

**Semiannual Report**  
June 30, 2009



American Century  
Investments®

## **American Century Variable Portfolios**

### **VP Income & Growth Fund**

# Table of Contents

Market Perspective .....	2
U.S. Stock Index Returns .....	2
<b>VP Income &amp; Growth</b>	
Performance .....	3
Portfolio Commentary .....	5
Top Ten Holdings .....	7
Five Largest Overweights .....	7
Five Largest Underweights .....	7
Shareholder Fee Example .....	8
<b>Financial Statements</b>	
Schedule of Investments .....	10
Statement of Assets and Liabilities .....	15
Statement of Operations .....	16
Statement of Changes in Net Assets .....	17
Notes to Financial Statements .....	18
Financial Highlights .....	23
<b>Other Information</b>	
Approval of Management Agreement .....	26
Additional Information .....	31
Index Definitions .....	32

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# Market Perspective



By Enrique Chang, Chief Investment Officer, American Century Investments

## Stocks Bounced Back from Rough 2008

The U.S. stock market endured significant volatility during the first half of 2009, but finished the period with positive returns (see the table below). The market's advance was driven by a dramatic shift in market sentiment as extreme pessimism regarding the economy and financial sector gave way to renewed optimism.

Stocks began the year on a downward trajectory as economic conditions continued to deteriorate. The U.S. economy shed 3.4 million jobs during the six-month period, boosting the unemployment rate to a 26-year high of 9.5%. Retail sales fell as consumers moved to reduce debt and increase savings, while the housing market remained weak as rising foreclosures weighed on home prices. In addition, the financial sector faced growing losses and distressed balance sheets amid a lack of liquidity in the credit markets.

The stock market hit a multi-year low on March 9 and then staged a powerful rally that lasted through the end of the period. Signs of economic stabilization generated optimism about a possible recovery, and investors also grew more confident about the federal government's actions to stimulate economic activity and restore liquidity in the credit markets. From March 9 to June 30, the broad equity indices surged by more than 35%.

For the six-month period, mid-cap stocks generated the best results, while small-cap issues lagged. Growth shares outpaced value by a substantial margin across all market capitalizations.

## The Fundamental Truth

The market's recent rally, while encouraging, was led by low-quality stocks—those with weak balance sheets, declining earnings, and poor cash flow. These stocks were the most beaten down during the market decline in late 2008 and early 2009, so they had the most to gain when market sentiment shifted abruptly.

However, a truly sustainable long-term rally must be based on improving fundamentals rather than changing perceptions, and the economic outlook remains uncertain. We will need to see substantial improvements in economic and company fundamentals in order to sustain recent gains and expand the breadth of the rally.

## U.S. Stock Index Returns

For the six months ended June 30, 2009\*

<b>Russell 1000 Index (Large-Cap)</b>	<b>4.32%</b>	<b>Russell 2000 Index (Small-Cap)</b>	<b>2.64%</b>
Russell 1000 Growth Index	11.53%	Russell 2000 Growth Index	11.36%
Russell 1000 Value Index	-2.87%	Russell 2000 Value Index	-5.17%
<b>Russell Midcap Index</b>	<b>9.96%</b>		
Russell Midcap Growth Index	16.61%		
Russell Midcap Value Index	3.19%		

\*Total returns for periods less than one year are not annualized.

# Performance

## VP Income & Growth

### Total Returns as of June 30, 2009

	Average Annual Returns					Inception Date
	6 months <sup>(1)</sup>	1 year	5 years	10 years	Since Inception	
<b>Class I</b>	-1.09%	-26.54%	-3.11%	-1.94%	1.82%	10/30/97
<b>S&amp;P 500 Index<sup>(2)</sup></b>	3.16%	-26.21%	-2.24%	-2.22%	1.88%	—
<b>Class II</b>	-1.24%	-26.80%	-3.37%	—	-0.81%	5/1/02
<b>Class III</b>	-1.09%	-26.54%	-3.11%	—	0.85%	6/26/02

(1) Total returns for periods less than one year are not annualized.

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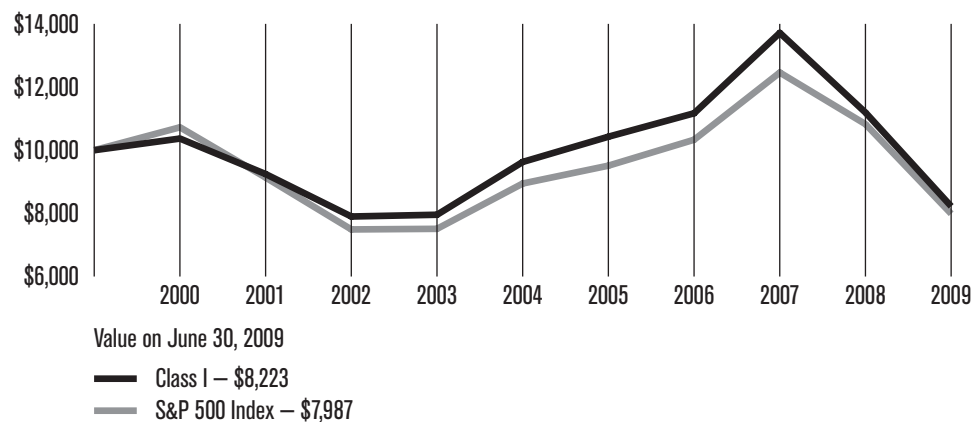
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Unless otherwise indicated, performance reflects Class I shares; performance for other share classes will vary due to differences in fee structure. For information about other share classes available, please consult the prospectus. Data assumes reinvestment of dividends and capital gains, and none of the charts reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. Returns for the index are provided for comparison. The fund's total returns include operating expenses (such as transaction costs and management fees) that reduce returns, while the total returns of the index do not.

## VP Income & Growth

### Growth of \$10,000 Over 10 Years

\$10,000 investment made June 30, 1999



### One-Year Returns Over 10 Years

Periods ended June 30

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Class I	3.68%	-10.84%	-14.54%	0.71%	21.02%	8.29%	7.12%	22.79%	-18.39%	-26.54%
S&P 500 Index	7.25%	-14.83%	-17.99%	0.25%	19.11%	6.32%	8.63%	20.59%	-13.12%	-26.21%

### Total Annual Fund Operating Expenses

Class I	Class II	Class III
0.70%	0.95%	0.70%

The total annual fund operating expenses shown is as stated in the fund's prospectus current as of the date of this report. The prospectus may vary from the expense ratio shown elsewhere in this report because it is based on a different time period, includes acquired fund fees and expenses, and, if applicable, does not include fee waivers or expense reimbursements.

Data presented reflect past performance. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate, and redemption value may be more or less than original cost. To obtain performance data current to the most recent month end, please call 1-800-345-6488.

Unless otherwise indicated, performance reflects Class I shares; performance for other share classes will vary due to differences in fee structure. For information about other share classes available, please consult the prospectus. Data assumes reinvestment of dividends and capital gains, and none of the charts reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. Returns for the index are provided for comparison. The fund's total returns include operating expenses (such as transaction costs and management fees) that reduce returns, while the total returns of the index do not.

# Portfolio Commentary

## VP Income & Growth

**Portfolio Managers: John Schniedwind, Kurt Borgwardt, Zili Zhang, and Lynette Pang**

### Performance Summary

VP Income & Growth returned -1.09%\* in the first half of 2009, trailing the 3.16% return of its benchmark, the S&P 500 Index.

Several of the factors contributing to VP Income & Growth's outperformance of the S&P 500 in 2008 worked against the portfolio in the first six months of 2009. The fund's tilt toward value hurt results as value stocks underperformed growth by a wide margin during the period. In addition, individual stock selection—which we emphasize over sector allocation to add value—detracted from relative results in eight of ten market sectors.

### Energy Stocks Underperformed

Stock selection in the energy sector had the biggest negative impact on performance versus the S&P 500 during the six-month period. Industry positioning hurt the most in this sector—the portfolio was overweight energy producers, which declined as a group during the period, and underweight energy services and equipment providers, which performed well.

Individual stock selection also weighed on performance in the energy sector, particularly among oil refiners. The combination of higher oil prices (the price of oil increased by 56% for the six months) and declining demand for gasoline squeezed refining profit margins. Large energy producers Exxon Mobil and ConocoPhillips, both of which have sizable refining operations, were among the weakest contributors, along with oil refiner Valero Energy.

### Health Care and Financials Also Detracted

The portfolio's health care and financials holdings underperformed their counterparts in the S&P 500. The lion's share of the underperformance in the health care sector resulted from stock selection among pharmaceutical firms and health services providers. The biggest detractors included overweight positions in pharmaceutical giant Pfizer, which tumbled after the company agreed to buy competitor Wyeth (a portfolio underweight), and drug maker Eli Lilly, which slumped as it faced the loss of patent protection on two of its top-selling medications.

In the financials sector, an overweight position in insurance companies and an underweight position in capital markets firms contributed the bulk of the underperformance. The most significant detractors were missed opportunities in financial services companies such as Goldman Sachs and Bank of America, which were two relatively small positions in the portfolio. Both stocks enjoyed a strong rebound in the last half of the period as concerns about a collapse in the financials sector eased.

Life insurer Principal Financial Group was another notable detractor in the financials sector. A potential need to raise capital to shore up the company's balance sheet led to a sharp decline in the stock.

\*All fund returns referenced in this commentary are for Class I shares. Total returns for periods less than one year are not annualized.

## VP Income & Growth

### **A Mixed Bag in Technology**

The information technology holdings in the portfolio hurt overall results versus the benchmark. Printer maker Lexmark International was the most significant detractor in this sector, falling as a continued decline in business spending on technology weighed on the company's sales.

However, several of the portfolio's top performance contributors were technology stocks, led by disk drive maker Western Digital, which benefited from resilient demand for PCs. Another strong performer was contract electronics manufacturer Celestica, which reported better-than-expected earnings thanks to robust sales of smartphones.

### **Utilities and Materials Added Value**

The only two sectors that contributed positively to performance compared with the index were utilities and materials. Virtually all of the outperformance in the utilities sector resulted from stock choices among electric utilities. Florida-based electric utility FPL Group was the best contributor, advancing as the company reported solid earnings thanks to strong growth in its wind and solar power subsidiary.

In the materials sector, stock selection among chemicals companies and an overweight position in metals and mining stocks generated much of the outperformance. The top performance contributor was fertilizer producer Terra Industries, which rallied after a rival launched a takeover bid for the company. Copper producer Southern Copper rallied on expectations of growing demand, particularly in China.

### **A Look Ahead**

In the wake of the recent market rally, the question now is whether the economy is recuperating enough to support a broader advance. The key indicators will be stabilizing home prices, a rebound in consumer spending, and a peak in the unemployment rate. Historically, a stock market rally during a recession signals an end to the recession within four or five months, suggesting that we may see a recovery before the end of the year. However, unlike the rapid recoveries that grew out of some past recessions, we expect to see a slow, gradual expansion.

We are placing additional emphasis on our valuation factors—valuations remain attractive, and a valuation-based investment strategy has historically outperformed when the economy emerges from recession. In addition, we are emphasizing quality, seeking companies with strong balance sheets and healthy cash flow. We believe this positioning will help the fund capitalize on an eventual but uneven economic recovery.

## VP Income & Growth

### Top Ten Holdings as of June 30, 2009

	% of net assets as of 6/30/09	% of net assets as of 12/31/08
Exxon Mobil Corp.	5.3%	6.4%
Johnson & Johnson	2.9%	2.9%
International Business Machines Corp.	2.7%	2.0%
Chevron Corp.	2.6%	3.0%
Microsoft Corp.	2.4%	1.8%
AT&T, Inc.	2.1%	2.1%
Pfizer, Inc.	1.9%	2.8%
Verizon Communications, Inc.	1.9%	2.5%
Amgen, Inc.	1.7%	2.0%
ConocoPhillips	1.7%	2.0%

### Five Largest Overweights as of June 30, 2009

	% of net assets	% of S&P 500 Index
Computer Sciences Corp.	1.16%	0.08%
Exxon Mobil Corp.	5.30%	4.24%
Amgen, Inc.	1.72%	0.67%
International Business Machines Corp.	2.72%	1.72%
Accenture Ltd., Class A	1.00%	—

### Five Largest Underweights as of June 30, 2009

	% of net assets	% of S&P 500 Index
PepsiCo, Inc.	0.07%	1.06%
Abbott Laboratories	—	0.90%
Coca-Cola Co. (The)	0.29%	1.19%
Philip Morris International, Inc.	0.24%	1.06%
Schlumberger Ltd.	—	0.80%

## Shareholder Fee Example (Unaudited)

Fund shareholders may incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments and redemption/exchange fees; and (2) ongoing costs, including management fees; distribution and service (12b-1) fees; and other fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in your fund and to compare these costs with the ongoing cost of investing in other mutual funds.

The example is based on an investment of \$1,000 made at the beginning of the period and held for the entire period from January 1, 2009 to June 30, 2009.

### Actual Expenses

The table provides information about actual account values and actual expenses for each class. You may use the information, together with the amount you invested, to estimate the expenses that you paid over the period. First, identify the share class you own. Then simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number under the heading "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

### Hypothetical Example for Comparison Purposes

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

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads) or redemption/exchange fees. Therefore, the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	<b>Beginning Account Value 1/1/09</b>	<b>Ending Account Value 6/30/09</b>	<b>Expenses Paid During Period* 1/1/09 – 6/30/09</b>	<b>Annualized Expense Ratio*</b>
<b>Actual</b>				
Class I	\$1,000	\$989.10	\$3.45	0.70%
Class II	\$1,000	\$987.60	\$4.68	0.95%
Class III	\$1,000	\$989.10	\$3.45	0.70%
<b>Hypothetical</b>				
Class I	\$1,000	\$1,021.32	\$3.51	0.70%
Class II	\$1,000	\$1,020.08	\$4.76	0.95%
Class III	\$1,000	\$1,021.32	\$3.51	0.70%

\*Expenses are equal to the class's annualized expense ratio listed in the table above, multiplied by the average account value over the period, multiplied by 181, the number of days in the most recent fiscal half-year, divided by 365, to reflect the one-half year period.

# Schedule of Investments

## VP Income & Growth

JUNE 30, 2009 (UNAUDITED)

	Shares	Value
<b>Common Stocks — 99.5%</b>		
<b>AEROSPACE &amp; DEFENSE — 2.6%</b>		
General Dynamics Corp.	19,569	\$ 1,083,927
Honeywell International, Inc.	12,340	387,476
Lockheed Martin Corp.	18,648	1,503,961
Northrop Grumman Corp.	57,639	2,632,950
Raytheon Co.	11,551	513,211
		6,121,525
<b>AIR FREIGHT &amp; LOGISTICS — 0.5%</b>		
Expeditors International of Washington, Inc.	2,788	92,952
FedEx Corp.	5,250	292,005
United Parcel Service, Inc., Class B	8,901	444,961
UTi Worldwide, Inc. <sup>(1)</sup>	25,503	290,734
		1,120,652
<b>AUTO COMPONENTS — 0.4%</b>		
Magna International, Inc., Class A	14,453	610,495
WABCO Holdings, Inc.	20,801	368,177
		978,672
<b>BEVERAGES — 0.7%</b>		
Coca-Cola Co. (The)	14,383	690,240
Coca-Cola Enterprises, Inc.	19,314	321,578
Molson Coors Brewing Co., Class B	5,127	217,026
Pepsi Bottling Group, Inc.	9,758	330,211
PepsiCo, Inc.	2,997	164,715
		1,723,770
<b>BIOTECHNOLOGY — 1.7%</b>		
Amgen, Inc. <sup>(1)</sup>	76,995	4,076,115
<b>CAPITAL MARKETS — 1.9%</b>		
Bank of New York Mellon Corp. (The)	53,123	1,557,035
BlackRock, Inc.	2,119	371,715
Federated Investors, Inc., Class B	1,619	39,002
Goldman Sachs Group, Inc. (The)	5,820	858,101
Janus Capital Group, Inc.	16,988	193,663
Morgan Stanley	52,100	1,485,371
		4,504,887
<b>CHEMICALS — 1.7%</b>		
CF Industries Holdings, Inc.	5,531	410,068
Dow Chemical Co. (The)	66,414	1,071,922
E.I. du Pont de Nemours & Co.	61,924	1,586,493

	Shares	Value
Minerals Technologies, Inc.	3,714	\$ 133,778
OM Group, Inc. <sup>(1)</sup>	11,343	329,174
Terra Industries, Inc.	23,638	572,513
		4,103,948
<b>COMMERCIAL BANKS — 2.5%</b>		
Bank of Montreal	4,743	199,918
Canadian Imperial Bank of Commerce	12,706	636,190
Cullen/Frost Bankers, Inc. International Bancshares Corp.	9,998	103,079
Royal Bank of Canada	18,963	774,639
U.S. Bancorp.	79,383	1,422,543
Wells Fargo & Co.	107,486	2,607,610
		5,857,434
<b>COMMERCIAL SERVICES &amp; SUPPLIES — 0.5%</b>		
Herman Miller, Inc.	21,586	331,129
R.R. Donnelley & Sons Co.	69,972	813,075
		1,144,204
<b>COMMUNICATIONS EQUIPMENT — 1.9%</b>		
Cisco Systems, Inc. <sup>(1)</sup>	148,046	2,759,577
Motorola, Inc.	176,476	1,170,036
Plantronics, Inc.	4,104	77,607
QUALCOMM, Inc.	12,515	565,678
		4,572,898
<b>COMPUTERS &amp; PERIPHERALS — 3.8%</b>		
Apple, Inc. <sup>(1)</sup>	17,029	2,425,440
Diebold, Inc.	6,765	178,325
EMC Corp. <sup>(1)</sup>	35,793	468,888
Hewlett-Packard Co.	84,300	3,258,195
Lexmark International, Inc., Class A <sup>(1)</sup>	51,569	817,369
Western Digital Corp. <sup>(1)</sup>	72,557	1,922,761
		9,070,978
<b>CONSTRUCTION &amp; ENGINEERING — 1.6%</b>		
EMCOR Group, Inc. <sup>(1)</sup>	68,414	1,376,490
Fluor Corp.	39,086	2,004,721
Foster Wheeler AG <sup>(1)</sup>	7,047	167,366
Tutor Perini Corp. <sup>(1)</sup>	10,274	178,356
		3,726,933
<b>CONSUMER FINANCE — 0.1%</b>		
Capital One Financial Corp.	6,242	136,575
<b>DIVERSIFIED CONSUMER SERVICES — 0.1%</b>		
Apollo Group, Inc., Class A <sup>(1)</sup>	2,795	198,780

## VP Income & Growth

	Shares	Value
<b>DIVERSIFIED FINANCIAL SERVICES – 3.7%</b>		
Bank of America Corp.	185,669	\$ 2,450,831
Citigroup, Inc.	116,257	345,284
CME Group, Inc.	5,056	1,572,972
JPMorgan Chase & Co.	115,329	3,933,872
NYSE Euronext	22,601	615,877
		8,918,836
<b>DIVERSIFIED TELECOMMUNICATION SERVICES – 4.4%</b>		
AT&T, Inc.	199,921	4,966,038
Embarq Corp.	4,589	193,013
Qwest Communications International, Inc.	219,000	908,850
Verizon Communications, Inc.	143,911	4,422,385
		10,490,286
<b>ELECTRIC UTILITIES – 2.8%</b>		
Duke Energy Corp.	4,449	64,911
Edison International	76,918	2,419,840
Entergy Corp.	4,184	324,344
Exelon Corp.	10,579	541,751
FPL Group, Inc.	49,275	2,801,776
Progress Energy, Inc.	11,775	445,448
		6,598,070
<b>ELECTRICAL EQUIPMENT – 0.9%</b>		
Acuity Brands, Inc.	11,436	320,780
Brady Corp., Class A	15,672	393,680
Emerson Electric Co.	27,988	906,811
GraffTech International Ltd. <sup>(1)</sup>	35,529	401,833
Rockwell Automation, Inc.	5,481	176,050
		2,199,154
<b>ELECTRONIC EQUIPMENT, INSTRUMENTS &amp; COMPONENTS – 0.6%</b>		
Avnet, Inc. <sup>(1)</sup>	8,436	177,409
Celestica, Inc. <sup>(1)</sup>	170,698	1,164,160
		1,341,569
<b>ENERGY EQUIPMENT &amp; SERVICES – 0.6%</b>		
BJ Services Co.	37,625	512,829
ENSCO International, Inc.	5,164	180,069
National Oilwell Varco, Inc. <sup>(1)</sup>	5,803	189,526
Patterson-UTI Energy, Inc.	34,741	446,769
		1,329,193
<b>FOOD &amp; STAPLES RETAILING – 2.1%</b>		
Kroger Co. (The)	41,549	916,155
Safeway, Inc.	27,608	562,375
SUPERVALU, INC.	88,688	1,148,510
Wal-Mart Stores, Inc.	48,990	2,373,076
		5,000,116

	Shares	Value
<b>FOOD PRODUCTS – 2.6%</b>		
Archer-Daniels-Midland Co.	68,748	\$ 1,840,384
Bunge Ltd.	35,550	2,141,887
ConAgra Foods, Inc.	2,659	50,680
General Mills, Inc.	20,469	1,146,673
H.J. Heinz Co.	2,534	90,464
Kellogg Co.	5,224	243,282
Kraft Foods, Inc., Class A	28,779	729,260
Tyson Foods, Inc., Class A	811	10,227
		6,252,857
<b>GAS UTILITIES – 0.2%</b>		
New Jersey Resources Corp.	7,321	271,170
UGI Corp.	8,142	207,539
		478,709
<b>HEALTH CARE EQUIPMENT &amp; SUPPLIES – 2.0%</b>		
Baxter International, Inc.	31,543	1,670,517
Becton, Dickinson & Co.	30,811	2,197,132
Boston Scientific Corp. <sup>(1)</sup>	52,490	532,249
Hill-Rom Holdings, Inc.	23,392	379,418
		4,779,316
<b>HEALTH CARE PROVIDERS &amp; SERVICES – 1.1%</b>		
AMERIGROUP Corp. <sup>(1)</sup>	22,516	604,555
Humana, Inc. <sup>(1)</sup>	18,674	602,423
Magellan Health Services, Inc. <sup>(1)</sup>	5,621	184,481
McKesson Corp.	12,679	557,876
WellCare Health Plans, Inc. <sup>(1)</sup>	19,495	360,462
WellPoint, Inc. <sup>(1)</sup>	6,429	327,172
		2,636,969
<b>HOTELS, RESTAURANTS &amp; LEISURE – 1.5%</b>		
McDonald's Corp.	63,100	3,627,619
<b>HOUSEHOLD DURABLES – 0.7%</b>		
Blyth, Inc.	2,985	97,878
Harman International Industries, Inc.	18,993	357,069
NVR, Inc. <sup>(1)</sup>	2,636	1,324,300
		1,779,247
<b>HOUSEHOLD PRODUCTS – 3.1%</b>		
Clorox Co.	11,073	618,206
Kimberly-Clark Corp.	51,356	2,692,595
Procter & Gamble Co. (The)	77,220	3,945,942
		7,256,743
<b>INDEPENDENT POWER PRODUCERS &amp; ENERGY TRADERS – 0.1%</b>		
NRG Energy, Inc. <sup>(1)</sup>	10,013	259,937

## VP Income & Growth

	Shares	Value
<b>INDUSTRIAL CONGLOMERATES – 1.8%</b>		
3M Co.	9,137	\$ 549,134
Carlisle Cos., Inc.	14,985	360,239
General Electric Co.	284,271	3,331,656
		4,241,029
<b>INSURANCE – 3.7%</b>		
ACE Ltd.	47,953	2,120,961
American Financial Group, Inc.	35,914	775,024
Aspen Insurance Holdings Ltd.	76,044	1,698,823
Axis Capital Holdings Ltd.	19,010	497,682
Endurance Specialty Holdings Ltd.	11,467	335,983
MetLife, Inc.	36,235	1,087,412
Principal Financial Group, Inc.	43,759	824,420
Prudential Financial, Inc.	27,304	1,016,255
StanCorp Financial Group, Inc.	1,733	49,702
Travelers Cos., Inc. (The)	7,892	323,888
		8,730,150
<b>INTERNET &amp; CATALOG RETAIL – 0.1%</b>		
Netflix, Inc. <sup>(1)</sup>	6,531	269,992
<b>INTERNET SOFTWARE &amp; SERVICES – 1.0%</b>		
Google, Inc., Class A <sup>(1)</sup>	4,535	1,911,911
Yahoo!, Inc. <sup>(1)</sup>	28,297	443,131
		2,355,042
<b>IT SERVICES – 5.1%</b>		
Accenture Ltd., Class A	70,715	2,366,124
Broadridge Financial Solutions, Inc.	33,496	555,363
Computer Sciences Corp. <sup>(1)</sup>	62,089	2,750,543
International Business Machines Corp.	61,898	6,463,389
		12,135,419
<b>LEISURE EQUIPMENT &amp; PRODUCTS – 0.9%</b>		
Hasbro, Inc.	84,581	2,050,243
<b>LIFE SCIENCES TOOLS &amp; SERVICES – 0.1%</b>		
PerkinElmer, Inc.	9,503	165,352
Varian, Inc. <sup>(1)</sup>	4,556	179,643
		344,995
<b>MACHINERY – 1.3%</b>		
Cummins, Inc.	9,470	333,439
Dover Corp.	25,420	841,148
Flowserve Corp.	2,891	201,821
Lincoln Electric Holdings, Inc.	4,172	150,359

	Shares	Value
Mueller Industries, Inc.	14,947	\$ 310,897
Navistar International Corp. <sup>(1)</sup>	6,740	293,864
Parker-Hannifin Corp.	15,587	669,617
Timken Co.	11,148	190,408
		2,991,553
<b>MEDIA – 3.0%</b>		
CBS Corp., Class B	141,915	982,052
Comcast Corp., Class A	102,739	1,488,688
Gannett Co., Inc.	41,207	147,109
Harte-Hanks, Inc.	17,736	164,058
Time Warner, Inc.	89,399	2,251,961
Walt Disney Co. (The)	91,216	2,128,069
		7,161,937
<b>METALS &amp; MINING – 0.5%</b>		
Allegheny Technologies, Inc.	9,562	334,001
Cliffs Natural Resources, Inc.	9,113	222,995
Newmont Mining Corp.	4,800	196,176
Reliance Steel & Aluminum Co.	9,067	348,082
Worthington Industries, Inc.	10,535	134,743
		1,235,997
<b>MULTILINE RETAIL – 0.7%</b>		
Dollar Tree, Inc. <sup>(1)</sup>	3,433	144,529
Family Dollar Stores, Inc.	35,746	1,011,612
Macy's, Inc.	40,580	477,221
		1,633,362
<b>MULTI-UTILITIES – 0.8%</b>		
CenterPoint Energy, Inc.	12,376	137,126
DTE Energy Co.	25,777	824,864
PG&E Corp.	6,748	259,393
Public Service Enterprise Group, Inc.	18,343	598,532
		1,819,915
<b>OFFICE ELECTRONICS – 0.1%</b>		
Xerox Corp.	38,989	252,649
<b>OIL, GAS &amp; CONSUMABLE FUELS – 13.3%</b>		
Alpha Natural Resources, Inc. <sup>(1)</sup>	37,930	996,421
Apache Corp.	9,446	681,529
Chevron Corp.	93,409	6,188,346
ConocoPhillips	96,537	4,060,346
Exxon Mobil Corp.	180,113	12,591,700
Hess Corp.	9,666	519,548
Murphy Oil Corp.	10,102	548,741
Occidental Petroleum Corp.	59,488	3,914,905
Peabody Energy Corp.	5,120	154,419

## VP Income & Growth

	Shares	Value
Sunoco, Inc.	6,855	\$ 159,036
Valero Energy Corp.	84,132	1,420,989
W&T Offshore, Inc.	45,427	442,459
World Fuel Services Corp.	534	22,017
		31,700,456
<b>PERSONAL PRODUCTS – 0.2%</b>		
Herbalife Ltd.	14,372	453,293
<b>PHARMACEUTICALS – 7.5%</b>		
Bristol-Myers Squibb Co.	107,727	2,187,935
Eli Lilly & Co.	95,840	3,319,898
Johnson & Johnson	121,355	6,892,964
King Pharmaceuticals, Inc. <sup>(1)</sup>	11,845	114,067
Pfizer, Inc.	304,704	4,570,560
Sepracor, Inc. <sup>(1)</sup>	32,967	570,989
Wyeth	2,647	120,147
		17,776,560
<b>PROFESSIONAL SERVICES – 0.1%</b>		
Manpower, Inc.	3,190	135,065
<b>REAL ESTATE INVESTMENT TRUSTS (REITs) – 0.8%</b>		
Equity Residential	4,218	93,766
Hospitality Properties Trust	30,027	357,021
HRPT Properties Trust	26,061	105,808
Public Storage	2,174	142,354
Simon Property Group, Inc.	19,484	1,002,062
Vornado Realty Trust	2,103	94,698
		1,795,709
<b>ROAD &amp; RAIL – 0.8%</b>		
CSX Corp.	21,762	753,618
Norfolk Southern Corp.	19,281	726,315
Union Pacific Corp.	10,012	521,225
		2,001,158
<b>SEMICONDUCTORS &amp; SEMICONDUCTOR EQUIPMENT – 3.0%</b>		
Amkor Technology, Inc. <sup>(1)</sup>	178,935	846,362
Analog Devices, Inc.	4,750	117,705
Broadcom Corp., Class A <sup>(1)</sup>	19,850	492,081
Intel Corp.	184,431	3,052,333
Linear Technology Corp.	4,131	96,459
LSI Corp. <sup>(1)</sup>	266,571	1,215,564
Maxim Integrated Products, Inc.	15,860	248,843
NVIDIA Corp. <sup>(1)</sup>	20,033	226,173
Xilinx, Inc.	41,532	849,745
		7,145,265

	Shares	Value
<b>SOFTWARE – 3.5%</b>		
Autodesk, Inc. <sup>(1)</sup>	11,327	\$ 214,987
Microsoft Corp.	241,590	5,742,594
Oracle Corp.	72,845	1,560,340
Parametric Technology Corp. <sup>(1)</sup>	16,300	190,547
Sybase, Inc. <sup>(1)</sup>	7,094	222,326
Symantec Corp. <sup>(1)</sup>	14,397	224,017
Take-Two Interactive Software, Inc. <sup>(1)</sup>	19,861	188,084
		8,342,895
<b>SPECIALTY RETAIL – 2.3%</b>		
AutoNation, Inc. <sup>(1)</sup>	25,525	442,859
Barnes & Noble, Inc.	24,689	509,334
Gap, Inc. (The)	133,733	2,193,221
Home Depot, Inc. (The)	10,330	244,098
RadioShack Corp.	74,059	1,033,864
Rent-A-Center, Inc., Class A <sup>(1)</sup>	45,724	815,259
Tractor Supply Co. <sup>(1)</sup>	4,235	174,990
		5,413,625
<b>TEXTILES, APPAREL &amp; LUXURY GOODS – 0.5%</b>		
Columbia Sportswear Co.	6,584	203,577
Jones Apparel Group, Inc.	30,433	326,546
Polo Ralph Lauren Corp.	9,037	483,841
Timberland Co. (The), Class A <sup>(1)</sup>	8,594	114,043
VF Corp.	2,488	137,711
		1,265,718
<b>THRIFTS &amp; MORTGAGE FINANCE – 0.1%</b>		
New York Community Bancorp., Inc.	20,753	221,850
<b>TOBACCO – 1.9%</b>		
Altria Group, Inc.	96,580	1,582,946
Lorillard, Inc.	15,179	1,028,681
Philip Morris International, Inc.	12,881	561,869
Reynolds American, Inc.	33,028	1,275,542
		4,449,038
<b>TOTAL COMMON STOCKS</b>		
(Cost \$251,224,725)		<b>236,208,907</b>

## VP Income & Growth

	Principal Amount/ Shares	Value
<b>Temporary Cash Investments – 0.5%</b>		
FHLB Discount Notes, 0.01%, 7/1/09 <sup>(2)</sup>	\$1,200,000	\$ 1,200,000
JPMorgan U.S. Treasury Plus Money Market Fund Agency Shares	94,902	94,902
<b>TOTAL TEMPORARY CASH INVESTMENTS</b> (Cost \$1,294,902)		<b>1,294,902</b>
<b>TOTAL INVESTMENT SECURITIES – 100.0%</b> (Cost \$252,519,627)		<b>237,503,809</b>
<b>OTHER ASSETS AND LIABILITIES<sup>(3)</sup></b>		<b>(40,185)</b>
<b>TOTAL NET ASSETS – 100.0%</b>		<b>\$237,463,624</b>

### Notes to Schedule of Investments

FHLB = Federal Home Loan Bank

- (1) Non-income producing.
- (2) The rate indicated is the yield to maturity at purchase.
- (3) Category is less than 0.05% of total net assets.

See Notes to Financial Statements.

# Statement of Assets and Liabilities

**JUNE 30, 2009 (UNAUDITED)**

## Assets

Investment securities, at value (cost of \$252,519,627)	\$237,503,809
Receivable for investments sold	143,517
Receivable for capital shares sold	34,841
Dividends and interest receivable	295,744
	<u>237,977,911</u>

## Liabilities

Payable for capital shares redeemed	373,130
Accrued management fees	138,489
Distribution fees payable	2,668
	<u>514,287</u>

## Net Assets

\$237,463,624

## Net Assets Consist of:

Capital (par value and paid-in surplus)	\$342,393,116
Accumulated net investment loss	(61,985)
Accumulated net realized loss on investment transactions	(89,851,689)
Net unrealized depreciation on investments	(15,015,818)
	<u>\$237,463,624</u>

## Class I, \$0.01 Par Value

Net assets	\$221,952,821
Shares outstanding	48,934,905
Net asset value per share	\$4.54

## Class II, \$0.01 Par Value

Net assets	\$12,811,889
Shares outstanding	2,823,399
Net asset value per share	\$4.54

## Class III, \$0.01 Par Value

Net assets	\$2,698,914
Shares outstanding	595,010
Net asset value per share	\$4.54

See Notes to Financial Statements.

# Statement of Operations

FOR THE SIX MONTHS ENDED JUNE 30, 2009 (UNAUDITED)

## Investment Income (Loss)

### Income:

Dividends (net of foreign taxes withheld of \$5,010)	\$ 3,398,564
Interest	349
	<u>3,398,913</u>

### Expenses:

Management fees	798,663
Distribution fees	15,362
Directors' fees and expenses	4,667
Other expenses	199
	<u>818,891</u>

**Net investment income (loss)** 2,580,022

## Realized and Unrealized Gain (Loss)

### Net realized gain (loss) on:

Investment transactions	(36,670,312)
Futures contract transactions	(50,534)
	<u>(36,720,846)</u>

### Change in net unrealized appreciation (depreciation) on:

Investments	<u>28,601,387</u>
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**Net realized and unrealized gain (loss)** (8,119,459)

**Net Increase (Decrease) in Net Assets Resulting from Operations** \$ (5,539,437)

See Notes to Financial Statements.

# Statement of Changes in Net Assets

## SIX MONTHS ENDED JUNE 30, 2009 (UNAUDITED) AND YEAR ENDED DECEMBER 31, 2008

Increase (Decrease) in Net Assets	2009	2008
<b>Operations</b>		
Net investment income (loss)	\$ 2,580,022	\$ 7,132,214
Net realized gain (loss)	(36,720,846)	(42,741,893)
Change in net unrealized appreciation (depreciation)	28,601,387	(119,175,205)
Net increase (decrease) in net assets resulting from operations	(5,539,437)	(154,784,884)
<b>Distributions to Shareholders</b>		
From net investment income:		
Class I	(9,157,071)	(7,806,192)
Class II	(484,858)	(347,920)
Class III	(109,712)	(119,914)
From net realized gains:		
Class I	—	(46,765,885)
Class II	—	(2,405,270)
Class III	—	(718,391)
Decrease in net assets from distributions	(9,751,641)	(58,163,572)
<b>Capital Share Transactions</b>		
Net increase (decrease) in net assets from capital share transactions	(9,665,633)	(38,315,439) <sup>(1)</sup>
<b>Redemption Fees</b>		
Increase in net assets from redemption fees	548	— <sup>(1)</sup>
<b>Net increase (decrease) in net assets</b>	<b>(24,956,163)</b>	<b>(251,263,895)</b>
<b>Net Assets</b>		
Beginning of period	262,419,787	513,683,682
End of period	\$237,463,624	\$ 262,419,787
Accumulated undistributed net investment income (loss)	\$ (61,985)	\$ 7,109,634

(1) Capital share transactions for the year ended December 31, 2008 were net of redemption fees (Note 4).

See Notes to Financial Statements.

# Notes to Financial Statements

JUNE 30, 2009 (UNAUDITED)

## 1. Organization and Summary of Significant Accounting Policies

**Organization** – American Century Variable Portfolios, Inc. (the corporation) is registered under the Investment Company Act of 1940 (the 1940 Act) as an open-end management investment company. VP Income & Growth Fund (the fund) is one fund in a series issued by the corporation. The fund is diversified under the 1940 Act. The fund's investment objective is to seek capital growth by investing in common stocks. Income is a secondary objective. The following is a summary of the fund's significant accounting policies.

**Multiple Class** – The fund is authorized to issue Class I, Class II, and Class III. The share classes differ principally in their respective distribution and shareholder servicing expenses and arrangements. All shares of the fund represent an equal pro rata interest in the net assets of the class to which such shares belong, and have identical voting, dividend, liquidation and other rights and the same terms and conditions, except for class specific expenses and exclusive rights to vote on matters affecting only individual classes. Income, non-class specific expenses, and realized and unrealized capital gains and losses of the fund are allocated to each class of shares based on their relative net assets.

**Security Valuations** – Securities traded primarily on a principal securities exchange are valued at the last reported sales price, or at the mean of the latest bid and asked prices where no last sales price is available. Depending on local convention or regulation, securities traded over-the-counter are valued at the mean of the latest bid and asked prices, the last sales price, or the official close price. Investments in open-end management investment companies are valued at the reported net asset value. Debt securities not traded on a principal securities exchange are valued through a commercial pricing service or at the mean of the most recent bid and asked prices. Discount notes may be valued through a commercial pricing service or at amortized cost, which approximates fair value. Securities traded on foreign securities exchanges and over-the-counter markets are normally completed before the close of business on days that the New York Stock Exchange (the Exchange) is open and may also take place on days when the Exchange is not open. If an event occurs after the value of a security was established but before the net asset value per share was determined that was likely to materially change the net asset value, that security would be valued as determined in accordance with procedures adopted by the Board of Directors. If the fund determines that the market price of a portfolio security is not readily available, or that the valuation methods mentioned above do not reflect the security's fair value, such security is valued as determined by the Board of Directors or its designee, in accordance with procedures adopted by the Board of Directors, if such determination would materially impact a fund's net asset value. Certain other circumstances may cause the fund to use alternative procedures to value a security such as: a security has been declared in default; trading in a security has been halted during the trading day; or there is a foreign market holiday and no trading will commence.

**Security Transactions** – For financial reporting purposes, security transactions are accounted for as of the trade date. Net realized gains and losses are determined on the identified cost basis, which is also used for federal income tax purposes.

**Investment Income** – Dividend income less foreign taxes withheld, if any, is recorded as of the ex-dividend date. Interest income is recorded on the accrual basis and includes accretion of discounts and amortization of premiums.

**Repurchase Agreements** – The fund may enter into repurchase agreements with institutions that American Century Investment Management, Inc. (ACIM) (the investment advisor) has determined are creditworthy pursuant to criteria adopted by the Board of Directors. Each repurchase agreement is recorded at cost. The fund requires that the collateral, represented by securities, received in a repurchase transaction be transferred to the custodian in a manner sufficient to enable the fund to obtain those securities in the event of a default under the repurchase agreement. ACIM monitors, on a daily basis, the securities transferred to ensure the value, including accrued interest, of the securities under each repurchase agreement is equal to or greater than amounts owed to the fund under each repurchase agreement.

**Joint Trading Account** – Pursuant to an Exemptive Order issued by the Securities and Exchange Commission, the fund, along with certain other funds in the American Century Investments family of funds, may transfer uninvested cash balances into a joint trading account. These balances are invested in one or more repurchase agreements that are collateralized by U.S. Treasury or Agency obligations.

**Income Tax Status** – It is the fund's policy to distribute substantially all net investment income and net realized gains to shareholders and to otherwise qualify as a regulated investment company under provisions of the Internal Revenue Code. The fund is no longer subject to examination by tax authorities for years prior to 2005. At this time, management believes there are no uncertain tax positions which, based on their technical merit, would not be sustained upon examination and for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months. Accordingly, no provision has been made for federal or state income taxes. Interest and penalties associated with any federal or state income tax obligations, if any, are recorded as interest expense.

**Distributions to Shareholders** – Distributions to shareholders are recorded on the ex-dividend date. Distributions from net investment income, if any, are generally declared and paid quarterly. Distributions from net realized gains, if any, are generally declared and paid annually.

The book-basis character of distributions made during the year from net investment income or net realized gains may differ from their ultimate characterization for federal income tax purposes. These differences reflect the differing character of certain income items and net realized gains and losses for financial statement and tax purposes, and may result in reclassification among certain capital accounts on the financial statements.

As of December 31, 2008, the fund had accumulated net realized capital loss carryovers for federal income tax purposes of \$(33,483,970), which may be used to offset future taxable gains. The capital loss carryovers expire in 2016.

The fund has elected to treat \$(15,215,221) of net capital losses incurred in the two-month period ended December 31, 2008, as having been incurred in the following fiscal year for federal income tax purposes.

**Redemption** – The fund may impose a 1.00% redemption fee on shares held less than 60 days. The fee may not be applicable to all classes. The redemption fee is retained by the fund and helps cover transaction costs that long-term investors may bear when a fund sells securities to meet investor redemptions.

**Indemnifications** – Under the corporation's organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the fund. In addition, in the normal course of business, the fund enters into contracts that provide general indemnifications. The fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the fund. The risk of material loss from such claims is considered by management to be remote.

**Use of Estimates** – The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, which may require management to make certain estimates and assumptions at the date of the financial statements. Actual results could differ from these estimates.

**Subsequent Events** – Management has evaluated events or transactions that may have occurred since June 30, 2009, that would merit recognition or disclosure in the financial statements. This evaluation was completed through August 14, 2009, the date the financial statements were issued.

## 2. Fees and Transactions with Related Parties

**Management Fees** – The corporation has entered into a Management Agreement with ACIM, under which ACIM provides the fund with investment advisory and management services in exchange for a single, unified management fee (the fee) per class. The Agreement provides that all expenses of the fund, except brokerage commissions, taxes, interest, fees and expenses of those directors who are not considered “interested persons” as defined in the 1940 Act (including counsel fees) and extraordinary expenses, will be paid by ACIM. The fee is computed and accrued daily based on the daily net assets of the specific class of shares of the fund and paid monthly in arrears. For funds with a stepped fee schedule, the rate of the fee is determined by applying a fee rate calculation formula. This formula takes into account each fund’s assets as well as certain assets, if any, of other clients of the investment advisor outside the American Century Investments family of funds (such as subadvised funds and separate accounts) that have very similar investment teams and investment strategies (strategy assets). The annual management fee schedule for each class of the fund ranges from 0.65% to 0.70% for Class I, Class II and Class III. The effective annual management fee for each class of the fund for the six months ended June 30, 2009 was 0.70%.

**Distribution Fees** – The Board of Directors has adopted the Master Distribution Plan (the plan) for Class II, pursuant to Rule 12b-1 of the 1940 Act. The plan provides that Class II will pay American Century Investment Services, Inc. (ACIS) an annual distribution fee equal to 0.25%. The fee is computed and accrued daily based on the Class II daily net assets and paid monthly in arrears. The distribution fee provides compensation for expenses incurred in connection with distributing shares of Class II including, but not limited to, payments to brokers, dealers, and financial institutions that have entered into sales agreements with respect to shares of the fund. Fees incurred under the plan during the six months ended June 30, 2009, are detailed in the Statement of Operations.

**Related Parties** – Certain officers and directors of the corporation are also officers and/or directors, and as a group, controlling stockholders of American Century Companies, Inc. (ACC), the parent of the corporation’s investment advisor, ACIM, the distributor of the corporation, ACIS, and the corporation’s transfer agent, American Century Services, LLC.

The fund is eligible to invest in a money market fund for temporary purposes, which is managed by J.P. Morgan Investment Management, Inc. (JPMIM). The fund has a Mutual Funds Services Agreement with J.P. Morgan Investor Services Co. (JPMIS) and a securities lending agreement with JPMorgan Chase Bank (JPMCB). JPMCB is a custodian of the fund. JPMIM, JPMIS and JPMCB are wholly owned subsidiaries of JPMorgan Chase & Co. (JPM). JPM is an equity investor in ACC

## 3. Investment Transactions

Purchases and sales of investment securities, excluding short-term investments, for the six months ended June 30, 2009, were \$50,629,556 and \$66,803,717, respectively.

As of June 30, 2009, the composition of unrealized appreciation and depreciation of investment securities based on the aggregate cost of investments for federal income tax purposes was as follows:

Federal tax cost of investments	\$261,994,866
Gross tax appreciation of investments	\$ 23,106,036
Gross tax depreciation of investments	(47,597,093)
Net tax appreciation (depreciation) of investments	\$(24,491,057)

The difference between book-basis and tax-basis cost and unrealized appreciation (depreciation) is attributable primarily to the tax deferral of losses on wash sales.

## 4. Capital Share Transactions

	Six months ended June 30, 2009		Year ended December 31, 2008	
	Shares	Amount	Shares	Amount
<b>Class I/Shares Authorized</b>	<u>300,000,000</u>		<u>300,000,000</u>	
Sold	1,759,938	\$ 7,661,264	3,452,332	\$ 22,188,106
Issued in reinvestment of distributions	2,405,586	9,157,071	8,120,845	54,572,077
Redeemed	(6,040,900)	(25,617,816)	(17,677,958)	(113,820,854)
	<u>(1,875,376)</u>	<u>(8,799,481)</u>	<u>(6,104,781)</u>	<u>(37,060,671)</u>
<b>Class II/Shares Authorized</b>	<u>50,000,000</u>		<u>50,000,000</u>	
Sold	184,709	788,472	565,186	3,419,388
Issued in reinvestment of distributions	127,537	484,858	409,701	2,753,190
Redeemed	(451,761)	(1,917,569)	(992,539)	(6,384,231)
	<u>(139,515)</u>	<u>(644,239)</u>	<u>(17,652)</u>	<u>(211,653)</u>
<b>Class III/Shares Authorized</b>	<u>50,000,000</u>		<u>50,000,000</u>	
Sold	45,845	205,332	164,944	1,182,902
Issued in reinvestment of distributions	28,798	109,712	124,748	838,305
Redeemed	(128,846)	(536,957)	(494,423)	(3,064,322) <sup>(1)</sup>
	<u>(54,203)</u>	<u>(221,913)</u>	<u>(204,731)</u>	<u>(1,043,115)</u>
Net increase (decrease)	<u>(2,069,094)</u>	<u>\$ (9,665,633)</u>	<u>(6,327,164)</u>	<u>\$ (38,315,439)</u>

(1) Net of redemption fees of \$1,903.

## 5. Fair Value Measurements

The fund's securities valuation process is based on several considerations and may use multiple inputs to determine the fair value of the positions held by the fund. In conformity with accounting principles generally accepted in the United States of America, the inputs used to determine a valuation are classified into three broad levels as follows:

- Level 1 valuation inputs consist of actual quoted prices in an active market for identical securities;
- Level 2 valuation inputs consist of significant direct or indirect observable market data (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.); or
- Level 3 valuation inputs consist of significant unobservable inputs (including a fund's own assumptions).

The level classification is based on the lowest level input that is significant to the fair valuation measurement. The valuation inputs are not an indication of the risks associated with investing in these securities or other financial instruments.

The following is a summary of the valuation inputs used to determine the fair value of the fund's securities as of June 30, 2009:

	Level 1	Level 2	Level 3
<b>Investment Securities</b>			
Common Stocks	\$236,208,907	—	—
Temporary Cash Investments	94,902	\$1,200,000	—
Total Value of Investment Securities	<u>\$236,303,809</u>	<u>\$1,200,000</u>	<u>—</u>

## 6. Derivative Instruments

**Equity Price Risk** — The fund is subject to equity price risk in the normal course of pursuing its investment objectives. A fund may enter into futures contracts based on an equity index in order to manage its exposure to changes in market conditions. A fund may purchase futures contracts to gain exposure to increases in market value or sell futures contracts to protect against a decline in market value. Upon entering into a futures contract, a fund is required to deposit either cash or securities in an amount equal to a certain percentage of the contract value (initial margin). Subsequent payments (variation margin) are made or received daily, in cash, by a fund. The variation margin is equal to the daily change in the contract value and is recorded as unrealized gains and losses. A fund recognizes a realized gain or loss when the contract is closed or expires. Net realized and unrealized gains or losses occurring during the holding period of futures contracts are a component of net realized gain (loss) on futures contract transactions and change in net unrealized appreciation (depreciation) on futures contracts, respectively. One of the risks of entering into futures contracts is the possibility that the change in value of the contract may not correlate with the changes in value of the underlying securities. During the six months ended June 30, 2009, the fund purchased futures contracts.

For the fund, for the six months ended June 30, 2009, the effect of equity price risk derivatives on the Statement of Operations was \$(50,534) in net realized gain (loss) on futures contract transactions.

The value of derivative instruments at period end and the effect of derivatives on the Statement of Operations is indicative of the fund's typical volume.

## 7. Interfund Lending

The fund, along with certain other funds in the American Century Investments family of funds, may participate in an interfund lending program, pursuant to an Exemptive Order issued by the Securities and Exchange Commission (SEC). This program provides an alternative credit facility allowing the fund to borrow from or lend to other funds in the American Century Investments family of funds that permit such transactions. Interfund lending transactions are subject to each fund's investment policies and borrowing and lending limits. The interfund loan rate earned/paid on interfund lending transactions is determined daily based on the average of certain current market rates. Interfund lending transactions normally extend only overnight, but can have a maximum duration of seven days. The program is subject to annual approval by the Board of Directors. During the six months ended June 30, 2009, the fund did not utilize the program.

## 8. Recently Issued Accounting Standards

In March 2008, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities — an amendment of FASB Statement No. 133" (FAS 161). FAS 161 is effective for interim periods beginning after November 15, 2008 and has been adopted by the fund. FAS 161 amends and expands disclosures about derivative instruments and hedging activities. FAS 161 requires qualitative disclosures about the objectives and strategies of derivative instruments, quantitative disclosures about the fair value amounts of and gains and losses on derivative instruments, and disclosures of credit-risk-related contingent features in hedging activities.

# Financial Highlights

## VP Income & Growth

### Class I

For a Share Outstanding Throughout the Years Ended December 31 (except as noted)

	2009 <sup>(1)</sup>	2008	2007	2006	2005	2004
<b>Per-Share Data</b>						
Net Asset Value, Beginning of Period	\$4.82	\$8.46	\$8.63	\$7.51	\$7.32	\$6.57
Income From Investment Operations						
Net Investment Income (Loss) <sup>(2)</sup>	0.05	0.12	0.12	0.14	0.13	0.14
Net Realized and Unrealized Gain (Loss)	(0.14)	(2.77)	(0.13)	1.12	0.20	0.71
Total From Investment Operations	(0.09)	(2.65)	(0.01)	1.26	0.33	0.85
Distributions						
From Net Investment Income	(0.19)	(0.14)	(0.16)	(0.14)	(0.14)	(0.10)
From Net Realized Gains	—	(0.85)	—	—	—	—
Total Distributions	(0.19)	(0.99)	(0.16)	(0.14)	(0.14)	(0.10)
Net Asset Value, End of Period	\$4.54	\$4.82	\$8.46	\$8.63	\$7.51	\$7.32
<b>Total Return<sup>(3)</sup></b>	<b>(1.09)%</b>	<b>(34.59)%</b>	<b>(0.07)%</b>	<b>17.09%</b>	<b>4.63%</b>	<b>12.99%</b>

### Ratios/Supplemental Data

Ratio of Operating Expenses to Average Net Assets						
	0.70% <sup>(4)</sup>	0.70%	0.71%	0.70%	0.70%	0.70%
Ratio of Net Investment Income (Loss) to Average Net Assets						
	2.28% <sup>(4)</sup>	1.86%	1.39%	1.75%	1.81%	2.08%
Portfolio Turnover Rate						
	22%	57%	54%	63%	76%	75%
Net Assets, End of Period (in thousands)						
	\$221,953	\$245,028	\$481,304	\$615,658	\$772,330	\$805,904

(1) Six months ended June 30, 2009 (unaudited).

(2) Computed using average shares outstanding throughout the period.

(3) Total return assumes reinvestment of net investment income and capital gains distributions, if any. Total returns for periods less than one year are not annualized. The total return of the classes may not precisely reflect the class expense differences because of the impact of calculating the net asset values to two decimal places. If net asset values were calculated to three decimal places, the total return differences would more closely reflect the class expense differences. The calculation of net asset values to two decimal places is made in accordance with SEC guidelines and does not result in any gain or loss of value between one class and another.

(4) Annualized.

See Notes to Financial Statements.

## VP Income & Growth

### Class II

For a Share Outstanding Throughout the Years Ended December 31 (except as noted)

	2009 <sup>(1)</sup>	2008	2007	2006	2005	2004
<b>Per-Share Data</b>						
Net Asset Value, Beginning of Period	\$4.81	\$8.44	\$8.62	\$7.50	\$7.30	\$6.56
Income From Investment Operations						
Net Investment Income (Loss) <sup>(2)</sup>	0.04	0.10	0.10	0.12	0.11	0.13
Net Realized and Unrealized Gain (Loss)	(0.14)	(2.76)	(0.14)	1.12	0.22	0.69
Total From Investment Operations	(0.10)	(2.66)	(0.04)	1.24	0.33	0.82
Distributions						
From Net Investment Income	(0.17)	(0.12)	(0.14)	(0.12)	(0.13)	(0.08)
From Net Realized Gains	—	(0.85)	—	—	—	—
Total Distributions	(0.17)	(0.97)	(0.14)	(0.12)	(0.13)	(0.08)
Net Asset Value, End of Period	\$4.54	\$4.81	\$8.44	\$8.62	\$7.50	\$7.30
<b>Total Return<sup>(3)</sup></b>	<b>(1.24)%</b>	<b>(34.73)%</b>	<b>(0.43)%</b>	<b>16.81%</b>	<b>4.52%</b>	<b>12.57%</b>

### Ratios/Supplemental Data

Ratio of Operating Expenses to Average Net Assets	0.95% <sup>(4)</sup>	0.95%	0.96%	0.95%	0.95%	0.95%
Ratio of Net Investment Income (Loss) to Average Net Assets	2.03% <sup>(4)</sup>	1.61%	1.14%	1.50%	1.56%	1.83%
Portfolio Turnover Rate	22%	57%	54%	63%	76%	75%
Net Assets, End of Period (in thousands)	\$12,812	\$14,261	\$25,158	\$27,778	\$27,857	\$25,218

(1) Six months ended June 30, 2009 (unaudited).

(2) Computed using average shares outstanding throughout the period.

(3) Total return assumes reinvestment of net investment income and capital gains distributions, if any. Total returns for periods less than one year are not annualized. The total return of the classes may not precisely reflect the class expense differences because of the impact of calculating the net asset values to two decimal places. If net asset values were calculated to three decimal places, the total return differences would more closely reflect the class expense differences. The calculation of net asset values to two decimal places is made in accordance with SEC guidelines and does not result in any gain or loss of value between one class and another.

(4) Annualized.

See Notes to Financial Statements.

## VP Income & Growth

### Class III

For a Share Outstanding Throughout the Years Ended December 31 (except as noted)

	2009 <sup>(1)</sup>	2008	2007	2006	2005	2004
<b>Per-Share Data</b>						
Net Asset Value, Beginning of Period	\$4.82	\$8.46	\$8.63	\$7.51	\$7.32	\$6.57
Income From Investment Operations						
Net Investment Income (Loss) <sup>(2)</sup>	0.05	0.12	0.12	0.13	0.13	0.15
Net Realized and Unrealized Gain (Loss)	(0.14)	(2.77)	(0.13)	1.13	0.20	0.70
Total From Investment Operations	(0.09)	(2.65)	(0.01)	1.26	0.33	0.85
Distributions						
From Net Investment Income	(0.19)	(0.14)	(0.16)	(0.14)	(0.14)	(0.10)
From Net Realized Gains	—	(0.85)	—	—	—	—
Total Distributions	(0.19)	(0.99)	(0.16)	(0.14)	(0.14)	(0.10)
Net Asset Value, End of Period	\$4.54	\$4.82	\$8.46	\$8.63	\$7.51	\$7.32
<b>Total Return<sup>(3)</sup></b>	<b>(1.09)%</b>	<b>(34.59)%</b>	<b>(0.07)%</b>	<b>17.09%</b>	<b>4.63%</b>	<b>12.99%</b>

### Ratios/Supplemental Data

Ratio of Operating Expenses to Average Net Assets	0.70% <sup>(4)</sup>	0.70%	0.71%	0.70%	0.70%	0.70%
Ratio of Net Investment Income (Loss) to Average Net Assets	2.28% <sup>(4)</sup>	1.86%	1.39%	1.75%	1.81%	2.08%
Portfolio Turnover Rate	22%	57%	54%	63%	76%	75%
Net Assets, End of Period (in thousands)	\$2,699	\$3,131	\$7,222	\$9,838	\$5,601	\$3,683

(1) Six months ended June 30, 2009 (unaudited).

(2) Computed using average shares outstanding throughout the period.

(3) Total return assumes reinvestment of net investment income and capital gains distributions, if any. Total returns for periods less than one year are not annualized. The total return of the classes may not precisely reflect the class expense differences because of the impact of calculating the net asset values to two decimal places. If net asset values were calculated to three decimal places, the total return differences would more closely reflect the class expense differences. The calculation of net asset values to two decimal places is made in accordance with SEC guidelines and does not result in any gain or loss of value between one class and another.

(4) Annualized.

See Notes to Financial Statements.

# Approval of Management Agreement

Under Section 15(c) of the Investment Company Act, contracts for investment advisory services are required to be reviewed, evaluated and approved by a majority of a fund's independent directors (the "Directors") each year. At American Century Investments, this process is referred to as the "15(c) Process." As a part of this process, the board reviews fund performance, shareholder services, audit and compliance information, and a variety of other reports from the advisor concerning fund operations. In addition to this annual review, the board of directors oversees and evaluates on a continuous basis at its quarterly meetings the nature and quality of significant services performed by the advisor, fund performance, audit and compliance information, and a variety of other reports relating to fund operations. The board, or committees of the board, also holds special meetings as needed.

Under a Securities and Exchange Commission rule, each fund is required to disclose in its annual or semiannual report, as appropriate, the material factors and conclusions that formed the basis for the board's approval or renewal of any advisory agreements within the fund's most recently completed fiscal half-year period.

## Annual Contract Review Process

As part of the annual 15(c) Process undertaken during the most recent fiscal half-year period, the Directors reviewed extensive data and information compiled by the advisor and certain independent providers of evaluative data (the "15(c) Providers") concerning the VP Income & Growth Fund (the "Fund") and the services provided to the Fund under the management agreement. The information considered and the discussions held at the meetings included, but were not limited to:

- the nature, extent and quality of investment management, shareholder services and other services provided to the Fund;
- the wide range of programs and services the advisor provides to the Fund and their shareholders on a routine and non-routine basis;
- the compliance policies, procedures, and regulatory experience of the advisor;
- data comparing the cost of owning the Fund to the cost of owning a similar fund;
- data comparing the Fund's performance to appropriate benchmarks and/or a peer group of other mutual funds with similar investment objectives and strategies;
- financial data showing the profitability of the Fund to the advisor and the overall profitability of the advisor;
- data comparing services provided and charges to other investment management clients of the advisor; and
- consideration of collateral benefits derived by the advisor from the management of the Fund and any potential economies of scale relating thereto.

In keeping with its practice, the Fund's board of directors held two in-person meetings and one telephonic meeting to review and discuss the information provided. The board also had the benefit of the advice of its independent counsel throughout the period.

### **Factors Considered**

The Directors considered all of the information provided by the advisor, the 15(c) Providers, and the board's independent counsel, and evaluated such information for each fund for which the board has responsibility. In connection with their review of the Fund, the Directors did not identify any single factor as being all-important or controlling, and each Director may have attributed different levels of importance to different factors. In deciding to renew the management and subadvisory agreements under the terms ultimately determined by the board to be appropriate, the Directors' decision was based on the following factors.

**Nature, Extent and Quality of Services – Generally.** Under the management agreement, the advisor is responsible for providing or arranging for all services necessary for the operation of the Fund. The board noted that under the management agreement, the advisor provides or arranges at its own expense a wide variety of services including:

- Fund construction and design
- portfolio security selection
- initial capitalization/funding
- securities trading
- Fund administration
- custody of Fund assets
- daily valuation of the Fund's portfolio
- shareholder servicing and transfer agency, including shareholder confirmations, recordkeeping and communications
- legal services
- regulatory and portfolio compliance
- financial reporting
- marketing and distribution

The Directors noted that many of the services provided by the advisor have expanded over time both in terms of quantity and complexity in response to shareholder demands, competition in the industry and the changing regulatory environment. They discussed with the advisor the challenges presented by these changes and the impact on the Fund. In performing their evaluation, the Directors considered information received in connection with the annual review, as well as information provided on an ongoing basis at their regularly scheduled board and committee meetings.

**Investment Management Services.** The nature of the investment management services provided to the Fund is quite complex and allows Fund shareholders access to professional money management, instant diversification of their investments, and liquidity. In evaluating investment performance, the board expects the advisor to manage the Fund in accordance with its investment objectives and approved strategies. Further, the Directors recognize that the advisor has an obligation to monitor trading activities, and in particular to seek the best execution of fund trades, and to evaluate the use of and payment for research. In providing these services, the advisor utilizes teams of investment professionals (portfolio managers, analysts, research assistants, and securities traders) who require extensive information technology, research, training, compliance and other systems to conduct their business. At each quarterly meeting the Directors review investment performance information for the Fund, together with comparative information for appropriate benchmarks and/or peer groups of funds managed similarly to the Fund. The Directors also review detailed performance information during the 15(c) Process comparing the Fund's performance with that of similar funds not managed by the advisor. If performance concerns are identified, the Directors discuss with the advisor the reasons for such results (e.g., market conditions, security selection) and any efforts being undertaken to improve performance. The Fund's performance was above its benchmark for the one-year period and slightly below the benchmark for the three-year period.

**Shareholder and Other Services.** The advisor provides the Fund with a comprehensive package of transfer agency, shareholder, and other services. The Directors review reports and evaluations of such services at their regular quarterly meetings, including the annual meeting concerning contract review, and reports to the board. These reports include, but are not limited to, information regarding the operational efficiency and accuracy of the shareholder and transfer agency services provided, staffing levels, shareholder satisfaction (as measured by external as well as internal sources), technology support, new products and services offered to Fund shareholders, securities trading activities, portfolio valuation services, auditing services, and legal and operational compliance activities. Certain aspects of shareholder and transfer agency service level efficiency and the quality of securities trading activities are measured by independent third party providers and are presented in comparison to other fund groups not managed by the advisor.

**Costs of Services Provided and Profitability.** The advisor provides detailed information concerning its cost of providing various services to the Fund, its profitability in managing the Fund, its overall profitability, and its financial condition. The Directors have reviewed with the advisor the methodology used to prepare this financial information. This financial information regarding the advisor is considered in order to evaluate the advisor's financial condition, its ability to continue to provide services under the management agreement, and the reasonableness of the current management fee. The board concluded that the advisor's profits were reasonable in light of the services provided to the Fund.

**Ethics.** The Directors generally consider the advisor's commitment to providing quality services to shareholders and to conducting its business ethically. They noted that the advisor's practices generally meet or exceed industry best practices.

**Economies of Scale.** The Directors review information provided by the advisor regarding the possible existence of economies of scale in connection with the management of the Fund. The Directors concluded that economies of scale are difficult to measure and predict with precision, especially on a fund-by-fund basis. The analysis of economies of scale is further complicated by the additional services and content provided by the advisor and its reinvestment in its ability to provide and expand those services. Accordingly, the Directors seek to evaluate economies of scale by reviewing other information, such as year-over-year profitability of the advisor generally, the profitability of its management of the Fund specifically, the expenses incurred by the advisor in providing various functions to the Fund, and the fees of competitive funds not managed by the advisor. The Directors believe the advisor is appropriately sharing economies of scale through its competitive fee structure, fee breakpoints as the Fund increases in size, and through reinvestment in its business to provide shareholders additional content and services.

**Comparison to Other Funds' Fees.** The Fund pays the advisor a single, all-inclusive (or unified) management fee for providing all services necessary for the management and operation of the Fund, other than brokerage expenses, taxes, interest, extraordinary expenses, and the fees and expenses of the Fund's independent directors (including their independent legal counsel). Under the unified fee structure, the advisor is responsible for providing all investment advisory, custody, audit, administrative, compliance, record-keeping, marketing and shareholder services, or arranging and supervising third parties to provide such services. By contrast, most other funds are charged a variety of fees, including an investment advisory fee, a transfer agency fee, an administrative fee, distribution charges and other expenses. Other than their investment advisory fees and Rule 12b-1 distribution fees, all other components of the total fees charged by these other funds may be increased without shareholder approval. The board believes the unified fee structure is a benefit to Fund shareholders because it clearly discloses to shareholders the cost of owning Fund shares, and, since the unified fee cannot be increased without a vote of Fund shareholders, it shifts to the

advisor the risk of increased costs of operating the Fund and provides a direct incentive to minimize administrative inefficiencies. Part of the Directors' analysis of fee levels involves reviewing certain evaluative data compiled by a 15(c) Provider comparing the Fund's unified fee to the total expense ratio of other funds in the Fund's peer group and performing a regression analysis to evaluate the effect of fee breakpoints as assets under management increase. The unified fee charged to shareholders of the Fund was in the lowest quartile of the total expense ratios of its peer group. In addition, the Directors also reviewed updated fee level data provided by the advisor, but recognized that comparative data was particularly difficult to evaluate given the significant market developments during the past year. The board concluded that the management fee paid by the Fund to the advisor was reasonable in light of the services provided to the Fund.

**Comparison to Fees and Services Provided to Other Clients of the Advisor.** The Directors also requested and received information from the advisor concerning the nature of the services, fees, and profitability of its advisory services to advisory clients other than the Fund. They observed that these varying types of client accounts require different services and involve different regulatory and entrepreneurial risks than the management of the Fund. The Directors analyzed this information and concluded that the fees charged and services provided to the Fund were reasonable by comparison.

**Collateral Benefits Derived by the Advisor.** The Directors considered the existence of collateral benefits the advisor may receive as a result of its relationship with the Fund. They concluded that the advisor's primary business is managing mutual funds and it generally does not use fund or shareholder information to generate profits in other lines of business, and therefore does not derive any significant collateral benefits from them. The Directors noted that the advisor receives proprietary research from broker-dealers that execute fund portfolio transactions and concluded that this research is likely to benefit fund shareholders. The Directors also determined that the advisor is able to provide investment management services to certain clients other than the Fund, at least in part, due to its existing infrastructure built to serve the fund complex. The Directors concluded, however, that the assets of those other clients are not material to the analysis and, in any event, are included with the assets of the Fund to determine breakpoints in the Fund's fee schedule, provided they are managed using the same investment team and strategy.

## **Conclusions of the Directors**

As a result of this process, the board, including all of the independent directors, in the absence of particular circumstances and assisted by the advice of legal counsel that is independent of the advisor, taking into account all of the factors discussed above and the information provided by the advisor concluded that the investment management agreement between the Fund and the advisor is fair and reasonable in light of the services provided and should be renewed.

## **Additional Information**

### **Proxy Voting Guidelines**

American Century Investment Management, Inc., the fund's investment advisor, is responsible for exercising the voting rights associated with the securities purchased and/or held by the fund. A description of the policies and procedures the advisor uses in fulfilling this responsibility is available without charge, upon request, by calling 1-800-378-9878. It is also available on American Century Investments' website at [americancentury.com](http://americancentury.com) and on the Securities and Exchange Commission's website at [sec.gov](http://sec.gov). Information regarding how the investment advisor voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available on the "About Us" page at [americancentury.com](http://americancentury.com). It is also available at [sec.gov](http://sec.gov).

### **Quarterly Portfolio Disclosure**

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year on Form N-Q. The fund's Form N-Q is available on the SEC's website at [sec.gov](http://sec.gov), and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The fund also makes its complete schedule of portfolio holdings for the most recent quarter of its fiscal year available on its website at [ipro.americancentury.com](http://ipro.americancentury.com) (for Investment Professionals) and, upon request, by calling 1-800-378-9878.

## Index Definitions

The following indices are used to illustrate investment market, sector, or style performance or to serve as fund performance comparisons. They are not investment products available for purchase.

The **Russell 1000® Index** is a market-capitalization weighted, large-cap index created by Frank Russell Company to measure the performance of the 1,000 largest publicly traded U.S. companies, based on total market capitalization.

The **Russell 1000® Growth Index** measures the performance of those Russell 1000 Index companies (the 1,000 largest publicly traded U.S. companies, based on total market capitalization) with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000® Value Index** measures the performance of those Russell 1000 Index companies (the 1,000 largest publicly traded U.S. companies, based on total market capitalization) with lower price-to-book ratios and lower forecasted growth values.

The **Russell 2000® Index** is a market-capitalization weighted index created by Frank Russell Company to measure the performance of the 2,000 smallest of the 3,000 largest publicly traded U.S. companies, based on total market capitalization.

The **Russell 2000® Growth Index** measures the performance of those Russell 2000 Index companies (the 2,000 smallest of the 3,000 largest publicly traded U.S. companies, based on total market capitalization) with higher price-to-book ratios and higher forecasted growth values.

The **Russell 2000® Value Index** measures the performance of those Russell 2000 Index companies (the 2,000 smallest of the 3,000 largest publicly traded U.S. companies, based on total market capitalization) with lower price-to-book ratios and lower forecasted growth values.

The **Russell Midcap® Index** measures the performance of the 800 smallest of the 1,000 largest publicly traded U.S. companies, based on total market capitalization.

The **Russell Midcap® Growth Index** measures the performance of those Russell Midcap Index companies (the 800 smallest of the 1,000 largest publicly traded U.S. companies, based on total market capitalization) with higher price-to-book ratios and higher forecasted growth values.

The **Russell Midcap® Value Index** measures the performance of those Russell Midcap Index companies (the 800 smallest of the 1,000 largest publicly traded U.S. companies, based on total market capitalization) with lower price-to-book ratios and lower forecasted growth values.

The **S&P 500 Index** is a market value-weighted index of the stocks of 500 publicly traded U.S. companies chosen for market size, liquidity, and industry group representation that are considered to be leading firms in dominant industries. Each stock's weight in the index is proportionate to its market value. Created by Standard & Poor's, it is considered to be a broad measure of U.S. stock market performance.



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**American Century Variable Portfolios, Inc.**

**Investment Advisor:**

American Century Investment Management, Inc.  
Kansas City, Missouri

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