
EquiTrust Variable Insurance Series Fund

MONEY MARKET PORTFOLIO
HIGH GRADE BOND PORTFOLIO
STRATEGIC YIELD PORTFOLIO
MANAGED PORTFOLIO
VALUE GROWTH PORTFOLIO
BLUE CHIP PORTFOLIO

PROSPECTUS

May 1, 2009

Initial Class Shares
Service Class Shares

EquiTrust Variable Insurance Series Fund (the “Fund”) is an open-end diversified management investment company consisting of six portfolios (the “Portfolio(s)”), each with its own investment objective(s), investment policies, restrictions and attendant risks. This Prospectus describes each Portfolio in some detail—please read it and retain it for future reference. This Prospectus describes the Initial Class Shares and Service Class Shares of the Portfolios.

Shares of each Portfolio are offered exclusively to certain registered separate accounts of Farm Bureau Life Insurance Company and other affiliated and non-affiliated companies as funding vehicles for certain variable annuity and variable life insurance contracts issued by Farm Bureau Life Insurance Company and other affiliated and non-affiliated companies and are not offered directly to the public.

An investment in a Portfolio of the Fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation, or any other government agency. An investment in a Portfolio of the Fund involves investment risks, including possible loss of principal.

The Securities and Exchange Commission has not approved or disapproved shares of the Fund or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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MONEY MARKET PORTFOLIO

INVESTOR PROFILE

Who should consider investing in this Portfolio?

You may want to invest more of your assets in this Portfolio if you:

- require stability of principal
- are seeking a mutual fund for the cash portion of an asset allocation program
- need to “park” your money temporarily within the Fund

or

- consider yourself a saver rather than an investor

You may want to invest fewer of your assets in this Portfolio if you:

- are seeking an investment that is likely to outpace inflation
- are investing for retirement or other goals that are many years in the future

or

- are investing for growth or maximum current income

INVESTMENT OBJECTIVE

What is this Portfolio’s goal?

The Portfolio seeks maximum current income consistent with liquidity and stability of principal. The Portfolio intends to maintain a stable value of \$1.00 per share.

PRIMARY INVESTMENT STRATEGIES

How does this Portfolio pursue its objective?

This Portfolio invests exclusively in U.S. dollar-denominated money market securities maturing in thirteen months or less from the date of purchase, including those issued by U.S. financial institutions, corporate issuers, the U.S. Government and its agencies, instrumentalities and municipalities. At least 95% of the Portfolio’s assets must be rated in the highest short-term category by a nationally recognized statistical rating organization (“NRSRO”) (e.g., P-1 by Moody’s Investors Services, Inc. (“Moody’s”) or A-1 by Standard & Poor’s Corporation (“S&P”)) (or its unrated equivalent), and 100% of the Portfolio’s assets must be invested in securities rated in the two highest rating categories by an NRSRO (P-1/P-2 by Moody’s or A-1/A-2 by S&P). The Portfolio maintains a dollar-weighted average portfolio maturity of 90 days or less.

PRINCIPAL RISKS

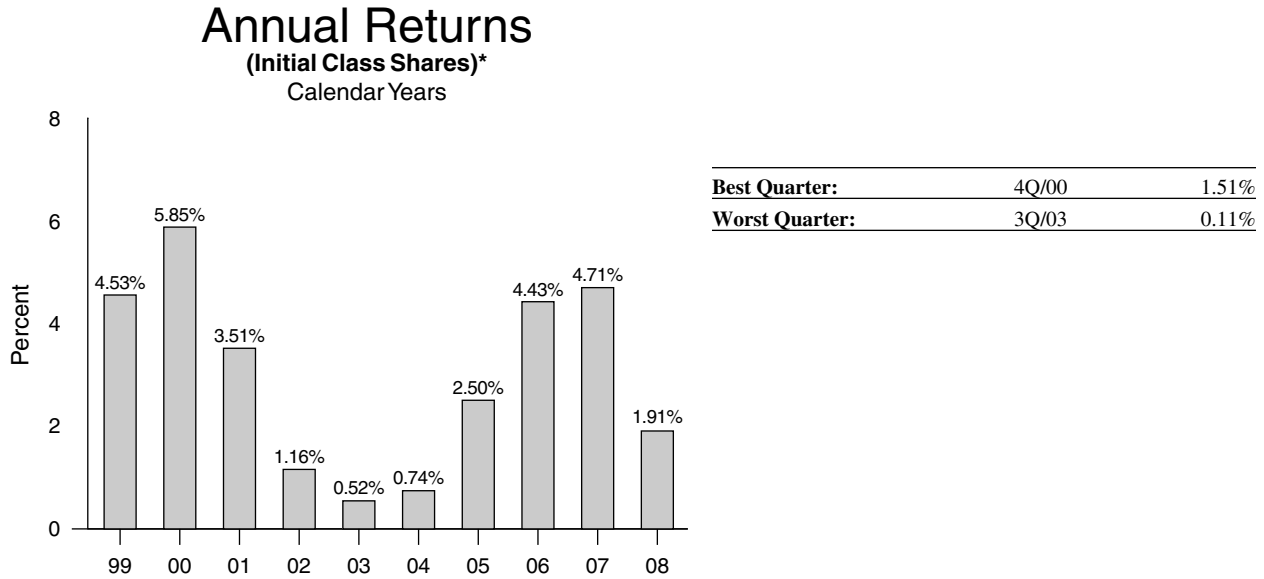
What are the main risks of investing in this Portfolio?

As with any money market fund, the Portfolio is subject to **interest rate risk**. The Portfolio could experience a high level of current income volatility because the level of its current income directly reflects short-term interest rates; therefore, the yield paid by the Portfolio will vary with changes in interest rates and there is a possibility that the Portfolio’s share value could fall below \$1.00, which could reduce the value of your investment. **An investment in the Portfolio is not insured or 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, it is possible to lose money by investing in the Portfolio.**

Before you invest, please carefully read the sections on “PRINCIPAL RISK FACTORS” and “DESCRIPTION OF PRINCIPAL SECURITY TYPES AND ASSOCIATED RISKS.”

PERFORMANCE RECORD

The following bar chart provides some indication of the risks of investing in the Portfolio by showing changes in the Portfolio’s performance for each of the last ten calendar years.



* Service Class Shares did not commence operations until June 1, 2008.

The following table also provides some indication of the risks of investing in the Portfolio by comparing the average annual total returns of the Money Market Portfolio to those of the Merrill Lynch 90 Day T-Bill Index and 0-3 Month T-Bill Index over the periods shown. The Portfolio is changing its benchmark to the 0-3 Month T-Bill Index. Both indices are widely recognized, however the 0-3 Month T-Bill Index more closely corresponds with the average maturity of the Money Market Portfolio. The Index figures do not reflect any fees, expenses or taxes and one cannot invest directly in the Index.

Average Annual Total Return (for periods ended December 31, 2008)	<u>One Year</u>	<u>Five Years</u>	<u>Ten Years</u>	<u>Since Inception**</u>
Money Market Portfolio (Initial Class Shares)	1.91%	2.85%	2.97%	NA
Money Market Portfolio (Service Class Shares)	NA	NA	NA	0.71%
90-Day T-Bill Index	2.06%	3.25%	3.45%	1.78%
0-3 Month T-Bill Index	1.75%	3.11%	3.30%	1.47%

** Since Inception performance is only provided for a share class with less than ten calendar years of performance. Since Inception figures for the Service Class Shares are from June 1, 2008, the commencement date of the share class.

The performance data was calculated after deducting all fees and charges actually incurred by the Money Market Portfolio. The Portfolio’s performance during these periods would have been lower absent EquiTrust Investment Management Services, Inc.’s (the “Adviser”) fee waivers (see “FINANCIAL HIGHLIGHTS”). Also, the performance figures do not reflect the fees and charges of the variable annuity contracts and variable life insurance policies that invest in the Portfolio. If these fees and charges had been reflected, the performance shown would have been less favorable.

Please remember that past performance is no indicator or guarantee of the results that the Portfolio may achieve in the future. Future annual returns may be greater or less than the returns shown in the chart and table.

HIGH GRADE BOND PORTFOLIO

INVESTOR PROFILE

Who should consider investing in this Portfolio?

You may want to invest more of your assets in this Portfolio if you:

- are seeking an investment that generates a regular stream of income
- are seeking higher potential returns than money market funds and are willing to accept moderate risk of volatility
- want to diversify your investments
- are seeking a mutual fund for the income portion of an asset allocation program

or

- are retired or nearing retirement

You may want to invest fewer of your assets in this Portfolio if you:

- are investing for maximum return over a long time horizon

or

- require absolute stability of your principal

INVESTMENT OBJECTIVE

What is this Portfolio's goal?

The Portfolio seeks to generate as high a level of current income as is consistent with investment in a diversified portfolio of high grade income-bearing debt securities.

PRIMARY INVESTMENT STRATEGIES

How does this Portfolio pursue its objective?

To keep current income relatively stable and to limit share price volatility, under normal circumstances, the Portfolio invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in high grade bonds. (The Portfolio's 80% policy may be changed without a shareholder vote; however, the Portfolio will provide shareholders 60 days' notice prior to any such change.) The Portfolio intends to maintain an intermediate (typically 2-7 years) average portfolio duration. High grade bonds are debt securities rated, at the time of purchase, in the three highest rating categories by an NRSRO (e.g., A or higher by either Moody's or S&P) or unrated securities that EquiTrust Investment Management Services, Inc. (the "Adviser") determines are of comparable quality. (See "APPENDIX A – DESCRIPTION OF CORPORATE BOND AND COMMERCIAL PAPER RATINGS" for an explanation of ratings.

The Portfolio may invest in a broad range of debt securities of domestic corporate and government issuers. The corporate securities in which the Portfolio may invest include debt securities of various types and maturities, e.g., debentures, notes, mortgage-backed securities, capital securities and other collateralized or asset-backed securities, as well as "junk" bonds. (Junk bonds are those rated, at the time of purchase, below the fourth credit grade by an NRSRO (e.g., Ba/BB or below by Moody's/S&P) or unrated securities that the Adviser determines are of comparable quality.) The Portfolio may also invest up to 25% of its net assets in debt securities of foreign issuers as consistent with its investment objective.

PRINCIPAL RISKS

What are the main risks of investing in this Portfolio?

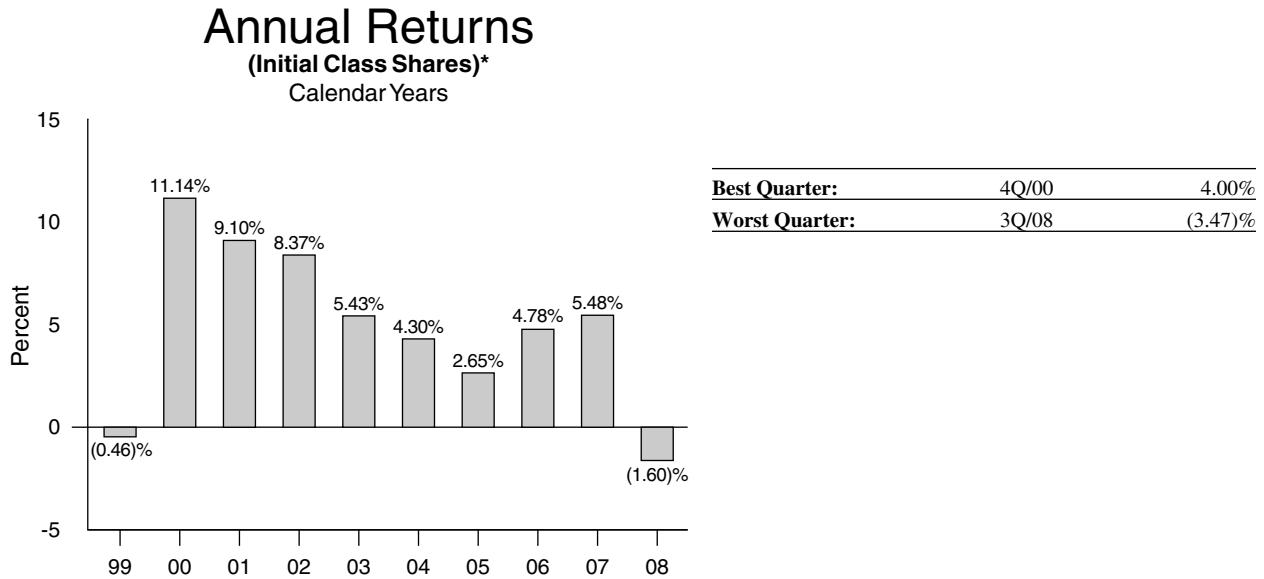
As with most income mutual funds, the Portfolio is subject to **interest rate risk**. Typically, a rise in interest rates causes a decline in the market value of income-bearing securities. Other factors may affect the market price and yield of the Portfolio's securities, including investor demand and domestic and worldwide economic conditions. In addition, the Portfolio is subject to **credit** and **market risks**.

To the extent that it invests in certain securities, the Portfolio may be affected by additional risks relating to non-investment grade securities (i.e., "junk" bonds) (above-average **credit, market** and **other risks**), securities of foreign issuers (**currency, information, natural event** and **political risks**) and mortgage-backed securities, capital securities and other collateralized or asset-backed securities (**credit, extension, prepayment** and **interest rate risks**).

These risks, and the risks associated with other higher-risk securities and practices that the Portfolio may utilize, are described in more detail later in this Prospectus and in the Statement of Additional Information ("SAI"). Before you invest, please carefully read the sections on "PRINCIPAL RISK FACTORS" and "DESCRIPTION OF PRINCIPAL SECURITY TYPES AND ASSOCIATED RISKS".

PERFORMANCE RECORD

The following bar chart provides some indication of the risks of investing in the Portfolio by showing changes in the Portfolio’s performance for each of the last ten calendar years.



* Service Class Shares did not commence operations until June 1, 2008.

The following table also provides some indication of the risks of investing in the Portfolio by comparing the average annual total returns of the High Grade Bond Portfolio to those of the Barclays Capital U.S. Aggregate Index (formerly known as the Lehman Brothers U.S. Aggregate Index) (“Aggregate Index”) over the periods shown. The Aggregate Index is a widely recognized, unmanaged index of fixed income performance. The Aggregate Index figures do not reflect any fees or expenses and one cannot invest directly in the Aggregate Index.

Average Annual Total Return (for periods ended December 31, 2008)	<u>One Year</u>	<u>Five Years</u>	<u>Ten Years</u>	<u>Since Inception**</u>
High Grade Bond Portfolio (Initial Class Shares)	(1.60)%	3.09%	4.85%	NA
High Grade Bond Portfolio (Service Class Shares)	NA	NA	NA	(1.30)%
Barclays Capital U.S. Aggregate Index	5.24%	4.65%	5.63%	6.93%

** Since Inception performance is only provided for a share class with less than ten calendar years of performance. Since Inception figures for the Service Class Shares and Aggregate Index are from June 1, 2008, the commencement date of the share class.

The performance data was calculated after deducting all fees and charges actually incurred by the High Grade Bond Portfolio. Also, the performance figures do not reflect the fees and charges of the variable annuity contracts and variable life insurance policies that invest in the Portfolio. If these fees and charges had been reflected, the performance shown would have been less favorable.

Please remember that past performance is no indicator or guarantee of the results that the Portfolio may achieve in the future. Future annual returns may be greater or less than the returns shown in the chart and table.

STRATEGIC YIELD PORTFOLIO

INVESTOR PROFILE

Who should consider investing in this Portfolio?

You may want to invest more of your assets in this Portfolio if you:

- are seeking higher potential returns than most bond mutual funds provide and are willing to accept significant risk of volatility
- want to diversify your investments
- are seeking a mutual fund for the income portion of an asset allocation program

or

- are retired or nearing retirement, if your investment in this Portfolio is held as part of a diversified investment program

You may want to invest fewer of your assets in this Portfolio if you:

- desire relative stability of your principal

or

- are investing for maximum return over a long time horizon

INVESTMENT OBJECTIVE

What is this Portfolio's goal?

The Portfolio seeks as high a level of current income as is consistent with an investment in a diversified portfolio of lower-rated, higher-yielding income-bearing securities. The Portfolio also seeks capital appreciation, but only when consistent with its primary goal.

PRIMARY INVESTMENT STRATEGIES

How does this Portfolio pursue its objective?

The Portfolio pursues its investment objective by investing primarily (i.e., at least 65% of total assets) in fixed-income securities, including convertible and non-convertible debt securities and preferred stock, rated Baa/BBB or lower by Moody's/S&P (and their unrated equivalents) including "junk" bonds; or in other high-yielding/high-risk securities the Adviser believes offer attractive risk/return characteristics. (See APPENDIX A – DESCRIPTION OF CORPORATE BOND AND COMMERCIAL PAPER RATINGS for an explanation of ratings.)

The Portfolio may also invest in mortgage-backed securities, capital securities and other collateralized or asset-backed securities. The Portfolio may invest up to 25% of its net assets in debt securities of foreign issuers as consistent with its investment objective.

PRINCIPAL RISKS

What are the main risks of investing in this Portfolio?

This Portfolio is subject to above-average **interest rate** and **credit risks**. You should expect greater fluctuations in share price, yield and total return compared to mutual funds holding bonds and other income-bearing securities with higher credit ratings and/or shorter maturities. These fluctuations, whether positive or negative, may be sharp and unanticipated.

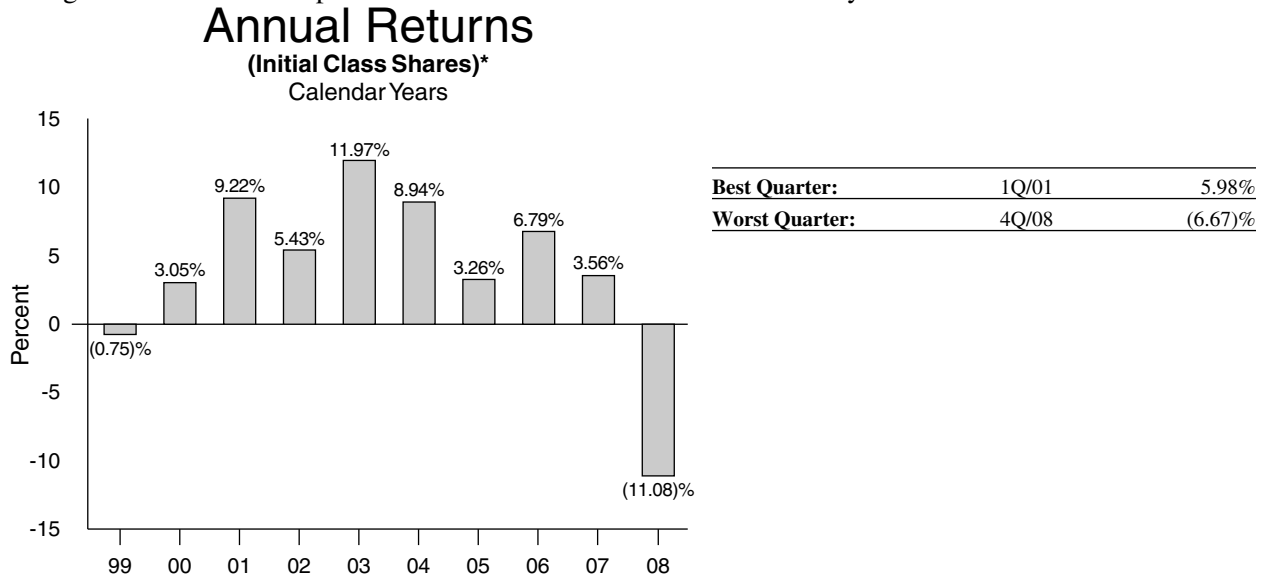
Issuers of **non-investment grade securities** (i.e., "junk" bonds) are typically in poor financial health and their ability to pay interest and principal is uncertain. Compared to issuers of investment grade bonds, they are more likely to encounter financial difficulties and to be materially affected by these difficulties when they do encounter them. "Junk" bond markets may react strongly to adverse news about an issuer or the economy, or to the perception or expectation of adverse news.

To the extent that it invests in certain securities, the Portfolio may be affected by additional risks relating to securities of foreign issuers (**currency, information, natural event and political risks**) and mortgage-backed securities (**credit, extension, prepayment and interest rate risks**). Like all mutual fund investments, loss of money upon redemption is a risk of investing in this Portfolio.

These risks, and the risks associated with other higher-risk securities and practices that the Portfolio may utilize, are described in more detail later in this Prospectus and in the SAL. Before you invest, please carefully read the sections on "PRINCIPAL RISK FACTORS" and "DESCRIPTION OF PRINCIPAL SECURITY TYPES AND ASSOCIATED RISKS".

PERFORMANCE RECORD

The following bar chart provides some indication of the risks of investing in the Portfolio by showing changes in the Portfolio’s performance for each of the last ten calendar years.



* Service Class Shares did not commence operations until June 1, 2008.

The following table also provides some indication of the risks of investing in the Portfolio by comparing the average annual total returns of the Strategic Yield Portfolio to those of the Barclays Capital U.S. Credit/High Yield Index and the Barclays Capital U.S. Corporate High Yield Index (collectively, the “Barclays Indices”) over the periods shown. The Barclays Indices are widely recognized, unmanaged indices of corporate and high yield bond market performance. The Barclays Indices’ figures do not reflect any fees or expenses and one cannot invest directly in the Barclays Indices.

Average Annual Total Return (for periods ended December 31, 2008)	<u>One Year</u>	<u>Five Years</u>	<u>Ten Years</u>	<u>Since Inception**</u>
Strategic Yield Portfolio (Initial Class Shares)	(11.08)%	2.04%	3.85%	NA
Strategic Yield Portfolio (Service Class Shares)	NA	NA	NA	(9.90)%
Barclays Capital U.S. Credit/High Yield Index	(7.48)%	2.18%	4.50%	(12.95)%
Barclays Capital U.S. Corporate High Yield Index	(26.16)%	(0.80)%	2.17%	(42.06)%

** Since Inception performance is only provided for a share class with less than ten calendar years of performance. Since Inception figures for the Service Class Shares and Barclays Indices are from June 1, 2008, the commencement date of the share class.

The performance data was calculated after deducting all fees and charges actually incurred by the Strategic Yield Portfolio. During the fiscal year ended December 31, 2003, the Adviser reimbursed the Portfolio as operating expenses were greater than 0.65% of the average daily net assets. The Portfolio’s performance during these periods would have been lower absent the Adviser’s expense reimbursements. Also, the performance figures do not reflect the fees and charges of the variable annuity contracts and variable life insurance policies that invest in the Portfolio. If these fees and charges had been reflected, the performance shown would have been less favorable.

Please remember that past performance is no indicator or guarantee of the results that the Portfolio may achieve in the future. Future annual returns may be greater or less than the returns shown in the chart and table.

MANAGED PORTFOLIO

INVESTOR PROFILE

Who should consider investing in this Portfolio?

You may want to invest more of your assets in this Portfolio if you:

- are looking for a more conservative alternative to a growth-oriented mutual fund
- want a well-diversified and relatively stable investment allocation
- need a core investment
- seek above-average total return over the long-term irrespective of its source

or

- are retired or nearing retirement, if your investment in this Portfolio is held as part of a diversified investment program

You may want to invest fewer of your assets in this Portfolio if you:

- are investing for maximum return over a long time horizon

or

- require a high degree of stability of your principal

INVESTMENT OBJECTIVE

What is this Portfolio's goal?

The Portfolio seeks the highest level of total return through income and capital appreciation.

PRIMARY INVESTMENT STRATEGIES

How does this Portfolio pursue its objective?

The Portfolio pursues its objective through a fully managed investment policy consisting of investment in the following three market sectors: (1) common stocks and other equity securities, (2) high grade debt securities and (3) money market instruments.

The Portfolio's investment policy for the equity sector is to invest in both value-oriented securities of the type in which the Value Growth Portfolio invests (see page 10) and securities of those companies that display more traditional growth characteristics such as established records of growth in sales and earnings. The Portfolio's criteria for selecting debt and money market securities are the same as those employed for the primary investments by the High Grade Bond (see page 4) and Money Market Portfolios (see page 2), respectively. There are no restrictions as to the proportion of one or another type of security which the Portfolio may hold. Accordingly, at any given time, the Portfolio may be substantially invested in equity securities, debt securities or money market instruments.

The Portfolio may also invest in mortgage-backed securities, capital securities, and other collateralized or asset-backed securities. The Portfolio may invest up to 25% of its net assets in equity securities of foreign issuers as consistent with its investment objective.

PRINCIPAL RISKS

What are the main risks of investing in this Portfolio?

As with any mutual fund that invests in stocks and bonds, the Portfolio is subject to **market, financial and interest rate risks**.

To the extent that it invests in certain securities, the Portfolio may be affected by additional risks relating to non-investment grade securities (i.e., "junk" bonds) (above-average **credit, market and other risks**), securities of foreign issuers (**currency, information, natural event and political risks**), and mortgage-backed securities (**credit, extension, prepayment and interest rate risks**).

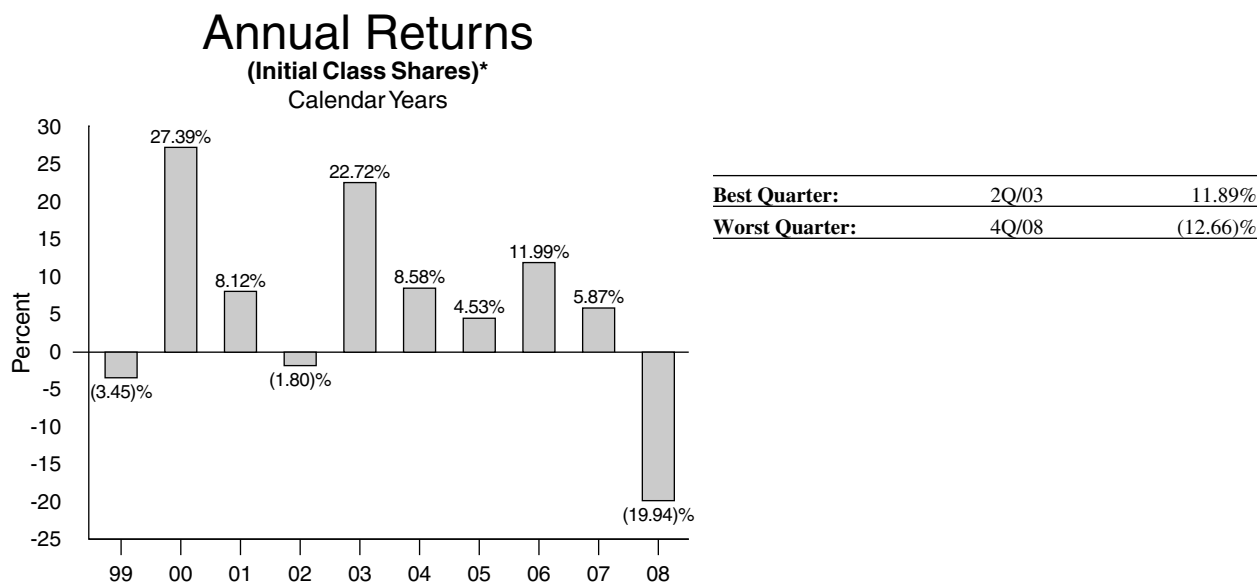
In general, the Managed Portfolio may be subject to any of the principal risks discussed in connection with the Value Growth (page 10), High Grade Bond (page 4) and Money Market (page 2) Portfolios. These risks include the **risk of value investing**. Value stocks may never reach what the Adviser believes is their full market value and, even though they are undervalued, such stocks may decline further in value. In addition, the Portfolio is subject to **credit risk**. To the extent the Portfolio is substantially invested in money market instruments, the Portfolio could experience a high level of current income volatility because the level of its current income directly reflects short-term interest rates.

Like all mutual fund investments, loss of money upon redemption is a risk of investing in this Portfolio.

These risks, and the risks associated with other higher-risk securities and practices that the Portfolio may utilize, are described in more detail later in this Prospectus and in the SAI. Before you invest, please carefully read the sections on "PRINCIPAL RISK FACTORS" and "DESCRIPTION OF PRINCIPAL SECURITY TYPES AND ASSOCIATED RISKS".

PERFORMANCE RECORD

The following bar chart provides some indication of the risks of investing in the Portfolio by showing changes in the Portfolio's performance for each of the last ten calendar years.



* Service Class Shares did not commence operations until June 1, 2008.

The following table also provides some indication of the risks of investing in the Portfolio by comparing the average annual total returns of the Managed Portfolio to those of the Standard & Poor Corporation's Composite Index of 500 Common Stocks ("S&P 500 Index") over the periods shown. The S&P 500 Index is a widely recognized, unmanaged market capitalization-weighted index of 500 widely-held common stocks. The S&P 500 Index figures do not reflect any fees or expenses and one cannot invest directly in the Index.

Average Annual Total Return (for periods ended December 31, 2008)	<u>One Year</u>	<u>Five Years</u>	<u>Ten Years</u>	<u>Since Inception**</u>
Managed Portfolio (Initial Class Shares)	(19.94)%	1.50%	5.61%	NA
Managed Portfolio (Service Class Shares)	NA	NA	NA	(20.55)%
S&P 500 Index	(37.00)%	(2.19)%	(1.38)%	(51.59)%

** Since Inception performance is only provided for a share class with less than ten calendar years of performance. Since Inception figures for the Service Class Shares are from June 1, 2008, the commencement date of the share class.

The performance data was calculated after deducting all fees and charges actually incurred by the Managed Portfolio. Also, the performance figures do not reflect the fees and charges of the variable annuity contracts and variable life insurance policies that invest in the Portfolio. If these fees and charges had been reflected, the performance shown would have been less favorable.

Please remember that past performance is no indicator or guarantee of the results that the Portfolio may achieve in the future. Future annual returns may be greater or less than the returns shown in the chart and table.

VALUE GROWTH PORTFOLIO

INVESTOR PROFILE

Who should consider investing in this Portfolio?

You may want to invest more of your assets in this Portfolio if you:

- have longer investment time horizons
 - are willing to accept higher ongoing short-term risk for the potential of higher long-term returns
 - want to diversify your investments
 - are seeking mutual funds for the growth portion of an asset allocation program
- or
- are investing for retirement or other goals that are many years in the future

You may want to invest fewer of your assets in this Portfolio if you:

- are investing with a shorter investment time horizon in mind
- or
- are uncomfortable with an investment whose value may vary substantially

INVESTMENT OBJECTIVE

What is this Portfolio's goal?

The Portfolio seeks long-term capital appreciation.

PRIMARY INVESTMENT STRATEGIES

How does this Portfolio pursue its objective?

The Portfolio pursues its investment objective by investing primarily (i.e., at least 65% of total assets) in equity securities of any size companies that the Adviser believes have a potential to earn a high return on capital and/or are undervalued by the market (i.e., "value stocks"). It also may invest in "special situation" companies. (Special situation companies are ones that, in the Adviser's opinion, have potential for significant future earnings growth but have not performed well in the recent past. These companies may include ones with management changes, corporate or asset restructuring or significantly undervalued assets.)

The Portfolio may also invest in capital securities and up to 25% of its net assets in equity securities of foreign issuers as consistent with its investment objective.

PRINCIPAL RISKS

What are the main risks of investing in this Portfolio?

As with any mutual fund that invests in equity securities, this Portfolio is subject to **market** and **financial risks**. Because the Portfolio invests primarily in value stocks, it is subject to the **risks of value investing**.

Further, while the Portfolio's investments in value stocks may limit the overall downside risk of the Portfolio over time, the Portfolio may produce more modest gains than riskier stock funds as a trade-off for this potentially lower risk. The equity securities in which the Portfolio invests include the equity securities of "special situation" companies. The Portfolio's investments in special situation companies bear the risk that the special situation will not develop as favorably as expected, or the situation may deteriorate. For example, a merger with favorable implications may be blocked or a bankruptcy may not be as profitably resolved as had been expected.

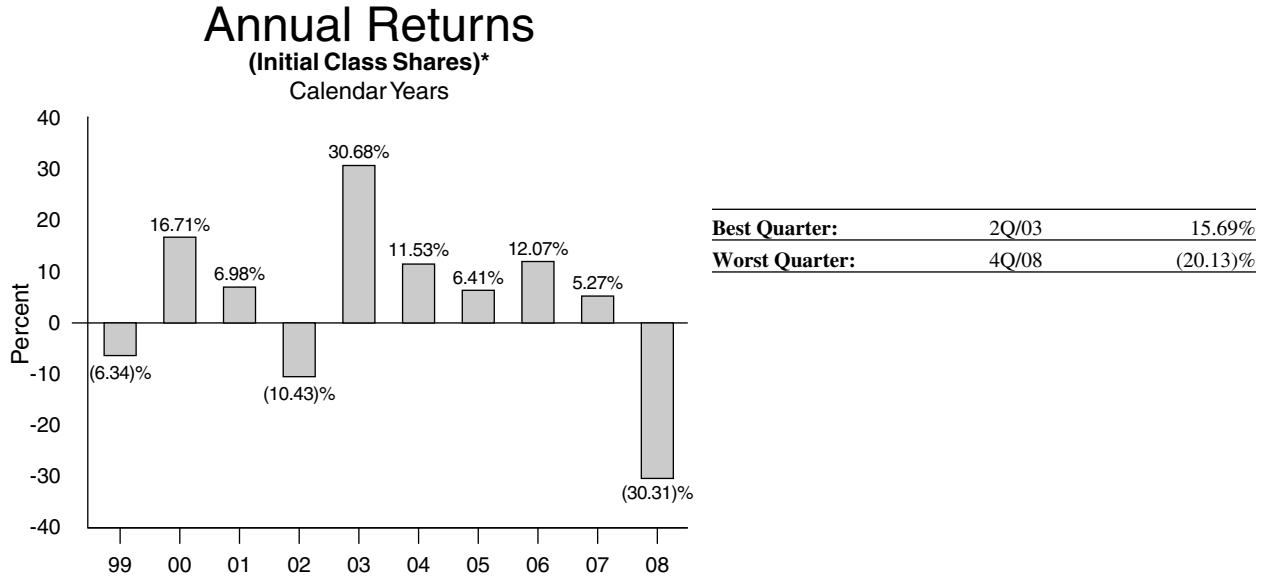
Investments in medium- and smaller-size companies are generally considered to offer greater opportunity for appreciation and to involve greater risk of depreciation than securities of larger-size companies. Because the securities of most medium- and smaller-size companies are not as broadly traded as those of larger-size companies, these securities are often subject to wider and more abrupt fluctuations in the market price. In the past, there have been prolonged periods when these securities have substantially underperformed or outperformed the securities of larger-size companies. In addition, medium- and smaller-size companies generally have fewer assets available to cushion an unforeseen adverse occurrence. Therefore, such an occurrence may have a disproportionately negative impact on these companies.

Like all mutual fund investments, loss of money upon redemption is a risk of investing in this Portfolio.

These risks, and the risks associated with other higher-risk securities and practices that the Portfolio may utilize, are described in more detail later in this Prospectus and in the SAI. Before you invest, please carefully read the sections on "PRINCIPAL RISK FACTORS" and "DESCRIPTION OF PRINCIPAL SECURITY TYPES AND ASSOCIATED RISKS".

PERFORMANCE RECORD

The following bar chart provides some indication of the risks of investing in the Portfolio by showing changes in the Portfolio’s performance for each of the last ten calendar years.



* Service Class Shares did not commence operations until June 1, 2008.

The following table also provides some indication of the risks of investing in the Portfolio by comparing the average annual total returns of the Value Growth Portfolio to those of the S&P 500 Index over the periods shown. The S&P 500 Index is a widely recognized, unmanaged market capitalization-weighted index of 500 widely-held common stocks. The S&P 500 Index figures do not reflect any fees or expenses and one cannot invest directly in the Index.

Average Annual Total Return (for periods ended December 31, 2008)	<u>One Year</u>	<u>Five Years</u>	<u>Ten Years</u>	<u>Since Inception**</u>
Value Growth Portfolio (Initial Class Shares)	(30.31)%	(0.49)%	2.94%	NA
Value Growth Portfolio (Service Class Shares)	NA	NA	NA	(29.92)%
S&P 500 Index	(37.00)%	(2.19)%	(1.38)%	(51.59)%

** Since Inception performance is only provided for a share class with less than ten calendar years of performance. Since Inception figures for the Service Class Shares are from June 1, 2008, the commencement date of the share class.

The performance data was calculated after deducting all fees and charges actually incurred by the Value Growth Portfolio. Also, the performance figures do not reflect the fees and charges of the variable annuity contracts and variable life insurance policies that invest in the Portfolio. If these fees and charges had been reflected, the performance shown would have been less favorable.

Please remember that past performance is no indicator or guarantee of the results that the Portfolio may achieve in the future. Future annual returns may be greater or less than the returns shown in the chart and table.

BLUE CHIP PORTFOLIO

INVESTOR PROFILE

Who should consider investing in this Portfolio?

You may want to invest more of your assets in this Portfolio if you:

- are looking for a stock fund that has both growth and income components
- are looking for a more conservative alternative to a growth-oriented fund
- need a core investment
- seek above-average long-term total return
- are investing for a higher return over a long time horizon

or

- are retired or nearing retirement, if your investment in this Portfolio is held as part of a diversified investment program

You may want to invest fewer of your assets in this Portfolio if you:

- are investing with a shorter time horizon in mind

or

- require a high degree of stability of your principal

INVESTMENT OBJECTIVE

What is this Portfolio's goal?

The Portfolio seeks long-term growth of capital and income.

PRIMARY INVESTMENT STRATEGIES

How does this Portfolio pursue its objective?

Under normal circumstances, the Portfolio pursues its objective by investing at least 80% of net assets, plus the amount of any borrowings for investment purposes, in equity securities of well-capitalized, established companies that the Adviser considers to be "blue chip" companies. (The Portfolio's 80% policy may be changed without a shareholder vote; however, the Portfolio will provide shareholders 60 days' notice prior to any such change.) The Portfolio focuses on common stocks of approximately 50 large, well-known companies that the Adviser believes to collectively comprise a representative cross-section of major industries, commonly referred to as "blue chip" companies, which are generally identified by their substantial capitalization, established history of earnings and superior management structure. With respect to 25% of its total assets, the Portfolio may, from time to time, hold more than 5% of its assets in one or more such companies.

PRINCIPAL RISKS

What are the main risks of investing in this Portfolio?

As with any mutual fund that invests in equity securities, the Portfolio is subject to **market** and **financial risks**. The equity securities in which the Portfolio primarily invests are considered "**growth stocks**." Because of their perceived return potential, growth stocks are typically in demand and tend to carry relatively high prices. Growth stocks generally experience greater share price fluctuations as the market reacts to changing perceptions of the underlying companies' growth potential and broader economic activity. Because the Portfolio invests in larger, more established companies, the Portfolio may underperform in markets that do not favor growth stock funds.

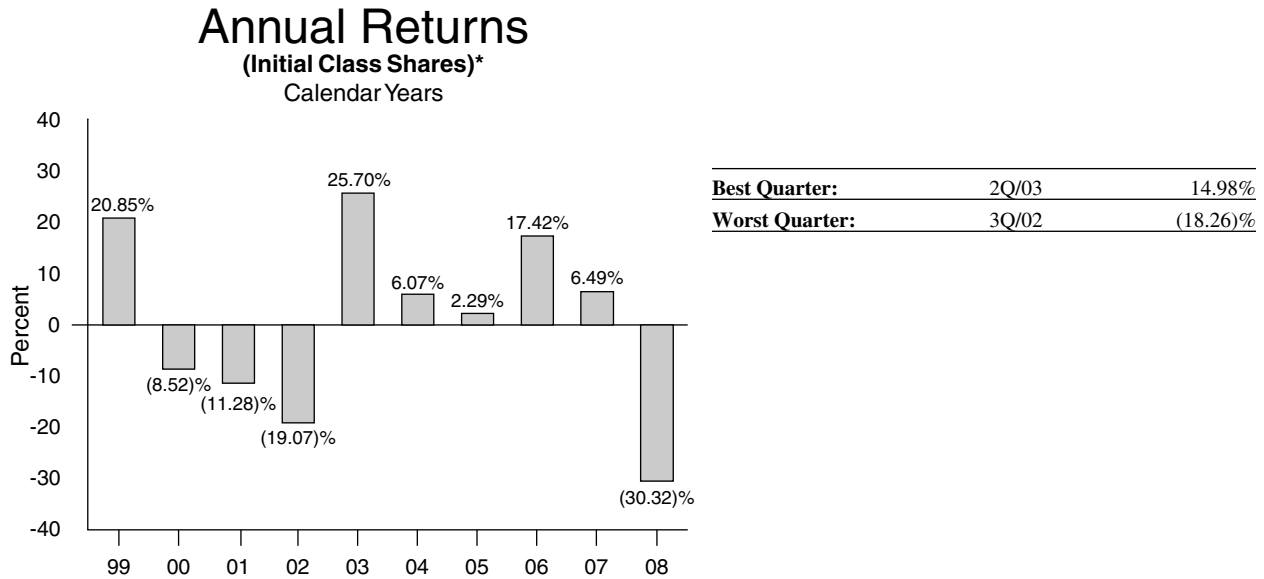
The Portfolio may also be subject to **non-diversification risk**, the risk that investment in a limited number of companies will expose the Portfolio, to a greater extent than if investments were spread across more companies, to losses arising from adverse developments affecting those companies.

Like all mutual fund investments, loss of money upon redemption is a risk of investing in this Portfolio.

These risks, and the risks associated with other higher-risk securities and practices that the Portfolio may utilize, are described in more detail later in this Prospectus and in the SAI. Before you invest, please carefully read the sections on "PRINCIPAL RISK FACTORS" and "DESCRIPTION OF PRINCIPAL SECURITY TYPES AND ASSOCIATED RISKS".

PERFORMANCE RECORD

The following bar chart provides some indication of the risks of investing in the Portfolio by showing changes in the Portfolio’s performance for each of the last ten calendar years.



* Service Class Shares did not commence operations until June 1, 2008.

The following table also provides some indication of the risks of investing in the Portfolio by comparing the average annual total returns of the Blue Chip Portfolio to those of the S&P 500 Index over the periods shown. The S&P 500 Index is a widely recognized, unmanaged market capitalization-weighted index of 500 widely-held common stocks. The S&P 500 Index figures do not reflect any fees or expenses and one cannot invest directly in the Index.

Average Annual Total Return (for periods ended December 31, 2008)	<u>One Year</u>	<u>Five Years</u>	<u>Ten Years</u>	<u>Since Inception**</u>
Blue Chip Portfolio (Initial Class Shares)	(30.32)%	(1.12)%	(0.58)%	NA
Blue Chip Portfolio (Service Class Shares)	NA	NA	NA	(26.80)%
S&P 500 Index	(37.00)%	(2.19)%	(1.38)%	(51.59)%

** Since Inception performance is only provided for a share class with less than ten calendar years of performance. Since Inception figures for the Service Class Shares are from June 1, 2008, the commencement date of the share class.

The performance data was calculated after deducting all fees and charges actually incurred by the Blue Chip Portfolio. Also, the performance figures do not reflect the fees and charges of the variable annuity contracts and variable life insurance policies that invest in the Portfolio. If these fees and charges had been reflected, the performance shown would have been less favorable.

Please remember that past performance is no indicator or guarantee of the results that the Portfolio may achieve in the future. Future annual returns may be greater or less than the returns shown in the chart and table.

FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares of the Portfolios. The table does not reflect the fees and charges of the variable annuity contracts and variable life insurance policies through which the Portfolios are available for investment.

Shareholder Fees (fees paid directly from your investment)

	Initial Class	Service Class
Maximum Sales Charge (Load) Imposed on Purchases	N/A	N/A
Deferred Sales Charge (Load) (as a percentage of redemption proceeds)	N/A	N/A
Maximum Sales Charge (Load) Imposed on Reinvested Dividends	N/A	N/A
Redemption Fee	N/A	N/A
Exchange Fee	N/A	N/A

Annual Fund Operating Expenses (expenses that are deducted from Portfolio assets)

Portfolio	Management Fees	Distribution ("12b-1") Fees	Other Expenses	Total Annual Fund Operating Expenses*
Money Market				
Initial Class	0.25%	0.00%	0.21%	0.46%
Service Class**	0.25%	0.25%	0.23%	0.73%
High Grade Bond				
Initial Class	0.30%	0.00%	0.13%	0.43%
Service Class**	0.30%	0.25%	0.13%	0.68%
Strategic Yield				
Initial Class	0.45%	0.00%	0.13%	0.58%
Service Class**	0.45%	0.25%	0.14%	0.84%
Managed				
Initial Class	0.45%	0.00%	0.10%	0.55%
Service Class**	0.45%	0.25%	0.11%	0.81%
Value Growth				
Initial Class	0.45%	0.00%	0.13%	0.58%
Service Class**	0.45%	0.25%	0.14%	0.84%
Blue Chip				
Initial Class	0.20%	0.00%	0.11%	0.31%
Service Class**	0.20%	0.25%	0.12%	0.57%

* The Adviser has agreed to reimburse the Portfolios annually for total expenses (excluding brokerage, interest, taxes and extraordinary expenses) in excess of 1.50% of each Portfolio's average daily net assets. The amount reimbursed, however, shall not exceed the amount of the investment advisory and management fee paid by the Portfolio for such period. During the year ended December 31, 2008, the Adviser further agreed to reimburse the Initial Share Class of any Portfolio, to the extent that annual operating expenses, including the investment advisory fee, exceed 0.65% of each Portfolio's average daily net assets.

** Service Class data is for the period June 1, 2008 to December 31, 2008. Figures are computed on an annualized basis.

Example

The following example is intended to help you compare the cost of investing in the Portfolios with the cost of investing in other mutual funds. This example assumes that you invest \$10,000 in each of

the Portfolios for the time periods indicated. It also assumes that your investment has a 5% return each year and the Portfolio's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

Portfolio	1 Year	3 Years	5 Years	10 Years
Money Market				
Initial Class	\$47	\$148	\$258	\$ 579
Service Class	\$75	\$233	\$406	\$ 906
High Grade Bond				
Initial Class	\$44	\$138	\$241	\$ 542
Service Class	\$69	\$218	\$379	\$ 847
Strategic Yield				
Initial Class	\$59	\$186	\$324	\$ 726
Service Class	\$86	\$268	\$466	\$1,037
Managed				
Initial Class	\$56	\$176	\$307	\$ 689
Service Class	\$83	\$259	\$450	\$1,002
Value Growth				
Initial Class	\$59	\$186	\$324	\$ 726
Service Class	\$86	\$268	\$466	\$1,037
Blue Chip				
Initial Class	\$32	\$100	\$174	\$ 393
Service Class	\$58	\$183	\$318	\$ 714

The expense figures in the example do not reflect the fees and charges of the variable annuity contracts and variable life insurance policies through which the Portfolios are available for investment. If such fees and charges were reflected, the expense figures shown would be higher.

INVESTMENT OBJECTIVES, PRIMARY STRATEGIES AND RELATED RISKS

Each Portfolio has its own investment objectives, investment policies, restrictions and attendant risks. An investor should consider each Portfolio separately to determine if it is an appropriate investment. *No one can assure that a Portfolio will achieve its investment objective(s) and investors should not consider any one Portfolio alone to be a complete investment program. As with all mutual funds, there is a risk that an investor could lose money by investing in a Portfolio.* The investment objective(s) of each Portfolio and those investment restrictions of a Portfolio that are designated as fundamental cannot be changed without approval of a majority of the outstanding shares of that Portfolio as defined in the SAI. However, each Portfolio's investment policies and the strategies by which it seeks its objective(s), and those investment restrictions not specifically designated as fundamental, are nonfundamental and may be changed by the Fund's Board of Trustees without shareholder approval.

The Fund will provide shareholders of the High Grade Bond Portfolio and Blue Chip Portfolio with at least 60 days' prior notice of any change in such Portfolio's 80% investment policy.

Notwithstanding their investment objective(s), each Portfolio may from time to time, for temporary defensive purposes, invest all (15% for the Blue Chip Portfolio) of its assets in cash and/or money market instruments of the type in which the Money Market Portfolio invests. As a result of taking such a temporary defensive position, a Portfolio may not achieve its investment objective(s).

Money Market Portfolio

The Money Market Portfolio seeks maximum current income consistent with liquidity and stability of principal. The Portfolio intends to maintain a stable value of \$1.00 per share.

The Portfolio invests exclusively in U.S. dollar-denominated money market securities maturing in 13 months or less from the date of purchase, including those issued by U.S. financial institutions, corporate issuers, the U.S. Government and its agencies, instrumentalities and municipalities. The Adviser will invest at least 95% of the Portfolio's assets in money market instruments rated in the highest short-term category (or the unrated equivalent), and 100% of the Portfolio's assets in securities rated in the two highest short-term categories. The Portfolio maintains a dollar-weighted average maturity of 90 days or less.

The Money Market Portfolio is subject to little market or credit risk because it invests in high quality short-term investments that reflect current market interest rates. The Portfolio could experience a high level of current income volatility because the level of its current income directly reflects short-term interest rates.

High Grade Bond Portfolio

The High Grade Bond Portfolio seeks to generate as high a level of current income as is consistent with an investment in a diversified portfolio of high grade income-bearing debt securities.

To keep current income relatively stable and to limit share price volatility, under normal circumstances, the Adviser invests at least 80% of the Portfolio's net assets, plus the amount of any borrowings for investment purposes, in high grade fixed-income securities and typically maintains an average portfolio duration of two to seven years. The Portfolio may invest up to 20% of its total assets in unrated debt securities or debt securities rated lower than the three highest grades of S&P or Moody's; or in convertible or non-convertible preferred stocks rated within the three highest grades of S&P or Moody's. The Portfolio will not directly purchase common stocks. However, it may retain up to 10% of the value of its assets in common stocks acquired either by conversion of debt securities or by the exercise of warrants attached to debt securities.

In determining whether to sell a security, the Adviser considers the relative value of the security as compared to the relative value of the securities available for purchase based on the Adviser's outlook for interest rates, interest rate volatility, the security's asset class, credit quality of the issuer, issuer-specific risks and the economy in general.

The High Grade Bond Portfolio is subject to moderate levels of interest rate risk and relatively low levels of credit risk and current income volatility.

Strategic Yield Portfolio

The Strategic Yield Portfolio seeks as high a level of current income as is consistent with an investment in a diversified portfolio of lower-rated, higher-yielding income-bearing securities. The Portfolio also seeks capital appreciation, but only when consistent with its primary goal.

Under normal circumstances, the Portfolio's assets will be invested in fixed-income securities, including convertible and non-convertible debt securities and preferred stock. The remaining assets may be held in cash or investment-grade commercial paper, obligations of banks and savings institutions, U.S. Government securities, government agency securities and repurchase agreements. The Portfolio does not intend to invest in common stocks or other equity securities, but may acquire or hold such securities when acquired in unit offerings with fixed-income securities or in connection with an actual or proposed conversion or exchange of fixed-income securities.

The premise of the Strategic Yield Portfolio is that over long periods of time, a broadly diversified portfolio of lower-rated, higher-yielding debt securities should, net of capital losses, provide a higher net return than a similarly diversified portfolio of higher-rated, lower-yielding debt securities.

(See “INVESTMENT OBJECTIVES AND TECHNIQUES — Investment Strategies and Techniques — *Lower-Rated Debt Securities*” in the SAI.) The Portfolio generally does not invest in bonds rated Ca/Cc or lower. The Adviser attempts to minimize the risks of higher-yielding debt securities by:

- constructing a portfolio of such securities diversified by industry, geography, maturity, duration and credit quality;
- performing credit analysis independent of rating agencies and attempting to acquire securities of issuers whose financial position is more sound than ratings would indicate; and
- acquiring or disposing of particular securities to take advantage of anticipated changes and trends in the economy and financial markets.

The Adviser’s judgment of the risk of any particular security is a function of its experience with higher-yielding debt securities, its evaluation of general economic and securities market conditions, and the financial position of a security’s issuer. Under certain market conditions, the Adviser may sacrifice yield in order to adopt a defensive posture designed to preserve capital. A defensive posture could include, among other strategies, acquiring discount securities.

In determining whether to sell a security, the Adviser considers the relative value of the security as compared to the relative value of the securities available for purchase based on the Adviser’s outlook for interest rates, interest rate volatility, the security’s asset class, credit quality of the issuer, issuer-specific risks and the economy in general.

The Strategic Yield Portfolio is subject to relatively high levels of credit risk, moderate levels of interest rate risk and relatively low levels of current income volatility.

Managed Portfolio

The Managed Portfolio seeks the highest level of total return through income and capital appreciation.

The Adviser uses a fully managed approach in selecting investments for the Portfolio and may allocate the Portfolio’s investments in any manner among the equity, debt and money market sectors. Therefore, at any given time, the Portfolio may be substantially invested in equity securities, debt securities or money market instruments. The Adviser generally selects the Portfolio’s equity investments using the same approach as for the Value Growth Portfolio, but with a greater bias towards value stocks and a lesser bias towards growth stocks. The Adviser selects the Portfolio’s debt securities and money market instruments using the same approach as for the High Grade Bond Portfolio and the Money Market Portfolio, respectively.

The Adviser considers selling a security when its valuation is above average compared to historic norms for the individual issuer or its industry group or when it believes the overall profitability outlook for the issuer has substantially diminished.

The Managed Portfolio is subject to moderate levels of market, financial, interest rate and credit risk, and relatively low levels of current income volatility, although current income could be higher if the Portfolio is heavily invested in short-term money market instruments.

Value Growth Portfolio

The Value Growth Portfolio seeks long-term capital appreciation.

The Adviser follows a value approach in investing the Portfolio’s assets. Such an analysis focuses upon evaluations of key financial ratios such as stock price-to-book value, stock price-to-earnings, stock price-to-cash flow and debt-to-total capital. The Adviser attempts to determine the fundamental value of a company by evaluating key financial ratios and analyzing the company’s balance sheet (e.g., comparing the company’s assets with the purchase price of similar recently

acquired assets) as well as by using dividend discounting models. The Adviser's use of a value-oriented analysis may at times result in the acquisition of equity securities of medium- and smaller-size companies or in securities of companies that are out of favor in the market.

The Adviser considers selling a security when its valuation is above average compared to historic norms for the individual issuer or its industry group or when it believes the overall profitability outlook for the issuer has substantially diminished.

The Value Growth Portfolio is subject to moderate levels of both market and financial risk.

Blue Chip Portfolio

The Blue Chip Portfolio seeks long-term growth of capital and income.

Under normal circumstances, the Portfolio invests at least 80% of net assets, plus the amount of any borrowings for investment purposes, in securities of large, well-known companies the Adviser considers to be "blue chip" companies. The Adviser focuses the Portfolio's investments on the common stocks of approximately 50 large, well-known companies. Blue chip companies are generally identified by their substantial capitalization, established history of earnings and superior management structure. The Adviser selects the companies in which the Portfolio invests based upon whether, taken together, such companies reasonably represent a cross-section of major industries and not on the basis of any analysis of their economic or financial strength or the relative value of the securities.

The Adviser considers selling a security when its valuation is above average compared to historic norms for the individual issuer or its industry group or when it believes the overall profitability outlook for the issuer has substantially diminished.

The Blue Chip Portfolio is subject to moderate levels of both market and financial risk. The Portfolio is also subject to non-diversification risk.

PRINCIPAL RISK FACTORS

General Discussion of Risks

Equity Securities. To the extent that a Portfolio invests in equity securities, it is subject to market risk. In general, stock values fluctuate in response to the fortunes of individual companies and in response to general market and economic conditions. Accordingly, the value of the equity securities that a Portfolio holds may decline over short or extended periods. The risk of such a decline is known as market risk. The U.S. equity markets tend to be cyclical, with periods when prices generally rise and periods when prices generally decline. Therefore, the value of an investment in those Portfolios that hold equity securities may increase or decrease. Equity securities are also subject to financial risk, which is the risk that the issuer's earnings prospects and overall financial position will deteriorate, causing a decline in the security's value.

Income-Bearing Securities. To the extent that a Portfolio invests in income-bearing securities, it is subject to the risk of income volatility, market risk (interest rate risk), financial risk (credit risk) and, as to some Portfolio holdings, prepayment/extension risk. Income volatility refers to the degree and rapidity with which changes in overall market interest rates diminish the level of current income from a portfolio of income-bearing securities. In general, market risk is the risk that when prevailing interest rates decline, the market value of income-bearing securities (particularly fixed-income securities) tends to increase. Conversely, when interest rates increase, the market value of income-bearing securities (particularly fixed-income securities) tends to decline. Financial risk relates to the ability of an issuer of a debt security to pay principal and interest on such security on a timely basis and is the risk that the issuer could default on its obligations and a Portfolio will lose its investment.

The credit risks of an income-bearing security may vary based on its priority for repayment. In addition, some subordinated securities such as trust preferred and capital securities notes permit the issuer to defer payments under certain circumstances. Prepayment risk and extension risk are normally present in adjustable rate mortgage loans, mortgage-backed securities and other asset-backed securities. For example, homeowners have the option to prepay their mortgages. Therefore, the duration of a security backed by home mortgages can either shorten (prepayment risk) or lengthen (extension risk). In general, if interest rates on new mortgage loans fall sufficiently below the interest rates on existing outstanding mortgage loans, the rate of prepayment would be expected to increase. Conversely, if mortgage loan interest rates rise above the interest rates on existing outstanding mortgage loans, the rate of prepayment would be expected to decrease. In either case, a change in the prepayment rate can result in losses to investors.

Types of Investment Risk

Correlation Risk. The risk that changes in the value of a hedging instrument or hedging technique will not match those of the asset being hedged (hedging is the use of one investment to offset the possible adverse effects of another investment).

Credit Risk. The risk that the issuer of a security, or the counterparty to a contract, will default or otherwise not honor a financial obligation.

Currency Risk. The risk that fluctuations in the exchange rates between the U.S. dollar and foreign currencies may negatively affect the U.S. dollar value of an investment.

Current Income Volatility. For income-bearing securities, the risk that the degree and rapidity with which changes in overall market interest rates diminish the level of current income.

Extension Risk. The risk that a rise in prevailing interest rates will extend the life of an outstanding mortgage-backed security by reducing the expected number of mortgage prepayments, typically reducing the security's value.

Financial Risk. For income bearing securities, credit risk. For equity securities, the risk that the issuer's earning prospects and overall financial position will deteriorate causing a decline in the security's value.

Information Risk. The risk that key information about a security or market is inaccurate or unavailable.

Interest Rate Risk. The risk of declines in market value of an income bearing investment due to changes in prevailing interest rates. With fixed-rate securities, a rise in interest rates typically causes a decline in market values, while a fall in interest rates typically causes an increase in market values.

Leverage Risk. The risks associated with securities or investment practices that enhance return (or loss) without increasing the amount of investment, such as buying securities on margin or using certain derivative contracts or derivative securities. A Portfolio's gain or loss on a leveraged position may be greater than the actual market gain or loss in the underlying security or instrument. A Portfolio may also incur additional costs in taking a leveraged position (such as interest on borrowing) that may not be incurred in taking a non-leveraged position.

Liquidity Risk. The risk that certain securities or other investments may be difficult or impossible to sell at the time the Portfolio would like to sell them or at the price the Portfolio values them.

Market Risk. The risk that the market value of a security may move up and down, sometimes rapidly and unpredictably, due to factors that have nothing to do with the issuer. This risk is common to all income-bearing and equity securities and mutual funds that invest in them.

Natural Event Risk. The risk of losses attributable to natural disasters, crop failures and similar events.

Non-Diversification Risk. The risk that a concentration of assets in a limited number of companies will create a greater exposure to losses arising from adverse developments affecting those companies.

Opportunity Risk. The risk of missing out on an investment opportunity because the assets necessary to take advantage of it are tied up in less advantageous investments.

Political Risk. The risk of losses directly attributable to government actions or political events of any sort.

Prepayment Risk. The risk that a decline in prevailing interest rates will shorten the life of an outstanding mortgage-backed security by increasing the expected number of mortgage prepayments, thereby reducing the security's return.

Valuation Risk. The risk that the market value of an investment falls substantially below the Portfolio's valuation of the investment.

DESCRIPTION OF PRINCIPAL SECURITY TYPES AND ASSOCIATED RISKS

Foreign Securities

The Value Growth Portfolio and Managed Portfolio each may invest up to 25% of its net assets in equity and debt securities of foreign issuers, and the High Grade Bond Portfolio and Strategic Yield Portfolio each may invest up to 25% of its net assets in debt securities of foreign issuers, to the extent the purchase of such foreign securities is otherwise consistent with the Portfolio's investment objectives. Investments are made only in securities of foreign issuers that are traded on U.S. exchanges and payable or denominated in U.S. dollars.

Investments in securities of foreign issuers (including ADRs) may offer potential benefits not available from investments solely in securities of domestic issuers. Investing in securities of foreign issuers involves significant risks that are not typically associated with investing in domestic securities. The risks of foreign securities investments (including ADRs) include market, currency, information, natural event and political risks.

Lower-Rated Debt Securities

The Strategic Yield Portfolio normally invests primarily in income-bearing securities offering high current income. Additionally, the High Grade Bond Portfolio may invest a portion of its assets in such securities. Such high yielding income-bearing securities often do not meet the High Grade or Investment Grade quality level. Securities falling short of Investment Grade are commonly known as "junk bonds." These lower-rated securities are, on balance, predominantly speculative with respect to capacity to pay interest and repay principal in accordance with their terms and generally entail more credit risk than higher-rated securities. The market values of such securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates. Such lower-rated securities also tend to be more sensitive to economic conditions than higher-rated securities and are subject to market risk. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, regarding lower-rated securities may depress prices and diminish liquidity for such securities. Factors adversely affecting the market value of lower-rated securities adversely affect a Portfolio's net asset value. In addition, a Portfolio may incur additional expenses to the extent it were required to seek recovery upon a default in the payment of principal or interest on its income-bearing securities. Although some risk is inherent in all securities, holders of income-bearing debt securities have a claim on the assets of the issuer prior to the holders of common stock. Therefore, an investment in such securities generally entails less financial risk than an investment in equity securities of the same issuer.

Lower-rated securities may be issued by corporations in the early stages of their development. They may also be issued in connection with a corporate reorganization or as part of a corporate takeover. Companies that issue such high-yielding lower-rated securities are often highly leveraged and may not have available to them more traditional methods of financing. Therefore, the risk associated with acquiring the securities of such issuers generally is greater than is the case with Investment Grade securities. For example, during an economic downturn or a sustained period of rising interest rates, highly leveraged issuers of lower-rated securities may experience financial stress. During such periods, such issuers may not have sufficient revenues to meet their interest payment obligations. An issuer's ability to service its debt obligations may also be adversely affected by specific corporate developments, or the issuer's inability to meet specific projected business forecasts, or the unavailability of additional financing. The risk of loss due to default by the issuer is significantly greater for the holders of lower-rated income-bearing securities because such securities are generally unsecured and are often subordinated to other creditors of the issuer. Lower-rated securities are also subject to interest rate and information risk.

Lower-rated income-bearing securities frequently have call or buy-back features that would permit an issuer to call or repurchase the security from the Portfolio. If a call were exercised by the issuer during a period of declining interest rates, a Portfolio would likely have to replace such called security with a lower-yielding security, thus decreasing the net investment income to the Portfolio. The premature disposition of a lower-rated high-yielding security because of a call or buy-back feature, the deterioration of the issuer's creditworthiness or a default may also make it more difficult for a Portfolio to time its receipt of income, which may have tax implications.

A Portfolio may have difficulty disposing of certain lower-rated securities for which there is a thin trading market. Because not all dealers maintain markets in all lower-rated securities, there is no established retail secondary market for many of these securities, and the Adviser anticipates that they could be sold only to a limited number of dealers or institutional investors. To the extent there is a secondary trading market for lower-rated securities, it is generally not so liquid as that for Investment Grade securities. The lack of a liquid secondary market may have an adverse impact on the market value of such securities and a Portfolio's ability to dispose of them when necessary to meet the Portfolio's liquidity needs or in response to a specific economic event such as a deterioration in the creditworthiness of the issuer. The lack of a liquid secondary market for certain securities may also make it more difficult for the Adviser to obtain accurate market quotations for purposes of valuing a Portfolio's assets. Market quotations are generally available on many high yield issues only from a limited number of dealers and may not necessarily represent firm bids of such dealers or prices for actual sales.

It is likely that a major economic recession could severely affect the market for and the values of lower-rated securities, as well as the ability of the issuers of such securities to repay principal and pay interest thereon.

A Portfolio may acquire lower-rated securities that are sold without registration under the federal securities laws and therefore carry restrictions on resale. As such, lower-rated securities may be subject to liquidity and valuation risk. The SAI contains more information about the risks of restricted securities. A Portfolio may acquire lower-rated securities during an initial offering. Such securities involve special risks because they are new issues.

Additional information regarding the rating categories for income-bearing debt securities appears in Appendix A.

Mortgage-Backed Securities

The High Grade Bond, Strategic Yield and Managed Portfolios each may invest in mortgage-backed securities. Mortgage-backed securities are securities representing interests in a pool of mortgages. Principal and interest payments made on the mortgages in the underlying mortgage pool are passed through to the Portfolio. Unscheduled prepayments of principal shorten the securities' weighted

average life and may lower total return. The value of these securities may also change because of changes in the market's perception of the creditworthiness of the federal agency that issued them. Some mortgage-backed securities, such as GNMA certificates, are backed by the full faith and credit of the U.S. Treasury, while others, such as Freddie Mac certificates, are not.

The High Grade Bond, Strategic Yield and Managed Portfolios each may also purchase or sell collateralized mortgage obligations ("CMOs"), which are obligations fully collateralized by a portfolio of mortgages or mortgage-related securities. Depending on the type of CMOs in which the Portfolio invests, the Portfolio's investments may be subject to a greater or lesser risk of prepayment (see below) than other types of mortgage-related securities.

Such securities are subject to credit, extension, prepayment and interest rate risks.

Asset-Backed Securities

The High Grade Bond, Strategic Yield, and Managed Portfolios each may invest in various asset-backed securities, which represent a participation in, or are secured by and payable from, a stream of payments generated by particular assets, most often a pool of assets similar to one another such as motor vehicle receivables, credit card receivables, conditional sales contracts, equipment lease certificates and equipment trust certificates. The Adviser expects that other types of asset-backed securities will be offered to investors in the future.

Such securities are subject to credit, extension, prepayment and interest rate risks.

Capital Securities

Each Portfolio (other than the Money Market and Blue Chip Portfolios) may invest in capital (trust-preferred) securities. Capital securities are issued by trusts or other special purpose entities created to invest in (or pool) junior subordinated debentures. Capital securities pay interest on a fixed schedule (although issuers often may defer interest payments for up to five years) and have a maturity date. Capital securities have no voting rights and have a preference over common and preferred stock, but stand behind senior debt securities in the event of the issuer's liquidation. The trust or other special purpose entity may terminate and distribute the debentures to holders of the capital securities. Generally, capital securities exhibit characteristics, and entail associated risks, of both debt securities and preferred stock. For purposes of investment limits applicable to a Portfolio, the Fund treats capital securities as debt. For federal income tax purposes, the Internal Revenue Service currently treats them as debt securities as well. In the past, legislation has been proposed that would have changed the federal income tax treatment of capital securities and if this treatment changes in the future, the Adviser would reconsider the appropriateness of continued investment in them.

Short-Term Trading

It is the Money Market Portfolio's intention, generally, to hold securities to maturity. Nevertheless, the Portfolio may sell portfolio securities prior to maturity to realize gains or losses to shorten the Portfolio's average maturity and may reduce or withhold dividends if it deems such actions appropriate to maintain a stable net asset value. In addition, the Portfolio may attempt, from time to time, to increase its yield by trading to take advantage of variations in the markets for short-term money market instruments.

PORTFOLIO MANAGEMENT

EquiTrust Investment Management Services, Inc., 5400 University Avenue, West Des Moines, Iowa 50266, serves as the Fund's investment adviser and manager pursuant to an Investment Advisory

and Management Services Agreement. This relationship has existed since the Fund commenced operations in 1987.

The Adviser is an indirect subsidiary of FBL Financial Group, Inc., an Iowa corporation. At December 31, 2008, 65.10% of the outstanding voting power of FBL Financial Group, Inc. was owned in shares of various classes by Iowa Farm Bureau Federation. The following individuals are officers and/or directors of the Adviser and are officers and/or trustees of the Fund: James P. Brannen, Richard J. Kypka, John M. Paule, Charles T. Happel, Kristi Rojohn, Robert Ruisch, Jennifer Morgan, Lillie Peshel, Sara Tamsiea and Jodi Winslow. The Adviser also acts as the investment adviser to individuals, institutions and two other investment companies: EquiTrust Money Market Fund, Inc. and EquiTrust Series Fund, Inc. Personnel of the Adviser also manage investments for the portfolios of insurance companies.

The Adviser handles the investment and reinvestment of the Fund's assets, and is responsible for the overall management of the Fund's business affairs, subject to the review of the Board of Trustees.

Money Market Portfolio:

Sarah Biermann, Portfolio Manager. Ms. Biermann joined EquiTrust in 2004 as an Assistant Research Analyst for the fixed-income department. She has served as the Portfolio Manager for the Money Market Portfolio since 2006. Ms. Biermann received her undergraduate degree from Iowa State University.

High Grade and Strategic Yield Portfolios:

Bob Rummelhart, CFA; Investment Vice President, Portfolio Manager. Mr. Rummelhart joined EquiTrust in 1987 and has been responsible for the management of these Portfolios since their inception. He received both his undergraduate and MBA degrees from the University of Iowa.

Blue Chip, Managed and Value Growth Portfolios:

Doug Higgins, CFA; Securities Vice President, Portfolio Manager. Mr. Higgins joined EquiTrust in 1998 as a Security Analyst in the fixed-income department. He became Associate Portfolio Manager in 2000, and was made Lead Portfolio Manager in 2008. Mr. Higgins received his undergraduate degree from Iowa State University and his MBA from the University of Iowa.

Charles T. Happel, CFA; Vice President—Investments, Associate Portfolio Manager. Mr. Happel joined EquiTrust in 1986. He became Lead Portfolio Manager in 2000. In 2008, he transitioned to Associate Portfolio Manager given his increasing responsibilities within the overall EquiTrust and FBL Financial Group organizations. Mr. Happel earned his undergraduate degree at the University of Northern Iowa and his MBA at Drake University in Des Moines, Iowa.

Mark Sandbulte, CFA, Associate Portfolio Manager. Mr. Sandbulte joined EquiTrust in 2000 as Assistant Research Analyst, and became Associate Portfolio Manager in 2008. Mr. Sandbulte received his undergraduate degree from Central College in Pella, Iowa, and his MBA from the University of Iowa.

Justin Carley, Investment Analyst. Mr. Carley joined EquiTrust in 2005 as Associate Portfolio Administrator and is currently an Investment Analyst for the Portfolios.

The SAI contains additional information about the managers' compensation, other accounts they oversee and their ownership of shares in the Portfolios.

As compensation for the advisory and management services provided by the Adviser, the Fund has agreed to pay the Adviser an annual management fee, accrued daily and payable monthly, based on the average daily net assets of each Portfolio as follows: 0.45% of the average daily net assets of the Value Growth Portfolio; 0.30% of the average daily net assets of the High Grade Bond Portfolio; 0.45% of the average daily net assets of the Strategic Yield Portfolio; 0.45% of the average daily net assets of the Managed Portfolio; 0.20% of the average daily net assets of the Blue Chip Portfolio; and 0.25% of the average daily net assets of the Money Market Portfolio.

The Adviser, at its expense, furnishes the Fund with office space and facilities, equipment, advisory services, research and statistical facilities, and clerical services and personnel to administer the business affairs of the Fund. The Fund pays its other expenses which include, but are not limited to, the following: net asset value calculations; interest on Fund obligations; miscellaneous reports; membership dues; reports and notices to shareholders; all expenses of registration of its shares under federal and state securities laws; investor services (including allocable telephone and personnel expenses); all taxes and fees payable to federal, state or other governmental authorities; fees of Trustees who are not affiliated with the Adviser; fees and expenses of independent registered public accounting firms, legal counsel, custodian, and transfer and dividend disbursing agents; and other general expenses.

The Adviser has agreed to reimburse any Portfolio to the extent that the annual operating expenses (including the investment advisory fee but excluding brokerage, interest, taxes and extraordinary expenses) of that Portfolio exceed 1.50% of the average daily net assets of that Portfolio for any fiscal year of the Portfolio. However, the amount reimbursed shall not exceed the amount of the advisory fee paid by the Portfolio for such period. This reimbursement agreement will remain in effect as long as the Investment Advisory Agreement remains in effect and cannot be changed without shareholder approval. Additionally, the Adviser has voluntarily agreed to reimburse the Initial Class Shares of any Portfolio to the extent that annual operating expenses, including the investment advisory fee, exceed 0.65%. However, the Adviser is not obligated to continue to reimburse the Portfolios for such expenses beyond December 31, 2009.

A discussion regarding the Board of Trustees' basis for approving the Investment Advisory and Management Services Agreement is available in the Fund's annual report to shareholders for the fiscal year ended December 31, 2008.

OTHER INFORMATION

Share Classes

The Fund offers two classes of shares through this Prospectus, Initial Class Shares and Service Class Shares. Each share class represents investments in the same portfolio of securities, however the Service Class Shares are subject to a 0.25% Rule 12b-1 distribution and shareholder services fee (see "OTHER INFORMATION—Distributor").

Distributor

EquiTrust Marketing Services, LLC (the "Distributor"), an affiliate of the Adviser, serves as principal underwriter and sole distributor of the Fund's shares. The Service Class Shares of each Portfolio pay the Distributor for distribution and shareholder services pursuant to a Distribution and Shareholder Services Plan and Agreement (the "Agreement") under Rule 12b-1. Under the Agreement, the Service Class Shares of each Portfolio pay the Distributor a monthly fee at the annual rate of 0.25% of average daily net assets of the Service Class Shares of such Portfolio. Because the fee is continually paid out of the Portfolios' Service Class Shares' assets, over time it will increase the cost of your investment. Pursuant to the Agreement, the Distributor may appoint various broker-dealer firms to assist in providing distribution and shareholder services for the Service Class Shares of each Portfolio.

Net Asset Value

The net asset value ("NAV") per share of each class of each Portfolio is determined as of the earlier of 3:00 p.m. (Central time) or the close of regular trading on the New York Stock Exchange ("NYSE"), on each day that (i) the NYSE is open for business, and (ii) an order for purchase or

redemption of shares of the Portfolio is received. The NAV per share of each class of each Portfolio is computed by dividing the total value of the Portfolio's securities and other assets, less liabilities attributable to the class, by the total number of outstanding shares of the class of such Portfolio.

The Fund reserves the right to calculate or estimate the NAV of a Portfolio more frequently than once daily if deemed desirable. If the Fund offices should be closed because of a weather-related or comparable type of emergency and the Fund is unable to segregate orders and redemption requests received on that day, the Fund will price those orders and redemptions at the NAV next determined for each class of each Portfolio.

Money Market Portfolio. The Money Market Portfolio's securities are valued using the amortized cost method of valuation. This involves valuing a security at cost on the date of acquisition and thereafter assuming a constant accretion of a discount or amortization of a premium to maturity. For a further discussion of the manner in which such values are determined, see the SAI under the heading "NET ASSET VALUE."

Other Portfolios. Portfolio securities that are traded on a national exchange are valued at the last sale price as of the close of business on the day the securities are being valued, or, lacking any sales, at the mean between the closing bid and asked prices. If the mean is not available, exchange-traded securities are valued using the prior day's closing price. Securities, other than money market instruments, traded in the over-the-counter market are valued at the mean between the bid and asked prices or yield equivalent as obtained from one or more dealers that make markets in the securities. Portfolio securities that are traded both in the over-the-counter market and on a national exchange are valued according to the broadest and most representative market; and it is expected that for debt securities this ordinarily will be the over-the-counter market.

In certain cases, events that occur after certain markets have closed may render prices unreliable. Such events may include circumstances in which the value of the U.S. markets changes by a percentage deemed significant. When the Adviser believes a market price does not reflect a security's true value, the Portfolio may substitute a fair value estimate through procedures established by, or under the direction of, the Board of Trustees. A Portfolio may also use these procedures to value securities that do not have a readily available current market value. Using fair value methods to price securities may result in a value that is different from the prices used by other mutual funds to calculate their NAVs. Each Portfolio is subject to the risk that it has valued certain securities at a higher price than it can sell them.

Money market instruments are valued at market value, except that debt instruments maturing in 60 days or less are valued using the amortized cost method of valuation described above with respect to the Money Market Portfolio.

Householding

In order to reduce expenses and the amount of mail that you receive, we have initiated "householding" of our fund reports (annual and semi-annual reports, disclosure documents, prospectuses, proxies, etc.). This means that rather than send one report to each accountholder in your household, we will deliver a single report or document to your household. If you do not wish the mailing of these documents to be combined with those for other members of your household, please call our toll free number, 1-877-860-2904, Monday through Friday between 8:00 a.m. and 4:30 p.m. We will begin sending individual documents to you within 30 days after receiving notice from you.

Investor Education and Protection

Under the Public Disclosure Program, the Financial Industry Regulatory Authority ("FINRA") provides certain information regarding the disciplinary history of FINRA member broker-dealers

and their associated persons in response to written, electronic or telephonic inquiries. FINRA's toll-free Public Disclosure Program Hotline telephone number is 1-800-289-9999 and their Web site address is www.finra.org. An investor brochure that includes information describing the Public Disclosure Program is available from FINRA.

Shareholders

Other than shares sold to Farm Bureau Life Insurance Company to seed the Fund, shares of the Fund are offered only to separate accounts of certain life insurance companies ("Participating Insurance Companies") to fund variable annuity contracts ("VA contracts") and variable life insurance policies ("VLI policies") issued by such life insurance companies. The Fund currently does not foresee any disadvantages to the holders of VA contracts and VLI policies arising from the fact that the interests of the holders of such contracts and policies may differ. Nevertheless, the Board of Trustees intends to monitor events in order to identify any material irreconcilable conflicts that possibly may arise and to determine what action, if any, should be taken in response to those events or conflicts. The VA contracts and VLI policies are described in the separate prospectuses for the contracts and policies issued by the Participating Insurance Companies. The Fund assumes no responsibility for such prospectuses.

The Fund has entered into an agreement with each Participating Insurance Company (a "participation agreement") setting forth the terms and conditions pursuant to which the insurer will purchase and redeem shares of the Portfolios. In the event that the Fund offers shares of one or more Portfolios to a qualified pension and retirement plan, it likely will enter into a similar participation agreement.

Individual VA contract holders and VLI policyowners are not "shareholders" of the Fund. Rather, the Participating Insurance Companies and their separate accounts are the shareholders (the "Shareholders"), although such companies pass through voting rights to their VA contract holders and VLI policyowners. The interest of a contract holder or policyowner in the Fund is described in his or her VA contract or VLI policy and in the current prospectus for such contract or policy.

Anti-Money Laundering Program

The Fund is required to comply with various federal anti-money laundering laws and regulations. Consequently, the Fund may be required to report certain customer activity to the federal government and/or "freeze" the account of a shareholder if the shareholder appears to be involved in suspicious activity or if certain account information matches information on government lists of known terrorists or other suspicious persons, or the Fund may be required to transfer the account or proceeds of the account to a government agency. The Fund may also be required to reject a purchase payment, block a shareholder's account and consequently refuse to implement requests for transfers and withdrawals.

Federal law requires the Fund to obtain, verify and record identifying information, which may include the name, street address, taxpayer identification number or other identifying information for shareholders who open an account with the Fund. The Fund may also ask to see a shareholder's driver's license or other identifying documents. Applications without this information may not be accepted and orders may not be processed. The Fund reserves the right to place limits on transactions in any account until the identity of the shareholder is verified; to refuse an investment in the Fund or involuntarily redeem a shareholder's shares and close an account in the event that a shareholder's identity is not verified; or suspend the payment of withdrawal proceeds if it is deemed necessary to comply with anti-money laundering regulations. The Fund and its agents will not be responsible for any loss resulting from the shareholder's delay in providing all required identifying information or from closing an account and redeeming a shareholder's shares when a shareholder's identity cannot be verified.

Disruptive Trading Practices

The Board of Trustees has adopted a policy to make reasonable efforts to discourage, and does not intend to accommodate, frequent purchases and redemptions of Portfolio shares that may disrupt the orderly management of any Portfolio, often referred to as “market timing.” Such transactions are potentially harmful to owners of VA contracts and VLI policies (collectively “variable contracts”) that invest in the Portfolios of the Fund in various ways. These include: (1) the dilution of interests of long-term owners of variable contracts where frequent trades attempt to take advantage of market fluctuations that are not fully reflected in a Portfolio’s net asset value; (2) the disruption of ordinary portfolio management, such as by necessitating that a Portfolio maintain a cash level higher than would otherwise be necessary or that the Portfolio sell securities prematurely or at inopportune times in order to generate cash to meet redemption requests; and (3) increased Portfolio costs, such as brokerage commissions and administrative costs. In addition, such practices may give rise to irreconcilable conflicts of interest between owners of different types of variable contracts and/or owners of variable contracts issued by different insurers or otherwise cause the Fund to breach its participation agreements.

Each Participating Insurance Company, on behalf of its separate account, typically either purchases or redeems shares of the Portfolios each day. The Fund does not consider such transactions disruptive to a Portfolio unless they are large in relation to the Portfolio’s size and not the random result of net transactions in a separate account by variable contract owners. However, the Fund considers large purchases or redemptions of shares resulting from variable contract owners engaging in: (1) market timing; (2) arbitrage based on the lag between the time the value of certain Portfolio investments change and the time it computes its net asset value, or (3) other trading strategies that entail rapid or frequent transfers of contract value from one subaccount of a separate account to another, to be disruptive trading.

Each Portfolio’s shares are offered exclusively to separate accounts of Participating Insurance Companies, and as such the Fund generally has little or no direct access to the transaction records of individual variable contract owners whose assets are invested in the separate accounts. Nonetheless, the policies and procedures to discourage disruptive trading take these circumstances into account. Specifically, the Fund requires written certifications from each Participating Insurance Company at least annually specifying that: (1) the Company has instituted policies and procedures reasonably designed to detect the use of the separate accounts for frequent trading; (2) the Company’s policies and procedures address the level of trading that will be considered excessive and the Company monitors variable contract owner transactions to identify excessive trading; (3) the Company applies such procedures uniformly; and (4) the Company reports all instances of excessive or disruptive trading to the Fund.

The Fund also uses other procedures to halt or reduce the risk of disruptive trading. The Fund may stop disruptive trading by ceasing sales of additional shares of one or more Portfolios to a separate account through which offending variable contract owners operate. In such an event, all other owners of variable contracts issued through that separate account may be disadvantaged. Because actions taken to deter disruptive trading may be particular to the separate account in question and be the subject of negotiation with the Participating Insurance Company sponsoring the separate account, the Fund may not take such action on a uniform basis for all separate accounts. Moreover, because enforcement of the procedures involves some level of discretion and may differ among variable contracts and separate accounts it is possible that some variable contract owners may engage in disruptive trading while others may bear the harm associated with such activity.

The Fund also monitors potential price differentials following the close of trading in foreign markets and changes in indications of value for relative illiquid traded securities to determine whether the application of fair value pricing procedures is warranted.

Although the Fund will endeavor to ensure that each Participating Insurance Company can and does identify and deter disruptive trading by its variable contract owners, it cannot control their efforts or guarantee their success at deterrence. Therefore, an investment in any of the Portfolios is subject to the risks of disruptive trading. In its sole discretion, the Board of Trustees of the Fund may revise these policies and procedures at any time without prior notice.

Distributions and Taxes

Distributions

Money Market Portfolio Distributions: On each day that the NAV per share of the Money Market Portfolio is determined, the Portfolio's net investment income will be declared, as of the close of the NYSE, as a dividend to Shareholders of record prior to the declaration.

High Grade Bond and Strategic Yield Portfolio Distributions: On each day that a Portfolio's NAV per share is calculated, that Portfolio's net investment income will be declared, as of the close of the NYSE, as a dividend to Shareholders of record prior to the declaration. Any net short-term and net long-term capital gains will be declared and distributed periodically, but in no event less frequently than annually.

Value Growth, Blue Chip and Managed Portfolio Distributions: Each Portfolio normally follows the practice of distributing substantially all net investment income and substantially all net short-term and net long-term capital gains, if any, after the close of the Fund's fiscal year.

It is the Fund's intention to distribute substantially all its net investment income, if any, and any net realized capital gains of each Portfolio. All distributions are reinvested in additional shares of the respective Portfolio at NAV. Distributions of net investment income will differ between each share class of a Portfolio due to the differences in distribution and shareholder services fees charged and average net assets of each class.

Federal Income Taxes

For federal income tax purposes, each Portfolio will be treated as a separate entity. Each Portfolio has qualified and intends to continue to qualify each year as a "regulated investment company" under the Internal Revenue Code of 1986, as amended. By so qualifying, a Portfolio will not be subject to federal income tax to the extent that its net investment income and net realized capital gains are distributed to its shareholders. Further, each Portfolio intends to meet certain diversification requirements applicable to mutual funds underlying VLI policies and VA contracts.

Shares of the Portfolios are offered only to the separate accounts of Participating Insurance Companies. Under current law, owners of VLI policies and VA contracts who are indirectly invested in a Portfolio are not expected to be subject to federal income tax on Portfolio distributions or on gains realized upon the sale or redemption of Portfolio shares until they are withdrawn from the policies or contracts. For information concerning the federal income tax consequences to the purchasers of the VLI policies and VA contracts, see the prospectus for such policy or contract.

For more information about the federal income tax status of the Portfolios, see "FEDERAL INCOME TAXES" in the SAI.

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FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand each Portfolio's Initial Class and Service Class Shares financial performance for the past five years and since commencement of operations, respectively. Certain information reflects financial results for a single share of a Portfolio. The total returns in the table represent the rate that an investment in the Portfolio would have earned (or lost) assuming reinvestment of all dividends and distributions. This information was derived from financial statements which were audited by Ernst & Young LLP, an independent registered public accounting firm, whose report, along with the Fund's financial statements, are incorporated by reference in the SAI.

Total investment return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, and redemption on the last day of the period. The total investment return figure does not reflect the fees and charges of the variable annuity contracts and variable life insurance policies that invest in the Portfolios. If those fees and charges had been reflected, the total investment return figure would have been lower.

	<u>Income from Investment Operations</u>				<u>Less Distributions</u>		
	<u>Net Asset Value at Beginning of Period</u>	<u>Net Investment Income</u>	<u>Net Realized and Unrealized Gain (Loss) on Investments</u>	<u>Total from Investment Operations</u>	<u>Dividends from Net Investment Income</u>	<u>Distributions from Capital Gains</u>	<u>Total Distributions</u>
Value Growth Portfolio							
Initial Class							
2008	\$15.06	0.21	(4.53)	(4.32)	(0.33)	(0.61)	(0.94)
2007	\$15.09	0.33	0.43	0.76	(0.27)	(0.52)	(0.79)
2006	\$13.65	0.27	1.36	1.63	(0.19)	—	(0.19)
2005	\$12.98	0.19	0.63	0.82	(0.15)	—	(0.15)
2004	\$11.76	0.15	1.20	1.35	(0.13)	—	(0.13)
Service Class							
2008 (3)	\$13.97	0.05	(4.23)	(4.18)	—	—	—
High Grade Bond Portfolio							
Initial Class							
2008	\$10.12	0.49	(0.65)	(0.16)	(0.49)	—	(0.49)
2007	\$10.12	0.53	0.01	0.54	(0.53)	(0.01)	(0.54)
2006	\$10.16	0.51	(0.04)	0.47	(0.51)	—	(0.51)
2005	\$10.38	0.47	(0.20)	0.27	(0.47)	(0.02)	(0.49)
2004	\$10.42	0.45	—	0.45	(0.45)	(0.04)	(0.49)
Service Class							
2008 (3)	\$ 9.87	0.27	(0.40)	(0.13)	(0.27)	—	(0.27)
Strategic Yield Portfolio							
Initial Class							
2008	\$ 8.94	0.53	(1.48)	(0.95)	(0.53)	—	(0.53)
2007	\$ 9.19	0.57	(0.25)	0.32	(0.57)	—	(0.57)
2006	\$ 9.14	0.55	0.05	0.60	(0.55)	—	(0.55)
2005	\$ 9.37	0.53	(0.23)	0.30	(0.53)	—	(0.53)
2004	\$ 9.13	0.55	0.24	0.79	(0.55)	—	(0.55)
Service Class							
2008 (3)	\$ 8.60	0.30	(1.14)	(0.84)	(0.30)	—	(0.30)

Ratios/Supplemental Data

Net Asset Value at End of Period	Total Investment Return Based on Net Asset value (1)	Net Assets at End of Period (in thousands)	Ratio of Total Expenses to Average Net Assets (3)	Ratio of Net Expenses to Average Net Assets (3)	Ratio of Net Investment Income to Average Net Assets (3)	Portfolio Turnover Rate
\$ 9.80	(30.31)%	\$44,595	0.58%	0.58%	1.62%	24%
\$15.06	5.27%	\$67,870	0.55%	0.55%	2.20%	17%
\$15.09	12.07%	\$65,712	0.58%	0.58%	1.88%	30%
\$13.65	6.41%	\$60,223	0.58%	0.58%	1.42%	18%
\$12.98	11.53%	\$58,354	0.58%	0.58%	1.22%	17%
\$ 9.79	(29.92)%	\$ 163	0.84%	0.84%	1.70%	24%
\$ 9.47	(1.60)%	\$41,603	0.43%	0.43%	5.00%	17%
\$10.12	5.48%	\$46,039	0.42%	0.42%	5.30%	11%
\$10.12	4.78%	\$39,371	0.44%	0.44%	5.08%	17%
\$10.16	2.65%	\$34,946	0.45%	0.45%	4.63%	12%
\$10.38	4.30%	\$29,980	0.45%	0.45%	4.34%	26%
\$ 9.47	(1.30)%	\$ 2,799	0.68%	0.68%	4.87%	17%
\$ 7.46	(11.08)%	\$36,345	0.58%	0.58%	6.28%	11%
\$ 8.94	3.56%	\$45,247	0.57%	0.57%	6.26%	17%
\$ 9.19	6.79%	\$41,481	0.58%	0.58%	6.04%	16%
\$ 9.14	3.26%	\$37,067	0.59%	0.59%	5.71%	1%
\$ 9.37	8.94%	\$30,637	0.59%	0.59%	5.98%	34%
\$ 7.46	(9.90)%	\$ 237	0.84%	0.84%	6.73%	11%

	<u>Income from Investment Operations</u>				<u>Less Distributions</u>		
	<u>Net Asset Value at Beginning of Period</u>	<u>Net Investment Income</u>	<u>Net Realized and Unrealized Gain (Loss) on Investments</u>	<u>Total from Investment Operations</u>	<u>Dividends from Net Investment Income</u>	<u>Distributions from Capital Gains</u>	<u>Total Distributions</u>
Managed Portfolio							
Initial Class							
2008	\$16.05	0.40	(3.40)	(3.00)	(0.56)	(0.56)	(1.12)
2007	\$16.32	0.56	0.33	0.89	(0.46)	(0.70)	(1.16)
2006	\$15.80	0.49	1.28	1.77	(0.37)	(0.88)	(1.25)
2005	\$15.67	0.35	0.32	0.67	(0.27)	(0.27)	(0.54)
2004	\$14.73	0.27	0.97	1.24	(0.30)	—	(0.30)
Service Class							
2008 (3)	\$14.99	0.06	(3.14)	(3.08)	—	—	—
Money Market Portfolio							
Initial Class							
2008	\$ 1.00	0.02(2)	—	0.02	(0.02)	—	(0.02)
2007	\$ 1.00	0.05	—	0.05	(0.05)	—	(0.05)
2006	\$ 1.00	0.04	—	0.04	(0.04)	—	(0.04)
2005	\$ 1.00	0.02	—	0.02	(0.02)	—	(0.02)
2004	\$ 1.00	0.01	—	(0.01)	(0.01)	—	(0.01)
Service Class							
2008 (3)	\$ 1.00	0.01(2)	—	(0.01)	(0.01)	—	(0.01)
Blue Chip Portfolio							
Initial Class							
2008	\$42.41	0.91	(13.55)	(12.64)	(0.86)	—	(0.86)
2007	\$40.61	0.86	1.73	2.59	(0.79)	—	(0.79)
2006	\$35.27	0.79	5.25	6.04	(0.70)	—	(0.70)
2005	\$35.17	0.70	0.07	0.77	(0.67)	—	(0.67)
2004	\$33.65	0.67	1.35	2.02	(0.50)	—	(0.50)
Service Class							
2008 (3)	\$39.44	0.23	(10.80)	(10.57)	—	—	—

Ratios/Supplemental Data

Net Asset Value at End of Period	Total Investment Return Based on Net Asset Value (1)	Net Assets at End of Period (in Thousands)	Ratio of Total Expenses to Average Net Assets (3)	Ratio of Net Expenses to Average Net Assets (3)	Ratio of Net Investment Income to Average Net Assets (3)	Portfolio Turnover Rate
\$11.93	(19.94)%	\$71,044	0.55%	0.55%	2.70%	19%
\$16.05	5.87%	\$97,073	0.54%	0.54%	3.47%	14%
\$16.32	11.99%	\$93,796	0.55%	0.55%	2.98%	24%
\$15.80	4.53%	\$83,368	0.56%	0.56%	2.34%	24%
\$15.67	8.58%	\$74,876	0.56%	0.56%	1.87%	26%
\$11.91	(20.55)%	\$ 709	0.81%	0.81%	2.87%	19%
\$ 1.00	1.91%	\$14,631	0.46%	0.45%	1.92%	0%
\$ 1.00	4.71%	\$16,464	0.45%	0.45%	4.60%	0%
\$ 1.00	4.43%	\$ 8,557	0.54%	0.54%	4.37%	0%
\$ 1.00	2.50%	\$ 6,288	0.61%	0.61%	2.47%	0%
\$ 1.00	0.74%	\$ 6,592	0.56%	0.56%	0.72%	0%
\$ 1.00	0.71%	\$ 197	0.73%	0.69%	0.87%	0%
\$28.91	(30.32)%	\$62,138	0.31%	0.31%	2.46%	1%
\$42.41	6.49%	\$94,766	0.29%	0.29%	2.04%	2%
\$40.61	17.42%	\$90,261	0.31%	0.31%	2.07%	0%
\$35.27	2.29%	\$82,501	0.31%	0.31%	1.98%	0%
\$35.17	6.07%	\$84,960	0.30%	0.30%	2.00%	1%
\$28.87	(26.80)%	\$ 723	0.57%	0.57%	2.60%	1%

- (1) Total investment return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, and redemption on the last day of the period and is not annualized for periods less than one year.
- (2) Without a voluntary waiver/reimbursement of a portion of expenses for the period indicated, the Money Market Portfolio would have had per share net investment income as shown:

	<u>Year</u>	<u>Per Share Net Investment Income</u>	<u>Amount Reimbursed</u>
Money Market Portfolio			
Initial Class	2008	\$0.02	\$1,311
Service Class	2008	\$0.01	\$ 18

- (3) Service Class financial highlights are for the period June 1, 2008 to December 31, 2008. Respective ratios/supplemental data are computed on an annualized basis.

ADDITIONAL INFORMATION

Annual/Semi-Annual Reports to Shareholders:

Additional information about each Portfolio's investments is available in the Fund's annual and semi-annual reports to shareholders. The Fund's annual report to shareholders contains a discussion of the market conditions and investment strategies that significantly affected each Portfolio's performance during the fiscal year covered by the report. You may obtain a free copy of the Fund's annual and semi-annual reports by calling the Fund at 877-860-2904 or by writing the Fund at 5400 University Avenue, West Des Moines, Iowa 50266. The Fund's annual and semi-annual reports to shareholders are also available free of charge on the Farm Bureau Financial Services' website at www.fbfs.com.

Statement of Additional Information:

The SAI, which contains additional information about the Fund, has been filed with the Securities and Exchange Commission (the "SEC") and is incorporated herein by reference. Information about the Fund (including the SAI) can be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information about the operation of the Public Reference Room may be obtained by calling the SEC at 1-202-551-5850. Reports and other information about the Fund are available on the EDGAR Database on the SEC's Internet site at <http://www.sec.gov> and copies of this information is available, upon paying a duplication fee, by electronic request at the following e-mail address: publicinfo@sec.gov or by writing the Public Reference Section of the SEC, 100 F Street NE, Room 1850 Washington, D.C. 20549.

You may obtain a free copy of the Fund's SAI and you may make further inquiries by calling the Fund at 1-877-860-2904 or by writing the Fund at 5400 University Avenue, West Des Moines, Iowa 50266. The Fund does not make the SAI available on a website because shares of the Fund are not offered directly to the public. Fund shares are offered only to the separate accounts of Participating Insurance Companies to fund VA contracts and VLI policies issued by such life insurance companies.

The SAI contains a description of the Fund's policies and procedures with respect to the disclosure of the Fund's portfolio securities.

APPENDIX A—DESCRIPTION OF CORPORATE BOND AND COMMERCIAL PAPER RATINGS

Corporate Bond Ratings

Moody's Investors Services, Inc.

- Aaa: Bonds that are rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as “gilt edge.” Interest payments are protected by a large or exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be anticipated are most unlikely to impair the fundamentally strong position of such issues.
- Aa: Bonds that are rated Aa are judged to be of high quality by all standards. Together with the “Aaa” group they comprise what are generally known as high-grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in “Aaa” securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risks appear somewhat larger than with “Aaa” securities.
- A: Bonds that are rated A possess many favorable investment attributes and may be considered as upper medium-grade obligations. This rating indicates an extremely strong capacity to pay principal and interest which is considered adequate but elements may be present which suggest a susceptibility to impairment sometime in the future.
- Baa: Bonds rated Baa are considered medium-grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.
- Ba: Bonds rated Ba are judged to have speculative elements; their future cannot be considered as well-assured. Often the protection of interest and principal payments may be very moderate and thereby not well-safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.
- B: Bonds rated B generally lack characteristics of a desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.
- Caa: Bonds rated Caa are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.
- Ca: Bonds rated Ca represent obligations which are speculative in a high degree. Such issues are often in default or have other market shortcomings.

C: Bonds which are rated C are the lowest rated class of bonds, and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

NR: Not rated.

Standard & Poor's Corporation

AAA: Bonds rated AAA are highest grade debt obligations. This rating indicates an extremely strong capacity to pay principal and interest.

AA: Bonds rated AA also qualify as high-quality obligations. Capacity to pay principal and interest is very strong, and in the majority of instances they differ from "AAA" issues only in a small degree.

A: Bonds rated A have a strong capacity to pay principal and interest, although they are more susceptible to the adverse effects of changes in circumstances and economic conditions.

BBB: Bonds rated BBB are regarded as having an adequate capacity to pay principal and interest. Whereas they normally exhibit protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay principal and interest for bonds in this category than for bonds in the A category.

BB-B-
CCC-
CC: Bonds rated BB, B, CCC and CC are regarded, on balance, as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations. BB indicates the lowest degree of speculation and CC the highest degree of speculation. While such bonds will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions.

D: Bonds rated D are in default, and payment of interest and/or repayment of principal is in arrears.

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

NR: Not rated.

Commercial Paper Ratings

Moody's Investors Services, Inc.

- P-1: The rating P-1 is the highest commercial paper rating assigned by Moody's and indicates that, in Moody's opinion, the issuer or supporting institution has a superior ability for repayment of senior short-term debt obligations. P-1 repayment ability will often be evidenced by many of the following characteristics: (1) leading market positions in well-established industries, (2) high rates of return on funds employed, (3) conservative capitalization structures with moderate reliance on debt and ample asset protection, (4) broad margins in earnings coverage of fixed financial charges and high internal cash generation and (5) well-established access to a range of financial markets and assured sources of alternate liquidity.
- P-2: The rating P-2 indicates that, in Moody's opinion, the issuer or supporting institution has a strong ability for repayment of senior short-term debt obligations. Strong ability for repayment will normally be evidenced by many of the characteristics listed under the description of "P-1." Earnings trends and coverage ratios, while sound, may be more subject to variation. Capitalization characteristics, while still appropriate, may be more affected by external conditions. Ample alternate liquidity is maintained.

Standard & Poor's Corporation

- A-1: This designation indicates that the degree of safety regarding timely payment of debt having an original maturity of no more than 365 days is either overwhelming or very strong.
- A-2: This designation indicates that capacity for timely payment of debt having an original maturity of no more than 365 days is strong; however, the relative degree of safety is not as high as for issues designated "A-1."