

CENTRAL EUROPE & RUSSIA FUND, INC.  
Form N-Q  
April 01, 2011

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM N-Q  
QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

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Investment Company Act file number 811-06041

The Central Europe and 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  
100 Plaza One  
Jersey City, NJ 07311  
(Name and address of agent for service)

Registrant's telephone number, including area code: (201) 593-6408

Date of fiscal year end: 10/31

Date of reporting period: 1/31/11

ITEM 1. SCHEDULE OF INVESTMENTS

THE CENTRAL EUROPE AND RUSSIA FUND, INC.

SCHEDULE OF INVESTMENTS — JANUARY 31, 2011 (unaudited)

| Shares                                       | Description                    | Value(a)     |
|--|--------------------------------|--------------|
| INVESTMENTS IN RUSSIAN<br>SECURITIES – 60.3% |                                |              |
|  | COMMON STOCKS – 59.4%          |              |
|  | AIRLINES – 0.8%                |              |
|  | Aeroflot – Russian<br>Airlines | \$ 4,800,000 |
| 2,000,000                                    | CHEMICALS – 1.5%               |              |

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|            |                           |             |
|------------|---------------------------|-------------|
|            | Uralkali (GDR)            |             |
| 250,000    | Reg S*                    | 9,487,500   |
|            | COMMERCIAL BANKS – 10.3%  |             |
| 18,500,000 | Sberbank                  | 64,750,000  |
|            | CONSTRUCTION              |             |
|            | MATERIALS – 1.5%          |             |
|            | LSR Group (GDR)           |             |
| 1,000,000  | Reg S*                    | 9,750,000   |
|            | ELECTRIC UTILITIES – 0.6% |             |
|            | OJSC Enel OGK-5           |             |
| 216,633    | (GDR)*                    | 1,025,757   |
| 600,000    | RusHydro (ADR)*           | 2,976,000   |
|            |                           | 4,001,757   |
|            | FOOD & STAPLES            |             |
|            | RETAILING – 1.0%          |             |
|            | Magnit (GDR)              |             |
| 247,710    | (144A)                    | 6,494,709   |
|            | MEDIA – 1.2%              |             |
| 350,000    | CTC Media†                | 7,738,500   |
|            | METALS & MINING – 5.2%    |             |
|            | Magnitogorsk Iron         |             |
|            | & Steel                   |             |
| 276,100    | Works (GDR)               | 4,031,060   |
|            | Mechel Steel              |             |
| 500,000    | Group†                    | 15,595,000  |
| 1,300,000  | Raspadskaya*              | 9,685,000   |
|            | Severstal (GDR)           |             |
| 200,000    | Reg S                     | 3,566,080   |
|            |                           | 32,877,140  |
|            | OIL, GAS & CONSUMABLE     |             |
|            | FUELS – 31.4%             |             |
| 3,198,000  | Gazprom                   | 21,010,860  |
| 2,383,774  | Gazprom (ADR)             | 63,048,439  |
| 300,000    | LUKOIL                    | 18,440,670  |
| 415,000    | LUKOIL (ADR)†             | 25,489,300  |
|            | NovaTek (GDR)             |             |
| 325,000    | Reg S                     | 36,660,000  |
| 300,000    | Rosneft Oil               | 2,564,823   |
|            | Rosneft Oil (GDR)         |             |
| 2,800,000  | Reg S                     | 23,940,000  |
| 200,000    | Tatneft (ADR)             | 7,179,000   |
| 52,000     | Vostok Gas*†              | 1,778       |
|            |                           | 198,334,870 |

Shares

|         | Description        | Value(a)     |
|---------|--------------------|--------------|
|         | ROAD & RAIL – 0.7% |              |
|         | Globaltrans        |              |
|         | Investment (GDR)   |              |
| 250,000 | Reg S              | \$ 4,147,500 |
|         | WIRELESS           |              |
|         | TELECOMMUNICATION  |              |

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|                        |                          |             |
|------------------------|--------------------------|-------------|
|                        | SERVICES – 5.2%          |             |
|                        | Mobile                   |             |
| 1,200,000              | Telesystems              | 9,960,000   |
|                        | Mobile                   |             |
|                        | Telesystems              |             |
| 325,000                | (ADR)†                   | 6,101,257   |
|                        | Mobile                   |             |
|                        | Telesystems              |             |
|                        | (GDR)                    |             |
| 250,000                | Reg S                    | 4,693,275   |
|                        | Sistema JSFC             |             |
| 200,000                | (GDR) Reg S              | 4,580,000   |
|                        | VimpelCom Ltd.           |             |
| 525,000                | (ADR)†                   | 7,360,238   |
|                        |                          | 32,694,770  |
|                        | Total Common             |             |
|                        | Stocks                   |             |
|                        | (cost                    |             |
|                        | \$233,710,027)           | 375,076,746 |
|                        | PREFERRED STOCKS – 0.9%  |             |
|                        | OIL, GAS & CONSUMABLE    |             |
|                        | FUELS – 0.9%             |             |
|                        | Surgutneftegaz           |             |
|                        | (ADR)†                   |             |
| 1,000,000              | (cost \$4,690,963)       | 5,668,900   |
|                        | Total Investments        |             |
|                        | in Russian               |             |
|                        | Securities               |             |
|                        | (cost                    |             |
|                        | \$238,400,990)           | 380,745,646 |
| INVESTMENTS IN TURKISH |                          |             |
| COMMON STOCKS – 14.5%  |                          |             |
|                        | AIRLINES – 0.6%          |             |
|                        | Turk Hava                |             |
| 1,142,857              | Yollari*                 | 3,690,312   |
|                        | AUTOMOBILES – 0.5%       |             |
|                        | Tofas Turk               |             |
|                        | Otomobil                 |             |
| 650,000                | Fabrikasi                | 3,508,914   |
|                        | BUILDING PRODUCTS – 0.7% |             |
|                        | Trakya Cam               |             |
| 2,000,000              | Sanayii*                 | 4,164,069   |
|                        | COMMERCIAL BANKS – 5.8%  |             |
|                        | Asya Katilim             |             |
| 3,500,000              | Bankasi                  | 6,108,964   |
|                        | Turkiye Garanti          |             |
| 3,350,000              | Bankasi                  | 14,910,235  |
|                        | Turkiye Halk             |             |
| 500,000                | Bankasi                  | 3,942,775   |
| 2,500,010              | Turkiye IS Bankasi       | 7,854,414   |
| 1,400,000              |                          | 4,093,006   |

|           |  |            |
|-----------|--|------------|
|           | Yapi ve Kredi<br>Bankasi*                              | 36,909,394 |
| 2,400,000 | CONSTRUCTION &<br>ENGINEERING – 1.6%<br>Tekfen Holding | 9,963,845  |

## THE CENTRAL EUROPE AND RUSSIA FUND, INC.

## SCHEDULE OF INVESTMENTS — JANUARY 31, 2011 (unaudited) (continued)

| Shares                            | Description            | Value(a)     |
|-----------------------------------|------------------------|--------------|
| INVESTMENTS IN TURKISH            |                        |              |
| COMMON STOCKS – 14.5% (continued) |                        |              |
|                                   | CONSTRUCTION           |              |
|                                   | MATERIALS – 0.4%       |              |
| 584,752                           | Akcansa Cimento        | \$ 2,704,688 |
|                                   | DIVERSIFIED FINANCIAL  |              |
|                                   | SERVICES – 1.0%        |              |
|                                   | Haci Omer              |              |
| 1,500,000                         | Sabancı Holding        | 6,377,010    |
|                                   | FOOD & STAPLES         |              |
|                                   | RETAILING – 0.8%       |              |
|                                   | Bim Birlesik           |              |
| 150,000                           | Magazalar              | 4,824,835    |
|                                   | INDUSTRIAL             |              |
|                                   | CONGLOMERATES – 0.8%   |              |
| 400,000                           | Akfen Holding*         | 3,104,351    |
|                                   | Enka Insaat ve         |              |
| 500,000                           | Sanayi                 | 1,888,792    |
|                                   |                        | 4,993,143    |
|                                   | INSURANCE – 0.7%       |              |
|                                   | Anadolu Hayat          |              |
| 1,300,000                         | Emeklilik              | 4,262,561    |
|                                   | METALS & MINING – 0.5% |              |
|                                   | Koza Altin             |              |
| 275,000                           | Isletmeleri†           | 3,171,363    |
|                                   | OIL, GAS & CONSUMABLE  |              |
|                                   | FUELS – 0.6%           |              |
| 1,483,516                         | Turcas Petrolculuk     | 3,597,355    |
|                                   | TRANSPORTATION         |              |
|                                   | INFRASTRUCTURE – 0.5%  |              |
|                                   | TAV                    |              |
|                                   | Havalimanlari          |              |
| 700,000                           | Holding*               | 3,298,841    |
|                                   | Total Investments      |              |
|                                   | in Turkish             |              |
|                                   | Common Stocks          |              |
|                                   | (cost \$62,506,750)    | 91,466,330   |
| INVESTMENTS IN POLISH             |                        |              |
| COMMON STOCKS – 12.6%             |                        |              |
|                                   | BEVERAGES – 0.7%       |              |
|                                   | Central European       |              |
| 200,000                           | Distribution*†         | 4,584,000    |

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|                               |           |                         |              |
|-------------------------------|-----------|-------------------------|--------------|
|                               |           | COMMERCIAL BANKS – 4.6% |              |
|                               | 100,000   | Bank Pekao              | 5,961,304    |
|                               |           | Bank Zachodni           |              |
|                               | 50,000    | WBK                     | 3,812,097    |
|                               | 35,000    | BRE Bank*               | 3,709,256    |
|                               |           | Powszechna Kasa         |              |
|                               |           | Oszczednosci            |              |
|                               | 1,075,000 | Bank Polski             | 15,421,387   |
|                               |           |                         | 28,904,044   |
| Shares                        |           | Description             | Value(a)     |
|                               |           | DIVERSIFIED FINANCIAL   |              |
|                               |           | SERVICES – 0.5%         |              |
|                               |           | Warsaw Stock            |              |
|                               | 200,000   | Exchange*†              | \$ 3,359,247 |
|                               |           | DIVERSIFIED             |              |
|                               |           | TELECOMMUNICATION       |              |
|                               |           | SERVICES – 1.1%         |              |
|                               | 500,000   | Netia*                  | 918,599      |
|                               |           | Telekomunikacja         |              |
|                               | 1,000,000 | Polska                  | 5,856,719    |
|                               |           |                         | 6,775,318    |
|                               |           | INSURANCE – 0.9%        |              |
|                               |           | Powszechny              |              |
|                               |           | Zaklad                  |              |
|                               | 50,000    | Ubezpieczen             | 6,013,596    |
|                               |           | MEDIA – 0.5%            |              |
|                               | 500,000   | TVN                     | 2,902,214    |
|                               |           | METALS & MINING – 2.6%  |              |
|                               |           | KGHM Polska             |              |
|                               | 275,000   | Miedz                   | 16,125,152   |
|                               |           | OIL, GAS & CONSUMABLE   |              |
|                               |           | FUELS – 1.7%            |              |
|                               | 275,000   | Grupa Lotos S.A.*       | 3,954,593    |
|                               |           | Polski Koncern          |              |
|                               |           | Naftowy                 |              |
|                               | 400,000   | Orlen*                  | 6,651,560    |
|                               |           |                         | 10,606,153   |
|                               |           | Total Investments       |              |
|                               |           | in Polish               |              |
|                               |           | Common Stocks           |              |
|                               |           | (cost \$52,878,535)     | 79,269,724   |
| INVESTMENTS IN HUNGARIAN      |           |                         |              |
| COMMON STOCKS – 1.7%          |           |                         |              |
|                               | 375,000   | COMMERCIAL BANKS – 1.7% |              |
|                               |           | OTP Bank*†              | 10,474,177   |
|                               |           | Total Investments       |              |
|                               |           | in Hungarian            |              |
|                               |           | Common Stocks           |              |
|                               |           | (cost \$4,369,816)      | 10,474,177   |
| INVESTMENTS IN CZECH REPUBLIC |           |                         |              |

COMMON STOCKS – 1.2%

7,500

COMMERCIAL BANKS – 0.3%

Komercni Banka\*

1,788,054

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## THE CENTRAL EUROPE AND RUSSIA FUND, INC.

## SCHEDULE OF INVESTMENTS — JANUARY 31, 2011 (unaudited) (continued)

| Shares                           | Description               | Value(a)      |
|----------------------------------|---------------------------|---------------|
| INVESTMENTS IN CZECH REPUBLIC    |                           |               |
| COMMON STOCKS – 1.2% (continued) |                           |               |
|                                  | ELECTRIC UTILITIES – 0.9% |               |
|                                  | Ceske Energeticke         |               |
| 125,000                          | Zavody                    | \$ 5,881,107  |
|                                  | Total Investments         |               |
|                                  | in Czech                  |               |
|                                  | Republic Common           |               |
|                                  | Stocks                    |               |
|                                  | (cost \$2,110,830)        | 7,669,161     |
|                                  | Total Investments         |               |
|                                  | in Common                 |               |
|                                  | and Preferred             |               |
|                                  | Stocks – 90.3%            |               |
|                                  | (cost \$360,266,921)      | 569,625,038   |
| SECURITIES LENDING               |                           |               |
| COLLATERAL – 5.0%                |                           |               |
|                                  | Daily Assets Fund         |               |
|                                  | Institutional, 0.25%      |               |
|                                  | (cost                     |               |
| 31,360,517                       | \$31,360,517)(b)(c)       | 31,360,517    |
| CASH EQUIVALENTS – 10.3%         |                           |               |
|                                  | Central Cash              |               |
|                                  | Management                |               |
|                                  | Fund, 0.18%               |               |
|                                  | (cost                     |               |
| 64,934,063                       | \$64,934,063)(c)          | 64,934,063    |
|                                  | Total Investments –       |               |
|                                  | 105.6%                    |               |
|                                  | (cost                     |               |
|                                  | \$456,561,501)**          | 665,919,618   |
|                                  | Other Assets and          |               |
|                                  | Liabilities,              |               |
|                                  | Net – (5.6%)              | (35,124,142)  |
|                                  | NET ASSETS –              |               |
|                                  | 100.0%                    | \$630,795,476 |

For information on the Fund's policies regarding the valuation of investments and other significant accounting policies, please refer to the Fund's most recent semi-annual or annual financial statements.

\* Non-income producing security.



\*\* The cost for federal income tax purposes was \$456,647,051. At January 31, 2011, net unrealized appreciation for all securities based on tax cost was \$209,272,567. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$217,874,591 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$8,602,024.

† All or a portion of these securities were on loan. The value of all securities loaned at January 31, 2011 amounted to \$30,870,926, which is 4.9% of the net assets.

(a) Value 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.

ADR – American Depositary Receipt

GDR – Global Depositary Receipt

Reg S – Securities sold under Regulation S may not be offered, sold or delivered within the United States or to, or for the account or benefit of, US persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933.

144A – Security 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.

For purposes of its industry concentration policy, the Fund classifies issuers of portfolio securities at the industry sub-group level. Certain of the categories in the above Schedule of Investments consist of multiple industry sub-groups or industries.

## THE CENTRAL EUROPE AND RUSSIA FUND, INC.

## SCHEDULE OF INVESTMENTS — JANUARY 31, 2011 (unaudited) (continued)

## 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 observable 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, 2011 in valuing the Fund's investments.

| Category   | Level 1       | Level 2      | Level 3 | Total         |
|--|---------------|--------------|---------|---------------|
| Common Stocks and/or Other Equity Investments(d) |               |              |         |               |
| Russia   | \$354,228,811 | \$26,515,057 | \$1,778 | \$380,745,646 |
| Turkey   | 91,466,330    | —            | —       | 91,466,330    |
| Poland   | 79,269,724    | —            | —       | 79,269,724    |
| Hungary  | 10,474,177    | —            | —       | 10,474,177    |
| Czech Republic                                   | 7,669,161     | —            | —       | 7,669,161     |
| Short-Term Instruments(d)                        | 96,294,580    | —            | —       | 96,294,580    |
| Total  | \$639,402,783 | \$26,515,057 | \$1,778 | \$665,919,618 |

There have been no significant transfers between Level 1 and Level 2 fair value measurements during the period January 31, 2011.

(d) See Schedule of Investments for additional detailed categorizations.

## Level 3 Reconciliation

The following is a reconciliation of the Fund's Level 3 investments for which significant unobservable inputs were used in determining value:

|                                |                            |
|--------------------------------|----------------------------|
|                                | Common<br>Stocks<br>Russia |
| Balance as of October 31, 2010 | \$ 1,705                   |
| Realized gain (loss)           | —                          |

|  |          |
|--|----------|
| Change in unrealized appreciation (depreciation)   | 73       |
| Amortization premium/discount  | —        |
| Net purchases (sales)  | —        |
| Transfers into Level 3   | —        |
| Transfers (out) of Level 3   | —        |
| Balance as of January 31, 2011   | \$ 1,778 |
| Net Change in unrealized appreciation (depreciation) from<br>investments still held as of January 31, 2011 | \$ 73    |

Transfers between price levels are recognized at the beginning of the reporting period.

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.

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: The Central Europe and Russia Fund, Inc.

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

Date: March 24, 2011

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.

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

Date: March 24, 2011

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By: /s/Paul Schubert  
Paul Schubert  
Chief Financial Officer and Treasurer

Date: March 24, 2011