

Dreyfus Variable Investment Fund, Quality Bond Portfolio

ANNUAL REPORT December 31, 2009



BNY MELLON
ASSET MANAGEMENT

Dreyfus

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A LETTER FROM THE CHAIRMAN AND CEO

Dear Shareholder:

We are pleased to present this annual report for Dreyfus Variable Investment Fund, Quality Bond Portfolio, covering the 12-month period from January 1, 2009, through December 31, 2009.

The U.S and global bond markets ended 2009 with healthy annual gains among higher yielding market sectors, but U.S. Treasury securities and other sovereign bonds from developed nations gave back a portion of their previous gains. The bond market's advance was driven partly by government intervention and partly by improving investor sentiment as the global economy staged a gradual, but sustained, recovery from a severe recession and banking crisis. After four consecutive quarters of contraction, the U.S. economy returned to growth during the third quarter of 2009, buoyed by greater manufacturing activity to replenish depleted inventories and satisfy export demand. The slumping housing market also showed signs of renewed life later in the year when home sales and prices rebounded modestly. However, economic headwinds remain, including a high unemployment rate and the prospect of anemic consumer spending.

As 2010 begins, our Chief Economist, as well as many securities analysts and portfolio managers have continued to find opportunities and survey potential challenges across the various fixed-income markets, both domestic and international. While no one can predict the future, we believe that the 2010 investment environment will likely require a broader range of investment considerations relative to last year. As always, your financial adviser can help you determine the mix of investments that may be best suited to helping you achieve your goals at a level of risk that is comfortable for you.

For information about how the fund performed during the reporting period, as well as market perspectives, we have provided a Discussion of Fund Performance.

Thank you for your continued confidence and support.

Sincerely,

Jonathan R. Baum
Chairman and Chief Executive Officer
The Dreyfus Corporation
January 15, 2010



DISCUSSION OF FUND PERFORMANCE

For the period of January 1, 2009, through December 31, 2009, as provided by David Bowser and Peter Vaream, Portfolio Managers

Fund and Market Performance Overview

For the 12-month period ended December 31, 2009, Dreyfus Variable Investment Fund, Quality Bond Portfolio's Initial shares achieved a total return of 14.96%, and its Service shares achieved a total return of 14.63%.¹ The Barclays Capital U.S. Aggregate Bond Index (the "Index"), the fund's benchmark, achieved a total return of 5.93% for the same period.²

After bottoming early in the year, most sectors of the U.S. bond market rallied during 2009 as credit markets thawed and investors began to anticipate an economic recovery. Conversely, U.S. Treasury securities gave back some of the gains achieved during a "flight to quality" in late 2008. The fund produced higher returns than its benchmark over the reporting period, primarily due to strong results from higher-yielding market sectors, such as investment-grade corporate bonds, high-yield bonds and commercial mortgages.

The Fund's Investment Approach

The fund seeks to maximize total return consisting of capital appreciation and current income. To achieve this objective, the fund normally invests at least 80% of its assets in bonds, including corporate bonds, mortgage-related securities, collateralized mortgage obligations and asset-backed securities that, when purchased, are A-rated or better or what we believe are the unrated equivalent, and in securities issued or guaranteed by the U.S. government or its agencies or its instrumentalities. The fund may also invest up to 10% of its net assets in non-dollar-denominated foreign securities and up to 20% of its assets in the securities of foreign issues collectively.

Sustained Market Rally Erased Earlier Losses

2009 began in the midst of a global banking crisis and deep recession that produced steep declines among higher yielding bonds, including

mortgage-backed, asset-backed and corporate securities. In contrast, U.S. Treasury securities had rallied amid a “flight to quality.”

The Federal Reserve Board (the “Fed”) and U.S. government responded aggressively to the downturn. In early 2009, government officials rescued struggling automakers, and Congress passed the \$787 billion American Recovery and Reinvestment Act of 2009. The Fed continued to inject massive amounts of liquidity into the banking system, and it purchased mortgage- and asset-backed debt through new programs such as the Term Asset-Backed Securities Loan Facility (TALF). In addition, the Fed maintained its target for the overnight federal funds rate at an all-time low range of between 0% and 0.25%.

Investor sentiment began to improve as it became clearer in March 2009 that these remedial measures had helped to avert a collapse of the U.S. banking system. Investors capitalized on attractive valuations among higher yielding fixed-income securities, sparking sustained rallies that were particularly impressive for high yield bonds, investment-grade corporate bonds, emerging market debt securities and certain commercial mortgage-backed securities. Residential mortgage-backed securities also rebounded, in part due to massive purchases by the Fed. Conversely, U.S. Treasury securities gave back some of their earlier gains.

Sector Allocation Strategy Produced Strong Results

The fund began the reporting period with underweighted exposure to U.S. Treasury securities and overweighted positions in investment-grade corporate bonds, high yield bonds and commercial mortgage-backed securities. These higher yielding market sectors led the 2009 rebound. The fund’s holdings in the investment-grade corporate sector were broadly diversified across industry groups, and we maintained a relatively conservative security selection strategy to mitigate some of the risk inherent in overweighted exposure to the sector. The fund’s holdings of lower-rated high yield bonds emphasized issuers that we believed had sound underlying assets, including a number of opportunities in the health care and utilities industry groups. The fund’s holdings of commercial mortgages focused on AAA-rated, seasoned securities with an average maturity in the five- to six-year range. The fund also benefited from its holdings of high-quality asset-backed securities and emerging market debt.

In order to focus on adding value through our sector allocation and security selection strategies, we generally maintained the fund's interest-rate strategies—including its average duration and yield-curve positioning—in ranges that were roughly in line with the benchmark. However, a modestly longer-than-average effective duration early in the year was a mild drag on performance, but any resulting shortfall was offset by income produced from the sale of options designed to capture differences between implied and actual price volatility.

Maintaining a Disciplined Approach to Security Selection

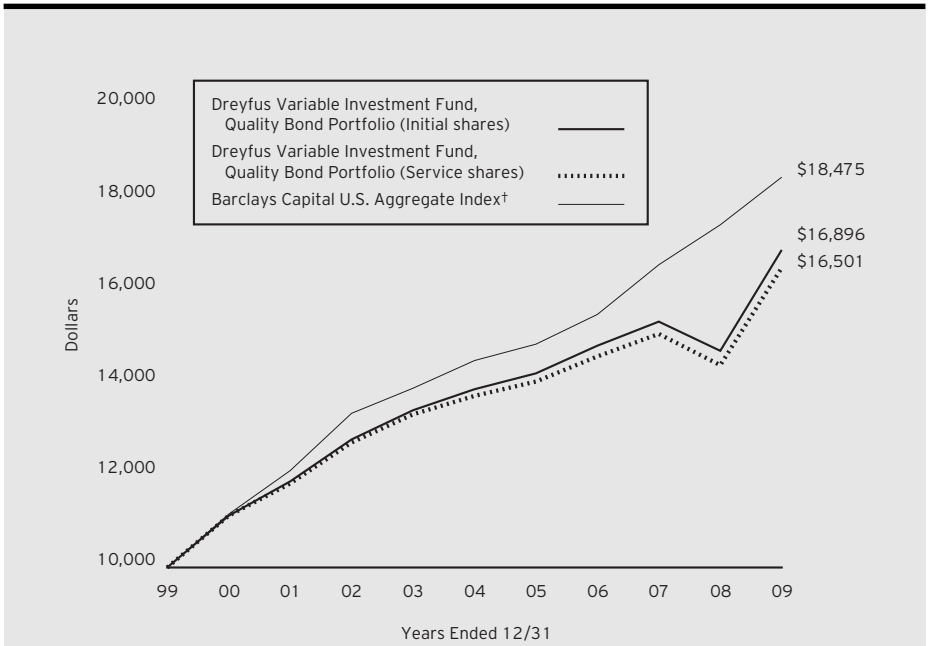
As of the reporting period's end, we have maintained the fund's sector allocation strategy, as we believe that higher yielding bonds have room for further gains as a subpar U.S. economic recovery continues to gain traction. However, we are aware that the bulk of the bond market rally probably is behind us, and we expect the Fed to pare back some of its remedial programs in 2010. Therefore, we believe that security selection will become a more critical determinant of fund performance over the foreseeable future, an environment to which our research-intensive approach may be particularly well suited.

January 15, 2010

The fund is only available as a funding vehicle under variable life insurance policies or variable annuity contracts issued by insurance companies. Individuals may not purchase shares of the fund directly. A variable annuity is an insurance contract issued by an insurance company that enables investors to accumulate assets on a tax-deferred basis for retirement or other long-term goals. The investment objective and policies of Dreyfus Variable Investment Fund, Quality Bond Portfolio may be similar to other funds/portfolios managed or advised by Dreyfus. However, the investment results of the fund may be higher or lower than, and may not be comparable to, those of any other Dreyfus fund/portfolio.

- ¹ *Total return includes reinvestment of dividends and any capital gains paid. Past performance is no guarantee of future results. Share price and investment return fluctuate such that upon redemption, and fund shares may be worth more or less than their original cost. The fund's performance does not reflect the deduction of additional charges and expenses imposed in connection with investing in variable insurance contracts, which will reduce returns.*
- ² *SOURCE: LIPPER INC. — Reflects reinvestment of dividends and, where applicable, capital gain distributions. The Barclays Capital U.S. Aggregate Bond Index is a widely accepted, unmanaged total return index of corporate, U.S. government and U.S. government agency debt instruments, mortgage-backed securities and asset-backed securities with an average maturity of 1-10 years. The Index does not include fees and expenses to which the fund is subject.*

FUND PERFORMANCE



Comparison of change in value of \$10,000 investment in Dreyfus Variable Investment Fund, Quality Bond Portfolio Initial shares and Service shares and the Barclays Capital U.S. Aggregate Index

Average Annual Total Returns as of 12/31/09

	1 Year	5 Years	10 Years
Initial shares	14.96%	4.03%	5.39%
Service shares	14.63%	3.75%	5.14%

The data for Service shares primarily represents the results of Initial shares for the period prior to December 31, 2000 (inception date of Service shares). Actual Service shares' average annual total return and hypothetical growth results would have been lower. See notes below.

† Source: Lipper Inc.

Past performance is not predictive of future performance. The fund's performance shown in the graph and table does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

The fund's performance does not reflect the deduction of additional charges and expenses imposed in connection with investing in variable insurance contracts which will reduce returns.

The above graph compares a \$10,000 investment made in Initial and Service shares of Dreyfus Variable Investment Fund, Quality Bond Portfolio on 12/31/99 to a \$10,000 investment made in the Barclays Capital U.S. Aggregate Index (the "Index") on that date.

The fund's Initial shares are not subject to a Rule 12b-1 fee. The fund's Service shares are subject to a 0.25% annual Rule 12b-1 fee. The performance figures for Service shares reflect the performance of the fund's Initial shares from their inception date through December 30, 2000, and the performance of the fund's Service shares from December 31, 2000 (inception date of Service shares) to December 31, 2009 (blended performance figures). The blended performance figures have not been adjusted to reflect the higher operating expenses of the Service shares. If these expenses had been reflected, the blended performance figures would have been lower. All dividends and capital gain distributions are reinvested. The fund's performance shown in the line graph takes into account all applicable fund fees and expenses. The Index is a widely accepted, unmanaged index of corporate, U.S. government and U.S. government agency debt instruments, mortgage-backed securities and asset-backed securities with an average maturity of 1-10 years. Unlike a mutual fund, the Index is not subject to charges, fees and other expenses. Investors cannot invest directly in any index. Further information relating to fund performance, including expense reimbursements, if applicable, is contained in the Financial Highlights section of the prospectus and elsewhere in this report.

UNDERSTANDING YOUR FUND'S EXPENSES (Unaudited)

As a mutual fund investor, you pay ongoing expenses, such as management fees and other expenses. Using the information below, you can estimate how these expenses affect your investment and compare them with the expenses of other funds. You also may pay one-time transaction expenses, including sales charges (loads), redemption fees and expenses associated with variable annuity or insurance contracts, which are not shown in this section and would have resulted in higher total expenses. For more information, see your fund's prospectus or talk to your financial adviser.

Review your portfolio's expenses

The table below shows the expenses you would have paid on a \$1,000 investment in Dreyfus Variable Investment Fund, Quality Bond Portfolio from July 1, 2009 to December 31, 2009. It also shows how much a \$1,000 investment would be worth at the close of the period, assuming actual returns and expenses.

Expenses and Value of a \$1,000 Investment

assuming actual returns for the six months ended December 31, 2009

	Initial Shares	Service Shares
Expenses paid per \$1,000 [†]	\$ 3.79	\$ 5.15
Ending value (after expenses)	\$1,088.70	\$1,086.60

COMPARING YOUR FUND'S EXPENSES WITH THOSE OF OTHER FUNDS (Unaudited)

Using the SEC's method to compare expenses

The Securities and Exchange Commission (SEC) has established guidelines to help investors assess fund expenses. Per these guidelines, the table below shows your fund's expenses based on a \$1,000 investment, assuming a hypothetical 5% annualized return. You can use this information to compare the ongoing expenses (but not transaction expenses or total cost) of investing in the fund with those of other funds. All mutual fund shareholder reports will provide this information to help you make this comparison. Please note that you cannot use this information to estimate your actual ending account balance and expenses paid during the period.

Expenses and Value of a \$1,000 Investment

assuming a hypothetical 5% annualized return for the six months ended December 31, 2009

	Initial Shares	Service Shares
Expenses paid per \$1,000 [†]	\$ 3.67	\$ 4.99
Ending value (after expenses)	\$1,021.58	\$1,020.27

[†] Expenses are equal to the fund's annualized expense ratio of .72% for Initial Shares and .98% for Service Shares, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

STATEMENT OF INVESTMENTS

December 31, 2009

Bonds and Notes-113.9%	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Advertising-.1%				
Lamar Media, Gtd. Notes	6.63	8/15/15	131,000	127,725
Aerospace & Defense-.3%				
Boeing, Sr. Unscd. Notes	4.88	2/15/20	260,000	261,221
L-3 Communications, Gtd. Notes, Ser. B	6.38	10/15/15	200,000	201,750
				462,971
Agriculture-.8%				
Altria Group, Gtd. Notes	9.70	11/10/18	280,000	346,667
Philip Morris International, Sr. Unscd. Notes	5.65	5/16/18	725,000	763,666
				1,110,333
Asset-Backed Certificates/ Auto Receivables-2.2%				
Americredit Automobile Receivables Trust, Ser. 2008-AF, Cl. A2A	4.47	1/12/12	141,759	142,685
Americredit Automobile Receivables Trust, Ser. 2005-CF, Cl. A4	4.63	6/6/12	346,055	347,124
Americredit Automobile Receivables Trust, Ser. 2006-RM, Cl. A2	5.42	8/8/11	268,478	272,761
Americredit Prime Automobile Receivables, Ser. 2007-2M, Cl. A3	5.22	6/8/12	269,484	273,593
Americredit Prime Automobile Receivables, Ser. 2007-1, Cl. E	6.96	3/8/16	250,166 ^a	208,426
Capital One Auto Finance Trust, Ser. 2007-B, Cl. A3B	0.23	4/15/12	160,547 ^b	160,168
Capital One Auto Finance Trust, Ser. 2007-C, Cl. A3A	5.13	4/16/12	452,636	461,445
Ford Credit Auto Owner Trust, Ser. 2006-C, Cl. C	5.47	9/15/12	215,000	225,851
Ford Credit Auto Owner Trust, Ser. 2007-A, Cl. D	7.05	12/15/13	250,000 ^a	261,788
Wachovia Auto Loan Owner Trust, Ser. 2007-1, Cl. D	5.65	2/20/13	610,000	616,848
				2,970,689

STATEMENT OF INVESTMENTS (continued)

Bonds and Notes (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Asset-Backed Certificates/ Credit Cards-1.1%				
Bank of America Credit Card Trust, Ser. 2007-B4, Cl. B4	0.32	9/15/12	570,000 ^b	567,626
Citibank Credit Card Issuance Trust, Ser. 2006-C4, Cl. C4	0.45	1/9/12	300,000 ^b	299,927
GE Capital Credit Card Master Note Trust, Ser. 2005-1, Cl. B	0.40	3/15/13	180,000 ^b	179,325
Washington Mutual Master Note Trust, Ser. 2007-B1, Cl. B1	4.95	3/17/14	440,000 ^a	443,808
				1,490,686
Asset-Backed Certificates/ Home Equity Loans-2.2%				
Amerquest Mortgage Securities, Ser. 2003-11, Cl. AF6	5.14	1/25/34	430,515 ^b	401,272
Citigroup Mortgage Loan Trust, Ser. 2005-HE1, Cl. M1	0.66	5/25/35	151,676 ^b	148,010
Citigroup Mortgage Loan Trust, Ser. 2005-WF2, Cl. AF7	5.25	8/25/35	878,005 ^b	661,496
CS First Boston Mortgage Securities, Ser. 2005-C4, Cl. AAB	5.07	8/15/38	390,000 ^b	395,793
First Franklin Mortgage Loan Asset Backed Certificates, Ser. 2005-FF2, Cl. M1	0.63	3/25/35	284,188 ^b	272,895
Home Equity Asset Trust, Ser. 2005-2, Cl. M1	0.68	7/25/35	131,482 ^b	127,342
Mastr Asset Backed Securities Trust, Ser. 2006-AM1, Cl. A2	0.36	1/25/36	77,747 ^b	74,865
Morgan Stanley Capital, Ser. 2004-NC1, Cl. M2	1.78	12/27/33	197,046 ^b	151,180
Park Place Securities, Ser. 2004-WCW1, Cl. M1	0.86	9/25/34	168,506 ^b	159,173
Residential Asset Securities, Ser. 2005-EMX4, Cl. A2	0.49	11/25/35	266,339 ^b	245,518
Securitized Asset Backed Receivables, Ser. 2004-OP2, Cl. M2	1.28	8/25/34	463,387 ^b	320,007
				2,957,551

Bonds and Notes (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Asset-Backed Ctfs./				
Manufactured Housing-.0%				
Green Tree Financial, Ser. 1994-7, Cl. M1	9.25	3/15/20	61,361	61,495
Automotive, Trucks & Parts-.3%				
Goodyear Tire & Rubber, Gtd. Notes	8.63	12/1/11	335,000	349,238
Banks-5.2%				
Barclays Bank, Sr. Unscd. Notes	6.75	5/22/19	120,000	134,088
Barclays Bank, Sub. Notes	10.18	6/12/21	344,000 ^a	444,805
Capital One Bank USA, Sub. Notes	8.80	7/15/19	630,000	745,696
Citigroup, Sr. Unscd. Notes	5.50	4/11/13	1,000,000	1,037,537
Citigroup, Sr. Unscd. Notes	6.13	5/15/18	260,000	261,830
Citigroup, Unscd. Notes	8.50	5/22/19	120,000	138,801
Goldman Sachs Group, Sub. Notes	5.63	1/15/17	195,000	199,452
Goldman Sachs Group, Sub. Notes	6.75	10/1/37	350,000	360,902
M&T Bank, Sr. Unscd. Bonds	5.38	5/24/12	190,000 ^c	198,228
Manufacturers & Traders Trust, Sub. Notes	5.59	12/28/20	275,000 ^b	240,149
Morgan Stanley, Sr. Unscd. Notes	5.30	3/1/13	620,000	653,951
NB Capital Trust IV, Bank Gtd. Cap. Secs.	8.25	4/15/27	620,000	618,450
PNC Funding, Bank Gtd. Notes	6.70	6/10/19	325,000	364,314
Sovereign Bancorp, Sr. Unscd. Notes	4.80	9/1/10	525,000 ^b	536,126

STATEMENT OF INVESTMENTS (continued)

Bonds and Notes (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Banks (continued)				
Wells Fargo Capital XIII, Gtd. Bonds	7.70	12/29/49	1,215,000 ^b	1,184,625
				7,118,954
Building & Construction-.2%				
Masco, Sr. Unscd. Notes	0.55	3/12/10	240,000 ^b	239,033
Chemicals-.3%				
Dow Chemical, Sr. Unscd. Notes	8.55	5/15/19	315,000	376,470
Commercial & Professional Services-.9%				
ERAC USA Finance, Gtd. Notes	5.60	5/1/15	310,000 ^a	316,335
ERAC USA Finance, Gtd. Notes	6.38	10/15/17	500,000 ^a	505,801
Iron Mountain, Sr. Sub. Notes	8.38	8/15/21	355,000	368,313
				1,190,449
Commercial Mortgage Pass-Through Certificates-9.2%				
Bayview Commercial Asset Trust, Ser. 2006-SP1, Cl. A1	0.50	4/25/36	49,963 ^{a,b}	43,364
Bayview Commercial Asset Trust, Ser. 2004-1, Cl. A	0.59	4/25/34	109,291 ^{a,b}	79,178
Bayview Commercial Asset Trust, Ser. 2006-2A, Cl. B2	1.70	7/25/36	313,838 ^{a,b}	108,686
Bayview Commercial Asset Trust, Ser. 2006-1A, Cl. B2	1.93	4/25/36	72,642 ^{a,b}	25,748
Bayview Commercial Asset Trust, Ser. 2005-3A, Cl. B3	3.23	11/25/35	79,089 ^{a,b}	25,874
Bayview Commercial Asset Trust, Ser. 2005-4A, Cl. B3	3.73	1/25/36	56,654 ^{a,b}	13,089
Bear Stearns Commercial Mortgage Securities, Ser. 2007-T26, Cl. A4	5.47	1/12/45	565,000 ^b	535,821
Bear Stearns Commercial Mortgage Securities, Ser. 2006-PW12, Cl. AAB	5.69	9/11/38	430,000 ^b	441,294
Bear Stearns Commercial Mortgage Securities, Ser. 2007-T28, Cl. A4	5.74	9/11/42	800,000 ^b	772,072

Bonds and Notes (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Commercial Mortgage Pass-Through Certificates (continued)				
Citigroup Commercial Mortgage Trust, Ser. 2007-C6, Cl. A4	5.70	12/10/49	566,000 ^b	506,243
Credit Suisse/Morgan Stanley Commercial Mortgage Certificates, Ser. 2006-HC1A, Cl. A1	0.42	5/15/23	356,177 ^{a,b}	313,605
Crown Castle Towers, Ser. 2005-1A, Cl. AFX	4.64	6/15/35	200,000 ^a	202,000
Crown Castle Towers, Ser. 2006-1A, Cl. AFX	5.24	11/15/36	950,000 ^a	978,500
Crown Castle Towers, Ser. 2006-1A, Cl. B	5.36	11/15/36	190,000 ^a	194,750
Crown Castle Towers, Ser. 2006-1A, Cl. C	5.47	11/15/36	505,000 ^a	516,363
Crown Castle Towers, Ser. 2005-1A, Cl. D	5.61	6/15/35	380,000 ^a	383,800
Crown Castle Towers, Ser. 2006-1A, Cl. D	5.77	11/15/36	350,000 ^a	357,875
CS First Boston Mortgage Securities, Ser. 2004-C3, Cl. A3	4.30	7/15/36	127,828	128,095
First Union National Bank Commercial Mortgage, Ser. 2001-C2, Cl. A2	6.66	1/12/43	258,966	268,474
Goldman Sachs Mortgage Securities Corporation II, Ser. 2007-EOP, Cl. B	0.48	3/6/20	1,065,000 ^{a,b}	931,600
Goldman Sachs Mortgage Securities Corporation II, Ser. 2007-EOP, Cl. E	0.67	3/6/20	395,000 ^{a,b}	337,391
Goldman Sachs Mortgage Securities Corporation II, Ser. 2007-EOP, Cl. K	1.28	3/6/20	225,000 ^{a,b}	183,162
JP Morgan Chase Commercial Mortgage Securities, Ser. 2003-CB7, Cl. A3	4.45	1/12/38	440,000	443,130
JP Morgan Chase Commercial Mortgage Securities, Ser. 2005-LDP5, Cl. A2	5.20	12/15/44	725,000	730,629
JP Morgan Chase Commercial Mortgage Securities, Ser. 2009-IWST, Cl. B	7.15	12/5/27	115,000 ^a	112,611

STATEMENT OF INVESTMENTS (continued)

Bonds and Notes (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Commercial Mortgage Pass-Through Certificates (continued)				
JP Morgan Chase Commercial Mortgage Securities, Ser. 2009-IWST, Cl. C	7.44	12/5/27	500,000 ^{a,b}	483,763
LB-UBS Commercial Mortgage Trust, Ser. 2004-C7, Cl. A2	3.99	10/15/29	103,158	103,158
Merrill Lynch Mortgage Trust, Ser. 2003-KEY1, Cl. A2	4.44	11/12/35	183,882	185,392
Merrill Lynch Mortgage Trust, Ser. 2005-LC1, Cl. A2	5.20	1/12/44	391,306 ^b	398,630
Merrill Lynch Mortgage Trust, Ser. 2005-CKI1, Cl. A2	5.21	11/12/37	165,000 ^b	166,533
Merrill Lynch Mortgage Trust, Ser. 2002-MW1, Cl. A3	5.40	7/12/34	314,190	321,301
Merrill Lynch/Countrywide Commercial Mortgage Trust, Ser. 2006-2, Cl. A4	5.91	6/12/46	605,000 ^b	595,082
Morgan Stanley Capital I, Ser. 2005-HQ5, Cl. A2	4.81	1/14/42	57,077	57,060
Morgan Stanley Capital I, Ser. 2007-T27, Cl. A4	5.65	6/11/42	645,000 ^b	623,994
SBA CMBS Trust, Ser. 2006-1A, Cl. D	5.85	11/15/36	135,000 ^a	137,700
TIAA Seasoned Commercial Mortgage Trust, Ser. 2007-C4, Cl. A3	6.07	8/15/39	325,000 ^b	337,393
Wachovia Bank Commercial Mortgage Trust, Ser. 2005-C16, Cl. A2	4.38	10/15/41	112,547	113,597
Wachovia Bank Commercial Mortgage Trust, Ser. 2007-C34, Cl. A3	5.68	5/15/46	370,000	326,611
				12,483,568
Diversified Financial Services—5.8%				
American Express, Sr. Unscd. Notes	7.25	5/20/14	575,000	649,428
Ameriprise Financial, Sr. Unscd. Notes	7.30	6/28/19	270,000	300,778
Ameriprise Financial, Jr. Sub. Notes	7.52	6/1/66	233,000 ^b	206,788
Amvescap, Gtd. Notes	5.38	2/27/13	250,000	254,609

Bonds and Notes (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Diversified Financial Services (continued)				
BSKYB Finance UK, Gtd. Notes	6.50	10/15/35	385,000 ^a	393,910
Caterpillar Financial Services, Sr. Unscd. Notes	7.15	2/15/19	390,000	451,764
Countrywide Home Loans, Gtd. Notes, Ser. L	4.00	3/22/11	210,000	214,535
Credit Suisse Guernsey, Jr. Sub. Notes	5.86	12/29/49	481,000 ^b	420,875
Discover Financial Services, Sr. Unscd. Notes	10.25	7/15/19	330,000	386,502
Fresenius US Finance II, Gtd. Notes	9.00	7/15/15	475,000 ^a	524,875
General Electric Capital, Sr. Unscd. Notes	0.38	10/21/10	945,000 ^{b,c}	945,894
General Electric Capital, Sr. Unscd. Notes	5.63	5/1/18	915,000	939,189
Hutchison Whampoa International, Gtd. Notes	7.63	4/9/19	155,000 ^a	178,713
Jefferies Group, Sr. Unscd. Debs.	6.25	1/15/36	440,000	351,623
JPMorgan Chase & Co., Sr. Unscd. Notes	6.00	1/15/18	535,000	576,043
Merrill Lynch & Co., Sub. Notes	5.70	5/2/17	740,000	726,397
Pearson Dollar Finance Two, Gtd. Notes	6.25	5/6/18	430,000 ^a	452,227
				7,974,150
Electric Utilities—4.6%				
AES, Sr. Unscd. Notes	7.75	10/15/15	285,000	290,700
AES, Sr. Unscd. Notes	8.00	10/15/17	270,000	278,438
Cleveland Electric Illuminating, Sr. Unscd. Notes	5.70	4/1/17	500,000	509,799
Consolidated Edison of NY, Sr. Unscd. Debs., Ser. 06-D	5.30	12/1/16	400,000 ^c	417,150
Consumers Energy, First Mortgage Bonds, Ser. O	5.00	2/15/12	655,000 ^c	688,271

STATEMENT OF INVESTMENTS (continued)

Bonds and Notes (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Electric Utilities (continued)				
Enel Finance International, Gtd. Notes	5.70	1/15/13	185,000 ^a	199,797
Enel Finance International, Gtd. Bonds	6.25	9/15/17	645,000 ^a	710,254
FirstEnergy, Sr. Unscd. Notes, Ser. B	6.45	11/15/11	11,000	11,800
FPL Group Capital, Gtd. Debs.	5.63	9/1/11	950,000	1,010,943
National Grid, Sr. Unscd. Notes	6.30	8/1/16	313,000	340,864
Nevada Power, Mortgage Notes	6.50	8/1/18	305,000	327,370
Nevada Power, Mortgage Notes, Ser. R	6.75	7/1/37	265,000	283,530
NiSource Finance, Gtd. Notes	5.25	9/15/17	375,000 ^c	369,417
NRG Energy, Gtd. Notes	7.38	1/15/17	350,000	351,750
Sierra Pacific Power, Mortgage Notes, Ser. P	6.75	7/1/37	130,000	138,198
Southern, Sr. Unscd. Notes, Ser. A	5.30	1/15/12	290,000 ^c	310,862
				6,239,143
Environmental Control—5%				
Allied Waste North America, Gtd. Notes, Ser. B	7.13	5/15/16	115,000	122,632
Allied Waste North America, Gtd. Notes	7.25	3/15/15	165,000	172,611
Waste Management, Sr. Unscd. Notes	7.00	7/15/28	210,000	226,774
Waste Management, Gtd. Notes	7.38	5/15/29	200,000	223,472
				745,489
Food & Beverages—2.7%				
Anheuser-Busch InBev Worldwide, Gtd. Notes	8.20	1/15/39	635,000 ^a	805,520
Coca-Cola, Sr. Unscd. Notes	4.88	3/15/19	295,000	307,863

Bonds and Notes (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Food & Beverages (continued)				
Diageo Capital, Gtd. Notes	7.38	1/15/14	445,000	515,237
Kraft Foods, Sr. Unscd. Notes	6.00	2/11/13	100,000	107,317
Kraft Foods, Sr. Unscd. Notes	6.13	2/1/18	755,000	795,179
Kroger, Gtd. Notes	6.15	1/15/20	410,000	439,628
Stater Brothers Holdings, Gtd. Notes	7.75	4/15/15	257,000	262,140
Stater Brothers Holdings, Gtd. Notes	8.13	6/15/12	293,000	297,395
SUPERVALU, Sr. Unscd. Bonds	7.50	11/15/14	35,000	35,613
SUPERVALU, Sr. Unscd. Notes	8.00	5/1/16	125,000	127,500
				3,693,392
Foreign/Governmental—1.3%				
Federal Republic of Brazil, Sr. Unscd. Bonds	6.00	1/17/17	505,000	547,925
Province of Quebec Canada, Unscd. Notes	4.60	5/26/15	305,000	323,213
Republic of Italy, Sr. Unscd. Notes	5.38	6/12/17	310,000	331,530
State of Qatar, Sr. Notes	4.00	1/20/15	295,000 ^a	297,213
United Mexican States, Sr. Unscd. Notes	5.63	1/15/17	326,000	341,485
				1,841,366
Health Care—1.2%				
Boston Scientific, Sr. Unscd. Notes	6.00	1/15/20	414,000	423,809
Boston Scientific, Sr. Unscd. Notes	7.38	1/15/40	150,000	161,663
Community Health Systems, Gtd. Notes	8.88	7/15/15	205,000	212,688
Davita, Gtd. Notes	6.63	3/15/13	335,000	337,513

STATEMENT OF INVESTMENTS (continued)

Bonds and Notes (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Health Care (continued)				
Wellpoint, Sr. Unscd. Notes	5.88	6/15/17	165,000	170,247
Wyeth, Gtd. Notes	6.95	3/15/11	325,000 ^b	347,286
				1,653,206
Lodging & Entertainment— .3%				
Penn National Gaming, Sr. Sub. Notes	8.75	8/15/19	340,000 ^a	349,350
Manufacturing-Diversified— .3%				
Bombardier, Sr. Unscd. Notes	8.00	11/15/14	375,000 ^a	391,406
Media—5.2%				
Clear Channel Worldwide, Gtd. Notes	9.25	12/15/17	10,000 ^a	10,250
Clear Channel Worldwide, Gtd. Notes	9.25	12/15/17	265,000 ^a	274,275
Comcast, Gtd. Notes	5.50	3/15/11	485,000 ^c	507,686
Comcast, Gtd. Notes	6.30	11/15/17	425,000	465,769
Cox Communications, Sr. Unscd. Notes	6.25	6/1/18	405,000 ^a	431,783
CSC Holdings, Sr. Unscd. Notes	8.50	4/15/14	25,000 ^{a,c}	26,750
CSC Holdings, Sr. Unscd. Notes	8.63	2/15/19	310,000 ^a	335,188
DirecTV Holdings, Gtd. Notes	7.63	5/15/16	335,000	366,455
Discovery Communications, Gtd. Notes	5.63	8/15/19	150,000	155,166
Dish DBS, Gtd. Notes	7.75	5/31/15	505,000	531,513
News America Holdings, Gtd. Debs.	7.70	10/30/25	425,000	444,915
News America, Gtd. Notes	6.15	3/1/37	460,000	459,149
News America, Gtd. Notes	6.65	11/15/37	355,000	376,210

Bonds and Notes (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Media (continued)				
Reed Elsevier Capital, Gtd. Notes	4.63	6/15/12	670,000	696,850
Time Warner Cable, Gtd. Notes	5.85	5/1/17	440,000	462,984
Time Warner Cable, Gtd. Notes	6.75	7/1/18	535,000	588,691
Time Warner, Gtd. Notes	5.88	11/15/16	900,000	972,934
				7,106,568
Mining-1.2%				
BHP Billiton Finance USA, Gtd. Notes	6.50	4/1/19	460,000	528,583
Freeport-McMoRan Copper & Gold, Sr. Unscd. Notes	8.38	4/1/17	325,000	356,363
Rio Tinto Finance USA, Gtd. Notes	5.88	7/15/13	395,000	426,560
Teck Resources, Sr. Scd. Notes	10.25	5/15/16	35,000	40,950
Teck Resources, Sr. Scd. Notes	10.75	5/15/19	265,000	318,000
				1,670,456
Oil & Gas-2.3%				
Anadarko Petroleum, Sr. Unscd. Notes	8.70	3/15/19	295,000	367,566
Chesapeake Energy, Gtd. Notes	7.50	6/15/14	90,000	92,250
Chesapeake Energy, Gtd. Notes	9.50	2/15/15	690,000	760,725
Halliburton, Sr. Unscd. Notes	6.15	9/15/19	235,000	262,914
Husky Energy, Sr. Unscd. Notes	7.25	12/15/19	310,000	358,888
Marathon Oil, Sr. Unscd. Notes	7.50	2/15/19	175,000	202,312
Newfield Exploration, Sr. Sub. Notes	7.13	5/15/18	85,000	86,275
Range Resources, Gtd. Notes	8.00	5/15/19	470,000	505,250

STATEMENT OF INVESTMENTS (continued)

Bonds and Notes (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Oil & Gas (continued)				
Sempra Energy, Sr. Unscd. Notes	6.50	6/1/16	295,000	320,351
Valero Energy, Gtd. Notes	9.38	3/15/19	155,000	184,652
				3,141,183
Packaging & Containers--.5%				
Crown Americas, Gtd. Notes	7.63	11/15/13	130,000	134,875
Owens-Brockway Glass Container, Gtd. Notes	6.75	12/1/14	300,000	308,250
Owens-Brockway Glass Container, Gtd. Notes	7.38	5/15/16	205,000	212,688
				655,813
Paper & Paper Related--.4%				
Georgia-Pacific, Gtd. Notes	7.00	1/15/15	145,000 ^a	147,538
Georgia-Pacific, Gtd. Notes	8.25	5/1/16	345,000 ^a	367,425
				514,963
Pipelines--.7%				
El Paso, Sr. Unscd. Notes	8.25	2/15/16	350,000	375,375
Kinder Morgan Energy Partners, Sr. Unscd. Notes	6.85	2/15/20	470,000	522,327
				897,702
Property & Casualty Insurance--2.8%				
ACE INA Holdings, Gtd. Notes	5.80	3/15/18	255,000 ^c	271,779
ACE INA Holdings, Gtd. Notes	5.90	6/15/19	635,000	684,399
Cincinnati Financial, Sr. Unscd. Notes	6.13	11/1/34	28,000	24,793
Jackson National Life Global Funding, Sr. Scd. Notes	5.38	5/8/13	270,000 ^a	274,398
Leucadia National, Sr. Unscd. Notes	7.13	3/15/17	305,000	289,750
Lincoln National, Sr. Unscd. Notes	0.33	3/12/10	425,000 ^b	424,332

Bonds and Notes (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Property & Casualty Insurance (continued)				
Lincoln National, Sr. Unscd. Notes	6.25	2/15/20	85,000	83,921
MetLife, Sr. Unscd. Notes	5.00	6/15/15	1,050,000	1,105,683
Nippon Life Insurance, Sub. Notes	4.88	8/9/10	475,000 ^a	476,878
Prudential Financial, Sr. Unscd. Notes	6.63	12/1/37	95,000	97,693
Willis North America, Gtd. Notes	6.20	3/28/17	155,000	153,876
				3,887,502
Real Estate—4.2%				
Arden Realty, Gtd. Notes	5.25	3/1/15	350,000	360,782
Boston Properties, Sr. Unscd. Notes	5.00	6/1/15	470,000	469,877
Duke Realty, Sr. Unscd. Notes	5.88	8/15/12	335,000	344,803
Federal Realty Investment Trust, Sr. Unscd. Bonds	5.65	6/1/16	325,000	313,677
Federal Realty Investment Trust, Sr. Unscd. Notes	6.00	7/15/12	100,000	104,406
Healthcare Realty Trust, Sr. Unscd. Notes	5.13	4/1/14	475,000	458,749
HRPT Properties Trust, Sr. Unscd. Notes	0.85	3/16/11	238,000 ^b	221,103
Liberty Property, Sr. Unscd. Notes	5.50	12/15/16	100,000	92,445
Mack-Cali Realty, Sr. Unscd. Notes	5.05	4/15/10	225,000	226,366
Mack-Cali Realty, Sr. Unscd. Notes	5.25	1/15/12	400,000	409,609
Mack-Cali Realty, Sr. Unscd. Notes	5.80	1/15/16	400,000 ^c	384,268
National Retail Properties, Sr. Unscd. Notes	6.15	12/15/15	210,000	206,216

STATEMENT OF INVESTMENTS (continued)

Bonds and Notes (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Real Estate (continued)				
Prologis, Sr. Unscd. Notes	6.63	5/15/18	435,000	413,189
Regency Centers, Gtd. Notes	5.25	8/1/15	66,000	63,267
Regency Centers, Gtd. Notes	5.88	6/15/17	120,000	111,211
Simon Property Group, Sr. Unscd. Notes	5.00	3/1/12	354,000	366,085
Simon Property Group, Sr. Unscd. Notes	5.75	5/1/12	150,000	157,660
Simon Property Group, Sr. Unscd. Notes	6.13	5/30/18	245,000	249,323
WEA Finance, Gtd. Notes	7.13	4/15/18	435,000 ^a	476,353
WEA Finance, Gtd. Notes	7.50	6/2/14	230,000 ^a	259,063
				5,688,452
Residential Mortgage				
Pass-Through Certificates—.3%				
CS First Boston Mortgage Securities, Ser. 2005-6, Cl. 1 A2	0.50	7/25/35	319,036 ^b	301,510
Impac Secured Assets CMN Owner Trust, Ser. 2006-1, Cl. 2A1	0.58	5/25/36	225,612 ^b	173,212
				474,722
Retail—.4%				
Home Depot, Sr. Unscd. Notes	5.88	12/16/36	237,000	229,523
Staples, Gtd. Notes	9.75	1/15/14	280,000	341,458
				570,981
State/Territory				
General Obligations—2.1%				
Erie Tobacco Asset Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	6.00	6/1/28	400,000	331,932

Bonds and Notes (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
State/Territory General Obligations (continued)				
Michigan Tobacco Settlement Finance Authority, Tobacco Settlement Asset-Backed Bonds	7.31	6/1/34	1,000,000	800,270
State of California Build America Taxable Various Purpose, Bonds	7.55	4/1/39	730,000	708,151
Tobacco Settlement Authority of Iowa, Tobacco Settlement Asset-Backed Bonds	6.50	6/1/23	600,000	506,040
Tobacco Settlement Finance Authority of West Virginia, Tobacco Settlement Asset-Backed Bonds	7.47	6/1/47	705,000	564,007
				2,910,400
Steel-.3%				
Arcelormittal, Sr. Unscd. Notes	9.85	6/1/19	310,000	401,612
Telecommunications-2.3%				
AT & T, Sr. Unscd. Notes	5.60	5/15/18	355,000	372,646
AT & T, Gtd. Notes	7.30	11/15/11	285,000 ^b	313,943
CC Holdings, Sr. Scd. Notes	7.75	5/1/17	625,000 ^a	668,750
Cellco Partnership, Sr. Unscd. Notes	5.55	2/1/14	645,000	700,644
Telecom Italia Capital, Gtd. Notes	5.25	10/1/15	240,000	251,242
Telecom Italia Capital, Gtd. Notes	7.72	6/4/38	180,000	207,887
Verizon Communications, Sr. Unscd. Notes	7.35	4/1/39	250,000	290,977
Wind Acquisition Finance, Gtd. Notes	11.75	7/15/17	265,000 ^a	290,838
				3,096,927

STATEMENT OF INVESTMENTS (continued)

Bonds and Notes (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Textiles & Apparel—3%				
Mohawk Industries, Sr. Unscd. Notes	6.50	1/15/11	400,000	412,000
Transportation—6%				
Canadian National Railway, Sr. Unscd. Notes	5.55	3/1/19	700,000	749,284
Norfolk Southern, Sr. Unscd. Notes	5.75	4/1/18	85,000	90,062
				839,346
U.S. Government Agencies/ Mortgage-Backed—34.2%				
Federal Home Loan Mortgage Corp.:				
4.50%			3,745,000 ^{d,e}	3,736,806
3.50%, 9/1/10			81,894 ^e	82,493
5.00%, 12/1/35–6/1/37			2,399,879 ^e	2,466,000
Multiclass Mortgage Participation Cfts., Ser. 2586, Cl. WE, 4.00%, 12/15/32			378,627 ^e	382,168
Multiclass Mortgage Participation Cfts. (Interest Only), Ser. 2764, Cl. IT, 5.00%, 6/15/27			4,297,748 ^{e,f}	165,922
Federal National Mortgage Association:				
5.00%			12,460,000 ^{d,e}	12,787,075
5.50%			7,380,000 ^{d,e}	7,770,463
4.00%, 5/1/10			299,676 ^e	302,381
5.00%, 11/1/20–2/1/39			4,138,867 ^e	4,322,576
5.50%, 9/1/34–6/1/38			2,876,233 ^e	3,015,080
6.00%, 9/1/22–5/1/39			6,781,296 ^e	7,212,394
7.00%, 6/1/29–9/1/29			57,047 ^e	63,210
Bonds, Ser. 1 4.75%, 11/19/12			641,000 ^e	694,412
Notes, 5.25%, 9/15/16			470,000 ^e	520,014
Government National Mortgage Association I:				
5.50%, 4/15/33–3/15/34			1,980,304	2,089,577
Ser. 2006-3, Cl. A, 4.21%, 1/16/28			627,464	644,670

Bonds and Notes (continued)	Principal Amount (\$)	Value (\$)
U.S. Government Agencies/ Mortgage-Backed (continued)		
Government National Mortgage Association I (continued):		
Ser. 2004-39, Cl. LC, 5.50%, 12/20/29	384,047	388,492
Government National Mortgage Association II; 7.00%, 9/20/28-7/20/29	12,986	14,415
		46,658,148
U.S. Government Securities—16.6%		
U.S. Treasury Bonds:		
4.25%, 5/15/39	2,661,000	2,497,184
5.25%, 11/15/28	1,390,000	1,506,631
U.S. Treasury Notes:		
0.88%, 4/30/11	8,275,000	8,288,579
2.50%, 3/31/13	5,730,000	5,862,059
3.50%, 2/15/18	3,215,000	3,189,634
4.88%, 5/31/11	1,220,000	1,289,340
U.S. Treasury Strip;		
0.00%, 2/15/36	85,000 ^g	24,918
		22,658,345
Total Bonds and Notes (cost \$152,564,044)		155,411,784
Short-Term Investments—4.5%		
U.S. Government Agencies—3.6%		
Federal Home Loan Bank, 0.02%, 1/25/10	4,900,000	4,899,971
U.S. Treasury Bills—.9%		
0.02%, 1/14/10	1,263,000 ^h	1,262,992
Total Short-Term Investments (cost \$6,162,927)		6,162,963

STATEMENT OF INVESTMENTS (continued)

Investment of Cash Collateral for Securities Loaned—3.0%	Shares	Value (\$)
Registered Investment Company;		
Dreyfus Institutional Cash Advantage Fund (cost \$4,094,696)	4,094,696 ⁱ	4,094,696
Total Investments (cost \$162,821,667)	121.4%	165,669,443
Liabilities, Less Cash and Receivables	(21.4%)	(29,220,874)
Net Assets	100.0%	136,448,569

^a Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2009, these securities had a total market value of \$15,952,776 or 11.7% of net assets.

^b Variable rate security—interest rate subject to periodic change.

^c Security, or portion thereof, on loan. At December 31, 2009, the total market value of the fund's securities on loan is \$3,937,842 and the total market value of the collateral held by the fund is \$4,094,696.

^d Purchased on a forward commitment basis.

^e On September 7, 2008, the Federal Housing Finance Agency (FHFA) placed Federal National Mortgage Association and Federal Home Loan Mortgage Corporation into conservatorship with FHFA as the conservator. As such, the FHFA will oversee the continuing affairs of these companies.

^f Notional face amount shown.

^g Security issued with a zero coupon. Income is recognized through the accretion of discount.

^h Held by a broker as collateral for open financial futures positions and open option positions.

ⁱ Investment in affiliated money market mutual fund.

Portfolio Summary (Unaudited)†

	Value (%)		Value (%)
U.S. Government & Agencies	50.8	State/Territory	
Corporate Bonds	44.7	General Obligations	2.1
Asset/Mortgage-Backed	15.0	Foreign/Governmental	1.3
Short-Term/ Money Market Investments	7.5		121.4

† Based on net assets.

See notes to financial statements.

STATEMENT OF FINANCIAL FUTURES

December 31, 2009

	Contracts	Market Value Covered by Contracts (\$)	Expiration	Unrealized Appreciation (Depreciation) at 12/31/2009 (\$)
Financial Futures Long				
U.S. Treasury 5 year Notes	31	3,545,867	March 2010	(57,108)
U.S. Treasury 30 Year Bonds	33	3,807,375	March 2010	(151,726)
Financial Futures Short				
U.S. Treasury 10 year Notes	119	(13,738,922)	March 2010	395,656
Gross Unrealized Appreciation				395,656
Gross Unrealized Depreciation				(208,834)

See notes to financial statements.

STATEMENT OF OPTIONS WRITTEN

December 31, 2009

	Face Amount Covered by Contracts (\$)	Value (\$)
Call Options:		
5-Year USD LIBOR-BBA, January 2010 @ 2.73	2,758,000 ^a	(1,393)
10-Year USD LIBOR-BBA, December 2010 @ 3.55	1,400,000 ^a	(17,883)
10-Year USD LIBOR-BBA, September 2012 @ 4.5	6,979,000 ^a	(303,639)
10-Year USD LIBOR-BBA, November 2012 @ 4.76	6,865,000 ^a	(360,477)
Put Options:		
5-Year USD LIBOR-BBA, January 2010 @ 2.73	2,758,000 ^a	(38,822)
10-Year USD LIBOR-BBA, December 2010 @ 5.05	1,400,000 ^a	(37,286)
10-Year USD LIBOR-BBA, September 2012 @ 4.5	6,979,000 ^a	(592,572)
10-Year USD LIBOR-BBA, November 2012 @ 4.76	6,865,000 ^a	(524,592)
(Premiums received \$1,921,618)		(1,876,664)

BBA—British Bankers Association

LIBOR—London Interbank Offered Rate

USD—US Dollar

^a *Non-income producing security.*

See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

December 31, 2009

	Cost	Value
Assets (\$):		
Investments in securities—See Statement of Investments (including securities on loan, valued at \$3,937,842)—Note 1(c):		
Unaffiliated issuers	158,726,971	161,574,747
Affiliated issuers	4,094,696	4,094,696
Cash		79,640
Dividends and interest receivable		1,348,561
Unrealized appreciation on forward foreign currency exchange contracts—Note 4		34,183
Receivable for futures variation margin—Note 4		21,023
Receivable for shares of Beneficial Interest subscribed		9,336
Prepaid expenses		363
		167,162,549
Liabilities (\$):		
Due to The Dreyfus Corporation and affiliates—Note 3(b)		94,036
Payable for investment securities purchased		24,534,144
Liability for securities on loan—Note 1(c)		4,094,696
Outstanding options written, at value (premiums received \$1,921,618)—see Statement of Options Written—Note 4		1,876,664
Unrealized depreciation on forward foreign currency exchange contracts—Note 4		46,458
Payable for shares of Beneficial Interest redeemed		24,491
Accrued expenses		43,491
		30,713,980
Net Assets (\$)		136,448,569
Composition of Net Assets (\$):		
Paid-in capital		146,645,839
Accumulated undistributed investment income—net		2,214,729
Accumulated net realized gain (loss) on investments		(15,479,276)
Accumulated net unrealized appreciation (depreciation) on investments, options transactions and foreign currency transactions (including \$186,822 net unrealized appreciation on financial futures)		3,067,277
Net Assets (\$)		136,448,569

Net Asset Value Per Share

	Initial Shares	Service Shares
Net Assets (\$)	105,815,725	30,632,844
Shares Outstanding	9,552,974	2,775,934
Net Asset Value Per Share (\$)	11.08	11.04

See notes to financial statements.

STATEMENT OF OPERATIONS

Year Ended December 31, 2009

Investment Income (\$):

Income:

Interest	7,003,963
Income from securities lending—Note 1(c)	30,875
Dividends;	
Affiliated issuers	6,267

Total Income **7,041,105**

Expenses:

Investment advisory fee—Note 3(a)	860,322
Distribution fees—Note 3(b)	78,539
Professional fees	40,184
Prospectus and shareholders' reports	17,335
Trustees' fees and expenses—Note 3(c)	14,231
Shareholder servicing costs—Note 3(b)	4,857
Custodian fees—Note 3(b)	1,943
Loan commitment fees—Note 2	466
Registration fees	386
Miscellaneous	59,134

Total Expenses **1,077,397**

Less—reduction in fees due to earnings credits—Note 1(c) (84)

Net Expenses **1,077,313**

Investment Income—Net **5,963,792**

Realized and Unrealized Gain (Loss) on Investments—Note 4 (\$):

Net realized gain (loss) on investments and foreign currency transactions	(3,413,583)
Net realized gain (loss) on options transactions	663,263
Net realized gain (loss) on financial futures	(6,566)
Net realized gain (loss) on swap transactions	71,268
Net realized gain (loss) on forward foreign currency exchange contracts	286,482

Net Realized Gain (Loss) **(2,399,136)**

Net unrealized appreciation (depreciation) on investments, options transactions, financial futures, swap transactions and foreign currency transactions [including \$53,351 net unrealized appreciation on options transactions, (\$207,225) net unrealized (depreciation) on financial futures, (\$75,672) net unrealized (depreciation) on swap transactions and \$111,674 net unrealized appreciation on forward foreign currency exchange contracts]	14,745,156
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Net Realized and Unrealized Gain (Loss) on Investments **12,346,020**

Net Increase in Net Assets Resulting from Operations **18,309,812**

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

	Year Ended December 31,	
	2009	2008
Operations (\$):		
Investment income—net	5,963,792	7,490,855
Net realized gain (loss) on investments	(2,399,136)	(5,200,163)
Net unrealized appreciation (depreciation) on investments	14,745,156	(9,604,838)
Net Increase (Decrease) in Net Assets Resulting from Operations	18,309,812	(7,314,146)
Dividends to Shareholders from (\$):		
Investment income—net:		
Initial Shares	(4,798,573)	(5,919,879)
Service Shares	(1,427,624)	(1,871,739)
Total Dividends	(6,226,197)	(7,791,618)
Beneficial Interest Transactions (\$):		
Net proceeds from shares sold:		
Initial Shares	13,094,742	25,752,579
Service Shares	2,550,823	3,256,252
Dividends reinvested:		
Initial Shares	4,798,573	5,919,879
Service Shares	1,427,624	1,871,739
Cost of shares redeemed:		
Initial Shares	(21,723,108)	(40,317,390)
Service Shares	(9,284,799)	(12,357,851)
Increase (Decrease) in Net Assets from Beneficial Interest Transactions	(9,136,145)	(15,874,792)
Total Increase (Decrease) in Net Assets	2,947,470	(30,980,556)
Net Assets (\$):		
Beginning of Period	133,501,099	164,481,655
End of Period	136,448,569	133,501,099
Undistributed investment income—net	2,214,729	2,720,819

STATEMENT OF CHANGES IN NET ASSETS (continued)

	Year Ended December 31,	
	2009	2008
Capital Share Transactions:		
Initial Shares		
Shares sold	1,258,250	2,357,886
Shares issued for dividends reinvested	460,328	555,105
Shares redeemed	(2,097,583)	(3,851,873)
Net Increase (Decrease) in Shares Outstanding	(379,005)	(938,882)
Service Shares		
Shares sold	244,133	303,256
Shares issued for dividends reinvested	137,627	175,960
Shares redeemed	(892,685)	(1,181,461)
Net Increase (Decrease) in Shares Outstanding	(510,925)	(702,245)

See notes to financial statements.

FINANCIAL HIGHLIGHTS

The following tables describe the performance for each share class for the fiscal periods indicated. All information (except portfolio turnover rate) reflects financial results for a single fund share. Total return shows how much your investment in the fund would have increased (or decreased) during each period, assuming you had reinvested all dividends and distributions. The fund's total returns do not reflect expenses associated with variable annuity or insurance contracts. These figures have been derived from the fund's financial statements.

Initial Shares	Year Ended December 31,				
	2009	2008	2007	2006	2005
Per Share Data (\$):					
Net asset value, beginning of period	10.11	11.08	11.25	11.29	11.42
Investment Operations:					
Investment income—net ^a	.48	.51	.53	.49	.39
Net realized and unrealized gain (loss) on investments	.99	(.96)	(.16)	(.02)	(.11)
Total from Investment Operations	1.47	(.45)	.37	.47	.28
Distributions:					
Dividends from investment income—net	(.50)	(.52)	(.54)	(.51)	(.41)
Net asset value, end of period	11.08	10.11	11.08	11.25	11.29
Total Return (%)	14.96	(4.18)	3.54	4.23	2.48
Ratios/Supplemental Data (%):					
Ratio of total expenses to average net assets	.75	.76	.77	.75	.75
Ratio of net expenses to average net assets	.75 ^b	.76 ^b	.72	.63	.60
Ratio of net investment income to average net assets	4.56	4.71	4.78	4.43	3.45
Portfolio Turnover Rate ^c	293.67	391.87	446.13	507.83	504.21
Net Assets, end of period (\$ x 1,000)	105,816	100,396	120,446	145,490	158,999

^a Based on average shares outstanding at each month end.

^b Expense waivers and/or reimbursements amounted to less than .01%.

^c The portfolio turnover rates excluding mortgage dollar roll transactions for the periods ended Decemebr 31, 2009, 2008, 2007, 2006 and 2005 were 102.76%, 142.10%, 219.54%, 262.26% and 393.37%, respectively.

See notes to financial statements.

FINANCIAL HIGHLIGHTS (continued)

Service Shares	Year Ended December 31,				
	2009	2008	2007	2006	2005
Per Share Data (\$):					
Net asset value, beginning of period	10.07	11.04	11.21	11.25	11.38
Investment Operations:					
Investment income-net ^a	.45	.48	.51	.46	.36
Net realized and unrealized gain (loss) on investments	.99	(.96)	(.17)	(.02)	(.11)
Total from Investment Operations	1.44	(.48)	.34	.44	.25
Distributions:					
Dividends from investment income-net	(.47)	(.49)	(.51)	(.48)	(.38)
Net asset value, end of period	11.04	10.07	11.04	11.21	11.25
Total Return (%)	14.63	(4.46)	3.31	3.90	2.26
Ratios/Supplemental Data (%):					
Ratio of total expenses to average net assets	1.00	1.01	1.02	1.00	.99
Ratio of net expenses to average net assets	1.00 ^b	1.01 ^b	.97	.88	.84
Ratio of net investment income to average net assets	4.33	4.46	4.51	4.17	3.21
Portfolio Turnover Rate ^c	293.67	391.87	446.13	507.83	504.21
Net Assets, end of period (\$ x 1,000)	30,633	33,105	44,035	41,363	47,757

^a Based on average shares outstanding at each month end.

^b Expense waivers and/or reimbursements amounted to less than .01%.

^c The portfolio turnover rates excluding mortgage dollar roll transactions for the periods ended Decemebr 31, 2009, 2008, 2007, 2006 and 2005 were 102.76%, 142.10%, 219.54%, 262.26% and 393.37%, respectively.

See notes to financial statements.

NOTE 1—Significant Accounting Policies:

Dreyfus Variable Investment Fund (the “Company”) is registered under the Investment Company Act of 1940, as amended (the “Act”), as an open end management investment company, operating as a series company currently offering seven series, including the Quality Bond Portfolio (the “fund”). The fund is only offered to separate accounts established by insurance companies to fund variable annuity contracts and variable life insurance policies. The fund is a diversified series. The fund’s investment objective is to maximize total return, consisting of capital appreciation and current income. The Dreyfus Corporation (the “Manager” or “Dreyfus”), a wholly-owned subsidiary of The Bank of New York Mellon Corporation (“BNY Mellon”), serves as the fund’s investment adviser.

MBSC Securities Corporation (the “Distributor”), a wholly-owned subsidiary of the Manager, is the distributor of the fund’s shares, which are sold without a sales charge. The fund is authorized to issue an unlimited number of \$.001 par value shares of Beneficial Interest in each of the following classes of shares: Initial and Service. Each class of shares has identical rights and privileges, except with respect to the distribution plan, the expenses borne by each class, the allocation of certain transfer agency costs and certain voting rights. Income, expenses (other than expenses attributable to a specific class), and realized and unrealized gains or losses on investments are allocated to each class of shares based on its relative net assets.

The Company accounts separately for the assets, liabilities and operations of each series. Expenses directly attributable to each series are charged to that series’ operations; expenses which are applicable to all series are allocated among them on a pro rata basis.

The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) has become the exclusive reference of authoritative U.S. generally accepted accounting principles (“GAAP”) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange

Commission (“SEC”) under authority of federal laws are also sources of authoritative GAAP for SEC registrants. The ASC has superseded all existing non-SEC accounting and reporting standards. The fund’s financial statements are prepared in accordance with GAAP, which may require the use of management estimates and assumptions. Actual results could differ from those estimates.

The Company enters into contracts that contain a variety of indemnifications. The fund’s maximum exposure under these arrangements is unknown. The fund does not anticipate recognizing any loss related to these arrangements.

(a) Portfolio valuation: Investments in securities, excluding short-term investments (other than U.S. Treasury Bills), financial futures, options, swap transactions and forward foreign currency exchange contracts (“forward contracts”) are valued each business day by an independent pricing service (the “Service”) approved by the Board of Trustees. Investments for which quoted bid prices are readily available and are representative of the bid side of the market in the judgment of the Service are valued at the mean between the quoted bid prices (as obtained by the Service from dealers in such securities) and asked prices (as calculated by the Service based upon its evaluation of the market for such securities). Other investments (which constitute a majority of the portfolio’s securities) are valued as determined by the Service, based on methods which include consideration of: yields or prices of securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions. Restricted securities, as well as securities or other assets for which recent market quotations are not readily available, that are not valued by a pricing service approved by the Board of Trustees, or determined by the fund not to reflect accurately fair value, are valued at fair value as determined in good faith under the direction of the Board of Trustees. The factors that may be considered when fair valuing a security include fundamental analytical data, the nature and duration of restrictions on disposition, an evaluation of the

forces that influence the market in which the securities are purchased and sold, and public trading in similar securities of the issuer or comparable issuers. Short-term investments, excluding U.S. Treasury Bills, are carried at amortized cost, which approximates value. Registered investment companies that are not traded on an exchange are valued at their net asset value. Financial futures and options, which are traded on an exchange, are valued at the last sales price on the securities exchange on which such securities are primarily traded or at the last sales price on the national securities market on each business day. Options traded over-the-counter are valued at the mean between the bid and asked price. Investments in swap transactions are valued each business day by an independent pricing service approved by the Board of Trustees. Swaps are valued by the service by using a swap pricing model which incorporates among other factors, default probabilities, recovery rates, credit curves of the underlying issuers and swap spreads on interest rates. Investments denominated in foreign currencies are translated to U.S. dollars at the prevailing rates of exchange. Forward contracts are valued at the forward rate.

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. the exit price). GAAP establishes a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Additionally, GAAP provides guidance on determining whether the volume and activity in a market has decreased significantly and whether such a decrease in activity results in transactions that are not orderly. GAAP requires enhanced disclosures around valuation inputs and techniques used during annual and interim periods.

Various inputs are used in determining the value of the fund's investments relating to fair value measurements. These inputs are summarized in the three broad levels listed below:

Level 1—unadjusted quoted prices in active markets for identical investments.

Level 2—other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).

Level 3—significant unobservable inputs (including the fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of December 31, 2009 in valuing the fund's investments:

	Level 1— Unadjusted Quoted Prices	Level 2—Other Significant Observable Inputs	Level 3— Significant Unobservable Inputs	Total
Assets (\$)				
Investments in Securities:				
U.S. Treasury	—	23,921,337	—	23,921,337
Asset-Backed	—	7,480,421	—	7,480,421
Corporate Bonds	—	60,904,814	—	60,904,814
Foreign Government	—	1,841,366	—	1,841,366
Municipal Bonds	—	2,910,400	—	2,910,400
U.S. Government Agencies/ Mortgage-Backed	—	51,558,119	—	51,558,119
Residential Mortgage-Backed	—	474,722	—	474,722
Commercial Mortgage-Backed	—	12,483,568	—	12,483,568
Mutual Funds	4,094,696	—	—	4,094,696
Other Financial Instruments†	395,656	34,183	—	429,839
Liabilities (\$)				
Other Financial Instruments†	(208,834)	(1,923,122)	—	(2,131,956)

† Other financial instruments include derivative instruments, such as futures, forward foreign currency exchange contracts, swap contracts and options contracts. Amounts shown represent unrealized appreciation (depreciation), or in the case of options, market value at period end.

(b) Foreign currency transactions: The fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in the market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

Net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized on securities transactions and the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments resulting from changes in exchange rates. Foreign currency gains and losses on investments are included with net realized and unrealized gain or loss on investments.

(c) Securities transactions and investment income: Securities transactions are recorded on a trade date basis. Realized gains and losses from securities transactions are recorded on the identified cost basis. Dividend income is recognized on the ex-dividend date and interest income, including, where applicable, accretion of discount and amortization of premium on investments, is recognized on the accrual basis.

The fund has arrangements with the custodian and cash management bank whereby the fund may receive earnings credits when positive cash balances are maintained, which are used to offset custody and cash management fees. For financial reporting purposes, the fund includes net earnings credits as an expense offset in the Statement of Operations.

Pursuant to a securities lending agreement with The Bank of New York Mellon, a subsidiary of BNY Mellon and an affiliate of Dreyfus, the fund may lend securities to qualified institutions. It is the fund's policy that, at origination, all loans are secured by collateral of at least 102% of the value of U.S. securities loaned and 105% of the value of foreign securities loaned. Collateral equivalent to at least 100% of the market value of securities on loan is maintained at all times. Collateral is either in the form of cash, which can be invested in certain money

market mutual funds managed by the Manager, U.S. Government and Agency securities or letters of credit. The fund is entitled to receive all income on securities loaned, in addition to income earned as a result of the lending transaction. Although each security loaned is fully collateralized, the fund bears the risk of delay in recovery of, or loss of rights in, the securities loaned should a borrower fail to return the securities in a timely manner. During the period ended December 31, 2009, The Bank of New York Mellon earned \$16,625 from lending fund portfolio securities, pursuant to the securities lending agreement.

(d) Affiliated issuers: Investments in other investment companies advised by the Manager are defined as “affiliated” in the Act.

(e) Dividends to shareholders: Dividends are recorded on the ex-dividend date. Dividends from investment income-net and dividends from net realized capital gains, if any, are normally declared and paid annually, but the fund may make distributions on a more frequent basis to comply with the distribution requirements of the Internal Revenue Code of 1986, as amended (the “Code”). To the extent that net realized capital gains can be offset by capital loss carryovers, it is the policy of the fund not to distribute such gains. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP.

On December 31, 2009, the Board of Trustees declared a cash dividend of \$.041 and \$.038 per share for the Initial shares and Service shares, respectively, from undistributed investment income-net payable on January 4, 2010 (ex-dividend date) to shareholders of record as of the close of business on December 31, 2009.

(f) Federal income taxes: It is the policy of the fund to continue to qualify as a regulated investment company, if such qualification is in the best interests of its shareholders, by complying with the applicable provisions of the Code, and to make distributions of taxable income sufficient to relieve it from substantially all federal income and excise taxes.

As of and during the period ended December 31, 2009, the fund did not have any liabilities for any uncertain tax positions. The fund rec-

ognizes interest and penalties, if any, related to uncertain tax positions as income tax expense in the Statement of Operations. During the period, the fund did not incur any interest or penalties.

Each of the tax years in the four-year period ended December 31, 2009 remains subject to examination by the Internal Revenue Service and state taxing authorities.

At December 31, 2009, the components of accumulated earnings on a tax basis were as follows: undistributed ordinary income \$2,242,525, accumulated capital losses \$15,060,529 and unrealized appreciation \$2,620,734.

The accumulated capital loss carryover is available for federal income tax purposes to be applied against future net securities profits, if any, realized subsequent to December 31, 2009. If not applied, \$3,171,594 of the carryover expires in fiscal 2012, \$61,980 expires in fiscal 2013, \$1,624,385 expires in fiscal 2014, \$1,707,613 expires in fiscal 2015, \$4,529,381 expires in fiscal 2016 and \$3,965,576 expires in fiscal 2017.

The tax character of distributions paid to shareholders during the fiscal periods ended December 31, 2009 and December 31, 2008 were as follows: ordinary income \$6,226,197 and \$7,791,618, respectively.

During the period ended December 31, 2009, as a result of permanent book to tax differences, primarily due to the tax treatment for amortization of premiums, paydown gains (losses), swap periodic payments and foreign currency transactions, the fund decreased accumulated undistributed investment income-net by \$243,685 and increased accumulated net realized gain (loss) on investments by the same amount. Net assets and net asset value per share were not affected by this reclassification.

NOTE 2—Bank Lines of Credit:

The fund participates with other Dreyfus-managed funds in a \$225 million unsecured credit facility led by Citibank, N.A. and a \$300 million unsecured credit facility provided by The Bank of New York Mellon (each, a “Facility”), each to be utilized primarily for temporary or emer-

agency purposes, including the financing of redemptions. In connection therewith, the fund has agreed to pay its pro rata portion of commitment fees for each Facility. Interest is charged to the fund based on rates determined pursuant to the terms of the respective Facility at the time of borrowing. During the period ended December 31, 2009, the fund did not borrow under the Facilities.

NOTE 3—Investment Advisory Fee and Other Transactions With Affiliates:

(a) Pursuant to an investment advisory agreement with the Manager, the investment advisory fee is computed at the annual rate of .65% of the value of the fund's average daily net assets and is payable monthly.

(b) Under the Distribution Plan (the "Plan") adopted pursuant to Rule 12b-1 under the Act, Service shares pay the Distributor for distributing their shares, for servicing and/or maintaining Service shares' shareholder accounts and for advertising and marketing for Service shares. The Plan provides for payments to be made at an annual rate of .25% of the value of the Service shares' average daily net assets. The Distributor may make payments to participating insurance companies and to brokers and dealers acting as principal underwriter for their variable insurance products. The fees payable under the Plan are payable without regard to actual expenses incurred. During the period ended December 31, 2009, Service shares were charged \$78,539 pursuant to the Plan.

The fund compensates Dreyfus Transfer, Inc., a wholly-owned subsidiary of the Manager under a transfer agency agreement for providing personnel and facilities to perform transfer agency services for the fund. During the period ended December 31, 2009, the fund was charged \$507 pursuant to the transfer agency agreement, which is included in Shareholder servicing costs in the Statement of Operations.

The fund compensates The Bank of New York Mellon under a cash management agreement for performing cash management services related to fund subscriptions and redemptions. During the period

ended December 31, 2009, the fund was charged \$84 pursuant to the cash management agreement, which is included in Shareholder servicing costs in the Statement of Operations. These fees were offset by earnings credits pursuant to the cash management agreement.

The fund also compensates The Bank of New York Mellon under a custody agreement for providing custodial services for the fund. During the period ended December 31, 2009, the fund was charged \$1,943 pursuant to the custody agreement.

During the period ended December 31, 2009, the fund was charged \$6,681 for services performed by the Chief Compliance Officer.

The components of “Due to The Dreyfus Corporation and affiliates” in the Statement of Assets and Liabilities consist of: investment advisory fees \$75,837, Rule 12b-1 distribution plan fees \$6,623, custodian fees \$6,479, chief compliance officer fees \$5,011 and transfer agency per account fees \$86.

(c) Each Board member also serves as a Board member of other funds within the Dreyfus complex. Annual retainer fees and attendance fees are allocated to each fund based on net assets.

NOTE 4—Securities Transactions:

The aggregate amount of purchases and sales (including paydowns) of investment securities, excluding short-term securities, financial futures, forward contracts, options transactions and swap transactions, during the period ended December 31, 2009, amounted to \$447,423,968 and \$463,968,710, respectively, of which \$290,855,448 in purchases and \$291,849,589 in sales were from mortgage dollar roll transactions.

The fund adopted the provisions of ASC Topic 815 “Derivatives and Hedging” which requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments and disclosures about credit-risk-related contingent features in derivative agreements. The disclosure requirements distinguish between derivatives, which are

accounted for as “hedges” and those that do not qualify for hedge accounting. Because investment companies value their derivatives at fair value and recognize changes in fair value through the Statement of Operations, they do not qualify for such accounting. Accordingly, even though a fund’s investments in derivatives may represent economic hedges, they are considered to be non-hedge transactions for purposes of this disclosure. The following tables show the fund’s exposure to different types of market risk as it relates to the Statement of Assets and Liabilities and the Statement of Operations, respectively.

Fair value of derivative instruments as of December 31, 2009 is shown below:

	Derivative Assets (\$)		Derivative Liabilities (\$)
Interest rate risk ¹	395,656	Interest rate risk ^{1,2}	(2,085,498)
Foreign exchange risk ³	34,183	Foreign exchange risk ⁴	(46,458)
Gross fair value of derivatives contracts	429,839		(2,131,956)

Statement of Assets and Liabilities location:

¹ Includes cumulative appreciation (depreciation) on futures contracts as reported in the Statement of Financial Futures, but only the unpaid variation margin is reported in the Statement of Assets and Liabilities.

² Outstanding options written, at value.

³ Unrealized appreciation on forward foreign currency exchange contracts.

⁴ Unrealized depreciation on forward foreign currency exchange contracts.

The effect of derivative instruments in the Statement of Operations during the period ended December 31, 2009 is shown below:

Underlying risk	Amount of realized gain or (loss) on derivatives recognized in income (\$)				
	Futures ⁵	Options ⁶	Forward Contracts ⁷	Swaps ⁸	Total
Interest rate	(6,566)	663,263	-	-	656,697
Foreign exchange	-	-	286,482	-	286,482
Credit	-	-	-	71,268	71,268
Total	(6,566)	663,263	286,482	71,268	1,014,447

Change in unrealized appreciation or (depreciation) on derivatives recognized in income (\$) ⁹

Underlying risk	Futures	Options	Forward Contracts	Swaps	Total
Interest rate	(207,225)	53,351	-	-	(153,874)
Foreign exchange	-	-	111,674	-	111,674
Credit	-	-	-	(75,672)	(75,672)
Total	(207,225)	53,351	111,674	(75,672)	(117,872)

Statement of Operations location:

⁵ Net realized gain (loss) on financial futures.

⁶ Net realized gain (loss) on options transactions.

⁷ Net realized gain (loss) on forward foreign currency exchange contracts.

⁸ Net realized gain (loss) on swap transactions.

⁹ Net unrealized appreciation (depreciation) on investments, financial futures, options transactions, forward foreign currency exchange contracts and swap transactions.

During the period ended December 31, 2009, the average market value of interest rate futures contracts was \$25,759,192, which represented 19.5% of average net assets. The average market value of interest rate option contracts was \$607,594, which represented 0.5% of average net assets. The average market value of forward contracts was \$4,103,834, which represented 3.1% of average net assets. The average notional value of credit default swap contracts was \$150,769, which represented 0.1% of average net assets.

Mortgage Dollar Rolls: A mortgage dollar roll transaction involves a sale by the fund of mortgage related securities that it holds with an agreement by the fund to repurchase similar securities at an agreed upon price and date. The securities purchased will bear the same interest rate as those sold, but generally will be collateralized by pools of mortgages with different prepayment histories than those securities sold.

Futures Contracts: In the normal course of pursuing its investment objectives, the fund is exposed to market risk, including interest rate risk as a result of changes in value of underlying financial instruments. The fund may invest in financial futures contracts in order to manage

its exposure to or protect against changes in the market. A futures contract represents a commitment for the future purchase or a sale of an asset at a specified date. Upon entering into such contracts, these investments require initial margin deposits with a broker, which consist of cash or cash equivalents. The amount of these deposits is determined by the exchange or Board of Trade on which the contract is traded and is subject to change. Accordingly, variation margin payments are received or made to reflect daily unrealized gains or losses which are recorded in the Statement of Operations. Futures contracts are valued daily at the last sales price established by the Board of Trade or exchange upon which they are traded. When the contracts are closed, the fund recognizes a realized gain or loss. There is minimal counterparty credit risk to the fund with futures, since futures are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees the futures against default. Contracts open at December 31, 2009 are set forth in the Statement of Financial Futures.

Options: A call option gives the purchaser of the option the right (but not the obligation) to buy, and obligates the writer to sell, the underlying security or securities at the exercise price at any time during the option period, or at a specified date. Conversely, a put option gives the purchaser of the option the right (but not the obligation) to sell, and obligates the writer to buy the underlying security or securities at the exercise price at any time during the option period, or at a specified date. The fund may purchase and write (sell) put and call options primarily to hedge against changes in security prices, or securities that the fund intends to purchase, or against fluctuations in value caused by changes in prevailing market interest rates or other market conditions.

As a writer of call options, the fund receives a premium at the outset and then bears the market risk of unfavorable changes in the price of the financial instrument underlying the option. Generally, the fund would realize a gain, to the extent of the premium, if the price of the underlying financial instrument decreases between the date the option is written and the date on which the option is terminated. Generally, the fund would incur a loss, if the price of the financial instrument increases between those dates.

As a writer of put options, the fund receives a premium at the outset and then bears the market risk of unfavorable changes in the price of the financial instrument underlying the option. Generally, the fund would realize a gain, to the extent of the premium, if the price of the underlying financial instrument increases between the date the option is written and the date on which the option is terminated. Generally, the fund would incur a loss, if the price of the financial instrument decreases between those dates. As a writer of an option, the fund may have no control over whether the underlying securities may be sold (call) or purchased (put) and as a result bears the market risk of an unfavorable change in the price of the security underlying the written option. One risk of holding a put or a call option is that if the option is not sold or exercised prior to its expiration, it becomes worthless. However, this risk is limited to the premium paid by the fund. Upon the expiration or closing of the option transaction, a gain or loss is reported in the Statement of Operations.

The following summarizes the fund's call/put options written for the period ended December 31, 2009:

Options Written:	Face Amount Covered by Contracts (\$)	Premiums Received (\$)	Options Terminated	
			Cost (\$)	Net Realized Gain (Loss) (\$)
Contracts outstanding December 31, 2008	6,600,000	95,447		
Contracts written	231,704,000	3,694,716		
Contracts terminated:				
Contracts closed	111,554,000	1,059,726	1,155,981	(96,255)
Contracts expired	90,746,000	808,819	-	808,819
Total contracts terminated	202,300,000	1,868,545	1,155,981	712,564
Contracts Outstanding December 31, 2009	36,004,000	1,921,618		

Forward Foreign Currency Exchange Contracts: The fund may enter into forward contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign fund holdings, to settle foreign currency transactions or as a part of an investment strategy. When executing forward contracts, the fund is obligated to buy or sell

a foreign currency at a specified rate on a certain date in the future. With respect to sales of forward contracts, the fund would incur a loss if the value of the contract increases between the date the forward contract is opened and the date the forward contract is closed. The fund realizes a gain if the value of the contract decreases between those dates. With respect to purchases of forward contracts, the fund would incur a loss if the value of the contract decreases between the date the forward contract is opened and the date the forward contract is closed. The fund realizes a gain if the value of the contract increases between those dates. The fund is exposed to foreign currency risk as a result of changes in value of underlying financial instruments. The fund is also exposed to credit risk associated with counterparty nonperformance on these forward contracts, which is typically limited to the unrealized gain on each open contract. The following summarizes open forward contracts at December 31, 2009:

Forward Foreign Currency Exchange Contracts	Foreign Currency Amounts	Cost (\$)	Value (\$)	Unrealized Appreciation (Depreciation) (\$)
Purchases:				
Argentine Peso, Expiring 1/8/2010	2,640,000	688,307	692,989	4,682
Brazilian Real, Expiring 1/8/2010	1,220,000	702,765	699,525	(3,240)
British Pound, Expiring 1/29/2010	400,000	650,864	645,968	(4,896)
Indonesian Rupiah, Expiring 1/8/2010	6,555,780,000	694,983	696,687	1,704
Malaysian Ringgit, Expiring 1/29/2010	1,215,000	356,504	354,398	(2,106)
Mexican New Peso, Expiring 1/8/2010	8,980,000	695,558	685,949	(9,609)
Russian Ruble, Expiring 1/12/2010	20,300,000	694,254	668,447	(25,807)
South Korean Won, Expiring 2/26/2010	398,445,000	342,380	341,580	(800)

Forward Foreign Currency Exchange Contracts	Foreign Currency Amounts	Proceeds (\$)	Value (\$)	Unrealized Appreciation (Depreciation) (\$)
Sales:				
Euro, Expiring 1/29/2010	240,000	348,780	344,042	4,738
Euro, Expiring 1/29/2010	1,180,000	1,714,599	1,691,540	23,059
Gross Unrealized Appreciation				34,183
Gross Unrealized Depreciation				(46,458)

Swaps: The fund may enter into swap agreements to exchange the interest rate on, or return generated by, one nominal instrument for the return generated by another nominal instrument. The fund enters into these agreements for a variety of reasons, including to hedge certain market or interest rate risks, to manage the interest rate sensitivity (sometimes called duration) of fixed income securities, to provide a substitute for purchasing or selling particular securities or to increase potential returns.

The fund accrues for the interim payments on swap contracts on a daily basis, with the net amount recorded within unrealized appreciation (depreciation) on swap contracts in the Statement of Assets and Liabilities. Once the interim payments are settled in cash, the net amount is recorded as realized gain (loss) on swaps, in addition to realized gain (loss) recorded upon the termination of swap contracts in the Statement of Operations. Upfront payments made and/or received by the fund, are recorded as an asset and/or liability in the Statement of Assets and Liabilities and are recorded as a realized gain or loss ratably over the contract's term/event with the exception of forward starting interest rate swaps which are recorded as realized gains or losses on the termination date. Fluctuations in the value of swap contracts are recorded for financial statement purposes as unrealized appreciation or depreciation on swap transactions.

Credit Default Swaps: Credit default swaps involve commitments to pay a fixed interest rate in exchange for payment if a credit event affecting a third party (the referenced company, obligation or index) occurs. Credit events may include a failure to pay interest or principal, bankruptcy, or restructuring. The fund enters into these agreements to manage its exposure to the market or certain sectors of the market, to reduce its risk exposure to defaults of corporate and sovereign issuers, or to create exposure to corporate or sovereign issuers to which it is not otherwise exposed. For those credit default swaps in which the fund is paying a fixed rate, the fund is buying credit protection on the instrument. In the event of a credit event, the fund would receive the full notional amount for the reference obligation. For those credit default swaps in which the fund is receiving a fixed rate, the fund is selling credit protection on the underlying instrument. The maximum payouts for these contracts are limited to the notional amount of each swap. Credit default swaps may involve greater risks than if the fund had invested in the reference obligation directly and are subject to general market risk, liquidity risk, counterparty risk and credit risk. At December 31, 2009, the fund held no open credit default swaps.

At December 31, 2009, the cost of investments for federal income tax purposes was \$163,097,945; accordingly, accumulated net unrealized appreciation on investments was \$2,571,498, consisting of \$5,565,196 gross unrealized appreciation and \$2,993,698 gross unrealized depreciation.

NOTE 5—Subsequent Events Evaluation:

Dreyfus has evaluated the need for disclosures and/or adjustments resulting from subsequent events through February 10, 2010, the date the financial statements were issued. This evaluation did not result in any subsequent events that necessitated disclosures and/or adjustments.

REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM

Shareholders and Board of Trustees

Dreyfus Variable Investment Fund, Quality Bond Portfolio

We have audited the accompanying statement of assets and liabilities, including the statements of investments, financial futures and options written, of Dreyfus Variable Investment Fund, Quality Bond Portfolio (one of the series comprising Dreyfus Variable Investment Fund) as of December 31, 2009, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended and financial highlights for each of the years indicated therein. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2009 by correspondence with the custodian and others. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Dreyfus Variable Investment Fund, Quality Bond Portfolio at December 31, 2009, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the indicated years, in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

New York, New York
February 10, 2010

BOARD MEMBERS INFORMATION (Unaudited)

Joseph S. DiMartino (66) **Chairman of the Board (1995)**

Principal Occupation During Past 5 Years:

- Corporate Director and Trustee

Other Board Memberships and Affiliations:

- The Muscular Dystrophy Association, Director
- CBIZ (formerly, Century Business Services, Inc.), a provider of outsourcing functions for small and medium size companies, Director
- The Newark Group, a provider of a national market of paper recovery facilities, paperboard mills and paperboard converting plants, Director

No. of Portfolios for which Board Member Serves: 171

Peggy C. Davis (66) **Board Member (2006)**

Principal Occupation During Past 5 Years:

- Shad Professor of Law, New York University School of Law (1983-present)
- Writer and teacher in the fields of evidence, constitutional theory, family law, social sciences and the law, legal process and professional methodology and training

No. of Portfolios for which Board Member Serves: 54

David P. Feldman (70) **Board Member (1994)**

Principal Occupation During Past 5 Years:

- Corporate Director and Trustee

Other Board Memberships and Affiliations:

- BBH Mutual Funds Group (11 funds), Director
- The Jeffrey Company, a private investment company, Director

No. of Portfolios for which Board Member Serves: 47

James F. Henry (79) **Board Member (1990)**

Principal Occupation During Past 5 Years:

- Advisor to The Elaw Forum, a consultant on managing corporate legal costs
- Advisor to John Jay Homestead (the restored home of the first U.S. Chief Justice)
- Individual Trustee of several trusts

Other Board Memberships and Affiliations:

- Director, advisor and mediator involved in several non-profit organizations, primarily engaged in domestic and international dispute resolution, and historic preservation

No. of Portfolios for which Board Member Serves: 32

Ehud Houminer (69)
Board Member (2006)

Principal Occupation During Past 5 Years:

- Executive-in-Residence at the Columbia Business School, Columbia University

Other Board Memberships and Affiliations:

- Avnet Inc., an electronics distributor, Director
- International Advisory Board to the MBA Program School of Management, Ben Gurion University, Chairman

No. of Portfolios for which Board Member Serves: 60

Dr. Martin Peretz (70)
Board Member (1990)

Principal Occupation During Past 5 Years:

- Editor-in-Chief of The New Republic Magazine
- Director of TheStreet.com, a financial information service on the web

Other Board Memberships and Affiliations:

- American Council of Trustees and Alumni, Director
- Pershing Square Capital Management, Advisor
- Montefiore Ventures, General Partner
- Harvard Center for Blood Research, Trustee
- Bard College, Trustee
- Board of Overseers of YIVO Institute for Jewish Research, Chairman

No. of Portfolios for which Board Member Serves: 32

Once elected all Board Members serve for an indefinite term, but achieve Emeritus status upon reaching age 80. The address of the Board Members and Officers is in c/o The Dreyfus Corporation, 200 Park Avenue, New York, New York 10166. Additional information about the Board Members is available in the fund's Statement of Additional Information which can be obtained from Dreyfus free of charge by calling this toll free number: 1-800-554-4611.

John M. Fraser, Jr., Emeritus Board Member

Rosalind G. Jacobs, Emeritus Board Member

Dr. Paul A. Marks, Emeritus Board Member

Gloria Messinger, Emeritus Board Member

OFFICERS OF THE FUND (Unaudited)

BRADLEY J. SKAPYAK, President since January 2010.

Chief Operating Officer and a director of the Manager since June 2009. From April 2003 to June 2009, Mr. Skapyak was the head of the Investment Accounting and Support Department of the Manager. He is an officer of 76 investment companies (comprised of 171 portfolios) managed by the Manager. He is 51 years old and has been an employee of the Manager since February 1988.

PHILLIP N. MAISANO, Executive Vice President since July 2007.

Chief Investment Officer, Vice Chair and a director of the Manager, and an officer of 76 investment companies (comprised of 171 portfolios) managed by the Manager. Mr. Maisano also is an officer and/or Board member of certain other investment management subsidiaries of The Bank of New York Mellon Corporation, each of which is an affiliate of the Manager. He is 62 years old and has been an employee of the Manager since November 2006. Prior to joining the Manager, Mr. Maisano served as Chairman and Chief Executive Officer of EACM Advisors, an affiliate of the Manager, since August 2004.

J. DAVID OFFICER, Vice President since January 2010.

Director of Mellon United National Bank, an affiliate of the Manager, and an officer of 77 investment companies (comprised of 194 portfolios) managed by the Manager. Prior to June 2009, Mr. Officer was Chief Operating Officer, Vice Chairman and a director of the Manager, where he had been employed since April 1998. He is 61 years old.

MICHAEL A. ROSENBERG, Vice President and Secretary since August 2005.

Assistant General Counsel of BNY Mellon, and an officer of 77 investment companies (comprised of 194 portfolios) managed by the Manager. He is 49 years old and has been an employee of the Manager since October 1991.

KIESHA ASTWOOD, Vice President and Assistant Secretary since January 2010.

Counsel of BNY Mellon, and an officer of 77 investment companies (comprised of 194 portfolios) managed by the Manager. She is 36 years old and has been an employee of the Manager since July 1995.

JAMES BITETTO, Vice President and Assistant Secretary since August 2005.

Senior Counsel of BNY Mellon and Secretary of the Manager, and an officer of 77 investment companies (comprised of 194 portfolios) managed by the Manager. He is 43 years old and has been an employee of the Manager since December 1996.

JONI LACKS CHARATAN, Vice President and Assistant Secretary since August 2005.

Senior Counsel of BNY Mellon, and an officer of 77 investment companies (comprised of 194 portfolios) managed by the Manager. She is 54 years old and has been an employee of the Manager since October 1988.

JOSEPH M. CHIOFFI, Vice President and Assistant Secretary since August 2005.

Senior Counsel of BNY Mellon, and an officer of 77 investment companies (comprised of 194 portfolios) managed by the Manager. He is 48 years old and has been an employee of the Manager since June 2000.

KATHLEEN DENICHOLAS, Vice President and Assistant Secretary since January 2010.

Senior Counsel of BNY Mellon, and an officer of 77 investment companies (comprised of 194 portfolios) managed by the Manager. She is 35 years old and has been an employee of the Manager since February 2001.

JANETTE E. FARRAGHER, Vice President and Assistant Secretary since August 2005.

Assistant General Counsel of BNY Mellon, and an officer of 77 investment companies (comprised of 194 portfolios) managed by the Manager. She is 47 years old and has been an employee of the Manager since February 1984.

JOHN B. HAMMALIAN, Vice President and Assistant Secretary since August 2005.

Managing Counsel of BNY Mellon, and an officer of 77 investment companies (comprised of 194 portfolios) managed by the Manager. He is 46 years old and has been an employee of the Manager since February 1991.

M. CRISTINA MEISER, Vice President and Assistant Secretary since January 2010.

Senior Counsel of BNY Mellon, and an officer of 77 investment companies (comprised of 194 portfolios) managed by the Manager. She is 39 years old and has been an employee of the Manager since August 2001.

ROBERT R. MULLERY, Vice President and Assistant Secretary since August 2005.

Managing Counsel of BNY Mellon, and an officer of 77 investment companies (comprised of 194 portfolios) managed by the Manager. He is 57 years old and has been an employee of the Manager since May 1986.

JEFF PRUSNOFSKY, Vice President and Assistant Secretary since August 2005.

Managing Counsel of BNY Mellon, and an officer of 77 investment companies (comprised of 194 portfolios) managed by the Manager. He is 44 years old and has been an employee of the Manager since October 1990.

JAMES WINDELS, Treasurer since November 2001.

Director – Mutual Fund Accounting of the Manager, and an officer of 77 investment companies (comprised of 194 portfolios) managed by the Manager. He is 51 years old and has been an employee of the Manager since April 1985.

RICHARD CASSARO, Assistant Treasurer since January 2008.

Senior Accounting Manager – Money Market and Municipal Bond Funds of the Manager, and an officer of 77 investment companies (comprised of 194 portfolios) managed by the Manager. He is 50 years old and has been an employee of the Manager since September 1982.

GAVIN C. REILLY, Assistant Treasurer since December 2005.

Tax Manager of the Investment Accounting and Support Department of the Manager, and an officer of 77 investment companies (comprised of 194 portfolios) managed by the Manager. He is 41 years old and has been an employee of the Manager since April 1991.

ROBERT ROBOL, Assistant Treasurer since August 2003.

Senior Accounting Manager – Fixed Income Funds of the Manager, and an officer of 77 investment companies (comprised of 194 portfolios) managed by the Manager. He is 45 years old and has been an employee of the Manager since October 1988.

ROBERT SALVILOLO, Assistant Treasurer since July 2007.

Senior Accounting Manager – Equity Funds of the Manager, and an officer of 77 investment companies (comprised of 194 portfolios) managed by the Manager. He is 42 years old and has been an employee of the Manager since June 1989.

ROBERT SVAGNA, Assistant Treasurer since December 2002.

Senior Accounting Manager – Equity Funds of the Manager, and an officer of 77 investment companies (comprised of 194 portfolios) managed by the Manager. He is 42 years old and has been an employee of the Manager since November 1990.

JOSEPH W. CONNOLLY, Chief Compliance Officer since October 2004.

Chief Compliance Officer of the Manager and The Dreyfus Family of Funds (77 investment companies, comprised of 194 portfolios). From November 2001 through March 2004, Mr. Connolly was first Vice-President, Mutual Fund Servicing for Mellon Global Securities Services. In that capacity, Mr. Connolly was responsible for managing Mellon's Custody, Fund Accounting and Fund Administration services to third-party mutual fund clients. He is 52 years old and has served in various capacities with the Manager since 1980, including manager of the firm's Fund Accounting Department from 1997 through October 2001.

WILLIAM GERMENIS, Anti-Money Laundering Compliance Officer since September 2002.

Vice President and Anti-Money Laundering Compliance Officer of the Distributor, and the Anti-Money Laundering Compliance Officer of 73 investment companies (comprised of 190 portfolios) managed by the Manager. He is 39 years old and has been an employee of the Distributor since October 1998.

For More Information

**Dreyfus Variable
Investment Fund,
Quality Bond Portfolio**
200 Park Avenue
New York, NY 10166

Investment Adviser

The Dreyfus Corporation
200 Park Avenue
New York, NY 10166

Custodian

The Bank of New York Mellon
One Wall Street
New York, NY 10286

Transfer Agent & Dividend Disbursing Agent

Dreyfus Transfer, Inc.
200 Park Avenue
New York, NY 10166

Distributor

MBSC Securities Corporation
200 Park Avenue
New York, NY 10166

Telephone 1-800-554-4611 or 516-338-3300

Mail The Dreyfus Family of Funds, 144 Glenn Curtiss Boulevard, Uniondale, NY 11556-0144
Attn: Investments Division

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The fund's Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

A description of the policies and procedures that the fund uses to determine how to vote proxies relating to portfolio securities, and information regarding how the fund voted these proxies for the most recent 12-month period ended June 30 is available at <http://www.dreyfus.com> and on the SEC's website at <http://www.sec.gov>. The description of the policies and procedures is also available without charge, upon request, by calling 1-800-645-6561.

