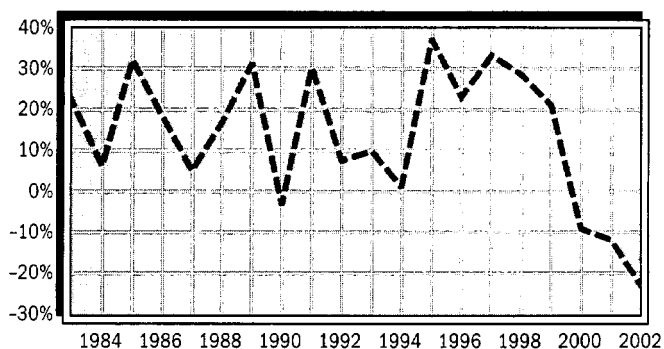
Among bond categories, mortgage-backed bonds delivered their best performance in many years, as volatility declined from the prior year, because the continued wave of refinancings was reflected in bond prices throughout the year. Treasury securities performed very well in the first nine months, as wary investors sought to avoid risk. Yield spreads between corporate bonds and riskless Treasury securities widened considerably early in the year, as investors responded to the additional risk created by corporate scandals, then became narrower in the fourth quarter, as corporate earnings began to stabilize, and more confident investors began to move money into both stock and bond markets. The net change in yield spreads over the year was therefore quite small.

Economic Growth and Inflation



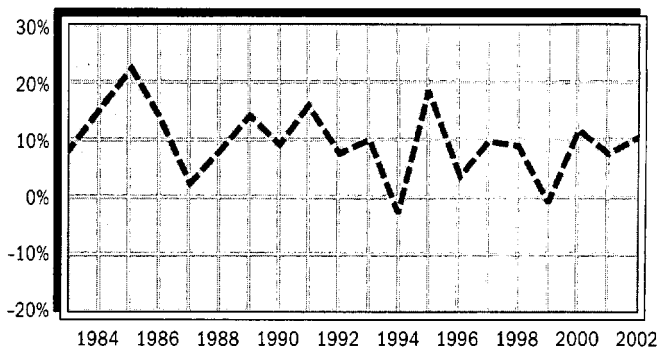
Source: U.S. Department of Commerce. Year-to-year percentage change in Real Gross Domestic Product is used for economic growth. December-to-December change in the Consumer Price Index-Urban is used for the inflation rate. Statistics for 2002 are preliminary.

Annual Total Returns from S&P 500 Index



Source: Standard & Poor's

Annual Total Returns from Merrill Lynch Domestic Master Index



Source: Merrill Lynch. The Merrill Lynch Domestic Master Index is an unmanaged market value weighted index comprised of U.S. Government, mortgage and investment-grade corporate bonds.

Small Cap Growth Stock Portfolio

Objective:

Maximum long-term appreciation of capital

Portfolio Strategy:

Strive for the highest possible rate of capital appreciation by investing in companies with potential for rapid growth.

Net Assets:

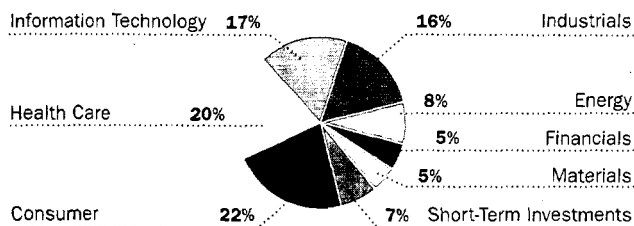
\$254.88 million

The Small Cap Growth Stock Portfolio owns the stocks of emerging growth companies, with the objective of maintaining a median market capitalization of \$1 billion. The range of market capitalization is generally between \$200 million and \$3 billion. The investment process involves detailed studies of individual companies. Factors evaluated include the growth rates of revenues and earnings, opportunities for margin expansion, financial strength and quality of management. Since growth stock portfolios tend to react strongly to changes in financial and economic markets, as well as to changes in the prospects for individual companies, returns of this Portfolio can vary considerably from time to time. A higher level of risk (with risk defined as variability of returns over time) is accepted for the potential of greater long-term returns.

For 2002, a year in which few equity investors were able to achieve positive returns, the Small Cap Growth Stock Portfolio had a negative return of -18.4%, better than the Russell 2000 Index, but worse than the S&P 600 Index. Since the major focus in managing this portfolio is on stock selection, rather than industry weightings, differences in return relative to the indices resulted mainly from stock selection. In particular, the S&P 600 experienced a rally in the fourth quarter, led by the semiconductor and software categories within the technology sector. Although the Portfolio's representation in technology, at 17% of net assets, is slightly higher than the 15% for technology in the Index, our technology holdings are mainly in more stable categories, particularly technology consulting. A further disadvantage for performance, especially in the fourth quarter, was the Portfolio's concentration in less risky stocks whose performance does not correlate strongly with the market.

In the fourth quarter, poor performance of holdings in technology, health care and retail was partially offset by strength in energy, particularly Energy Partners, Ltd., and in materials and industrial stocks, which are considerably overweighted. The industrials category includes business services such as The Corporate Executive Board, which was especially strong in the fourth quarter. Among the best performing stocks in the fourth quarter was UT Starcom, though this holding was off for the full year.

Sector Allocation 12/31/02

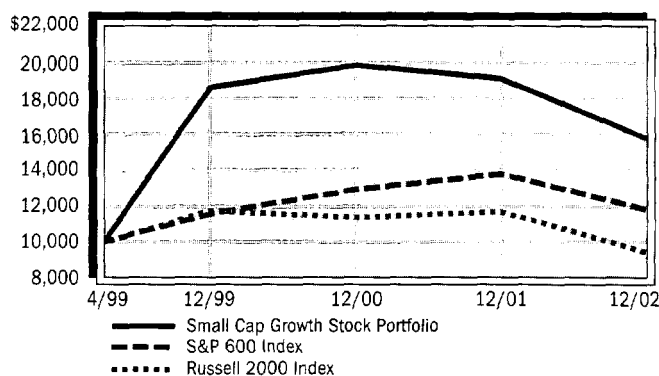


The Small Cap Growth Stock Portfolio's investment in Initial Public Offerings (IPO's) had a significant impact on its since inception performance. There can be no assurance that IPO's will continue to have a positive affect on the Portfolio's performance.

Top 10 Holdings 12/31/02

Company	% of Total Net Assets
O'Reilly Automotive, Inc.	4.2%
The Corporate Executive Board Co.	2.9%
UTStarcom, Inc.	2.9%
Varian, Inc.	2.7%
Lincare Holdings, Inc.	2.7%
DaVita, Inc.	2.6%
Westwood One, Inc.	2.6%
Renal Care Group, Inc.	2.5%
Patterson Dental Co.	2.5%
Coach, Inc.	2.2%

Relative Performance



Average Annual Total Return

For Periods Ended December 31, 2002

	1 Year	Since Inception*
Small Cap Growth Stock Portfolio	-18.42%	12.86%
S&P 600 Index	-14.63%	4.57%
Russell 2000 Index	-20.48%	-1.96%

*inception date of 4/30/99

Since the Portfolio invests primarily in small capitalization issues, the indices that best reflect the Portfolio's performance are the Standard & Poor's (S&P) SmallCap 600 Index and Russell 2000 Index. The indices cannot be invested in directly and do not include sales charges.

The Standard & Poor's SmallCap 600 Index is an unmanaged index of 600 selected common stocks of smaller U.S.-based companies compiled by Standard & Poor's Corporation. As of December 31, 2002, the 600 companies in the composite had median market capitalization of \$428.8 million and total market value of \$321.9 billion. The SmallCap 600 represents approximately 2.8% of the market value of Compustat's database of over 11,418 equities.

The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index. The Russell 3000 Index measures the performance of the 3,000 largest US companies based on total market capitalization. These 3,000 companies represent approximately 98% of the investable US equity market. As of December 31, 2002, the average market capitalization of companies in the Russell 3000 was \$4.0 billion; the median market capitalization was \$700 million. Market capitalization of companies in the Index ranged from \$309 billion to \$128 million.

The Russell 2000 Index represents approximately 8% of the total market capitalization of the Russell 3000. As of December 31, 2002, the average market capitalization of companies in the Russell 2000 was approximately \$490 million; the median market capitalization was approximately \$395 million. The largest company in the index had a total market capitalization of approximately \$1.3 billion to \$128 million.

This chart assumes an initial investment of \$10,000 made on 4/30/99 (commencement of the Fund's operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the Separate account, are shown on page 4.

Small Cap Growth Stock Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2002

Common Stock (93.3%)	Shares/ Par	Market Value (000's)	Common Stock (93.3%)	Shares/ Par	Market Value (000's)
Consumer Discretionary (20.5%)			Health Care continued		
Aaron Rents, Inc.	118,000	\$ 2,582	*Patterson Dental Co.	145,600	\$ 6,369
*Aftermarket Technology Corp.	67,600	980	*Province Healthcare Co.	367,125	3,572
*AnnTaylor Stores Corp.	200,100	4,086	*Renal Care Group, Inc.	202,200	6,398
*Coach, Inc.	166,300	5,475	*Triad Hospitals, Inc.	83,000	2,476
Fred's, Inc.	107,650	2,767	*Ventana Medical Systems, Inc.	179,900	4,147
*Getty Images, Inc.	111,400	3,403	Total		51,145
*The Gymboree Corp.	256,800	4,073	Industrials (16.3%)		
*Lin TV Corp. — Class A	83,000	2,021	*Atlantic Coast Airlines Holdings, Inc.	160,700	1,933
*O'Reilly Automotive, Inc.	425,300	10,755	C.H. Robinson Worldwide, Inc.	151,900	4,739
*Orient-Express Hotel, Ltd. — Class A	238,300	3,217	*Charles River Associates Inc.	83,500	1,182
Polaris Industries, Inc.	65,900	3,862	*The Corporate Executive Board Co.	232,000	7,406
*Spanish Broadcasting System, Inc. — Class A	145,300	1,046	*Education Management Corp.	60,600	2,279
*Tommy Hilfiger Corp.	205,800	1,430	*Hewitt Associates, Inc. — Class A	47,100	1,493
*Westwood One, Inc.	175,500	6,556	*Integrated Defense Technologies, Inc.	200	3
Total		52,253	*Knight Transportation, Inc.	203,352	4,270
Consumer Staples (1.5%)			*MSC Industrial Direct Co., Inc. — Class A	121,700	2,160
*Peet's Coffee & Tea, Inc.	267,100	3,774	*P.A.M. Transportation Services, Inc.	107,100	2,700
Total		3,774	*Pacer International, Inc.	277,000	3,684
Energy (8.1%)			*Portfolio Recovery Associates, Inc.	127,200	2,322
*Cal Dive International, Inc.	181,200	4,258	*Resources Connection, Inc.	178,600	4,145
*Energy Partners, Ltd.	255,000	2,729	SkyWest, Inc.	193,900	2,534
*Forest Oil Corp.	83,900	2,320	*Tetra Tech, Inc.	67,175	820
*Grant Prideco, Inc.	237,000	2,759	Total		41,670
*National Oilwell, Inc.	168,400	3,678	Information Technology (16.9%)		
*Patterson-UTI Energy, Inc.	159,600	4,814	*Amphenol Corp. — Class A	68,700	2,611
Total		20,558	*Barra, Inc.	37,250	1,130
Financials (5.1%)			*Brooks-PRI Automation, Inc.	92,208	1,057
*Corrections Corporation of America	69,100	1,185	*CACI International, Inc. — Class A	101,700	3,625
Investors Financial Services Corp.	185,800	5,090	*EPIQ Systems, Inc.	206,150	3,158
*Platinum Underwriters Holdings, Ltd.	15,300	403	*Fargo Electronics, Inc.	343,500	2,995
Radian Group, Inc.	91,100	3,384	*Forrester Research, Inc.	144,100	2,244
W.P. Stewart & Co., Ltd.	97,300	1,744	*Inforte Corp.	227,400	1,762
Waddell & Reed Financial, Inc. — Class A	62,300	1,225	*MKS Instruments, Inc.	67,300	1,106
Total		13,031	*O2Micro International Ltd	111,300	1,085
Health Care (20.1%)			*Plexus Corp.	177,600	1,559
*Accredo Health, Inc.	112,200	3,955	*Renaissance Learning, Inc.	163,300	3,086
*The Advisory Board Co.	38,600	1,154	*TESSCO Technologies, Inc.	220,708	2,042
*AmSurg Corp.	61,500	1,256	*THQ, Inc.	84,350	1,118
*Apogent Technologies, Inc.	134,000	2,787	*UTStarcom, Inc.	367,000	7,277
*Bio-Rad Laboratories, Inc. — Class A	62,300	2,411	*Varian, Inc.	242,800	6,966
*CIMA Labs, Inc.	114,400	2,767	*Verint Systems, Inc.	17,400	351
*DaVita, Inc.	269,400	6,646	Total		43,172
*IMPAC Medical Systems, Inc.	15,400	285	Materials (4.8%)		
*Lincare Holdings, Inc.	218,900	6,922	*Airgas, Inc.	285,300	4,922
			Cambrex Corp.	93,900	2,837
			Minerals Technologies, Inc.	83,900	3,620

Small Cap Growth Stock Portfolio

Common Stock (93.3%)	Shares/ Par	Market Value (000's)	Money Market Investments (6.8%)	Shares/ Par	Market Value (000's)
Materials continued			Short Term Business Credit (3.0%)		
*Silgan Holdings, Inc.	33,600	\$ 829	Transamerica Financial Corp.,		
Total		<u>12,208</u>	1.34%, 1/21/03	\$5,000,000	\$ 4,996
Total Common Stock			UBS Finance LLC, 1.20%, 1/2/03	2,900,000	<u>2,900</u>
(Cost: \$253,937)		<u>237,811</u>	Total		<u>7,896</u>
Money Market Investments (6.8%)			Total Money Market		
Federal Government and Agencies (1.8%)			Investments (Cost: \$17,381)		<u>17,382</u>
Federal National Mortgage			Total Investments (100.1%)		
Association, 1.28%, 3/12/03	\$4,500,000	4,490	(Cost: \$271,318)^		<u>255,193</u>
Total		<u>4,490</u>	Other Assets, Less Liabilities		
Finance Lessors (2.0%)			(0.1%)		<u>(313)</u>
Receivables Capital Corp.,			Total Net Assets (100.0%)		<u>\$254,880</u>
1.35%, 1/21/03	5,000,000	4,996			
Total		<u>4,996</u>			

^ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$275,499 and the net unrealized depreciation of investments based on that cost was \$20,306 which is comprised of \$19,746 aggregate gross unrealized appreciation and \$40,052 aggregate gross unrealized depreciation.

* Non-Income Producing

The Accompanying Notes are an Integral Part of the Financial Statements

T. Rowe Price Small Cap Value Portfolio

Objective:
Long-term growth of capital

Portfolio Strategy:
Invest in small companies whose common stocks are believed to be undervalued.

Net Assets:
\$63.08 million

The T. Rowe Price Small Cap Value Portfolio invests primarily in small companies whose current stock prices do not appear to reflect their underlying value. For this Portfolio, value is defined broadly, with consideration given to stock price relative to long-term growth prospects and business franchises, in addition to typical value measures such as assets, current earnings and cash flow. The Portfolio typically holds approximately 100 stocks with market capitalizations within or below the range of companies in the Russell 2000 Value Index, as consideration of smaller companies often makes it possible to invest in higher quality companies without paying a premium. The average price-earnings ratio of stocks in the Portfolio is generally close to that of the Index, but quality measures such as return on equity and financial strength are higher. The major emphasis is on selection of individual stocks, with secondary consideration given to industry weightings in order to keep the Portfolio broadly diversified among economic sectors.

Although total return for 2002 was negative, as it was for virtually all equity funds, the T. Rowe Price Small Cap Value Portfolio significantly outperformed its benchmark, the Russell 2000 Index. The Portfolio's return was -5.6% versus -20.5% for the Index. Selection of individual stocks, especially within the materials, industrial, business services and financial sectors, was the major reason for the outperformance; sector weightings were generally a neutral factor in relative performance for the year.

We are well represented in the financial sector because many of the companies in this sector hold the fundamental characteristics we value. Nonetheless, our position, at 24% of assets, is below the benchmark's 30% weighting. Our consumer discretionary holdings (20% of assets) are significantly larger than the Russell benchmark's 14%, which hampered performance in the fourth quarter as investors shifted assets out of conservative investments into more growth-oriented names when the markets rallied in October and November.

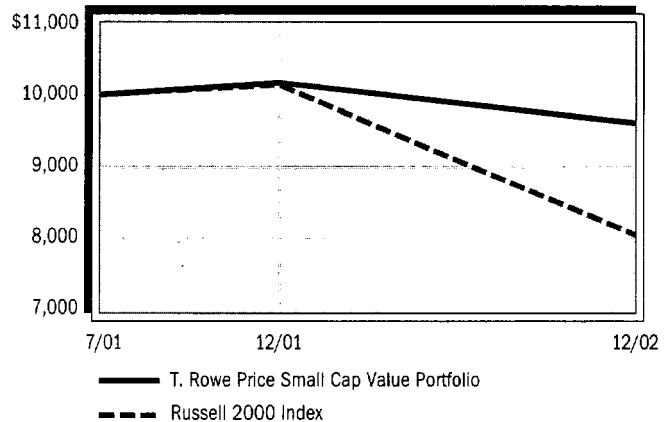
With over 100 stocks in the Portfolio, and positions ranging from quite small to over 2% of assets, very good performance of the largest holdings can contribute importantly to overall performance. This was the case in 2002 with XTO Energy, an independent oil and gas producer; Landstar System and UTI Worldwide, two freight and logistics companies. Other large holdings that were up significantly for the year are Brown & Brown, an insurance brokerage firm, and RARE Hospitality, which operates casual dining restaurants. The biggest performance detractor was Fred's, a value-oriented retailer that was off nearly 40% for the year. We have added to this position, as we have confidence in the company's management and strategic direction.

The T. Rowe Price Small Cap Value Portfolio is managed for Northwestern Mutual by T. Rowe Price.

Top 10 Holdings 12/31/02

Company	% of Total Net Assets
Brown & Brown, Inc.	2.5%
Texas Regional Bancshares, Inc. - Class A	2.4%
Landstar System, Inc.	2.4%
Ruby Tuesday, Inc.	2.1%
RARE Hospitality International, Inc.	1.9%
Fred's, Inc.	1.8%
XTO Energy, Inc.	1.8%
Community First Bankshares, Inc.	1.7%
Matthews International Corporation - Class A	1.7%
Allied Capital Corp.	1.6%

Relative Performance



Average Annual Total Return For Periods Ended December 31, 2002

	1 Year	Since Inception*
T. Rowe Price Small Cap Value Portfolio	-5.58%	-2.78%
Russell 2000 Index	-20.48%	-14.07%

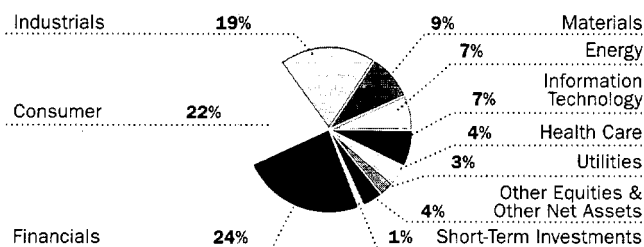
*inception date of 7/31/01

The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index. The Russell 3000 Index measures the performance of the 3,000 largest US companies based on total market capitalization. These 3,000 companies represent approximately 98% of the investable US equity market. As of December 31, 2002, the average market capitalization of companies in the Russell 3000 was \$4.0 billion; the median market capitalization was \$700 million. Market capitalization of companies in the Index ranged from \$309 billion to \$128 million. The index cannot be invested in directly and do not include sales charges.

The Russell 2000 Index represents approximately 8% of the total market capitalization of the Russell 3000. As of December 31, 2002, the average market capitalization of companies in the Russell 2000 was approximately \$490 million; the median market capitalization was approximately \$395 million. The largest company in the index had a total market capitalization of approximately \$1.3 billion to \$128 million.

This chart assumes an initial investment of \$10,000 made on 7/31/01 (commencement of the Fund's operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account, are shown on page 4.

Sector Allocation 12/31/02



T. Rowe Price Small Cap Value Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2002

	Shares/ Par	Market Value (000's)		Shares/ Par	Market Value (000's)
Common Stock (97.0%)			Common Stock (97.0%)		
Consumer Discretionary (19.6%)			Financials continued		
Aaron Rents, Inc.	37,100	\$ 812	Glenborough Realty Trust Inc.	37,900	\$ 675
Aaron Rents, Inc. — Class A	2,100	48	Innkeepers USA Trust	49,700	381
*CSS Industries, Inc.	12,000	397	Kilroy Realty Corp.	32,000	738
*Culp, Inc.	23,000	196	Lasalle Hotel Properties	25,800	361
Fred's, Inc.	44,900	1,154	*Markel Corp.	3,600	740
Hancock Fabrics, Inc.	32,000	488	*Ohio Casualty Corp.	17,900	232
Haverty Furniture Companies, Inc.	56,800	790	*ProAssurance Corp.	42,700	897
*Journal Register Co.	19,200	341	Scottish Annuity & Life Holdings, Ltd.	16,100	281
Matthews International Corp. — Class A	46,500	1,038	*Silicon Valley Bancshares	39,100	714
*Paxson Communications Corp.	4,000	8	Sun Communities, Inc.	24,900	911
*RARE Hospitality International, Inc.	42,700	1,179	Texas Regional Bancshares, Inc. — Class A	42,900	1,524
Ruby Tuesday, Inc.	76,900	1,330	*Triad Guaranty, Inc.	24,600	907
*Saga Communications, Inc. — Class A	49,000	931	Washington Real Estate Trust	21,400	546
*SCP Pool Corp.	26,400	771	Total		15,131
*Sinclair Broadcast Group, Inc. — Class A	19,200	223	Health Care (3.5%)		
Skyline Corp.	21,400	631	Arrow International, Inc.	7,100	289
*Stanley Furniture Co., Inc.	25,000	581	*Bone Care International, Inc.	33,800	329
*Stein Mart, Inc.	86,200	526	*Diversa Corp.	57,200	518
*TBC Corp.	44,200	531	*Guilford Pharmaceuticals, Inc.	55,400	220
*Unifi, Inc.	74,600	392	*Lexicon Genetics Inc.	10,000	47
Total		12,367	Owens & Minor, Inc.	50,100	823
Consumer Staples (2.3%)			Total		2,226
*American Italian Pasta Co. — Class A	15,600	561	Industrials (19.1%)		
Casey's General Stores, Inc.	50,000	610	Ameron International Corp.	7,200	397
*Wild Oats Markets, Inc.	27,100	280	C&D Technologies, Inc.	28,600	505
Total		1,451	*Casella Waste Systems, Inc. — Class A	60,700	540
Energy (7.4%)			EDO Corp.	21,400	445
*Atwood Oceanics, Inc.	13,800	415	*Electro Rent Corp.	55,850	677
CARBO Ceramics, Inc.	17,000	573	Franklin Electric Co., Inc.	18,500	888
*Forest Oil Corp.	21,350	590	G & K Services, Inc. — Class A	21,400	758
*Lone Star Technologies, Inc.	16,500	246	*Hub Group, Inc. — Class A	10,000	48
*Magnum Hunter Resources, Inc.	17,800	106	IDEX Corp.	20,200	661
Penn Virginia Corp.	17,850	649	*Insituform Technologies, Inc. — Class A	46,300	789
*TETRA Technologies, Inc.	27,100	579	*Kirby Corp.	4,800	131
*W-H Energy Services, Inc.	24,500	357	Landauer, Inc.	12,900	448
XTO Energy, Inc.	46,000	1,137	*Landstar System, Inc.	25,700	1,500
Total		4,652	*Layne Christensen Co.	12,400	102
Financials (23.9%)			*Littelfuse, Inc.	27,100	457
*Allied Capital Corp.	47,250	1,031	McGrath Rentcorp	19,000	442
*American Capital Strategies, Ltd.	16,000	345	*Midwest Express Holdings, Inc.	18,500	99
Bedford Property Investors, Inc.	21,400	550	Nordson Corp.	21,400	531
Brown & Brown, Inc.	47,900	1,547	*Right Management Consultants, Inc.	28,200	374
Community First Bankshares, Inc.	41,300	1,092	Thomas Industries, Inc.	29,100	758
East West Bancorp, Inc.	24,900	898	UTI Worldwide, Inc.	28,400	746
*First Republic Bank	33,600	672	*Waste Connections, Inc.	7,100	274
Gladstone Capital Corp.	5,400	89	Woodward Governor Co.	10,700	465
			Total		12,035

T. Rowe Price Small Cap Value Portfolio

Common Stock (97.0%)	Shares/ Par	Market Value (000's)
Information Technology (7.1%)		
Analogic Corp.	13,000	\$ 653
*ATMI, Inc.	22,600	419
*Cable Design Technologies Corp.	53,400	315
*Exar Corp.	38,000	471
Methode Electronics, Inc. — Class A	24,500	269
*MPS Group, Inc.	78,400	434
*Mykrolis Corp.	42,600	311
*Netegrity, Inc.	41,700	136
*Packeteer, Inc.	56,800	390
*Progress Software Corp.	39,300	509
*SPSS, Inc.	35,750	500
*Stellent, Inc.	13,700	61
Total		<u>4,468</u>
Materials (9.1%)		
*Airgas, Inc.	49,700	858
AptarGroup, Inc.	25,650	801
Arch Chemicals, Inc.	28,500	520
Carpenter Technology Corp.	17,800	222
Deltic Timber Corp.	21,400	571
Florida Rock Industries, Inc.	15,750	599
Gibraltar Steel Corp.	28,500	543
MacDermid, Inc.	14,200	324
Myers Industries, Inc.	35,225	377
*Symyx Technologies, Inc.	21,200	267
Wausau-Mosinee Paper Corp.	56,800	637
Total		<u>5,719</u>
Utilities (3.1%)		
Black Hills Corp.	21,400	569
Cleco Corp.	32,100	449
Otter Tail Corp.	16,300	438
Vectren Corp.	22,100	508
Total		<u>1,964</u>
Various Other Holdings (1.9%)		
First Financial Fund, Inc.	48,000	637
Russell 2000 Value Index	5,200	581
Total		<u>1,218</u>
Total Common Stock (Cost: \$65,565)		<u>61,231</u>

Money Market Investments (0.7%)	Shares/ Par	Market Value (000's)
Other Holdings (0.7%)		
Reserve Investment Fund	\$421,816	\$ 422
Total Money Market Investments		<u>422</u>
Total Money Market Investments (Cost: \$422)		<u>422</u>
Total Investments (97.7%) (Cost \$65,987)^		<u>61,653</u>
Other Assets, Less Liabilities (2.3%)		<u>1,430</u>
Total Net Assets (100.0%)		<u>\$63,083</u>

^ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$66,017 and the net unrealized depreciation of investments based on that cost was \$4,364 which is comprised of \$2,684 aggregate gross unrealized appreciation and \$7,048 aggregate gross unrealized depreciation.

* Non-Income Producing

The Accompanying Notes are an Integral Part of the Financial Statements

Aggressive Growth Stock Portfolio

Objective:

Maximum long-term appreciation of capital

Portfolio Strategy:

Strive for the highest possible rate of capital appreciation by investing in companies with potential for rapid growth.

Net Assets:

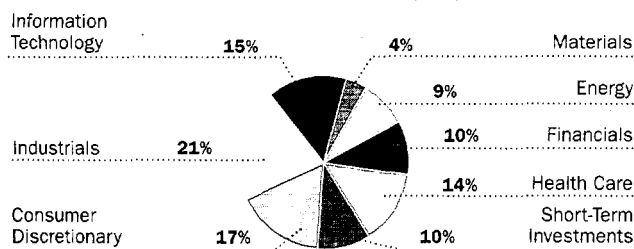
\$994.08 Million

The Aggressive Growth Stock Portfolio owns the stocks of emerging growth companies, generally with market capitalizations of less than \$10 billion. Since growth stock portfolios tend to react strongly to changes in financial and economic markets, as well as to changes in the prospects for individual companies, returns of this Portfolio can vary considerably from time to time. A higher level of risk (with risk defined as variability of returns over time) is accepted for the potential of greater long-term returns. The Portfolio's focus in stock selection is on the individual companies' ability to generate revenue, expand profit margins and maintain solid balance sheets; industry sector selection is of secondary importance.

For 2002, a year in which few equity investors were able to achieve positive returns, the Aggressive Growth Stock Portfolio had a negative return of -21.2%, underperforming the S&P MidCap 400 Index by 6.6 percentage points. Differences in return relative to the Index resulted mainly from stock selection, particularly within the technology sector, which rallied significantly in the fourth quarter. The Portfolio has 15% of assets in technology, compared with 13% for the Index, but we have limited holdings in semiconductors and software, the top-performing technology categories. Technology holdings that contributed to fourth quarter performance include Qlogic, Novellus and UTStarcom, though all these stocks were down for the year.

A positive influence on the Portfolio's performance for the year was relative strength in stocks we regard as defensive, such as Sigma-Aldrich, a supplier of specialty chemicals to the scientific community, and Ball Corp., which makes metal and plastic packaging. The Portfolio's holdings in the consumer discretionary sector had mixed results, with strength in holdings such as PETCO and Getty Images offset by weakness in some retail stocks including Kohl's and O'Reilly Automotive.

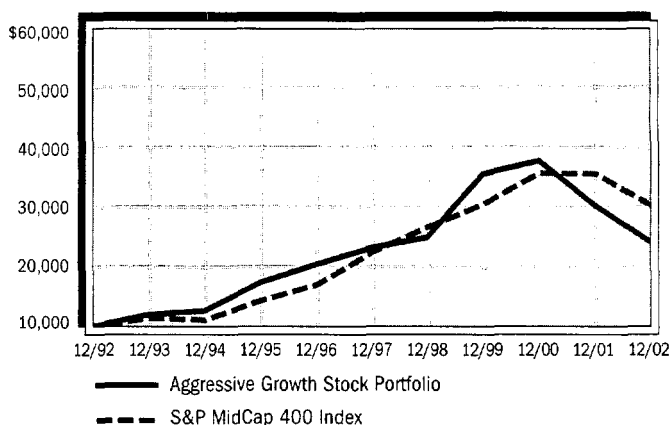
Sector Allocation 12/31/02



Top 10 Holdings 12/31/02

Company	% of Net Assets
Lincare Holdings, Inc.	3.5%
The Corporate Executive Board Co.	3.0%
Expeditors International of Washington, Inc.	2.7%
Patterson Dental Co.	2.7%
Investors Financial Services Corp.	2.6%
Old Republic International Corp.	2.6%
Fiserv, Inc.	2.5%
Lamar Advertising Company - Class A	2.1%
BJ Services Co.	1.8%
Swift Transportation Co., Inc.	1.8%

Relative Performance



Average Annual Total Return For Periods Ended December 31, 2002

	1 Year	5 Years	10 Years
Aggressive Growth Stock Portfolio	-21.15%	0.74%	9.29%
S&P MidCap 400 Index	-14.51%	6.41%	11.96%

Since the Portfolio invests primarily in medium-capitalization (Mid Cap) issues, the index that best reflects the Portfolio's performance is the S&P MidCap 400 Index. This is a capitalization-weighted index that measures the performance of the midrange sector of the U.S. stock market. The index cannot be invested in directly and do not include sales charges.

As of December 31, 2002, the 400 companies in the composite had median market capitalization of \$1.5 billion and a total market value of \$690.7 billion. The MidCap 400 represents approximately 6.0% of the market value of Compustat's database of about 11,418 equities.

This chart assumes an initial investment of \$10,000 made on 12/31/92. Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account, are shown on page 4.

Aggressive Growth Stock Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2002

Common Stock (89.8%)	Shares/ Par	Market Value (000's)	Common Stock (89.8%)	Shares/ Par	Market Value (000's)
Consumer Discretionary (16.6%)			Industrials (21.6%)		
*CDW Computer Centers, Inc.	290,400	\$ 12,734	*Apollo Group, Inc. — Class A	369,550	\$ 16,260
*Dollar Tree Stroes, Inc.	546,750	13,434	*ARAMARK Corp. — Class B	584,200	13,729
*Entercom Communications Corp. — Class A	271,200	12,725	*The BISYS Group, Inc.	556,100	8,842
Fairmont Hotels & Resorts, Inc.	488,700	11,509	*ChoicePoint, Inc.	124,700	4,924
*Getty Images, Inc.	547,200	16,717	Cintas Corp.	213,950	9,788
*Hispanic Broadcasting Corp. — Class A	335,400	6,892	*Concord EPS, Inc.	235,750	3,711
*Jones Apparel Group, Inc.	485,900	17,220	*The Corporate Executive Board Co.	943,600	30,120
*Kohl's Corp.	287,300	16,074	Deere & Co.	146,700	6,726
*Lamar Advertising Co. — Class A	616,125	20,733	Expeditors International of Washington, Inc.	810,200	26,453
*Michaels Stores, Inc.	219,200	6,861	Fastenal Co.	266,700	9,972
*O'Reilly Automotive, Inc.	469,900	11,884	*Fiserv, Inc.	725,565	24,633
*PETCO Animal Supplies, Inc.	729,000	17,087	Graco, Inc.	326,000	9,340
Total		163,870	*Hewitt Associates, Inc. — Class A	139,500	4,421
Energy (8.8%)			Manpower, Inc.	88,600	2,826
*BJ Services Co.	559,600	18,081	Paychex, Inc.	492,100	13,730
*Cooper Cameron Corp.	261,200	13,013	SkyWest, Inc.	518,300	6,774
GlobalSantaFe Corp.	422,101	10,265	*Swift Transportation Co., Inc.	869,500	17,406
*Grant Prideco, Inc.	679,425	7,909	*Tetra Tech, Inc.	359,197	4,382
*Nabors Industries, Ltd.	471,000	16,612	Total		214,037
Ocean Energy, Inc.	455,500	9,096	Information Technology (15.0%)		
*Weatherford International, Ltd.	312,925	12,495	*Brooks-PRI Automation, Inc.	380,008	4,355
Total		87,471	*Cadence Design Systems, Inc.	627,300	7,396
Financials (9.9%)			*Electronic Arts, Inc.	73,100	3,638
Eaton Vance Corp.	252,700	7,139	Fair, Issac and Co., Inc.	193,300	8,254
Investors Financial Services Corp.	956,700	26,204	*Integrated Circuit Systems, Inc.	312,800	5,709
Northern Trust Corp.	177,100	6,207	*Intersil Corp. — Class A	574,400	8,007
Old Republic International Corp.	905,000	25,340	*Intuit, Inc.	311,971	14,638
Radian Group, Inc.	375,600	13,954	*Jabil Circuit, Inc.	611,500	10,958
RenaissanceRe Holdings Ltd.	135,500	5,366	*Keane, Inc.	506,700	4,555
SouthTrust Corp.	591,000	14,686	*Mettler — Toledo International, Inc.	209,000	6,701
Total		98,896	Microchip Technology, Inc.	683,275	16,705
Health Care (14.1%)			*Novellus Systems, Inc.	388,800	10,918
*Apogent Technologies, Inc.	521,400	10,845	*QLogic Corp.	257,800	8,897
Biomet, Inc.	490,900	14,069	*Semtech Corp.	411,200	4,490
*Biovail Corp.	400,100	10,567	*UTStarcom, Inc.	570,700	11,317
Health Management Associates, Inc.	374,700	6,707	*VeriSign, Inc.	110,300	885
*Lincare Holdings, Inc.	1,086,000	34,340	*Waters Corp.	286,000	6,229
*MedImmune, Inc.	346,600	9,417	*Zebra Tehnologies Corp. — Class A	278,100	15,934
*Patterson Dental Co.	601,750	26,321	Total		149,586
*Province Healthcare Co.	857,650	8,345	Materials (3.8%)		
*Shire Pharmaceuticals Group PLC, ADR	262,700	4,962	Ball Corp.	135,400	6,931
*St. Jude Medical, Inc.	113,300	4,500	Praxair, Inc.	297,700	17,198
*Universal Health Services, Inc. — Class B	229,600	10,355	Sigma-Aldrich Corp.	285,300	13,894
Total		140,428	Total		38,023
			Total Common Stock		892,311
			(Cost: \$932,403)		

Aggressive Growth Stock Portfolio

Money Market Investments (10.5%)	Shares/ Par	Market Value (000's)
Federal Government and Agencies (0.6%)		
Federal Home Loan Bank, 1.24%, 3/7/03	\$ 6,000,000	\$ 5,987
Total		<u>5,987</u>
Finance Lessors (2.0%)		
Receivables Capital Corp., 1.35%, 1/21/03	20,000,000	19,985
Total		<u>19,985</u>
Finance Services (1.9%)		
Preferred Receivable Funding, 1.35%, 1/9/03	18,600,000	18,594
Total		<u>18,594</u>
Miscellaneous Business Credit Institutions (2.0%)		
Quincy Capital Corp., 1.37%, 1/21/03	20,000,000	19,985
Total		<u>19,985</u>

Money Market Investments (10.5%)	Shares/ Par	Market Value (000's)
Personal Credit Institutions (4.0%)		
Salomon Smith Barney Hld, 1.325%, 1/24/03	\$20,000,000	\$ 19,984
Toyota Motor Credit Co., 1.31%, 1/27/03	20,000,000	19,981
Total		<u>39,965</u>
Total Money Market Investments (Cost: \$104,515)		<u>104,516</u>
Total Investments (100.3%) (Cost \$1,036,918)^		<u>996,827</u>
Other Assets, Less Liabilities (-0.3%)		<u>(2,752)</u>
Total Net Assets (100.0%)		<u>\$994,075</u>

^ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$1,051,359 and the net unrealized depreciation of investments based on that cost was \$54,532 which is comprised of \$85,872 aggregate gross unrealized appreciation and \$140,404 aggregate gross unrealized depreciation.

ADR — American Depository Receipt

* Non-Income Producing

The Accompanying Notes are an Integral Part of the Financial Statements

International Growth Portfolio

Objective:
Long-term capital appreciation

Portfolio Strategy:
Invest in stocks of companies outside the U.S. that are expected to experience above-average growth.

Net Assets:
\$35.37 million

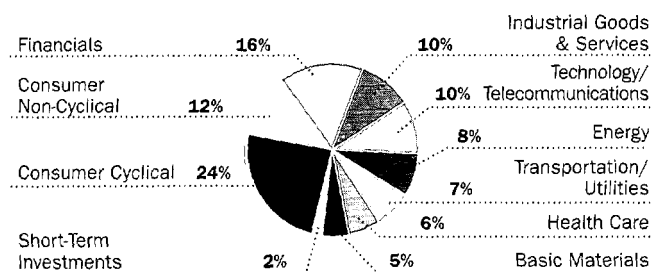
The International Growth Stock Portfolio invests in common stocks of companies that are headquartered or trade primarily on exchanges outside the United States and that are expected to grow more rapidly than market averages. Holdings are selected for their individual characteristics and growth prospects, with only minor consideration given to size, geography, and industry group. Stocks are selected through fundamental analysis of their financial soundness and potential for growth, with emphasis on distinctiveness of products or services and strong market positions. Stocks under consideration are carefully analyzed to make sure the promise of growth is not already reflected in the stock price, with technical analysis used as a further check on the relationship between price, value and market trends.

In a year of negative returns for nearly all major international markets, the International Growth Portfolio produced a negative return, but outperformed its benchmark, the EAFE Index. Good relative performance resulted mainly from favorable stock selection, with some concentration in defensive industry groups that are not highly sensitive to economic conditions. Holdings in this category include large consumer products companies such as Reckitt Benckiser and Unilever. Since tobacco companies tend to be relatively immune to economic weakness, we have been successful with holdings Gallaher and Swedish Match.

A notable industry weighting is in autos: BMW AG, Porsche AG and Honda all performed well during the year, though with some weakness at year end. Several Canadian companies contributed to performance, including Royal Bank of Canada and Cott, although both positions have been reduced somewhat. In anticipation of renewed economic growth in many international markets, we have begun adding or increasing positions in names with more cyclical exposure, such as Samsung Electronics, Atlas Copco, Daily Mail & General Trust, and BASF.

Because of the Portfolio's strong orientation to growth, we own stocks of many smaller companies, which often have greater growth potential than more mature, larger companies. In many cases these stocks are not widely followed, and their prices do not reflect their fundamental value and growth potential. Examples are Jarvis PLC, a British support services company, Neopost, a French mailing equipment manufacturer, and Medion, a German consumer electronics distributor.

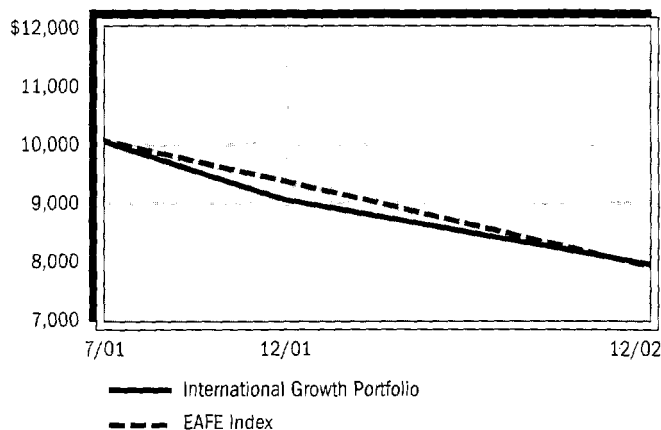
Sector Allocation 12/31/02



Top 10 Holdings 12/31/02

Company	% of Total Net Assets
Anglo Irish Bank Corp PLC - Ireland	1.8%
Reckitt Benckiser PLC - U.K.	1.5%
Rank Group PLC - U.K.	1.5%
Swedish Match AB - Sweden	1.4%
Belluna Co., LTD. - Japan	1.4%
Saipem SPA - Italy	1.4%
Esprit Holdings Limited - Hong Kong	1.4%
ResMed, Inc. - Australia	1.3%
Corporacion Mapfre - Spain	1.3%
IHC Caland NV - Netherlands	1.2%

Relative Performance



Average Annual Total Return For Periods Ended December 31, 2002

	1 Year	Since Inception
International Growth Portfolio	-12.34%	-14.98%
EAFE Index	-15.66%	-15.25%

*inception date of 7/31/01

As depicted in the graph, the International Growth Portfolio is compared against the Morgan Stanley Capital International EAFE ("Europe-Australasia-Far East") Index. The index is composed of approximately 1,100 companies in 20 countries in Europe and the Pacific Basin. The objective of the index is to reflect the movements of stock markets in these countries by representing an unmanaged (indexed) portfolio within each country. The index is constructed so that companies chosen represent about 60% of market capitalization in each market; industry composition of the market is reflected; and a cross section of large, medium, and small capitalization stocks is included, taking into account liquidity concerns. The index is calculated in U.S. dollars. The Index cannot be invested in directly and does not include sales charges.

This chart assumes an initial investment of \$10,000 made on 7/31/01 (commencement of the Portfolio's operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account are shown on page 4.

Investors should be aware of the risks of investments in foreign securities, particularly investments in securities of companies in developing nations. These include the risks of currency fluctuation, of political and economic instability and of less well-developed government supervision and regulation of business and industry practices, as well as differences in accounting standards.

International Growth Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2002

Foreign Common Stock (97.7%)	Country	Shares/ Par	Market Value (000's)	Foreign Common Stock (97.7%)	Country	Shares/ Par	Market Value (000's)
Basic Materials (5.4%)				Consumer Cyclical continued			
*Arcelor	Luxembourg	18,700	\$ 230	*Hyundai Motor Co., Ltd.	Republic Of Korea	11,000	\$ 257
BASF AG	Germany	6,415	242	*Inditex	Spain	6,700	158
*Billerud Norske Skogindustrier ASA	Sweden Norway	16,498 8,575	180 121	Medion AG	Germany	6,050	211
*Novozymes A/S — B Shares	Denmark	11,200	234	MFI Furniture Group PLC	United Kingdom	110,760	197
Rio Tinto Ltd.	Australia	12,200	233	*NCSOFT Corp. Nintendo Co., Ltd.	Republic Of Korea Japan	1,390 1,900	121 178
*Solvay SA	Belgium	5,400	373	*Porsche AG	Germany	850	353
UPM-Kymmene OYJ	Finland	9,600	308	*PSA Peugeot Citroen	France	4,250	173
Total			1,921	Rank Group PLC	United Kingdom	121,400	520
Consumer Cyclical (24.1%)				*Swatch Group AG	Switzerland	2,850	237
Bayerische Motoren Werke AG	Germany	9,000	273	Vivendi Universal SA	France	14,250	230
*Belluna Co., Ltd.	Japan	14,520	504	*Volkswagen AG	Germany	6,300	228
Berkeley Group PLC	United Kingdom	27,975	267	*Walmart de Mexico — Series V	Mexico	104,000	237
Beru AG	Germany	9,300	415	Wolseley PLC	United Kingdom	31,770	267
Bridgestone Corp.	Japan	30,000	372	Total			8,512
*British Sky Broadcasting Group PLC	United Kingdom	30,695	316	Consumer Non-Cyclical (11.8%)			
Carnival Corp.	Panama	4,350	109	*Burberry Group PLC	United Kingdom	44,305	160
*Compass Group PLC	United Kingdom	51,275	272	Cadbury Schweppes PLC	United Kingdom	19,000	118
*Daily Mail and General Trust	United Kingdom	16,550	155	*Cott Corp.	Canada	16,700	298
*Denway Motors Limited	Hong Kong	1,000,000	340	*Gallaher Group PLC	United Kingdom	36,550	363
Electrolux AB — Series B	Sweden	20,000	316	*Interbrew	Belgium	5,500	130
*Esprit Holdings Ltd.	Hong Kong	284,500	478	*Kao Corp.	Japan	6,000	132
Folli-Folli SA	Greece	15,600	265	Kook Soon Dang Brewer Co., Ltd.	South Korea	8,400	189
*Fuji Heavy Industries, Ltd.	Japan	56,000	222	Luxottica Group SPA, ADR	Italy	20,900	285
Game Group PLC	United Kingdom	155,000	90	*Nestle SA	Switzerland	1,690	358
Greek Organization Of Football Prog- nostics	Greece	21,240	224	*Pernod-Ricard SA	France	1,200	116
*HMV Group PLC	United Kingdom	101,335	194	*Puma AG Rudolf Dassler Sport	Germany	1,790	122
*Honda Motor Co., Ltd.	Japan	9,000	333	Reckitt Benckiser PLC	United Kingdom	27,500	534
				Shiseido Co., Ltd	Japan	29,000	377
				Swedish Match AB	Sweden	65,000	511
				Unilever PLC	United Kingdom	35,500	338

International Growth Portfolio

Foreign Common Stock (97.7%)	Country	Shares/Par	Market Value (000's)	Foreign Common Stock (97.7%)	Country	Shares/Par	Market Value (000's)
Consumer Non-Cyclical continued				Financials continued			
*Wella AG	Germany	2,200	\$ 133	Royal Bank Of Scotland Group PLC	United Kingdom	13,190	\$ 316
Total			4,164	Swiss Reinsurance Co.	Switzerland	4,000	262
Energy (7.7%)				Total			5,780
*ENI SPA	Italy	16,000	254	Healthcare (6.2%)			
*IHC Caland NV	Netherlands	8,000	422	*Elekta AB — Class B	Sweden	32,300	326
*Precision Drilling Corp.	Canada	6,760	218	*Nobel Biocare Holding AG	Switzerland	2,695	173
Royal Dutch Petroleum	Netherlands	6,500	286	*Novartis AG	Switzerland	5,700	208
Saipem SPA	Italy	71,800	481	*Perbio Science AB	Sweden	5,300	60
Suncor Energy, Inc.	Canada	19,000	297	*Resmed	Australia	15,200	464
*Technip	France	2,205	158	Synthes Stratec, Inc.	Switzerland	513	315
*TGS Nopec Geophysical Co. ASA	Norway	24,000	189	Takeda Chemical Industries	Japan	7,000	293
Total Fina Elf SA	France	2,850	407	*Taro Pharmaceutical Industries, Ltd.	Israel	5,200	196
Total			2,712	Teva Pharmaceutical Industries Ltd., ADR	Israel	3,755	145
Financials (16.3%)				Total			2,180
Aegon NV	Netherlands	21,250	273	Industry Goods and Services (9.8%)			
*Anglo Irish Bank Co.	Ireland	90,000	640	*Alfa Laval AB	Sweden	12,040	97
*BNP Paribas SA	France	7,000	285	*Amcor Ltd.	Australia	39,145	187
Cattles PLC	United Kingdom	26,200	122	Atlas Copco AB — A shares	Sweden	13,650	266
*Converium Holding AG	Switzerland	3,500	170	BAE Systems PLC	United Kingdom	64,275	128
*Corporacion Mapfre	Spain	57,000	462	Group 4 Falck A/S	Denmark	7,800	165
*Danske Bank	Denmark	23,200	383	*Grupo Ferrovial	Spain	16,500	419
*Deutsche Boerse AG	Germany	8,600	343	Huhtamaki OYJ	Finland	30,000	301
*Grupo Financiero BBVA	Mexico	266,320	201	*Jarvis PLC	United Kingdom	22,490	101
Bancomer	Mexico	266,320	201	*Meggitt PLC	United Kingdom	109,600	311
*HSBC Holdings PLC	United Kingdom	22,400	245	*Neopost SA	France	10,000	322
ING Groep NV	Netherlands	13,500	229	*Schindler Holdings	Switzerland	1,295	252
*Intrum Justitia AB	Sweden	15,800	73	*Sercro Group PLC	United Kingdom	59,750	147
*Irish Life & Permanent Lloyds TSB Group PLC	United Kingdom	34,000	244	*SGS Societe Generale de Surveillance Holding SA	Switzerland	1,140	343
Man Group PLC	United Kingdom	25,000	357	Vestas Wind Systems A/S	Denmark	8,100	81
Manulife Financial	Canada	8,000	174				
Muenchener Rueckversicherungs-Gesellschaft AG	Germany	875	105				
*OTP Bank RT	Hungary	27,600	271				
Royal Bank of Canada	Canada	9,520	349				

International Growth Portfolio

Foreign Common Stock (97.7%)	Country	Shares/Par	Market Value (000's)
Industry Goods and Services continued			
Vinci SA	France	6,250	\$ 352
Total			<u>3,472</u>
Technology (6.5%)			
ASM Pacific Technology Ltd.	Hong Kong	62,500	123
*ASML Holding NV	Netherlands	9,900	83
Canon, Inc.	Japan	6,000	226
*INFOSYS Technologies Ltd.	India	2,250	224
*Logitech International-Reg	Switzerland	13,600	405
Nokia OYJ	Finland	14,000	223
*Riverdeep Group PLC	Ireland	96,450	142
Royal Philips Electronics NV	Netherlands	11,000	193
Samsung Electronics Co., Ltd.	South Korea	970	257
*Sap AG	Germany	2,520	198
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	67,100	82
*Tandberg ASA	Norway	27,100	156
Total			<u>2,312</u>
Telecommunications (2.5%)			
*KDDI Corp.	Japan	50	162
*Orange SA	France	40,000	277
Pt Telekomunikasi Indonesia	Indonesia	415,500	179
*Vodafone Group PLC	United Kingdom	153,350	279
Total			<u>897</u>
Transportation (4.0%)			
Brisa Auto Estradas de Portugal SA	Portugal	72,000	399
*EasyJet PLC	United Kingdom	48,545	214
Exel PLC	United Kingdom	26,015	288
Fraport AG	Germany	9,000	161
Macquarie Infrastructure Group	Australia	200,500	361
Total			<u>1,423</u>

Foreign Common Stock (97.7%)	Country	Shares/Par	Market Value (000's)
Utilities (3.4%)			
Centrica PLC	United Kingdom	104,900	\$ 289
Italgas S.P.A.	Italy	19,500	265
National Grid Group PLC	United Kingdom	46,180	339
*Snam Rete Gas	Italy	38,500	131
*Suez Lyonnaise des Eaux SA	France	10,700	186
Total			<u>1,210</u>
Total Foreign Common Stock (Cost: \$36,919)			
<u>34,583</u>			
Money Market Investments (2.3%)			
Short Term Business Credit (2.3%)			
Old Line Funding Corp., 1.38%, 1/15/03		\$800,000	800
Total Money Market Investments (Cost: \$800)			<u>800</u>
Total Investments (100.0%) (Cost \$37,719)^\			
<u>35,383</u>			
Other Assets, Less Liabilities (0.0%)			
<u>(10)</u>			
Total Net Assets (100.0%)			
<u>\$35,373</u>			

^\ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$37,917 and the net unrealized depreciation of investments based on that cost was \$2,534 which is comprised of \$4,171 aggregate gross unrealized appreciation and \$6,705 aggregate gross unrealized depreciation.

* Non-Income Producing

Investment Percentage by Country:

United Kingdom	20.3%
Germany	7.9%
Japan	7.9%
Switzerland	7.7%
France	7.1%
Other	49.1%
Total	<u>100.0%</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Franklin Templeton International Equity Portfolio

Objective:

Long-term appreciation of capital through diversification into markets outside the United States

Portfolio Strategy:

Participate in the growth of foreign economies by investing in securities with high long-term earnings potential relative to current market values.

Net Assets:

\$563.10 million

The Franklin Templeton International Equity Portfolio offers the opportunity to participate in the growth of companies in countries throughout the world, particularly those with expanding economies. In selecting investments, the principal focus is on identifying undervalued stocks of companies with strong finances and good long-term growth opportunities, rather than on choosing specific industry groups or regions of the world in which to invest. The Portfolio is normally fully invested in equity securities.

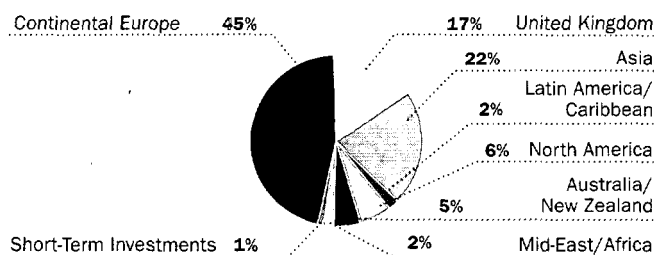
The Portfolio underperformed the EAFE Index by approximately two percentage points during 2002; most of this underperformance came in the fourth quarter of the year and resulted from extreme volatility of a few stocks. Total return for both the Portfolio and the Index was negative for the year, as world economies and equity markets trended generally down. Largely because of weakness in the U.S. dollar relative to other currencies, the EAFE index was down significantly less than the S&P 500 in 2002.

News about Asian markets tends to focus on Japan, a nation that has been in recession for a decade; the Portfolio's representation in Japan is half that of the EAFE Index. Other Asian economies are experiencing growth, and we are finding better opportunities in Hong Kong, which provides access to the rapidly growing Chinese market, and South Korea, with one of Asia's strongest economies. Two of the Portfolio's ten largest holdings, Samsung Electronics and KT Corp, South Korea's leading telephone company, are Korean companies.

European markets struggled during 2002; most were down more than 20% in local currency, and the German market was off more than 40%. As always, individual stock selection is the main focus of the Portfolio, and sharp drops in stocks of some quality companies have created significant buying opportunities. During the year we added to positions in several holdings including Aventis, a French pharmaceutical company; Shire Pharmaceuticals in the U.K., and E.ON and Deutsche Post in Germany. We reduced positions in Samsung Electronics and Australia & New Zealand Banking Group, which contributed to performance early in the year, and liquidated Elan Corp., which had hurt performance. A new investment in the second half of the year was Suez SA, a French power company that experienced a sharp price drop because of concerns about power holdings in the U.S. Another new holding is Atlas Copco, a leading global machinery company that has performed well; this is a premier company with excellent long-term prospects.

The Franklin Templeton International Equity Portfolio is managed for Northwestern Mutual by Templeton Investment Counsel, Inc.

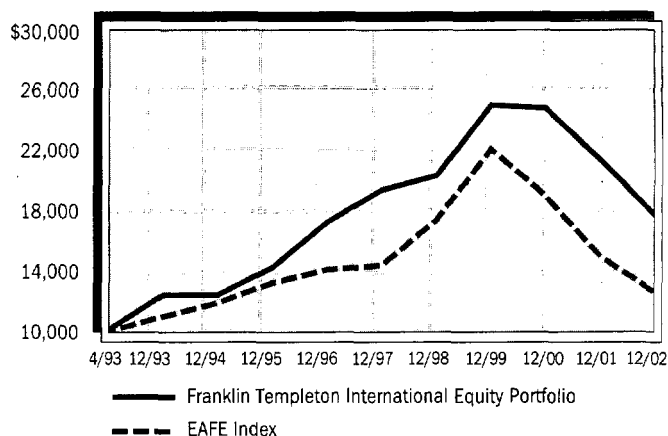
Asset Allocation 12/31/02



Top 10 Holdings 12/31/02

Company	% of Total Net Assets
Société Bic SA - France	2.1%
Suez SA - France	2.0%
Swiss Reinsurance Co. - Switzerland	2.0%
Riunione Adriatica di Sicurtà SPA - Italy	1.9%
Samsung Electronics Co. LTD - South Korea	1.9%
Nestlé SA - Switzerland	1.9%
KT Corp. South Korea	1.9%
Aventis SA - France	1.9%
Repsol YPF SA - Spain	1.8%
Atlas Copco AB - Sweden	1.8%

Relative Performance



Average Annual Total Return For Periods Ended December 31, 2002

	1 Year	5 Years	Since Inception*
Franklin Templeton International Equity Portfolio	-17.40%	-1.92%	6.02%
EAFE Index	-15.66%	-2.61%	2.40%

*inception date of 4/30/93

As depicted in the graph, the Franklin Templeton International Equity Portfolio is compared against the Morgan Stanley Capital International EAFE ("Europe-Australasia-Far East") Index. The index is composed of approximately 1,100 companies in 20 countries in Europe and the Pacific Basin. The objective of the index is to reflect the movements of stock markets in these countries by representing an unmanaged (indexed) portfolio within each country. The index is constructed so that companies chosen represent about 60% of market capitalization in each market; industry composition of the market is reflected; and a cross section of large, medium, and small capitalization stocks is included, taking into account liquidity concerns. The index is calculated in U.S. dollars. The Index cannot be invested in directly and does not include sales charges.

This chart assumes an initial investment of \$10,000 made on 4/30/93 (commencement of the Portfolio's operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account are shown on page 4.

Investors should be aware of the risks of investments in foreign securities, particularly investments in securities of companies in developing nations. These include the risks of currency fluctuation, of political and economic instability and of less well-developed government supervision and regulation of business and industry practices, as well as differences in accounting standards.

Franklin Templeton International Equity Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2002

Foreign Common Stock (98.7%)	Country	Shares/ Par	Market Value (000's)
Automobiles & Components (3.0%)			
Autoliv, Inc.	Sweden	169,780	\$ 3,553
GKN PLC	United Kingdom	2,091,540	6,760
Valeo SA	France	210,000	6,589
Total			16,902
Banks (7.9%)			
Australia & New Zealand Banking Group, Ltd.			
	Australia	888,221	8,678
Banca Nazionale Del Lavoro SPA			
	Italy	3,529,070	3,907
*Dbs Group Holdings, Ltd.			
	Singapore	1,192,000	7,560
HSBC Holdings PLC			
	United Kingdom	530,937	5,804
Lloyds TSB Group PLC			
	United Kingdom	1,165,150	8,366
Nordea AB			
	Sweden	1,793,590	8,037
Nordea AB (NDA)			
	Sweden	491,780	2,167
Total			44,519
Basic Materials (3.5%)			
BASF AG			
	Germany	258,500	9,739
Norske Skogindustrier			
	Norway	684,860	9,688
Total			19,427
Capital Goods (10.3%)			
Alstom SA			
	France	903,114	4,502
Atlas Copco AB — Class A			
	Sweden	523,450	10,212
BAE Systems PLC			
	United Kingdom	2,125,020	4,242
Hutchison Whampoa, Ltd.			
	Hong Kong	1,199,000	7,503
Invensys PLC			
	United Kingdom	4,527,820	3,845
KCI Konecranes International PLC			
	Finland	342,900	8,381
Kurita Water Industries, Ltd.			
	Japan	580,000	5,841
Rolls-Royce PLC			
	United Kingdom	2,061,590	3,551
Volvo AB — Class B			
	Sweden	608,220	9,911
Total			57,988
Commercial Services & Supplies (2.1%)			
Societe Bic SA			
	France	349,140	12,036
Total			12,036

Foreign Common Stock (98.7%)	Country	Shares/ Par	Market Value (000's)
Consumer Cyclical (1.5%)			
Volkswagen AG			
	Germany	230,450	\$ 8,343
Total			8,343
Consumer Durables & Apparel (2.4%)			
Royal Philips Electronics NV			
	Netherlands	576,875	10,110
Sony Corporation			
	Japan	77,300	3,231
Total			13,341
Diversified Financials (3.2%)			
ING Groep NV			
	Netherlands	436,000	7,384
Nomura Holdings, Inc.			
	Japan	332,400	3,737
Swire Pacific Limited — Class A			
	Hong Kong	1,260,500	4,825
Swire Pacific Limited — Class B			
	Hong Kong	3,534,200	2,255
Total			18,201
Energy (7.5%)			
CNOOC Limited			
	China	293,360	7,642
ENI SPA			
	Italy	416,325	6,619
Husky Energy, Inc.			
	Canada	485,610	5,063
Repsol Ypf SA			
	Spain	783,780	10,364
Shell Transport & Trading Company PLC			
	United Kingdom	1,428,430	9,405
Total Fina Elf SA			
	France	21,182	3,025
Total			42,118
Food & Drug Retailing (1.6%)			
J. Sainsbury PLC			
	United Kingdom	2,034,900	9,132
Total			9,132
Food Beverage & Tobacco (3.2%)			
Nestle SA			
	Switzerland	50,220	10,642
Unilever PLC			
	United Kingdom	773,990	7,364
Total			18,006
Health Care Equipment & Services (1.4%)			
Amersham PLC			
	United Kingdom	883,370	7,842
Mayne Nickless, Ltd.			
	Australia	10	0
Total			7,842

Franklin Templeton International Equity Portfolio

Foreign Common Stock (98.7%)	Country	Shares/Par	Market Value (000's)	Foreign Common Stock (98.7%)	Country	Shares/Par	Market Value (000's)
Insurance (10.0%)				Software and Computer Services (1.0%)			
ACE Ltd.	Bermuda	330,080	\$ 9,685	Check Point			
Axa SA	France	433,842	5,823	Software Tech	Israel	442,150	\$ 5,735
Riunione Adriatica Di Sicurta SPA	Italy	902,240	10,983	Total			5,735
Sompo Japan Insurance, Inc.	Japan	1,586,000	9,262	Technology Hardware & Equipment (3.2%)			
Swiss Reinsurance	Switzerland	170,200	11,163	*Hitachi, Ltd.	Japan	1,973,000	7,565
XL Capital, Ltd. — Class A	Bermuda	122,550	9,467	Samsung Electronics	South Korea	40,200	10,643
Total			56,383	Total			18,208
Materials (6.9%)				Telecommunication Services (9.5%)			
Akzo Nobel NV	Netherlands	316,250	10,033	BCE, Inc.	Canada	380,910	6,872
AngloGold Limited, ADR	South Africa	113,870	3,901	Cable & Wireless PLC	United Kingdom	2,428,130	1,749
Bayer AG	Germany	263,150	5,523	Compania de Telecomunicaciones de Chile SA, ADR	Chile	154,985	1,486
Broken Hill Property Billiton, Ltd.	Australia	1,743,580	9,965	KT Corp. Spons, ADR	South Korea	491,440	10,590
Stora Enso OYJ — Class R	Finland	842,680	8,887	Nippon Telegraph & Telephone Corporation	Japan	2,084	7,569
Stora Enso OYJ — R Shares	Finland	29,567	307	Philippine Long Distance Telephone, ADR	Philippines	309,100	1,555
Total			38,616	PT Indosat, ADR	Indonesia	219,970	2,365
Media (2.0%)				Telecom Corporation of New Zealand Limited			
United Business Media PLC	United Kingdom	1,463,910	6,835	Corporation of New Zealand Limited	New Zealand	2,907,170	6,888
Wolters Kluwer NV	Netherlands	252,530	4,399	*Telefonica SA, ADR	Spain	172,867	4,593
Total			11,234	Telefonos de Mexico SA, ADR	Mexico	301,444	9,640
Pharmaceuticals & Biotechnology (4.7%)				Total			53,307
Aventis SA	France	194,710	10,585	Transportation (3.6%)			
*CK Life Sciences International, Inc.	Hong Kong	29,640	5	British Airways PLC	United Kingdom	1,228,800	2,671
Ono Pharmaceutical Co., Ltd.	Japan	266,000	8,047	Deutsche Post AG	Germany	935,920	9,831
Shire Pharmaceuticals Group	United Kingdom	1,209,710	7,741	Nippon Express Co., Ltd.	Japan	2,026,000	7,939
Total			26,378	Total			20,441
Real Estate (0.5%)				Retailing (1.7%)			
Cheung Kong Holdings, Ltd.	Hong Kong	441,000	2,870	Marks & Spencer Group PLC	United Kingdom	1,891,701	9,593
Total			2,870	Total			9,593

Franklin Templeton International Equity Portfolio

Foreign Common Stock (98.7%)	Country	Shares/ Par	Market Value (000's)
Utilities (8.0%)			
E.On AG	Germany	187,200	\$ 7,544
Endesa SA	Spain	574,510	6,722
Hong Kong Electric Holdings Limited			
Iberdrola SA	Hong Kong	1,794,500	6,800
	Spain	467,480	6,549
International Power PLC			
	United Kingdom	2,038,344	3,142
Korea Electric Power Corp.			
	South Korea	192,390	2,960
Suez Lyonnaise	France	657,010	11,404
Total			<u>45,121</u>
Total Foreign Common Stock			
(Cost: \$672,686)			<u>555,741</u>

Preferred Stock (0.6%)

Energy (0.6%)			
Petroleo Brasileiro SA			
	Brazil	274,860	<u>3,603</u>
Total Preferred Stock			
(Cost: \$5,746)			<u>3,603</u>

Money Market Investments (0.6%)	Country	Shares/ Par	Market Value (000's)
Short Term Business Credit (0.6%)			
UBS Finance LLC,			
1.2%, 1/2/03	United States	\$3,200,000	\$ 3,200
Total Money Market Investments (Cost: \$3,200)			<u>3,200</u>
Total Investments (99.9%)			
(Cost \$681,632)^			<u>562,544</u>
Other Assets, Less Liabilities (0.1%)			<u>558</u>
Total Net Assets (100.0%)			<u>\$563,102</u>

^ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$682,917 and the net unrealized depreciation of investments based on that cost was \$120,373 which is comprised of \$45,026 aggregate gross unrealized appreciation and \$165,399 aggregate gross unrealized depreciation.

ADR — American Depository Receipt

* Non-Income Producing

Investment Percentage by Country:

United Kingdom	17.4%
France	9.6%
Japan	9.4%
Germany	7.3%
Sweden	6.0%
Other	<u>50.3%</u>
Total	<u>100.0%</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Index 400 Stock Portfolio

Objective:

Long-term capital appreciation through cost-effective participation in broad market performance

Portfolio Strategy:

Invest in a portfolio designed to approximate the composition and returns of the S&P MidCap 400 Index.

Net Assets:

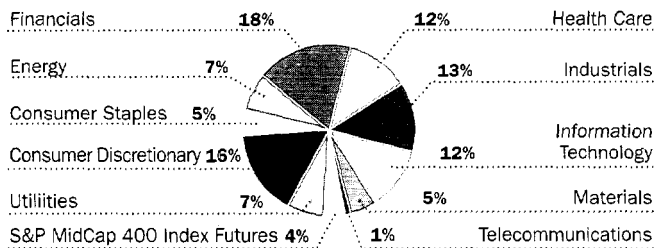
\$225.41 million

The Index 400 Stock Portfolio is designed to achieve results that approximate the performance of the Standard & Poor's MidCap 400 Composite Stock Price Index. This index is a capitalization-weighted index that measures the performance of the mid-range sector of the U.S. stock market. Of the 400 stocks, 281 are listed on the New York Stock Exchange, 116 on NASDAQ, and 3 on the American Stock Exchange.

As of December 31, 2002, the 400 companies in the index had a median market capitalization of \$1.5 billion and total market value of \$703 billion. For comparison, the 500 large stocks in the S&P 500 Index had a median market capitalization of \$6.8 billion and total market value of \$8,107 billion.

The Index 400 Portfolio provides participation in the performance of mid-sized companies in the U.S. equity market. The Portfolio continues to achieve its objective of matching the results of the S&P 400 MidCap Index before expenses.

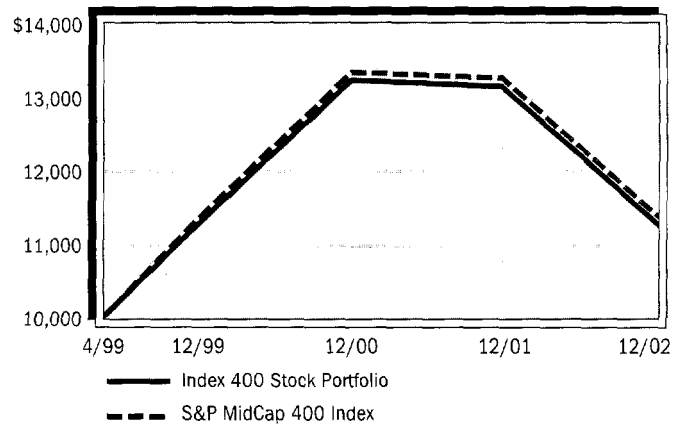
Sector Allocation 12/31/02



Top 10 Holdings 12/31/02

Company	% of Total Net Assets
M&T Bank Corp.	1.0%
The Washington Post Company - Class B	1.0%
Affiliated Computer Services, Inc. - Class A	0.9%
Gilead Sciences, Inc.	0.9%
Symantec Corp.	0.8%
Weatherford International, Ltd.	0.7%
IDEC Pharmaceuticals Corp.	0.7%
Microchip Technology Inc.	0.7%
National Commerce Financial Corp.	0.7%
American Water Works Company, Inc.	0.6%

Relative Performance



Average Annual Total Return For Periods Ended December 31, 2002

	1 Year	Since Inception*
Index 400 Stock Portfolio	-14.54%	3.21%
S&P MidCap 400 Index	-14.51%	3.49%

*inception date of 4/30/99

The S&P MidCap 400 Index is a capitalization-weighted index that measures the performance of the mid-range sector of the U.S. stock market. As of December 31, 2002, the 400 companies in the composite had median market capitalization of \$1.5 billion and a total market value of \$690.7 billion. The MidCap 400 represents approximately 6.0% of the market value of Compustat's database of about 11,418 equities. The index cannot be invested in directly and do not include sales charges.

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This chart assumes an initial investment of \$10,000 made on 4/30/99 (commencement of operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account are shown on page 4.

Index 400 Stock Portfolio

Northwestern Mutual Series Fund, Inc. Schedule of Investments December 31, 2002

Common Stock (95.7%)	Shares/ Par	Market Value (000's)	Common Stock (95.7%)	Shares/ Par	Market Value (000's)
Consumer Discretionary (16.0%)			Consumer Discretionary continued		
#*99 Cents Only Stores	21,533	\$ 578	*The Neiman Marcus Group, Inc. — Class A	14,700	\$ 447
*Abercrombie & Fitch Co. — Class A	30,400	622	Outback Steakhouse, Inc.	23,500	809
*American Eagle Outfitters, Inc.	22,150	305	*Papa John's International, Inc.	6,000	167
ArvinMeritor, Inc.	20,850	348	*Park Place Entertainment Corp.	92,500	777
Bandag Inc.	5,900	228	*Payless ShoeSource, Inc.	6,914	356
*Barnes & Noble, Inc.	20,700	374	*PETsMART, Inc.	41,400	709
Belo Corp.—Class A	34,400	733	Pier 1 Imports, Inc.	28,700	543
*BJ's Wholesale Club, Inc.	21,800	399	The Reader's Digest Association, Inc. — Class A	30,600	462
Blyth, Inc.	14,200	380	Ross Stores, Inc.	24,100	1,022
Bob Evans Farms, Inc.	10,900	255	*Saks, Inc.	43,700	513
*Borders Group, Inc.	25,100	404	*Scholastic Corp.	12,000	431
BorgWarner, Inc.	8,200	413	*Six Flags, Inc.	28,400	162
*Brinker International, Inc.	30,050	969	Superior Industries International, Inc.	8,100	335
*Callaway Golf Co.	23,300	309	*The Timberland Co. — Class A	11,500	410
*CarMax, Inc.	31,600	565	*Unifi, Inc.	16,500	87
*Catalina Marketing Corp.	16,800	311	*United Rentals, Inc.	23,500	253
CBRL Group, Inc.	16,100	485	The Washington Post Co. — Class B	2,900	2,141
*CDW Computer Centers, Inc.	25,800	1,131	*Westwood One, Inc.	32,800	1,225
*The Cheesecake Factory, Inc.	15,500	560	*Williams-Sonoma, Inc.	35,300	958
Claire's Stores, Inc.	15,000	331	Total		36,126
Clayton Homes, Inc.	42,200	514	Consumer Staples (5.4%)		
*Coach, Inc.	27,200	895	Church & Dwight Co., Inc.	12,200	371
*Copart, Inc.	27,900	330	*Constellation Brands, Inc. — Class A	27,400	650
D.R. Horton, Inc.	44,900	779	*Dean Foods Co.	27,776	1,030
*Dollar Tree Stores, Inc.	35,000	860	The Dial Corp.	29,100	593
*Emmis Communications Corp. — Class A	16,300	340	Dole Food Company, Inc.	17,200	560
*Entercom Communications Corp. — Class A	15,300	718	Dreyer's Grand Ice Cream, Inc.	10,700	759
*Extended Stay America, Inc.	28,800	425	Hormel Foods Corp.	42,600	994
Federal Signal Corp.	14,600	284	Interstate Bakeries Corp.	13,500	206
*Furniture Brands International, Inc.	17,300	413	The J.M. Smucker Co.	15,196	605
*Gentex Corp.	23,200	734	Lancaster Colony Corp.	11,200	438
*GTECH Holdings Corp.	17,600	490	Longs Drug Stores Corp.	11,700	243
Harte-Hanks, Inc.	28,250	527	McCormick & Company, Inc.	42,900	995
*Hispanic Broadcasting Corp. — Class A	33,300	684	PepsiAmericas, Inc.	47,200	634
International Speedway Corp. — Class A	16,300	608	Ruddick Corp.	14,200	194
*Krispy Kreme Doughnuts, Inc.	16,700	564	Sensient Technologies Corp.	14,500	326
*Lear Corp.	20,100	669	*Smithfield Foods, Inc.	33,500	665
Lee Enterprises, Inc.	13,600	456	Tootsie Roll Industries, Inc.	15,860	487
Lennar Corp.	19,800	1,022	Tyson Foods, Inc. — Class A	108,340	1,215
*Macrovision Corp.	15,600	250	Universal Corp.	8,000	296
*Mandalay Resort Group	21,000	643	*Whole Foods Market, Inc.	17,600	928
Media General, Inc. — Class A	7,100	426	Total		12,189
*Michaels Stores, Inc.	20,400	639	Energy (7.1%)		
Modine Manufacturing Co.	10,300	182	*Cooper Cameron Corp.	16,600	827
*Mohawk Industries, Inc.	20,500	1,167	ENSCO International, Inc.	45,600	1,343
			*FMC Technologies, Inc.	20,069	410

Index 400 Stock Portfolio

Common Stock (95.7%)	Shares/ Par	Market Value (000's)	Common Stock (95.7%)	Shares/ Par	Market Value (000's)
Energy continued			Financials continued		
*Forest Oil Corp.	14,400	\$ 398	Legg Mason, Inc.	19,900	\$ 966
*Grant Prideco, Inc.	34,100	397	Leucadia National Corp.	17,000	634
*Hanover Compressor Co.	20,100	185	Liberty Property Trust	23,200	741
Helmerich & Payne, Inc.	15,300	427	M&T Bank Corp.	28,200	2,237
Murphy Oil Corp.	28,000	1,200	Mercantile Bankshares Corp.	21,400	826
*National Oilwell, Inc.	24,800	542	Metris Companies, Inc.	17,800	44
Noble Energy, Inc.	17,600	661	The MONY Group, Inc.	14,600	350
Ocean Energy, Inc.	53,900	1,076	National Commerce Financial Corp.	63,225	1,508
Overseas Shipholding Group, Inc.	10,600	190	Neuberger Berman, Inc.	21,400	717
*Patterson-UTI Energy, Inc.	24,200	730	New Plan Excel Realty Trust, Inc.	29,700	567
*Pioneer Natural Resources Co.	35,600	899	New York Community Bancorp, Inc.	33,000	953
*Pride International, Inc.	40,900	609	*Ohio Casualty Corp.	18,600	241
*Smith International, Inc.	31,100	1,014	Old Republic International Corp.	36,900	1,033
Tidewater, Inc.	18,600	578	The PMI Group, Inc.	27,700	832
Valero Energy Corp.	32,400	1,197	Protective Life Corp.	21,100	581
*Varco International, Inc.	29,662	516	Provident Financial Group, Inc.	14,900	388
*Weatherford International, Ltd.	39,900	1,594	Radian Group, Inc.	29,100	1,081
Western Gas Resources, Inc.	10,100	372	Roslyn Bancorp, Inc.	25,700	463
XTO Energy, Inc.	38,100	941	SEI Investments Co.	33,200	902
Total		16,106	*Silicon Valley Bancshares	13,600	248
Financials (18.2%)			Sovereign Bancorp, Inc.	80,000	1,124
A.G. Edwards, Inc.	24,400	804	StanCorp Financial Group, Inc.	9,100	445
*Allmerica Financial Corp.	16,300	165	TCF Financial Corp.	22,900	1,001
American Financial Group, Inc.	21,100	487	Unitrin, Inc.	20,800	608
*AmeriCredit Corp.	46,800	362	Waddell & Reed Financial, Inc. —		
AmerUs Group Co.	12,200	345	Class A	24,600	484
Arthur J. Gallagher & Co.	27,100	796	Webster Financial Corp.	14,700	512
Associated Banc-Corp.	23,209	788	Westamerica Bancorporation	10,300	414
Astoria Financial Corp.	27,200	738	Wilmington Trust Corp.	20,100	637
Bank of Hawaii Corp.	20,900	635	Total		41,016
Banknorth Group, Inc.	45,500	1,028	Health Care (11.6%)		
Brown & Brown, Inc.	21,100	682	*AdvancePCS	28,300	629
City National Corp.	15,300	673	*Apogent Technologies, Inc.	32,800	682
The Colonial BancGroup, Inc.	37,900	452	*Apria Healthcare Group, Inc.	16,800	374
Commerce Bancorp, Inc.	20,600	890	*Barr Laboratories, Inc.	13,400	872
Compass Bancshares, Inc.	39,500	1,235	Beckman Coulter, Inc.	19,000	561
*E*TRADE Group, Inc.	112,100	545	*Charles River Laboratories	13,700	527
Eaton Vance Corp.	21,300	602	*Covance, Inc.	18,500	455
Everest Re Group, Ltd.	15,700	868	*Cytoc Corp.	37,700	385
Fidelity National Financial, Inc.	29,240	960	DENTSPLY International, Inc.	23,950	892
First Virginia Banks, Inc.	22,050	821	*Edwards Lifesciences Corp.	18,300	466
FirstMerit Corp.	26,000	563	*Express Scripts, Inc. — Class A	24,100	1,158
Greater Bay Bancorp	15,700	271	*First Health Group Corp.	31,100	757
GreenPoint Financial Corp.	30,400	1,373	*Gilead Sciences, Inc.	60,100	2,044
HCC Insurance Holdings, Inc.	19,100	470	*Health Net, Inc.	38,400	1,014
Hibernia Corp. — Class A	48,500	934	*Henry Schein, Inc.	13,400	603
Horace Mann Educators Corp.	12,500	192	Hillenbrand Industries, Inc.	18,900	913
Hospitality Properties Trust	19,200	676	ICN Pharmaceuticals, Inc.	25,400	277
Independence Community Bank Corp.	17,500	444	*IDEC Pharmaceuticals Corp.	46,800	1,553
*IndyMac Bancorp, Inc.	17,600	325	*Incyte Genomics, Inc.	20,700	94
*Investment Technology Group, Inc.	14,800	331	*IVAX Corp.	59,625	723
Investors Financial Services Corp.	19,800	542	*LifePoint Hospitals, Inc.	12,100	362
*LaBranche & Co., Inc.	18,100	482	*Lincare Holdings, Inc.	32,600	1,031

Index 400 Stock Portfolio

Common Stock (95.7%)			Common Stock (95.7%)		
	Shares/ Par	Market Value (000's)		Shares/ Par	Market Value (000's)
Health Care continued			Industrials continued		
*Millennium Pharmaceuticals, Inc.	87,200	\$ 692	Hubbell, Inc. — Class B	18,100	\$ 636
Mylan Laboratories, Inc.	38,400	1,340	*J.B. Hunt Transport Services, Inc.	12,000	352
Omnicare, Inc.	28,900	689	*Jacobs Engineering Group, Inc.	16,700	595
*Oxford Health Plans, Inc.	27,000	984	Kaydon Corp.	9,300	197
*PacifiCare Health Systems, Inc.	10,900	306	Kelly Services, Inc. — Class A	10,900	269
*Patterson Dental Co.	20,900	914	Kennametal, Inc.	10,600	365
*Perrigo Co.	22,200	270	*Korn/Ferry International	11,600	87
*Protein Design Labs, Inc.	27,300	232	*L-3 Communications Holdings, Inc.	28,800	1,293
*Sepracor, Inc.	25,800	249	Manpower, Inc.	23,500	750
*Sicor, Inc.	35,600	564	Nordson Corp.	10,300	256
*STERIS Corp.	21,100	512	Pentair, Inc.	15,100	522
*Triad Hospitals, Inc.	22,739	678	Pittston Brink's Group	16,600	307
*Universal Health Services, Inc. — Class B	18,400	830	Precision Castparts Corp.	16,000	388
*Varian Medical Systems, Inc.	20,900	1,037	*Quanta Services, Inc.	21,300	75
*Vertex Pharmaceuticals, Inc.	23,300	369	*Republic Services, Inc.	50,200	1,053
*VISX, Inc.	16,400	157	Rollins, Inc.	9,300	237
Total		26,195	*Sequa Corp. — Class A	3,200	125
Industrials (12.6%)			*Sotheby's Holdings, Inc. — Class A	18,900	170
*AGCO Corp.	22,900	506	*SPX Corp.	25,100	940
Airborne, Inc.	14,800	219	*Swift Transportation Co., Inc.	26,300	526
*Alaska Air Group, Inc.	8,100	175	*Sylvan Learning Systems, Inc.	12,319	202
*Albany International Corp. — Class A	9,926	205	Tecumseh Products Co. — Class A	5,700	252
Alexander & Baldwin, Inc.	12,600	325	Teleflex, Inc.	12,000	515
AMETEK, Inc.	10,100	389	Trinity Industries, Inc.	14,100	267
Banta Corp.	7,700	241	*Valassis Communications, Inc.	16,300	480
*The BISYS Group, Inc.	36,600	582	Viad Corp.	27,400	612
C.H. Robinson Worldwide, Inc.	25,900	808	Wallace Computer Services, Inc.	12,800	275
*Career Education Corp.	13,900	556	York International Corp.	12,100	309
Carlisle Companies, Inc.	9,300	385	Total		28,299
*Ceridian Corp.	45,500	656	Information Technology (12.0%)		
*Certege, Inc.	21,200	520	*3Com Corp.	109,900	509
*CheckFree Corp.	23,900	382	*Activision, Inc.	20,500	299
*ChoicePoint, Inc.	26,300	1,039	*Acxiom Corp.	27,000	415
CNF, Inc.	15,100	502	*ADTRAN, Inc.	11,600	382
*CSG Systems International, Inc.	15,800	216	*Advanced Fibre Communications, Inc.	25,300	422
*DeVry, Inc.	21,400	355	*Advent Software, Inc.	10,000	136
Donaldson Company, Inc.	13,500	486	*Affiliated Computer Services, Inc. — Class A	40,400	2,126
*DST Systems, Inc.	36,800	1,309	*Arrow Electronics, Inc.	30,800	394
*The Dun & Bradstreet Corp.	22,800	786	*Ascential Software Corp.	76,100	183
*Dycom Industries, Inc.	14,700	195	*Atmel Corp.	143,200	319
*Education Management Corp.	10,700	402	*Avnet, Inc.	36,700	397
*EGL, Inc.	15,000	214	*Avocent Corp.	13,800	307
*Energizer Holdings, Inc.	27,000	753	*Cabot Microelectronics Corp.	7,392	349
Expeditors International of Washington, Inc.	31,900	1,042	*Cadence Design Systems, Inc.	81,400	960
Fastenal Co.	23,300	871	*Cirrus Logic, Inc.	25,600	74
*Flowserve Corp.	16,900	250	*CommScope, Inc.	18,900	149
GATX Corp.	15,000	342	*Credence Systems Corp.	18,600	174
Granite Construction, Inc.	12,700	197	*Cree, Inc.	22,300	365
Harsco Corp.	12,400	395	*Cypress Semiconductor Corp.	37,800	216
Herman Miller, Inc.	23,300	429	Diebold, Inc.	22,100	911
HON INDUSTRIES, Inc.	18,100	512	*Fairchild Semiconductor International, Inc. — Class A	35,900	384

Index 400 Stock Portfolio

Common Stock (95.7%)		Shares/ Par	Market Value (000's)	Common Stock (95.7%)		Shares/ Par	Market Value (000's)
Information Technology continued				Materials (4.8%)			
*FEI Co.	9,900	\$	151	A. Schulman, Inc.	9,000	\$	167
*Gartner Group, Inc. — Class B	25,400		240	*Airgas, Inc.	21,900		378
Harris Corp.	20,300		534	*AK Steel Holding Corp.	33,100		265
*Imation Corp.	10,700		375	Albemarle Corp.	12,800		364
*InFocus Corp.	12,100		75	Arch Coal, Inc.	16,100		348
*Integrated Device Technology, Inc.	31,700		265	Bowater, Inc.	16,900		708
*International Rectifier Corp.	19,500		360	Cabot Corp.	18,800		499
*Internet Security Systems, Inc.	14,800		271	Carpenter Technology Corp.	6,800		85
*Intersil Corp. — Class A	41,800		583	Crompton Corp.	34,863		207
Jack Henry & Associates, Inc.	27,700		334	*Cytec Industries, Inc.	12,100		330
*Keane, Inc.	23,200		209	Ferro Corp.	12,400		303
*KEMET Corp.	26,400		231	*FMC Corp.	10,800		295
*Lam Research Corp.	39,100		422	*GrafTech International, Ltd.	17,100		102
*Lattice Semiconductor Corp.	33,600		295	H.B. Fuller Co.	8,700		225
*Legato Systems, Inc.	35,200		177	IMC Global, Inc.	35,300		377
*LTX Corp.	15,100		91	*Longview Fibre Co.	15,700		114
*Macromedia, Inc.	18,300		195	The Lubrizol Corp.	15,800		482
*McDATA Corp. — Class A	34,800		247	Lyondell Chemical Co.	49,000		619
*Mentor Graphics Corp.	20,300		160	Martin Marietta Materials, Inc.	15,000		460
*Micrel, Inc.	28,400		255	Minerals Technologies, Inc.	6,200		268
Microchip Technology, Inc.	61,912	1,514		Olin Corp.	17,400		271
*MPS Group, Inc.	31,500		175	P.H. Glatfelter Co.	13,400		176
*National Instruments Corp.	15,800		513	*Packaging Corporation of America	32,000		584
*Network Associates, Inc.	47,800		769	Peabody Energy Corp.	16,000		468
*Newport Corp.	11,700		147	Potlatch Corp.	8,700		208
*Overture Services, Inc.	17,900		489	Rayonier, Inc.	8,500		385
*Plantronics, Inc.	14,100		213	RPM, Inc.	35,200		538
*Plexus Corp.	12,900		113	Solutia, Inc.	32,100		117
*Polycom, Inc.	30,600		291	Sonoco Products Co.	29,600		678
*Powerwave Technologies, Inc.	20,100		109	The Valspar Corp.	15,400		679
*Quantum Corporation — DLT & Storage Systems	48,300		129	Wausau-Mosinee Paper Corp.	15,800		177
*Retek, Inc.	16,200		44	Total			10,877
The Reynolds and Reynolds Co. — Class A	21,300		543	Telecommunication Services (0.6%)			
*RF Micro Devices, Inc.	51,700		379	*Broadwing, Inc.	67,100		236
*RSA Security, Inc.	17,400		104	*Price Communications Corp.	16,700		231
*SanDisk Corp.	21,100		428	Telephone and Data Systems, Inc.	18,000		847
*Semtech Corp.	22,400		245	Total			1,314
*Storage Technology Corp.	32,500		696	Utilities (7.4%)			
*Sybase, Inc.	29,800		399	AGL Resources, Inc.	17,200		418
*Sykes Enterprises, Inc.	12,400		41	ALLETE, Inc.	26,100		592
*Symantec Corp.	44,500	1,799		Alliant Energy Corp.	27,900		462
*Synopsys, Inc.	23,400	1,080		American Water Works Company, Inc.	30,700		1,396
*Tech Data Corp.	17,300		466	*Aquila, Inc.	55,300		98
*The Titan Corp.	23,900		249	Black Hills Corp.	8,200		217
*Transaction Systems Architects, Inc. — Class A	10,900		71	Cleco Corp.	14,400		202
*TriQuint Semiconductor, Inc.	40,511		172	DPL, Inc.	38,800		595
*Varian, Inc.	10,400		298	DQE, Inc.	22,700		346
*Vishay Intertechnology, Inc.	48,987		548	Energy East Corp.	44,300		979
*Wind River Systems, Inc.	24,200		99	Equitable Resources, Inc.	19,000		666
Total			27,064	Great Plains Energy, Inc.	20,800		476
				Hawaiian Electric Industries, Inc.	11,200		493

Index 400 Stock Portfolio

Common Stock (95.7%)	Shares/ Par	Market Value (000's)
Utilities continued		
IDACORP, Inc.	11,600	\$ 288
MDU Resources Group, Inc.	21,900	565
National Fuel Gas Co.	24,600	510
Northeast Utilities	41,900	636
NSTAR	16,300	724
OGE Energy Corp.	24,000	422
ONEOK, Inc.	18,500	355
Pepeco Holdings, Inc.	50,100	971
PNM Resources, Inc.	12,000	286
Puget Energy, Inc.	28,400	626
Questar Corp.	25,100	698
SCANA Corp.	33,700	1,043
*Sierra Pacific Resources	31,281	203
Vectren Corp.	20,800	478
Westar Energy, Inc.	22,000	218
WGL Holdings, Inc.	14,900	356
Wisconsin Energy Corp.	35,300	890
WPS Resources Corp.	9,700	377
Total		16,586
Total Common Stock (Cost: \$248,668)		215,772

Money Market Investments (4.1%)	Shares/ Par	Market Value (000's)
Federal Government and Agencies (0.5%)		
#Federal Home Loan Bank, 1.24%, 3/7/03	\$1,200,000	\$ 1,197
Total		1,197
Personal Credit Institutions (2.7%)		
#Salomon Smith Barney Hld, 1.325%, 1/24/03	6,000,000	5,995
Total		5,995
Short Term Business Credit (0.9%)		
#UBS Finance LLC, 1.20%, 1/2/03	2,100,000	2,100
Total		2,100
Total Money Market Investments (Cost: \$9,292)		9,292
Total Investments (99.8%) (Cost \$257,960)^\		225,064
Other Assets, Less Liabilities (0.2%)		346
Total Net Assets (100.0%)		\$225,410

^\ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$260,227 and the net unrealized depreciation of investments based on that cost was \$35,163 which is comprised of \$19,478 aggregate gross unrealized appreciation and \$54,641 aggregate gross unrealized depreciation.

* Non-Income Producing

All or a portion of the securities have been committed as collateral for open futures positions. Information regarding open futures contracts as of period end is summarized below:

Issuer (000's)	Number of Contracts	Expiration Date	Unrealized Appreciation/ (Depreciation) (000's)
MidCap 400 Index Futures	43	3/03	\$(113)
(Total Notional Value at 12/31/02 \$9,356)			

Growth Stock Portfolio

Objective:

Long-term appreciation of capital with moderate risk

Portfolio Strategy:

Hold a diversified mix of high quality growth stocks of medium and large companies with above-average potential for earnings growth.

Net Assets:

\$551.42 million

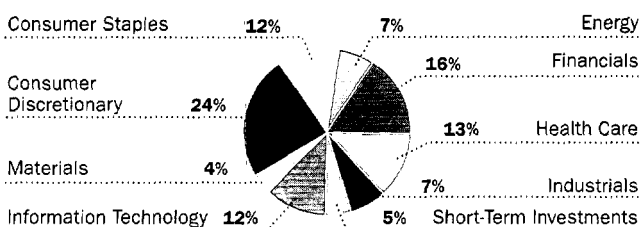
The Growth Stock Portfolio is invested in high quality companies of large to medium capitalization with strong financial characteristics and the ability to generate internal growth. A key factor in stock selection is the choice of industries with good earnings potential, based on analysis of economic trends to determine their impact on various sectors of the economy. Stock selection is made through "top down" analysis: first industry and market sector choices are made based on the economic environment, and then the most promising companies within each sector are selected as holdings. A strategy of this portfolio is to go beyond the most familiar "blue chip" names to seek out medium-sized companies with strong positions in their markets whose stock prices do not reflect their potential for growth. Diversification across 70 to 90 stocks in a wide range of industry groups reduces the Portfolio's risk profile.

Like essentially all equity funds, the Growth Stock Portfolio had negative total return for 2002, but the Portfolio outperformed the S&P 500 Index for the year and for the last five years. Relative to the Index, the Portfolio is most overweighted in the Consumer Discretionary and Consumer Staples sectors and underweighted in Financials, Industrials, Information Technology, Telecommunications and Utilities.

The relative performance of this high-quality portfolio was stronger for the first nine months of the year than in the fourth quarter, when a market rally that began in October was concentrated in riskier issues, particularly in the technology and telecommunications sectors, which had been extremely weak earlier in the year. Despite an underweight in technology, some holdings in this sector, such as Intel and Texas Instruments, had a negative impact on performance for the year. Also negative for performance was GE, a solid company that has been subject to problems in some of its industries; this position has been reduced, though we still have confidence in the company's long-term prospects. Some of the Portfolio's retail holdings, particularly Kohl's, were down in the fourth quarter, as concerns about consumer spending mounted.

For the year, the holdings that contributed most to performance were generally not the largest positions. These include Ecolab, a leader in premium commercial cleaning and sanitizing products and services; Tribune Company, a newspaper publisher and media company; consumer giant Kraft Foods; and Principal Financial Group, a provider of insurance and other financial services.

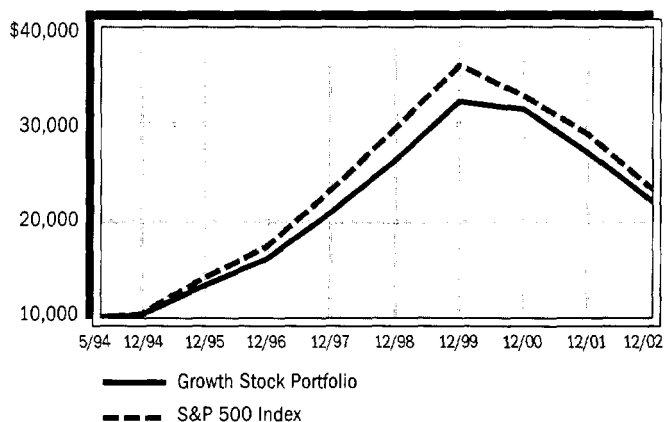
Sector Allocation 12/31/02



Top 10 Holdings 12/31/02

Company	% of Total Net Assets
Microsoft Corp.	3.8%
PepsiCo, Inc.	3.0%
Pfizer, Inc.	3.0%
Harley-Davidson, Inc.	2.7%
Kohl's Corp.	2.6%
Wal-Mart Stores, Inc.	2.4%
Johnson & Johnson	2.4%
The McGraw-Hill Companies, Inc.	2.4%
Medtronic, Inc.	2.3%
Exxon Mobil Corp.	2.3%

Relative Performance



Average Annual Total Return

For Periods Ended December 31, 2002

	1 Year	5 Years	Since Inception*
Growth Stock Portfolio	-20.83%	0.55%	9.20%
S&P 500 Index	-22.10%	-0.58%	9.85%

* inception date of 5/03/94

The Standard & Poor's 500 Composite Stock Price Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The Index is heavily weighted toward stocks with large market capitalizations and represents approximately two-thirds of the total market value of all domestic common stocks. The index cannot be invested in directly and do not include sales charges.

This chart assumes an initial investment of \$10,000 made on 5/3/94 (commencement of operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account are shown on page 4.

Growth Stock Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2002

Common Stock (94.7%)	Shares/ Par	Market Value (000's)	Common Stock (94.7%)	Shares/ Par	Market Value (000's)
Consumer Discretionary (24.5%)			Financials continued		
*Bed Bath & Beyond, Inc.	147,400	\$ 5,090	Morgan Stanley	168,000	\$ 6,707
*Comcast Corp. — Class A	39,984	942	Northern Trust Corp.	130,800	4,585
Darden Restaurants, Inc.	267,500	5,470	Principal Financial Group, Inc.	372,200	11,214
Fortune Brands, Inc.	172,300	8,014	Prudential Financial, Inc.	111,800	3,549
Gannett Co., Inc.	35,000	2,513	Wells Fargo & Co.	194,800	9,130
Harley-Davidson, Inc.	320,800	14,822	Total		88,688
*Kohl's Corp.	255,800	14,313	Health Care (12.7%)		
Lowe's Companies, Inc.	127,600	4,785	Abbott Laboratories	66,000	2,640
The McGraw-Hill Companies, Inc.	216,000	13,055	*Amgen, Inc.	143,100	6,917
The New York Times Co. — Class A	195,900	8,959	Baxter International, Inc.	216,200	6,054
Newell Rubbermaid, Inc.	310,100	9,405	Eli Lilly and Co.	72,400	4,597
Target Corp.	268,500	8,055	Johnson & Johnson	246,300	13,229
Tiffany & Co.	71,200	1,702	Medtronic, Inc.	280,800	12,804
Tribune Co.	246,900	11,224	Merck & Co., Inc.	54,800	3,102
*Viacom, Inc. — Class B	172,700	7,039	Pfizer, Inc.	538,650	16,467
Wal-Mart Stores, Inc.	263,700	13,320	UnitedHealth Group, Inc.	48,500	4,050
Wendy's International, Inc.	229,200	6,204	Total		69,860
Total		134,912	Industrials (7.4%)		
Consumer Staples (11.7%)			American Standard Companies, Inc.	106,900	7,605
Anheuser-Busch Companies, Inc.	209,200	10,125	Avery Dennison Corp.	117,700	7,189
Colgate-Palmolive Co.	114,400	5,998	FedEx Corp.	132,000	7,157
*Dean Foods Co.	49,500	1,836	*Fiserv, Inc.	365,362	12,404
General Mills, Inc.	146,500	6,878	General Electric Co.	260,600	6,346
Kellogg Co.	180,000	6,169	Total		40,701
Kraft Foods, Inc. — Class A	131,300	5,112	Information Technology (11.6%)		
PepsiCo, Inc.	396,200	16,727	*Applied Materials, Inc.	337,500	4,398
Walgreen Co.	395,200	11,536	*Cisco Systems, Inc.	262,800	3,443
Total		64,381	*Electronic Arts, Inc.	72,900	3,628
Energy (6.6%)			Intel Corp.	432,700	6,737
ChevronTexaco Corp.	83,800	5,571	International Business Machines Corp.	132,400	10,261
ConocoPhillips	172,908	8,367	*Microsoft Corp.	404,300	20,902
EOG Resources, Inc.	240,500	9,601	*NASDAQ-100 Trust, Series I	72,500	1,769
Exxon Mobil Corp.	362,034	12,649	Nokia Corp., ADR	52,400	812
Total		36,188	*QUALCOMM, Inc.	89,000	3,239
Financials (16.1%)			*Semiconductor HOLDERS (SM) Trust	212,900	4,716
American Express Co.	160,000	5,656	Texas Instruments, Inc.	283,700	4,258
American International Group, Inc.	99,700	5,768	Total		64,163
The Bank of New York Company, Inc.	206,300	4,943	Materials (4.0%)		
The Charles Schwab Corp.	231,700	2,514	Air Products and Chemicals, Inc.	207,800	8,883
Citigroup, Inc.	107,600	3,786	Ecolab, Inc.	214,200	10,604
Fifth Third Bancorp	187,250	10,963	PPG Industries, Inc.	56,200	2,818
Freddie Mac	101,800	6,011	Total		22,305
Lehman Brothers Holdings, Inc.	146,700	7,818			
Marsh & McLennan Companies, Inc.	130,800	6,044			

Growth Stock Portfolio

	Shares/ Par	Market Value (000's)
Common Stock (94.7%)		
Telecommunication Services (0.1%)		
AT&T Corp.	24,720	\$ 645
Total		645
Total Common Stock (Cost: \$519,924)		
521,843		
Money Market Investments (5.4%)		
Federal Government and Agencies (0.7%)		
#Federal National Mortgage Association, 1.28%, 3/12/03		
	\$ 4,000,000	3,991
Total		3,991
Miscellaneous Business Credit Institutions (3.6%)		
Quincy Capital Corp., 1.37%, 1/21/03		
	20,000,000	19,984
Total		19,984
Short Term Business Credit (1.1%)		
UBS Finance LLC, 1.20%, 1/2/03		
	6,000,000	6,000
Total		6,000
Total Money Market Investments (Cost: \$29,975)		
29,975		
Total Investments (100.1%) (Cost \$549,899)^		
551,818		
Other Assets, Less Liabilities (-0.1%)		
(397)		
Total Net Assets (100.0%)		
\$551,421		

^ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$550,482 and the net unrealized appreciation of investments based on that cost was \$1,336 which is comprised of \$72,519 aggregate gross unrealized appreciation and \$71,183 aggregate gross unrealized depreciation.

ADR — American Depository Receipt

* Non-Income Producing

All or a portion of the securities have been committed as collateral for open futures positions. Information regarding open futures contracts as of period end is summarized below:

Issuer (000's)	Number of Contracts	Expiration Date	Unrealized Appreciation/ (Depreciation) (000's)
S&P 500 Index Futures	17	3/03	\$(74)
(Total Notional Value at 12/31/02 \$3,809)			

The Accompanying Notes are an Integral Part of the Financial Statements

J.P. Morgan Select Growth and Income Stock Portfolio

Objective:

Long-term growth of capital and income, consistent with moderate investment risk

Portfolio Strategy:

Actively manage a portfolio of equity securities with a goal of exceeding the total return of the S&P 500 Index.

Net Assets:

\$365.94 million

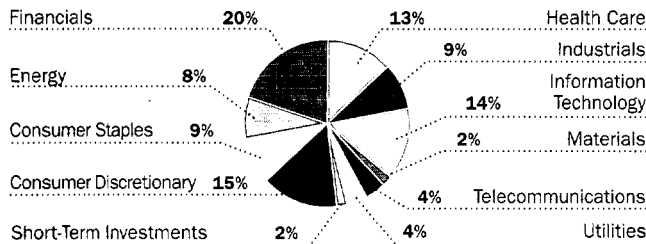
The J.P. Morgan Select Growth and Income Stock Portfolio invests mainly in large-capitalization stocks, with a focus on seeking the best values in the market based on long-term earnings forecasts. A sector balance very close to that of the S&P 500 Index is normally maintained, with the emphasis on undervalued stocks within each industry group; a valuation discipline mandates the sale of stocks regarded as overvalued. More focus is placed on capital appreciation and dividend growth than on current dividends. The Portfolio is normally fully invested in equity securities.

In a very challenging market environment, the J.P. Morgan Select Growth and Income Stock Portfolio underperformed its major benchmark, the S&P 500 Index, during 2002. The Portfolio's underperformance has resulted largely from several large holdings that have experienced major problems. The most costly has been Tyco International, a longtime holding that lost more than two-thirds of its value during 2002. Several other holdings that hurt performance earlier in the year have been sold, including Dynegy and Gemstar.

Price weakness has created opportunities to add to several large holdings, including General Electric, Citigroup and Microsoft. Some of the better performing stocks in the Portfolio, including Mattel and Kraft Foods, were smaller positions and therefore did not have a strongly positive effect on overall results.

The J.P. Morgan Select Growth and Income Stock Portfolio is managed for Northwestern Mutual by J.P. Morgan Fleming Asset Management. Effective January 31, 2003, the name of the Portfolio changed to Large Cap Core Stock, and the Portfolio is managed by Mason Street Advisors, LLC. These changes are subject to shareholder approval.

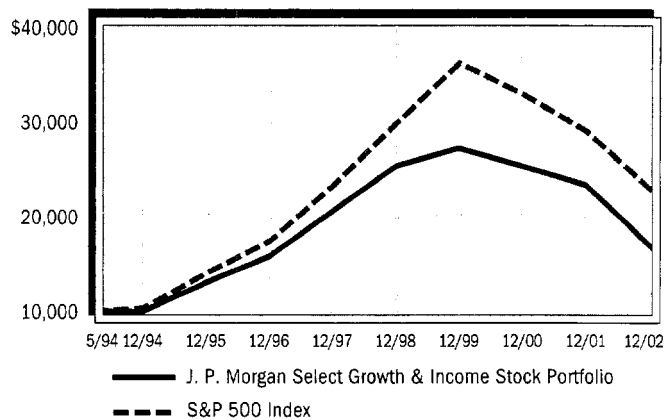
Sector Allocation 12/31/02



Top 10 Holdings 12/31/02

Company	% of Total Net Assets
Citigroup, Inc.	4.2%
Microsoft Corp.	3.9%
General Electric Co.	3.8%
Exxon Mobil Corp.	2.6%
U.S. Bancorp	2.3%
Pfizer, Inc.	2.3%
ChevronTexaco Corp.	2.2%
Tyco International, Ltd.	2.1%
Cisco Systems, Inc.	2.0%
The Procter & Gamble Co.	2.0%

Relative Performance



Average Annual Total Return For Periods Ended December 31, 2002

	1 Year	5 Years	Since Inception*
J. P. Morgan Select Growth & Income Stock Portfolio	-28.20%	-4.00%	6.12%
S&P 500 Index	-22.10%	-0.58%	9.85%

*inception date of 5/03/94

The Standard & Poor's 500 Composite Stock Price Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The index is heavily weighted toward stocks with large market capitalizations and represents approximately two-thirds of the total market value of all domestic common stocks. The index cannot be invested in directly and do not include sales charges.

This chart assumes an initial investment of \$10,000 made on 5/3/94 (commencement of operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account are shown on page 4.

J.P. Morgan Select Growth and Income Stock Portfolio

Northwestern Mutual Series Fund, Inc. Schedule of Investments December 31, 2002

Common Stock (97.8%)	Shares/ Par	Market Value (000's)	Common Stock (97.8%)	Shares/ Par	Market Value (000's)
Consumer Discretionary (15.2%)			Financials continued		
*Abercrombie & Fitch Co. — Class A	93,200	\$ 1,907	The Goldman Sachs Group, Inc.	49,200	\$ 3,351
*AOL Time Warner, Inc.	280,800	3,678	*Travelers Property Casualty Corp. — Class A	242,051	3,546
*Comcast Corp. — Class A	78,014	1,839	U.S. Bancorp	398,132	8,448
*Comcast Corp. — Class A	76,400	1,726	Washington Mutual, Inc.	99,900	3,450
*Costco Wholesale Corp.	41,900	1,176	Total		72,763
*Federated Department Stores, Inc. The Home Depot, Inc.	49,100	1,412			
	187,000	4,481	Health Care (12.7%)		
*Jones Apparel Group, Inc.	53,100	1,882	Abbott Laboratories	88,900	3,556
*Lear Corp.	59,600	1,983	*Amgen, Inc.	84,100	4,065
*Liberty Media Corp. — Class A	593,000	5,301	Baxter International, Inc.	77,400	2,167
Marriott International, Inc. — Class A	53,300	1,752	CIGNA Corp.	89,700	3,688
Mattel, Inc.	202,400	3,876	Eli Lilly and Co.	88,800	5,639
NIKE, Inc. — Class B	40,600	1,805	*Human Genome Sciences, Inc.	34,366	303
Target Corp.	175,600	5,268	Johnson & Johnson	115,150	6,185
The TJX Companies, Inc.	216,900	4,234	Pfizer, Inc.	274,900	8,404
Tribune Co.	57,300	2,605	Pharmacia Corp.	117,152	4,897
*Viacom, Inc. — Class B	85,200	3,473	Schering-Plough Corp.	67,800	1,505
Wal-Mart Stores, Inc.	144,100	7,279	*Tenet Healthcare Corp.	48,700	799
Total		55,677	Wyeth	144,600	5,408
Consumer Staples (8.8%)			Total		46,616
The Coca-Cola Co.	128,000	5,609	Industrials (9.4%)		
CVS Corp.	68,400	1,708	*Cendant Corp.	233,804	2,450
The Gillette Co.	191,800	5,823	General Electric Co.	564,300	13,741
Kraft Foods, Inc. — Class A	84,500	3,290	Lockheed Martin Corp.	42,600	2,460
Philip Morris Companies, Inc.	111,400	4,515	Tyco International, Ltd.	447,192	7,638
The Procter & Gamble Co.	84,900	7,296	United Technologies Corp.	46,300	2,868
Unilever NV, ADR	66,800	4,122	Waste Management, Inc.	226,917	5,201
Total		32,363	Total		34,358
Energy (7.5%)			Information Technology (14.4%)		
Anadarko Petroleum Corp.	24,700	1,183	*Accenture LTD — Class A	86,000	1,547
ChevronTexaco Corp.	119,000	7,911	*Altera Corp.	167,200	2,063
ConocoPhillips	58,544	2,833	*Analog Devices, Inc.	65,500	1,563
*Cooper Cameron Corp.	44,900	2,237	*Applied Materials, Inc.	67,200	876
Devon Energy Corp.	34,100	1,565	*CIENA Corp.	77,200	397
Exxon Mobil Corp.	267,954	9,362	*Cisco Systems, Inc.	561,200	7,352
GlobalSantaFe Corp.	94,151	2,290	*Dell Computer Corp.	108,500	2,901
Total		27,381	Hewlett-Packard Co.	178,002	3,090
Financials (19.9%)			Intel Corp.	345,000	5,372
Ambac Financial Group, Inc.	125,325	7,048	International Business Machines Corp.	77,000	5,968
American International Group, Inc.	45,900	2,655	*Microsoft Corp.	277,800	14,362
Aon Corp.	99,300	1,876	Motorola, Inc.	177,100	1,532
Bank One Corp.	140,300	5,128	*NCR Corp.	115,200	2,735
Capital One Financial Corp.	115,100	3,421	*Oracle Corp.	166,400	1,797
The Charles Schwab Corp.	129,800	1,408	*Sun Microsystems, Inc.	344,700	1,072
*CIT Group, Inc.	82,400	1,615	Total		52,627
Citigroup, Inc.	431,856	15,196			
Countrywide Credit Industries, Inc.	94,300	4,871			
*E*TRADE Group, Inc.	95,800	466			
Fannie Mae	51,100	3,287			
Freddie Mac	118,500	6,997			

J.P. Morgan Select Growth and Income Stock Portfolio

Common Stock (97.8%)	Shares/ Par	Market Value (000's)	Money Market Investments (2.1%)	Shares/ Par	Market Value (000's)
Materials (2.0%)			Short Term Business Credit (2.1%)		
Alcoa, Inc.	145,864	\$ 3,322	UBS Finance LLC, 1.20%, 1/2/03	\$7,700,000	\$ 7,700
Monsanto Co.	58,809	1,132	Total Money Market		
PPG Industries, Inc.	18,400	923	Investments (Cost: \$7,700)		
Temple-Inland, Inc.	46,900	<u>2,102</u>	Total Investments (99.9%)		
Total		<u>7,479</u>	(Cost \$495,062)^		
Telecommunication Services (4.3%)			Other Assets, Less Liabilities		
*American Tower Corp. — Class A	249,900	882	(0.1%)		
AT&T Corp.	23,440	612	Total Net Assets (100.0%)		
*AT&T Wireless Services, Inc.	265,100	1,498	\$365,944		
SBC Communications, Inc.	162,810	4,414			
*Sprint Corp. (PCS Group)	426,500	1,868			
Verizon Communications, Inc.	163,548	<u>6,337</u>			
Total		<u>15,611</u>			
Utilities (3.6%)					
Dominion Resources, Inc.	44,500	2,443			
DTE Energy Co.	50,100	2,325			
*Edison International	70,501	835			
El Paso Corp.	156,800	1,091			
*PG&E Corp.	178,600	2,483			
Pinnacle West Capital Corp.	116,862	<u>3,984</u>			
Total		<u>13,161</u>			
Total Common Stock					
(Cost: \$487,362)					
		<u>358,036</u>			

^ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$498,712 and the net unrealized depreciation of investments based on that cost was \$132,976 which is comprised of \$13,770 aggregate gross unrealized appreciation and \$146,746 aggregate gross unrealized depreciation.

ADR—American Depository Receipt

* Non-Income Producing

The Accompanying Notes are an Integral Part of the Financial Statements

Capital Guardian Domestic Equity Portfolio

Objective:

Long-term growth of capital and income

Portfolio Strategy:

Invest in larger American companies that exhibit value characteristics relative to S&P 500 Index.

Net Assets:

\$74.27 million

The Capital Guardian Domestic Equity Portfolio invests mainly in large companies with well-known names, proven track records, and a history of dividends. This value-oriented Portfolio emphasizes stocks that have lower price-earnings ratios, lower price to book value ratios, and higher dividend yields than the S&P 500 Index. In a year of negative equity returns, the Portfolio modestly outperformed the S&P 500 Index.

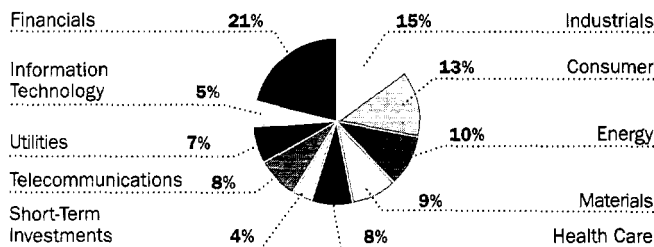
The selection process focuses on individual stocks that are underpriced relative to their inherent value and long-term prospects, based largely on Capital Guardian's solid research capabilities. Industry selection receives minor consideration, and industry weightings may diverge significantly from the major market indices. At the end of 2002, the Portfolio was overweighted relative to the Index in energy, industrials, materials, telecommunications and utilities, and underweighted in consumer stocks, health care and information technology. The overweighted positions in cyclical industries are held in the belief that these stocks stand to benefit as the economic recovery progresses. The largest holding in this broad category is Air Products and Chemicals, a supplier of specialty chemicals and gases that is well positioned to benefit from increased manufacturing activity.

The Portfolio's largest holding is Sprint Corporation, a leading provider of long-distance and local telephone service. This is a company in an out-of-favor industry with significant free cash flow, a good yield and sound management. The 2002 bankruptcy of its largest competitor places Sprint in a more favorable competitive situation, and earnings should increase significantly as industry pricing stabilizes. Another large holding, NiSource, is a well-positioned utility whose stock price recovered significantly in the last quarter of 2002.

A large bank holding, J.P. Morgan Chase, is a well-managed company with a high yield that is beginning to realize benefits from a 2000 merger and is well positioned to benefit from improving capital markets. A core holding that has underperformed this year is General Electric, a very solid company whose stock has been penalized by questions about accounting practices in its industry. We continue to have confidence in GE's long-term prospects, based not only on the company's business positions and strategies but also on a strong culture of integrity and competitiveness.

The Capital Guardian Domestic Equity Portfolio is managed for Northwestern Mutual by Capital Guardian Trust Company.

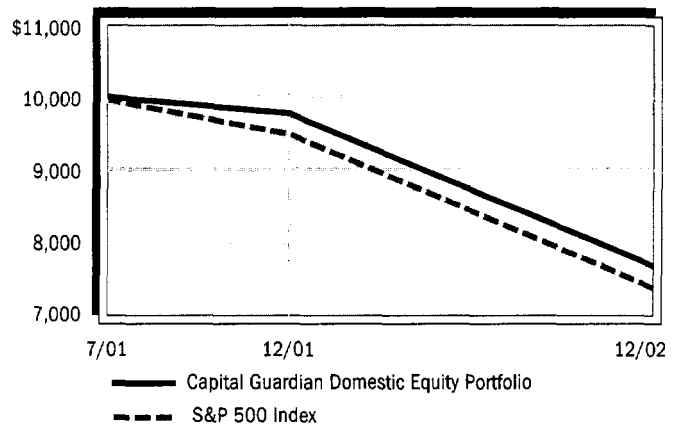
Sector Allocation 12/31/02



Top 10 Holdings 12/31/02

Company	% of Total Net Assets
Sprint Corp.	5.6%
J.P. Morgan Chase & Co.	4.8%
Air Products and Chemicals, Inc.	4.3%
Bank One Corp.	4.1%
General Electric Co.	2.9%
Becton, Dickinson and Co.	2.8%
United Technologies Corp.	2.8%
Philip Morris Companies, Inc.	2.6%
Washington Mutual, Inc.	2.3%
NiSource, Inc.	2.3%

Relative Performance



Average Annual Total Return

For Periods Ended December 31, 2002

	1 year	Since Inception*
Capital Guardian Domestic Equity Portfolio	-21.24%	-16.79%
S&P 500 Index	-22.10%	-19.23%

*inception date of 7/31/01

The Standard & Poor's 500 Composite Stock Price Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The Index is heavily weighted toward stocks with large market capitalizations and represents approximately two-thirds of the total market value of all domestic common stocks. The index cannot be invested in directly and do not include sales charges.

This chart assumes an initial investment of \$10,000 made on 7/31/01 (commencement of operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account are shown on page 4.

Capital Guardian Domestic Equity Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2002

Common Stock (94.0%)	Shares/ Par	Market Value (000's)	Common Stock (94.0%)	Shares/ Par	Market Value (000's)
Consumer Discretionary (7.0%)			Health Care continued		
*AOL Time Warner, Inc.	45,700	\$ 599	AstraZeneca PLC ADR	33,100	\$ 1,161
*AutoNation, Inc.	38,400	482	Becton, Dickinson and Co.	68,800	2,112
Carnival Corp.	60,700	1,514	Eli Lilly and Co.	19,800	1,258
Ford Motor Co.	21,300	198	*Lincare Holdings, Inc.	30,500	964
The Interpublic Group of Companies, Inc.	19,900	280	Pfizer, Inc.	1,400	43
Knight-Ridder, Inc.	25,700	1,626	Total		6,178
The Thomson Corp.	16,000	428	Industrials (15.0%)		
*TMP Worldwide, Inc.	8,300	94	Canadian National Railway Co.	4,500	187
Total		5,221	Dover Corp.	23,800	694
Consumer Staples (5.0%)			Emerson Electric Co.	10,900	554
Campbell Soup Co.	68,100	1,598	Fluor Corp.	24,100	675
Kraft Foods, Inc. — Class A	4,800	187	General Electric Co.	89,400	2,178
Philip Morris Companies, Inc.	48,100	1,950	Illinois Tool Works, Inc.	5,000	324
Total		3,735	Ingersoll-Rand Co. — Class A	30,700	1,322
Energy (9.5%)			*Navistar International Corp.	23,100	562
Baker Hughes, Inc.	37,300	1,201	*Sabre Holdings Corp. — Class A	78,700	1,425
*BJ Services Co.	13,900	449	Siemens AG ADR	5,700	240
ChevronTexaco Corp.	2,200	146	Southwest Airlines Co.	18,800	261
Exxon Mobil Corp.	16,900	590	Tyco International, Ltd.	20,100	343
Royal Dutch Petroleum Co., ADR	22,600	995	Union Pacific Corp.	4,600	275
Schlumberger Ltd.	4,400	185	United Technologies Corp.	33,900	2,100
Shell Transport & Trading Co., ADR	31,700	1,234	Total		11,140
Unocal Corp.	54,900	1,679	Information Technology (4.9%)		
*Weatherford International, Ltd.	14,200	567	*Amdocs Ltd.	79,000	776
Total		7,046	*Applied Materials, Inc.	62,800	819
Financials (20.8%)			Hewlett-Packard Co.	36,184	628
*AmeriCredit Corp.	82,100	635	*KLA-Tencor Corp.	20,000	707
Bank One Corp.	82,700	3,023	*Nortel Networks Corp.	84,000	135
Citigroup, Inc.	13,900	489	*Polycom, Inc.	36,700	349
Everest Re Group, Ltd.	25,400	1,405	*VeriSign, Inc.	29,200	234
General Growth Properties, Inc.	5,600	291	Total		3,648
The Goldman Sachs Group, Inc.	8,600	586	Materials (7.9%)		
The Hartford Financial Services Group, Inc.	23,500	1,068	Air Products and Chemicals, Inc.	74,400	3,180
Household International, Inc.	10,600	295	Alcoa, Inc.	8,600	196
J.P. Morgan Chase & Co.	147,500	3,539	The Dow Chemical Co.	13,800	410
The PMI Group, Inc.	23,900	718	E. I. du Pont de Nemours and Co.	20,700	878
*Travelers Property Casualty Corp. — Class A	18,010	264	Lyondell Chemical Co.	48,400	612
Washington Mutual, Inc.	49,700	1,716	Nucor Corp.	3,900	161
Wells Fargo & Co.	18,600	872	*Phelps Dodge Corp.	13,800	437
XL Capital, Ltd. — Class A	6,200	479	Total		5,874
Total		15,380	Telecommunication Services (8.4%)		
Health Care (8.3%)			AT&T Corp.	18,400	480
Applera Corp. — Applied Biosystems Group	36,500	640	CenturyTel, Inc.	13,700	403
			SBC Communications, Inc.	45,900	1,244
			Sprint Corp.	286,400	4,147
			Total		6,274

Capital Guardian Domestic Equity Portfolio

	Shares/ Par	Market Value (000's)		Shares/ Par	Market Value (000's)
<u>Common Stock (94.0%)</u>			<u>Money Market Investments (4.0%)</u>		
Utilities (7.2%)			Federal Government and Agencies (3.3%)		
*The AES Corp.	162,900	\$ 492	Federal National Mortgage		
Duke Energy Corp.	31,700	619	Association, 1.26%, 1/27/03	\$2,500,000	\$ 2,498
El Paso Corp.	64,100	446	Total		<u>2,498</u>
*Kinder Morgan Management, LLC.	19,628	620	Short Term Business Credit (0.7%)		
NiSource, Inc.	84,200	1,684	UBS Finance LLC, 1.20%, 1/2/03	500,000	500
Pinnacle West Capital Corp.	39,300	1,340	Total		<u>500</u>
The Williams Companies, Inc.	40,700	110	Total Money Market		
Total		<u>5,311</u>	Investments (Cost: \$2,998)		<u>2,998</u>
Total Common Stock			Total Investments (99.8%)		
(Cost: \$80,545)		<u>69,807</u>	(Cost \$85,159)^\		<u>74,151</u>
<u>Preferred Stock (1.8%)</u>			Other Assets, Less Liabilities (0.2%)		<u>123</u>
Consumer Discretionary (1.2%)			Total Net Assets (100.0%)		<u>\$74,274</u>
Ford Motor Company Capital Trust II	22,500	919			
Total		<u>919</u>			
Materials (0.6%)					
Phelps Dodge Co.	5,000	427			
Total		<u>427</u>			
Total Preferred Stock					
Investments (Cost: \$1,616)		<u>1,346</u>			

^\ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$85,457 and the net unrealized depreciation of investments based on that cost was \$11,306 which is comprised of \$1,629 aggregate gross unrealized appreciation and \$12,935 aggregate gross unrealized depreciation.

ADR — American Depository Receipt

* Non-Income Producing

The Accompanying Notes are an Integral Part of the Financial Statements

Index 500 Stock Portfolio

Objective:

Long-term capital appreciation through cost-effective participation in broad market performance

Portfolio Strategy:

Invest in a portfolio designed to approximate the composition and returns of the S&P 500 Index.

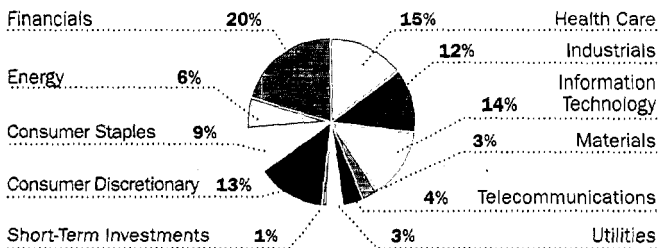
Net Assets:

\$1.36 billion

The Index 500 Stock Portfolio is designed to achieve results that approximate the performance of the Standard & Poor's 500 Composite Stock Price Index. As of December 31, 2002, the 500 stocks in the Index had a median market capitalization of \$6.8 billion and total market value of \$8,107 billion. Of the 500 stocks, 424 are listed on the New York Stock Exchange, 74 on NASDAQ, and 2 on the American Stock Exchange.

This composite of 500 stocks of large U.S.-based companies, compiled by Standard & Poor's Corporation, is generally regarded as a good proxy for the large-capitalization portion of the U.S. equity market; the Portfolio therefore provides participation in overall performance of the equity market. The Portfolio continues to achieve the objective of matching the results of the S&P 500 before expenses.

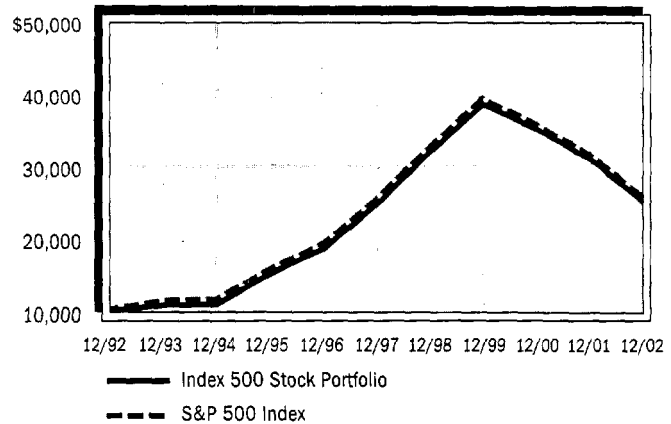
Sector Allocation 12/31/02



Top 10 Holdings 12/31/02

Company	% of Total Net Assets
Microsoft Corp.	3.4%
General Electric Co.	2.9%
Exxon Mobil Corp.	2.9%
Wal-Mart Stores, Inc.	2.7%
Pfizer, Inc.	2.3%
Citigroup, Inc.	2.2%
Johnson & Johnson	1.9%
American International Group, Inc.	1.8%
International Business Machines Corp.	1.6%
Merck & Co., Inc.	1.6%

Relative Performance



Average Annual Total Return For Periods Ended December 31, 2002

	1 Year	5 Years	10 Years
Index 500 Stock Portfolio	-22.07%	-0.50%	9.30%
S&P 500 Index	-22.10%	-0.58%	9.30%

On April 30, 1993, the Portfolio was indexed to approximate the performance of the Standard & Poor's 500 Composite Stock Price Index. Before that date, the Portfolio was actively managed. The index cannot be invested in directly and do not include sales charges.

The Standard & Poor's 500 Composite Stock Price Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The index is heavily weighted toward stocks with large market capitalizations and represents approximately two-thirds of the total market value of all domestic common stocks.

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This chart assumes an initial investment of \$10,000 made on 12/31/92. Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account are shown on page 4.

Index 500 Stock Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2002

Common Stock (98.8%)	Shares/ Par	Market Value (000's)	Common Stock (98.8%)	Shares/ Par	Market Value (000's)
Consumer Discretionary (13.3%)			Consumer Discretionary continued		
*American Greetings Corp. — Class A	10,900	\$ 172	Liz Claiborne, Inc.	17,700	\$ 525
*AOL Time Warner, Inc.	738,900	9,680	Lowe's Companies, Inc.	128,850	4,832
*AutoZone, Inc.	16,325	1,153	Marriott International, Inc. — Class A	40,000	1,315
*Bed Bath & Beyond, Inc.	48,400	1,671	Mattel, Inc.	72,288	1,384
*Best Buy Co., Inc.	53,250	1,286	The May Department Stores Co.	47,750	1,097
*Big Lots, Inc.	19,200	254	Maytag Corp.	12,933	369
The Black & Decker Corp.	13,300	570	McDonald's Corp.	211,078	3,394
Brunswick Corp.	14,900	296	The McGraw-Hill Companies, Inc.	32,160	1,944
Carnival Corp.	97,109	2,423	Meredith Corp.	8,200	337
Centex Corp.	10,200	512	The New York Times Co. — Class A	25,070	1,146
Circuit City Stores, Inc.	34,800	258	Newell Rubbermaid, Inc.	44,192	1,340
*Clear Channel Communications, Inc.	101,350	3,779	NIKE, Inc. — Class B	44,200	1,966
*Comcast Corp. — Class A	379,470	8,944	Nordstrom, Inc.	22,367	424
Cooper Tire & Rubber Co.	12,200	187	*Office Depot, Inc.	51,157	755
*Costco Wholesale Corp.	75,264	2,112	Omnicom Group, Inc.	31,100	2,009
Dana Corp.	24,550	289	Pulte Corp.	10,100	483
Darden Restaurants, Inc.	28,350	580	RadioShack Corp.	28,400	532
Delphi Automotive Systems Corp.	92,587	745	*Reebok International, Ltd.	9,900	291
Dillard's, Inc. — Class A	13,964	221	Sears, Roebuck & Co.	52,350	1,254
Dollar General Corp.	55,148	659	The Sherwin-Williams Co.	24,913	704
Dow Jones & Company, Inc.	13,920	602	Snap-On, Inc.	9,617	270
Eastman Kodak Co.	48,283	1,692	The Stanley Works	14,150	489
*eBay, Inc.	50,600	3,432	*Staples, Inc.	77,400	1,416
Family Dollar Stores, Inc.	28,700	896	*Starbucks Corp.	64,250	1,309
*Federated Department Stores, Inc.	33,351	959	Starwood Hotels & Resorts Worldwide, Inc.	33,000	783
Ford Motor Co.	301,794	2,807	Target Corp.	150,157	4,505
Fortune Brands, Inc.	24,867	1,157	Tiffany & Co.	24,167	578
Gannett Co., Inc.	44,150	3,170	The TJX Companies, Inc.	89,400	1,745
The Gap, Inc.	143,975	2,234	*TMP Worldwide, Inc.	18,467	209
General Motors Corp.	92,727	3,418	*Toys "R" Us, Inc.	35,150	352
Genuine Parts Co.	28,900	890	Tribune Co.	50,036	2,275
The Goodyear Tire & Rubber Co.	29,000	197	Tupperware Corp.	9,700	146
Harley-Davidson, Inc.	50,100	2,315	*Univision Communications, Inc. — Class A	37,900	929
*Harrah's Entertainment, Inc.	18,450	731	V. F. Corp.	18,157	655
Hasbro, Inc.	28,625	331	*Viacom, Inc. — Class B	292,148	11,909
Hilton Hotels Corp.	62,250	791	Visteon Corp.	21,683	151
The Home Depot, Inc.	390,094	9,347	Wal-Mart Stores, Inc.	736,400	37,197
*International Game Technology	14,300	1,086	The Walt Disney Co.	337,857	5,510
The Interpublic Group of Companies, Inc.	63,500	894	Wendy's International, Inc.	19,150	518
J. C. Penney Company, Inc.	44,250	1,018	Whirlpool Corp.	11,250	587
Johnson Controls, Inc.	14,700	1,178	*Yum! Brands, Inc.	49,180	1,191
*Jones Apparel Group, Inc.	21,300	755	Total		180,787
KB Home	8,200	351	Consumer Staples (9.4%)		
Knight-Ridder, Inc.	13,750	870	Adolph Coors Co. — Class B	6,000	368
*Kohl's Corp.	55,767	3,120	Alberto-Culver Co. — Class B	9,600	484
Leggett & Platt Inc.	32,433	728			
The Limited, Inc.	86,305	1,202			

Index 500 Stock Portfolio

Common Stock (98.8%)	Shares/ Par	Market Value (000's)	Common Stock (98.8%)	Shares/ Par	Market Value (000's)
Consumer Staples continued			Energy continued		
Albertson's, Inc.	67,354	\$ 1,499	*Rowan Companies, Inc.	15,550	\$ 353
Anheuser-Busch Companies, Inc.	143,849	6,962	Schlumberger Ltd.	95,567	4,022
Archer-Daniels-Midland Co.	107,903	1,338	Sunoco, Inc.	12,650	420
Avon Products, Inc.	39,100	2,106	*Transocean Sedco Forex, Inc.	52,851	1,226
Brown-Forman Corp. — Class B	11,300	739	Unocal Corp.	42,667	1,305
Campbell Soup Co.	67,922	1,594	Total		80,653
The Clorox Co.	38,150	1,574	Financials (20.2%)		
The Coca-Cola Co.	410,975	18,009	ACE Ltd.	43,400	1,273
Coca-Cola Enterprises, Inc.	74,200	1,612	AFLAC Inc.	85,650	2,580
Colgate-Palmolive Co.	89,822	4,709	The Allstate Corp.	116,828	4,321
ConAgra Foods, Inc.	88,967	2,225	Ambac Financial Group, Inc.	17,500	984
CVS Corp.	64,967	1,622	American Express Co.	219,975	7,776
*Del Monte Foods Co.	25,955	200	American International Group, Inc.	432,230	25,006
General Mills, Inc.	60,867	2,858	AmSouth Bancorporation	59,355	1,140
The Gillette Co.	175,135	5,317	Aon Corp.	50,500	954
H.J. Heinz Co.	58,117	1,910	Bank of America Corp.	248,801	17,309
Hershey Foods Corp.	22,650	1,528	The Bank of New York Company, Inc.	120,253	2,881
Keillogg Co.	67,857	2,325	Bank One Corp.	194,286	7,101
Kimberly-Clark Corp.	85,556	4,061	BB&T Corp.	80,000	2,959
*The Kroger Co.	130,605	2,018	The Bear Stearns Companies, Inc.	16,295	968
The Pepsi Bottling Group, Inc.	47,200	1,213	Capital One Financial Corp.	36,700	1,091
PepsiCo, Inc.	293,430	12,389	The Charles Schwab Corp.	225,939	2,451
Philip Morris Companies, Inc.	349,922	14,182	Charter One Financial, Inc.	38,020	1,092
The Procter & Gamble Co.	215,205	18,494	The Chubb Corp.	28,450	1,485
R.J. Reynolds Tobacco Holdings, Inc.	14,800	623	Cincinnati Financial Corp.	26,780	1,006
*Safeway, Inc.	73,000	1,705	Citigroup, Inc.	837,848	29,485
Sara Lee Corp.	129,835	2,923	Comerica, Inc.	28,950	1,252
SUPERVALU, Inc.	22,150	366	Countrywide Credit Industries, Inc.	20,800	1,074
SYSCO Corp.	109,825	3,272	Equity Office Properties Trust	69,300	1,731
UST, Inc.	28,067	938	Equity Residential Properties Trust	45,600	1,121
Walgreen Co.	169,646	4,952	Fannie Mae	164,748	10,598
Winn-Dixie Stores, Inc.	23,250	355	Fifth Third Bancorp	96,134	5,629
Wm. Wrigley Jr. Co.	37,367	2,051	First Tennessee National Corp.	20,900	751
Total		128,521	FleetBoston Financial Corp.	173,505	4,216
Energy (5.9%)			Franklin Resources, Inc.	43,050	1,467
Amerada Hess Corp.	14,800	815	Freddie Mac	115,186	6,802
Anadarko Petroleum Corp.	41,162	1,972	Golden West Financial Corp.	25,550	1,835
Apache Corp.	23,760	1,354	The Goldman Sachs Group, Inc.	79,700	5,428
Ashland, Inc.	11,400	325	The Hartford Financial Services Group, Inc.	41,050	1,865
Baker Hughes, Inc.	55,830	1,797	Household International, Inc.	75,285	2,094
*BJ Services Co.	26,000	840	Huntington Bancshares, Inc.	39,842	745
Burlington Resources, Inc.	33,283	1,420	J.P. Morgan Chase & Co.	330,048	7,921
ChevronTexaco Corp.	176,857	11,757	Jefferson-Pilot Corp.	24,434	931
ConocoPhillips	112,010	5,420	John Hancock Financial Services, Inc.	48,100	1,342
Devon Energy Corp.	25,900	1,189	KeyCorp	70,575	1,774
EOG Resources, Inc.	19,260	769	Lehman Brothers Holdings, Inc.	40,322	2,149
Exxon Mobil Corp.	1,118,756	39,089	Lincoln National Corp.	30,540	964
Halliburton Co.	72,269	1,352	Loews Corp.	30,767	1,368
Kerr-McGee Corp.	16,605	736			
Marathon Oil Corp.	51,309	1,092			
*Nabors Industries, Ltd.	23,950	845			
*Noble Corp.	22,250	782			
Occidental Petroleum Corp.	62,320	1,773			

Index 500 Stock Portfolio

Common Stock (98.8%)	Shares/ Par	Market Value (000's)	Common Stock (98.8%)	Shares/ Par	Market Value (000's)
Financials continued			Health Care continued		
Marsh & McLennan Companies, Inc.	88,680	\$ 4,098	Bausch & Lomb, Inc.	8,900	\$ 320
Marshall & Ilsley Corp.	34,800	953	Baxter International, Inc.	99,800	2,794
MBIA, Inc.	24,350	1,068	Becton, Dickinson and Co.	42,550	1,306
MBNA Corp.	211,515	4,023	*Biogen, Inc.	24,600	985
Mellon Financial Corp.	72,068	1,882	Biomet, Inc.	43,545	1,248
Merrill Lynch & Co., Inc.	143,300	5,438	*Boston Scientific Corp.	67,386	2,865
MetLife, Inc.	116,236	3,143	Bristol-Myers Squibb Co.	320,708	7,424
MGIC Investment Corp.	17,000	702	C. R. Bard, Inc.	8,550	496
Moody's Corp.	25,775	1,064	Cardinal Health, Inc.	74,825	4,429
Morgan Stanley	181,413	7,242	*Chiron Corp.	31,322	1,178
National City Corp.	101,197	2,765	CIGNA Corp.	23,229	955
North Fork Bancorporation, Inc.	27,100	914	Eli Lilly and Co.	186,006	11,811
Northern Trust Corp.	36,650	1,285	*Forest Laboratories, Inc.	29,733	2,920
Plum Creek Timber Company, Inc.	30,600	722	*Genzyme Corp.	35,500	1,050
The PNC Financial Services Group, Inc.	47,067	1,972	*Guidant Corp.	50,588	1,561
Principal Financial Group, Inc.	57,400	1,729	HCA, Inc.	85,811	3,561
The Progressive Corp.	36,000	1,787	Health Management Associates, Inc.	39,500	707
*Provident Financial Corp.	47,857	311	*HEALTHSOUTH Corp.	65,600	276
Prudential Financial, Inc.	96,100	3,050	*Humana, Inc.	28,100	281
Regions Financial Corp.	36,586	1,221	IMS Health, Inc.	46,967	751
SAFECO Corp.	22,650	785	Johnson & Johnson	492,637	26,460
Simon Property Group, Inc.	30,700	1,046	*King Pharmaceuticals, Inc.	40,366	694
SLM Corp.	25,614	2,660	*Manor Care, Inc.	16,300	303
SouthTrust Corp.	57,367	1,426	McKesson HBOC, Inc.	48,005	1,298
The St. Paul Companies, Inc.	37,472	1,276	*Medimmune, Inc.	41,500	1,128
State Street Corp.	53,600	2,090	Medtronic, Inc.	200,900	9,161
*Stilwell Financial, Inc.	36,829	481	Merck & Co., Inc.	372,420	21,083
SunTrust Banks, Inc.	47,233	2,689	*Millipore Corp.	8,000	272
Synovus Financial Corp.	49,050	952	Pfizer, Inc.	1,024,736	31,326
T. Rowe Price Group, Inc.	20,300	554	Pharmacia Corp.	213,570	8,927
Torchmark Corp.	19,750	721	*Quest Diagnostics, Inc.	16,100	916
*Travelers Property Casualty CL B	165,547	2,425	*Quintiles Transnational Corp.	19,500	236
U.S. Bancorp	316,921	6,725	Schering-Plough Corp.	242,750	5,389
Union Planters Corp.	33,137	932	*St. Jude Medical, Inc.	29,300	1,164
UnumProvident Corp.	39,931	700	Stryker Corp.	32,750	2,198
Wachovia Corp.	227,081	8,275	*Tenet Healthcare Corp.	80,950	1,328
Washington Mutual, Inc.	160,187	5,531	UnitedHealth Group, Inc.	50,186	4,191
Wells Fargo & Co.	281,280	13,184	*Watson Pharmaceuticals, Inc.	17,700	500
XL Capital, Ltd. — Class A	22,500	1,738	*Wellpoint Health Networks, Inc. — Class A	24,100	1,715
Zions Bancorporation	15,200	598	Wyeth	219,429	8,207
Total		275,076	*Zimmer Holdings, Inc.	32,237	1,338
Health Care (14.7%)			Industrials (11.4%)		
Abbott Laboratories	258,650	10,346	3M Co.	64,588	7,964
Aetna, Inc.	24,877	1,023	*Allied Waste Industries, Inc.	32,650	327
Allergan, Inc.	21,367	1,231	*American Power Conversion Corp.	32,450	492
AmerisourceBergen Corp.	17,500	950	*American Standard Companies, Inc.	11,900	847
*Amgen, Inc.	211,617	10,230	*AMR Corp.	25,700	170
*ANTHEM, INC.	23,300	1,466	*Apollo Group, Inc. — Class A	28,700	1,263
Applera Corp. — Applied Biosystems Group	35,133	616			

Index 500 Stock Portfolio

Common Stock (98.8%)	Shares/ Par	Market Value (000's)	Common Stock (98.8%)	Shares/ Par	Market Value (000's)
Industrials continued			Industrials continued		
Automatic Data Processing, Inc.	102,650	\$ 4,029	Textron, Inc.	22,850	\$ 982
Avery Dennison Corp.	18,150	1,109	*Thomas & Betts Corp.	9,700	164
The Boeing Co.	138,976	4,585	Tyco International, Ltd.	330,308	5,642
Burlington Northern Santa Fe Corp.	62,985	1,638	Union Pacific Corp.	41,860	2,506
Caterpillar, Inc.	56,988	2,605	United Parcel Service, Inc.	184,800	11,657
*Cendant Corp.	172,233	1,805	United Technologies Corp.	78,067	4,835
Cintas Corp.	28,133	1,287	W.W. Grainger, Inc.	15,400	794
*Concord EPS, Inc.	84,900	1,336	Waste Management, Inc.	101,285	2,321
*Convergys Corp.	28,650	434	Total		154,930
Cooper Industries, Ltd.	15,400	561	Information Technology (14.2%)		
Crane Co.	9,875	197	*ADC Telecommunications, Inc.	131,850	276
CSX Corp.	35,250	998	Adobe Systems, Inc.	39,725	990
Cummins, Inc.	6,800	191	*Advanced Micro Devices, Inc.	56,700	366
Danaher Corp.	25,000	1,643	*Agilent Technologies, Inc.	76,837	1,380
Deere & Co.	39,460	1,809	*Altera Corp.	63,211	780
Delta Air Lines, Inc.	20,367	246	*Analog Devices, Inc.	60,557	1,445
Deluxe Corp.	10,351	436	*Andrew Corp.	16,237	167
Dover Corp.	33,567	979	*Apple Computer, Inc.	59,400	851
Eaton Corp.	11,700	914	*Applied Materials, Inc.	272,300	3,548
Emerson Electric Co.	69,750	3,547	*Applied Micro Circuits Corp.	49,800	184
Equifax, Inc.	23,800	551	Autodesk, Inc.	19,034	272
FedEx Corp.	49,320	2,674	*Avaya, Inc.	59,916	147
First Data Corp.	125,326	4,438	*BMC Software, Inc.	39,960	684
*Fiserv, Inc.	31,825	1,080	*Broadcom Corp. — Class A	45,400	684
Fluor Corp.	13,400	375	*CIENA Corp.	71,500	368
General Dynamics Corp.	33,400	2,651	*Cisco Systems, Inc.	1,211,300	15,868
General Electric Co.	1,647,206	40,110	*Citrix Systems, Inc.	28,920	356
Goodrich Corp.	19,100	350	Computer Associates International, Inc.	95,592	1,290
H&R Block, Inc.	29,950	1,204	*Computer Sciences Corp.	28,450	980
Honeywell International, Inc.	135,650	3,256	*Compuware Corp.	62,257	299
Illinois Tool Works, Inc.	50,700	3,288	*Comverse Technology, Inc.	31,000	311
Ingersoll-Rand Co. — Class A	27,980	1,205	*Corning, Inc.	190,000	629
ITT Industries, Inc.	15,200	922	*Dell Computer Corp.	429,533	11,486
Lockheed Martin Corp.	75,308	4,349	*Electronic Arts, Inc.	23,100	1,150
Masco Corp.	82,100	1,728	Electronic Data Systems Corp.	79,567	1,466
*McDermott International, Inc.	10,500	46	*EMC Corp.	364,774	2,240
*Navistar International Corp.	10,050	244	*Gateway, Inc.	53,650	168
*Norfolk Southern Corp.	64,357	1,286	Hewlett-Packard Co.	505,226	8,771
Northrop Grumman Corp.	30,110	2,921	Intel Corp.	1,103,463	17,181
PACCAR, Inc.	19,205	886	International Business Machines Corp.	280,539	21,742
Pall Corp.	20,350	339	*Intuit, Inc.	35,000	1,642
Parker-Hannifin Corp.	19,575	903	*Jabil Circuit, Inc.	32,767	587
Paychex, Inc.	62,235	1,736	*JDS Uniphase Corp.	225,400	557
Pitney Bowes, Inc.	39,437	1,288	*KLA-Tencor Corp.	31,300	1,107
*Power-One, Inc.	13,200	75	*Lexmark International Group, Inc. — Class A	20,900	1,264
R. R. Donnelley & Sons Co.	18,734	408	Linear Technology Corp.	52,550	1,352
Raytheon Co.	66,700	2,051	*LSI Logic Corp.	61,600	355
*Robert Half International, Inc.	29,040	468	*Lucent Technologies, Inc.	568,236	716
Rockwell Automation, Inc.	30,750	637	Maxim Integrated Products, Inc.	53,500	1,768
Rockwell Collins, Inc.	30,250	704	*Mercury Interactive Corp.	13,900	412
Ryder System, Inc.	10,300	231			
*Sabre Holdings Corp. — Class A	23,967	434			
Southwest Airlines Co.	127,967	1,779			

Index 500 Stock Portfolio

Common Stock (98.8%)	Shares/ Par	Market Value (000's)	Common Stock (98.8%)	Shares/ Par	Market Value (000's)
Information Technology continued			Materials continued		
*Micron Technology, Inc.	99,950	\$ 974	*Hercules, Inc.	18,100	\$ 159
*Microsoft Corp.	896,600	46,354	International Flavors & Fragrances, Inc.	15,700	551
Molex, Inc.	32,050	738	International Paper Co.	79,766	2,789
Motorola, Inc.	380,577	3,292	*Louisiana-Pacific Corp.	17,300	139
*National Semiconductor Corp.	29,943	449	MeadWestvaco Corp.	33,079	817
*NCR Corp.	16,200	385	Monsanto Co.	43,253	833
*Network Appliance, Inc.	55,700	557	Newmont Mining Corp.	66,480	1,930
*Novell, Inc.	60,300	201	Nucor Corp.	12,933	534
*Novellus Systems, Inc.	24,000	674	*Pactiv Corp.	26,200	573
*Nvidia Corp.	25,300	291	*Phelps Dodge Corp.	14,724	466
*Oracle Corp.	899,525	9,715	PPG Industries, Inc.	28,067	1,408
*Parametric Technology Corp.	43,280	109	Praxair, Inc.	26,700	1,542
*PeopleSoft, Inc.	51,700	946	Rohm and Haas Co.	36,580	1,188
PerkinElmer, Inc.	20,700	171	*Sealed Air Corp.	13,921	519
*PMC-Sierra, Inc.	27,700	154	Sigma-Aldrich Corp.	12,100	589
*QLogic Corp.	15,450	533	Temple-Inland, Inc.	8,900	399
*QUALCOMM, Inc.	128,667	4,682	United States Steel Corp.	16,850	221
*Rational Software Corp.	32,000	332	Vulcan Materials Co.	16,800	630
*Sanmina-SCI Corp.	86,800	390	Weyerhaeuser Co.	36,280	1,785
Scientific-Atlanta, Inc.	25,900	307	Worthington Industries, Inc.	14,200	216
*Siebel Systems, Inc.	79,100	592	Total		37,998
*Solectron Corp.	136,400	484	Telecommunication Services (4.1%)		
*Sun Microsystems, Inc.	537,397	1,671	ALLTEL Corp.	51,457	2,624
*SunGard Data Systems, Inc.	46,800	1,103	AT&T Corp.	127,307	3,324
Symbol Technologies, Inc.	37,950	312	*AT&T Wireless Services, Inc.	448,197	2,532
*Tektronix, Inc.	14,760	268	BellSouth Corp.	309,865	8,016
*Tellabs, Inc.	68,092	495	CenturyTel, Inc.	23,500	690
*Teradyne, Inc.	30,350	395	*Citizens Communications Co.	46,700	493
Texas Instruments, Inc.	287,000	4,308	*Nextel Communications, Inc. — Class A	150,750	1,741
*Thermo Electron Corp.	27,600	555	*Qwest Communications International, Inc.	277,635	1,388
*Unisys Corp.	53,450	529	SBC Communications, Inc.	550,447	14,923
*VERITAS Software Corp.	67,932	1,061	Sprint Corp.	147,809	2,140
*Waters Corp.	21,700	473	*Sprint Corp. (PCS Group)	165,060	723
*Xerox Corp.	120,900	973	Verizon Communications, Inc.	451,742	17,506
*Xilinx, Inc.	55,900	1,152	Total		56,100
*Yahoo!, Inc.	99,400	1,625	Utilities (2.8%)		
Total		193,089	*The AES Corp.	89,800	271
Materials (2.8%)			*Allegheny Energy, Inc.	20,800	157
Air Products and Chemicals, Inc.	37,667	1,610	Ameren Corp.	23,967	996
Alcoa, Inc.	139,807	3,186	American Electric Power Company, Inc.	56,140	1,534
Allegheny Technologies, Inc.	13,317	83	*Calpine Corp.	62,360	203
Ball Corp.	9,366	479	CenterPoint Energy, Inc.	50,362	428
Bemis Company, Inc.	8,750	434	Cinergy Corp.	27,784	937
Boise Cascade Corp.	9,600	242	CMS Energy Corp.	23,800	225
The Dow Chemical Co.	150,809	4,480	Consolidated Edison, Inc.	35,250	1,509
E. I. du Pont de Nemours and Co.	164,428	6,973	Constellation Energy Group, Inc.	27,200	757
Eastman Chemical Co.	12,825	472	Dominion Resources, Inc.	50,395	2,767
Ecolab, Inc.	21,400	1,059	DTE Energy Co.	27,750	1,288
Engelhard Corp.	21,300	476	Duke Energy Corp.	146,930	2,871
*Freeport-McMoRan Copper & Gold, Inc. — Class B	23,981	402			
Georgia-Pacific Corp.	38,104	616			
Great Lakes Chemical Corp.	8,300	198			

Index 500 Stock Portfolio

Common Stocks (98.8%)	Shares/ Par	Market Value (000's)
Utilities continued		
*Dynergy, Inc. — Class A	61,100	\$ 72
*Edison International	53,920	639
El Paso Corp.	96,771	674
Entergy Corp.	37,109	1,692
Exelon Corp.	53,312	2,813
FirstEnergy Corp.	49,265	1,624
FPL Group, Inc.	30,157	1,813
KeySpan Corp.	23,400	825
Kinder Morgan, Inc.	20,167	852
*Mirant Corp.	66,526	126
Nicor, Inc.	7,250	247
NiSource, Inc.	40,373	807
Peoples Energy Corp.	5,900	228
*PG&E Corp.	65,125	905
Pinnacle West Capital Corp.	15,000	511
PPL Corp.	26,834	931
Progress Energy, Inc.	39,092	1,695
Public Service Enterprise Group, Inc.	36,736	1,179
Sempra Energy	33,902	802
The Southern Co.	117,300	3,330
TECO Energy, Inc.	28,700	444
TXU Corp.	51,165	956
The Williams Companies, Inc.	85,500	231
#Xcel Energy, Inc.	65,920	725
Total		38,064
Total Common Stock (Cost: \$1,320,019)		1,345,832
Money Market Investments (1.2%)		
Federal Government and Agencies (0.5%)		
#Federal Home Loan Bank, 1.24%, 3/7/03	\$ 6,400,000	6,386
Total		6,386
Finance Services (0.7%)		
#Preferred Receivable Funding, 1.28%, 1/17/03	10,000,000	9,995
Total		9,995

Money Market Investments (1.2%)	Shares/ Par	Market Value (000's)
Short Term Business Credit (0.0%)		
#UBS Finance LLC, 1.2%, 1/2/03	\$400,000	\$ 400
Total		400
Total Money Market Investments (Cost: \$16,780)		16,781
Total Investments (100.0%) (Cost \$1,336,799)^		1,362,613
Other Assets, Less Liabilities (0.0%)		268
Total Net Assets (100.0%)		\$1,362,881

^ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$1,340,508 and the net unrealized appreciation of investments based on that cost was \$22,105 which is comprised of \$297,918 aggregate gross unrealized appreciation and \$275,813 aggregate gross unrealized depreciation.

* Non-Income Producing

All or a portion of the securities have been committed as collateral for open futures positions. Information regarding open futures contracts as of period end is summarized below:

Issuer (000's)	Number of Contracts	Expiration Date	Unrealized Appreciation / (Depreciation) (000's)
S & P 500 Index			
Futures	76	3/03	\$(349)
(Total Notional Value at 12/31/02 \$17,048)			

The Accompanying Notes are an Integral Part of the Financial Statements

Asset Allocation Portfolio

Objective:

Realize highest total return, including current income and capital appreciation, consistent with reasonable investment risk

Portfolio Strategy:

Flexible policy of allocating assets among stocks, bonds and cash, with mix adjusted to capitalize on changing financial markets and economic conditions.

Net Assets:

\$87.26 million

The Asset Allocation Portfolio invests in seven categories of assets: large capitalization stocks, small capitalization stocks, foreign stocks, investment-grade bonds, below investment-grade bonds, convertible securities and cash equivalents. The proportion of investments in each category is adjusted as appropriate to take advantage of market trends and opportunities, and securities within each category are actively managed by a team of investment professionals. The Portfolio is managed to maintain broad diversification, while blending asset classes to achieve both capital appreciation and current income.

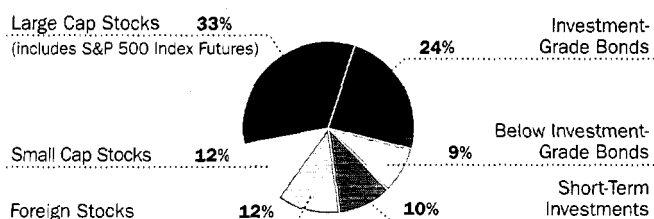
Comparison of returns of the Asset Allocation Portfolio with stock or bond indices is of limited usefulness because there is no index that includes both equity and debt securities. During 2002 the bond market performed significantly better than the stock market. As expected, the Portfolio's performance for the year was a blend of the two, with a total return of -10.3%, better than the return of -22.1% from the S&P 500 Index, but less than the return of the bond benchmark, the Merrill Lynch Domestic Master Index, which had a return of 10.41%.

The Portfolio has maintained a fairly defensive posture, with equity exposure near the low end of its normal range, which is 45% to 75% of assets, while taking advantage of market dips to selectively increase equity holdings. Equity exposure was increased as the market continued to move down during the second quarter of 2002; at mid-year, the equity exposure was a fairly neutral 60%. By the end of the third quarter, equity exposure was at 56%, and the cash position was 10% of assets. Throughout the first nine months of the year, the bond portion of the Portfolio outperformed stocks. The emphasis on high quality companies in both the equity and the fixed-income sectors of the Portfolio helped performance, as nervous markets reacted very negatively to any suggestion of financial problems. Bond performance benefited from emphasis on low-risk government securities and mortgage-backed securities and an underweighted position in corporate bonds.

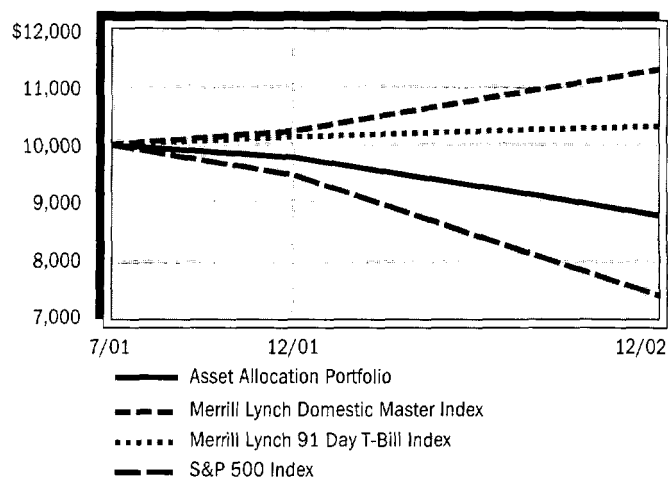
The fourth quarter of 2002 was quite different from the first three quarters: the stock market rallied, bond prices fell, and riskier issues outperformed higher quality securities in both stock and bond markets. As the market rallied beginning in October, we let cash build up as new money flowed into the Portfolio, in anticipation of better buying opportunities. The equity position was increased in December, as the stock market began to move back down. Within the equity segment of the Portfolio, none of the three equity categories — large cap stocks, small cap stocks, and foreign equities — is currently being particularly emphasized. In part as a more conservative substitute for greater equity exposure, we maintained holdings of below investment-grade bonds during the fourth quarter.

The year-end cash position, 10% of the Portfolio (net of Index futures), is somewhat higher than usual. With yields on three-year Treasury notes barely higher than money market instruments, this cash position does not significantly sacrifice income, and it provides the flexibility to add to equity or bond holdings at opportune times.

Sector Allocation 12/31/02



Relative Performance



Average Annual Total Return For Periods Ended December 31, 2002

	1 Year	Since Inception*
Asset Allocation Portfolio	-10.26%	-8.72%
S&P 500 Index	-22.10%	-19.23%
Merrill Lynch Domestic Master Index	10.41%	9.03%
Merrill Lynch 91 Day T-Bill Index	1.78%	2.24%

*inception date of 7/31/01

In the graph, the Fund is compared against three indices representing the three major components of the Fund: equities, fixed income and cash equivalent investments. The indices cannot be invested in directly and do not include sales charges.

The Standard & Poor's 500® Composite Stock Price Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The Index is heavily weighted toward stocks with large market capitalizations and represents approximately two-thirds of the total market value of all domestic common stocks.

The Merrill Lynch Domestic Master Index is an unmanaged market value weighted index comprised of U.S. government, mortgage and investment-grade corporate bonds. The Index measures the income provided by, and the price changes of, the underlying securities.

The Merrill Lynch 91-Day T-Bill Index is comprised of a single issue purchased at the beginning of each month and held for a full month. The issue selected at each month-end rebalancing is the outstanding Treasury bill that matures closest to, but not beyond, three months from the rebalancing date.

This chart assumes an initial investment of \$10,000 made on 7/31/01 (commencement of operations). Returns shown include fee waivers and deductions for all Fund expenses. In the absence of fee waivers, total return would be reduced. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account are shown on page 4.

Investors should be aware of the risks of investments in foreign securities, particularly investments in securities of companies in developing nations. These include the risks of currency fluctuation, of political and economic instability and of less well-developed government supervision and regulation of business and industry practices, as well as differences in accounting standards. Small-cap stocks also may carry additional risk. Small or newer issuers are more likely to realize more substantial growth as well as suffer more significant losses than larger or more established issuers. Investments in such companies can be both more volatile and more speculative.

Asset Allocation Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2002

Domestic Common Stocks & Warrants (34.6%)	Shares/Par	Market Value (000's)	Large Cap Common Stock (22.7%)	Shares/Par	Market Value (000's)
Large Cap Common Stock (22.7%)			Health Care (3.2%)		
Consumer Discretionary (5.9%)			Abbott Laboratories	4,000	\$ 160
*Bed Bath & Beyond, Inc.	4,000	\$ 138	*Amgen, Inc.	8,800	425
Carnival Corp.	1,335	33	Baxter International, Inc.	8,300	232
Darden Restaurants, Inc.	4,900	100	Eli Lilly and Co.	1,600	102
Fortune Brands, Inc.	8,200	381	Johnson & Johnson	9,300	500
Gannett Co., Inc.	4,900	352	Medtronic, Inc.	10,900	497
Harley-Davidson, Inc.	10,800	499	Pfizer, Inc.	20,800	635
*Kohl's Corp.	7,400	414	UnitedHealth Group, Inc.	3,300	276
The McGraw-Hill Companies, Inc.	7,100	429	Total		2,827
Newell Rubbermaid, Inc.	12,000	364	Industrials (2.1%)		
Omnicom Group, Inc.	4,000	258	Canadian National Railway Co.	6,000	249
Target Corp.	7,700	231	*Fiserv, Inc.	12,800	436
Tribune Co.	9,300	423	General Electric Co.	15,900	387
*Viacom, Inc. — Class B	7,900	322	Lockheed Martin Corp.	2,700	156
Wal-Mart Stores, Inc.	12,300	621	Paychex, Inc.	3,800	106
Wendy's International, Inc.	9,700	263	Raytheon Co.	6,300	194
Weyerhaeuser Co.	5,200	256	Union Pacific Corp.	5,000	299
Total		5,084	Total		1,827
Consumer Staples (2.6%)			Information Technology (2.8%)		
Anheuser-Busch Companies, Inc.	9,400	455	*Cisco Systems, Inc.	8,900	117
Colgate-Palmolive Co.	5,700	299	*Electronic Arts, Inc.	1,700	85
General Mills, Inc.	4,400	207	Intel Corp.	16,000	249
Kellogg Co.	5,300	182	International Business Machines Corp.	5,200	403
Kraft Foods, Inc. — Class A	5,000	195	*Microsoft Corp.	15,100	780
PepsiCo, Inc.	11,800	497	*PeopleSoft, Inc.	5,800	106
Walgreen Co.	15,900	464	*QUALCOMM, Inc.	6,700	244
Total		2,299	*Semiconductor Holders Trust	10,000	222
Energy (1.4%)			Texas Instruments, Inc.	13,200	198
ChevronTexaco Corp.	4,700	312	Total		2,404
EOG Resources, Inc.	8,000	319	Materials (1.3%)		
Exxon Mobil Corp.	17,100	597	Air Products and Chemicals, Inc.	8,900	380
Total		1,228	Alcoa, Inc.	13,300	303
Financials (3.4%)			Ecolab, Inc.	8,700	431
American International Group, Inc.	6,900	399	Total		1,114
The Bank of New York Company, Inc.	8,300	199	Total Large Cap Common Stock		19,728
The Chubb Corp.	3,100	162	Small Cap Common Stock (11.9%)		
Citigroup, Inc.	4,000	141	Consumer Discretionary (2.7%)		
Fifth Third Bancorp	7,100	416	*AnnTaylor Stores Corp.	7,250	148
Freddie Mac	5,300	313	*CDW Computer Centers, Inc.	2,300	101
The Goldman Sachs Group, Inc.	3,600	245	*Coach, Inc.	6,000	198
Lehman Brothers Holdings, Inc.	3,000	160	*Entercom Communications Corp. —		
Marsh & McLennan Companies, Inc.	5,000	231	Class A	2,200	103
Morgan Stanley Dean Witter & Co.	6,100	244	Fairmont Hotels & Resorts, Inc.	3,900	92
Wells Fargo & Co.	9,300	435	*The Gymboree Corp.	9,600	152
Total		2,945	*Hispanic Broadcasting Corp. —		
			Class A	2,900	60

Asset Allocation Portfolio

Small Cap Common Stock (11.9%)			Small Cap Common Stock (11.9%)			
	Shares/ Par	Market Value (000's)		Shares/ Par	Market Value (000's)	
Consumer Discretionary (continued)			Industrials (continued)			
*Jones Apparel Group, Inc.	2,900	\$ 103	*Charles River Associates, Inc.	1,400	\$ 20	
*Lamar Advertising Co. — Class A	3,200	108	Cintas Corp.	2,200	101	
Leggett & Platt, Inc.	10,600	238	*Concord EPS, Inc.	2,500	39	
*Lin TV Corp. — Class A	1,200	29	*The Corporate Executive Board Co.	6,400	204	
Manpower, Inc.	1,100	35	Expeditors International of Washington, Inc.	5,200	170	
*Michaels Stores, Inc.	6,400	200	*Hewitt Associates, Inc. — Class A	3,500	111	
*O'Reilly Automotive, Inc.	13,800	349	*Knight Transportation, Inc.	13,150	276	
*Orient-Express Hotel, Ltd. — Class A	5,500	74	*MSC Industrial Direct Co., Inc. — Class A	6,400	114	
*Platinum Underwriters Holdings, Ltd.	600	16	*P.A.M. Transportation Services, Inc.	4,800	121	
Polaris Industries, Inc.	2,300	135	*Resources Connection, Inc.	4,800	111	
*Stoneridge, Inc.	2,000	24	SkyWest, Inc.	5,700	74	
*Tommy Hilfiger Corp.	10,400	72	*Swift Transportation Co., Inc.	8,000	160	
*Westwood One, Inc.	3,800	142	Teleflex, Inc.	7,600	326	
Total		2,379	*Tetra Tech, Inc.	1,664	20	
Energy (0.9%)			Total			
*BJ Services Co.	4,800	155			2,117	
*Cal Dive International, Inc.	7,000	165	Information Technology (1.8%)			
*Energy Partners, Ltd.	9,700	104	*Brooks-PRI Automation, Inc.	6,180	71	
Ocean Energy, Inc.	2,800	56	*CACI International, Inc. — Class A	1,600	57	
*Patterson-UTI Energy, Inc.	6,600	199	*EPIQ Systems, Inc.	8,050	123	
*Weatherford International, Ltd.	3,200	128	*Intersil Corp. — Class A	6,400	89	
Total		807	*Keane, Inc.	8,900	80	
Financials (0.9%)			*Mettler — Toledo International, Inc.	2,300	74	
GreenPoint Financial Corp.	1,500	68	Microchip Technology, Inc.	6,800	166	
Investors Financial Services Corp.	11,600	318	*Novellus Systems, Inc.	4,600	129	
Old Republic International Corp.	3,800	106	*QLogic Corp.	2,500	86	
Radian Group, Inc.	3,100	115	*Renaissance Learning, Inc.	3,100	59	
SouthTrust Corp.	5,400	134	*Semtech Corp.	6,400	70	
*Trammell Crow Co.	9,000	81	*UTStarcom, Inc.	6,400	127	
Total		822	*Varian, Inc.	8,400	241	
Health Care (3.2%)			*Verint Systems, Inc.	800	16	
*AdvancePCS	6,700	149	*Zebra Technologies Corp. — Class A	2,500	143	
*The Advisory Board Co.	1,700	51	Total		1,531	
*Apogent Technologies, Inc.	4,500	94	Total Small Cap Common Stock			
*Biovail Corp.	4,200	111			10,426	
*Bio-Rad Laboratories, Inc. — Class A	2,600	101	Total Domestic Common Stocks & Warrants			
*CIMA Labs, Inc.	3,000	73			30,154	
D & K Healthcare Resources, Inc.	5,300	54	Foreign Common Stock (12.3%)			
*DaVita, Inc.	24,200	597	Basic Materials (0.7%)			
Health Management Associates, Inc. — Class A	4,500	81	*Arcelor	Luxembourg	6,850	84
*IMPAC Medical Systems, Inc.	700	13	BASF AG	Germany	2,000	76
*Lincare Holdings, Inc.	16,700	528	*Billerud	Sweden	4,862	53
*Patterson Dental Co.	6,700	293	Norske Skogindustrier ASA	Norway	2,285	32
*Province Healthcare Co.	17,950	175	*Novozymes A/S — B Shares	Denmark	3,450	72
*Renal Care Group, Inc.	6,400	202	Rio Tinto Ltd.	Australia	3,750	72
*Triad Hospitals, Inc.	3,800	113	*Solvay SA	Belgium	2,210	152
*Universal Health Services, Inc. — Class B	3,000	135	UPM-Kymmene OYJ	Finland	3,420	111
Total		2,770	Total			652
Industrials (2.4%)						
*The BISYS Group, Inc.	5,400	86				
C.H. Robinson Worldwide, Inc.	5,900	184				

Asset Allocation Portfolio

Foreign Common Stock (12.3%)	Country	Shares/ Par	Market Value (000's)
Consumer Cyclical (2.9%)			
Bayerische Motoren Werke AG	Germany	2,980	\$ 91
*Belluna Co., Ltd.	Japan	3,070	107
Berkeley Group PLC	United Kingdom	8,350	80
Beru AG	Germany	2,625	116
Bridgestone Corp.	Japan	9,000	111
*British Sky Broadcasting Group PLC	United Kingdom	9,610	99
*Compass Group PLC	United Kingdom	15,785	84
*Daily Mail and General Trust	United Kingdom	4,900	46
*Denway Motors Limited	Hong Kong	323,100	109
Electrolux AB — Series B	Sweden	6,550	103
*Esprit Holdings Ltd.	Hong Kong	58,000	98
Folli-Follie SA	Greece	4,100	70
*Fuji Heavy Industries, Ltd.	Japan	11,000	44
Game Group PLC	United Kingdom	61,450	36
Greek Organization of Football Prognostics	Greece	8,680	91
*HMV Group PLC	United Kingdom	29,800	57
*Honda Motor Co., Ltd.	Japan	3,000	111
*Hyundai Motor Co., Ltd.	Republic Of Korea	3,820	89
*Inditex	Spain	2,200	52
Medion AG	Germany	2,000	70
MFI Furniture Group PLC	United Kingdom	35,800	64
*NCsoft Corp.	Republic Of Korea	435	38
Nintendo Co., Ltd.	Japan	700	65
*Porsche AG	Germany	250	104
*PSA Peugeot Citroen	France	1,050	43
Rank Group PLC	United Kingdom	34,600	147
*Swatch Group AG	Switzerland	890	74
Vivendi Universal SA	France	4,340	70
*Volkswagen AG	Germany	2,145	78
*Walmart de Mexico — Series V	Mexico	31,500	72
Wolseley PLC	United Kingdom	10,250	86
Total			<u>2,505</u>

Foreign Common Stock (12.3%)	Country	Shares/ Par	Market Value (000's)
Consumer Non-Cyclical (1.6%)			
*Altadis, S.A.	Spain	3,500	\$ 80
*Burberry Group PLC	United Kingdom	16,250	59
Cadbury Schweppes PLC	United Kingdom	5,700	36
*Cott Corp.	Canada	5,300	94
*Gallaher Group PLC	United Kingdom	11,175	111
*Interbrew	Belgium	2,730	64
*Kao Corp.	Japan	2,000	44
Kook Soon Dang Brewer Co., Ltd.	South Korea	3,000	68
Luxottica Group SPA, ADR	Italy	6,385	87
*Nestle SA	Switzerland	525	111
*Pernod-Ricard SA	France	375	36
*Puma AG Rudolf Dassler Sport	Germany	550	37
Reckitt Benckiser PLC	United Kingdom	5,960	116
Shiseido Co., Ltd.	Japan	10,000	130
Swedish Match AB	Sweden	15,500	122
Unilever PLC	United Kingdom	14,900	142
*Wella AG	Germany	675	41
Total			<u>1,378</u>
Energy (1.0%)			
*ENI SPA	Italy	8,230	131
*IHC Caland NV	Netherlands	2,270	120
*Precision Drilling Corp.	Canada	2,080	67
Royal Dutch Petroleum	Netherlands	2,000	88
Saipem SPA	Italy	23,500	157
Suncor Energy, Inc.	Canada	5,670	89
*Technip	France	500	36
*TGS Nopec Geophysical Co. ASA	Norway	6,800	53
Total Fina Elf SA	France	800	114
Total			<u>855</u>
Financials (2.1%)			
Aegon NV	Netherlands	6,825	88
*Anglo Irish Bank Co.	Ireland	23,650	167
*BNP Paribas SA	France	2,260	92
Cattles PLC	United Kingdom	10,500	49
*Converium Holding AG	Switzerland	1,085	53
*Corporacion Mapfre	Spain	15,150	123
*Danske Bank	Denmark	7,875	130
*Deutsche Boerse AG	Germany	2,750	110
*Grupo Financiero BBVA Bancomer	Mexico	75,500	57

Asset Allocation Portfolio

Foreign Common Stock (12.3%)	Country	Shares/Par	Market Value (000's)	Foreign Common Stock (12.3%)	Country	Shares/Par	Market Value (000's)
Financials continued				Industry Goods and Services continued			
*HSBC Holdings PLC	United Kingdom	6,400	\$ 70	*SGS Societe Generale de Surveillance Holding SA	Switzerland	300	\$ 90
ING Groep NV	Netherlands	4,200	71	Vestas Wind Systems A/S	Denmark	2,570	26
*Intrum Justitia AB	Sweden	5,450	25	Vinci SA	France	1,670	94
*Irish Life & Permanent	Ireland	7,810	84	Total			1,061
Lloyds TSB Group PLC	United Kingdom	11,925	86	Technology (0.8%)			
Man Group PLC	United Kingdom	8,245	118	ASM Pacific Technology Ltd.	Hong Kong	22,000	42
Manulife Financial	Canada	2,520	55	*ASML Holding NV	Netherlands	5,975	50
Muenchener Rueckversicherungs-Gesellschaft AG	Germany	270	32	Canon, Inc.	Japan	2,000	75
*OTP Bank RT	Hungary	12,775	126	*INFOSYS Technologies Ltd.	India	690	69
Royal Bank of Canada	Canada	3,020	111	*Logitech International-Reg	Switzerland	3,580	108
Royal Bank of Scotland Group PLC	United Kingdom	4,400	105	Nokia OYJ	Finland	4,350	68
Swiss Reinsurance Co.	Switzerland	1,310	86	*Riverdeep Group PLC	Ireland	26,250	33
Total			1,838	Royal Philips Electronics NV	Netherlands	4,050	71
Healthcare (0.7%)				Samsung Electronics Co., Ltd.	South Korea	300	80
*Elekta AB — Class B	Sweden	10,725	108	*Sap AG	Germany	610	48
*Nobel Biocare Holding AG	Switzerland	850	55	Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	24,600	30
*Novartis AG	Switzerland	1,790	65	*Tandberg ASA	Norway	5,800	33
*Perbio Science AB	Sweden	1,600	18	Total			707
*Resmed	Australia	2,700	83	Telecommunication Services (0.3%)			
Synthes Stratec, Inc.	Switzerland	100	61	*KDDI Corp.	Japan	20	65
Takeda Chemical Industries	Japan	2,200	92	*Orange SA	France	14,280	98
*Taro Pharmaceutical Industries, Ltd.	Israel	2,875	108	PT Telekomunikasi Indonesia	Indonesia	120,000	52
Teva Pharmaceutical Industries Ltd., ADR	Israel	1,165	45	*Vodafone Group PLC	United Kingdom	47,200	86
Total			635	Total			301
Industry Goods and Services (1.2%)				Transportation (0.6%)			
*Alfa Laval AB	Sweden	5,900	47	Brisa-Auto Estradas de Portugal SA	Portugal	23,860	132
*Amcor Ltd.	Australia	12,025	57	*EasyJetPLC	United Kingdom	18,875	83
Atlas Copco AB — A Shares	Sweden	4,330	84	Exel PLC	United Kingdom	7,150	79
BAE Systems PLC	United Kingdom	19,885	40	Fraport AG	Germany	2,875	51
Group 4 Falck A/S	Denmark	2,600	55	Macquarie Infrastructure Group	Australia	79,900	145
*Grupo Ferrovial	Spain	5,695	145	Total			490
Huhtamaki OYJ	Finland	9,540	96				
*Jarvis PLC	United Kingdom	6,950	31				
*Meggitt PLC	United Kingdom	22,700	64				
*Neopost SA	France	3,410	111				
*Schindler Holdings	Switzerland	400	78				
*Sercu Group PLC	United Kingdom	17,500	43				

Asset Allocation Portfolio

Foreign Common Stock (12.3%)		Shares/ Par	Market Value (000's)	Investment-Grade Bonds (23.4%)		Shares/ Par	Market Value (000's)
Utilities (0.4%)				Consumer Cyclical (0.1%)			
Centrica PLC	United Kingdom	32,300	\$ 89	Royal Caribbean Cruises Ltd., 7.00%, 10/15/07		\$ 100,000	\$ 89
Italgas S.P.A.	Italy	6,000	82	Total			89
National Grid Group PLC	United Kingdom	12,580	92	Crude Petroleum and Natural Gas (0.5%)			
*Snam Rete Gas	Italy	11,850	40	Occidental Petroleum, 6.75%, 1/15/12		350,000	399
*Suez Lyonnaise des Eaux SA	France	2,600	45	Total			399
Total			348	Diversified Industrials (0.3%)			
Total Foreign Common Stock (Cost: \$11,638)			10,770	United Technologies Corp., 6.10%, 5/15/12		250,000	280
Total			348	Total			280
Preferred Stock (0.2%)				Drilling Oil and Gas Wells (0.4%)			
Technology (0.2%)				Transocean, Inc., 7.50%, 4/15/31		300,000	344
Cable (0.2%)				Total			344
CSC Holdings, Inc. — Series M		500	47	Electric and Other Services Combined (0.3%)			
CSC Holdings, Inc. — Series H		1,000	94	Wisconsin Public Service, 4.875%, 12/1/12		250,000	253
Total			141	Total			253
Telecommunications Wireless: Towers (0.0%)				Electrical Equipment and Supplies (0.6%)			
**Crown Castle International Corp.		2	0	Cooper Industries, Inc., 5.50%, 11/1/09		200,000	208
Total			0	Hubbell Inc., 6.375%, 5/15/12		300,000	331
Telecommunications Wireline: CLEC (0.0%)				Total			539
**Intermedia Communications, Inc.		2	0	Environmental Controls (0.1%)			
Total			0	Pall Corp., 6.00%, 8/1/12 144A		95,000	102
Total Technology			141	Total			102
Trucking (0.0%)				Finance Services (0.6%)			
**American Commercial Lines LLC		261	2	Credit Suisse First Boston USA Inc., 4.625%, 1/15/08		350,000	354
Total Trucking			2	General Motors Acceptance Corp., 6.875%, 8/28/12		300,000	296
Total Preferred Stock (Cost: \$136)			143	Total			650
Warrants (0.0%)				Fire, Marine and Casualty Insurance (0.3%)			
Telecommunication Services (0.0%)				Allstate Corp., 6.125%, 12/15/32		135,000	138
IWO Holdings, Inc. 144A		50	0	Progressive Corp., 6.25%, 12/1/32		125,000	128
Total Warrants (Cost: \$4)			0	Total			266
Investment-Grade Bonds (23.4%)				Food Retail (0.3%)			
Corporate Bonds Domestic (6.6%)				Delhaize America Inc., 8.125%, 4/15/11		250,000	242
Beverages, Malt Beverages (0.3%)				Total			242
Anheuser-Busch Companies, Inc., 7.50%, 3/15/12		\$ 23,000	28	Motor Vehicle Parts/Accessories (0.2%)			
Coca-Cola Enterprises, Inc., 5.25%, 5/15/07		125,000	135	TRW, Inc., 7.125%, 6/1/09		48,000	54
Coca-Cola Enterprises, Inc., 5.375%, 8/15/06		75,000	81	TRW, Inc., 7.75%, 6/1/29		72,000	85
Total			244	Total			139
Capital Goods (0.1%)				Motors and Generators (0.1%)			
Raytheon Co., 7.20%, 8/15/27		75,000	82	Emerson Electric Co., 5.75%, 11/1/11		48,000	52
Total			82	Total			52

Asset Allocation Portfolio

	Shares/ Par	Market Value (000's)
Investment-Grade Bonds (23.4%)		
National Commercial Banks (0.3%)		
Bank One Corp., 5.25%, 1/30/13	\$ 250,000	\$ 257
Total		257
News Dealers and Newsstands (0.1%)		
News America Holdings, 7.75%, 12/1/45		
	100,000	98
Total		98
Office Machines (0.1%)		
Pitney Bowes Credit Corp., 5.75%, 8/15/08		
	100,000	111
Total		111
Oil and Gas Field Machinery (0.3%)		
National-Oilwell, Inc., 5.65%, 11/15/12 144A		
	250,000	253
Total		253
Pharmaceuticals (0.3%)		
Eli Lilly & Company, 7.125%, 6/1/25		
	210,000	248
Total		248
Plastics Materials and Resins (0.3%)		
Eastman Chemical, 7.00%, 4/15/12		
	260,000	293
Total		293
Plumbing Fixture Fittings/Trim (0.3%)		
Masco Corp., 4.625%, 8/15/07		
	125,000	130
Masco Corp., 6.50%, 8/15/32		
	125,000	128
Total		258
Retail-Retail Stores (0.4%)		
Limited Brands, 6.125%, 12/1/12		
	300,000	316
Total		316
Search and Navigation Equipment (0.1%)		
Raytheon Co., 7.00%, 11/1/28		
	120,000	128
Total		128
Telephone Communications (0.2%)		
Alltel Corp., 7.00%, 7/1/12		
	120,000	138
Total		138
Total Corporate Bonds Domestic		5,781
Government (Domestic and Foreign) and Agency Bonds (16.8%)		
Federal Government and Agencies (16.8%)		
Government National Mortgage Association TBA, 5.50%, 12/1/25		
	150,000	151
Housing & Urban Development, 6.08%, 8/1/13		
	100,000	113
US Treasury, 2.125%, 10/31/04		
	550,000	556
US Treasury, 2.875%, 6/30/04		
	150,000	153
US Treasury, 3.00%, 1/31/04		
	165,000	168
US Treasury, 3.00%, 11/15/07		
	800,000	810
US Treasury, 3.25%, 8/15/07		
	189,000	194
US Treasury, 3.50%, 11/15/06		
	4,129,000	4,296

	Shares/ Par	Market Value (000's)
Investment-Grade Bonds (23.4%)		
Federal Government and Agencies continued		
US Treasury, 3.875%, 7/31/03	\$1,325,000	\$ 1,344
US Treasury, 4.375%, 5/15/07	427,000	459
US Treasury, 4.625%, 5/15/06	153,000	165
US Treasury, 5.375%, 2/15/31	215,000	234
US Treasury, 5.50%, 5/15/09	1,000,000	1,135
US Treasury, 6.125%, 8/15/07	550,000	632
US Treasury, 6.50%, 8/15/05	1,000,000	1,119
US Treasury, 6.50%, 5/15/05	2,370,000	2,630
US Treasury Inflation Index Bond, 3.375%, 1/15/07	223,129	242
US Treasury Stripped, 0.00%, 5/15/30	870,000	211
Total Government (Domestic and Foreign) and Agency Bonds		14,612
Total Investment-Grade Bonds (Cost: \$19,607)		20,393
Below Investment-Grade Bonds (9.4%)		
Basic Materials (0.2%)		
Chemicals (0.1%)		
Lyondell Chemical Co., 11.125%, 7/15/12		
	50,000	49
Total		49
Metals and Mining (0.0%)		
UCAR Finance, Inc., 10.25%, 2/15/12		
	100,000	79
Total		79
Paper (0.1%)		
Appleton Papers, Inc., 12.50%, 12/15/08		
	50,000	55
Total		55
Total Basic Materials		183
Cable and Other Pay Television Services (0.0%)		
Charter Communications Holdings, 10.75%, 10/1/09		
	25,000	11
Total Cable and Other Pay Television Services		11
Capital Goods (0.8%)		
Aerospace (0.1%)		
K & F Industries Inc., 9.625%, 12/15/10 144A		
	50,000	51
Total		51
Building and Construction (0.4%)		
Brickman Group Ltd., 11.75%, 12/15/09 144A		
	100,000	104
H & E Equipment/Finance, 11.125%, 6/15/12 144A		
	100,000	75
Integrated Electrical Services, Inc., 9.375%, 2/1/09		
	50,000	46
Integrated Electrical Services, Inc., Series B, 9.375%, 2/1/09		
	50,000	46
United Rentals, Inc., 10.375%, 4/15/08		
	100,000	100
Total		371

Asset Allocation Portfolio

	Shares/ Par	Market Value (000's)
<u>Below Investment-Grade Bonds (9.4%)</u>		
Industrial Equipment (0.3%)		
Perkinelmer, Inc., 8.875%, 1/15/13 144A	\$ 50,000	\$ 49
Rexnord Corp., 10.125%, 12/15/12 144A	100,000	103
Tyco International Group, 6.375%, 2/15/06	50,000	49
Tyco International Group S.A., 6.375%, 6/15/05	25,000	24
Tyco International Group SA, 6.375%, 10/15/11	25,000	23
Total		248
Total Capital Goods		670
<u>Chemicals and Allied Products (0.1%)</u>		
Lyondell Chemical Co., 9.50%, 12/15/08 144A	75,000	70
Total Chemicals and Allied Products		70
<u>Construction and Building Materials (0.0%)</u>		
United Rentals, Inc., 10.75%, 4/15/08 144A	25,000	25
Total Construction and Building Materials		25
<u>Consumer Cyclical (2.6%)</u>		
<u>Apparel, Textile (0.1%)</u>		
Levi Strauss & Co., 11.625%, 1/15/08	75,000	73
Tommy Hilfiger USA, Inc., 6.85%, 6/1/08	50,000	47
Total		120
<u>Auto Related (0.2%)</u>		
Avis Group Holdings, Inc., 11.00%, 5/1/09	50,000	55
Collins & Aikman Products, Inc., 11.50%, 4/15/06	50,000	42
Trimas Corp., 9.875%, 6/15/12 144A	100,000	99
Total		196
<u>Home Construction (0.2%)</u>		
Beazer Homes USA, 8.875%, 4/1/08	50,000	52
K. Hovanian Enterprises, 10.50%, 10/1/07	50,000	54
Schuler Homes, 9.375%, 7/15/09	50,000	51
Tech Olympic USA, Inc., 9.00%, 7/1/10 144A	50,000	49
Total		206
<u>Household Appliances (0.1%)</u>		
Rent-A-Center Inc., 11.00%, 8/15/08	50,000	54
Total		54
<u>Leisure Related (0.2%)</u>		
Bally Total Fitness Holdings, Series D, 9.875%, 10/15/07	75,000	65
Premier Parks, Inc., 9.50%, 2/1/09	100,000	97
Total		162

	Shares/ Par	Market Value (000's)
<u>Below Investment-Grade Bonds (9.4%)</u>		
Lodging / Resorts (0.6%)		
Corrections Corporation of America, 9.875%, 5/1/09 144A	\$ 75,000	\$ 80
Felcor Lodging LP, 9.50%, 9/15/08	100,000	101
Hilton Hotels Corp., 7.625%, 12/1/12	100,000	101
John Q. Hammons, 8.875%, 5/15/12	100,000	100
Meristar Hospitality Finance Corp., 9.00%, 1/15/08	50,000	44
Lodging / Resorts continued		
Meristar Hospitality Finance Corp., 9.125%, 1/15/11	50,000	44
RFS Partnership LP, 9.75%, 3/1/12	25,000	26
Total		496
<u>Printing and Publishing (0.6%)</u>		
American Achievement Corp., 11.625%, 1/1/07	100,000	105
DEX Media East LLC, 9.875%, 11/15/09 144A	50,000	54
Mail-Well Corp., 9.625%, 3/15/12	75,000	67
RH Donnelley Fin Corp., 10.875%, 12/15/12 144A	100,000	108
Vertis Inc., 10.875%, 6/15/09	100,000	103
Von Hoffman Corp., 10.25%, 3/15/09	100,000	94
Total		531
<u>Retail — General (0.6%)</u>		
Asbury Automotive Group, Inc., 9.00%, 6/15/12	50,000	44
Autonation, Inc., 9.00%, 8/1/08	25,000	25
Buhrmann U.S., Inc., 12.25%, 11/1/09	75,000	70
CSK Auto, Inc, 12.00%, 6/15/06	50,000	54
The Gap, Inc., 8.15%, 12/15/05	100,000	105
Hollywood Entertainment Inc., 9.625%, 3/15/11	50,000	51
Saks, Inc., 8.25%, 11/15/08	50,000	50
Sonic Automotive, Inc., 11.00%, 8/1/08	50,000	51
United Auto Group, Inc. 9.625%, 3/15/12 144A	50,000	49
Total		499
Total Consumer Cyclical		2,264
<u>Consumer Staples (2.5%)</u>		
<u>Containers (0.3%)</u>		
Applied Extrusion Tech., Inc., 10.75%, 7/1/11	25,000	16
BWAY Corp., 10.00%, 10/15/10 144A	100,000	104
Owens-Brockway Glass Container, Inc., 8.75%, 11/15/12 144A	125,000	127
Total		247
<u>Food Service (0.1%)</u>		
Buffets, Inc., 11.25%, 7/15/10 144A	50,000	47
Sbarro, Inc., 11.00%, 9/15/09	75,000	70
Total		117

Asset Allocation Portfolio

	Shares/ Par	Market Value (000's)		Shares/ Par	Market Value (000's)
Below Investment-Grade Bonds (9.4%)			Below Investment-Grade Bonds (9.4%)		
Foods (0.1%)			Soaps and Toiletries (0.0%)		
Corn Products International, Inc., 8.25%, 7/15/07	\$ 50,000	\$ 51	Elizabeth Arden, Inc., 11.75%, 2/1/11	\$ 25,000	\$ 26
Swift & Co., 10.125%, 10/1/09 144A	50,000	47	Total		26
Total		98	Total Consumer Staples		2,203
Gaming (1.4%)			Energy (0.4%)		
Azstar Corp., 8.875%, 5/15/07	25,000	26	Oil and Gas Independent (0.1%)		
Choctaw Resort Development, 9.25%, 4/1/09	100,000	105	PDVSA Finance, Ltd., 1999-I, 9.75%, 2/15/10	50,000	45
Chumash Casino & Resort, 9.00%, 7/15/10 144A	100,000	105	Total		45
Herbst Gaming, Inc., 10.75% 9/1/08	100,000	105	Oil and Gas Integrated (0.1%)		
Hollywood Casino Shreveport, 13.00%, 8/1/06	50,000	50	Compton Petroleum Corp., 9.90%, 5/15/09	50,000	52
Jacobs Entertainment, Inc. 11.875%, 02/01/09	100,000	104	Total		52
Majestic Investment Holdings, Inc., 11.653%, 11/30/07	50,000	46	Oil Field Services (0.2%)		
The Majestic Star Casino LLC, 10.875%, 7/1/06	100,000	102	BRL Universal Equipment, 8.875%, 2/15/08	50,000	52
Park Place Entertainment Corporation, 9.375%, 2/15/07	25,000	27	Grant Prideco Escrow, 9.00%, 12/15/09 144A	100,000	103
Resort International Hotel/Casino, 11.50%, 3/15/09	75,000	68	Hanover Equipment Trust, 8.75%, 9/1/11 144A	100,000	97
Riviera Holdings Corp., 11.00%, 6/15/10	100,000	90	Total		252
Venetian Casino Resort LLC, 11.00%, 6/15/10 144A	100,000	105	Refining (0.0%)		
Wheeling Island Gaming, 10.125%, 12/15/09	75,000	77	Tesoro Petroleum Corp., 9.625%, 11/1/08	25,000	17
Wynn Las Vegas Corp., 12.00%, 11/1/10	125,000	125	Total		17
Total		1,135	Total Energy		366
Healthcare (0.5%)			Finance (0.3%)		
AmerisourceBergen Corp., 7.25%, 11/15/12 144A	75,000	77	Banks (0.1%)		
HEALTHSOUTH Corp., 8.50%, 2/1/08	100,000	86	Western Financial Bank-FSB, 9.625%, 5/15/12	50,000	49
InSight Health Services Corp., 9.875%, 11/1/11	100,000	96	Total		49
Pacificare Health Systems, Inc., 10.75%, 6/1/09	50,000	54	Finance Companies (0.1%)		
Rotech Healthcare Inc., 9.50%, 4/1/12 144A	100,000	100	AmeriCredit Corp., 9.875%, 4/15/06	25,000	21
Ventas Realty, 9.00%, 5/1/12	50,000	52	Americredit Corp., 9.25%, 5/1/09 144A	50,000	39
Total		465	IOS Capital, Inc., 9.75%, 6/15/04	50,000	51
Retail - Food (0.1%)			Metris Companies, Inc., 10.125%, 7/15/06		
Fleming Companies, Inc., 10.125%, 4/1/08	50,000	43	Total		139
Great Atlantic & Pacific Tea Co., Inc., 7.75%, 4/15/07	100,000	72	Financial Services (0.1%)		
Total		115	Labranche & Company, Inc., 12.00%, 3/2/07	50,000	55
			Total		55
			Total Finance		243

Asset Allocation Portfolio

	Shares/ Par	Market Value (000's)		Shares/ Par	Market Value (000's)
Below Investment-Grade Bonds (9.4%)			Below Investment-Grade Bonds (9.4%)		
<u>Miscellaneous (0.3%)</u>			<u>Telecommunications Wireless: Cellular/PCS continued</u>		
CB Richards Ellis Services, Inc., 11.25%, 6/15/11	\$ 75,000	\$ 69	+Triton PCS, Inc., 11.00%, 5/1/08	\$ 100,000	\$ 83
Crescent Real Estate Equities, 7.50%, 9/15/07	100,000	97	TSI Telecommunications Service, 12.75%, 2/1/09	100,000	89
Istar Financial, Inc., 8.75%, 8/15/08	50,000	53	+US Unwired, Inc., 13.375%, 11/1/09	125,000	8
Total Miscellaneous		219	Total		593
<u>Professional Services (0.1%)</u>			<u>Telecommunications Wireless: Towers (0.1%)</u>		
Kindercare Learning Centers, 9.50%, 2/15/09	90,000	87	+Crown Castle International Corp., 10.625%, 11/15/07	50,000	45
Total Professional Services		87	Total		45
<u>Real Estate (0.1%)</u>			Total Technology		
LNR Property Corp., 10.50%, 1/15/09	100,000	101			1,043
Total Real Estate		101	<u>Transport Services (0.4%)</u>		
<u>Technology (1.2%)</u>			<u>Railroads (0.1%)</u>		
<u>Cable (0.3%)</u>			Railamerica Transportation Corp., 12.875%, 8/15/10		
Charter Communications Holdings LLC, 9.625%, 11/15/09	75,000	33		50,000	50
Echostar DBS Corp., 10.375%, 10/1/07	100,000	107	TFM SA DE CV, 12.50%, 6/15/12 144A		
Insight Midwest, 9.75%, 10/01/09 144A	50,000	48	Total	50,000	51
Rogers Communications, Inc., 8.875%, 7/15/07	50,000	48			101
+Telewest Communications PLC, 9.875%, 2/1/10	50,000	9	<u>Trucking and Shipping (0.3%)</u>		
Total		245	American Commercial LLC, 11.25%, 1/1/08		
<u>Electronics (0.1%)</u>			CP Ships Ltd., 10.375%, 7/15/12		
Amkor Technology, Inc., 5.00%, 3/15/07	25,000	12	International Shipbuilding Corp., 7.75%, 10/15/07	35,000	28
Sanmina-Sci Corporation, 10.375%, 1/15/10 144A	50,000	51	North American Van Lines, 13.375%, 12/1/09	100,000	97
Solectron Corp., 9.625%, 2/15/09	50,000	49	Stena AB, 9.625%, 12/1/12 144A	100,000	102
Total		112	Total		290
<u>Office Equipment (0.1%)</u>			Total Transport Services		
Xerox Corp., 7.15%, 8/01/04	50,000	48			391
Total		48	<u>Utilities (0.4%)</u>		
<u>Telecommunications Wireless: Cellular/PCS (0.6%)</u>			<u>Utility — Electric (0.3%)</u>		
Alamosa Delaware, Inc., 12.50%, 2/1/11	25,000	8	Calpine Canada Energy, 8.50%, 5/1/08		
Alamosa Delaware, Inc., 13.625%, 08/15/11	37,500	12	Calpine Corp., 8.625%, 8/15/10	50,000	21
+Alamosa PCS Holdings, Inc., 12.875%, 2/15/10	226,000	41	Calpine Corp., 8.75%, 7/15/07	50,000	22
Dobson Communications Corp., 10.875%, 7/1/10	50,000	42	Edison Mission Energy, 10.00%, 8/15/08	100,000	48
!Nextel Communications, Inc., 10.65%, 9/15/07	85,000	81	Orion Power Holdings, Inc., 12.00%, 5/1/10	100,000	72
Nextel Partners, Inc., 12.50%, 11/15/09	75,000	68	+PG&E National Energy Group, Inc., 10.375%, 5/16/11	50,000	19
Qwest Services Corp., 12/15/10, 13.50% 144A	48,000	50	Western Resources, 9.75%, 5/1/07	50,000	46
Rogers Cantel, Inc., 8.30%, 10/1/07	75,000	66	Total		239
Rogers Cantel, Inc., 9.75%, 6/1/16	50,000	45	<u>Utility — Garbage Disposal (0.1%)</u>		
			Allied Waste North America, Inc., 8.50%, 12/1/08		
			Total	100,000	100
			Total Utilities		339
			Total Below Investment-Grade Bonds		
			(Cost: \$8,424)		
					8,215

Asset Allocation Portfolio

	Shares/ Par	Market Value (000's)
Money Market Investments (19.9%)		
Federal and Federally-Sponsored Credit (3.6%)		
#Federal Home Loan Mortgage Corporation, 1.10%, 1/8/03		
	\$3,100,000	\$ 3,099
Total Federal and Federally-Sponsored Credit		3,099
Federal Government and Agencies (16.3%)		
Federal Home Loan Bank, 1.24%, 3/7/03		
	1,000,000	998
#Federal National Mortgage Association, 1.26%, 1/27/03		
	8,600,000	8,593
Federal National Mortgage Association, 1.28%, 1/22/03		
	4,700,000	4,696
Total Federal Government and Agencies		14,287
Total Money Market Investments (Cost: \$17,386)		17,386
Total Investments (99.8%) (Cost \$90,792)^		87,061
Other Assets, Less Liabilities (0.2%)		199
Total Net Assets (100.0%)		\$87,260

^ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$91,184 and the net unrealized depreciation of investments based on that cost was \$4,123 which is comprised of \$2,275 aggregate gross unrealized appreciation and \$6,398 aggregate gross unrealized depreciation.

ADR — American Depository Receipt

144A after the name of a security represents a security exempt from registration under rule 144a of the Securities Act of 1933. These securities may be resold as transactions exempt from registration, normally to qualified institutional buyers.

* Non-Income Producing

+ Step bond security that presently receives no coupon payments. At the predetermined date the stated coupon rate becomes effective.

++ Defaulted Security

** PIK — Payment In Kind

All or a portion of the securities have been committed as collateral for open futures positions. Information regarding open futures contracts as of period end is summarized below:

Issuer (000's)	Number of Contracts	Expiration Date	Unrealized Appreciation/ (Depreciation) (000's)
S & P 500 INDEX			
FUTURES	40	3/03	\$(247)
(Total Notional Value at 12/31/02 \$9,037)			
US TEN YEAR			
TREASURY NOTE	3	3/03	\$(7)
(Total Notional Value at 12/31/02 \$339)			

The Accompanying Notes are an Integral Part of the Financial Statements

Balanced Portfolio

Objective:

A high level of current income and capital growth with a low risk profile

Portfolio Strategy:

Achieve consistent returns and low volatility by diversifying among assets.

Net Assets:

\$2.56 billion

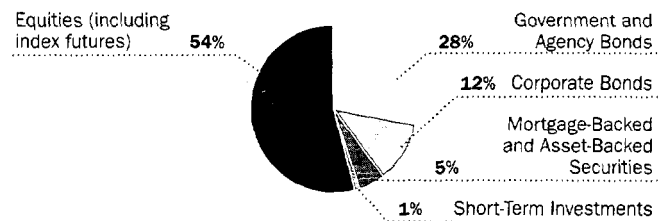
In order to capitalize on changing financial market and economic conditions, the Balanced Portfolio's asset allocation is adjusted as appropriate among three investment classes: stocks, bonds and money market instruments. The equity portion of the Portfolio is indexed, meaning that the Portfolio is designed to achieve results that approximate the performance of the Standard & Poor's 500 Composite Stock Price Index, which is generally regarded as a good proxy for the overall U.S. equity market. The bond portion of the Portfolio is actively managed, with investments in high quality bonds adjusted frequently as to maturity, market sectors and duration. Liquidity is maintained by holding a portion of the Portfolio in money market investments, which are high quality short-term debt securities.

Definition of an appropriate benchmark for comparison of returns of the Balanced Portfolio is difficult because there is no index that includes both equity and debt securities. Accordingly, comparisons are provided with three different indices: the S&P 500 Index for stocks, Merrill Lynch Domestic Master Index for bonds, and 91-day Treasury bills for short-term investments. As expected, the Portfolio's performance over the last year was between these measures, with a total return of -7.5%, better than the return of -22.1% from the S&P 500 Index, but less than the return of the Merrill Lynch Domestic Master Index, which had a return of 10.4%, or Treasury bills, which had a return of 1.8%.

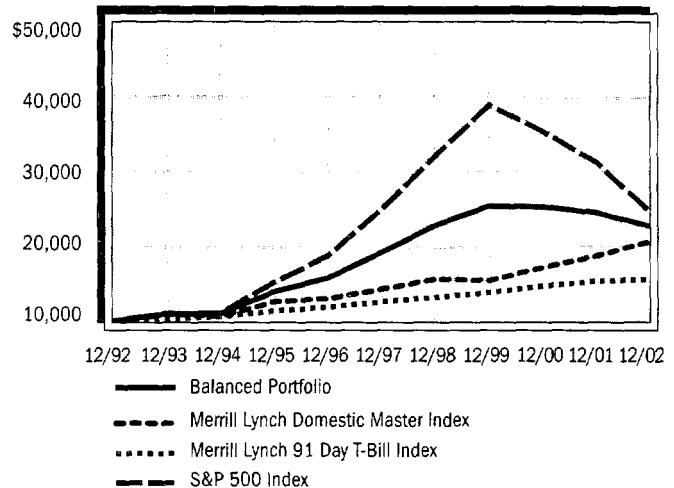
The target asset mix for the Balanced Portfolio is established and adjusted with input from an asset valuation model designed to gauge the relative attractiveness of stocks versus bonds. Changes are at the margin, so that there are always core positions in both stocks and bonds. The extreme volatility of the equity market over the last year has created many opportunities to sell on strength and buy on weakness. At the beginning of January 2002, the Portfolio was invested 54% in stocks, 42% in bonds, and 4% in cash equivalents. The equity position was increased in February, following a January market drop, then reduced in March after a rally. Modest additions were made to the equity position after a market drop in April, and stock exposure was further increased on the pronounced weakness near the end of June. A brief rally in August created an opportunity to reduce the equity position, which was then increased again on weakness in September and into early October. This decision proved sound, as the equity market continued to strengthen through much of the fourth quarter. Equity exposure was reduced in November on a market rebound and then increased in late December when the market weakened, to 54% of assets at year end.

Performance was boosted by excellent results from the bond portion of the Portfolio, which is managed actively, using a strategy very similar to that of the Select Bond Portfolio. Bonds as a whole have provided higher returns than stocks over the last year, and the Portfolio benefited from an emphasis on high quality securities and an overweighted position in low-risk government bonds and mortgage-backed securities.

Sector Allocation 12/31/02



Relative Performance



Average Annual Total Return For Periods Ended December 31, 2002

	1 Year	5 years	10 years
Balanced Portfolio	-7.54%	3.40%	8.53%
Merrill Lynch Domestic Master Index	10.41%	7.58%	7.57%
Merrill Lynch 91 Day T-Bill Index	1.78%	4.48%	4.64%
S&P 500 Index	-22.10%	-0.58%	9.30%

In the graph, the Portfolio is compared against three indices representing the three major components of the Portfolio: equities, fixed income, and cash equivalent investments. The indices cannot be invested in directly and do not include sales charges.

The Merrill Lynch Domestic Master Index is an unmanaged market value weighted index comprised of U.S. Government, mortgage and investment-grade corporate bonds. The index measures the income provided by, and the price changes of, the underlying securities.

The Merrill Lynch 91-Day T-Bill Index is comprised of a single issue purchased at the beginning of each month and held for a full month. The issue selected at each month-end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date.

The Standard & Poor's 500 Composite Stock Price Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The index is heavily weighted toward stocks with large market capitalizations and represents approximately two-thirds of the total market value of all domestic common stocks.

This chart assumes an initial investment of \$10,000 made on 12/31/92. Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account are shown on page 4.

Balanced Portfolio

Northwestern Mutual Series Fund, Inc. Schedule of Investments December 31, 2002

	Shares/ Par	Market Value (000's)		Shares/ Par	Market Value (000's)
Corporate Bonds (11.6%)			Corporate Bonds (11.6%)		
Aerospace — Defense (0.7%)			Electric and Other Services Combined (0.1%)		
Lockheed Martin Corp., 8.20%, 12/1/09	\$ 7,450,000	\$ 9,207	Wisconsin Public Service, 4.875%, 12/1/12	\$ 3,250,000	\$ 3,292
Raytheon Co., 7.20%, 8/15/27	8,705,000	9,515	Total		3,292
Total		18,722	Electric Services (1.2%)		
Auto Related (0.4%)			Atlantic City Electric, 6.625%, 8/1/13	4,000,000	4,395
Toyota Motor Credit Corp., 5.65%, 1/15/07	9,750,000	10,594	Exelon Generation Co. LLC, 6.95%, 6/15/11	11,787,000	12,743
Total		10,594	Public Service Electric & Gas Co., 6.875%, 1/1/03	9,000,000	9,000
Beverages, Malt Beverages (1.3%)			South Carolina Electric & Gas, 6.125%, 3/1/09	3,000,000	3,341
Anheuser-Busch Companies, Inc., 7.00%, 12/1/25	4,800,000	5,154	Total		29,479
Anheuser-Busch Companies, Inc., 7.50%, 3/15/12	910,000	1,121	Electrical Equipment and Supplies (0.2%)		
Coca-Cola Enterprises, Inc., 5.25%, 5/15/07	8,975,000	9,649	Cooper Industries, Inc., 5.50%, 11/1/09	5,100,000	5,315
Coca-Cola Enterprises, Inc., 5.375%, 8/15/06	4,175,000	4,525	Total		5,315
Coca-Cola Enterprises, Inc., 5.75%, 3/15/11	10,000,000	10,971	Environmental Controls (0.1%)		
Total		31,420	Pall Corp., 6.00%, 8/1/12 144A	2,500,000	2,673
Broad Woven Fabric Mills, Manmade (0.0%)			Total		2,673
++Polysindo International Finance, 11.375%, 6/15/06	6,500,000	455	Finance Services (0.8%)		
Total		455	Credit Suisse First Boston USA, Inc., 4.625%, 1/15/08	8,050,000	8,160
Commercial Banks (0.4%)			General Motors Acceptance Corp., 6.875%, 8/28/12	11,900,000	11,730
++Banco Montevideo, 8.40%, 4/30/08 144A	6,250,000	1,125	Total		19,890
Bank of America Corp., 7.40%, 1/15/11	2,668,000	3,143	Fire, Marine and Casualty Insurance (0.4%)		
Wells Fargo Bank, 6.45%, 2/1/11	4,850,000	5,444	Allstate Corp., 6.125%, 12/15/32	2,520,000	2,567
Total		9,712	Progressive Corp., 6.25%, 12/1/32	8,475,000	8,695
Crude Petroleum and Natural Gas (0.7%)			Total		11,262
Occidental Petroleum, 6.75%, 1/15/12	11,017,000	12,549	Food Retailers (0.3%)		
Occidental Petroleum, 8.45%, 2/15/29	4,751,000	6,095	Delhaize America Inc., 8.125%, 4/15/11	8,000,000	7,740
Total		18,644	Total		7,740
Diversified Industrials (0.3%)			Foreign Government Bonds (0.3%)		
United Technologies Corp., 6.10%, 5/15/12	7,840,000	8,766	Province of Quebec, 6.50%, 1/17/06	7,500,000	8,312
Total		8,766	Total		8,312
Drilling Oil and Gas Wells (0.3%)			Grocery Stores (0.2%)		
Transocean, Inc., 7.50%, 4/15/31	5,844,000	6,704	The Kroger Co., 7.50%, 4/1/31	5,000,000	5,593
Total		6,704	Total		5,593
			Metal Mining (0.1%)		
			Rio Tinto Finance, Ltd., 5.75%, 7/3/06	2,500,000	2,731
			Total		2,731

Balanced Portfolio

	Shares/ Par	Market Value (000's)
Corporate Bonds (11.6%)		
Motor Vehicle Parts Accessories (0.4%)		
TRW, Inc., 7.125%, 6/1/09	\$ 3,047,000	\$ 3,407
TRW, Inc., 7.75%, 6/1/29	6,591,000	7,774
Total		11,181
Motors and Generators (0.1%)		
Emerson Electric Co., 5.75%, 11/1/11		
	1,918,000	2,060
Total		2,060
National Commercial Banks (0.2%)		
Bank One Corp., 5.25%, 1/30/13		
	5,000,000	5,147
Total		5,147
News Dealers and Newsstands (0.1%)		
News America Holdings, 7.75%, 12/1/45		
	3,050,000	2,997
Total		2,997
Office Machines (0.2%)		
Pitney Bowes Credit Corp., 5.75%, 8/15/08		
	5,000,000	5,534
Total		5,534
Oil and Gas Extraction (0.2%)		
Chevron Corp., 6.625%, 10/1/04		
	4,750,000	5,113
Total		5,113
Oil and Gas Field Machinery (0.2%)		
National-Oilwell, Inc., 5.65%, 11/15/12 144A		
	4,750,000	4,803
Total		4,803
Pharmaceuticals (1.3%)		
Eli Lilly & Co., 5.50%, 7/15/06		
	4,800,000	5,184
Eli Lilly & Co., 7.125%, 6/1/25		
	5,180,000	6,114
Johnson & Johnson, 6.625%, 9/1/09		
	2,800,000	3,264
Merck & Co., Inc., 5.95%, 12/1/28		
	3,774,000	3,991
Pfizer, Inc., 5.625%, 2/1/06		
	11,300,000	12,338
Total		30,891
Plastics Materials and Resins (0.3%)		
Eastman Chemical, 7.00%, 4/15/12		
	6,580,000	7,427
Total		7,427
Plumbing Fixture Fittings/Trim (0.1%)		
Masco Corp., 4.625%, 8/15/07		
	750,000	774
Masco Corp., 6.50%, 8/15/32		
	1,250,000	1,285
Total		2,059
Retail — Retail Stores (0.3%)		
Limited Brands, 6.125%, 12/1/12		
	6,900,000	7,263
Total		7,263
Search and Navigation Equipment (0.1%)		
Raytheon Co., 6.75%, 3/15/18		
	1,648,000	1,727
Total		1,727

	Shares/ Par	Market Value (000's)
Corporate Bonds (11.6%)		
Telephone Communications (0.3%)		
Alltel Corp., 7.00%, 7/1/12	\$ 2,160,000	\$ 2,489
Alltel Corp., 7.875%, 7/1/32	4,875,000	5,982
Total		8,471
Total Corporate Bonds (Cost: \$284,627)		
295,977		
Government (Domestic and Foreign) and Agency Bonds (28.3%)		
Federal Government and Agencies (28.3%)		
Aid-Israel, 0.00%, 11/15/22		
	11,600,000	3,767
Aid-Israel, 0.00%, 11/15/23		
	11,500,000	3,508
Federal Home Loan Bank, 5.54%, 1/8/09		
	5,000,000	5,556
Federal Home Loan Mortgage Corporation, 6.50%, 4/1/11		
	5,413,505	5,748
Federal Home Loan Mortgage Corporation, 7.00%, 3/15/07		
	2,170,929	2,241
Federal Home Loan Mortgage Corporation, 7.50%, 10/1/27		
	3,890,402	4,159
Federal National Mortgage Association, 5.97%, 10/1/08		
	1,662,760	1,825
Federal National Mortgage Association, 6.24%, 2/1/06		
	4,639,725	5,021
Federal National Mortgage Association, 6.265%, 10/1/08		
	5,458,292	6,072
Federal National Mortgage Association, 6.315%, 3/1/06		
	4,903,013	5,324
Federal National Mortgage Association, 6.34%, 2/1/08		
	3,925,255	4,361
Federal National Mortgage Association, 6.43%, 6/1/08		
	6,920,635	7,730
Federal National Mortgage Association, 6.75%, 11/1/07		
	2,953,722	3,327
Federal National Mortgage Association, 6.75%, 4/25/18		
	4,661,753	4,976
Federal National Mortgage Association, 6.75%, 12/25/23		
	6,500,000	6,781
Federal National Mortgage Association, 6.835%, 7/1/03		
	1,960,881	1,965
Federal National Mortgage Association, 6.895%, 5/1/06		
	5,758,273	6,356
Federal National Mortgage Association, 6.90%, 4/1/06		
	2,322,728	2,560
Federal National Mortgage Association, 7.00%, 6/1/03		
	551,124	560
Federal National Mortgage Association, 7.00%, 6/25/10		
	1,080,100	1,078
Federal National Mortgage Association, 7.00%, 4/1/26		
	4,963,174	5,250
Federal National Mortgage Association, 7.025%, 9/1/05		
	1,845,033	2,009
Federal National Mortgage Association, 7.25%, 5/1/04		
	1,501,550	1,569
Federal National Mortgage Association, 8.40%, 2/25/09		
	966,350	966

Balanced Portfolio

Government (Domestic and Foreign) and Agency Bonds (28.3%)	Shares/ Par	Market Value (000's)
Federal Government and Agencies continued		
Federal National Mortgage Association, 11.00%, 12/1/12	\$ 34,223	\$ 40
Federal National Mortgage Association, 11.00%, 9/1/17	237,506	281
Federal National Mortgage Association, 11.00%, 12/1/17	25,249	30
Federal National Mortgage Association, 11.00%, 2/1/18	112,807	134
Federal National Mortgage Association, 11.50%, 4/1/18	173,177	208
Federal National Mortgage Association, 12.00%, 9/1/12	342,847	409
Federal National Mortgage Association, 12.00%, 12/1/12	80,253	96
Federal National Mortgage Association, 12.00%, 9/1/17	100,643	122
Federal National Mortgage Association, 12.00%, 10/1/17	73,964	90
Federal National Mortgage Association, 12.00%, 12/1/17	84,571	103
Federal National Mortgage Association, 12.00%, 2/1/18	122,197	148
Federal National Mortgage Association, 12.50%, 4/1/18	71,826	88
Federal National Mortgage Association, 13.00%, 11/1/12	60,792	74
Federal National Mortgage Association, 13.00%, 11/1/17	62,609	77
Federal National Mortgage Association, 13.00%, 12/1/17	65,732	81
Federal National Mortgage Association, 13.00%, 2/1/18	140,725	174
Federal National Mortgage Association, 14.00%, 12/1/17	32,641	41
Government National Mortgage Association, 5.50%, 1/15/32	967,638	995
Government National Mortgage Association, 5.50%, 2/15/32	7,024,162	7,220
Government National Mortgage Association, 5.50%, 9/15/32	243,855	251
Government National Mortgage Association, 7.00%, 5/15/23	3,606,366	3,850
Government National Mortgage Association, 7.00%, 6/15/23	340,038	363
Government National Mortgage Association, 7.00%, 7/15/23	422,002	451
Government National Mortgage Association, 7.00%, 8/15/23	6,562	7
Government National Mortgage Association, 7.00%, 9/15/23	161,956	173
Government National Mortgage Association, 7.00%, 10/15/23	148,758	159
Government National Mortgage Association, 7.00%, 11/15/23	736,475	786
Government National Mortgage Association, 7.00%, 12/15/27	174,249	185

Government (Domestic and Foreign) and Agency Bonds (28.3%)	Shares/ Par	Market Value (000's)
Federal Government and Agencies continued		
Government National Mortgage Association, 7.00%, 1/15/28	\$ 221,293	\$ 235
Government National Mortgage Association, 7.00%, 2/15/28	49,997	53
Government National Mortgage Association, 7.00%, 3/15/28	53,450	57
Government National Mortgage Association, 7.00%, 4/15/28	331,515	352
Government National Mortgage Association, 7.00%, 5/15/28	472,319	502
Government National Mortgage Association, 7.00%, 6/15/28	1,347,094	1,429
Government National Mortgage Association, 7.00%, 7/15/28	1,928,235	2,048
Government National Mortgage Association, 7.50%, 1/15/23	263,626	284
Government National Mortgage Association, 7.50%, 6/15/23	142,271	153
Government National Mortgage Association, 7.50%, 6/15/24	2,872	3
Government National Mortgage Association, 7.50%, 7/15/24	117,817	126
Government National Mortgage Association, 7.50%, 8/15/25	5,109	5
Government National Mortgage Association, 7.50%, 9/15/25	67,300	72
Government National Mortgage Association, 7.50%, 11/15/25	2,203	2
Government National Mortgage Association, 7.50%, 12/15/25	153,010	164
Government National Mortgage Association, 7.50%, 1/15/26	5,369	6
Government National Mortgage Association, 7.50%, 3/15/26	218,553	234
Government National Mortgage Association, 7.50%, 6/15/26	230,598	247
Government National Mortgage Association, 7.50%, 9/15/26	4,294	5
Government National Mortgage Association, 7.50%, 10/15/26	26,720	29
Government National Mortgage Association, 7.50%, 12/15/26	309,303	331
Government National Mortgage Association, 7.50%, 1/15/27	10,199	11
Government National Mortgage Association, 7.50%, 2/15/27	144,645	155
Government National Mortgage Association, 7.50%, 3/15/27	13,027	14
Government National Mortgage Association, 7.50%, 4/15/27	508,878	544
Government National Mortgage Association, 7.50%, 5/15/27	179,000	191
Government National Mortgage Association, 7.50%, 7/15/27	141,036	151
Government National Mortgage Association, 7.50%, 12/15/27	29,900	32

Balanced Portfolio

Government (Domestic and Foreign) and Agency Bonds (28.3%)	Shares/ Par	Market Value (000's)
Federal Government and Agencies continued		
Government National Mortgage Association, 7.50%, 7/15/28	\$ 75,557	\$ 81
Government National Mortgage Association, 8.00%, 7/15/27	66,022	72
Government National Mortgage Association, 8.00%, 9/15/24	138,964	152
Government National Mortgage Association, 8.00%, 5/15/26	173,666	189
Government National Mortgage Association, 8.00%, 6/15/26	154,061	168
Government National Mortgage Association, 8.00%, 7/15/26	222,983	242
Government National Mortgage Association, 8.00%, 8/15/26	77,780	85
Government National Mortgage Association, 8.00%, 9/15/26	137,943	150
Government National Mortgage Association, 8.00%, 10/15/26	281,786	307
Government National Mortgage Association, 8.00%, 11/15/26	68,403	75
Government National Mortgage Association, 8.00%, 12/15/26	104,945	114
Government National Mortgage Association, 8.00%, 4/15/27	279,025	304
Government National Mortgage Association, 8.00%, 6/15/27	59,413	65
Government National Mortgage Association, 8.00%, 7/20/28	627,889	676
Government National Mortgage Association, 8.50%, 5/15/22	1,389	2
Government National Mortgage Association, 8.50%, 9/15/22	1,954	2
Government National Mortgage Association, 8.50%, 10/15/22	8,843	9
Government National Mortgage Association, 8.50%, 12/15/22	6,106	7
Government National Mortgage Association, 8.50%, 6/15/24	3,745	4
Government National Mortgage Association, 8.50%, 7/15/24	8,304	9
Government National Mortgage Association, 8.50%, 8/15/24	23,075	25
Government National Mortgage Association, 8.50%, 12/15/24	2,023	2
Government National Mortgage Association, 8.50%, 1/15/25	39,287	43
Government National Mortgage Association, 8.50%, 2/15/25	8,448	9
Government National Mortgage Association, 8.50%, 11/15/25	3,142	3
Government National Mortgage Association, 8.50%, 1/15/26	17,395	19
Government National Mortgage Association, 8.50%, 2/15/26	1,919	2
Government National Mortgage Association, 8.50%, 3/15/26	7,302	8

Government (Domestic and Foreign) and Agency Bonds (28.3%)	Shares/ Par	Market Value (000's)
Federal Government and Agencies continued		
Government National Mortgage Association, 8.50%, 4/15/26	\$ 34,281	\$ 37
Government National Mortgage Association, 8.50%, 5/15/26	4,061	4
Government National Mortgage Association, 11.00%, 1/15/18	2,795,351	3,242
Government National Mortgage Association TBA, 5.50%, 1/1/25	15,000,000	15,384
Government National Mortgage Association TBA, 5.50%, 12/1/25	15,900,000	15,997
Government National Mortgage Association TBA, 5.50%, 2/15/32	61,000,000	62,316
Housing & Urban Development, 6.17%, 8/1/14	14,981,000	16,927
Rural Housing Trust 1987-1, Series 1, Class D, 6.33%, 4/1/26	2,096,977	2,165
US Treasury, 2.125%, 10/31/04	1,025,000	1,036
US Treasury, 3.00%, 1/31/04	14,795,000	15,070
US Treasury, 3.25%, 12/31/03	51,900,000	52,938
US Treasury, 3.25%, 8/15/07	1,465,000	1,501
US Treasury, 3.50%, 11/15/06	11,250,000	11,707
US Treasury, 3.625%, 3/31/04	58,520,000	60,202
US Treasury, 3.875%, 6/30/03	18,827,000	19,075
US Treasury, 4.375%, 5/15/07	6,688,000	7,182
US Treasury, 4.625%, 2/28/03	13,022,000	13,091
US Treasury, 4.75%, 11/15/08	16,257,000	17,746
US Treasury, 5.25%, 5/15/04	25,875,000	27,255
US Treasury, 6.25%, 5/15/30	9,965,000	11,925
US Treasury Inflation Index Bond, 3.375%, 1/15/07	17,842,290	19,323
US Treasury Inflation Index Bond, 3.625%, 1/15/08	26,168,771	28,712
US Treasury Inflation Index Bond, 3.625%, 4/15/28	7,285,655	8,525
US Treasury Inflation Index Bond, 3.875%, 4/15/29	85,612,513	104,689
US Treasury Inflation Index Bond, 4.25%, 1/15/10	73,272,720	83,566
Vendee Mortgage Trust, Series 1998-3, Class E, 6.50%, 3/15/29	4,500,000	4,732
Total Government (Domestic and Foreign) and Agency Bonds (Cost: \$668,798)		723,951
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Mortgage/Asset Backed Securities (5.4%)		
Auto Related (0.0%)		
Fleetwood Credit Corporation Grantor Trust, Series 1997-B, Class A, 6.40%, 5/15/13	603,600	624
Total		624

Balanced Portfolio

Mortgage/Asset Backed Securities (5.4%)	Shares/ Par	Market Value (000's)	Mortgage/Asset Backed Securities (5.4%)	Shares/ Par	Market Value (000's)
Boat Dealers (0.0%)			Commercial Mortgages continued		
Nationscredit Grantor Trust, Series 1997-2, Class A1, 6.35%, 4/15/14	\$ 456,758	\$ 463	Mortgage Capital Funding, Inc., Series 1997-MC1, Class A3, 7.28%, 3/20/07	\$19,000,000	\$ 21,595
Total		463	Nomura Asset Securities Corporation, Series 1998-D6, Class A2, 6.99%, 3/17/28	15,000,000	17,309
Commercial Banks (0.1%)			RMF Commercial Mortgage Pass- Through, Series 1997-1, Class F, 7.47%, 1/15/19 144A	1,800,000	920
Nationsbank Lease Pass-Through Trust, Series 1997-A, Class 1, 7.442%, 1/10/11 144A	1,641,406	1,834	Total		102,260
Total		1,834	Credit Card Asset Backed (0.6%)		
Commercial Mortgages (4.0%)			Citibank Credit Card Master Trust I, Series 1997-6, Class A, 0.00%, 8/15/06	17,000,000	16,534
Asset Securitization Corp., Series 1996-MD6, Class CS1, 1.632%, 11/13/26 IO	5,177,199	31	Heilig-Meyers Master Trust, Series 1998-1A, Class A, 6.125%, 1/20/07 144A	2,771,293	14
Asset Securitization Corp., Series 1996-MD6, Class CS2, 1.098%, 11/13/26 IO	79,473,178	880	Total		16,548
Asset Securitization Corp., Series 1997-D5, Class PS1, 1.616%, 2/14/41 IO	20,898,243	1,405	Franchise Loan Receivables (0.1%)		
Chase Commercial Mortgage Securities Corp., Series 1997-2, Class A2, 6.60%, 11/19/07	8,500,000	9,484	Enterprise Mortgage Acceptance Co., Series 1998-1, Class IO, 1.37%, 1/15/23 IO 144A	32,707,836	1,063
Chase Commercial Mortgage Securities Corp., Series 1997-2, Class B, 6.60%, 11/19/07	2,500,000	2,797	Global Franchise Trust, Series 1998-1, Class A1, 6.35%, 4/10/04 144A	448,873	440
Commercial Mortgage Acceptance Corp., Series 1997- ML1, Class B, 6.644%, 12/15/07	2,500,000	2,764	Total		1,503
Credit Suisse First Boston Mortgage Securities Corp., Series 1997-C1, Class A2, 7.26%, 6/20/07 144A	2,883,950	3,212	Home Equity Loan (0.1%)		
Credit Suisse First Boston Mortgage Securities Corp., Series 1997-C1, Class B, 7.28%, 6/20/07 144A	3,250,000	3,689	Vanderbilt Mortgage Finance, Inc., Series 1997-B, Class 1A4, 7.19%, 2/7/14	2,096,751	2,164
Criimi Mae Commercial Mortgage Trust, Series 1998-C1, Class A1, 7.00%, 11/2/06 144A	6,500,000	7,029	Total		2,164
Criimi Mae Commercial Mortgage Trust, Series 1998-C1, Class B, 7.00%, 11/2/11 144A	5,700,000	5,661	Residential Mortgages (0.0%)		
DLJ Commercial Mortgage Corp., Series 1998-CF1, Class S, 0.70%, 1/15/18 IO	237,037,014	7,311	Blackrock Capital Finance LP, Series 1997-R1, Class B3, 7.75%, 3/25/37 144A	2,807,513	182
DLJ Mortgage Acceptance Corp., Series 1997-CF2, Class S, 0.35%, 10/15/17 IO 144A	16,704,771	314	Blackrock Capital Finance LP, Series 1997-R3, Class B3, 7.25%, 11/25/28 144A	5,287,262	529
Midland Realty Acceptance Corp., Series 1996-C2, Class AEC, 1.35%, 1/25/29 IO 144A	20,874,068	920	Total		711
Morgan Stanley Capital, Series 1998-WF2, Class A2, 6.54%, 5/15/08	15,000,000	16,939	Retail — Retail Stores (0.5%)		
			LB Mortgage Trust, Series 1991-2, Class A3, 8.40%, 1/20/17	10,776,324	12,608
			Total		12,608
			Total Mortgage/Asset Backed Securities (Cost: \$138,452)		138,715
			Common Stock (40.1%)		
			Consumer Discretionary (5.4%)		
			* American Greetings Corp. — Class A	8,300	131
			* AOL Time Warner, Inc.	564,400	7,394
			* AutoZone, Inc.	12,475	881

Balanced Portfolio

Common Stock (40.1%)	Shares/ Par	Market Value (000's)	Common Stock (40.1%)	Shares/ Par	Market Value (000's)
Consumer Discretionary continued			Consumer Discretionary continued		
* Bed Bath & Beyond, Inc.	36,900	\$ 1,274	The McGraw-Hill Companies, Inc.	24,540	\$ 1,483
* Best Buy Co., Inc.	40,600	980	Meredith Corp.	6,300	259
* Big Lots, Inc.	14,600	193	The New York Times Co. — Class A	19,192	878
The Black & Decker Corp.	10,200	437	Newell Rubbermaid, Inc.	33,811	1,025
Brunswick Corp.	11,400	226	NIKE, Inc. — Class B	33,700	1,499
Carnival Corp.	74,173	1,851	Nordstrom, Inc.	17,033	323
Centex Corp.	7,800	392	* Office Depot, Inc.	39,143	578
Circuit City Stores, Inc.	26,500	197	Omnicom Group, Inc.	23,800	1,537
*Clear Channel Communications, Inc.	77,450	2,888	Pulte Corp.	7,700	369
*Comcast Corp. — Class A	289,837	6,831	RadioShack Corp.	21,667	406
Cooper Tire & Rubber Co.	9,300	143	*Reebok International, Ltd.	7,600	223
*Costco Wholesale Corp.	57,552	1,615	Sears, Roebuck & Co.	39,950	957
Dana Corp.	18,815	221	The Sherwin-Williams Co.	19,060	538
Darden Restaurants, Inc.	21,649	443	Snap-On Inc.	7,417	208
Delphi Automotive Systems Corp.	70,769	570	The Stanley Works	10,850	375
Dillard's, Inc. — Class A	10,636	169	*Staples, Inc.	59,150	1,082
Dollar General Corp.	42,165	504	*Starbucks Corp.	49,150	1,002
Dow Jones & Company, Inc.	10,680	462	Starwood Hotels & Resorts Worldwide, Inc.	25,200	598
Eastman Kodak Co.	36,917	1,294	Target Corp.	114,743	3,442
*eBay, Inc.	38,600	2,618	Tiffany & Co.	18,433	441
Family Dollar Stores, Inc.	21,900	683	The TJX Companies, Inc.	68,300	1,333
*Federated Department Stores, Inc.	25,512	734	*TMP Worldwide, Inc.	14,133	160
Ford Motor Co.	230,507	2,144	*Toys "R" Us, Inc.	26,850	269
Fortune Brands, Inc.	18,933	881	Tribune Co.	38,231	1,738
Gannett Co., Inc.	33,750	2,423	Tupperware Corp.	7,400	112
The Gap, Inc.	110,025	1,708	*Univision Communications, Inc. — Class A	29,000	711
General Motors Corp.	70,825	2,611	V. F. Corp.	13,843	499
Genuine Parts Co.	22,075	680	*Viacom, Inc. — Class B	223,161	9,096
The Goodyear Tire & Rubber Co.	22,200	151	Visteon Corp.	16,512	115
Harley-Davidson, Inc.	38,275	1,768	Wal-Mart Stores, Inc.	562,433	28,407
*Harrah's Entertainment, Inc.	14,150	560	The Walt Disney Co.	258,033	4,209
Hasbro, Inc.	21,875	253	Wendy's International, Inc.	14,650	397
Hilton Hotels Corp.	47,550	604	Whirlpool Corp.	8,650	452
The Home Depot, Inc.	297,897	7,138	*Yum! Brands, Inc.	37,580	910
*International Game Technology	11,000	835			
The Interpublic Group of Companies, Inc.	48,500	683	Total		138,112
J. C. Penney Company, Inc.	33,825	778	Consumer Staples (3.8%)		
Johnson Controls, Inc.	11,200	898	Adolph Coors Co. — Class B	4,600	282
*Jones Apparel Group, Inc.	16,300	578	Alberto-Culver Co. — Class B	7,300	368
KB Home	6,300	270	Albertson's, Inc.	51,495	1,146
Knight-Ridder, Inc.	10,550	667	Anheuser-Busch Companies, Inc.	109,819	5,315
*Kohl's Corp.	42,533	2,380	Archer-Daniels-Midland Co.	82,375	1,021
Leggett & Platt, Inc.	24,767	556	Avon Products, Inc.	29,875	1,609
The Limited, Inc.	65,913	918	Brown-Forman Corp. — Class B	8,600	562
Liz Claiborne, Inc.	13,500	400	Campbell Soup Co.	51,854	1,217
Lowe's Companies, Inc.	98,450	3,692	The Clorox Co.	29,150	1,202
Marriott International, Inc. — Class A	30,600	1,006	The Coca-Cola Co.	313,900	13,755
Mattel, Inc.	55,260	1,058	Coca-Cola Enterprises, Inc.	56,700	1,232
The May Department Stores Co.	36,400	836	Colgate-Palmolive Co.	68,654	3,600
Maytag Corp.	9,867	281	ConAgra Foods, Inc.	67,933	1,699
McDonald's Corp.	161,271	2,593	CVS Corp.	49,633	1,239
			*Del Monte Foods Co.	19,821	153

Balanced Portfolio

Common Stock (40.1%)	Shares/ Par	Market Value (000's)	Common Stock (40.1%)	Shares/ Par	Market Value (000's)
Consumer Staples continued			Financials continued		
General Mills, Inc.	46,533	\$ 2,185	AmSouth Bancorporation	45,345	\$ 871
The Gillette Co.	133,765	4,061	Aon Corp.	38,575	729
H.J. Heinz Co.	44,383	1,459	Bank of America Corp.	190,020	13,220
Hershey Foods Corp.	17,250	1,163	The Bank of New York Company, Inc.	91,820	2,200
Kellogg Co.	51,843	1,777	Bank One Corp.	148,345	5,422
Kimberly-Clark Corp.	65,397	3,104	BB&T Corp.	61,100	2,260
*The Kroger Co.	99,773	1,541	The Bear Stearns Companies, Inc.	12,445	739
The Pepsi Bottling Group, Inc.	36,000	925	Capital One Financial Corp.	28,000	832
PepsiCo, Inc.	224,100	9,462	The Charles Schwab Corp.	172,586	1,873
Phillip Morris Companies, Inc.	267,304	10,834	Charter One Financial, Inc.	29,071	835
The Procter & Gamble Co.	164,373	14,126	The Chubb Corp.	21,750	1,135
R.J. Reynolds Tobacco Holdings, Inc.	11,300	476	Cincinnati Financial Corp.	20,480	769
*Safeway, Inc.	55,800	1,303	Citigroup, Inc.	639,974	22,520
Sara Lee Corp.	99,184	2,233	Comerica, Inc.	22,100	956
SUPERVALU, Inc.	16,950	280	Countrywide Credit Industries, Inc.	15,900	821
SYSCO Corp.	83,850	2,498	Equity Office Properties Trust	53,000	1,324
UST, Inc.	21,433	717	Equity Residential Properties Trust	34,800	855
Walgreen Co.	129,554	3,782	Fannie Mae	125,829	8,095
Winn-Dixie Stores, Inc.	17,750	271	Fifth Third Bancorp	73,343	4,294
Wm. Wrigley Jr. Co.	28,533	1,566	First Tennessee National Corp.	16,000	575
Total		98,163	FleetBoston Financial Corp.	132,528	3,220
Energy (2.4%)			Franklin Resources, Inc.	32,850	1,120
Amerada Hess Corp.	11,300	622	Freddie Mac	88,014	5,197
Anadarko Petroleum Corp.	31,377	1,503	Golden West Financial Corp.	19,550	1,404
Apache Corp.	18,200	1,037	The Goldman Sachs Group, Inc.	60,900	4,147
Ashland, Inc.	8,700	248	The Hartford Financial Services Group, Inc.	31,350	1,424
Baker Hughes, Inc.	42,640	1,373	Household International, Inc.	57,525	1,600
*BJ Services Co.	19,800	640	Huntington Bancshares, Inc.	30,400	569
Burlington Resources, Inc.	25,486	1,087	J.P. Morgan Chase & Co.	252,062	6,049
ChevronTexaco Corp.	135,084	8,980	Jefferson-Pilot Corp.	18,653	711
ConocoPhillips	85,603	4,142	John Hancock Financial Services, Inc.	36,700	1,024
DEVON Energy Corp.	19,800	909	KeyCorp	53,925	1,356
EOG Resources, Inc.	14,640	584	Lehman Brothers Holdings, Inc.	30,756	1,639
Exxon Mobil Corp.	854,471	29,855	Lincoln National Corp.	23,260	735
Halliburton Co.	55,185	1,033	Loews Corp.	23,533	1,046
Kerr-McGee Corp.	12,657	561	Marsh & McLennan Companies, Inc.	67,780	3,132
Marathon Oil Corp.	39,191	834	Marshall & Ilsley Corp.	26,600	728
*Nabors Industries, Ltd.	18,250	644	MBIA, Inc.	18,650	818
*Noble Corp.	16,950	596	MBNA Corp.	161,595	3,074
Occidental Petroleum Corp.	47,580	1,354	Mellon Financial Corp.	55,009	1,436
*Rowan Companies, Inc.	11,850	269	Merrill Lynch & Co., Inc.	109,400	4,152
Schlumberger Ltd.	73,033	3,074	MetLife, Inc.	88,715	2,399
Sunoco, Inc.	9,650	320	MGIC Investment Corp.	13,000	537
*Transocean Sedco Forex, Inc.	40,354	936	Moody's Corp.	19,600	809
Unocal Corp.	32,633	998	Morgan Stanley	138,531	5,530
Total		61,599	National City Corp.	77,279	2,111
Financials (8.2%)			North Fork Bancorporation, Inc.	20,700	698
ACE Ltd.	33,200	974	Northern Trust Corp.	28,050	983
AFLAC Inc.	65,450	1,971	Plum Creek Timber Company, Inc.	23,400	552
The Allstate Corp.	89,269	3,302			
Ambac Financial Group, Inc.	13,400	754			
American Express Co.	168,000	5,939			
American International Group, Inc.	330,090	19,095			

Balanced Portfolio

Common Stock (40.1%)	Shares/ Par	Market Value (000's)	Common Stock (40.1%)	Shares/ Par	Market Value (000's)
Financials continued			Health Care continued		
The PNC Financial Services Group, Inc.	35,900	\$ 1,504	*HEALTHSOUTH Corp.	50,100	\$ 210
Principal Financial Group, Inc.	43,900	1,323	*Humana, Inc.	21,400	214
The Progressive Corp.	27,500	1,365	IMS Health, Inc.	35,833	573
*Providian Financial Corp.	36,443	237	Johnson & Johnson	376,223	20,207
Prudential Financial, Inc.	73,400	2,330	*King Pharmaceuticals, Inc.	30,766	529
Regions Financial Corp.	27,990	934	*Manor Care, Inc.	12,400	231
SAFECO Corp.	17,350	602	McKesson HBOC, Inc.	36,693	992
Simon Property Group, Inc.	23,500	801	*MedImmune, Inc.	31,700	861
SLM Corp.	19,586	2,034	Medtronic, Inc.	153,400	6,995
SouthTrust Corp.	43,833	1,089	Merck & Co., Inc.	284,500	16,106
The St. Paul Companies, Inc.	28,620	975	*Millipore Corp.	6,100	207
State Street Corp.	41,000	1,599	Pfizer, Inc.	782,690	23,928
*Stilwell Financial, Inc.	28,071	367	Pharmacia Corp.	163,121	6,818
SunTrust Banks, Inc.	36,067	2,053	*Quest Diagnostics, Inc.	12,300	700
Synovus Financial Corp.	37,450	727	*Quintiles Transnational Corp.	14,900	180
T. Rowe Price Group, Inc.	15,500	423	Schering-Plough Corp.	185,450	4,117
Torchmark Corp.	15,050	550	*St. Jude Medical, Inc.	22,400	890
*Travelers Property Casualty CL B	126,430	1,852	Stryker Corp.	24,950	1,675
U.S. Bancorp	242,109	5,138	*Tenet Healthcare Corp.	61,850	1,014
Union Planters Corp.	25,312	712	UnitedHealth Group, Inc.	38,414	3,208
UnumProvident Corp.	30,506	535	*Watson Pharmaceuticals, Inc.	13,500	382
Wachovia Corp.	173,357	6,317	*Wellpoint Health Networks, Inc. — Class A	18,400	1,309
Washington Mutual, Inc.	122,338	4,224	Wyeth	167,571	6,267
Wells Fargo & Co.	214,785	10,067	*Zimmer Holdings, Inc.	24,673	1,024
XL Capital, Ltd. — Class A	17,200	1,329	Total		153,228
Zions Bancorporation	11,600	456			
Total		210,103	Industrials (4.6%)		
Health Care (6.0%)			3M Co.	49,312	6,080
Abbott Laboratories	197,525	7,901	*Allied Waste Industries, Inc.	24,950	250
Aetna, Inc.	18,979	780	*American Power Conversion Corp.	24,750	375
Allergan, Inc.	16,333	941	*American Standard Companies, Inc.	9,100	647
AmerisourceBergen Corp.	13,400	728	*AMR Corp.	19,600	129
*Amgen, Inc.	161,623	7,813	*Apollo Group, Inc. — Class A	21,900	964
*ANTHEM, INC.	17,800	1,120	Automatic Data Processing, Inc.	78,400	3,077
Applera Corp. — Applied Biosystems Group	26,867	471	Avery Dennison Corp.	13,850	846
Bausch & Lomb, Inc.	6,800	245	The Boeing Co.	106,118	3,501
Baxter International, Inc.	76,300	2,136	Burlington Northern Santa Fe Corp.	48,108	1,251
Becton, Dickinson and Co.	32,450	996	Caterpillar, Inc.	43,512	1,989
*Biogen, Inc.	18,800	753	*Cendant Corp.	131,573	1,379
Biomet, Inc.	33,255	953	Cintas Corp.	21,467	982
*Boston Scientific Corp.	51,490	2,189	*Concord EPS, Inc.	64,900	1,022
Bristol-Myers Squibb Co.	244,944	5,670	*Convergys Corp.	21,850	331
C. R. Bard, Inc.	6,550	380	Cooper Industries, Ltd.	11,800	430
Cardinal Health, Inc.	57,150	3,383	Crane Co.	7,525	150
*Chiron Corp.	23,878	898	CSX Corp.	26,950	763
CIGNA Corp.	17,671	727	Cummins, Inc.	5,200	146
Eli Lilly and Co.	142,066	9,021	Danaher Corp.	19,100	1,255
*Forest Laboratories, Inc.	22,767	2,236	Deere & Co.	30,140	1,382
*Genzyme Corp.	27,100	801	Delta Air Lines, Inc.	15,533	188
*Guidant Corp.	38,612	1,191	Deluxe Corp.	7,912	333
HCA, Inc.	65,515	2,719	Dover Corp.	25,633	747
Health Management Associates, Inc.	30,100	539	Eaton Corp.	8,900	695

Balanced Portfolio

Common Stock (40.1%)	Shares/ Par	Market Value (000's)	Common Stock (40.1%)	Shares/ Par	Market Value (000's)
Industrials continued			Information Technology continued		
Emerson Electric Co.	53,225	\$ 2,706	Autodesk, Inc.	14,466	\$ 207
Equifax, Inc.	18,200	421	*Avaya, Inc.	45,612	112
FedEx Corp.	37,640	2,041	*BMC Software, Inc.	30,440	521
First Data Corp.	95,722	3,390	*Broadcom Corp. — Class A	34,600	521
*Fiserv, Inc.	24,325	826	*CIENA Corp.	54,400	280
Fluor Corp.	10,200	286	*Cisco Systems, Inc.	925,167	12,119
General Dynamics Corp.	25,500	2,024	*Citrix Systems, Inc.	22,080	272
General Electric Co.	1,258,098	30,636	Computer Associates International, Inc.	73,032	986
Goodrich Corp.	14,600	267	*Computer Sciences Corp.	21,650	746
H&R Block, Inc.	22,850	919	*Compuware Corp.	47,543	228
Honeywell International, Inc.	103,550	2,485	*Comverse Technology, Inc.	23,600	236
Illinois Tool Works, Inc.	38,700	2,510	*Corning, Inc.	145,200	481
Ingersoll-Rand Co.—Class A	21,370	920	*Dell Computer Corp.	328,067	8,772
ITT Industries, Inc.	11,600	704	*Electronic Arts, Inc.	17,600	876
Lockheed Martin Corp.	57,522	3,322	Electronic Data Systems Corp.	60,700	1,119
Masco Corp.	62,700	1,320	*EMC Corp.	278,586	1,711
*McDermott International, Inc.	8,000	35	*Gateway, Inc.	40,950	129
*Navistar International Corp.	7,620	185	Hewlett-Packard Co.	385,867	6,698
*Norfolk Southern Corp.	49,143	982	Intel Corp.	842,743	13,121
Northrop Grumman Corp.	23,031	2,234	International Business Machines Corp.	214,210	16,600
PACCAR, Inc.	14,685	677	*Intuit, Inc.	26,800	1,257
Pall Corp.	15,516	259	*Jabil Circuit, Inc.	25,033	449
Parker-Hannifin Corp.	14,900	687	*JDS Uniphase Corp.	172,000	425
Paychex, Inc.	47,540	1,326	*KLA-Tencor Corp.	23,900	845
Pitney Bowes, Inc.	30,127	984	*Lexmark International Group, Inc. — Class A	16,000	968
*Power-One, Inc.	10,000	57	Linear Technology Corp.	40,150	1,033
R. R. Donnelley & Sons Co.	14,333	312	*LSI Logic Corp.	47,000	271
Raytheon Co.	50,900	1,565	*Lucent Technologies, Inc.	434,062	547
*Robert Half International, Inc.	22,160	357	Maxim Integrated Products, Inc.	40,800	1,348
Rockwell Automation, Inc.	23,450	486	*Mercury Interactive Corp.	10,600	314
Rockwell Collins, Inc.	23,150	538	*Micron Technology, Inc.	76,350	744
Ryder System, Inc.	7,900	177	*Microsoft Corp.	684,800	35,403
*Sabre Holdings Corp. — Class A	18,309	332	Molex, Inc.	24,475	564
Southwest Airlines Co.	97,695	1,358	Motorola, Inc.	290,719	2,515
Textron, Inc.	17,450	750	*National Semiconductor Corp.	22,843	343
*Thomas & Betts Corp.	7,400	125	*NCR Corp.	12,400	294
Tyco International, Ltd.	252,283	4,309	*Network Appliance, Inc.	42,600	426
Union Pacific Corp.	31,940	1,912	*Novell, Inc.	45,800	153
United Parcel Service, Inc.	141,200	8,908	*Novellus Systems, Inc.	18,300	514
United Technologies Corp.	59,633	3,694	*Nvidia Corp.	19,300	222
W.W. Grainger, Inc.	11,800	608	*Oracle Corp.	687,050	7,419
Waste Management, Inc.	77,297	1,772	*Parametric Technology Corp.	32,920	83
Total		118,318	*PeopleSoft, Inc.	39,500	723
Information Technology (5.8%)			PerkinElmer, Inc.	15,800	130
*ADC Telecommunications, Inc.	100,350	210	*PMC-Sierra, Inc.	21,000	117
Adobe Systems, Inc.	30,375	757	*QLogic Corp.	11,850	409
*Advanced Micro Devices, Inc.	43,300	280	*QUALCOMM, Inc.	98,233	3,575
*Agilent Technologies, Inc.	58,688	1,054	*Rational Software Corp.	24,400	254
*Altera Corp.	48,265	596	*Sanmina-SCI Corp.	66,200	297
*Analog Devices, Inc.	46,243	1,104	Scientific-Atlanta, Inc.	19,800	235
*Andrew Corp.	12,362	127	*Siebel Systems, Inc.	60,400	452
*Apple Computer, Inc.	45,400	651	*Solectron Corp.	104,000	369
*Applied Materials, Inc.	208,000	2,710	*Sun Microsystems, Inc.	410,454	1,277
*Applied Micro Circuits Corp.	38,100	141			

Balanced Portfolio

Common Stock (40.1%)	Shares/ Par	Market Value (000's)	Common Stock (40.1%)	Shares/ Par	Market Value (000's)
Information Technology continued			Telecommunication Services continued		
*SunGard Data Systems, Inc.	35,700	\$ 841	*AT&T Wireless Services, Inc.	342,416	\$ 1,935
Symbol Technologies, Inc.	28,950	238	BellSouth Corp.	236,635	6,122
*Tektronix, Inc.	11,240	204	CenturyTel, Inc.	17,900	526
*Tellabs, Inc.	51,908	377	*Citizens Communications Co.	35,600	376
*Teradyne, Inc.	23,150	301	*Nextel Communications, Inc. — Class A	115,133	1,330
Texas Instruments, Inc.	219,175	3,290	*Qwest Communications International, Inc.	212,020	1,060
*Thermo Electron Corp.	21,100	425	SBC Communications, Inc.	420,433	11,398
*Unisys Corp.	40,850	404	Sprint Corp.	112,891	1,635
*VERITAS Software Corp.	51,901	811	*Sprint Corp. (PCS Group)	126,040	552
*Waters Corp.	16,600	362	Verizon Communications, Inc.	345,038	13,369
*Xerox Corp.	92,300	743	Total		42,849
*Xilinx, Inc.	42,700	880	Utilities (1.1%)		
*Yahoo!, Inc.	75,900	1,241	*The AES Corp.	68,675	207
Total		147,457	*Allegheny Energy, Inc.	15,900	120
Materials (1.1%)			Ameren Corp.	18,333	762
Air Products and Chemicals, Inc.	28,733	1,228	American Electric Power Company, Inc.	42,820	1,170
Alcoa, Inc.	106,743	2,432	*Calpine Corp.	47,640	155
Allegheny Technologies, Inc.	10,131	63	CenterPoint Energy, Inc.	38,326	326
Ball Corp.	7,134	365	Cinergy Corp.	21,238	716
Bemis Company, Inc.	6,650	330	CMS Energy Corp.	18,200	172
Boise Cascade Corp.	7,400	187	Consolidated Edison, Inc.	26,925	1,153
The Dow Chemical Co.	115,124	3,419	Constellation Energy Group, Inc.	20,800	579
E. I. du Pont de Nemours and Co.	125,645	5,327	Dominion Resources, Inc.	38,525	2,115
Eastman Chemical Co.	9,775	359	DTE Energy Co.	21,150	981
Ecolab, Inc.	16,400	812	Duke Energy Corp.	112,242	2,193
Engelhard Corp.	16,300	364	*Dynegy, Inc. — Class A	45,600	54
*Freeport-McMoRan Copper & Gold, Inc. — Class B	18,319	307	*Edison International	41,180	488
Georgia-Pacific Corp.	29,058	470	El Paso Corp.	73,917	514
Great Lakes Chemical Corp.	6,300	150	Entergy Corp.	28,291	1,290
*Hercules, Inc.	13,800	121	Exelon Corp.	40,762	2,151
International Flavors & Fragrances, Inc.	11,975	420	FirstEnergy Corp.	37,674	1,242
International Paper Co.	60,924	2,131	FPL Group, Inc.	23,043	1,386
*Louisiana-Pacific Corp.	13,200	106	KeySpan Corp.	17,900	631
MeadWestvaco Corp.	25,314	626	Kinder Morgan, Inc.	15,433	652
Monsanto Co.	33,078	637	*Mirant Corp.	50,784	96
Newmont Mining Corp.	50,730	1,473	Nicor, Inc.	5,550	189
Nucor Corp.	9,867	408	NiSource, Inc.	30,784	616
*Pactiv Corp.	20,000	437	Peoples Energy Corp.	4,500	174
*Phelps Dodge Corp.	11,210	355	*PG&E Corp.	49,675	690
PPG Industries, Inc.	21,433	1,075	Pinnacle West Capital Corp.	10,900	372
Praxair, Inc.	20,400	1,179	PPL Corp.	20,433	709
Rohm and Haas Co.	27,934	907	Progress Energy, Inc.	29,879	1,295
*Sealed Air Corp.	10,636	397	Public Service Enterprise Group, Inc.	28,040	900
Sigma-Aldrich Corp.	9,300	453	Sempra Energy	25,859	612
Temple-Inland, Inc.	6,800	305	The Southern Co.	89,600	2,544
United States Steel Corp.	12,850	169	TECO Energy, Inc.	21,900	339
Vulcan Materials Co.	12,800	480	TXU Corp.	39,015	729
Weyerhaeuser Co.	27,720	1,364	The Williams Companies, Inc.	65,200	176
Worthington Industries, Inc.	10,850	165	Xcel Energy, Inc.	50,370	554
Total		29,021	Total		29,052
Telecommunication Services (1.7%)			Total Common Stock		1,027,902
ALLTEL Corp.	39,343	2,006	(Cost: \$728,721)		
AT&T Corp.	97,274	2,540			

Balanced Portfolio

Money Market Investments (20.2%)	Shares/ Par	Market Value (000's)
Agricultural Services (1.2%)		
#Cargill Inc., 1.31%, 1/22/03	\$15,000,000	\$ 14,988
#Cargill Inc., 1.33%, 1/23/03	15,000,000	14,988
Total		29,976
Asset-Backed Securities (CMO'S) (0.6%)		
#Fcar Owner Trust 1, 1.35%, 2/4/03	15,000,000	14,981
Total		14,981
Auto Related (1.0%)		
#General Motors Corp., 1.95%, 1/9/03	10,000,000	9,996
#Toyota Motor Credit Co., 1.31%, 1/30/03	15,000,000	14,984
Total		24,980
Diversified Business Finance (0.6%)		
#General Electric Capital, 1.31%, 2/14/03	15,000,000	14,976
Total		14,976
Federal Government and Agencies (1.1%)		
#Federal National Mortgage Association, 1.275%, 3/5/03	28,500,000	28,441
Total		28,441
Finance Lessors (1.2%)		
#Receivables Capital Corp., 1.35%, 2/7/03	15,000,000	14,979
#Receivables Capital Corp., 1.35%, 1/21/03	15,000,000	14,989
Total		29,968
Finance Services (2.8%)		
#Asset Securitization, 1.32%, 1/21/03	15,000,000	14,989
#Ciesco LP, 1.32%, 1/16/03	15,000,000	14,991
#Ciesco LP, 1.34%, 2/6/03	15,000,000	14,980
#Preferred Receivable Funding, 1.34%, 1/23/03	15,000,000	14,988
#Preferred Receivable Funding, 1.35%, 1/10/03	14,700,000	14,695
Total		74,643
Machinery (0.4%)		
John Deere Capital Corp., 1.64%, 1/7/03	10,000,000	9,997
Total		9,997

Money Market Investments (20.2%)	Shares/ Par	Market Value (000's)
Miscellaneous Business Credit Institutions (1.7%)		
# National Rural Utility C, 1.40%, 1/21/03	\$15,000,000	\$ 14,988
#Quincy Capital Corp., 1.35%, 1/6/03	15,000,000	14,998
# Toyota Motor Credit Co., 1.32%, 2/13/03	15,000,000	14,976
Total		44,962
Nonclassifiable Establishments (1.2%)		
# Thunder Bay Funding, Inc., 1.34%, 1/21/03	15,000,000	14,989
# Thunder Bay Funding, Inc., 1.35%, 2/18/03	15,000,000	14,973
Total		29,962
Passenger Car Rental (0.6%)		
# Delaware Funding Corp., 1.35%, 2/13/03	15,000,000	14,976
Total		14,976
Personal Credit Institutions (0.6%)		
# Salomon Smith Barney Hld, 1.34%, 1/30/03	15,100,000	15,084
Total		15,084
Pharmaceutical Preparations (0.4%)		
# Wyeth, 1.85%, 1/6/03	10,000,000	9,998
Total		9,998
Security Brokers and Dealers (1.2%)		
# Goldman Sachs Group, Inc., 1.78%, 2/3/03	15,000,000	14,976
# Morgan St. Dean Witter, 1.32%, 2/4/03	15,000,000	14,981
Total		29,957
Short Term Business Credit (5.0%)		
CXC Inc., 1.34%, 2/6/03	15,000,000	14,980
CXC Inc., 1.76%, 1/17/03	15,000,000	14,988
Old Line Funding Corp., 1.38%, 1/15/03	30,000,000	29,984
Quincy Capital Corp., 1.35%, 1/23/03	15,000,000	14,988
Transamerica Financial Corporation, 1.76%, 2/7/03	15,000,000	14,973
UBS Finance LLC, 1.2%, 1/2/03	24,960,000	24,958

Balanced Portfolio

Money Market Investments (20.2%)	Shares/ Par	Market Value (000's)
Short Term Business Credit continued		
UBS Finance LLC, 1.3%, 1/28/03	\$15,000,000	\$ 14,985
Total		<u>129,856</u>
Tobacco Products (0.6%)		
Philip Morris Disc, 1.33%, 1/30/03	15,000,000	14,984
Total		<u>14,984</u>
Total Money Market Investments (Cost: \$517,737)		<u>517,741</u>
Total Investments (105.6%) (Cost \$2,338,335)^		<u>2,704,286</u>
Other Assets, Less Liabilities (-5.6%)		<u>(142,757)</u>
Total Net Assets (100.0%)		<u>\$2,561,529</u>

^ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$2,357,594 and the net unrealized appreciation of investments based on that cost was \$346,692 which is comprised of \$552,721 aggregate gross unrealized appreciation and \$206,029 aggregate gross unrealized depreciation.

144A after the name of a security represents a security exempt from registration under rule 144a of the Securities Act of 1933. These securities may be resold as transactions exempt from registration, normally to qualified institutional buyers.

IO — Interest Only Security

* Non-Income Producing

++ Defaulted Security

All or a portion of the securities have been committed as collateral for open futures positions. Information regarding open futures contracts as of period end is summarized below:

Issuer (000's)	Number of Contracts	Expiration Date	Unrealized Appreciation / (Depreciation) (000's)
S & P 500 Index			
Futures	1564	3/03	\$(9,466)
(Total Notional Value at 12/31/02 \$353,116)			

The Accompanying Notes are an Integral Part of the Financial Statements

High Yield Bond Portfolio

Objective:

High current income and capital appreciation with moderate risk.

Portfolio Strategy:

Generate superior performance by investing in a diversified mix of fixed income securities rated below investment grade.

Net Assets:

\$137.55 million

Investing in a portfolio of high yield bonds provides investors who can accept a moderate level of risk with a high level of current income, coupled with the opportunity for capital gains. Holdings of particular interest include investments in entities that have the possibility of a positive event, such as a significant improvement in credit rating or earnings or a change in ownership. In a high yield portfolio, some credit losses over time are inevitable; high coupons and diversification across many holdings mitigate the impact of individual securities on the performance of the total Portfolio.

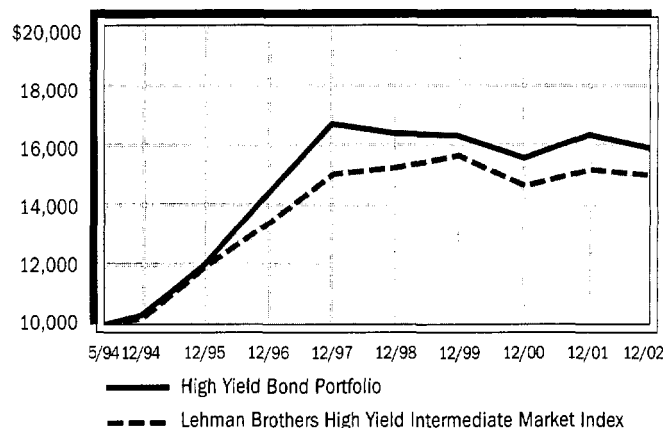
For 2002, the High Yield Bond Portfolio had a return of -2.89%, versus -1.36% for its benchmark, the Lehman Brothers High Yield Intermediate Market Index. These returns were better than the stock market, but substantially below investment-grade bonds. In the current market environment, with many defaults and downgrades of high yield bonds, it is especially difficult for managed funds to outperform the Index because defaulted bonds are removed from the Index, but they affect portfolio performance whether held in hope of recovery or written off.

The high yield bond market was quite turbulent during the year, with many defaults and widespread downward credit rating migration in response to deterioration in the financial situation of issuers. Volatility increased greatly as investment-grade bond investors attempted to sell very large issues that were downgraded to below investment-grade status. After a period of dismal performance, high yield bonds recovered markedly in the fourth quarter of 2002, as investor fears subsided, the stock market recovered, and credit spreads narrowed on expectations of improving fundamentals.

The Portfolio's performance relative to the Index has been negatively affected by holdings in three industry sectors: cable television, wireless communication and electric power producers. Each of these industries has been affected by well-publicized financial problems experienced by highly visible participants. In these sectors, prices of some bonds held by the Portfolio have fallen significantly, as technical trading factors have compounded the problems caused by fundamental deterioration. We evaluate each issue on its own merits, often keeping those bonds for which an eventual workout may create more value than a sale at current distressed levels, even though such a sale might boost the Portfolio's short-term performance.

The Portfolio's current strategic direction is focused largely on reducing risk by improving credit quality and emphasizing industries that are relatively stable, such as gaming, health care, publishing, home building, real estate and oil field services. As market conditions permit, we are reducing exposure to more volatile industries such as electric utilities, cable and wireless. We have increased the number of holdings in the Portfolio, in order to spread risk among many issues.

Relative Performance



Average Annual Total Return

For Periods Ended December 31, 2002

	1 Year	5 Years	Since Inception*
High Yield Bond Portfolio	-2.89%	-1.00%	5.48%
Lehman Brothers High Yield Intermediate Market Index	-1.36%	-0.05%	4.78%

*inception date of 05/03/94

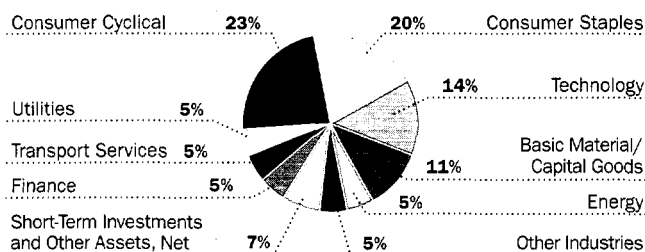
The total return performance for the High Yield Bond Portfolio is shown in comparison with the Lehman Brothers High Yield Intermediate Market Index. The Lehman Brothers index is an appropriate measure of portfolio performance since it has a quality and maturity profile that resembles the High Yield Bond Portfolio. The index cannot be invested in directly and do not include sales charges.

The Lehman Brothers High Yield Intermediate Market Index is made up of dollar-denominated, nonconvertible, SEC publicly registered fixed rate noninvestment grade issues. The bonds will have remaining maturities of between one and ten years and have an outstanding par value of at least \$100 million. Yankee and global bonds (SEC registered) of issuers in G-7 countries are included. Original issue zero coupon bonds and step-up coupon structures are also included; however, the index excludes pay-in-kind (PIK) bonds. Each bond must be rated Ba1 or lower by Moody's Investor Service. If a Moody's rating is unavailable, the bonds must be rated BB+ or lower by Standard & Poor's, or by Fitch if an S&P rating is unavailable. A few unrated bonds are included in the index; to be eligible they must have previously held a high yield rating or have been associated with a high yield issuer. The index is an unmanaged market value weighted index and measures the income provided by, and the price changes of, the underlying securities.

This chart assumes an initial investment of \$10,000 made on 5/3/94 (commencement of operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account are shown of page 4.

Percentage Holdings by Industry Sector

12/31/02



High Yield Bond Portfolio

Northwestern Mutual Series Fund, Inc. Schedule of Investments December 31, 2002

	Shares/ Par	Market Value (000's)
Bonds (90.5%)		
<u>Basic Materials (3.3%)</u>		
<u>Chemicals (0.5%)</u>		
Lyondell Chemical Co., 11.125%, 7/15/12	\$ 750,000	\$ 739
Total		739
<u>Metals and Mining (1.6%)</u>		
Great Central Mines, Ltd., 8.875%, 4/1/08	1,250,000	1,244
UCAR Finance, Inc., 10.25%, 2/15/12	1,125,000	894
Total		2,138
<u>Paper (1.2%)</u>		
Appleton Papers, Inc., 12.50%, 12/15/08	1,500,000	1,641
Total		1,641
Total Basic Materials		4,518
<u>Capital Goods (6.7%)</u>		
<u>Aerospace (0.6%)</u>		
K & F Industries Inc., 9.625%, 12/15/10 144A	750,000	763
Total		763
<u>Building — Forest Products (0.5%)</u>		
Georgia-Pacific Corp., 8.125%, 5/15/11	750,000	713
Total		713
<u>Building and Construction (3.5%)</u>		
Brickman Group Ltd., 11.75%, 12/15/09 144A	1,325,000	1,384
H & E Equipment / Finance, 11.125%, 6/15/12 144A	1,125,000	844
Integrated Electrical Services, Inc., 9.375%, 2/1/09	1,500,000	1,379
United Rentals, Inc., 10.75%, 4/15/08	1,250,000	1,243
Total		4,850
<u>Industrial (2.1%)</u>		
Perkinelmer, Inc., 8.875%, 1/15/13 144A	750,000	739
Rexnord Corp., 10.125%, 12/15/12 144A	750,000	769
Tyco International Group, 6.375%, 2/15/06	750,000	728
Tyco International Group S.A., 6.375%, 6/15/05	375,000	364
Tyco International Group SA, 6.375%, 10/15/11	375,000	351
Total		2,951
Total Capital Goods		9,277

	Shares/ Par	Market Value (000's)
Bonds (90.5%)		
<u>Chemicals and Allied Products (1.1%)</u>		
FMC Corp., 10.25%, 11/1/09 144A	\$ 750,000	\$ 810
Lyondell Chemical Co., 9.50%, 12/15/08 144A	750,000	698
Total Chemicals and Allied Products		1,508
<u>Construction and Building Materials (0.3%)</u>		
United Rentals, Inc., 10.75%, 4/15/08 144A	375,000	369
Total Construction and Building Materials		369
<u>Consumer Cyclical (22.9%)</u>		
<u>Apparel, Textile (1.6%)</u>		
Guess ?, Inc., 9.50%, 8/15/03	1,000,000	980
Levi Strauss & Co., 11.625%, 1/15/08	1,125,000	1,100
Tommy Hilfiger USA, Inc., 6.85%, 6/1/08	200,000	188
Total		2,268
<u>Auto Related (2.3%)</u>		
Avis Group Holdings, Inc., 11.00%, 5/1/09	1,250,000	1,368
Collins & Aikman Products, Inc., 11.50%, 4/15/06	750,000	630
Trimas Corp., 9.875%, 6/15/12 144A	1,125,000	1,113
Total		3,111
<u>Home Construction (3.1%)</u>		
Beazer Homes USA, 8.875%, 4/1/08	925,000	957
K Hovnanian Enterprises, 10.50%, 10/1/07	750,000	806
Schuler Homes, 9.375%, 7/15/09	725,000	740
Standard Pacific Corp., 9.50%, 9/15/10	1,025,000	1,074
Tech Olympic USA, Inc., 9.00%, 7/1/10 144A	750,000	728
Total		4,305
<u>Household Appliances (0.6%)</u>		
Rent-A-Center, Inc., 11.00%, 8/15/08	750,000	807
Total		807
<u>Leisure Related (2.1%)</u>		
Bally Total Fitness Holdings, Series D, 9.875%, 10/15/07	1,300,000	1,130
Premier Parks, Inc., 9.50%, 2/1/09	750,000	724
Royal Caribbean Cruises Ltd., 7.00%, 10/15/07	1,125,000	1,001
Total		2,855

High Yield Bond Portfolio

Bonds (90.5%)	Shares/ Par	Market Value (000's)
Lodging / Resorts (3.7%)		
Corrections Corporation of America, 9.875%, 5/1/09 144A	\$ 725,000	\$ 769
Felcor Lodging Limited Partnership, 9.50%, 9/15/08	1,350,000	1,376
Hilton Hotels Corp., 7.625%, 12/1/12	750,000	757
John Q. Hammons, 8.875%, 5/15/12	550,000	553
Meristar Hospitality Finance Corp., 9.00%, 1/15/08	450,000	396
Meristar Hospitality Finance Corp., 9.125%, 1/15/11	550,000	479
RFS Partnership LP, 9.75%, 3/1/12	750,000	766
Total		5,096
Printing and Publishing (4.0%)		
American Achievement Corp., 11.625%, 1/1/07	700,000	743
DEX Media East LLC, 9.875%, 11/15/09 144A	750,000	803
Mail-Well Corp., 9.625%, 3/15/12	1,125,000	1,001
RH Donnelley Fin Corp., 10.875%, 12/15/12 144A	950,000	1,036
Vertis Inc., 10.875%, 6/15/09	725,000	754
Vertis, Inc., 10.875%, 6/15/09 144A	425,000	442
Von Hoffman Corp., 10.25%, 3/15/09	750,000	701
Total		5,480
Retail — General (5.5%)		
Asbury Automotive Group, Inc., 9.00%, 6/15/12	750,000	653
Autonation, Inc., 9.00%, 8/1/08	725,000	732
Buhrmann US, Inc., 12.25%, 11/1/09	1,500,000	1,394
CSK Auto, Inc., 12.00%, 6/15/06	750,000	803
The Gap, Inc., 8.15%, 12/15/05	350,000	372
The Gap, Inc., 10.55%, 12/15/08	375,000	409
Hollywood Entertainment Inc., 9.625%, 3/15/11	950,000	969
Saks, Inc., 8.25%, 11/15/08	750,000	746
Sonic Automotive, Inc., 11.00%, 8/1/08	750,000	765
United Auto Group, Inc., 9.625%, 3/15/12 144A	750,000	728
Total		7,571
Total Consumer Cyclical		31,493
Consumer Staples (19.7%)		
Containers (1.6%)		
Applied Extrusion Tech., Inc., 10.75%, 7/1/11	375,000	242
BWAY Corp., 10.00%, 10/15/10 144A	750,000	778
Owens-Brockway Glass Container, Inc., 8.75%, 11/15/12 144A	1,125,000	1,142
Total		2,162

Bonds (90.5%)	Shares/ Par	Market Value (000's)
Food Service (1.3%)		
Buffets, Inc., 11.25%, 7/15/10 144A	\$ 750,000	\$ 709
Sbarro, Inc., 11.00%, 9/15/09	1,150,000	1,070
Total		1,779
Foods (0.9%)		
Corn Products International, Inc., 8.25%, 7/15/07	575,000	581
Swift & Co., 10.125%, 10/1/09 144A	750,000	709
Total		1,290
Gaming (10.8%)		
Aztar Corp., 8.875%, 5/15/07	150,000	153
Choctaw Resort Development, 9.25%, 4/1/09	1,400,000	1,480
Chumash Casino & Resort, 9.00%, 7/15/10 144A	750,000	795
Herbst Gaming, Inc., 10.75%, 9/1/08	1,125,000	1,176
Hollywood Casino Shreveport, 13.00%, 8/1/06	700,000	700
Jacobs Entertainment, Inc., 11.875%, 2/01/09	1,500,000	1,552
Majestic Investment Holdings, Inc., 11.653%, 11/30/07	900,000	833
The Majestic Star Casino LLC, 10.875%, 7/1/06	850,000	867
Mandalay Resort Group, 7.625%, 7/15/13	500,000	500
Park Place Entertainment Corporation, 9.375%, 2/15/07	150,000	160
Resort International Hotel/Casino, 11.50%, 3/15/09	1,000,000	905
Riviera Holdings Corp., 11.00%, 6/15/10	1,500,000	1,350
Venetian Casino Resort LLC, 11.00%, 6/15/10 144A	1,875,000	1,958
Wheeling Island Gaming, 10.125%, 12/15/09	950,000	979
Wynn Las Vegas Corp., 12.00%, 11/1/10	1,500,000	1,514
Total		14,922
Healthcare (4.1%)		
AmerisourceBergen Corp., 7.25%, 11/15/12 144A	550,000	564
Fresenius Medical Capital Trust II, 7.875%, 2/1/08	650,000	640
HEALTHSOUTH Corp., 8.50%, 2/1/08	1,125,000	968
InSight Health Services Corp., 9.875%, 11/1/11 144A	1,115,000	1,070
Pacificare Health Systems, Inc., 10.75%, 6/1/09	750,000	803
Rotech Healthcare Inc., 9.50%, 4/1/12 144A	750,000	751
Ventas Realty, 9.00%, 5/1/12	750,000	784
Total		5,580

High Yield Bond Portfolio

Bonds (90.5%)	Shares/ Par	Market Value (000's)
Retail — Food (0.7%)		
Fleming Companies, Inc., 10.125%, 4/1/08	\$ 350,000	\$ 301
Great Atlantic & Pacific Tea Co., Inc., 7.75%, 4/15/07	925,000	666
Total		967
Soaps and Toiletries (0.3%)		
Elizabeth Arden, Inc., 11.75%, 2/1/11	350,000	361
Total		361
Total Consumer Staples		
		27,061
Energy (4.7%)		
Oil and Gas Independent (0.9%)		
PDVSA Finance, Ltd., 1999-I, 9.75%, 2/15/10	1,325,000	1,179
Total		1,179
Oil and Gas Integrated (0.6%)		
Compton Petroleum Corp., 9.90%, 5/15/09 144A	750,000	780
Total		780
Oil Field Services (3.0%)		
BRL Universal Equipment, 8.875%, 2/15/08	1,400,000	1,456
El Paso Energy Partners, 8.50%, 6/1/11	1,125,000	1,043
Grant Prideco Escrow, 9.00%, 12/15/09 144A	1,050,000	1,092
Hanover Equipment Trust, 8.75%, 9/1/11 144A	725,000	700
Total		4,291
Refining (0.2%)		
Tesoro Petroleum Corp., 9.625%, 11/1/08	375,000	255
Total		255
Total Energy		
		6,505
Finance (5.6%)		
Banks (1.9%)		
Sovereign Real Estate Investment Trust, 12.00%, 5/16/20 144A	1,325,000	1,470
Western Financial Bank-FSB, 9.625%, 5/15/12	1,125,000	1,091
Total		2,561
Finance Companies (2.8%)		
AmeriCredit Corp., 9.875%, 4/15/06	1,100,000	924
Americredit Corp., 9.25%, 5/1/09 144A	450,000	351
IOS Capital, Inc., 9.75%, 6/15/04	1,225,000	1,246
Metris Companies, Inc., 10.125%, 7/15/06	2,600,000	1,430
Total		3,951

Bonds (90.5%)	Shares/ Par	Market Value (000's)
Financial Services (0.9%)		
Labranche & Company, Inc., 12.00%, 3/2/07	\$1,100,000	\$ 1,227
Total		1,227
Total Finance		
		7,739
Miscellaneous (2.0%)		
CB Richards Ellis Services, Inc., 11.25%, 6/15/11	1,400,000	1,287
Crescent Real Estate Equities, 7.50%, 9/15/07	650,000	631
Istar Financial, Inc., 8.75%, 8/15/08	725,000	772
Total Miscellaneous		2,690
Professional Services (1.8%)		
Kindercare Learning Centers, 9.50%, 2/15/09	1,880,000	1,824
Service Corp. International, 7.70%, 4/15/09	650,000	611
Total Professional Services		2,435
Real Estate (1.0%)		
LNR Property Corp., 10.50%, 1/15/09	1,350,000	1,364
Total Real Estate		1,364
Technology (11.2%)		
Cable (3.2%)		
Charter Communications Holdings LLC, 9.625%, 11/15/09	750,000	334
Charter Communications Holdings LLC, 10.75%, 10/1/09	850,000	385
Echostar DBS Corp., 10.375%, 10/1/07	1,150,000	1,244
Insight Midwest, 9.75%, 10/01/09	950,000	903
++NTL Communications Corp., 11.50%, 10/1/08	900,000	86
✓ NTL, Inc., 9.75%, 4/1/08	1,900,000	152
Rogers Communications, Inc., 8.875%, 7/15/07	1,000,000	954
✓Telewest Communications PLC, 9.25%, 4/15/09	1,000,000	140
++Telewest Communications PLC, 9.875%, 2/1/10	900,000	162
✓United Pan-Europe Communications NV, 13.75%, 2/1/10	600,000	36
Total		4,396
Electronics (1.1%)		
Amkor Technology, Inc., 5.00%, 3/15/07	475,000	232
Sanmina-Sci Corporation, 10.375%, 1/15/10 144A	750,000	758
Solelectron Corp., 9.625%, 2/15/09	575,000	561
Total		1,551

High Yield Bond Portfolio

Bonds (90.5%)	Shares/ Par	Market Value (000's)	Bonds (90.5%)	Shares/ Par	Market Value (000's)
Office Equipment (0.5%)			Utilities continued		
Xerox Corp., 7.15%, 8/01/04	\$ 750,000	\$ 724	Edison Mission Energy, 10.00%, 8/15/08	\$ 1,500,000	\$ 720
Total		724	Orion Power Holdings, Inc., 12.00%, 5/1/10	1,800,000	1,296
Telecommunications Wireless: Cellular /PCS (6.4%)			++PG&E National Energy Group, Inc., 10.375%, 5/16/11	1,500,000	570
Alamosa Delaware, Inc., 12.50%, 2/1/11	450,000	135	USEC, Inc., 6.625%, 1/20/06	1,325,000	1,139
Alamosa Delaware, Inc., 13.625%, 8/15/11	1,262,500	417	Western Resources, 9.75%, 5/1/07	1,125,000	1,024
+Alamosa PCS Holdings, Inc., 12.875%, 2/15/10	2,900,000	522	Total		6,120
Dobson Communications Corp., 10.875%, 7/1/10	1,000,000	845	Utility — Garbage Disposal (0.9%)		
+Nextel Communications, Inc., 10.65%, 9/15/07	1,750,000	1,670	Allied Waste North America, Inc., 8.50%, 12/1/08	1,170,000	1,176
Nextel Partners Inc., 11.00%, 3/15/10	350,000	298	Total		1,176
Nextel Partners, Inc., 12.50%, 11/15/09	775,000	698	Total Utilities		7,296
Qwest Services Corp., 12/15/10, 13.50% 144A	720,000	749	Total Bonds		124,528
Rogers Cantel, Inc., 8.30%, 10/1/07	650,000	575	(Cost: \$133,348)		
Rogers Cantel, Inc., 9.75%, 6/1/16	300,000	271	Preferred Stock (2.6%)		
Rogers Wireless Inc., 9.625%, 5/1/11	450,000	425	Technology (2.6%)		
+Triton PCS, Inc., 11.00%, 5/1/08	1,050,000	874	Broadcasting (0.7%)		
TSI Telecommunications Service, 12.75%, 2/1/09	1,300,000	1,156	Sinclair Capital	9,500	1,007
+US Unwired, Inc., 13.375%, 11/1/09	2,625,000	158	Total		1,007
Total		8,793	Cable (1.9%)		
Total Technology		15,464	CSC Holdings, Inc. — Series H	17,750	1,686
Transport Services (4.9%)			CSC Holdings, Inc. — Series M	8,708	810
Railroads (1.6%)			++NTL Inc., 13.00%, 2/15/09	3	0
Railamerica Transportation Corp., 12.875%, 8/15/10	1,400,000	1,400	Total		2,496
TFM SA DE CV, 12.50%, 6/15/12 144A	750,000	758	Telecommunications Wireless: Towers (0.0%)		
Total		2,158	**Crown Castle International Corp.	3	0
Trucking — Shipping (3.3%)			Total		0
++American Commercial LLC, 11.25%, 1/1/08	551,186	176	Telecommunications Wireline: CLEC (0.0%)		
CP Ships Ltd., 10.375%, 7/15/12	750,000	788	**Intermedia Communications, Inc.	1	0
International Shipbuilding Corp., 7.75%, 10/15/07	700,000	560	Total		0
North American Van Lines, 13.375%, 12/1/09	1,650,000	1,604	Total Technology		3,503
Stena AB, 9.625%, 12/1/12 144A	1,475,000	1,523	Trucking (0.0%)		
Total		4,651	**American Commercial Lines LLC	4,948	28
Total Transport Services		6,809	Total Trucking		28
Utilities (5.3%)			Total Preferred Stock		3,531
Utility — Electric (4.4%)			(Cost: \$4,122)		
Calpine Canada Energy, 8.50%, 5/1/08	1,425,000	620	Common Stocks and Warrants (0.1%)		
Calpine Corp., 8.625%, 8/15/10	1,000,000	425	Consumer Cyclical (0.1%)		
Calpine Corp., 8.75%, 7/15/07	750,000	326	Leisure Related (0.0%)		
			*Hedstrom Holdings, Inc.	201,674	0
			Total		0

High Yield Bond Portfolio

Common Stocks and Warrants (0.1%)	Shares/ Par	Market Value (000's)
<u>Printing and Publishing (0.1%)</u>		
*Jostens, Inc.	1,550	\$ 53
Total Consumer Cyclical		53
<u>Railroads (0.0%)</u>		
*Railamerica, Inc.	1,400	28
Total Railroads		28
<u>Real Estate Investment Trusts (0.0%)</u>		
*La Quinta Corporation	11,117	49
Total Real Estate Investment Trusts		49
<u>Telecommunication Services (0.0%)</u>		
Horizon PCS, Inc. — Warrant	2,000	0
IWO Holdings, Inc. 144A	1,150	0
Total Telecommunication Services		0
Total Common Stocks and Warrants (Cost: \$615)		130
<u>Money Market Investments (4.3%)</u>		
Short Term Business Credit (4.3%)		
Old Line Funding Corp., 1.38%, 1/15/03	\$5,900,000	5,897
Total Money Market Investments (Cost: \$5,897)		5,897
Total Investments (97.5%) (Cost \$143,982)^		134,086
Other Assets, Less Liabilities (2.5%)		3,467
Total Net Assets (100.0%)		\$137,553

^ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$144,255 and the net unrealized depreciation of investments based on that cost was \$10,169 which is comprised of \$5,111 aggregate gross unrealized appreciation and \$15,280 aggregate gross unrealized depreciation.

144A after the name of a security represents a security exempt from registration under rule 144A of the Securities Act of 1933. These securities may be resold as transactions exempt from registration, normally to qualified institutional buyers.

* Non-Income Producing

+ Step bond security that presently receives no coupon payments. At the predetermined date the stated coupon rate becomes effective.

++ Defaulted Security

✓ Defaulted security and step bond security that presently receives no coupon payments. At the predetermined date the stated coupon rate becomes effective.

** PIK — Payment In Kind

The Accompanying Notes are an Integral Part of the Financial Statements

Select Bond Portfolio

Objective:

A stable and relatively high level of long-term total return and preservation of capital

Portfolio Strategy:

Invest in high grade corporate bonds, U.S. government bonds and bonds of government agencies.

Net Assets:

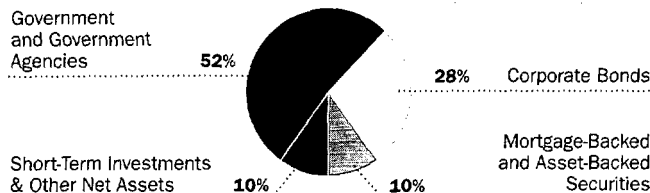
\$584.02 million

The Select Bond Portfolio invests primarily in high quality debt securities, mainly government bonds, corporate bonds and mortgage-backed securities. Exposure to market sectors is adjusted as yield spreads change among the various classes of securities. Duration and maturities are altered with moderate adjustments in recognition or anticipation of interest rate changes.

In the third consecutive year in which bonds provided significantly higher returns than equities, the Select Bond Portfolio substantially outperformed its major benchmark, the Merrill Lynch Domestic Master Index. The Portfolio's performance benefited from advantageous positioning with regard to credit risk, interest rate changes and bond sectors. Throughout the year, we were positioned defensively with regard to credit risk, with holdings concentrated in securities of very high quality, so we avoided losses when concerns about corporate scandals drove prices of riskier corporate bonds down. Careful credit analysis was of special benefit in a year when the credit quality of many issuers or corporate bonds deteriorated very swiftly. This defensive credit risk positioning hurt performance in the fourth quarter, as lower quality bonds outperformed high quality issues when investors fearful of missing a rally rushed into the market.

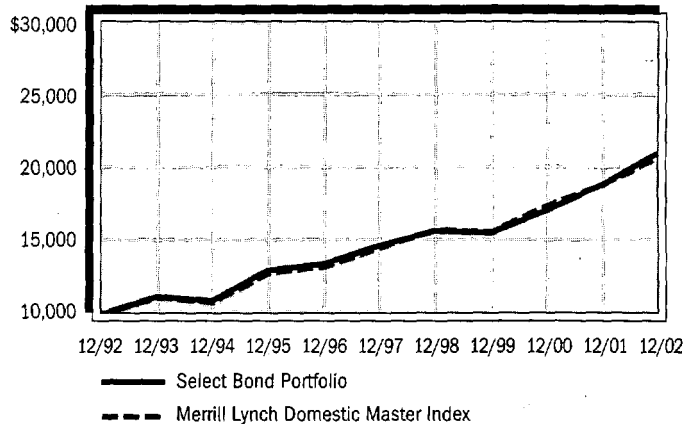
We began the year positioned for lower interest rates, which came about in response to a further rate cut by the Federal Reserve in November. We were also well positioned for a steeper Treasury yield curve. Performance also benefited from a large position early in the year in mortgage-backed securities; this position was reduced in the third and fourth quarters.

Percentage Holdings 12/31/02



The Corporate Bonds sector includes bonds of companies headquartered outside the United States. The Government and Government Agencies category includes taxable bonds of domestic and foreign governments. Consistent with the Portfolio's stated parameters, no more than 10% of the Portfolio is invested in foreign securities, and no more than 10% is invested in high-yield securities.

Relative Performance



Average Annual Total Return For Periods Ended December 31, 2002

	1 Year	5 Years	10 Years
Select Bond Portfolio	12.09%	7.64%	7.74%
Merrill Lynch Domestic Master Index	10.41%	7.58%	7.57%

Since the Portfolio invests broadly in U.S. Government, mortgage and corporate bonds, a useful basis for comparing returns is the Merrill Lynch Domestic Master Index. The index is an unmanaged market value weighted index comprised of U.S. Government, mortgage and investment-grade corporate bonds. The index measures the income provided by, and the price changes of, the underlying securities. The index cannot be invested in directly and do not include sales charges.

This chart assumes an initial investment of \$10,000 made on 12/31/92. Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account are shown on page 4.

Select Bond Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2002

	Shares/ Par	Market Value (000's)		Shares/ Par	Market Value (000's)
Corporate Bonds (28.4%)			Corporate Bonds (28.4%)		
Aerospace — Defense (1.9%)			Electric Services (2.0%)		
Lockheed Martin Corp., 8.20%, 12/1/09	\$ 3,850,000	\$ 4,758	Exelon Generation Co. LLC, 6.95%, 6/15/11	\$ 6,788,000	\$ 7,338
Raytheon Co., 7.20%, 8/15/27	5,685,000	6,214	Public Service Electric & Gas Co., 6.875%, 1/1/03	2,250,000	2,250
Total		10,972	South Carolina Electric & Gas, 6.125%, 3/1/09	1,750,000	1,949
Auto Related (0.7%)			Total		11,537
Toyota Motor Credit Corp., 5.65%, 1/15/07	4,000,000	4,346	Electrical Equipment and Supplies (1.3%)		
Total		4,346	Cooper Industries, Inc., 5.50%, 11/1/09	4,000,000	4,169
Beverages, Malt Beverages (2.8%)			Hubbell Inc., 6.375%, 5/15/12	3,200,000	3,523
Anheuser-Busch Companies, Inc., 7.00%, 12/1/25	4,200,000	4,510	Total		7,692
Anheuser-Busch Companies, Inc., 7.50%, 3/15/12	378,000	466	Environmental Controls (0.4%)		
Coca-Cola Enterprises, Inc., 5.25%, 5/15/07	5,000,000	5,375	Pall Corp., 6.00%, 8/1/12 144A	2,105,000	2,250
Coca-Cola Enterprises, Inc., 5.375%, 8/15/06	1,500,000	1,626	Total		2,250
Coca-Cola Enterprises, Inc., 5.75%, 3/15/11	4,000,000	4,388	Finance Services (2.1%)		
Total		16,365	Credit Suisse First Boston USA, Inc., 4.625%, 1/15/08	6,000,000	6,082
Broad Woven Fabric Mills, Manmade (0.1%)			General Motors Acceptance Corp., 6.875%, 8/28/12	6,500,000	6,407
++Polysindo International Finance, 11.375%, 6/15/06	4,200,000	294	Total		12,489
Total		294	Fire, Marine and Casualty Insurance (0.8%)		
Commercial Banks (0.2%)			Allstate Corp., 6.125%, 12/15/32	1,575,000	1,604
Bank of America Corp., 7.40%, 1/15/11	1,133,000	1,335	Progressive Corp., 6.25%, 12/1/32	3,000,000	3,078
Total		1,335	Total		4,682
Crude Petroleum and Natural Gas (1.5%)			Food Retailers (0.9%)		
Occidental Petroleum, 6.75%, 1/15/12	3,417,000	3,892	Delhaize America Inc., 8.125%, 4/15/11	3,500,000	3,386
Occidental Petroleum, 8.45%, 2/15/29	3,579,000	4,592	Delhaize America, Inc., 9.00%, 4/15/31	2,000,000	1,840
Total		8,484	Total		5,226
Diversified Industrials (1.1%)			Metal Mining (0.4%)		
United Technologies Corp., 6.10%, 5/15/12	6,000,000	6,709	Rio Tinto Finance, Ltd., 5.75%, 7/3/06	2,000,000	2,185
Total		6,709	Total		2,185
Drilling Oil and Gas Wells (0.9%)			Motor Vehicle Parts/Accessories (0.8%)		
Transocean, Inc., 7.50%, 4/15/31	4,500,000	5,162	TRW, Inc., 7.125%, 6/1/09	1,000,000	1,118
Total		5,162	TRW, Inc., 7.75%, 6/1/29	3,113,000	3,672
Electric and Other Services Combined (0.4%)			Total		4,790
Wisconsin Public Service, 4.875%, 12/1/12	2,500,000	2,532	Motors and Generators (0.1%)		
Total		2,532	Emerson Electric Co., 5.75%, 11/1/11	796,000	855
			Total		855

Select Bond Portfolio

	Shares/ Par	Market Value (000's)		Shares/ Par	Market Value (000's)
Corporate Bonds (28.4%)			Government (Domestic and Foreign) and Agency Bonds (51.8%)		
National Commercial Banks (0.7%)			Federal Government and Agencies (51.8%)		
Bank One Corp., 5.25%, 1/30/13	\$ 4,000,000	\$ 4,117	Aid-Israel, 0.00%, 11/1/24	\$ 8,900,000	\$ 2,554
Total		4,117	Federal Home Loan Bank, 5.54%, 1/8/09	3,700,000	4,111
News Dealers and Newsstands (0.7%)			Federal Home Loan Mortgage Corporation, 7.50%, 10/1/27		
News America Holdings, 7.75%, 12/1/45	4,000,000	3,931	Federal National Mortgage Association, 5.97%, 10/1/08	2,277,308	2,434
Total		3,931	Federal National Mortgage Association, 6.22%, 2/1/06	3,695,022	4,056
Office Machines (0.4%)			Federal National Mortgage Association, 6.24%, 1/1/06		
Pitney Bowes Credit Corp., 5.75%, 8/15/08	2,250,000	2,490	Federal National Mortgage Association, 6.265%, 10/1/08	1,812,946	1,964
Total		2,490	Federal National Mortgage Association, 6.36%, 4/1/08	5,107,234	5,519
Oil and Gas Extraction (0.8%)			Federal National Mortgage Association, 6.39%, 4/1/08		
Chevron Corp., 6.625%, 10/1/04	4,500,000	4,844	Federal National Mortgage Association, 6.75%, 4/25/18	2,847,804	3,168
Total		4,844	Federal National Mortgage Association, 6.75%, 12/25/23	3,557,334	3,961
Oil and Gas Field Machinery (0.7%)			Federal National Mortgage Association, 7.00%, 6/1/03		
National-Oilwell, Inc., 5.65%, 11/15/12 144A	4,000,000	4,045	Federal National Mortgage Association, 7.36%, 4/1/11	1,355,462	1,510
Total		4,045	Federal National Mortgage Association, 8.40%, 2/25/09	1,997,894	2,133
Pharmaceuticals (3.3%)			Federal National Mortgage Association, 11.00%, 12/1/12		
Eli Lilly & Co., 5.50%, 7/15/06	2,600,000	2,808	Federal National Mortgage Association, 11.00%, 9/1/17	3,500,000	3,651
Eli Lilly & Co., 7.125%, 6/1/25	1,400,000	1,653	Federal National Mortgage Association, 11.00%, 12/1/17	28,144	29
Johnson & Johnson, 6.625%, 9/1/09	2,750,000	3,206	Federal National Mortgage Association, 11.50%, 4/1/18	3,004,284	3,545
Johnson & Johnson, 6.95%, 9/1/29	2,200,000	2,640	Federal National Mortgage Association, 12.00%, 9/1/12	221,437	221
Merck & Co., Inc., 5.95%, 12/1/28	4,841,000	5,119	Federal National Mortgage Association, 12.00%, 12/1/12	27,233	32
Pfizer, Inc., 5.625%, 2/1/06	2,975,000	3,248	Federal National Mortgage Association, 12.00%, 9/1/17	189,782	225
Total		18,674	Federal National Mortgage Association, 12.00%, 12/1/17	36,253	43
Plastics Materials and Resins (0.9%)			Federal National Mortgage Association, 11.00%, 2/1/18		
Eastman Chemical, 7.00%, 4/15/12	4,600,000	5,192	Federal National Mortgage Association, 11.50%, 4/1/18	90,084	107
Total		5,192	Federal National Mortgage Association, 12.00%, 9/1/12	86,613	104
Plumbing Fixture Fittings/Trim (0.4%)			Federal National Mortgage Association, 12.00%, 12/1/12		
Masco Corp., 4.625%, 8/15/07	750,000	774	Federal National Mortgage Association, 12.00%, 9/1/17	64,250	77
Masco Corp., 6.50%, 8/15/32	1,250,000	1,285	Federal National Mortgage Association, 12.00%, 10/1/17	80,515	97
Total		2,059	Federal National Mortgage Association, 12.00%, 12/1/17	58,994	71
Retail — Retail Stores (0.8%)			Federal National Mortgage Association, 12.00%, 2/1/18		
Limited Brands, 6.125%, 12/1/12	4,500,000	4,737	Federal National Mortgage Association, 12.25%, 1/1/18	274,624	328
Total		4,737	Federal National Mortgage Association, 12.50%, 4/1/18	64,250	77
Search and Navigation Equipment (0.4%)			Federal National Mortgage Association, 12.50%, 4/1/18		
Raytheon Co., 7.00%, 11/1/28	2,310,000	2,471		80,515	97
Total		2,471		58,994	71
Telephone Communications (0.9%)					
Alltel Corp., 7.00%, 7/1/12	600,000	691		67,643	82
Alltel Corp., 7.875%, 7/1/32	3,750,000	4,602		97,698	119
Total		5,293		59,546	72
Total Corporate Bonds		165,758		35,824	44
(Cost: \$156,274)					

Select Bond Portfolio

Government (Domestic and Foreign) and Agency Bonds (51.8%)	Shares/ Par	Market Value (000's)
Federal Government and Agencies continued		
Federal National Mortgage Association, 13.00%, 11/1/12	\$ 48,557	\$ 59
Federal National Mortgage Association, 13.00%, 11/1/17	50,105	62
Federal National Mortgage Association, 13.00%, 12/1/17	52,642	65
Federal National Mortgage Association, 13.00%, 2/1/18	112,578	139
Federal National Mortgage Association, 14.00%, 12/1/17	26,112	33
Government National Mortgage Association, 5.50%, 10/15/31	148,230	152
Government National Mortgage Association, 5.50%, 11/15/31	35,329	36
Government National Mortgage Association, 5.50%, 12/15/31	793,793	816
Government National Mortgage Association, 5.50%, 1/15/32	1,112,980	1,144
Government National Mortgage Association, 5.50%, 2/15/32	472,007	485
Government National Mortgage Association, 5.50%, 2/15/32	84,856	87
Government National Mortgage Association, 5.50%, 3/15/32	912,865	938
Government National Mortgage Association, 5.50%, 4/15/32	41,952	43
Government National Mortgage Association, 5.50%, 7/15/32	73,828	76
Government National Mortgage Association, 5.50%, 9/15/32	15,797,321	16,238
Government National Mortgage Association, 7.00%, 5/15/23	111,340	119
Government National Mortgage Association, 7.50%, 4/15/22	84,383	91
Government National Mortgage Association, 7.50%, 10/15/23	245,317	264
Government National Mortgage Association, 7.50%, 10/15/25	3,319	4
Government National Mortgage Association, 7.50%, 11/15/25	4,416	5
Government National Mortgage Association, 7.50%, 5/15/26	5,092	5
Government National Mortgage Association, 7.50%, 1/15/27	110,903	119
Government National Mortgage Association, 7.50%, 2/15/27	132,608	142
Government National Mortgage Association, 7.50%, 3/15/27	22,065	24
Government National Mortgage Association, 7.50%, 4/15/27	30,531	33
Government National Mortgage Association, 7.50%, 8/15/27	4,064	4
Government National Mortgage Association, 7.50%, 6/15/28	192,170	205
Government National Mortgage Association, 8.00%, 1/15/26	119,937	131

Government (Domestic and Foreign) and Agency Bonds (51.8%)	Shares/ Par	Market Value (000's)
Federal Government and Agencies continued		
Government National Mortgage Association, 8.00%, 2/15/26	\$ 179,309	\$ 195
Government National Mortgage Association, 8.00%, 8/15/26	222,931	243
Government National Mortgage Association, 8.00%, 9/15/26	92,448	101
Government National Mortgage Association, 8.00%, 12/15/26	29,374	32
Government National Mortgage Association, 8.00%, 1/15/27	90,876	99
Government National Mortgage Association, 8.00%, 3/15/27	170,040	185
Government National Mortgage Association, 8.00%, 4/15/27	397,207	432
Government National Mortgage Association, 8.00%, 6/15/27	114,323	124
Government National Mortgage Association, 8.00%, 7/15/27	131,189	143
Government National Mortgage Association, 8.00%, 8/15/27	102,990	112
Government National Mortgage Association, 8.00%, 9/15/27	108,336	118
Government National Mortgage Association, 8.50%, 9/15/21	5,916	7
Government National Mortgage Association, 8.50%, 3/15/23	859	1
Government National Mortgage Association, 8.50%, 6/15/23	687	1
Government National Mortgage Association, 8.50%, 6/15/24	31,017	34
Government National Mortgage Association, 8.50%, 7/15/24	48,660	53
Government National Mortgage Association, 8.50%, 11/15/24	200,600	221
Government National Mortgage Association, 8.50%, 2/15/25	23,773	26
Government National Mortgage Association, 11.00%, 1/15/18	1,789,245	2,075
Government National Mortgage Association TBA, 5.50%, 12/1/25	11,000,000	11,067
Government National Mortgage Association TBA, 5.50%, 2/15/32	3,400,000	3,473
Housing & Urban Development, 6.08%, 8/1/13	4,000,000	4,512
Housing & Urban Development, 6.17%, 8/1/14	3,000,000	3,390
Rural Housing Trust 1987-1, Series 1, Class D, 6.33%, 4/1/26	565,851	584
US Treasury, 2.125%, 10/31/04	2,150,000	2,174
US Treasury, 3.00%, 1/31/04	2,700,000	2,750
US Treasury, 3.00%, 2/29/04	15,619,000	15,930
US Treasury, 3.25%, 5/31/04	25,000,000	25,666
US Treasury, 3.25%, 8/15/07	3,010,000	3,085
US Treasury, 3.50%, 11/15/06	944,000	982
US Treasury, 3.625%, 3/31/04	3,500,000	3,601
US Treasury, 4.375%, 5/15/07	8,400,000	9,020

Select Bond Portfolio

Government (Domestic and Foreign) and Agency Bonds (51.8%)	Shares/ Par	Market Value (000's)	Mortgage/Asset Backed Securities (9.7%)	Shares/ Par	Market Value (000's)
Federal Government and Agencies continued			Commercial Mortgages continued		
US Treasury, 4.625%, 2/28/03	\$ 4,145,000	\$ 4,167	Credit Suisse First Boston Mortgage Securities Corp., Series 1997-C1, Class A2, 7.26%, 6/20/07 144A	\$ 1,331,054	\$ 1,483
US Treasury, 4.75%, 11/15/08	2,600,000	2,838	Credit Suisse First Boston Mortgage Securities Corp., Series 1997-C1, Class B, 7.28%, 6/20/07 144A	1,500,000	1,702
US Treasury, 5.375%, 2/15/31	21,956,000	23,935	Criimi Mae Commercial Mortgage Trust, Series 1998-C1, Class A1, 7.00%, 11/2/06 144A	3,000,000	3,244
US Treasury, 6.25%, 5/15/30	2,502,000	2,994	Criimi Mae Commercial Mortgage Trust, Series 1998-C1, Class B, 7.00%, 11/2/11 144A	4,000,000	3,973
US Treasury Bond, 6.50%, 5/15/05	61,150,000	67,878	DLJ Commercial Mortgage Corp., Series 1998-CF1, Class S, 0.70%, 1/15/18 IO	111,970,014	3,454
US Treasury Inflation Index Bond, 3.375%, 1/15/07	6,689,026	7,244	DLJ Mortgage Acceptance Corp., Series 1997-CF2, Class S, 0.35%, 10/15/17 IO 144A	93,196,038	1,751
US Treasury Inflation Index Bond, 3.625%, 1/15/08	26,701,696	29,297	The Equitable Life Assurance Society, Series 174, Class C1, 7.52%, 5/15/06 144A	2,000,000	2,249
US Treasury Inflation Index Bond, 3.875%, 4/15/29	4,796,093	5,865	Midland Realty Acceptance Corp., Series 1996-C2, Class AEC, 1.35%, 1/25/29 IO 144A	10,437,034	460
US Treasury Stripped, 0.00%, 5/15/30	25,820,000	6,250	Mortgage Capital Funding, Inc., Series 1997-MC1, Class A3, 7.28%, 3/20/07	5,323,000	6,050
Total Government (Domestic and Foreign) and Agency Bonds (Cost:3 \$290,608)		302,680	Nomura Asset Securities Corporation, Series 1998-D6, Class A2, 6.99%, 3/17/28	2,800,000	3,231
Mortgage/Asset Backed Securities (9.7%)			RMF Commercial Mortgage Pass- Through, Series 1997-1, Class F, 7.47%, 1/15/19 144A	1,800,000	920
Auto Related (0.0%)			Total		41,417
Fleetwood Credit Corporation Grantor Trust, Series 1997-B, Class A, 6.40%, 5/15/13			Credit Card Asset Backed (0.0%) Heilig-Meyers Master Trust, Series 1998-1A, Class A, 6.125%, 1/20/07 144A	1,108,517	6
	258,686	267	Total		6
Total		267	Franchise Loan Receivables (0.2%) Enterprise Mortgage Acceptance Co., Series 1998-1, Class IO, 1.37%, 1/15/23 IO 144A		
Boat Dealers (0.1%)			25,644,324	833	
Nationscredit Grantor Trust, Series 1997-2, Class A1, 6.35%, 4/15/14			Global Franchise Trust, Series 1998-1, Class A1, 6.35%, 4/10/04 144A	233,414	229
	456,759	463	Total		1,062
Total		463	Home Equity Loan (0.4%) Vanderbilt Mortgage Finance, Inc., Series 1997-B, Class 1A4, 7.19%, 2/7/14		
Commercial Banks (0.5%)			2,096,751	2,164	
Nationsbank Lease Pass-Through Trust, Series 1997-A, Class 1, 7.442%, 1/10/11 144A			Total		2,164
	2,462,108	2,750			
Total		2,750			
Commercial Mortgages (7.1%)					
Asset Securitization Corp., Series 1996-MD6, Class CS1, 1.632%, 11/13/26 IO					
	4,099,129	24			
Asset Securitization Corp., Series 1996-MD6, Class CS2, 1.098%, 11/13/26 IO					
	85,000,000	941			
Asset Securitization Corp., Series 1997-D5, Class PS1, 1.616%, 2/14/41 IO					
	11,252,900	756			
Chase Commercial Mortgage Securities Corp., Series 1997-1, Class B, 7.37%, 4/19/07					
	1,000,000	1,151			
Chase Commercial Mortgage Securities Corp., Series 1997-2, Class A2, 6.60%, 11/19/07					
	5,000,000	5,579			
Chase Commercial Mortgage Securities Corp., Series 1997-2, Class B, 6.60%, 11/19/07					
	2,000,000	2,238			
Commercial Mortgage Acceptance Corp., Series 1997-ML1, Class B, 6.644%, 12/15/07					
	2,000,000	2,211			

Select Bond Portfolio

Mortgage/Asset Backed Securities (9.7%)	Shares/ Par	Market Value (000's)	Money Market Investments (17.9%)	Shares/ Par	Market Value (000's)
Commercial Mortgages continued			Miscellaneous Manufacturing Industries (0.9%)		
Manufactured Housing (0.1%)			Koch Industries, 1.20%, 1/2/03	\$ 5,880,000	\$ 5,880
Mid-State Trust, Series 6, Class A3, 7.54%, 7/1/35	\$ 761,105	\$ 784	Total		5,880
Total		784	Nonclassifiable Establishments (0.8%)		
Residential Mortgages (0.1%)			Thunder Bay Funding, Inc., 1.35%, 1/7/03	5,000,000	4,999
Blackrock Capital Finance LP, Series 1997-R1, Class B3, 7.75%, 3/25/37 144A	2,246,011	146	Total		4,999
Blackrock Capital Finance LP, Series 1997-R3, Class B3, 7.25%, 11/25/28 144A	3,965,446	397	Passenger Car Rental (0.9%)		
Total		543	Delaware Funding Corp., 1.35%, 1/7/03	5,000,000	4,999
Retail-Retail Stores (1.2%)			Total		4,999
LB Mortgage Trust, Series 1991-2, Class A3, 8.40%, 1/20/17	6,083,409	7,118	Personal Credit Institutions (0.9%)		
Total		7,118	Toyota Motor Credit Co., 1.32%, 1/23/03	5,000,000	4,996
Total Mortgage/Asset Backed Securities (Cost: \$61,131)		56,574	Total		4,996
Money Market Investments (17.9%)			Pharmaceutical Preparations (0.9%)		
Asset-Backed Securities (CMO'S) (0.9%)			Wyeth, 1.85%, 1/7/03	5,000,000	4,998
# Fcar Owner Trust 1, 1.35%, 2/4/03	5,000,000	4,994	Total		4,998
Total		4,994	Security Brokers and Dealers (0.9%)		
Federal Government and Agencies (0.3%)			Morgan St. Dean Witter, 1.32%, 2/4/03	5,000,000	4,994
Federal Home Loan Bank, 1.24%, 3/7/03	1,600,000	1,597	Total		4,994
Total		1,597	Short Term Business Credit (5.9%)		
Finance Lessors (0.9%)			American Express Credit, 1.25%, 2/4/03	5,000,000	4,994
#Receivables Capital Corp., 1.35%, 1/21/03	5,000,000	4,996	Asset Securitization, 1.33%, 1/8/03	5,000,000	4,998
Total		4,996	CXC Inc., 1.76%, 1/17/03	5,000,000	4,996
Finance Services (0.9%)			Old Line Funding Corp., 1.38%, 1/15/03	5,000,000	4,997
Ciesco LP, 1.33%, 1/30/03	5,000,000	4,995	Preferred Receivable Funding, 1.35%, 1/27/03	5,000,000	4,995
Total		4,995	Transamerica Financial Corp., 1.33%, 1/17/03	5,000,000	4,997
Financials (0.8%)			UBS Finance LLC, 1.32%, 2/10/03	5,000,000	4,993
Salomon Smith Barney Holdings, 2.06%, 4/9/03	4,830,000	4,832	Total		34,970
Total		4,832	Tobacco Products (0.9%)		
Machinery (0.5%)			Philip Morris Disc, 1.31%, 1/27/03	5,000,000	4,995
John Deere Capital Corp., 1.64%, 1/7/03	3,000,000	2,999	Total		4,995
Total		2,999	Total Money Market Investments (Cost: \$104,641)		
Miscellaneous Business Credit Institutions (1.5%)			Total Investments (107.8%) (Cost \$612,654) ^		
National Rural Utility Co., 1.38%, 1/13/03	5,000,000	4,998	629,653		
Quincy Capital Corp., 1.35%, 1/6/03	4,400,000	4,399	Other Assets, Less Liabilities (-7.8%)		
Total		9,397	Total Net Assets (100.0%)		
			\$584,018		

Select Bond Portfolio

^ At 12/31/2002 the aggregate cost of securities for federal tax purposes was \$621,308 and the net unrealized appreciation of investments based on that cost was \$8,345 which is comprised of \$30,096 aggregate gross unrealized appreciation and \$21,751 aggregate gross unrealized depreciation.

144A after the name of a security represents a security exempt from registration under rule 144a of the Securities Act of 1933. These securities may be resold as transactions exempt from registration, normally to qualified institutional buyers.

IO — Interest Only Security

++ Defaulted Security

All or a portion of the securities have been committed as collateral for open futures positions. Information regarding open futures contracts as of period end is summarized below:

Issuer (000's)	Number of Contracts	Expiration Date	Unrealized Appreciation / (Depreciation) (000's)
US TEN YEAR TREASURY NOTE	87	3/03	\$(190)
(Total Notional Value at 12/31/02 \$9,819)			

The Accompanying Notes are an Integral Part of the Financial Statements

Money Market Portfolio

Objective:

Maximum current income consistent with liquidity and stability of capital

Portfolio Strategy:

Achieve stability of capital by investing in short-term debt securities.

Net Assets:

\$501.31 million

The Money Market Portfolio, which invests only in high quality commercial paper and other short-term debt securities with maturities generally not exceeding one year, is the least risky of the Portfolios, providing a moderate return in line with prevailing short-term interest rates. In a year in which stock values declined significantly, the Money Market Portfolio has surpassed returns of most equity funds and indices, with a return of 1.65% for the 12 months ending December 2002.

The main determinant of returns from the Money Market Portfolio is short-term interest rates in general. After dropping significantly in 2001, short-term interest rates were fairly stable during 2002; the Fed reduced the targeted Federal Funds rate just once, in November, from 1.75% to 1.25%. Aware that rates could change in

either direction in the future, we have positioned the Portfolio for more nimble action. We now anticipate maintaining a maturity range of 30 to 80 days, versus 35 to 50 days in the past and an industry average of approximately 50 to 55 days.

During 2002, quality commercial paper became increasingly scarce, as the debt of many issuers was downgraded, and rating agencies pressured corporations to replace short-term debt with bonds with longer maturities. With fewer issuers, it has become more difficult to diversify risk in a money market portfolio. In order to maintain credit risk at the desired level, we are buying more Treasury bills and government-guaranteed agency discount notes. Although yields on these securities are below those on commercial paper, all short-term rates are so low now that the income sacrificed is minimal.

AN INVESTMENT IN THE MONEY MARKET PORTFOLIO IS NEITHER INSURED NOR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY. ALTHOUGH THE PORTFOLIO SEEKS TO PRESERVE THE VALUE OF YOUR INVESTMENT AT \$1.00 PER SHARE, THERE IS NO ASSURANCE THAT THE PORTFOLIO WILL BE ABLE TO MAINTAIN A STABLE NET ASSET VALUE SO IT IS POSSIBLE TO LOSE MONEY BY INVESTING IN THE PORTFOLIO.

Money Market Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2002

	Shares/ Par	Market Value (000's)		Shares/ Par	Market Value (000's)
Short Term Paper (92.1%)			Short Term Paper (92.1%)		
Agricultural Services (1.9%)			Finance Services continued		
Cargill Inc., 1.32%, 3/21/03	\$ 9,740,000	\$ 9,712	Preferred Receivable Funding, 1.35%, 1/24/03	\$ 4,000,000	\$ 3,997
Total		9,712	Total		58,723
Asset Backed Security (5.5%)			Government (8.1%)		
Fcar Owner Trust I, 1.64%, 3/13/03	12,500,000	12,460	Federal Home Loan Bank, 1.53%, 3/26/03	15,925,000	15,868
New Center Asset Trust, 1.34%, 2/18/03	15,000,000	14,973	Federal National Mortgage Association, 1.26%, 3/19/03	15,000,000	14,960
Total		27,433	U.S. Treasury Bill, 1.515%, 4/10/03	10,000,000	9,958
Auto Related (8.1%)			Total		40,786
BMW U.S. Capital Corp., 1.31%, 1/15/03	11,955,000	11,949	Machinery (3.5%)		
Daimler-Chrysler Na Hldg, 1.92%, 1/24/03	4,500,000	4,494	Catepillar Financial, 1.31%, 1/14/03	8,715,000	8,711
Ford Motor Credit, 1.96%, 1/21/03	4,500,000	4,495	Caterpillar Financial Services Corp., 1.92%, 6/1/03	4,000,000	4,000
General Motors Corp., 1.95%, 1/9/03	4,500,000	4,498	John Deere Capital Corp., 1.64%, 1/7/03	5,000,000	4,999
Toyota Motor Credit Co., 1.31%, 1/30/03	15,000,000	14,985	Total		17,710
Total		40,421	Miscellaneous Business Credit Institutions (5.3%)		
Commercial Banks (7.5%)			Delaware Funding Corp., 1.31%, 2/3/03	12,900,000	12,885
Dresdner, 1.32%, 2/11/03	12,500,000	12,481	Quincy Capital Corp., 1.35%, 1/31/03	13,772,000	13,756
Marshall & Isley Bank, 1.37%, 1/31/03	10,000,000	9,989	Total		26,641
UBS Finance LLC, 1.3%, 3/18/03	15,000,000	14,959	Miscellaneous Manufacturing Industries (3.5%)		
Total		37,429	Koch Industries, 1.20%, 1/2/03	17,790,000	17,789
Diversified Business Finance (3.0%)			Total		17,789
General Electric, 1.84%, 7/9/03	5,000,000	5,000	National Commercial Banks (0.6%)		
General Electric Capital, 1.31%, 2/14/03	5,000,000	4,992	Marshall & Isley Corp., 1.34%, 1/17/03	3,000,000	2,998
General Electric Capital, 1.77%, 6/16/03	5,000,000	4,959	Total		2,998
Total		14,951	Nonclassifiable Establishments (3.1%)		
Finance Lessors (3.0%)			Thunder Bay Funding, Inc., 1.33%, 1/24/03	9,535,000	9,527
Receivables Capital Corp., 1.32%, 1/17/03	6,000,000	5,996	Thunder Bay Funding, Inc., 1.35%, 1/10/03	6,000,000	5,998
Receivables Capital Corp., 1.77%, 1/27/03	9,220,000	9,209	Total		15,525
Total		15,205	Personal Credit Institutions (8.1%)		
Finance Services (11.6%)			American Express Credit, 1.32%, 1/14/03	10,500,000	10,495
American General, 1.37%, 2/6/03	13,000,000	12,981	American Express Credit, 1.32%, 1/31/03	12,500,000	12,486
Asset Securitization, 1.32%, 1/21/03	10,000,000	9,993	Associates First Capital Corp., 1.86%, 6/26/03	5,000,000	5,000
Asset Securitization, 1.34%, 1/17/03	5,000,000	4,997			
Ciesco LP, 1.34%, 1/22/03	10,080,000	10,072			
Ciesco LP, 1.77%, 1/10/03	5,190,000	5,188			
Preferred Receivable Funding, 1.32%, 1/13/03	11,500,000	11,495			

Money Market Portfolio

	Shares/ Par	Market Value (000's)
Short Term Paper (92.1%)		
Personal Credit Institutions continued		
Household Finance Corp., 1.55%, 1/21/03	\$ 6,200,000	\$ 6,195
Household Finance Corp., 1.60%, 2/5/03	6,200,000	6,190
Total		<u>40,366</u>
Pharmaceutical Preparations (2.5%)		
Wyeth, 1.78%, 2/4/03	6,200,000	6,190
Wyeth, 1.85%, 1/6/03	6,300,000	6,298
Total		<u>12,488</u>
Security Brokers and Dealers (6.2%)		
Goldman Sachs Group, Inc., 1.89%, 3/5/03	5,000,000	5,000
Goldman Sachs Group, Inc., 1.78%, 2/3/03	11,720,000	11,701
Morgan St. Dean Witter, 1.32%, 2/4/03	9,000,000	8,989
Salomon Smith Barney Hlds., 1.33%, 2/24/03	5,300,000	5,289
Total		<u>30,979</u>
Short Term Business Credit (5.7%)		
CXC Inc., 1.33%, 2/3/03	10,355,000	10,342
CXC Inc., 1.34%, 2/6/03	3,150,000	3,146
Old Line Funding Corp., 1.31%, 2/6/03	10,000,000	9,987
Old Line Funding Corp., 1.34%, 2/7/03	5,000,000	4,993
Total		<u>28,468</u>
Telephone Communications (1.0%)		
BellSouth Corp., 4.105%, 4/26/03	5,000,000	5,023
Total		<u>5,023</u>
Tobacco Products (2.6%)		
Philip Morris Companies, Inc., 1.32%, 2/4/03	10,000,000	9,987
Philip Morris Companies, Inc., 1.33%, 1/21/03	3,000,000	2,998
Total		<u>12,985</u>

	Shares/ Par	Market Value (000's)
Short Term Paper (92.1%)		
Utility — Electric (1.3%)		
National Rural Utility, 1.40%, 1/27/03	\$ 6,300,000	\$ 6,294
Total		<u>6,294</u>
Total Short Term Paper (Cost: \$461,926)		
<u>461,926</u>		
Corporate Bonds Domestic (7.9%)		
Security Brokers and Dealers (3.7%)		
Merrill Lynch Co., Inc., 4.97%, 4/30/03	2,500,000	2,518
Merrill Lynch Co., Inc., 7.18%, 2/11/03	3,100,000	3,116
Merrill Lynch Co., Inc., 7.85%, 3/01/03	4,000,000	4,083
Morgan Stanley Dean Witter, 6.875%, 3/1/03	3,700,000	3,728
Salomon Smith Barney Holdings, Inc., 7.50%, 2/1/03	5,000,000	5,024
Total		<u>18,469</u>
Short Term Business Credit (2.8%)		
Transamerica Financial Corp., 1.31%, 2/10/03	14,000,000	13,980
Total		<u>13,980</u>
Utility — Electric (1.4%)		
National Rural Utilities, 7.375%, 2/10/03	7,000,000	7,036
Total		<u>7,036</u>
Total Corporate Bonds Domestic (Cost: \$39,485)		
<u>39,485</u>		
Total Investments (100.0%) (Cost \$501,411)^\		
<u>501,411</u>		
Other Assets, Less Liabilities (0.0%)		
<u>(98)</u>		
Total Net Assets (100.0%)		
<u>\$501,313</u>		

^\ Also represents cost for federal income tax purposes.

The Accompanying Notes are an Integral Part of the Financial Statements



PricewaterhouseCoopers LLP
100 E. Wisconsin Ave.
Suite 1500
Milwaukee WI 53202
Telephone (414) 212-1600
Facsimile (414) 212-1880

Report of Independent Accountants

To the Shareholders and Board of Directors of
Northwestern Mutual Series Fund, Inc.

In our opinion, the accompanying statements of assets and liabilities, including the schedules of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of the Small Cap Growth Stock Portfolio, T. Rowe Price Small Cap Value Portfolio, Aggressive Growth Stock Portfolio, International Growth Portfolio, Franklin Templeton International Equity Portfolio, Index 400 Stock Portfolio, Growth Stock Portfolio, J.P. Morgan Select Growth and Income Stock Portfolio, Capital Guardian Domestic Equity Portfolio, Index 500 Stock Portfolio, Asset Allocation Portfolio, Balanced Portfolio, High Yield Bond Portfolio, Select Bond Portfolio and Money Market Portfolio (constituting Northwestern Mutual Series Fund, Inc., hereafter referred to as the "Fund") at December 31, 2002 and the results of each of their operations, the changes in each of their net assets and their financial highlights for the periods indicated, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2002 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

Milwaukee, Wisconsin
January 31, 2003

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Statements of Assets and Liabilities

Northwestern Mutual Series Fund, Inc.

December 31, 2002

(in thousands, except per share amounts)

	Small Cap Growth Stock Portfolio	T. Rowe Price Small Cap Value Portfolio	Aggressive Growth Stock Portfolio	International Growth Portfolio	Franklin Templeton International Equity Portfolio	Index 400 Stock Portfolio
Assets						
Investments, at value (1)	\$ 255,193	\$ 61,653	\$ 996,827	\$ 35,383	\$ 562,544	\$ 225,064
Cash	—	1,725	—	116	97	207
Due from Futures Variation Margin	—	—	—	—	—	55
Due from Sale of Fund Shares	—	—	—	41	209	—
Due from Sale of Securities	—	26	—	5	—	—
Due from Sale of Foreign Currency	—	—	—	224	—	—
Dividends and Interest Receivable	18	90	227	93	1,164	153
Total Assets	<u>255,211</u>	<u>63,494</u>	<u>997,054</u>	<u>35,862</u>	<u>564,014</u>	<u>225,479</u>
Liabilities						
Due on Purchase of Securities and Securities Lending Collateral	185	309	2,496	221	—	—
Due on Purchase of Foreign Currency	—	—	—	228	—	—
Due on Redemption of Fund Shares	—	—	—	1	506	—
Due to Investment Advisor	133	82	467	14	353	50
Accrued Expenses	13	20	16	25	53	19
Due on Futures Variation Margin	—	—	—	—	—	—
Total Liabilities	<u>331</u>	<u>411</u>	<u>2,979</u>	<u>489</u>	<u>912</u>	<u>69</u>
Net Assets	<u>\$ 254,880</u>	<u>\$ 63,083</u>	<u>\$ 994,075</u>	<u>\$ 35,373</u>	<u>\$ 563,102</u>	<u>\$ 225,410</u>
Represented By:						
Aggregate Paid in Capital (2), (3)	\$ 316,909	\$ 67,686	\$1,251,056	\$ 42,335	\$ 746,099	\$ 260,933
Undistributed Accumulated Net Investment Income (Loss)	—	36	—	(5)	10,960	1,961
Undistributed Accumulated Net Realized Gain (Loss) on Investments	(45,904)	(305)	(216,890)	(4,623)	(74,953)	(4,475)
Net Unrealized Appreciation (Depreciation) of:						
Investment Securities	(16,125)	(4,334)	(40,091)	(2,336)	(119,088)	(32,896)
Futures Contracts	—	—	—	—	—	(113)
Foreign Currency Transactions	—	—	—	2	84	—
Net Assets for Shares Outstanding (2)	<u>\$ 254,880</u>	<u>\$ 63,083</u>	<u>\$ 994,075</u>	<u>\$ 35,373</u>	<u>\$ 563,102</u>	<u>\$ 225,410</u>
Net Asset Value, Offering and Redemption Price per Share	<u>\$ 1.46</u>	<u>\$ 0.95</u>	<u>\$ 2.18</u>	<u>\$ 0.79</u>	<u>\$ 1.02</u>	<u>\$ 0.95</u>
(1) Investments, at cost	\$ 271,318	\$ 65,987	\$1,036,918	\$ 37,719	\$ 681,632	\$ 257,960
(2) Shares outstanding	175,132	66,203	455,396	44,768	549,889	236,841
(3) Shares authorized, \$.01 par value	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000

The Accompanying Notes are an Integral Part of the Financial Statements.

Growth Stock Portfolio	J.P. Morgan Select Growth and Income Stock Portfolio	Capital Guardian Domestic Equity Portfolio	Index 500 Stock Portfolio	Asset Allocation Portfolio	Balanced Portfolio	High Yield Bond Portfolio	Select Bond Portfolio	Money Market Portfolio
\$ 551,818	\$ 365,736	\$ 74,151	\$1,362,613	\$ 87,061	\$2,704,286	\$ 134,086	\$ 629,653	\$ 501,411
—	—	228	—	137	—	240	664	—
6	—	—	27	11	369	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	1	2,300	14	—	—
—	—	—	—	1	—	—	—	—
450	485	167	2,116	443	14,107	3,289	5,605	740
<u>552,274</u>	<u>366,221</u>	<u>74,546</u>	<u>1,364,756</u>	<u>87,654</u>	<u>2,721,062</u>	<u>137,629</u>	<u>635,922</u>	<u>502,151</u>
631	77	220	1,604	301	158,860	—	51,648	838
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
211	190	42	243	61	673	61	152	—
11	10	10	28	32	—	15	1	—
—	—	—	—	—	—	—	103	—
853	277	272	1,875	394	159,533	76	51,904	838
<u>\$ 551,421</u>	<u>\$ 365,944</u>	<u>\$ 74,274</u>	<u>\$1,362,881</u>	<u>\$ 87,260</u>	<u>\$2,561,529</u>	<u>\$ 137,553</u>	<u>\$ 584,018</u>	<u>\$ 501,313</u>
\$ 662,923	\$ 572,953	\$ 89,159	\$1,310,825	\$ 96,076	\$2,179,629	\$ 231,614	\$ 538,100	\$ 501,313
4,774	3,769	17	21,934	(2)	85,237	159	24,109	—
(118,121)	(81,452)	(3,894)	4,657	(4,829)	(59,822)	(84,324)	5,000	—
1,919	(129,326)	(11,008)	25,814	(3,731)	365,951	(9,896)	16,999	—
(74)	—	—	(349)	(254)	(9,466)	—	(190)	—
—	—	—	—	—	—	—	—	—
<u>\$ 551,421</u>	<u>\$ 365,944</u>	<u>\$ 74,274</u>	<u>\$1,362,881</u>	<u>\$ 87,260</u>	<u>\$2,561,529</u>	<u>\$ 137,553</u>	<u>\$ 584,018</u>	<u>\$ 501,313</u>
<u>\$ 1.59</u>	<u>\$ 0.87</u>	<u>\$ 0.76</u>	<u>\$ 2.17</u>	<u>\$ 0.86</u>	<u>\$ 1.62</u>	<u>\$ 0.56</u>	<u>\$ 1.27</u>	<u>\$ 1.00</u>
\$ 549,899	\$ 495,062	\$ 85,159	\$1,336,799	\$ 90,792	\$2,338,335	\$ 143,982	\$ 612,654	\$ 501,411
347,218	421,624	97,978	629,065	101,691	1,579,113	244,296	459,566	501,334
2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	3,000,000	2,000,000	1,000,000	2,000,000

Statements of Operations

Northwestern Mutual Series Fund, Inc.

For the Year Ended December 31, 2002

(in thousands)

	Small Cap Growth Stock Portfolio	T. Rowe Price Small Cap Value Portfolio	Aggressive Growth Stock Portfolio	International Growth Portfolio	Franklin Templeton International Equity Portfolio	Index 400 Stock Portfolio
Investment Income						
Income						
Interest	\$ 652	\$ 37	\$ 2,271	\$ 23	\$ 817	\$ 256
Dividends (1)	272	707	2,484	534	15,441	2,342
Total Income	<u>924</u>	<u>744</u>	<u>4,755</u>	<u>557</u>	<u>16,258</u>	<u>2,598</u>
Expenses						
Management Fees	1,625	412	6,030	243	4,396	571
Custodian Expenses	23	67	24	102	475	45
Other Expenses	—	—	—	3	2	—
Audit Fees	18	13	19	18	23	18
Shareholder Reporting Expenses	2	1	1	—	—	5
Total Expenses	<u>1,668</u>	<u>493</u>	<u>6,074</u>	<u>366</u>	<u>4,896</u>	<u>639</u>
Less Waived Fees:						
Paid by Affiliate	—	(9)	—	(10)	—	—
Paid Indirectly	(4)	(1)	(5)	—	—	(4)
Total Net Expenses	<u>1,664</u>	<u>483</u>	<u>6,069</u>	<u>356</u>	<u>4,896</u>	<u>635</u>
Net Investment Income (Loss)	(740)	261	(1,314)	201	11,362	1,963
Realized and Unrealized Gain (Loss) on						
Investments and Foreign Currencies						
Net Realized Gain (Loss) on:						
Investment Securities	(17,952)	(107)	(186,384)	(3,545)	(59,141)	508
Futures Contracts	(598)	(128)	(10,475)	—	—	(1,958)
Foreign Currency Transactions	—	—	—	(4)	(323)	—
Net Realized Gain (Loss) on						
Investments	<u>(18,550)</u>	<u>(235)</u>	<u>(196,859)</u>	<u>(3,549)</u>	<u>(59,464)</u>	<u>(1,450)</u>
Net Unrealized Appreciation (Depreciation) of						
Investments for the Period:						
Investment Securities	(38,361)	(5,490)	(79,605)	(1,089)	(65,979)	(38,601)
Futures Contracts	(291)	—	(255)	—	—	(313)
Foreign Currency Transactions	—	—	—	(7)	46	—
Net Unrealized Appreciation						
(Depreciation) of Investments for						
the Period	<u>(38,652)</u>	<u>(5,490)</u>	<u>(79,860)</u>	<u>(1,096)</u>	<u>(65,933)</u>	<u>(38,914)</u>
Net Gain (Loss) on Investments	(57,202)	(5,725)	(276,719)	(4,645)	(125,397)	(40,364)
Net Increase (Decrease) in Net Assets Resulting						
from Operations	<u>\$(57,942)</u>	<u>\$(5,464)</u>	<u>\$(278,033)</u>	<u>\$(4,444)</u>	<u>\$(114,035)</u>	<u>\$(38,401)</u>
(1) Less Foreign dividend tax	\$ —	\$ —	\$ 1	\$ 66	\$ 1,608	\$ —

The Accompanying Notes are an Integral Part of the Financial Statements.

Growth Stock Portfolio	J.P. Morgan Select Growth and Income Stock Portfolio	Capital Guardian Domestic Equity Portfolio	Index 500 Stock Portfolio	Asset Allocation Portfolio	Balanced Portfolio	High Yield Bond Portfolio	Select Bond Portfolio	Money Market Portfolio
\$ 997	\$ 164	\$ 64	\$ 404	\$ 1,563	\$ 75,118	\$ 14,591	\$ 25,689	\$ 8,907
6,463	6,174	1,241	24,835	327	18,657	828	—	—
7,460	6,338	1,305	25,239	1,890	93,775	15,419	25,689	8,907
2,655	2,542	380	3,142	387	8,318	716	1,452	1,401
14	8	17	69	146	—	18	—	—
—	—	—	—	—	—	—	—	—
19	19	9	19	15	—	21	—	—
1	2	1	7	13	—	6	—	—
2,689	2,571	407	3,237	561	8,318	761	1,452	1,401
—	—	—	—	(78)	—	—	—	(130)
(3)	(3)	(1)	(4)	(1)	—	(1)	—	—
2,686	2,568	406	3,233	482	8,318	760	1,452	1,271
4,774	3,770	899	22,006	1,408	85,457	14,659	24,237	7,636
(60,577)	(51,494)	(3,717)	10,195	(3,079)	30,825	(18,912)	10,356	—
(4,409)	—	—	(2,638)	(1,545)	(68,166)	—	182	—
—	—	—	—	—	—	—	74	—
(64,986)	(51,494)	(3,717)	7,557	(4,624)	(37,341)	(18,912)	10,612	—
(86,277)	(105,636)	(11,278)	(431,637)	(3,606)	(263,210)	(272)	20,663	—
(410)	—	—	(467)	(285)	(10,553)	—	(190)	—
—	—	—	—	—	—	—	—	—
(86,687)	(105,636)	(11,278)	(432,104)	(3,891)	(273,763)	(272)	20,473	—
(151,673)	(157,130)	(14,995)	(424,547)	(8,515)	(311,104)	(19,184)	31,085	—
<u>\$(146,899)</u>	<u>\$(153,360)</u>	<u>\$(14,096)</u>	<u>\$(402,541)</u>	<u>\$(7,107)</u>	<u>\$(225,647)</u>	<u>\$(4,525)</u>	<u>\$55,322</u>	<u>\$7,636</u>
\$ —	\$ 12	\$ 8	\$ 57	\$ 20	\$ 33	\$ —	\$ —	\$ —

Statement of Changes in Net Assets

Northwestern Mutual Series Fund, Inc.

Small Cap Growth Stock Portfolio

	For the Year Ended December 31, 2002	For the Year Ended December 31, 2001
	(in thousands)	
Changes in Net Assets:		
Operations		
Net Investment Income (Loss)	\$ (740)	\$ 433
Net Realized Gain (Loss) on Investments	(18,550)	(22,674)
Net Unrealized Appreciation (Depreciation) of Investments for the Period	(38,652)	13,879
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>(57,942)</u>	<u>(8,362)</u>
Distributions to Shareholders from:		
Net Investment Income	(432)	(19)
Net Realized Gain on Investments	—	(5)
Net Decrease in Net Assets Resulting from Distributions to Shareholders	<u>(432)</u>	<u>(24)</u>
Fund Share Transactions		
Proceeds from Sale of 38,312 and 45,505 Shares	63,816	78,169
Proceeds from Shares Issued on Reinvestment of Distributions Paid (233 and 13 shares, respectively)	432	24
Payments for 26,639 and 17,164 Shares Redeemed	<u>(42,442)</u>	<u>(28,673)</u>
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (11,906 and 28,354 shares, respectively)	<u>21,806</u>	<u>49,520</u>
Total Increase (Decrease) in Net Assets	(36,568)	41,134
Net Assets		
Beginning of Period	<u>291,448</u>	<u>250,314</u>
End of Period (Includes undistributed net investment income of \$0 and \$433, respectively)	<u>\$254,880</u>	<u>\$291,448</u>

T. Rowe Price Small Cap Value Portfolio

	For the Year Ended December 31, 2002	For the period July 31, 2001** through December 31, 2001
	(in thousands)	
Changes in Net Assets:		
Operations		
Net Investment Income (Loss)	\$ 261	\$ 52
Net Realized Gain (Loss) on Investments	(235)	12
Net Unrealized Appreciation (Depreciation) of Investments for the Period	(5,490)	1,156
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>(5,464)</u>	<u>1,220</u>
Distributions to Shareholders from:		
Net Investment Income	(330)	(51)
Net Realized Gain on Investments	(20)	—
Net Decrease in Net Assets Resulting from Distributions to Shareholders	<u>(350)</u>	<u>(51)</u>
Fund Share Transactions		
Proceeds from Sale of 55,011 and 22,033 Shares	57,721	21,131
Proceeds from Shares Issued on Reinvestment of Distributions Paid (358 and 50 shares, respectively)	350	51
Payments for 9,858 and 1,391 Shares Redeemed	<u>(10,177)</u>	<u>(1,348)</u>
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (45,511 and 20,692 shares, respectively)	<u>47,894</u>	<u>19,834</u>
Total Increase (Decrease) in Net Assets	42,080	21,003
Net Assets		
Beginning of Period	<u>21,003</u>	—
End of Period (Includes undistributed net investment income of \$36 and \$10, respectively)	<u>\$ 63,083</u>	<u>\$21,003</u>

**Portfolio commenced operations July 31, 2001.

The Accompanying Notes are an Integral Part of the Financial Statements.

Statement of Changes in Net Assets

Northwestern Mutual Series Fund, Inc.

Aggressive Growth Stock Portfolio

	For the Year Ended December 31, 2002	For the Year Ended December 31, 2001
	(in thousands)	
Changes in Net Assets		
Operations		
Net Investment Income (Loss)	\$ (1,314)	\$ 1,100
Net Realized Gain (Loss) on Investments	(196,859)	8,908
Net Unrealized Appreciation (Depreciation) of Investments for the Period	(79,860)	(348,808)
Net Increase (Decrease) in Net Assets Resulting from Operations	(278,033)	(338,800)
Distributions to Shareholders from:		
Net Investment Income	(1,101)	(1,517)
Net Realized Gain on Investments	(24,420)	(310,659)
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(25,521)	(312,176)
Fund Share Transactions		
Proceeds from Sale of 39,350 and 86,780 Shares	99,265	305,560
Proceeds from Shares Issued on Reinvestment of Distributions Paid (9,223 and 101,785 shares, respectively)	25,521	312,176
Payments for 68,530 and 92,520 Shares Redeemed	(169,033)	(320,897)
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions ((19,957) and 96,045 shares, respectively)	(44,247)	296,839
Total Increase (Decrease) in Net Assets	(347,801)	(354,137)
Net Assets		
Beginning of Period	1,341,876	1,696,013
End of Period (Includes undistributed net investment income of \$0 and \$1,100, respectively)	\$ 994,075	\$1,341,876

International Growth Portfolio

	For the Year Ended December 31, 2002	For the period July 31, 2001** through December 31, 2001
	(in thousands)	
Changes in Net Assets		
Operations		
Net Investment Income (Loss)	\$ 201	\$ 6
Net Realized Gain (Loss) on Investments	(3,549)	(1,110)
Net Unrealized Appreciation (Depreciation) of Investments for the Period	(1,096)	(1,238)
Net Increase (Decrease) in Net Assets Resulting from Operations	(4,444)	(2,342)
Distributions to Shareholders from:		
Net Investment Income	(186)	—
Net Realized Gain on Investments	—	—
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(186)	—
Fund Share Transactions		
Proceeds from Sale of 33,327 and 29,730 Shares	28,213	29,286
Proceeds from Shares Issued on Reinvestment of Distributions Paid (239 and 0 shares, respectively)	186	—
Payments for 18,478 and 50 Shares Redeemed	(15,296)	(44)
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (15,088 and 29,680 shares, respectively)	13,103	29,242
Total Increase (Decrease) in Net Assets	8,473	26,900
Net Assets		
Beginning of Period	26,900	—
End of Period (Includes undistributed net investment income of (\$5) and \$0, respectively)	\$ 35,373	\$ 26,900

**Portfolio commenced operations July 31, 2001.

The Accompanying Notes are an Integral Part of the Financial Statements.

Statement of Changes in Net Assets

Northwestern Mutual Series Fund, Inc.

Franklin Templeton International Equity Portfolio

For the
Year Ended
December 31,
2002

For the
Year Ended
December 31,
2001

(in thousands)

Changes in Net Assets

Operations		
Net Investment Income (Loss)	\$ 11,362	\$ 14,894
Net Realized Gain (Loss) on Investments	(59,464)	(16,599)
Net Unrealized Appreciation (Depreciation) of Investments for the Period	(65,933)	(106,892)
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>(114,035)</u>	<u>(108,597)</u>
Distributions to Shareholders from:		
Net Investment Income	(13,714)	(13,356)
Net Realized Gain on Investments	—	(67,555)
Net Decrease in Net Assets Resulting from Distributions to Shareholders	<u>(13,714)</u>	<u>(80,911)</u>
Fund Share Transactions		
Proceeds from Sale of 793,092 and 897,043 Shares	933,407	1,261,855
Proceeds from Shares Issued on Reinvestment of Distributions Paid (10,614 and 57,917 shares, respectively)	13,714	80,911
Payments for 821,108 and 883,476 Shares Redeemed	(972,683)	(1,246,462)
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions ((17,402) and 71,484 shares, respectively)	<u>(25,562)</u>	<u>96,304</u>
Total Increase (Decrease) in Net Assets	(153,311)	(93,204)
Net Assets		
Beginning of Period	716,413	809,617
End of Period (Includes undistributed net investment income of \$10,960 and \$13,635, respectively)	<u>\$ 563,102</u>	<u>\$ 716,413</u>

Index 400 Stock Portfolio

For the
Year Ended
December 31,
2002

For the
Year Ended
December 31,
2001

(in thousands)

Changes in Net Assets

Operations		
Net Investment Income (Loss)	\$ 1,963	\$ 1,833
Net Realized Gain (Loss) on Investments	(1,450)	(2,974)
Net Unrealized Appreciation (Depreciation) of Investments for the Period	(38,914)	2,256
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>(38,401)</u>	<u>1,115</u>
Distributions to Shareholders from:		
Net Investment Income	(1,830)	(21)
Net Realized Gain on Investments	—	(2,155)
Net Decrease in Net Assets Resulting from Distributions to Shareholders	<u>(1,830)</u>	<u>(2,176)</u>
Fund Share Transactions		
Proceeds from Sale of 74,689 and 77,185 Shares	80,833	84,032
Proceeds from Shares Issued on Reinvestment of Distributions Paid (1,547 and 1,962 shares, respectively)	1,830	2,176
Payments for 27,258 and 11,583 Shares Redeemed	(27,756)	(12,029)
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (48,978 and 67,564 shares, respectively)	<u>54,907</u>	<u>74,179</u>
Total Increase (Decrease) in Net Assets	14,676	73,118
Net Assets		
Beginning of Period	210,734	137,616
End of Period (Includes undistributed net investment income of \$1,961 and \$1,833, respectively)	<u>\$225,410</u>	<u>\$210,734</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

Statement of Changes in Net Assets

Northwestern Mutual Series Fund, Inc.

Growth Stock Portfolio	For the	For the
	Year Ended December 31, 2002	Year Ended December 31, 2001
	(in thousands)	
Changes in Net Assets		
Operations		
Net Investment Income (Loss)	\$ 4,774	\$ 7,118
Net Realized Gain (Loss) on Investments	(64,986)	(49,900)
Net Unrealized Appreciation (Depreciation) of Investments for the Period	(86,687)	(69,647)
Net Increase (Decrease) in Net Assets Resulting from Operations	(146,899)	(112,429)
Distributions to Shareholders from:		
Net Investment Income	(7,118)	(5,419)
Net Realized Gain on Investments	—	(25,531)
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(7,118)	(30,950)
Fund Share Transactions		
Proceeds from Sale of 46,554 and 37,823 Shares	84,505	81,112
Proceeds from Shares Issued on Reinvestment of Distributions Paid (3,673 and 14,152 shares, respectively)	7,118	30,950
Payments for 46,693 and 20,655 Shares Redeemed	(82,763)	(42,921)
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (3,534 and 31,320 shares, respectively)	8,860	69,141
Total Increase (Decrease) in Net Assets	(145,157)	(74,238)
Net Assets		
Beginning of Period	696,578	770,816
End of Period (Includes undistributed net investment income of \$4,774 and \$7,118, respectively)	\$ 551,421	\$ 696,578

J.P. Morgan Select Growth and Income Stock Portfolio	For the	For the
	Year Ended December 31, 2002	Year Ended December 31, 2001
	(in thousands)	
Changes in Net Assets		
Operations		
Net Investment Income (Loss)	\$ 3,770	\$ 4,120
Net Realized Gain (Loss) on Investments	(51,494)	(19,827)
Net Unrealized Appreciation (Depreciation) of Investments for the Period	(105,636)	(30,330)
Net Increase (Decrease) in Net Assets Resulting from Operations	(153,360)	(46,037)
Distributions to Shareholders from:		
Net Investment Income	(4,121)	(4,262)
Net Realized Gain on Investments	—	(15,376)
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(4,121)	(19,638)
Fund Share Transactions		
Proceeds from Sale of 39,423 and 39,693 Shares	41,359	49,815
Proceeds from Shares Issued on Reinvestment of Distributions Paid (3,763 and 15,282 shares, respectively)	4,121	19,638
Payments for 71,491 and 28,597 Shares Redeemed	(70,727)	(35,087)
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions ((28,305) and 26,378 shares, respectively)	(25,247)	34,366
Total Increase (Decrease) in Net Assets	(182,728)	(31,309)
Net Assets		
Beginning of Period	548,672	579,981
End of Period (Includes undistributed net investment income of \$3,769 and \$4,120, respectively)	\$ 365,944	\$548,672

The Accompanying Notes are an Integral Part of the Financial Statements.

Statement of Changes in Net Assets

Northwestern Mutual Series Fund, Inc.

Capital Guardian Domestic Equity Portfolio

	For the Year Ended December 31, 2002	For the period July 31, 2001 ** through December 31, 2001
(in thousands)		
Changes in Net Assets		
Operations		
Net Investment Income (Loss)	\$ 899	\$ 171
Net Realized Gain (Loss) on Investments	(3,717)	(183)
Net Unrealized Appreciation (Depreciation) of Investments for the Period	(11,278)	270
Net Increase (Decrease) in Net Assets Resulting from Operations	(14,096)	258
Distributions to Shareholders from:		
Net Investment Income	(882)	(168)
Net Realized Gain on Investments	—	—
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(882)	(168)
Fund Share Transactions		
Proceeds from Sale of 58,893 and 42,542 Shares	50,973	41,341
Proceeds from Shares Issued on Reinvestment of Distributions Paid (1,153 and 174 shares, respectively)	882	168
Payments for 3,873 and 911 Shares Redeemed	(3,325)	(877)
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (56,173 and 41,805 shares, respectively)	48,530	40,632
Total Increase (Decrease) in Net Assets	33,552	40,722
Net Assets		
Beginning of Period	40,722	—
End of Period (Includes undistributed net investment income of \$17 and \$3, respectively)	\$ 74,274	\$40,722

Index 500 Stock Portfolio

	For the Year Ended December 31, 2002	For the Year Ended December 31, 2001
(in thousands)		
Changes in Net Assets		
Operations		
Net Investment Income (Loss)	\$ 22,006	\$ 21,311
Net Realized Gain (Loss) on Investments	7,557	32,819
Net Unrealized Appreciation (Depreciation) of Investments for the Period	(432,104)	(302,274)
Net Increase (Decrease) in Net Assets Resulting from Operations	(402,541)	(248,144)
Distributions to Shareholders from:		
Net Investment Income	(21,302)	(24,105)
Net Realized Gain on Investments	(35,471)	(59,088)
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(56,773)	(83,193)
Fund Share Transactions		
Proceeds from Sale of 69,220 and 47,523 Shares	173,178	142,837
Proceeds from Shares Issued on Reinvestment of Distributions Paid (21,521 and 26,836 shares, respectively)	56,773	83,193
Payments for 95,445 and 49,022 Shares Redeemed	(229,631)	(145,755)
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions ((4,704) and 25,337 shares, respectively)	320	80,275
Total Increase (Decrease) in Net Assets	(458,994)	(251,062)
Net Assets		
Beginning of Period	1,821,875	2,072,937
End of Period (Includes undistributed net investment income of \$21,934 and \$21,311, respectively)	\$1,362,881	\$1,821,875

**Portfolio commenced operations July 31, 2001.

The Accompanying Notes are an Integral Part of the Financial Statements.

Statement of Changes in Net Assets

Northwestern Mutual Series Fund, Inc.

Asset Allocation Portfolio

	For the Year Ended December 31, 2002	For the period July 31, 2001** through December 31, 2001
	(in thousands)	
Changes in Net Assets		
Operations		
Net Investment Income (Loss)	\$ 1,408	\$ 286
Net Realized Gain (Loss) on Investments	(4,624)	(202)
Net Unrealized Appreciation (Depreciation) of Investments for the Period	(3,891)	(94)
Net Increase (Decrease) in Net Assets Resulting from Operations	(7,107)	(10)
Distributions to Shareholders from:		
Net Investment Income	(1,415)	(284)
Net Realized Gain on Investments	—	—
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(1,415)	(284)
Fund Share Transactions		
Proceeds from Sale of 66,250 and 41,212 Shares	61,003	40,347
Proceeds from Shares Issued on Reinvestment of Distributions Paid (1,657 and 292 shares, respectively)	1,415	284
Payments for 7,491 and 229 Shares Redeemed	(6,752)	(221)
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (60,416 and 41,275 shares, respectively)	55,666	40,410
Total Increase (Decrease) in Net Assets	47,144	40,116
Net Assets		
Beginning of Period	40,116	—
End of Period (Includes undistributed net investment income of (\$2) and \$2, respectively)	\$87,260	\$40,116

Balanced Portfolio

	For the Year Ended December 31, 2002	For the Year Ended December 31, 2001
	(in thousands)	
Changes in Net Assets		
Operations		
Net Investment Income (Loss)	\$ 85,457	\$ 115,576
Net Realized Gain (Loss) on Investments	(37,341)	(11,248)
Net Unrealized Appreciation (Depreciation) of Investments for the Period	(273,763)	(207,767)
Net Increase (Decrease) in Net Assets Resulting from Operations	(225,647)	(103,439)
Distributions to Shareholders from:		
Net Investment Income	(106,128)	(127,987)
Net Realized Gain on Investments	—	(112,544)
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(106,128)	(240,531)
Fund Share Transactions		
Proceeds from Sale of 100,999 and 44,213 Shares	173,165	82,145
Proceeds from Shares Issued on Reinvestment of Distributions Paid (61,452 and 129,457 shares, respectively)	106,128	240,531
Payments for 237,957 and 118,592 Shares Redeemed	(397,126)	(220,768)
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (75,506) and 55,078 shares, respectively)	(117,833)	101,908
Total Increase (Decrease) in Net Assets	(449,608)	(242,062)
Net Assets		
Beginning of Period	3,011,137	3,253,199
End of Period (Includes undistributed net investment income of \$85,237 and \$105,732, respectively)	\$2,561,529	\$3,011,137

**Portfolio commenced operations July 31, 2001.

The Accompanying Notes are an Integral Part of the Financial Statements.

Statement of Changes in Net Assets

Northwestern Mutual Series Fund, Inc.

High Yield Bond Portfolio

	For the Year Ended December 31, 2002	For the Year Ended December 31, 2001
	(in thousands)	
Changes in Net Assets		
Operations		
Net Investment Income (Loss)	\$ 14,659	\$ 15,629
Net Realized Gain (Loss) on Investments	(18,912)	(19,780)
Net Unrealized Appreciation (Depreciation) of Investments for the Period	(272)	10,959
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>(4,525)</u>	<u>6,808</u>
Distributions to Shareholders from:		
Net Investment Income	(14,697)	(15,601)
Net Realized Gain on Investments	—	—
Net Decrease in Net Assets Resulting from Distributions to Shareholders	<u>(14,697)</u>	<u>(15,601)</u>
Fund Share Transactions		
Proceeds from Sale of 34,172 and 35,236 Shares	21,670	25,721
Proceeds from Shares Issued on Reinvestment of Distributions Paid (26,069 and 24,080 shares, respectively)	14,697	15,601
Payments for 43,587 and 31,719 Shares Redeemed	<u>(27,262)</u>	<u>(23,066)</u>
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (16,654 and 27,597 shares, respectively)	<u>9,105</u>	<u>18,256</u>
Total Increase (Decrease) in Net Assets	(10,117)	9,463
Net Assets		
Beginning of Period	147,670	138,207
End of Period (Includes undistributed net investment income of \$159 and \$196, respectively)	<u>\$ 137,553</u>	<u>\$ 147,670</u>

Select Bond Portfolio

	For the Year Ended December 31, 2002	For the Year Ended December 31, 2001
	(in thousands)	
Changes in Net Assets		
Operations		
Net Investment Income (Loss)	\$ 24,237	\$ 21,595
Net Realized Gain (Loss) on Investments	10,612	10,082
Net Unrealized Appreciation (Depreciation) of Investments for the Period	20,473	1,654
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>55,322</u>	<u>33,331</u>
Distributions to Shareholders from:		
Net Investment Income	(21,737)	(19,294)
Net Realized Gain on Investments	(3,098)	—
Net Decrease in Net Assets Resulting from Distributions to Shareholders	<u>(24,835)</u>	<u>(19,294)</u>
Fund Share Transactions		
Proceeds from Sale of 155,728 and 87,848 Shares	189,851	104,150
Proceeds from Shares Issued on Reinvestment of Distributions Paid (21,354 and 16,955 shares, respectively)	24,835	19,294
Payments for 54,469 and 20,005 Shares Redeemed	<u>(66,561)</u>	<u>(23,753)</u>
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (122,613 and 84,798 shares, respectively)	<u>148,125</u>	<u>99,691</u>
Total Increase (Decrease) in Net Assets	178,612	113,728
Net Assets		
Beginning of Period	405,406	291,678
End of Period (Includes undistributed net investment income of \$24,109 and \$21,476, respectively)	<u>\$ 584,018</u>	<u>\$ 405,406</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

Statement of Changes in Net Assets

Northwestern Mutual Series Fund, Inc.

Money Market Portfolio	For the Year Ended December 31, 2002	For the Year Ended December 31, 2001
	(in thousands)	
Changes in Net Assets		
Operations		
Net Investment Income (Loss)	\$ 7,636	\$ 15,878
Net Realized Gain (Loss) on Investments	—	—
Net Unrealized Appreciation (Depreciation) of Investments for the Period	—	—
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>7,636</u>	<u>15,878</u>
Distributions to Shareholders from:		
Net Investment Income	(7,657)	(15,878)
Net Realized Gain on Investments	—	—
Net Decrease in Net Assets Resulting from Distributions to Shareholders	<u>(7,657)</u>	<u>(15,878)</u>
Fund Share Transactions		
Proceeds from Sale of 1,171,850 and 1,720,066 Shares	1,171,850	1,720,084
Proceeds from Shares Issued on Reinvestment of Distributions Paid (7,657 and 15,879 shares, respectively)	7,657	15,879
Payments for 1,136,862 and 1,661,729 Shares Redeemed	<u>(1,136,862)</u>	<u>(1,661,729)</u>
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (42,645 and 74,216 shares, respectively)	<u>42,645</u>	<u>74,234</u>
Total Increase (Decrease) in Net Assets	42,624	74,234
Net Assets		
Beginning of Period	<u>458,689</u>	<u>384,455</u>
End of Period (Includes undistributed net investment income of \$0 and \$0, respectively)	<u>\$ 501,313</u>	<u>\$ 458,689</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

Financial Highlights

Northwestern Mutual Series Fund, Inc.

Small Cap Growth Stock Portfolio

(For a share outstanding throughout the period)

	For the Year Ended December 31,			For the Period April 30, 1999* through December 31, 1999
	2002	2001	2000	
Selected Per Share Data				
Net Asset Value, Beginning of Period	\$ 1.79	\$ 1.86	\$ 1.79	\$ 1.00
Income from Investment Operations:				
Net Investment Income	—	—	—	—
Net Realized and Unrealized Gains (Losses) on Investments	(0.33)	(0.07)	0.13	0.85
Total from Investment Operations	(0.33)	(0.07)	0.13	0.85
Less Distributions:				
Distributions from Net Investment Income	—	—	—	—
Distributions from Realized Gains on Investments	—	—	(0.06)	(0.06)
Total Distributions	—	—	(0.06)	(0.06)
Net Asset Value, End of Period	\$ 1.46	\$ 1.79	\$ 1.86	\$ 1.79
Total Return†	(18.42%)	(3.76%)	6.71%	86.09%
Ratios and Supplemental Data				
Net Assets, End of Period (in thousands)	\$ 254,880	\$ 291,448	\$ 250,314	\$ 71,483
Ratio of Gross Expenses to Average Net Assets	0.60%	0.60%	0.67%	1.03%***
Ratio of Net Expenses to Average Net Assets	0.60%	0.60%	0.67%	1.00%***
Ratio of Net Investment Income (Loss) to Average Net Assets	(0.26%)	0.17%	0.19%	(0.07%)***
Portfolio Turnover Rate	41.87%	70.58%	86.13%	70.72%

T. Rowe Price Small Cap Value Portfolio

(For a share outstanding throughout the period)

	For the Year Ended December 31, 2002	For the Period July 31, 2001** through December 31, 2001
	Selected Per Share Data	
Net Asset Value, Beginning of Period	\$ 1.02	\$ 1.00
Income from Investment Operations:		
Net Investment Income	0.01	—
Net Realized and Unrealized Gains (Losses) on Investments	(0.07)	0.02
Total from Investment Operations	(0.06)	0.02
Less Distributions:		
Distributions from Net Investment Income	(0.01)	—
Distributions from Realized Gains on Investments	—	—
Total Distributions	(0.01)	—
Net Asset Value, End of Period	\$ 0.95	\$ 1.02
Total Return†	(5.58%)	1.76%
Ratios and Supplemental Data		
Net Assets, End of Period (in thousands)	\$ 63,083	\$ 21,003
Ratio of Gross Expenses to Average Net Assets	1.02%	1.36%***
Ratio of Net Expenses to Average Net Assets	1.00%	1.00%***
Ratio of Net Investment Income (Losses) to Average Net Assets	0.54%	1.03%***
Portfolio Turnover Rate	28.26%	49.70%

* Portfolio commenced operations April 30, 1999.

** Portfolio commenced operations July 31, 2001.

*** Computed on an annualized basis.

† Total Return includes deductions for management and other fund expenses; excludes deductions for sales loads and account fees, not annualized for periods less than one year.

The Accompanying Notes are an Integral Part of the Financial Statements.

Financial Highlights

Northwestern Mutual Series Fund, Inc.

Aggressive Growth Stock Portfolio

(For a share outstanding throughout the period)	For the Year Ended December 31,				
	2002	2001	2000	1999	1998
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 2.82	\$ 4.47	\$ 4.81	\$ 3.46	\$ 3.34
Income from Investment Operations:					
Net Investment Income	—	—	—	—	—
Net Realized and Unrealized Gains (Losses) on Investments	(0.59)	(0.83)	0.29	1.48	0.24
Total from Investment Operations	(0.59)	(0.83)	0.29	1.48	0.24
Less Distributions:					
Distributions from Net Investment Income	—	—	—	—	—
Distributions from Realized Gains on Investments	(0.05)	(0.82)	(0.63)	(0.13)	(0.12)
Total Distributions	(0.05)	(0.82)	(0.63)	(0.13)	(0.12)
Net Asset Value, End of Period	\$ 2.18	\$ 2.82	\$ 4.47	\$ 4.81	\$ 3.46
Total Return†	(21.15%)	(19.87%)	6.18%	43.78%	7.56%
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$994,075	\$1,341,876	\$1,696,013	\$1,485,311	\$1,137,466
Ratio of Expenses to Average Net Assets	0.52%	0.52%	0.52%	0.51%	0.52%
Ratio of Net Investment Income (Loss) to Average Net Assets	(0.11%)	-0.08%	0.09%	(0.02%)	0.04%
Portfolio Turnover Rate	43.37%	70.40%	63.18%	68.64%	50.43%

International Growth Portfolio

(For a share outstanding throughout the period)	For the Year	For the Period
	Ended December 31, 2002	July 31, 2001** through December 31, 2001
Selected Per Share Data		
Net Asset Value, Beginning of Period	\$ 0.91	\$ 1.00
Income from Investment Operations:		
Net Investment Income	—	—
Net Realized and Unrealized Gains (Losses) on Investments	(0.12)	(0.09)
Total from Investment Operations	(0.12)	(0.09)
Less Distributions:		
Distributions from Net Investment Income	—	—
Distributions from Realized Gains on Investments	—	—
Total Distributions	—	—
Net Asset Value, End of Period	\$ 0.79	\$ 0.91
Total Return†	(12.34%)	(9.40%)
Ratios and Supplemental Data		
Net Assets, End of Period (in thousands)	\$ 35,373	\$ 26,900
Ratio of Gross Expenses to Average Net Assets	1.15%	1.25%***
Ratio of Net Expenses to Average Net Assets	1.10%	1.10%***
Ratio of Net Investment Income (Loss) to Average Net Assets	0.62%	0.05%***
Portfolio Turnover Rate	27.28%	18.45%

** Portfolio commenced operations July 31, 2001.

*** Computed on an annualized basis.

† Total Return includes deductions for management and other fund expenses; excludes deductions for sales loads and account fees, not annualized for periods less than one year.

The Accompanying Notes are an Integral Part of the Financial Statements.

Financial Highlights

Northwestern Mutual Series Fund, Inc.

Franklin Templeton International Equity Portfolio

(For a share outstanding throughout the period)

	For the Year Ended December 31,				
	2002	2001	2000	1999	1998
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 1.26	\$ 1.63	\$ 1.78	\$ 1.68	\$ 1.69
Income from Investment Operations:					
Net Investment Income	0.02	0.02	0.02	0.03	0.05
Net Realized and Unrealized Gains (Losses) on Investments	(0.24)	(0.23)	(0.04)	0.33	0.04
Total from Investment Operations	(0.22)	(0.21)	(0.02)	0.36	0.09
Less Distributions:					
Distributions from Net Investment Income	(0.02)	(0.03)	(0.04)	(0.05)	(0.04)
Distributions from Realized Gains on Investments	—	(0.13)	(0.09)	(0.21)	(0.06)
Total Distributions	(0.02)	(0.16)	(0.13)	(0.26)	(0.10)
Net Asset Value, End of Period	\$ 1.02	\$ 1.26	\$ 1.63	\$ 1.78	\$ 1.68
Total Return†	(17.40%)	(14.00%)	(0.79%)	22.88%	4.82%
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$ 563,102	\$ 716,413	\$ 809,617	\$ 772,170	\$ 671,106
Ratio of Gross Expenses to Average Net Assets	0.74%	0.74%	0.73%	0.74%	0.76%
Ratio of Net Investment Income (Loss) to Average Net Assets	1.72%	1.99%	1.77%	2.62%	3.38%
Portfolio Turnover Rate	30.94%	34.52%	26.95%	38.37%	30.41%

Index 400 Stock Portfolio

(For a share outstanding throughout the period)

	For the Year Ended December 31,			For the Period
	2002	2001	2000	April 30, 1999* through December 31, 1999
Selected Per Share Data				
Net Asset Value, Beginning of Period	\$ 1.12	\$ 1.14	\$ 1.11	\$ 1.00
Income from Investment Operations:				
Net Investment Income	0.01	—	0.01	0.01
Net Realized and Unrealized Gains (Losses) on Investments	(0.17)	(0.01)	0.16	0.12
Total from Investment Operations	(0.16)	(0.01)	0.18	0.13
Less Distributions:				
Distributions from Net Investment Income	(0.01)	—	(0.02)	(0.01)
Distributions from Realized Gains on Investments	—	(0.01)	(0.13)	(0.01)
Total Distributions	(0.01)	(0.01)	(0.15)	(0.02)
Net Asset Value, End of Period	\$ 0.95	\$ 1.12	\$ 1.14	\$ 1.11
Total Return†	(14.54%)	(0.65%)	17.21%	12.83%
Ratios and Supplemental Data				
Net Assets, End of Period (in thousands)	\$ 225,410	\$ 210,734	\$ 137,616	\$ 59,644
Ratio of Gross Expenses to Average Net Assets	0.28%	0.31%	0.32%	0.46%***
Ratio of Net Expenses to Average Net Assets	0.28%	0.31%	0.32%	0.35%***
Ratio of Net Investment Income (Loss) to Average Net Assets	0.86%	1.06%	1.71%	1.69%***
Portfolio Turnover Rate	15.60%	19.06%	54.60%	26.51%

* Portfolio commenced operations April 30, 1999.

*** Computed on an annualized basis.

† Total Return includes deductions for management and other fund expenses; excludes deductions for sales loads and account fees, not annualized for periods less than one year.

The Accompanying Notes are an Integral Part of the Financial Statements.

Financial Highlights

Northwestern Mutual Series Fund, Inc.

Growth Stock Portfolio

<i>(For a share outstanding throughout the period)</i>	For the Year Ended December 31,				
	2002	2001	2000	1999	1998
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 2.03	\$ 2.47	\$ 2.66	\$ 2.25	\$ 1.81
Income from Investment Operations:					
Net Investment Income	0.01	0.02	0.03	0.03	0.02
Net Realized and Unrealized Gains (Losses) on Investments	(0.43)	(0.36)	(0.09)	0.47	0.46
Total from Investment Operations	(0.42)	(0.34)	(0.06)	0.50	0.48
Less Distributions:					
Distributions from Net Investment Income	(0.02)	(0.02)	(0.02)	(0.03)	(0.02)
Distributions from Realized Gains on Investments	—	(0.08)	(0.11)	(0.06)	(0.02)
Total Distributions	(0.02)	(0.10)	(0.13)	(0.09)	(0.04)
Net Asset Value, End of Period	\$ 1.59	\$ 2.03	\$ 2.47	\$ 2.66	\$ 2.25
Total Return†	(20.83%)	(14.22%)	(2.49%)	22.50%	26.69%
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$ 551,421	\$ 696,578	\$ 770,816	\$ 676,134	\$ 421,282
Ratio of Expenses to Average Net Assets	0.43%	0.43%	0.43%	0.43%	0.46%
Ratio of Net Investment Income (Loss) to Average Net Assets	0.76%	1.01%	1.12%	1.22%	1.10%
Portfolio Turnover Rate	28.06%	27.98%	28.01%	27.26%	21.64%

J.P. Morgan Select Growth and Income Stock Portfolio

<i>(For a share outstanding throughout the period)</i>	For the Year Ended December 31,				
	2002	2001	2000	1999	1998
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 1.22	\$ 1.37	\$ 1.56	\$ 1.62	\$ 1.33
Income from Investment Operations:					
Net Investment Income	0.01	0.01	0.01	0.01	0.01
Net Realized and Unrealized Gains (Losses) on Investments	(0.35)	(0.11)	(0.11)	0.12	0.29
Total from Investment Operations	(0.34)	(0.10)	(0.10)	0.13	0.30
Less Distributions:					
Distributions from Net Investment Income	(0.01)	(0.01)	(0.01)	—	(0.01)
Distributions from Realized Gains on Investments	—	(0.04)	(0.08)	(0.19)	—
Total Distributions	(0.01)	(0.05)	(0.09)	(0.19)	(0.01)
Net Asset Value, End of Period	\$ 0.87	\$ 1.22	\$ 1.37	\$ 1.56	\$ 1.62
Total Return†	(28.20%)	(7.77%)	(6.97%)	7.47%	23.14%
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$ 365,944	\$ 548,672	\$ 579,981	\$ 661,552	\$ 570,970
Ratio of Expenses to Average Net Assets	0.58%	0.58%	0.57%	0.57%	0.58%
Ratio of Net Investment Income (Loss) to Average Net Assets	0.85%	0.75%	0.68%	0.80%	1.00%
Portfolio Turnover Rate	29.20%	44.37%	47.67%	106.93%	160.40%

† Total Return includes deductions for management and other fund expenses; excludes deductions for sales loads and account fees, not annualized for periods less than one year.

The Accompanying Notes are an Integral Part of the Financial Statements.

Financial Highlights

Northwestern Mutual Series Fund, Inc.

Capital Guardian Domestic Equity Portfolio

(For a share outstanding throughout the period)

	For the Year Ended December 31, 2002	For the Period July 31, 2001** through December 31, 2001
Selected Per Share Data		
Net Asset Value, Beginning of Period	\$ 0.97	\$ 1.00
Income from Investment Operations:		
Net Investment Income	0.01	—
Net Realized and Unrealized Gains (Losses) on Investments	(0.21)	(0.03)
Total from Investment Operations	(0.20)	(0.03)
Less Distributions:		
Distributions from Net Investment Income	(0.01)	—
Distributions from Realized Gains on Investments	—	—
Total Distributions	(0.01)	—
Net Asset Value, End of Period	\$ 0.76	\$ 0.97
Total Return†	(21.24%)	(2.19%)
Ratios and Supplemental Data		
Net Assets, End of Period (in thousands)	\$ 74,274	\$ 40,722
Ratio of Gross Expenses to Average Net Assets	0.70%	0.90%***
Ratio of Net Expenses to Average Net Assets	0.70%	0.75%***
Ratio of Net Investment Income (Loss) to Average Net Assets	1.54%	1.32%***
Portfolio Turnover Rate	22.42%	18.98%

Index 500 Stock Portfolio

(For a share outstanding throughout the period)

	For the Year Ended December 31,				
	2002	2001	2000	1999	1998
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 2.87	\$ 3.41	\$ 3.89	\$ 3.29	\$ 2.64
Income from Investment Operations:					
Net Investment Income	0.03	0.03	0.04	0.04	0.04
Net Realized and Unrealized Gains (Losses) on Investments	(0.64)	(0.43)	(0.37)	0.64	0.71
Total from Investment Operations	(0.61)	(0.40)	(0.33)	0.68	0.75
Less Distributions:					
Distributions from Net Investment Income	(0.03)	(0.04)	(0.04)	(0.03)	(0.04)
Distributions from Realized Gains on Investments	(0.06)	(0.10)	(0.11)	(0.05)	(0.06)
Total Distributions	(0.09)	(0.14)	(0.15)	(0.08)	(0.10)
Net Asset Value, End of Period	\$ 2.17	\$ 2.87	\$ 3.41	\$ 3.89	\$ 3.29
Total Return†	(22.07%)	(11.88%)	(8.75%)	20.91%	28.72%
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$1,362,881	\$1,821,875	\$2,072,937	\$2,271,956	\$1,690,680
Ratio of Expenses to Average Net Assets	0.21%	0.21%	0.20%	0.20%	0.21%
Ratio of Net Investment Income (Loss) to Average Net Assets	1.40%	1.13%	1.08%	1.16%	1.40%
Portfolio Turnover Rate	6.55%	2.92%	6.47%	5.65%	3.03%

** Portfolio commenced operations July 31, 2001.

*** Computed on an annualized basis.

† Total Return includes deductions for management and other fund expenses; excludes deductions for sales loads and account fees, not annualized for periods less than one year.

The Accompanying Notes are an Integral Part of the Financial Statements.

Financial Highlights

Northwestern Mutual Series Fund, Inc.

Asset Allocation Portfolio

(For a share outstanding throughout the period)

	For the Year Ended December 31, 2002	For the Period July 31, 2001** through December 31, 2001
Selected Per Share Data		
Net Asset Value, Beginning of Period	\$ 0.97	\$ 1.00
Income from Investment Operations:		
Net Investment Income	0.01	0.01
Net Realized and Unrealized Gains (Losses) on Investments	(0.11)	(0.03)
Total from Investment Operations	(0.10)	(0.02)
Less Distributions:		
Distributions from Net Investment Income	(0.01)	(0.01)
Distributions from Realized Gains on Investments	—	—
Total Distributions	(0.01)	(0.01)
Net Asset Value, End of Period	\$ 0.86	\$ 0.97
Total Return†	(10.26%)	(2.10%)
Ratios and Supplemental Data		
Net Assets, End of Period (in thousands)	\$ 87,260	\$ 40,116
Ratio of Gross Expenses to Average Net Assets	0.87%	0.92%***
Ratio of Net Expenses to Average Net Assets	0.75%	0.75%***
Ratio of Net Investment Income (Loss) to Average Net Assets	2.18%	2.19%***
Portfolio Turnover Rate	112.73%	55.88%

Balanced Portfolio

(For a share outstanding throughout the period)

	For the Year Ended December 31,				
	2002	2001	2000	1999	1998
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 1.82	\$ 2.03	\$ 2.22	\$ 2.22	\$ 1.99
Income from Investment Operations:					
Net Investment Income	0.06	0.08	0.08	0.07	0.07
Net Realized and Unrealized Gains (Losses) on Investments	(0.20)	(0.13)	(0.09)	0.17	0.29
Total from Investment Operations	(0.14)	(0.05)	(0.01)	0.24	0.36
Less Distributions:					
Distributions from Net Investment Income	(0.06)	(0.08)	(0.07)	(0.07)	(0.07)
Distributions from Realized Gains on Investments	—	(0.08)	(0.11)	(0.17)	(0.06)
Total Distributions	(0.06)	(0.16)	(0.18)	(0.24)	(0.13)
Net Asset Value, End of Period	\$ 1.62	\$ 1.82	\$ 2.03	\$ 2.22	\$ 2.22
Total Return†	(7.54%)	(3.15%)	(0.17%)	11.18%	18.88%
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$2,561,529	\$3,011,137	\$3,253,199	\$3,557,900	\$3,282,071
Ratio of Expenses to Average Net Assets	0.30%	0.30%	0.30%	0.30%	0.30%
Ratio of Net Investment Income (Loss) to Average Net Assets	3.08%	3.75%	3.47%	3.36%	3.48%
Portfolio Turnover Rate	53.12%	50.37%	24.36%	27.16%	44.18%

** Portfolio commenced operations July 31, 2001.

*** Computed on an annualized basis.

† Total Return includes deductions for management and other fund expenses; excludes deductions for sales loads and account fees, not annualized for periods less than one year.

The Accompanying Notes are an Integral Part of the Financial Statements.

Financial Highlights

Northwestern Mutual Series Fund, Inc.

High Yield Bond Portfolio

<i>(For a share outstanding throughout the period)</i>	For the Year Ended December 31,				
	2002	2001	2000	1999	1998
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 0.65	\$ 0.69	\$ 0.82	\$ 0.94	\$ 1.06
Income from Investment Operations:					
Net Investment Income	0.07	0.08	0.09	0.11	0.10
Net Realized and Unrealized Gains (Losses) on Investments	(0.09)	(0.04)	(0.13)	(0.12)	(0.12)
Total from Investment Operations	(0.02)	0.04	(0.04)	(0.01)	(0.02)
Less Distributions:					
Distributions from Net Investment Income	(0.07)	(0.08)	(0.09)	(0.11)	(0.10)
Distributions from Realized Gains on Investments	—	—	—	—	—
Total Distributions	(0.07)	(0.08)	(0.09)	(0.11)	(0.10)
Net Asset Value, End of Period	\$ 0.56	\$ 0.65	\$ 0.69	\$ 0.82	\$ 0.94
Total Return†	(2.89%)	5.03%	(4.60%)	(0.44%)	(1.84%)
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$137,553	\$147,670	\$ 138,207	\$ 161,424	\$ 184,782
Ratio of Gross Expenses to Average Net Assets	0.54%	0.53%	0.53%	0.50%	0.50%
Ratio of Net Expenses to Average Net Assets	0.54%	0.53%	0.52%	0.50%	0.50%
Ratio of Net Investment Income (Loss) to Average Net Assets	10.37%	10.48%	10.90%	11.15%	10.85%
Portfolio Turnover Rate	89.20%	96.41%	124.91%	139.87%	153.71%

Select Bond Portfolio

<i>(For a share outstanding throughout the period)</i>	For the Year Ended December 31,				
	2002	2001	2000	1999	1998
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 1.20	\$ 1.16	\$ 1.13	\$ 1.25	\$ 1.26
Income from Investment Operations:					
Net Investment Income	0.05	0.06	0.08	0.08	0.08
Net Realized and Unrealized Gains (Losses) on Investments	0.09	0.05	0.03	(0.09)	—
Total from Investment Operations	0.14	0.11	0.11	(0.01)	0.08
Less Distributions:					
Distributions from Net Investment Income	(0.06)	(0.07)	(0.08)	(0.08)	(0.08)
Distributions from Realized Gains on Investments	(0.01)	—	—	(0.03)	(0.01)
Total Distributions	(0.07)	(0.07)	(0.08)	(0.11)	(0.09)
Net Asset Value, End of Period	\$ 1.27	\$ 1.20	\$ 1.16	\$ 1.13	\$ 1.25
Total Return†	12.09%	10.37%	10.21%	(1.00%)	7.07%
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$ 584,018	\$ 405,406	\$ 291,678	\$286,493	\$ 298,034
Ratio of Expenses to Average Net Assets	0.30%	0.30%	0.30%	0.30%	0.30%
Ratio of Net Investment Income (Loss) to Average Net Assets	5.01%	6.15%	6.84%	6.56%	6.87%
Portfolio Turnover Rate	184.37%	151.27%	139.89%	76.65%	161.79%

† Total Return includes deductions for management and other fund expenses; excludes deductions for sales loads and account fees, not annualized for periods less than one year.

The Accompanying Notes are an Integral Part of the Financial Statements.

Financial Highlights

Northwestern Mutual Series Fund, Inc.

Money Market Portfolio

<i>(For a share outstanding throughout the period)</i>	For the Year Ended December 31,				
	2002	2001	2000	1999	1998
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Income from Investment Operations:					
Net Investment Income	0.02	0.04	0.06	0.05	0.05
Total from Investment Operations	0.02	0.04	0.06	0.05	0.05
Less Distributions:					
Distributions from Net Investment Income	(0.02)	(0.04)	(0.06)	(0.05)	(0.05)
Total Distributions	(0.02)	(0.04)	(0.06)	(0.05)	(0.05)
Net Asset Value, End of Period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Total Return†	1.65%	3.91%	6.28%	5.10%	5.43%
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$501,313	\$458,689	\$384,455	\$404,284	\$291,464
Ratio of Gross Expenses to Average Net Assets	0.30%	0.30%	0.30%	0.30%	0.30%
Ratio of Net Expenses to Average Net Assets	0.27%	0.30%	0.30%	0.30%	0.30%
Ratio of Net Investment Income (Loss) to Average Net Assets	1.63%	3.76%	6.08%	4.99%	5.26%

† Total Return includes deductions for management and other fund expenses; excludes deductions for sales loads and account fees, not annualized for periods less than one year.

The Accompanying Notes are an Integral Part of the Financial Statements.

Notes to Financial Statements

Northwestern Mutual Series Fund, Inc.

December 31, 2002

Note 1 — Northwestern Mutual Series Fund, Inc. (the "Series Fund") is registered as a diversified open-end investment company under the Investment Company Act of 1940. The Series Fund consists of the Small Cap Growth Stock Portfolio, T. Rowe Price Small Cap Value Portfolio, Aggressive Growth Stock Portfolio, International Growth Stock Portfolio, Franklin Templeton International Equity Portfolio, Index 400 Stock Portfolio, Growth Stock Portfolio, J.P. Morgan Select Growth & Income Stock Portfolio, Capital Guardian Domestic Equity Portfolio, Index 500 Stock Portfolio, Asset Allocation Portfolio, Balanced Portfolio, High Yield Bond Portfolio, Select Bond Portfolio and the Money Market Portfolio (the "Portfolios"). Shares are presently offered only to The Northwestern Mutual Life Insurance Company ("Northwestern Mutual") and its segregated asset accounts.

Note 2 — The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principal accounting policies are summarized below.

Note 3 — Stocks listed on a national or foreign stock exchange are valued at the final sale price, or final bid price in absence of a sale. Stocks not listed on a national or foreign stock exchange are valued at the closing bid price on the over-the-counter market. Stocks for which current market quotations are not readily available are valued at fair value determined by procedures approved by the Board of Directors. The fair value procedure is used if a significant event that is likely to have affected the value of the securities takes place after the time of the most recent market quotations or the market quotations for other reasons do not reflect information material to the value of those securities. Bonds are valued on the basis of prices furnished by a service which determines prices for normal institutional size trading units of bonds. Money market investments, other than in the Money Market Portfolio, with maturities exceeding sixty days but generally not exceeding one year are valued by marking to market on the basis of an average of the most recent bid prices or yields. Money market investments with maturities of sixty days or less and all securities in the Money Market Portfolio are valued on an amortized cost basis or, if the current market value differs substantially from the amortized cost, by marking to market. When quotations for bonds or money market instruments are

not readily available, these securities are valued at fair value determined by procedures approved by the Board of Directors.

Note 4 — Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated in U.S. dollar amounts on the respective dates of such transactions. When the International Growth Stock Portfolio, Franklin Templeton International Equity Portfolio, Asset Allocation Portfolio, Balanced Portfolio and Select Bond Portfolio purchases or sells a foreign security they may enter into a foreign exchange currency contract to minimize market risk from the trade date to the settlement date of such transaction. Such foreign exchange currency contracts are marked to market daily.

The Portfolios may enter into forward foreign currency contracts to hedge against exchange rate risk arising from investments in securities denominated in foreign currencies. Contracts valued at the contractual forward rate are marked to market daily, with the change in market value recorded as an unrealized gain or loss. When the contracts are closed, a realized gain or loss is incurred. Risks may arise from changes in market value of the underlying instruments and from the possible inability of counterparties to meet the terms of their contracts.

The International Growth Stock Portfolio, Franklin Templeton International Equity Portfolio, Asset Allocation Portfolio, Balanced Portfolio and Select Bond Portfolio do not separately report the results of operations due to changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized or unrealized gain or loss from investments.

Net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade date and the settlement date on security transactions, and the differences between the amounts of dividends and foreign withholding taxes recorded on a Portfolio's books, and the U.S. dollar equivalent of the amounts actually received or paid.

Note 5 — The Small Cap Growth Stock, Aggressive Growth Stock, Index 400 Stock, Growth Stock, Index 500 Stock, Asset Allocation, Balanced and Select Bond Portfolios invest in futures contracts as an alternative to investing in individual securities. The Small Cap Growth Stock,

Notes to Financial Statements

Aggressive Growth Stock, Index 400 Stock, Growth Stock, Index 500 Stock, Asset Allocation, Balanced and Select Bond Portfolios could be exposed to market risk due to changes in the value of the underlying securities or due to an illiquid secondary market. Futures contracts are marked to market daily based upon quoted settlement prices. The Portfolios receive from or pay to brokers an amount of cash equal to the daily fluctuation in the value of the contracts. Such receipts or payments, known as the "variation margin", are recorded by the Portfolios as unrealized gains or losses. When the contract is closed, the Portfolios record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

For Federal income tax purposes, net unrealized appreciation (depreciation) on open futures contracts is generally required to be treated as realized gains (losses).

Note 6 — The Series Fund has a securities lending program that enables each Portfolio, except the Money Market Portfolio, to loan securities to approved broker-dealers. The Portfolio receives cash (U.S. currency), U.S. Government or U.S. Government agency obligations as collateral against the loaned securities. To the extent that a loan is collateralized by cash, such collateral shall be invested by the Portfolio to earn interest in accordance with the Portfolio's investment

Note 7 — Interest income is recorded daily on the accrual basis and dividend income is recorded on the ex-dividend date or as soon as information from foreign issuers is available. Where applicable, dividends are recorded net of foreign dividend tax. Discounts and premiums on securities purchased are amortized over the life of the respective

policies. The collateral received under the securities lending program is recorded on the Portfolio's statement of assets and liabilities along with the related obligation to return the collateral.

Income generated from the investment of cash collateral, less negotiated rebate fees paid to participating brokers and transaction costs, is recorded as income for the Portfolio. All collateral received will be in an amount at least equal to 102% (for loans of U.S. securities) or 105% (for non-U.S. securities) of the market value of the loaned securities at the inception of each loan. Thereafter, each loan must be continuously secured by collateral at least equal at all times to the value of the securities lent. In addition, the Portfolio is entitled to terminate any securities loan at any time. As of December 31, 2002, the value of outstanding securities on loan and the value of collateral amounted to the following:

	<u>Value of Securities on Loan</u>	<u>Value of Collateral</u>
Balanced	\$59,351,321	\$61,267,250
Select Bond	35,968,870	37,117,875

As of December 31, 2002, collateral received for securities on loan is invested in money market instruments and included in Investments on the Portfolio's Statement of Assets and Liabilities.

securities using the effective interest method. Securities transactions are accounted for on trade date. The basis for determining cost on sale of securities is identified cost. For the year ended December 31, 2002, transactions in securities other than money market investments were:

<u>Portfolios</u>	<u>Total Security Purchases</u>	<u>U.S. Govt. Security Purchases</u>	<u>Total Security Sales/ Maturities</u>	<u>U.S. Govt. Security Sales/ Maturities</u>
	<i>(Amounts in thousands)</i>			
Small Cap Growth Stock	\$ 152,502		\$ 103,166	
T. Rowe Price Small Cap Value	60,082		13,541	
Aggressive Growth Stock	452,368		499,231	
International Growth Stock	21,474		8,468	
Franklin Templeton International Equity	190,692		193,661	
Index 400 Stock	86,735		33,731	
Growth Stock	221,300		160,997	
J.P. Morgan Select Growth & Income Stock	127,298		145,565	
Capital Guardian Domestic Equity	61,139		12,419	
Index 500 Stock	101,729		135,299	
Asset Allocation	102,857	\$ 30,207	57,769	\$ 22,123
Balanced	1,256,969	620,109	1,373,782	762,494
High Yield Bond	126,591		116,400	
Select Bond	947,579	654,076	779,918	520,550

Notes to Financial Statements

Note 8 — The Series Fund and its Portfolios are parties to annually renewable contracts pursuant to which each Portfolio pays a charge for investment management and administrative services. Each Portfolio pays at an annual rate based on the average daily net asset values of each Portfolio. For the T. Rowe Price Small Cap Value Portfolio the rate is .85%, for the Index 500 Stock Portfolio the rate is .20%, for the Index 400 Stock Portfolio the rate is .25%, and for the Balanced, Select Bond and Money Market Portfolios the rate is .30%. For the other Portfolios the rate for the investment advisory fee is graded by the asset size of the Portfolio according to the following schedule:

<u>Portfolios</u>	<u>First \$50 Million</u>	<u>Next \$50 Million</u>	<u>Excess</u>
Small Cap Growth Stock .....	.80%	.65%	.50%
Aggressive Growth Stock .....	.80%	.65%	.50%
Franklin Templeton International Equity .....	.85%	.65%	.65%
Growth Stock .....	.60%	.50%	.40%
J.P. Morgan Select Growth & Income Stock .....	.70%	.60%	.55%
High Yield Bond .....	.60%	.50%	.40%

<u>Portfolios</u>	<u>First \$100 Million</u>	<u>Next \$150 Million</u>	<u>Excess</u>
International Growth Stock .....	.75%	.65%	.55%
Capital Guardian Domestic Equity .....	.65%	.55%	.50%
Asset Allocation .....	.60%	.50%	.40%

These amounts are paid to Mason Street Advisors, a wholly owned subsidiary of Northwestern Mutual, which is the manager and investment adviser of the Series Fund. Northwestern Mutual is also a party to the agreement. Other costs for each Portfolio are paid either by the Portfolios, Northwestern Mutual, or Mason Street Advisors depending upon the applicable agreement in place.

The Small Cap Growth Stock Portfolio, T. Rowe Price Small Cap Value Portfolio, Aggressive Growth Stock Portfolio, International Growth Stock Portfolio, Franklin Templeton International Equity Portfolio, Index 400 Stock Portfolio, Growth Stock Portfolio, J.P. Morgan Select Growth & Income Stock Portfolio, Capital Guardian Domestic Equity Portfolio, Index 500 Stock Portfolio, Asset Allocation Portfolio, and High Yield Bond Portfolio pay their own custodian fees. In addition, certain Portfolios pay a portion of their custodian fees indirectly through expense offset arrangements. Custodian fees are reduced for Portfolios that maintain compensating balances in non-interest bearing accounts. The Portfolios could have invested the assets used to pay for the custodian fees, had the assets not been used in the expense offset arrangements. For the year ended December 31, 2002, the amounts paid through expense offset arrangements are \$4,015 in the Small Cap Growth Stock Portfolio, \$1,460 in the T. Rowe Price

Small Cap Value Portfolio, \$4,745 in the Aggressive Growth Stock Portfolio, \$3,650 in the Index 400 Stock Portfolio, \$3,285 in the Growth Stock Portfolio, \$2,555 in the J.P. Morgan Select Growth & Income Stock Portfolio, \$730 in the Capital Guardian Domestic Equity Portfolio, \$4,356 in the Index 500 Stock Portfolio, \$1,095 in the Asset Allocation Portfolio, and \$1,460 in the High Yield Bond Portfolio.

J.P. Morgan Fleming Asset Management, ("J.P. Morgan"), Templeton Investment Counsel, Inc. ("Templeton Counsel"), T. Rowe Price Associates, Inc. ("T. Rowe Price") and Capital Guardian Trust Company ("Capital Guardian") have been retained under investment subadvisory agreements to provide investment advice and, in general, to conduct the management investment program of the J.P. Morgan Select Growth & Income Stock Portfolio, the Franklin Templeton International Equity Portfolio, the T. Rowe Price Small Cap Value Portfolio and the Capital Guardian Domestic Equity Portfolio, respectively. Mason Street Advisors pays J.P. Morgan .45% on the first \$100 million of combined net assets for all funds managed for Northwestern Mutual by J.P. Morgan, .40% on the next \$100 million, .35% on the next \$200 million and .30% in excess of \$400 million. Mason Street Advisors pays Templeton Counsel .50% on the first \$100 million of combined net assets for all funds managed for Northwestern Mutual by Templeton Counsel and .40% in excess of \$100 million. Mason Street Advisors pays T. Rowe Price an annual rate of .60% of the Portfolio's average daily net assets. Mason Street Advisors pays Capital Guardian a flat annual fee of \$375,000 on the Portfolio's assets of \$100 million or less and .275% on net assets in excess of \$100 million.

The Small Cap Growth Stock, T. Rowe Small Cap Value, and Aggressive Growth Stock Portfolios paid commissions on Fund transactions to an affiliated broker in the amounts of \$11,428, \$845, and \$180,690, respectively, for the year ended December 31, 2002.

Note 9 — Each of the Portfolios of the Series Fund has elected to be taxed as a regulated investment company meeting certain requirements under the Internal Revenue Code. Since each expects to distribute all net investment income and net realized capital gains, the Portfolios anticipate incurring no federal income taxes.

Taxable distributions from net investment income and realized capital gains in the Portfolios may differ from book amounts earned during the period due to differences in the timing of capital recognition and due to the reclassification of certain gains or losses between capital and income. The differences between cost amounts for book purposes and tax purposes are primarily due to treatment of deferred losses.

Notes to Financial Statements

It is the policy of the Portfolios to reclassify the net effect of permanent differences between book and taxable income to capital accounts on the statements of assets and liabilities.

Certain losses incurred by the Portfolios after October 31st are deferred and deemed to have occurred in the next fiscal

year for income tax purposes. Net realized capital losses for Federal income tax purposes are carried forward to offset future net realized gains. A summary of the Portfolios' post October losses and capital loss carryovers as of December 31, 2002 is provided below:

Portfolio	Post October	Capital Loss	
	Losses	Amount	Expiration
	Capital		
<i>(Amounts in Thousands)</i>			
Small Cap Growth Stock	\$ —	\$ 41,724	2009-2010
T. Rowe Price Small Cap Value	140	98	2010
Aggressive Growth Stock	10,137	192,312	2010
International Growth Stock	620	3,805	2009-2010
Franklin Templeton International Equity	—	73,668	2009-2010
Index 400 Stock	142	2,153	2009-2010
Growth Stock	1,983	115,629	2009-2010
J.P. Morgan Select Growth & Income Stock	4,543	73,258	2009-2010
Capital Guardian Domestic Equity	1,186	2,410	2009-2010
Index 500 Stock	—	—	—
Asset Allocation	289	4,396	2009-2010
Balanced	—	50,014	2009-2010
High Yield Bond	6,888	77,164	2006-2010
Select Bond	251	—	—
Money Market	—	—	—

Note 10 — Dividends from net investment income and net realized capital gains are declared at least annually for the Small Cap Growth Stock, T. Rowe Price Small Cap Value, Aggressive Growth Stock, International Growth Stock, Franklin Templeton International Equity, Index 400 Stock, Growth Stock, J.P. Morgan Select Growth & Income Stock, Capital Guardian Domestic Equity, Index 500 Stock, Asset Allocation, Balanced, High Yield Bond and Select Bond Portfolios and each business day for the Money Market Portfolio.

Note 11 — Northwestern Mutual voluntarily reimburses the Franklin Templeton International Equity and International Growth Stock Portfolios for the benefit Northwestern Mutual receives from foreign dividend taxes charged against the Portfolios. The amounts reimbursed represent approximately 65% of the foreign dividend taxes withheld from the Portfolios. Reimbursements are recorded when foreign dividend taxes are accrued. Voluntary reimbursements amounted to \$1,045,186 and \$1,296,498 for the Franklin Templeton International Equity Portfolio and \$41,412 and \$0 for the International Growth Stock Portfolio for the years ended December 31, 2002 and December 31, 2001, respectively.

Notes to Financial Statements

Note 12

Distributions to Shareholders

When applicable, each of the Portfolios made distributions during the year of ordinary income and long-term capital gains. The tax character of distributions paid for the years ended December 31, 2002 and 2001 was as follows:

Portfolio	2002 Distributions Paid From:		2001 Distributions Paid From:	
	Ordinary Income	Long-term Capital Gain	Ordinary Income	Long-term Capital Gain
	<i>(Amounts in Thousands)</i>			
Small Cap Growth Stock	\$ 432	\$ —	\$ 24	\$ —
T. Rowe Price Small Cap Value	337	13	51	—
Aggressive Growth Stock	1,101	24,420	1,517	310,659
International Growth Stock	186	—	—	—
Franklin Templeton International Equity	13,714	—	26,699	54,212
Index 400 Stock	1,830	—	969	1,207
Growth Stock	7,118	—	5,419	25,531
J.P. Morgan Select Growth & Income Stock	4,121	—	7,206	12,432
Capital Guardian Domestic Equity	882	—	168	—
Index 500 Stock	21,302	35,471	24,105	59,088
Asset Allocation	1,415	—	284	—
Balanced	106,128	—	127,987	112,544
High Yield Bond	14,697	—	15,601	—
Select Bond	24,835	—	19,294	—
Money Market	7,657	—	15,878	—

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

Portfolio	Undistributed Ordinary Income	Undistributed Long-term Gains	Accumulated Losses	Unrealized Appreciation (Depreciation)*
	<i>(Amounts in Thousands)</i>			
Small Cap Growth Stock	\$ —	\$ —	\$ (41,724)	\$ (20,305)
T. Rowe Price Small Cap Value	—	—	(238)	(4,365)
Aggressive Growth Stock	—	—	(202,449)	(54,532)
International Growth Stock	2	—	(4,425)	(2,539)
Franklin Templeton International Equity	11,039	—	(73,668)	(120,368)
Index 400 Stock	1,934	—	(2,295)	(35,162)
Growth Stock	4,774	—	(117,612)	1,336
J.P. Morgan Select Growth & Income Stock	3,770	—	(77,801)	(132,978)
Capital Guardian Domestic Equity	14	—	(3,596)	(11,303)
Index 500 Stock	21,914	8,036	—	22,106
Asset Allocation	4	—	(4,685)	(4,135)
Balanced	85,974	—	(50,014)	345,940
High Yield Bond	364	—	(84,052)	(10,373)
Select Bond	38,274	—	(251)	7,895
Money Market	—	—	—	—

* Differs from disclosures on Schedules of Investments due primarily to timing of recognition of certain gains and losses for tax purposes.

Note 13 — Effective January 31st, 2003 the J.P. Morgan Select Growth and Income Stock Portfolio will experience name and manager changes. The Large Cap Core Stock Fund, formerly known as the J.P. Morgan Select Growth and Income Stock Portfolio, will be managed by Mason Street Advisors, LLC. The management fee will be decreased effective with the change in investment advisers. Effective January 31, 2003, the management fee will be calculated at an annual rate of 0.60% on the first \$50 million in net assets, 0.50% on the next \$50 million in net assets and 0.40% on net assets greater than \$100 million. The annual fee will be based on the average daily net assets and payable on a monthly basis.



Report of Independent Accountants

To The Northwestern Mutual Life Insurance Company and
Contract Owners of NML Variable Annuity Account C

In our opinion, the accompanying statement of assets and liabilities and the related statements of operations and of changes in equity and the financial highlights present fairly, in all material respects, the financial position of NML Variable Annuity Account C and its Small Cap Growth Stock Division, T. Rowe Price Small Cap Value Division, Aggressive Growth Stock Division, International Growth Stock Division, Franklin Templeton International Equity Division, Index 400 Stock Division, Growth Stock Division, J.P. Morgan Select Growth and Income Stock Division, Capital Guardian Domestic Equity Division, Index 500 Stock Division, Asset Allocation Division, Balanced Division, High Yield Bond Division, Select Bond Division, Money Market Division, Russell Multi-Style Equity Division, Russell Aggressive Equity Division, Russell Non-U.S. Division, Russell Core Bond Division, and Russell Real Estate Securities Division at December 31, 2002, and the results of each of their operations, the changes in each of their equity and their financial highlights for the periods indicated, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of The Northwestern Mutual Life Insurance Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included direct confirmation of securities owned at December 31, 2002 with Northwestern Mutual Series Fund, Inc. and the Russell Insurance Funds, provide a reasonable basis for our opinion.

A handwritten signature in cursive script that reads "Price Waterhouse Coopers LLP".

Milwaukee, Wisconsin
January 30, 2003

Account C Financial Statements

NML Variable Annuity Account C Statement of Assets and Liabilities December 31, 2002 (in thousands)

Assets

Investments at Market Value:

Northwestern Mutual Series Fund, Inc.

Small Cap Growth Stock		
11,605 shares (cost \$21,588)	\$16,885	
T. Rowe Price Small Cap Value		
476 shares (cost \$493)	454	
Aggressive Growth Stock		
32,817 shares (cost \$112,089)	71,638	
International Growth Stock		
73 shares (cost \$68)	58	
Franklin Templeton International Equity		
34,186 shares (cost \$44,997)	35,006	
Index 400 Stock		
15,253 shares (cost \$17,298)	14,520	
Growth Stock		
14,018 shares (cost \$31,269)	22,261	
J.P. Morgan Select Growth and Income Stock		
15,981 shares (cost \$22,258)	13,872	
Capital Guardian Domestic Equity		
765 shares (cost \$646)	580	
Index 500 Stock		
35,907 shares (cost \$97,006)	77,810	
Asset Allocation		
1,738 shares (cost \$1,612)	1,491	
Balanced		
50,686 shares (cost \$95,393)	82,213	
High Yield Bond		
6,917 shares (cost \$4,705)	3,894	
Select Bond		
15,390 shares (cost \$18,303)	19,561	
Money Market		
10,973 shares (cost \$10,973)	10,973	
Russell Insurance Funds		
Multi-Style Equity		
83 shares (cost \$1,140)	751	
Aggressive Equity		
57 shares (cost \$688)	527	
Non-U.S.		
73 shares (cost \$800)	527	
Core Bond		
77 shares (cost \$796)	804	
Real Estate Securities		
910 shares (cost \$9,865)	9,566	\$383,391
Due from Northwestern Mutual Life Insurance Company		67
Total Assets		<u>\$383,458</u>

Liabilities

Due to Northwestern Mutual Life Insurance Company	\$	6
Total Liabilities		<u>6</u>

Equity (Note 8)

Group Variable Annuity Contracts Issued:

Before December 17, 1981 or between April 30, 1984 and December 31, 1991	287,155
After December 16, 1981 and Prior to May 1, 1984	2,947
After December 31, 1991 — Front Load Version	20,761
After December 31, 1991 — Simplified Load Version	72,589
Total Equity	<u>383,452</u>
Total Liabilities and Equity	<u>\$383,458</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

NML Variable Annuity Account C
Statements of Operations
(in thousands)

	Combined		Small Cap Growth		T. Rowe Price Small Cap Value		Aggressive Growth		International Growth		Franklin Templeton International Equity		Index 400	
	Year Ended December 31, 2002	Year Ended December 31, 2001	Stock Division		Division#		Stock Division		Stock Division#		Division		Stock Division	
			Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001
Investment Income														
Dividend Income	\$ 9,117	\$ 54,521	\$ 2	\$ 2	\$ 2	\$ 2	\$ 90	\$ 27,284	\$ --	\$ --	\$ 906	\$ 5,914	\$ 140	\$ 194
Annuity Rate and Expense Guarantees	(1,432)	(2,007)	(28)	(5)	(231)	(358)	(78)	(121)	(78)	(121)	(78)	(121)	(20)	(19)
Net Investment Income (Loss)	7,685	52,514	7	(3)	(141)	26,926	828	5,793	828	5,793	828	5,793	120	175
Realized and Unrealized Gain (Loss) on Investments														
Realized Gain (Loss) on Investments	(35,241)	8,705	(1,245)	(886)	(27)	511	(10,519)	(42)	(8,378)	(6,258)	(8,378)	(6,258)	(823)	(575)
Unrealized Appreciation (Depreciation) of Investments During the Period	(58,211)	(133,527)	(14)	(44)	(11,735)	(58,412)	(8)	(2)	(496)	(8,375)	(496)	(8,375)	(2,160)	275
Net Gain (Loss) on Investments	(93,452)	(124,822)	(4,240)	(900)	(22,254)	(57,901)	(50)	(2)	(8,874)	(14,633)	(8,874)	(14,633)	(2,983)	(300)
Increase (Decrease) in Equity Derived from Investment Activity	\$ (85,767)	\$ (72,308)	\$ (4,233)	\$ (926)	\$ (22,395)	\$ (30,975)	\$ (50)	\$ (2)	\$ (8,046)	\$ (8,840)	\$ (8,046)	\$ (8,840)	\$ (2,863)	\$ (125)

The initial investment in this Division was made on July 31, 2001.

The Accompanying Notes are an Integral Part of the Financial Statements

NML Variable Annuity Account C
Statements of Operations
(in thousands)

	J.P. Morgan Select						Capital Guardian Domestic		Index 500		Asset Allocation Division#		Balanced Division		High Yield Bond Division	
	Growth Stock Division		Stock Division		Growth and Income Stock Division		Equity Division#		Stock Division		Year Ended		Year Ended		Year Ended	
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
(continued)	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Investment Income																
Dividend Income	\$ 330	\$ 1,614	\$ 180	\$ 957	\$ 7	\$—	\$ 1,468	\$ 6,550	\$ 24	\$—	\$ 3,922	\$ 9,705	\$ 415	\$ 487		
Annuity Rate and Expense Guarantees	(77)	(111)	(78)	(124)	(3)	—	(259)	(420)	(8)	—	(356)	(497)	(15)	(22)		
Net Investment Income (Loss)	253	1,503	102	833	4	—	1,209	6,130	16	—	3,566	9,208	400	465		
Realized and Unrealized Gain (Loss) on Investments																
Realized Gain (Loss) on Investments	(2,757)	777	(3,735)	(545)	(8)	—	(2,524)	12,916	(23)	—	(5,135)	3,486	(278)	(737)		
Unrealized Appreciation (Depreciation) of Investments During the Period	(4,172)	(8,402)	(3,096)	(2,643)	(72)	6	(26,051)	(39,298)	(121)	—	(7,102)	(17,384)	(267)	448		
Net Gain (Loss) on Investments	(6,929)	(7,625)	(6,831)	(3,188)	(80)	6	(28,575)	(26,382)	(144)	—	(12,237)	(13,898)	(545)	(289)		
Increase (Decrease) in Equity Derived from Investment Activity	\$(6,676)	\$(6,122)	\$(6,729)	\$(2,355)	\$(76)	\$ 6	\$(27,366)	\$(20,252)	\$(128)	\$—	\$(8,671)	\$(4,690)	\$(145)	\$176		

The initial investment in this Division was made on July 31, 2001.

The Accompanying Notes are an Integral Part of the Financial Statements.

NML Variable Annuity Account C
Statements of Operations
(in thousands)

	Select Bond Division		Money Market Division		Russell Multi-Style Equity Division		Russell Aggressive Equity Division		Russell Non-U.S. Division		Russell Core Bond Division		Russell Real Estate Securities Division	
	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Investment Income														
Dividend Income	\$ 863	\$ 911	\$221	\$523	\$ 7	\$ 37	\$ —	\$ 1	\$ 9	\$ 4	\$20	\$48	\$481	\$290
Amnuity Rate and Expense Guarantees	(93)	(99)	(144)	(163)	(10)	(14)	(7)	(7)	(6)	(8)	(6)	(7)	(11)	(9)
Net Investment Income (Loss)	770	812	77	360	(3)	23	(7)	(6)	3	(4)	14	41	470	281
Realized and Unrealized Gain (Loss) on Investments														
Realized Gain (Loss) on Investments	541	32	—	—	(274)	(120)	(35)	(17)	(107)	(33)	27	14	101	140
Unrealized Appreciation (Depreciation) of Investments During the Period	617	578	—	—	(26)	(144)	(93)	9	13	(158)	11	(12)	(414)	(4)
Net Gain (Loss) on Investments	1,158	610	—	—	(300)	(264)	(128)	(8)	(94)	(191)	38	2	(313)	136
Increase (Decrease) in Equity Derived from Investment Activity	\$1,928	\$1,422	\$ 77	\$360	\$(303)	\$(241)	\$(135)	\$(14)	\$(91)	\$(195)	\$52	\$43	\$157	\$417

The Accompanying Notes are an Integral Part of the Financial Statements

NML Variable Annuity Account C

Statements of Changes in Equity

(in thousands)

	Combined		Small Cap Growth Stock Division		T. Rowe Price Small Cap Value Division#		Aggressive Growth Stock Division		International Growth Stock Division#		Franklin Templeton International Equity Division		Index 400 Stock Division	
	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Operations														
Net Investment Income (Loss)	\$ 7,685	\$ 52,514	\$ 7	\$ (26)	\$ (3)	\$ —	\$ (141)	\$ 26,926	\$ —	\$ —	\$ 828	\$ 5,793	\$ 120	\$ 175
Net Realized Gain (Loss)	(35,241)	8,705	(1,245)	(886)	(27)	—	(10,519)	511	(42)	—	(8,378)	(6,258)	(823)	(575)
Net Change in Unrealized Appreciation (Depreciation)	(58,211)	(133,527)	(2,995)	(14)	(44)	5	(11,735)	(58,412)	(8)	(2)	(496)	(8,375)	(2,160)	275
Increase (Decrease) in Equity	(85,767)	(72,308)	(4,233)	(926)	(74)	5	(22,395)	(30,975)	(50)	(2)	(8,046)	(8,940)	(2,863)	(125)
Equity Transactions														
Contract Owners' Net Payments	78,994	90,774	3,161	3,160	96	94	9,670	13,427	67	11	30,003	27,273	2,788	3,343
Annuity Payments	(58)	(64)	—	—	—	—	—	(3)	—	—	(2)	(2)	(1)	—
Surrenders and Other (net)	(160,876)	(140,073)	(3,415)	(3,044)	(78)	—	(23,497)	(23,656)	(10)	—	(39,024)	(32,422)	(3,440)	(2,104)
Transfers from Other Divisions or Sponsor	49,213	55,326	3,066	4,837	592	66	2,021	4,001	159	29	6,265	2,545	2,998	6,318
Transfers to Other Divisions or Sponsor	(50,870)	(53,674)	(2,791)	(2,967)	(247)	—	(6,377)	(7,931)	(145)	—	(3,090)	(5,144)	(1,810)	(1,982)
Increase (Decrease) in Equity Derived from Equity Transactions	(83,597)	(47,711)	21	1,986	363	160	(18,183)	(14,162)	71	40	(5,848)	(7,750)	535	5,575
Net Increase (Decrease) in Equity	(169,364)	(120,019)	(4,212)	1,060	289	165	(40,578)	(45,137)	21	38	(13,894)	(16,590)	(2,328)	5,450
Beginning of Period	552,816	672,835	21,098	20,038	165	—	112,232	157,369	38	—	48,902	65,492	16,849	11,399
End of Period	\$ 383,452	\$ 552,816	\$ 16,886	\$ 21,098	\$ 454	\$ 165	\$ 71,654	\$ 112,232	\$ 59	\$ 38	\$ 35,008	\$ 48,902	\$ 14,521	\$ 16,849

The initial investment in this Division was made on July 31, 2001.

The Accompanying Notes are an Integral Part of the Financial Statements

NML Variable Annuity Account C
Statements of Changes in Equity
(in thousands)

	Growth Stock Division		J.P. Morgan Select Growth and Income Stock Division		Capital Guardian Domestic Equity Division#		Index 500 Stock Division		Asset Allocation Division#		Balanced Division		High Yield Bond Division	
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	December 31, 2002	December 31, 2001	December 31, 2002	December 31, 2001	December 31, 2002	December 31, 2001	December 31, 2002	December 31, 2001	December 31, 2002	December 31, 2001	December 31, 2002	December 31, 2001	December 31, 2002	December 31, 2001
Operations														
Net Investment Income (Loss)	\$ 253	\$ 1,503	\$ 102	\$ 833	\$ 4	\$ --	\$ 1,209	\$ 6,130	\$ 16	\$ --	\$ 3,566	\$ 9,208	\$ 400	\$ 465
Net Realized Gain (Loss)	(2,757)	777	(3,735)	(545)	(8)	(2,524)	12,916	(23)	(23)	(5,135)	3,486	(278)	(737)	
Net Change in Unrealized Appreciation (Depreciation)	(4,172)	(8,402)	(3,096)	(2,643)	(72)	(26,051)	(39,298)	(121)	(121)	(7,102)	(17,384)	(267)	448	
Increase (Decrease) in Equity	(6,676)	(6,122)	(6,729)	(2,355)	(76)	(27,366)	(20,252)	(128)	(128)	(8,671)	(4,690)	(145)	176	
Equity Transactions														
Contract Owners' Net Payments	3,727	4,918	2,377	3,353	62	10,129	15,810	185	185	6,606	8,917	531	1,643	
Annuity Payments	(3)	(4)	(5,579)	(5,302)	(55)	(31,783)	(31,233)	(9)	(10)	(26)	(28)	(1)	(1)	
Surrenders and Other (net)	(6,378)	(6,927)	973	2,133	509	1,762	4,024	1,406	(9)	(24,451)	(18,268)	(1,020)	(2,091)	
Transfers from Other Divisions or Sponsor	2,570	2,504	(2,644)	(2,079)	(67)	(6,390)	(10,254)	--	31	4,001	3,462	709	2,647	
Transfers to Other Divisions or Sponsor	(3,995)	(4,049)	(2,644)	(2,079)	(67)	(6,390)	(10,254)	--	--	(11,207)	(9,430)	(763)	(2,030)	
Increase (Decrease) in Equity Derived from Equity Transactions	(4,079)	(3,558)	(4,873)	(1,895)	449	(26,285)	(21,657)	1,572	46	(25,077)	(15,347)	(544)	168	
Net Increase (Decrease) in Equity	(10,755)	(9,680)	(11,602)	(4,250)	373	(53,651)	(41,909)	1,444	46	(33,748)	(20,037)	(689)	344	
Equity														
Beginning of Period	33,016	42,696	25,473	29,723	211	131,489	173,398	46	46	115,972	136,009	4,583	4,239	
End of Period	\$ 22,261	\$ 33,016	\$ 13,871	\$ 25,473	\$ 584	\$ 77,838	\$ 131,489	\$ 1,490	\$ 46	\$ 82,224	\$ 115,972	\$ 3,894	\$ 4,583	

The initial investment in this Division was made on July 31, 2001.

The Accompanying Notes are an Integral Part of the Financial Statements

NML Variable Annuity Account C
Statements of Changes in Equity
(in thousands)

	Select Bond Division		Money Market Division		Russell Multi-Style Equity Division		Russell Aggressive Equity Division		Russell Non - U.S. Division		Russell Core Bond Division		Russell Real Estate Securities Division	
	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001
Operations														
Net Investment Income (Loss)	\$ 770	\$ 812	\$ 77	\$ 360	\$ (3)	\$ 23	\$ (7)	\$ (6)	\$ 3	\$ (4)	\$ 14	\$ 41	\$ 470	\$ 281
Net Realized Gain (Loss)	541	32	—	—	(274)	(120)	(35)	(17)	(107)	(33)	27	14	101	140
Net Change in Unrealized Appreciation														
(Depreciation)	617	578	—	—	(26)	(144)	(93)	9	13	(158)	11	(12)	(414)	(4)
Increase (Decrease) in Equity	1,928	1,422	77	360	(303)	(241)	(135)	(14)	(91)	(195)	52	43	157	417
Equity Transactions														
Contract Owners' Net Payments	2,853	2,126	4,425	4,807	312	228	92	120	85	114	100	67	1,725	1,245
Annuity Payments	(6)	(5)	(5)	(17)	—	—	—	—	—	—	—	—	(1)	—
Surrenders and Other (net)	(5,251)	(3,607)	(13,638)	(10,053)	(345)	(119)	(145)	(72)	(147)	(86)	(121)	(8)	(2,490)	(1,081)
Transfers from Other Divisions or Sponsor	6,188	5,722	10,654	12,104	90	61	67	84	109	21	401	253	4,673	4,382
Transfers to Other Divisions or Sponsor	(3,530)	(2,306)	(5,725)	(4,118)	(406)	(271)	(62)	(51)	(101)	—	(422)	(48)	(1,098)	(1,014)
Increase (Decrease) in Equity Derived from														
Equity Transactions	254	1,930	(4,289)	2,723	(349)	(101)	(48)	81	(54)	49	(42)	264	2,809	3,532
Net Increase (Decrease) in Equity	2,182	3,352	(4,212)	3,083	(652)	(342)	(183)	67	(145)	(146)	10	307	2,966	3,949
Beginning of Period	17,379	14,027	15,185	12,102	1,403	1,745	710	643	672	818	793	486	6,600	2,651
End of Period	\$19,561	\$17,379	\$10,973	\$15,185	\$ 751	\$1,403	\$527	\$710	\$ 527	\$ 672	\$ 803	\$793	\$ 9,566	\$ 6,600

The Accompanying Notes are an Integral Part of the Financial Statements

Financial Highlights

NML Variable Annuity Account C (For a unit outstanding during the period)

Division	Unit Value, Lowest to Highest	Dividend Income as a % of Average Net Assets	Expense Ratio, Lowest to Highest	Total Return (2), Lowest to Highest
Small Cap Growth Stock				
Year Ended 12/31/02	\$1.489185 to \$ 15.591407	0.16%	0.00% to 1.25%	(19.44%) to (18.42%)
Year Ended 12/31/01	\$1.848493 to \$ 19.112629	0.01%	0.00% to 1.25%	(4.97%) to (3.76%)
T. Rowe Price Small Cap Value (1)				
Year Ended 12/31/02	\$0.943905 to \$ 9.607906	0.49%	0.00% to 1.25%	(6.75%) to (5.58%)
Period Ended 12/31/01	\$1.012260 to \$ 10.175772	0.38%	0.00% to 1.25%	1.23% to 1.76%
Aggressive Growth Stock				
Year Ended 12/31/02	\$2.360410 to \$ 38.441232	0.10%	0.00% to 1.25%	(22.13%) to (21.15%)
Year Ended 12/31/01	\$3.013165 to \$ 48.753408	22.56%	0.00% to 1.25%	(20.88%) to (19.87%)
International Growth Stock (1)				
Year Ended 12/31/02	\$0.780276 to \$ 7.942434	0.27%	0.00% to 1.25%	(13.42%) to (12.34%)
Period Ended 12/31/01	\$0.901258 to \$ 9.060000	0.00%	0.00% to 1.25%	(9.87%) to (9.40%)
Franklin Templeton International Equity				
Year Ended 12/31/02	\$1.559571 to \$ 1.759773	2.11%	0.00% to 1.25%	(18.43%) to (17.40%)
Year Ended 12/31/01	\$1.911919 to \$ 2.130553	10.95%	0.00% to 1.25%	(15.07%) to (14.00%)
Index 400 Stock				
Year Ended 12/31/02	\$1.072428 to \$ 11.227976	0.84%	0.00% to 1.25%	(15.60%) to (14.54%)
Year Ended 12/31/01	\$1.270690 to \$ 13.138452	1.30%	0.00% to 1.25%	(1.90%) to (0.65%)
Growth Stock				
Year Ended 12/31/02	\$1.921805 to \$ 21.414901	1.20%	0.00% to 1.25%	(21.81%) to (20.83%)
Year Ended 12/31/01	\$2.458020 to \$ 27.049526	4.53%	0.00% to 1.25%	(15.29%) to (14.22%)
J.P. Morgan Select Growth and Income Stock				
Year Ended 12/31/02	\$1.500218 to \$ 16.717038	0.97%	0.00% to 1.25%	(29.09%) to (28.20%)
Year Ended 12/31/01	\$2.115675 to \$ 23.281928	3.63%	0.00% to 1.25%	(8.92%) to (7.77%)
Capital Guardian Domestic Equity (1)				
Year Ended 12/31/02	\$0.756787 to \$ 7.703469	2.12%	0.00% to 1.25%	(22.22%) to (21.24%)
Period Ended 12/31/01	\$0.973004 to \$ 9.781208	0.71%	0.00% to 1.25%	(2.70%) to (2.19%)
Index 500 Stock				
Year Ended 12/31/02	\$2.420098 to \$ 35.246385	1.44%	0.00% to 1.25%	(23.04%) to (22.07%)
Year Ended 12/31/01	\$3.125796 to \$ 45.228886	4.54%	0.00% to 1.25%	(12.98%) to (11.88%)
Asset Allocation (1)				
Year Ended 12/31/02	\$0.863125 to \$ 8.785751	2.61%	0.00% to 1.25%	(11.37%) to (10.26%)
Period Ended 12/31/01	\$0.973862 to \$ 9.789803	0.72%	0.00% to 1.25%	(2.61%) to (2.10%)
Balanced				
Year Ended 12/31/02	\$2.209502 to \$ 84.486469	4.05%	0.00% to 1.25%	(8.68%) to (7.54%)
Year Ended 12/31/01	\$2.405185 to \$ 91.372736	7.91%	0.00% to 1.25%	(4.36%) to (3.15%)
High Yield Bond				
Year Ended 12/31/02	\$1.424293 to \$ 15.870922	10.23%	0.00% to 1.25%	(4.10%) to (2.89%)
Year Ended 12/31/01	\$1.485164 to \$ 16.343831	10.11%	0.00% to 1.25%	3.72% to 5.03%
Select Bond				
Year Ended 12/31/02	\$2.084184 to \$121.279762	4.77%	0.00% to 1.25%	10.70% to 12.09%
Year Ended 12/31/01	\$1.871532 to \$108.200259	5.60%	0.00% to 1.25%	8.99% to 10.37%
Money Market				
Year Ended 12/31/02	\$1.504462 to \$ 34.132616	1.66%	0.00% to 1.25%	0.39% to 1.65%
Year Ended 12/31/01	\$1.489628 to \$ 33.577318	3.74%	0.00% to 1.25%	2.62% to 3.92%
Russell Multi-Style Equity				
Year Ended 12/31/02	\$0.594202 to \$ 6.221208	0.62%	0.00% to 1.25%	(24.14%) to (23.19%)
Year Ended 12/31/01	\$0.783335 to \$ 8.099453	2.58%	0.00% to 1.25%	(15.28%) to (14.21%)
Russell Aggressive Equity				
Year Ended 12/31/02	\$0.831686 to \$ 8.707578	0.00%	0.00% to 1.25%	(20.06%) to (19.06%)
Year Ended 12/31/01	\$1.040412 to \$ 10.757522	0.11%	0.00% to 1.25%	(3.58%) to (2.36%)
Russell Non-U.S.				
Year Ended 12/31/02	\$0.677755 to \$ 7.095865	1.62%	0.00% to 1.25%	(16.20%) to (15.15%)
Year Ended 12/31/01	\$0.808779 to \$ 8.362558	0.59%	0.00% to 1.25%	(23.00%) to (22.03%)
Russell Core Bond				
Year Ended 12/31/02	\$1.217720 to \$ 12.748590	2.91%	0.00% to 1.25%	7.49% to 8.84%
Year Ended 12/31/01	\$1.132872 to \$ 11.713217	6.24%	0.00% to 1.25%	6.07% to 7.41%
Russell Real Estate Securities				
Year Ended 12/31/02	\$1.261665 to \$ 13.208871	5.22%	0.00% to 1.25%	2.51% to 3.80%
Year Ended 12/31/01	\$1.230726 to \$ 12.725061	5.28%	0.00% to 1.25%	6.49% to 7.84%

(1) Portfolio commenced operations on July 31, 2001.

(2) Total Return includes deductions for management and other expenses; excludes deductions for sales loads and other charges. Returns are not annualized for periods less than one year.

The Accompanying Notes are an Integral Part of the Financial Statements

Notes to Financial Statements

NML Variable Annuity Account C

December 31, 2002

Note 1 — NML Variable Annuity Account C (the "Account") is a segregated asset account of The Northwestern Mutual Life Insurance Company ("Northwestern Mutual") used to fund variable annuity contracts ("contracts") for HR-10 and corporate pension and profit-sharing plans which qualify for special tax treatment under the Internal Revenue Code. Currently, two versions of the contract are offered: Front Load contracts with a sales charge up to 4½% of purchase payments and Simplified Load contracts with an installment fee of \$750.

Note 2 — The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Principal accounting policies are summarized below.

Note 3 — All assets of each Division of the Account are invested in shares of the corresponding Portfolio of Northwestern Mutual Series Fund, Inc. and the Russell Insurance Funds (collectively known as "the Funds"). The shares are valued at the Funds' offering and redemption prices per share. The Funds are diversified open-end investment companies registered under the Investment Company Act of 1940.

Note 4 — Annuity reserves are based on published annuity tables with age adjustment and benefit payments which reflect actual investment experience. Annuity reserves are based on the 1983 Annuity Table adjusted with assumed interest rates of 3½% or 5%.

Note 5 — Dividend income and distributions of net realized gains from the Funds are recorded on the ex-date of the dividends. Transactions in Funds' shares are accounted for on the trade date. The basis for determining cost on sale of the Funds' shares is identified cost. Purchases and sales of the Funds' shares for the period ended December 31, 2002 by each Division are shown below:

Division	Purchases	Sales
Small Cap Growth Stock	\$ 4,101,427	\$ 4,073,616
T. Rowe Price Small Cap Value	439,368	78,233
Aggressive Growth Stock	13,446,357	29,800,357
International Growth Stock	81,631	11,232
Franklin Templeton International Equity	37,675,272	42,699,052
Index 400 Stock	4,794,956	4,139,828
Growth Stock	4,614,934	8,441,163

Division	Purchases	Sales
J.P.Morgan Select Growth and Income		
Stock	\$ 3,214,603	\$ 7,984,459
Capital Guardian Domestic Equity	507,375	57,966
Index 500 Stock	17,825,221	40,484,151
Asset Allocation	1,602,656	13,114
Balanced	13,689,364	35,212,020
High Yield Bond	1,019,296	1,162,441
Select Bond	6,546,498	5,400,203
Money Market	10,578,873	14,793,674
Russell Multi-Style Equity	326,188	678,182
Russell Aggressive Equity	123,680	178,946
Russell Non-U.S.	107,319	158,091
Russell Core Bond	145,550	150,115
Russell Real Estate Securities	5,919,307	2,586,225

Note 6 — A deduction for annuity rate and expense guarantees is determined daily and paid to Northwestern Mutual as compensation for assuming the risk that annuity payments will continue for longer periods than anticipated because the annuitants as a group live longer than expected, and the risk that the charges made by Northwestern Mutual may be insufficient to cover the actual costs incurred in connection with the contracts.

For contracts issued after December 16, 1981, and prior to May 1, 1984, the deduction is determined daily at an annual rate of ½ of 1% of the net assets of each Division attributable to these contracts and is paid to Northwestern Mutual. For these contracts, the rate may be increased or decreased by the Board of Trustees of Northwestern Mutual not to exceed a ¾ of 1% annual rate.

Generally, for contracts issued after December 31, 1991, for the Front Load version and the Simplified Load version, the deduction for annuity rate and expense guarantee is determined daily at annual rates of 6.5/10 of 1% and 1¼%, respectively, of the net assets of each Division attributable to these contracts and is paid to Northwestern Mutual. For these contracts, the rates may be increased or decreased by the Board of Trustees of Northwestern Mutual not to exceed 1% and 1½% annual rates, respectively.

Since 1996, Northwestern Mutual has paid a dividend to certain contracts. The dividend is re-invested in the Account and has been reflected as a Contract Owners' Net Payment in the accompanying financial statements.

Note 7 — Northwestern Mutual is taxed as a "life insurance company" under the Internal Revenue Code and the operations of the Account form a part of and are taxed with those of Northwestern Mutual. Under current law, no federal income taxes are payable with respect to the Account. Accordingly, no provision for any such liability has been made.

Notes to Financial Statements

Note 8 — Equity Values by Division are shown below:
(in thousands, except accumulation unit values)

Division	Group Variable Annuity Contract Issued:					
	Before December 17, 1981 or between April 30, 1984 and December 31, 1991			After December 16, 1981 and Prior to May 1, 1984		
	Accumulation Unit Value	Units Outstanding	Equity	Accumulation Unit Value	Units Outstanding	Equity
Small Cap Growth Stock	\$ 15,591,407	992	\$ 15,467	\$15,307,344	—	\$ —
T. Rowe Price Small Cap Value	9,607,906	5	48	9,539,874	—	—
Aggressive Growth Stock	38,441,232	1,538	59,123	36,213,065	2	72
International Growth Stock	7,942,434	2	16	7,886,164	—	—
Franklin Templeton International Equity	1,759,773	17,431	30,675	1,676,652	26	44
Index 400 Stock	11,227,976	1,163	13,058	11,023,428	—	—
Growth Stock	21,414,901	821	17,582	20,506,308	—	—
J.P. Morgan Select Growth and Income Stock	16,717,038	552	9,228	16,007,652	2	32
Capital Guardian Domestic Equity	7,703,469	9	69	7,648,889	—	—
Index 500 Stock	35,246,385	1,782	62,809	33,200,274	3	100
Asset Allocation	8,785,751	20	176	8,723,560	—	—
Balanced	84,486,469	664	56,099	76,084,739	27	2,054
High Yield Bond	15,870,922	176	2,793	15,197,603	1	15
Select Bond	121,279,762	92	11,158	109,166,34	—	—
Money Market	34,132,616	9	307	30,774,871	—	—
Russell Multi-Style Equity	6,221,208	8	50	6,107,844	—	—
Russell Aggressive Equity	8,707,578	1	9	8,548,899	—	—
Russell Non-U.S.	7,095,865	3	21	6,966,578	—	—
Russell Core Bond	12,748,590	—	—	12,516,564	—	—
Russell Real Estate Securities	13,208,871	641	8,467	12,968,435	—	—
Equity			287,155			2,317
Annuity Reserves			—			630
Total Equity			<u>\$287,155</u>			<u>\$ 2,947</u>

Division	Group Combination Annuity Contract Issued:					
	After December 31, 1991 Front Load Version			After December 31, 1991 Simplified Load Version		
	Accumulation Unit Value	Units Outstanding	Equity	Accumulation Unit Value	Units Outstanding	Equity
Small Cap Growth Stock	\$ 1,522,337	197	\$ 300	\$ 1,489,185	753	\$ 1,121
T. Rowe Price Small Cap Value	0,951,956	107	102	0,943,905	319	301
Aggressive Growth Stock	2,360,410	972	2,294	3,506,913	2,895	10,153
International Growth Stock	0,786,940	7	6	0,780,276	51	40
Franklin Templeton International Equity	1,652,585	533	881	1,559,571	2,178	3,397
Index 400 Stock	1,096,297	337	369	1,072,428	994	1,066
Growth Stock	2,024,216	414	838	1,921,805	1,982	3,809
J.P. Morgan Select Growth and Income Stock	1,580,140	572	904	1,500,218	2,469	3,704
Capital Guardian Domestic Equity	0,763,266	153	117	0,756,787	532	403
Index 500 Stock	2,420,098	1,590	3,848	2,968,449	3,722	11,049
Asset Allocation	0,870,499	49	43	0,863,125	1,295	1,118
Balanced	2,209,502	2,482	5,484	6,435,011	2,852	18,353
High Yield Bond	1,500,210	129	194	1,424,293	626	892
Select Bond	2,084,184	519	1,082	9,187,656	787	7,231
Money Market	1,504,462	2,092	3,147	2,734,853	2,738	7,488
Russell Multi-Style Equity	0,607,438	415	252	0,594,202	753	447
Russell Aggressive Equity	0,850,202	135	115	0,831,686	487	405
Russell Non-U.S.	0,692,822	171	118	0,677,755	573	388
Russell Core Bond	1,244,772	336	418	1,217,720	317	386
Russell Real Estate Securities	1,289,736	193	249	1,261,665	664	838
Equity			20,761			72,589
Annuity Reserves			—			—
Total Equity			<u>\$ 20,761</u>			<u>\$72,589</u>

Director Information (Unaudited)

Northwestern Mutual Series Fund, Inc.

The name, age and address of the directors, as well as their affiliations, positions held with the Fund, principal occupations during the past five years and the number of portfolios overseen in the Northwestern Mutual fund complex, are shown below. Each director will serve until that person's successor is elected and qualified.

Independent Directors

Name Age and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held
William J. Blake (69) 731 North Jackson St. Milwaukee, WI 53202	Director	Since 1988	26	None
Principal Occupation During Past 5 Years: Chairman, Blake Investment Corp. (real estate investments and venture capital)				
William A. McIntosh (63) 525 Sheridan Road Kenilworth, IL 60043	Director	Since 1997	26	MGIC Investment Corporation
Principal Occupation During Past 5 Years: Retired Division Head, U.S. Fixed Income of Salomon Brothers (investment securities)				
Martin F. Stein (65) 1800 East Capitol Drive Milwaukee, WI 53211	Director	Since 1995	26	Koss Corporation
Principal Occupation During Past 5 Years: Founder of Stein Optical (retail sales of eyewear)				

Other Directors

Name Age and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held
Stephen N. Graff (57) 805 Lone Tree Road Elm Grove, WI 53122	Director	Since 1995	26	Regal-Beloit Corporation Trustee of Northwestern Mutual
Principal Occupation During Past 5 Years: Retired Partner, Arthur Andersen LLP (public accountants)				
Edward J. Zore (56) 720 East Wisconsin Avenue Milwaukee, WI 53202	President and Director	Since 2000	26	Manpower, Inc. Trustee of Northwestern Mutual
Principal Occupation During Past 5 Years: President and Chief Executive Officer of Northwestern Mutual since 2001; President, 2000-2001; prior thereto, Executive Vice President				

Directors and Officers

Northwestern Mutual Series Fund, Inc.

Directors

Edward J. Zore	President and Chief Executive Officer, Northwestern Mutual Life, Milwaukee
Martin F. Stein	Founder, Stein Optical, Milwaukee
Stephen N. Graff	Retired Partner, Arthur Andersen LLP Milwaukee
William J. Blake	Chairman, Blake Investment Corp., Milwaukee
William A. McIntosh	Retired Division Head — U.S. Fixed Income, Salomon Brothers, Chicago

Officers

Edward J. Zore	President
Mark G. Doll	Vice President & Treasurer
Merrill C. Lundberg	Secretary
Barbara E. Courtney	Controller

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2002 Annual Report

MULTI-STYLE EQUITY FUND

AGGRESSIVE EQUITY FUND

NON-U.S. FUND

CORE BOND FUND

REAL ESTATE SECURITIES FUND

DECEMBER 31, 2002



Russell Insurance Funds

Russell Insurance Funds is a “series mutual fund” with five different investment portfolios. These financial statements report on five Funds, each of which has distinct investment objectives and strategies.

Frank Russell Investment Management Company

Responsible for overall management and administration of the Funds.

Frank Russell Company

Consultant to Frank Russell Investment Management Company.

Russell Insurance Funds

Annual Report

December 31, 2002

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Russell Insurance Funds

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To Our Clients

As we present Russell Insurance Funds' 2002 Annual Report, we would like to thank you for choosing Russell's MULTI ASSET MULTI STYLE MULTI MANAGER™ investment solution.

This annual report is being delivered against the backdrop of continued, uncertain markets. As the third year of a bear market passes we would like to take a moment to reflect on our investment process and how it has performed in this volatile environment.

Overall, Russell's focus on diversity and risk management has been accomplished through the use of multiple asset classes, where applicable, and multiple style differentiated money managers. This process ensures that investors are participating in a broad range of asset classes and investment styles, which is supported by money manager diversification.

As we move into 2003, we remain committed to our strategically diversified investment philosophy based on world class independent manager research. As a global leader in multi-manager investing, Russell continues to have a worldwide network of manager research analysts conducting ongoing reviews of the managers in your portfolios, ensuring that the most appropriate managers and strategies are employed.

You have put your financial security in our hands and we take that responsibility very seriously. Thank you for your investment with Russell Insurance Funds. We look forward to 2003 and continuing to earn your support.

Warm Regards,



Len Brennan
President and Chief Executive Officer

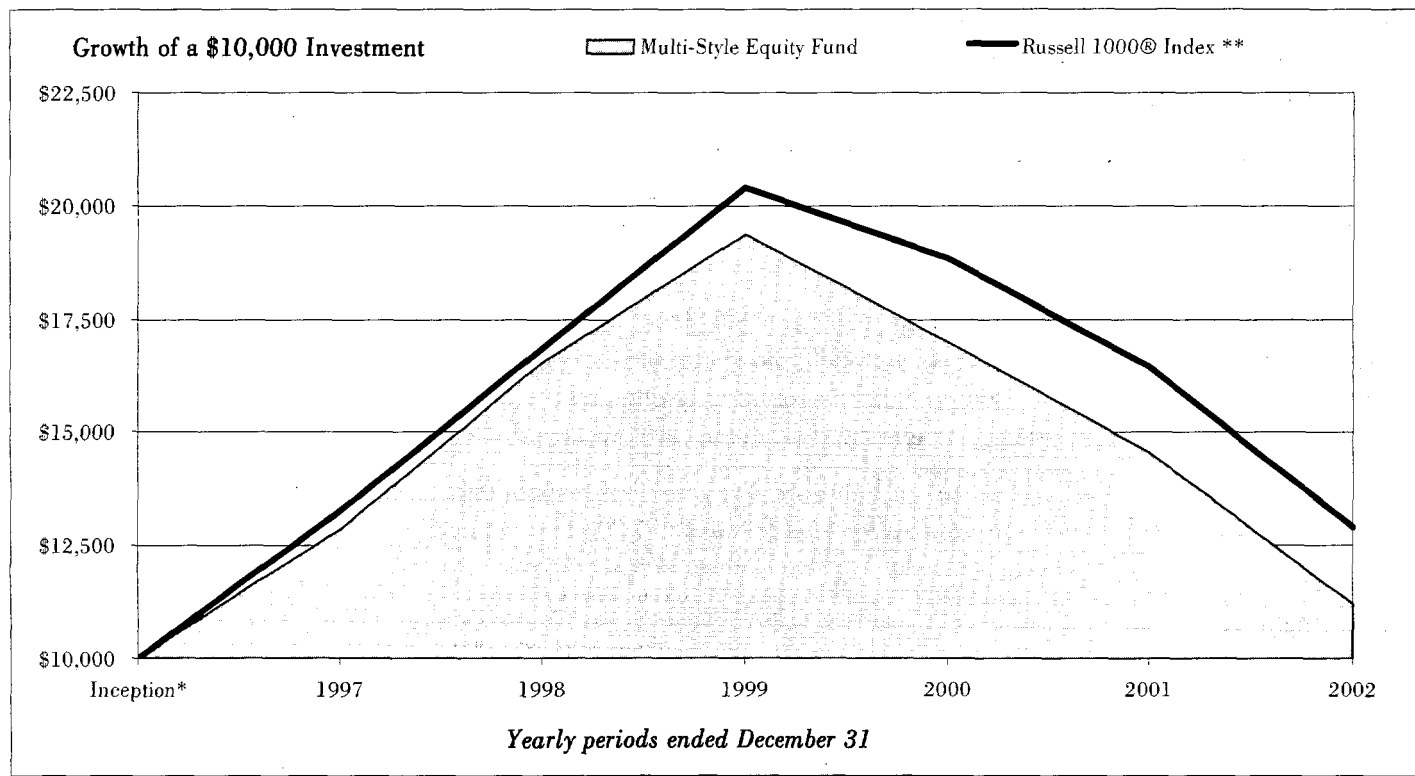
Multi-Style Equity Fund

Portfolio Management Discussion — December 31, 2002 (Unaudited)

Objective: To provide income and capital growth by investing principally in equity securities.

Invests in: Primarily US equity securities.

Strategy: The Fund uses a multi-style, multi-manager strategy intended to achieve higher returns with moderate risk. The Fund employed the investment management services of eight managers with three separate and distinct investment styles.



Multi-Style Equity Fund

Periods Ended 12/31/02	Growth of \$10,000	Total Return
1 Year	\$ 7,681	(23.19)%
5 Years	\$ 8,719	(2.70)%§
Inception	\$ 11,207	1.92%§

Russell 1000® Index

Periods Ended 12/31/02	Growth of \$10,000	Total Return
1 Year	\$ 7,835	(21.65)%
5 Years	\$ 9,714	(0.58)%§
Inception	\$ 12,906	4.34%§

Performance Review

For the year ended December 31, 2002, the RIF Multi-Style Equity Fund lost 23.19%. This compared to a loss of 21.65% for the Fund's benchmark, the Russell 1000® Index.

Market and Portfolio Highlights

Stocks fell precipitously in 2002 as investors lost confidence in the integrity of corporate America's management and accounting practices, credit rating agencies lowered ratings, geopolitical risks heightened, and corporate profit growth was far short of expectations due to weak pricing and higher labor and energy costs. The market experienced many high profile corporate scandals (Worldcom, Global Crossing, UAL, Kmart, and Tenet) with relatively few positive surprises. US equity large cap indices fell for the third consecutive year, with the S&P 500® Index posting the worst returns since 1974.

The twelve months ended December 31, 2002 provided a somewhat challenging environment for active managers as stocks that led US equity market leadership shifted rapidly between the first three quarters of the year and the fourth quarter. Market leaders in the first nine months of the year included companies considered defensive, such as undervalued, anti-cyclical companies with histories of predictable, current earnings and low debt levels. Conversely, market leaders in the fourth quarter were more speculative companies, such as ones with only forward projected earnings growth. For the year, value indices outpaced growth by more than 12%. Sectors such as consumer staples led market returns, while technology and telecom companies trailed.

Multi-Style Equity Fund

Portfolio Management Discussion—December 31, 2002 (Unaudited)

The Fund performed relatively well in the first nine months of 2002 in an environment that generally did not reward superior fundamentals. The fourth quarter, however, reversed this trend as speculative low quality shares with weak fundamentals led the market. Eight of the eleven managers in the Fund during the year beat their growth, value or market-oriented style benchmarks. The managers within the value style (those seeking undervalued companies combined with positive future growth potential) fared particularly well during the period. Yet Suffolk Capital Management and Peachtree Capital Management both underperformed, offsetting some of the positive returns contributed by other managers in the Fund.

The Fund's sector positioning was favorable to performance, aided by an overweight in technology shares and an overweight in materials and processing shares. However, specific stock selection hurt performance as the drop in Tyco's share price removed approximately 50 basis points from the Fund's results, and the well-performing regional bank sector was underrepresented. Generally, stock selection was favorable in most sectors, especially among healthcare issues (including overweights in Boston Scientific and United Health), and the multi-industry other sector (with an underweight in General Electric). The Fund's aggregate bias throughout 2002 favored companies with above-average earnings potential, which detracted from returns during the fourth quarter.

The Fund's multi-manager investment approach added value by remaining risk controlled in a highly volatile market. The Fund benefited from risk control enhancements at Turner Investment Partners, Westpeak Global Advisors defensive strategy, and from two managers changes implemented during the year. Alliance Capital Management was replaced with Montag & Caldwell in October 2002. This change more fully diversifies the growth allocation of the Fund. Peachtree Asset Management was terminated in December, with its 5% weight allocated to Jacobs Levy Equity Management, Montag & Caldwell, and Strong Capital Management. Significant organizational changes within Peachtree caused the Fund to withdraw assets from this manager.

Top Ten Equity Holdings (as a percent of Total Investments) December 31, 2002

Pfizer, Inc.	2.8%
Citigroup, Inc.	2.4
Exxon Mobil Corp.	1.9
Procter & Gamble Co.	1.9
Microsoft Corp.	1.8
American International Group	1.6
Amgen, Inc.	1.5
Johnson & Johnson	1.4
Medtronic, Inc.	1.4
Bank of America Corp.	1.3

Portfolio Characteristics December 31, 2002

Current P/E Ratio	19.6x
Portfolio Price/Book Ratio	2.58x
Market Capitalization - \$-Weighted Average	64.42 Bil
Number of Holdings	618

Money Managers Styles

Alliance Capital Management, LP - Bernstein Investment Research and Management Unit	Value
Barclays Global Fund Advisors	Value
Brandywine Asset Management, LLC	Value
Jacobs Levy Equity Management, Inc.	Market-Oriented
Montag & Caldwell, Inc.	Growth
Strong Capital Management, Inc.	Growth
Turner Investment Partners, Inc.	Growth
Westpeak Global Advisors, LP	Market-Oriented

* The Fund commenced operations on January 2, 1997. Index comparison began January 1, 1997.

** Russell 1000[®] Index includes the 1,000 largest companies in the Russell 3000[®] Index. The Russell 1000[®] Index represents the universe of stocks from which most active money managers typically select. The Russell 1000[®] Index return reflects adjustments for income dividends and capital gains distributions reinvested as of the ex-dividend dates.

§ Annualized.

Performance is historical and assumes reinvestment of all dividends and capital gains. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than when purchased. Past performance is not indicative of future results.

Multi-Style Equity Fund

Statement of Net Assets—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Common Stocks - 93.4%					
Auto and Transportation - 2.1%					
American Axle & Manufacturing Holdings, Inc. (Æ)	970	23	Colgate-Palmolive Co.	26,800	1,405
ArvinMeritor, Inc.	1,664	28	Corinthian Colleges, Inc. (Æ)	4,200	159
Autoliv, Inc.	4,400	92	Costco Wholesale Corp. (Æ)	10,200	286
Burlington Northern Santa Fe Corp.	21,750	566	Darden Restaurants, Inc.	1,775	36
Continental Airlines, Inc. Class B (Æ)	9,000	65	Dollar General Corp.	2,300	27
Cooper Tire & Rubber Co.	3,570	55	DoubleClick, Inc. (Æ)	1,380	8
CSX Corp.	900	25	Eastman Kodak Co.	5,700	200
Dana Corp.	12,600	148	eBay, Inc. (Æ)	14,710	998
Delphi Corp.	13,270	107	EchoStar Communications Corp. (Æ)	12,790	285
FedEx Corp.	2,730	148	Electronic Arts, Inc. (Æ)	21,130	1,052
Ford Motor Co.	32,749	305	Estee Lauder Cos., Inc. (The) Class A	4,000	106
General Motors Corp.	16,958	625	Expedia, Inc. Class A (Æ)	40	3
Genuine Parts Co.	5,200	160	Family Dollar Stores	1,970	61
Goodyear Tire & Rubber Co. (The)	14,700	100	Fastenal Co.	6,500	243
Harley-Davidson, Inc.	4,700	217	Federated Department Stores (Æ)	10,666	307
JB Hunt Transport Services, Inc. (Æ)	1,500	44	Fisher Scientific International (Æ)	500	15
JetBlue Airways Corp. (Æ)	1,970	53	Fortune Brands, Inc.	8,070	375
Norfolk Southern Corp.	9,400	188	Fox Entertainment Group, Inc. Class A (Æ)	110	3
Paccar, Inc.	1,120	52	Gannett Co., Inc.	17,110	1,228
Skywest, Inc.	2,020	26	Gap, Inc. (The)	16,300	253
Southwest Airlines Co.	15,145	211	Gemstar-TV Guide International, Inc. (Æ)	9,840	32
Swift Transportation Co., Inc. (Æ)	140	3	Gillette Co. (The)	50,150	1,523
Union Pacific Corp.	3,890	233	GTECH Holdings Corp. (Æ)	760	21
United Parcel Service, Inc. Class B	12,600	795	Harrah's Entertainment, Inc. (Æ)	1,910	76
Visteon Corp.	8,400	58	Hearst-Argyle Television, Inc. (Æ)	230	6
		4,327	Hilton Hotels Corp.	2,100	27
			Hollywood Entertainment Corp. (Æ)	2,100	32
			Home Depot, Inc.	16,490	395
			International Game Technology (Æ)	5,500	418
			Interpublic Group Cos., Inc.	8,600	121
			ITT Educational Services, Inc. (Æ)	1,800	42
			JC Penney Co., Inc. Holding Co.	3,500	81
			Jones Apparel Group, Inc. (Æ)	2,300	82
			Kimberly-Clark Corp.	6,300	299
			Knight-Ridder, Inc.	3,210	203
			Kohl's Corp. (Æ)	32,170	1,800
			Landry's Restaurants, Inc.	1,400	30
			Leggett & Platt, Inc.	4,500	101
			Limited Brands	9,690	135
			Liz Claiborne, Inc.	690	20
			Lowe's Cos., Inc.	13,660	512
			Manpower, Inc.	9,100	290
			Marriott International, Inc. Class A	17,800	585
			Mattel, Inc.	4,360	83
			May Department Stores Co. (The)	7,930	182
			McDonald's Corp.	33,320	536
			McGraw-Hill Cos., Inc. (The)	1,500	91
			Media General, Inc. Class A	50	3
			Meredith Corp.	1,480	61
			Metro-Goldwyn-Mayer, Inc. (Æ)	280	4
			MGM Mirage (Æ)	2,300	76
			New York Times Co. Class A	500	23
			Newell Rubbermaid, Inc.	21,500	652
			Nordstrom, Inc.	1,100	21
Consumer Discretionary - 17.4%					
AOL Time Warner, Inc. (Æ)	22,430	294			
Apollo Group, Inc. Class A (Æ)	17,800	783			
Applebees International, Inc.	1,750	41			
Avon Products, Inc.	8,100	436			
Banta Corp.	560	18			
BearingPoint, Inc. (Æ)	13,800	95			
Bed Bath & Beyond, Inc. (Æ)	8,000	276			
Belo Corp. Class A	590	13			
Big Lots, Inc. (Æ)	1,700	22			
BJ's Wholesale Club, Inc. (Æ)	9,370	171			
Black & Decker Corp.	3,290	141			
Blyth, Inc.	1,350	36			
Brunswick Corp.	3,400	68			
Callaway Golf Co.	4,000	53			
Carnival Corp.	11,500	287			
CBRL Group, Inc.	1,700	51			
Cendant Corp. (Æ)	36,900	387			
Cheesecake Factory (The) (Æ)	3,500	127			
Chico's FAS, Inc. (Æ)	20,100	380			
Claire's Stores, Inc.	2,400	53			
Clear Channel Communications, Inc. (Æ)	34,640	1,292			
Clorox Co.	3,950	163			
Coach, Inc. (Æ)	6,500	214			

Multi-Style Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Office Depot, Inc. (Æ)	6,130	90	Coca-Cola Enterprises, Inc.	5,800	126
Omnicom Group	10,430	674	ConAgra Foods, Inc.	25,320	633
Pacific Sunwear of California (Æ)	4,350	77	Constellation Brands, Inc. Class A (Æ)	110	3
Park Place Entertainment Corp. (Æ)	11,640	98	Coors (Adolph) Class B	400	25
PEP Boys-Manny Moe & Jack	2,700	31	CVS Corp.	10,600	265
Petsmart, Inc. (Æ)	13,710	235	Dean Foods Co. (Æ)	1,900	70
PF Chang's China Bistro, Inc. (Æ)	2,300	83	Del Monte Foods Co. (Æ)	22,006	169
Pier 1 Imports, Inc.	1,400	27	Dial Corp. (The)	2,990	61
Pittston Brink's Group	1,620	30	Dole Food Co.	290	9
Procter & Gamble Co.	46,080	3,960	General Mills, Inc.	3,000	141
RadioShack Corp.	2,250	42	Hershey Foods Corp.	1,300	88
Ross Stores, Inc.	1,100	47	HJ Heinz Co.	2,700	89
RR Donnelley & Sons Co.	6,300	137	Hormel Foods Corp.	2,130	50
Scripps Co. (E.W.) Class A	900	69	Kellogg Co.	17,170	588
Sears Roebuck and Co.	10,500	251	Kraft Foods, Inc. Class A	6,500	253
Service Corp. International (Æ)	28,300	94	Kroger Co. (Æ)	5,310	82
ServiceMaster Co. (The)	9,830	109	Monsanto Co.	11,872	229
Stanley Works (The)	1,000	35	Pepsi Bottling Group, Inc.	1,240	32
Staples, Inc. (Æ)	10,810	198	PepsiAmericas, Inc.	1,890	25
Starwood Hotels & Resorts Worldwide, Inc.	2,200	52	PepsiCo, Inc.	42,132	1,779
Take-Two Interactive Software (Æ)	3,200	75	Performance Food Group Co. (Æ)	1,200	41
Talbots, Inc.	960	26	Philip Morris Cos., Inc.	39,850	1,615
Target Corp.	2,000	60	RJ Reynolds Tobacco Holdings, Inc.	7,390	311
Tech Data Corp. (Æ)	1,210	33	Sara Lee Corp.	37,280	839
Ticketmaster Class B (Æ)	320	7	Supervalu, Inc.	16,440	271
TJX Cos., Inc.	8,700	170	Systemco Corp.	12,920	385
Toys R Us, Inc. (Æ)	2,200	22	Tyson Foods, Inc. Class A	5,260	59
Tribune Co.	4,000	182	Unilever NV	2,100	130
University of Phoenix Online (Æ)	3,200	115	UST, Inc.	500	17
Univision Communications, Inc. Class A (Æ)	10,300	252	Walgreen Co.	9,500	277
USA Interactive (Æ)	35,320	810	Whole Foods Market, Inc. (Æ)	4,000	211
VF Corp.	7,500	270	WM Wrigley Jr. Co.	1,900	104
Viacom, Inc. Class B (Æ)	21,309	869			<u>12,261</u>
Wal-Mart Stores, Inc.	47,010	2,374	Financial Services - 20.0%		
Wallace Computer Services, Inc.	900	19	ACE, Ltd.	900	26
Walt Disney Co.	92,760	1,513	Aetna, Inc.	5,940	244
Washington Post Class B	60	44	Aflac, Inc.	10,300	310
Waste Connections, Inc. (Æ)	1,800	69	AG Edwards, Inc.	450	15
Waste Management, Inc.	13,710	314	Allmerica Financial Corp.	6,050	61
Weight Watchers International, Inc. (Æ)	3,000	138	Allstate Corp. (The)	17,190	636
Wendy's International, Inc.	1,200	32	American Express Co.	25,460	900
Westwood One, Inc. (Æ)	9,000	336	American Financial Group, Inc.	620	14
Whirlpool Corp.	800	42	American International Group	58,676	3,394
Williams-Sonoma, Inc. (Æ)	3,500	95	AmeriCredit Corp. (Æ)	13,300	103
Yahoo, Inc. (Æ)	36,640	599	AmSouth Bancorp	16,950	325
Yum! Brands, Inc. (Æ)	1,740	42	Annaly Mortgage Management, Inc.	2,640	50
		<u>35,861</u>	AON Corp.	2,890	55
Consumer Staples - 5.9%			Apartment Investment & Management Co. Class A (ö)	1,180	44
Albertson's, Inc.	9,160	204	Arden Realty, Inc. (ö)	770	17
Anheuser-Busch Cos., Inc.	8,550	414	Associated Banc-Corp	166	6
Campbell Soup Co.	1,800	42	Astoria Financial Corp.	480	13
Coca-Cola Co. (The)	59,870	2,624	Bank of America Corp.	39,119	2,722

Multi-Style Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Bank of New York Co., Inc. (The)	870	21	Lehman Brothers Holdings, Inc.	8,240	439
Bank One Corp.	34,820	1,273	Liberty Property Trust (ö)	80	3
Banknorth Group, Inc.	1,150	26	Lincoln National Corp.	3,540	112
BB&T Corp.	3,780	140	Loews Corp.	2,210	98
Bear Stearns Cos., Inc. (The)	2,300	137	Macerich Co. (The) (ö)	1,100	34
Berkshire Hathaway, Inc. Class B (Æ)	220	533	Marsh & McLennan Cos., Inc.	17,000	786
CarriAmerica Realty Corp. (ö)	2,727	68	MBIA, Inc.	1,925	84
Charles Schwab Corp. (The)	56,820	616	MBNA Corp.	35,890	683
Charter One Financial, Inc.	2,660	76	Merrill Lynch & Co., Inc.	24,840	943
Chelsea Property Group, Inc. (ö)	1,100	37	Metlife, Inc.	9,590	259
Chubb Corp.	3,100	162	Moody's Corp.	1,200	50
Cigna Corp.	6,250	257	Morgan Stanley	26,820	1,071
Citigroup, Inc.	143,891	5,064	National City Corp.	17,900	489
CNA Financial Corp. (Æ)	1,320	34	National Commerce Financial Corp.	560	13
Colonial BancGroup, Inc. (The)	190	2	Old National Bancorp	120	3
Comerica, Inc.	2,100	91	Old Republic International Corp.	2,560	72
Compass Bancshares, Inc.	600	19	Paychex, Inc.	6,000	167
Countrywide Financial Corp.	3,200	165	Platinum Underwriters Holdings, Ltd. (Æ)	10,600	279
Deluxe Corp.	3,015	127	PMI Group, Inc. (The)	1,850	56
Doral Financial Corp.	5,500	157	PNC Financial Services Group, Inc.	4,850	203
Duke Realty Corp. (ö)	2,960	75	Popular, Inc.	270	9
E*TRADE Group, Inc. (Æ)	18,000	87	Post Properties, Inc. (ö)	1,500	36
Equifax, Inc.	1,200	28	Principal Financial Group	7,090	214
Equity Office Properties Trust (ö)	12,744	318	Progressive Corp. (The)	1,830	91
Equity Residential (ö)	8,030	197	Protective Life Corp.	390	11
Fannie Mae	16,560	1,065	Providian Financial Corp. (Æ)	750	5
Federated Investors, Inc. Class B	4,380	111	Prudential Financial, Inc.	3,530	112
Fidelity National Financial, Inc.	1,494	49	Regions Financial Corp.	6,880	230
First Data Corp.	30,300	1,073	RenaissanceRe Holdings, Ltd.	3,500	139
First Tennessee National Corp.	160	6	Rouse Co. (The) (ö)	640	20
FirstMerit Corp.	110	2	Safeco Corp.	4,800	166
FleetBoston Financial Corp.	36,820	895	Simon Property Group, Inc. (ö)	7,990	272
Freddie Mac	17,230	1,017	SLM Corp.	3,800	395
Fulton Financial Corp.	665	12	SouthTrust Corp.	4,410	110
Golden West Financial Corp.	4,630	332	St. Paul Cos.	8,000	272
Goldman Sachs Group, Inc.	20,050	1,365	State Street Corp.	150	6
Greater Bay Bancorp	1,200	21	Sungard Data Systems, Inc. (Æ)	1,180	28
Greenpoint Financial Corp.	1,410	64	SunTrust Banks, Inc.	2,200	125
H&R Block, Inc.	3,180	128	TCF Financial Corp.	2,680	117
Hartford Financial Services Group, Inc.	1,950	89	Torchmark Corp.	2,750	100
Health Care REIT, Inc. (ö)	900	24	Travelers Property Casualty Corp. Class A (Æ)	4,605	67
Hibernia Corp. Class A	4,220	81	Travelers Property Casualty Corp. Class B (Æ)	18,858	276
Highwoods Properties, Inc. (ö)	1,470	32	Trizec Properties, Inc. (ö)	600	6
Hilb Rogal & Hamilton Co.	1,100	45	Union Planters Corp.	1,875	53
Household International, Inc.	10,040	279	UnionBanCal Corp.	2,550	100
HRPT Properties Trust (ö)	2,600	21	United Rentals, Inc. (Æ)	4,900	53
Huntington Bancshares, Inc.	10,400	195	UnumProvident Corp.	6,520	114
iStar Financial, Inc. (ö)	1,110	31	US Bancorp	33,873	719
Jefferson-Pilot Corp.	790	30	Wachovia Corp.	43,130	1,572
John Hancock Financial Services, Inc.	10,900	304	Washington Mutual, Inc.	40,652	1,404
John Nuveen Co. (The) Class A	700	18	Wells Fargo & Co.	22,838	1,070
JP Morgan Chase & Co.	50,280	1,207	WR Berkley Corp.	1,890	75
Keycorp	17,400	437			
Landamerica Financial Group, Inc.	600	21			

Multi-Style Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
XL Capital, Ltd. Class A	330	25	Wyeth	32,540	1,217
Zions BanCorp.	70	3	Zimmer Holdings, Inc. (Æ)	900	37
		<u>41,438</u>			<u>30,499</u>
Health Care - 14.8%			Integrated Oils - 3.8%		
Abbott Laboratories	5,500	220	Amerada Hess Corp.	1,780	98
Alcon, Inc. (Æ)	7,500	296	BP PLC - ADR	11,000	447
Allergan, Inc.	4,400	254	ChevronTexaco Corp.	21,935	1,458
AmerisourceBergen Corp.	2,800	152	ConocoPhillips	21,296	1,031
Amgen, Inc. (Æ)	62,960	3,043	Exxon Mobil Corp.	113,930	3,981
Amylin Pharmaceuticals, Inc. (Æ)	6,000	97	Marathon Oil Corp.	11,150	237
Anthem, Inc. (Æ)	1,500	94	Occidental Petroleum Corp.	18,800	535
Baxter International, Inc.	1,200	34	Unocal Corp.	2,030	62
Becton Dickinson & Co.	4,120	126			<u>7,849</u>
Biomet, Inc.	4,000	115	Materials and Processing - 3.8%		
Boston Scientific Corp. (Æ)	37,060	1,576	Air Products & Chemicals, Inc.	6,060	259
Bristol-Myers Squibb Co.	24,860	576	Alcoa, Inc.	9,800	223
Caremark Rx, Inc. (Æ)	390	6	Allegheny Technologies, Inc.	1,650	10
Chiron Corp. (Æ)	40	2	American Standard Cos., Inc. (Æ)	2,200	157
CR Bard, Inc.	970	56	Archer-Daniels-Midland Co.	20,954	260
CuraGen Corp. (Æ)	530	2	Ashland, Inc.	6,200	177
DaVita, Inc. (Æ)	346	9	Avery Dennison Corp.	1,200	73
Eli Lilly & Co.	21,800	1,384	Ball Corp.	1,810	93
Forest Laboratories, Inc. (Æ)	16,360	1,607	Bemis Co.	750	37
Genentech, Inc. (Æ)	700	23	Boise Cascade Corp.	1,200	30
Gilead Sciences, Inc. (Æ)	7,500	255	Catellus Development Corp. (Æ)	660	13
Guidant Corp. (Æ)	1,780	55	Cytec Industries, Inc. (Æ)	120	3
HCA, Inc.	19,920	827	Dow Chemical Co. (The)	29,171	866
Health Management Associates, Inc. Class A	4,300	77	Du Pont EI de Nemours & Co.	18,204	772
Humana, Inc. (Æ)	16,400	164	Eastman Chemical Co.	3,380	124
ICOS Corp. (Æ)	480	11	Ecolab, Inc.	4,300	213
Johnson & Johnson	55,200	2,965	Engelhard Corp.	5,727	128
King Pharmaceuticals, Inc. (Æ)	280	5	Genzyme Corp.-General Division (Æ)	9,000	266
McKesson Corp.	3,900	105	Georgia-Pacific Corp.	6,930	112
Medimmune, Inc. (Æ)	19,350	526	Grant Prideco, Inc. (Æ)	530	6
Medtronic, Inc.	64,570	2,944	International Paper Co.	11,270	394
Merck & Co., Inc.	28,380	1,607	Kaydon Corp.	1,340	28
Mid Atlantic Medical Services (Æ)	160	5	Lafarge North America, Inc.	1,920	63
Novartis AG - ADR	9,100	334	Lubrizol Corp.	1,440	44
Oxford Health Plans (Æ)	1,560	57	Masco Corp.	53,500	1,126
Pfizer, Inc.	187,817	5,743	MeadWestvaco Corp.	8,900	220
Pharmacia Corp.	31,604	1,321	Newmont Mining Corp.	120	3
Renal Care Group, Inc. (Æ)	70	2	Nucor Corp.	5,400	223
Schering-Plough Corp.	16,620	369	Pactiv Corp. (Æ)	7,050	154
St. Jude Medical, Inc. (Æ)	6,730	267	PPG Industries, Inc.	5,700	286
Stericycle, Inc. (Æ)	1,700	55	Praxair, Inc.	5,960	344
Steris Corp. (Æ)	4,380	106	Precision Castparts Corp.	2,820	68
Stryker Corp.	4,000	268	Rohm & Haas Co.	2,340	76
Teva Pharmaceutical Industries - ADR	10,280	397	Schulman (A.), Inc.	1,467	27
UnitedHealth Group, Inc.	9,420	787	Sealed Air Corp. (Æ)	2,300	86
Watson Pharmaceuticals, Inc. (Æ)	2,060	58	Sherwin-Williams Co. (The)	9,260	262
WellPoint Health Networks (Æ)	3,700	263	Sigma-Aldrich Corp.	560	27

Multi-Style Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Smurfit-Stone Container Corp. (Æ)	15,900	245	Boeing Co. (The)	12,200	402
Sonoco Products Co.	950	22	Caterpillar, Inc.	7,800	357
Temple-Inland, Inc.	1,100	49	Centex Corp.	460	23
United States Steel Corp.	13,740	180	Clayton Homes, Inc.	22,250	271
Worthington Industries	160	2	Cooper Industries, Ltd. Class A	2,130	78
York International Corp.	1,840	47	Cummins, Inc.	6,000	169
		<u>7,798</u>	Danaher Corp.	2,800	184
			Deere & Co.	5,560	255
Miscellaneous - 1.4%			Dover Corp.	4,600	134
Carlisle Cos., Inc.	1,424	59	DR Horton, Inc.	5,400	94
Crane Co.	420	8	Emerson Electric Co.	3,120	159
Eaton Corp.	3,700	289	General Dynamics Corp.	900	71
FMC Corp. (Æ)	3,000	82	Goodrich Corp.	4,370	80
General Electric Co.	68,500	1,668	Honeywell International, Inc.	20,265	486
Illinois Tool Works, Inc.	3,500	227	Hovnanian Enterprises, Inc. Class A (Æ)	2,500	79
ITT Industries, Inc.	1,990	121	Hubbell, Inc. Class B	2,250	79
Johnson Controls, Inc.	1,400	112	Ingersoll-Rand Co. Class A	3,100	133
St. Joe Co. (The)	2,228	67	Kla-Tencor Corp. (Æ)	4,500	159
Textron, Inc.	4,070	175	Lexmark International, Inc. (Æ)	50	3
		<u>2,808</u>	Lockheed Martin Corp.	12,300	710
			Molex, Inc. Class A	370	7
Other Energy - 2.4%			Motorola, Inc.	5,600	48
Anadarko Petroleum Corp.	1,100	53	Northrop Grumman Corp.	4,257	413
Apache Corp.	8,430	480	NVR, Inc. (Æ)	100	33
Aquila, Inc.	1,120	2	Pentair, Inc.	1,220	42
Baker Hughes, Inc.	27,990	901	PerkinElmer, Inc.	340	3
Calpine Corp. (Æ)	33,100	108	Raytheon Co.	7,990	246
Cooper Cameron Corp. (Æ)	500	25	Rockwell Collins, Inc.	3,050	71
Devon Energy Corp.	2,000	92	Steelcase, Inc. Class A	800	9
Dynegy, Inc. Class A	10,000	12	Tektronix, Inc. (Æ)	1,290	23
EL Paso Corp.	16,462	115	Toll Brothers, Inc. (Æ)	3,000	61
ENSCO International, Inc.	6,500	191	Tyco International, Ltd.	11,750	201
GlobalSantaFe Corp.	8,500	207	United Defense Industries, Inc. (Æ)	1,500	35
Halliburton Co.	18,530	347	United Technologies Corp.	9,080	562
Nabors Industries, Ltd. (Æ)	3,500	123	WW Grainger, Inc.	2,980	154
Noble Corp. (Æ)	80	3	Xerox Corp. (Æ)	16,700	134
Ocean Energy, Inc.	300	6			<u>8,249</u>
Patina Oil & Gas Corp.	1,000	32			
PNM Resources, Inc.	970	23	Technology - 11.2%		
Schlumberger, Ltd.	22,640	953	3Com Corp. (Æ)	18,750	87
Smith International, Inc. (Æ)	7,500	245	Accenture, Ltd. Class A (Æ)	22,540	405
Tidewater, Inc.	8,160	254	Axiom Corp. (Æ)	710	11
Transocean, Inc.	15,330	356	ADC Telecommunications, Inc. (Æ)	25,400	53
Williams Cos., Inc.	45,050	122	Adobe Systems, Inc.	11,000	273
XTO Energy, Inc.	15,720	388	Adtran, Inc. (Æ)	1,000	33
		<u>5,038</u>	Advanced Micro Devices, Inc. (Æ)	26,000	168
			Affiliated Computer Services, Inc. Class A (Æ)	6,800	358
Producer Durables - 4.0%			Agere Systems, Inc. Class A (Æ)	94,850	137
3M Co.	13,570	1,673	Agilent Technologies, Inc. (Æ)	7,000	126
Allied Waste Industries, Inc. (Æ)	2,280	23	Altera Corp. (Æ)	1,130	14
American Power Conversion (Æ)	2,308	35	Amkor Technology, Inc. (Æ)	5,000	24
Andrew Corp. (Æ)	1,146	12	Analog Devices, Inc. (Æ)	17,600	420
Applied Materials, Inc. (Æ)	41,320	538	Applied Micro Circuits Corp. (Æ)	8,000	30

Multi-Style Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Automatic Data Processing	500	20	Taiwan Semiconductor Manufacturing		
Avnet, Inc.	2,500	27	Co., Ltd. - ADR (Æ)	41,200	290
Avocent Corp. (Æ)	730	16	Tellabs, Inc. (Æ)	1,940	14
BEA Systems, Inc. (Æ)	22,500	258	Texas Instruments, Inc.	550	8
BMC Software, Inc. (Æ)	9,800	168	TIBCO Software, Inc. (Æ)	10,950	68
Cisco Systems, Inc. (Æ)	156,890	2,055	UniSystem Corp. (Æ)	3,800	38
Citrix Systems, Inc. (Æ)	4,000	49	Utstarcom, Inc. (Æ)	260	5
Cognizant Technology Solutions Corp. (Æ)	2,000	144	VeriSign, Inc. (Æ)	4,900	39
CommScope, Inc. (Æ)	1,600	13	Vishay Intertechnology, Inc. (Æ)	300	3
Computer Associates International, Inc.	20,790	281	Xilinx, Inc. (Æ)	6,780	140
Computer Sciences Corp. (Æ)	2,930	101			23,178
Compuware Corp. (Æ)	3,950	19			
Conexant Systems, Inc. (Æ)	22,500	36	Utilities - 6.6%		
Corning, Inc. (Æ)	58,200	193	Allegheny Energy, Inc.	20,930	158
Dell Computer Corp. (Æ)	38,300	1,024	Alliant Energy Corp.	3,540	59
Electronic Data Systems Corp.	2,300	42	Alltel Corp.	2,610	133
Electronics for Imaging (Æ)	8,300	135	Ameren Corp.	6,090	253
EMC Corp. (Æ)	13,830	85	American Electric Power Co., Inc.	11,710	320
Harris Corp.	2,590	68	AT&T Corp.	22,539	588
Hewlett-Packard Co.	129,723	2,252	AT&T Wireless Services, Inc. (Æ)	33,097	187
Hughes Electronics Corp. Class H (Æ)	12,409	133	Avista Corp.	1,300	15
i2 Technologies, Inc. (Æ)	16,200	19	BellSouth Corp.	31,760	822
Ingram Micro, Inc. Class A (Æ)	14,610	180	Cablevision Systems Corp. Class A (Æ)	450	8
Intel Corp.	136,070	2,119	Centerpoint Energy, Inc.	15,210	129
International Business Machines Corp.	25,380	1,967	CenturyTel, Inc.	2,600	76
Intuit, Inc. (Æ)	5,140	241	CMS Energy Corp.	4,100	39
Jabil Circuit, Inc. (Æ)	3,050	55	Comcast Corp. Class A (Æ)	14,720	333
JD Edwards & Co. (Æ)	240	3	Comcast Corp. Class A (Æ)	42,396	999
JDS Uniphase Corp. (Æ)	32,300	80	Consolidated Edison, Inc.	5,420	232
LSI Logic Corp. (Æ)	6,500	38	COX Communications, Inc. Class A (Æ)	6,390	181
Lucent Technologies, Inc. (Æ)	76,800	97	Dominion Resources, Inc.	1,490	82
Macromedia, Inc. (Æ)	3,100	33	DPL, Inc.	1,880	29
Maxim Integrated Products	13,450	444	DTE Energy Co.	712	33
Mercury Interactive Corp. (Æ)	4,700	139	Duke Energy Corp.	5,510	108
Microchip Technology, Inc.	25,300	619	Edison International (Æ)	27,310	324
Micron Technology, Inc. (Æ)	8,800	86	Entergy Corp.	5,360	244
Microsoft Corp. (Æ)	70,210	3,630	Exelon Corp.	2,962	156
National Semiconductor Corp. (Æ)	280	4	FirstEnergy Corp.	2,400	79
Oracle Corp. (Æ)	61,230	661	FPL Group, Inc.	1,810	109
Palm, Inc. (Æ)	1,600	25	KeySpan Corp.	1,370	48
PanAmSat Corp. (Æ)	1,180	17	Liberty Media Corp. Class A (Æ)	65,420	585
Plexus Corp. (Æ)	410	4	Mirant Corp. (Æ)	3,651	7
QLogic Corp. (Æ)	6,500	224	Nextel Communications, Inc. Class A (Æ)	33,700	389
Qualcomm, Inc. (Æ)	37,900	1,379	Nicor, Inc.	280	10
Quantum Corp. (Æ)	14,600	39	NiSource, Inc.	410	8
Rockwell Automation, Inc.	5,150	107	Nokia OYJ - ADR	27,500	426
Sandisk Corp. (Æ)	2,900	59	Northeast Utilities	5,000	76
SAP AG - ADR	20,510	400	NSTAR	90	4
Scientific-Atlanta, Inc.	2,000	24	Peoples Energy Corp.	130	5
Soletron Corp. (Æ)	26,560	94	Pepco Holdings, Inc.	1,390	27
Storage Technology Corp. (Æ)	2,680	57	PG&E Corp. (Æ)	28,490	396
Sun Microsystems, Inc. (Æ)	1,680	5	Pinnacle West Capital Corp.	3,360	115
Symantec Corp. (Æ)	11,500	466	Progress Energy, Inc. - CVO (Æ)(Y)	1,300	—
			Public Service Enterprise Group, Inc.	2,320	74

Multi-Style Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$	Futures Contracts (Number of Contracts)	Notional Amount (000) \$	Unrealized Appreciation (Depreciation) (000) \$
Puget Energy, Inc.	10,800	238	Long Positions		
Quintiles Transnational Corp. (Æ)	300	4	S&P Midcap 400 Index		
Qwest Communications International	20,197	101	expiration date 03/03 (17)	3,654	(27)
Reliant Resources, Inc. (Æ)	23,515	75			
SBC Communications, Inc.	79,723	2,161	S&P 500 Index		
Sempra Energy	2,930	69	expiration date 03/03 (45)	9,888	(256)
Southern Co. (The)	8,020	228			
Sprint Corp.-FON Group	28,300	410	Total Unrealized Appreciation		
TECO Energy, Inc.	3,400	53	(Depreciation) on Open Futures		
TXU Corp.	3,290	61	Contracts Purchased		(283)
Verizon Communications, Inc.	48,652	1,885			
Vodafone Group PLC - ADR	10,000	181			
Westar Energy, Inc.	13,300	132			
Wisconsin Energy Corp.	5,470	138			
Xcel Energy, Inc.	9,580	105			
		<u>13,707</u>			
Total Common Stocks					
(cost \$201,723)		<u>193,013</u>			
	Principal Amount (000) \$				
Short-Term Investments - 6.7%					
Frank Russell Investment Company Money Market Fund (Ç)	12,911	12,911			
United States Treasury Bill 1.180% due 3/20/03 (ç)(ÿ)(§)	1,000	<u>997</u>			
Total Short-Term Investments		<u>13,908</u>			
(cost \$13,908)					
Total Investments - 100.1%					
(identified cost \$215,631)		206,921			
Other Assets and Liabilities, Net - (0.1%)		<u>(127)</u>			
Net Assets - 100.0%		<u><u>206,794</u></u>			

See accompanying notes which are an integral part of the financial statements.

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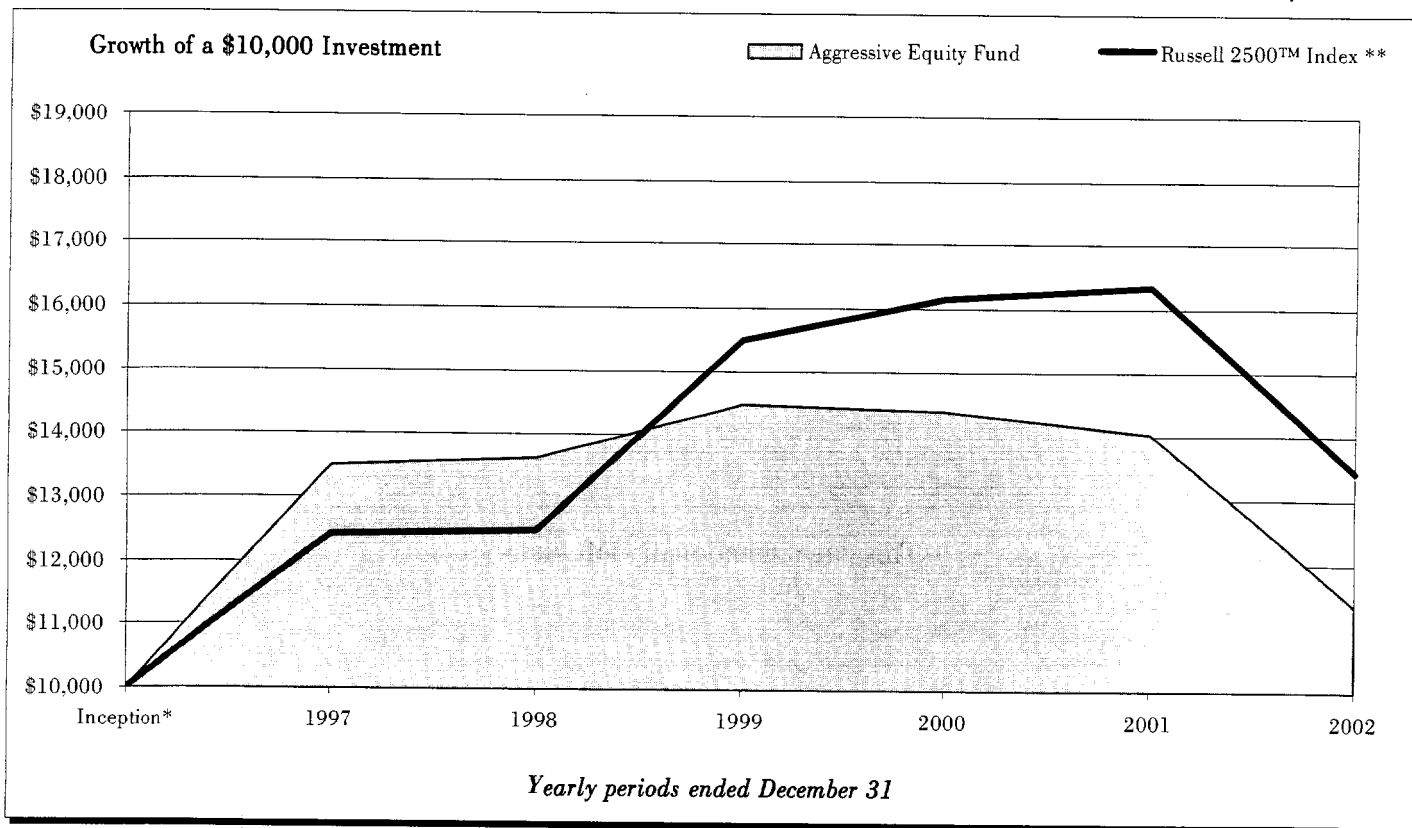
Aggressive Equity Fund

Portfolio Management Discussion—December 31, 2002 (Unaudited)

Objective: To provide capital appreciation by assuming a higher level of volatility than is ordinarily expected from the Multi-Style Equity Fund by investing in equity securities.

Invests in: Primarily common stocks of small and medium capitalization US companies.

Strategy: The Fund uses a multi-style, multi-manager strategy intended to achieve higher returns with moderate risk. The Fund employed the investment management services of eight small capitalization stock fund managers with distinct investment styles.



Aggressive Equity Fund

Periods Ended 12/31/02	Growth of \$10,000	Total Return
1 Year	\$ 8,094	(19.06)%
5 Years	\$ 8,413	(3.40)%§
Inception	\$ 11,363	2.15%§

Russell 2500™ Index

Periods Ended 12/31/02	Growth of \$10,000	Total Return
1 Year	\$ 8,220	(17.80)%
5 Years	\$ 10,812	1.58%§
Inception	\$ 13,446	5.06%

Performance Review

For the year ended December 31, 2002, the Aggressive Equity Fund lost 19.06%, as compared to the Russell 2500™ Index which dropped 17.80%.

Market and Portfolio Highlights

Stocks fell precipitously in 2002 as investors lost confidence in the integrity of corporate America's management and accounting practices, credit rating agencies lowered ratings, geopolitical risks heightened, and corporate profit growth was far short of expectations due to weak pricing and higher labor and energy costs. The market experienced many high profile corporate scandals (Worldcom, Global Crossing, UAL, Kmart, and Tenet) with relatively few positive surprises. US equity large and small cap

indices fell for the third consecutive year, with small caps holding slightly firmer than large caps.

Corporate accounting and earnings remained under scrutiny throughout the year, though most of the negative impact was felt in the large cap sector. While small cap companies are required to generate the same quantitative financial information as large cap companies, they often do not complement this with the qualitative attributes that help facilitate an understanding of their businesses. As a result, small cap managers are accustomed to delving deeper into small company accounts in order to gain confidence in these investments. This increased scrutiny and analysis benefited small cap managers' results. Where large cap sell-offs rippled into smaller stocks, some managers perceived this as a buying opportunity.

Aggressive Equity Fund

Portfolio Management Discussion—December 31, 2002 (Unaudited)

The market environment for active management was fairly neutral during most of the year, with each quarter producing both successes and failures. The Fund seeks to be fully invested at all times, which resulted in little or no cash in the portfolio during the period. This was a detriment to Fund performance during the year, as markets declined. Small cap growth managers that invested in companies with aggressive earnings growth projections were hurt during the year, as were small cap value managers that emphasized cyclically-oriented stocks whose prices had become depressed. Managers betting on technology shares saw these prices drop sharply in 2002. Managers using a strategy of following market trends also fared poorly as market trends reversed each quarter.

Fourth quarter 2002 was a difficult market environment for active managers due to several factors. The quarter witnessed a rally in lower quality/higher risk issues (stocks with no earnings, high prices relative to earnings, stock price volatility and high debt levels). The smallest cap companies within the small cap index outperformed all other small cap issues. Since active managers generally underweight the smallest companies, performance suffered as a result. Lastly, active managers generally retain an allocation to cash, which after helping performance earlier in the year, dampened results as markets rallied.

For the year, the Fund's managers that focused generally on stocks with consistent, visible and predictable earnings combined with quality financial statements produced the best returns. These managers overweighted companies with the ability to internally finance growth and underweighted those whose cash outflows exceeded their earnings inflows. TimesSquare, as the top performing manager in the Fund, demonstrated these successful techniques. This firm's investment approach significantly underweighted technology issues and overweighted consumer finance companies with consistent and visible earnings. Goldman, Systematic and CapitalWorks underperformed, yet were all within expectations given the unfriendly market environment.

Managers that struggled in this market environment included Suffolk and David J. Greene. These firms' investment approaches generally favored companies with attractive share prices relative to balance sheet cash, but with little or no current earnings. They overweighted technology and other more cyclical companies, while avoiding financial companies. Technology and other cyclical shares are usually among the first to benefit from an economic and market recovery.

In May 2002, Goldman Sachs Asset Management was retained by the Fund, replacing Westpeak Global Advisors L.P. Goldman is rated very highly by the Fund's management research team and will provide small cap core exposure to the Fund's strategy. Westpeak's investment processes and staffing experienced changes during the period which made them unattractive to the Fund.

Top Ten Equity Holdings

(as a percent of Total Investments)

December 31, 2002

Getty Images, Inc.	0.6%
Annaly Mortgage Management, Inc.	0.5
Doral Financial Corp.	0.5
Dial Corp. (The)	0.5
First American Corp.	0.5
Omnicare, Inc.	0.5
Fidelity National Financial, Inc.	0.5
3Com Corp.	0.4
DaVita, Inc.	0.4
Lincare Holdings, Inc.	0.4

Portfolio Characteristics

December 31, 2002

Current P/E Ratio	15.9x
Portfolio Price/Book Ratio	1.72x
Market Capitalization - \$-Weighted Average	1.54 Bil
Number of Holdings	902

Money Managers

Styles

CapitalWorks Investment Partners, LLC	Growth
David J. Greene & Co., LLC	Value
Geewax, Terker & Co.	Growth
Goldman Sachs Asset Management	Market-Oriented
Jacobs Levy Equity Management, Inc.	Value
Suffolk Capital Management, Inc.	Growth
Systematic Financial Management, LP	Value
TimesSquare Capital Management, Inc.	Growth

* The Fund commenced operations on January 2, 1997. Index comparison began January 1, 1997.

** Russell 2500™ Index is composed of the bottom 500 stocks in the Russell 1000® Index and all the stocks in the Russell 2000® Index. The Russell 2500™ Index return reflects adjustments for income dividends and capital gains distributions reinvested as of the ex-dividend dates.

§ Annualized.

Aggressive Equity Fund

Statement of Net Assets—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Common Stocks - 92.3%			American Eagle Outfitters (Æ)	2,400	33
Auto and Transportation - 3.9%			Ameristar Casinos, Inc. (Æ)	500	7
AAR Corp.	2,000	10	AnnTaylor Stores Corp. (Æ)	18,426	376
Aftermarket Technology Corp. (Æ)	1,700	25	Applebees International, Inc.	1,800	42
Airborne, Inc.	2,900	43	Applica, Inc. (Æ)	1,700	9
Alaska Air Group, Inc. (Æ)	10,600	229	Argosy Gaming Co. (Æ)	2,400	45
AMR Corp. (Æ)	2,700	18	Asbury Automotive Group, Inc. (Æ)	4,500	38
AO Smith Corp.	11,600	313	BearingPoint, Inc. (Æ)	9,700	67
Atlantic Coast Airlines Holdings, Inc. (Æ)	2,400	29	Belo Corp. Class A	3,000	64
Aviall, Inc. (Æ)	9,800	79	Big Lots, Inc. (Æ)	16,910	224
BorgWarner, Inc.	5,198	262	BJ's Wholesale Club, Inc. (Æ)	2,600	48
CH Robinson Worldwide, Inc.	1,900	59	Bob Evans Farms	3,900	91
CNF, Inc.	8,900	296	Bombay Co., Inc. (The) (Æ)	5,100	26
Continental Airlines, Inc. Class B (Æ)	3,300	24	Boyd Gaming Corp. (Æ)	900	13
Delta Air Lines, Inc.	15,600	189	Brinker International, Inc. (Æ)	5,200	168
Dura Automotive Systems, Inc. Class A (Æ)	8,100	81	Brown Shoe Co., Inc.	2,500	60
EGL, Inc. (Æ)	4,900	70	Brunswick Corp.	12,500	248
Expeditors International Washington, Inc.	2,400	78	Callaway Golf Co.	13,900	184
ExpressJet Holdings, Inc. (Æ)	1,400	14	Career Education Corp. (Æ)	1,700	68
Fleetwood Enterprises, Inc. (Æ)	10,100	79	Casella Waste Systems, Inc. Class A	2,900	26
Frontier Airlines, Inc. (Æ)	790	5	Catalina Marketing Corp. (Æ)	3,700	68
Genesee & Wyoming, Inc. Class A (Æ)	600	12	CBRL Group, Inc.	6,600	199
Gentex Corp. (Æ)	5,200	165	CDI Corp. (Æ)	2,200	59
Heartland Express, Inc. (Æ)	439	10	Central Garden and Pet Co. (Æ)	8,800	163
JB Hunt Transport Services, Inc. (Æ)	9,500	278	Central Parking Corp.	2,000	38
JetBlue Airways Corp. (Æ)	300	8	Charming Shoppes (Æ)	15,800	66
Kansas City Southern (Æ)	4,000	48	Chattem, Inc. (Æ)	1,800	37
Keystone Automotive Industries, Inc. (Æ)	270	4	Choice Hotels International, Inc. (Æ)	3,762	85
Landstar System, Inc. (Æ)	800	47	ChoicePoint, Inc. (Æ)	7,799	308
Lear Corp. (Æ)	3,600	120	Claire's Stores, Inc.	8,100	179
Navistar International Corp. (Æ)	3,100	75	Clear Channel Communications, Inc. (Æ)	2,900	108
Offshore Logistics, Inc. (Æ)	200	4	Coach, Inc. (Æ)	2,290	75
OMI Corp. (Æ)	23,200	95	Coinstar, Inc. (Æ)	800	18
Oshkosh Truck Corp.	1,300	80	Columbia Sportswear Co. (Æ)	2,600	115
Overseas Shipholding Group	2,800	50	Consolidated Graphics, Inc. (Æ)	1,000	22
Pacer International, Inc. (Æ)	1,900	25	Corinthian Colleges, Inc. (Æ)	2,600	98
Polaris Industries, Inc.	600	35	Corporate Executive Board Co. (Æ)	7,300	233
Roadway Corp.	2,800	103	COX Radio, Inc. Class A (Æ)	7,539	172
Skywest, Inc.	8,000	105	Cumulus Media, Inc. Class A (Æ)	5,544	82
TBC Corp. (Æ)	1,500	18	Dave & Buster's, Inc. (Æ)	5,400	47
Tenneco Automotive, Inc. (Æ)	3,500	14	Dillard's, Inc. Class A	13,400	213
USfreightways Corp.	2,900	83	Dollar Tree Stores, Inc. (Æ)	2,365	58
Visteon Corp.	41,900	292	Earthlink, Inc. (Æ)	11,700	64
Wabtec Corp.	8,700	122	Education Management Corp. (Æ)	7,800	293
Werner Enterprises, Inc.	5,466	118	Electronic Arts, Inc. (Æ)	1,500	75
		<u>3,814</u>	Electronics Boutique Holdings Corp. (Æ)	5,300	84
			Elizabeth Arden, Inc. (Æ)	1,400	21
Consumer Discretionary - 19.2%			Entercom Communications Corp. (Æ)	4,900	230
Abercrombie & Fitch Co. Class A (Æ)	11,137	228	Ethan Allen Interiors, Inc.	2,582	89
AC Moore Arts & Crafts, Inc. (Æ)	380	5	Fisher Scientific International (Æ)	3,690	111
Advance Auto Parts (Æ)	4,000	196	Footstar, Inc. (Æ)	8,900	62
Advo, Inc. (Æ)	2,200	72	Freemarkets, Inc. (Æ)	11,881	77
Alberto-Culver Co. Class B	5,168	260	FTI Consulting, Inc. (Æ)	1,250	50
Alliance Gaming Corp. (Æ)	200	3	Furniture Brands International, Inc. (Æ)	1,200	29

Aggressive Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
G&K Services, Inc. Class A	1,000	35	PDI, Inc. (Æ)	2,800	30
Gart Sports Co. (Æ)	480	9	Penn National Gaming, Inc. (Æ)	1,100	17
Genesco, Inc. (Æ)	10,000	186	PEP Boys-Manny Moe & Jack	20,132	234
Getty Images, Inc. (Æ)	20,476	625	Petsmart, Inc. (Æ)	7,000	120
Group 1 Automotive, Inc. (Æ)	3,796	91	PF Chang's China Bistro, Inc. (Æ)	600	22
GTECH Holdings Corp. (Æ)	6,100	170	Pier 1 Imports, Inc.	17,349	328
Guitar Center, Inc. (Æ)	800	13	Pinnacle Entertainment, Inc. (Æ)	2,900	20
Gymboree Corp. (Æ)	3,900	62	Pittston Brink's Group	6,400	118
Harman International Industries, Inc.	3,400	202	Playtex Products, Inc. (Æ)	12,500	124
Harte-Hanks, Inc.	5,100	95	Pre-Paid Legal Services, Inc. (Æ)	4,000	105
Hearst-Argyle Television, Inc. (Æ)	12,300	297	Priceline.com, Inc. (Æ)	5,700	9
Hollinger International, Inc.	5,300	54	ProQuest Co. (Æ)	7,100	139
Hollywood Casino Corp. Class A (Æ)	400	5	Pulitzer, Inc.	5,100	229
Hollywood Entertainment Corp. (Æ)	4,600	69	Quanta Services, Inc. (Æ)	4,300	15
Hotels.com Class A (Æ)	2,100	115	Quiksilver, Inc. (Æ)	15,397	410
Insight Communications (Æ)	4,400	54	Racing Champions Ertl Corp. (Æ)	500	7
Iron Mountain, Inc. (Æ)	5,600	185	Radio One, Inc. Class D (Æ)	13,165	190
Isle of Capri Casinos, Inc. (Æ)	2,300	30	Rare Hospitality International, Inc. (Æ)	3,900	108
ITT Educational Services, Inc. (Æ)	3,600	85	Reader's Digest Association, Inc. (The) Class A	1,400	21
Jo-Ann Stores, Inc. Class A (Æ)	3,100	71	Reebok International, Ltd. (Æ)	6,500	191
K-Swiss, Inc. Class A	2,000	43	Regal Entertainment Group Class A	6,400	137
Kelly Services, Inc. Class A	900	22	Regis Corp.	6,800	177
Kroll, Inc. (Æ)	3,800	73	Rent-A-Center, Inc. (Æ)	7,200	360
La-Z-Boy, Inc.	5,000	120	Republic Services, Inc. (Æ)	6,000	126
Labor Ready, Inc. (Æ)	4,600	30	Rex Stores Corp. (Æ)	1,400	14
Lamar Advertising Co. (Æ)	7,964	268	Ross Stores, Inc.	1,000	42
Landry's Restaurants, Inc.	6,500	138	Royal Caribbean Cruises, Ltd.	13,941	233
Lexar Media, Inc. (Æ)	3,700	23	Ruby Tuesday, Inc.	2,200	38
Lightbridge, Inc. (Æ)	1,300	8	Saks, Inc. (Æ)	22,100	259
Lin TV Corp. Class A (Æ)	5,700	139	Salton, Inc. (Æ)	1,900	18
Linens 'N Things, Inc. (Æ)	1,600	36	Scholastic Corp. (Æ)	3,600	129
Lithia Motors, Inc. Class A (Æ)	1,600	25	Scientific Games Corp. Class A (Æ)	8,700	63
Liz Claiborne, Inc.	4,600	136	SCP Pool Corp. (Æ)	12,100	353
M T R Gaming Group, Inc. (Æ)	1,100	9	Sharper Image Corp. (Æ)	1,400	24
Mandalay Resort Group (Æ)	1,500	46	Shoe Carnival, Inc. (Æ)	1,200	17
Manpower, Inc.	5,800	185	ShopKo Stores, Inc. (Æ)	26,500	330
Maytag Corp.	2,900	83	Sinclair Broadcast Group, Inc. Class A (Æ)	7,900	92
McClatchy Co. Class A	1,600	91	Skechers U.S.A., Inc. Class A (Æ)	17,900	152
Media General, Inc. Class A	4,100	246	Sonic Automotive, Inc. (Æ)	2,600	39
Mobile Mini, Inc. (Æ)	3,400	53	Sonic Corp. (Æ)	1,350	28
Mothers Work, Inc. (Æ)	400	14	Spherion Corp. (Æ)	23,800	159
Movado Group, Inc.	5,000	94	Sports Authority, Inc. (Æ)	5,000	35
MPS Group, Inc. (Æ)	18,300	101	Stage Stores, Inc. (Æ)	3,451	73
Multimedia Games, Inc. (Æ)	700	19	Station Casinos, Inc. (Æ)	4,400	78
Navigant International, Inc. (Æ)	1,500	18	Steak N Shake Co. (The) (Æ)	2,000	20
Neiman-Marcus Group, Inc. Class A (Æ)	4,800	146	Steiner Leisure, Ltd. (Æ)	7,082	99
Nu Skin Enterprises, Inc.	11,300	135	Stride Rite Corp.	3,000	22
O'Charleys, Inc. (Æ)	800	16	Take-Two Interactive Software (Æ)	3,100	73
OfficeMax, Inc. (Æ)	3,900	20	Tech Data Corp. (Æ)	3,300	89
On Assignment, Inc. (Æ)	1,700	14	TeleTech Holdings, Inc. (Æ)	1,900	14
Outback Steakhouse, Inc.	4,500	155	Tetra Tech, Inc. (Æ)	4,325	53
Pacific Sunwear of California (Æ)	8,700	154	Ticketmaster Class B (Æ)	1,100	23
Park Place Entertainment Corp. (Æ)	30,500	256	Tiffany & Co.	3,100	74
Payless Shoesource, Inc. (Æ)	800	41			

Aggressive Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Timberland Co. Class A (Æ)	1,000	36	Financial Services - 20.1%		
Toro Co.	2,500	160	AG Edwards, Inc.	6,133	202
Tuesday Morning Corp. (Æ)	1,000	17	American Financial Group, Inc.	3,500	81
United Auto Group, Inc. (Æ)	8,600	107	American Financial Holdings, Inc.	800	24
United Stationers, Inc. (Æ)	1,700	49	American Home Mortgage Holdings, Inc.	1,340	15
Urban Outfitters, Inc. (Æ)	500	12	AmeriCredit Corp. (Æ)	2,600	20
Valassis Communications, Inc. (Æ)	3,800	112	Ameritrade Holding Corp. (Æ)	4,900	28
Valuevision Media, Inc. Class A (Æ)	5,918	89	AmerUs Group Co.	2,800	79
VCA Antech, Inc. (Æ)	12,900	194	Annaly Mortgage Management, Inc.	28,500	535
Waste Connections, Inc. (Æ)	3,700	143	Anthracite Capital, Inc.	8,500	93
West Corp. (Æ)	5,000	83	Arthur J Gallagher & Co.	2,300	68
Williams-Sonoma, Inc. (Æ)	6,243	169	Associated Banc-Corp	5,411	184
World Fuel Services Corp.	900	18	Astoria Financial Corp.	14,900	405
Zale Corp. (Æ)	2,009	64	Bancorpsouth, Inc.	2,000	39
		<u>18,772</u>	Bank of Hawaii Corp.	7,500	228
Consumer Staples - 3.7%			BankAtlantic Bancorp, Inc. Class A	10,600	100
7-Eleven, Inc. (Æ)	2,000	15	Banknorth Group, Inc.	5,600	127
American Italian Pasta Co. Class A (Æ)	4,000	144	Bankunited Financial Corp. Class A (Æ)	9,500	154
Boston Beer Co, Inc.	3,100	44	Bear Stearns Cos., Inc. (The)	2,600	154
Chiquita Brands International, Inc. (Æ)	2,300	30	Bedford Property Investors (ö)	2,700	69
Church & Dwight, Inc.	4,800	146	BISystem Group, Inc. (The) (Æ)	11,500	183
Constellation Brands, Inc. Class A (Æ)	13,520	321	Blackrock, Inc. (Æ)	500	20
Coors (Adolph) Class B	3,700	227	BOK Financial Corp. (Æ)	600	19
Corn Products International, Inc.	2,400	72	Boykin Lodging Co. (ö)	2,200	21
Dean Foods Co. (Æ)	3,100	115	Brandywine Realty Trust (ö)	1,000	22
Del Monte Foods Co. (Æ)	4,700	36	Brown & Brown, Inc.	8,500	275
Dial Corp. (The)	25,100	510	Capital Automotive REIT (ö)	3,300	78
DIMON, Inc.	5,500	33	Capitol Federal Financial	500	14
Dole Food Co.	12,600	411	Capstead Mortgage Corp.	900	22
Dreyer's Grand Ice Cream, Inc.	300	21	Cash America International, Inc.	4,900	47
Duane Reade, Inc. (Æ)	700	12	Cathay Bancorp, Inc.	500	19
Fleming Cos., Inc.	3,600	24	CBL & Associates Properties, Inc. (ö)	8,100	324
Flowers Foods, Inc.	5,900	115	CCC Information Services Group (Æ)	6,600	117
Great Atlantic & Pacific Tea Co. (Æ)	6,700	54	Certegy, Inc. (Æ)	3,900	96
International Multifoods Corp. (Æ)	1,200	25	City Holding Co.	2,100	59
Interstate Bakeries	900	14	City National Corp.	2,800	123
J&J Snack Foods Corp. (Æ)	300	11	Clark/Bardes, Inc. (Æ)	400	8
JM Smucker Co. (The)	600	24	Cobalt Corp. (Æ)	8,700	120
Nash Finch Co.	5,500	43	Colonial BancGroup, Inc. (The)	8,100	97
NBTY, Inc. (Æ)	1,500	26	Commerce Bancorp, Inc.	900	39
Pathmark Stores, Inc. (Æ)	19,000	96	Commerce Bancshares, Inc.	525	21
PepsiAmericas, Inc.	14,800	199	Commerce Group, Inc.	2,400	90
Performance Food Group Co. (Æ)	6,600	224	Commercial Federal Corp.	9,200	215
Ralcorp Holdings, Inc. (Æ)	2,300	58	Commercial Net Lease Realty (ö)	1,700	26
Ruddick Corp.	1,400	19	Community Bank System, Inc.	700	22
Schweitzer-Mauduit International, Inc.	800	20	Cornerstone Realty Income Trust, Inc. (ö)	700	6
Sensient Technologies Corp.	5,000	112	Corus Bankshares, Inc.	500	22
Smithfield Foods, Inc. (Æ)	1,200	24	Cullen/Frost Bankers, Inc.	6,000	196
Standard Commercial Corp.	1,200	22	Delphi Financial Group Class A	500	19
Tootsie Roll Industries, Inc.	2,900	89	Deluxe Corp.	5,500	232
Tyson Foods, Inc. Class A	5,700	64	Dime Bancorp, Inc. 2050 Warrants (Æ)	36,300	4
United Natural Foods, Inc. (Æ)	2,110	53	Dime Community Bancshares	10,025	192
Universal Corp.	3,200	118	Doral Financial Corp.	17,900	511
		<u>3,571</u>	Dun & Bradstreet Corp. (Æ)	1,200	41

Aggressive Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
E*TRADE Group, Inc. (Æ)	29,000	141	John Nuveen Co. (The) Class A	4,700	119
East-West Bancorp, Inc.	3,100	112	Koger Equity, Inc. (ö)	3,500	55
Eaton Vance Corp.	1,600	45	La Quinta Corp. (Æ)	10,000	44
eFunds Corp. (Æ)	8,100	74	LaBranche & Co., Inc. (Æ)	12,700	338
Entertainment Properties Trust (ö)	2,100	49	Landamerica Financial Group, Inc.	8,700	308
Equity Inns, Inc. (ö)	6,900	42	Legg Mason, Inc.	6,200	301
Equity One, Inc. (ö)	900	12	LendingTree, Inc. (Æ)	3,400	44
Factset Research Systems, Inc.	2,700	76	Local Financial Corp. (Æ)	1,100	16
Fair Isaac & Co., Inc.	3,425	146	MAF Bancorp, Inc.	400	14
Federal Agricultural Mortgage Corp. Class C (Æ)	1,000	31	Markel Corp. (Æ)	1,650	339
FelCor Lodging Trust, Inc. (ö)	9,600	110	Mercantile Bankshares Corp.	1,200	46
Fidelity National Financial, Inc.	13,749	451	Metris Cos., Inc.	31,100	77
First American Corp.	22,700	504	MFA Mortgage Investments, Inc.	11,300	95
First Bancorp Puerto Rico	1,850	42	Mid-America Apartment Communities, Inc. (ö)	1,400	34
First Commonwealth Financial Corp.	1,000	12	Mony Group, Inc.	5,000	120
First Republic Bank (Æ)	1,200	24	Moody's Corp.	3,200	132
First Virginia Banks, Inc.	3,000	112	National Commerce Financial Corp.	10,800	258
FirstFed Financial Corp. (Æ)	3,600	104	National Health Investors, Inc. (ö)	2,500	40
Flagstar Bancorp, Inc.	4,500	97	New Century Financial Corp.	12,300	312
Fremont General Corp.	7,100	32	New York Community Bancorp, Inc.	8,500	245
Fulton Financial Corp.	1,525	27	Novastar Financial, Inc.	3,300	102
Gabelli Asset Management, Inc. Class A (Æ)	1,300	39	OceanFirst Financial Corp.	4,350	98
GATX Corp.	4,000	91	Ocwen Financial Corp. (Æ)	3,400	10
Glenborough Realty Trust, Inc. (ö)	3,100	55	Pacific Northwest Bancorp	700	18
Global Payments, Inc.	5,900	189	Parkway Properties, Inc. (ö)	800	28
Great Lakes REIT, Inc. (ö)	1,000	17	PFF Bancorp, Inc.	1,000	31
Greater Bay Bancorp	5,000	86	Philadelphia Consolidated Holding Co. (Æ)	550	19
Group 1 Software, Inc. (Æ)	1,600	19	Phoenix Cos., Inc. (The)	7,700	59
Hancock Holding Co.	1,000	45	PMA Capital Corp. Class A	500	7
Harbor Florida Bancshares, Inc.	800	18	Post Properties, Inc. (ö)	5,100	122
Health Care REIT, Inc. (ö)	3,000	81	ProAssurance Corp. (Æ)	800	17
Healthcare Realty Trust, Inc. (ö)	4,000	117	Protective Life Corp.	7,300	201
Henry (Jack) & Associates	8,600	104	Provident Bankshares Corp.	1,500	35
Hibernia Corp. Class A	7,400	143	Providian Financial Corp. (Æ)	39,940	259
Hospitality Properties Trust (ö)	1,900	67	PS Business Parks, Inc. (ö)	1,000	32
HRPT Properties Trust (ö)	40,700	335	R&G Financial Corp. Class B	6,800	158
Hudson United Bancorp	2,700	84	Radian Group, Inc.	3,200	119
IberiaBank Corp.	500	20	Raymond James Financial, Inc.	9,600	284
IMPAC Mortgage Holdings, Inc.	3,000	35	Realty Income Corp. (ö)	2,200	77
Independence Community Bank	5,300	135	Reckson Associates Realty Corp. (ö)	1,000	21
IndyMac Bancorp, Inc. (Æ)	11,808	218	Redwood Trust, Inc.	5,300	147
Innkeepers USA Trust (ö)	24,800	190	RenaissanceRe Holdings, Ltd.	3,800	150
Interactive Data Corp. (Æ)	12,756	175	Republic Bancorp, Inc.	24,711	291
Investment Technology Group, Inc. (Æ)	9,600	215	RLI Corp.	1,200	33
Investors Financial Services Corp.	10,800	296	Roslyn Bancorp, Inc.	7,650	138
IRT Property Co. (ö)	2,800	33	Ryder System, Inc.	14,700	330
Irwin Financial Corp.	2,700	45	Sandy Spring Bancorp, Inc.	2,700	85
iShares S&P MidCap 400/ BARRA Growth Index Fund	700	64	Seacoast Financial Services Corp.	1,600	32
iStar Financial, Inc. (ö)	4,000	112	Selective Insurance Group	600	15
JDN Realty Corp. (ö)	3,000	33	Senior Housing Properties Trust (ö)	9,900	105
Jefferies Group, Inc.	6,300	264	Shurgard Storage Centers, Inc. Class A (ö)	1,300	41
			Silicon Valley Bancshares (Æ)	2,400	44
			Southwest Bancorp of Texas, Inc. (Æ)	2,200	63

Aggressive Equity Fund

Statement of Net Assets, continued — December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Sovereign Bancorp, Inc.	20,700	291	Connetics Corp. (Æ)	2,000	24
Stancorp Financial Group, Inc.	2,600	127	Corixa Corp. (Æ)	5,400	35
Staten Island Bancorp, Inc.	7,400	149	Coventry Health Care, Inc. (Æ)	1,000	29
Sterling Bancorp	792	21	Cyberonics (Æ)	1,700	31
Sterling Bancshares, Inc.	1,100	13	Cytyc Corp. (Æ)	11,685	119
Stewart Information Services Corp. (Æ)	3,400	73	DaVita, Inc. (Æ)	17,381	429
Susquehanna Bancshares, Inc.	1,200	25	Dentsply International, Inc.	2,550	95
SWS Group, Inc.	1,400	19	Diversa Corp. (Æ)	600	5
TCF Financial Corp.	3,300	144	Edwards Lifesciences Corp. (Æ)	8,200	209
Texas Regional Bancshares, Inc. Class A	750	27	Enzon Pharmaceuticals, Inc. (Æ)	2,400	40
Thornburg Mortgage, Inc.	8,400	169	Express Scripts, Inc. Class A (Æ)	900	43
Triad Guaranty, Inc. (Æ)	4,900	181	First Health Group Corp. (Æ)	10,300	251
Trizec Properties, Inc. (ö)	3,800	36	Gen-Probe, Inc. (Æ)	1,100	26
UMB Financial Corp.	1,000	38	Genencor International, Inc. (Æ)	5,400	53
Unitrin, Inc.	1,400	41	Gentiva Health Services, Inc.	11,000	97
Universal Health Realty Income (ö)	900	24	Guilford Pharmaceuticals, Inc. (Æ)	3,100	12
W Holding Co., Inc.	8,200	135	Haemonetics Corp. (Æ)	700	15
Watson Wyatt & Co. Holdings (Æ)	900	20	Hanger Orthopedic Group, Inc. (Æ)	3,700	49
Webster Financial Corp.	3,000	104	Health Net, Inc. (Æ)	5,600	148
Weingarten Realty Investors (ö)	2,250	83	Healthsouth Corp. (Æ)	30,400	128
Whitney Holding Corp.	6,100	203	Henry Schein, Inc. (Æ)	1,800	81
Wilmington Trust Corp.	2,200	70	Hologic, Inc. (Æ)	2,400	29
Wintrust Financial Corp.	1,700	53	Humana, Inc. (Æ)	19,800	198
WSFS Financial Corp.	500	16	Idexx Laboratories, Inc. (Æ)	6,700	223
		<u>19,643</u>	Immucor, Inc. (Æ)	1,600	32
			Inhale Therapeutic Systems, Inc. (Æ)	4,700	38
Health Care - 11.3%			Inveresk Research Group, Inc. (Æ)	1,200	26
Accredo Health, Inc. (Æ)	2,350	83	Invitrogen Corp. (Æ)	11,647	364
AdvancePCS (Æ)	14,900	331	K-V Pharmaceutical Co. Class A (Æ)	1,600	37
Advisory Board Co. (The) (Æ)	1,030	31	Kindred Healthcare, Inc. (Æ)	1,600	29
Affymetrix, Inc. (Æ)	1,100	25	Kos Pharmaceuticals, Inc. (Æ)	10,100	192
Alexion Pharmaceuticals, Inc. (Æ)	1,600	23	LabOne, Inc. (Æ)	400	7
Alpharma, Inc. Class A	10,700	127	Lincare Holdings, Inc. (Æ)	13,500	427
American Healthcorp, Inc.	1,000	18	Martek Biosciences Corp. (Æ)	7,600	191
American Medical Security Group, Inc. (Æ)	1,900	27	Maxygen (Æ)	1,000	8
American Pharmaceutical Partners, Inc. (Æ)	900	16	Medcath Corp. (Æ)	100	1
AMERIGROUP Corp. (Æ)	970	29	Medicines Co. (Æ)	900	14
AmerisourceBergen Corp.	2,100	114	Medicis Pharmaceutical Class A (Æ)	7,170	356
Amylin Pharmaceuticals, Inc. (Æ)	5,800	94	MGI Pharma, Inc. (Æ)	900	7
Anthem, Inc. (Æ)	106	7	Mid Atlantic Medical Services (Æ)	9,100	295
Applera Corp. -			Myriad Genetics, Inc. (Æ)	3,800	55
Celera Genomics Group (Æ)	30,600	292	NDCHealth Corp.	7,100	141
Apria Healthcare Group, Inc. (Æ)	1,600	36	Neurocrine Biosciences, Inc. (Æ)	2,800	128
ArQule, Inc. (Æ)	5,700	17	NPS Pharmaceuticals, Inc. (Æ)	3,800	96
Barr Laboratories, Inc. (Æ)	1,400	91	Odyssey HealthCare, Inc. (Æ)	2,821	98
Bausch & Lomb, Inc.	2,600	94	Omnicare, Inc.	19,300	460
Bio-Rad Laboratories, Inc. Class A (Æ)	2,100	81	Orthodontic Centers Of America (Æ)	1,200	13
Celgene Corp. (Æ)	2,700	58	Owens & Minor, Inc.	3,800	62
Cell GeneSystem, Inc. (Æ)	3,800	42	Oxford Health Plans (Æ)	3,100	113
Centene Corp. (Æ)	320	11	Pacificare Health Systems (Æ)	4,100	115
Cephalon, Inc. (Æ)	5,200	253	Parexel International Corp. (Æ)	4,200	46
Charles River Laboratories International, Inc. (Æ)	7,200	277	Patterson Dental Co. (Æ)	4,000	175
Cima Labs, Inc. (Æ)	800	19	Pediatrix Medical Group, Inc. (Æ)	700	28
			Perrigo Co. (Æ)	1,500	18

Aggressive Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Pharmaceutical Product			Chesapeake Corp.	2,200	39
Development, Inc. (Æ)	6,009	176	Cleveland-Cliffs, Inc.	1,400	28
Pharmaceutical Resources, Inc. (Æ)	4,700	140	Commercial Metals Co.	1,100	18
Pharmacoepia, Inc. (Æ)	9,600	86	CoorsTek, Inc. (Æ)	6,100	156
Priority Healthcare Corp. Class B (Æ)	7,500	174	Cytec Industries, Inc. (Æ)	4,700	128
PSS World Medical, Inc. (Æ)	2,900	20	DHB Industries, Inc. (Æ)	4,600	8
Quality Systems, Inc. (Æ)	1,000	20	Eastman Chemical Co.	7,500	276
Renal Care Group, Inc. (Æ)	1,900	60	EMCOR Group, Inc. (Æ)	3,600	191
Resmed, Inc. (Æ)	1,000	31	Energizer Holdings, Inc. (Æ)	3,600	100
Respironics, Inc. (Æ)	5,100	155	FBR Asset Investment Corp.	4,900	166
Sepracor, Inc. (Æ)	13,500	131	Grant Prideco, Inc. (Æ)	7,833	91
Serologicals Corp. (Æ)	6,200	68	Greif Brothers Corp. Class A	100	2
SICOR, Inc. (Æ)	15,215	241	HB Fuller Co.	1,800	47
Stericycle, Inc. (Æ)	5,500	178	Hughes Supply, Inc.	5,400	148
Steris Corp. (Æ)	6,300	153	IMC Global, Inc.	5,000	53
Sybron Dental Specialties, Inc. (Æ)	2,166	32	International Flavors & Fragrances, Inc.	1,000	35
Taro Pharmaceuticals Industries (Æ)	3,200	120	Lennox International, Inc.	29,800	374
Techne Corp. (Æ)	3,900	111	LNR Property Corp.	1,500	53
Triad Hospitals, Inc. (Æ)	13,900	415	Longview Fibre Co.	3,800	27
Trimeris, Inc. (Æ)	600	26	Louisiana-Pacific Corp. (Æ)	10,600	85
Unilab Corp. (Æ)	500	9	Lubrizol Corp.	7,500	229
United Surgical Partners			Material Sciences Corp. (Æ)	1,300	17
International, Inc. (Æ)	2,300	36	Maverick Tube Corp. (Æ)	6,855	89
United Therapeutics Corp. New (Æ)	1,700	28	Minerals Technologies, Inc.	2,300	99
US Oncology, Inc. (Æ)	7,000	61	Myers Industries, Inc.	1,875	20
US Physical Therapy, Inc. (Æ)	600	7	NCI Building Systems, Inc. (Æ)	800	17
Varian Medical Systems, Inc. (Æ)	1,400	69	Pactiv Corp. (Æ)	10,600	232
Varian, Inc. (Æ)	1,900	55	PolyOne Corp.	4,000	16
Visx, Inc. (Æ)	6,900	66	Potlatch Corp.	2,400	57
WebMD Corp. (Æ)	15,027	128	Precision Castparts Corp.	9,500	230
WellPoint Health Networks (Æ)	86	6	Rogers Corp. (Æ)	900	20
Wilson Greatbatch Technologies, Inc. (Æ)	5,400	158	Royal Gold, Inc.	800	20
		<u>11,097</u>	RTI International Metals, Inc. (Æ)	2,100	21
			Schulman (A.), Inc.	17,600	328
Integrated Oils - 0.2%			Scotts Co. (The) Class A (Æ)	2,900	142
Great Plains Energy, Inc.	9,600	220	Sealed Air Corp. (Æ)	4,800	179
Holly Corp.	1,000	22	Shaw Group, Inc. (The) (Æ)	2,000	33
		<u>242</u>	Silgan Holdings, Inc. (Æ)	7,100	175
			Simpson Manufacturing Co., Inc. (Æ)	1,200	39
Materials and Processing - 6.5%			Standard Register Co. (The)	3,400	61
Airgas, Inc. (Æ)	7,900	136	Steel Dynamics, Inc. (Æ)	5,900	71
Allegheny Technologies, Inc.	11,400	71	Temple-Inland, Inc.	6,600	296
Applied Films Corp. (Æ)	2,925	58	Timken Co.	9,200	176
Aptargroup, Inc.	5,500	172	Tractor Supply Co. (Æ)	400	15
Arch Chemicals, Inc.	3,600	66	Trex Co., Inc. (Æ)	600	21
Armor Holdings, Inc. (Æ)	1,000	14	Unifi, Inc. (Æ)	5,900	31
Ball Corp.	400	20	United States Steel Corp.	7,000	92
Bemis Co.	3,000	149	Universal Forest Products, Inc.	2,700	58
Boise Cascade Corp.	3,200	81	USEC, Inc.	9,300	56
Cabot Corp.	9,900	263	USG Corp. (Æ)	18,300	155
Cabot Microelectronics Corp. (Æ)	1,300	61	Valspar Corp.	600	27
Calgon Carbon Corp.	18,500	91	Watsco, Inc.	2,900	48
Cambrex Corp.	2,230	67	Wausau-Mosinee Paper Corp.	2,500	28
Centex Construction Products, Inc.	500	18			<u>6,390</u>

Aggressive Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Miscellaneous - 0.7%			Producer Durables - 5.7%		
Carlisle Cos., Inc.	5,700	236	Advanced Energy Industries, Inc. (Æ)	8,900	113
FMC Technologies, Inc. (Æ)	500	10	AGCO Corp.	5,900	130
GenCorp, Inc.	6,000	48	Allen Telecom, Inc. (Æ)	16,900	160
Kaman Corp. Class A	2,600	29	Allied Waste Industries, Inc. (Æ)	4,400	44
SPX Corp. (Æ)	340	13	American Power Conversion (Æ)	2,400	36
Thermo Electron Corp. (Æ)	1,900	38	Ametek, Inc.	1,500	58
US Industries, Inc. (Æ)	18,000	47	Applied Industrial Technologies, Inc.	3,900	74
Walter Industries, Inc.	20,300	220	ASystem Technologies, Inc. (Æ)	16,101	118
		641	Audiovox Corp. Class A (Æ)	3,600	37
			Belden, Inc.	1,300	20
Other Energy - 3.8%			Brooks-PRI Automation, Inc. (Æ)	600	7
Apache Corp.	2,900	165	C&D Technologies, Inc.	1,200	21
Aquila, Inc.	13,800	24	Cascade Corp.	900	14
Arch Coal, Inc.	1,350	29	CNH Global NV	7,800	30
Atwood Oceanics, Inc. (Æ)	1,200	36	Crown Castle International Corp. (Æ)	21,900	82
BJ Services Co. (Æ)	3,700	120	CTS Corp.	3,400	26
Cooper Cameron Corp. (Æ)	5,200	259	Curtiss-Wright Corp.	2,100	134
ENSCO International, Inc.	6,300	186	Cymer, Inc. (Æ)	6,941	224
Equitable Resources, Inc.	500	18	Dupont Photomasks, Inc. (Æ)	2,800	65
Evergreen Resources, Inc. (Æ)	4,100	184	Electro Scientific Industries, Inc. (Æ)	5,935	119
Frontier Oil Corp.	3,000	52	Engineered Support Systems, Inc.	450	16
FuelCell Energy, Inc. (Æ)	1,500	10	Esterline Technologies Corp. (Æ)	2,700	48
Gulfmark Offshore, Inc. (Æ)	1,700	25	FEI Co. (Æ)	5,341	82
Houston Exploration Co. (Æ)	1,000	31	Flir Systems, Inc. (Æ)	900	44
Hydril Co. (Æ)	5,900	139	Hovnanian Enterprises, Inc. Class A (Æ)	1,100	35
Key Energy Services, Inc. (Æ)	19,870	178	IKON Office Solutions, Inc.	44,100	315
Massey Energy Co.	3,600	35	Ionics, Inc. (Æ)	500	11
National-Oilwell, Inc. (Æ)	17,200	376	Itron, Inc. (Æ)	5,162	99
Newfield Exploration Co. (Æ)	500	18	Kadant, Inc. (Æ)	2,700	41
Oceaneering International, Inc. (Æ)	700	17	Lennar Corp.	4,100	212
Octel Corp.	400	6	LTX Corp. (Æ)	5,000	30
Oil States International, Inc. (Æ)	4,400	57	M/I Schottenstein Homes, Inc.	7,200	200
Parker Drilling Co. (Æ)	12,100	27	Mettler Toledo International, Inc. (Æ)	6,200	199
Patina Oil & Gas Corp.	3,900	123	Milacron, Inc.	3,000	18
Patterson-UTI Energy, Inc. (Æ)	6,175	186	Millipore Corp.	6,400	218
Pioneer Natural Resources Co. (Æ)	4,100	104	MKS Instruments, Inc. (Æ)	6,380	105
Plains Exploration & Production Co. (Æ)	1,100	11	NACCO Industries, Inc. Class A	500	22
Plains Resources, Inc. (Æ)	1,100	13	Novellus Systems, Inc. (Æ)	9,800	275
Pogo Producing Co.	2,500	93	NVR, Inc. (Æ)	500	163
Smith International, Inc. (Æ)	7,500	245	Orbital Sciences Corp. (Æ)	19,300	81
St. Mary Land & Exploration Co.	4,400	110	Photon Dynamics, Inc. (Æ)	4,029	92
Stone Energy Corp. (Æ)	1,080	36	Photronics, Inc. (Æ)	11,900	163
Tidewater, Inc.	6,400	199	Plantronics, Inc. (Æ)	4,900	74
Unit Corp. (Æ)	1,400	26	Power-One, Inc. (Æ)	2,500	14
Universal Compression Holdings, Inc. (Æ)	4,900	94	Pulte Homes, Inc.	500	24
Valero Energy Corp.	3,000	111	Rayovac Corp. (Æ)	1,200	16
Varco International, Inc. (Æ)	3,100	54	RF Micro Devices, Inc. (Æ)	11,331	83
Veritas DGC, Inc. (Æ)	6,800	54	Rudolph Technologies, Inc. (Æ)	5,569	107
Vintage Petroleum, Inc.	11,840	125	Ryland Group, Inc.	6,600	220
Westport Resources Corp. (Æ)	4,600	96	Spectralink Corp. (Æ)	800	6
		3,672	Steelcase, Inc. Class A	5,400	59
			Tecumseh Products Co. Class A	600	26
			Teledyne Technologies, Inc. (Æ)	7,400	116

Aggressive Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Teradyne, Inc. (Æ)	9,400	122	CSG Systems International (Æ)	2,800	38
Thomas & Betts Corp. (Æ)	1,200	20	Digex, Inc. (Æ)	32,000	14
Toll Brothers, Inc. (Æ)	8,100	164	Digital River, Inc. (Æ)	5,000	60
Triumph Group, Inc. (Æ)	2,200	70	Documentum, Inc. (Æ)	18,525	290
United Defense Industries, Inc. (Æ)	16,300	380	Dynamics Research Corp. (Æ)	1,200	17
Veeco Instruments, Inc. (Æ)	1,400	16	E.piphany, Inc. (Æ)	7,900	33
Wavecom SA - ADR (Æ)	1,200	17	EDO Corp.	6,800	141
William Lyon Homes, Inc. (Æ)	700	15	Embrex, Inc. (Æ)	5,300	59
		<u>5,530</u>	EMS Technologies, Inc. (Æ)	4,790	75
			EnteraSystem Networks, Inc. (Æ)	10,000	16
			ESCO Technologies, Inc. (Æ)	1,100	41
Technology - 13.3%			eSpeed, Inc. Class A	5,560	94
3Com Corp. (Æ)	94,700	438	Exar Corp. (Æ)	4,600	57
Axiom Corp. (Æ)	12,800	197	Fairchild Semiconductor International, Inc. Class A (Æ)	8,300	89
ADC Telecommunications, Inc. (Æ)	24,800	52	Fidelity National Information Solutions, Inc. (Æ)	3,200	55
Affiliated Computer Services, Inc. Class A (Æ)	4,900	258	Foundry Networks, Inc. (Æ)	12,708	89
Agile Software Corp. (Æ)	3,900	30	GameStop Corp. (Æ)	6,900	68
Alliance Data Systems Corp. (Æ)	12,500	222	Harris Corp.	5,000	132
American Management Systems (Æ)	1,700	20	Hyperion Solutions Corp. (Æ)	5,400	139
Amkor Technology, Inc. (Æ)	15,400	73	Identix, Inc. (Æ)	1,208	6
Amphenol Corp. Class A (Æ)	2,300	87	IDX Systems Corp. (Æ)	2,000	34
Anixter International, Inc. (Æ)	5,800	135	Ii-Vi, Inc. (Æ)	8,213	132
AnSystem, Inc. (Æ)	700	14	Imation Corp. (Æ)	6,000	210
Apogent Technologies, Inc. (Æ)	1,600	33	Informatica Corp. (Æ)	21,400	123
Arbitron, Inc. (Æ)	10,400	348	Ingram Micro, Inc. Class A (Æ)	23,600	291
Ariba, Inc. (Æ)	34,301	85	Integrated Circuit Systems, Inc. (Æ)	5,619	103
Arris Group, Inc. (Æ)	11,200	40	Inter-Tel, Inc.	2,500	52
Arrow Electronics, Inc. (Æ)	24,100	308	Intergraph Corp. (Æ)	6,300	112
Ascential Software Corp. (Æ)	13,400	32	Internet Security Systems (Æ)	6,900	126
ASM International NV (Æ)	11,600	150	Intersil Corp. Class A (Æ)	2,600	36
ATI Technologies, Inc. (Æ)	8,800	41	Intrado, Inc. (Æ)	6,234	62
Atmel Corp. (Æ)	29,117	65	Invision Technologies, Inc. (Æ)	600	16
Autodesk, Inc.	7,157	102	Iomega Corp. (Æ)	1,800	14
Avaya, Inc. (Æ)	20,700	51	Keynote Systems, Inc. (Æ)	5,200	40
Avid Technology, Inc. (Æ)	8,800	202	L-3 Communications Holdings, Inc. (Æ)	2,900	130
Avnet, Inc.	27,500	298	Lawson Software, Inc. (Æ)	10,600	61
Avocent Corp. (Æ)	5,700	127	Legato Systems, Inc. (Æ)	11,900	60
BEA Systems, Inc. (Æ)	10,100	116	Loral Space & Communications (Æ)	27,500	12
Bell Microproducts, Inc. (Æ)	11,500	64	Macromedia, Inc. (Æ)	6,400	68
Benchmark Electronics, Inc. (Æ)	5,800	166	Macrovision Corp. (Æ)	6,100	98
BMC Software, Inc. (Æ)	9,400	161	Manhattan Associates, Inc. (Æ)	1,000	24
Borland Software Corp. (Æ)	2,700	33	Marvell Technology Group, Ltd. (Æ)	9,600	181
Business Objects SA - ADR (Æ)	5,000	75	Mastor Corp. (Æ)	63,400	321
ChipPAC, Inc. Class A (Æ)	2,600	9	Mentor Graphics Corp. (Æ)	2,800	22
Citrix Systems, Inc. (Æ)	22,700	280	Mercury Computer Systems, Inc. (Æ)	4,100	125
Cognos, Inc. (Æ)	10,400	244	Mercury Interactive Corp. (Æ)	2,600	77
Coherent, Inc. (Æ)	3,733	74	Merix Corp. (Æ)	600	5
Compucom Systems, Inc. (Æ)	8,300	47	Methode Electronics Class A	2,700	30
Compuware Corp. (Æ)	4,500	22	Microchip Technology, Inc.	11,469	280
Converse Technology, Inc. (Æ)	6,300	63	Microsemi Corp. (Æ)	1,500	9
Concord Communications, Inc. (Æ)	640	6	MicroStrategy, Inc. Class A (Æ)	6,981	105
Conexant Systems, Inc. (Æ)	30,100	48	Microtune, Inc. (Æ)	19,217	60
Cray, Inc. (Æ)	8,200	63			
Cree, Inc. (Æ)	5,090	83			

Aggressive Equity Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Mykrolis Corp. (Æ)	2,773	20	Cascade Natural Gas Corp.	13,500	270
National Instruments Corp. (Æ)	4,100	133	CMS Energy Corp.	22,800	215
NetFlix, Inc. (Æ)	2,100	23	COX Communications, Inc. Class A (Æ)	700	20
NetScreen Technologies, Inc. (Æ)	4,979	84	Energen Corp.	5,700	166
Network Appliance, Inc. (Æ)	4,300	43	Energy East Corp.	4,600	102
Network Associates, Inc. (Æ)	11,700	188	General Communication Class A (Æ)	1,200	8
Novell, Inc. (Æ)	11,600	39	Idacorp, Inc.	4,100	102
O2Micro International, Ltd. (Æ)	8,800	86	IDT Corp. (Æ)	11,900	206
Openwave Systems, Inc. (Æ)	22,200	44	KeySpan Corp.	6,000	211
Optic Net, Inc. (Æ)(Y)	1,400	—	New Jersey Resources Corp.	2,100	66
Optimal Robotics Corp. Class A (Æ)	1,800	11	Nextel Communications, Inc. Class A (Æ)	11,500	133
Overture Services, Inc. (Æ)	3,920	107	Nicor, Inc.	600	20
ParthusCeva, Inc. (Æ)	3,099	18	Northeast Utilities	5,500	83
Pinnacle Systems, Inc. (Æ)	5,200	71	Northwest Natural Gas Co.	1,700	46
Pioneer Standard Electronics	9,400	86	Oneok, Inc.	9,900	190
Planar Systems, Inc. (Æ)	2,217	46	Otter Tail Corp.	7,600	204
Precise Software Solutions, Ltd. (Æ)	6,300	104	Pinnacle West Capital Corp.	6,400	218
Progress Software Corp. (Æ)	900	12	Puget Energy, Inc.	2,600	57
Quantum Corp. (Æ)	29,500	79	Quintiles Transnational Corp. (Æ)	2,000	24
Quest Software, Inc. (Æ)	11,700	121	SEMCO Energy, Inc.	1,600	10
Sandisk Corp. (Æ)	11,900	242	Southern Union Co. (Æ)	2,700	45
ScanSoft, Inc. (Æ)	3,600	19	Southwest Gas Corp.	1,900	45
Scansource, Inc. (Æ)	500	25	SureWest Communications	2,100	78
Serena Software, Inc. (Æ)	5,552	88	Telephone & Data Systems, Inc.	1,800	85
Skyworks Solutions, Inc. (Æ)	14,831	128	UGI Corp.	500	19
Standard Microsystems Corp. (Æ)	1,300	25	UIL Holdings Corp.	2,000	70
Storage Technology Corp. (Æ)	12,300	263	US Cellular Corp. (Æ)	6,500	163
Sybase, Inc. (Æ)	10,500	141	Wisconsin Energy Corp.	8,700	219
SYKES Enterprises, Inc. (Æ)	3,700	12	WPS Resources Corp.	700	27
Systems & Computer Technology Corp. (Æ)	1,600	14			
Tekelec (Æ)	9,296	97			3,859
TIBCO Software, Inc. (Æ)	14,300	88			
Titan Corp. (Æ)	2,800	29			
Transaction Systems Architects, Inc. Class A (Æ)	3,100	20	Total Common Stocks (cost \$93,505)		90,275
Trimble Navigation, Ltd. (Æ)	3,300	41			
UniSystem Corp. (Æ)	12,600	125			
UNOVA, Inc. (Æ)	13,600	82			
Utstarcom, Inc. (Æ)	3,400	67			
Verity, Inc. (Æ)	6,630	89			
webMethods, Inc. (Æ)	11,491	94			
Websense, Inc. (Æ)	3,956	85			
Western Digital Corp. (Æ)	41,300	264			
Zebra Technologies Corp. Class A (Æ)	600	34			
Zoran Corp. (Æ)	11,552	163			
		13,044			
Utilities - 3.9%					
AES Corp. (The) (Æ)	52,800	159			
AGL Resources, Inc.	5,700	139			
Alliant Energy Corp.	6,600	109			
Amdocs, Ltd. (Æ)	16,500	162			
AT&T Wireless Services, Inc. (Æ)	7,200	41			
Avista Corp.	12,700	147			
			Total Investments - 100.3% (identified cost \$101,316)		98,086
			Other Assets and Liabilities, Net - (0.3%)		(292)
			Net Assets - 100.0%		97,794

Aggressive Equity Fund

Statement of Net Assets, continued—December 31, 2002

Futures Contracts (Number of Contracts)	Notional Amount (000) \$	Unrealized Appreciation (Depreciation) (000) \$
Long Positions		
Russell 2000 Index expiration date 03/03 (28)	5,365	(106)
S&P 500 Index expiration date 03/03 (10)	2,197	<u>(56)</u>
Total Unrealized Appreciation (Depreciation) on Open Futures Contracts Purchased		<u><u>(162)</u></u>

See accompanying notes which are an integral part of the financial statements.

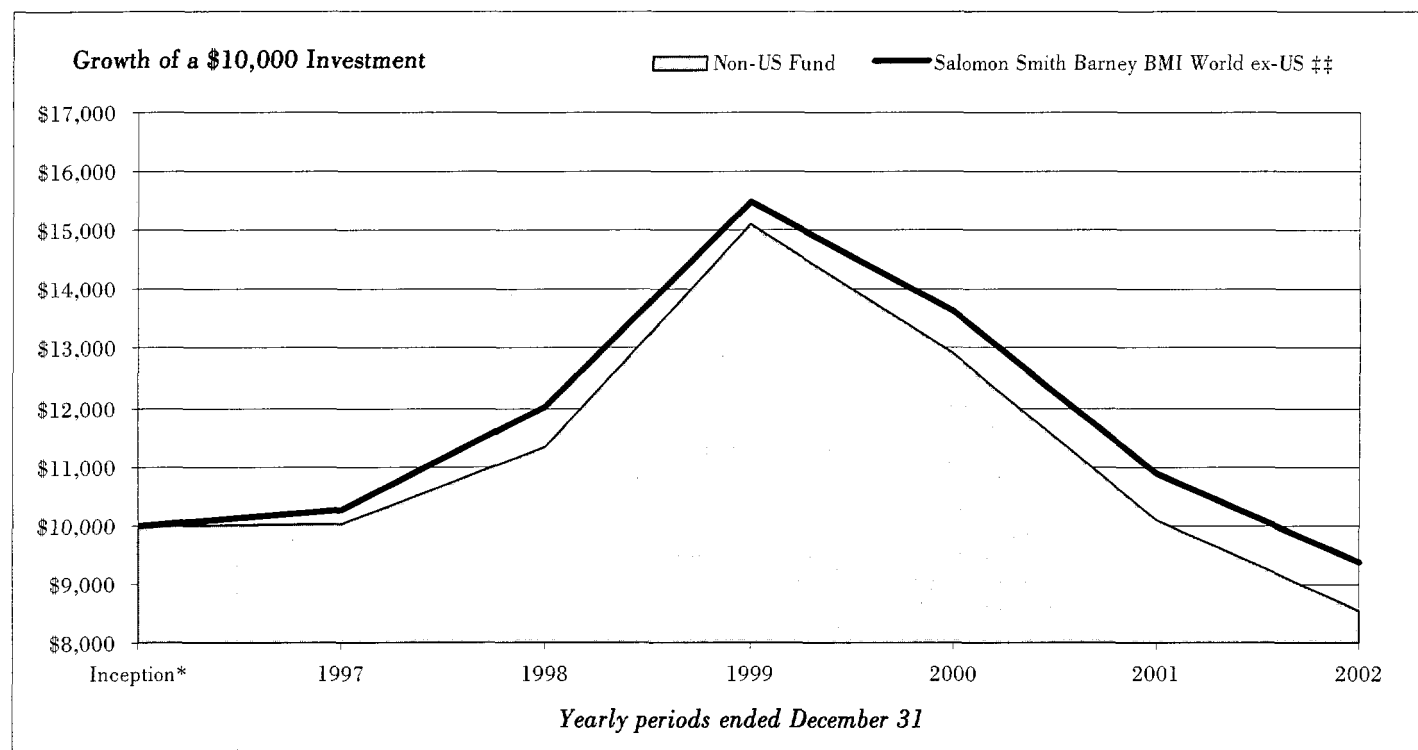
Non-U.S. Fund

Portfolio Management Discussion—December 31, 2002 (Unaudited)

Objective: To provide favorable total return and additional diversification for US investors by investing primarily in equity and fixed-income securities of non-US companies, and securities issued by non-US governments.

Invests in: Primarily the equity securities of non-US companies in developed foreign markets.

Strategy: The Fund uses a multi-manager strategy intended to achieve higher returns with moderate risk by employing the investment management services of four managers with three separate and distinct investment approaches. The Fund's primary source of added value is intended to be stock selection with only moderate country allocations relative to the index to capture the diversification benefits of international investment in an asset allocation context.



Non-U.S. Fund			Salomon Smith Barney Broad Market Index (BMI) ex-US		
Periods Ended 12/31/02	Growth of \$10,000	Total Return	Periods Ended 12/31/02	Growth of \$10,000	Total Return
1 Year	\$ 8,485	(15.15)%	1 Year	\$ 8,619	(13.81)%
5 Years	\$ 8,528	(3.13)%§	5 Years	\$ 9,144	(1.77)%§
Inception	\$ 8,553	(2.57)%§	Inception	\$ 9,383	(1.06)%§

Performance Review

For the year ended December 31, 2002, the Non-US Fund fell 15.15%, lagging the benchmark Salomon Smith Barney BMI World ex-US Index (BMI ex-US) which lost 13.81%.

Market and Portfolio Highlights

Non-US equity prices weakened during the fiscal year. Investors continued to focus their attention on the US, reflecting their expectations that a US economic recovery would be needed in order to stimulate global economies. News of accounting irregularities among several large US corporations had significant ramifications for global capital markets, as doubt was cast on the veracity of US accounting standards and on US corporations' reported earnings. Combined with continued disappointment in the face of economic

recovery, geopolitical concerns with Iraq, and a lack of decisive action by either Japan or Europe to address problems within their local economies, investor sentiment was negatively impacted.

Financial markets globally struggled during 2002, yet the fourth quarter produced positive changes in some international markets. For example, the BMI Europe Index posted a strong gain of 10.71% during the fourth quarter, though it was down 16.58% for the year. Low interest rates coupled with high demand fueled the housing market in the UK. This, in conjunction with a surprisingly robust consumer sector, made the UK economy more resilient than its continental European peers, but did little to spare its stock market, which fell 14.2% in 2002.

Non-U.S. Fund

Portfolio Management Discussion — December 31, 2002 (Unaudited)

Japan's economy continued to suffer, but its stock market fared well relative to other developed markets. The Japanese market outperformed European markets for most of 2002, however, in the fourth quarter, the SSB BMI Japan Index was down 6.35%. Japan's long-term economic prospects remained hampered by the country's troubled financial services sector.

Value stocks dominated growth issues during the fiscal year. AQR and The Boston Company, for example, both outperformed the benchmark. Market-oriented managers performed better at times due to their constant exposure to countries and sectors otherwise under- or overweighted by active managers. However, the Fund's slight bias towards companies whose share prices are more volatile than the index resulted in a marginal lag.

The performance of the Fund's more aggressive growth manager, Oechsle, trailed the benchmark as the market favored the more defensive companies preferred by the value managers.

While the Fund enjoyed generally effective security selection by its value managers, this was offset by several large sell offs of underperforming stocks held by the Fund's growth managers including Vivendi, Elan, and KPN. These losses contributed to a material portion of the Fund's underperformance in the period.

During second quarter 2002, some mandates were modified, allowing the Fund's managers to invest in emerging markets. Though investment in emerging markets was limited to 5% of the Fund's net assets, this contributed to positive performance as emerging markets provided some of the highest returns of any asset class over this time period.

AQR Capital Management, LLC was hired in June to replace a product being discontinued by JP Morgan. AQR's approach is quantitatively driven and introduced a marginally higher emphasis on country allocation, as well as the use of currency hedging.

Top Ten Equity Holdings

(as a percent of Total Investments)

December 31, 2002

Shell Transport & Trading Co. PLC	1.9%
Vodafone Group PLC	1.7
GlaxoSmithKline PLC	1.6
Total Fina Elf SA	1.5
Novartis AG	1.4
ENI-Ente Nazionale Idrocarburi SpA	1.4
Canon, Inc.	1.2
Nestle SA	1.2
HSBC Holdings PLC	1.2
BP PLC	1.0

Portfolio Characteristics

**September 30, 2002

Current P/E Ratio	14.82x
Portfolio Price/Book Ratio	1.60x
Market Capitalization - \$-Weighted Average	26.5 Bil
Number of Holdings	650

Money Managers

Styles

AQR Capital Management, LLC	Value
Fidelity Management & Research Co.	Growth
Oechsle International Advisors, LLC	Growth
The Boston Company Asset Management, LLC	Value

* The Fund commenced operations on January 2, 1997. Index comparison began January 1, 1997.

** As of the date of publishing, the portfolio characteristics as of December 31, 2002 were not available.

‡‡ Salomon Smith Barney BMI Index ex-US is a comprehensive float-weighted equity index consisting of every company with an investable market capitalization of over \$100 million in 22 countries. This Index has broader representation than the MSCI EAFE Index.

§ Annualized.

Non-U.S. Fund

Statement of Net Assets — December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Common Stocks - 90.3%					
Australia - 3.0%					
Alumina, Ltd.	900	2	Telstra Corp., Ltd.	23,200	58
Ampcor, Ltd.	15,900	76	Wesfarmers, Ltd.	4,600	69
AMP, Ltd.	15,800	99	Westfield America Trust	15,000	18
Australia & New Zealand Banking Group, Ltd. (Æ)	65,759	642	Westfield Holdings, Ltd.	7,800	59
Australian Stock Exchange, Ltd.	1,600	10	Westfield Trust	9,800	19
BHP Billiton, Ltd.	137,308	785	Westpac Banking Corp.	19,300	149
BHP Steel, Ltd. (Æ)	12,332	22	WMC Resources, Ltd. (Æ)	4,600	11
Billabong International, Ltd.	16,900	66	Woodside Petroleum, Ltd.	1,700	12
Boral, Ltd.	16,000	39	Woolworths, Ltd.	10,700	69
BRL Hardy, Ltd.	1,400	6			4,228
CFS Gandel Retail Trust	20,970	16	Austria - 0.0%		
Coca-Cola Amatil, Ltd.	13,783	41	Telekom Austria AG (Æ)	1,300	13
Coles Myer, Ltd.	2,500	9	Belgium - 1.3%		
Commonwealth Bank of Australia	11,200	170	Delhaize Group	900	17
Commonwealth Property Office Fund	12,062	8	Dexia	30,310	376
CSR, Ltd.	15,600	56	Dexia	22,500	276
David Jones, Ltd.	10,200	6	Electrabel	113	27
Deutsche Office Trust	11,100	7	Fortis	3,800	67
Foodland Associated, Ltd.	1,400	14	Fortis	48,281	844
Foster's Group, Ltd.	19,780	50	KBC Bancassurance Holding	900	29
Futuris Corp., Ltd.	1,700	1	Solvay SA Class A (Æ)	2,220	153
General Property Trust	12,200	20			1,789
Goodman Fielder, Ltd.	5,000	5	Brazil - 0.2%		
Harvey Norman Holdings, Ltd.	13,600	20	Petroleo Brasileiro SA - Petrobras - ADR	14,320	214
Iluka Resources, Ltd.	2,100	5	Canada - 0.8%		
Insurance Australia Group, Ltd.	22,200	34	Abitibi-Consolidated, Inc.	2,700	21
John Fairfax Holdings, Ltd.	15,300	28	Alcan, Inc.	1,400	41
Leighton Holdings, Ltd.	9,100	52	Bank of Montreal	2,000	53
Macquarie Bank, Ltd.	2,600	35	Bank of Nova Scotia	2,300	77
Macquarie Infrastructure Group	6,900	12	Barrick Gold Corp.	2,100	32
Metcash Trading, Ltd.	21,189	24	BCE, Inc.	901	16
MIM Holdings, Ltd.	4,700	4	Biovail Corp. (Æ)	100	3
National Australia Bank, Ltd.	21,300	381	Bombardier, Inc. Class B	4,900	17
Newcrest Mining, Ltd.	2,000	8	Brascan Corp.	500	10
News Corp., Ltd.	23,679	153	CAE, Inc.	1,100	3
OneSteel, Ltd.	8,100	8	Canada Life Financial Corp.	200	5
Orica, Ltd.	3,000	18	Canadian Imperial Bank of Commerce	1,800	50
Origin Energy, Ltd.	1,800	4	Canadian National Railway Co.	800	33
PaperlinX, Ltd.	3,400	10	Canadian Natural Resources, Ltd.	600	18
Patrick Corp., Ltd. (Æ)	6,300	46	Canadian Pacific Railway, Ltd.	700	14
Perpetual Trustees Australia, Ltd.	1,600	29	Canadian Tire Corp. Class A	600	12
Publishing & Broadcasting, Ltd.	5,100	25	Celestica, Inc. (Æ)	400	6
Qantas Airways, Ltd.	8,600	19	CP Ships, Ltd.	600	8
QBE Insurance Group, Ltd.	18,700	86	Descartes Systems Group, Inc. (The)	500	2
Rio Tinto, Ltd.	4,400	84	Dofasco, Inc.	900	16
Santos, Ltd.	143,600	487	Domtar, Inc.	1,200	12
Southcorp, Ltd.	1,200	3	Enbridge, Inc.	400	11
Stockland Trust Group	3,400	9	Encana Corp.	1,900	59
Suncorp-Metway, Ltd.	3,400	21	Fairmont Hotels & Resorts, Inc.	400	9
TABCORP Holdings, Ltd.	1,500	9			

Non-U.S. Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Falconbridge, Ltd.	500	5	Finland - 1.7%		
Fording, Inc.	200	4	Fortum Oyj	41,200	270
George Weston, Ltd.	200	11	Nokia OYJ	69,970	1,112
Hudson's Bay Co.	2,400	14	Nokia OYJ - ADR	21,708	336
Husky Energy, Inc.	1,400	15	Sampo Oyj Class A	69,594	529
Imperial Oil, Ltd.	700	20	Stora Enso Oyj Class R	2,700	28
Inco, Ltd. (Æ)	1,000	21	UPM-Kymmene Oyj	1,600	51
Intrawest Corp.	200	2			2,326
Investors Group, Inc.	600	10			
Loblaw Cos., Ltd.	200	7	France - 8.5%		
Magna International, Inc. Class A	300	17	Accor SA	11,481	348
Manulife Financial Corp.	1,801	39	Air France	24,284	235
Molson, Inc. Class A	300	6	Air Liquide	91	12
National Bank of Canada	1,100	22	Alstom (Æ)	3,000	15
Nexen, Inc.	600	13	Aventis SA	19,929	1,083
Noranda, Inc.	1,400	13	AXA	29,140	391
Nortel Networks Corp.	14,500	23	BNP Paribas	22,984	937
Nova Chemicals Corp.	300	5	Carrefour SA	12,174	542
Onex Corp.	200	2	Casino Guichard Perrachon SA	650	48
Petro-Canada	900	28	Christian Dior SA	4,200	141
Placer Dome, Inc.	400	5	Cie de Saint-Gobain	5,228	153
Potash Corp. of Saskatchewan	200	13	Cie Generale D'Optique Essilor International SA	6,191	255
Power Corp. Of Canada	500	11	CNP Assurances (Æ)	3,610	134
Power Financial Corp.	600	14	Credit Lyonnais SA	300	17
Precision Drilling Corp. (Æ)	200	6	L'Oreal SA	4,108	313
Quebecor World, Inc.	200	4	Lafarge SA	675	51
Quebecor, Inc. Class B (Æ)	900	8	Lagardere S.C.A.	500	20
Royal Bank of Canada	3,000	110	LVMH Moet Hennessy Louis Vuitton SA	11,605	477
Royal Group Technologies, Ltd. (Æ)	800	8	Michelin (C.G.D.E.) Class B	12,273	423
Shell Canada, Ltd.	500	16	Pechiney SA Class A	8,750	307
Sun Life Financial Services of Canada, Inc.	2,700	46	Pernod-Ricard	7,600	736
Suncor Energy, Inc.	1,900	30	Peugeot SA (Æ)	1,800	73
Talisman Energy, Inc.	600	22	Sanofi-Synthelabo SA	400	24
Thomson Corp. (The)	900	24	Schneider Electric SA (Æ)	8,033	380
TransCanada PipeLines, Ltd.	2,000	29	Societe Assurances Generales de France (Æ)	9,074	304
		1,151	Societe Generale Class A	2,050	119
China - 0.2%			Societe Television Francaise 1	4,240	113
Byd Co., Ltd. (Æ)	8,500	17	Suez SA	10,920	190
China Oilfield Services, Ltd. (Æ)	46,000	11	Thomson/ex-TMM (Æ)	15,000	256
PetroChina Co., Ltd.	1,014,400	202	Total Fina Elf SA	14,902	2,127
		230	Total Fina Elf SA - ADR	10,816	773
			Valeo SA	3,536	111
Denmark - 0.4%			Vivendi Universal SA	34,272	554
Dampskinselskabet AF 1912 Class B	1	7			11,662
Danske Bank A/S	11,900	197	Germany - 3.8%		
DSV DE Sammenslut Vogn A/S	250	6	Adidas-Salomon AG (Æ)	500	43
FLS Industries A/S Class B (Æ)	1,200	10	Allianz AG	1,100	105
ISS A/S (Æ)	8,250	297	Altana AG	2,200	100
Novo-Nordisk A/S Class B	1,800	52	BASF AG	6,500	246
TDC A/S (Æ)	1,200	29	Bayer AG	24,792	532
		598			

Non-U.S. Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Beiersdorf AG	700	78	Television Broadcasts, Ltd.	2,000	6
Continental AG	600	9	Wharf Holdings, Ltd.	25,000	47
DaimlerChrysler AG	4,500	139	Wing Hang Bank, Ltd.	3,500	11
Deutsche Bank AG	5,200	240			<u>2,476</u>
Deutsche Boerse AG	5,380	215			
Deutsche Lufthansa AG (Æ)	23,823	219	Ireland - 1.0%		
Deutsche Post AG	48,990	514	Bank of Ireland	112,688	1,158
Deutsche Telekom AG	800	10	CRH PLC	15,800	196
E.ON AG	13,569	548			<u>1,354</u>
Gehe AG	1,500	58			
KarstadtQuelle AG	25,600	443	Italy - 4.5%		
Linde AG	600	22	Autostrade Concessioni e Costruzioni		
MAN AG (Æ)	4,100	57	Autostrade SpA	32,400	322
Merck KGaA	600	16	Banca Popolare di Bergamo Credito		
Metro AG	600	14	Varesino SCRL	15,602	278
Muenchener Rueckversicherungs AG	1,852	222	Banca Popolare di Milano SCRL	14,300	52
Schering AG	7,500	326	Banco Popolare di Verona e Novara		
Siemens AG	4,800	204	SCRL (Æ)	27,870	311
Volkswagen AG	25,795	940	Benetton Group SpA (Æ)	6,200	55
		<u>5,300</u>	Enel SpA	17,300	90
			ENI-Ente Nazionale Idrocarburi SpA	120,945	1,923
Greece - 0.3%			Fiat SpA	1,800	15
Hellenic Telecommunications			Finmeccanica SpA	730,740	405
Organization SA	4,000	44	IntesaBci SpA (Æ)	176,397	372
Hellenic Telecommunications			Italcementi SpA	7,400	75
Organization SA - ADR	67,305	359	Luxtottica Group SpA	200	3
		<u>403</u>	Mediaset SpA	85,193	649
			Parmalat Finanziaria SPA (Æ)	25,000	60
Hong Kong - 1.8%			Riunione Adriatica di Sicurtà SpA (Æ)	11,090	135
Bank of East Asia	5,000	9	Sanpaolo IMI SpA	35,205	229
Cathay Pacific Airways, Ltd.	12,000	16	Telecom Italia SpA	144,272	728
Cheung Kong Holdings, Ltd.	22,000	143	Telecom Italia SpA	18,600	141
Cheung Kong Infrastructure Holdings, Ltd.	7,000	12	TIM SpA	56,929	260
China Mobile, Ltd. (Æ)	100,000	239	UniCredito Italiano SpA	13,700	55
CLP Holdings, Ltd.	20,200	81			<u>6,158</u>
Dairy Farm International Holdings, Ltd. (Æ)	9,000	9			
Esprit Holdings, Ltd.	28,500	48	Japan - 19.6%		
Giordano International, Ltd. (Æ)	8,000	3	77 Bank, Ltd. (The)	69,000	283
Hang Lung Properties, Ltd.	9,000	9	Acom Co., Ltd.	420	14
Hang Seng Bank, Ltd.	7,900	84	Aeon Co., Ltd. (Æ)	2,100	50
Henderson Land Development	9,000	27	Aiful Corp.	8,600	323
Hong Kong & China Gas	66,700	86	Alps Electric Co., Ltd.	4,000	44
Hong Kong Electric Holdings	8,500	32	Amano Corp.	1,000	6
Hong Kong Exchanges and Clearing, Ltd.	202,000	254	Aoyama Trading Co., Ltd.	2,600	37
Hutchison Whampoa, Ltd.	56,000	350	Asahi Kasei Corp.	7,000	17
JCG Holdings, Ltd.	14,000	7	Autobacs Seven Co., Ltd.	800	16
Johnson Electric Holdings	20,000	22	Bank of Yokohama, Ltd. (The)	23,000	91
MTR Corp.	219,192	232	Bridgestone Corp.	45,000	557
New World Development, Ltd.	5,000	2	Brother Industries, Ltd.	3,000	19
Shangri-La Asia, Ltd. (Æ)	4,000	3	Canon, Inc.	45,000	1,695
SmarTone Telecommunications			Central Glass Co., Ltd.	8,000	36
Holding, Ltd.	11,094	12	Central Japan Railway Co.	7	44
Sun Hung Kai Properties, Ltd.	74,000	437	Chubu Electric Power Co., Inc.	3,800	68
Swire Pacific, Ltd. Class A	77,000	295	Citizen Watch Co., Ltd.	10,000	45

Non-U.S. Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Credit Saison Co., Ltd.	40,200	686	Mabuchi Motor Co., Ltd.	7,000	644
CSK Corp.	3,400	71	Makita Corp.	4,000	29
Dai Nippon Printing Co., Ltd.	4,000	44	Matsumotokiyoshi Co., Ltd.	12,400	579
Daikin Industries, Ltd.	5,000	79	Matsushita Electric Industrial Co., Ltd.	52,000	513
Daimaru, Inc.	5,000	15	Meitec Corp.	1,300	32
Dainippon Ink and Chemicals, Inc.	2,000	3	Millea Holdings, Inc. (Æ)	7	50
Dainippon Screen Manufacturing Co., Ltd.	3,000	10	Minebea Co., Ltd.	70,000	244
Daito Trust Construction Co., Ltd.	3,800	84	Minolta Co., Ltd.	19,000	82
Daiwa House Industry Co., Ltd.	1,000	6	Mitsubishi Corp.	3,000	18
Daiwa Securities Group, Inc.	20,000	89	Mitsubishi Electric Corp.	16,000	37
Denki Kagaku Kogyo K K	26,000	57	Mitsubishi Estate Co., Ltd.	5,000	38
Denso Corp.	4,400	72	Mitsubishi Heavy Industries, Ltd.	24,000	59
Dowa Mining Co.	16,000	67	Mitsubishi Tokyo Financial Group, Inc.	49	266
East Japan Railway Co.	128	635	Mitsui & Co., Ltd.	35,000	163
Eisai Co., Ltd.	21,600	485	Mitsui Chemicals, Inc.	25,000	111
FamilyMart	1,300	25	Mitsui Engineering & Shipbuilding	9,000	7
Fast Retailing Co., Ltd.	2,600	92	Mitsui Fudosan Co., Ltd.	1,000	6
Fuji Electric Co., Ltd.	17,000	30	Mitsui O.S.K. Lines, Ltd.	58,000	120
Fuji Heavy Industries, Ltd.	24,900	99	Mitsui Sumitomo Insurance Co., Ltd.	10,000	46
Fuji Machine Manufacturing Co., Ltd.	16,000	151	Mitsui Trust Holdings, Inc. (Æ)	9,000	15
Fuji Photo Film Co., Ltd.	9,000	294	Mitsumi Electric Co., Ltd.	1,300	12
Fujitsu Support and Service, Inc.	700	8	Mizuho Holdings, Inc.	54	51
Funai Electric Co., Ltd.	500	58	Murata Manufacturing Co., Ltd.	8,400	329
Gunze, Ltd.	12,000	44	Namco, Ltd.	1,300	22
Hankyu Department Stores	1,000	5	NGK Insulators, Ltd.	5,000	27
Heiwa Corp.	3,900	57	Nichicon Corp.	6,700	78
Hino Motors, Ltd.	16,000	55	Nichirei Corp.	1,000	3
Hitachi Chemical Co., Ltd.	6,100	52	Nidec Corp.	300	19
Hitachi, Ltd.	9,000	35	Nikko Cordial Corp.	26,000	88
Honda Motor Co., Ltd.	28,200	1,043	Nikon Corp. (Æ)	12,000	90
Hosiden Corp.	3,000	23	Nintendo Co., Ltd.	1,500	140
Hoya Corp.	2,800	196	Nippon Express Co., Ltd.	153,000	600
Ibiden Co., Ltd.	2,300	25	Nippon Meat Packers, Inc.	1,000	10
Ito-Yokado Co., Ltd.	9,000	265	Nippon Oil Corp.	8,000	36
Itochu Corp.	35,000	76	Nippon Sanso Corp.	8,000	24
Jafco Co., Ltd.	1,400	61	Nippon Shokubai Kagaku Kogyo Co.	4,000	17
Japan Tobacco, Inc.	9	60	Nippon Steel Corp. (Æ)	2,000	2
JFE Holdings, Inc. (Æ)	1,000	12	Nippon Telegraph & Telephone Corp.	99	360
JGC Corp.	13,000	73	Nippon Yusen Kabushiki Kaisha	12,000	40
JSR Corp.	5,000	50	Nishimatsu Construction Co., Ltd.	38,000	112
Kansai Electric Power Co., Inc. (The)	2,500	38	Nishimatsuya Chain Co., Ltd.	700	17
Kao Corp.	32,000	702	Nissan Motor Co., Ltd.	135,300	1,056
Kawasaki Heavy Industries, Ltd.	16,000	13	Nisshin Seifun Group, Inc.	1,000	7
Kawasaki Kisen Kaisha, Ltd.	12,000	21	Nitto Denko Corp.	2,400	68
KDDI Corp.	39	127	NOK Corp.	16,000	177
Keyence Corp.	500	87	Nomura Holdings, Inc.	40,000	450
Kobayashi Pharmaceutical Co., Ltd.	900	31	NTN Corp.	6,000	21
Konami Corp.	13,800	319	NTT DoCoMo, Inc.	60	111
Konica Corp.	1,000	7	Olympus Optical Co., Ltd.	2,000	33
Koyo Seiko Co., Ltd.	7,000	31	ORIX Corp.	4,900	316
Kubota Corp.	2,000	5	Pioneer Corp.	7,200	135
Kyocera Corp.	3,100	181	Promise Co., Ltd.	100	4
Kyushu Electric Power Co., Inc.	1,600	23	Resona Holdings, Inc. (Æ)	16,000	9
Lawson, Inc.	11,600	280	Ricoh Co., Ltd.	12,000	197
			Rinnai Corp.	20,000	456

Non-U.S. Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Rohm Co., Ltd.	3,800	484	Yakult Honsha Co., Ltd.	9,000	103
Sammy Corp.	1,300	26	Yamaha Corp.	1,300	12
Sankyo Co., Ltd.	1,600	40	Yamaha Motor Co., Ltd.	79,000	652
Seino Transportation Co., Ltd.	8,000	47	Yamanouchi Pharmaceutical Co., Ltd.	1,800	52
Seven - Eleven Japan	2,000	61	Yokogawa Electric Corp.	9,000	56
SFCG Co., Ltd.	2,900	210			26,958
Sharp Corp.	2,000	19			
Shimachu Co., Ltd.	7,100	144	Luxembourg - 0.2%		
Shin-Etsu Chemical Co., Ltd.	33,800	1,108	Arcelor (Æ)	26,872	330
Shionogi & Co., Ltd.	2,000	28			
Shiseido Co., Ltd.	3,000	39	Mexico - 0.2%		
Showa Shell Sekiyu KK	700	5	Telefonos de Mexico SA de CV - ADR	8,550	273
Skylark Co., Ltd.	25,100	333			
SMC Corp.	1,000	94	Netherlands - 5.1%		
Sompo Japan Insurance, Inc.	7,000	41	ABN Amro Holding NV	43,335	709
Sony Corp.	9,000	376	Aegon NV	2,700	35
Stanley Electric Co., Ltd.	15,000	167	Akzo Nobel NV	17,803	565
Sumisho Lease Co., Ltd.	3,000	35	ASML Holding NV (Æ)	11,260	94
Sumitomo Bakelite Co., Ltd.	50,000	206	Buhrmann NV	35,872	157
Sumitomo Chemical Co., Ltd.	26,000	103	DSM NV	1,500	68
Sumitomo Corp.	6,000	26	Euronext NV	17,430	379
Sumitomo Electric Industries, Ltd.	15,000	97	European Aeronautic Defense and Space Co. (Æ)	9,000	93
Sumitomo Heavy Industries, Ltd.	22,000	12	Hagemeyer	1,500	11
Sumitomo Mitsui Financial Group, Inc.	29	91	Heineken NV	5,894	230
Sumitomo Trust & Banking Co., Ltd. (The)	19,000	77	Hunter Douglas NV	10,764	322
Suzuken Co., Ltd.	700	17	ING Groep NV	30,350	514
Taiyo Yuden Co., Ltd.	4,000	42	KLM-Koninklijke Luchtvaart Mij NV	1,500	14
Takeda Chemical Industries, Ltd.	29,300	1,225	Koninklijke Ahold NV (Æ)	49,142	624
Takefuji Corp.	440	25	Koninklijke Philips Electronics NV	18,600	329
TDK Corp.	5,400	218	Koninklijke Philips Electronics NV	23,219	407
Terumo Corp.	6,000	83	OCE NV	1,500	17
THK Co., Ltd.	5,000	55	Royal Dutch Petroleum Co.	5,550	244
TIS, Inc.	1,900	28	Royal KPN NV (Æ)	65,401	426
Tohoku Electric Power Co., Inc.	4,200	62	Stork NV	20,438	124
Tokyo Broadcasting System, Inc.	100	1	TPG NV	2,700	44
Tokyo Electric Power Co., Inc.	12,800	243	Unilever NV	8,623	530
Tokyo Electron, Ltd.	2,800	127	Vedior NV	29,714	170
Tokyo Gas Co., Ltd.	72,000	226	VNU NV (Æ)	15,415	402
Tokyo Seimitsu Co., Ltd.	200	5	Wolters Kluwer NV	28,989	505
TonenGeneral Sekiyu KK (Æ)	3,000	20			7,013
Toppaan Printing Co., Ltd.	6,000	45	New Zealand - 0.3%		
Toshiba Corp. (Æ)	11,000	34	Telecom Corp. of New Zealand, Ltd.	183,696	435
Tosoh Corp. (Æ)	35,000	84	Warehouse Group, Ltd.	9,600	37
Tostem Inax Holding Corp.	1,000	15			472
Toyo Seikan Kaisha, Ltd.	3,000	36	Norway - 0.8%		
Toyoda Gosei Co., Ltd.	4,400	83	DnB Holding ASA	59,400	280
Toyota Motor Corp.	20,000	538	Gjensidige NOR ASA (Æ)	3,110	102
Trend Micro, Inc. (Æ)	500	9	Statoil ASA	71,240	602
UMC Japan (Æ)	34	22	Tandberg ASA (Æ)	14,428	83
Uni-Charm Corp.	2,800	111			1,067
UNY Co., Ltd.	8,000	78			
Victor Co. of Japan, Ltd.	3,000	20			
West Japan Railway Co.	8	28			
World Co., Ltd.	1,600	31			
Yahoo Japan Corp. (Æ)	2	25			

Non-U.S. Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Portugal - 0.5%			Sweden - 2.6%		
Electricidade de Portugal SA	185,980	310	Assa Abloy AB Class B	35,200	402
Portugal Telecom SGPS SA	65,065	447	Atlas Copco AB Class A	1,600	31
		<u>757</u>	Atlas Copco AB Class B	1,300	23
			Autoliv, Inc.	14,071	288
Singapore - 1.4%			Electrolux AB Series B	2,500	39
CapitaLand, Ltd.	23,000	15	Hennes & Mauritz AB Class B (Æ)	22,010	424
City Developments, Ltd.	9,000	22	Investor AB Class B	49,820	297
Creative Technology, Ltd.	22,950	162	Nordea AB (Æ)	65,169	287
Cycle & Carriage, Ltd.	1,900	4	Sandvik AB (Æ)	2,000	45
DBS Group Holdings, Ltd.	117,825	747	Securitas AB Class B	14,230	170
Fraser & Neave, Ltd. (Æ)	3,000	13	Skandinaviska Enskilda Banken AB		
Great Eastern Holdings, Ltd.	2,000	10	Class A	2,400	20
Haw Par Brothers International, Ltd.	713	1	Skanska AB Class B (Æ)	2,000	12
Keppel Corp., Ltd.	13,000	28	Svenska Cellulosa AB Class B (Æ)	8,270	279
MobileOne Asia, Ltd. (Æ)	437,000	307	Svenska Handelsbanken Class A	21,700	289
NatSteel, Ltd. (Æ)	12,000	14	Swedish Match AB	30,500	240
Oversea-Chinese Banking Corp.	10,000	56	Telefonaktiebolaget LM Ericsson		
Overseas Union Enterprise, Ltd.	2,000	7	Class B (Æ)	440,416	308
SembCorp Logistics, Ltd. (Æ)	12,000	11	TeliaSonera AB	96,298	363
SembCorp Marine, Ltd.	8,000	4	Volvo AB Series A	1,800	28
Singapore Airlines, Ltd.	6,000	35	Volvo AB Series B	2,200	36
Singapore Exchange, Ltd.	7,000	5			<u>3,581</u>
Singapore Land, Ltd.	2,000	4			
Singapore Press Holdings, Ltd.	6,000	63	Switzerland - 5.7%		
Singapore Telecommunications, Ltd.	34,000	24	Adecco SA	8,793	345
United Overseas Bank, Ltd.	62,600	426	Barry Callebaut AG	2,113	246
United Overseas Land, Ltd. (Æ)	7,000	6	Ciba Specialty Chemicals AG	250	17
Venture Corp., Ltd. (Æ)	2,000	16	Clariant AG	28,470	455
		<u>1,980</u>	Credit Suisse Group (Æ)	3,400	74
			Givaudan	579	260
South Korea - 0.4%			Holcim, Ltd.	2,335	424
Korea Electric Power Corp. - ADR	30,900	263	Nestle SA	7,862	1,666
Samsung Electronics Co., Ltd. -			Novartis AG	53,021	1,934
GDR (144A)	1,672	223	PubliGroupe SA (Æ)	35	6
		<u>486</u>	Roche Holding AG	9,930	692
			Sulzer AG	283	38
Spain - 3.5%			Swiss Reinsurance	3,487	229
Acerinox SA	7,358	270	Swisscom AG	1,046	303
Altadis SA	38,400	876	Syngenta AG (Æ)	4,139	240
Banco Bilbao Vizcaya Argentaria SA	18,100	173	Synthes-Stratec, Inc. (Æ)	281	172
Banco Popular Espanol	4,600	188	UBS AG	14,760	717
Banco Santander Central Hispano SA	76,885	528	Valora Holding AG	119	23
Cia Espanola de Petroleos	400	7	Zurich Financial Services AG	207	19
Corp Mapfre SA	17,730	144			<u>7,860</u>
Endesa SA	65,002	761	Taiwan - 0.2%		
Fomento de Construcciones Y Contratas SA	8,000	180	United Microelectronics Corp. - ADR (Æ)	63,450	213
Grupo Dragados SA	15,000	255			
NH Hoteles SA (Æ)	1,400	12			
Repsol YPF SA - ADR	40,439	529			
Telefonica SA (Æ)	105,993	949			
		<u>4,872</u>			

Non-U.S. Fund

Statement of Net Assets, continued—December 31, 2002

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
United Kingdom - 22.3%					
3i Group PLC	71,180	636	Johnston Press PLC	6,100	36
Abbey National PLC	700	6	Kelda Group PLC	18,700	128
Alliance & Leicester PLC (Æ)	800	10	Kingfisher PLC	123,213	441
Allied Domecq PLC	130,950	837	Land Securities Group PLC	900	11
Amersham PLC	10,450	94	Lloyds TSB Group PLC	32,600	234
Amvescap PLC	700	4	Man Group PLC	9,470	135
Anglo American PLC	14,000	208	Marks & Spencer Group PLC	98,258	498
AstraZeneca PLC	10,893	389	Morgan Crucible Co.	187,592	151
AstraZeneca PLC	14,800	520	MyTravel Group PLC	21,000	7
Aviva PLC	15,800	113	National Grid Transco PLC	28,109	207
BAA PLC	28,498	231	Northern Foods PLC	1,800	5
BAE Systems PLC	268,346	536	Northern Rock PLC	11,320	120
Barclays PLC	213,634	1,324	Old Mutual PLC	179,000	254
Barratt Developments PLC	11,800	74	P&O Princess Cruises PLC	2,100	15
BBA Group PLC	30,880	92	Peninsular and Oriental Steam Navigation Co. (The) (Æ)	400	1
BG Group PLC	99,100	428	Pennon Group PLC	4,300	45
BHP Billiton PLC	26,300	140	Pilkington PLC	34,900	33
BOC Group PLC	48,481	693	Prudential PLC	37,000	261
Boots Co. PLC	13,500	127	Rank Group PLC	6,900	30
BP PLC	198,900	1,367	Reed Elsevier PLC	93,440	800
Brambles Industries PLC	7,500	18	Reuters Group PLC (Æ)	1,800	5
British Airways PLC (Æ)	11,900	26	Rexam PLC	15,300	104
British American Tobacco PLC	13,520	135	Rio Tinto PLC	30,524	609
British Land Co. PLC	500	4	RMC Group PLC	1,900	11
British Sky Broadcasting PLC (Æ)	84,387	868	Rolls-Royce PLC	9,200	16
BT Group PLC	108,479	341	Royal & Sun Alliance Insurance Group	33,200	65
Bunzl PLC	76,544	468	Royal Bank of Scotland Group PLC	24,723	592
Burberry Group PLC (Æ)	74,732	270	Safeway PLC	13,100	45
Cable & Wireless PLC	4,700	3	Scottish & Southern Energy PLC	45,905	503
Cadbury Schweppes PLC	116,463	726	Severn Trent PLC	1,600	18
Centrica PLC	180,000	496	Shell Transport & Trading Co. PLC	389,106	2,561
Compass Group PLC	56,380	300	Signet Group PLC	19,900	22
Corus Group PLC (Æ)	50,000	22	Six Continents PLC	11,800	95
Davis Service Group PLC	1,300	6	South African Breweries PLC	1,100	8
Debenhams PLC	55,600	249	Stagecoach Group PLC	44,800	21
Diageo PLC	49,878	542	Tate & Lyle PLC	17,100	87
Dixons Group PLC	3,300	8	Taylor Woodrow PLC (Æ)	6,000	16
EMI Group PLC	500	1	TI Automotive, Ltd., (Æ)(Y)	19,900	—
Exel PLC	1,400	16	Tomkins PLC	21,900	67
FirstGroup PLC	15,600	59	Trinity Mirror PLC	8,400	58
Gallaher Group PLC	7,150	71	Unilever PLC	120,920	1,150
GKN PLC	170,950	552	United Business Media PLC	28,861	135
GlaxoSmithKline PLC	117,588	2,256	United Utilities PLC	12,200	123
Granada PLC	2,800	4	Vodafone Group PLC	1,276,077	2,326
HBOS PLC	55,500	585	Whitbread PLC	4,800	42
Hilton Group PLC	4,200	11	Wimpey George PLC	14,600	63
HSBC Holdings PLC	145,655	1,610	Wolseley PLC	500	4
HSBC Holdings PLC	8,400	92	WPP Group PLC	3,200	24
IMI PLC	16,700	71			
Imperial Chemical Industries PLC	10,700	40			
Imperial Tobacco Group PLC	14,851	252			
J Sainsbury PLC	135,500	608			
			Total Common Stocks		
			(cost \$142,166)		124,485

Non-U.S. Fund

Statement of Net Assets, continued—December 31, 2002

	National Amount (000) \$	Market Value (000) \$	Futures Contracts (Number of Contracts)	National Amount (000) \$	Unrealized Appreciation (Depreciation) (000) \$
Options Purchased - 0.5% (Number of Contracts)			Long Positions		
Luxembourg - 0.4%			CAC-40 Index (France)		
Amsterdam Exchanges Index Futures			expiration date 03/03 (36)	1,160	(26)
Jan 2003 328.60 Call (4)	276	420	DAX Index (Germany)		
Bel20 Index Futures			expiration date 03/03 (10)	762	(65)
Jan 2003 1,996.01 Call (12)	503	133	EUR STOXX 50 Index (EU)		
Switzerland - 0.1%			expiration date 03/03 (70)	1,759	(122)
Swiss Market Index Futures			FTSE-100 Index (UK)		
Mar 2003 4,865.00 Put (14)	493	74	expiration date 03/03 (74)	4,663	(69)
Total Options Purchased (cost \$583)		627	Hang Seng Index (Hong Kong)		
			expiration date 01/03 (20)	1,191	(29)
	Number of Shares		TOPIX Index (Japan)		
Preferred Stocks - 0.5%			expiration date 03/03 (65)	4,570	(147)
Australia - 0.0%			Short Positions		
News Corp., Ltd.	14,591	78	CAC-40 Index (France)		
Brazil - 0.2%			expiration date 01/03 (12)	386	13
Telecomunicacoes Brasileiras SA - ADR	12,100	226	IBEX Plus Index (Spain)		
Germany - 0.3%			expiration date 01/03 (3)	189	9
Hugo Boss AG	8,850	93	MIB 30 Index (Italy)		
ProSieben SAT.1 Media AG (Æ)	14,800	101	expiration date 03/03 (5)	627	23
Wella AG (Æ)	3,870	231	SPI 200 Index (Australia)		
Total Preferred Stocks (cost \$942)		425	expiration date 03/03 (6)	255	(2)
			TSE-60 Index (Canada)		
	Principal Amount (000) \$		expiration date 03/03 (9)	427	1
Short-Term Investments - 8.6%			Total Unrealized Appreciation (Depreciation) on Open Futures Contracts Purchased		(414)
United States - 8.6%					
Frank Russell Investment Company					
Money Market Fund (Ç)	9,057	9,057			
United States Treasury Bills					
1.630% due 03/20/03 (ÿ)(§)	1,300	1,296			
United States Treasury Bills					
1.180% due 03/20/03 (ÿ)(§)	1,500	1,496			
Total Short-Term Investments (cost \$11,849)		11,849			
Total Investments - 99.9% (identified cost \$155,540)		137,690			
Other Assets and Liabilities, Net - 0.1%		150			
Net Assets - 100.0%		137,840			

See accompanying notes which are an integral part of the financial statements.

Non-U.S. Fund

Statement of Net Assets, continued – December 31, 2002

Options Written (Number of Contracts)	Notional Amount (000) \$	Market Value (000) \$	Industry Diversification (Unaudited)	% of Net Assets	Market Value (000) \$
Luxembourg			Auto and Transportation	7.5	10,345
Amsterdam Exchanges Index Futures			Consumer Discretionary	11.9	16,460
Jan 2003 328.60 Put (4)	276	(424)	Consumer Staples	8.7	12,003
Bel20 Index Futures			Financial Services	18.2	25,173
Jan 2003 1,996.01 Put (12)	503	(126)	Health Care	6.8	9,399
			Integrated Oils	5.9	8,135
Switzerland			Materials and Processing	8.8	12,097
Swiss Market Index Futures			Miscellaneous	1.6	2,196
Mar 2003 4,865.00 Call (14)	493	(51)	Options	0.5	627
			Other Energy	3.4	4,713
Total Liability for Options Written			Producer Durables	4.3	5,910
(premiums received \$583)		(601)	Technology	3.1	4,225
			Utilities	10.6	14,558
			Short-Term Investments	8.6	11,849
			Total Investments	99.9	137,690
			Other Assets and Liabilities, Net	0.1	150
			Net Assets	100.0	137,840

Geographic Diversification (Unaudited)	% of Net Assets	Market Value (000) \$
Asia	7.4	10,168
Europe	40.2	55,513
Japan	19.6	26,958
Latin America	0.5	713
Options	0.5	627
Other	0.8	1,141
United Kingdom	22.3	30,721
Short-Term Investments	8.6	11,849
Total Investments	99.9	137,690
Other Assets and Liabilities, Net	0.1	150
Net Assets	100.0	137,840

See accompanying notes which are an integral part of the financial statements.

Non-U.S. Fund

Statement of Net Assets, continued—December 31, 2002

Forward Foreign Currency Exchange Contracts

Forward Foreign Currency Exchange Contracts

Amount Sold (000)	Amount Bought (000)	Settlement Date	Unrealized Appreciation (Depreciation) (000) \$	Amount Sold (000)	Amount Bought (000)	Settlement Date	Unrealized Appreciation (Depreciation) (000) \$
USD 112	AUD 200	03/19/03	—	USD 43	GBP 27	01/07/03	—
USD 703	CAD 1,100	03/19/03	(10)	USD 44	GBP 28	01/07/03	—
USD 30	CHF 42	01/07/03	—	USD 55	GBP 34	01/07/03	—
USD 31	CHF 43	01/07/03	—	USD 62	GBP 38	01/07/03	—
USD 31	CHF 43	01/07/03	—	USD 66	GBP 41	01/07/03	—
USD 43	CHF 59	01/07/03	—	USD 91	GBP 57	01/07/03	—
USD 46	CHF 64	01/07/03	—	USD 92	GBP 58	01/07/03	—
USD 77	CHF 107	01/07/03	—	USD 114	GBP 71	01/07/03	—
USD 31	DKK 222	01/07/03	—	USD 135	GBP 84	01/07/03	—
USD 2	EUR 2	01/07/03	—	USD 641	GBP 400	03/19/03	—
USD 29	EUR 27	01/07/03	—	USD 626	GBP 400	03/19/03	14
USD 30	EUR 29	01/07/03	—	USD 2,690	GBP 1,700	03/19/03	32
USD 30	EUR 29	01/07/03	—	USD 38	JPY 4,441	01/08/03	—
USD 30	EUR 29	01/07/03	—	USD 29	JPY 3,423	01/08/03	—
USD 30	EUR 29	01/07/03	—	USD 25	JPY 2,933	01/08/03	—
USD 30	EUR 29	01/07/03	—	USD 24	JPY 2,856	01/08/03	—
USD 31	EUR 29	01/07/03	—	USD 22	JPY 2,649	01/08/03	—
USD 31	EUR 29	01/07/03	—	USD 21	JPY 2,498	01/08/03	—
USD 31	EUR 29	01/07/03	—	USD 20	JPY 2,334	01/08/03	—
USD 31	EUR 29	01/07/03	—	USD 19	JPY 2,235	01/08/03	—
USD 31	EUR 30	01/07/03	—	USD 18	JPY 2,089	01/08/03	—
USD 31	EUR 30	01/07/03	—	USD 17	JPY 2,067	01/08/03	—
USD 31	EUR 30	01/07/03	—	USD 17	JPY 1,955	01/08/03	—
USD 32	EUR 30	01/07/03	—	USD 16	JPY 1,938	01/08/03	—
USD 32	EUR 31	01/07/03	—	USD 15	JPY 1,781	01/08/03	—
USD 33	EUR 32	01/07/03	—	USD 14	JPY 1,650	01/08/03	—
USD 33	EUR 32	01/07/03	—	USD 13	JPY 1,525	01/08/03	—
USD 36	EUR 34	01/07/03	—	USD 11	JPY 1,318	01/08/03	—
USD 37	EUR 35	01/07/03	—	USD 507	JPY 60,000	03/19/03	—
USD 41	EUR 39	01/07/03	—	USD 417	JPY 50,000	03/19/03	6
USD 52	EUR 50	01/07/03	—	USD 2,483	JPY 300,000	03/19/03	50
USD 62	EUR 59	01/07/03	—	USD 1,547	JPY 190,000	03/19/03	57
USD 65	EUR 62	01/07/03	—	USD 12	NOK 85	01/07/03	—
USD 71	EUR 68	01/07/03	—	USD 30	NOK 205	01/07/03	—
USD 85	EUR 81	01/07/03	—	USD 33	NOK 228	01/07/03	—
USD 209	EUR 200	03/19/03	—	USD 31	SEK 267	01/07/03	—
USD 510	EUR 500	03/19/03	13	USD 31	SEK 270	01/07/03	—
USD 806	EUR 800	03/19/03	32	USD 34	SEK 294	01/07/03	—
USD 3,565	EUR 3,500	03/19/03	95	USD 37	SEK 325	01/07/03	—
USD 31	GBP 19	01/07/03	—	USD 41	SEK 358	01/07/03	—
USD 31	GBP 19	01/07/03	—	USD 44	SEK 386	01/07/03	—
USD 31	GBP 19	01/07/03	—	USD 56	SEK 490	01/07/03	—
USD 31	GBP 19	01/07/03	—	CAD 2,000	USD 1,262	03/19/03	—
USD 31	GBP 19	01/07/03	—	CHF 1,300	USD 894	03/19/03	(48)
USD 31	GBP 19	01/07/03	—	SEK 1,500	USD 165	03/19/03	(7)
USD 32	GBP 20	01/07/03	—	SGD 100	USD 57	03/19/03	(1)
USD 34	GBP 21	01/07/03	—				
USD 42	GBP 26	01/07/03	—				
							233

See accompanying notes which are an integral part of the financial statements.

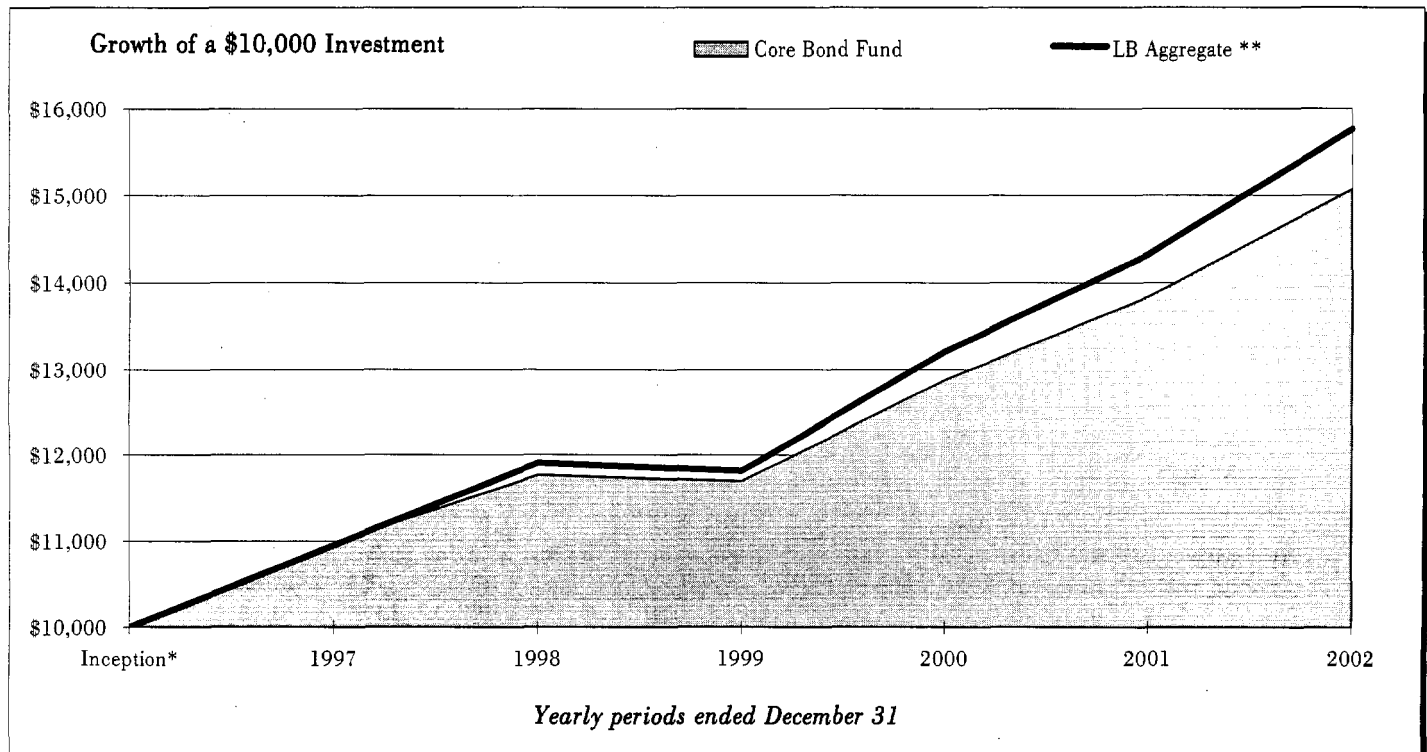
Core Bond Fund

Portfolio Management Discussion—December 31, 2002 (Unaudited)

Objective: To maximize total return through capital appreciation and income by assuming a level of volatility consistent with the broad fixed-income market, by investing in fixed-income securities.

Invests in: Fixed-income securities.

Strategy: The Fund uses a multi-style, multi-manager strategy and employed two managers with distinct approaches to managing portfolios of intermediate-maturity fixed income securities.



Core Bond Fund

Periods Ended 12/31/02	Growth of \$10,000	Total Return
1 Year	\$ 10,884	8.84%
5 Years	\$ 13,724	6.53%§
Inception	\$ 15,060	7.07%§

Lehman Brothers Aggregate Bond Index

Periods Ended 12/31/02	Growth of \$10,000	Total Return
1 Year	\$ 11,026	10.26%
5 Years	\$ 14,387	7.55%§
Inception	\$ 15,776	7.89%§

Performance Review

For the year ended December 31, 2002, the RIF Core Bond Fund posted a gain of 8.84%. This compared to a 10.26% return for the Lehman Brothers Aggregate Bond Index.

Fixed income markets responded to investors' changing perceptions of the macro-economic environment during this period. From January 2002 to March 2002, rates rose causing credit sectors to outperform in reaction to initial positive economic indicators and statements from Federal Reserve Chairman Alan Greenspan. The latter half of the fiscal year was the opposite, during which rates fell and investors favored ratings quality. This caused non-treasury sectors to underperform relative to equivalent treasuries.

Portfolio Highlights

During most of the fiscal year under review, active managers had a difficult time outperforming the benchmark Lehman Brothers' Aggregate Bond Index. While moderately underperforming the benchmark, the Fund's managers nevertheless outperformed peers. This environment was hostile for active managers for several reasons: rates were volatile, non-treasury sectors (investment grade corporate bonds, mortgages, asset-backed securities) underperformed—active managers tend to use these sectors as a source of excess return over treasuries; and high numbers of corporate bonds were downgraded as economic growth was uncertain and corporations' ability to service their debt was questioned.

Core Bond Fund

Portfolio Management Discussion—December 31, 2002 (Unaudited)

The market was not favorable to the Fund's strategy of overweighting non-treasury sectors. Corporate bonds underperformed during the fiscal period, and the Fund's overweight to this sector resulted in benchmark-relative underperformance. While the portfolio's overweight in the mortgage sector helped reduce the negative impact of its exposure to corporate issues, the outperformance of mortgages was less than the Fund's corporate sector underperformance. The Fund's multi-manager strategy had a positive effect on returns since holdings were more diversified than those of the average single-manager fund as determined by comparison to other funds with similar investment goals in the industry.

The Fund's strong performance in the fourth quarter contrasted with second and third quarter results. Fund returns were enhanced by good issue selection and its exposure to high yield and corporate bonds. The Fund's short duration position relative to the benchmark also added to performance.

In the fourth quarter of 2002, the market environment was generally friendly to active management. Yield spreads tightened in most sectors which resulted in good performance in non-treasury sectors. High yield issues outperformed equivalent treasuries by roughly 600 basis points, one of the best quarters on record. Emerging market debt also recovered after returning dismal results in the second and third quarters. With elections over in Brazil, markets settled down, and Brazilian emerging markets debt outperformed the Lehman Brothers Aggregate Bond Index by more than 12%. Although the Fund's exposure to emerging markets debt is small, these results still added to the portfolio's performance.

The Fund remained consistent with its investment strategy by overweighting non-treasury sectors. The Fund's managers performed within expectations given their overweight to corporate issues.

PIMCo performed well compared to peers during most of the period. The firm favored treasuries, a strategy which was rewarded in the market's flight to quality. Yet, this manager underperformed the benchmark mostly due to particular holdings in corporate issues within the utility and energy sectors.

TimesSquare Capital Management made positive contributions to performance by using derivatives as a hedge to lengthen the average maturity of the Fund during the last few months of the fiscal period. Since the firm increased exposure to corporate bonds early in the period, this strategy enabled it to continue holding issues it deemed a good value that were not favored by the market at the time.

Top Ten Issuers (as a percent of Total Investments)

December 31, 2002

Federal National Mortgage Association	17.2%
Federal Home Loan Mortgage Corp.	9.6
United States Treasury	5.7
Government National Mortgage Association	4.4
Deutsche Bundesrepublik	3.2
ANZ Delaware, Inc.	1.5
BP America, Inc.	1.5
General Motors Acceptance Corp.	1.4
Ford Motor Credit Co.	1.0
Lloyds Bank PLC	0.9

Portfolio Characteristics

December 31, 2002

Weighted Average Quality Diversification	Aa1
Weighted Average Years-to-Maturity	6.2 Years
Weighted Average Duration	3.6 Years
Current Yield (SEC 30-day standardized)	3.25%
Number of Issues	309
Number of Issuers	175

Money Managers

Styles

Pacific Investment Management Co., LLC	Sector Rotation
TimesSquare Capital Management, Inc.	Sector Rotation

* The Fund commenced operations on January 2, 1997. Index comparison began January 1, 1997.

** Lehman Brothers Aggregate Bond Index is composed of securities from Lehman Brothers Government/Corporate Bond Index, Mortgage-Backed Securities Index, and the Asset-Backed Securities Index. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. Indexes are rebalanced monthly by market capitalization.

§ Annualized.

Performance is historical and assumes reinvestment of all dividends and capital gains. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than when purchased. Past performance is not indicative of future results.

Core Bond Fund

Statement of Net Assets—December 31, 2002

	Principal Amount (000) \$	Market Value (000) \$		Principal Amount (000) \$	Market Value (000) \$
Long-Term Investments - 79.0%			CIT Group, Inc.		
Asset-Backed Securities - 1.7%			5.625% due 05/17/04		
Advanta Equipment Receivables			6.500% due 02/07/06		
Series 2000-1 Class B			6.875% due 11/01/09		
7.560% due 02/15/07			Citigroup, Inc.		
214	220	7.250% due 10/01/10			195
Citibank Credit Card Issuance Trust			6.500% due 01/18/11		
Series 2001-A6 Class A6			5.625% due 08/27/12		
5.650% due 06/16/08			Clear Channel Communications, Inc.		
475	518	6.000% due 11/01/06			30
Continental Airlines, Inc.			Comcast Cable Communications		
6.900% due 01/02/18			8.375% due 05/01/07		
6.545% due 02/02/19			195		
74	65	Countrywide Home Loans, Inc.			32
67	58	Series MTNK			
Fleet Credit Card Master Trust II			5.500% due 02/01/07		
Series 2001-C Class A			Credit Suisse First Boston USA, Inc.		
3.860% due 03/15/07			4.625% due 01/15/08		
375	388	Dana Corp.			70
General Motors Acceptance Corp.			6.250% due 03/01/04		
2.178% due 07/30/04 (Ê)			Detroit Edison Co.		
400	388	6.350% due 10/15/32			90
Niagara Mohawk Power Corp.			Eastman Chemical Co.		
7.625% due 10/01/05			7.000% due 04/15/12		
132	147	EL Paso Corp.			30
Parker Hannifin Employee Stock			7.000% due 05/15/11		
Ownership Trust			8.050% due 10/15/30		
6.340% due 07/15/08			Eli Lilly & Co.		
320	350	6.770% due 01/01/36			235
Small Business Administration			FedEx Corp.		
7.449% due 08/01/10			7.600% due 07/01/97 (b)		
90	102	Fifth Third Bank Michigan			65
Systems 2001 AT LLC			7.750% due 08/15/10		
7.156% due 12/15/11			First Union Capital I		
157	167	Series A			55
	2,403	7.935% due 01/15/27			60
Corporate Bonds and Notes - 16.5%			FirstEnergy Corp.		
Ahold Finance USA, Inc.			Series C		
8.250% due 07/15/10			7.375% due 11/15/31		
100	110	Ford Motor Co.			195
Amerada Hess Corp.			6.375% due 02/01/29		
7.300% due 08/15/31			70		
AOL Time Warner, Inc.			Ford Motor Credit Co.		
7.625% due 04/15/31			6.875% due 02/01/06		
720	740	7.375% due 02/01/11			305
600	624	Foster's Finance Corp.			345
AT&T Corp.			6.875% due 06/15/11		
8.500% due 11/15/31			General Motors Acceptance Corp.		
640	705	2.560% due 01/20/04 (Ê)			100
AT&T Wireless Services, Inc.			2.270% due 07/20/04 (Ê)		
8.125% due 05/01/12			6.125% due 09/15/06		
20	20	6.875% due 09/15/11			100
BAE Systems Holdings, Inc.			7.000% due 02/01/12		
6.400% due 12/15/11			190		
380	395	Golden West Financial Corp.			330
Bank of America Corp.			4.125% due 08/15/07		
7.800% due 02/15/10			4.750% due 10/01/12		
15	18	110			113
Series MTNI			95		
2.108% due 10/22/04 (Ê)			96		
250	251				
BankBoston Corp.					
Series B					
8.250% due 12/15/26					
80	85				
Boeing Capital Corp.					
5.800% due 01/15/13					
100	101				
Burlington Northern Santa Fe Corp.					
6.875% due 12/01/27					
125	139				
Campbell Soup Co.					
5.875% due 10/01/08					
70	78				

Core Bond Fund

Statement of Net Assets, continued—December 31, 2002

	Principal Amount (000) \$	Market Value (000) \$		Principal Amount (000) \$	Market Value (000) \$
Goldman Sachs Group, Inc. 6.875% due 01/15/11	225	251	News America Holdings 7.750% due 12/01/45	190	187
HJ Heinz Co. 6.375% due 07/15/28	20	21	News America, Inc. 6.750% due 01/09/38	20	20
HJ Heinz Finance Co. Step Up Bond 7.250% due 03/15/32	105	116	Nisource Finance Corp. 7.875% due 11/15/10	120	132
Household Finance Corp. 6.375% due 10/15/11	115	120	Norfolk Southern Corp. 7.700% due 05/15/17	115	141
6.375% due 11/27/12	115	120	7.900% due 05/15/97 (b)	65	76
International Lease Finance Corp. 6.375% due 03/15/09	100	107	North Fork Bancorp., Inc. 5.875% due 08/15/12	140	152
International Paper Co. 5.850% due 10/30/12	30	31	Occidental Petroleum Corp. 9.250% due 08/01/19	95	124
ITT Industries, Inc. 7.400% due 11/15/25	150	160	Oncor Electric Delivery Co. 7.250% due 01/15/33	110	113
John Deere Capital Corp. 7.000% due 03/15/12	135	157	Pinnacle Partners 8.830% due 08/15/04	100	94
JP Morgan & Co., Inc. Series MTNA 6.000% due 01/15/09	120	126	Progress Energy, Inc. 7.000% due 10/30/31	130	135
Kellogg Co. Series B 7.450% due 04/01/31	140	171	Progressive Corp. (The) 6.250% due 12/01/32	60	62
KeySpan Corp. 7.250% due 11/15/05	50	56	Prudential Funding LLC 6.600% due 05/15/08	80	89
7.625% due 11/15/10	150	178	Qwest Capital Funding, Inc. 7.000% due 08/03/09	25	16
Kroger Co. 8.000% due 09/15/29	100	118	Raytheon Co. 8.200% due 03/01/06	100	112
7.500% due 04/01/31	30	34	Safeway, Inc. 7.250% due 02/01/31	95	107
Lehman Brothers Holdings, Inc. 6.625% due 01/18/12	135	149	Sears Roebuck Acceptance 7.000% due 06/01/32	40	34
Lockheed Martin Corp. 8.200% due 12/01/09	400	494	Sprint Capital Corp. 6.125% due 11/15/08	50	46
8.500% due 12/01/29	120	161	7.625% due 01/30/11	600	570
Manufacturers & Traders Trust Co. 8.000% due 10/01/10	75	90	8.375% due 03/15/12	410	408
Marshall & Isley bank 5.250% due 09/04/12	50	52	6.875% due 11/15/28	410	330
Mizuho Preferred Capital Co. LLC Step Up Bond 8.790% due 12/29/49	320	271	8.750% due 03/15/32	100	95
Morgan Stanley 5.625% due 01/20/04	225	234	Supervalu, Inc. 7.500% due 05/15/12	75	81
6.750% due 04/15/11	115	128	TCI Communications, Inc. 8.000% due 08/01/05	265	275
Natexis Ambs Co. LLC 8.440% due 12/29/49	120	140	Tele-Communications-TCI Group 9.800% due 02/01/12	70	84
National City Corp. 6.875% due 05/15/19	125	136	7.875% due 08/01/13	190	209
National Rural Utilities Cooperative Finance 5.750% due 08/28/09	60	64	Time Warner Cos. 7.570% due 02/01/24	65	65
Series MTNC 7.250% due 03/01/12	1,000	1,147	Toys R US, Inc. 7.625% due 08/01/11	60	59
NB Capital Trust IV 8.250% due 04/15/27	90	104	Union Pacific Corp. 5.750% due 10/15/07	270	295
			6.125% due 01/15/12	115	126
			Union Planters Corp. 7.750% due 03/01/11	50	59

Core Bond Fund

Statement of Net Assets, continued—December 31, 2002

	Principal Amount (000) \$	Market Value (000) \$		Principal Amount (000) \$	Market Value (000) \$
US Bancorp/First Bank Series MTNJ 6.875% due 12/01/04	275	300	Den Norske Bank ASA 7.729% due 06/29/49	260	295
USX Corp./Consolidated 8.500% due 03/01/23	140	165	Deutsche Telekom International Finance BV 8.750% due 06/15/30	825	953
Verizon Florida, Inc. 6.125% due 01/15/13	70	75	France Telecom 8.700% due 03/01/06	400	438
Wachovia Corp. 7.550% due 08/18/05	50	56	9.250% due 03/01/11	380	439
7.500% due 07/15/06	150	170	Korea Development Bank 4.250% due 11/13/07	50	51
Waste Management, Inc. 6.500% due 05/15/04	1,000	1,031	5.500% due 11/13/12	40	42
Wells Fargo Bank NA 7.550% due 06/21/10	50	60	Kyivstar GSM Bonds 12.750% due 11/21/05	90	91
Weyerhaeuser Co. 5.250% due 12/15/09	70	71	Laidlaw, Inc. 7.875% due 04/15/05 (Ø)	130	62
Williams Cos., Inc. 8.750% due 03/15/32	1,100	721	Mexico (United Mexican States) Series B 6.250% due 12/31/19	400	389
Wisconsin Central Transport 6.625% due 04/15/08	325	367	Mexico Government International Bond 8.375% due 01/14/11	100	113
WorldCom, Inc. - WorldCom Group 8.250% due 05/15/31 (Ø)	120	28	8.000% due 09/24/22	700	725
Zions BanCorp. 6.500% due 10/15/11	110	116	8.300% due 08/15/31	160	169
		<u>23,108</u>	Pearson PLC 7.000% due 06/15/11	50	57
Emerging Markets Debt - 0.7%			Petroleos Mexicanos 9.500% due 09/15/27	170	190
Brazilian Government International Bond 2.563% due 04/15/06 (£)	56	43	Poland Government International Bond 4.500% due 10/27/24	200	182
11.000% due 01/11/12	500	334	Province of Quebec 7.500% due 07/15/23	460	561
11.000% due 08/17/40	400	249	Royal Bank of Scotland Group PLC 7.648% due 08/31/49 (b)	125	145
Panama Government International Bond 9.375% due 07/23/12	100	108	Series I 9.118% due 03/31/49 (b)	650	802
Russia Government International Bond 5.000% due 03/31/30	245	194	Royal KPN NV 8.000% due 10/01/10	555	650
		<u>928</u>	Santander Financial Issuances 6.800% due 07/15/05	45	48
International Debt - 6.5%			6.375% due 02/15/11	110	112
Abbey National PLC Step Up Bond 6.700% due 06/29/49 (b)	150	168	Sappi Papier Holding AG 6.750% due 06/15/12	195	214
AES Drax Energy, Ltd. Series B 11.500% due 08/30/10	190	2	Standard Chartered Bank 8.000% due 05/30/31	175	201
Amvescap PLC 5.900% due 01/15/07	155	164	Stora Enso Oyj 7.375% due 05/15/11	185	214
AXA 8.600% due 12/15/30	130	149	TPSA Finance BV 7.750% due 12/10/08	65	66
British Telecommunications PLC 8.375% due 12/15/10	110	132	UPM-Kymmene Oyj 5.625% due 12/01/14	90	93
8.875% due 12/15/30	375	478	XL Capital Europe PLC 6.500% due 01/15/12	130	139
Conoco Funding Co. 6.350% due 10/15/11	445	497			<u>9,157</u>
Corp Nacional del Cobre de Chile - CODELCO 6.375% due 11/30/12	120	126			

Core Bond Fund

Statement of Net Assets, continued—December 31, 2002

	Principal Amount (000) \$	Market Value (000) \$		Principal Amount (000) \$	Market Value (000) \$
Mortgage-Backed Securities - 38.2%			Government National Mortgage Association		
Chase Mortgage Finance Corp.			6.000% 30 Year TBA (ð)	725	751
Series 1993-N Class A9			Series 2000-29 Class F		
6.750% due 11/25/24	850	875	1.920% due 09/20/30 (Ê)	355	357
Series 2002-A1 Class 1A1			Government National Mortgage		
6.214% due 12/25/29 (Ê)	119	125	Association I		
CS First Boston Mortgage Securities Corp.			6.500% 30 Year TBA (ð)	1,125	1,180
Series 2001-AR24 Class 3A			6.000% due 2029	86	90
6.154% due 12/25/31	504	518	6.500% due 2029	179	188
Series 2001-S18 Class A2			7.000% due 2029	177	188
1.770% due 08/25/31 (Ê)	297	296	6.500% due 2031	892	937
Series 2002-10 Class 2A1			7.000% due 2031	905	961
7.500% due 05/25/32	256	269	6.500% due 2032	690	725
Series 2002-18 Class 1A1O			Government National Mortgage		
7.500% due 06/25/32	400	52	Association II		
Series 2002-22 Class 1A1O			5.375% due 2026 (Ê)	1,118	1,150
8.000% due 07/25/32	550	76	5.750% due 2027 (Ê)	96	99
Federal Home Loan Mortgage Corp.			6.000% due 2028	334	348
5.000% 15 Year Gold TBA (ð)	495	505	4.500% due 2032 (Ê)	807	824
5.500% 15 Year Gold TBA (ð)	1,300	1,342	Norwest Asset Securities Corp.		
6.000% 15 Year Gold TBA (ð)	100	105	Series 1998-14 Class A2		
5.500% 30 Year Gold TBA (ð)	765	777	6.500% due 06/25/13	16	16
6.500% 30 Year Gold TBA (ð)	7,960	8,258	Residential Asset Mortgage Products, Inc.		
6.000% due 2016	400	419	Series 2002-RZ4 Class A1O		
7.853% due 2030 (Ê)	26	27	5.750% due 04/25/05	1,250	91
7.500% due 2032	446	475	Salomon Brothers Mortgage Securities VII		
Series 2000-2266 Class F			Series 1999-NC4 Class A		
1.870% due 11/15/30 (Ê)	278	279	1.820% due 09/25/29 (Ê)	94	94
Federal National Mortgage Association			Sequoia Mortgage Trust		
5.500% 15 Year TBA (ð)	2,300	2,382	Series 2001-5 Class A		
6.000% 15 Year TBA (ð)	7,925	8,281	1.770% due 10/19/26 (Ê)	438	436
6.000% 30 Year TBA (ð)	1,675	1,725	Vendee Mortgage Trust		
7.000% 30 Year TBA (ð)	2,775	2,916	Series 2002-1 Class 21O		
7.500% 30 Year TBA (ð)	1,835	1,948	0.250% due 08/15/31	10,905	128
6.000% due 2016	324	340	Wells Fargo Mortgage Backed		
3.913% due 2017 (Ê)	148	149	Securities Trust		
5.500% due 2017	1,982	2,057	Series 2001-34 Class 3A		
6.000% due 2017	5,573	5,832	6.083% due 01/25/32 (Ê)	510	514
6.500% due 2032	503	524			<u>53,576</u>
7.000% due 2032	257	272			
4.450% due 2036 (Ê)	1,505	1,545	Municipal Bonds - 0.4%		
Series 1992-10 Class ZD			Clark County Nevada General		
8.000% due 11/25/21	1,186	1,311	Obligation Limited, weekly demand		
Federal National Mortgage Association			5.000% due 06/01/32 (µ)	600	607
Whole Loan					
Series 2002-W1 Class 2A1O			Non-US Bonds - 4.1%		
0.641% due 04/25/42	5,523	167	Deutsche Bundesrepublik		
Series 2002-W6 Class 2A1O			5.250% due 07/04/10	EUR 5,000	5,678
0.411% due 06/25/42	5,190	97	Mexico Government International Bond		
FHA VA Reperforming Pass Thru			Value Recovery Rights		
Class A1			Series B		
6.500% due 01/30/43	200	211	0.000% due 06/30/04 (Æ)(Ê)	MXN 1,100	4
First Nationwide Trust					<u>5,682</u>
Series 2001-4 Class 3A5					
2.020% due 09/25/31 (Ê)	343	344			

Core Bond Fund

Statement of Net Assets, continued—December 31, 2002

	Principal Amount (000) \$	Market Value (000) \$		Number of Shares	Market Value (000) \$
United States Government					
Agencies - 4.0%					
Federal Home Loan Mortgage Corp.					
3.250% due 01/15/04	500	510			
6.625% due 09/15/09	530	622			
6.875% due 09/15/10	845	1,008			
6.750% due 03/15/31	405	484			
Federal National Mortgage Association					
5.000% due 01/20/07	280	291			
6.250% due 03/22/12	425	459			
6.250% due 05/15/29	255	284			
Financing Corp. Principal STRIP					
0.000% due 05/11/18	480	206			
0.000% due 12/06/18	520	214			
0.000% due 12/27/18	1,775	729			
0.000% due 04/05/19	420	169			
0.000% due 09/26/19	290	113			
Series 15P					
0.000% due 03/07/19	240	97			
Residual Funding Principal STRIP					
0.000% due 10/15/20	600	226			
United States Treasury Principal STRIP					
0.000% due 05/15/17	400	197			
		5,609			
United States Government					
Treasuries - 6.9%					
United States Treasury					
Inflation Indexed Bonds					
3.375% due 01/15/07 (\$)	114	124			
3.875% due 01/15/09	221	246			
3.375% due 01/15/12	102	112			
3.000% due 07/15/12	100	106			
3.625% due 04/15/28	336	393			
3.875% due 04/15/29	1,103	1,348			
United States Treasury Note					
7.875% due 11/15/04	650	726			
4.625% due 05/15/06	2,515	2,711			
6.000% due 08/15/09	290	337			
5.000% due 02/15/11	465	511			
7.250% due 05/15/16	200	256			
7.500% due 11/15/16	1,400	1,831			
8.750% due 05/15/17	300	434			
6.000% due 02/15/26	130	149			
5.500% due 08/15/28	300	324			
United States Treasury Principal STRIP					
0.000% due 05/15/17	250	123			
		9,731			
Total Long-Term Investments					
(cost \$107,605)		110,801			
Preferred Stocks - 0.3%					
California Federal Preferred Capital (Æ)			8,250		215
Centaur Funding Corp.			265,000		262
Total Preferred Stocks					477
(cost \$470)					
Short-Term Investments - 48.0%					
American General Finance Corp.					
Series MTNE					
6.170% due 05/06/03			400		406
ANZ Delaware, Inc.					
1.310% due 03/06/03 (¥)			2,700		2,691
Associates Corp. Of North America					
1.860% due 05/08/03 (Ê)			700		701
BP America, Inc.					
1.320% due 03/05/03			2,600		2,592
British Telecommunications PLC					
2.705% due 12/15/03 (Ê)			900		906
Bundesschatzanweisungen					
4.250% due 03/14/03			EUR 1,488		1,566
CBA Delaware Finance, Inc.					
1.310% due 02/18/03 (ç)(¥)			1,500		1,497
DaimlerChrysler NA Holding Corp.					
Series MTNC					
1.650% due 08/21/03 (Ê)			1,500		1,497
Danske Corp. Commercial Paper					
1.325% due 02/27/03 (ç)(¥)			1,000		998
Federal Home Loan Mortgage Corp.					
Discount Note					
1.280% due 04/09/03 (ç)(¥)			2,300		2,291
Federal National Mortgage Association					
Discount Note					
1.257% due 02/12/03 (ç)(¥)(§)			40		40
Ford Motor Credit Co.					
1.920% due 06/23/03 (Ê)			250		249
1.684% due 11/24/03 (Ê)			1,000		976
Frank Russell Investment Company					
Money Market Fund (Ç)			42,740		42,740
French Treasury Note					
5.000% due 01/12/03 (ç)			EUR 1,488		1,562
General Motors Acceptance Corp.					
1.920% due 11/07/03 (Ê)			600		592
Hbos Treasury Services PLC					
1.350% due 03/05/03 (Ê)			1,000		997
Household Finance Corp.					
6.125% due 02/27/03 (ç)			1,000		1,004
Italy Buoni Poliennali Del Tesoro					
4.500% due 01/15/03 (ç)			EUR 1,488		1,562

Core Bond Fund

Statement of Net Assets, continued—December 31, 2002

	Principal Amount (000) \$	Market Value (000) \$	Futures Contracts (Number of Contracts)	Notional Amount (000) \$	Unrealized Appreciation (Depreciation) (000) \$
Lloyds Bank PLC			Long Positions		
1.300% due 03/11/03	1,600	1,595	Euribor Futures		
Niagara Mohawk Power Corp.			expiration date 03/03 (160)	2	(1)
6.875% due 04/01/03	75	76			
Philip Morris Cos., Inc.			Eurodollar Futures		
7.250% due 01/15/03 (c)	500	501	expiration date 06/03 (5)	1,233	25
United States Treasury Bill					
1.615% due 01/16/03 (c)(y)(s)	50	50	Eurodollar Futures		
1.620% due 01/23/03 (c)(y)(s)	25	25	expiration date 09/03 (18)	4,431	159
1.470% due 01/30/03 (c)(y)(s)	25	25			
1.206% due 02/13/03 (c)(y)(s)	65	65	United States Agency Notes		
1.209% due 02/13/03 (c)(y)(s)	25	25	10 Year Futures		
1.154% due 02/20/03 (c)(y)	25	25	expiration date 03/03 (11)	1,226	37
Total Short-Term Investments			United States Treasury Bonds		
(cost \$66,767)		67,254	expiration date 03/03 (20)	2,254	95
Total Investments - 127.3%		178,532	United States Treasury Notes		
(identified cost \$174,842)			2 Year Futures		
Other Assets and Liabilities,			expiration date 03/03 (6)	1,291	15
Net - (27.3%)		(38,252)	United States Treasury Notes		
Net Assets - 100.0%		140,280	10 Year Futures		
			expiration date 03/03 (37)	4,257	64
			Short Positions		
			Euribor Futures (UK)		
			expiration date 03/03 (153)	3	44
			Euribor Futures (UK)		
			expiration date 06/03 (4)	—	2
			Euribor Futures (Luxembourg)		
			expiration date 12/03 (4)	1	3
			United States Treasury Bonds		
			expiration date 03/03 (7)	789	(26)
			United States Treasury 5 Year Notes		
			expiration date 03/03 (46)	5,210	(106)
			United States Treasury 10 Year Notes		
			expiration date 03/03 (18)	2,071	(64)
			Total Unrealized Appreciation		
			(Depreciation) on Open Futures		
			Contracts Purchased		247

See accompanying notes which are an integral part of the financial statements.

Core Bond Fund

Statement of Net Assets, continued—December 31, 2002

Options Written (Number of Contracts)	Notional Amount (000) \$	Market Value (000) \$	Forward Foreign Currency Exchange Contracts				Unrealized Appreciation (Depreciation) (000) \$	
			Amount Sold (000)	Amount Bought (000)	Settlement Date			
Eurodollar Futures								
Jun 2003 98.75 Call (19)	48	(6)						
Jun 2003 97.50 Put (9)	23	—						
Jun 2003 98.00 Put (4)	10	(1)						
			USD	38	EUR	38	02/10/03	2
			EUR	110	USD	110	02/10/03	(5)
Interest Rate Swap								
May 2003 3.25 Call (1)	300	(4)						
May 2003 3.25 Call (1)	300	(3)						
May 2003 3.25 Call (2)	1,200	(14)						
Jun 2003 4.00 Call (1)	900	(12)					(3)	
Three Month LIBOR Swap								
Dec 2003 3.50 Call (1)	300	(5)						
Dec 2003 3.50 Call (2)	1,700	(28)						
Aug 2003 4.00 Call (1)	900	(13)						
Jul 2003 4.00 Call (2)	1,800	(26)						
United States Treasury Notes								
10 Year Futures								
Feb 2003 117.00 Call (5)	5	(3)						
Total Liability for Options Written (premiums received \$80)								(115)

See accompanying notes which are an integral part of the financial statements.

Core Bond Fund

Statement of Net Assets, continued—December 31, 2002

Index Swaps

Underlying Security	Counter Party	Notional Amount (000) \$	Fund Pays Floating Rate	Termination Date	Unrealized Appreciation (Depreciation) (000) \$
Bear Stearns High Yield Index	Bear Stearns	940	1 Month USD LIBOR-BBA plus 2.25%	12/31/02	6
Bear Stearns High Yield Index	Bear Stearns	390	1 Month USD LIBOR-BBA plus 0.50%	01/01/03	3
Bear Stearns High Yield Index	Bear Stearns	370	1 Month USD LIBOR-BBA plus 2.07%	02/01/03	3
Bear Stearns High Yield Index	Bear Stearns	350	1 Month USD LIBOR-BBA plus 0.35%	04/30/03	3
Bear Stearns High Yield Index	Bear Stearns	870	1 Month USD LIBOR-BBA plus 0.58%	08/31/03	7
Bear Stearns High Yield Index	Bear Stearns	600	1 Month USD LIBOR-BBA plus 1.85%	10/31/03	4
Lehman Brothers CMBS ERISA Eligible Index	Lehman Brothers	860	1 Month USD LIBOR-BBA minus 0.35%	01/21/03	24
Lehman Brothers CMBS ERISA Eligible Index	Lehman Brothers	720	1 Month USD LIBOR-BBA minus 0.35%	04/30/03	20
Lehman Brothers High Yield Index	Lehman Brothers	260	1 Month USD LIBOR-BBA plus 0.65%	06/30/03	3
Lehman Brothers High Yield Index	Lehman Brothers	380	1 Month USD LIBOR-BBA plus 0.75%	08/31/03	5
					78

Interest Rate Swaps

Notional Amount (000)	Fund Receives	Fund Pays	Termination Date	Market Value (000) \$
USD 2,100	Three Month LIBOR	5.00%	06/18/13	(88)
USD 100	Three Month LIBOR	6.00%	06/18/23	(7)
Total Market Value of Interest Rate Swaps premiums paid (received) - (\$33)				(95)

See accompanying notes which are an integral part of the financial statements.

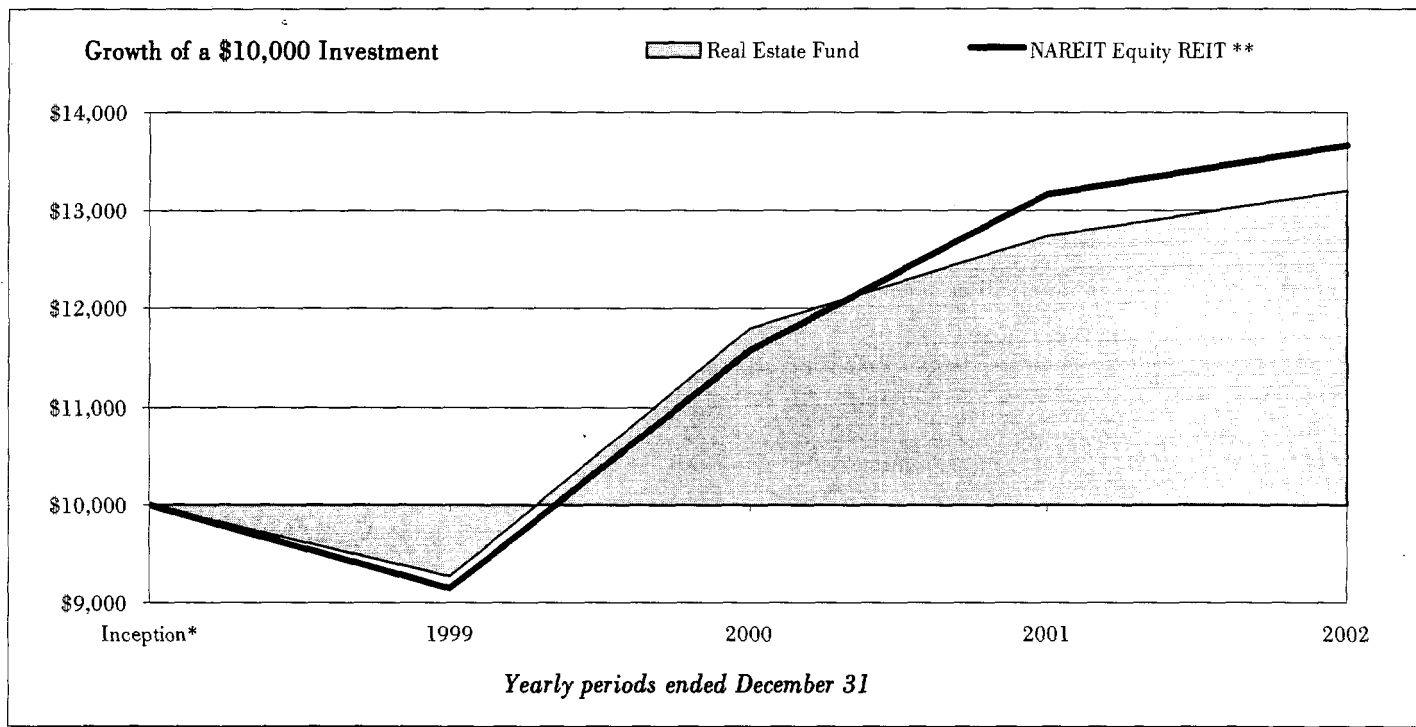
Real Estate Securities Fund

Portfolio Management Discussion—December 31, 2002 (Unaudited)

Objective: To generate a high level of total return through above-average current income, while maintaining the potential for capital appreciation.

Invests in: Primarily the equity securities of US real estate investment trusts and real estate operating companies.

Strategy: The Fund uses a multi-manager strategy intended to achieve higher returns with moderate risk. The Fund employed the investment management services of three managers with distinct approaches to investing in real estate equity securities.



Real Estate Securities Fund		
Periods Ended 12/31/02	Growth of \$10,000	Total Return
1 Year	\$ 10,380	3.80%
Inception*	\$ 13,209	7.85%§

NAREIT Equity REIT Index		
Periods Ended 12/31/02	Growth of \$10,000	Total Return
1 Year	\$ 10,381	3.81%
Inception*	\$ 13,678	8.92%§

Performance Review

For the year ended December 31, 2002, the Real Estate Securities Fund returned 3.80%, compared to its benchmark, the NAREIT Equity REIT Index, which gained 3.81%.

Market and Portfolio Highlights

The twelve months ended December 31, 2002 provided a challenging environment for active management due to the wide dispersion of returns by property sector over the year. Managers that track closely to the benchmark sector weights were less challenged than those that explicitly emphasize property sector selection in the portfolio construction process.

REITs, as well as small cap and value stocks, performed well at the beginning of 2002. High dividend yield and the perceived defensive orientation of the asset class continued to attract investors. Additionally the relative ease in understanding REIT company earnings was an attractive feature in an environment marred by

perceptions of corporate misdeeds. The best performing sectors during the period were lodging/resorts, diversified, and shopping centers.

Strong returns continued through the end of June, with second quarter returns driven by the regional malls, shopping centers and industrial sectors. Although real estate typically lags other sectors of the economy, it seemed to benefit as the economy appeared to enter the early stages of a recovery phase.

By the third quarter, broad-based selling pressure contributed to a reversal in REIT performance. While there were modest net inflows to dedicated REIT mutual funds during the quarter, this was more than offset by redemptions from small cap stock mutual funds that hold REITs within their portfolios. Many of these funds were forced to liquidate their best performing stocks to meet redemptions. Concerns over earnings continued to weigh on office, apartment, and hotel companies.

Real Estate Securities Fund

Portfolio Management Discussion—December 31, 2002 (Unaudited)

Performance was relatively flat in the fourth quarter as funds flows stabilized. The strongest performing sectors were specialty and shopping centers.

For the full year, the retail and industrial sectors were strong performers, driven in large part by resilient consumer spending. Regional malls, in particular, were viewed as a safe haven as investors remained confident in market fundamentals and earnings prospects. The office, apartments, and lodging/resorts sectors posted negative returns for the year. These sectors suffered from weak job growth, which translated into weaker than expected demand and earnings growth. Apartment companies also suffered from strong single-family home demand resulting from historically low mortgage interest rates.

The REIT market generally favored market-oriented styles. This was the dominant style in the Fund and contributed to positive performance results. Market-oriented manager RREEF substantially outperformed the benchmark, adding value from both sector selection including overweight positions in the regional malls and industrial sectors and stock selection. RREEF was also underweight in the lodging sector at times during the period when this sector performed poorly. Value manager AEW slightly underperformed the benchmark. Positive stock selection was offset by poor sector selection, including slight overweight positions in the apartments and office sectors which struggled over the year due to concerns for earnings in the midst of a slow economy. Growth manager Security Capital underperformed the benchmark, primarily due to an overweight position in the apartments sector. Security Capital also suffered from an overweight in the lodging sector during this sector's underperformance. Fund management monitored Security Capital following GE Capital's acquisition of this firm in May 2002. A lower target weight was adopted for this manager to reflect these concerns.

The Fund's underweight position in three of the largest companies in the benchmark (Equity Office Properties Trust, Equity Residential Properties Trust and Plum Creek Timber Company) helped performance as all three companies underperformed the benchmark. The replacement of Cohen & Steers with RREEF was deemed a success, based on RREEF's strong performance since they were hired in March 2002. RREEF is a core manager that has demonstrated consistent performance in both up and down markets due to effective sector and stock selection. RREEF completed the repositioning of the Cohen & Steers portfolio in early April, which resulted in a significant reduction in office company exposure and increase to retail sector companies. Both changes helped performance for the balance of the year.

Top Ten Equity Holdings

(as a percent of Total Investments)

December 31, 2002

Simon Property Group, Inc.	6.0%
General Growth Properties, Inc.	4.7
Archstone-Smith Trust	4.6
Boston Properties, Inc.	4.1
Prologis	3.9
Equity Residential	3.8
AvalonBay Communities, Inc.	3.3
Apartment Investment & Management Co. Class A	3.2
Starwood Hotels & Resorts Worldwide, Inc.	3.0
Vornado Realty Trust	2.8

Portfolio Characteristics

December 31, 2002

Current P/E Ratio	19.8x
Portfolio Price/Book Ratio	1.65x
Market Capitalization - \$-Weighted Average	3.03 Bil
Number of Holdings	60

Money Managers

Styles

AEW Capital Management, LP	Value
RREEF America, LLC	Market-Oriented
Security Capital Research & Management, Inc.	Growth

* Real Estate Securities Fund assumes initial investment on April 30, 1999. NAREIT Index comparison for the initial investment began May 1, 1999.

** National Association of Real Estate Investment Trusts (NAREIT) Equity REIT Index is an index composed of all the data based on the last closing price of the month for all tax-qualified REITs listed on the New York Stock Exchange, American Stock Exchange, and the NASDAQ National Market System. The data is market value-weighted. The total-return calculation is based upon whether it is 1-month, 3-months or 12-months. Only those REITs listed for the entire period are used in the total return calculation.

§ Annualized.

Performance is historical and assumes reinvestment of all dividends and capital gains. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than when purchased. Past performance is not indicative of future results.

Real Estate Securities Fund

Statement of Net Assets—December 31, 2002

	Principal Amount (000) \$	Market Value (000) \$			
Common Stocks - 95.0%					
Apartment - 23.4%					
Apartment Investment & Management Co. Class A (ö)	135,000	5,060	PS Business Parks, Inc. (ö)	18,300	582
Archstone-Smith Trust (ö)	315,317	7,423	Reckson Associates Realty Corp. (ö)	76,700	1,615
AvalonBay Communities, Inc. (ö)	137,000	5,362	SL Green Realty Corp. (ö)	97,100	3,068
BRE Properties Class A (ö)	97,300	3,036	Trizec Properties, Inc. (ö)	67,700	636
Camden Property Trust (ö)	63,753	2,104			<hr/> 52,869
Chateau Communities, Inc. (ö)	28,500	656	Outlet Centers - 2.4%		
Equity Residential (ö)	248,600	6,111	Chelsea Property Group, Inc. (ö)	115,300	3,841
Essex Property Trust, Inc. (ö)	53,700	2,731			
Gables Residential Trust (ö)	10,700	267	Regional Malls - 16.8%		
Summit Properties, Inc. (ö)	44,000	783	General Growth Properties, Inc. (ö)	146,000	7,591
Sun Communities, Inc. (ö)	21,500	786	Macerich Co. (The) (ö)	76,900	2,365
Town & Country Trust (The) (ö)	500	11	Rouse Co. (The) (ö)	134,400	4,260
United Dominion Realty Trust, Inc. (ö)	193,100	3,159	Simon Property Group, Inc. (ö)	283,200	9,648
		<hr/> 37,489	Taubman Centers, Inc. (ö)	193,800	3,145
					<hr/> 27,009
Health Care - 0.7%			Self Storage - 2.1%		
Healthcare Realty Trust, Inc. (ö)	18,000	527	Public Storage, Inc. (ö)	95,600	3,089
Senior Housing Properties Trust (ö)	55,400	588	Shurgard Storage Centers, Inc. Class A (ö)	7,000	219
		<hr/> 1,115			<hr/> 3,308
Hotels/Leisure - 6.6%			Shopping Center - 10.0%		
Fairmont Hotels & Resorts, Inc.	74,800	1,762	Developers Diversified Realty Corp. (ö)	120,700	2,654
Hilton Hotels Corp.	107,200	1,363	Federal Realty Invs Trust (ö)	78,100	2,196
Hospitality Properties Trust (ö)	26,000	915	Kimco Realty Corp. (ö)	72,600	2,224
Host Marriott Corp. (ö)	131,600	1,165	Pan Pacific Retail Properties, Inc. (ö)	94,600	3,456
Meristar Hospitality Corp. (ö)	23,000	152	Regency Centers Corp. (ö)	21,000	680
RFS Hotel Investors, Inc. (ö)	30,500	331	Urstadt Biddle Properties, Inc. Class A (ö)	23,200	257
Starwood Hotels & Resorts Worldwide, Inc.	204,132	4,846	Vornado Realty Trust (ö)	122,800	4,568
		<hr/> 10,534			<hr/> 16,035
Office/Industrial - 33.0%			Total Common Stocks		
AMB Property Corp. (ö)	156,400	4,279	(cost \$147,024)		<hr/> 152,200
Arden Realty, Inc. (ö)	119,000	2,636			
Boston Properties, Inc. (ö)	178,700	6,587			
Brookfield Properties Co.	122,400	2,472			
CarrAmerica Realty Corp. (ö)	119,600	2,996			
Catellus Development Corp. (Æ)	98,000	1,945			
Centerpoint Properties Corp. (ö)	19,500	1,114	Short-Term Investments - 5.2%		
Corporate Office Properties Trust (ö)	100,360	1,408	Frank Russell Investment Company		
Crescent Real Estate Equities Co. (ö)	31,500	524	Money Market Fund (Ç)	8,334	8,334
Duke Realty Corp. (ö)	30,000	764			<hr/> 8,334
Equity Office Properties Trust (ö)	121,300	3,030	Total Short-Term Investments		
First Industrial Realty Trust, Inc. (ö)	44,500	1,246	(cost \$8,334)		<hr/> 8,334
Highwoods Properties, Inc. (ö)	30,000	663			
Home Properties of NY, Inc. (ö)	8,500	293	Total Investments - 100.2%		
Kilroy Realty Corp. (ö)	45,000	1,037	(identified cost \$155,358)		<hr/> 160,534
Liberty Property Trust (ö)	97,700	3,121			
Mack-Cali Realty Corp. (ö)	147,900	4,481	Other Assets and Liabilities,		
Plum Creek Timber Co., Inc.	25,000	590	Net - (0.2%)		<hr/> (358)
Prentiss Properties Trust (ö)	52,400	1,482			
Prologis (ö)	250,500	6,300	Net Assets - 100.0%		<hr/> <hr/> 160,176

See accompanying notes which are an integral part of the financial statements.

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Statement of Assets and Liabilities—December 31, 2002

Amounts in thousands (except per share amounts)

	Multi-Style Equity Fund
Assets	
Investments, at identified cost	\$ 215,631
Investments, at market***	206,921
Foreign currency holdings*	—
Unrealized appreciation on forward foreign currency exchange contracts	—
Unrealized appreciation on foreign currency exchange spot contracts	—
Receivables:	
Dividends and interest	271
Investments sold (regular settlement)	2,054
Investments sold (delayed settlement)	—
Fund shares sold	44
Foreign taxes recoverable	—
Daily variation margin on futures contracts	38
Investment of securities lending collateral in money market funds, at cost and market value	874
Unrealized appreciation on index swap contracts	—
Total assets	<u>210,202</u>
Liabilities	
Payables:	
Investments purchased (regular settlement)	2,334
Investments purchased (delayed settlement)	—
Fund shares redeemed	6
Accrued fees to affiliates	138
Other accrued expenses	56
Daily variation margin on futures contracts	—
Unrealized depreciation on forward foreign currency exchange contracts	—
Unrealized depreciation on foreign currency exchange spot contracts	—
Options written, at market value**	—
Payable upon return of securities loaned	874
Interest rate swap contracts, at market value****	—
Total liabilities	<u>3,408</u>
Net Assets	<u>\$ 206,794</u>
Net Assets Consist of:	
Undistributed net investment income	\$ 415
Accumulated net realized gain (loss)	(115,899)
Unrealized appreciation (depreciation) on:	
Investments	(8,710)
Futures contracts	(283)
Options written	—
Index swap contracts	—
Interest rate swap contracts	—
Foreign currency-related transactions	—
Shares of beneficial interest	229
Additional paid-in capital	331,042
Net Assets	<u>\$ 206,794</u>
Net Asset Value, offering and redemption price per share:	
Net asset value per share*****	\$ 9.04
Net assets	\$ 206,794,035
Shares outstanding (\$.01 par value)	22,884,262
* Foreign currency holdings - cost	\$ —
** Premiums received on options written	\$ —
*** Securities on loan included in investments	\$ 819
**** Interest rate swap contracts - premiums paid (received)	\$ —
*****Net asset value per share equals net assets divided by shares of beneficial interest outstanding.	

See accompanying notes which are an integral part of the financial statements.

Aggressive Equity Fund	Non-U.S. Fund	Core Bond Fund	Real Estate Securities Fund
\$ 101,316	\$ 155,540	\$ 174,842	\$ 155,358
98,086	137,690	178,532	160,534
—	1,228	68	—
—	299	2	—
—	3	—	—
119	204	1,410	1,107
227	2,010	10	566
—	—	10,853	—
11	27	206	45
—	145	—	—
6	39	12	—
3,112	—	—	—
—	—	78	—
<u>101,561</u>	<u>141,645</u>	<u>191,171</u>	<u>162,252</u>
523	2,963	532	1,880
—	—	50,010	—
8	2	7	43
80	91	77	117
44	81	33	36
—	—	17	—
—	66	5	—
—	1	—	—
—	601	115	—
3,112	—	—	—
—	—	95	—
<u>3,767</u>	<u>3,805</u>	<u>50,891</u>	<u>2,076</u>
<u>\$ 97,794</u>	<u>\$ 137,840</u>	<u>\$ 140,280</u>	<u>\$ 160,176</u>
\$ —	\$ (300)	\$ (173)	\$ (66)
(23,968)	(59,993)	469	(2,429)
(3,230)	(17,850)	3,690	5,176
(162)	(414)	247	—
—	(18)	(35)	—
—	—	78	—
—	—	(62)	—
—	278	(361)	—
106	191	135	152
125,048	215,946	136,292	157,343
<u>\$ 97,794</u>	<u>\$ 137,840</u>	<u>\$ 140,280</u>	<u>\$ 160,176</u>
\$ 9.26	\$ 7.20	\$ 10.43	\$ 10.51
\$ 97,793,748	\$ 137,839,738	\$ 140,280,000	\$ 160,175,590
10,555,924	19,131,582	13,454,455	15,244,224
\$ —	\$ 1,201	\$ 66	\$ —
\$ —	\$ 583	\$ 80	\$ —
\$ 2,990	\$ —	\$ —	\$ —
\$ —	\$ —	\$ (33)	\$ —

See accompanying notes which are an integral part of the financial statements.

Statement of Operations — For the Year Ended December 31, 2002

Amounts in thousands

	Multi-Style Equity Fund
Investment Income	
Dividends	\$ 3,232
Dividends from Money Market Fund	219
Interest	27
Securities lending income	6
Less foreign taxes withheld	—
Total investment income	3,484
Expenses	
Management fees	1,774
Custodian fees	345
Transfer agent fees	12
Professional fees	31
Trustees' fees	21
Miscellaneous	67
Expenses before reductions	2,250
Expense reductions	(153)
Net expenses	2,097
Net investment income (loss)	1,387
Net Realized and Unrealized Gain (Loss)	
Net realized gain (loss) on:	
Investments	(36,911)
Futures contracts	(2,657)
Options written	—
Index swap contracts	—
Interest rate swap contracts	—
Foreign currency-related transactions	—
Net realized gain (loss)	(39,568)
Net change in unrealized appreciation (depreciation) on:	
Investments	(22,328)
Futures contracts	(498)
Options written	—
Index swap contracts	—
Interest rate swap contracts	—
Foreign currency-related transactions	—
Net change in unrealized appreciation (depreciation)	(22,826)
Net realized and unrealized gain (loss)	(62,394)
Net Increase (Decrease) in Net Assets from Operations	\$ (61,007)

See accompanying notes which are an integral part of the financial statements.

Aggressive Equity Fund	Non-U.S. Fund	Core Bond Fund	Real Estate Securities Fund
\$ 1,025	\$ 3,216	\$ 45	\$ 8,316
105	169	566	157
15	37	4,629	—
3	—	—	—
—	(326)	—	—
<u>1,148</u>	<u>3,096</u>	<u>5,240</u>	<u>8,473</u>
1,011	1,419	720	1,198
332	694	180	125
10	9	9	9
23	31	19	22
17	17	17	17
53	41	30	23
<u>1,446</u>	<u>2,211</u>	<u>975</u>	<u>1,394</u>
(113)	(266)	(5)	—
<u>1,333</u>	<u>1,945</u>	<u>970</u>	<u>1,394</u>
<u>(185)</u>	<u>1,151</u>	<u>4,270</u>	<u>7,079</u>
(6,741)	(17,031)	3,969	1,709
(1,192)	(3,181)	556	—
—	(85)	394	—
—	—	49	—
—	—	(129)	—
—	1,410	(744)	—
<u>(7,933)</u>	<u>(18,887)</u>	<u>4,095</u>	<u>1,709</u>
(14,157)	(5,143)	2,540	(5,630)
(365)	(635)	292	—
—	(18)	(313)	—
—	—	78	—
—	—	(62)	—
—	440	(288)	—
<u>(14,522)</u>	<u>(5,356)</u>	<u>2,247</u>	<u>(5,630)</u>
(22,455)	(24,243)	6,342	(3,921)
<u>\$ (22,640)</u>	<u>\$ (23,092)</u>	<u>\$ 10,612</u>	<u>\$ 3,158</u>

See accompanying notes which are an integral part of the financial statements.

Statement of Changes in Net Assets—For the Years Ended December 31,

Amounts in thousands

Multi-Style
Equity Fund

2002 2001

Increase (Decrease) in Net Assets

Operations

Net investment income (loss)	\$ 1,387	\$ 1,391
Net realized gain (loss)	(39,568)	(36,118)
Net change in unrealized appreciation (depreciation)	(22,826)	(3,402)
Net increase (decrease) in net assets from operations	<u>(61,007)</u>	<u>(38,129)</u>

Distributions

From net investment income	(1,354)	(1,122)
From net realized gain	—	(4,575)
Tax return of capital	—	—
Net decrease in net assets from distributions	<u>(1,354)</u>	<u>(5,697)</u>

Share Transactions

Net increase (decrease) in net assets from share transactions	<u>17,425</u>	<u>32,892</u>
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Total Net Increase (Decrease) in Net Assets

(44,936) (10,934)

Net Assets

Beginning of period	<u>251,730</u>	<u>262,664</u>
End of period	<u>\$ 206,794</u>	<u>\$ 251,730</u>
Undistributed net investment income included in net assets	\$ 415	\$ 382

See accompanying notes which are an integral part of the financial statements.

Statement of Changes in Net Assets—For the Years Ended December 31,

Amounts in thousands

Aggressive Equity Fund		Non-U.S. Fund		Core Bond Fund		Real Estate Securities Fund	
2002	2001	2002	2001	2002	2001	2002	2001
(185)	\$ 14	\$ 1,151	\$ 1,033	\$ 4,270	\$ 5,226	\$ 7,079	\$ 5,213
(7,933)	(7,355)	(18,887)	(26,432)	4,095	1,212	1,709	402
(14,522)	4,947	(5,356)	(15,940)	2,247	474	(5,630)	1,610
<u>(22,640)</u>	<u>(2,394)</u>	<u>(23,092)</u>	<u>(41,339)</u>	<u>10,612</u>	<u>6,912</u>	<u>3,158</u>	<u>7,225</u>
—	(14)	(2,455)	(660)	(3,487)	(5,842)	(7,692)	(5,096)
—	—	—	—	(3,690)	(680)	(871)	(1,815)
—	(100)	—	(278)	—	—	—	—
<u>—</u>	<u>(114)</u>	<u>(2,455)</u>	<u>(938)</u>	<u>(7,177)</u>	<u>(6,522)</u>	<u>(8,563)</u>	<u>(6,911)</u>
8,741	7,536	8,893	11,127	26,874	21,067	53,599	22,955
(13,899)	5,028	(16,654)	(31,150)	30,309	21,457	48,194	23,269
111,693	106,665	154,494	185,644	109,971	88,514	111,982	88,713
<u>\$ 97,794</u>	<u>\$ 111,693</u>	<u>\$ 137,840</u>	<u>\$ 154,494</u>	<u>\$ 140,280</u>	<u>\$ 109,971</u>	<u>\$ 160,176</u>	<u>\$ 111,982</u>
\$ —	\$ —	\$ (300)	\$ (445)	\$ (173)	\$ 388	\$ (66)	\$ 404

See accompanying notes which are an integral part of the financial statements.

Financial Highlights—For the Years Ended December 31,

For a Share Outstanding Throughout each Period.

	\$ Net Asset Value, Beginning of Period	\$ Net Investment Income (Loss)(a)	\$ Net Realized and Unrealized Gain (Loss)	\$ Total Income From Operations	\$ Distributions from Net Investment Income	\$ Distributions from Net Realized Gain	\$ Return of Capital
Multi-Style Equity Fund							
2002	11.84	.06	(2.80)	(2.74)	(.06)	—	—
2001	14.13	.07	(2.06)	(1.99)	(.06)	(.24)	—
2000	16.79	.08	(2.10)	(2.02)	(.08)	(.56)	—
1999	16.02	.12	2.41	2.53	(.12)	(1.64)	—
1998	12.78	.10	3.49	3.59	(.08)	(.27)	—
Aggressive Equity Fund							
2002	11.44	(.02)	(2.16)	(2.18)	—	—	—
2001	11.73	— (d)	(.28)	(.28)	— (d)	—	(.01)
2000	13.36	.04	(.16)	(.12)	(.05)	(1.46)	—
1999	12.70	.05	.71	.76	(.04)	(.06)	—
1998	13.45	.02	.13	.15	(.02)	(.88)	—
Non-U.S. Fund							
2002	8.64	.06	(1.37)	(1.31)	(.13)	—	—
2001	11.15	.06	(2.52)	(2.46)	(.04)	—	(.01)
2000	14.19	.10	(2.11)	(2.01)	—	(1.00)	(.03)
1999	11.09	.10	3.53	3.63	(.23)	(.30)	—
1998	10.03	.08	1.21	1.29	(.18)	(.05)	—
Core Bond Fund							
2002	10.13	.36	.52	.88	(.30)	(.28)	—
2001	10.07	.54	.18	.72	(.60)	(.06)	—
2000	9.64	.61	.33	.94	(.51)	—	—
1999	10.68	.59	(.65)	(.06)	(.61)	(.16)	(.21)
1998	10.45	.56	.19	.75	(.47)	(.05)	—
Real Estate Securities Fund							
2002	10.75	.54	(.13)	.41	(.57)	(.08)	—
2001	10.67	.57	.24	.81	(.55)	(.18)	—
2000	8.81	.54	1.81	2.35	(.49)	—	—
1999 (1)	10.00	.35	(1.08)	(.73)	(.34)	—	(.12)

See accompanying notes which are an integral part of the financial statements.

\$ Total Distributions	\$ Net Asset Value, End of Period	% Total Return (b)	\$ Net Assets, End of Period (000)	% Ratio of Expenses to Average Net Assets, Net (c)	% Ratio of Expenses to Average Net Assets, Gross (c)	% Ratio of Net Investment Income to Average Net Assets (c)	% Portfolio Turnover Rate
(.06)	9.04	(23.19)	206,794	.92	.99	.61	145.90
(.30)	11.84	(14.21)	251,730	.92	.99	.57	131.67
(.64)	14.13	(12.26)	262,664	.92	.93	.51	161.09
(1.76)	16.79	17.17	285,877	.92	.96	.74	67.67
(.35)	16.02	28.71	73,998	.92	1.21	.70	78.89
—	9.26	(19.06)	97,794	1.25	1.36	(.17)	139.24
(.01)	11.44	(2.36)	111,693	1.25	1.38	.01	180.38
(1.51)	11.73	(.66)	106,665	1.25	1.28	.27	203.48
(.10)	13.36	6.08	99,150	1.25	1.34	.37	111.46
(.90)	12.70	1.02	24,607	1.25	1.67	.19	79.88
(.13)	7.20	(15.15)	137,840	1.30	1.48	.77	60.98
(.05)	8.64	(22.03)	154,494	1.30	1.43	.64	79.79
(1.03)	11.15	(14.43)	185,644	1.30	1.37	.78	86.06
(.53)	14.19	33.36	195,519	1.30	1.50	.80	83.45
(.23)	11.09	12.96	21,420	1.30	2.37	.77	50.36
(.58)	10.43	8.84	140,280	.80	.80	3.52	207.60
(.66)	10.13	7.41	109,971	.80	.88	5.25	205.62
(.51)	10.07	10.00	88,514	.80	.84	6.20	171.48
(.98)	9.64	(.61)	83,620	.80	.86	5.77	139.06
(.52)	10.68	7.38	32,305	.80	1.28	5.34	75.95
(.65)	10.51	3.80	160,175	.99	.99	5.01	55.43
(.73)	10.75	7.84	111,982	1.06	1.06	5.35	55.13
(.49)	10.67	27.24	88,713	1.08	1.08	5.58	45.79
(.46)	8.81	(7.26)	55,318	1.15	1.15	5.84	23.98

See accompanying notes which are an integral part of the financial statements.

Footnotes to Financial Highlights—December 31, 2002

-
- (1) For the period April 30, 1999 (commencement of operations) to December 31, 1999.
 - (a) Average month-end shares outstanding were used for this calculation.
 - (b) Periods less than one year are not annualized.
 - (c) The ratios for periods less than one year are annualized.
 - (d) Less than \$.01 per share for the period.

See accompanying notes which are an integral part of the financial statements.

Russell Insurance Funds

Notes to Statement of Net Assets—December 31, 2002

Footnotes:

- (Æ) Nonincome-producing security.
- (ö) Real Estate Investment Trust (REIT).
- (§) Held as collateral in connection with futures contracts purchased (sold), options written, or swaps entered into by the Fund.
- (¥) Rate noted is yield-to-maturity from date of acquisition.
- (ç) At amortized cost, which approximates market.
- (È) Adjustable or floating rate security. Rate shown reflects rate in effect at period end.
- (ð) Forward commitment.
- (þ) Perpetual floating rate security.
- (µ) Bond is insured by a guarantor.
- (ÿ) This security has been valued by the Security Valuation Committee, delegated by the Board of Trustees. It is possible that the estimated value may differ significantly from the amount that might ultimately be realized.
- (æ) Pre-refunded: These bonds are collateralized by US Treasury securities, which are held in escrow by a trustee and used to pay principal and interest in the tax-exempt issue and to retire the bonds in full at the earliest refunding date. The rate noted is for descriptive purposes; effective yield may vary.
- (Ø) In default.
- (†) The cost for federal income tax purposes is the same as shown above.
- (Ç) At net asset value.

Abbreviations:

ADR - American Depositary Receipt
GDR - Global Depositary Receipt
ADS - American Depositary Share
CMO - Collateralized Mortgage Obligation
CVO - Contingent Value Obligation
144A - Represents private placement security for qualified buyers according to rule 144A of the Securities Act of 1933.
GDS - Global Depositary Share
LIBOR - London Interbank Offered Rate
PIK - Payment in Kind
FDIC - Federal Deposit Insurance Company
REMIC - Real Estate Mortgage Investment Conduit
STRIP - Separate Trading of Registered Interest and Principal of Securities
TBA - To Be Announced Security

Foreign Currency Abbreviations:

ARS - Argentine peso	GBP - British pound sterling	PHP - Philippine peso
AUD - Australian dollar	HKD - Hong Kong dollar	PLN - Polish zloty
BRL - Brazilian real	HUF - Hungarian forint	RUB - Russian ruble
CAD - Canadian dollar	IDR - Indonesian rupiah	SEK - Swedish krona
CHF - Swiss franc	ILS - Israeli shekel	SGD - Singapore dollar
CLP - Chilean peso	INR - Indian rupee	SKK - Slovakian koruna
CNY - Chinese renminbi yuan	ITL - Italian lira	THB - Thai baht
COP - Colombian peso	JPY - Japanese yen	TRL - Turkish lira
CRC - Costa Rica colon	KES - Kenyan schilling	USD - United States dollar
CZK - Czech koruna	KRW - South Korean won	VEB - Venezuelan bolivar
DKK - Danish krone	MXN - Mexican peso	VND - Vietnam dong
EGP - Egyptian pound	MYR - Malaysian ringgit	ZAR - South African rand
EUR - Euro	PEN - Peruvian nuevo sol	

Russell Insurance Funds

Notes to Financial Statements—December 31, 2002

1. Organization

Russell Insurance Funds (the "Investment Company") is a series mutual fund with five investment portfolios, referred to as "Funds." These financial statements report on the Funds, each of which has distinct investment objectives and strategies. These Funds are offered at net asset value to qualified insurance company separate accounts offering variable insurance products. The Investment Company is registered under the Investment Company Act of 1940, as amended, as a diversified, open-end management investment company. It is organized and operates as a Massachusetts business trust under a master trust agreement dated July 11, 1996. The Investment Company's master trust agreement permits the Board of Trustees to issue an unlimited number of full and fractional shares of beneficial interest at a \$.01 par value.

2. Significant Accounting Policies

The Funds' financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") which require the use of management estimates. The following is a summary of the significant accounting policies consistently followed by the Funds in the preparation of these financial statements.

Security valuation

United States equity securities listed and traded principally on any national securities exchange or over-the-counter are valued on the basis of the last sale price or, lacking any sale, at the closing bid price, on the primary exchange on which the security is traded. Fixed-income securities and options are valued on the basis of the closing bid price. Futures contracts are valued on the basis of the last sale price. Many fixed-income securities do not trade each day and, thus, last sale or bid prices are frequently not available. Fixed income securities, therefore, may be valued using prices provided by a pricing service when such prices are believed to reflect the fair market value of such securities. The value of swap agreements are equal to the Funds' obligation (or rights) under swap contracts which will generally be equal to the net amounts to be paid or received under the contracts based upon the relative values of the positions held by each party to the contracts.

International equity and fixed-income securities traded on a national securities exchange are valued on the basis of the last sale price. International securities traded over the counter are valued on the basis of the mean of bid prices. In the absence of a last sale or mean bid price, respectively, such securities may be valued on the basis of prices provided by a pricing service if those prices are believed to reflect the fair market value of such securities.

Long-term investments purchased by the Funds and maturing within 60 days of the valuation date and short-term investments are valued at "amortized cost" unless the Board of Trustees determines that amortized cost does not represent fair value.

The Funds may value certain securities for which market quotations are not readily available at "fair value," as determined in good faith pursuant to procedures established by the Board of Trustees.

Investment transactions

Securities transactions are recorded on a trade date basis. Realized gains and losses from securities transactions are recorded on the basis of specific identified cost incurred by each money manager within a particular fund.

Investment income

Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis. The Core Bond Fund classifies gains and losses realized on prepayments received on mortgage-backed securities as part of interest income. All premiums and discounts, including original issue discounts, are amortized/accreted using the interest method.

Federal income taxes

As a Massachusetts business trust, each Fund is a separate corporate taxpayer and determines its net investment income and capital gains (or losses) and the amounts to be distributed to each Fund's shareholders without regard to the income and capital gains (or losses) of the other Funds.

It is each Fund's intention to qualify as a regulated investment company and distribute all of its taxable income and capital gains. Therefore, no federal income tax provision was required for the Funds.

Dividends and distributions to shareholders

For all Funds, income dividends and capital gain distributions, if any, are recorded on the ex-dividend date. Dividends are generally declared and paid quarterly, except for the Non-U.S. Fund, which generally declares and pays dividends annually. Capital gain distributions are generally declared and paid annually. An additional distribution may be paid by the funds to avoid imposition of federal income and excise tax on any remaining undistributed capital gains and net investment income.

Russell Insurance Funds

Notes to Financial Statements, continued—December 31, 2002

The timing and characterization of certain income and capital gain distributions are determined in accordance with federal tax regulations which may differ from GAAP. As a result, net investment income and net realized gain (or loss) on investment and foreign currency-related transactions for a reporting period may differ significantly from distributions during such period. The differences between tax regulations and GAAP primarily relate to investments in options, futures, forward contracts, passive foreign investment companies, foreign-denominated investments, mortgage-backed securities, certain securities sold at a loss and by recording gains and losses from securities transactions on the basis of specific identified cost incurred by each money manager for financial reporting purposes and on the basis of specific identified cost incurred by each Fund for tax purposes.

Expenses

The Funds will pay their own expenses other than those expressly assumed by Frank Russell Investment Management Company (“FRIMCo” or “Advisor”). Most expenses can be directly attributed to the individual Funds. Expenses which cannot be directly attributed are allocated among all Funds principally based on their relative net assets.

Foreign currency translations

The books and records of the Funds are maintained in US dollars. Foreign currency amounts and transactions of the Funds are translated into US dollars on the following basis:

- (a) Market value of investment securities, other assets and liabilities at the closing rate of exchange on the valuation date.
- (b) Purchases and sales of investment securities and income at the closing rate of exchange prevailing on the respective trade dates of such transactions.

Reported net realized gains or losses from foreign currency-related transactions arise from: sales and maturities of short-term securities; sales of foreign currencies; currency gains or losses realized between the trade and settlement dates on securities transactions; the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Non-U.S. Fund's books and the US dollar equivalent of the amounts actually received or paid. Net unrealized gains or losses from foreign currency-related transactions arise from changes in the value of assets and liabilities, other than investments in securities, at year-end, as a result of changes in the exchange rates.

The Non-U.S. Fund does not isolate that portion of the results of operations of the Fund that arises as a result of changes in exchange rates from that portion that arises from changes in market prices of investments during the year. Such fluctuations are included with the net realized and unrealized gain or loss from investments. However, for federal income tax purposes the Non-U.S. Fund does isolate the effects of changes in foreign exchange rates from the fluctuations arising from changes in market prices for realized gain (or loss) on debt obligations.

Derivatives

To the extent permitted by the investment objectives, restrictions and policies set forth in the Funds' Prospectus and Statement of Additional Information, the Funds may participate in various derivative-based transactions. Derivative securities are instruments or agreements whose value is derived from an underlying security or index. They include options, futures, swaps, forwards, structured notes and stripped securities. These instruments offer unique characteristics and risks that assist the Funds in meeting their investment strategies.

The Funds typically use derivatives in three ways: cash equitization, hedging, and return enhancement. Cash equitization is a technique that may be used by certain Funds through the use of options and futures to earn “market-like” returns with their excess and liquidity reserve cash balances. Hedging is used by some Funds to limit or control risks, such as adverse movements in exchange rates and interest rates. Return enhancement can be accomplished through the use of derivatives in a Fund. By purchasing certain instruments, Funds may more effectively achieve the desired portfolio characteristics that assist them in meeting their investment objectives. Depending on how the derivatives are structured and utilized, the risks associated with them may vary widely. These risks are generally categorized as market risk, liquidity risk and counterparty or credit risk.

Foreign currency exchange contracts

In connection with portfolio purchases and sales of securities denominated in a foreign currency, the Non-U.S. Fund may enter into foreign currency exchange spot contracts and forward foreign currency exchange contracts (“contracts”). Contracts are recorded at market value. Certain risks may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts and are generally limited to the amount of unrealized gain on the contracts, if any, that is recognized in the Statement of Assets and Liabilities. Realized gains or losses arising from such transactions are included in net realized gain (or loss) from foreign currency-related transactions. Open contracts at December 31, 2002 are presented on the Statement of Net Assets for the Non-U.S. Fund.

Russell Insurance Funds

Notes to Financial Statements, continued—December 31, 2002

Forward commitments

The Funds may contract to purchase securities for a fixed price at a future date beyond customary settlement time (not to exceed 120 days)(i.e., a “forward commitment,” “delayed settlement” or “when issued” transaction, e.g., to be announced (“TBA”)) consistent with a Fund’s ability to manage its investment portfolio and meet redemption requests. The price of the underlying securities and the date when the securities will be delivered and paid for are fixed at the time the transaction is negotiated. The Funds may dispose of a forward commitment transaction prior to settlement if it is appropriate to do so and realize short-term gains (or losses) upon such sale. When effecting such transactions, cash or liquid high-grade debt obligations of the Fund in a dollar amount sufficient to make payment for the portfolio securities to be purchased will be segregated on the Fund’s records at the trade date and maintained until the transaction is settled. A forward commitment transaction involves a risk of loss if the value of the security to be purchased declines prior to the settlement date or the other party to the transaction fails to complete the transaction.

Options

The Funds may purchase and sell (write) call and put options on securities and securities indices, provided such options are traded on a national securities exchange or in an over-the-counter market. These Funds may also purchase and sell call and put options on foreign currencies. The domestic equity Funds may utilize options to equitize liquidity reserve balances.

When a Fund writes a covered call or a put option, an amount equal to the premium received by the Fund is included in the Fund’s Statement of Assets and Liabilities as an asset and as an equivalent liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option written. The Fund receives a premium on the sale of a call option but gives up the opportunity to profit from any increase in stock value above the exercise price of the option, and when the Fund writes a put option it is exposed to a decline in the price of the underlying security.

If an option which the Fund has written either expires on its stipulated expiration date or the Fund enters into a closing purchase transaction, the Fund realizes a gain (or loss, if the cost of a closing purchase transaction exceeds the premium received when the option was sold) without regard to any unrealized gain or loss on the underlying security, and the liability related to such option is extinguished. If a call option which the Fund has written is exercised, the Fund realizes a capital gain or loss from the sale of the underlying security, and the proceeds from such sale are increased by the premium originally received. When a put option which a Fund has written is exercised, the amount of the premium originally received will reduce the cost of the security which a Fund purchases upon exercise of the option. Realized gains (losses) on purchased options are included in net realized gain (loss) from investments.

The Funds’ use of written options involves, to varying degrees, elements of market risk in excess of the amount recognized in the Statement of Assets and Liabilities. The face or contract amounts of these instruments reflect the extent of the Funds’ exposure to off balance sheet risk. The risks may be caused by an imperfect correlation between movements in the price of the instrument and the price of the underlying securities and interest rates.

Futures Contracts

The Funds utilize futures to equitize liquidity reserve balances. The face or contract amounts of these instruments reflect the extent of the Funds’ exposure to off balance sheet risk. The primary risks associated with the use of futures contracts are an imperfect correlation between the change in market value of the securities held by the Fund and the prices of futures contracts, and the possibility of an illiquid market. Changes in the initial settlement values of futures contracts are accounted for as unrealized appreciation (depreciation) until the contracts are terminated, at which time realized gains and losses are recognized.

Investment in international markets

Investing in international markets may involve special risks and considerations not typically associated with investing in the United States markets. These risks include revaluation of currencies, high rates of inflation, repatriation, restrictions on income and capital and future adverse political and economic developments. Moreover, securities issued in these markets may be less liquid, subject to government ownership controls, delayed settlements, and their prices more volatile than those of comparable securities in the United States.

Swap Agreements

The Funds may enter into swap agreements as an additional equitization vehicle for uninvested cash balances held by the Funds or to effect investment transactions consistent with this Fund’s investment objectives and strategies. Swap agreements are two party contracts entered into primarily by institutional investors for periods ranging from a few weeks to more than one year. In a standard swap transaction, the two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular investments or instruments. The returns to be exchanged between the parties are calculated with respect to a “notional amount” (i.e. a specified dollar amount that is hypothetically invested in a “basket” of securities representing a particular index).

Russell Insurance Funds

Notes to Financial Statements, continued—December 31, 2002

3. Investment Transactions

Securities

During year ended December 31, 2002, purchases and sales of investment securities (excluding US Government and Agency obligations, short-term investments, options, futures and repurchase agreements) were as follows:

	Purchases		Sales	
Multi-Style Equity	\$	327,558,841	\$	309,016,722
Aggressive Equity		148,212,638		139,692,814
Non-U.S.		91,863,726		83,297,222
Core Bond		125,666,950		132,587,048
Real Estate Securities		126,870,535		73,933,269

Purchases and sales of US Government and Agency obligations (excluding short-term investments, options, futures and repurchase agreements) were as follows:

	Purchases		Sales	
Core Bond	\$	109,706,212	\$	102,914,177

Written Options Contracts

Fund transactions in written options for the year ended December 31, 2002 were as follows:

	Non-U.S. Fund		Core Bond Fund	
	Number of Contracts	Premiums Received	Number of Contracts	Premiums Received
Outstanding December 31, 2001	—	\$ —	511	\$ 325
Opened	151	3,594	232	198
Closed	(121)	(3,011)	(62)	(54)
Expired	—	—	(633)	(389)
Outstanding December 31, 2002	30	\$ 583	48	\$ 80

Securities Lending

The Investment Company has a securities lending program whereby each Fund can loan securities with a value up to 33 1/3% of its total assets to certain brokers. The Fund receives cash (US currency), US Government or US Government agency obligations as collateral against the loaned securities. To the extent that a loan is collateralized by cash, such collateral shall be invested by the securities lending agent in money market mutual funds and such other short-term investments, provided the investments meet certain quality and diversification requirements. The collateral received is recorded on the Fund's statement of assets and liabilities along with the related obligation to return the collateral.

Income generated from the investment of cash collateral, less negotiated rebate fees paid to participating brokers and transaction costs, is divided between the Fund and the securities lending agent and is recorded as income for the Fund. All collateral received will be in an amount at least equal to 102% (for loans of US securities) or 105% (for non-US securities) of the market value of the loaned securities at the inception of each loan. Should the borrower of the securities fail financially, there is a risk of delay in recovery of the securities or loss of rights in the collateral. Consequently, loans are made only to borrowers which are deemed to be of good financial standing. As of December 31, 2002, the value of outstanding securities on loan and the value of collateral amounted to as follows:

	Value of Securities on Loan		Value of Collateral	
Multi-Style Equity	\$	819,008	\$	874,220
Aggressive Equity		2,989,746		3,111,691

As of December 31, 2002, the cash collateral received for the securities on loan are invested as follows:

	Deutsche Bank IDA Fund (1)	
Multi-Style Equity	\$	877,482
Aggressive Equity		3,123,303

- (1) The Deutsche Bank IDA Fund investment balance includes pending items that account for the difference between the total amount invested and the total cash collateral amount.

Russell Insurance Funds

Notes to Financial Statements, continued—December 31, 2002

4. Related Parties

Manager

FRIMCo advises and administers all of the Funds which comprise the Investment Company. FRIMCo is a wholly-owned subsidiary of Frank Russell Company, a wholly-owned subsidiary of The Northwestern Mutual Life Insurance Company. Frank Russell Company researches and recommends to FRIMCo, and to the Investment Company, one or more investment management organizations to manage the portfolio of each Fund.

The Funds are permitted to invest their cash reserves (i.e., monies awaiting investment in portfolio securities suitable for the Funds' objectives) in the Frank Russell Investment Company Money Market Fund. As of December 31, 2002, \$80,354,000 of the Money Market Fund's net assets represents investments by the Funds.

For the year ended December 31, 2002, the management fee paid to FRIMCo, for the Funds listed below, in accordance with the Investment Company's Management Agreement with that firm, amounted to \$6,121,439 before waivers and/or reimbursements. Such fee is payable monthly and is equal to the annual rate, by Fund, shown in the following table, of the average daily net assets of the applicable Fund.

Prior to April 8, 2002, FRIMCo reduced its management fees for each Fund by management fees incurred on assets invested in the Frank Russell Investment Company Money Market Fund thereby eliminating any duplication of fees.

	Annual Rate		Annual Rate
Multi-Style Equity	0.78%	Core Bond	0.60%
Aggressive Equity	0.95	Real Estate Securities	0.85
Non-U.S.	0.95		

FRIMCo has contractually agreed to waive a portion of its management fee for each Fund, up to the full amount of its fee, to the extent the Fund's operating expenses exceed specified limits imposed by FRIMCo on an annual basis. Additionally, FRIMCo has contractually agreed to reimburse each Fund for all remaining expenses, after fee waivers, that still exceed their respective expense caps. There were no reimbursements for the year ended December 31, 2002.

The expense caps and waivers as of December 31, 2002 were as follows:

	Expense Cap	Advisory Fees Waived
Multi-Style Equity	0.92%	\$ 152,437
Aggressive Equity	1.25	112,476
Non-U.S.	1.30	265,864
Core Bond	0.80	2,766
Real Estate Securities	1.15	—

Custodian

The Funds have entered into arrangements with their Custodian whereby custody credits realized as a result of uninvested cash balances were used to reduce a portion of the Funds' expenses. For the year ended December 31, 2002 the Funds' custodian fees were reduced by the following amounts under these arrangements:

	Amount Paid
Multi-Style Equity	\$ 207
Aggressive Equity	176
Non-U.S.	493
Core Bond	1,968
Real Estate Securities	121

Transfer agent

The Funds have a contract with FRIMCo to provide transfer agent services to the Investment Company. Total fees for the year ended December 31, 2002 were \$48,885.

Russell Insurance Funds

Notes to Financial Statements, continued—December 31, 2002

Distributor

Russell Fund Distributors, Inc. (the "Distributor"), a wholly-owned subsidiary of FRIMCo, is the principal Distributor for Investment Company shares. The Distributor receives no compensation from the Investment Company for its services.

Brokerage commissions

The Funds may effect portfolio transactions through Frank Russell Securities, Inc., an affiliate of the Advisor, when a money manager determines that the Fund will receive competitive execution, price and commissions. Amounts retained by Frank Russell Securities, Inc. for the year ended December 31, 2002 were as follows:

	Amount
Multi-Style Equity	\$ 21,068
Aggressive Equity	6,892
Non-U.S.	9,598
Real Estate Securities	5,718

Additionally, the Funds paid brokerage commissions to non-affiliated brokers who provided brokerage and research services to the Advisor.

Board of Trustees

The Russell Fund Complex consists of Frank Russell Investment Company ("FRIC"), which has 31 funds, and Russell Insurance Funds ("RIF"), which has 5 funds. Each of the trustees is a trustee of both FRIC and RIF. The Russell Fund Complex pays each of its Trustees not affiliated with FRIMCo a retainer of \$52,000 per year, \$5,000 for each regular quarterly meeting attended in person, \$2,000 for each special meeting attended in person, and \$2,000 for each Joint Audit Committee meeting or nominating and Governance Committee meeting attended in person. The Trustee will receive a \$500 fee for attending the meetings by phone instead of receiving the full fee had the member attended in person. Out of pocket expenses are also paid by the Russell Fund Complex. The Lead Trustee is paid a fee of \$10,000 per year, and each Committee Chair is paid a fee of \$6,000 per year.

5. Federal Income Taxes

From November 1, 2002 to December 31, 2002, the Multi-Style Equity, Aggressive Equity, Non-U.S., and Real Estate Securities Funds incurred net realized capital losses of \$6,168,501, \$1,662,018, \$2,107,464, and \$638,641, respectively. From November 1, 2002, to December 31, 2002, the Core Bond Fund incurred net currency losses of \$97,782. As permitted by tax regulations, these Funds have elected to defer these losses and treat them as arising in the year ending December 31, 2003.

At December 31, 2002, the following Funds had net tax basis capital loss carryforwards which may be applied against any net realized taxable gains in each succeeding year or until their respective expiration dates, whichever occurs first. Available capital loss carryforwards and expiration dates are as follows:

	12/31/09	12/31/10	Totals
Multi-Style Equity	\$ 45,480,975	\$ 42,503,096	\$ 87,984,071
Aggressive Equity	11,446,597	8,621,006	20,067,603
Non-U.S.	26,643,305	25,583,592	52,226,897

As of December 31, 2002, the cost of investments, net unrealized appreciation, undistributed ordinary income and undistributed long-term capital gains for income tax purposes were as follows:

	Multi-Style Equity	Aggressive Equity	Non-U.S.	Core Bond	Real Estate Securities
Cost of Investments	\$ 237,660,822	\$ 103,715,199	\$ 161,309,938	\$ 174,211,458	\$ 157,147,795
Unrealized Appreciation	5,606,464	6,867,737	5,041,503	5,954,212	8,737,363
Unrealized Depreciation	(36,346,022)	(12,496,742)	(28,661,630)	(1,633,915)	(5,351,559)
Net Unrealized Appreciation	\$ (30,739,558)	\$ (5,629,005)	\$ (23,620,127)	\$ 4,320,297	\$ 3,385,804
Undistributed Ordinary Income	\$ 415,302	\$ —	\$ 47,104	\$ —	\$ —
Undistributed Long-Term Capital Gains (Capital Loss Carryforwards)	\$ (87,984,071)	\$ (20,067,603)	\$ (52,226,897)	\$ —	\$ —

Tax Composition of Distributions:

Ordinary Income	\$ 1,354,416	\$ —	\$ 2,455,250	\$ 6,374,179	\$ 7,496,406
Long-Term Capital Gains	\$ —	\$ —	\$ —	\$ 801,579	\$ 1,000,943
Tax Return of Capital	\$ —	\$ —	\$ —	\$ —	\$ —

Russell Insurance Funds

Notes to Financial Statements, continued—December 31, 2002

6. Fund Share Transactions

Share transactions for the year ended December 31, 2002 and December 31, 2001, were as follows:

	Shares		Dollars (000)	
	2002	2001	2002	2001
Multi-Style Equity				
Proceeds from shares sold	3,249,226	4,599,577	\$ 33,496	\$ 56,717
Proceeds from reinvestment of distributions	132,702	437,867	1,354	5,697
Payments for shares redeemed	(1,756,694)	(2,373,084)	(17,425)	(29,522)
Total net increase (decrease)	<u>1,625,234</u>	<u>2,664,360</u>	<u>\$ 17,425</u>	<u>\$ 32,892</u>
Aggressive Equity				
Proceeds from shares sold	1,859,186	1,940,748	\$ 19,608	\$ 21,313
Proceeds from reinvestment of distributions	—	10,601	—	114
Payments for shares redeemed	(1,070,851)	(1,276,500)	(10,867)	(13,891)
Total net increase (decrease)	<u>788,335</u>	<u>674,849</u>	<u>\$ 8,741</u>	<u>\$ 7,536</u>
Non-U.S.				
Proceeds from shares sold	10,286,424	5,742,086	\$ 80,040	\$ 54,173
Proceeds from reinvestment of distributions	341,481	109,957	2,455	938
Payments for shares redeemed	(9,377,382)	(4,618,879)	(73,602)	(43,984)
Total net increase (decrease)	<u>1,250,523</u>	<u>1,233,164</u>	<u>\$ 8,893</u>	<u>\$ 11,127</u>
Core Bond				
Proceeds from shares sold	3,385,111	3,251,892	\$ 34,958	\$ 33,231
Proceeds from reinvestment of distributions	699,012	645,318	7,176	6,523
Payments for shares redeemed	(1,481,599)	(1,831,680)	(15,260)	(18,687)
Total net increase (decrease)	<u>2,602,524</u>	<u>2,065,530</u>	<u>\$ 26,874</u>	<u>\$ 21,067</u>
Real Estate Securities				
Proceeds from shares sold	5,031,761	3,555,196	\$ 55,527	\$ 37,911
Proceeds from reinvestment of distributions	795,477	651,129	8,563	6,911
Payments for shares redeemed	(998,282)	(2,102,841)	(10,491)	(21,867)
Total net increase (decrease)	<u>4,828,956</u>	<u>2,103,484</u>	<u>\$ 53,599</u>	<u>\$ 22,955</u>

7. Beneficial Interest

As of December 31, 2002, the following table includes each shareholder with shares of beneficial interest greater than 10% of the total outstanding shares of each respective Fund. Northwestern Mutual Life Insurance Company was the largest client in each Fund.

	Client Relationship Percentages			
	30.0%	28.4%	18.0%	12.7%
Multi-Style Equity	30.0%	28.4%	18.0%	12.7%
Aggressive Equity	30.8	29.2	20.0	—
Non-U.S.	31.6	25.8	25.8	10.5
Core Bond	40.7	24.8	24.1	—
Real Estate Securities	43.4	28.9	18.1	—

Report of Independent Accountants

To the Board of Trustees and Shareholders
of Russell Insurance Funds:

In our opinion, the accompanying statements of assets and liabilities, including the statements of net assets, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of each of the series of Russell Insurance Funds (comprised of Multi-Style Equity, Aggressive Equity, Non-U.S., Core Bond, and Real Estate Securities (the "Funds")) at December 31, 2002, the results of each of their operations, the changes in each of their net assets and the financial highlights for the periods indicated therein, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Funds' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2002 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

A handwritten signature in cursive script, reading "PricewaterhouseCoopers" followed by a stylized monogram or initials.

Seattle, Washington
January 28, 2003

Russell Insurance Funds

Tax Information—December 31, 2002 (Unaudited)

Pursuant to Section 852 of the Internal Revenue Code, the Funds designate the following amounts as long-term capital gain dividends for their taxable year ended December 31, 2002:

	<u>Total Long-Term Capital Gains</u>
Core Bond	\$ 823,752
Real Estate Securities	870,847

The Non-U.S. Fund paid foreign taxes of \$326,319 and recognized \$3,204,875 of foreign source income during the taxable year ended December 31, 2002. Pursuant to Section 853 of the Internal Revenue Code, the Fund designates \$0.0171 per share of foreign taxes paid and \$0.1675 of gross income earned from foreign sources in the taxable year ended December 31, 2002.

Please consult a tax advisor for questions about federal or state income tax laws.

Russell Insurance Funds

Disclosure of Information about Fund Directors—December 31, 2002 (Unaudited)

The following tables provide information for each officer and trustee of the Russell Fund Complex. The Russell Fund Complex consists of Frank Russell Investment Company (“FRIC”), which has 31 funds, and Russell Insurance Funds (“RIF”), which has 5 funds. Each of the trustees is a trustee of both FRIC and RIF. The first table provides information for trustees who are interested trustees. The second table provides information for the independent trustees. The third table provides information for the officers.

Name, Age, Address	Position(s) Held with Fund and Length of Time Served	Term of Office	Principal Occupation(s) During the Past 5 Years	No. of Portfolios in Russell Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
INTERESTED TRUSTEES					
*George F. Russell, Jr., Born July 3, 1932 909 A Street Tacoma, Washington 98402-1616	Trustee Emeritus and Chairman Emeritus since 1999	Appointed until successor is duly elected and qualified	<ul style="list-style-type: none"> • Currently, Chairman Emeritus, FRC • Currently, Chairman Emeritus, FRIC and RIF • From 1984 to December 1998, Chairman of the Board of FRIC and RIF 	36	None
*Lynn L. Anderson, Born April 22, 1939 909 A Street Tacoma, Washington 98402-1616	Trustee since 1987 Chairman of the Board since 1999	Appointed until successor is duly elected and qualified Until successor is chosen and qualified by trustees	<ul style="list-style-type: none"> • Vice Chairman, FRC; • Chairman of the Board, Trustee, FRIC and RIF; • CEO and Chairman of the Board, Russell Fund Distributors, Inc. and FRIMCo; • Trustee, President and Chairman of the Board, SSgA Funds (investment company) Trustee and Chairman of the Board, Frank Russell Trust Company • Until October 2002, President and CEO, FRIC and RIF 	36	<ul style="list-style-type: none"> • Trustee, The SSgA Funds (investment company);
*Michael J.A. Phillips, Born January 20, 1948 909 A Street Tacoma, Washington 98402-1616	Trustee since January 2, 2002	Appointed until successor is duly elected and qualified	<ul style="list-style-type: none"> • Chairman of the Board, President and CEO, FRC • Trustee, FRIC and RIF 	36	None
INDEPENDENT TRUSTEES					
Paul E. Anderson, Born October 15, 1931 909 A Street Tacoma, Washington 98402-1616	Trustee since 1984	Appointed until successor is duly elected and qualified	<ul style="list-style-type: none"> • 1996 to present, President, Anderson Management Group LLC (private investments consulting) 	36	None
Paul Anton, Ph.D., Born December 1, 1919 909 A Street Tacoma, Washington 98402-1616	Trustee since 1985	Appointed until successor is duly elected and qualified	<ul style="list-style-type: none"> • Retired since 1997 • Until 1997, President, Paul Anton and Associates (Marketing Consultant on emerging international markets for small corporations) 	36	None

* Each of Messrs. Russell, Anderson and Phillips is also an officer of an affiliate of FRIC and RIF and is therefore an interested trustee.

Russell Insurance Funds

Disclosure of Information about Fund Directors, continued—December 31, 2002 (Unaudited)

Name, Age, Address	Position(s) Held with Fund and Length of Time Served	Term of Office	Principal Occupation(s) During the Past 5 Years	No. of Portfolios in Russell Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
INDEPENDENT TRUSTEES (continued)					
William E. Baxter, Born June 8, 1925 909 A Street Tacoma, Washington 98402-1616	Trustee since 1984	Appointed until successor is duly elected and qualified	<ul style="list-style-type: none"> Retired since 1986 	36	None
Kristianne Blake, Born January 22, 1954 909 A Street Tacoma, Washington 98402-1616	Trustee since 2000	Appointed until successor is duly elected and qualified	<ul style="list-style-type: none"> President, Kristianne Gates Blake, P.S. (accounting services) 	36	<ul style="list-style-type: none"> Trustee, WM Group of Funds (investment company); Director, Avista Corp.
Lee C. Gingrich, Born October 6, 1930 909 A Street Tacoma, Washington 98402-1616	Trustee since 1984	Appointed until successor is duly elected and qualified	<ul style="list-style-type: none"> Retired since 1995 	36	None
Eleanor W. Palmer, Born May 5, 1926 909 A Street Tacoma, Washington 98402-1616	Trustee since 1984	Appointed until successor is duly elected and qualified	<ul style="list-style-type: none"> Retired since 1981 	36	None
Raymond P. Tennison, Jr. Born December 21, 1955 909 A Street Tacoma, Washington 98402-1616	Trustee since 2000	Appointed until successor is duly elected and qualified	<ul style="list-style-type: none"> Currently, President, Simpson Investment Company and several additional subsidiary companies, including Simpson Timber Company, Simpson Paper Company and Simpson Tacoma Kraft Company 	36	None
Julie W. Weston Born October 2, 1943 909 A Street Tacoma, Washington 98402-1616	Trustee since 2002	Appointed until successor is duly elected and qualified	<ul style="list-style-type: none"> Retired since 2000 1997 to 2000, Arbitrator, The American Arbitration Association Commercial Panel 1995 to 1999, Hearing Officer, University of Washington 1987 to 1997, Consulting Attorney 	36	None

Russell Insurance Funds

Disclosure of Information about Fund Directors, continued—December 31, 2002 (Unaudited)

Name, Age, Address	Position(s) Held with Fund and Length of Time Served	Term of Office	Principal Occupation(s) During the Past 5 Years
OFFICERS			
<p>Leonard P. Brennan, Born October 11, 1959</p> <p>909 A Street Tacoma, Washington 98402-1616</p>	<p>President and Chief Executive Officer since 2002</p>	<p>Until successor is chosen and qualified by Trustees</p>	<ul style="list-style-type: none"> • President and COO, FRIC • President and CEO, RIF • Director, Russell Fund Distributors, Inc., Frank Russell Company, S.A., Frank Russell Investments (Singapore) Private Limited and Frank Russell Investments (UK) Limited • Director, President and CEO, FRIMCo • Director and COO, Frank Russell Company Limited and Russell Systems Limited • President, Russell Insurance Agency, Inc. 1995 to present, Managing Director of International Operations
<p>Mark E. Swanson, Born November 26, 1963</p> <p>909 A Street Tacoma, Washington 98402-1616</p>	<p>Treasurer and Chief Accounting Officer since 1998</p>	<p>Until successor is chosen and qualified by Trustees</p>	<ul style="list-style-type: none"> • Treasurer and Chief Accounting Officer, FRIC and RIF 1996 to present, • Director, Funds Administration, FRIMCo and Frank Russell Trust Company • Treasurer, SSgA Funds (investment company); • Manager, Funds Accounting and Taxes, Russell Fund Distributors, Inc. • April 1996 to August 1998, Assistant Treasurer, FRIC and RIF; November 1995 to July 1998, Assistant Secretary, SSgA Funds; February 1997 to July 1998, Manager, Funds Accounting and Taxes, FRIMCo
<p>Randall P. Lert, Born October 3, 1953</p> <p>909 A Street Tacoma, Washington 98402-1616</p>	<p>Director of Investments since 1991</p>	<p>Until removed by Trustees</p>	<ul style="list-style-type: none"> • Director of Investments, FRIC and RIF • Chief Investment Officer, Frank Russell Trust Company • Director, FRIMCo and Russell Fund Distributors, Inc.
<p>Karl J. Ege, Born October 8, 1941</p> <p>909 A Street Tacoma, Washington 98402-1616</p>	<p>Secretary and General Counsel since 1994</p>	<p>Until removed by Trustees</p>	<ul style="list-style-type: none"> • Secretary and General Counsel, FRIC, RIF, FRIMCo • Frank Russell Trust Company and Russell Fund Distributors, Inc. • Director, Secretary and General Counsel, Frank Russell Capital Inc. • Director and Secretary, Russell 20-20 Association
<p>Mark D. Amberson Born July 20, 1960</p> <p>909 A Street Tacoma, Washington 98402-1616</p>	<p>Director of Short-Term Investment Funds since 2001</p>	<p>Until removed by Trustees</p>	<ul style="list-style-type: none"> • Director of Short-Term Investment Funds, FRIC, RIF, FRIMCo and Frank Russell Trust Company • From 1991 to 2001, Portfolio Manager, FRIC, RIF, FRIMCo and Frank Russell Trust Company

Russell Insurance Funds

909 A Street, Tacoma, Washington 98402
(800) 832-6688
In Washington (253) 627-7001

Trustees

Lynn L. Anderson, Chairman
Paul E. Anderson
Paul Anton, PhD
William E. Baxter
Kristianne Blake
Lee C. Gingrich
Eleanor W. Palmer
Michael J.A. Phillips
Raymond P. Tennon, Jr.
Julie W. Weston

Trustees Emeritus

George F. Russell, Jr.

Officers

Lynn L. Anderson, Chairman of the Board
Leonard P. Brennan, President and Chief Executive Officer
Karl Ege, Secretary and General Counsel
Mark E. Swanson, Treasurer and Chief Accounting Officer
Mark Amberson, Director of Short Term Investment Funds
Randall P. Lert, Director of Investments
Sharon L. Hammel, Director of Portfolio Implementation
Gregory J. Lyons, Assistant Secretary and Associate General Counsel
Deedra S. Walkey, Assistant Secretary
Mary Beth Rhoden, Assistant Secretary
Greg S. Korte, Assistant Treasurer
David J. Craig, Assistant Treasurer
Stephen J. Meyer, Assistant Treasurer
Amy L. Osler, Assistant Secretary

Manager, Transfer and Dividend Paying Agent

Frank Russell Investment Management Company
909 A Street
Tacoma, WA 98402

Consultant

Frank Russell Company
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Tacoma, WA 98402

Custodian

State Street Bank and Trust Company
Allan Forbes Building
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Office of Shareholder Inquiries

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Legal Counsel

Stradley, Ronon, Stevens & Young, LLP
2600 One Commerce Square
Philadelphia, PA 19103-7098

Distributor

Russell Fund Distributors, Inc.
909 A Street
Tacoma, WA 98402

Independent Accountants

PricewaterhouseCoopers, LLP
1420 Fifth Avenue
Suite 1900
Seattle, WA 98101

Money Managers

Multi-Style Equity Fund

Alliance Capital Management L.P., through its Bernstein Investment Research and Management Unit, New York, NY
Barclays Global Fund Advisors, San Francisco, CA
Brandywine Asset Management, LLC, Wilmington, DE
Jacobs Levy Equity Management, Inc., Florham Park, NJ
Montag & Caldwell, Inc., Atlanta, GA
Strong Capital Management, Inc., Menomonee Falls, WI
Turner Investment Partners, Inc., Berwyn, PA
Westpeak Global Advisors, L.P., Boulder, CO

Aggressive Equity Fund

CapitalWorks Investment Partners, LLC, San Diego, CA
David J. Greene and Company, LLC, New York, NY
Geewax, Terker & Company, Chadds Ford, PA
Goldman Sachs Asset Management, a unit of the Investment Management Division of Goldman Sachs & Co., New York, NY
Jacobs Levy Equity Management, Inc., Florham Park, NJ
Suffolk Capital Management, LLC, New York, NY
Systematic Financial Management, L.P., Teaneck, NJ
TimesSquare Capital Management, Inc., New York, NY

Non-U.S. Fund

AQR Capital Management, LLC, New York, NY
Fidelity Management & Research Company, Boston, MA
Oechsle International Advisors, LLC, Boston, MA
The Boston Company Asset Management, LLC, Boston, MA

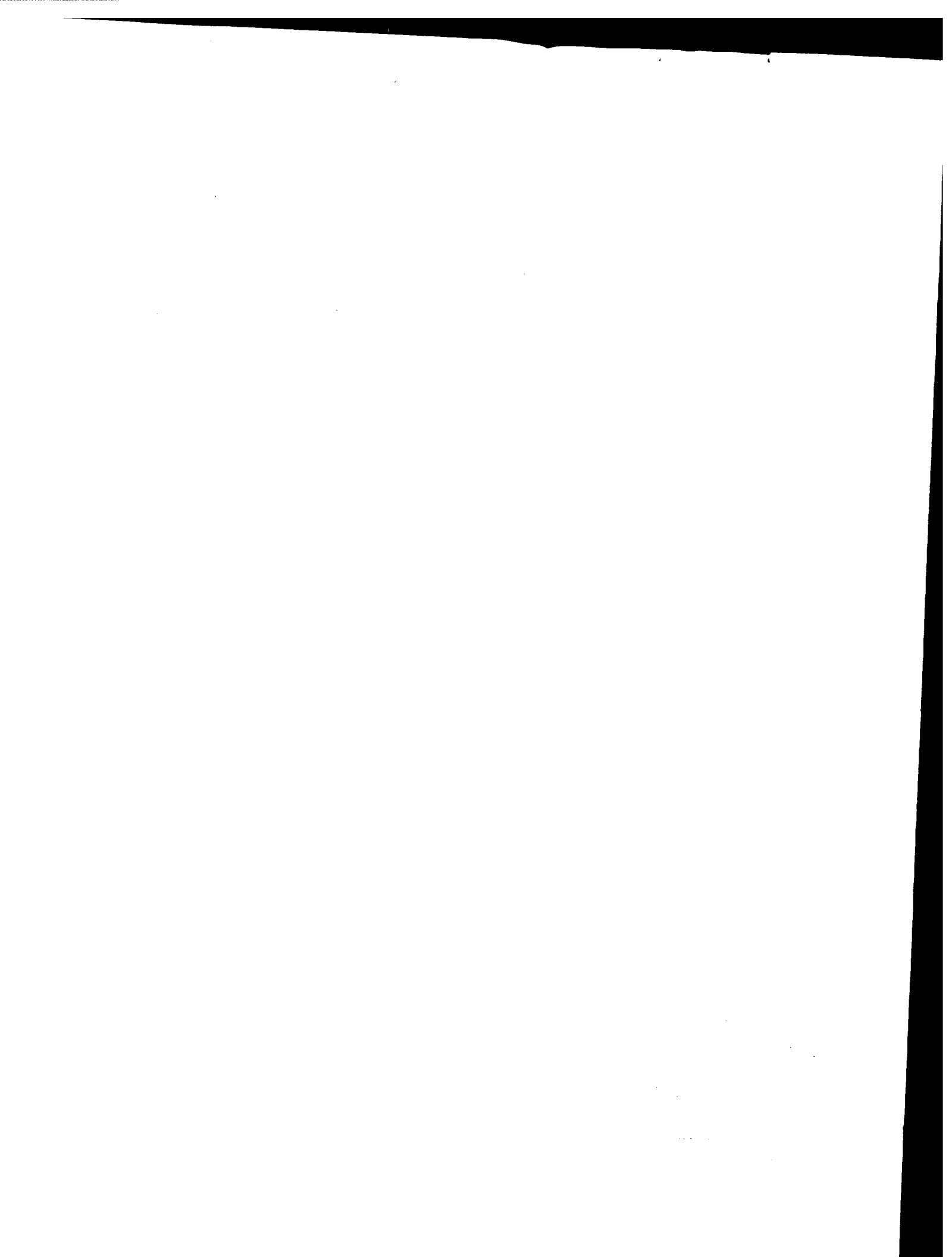
Core Bond Fund

Pacific Investment Management Company LLC,
Newport Beach, CA
TimesSquare Capital Management, Inc., New York, NY

Real Estate Securities Fund

AEW Management and Advisors, L.P., Boston, MA
RREEF America L.L.C., Chicago, IL
Security Capital Research & Management Incorporated,
Chicago, IL

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