

CENTRAL EUROPE & RUSSIA FUND, INC.
Form N-Q
March 30, 2009
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-06041

Central Europe & Russia Fund, Inc.

(Exact name of registrant as specified in charter)

345 Park Avenue

New York, NY 10154

(Address of principal executive offices) (Zip code)

Paul Schubert

345 Park Avenue

New York, NY 10154-0004

(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 454-7190

Date of fiscal year end: 10/31

Date of reporting period: 1/31/09

ITEM 1. SCHEDULE OF INVESTMENTS

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THE CENTRAL EUROPE AND RUSSIA FUND, INC.
SCHEDULE OF INVESTMENTS — JANUARY 31, 2009 (unaudited)

| Shares | Description | Value(a) |
|--|---|------------|
| INVESTMENTS IN RUSSIAN SECURITIES – 47.1% | | |
| COMMON STOCKS – 46.1% | | |
| BUILDING PRODUCTS – 0.1% | | |
| 5,900 | Gornozavodsktsement | \$ 324,500 |
| COMMERCIAL BANKS – 4.0% | | |
| 22,339,286 | Sberbank | 10,499,465 |
| CONSTRUCTION MATERIALS – 0.1% | | |
| 504,000 | LSR Group (GDR) Reg S* | 365,400 |
| DIVERSIFIED FINANCIAL SERVICES – 0.0% | | |
| 52,000 | Vostok Nafta Investment (SDR)*† | 94,056 |
| DIVERSIFIED TELECOMMUNICATION SERVICES – 4.2% | | |
| 800,000 | Comstar United Telesystems (GDR) Reg S | 1,920,000 |
| 117,100 | Rostelecom (ADR)† | 6,042,360 |
| 500,000 | Vimpel Communications (ADR) | 3,028,380 |
| | | 10,990,740 |
| ELECTRIC UTILITIES – 0.1% | | |
| 216,633 | OJSC The Fifth Power Generation (GDR)* | 219,016 |
| ENERGY EQUIPMENT & SERVICES – 0.4% | | |
| 1,270,371 | Integra Group Holdings (GDR)* | 1,022,649 |
| FOOD PRODUCTS – 1.5% | | |
| 150,000 | Wimm Bill Dann Foods (ADR)*† | 3,921,645 |
| MEDIA – 0.3% | | |
| 200,000 | CTC Media* | 718,000 |
| METALS & MINING – 3.4% | | |
| 4,650,000 | Kuzbassrazrezugol* | 279,000 |
| 500,000 | Magnitogorsk Iron & Steel Works (GDR) Reg S | 1,165,000 |
| 1,725,542 | MMC Norilsk Nickel (ADR) | 7,143,744 |
| 580,000 | Raspadskaya | 499,380 |
| | | 9,087,124 |

| Shares | Description | Value(a) |
|--|---------------------------------|---------------|
| OIL, GAS & CONSUMABLE FUELS – 29.1% | | |
| 3,398,000 | Gazprom | \$ 11,281,360 |
| 1,000,000 | Gazprom (ADR) | 12,970,000 |
| 300,000 | LUKOIL | 10,290,000 |
| 411,500 | LUKOIL (ADR)† | 13,558,925 |
| 170,000 | NovaTek OAO (GDR) Reg S | 3,740,000 |
| 4,800,000 | Rosneft Oil Company (GDR) Reg S | 14,928,000 |
| 2,200,000 | Surgutneftegaz (ADR)† | 9,695,400 |
| 52,000 | Vostok Gas*† | 1,254 |
| 52,000 | Vostok Gas (RDR)* | 426,389 |

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| | | | |
|-----------|--|--|-------------|
| | | | 76,891,328 |
| | | WIRELESS TELECOMMUNICATIONS SERVICES – 2.9% | |
| 1,000,000 | | Mobile Telesystems | 3,230,000 |
| 100,000 | | Mobile Telesystems (ADR) | 2,219,870 |
| 100,000 | | Mobile Telesystems (GDR) Reg S | 2,219,870 |
| | | | 7,669,740 |
| | | Total Common Stocks (cost \$240,184,129) | 121,803,663 |
| | | PREFERRED STOCK – 1.0% OIL, GAS & CONSUMABLE FUELS – 1.0% | |
| 1,320,000 | | Surgutneftegaz (ADR) (cost \$6,310,195) | 2,652,830 |
| | | Total Investments in Russian Securities (cost \$246,494,324) | 124,456,493 |
| | | INVESTMENTS IN POLISH COMMON STOCKS – 14.8% | |
| | | COMMERCIAL BANKS – 7.2% | |
| 350,000 | | Bank Pekao† | 10,971,787 |
| 1,005,000 | | Powszechna Kasa Oszczednosci Bank Polski† | 8,035,144 |
| | | | 19,006,931 |
| | | CONSTRUCTION & ENGINEERING – 0.2% | |
| 97,175 | | Pol-Aqua* | 427,591 |

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| | | |
|--|--|------------|
| | WIRELESS TELECOMMUNICATIONS SERVICES – 1.4% | |
| 683,166 | Turkcell Iletisim Hizmetleri | 3,674,498 |
| | Total Investments in Turkish Common Stocks (cost \$48,336,365) | 29,544,847 |
| INVESTMENTS IN HUNGARIAN COMMON STOCKS – 4.9% | | |
| | COMMERCIAL BANKS – 0.9% | |
| 250,000 | OTP Bank† | 2,496,249 |
| | DIVERSIFIED TELECOMMUNICATION SERVICES – 1.7% | |
| 1,800,000 | Magyar Telekom Plc | 4,429,582 |
| | OIL, GAS & CONSUMABLE FUELS – 0.8% | |
| 50,000 | MOL Hungarian Oil and Gas Nyrt. | 2,015,005 |
| | PHARMACEUTICALS – 1.5% | |
| 30,000 | Richter Gedeon Nyrt. | 3,414,791 |
| 4,300 | Richter Gedeon Nyrt. (GDR) | 548,250 |
| | | 3,963,041 |
| | Total Investments in Hungarian Common Stocks (cost \$10,940,825) | 12,903,877 |

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| Shares | Description | Value(a) |
|--|--|-----------------------|
| INVESTMENTS IN AUSTRIAN COMMON STOCKS – 2.3% | | |
| | COMMERCIAL BANKS – 2.3% | |
| 400,000 | Erste Group Bank (cost \$11,459,735) | \$ 6,067,290 |
| INVESTMENTS IN KAZAKHSTANI COMMON STOCKS – 1.2% | | |
| | OIL, GAS & CONSUMABLE FUELS – 1.2% | |
| 250,000 | KazMunaiGas Exploration Production (GDR) Reg S (cost \$3,344,175) | 3,175,000 |
| CLOSED-END INVESTMENT COMPANY – 0.4% | | |
| | RUSSIA — 0.4% | |
| 2,043,084 | RenShares Utilities Limited (cost \$3,249,403)* | 1,021,542 |
| | Total Investments in Common and Preferred Stocks and closed-end investment company – 93.3% (cost \$387,348,637) | 246,652,884 |
| SECURITIES LENDING COLLATERAL - 16.7% | | |
| 44,219,082 | Daily Assets Institutional Fund, 1.25% ^{(b)(c)} (cost \$44,219,082) | 44,219,082 |
| Shares | | |
| DESCRIPTION | | |
| Value(a) | | |
| CASH EQUIVALENTS – 2.7% | | |
| 7,254,575 | Cash Management QP Trust, 1.12% ^(c) (cost \$7,254,575) | \$ 7,254,575 |
| | Total Investments – 112.7% (cost \$438,822,294) | 298,126,541 |
| | Other Assets and Liabilities, Net – (12.7%) | (33,753,513) |
| | NET ASSETS–100.0% | \$ 264,373,028 |

* Non-income producing securities.

† All or a portion of these securities were on loan. The value of all securities loaned at January 31, 2009 amounted to \$42,359,828 which is 16.0% of the net assets.

(a) Values stated in US dollars.

(b) Represents collateral held in connection with securities lending. Income earned by the fund is net of borrower rebates.

(c) Affiliated fund managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

Key

ADR – American Depositary Receipt

GDR – Global Depositary Receipt

SDR – Swedish Depositary Receipt

RDR – Redemption Depositary Receipt

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Fair Value Measurements

Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, "Fair Value Measurements," establishes a three-tier hierarchy for measuring fair value and requires additional disclosure about the classification of fair value measurements.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant unobservable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes 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 January 31, 2009 in valuing the Fund's investments. Please see below for information on the Fund's policy regarding valuation inputs, and their aggregate levels used in the table below:

| Valuation Inputs | Investments in Securities |
|-------------------------|----------------------------------|
| Level 1 | \$ 289,850,424 |
| Level 2 | 8,276,117 |
| Level 3 | — |
| Total | \$ 298,126,541 |

ITEM 2. CONTROLS AND PROCEDURES

(a) The Chief Executive and Financial Officers concluded that the Registrant's Disclosure Controls and Procedures are effective based on the evaluation of the Disclosure Controls and Procedures as of a date within 90 days of the filing date of this report.

(b) There have been no changes in the registrant's internal control over financial reporting that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal controls over financial reporting.

ITEM 3. EXHIBITS

Certification pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2(a)) is filed and attached hereto as Exhibit 99.CERT.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant: Central Europe & Russia Fund, Inc.

By: /s/Michael G. Clark
Michael G. Clark

President

Date: March 23, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Registrant: Central Europe & Russia Fund, Inc.

By: /s/Michael G. Clark
Michael G. Clark

President

Date: March 23, 2009

By: /s/Paul Schubert
Paul Schubert

Chief Financial Officer and Treasurer

Date: March 23, 2009